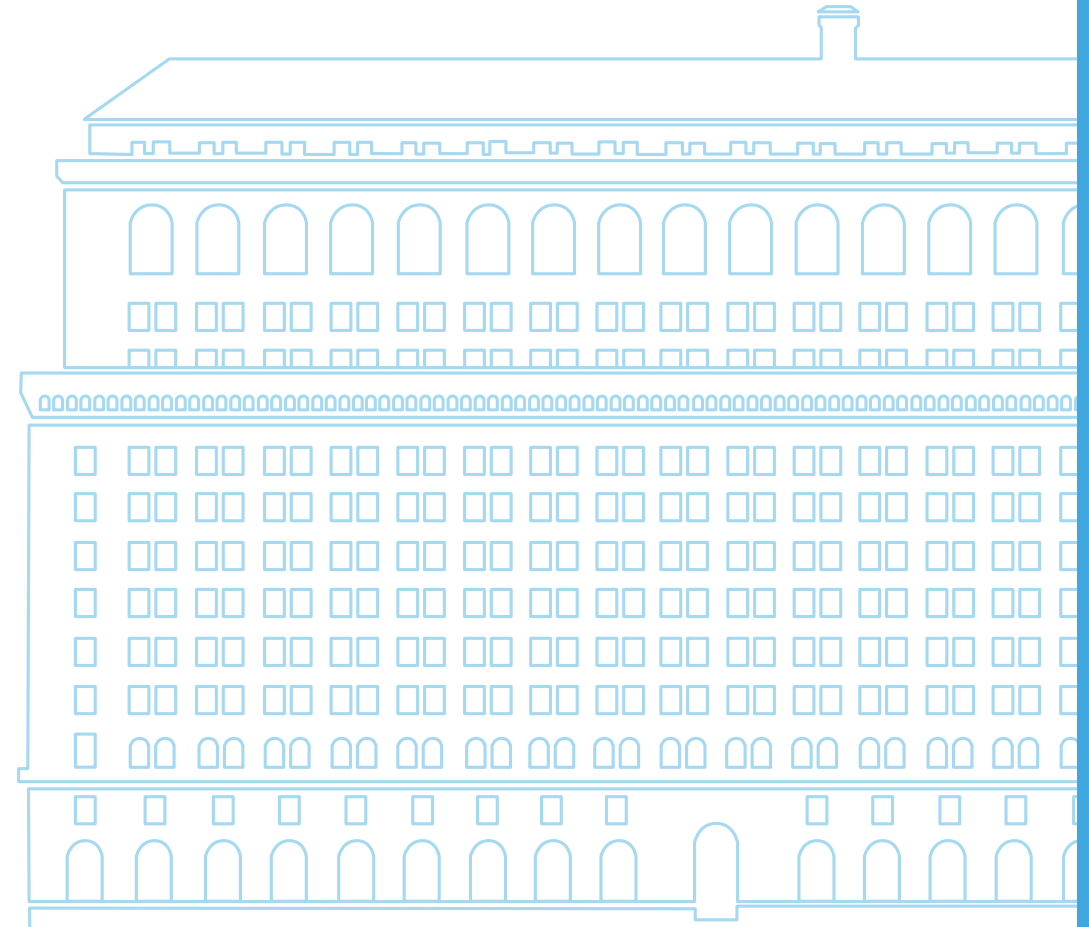


# U.S. Economic Outlook

Jonathan McCarthy  
Economic Research Advisor  
Macroeconomic and Monetary Studies



The views expressed are those of the speakers, and do not necessarily reflect the position of the New York Fed or the Federal Reserve System.

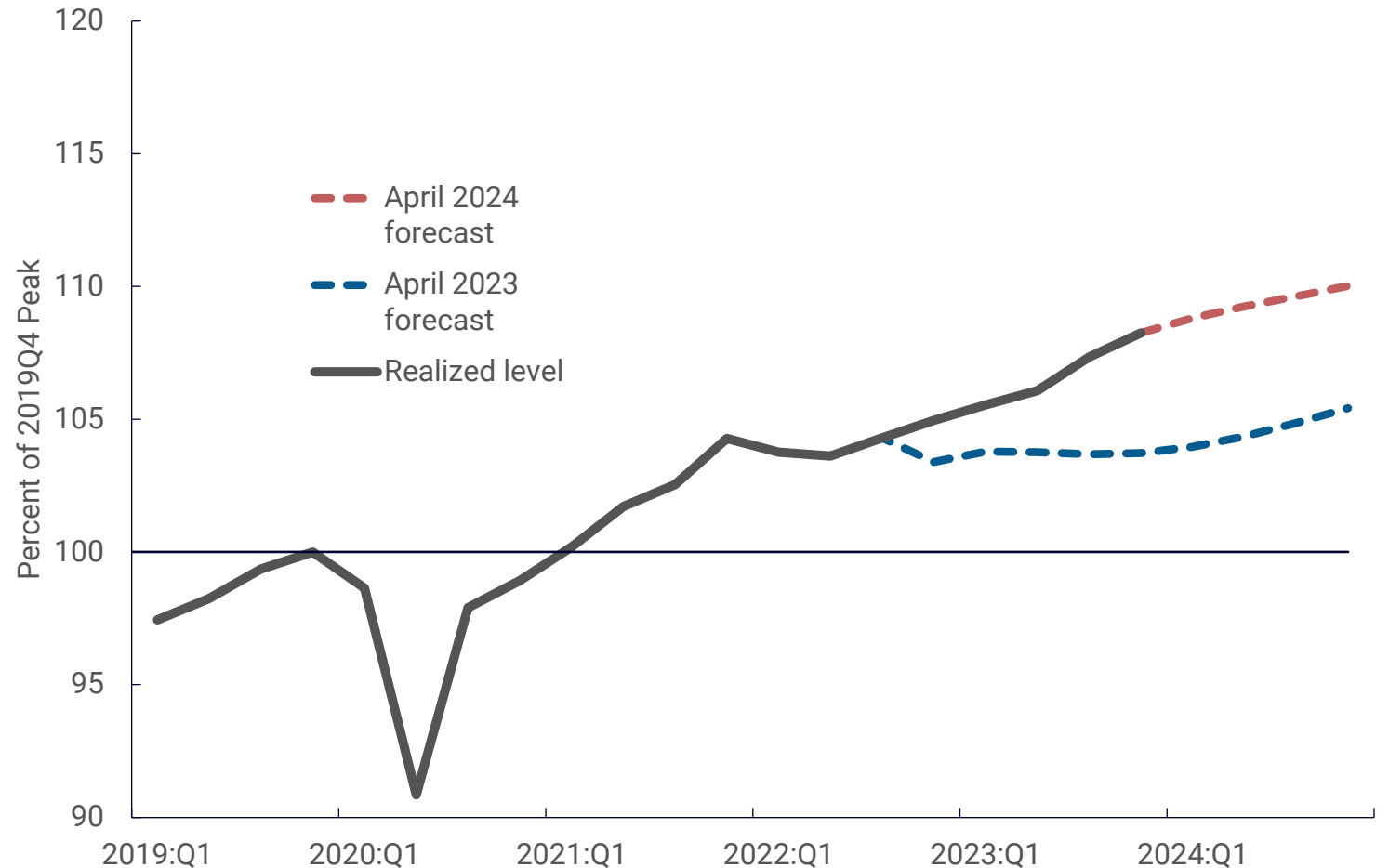
# Overview

- Real GDP growth was robust in 2023.
  - Growth slowed in 2024Q1; private final demand was strong.
- Labor market remains tight as it slowly moves into better balance.
- Inflation moderated over past year but little progress recently.

## Economic activity strong in 2023

- GDP grew at a robust pace in 2023. Slower growth in 2024Q1.
- Consumer spending growth has remained solid.
- Private forecasts have shifted higher over the past year.

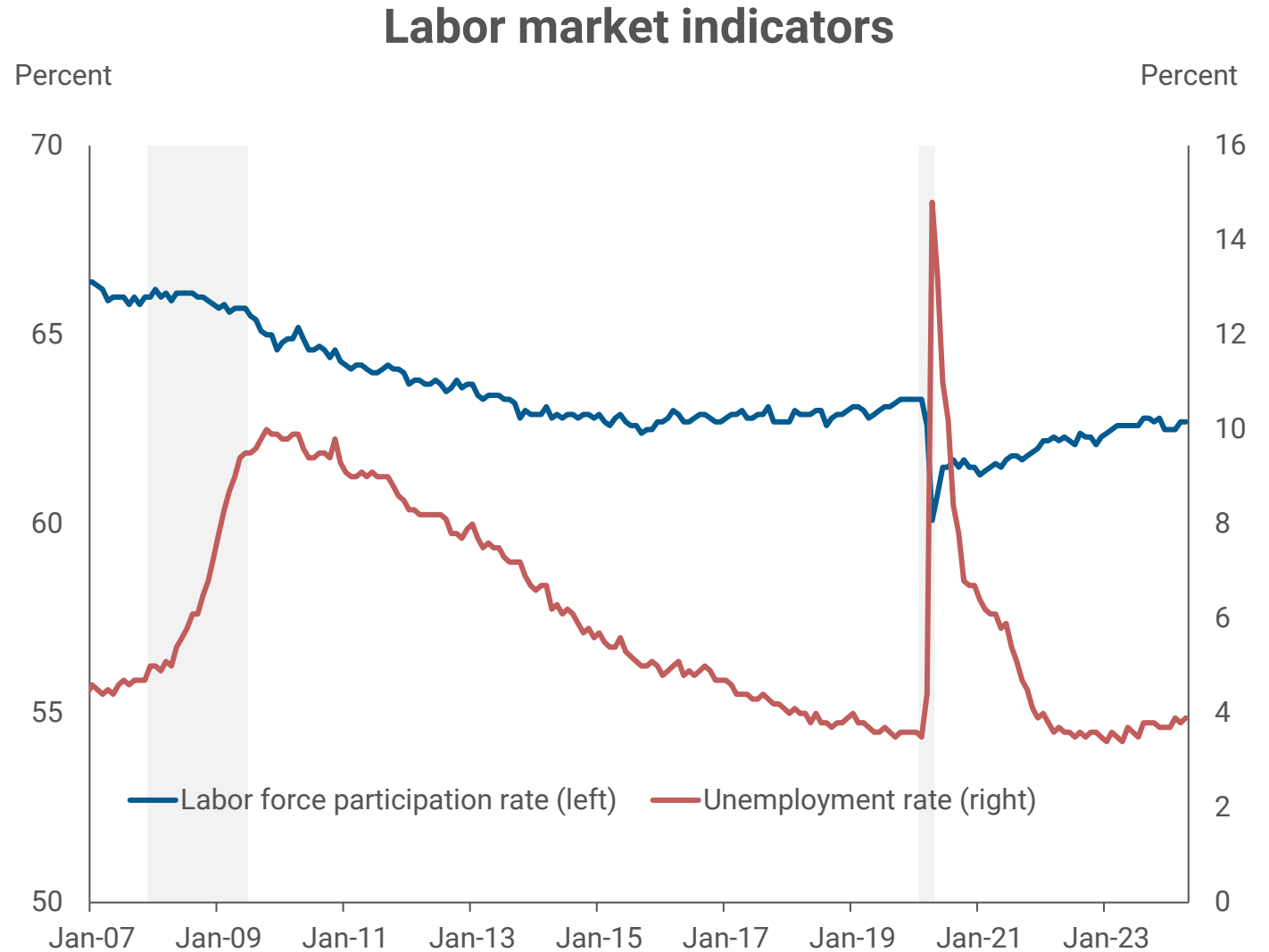
## Real GDP and Blue Chip Consensus Forecasts



Sources: Blue Chip Economic Indicators, Bureau of Economic Analysis, Federal Reserve Bank of New York

