



GFOA-PA – 2024 Annual Statewide Conference

Economic Update

Hershey, PA

May 21st, 2024

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For Informational Purposes Only

Overall Market Outlook

- ▶ Multiple Federal Reserve Rate Cuts in 2024
- ▶ Lagging Impacts of Tighter Monetary Policy Create Growth Headwinds
- ▶ Market Volatility Continues on Economic and Policy Uncertainty
- ▶ Domestic and International Geopolitical Risks in Focus
- ▶ Corporate Balance Sheets Supportive, Signs of Consumer Stress
- ▶ Outlook for Solid Returns Across Asset Classes in 2024

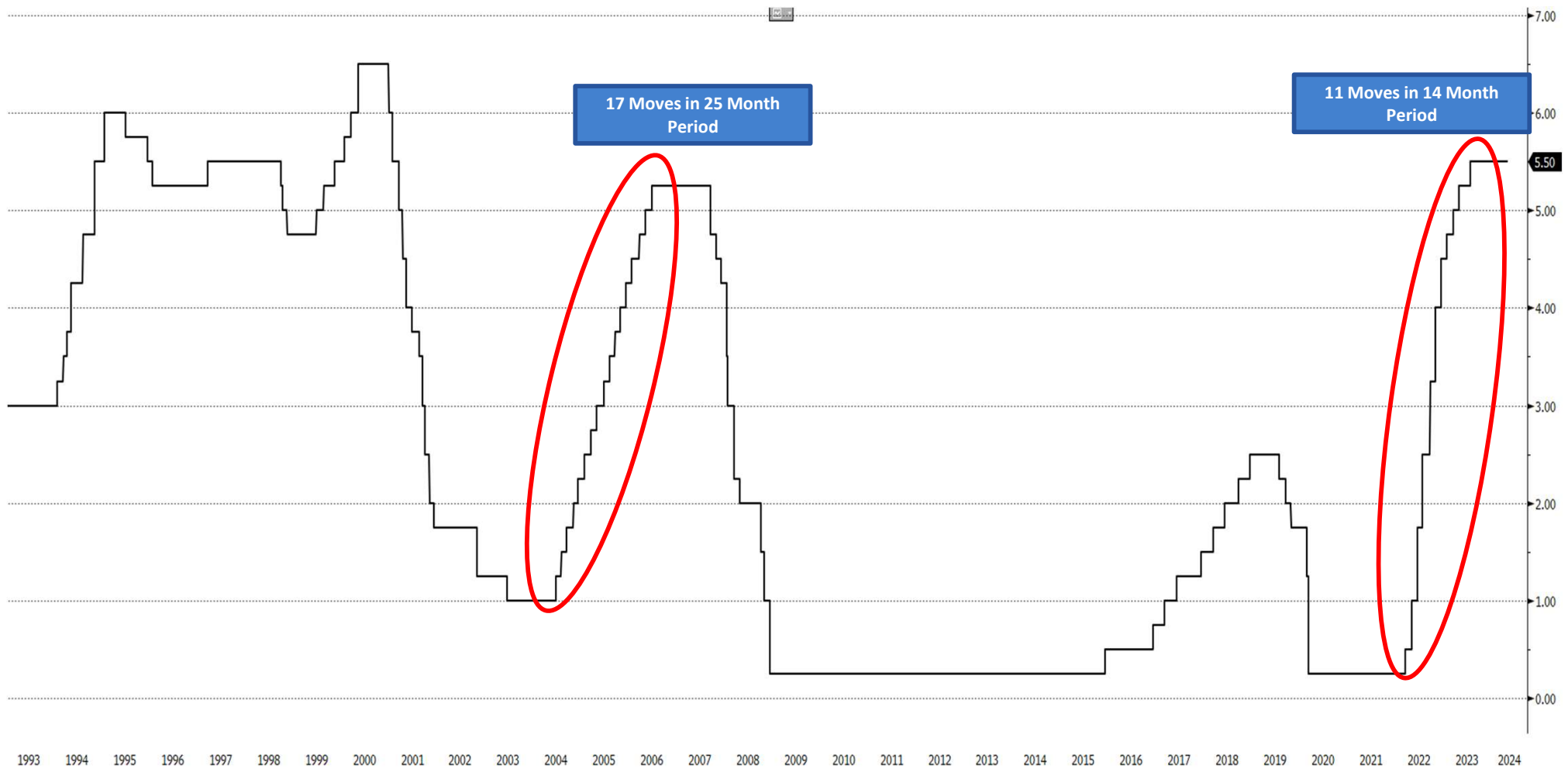
The Fed Balancing Act



Maximum Employment
Price Stability



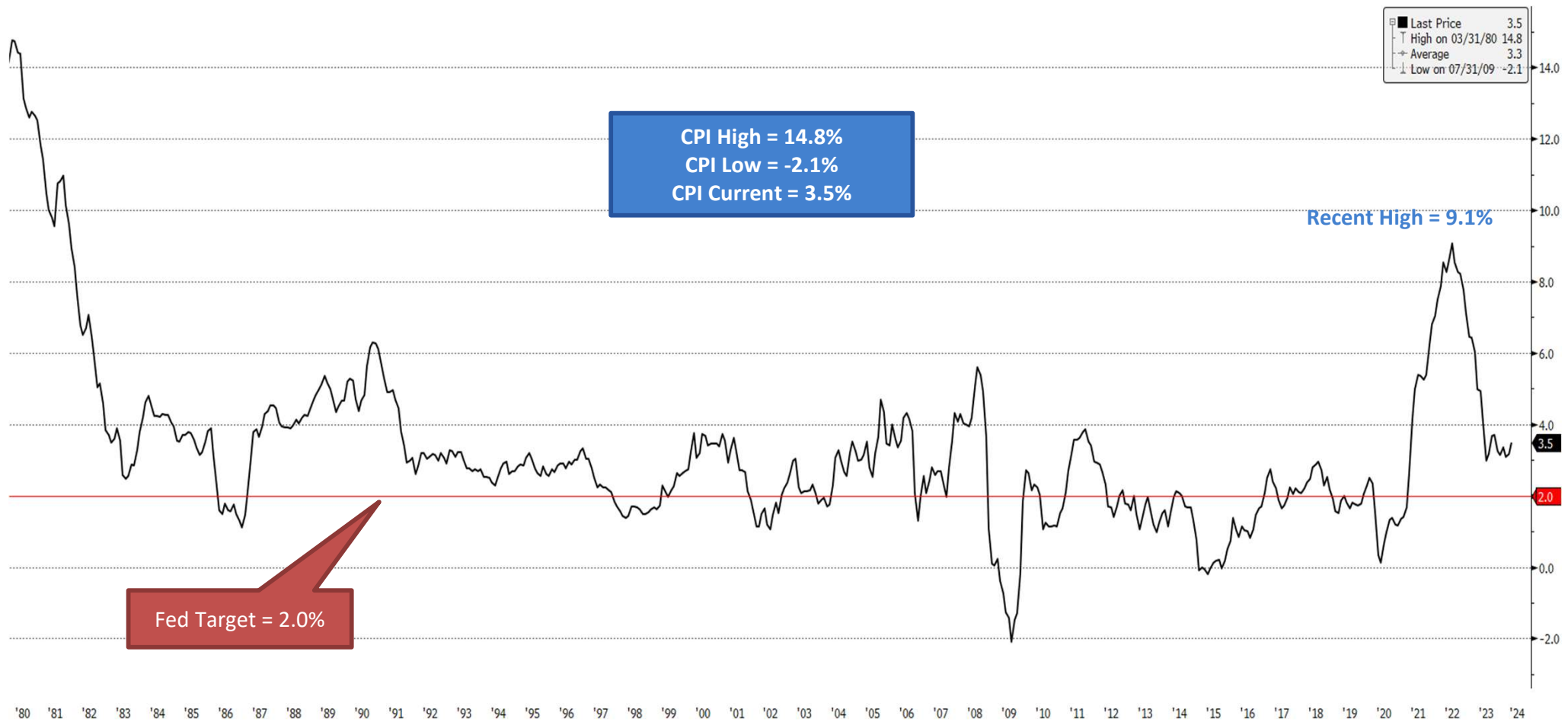
Historical Fed Funds Rate (Upper Bound since 1993)



