

National Economic Outlook

*Young Bank Officers of Kansas
October 10th, 2024*

Brent Bundick
Vice President & Economist

The views expressed herein are those of the author and are not official views of the Federal Reserve.



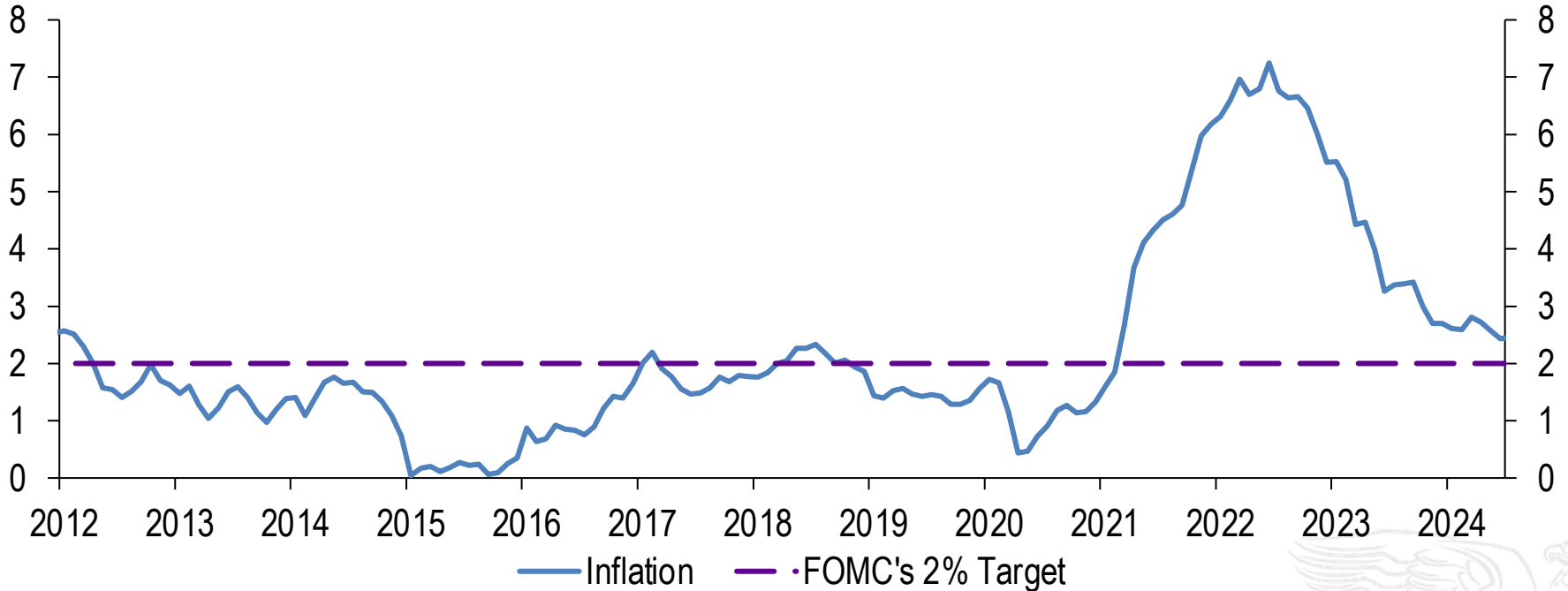
Outlook Themes

- Inflation has eased substantially and is currently running much closer to the Federal Reserve's two percent objective.
- A key factor in returning inflation closer to target was some necessary cooling in the labor market.
- The labor market remains healthy and continues to support solid demand by households.
- With the progress in moving inflation sustainably back to two percent, the FOMC chose to reduce its policy rate by 50 basis points at the conclusion of its meeting in September.



