

Economic Outlook

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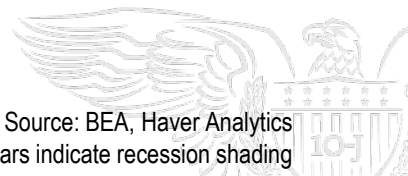
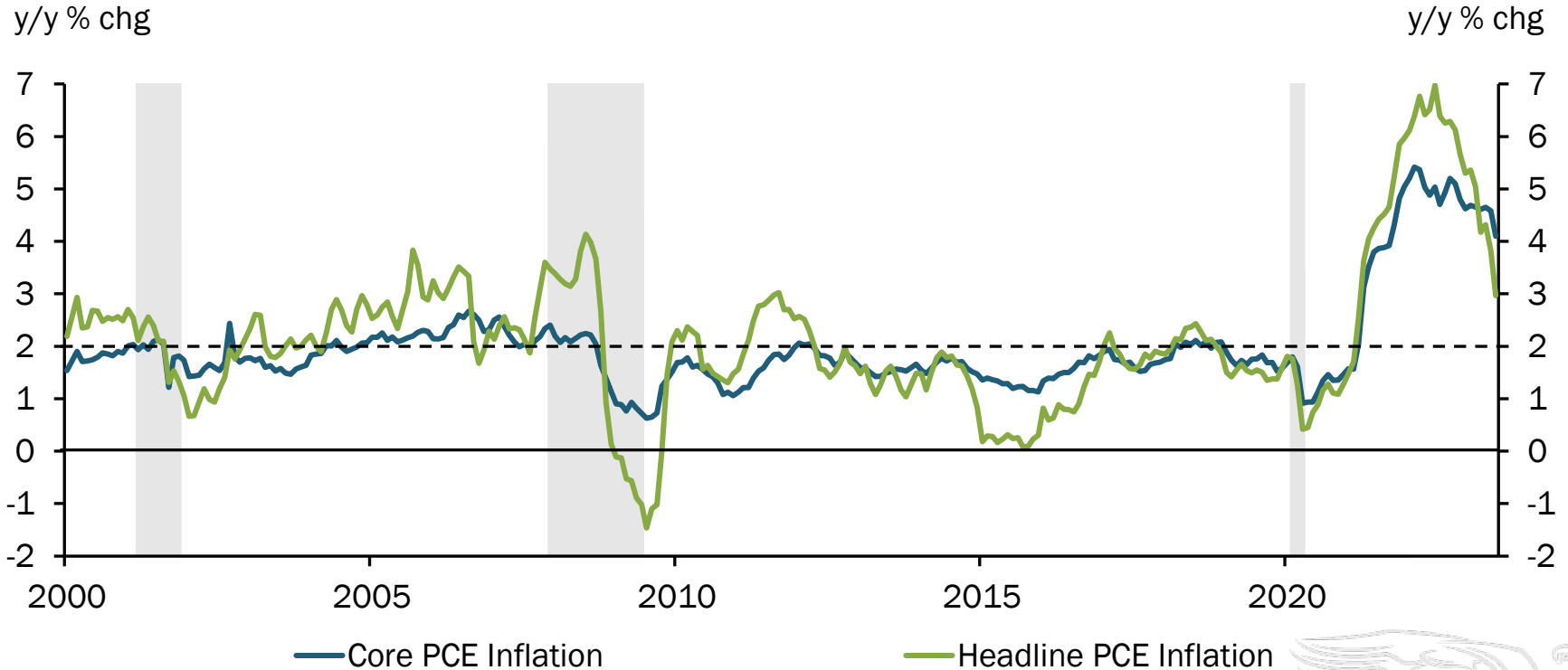


