

# Economic Outlook

*November 2023*

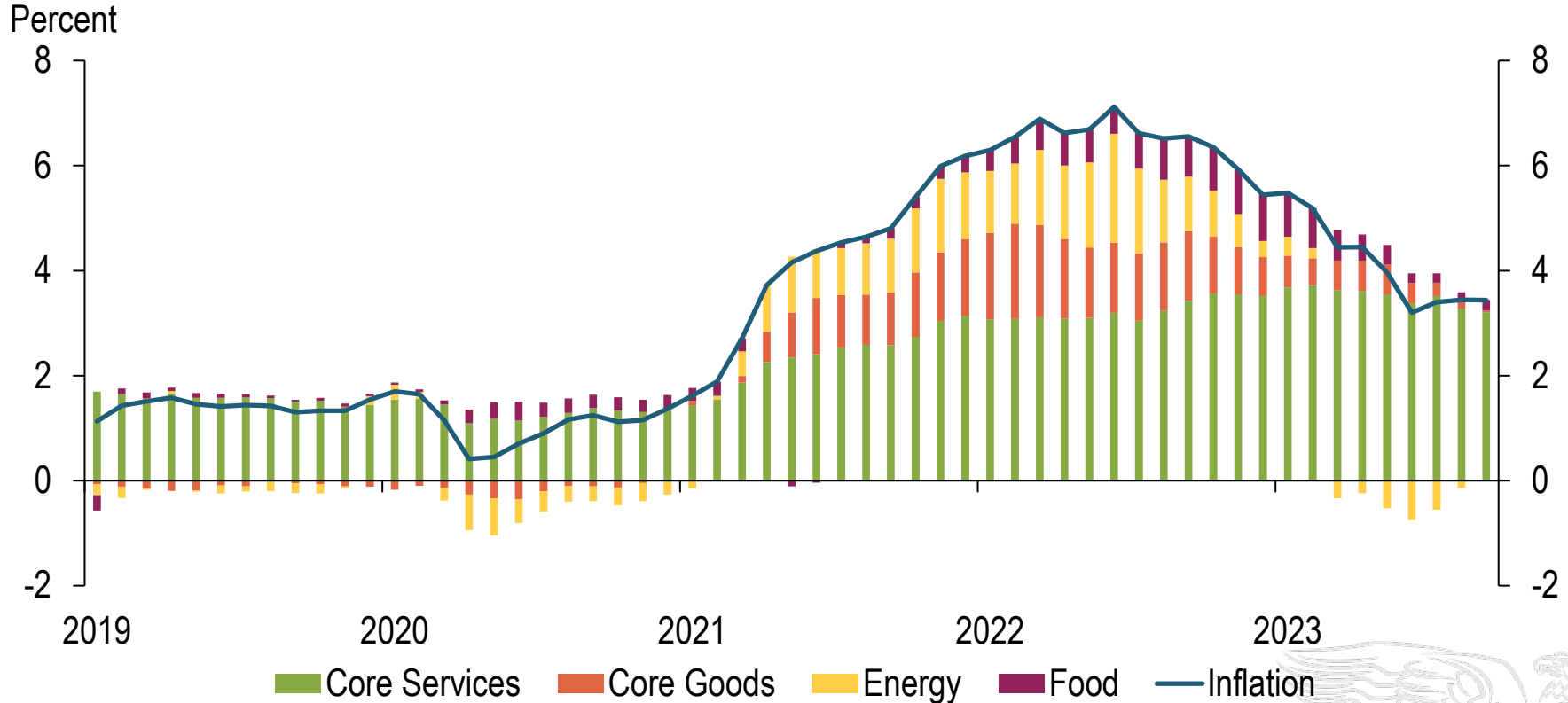


# Economic Outlook Themes

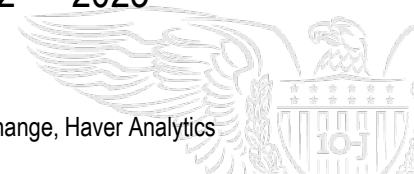
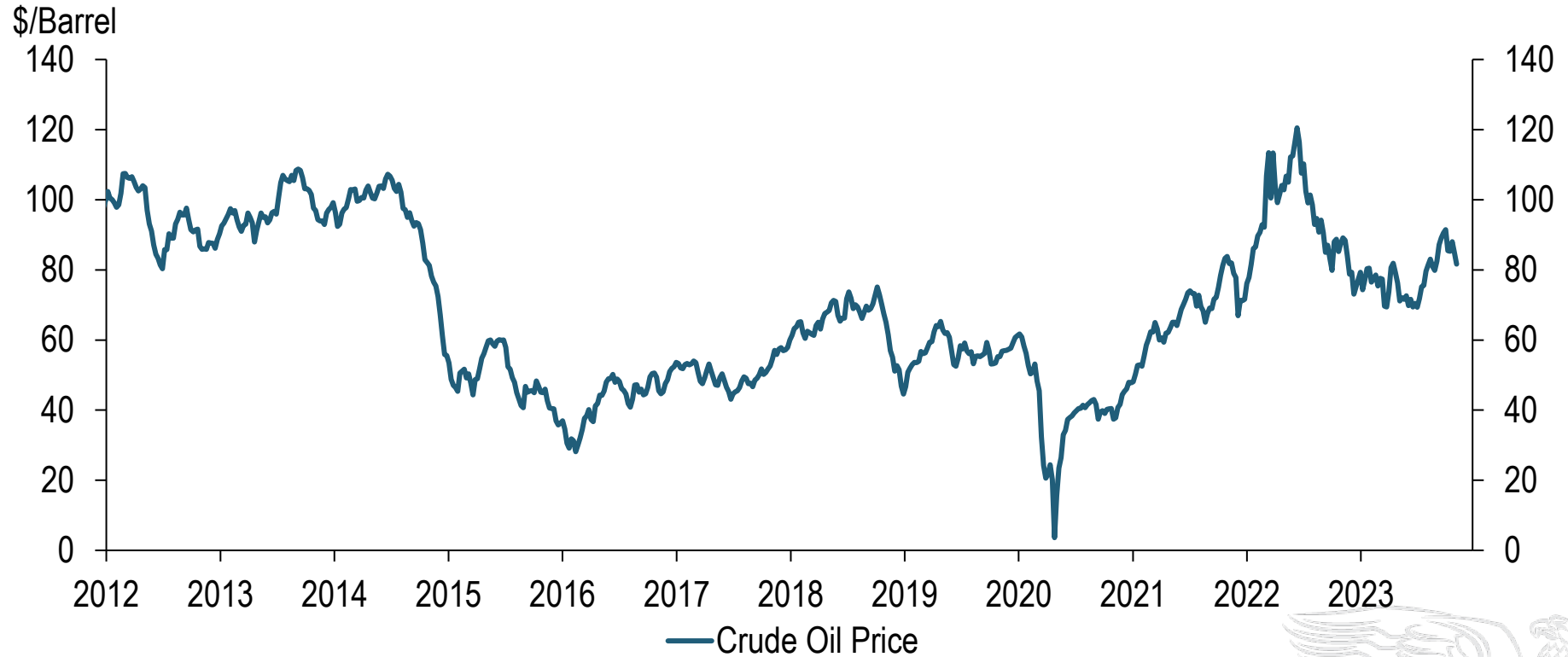
- Inflation has come down but remains too high.
- The labor market has shown surprising resilience despite a swift tightening in monetary policy.
- Higher long-term interest rates as well as rising government debt are expected to raise government interest payments to record levels.