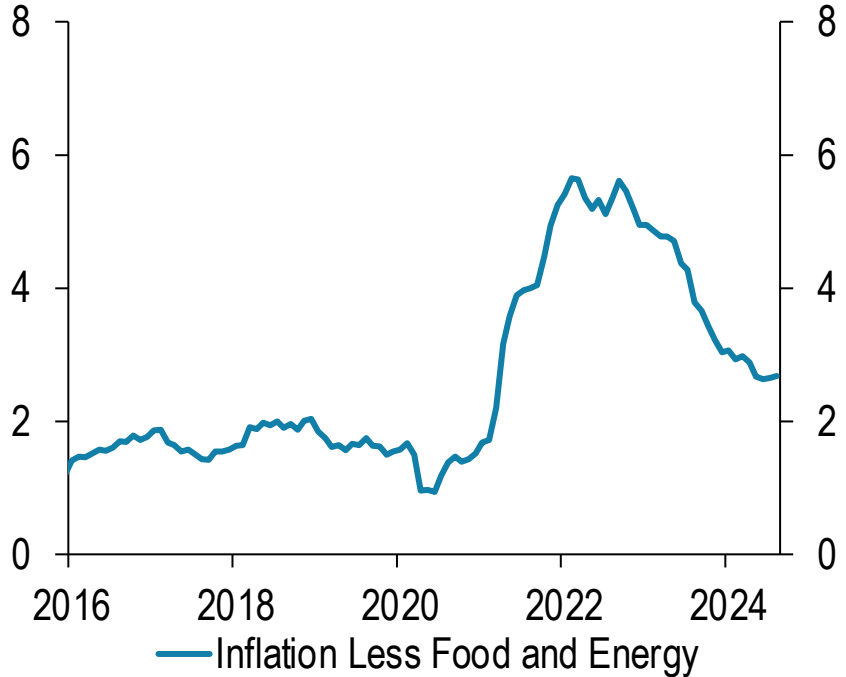
Inflation has eased from its post-pandemic peak but remains above the FOMC's 2 percent target.

Year/Year % Change

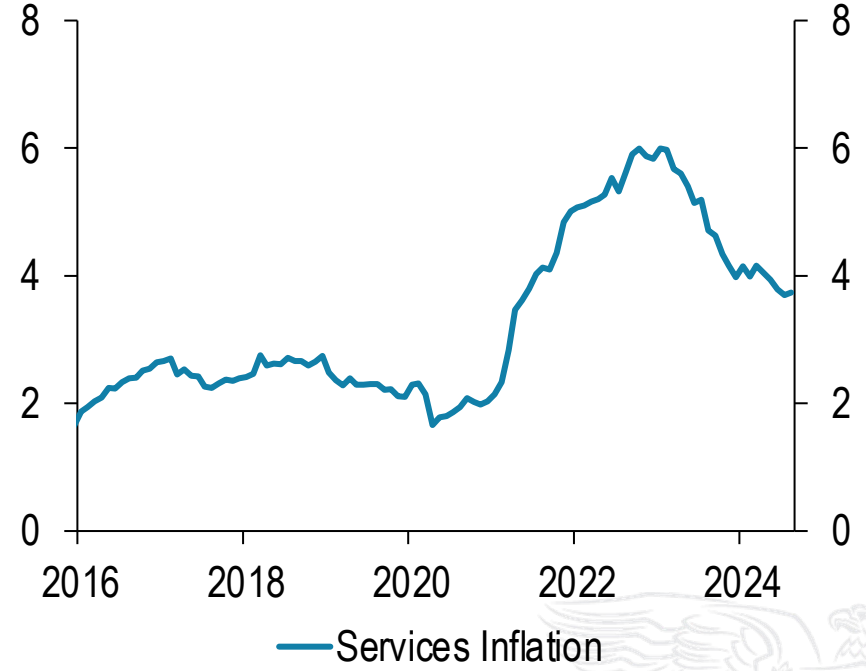


Progress in core inflation has been slower driven by elevated services inflation.

