



FEDERAL RESERVE BANK *of* NEW YORK

U.S. Economic Conditions

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Presentation to the Community Advisory Group (CAG)

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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

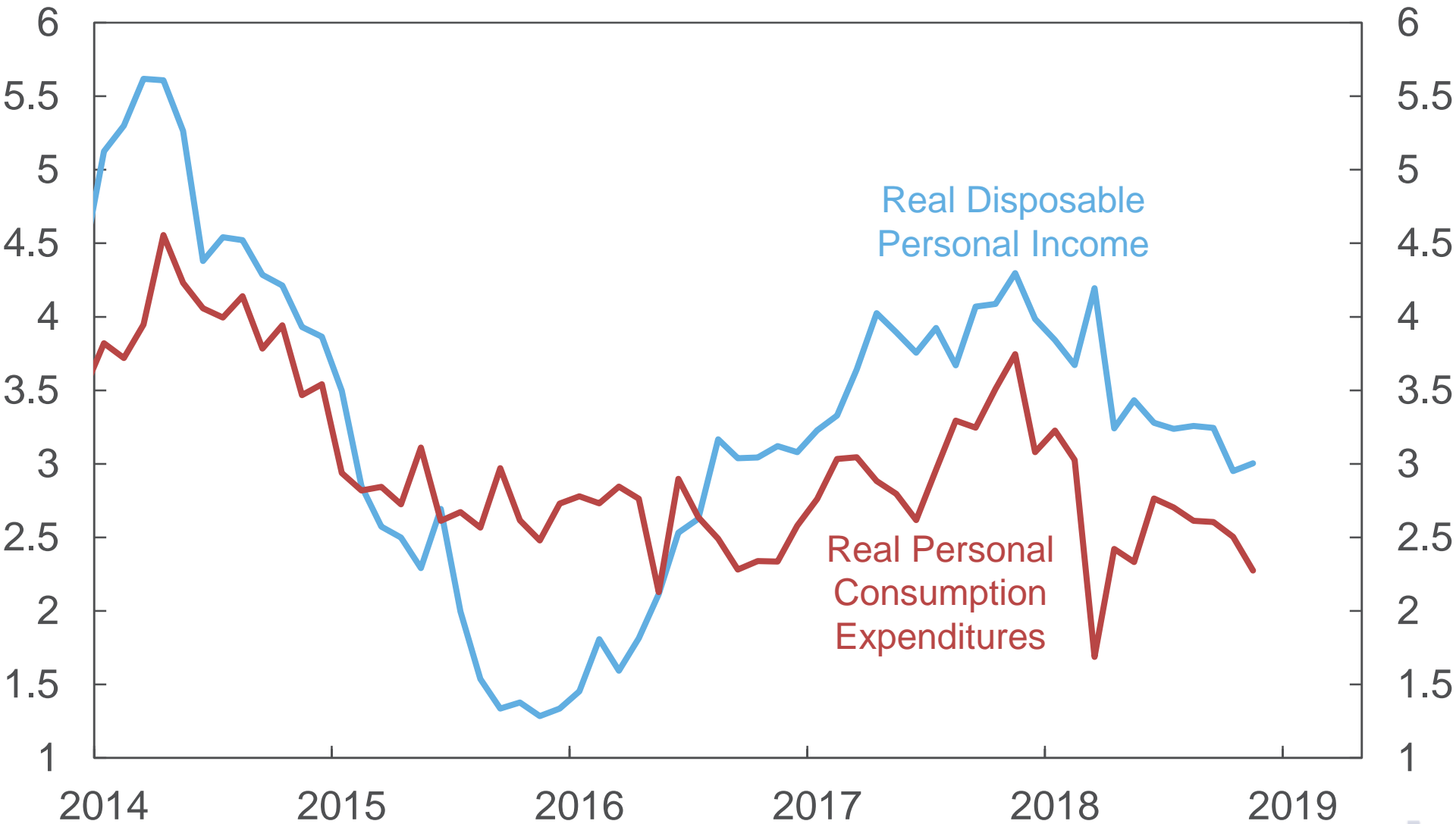
- Real GDP grew at a solid 2.6% in 2019:H1; growth expected to slow to around the economy's estimated potential (1¾%) in 2019:H2.
- Continued gains in the labor market. Moderation in overall wage growth but acceleration for lower-wage earners.
- After a weak start of the year, inflation is firming but 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

12-Month Percent Change



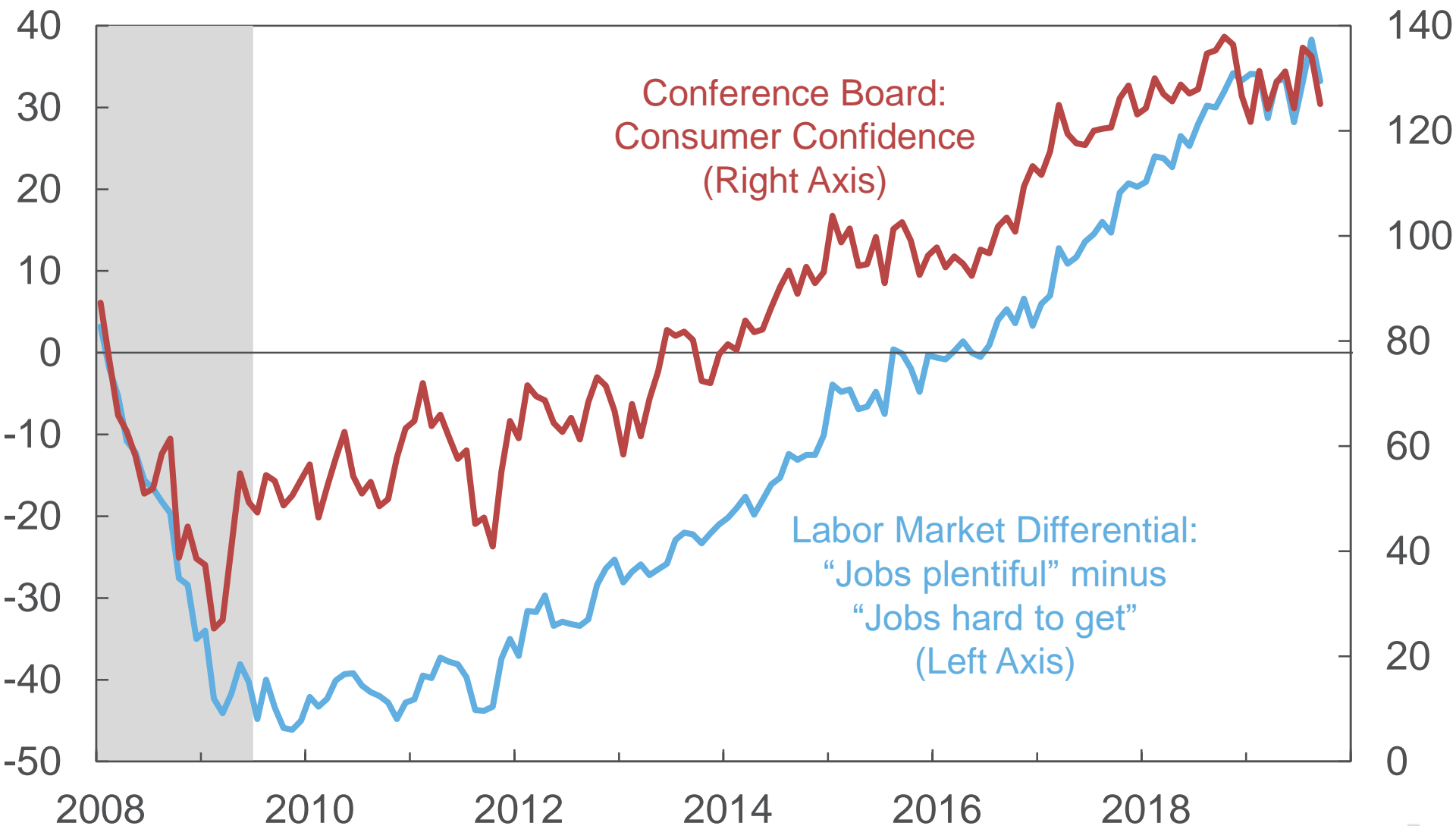
Source: Bureau of Economic Analysis via Haver Analytics.



