

Economic Outlook

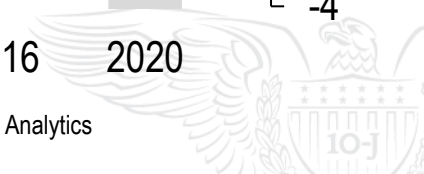
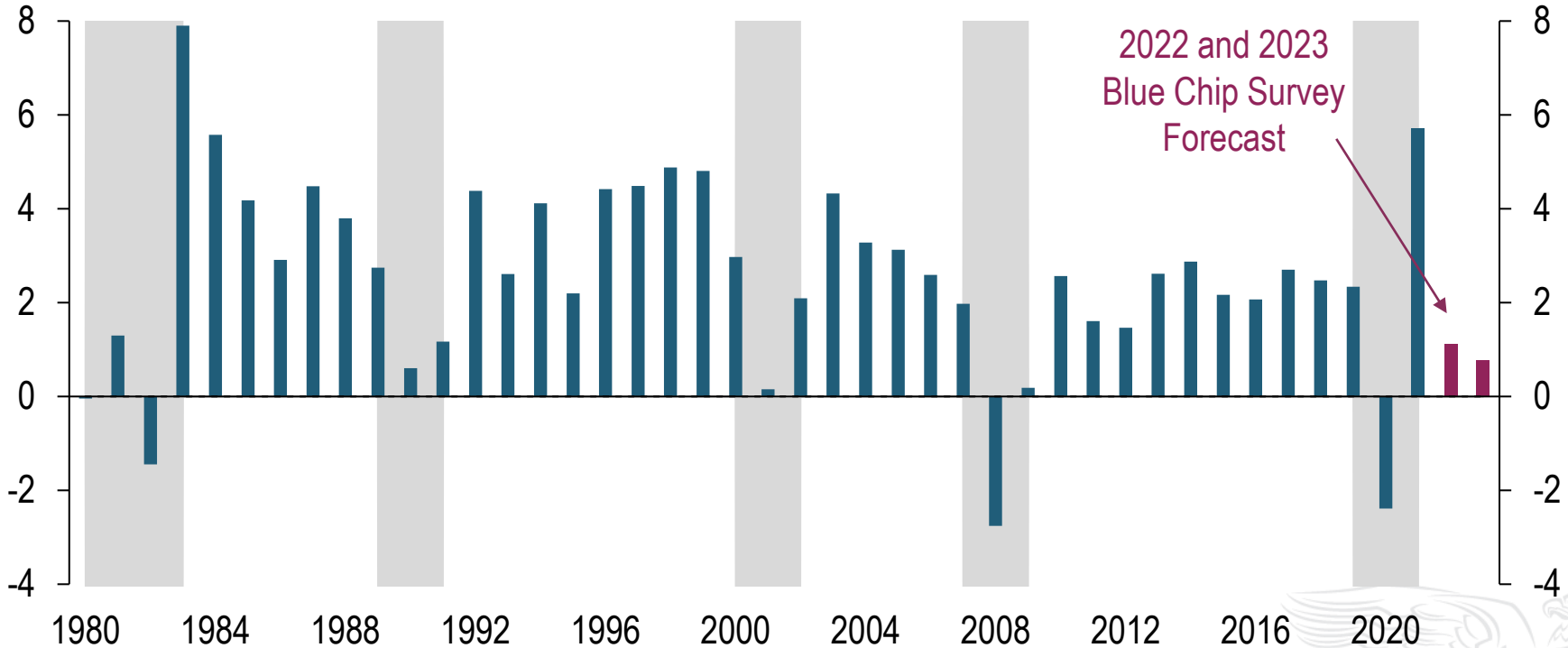
January 2023



