



FEDERAL RESERVE BANK *of* NEW YORK

U.S. Economic Conditions

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Overview

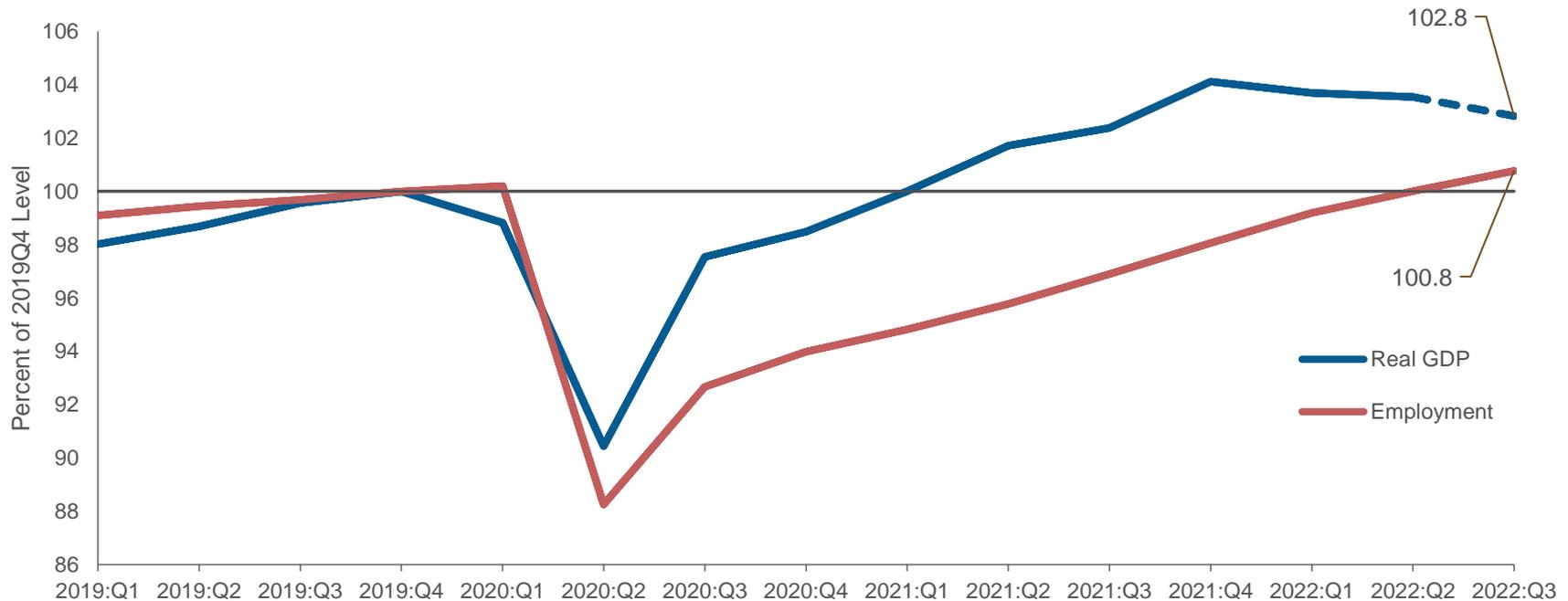
- Macroeconomic conditions
 - GDP: negative readings in H1
 - Labor market: remains tight, employment now above pre-pandemic level
 - Inflation: continues to be high
- Employment and inflation differentials across demographic groups
 - Based on work by Raji Chakrabarti and Maxim Pinkovskiy of the Equitable Growth Studies department of Research
 - Employment gaps have narrowed
 - Inflation gaps have widened during the inflation surge



GDP slowdown; employment above previous peak

- Consensus forecast points to modest real GDP growth in 2022Q3 after a decline in H1
- Payroll employment surpassed its pre-pandemic level

