



Overcoming obstacles: How the US economy continues to grow

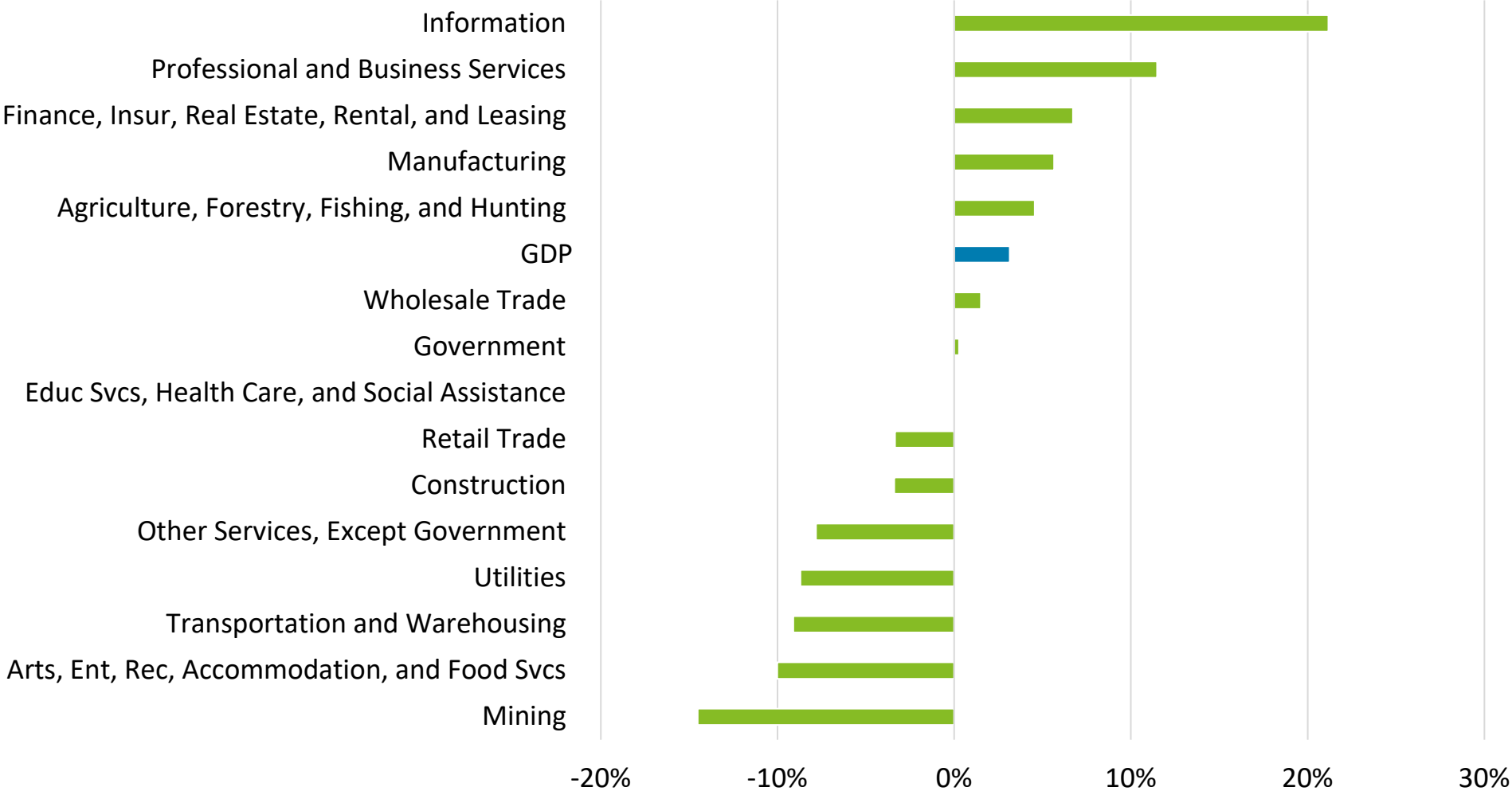
Danny Bachman, US Economic Forecaster

Current state of the economy: just how much damage did Covid do?