Year/Year % Change



Year/Year % Change

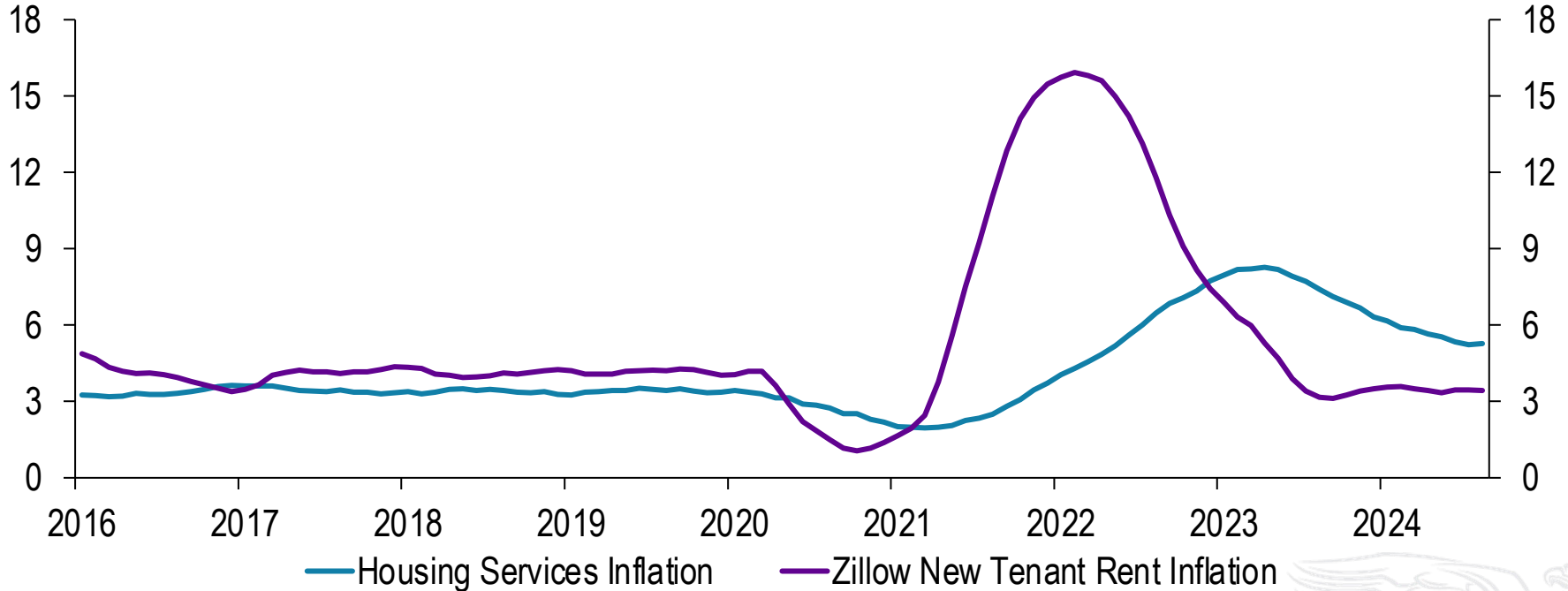


Sources: BEA, Haver Analytics

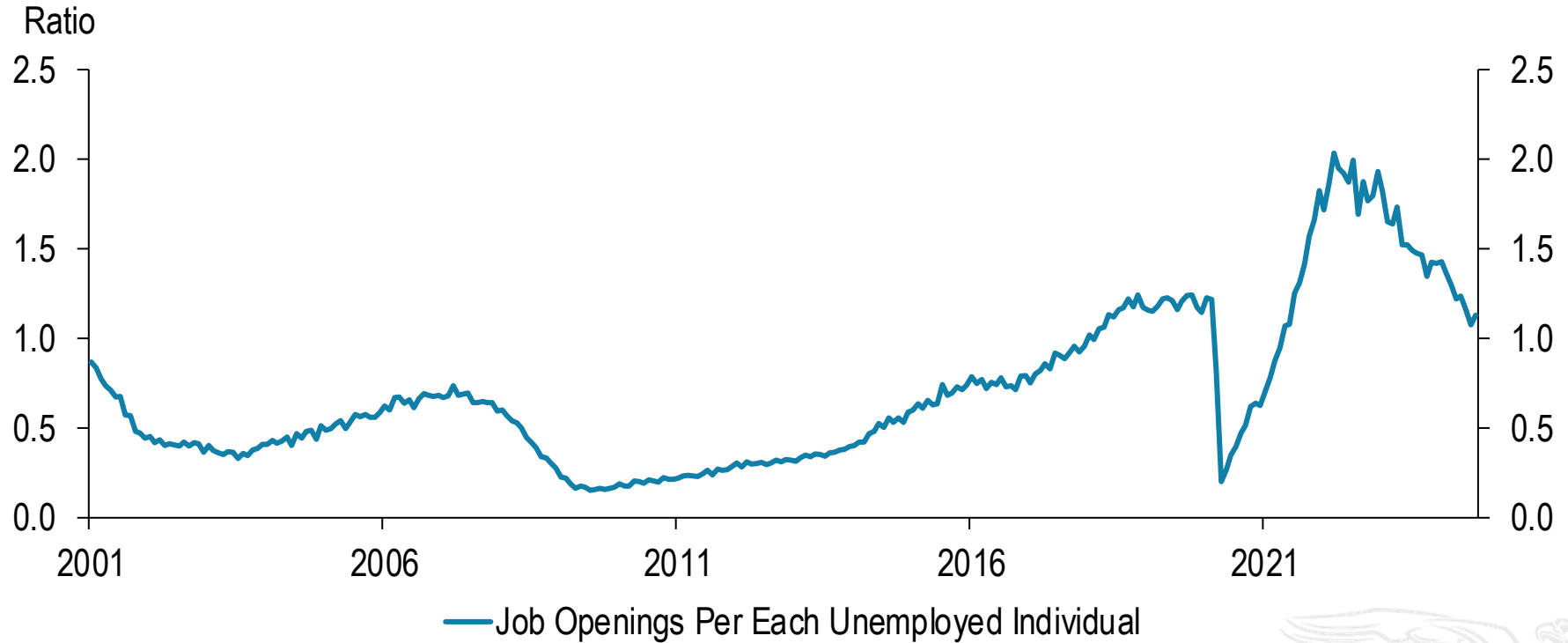


Housing services remains a key contributor to overall inflation.

