

# U.S. Economic Outlook

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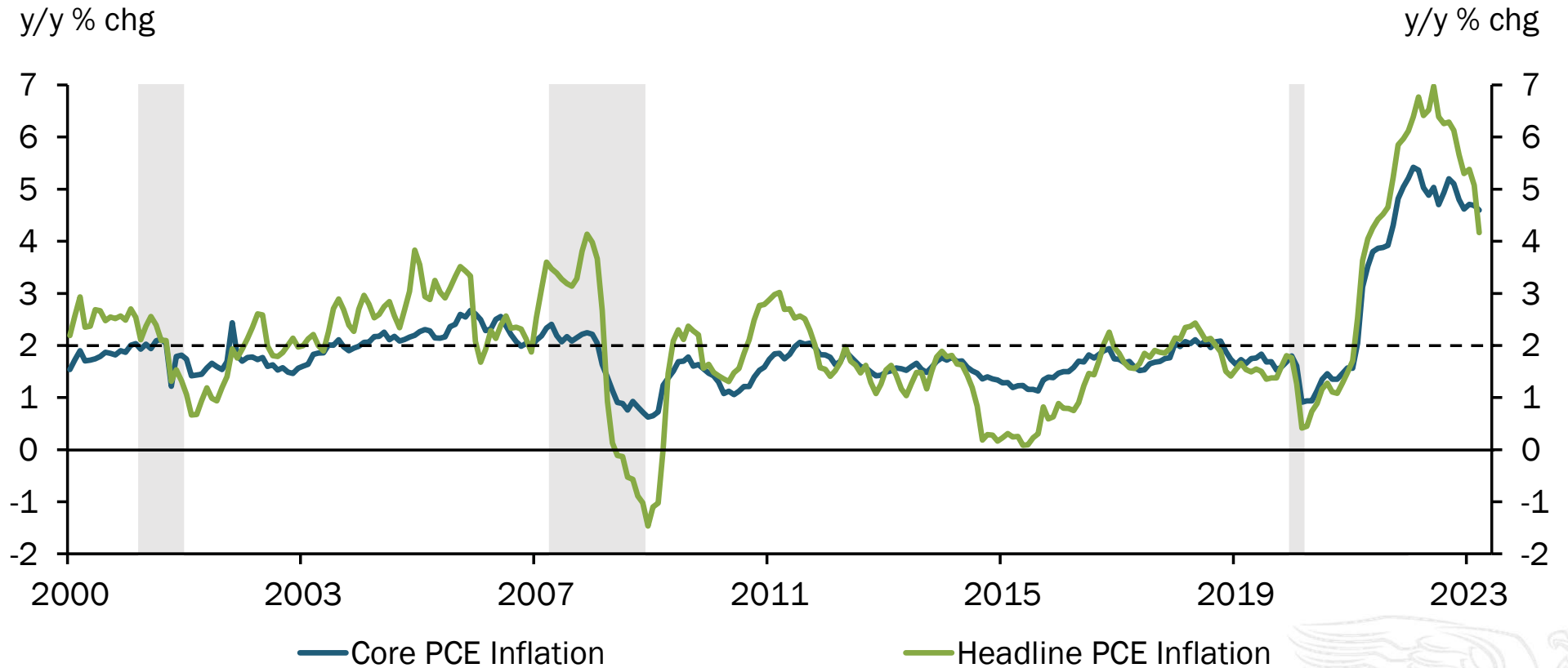


## Overview

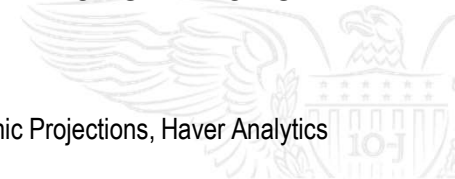
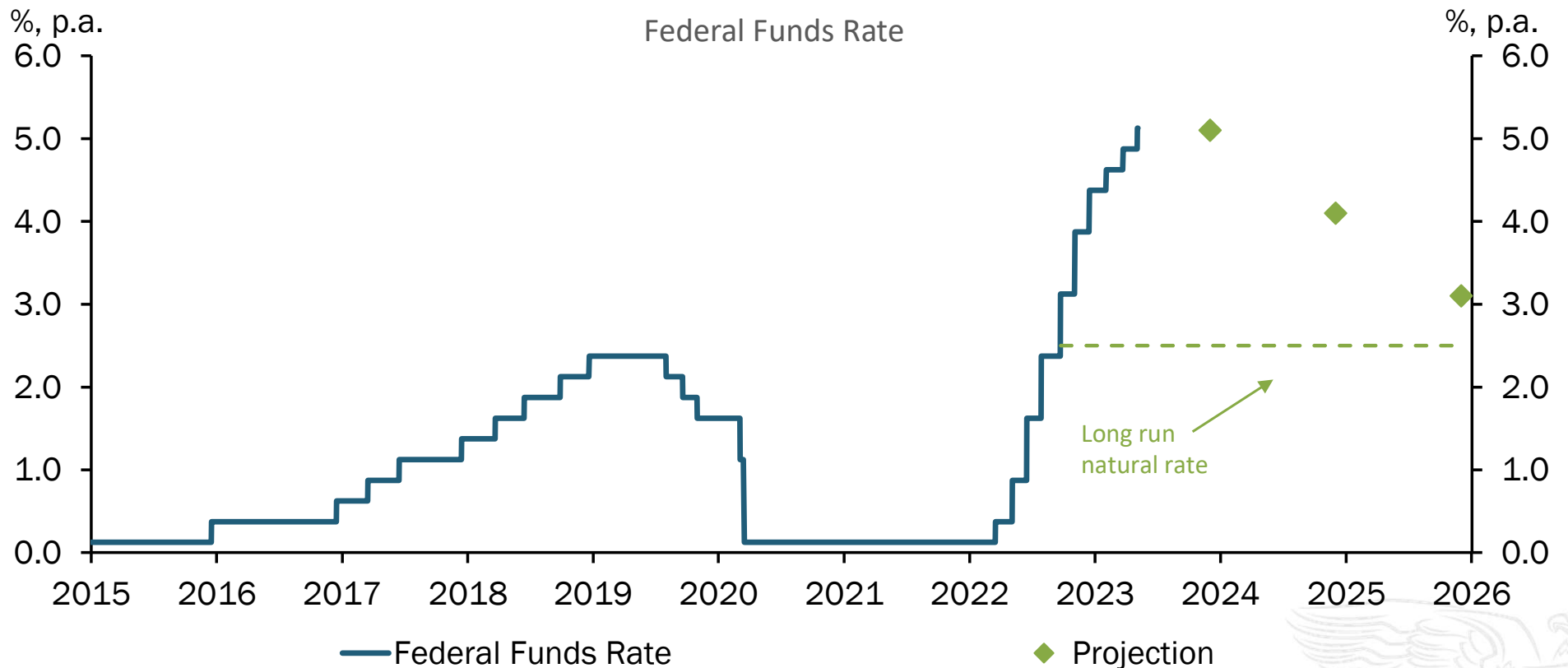
- Many of the economic sectors where inflation was outsized over the past two years are showing some signs of moderating, but inflation still has some momentum alongside a tight labor market
- Wage growth is beginning to moderate but remains well-above historical averages
- Job growth has slowed and workers who have lost their job are facing more difficulties finding new employment in recent months
- Banks expect to further tighten their credit standards over the medium term



