FEDERAL RESERVE BANK *of* NEW YORK

U.S. Economic Conditions
David Lucca

March 2, 2020
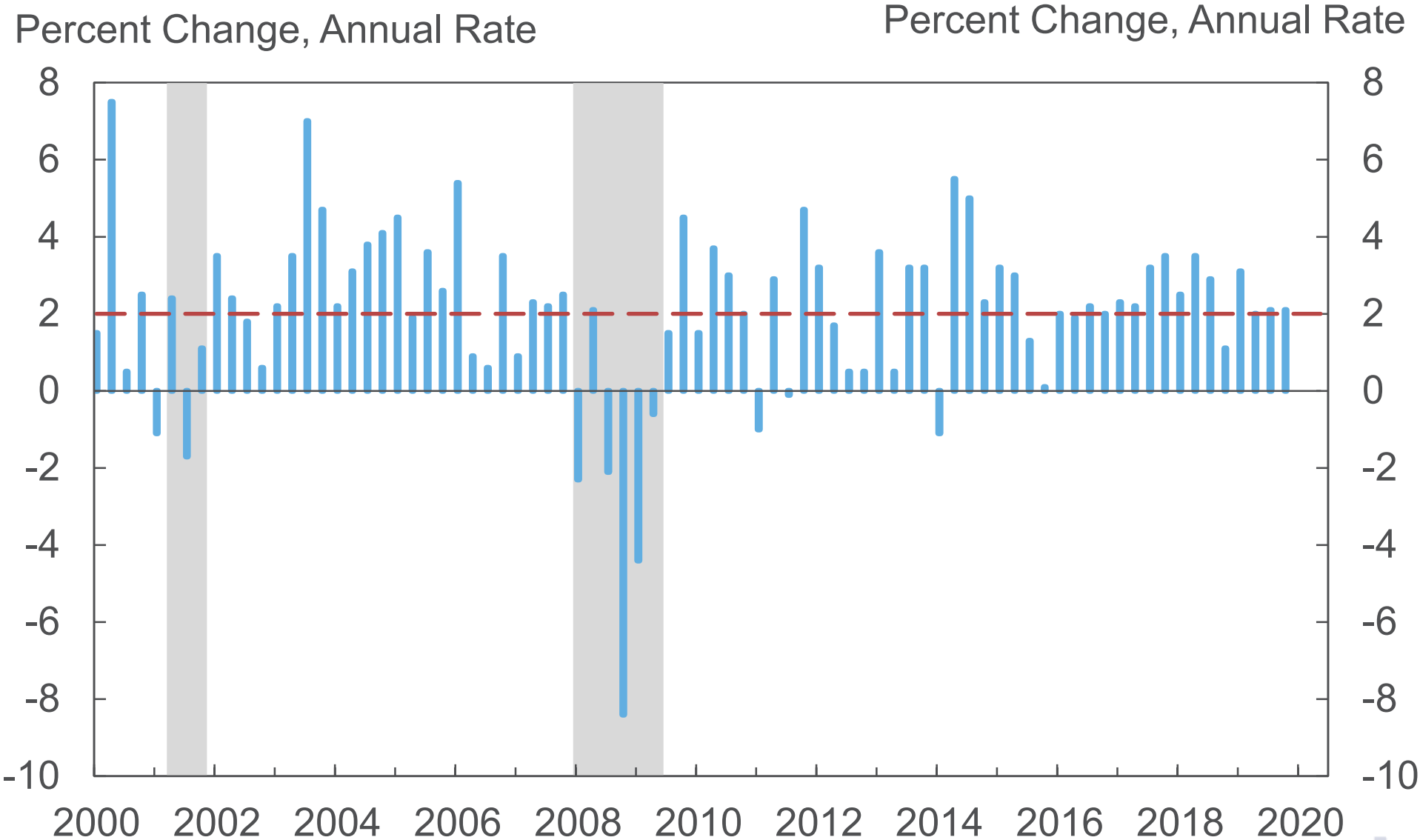
Overview

- Real GDP grew 2.1% (annual rate) in 2019:Q4:

  - Growth in personal consumption expenditure moderated, residential investment picked up but business investment declined for the third quarter in a row.