# Labor Market Indicators

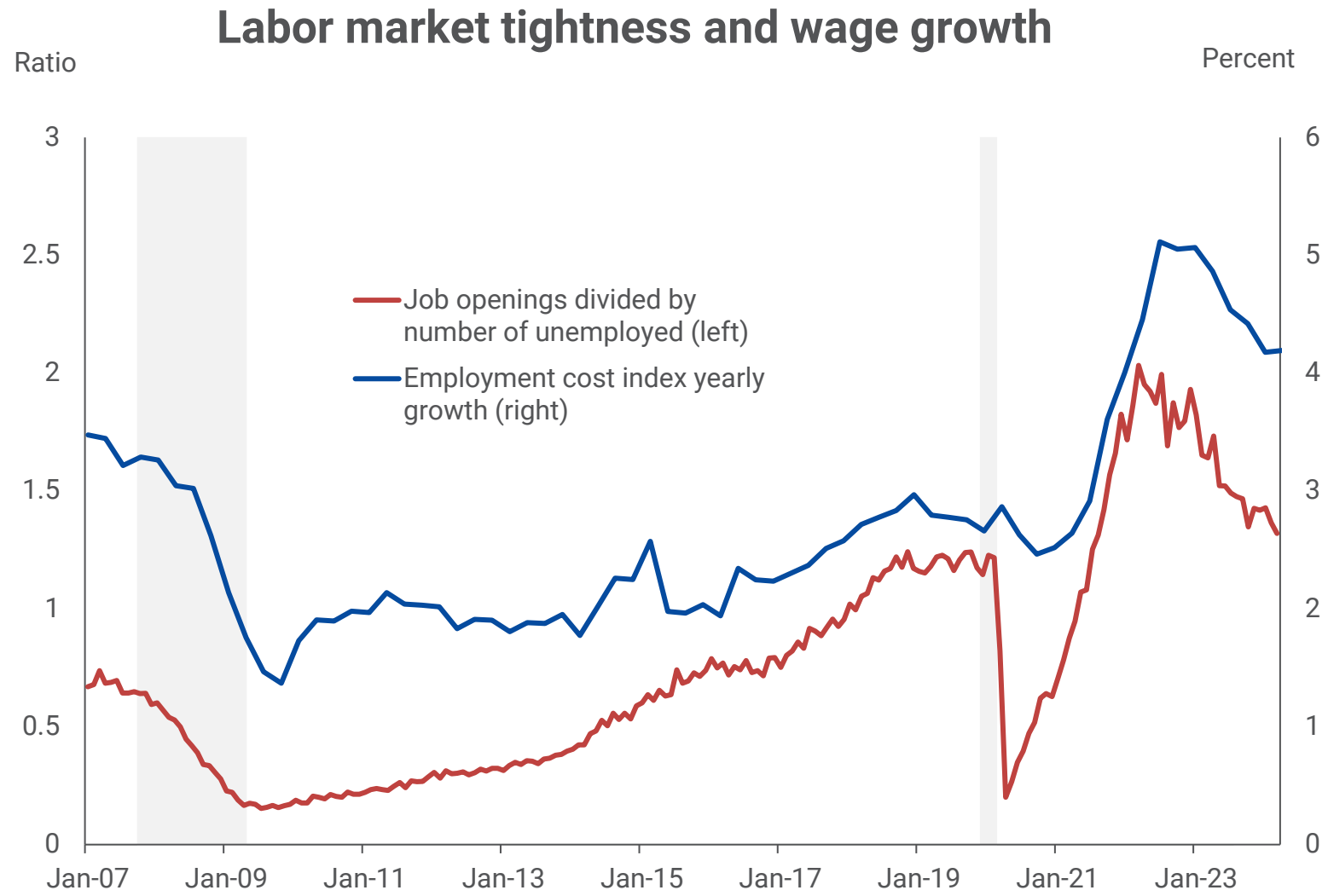
- Unemployment rate below 4% for over two years.
- Participation rate flat over the past 12 months.
- Job growth has been brisk.



Sources: Bureau of Labor Statistics via Haver Analytics.  
Note: Shading shows NBER recessions

## Wage growth still elevated in tight labor market

- Still many more job openings than people looking for work.
- Quits rates have declined.
- Wage growth has moderated but still above pre-pandemic rates.

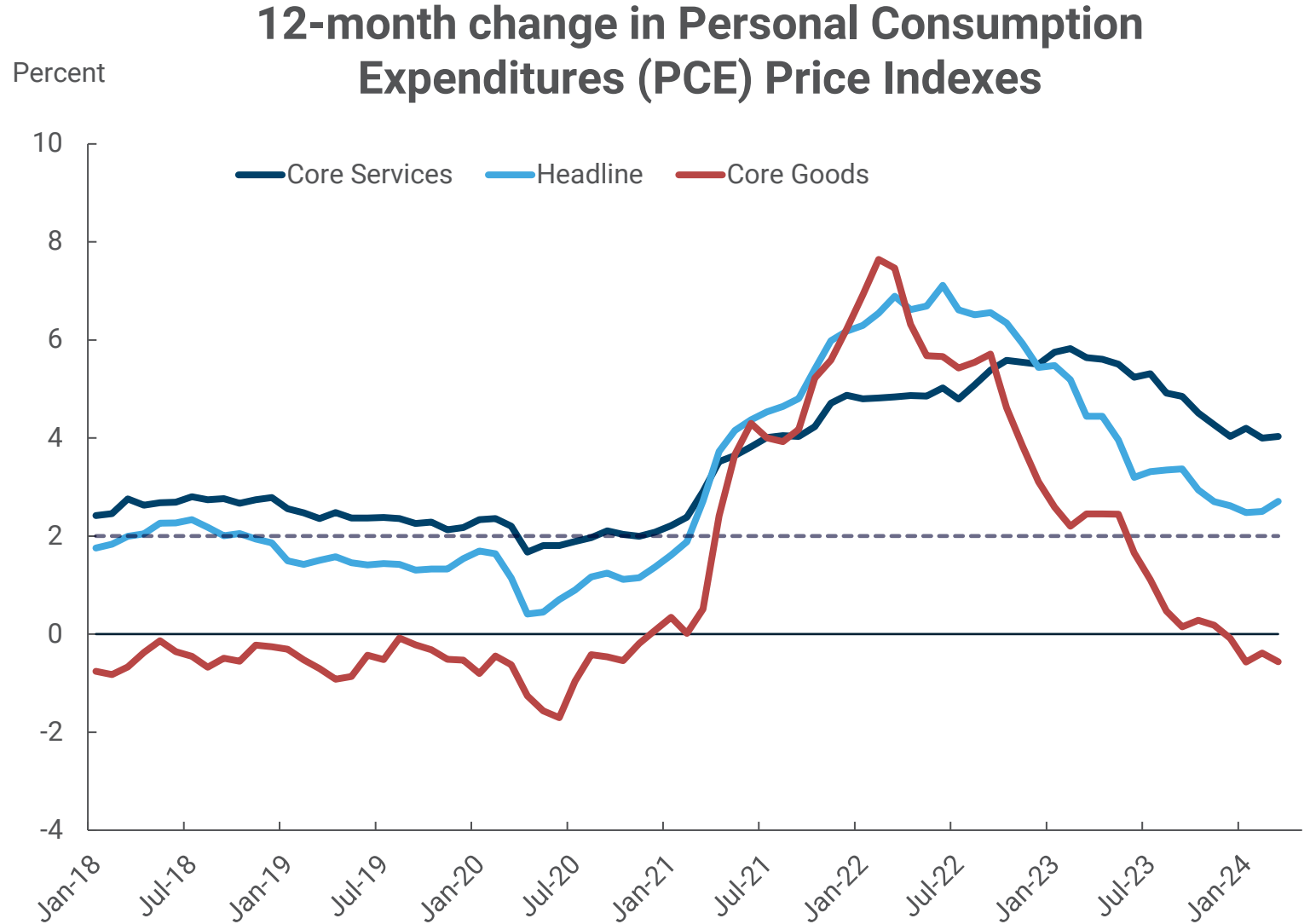


Sources: Bureau of Labor Statistics via Haver Analytics.

Note: Shading shows NBER recessions

## Little inflation progress so far in 2024

- Headline and core inflation have slowed over past year.
- Lack of progress in first three months of 2024.
- Core goods inflation has turned negative.
- Core services inflation elevated with little decline recently.



Source: Bureau of Economic Analysis via Haver Analytics

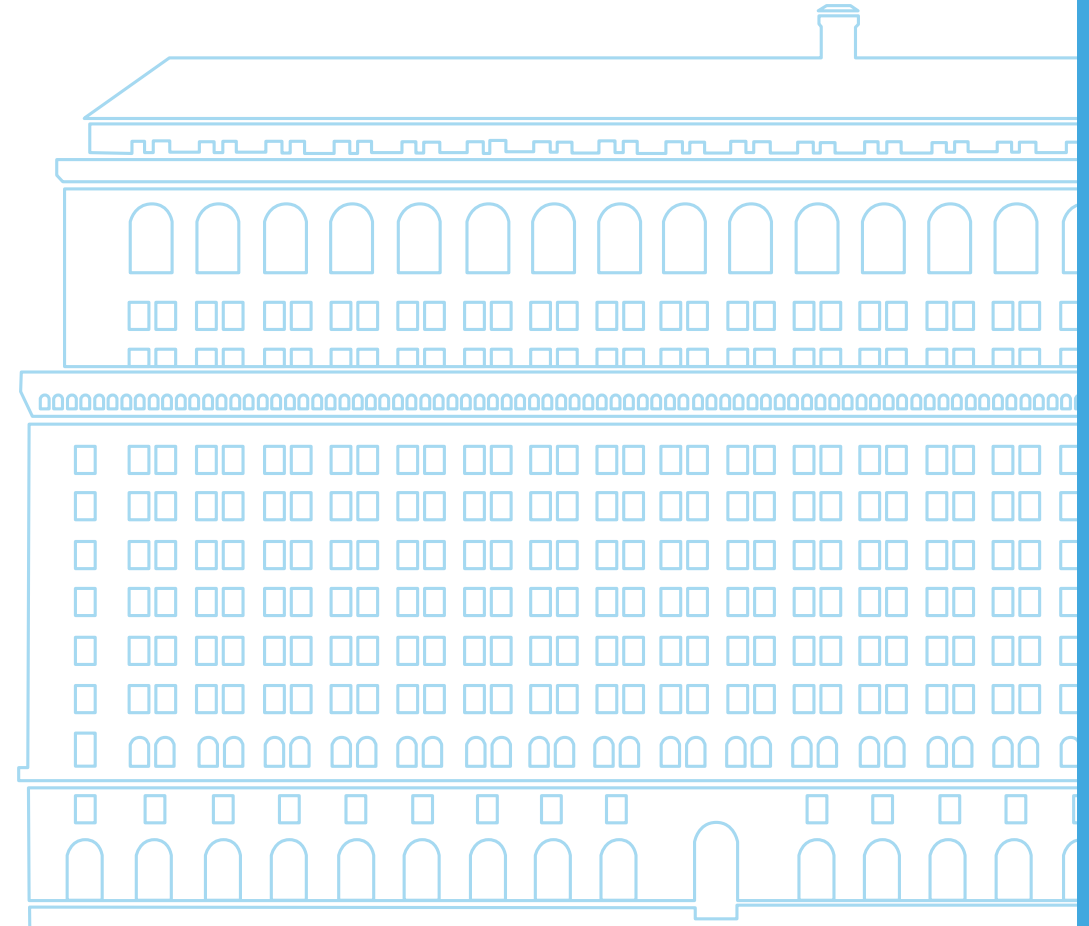
# Concluding Observations

- Economic activity has been solid in 2023 and early 2024.
- The labor market has shown continued strength.
- Inflation moderating more slowly and remains above 2 percent.
- Supply and demand slowly moving into better balance.

# Inflation Disparities\*

Raji Chakrabarti  
Head of Equitable Growth Studies

\*Co-researchers: Kasey Chatterji-Len, Dan Garcia & Maxim Pinkovskiy.  
Presentation derived from the broader set of data available in the  
Equitable Growth Indicators.