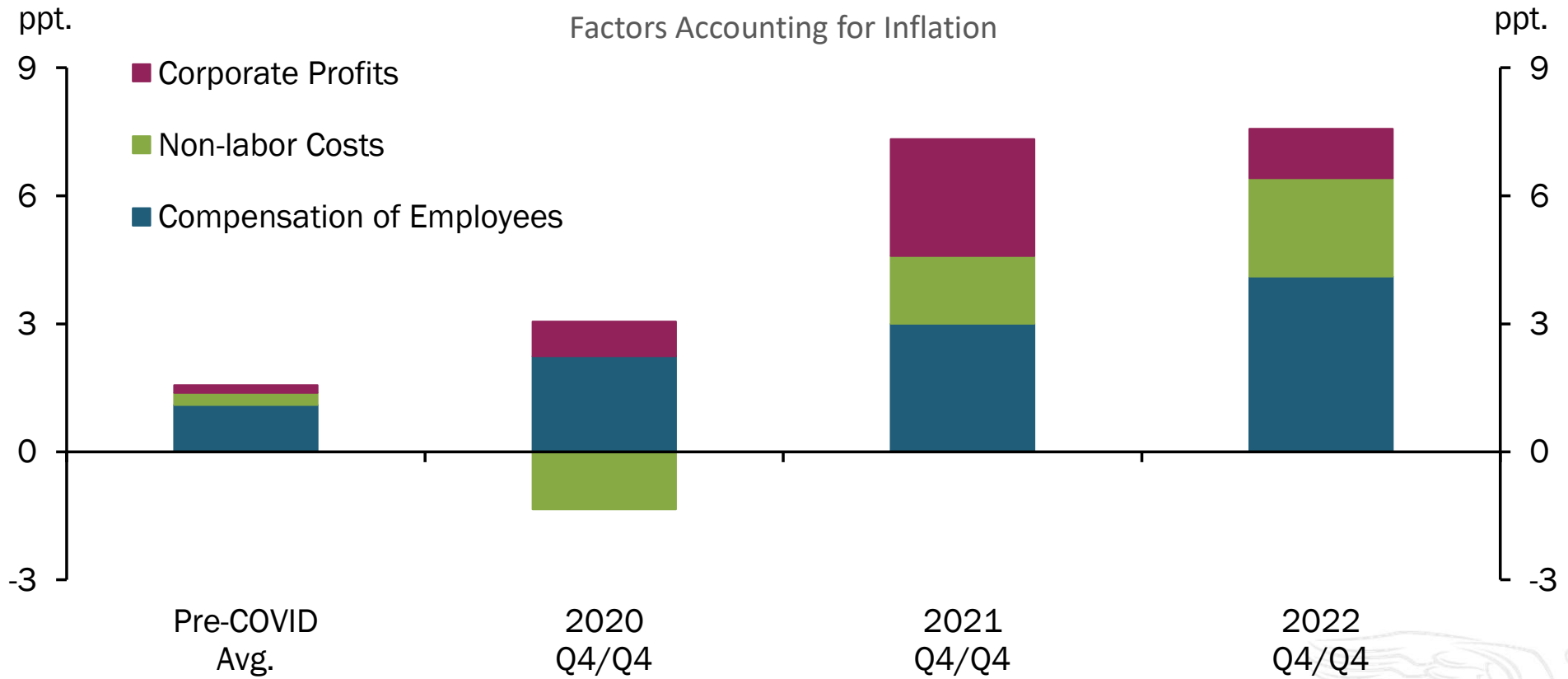
# Inflation remains elevated, with core inflation maintaining momentum



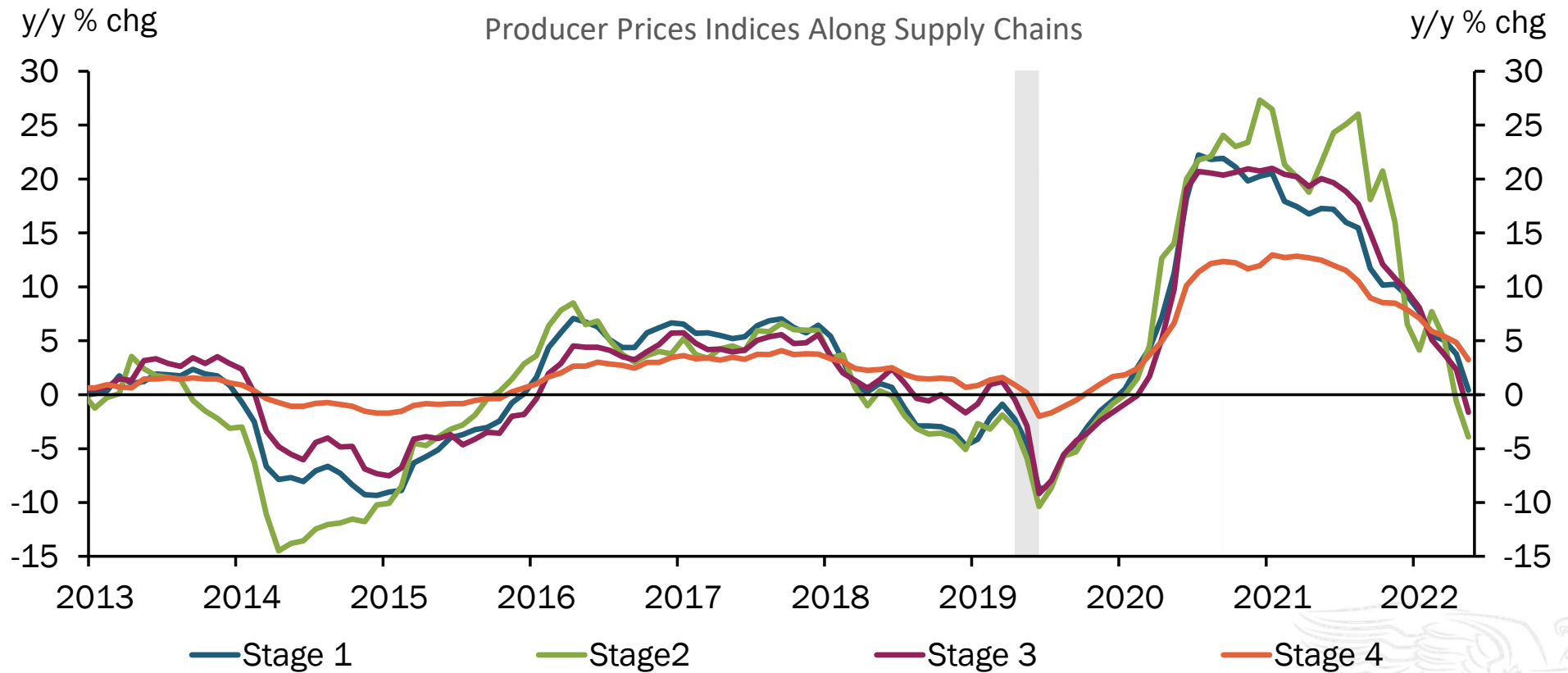
# The Federal Reserve raised interest rates rapidly over the past year, and projects that rates will likely remain elevated over the medium term



