U.S. Economic Developments and Outlook

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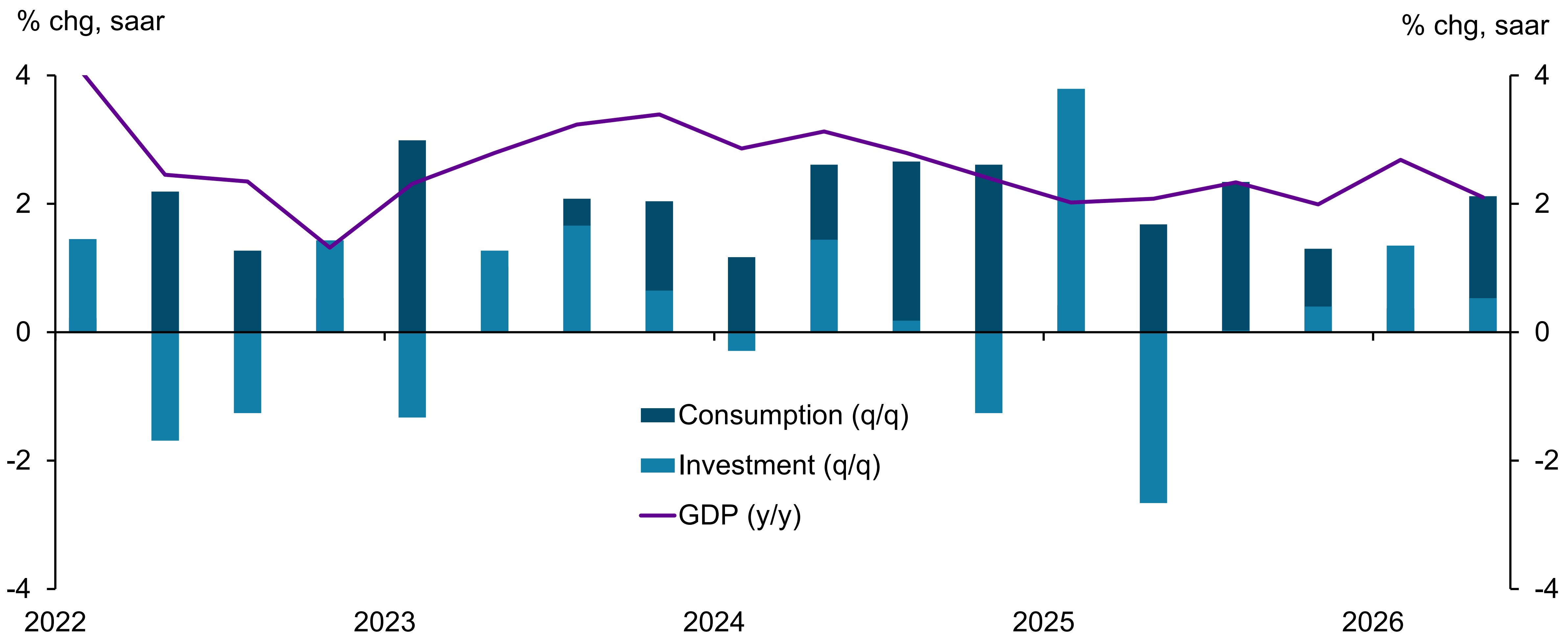
Denver / Oklahoma City / Omaha

Outlook Themes

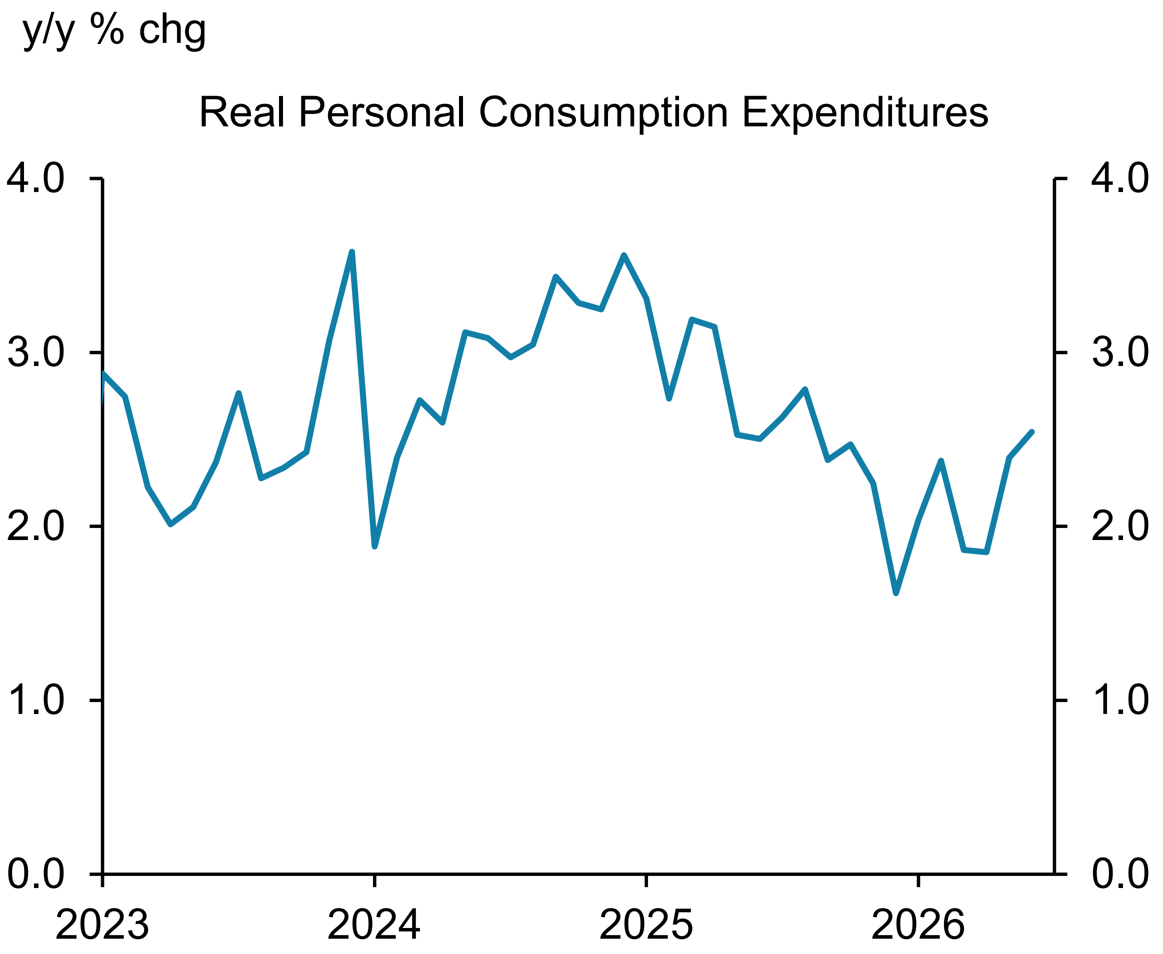
- U.S. economic growth remains steady.
- The labor market is generally in balance in aggregate.
- Wage growth has returned to historical norms, but some indications point to higher expected wage growth this year.
- AI technologies appear to be oriented toward the more volatile aspects of the U.S. economy.
- Inflation remains elevated, driven by broad price increases for consumers.

