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Trying to Stick the Landing

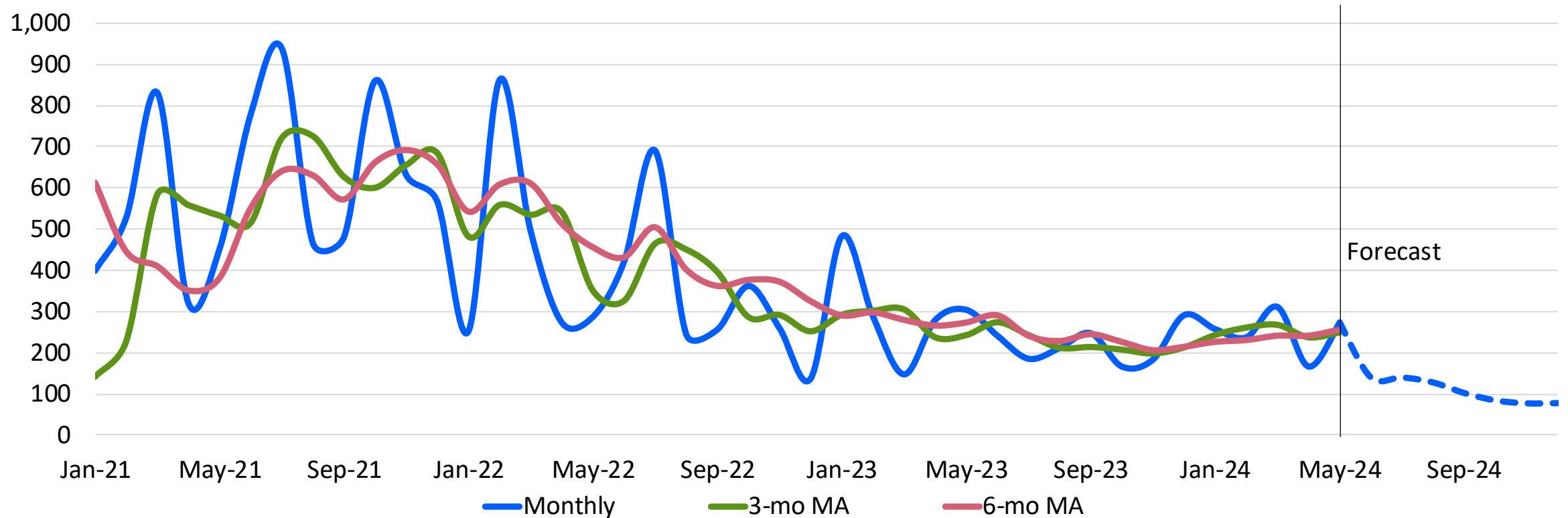
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Adam Kamins, Senior Director, Moody's Analytics

June 17, 2024

Three- and Six-Month Moving Averages of Job Growth Plateau

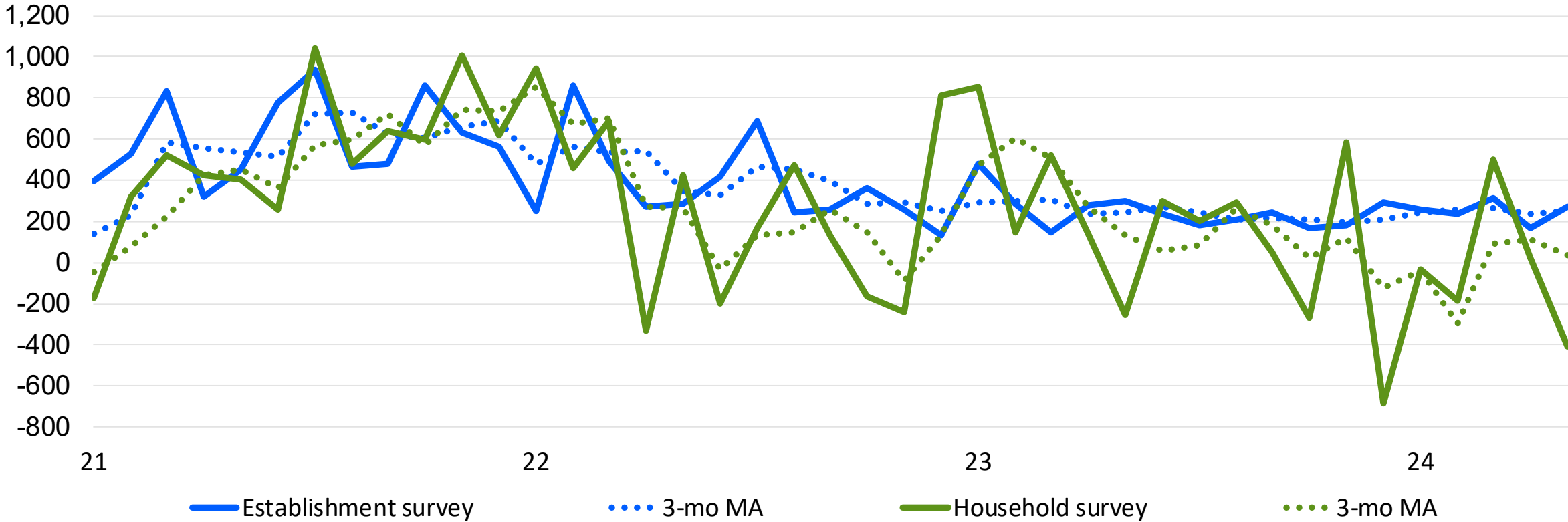
Monthly change in nonfarm payroll employment, ths



