



U.S. Economic Update

Provisors – SF1

April 10, 2024
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Executive Director, NEED



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Outline

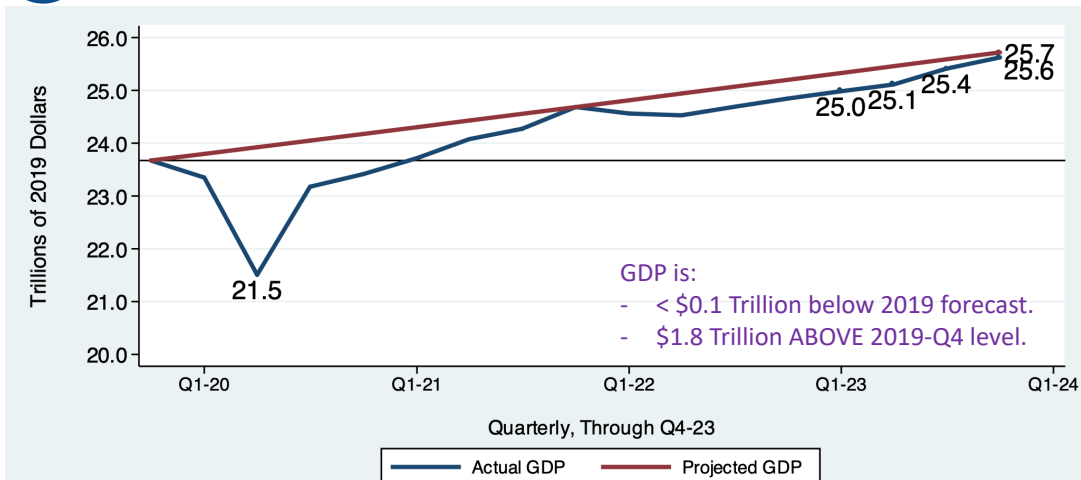
- Economic Indicators
- Inflation
- Federal Reserve

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Economic Indicators

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GDP Trajectory: Pandemic Recovery Complete!

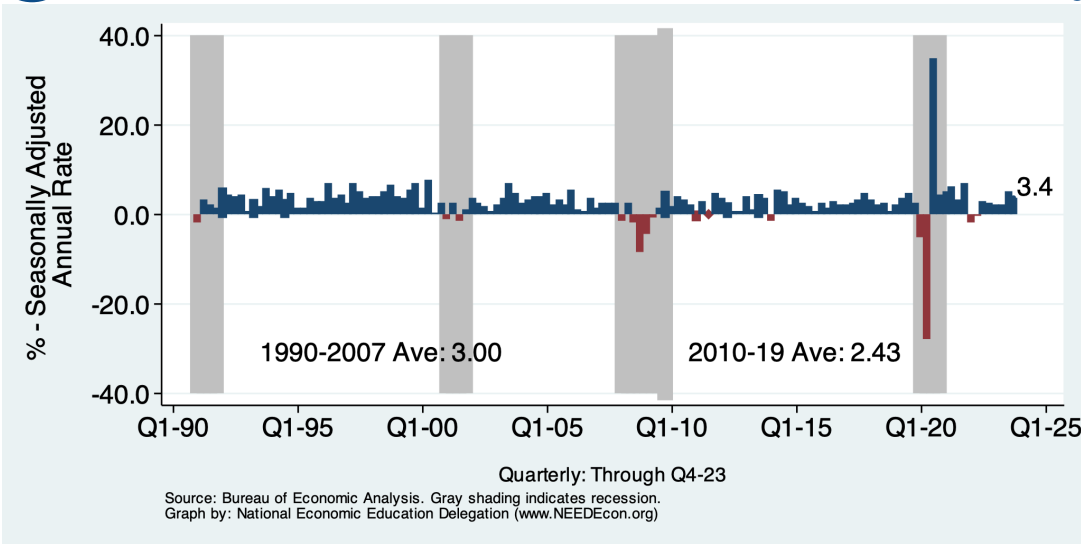


GDP is:
- < \$0.1 Trillion below 2019 forecast.
- \$1.8 Trillion ABOVE 2019-Q4 level.

Source: Bureau of Economic Analysis. Projected GDP is a continuation of the 2011-2019 trend.
Graph by: National Economic Education Delegation (www.NEEDEcon.org)

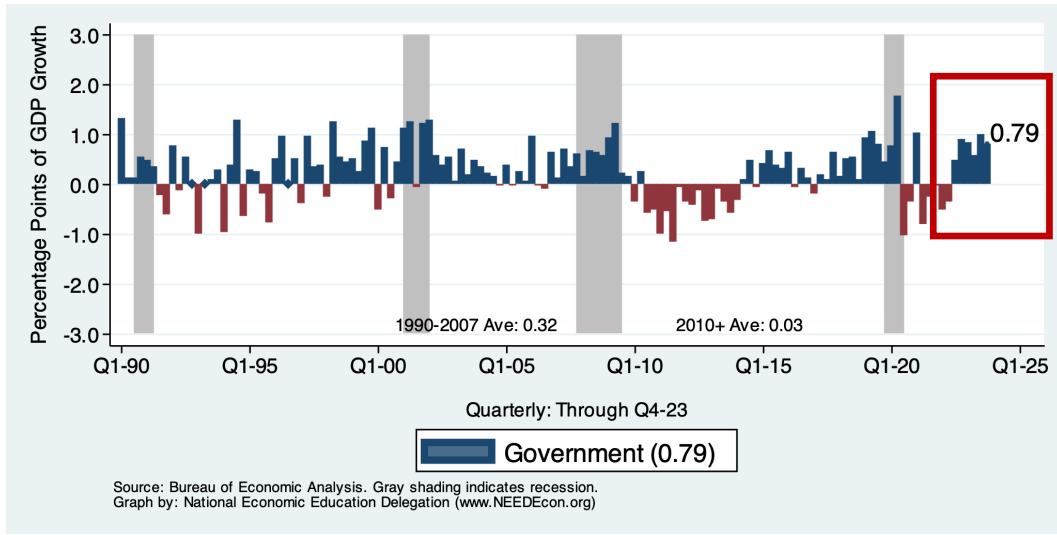
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GDP: Quarterly Growth



