

Economic Conditions and Outlook

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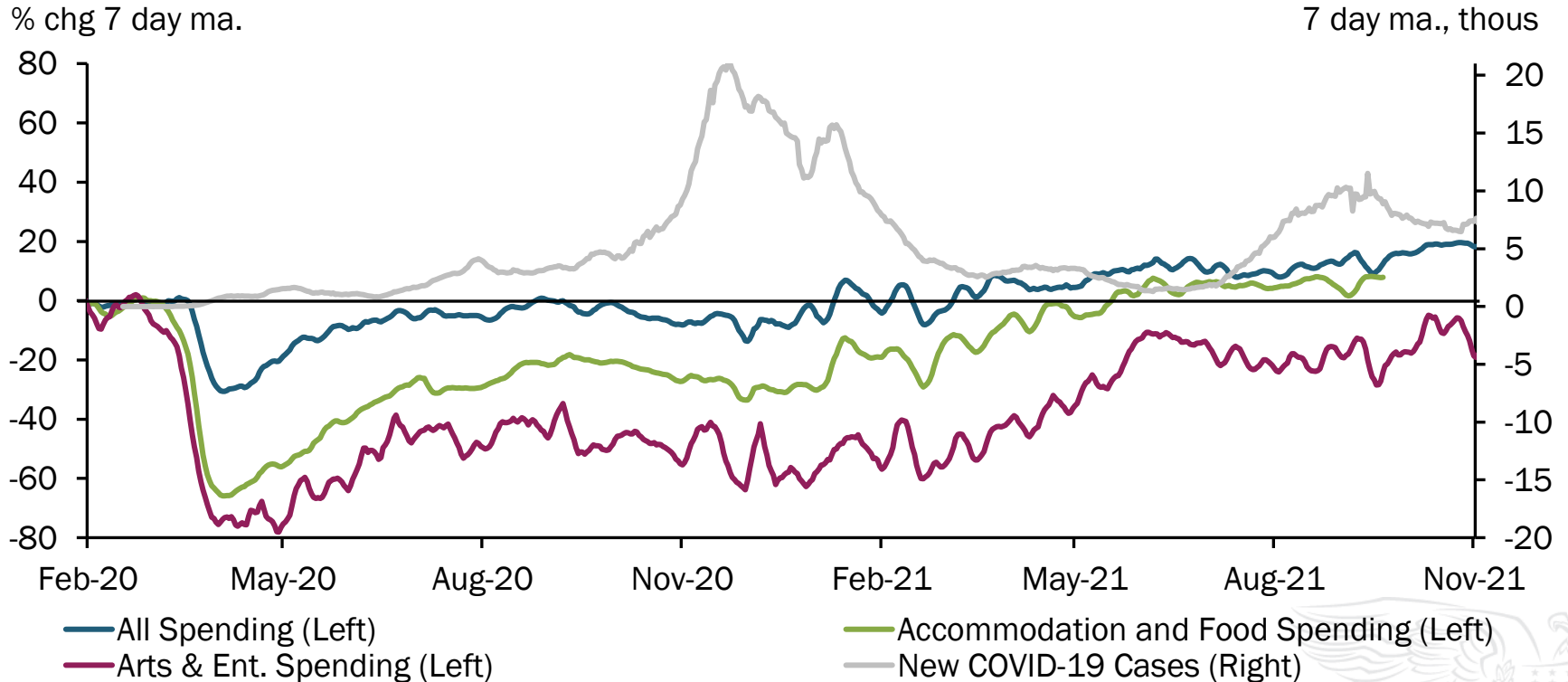