Overview

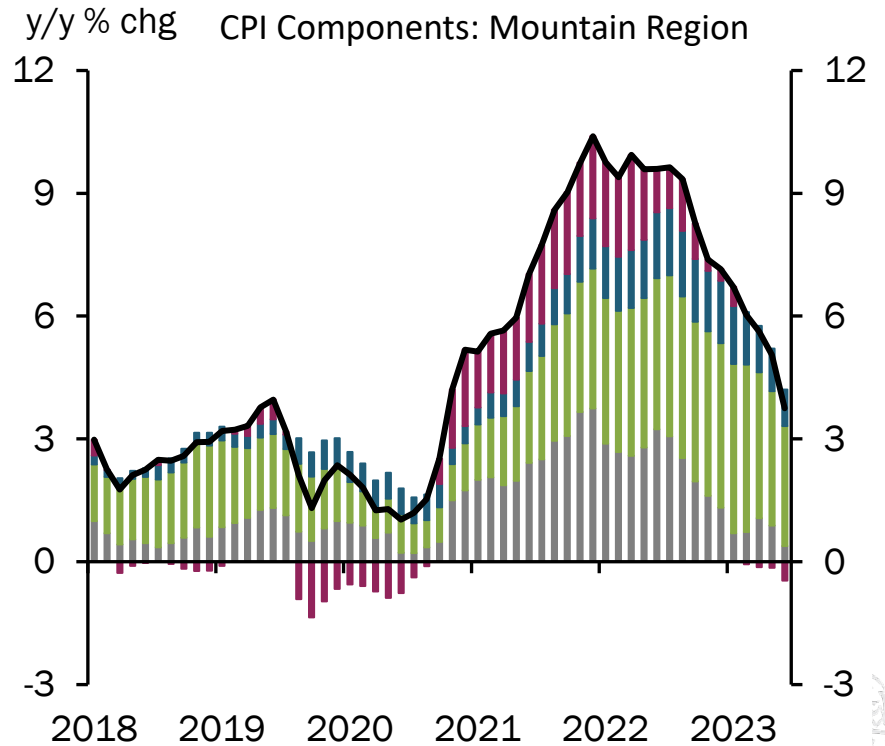
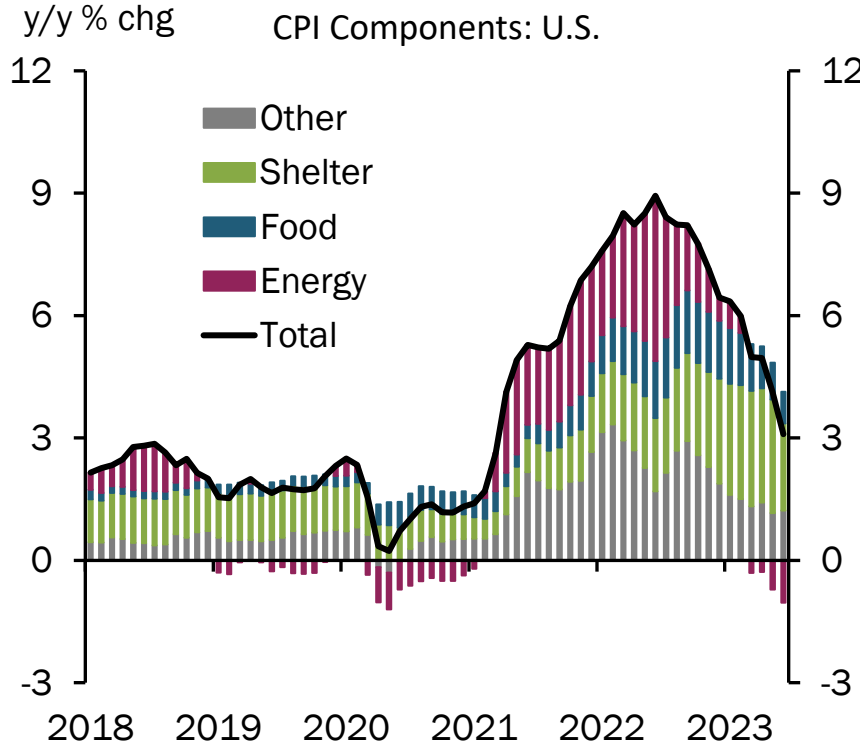
- Inflation is showing signs of moderating, but price growth for essential spending items has remained elevated as inflation has cooled overall
- Consumer spending has been solid along its typical growth path, but signs of financial stress have been increasing to their typical levels
- The labor market remains tight, but some indicators show early signs of softening conditions



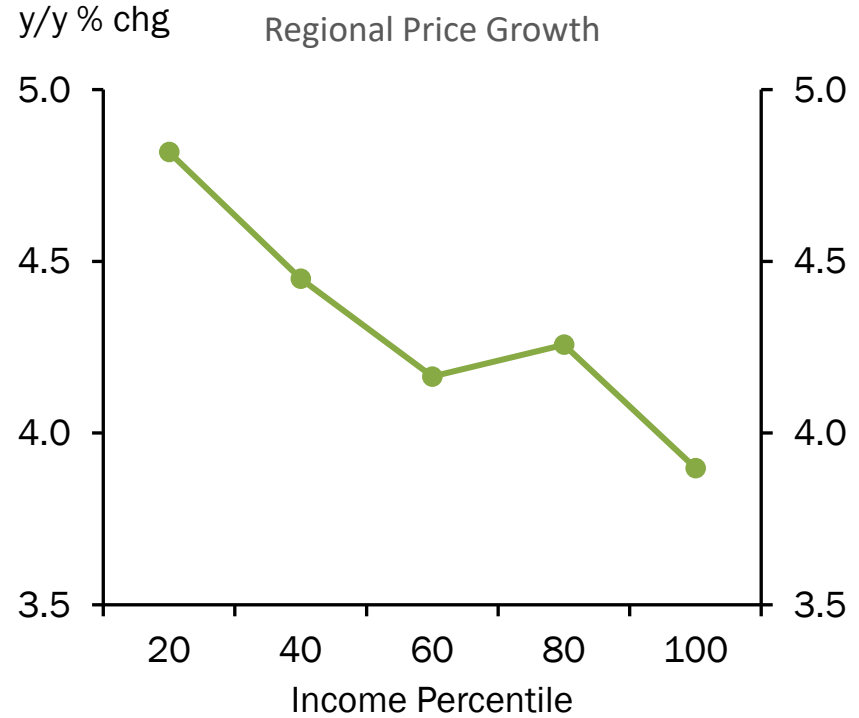
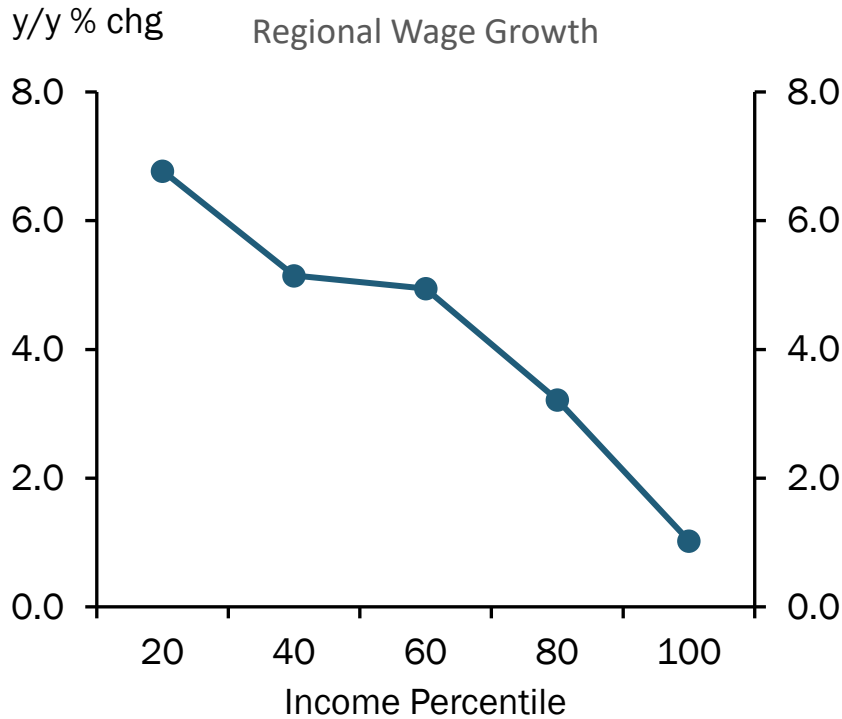
Inflation has moderated but core inflation is maintaining momentum