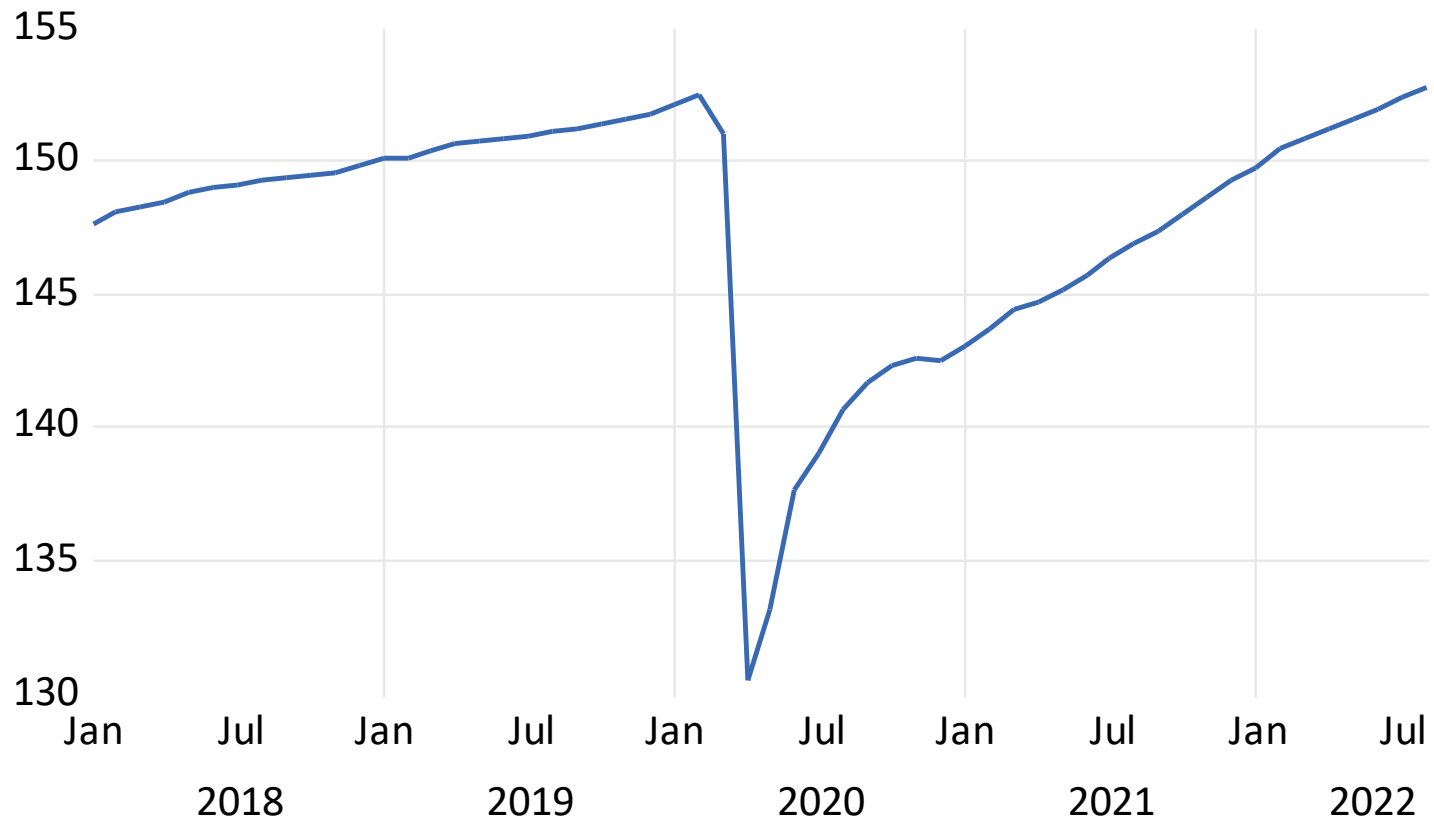
GDP by Industry

Percent change from 2019q4 to 2022Q1



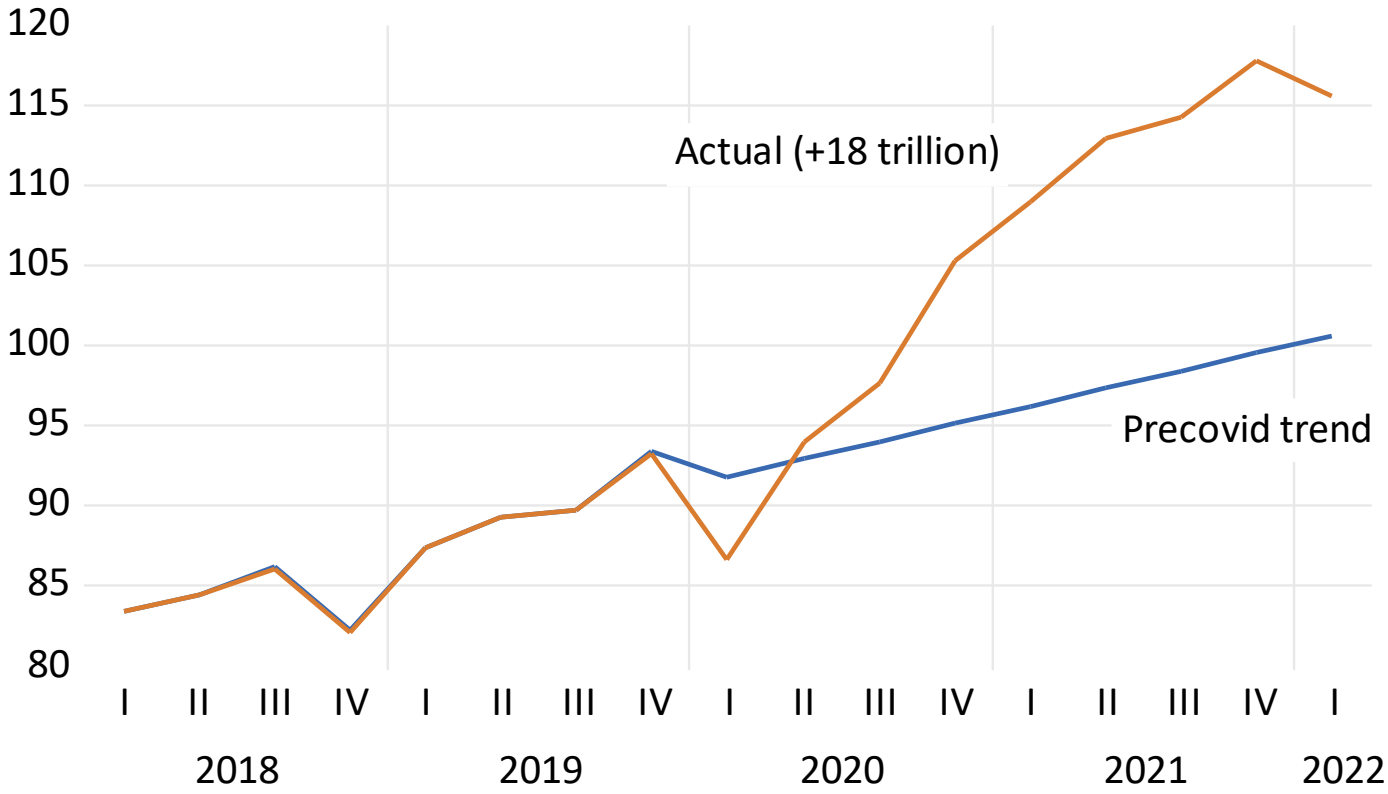
Source: BEA/Haver Analytics

Payroll employment Millions



Source: BLS/Haver Analytics

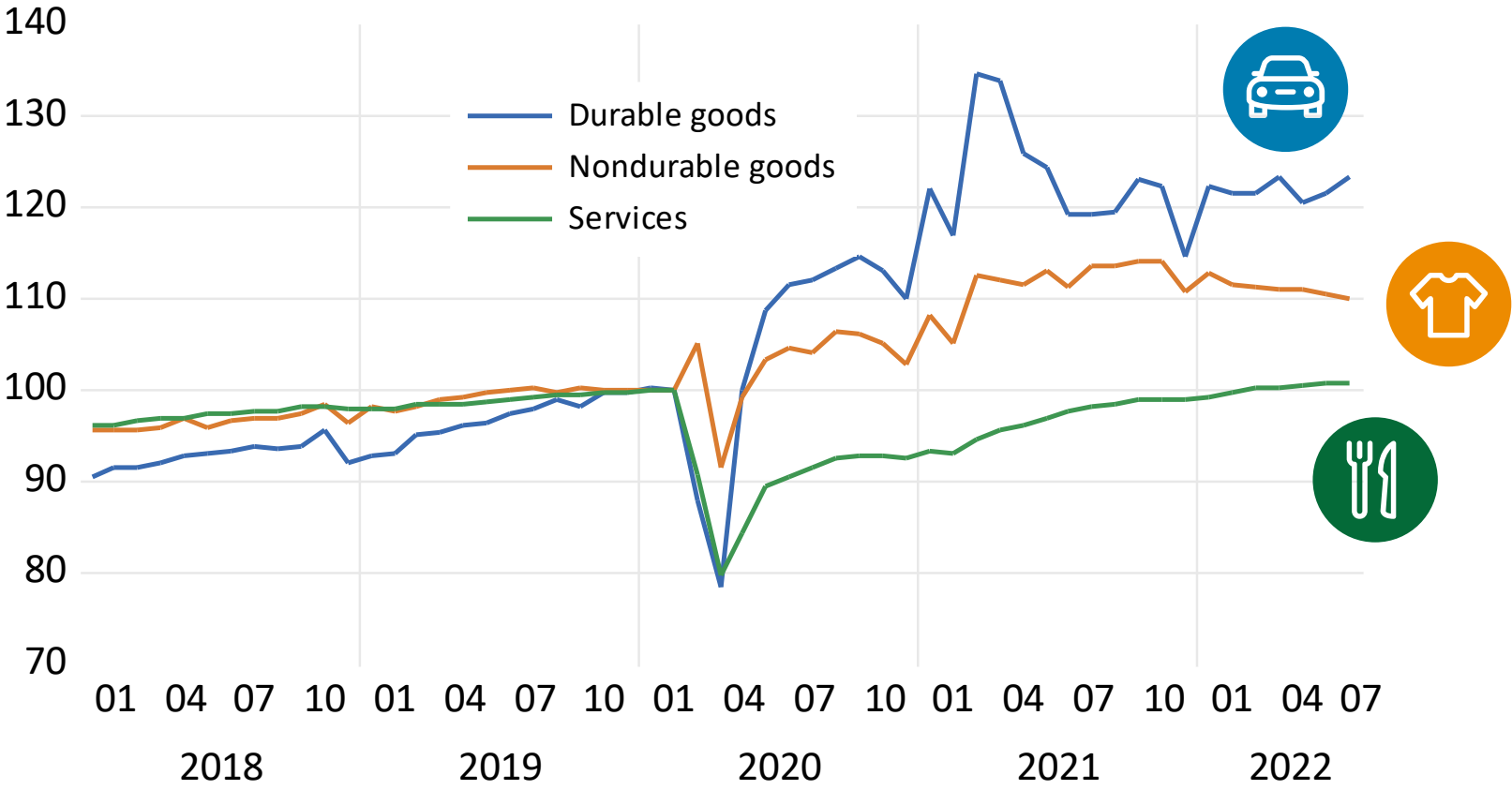
US Household financial assets US \$ trillions