Output and Payroll Employment



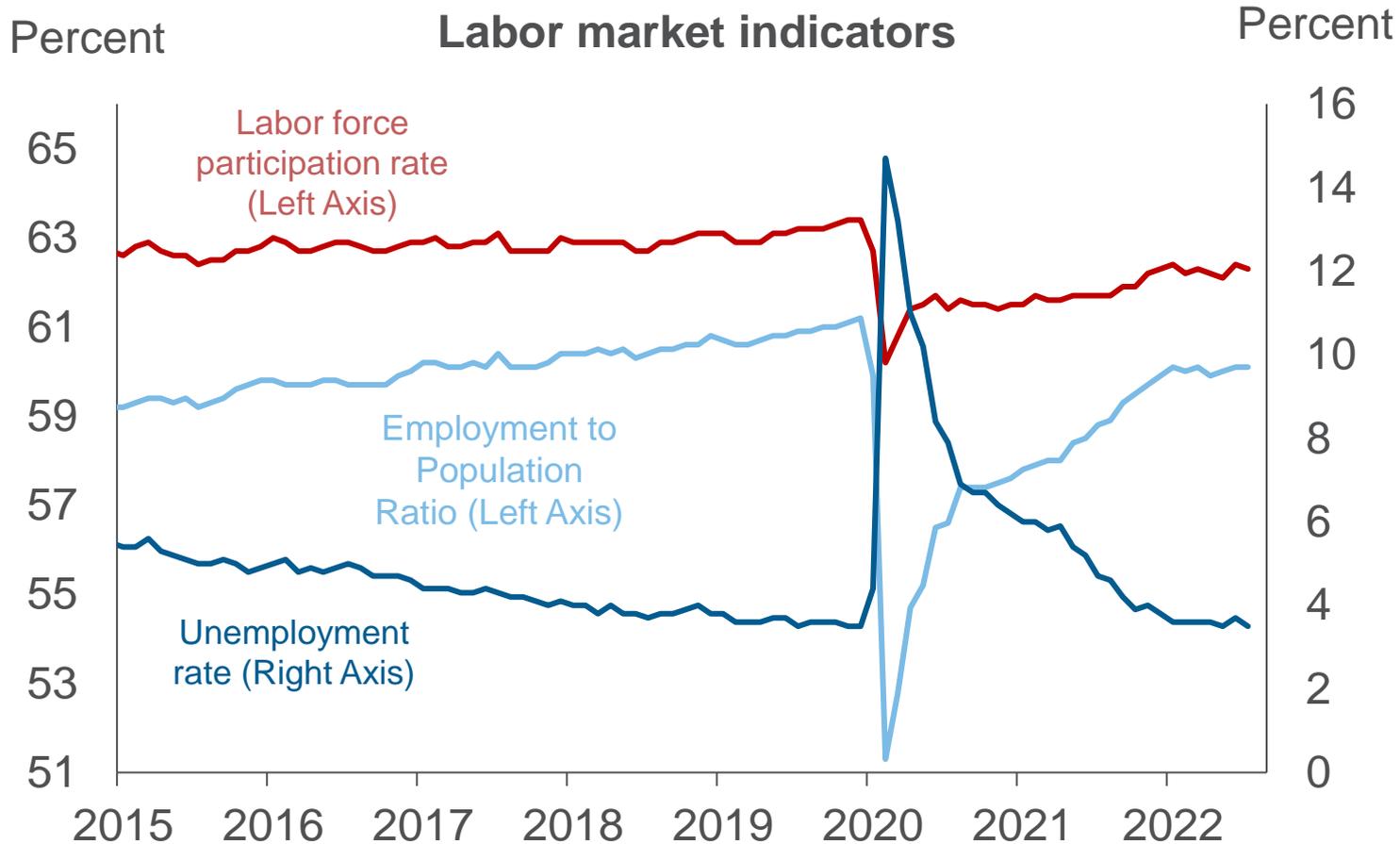
Note: Realized employment for 2022Q3 is the average of July, August, and September 2022 total nonfarm payroll employees. Real output in 2022:Q3 is from the Blue Chip consensus.

Source: BEA, BLS, Blue Chip Economic Indicators.