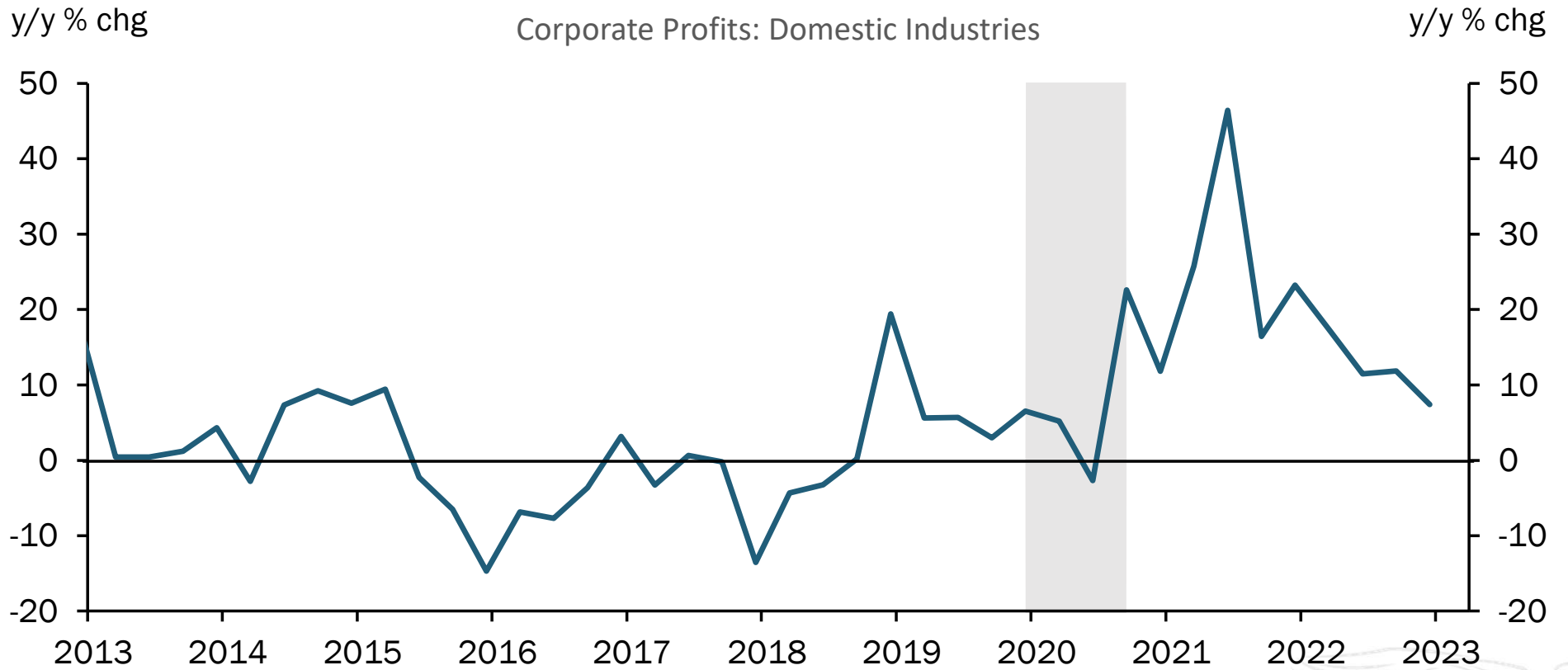
# Inflation pressures were evident in several parts of the economy



# Now, inflation pressures associated with “non-labor costs” are softening along all stages of production, as input price growth is slowing