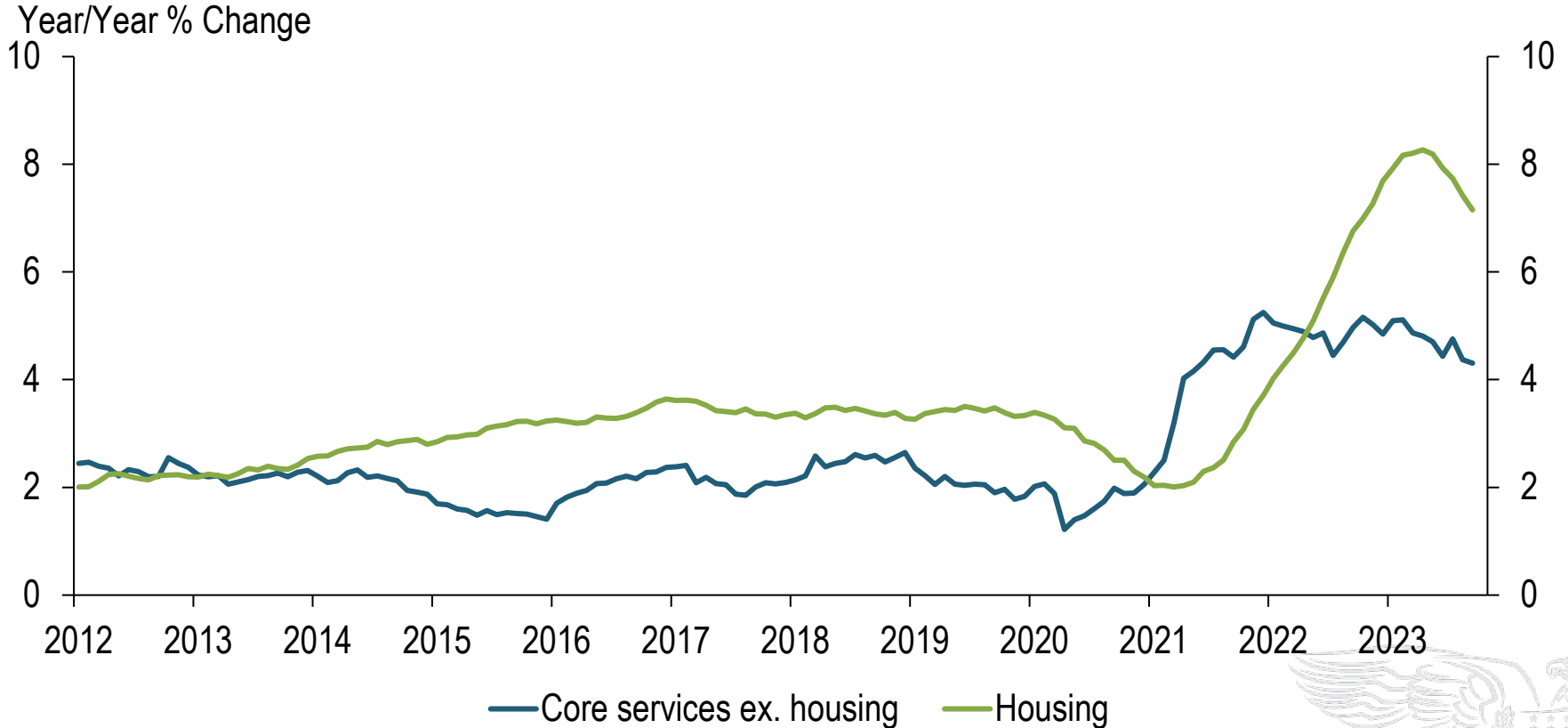
# Energy and goods prices have played a large role in reducing inflation