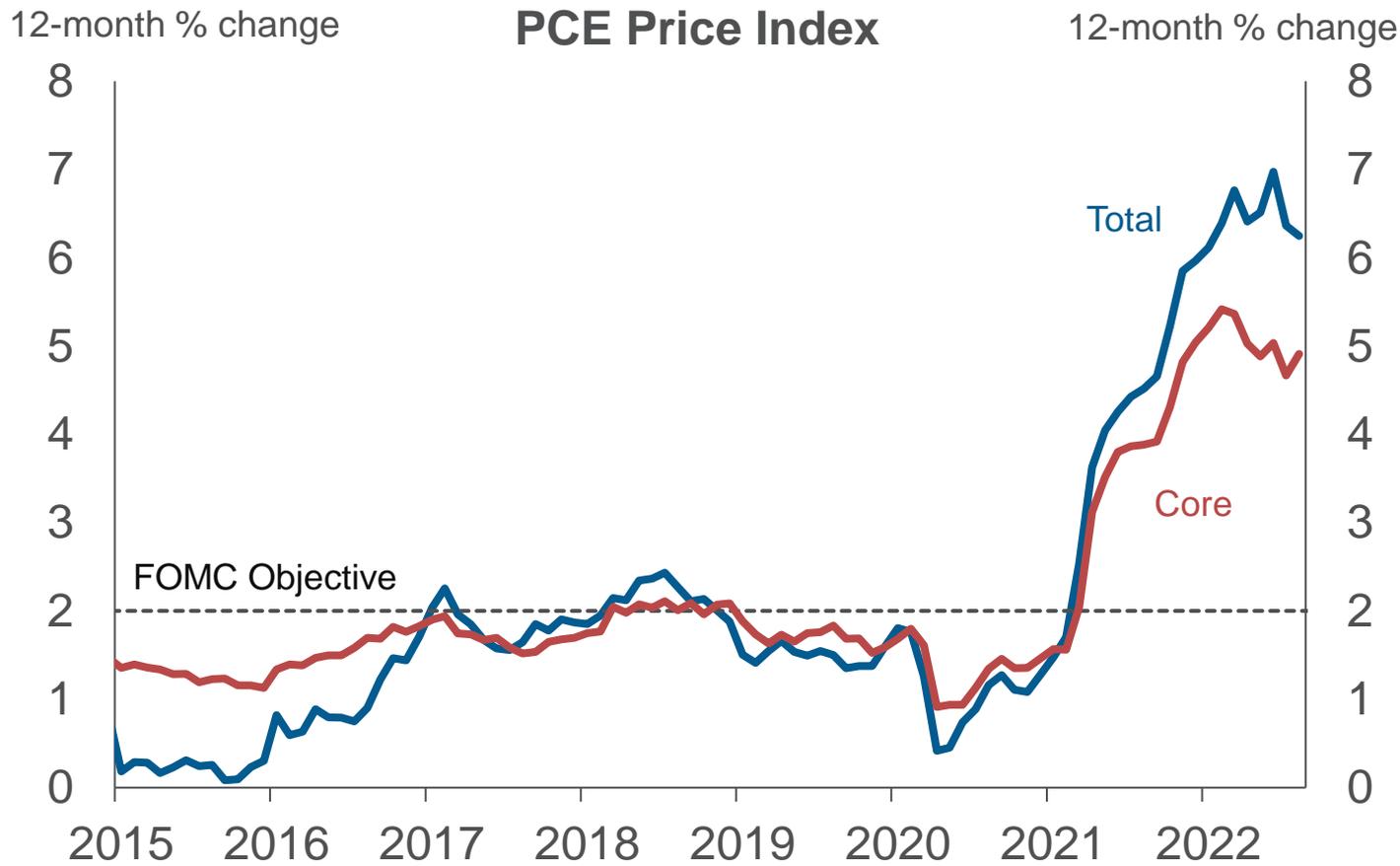
Labor market remains tight

- Unemployment is low, but participation is still below pre-pandemic level
- Despite recent signs of cooling, there are still many more job openings than people looking for work and wage growth is still strong, indicating a tight labor market



Inflation remains high and broader based

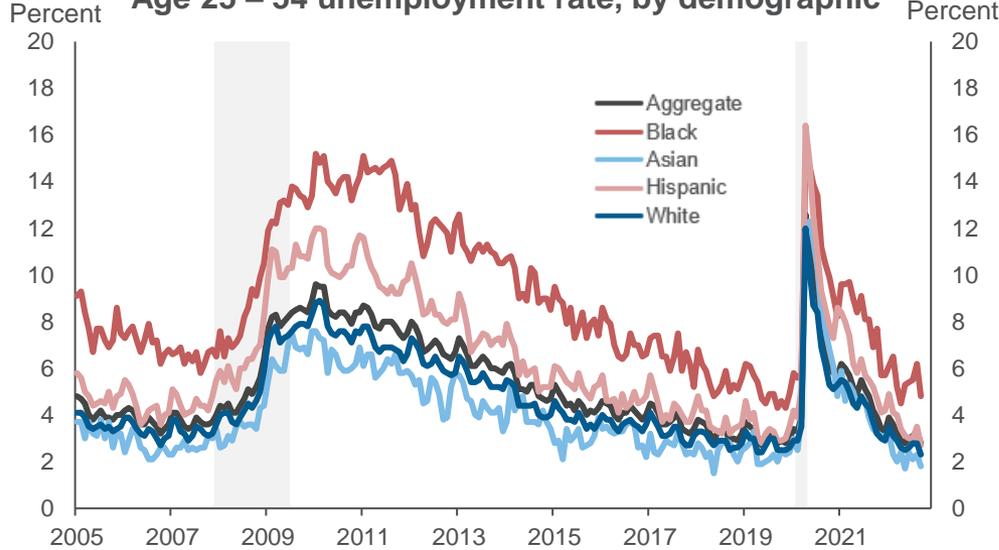
- Food and energy price inflation continue to be high
- Ex-food & energy (core) inflation has remained high as inflation for services has picked up