Source: Federal Reserve/Haver Analytics and Deloitte

Consumer spending

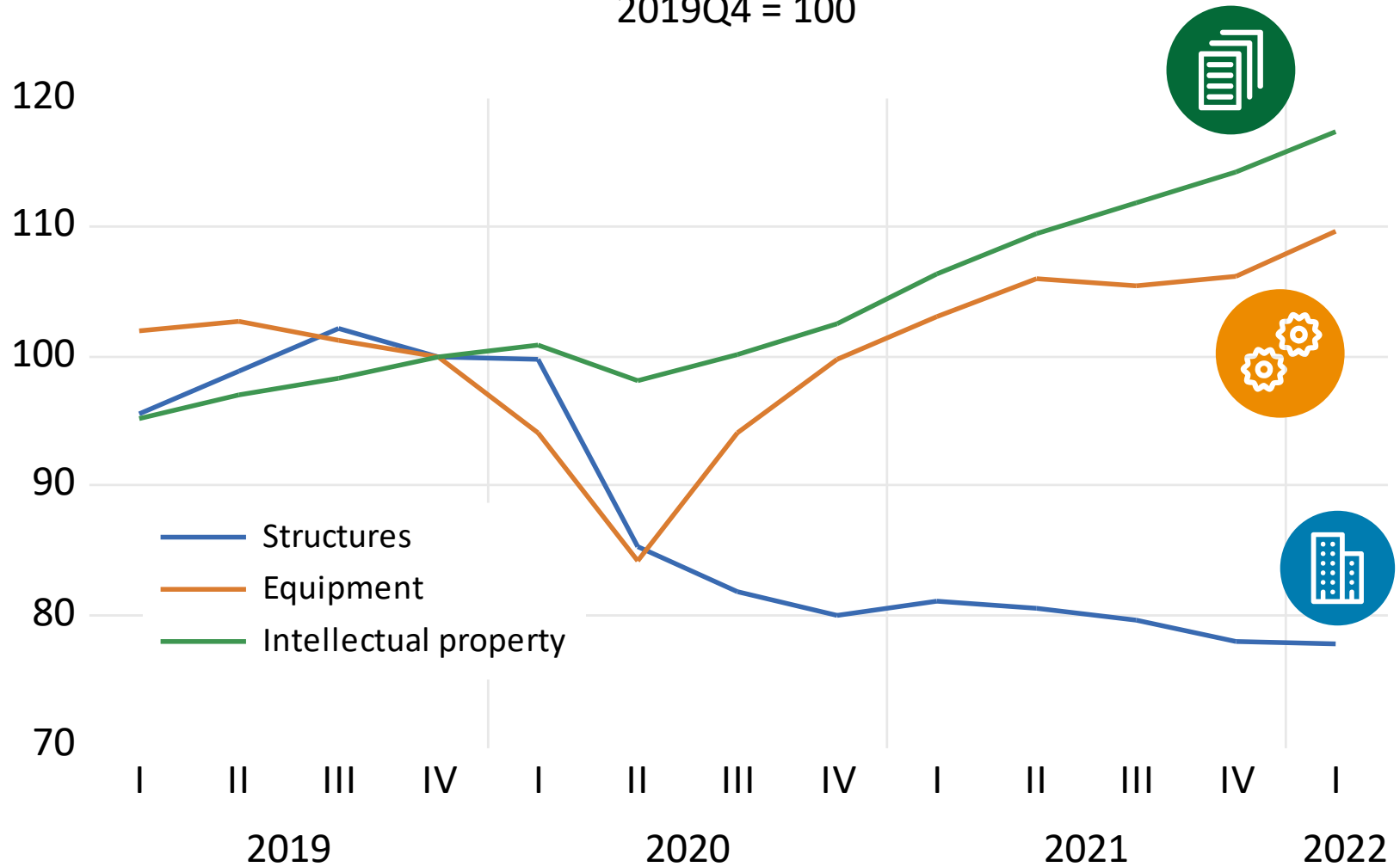
February 2020=100



Source: BEA/Haver Analytics

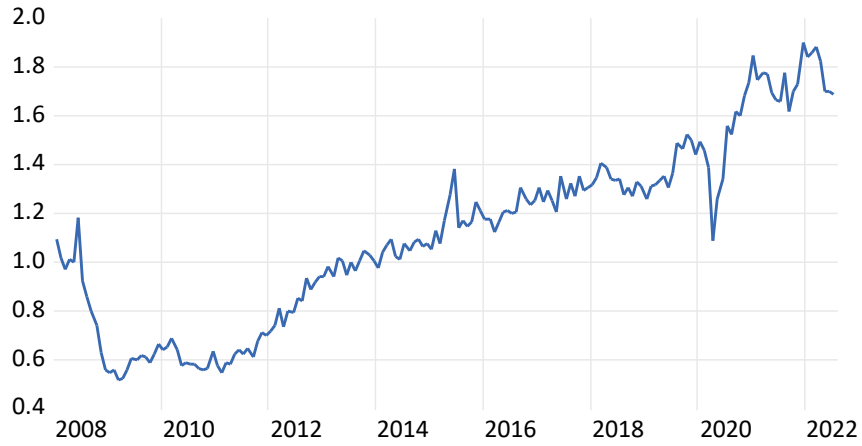
Nonresidential investment

2019Q4 = 100



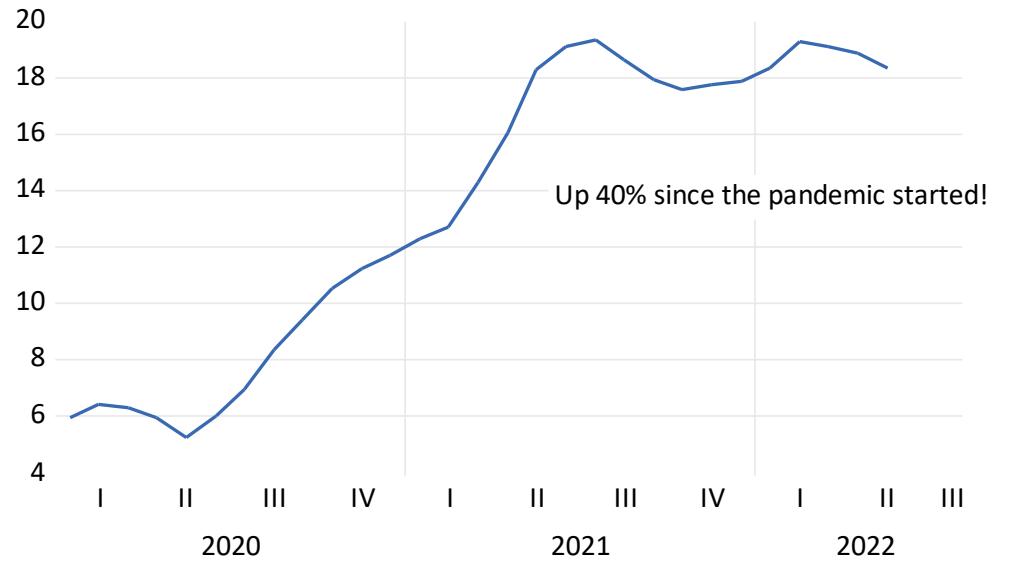
Source: BEA/Haver Analytics

Housing Permits
Millions, annual rate



Source: Census/Haver Analytics

House prices, repeat sales
Percent change, year ago



Source: FHFA/Haver Analytics

