

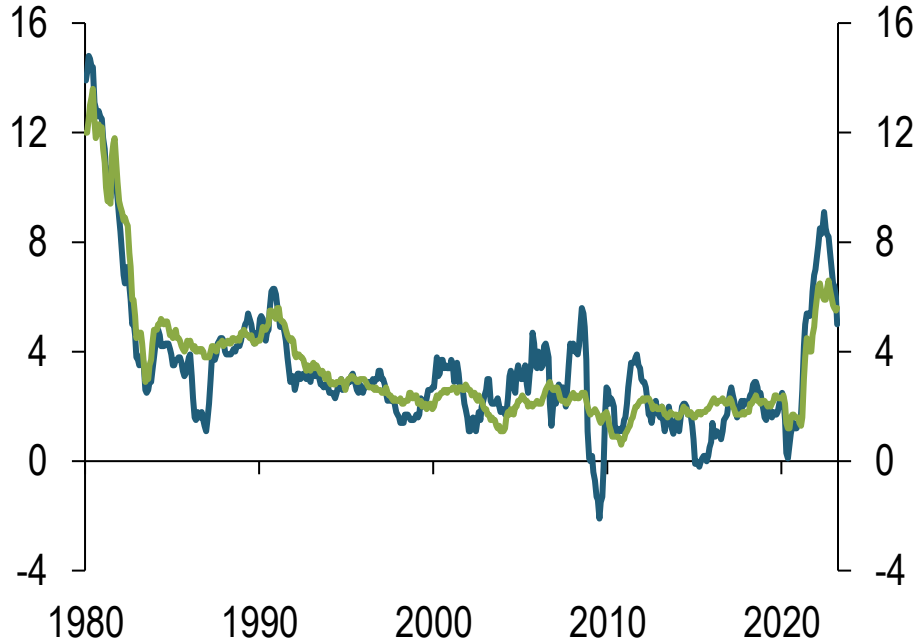
Economic Outlook

May 2023



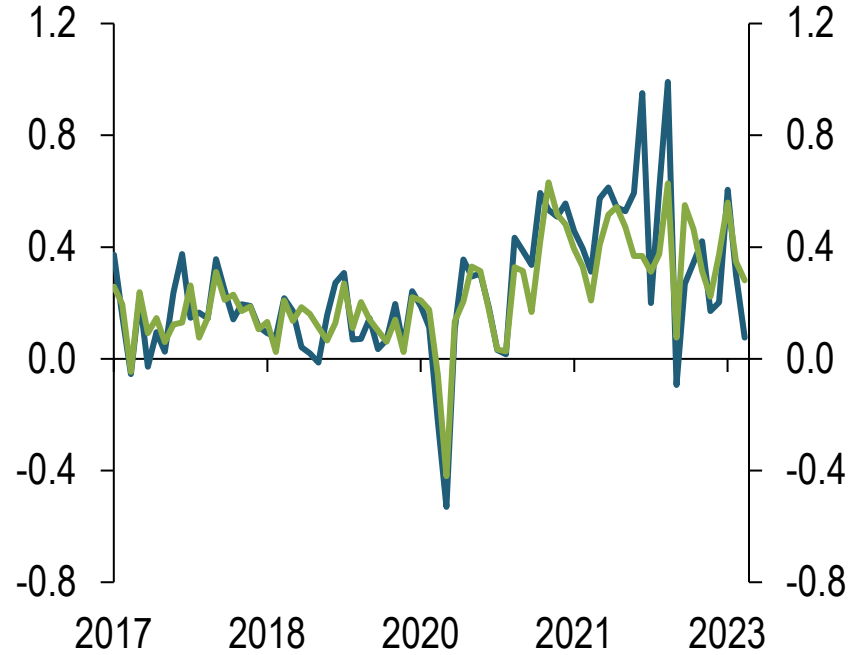
Inflation has eased, but will it last?

