

# Regional and National Economic Outlooks

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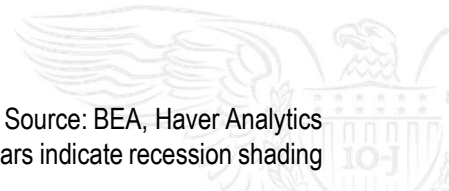
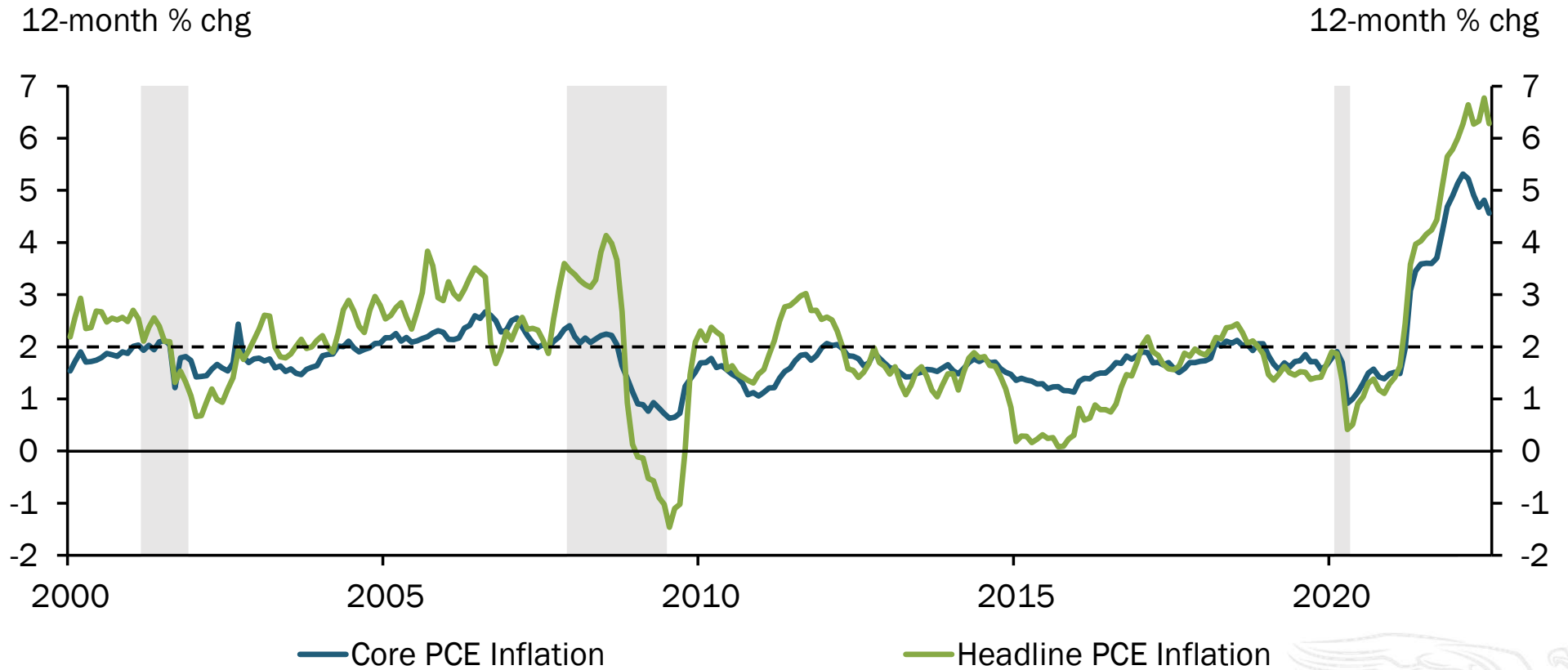


## Overview

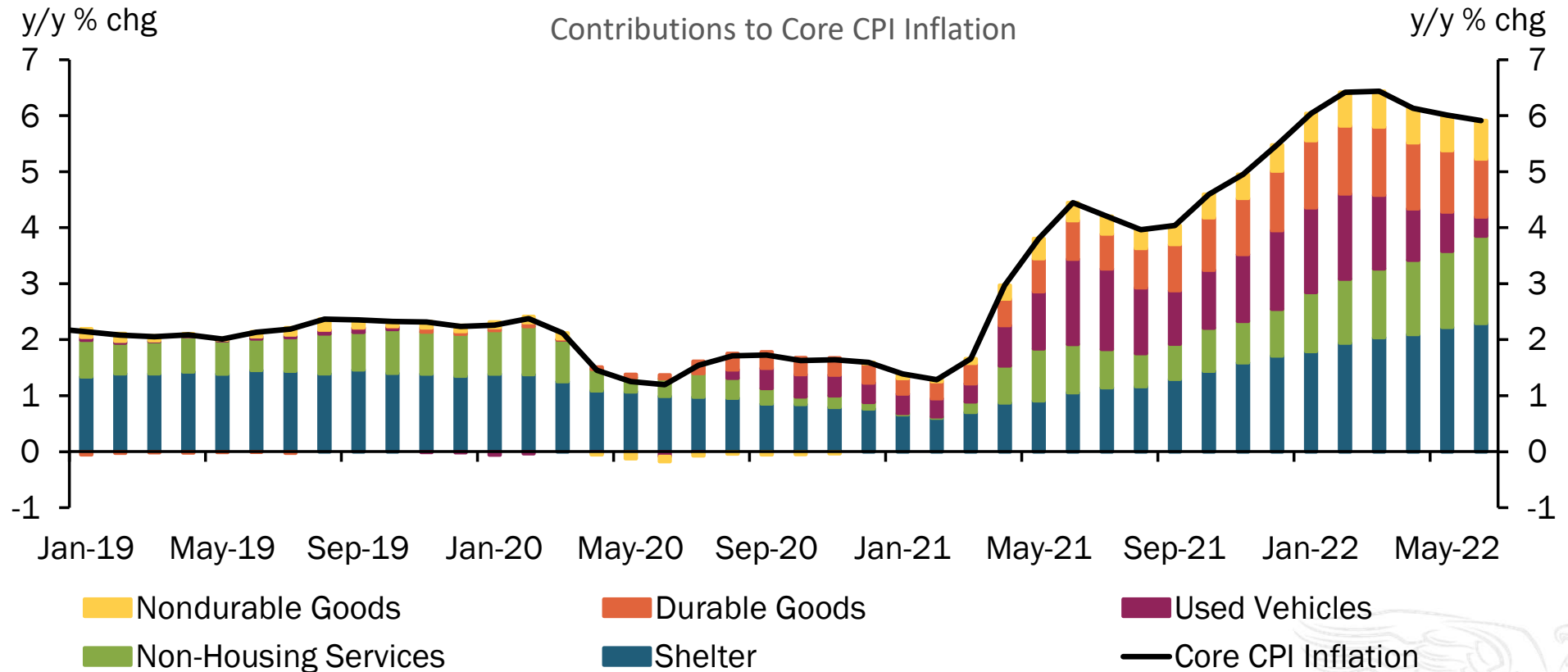
- Inflation is well above levels experienced over the last several decades, creating difficulties for many households in meeting regular expenses
- Labor markets are extremely tight, with resilient demand for workers exceeding the persistently constrained supply of workers
- Monetary policy has moved into a restrictive stance in order to restore price stability
- Indicators from several sectors point to the effects of tighter monetary policy slowing overall demand growth