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# Equitable Growth Indicators (EGIs)

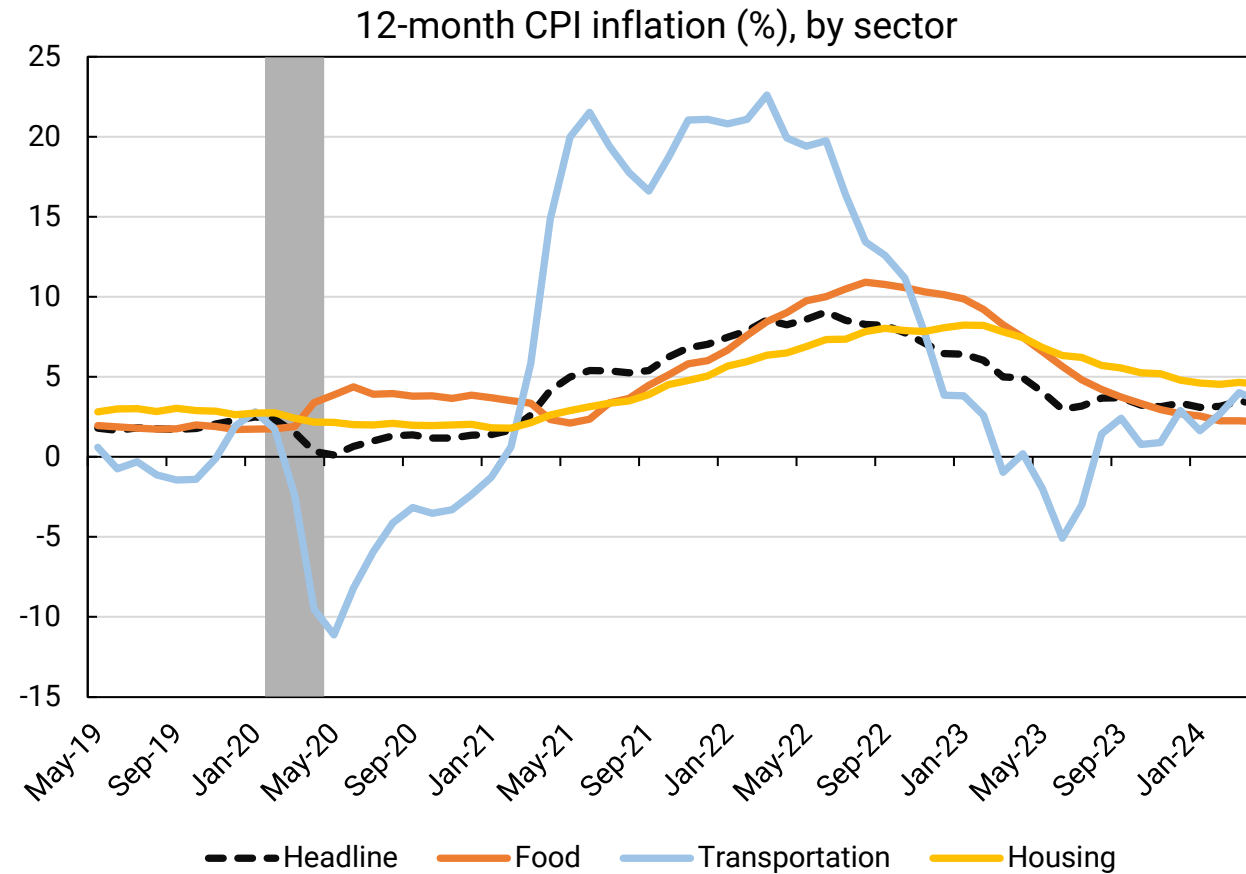


- The EGIs measure disparities in macroeconomic outcomes experienced by different demographic, economic, and geographic groups on both a national and regional level.
- Inequalities in...
  - Inflation
  - Employment
  - Earnings
  - Consumption
  - Wealth

# Motivation: Understand Inflationary Impacts

- Were there differences in inflationary experiences across demographic groups?
- Compute demographic inflation leveraging two key pieces of available data
  - City-level inflation for goods and services
  - City-level share of expenditures in goods and services by demographic group

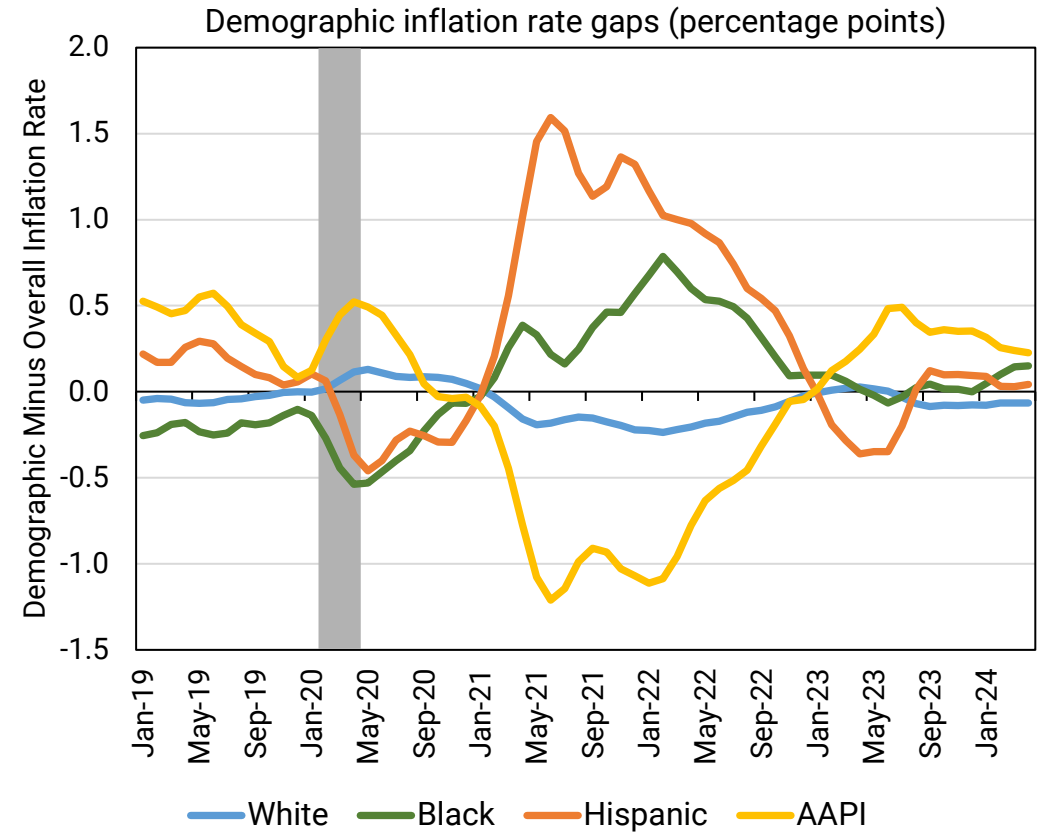
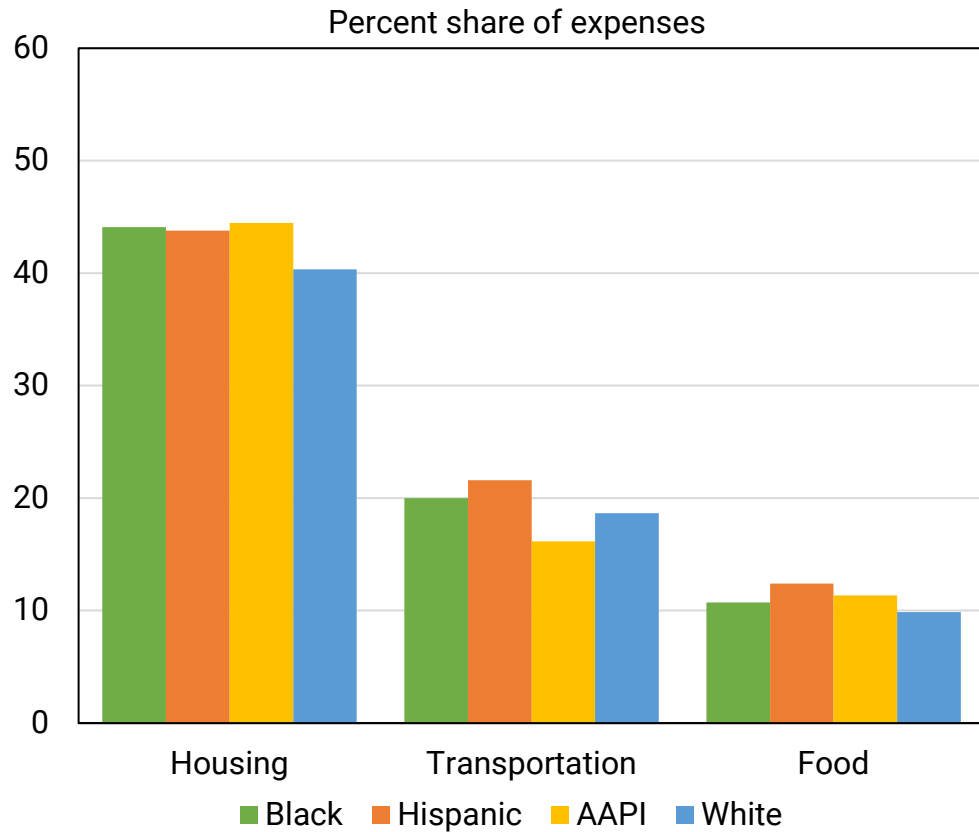
# Transportation Inflation: A Major Influence on Overall Inflation in 2021-22



Sources: BLS Consumer Price Indexes.

Notes: Shaded region indicates the COVID-19 recession.

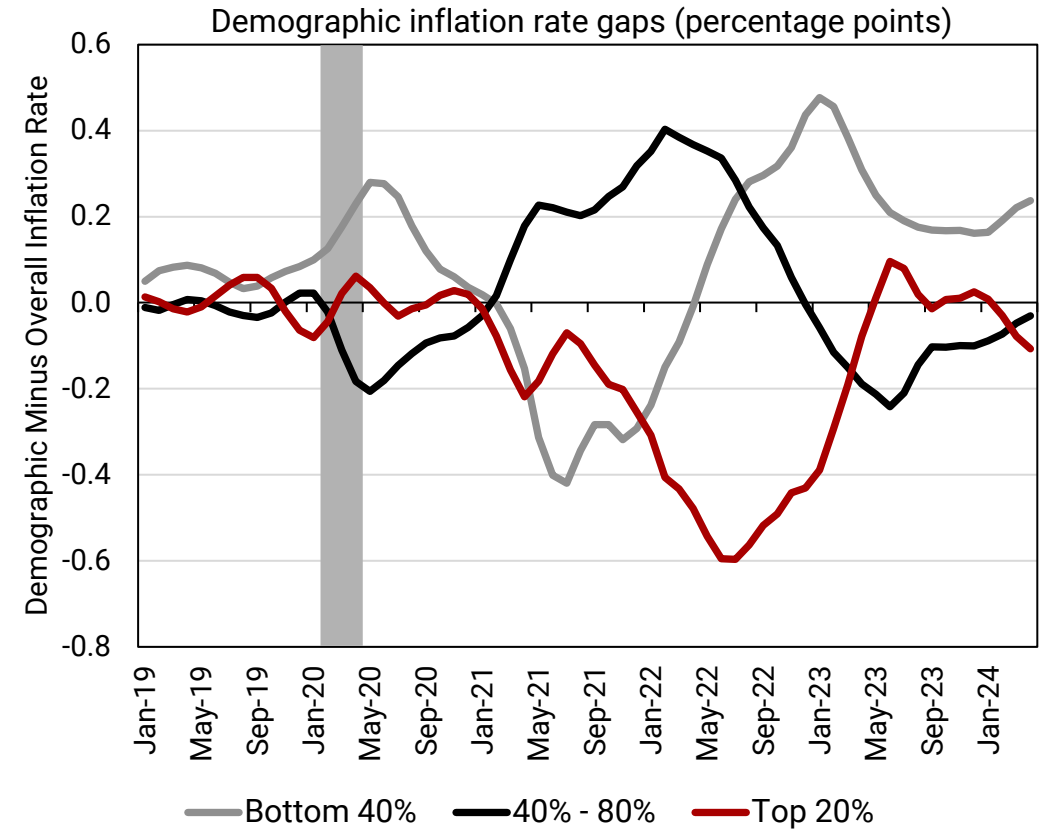
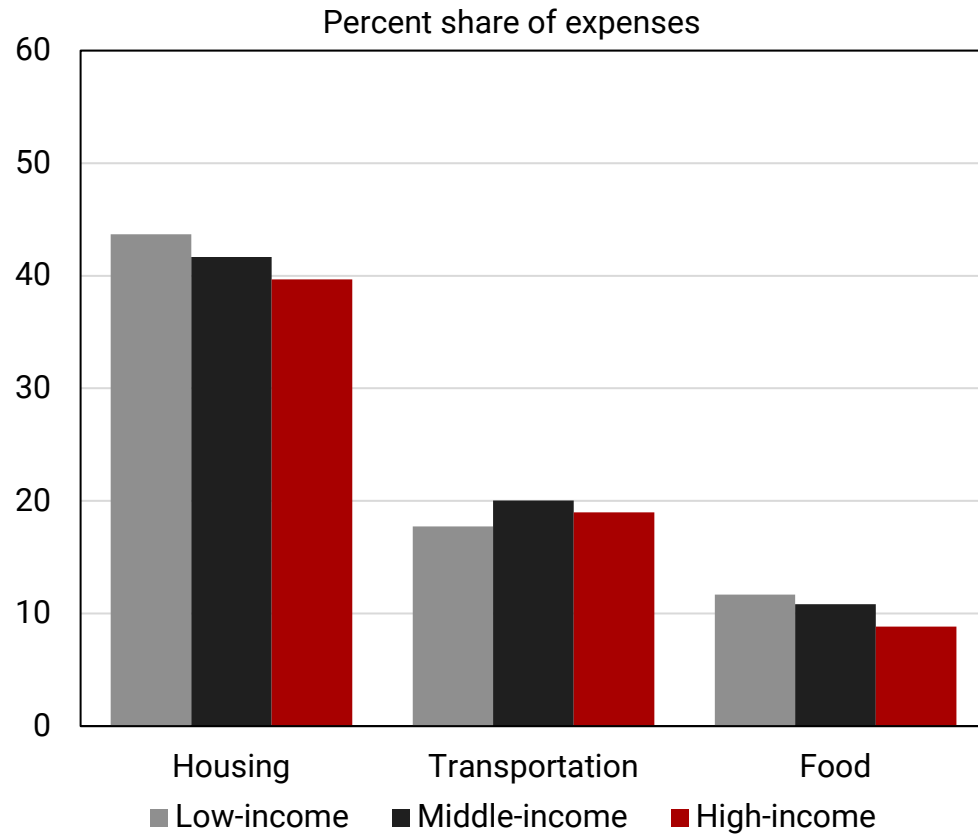
# Hispanic Households Experienced Highest Inflation in 2021-22