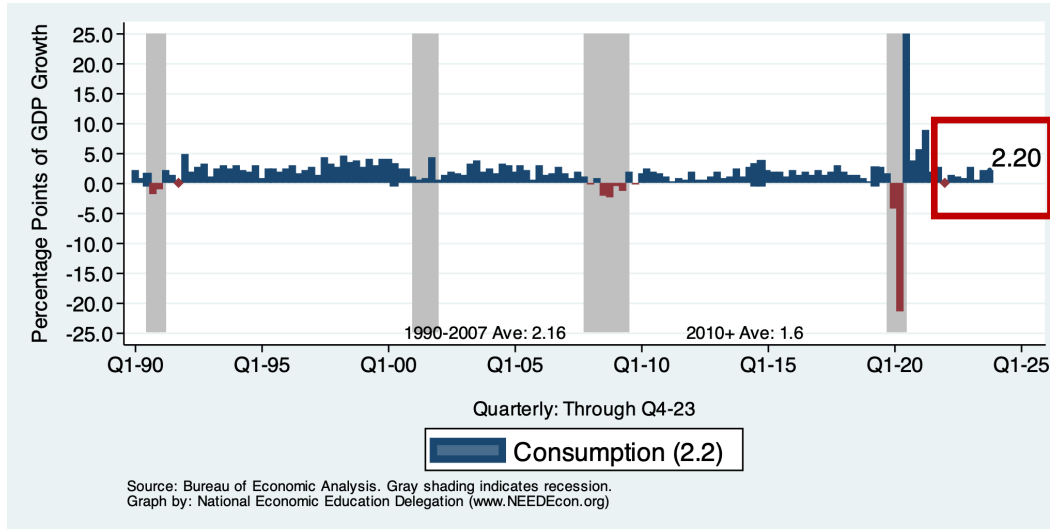
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Contributions to GDP: Government



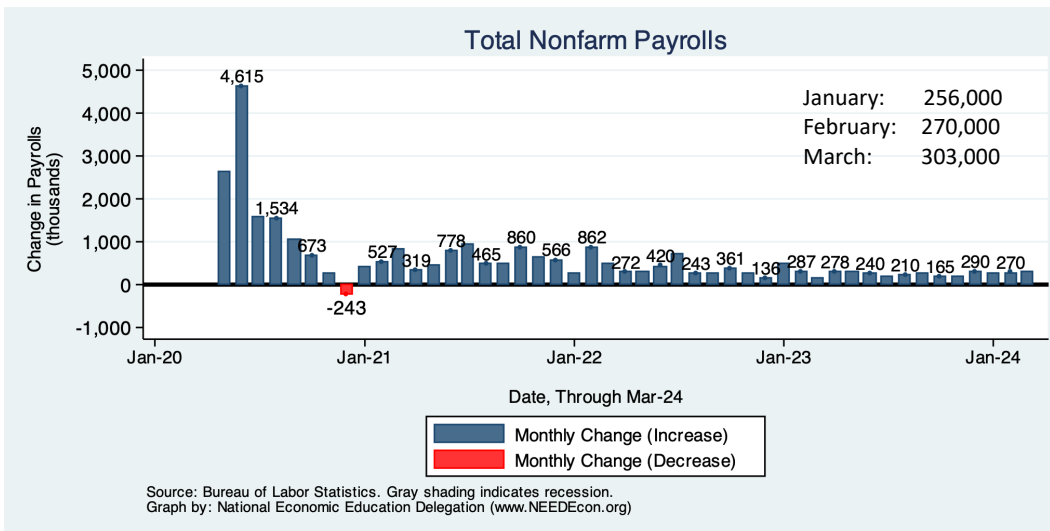
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Contributions to GDP: Consumption



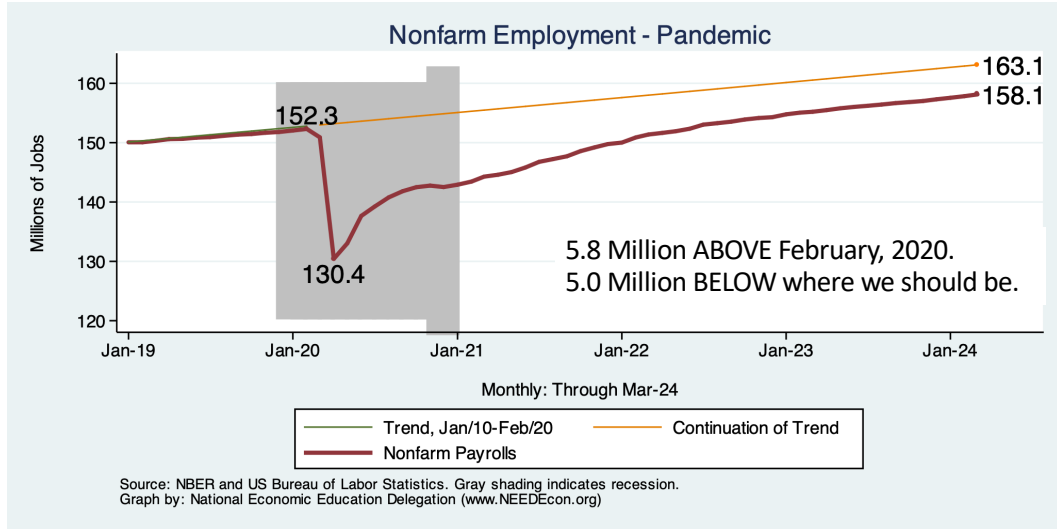
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Monthly Changes in Nonfarm Employment



