

# A Fed perspective on the economy and monetary policy

## FRS Economic Education Webinar

October 1, 2024



*The views expressed here are mine and not necessarily  
those of the FOMC, the Federal Reserve Bank of Atlanta or  
the Federal Reserve System.*

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The economy is slowing but still growing



Consumer spending has been resilient, but under more stress



Year-over-year measures of inflation are declining



The labor market (hiring and wage growth) is softening



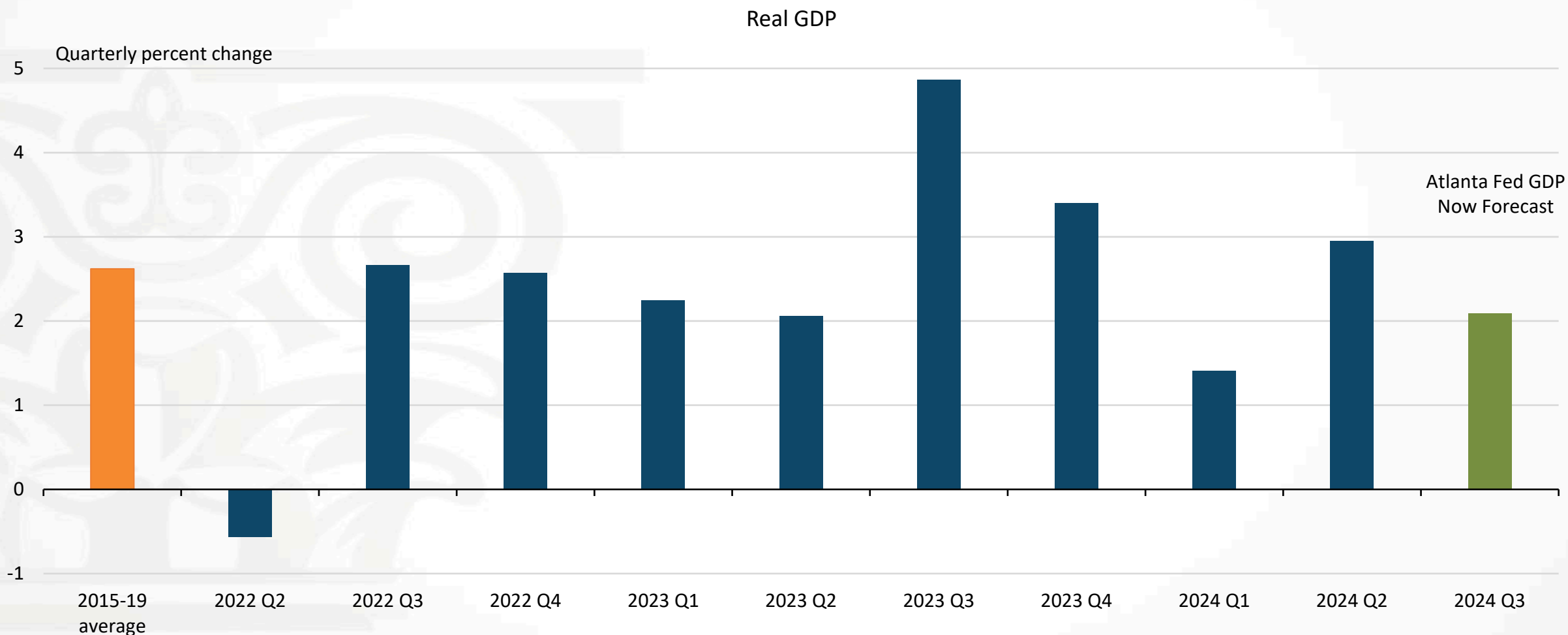
Risks to outlook are generally balanced



Fed policy has started to ease with recent rate cut

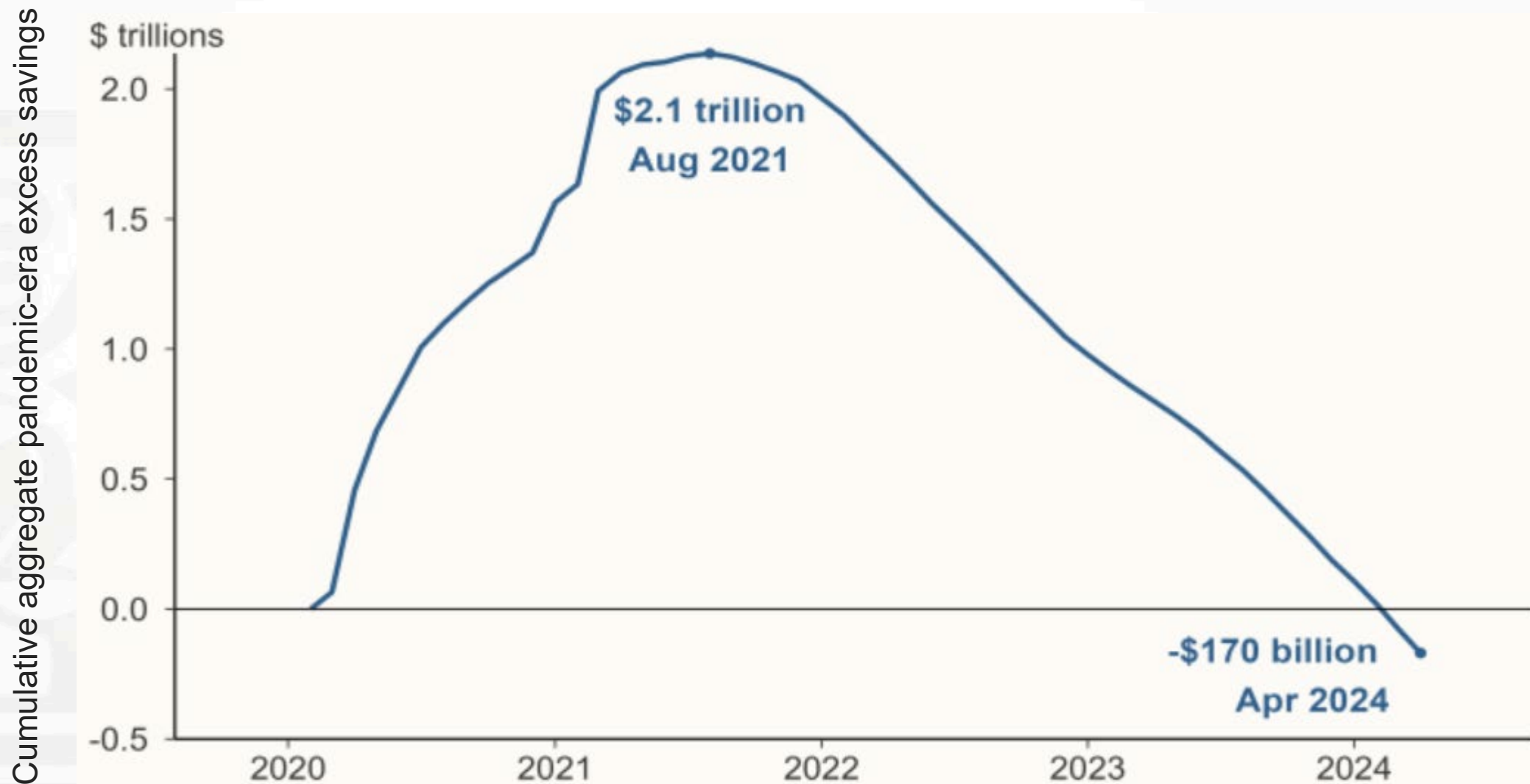
## Demand

GDP growth has been stronger than expected.



## Demand

Pandemic-era savings have been depleted.