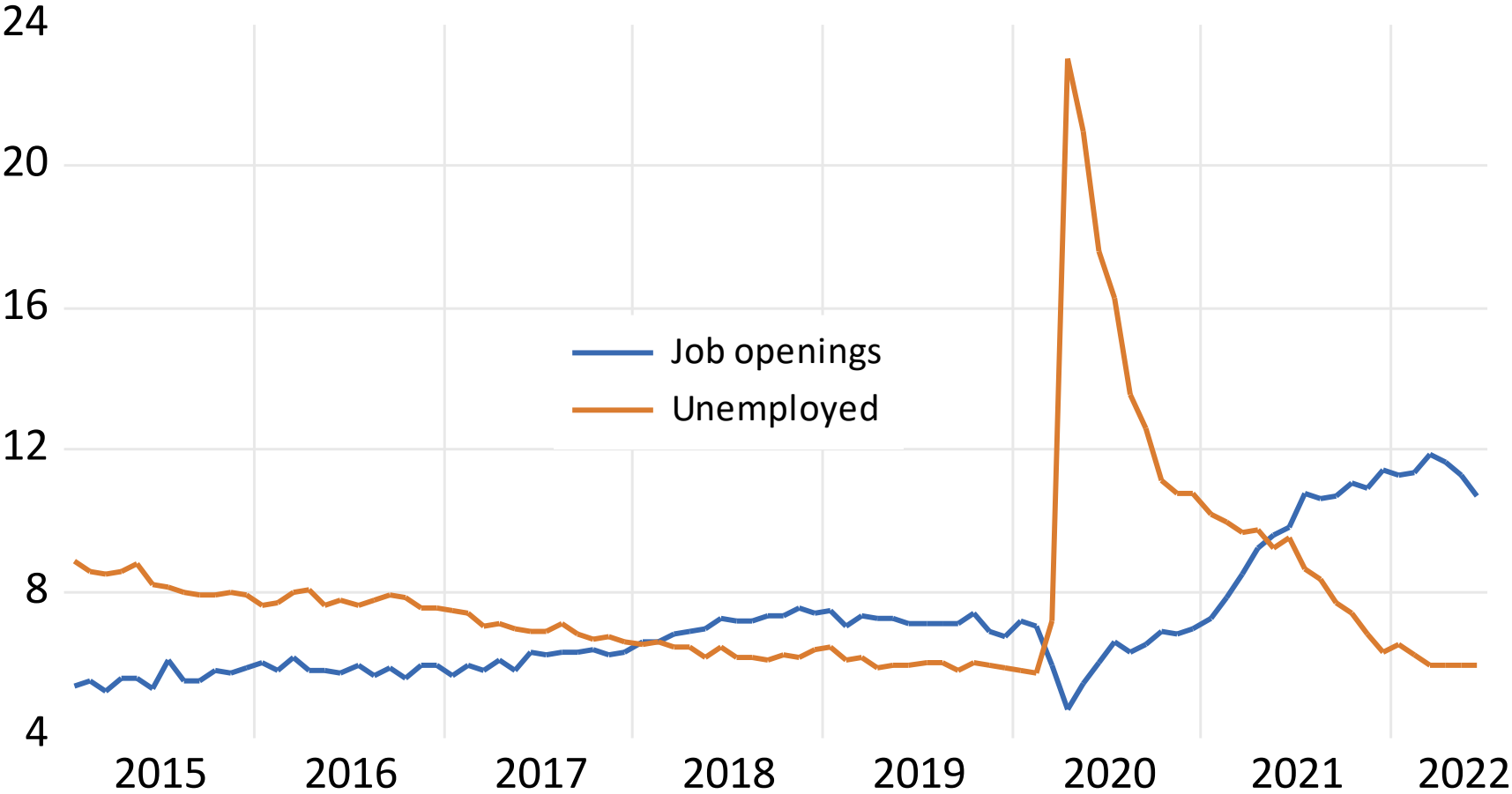
Key Considerations

#1 Labor market



Job openings and unemployed

Millions

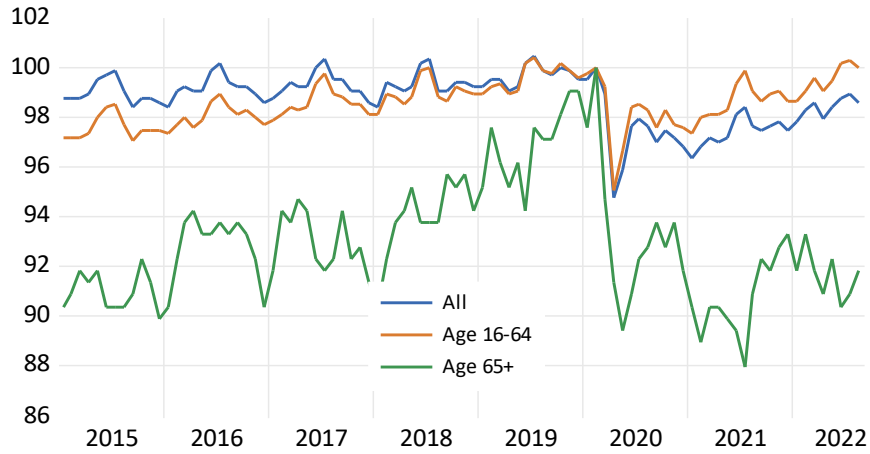


Source: BLS/Haver Analytics



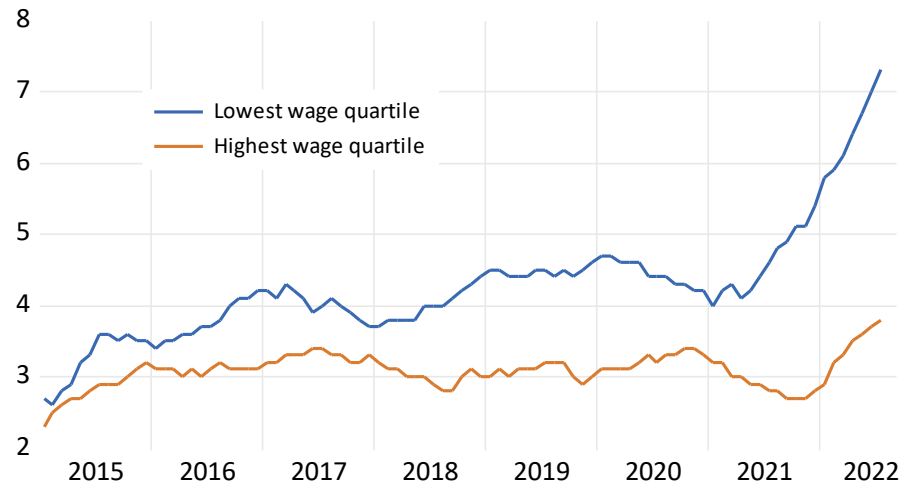
• Source: BLS/Haver Analytics

Labor force participation rate
100 in February 2020



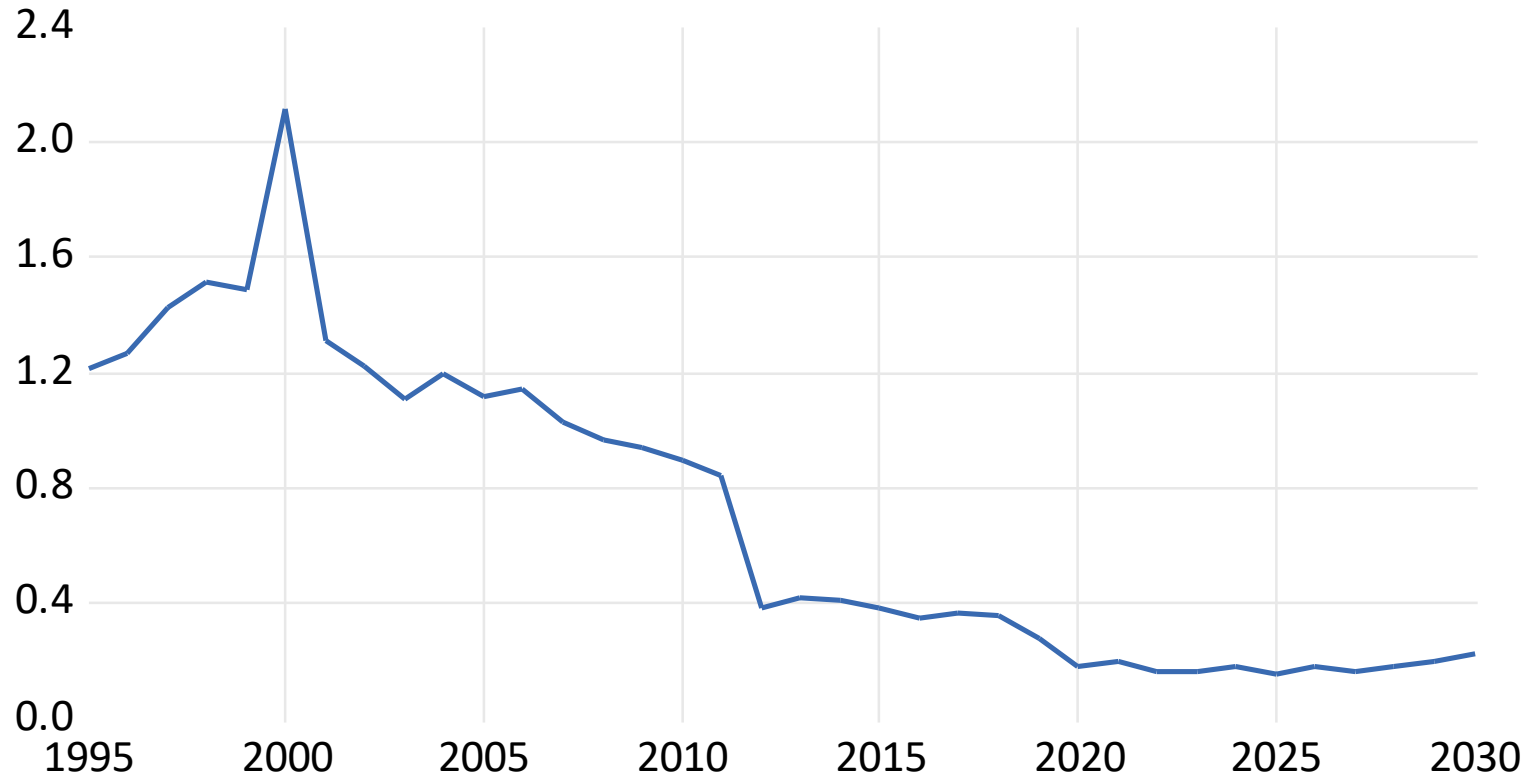
Source: BLS/Haver Analytics

Atlanta Fed wage tracker
Percent change, previous year



Source: Atlanta Fed/Haver Analytics

