

# National and Regional Economic Conditions

*April 13, 2021 – Colorado Concern*

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The views herein are those of the presenter and do not necessarily reflect those of the Federal Reserve Bank of Kansas City or the Federal Reserve System

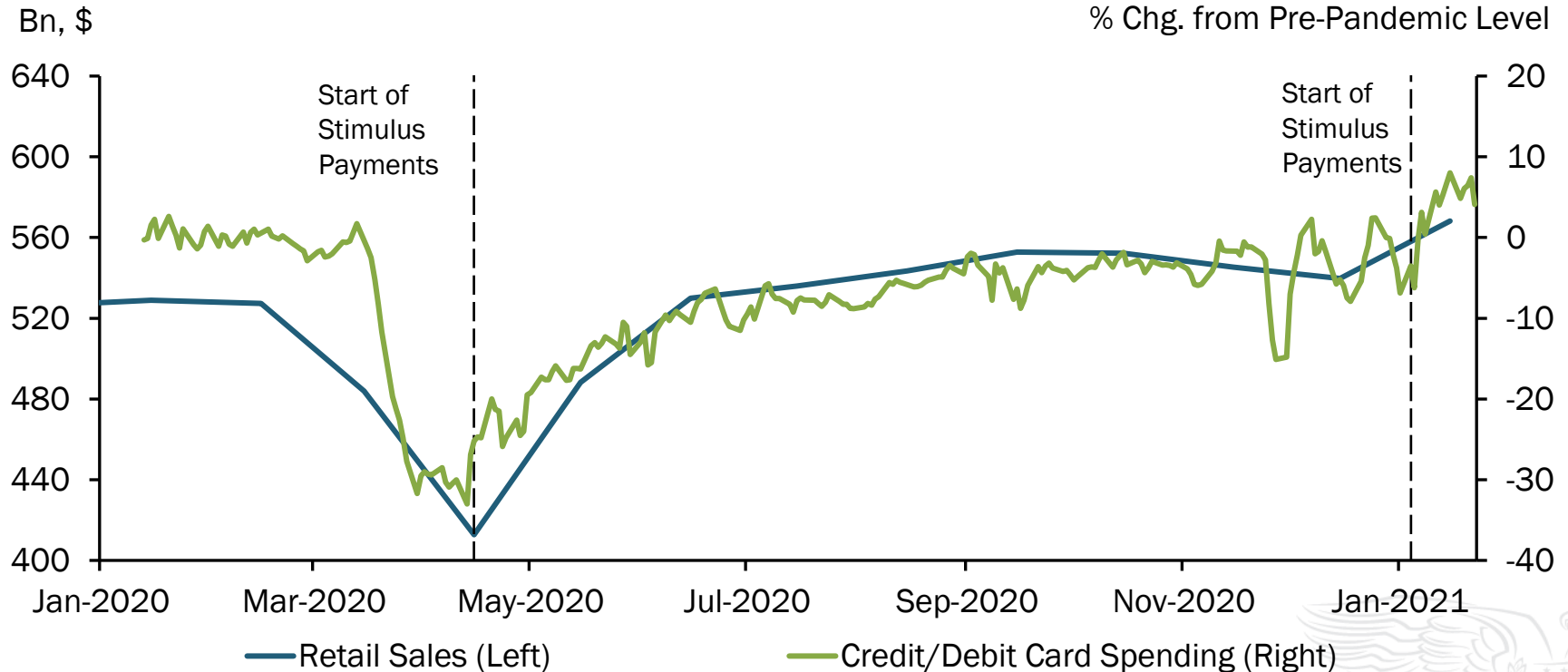


## Outlook themes

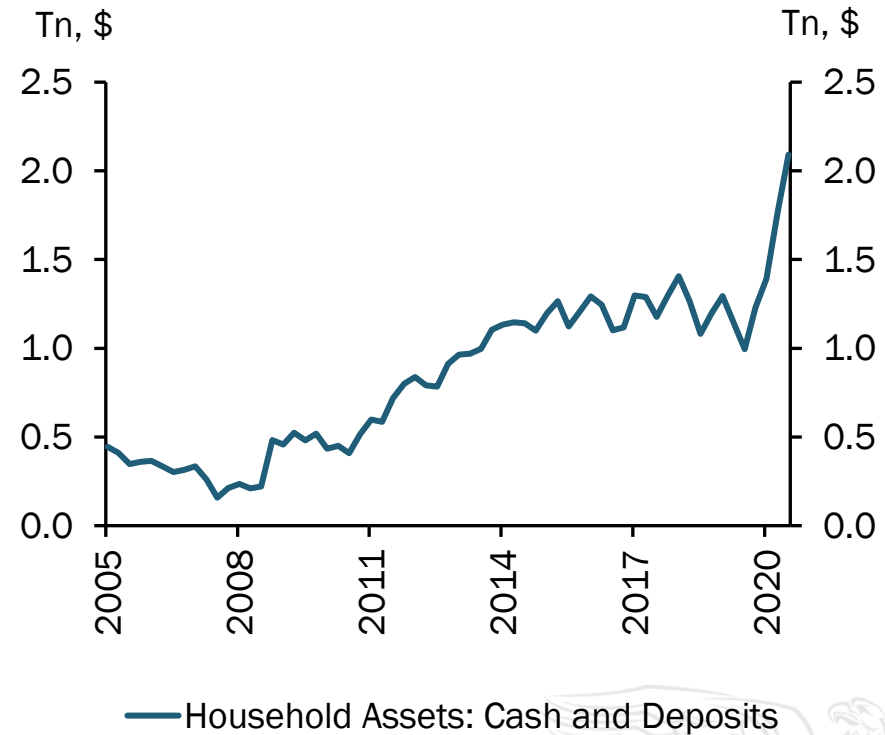
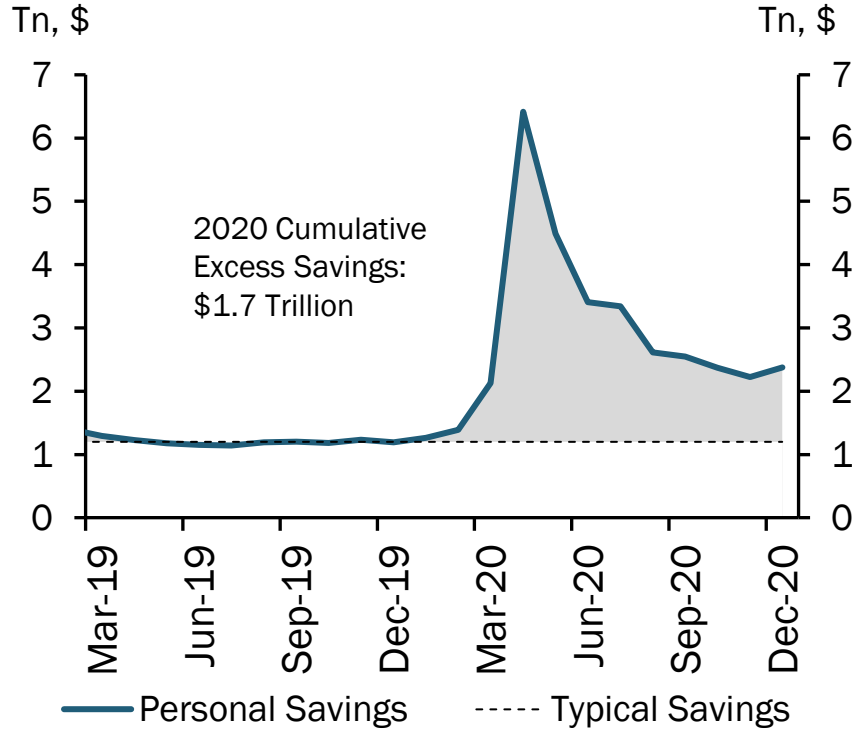
- Consumers' pent-up demand is poised to drive faster-than-trend consumption growth and faster-than-typical employment growth in the leisure and hospitality sector in the near term
- Over the medium term, the pace of recovery will likely moderate, with consumption growth and business investment providing ongoing support for recovery
- Supply chain restrictions and uncertainty about the pace of consumer spending remain risks to the outlook in the near term
- Readings of inflation are likely to pick up in the near term due to a variety of temporary factors