Sources: BLS, Moody's Analytics

May Brought Familiar Dissonance

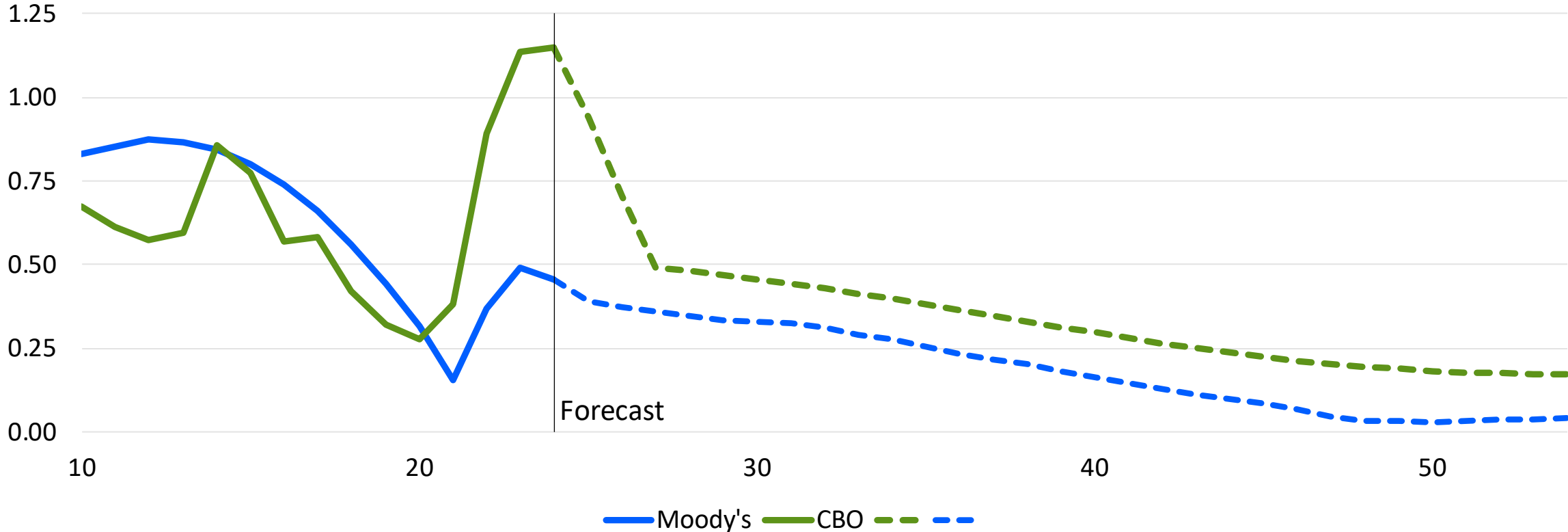
Change from previous mo, ths



Sources: BLS, Moody's Analytics

Immigration Props Up Population Growth...