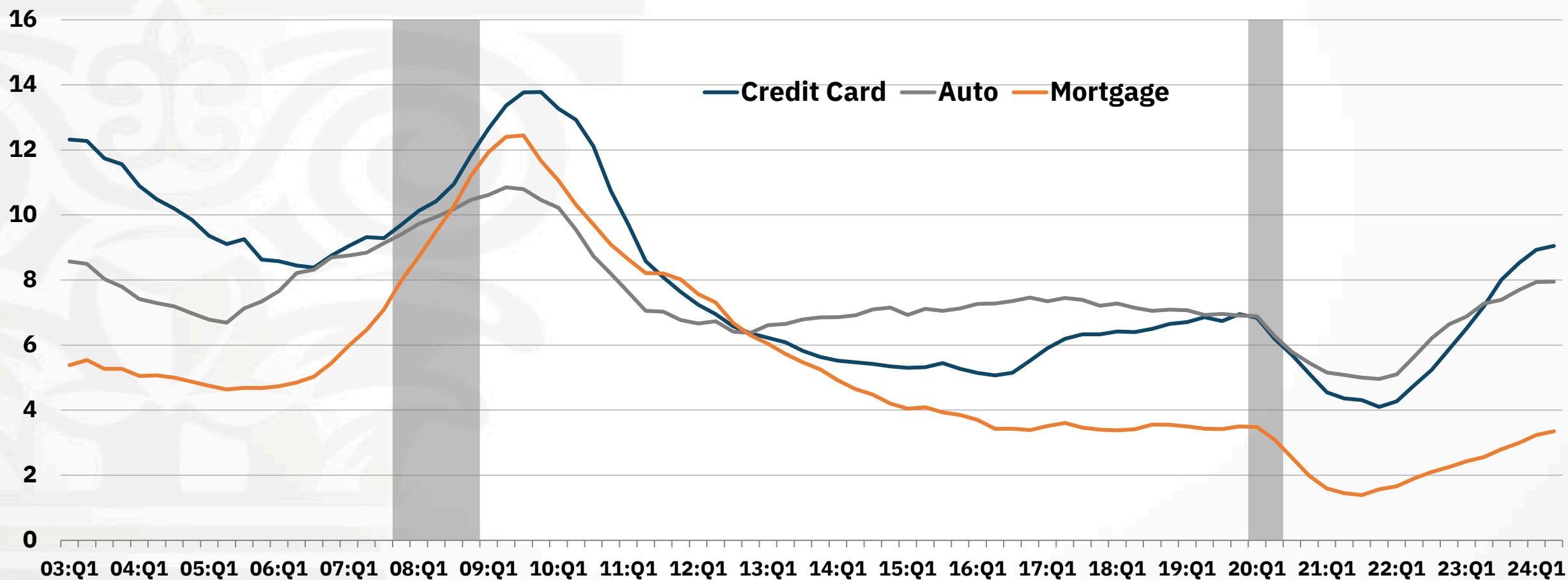


## Demand

**Savings rate has declined to below pre-pandemic levels.**

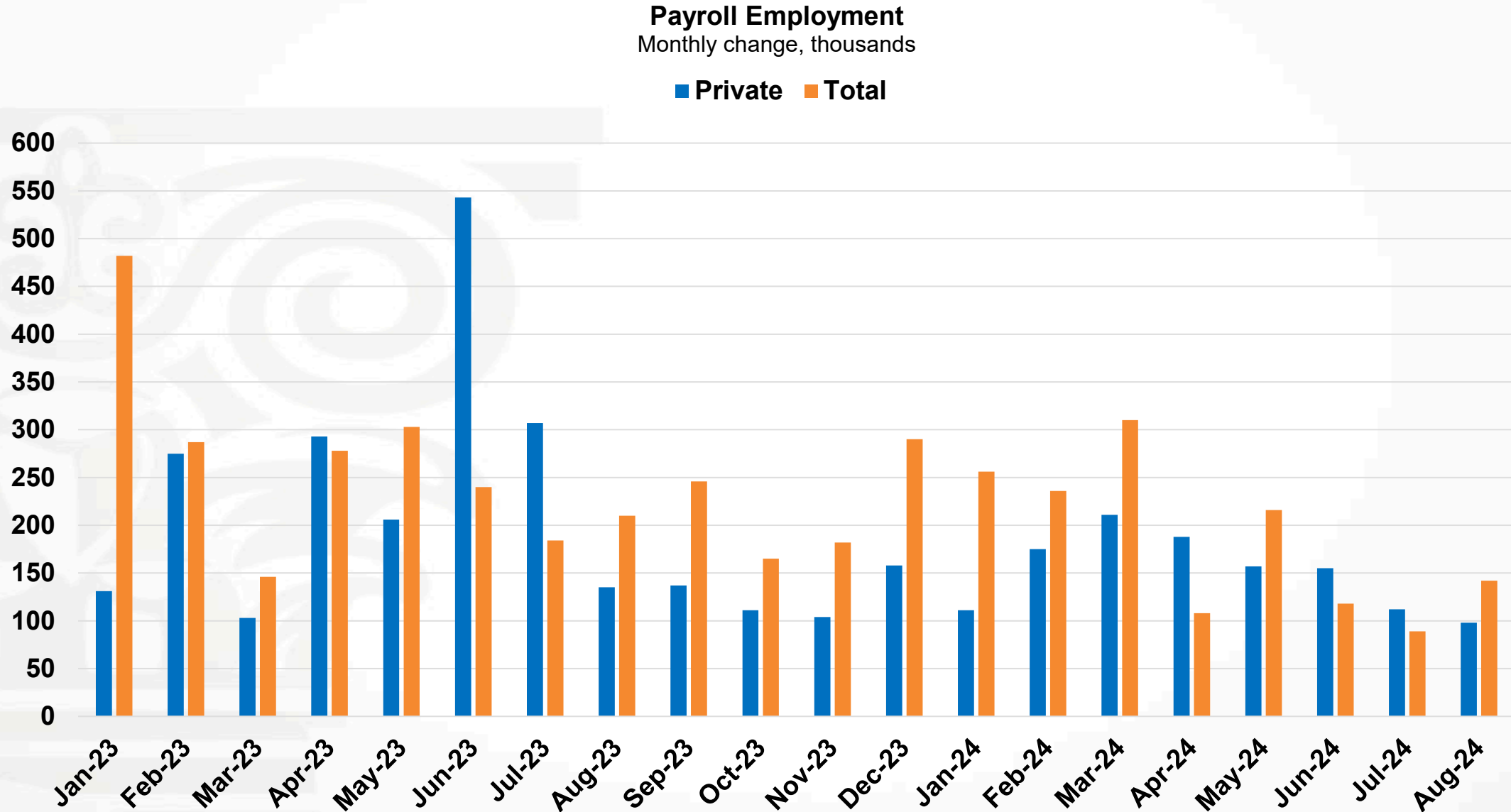


**Transition Into Delinquency (30+) by Loan