Outlook themes

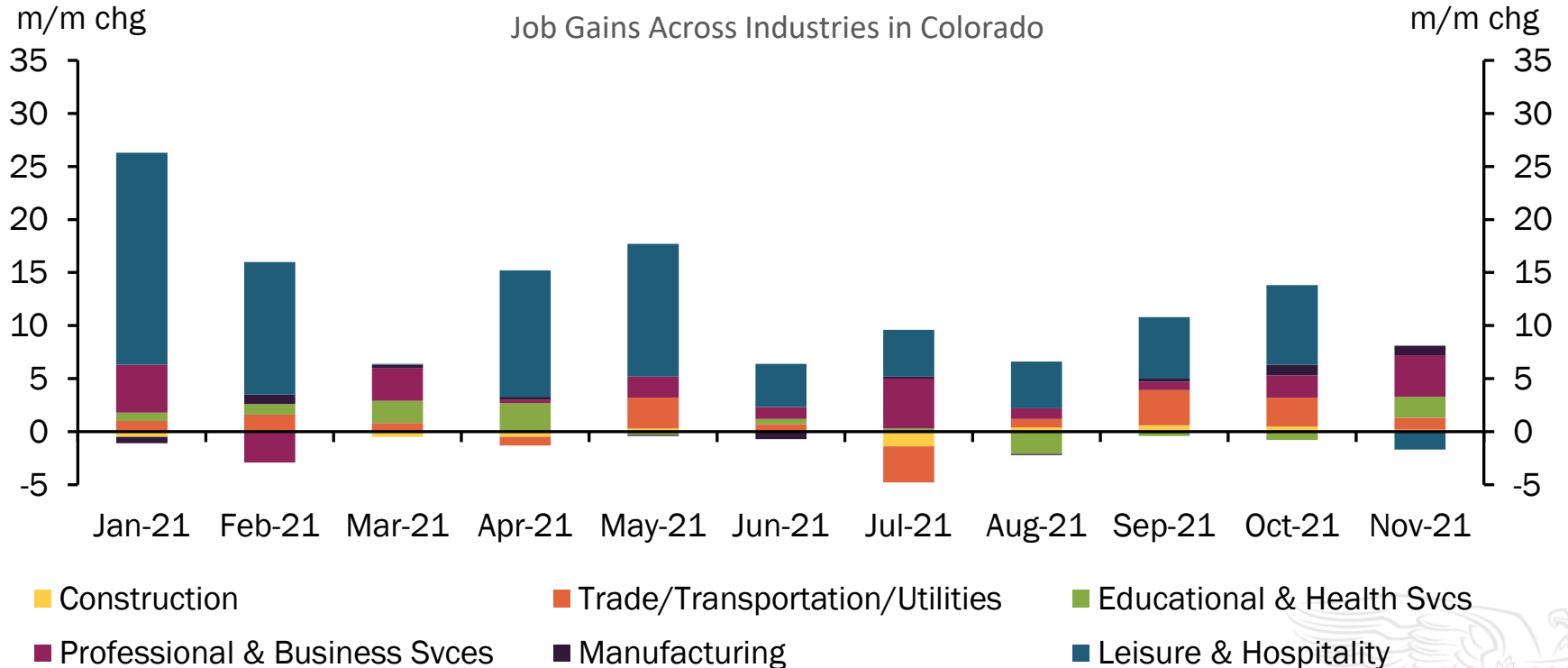
- Consumer activity, leisure travel and consumer confidence remain strong, albeit with persistent shifts away from spending at entertainment venues and in city centers.
- Contacts expect wage growth to be robust through next year, with additional pressures coming from labor costs associated with benefits aimed at retention and recruitment.
- Businesses in the KC Fed region appear to be more exposed to price pressures from supply chain disruptions than other parts of the country.
- Unemployment rates continue to decline and inflation is currently running above 2 percent.



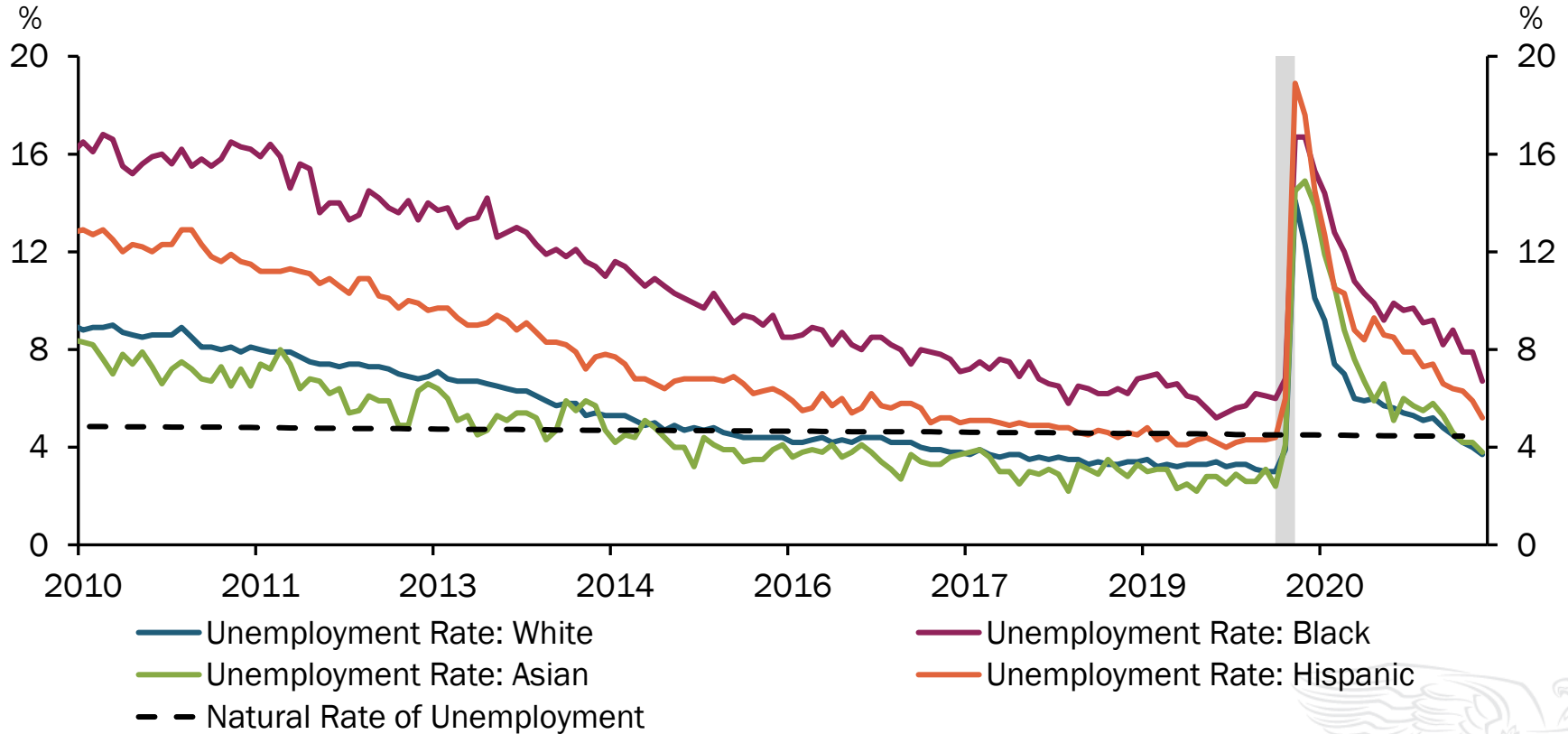
Consumer spending was generally resilient during the Delta wave, and has been stable through the rise in Omicron cases thus far