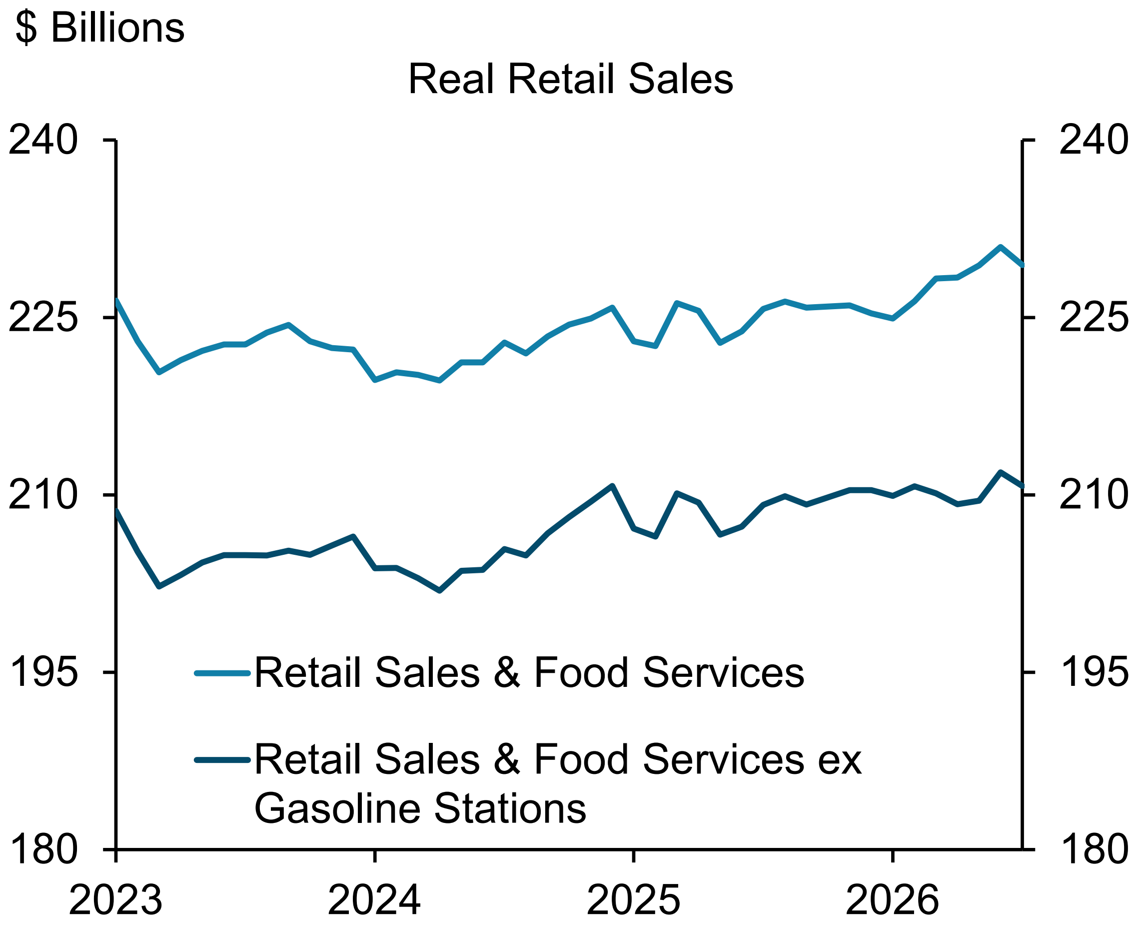
Economic growth remains steady, driven by private investment and consumption



Sources: Bureau of Economic Analysis, Haver Analytics.

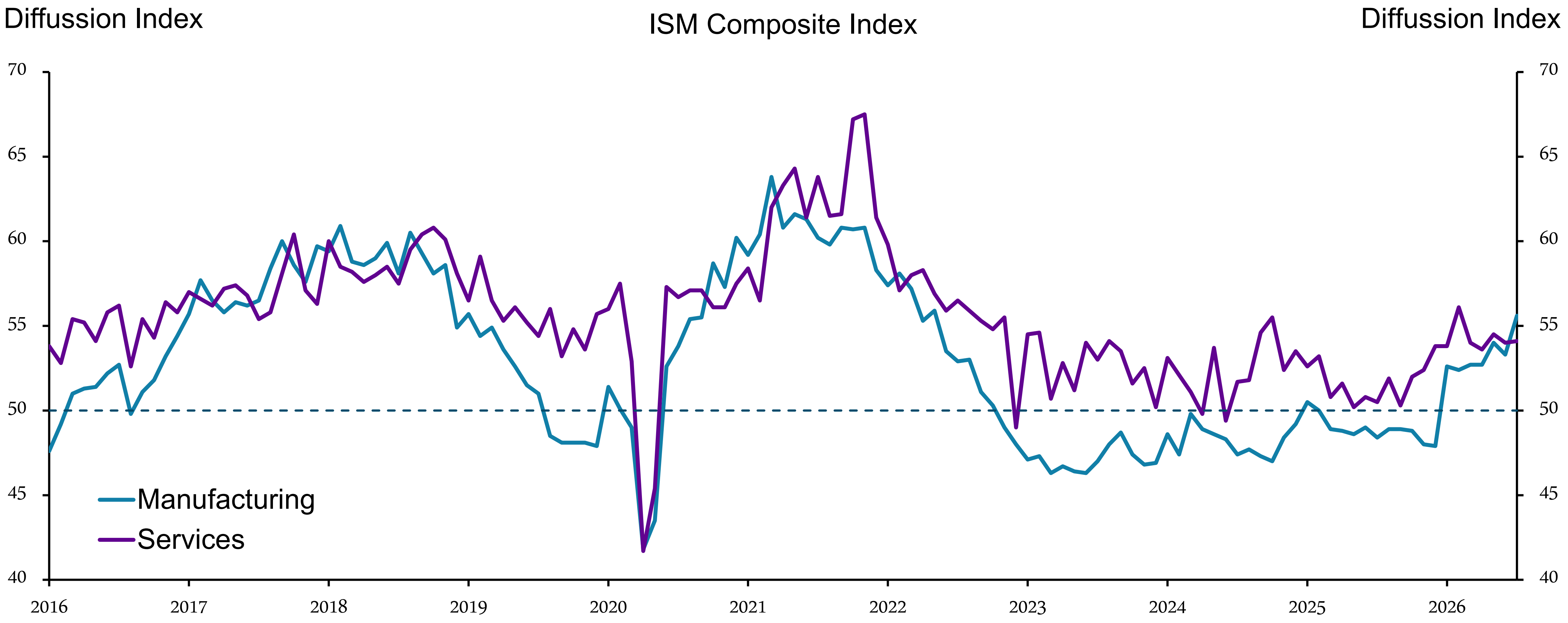
Consumption growth has been steady





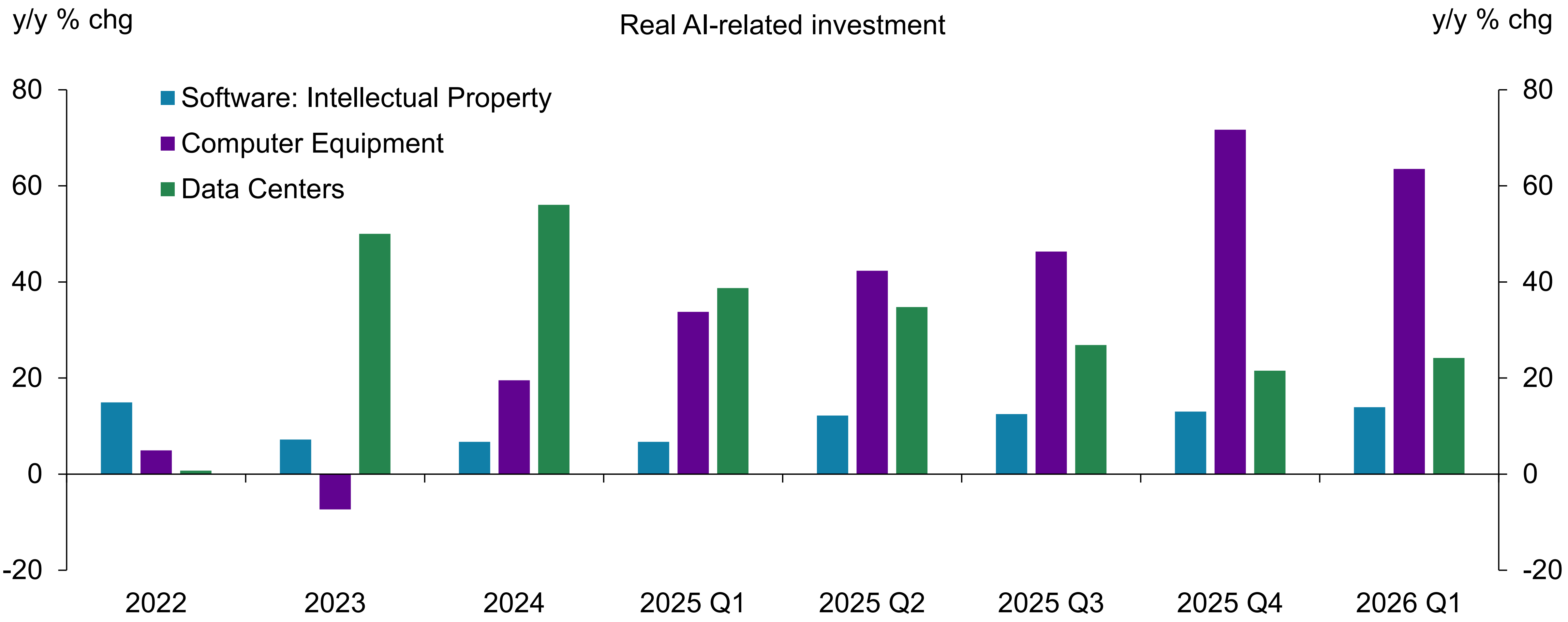
Sources: Bureau of Economic Analysis, Census Bureau, Bureau of Labor Statistics, Haver Analytics.