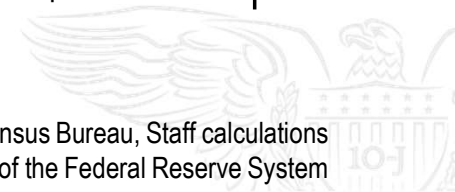
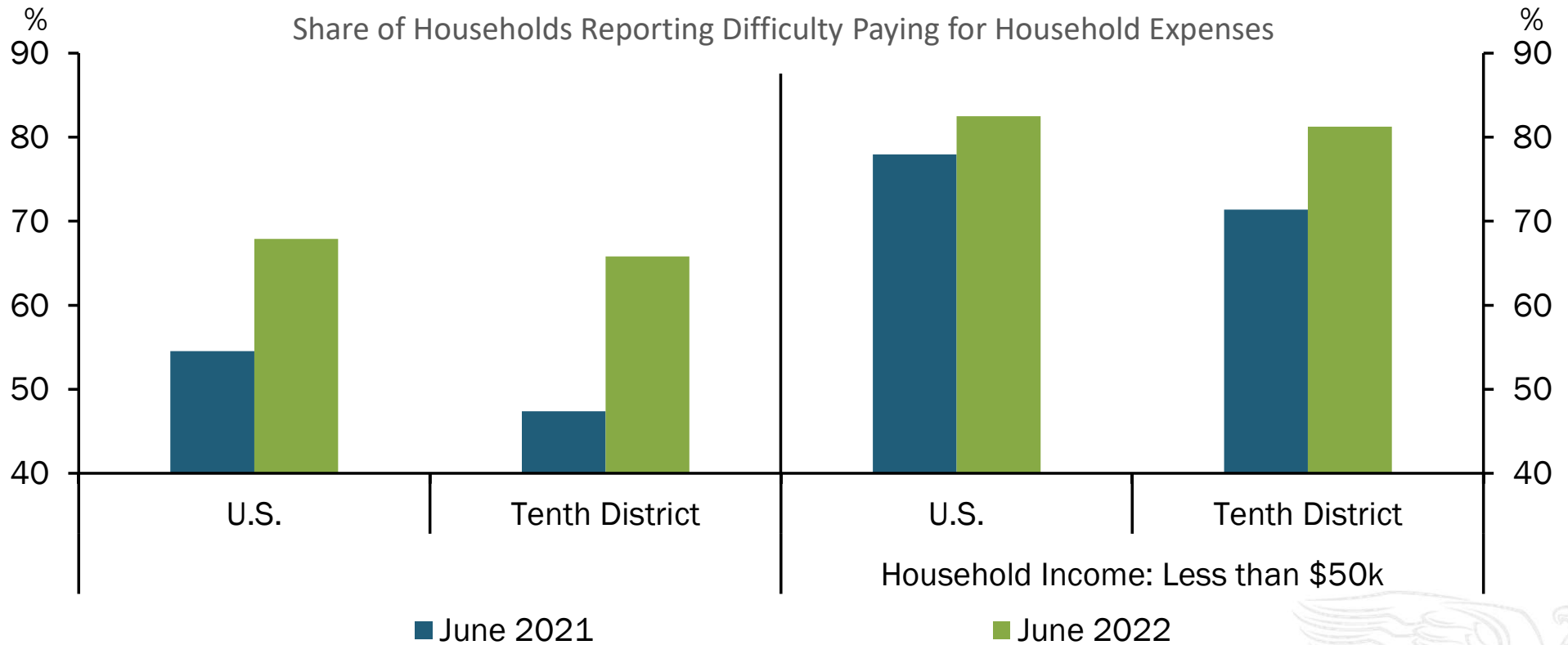
# Inflation remains well-above historic norms and the Fed's 2 percent target