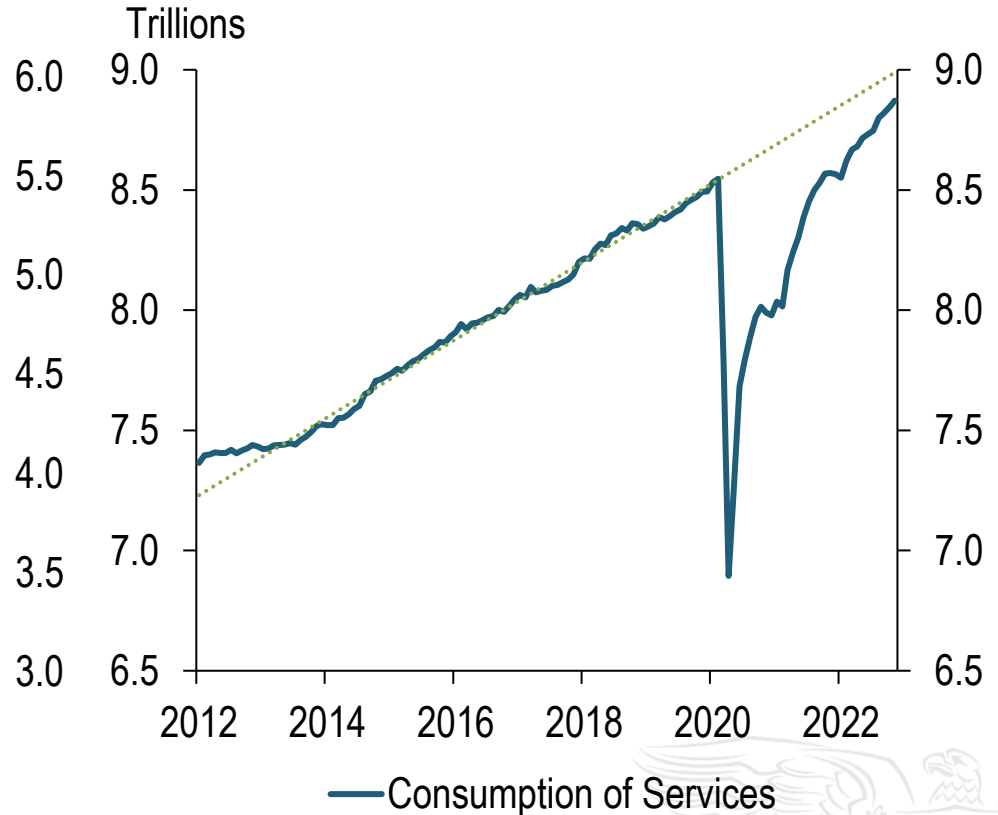
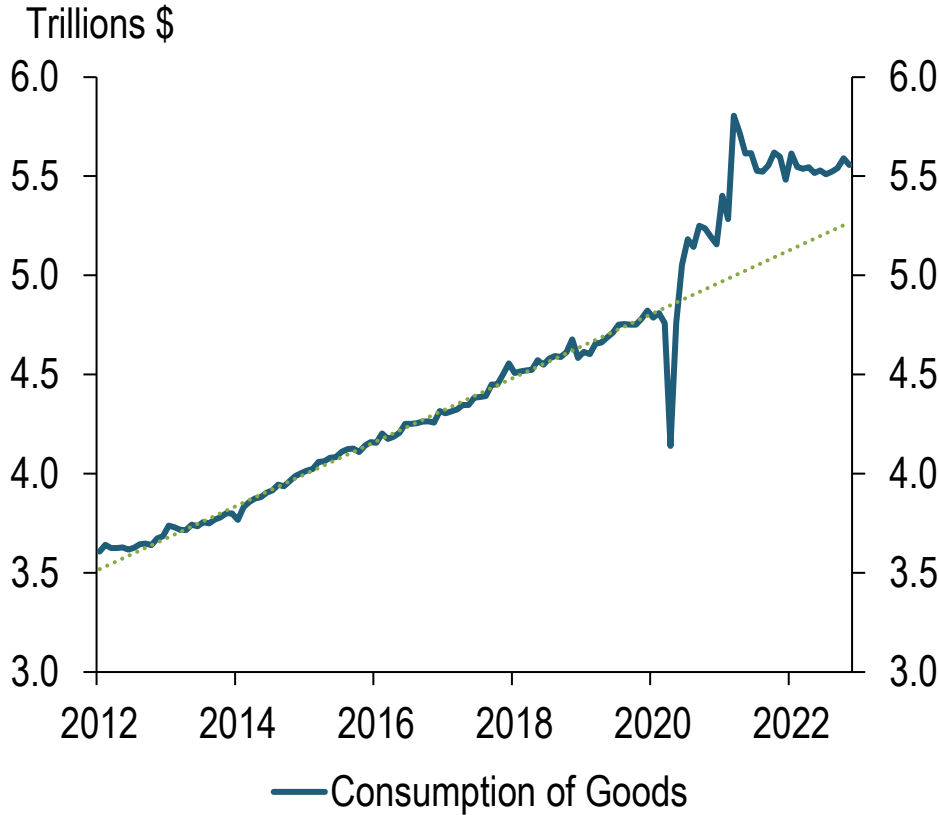
Economy set to underperform