Source: BEA

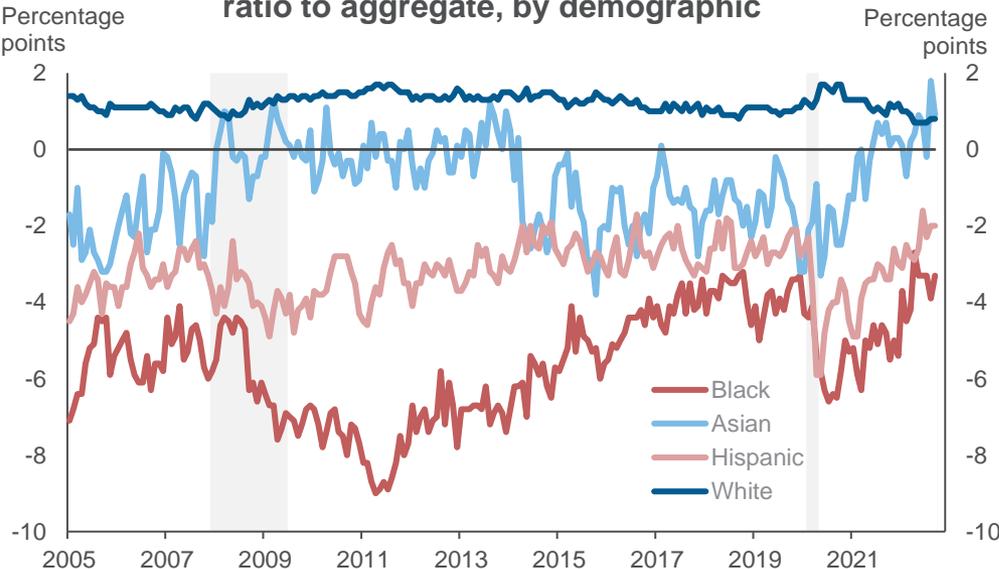
Employment gaps have narrowed but still present

Age 25 – 54 unemployment rate, by demographic



- Unemployment rates across racial/ethnic groups tend to move together, but persistently higher for Blacks and Hispanics
- Unemployment rates fell in September for all groups

Difference of age 25 – 54 employment-population ratio to aggregate, by demographic