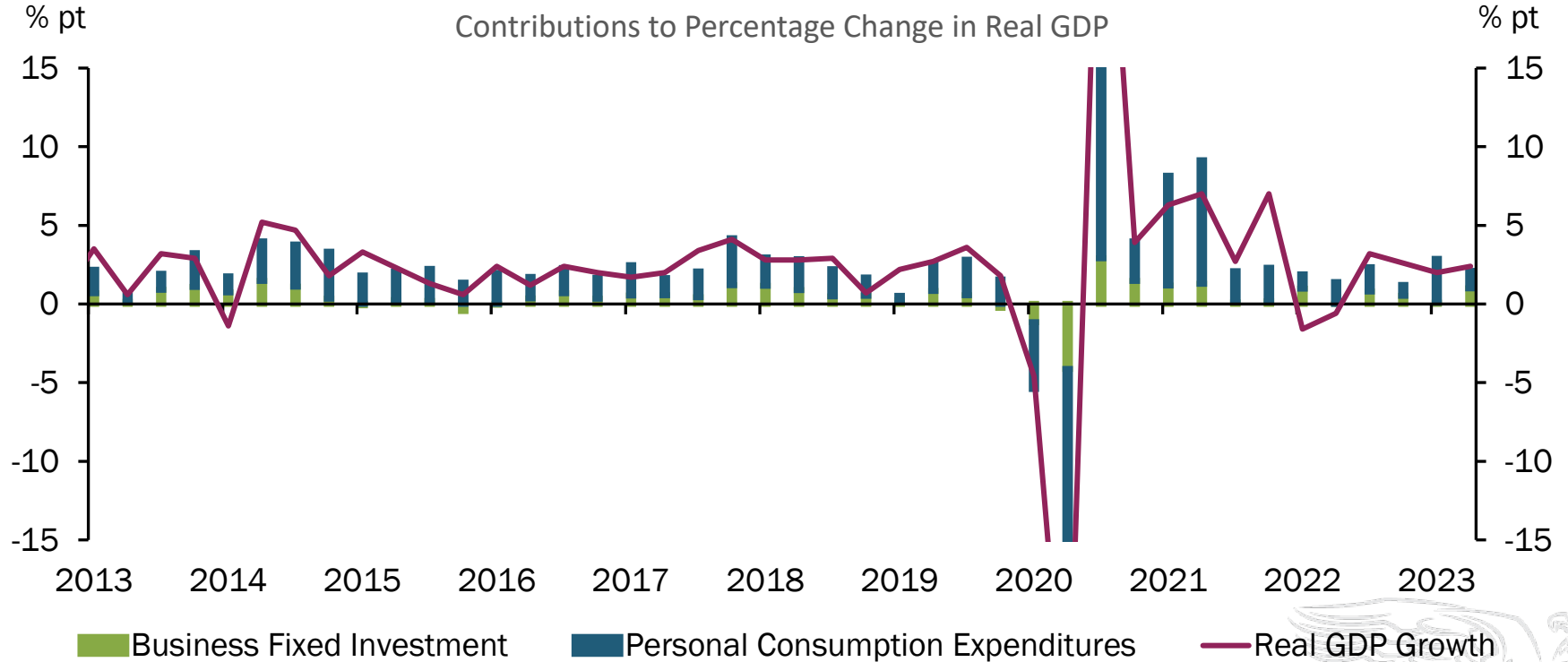
Household essentials are contributing an outsized amount to inflation