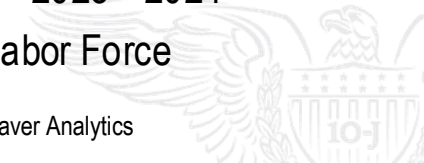
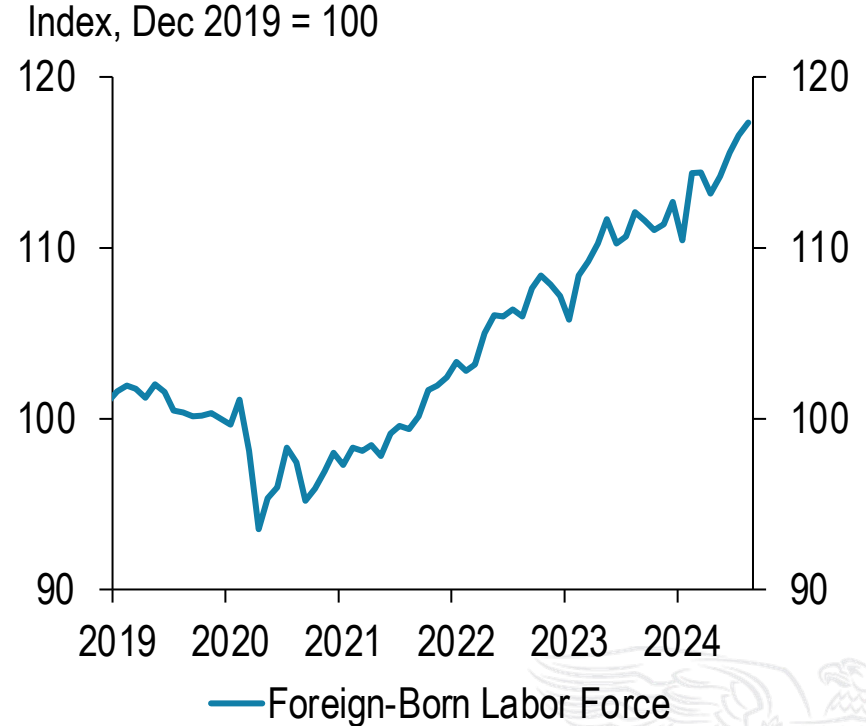
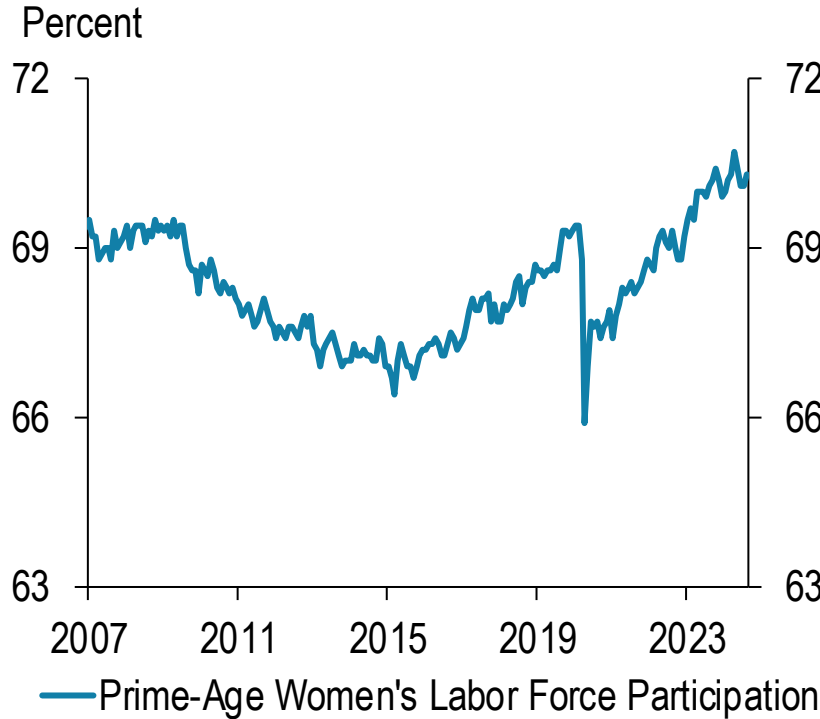
Year/Year % Change



