



FEDERAL RESERVE BANK *of* NEW YORK

US Economic Conditions

David Lucca, Assistant Vice President, Research and Statistics Group

Community Advisory Group Meeting – July 12, 2019

The views expressed here are those of the presenter and do not necessarily represent those of the Federal Reserve Bank of New York or the Federal Reserve System.

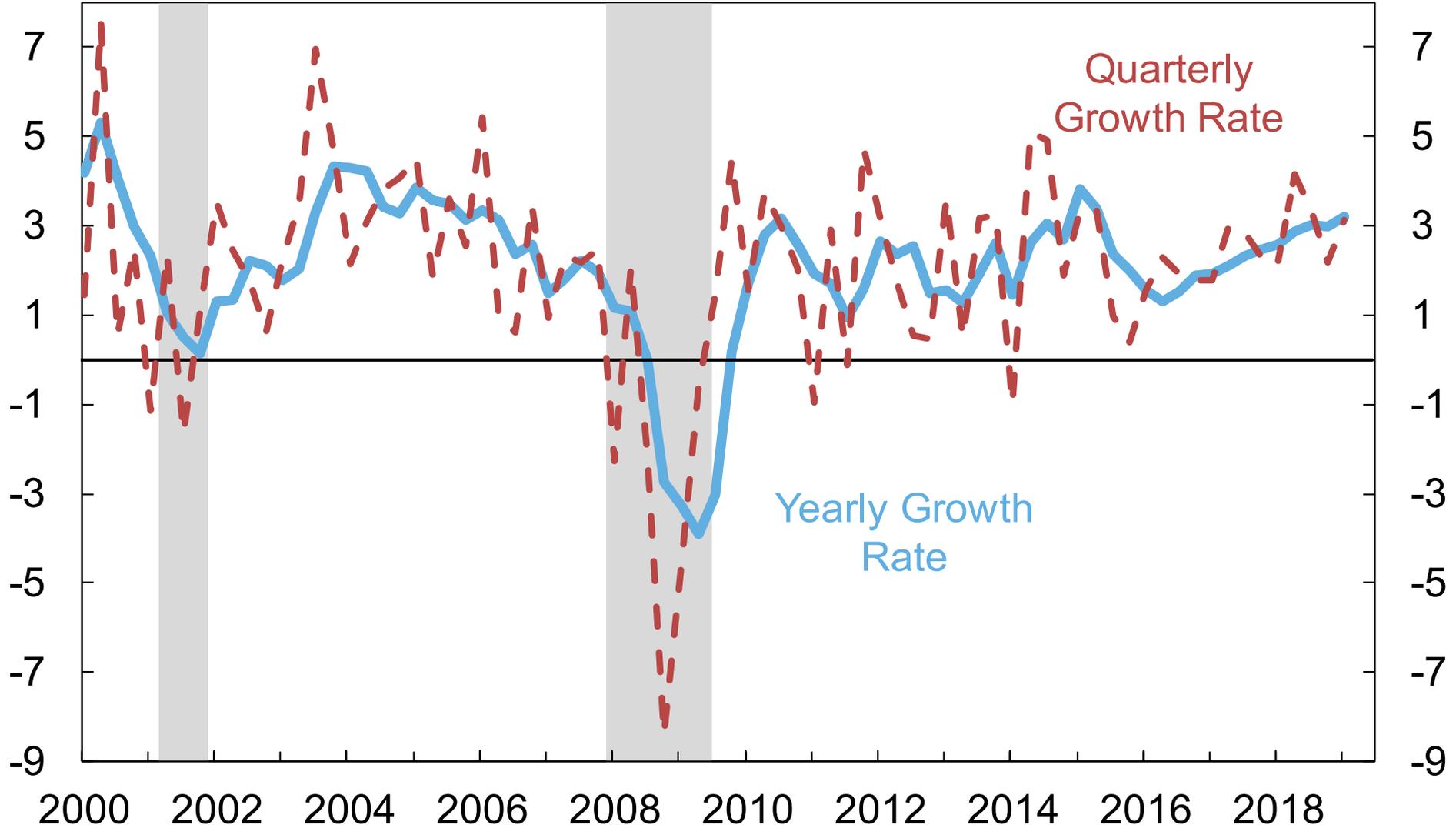
Overview

- Real GDP grew at 3.1% in the first quarter, the labor market remained strong while the rate of increase of wages and inflation were subdued.
- Growth of household spending picked up from earlier this year but business investment is slowing.
- Growth of real GDP expected to slow in 2019 but to remain above the economy's potential growth rate (around 1 $\frac{3}{4}$ %), leading to further tightening of labor markets and some gradual increase in the underlying inflation rate.

Growth of Real GDP

% Change, Annualized

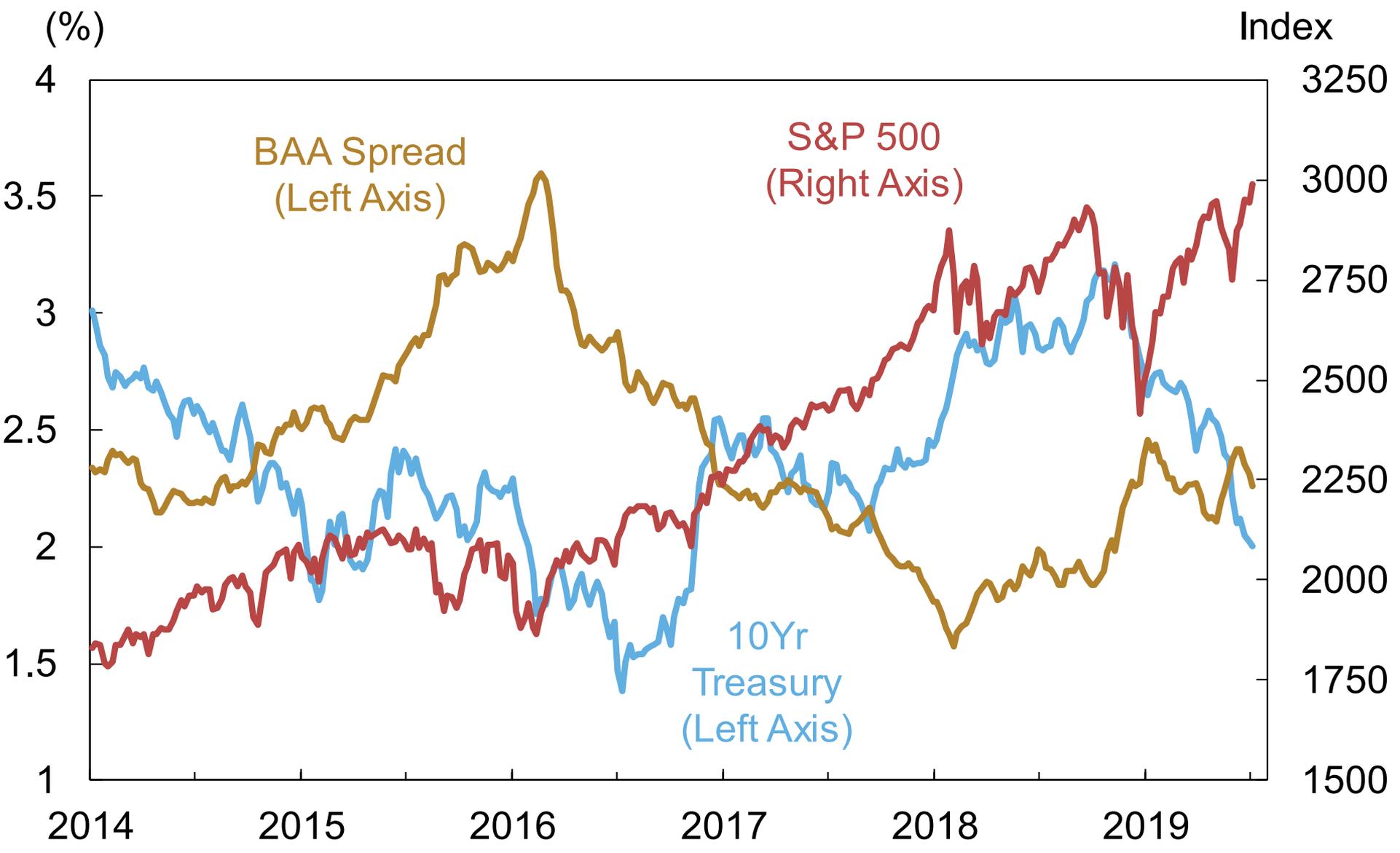
% Change, Annualized



Source: Bureau of Economic Analysis.