Consumer Confidence Remains Elevated

Percent Difference

Index (2012 = 100)

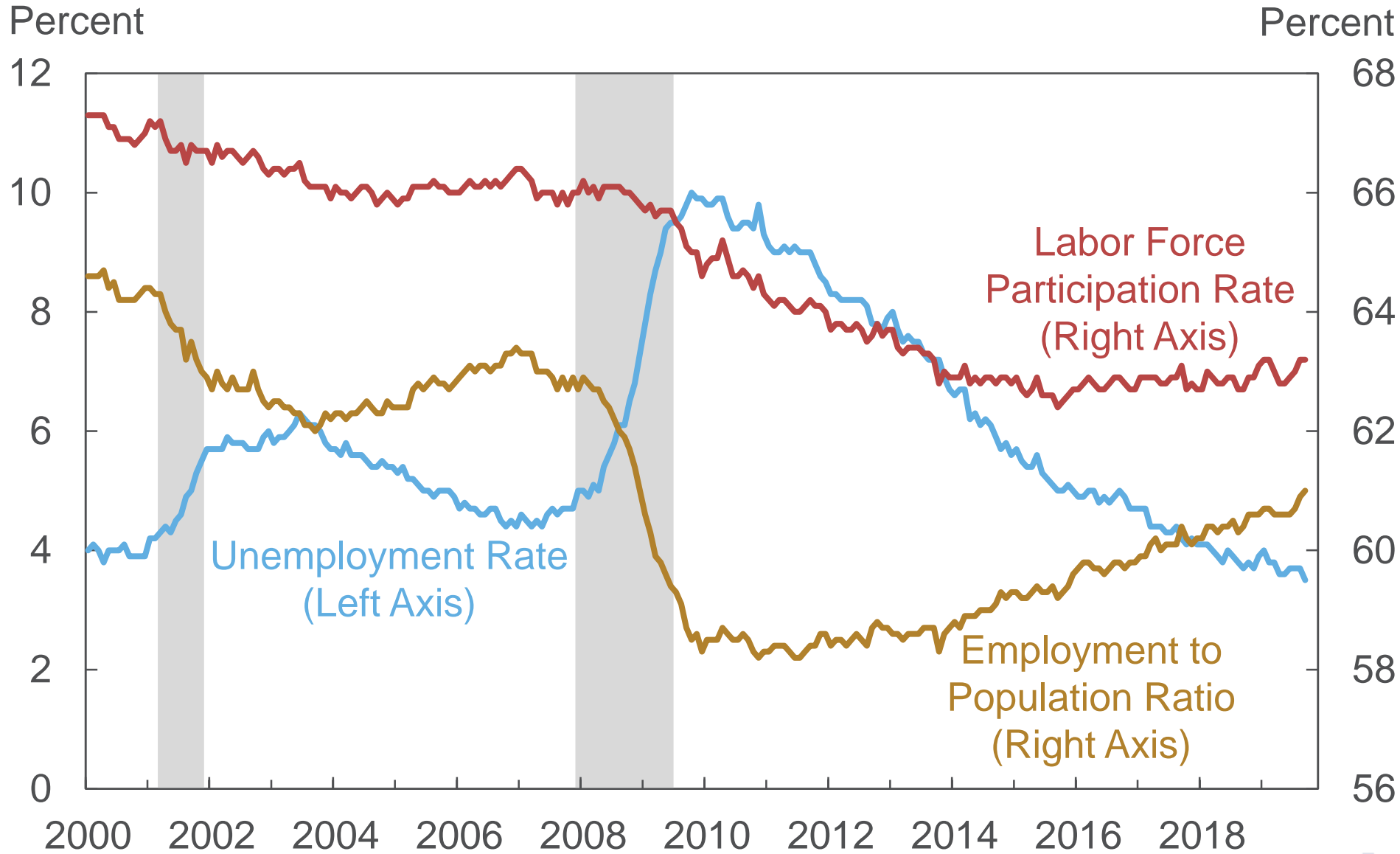


Source: Bureau of Economic Analysis via Haver Analytics.

Note: Shading shows NBER recessions.



Continued Gains in the Labor Market



Source: Bureau of Labor Statistics via Haver Analytics.

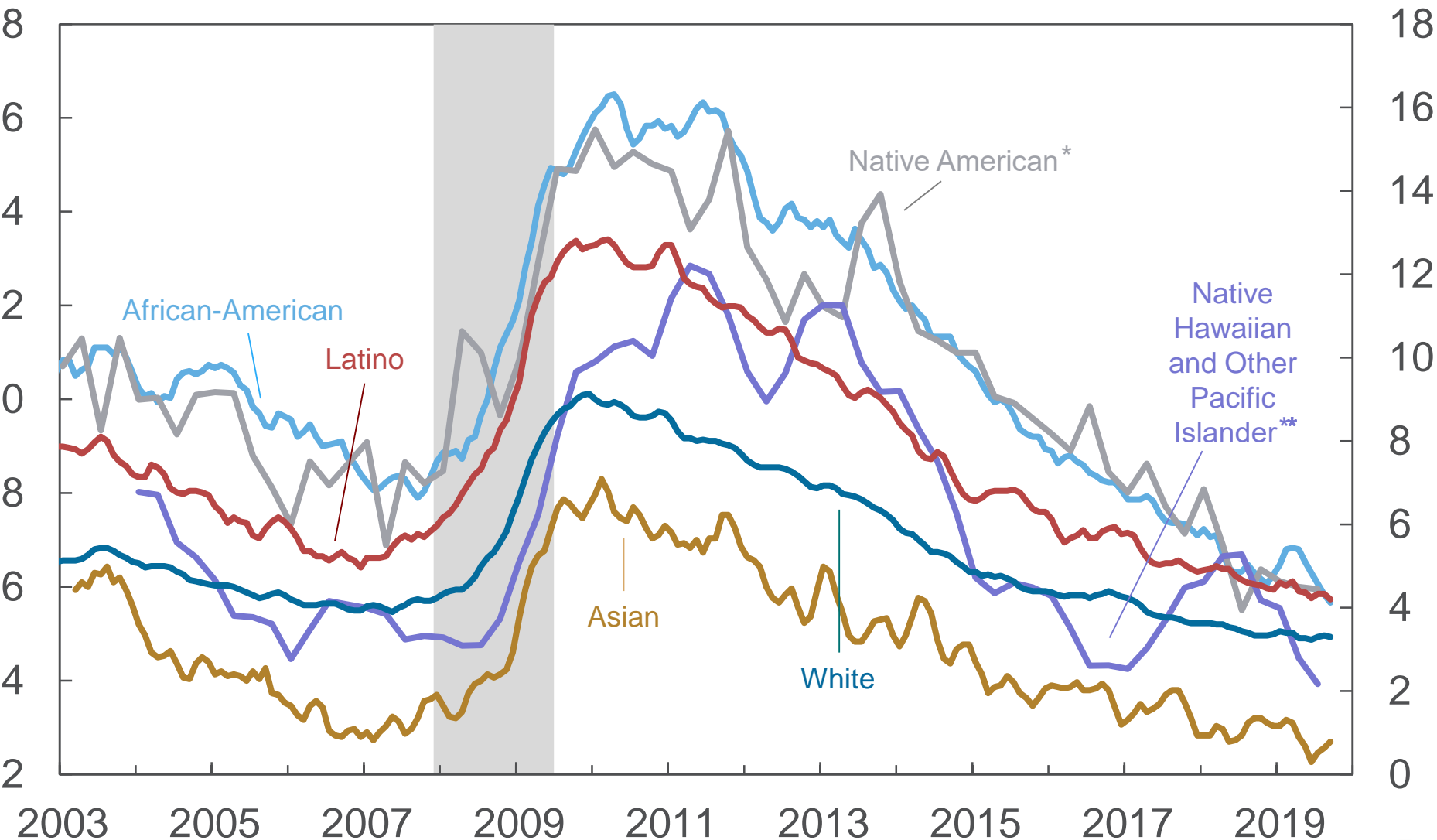
Note: Shading shows NBER recessions.