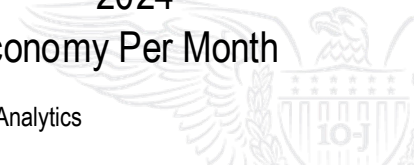
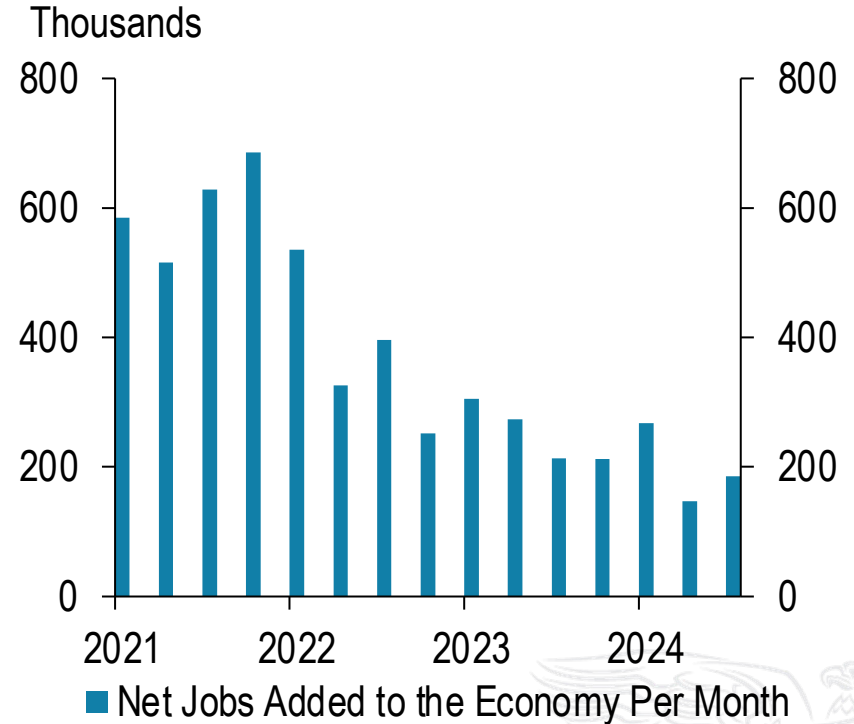
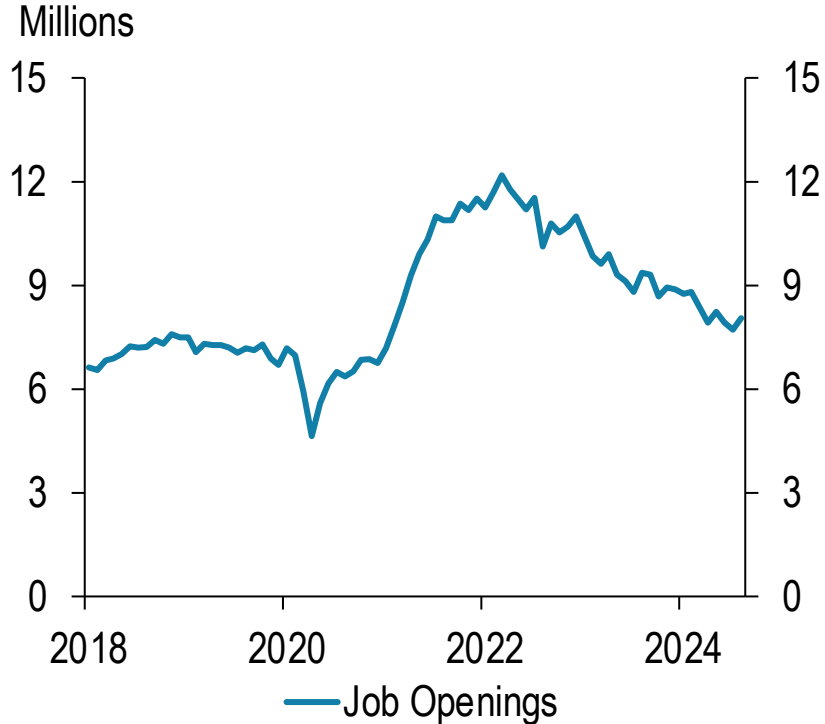
The labor market has cooled and is no longer overheated.



Over the past couple of years, gains in the supply of labor have helped to ease labor market tightness.