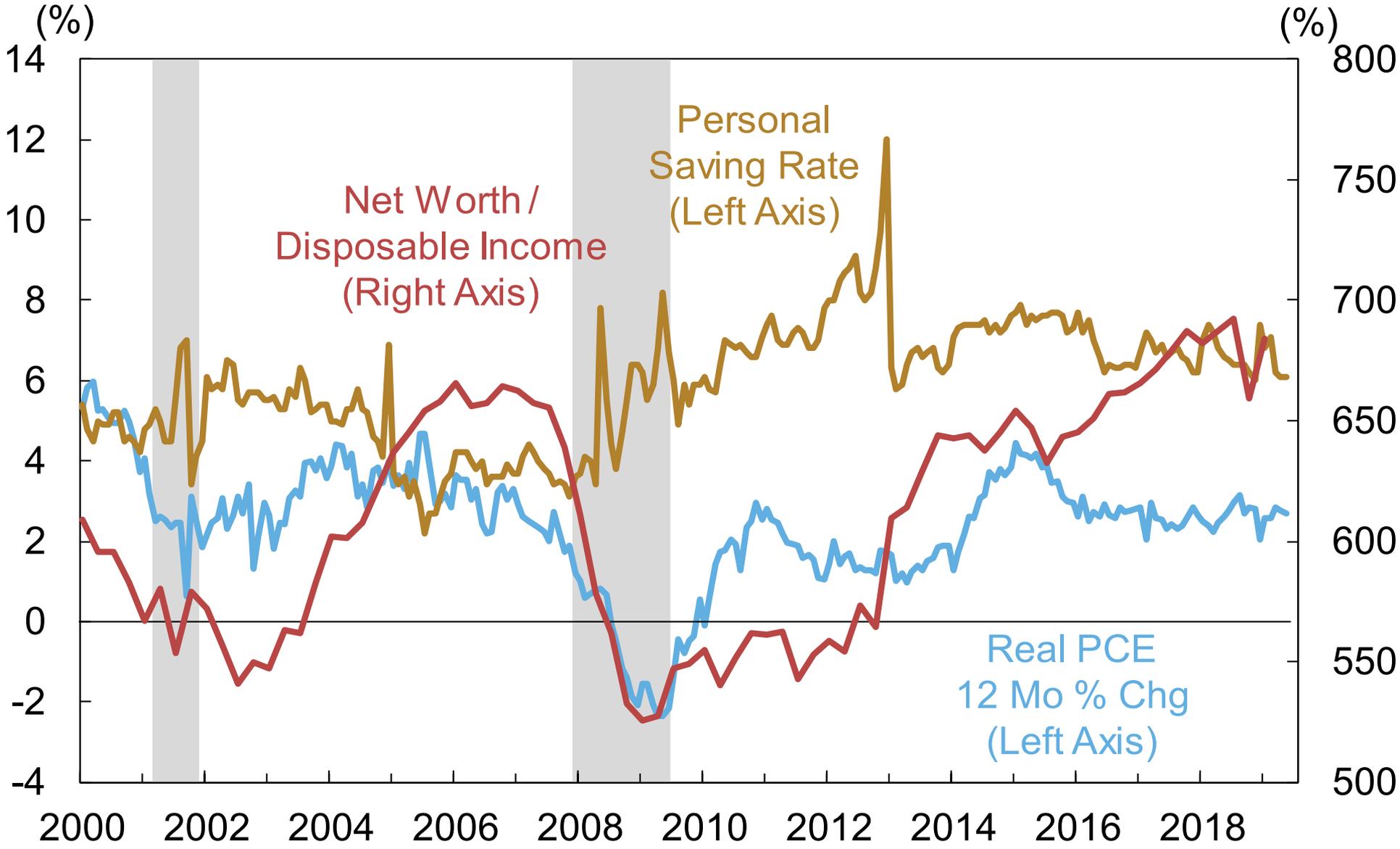
Note: Shading shows NBER recessions.

Financial Conditions



Source: Federal Reserve Board, Moody's, Standard & Poor's via Haver Analytics.

Real Consumer Spending and Personal Saving Rate



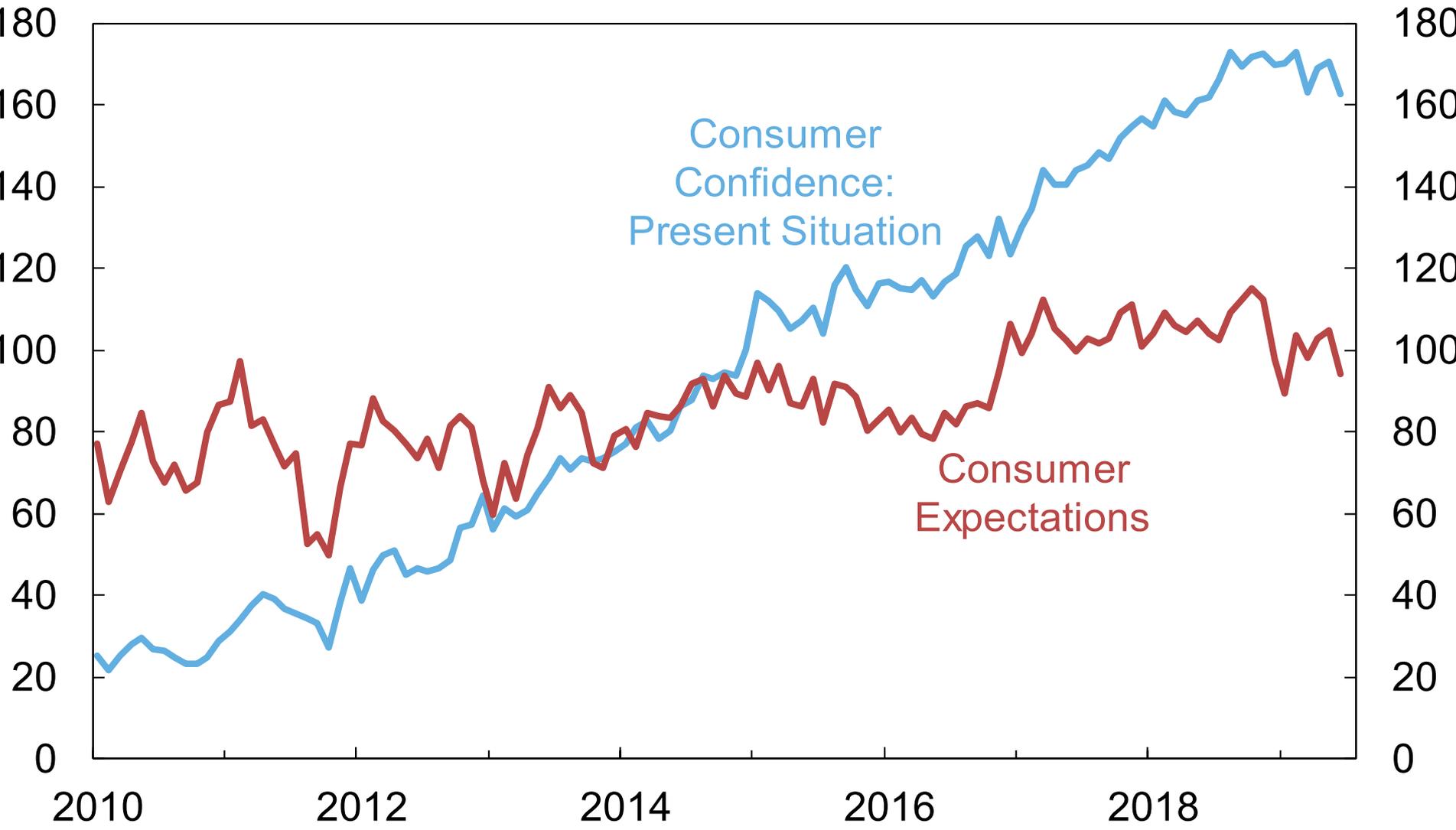
Source: Bureau of Economic Analysis, Federal Reserve Board via Haver Analytics.

