



FEDERAL RESERVE BANK *of* NEW YORK

U.S. Economic Conditions

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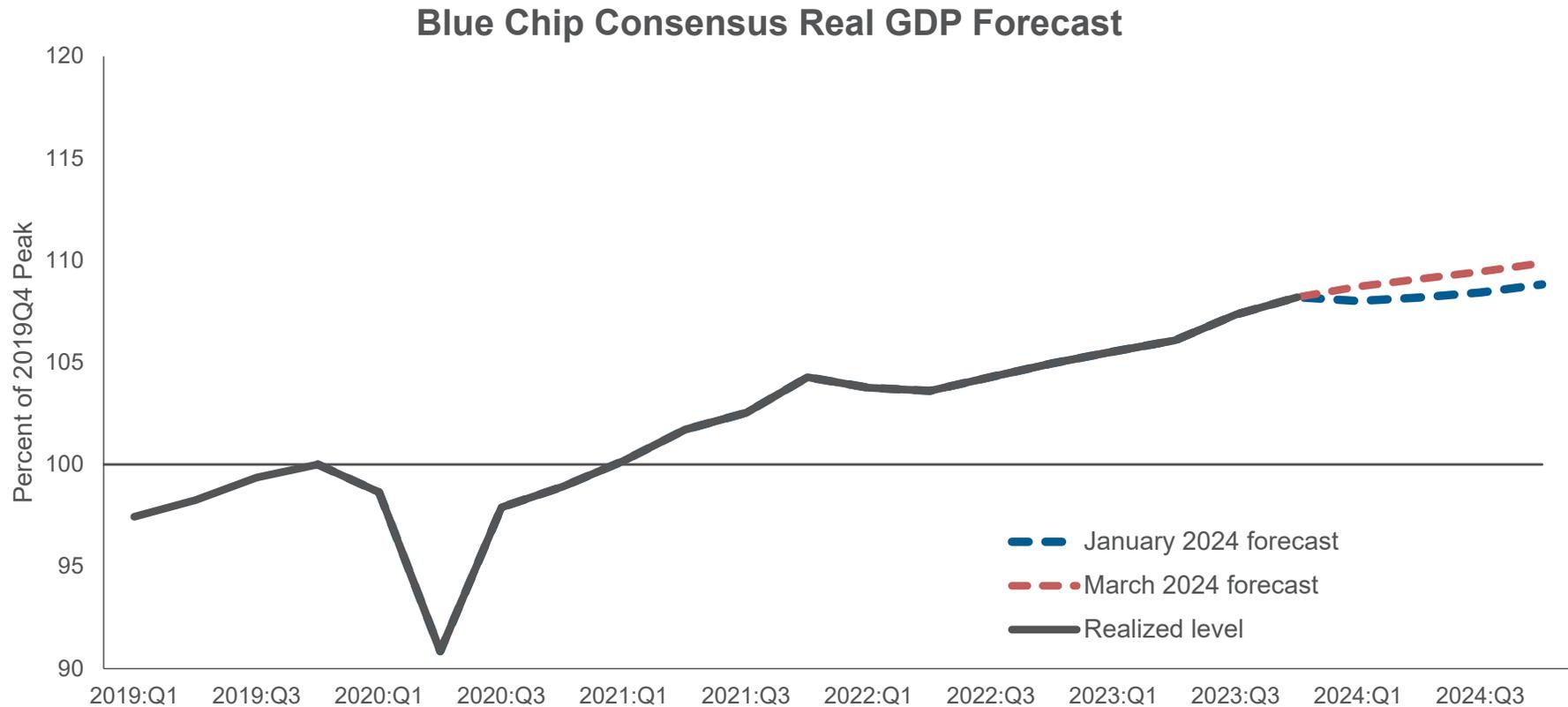
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Overview

- Real GDP growth was robust in 2023.
 - Growth in early 2024 still seems solid amid signs of slowing.
- The labor market is better balanced but remains tight.
- Despite an uptick in early 2024, inflation continues to moderate gradually.