The recovery in leisure and hospitality employment has moderated, while job growth in transportation and professional services is accelerating



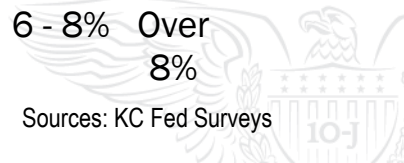
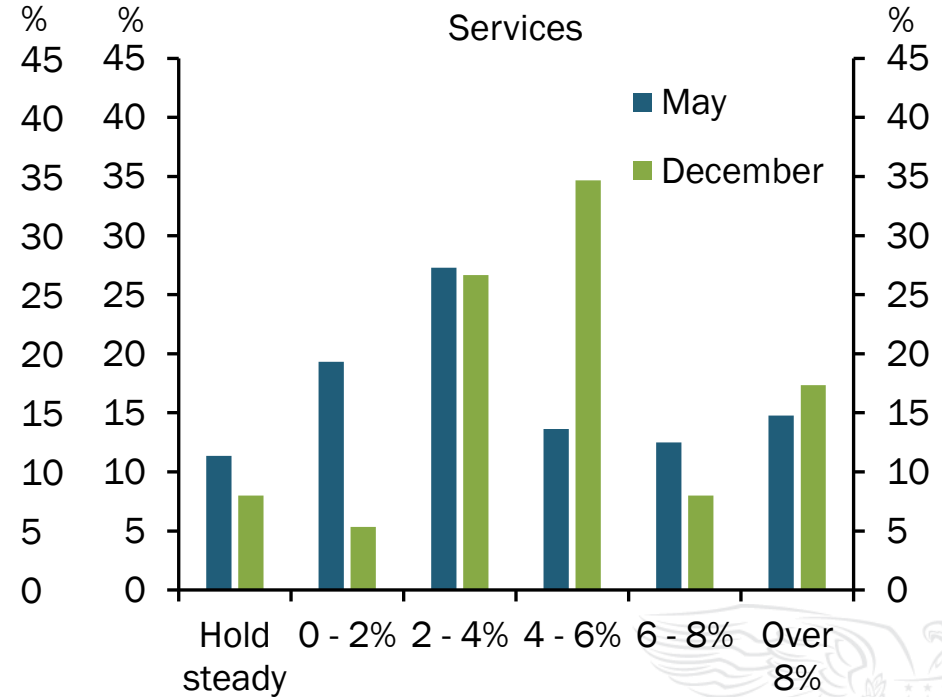
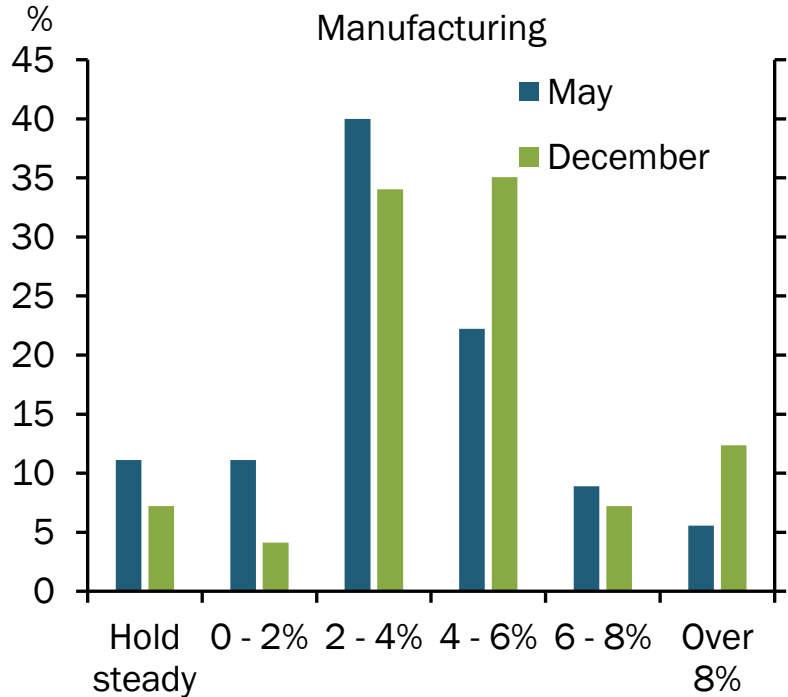
Overall unemployment continues to decline



