

UNITED STATES SECTOR OUTLOOK GLOBAL INDUSTRY FORECASTS

Forecasts completed on 4th June 2024

Q2 2024



UNITED STATES SECTOR OUTLOOK | CONTACT DETAILS

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US SECTOR OUTLOOK - OVERVIEW

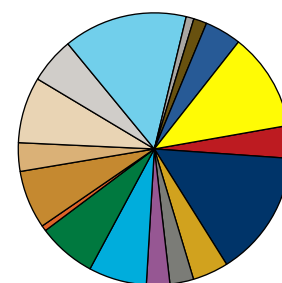
Forecast highlights

- **Industrial production** (manufacturing, extraction and utilities) is forecast to **lag economic growth in 2024**, increasing by 2.1%, before easing to 1.5% growth in 2025.
- **Manufacturing output** is expected to expand 2.6% in 2024, **driven by growth in the high-tech goods sector**. In 2025, manufacturing output is forecast at 2.1% growth, again driven by growth in the high-tech goods sector.
- **Extraction output** is expected to rise 1.6% in 2024, **driven by growth in the oil & natural gas extraction sector**. Next year, extraction output is forecast at -2%, driven again by a decline in the oil & natural gas extraction sector.
- **Construction output** is expected to increase by 5.1% in 2024 and 3.1% in 2025.
- **The service sector** is expected to expand 2.7% in 2024, **driven by growth in the other business services sector**. In 2025, service sector output growth is forecast at 1.8%, again driven by growth in the other business services sector.

Industry Forecast for US								
(Annual percentage change unless specified)								
	% of GDP (2023)	2023	2024	2025	2026	2027	2028	2029-2033
Industrial production	13.9	2.7	2.1	1.5	1.5	1.2	1.4	1.3
Manufacturing	11.1	0.4	2.6	2.1	1.8	1.5	1.7	1.6
Food, beverages & tobacco	1.6	-1.5	0.6	0.7	0.2	0.3	0.8	1.3
Electronics & hi-tech	1.0	3.9	6.5	3.8	4.4	4.3	4.0	3.7
Transport equipment	1.5	6.4	5.0	1.6	1.9	1.7	2.1	1.0
Engineering & metal goods	0.8	-2.0	-0.7	3.7	4.4	3.4	3.0	1.7
Basic metals	0.3	-0.4	2.4	6.3	2.9	1.3	1.3	1.6
Industrial & building materials	1.3	-3.5	1.1	1.8	1.7	1.5	1.5	1.1
Chemicals & pharma	1.7	2.3	3.0	2.8	2.1	1.7	2.1	2.4
Utilities	1.6	8.0	-1.2	0.4	1.5	1.3	1.1	0.7
Extraction	1.2	19.6	1.6	-2.0	-1.6	-1.6	-1.4	-0.8
Construction	3.6	1.0	5.1	3.1	3.8	3.3	2.4	1.9
Services	81.6	2.6	2.7	1.8	1.8	1.7	1.7	1.5
Agriculture	0.9	5.9	0.0	0.2	0.0	0.0	0.0	-0.4
GVA	100.0	2.6	2.7	1.8	1.8	1.7	1.6	1.5
GDP		2.5	2.6	1.9	1.8	1.7	1.6	1.5

- The value of industrial production in 2023 was US\$3,031.6bn at 2015 prices. Within this, the **largest sectors** were utilities (US\$345.6bn), food (US\$274.8bn) and chemicals excluding pharmaceuticals (US\$209.8bn).
- Over the next decade industrial production is projected to **remain broadly stable as a share of GDP**, and **fall as a share of global output**, as growth in developed economies is forecast to lag that of the emerging markets.
- The **fastest growing** industrial sectors over the next decade are expected to be high-tech goods, other transport equipment and pharmaceuticals. The **slowest growing** sectors are expected to be coal & lignite mining, wearing apparel & furs and leather goods.

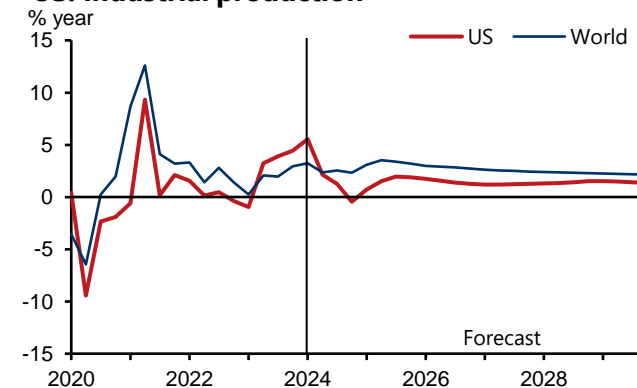
US: Manufacturing 2023



- Coke & other fuels 3.9%
- Chemicals etc 15.0%
- Rub & plas 4.3%
- Non-metallic min 2.8%
- Basic metals 2.8%
- Metal products nec 6.9%
- Mech eng 6.9%
- Computers etc 0.7%
- Elec eng 6.9%
- Prec & opt instru 3.4%
- Motor veh 7.8%
- Other Trans 5.5%
- Food, bev & tob 14.7%
- Tex, leath & cloth 0.9%
- Wood & wood prod 1.6%
- Paper etc 4.3%
- Other 11.6%

Source: Oxford Economics

US: Industrial production



Source: Oxford Economics

Arrows indicate year-ahead growth strengthening or weakening relative to 2024.

Manufacturing 2024: 2.6% 2025: 2.1%	Food, beverages & tobacco 2024: 0.6% 2025: 0.7%	Transport equipment 2024: 5.0% 2025: 1.6%	Chemicals and pharmaceuticals 2024: 3.0% 2025: 2.8%	Engineering and metal goods 2024: -0.7% 2025: 3.7%	Basic metals 2024: 2.4% 2025: 6.3%
Electronics and hi-tech 2024: 6.5% 2025: 3.8%	Industrial & building materials 2024: 1.1% 2025: 1.8%	Utilities 2024: -1.2% 2025: 0.4%	Extraction 2024: 1.6% 2025: -2.0%	Construction 2024: 5.1% 2025: 3.1%	Services 2024: 2.7% 2025: 1.8%

UNITED STATES SECTOR OUTLOOK OVERVIEW

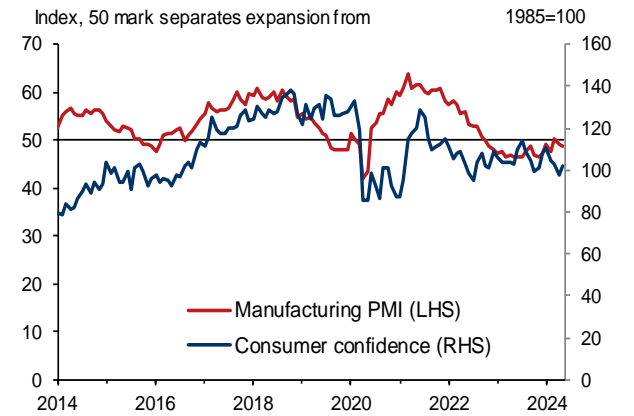
Industrial production propelled by electronic and high-tech goods in 2024

- **US industrial production growth has been revised up to grow 2.1% in 2024, and gradually cool down in 2025 with 1.5% growth.** We expect to see positive sequential quarter-on-quarter growth every quarter this year except for Q4. We continue to believe US Federal Reserve will make the first rate cut in September followed by another in December and more cuts at every other meeting in 2025. Unlike in 2023, the US economy will not see receive a boost from fiscal policy as it is expected to contract in 2024. It has the potential to weigh on the economy by a few 10ths of a percentage point. However, not enough to derail the economy, but it is a reason to anticipate slower growth in 2024.
- **Electronic and high-tech goods boost and lead US industrial production in 2024** it is expected to grow by 6.1% in 2024. **Demand for electronic components & boards such as semiconductors, remains strong, supporting sectoral production.** Additionally, upgrades to broadband infrastructure and 5G mobile systems will increase US production of telecommunications equipment.
- **Aerospace has been revised down in 2024 but still remains an important source of growth for US industrial production. We now expect the sectors output to grow by 4.3% in 2024.** International and domestic demand for air travel continues its brisk recovery and transitions to the slightly weaker but still substantial “normal” rising demand for air travel, particularly in the Asia-Pacific region. However, the sector’s outlook does remain **threatened by supply disruptions.** Boeing’s production difficulties has left suppliers unsure of how many parts to produce to avoid holding too much stock.
- **Motor vehicle production has been revised up and we expect it to experience strong growth of 5.4% in 2024.** However, automotive demand will be subdued toward the end of the year by the fading demand to rebuild inventories paired with high interest rates and the rising cost of automotive repair, maintenance, and insurance to create affordability challenges. **The outlook for the medium to long term suggest automotive production will greatly subside as the sector is expected to grow by a modest 0.3% in 2025.**

Growth drivers/constraints

- ✗ **High interest rates in 2024**—first rate cut is expected in September followed by another in December if the Fed feels there is enough below-trend growth and softening labor markets. However, the positive impacts of rate cuts will not be felt until next year at the earliest.
- ✓ **Inflation is moderating**—recent monthly (May) inflation data suggests inflation is cooling.
- ✗ **Fiscal policy will be tightened relative to 2023**—fiscal policy factors will weigh on the economy.

PMI and consumer confidence



US: Durable goods excl. aircraft



UNITED STATES SECTOR OUTLOOK | SUMMARY OF KEY FORECASTS

Industry Forecast for US								
<small>(Annual percentage change unless specified)</small>								
	% of GVA (2023)	2023	2024	2025	2026	2027	2028	2029-2033
GVA		2.6	2.7	1.8	1.8	1.7	1.6	1.5
GDP		2.5	2.6	1.9	1.8	1.7	1.6	1.5
Industrial production	14.6	2.7	2.1	1.5	1.5	1.2	1.4	1.3
Manufacturing	11.5	0.4	2.6	2.1	1.8	1.5	1.7	1.6
Food, beverages & tobacco	1.8	-1.5	0.6	0.7	0.2	0.3	0.8	1.3
Electronics & hi-tech	1.0	3.9	6.5	3.8	4.4	4.3	4.0	3.7
Motor vehicles and parts	0.8	7.7	5.4	0.3	0.9	0.6	1.6	0.0
Aerospace	0.6	4.7	4.3	3.4	3.4	3.1	2.8	2.3
Engineering & metal goods	1.8	-1.0	1.2	2.5	2.8	2.1	2.3	1.8
Basic metals	0.3	-0.4	2.4	6.3	2.9	1.3	1.3	1.6
Industrial & building materials	1.3	-3.5	1.1	1.8	1.7	1.5	1.5	1.1
Chemicals excl pharmaceuticals	1.0	-0.6	3.2	3.0	2.2	1.7	2.0	2.2
Pharmaceuticals	0.7	6.5	2.9	2.5	1.9	1.9	2.2	2.5
Utilities	1.7	8.0	-1.2	0.4	1.5	1.3	1.1	0.7
Extraction	1.4	19.6	1.6	-2.0	-1.6	-1.6	-1.4	-0.8
Construction	4.1	1.0	5.1	3.1	3.8	3.3	2.4	1.9
Services	80.4	2.6	2.7	1.8	1.8	1.7	1.7	1.5
Retail & wholesale distribution	12.3	3.9	3.8	1.7	1.4	1.2	1.2	1.2
Accommodation & catering	2.3	2.0	2.8	2.8	1.8	1.2	1.1	0.8
Transport & storage	3.0	4.4	2.7	2.0	1.9	1.8	1.5	1.6
Information & communications	6.5	6.2	3.8	3.8	4.6	4.5	4.2	3.9
Financial services	7.2	-2.8	2.5	1.5	1.3	1.2	1.1	0.9
Business services	26.3	2.2	2.5	1.9	1.9	1.9	1.9	1.7
Public admin, defence & social security	12.2	1.4	1.8	0.4	0.2	0.1	0.3	0.2
Education	1.1	3.0	1.7	0.9	0.9	0.8	0.8	0.9
Health care and social work	7.5	5.3	3.1	1.9	1.8	1.7	1.7	1.6
Arts, recreation, unions, personal services	2.0	3.2	1.2	1.7	1.7	1.4	1.3	1.0
Agriculture	0.9	5.9	0.0	0.2	0.0	0.0	0.0	-0.4