Year/Year % Change



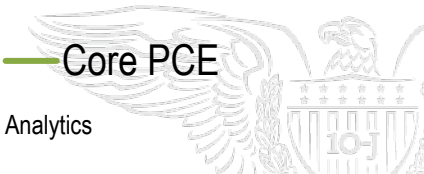
— Headline Inflation — Core Inflation

Month/Month % Change



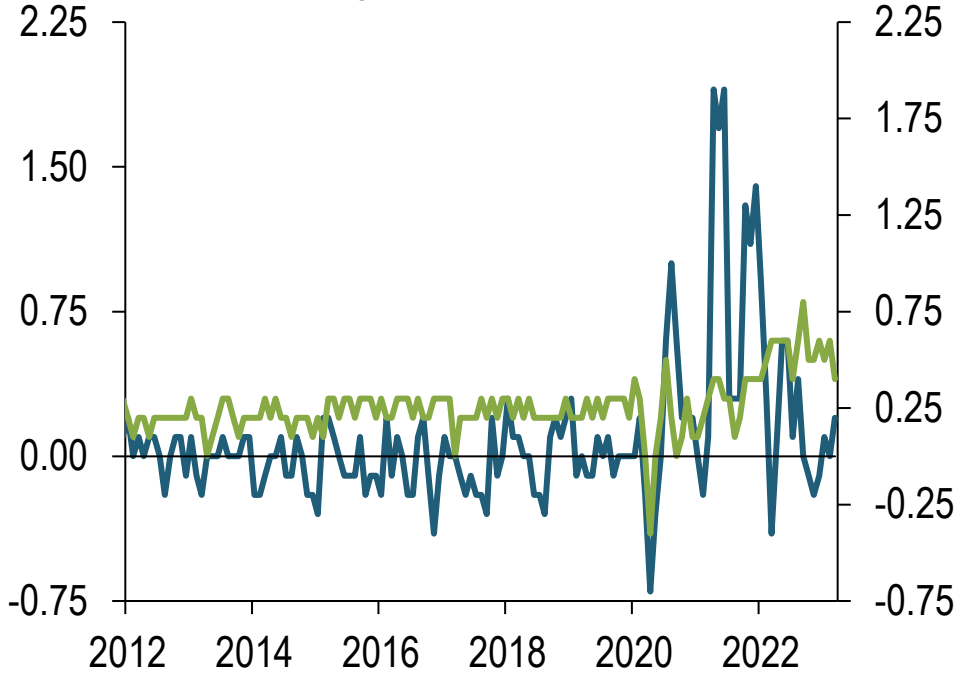
— Headline PCE — Core PCE

Sources: BLS, Haver Analytics

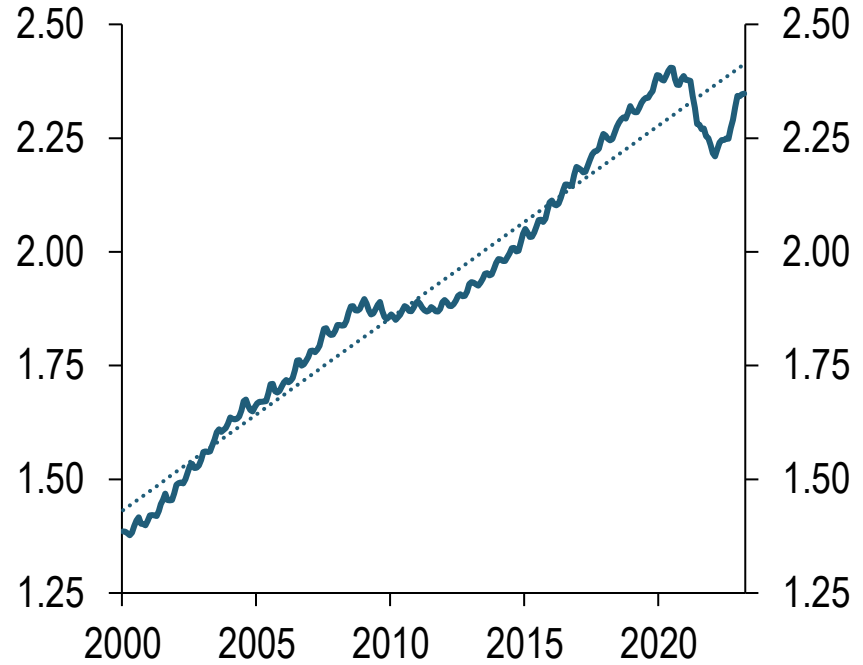


Services inflation still strong and goods inflation picking up.

