

# Economic Outlook

November 2022



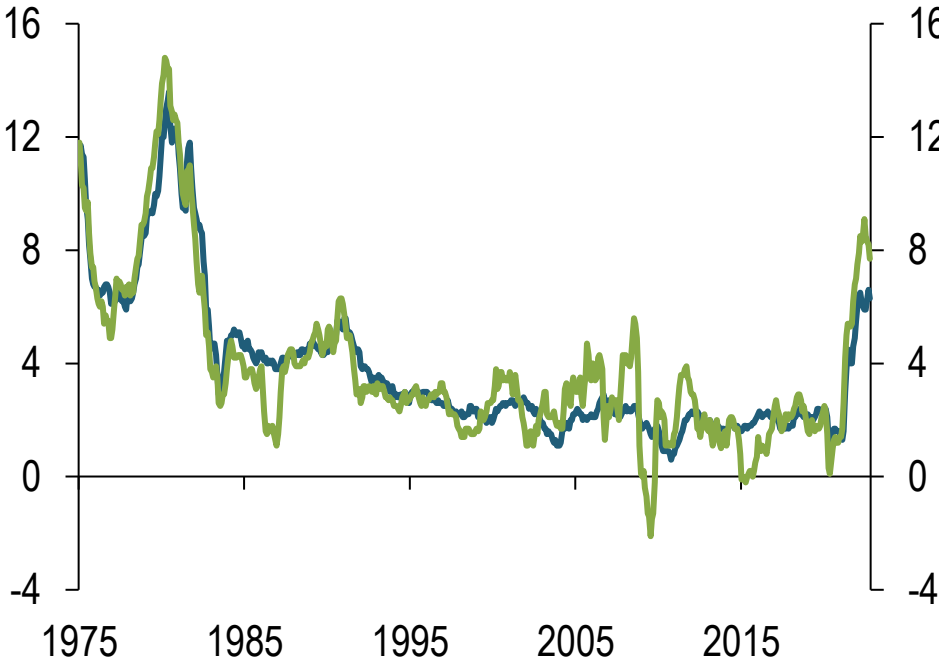
# Outlook themes

- Inflation remains high.
  - Continued strong demand and constrained supply.
  - Less production disruptions, but more labor market tightness.
- Supply conditions likely to remain strained.
- Monetary policy and financial conditions tightening rapidly amid heightened volatility.