UNITED STATES SECTOR OUTLOOK | GROWTH HEATMAP

		United States											
		% change y/y											
% of GDP (2023)		2024 Q1	2024 Q2	2024 Q3	2024 Q4	2025 Q1	2025 Q2	2025 Q3	2025 Q4	2026 Q1	2026 Q2	2026 Q3	2026 Q4
Gross value-added	100	3.1	3.3	2.4	2.0	2.0	1.7	1.8	1.8	1.9	1.8	1.8	1.7
Industrial production	13.9	5.5	2.1	1.3	-0.5	0.7	1.5	1.9	1.9	1.7	1.5	1.4	1.3
Manufacturing	11.1	5.0	3.5	1.7	0.3	1.3	2.1	2.5	2.3	2.1	1.9	1.7	1.5
Consumer goods	3.4	2.7	2.2	1.4	-0.3	0.8	1.3	1.4	1.1	0.8	0.6	0.4	0.4
Food, beverages and tobacco	1.6	1.2	1.5	1.0	-1.3	0.2	0.9	1.1	0.7	0.4	0.2	0.1	0.1
Textiles, leather and clothing	0.1	-3.7	-2.4	-4.5	-3.5	-2.0	-2.6	-2.8	-2.8	-3.2	-3.6	-3.9	-4.0
Pharmaceuticals	0.7	5.3	2.9	2.8	0.7	2.3	2.8	2.4	2.3	2.1	1.9	1.8	1.8
Soaps, polish and detergents	0.2	6.9	1.9	2.2	3.1	1.9	2.4	2.5	2.1	1.5	1.2	1.0	0.8
Medical/dental, jewelry, music etc	0.4	6.5	6.1	1.7	-0.5	0.3	1.0	1.5	1.3	0.9	0.7	0.5	0.5
Furniture manufacturing	0.1	-3.3	-1.8	-1.1	0.3	2.9	2.9	2.5	1.9	1.4	1.0	0.8	0.7
Investment goods	3.7	7.4	4.6	1.9	1.0	1.2	1.9	2.4	2.4	2.4	2.3	2.1	1.9
Mechanical engineering	0.8	-0.5	0.2	-1.2	-1.1	1.6	3.5	4.6	4.9	4.8	4.6	4.3	4.0
Fabricated metal products	0.8	4.4	3.7	2.2	0.8	0.8	1.5	1.7	1.5	1.4	1.0	0.7	0.7
Motor vehicles and parts	0.9	11.9	3.9	2.2	4.3	0.7	0.3	0.2	0.2	0.7	0.9	1.0	0.9
Aerospace	0.5	12.9	8.1	2.5	-0.2	2.7	3.6	4.0	3.9	3.7	3.5	3.3	3.2
Ships, rails, motorcycles etc	0.1	-0.9	1.8	0.6	-0.6	1.8	2.8	3.6	3.8	3.8	3.6	3.4	3.2
High-tech goods	1.0	13.9	9.1	3.3	0.6	2.0	3.3	4.8	5.0	4.8	4.5	4.2	4.1
Electrical machinery & apparatus	0.3	4.6	2.3	2.0	-0.4	1.1	2.2	3.4	3.9	4.1	3.9	3.4	2.8
Intermediate goods	3.9	4.8	3.7	1.7	0.2	1.9	2.9	3.4	3.3	3.0	2.6	2.3	2.1
Chemicals excluding soap	0.8	4.3	4.3	2.0	1.9	2.3	3.3	3.7	3.5	3.1	2.6	2.2	2.0
Basic metals	0.3	4.3	0.8	1.8	2.7	6.3	7.2	6.3	5.3	4.3	3.2	2.3	1.7
Fuels	0.4	9.3	5.5	1.0	-3.0	-2.0	-1.2	-0.7	-0.7	-1.0	-1.2	-1.4	-1.5
Rubber and plastics	0.5	4.7	3.6	1.6	0.3	2.0	2.6	2.8	2.5	2.4	2.0	1.9	1.9
Non-metallic minerals	0.3	-2.5	-1.9	-2.5	-3.9	1.0	2.6	3.0	2.8	2.6	2.3	2.2	2.1
Wood & wood products	0.2	3.2	2.1	0.2	-1.2	1.2	1.7	1.8	1.7	1.5	2.0	2.5	2.5
Utilities	1.6	6.2	-6.9	0.4	-3.8	-1.3	0.4	1.1	1.4	1.5	1.6	1.5	1.5
Extraction	1.2	9.7	2.0	-1.4	-3.1	-2.4	-2.0	-1.8	-1.6	-1.6	-1.5	-1.6	-1.7
Oil and gas	0.7	21.0	5.6	-0.1	-4.1	-3.6	-3.1	-2.9	-2.6	-2.5	-2.5	-2.5	-2.7
Metals mining, quarry and related services	0.5	-4.2	-2.9	-2.4	0.2	0.6	0.7	0.7	0.7	0.7	0.6	0.6	0.5
Coal & lignite mining	0.1	-1.6	-3.4	-10.7	-15.9	-12.4	-10.6	-9.4	-8.7	-8.7	-8.7	-8.7	-8.7
Construction	3.6	7.6	6.9	3.6	2.5	2.5	2.7	3.2	3.8	3.8	3.9	3.8	3.8
Agriculture	0.9	-0.5	-1.1	0.6	1.1	0.5	0.2	0.1	0.1	0.1	0.0	0.0	-0.1
Services	81.6	2.6	3.4	2.6	2.4	2.2	1.7	1.7	1.8	1.8	1.8	1.8	1.8
Education	1.2	1.0	2.2	2.6	1.1	1.2	0.8	0.9	0.9	1.0	1.0	0.9	0.8
Health care and social work	7.7	3.1	3.6	3.1	2.6	2.4	1.8	1.8	1.8	1.8	1.8	1.8	1.8
Public admin, defence and social security	11.4	2.0	2.3	1.8	1.2	0.8	0.4	0.3	0.2	0.2	0.2	0.2	0.1
Arts, recreation, unions, personal servs	2.3	-0.6	0.4	2.4	2.7	2.2	1.5	1.5	1.6	1.8	1.8	1.7	1.6
Financial services	6.5	2.2	3.4	2.2	2.1	2.0	1.4	1.4	1.3	1.3	1.3	1.3	1.3
Business services	27.9	2.1	2.9	2.6	2.5	2.3	1.7	1.8	1.9	1.9	1.9	1.9	1.9
Real estate	13.0	1.5	2.4	2.0	2.0	1.8	1.2	1.3	1.5	1.6	1.6	1.6	1.6
R&D, leasing, legal, professional	14.9	2.7	3.3	3.2	3.0	2.8	2.2	2.2	2.2	2.2	2.2	2.2	2.2
Information & communication technologies	7.6	5.3	5.3	2.3	2.5	2.9	3.5	4.1	4.5	4.6	4.6	4.6	4.5
Publishing and broadcasting activities	4.1	3.2	4.1	1.4	1.8	2.1	2.5	3.0	3.2	3.3	3.3	3.3	3.3
Telecommunications	1.1	1.1	3.4	1.4	3.1	2.5	3.2	3.5	3.5	3.7	3.8	3.9	3.9
IT programming, consultancy and info	2.5	10.9	8.0	4.1	3.4	4.3	5.3	6.2	6.9	6.9	6.8	6.7	6.6
Accommodation and catering	2.8	-0.4	3.2	3.7	4.6	4.0	2.9	2.4	2.1	2.0	1.9	1.7	1.6
Transport and storage	3.3	3.9	2.6	2.1	2.3	2.1	2.0	2.0	2.0	1.9	1.9	1.8	1.8
Land transport and transport via pipelines	1.4	2.6	2.5	2.2	1.7	1.5	1.4	1.4	1.3	1.3	1.2	1.2	1.2
Water transport	0.1	9.3	-2.4	5.3	1.3	1.1	1.0	1.0	0.9	0.9	0.8	0.8	0.8
Air transport	0.8	1.9	0.4	1.3	2.9	2.8	2.7	2.6	2.6	2.5	2.5	2.5	2.5
Other transport inc warehouse and post	1.0	6.8	4.5	2.3	2.7	2.6	2.5	2.4	2.4	2.3	2.3	2.2	2.2
Retail and w/holesale distribution	10.9	3.4	5.6	3.5	2.9	2.3	1.6	1.4	1.4	1.4	1.4	1.4	1.3

UNITED STATES SECTOR OUTLOOK | FASTEST AND SLOWEST SECTORS

US - Top 10 fastest growing sectors			
<small>(Annual percentage changes unless specified, 2015 prices)</small>			
	Last year		Next 5
Oil & natural gas extraction	36.1	High-tech goods	4.6
Utilities	8.0	Transport & storage, information & communications	3.5
Motor vehicles & parts	7.7	Other transport equipment	3.4
Pharmaceuticals	6.5	Basic metals	2.8
Agriculture	5.9	Mechanical engineering	2.7
Transport & storage, information & communications	5.6	Chemicals excluding pharmaceuticals	2.4
Other transport equipment	4.7	Electrical machinery & apparatus	2.3
High-tech goods	3.9	Pharmaceuticals	2.3
Retail & wholesale distribution	3.9	Rubber & plastics	2.3
Coal & lignite mining	3.5	Repair & installation of machinery	2.1

US - Top 10 slowest growing sectors			
<small>(Annual percentage changes unless specified, 2015 prices)</small>			
	Last year		Next 5
			years
Furniture manufacturing	-8.3	Coal & lignite mining	-8.9
Tobacco	-8.2	Wearing apparel & furs	-5.9
Pulp & paper	-6.2	Leather goods	-4.1
Textiles	-5.4	Tobacco	-3.6
Printing & recorded media	-5.0	Textiles	-2.7
Wood & wood products	-4.2	Oil & natural gas extraction	-1.1
Rubber & plastics	-3.8	Coke & refined petroleum products	-0.7
Financial services	-2.8	Printing & recorded media	-0.3
Wearing apparel & furs	-2.3	Non-fuel extraction activities	-0.1
Repair & installation of machinery	-2.2	Agriculture	0.1

EXTRACTION | UNITED STATES

US extraction growth to moderate in 2024

Forecast highlights

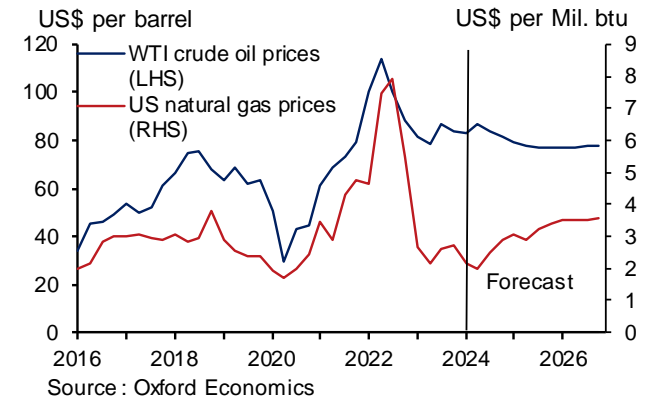
- **US extraction value-added output is expected to moderate this year, growing by 1.6%**, after the very strong growth of 2023. Oil and gas production volumes reached new highs in 2023, and we expect its growth to moderate in 2024.
- **The global gas sector has seen huge turmoil** as the war in Ukraine upended flows of gas through the European continent. Russia, formerly the principal supplier of gas to Europe, will see oil & gas production fall by more than 4% this year. Europe is instead relying on LNG imports to make up the shortfall, most importantly from the US. US production has risen to record levels in 2023 with new LNG liquidation capacity coming online, and **we forecast oil & gas output to expand by 4.9% in 2024**.
- **Gross-value added coal production is expected to fall by 8% this year**, as the structural decline in coal demand in favour of renewables continues to take place. High energy demand in the past and higher prices spurred hopes of a sector recovery to fill in gaps in demand for power, but coal extraction sector activity is set to continue its long-term structural decline.

Growth drivers/constraints

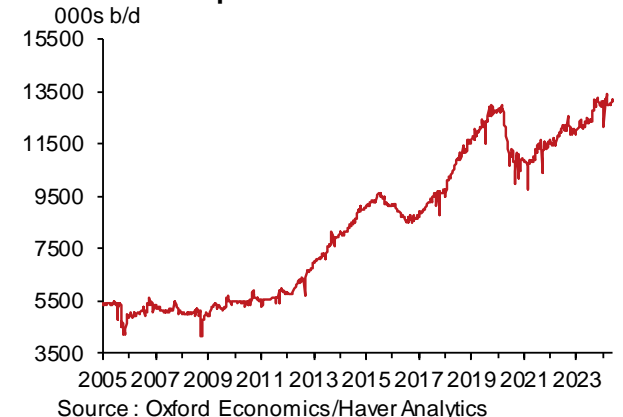
- ✗ **Trade tensions**—there is a risk that trade tensions could escalate again, which would threaten the opportunity to export energy products to Asia.
- ✗ **Liquidity constraints**—liquidity conditions have deteriorated for shale companies due to the recession and shareholders are demanding a return on investment rather than production growth.
- ✓ **Healthy margins**—high prices have supported balance sheets.