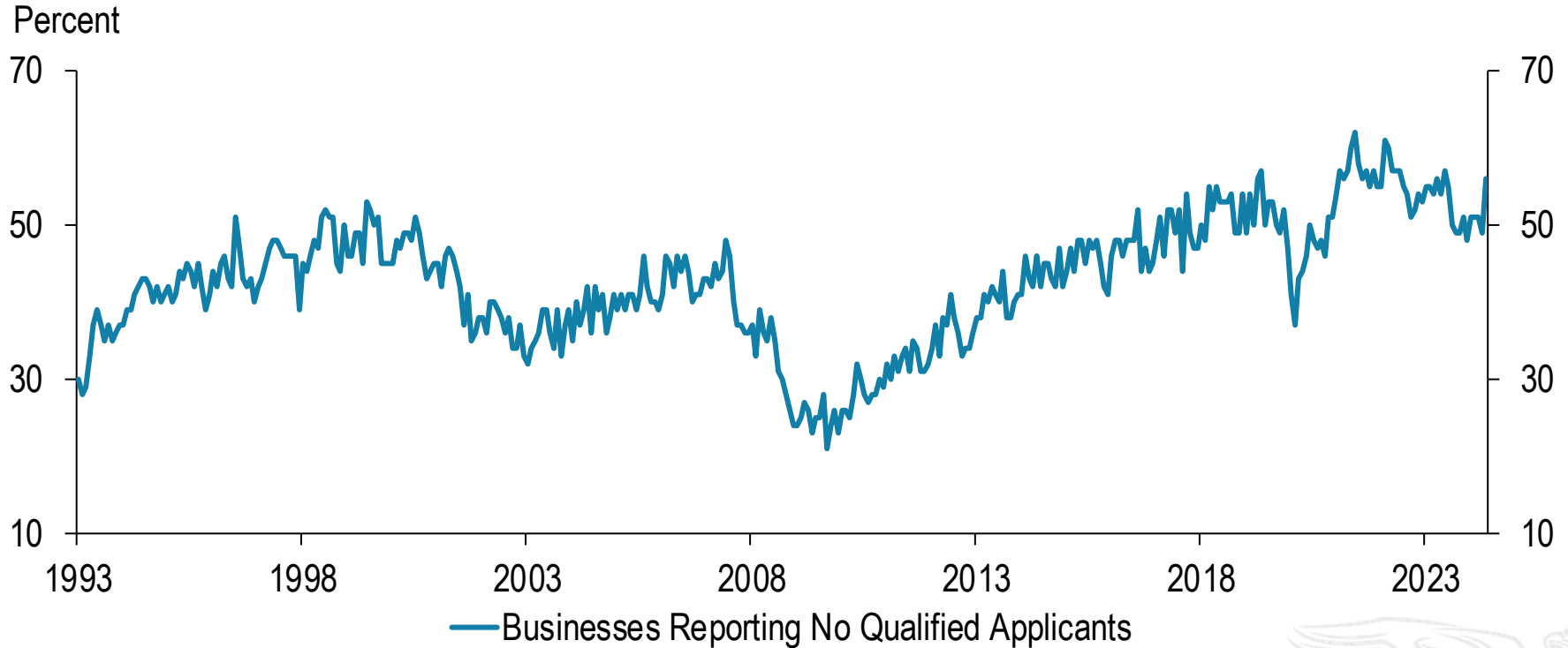
More recently, a cooling in labor demand has helped ease labor market tightness.



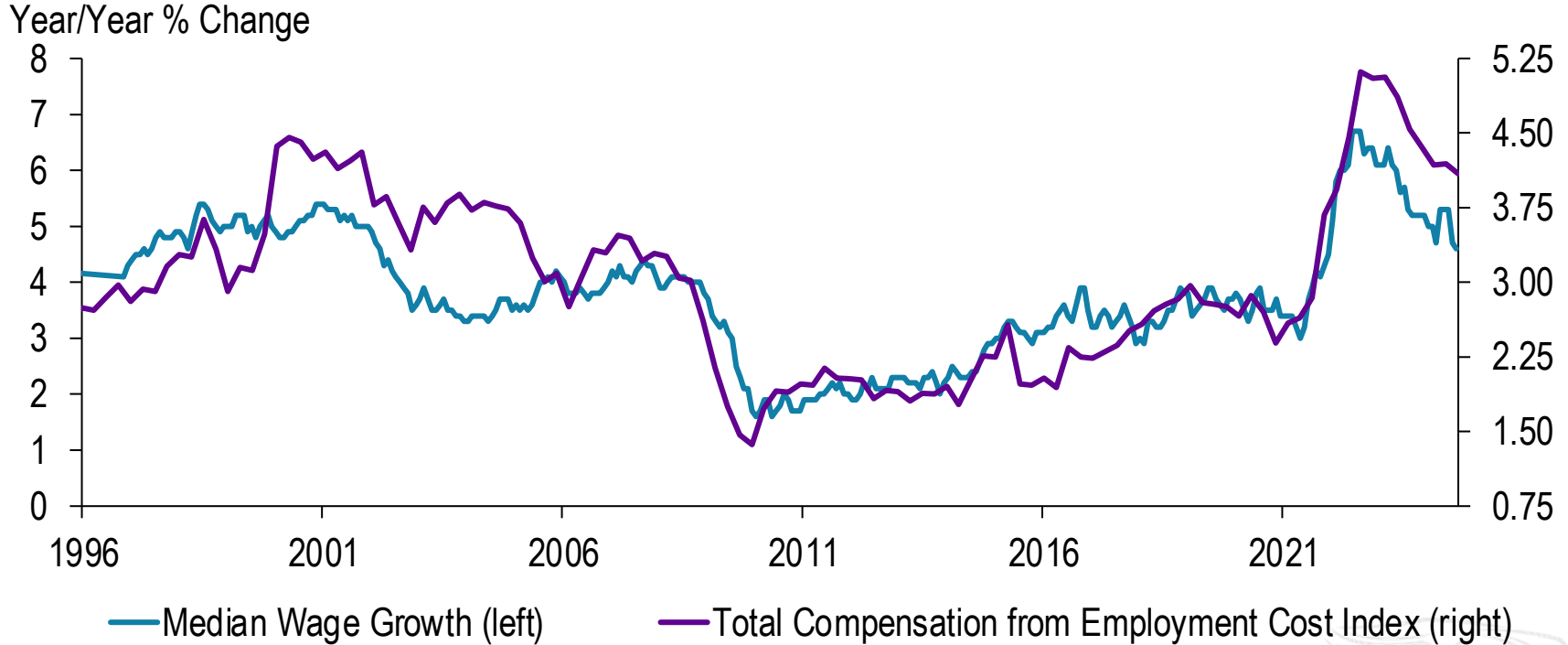
However, the labor market remains solid with historically low layoffs.