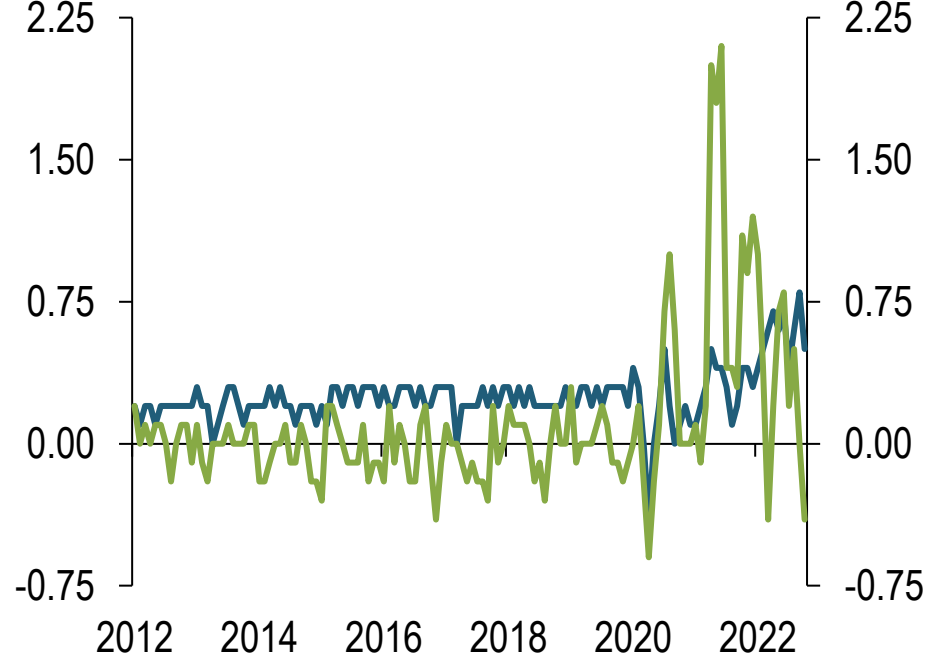


# Inflation remains elevated. Goods prices easing. Services picking up.

Year/Year % Change



Month/Month % Change

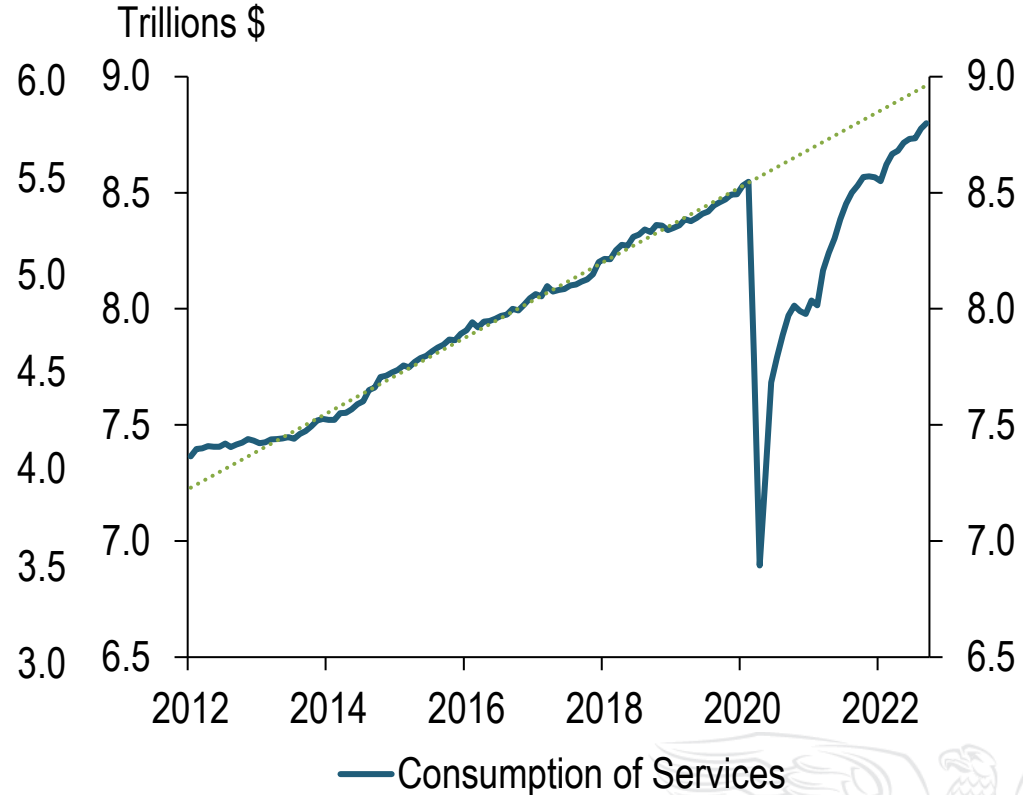
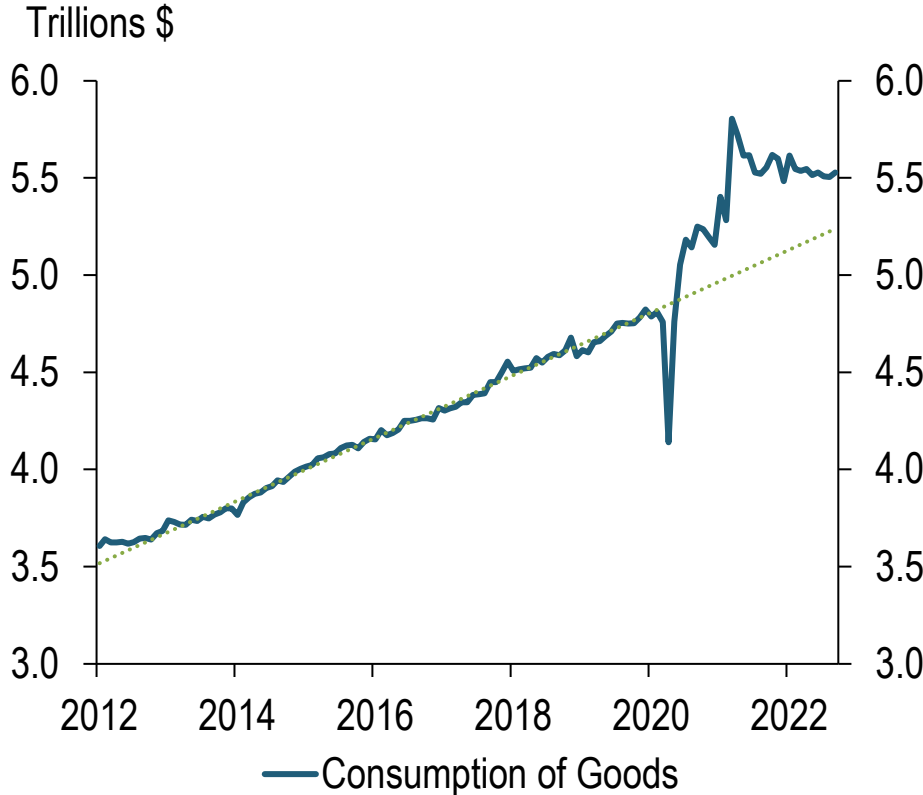