Type**  
Percent of Balance, 4 Quarter Moving Sum



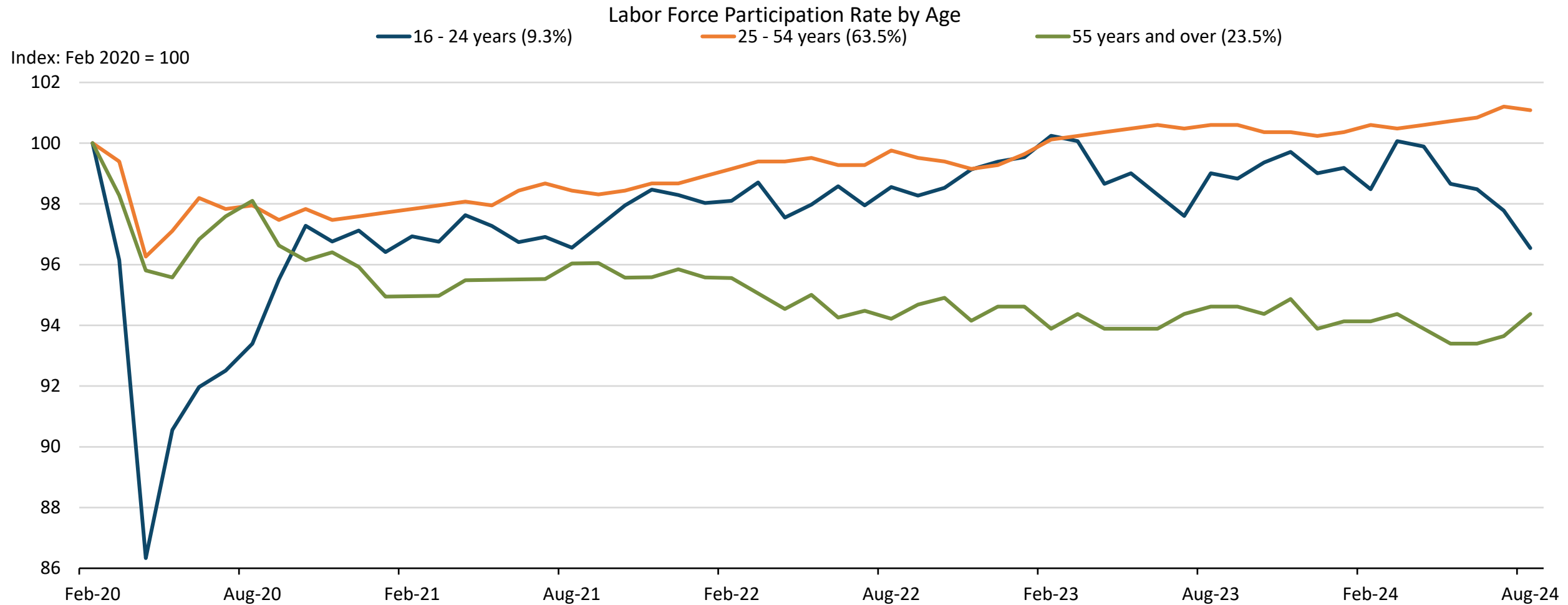
## Labor

Recent job growth has weakened, especially for private sector employment.



## Labor

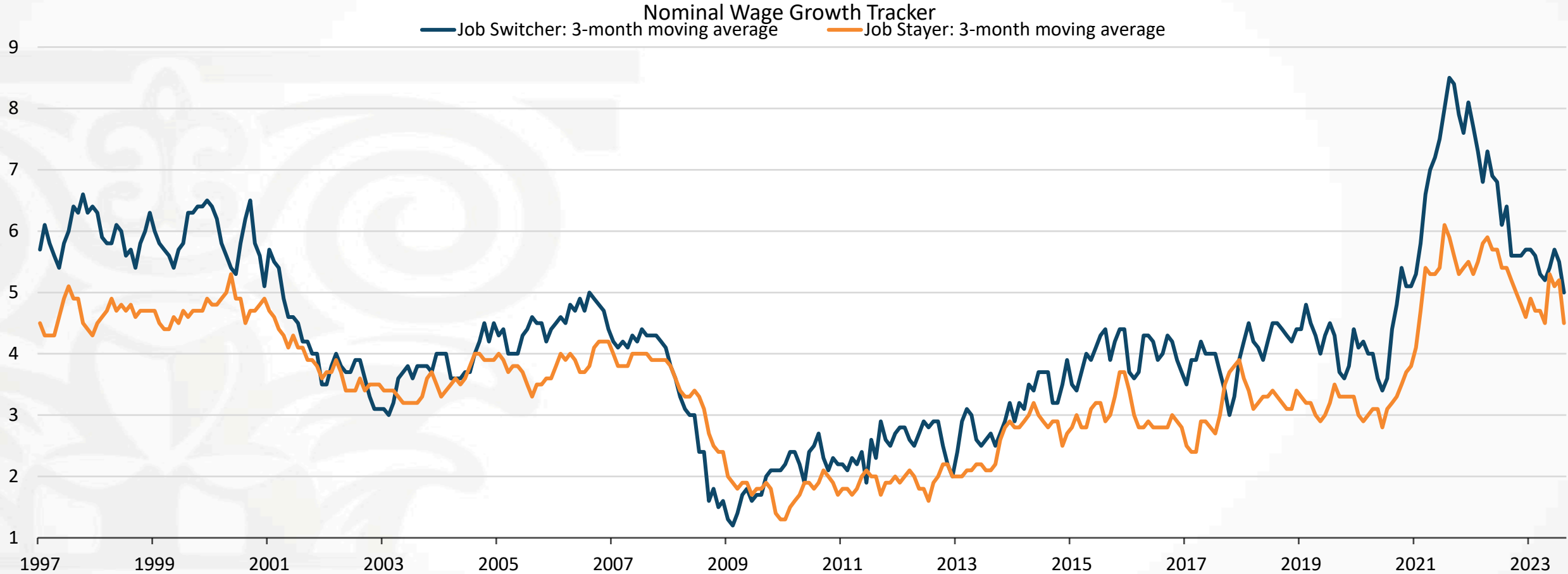
# Labor force participation has recovered for “prime age” workers.



Source: Bureau of Labor Statistics and staff calculations to historically adjust for population controls.