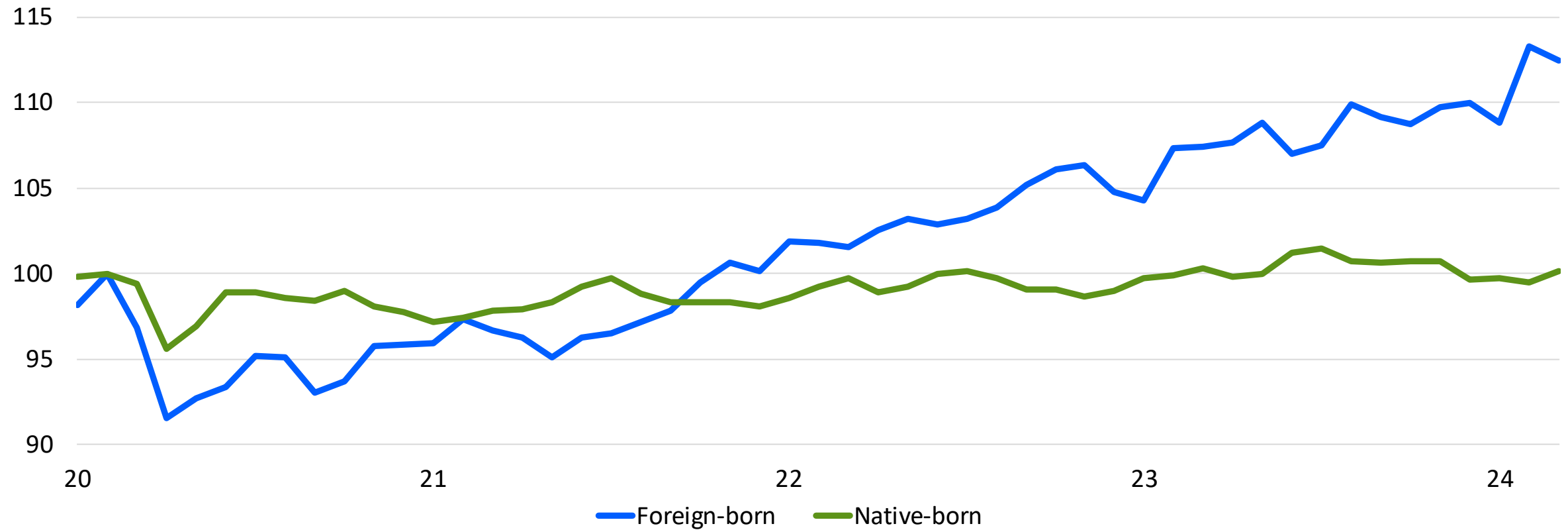
Population, % change



Sources: Census Bureau, Congressional Budget Office, Moody's Analytics

...And Boosts Labor Force Gains

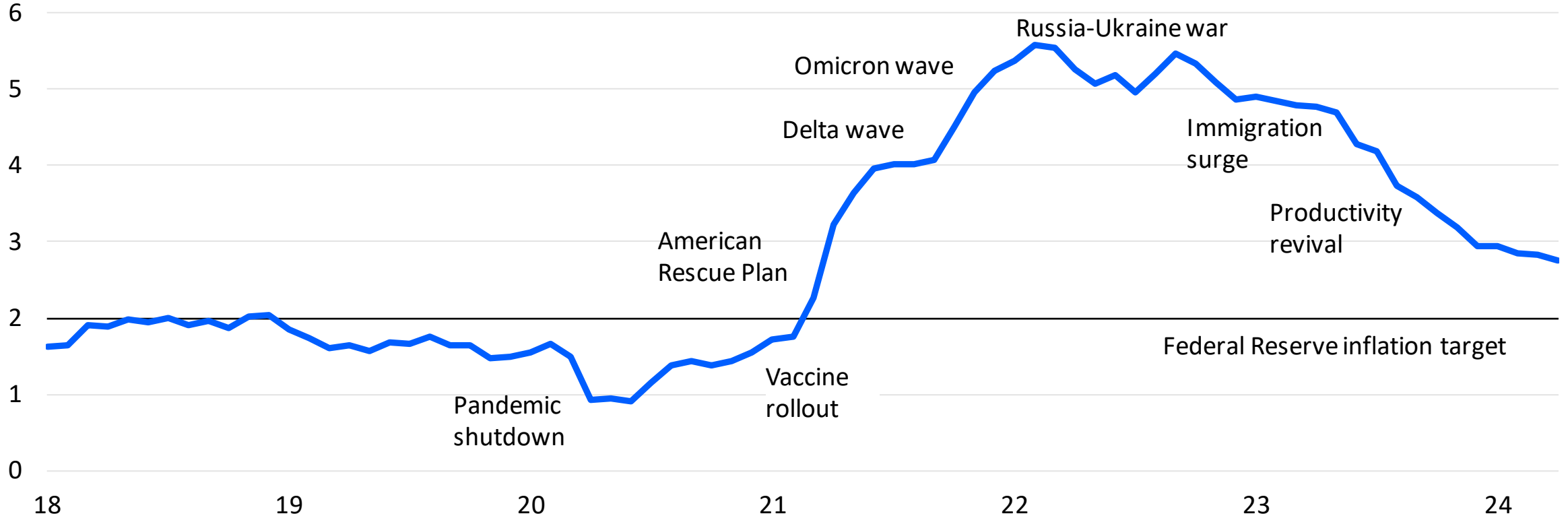
Labor force, Feb 2020=100, NSA



Sources: BLS, Moody's Analytics

Inflation Heads Back to Federal Reserve's Target

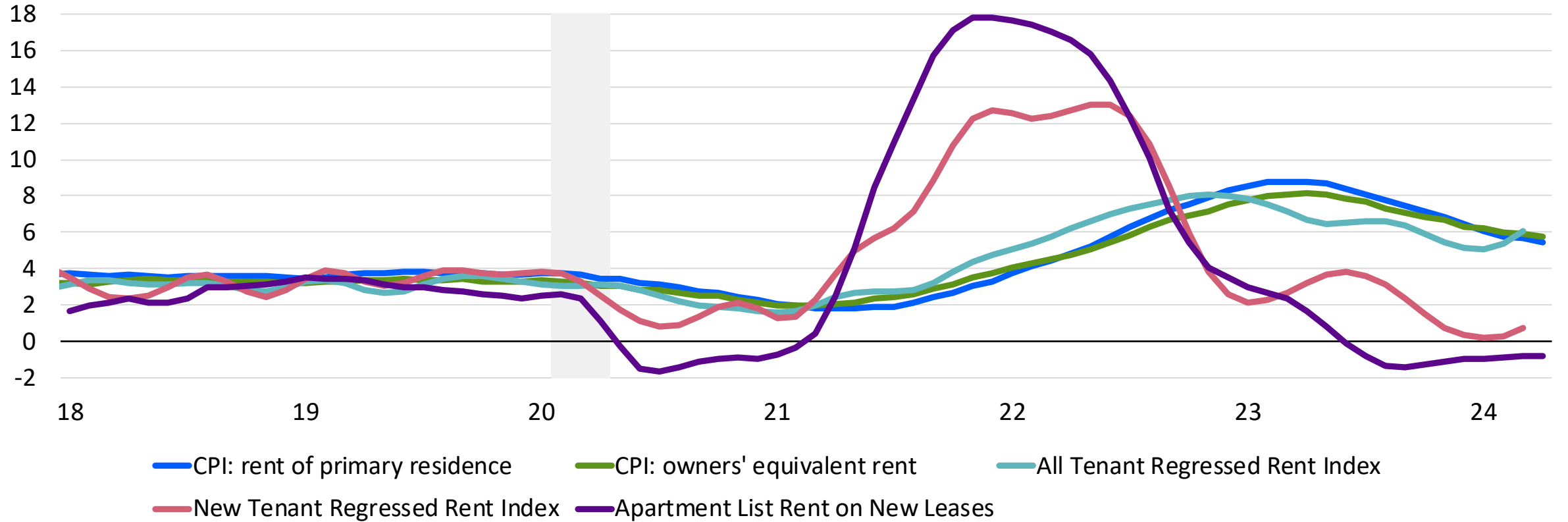
Core consumer expenditure deflator, % change yr ago



Sources: BLS, Moody's Analytics

Slowing Rent Growth on New Leases Points to Moderation in Inflation...

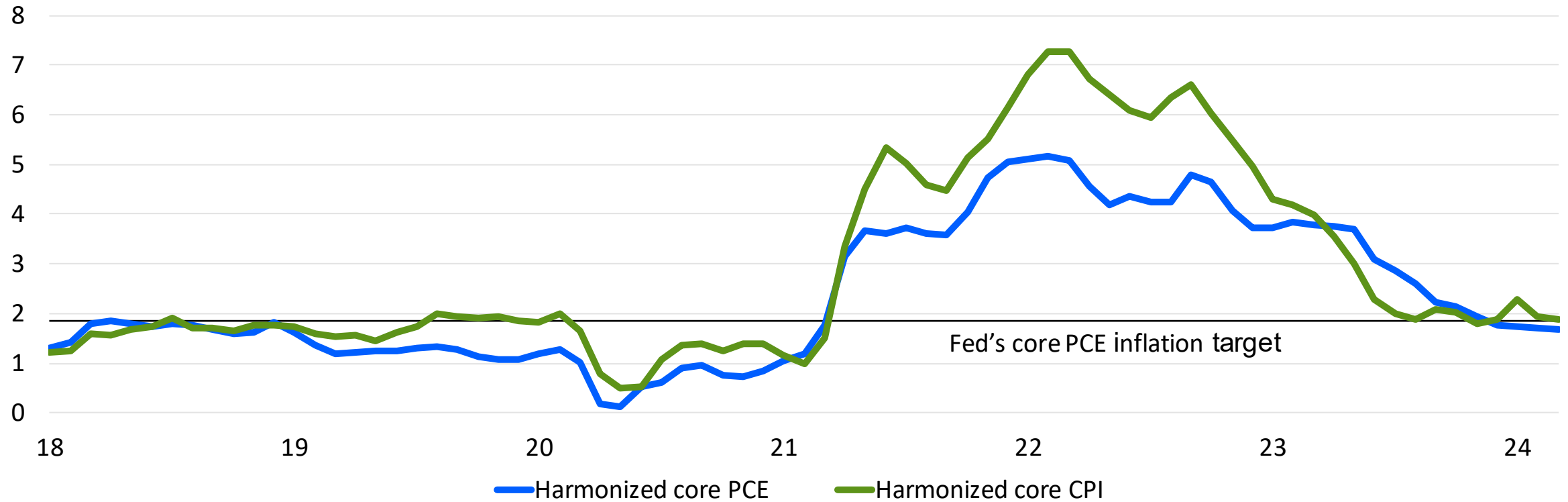
% change yr ago



Sources: BLS, Apartment List, Moody's Analytics

...And Suggests That We May Already Be Back to Target

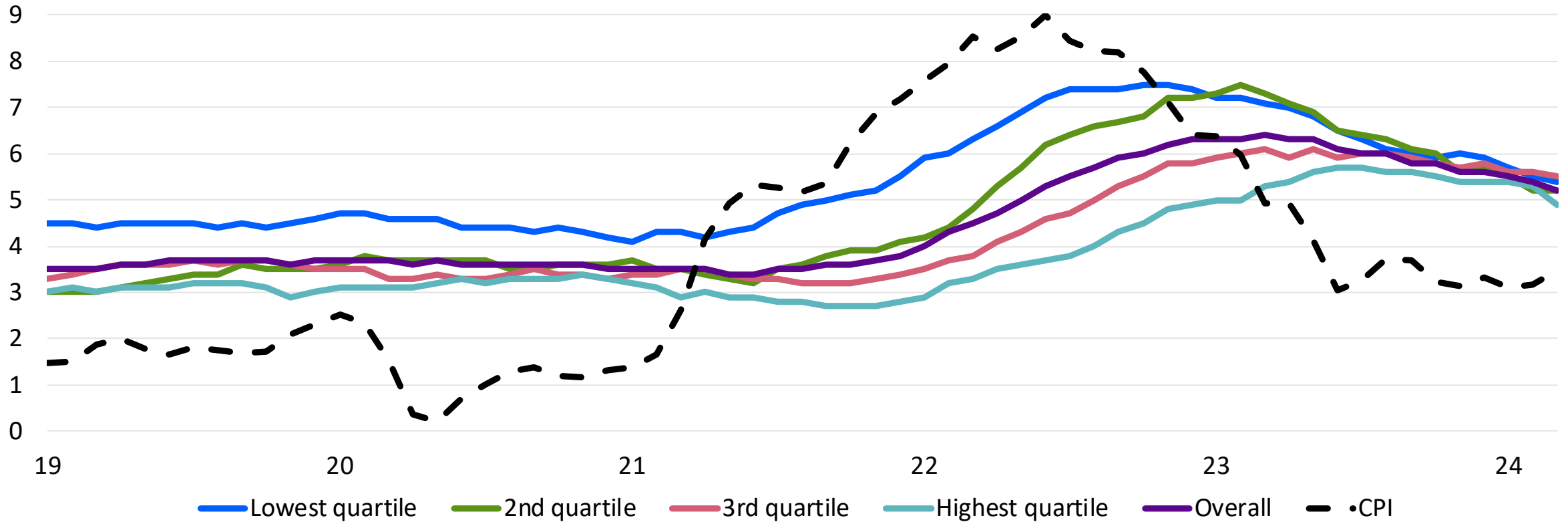
Harmonized core inflation, % change yr ago