United States (Annual percentage changes)			
	2023	2024	2025
Extraction	19.6	1.6	-2.0
Oil & natural gas extraction	36.1	4.9	-3.1
Coal & lignite mining	3.5	-8.0	-10.3
Other extraction activities	2.2	-2.4	0.7

World: Commodity prices



US: Crude oil production



FOOD, BEVERAGES, & OTHER CONSUMER GOODS | UNITED STATES

Persistent inflation weighs on outlook for 2024

Forecast highlights

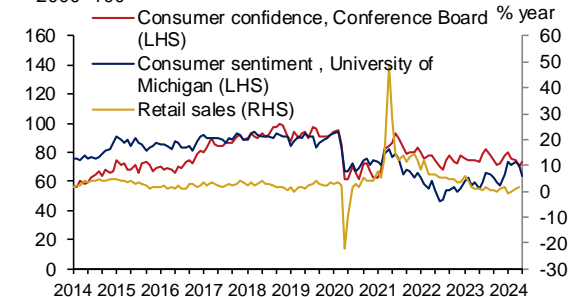
- **US consumer goods output will expand by 1.0% in 2024, in a partial recovery after last year's decline of 1.9%.** Q1 2024 saw a notable decline in consumer goods production, which has contributed to the downward revision in our forecast for 2024 from last quarter.
- **The US economy remains fundamentally strong, although the climate for consumers is somewhat mixed.** Not only is headline GDP outperforming other developed economies, but the US labour market is also performing well with low unemployment and vacancies, and strong wage growth. Real wages are now increasing in a boost for American consumers.
- **However, inflation remains persistently above target and has ticked up in recent months.** Although inflation has eased considerably from its peak in 2022, recent inflation data have highlighted that price growth will be more difficult to tame than previously expected. This has already had an effect on the income outlook for consumers, with real disposable income growth for 2024 being downgraded from last quarter to 2.0%
- **Persistent inflation and a tight labour market have pushed back our timeline for interest rate cuts.** Due to the inflationary environment, we expect the Federal Reserve to begin rate cuts in September. This is another factor in our downward revision, with delayed rate cuts pushing some sectoral output growth into 2025.
- **The biggest downside risk is that inflation remains elevated and interest rates are kept higher for longer.** Although inflation is expected to fall, there is the risk that the first interest cut gets delayed further if it does not fall fast enough before September.

Growth drivers/constraints

- ✗ **Higher-for-longer interest rates**—persistent inflation risks pushing back interest rate cuts to later this year.
- ✓ **Rising disposable incomes**—strong wage growth to support consumption this year.

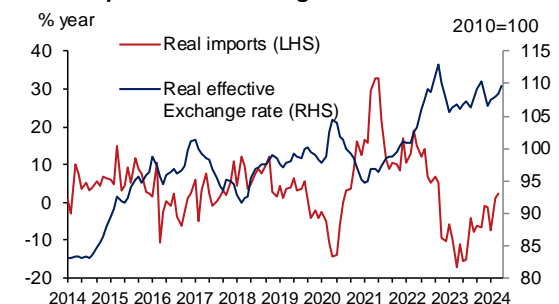
United States (Annual percentage changes)			
	2023	2024	2025
Food, beverages and other consumer goods	-1.9	1.0	0.7
Food beverages & tobacco	-1.5	0.6	0.7
Food	-1.1	0.8	0.8
Beverages	-0.4	2.2	1.7
Textiles, leather & clothing	-4.2	-3.5	-2.6
Printing & recorded media	-5.0	3.4	-0.3
Furniture manufacturing	-8.3	-1.5	2.5
Medical, dental, jewellery & games	0.8	3.4	1.0

US: Consumer confidence and retail sales
2000=100



Source: Oxford Economics/Haver Analytics

US: Imports and exchange rate



Source: Oxford Economics/Haver Analytics

INDUSTRIAL AND BUILDING MATERIALS | UNITED STATES

Rebound set for 2024 but driven by strong 2023 base effects

Forecast highlights

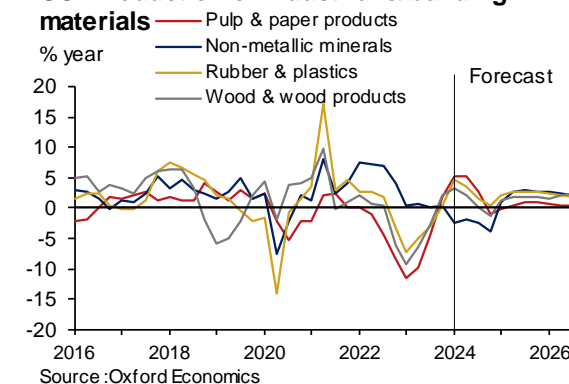
- **Industrial & building materials output is forecast to grow 1.1% in 2024, an upwards revision from our previous forecast.** We now expect the Federal Reserve to begin rate cuts in September, as H1 inflation has come in higher than expected. The rate cuts will have a lagged impact and so we will probably begin to feel it in the beginning of 2025.
- **Wood & wood products will recover in 2024, expanding by 1%,** following a contraction in 2022 and 2023. As interest rates come down and mortgage rates with it, demand for construction will improve and will boost the sector's performance, especially in the medium term.
- It appears momentum has finally slowed for the **non-metallic minerals sector** and after three years of growth the sector is now expected to **contract by 2.7% in 2024** before returning to growth in 2025.
- **Pulp & paper output** recovered in H2 of 2023 with strong growth climbing 3.8% q/q in Q4, but we do not expect this growth to continue as quarter-on-quarter declines are forecast for most of 2024. However, due to the base effects of a strong 2023 **total growth in year-on-year terms will see an increase of 3% in 2024.**
- We expect **rubber & plastics production to recover in 2024, growing by 2.5%.** Tight credit conditions and costs are currently dragging on automotive demand however high order backlogs and future interest rate cuts help maintain a positive outlook for rubber output which is heavily reliant on the automotive sector.

Growth drivers/constraints

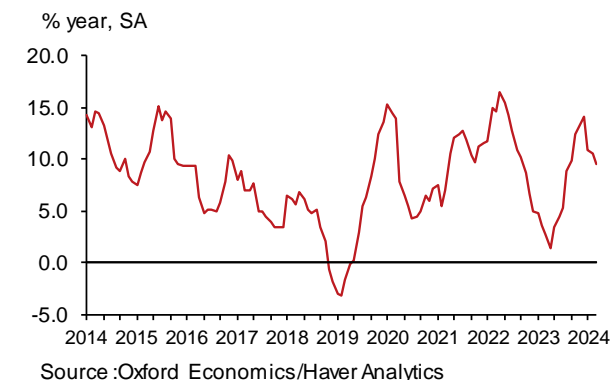
- ✓ **High order backlogs**—in the automotive sector, will support near term production growth in rubber.
- ✗ **Tight credit conditions**—continue to weigh on demand, though relief is expected in the latter half of 2024.

United States (Annual percentage changes)			
	2023	2024	2025
Industrial & building materials	-3.5	1.1	1.8
Pulp & paper products	-6.2	3.0	0.5
Non-metallic minerals	0.3	-2.7	2.3
Rubber & plastics	-3.8	2.5	2.5
Wood & wood products	-4.2	1.0	1.6

US: Production of industrial & building materials



US: Construction spending



CHEMICALS | UNITED STATES

Shale gas projects to prop up output

Forecast highlights

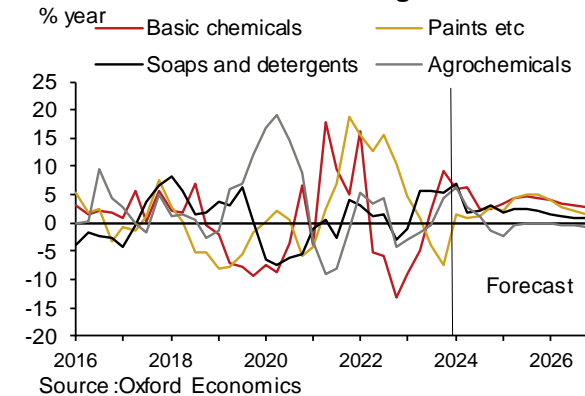
- **We expect the US chemicals sector to expand this year despite ending 2023 on a negative note.** We expect the manufacturing of chemicals to increase by 3.2% in 2024.
- **Our positive stance is driven by monetary policy, consumer spending, and shale gas related projects.** Interest rates are still expected to fall this year, despite sticky inflation causing the Fed to delay rate cuts. We expect growth in real consumer spending to remain strong, held up by improvements in real disposable income, a tight labour market, previous upturns in household wealth, and low savings. Recent data indicate that large scale investment in US shale gas-related projects over the past decade or so (estimated at \$208 billion in 351 projects by 2022) may be starting to bear fruit. We believe that output in the chemicals sector will be propped up by these shale gas-related projects.
- **Throughout 2023 destocking has been a major factor holding back production.** As of May, the ISM Inventories index dropped to 47.9, indicating that inventories have continued to fall.
- **The CHIPS and Science Act and the Inflation Reduction Act** are helping to accelerate the development and adoption of technologies to reduce emissions via significant tax incentives and funding. Domestically produced semiconductors, lithium-ion batteries, solar panels, and other clean technologies will provide demand for chemicals required in their production.

Growth drivers/constraints

- ✓ **Shale gas boom**—the US has a feedstock cost advantage relative to chemicals producers elsewhere, ensuring a reliable and competitive supply chain. US shale gas related projects are expected to prop up output.
- **Energy transition**—will provide opportunities as the sector sits upstream to key clean energy technologies. Production is acutely exposed to increasing input costs due to reliance on fossil fuels as feedstock.
- ✗ **Move to GM crops**—will lower longer-term agrochemicals demand.

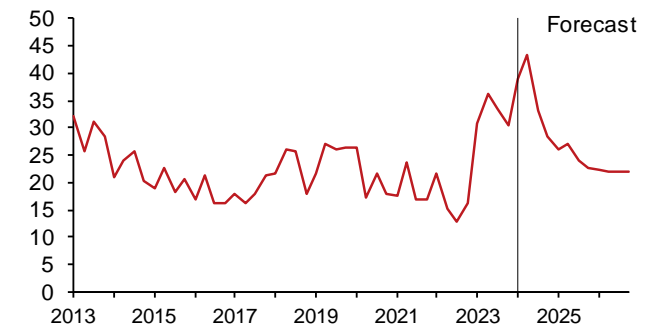
United States (Annual percentage changes)			
	2023	2024	2025
Chemicals	-0.6	3.2	3.0
Basic chemicals & fertilisers	-1.0	4.2	4.3
Pesticides & other agrochemicals	-0.2	2.2	-0.7
Paints, varnishes etc	-1.6	1.7	4.2
Soaps, detergents etc	3.9	3.5	2.2
Other chemicals nec	-4.8	0.4	1.4
Man-made fibres	-8.0	-1.9	-3.4

US: Production of chemical goods



US: Competitiveness

Ratio of Brent crude spot to Henry hub gas price



PHARMACEUTICALS | UNITED STATES

Steady growth in the short and long term

Forecast highlights

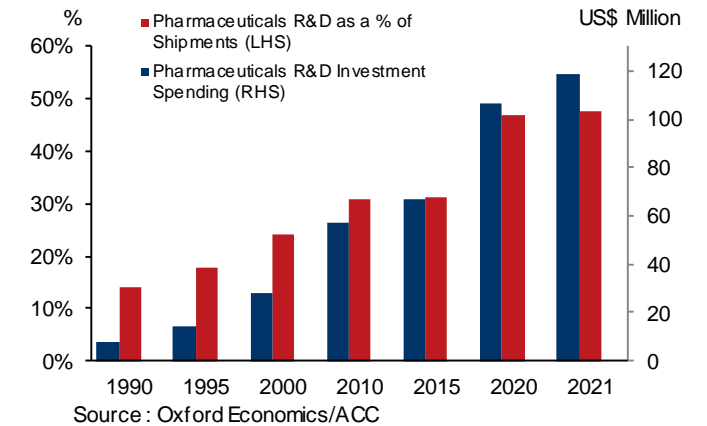
- **US pharmaceutical production is projected to expand by 2.9% in 2024** and pick up to 2.5% in 2025. Following declines in output in early 2022 the sector recovered well, and the level of production is aligned to its historic trend. US consumers are favouring spending over saving due to a tight labour market, gains in real disposable income, and past increases in household wealth. **Consumer spending growth is likely to lightly stimulate sectoral output.** Demand for pharmaceuticals is not as responsive to changes in spending patterns as other sectors due to the sector's essential nature. The pharmaceutical industry is not as dependent on economic conditions and not particularly cyclical.
- The US government is taking steps to reduce the price of pharmaceuticals. In addition to the 10 medicines selected for initial price cuts as a result of the Inflation Reduction Act (IRA) authorising Medicare to bargain with drugmakers on prices, the US Department of Health and Human Services (HHS) has announced that if the price of 41 more prescription drugs rise faster than inflation, the drug manufacturer will be required to pay rebates to Medicare. These policies have been subject to resistance from the pharma industry as several companies including AstraZeneca, Merck, and Johnson & Johnson have sued the government. The impact of lower prices on pharma companies may be partially offset by another IRA reform that looks to cap the out-of-pocket costs for drugs, should this lead to increased volumes. At the state level, **California has recently negotiated a deal to purchase naloxone, an opioid overdose drug, at almost half the price by using its market power.** California is also working towards securing a deal to lower the price of insulin.
- In addition to President Biden's Executive Order on supply chain resilience and the Infrastructure Bill, other factors such as supply chain bottlenecks in recent years, increased transportation costs, and tariffs have led to an onshoring rally which have **strengthened supply chains.** US reliance on imports of active pharmaceutical ingredients (APIs), many of which come from China, creates vulnerabilities in drug supply. Strategies to incentivise manufacturers to expand domestic production have had a fair amount of success as manufacturing construction activity has surged, potentially boosting US pharma output over the medium term.