Sources: BLS Consumer Expenditure Survey microdata; BLS Consumer Price Indexes.

Notes: Expenditure shares use 2021 CEX microdata. Shaded region indicates the COVID-19 recession.

# Middle-Income Households Experienced Highest Inflation in 2021-22



Sources: BLS Consumer Expenditure Survey microdata; BLS Consumer Price Indexes.

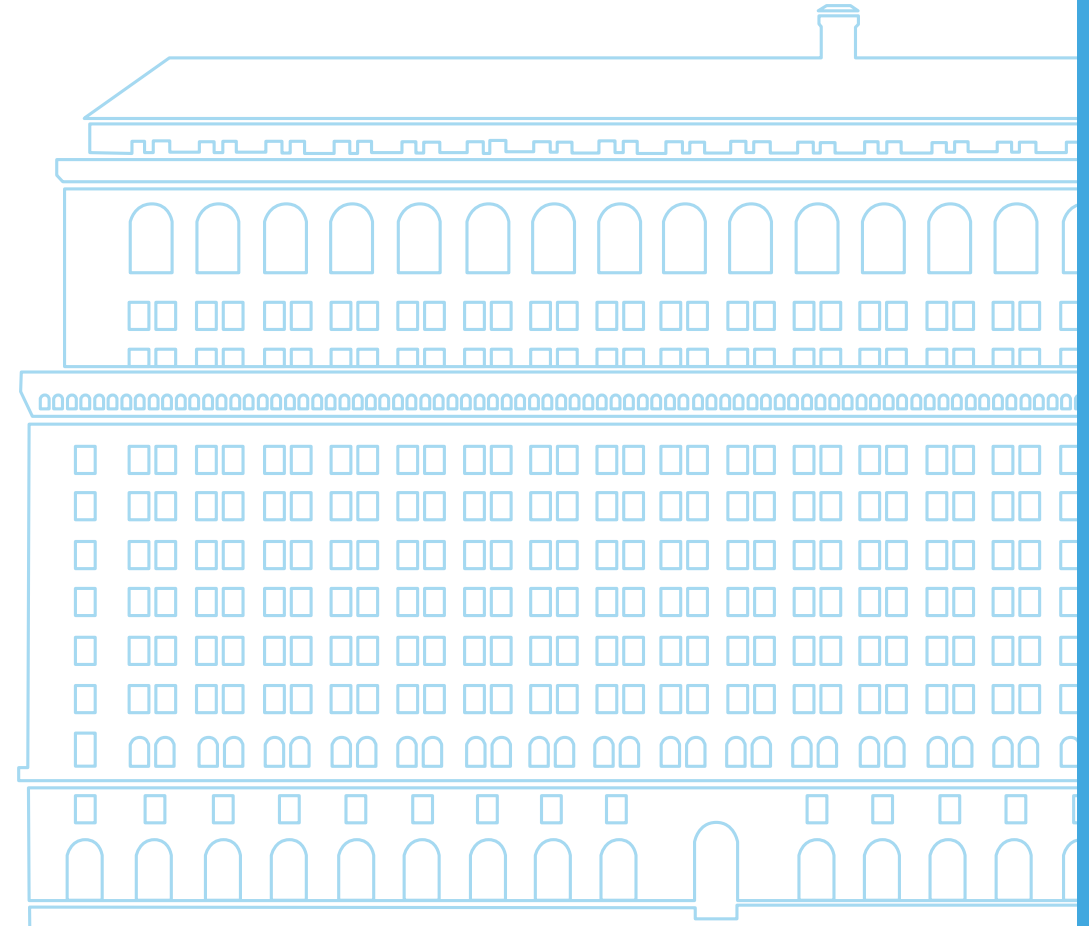
Notes: Expenditure shares use 2021 CEX microdata. Shaded region indicates the COVID-19 recession.

# Conclusion

- Hispanic households faced the highest inflation in 2021-22.
- Currently, most demographic inflation rates have converged to the average.
  - Exceptions: low-income, AAPI, Black households face slightly higher inflation.
- We will continue to monitor disparities in economic trends in the Economic Growth Indicators.

# Household Finances

Wilbert van der Klaauw  
Economic Research Advisor  
Household and Public Policy



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# Overview of Household Finances

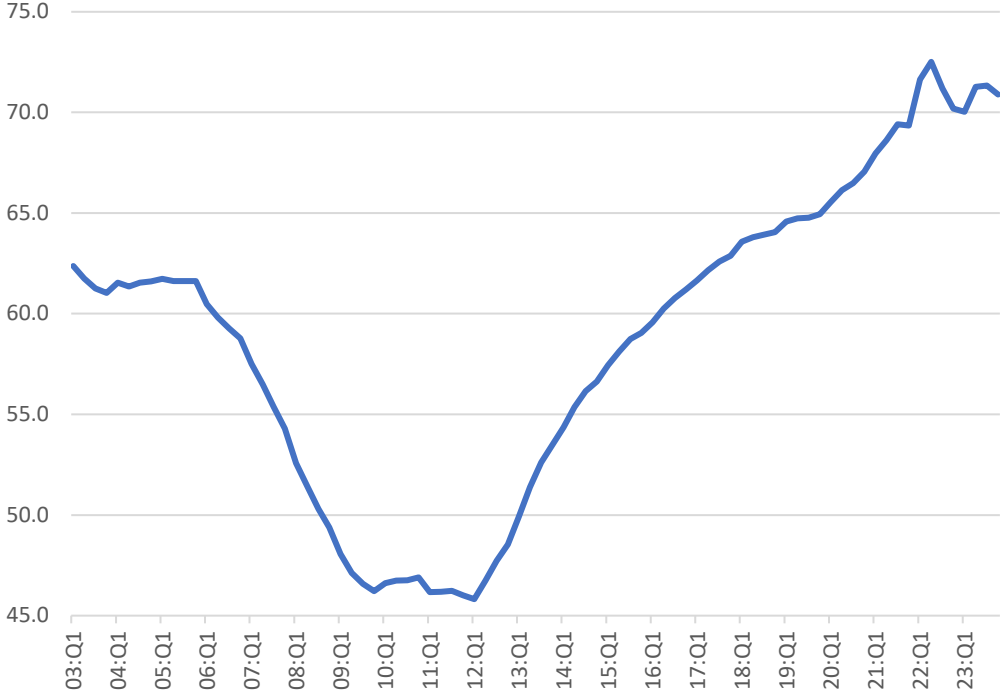
- Household balance sheets look strong overall  
... but with some signs of weakening
- The consumer near-term outlook generally stable and strong  
... but see some softening in labor and credit market expectations
- Over the longer term: people report lower chance of working beyond age 62