— All Items Less Food & Energy — All Items

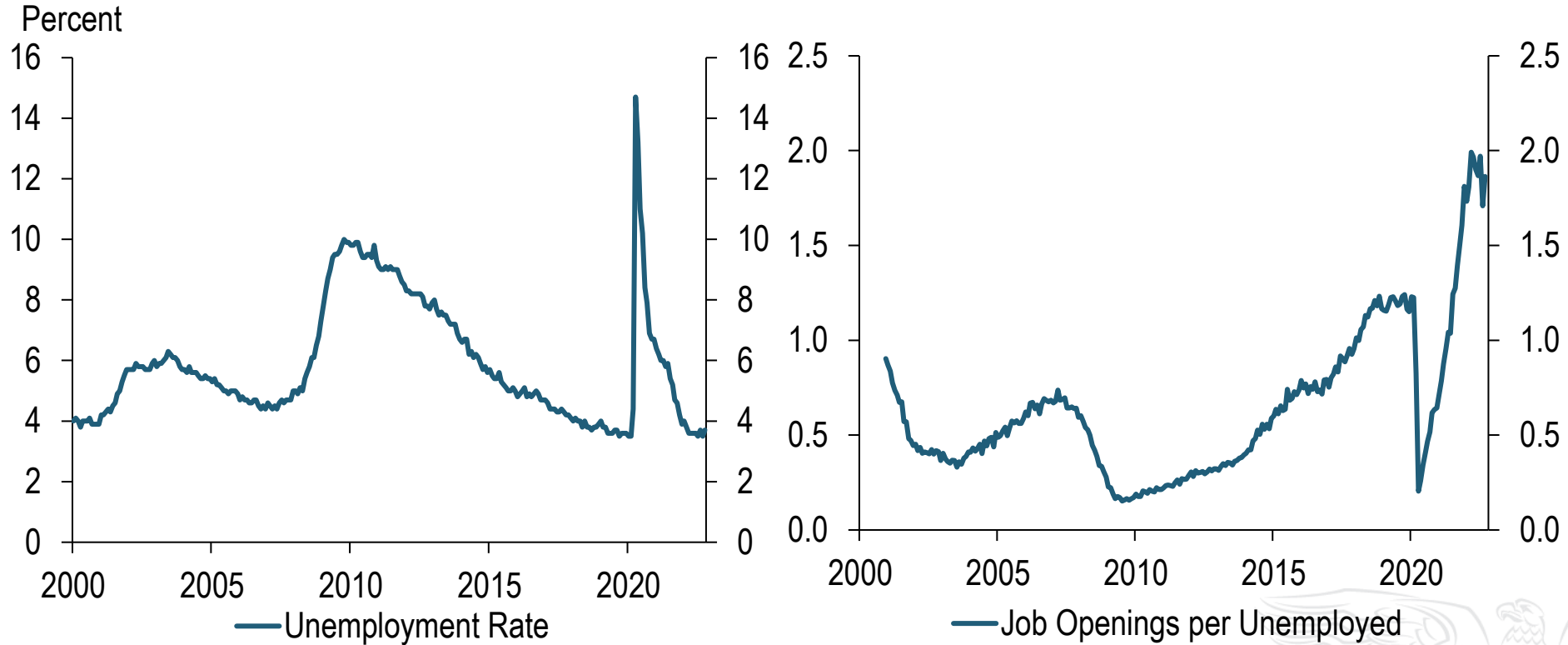
— Services Less Food & Energy — Goods Less Food & Energy