Percent Change

Real GDP Growth

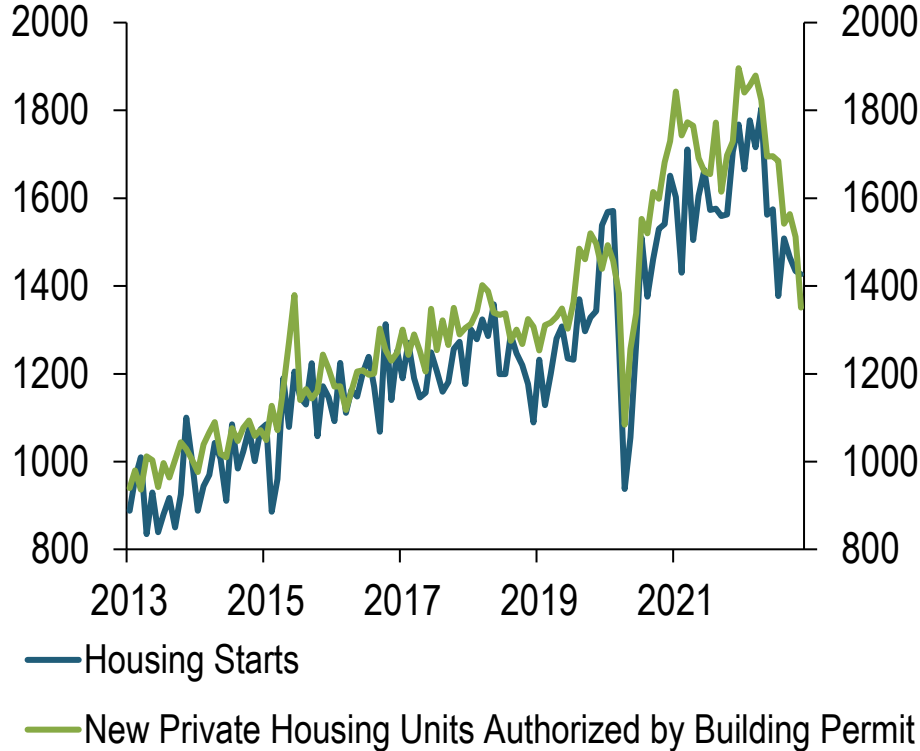


Weak growth as consumption normalizes

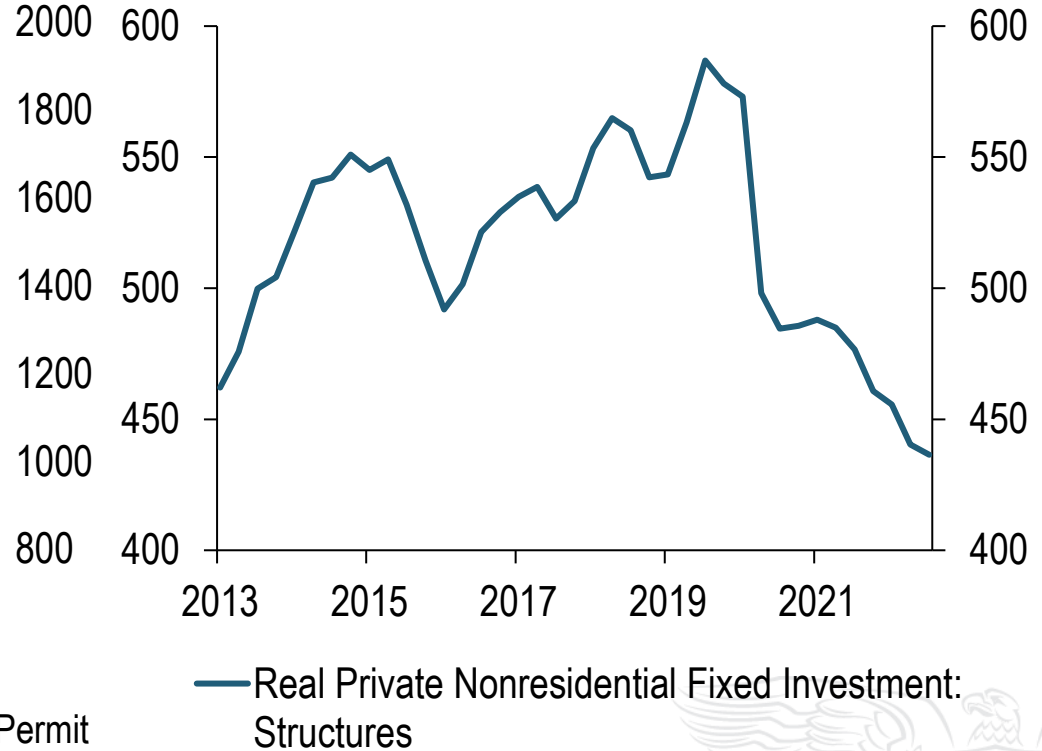