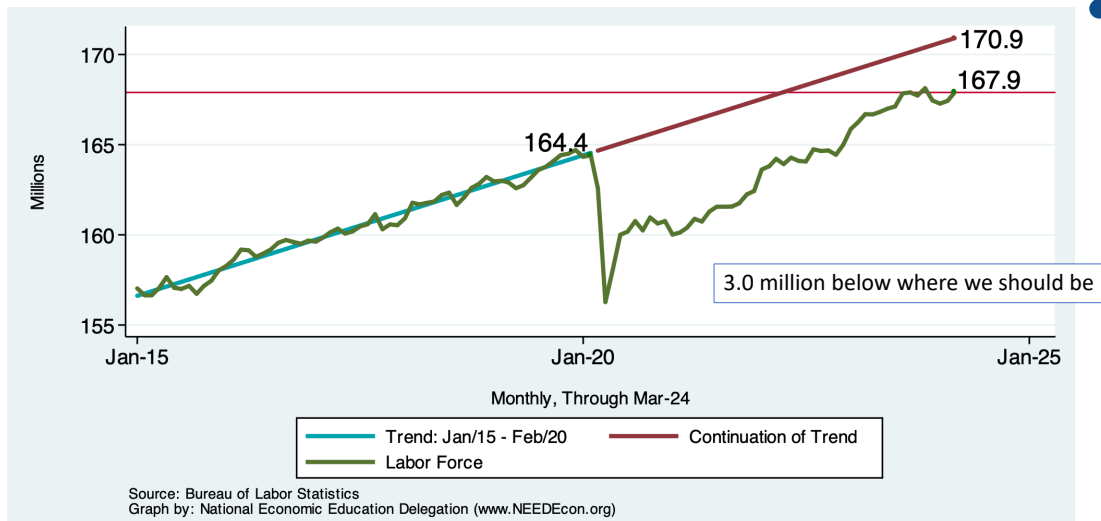
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Employment Gap