- Labor market remained strong in January; inflationary pressures remained muted.

- Significant uncertainty stemming from increased confirmed cases of the new coronavirus disease (COVID-19) outside China.
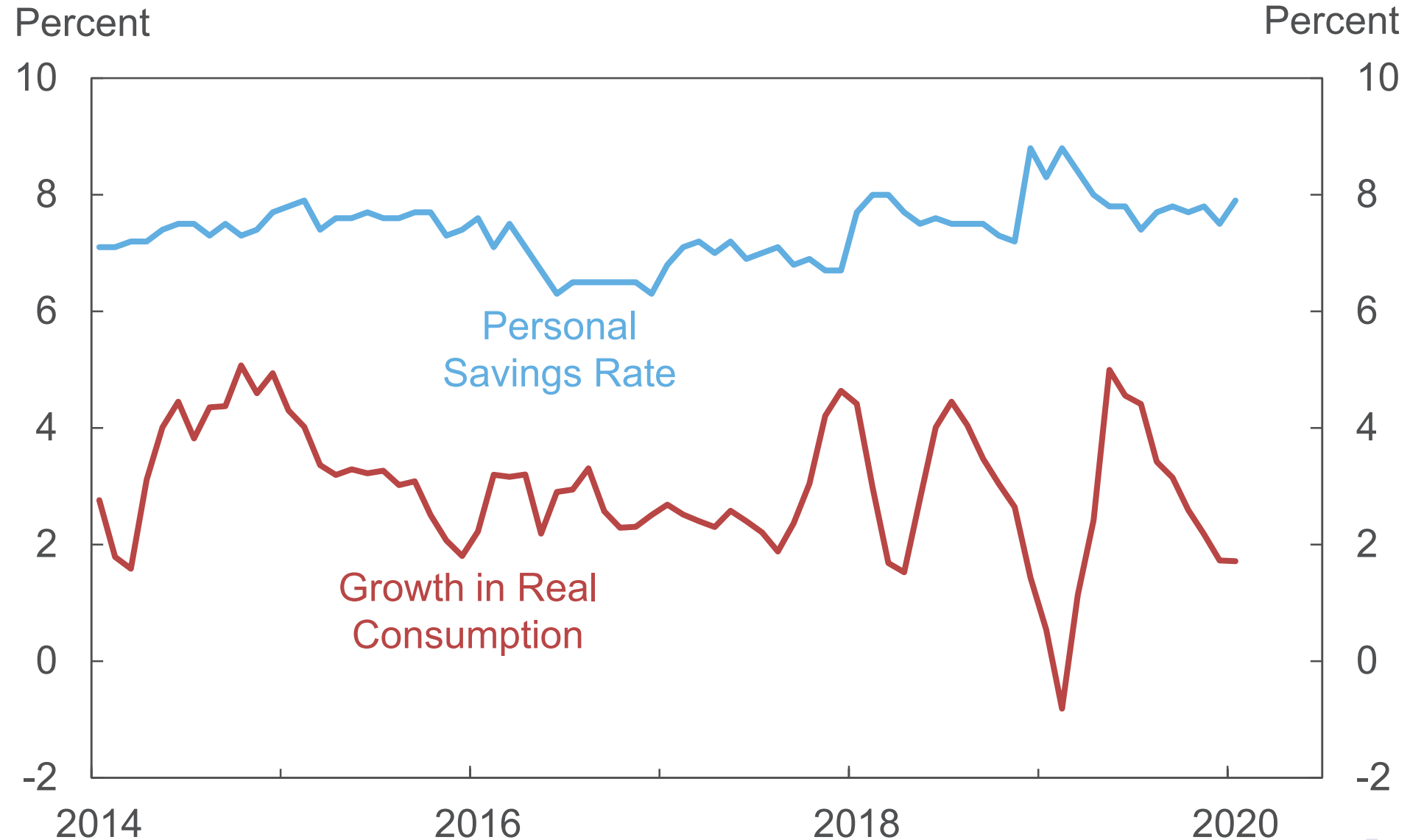
Real GDP Growth Fluctuating Around 2%