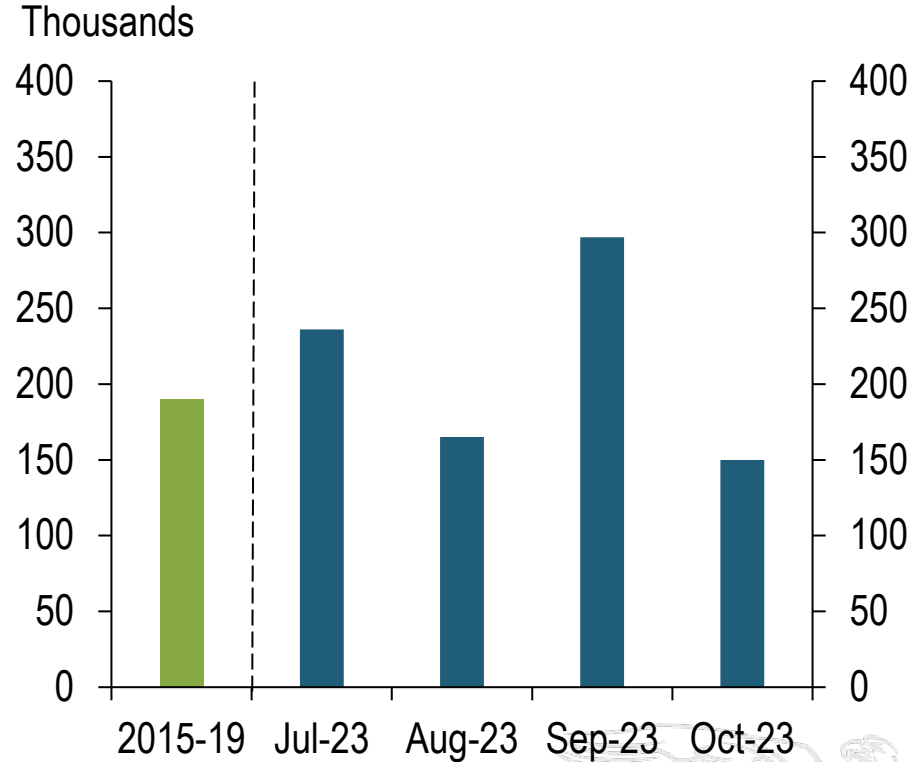
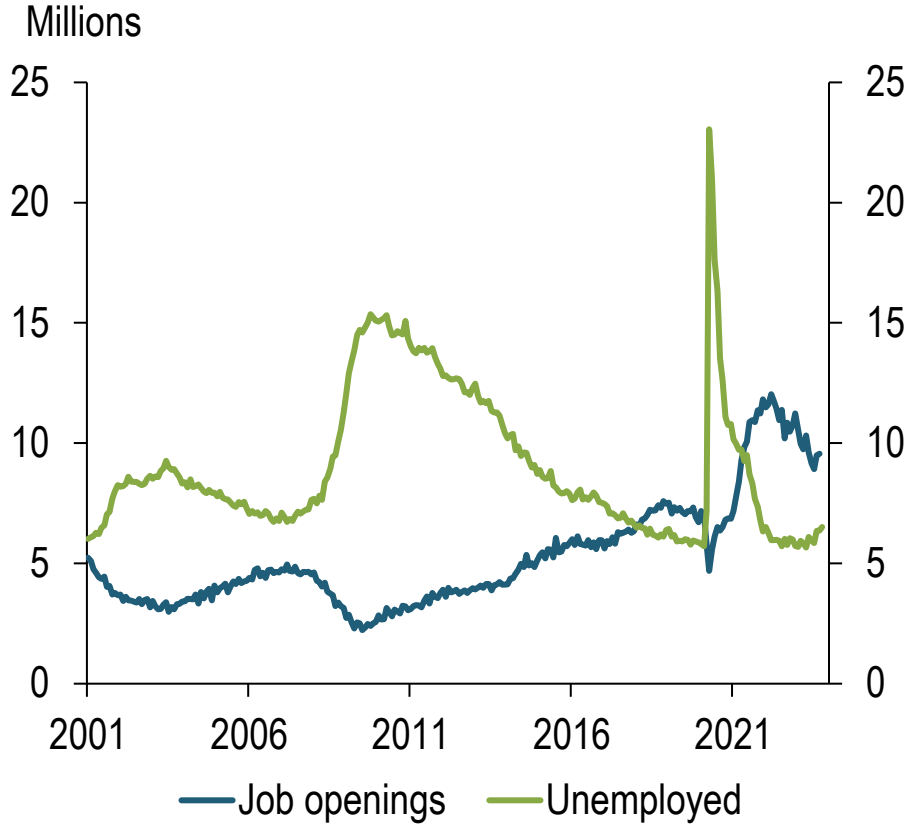
# The decline in oil prices has reversed course