Higher interest rates pulling down some sectors

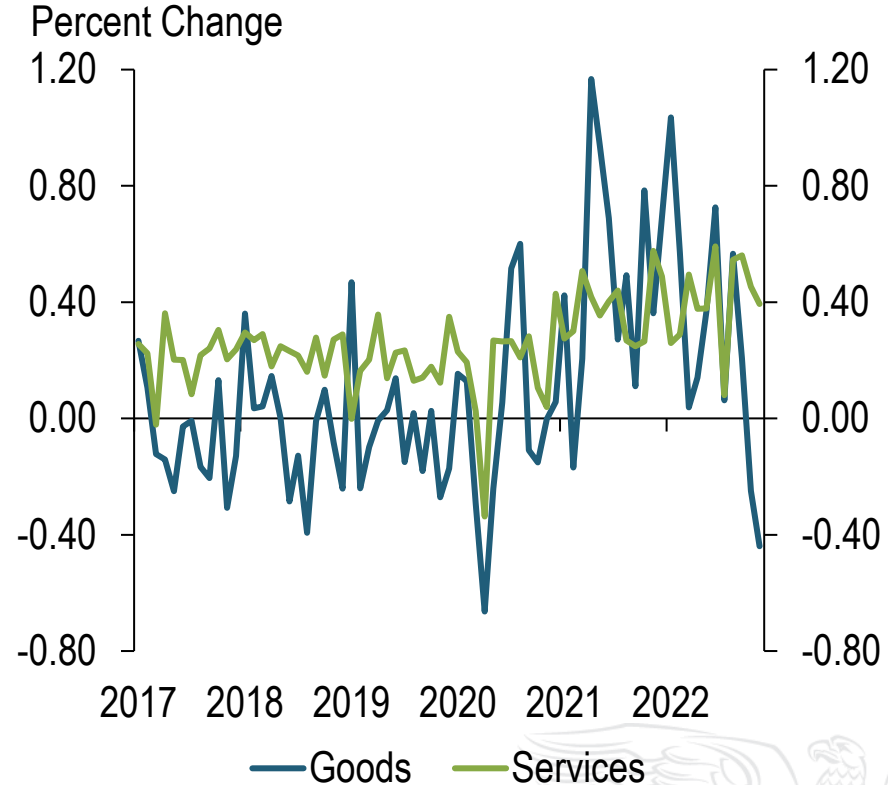
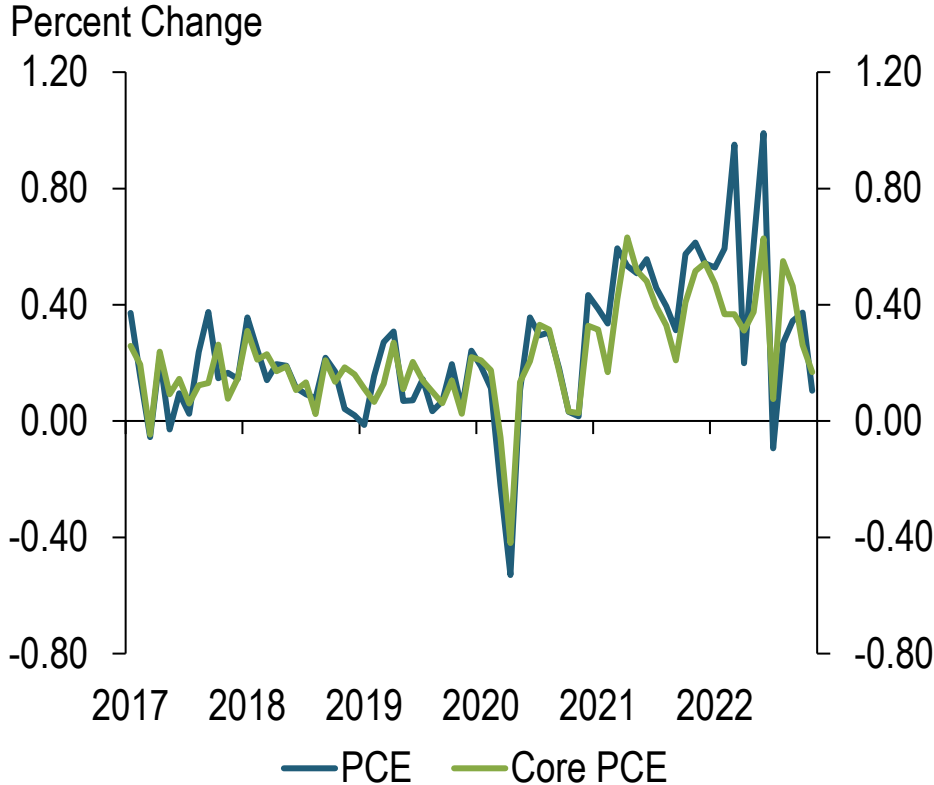
Thousands