Firms continue to report some difficulty in finding some workers.

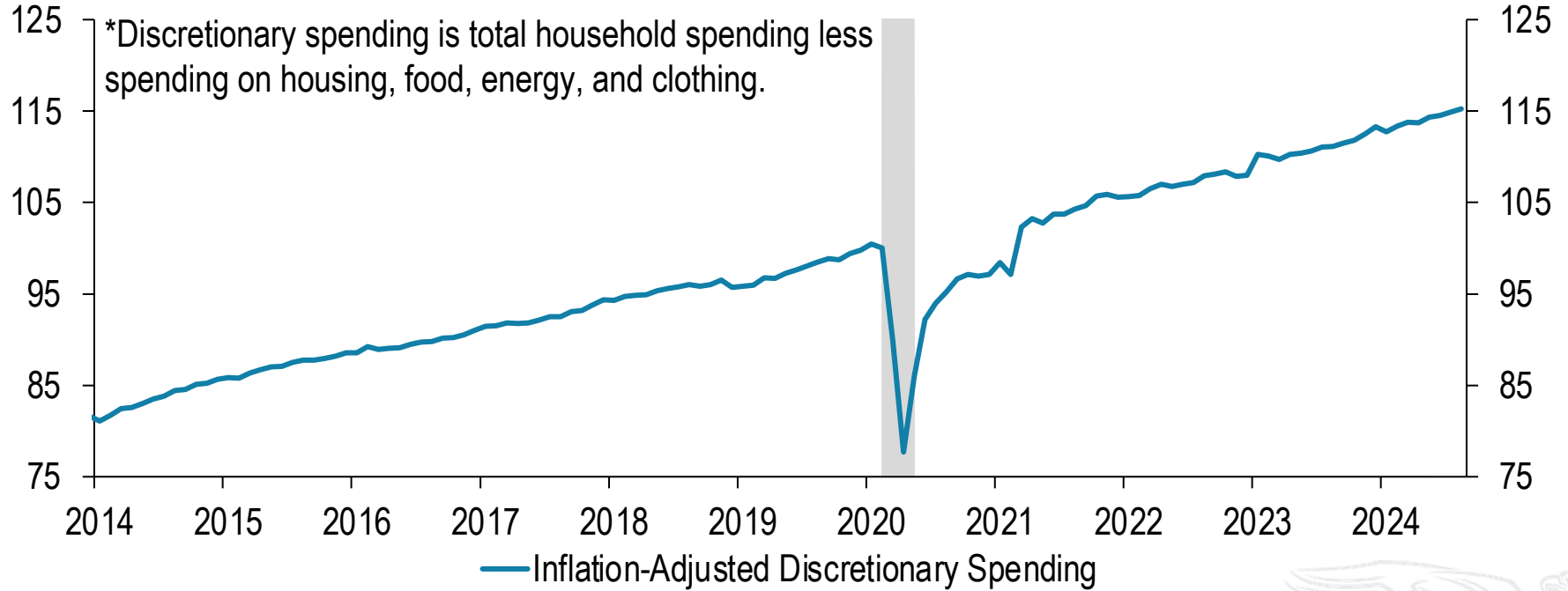


Wages also continue to increase at a solid pace.

