FEDERAL RESERVE BANK of NEW YORK

U.S. Economic Conditions

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Overview

- **GDP**
  - Growth remained strong in Q2 2024.
  - Data for Q3 so far suggest continued resilience of economy.
- **Inflation**
  - Inflation has moderated steadily over the past few months.
  - On course to achieving FOMC target on a sustained basis.
- **Labor market**
  - The labor market remains solid.
  - Labor market imbalances have largely dissipated.

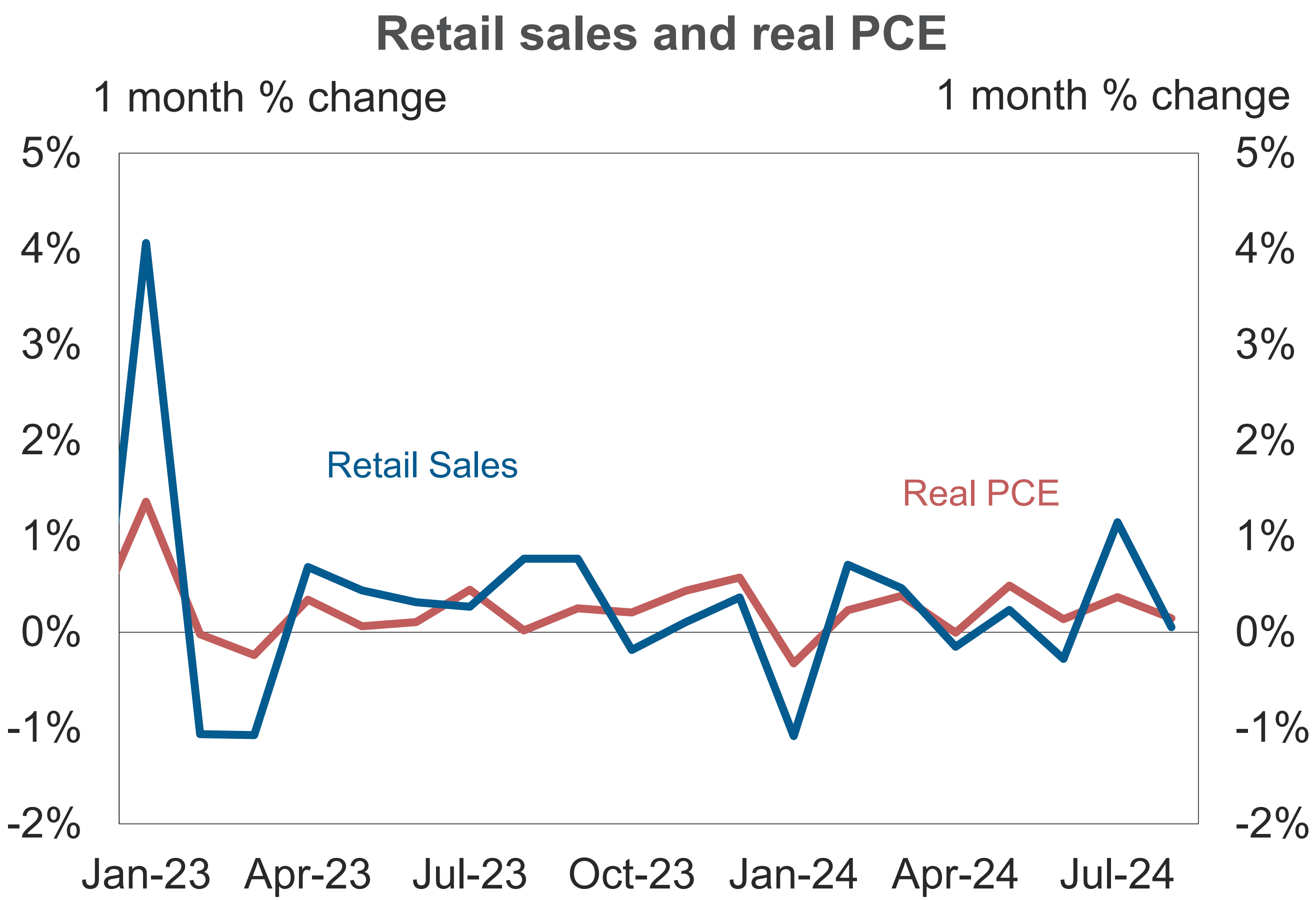
GDP grew solidly in 2024Q2

- Real GDP increased at a 3.0% annual rate in 2024Q2, bringing four-quarter growth to 3.0%.
- Real consumer spending remains resilient, with saving rate near pre-pandemic rates.