Broader industrial activity picked up recently



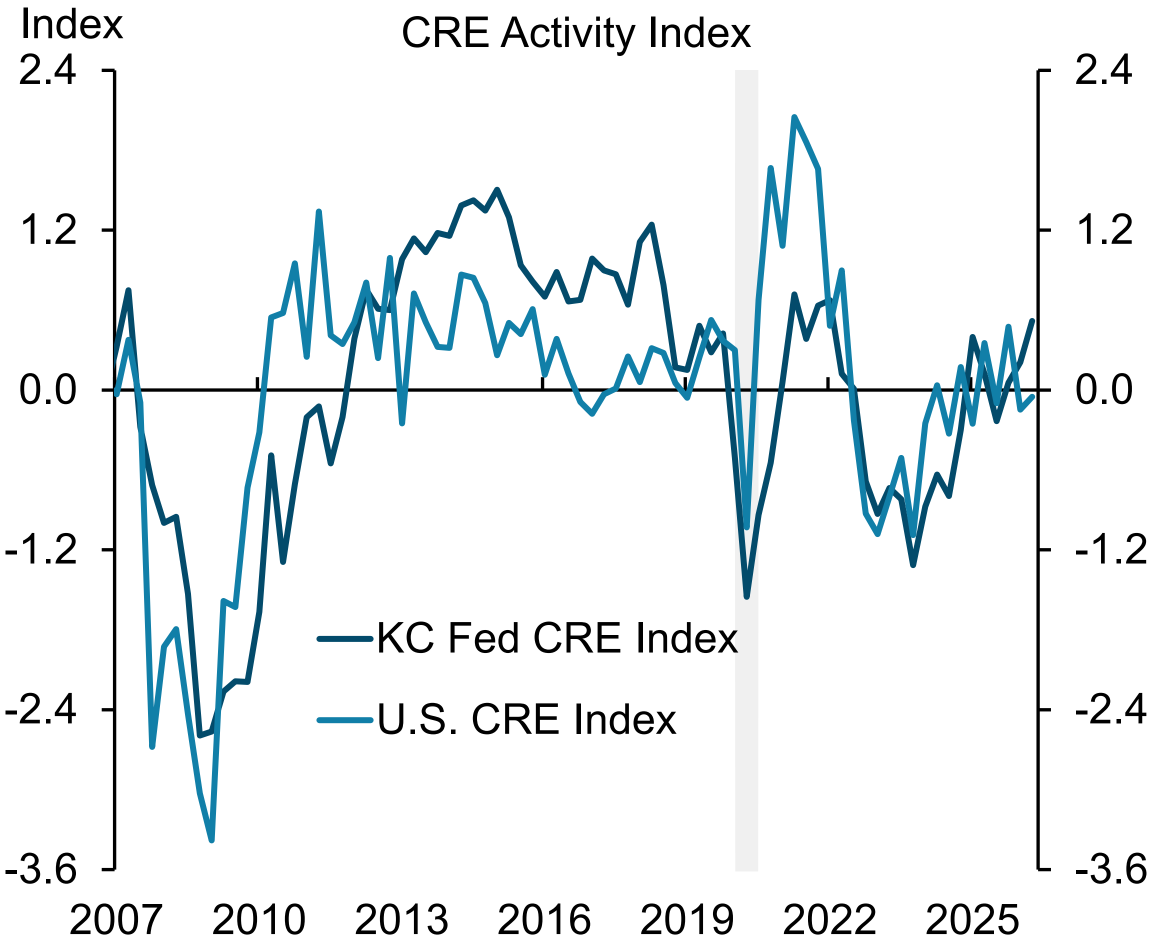
Sources: Institute for Supply Management, Haver Analytics.

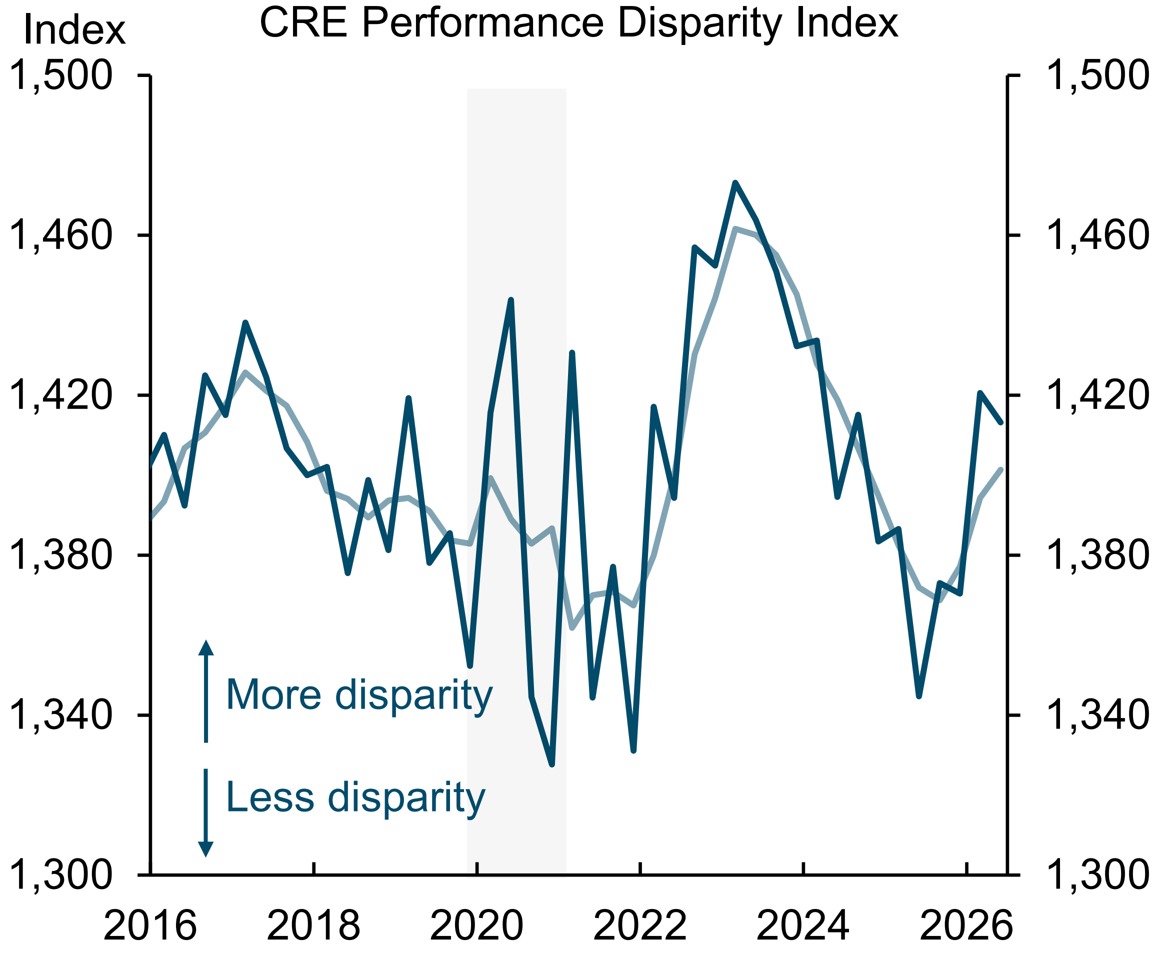
Data centers, AI, and associated capital expenditures are key part of overall business investment growth



Sources: Bureau of Economic Analysis, Haver Analytics.