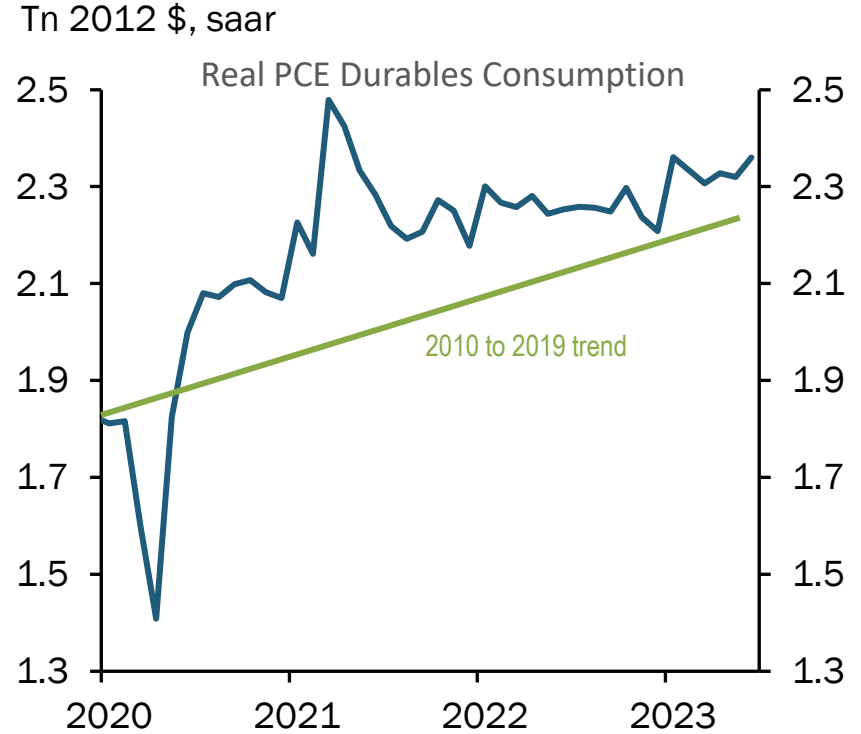
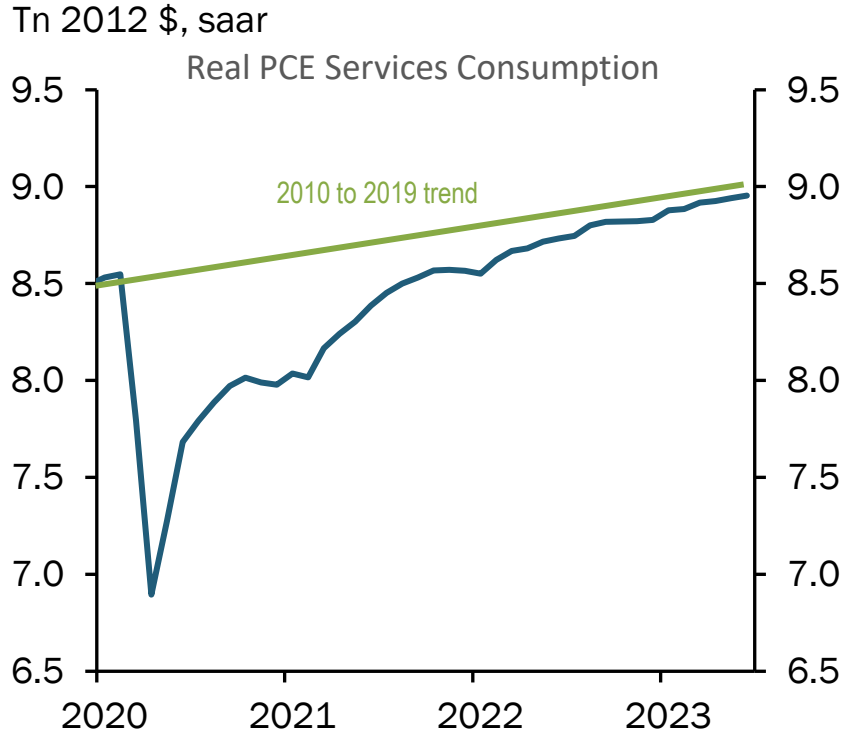
Lower income households experienced higher wage growth alongside faster price growth, primarily due to the composition of their spending