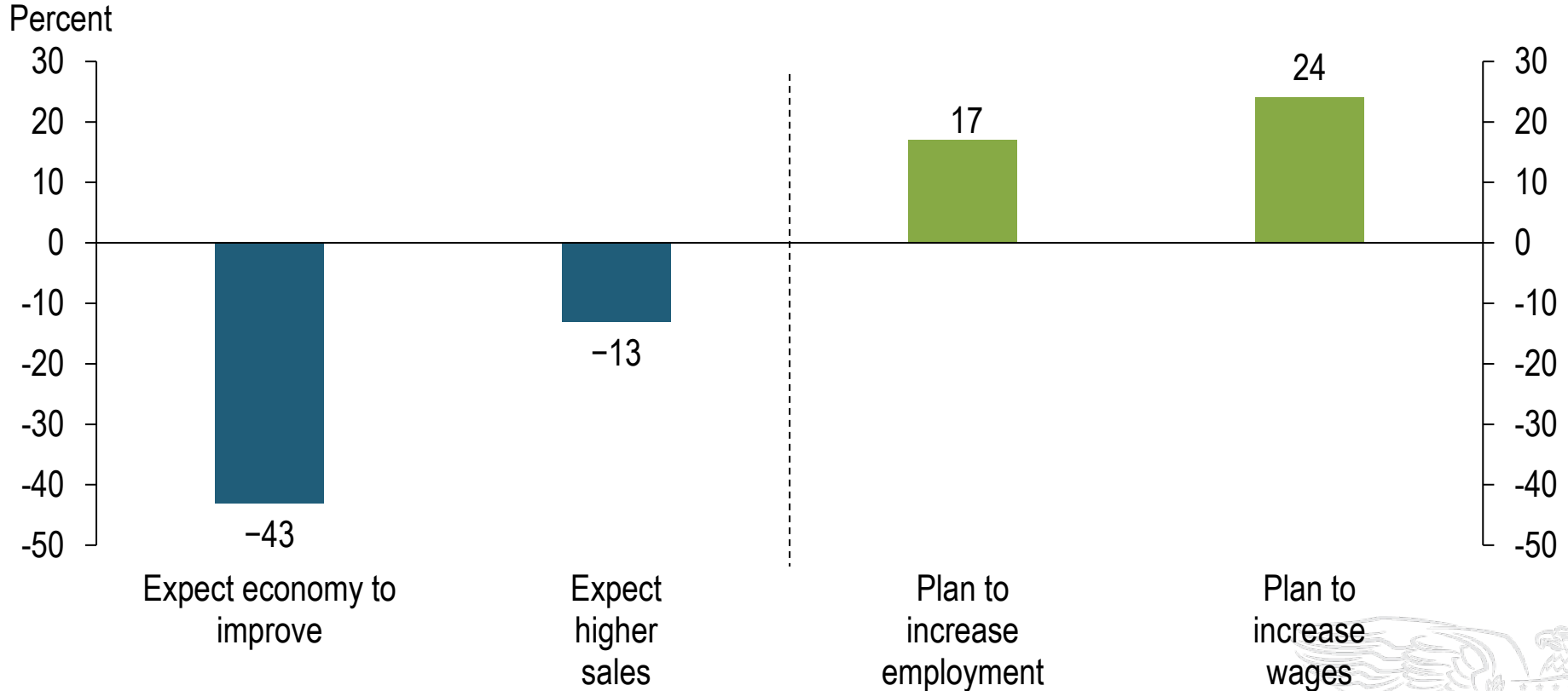
# Sustaining 2 percent inflation necessitates lower services inflation



# Labor market remains tight with solid employment gains



# Firms plan to increase employment despite weak demand conditions



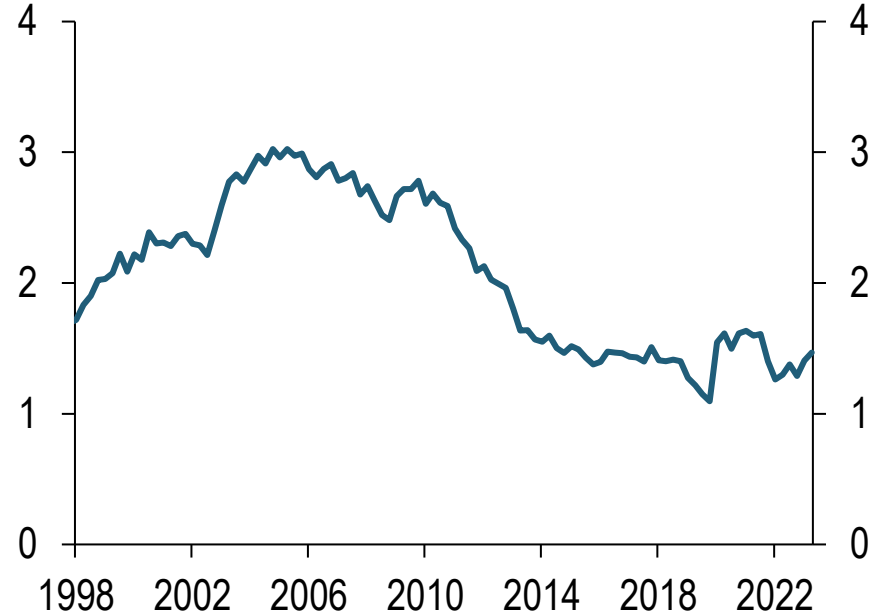
# Wage growth is still too high to deliver 2 percent inflation