# Corporate profits are softening from their recent outsized growth rates

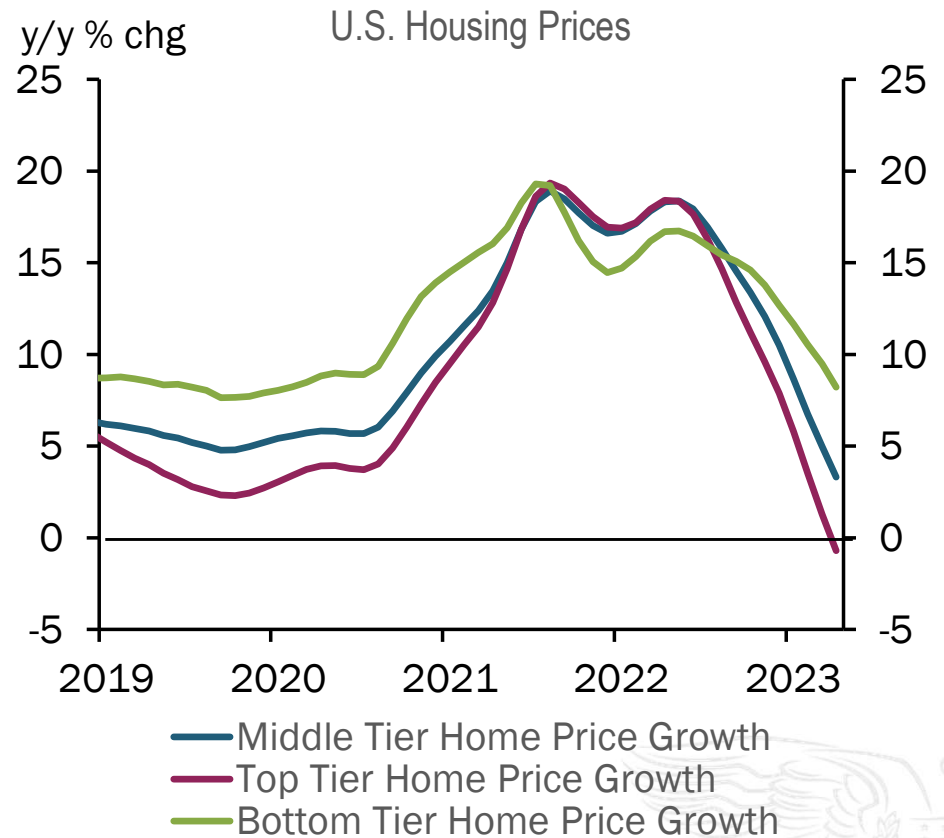
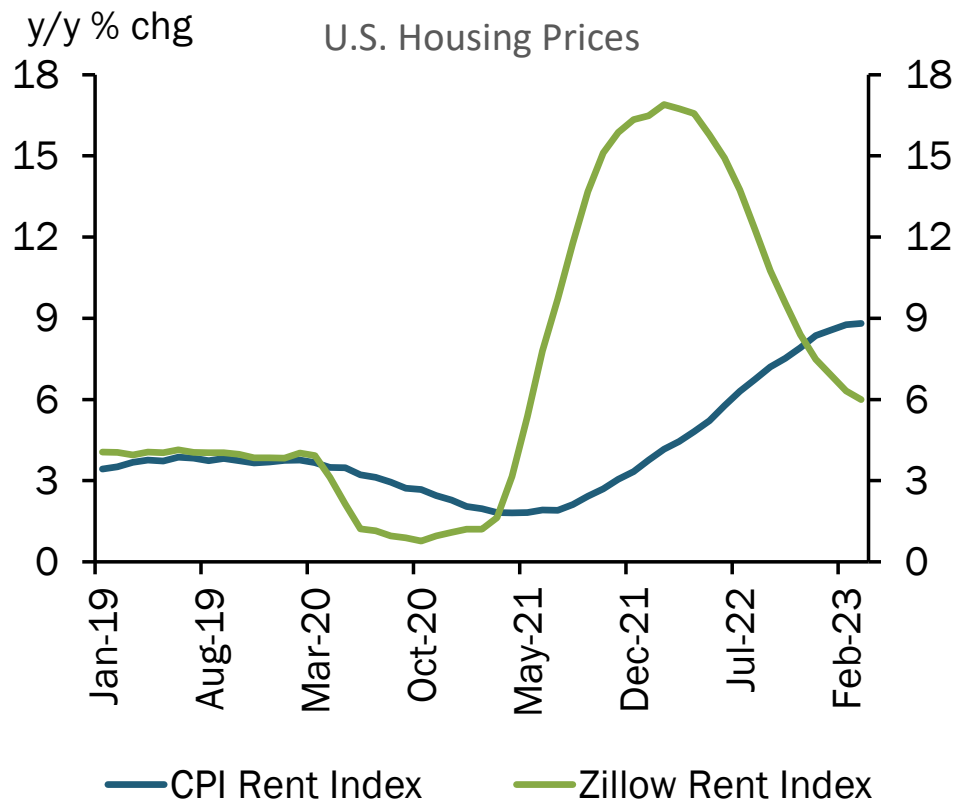