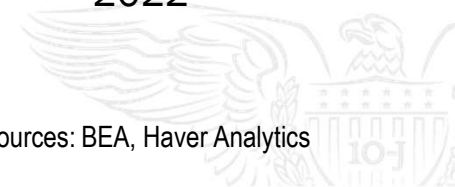
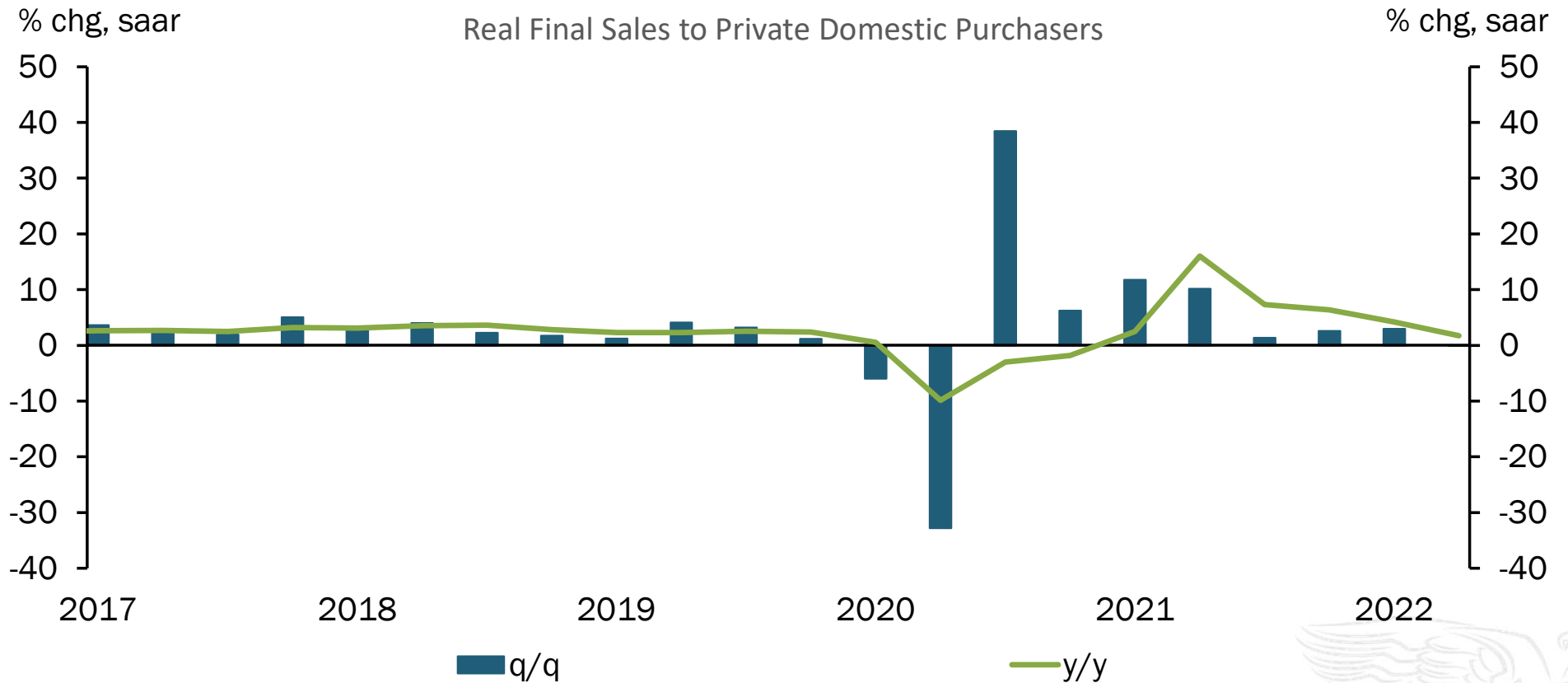
# Over the past year, the drivers of inflation shifted back toward services, with shelter prices exerting an outsized influence on overall inflation



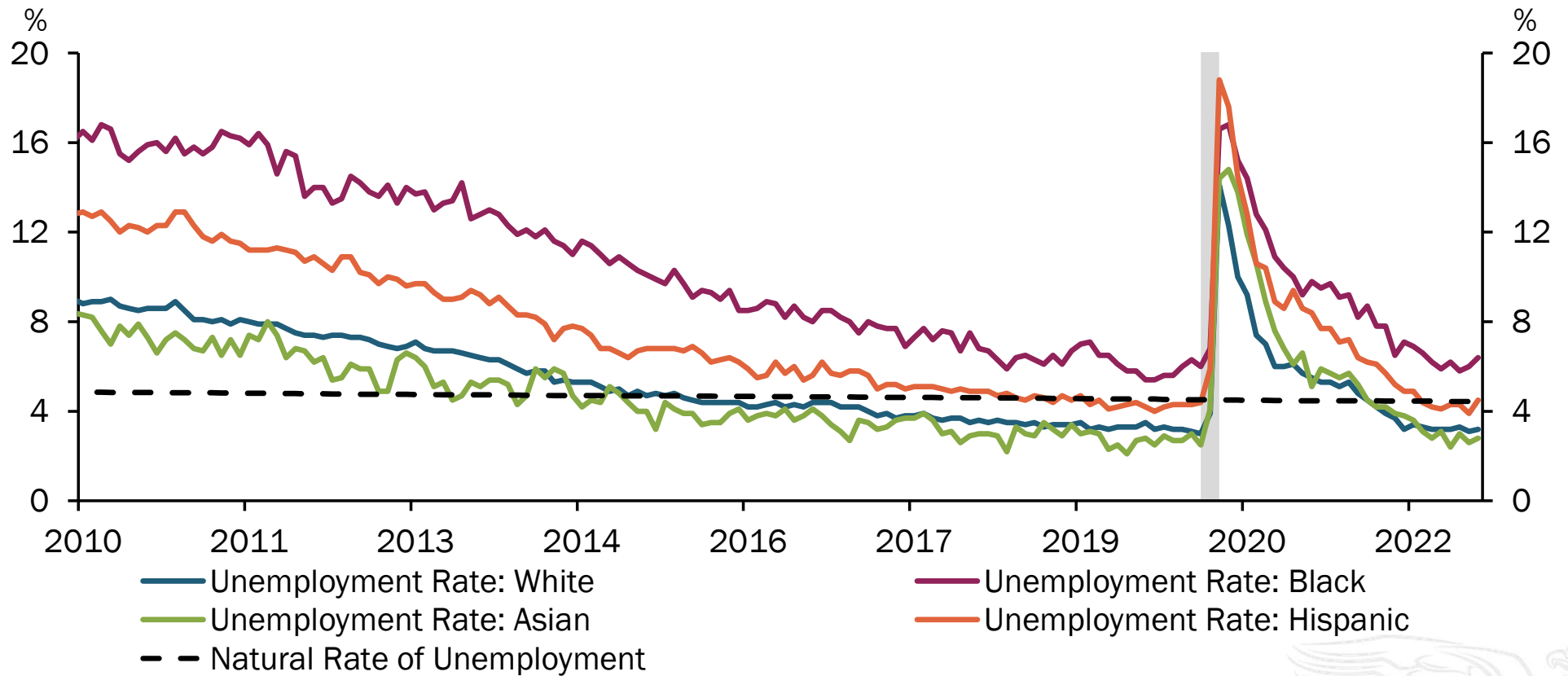
# More households are experiencing difficulty paying their typical expenses compared to a year ago