Note: Shading shows NBER recessions.

Consumer Confidence

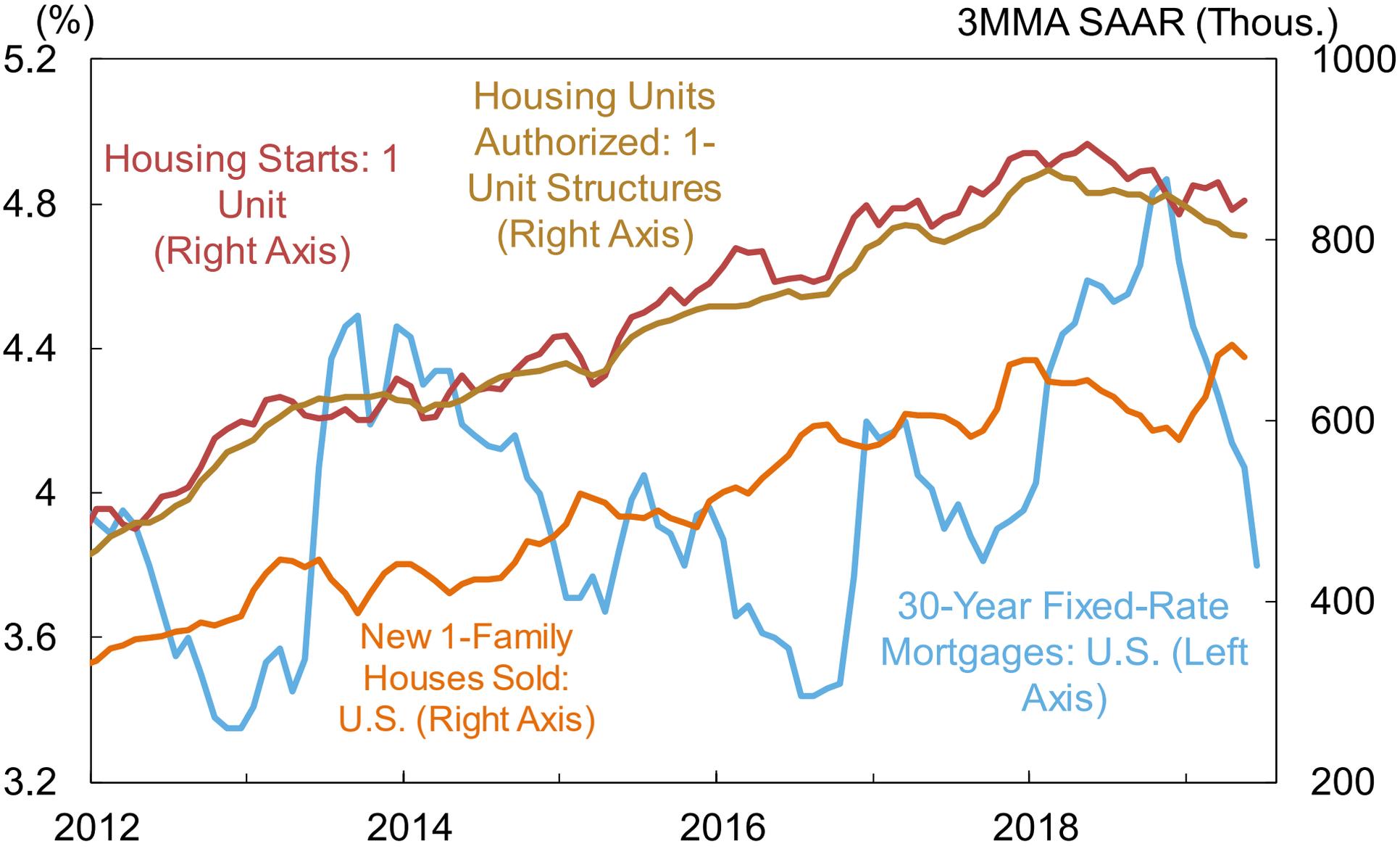
Index, 1985=100

Index, 1985=100



Source: The Conference Board via Haver Analytics.

Mortgage Rates and New Single-Family Home Activity ⁶



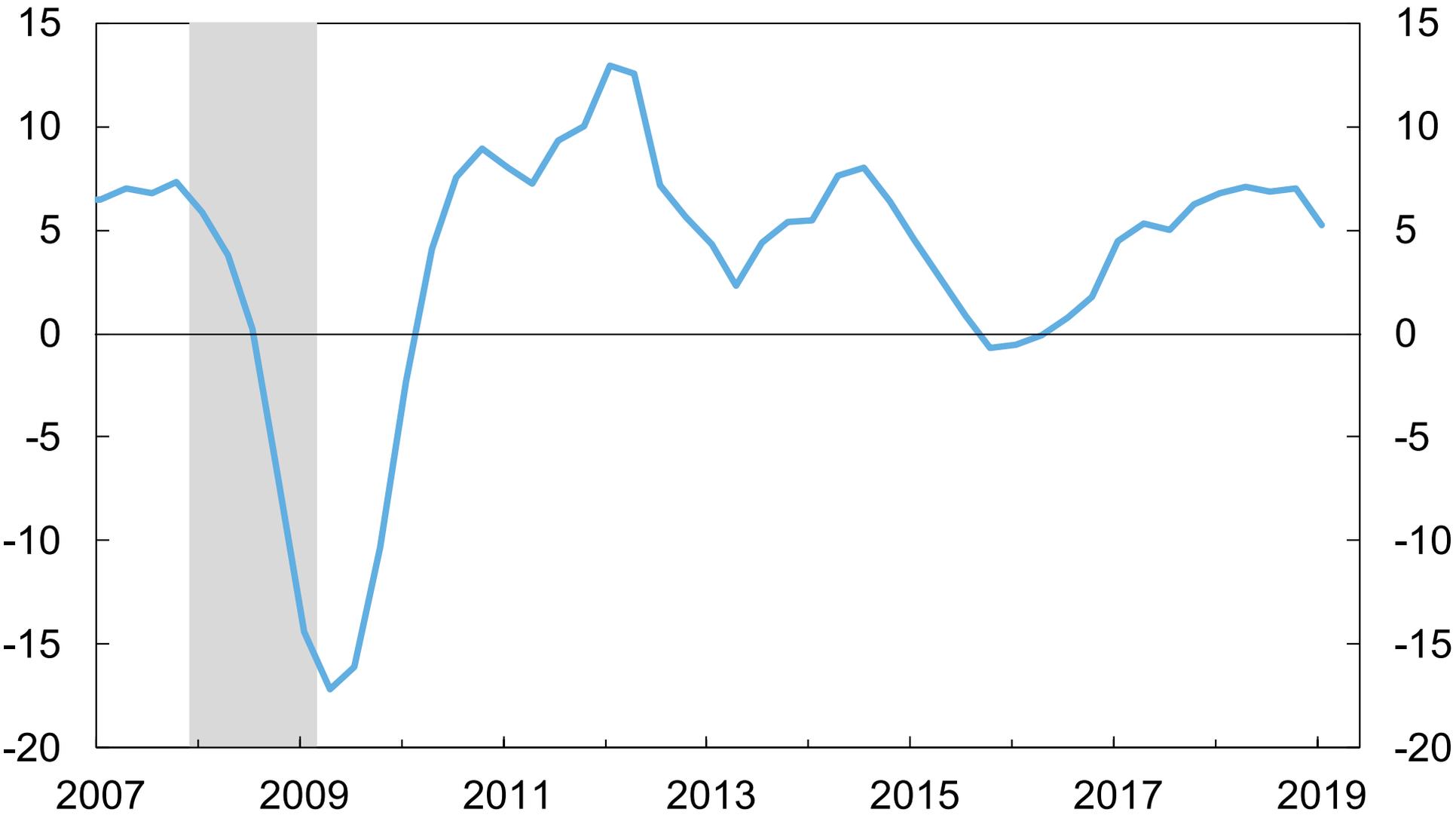
Source: Census, Freddie Mac via Haver Analytics.

