

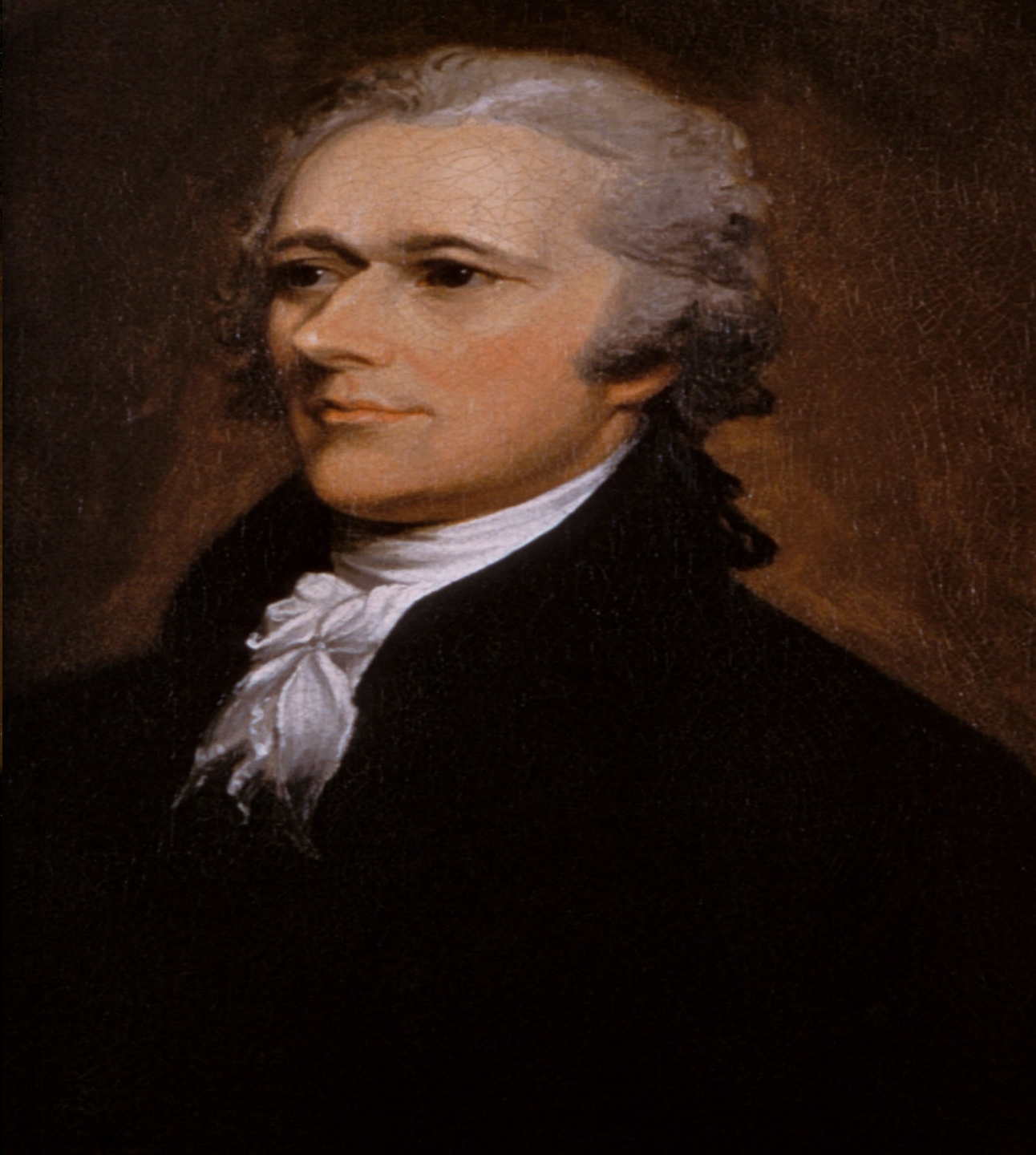
U.S. Economic Outlook

(. . . and a little bit about the Federal Reserve)