Sources: BLS, Moody's Analytics

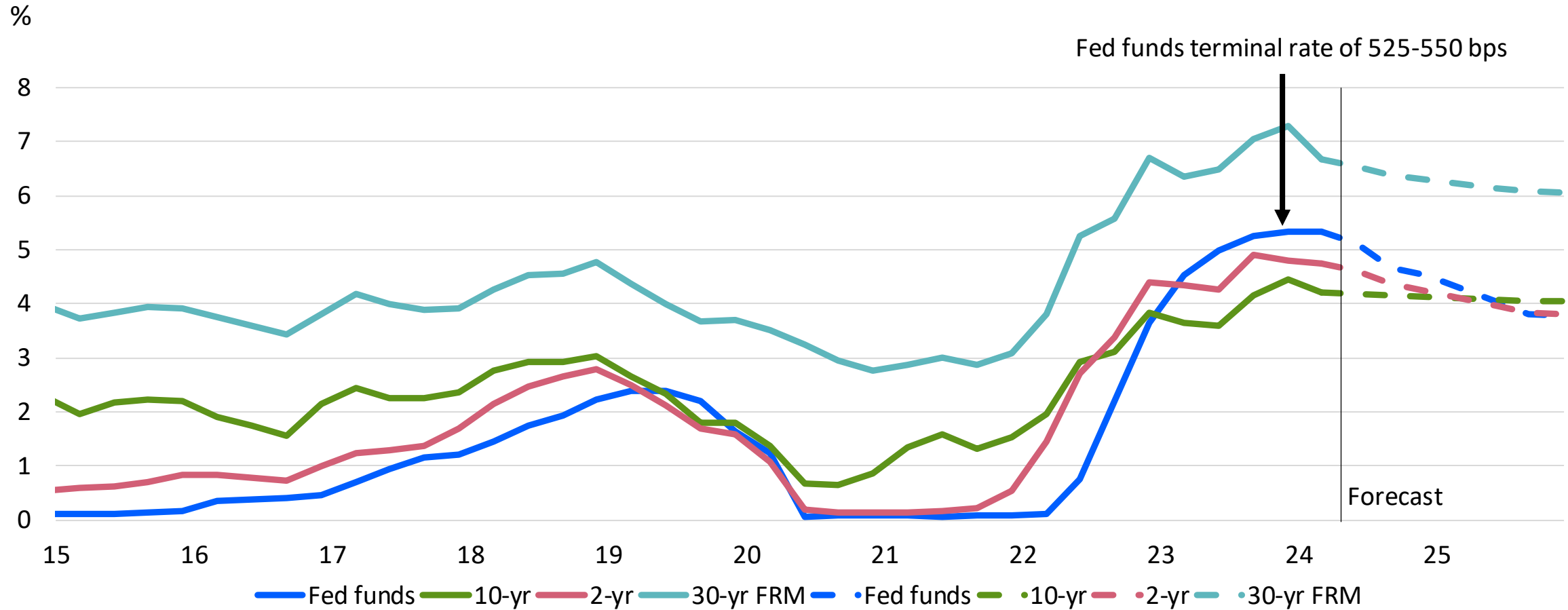
Wage Growth Moves Back Ahead of Inflation, but Scars Remain

Wage growth by wage quartile and consumer price index, % change yr ago



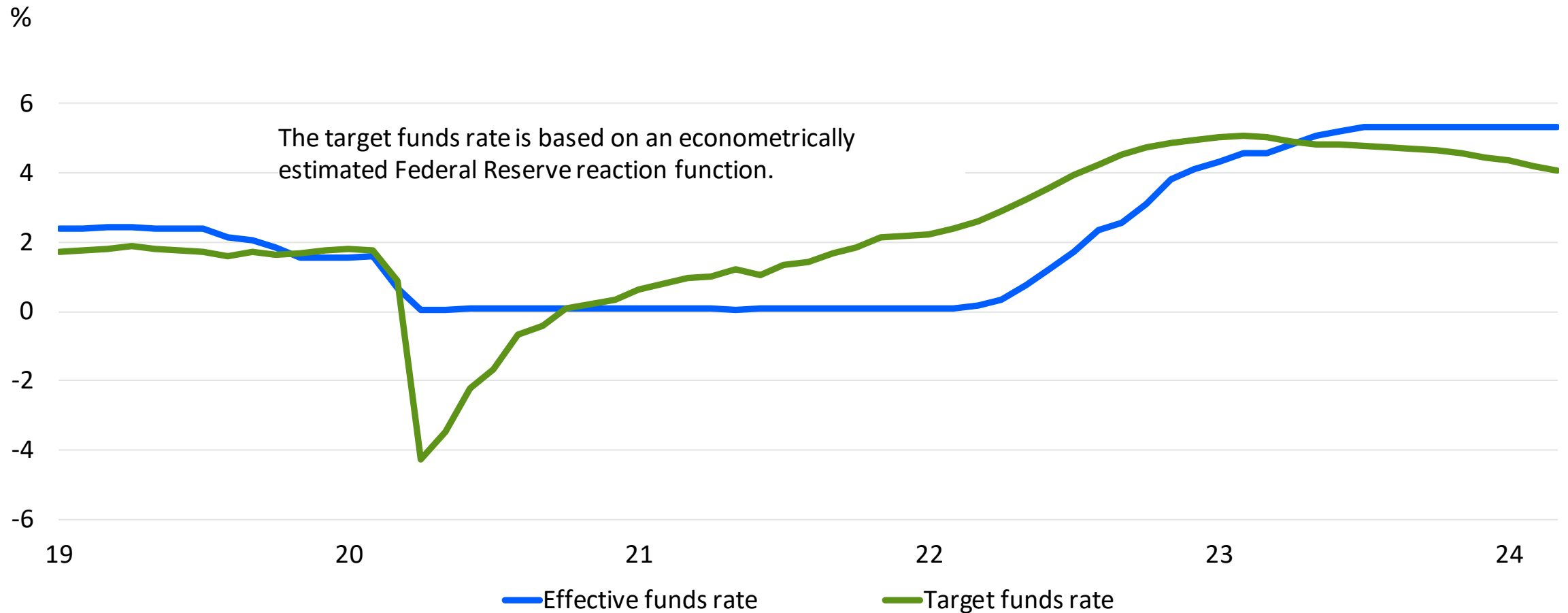
Sources: BLS, Atlanta Fed, Moody's Analytics

Interest Rates Are Set to Decline...