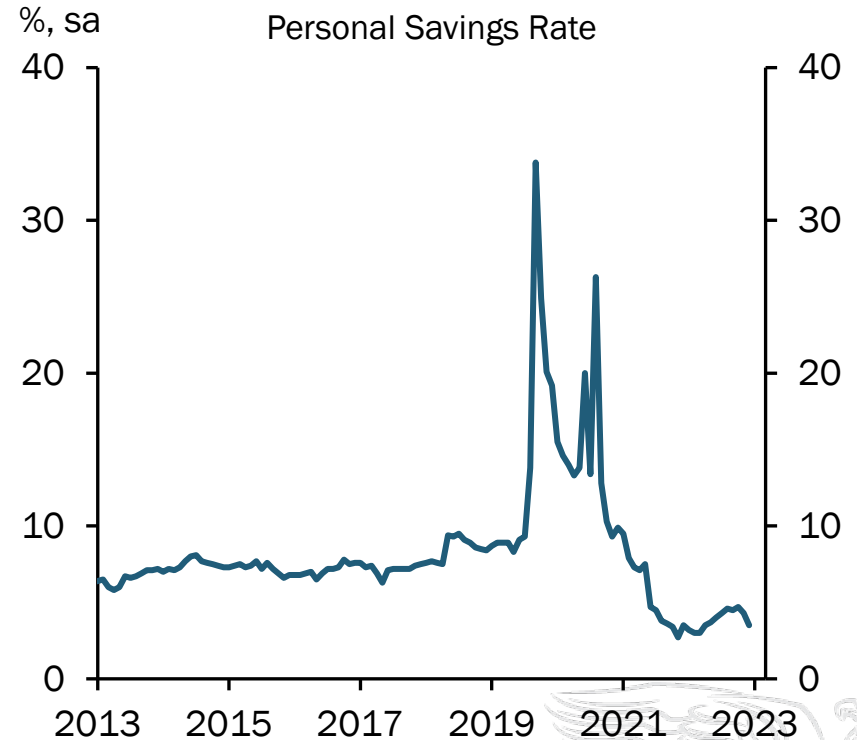
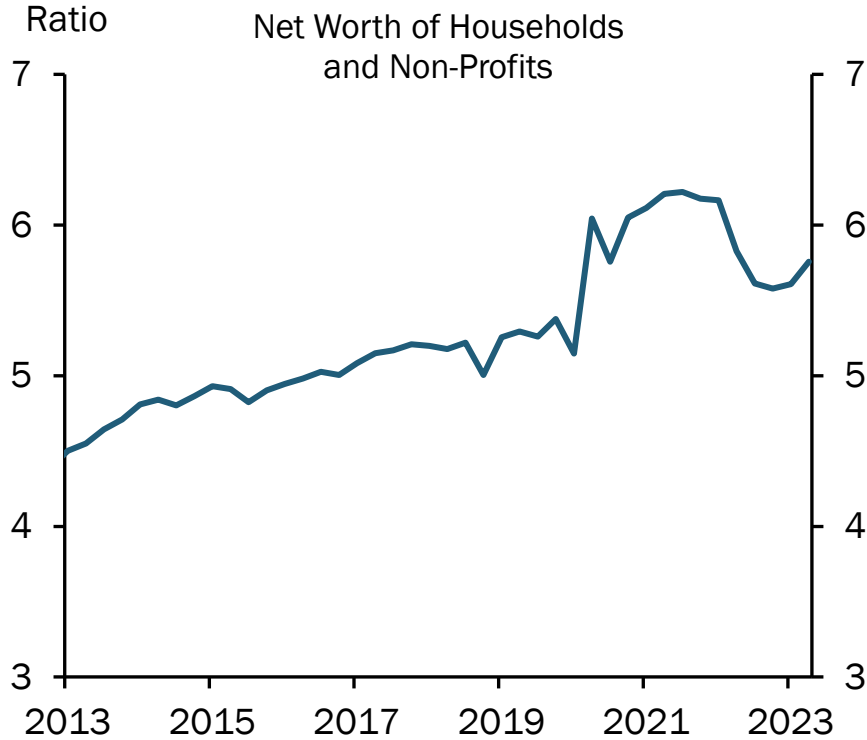
Household spending continues to drive steady economic growth overall



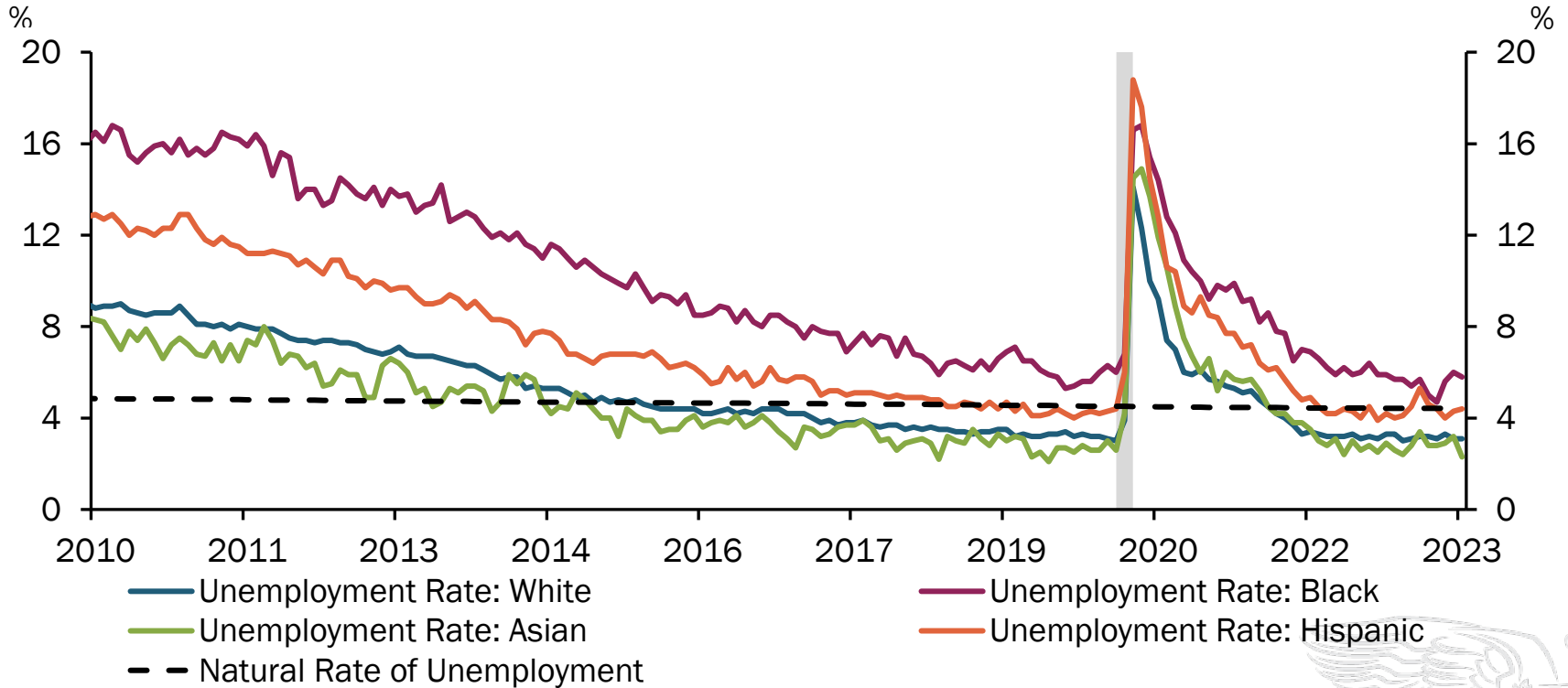
The composition of spending is also near its typical growth path