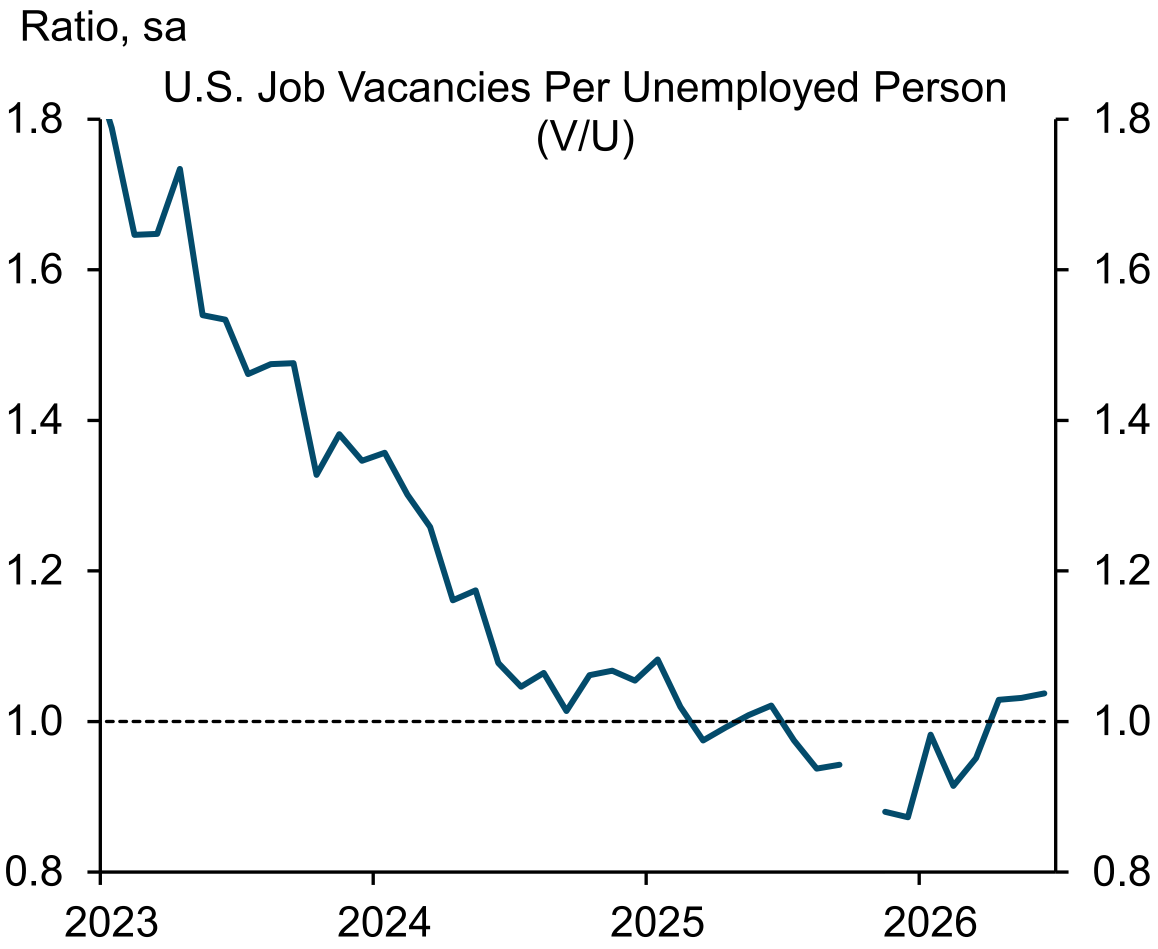
As CRE conditions stabilized recently, asset performance showed increasing granularity with higher dispersion in yields across locations and segments

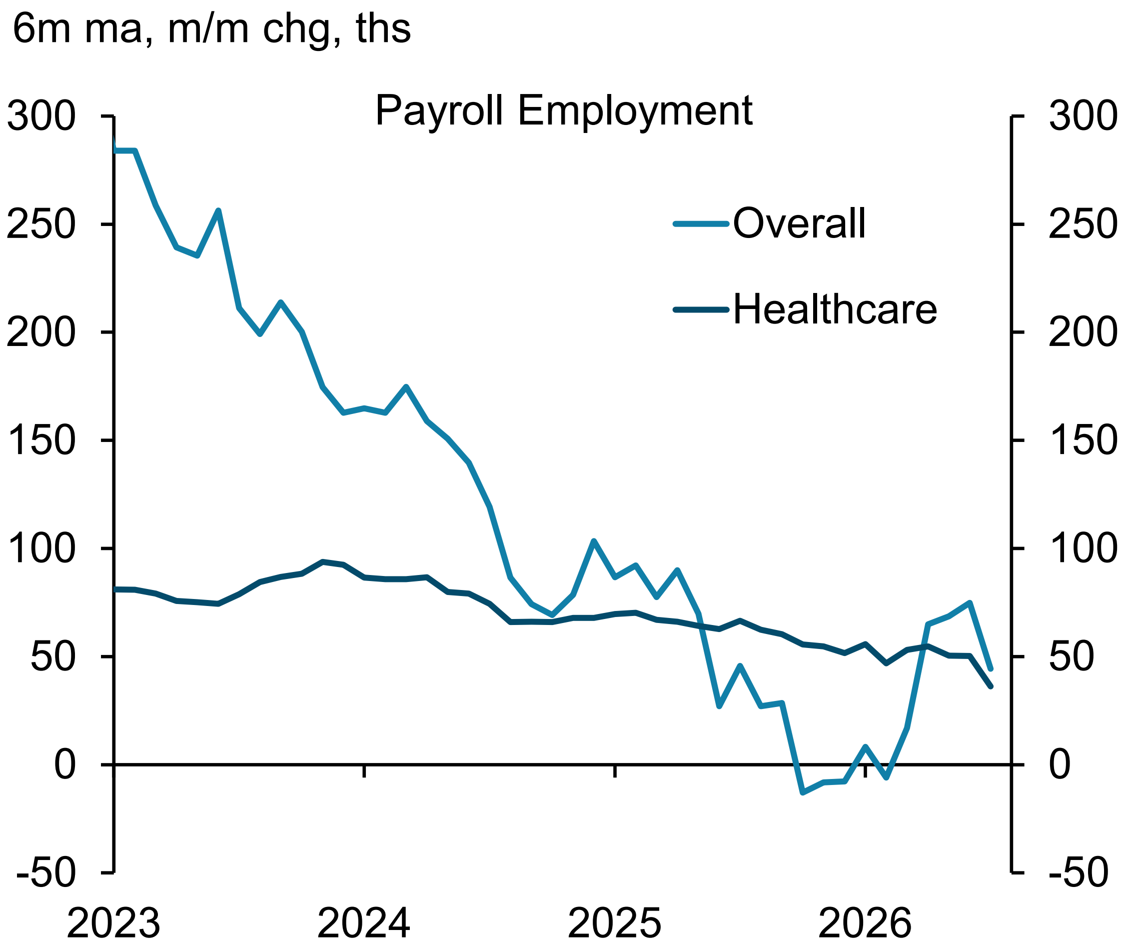




Source: Federal Reserve Bank of Kansa City, Federal Reserve Board, FRED, CoStar Realty Information Inc., staff calculations.