Unemployment Rate at 50-Year Low

Percent

Percent



* 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.

Source: BLS via Haver; CPS calculations.

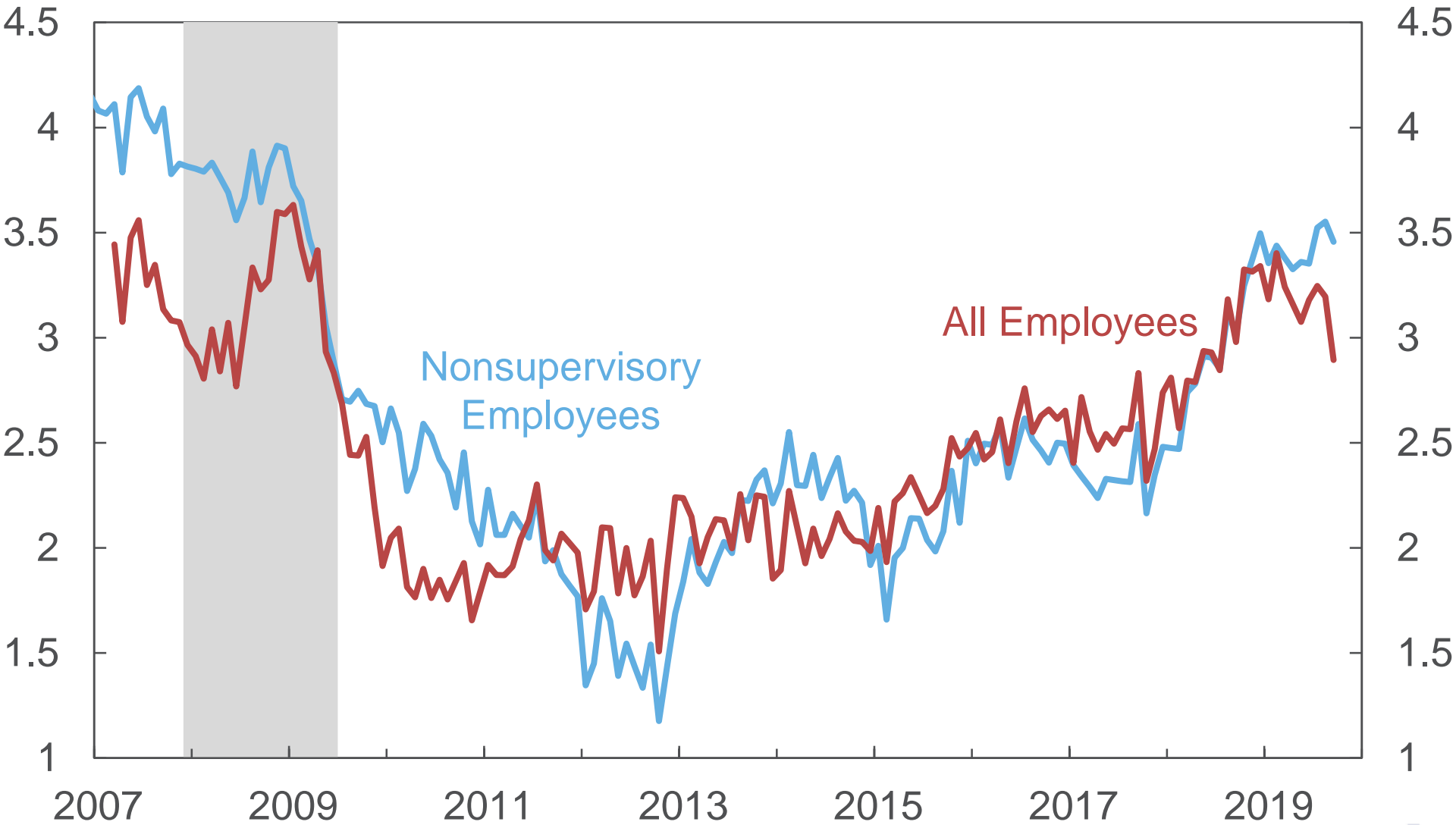
Note: Shading shows NBER recessions.



Moderation in Average Hourly Earnings Growth

Annual % change

Annual % change



Source: Bureau of Labor Statistics via Haver Analytics.

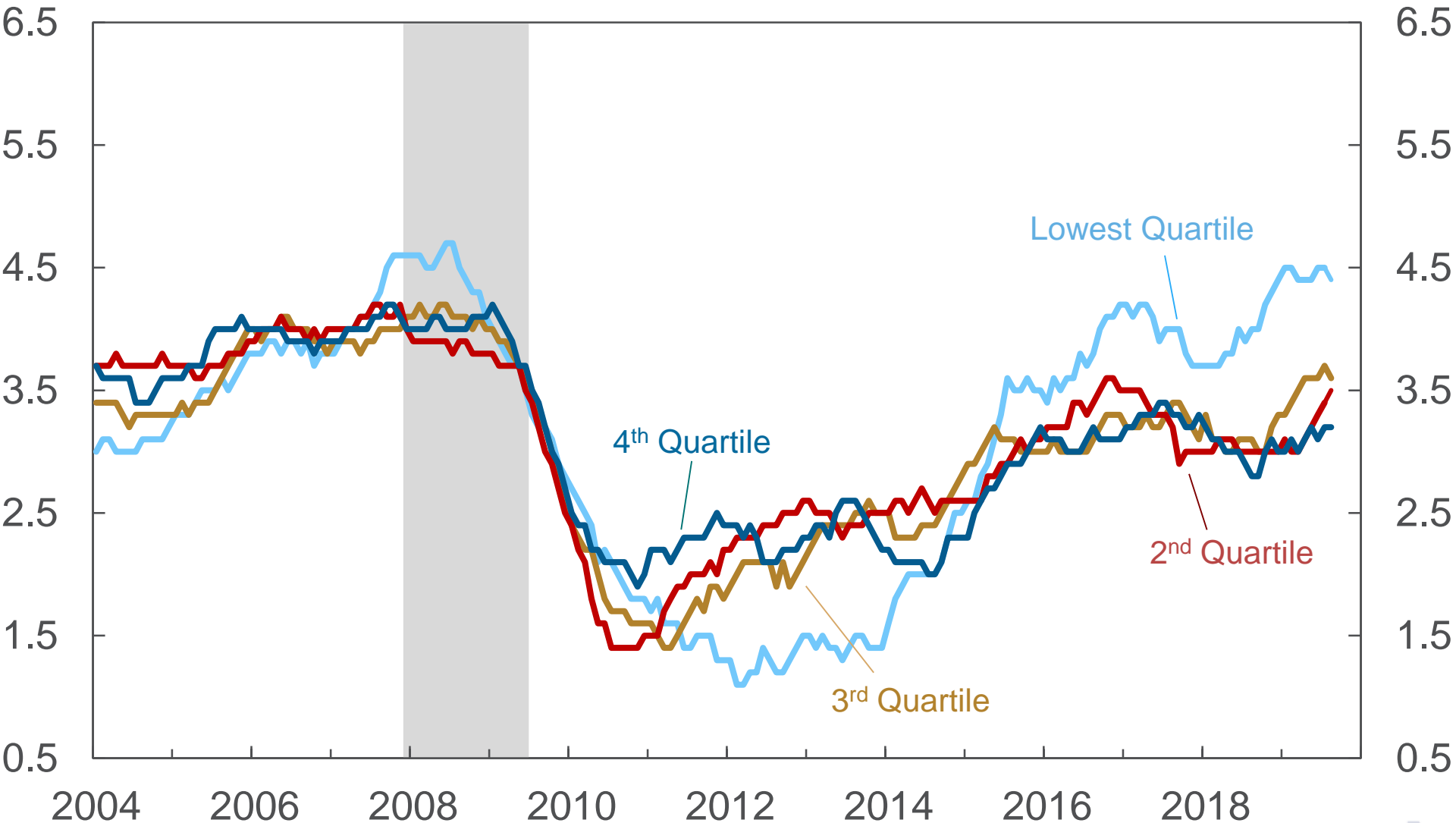
Note: Shading shows NBER recessions.