Billions \$



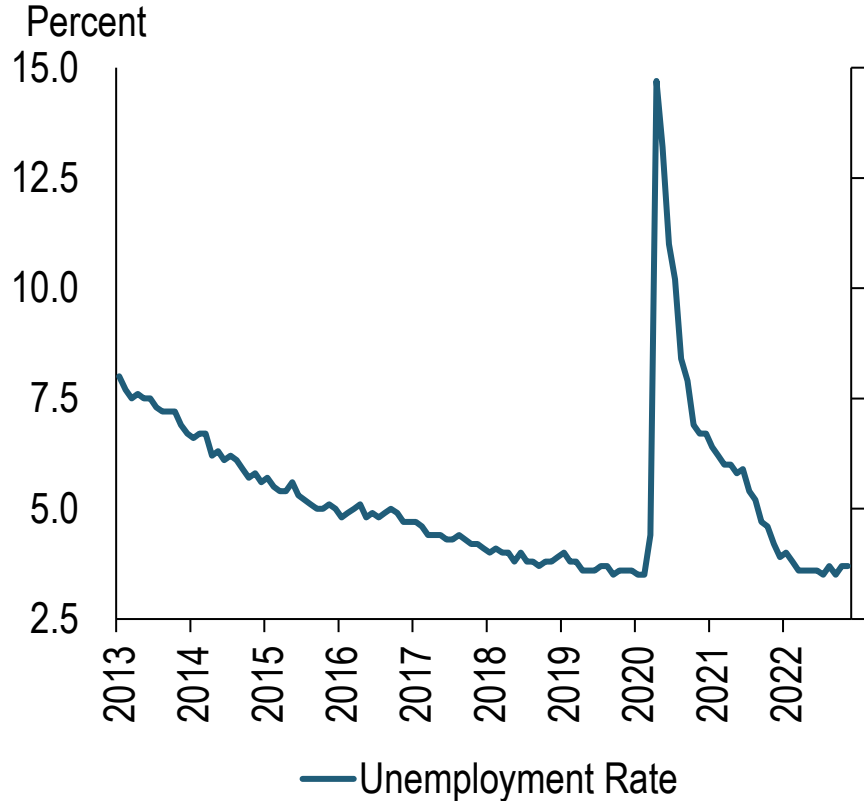
inflation has eased, but will it persist?