Month/Month % change



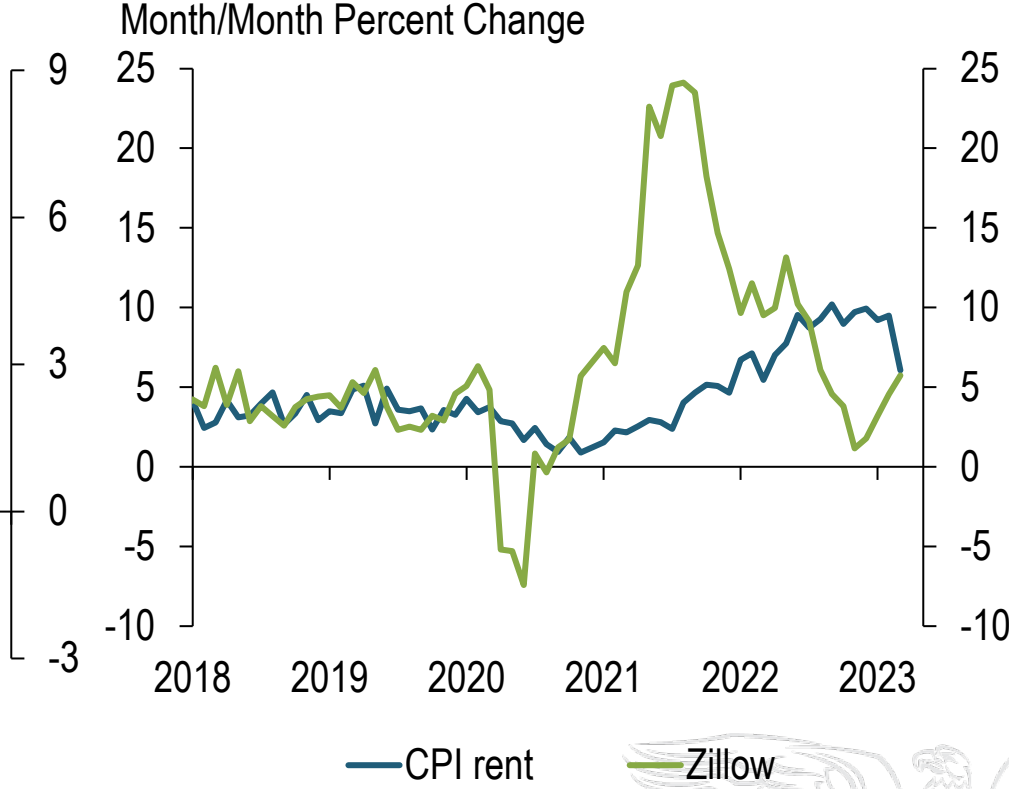
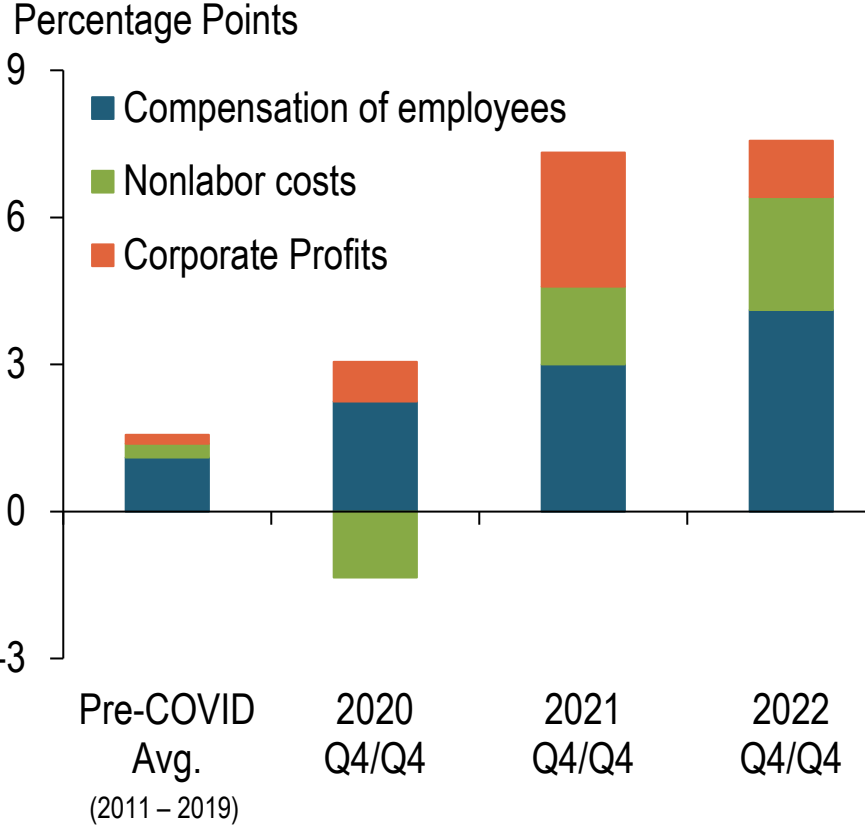
- Commodities less Food and Energy
- Services less Food and Energy