Source: Bloomberg

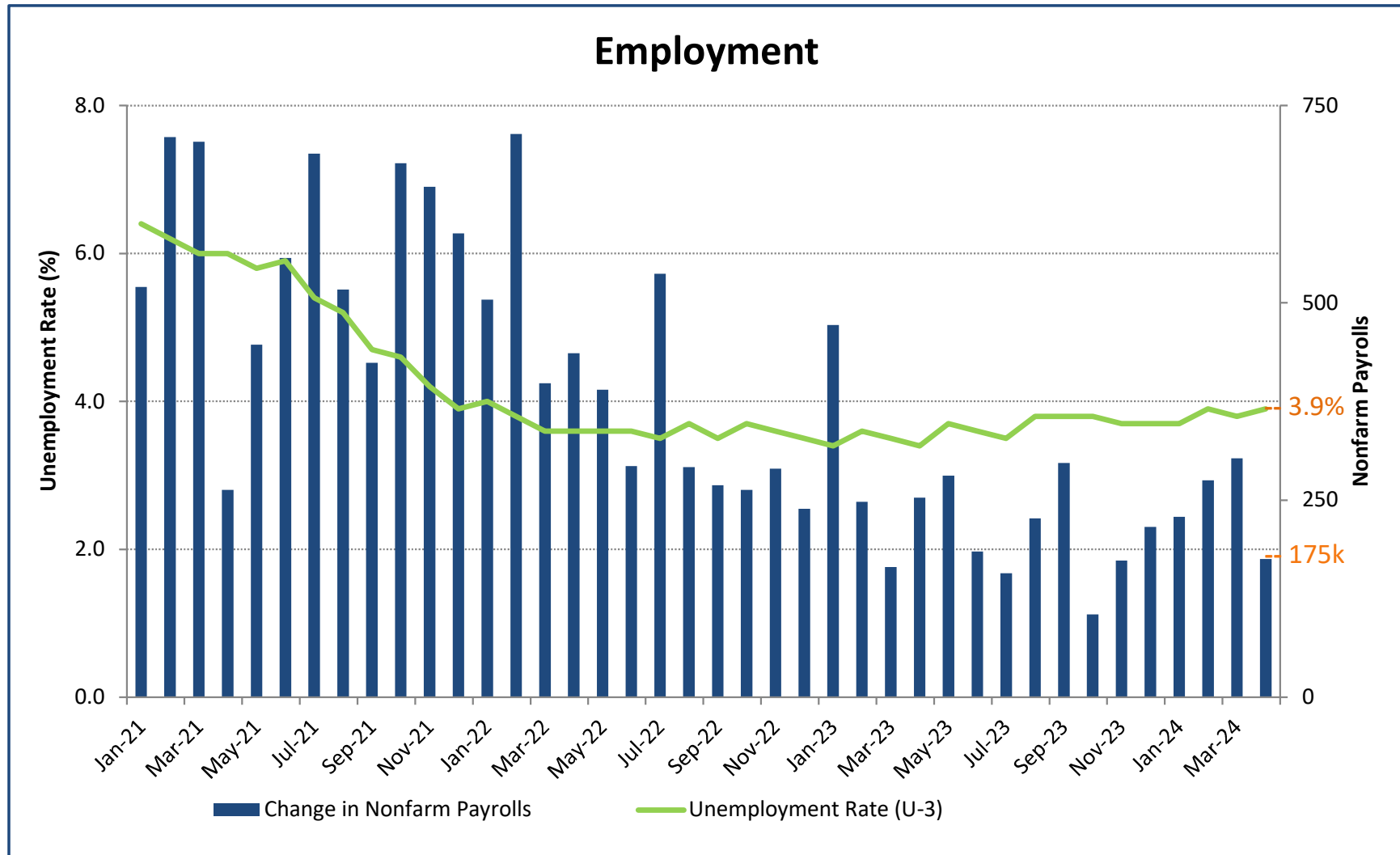
Consumer Price Index (CPI) since 1980

Year-Over-Year change



Source: Bloomberg

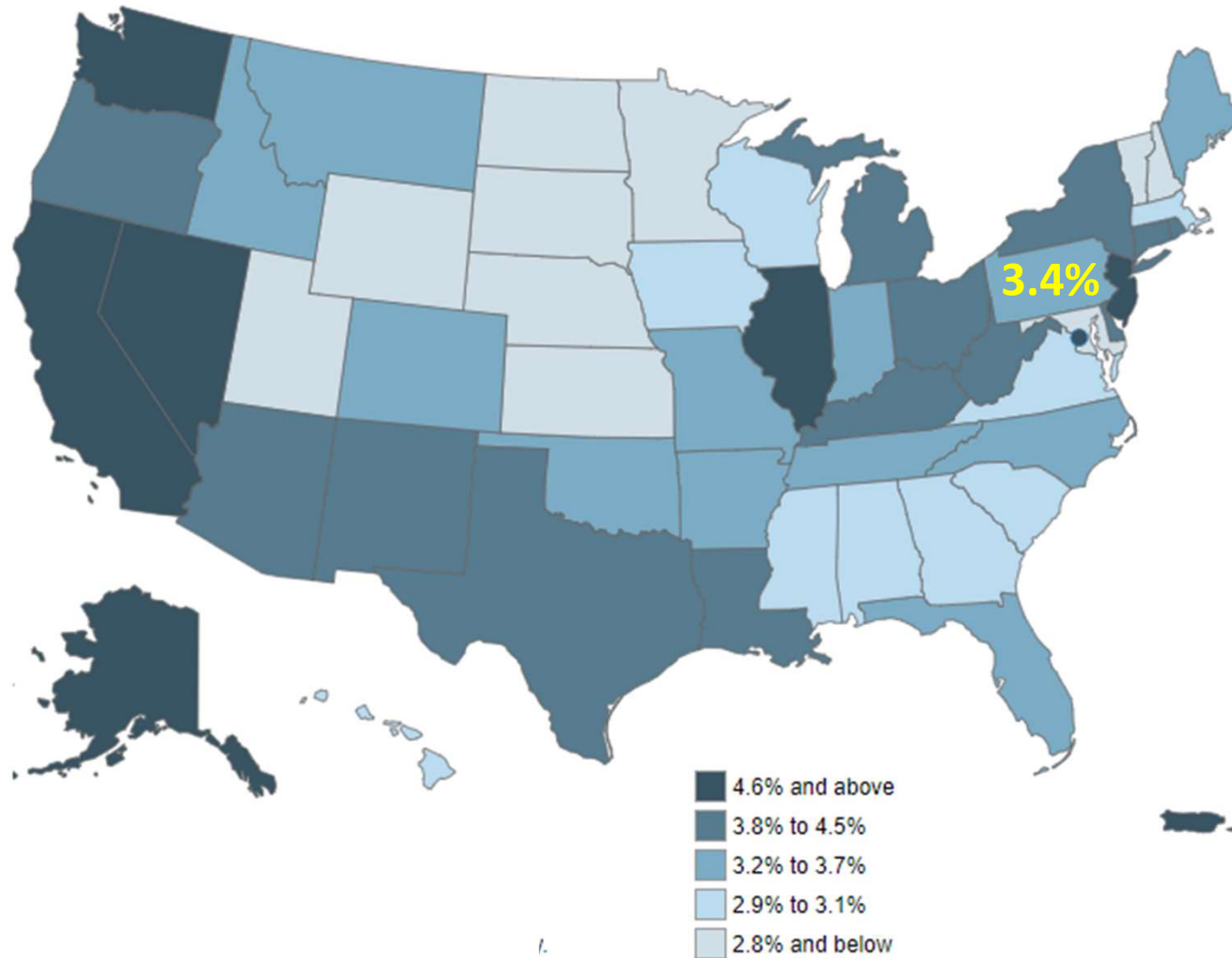