# Even though wage growth is moderating, workers' compensation is rising faster than historical norms



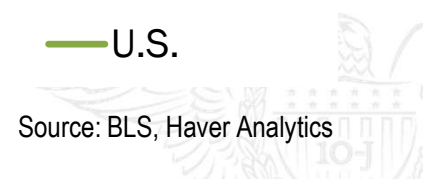
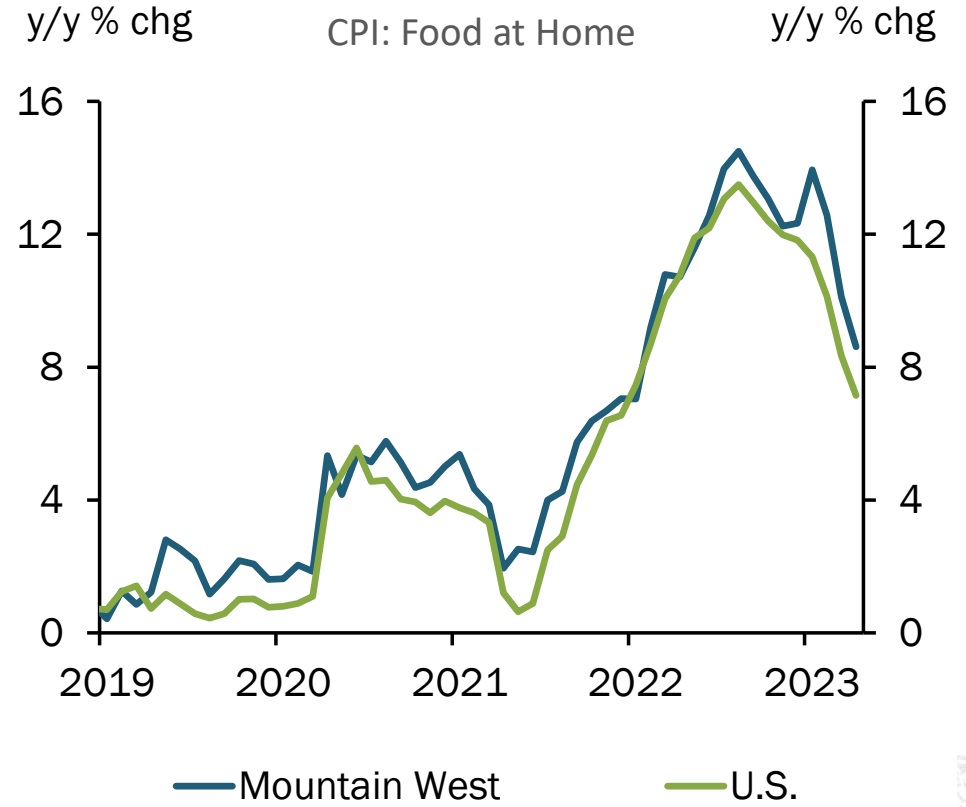
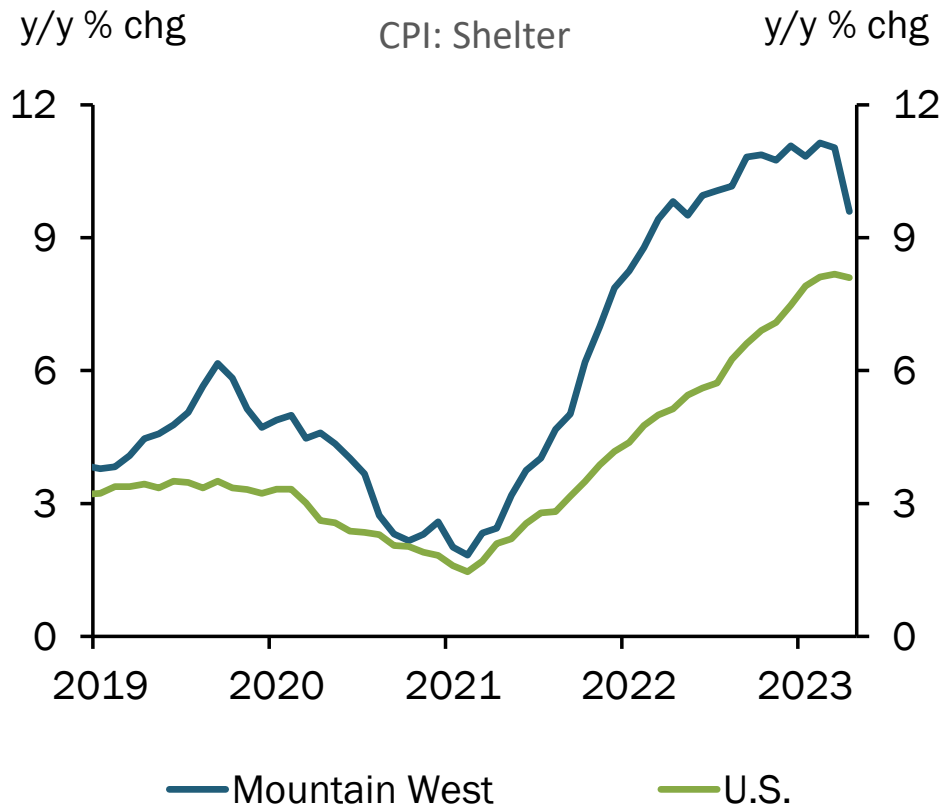