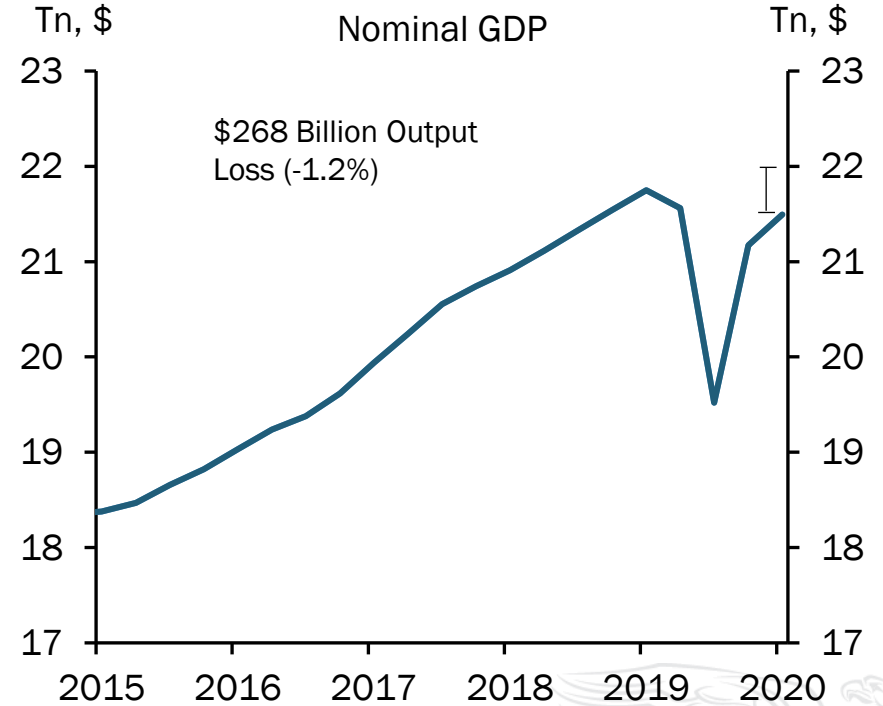
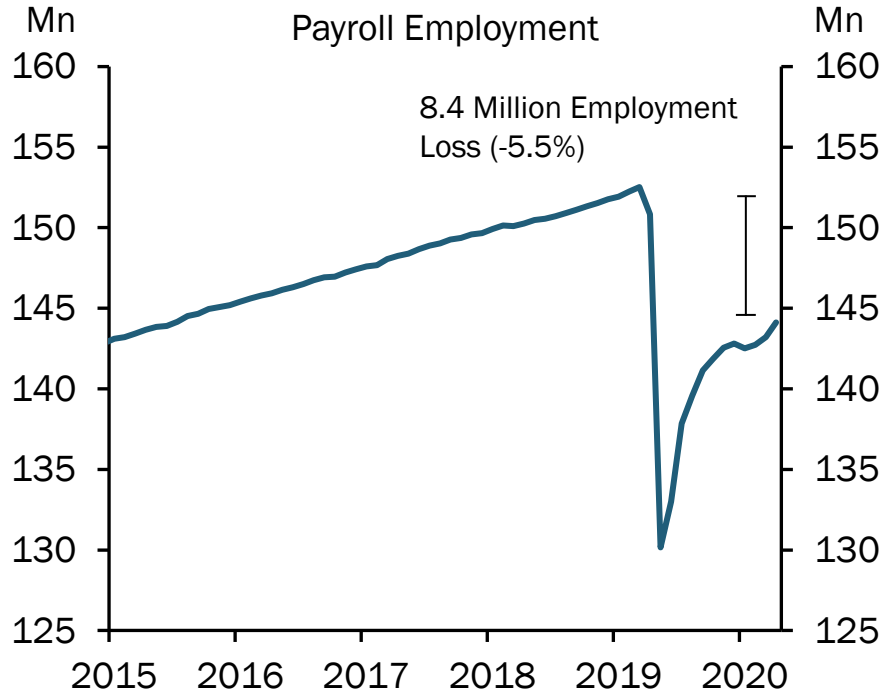
# Fiscal support provided aid to household balance sheets in addition to supporting consumer spending throughout the District