Note: Shading shows NBER recessions.

Business Fixed Investment

4 Quarter % Change

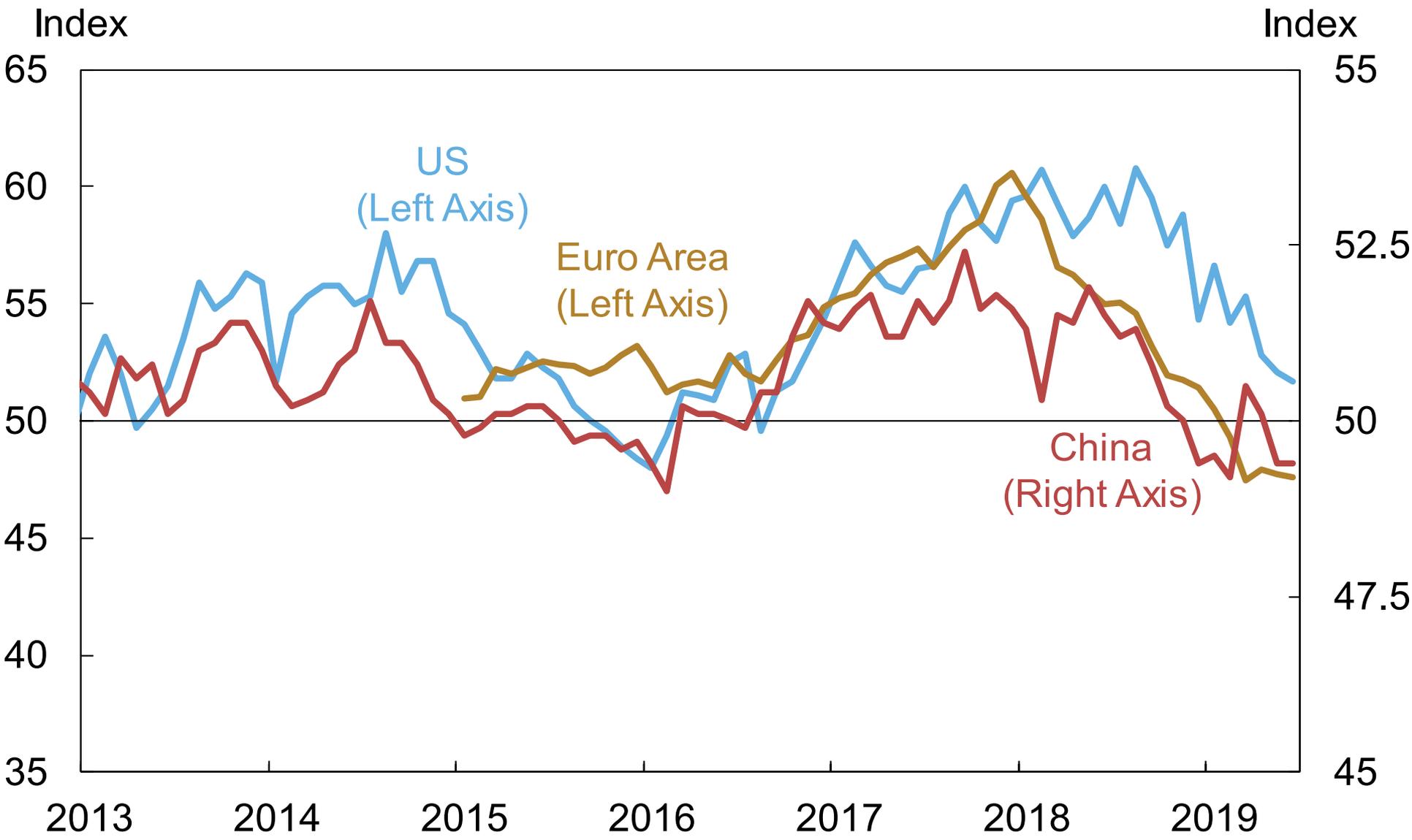
4 Quarter % Change



Source: Bureau of Economic Analysis

Note: Shading shows NBER recessions.