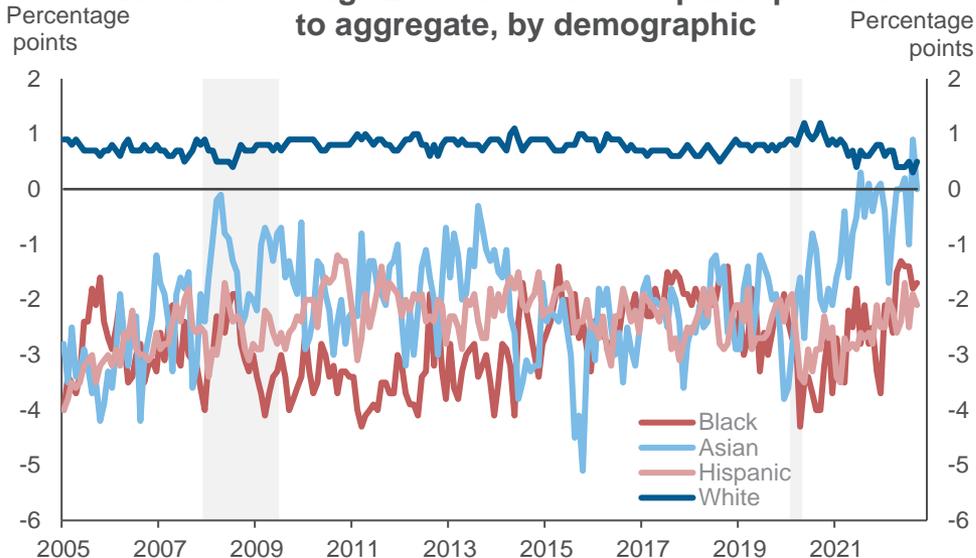


- Shares of Black and Hispanic populations employed below national average, but gaps have narrowed
- A higher share of Asians is now employed than the national average



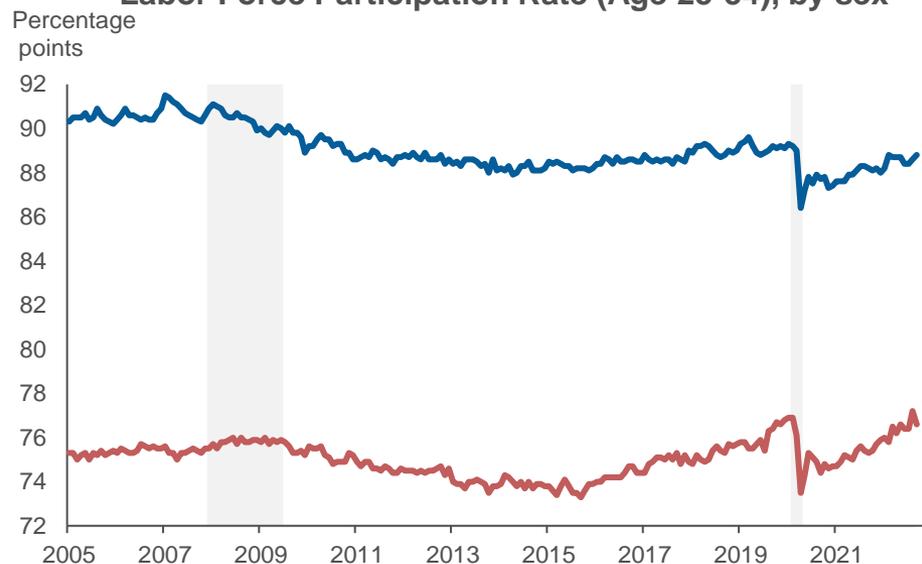
Labor force participation rates

Difference of age 25 – 54 labor force participation rate to aggregate, by demographic



- Labor force participation of Blacks and Hispanics runs persistently below aggregate participation
- Participation gaps have narrowed in past two years