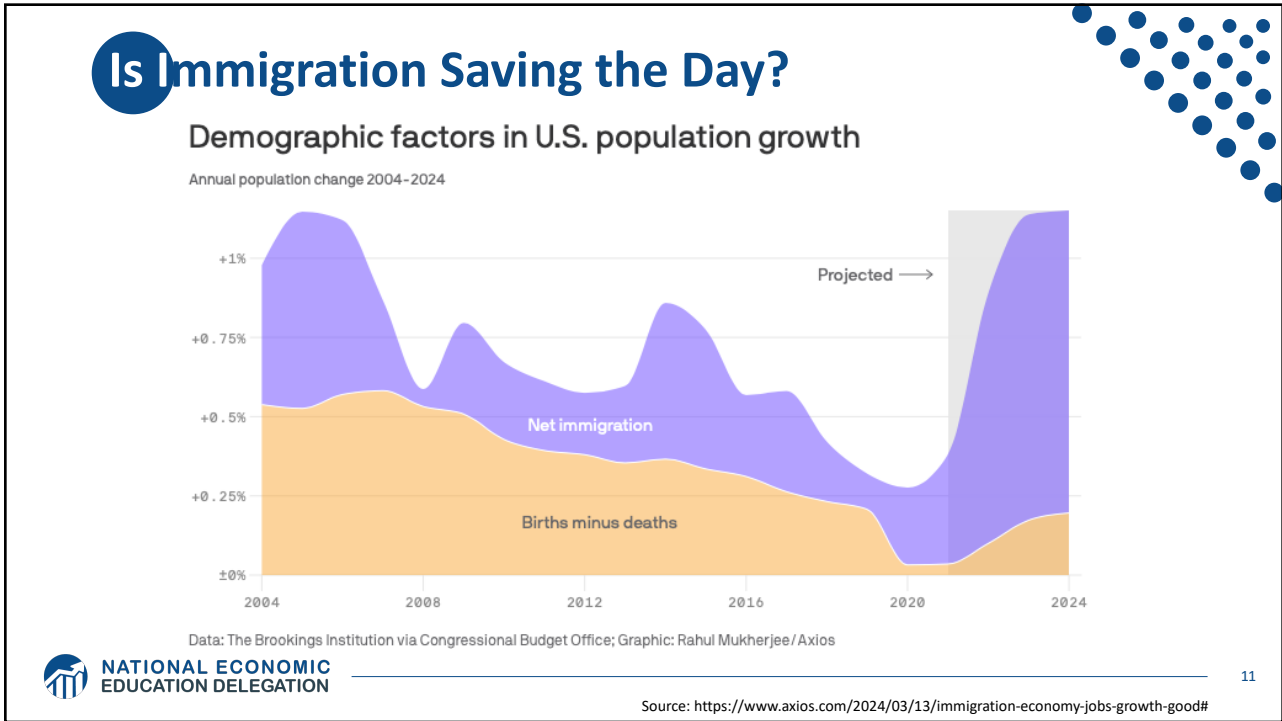


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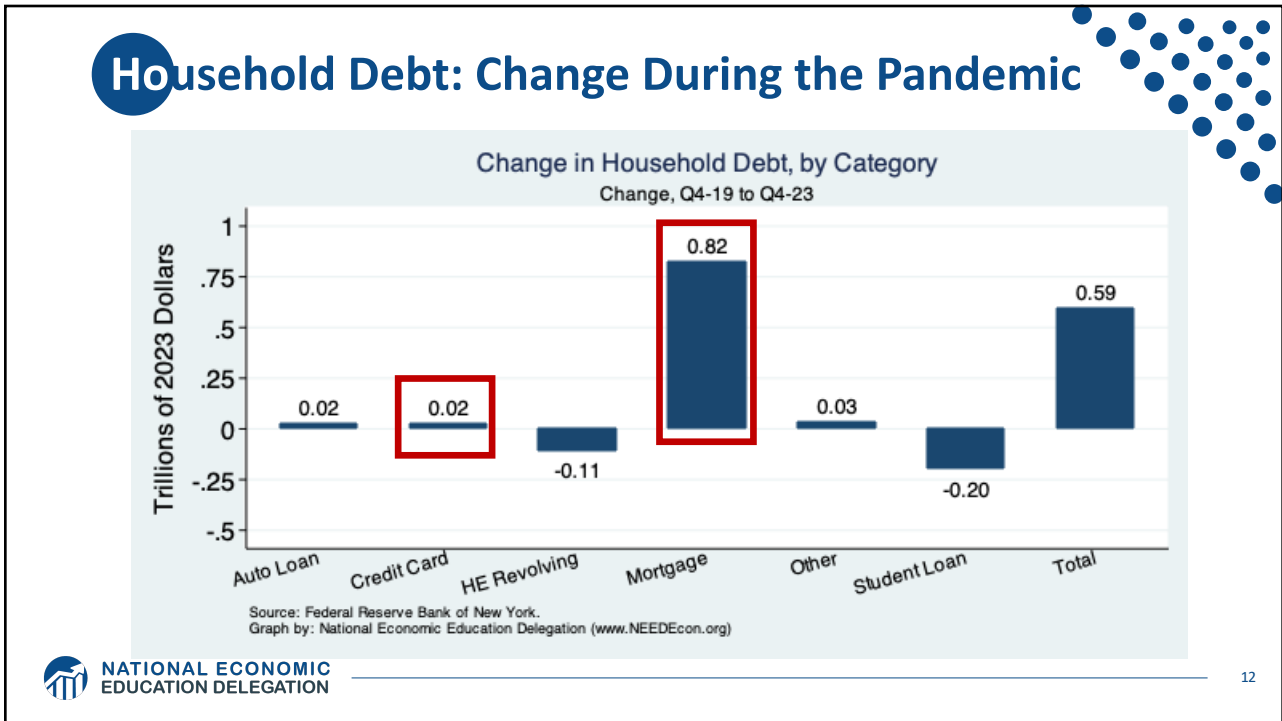
Where Have All the Workers Gone?



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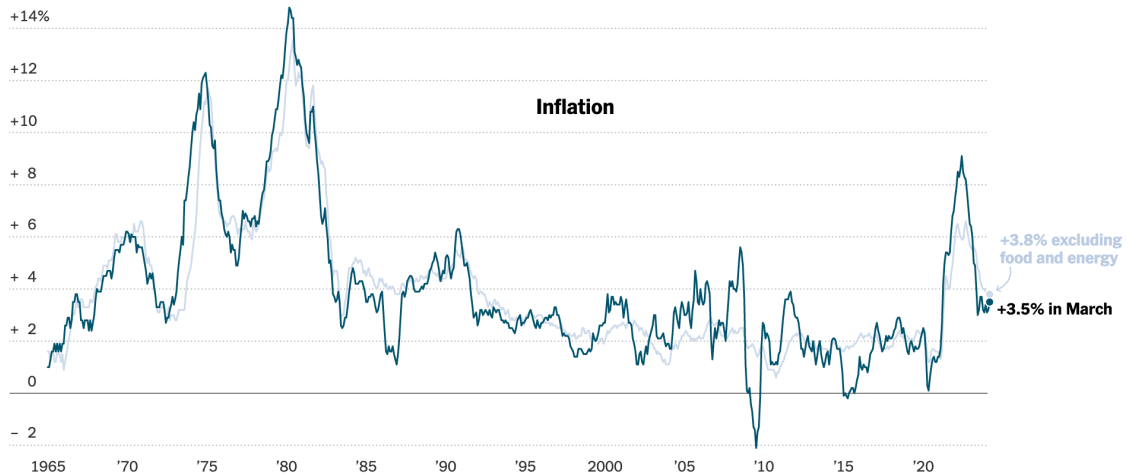
Inflation