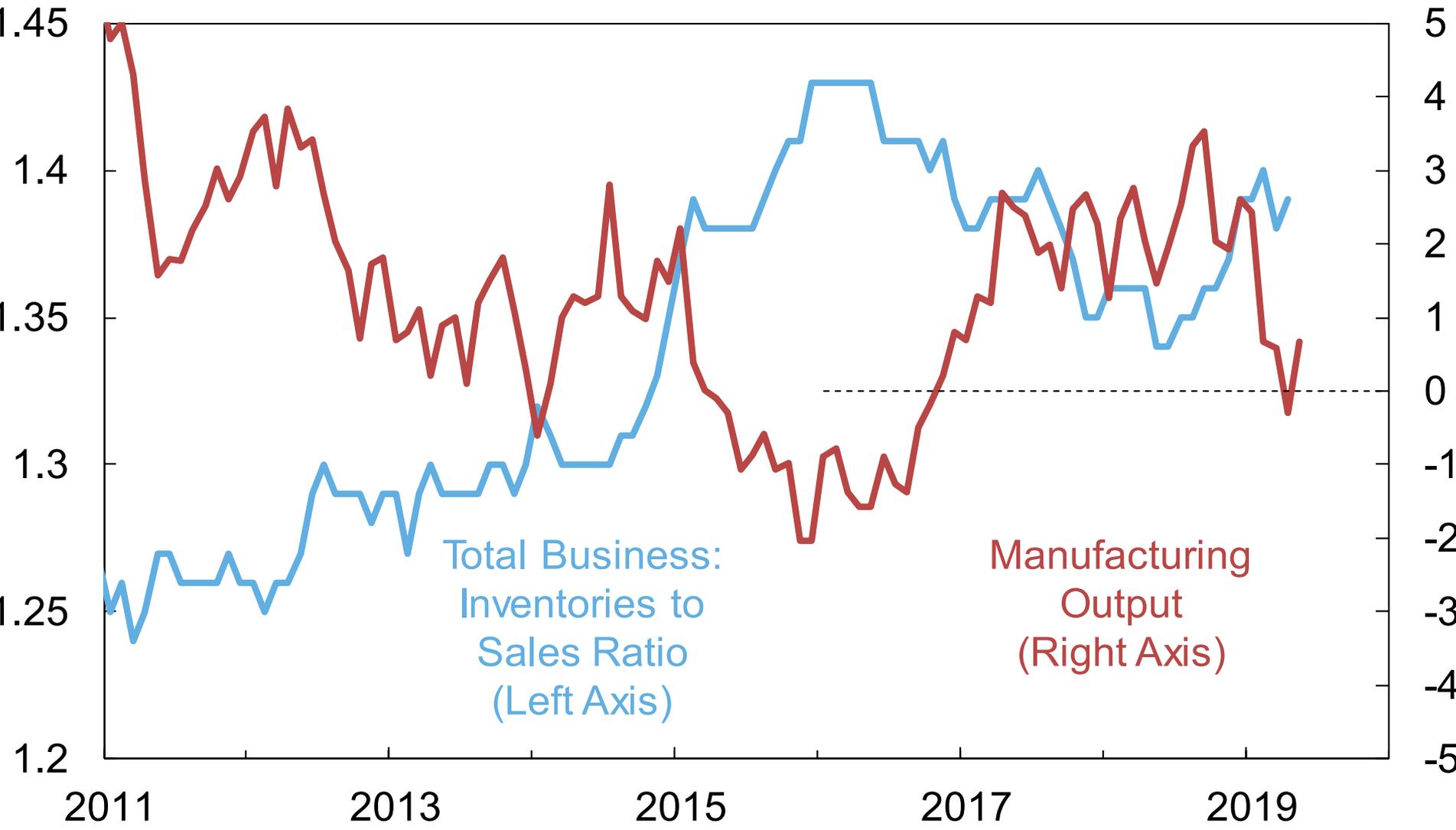
Manufacturing PMI



Source: ISM, CNBS, and IHS Markit via Haver Analytics.

Inventories to Sales Ratio and Manufacturing Output

Ratio Year-to-Year Percent Change

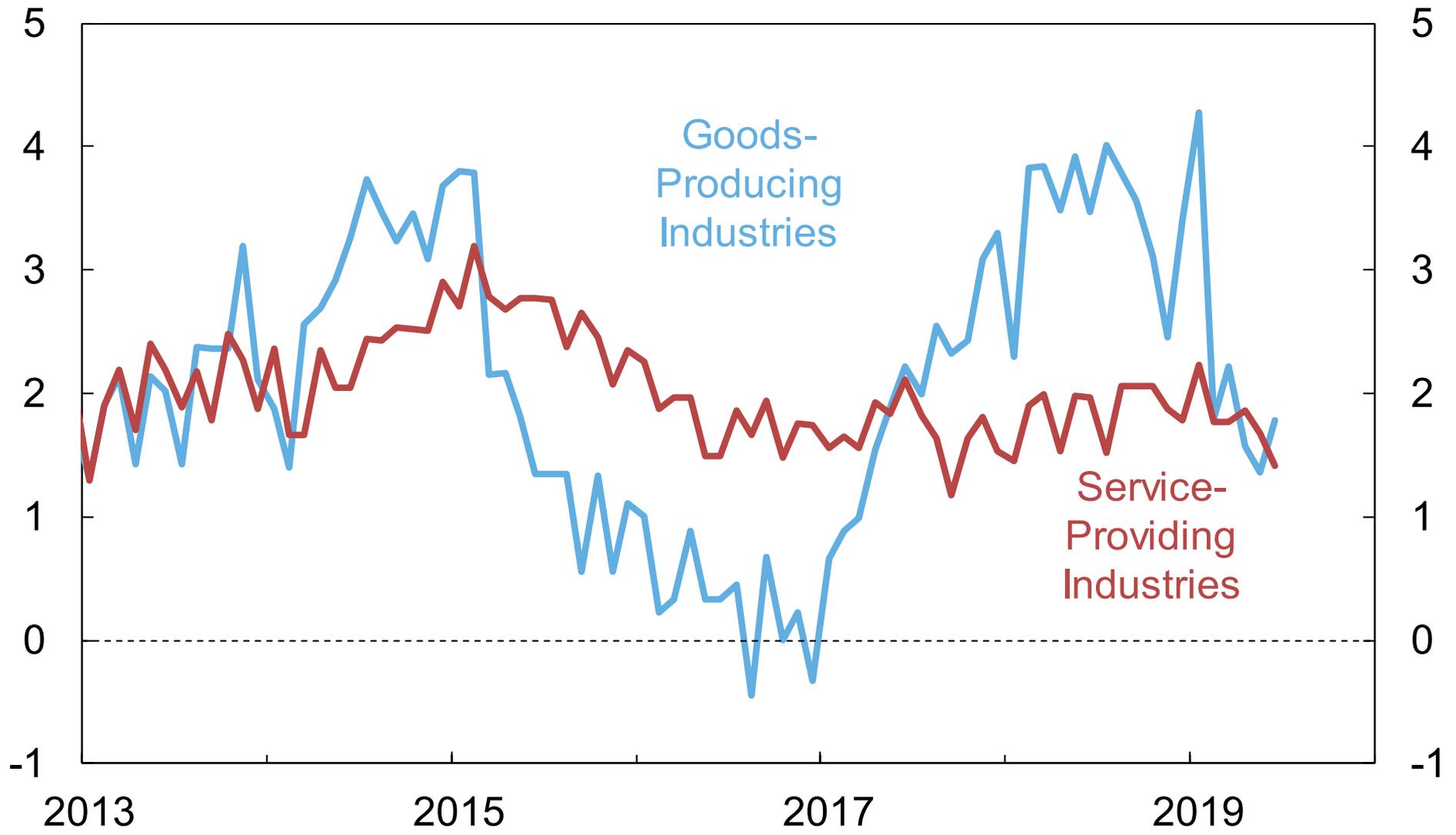


Source: Census and Federal Reserve Board via Haver Analytics.