Growth drivers/constraints

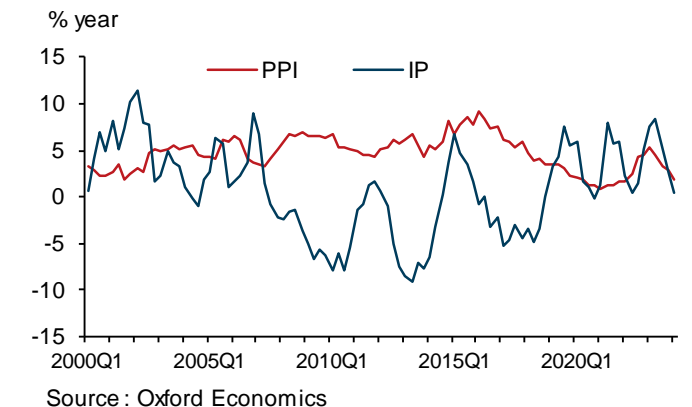
- ✓ **Ageing and overweight population**—will continue to drive long-term demand.
- ✓ **Weight loss drugs**—US pharma firm Eli Lilly and Danish firm Novo Nordisk are benefitting from strong demand in this area.
- ✗ **Government looks to cut costs**—lower prices could threaten R&D investment given the high cost of developing new drugs.

United States (Annual percentage changes)			
	2023	2024	2025
Pharmaceuticals	6.5	2.9	2.5

US: R&D spending on pharmaceuticals



US: Pharmaceuticals IP & PPI



BASIC METALS | UNITED STATES

Robust recovery in steel to support basic metals in 2025

Forecast highlights

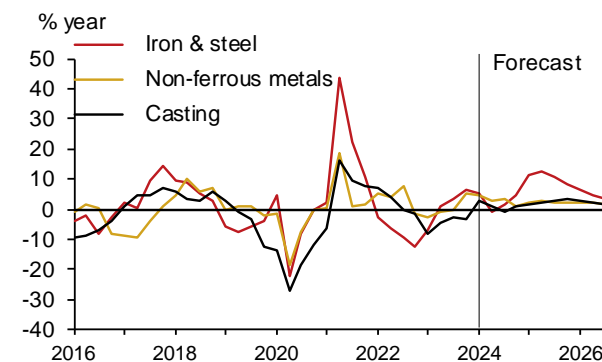
- **We forecast basic metal production to increase 2.4% in 2024 after two years of contraction.** The US economy has performed better than expectations, but that cannot be said for basic metals production, which contracted in Q1. Although the overall US economy has done well, interest rate sensitive sectors have not, which also happen to be the largest consumers of metals and is why our production forecast have been revised lower from the last report. However, we expect the Fed will start cutting rates later this year, which will support interest rate sensitive sectors. Consequently, we expect basic metal demand to improve later this year and pick up more meaningfully in 2025, supporting basic metal production growth of 6.3%.
- Due to the US's abundance of domestically produced energy, **costs are significantly lower than in Europe.** US basic metals production has therefore been more competitive than its counterparts in Europe and Japan where metal production has contracted sharply due to their dependency on imported energy. While we forecast global energy prices to ease over the medium term, **the US competitive advantage will persist.**
- **The US economy is forecast to grow faster than Japan's and the eurozone's next year** and over the medium to long term. The US economy benefits from more favourable demographics and less structural headwinds, which will continue to support stronger basic metals production next year and over the forecast.
- US steel production already utilises a higher share of electric arc furnace technology, which is usually less carbon intensive. Consequently, the industry will likely need to invest less than Europe's to help decarbonise over the next decade. **US mills have invested to bring new capacity online over the next few years** and have more recently been consolidating market position. Furthermore, the US government is prioritising developing domestic critical mineral capacities, which will benefit non-ferrous metal production.

Growth drivers/constraints

- ✓ **Infrastructure Investment and Jobs Act**—stimulus to basic metals end-use sectors through 2023.
- ✓ **Inflation Reduction Act**—the energy and climate spending will boost metal demand.

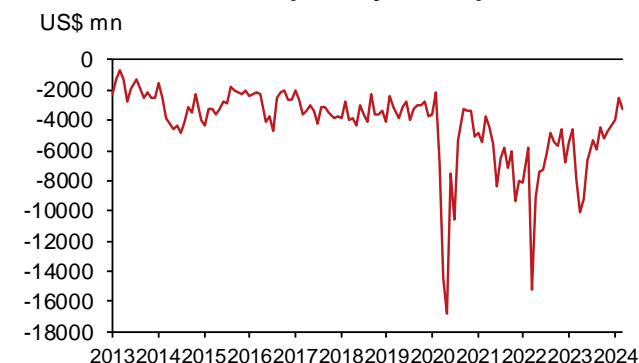
United States (Annual percentage changes)			
	2023	2024	2025
Basic metals	-0.4	2.4	6.3
Iron & steel	0.9	2.5	10.6
Non-ferrous metals	0.3	3.0	2.4
Casting	-4.8	0.9	2.4

US: Production of basic metals



Source :Oxford Economics

US: Trade balance, primary metal products



Source :Oxford Economics/Haver Analytics

ELECTRONICS AND COMPUTERS | UNITED STATES

US electronics production upgraded in 2024 and 2025

Forecast highlights

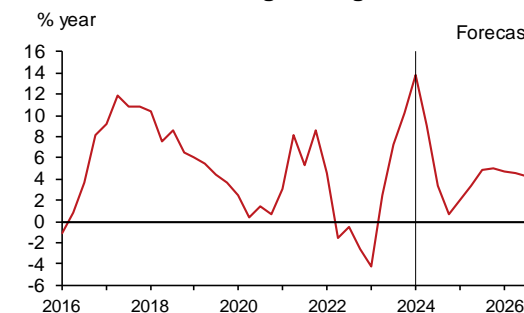
- **We have once again upgraded our forecast for US electronics production in 2024 and 2025, to 6.5% and 3.8% respectively**, from 4.7% and 3.4% in our previous update. Even though production declined slightly in Q1 2024, the decline was slightly less than expected, and production in Q4 2023 was also revised up. The [US economy remains on solid footing](#) with the near-term risk of a recession extremely low.
- **Strong production of electronic components & boards is expected to continue over the next two years.** We forecast the sector will grow 6.7% in 2024 matching its growth last year. Sector production is expected to accelerate to 7.8% in 2025, and the medium-term outlook also looks robust. Following the passage of the CHIPS and Science Act in August 2022, over \$200 billion of investment in new chipmaking facilities has been announced, according to the Semiconductor Industry Association.
- Production of precision & optical instruments, still the biggest subsector in the US, is **expected to return to growth this year after two years of decline**. High borrowing costs and business uncertainty will weigh on production in the first half of the year, but growth is expected to resume by the end of the year as investment spending starts to pick up. Medical & surgical equipment is expected to outpace growth in the miscellaneous sector.
- US production of telecommunications equipment has been growing strongly in recent years due to upgrades to broadband infrastructure and upgrades to 5G mobile systems, although most equipment is imported rather than produced domestically. **These trends are likely to contribute to solid growth in the sector in 2024**, but the recent pace of growth is unlikely to be sustained in the medium term.

Growth drivers/constraints

- ✓ **Semiconductor resilience**—domestic production has been surprisingly resilient, and the sector is now in recovery globally.
- ✓ **Semiconductor investment**—the CHIPS Act and tens of billions of dollars of ongoing investment will increase domestic capacity in the medium term.
- ✓ **Turn around in precision instrument production**—growth is expected to resume after two years of decline.

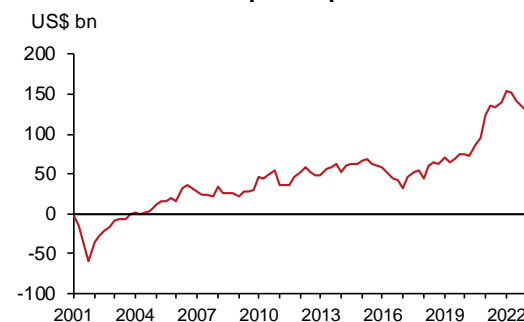
United States (Annual percentage changes)			
	2023	2024	2025
High-tech goods	3.9	6.5	3.8
Computers & office equipment	13.2	6.9	2.0
Electronic engineering	7.5	9.8	5.6
Electric components & boards	6.7	6.7	7.8
Telecommunication equipment	9.3	15.7	2.3
Consumer electronics	-0.3	4.9	-3.1
Precision & optical instruments	-2.0	1.9	1.6
Medical & surgical equipment	-2.0	3.9	2.7
Other precision equipment	-1.9	1.0	1.1

US: Production of high tech goods



Source : Oxford Economics

US: Electronics corporate profits



Source : Oxford Economics/Haver Analytics

ENGINEERING AND METAL GOODS | UNITED STATES

Positive base effects boost 2024 outlook, but policy rates delay upturn

Forecast highlights

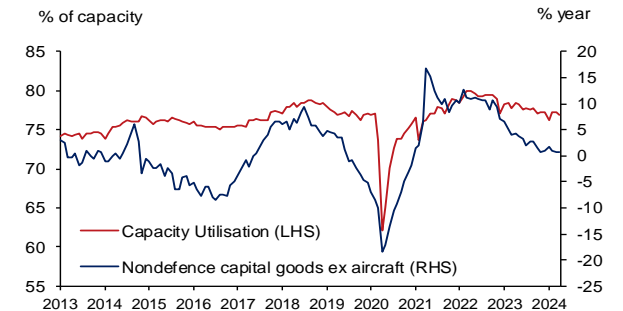
- Metal products, mechanical engineering, and electrical machinery and apparatus all performed better than we had expected at the end of last year, meaning the **outlook for this year benefits from strong base effects**. The quarterly profile for growth, however, is expected to remain weak amid tight monetary policy conditions. On balance, we estimate engineering and metal goods production will expand by 1.2% in 2024 before picking up by 2.5% in 2025.
- The sector's sensitivity to the capex cycle suggests a delayed upturn. Just as the tightening of monetary policy took time to affect the economy, so too will policy loosening. However, even if investment in machinery and equipment is forecast to continue its steady rise over coming quarters, its impact on output will materialise after two to three quarters, meaning that **we forecast an upturn in quarterly growth at the end of this year**.
- The latest survey data are also consistent with our view of a pick-up in quarterly engineering and metal goods production towards the end of this year. The latest US manufacturing PMI rose to 51.3 in May and has been above the 50-benchmark since the start of this year. **New orders of non-defence capital goods is showing tentative signs of a recovery** and we have seen three-month expectations of investment spending increase in recent quarters.
- **Demand from customer markets will be mixed.** Downstream demand from the automotive sector (13% of sectoral output consumption) will slow as **automotive demand wanes, while aerospace production is being capped** by production issues at Boeing. On a positive note, the construction sector (23% of sectoral output consumption) is set to grow by 5.1% in 2024 and is forecast to maintain above-GDP growth as the **civil engineering side benefits from policy support**. Meanwhile, higher military spending and a shift towards electric vehicles should contribute, although the production of the latter is less machinery-intensive than their internal combustion counterparts.

Growth drivers/constraints

- ✗ **Tight monetary policy**—is continuing to raise project financing costs.
- **Strong end-use markets**—guarantee support to certain segments.
- ✓ **Fiscal policy and tech spending**—will be sources of growth over the medium term.

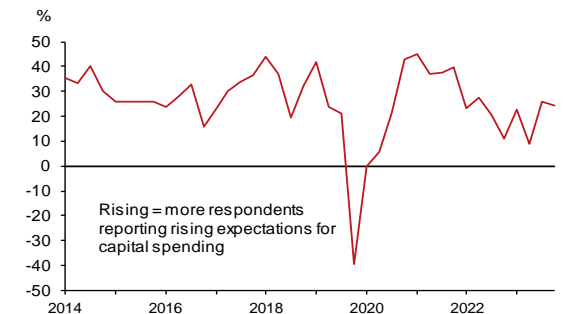
United States (Annual percentage changes)			
	2023	2024	2025
Engineering & metal goods	-1.0	1.2	2.5
Metal products	-0.3	2.8	1.4
Mechanical engineering	-2.0	-0.7	3.7
General purpose machinery	-2.3	-0.3	3.5
Turbines, engines etc	-5.0	-11.1	2.7
Ovens lift/handling, HVAC etc.	-1.7	2.0	3.6
Special purpose machinery	-1.7	-1.1	3.9
Agricultural machinery	-2.1	-0.6	3.3
Machine tools	-1.8	-1.9	3.9
Mining/construction machinery	4.7	2.9	3.8
Other machinery	-1.4	-1.0	4.2
Electrical machine & apparatus	0.1	2.1	2.6
Household appliances	0.4	-1.3	3.3
Motors, generators, transfs	2.9	7.8	0.3
Electric fittings	-1.4	-3.6	5.4
Other electrical equipment	-2.3	2.7	2.7

US: Capacity utilisation and capex orders



Source: Oxford Economics/Haver Analytics

US: Capital spending 3-month expectations



Source: Oxford Economics/Haver Analytics

MOTOR VEHICLES | UNITED STATES

Production momentum expected to slow as we move towards 2025

Forecast highlights

- Motor vehicles production rebounded swiftly in Q1 2024, while Q4 2023 data were revised upwards, which means that strong base effects will carry over into this year. **Momentum in production is, however, expected to slow** as tight credit conditions and the cost-of-ownership weigh upon automotives demand and the boost from inventories fades.
- Despite a strong labour market and gains in real disposable income, we expect **high interest rates along with the rising cost of automotive repair, maintenance, and insurance to create affordability challenges** that will act as a drag on automotive demand. Demand for auto loans remains at low levels according to survey data, although we expect some relief in the form of lower interest rates from September and rising purchase incentives.
- The **boost to production from rebuilding inventories is likely to fade during the second half of this year** as the inventory-to-sales ratio approaches its remarkably stable pre-Covid-19 long-term level. Meanwhile, new orders have remained stagnant since the beginning of 2023, but high order backlogs should provide some support to production.
- The **Inflation Reduction Act will support EV production and sales growth over the forecast horizon** as it attracts vast amounts of new investment into the industry, **but the EV transition ahead is increasingly uncertain**. The new rules will award credits based on the production location of the vehicles' battery components and minerals in order to reduce reliance on countries like China and encourage domestic battery investment. Meanwhile, the Biden administration sharply increased import tariffs on Chinese EVs to 100%, from 25%, although this will have little impact on our near-term projections since it is more of a preventative measure. More concerning are the import tariffs on graphite from 2026, a key critical mineral used in EV batteries that is mostly imported from China, which could lead to higher EV prices and slow the rate of EV adoption unless a solid domestic supply chain is developed.