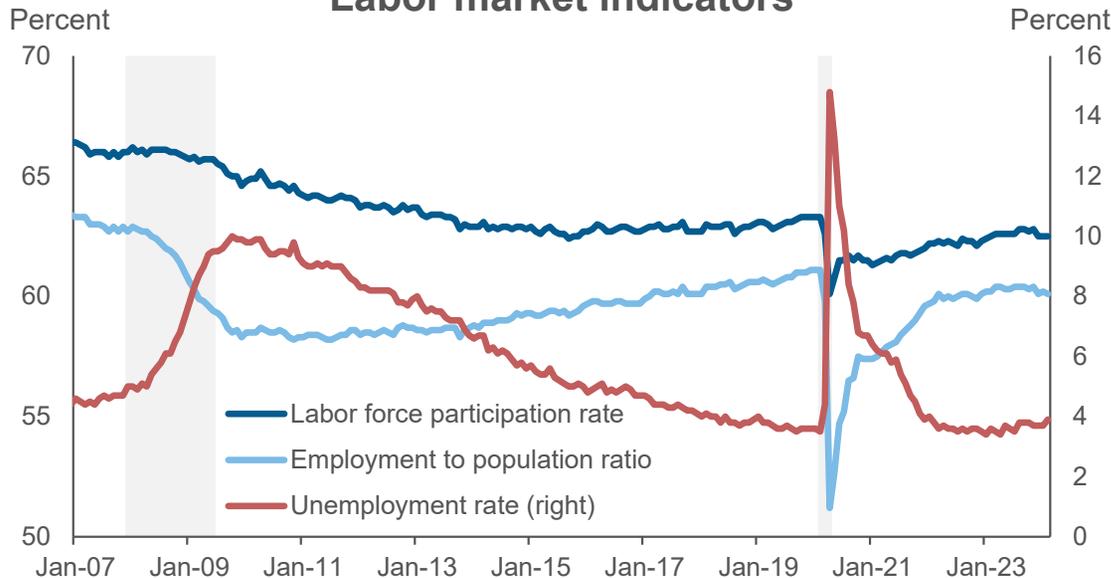
GDP rose in 2023Q4; spending still resilient



- 2023 GDP grew at a robust pace.
- Expenditures have been resilient so far in 2024Q1.
- Since December, private forecasts have moved higher.

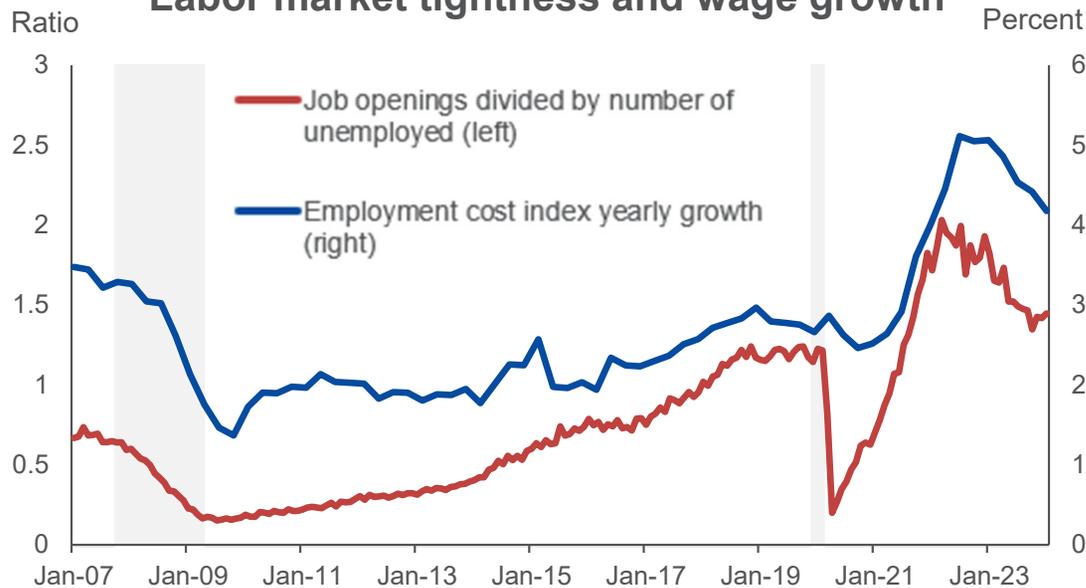
Some signs of easing, but the labor market remains tight

Labor market indicators



- Unemployment rate below 4% for over two years.
- Prime-age participation highest since May 2002.
- Job growth remains brisk: 3-month average was 265,000 in February.