Faster Wage Growth for Lower-Wage Earners

Percent

Percent



Source: CPS, BLS
via the Atlanta Fed.

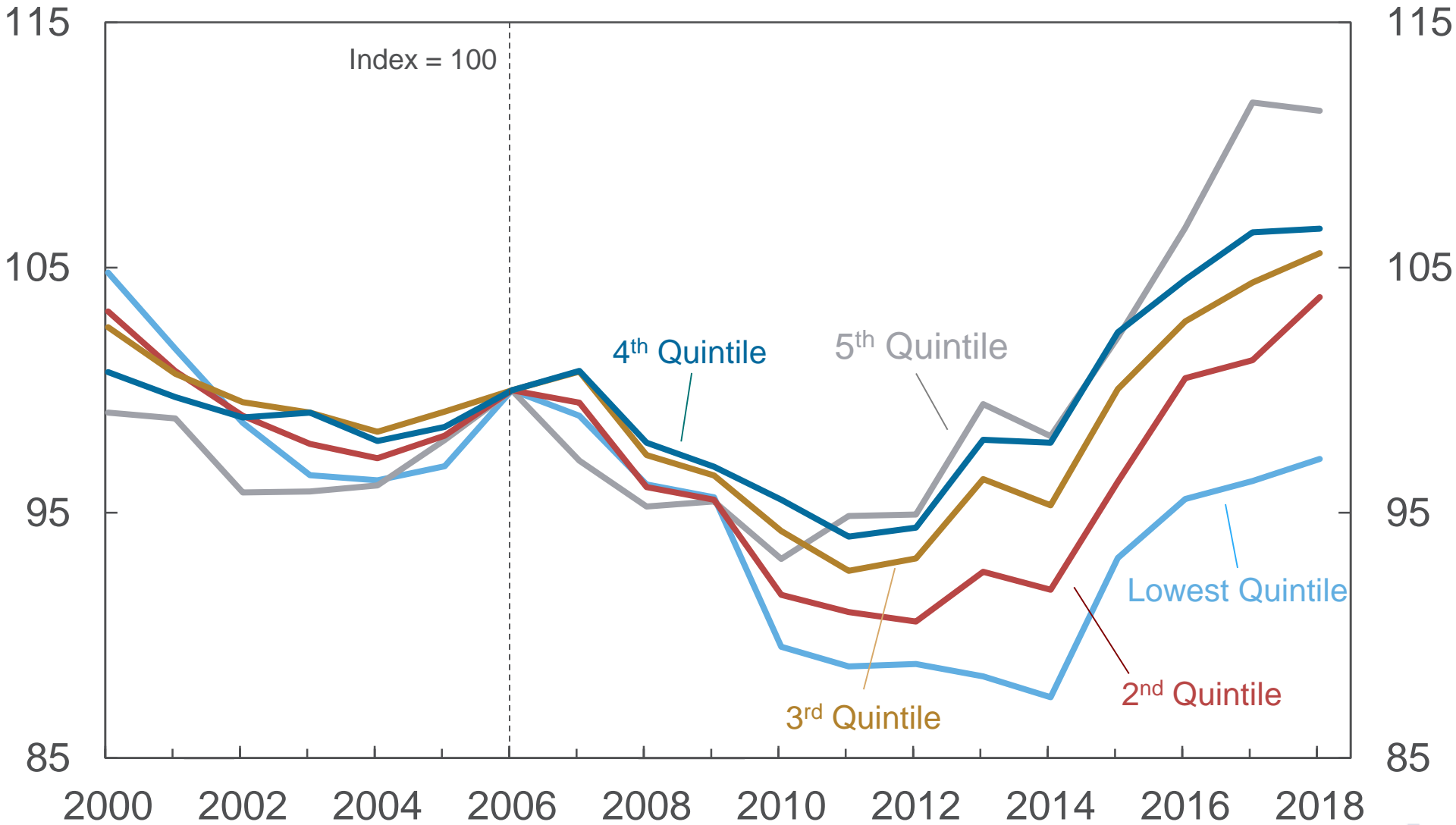
Note: Shading shows NBER recessions.



Income Growth Catching-up at Bottom Quintiles

Index (2006 = 100)

Index (2006 = 100)



Source: Census Bureau via Haver Analytics.