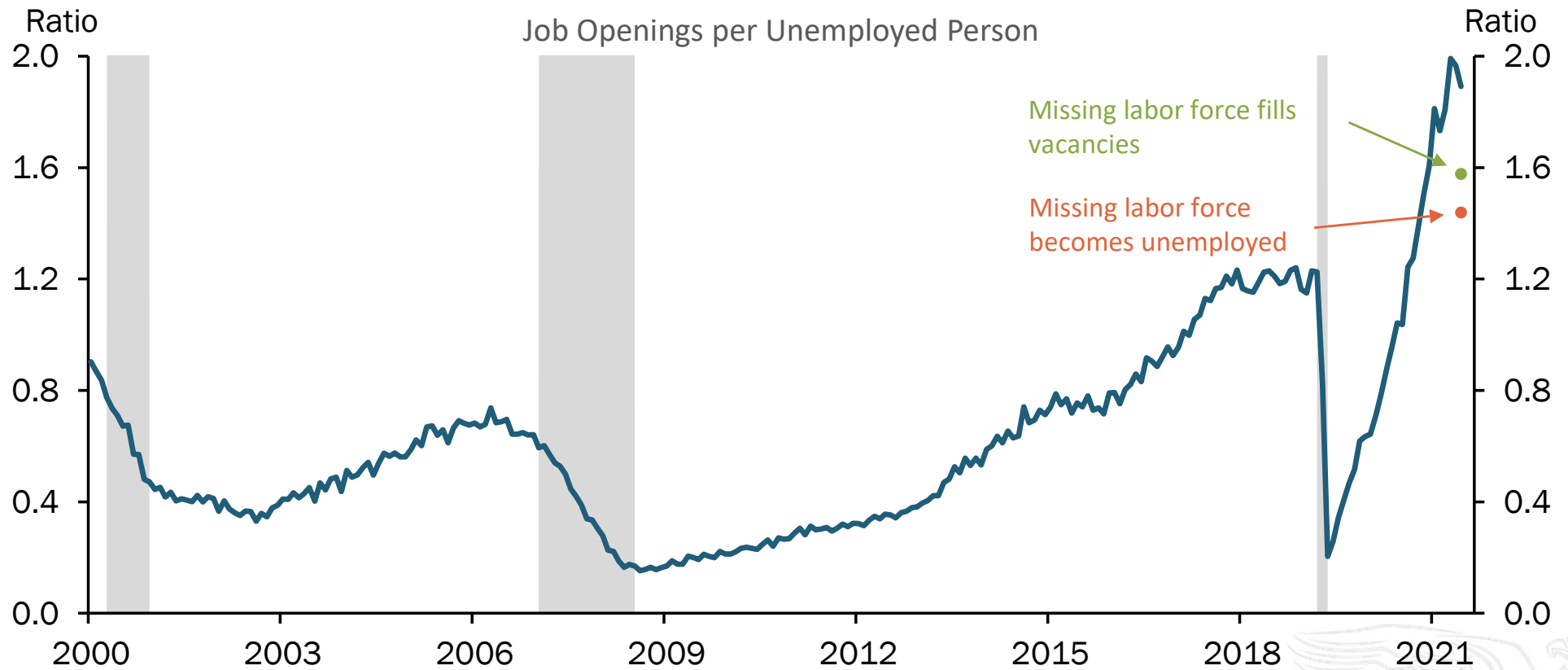
# Consumption growth slowed over the past several quarters and business investment declined recently



# Unemployment rates are at or below pre-pandemic lows



# Labor demand remains elevated

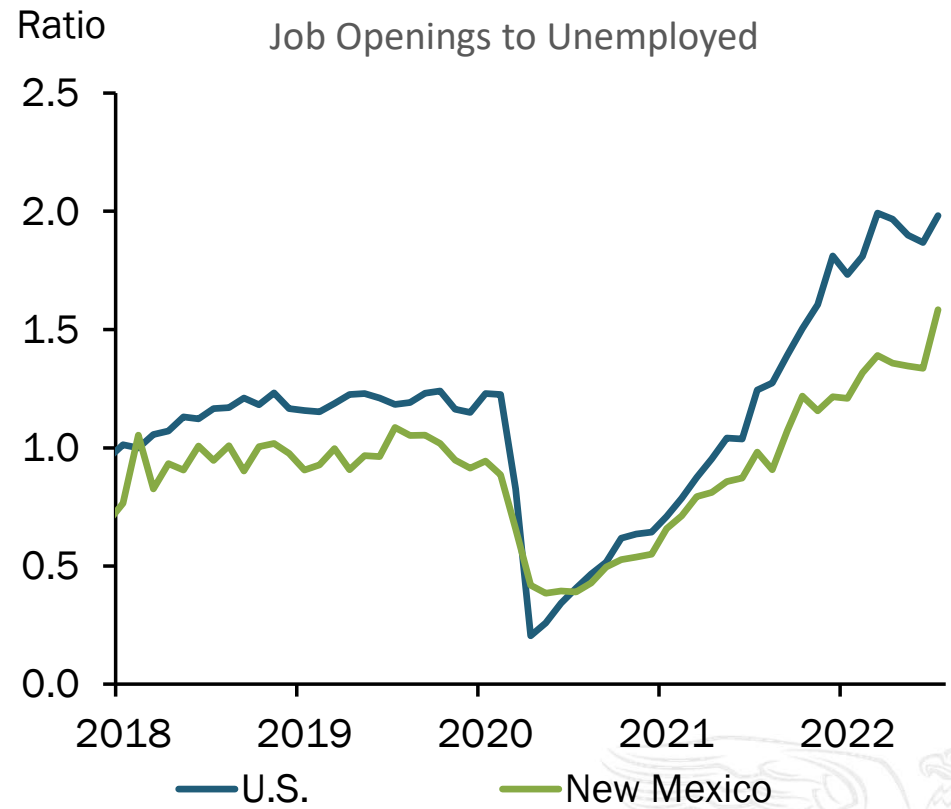
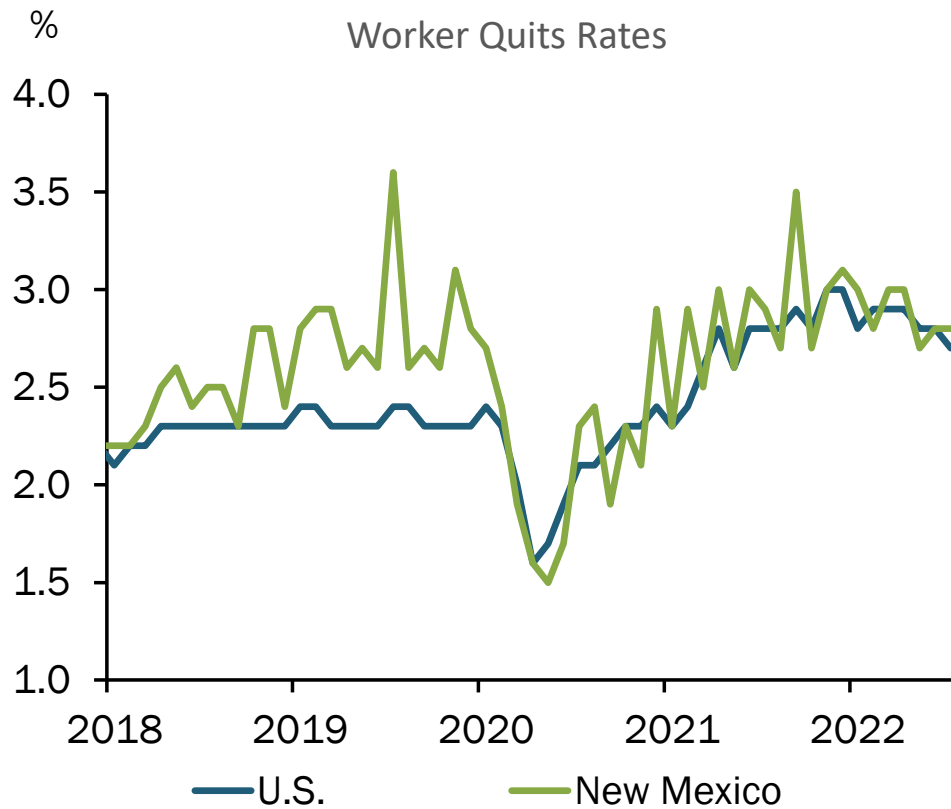