— Core Services Prices/Core Goods Prices



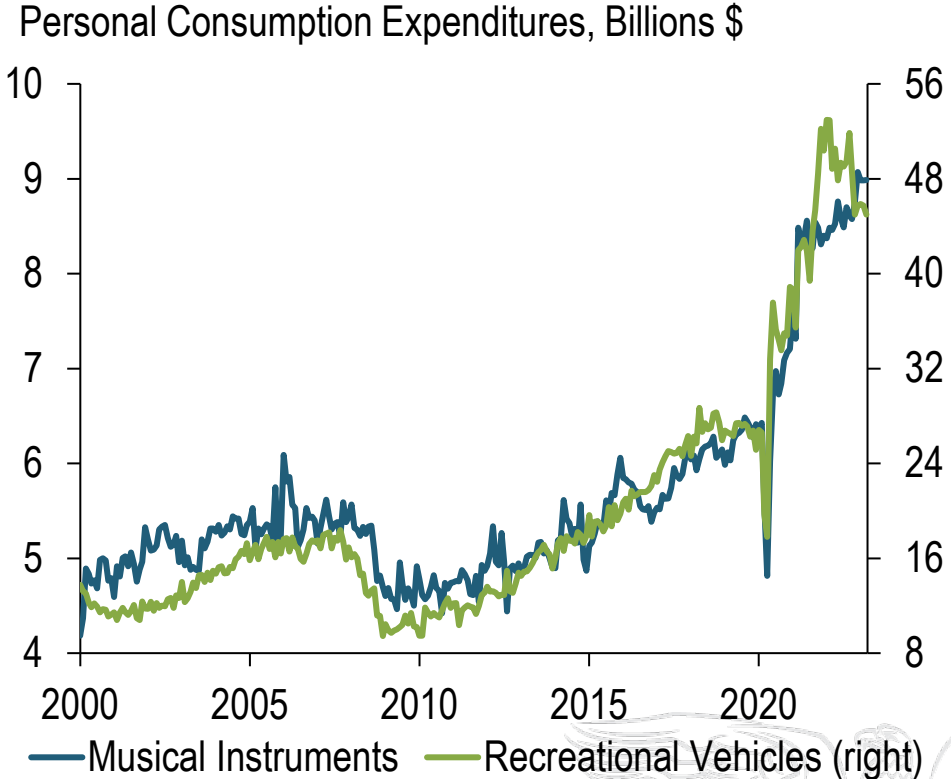
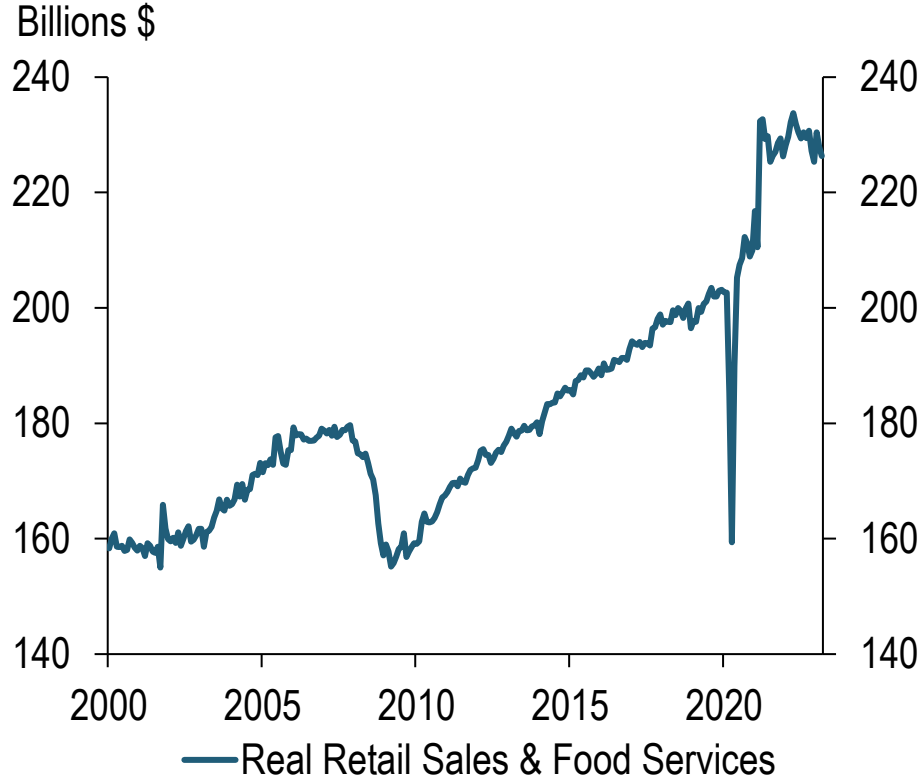
Labor costs and rents important contributors to inflation.