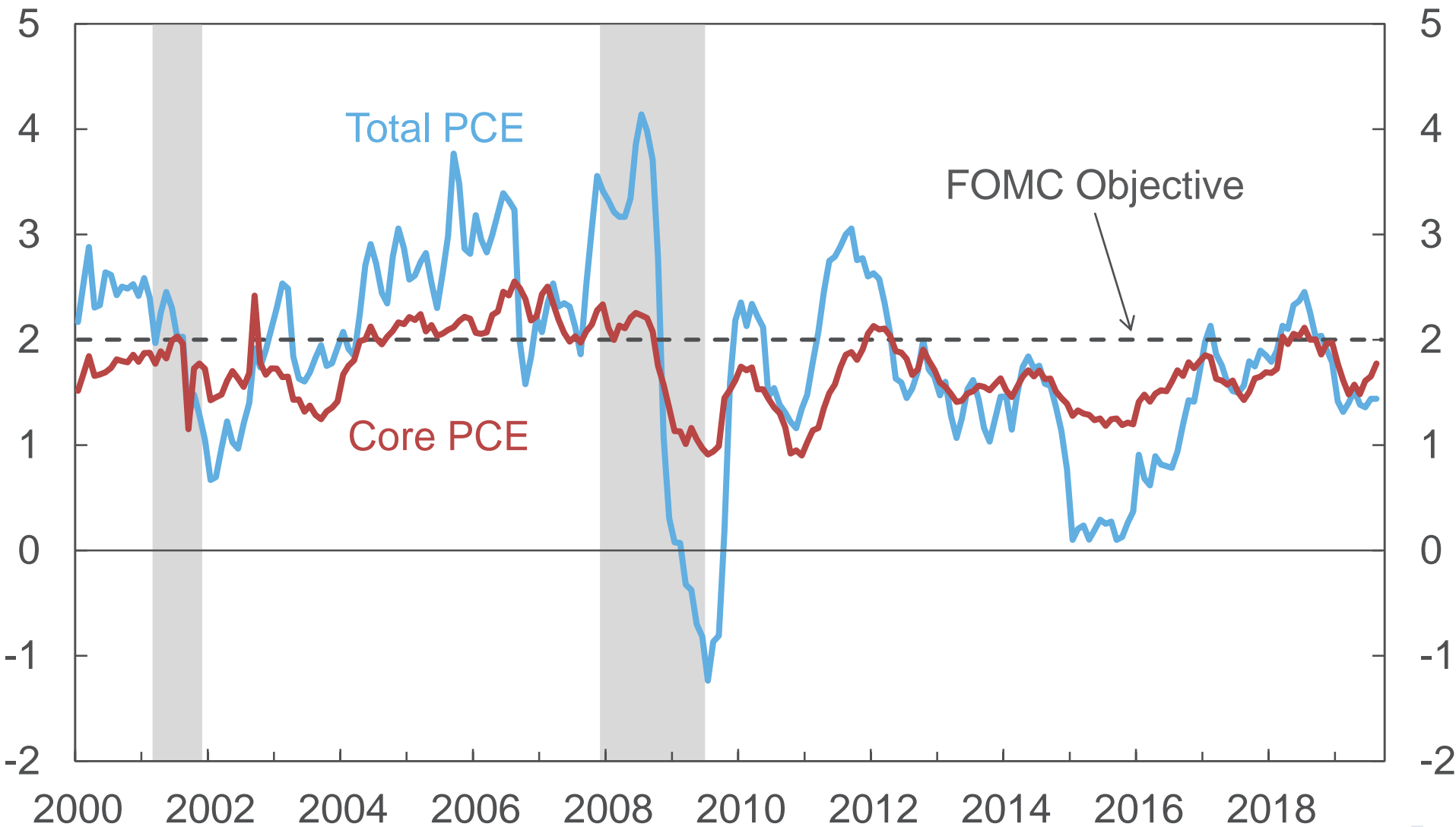
Note: Money income in CPS(U)-adjusted dollars, indexed to 2006.



Core PCE Inflation Rising but Still Muted

12-Month Percent Change

12-Month Percent Change



Source: Bureau of Economic Analysis
via Haver Analytics.

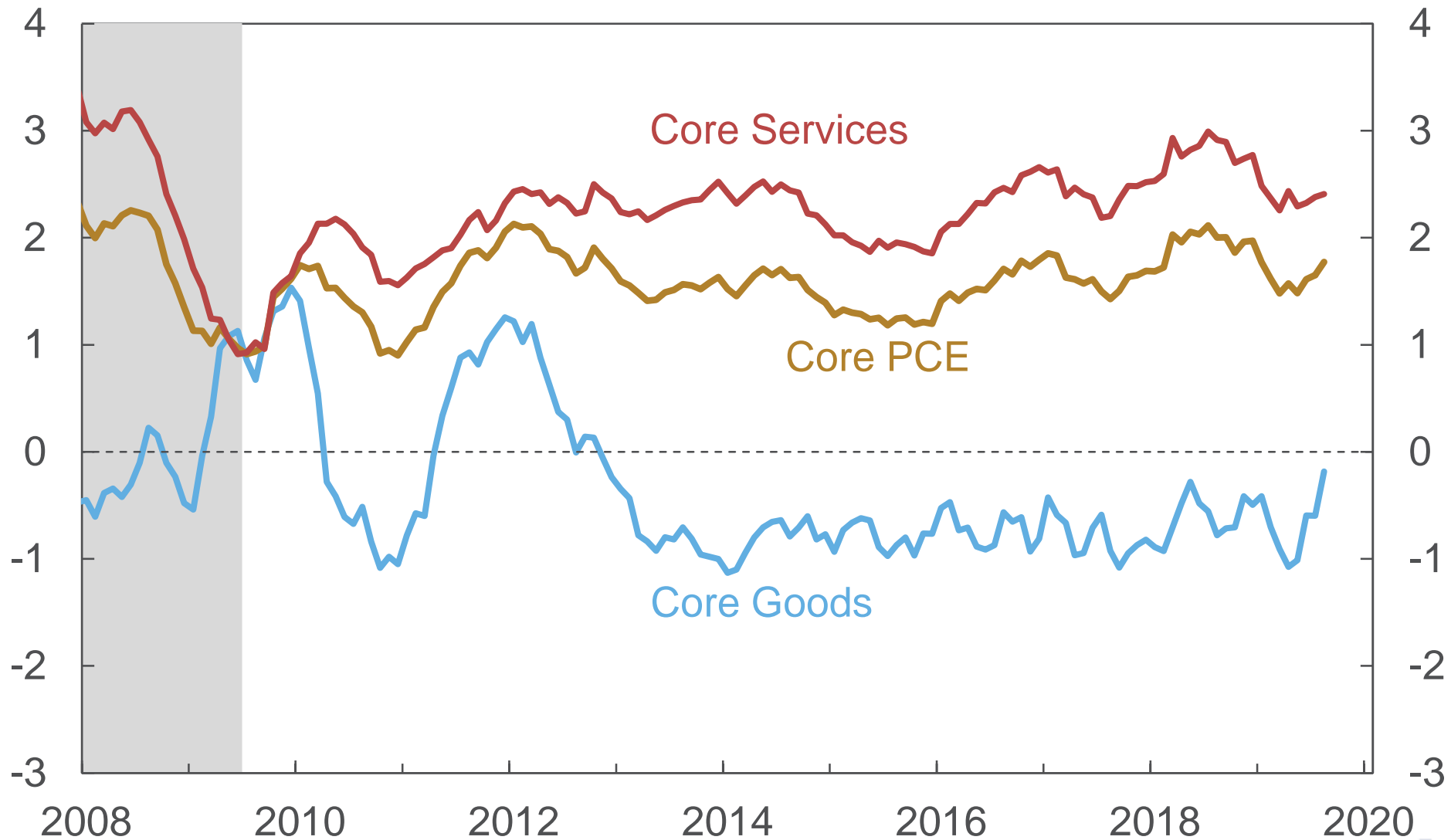
Note: Shading shows NBER recessions.