Percent Change, Annual Rate

Note: Data through 2019:Q4. Shading shows NBER recessions. Source: BEA.
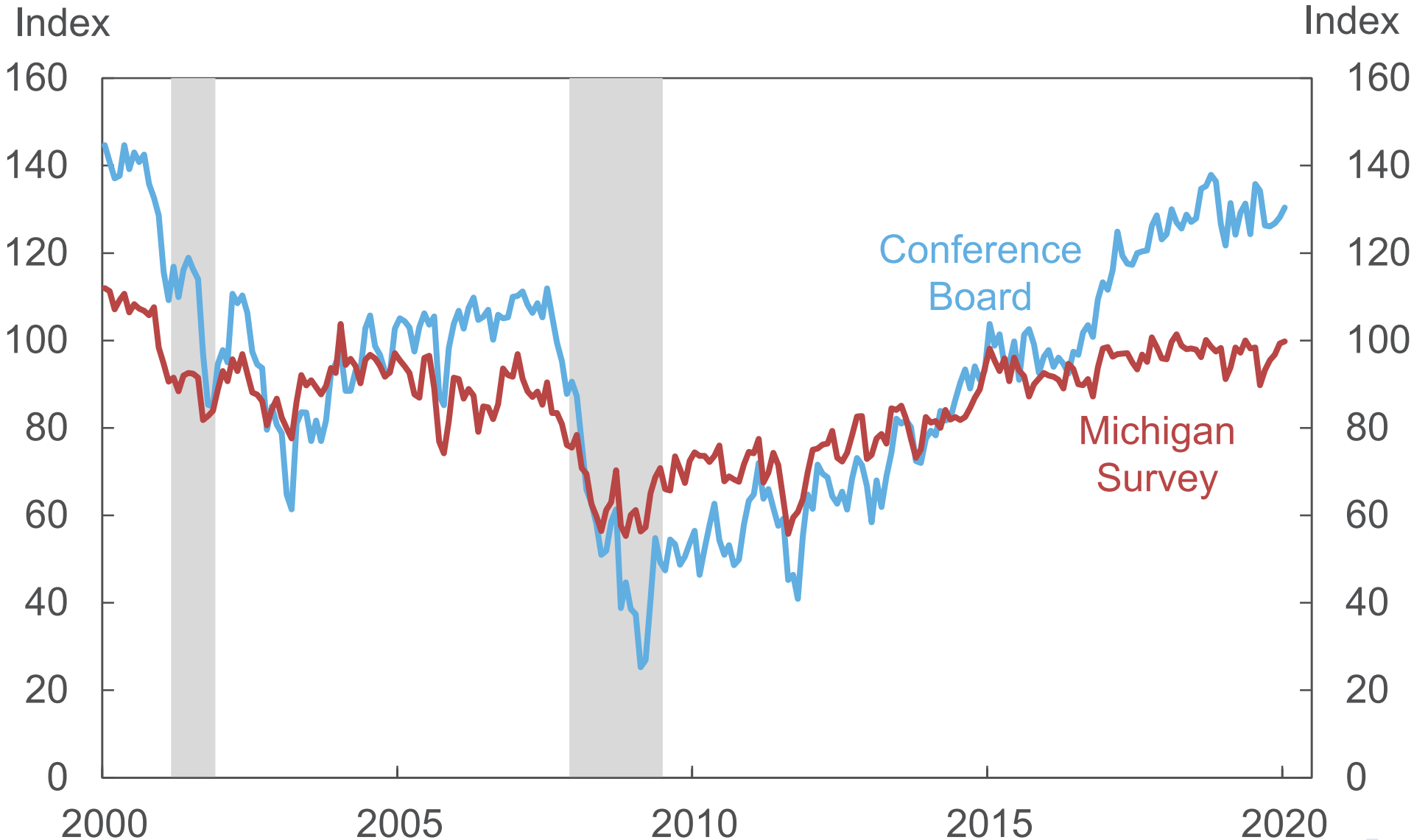
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Consumer Spending Moderated