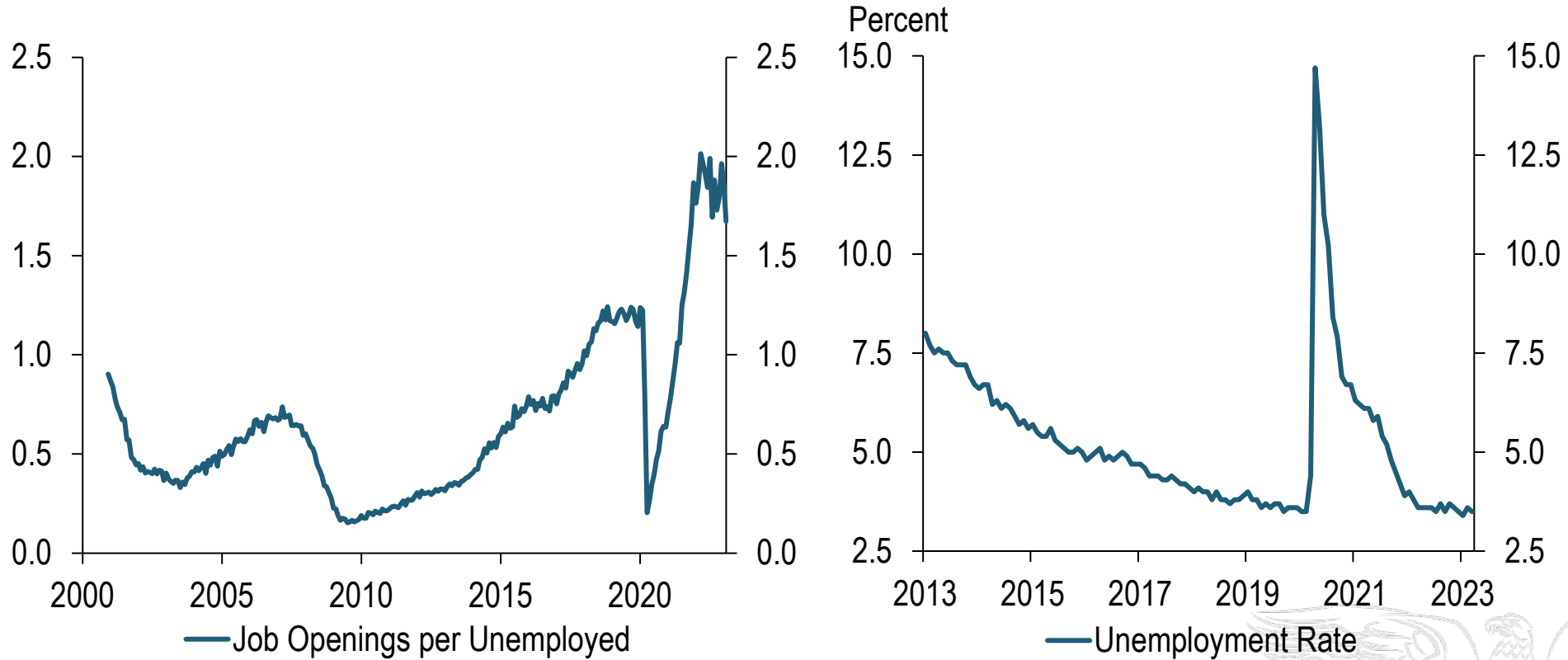
Sources: BLS, Haver Analytics



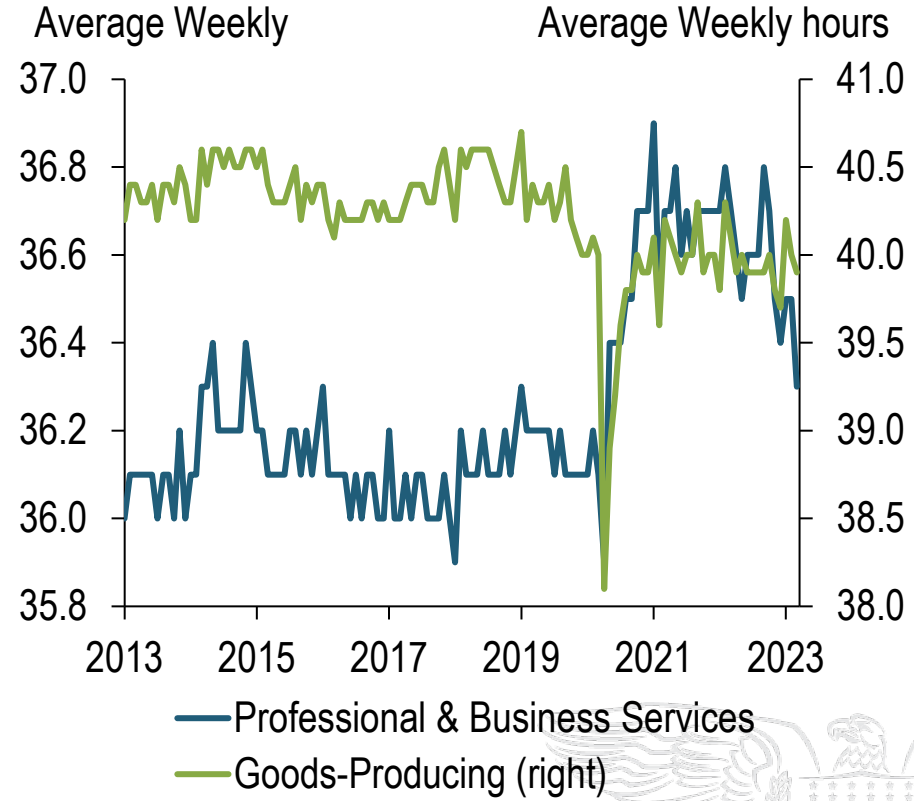
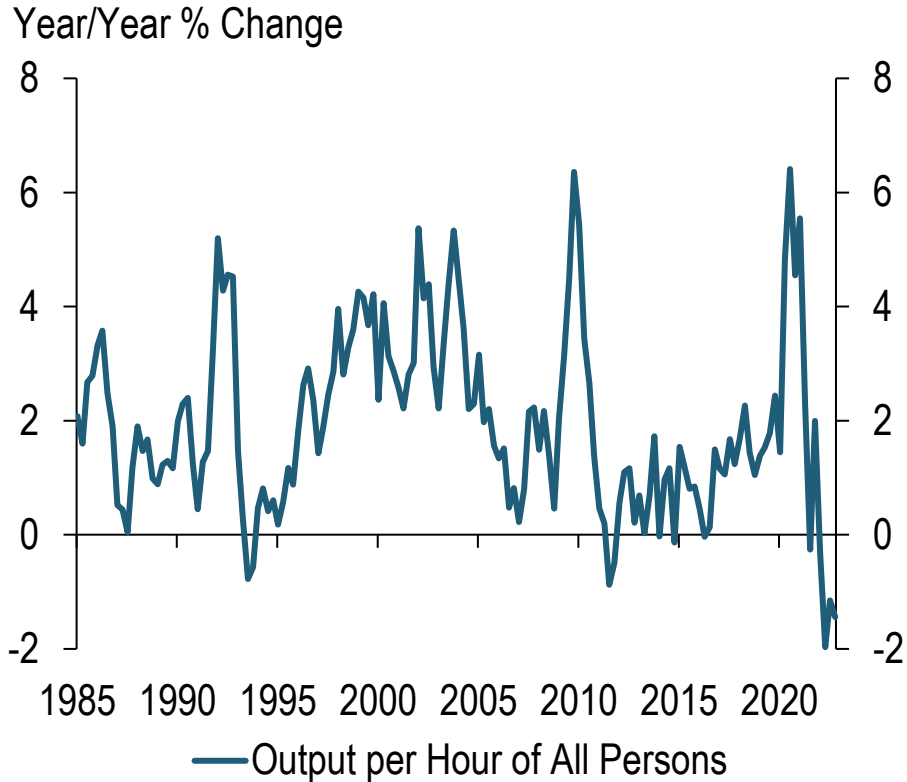
Household consumption has been flat, but elevated.