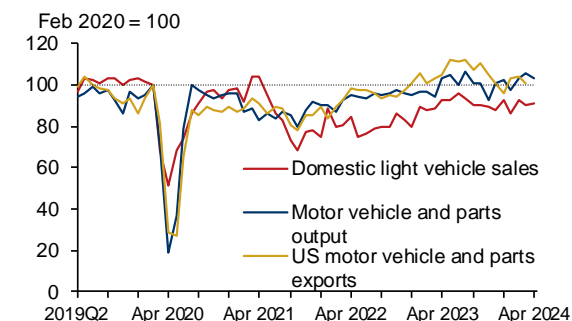
Growth drivers/constraints

- ✓ **Inventory rebuild and high order backlogs**—will support near-term production growth, although the inventory-to-sales ratio is approaching pre-Covid-19 long-term levels, suggesting the boost from inventory rebuild will fade.
- ✓ **Inflation Reduction Act**—is expected to support the transition to EVs over the forecast horizon.
- ✗ **Tight credit conditions**—will continue to weigh on automotives demand, although some relief is expected from around Q3 2024 as monetary policy loosens.

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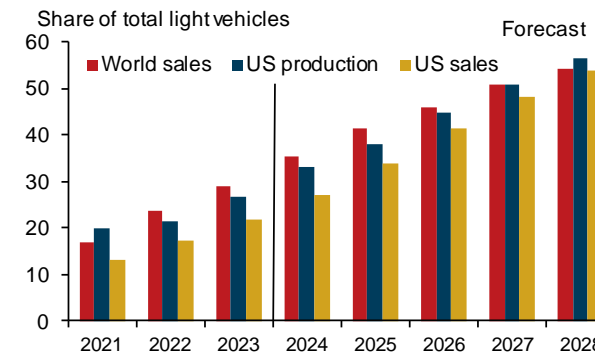
United States (Annual percentage changes)			
	2023	2024	2025
Motor vehicles and parts	7.7	5.4	0.3
Motor vehicles	10.8	6.4	-0.8
Motor vehicle bodies and parts	4.5	4.5	1.5
Car sales	14.6	3.9	2.1
Commercial vehicle sales	5.9	1.1	8.2
Light commercial sales	5.8	2.7	8.2
Heavy commercial sales	6.4	-8.6	8.8
Car production	8.5	5.2	-0.2
Commercial vehicle production	0.3	6.0	2.7
Light commercial production	-0.9	8.7	2.4
Heavy commercial production	8.2	-10.3	4.6

US: Auto recovery tracker



Source: Oxford Economics/Global Data

US: Hybrid and electric vehicles



Source: Oxford Economics/Global Data

AEROSPACE | UNITED STATES

Moderate aerospace production growth in the short and medium term

Forecast highlights

- **US aerospace production saw strong growth at 7.9%** in 2023. Looking ahead, the sector is **in positive territory**, with a moderate 5.6% forecast for 2024 and robust growth in the medium term. However, the sector's outlook does remain **threatened by supply disruptions**; Boeing's troubles are bleeding out to its supply chain, where uncertainty over production rates has left suppliers unsure of how many parts to produce to avoid holding too much stock.
- **The commercial aircraft market's prospects are improving.** However, Boeing is set to move to a production rate of 38 per month in the second half of 2024 following a mid-air cabin blowout on a 737 Max aircraft but is currently producing at a much lower rate than that at the moment. Only 16 Maxes were delivered to airlines and lessors last month, dropping from 24 in March and the lowest since last September.
- Encouragingly though, air travel demand continues to gradually recover. **The recovery in international travel is projected to lag domestic travel** and, until the latter half of the decade, international passenger demand as a share of total passenger demand will remain lower than its pre-virus peak.
- Rising interest in the **space industry** will likely provide opportunities for the US aerospace sector. Both the government and companies like SpaceX are investing in **exploration, space tourism, and satellites**. A renewal of the International Space Station could be a particular focal point.
- **Downside risks remain elevated.** Despite ongoing quality and supply-chain issues, Boeing has announced plans to significantly increase production in the medium term. Between 2025 and 2026, it plans to manufacture 10 787 aircrafts per month, a substantial jump from the current rate of four.

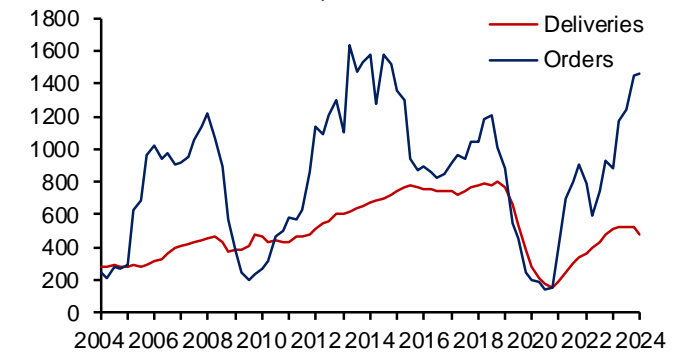
Growth drivers/constraints

- ✓ **Geopolitical uncertainty**—supports defence activity and investment.
- **Air travel recovery**—remains ongoing, but challenges persist.
- ✗ **Supply chain disruptions**—threaten to dampen aircraft production and demand during 2024.

United States (Annual percentage changes)			
	2023	2024	2025
Other means of transport	4.7	4.3	3.4
Aerospace	7.9	5.6	3.6
Ships, rolling stock etc.	-4.4	0.2	3.0

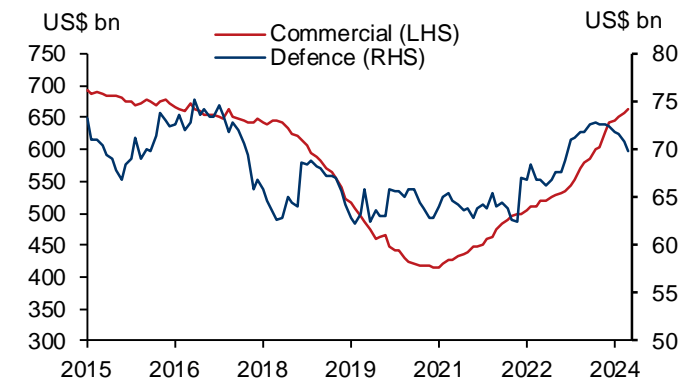
Boeing: Orders and deliveries

Number of aircraft, four quarter sum



Source: Company reports

US: Aerospace unfilled orders



Source: Haver Analytics

POWER GENERATION & RENEWABLES | UNITED STATES

Carbon dioxide emissions to fall this year

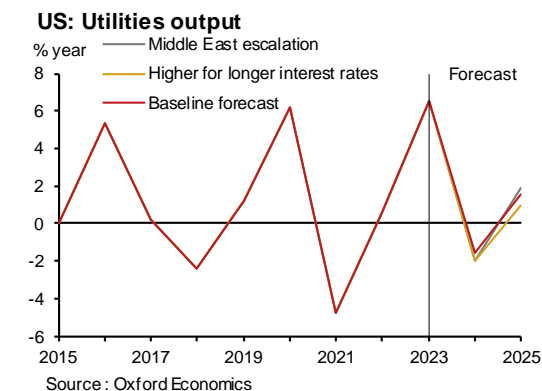
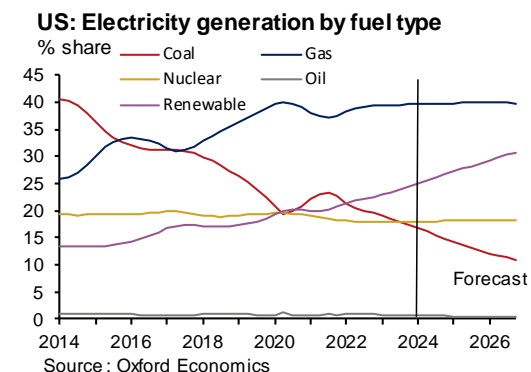
Forecast highlights

- We expect growth to contract in year-on-year terms in 2024. However, **this decline reflects a correction in value-added output levels following a sharp surge last year.** Despite the volatility in value-added terms, underlying momentum in the sector remains solid. [The EIA expects](#) warm temperatures and growth in data centres to be supportive of demand.
- Renewables will continue to make inroads into the US power mix in 2024.** Major additions to solar capacity are expected to come online, and we expect to see the renewable share climb to 25.8%. **This will lead to further displacement of coal generation,** whose share is expected to decline to 15.8%. Impressive growth in renewables will also constrain electricity production from gas-fired plants, despite competitive natural gas prices.
- As a result of these shifts in the electricity generation mix, CO₂ emissions in the US are expected to fall this year.
- The Infrastructure Investment and Jobs Act (IIJA) and Inflation Reduction Act (IRA) are significantly boosting US investment in the clean energy transition,** with the IRA including a generous set of tax incentives relating to renewables, EVs, and other clean-technology manufacturing like batteries.
- [A lack of investment in the transmission grid](#) remains a major hurdle to the clean energy transition in the US. The grid needs to be enhanced to connect new forms of electricity generation, like solar and wind, and to meet rising demand from electric vehicles, heat pumps, and other emerging forms of demand brought about by electrification. Failure to make the necessary investments will slow the rate at which renewables can be added to the grid, which will prolong fossil fuel reliance.

Growth drivers/constraints

- ✓ **Electrification in the heat and transport sectors**—expected to generate considerable additional electricity demand. In particular, the shift to electric vehicles is expected to create a major new channel of demand, while de-carbonisation of heating will also contribute to further demand.

United States (Annual percentage changes)			
	2023	2024	2025
Utilities	8.0	-1.2	0.4
Electricity	8.5	0.3	1.3
Gas	5.2	-4.1	-0.3
Water and Waste	8.4	-4.2	-2.2
Electricity Production (% share of total)			
Coal	18.1	15.8	13.5
Gas	39.5	39.7	39.9
Nuclear	17.9	18.0	18.2
Oil	0.8	0.6	0.5
Renewable	23.7	25.8	28.0



CONSTRUCTION | UNITED STATES

Strong performance in non-residential and civil engineering drives 2024 growth

Forecast highlights

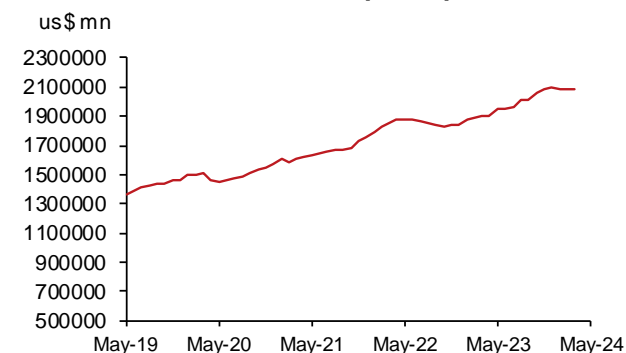
- **Strong growth is set to continue in the US with our forecast for construction output now sat at 5.1% for 2024.** Consumer spending has been strong at the start of the year and H1 2024 inflation has come in higher than expected so far. Strong public investment, continued easing in financial market conditions, and the strength of the labour market will help the economy grow at a similar rate to last year. We have pushed back our forecast for interest rate cuts and now believe the Fed will begin to cut rates from September 2024.
- **Residential construction continues to be weak with no growth predicted over the course of the year.** As interest rates come down and mortgages with it, the outlook for H2 is improving and will lead into good growth in 2025. The outlook for the subsequent three years is much stronger.
- **Strong performance is expected to continue this year for both non-residential and civil engineering output, as we forecast them to expand by 7.9% and 10.7%, respectively.** The non-residential subsector continues to be driven by numerous large projects but will temper from the double-digit growth experienced in 2023. Civil engineering activity will be strong as the Infrastructure Investment and Jobs Act drives the sector.