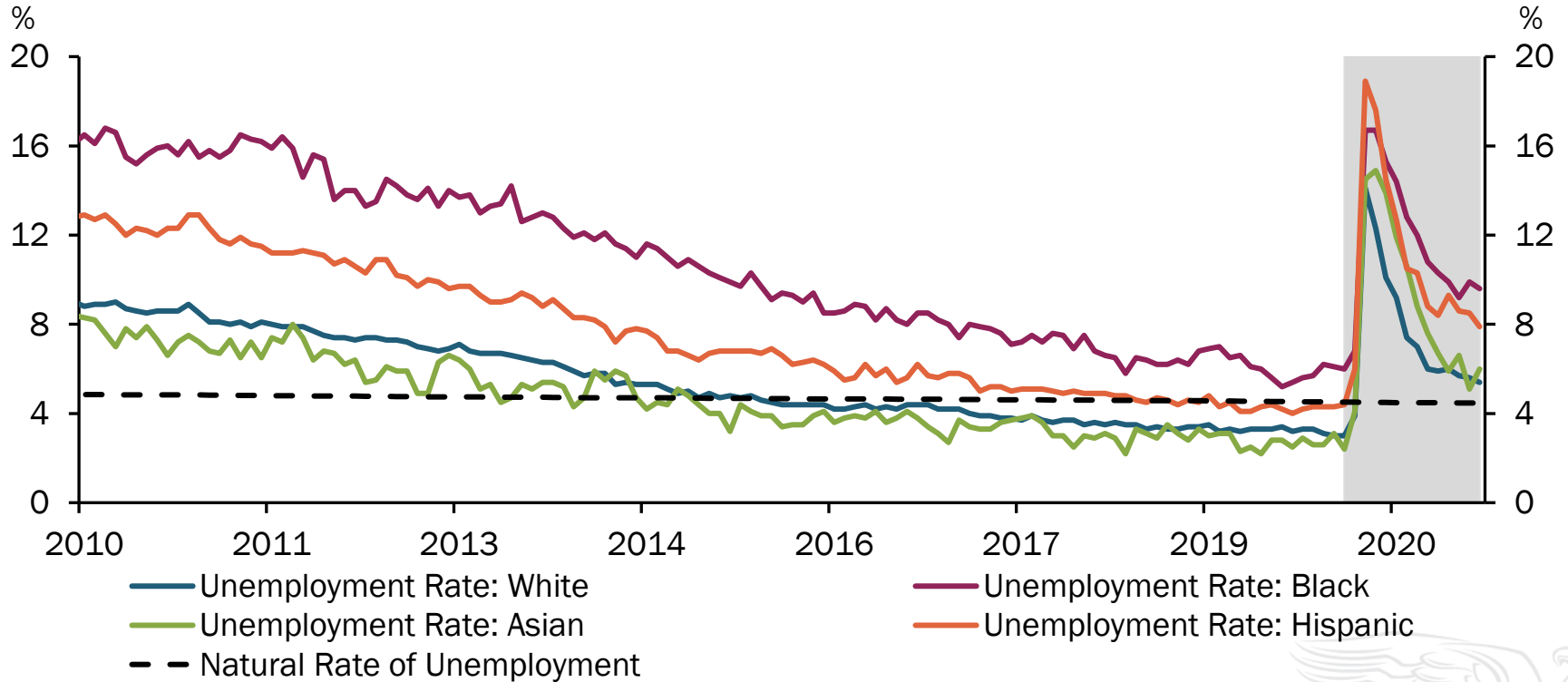
# Fiscal transfers have also enabled households to amass savings



# Though employment remains depressed, nominal GDP has largely reversed its pandemic decline

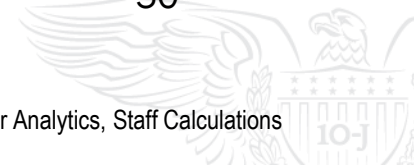


# Unemployment remains elevated, particularly for minority workers

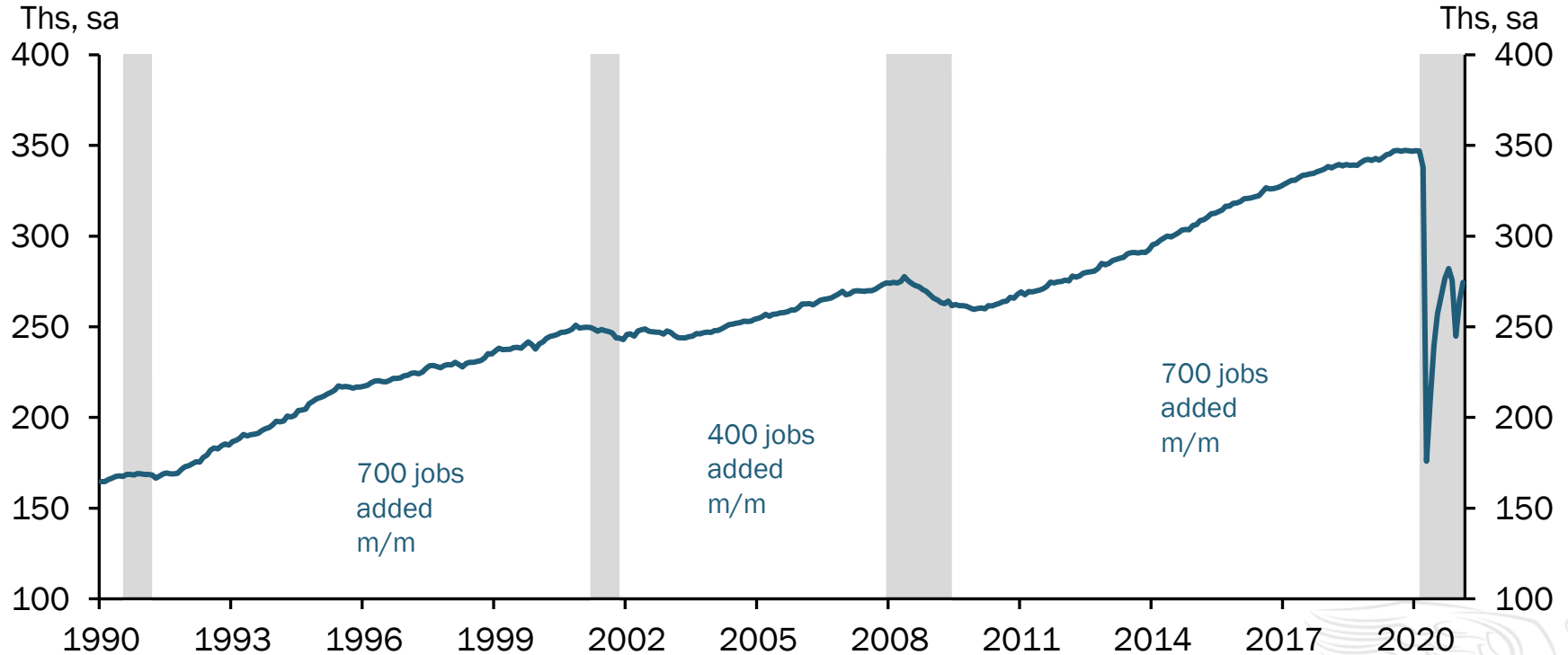


Sources: BLS, CBO, NBER, Haver Analytics  
 Note: Grey bar indicates recession shading