Source: Bureau of Economic Analysis.

Consumer spending remained resilient

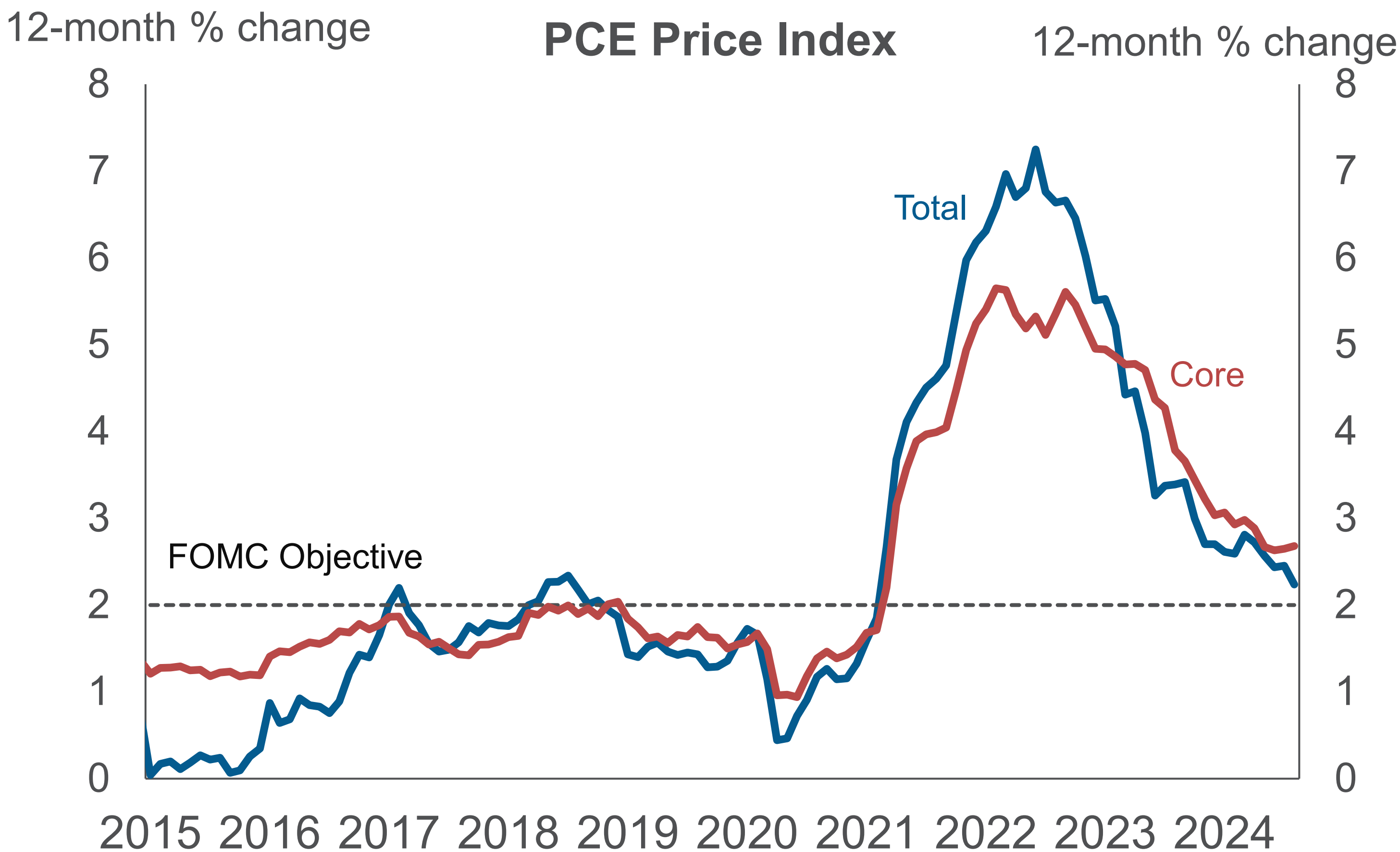
- Real PCE for July and August suggest continuing strength in consumer spending in Q3.
- Other data for Q3 generally have shown resilience, especially including payrolls.