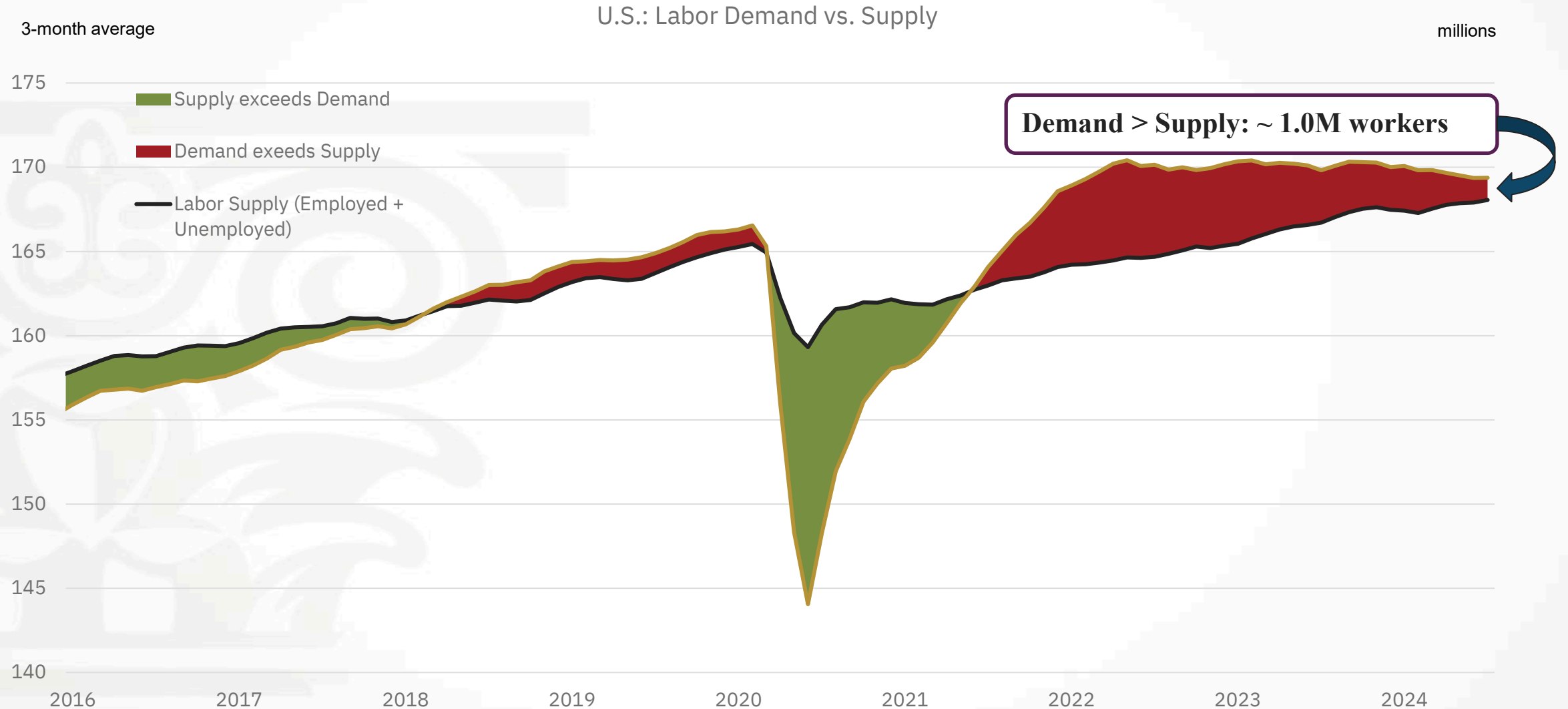
# Wage growth for job switchers has decelerated significantly since 2022.



Sources: Current Population Survey, Bureau of Labor Statistics, and Federal Reserve Bank of Atlanta  
Data updates can be found at <https://www.frbatlanta/chcs/wage-growth-tracker>.

## Labor

# Labor demand and supply are more balanced.



Source: BLS Current Population Survey, Job Openings and Labor Turnover Survey (JOLTS)

Note: Because JOLTS data are not available for the latest month the vacancy level is assumed to be equal to the level for the prior month

## Inflation

The Inflation Dashboard (Sept 12) indicates cooling across different measures.

	1-MONTH	3-MONTH	6-MONTH	12-MONTH
Core CPI	3.4	2.1	2.7	3.3
FRB Cleveland Median CPI	3.2	3.1	3.5	4.2
FRB Cleveland 16% Trimmed-Mean CPI	2.2	2.2	2.6	3.2
Atlanta Fed Sticky CPI	3.5	3.1	3.5	4.1
Core PCE	2.0	1.7	2.6	2.6
Market-Based Core PCE	1.6	1.5	2.2	2.4
FRB Dallas Trimmed-Mean PCE	1.7	1.8	2.4	2.7
FRB San Francisco Cyclical Core PCE Inflation	3.5	3.9	4.2	4.6
Cyclically Sensitive Inflation (Stock and Watson (2019))	4.1	2.5	3.3	3.7



Measure is within target range (-/+0.25 ppt from target)