Growth drivers/constraints

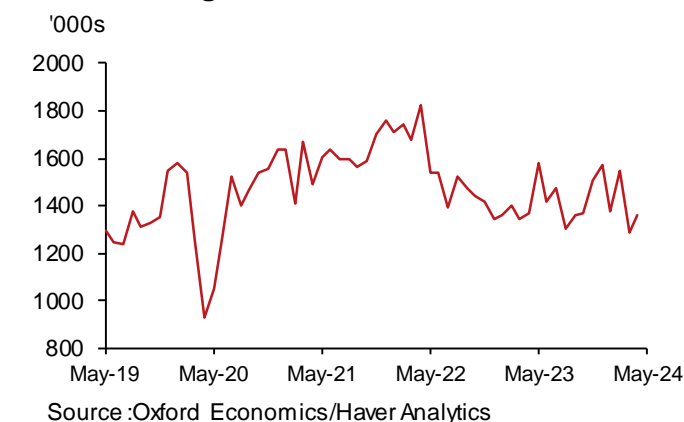
- ✓ **Infrastructure Investment and Jobs Act**—stimulus to directly support construction activity through 2024.
- ✓ **Inflation Reduction Act**—the energy and climate spending portion will support the power segment and others.
- ✗ **Manufacturing boom to subside**—the large growth numbers will fall away while the levels remain high.
- ✗ **Tight labour supply**—to constrain potential growth in construction sector. JOLTS data have shown a Q1 decline in open positions but they remain high relative to pre-Covid-19.
- ✗ **Higher for longer interest rates**—reduces demand for the residential sector.

United States (Annual percentage changes)			
	2023	2024	2025
Construction	1.0	5.1	3.1
Residential building	-8.0	0.4	4.7
Non-residential building	12.6	7.9	0.0
Civil engineering & other activities	6.6	10.7	4.3

US: Value of construction put in place



US: Housing starts



TRANSPORTATION AND LOGISTICS | UNITED STATES

2024 should be a year of steady and balanced growth

Forecast highlights

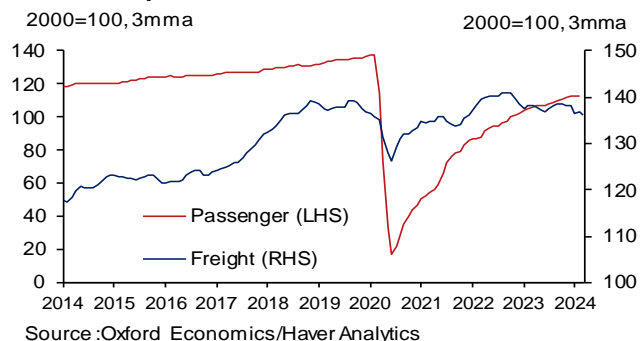
- Our forecast has not meaningfully changed: we expect a slowdown from last year's quite strong sectoral expansion, but **continue to forecast robust 2.7% growth this year**. Transportation and storage output will continue to outpace GDP as a whole, which it has done since the onset of the recovery from the pandemic, but the gap between sectoral and economy-wide growth has been closing and will continue to shrink. This is in line with our view that the US, leading peers, has almost fully completed its post-Covid-19 recovery.
- **Catch-up growth in the passenger-focused segments has, by and large, passed its peak**. Transit usage in various major US cities is still lower than in the pre-pandemic era, sometimes by large amounts, but we see little evidence that there will be a large surge back due to the structural shift to working from home. Tourist arrivals to the US are still slightly below the pre-pandemic peak, but this is balanced by higher levels of US citizens traveling abroad. We expect passenger-focused transit will continue to grow robustly in the next years, but the pace will look slow compared to the catch-up growth of 2021-2023.
- There are a number of signs that the **goods-focused transport segments are starting to rev up again**. Containers loaded to US ports, a proxy for goods imports that have been depressed for much of 2023, are creeping up again, and air & train freight data show an uptick in volumes as well. So far there has been little sign of upwards movement in truck tonnage, the key goods transport mode in the US, but there are signs of potential bottoming out in trucking, setting the scene for recovery in the coming months amidst stronger consumer demand for goods.
- While the US is less directly exposed to shipping disruptions in the Red Sea than Europe, the **price of shipping for key US-Asia container freight has increased substantially** in the past weeks, rising to the highest levels since the September 2022. Nevertheless, we **do not expect a substantial negative impact for US transport output or consumption**.

Growth drivers/constraints

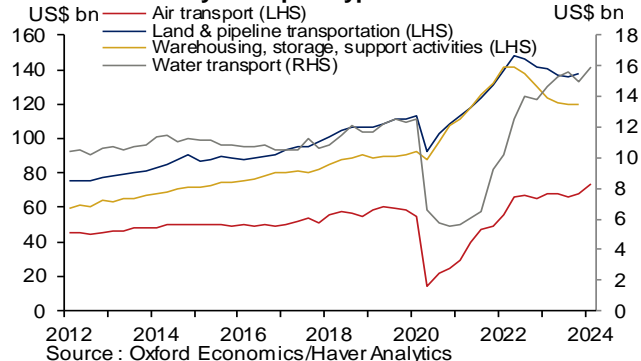
- ✓ **Government support and investment**—will help improve and expand transport infrastructure, improving supply chain efficiency, reducing costs, and stimulating demand for transportation and logistics services.
- ✓ **Strong demand conditions**—consumers have continued to spend despite excess savings coming down. While we expect some pull back in the second half of the year as consumers' savings rates come back up to more typical levels, consumption should remain quite robust.

United States (Annual percentage changes)			
	2023	2024	2025
Transport & storage	4.4	2.7	2.0
Land transport & transport via pipelines	2.9	2.3	1.4
Water transport	-9.0	3.2	1.0
Air transport	10.2	1.6	2.7
Warehousing & postal activities	3.0	4.0	2.5

US: Transportation services index



US: Revenue by transport type



INFORMATION AND COMMUNICATION | UNITED STATES

Slight downgrade to 2024 driven by telecoms with 2025 outlook unchanged

Forecast highlights

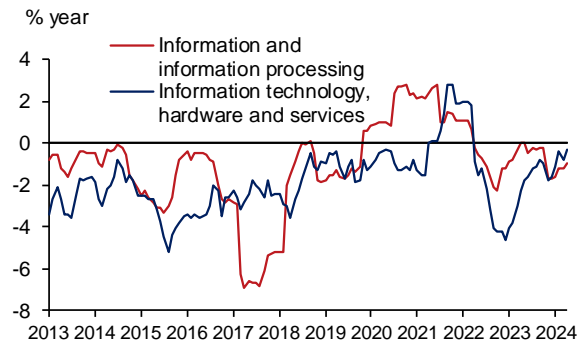
- **We have modestly downgraded our outlook for 2024 from 4.1% to 3.8% y/y growth driven by a slightly weaker Q4 than anticipated.** Our outlook for 2025 remains unchanged since last quarter with growth of 3.8% y/y.
- **The largest downward revision in 2024 is from the telecommunication subsector,** revised down 0.9 ppts driven by weaker consumer and business spending. We do expect the subsector's performance to steadily improve throughout 2024, with a 0.2 ppts improvement in our 2025 outlook.
- Consistent with prior quarters, growth in **2024 will be led by the IT programming subsector,** in line with historical trends of out-performance as firms continue to prioritise spending on cloud storage, cloud computing, and data processing. Cloud and AI adoption are driving growth in this subsector. Many of the leading-edge AI products are cloud-based, so the rise of generative AI naturally supports this subsector. Key sectors investing in cloud and AI are automotive, healthcare, and finance.
- Within publishing & broadcasting, software publishing is performing best, driven by business operating expenditures and capital investment. The consumer side is becoming an increasingly relevant contributor to growth thanks to gaming. Consumer spending on durable recreational goods including gaming consoles and software has been slowing a bit but is still strong, at 8.1% y/y in Q1.
- Within telecoms, wireless and satellite segments are expected to fare best over the coming year. Wireless in particular is set to benefit from the roll-out of fixed wireless access products by the major telecom providers.
- **Over the medium term,** increasingly sophisticated computing capabilities will support robust growth in the IT subsector, the \$1.5 billion allocated to improving the US wireless supply chain will support the telecommunication subsector, and continued strength of software publishing will support the publishing & broadcasting subsector.

Growth drivers/constraints

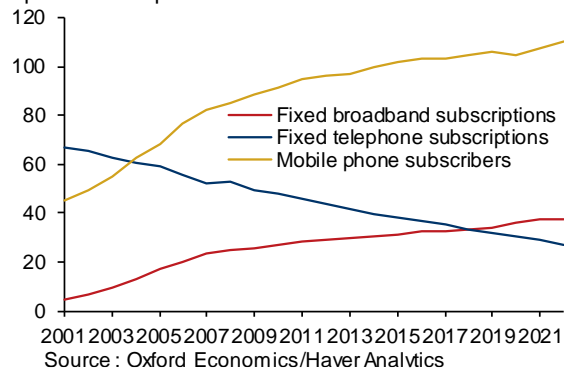
- ✓ **Macroeconomic momentum**—despite this quarter's mild downgrade, the macroeconomic picture in the US remains strong.
- ✓ **Fiscal policy support**—government spending will also invest in high-speed broadband 5G networks.

United States (Annual percentage changes)			
	2023	2024	2025
Information, communication	6.2	3.8	3.8
Publishing & broadcasting	5.3	2.6	2.7
Telecommunications	-1.0	2.3	3.2
IT programming, consulting	11.1	6.5	5.7

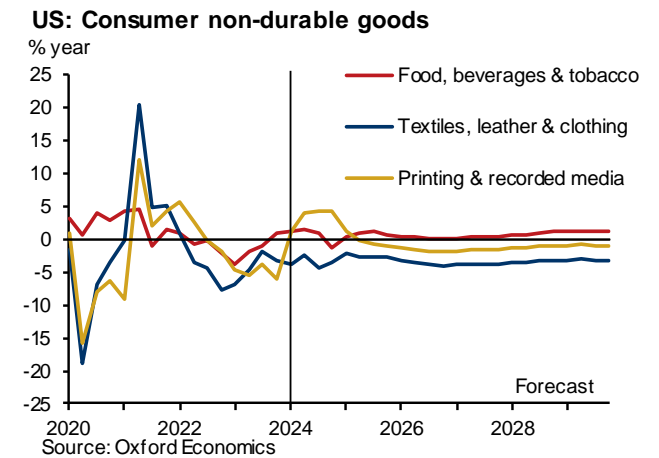
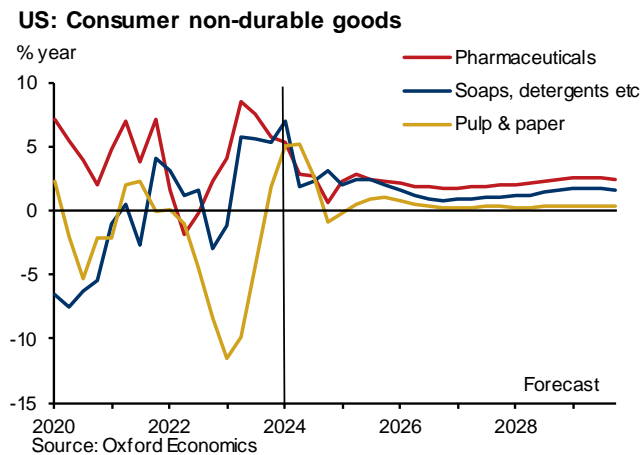
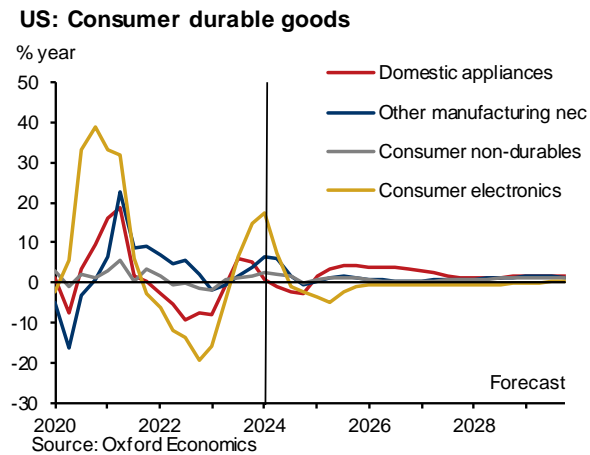
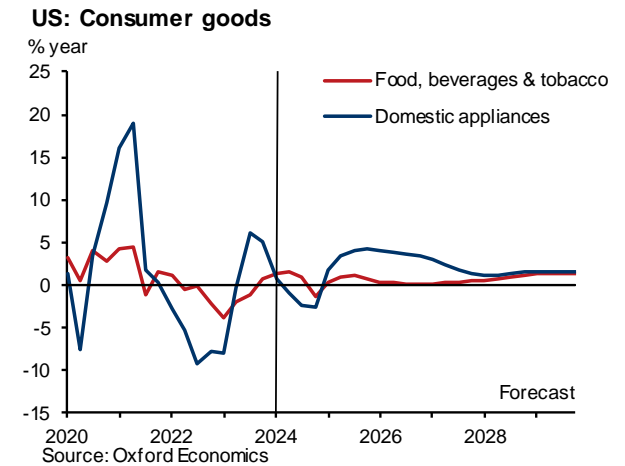
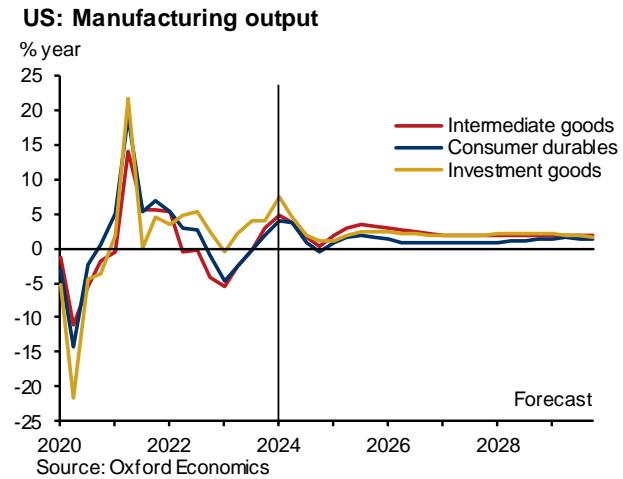
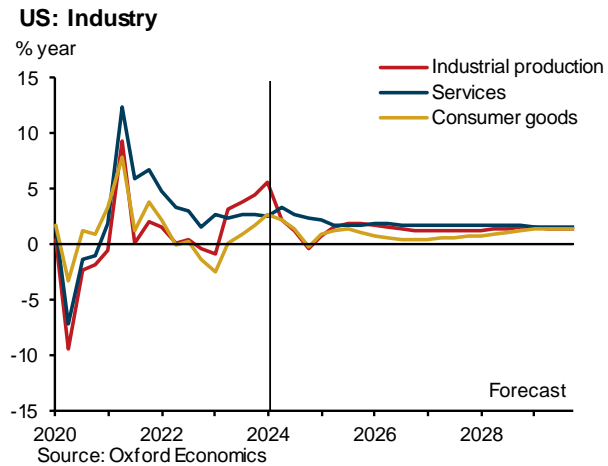
US: Communication CPI