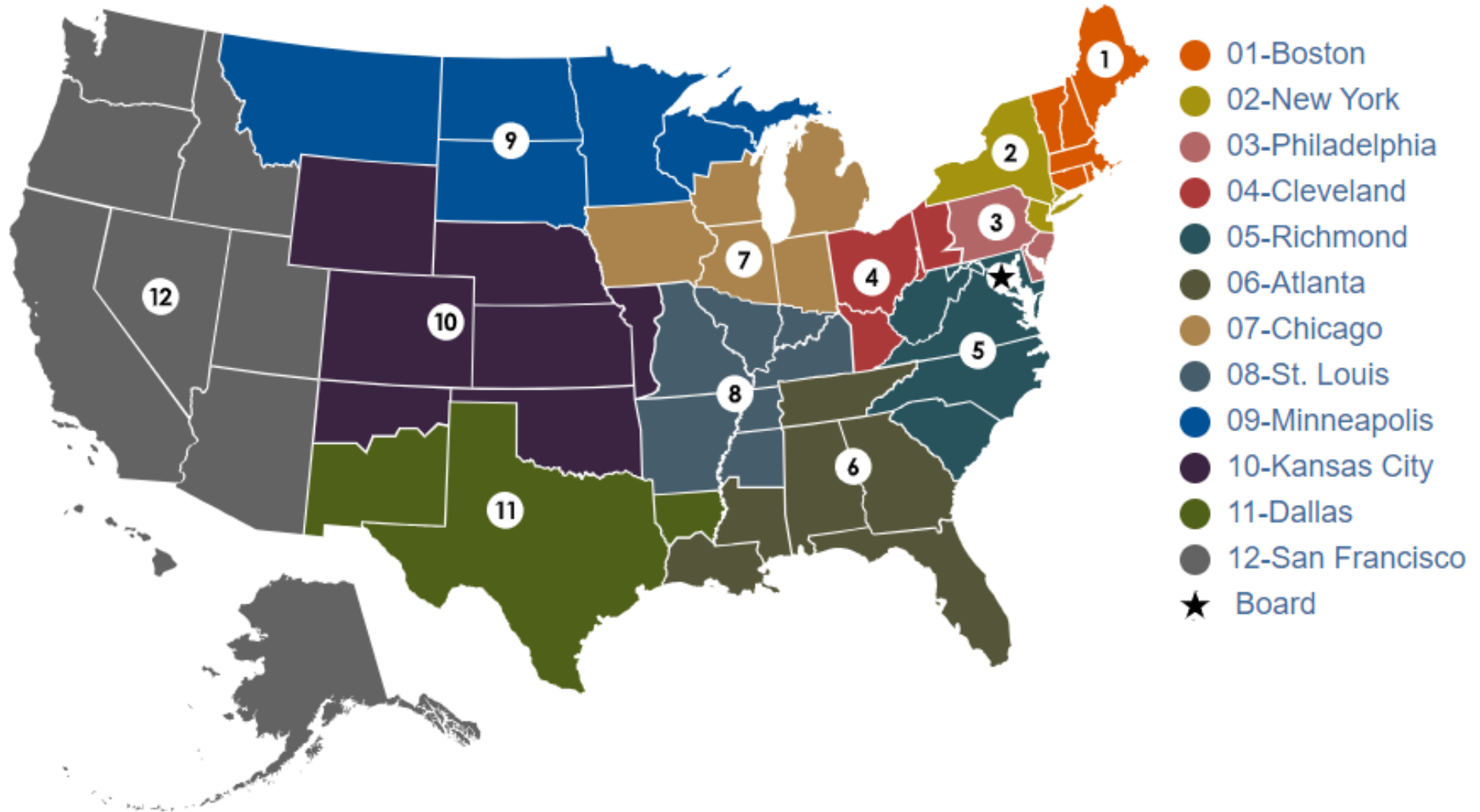
The thoughts I will share today are my own and do not necessarily reflect the views of my colleagues at the Atlanta Fed or elsewhere in the Federal Reserve System.



Federal Reserve
Bank of Atlanta



Federal Reserve Banks



Dual Mandate

Congress established maximum employment and price stability as the economic objectives for the Federal Reserve.