# Rent inflation for new leases has slowed after peaking last September

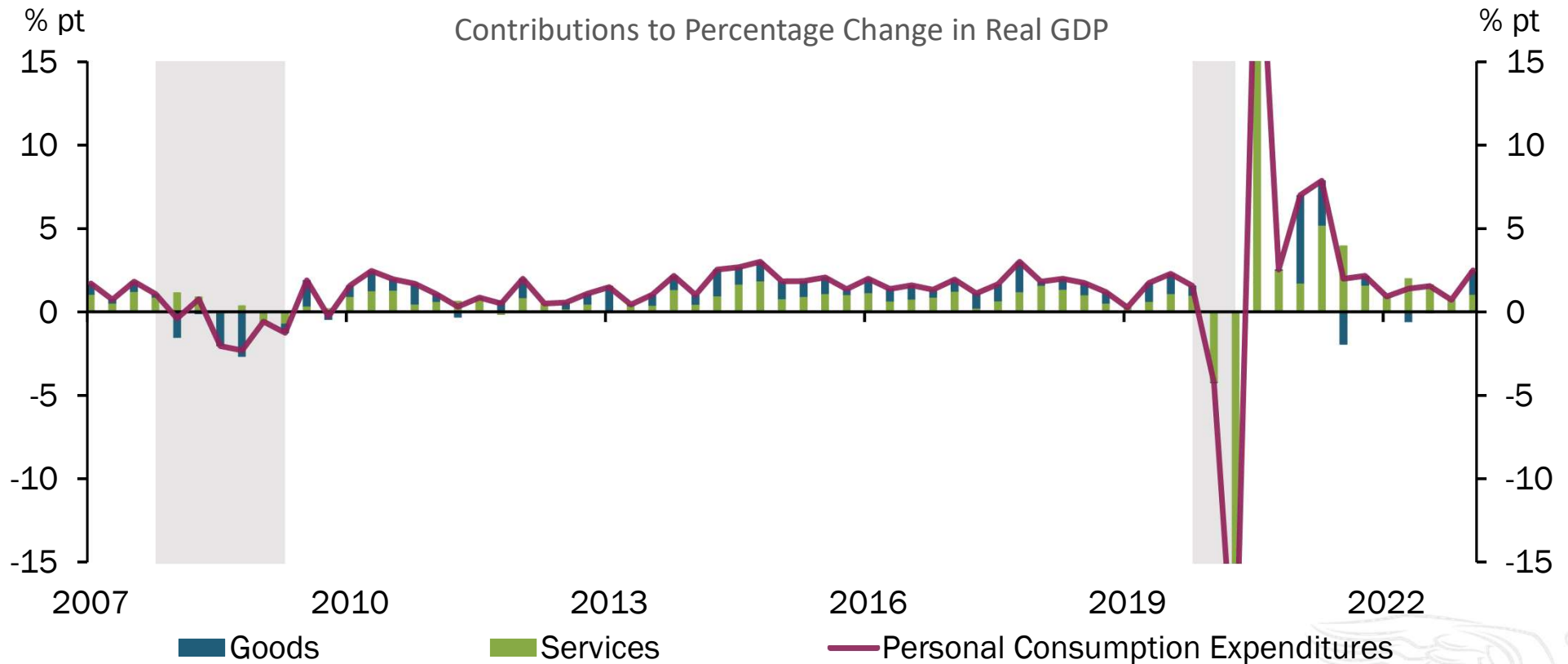


Source: BEA, Zillow, BLS, Haver Analytics

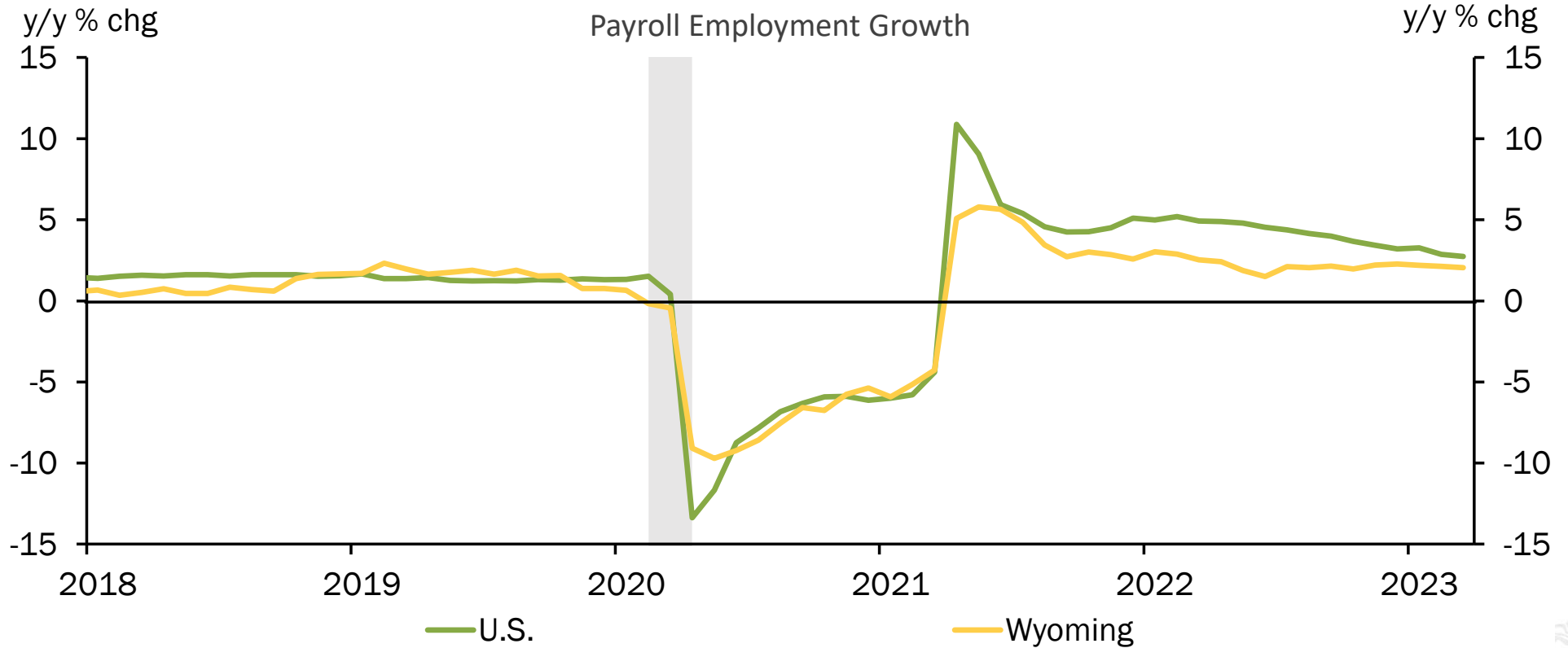
# The mountain region is experiencing higher price growth in non-discretionary categories like shelter and food at home



# Consumer spending growth slowed in recent months, reverting to its trend level of contribution to overall growth



# Job growth remains strong but is decelerating to near its trend level



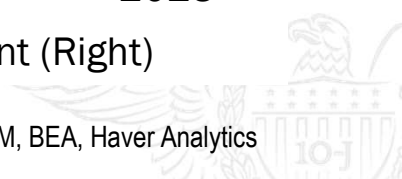
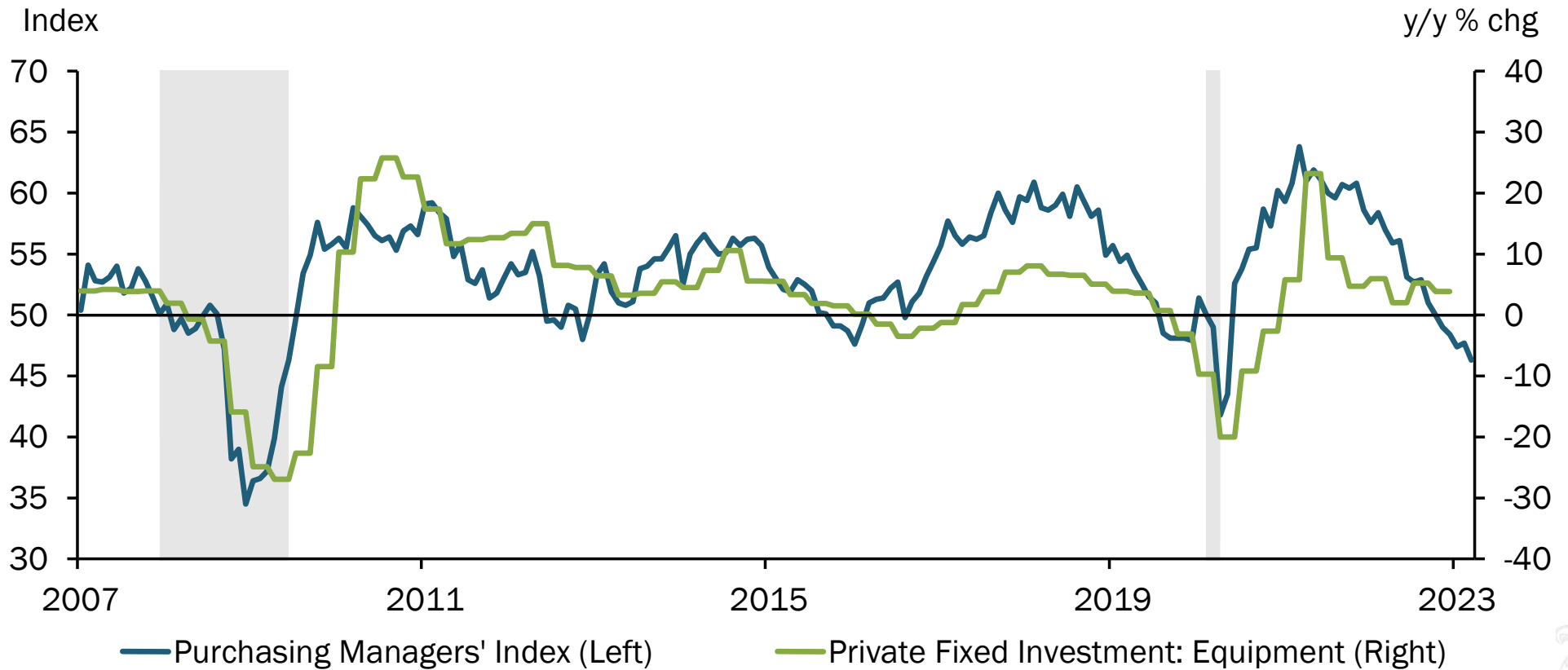
# Workers who recently lost their jobs are facing more difficulties finding new employment opportunities