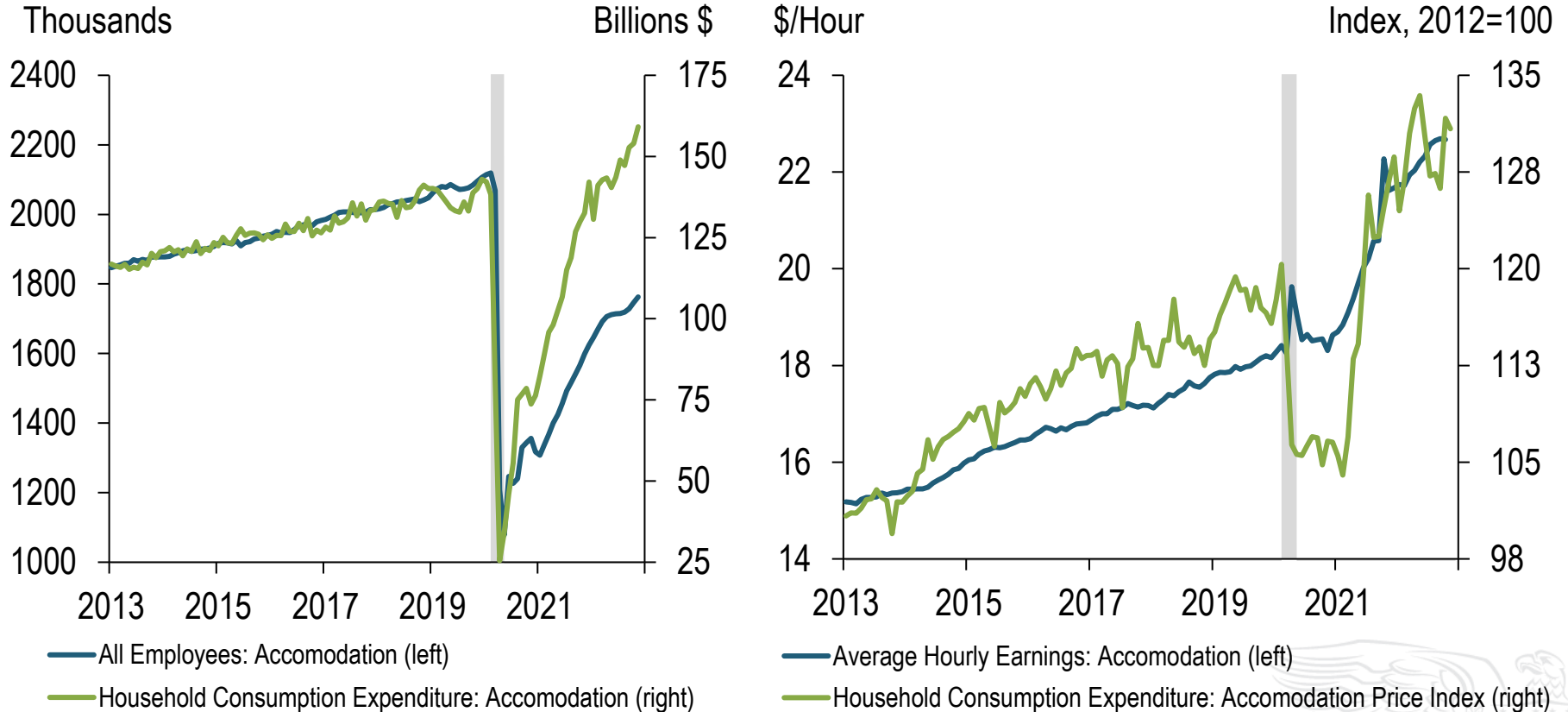
Sources: BEA, Haver Analytics



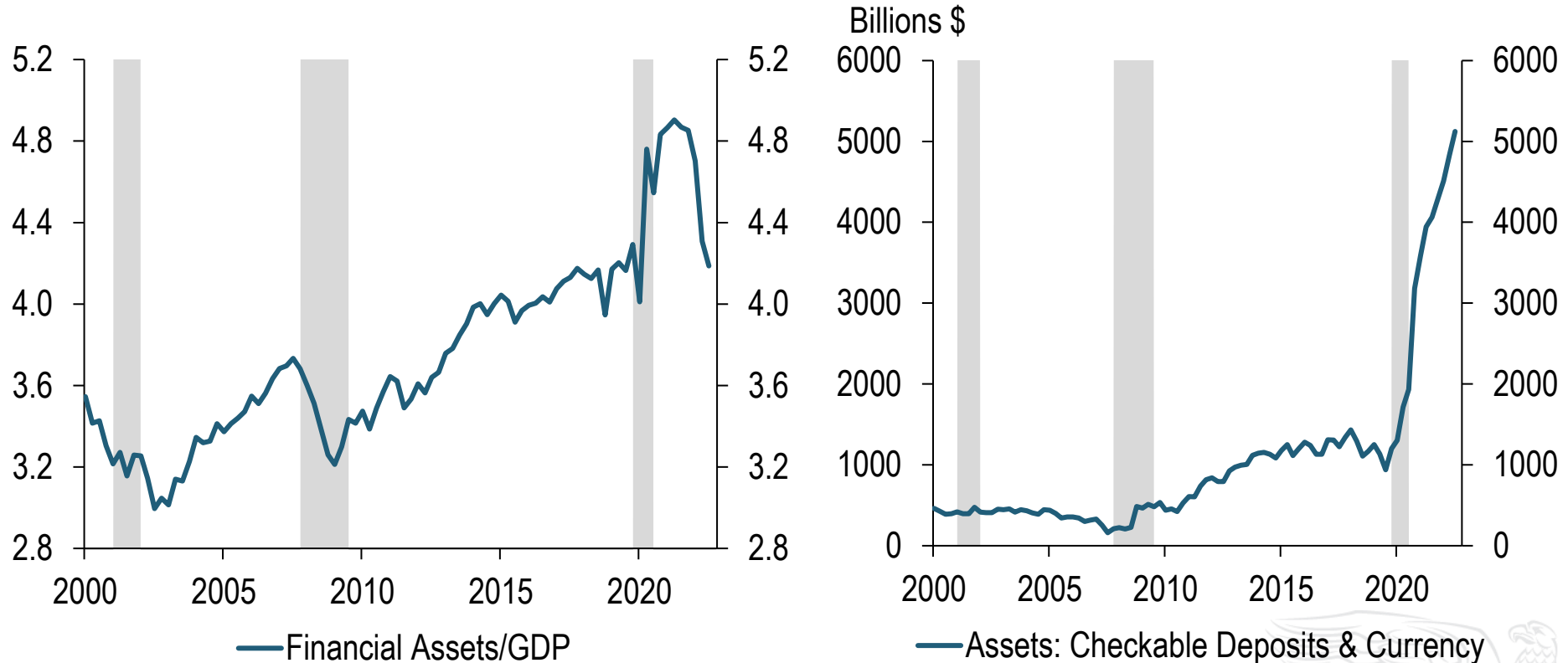
