U.S. 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 a solid 2.6% in 2019:H1; growth expected to slow to around the economy’s estimated potential (1¾%) in 2019:H2.

- Continued gains in the labor market. Moderation in overall wage growth but acceleration for lower-wage earners.

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

- Consumer spending remains strong while business fixed investment is weakening as the manufacturing sector is experiencing a contraction.
Strong Consumption and Disposable Income Growth

12-Month Percent Change

Source: Bureau of Economic Analysis via Haver Analytics.
Consumer Confidence Remains Elevated

Conference Board: Consumer Confidence (Right Axis)

Labor Market Differential: “Jobs plentiful” minus “Jobs hard to get” (Left Axis)

Source: Bureau of Economic Analysis via Haver Analytics.

Note: Shading shows NBER recessions.
Continued Gains in the Labor Market


Note: Shading shows NBER recessions.
Unemployment Rate at 50-Year Low

Source: BLS via Haver; CPS calculations. Note: Shading shows NBER recessions.

* Native American unemployment rates calculated quarterly due to sample size considerations.
** Native Hawaiian and Other Pacific Islander unemployment rates calculated as a four-quarter moving average due to sample size considerations.
Moderation in Average Hourly Earnings Growth

Annual % change

2007
2009
2011
2013
2015
2017
2019


Note: Shading shows NBER recessions.
Faster Wage Growth for Lower-Wage Earners

Source: CPS, BLS via the Atlanta Fed.
Note: Shading shows NBER recessions.
Income Growth Catching-up at Bottom Quintiles

Index (2006 = 100)

Source: Census Bureau via Haver Analytics.

Note: Money income in CPS(U)-adjusted dollars, indexed to 2006.
Core PCE Inflation Rising but Still Muted

12-Month Percent Change

Source: Bureau of Economic Analysis via Haver Analytics.

Note: Shading shows NBER recessions.
Core Goods Inflation Remains a Drag

Source: Bureau of Economic Analysis.

Note: Shading shows NBER recessions.
US Manufacturing Sector Contracting

ISM Non-Manufacturing Index

ISM Manufacturing Index

Source: Institute of Supply Management.

Note: Shading shows NBER recessions.
Business Fixed Investment Slowing

4-Quarter Percent Change

Share of GDP (percent):
IPP: 4.7
Equipment: 5.9
Structures: 3.0

Source: Bureau of Economic Analysis.
Note: Share calculated as of 2019:Q2.
Global Manufacturing Contracting

Index based on GDP weighting for 45 countries, including the U.S.

Source: Markit Economics.
Frequency of articles in American newspapers that discuss policy-related economic uncertainty and also contain one or more references to trade policy.

Source: Baker, Bloom and Davis PolicyUncertainty.com via Haver Analytics. Note: Shading shows NBER recessions.
Single Family Housing Responding to Lower Rates

Source: US Census and FHLMC.

Note: Shading shows NBER recessions.
Real Government Spending Boost

4-Quarter Percent Change

Source: Bureau of Economic Analysis via Haver Analytics.

Note: Shading shows NBER recessions.