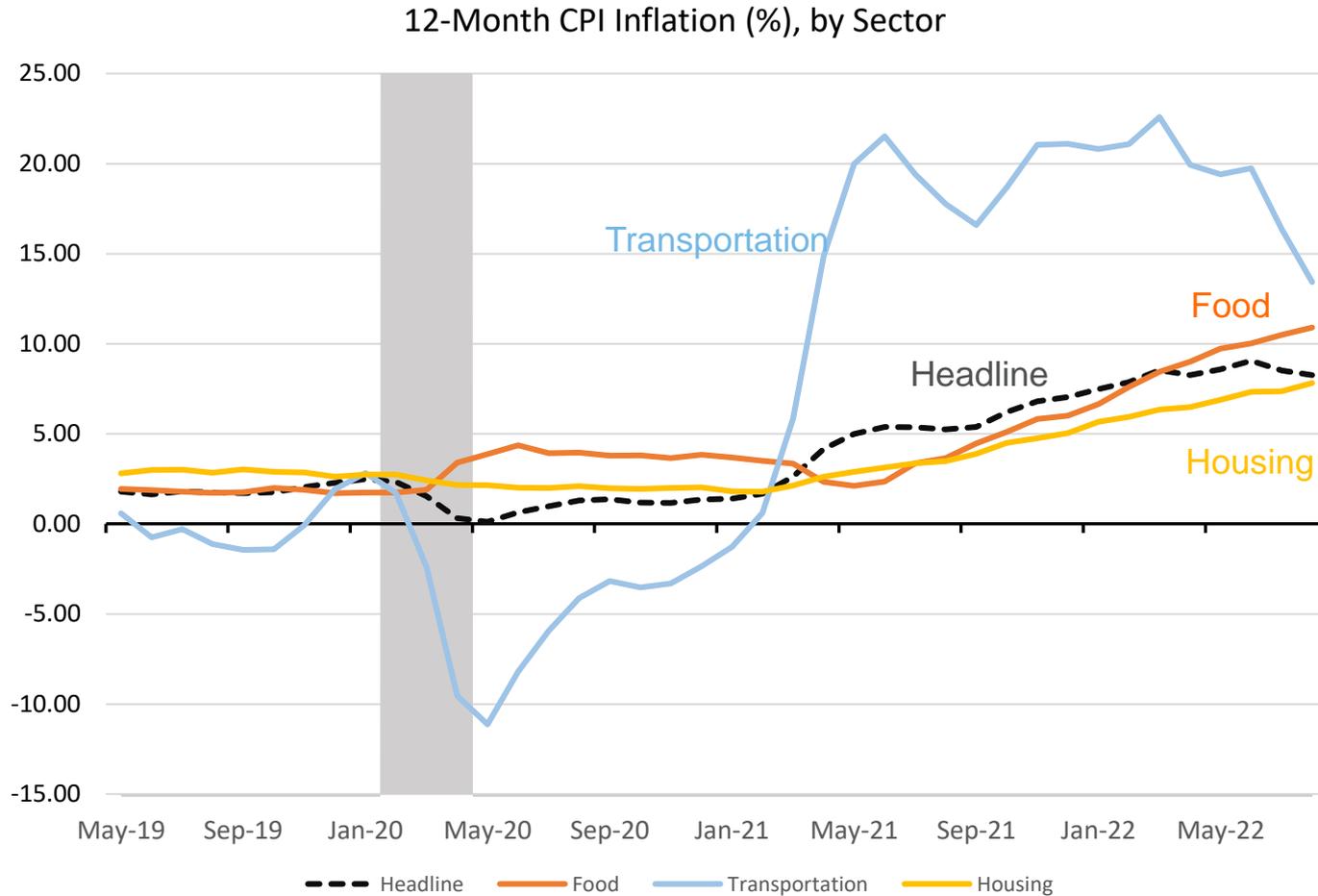
Labor Force Participation Rate (Age 25-54), by sex



- Female (age 25-54) labor force participation now close to pre-pandemic rates



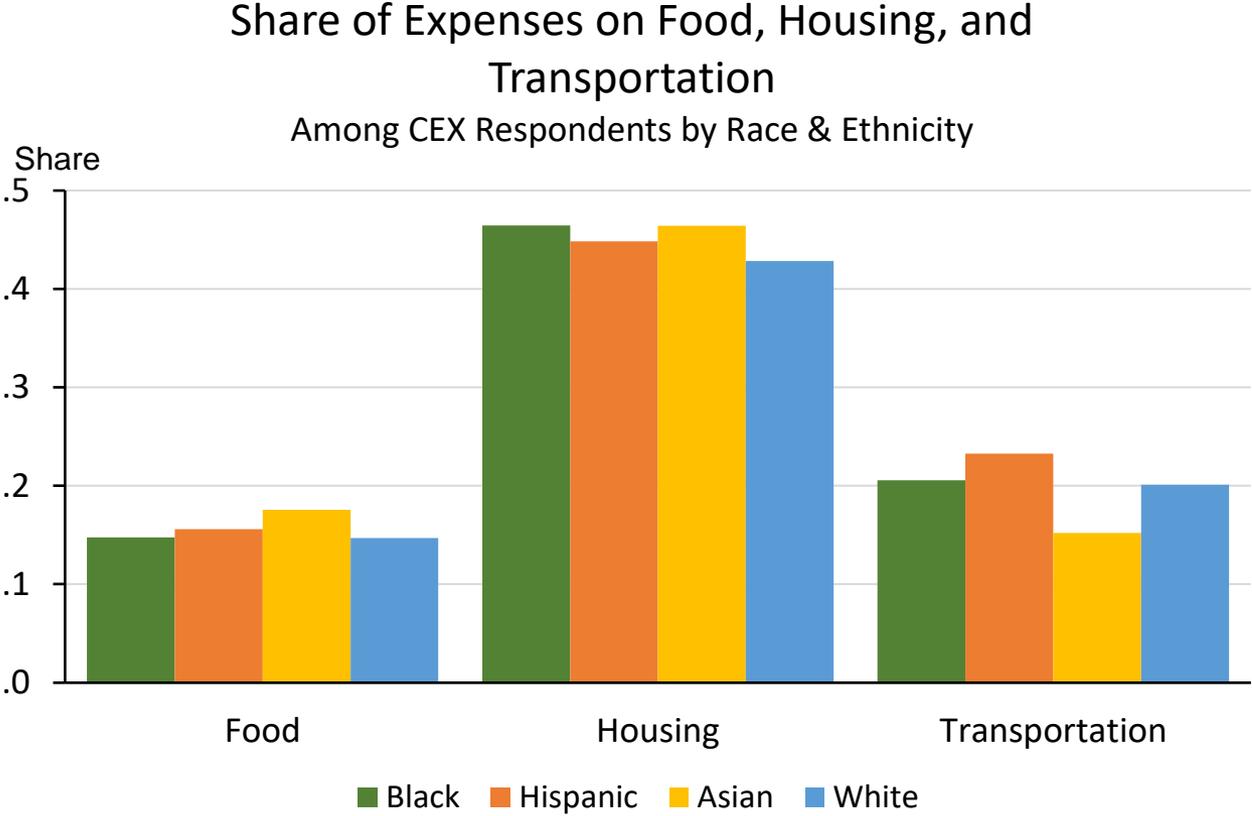
Transportation prices have risen faster than in other sectors