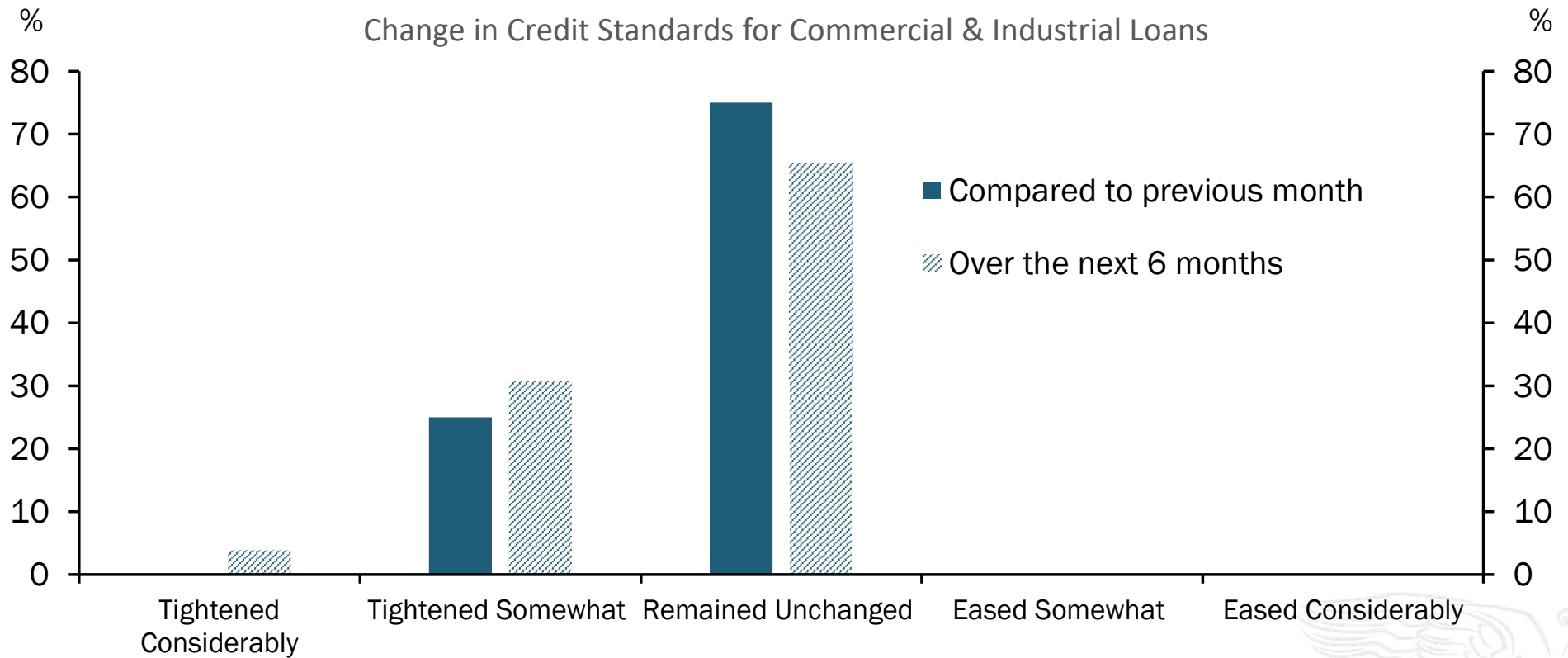
Source: BLS, Haver Analytics

Note: Values correspond to workers who have been unemployed less than 5 weeks. Grey bars indicate recession shading