# The unevenness of the pandemic partly accounts for the contrasting recoveries of employment and output



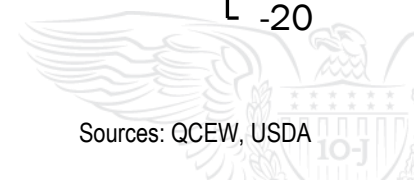
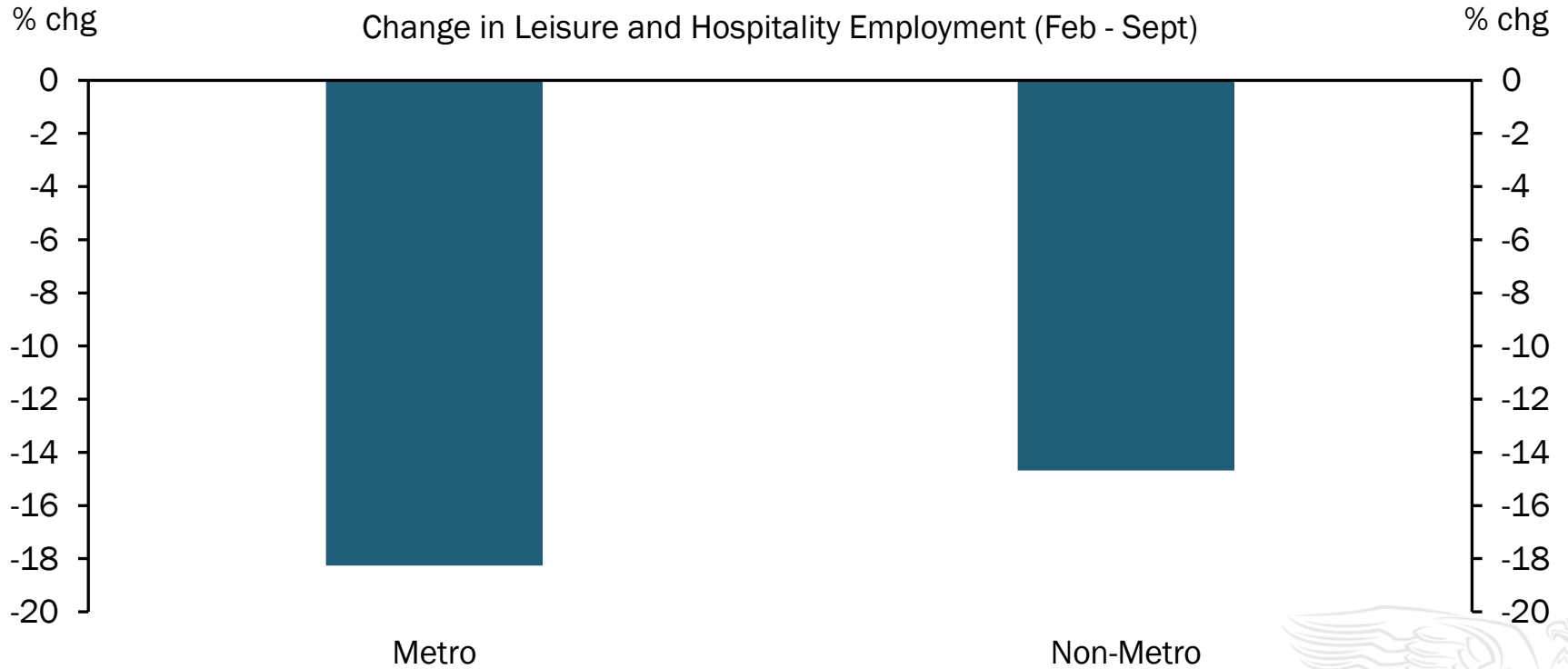
# Recovery in leisure and hospitality employment is likely to exceed typical rates in coming months, but low business travel remains a headwind



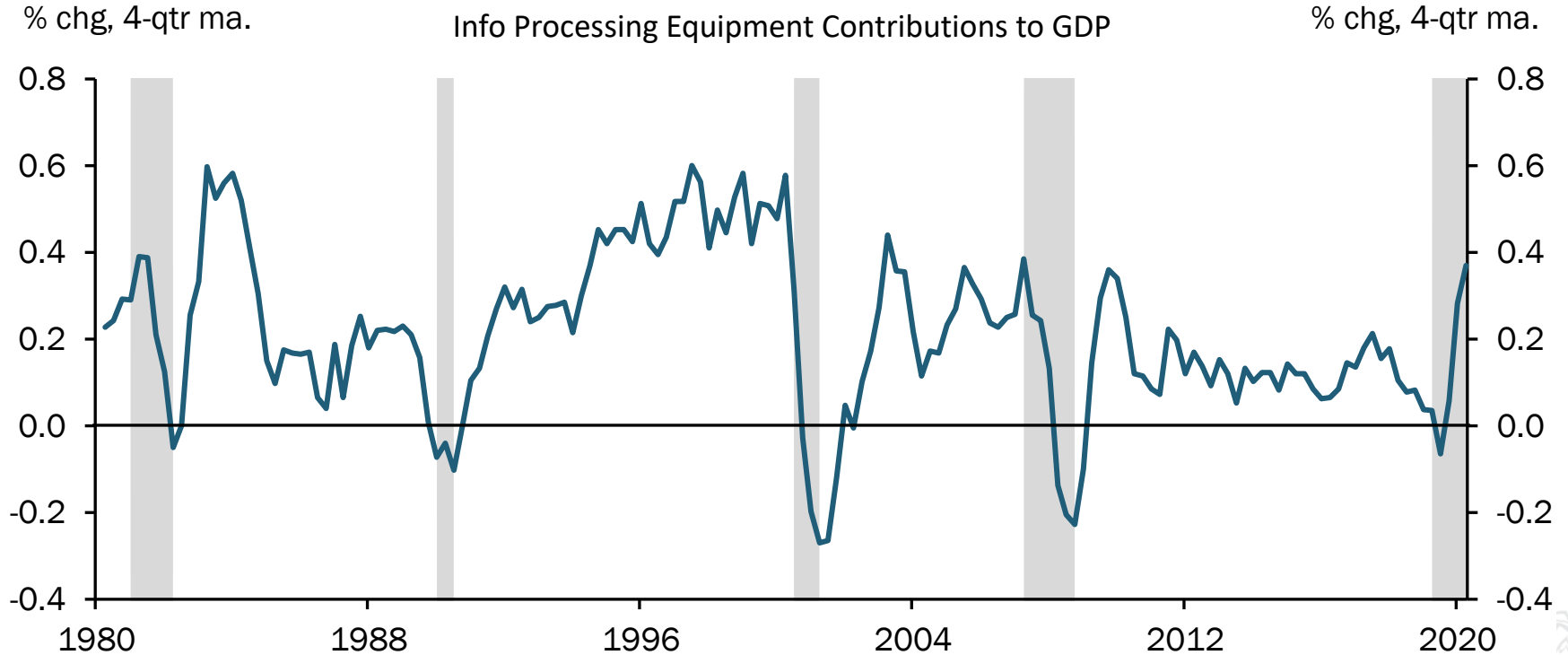
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# Leisure and hospitality employment declined more, and has recovered less, in metro areas throughout the region