Note: Data through January 2020. Annualized consumption growth from three-month average level over three month prior. Savings rate as percent of disposable income. Source: BEA.
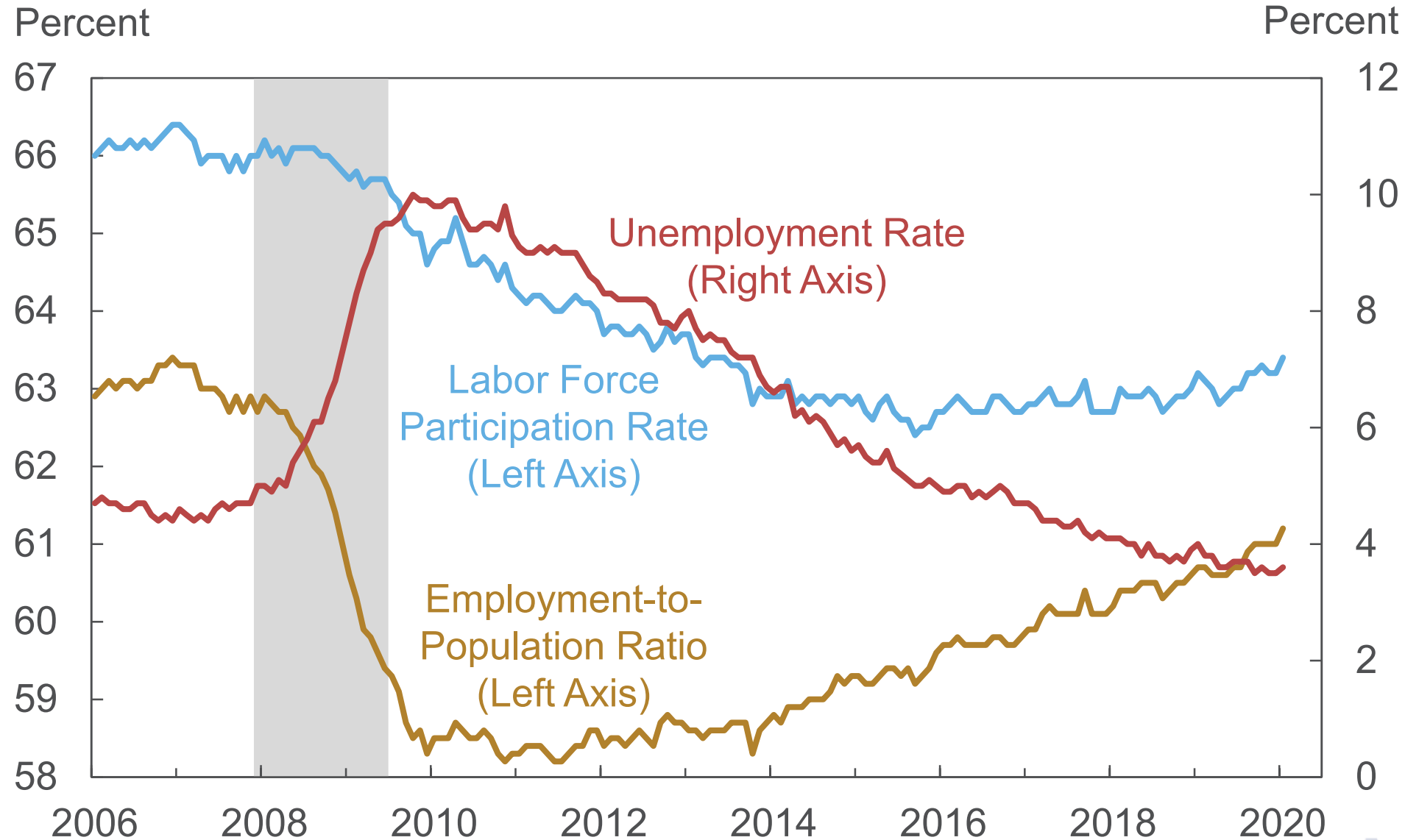
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Consumer Confidence Remained High