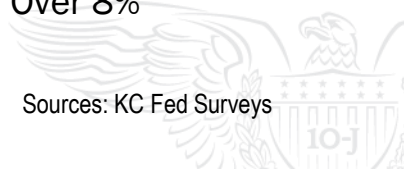
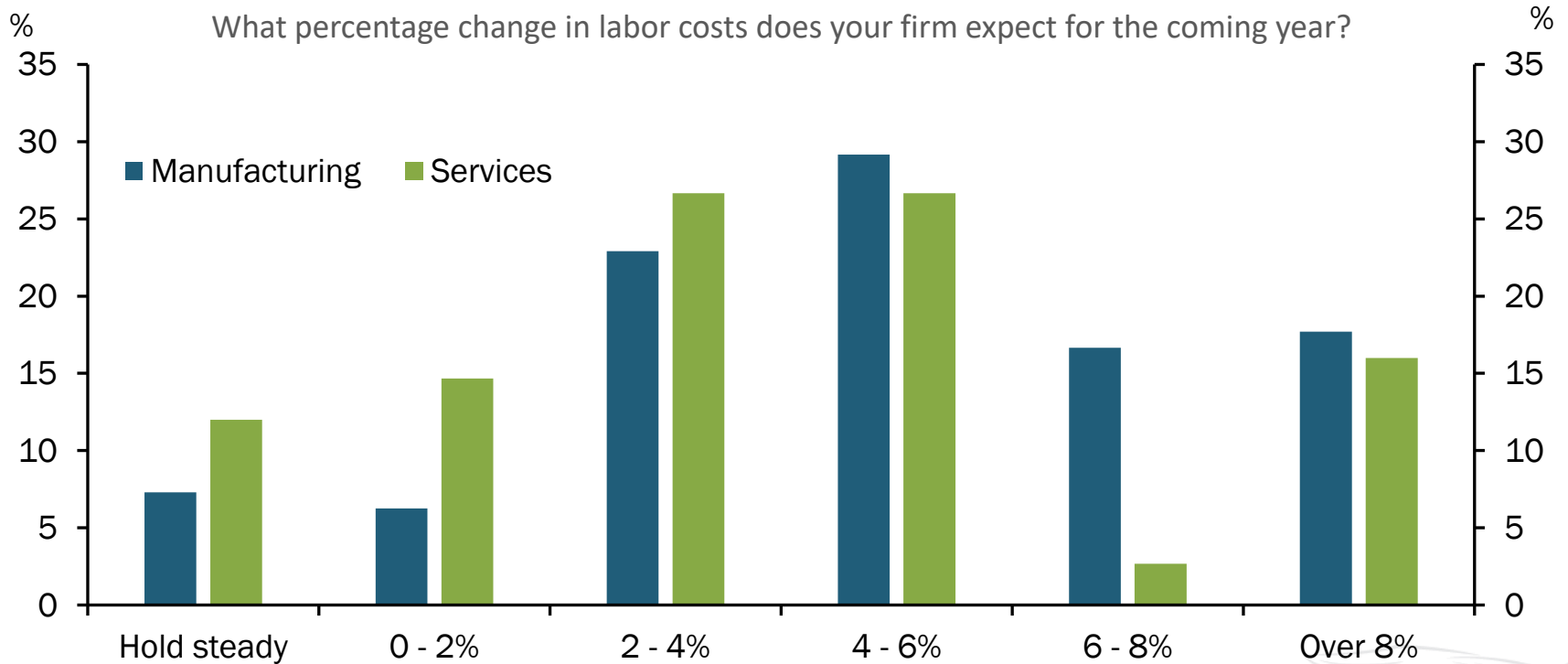
Sources: BLS, Haver Analytics
 Notes: Grey bars indicate recession shading

Businesses expect larger wage increases than in previous months

What percentage wage gains does your firm expect for the coming year?