# Elevated rates of workers leaving their jobs further tightened the labor market, and drove broad-based wage growth over the past 18 months



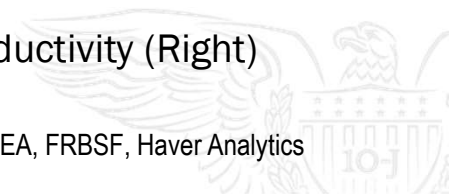
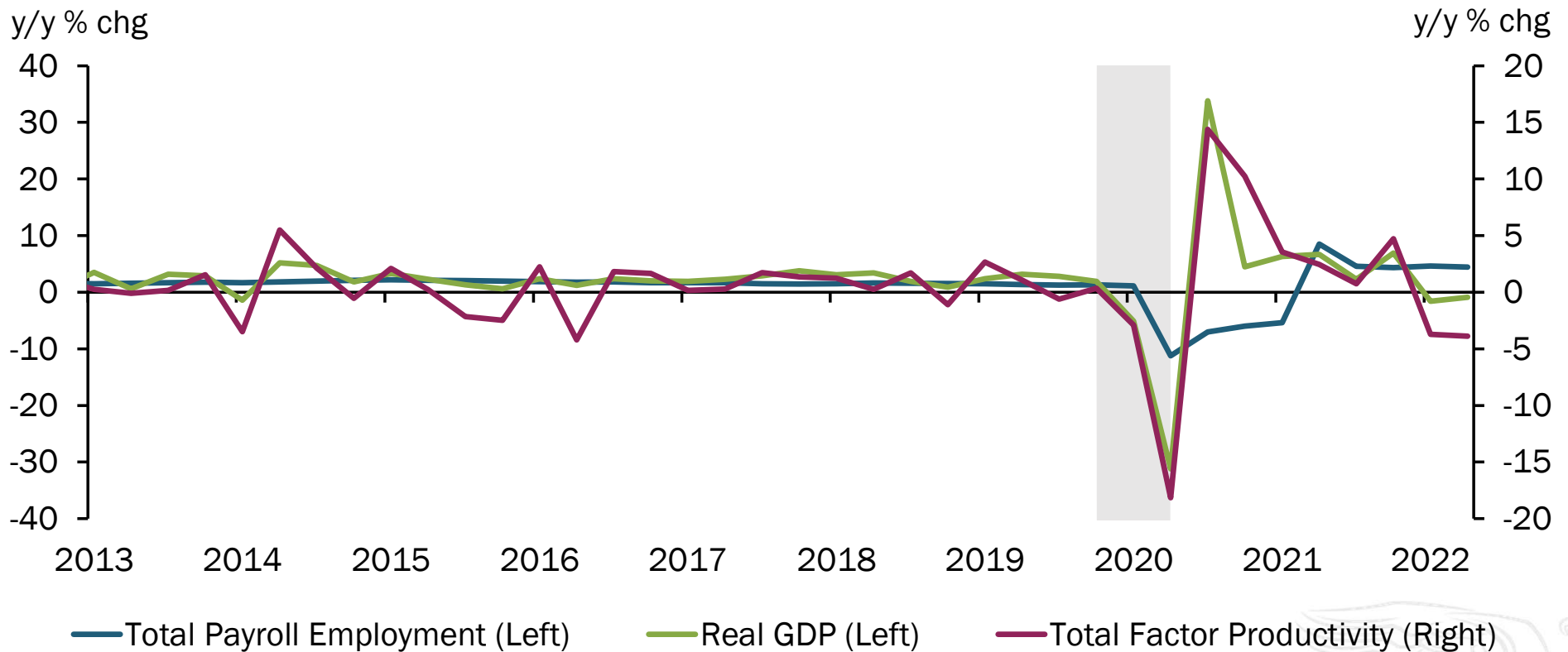
# National labor markets are extremely tight, but workers are quitting their jobs somewhat less frequently and job posting rates are lower in NM