Labor market still tight.



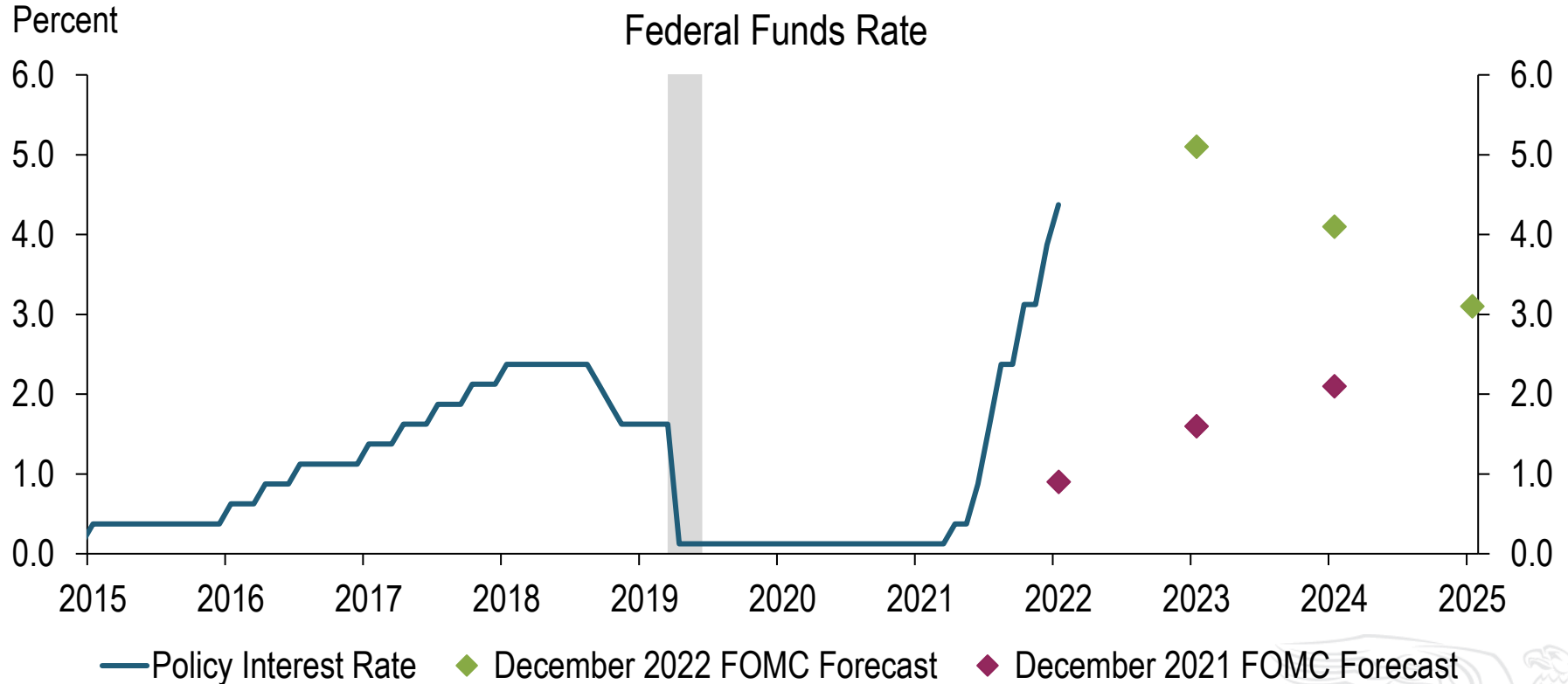
Case Study: Accommodation – Tight labor and higher prices



