



FEDERAL RESERVE BANK *of* NEW YORK

# U.S. Economic Conditions

Davide Melcangi, Economic Research Economist, Research and Statistics Group  
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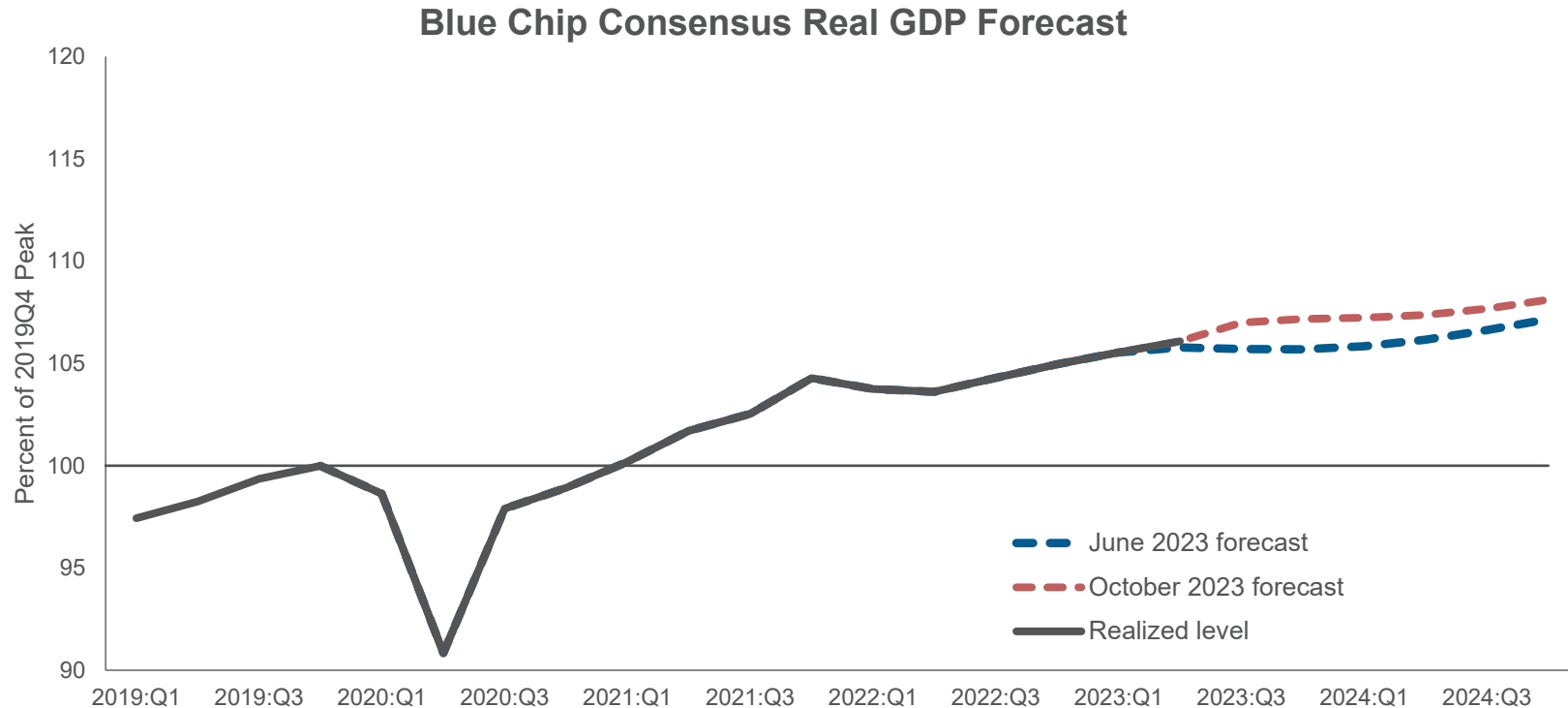
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# Overview

- Real GDP growth was robust in the first half of 2023.
  - Economic activity has remained resilient in the current quarter.
- Even with some signs of easing, the labor market remains tight.
- Amid a slow moderation, inflation continues to be high.



# GDP rose in 2023Q2; spending still resilient

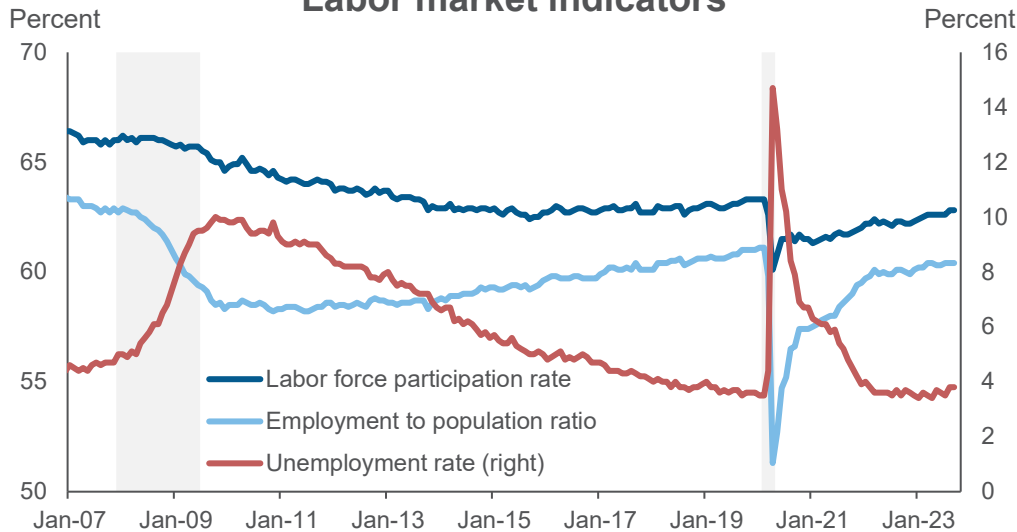


- 2023Q2 GDP rose more than Consensus expectations.
- Expenditures continued to be resilient so far in 2023Q3.
- Since June, private forecasts moved higher.