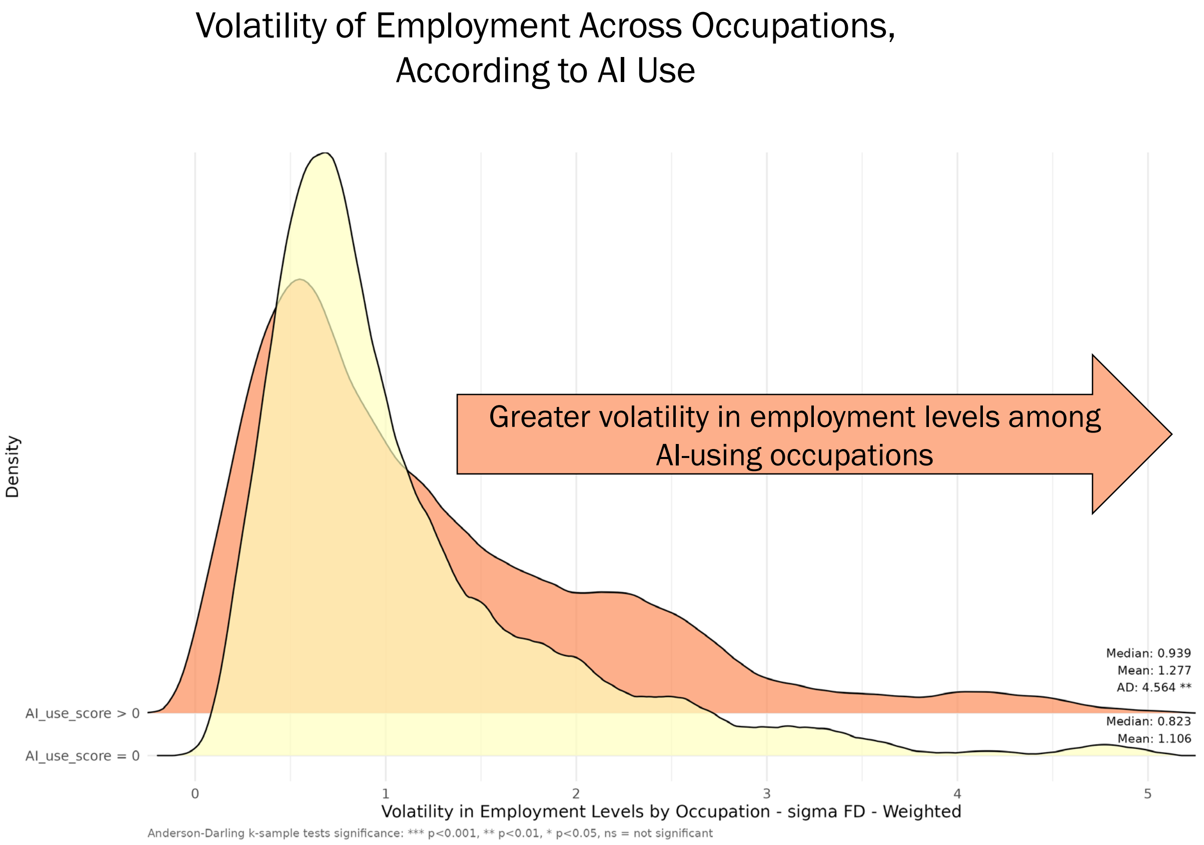
Labor markets remain in balance even as job growth has cooled

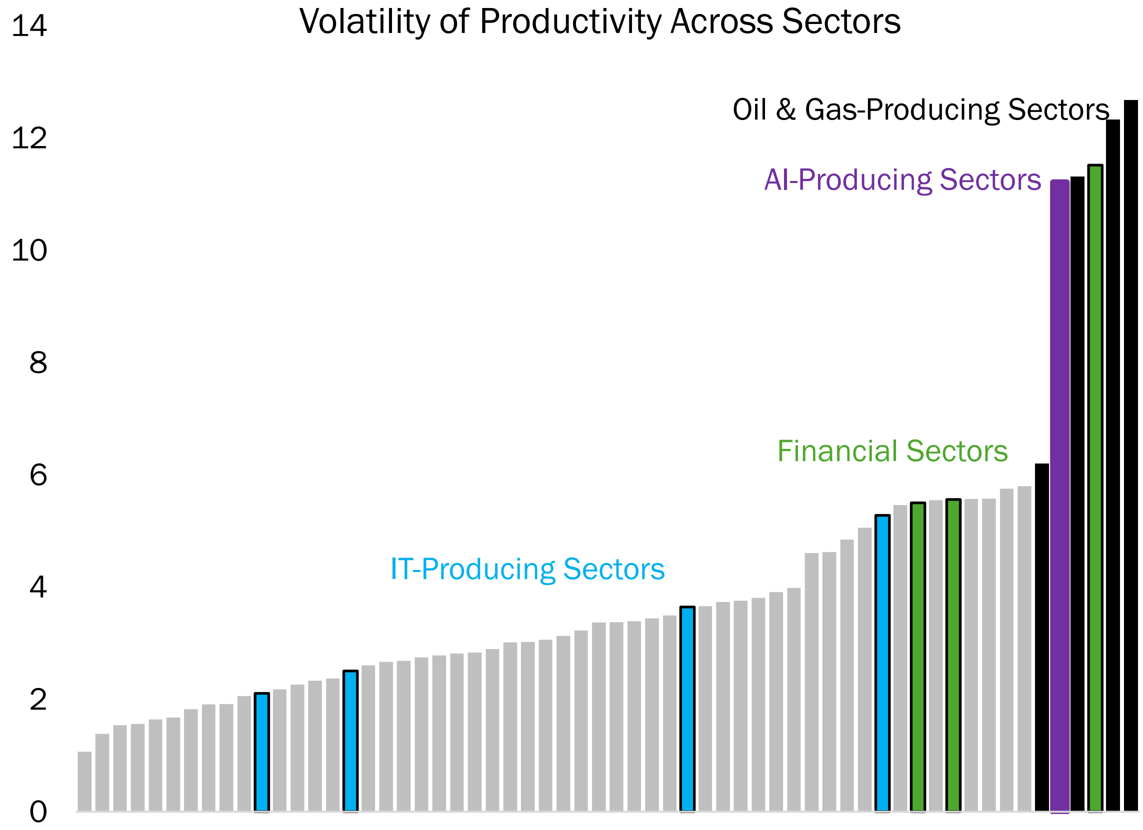




Sources: Bureau of Labor Statistics, Haver Analytics.
Note: October 2025 V/U data not published by the BLS.