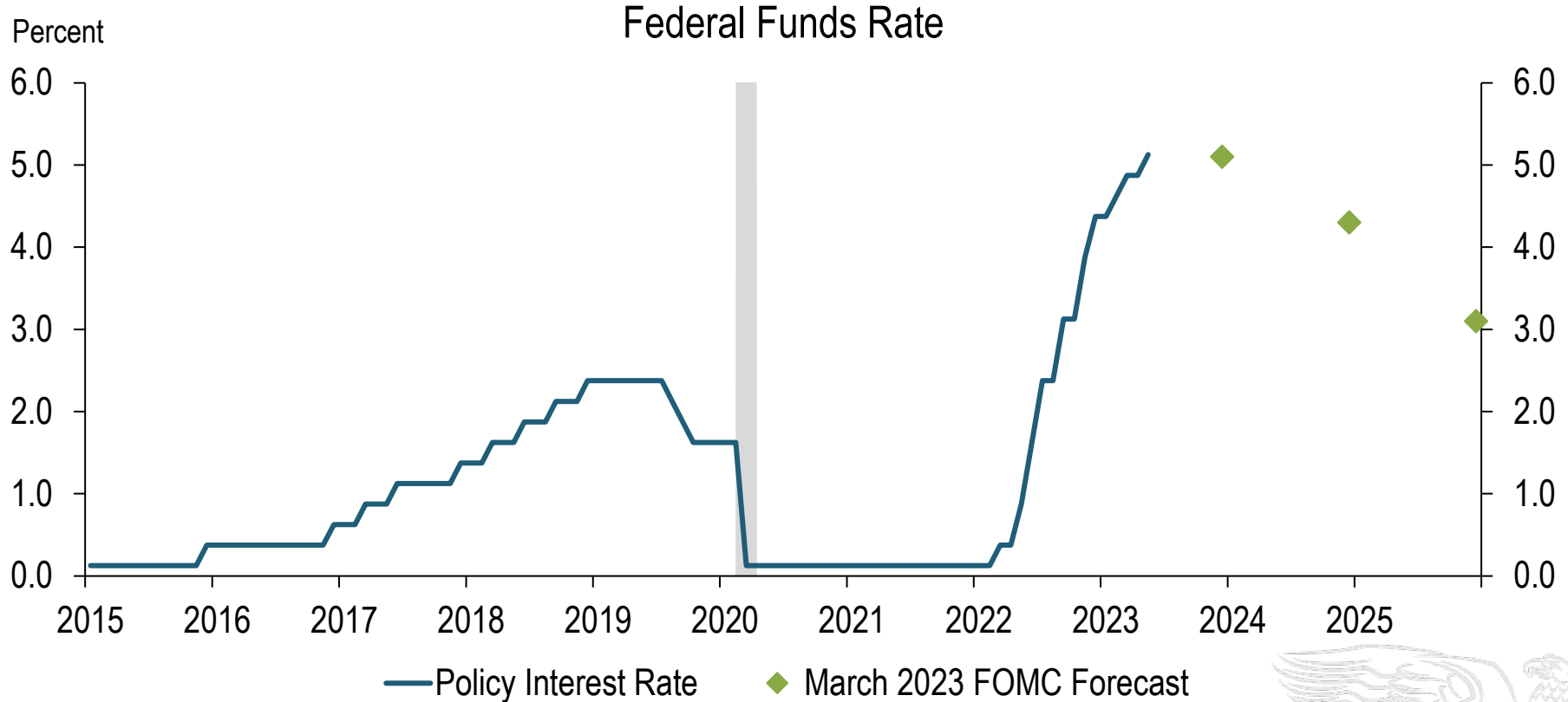
Labor market showing signs of gradual easing.