Resident working age population (18-64 years) Percent change



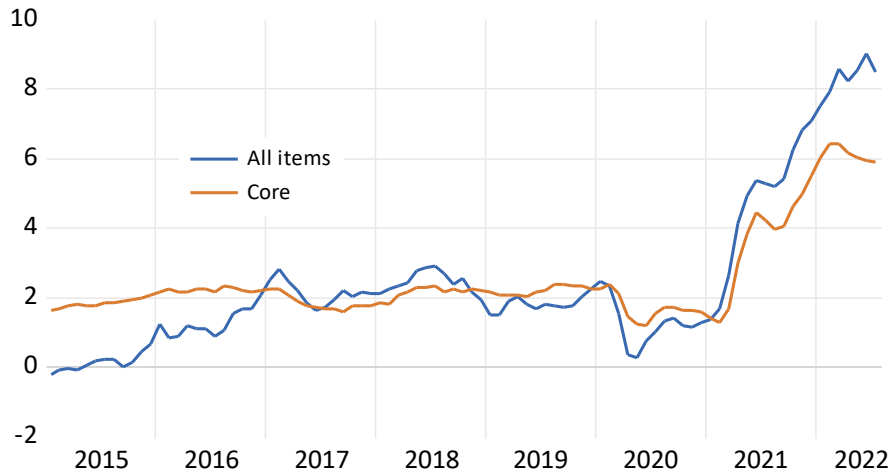
Source: Census/Haver Analytics

Key Considerations

#2 Inflation

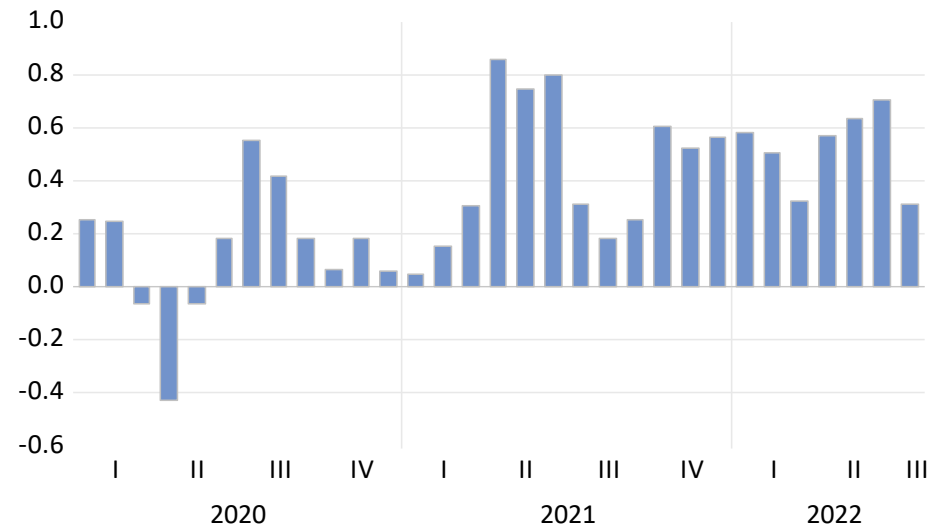


CPI
Percent change, year ago



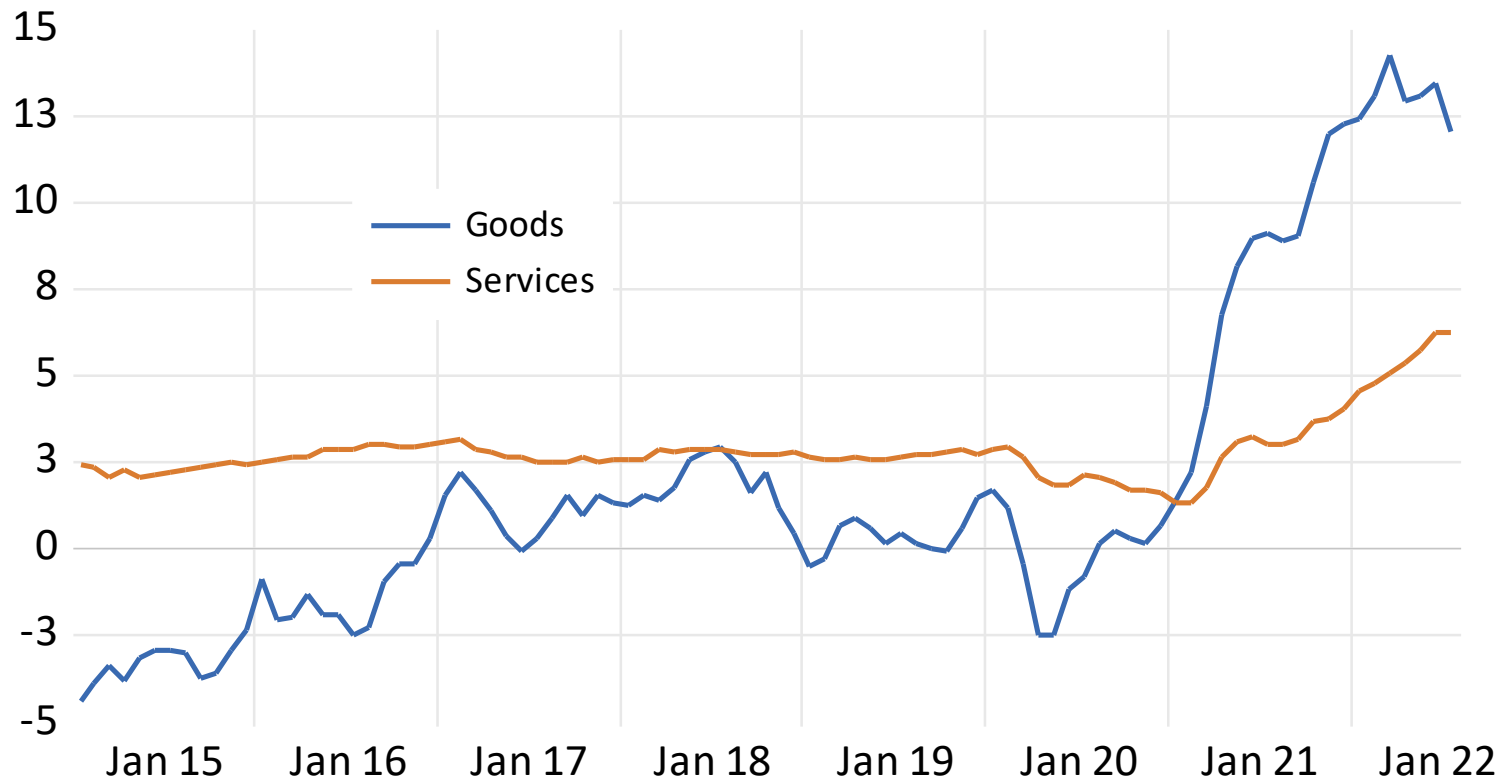
Source: BLS/Haver Analytics

Core CPI
Month to month change



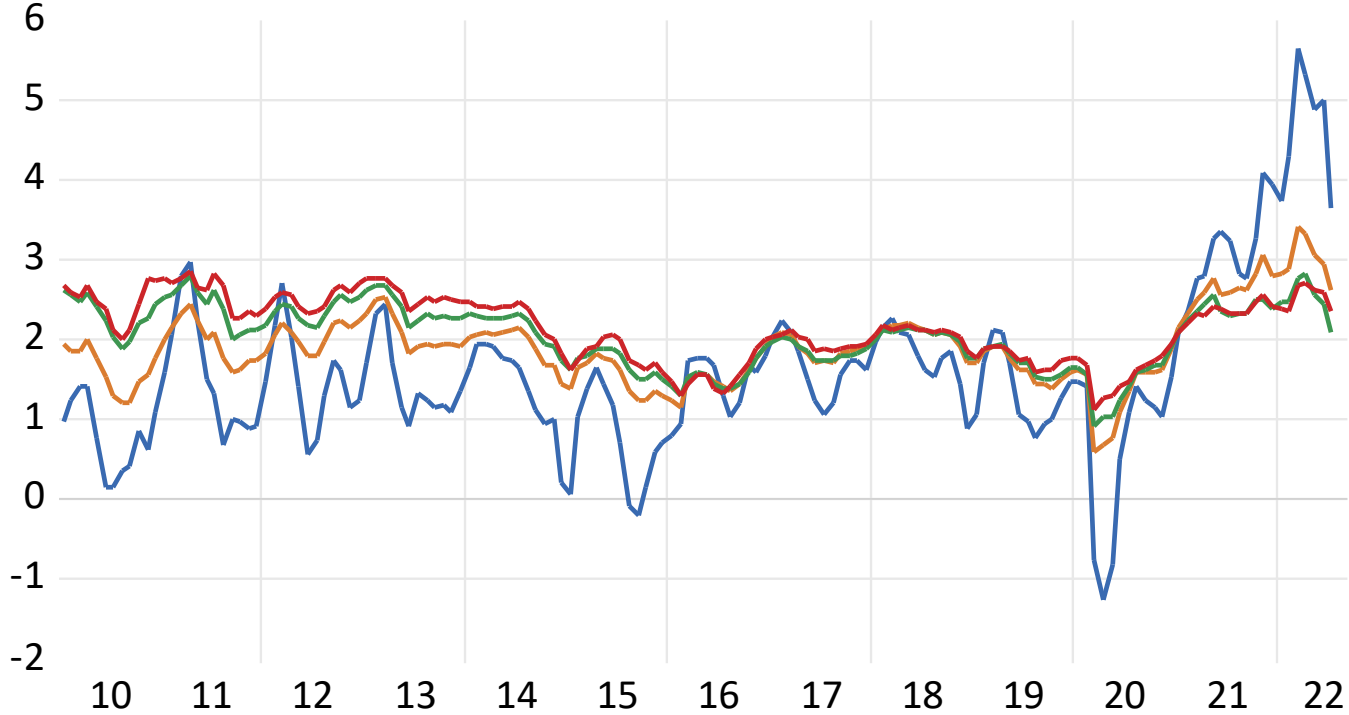
Source: BLS/Haver Analytics

CPI by type Percent change, year ago