Employment



Source: Bloomberg

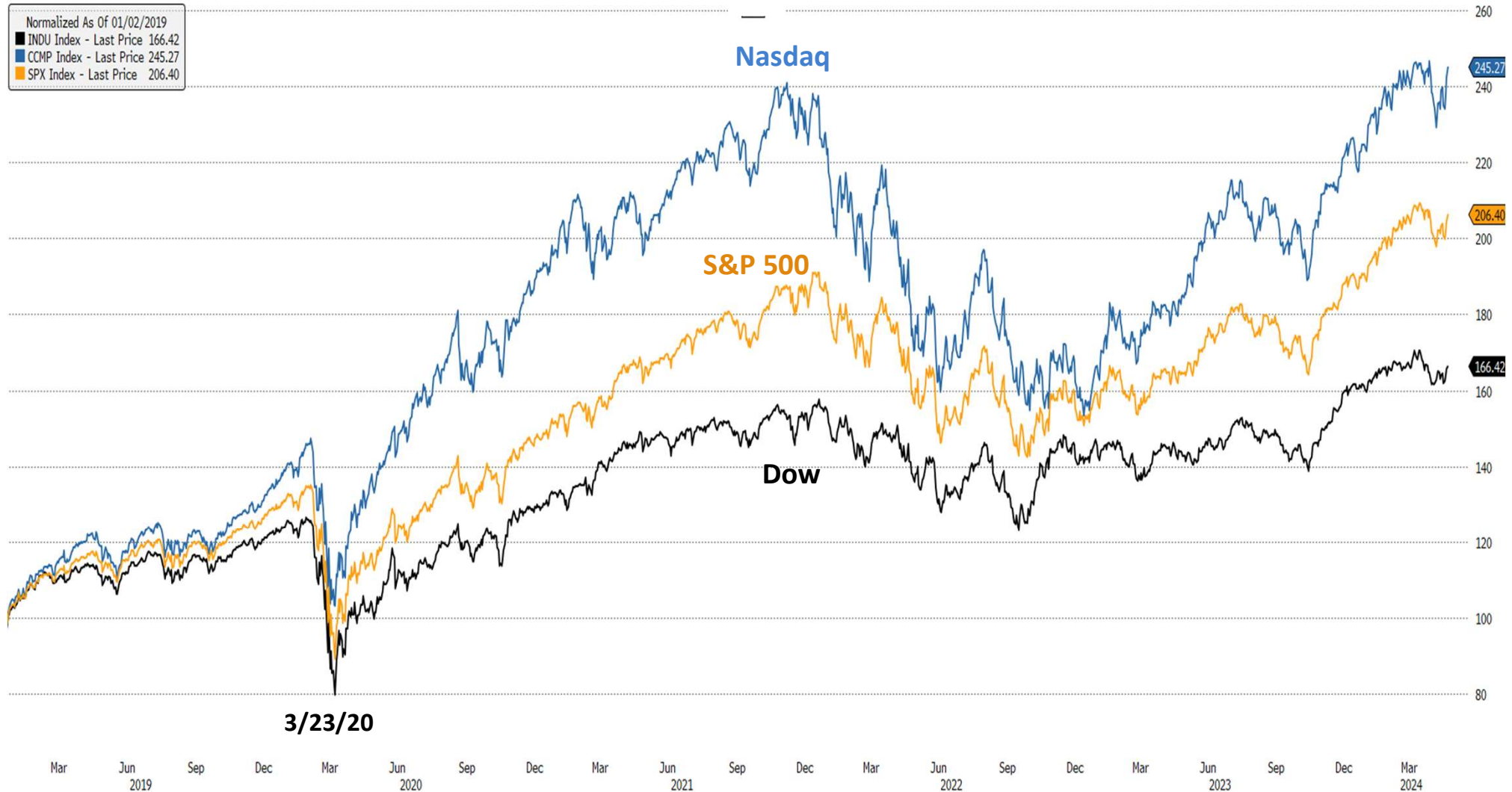
Employment

State unemployment rates, March 2024, seasonally adjusted



<https://www.bls.gov/charts/home.htm>