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Conference Board

Michigan Survey

Note: Data through February 2020. Shading shows NBER recessions. Source: The Conference Board, University of Michigan.
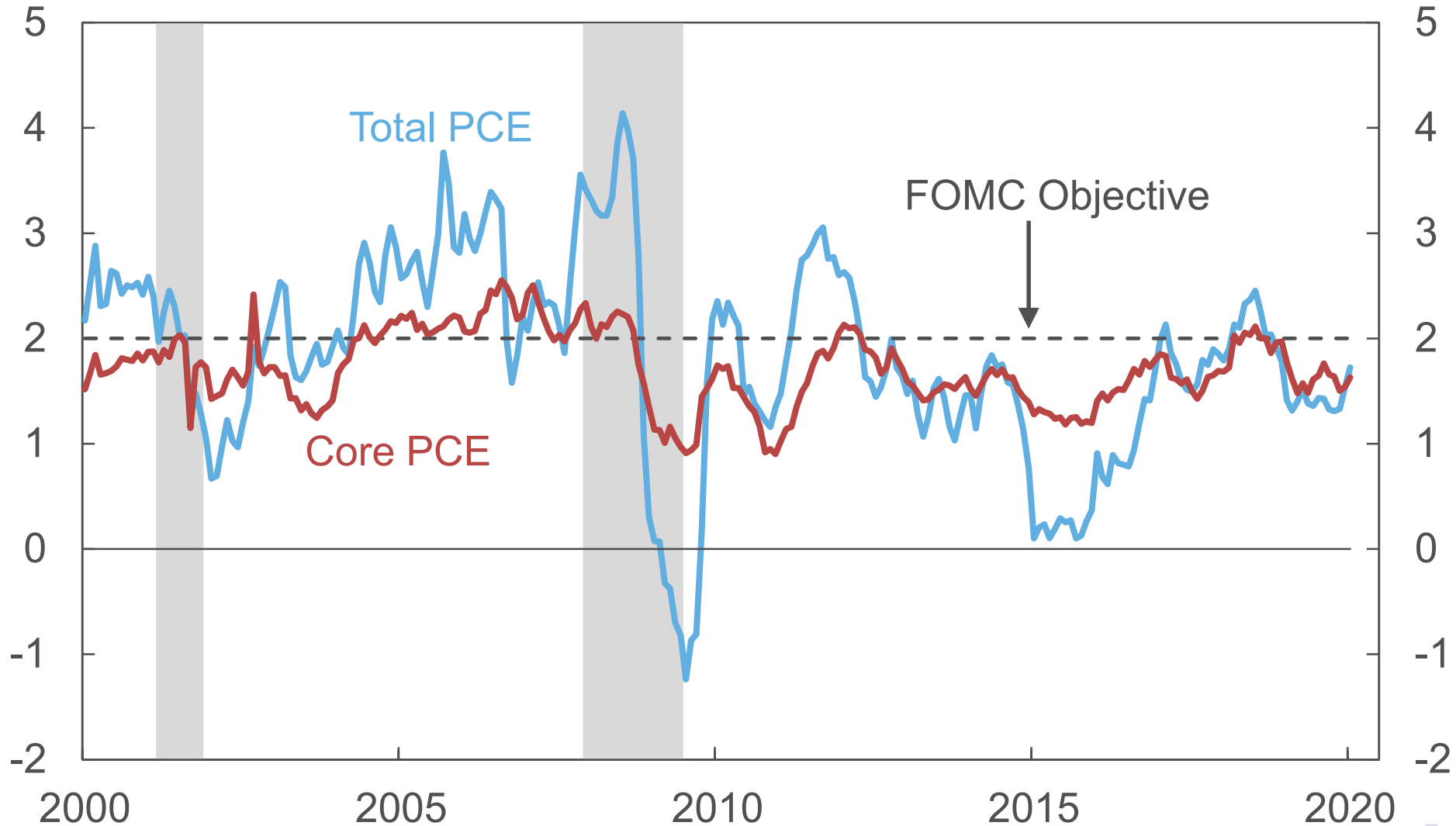
Labor Market Remained Strong

Percent

Percent

Unemployment Rate
(Right Axis)

Labor Force
Participation Rate
(Left Axis)

Employment-to-
Population Ratio
(Left Axis)