Source: Bureau of Economic Analysis via Haver and author’s calculations

Inflation continued to moderate in August

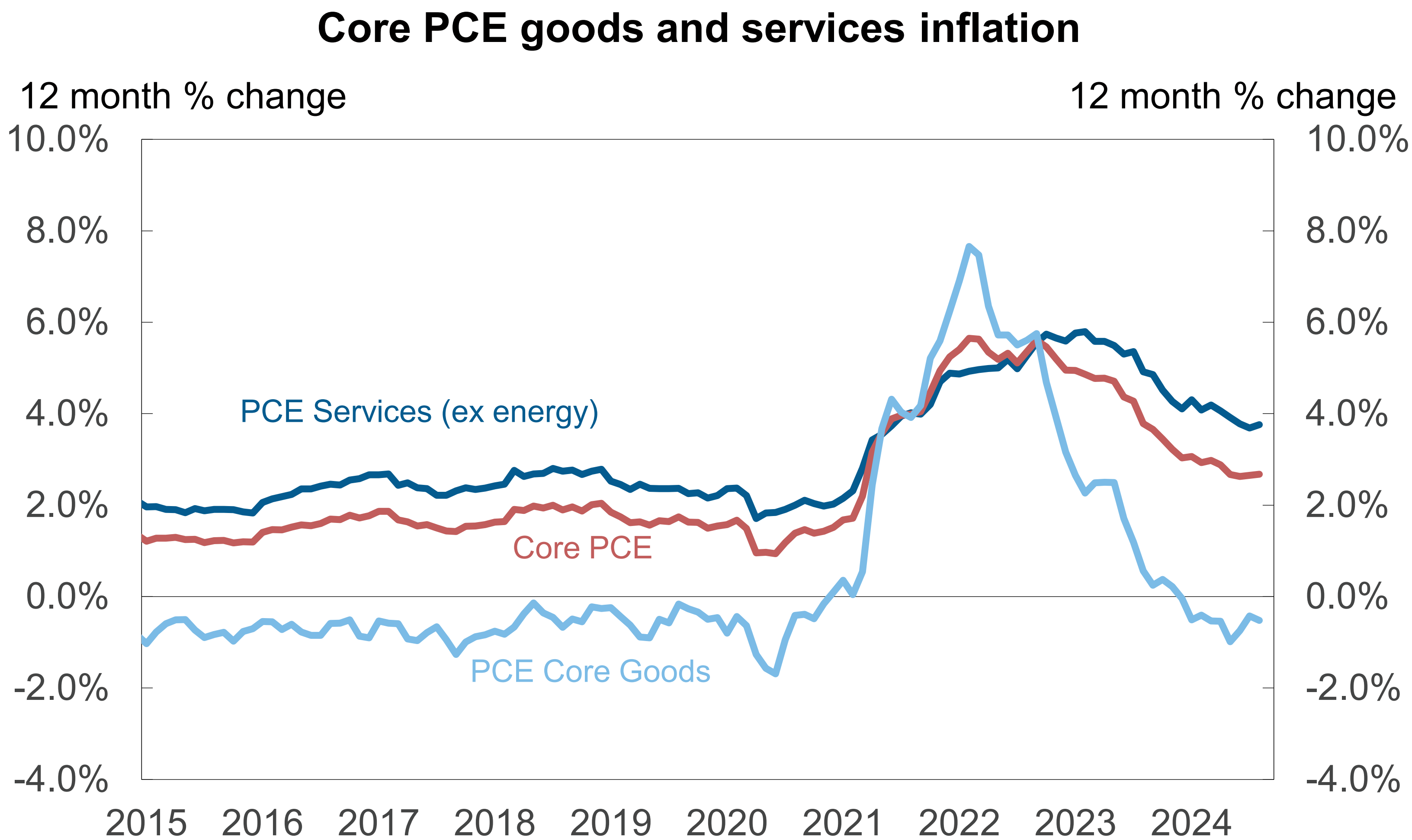
- Inflation declined to 2.2 percent in August, even though housing and non-housing core services inflation ticked up.
- Measures of underlying inflation, such as 12-month core inflation, signal further progress toward the FOMC's longer-run goal.



Source: Bureau of Economic Analysis.

Declining goods prices, more gradual service disinflation

- Goods prices excluding food and energy have been declining since January.
- Services inflation is slowing more gradually but slower market rent growth could lead to lower housing inflation in coming months.



Source: Bureau of Economic Analysis via Haver

Labor market remains solid

- Unemployment is still low, while participation is near its pre-pandemic level.
- Wide range of measures indicate that labor market conditions have normalized.

Source: Bureau of Labor Statistics.

Summary

- The U.S. economy continues to display resilience.
- Inflation has moderated, moving closer to FOMC target.
- Labor market has normalized and remains sound.