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Inflation: Latest Figures

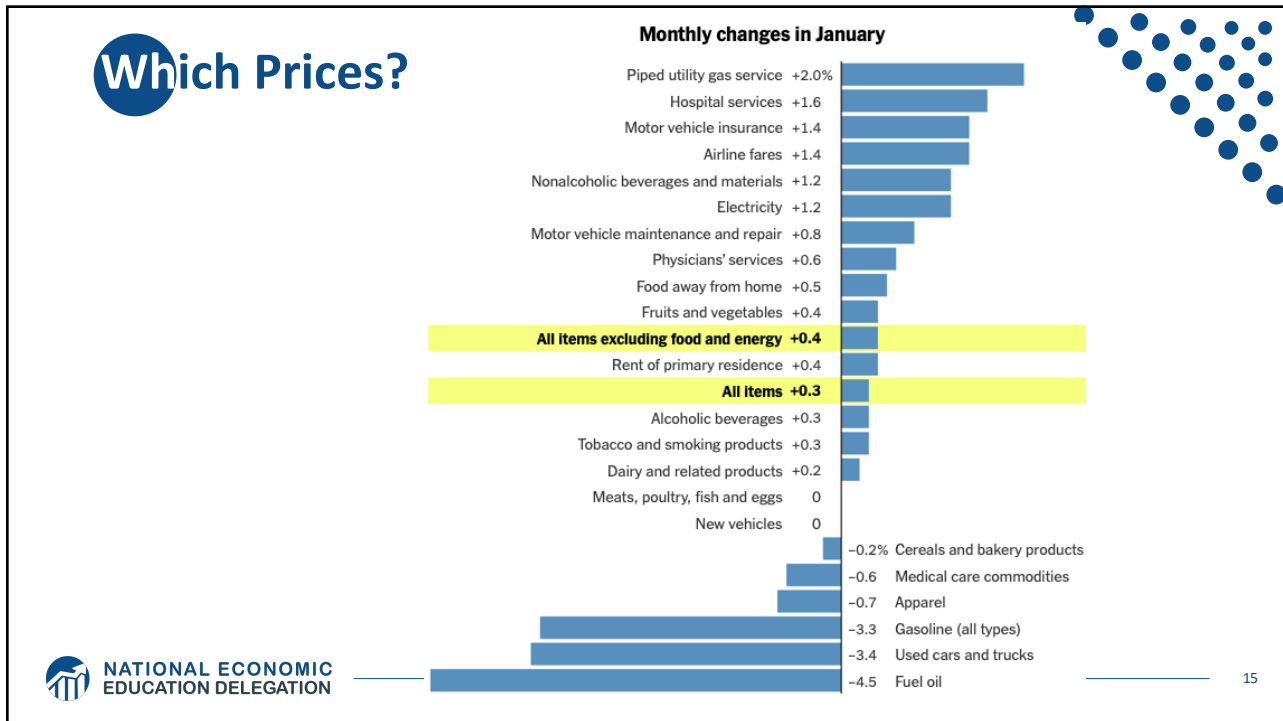


Year-over-year change in the Consumer Price Index • Source: Bureau of Labor Statistics • By Karl Russell