Measure is between 0.25 and 0.50 ppt below target

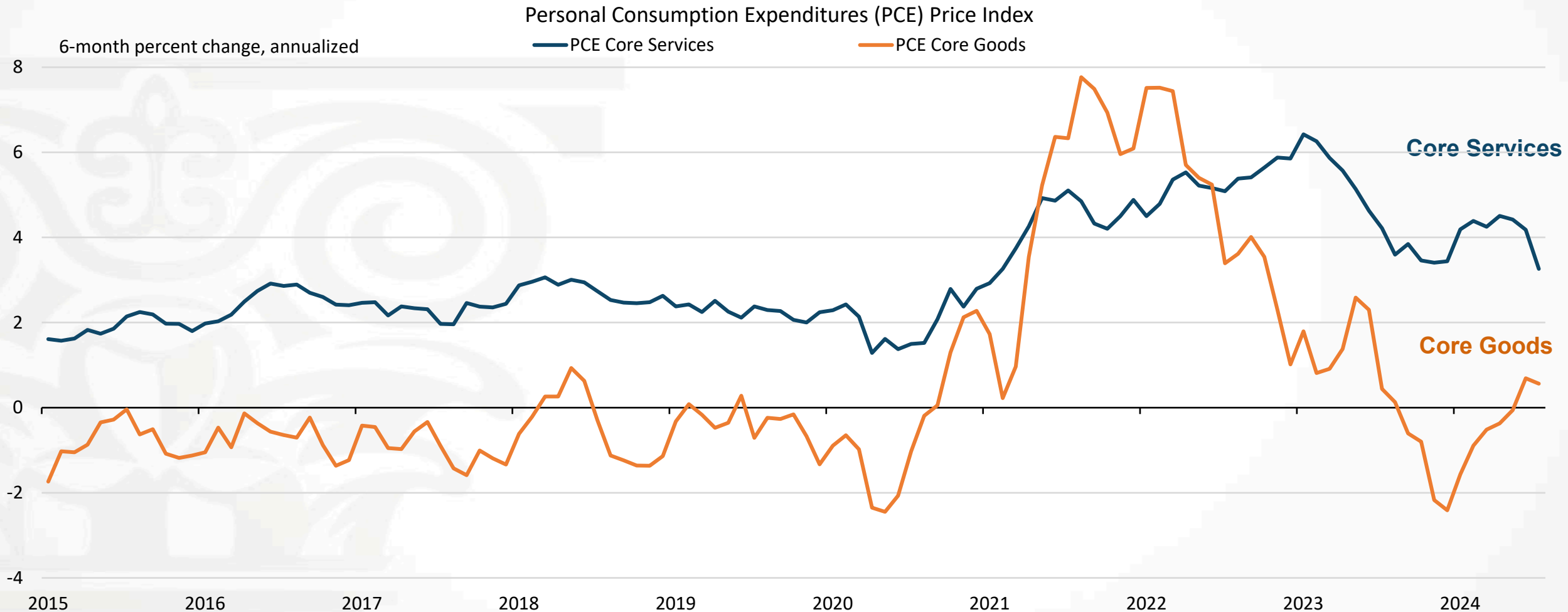
Measure is more than 0.50 ppt below target

Measure is between 0.25 and 0.50 ppt above target

Measure is more than 0.50 ppt above target

## Inflation

The service sector has been driving inflation but is showing signs of slowing.



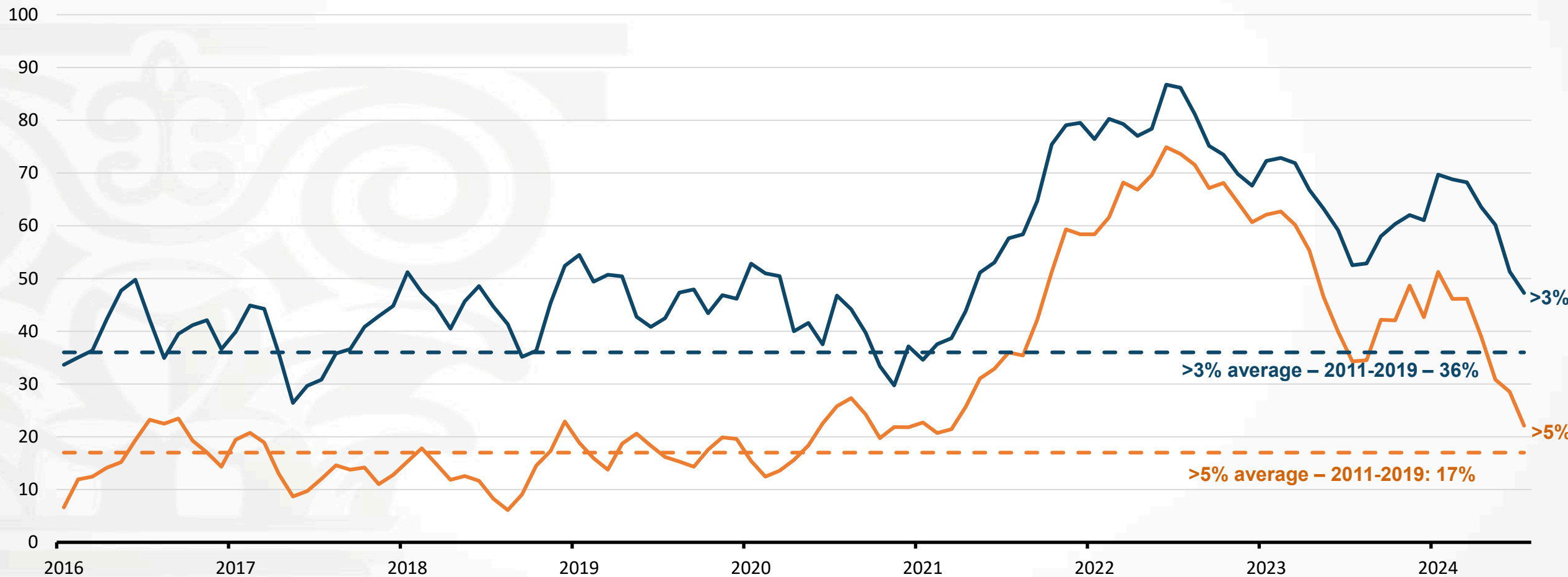
Source: Bureau of Economic Analysis

Data updated Sept 6, 2024

## Inflation

Price pressures across consumer goods and services are still elevated but have moderated significantly.