# Why is inflation high? Demand has been strong, and supply has been disrupted.



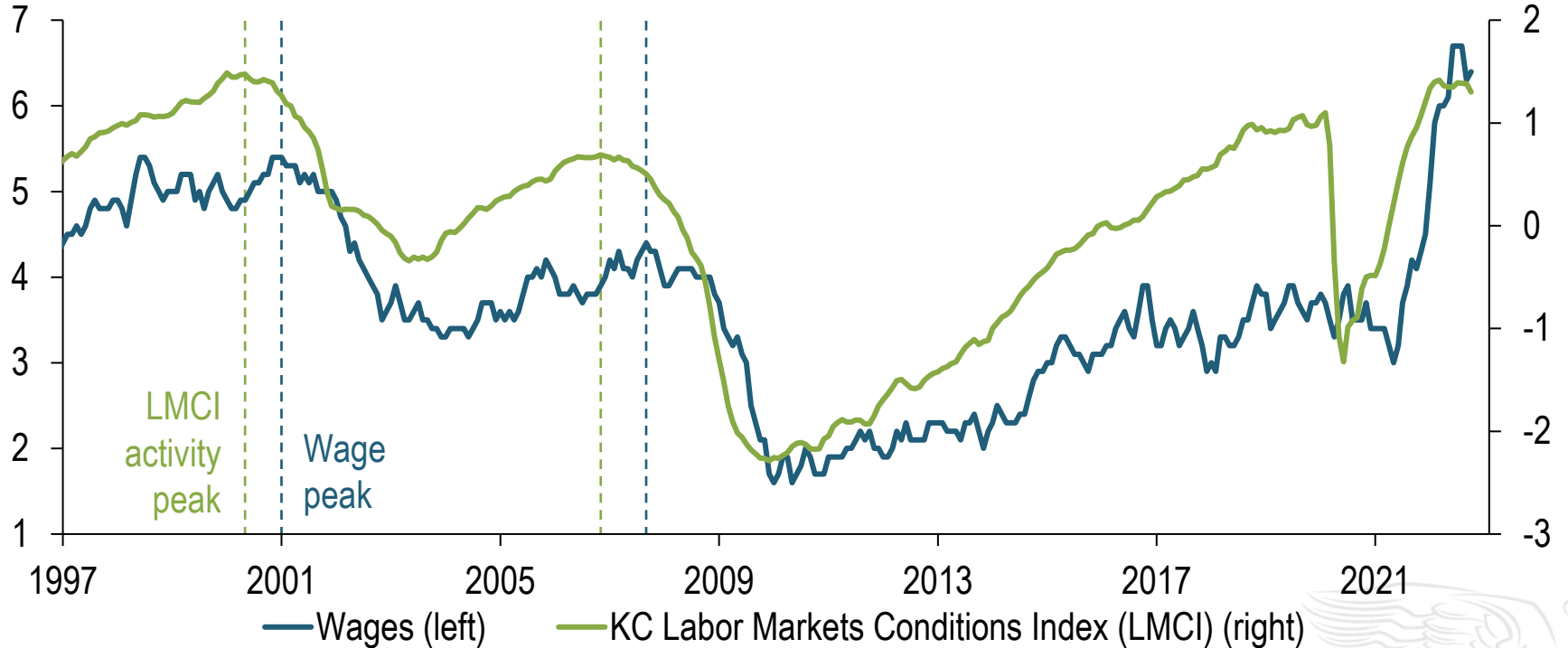
# Why is inflation high? Labor market remains tight.