# Household balance sheets remain strong overall

## Owners' equity share at 70%

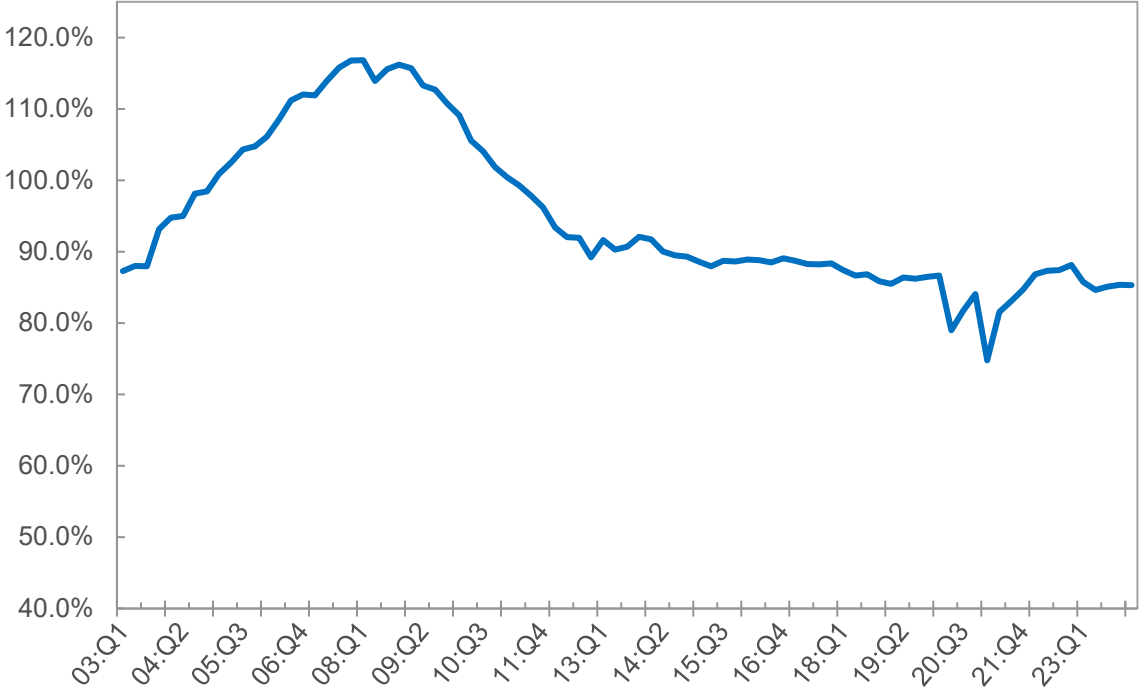
Owners' Equity in Real Estate



Source: Board of Governors, Flow of Funds

## Debt to income is low and stable

Total Debt Balance as % of Disposable Income

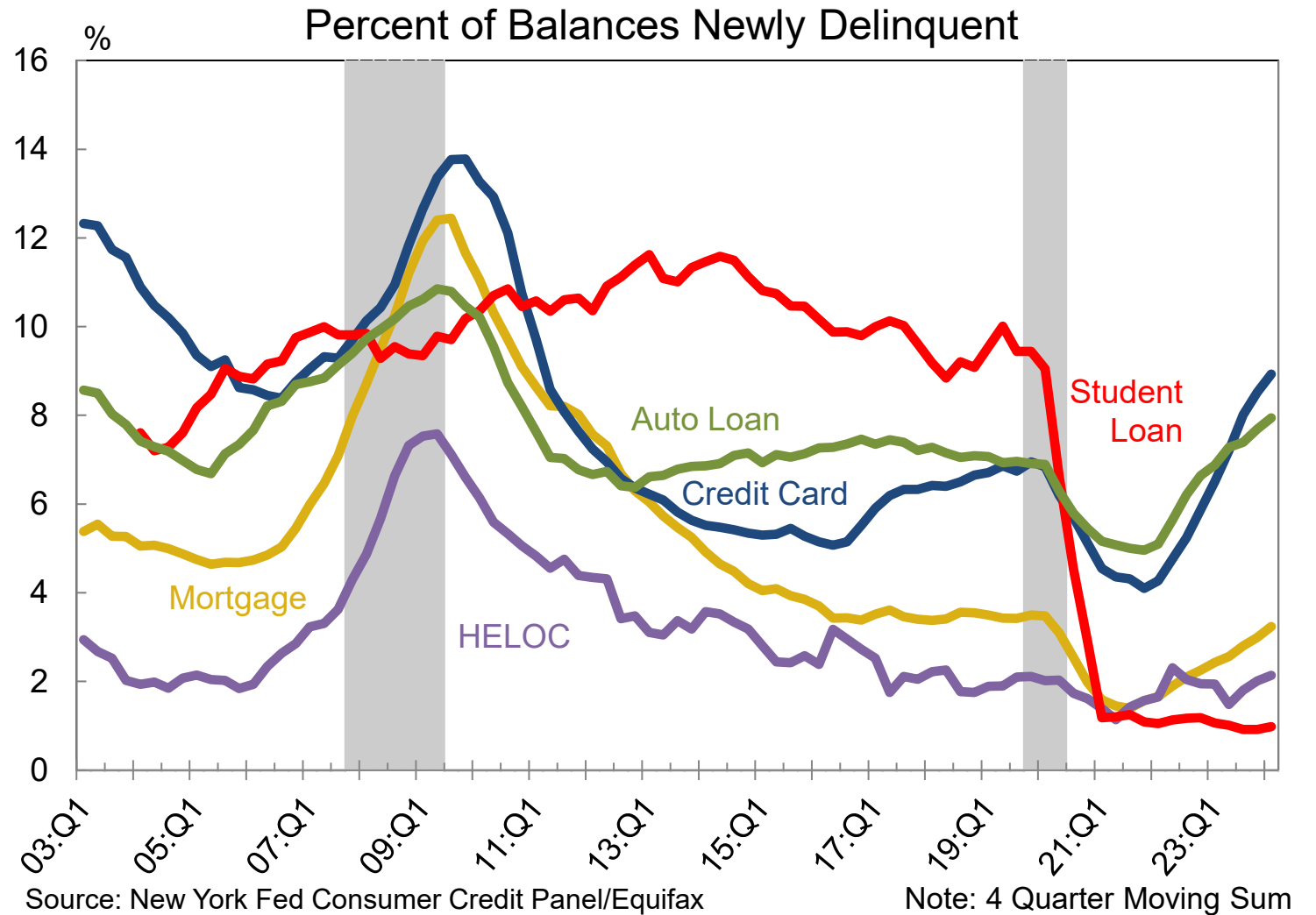


Source: New York Fed Consumer Credit

## ... with some signs of weakening

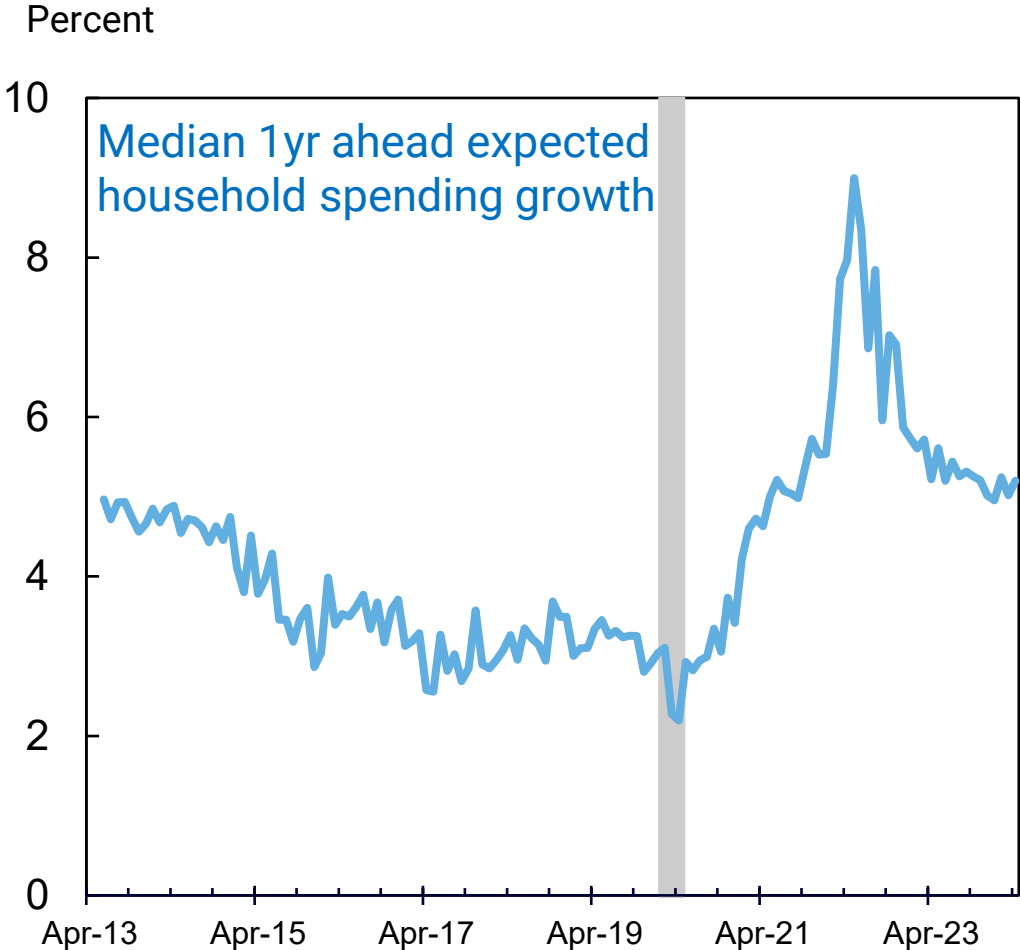
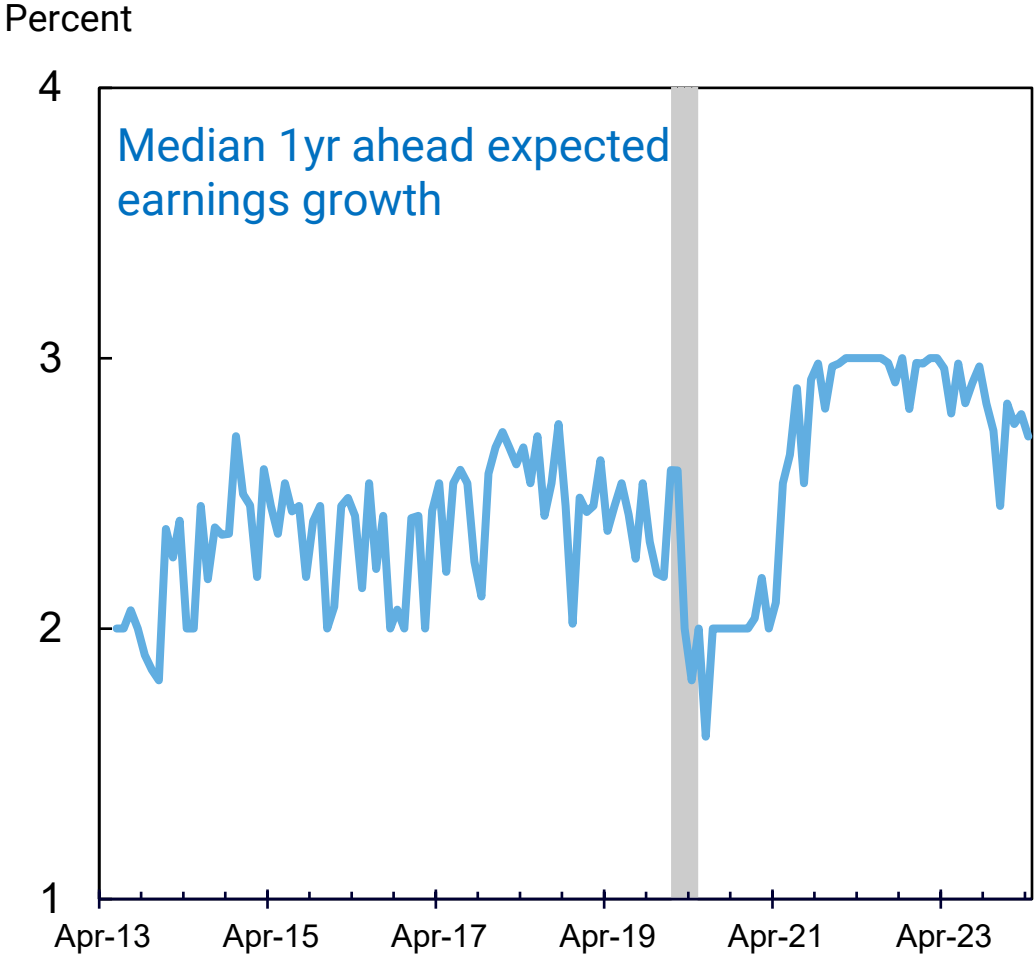
Auto loan and credit card delinquency rates now higher than pre-pandemic for:

- Those living in lower income areas
- Millennials



# Consumer outlook generally stable and strong

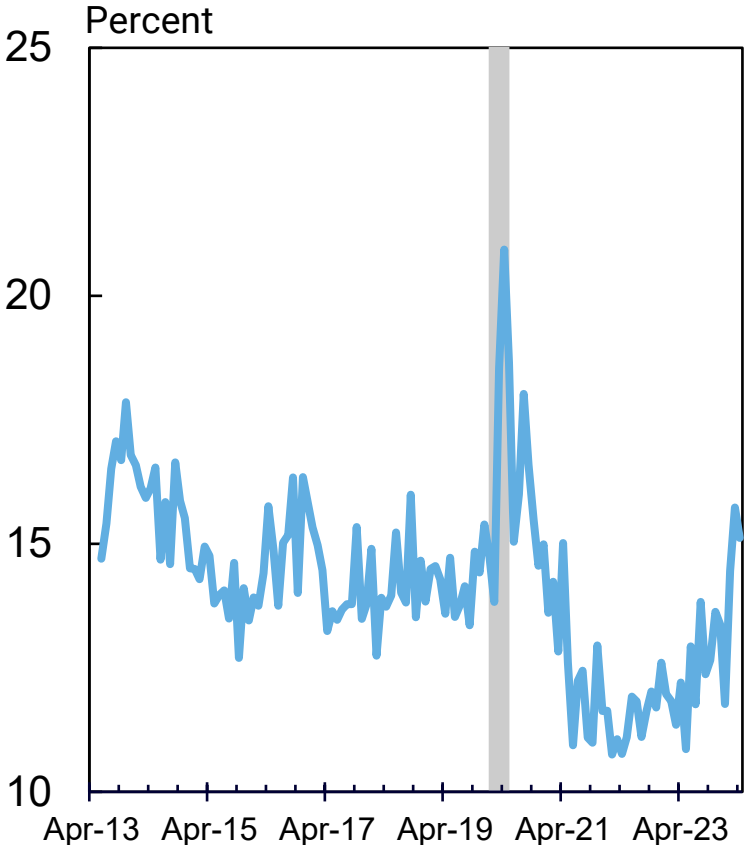
Earnings and spending growth expectations remain well above pre-pandemic levels