Year/Year % Change



— Wage Growth

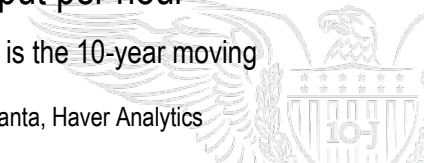
40-Quarter % Change, Annualized



— Labor Productivity: Output per hour

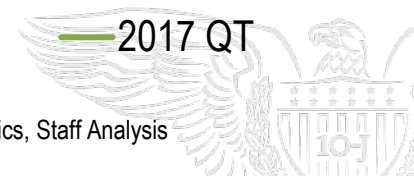
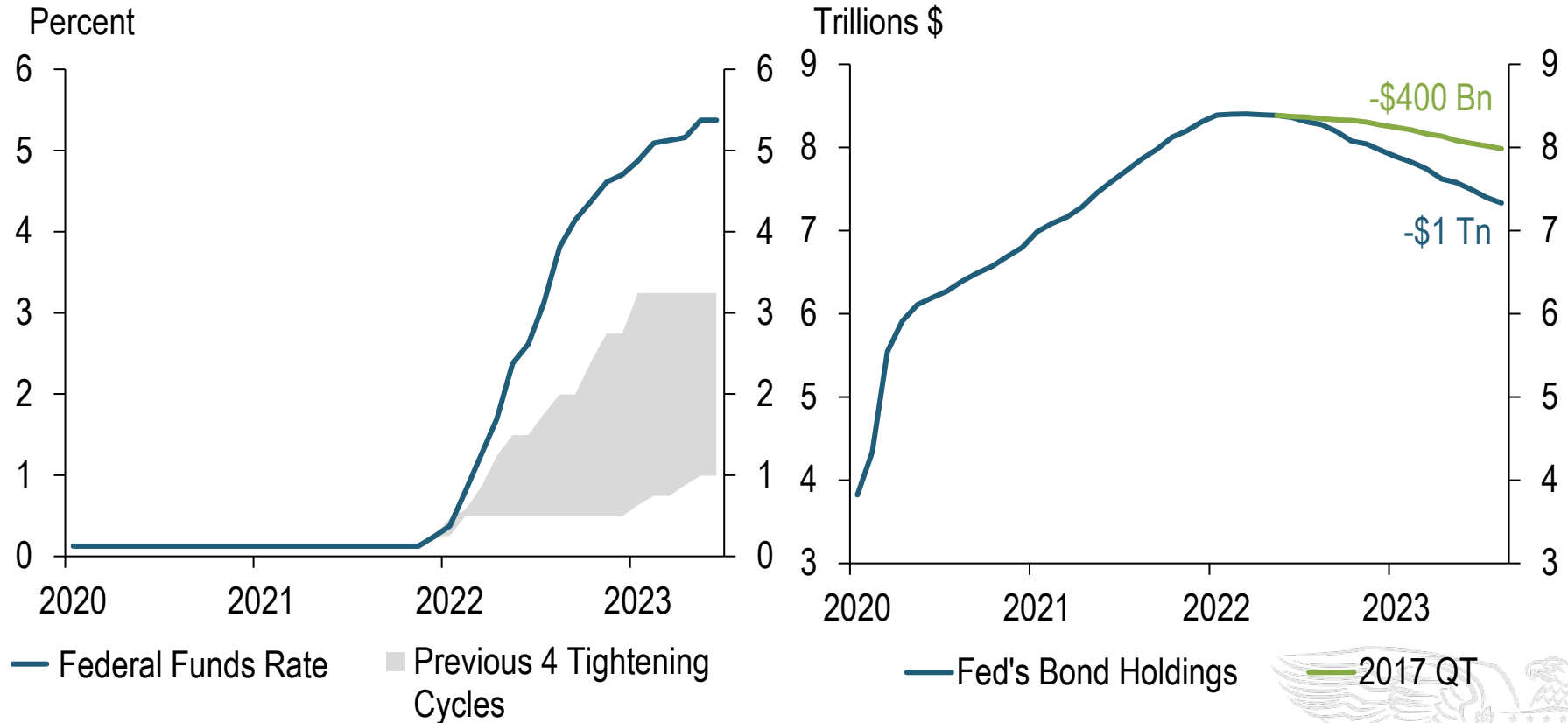
Note: Wage Growth is measured as the 3-month moving average of the year-over-year percent change. Productivity growth is the 10-year moving average of real output per hour in the nonfarm business sector.