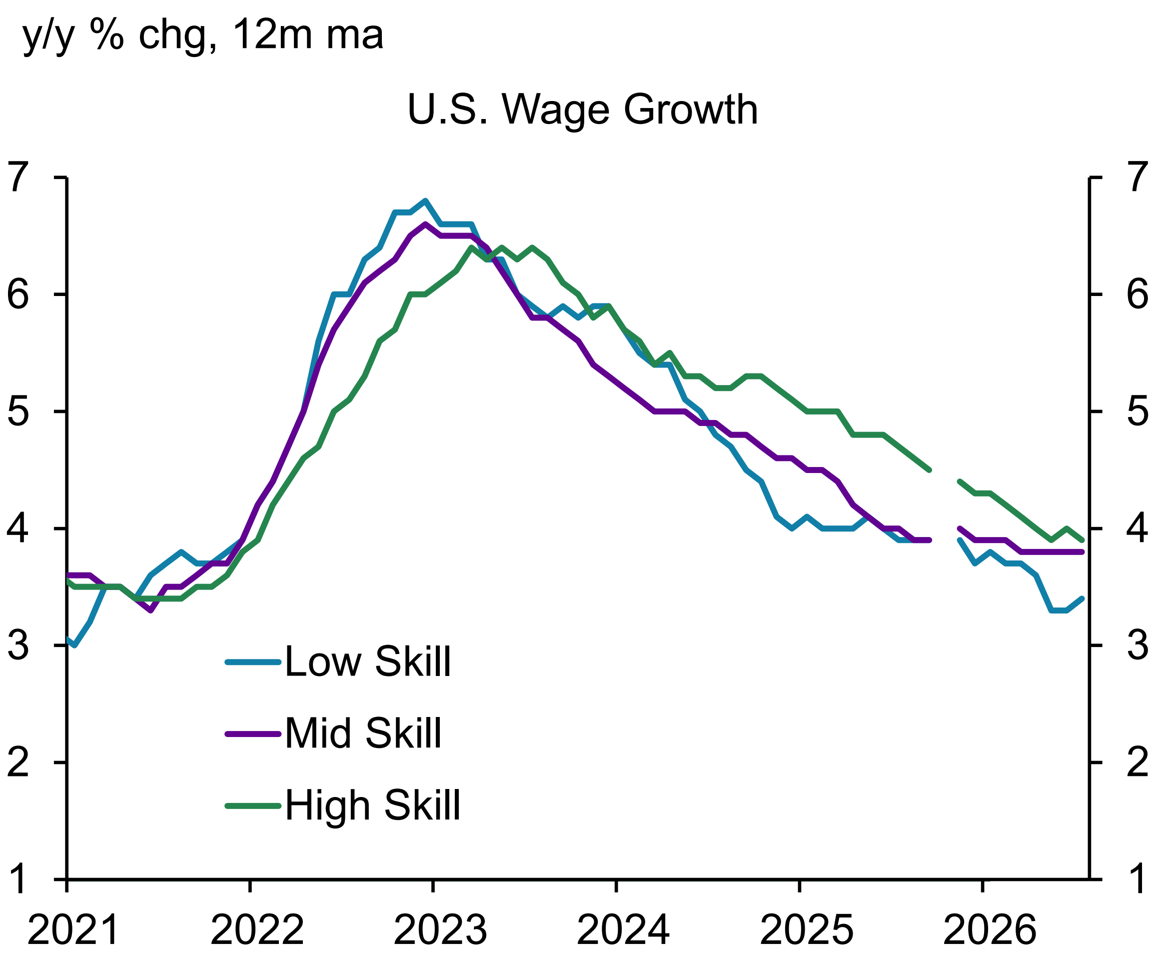
The use of AI in the workplace and the production of AI technologies are concentrated in more volatile jobs and sectors of the U.S. economy

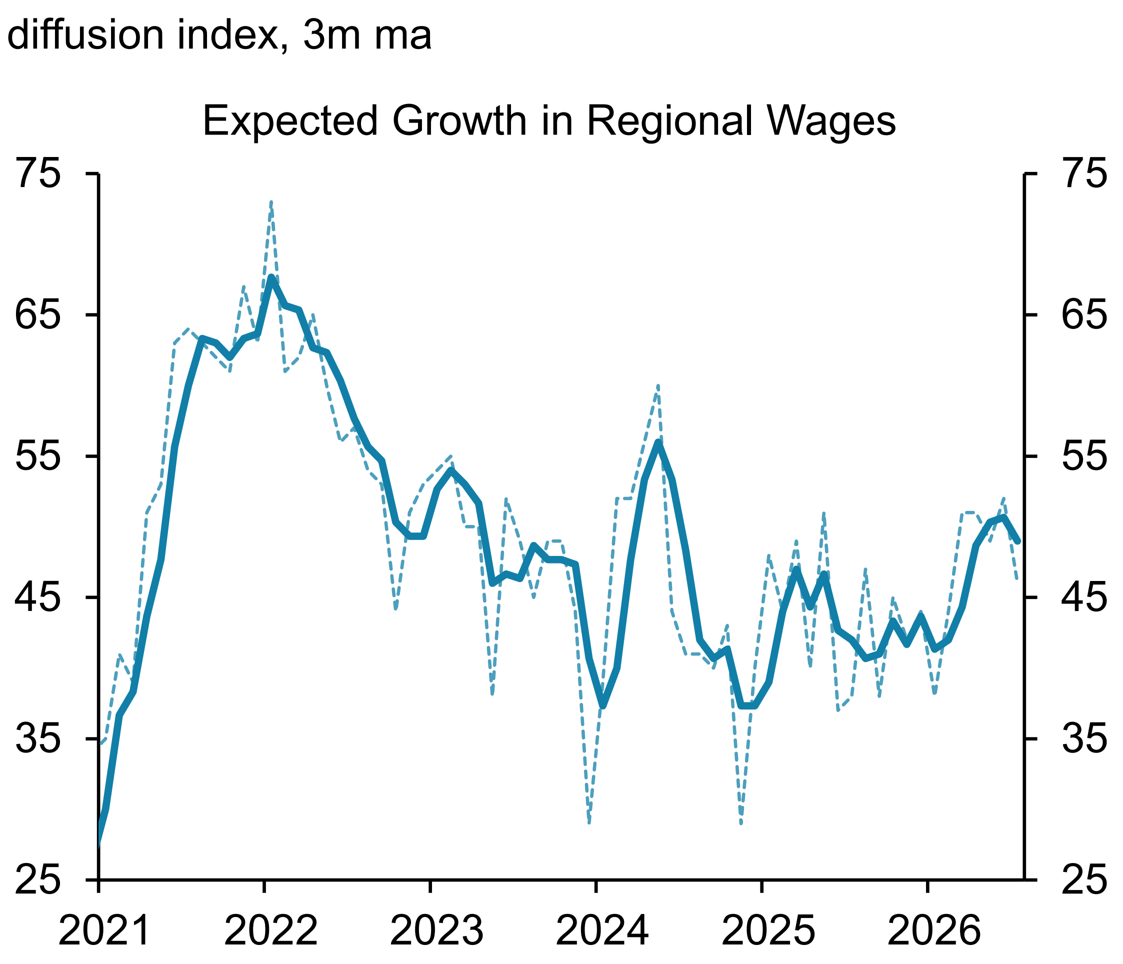




Sources: Munoz and Sly (2026), Bureau of Economic Analysis.
Note: Air transportation and government sectors excluded from sector-specific volatility chart.
Sector-specific volatility measured as std. dev. in annual growth in total factor productivity.

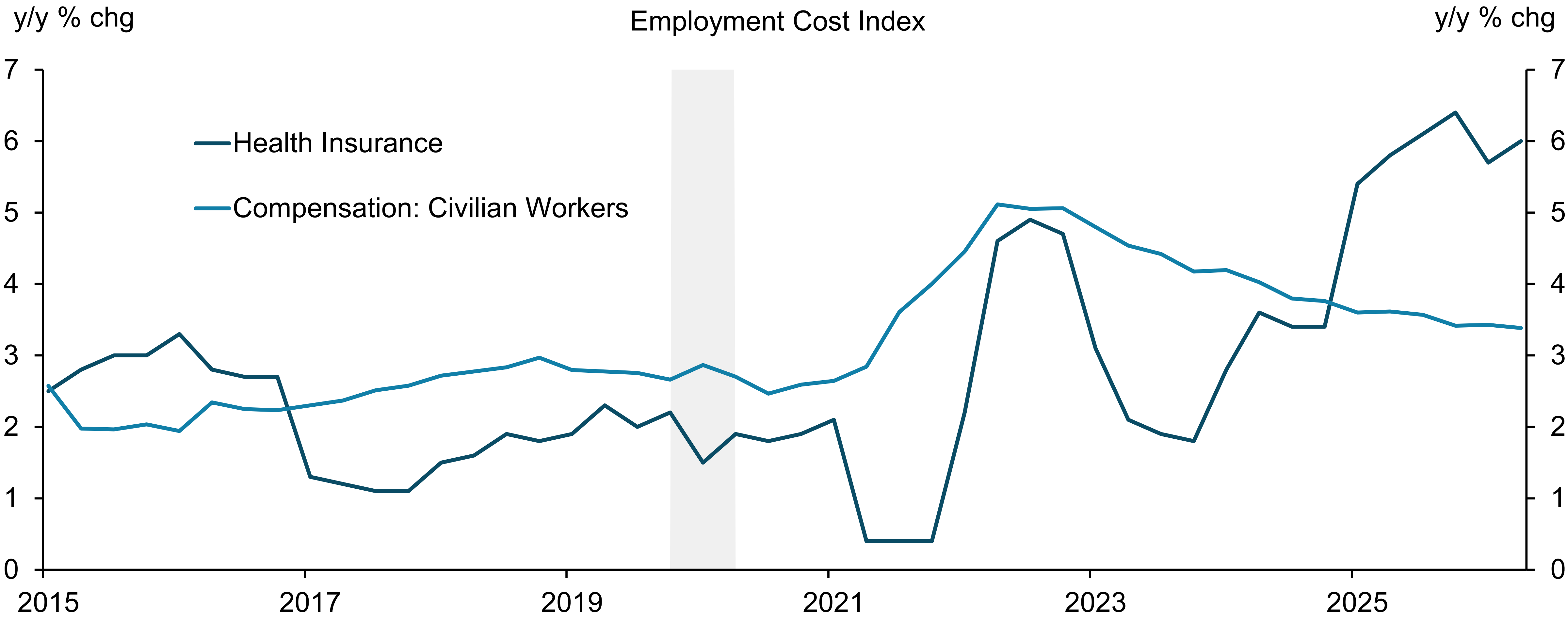
Wage growth has stabilized recently, though expectations for wage growth increased slightly