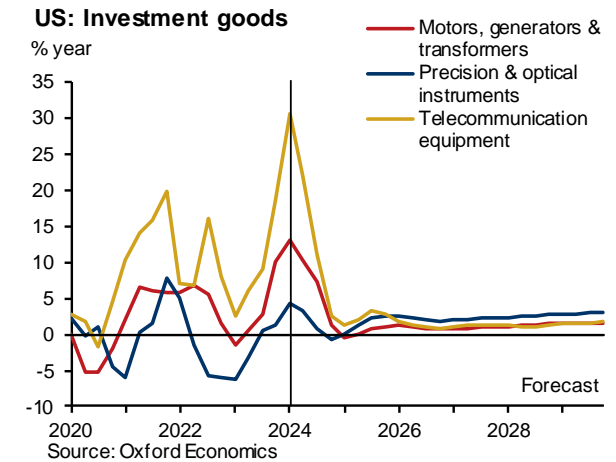
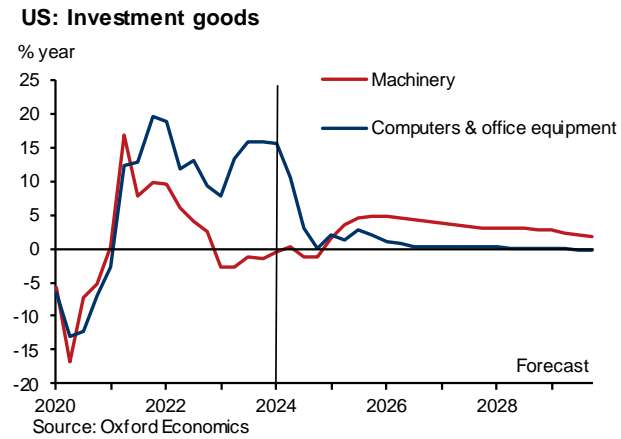
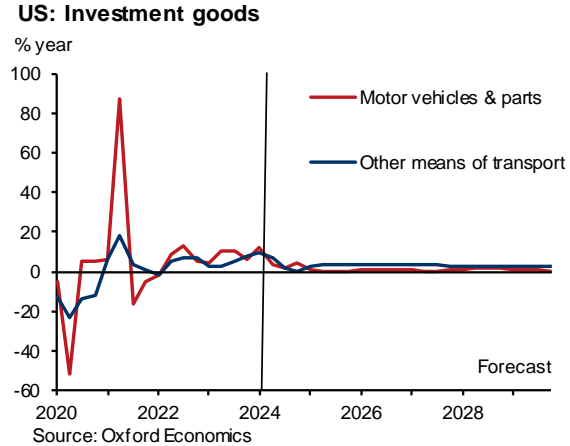
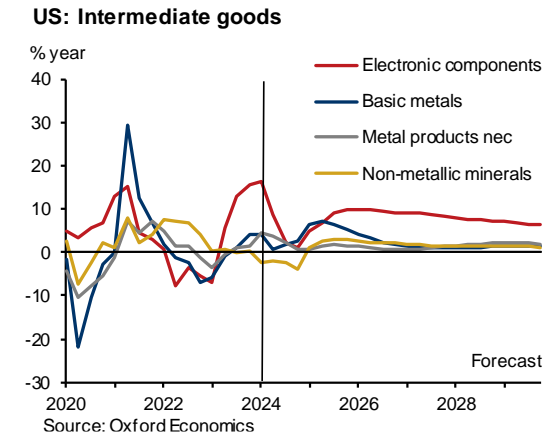
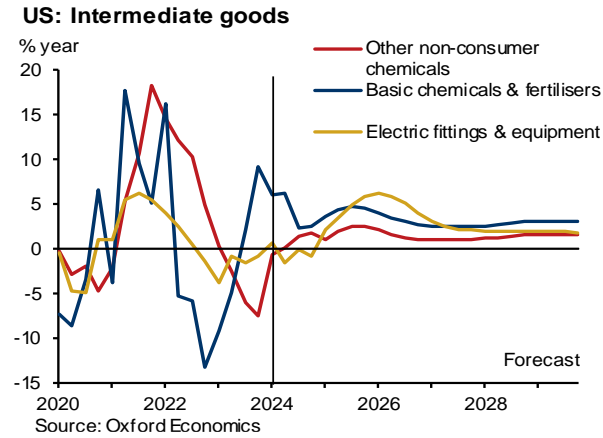
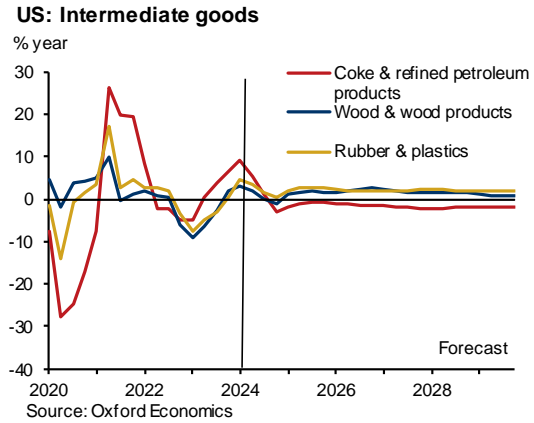
US: Communications infrastructure



UNITED STATES SECTOR OUTLOOK | ANNEX CHARTS



UNITED STATES SECTOR OUTLOOK | ANNEX CHARTS



UNITED STATES SECTOR OUTLOOK | ANNEX TABLES

Industrial Forecast for US – Main Industries					
2015 prices					
	NACE rev 2 industry code	% of Manufacturing (2023)	US \$ Billion (2023)	Average % growth 2019-2023	Average % growth 2024-2028
Consumer non-durable goods		25.3	611.5	1.5	0.9
Food, beverages & tobacco	10,11,12	14.7	355.6	1.0	0.5
Textiles, leather & clothing	13,14,15	0.9	22.4	-1.8	-3.4
Printing & recorded media	18	1.5	37.1	-2.7	-0.3
Pharmaceuticals	21	6.3	152.3	4.9	2.3
Soaps, detergents etc	20.4	1.8	44.2	0.3	1.8
Consumer durable goods		5.6	134.2	0.5	1.3
Domestic appliances	27.5	0.4	9.9	1.5	1.8
Consumer electronics	26.4	0.1	2.0	3.9	0.0
Furniture manufacturing	31	1.2	29.9	-3.2	0.8
Other manufacturing nec	32	3.8	92.4	1.8	1.4
Intermediate goods		35.6	859.8	-0.1	2.3
Wood & wood products	16	1.6	37.9	-0.3	1.6
Pulp & paper	17	2.8	67.9	-1.8	0.9
Coke & refined petroleum products	19	3.9	93.9	-1.2	-0.7
Basic chemicals & fertilisers	20.1	4.4	105.3	-1.4	3.4
Pesticides & other agrochemicals	20.2	0.8	18.1	3.2	0.1
Paints, varnishes etc	20.3	0.5	11.9	2.0	2.3
Other chemicals nec	20.5	1.2	28.6	1.4	1.1
Man-made fibres	20.6	0.1	1.7	-4.9	-3.1
Rubber & plastics	22	4.3	102.8	0.0	2.3
Non-metallic minerals	23	2.8	68.1	2.4	1.0
Basic metals	24	2.8	67.0	-1.1	2.8
Electric fittings	27.2-27.4	0.6	14.7	-0.1	2.9
Other electrical equipment	27.9	0.6	14.0	0.5	2.4
Electric components & boards	26.1	2.9	69.4	4.2	8.1
Repair & installation of machinery	33	6.6	158.4	-0.6	2.1
Investment goods		33.5	810.5	0.6	2.4
Metal products nec	25	6.9	166.6	-0.3	1.6
General purpose machinery	28.1-28.2	3.8	91.7	-0.7	2.7
Special purpose machinery	28.3,28.4,28.9	3.1	75.6	1.6	2.8
Computers & office equipment	26.2	0.7	15.8	8.3	1.9
Motors, generators & transformers	27.1	0.8	18.9	2.6	2.2
Telecommunication equipment	26.3	1.6	38.4	9.7	4.2
Precision & optical instruments	26.5-26.8	3.4	81.9	-0.5	2.0
Motor vehicles & parts	29	7.8	189.7	1.6	1.7
Other means of transport	30	5.5	131.9	-1.5	3.4
All Manufacturing		100.0	2416.1	0.6	1.9

Source: Oxford Economics

UNITED STATES SECTOR OUTLOOK | ANNEX TABLES

Industrial Shares for US – Main Industries							
2015 prices							
	NACE rev 2 industry code	% of Manufacturing		% of GDP		% of World Output	
		2023	2028	2023	2028	2023	2028
Consumer non-durable goods		25.32	24.05	2.80	2.67	16.02	14.60
Food, beverages & tobacco	10,11,12	14.72	13.74	1.63	1.52	16.92	15.11
Textiles, leather & clothing	13,14,15	0.93	0.71	0.10	0.08	3.88	2.95
Printing & recorded media	18	1.54	1.37	0.17	0.15	23.52	21.49
Pharmaceuticals	21	6.30	6.41	0.70	0.71	18.91	17.77
Soaps, detergents etc	20.4	1.83	1.82	0.20	0.20	25.22	24.90
Consumer durable goods		5.55	5.37	0.62	0.60	16.80	15.42
Domestic appliances	27.5	0.41	0.41	0.05	0.05	6.40	5.83
Consumer electronics	26.4	0.08	0.08	0.01	0.01	2.54	2.16
Furniture manufacturing	31	1.24	1.17	0.14	0.13	15.45	13.73
Other manufacturing nec	32	3.83	3.72	0.42	0.41	24.84	23.48
Intermediate goods		35.59	36.32	3.94	4.02	14.83	14.33
Wood & wood products	16	1.57	1.54	0.17	0.17	17.79	18.19
Pulp & paper	17	2.81	2.67	0.31	0.30	22.13	22.03
Coke & refined petroleum products	19	3.88	3.41	0.43	0.38	15.66	14.22
Basic chemicals & fertilisers	20.1	4.36	4.68	0.48	0.52	17.16	17.54
Pesticides & other agrochemicals	20.2	0.75	0.69	0.08	0.08	19.95	17.08
Paints, varnishes etc	20.3	0.49	0.50	0.05	0.06	13.84	13.34
Other chemicals nec	20.5	1.18	1.14	0.13	0.13	23.58	20.52
Man-made fibres	20.6	0.07	0.06	0.01	0.01	0.99	0.74
Rubber & plastics	22	4.26	4.33	0.47	0.48	17.79	17.55
Non-metallic minerals	23	2.82	2.70	0.31	0.30	11.24	10.93
Basic metals	24	2.77	2.89	0.31	0.32	6.65	6.78
Electric fittings	27.2-27.4	0.61	0.64	0.07	0.07	6.59	6.02
Other electrical equipment	27.9	0.58	0.59	0.06	0.07	9.23	8.55
Electric components & boards	26.1	2.87	3.86	0.32	0.43	10.30	10.46
Repair & installation of machinery	33	6.56	6.63	0.73	0.73	45.23	44.43
Investment goods		33.54	34.26	3.72	3.80	17.10	16.78
Metal products nec	25	6.90	6.77	0.76	0.75	20.79	20.28
General purpose machinery	28.1-28.2	3.80	3.94	0.42	0.44	12.05	11.78
Special purpose machinery	28.3,28.4,28.9	3.13	3.27	0.35	0.36	12.79	12.69
Computers & office equipment	26.2	0.65	0.66	0.07	0.07	8.80	7.47
Motors, generators & transformers	27.1	0.78	0.79	0.09	0.09	7.00	6.67
Telecommunication equipment	26.3	1.59	1.77	0.18	0.20	14.59	14.52
Precision & optical instruments	26.5-26.8	3.39	3.41	0.38	0.38	25.69	24.65
Motor vehicles & parts	29	7.85	7.78	0.87	0.86	17.20	17.55
Other means of transport	30	5.46	5.87	0.60	0.65	29.30	28.51
All Manufacturing		-	-	11.08	11.08	15.94	15.21