Household net worth and personal savings have normalized recently

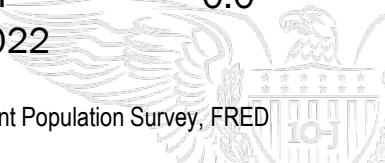
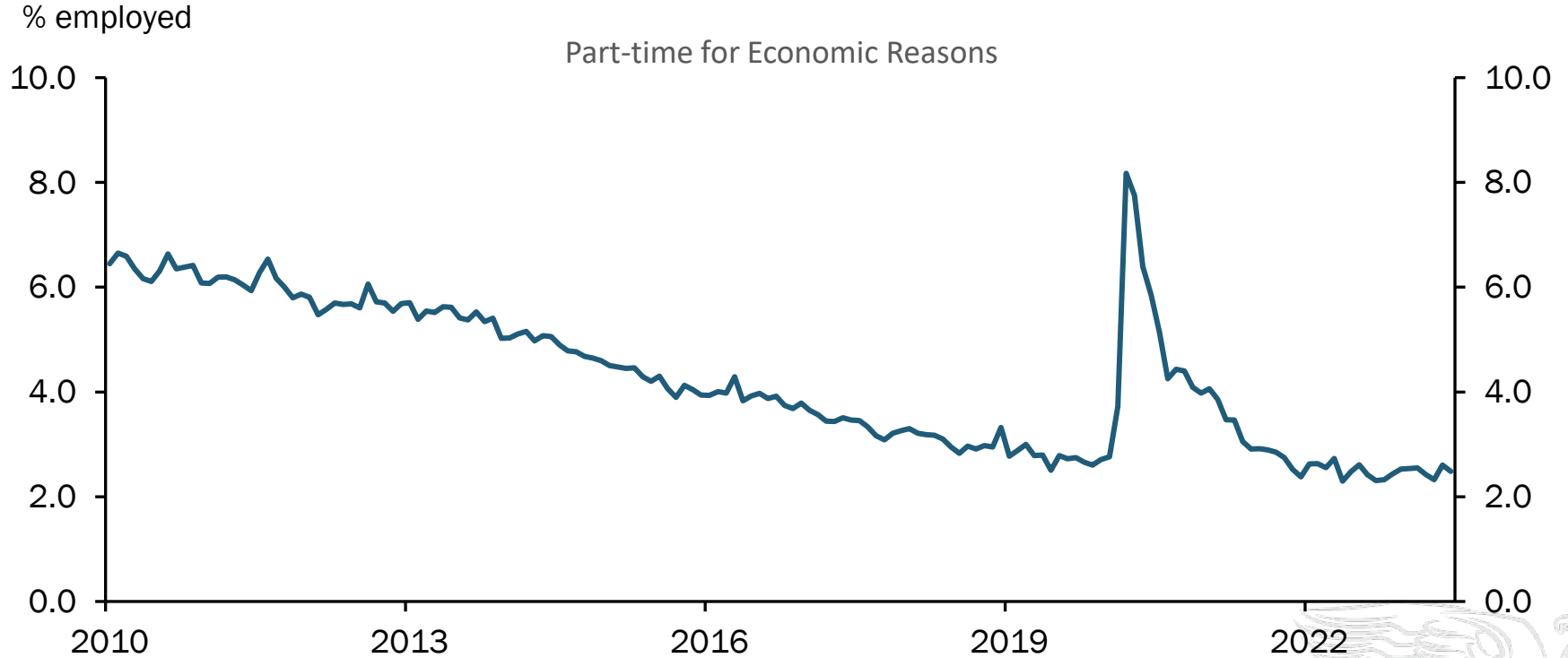