Weak labor productivity growth contributing to inflation.

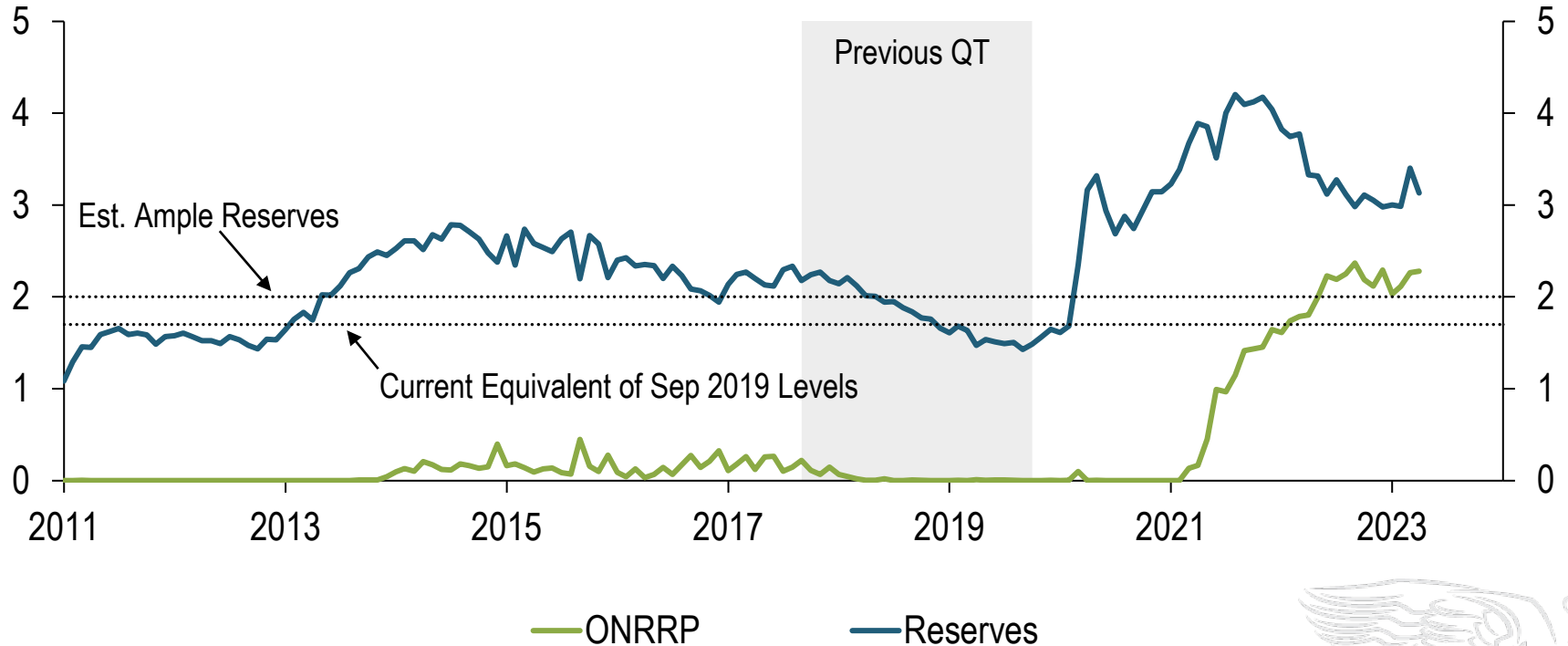


A slowing pace of rate hikes.