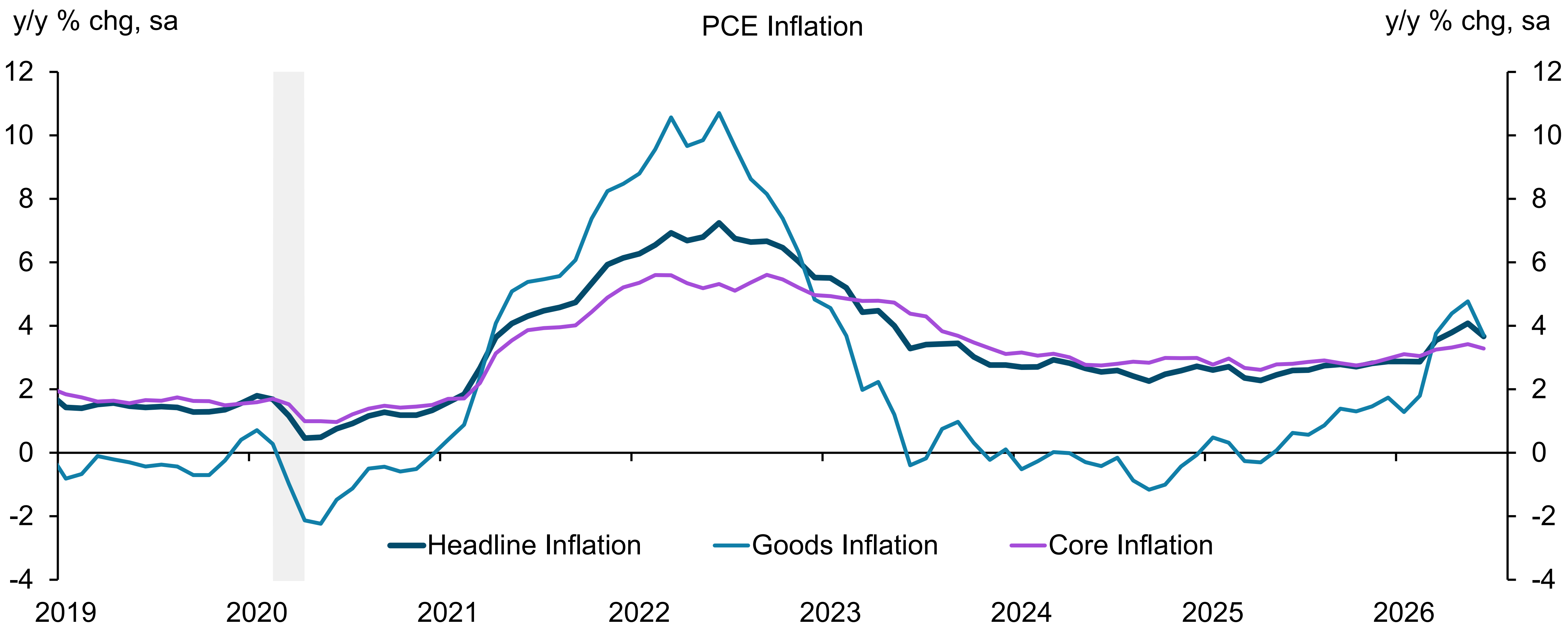
Sources: Federal Reserve Bank of Atlanta, Federal Reserve Bank of Kansa City, Haver Analytics.
Notes: Expected wage growth indicates survey respondents' 6mo expectations for wage and benefit cost growth.

Growth in non-wage compensation continues to surge, raising expected labor costs for employers



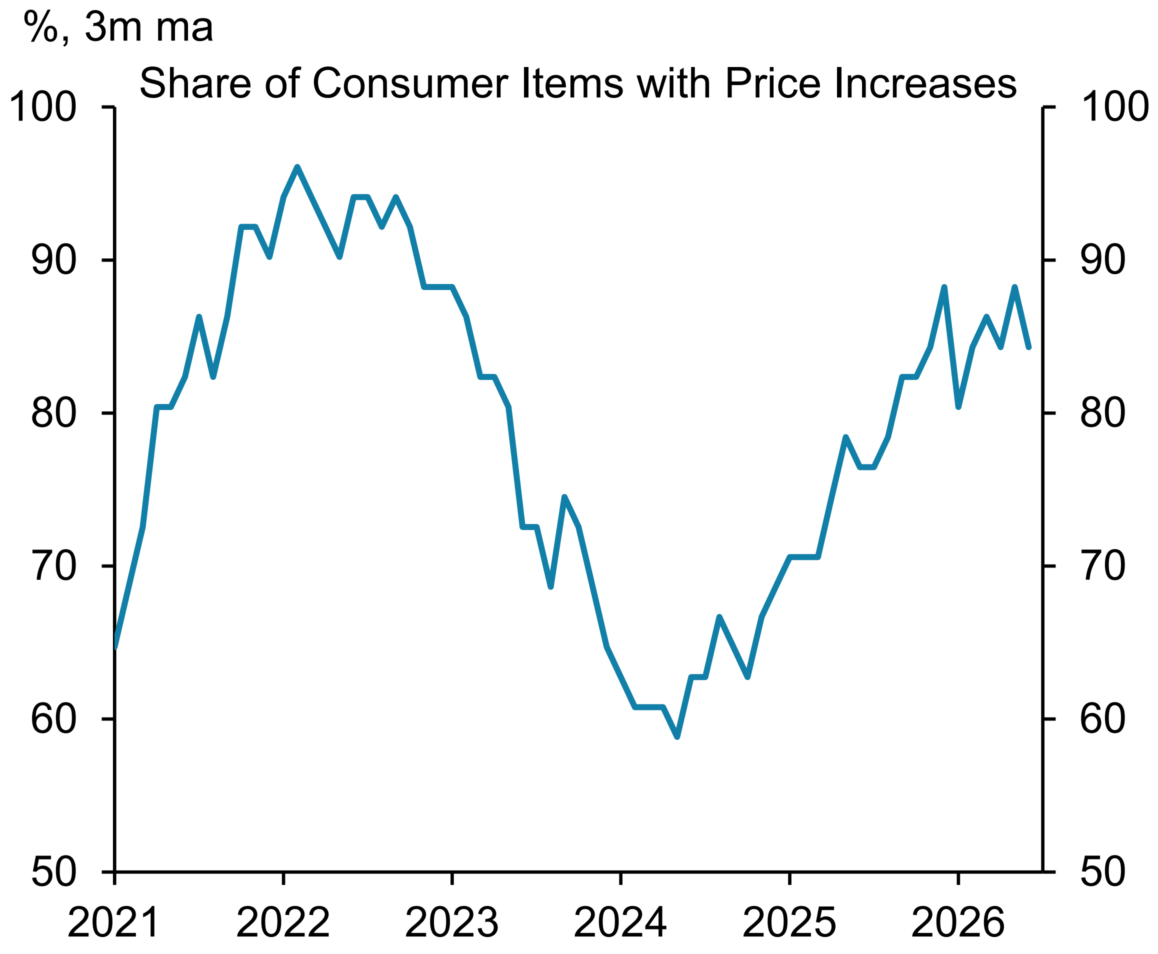
Sources: Bureau of Labor Statistics, Haver Analytics.