# Wage growth hasn't peaked yet

3-month moving average, median year/year % change

Index, 3-month moving average

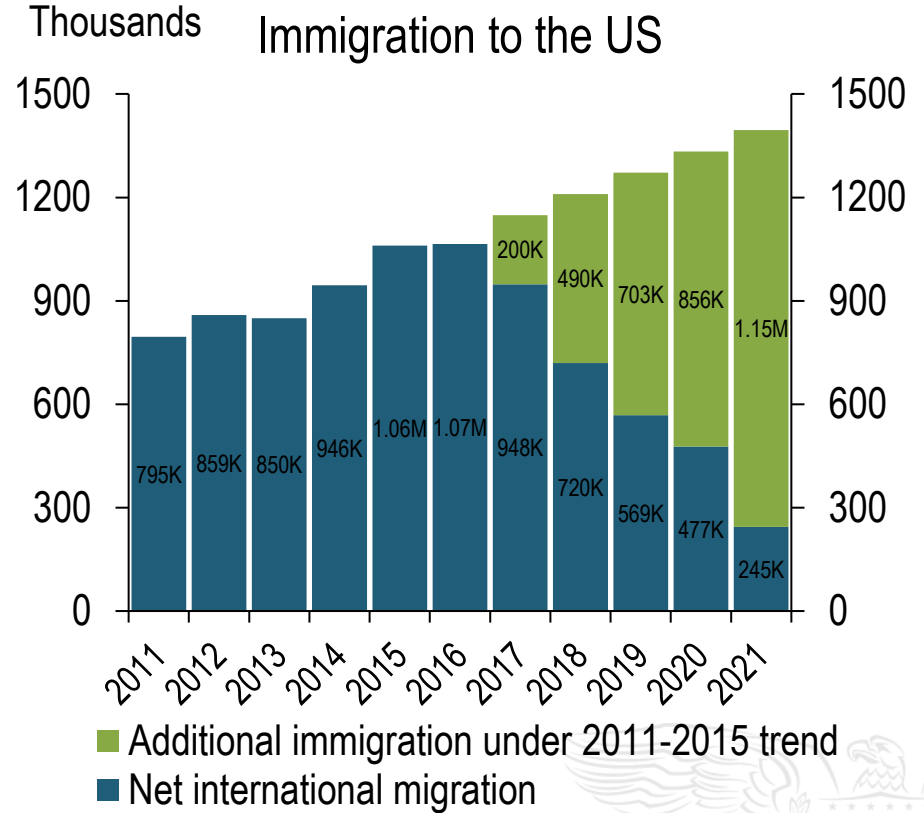
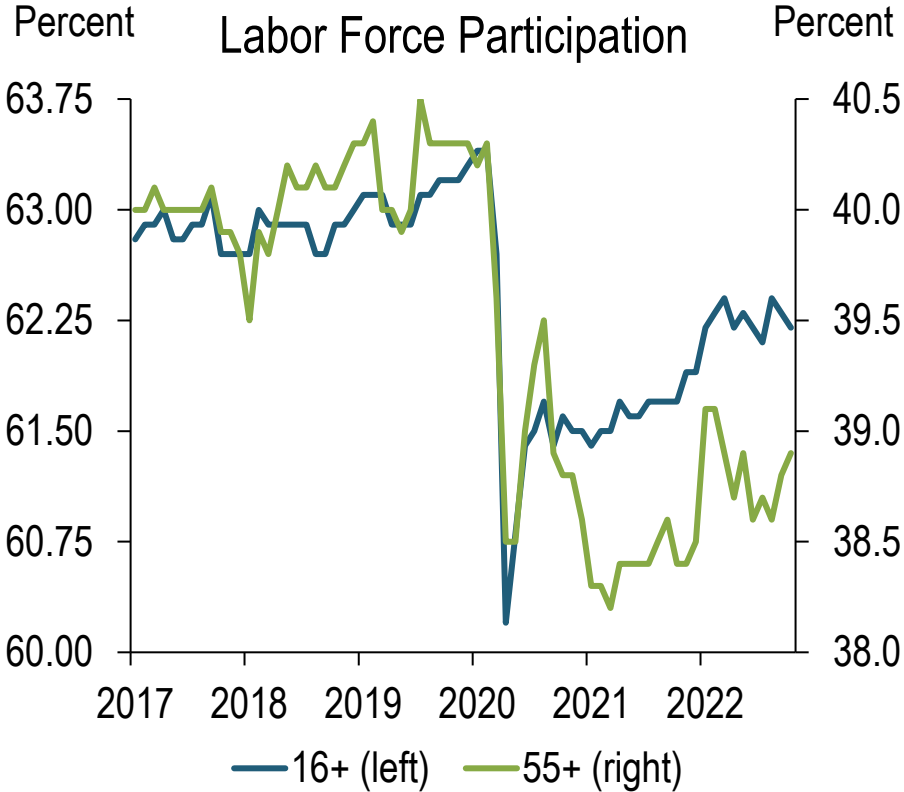


6 \*Note: Dashed vertical lines mark where series peaked in previous business cycles