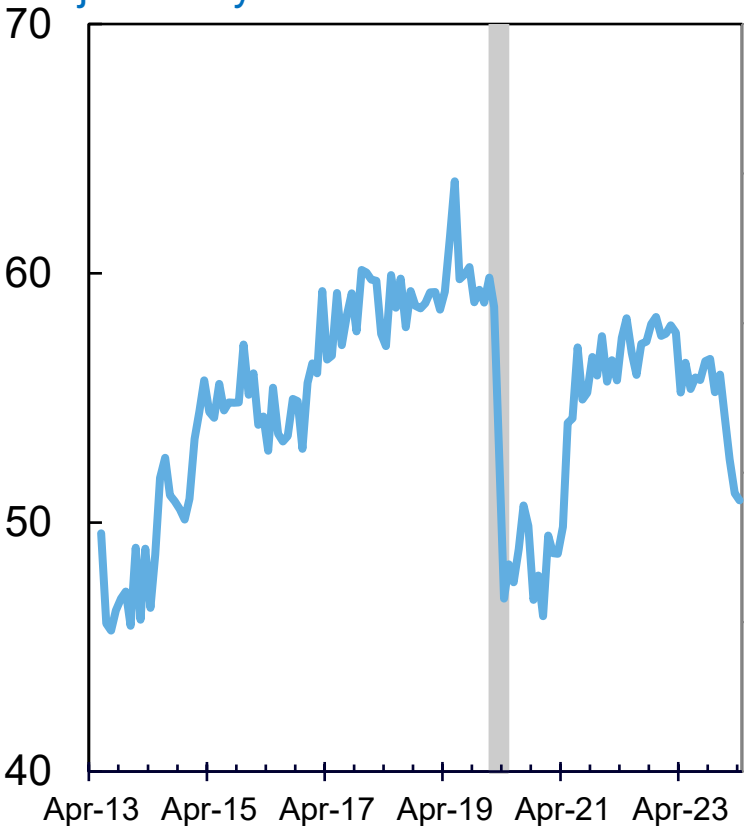
Source: NYFed Survey of Consumer Expectations

# ... but some softening in labor and credit market expectations

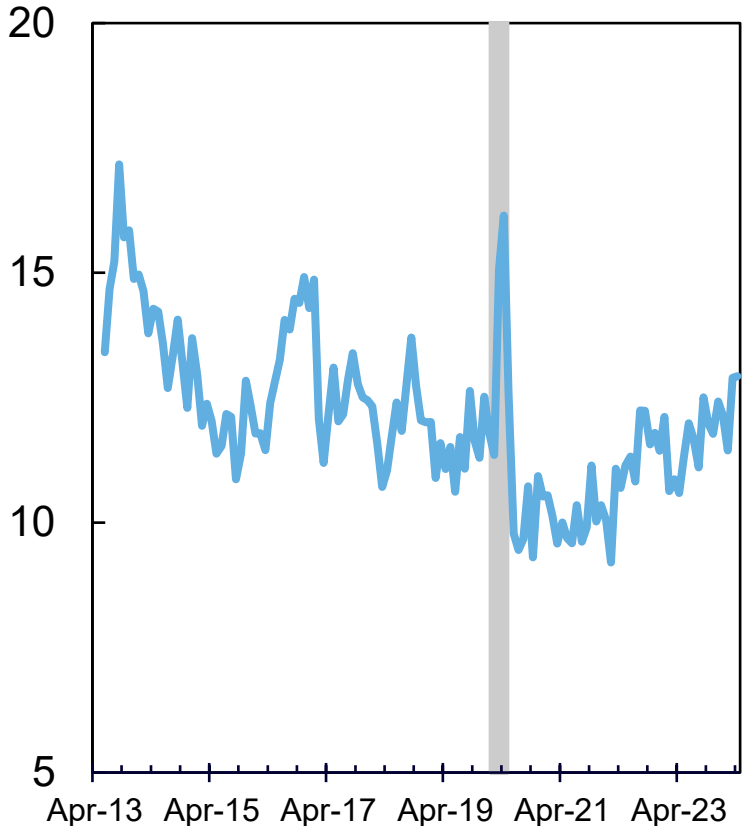
Mean probability of losing job



Mean probability of finding a job in the next three months if one loses job today



Mean probability of missing minimum debt payment over the next three months



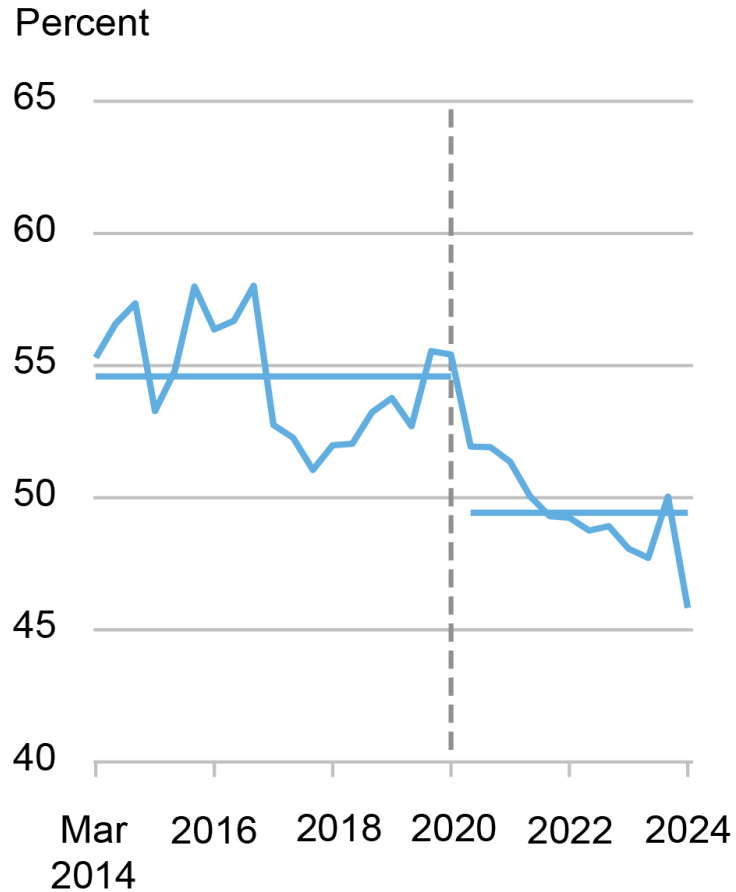
Source: NYFed Survey of Consumer Expectations

# Shift in retirement expectations

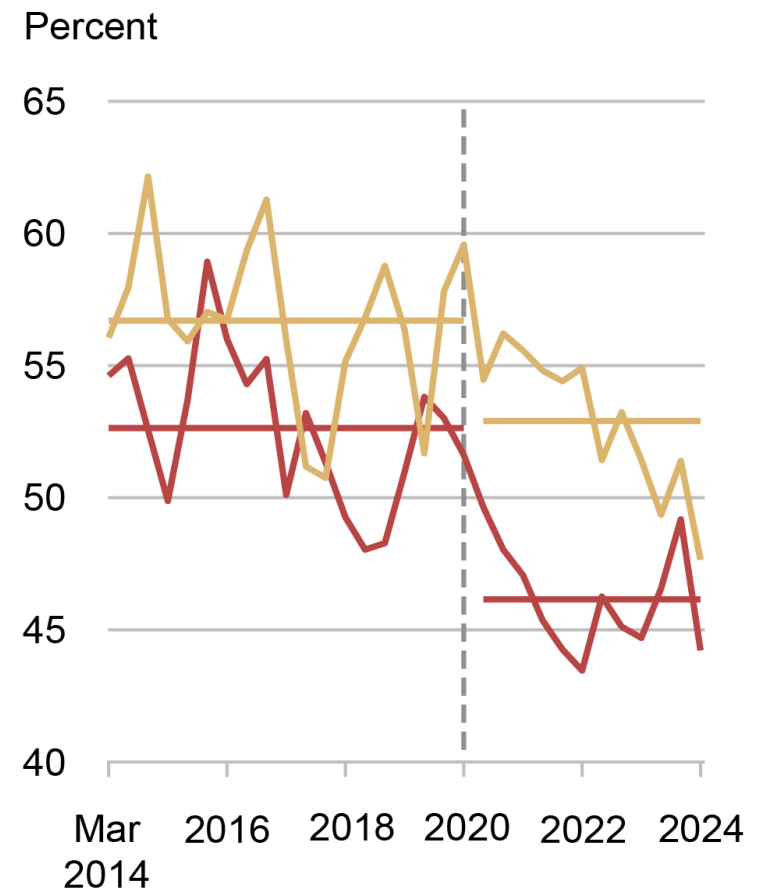
Find similar drop in expectations about working past age 67

Shift in expectations may affect consumer consumption and savings decisions and the labor market in years ahead