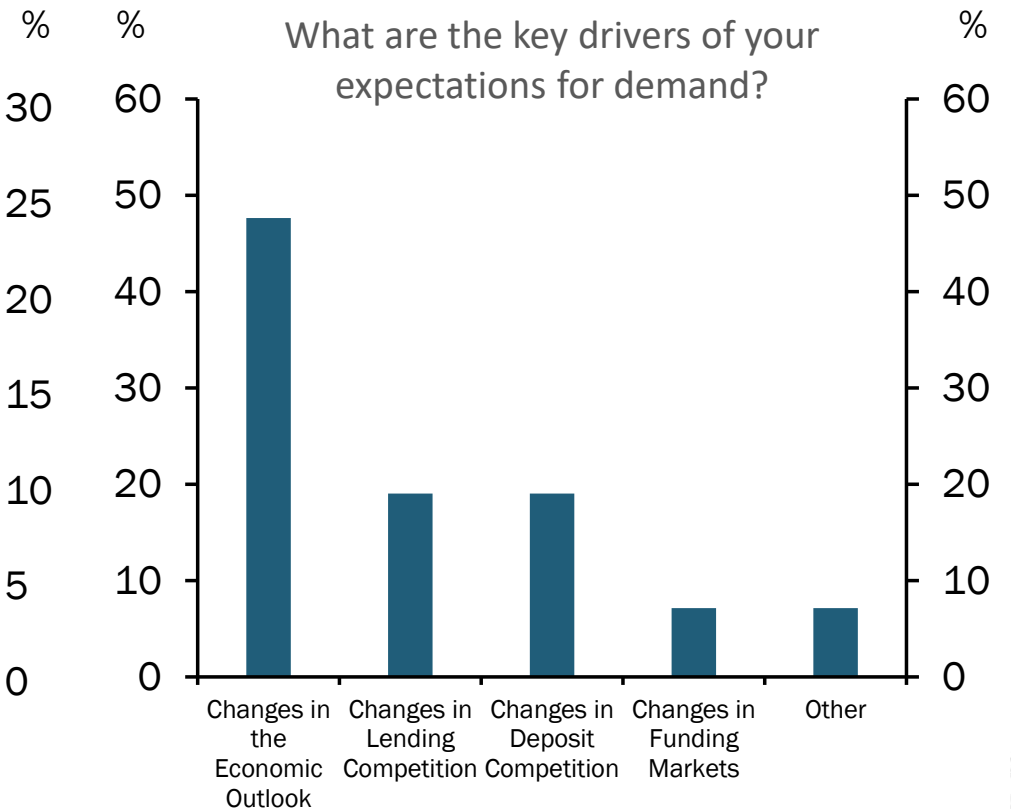
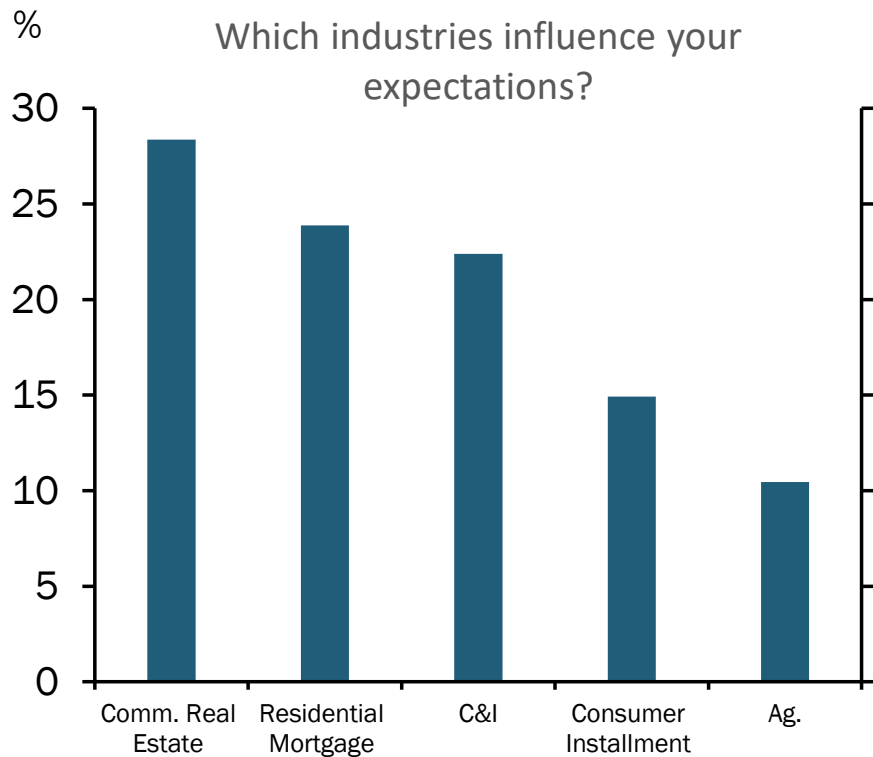
# Businesses' purchases of materials, equipment and other capex spending are declining



# An increased share of banks expect to further tighten their credit standards over the next six months



# Banks in the region are reportedly tightening conditions most in real estate because of shifts in the economic outlook



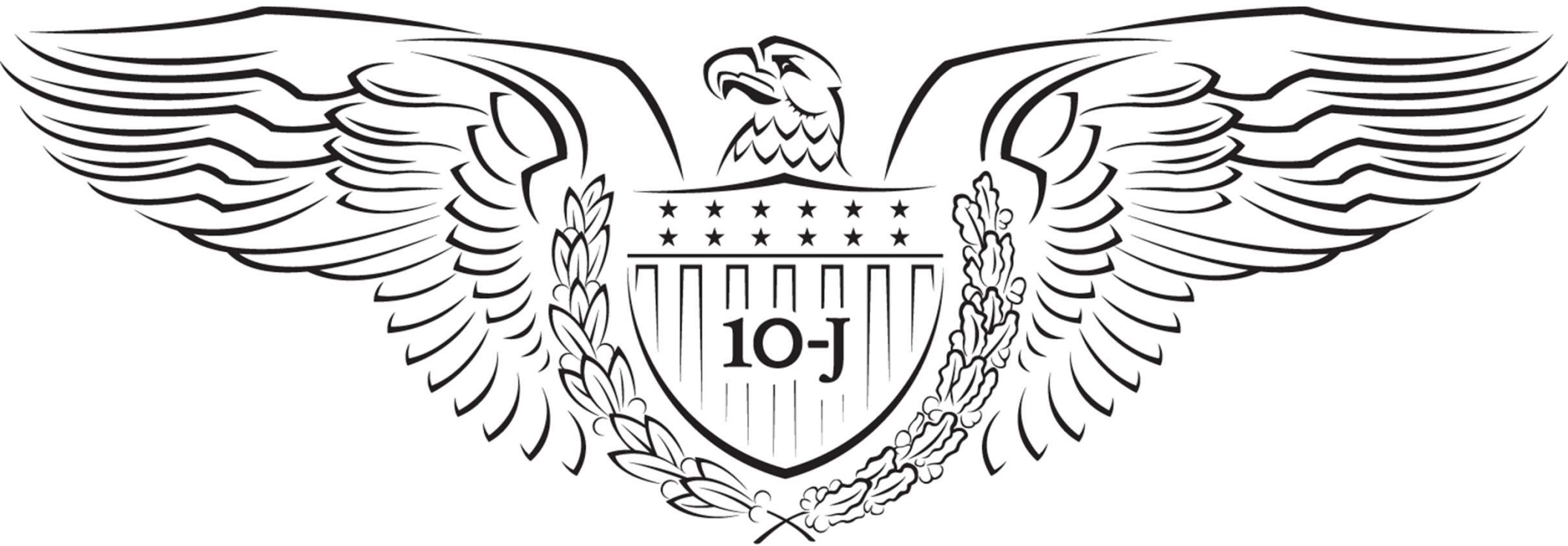


## Looking ahead

- Inflation still has momentum in many home spending categories, and slowing that momentum will be key to restoring price stability over coming months
- Several signs of labor markets softening have begun to emerge, including a downshift is expected wage growth over the coming year
- The Federal Reserve has stated a sustained stance of restrictive policy is likely to be appropriate to restore price stability and it will be closely monitoring developments to guide future policy decisions



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