U.S. and Regional Economic Conditions
Greater Valley Chamber of Commerce, Shelton, CT
March 5, 2024

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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.
Today’s Agenda

1. National and international economy
2. Household Finance
3. Regional Economy
4. Q&A
National Conditions
GDP Growth
Quarterly % change, annualized

Source: Bureau of Economic Analysis via Haver Analytics

2023Q4: 3.2%
Labor Market Indicators

Unemployment rate (Left Axis)

Labor force participation rate (Right Axis)

Jan 24: 3.7%
Jan 24: 62.5%

Source: Bureau of Labor Statistics via Haver Analytics
Core PCE goods and services inflation

12 month % change

Source: Bureau of Economic Analysis via Haver
# Projections of FOMC Members

**December 2023**

<table>
<thead>
<tr>
<th>Percent</th>
<th>Median¹</th>
<th>Central Tendency²</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2023</td>
<td>2024</td>
</tr>
<tr>
<td><strong>Variable</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Change in real GDP September projection</td>
<td>2.6</td>
<td>1.4</td>
</tr>
<tr>
<td>Unemployment rate September projection</td>
<td>3.8</td>
<td>4.1</td>
</tr>
<tr>
<td>PCE inflation September projection</td>
<td>2.8</td>
<td>2.4</td>
</tr>
<tr>
<td>Core PCE inflation September projection</td>
<td>3.2</td>
<td>2.4</td>
</tr>
<tr>
<td><strong>Memo: Projected appropriate policy path</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Federal funds rate September projection</td>
<td>5.4</td>
<td>4.6</td>
</tr>
</tbody>
</table>

Source: Board of Governors of the Federal Reserve System
## Major Economy GDP Growth

Percent change Q4/Q4

<table>
<thead>
<tr>
<th>Country</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>EA</td>
<td>5.2</td>
<td>1.9</td>
<td>0.1</td>
</tr>
<tr>
<td>Japan</td>
<td>1.4</td>
<td>0.7</td>
<td>1.1</td>
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<tr>
<td>UK</td>
<td>9.7</td>
<td>0.6</td>
<td>-0.2</td>
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<tr>
<td>China</td>
<td>4.3</td>
<td>2.9</td>
<td>5.1</td>
</tr>
<tr>
<td>Mexico</td>
<td>2</td>
<td>4.6</td>
<td>2.5</td>
</tr>
<tr>
<td>Canada</td>
<td>4.4</td>
<td>2.2</td>
<td>NA</td>
</tr>
<tr>
<td>Brazil</td>
<td>1.5</td>
<td>3.3</td>
<td>NA</td>
</tr>
<tr>
<td>Total</td>
<td>4.5</td>
<td>2.3</td>
<td>NA</td>
</tr>
</tbody>
</table>

Source: Country sources via Haver

Total is GDP-weighted average of listed countries
# Major Economy CPI Inflation

Percent change Q4/Q4

<table>
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<tr>
<th>Country</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>EA</td>
<td>4.6</td>
<td>10</td>
<td>2.7</td>
</tr>
<tr>
<td>Japan</td>
<td>0.5</td>
<td>3.9</td>
<td>2.9</td>
</tr>
<tr>
<td>UK</td>
<td>4.9</td>
<td>10.8</td>
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<td>6.7</td>
<td>3.2</td>
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</tr>
<tr>
<td>Total</td>
<td>3.3</td>
<td>5.8</td>
<td>NA</td>
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</tbody>
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Source: Country sources via Haver

Total is GDP-weighted average of listed countries
National/International Summary

• Real GDP growth slowing in Q4 and into 2024

• Labor market strong and continues to rebalance

• Inflation returning to mandate-consistent levels

• Major economies similar path, possibly bumpier road
Household Financial Conditions
Total Debt Balance and its Composition

Trillions of Dollars

Source: New York Fed Consumer Credit Panel/Equifax
Mortgage Originations by Credit Score*

Source: New York Fed Consumer Credit Panel/Equifax
* Credit Score is Equifax Riskscore 3.0
Auto Loan Originations by Credit Score

Source: New York Fed Consumer Credit Panel/Equifax

* Credit Score is Equifax Riskscore 3.0
Transition into Serious Delinquency (90+) by Loan Type

Source: New York Fed Consumer Credit Panel/Equifax

Student loan data are not reported prior to 2004 due to uneven reporting

Note: 4 Quarter Moving Sum
Transition into Serious Delinquency (90+)
by Loan Type

Credit Card

Auto Loan

Source: New York Fed Consumer Credit Panel/Equifax

Note: 4 Quarter Moving Sum

Student loan data are not reported prior to 2004 due to uneven reporting
Number of Consumers with New Foreclosures and Bankruptcies

Thousands

Source: New York Fed Consumer Credit Panel/Equifax
Households Summary

• Borrowing supported household spending 2022-23

• Originations slowing, especially for mortgage

• Delinquency increases signal distress for some households
  • Something to watch
Regional Conditions
Total Employment
Seasonally Adjusted Index

Percent Change Since Feb 2020

Shading indicates NBER recessions

Total Employment

Seasonally Adjusted Index

Percent Change Since Feb 2020

Shading indicates NBER recessions

Source: Bureau of Labor Statistics and Moody's Economy.com; data are early benchmarked by FRBNY staff.

TOTAL EMPLOYMENT2 12FEB2024
Unemployment Rates
Seasonally Adjusted

Shading indicates NBER recessions

CT: 3.8%; Fairfield 4.1%

Financial Activities Employment

Seasonally Adjusted

Thousands

Note: Financial Activities Includes Insurance.

Hartford-Middlesex-Tolland

Fairfield

Shading indicates NBER recessions

Zillow Home Value Index (ZHVI)

Percent Change in Home Prices Since Feb 2020

Source: Zillow Home Value Index, U.S. Census Bureau, Moodys Analytics.
Office Vacancy Rates

Overall Vacancy Rates

Source: Cushman & Wakefield.
Future Economic Conditions

FRBNY Business Surveys, Conditions Six Months Ahead

Diffusion Index

Empire State Manufacturing Survey

Business Leaders Survey

Shading indicates NBER recessions

Source: Federal Reserve Bank of New York.
Regional Summary

• Region has slowed over last 18 months

• CT recovery has lagged nation; back to pre-pandemic levels in most areas

• Housing prices very strong, office not so much

• Outlook brighter
Thank you!

QUESTIONS?

For more information, visit

Economic Research - FEDERAL RESERVE BANK of NEW YORK (newyorkfed.org)

Regional Economy - FEDERAL RESERVE BANK of NEW YORK (newyorkfed.org)

Communities We Serve - FEDERAL RESERVE BANK of NEW YORK (newyorkfed.org)