Sources: Federal Reserve, Freddie Mac, Moody's Analytics

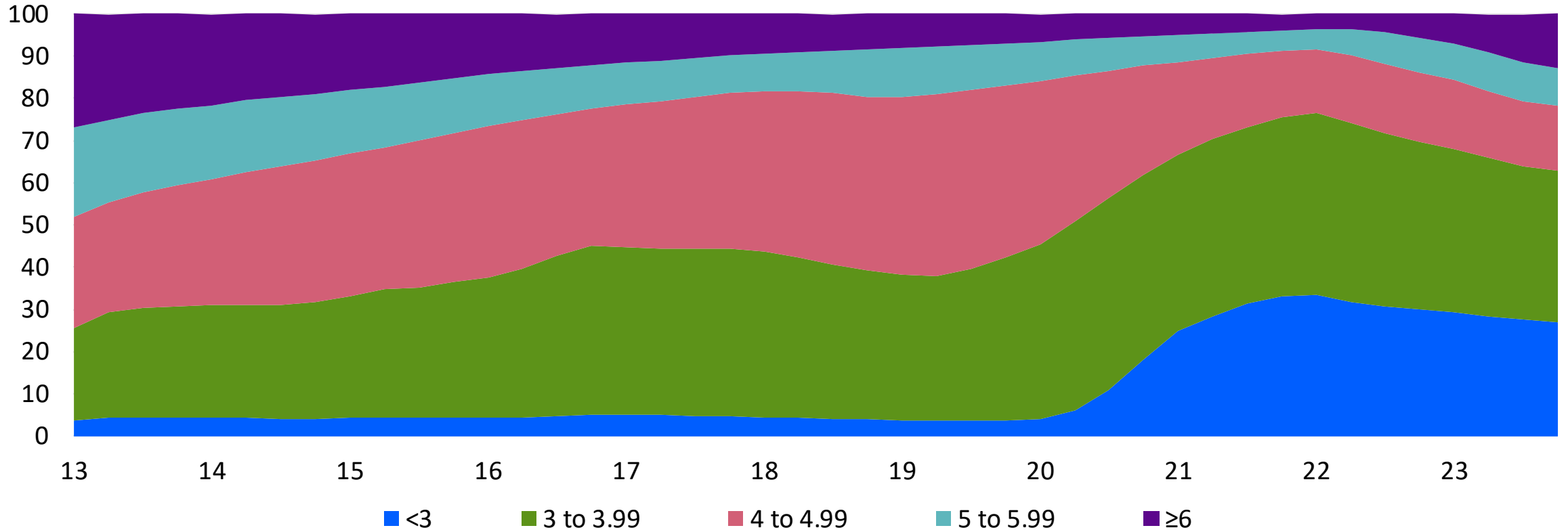
...But the Fed May Be Waiting Too Long



Sources: Federal Reserve, Moody's Analytics

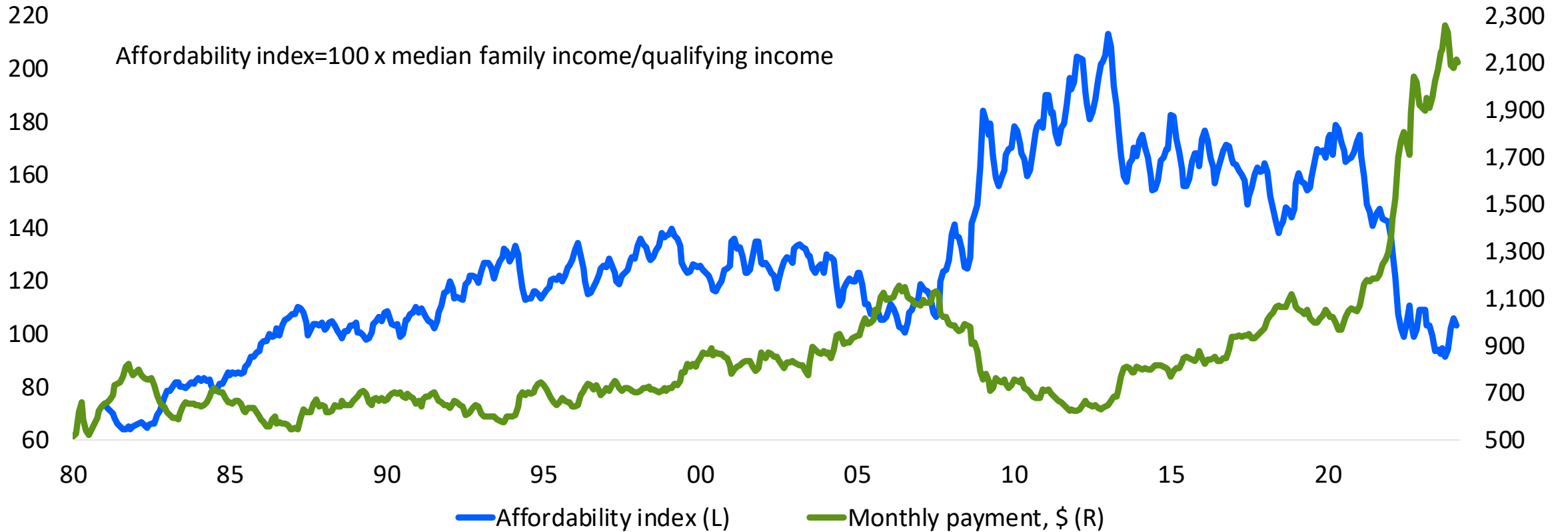
Locked-In Homeowners Limit Sales, Lessen Impact of Higher Rates

Mortgage rates on outstanding loans, % of \$ volume



Sources: FHFA, Moody's Analytics

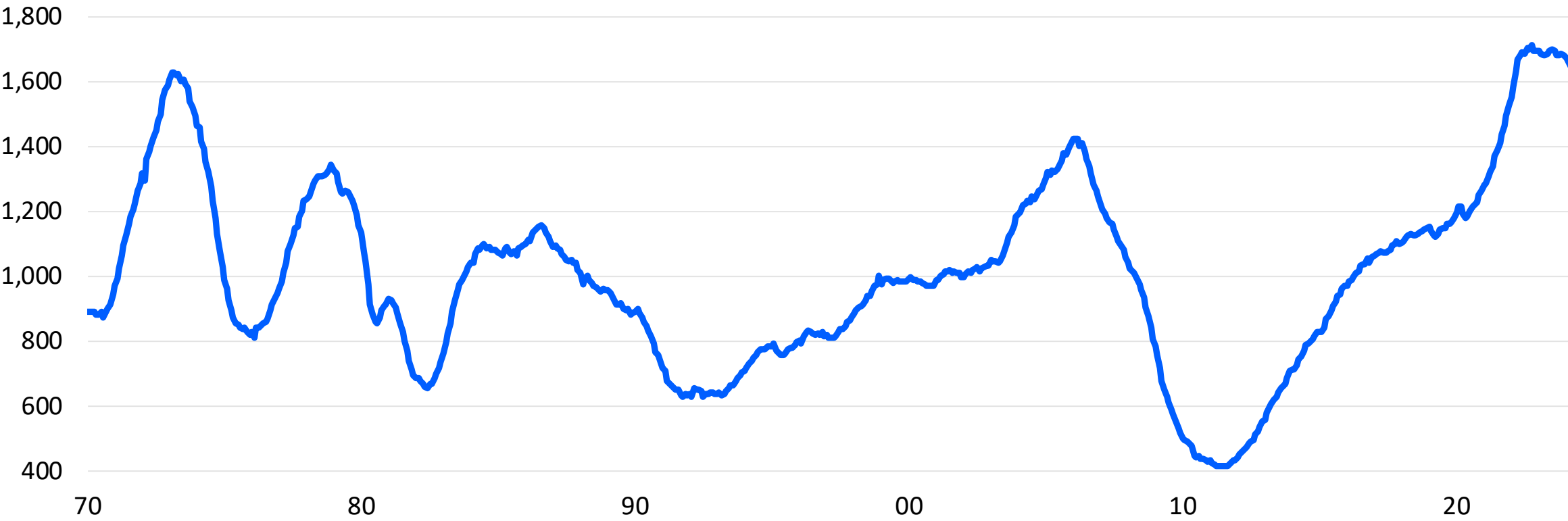
High Interest Rates and Rising House Prices Challenge Buyers...