Stock of financial assets normalizes but shifts towards liquidity

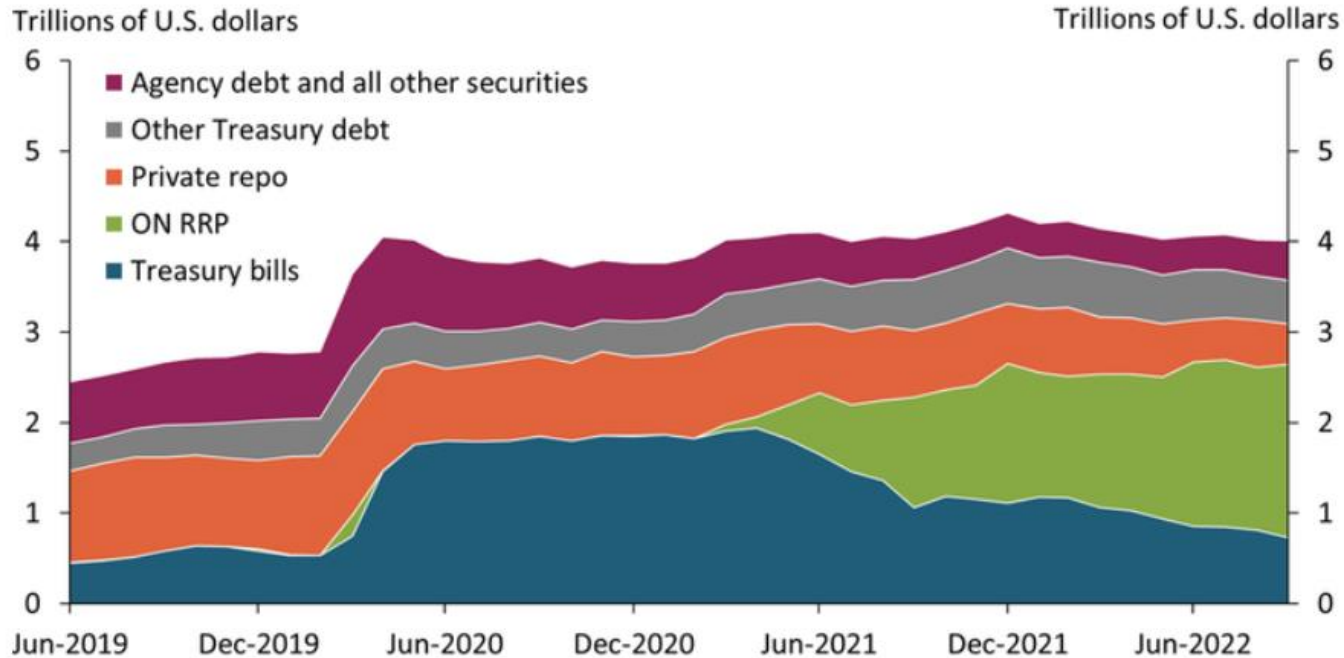


More tightening expected (and much more than anticipated)



Money Market Funds moving into ON-RRP

Holdings of Government Money Market Funds



Sources: SEC, U.S. Treasury Office of Financial Research, and authors' calculations.