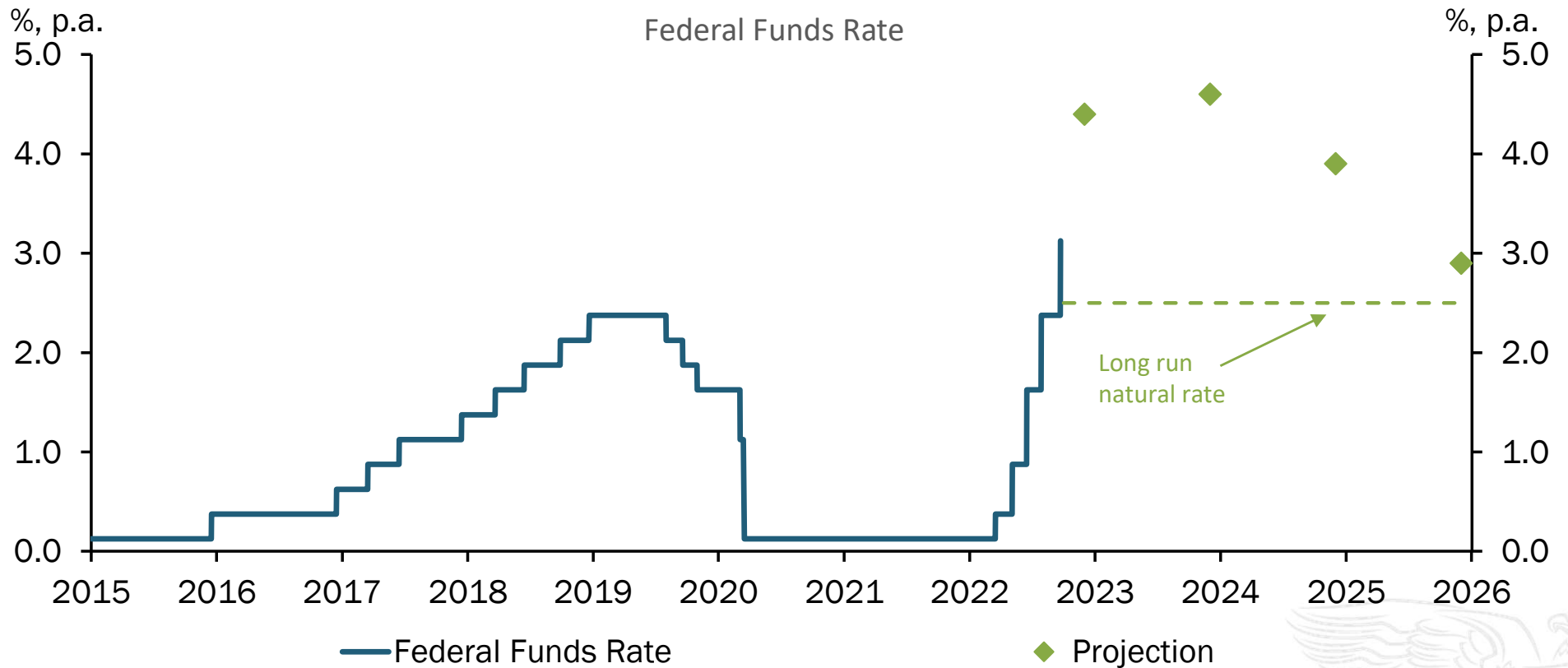
# While labor supply remains constrained



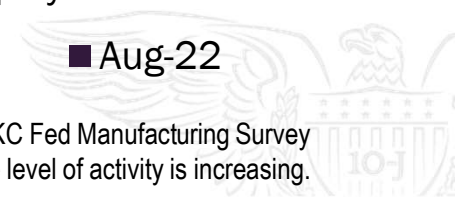
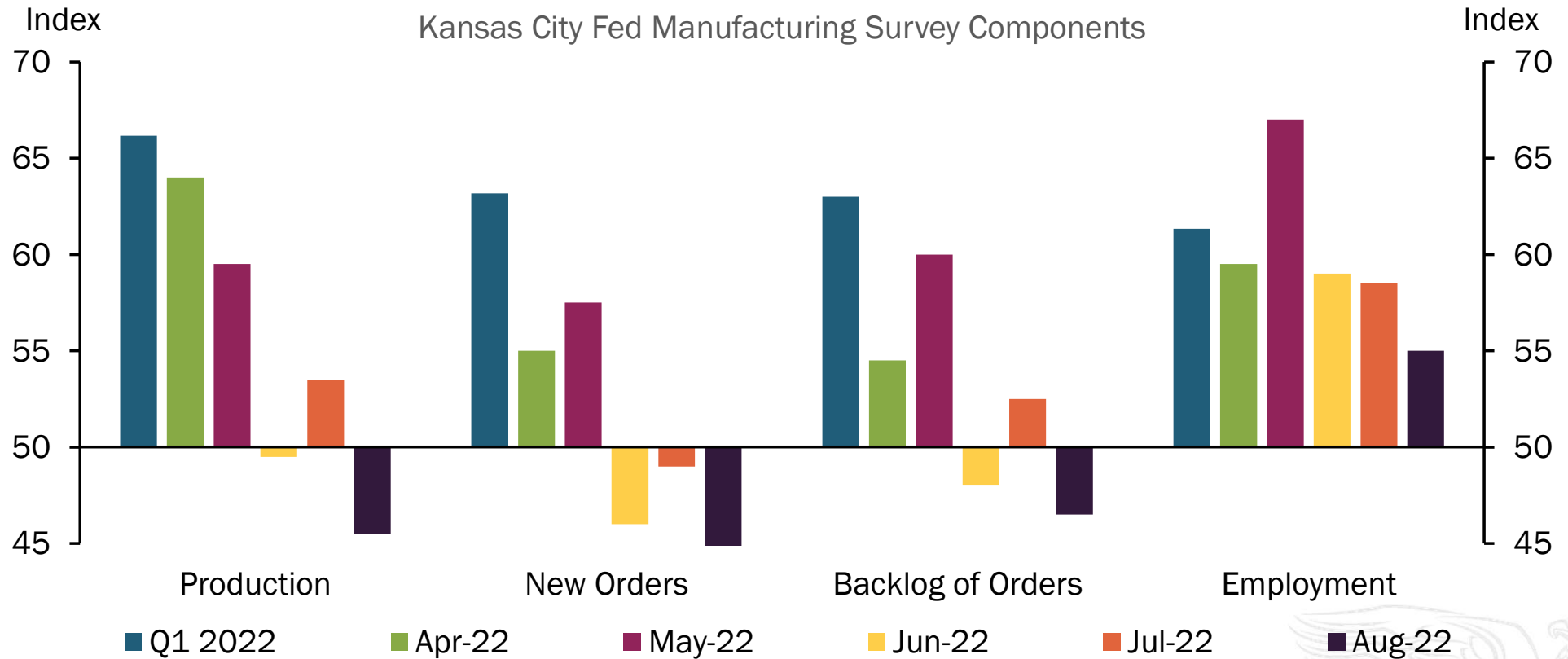
# Productivity declined since the beginning of the year, adding to supply constraints of the U.S. economy