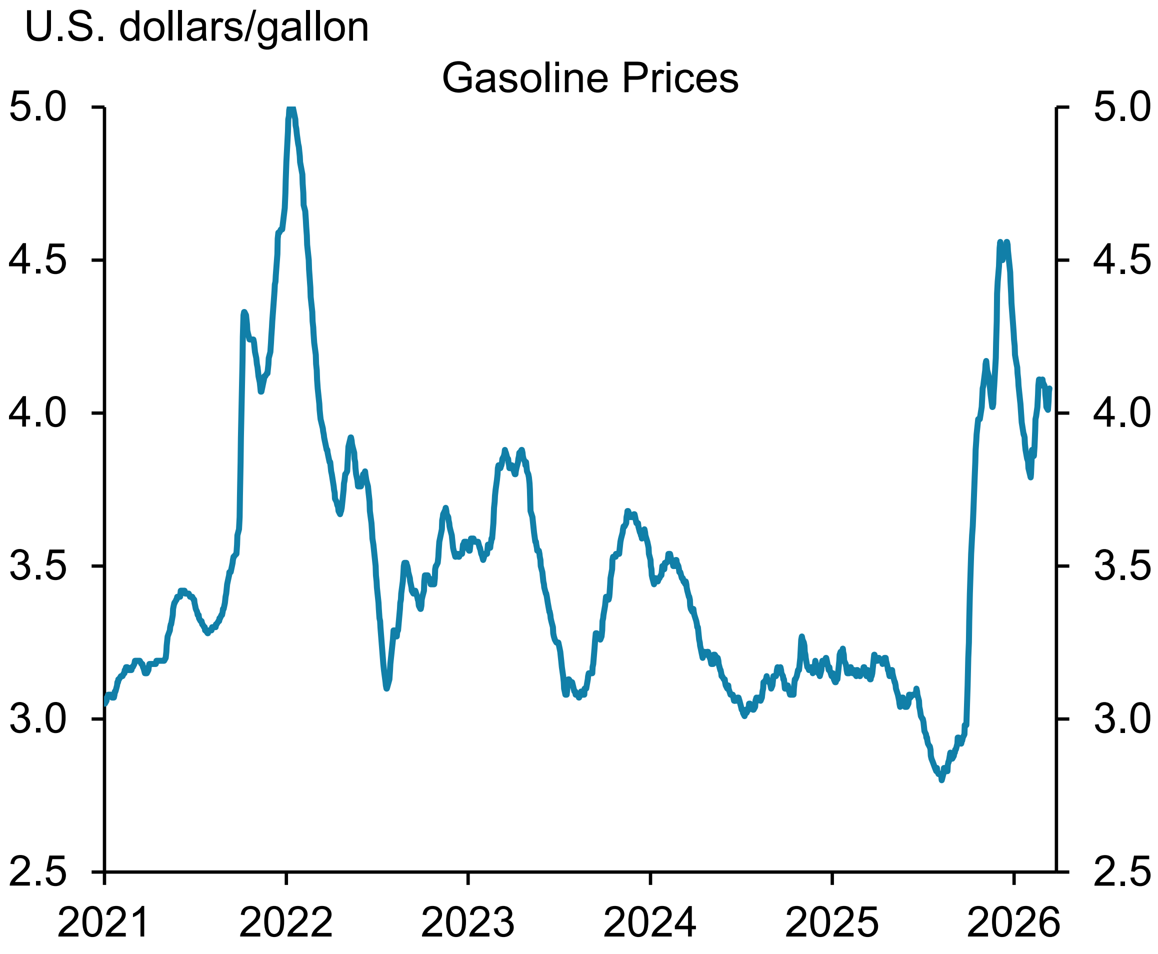
Headline inflation remains above target, core inflation is above its norm, and goods inflation continues to be elevated



Sources: Bureau of Labor Statistics, Bureau of Economic Analysis, Haver Analytics.
Note: Inflation values correspond to the Personal Consumption Expenditure (PCE) measure.

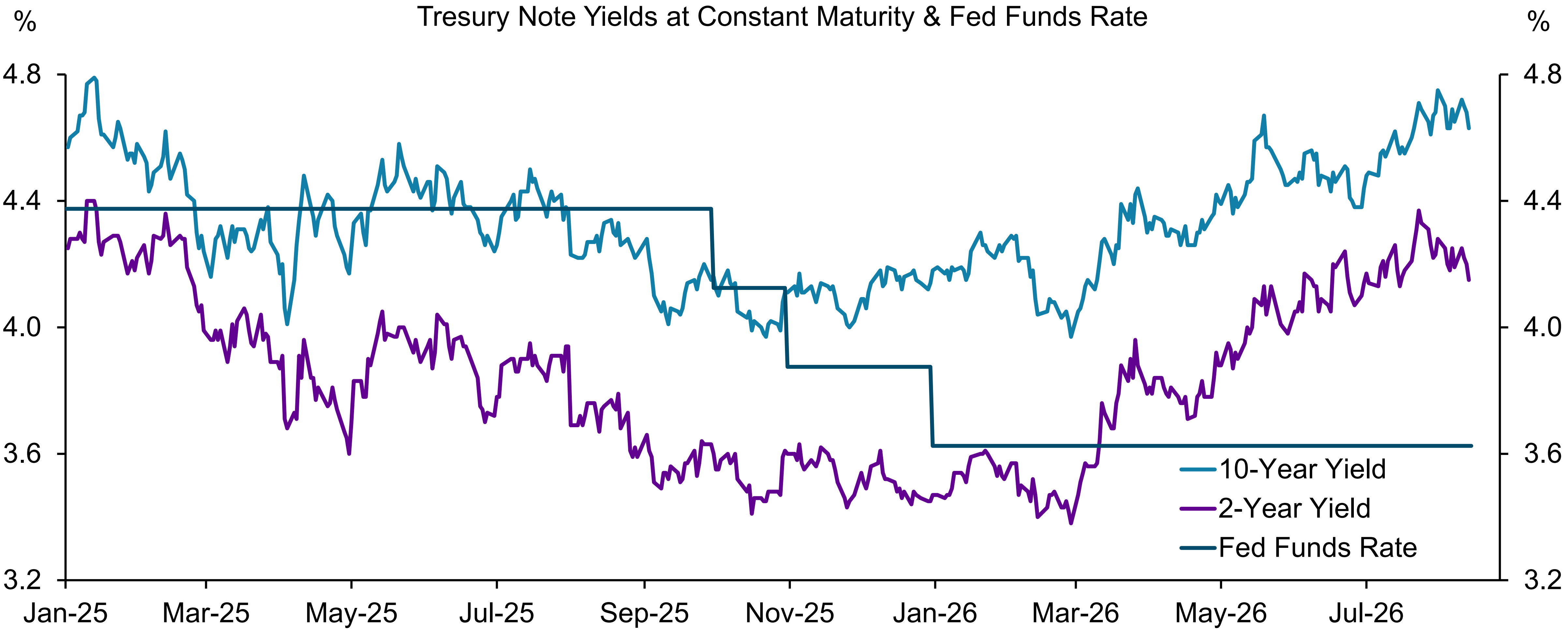
Though gas prices drove much of the recent fluctuations in inflation data, the extent of consumer items showing price increases is elevated





Sources: Federal Reserve Bank of San Francisco, Energy Information Administration, Haver Analytics.
Note: Share of PCE Items with higher prices year over year.

Interest rates have risen since the beginning of the year



Sources: Federal Reserve Board, Haver Analytics.

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