Equity Market Overview

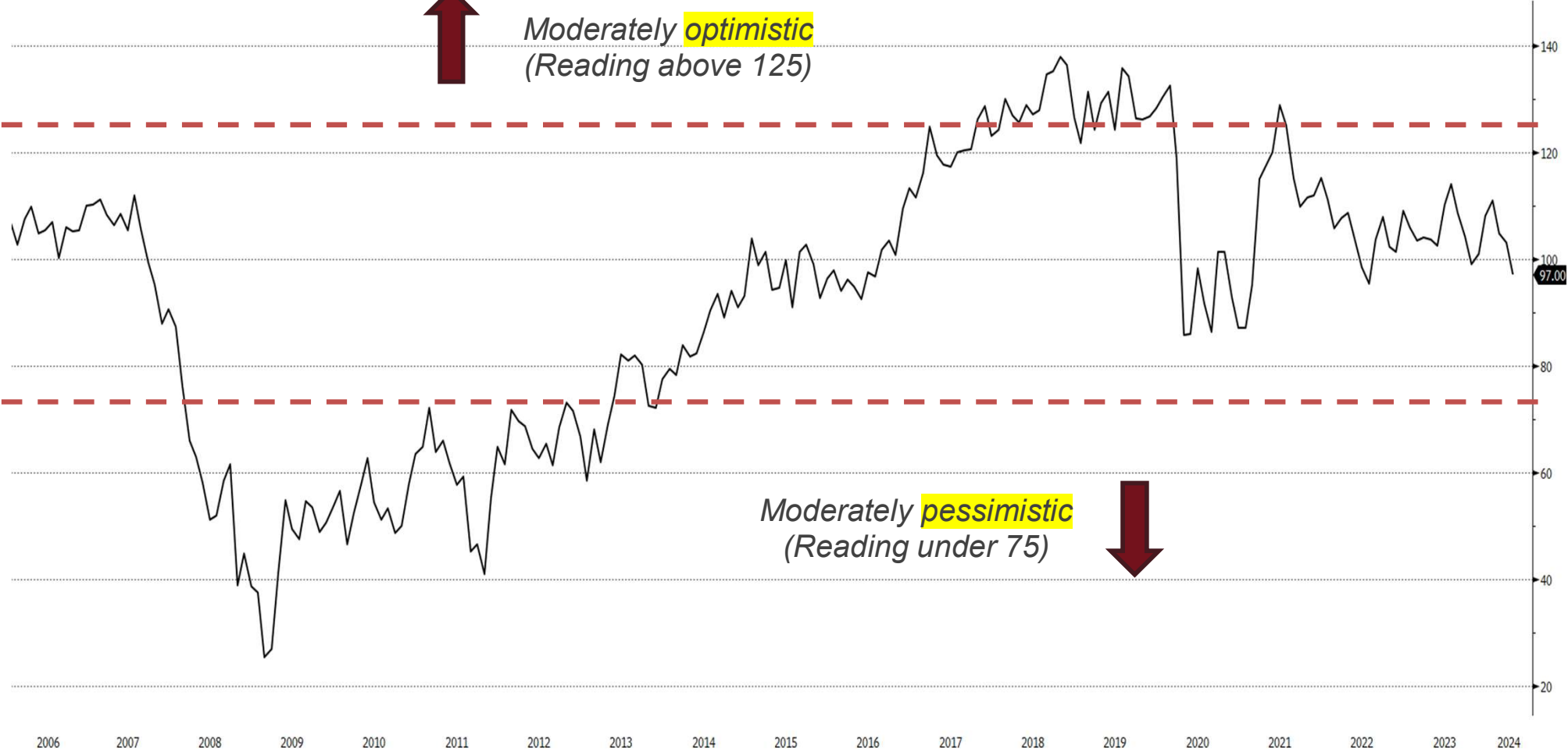


Source: Bloomberg

Consumer Confidence



Moderately **optimistic**
(Reading above 125)