Sources: BLS, Federal Reserve Bank of Atlanta, Haver Analytics





# Monetary policy has rapidly tightened over the past 18 months

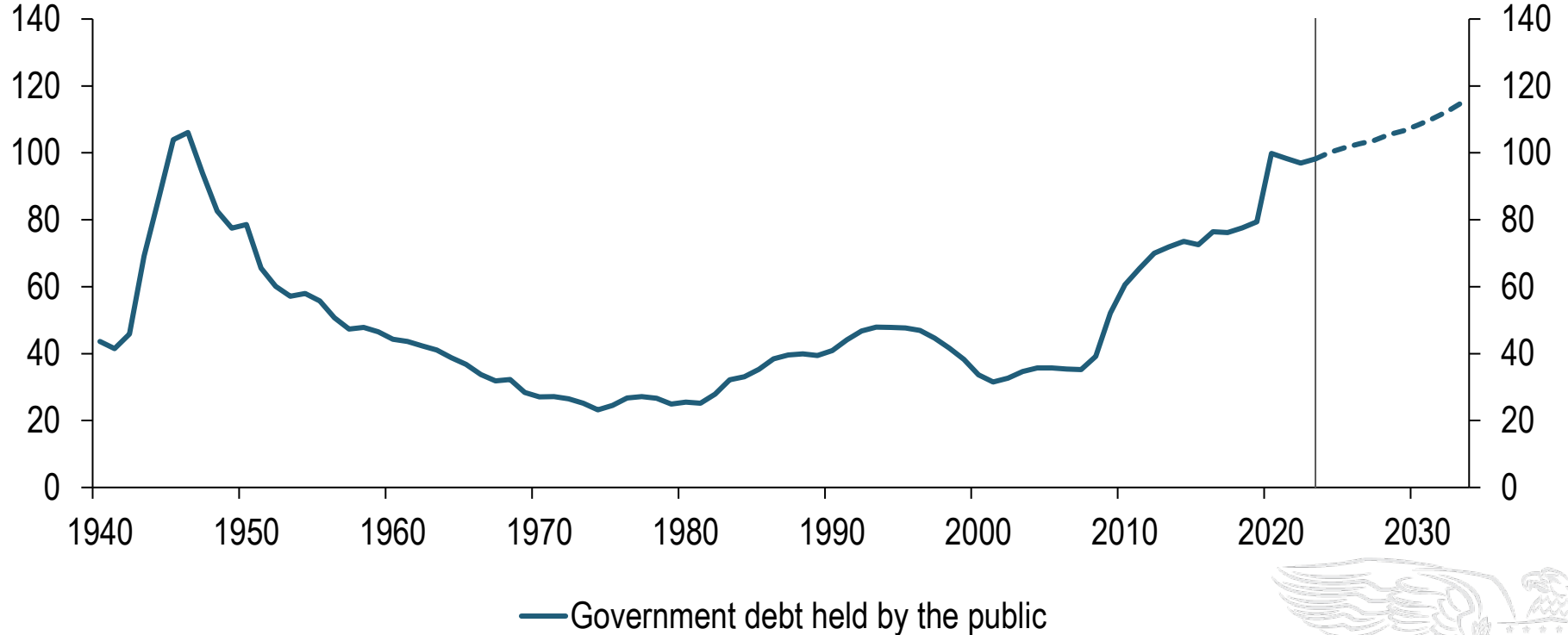


# Higher-for-longer monetary policy contributes to increase in long-run yields



# U.S. government is expected to issue more debt

Percentage of GDP



# Government interest payments may reach record levels

Percentage of GDP