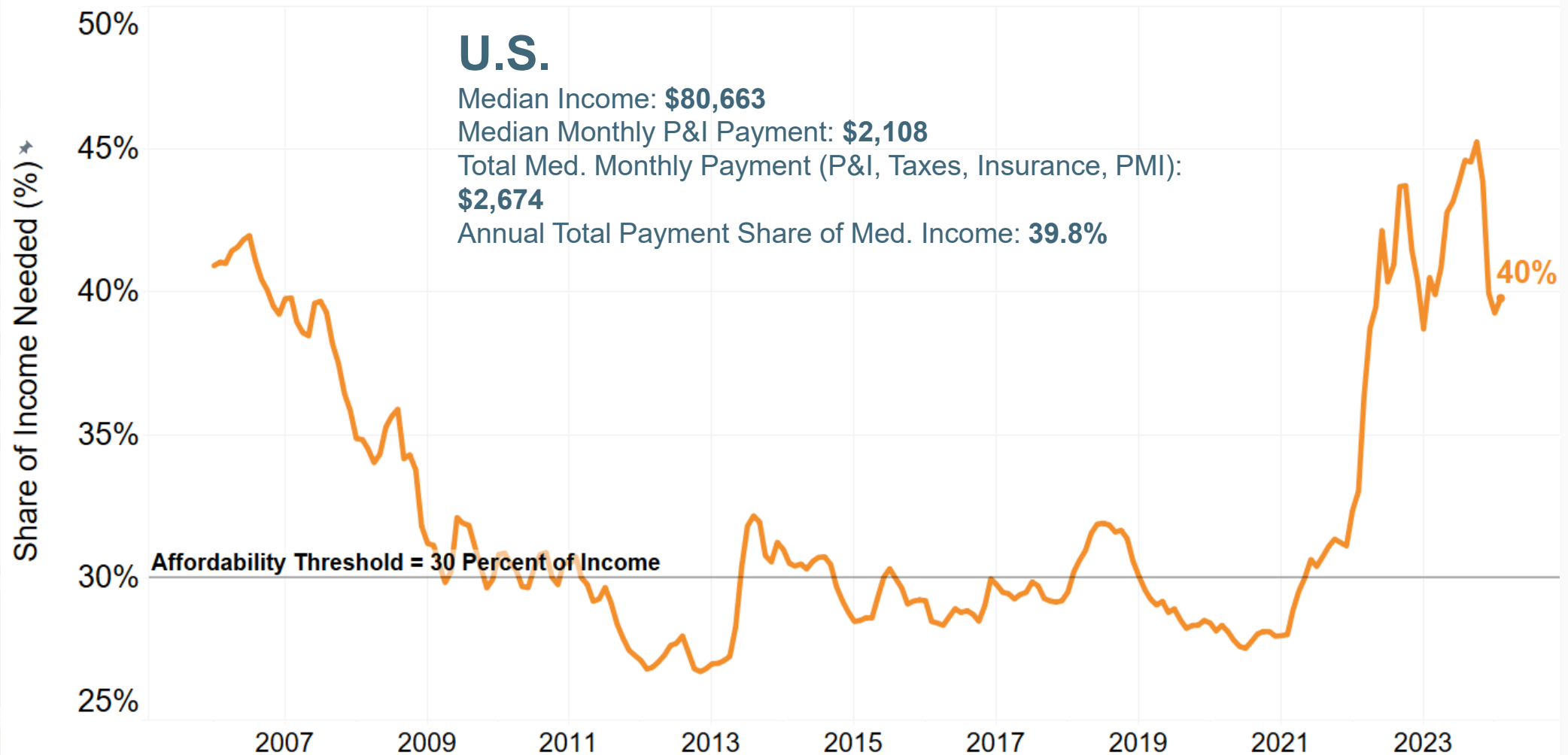
Share of CPI Rising at Rates in Excess of 3 or 5 Percent



