US Economic Conditions

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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 ¾%), leading to further tightening of labor markets and some gradual increase in the underlying inflation rate.
Growth of Real GDP

% Change, Annualized

Yearly Growth Rate

Quarterly Growth Rate

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

Source: The Conference Board via Haver Analytics.
Mortgage Rates and New Single-Family Home Activity

Source: Census, Freddie Mac via Haver Analytics.

Note: Shading shows NBER recessions.
Business Fixed Investment

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

Source: Census and Federal Reserve Board via Haver Analytics.
Growth in Aggregate Hours Worked

Year-to-Year Percent Change

Business Optimism and Investment in Nonresidential Equipment

Index

Duke/CFO Optimism Index: Own Company (Left Axis)

Nonresidential Equipment (Right Axis)

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

Source: Bureau of Economic Analysis via Haver Analytics.

Note: Shading shows NBER recessions.
Labor Market Indicators

Unemployment Rate

Source: BLS via Haver Analytics. Note: Shading shows NBER recessions.
Employment Cost Index and Unemployment Rate

4 Quarter % Change

Unemployment Rate (Right Axis, Reversed Scale)

ECI: Private Sector Wages & Salaries (Left Axis)

Source: BLS via Haver Analytics.

Note: Shading shows NBER recessions.
Measure of Underlying PCE Price Inflation

12 Month % Change

![Graph showing Core PCE: Services, FOMC Objective for Headline PCE Inflation, Core PCE, and Core PCE: Goods. The graph includes shaded areas indicating NBER recessions. Source: BEA via Haver Analytics. Note: Shading shows NBER recessions.](image-url)