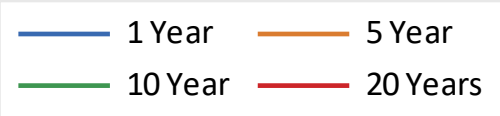


Source: BLS/Haver Analytics

US Treasury Breakeven inflation rate
Percent at indicated horizon

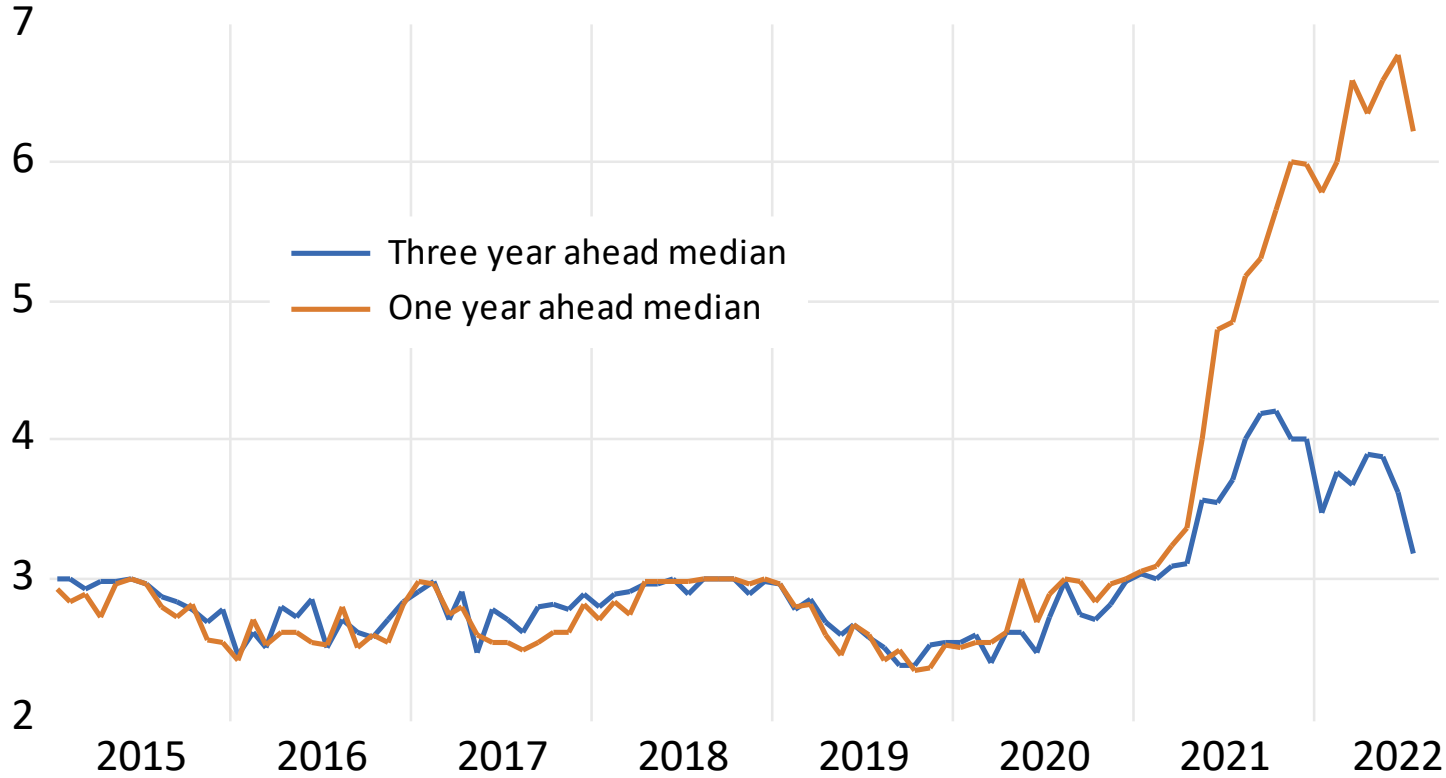


Source: US Treasury/Haver Analytics



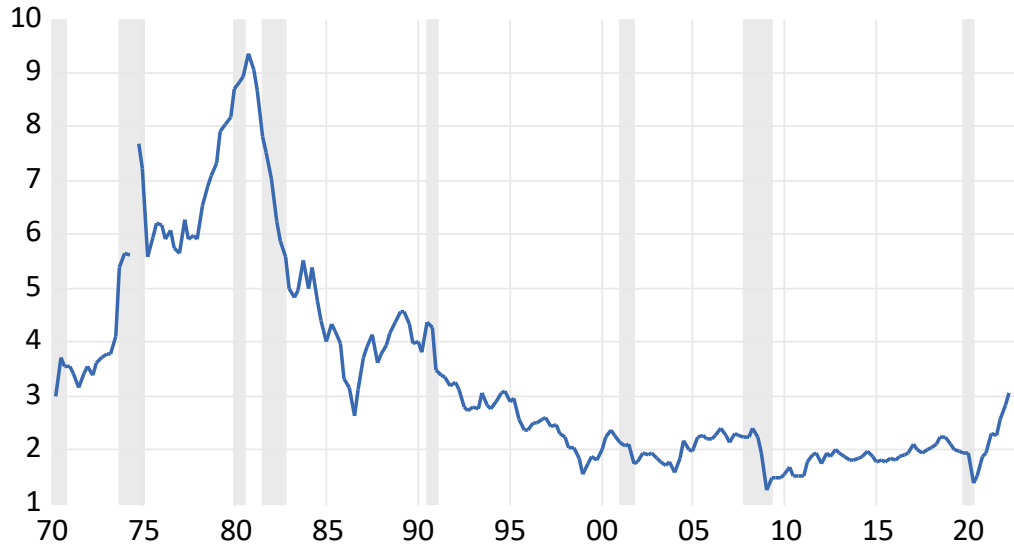
Consumer expectations for inflation

Percent



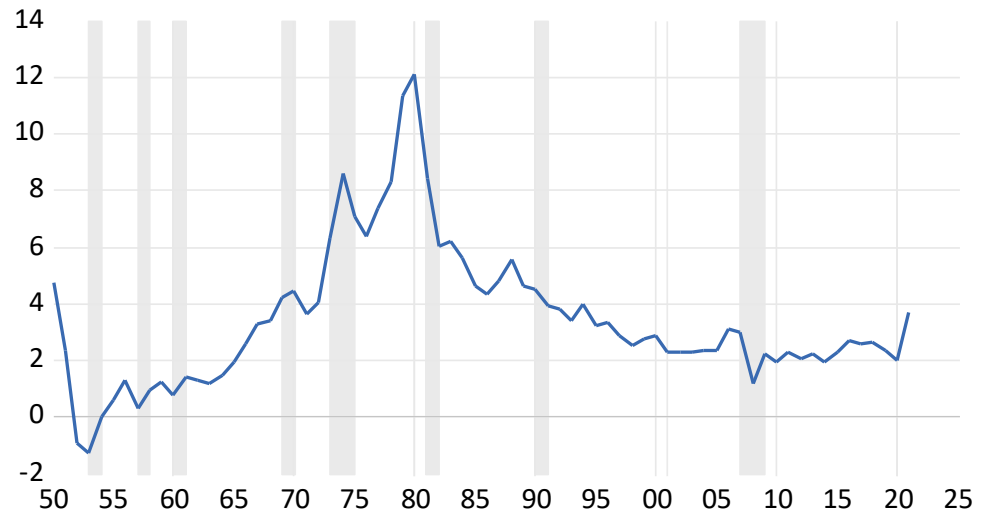
Source: New York Fed/Haver Analytics

One year ahead GDP price index inflation expectations
 Survey of Professional Forecasters
 Percent