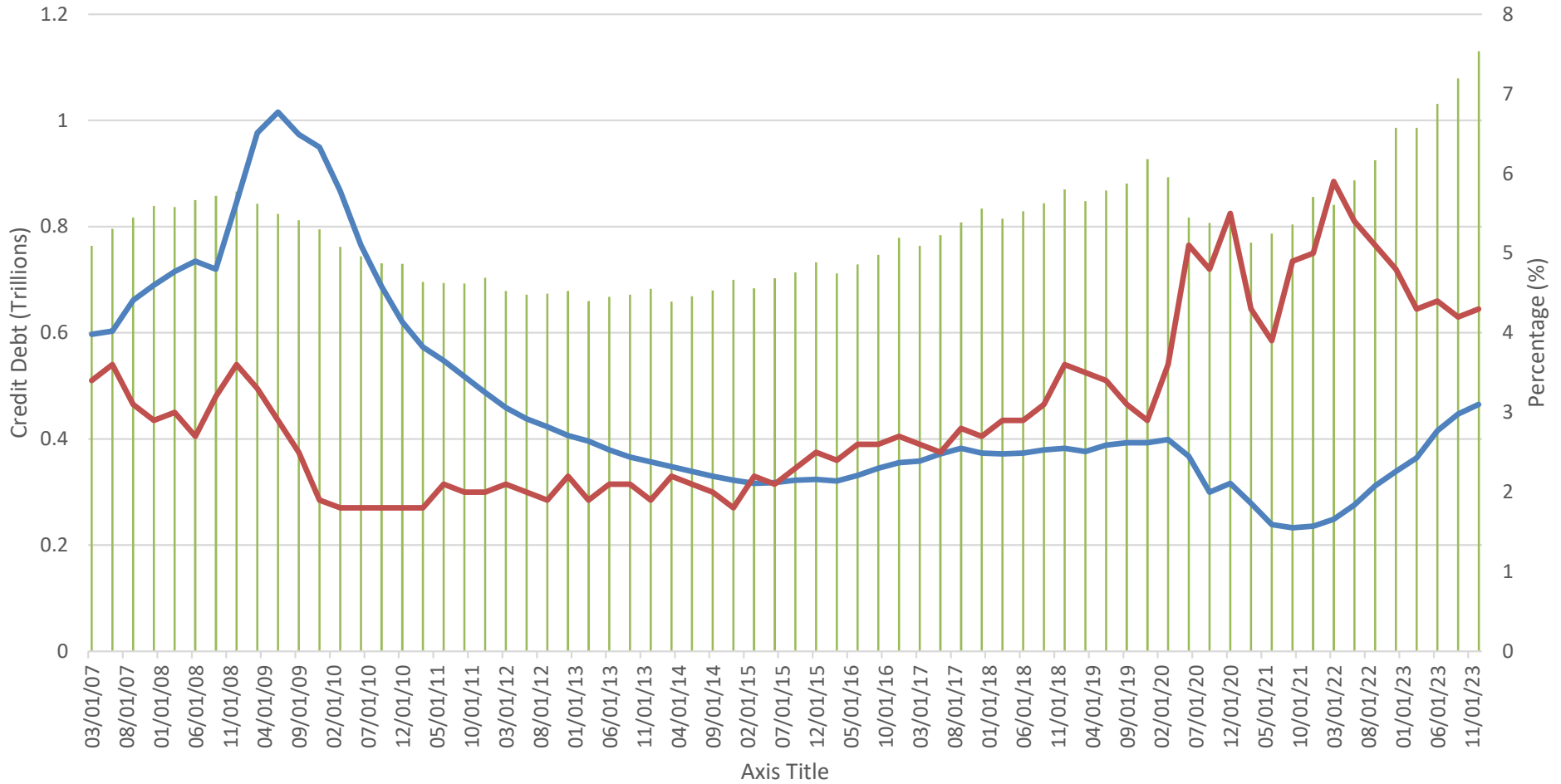


Moderately **pessimistic**
(Reading under 75)