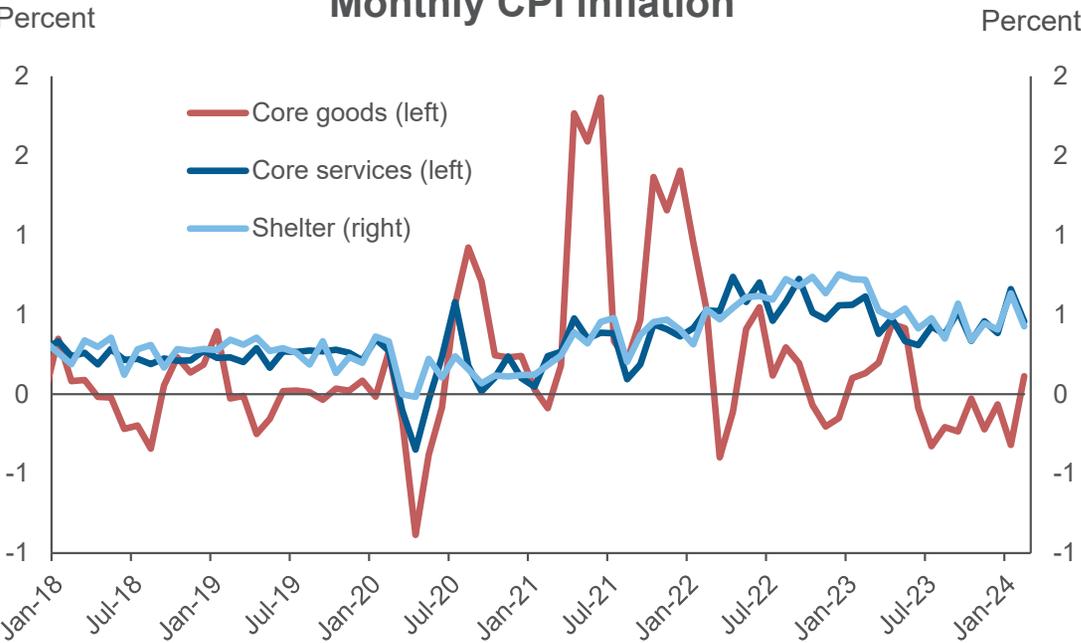
Labor market tightness and wage growth



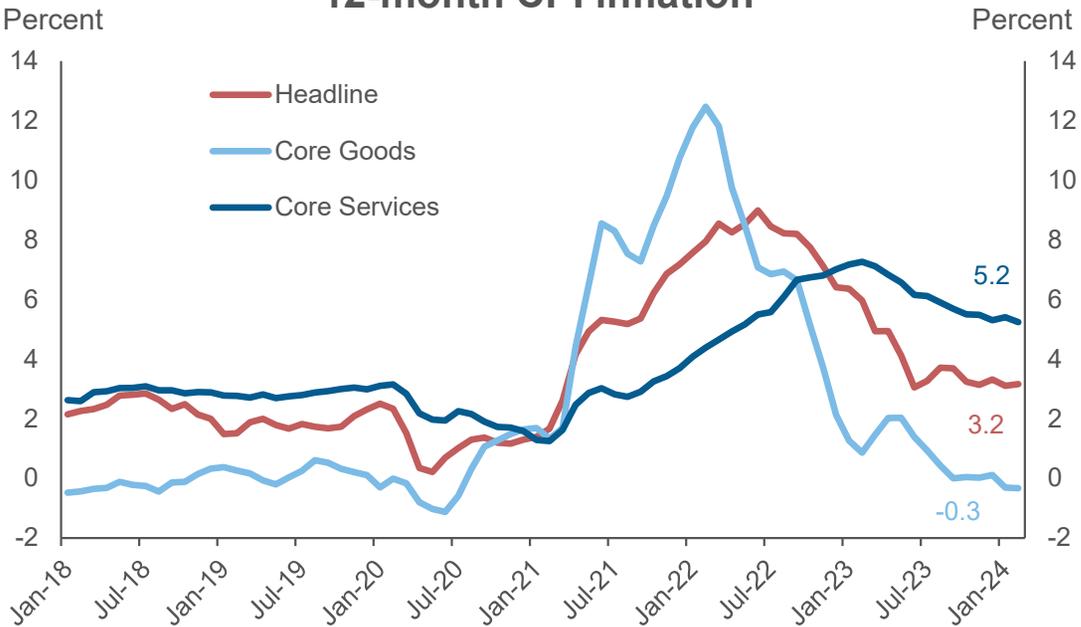
- Even with some easing, there are many more job openings than people looking for work.
- Wage growth has moderated but remains above pre-pandemic rates.

Inflation is moderating but remains high

Monthly CPI inflation



12-month CPI inflation



- Core goods inflation remains subdued, as supply chain issues have improved.
- Even after some slowing in shelter, core services inflation is still elevated.
- Ex-food & energy (core) inflation has slowed but remains high.
- Both core goods and core services inflation have been moderating.

Source: Bureau of Labor Statistics via Haver Analytics.



Concluding observations

- Economic activity and the labor market have remained resilient so far in 2024.
- Inflation is moderating but remains above 2 percent.
- Supply and demand imbalances continue to recede.