# The Federal Reserve is moving interest rates into a restrictive stance of monetary policy to restore price stability

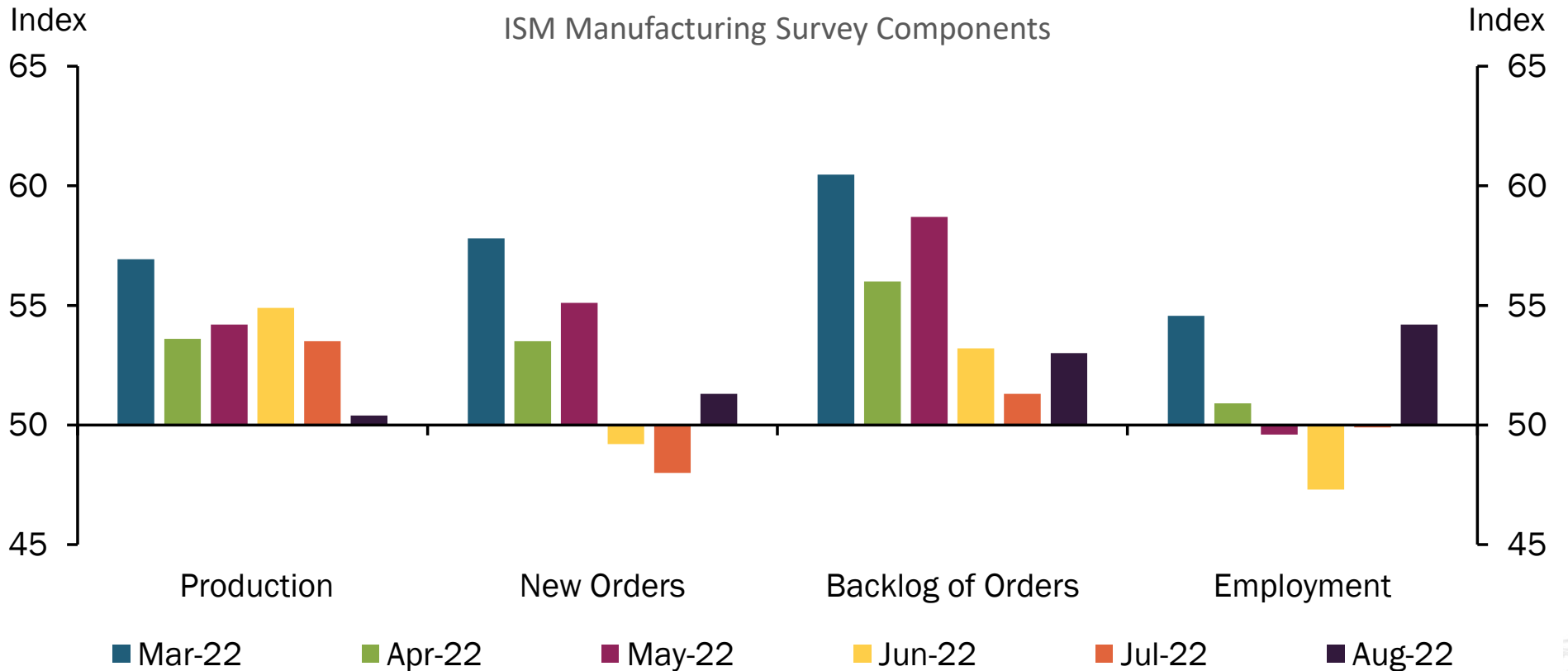


# Measures of production across the region point to declining activity, while job growth and labor demand remain healthy

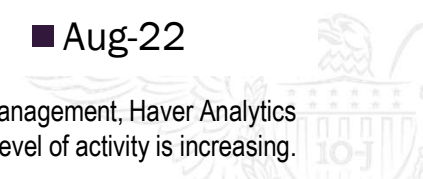


Sources: KC Fed Manufacturing Survey  
 Note: An index level above 50 indicates the level of activity is increasing.

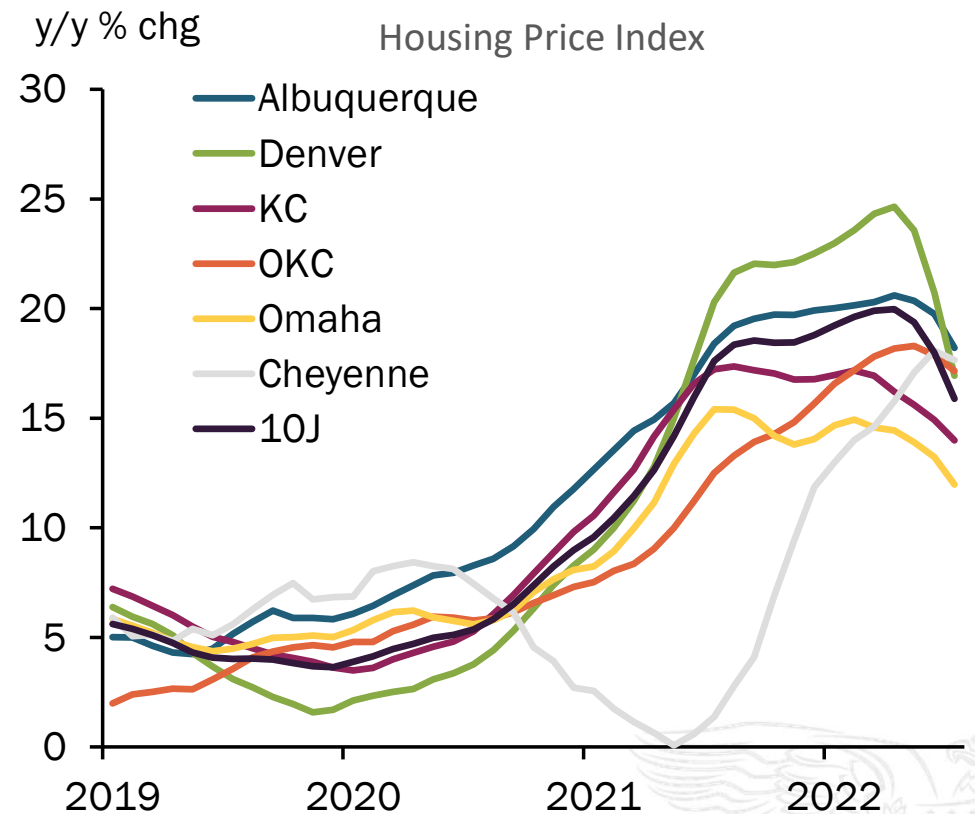
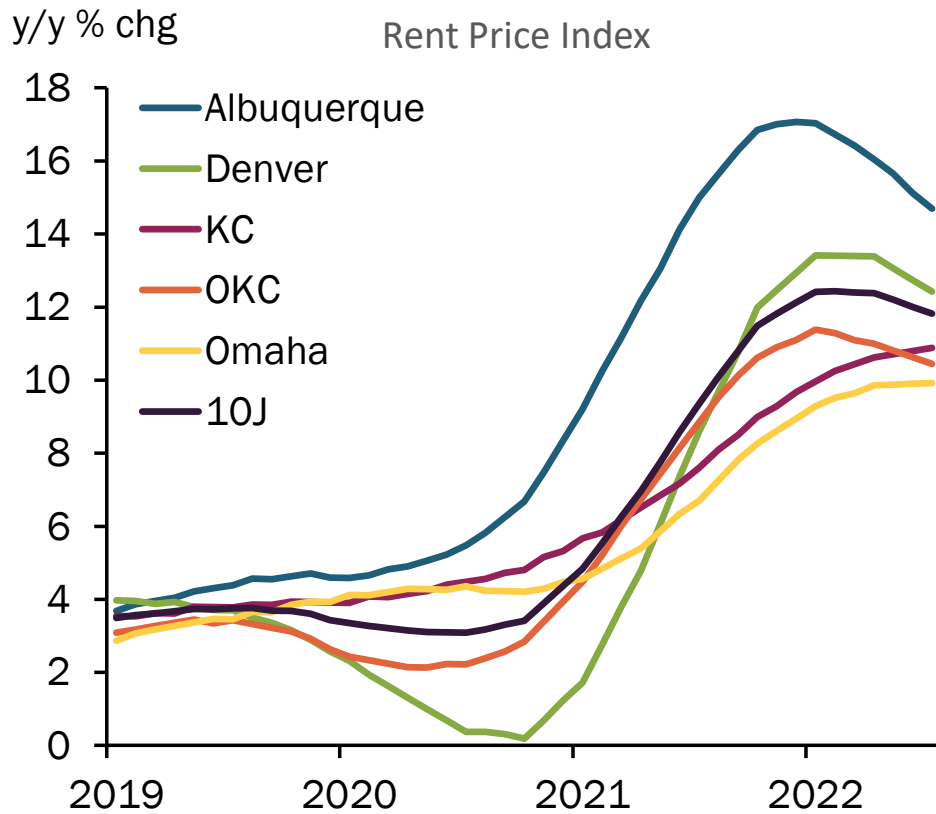
# Measures of new demand growth are also softening nationwide, but the level of overall demand remains elevated