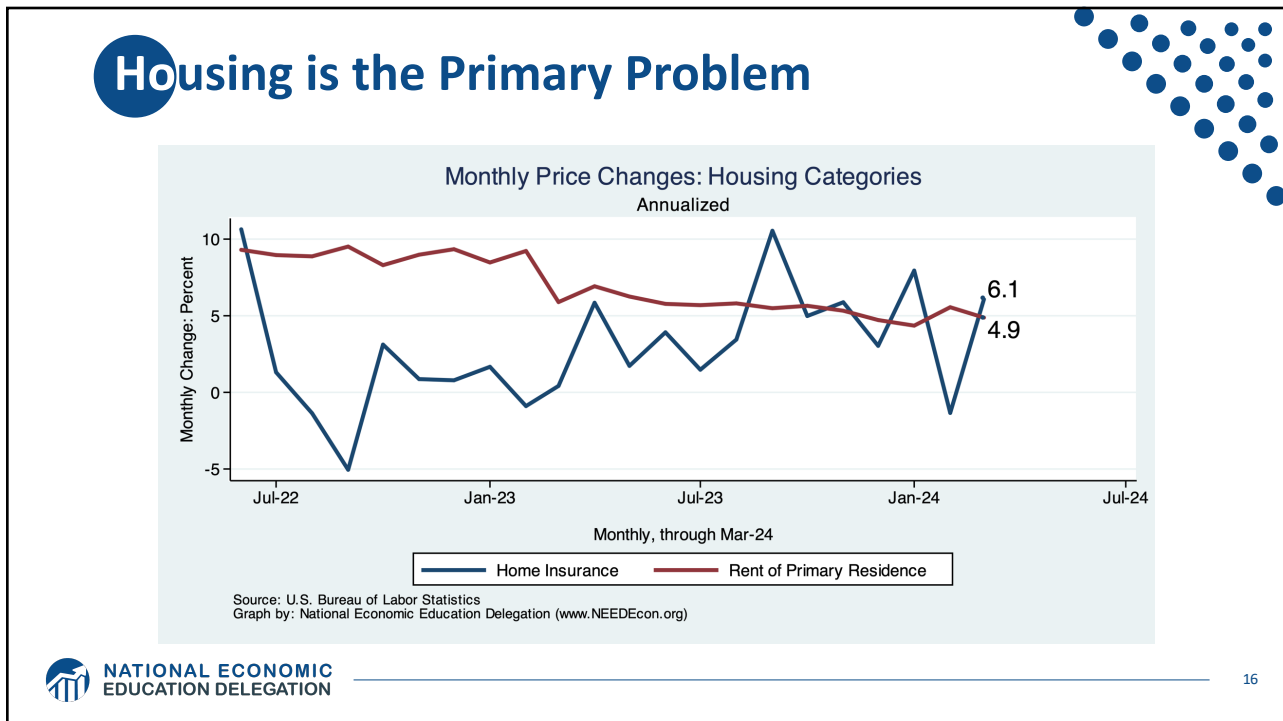


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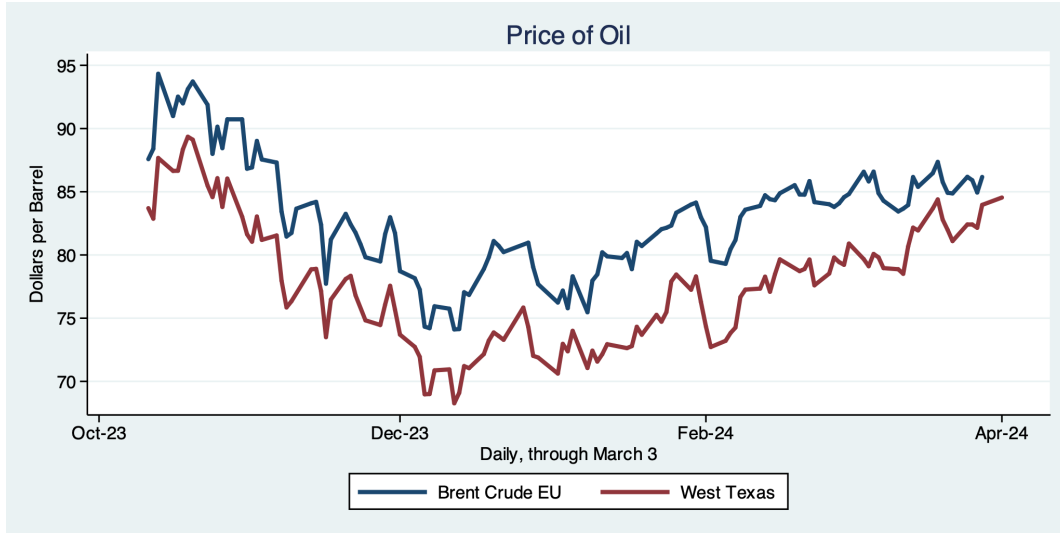


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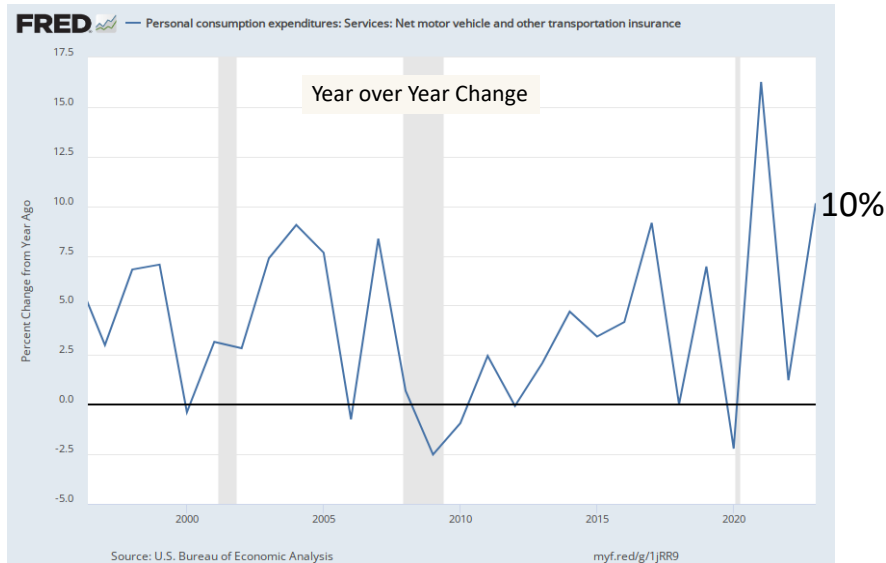
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Oil Prices Are Also Contributing



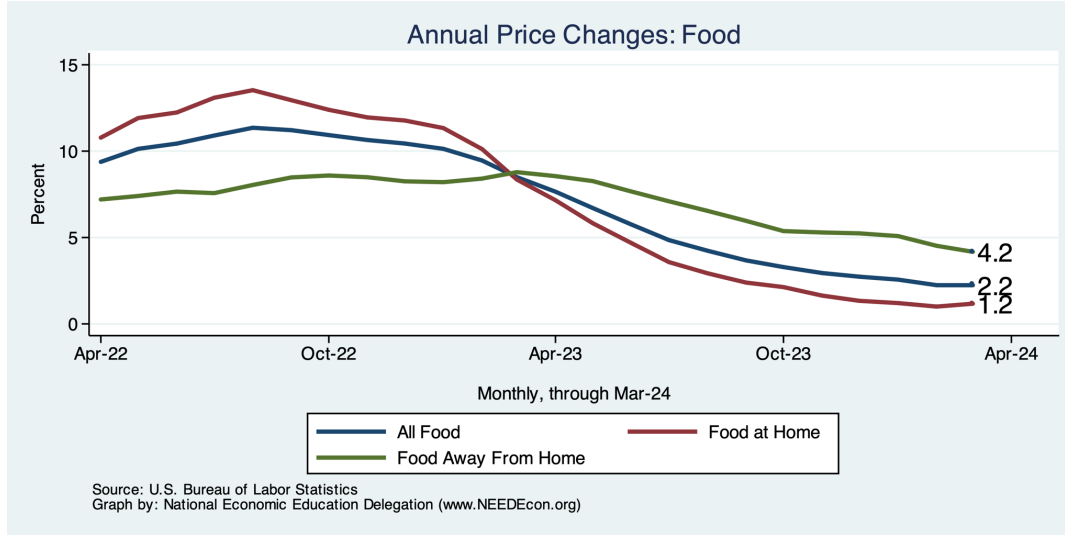
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Automobile Insurance