Note: Data through January 2020. Shading shows NBER recessions. Source: BLS.
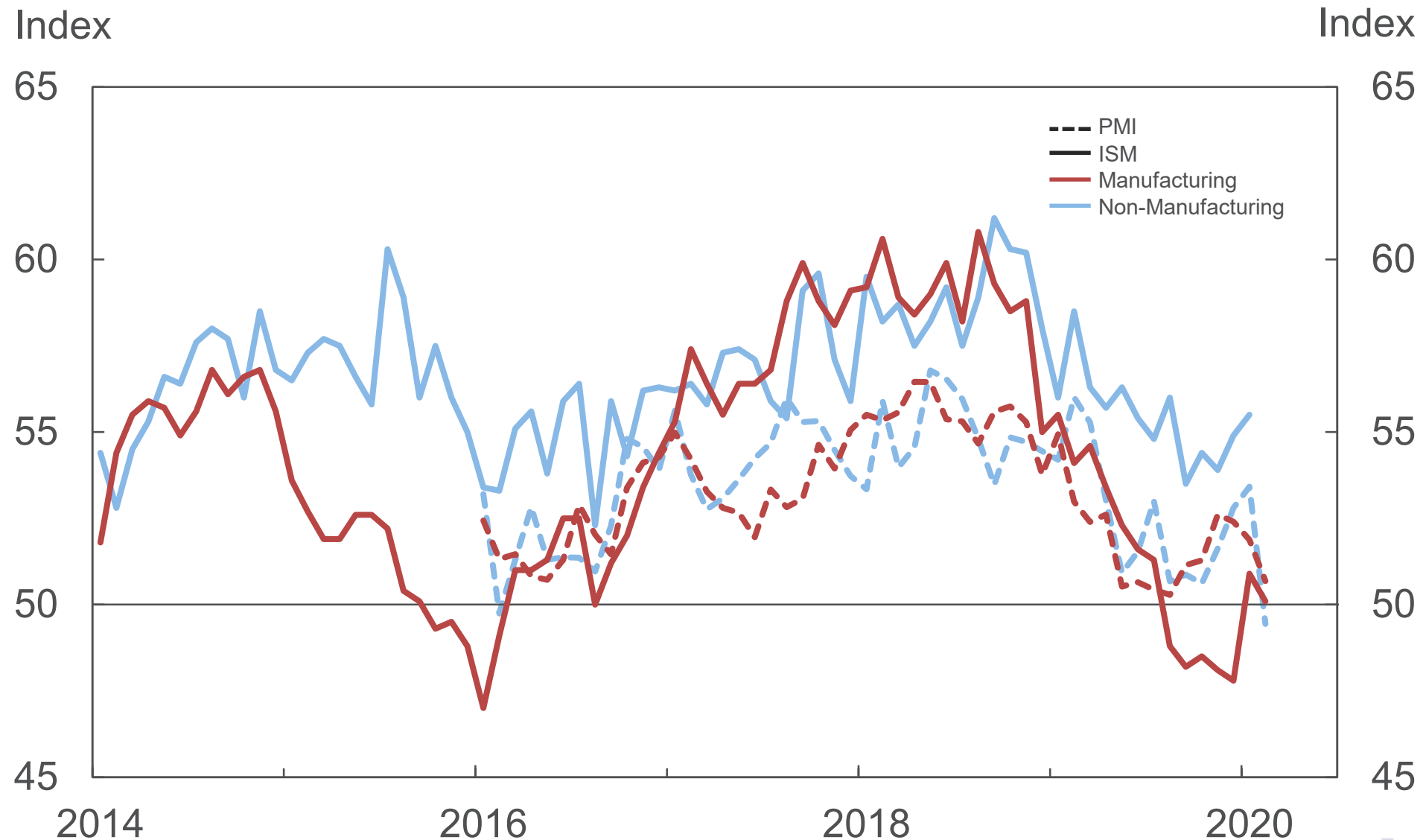
PCE Inflation Remained Muted