Source: Oxford Economics

UNITED STATES SECTOR OUTLOOK | ANNEX TABLES

Table 1 - Total Output										
2015 prices										Average Annual growth
	NACE rev 2	2023	2024	2025	2026	2027	2028	2019-23	2024-28	2029-33
Agriculture, forestry & fisheries	01,02,03	5.9	0.0	0.2	0.0	0.0	0.0	-0.4	0.1	-0.4
Industrial production	05-39	2.7	2.1	1.5	1.5	1.2	1.4	0.8	1.5	1.3
Extraction	05-09	19.6	1.6	-2.0	-1.6	-1.6	-1.4	1.2	-1.0	-0.8
Manufacturing	10-33	0.4	2.6	2.1	1.8	1.5	1.7	0.6	1.9	1.6
Manufacturing of consumer non-durables		0.4	1.4	1.1	0.5	0.5	1.0	1.5	0.9	1.4
Manufacturing of consumer durables		-1.4	2.0	1.4	0.9	0.8	1.1	0.5	1.3	1.4
Manufacturing of intermediate goods		-1.3	2.6	2.9	2.5	1.9	1.9	-0.1	2.3	1.7
Manufacturing of investment goods		2.5	3.7	2.0	2.2	1.9	2.1	0.6	2.4	1.6
Utilities	35-39	8.0	-1.2	0.4	1.5	1.3	1.1	2.1	0.6	0.7
Construction	41-43	1.0	5.1	3.1	3.8	3.3	2.4	-0.7	3.5	1.9
Services	45-99	2.6	2.7	1.8	1.8	1.7	1.7	2.6	1.9	1.5

Table 2 - Consumer Non-Durable Goods										
2015 prices										Average Annual growth
	NACE rev 2	2023	2024	2025	2026	2027	2028	2019-23	2024-28	2029-33
Food, beverages & tobacco	10-12	-1.5	0.6	0.7	0.2	0.3	0.8	1.0	0.5	1.3
Food & beverages	10,11	-1.0	1.0	0.9	0.4	0.5	1.1	1.5	0.8	1.5
Food	10	-1.1	0.8	0.8	0.4	0.6	1.1	1.3	0.7	1.6
Beverages	11	-0.4	2.2	1.7	0.6	0.4	0.7	2.2	1.1	0.9
Tobacco	12	-8.2	-5.8	-2.3	-3.4	-3.4	-3.0	-4.3	-3.6	-2.9
Textiles, leather & clothing	13-15	-4.2	-3.5	-2.6	-3.7	-3.8	-3.5	-1.8	-3.4	-3.3
Textiles	13	-5.4	-1.1	-2.0	-3.5	-3.7	-3.3	-2.4	-2.7	-3.1
Wearing apparel & furs	14	-2.3	-12.5	-3.9	-4.3	-4.4	-4.0	-1.5	-5.9	-3.8
Leather goods	15	2.1	-3.8	-4.4	-4.2	-4.3	-4.0	2.4	-4.1	-3.8
Printing & recorded media	18	-5.0	3.4	-0.3	-1.7	-1.7	-1.2	-2.7	-0.3	-1.1
Pharmaceuticals	21	6.5	2.9	2.5	1.9	1.9	2.2	4.9	2.3	2.5
Soaps, detergents etc	20.4	3.9	3.5	2.2	1.1	0.9	1.3	0.3	1.8	1.7

Table 3 - Consumer Durable Goods										
2015 prices										Average Annual growth
	NACE rev 2	2023	2024	2025	2026	2027	2028	2019-23	2024-28	2029-33
Domestic appliances	27.5	0.4	-1.3	3.3	3.7	2.1	1.2	1.5	1.8	1.5
Consumer electronics	26.4	-0.3	4.9	-3.1	-0.7	-0.5	-0.4	3.9	0.0	0.4
Furniture manufacturing	31	-8.3	-1.5	2.5	1.0	0.9	1.3	-3.2	0.8	1.5
Other manufacturing nec	32	0.8	3.4	1.0	0.6	0.7	1.1	1.8	1.4	1.4

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Table 4 - Intermediate Goods										
2015 prices										Average Annual growth
	NACE rev 2	2023	2024	2025	2026	2027	2028	2019-23	2024-28	2029-33
Wood & wood products	16	-4.2	1.0	1.6	2.1	1.7	1.5	-0.3	1.6	1.0
Pulp & paper	17	-6.2	3.0	0.5	0.5	0.3	0.3	-1.8	0.9	0.1
Coke & refined petroleum products	19	1.5	3.0	-1.2	-1.2	-1.9	-2.1	-1.2	-0.7	-1.8
Basic chemicals & fertilisers	20.1	-1.0	4.2	4.3	3.3	2.5	2.8	-1.4	3.4	2.9
Pesticides & other argochemicals	20.2	-0.2	2.2	-0.7	-0.4	-0.4	-0.1	3.2	0.1	0.2
Paints, varnishes etc	20.3	-1.6	1.7	4.2	2.6	1.3	1.6	2.0	2.3	1.7
Other chemicals nec	20.5	-4.8	0.4	1.4	1.3	1.1	1.4	1.4	1.1	1.7
Man-made fibres	20.6	-8.0	-1.9	-3.4	-3.6	-3.5	-3.1	-4.9	-3.1	-2.8
Rubber & plastics	22	-3.8	2.5	2.5	2.1	2.1	2.1	0.0	2.3	1.7
Non-metallic minerals	23	0.3	-2.7	2.3	2.3	1.7	1.5	2.4	1.0	1.3
Glass	23.1	-2.0	-2.8	2.9	2.9	1.8	1.5	-3.1	1.2	1.2
Ceramics, clay & refractory products	23.2-23.4	0.9	-1.4	2.2	3.0	1.9	1.6	5.9	1.4	1.3
Cement, plaster, concrete etc	23.5-23.9	0.8	-3.5	2.2	1.6	1.4	1.5	2.4	0.6	1.2
Basic metals	24	-0.4	2.4	6.3	2.9	1.3	1.3	-1.1	2.8	1.6
Iron & steel	24.1-24.3	0.9	2.5	10.6	4.0	1.7	1.4	-0.7	4.0	1.8
Non-ferrous metals	24.4	0.3	3.0	2.4	1.8	0.9	1.1	0.2	1.8	1.5
Casting	24.5	-4.8	0.9	2.4	1.9	0.7	1.1	-4.0	1.4	1.2
Electric fittings	27.2-27.4	-1.4	-3.6	5.4	6.9	3.5	2.6	-0.1	2.9	2.1
Other electrical equipment	27.9	-2.3	2.7	2.7	3.7	1.4	1.4	0.5	2.4	1.2
Electronic components & boards	26.1	6.7	6.7	7.8	9.6	8.9	7.6	4.2	8.1	5.5
Repair & installation of machinery	33	-2.2	3.0	3.0	2.0	1.3	1.5	-0.6	2.1	1.0

Table 5 - Special Categories										
2015 prices										Average Annual growth
	NACE rev 2	2023	2024	2025	2026	2027	2028	2019-23	2024-28	2029-33
Engineering & metal goods	25,28,27	-1.0	1.2	2.5	2.8	2.1	2.3	0.1	2.2	1.8
Mechanical engineering	28	-2.0	-0.7	3.7	4.4	3.4	3.0	0.3	2.7	1.7
Electrical engineering	27,26.1,26.3,26.4	4.8	7.2	4.6	5.5	4.8	4.3	4.1	5.3	3.6
High-tech goods	26	3.9	6.5	3.8	4.4	4.3	4.0	3.2	4.6	3.7
Electrical, optical & high-tech	26-27	3.1	5.5	3.6	4.2	3.8	3.5	2.8	4.1	3.3
Electronic engineering	26.1,26.3,26.4	7.5	9.8	5.6	6.5	6.1	5.4	5.9	6.7	4.4

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Table 6 - Investment Goods										
2015 prices	NACE rev 2	Average Annual growth								
		2023	2024	2025	2026	2027	2028	2019-23	2024-28	2029-33
Metal products nec	25	-0.3	2.8	1.4	1.0	0.9	1.8	-0.3	1.6	2.0
General purpose machinery	28.1,28.2	-2.3	-0.3	3.5	4.2	3.2	2.8	-0.7	2.7	1.5
Motors etc except for vehicles	28.1	-5.0	-11.1	2.7	3.5	2.5	2.0	-2.2	-0.2	0.7
Oth. general purpose machinery	28.2	-1.7	2.0	3.6	4.4	3.4	2.9	-0.4	3.3	1.6
Special purpose machinery	28.3,28.4,28.9	-1.7	-1.1	3.9	4.6	3.6	3.2	1.6	2.8	1.9
Agricultural machinery	28.3	-2.1	-0.6	3.3	4.1	3.1	2.6	6.4	2.5	1.3
Machine tools	28.4	-1.8	-1.9	3.9	4.6	3.6	3.2	1.1	2.6	1.9
Oth. special purpose machinery	28.9	-1.4	-1.0	4.2	4.9	3.9	3.5	-0.3	3.1	2.1
Computers & office equipment	26.2	13.2	6.9	2.0	0.6	0.2	0.1	8.3	1.9	0.2
Motors, generators & transformers	27.1	2.9	7.8	0.3	0.9	0.9	1.2	2.6	2.2	1.4
Telecommunication equipment	26.3	9.3	15.7	2.3	1.2	1.2	1.2	9.7	4.2	2.1
Precision & optical instruments	26.5-26.8	-2.0	1.9	1.6	2.1	2.2	2.5	-0.5	2.0	3.2
Medical & surgical equipment	26.6	-2.0	3.9	2.7	2.5	2.0	2.0	1.6	2.6	2.8
Other precision equipment	26.5,26.7-26.8	-1.9	1.0	1.1	1.9	2.2	2.7	-1.4	1.8	3.3
Transport equipment	29-30	6.4	5.0	1.6	1.9	1.7	2.1	0.3	2.4	1.0
Motor vehicles & parts	29	7.7	5.4	0.3	0.9	0.6	1.6	1.6	1.7	0.0
Motor Vehicles	29.1	10.8	6.4	-0.8	1.0	0.3	2.0	3.2	1.7	-0.1
Motor vehicle bodies & parts	29.2,29.3	4.5	4.5	1.5	0.7	0.8	1.2	0.1	1.7	0.2
Other means of transport	30	4.7	4.3	3.4	3.4	3.1	2.8	-1.5	3.4	2.3
Aerospace	30.3	7.9	5.6	3.6	3.4	3.2	3.1	-2.2	3.8	2.4
Ships, rolling stock & etc	30 less 30.3	-4.4	0.2	3.0	3.5	2.8	1.6	1.0	2.2	1.6
Ceramics, clay & refractory products	23.2-23.4	0.9	-1.4	2.2	3.0	1.9	1.6	5.9	1.4	1.3

Table 7 - Services										
2015 prices	NACE rev 2	Average Annual growth								
		2023	2024	2025	2026	2027	2028	2019-23	2024-28	2029-33
Distribution, transport, storage & communications	45-47,49-53, 55-56,58-63	4.4	3.6	2.5	2.5	2.3	2.2	2.7	2.6	2.1
Distribution, accommodation & catering	45-47,55-56	3.5	3.6	1.9	1.5	1.2	1.2	0.3	1.9	1.1
Retail & wholesale distribution	45-47	3.9	3.8	1.7	1.4	1.2	1.2	0.1	1.9	1.2
Accommodation & catering	55-56	2.0	2.8	2.8	1.8	1.2	1.1	1.0	1.9	0.8
Transport, storage & comms	49-53,58-63	5.6	3.5	3.3	3.8	3.7	3.5	6.3	3.5	3.3
Transport & storage	49-53	4.4	2.7	2.0	1.9	1.8	1.5	2.1	2.0	1.6
Information & comms	58-63	6.2	3.8	3.8	4.6	4.5	4.2	8.4	4.2	3.9
Financial & business services	64-66,68-82	1.2	2.5	1.8	1.8	1.7	1.7	3.4	1.9	1.5
Financial services	64-66	-2.8	2.5	1.5	1.3	1.2	1.1	1.0	1.5	0.9
Business services	68-82	2.2	2.5	1.9	1.9	1.9	1.9	4.0	2.0	1.7
Real estate activities	68	1.2	2.0	1.4	1.6	1.5	1.5	2.7	1.6	1.2
Other business services	69-82	3.1	3.1	2.3	2.2	2.2	2.2	5.2	2.4	2.0
Government & community services	84-99	2.9	2.2	1.1	0.9	0.8	0.9	1.5	1.2	0.8
Public services	84-88	2.9	2.3	1.0	0.9	0.7	0.9	1.5	1.2	0.8
Public admin, defence & social security	84	1.4	1.8	0.4	0.2	0.1	0.3	0.6	0.6	0.2
Education	85	3.0	1.7	0.9	0.9	0.8	0.8	1.2	1.0	0.9
Health care & social work	86-88	5.3	3.1	1.9	1.8	1.7	1.7	3.0	2.0	1.6
Other services	90-99	3.2	1.2	1.7	1.7	1.4	1.3	1.1	1.5	1.0



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