Sources: Staff, FRB Atlanta

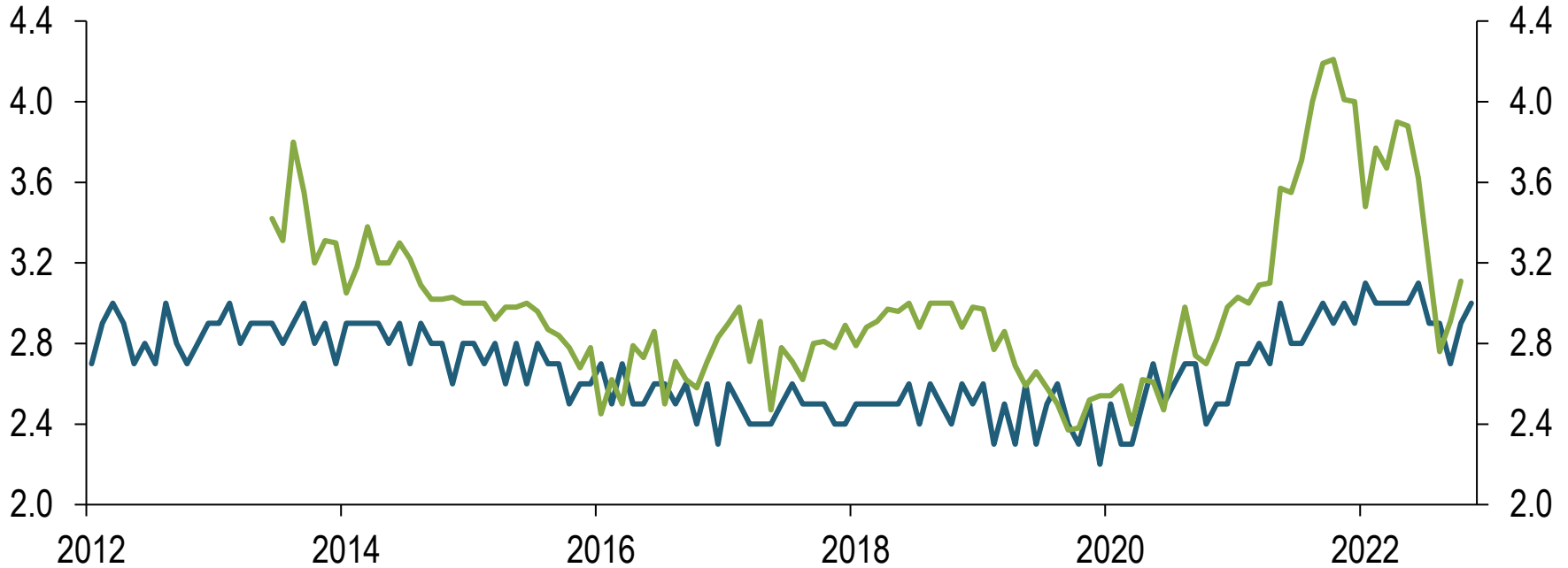


# Labor market remains impaired



# Long-run inflation expectations remain anchored.

Percent



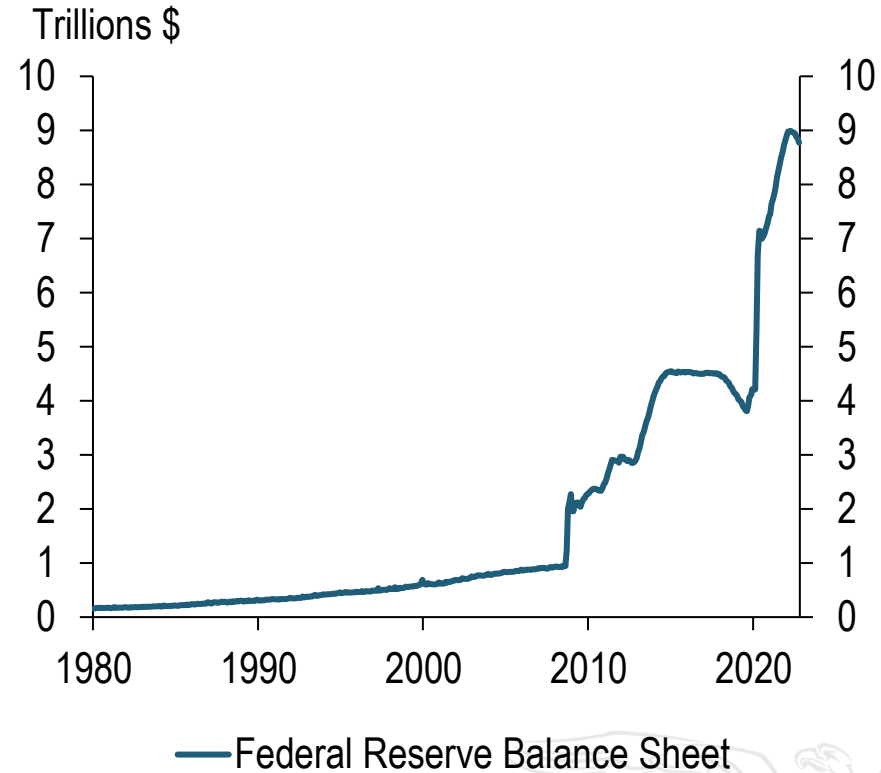
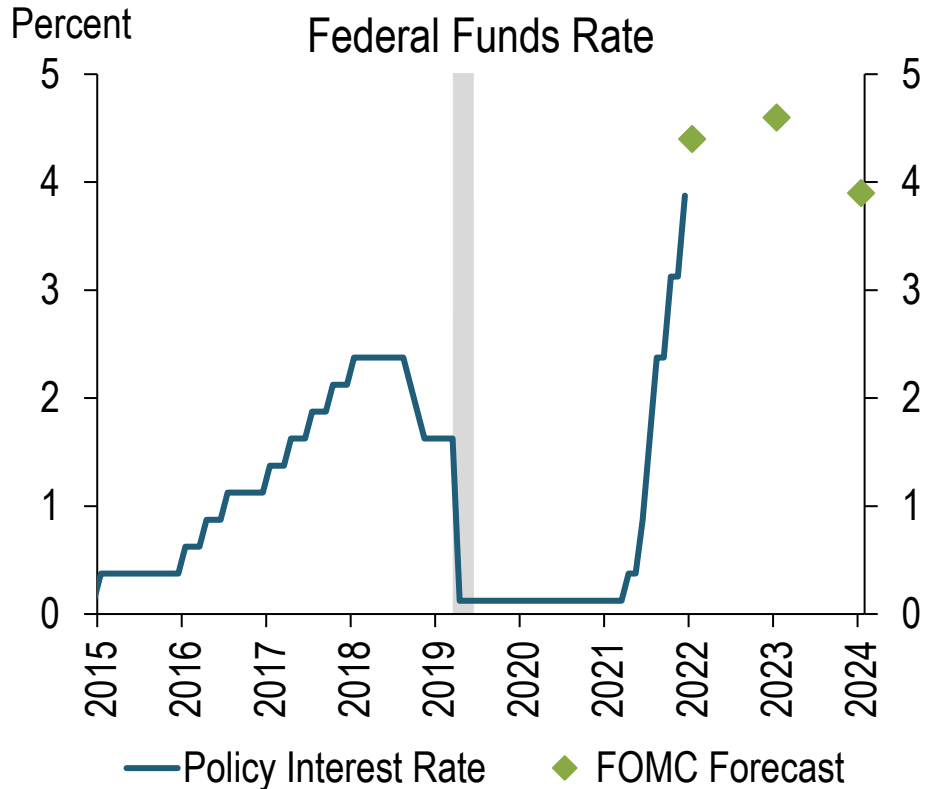
— U Mich: Expected Inflation