Sources: FHFA, NAR, Freddie Mac, Moody's Analytics

...And Builders Are Responding

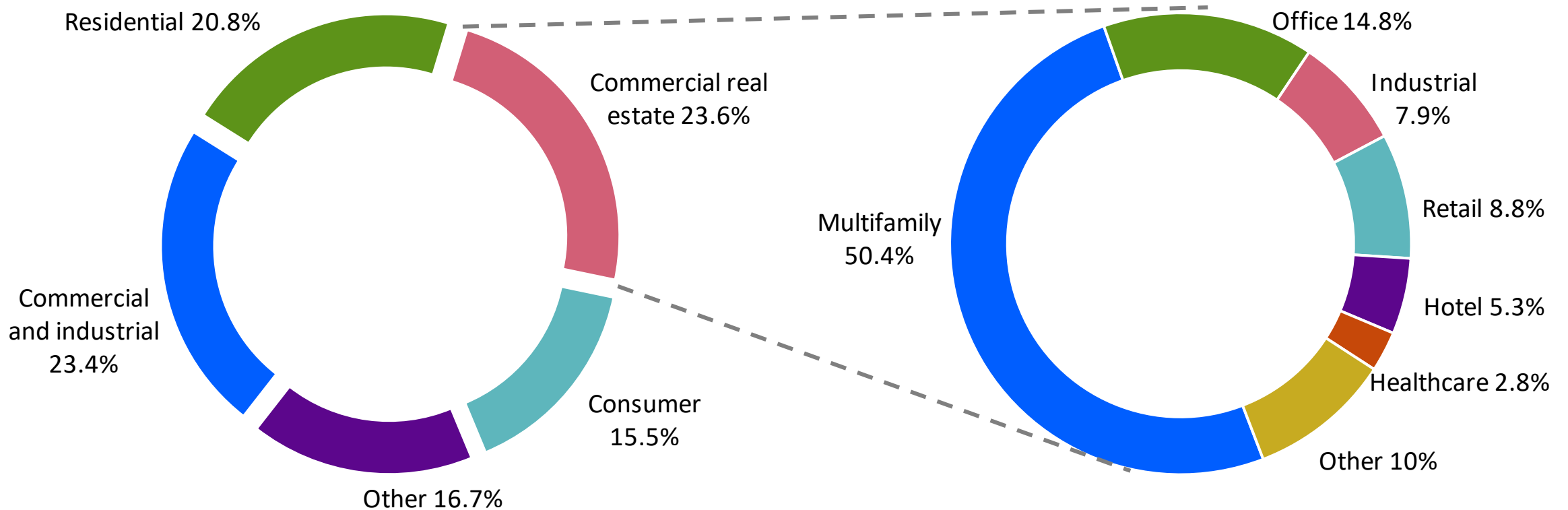
New housing units under construction, ths



Sources: Census Bureau, Moody's Analytics

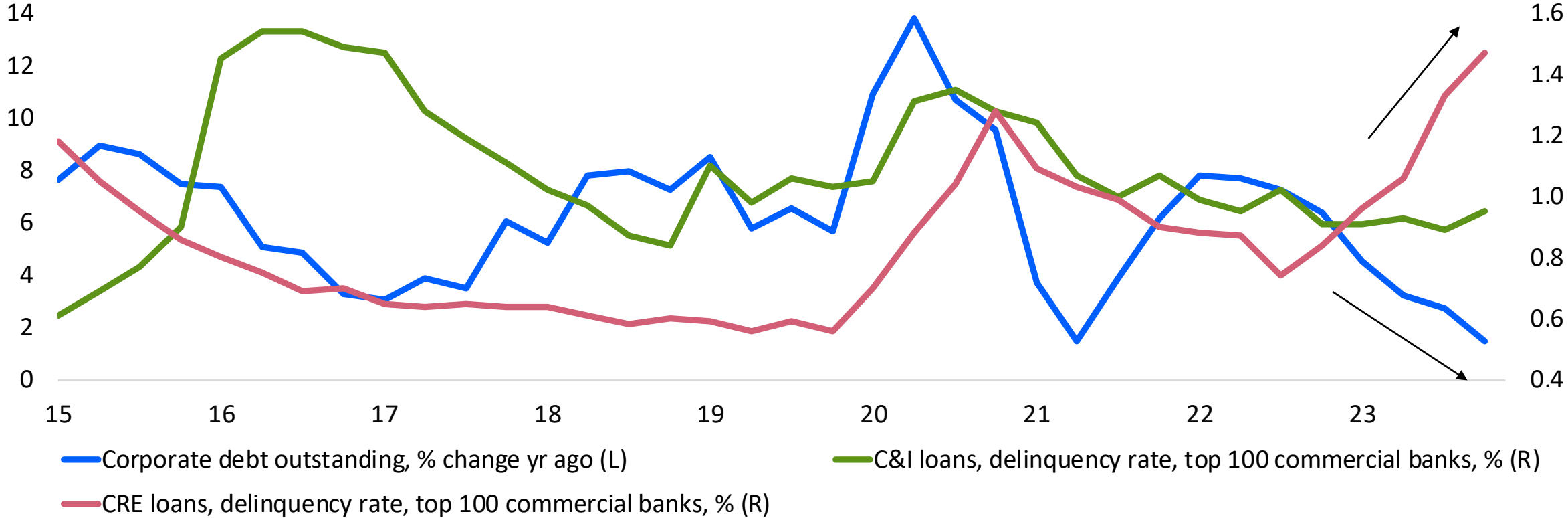
Banking System Is Vulnerable to Commercial Real Estate