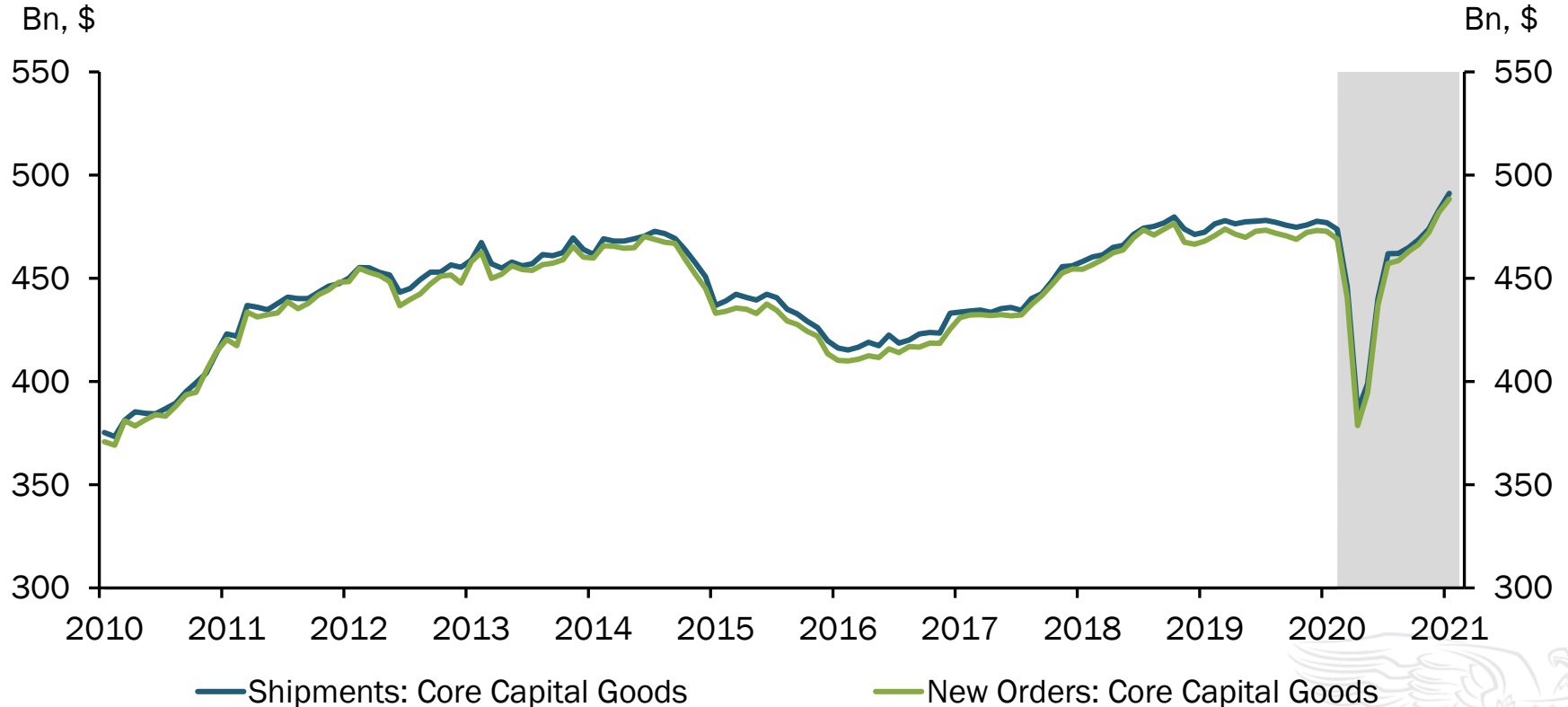


# Equipment investment decreased during previous downturns, but added substantially to growth over the last year

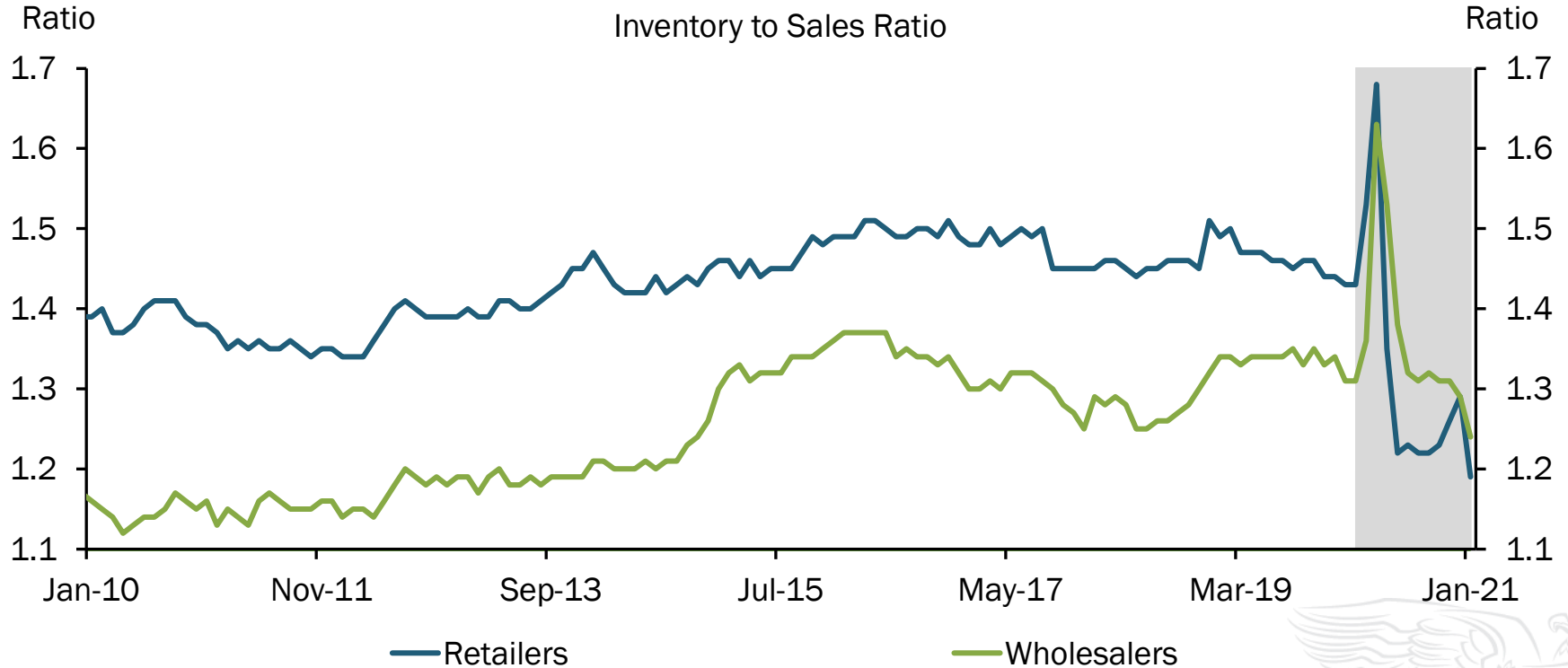


Sources: BEA, NBER, Haver Analytics  
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# Demand