Unemployment rates across racial groups have reached decade lows

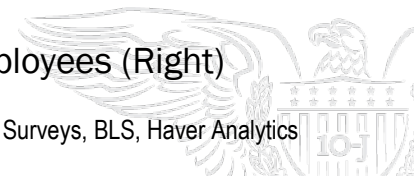
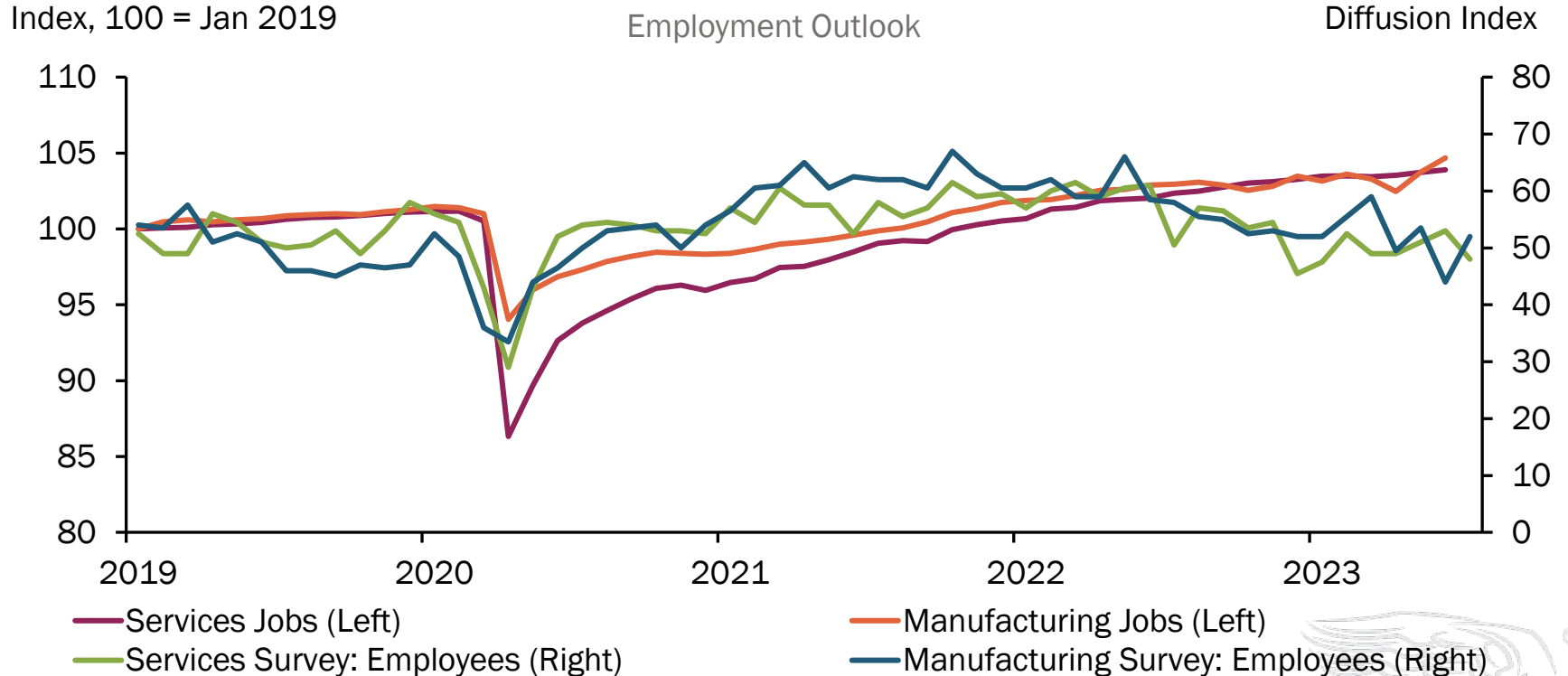


Source: BLS, Haver Analytics
 Note: Grey bars indicate recession shading

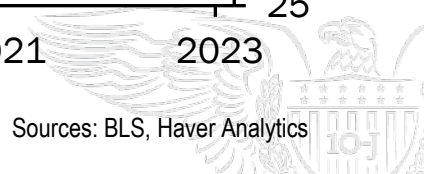
Employed workers are more likely to find full-time jobs if they prefer



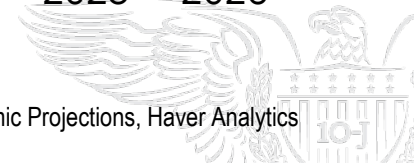
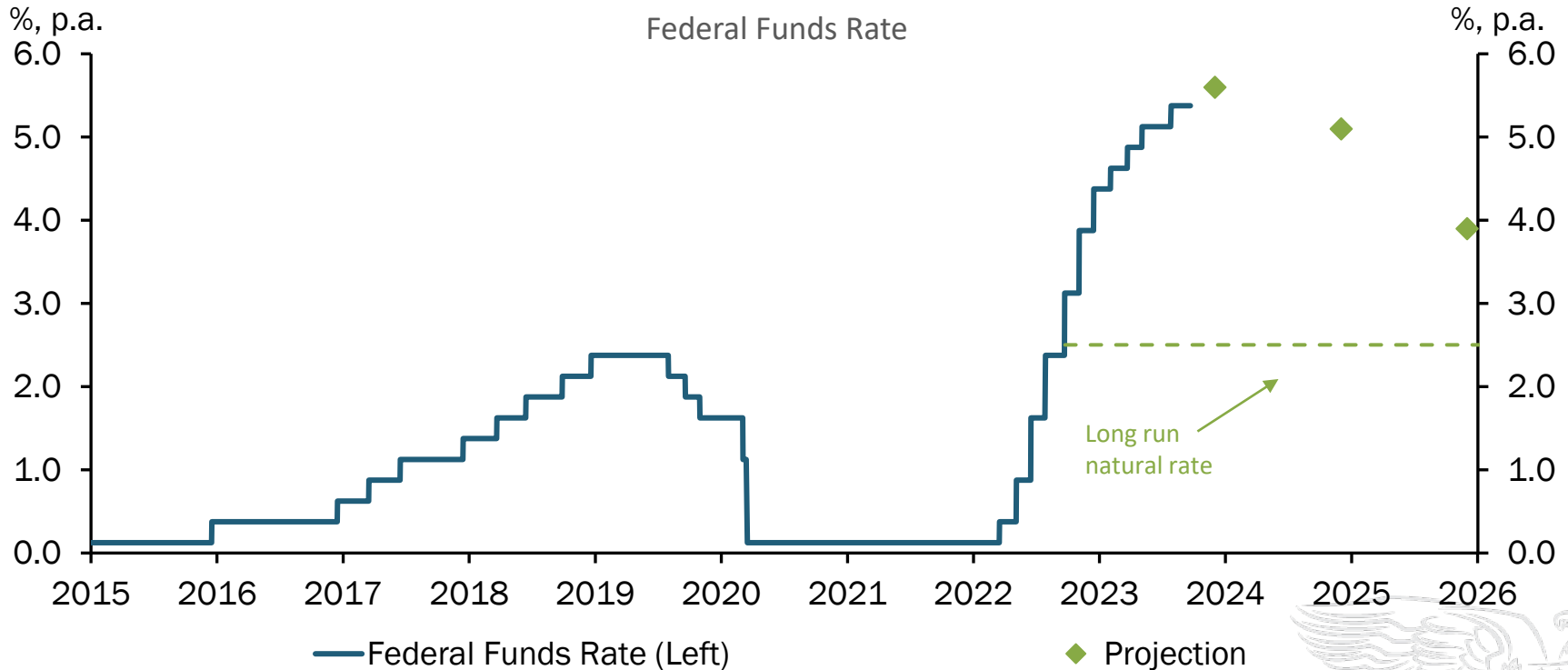
However, labor demand is exhibiting some early signs of softening