Source: Bloomberg

Credit Card Debt vs. Wages

Credit Card Debt and Delinquencies vs Wages

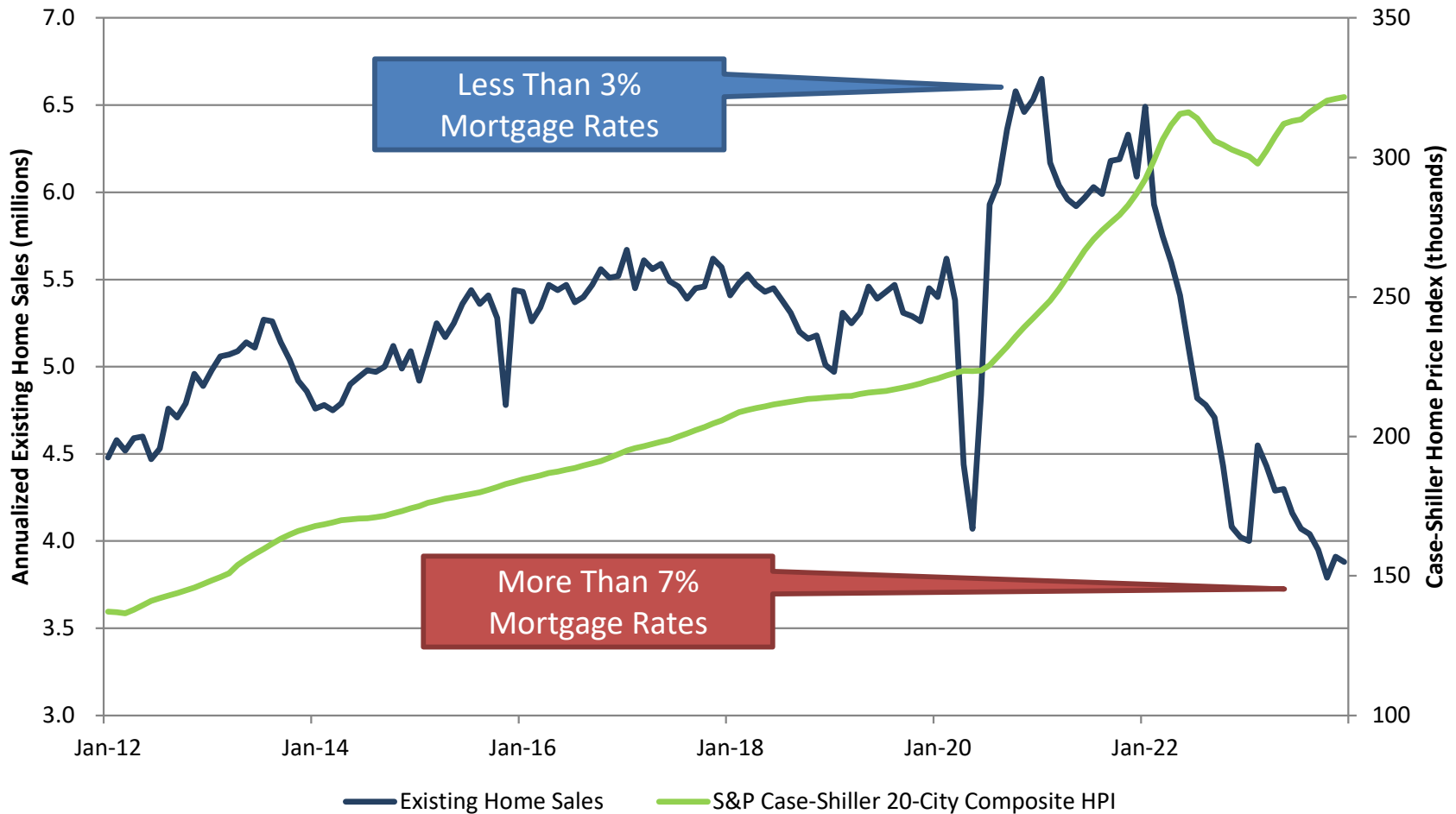


Source: Bloomberg

■ CreditCard Debt
 — Credit Card Delinquencies (%)
 — Hourly Earnings

Home Prices

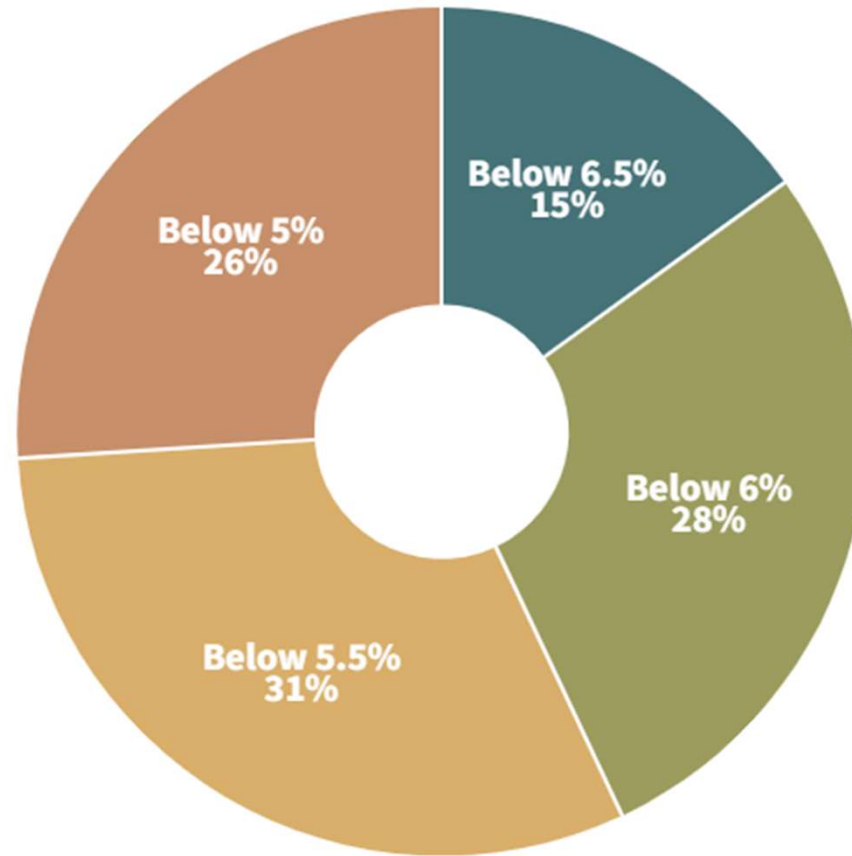
Rising Prices as Sales Moderate



Source: Bloomberg

Home Prices

How far do mortgage rates need to fall before you will buy a home?