for capital goods and other investment equipment now exceeds pre-pandemic levels



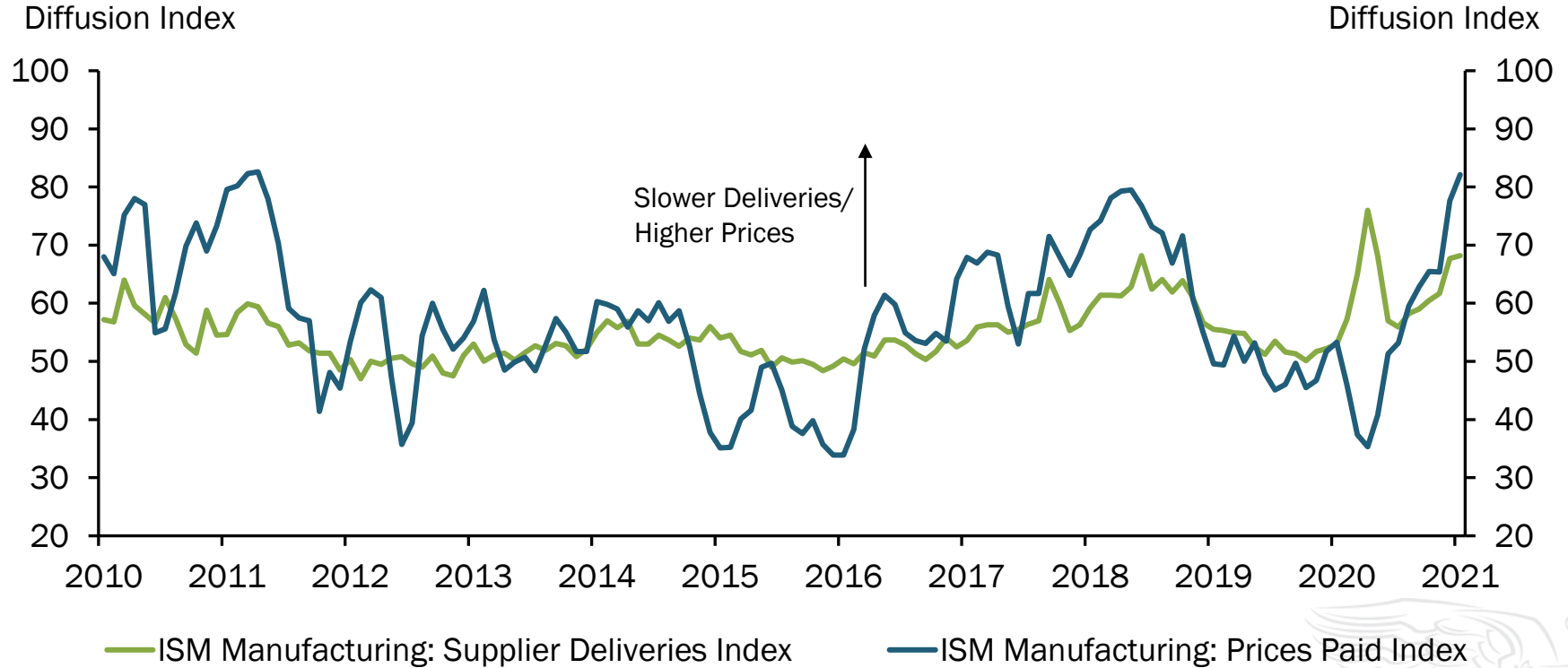
# Low inventory to sales ratios will likely drive investment and hiring activity, though easing of supply constraints may restore inventories somewhat