— FRB NY: Expected Inflation

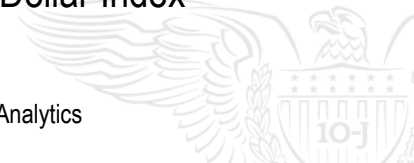
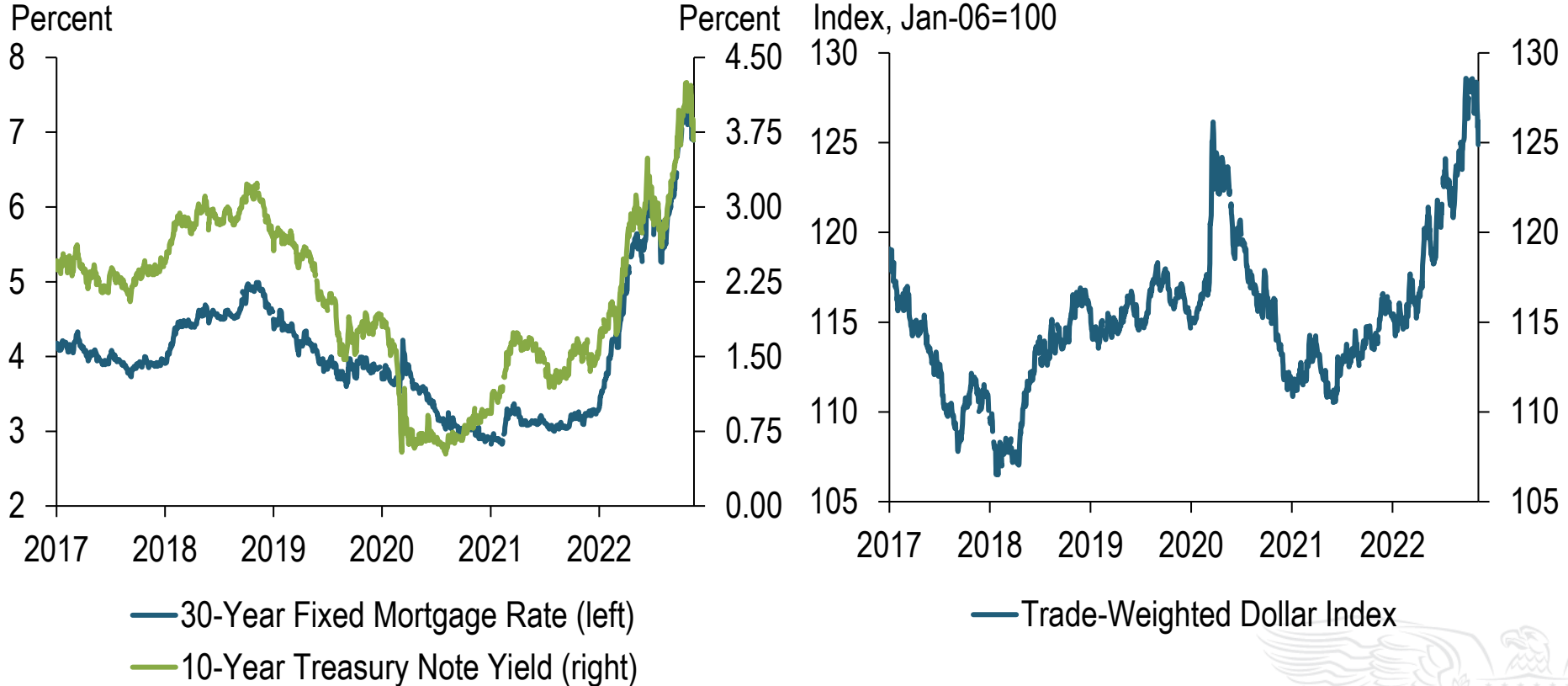