Bankrate.com US National Average
30yr. Mortgage Rate = **7.21%** (as of 5/14/24)

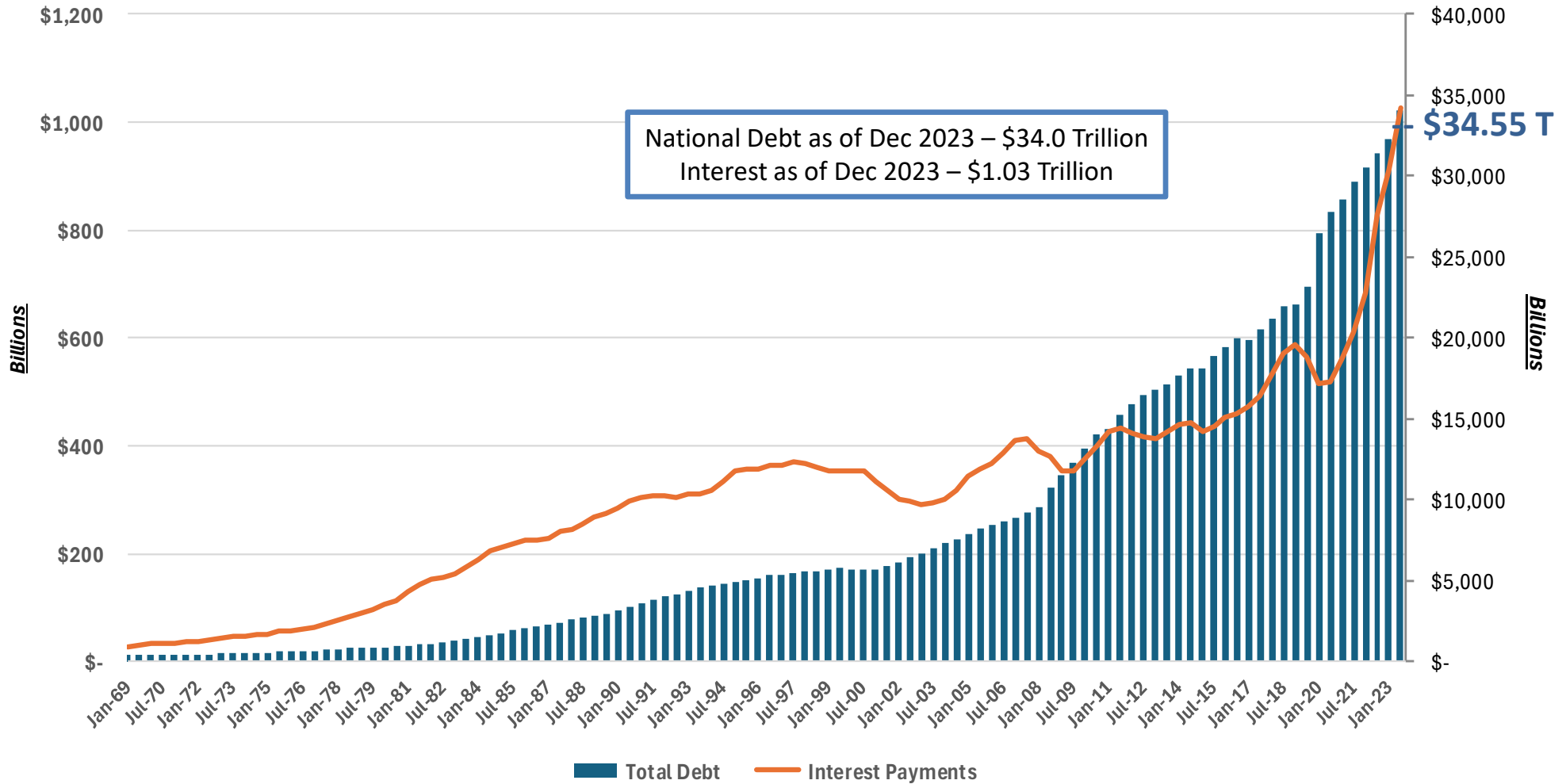
Source: U.S. News • Survey of 1,200 Americans who plan on buying a home with a mortgage in 2024, conducted Feb. 28 to March 4, through PureSpectrum.

Inflation pressure- Energy and Fuel



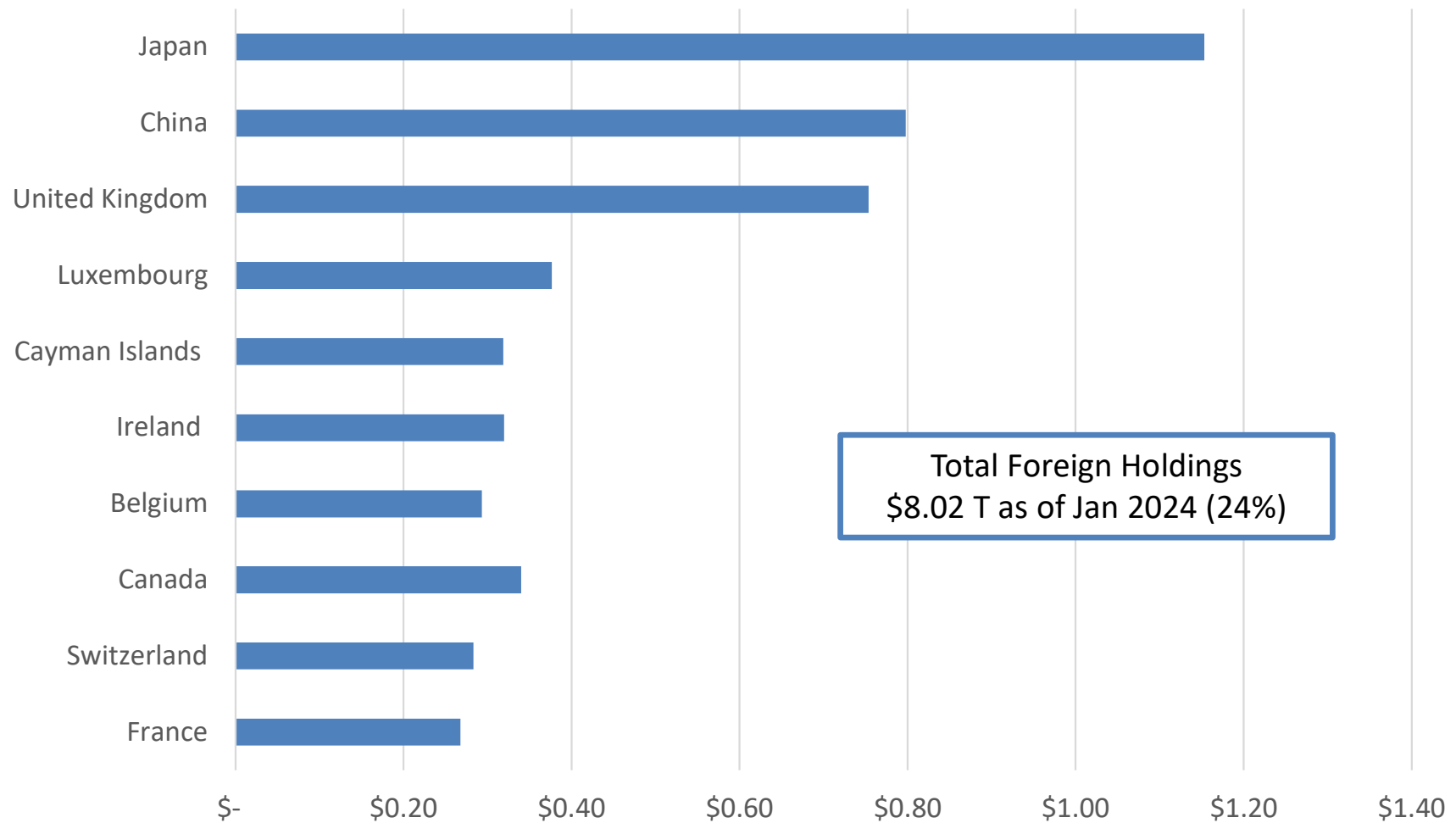
Total US National Debt vs Interest Expense