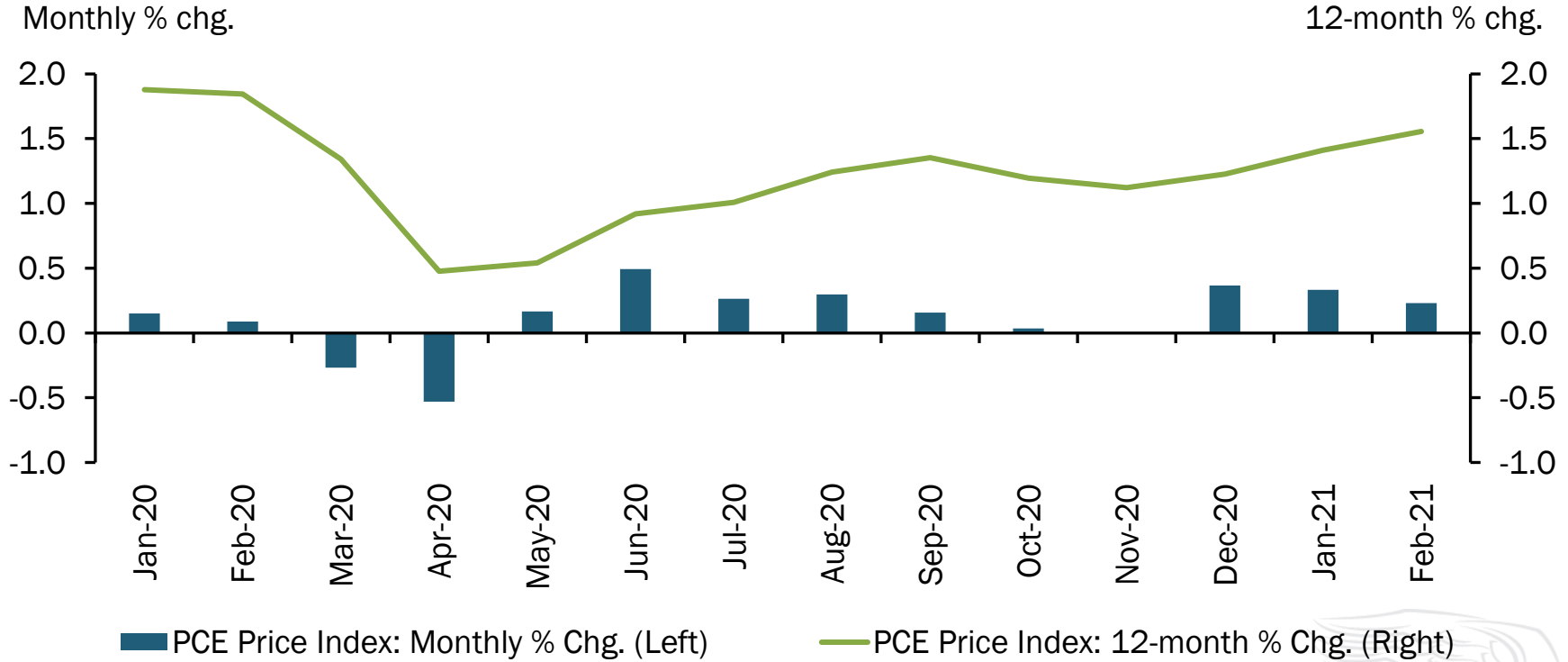
# Worker shortages are more severe in manufacturing than prior to the pandemic, while demand is yet to fully recover in service sectors



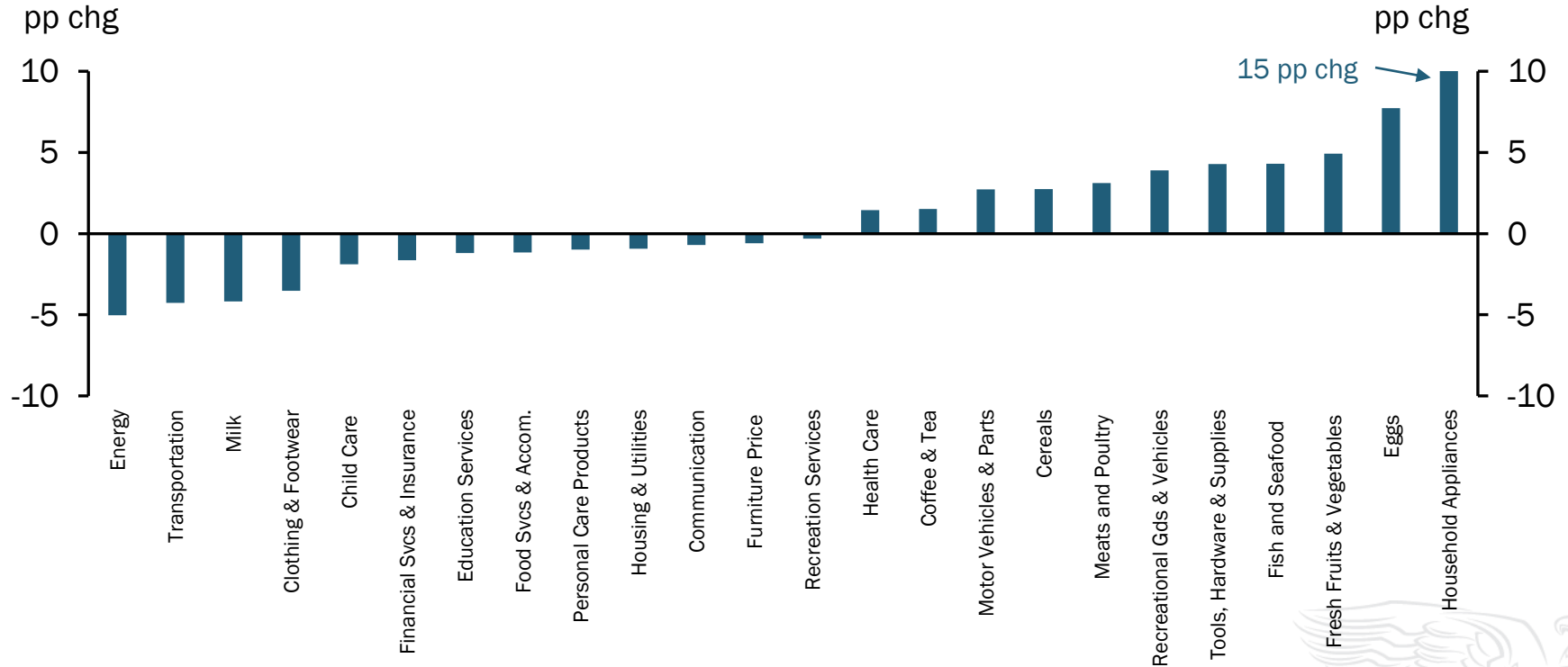
# Supply is currently having trouble keeping pace with demand in many industries