Staying in our lane . . .

- **Apolitical**
- **Nonpartisan**
- **Independent**



**Transparency,
Accountability,
Listening, and
Learning.**

The U.S. economy is expanding at a solid pace.



Q3 2023 looks quite strong.

However, businesses are telling us things are cooling - especially small/new businesses.

They expect slower growth in 2024.

“We understand the hardship that high inflation is causing, and we remain strongly committed to bringing inflation back down to our 2%. Price stability is the responsibility of the Federal Reserve. Without price stability, the economy does not work for anyone.”

Core PCE

(Personal Consumption Expenditures)

Well known and most often used by Fed officials and in FOMC communications



Inflation has moderated in recent months but remains elevated.

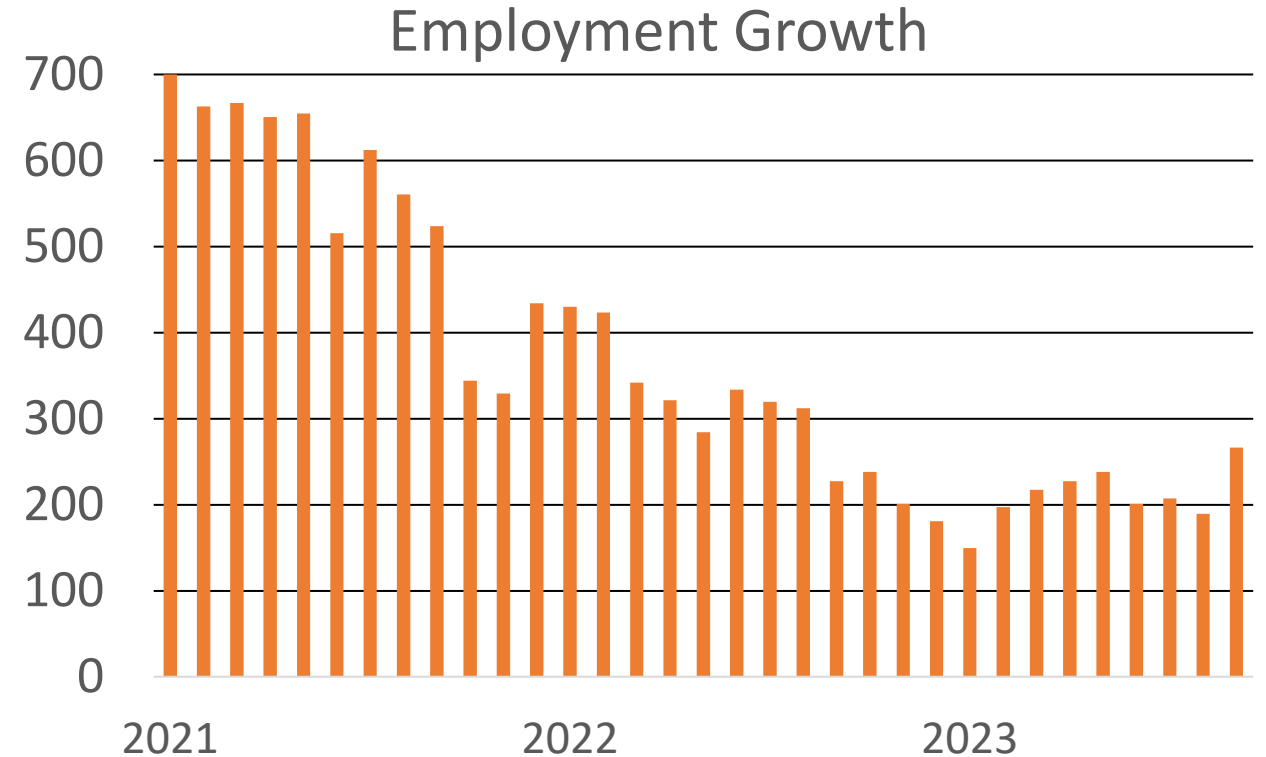
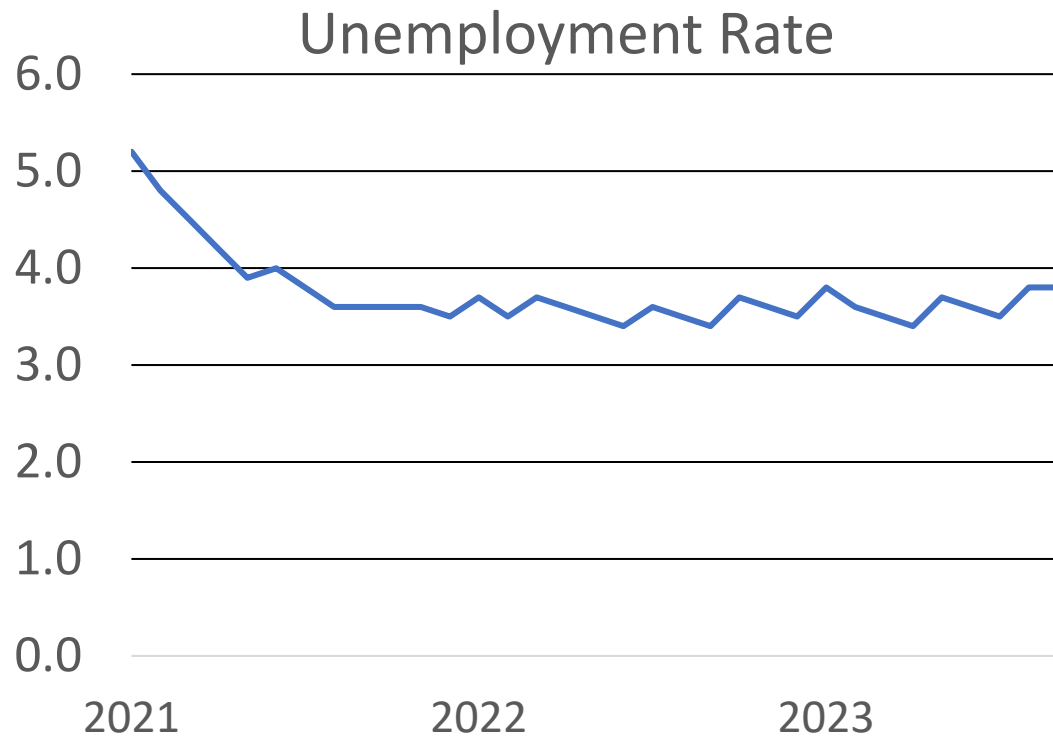


