US Macro Overview

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Overview

• Real GDP grew at a solid 2.6% in 2019:H1; we expect growth to slow to around the economy’s estimated potential (1 ¾%) in 2019:H2, providing continued support to the labor market.

• Consumer spending remains strong while business fixed investment is weakening as the manufacturing sector is experiencing a contraction.

• After a weak start of the year, inflation is firming but remains muted.

• Financial conditions and bank lending standards appear accommodative for economic growth.
Strong Real Consumption and Disposable Income Growth

12-Month Percent Change

Source: Bureau of Economic Analysis.
Labor Market Remains Strong


Note: Shading shows NBER recessions.
Core PCE Inflation Rising but Still Muted

Year-to-Year Percent Change

Core Services
Core PCE
Core Goods

Source: Bureau of Economic Analysis.

Note: Shading shows NBER recessions.
US Manufacturing Sector Contracting

Source: Institute of Supply Management.

Note: Shading shows NBER recessions.
Business Fixed Investment Slowing

4-Quarter Percent Change

Source: Bureau of Economic Analysis.

Note: Share calculated as of 2019:Q2.
Single Family Housing Market Responding to Lower Rates

Thous. Units

Source: US Census and FHLMC.

Note: Shading shows NBER recessions.
Financial Conditions Supportive to Economic Growth

10-Year Treasury Yield (Left Axis)

BAA - AAA Yield Spread (Left Axis)

S&P 500 (Right Axis)


Note: Shading shows NBER recessions.
Loan Delinquency Rates at Commercial Banks Remain Low

Source: Federal Reserve Board.

Note: Data through 2019:Q2.
Lending Standard Moving Sideways On Net

Net percent of respondents who report tightening versus easing

Source: Federal Reserve Board.

Note: Shading shows NBER recessions.