Bank debt by type (L) and CRE debt by property type (R), as of 2023



Sources: Federal Reserve, Mortgage Bankers Association, Moody's Analytics
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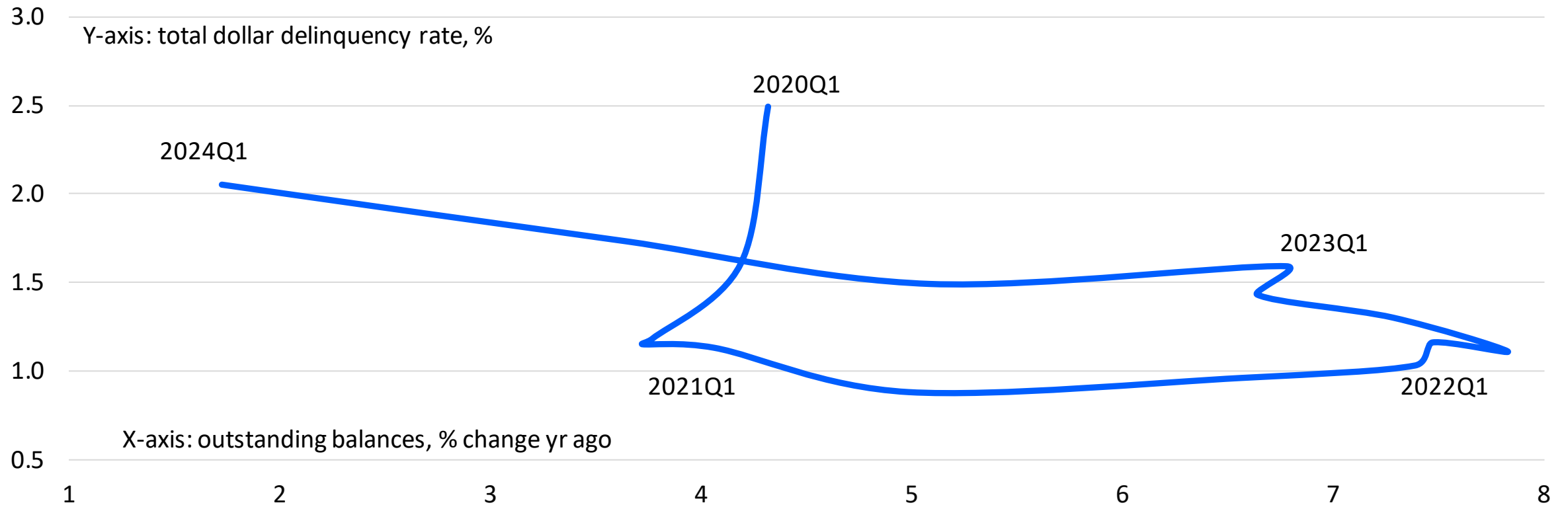
Corporate Debt Issuance and Delinquencies Are Concerns