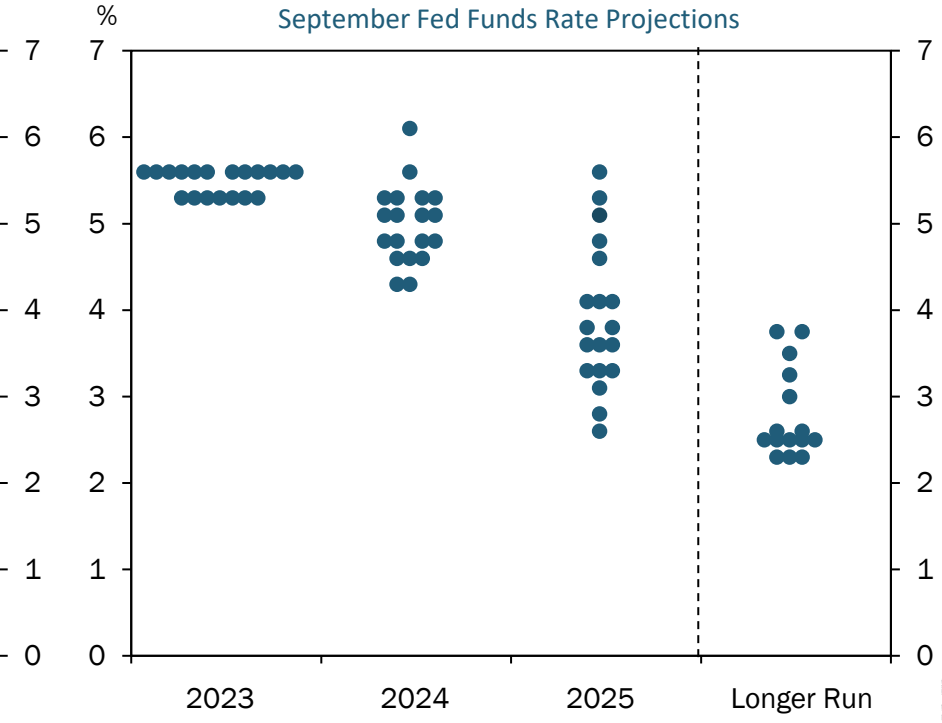
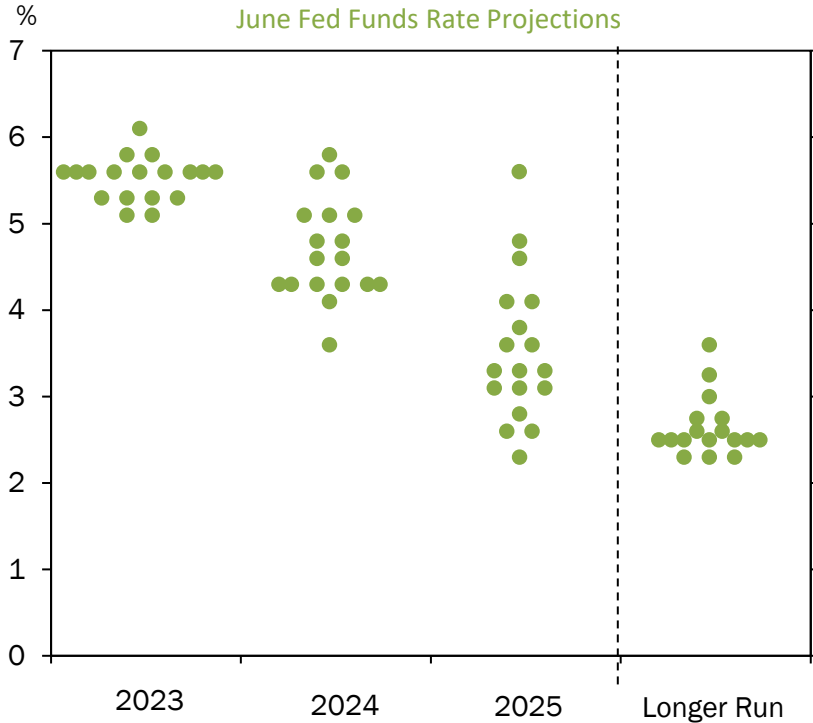
Workers who recently lost their jobs are facing more difficulties finding new employment opportunities compared to last year



The Federal Reserve raised interest rates rapidly over the past year, and projects that rates will likely remain elevated over the medium term



The most recent projections from the FOMC indicated a path with higher rates for longer, albeit with high levels of uncertainty



Looking ahead

- The tight labor market is showing some early signs that the pressure is easing
- With restrictive monetary policy, it remains to be seen how much pull back in lending activity or tightening of standards is ahead
- With an uncertain, if not higher, outlook for rates, it remains to be seen how extensive the pullback is in borrowing activity





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