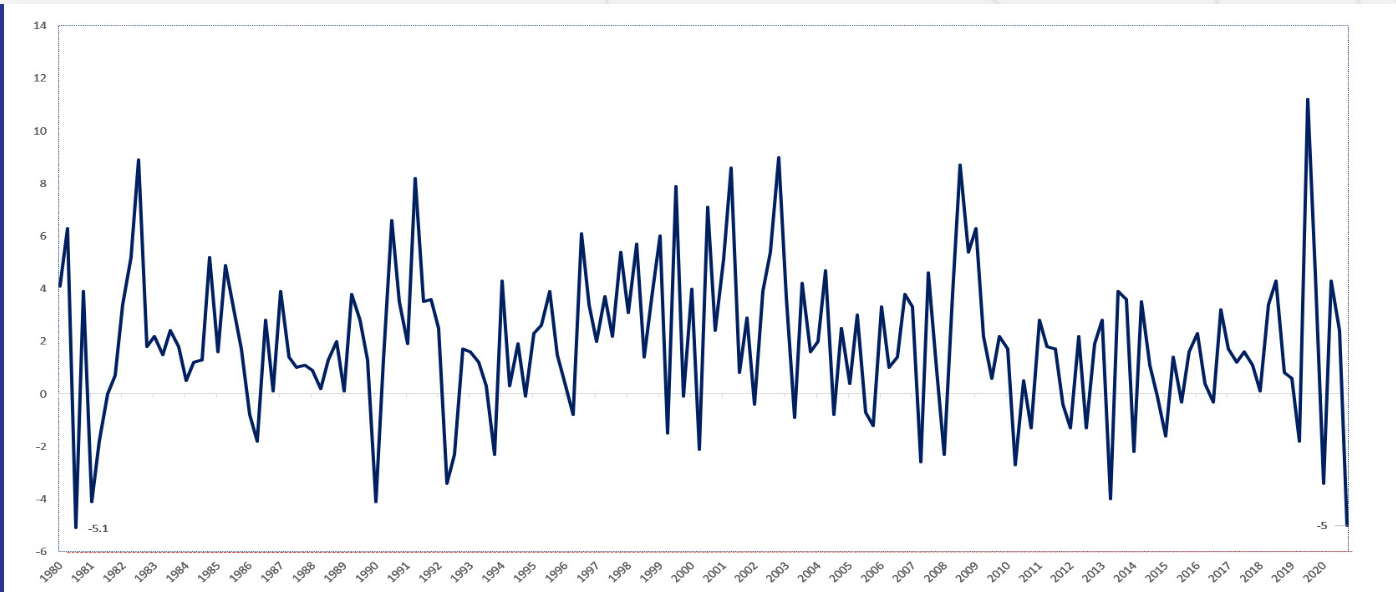
U.S Productivity Slows to 30 Year Low



**Since 12/31/1980 to 9/30/2021*
**Productivity represented by US Labor Productivity Output Per Hour Nonfarm Business Sector QoQ SA*

- One of the most important factors for gross domestic product (GDP) growth – productivity - dropped to a 30-year low amid higher supply-side inflation, increasing structural unemployment, and fiscal and monetary policy uncertainty (though tapering & rate hike guidance has been well communicated).
- Anytime productivity slows is worrisome, but unemployment at around 5.13% and inflation at 5.4% may be warning signals for investors to start to risk manage their portfolios accordingly, as described in "Was Our Stagflation Forecast Correct? One-Year Update."
- However, not all economic data indicates slower growth, but the economic trajectory remains muddled with the growing pains of economic false signals. Investors should remain aware of the latest macro developments and risk manage their portfolios for the possibility of sustaining heightened inflation and structurally higher unemployment.

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