Source: BLS; FRBNY Equitable Growth Studies Dept.
Note: Shading denotes NBER-designated recession.



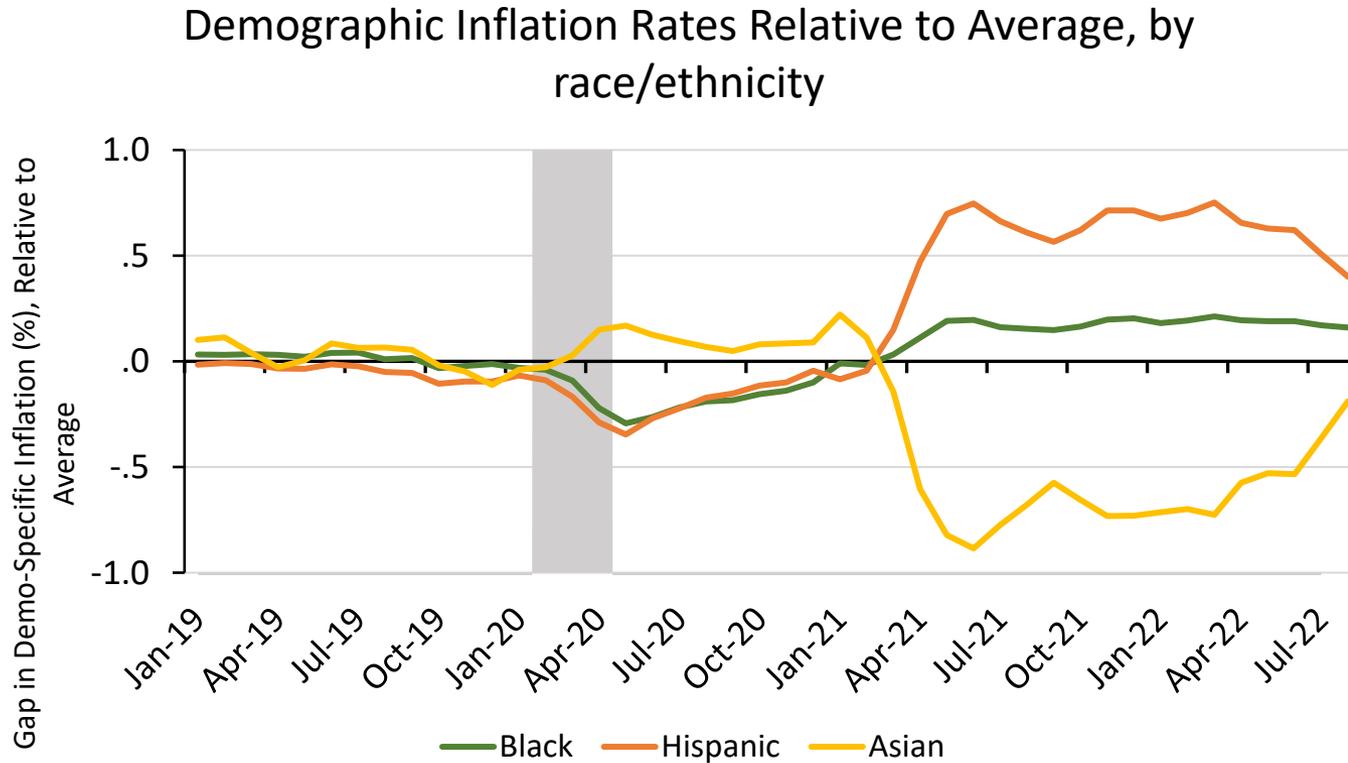
Blacks and Hispanics spend more on housing and transportation