Total PCE

Core PCE

FOMC Objective

Note: Data through January 2020. Shading shows NBER recessions. Source: BEA.
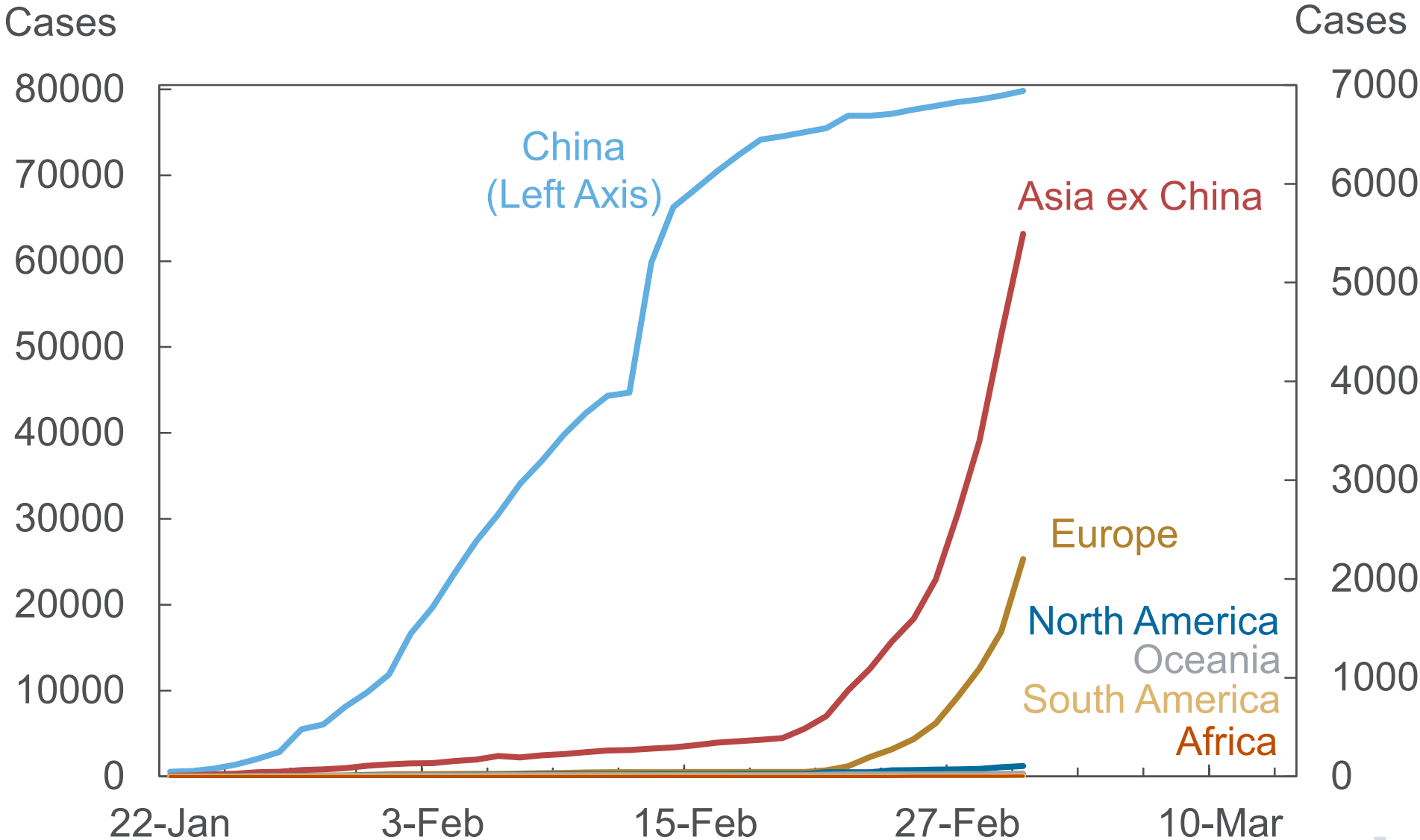
National Business Activity Moderated