Sources: Institute for Supply Management, Haver Analytics  
 Note: An index level above 50 indicates the level of activity is increasing.

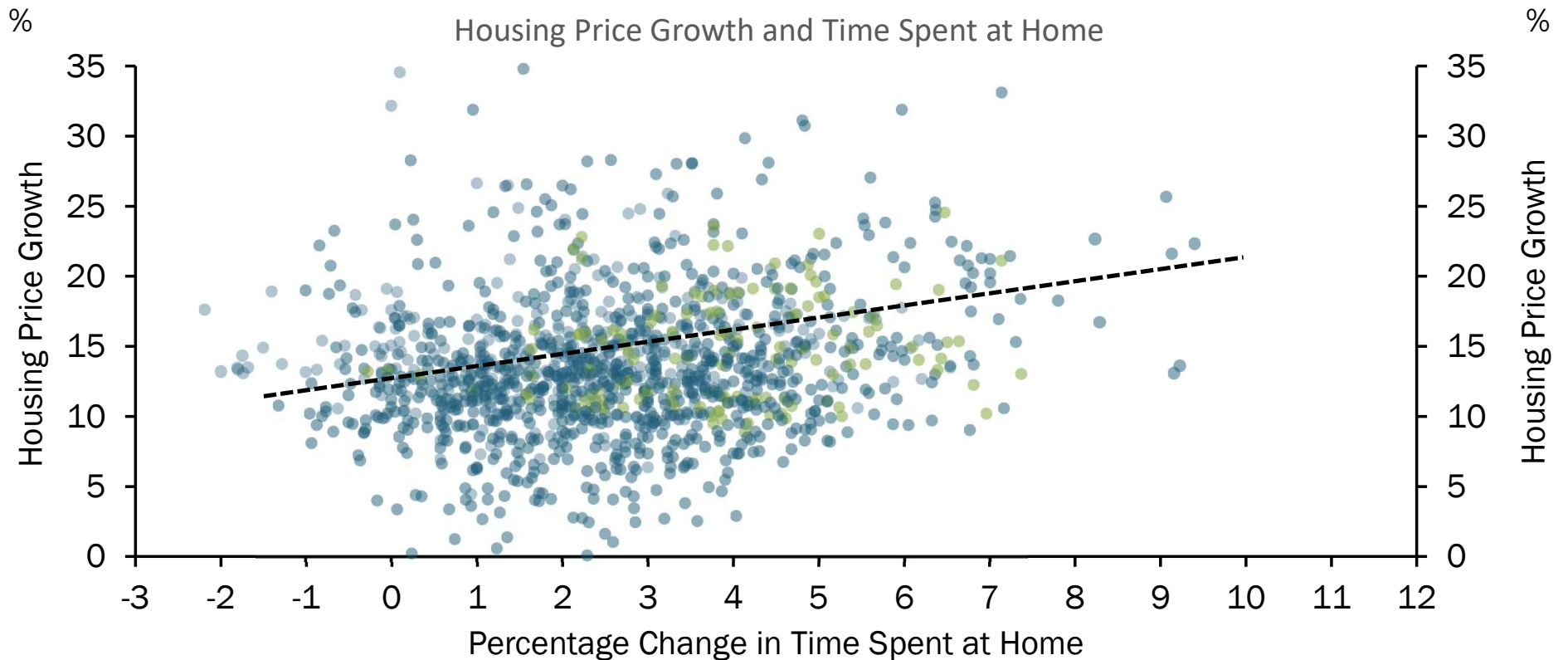


# The housing market is cooling as the numbers of existing homes sold and the number of new homes constructed are falling





# Parts of the region where residents continue to spend more time working at home have experienced faster growth in home prices



## Looking ahead

- Uncertainty about the near- and medium-term outlooks remains elevated
- Contacts across the region are reporting varied actions to ‘right-size’ their business, which often means considering how many open job vacancies to fill rather than jobs to cut
- Lags in the pass-through of cost increases to customers are pinching profit margins, which is beginning to inhibit future capex plans for some businesses
- The Federal Reserve has stated that a sustained stance of restrictive policy is likely to be appropriate to restore price stability



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