Note: Shaded blue range indicates 25th to 75th percentile of the 1-month growth rates computed over the past 10 full calendar years. Gray bars indicate recession periods.
Source: Bureau of Economic Analysis

Price increases for goods are decelerating, but less so for some services and housing prices.

Inflation expectations remain well-anchored.

We are still adding jobs to the U.S. economy, but the pace has slowed. Unemployment remains low.



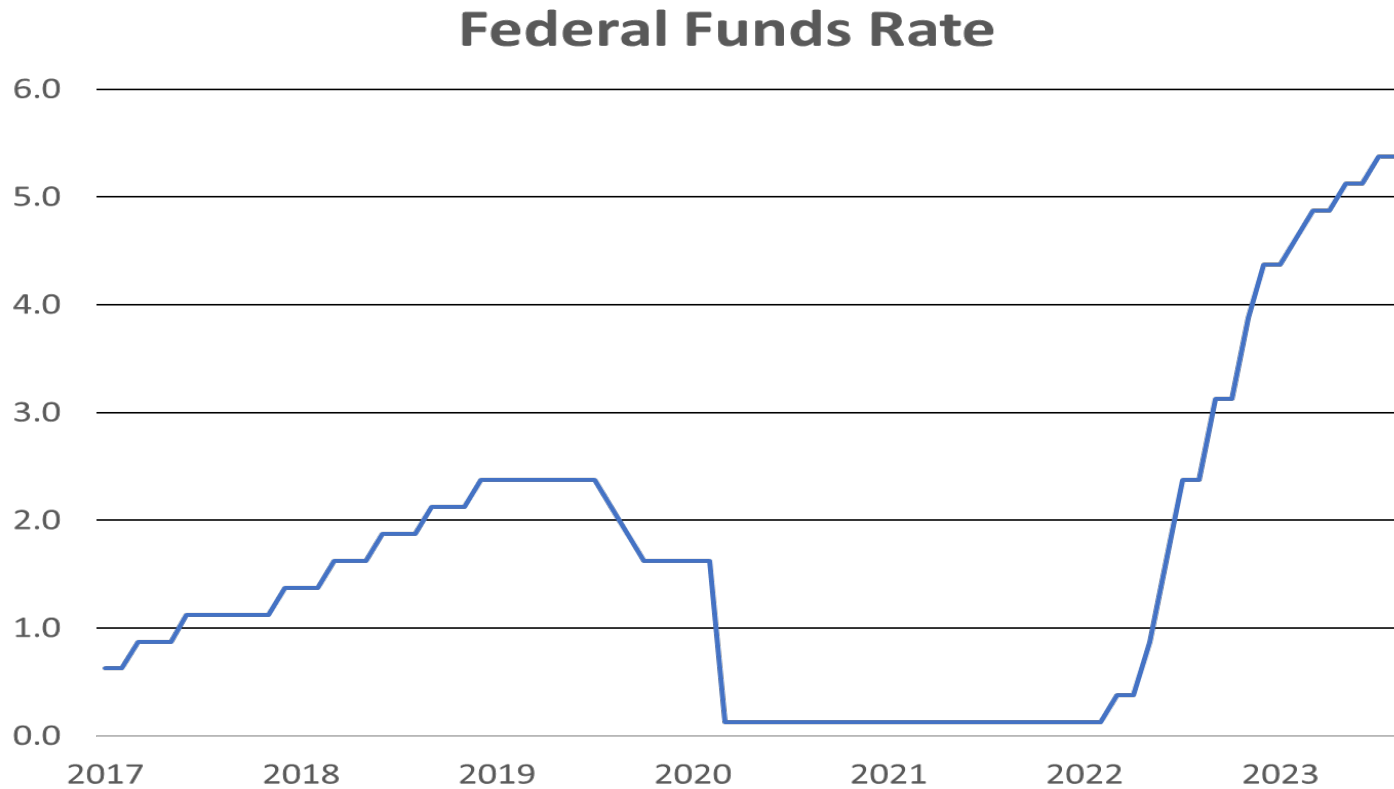
Demand for labor has slowed and the supply of labor continues to increase. As a result, the labor force “gap” has narrowed.

Gap

6.1 million
(March 2022)

3.0 million
(July 2023)

The current situation: Monetary Policy



“As for the stance of monetary policy, I believe it is sufficiently restrictive now. And because I expect the path to 2 percent inflation to be bumpy, I believe our policy rate must remain at this level well into 2024.”



Monetary Policy: Part Art, Part Science

**“When you talk to
people and they tell you
real things, it’s real.”**





The [economy's] likely trajectory is that we are not going to see a recession. It's not in my outlook. We are going to see a slowdown, and inflation will get to 2%."

SQUAWK BOX

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Atlanta Fed President Raphael Bostic: We are not going to see a recession

Economic projections of Federal Reserve Board members and Federal Reserve Bank presidents.

| <i>September 2023 Projections</i> <i>(Median)</i> | 2023 | 2024 | 2025 | Longer Run |
|--|------|------|------|------------|
| Economic Growth | 2.1 | 1.5 | 1.8 | 1.8 |
| Inflation (PCE) | 3.2 | 2.5 | 2.1 | 2.0 |
| Core Inflation (PCE) | 3.7 | 2.6 | 2.3 | 2.0 |
| Unemployment | 3.8 | 4.1 | 4.1 | 4.0 |
| Fed Funds Rate | 5.6 | 5.1 | 3.9 | 2.5 |
| FFR June Projection | 5.6 | 4.6 | 3.4 | 2.5 |

The median is calculated by taking the “middle” value, the value for which half of the observations are larger and half are smaller.

**The Fed is
committed to
popping the
inflation bubble.**



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