Sources: BLS; author's calculations

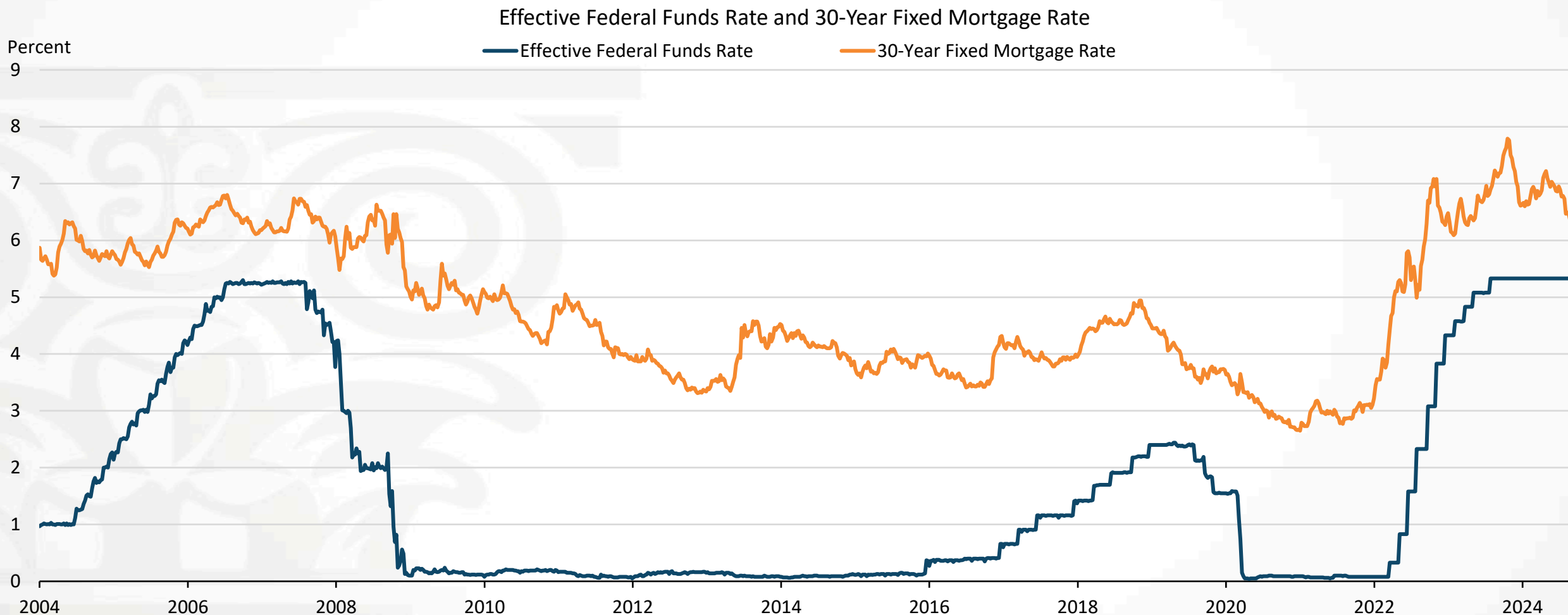
## Inflation

Housing seems to be the last frontier of inflationary pressure.



## Fed Policy

The FOMC had moved federal funds rate to a restrictive level in 2023.



Sources: Federal Reserve Board, Wall Street Journal

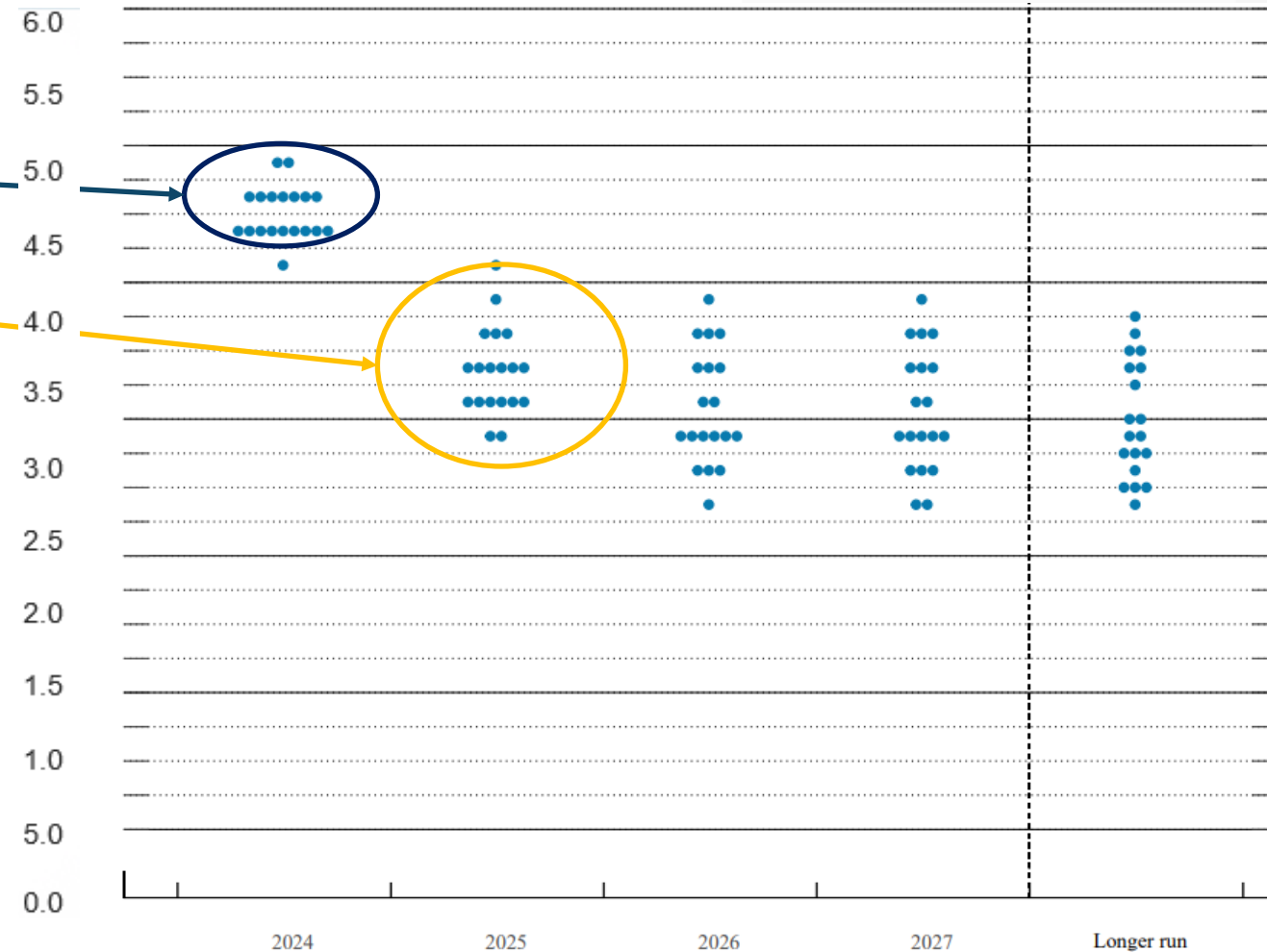
## Fed Policy

There's been a clear shift in FOMC's target policy path.

June 2024



September 2024





# Questions?

# Thank you

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