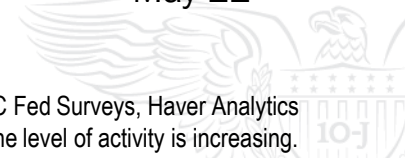
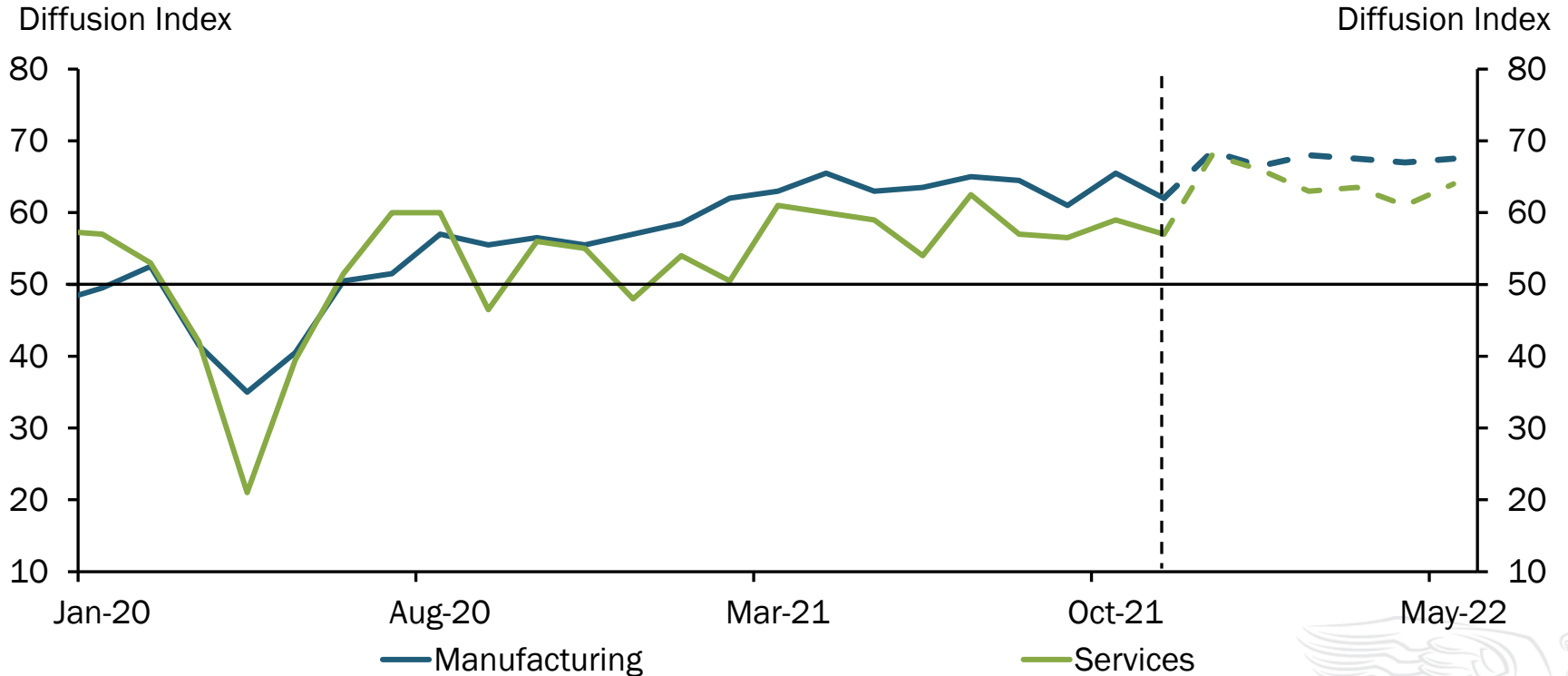