Sources: BLS; Consumer Expenditure Survey, 2020; FRBNY Equitable Growth Studies Dept.



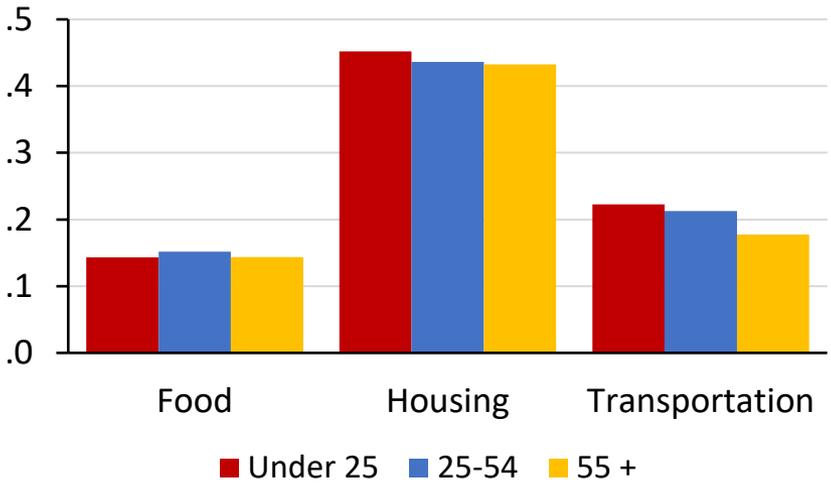
Resulting in Blacks and Hispanics experiencing higher inflation over the past year than other Americans



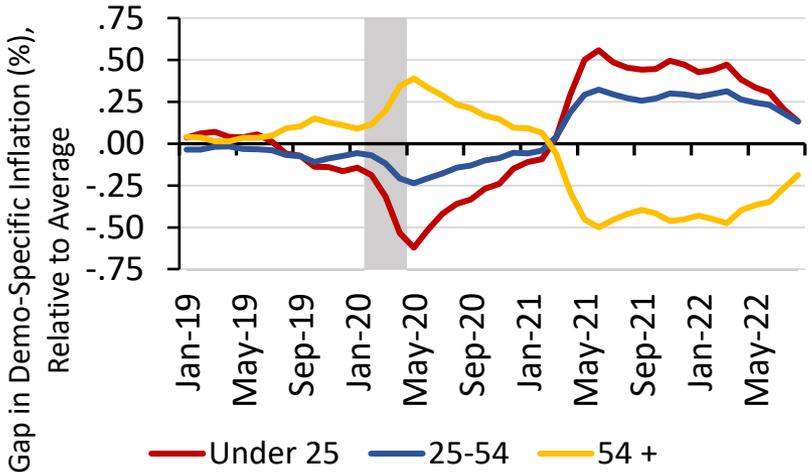
Sources: BLS Consumer Expenditure Survey, 2020; FRBNY Equitable Growth Studies Dept.
Note: Shading denotes NBER-designated recession

Some inflation rates have been converging recently

Share of Expenses on Food, Housing, and Transportation Among CEX Respondents by Age



Demographic Inflation Rates Relative to Average, for Age Groups



Sources: BLS, Consumer Expenditure Survey, 2020; FRBNY Equitable Growth Studies Dept.
 Note: Shading denotes NBER-designated recession

Summary

- Macroeconomic conditions
 - Inflation continues to be the serious issue for monetary policy
 - Economic activity has slowed down, but the labor market remains tight
- Employment and inflation differentials across demographic groups
 - Employment gaps have narrowed, but show labor market performance still weaker for Blacks and Hispanics
 - Inflation gaps suggest inflation surge has been hurting Hispanics and Blacks somewhat more