Growth in Aggregate Hours Worked

Year-to-Year Percent Change

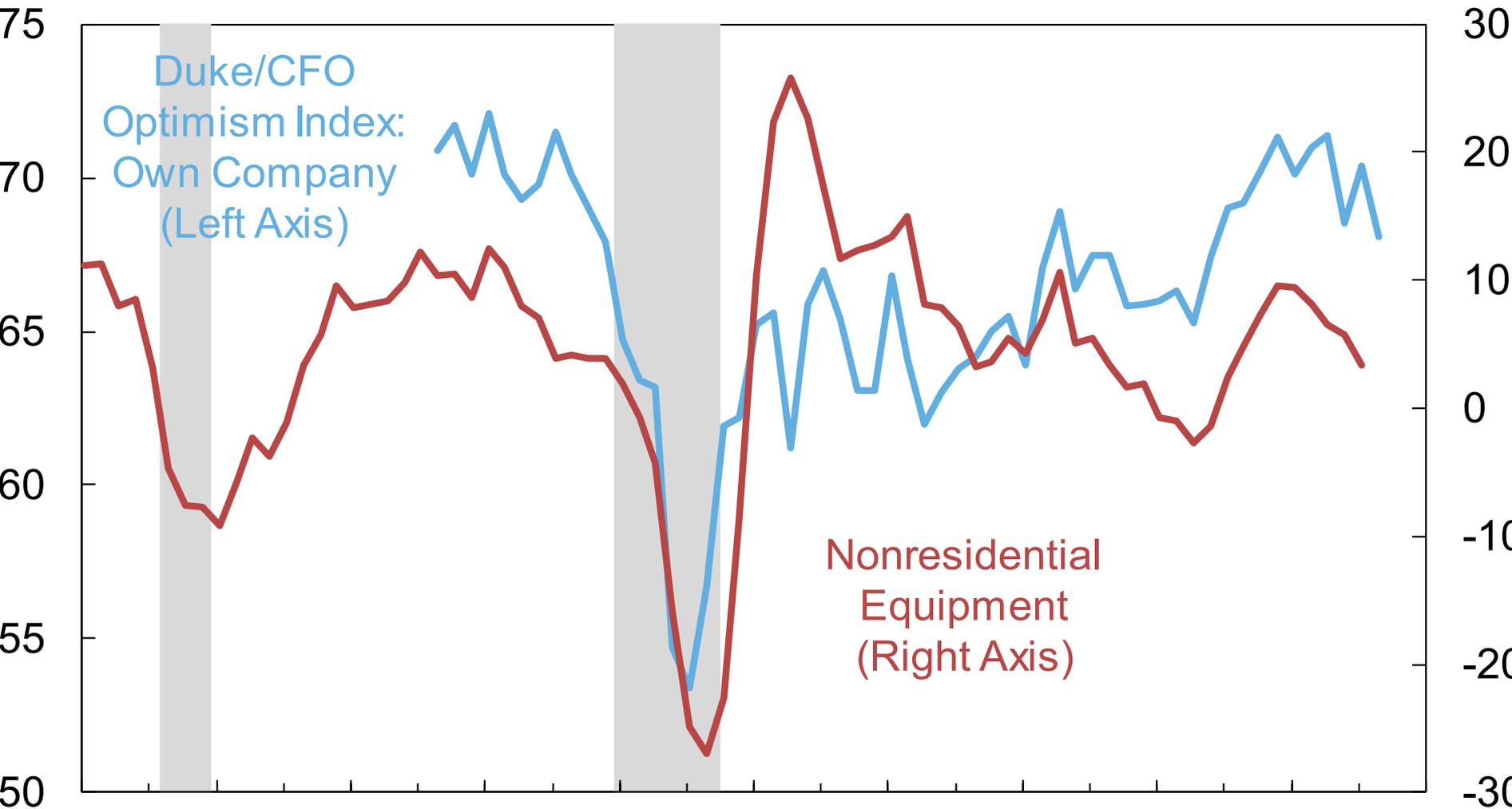
Year-to-Year Percent Change



Source: Bureau of Labor Statistics via Haver Analytics.

Business Optimism and Investment in Nonresidential Equipment ¹¹

Index Year-to-Year Percent Change



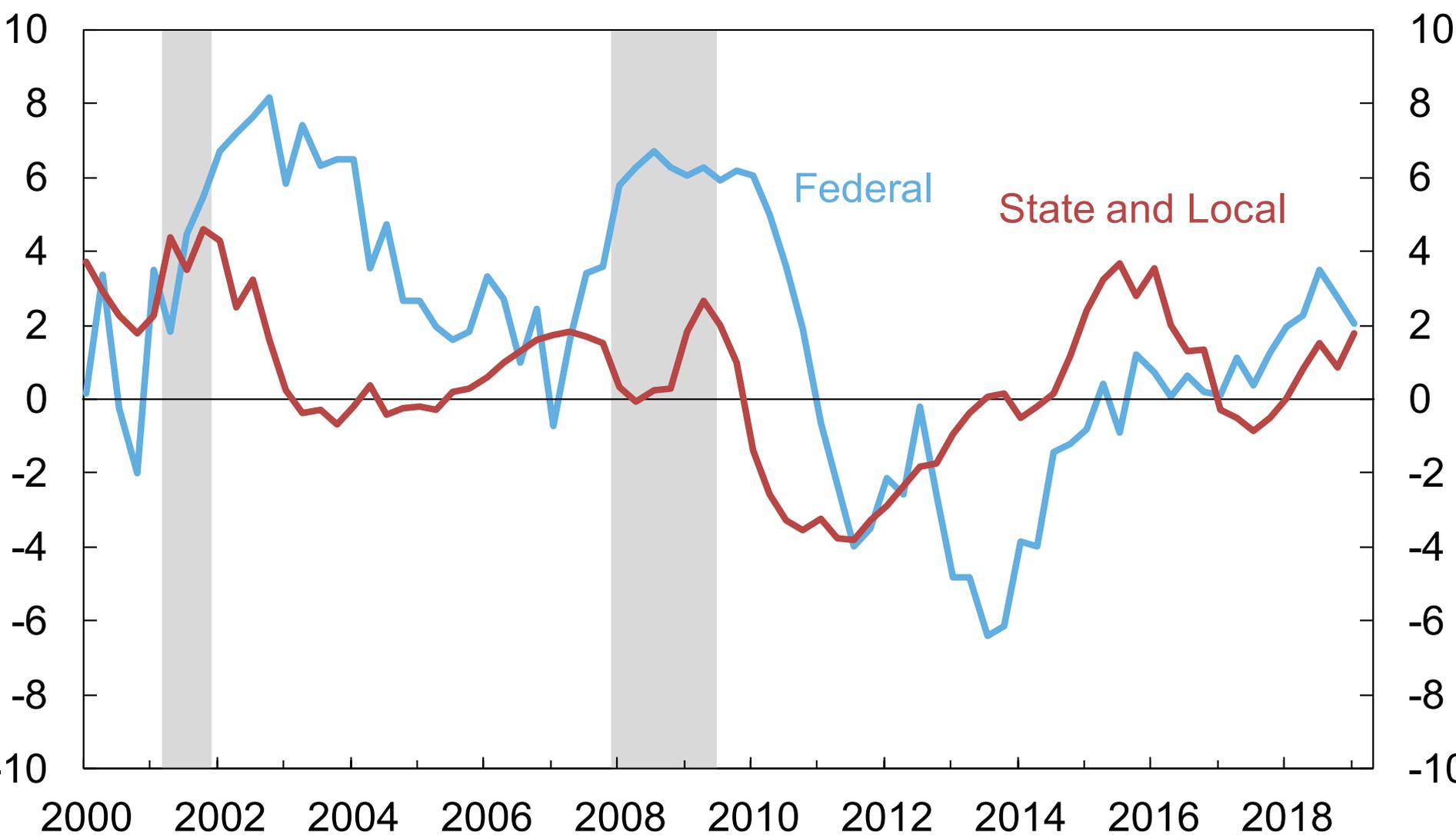
Source: Duke Fuqua School of Business/CFO Magazine and Bureau of Economic Analysis via Haver Analytics.

Note: Shading shows NBER recessions.