Non-wage labor costs are also expected to grow through 2022

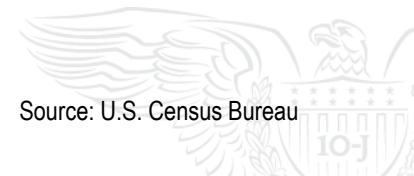


Sources: KC Fed Surveys

Business activity continues to expand and confidence remains elevated

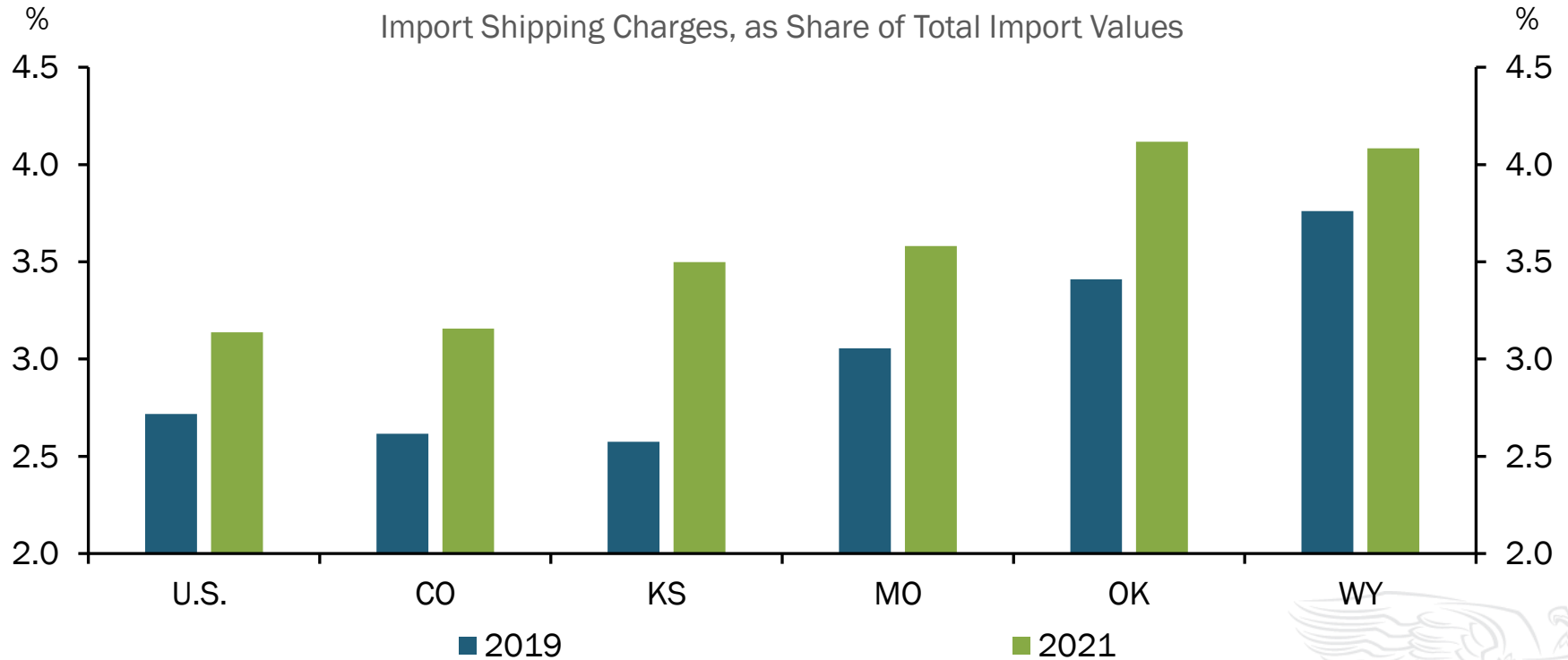


Demand for imported materials and inputs is growing rapidly, especially among Colorado businesses



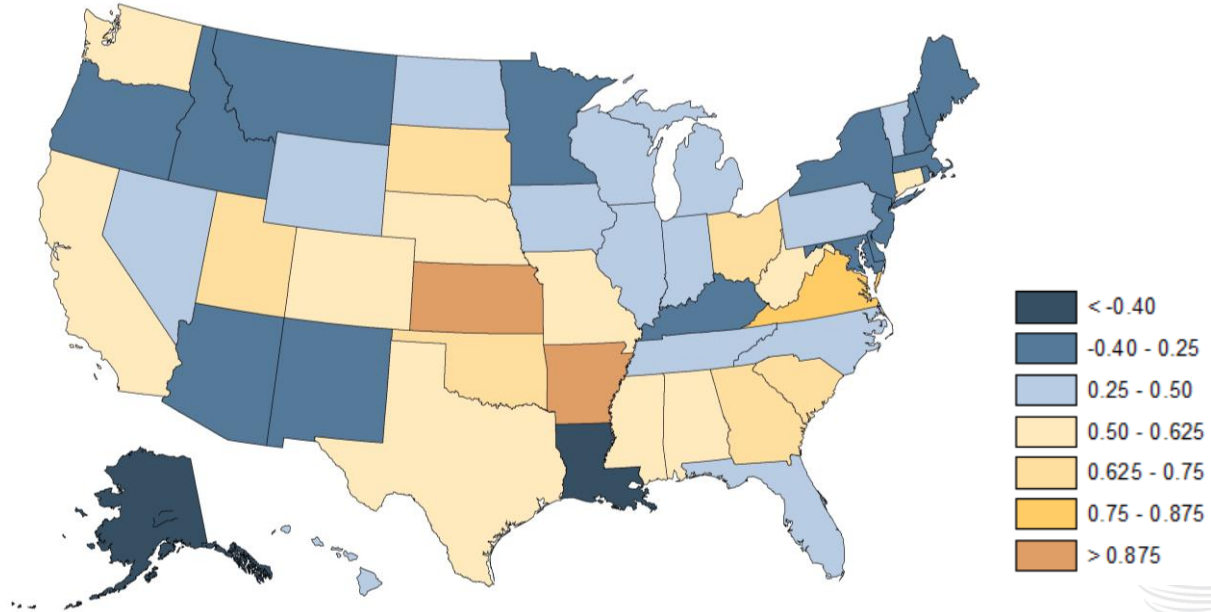
Source: U.S. Census Bureau

Tenth District businesses appear relatively more exposed to price pressures from global supply chain disruptions