Core Goods Inflation Remains a Drag

Year-to-Year Percent Change

Year-to-Year Percent Change

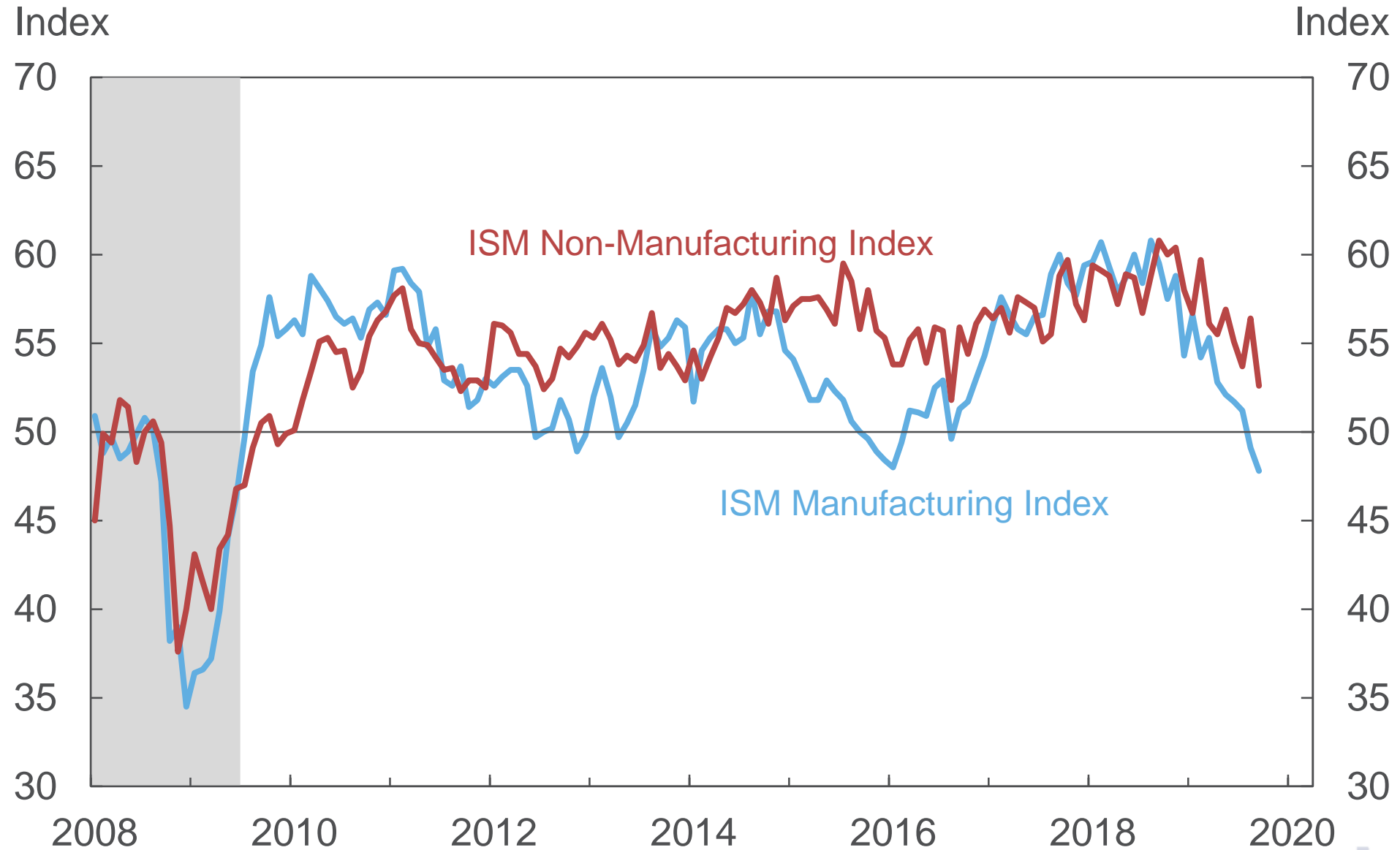


Source: Bureau of Economic Analysis.

Note: Shading shows NBER recessions.



US Manufacturing Sector Contracting



Source: Institute of Supply Management.

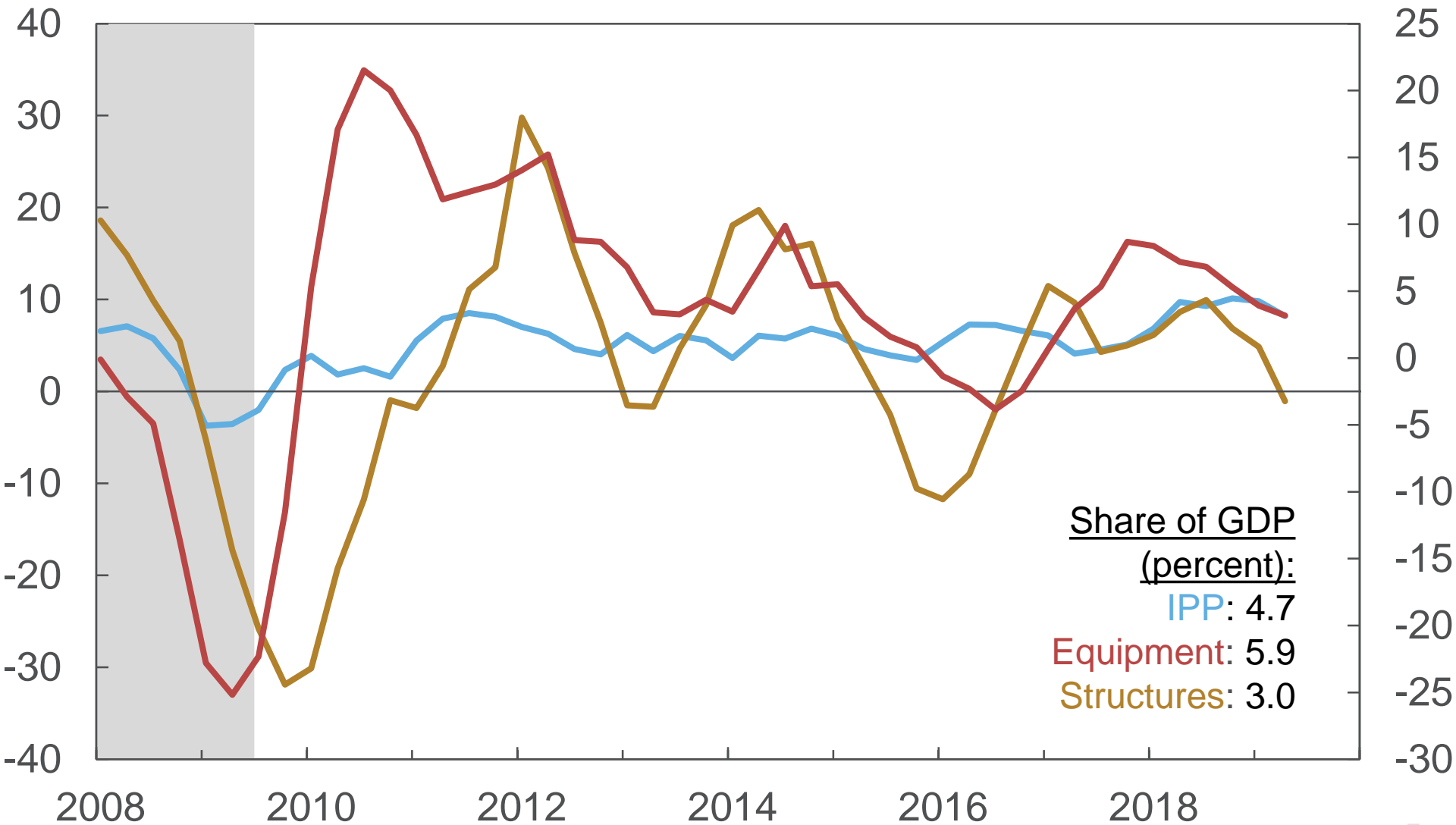
Note: Shading shows NBER recessions.