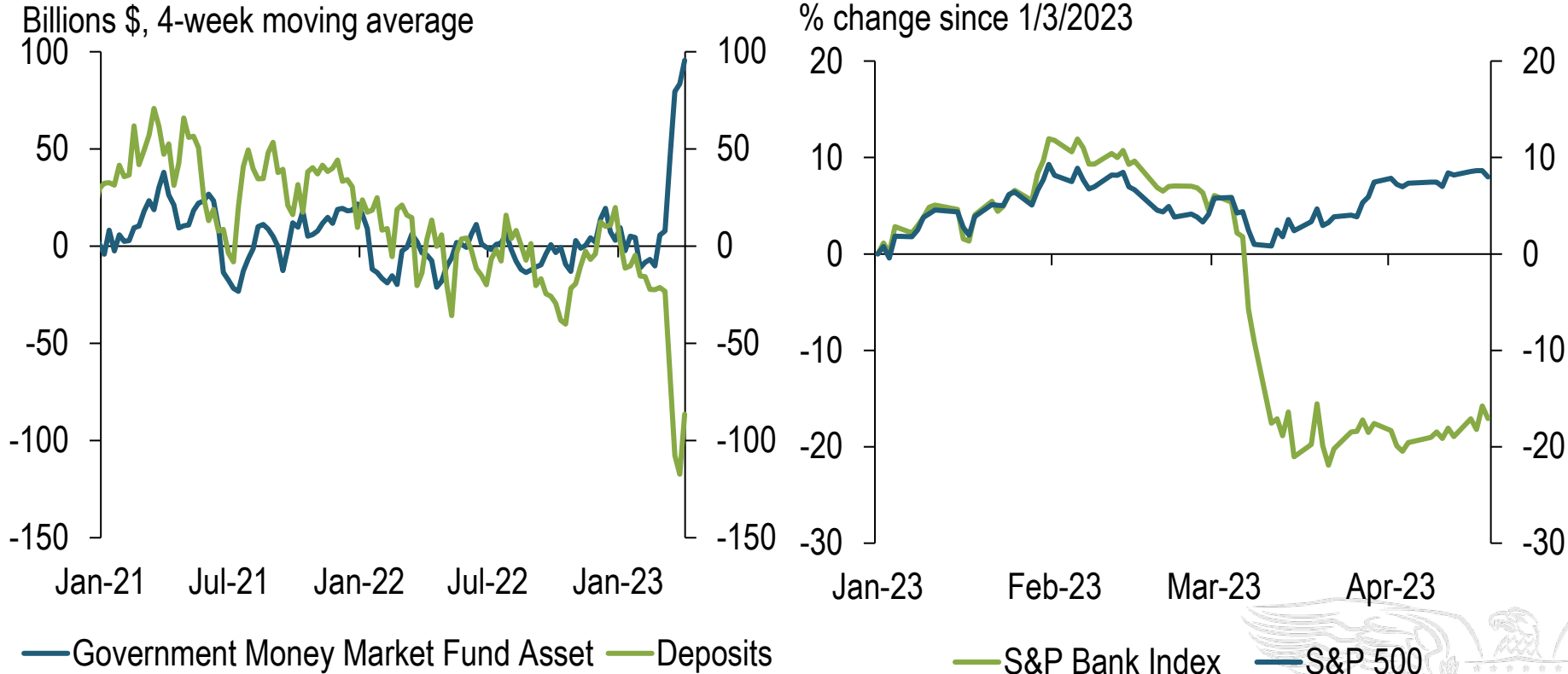


Balance sheet run-off continues uninterrupted.

Trillions, \$

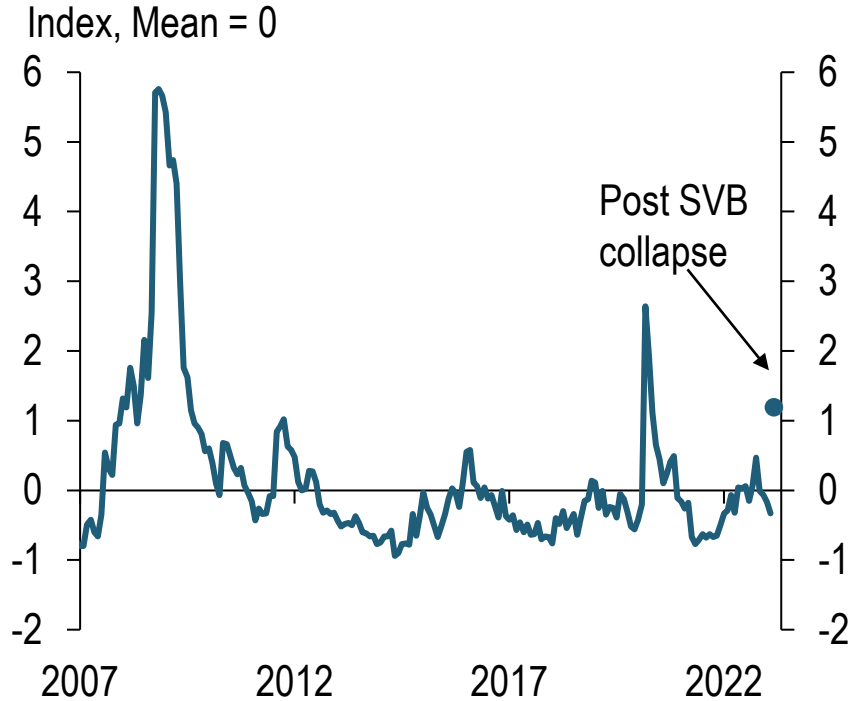


Continued stress in banking sector



Increased financial stress and tighter credit.

KC Fed Financial Stress Index



Firms Reporting Credit Harder to Get