# Inflation is poised to move higher in the near term

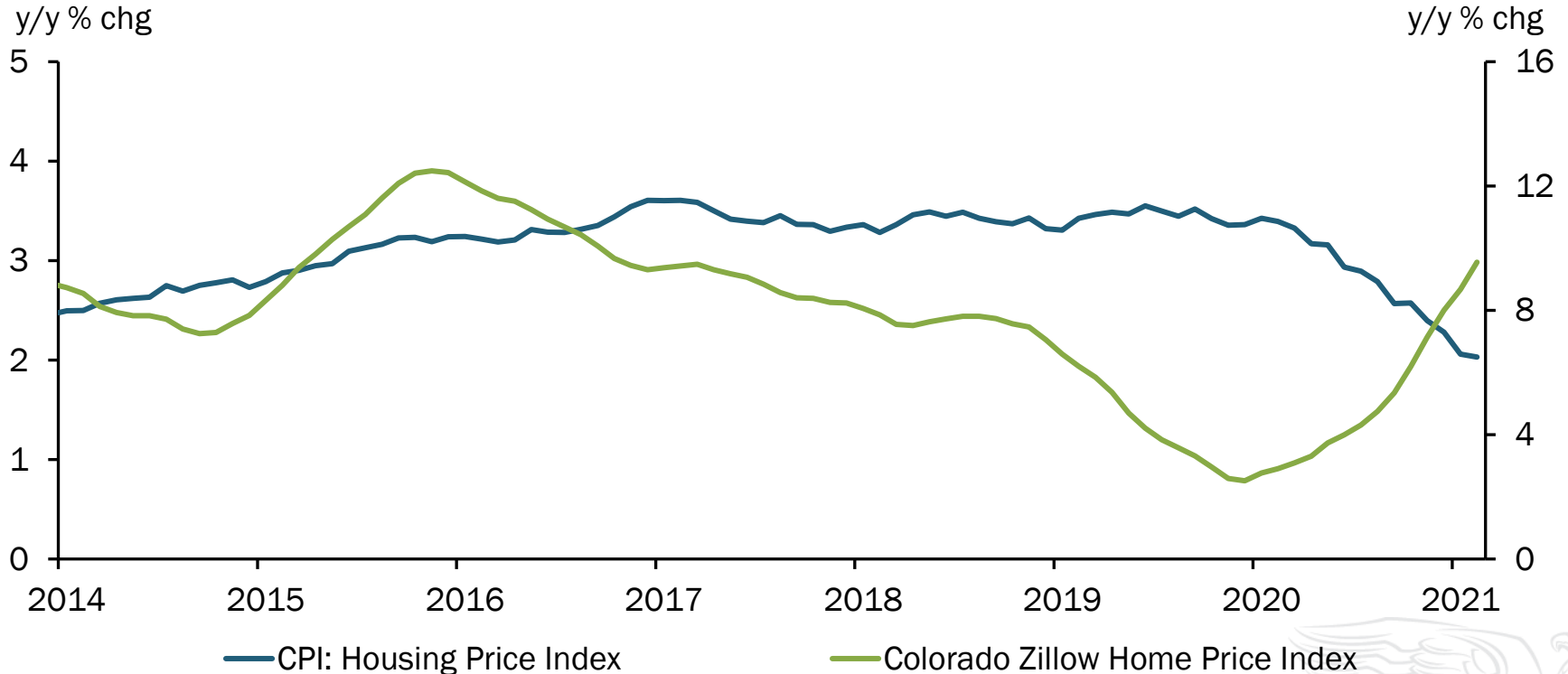


# Although inflation is currently below the 2 percent target, price growth for several goods and services accelerated over the last year

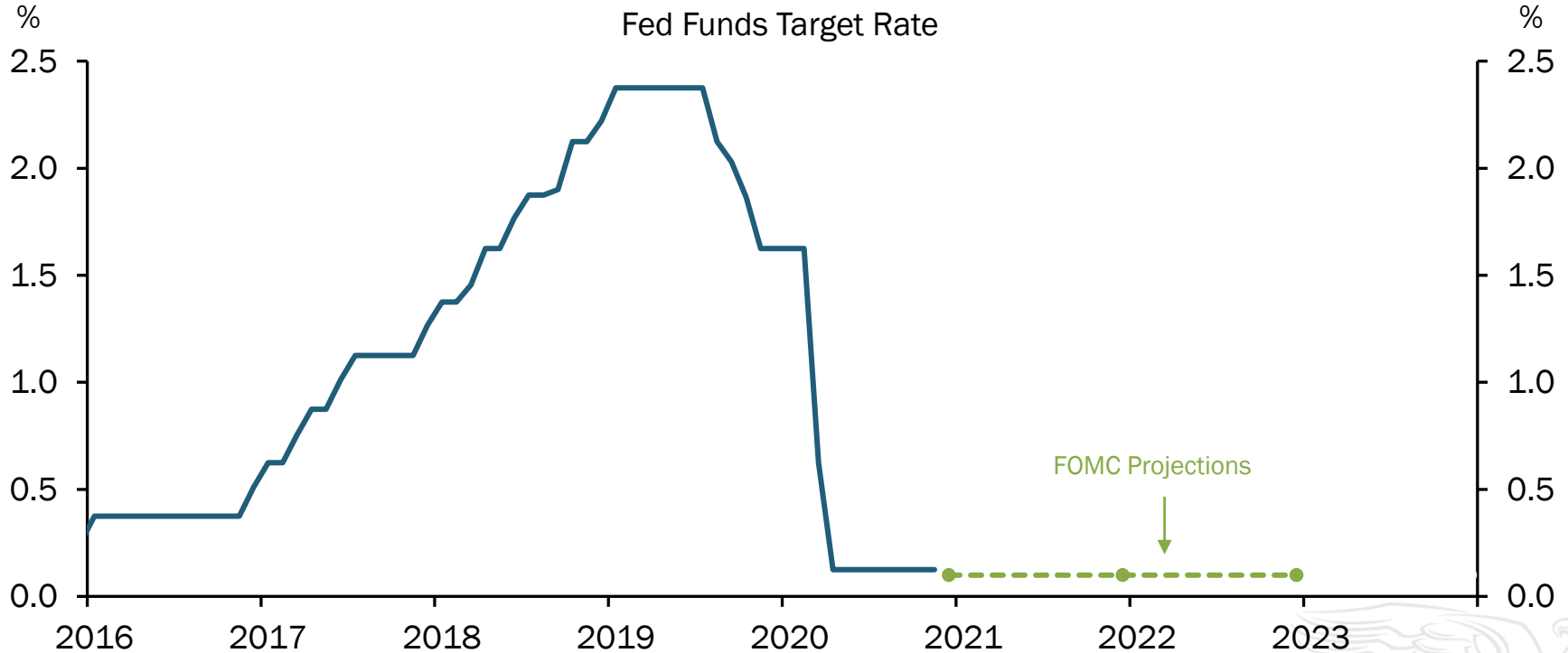




# House prices continue to rise while overall housing price indices are growing at subdued rates



# The latest projections from the FOMC are continued policy accommodation



Sources: Federal Reserve Board, Haver Analytics

## Looking forward

- Consumers are going to be drivers of the near-term outlook, with questions remaining as to how quickly demand for services will return
- Supply chain disruptions and materials costs pressures have emerged as near-term headwinds for businesses throughout the region
- Labor supply constraints risk more persistent challenges for businesses going forward