Source: Philadelphia Federal Reserve Bank/Haver Analytics

One year ahead CPI inflation projections
 Livingston Survey
 Percent

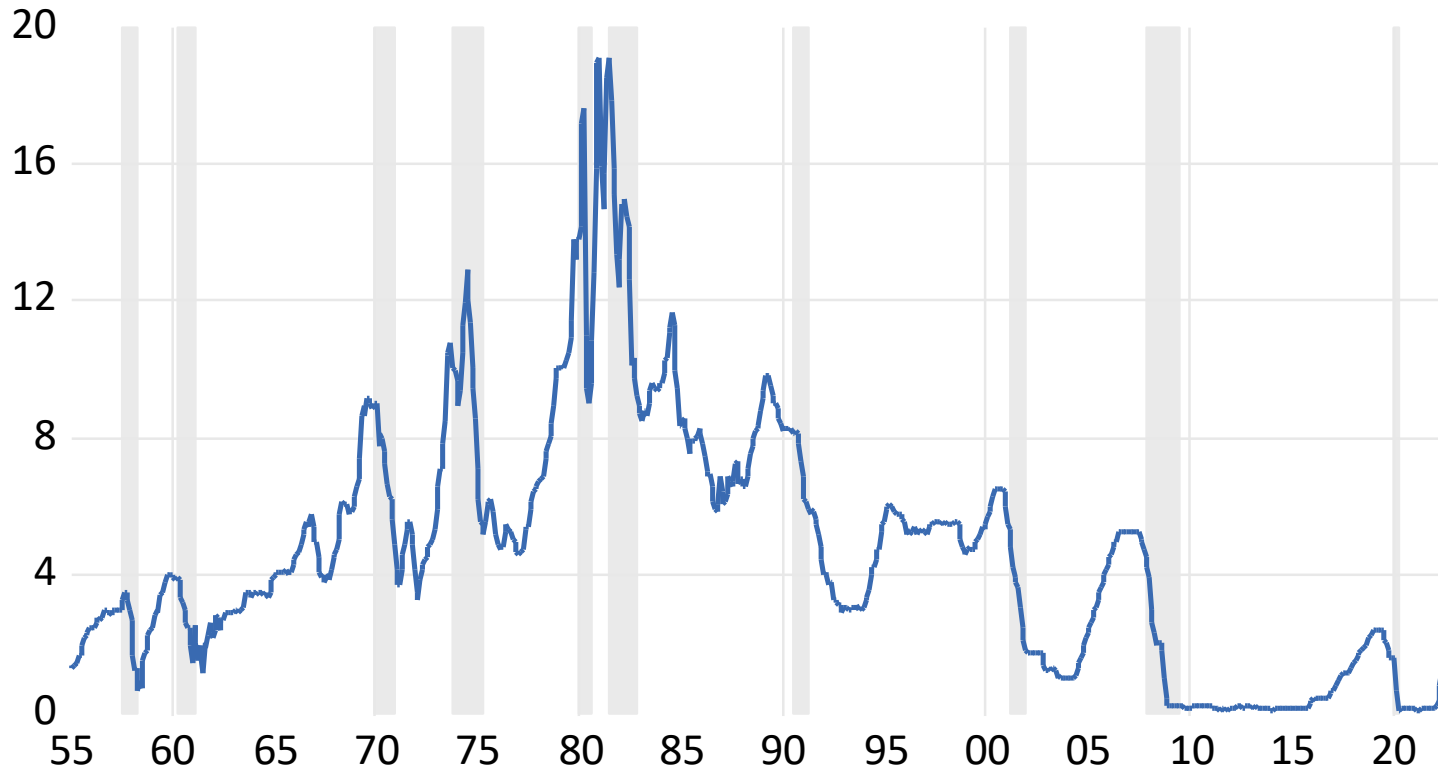


Source: Philadelphia Federal Reserve Bank/Haver Analytics

#3 Recession



Federal funds rate Percent



Source: Federal Reserve/Haver Analytics

Business cycle peak**Cause**

2020

Covid-19 Pandemic

2007

Housing bubble bursting

2001

Tech bubble bursting and 9/11 terrorist attacks

1990

Iraq war oil shock and S&L collapse

1982

Monetary tightening

1980

Monetary tightening

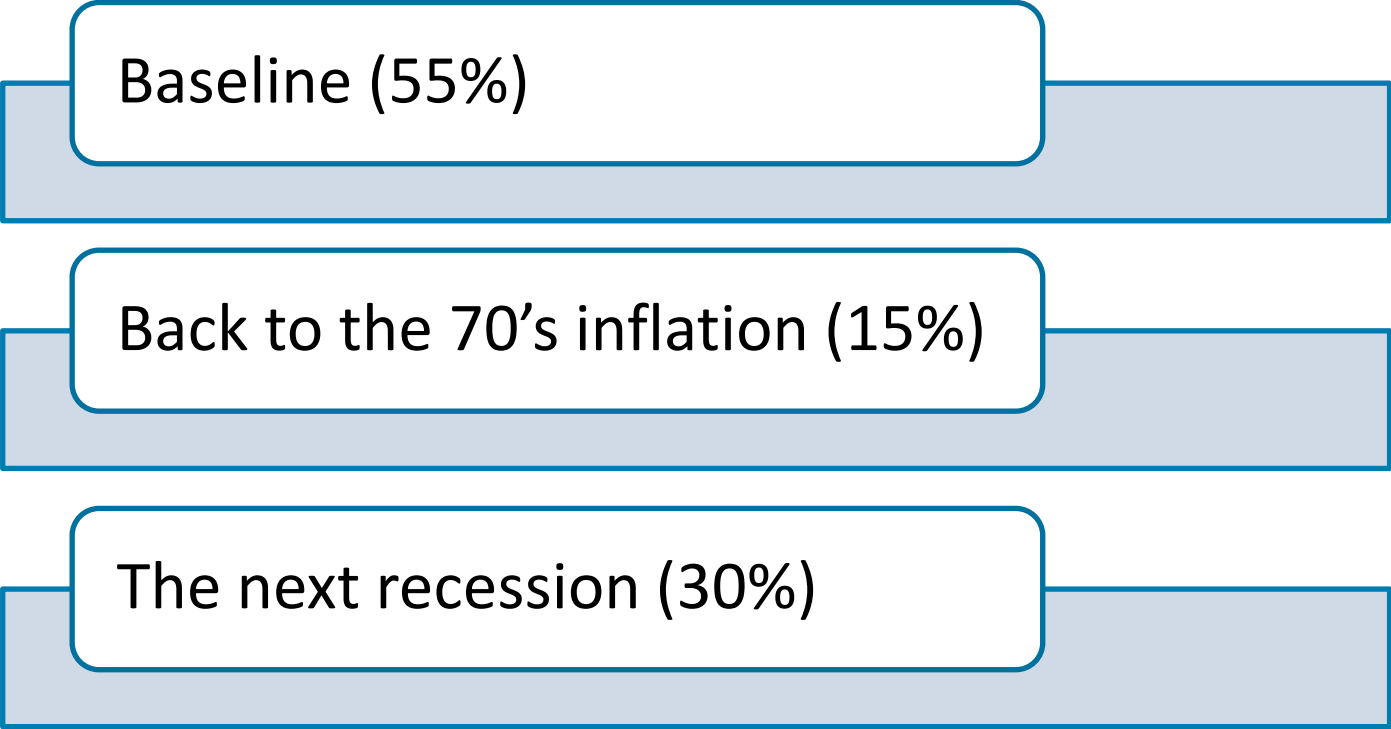
1973

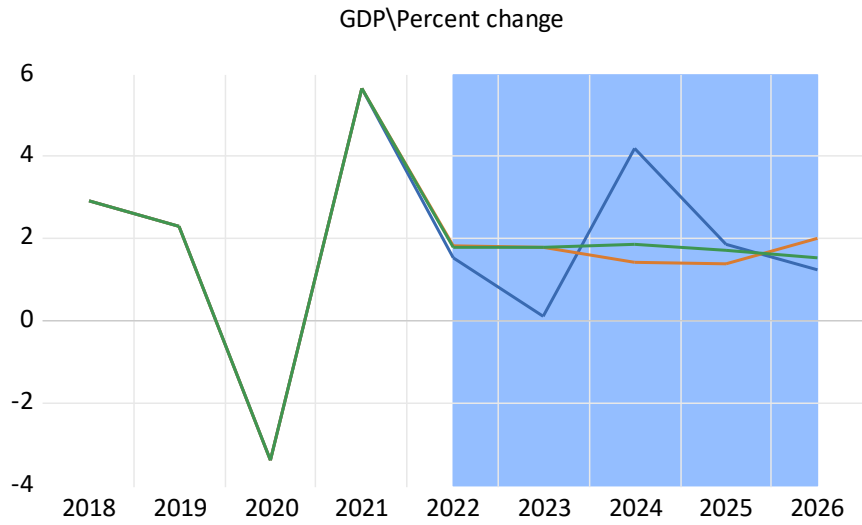
OPEC oil shock">

The forecast



US Economic Forecast scenarios