Real Government Consumption and Gross Investment

4 Quarter % Change

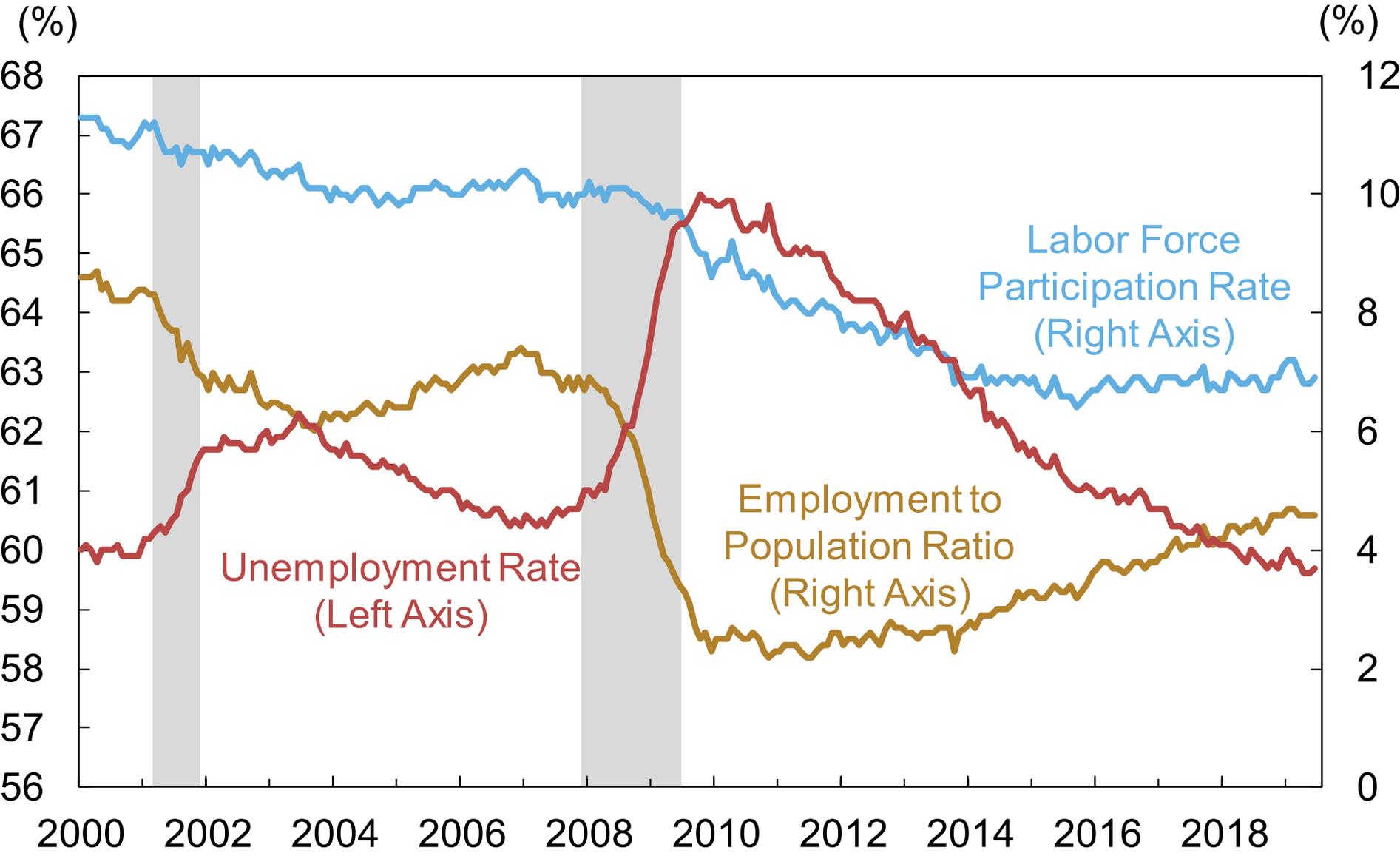
4 Quarter % Change



Source: Bureau of Economic Analysis via Haver Analytics.

Note: Shading shows NBER recessions.

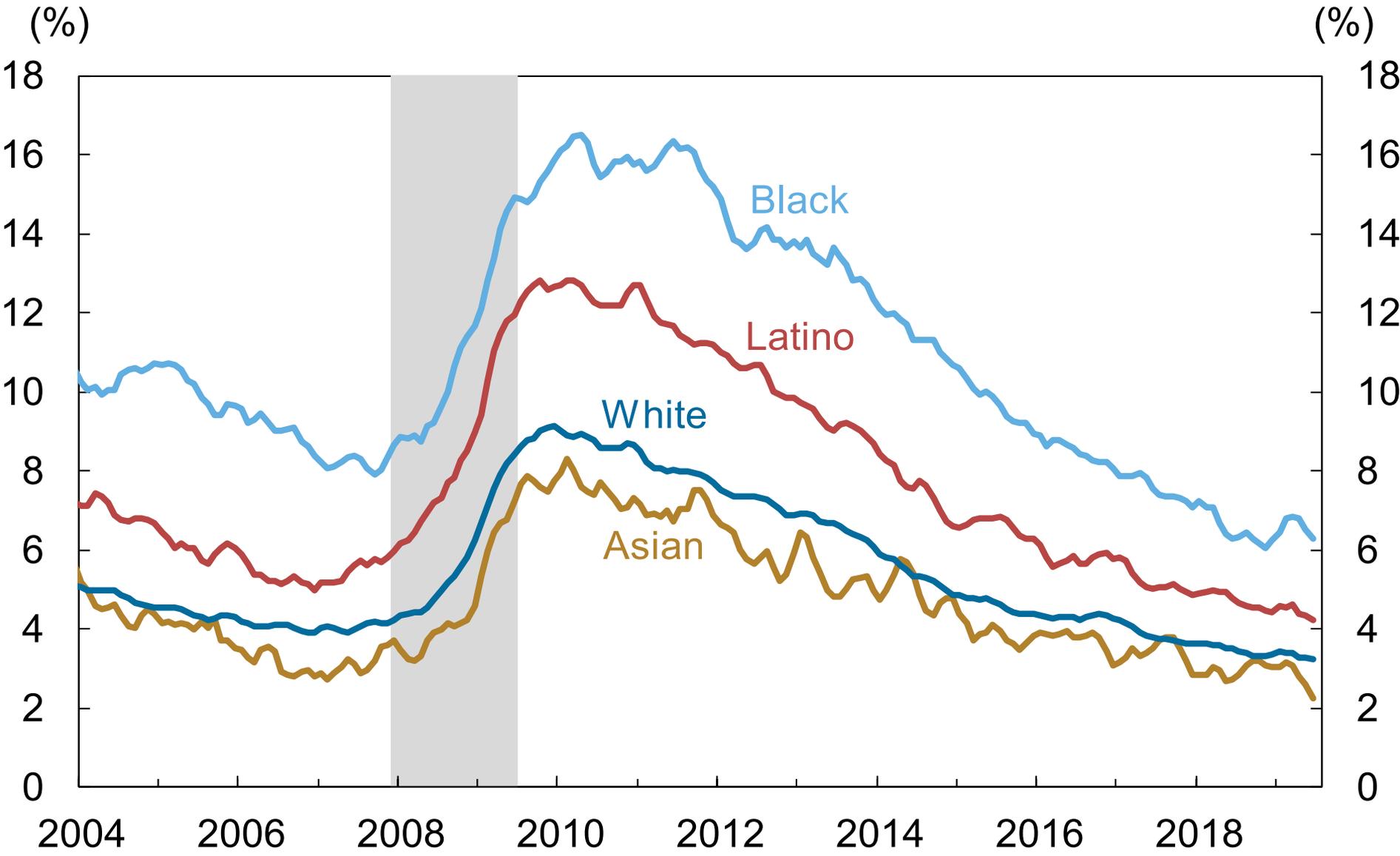
Labor Market Indicators



Source: Bureau of Labor Statistics.

Note: Shading shows NBER recessions.