### Average Likelihood of Working Full-Time Past 62



■ All

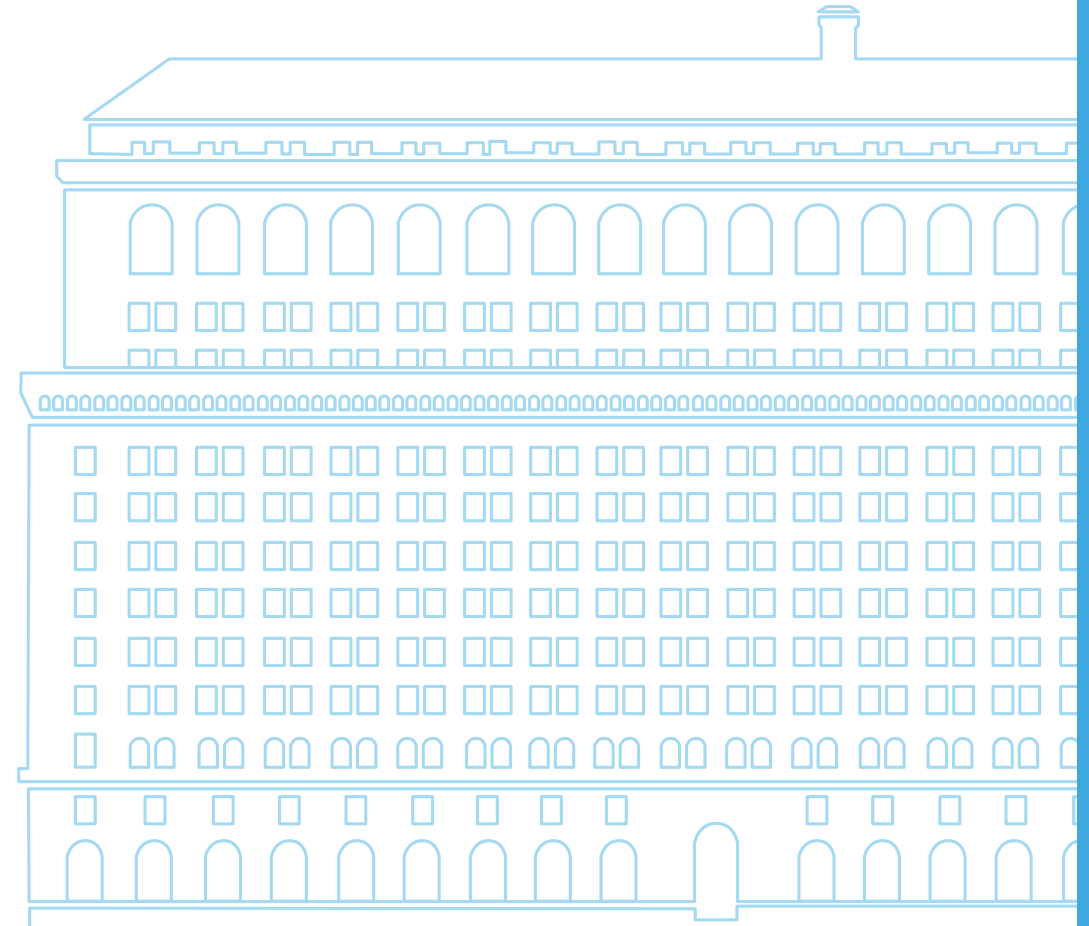


■ Female

■ Male

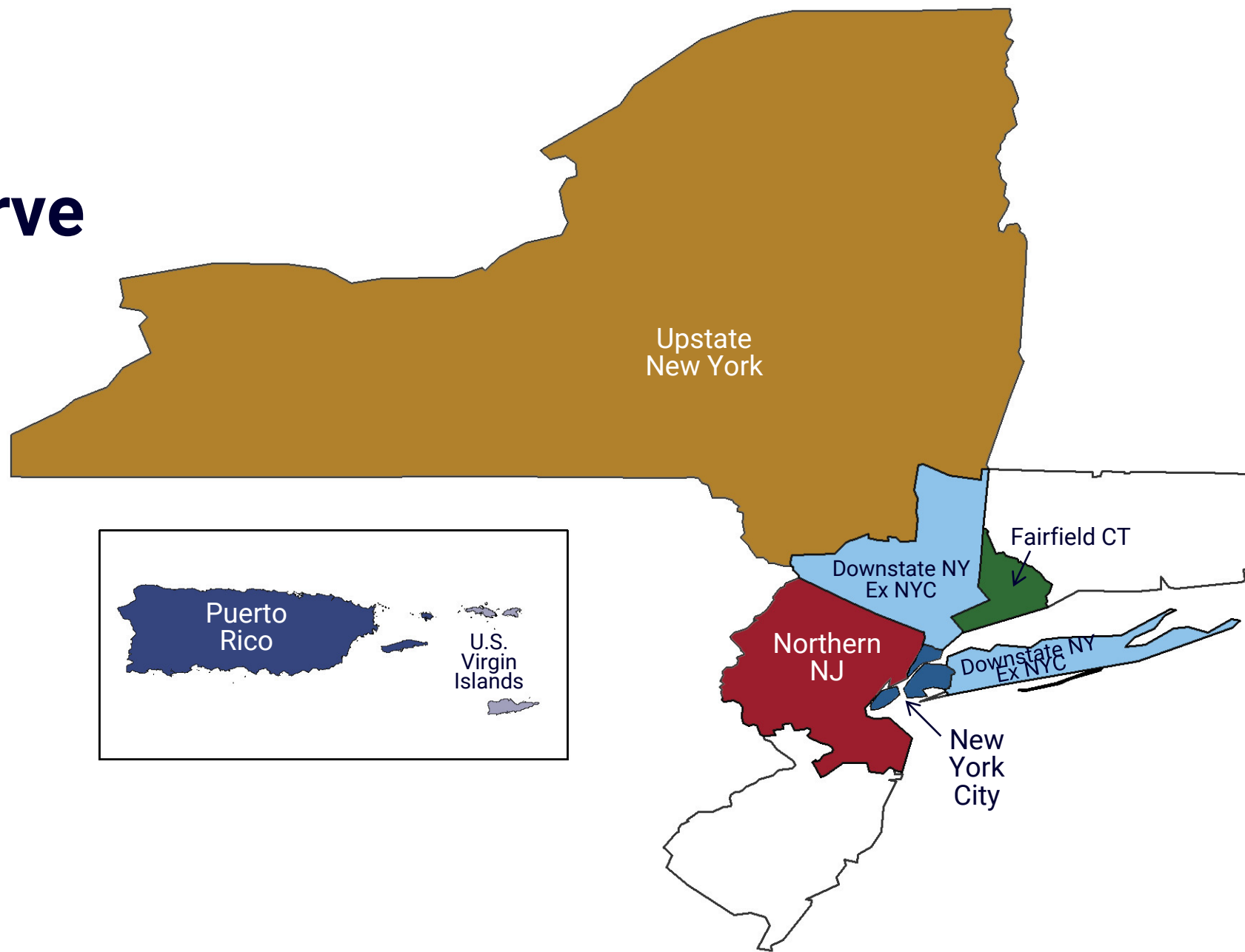
# Economic Conditions in the Second District

Joelle Scally  
Regional Economic Principal  
Urban and Regional Studies



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# The Second Federal Reserve District

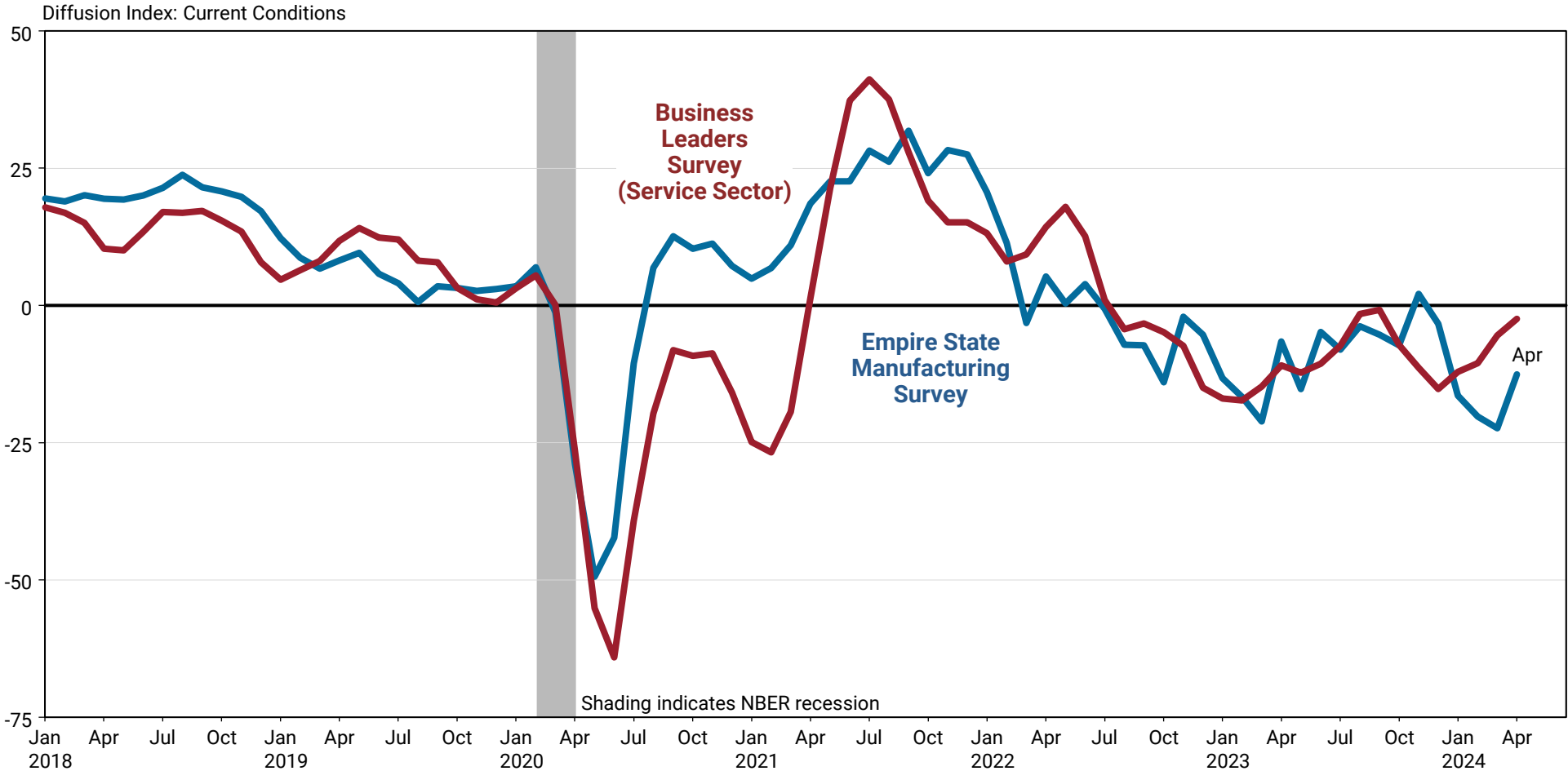


# Overview of Regional Conditions

- Businesses report sustained weakness in the regional economy.
- Job growth has slowed as labor market conditions have normalized.
- After a period of high inflation, pricing pressures have moderated but remain elevated.
- Households are showing some signs of financial stress.