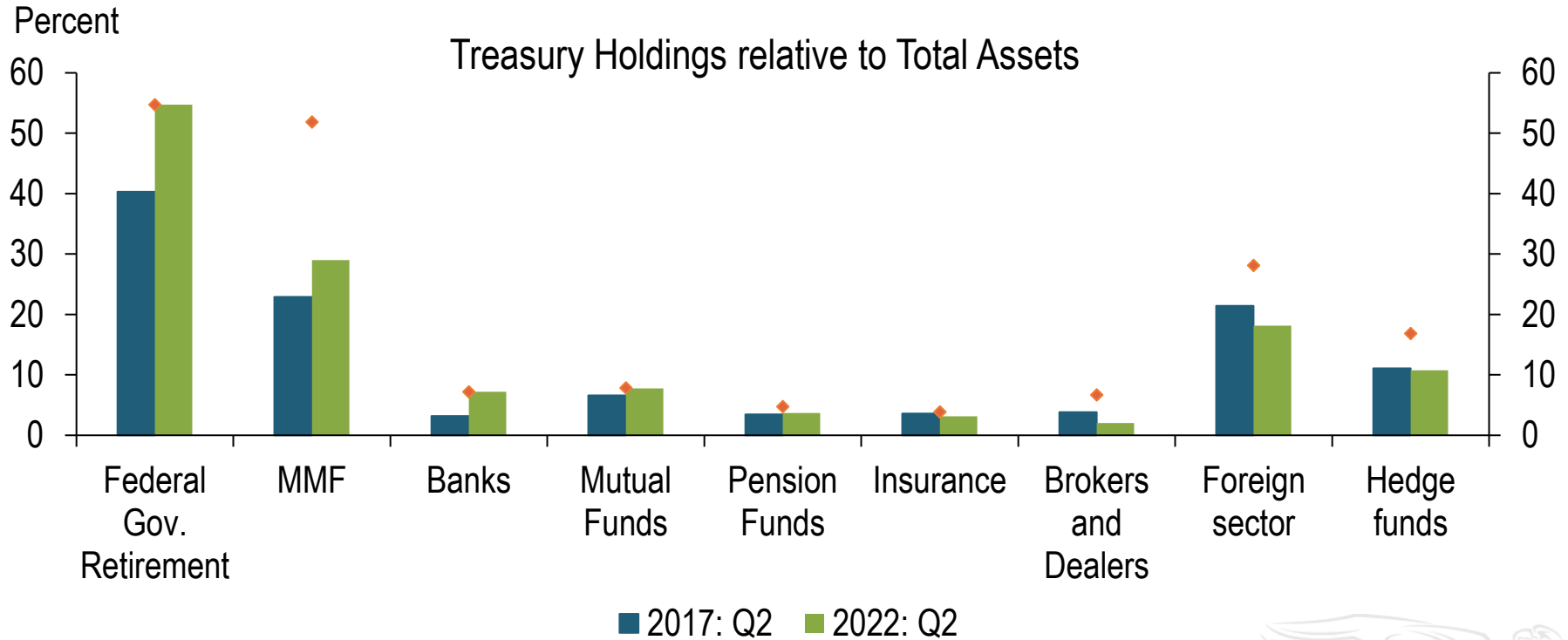
# Monetary policy tightening rapidly



# Financial Conditions Tightening Rapidly



# Progress Report on QT: Assets



\*Note: Orange dots show the high since 2000



# Progress Report on QT: Liabilities