Business Fixed Investment Slowing

4-Quarter Percent Change

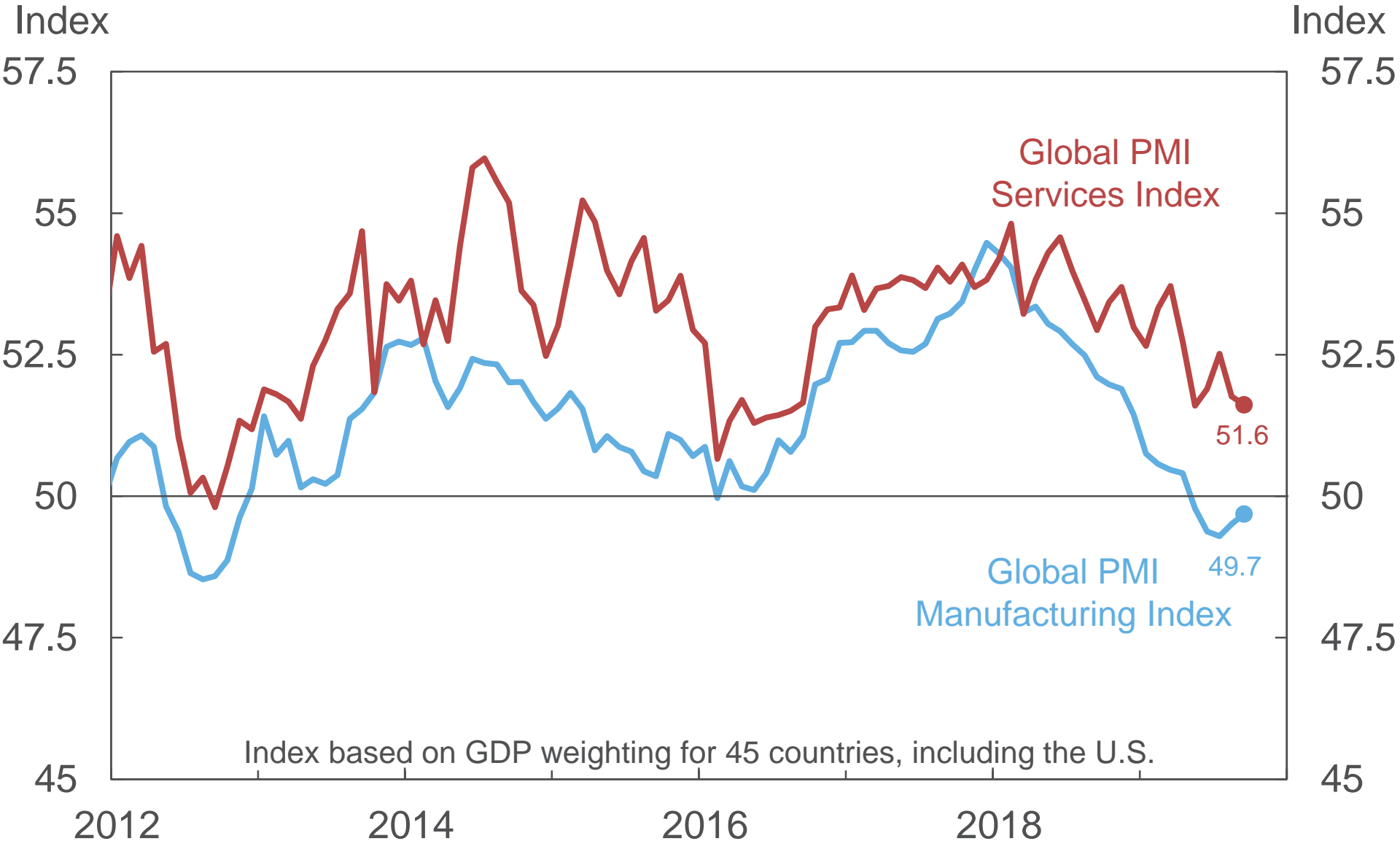
4-Quarter Percent Change



Source: Bureau of Economic Analysis.

Note: Share calculated as of 2019:Q2.

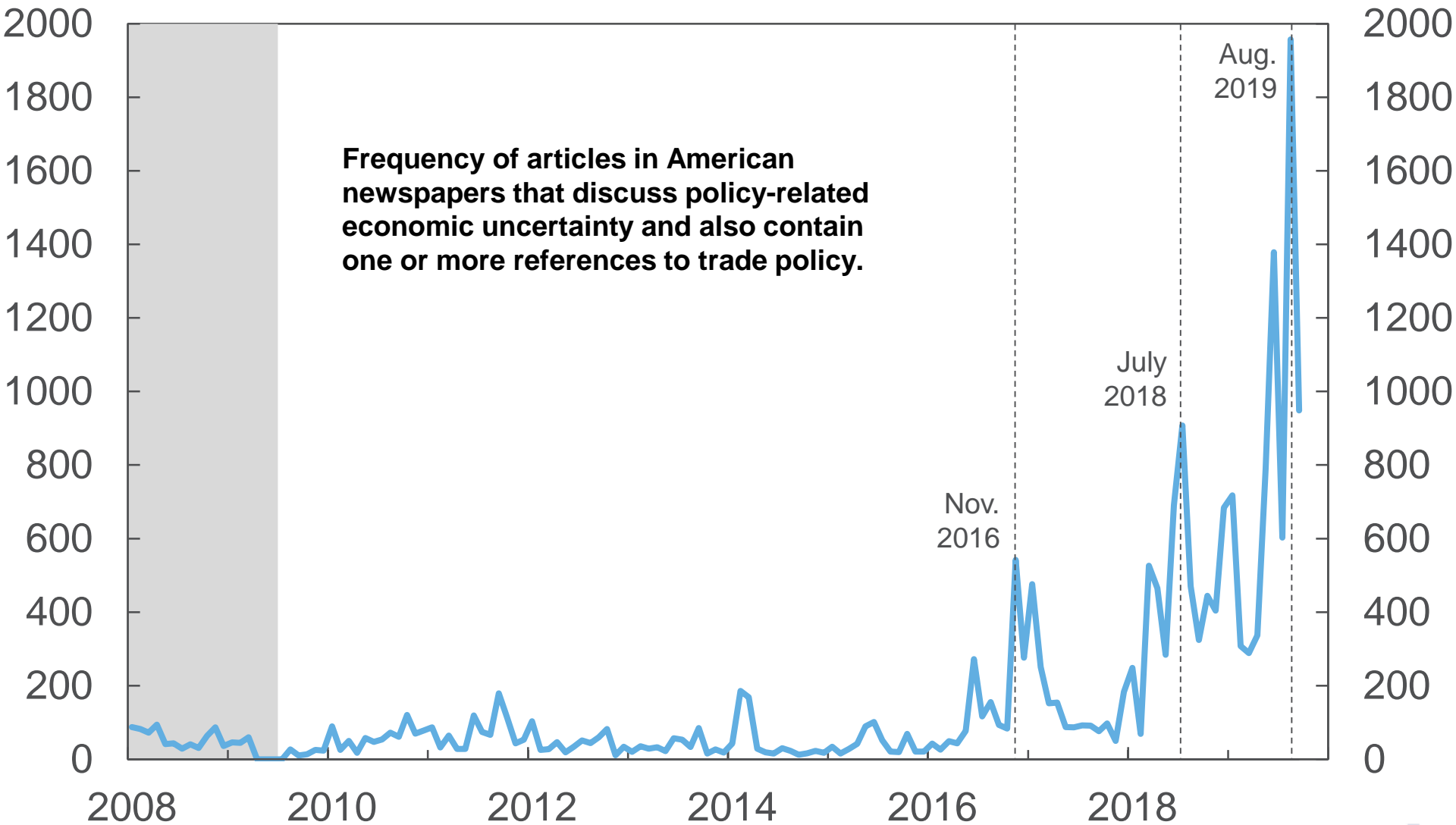
Global Manufacturing Contracting



Trade Policy Uncertainty Elevated

Index (1985 = 100)

Index (1985 = 100)

