

KFG INSIGHT

Economic news. Company updates.

U.S. Economy Projected to Reaccelerate After Delta-Driven Downturn

by: Ryan Kropog, CFP®, RICP®

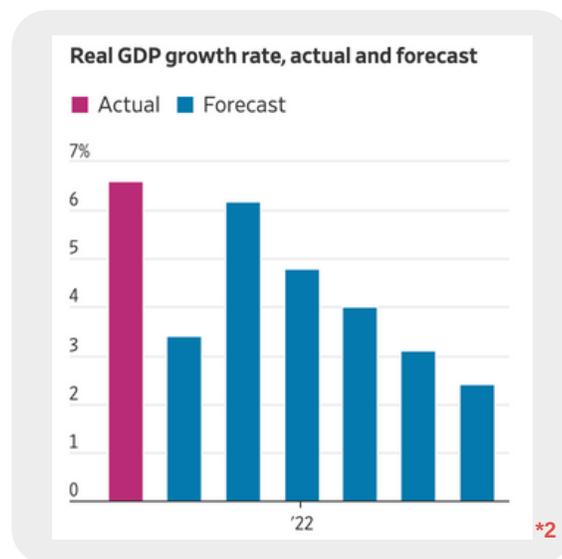
Recently, many economists lowered their forecasts for third-quarter economic growth in large part because consumers slowed spending amid the spread of the highly contagious Delta variant. The Covid-19 surge also complicated office and school reopenings, turning what was expected to be a September boom into a downturn. Furthermore, continued supply constraints—including product and worker shortages—have been more severe than many analysts anticipated, contributing to inflation and to downgrades in growth expectations.

“I do think that this new strain has set off some alarm bells that weren’t ringing before July,” said Joel Prakken, chief U.S. economist at IHS Markit. *“The recovery is on solid footing. But it’s just not as robust as what we saw in the first half of the year.”*

But while many economists lowered their growth forecasts for the third quarter, they also raised forecasts for next year, indicating a belief that spending and production have simply been delayed by the Delta surge, rather than lost to it. In fact, the Federal Reserve recently raised its 2022 growth forecast to 3.8%, up from their previous projection of 3.3%.

This Summer showed that the U.S. economy is still vulnerable to the pandemic and to potential new variants. But, each wave of rising Covid cases appears to pose less of an economic threat, overall. The economic drag from the Delta variant was less severe than previous virus surges, and, because the majority of American adults are now vaccinated, most businesses are now operating without capacity restrictions.

In regards to the stock market, robust corporate earnings have been an important driver of the growth we’ve seen this year. With third-quarter earnings season now underway, we will finally get an indication of how well corporate America is handling the Covid-driven spending and supply-chain disruptions. We are anticipating another strong earnings season and continue to believe that inflation is mostly transitory and will stabilize once the economy completes its reopening. *1



Welcome!

**CHRIS
RODRIGUEZ**

Non-Licensed Financial Assistant



THE MONTHLY MINUTE

WITH RYAN KROPOG, CFP®, RICP®*3



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In the August 2021 edition of The Monthly Minute, Ryan looks at how bond yields can serve as a barometer for the broader state of the economy.



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In the October 2021 edition of The Monthly Minute, Ryan explores what caused the recent market pullback and what investors can expect moving forward.

Quick Hitters

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- [In 2022 Americans receiving Social Security will see the largest pay increase in 40 years](#)
- [LeBron James's Media Company Sells Minority Stake to Group That Includes Nike, Epic Games at a \\$725M Valuation](#)

KFG News

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Words to Inspire

by: Suzanne Kropog

"When what you hear and what you see don't match, trust your eyes."
-Dale Renton

"In order to discover the character of people, we have only to observe what they love."
- Augustine

"Thunder is good. Thunder is impressive. But it is lightning that does the work."
- Mark Twain

~DISCLAIMERS~

*1 U.S. Economy Projected to Reaccelerate After Delta-Driven Downturn

Sources:

- <https://www.wsj.com/articles/u-s-economy-set-to-pick-up-speed-after-delta-driven-downturn-11632907800?mod=djem10point>
- <https://lpresearch.com/2021/10/04/september-market-insights-the-september-selloff/#more-22620>

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*2 **Chart: Real GDP growth rate, actual and forecast**

- Source:
 - <https://www.wsj.com/articles/u-s-economy-set-to-pick-up-speed-after-delta-driven-downturn-11632907800?mod=djem10point>

*3 **Monthly Minute with Ryan Kropog:**

- *This material has been prepared by Kropog Financial Group, LLC. - Tracking # 1-05172828 (August Edition)*
- *This material has been prepared by Kropog Financial Group, LLC. - Tracking # 1-05200505 (October Edition)*

*4 **Quick Hitters:**

- *Links to other websites are provided solely as a convenience. Clicking on these headlines will redirect you to an alternate website that is not operated or maintained by our office.*
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