Note: Data through February 2020 except for ISM non-manufacturing. PMI non-manufacturing is flash estimate. Source: IHS Markit and Institute for Supply Management.
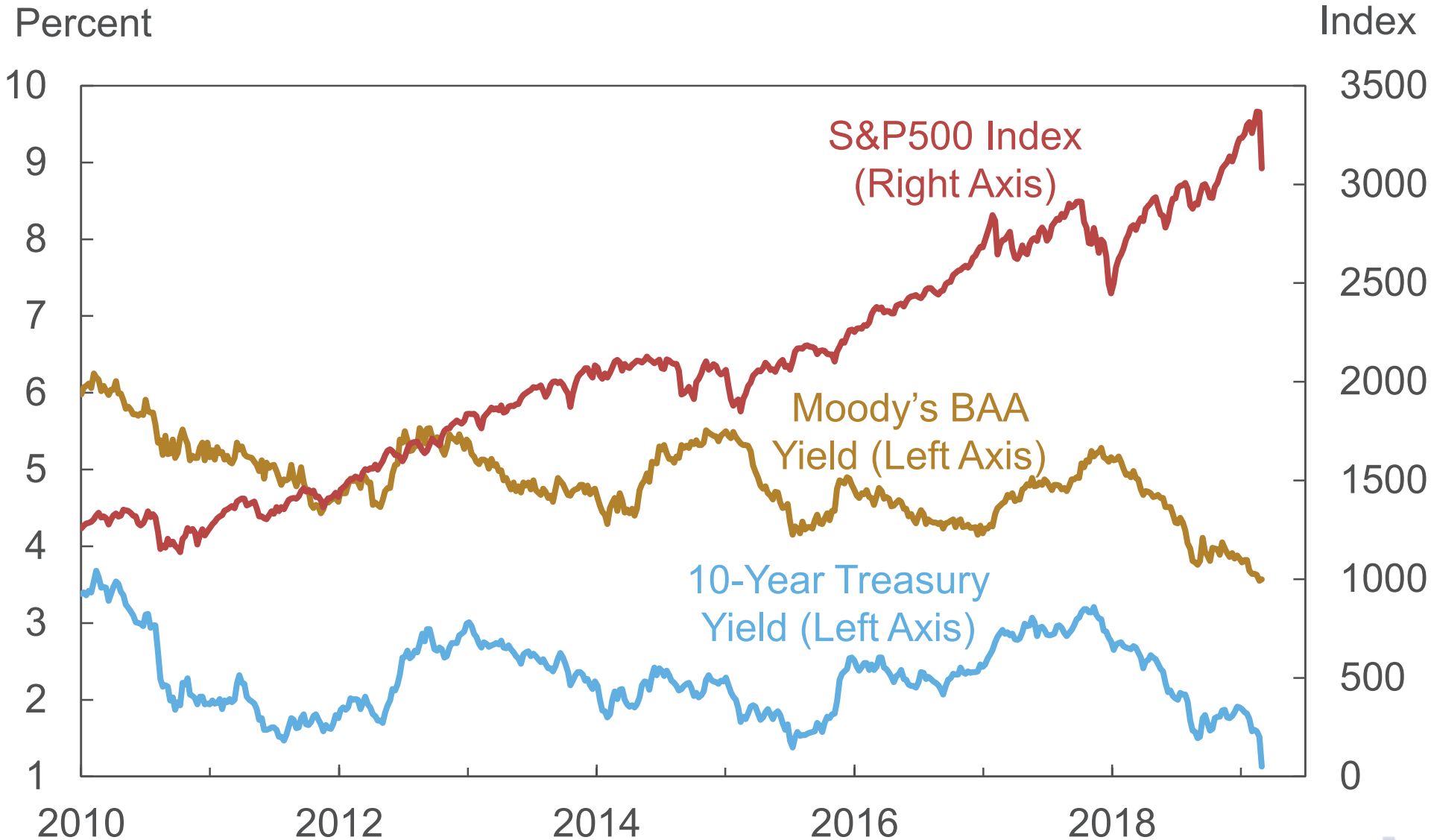
Increased COVID-19 Cases Outside China

Note: Confirmed cases through March 1. Except for China and rest of Asia, cases on the right axis. Source: Johns Hopkins CSSE.

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Sharp Movements in Financial Conditions

Percent / Index

S&P500 Index (Right Axis)

Moody's BAA Yield (Left Axis)

10-Year Treasury Yield (Left Axis)

Note: Data through February 28. Source: Federal Reserve Board, Financial Times.