Source: BEA/Oxford Economics and Deloitte

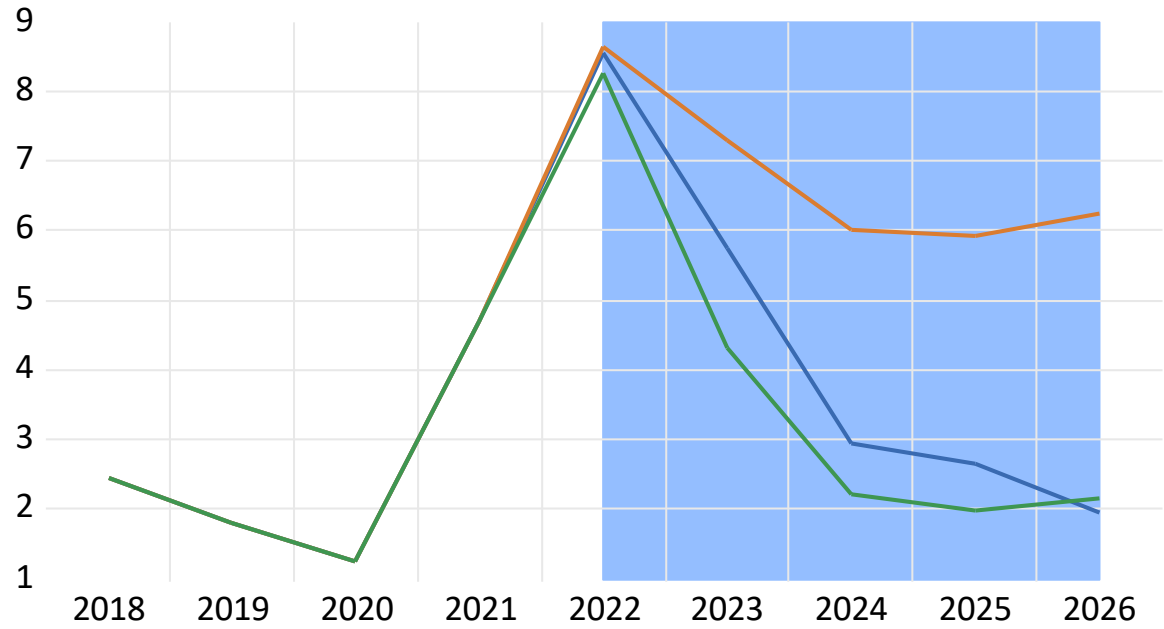
- Recession
- Inflation
- Baseline



Source: BLS/Oxford Economics and Deloitte

- Recession
- Inflation
- Baseline

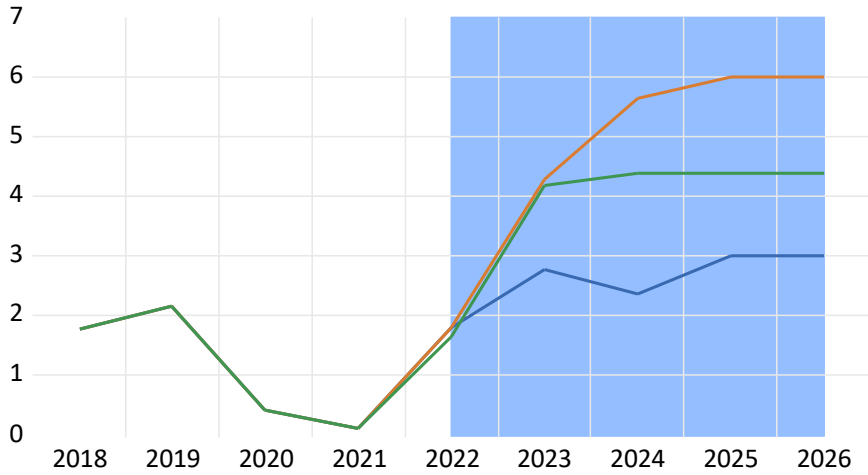
CPI Four quarter percent change



Source: BLS/Oxford Economics and Deloitte

- Recession
- Inflation
- Baseline

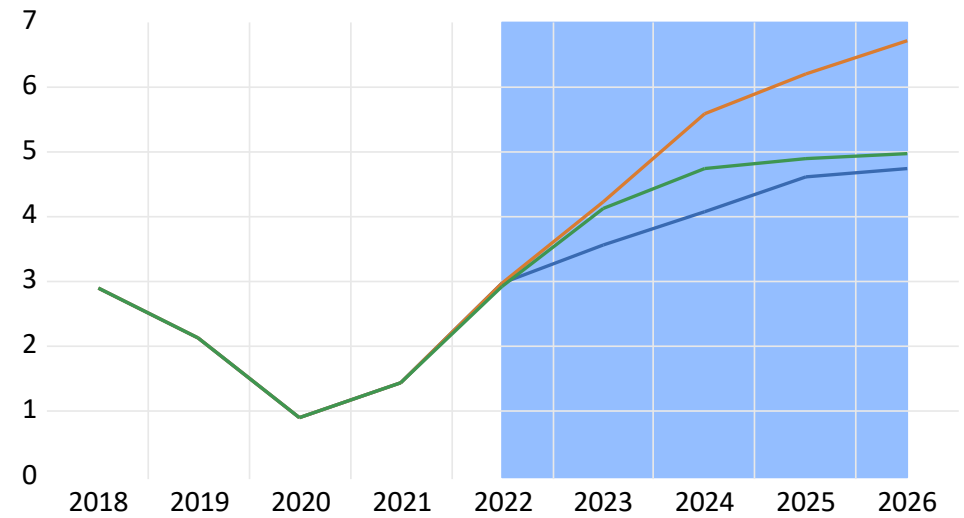
Fed Funds rate
Percent



Source: Federal Reserve/Oxford Economics and Deloitte

- Recession
- Inflation
- Baseline

10-year note yield
Percent



Source: Federal Reserve/Oxford Economics and Deloitte

- Recession
- Inflation
- Baseline



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