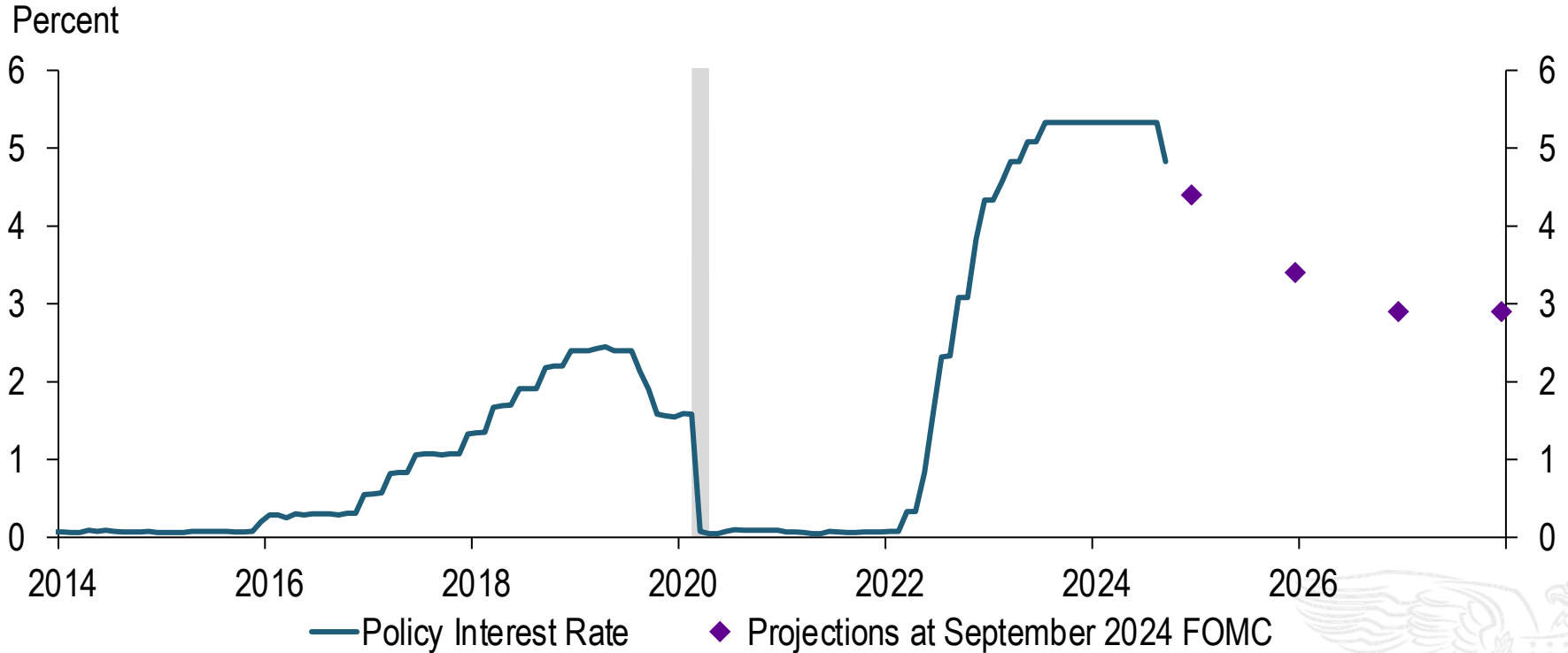


Continued strength in the labor market supports aggregate demand.

Index, Feb-2020 = 100



With the progress in moving inflation sustainably back to two percent, the FOMC chose to reduce its policy rate in September.



Conclusion

- Inflation has eased substantially but remains above the Federal Reserve's two percent objective.
- A key factor in returning inflation closer to target was some necessary cooling in the labor market.
- The labor market remains healthy and continues to support solid demand by households.



KC Fed Research



Email Alerts



Resources from the Kansas City Fed's Economic Research Department

- [Charting the Economy](#)

Timely economic data curated by research staff at the Federal Reserve Bank of Kansas City.

- [Economic Bulletin](#)

Timely, accessible snapshots of the Kansas City Fed's latest economic findings and perspectives on national and international economic conditions and issues related to monetary policy, industries and markets.

- [Economic Review](#)

A quarterly research publication with articles on macroeconomics and monetary policy, regional and international economics, and banking and financial markets.

Stay up to date on our latest research: [Subscribe to KC Fed Research Email Alerts](#) (Right QR)