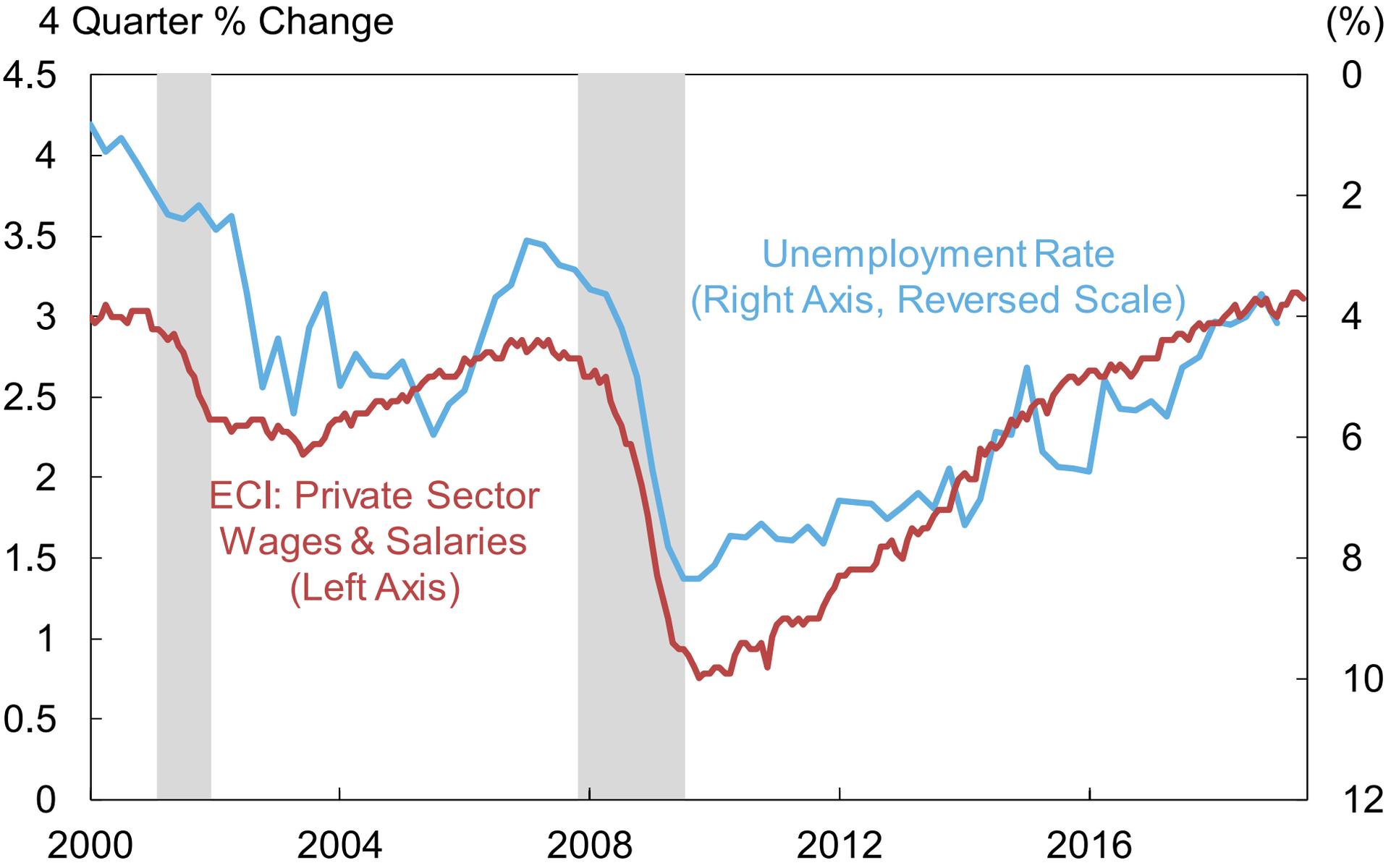
Unemployment Rate



Source: BLS via Haver Analytics.

Note: Shading shows NBER recessions.

Employment Cost Index and Unemployment Rate



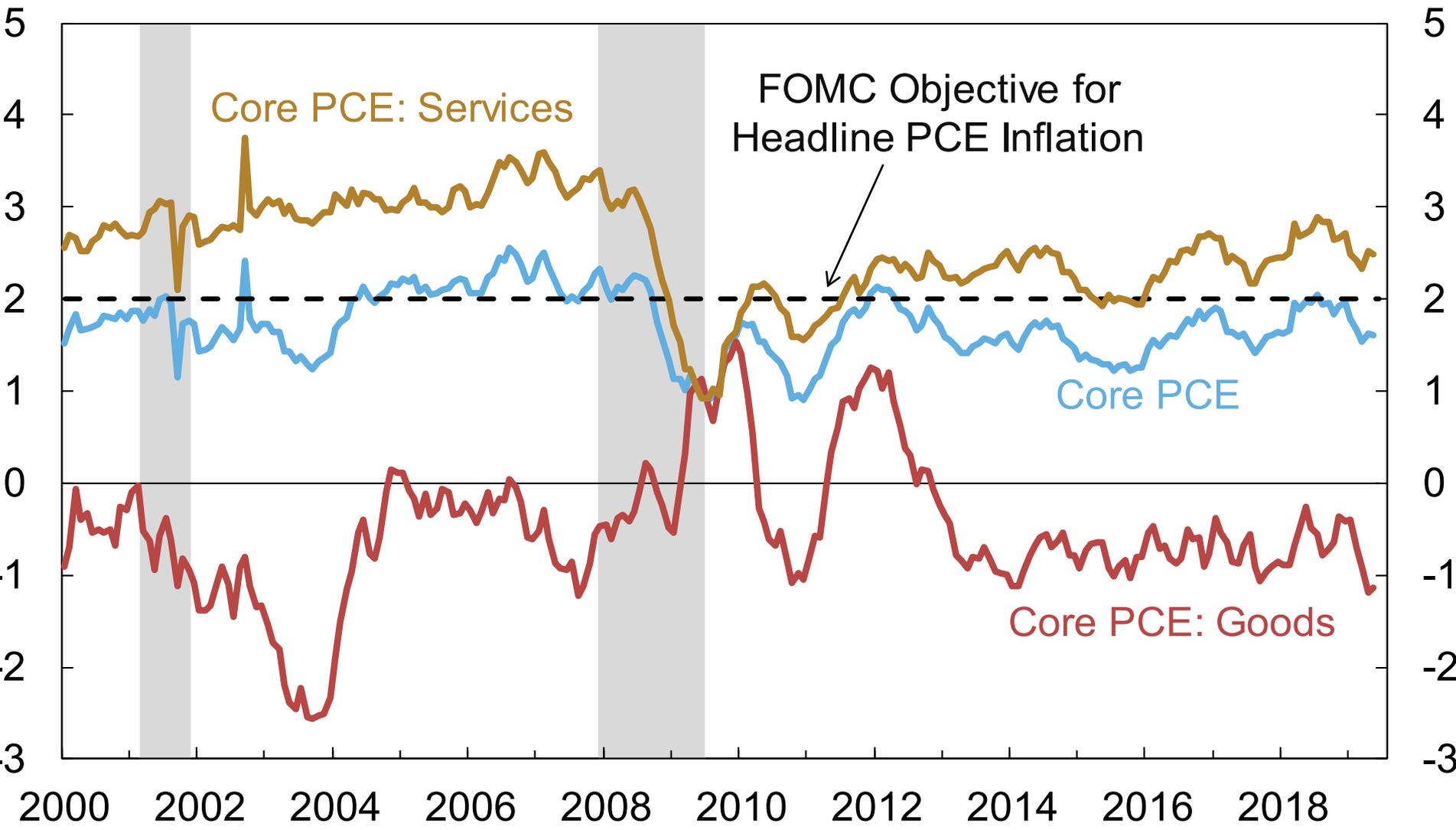
Source: BLS via Haver Analytics.

Note: Shading shows NBER recessions.

Measure of Underlying PCE Price Inflation

12 Month % Change

12 Month % Change



Source: BEA via Haver Analytics.

Note: Shading shows NBER recessions.