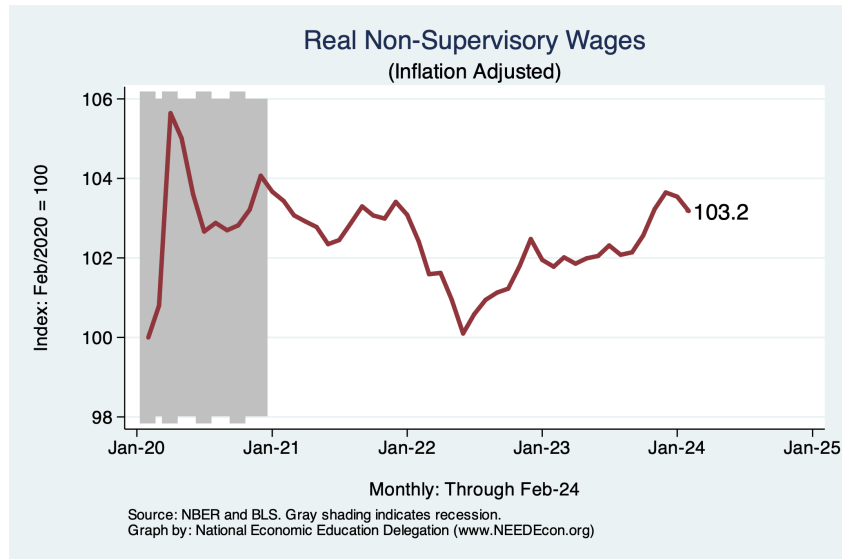
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Food...Is Not



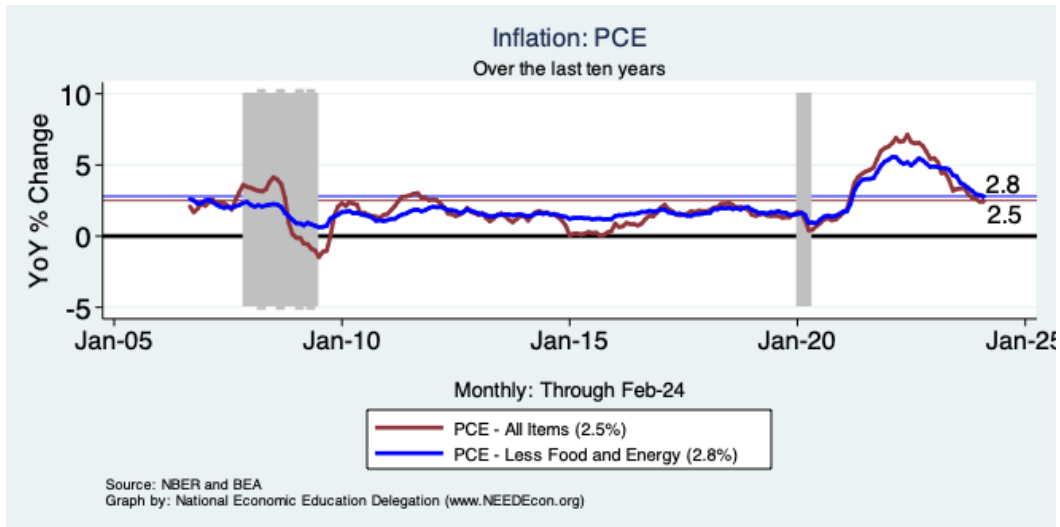
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Wage Growth – Exceeds Inflation



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Fed's Preferred Measure: PCE



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My Thoughts on the Future of Inflation

- Last couple of months have been counterproductive.
- Market expectations are starting to waver.
- Return to 2% might take a little longer.
- Federal Funds rate may stay high for some time.



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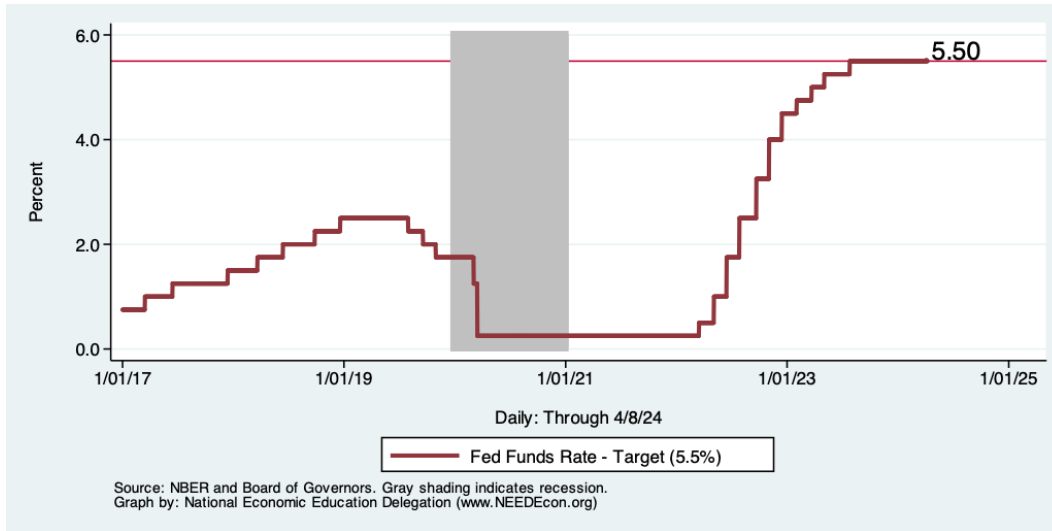
The Fed: Conservative