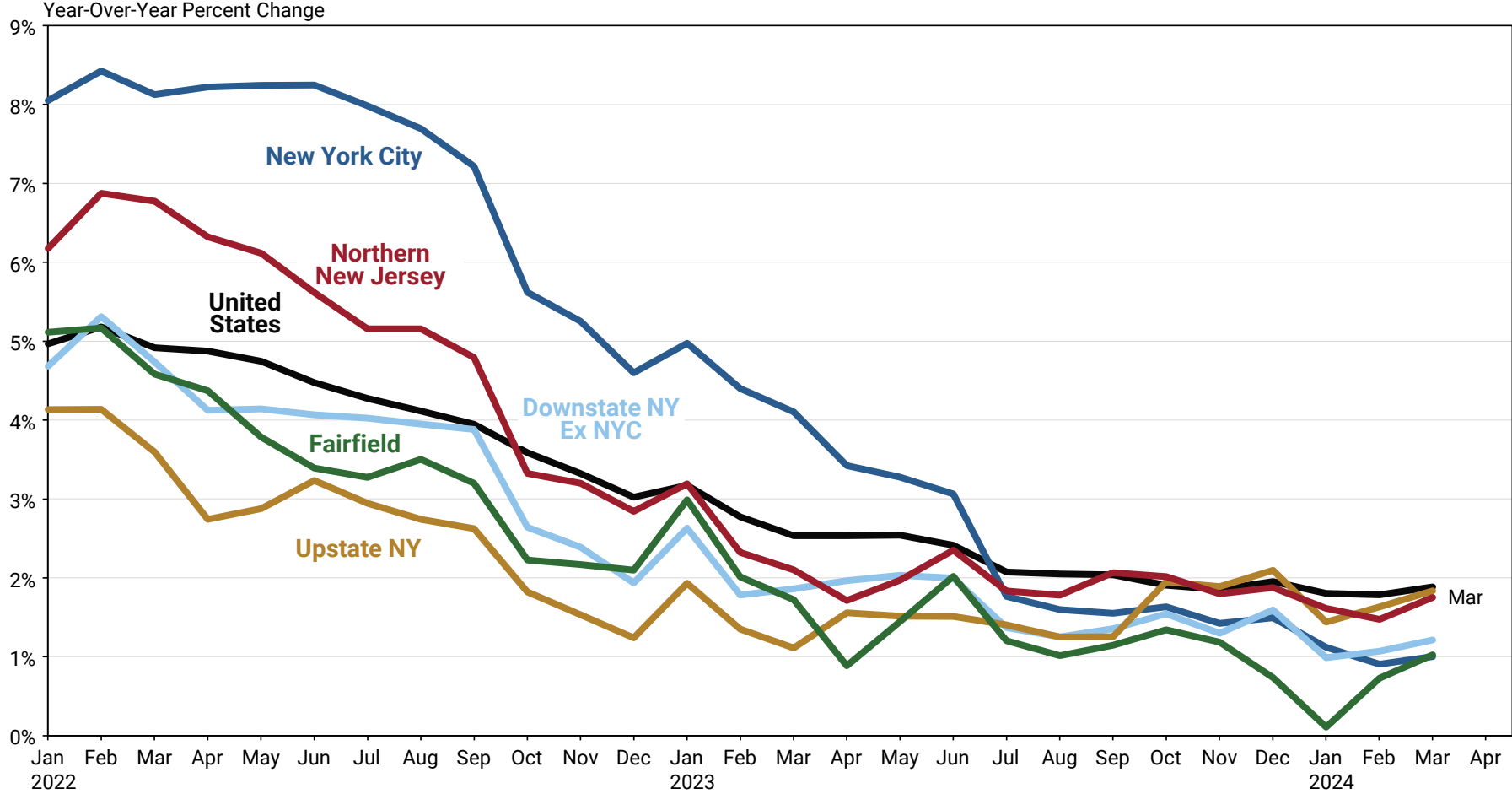


# Regional Economic Activity Has Been Weak



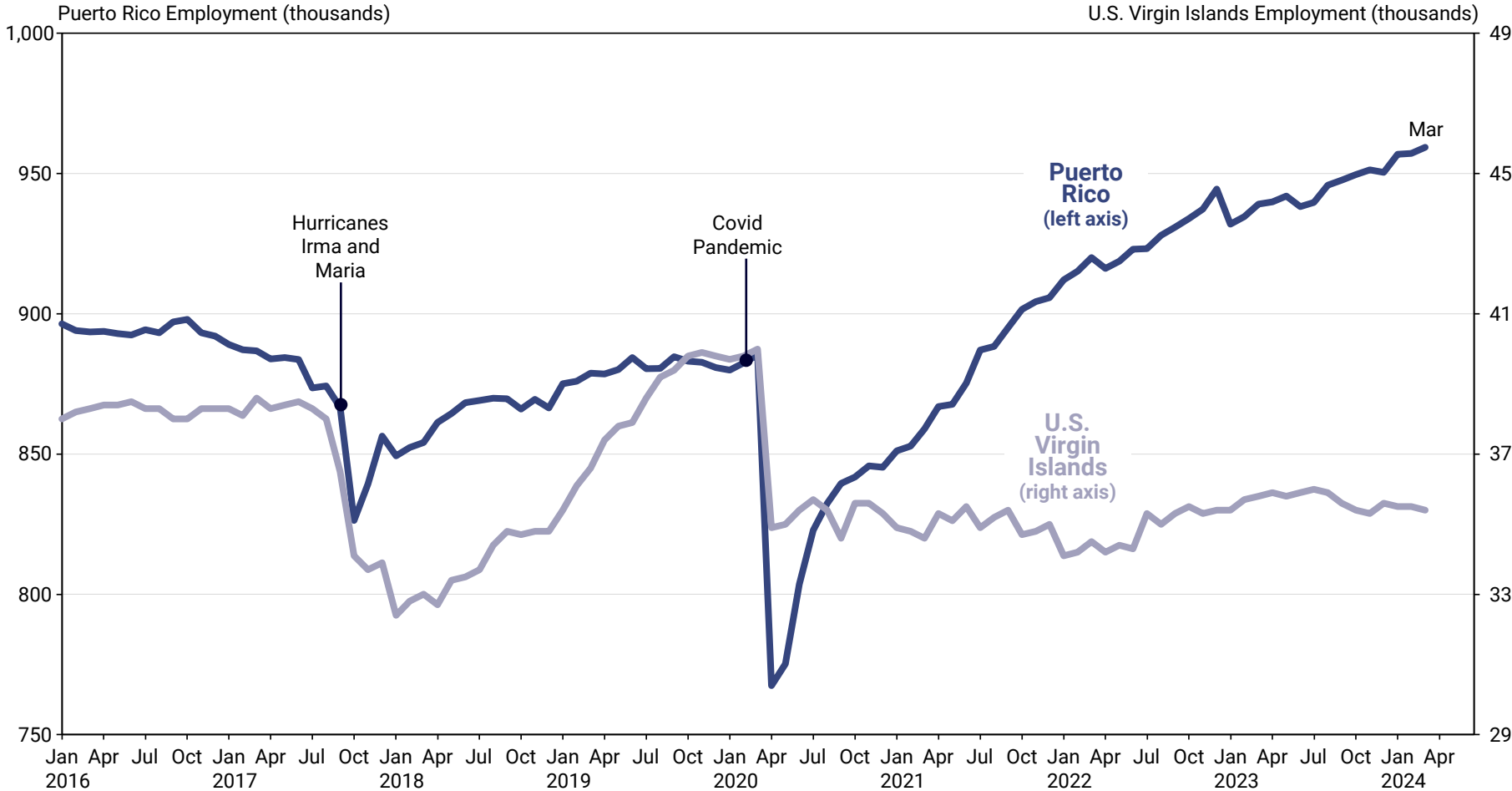
Source: Federal Reserve Bank of New York; indexes shown as a 3-month moving average.

# Job Growth Has Slowed in the NY-NNJ Region



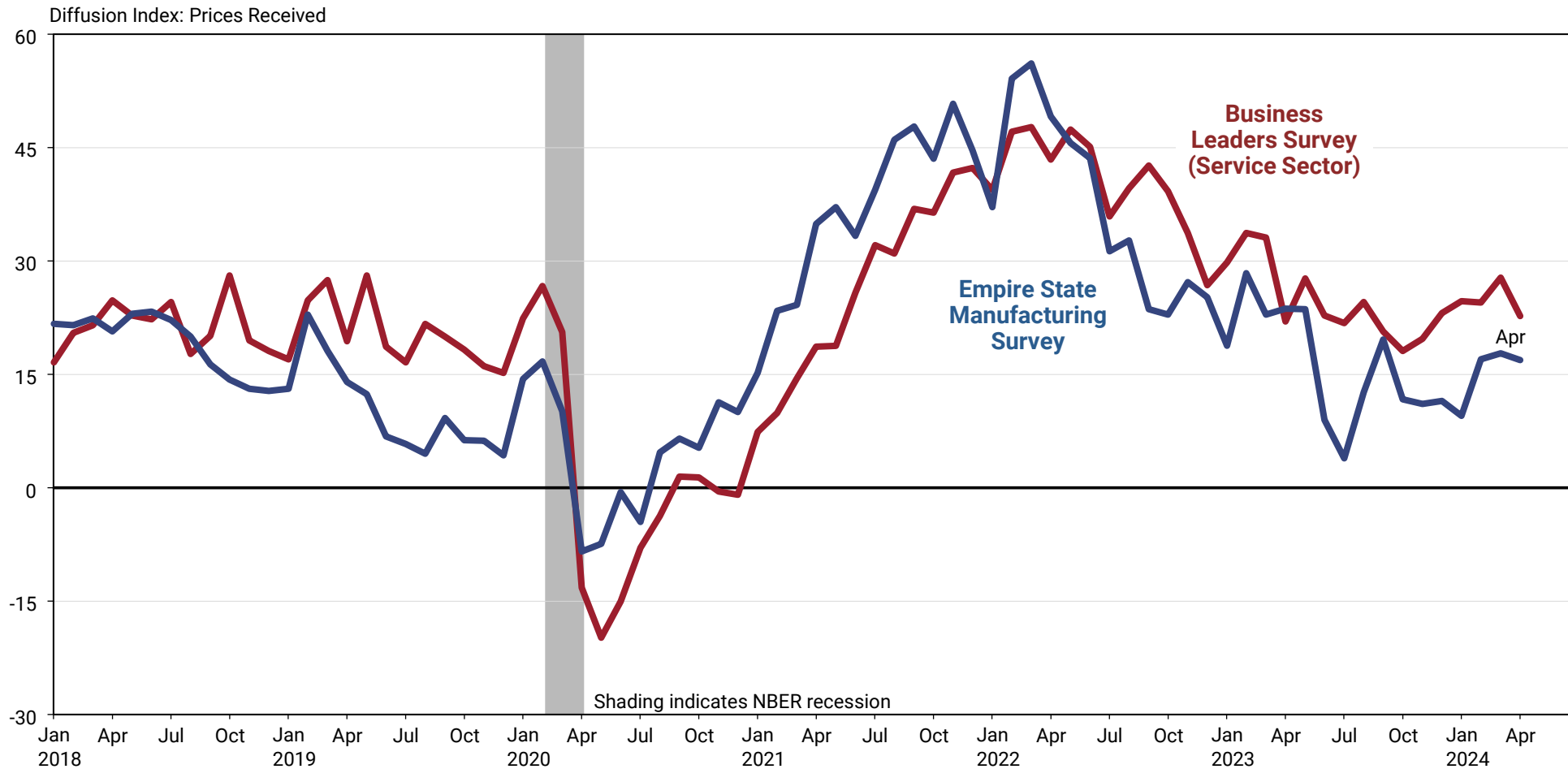
Source: U.S. Bureau of Labor Statistics and Moody's Economy.com.

# Diverging Employment Trends in PR and the USVI

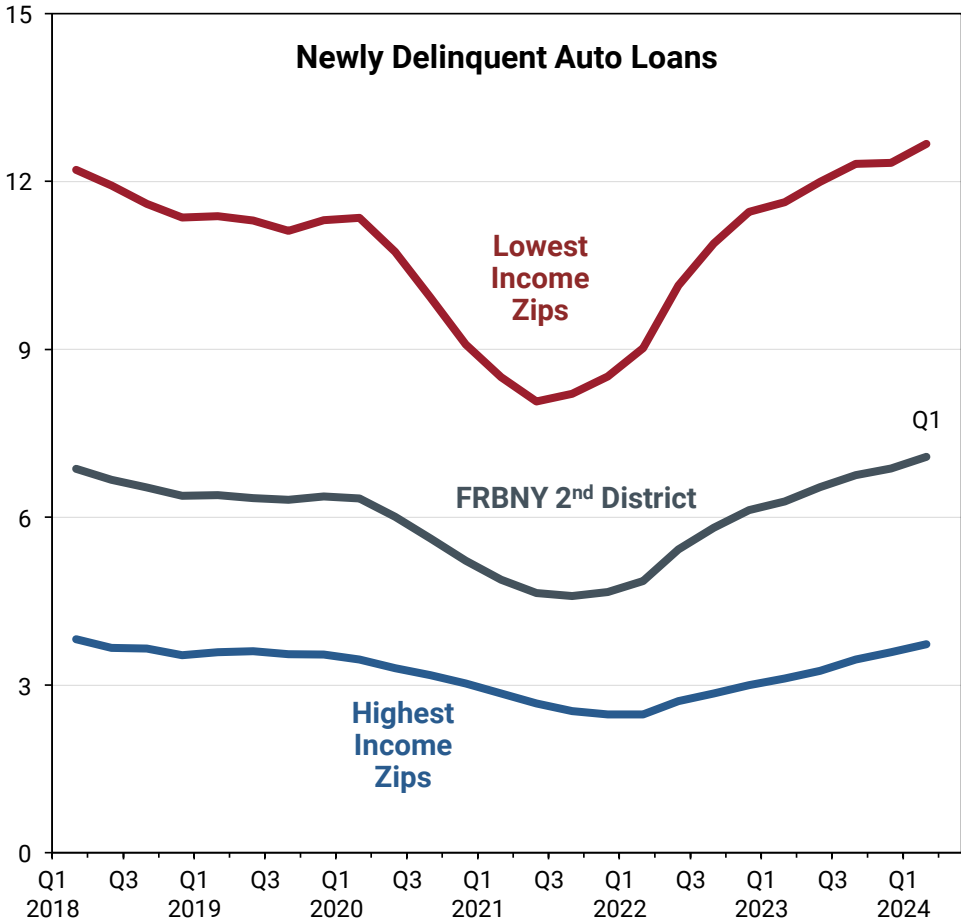
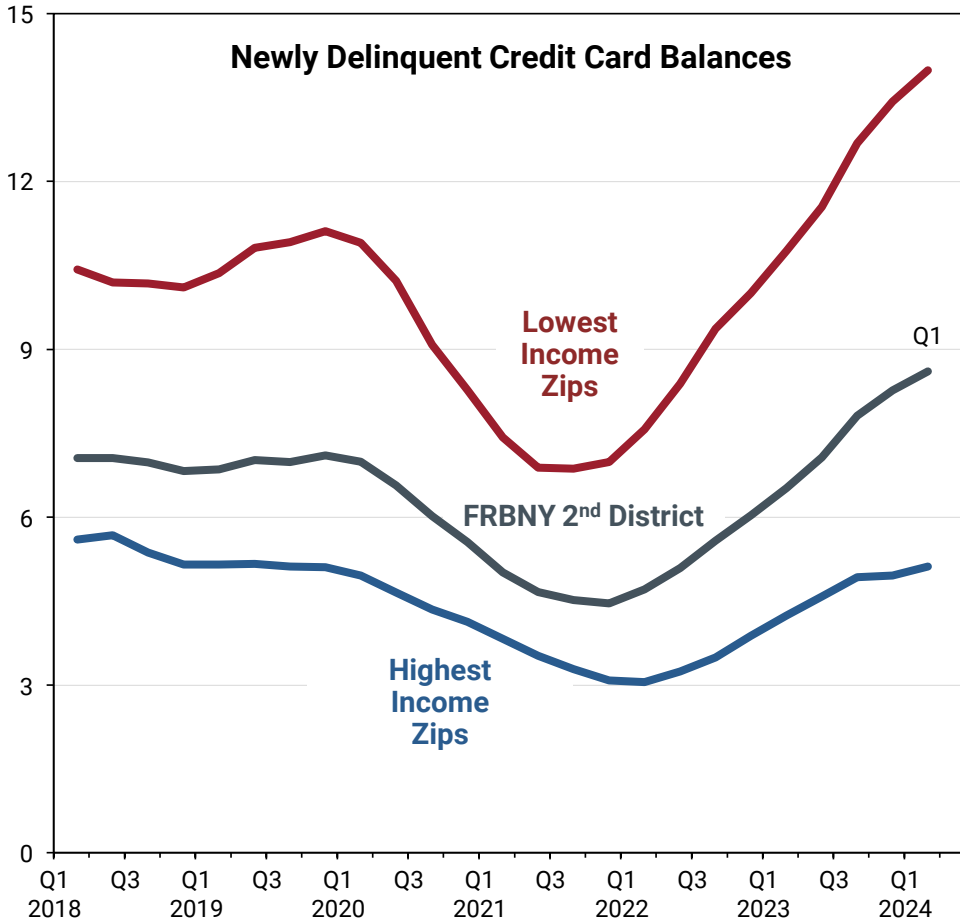


Source: U.S. Bureau of Labor Statistics and Moody's Economy.com.

# Pricing Pressures Have Eased but Still Elevated



# Rising Delinquencies Point to Financial Stress



Source: New York Fed Consumer Credit Panel / Equifax; IRS Statistics of Income; annualized as 4-quarter moving sum. Includes second district zip codes only.