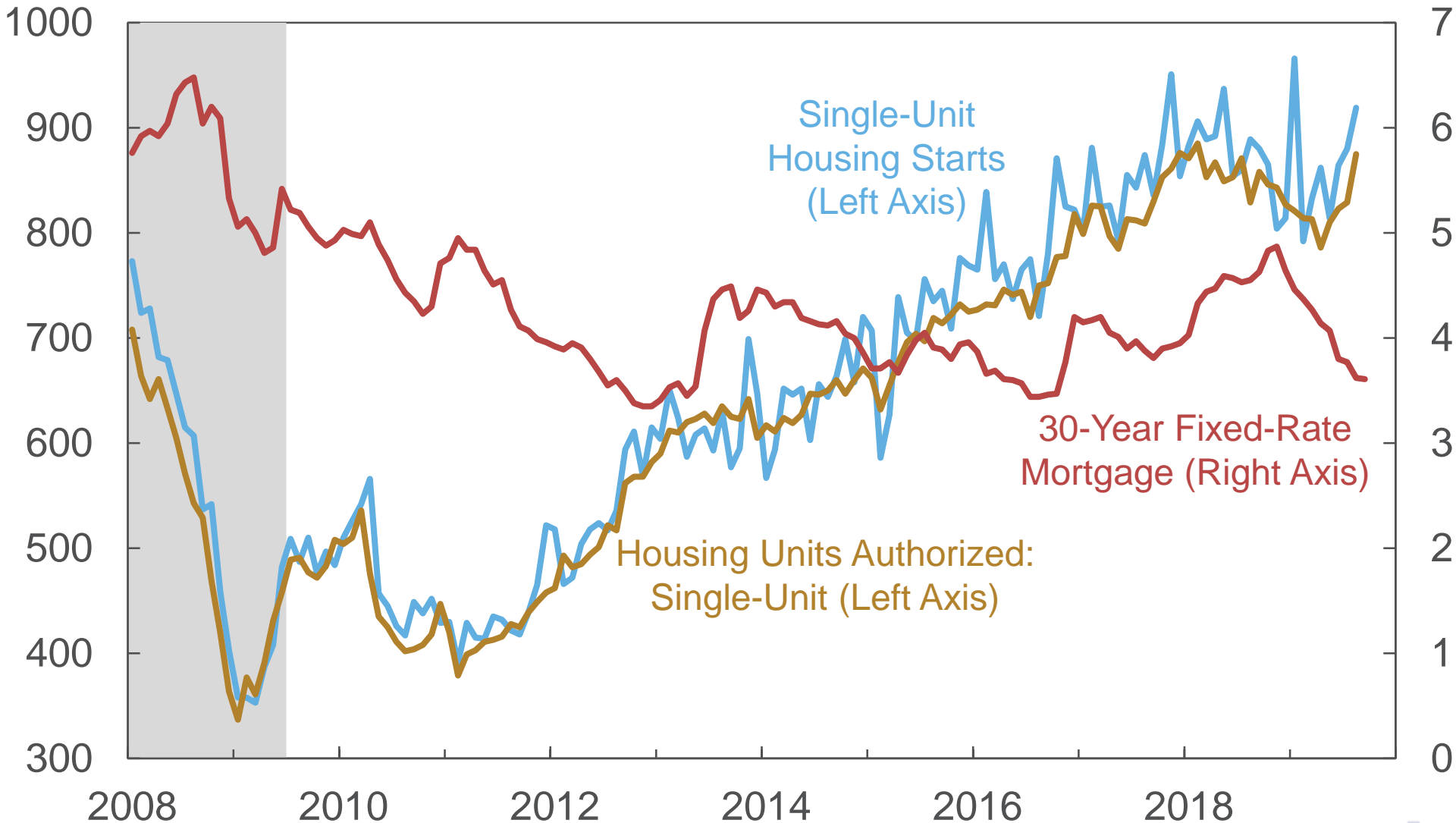


Source: Baker, Bloom and Davis
PolicyUncertainty.com via Haver Analytics. Note: Shading shows NBER recessions.

Single Family Housing Responding to Lower Rates

Thous. Units

Percent



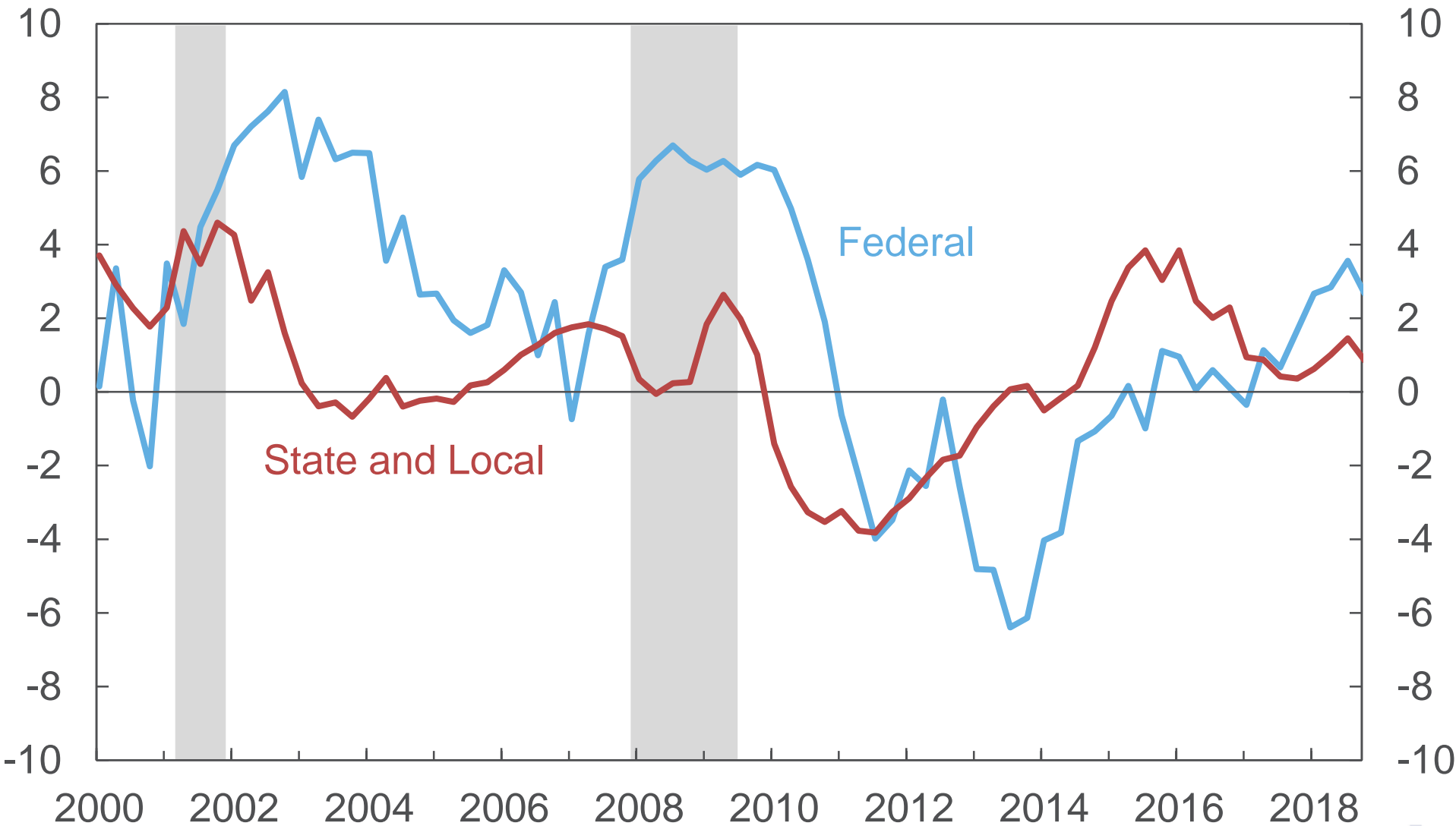
Source: US Census and FHLMC.

Note: Shading shows NBER recessions.

Real Government Spending Boost

4-Quarter Percent Change

4-Quarter Percent Change



Source: Bureau of Economic Analysis via Haver Analytics.

Note: Shading shows NBER recessions.