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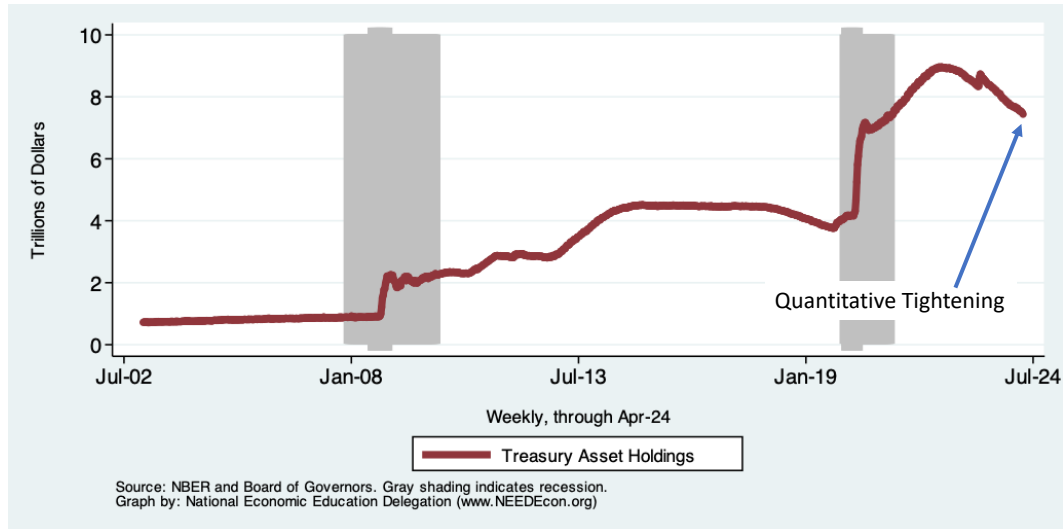
Federal Funds Rate



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Fed: Reducing its Asset Holdings



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Takeaways

- **Is a recession on the horizon?**
 - No.
 - Many indicators are in the black.
 - 2023 2nd half GDP growth was pretty good
- **Threats to continued growth:**
 - If inflation continues to reverse course.
 - Global conflict (double-edged sword).
 - Can consumers keep it up?
- **Inflation**
 - Certainly trending in the wrong direction.
 - Not worried about it.
 - Fed policy will continue to push against it.
 - Likely to recover 2%ish by middle of next year.

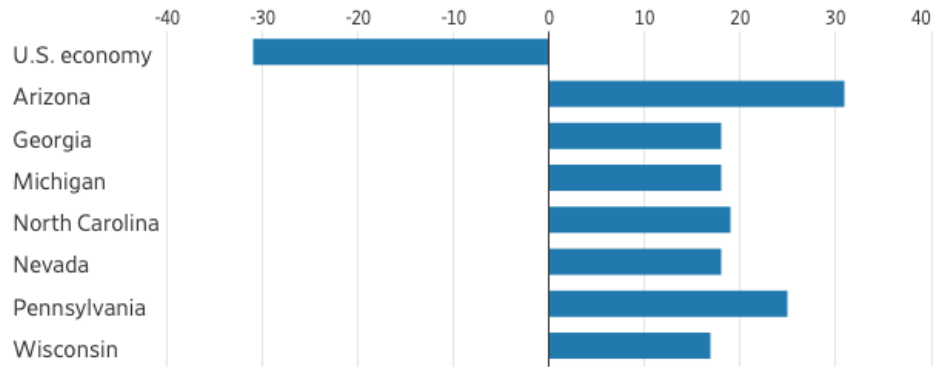


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Mismatch: Feelings About the Economy

Has the U.S. economy, or your state's economy, gotten better or worse in the last two years? *Net share answering 'better.'



*Share saying better minus share saying worse. Negative indicates greater share said worse.
Source: Wall Street Journal Poll



Source: What's Wrong With the Economy? It's You, Not the Data

Thank you!

Any Questions?

www.NEEDecon.org

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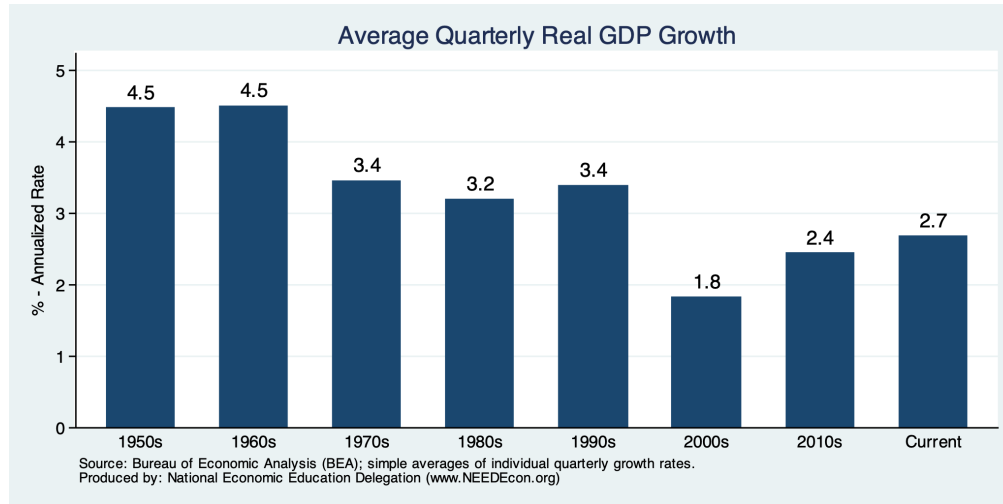
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GDP Growth is Historically Low



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A Little Provocative: How do we drive growth?

- **Allow more immigration.**
- **Develop a pro-growth immigration policy.**
- **Invest:**
 - In people – education and safety net.
 - In infrastructure.
 - In knowledge – basic R&D.
 - In a clean economy
- **Fix health care.**



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