Sources: Federal Reserve, Moody's Analytics

Consumer Credit Cycle Slows Sharply

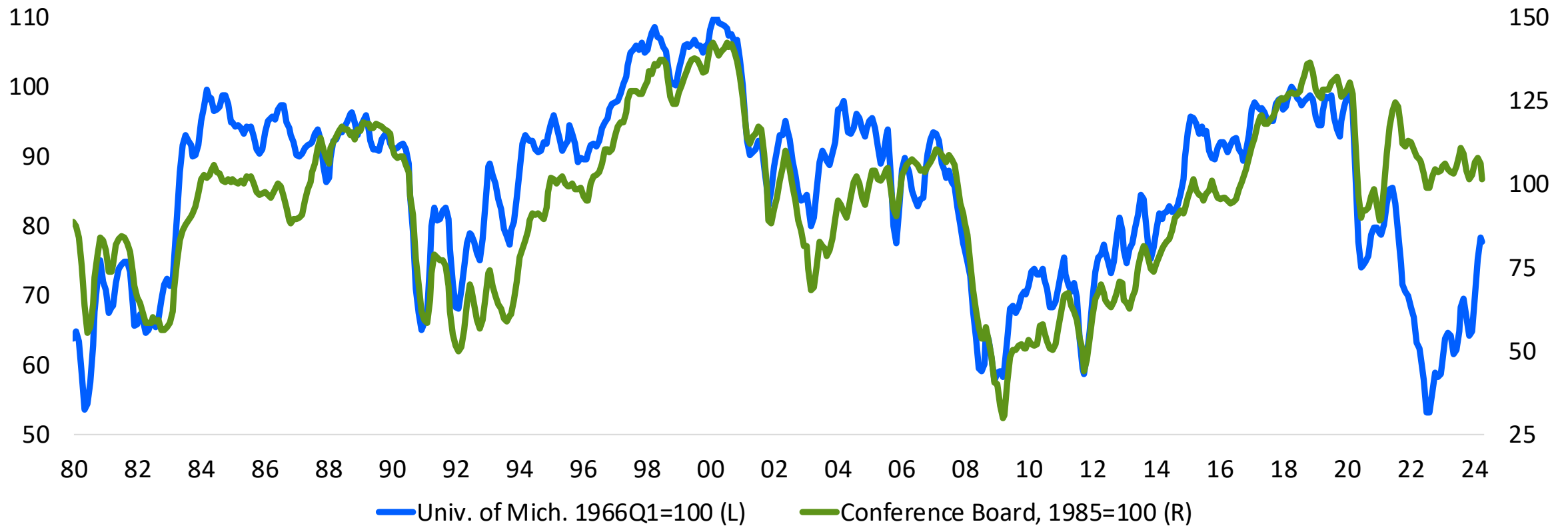
Consumer credit, all products



Sources: CreditForecast.com, Moody's Analytics

Confidence Measures Highlight a Lack of Clarity

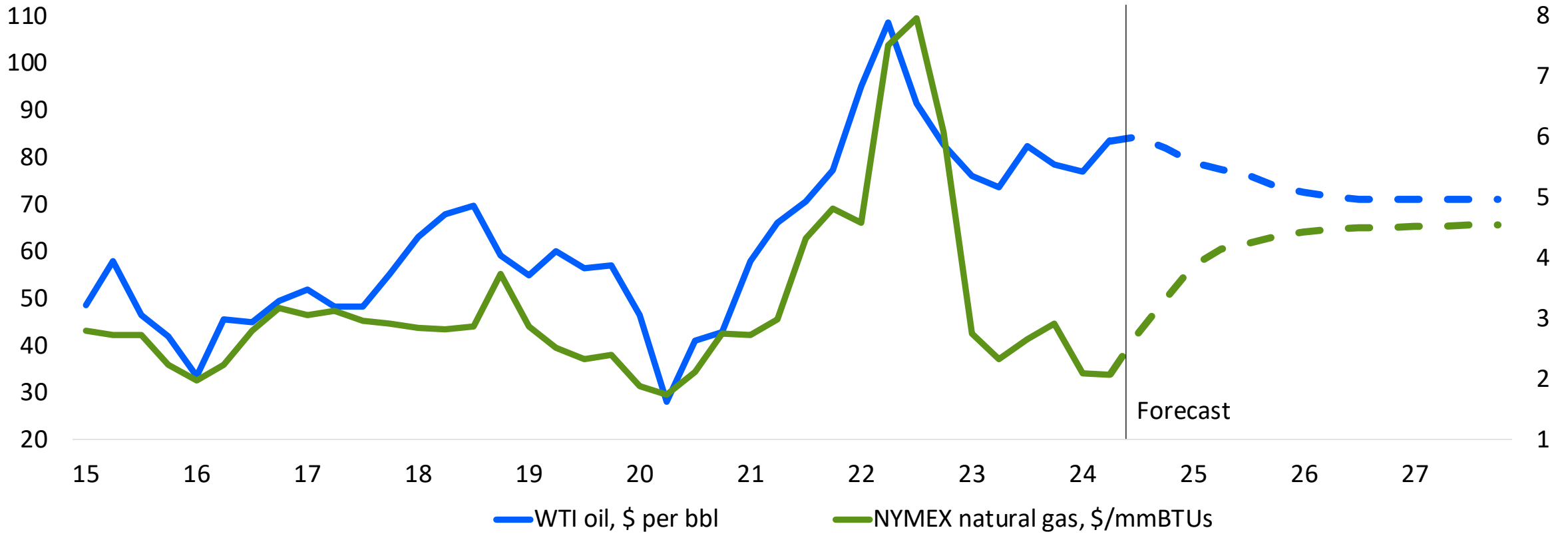
3-mo MA



Sources: The Conference Board, Univ. of Michigan, Moody's Analytics

Oil and Gas Prices Will Move in Opposite Directions

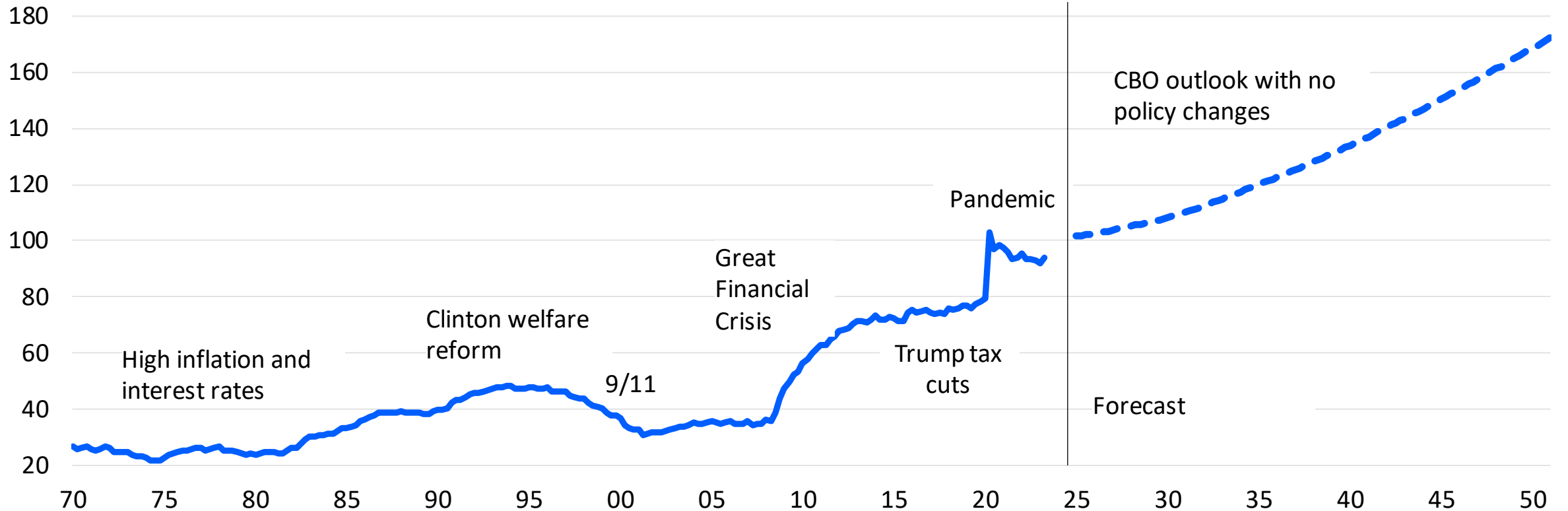
NSA



Sources: Energy Information Administration, Moody's Analytics

U.S. Is Following an Unsustainable Fiscal Trajectory

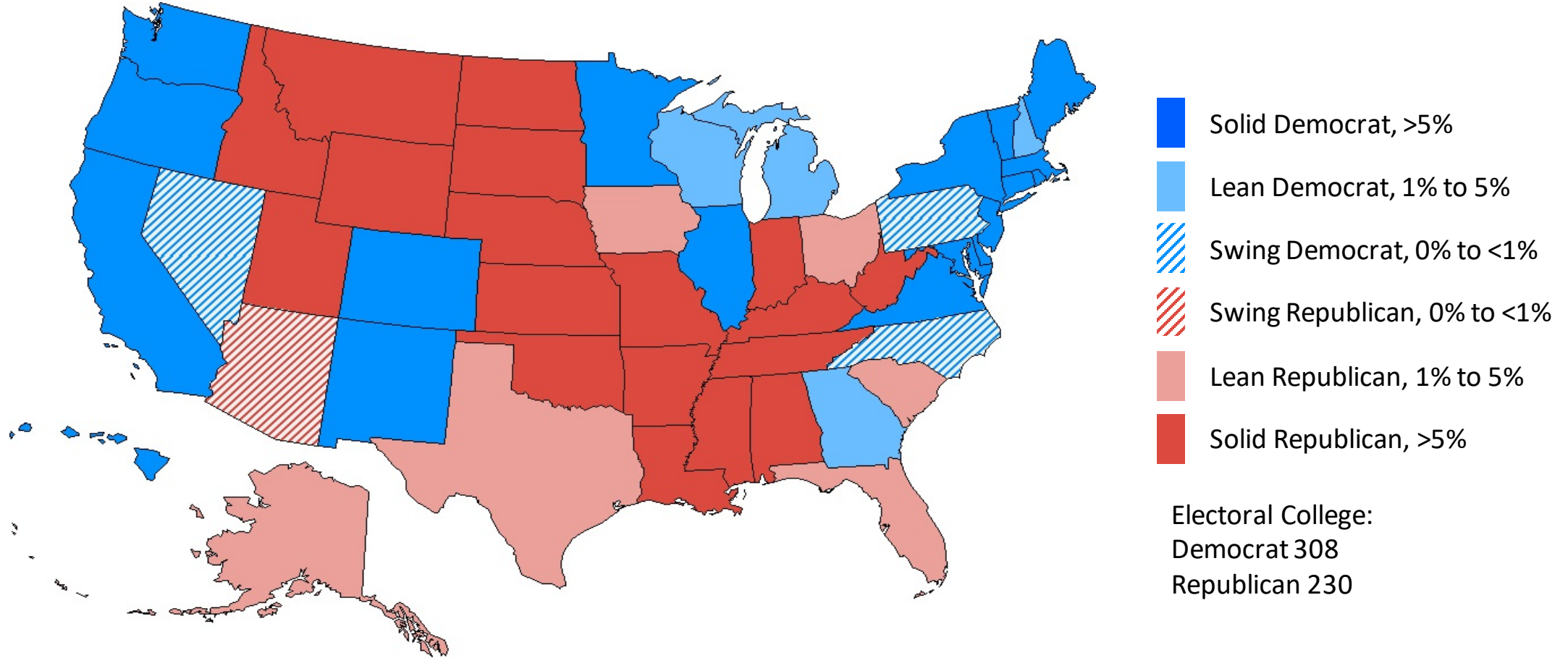
Ratio of federal debt held by the public and GDP



Sources: U.S. Treasury, BEA, Moody's Analytics

Model Says Biden Will Win Narrowly With Typical Turnout

Winning candidate by state and margin of victory



Source: Moody's Analytics

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Thank you

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