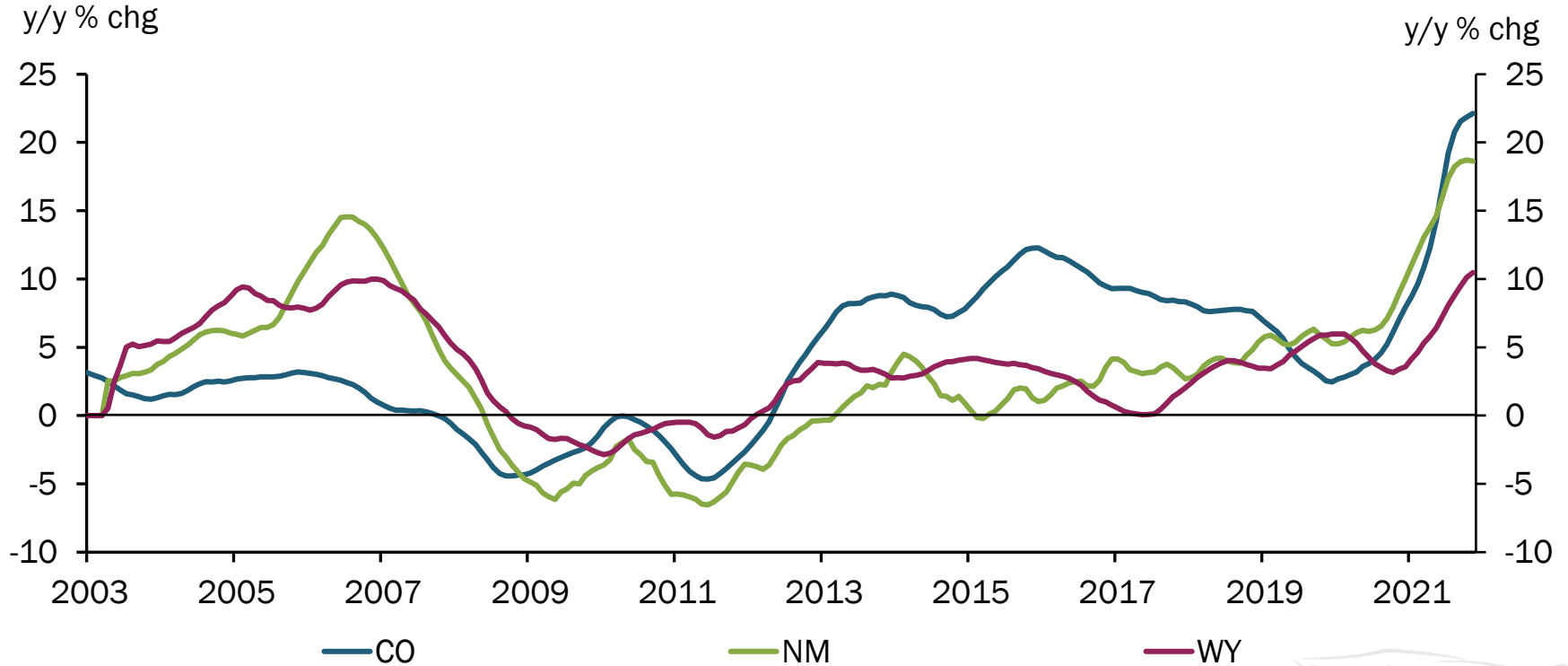


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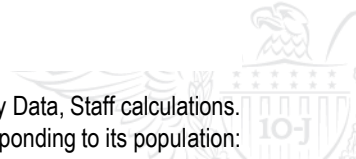
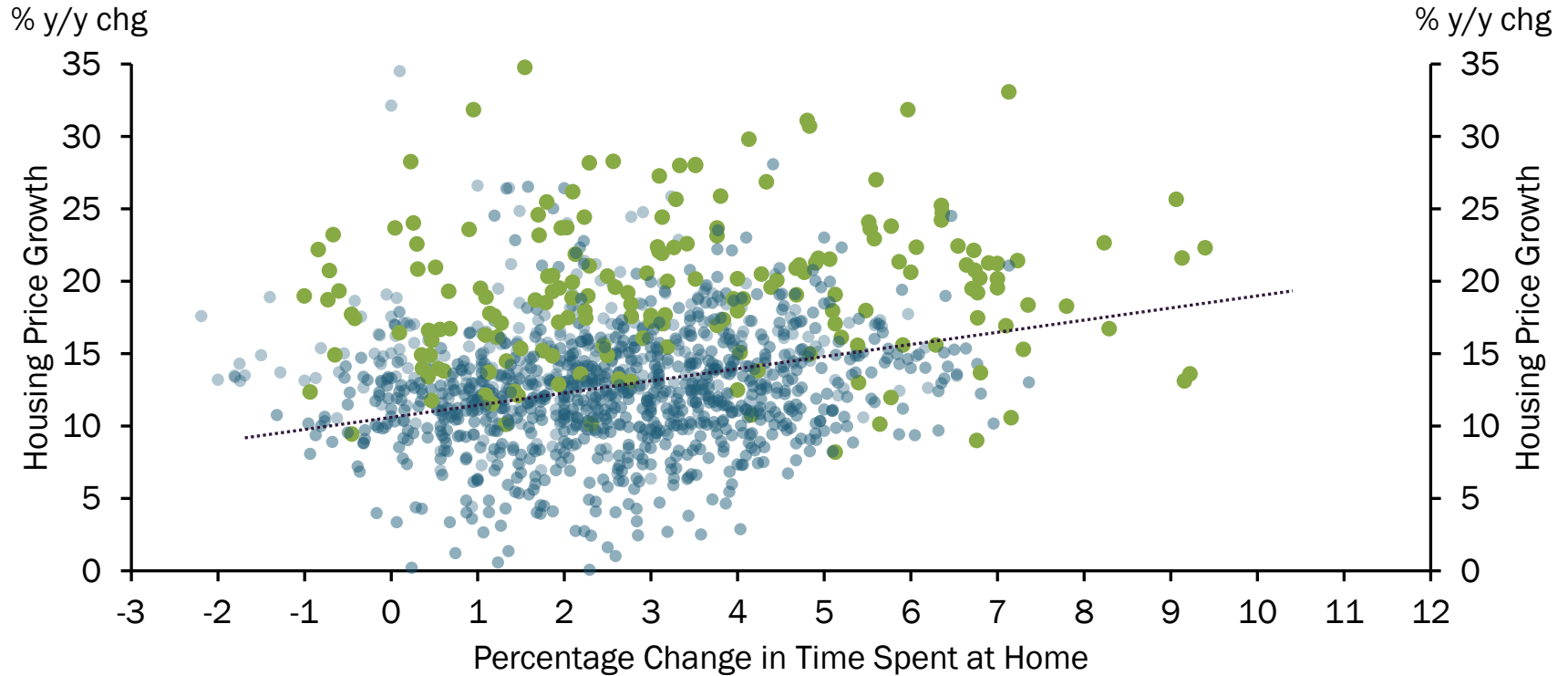
Change in Share of Import Charges (2019 - 2021)