# Some signs of easing, but the labor market remains tight

## Labor market indicators



- Unemployment rate between 3.5% and 3.8% for 18 months.
- Participation is getting close to pre-pandemic levels.
- Job growth remains brisk: 3-month average was 266,000 in September.

## Labor market tightness and wage growth

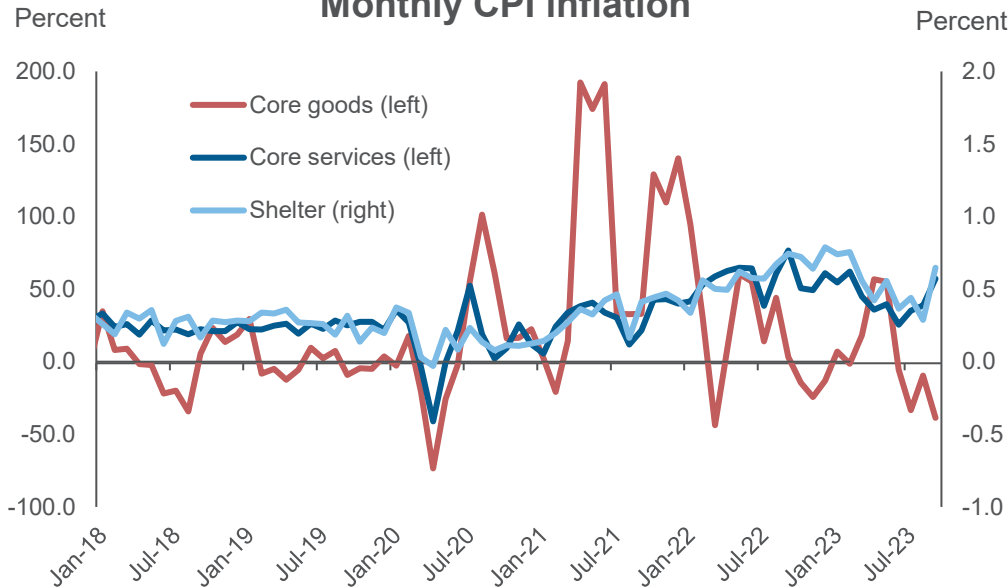


- Even with some easing, there are many more job openings than people looking for work.
- Wage growth has moderated recently but is above pre-pandemic rates.

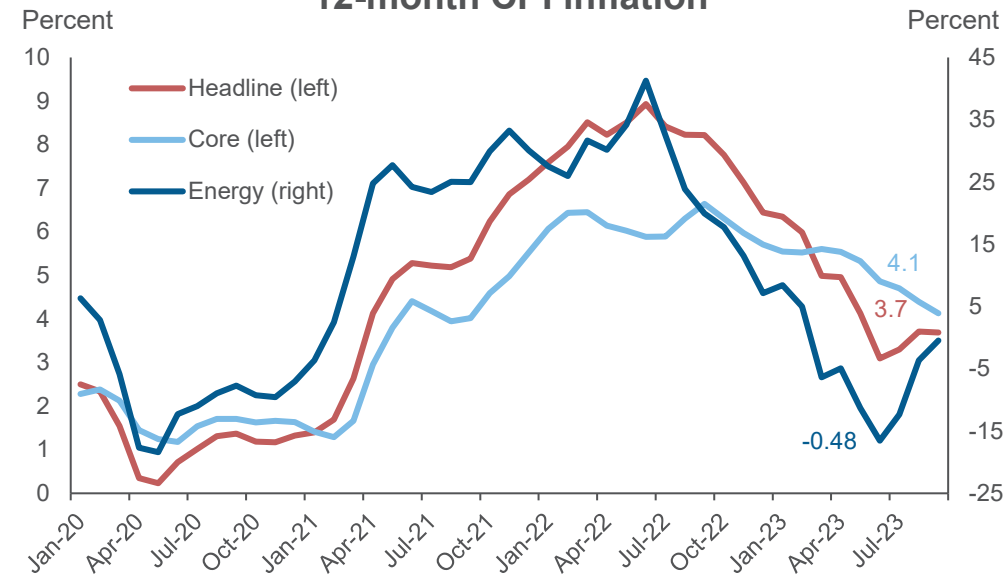


# Inflation continues to be high

Monthly CPI inflation



12-month CPI inflation



- Core goods inflation has fallen recently, as supply chain issues improved.
- Even after some slowing in shelter, core services inflation is still elevated.
- Ex-food & energy (core) inflation has slowed but remains high.
- Headline inflation has moved up recently, reflecting increases in energy prices.



# Concluding observations

- Economic activity and the labor market have been resilient so far in 2023.
- Inflation remains well above 2 percent.
- Some rebalancing of supply and demand in goods and labor markets is underway.