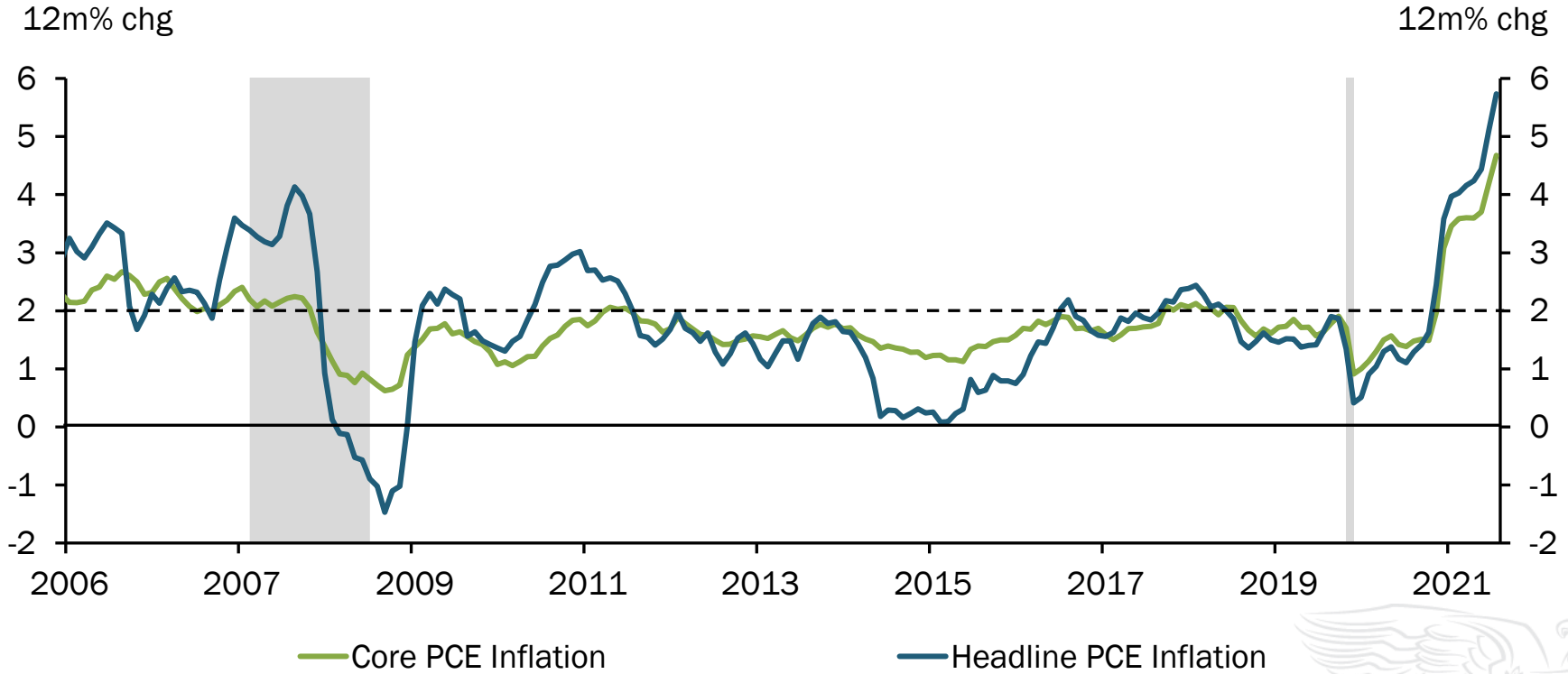
Housing prices grew quickly and broadly throughout 2021



Some drivers of residential real estate valuations in the Tenth District are likely to persist, such as shifts in mobility patterns



Inflation is running well above the Federal Reserve's 2 percent target



Looking forward

- Consumer and business demand remain high, but supply constraints continue to affect economic growth and overall confidence
- Planned capital expenditures and overall expected growth cooled recently, albeit from high levels
- Financial conditions remain accommodative even as monetary policy expectations have adjusted