TOTAL DEBT



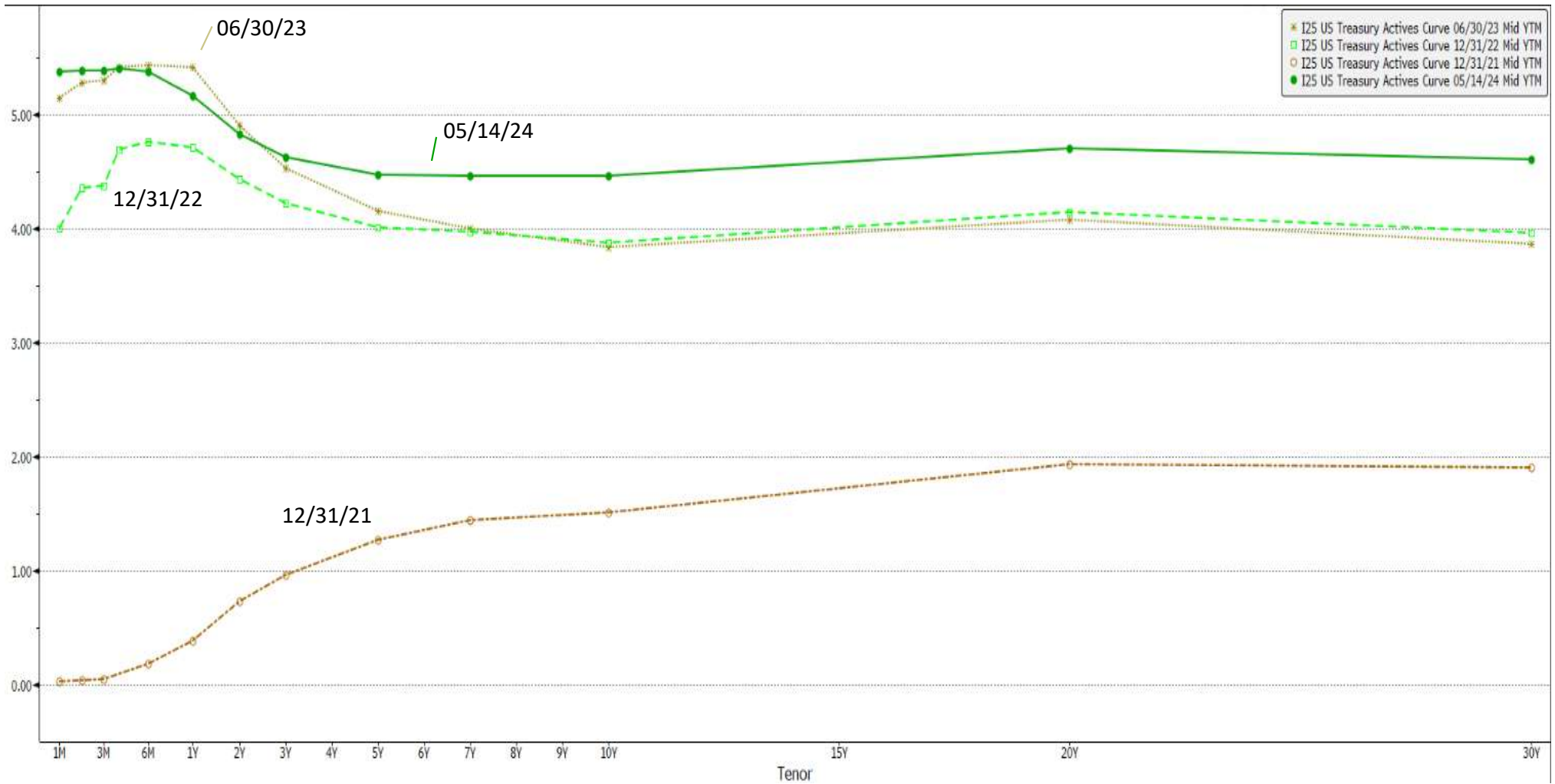
Source: Statista.com Source: fred.stlouisfed.org Retrieved May 7, 2024

Major Foreign Holders of United States Treasury Securities (Trillions)



Source: Statista. (2023, October 8). Major foreign holders of U.S. treasury securities as of January 2024 (in billion U.S. dollars) [Graph]. In Statista. Retrieved May 7, 2024

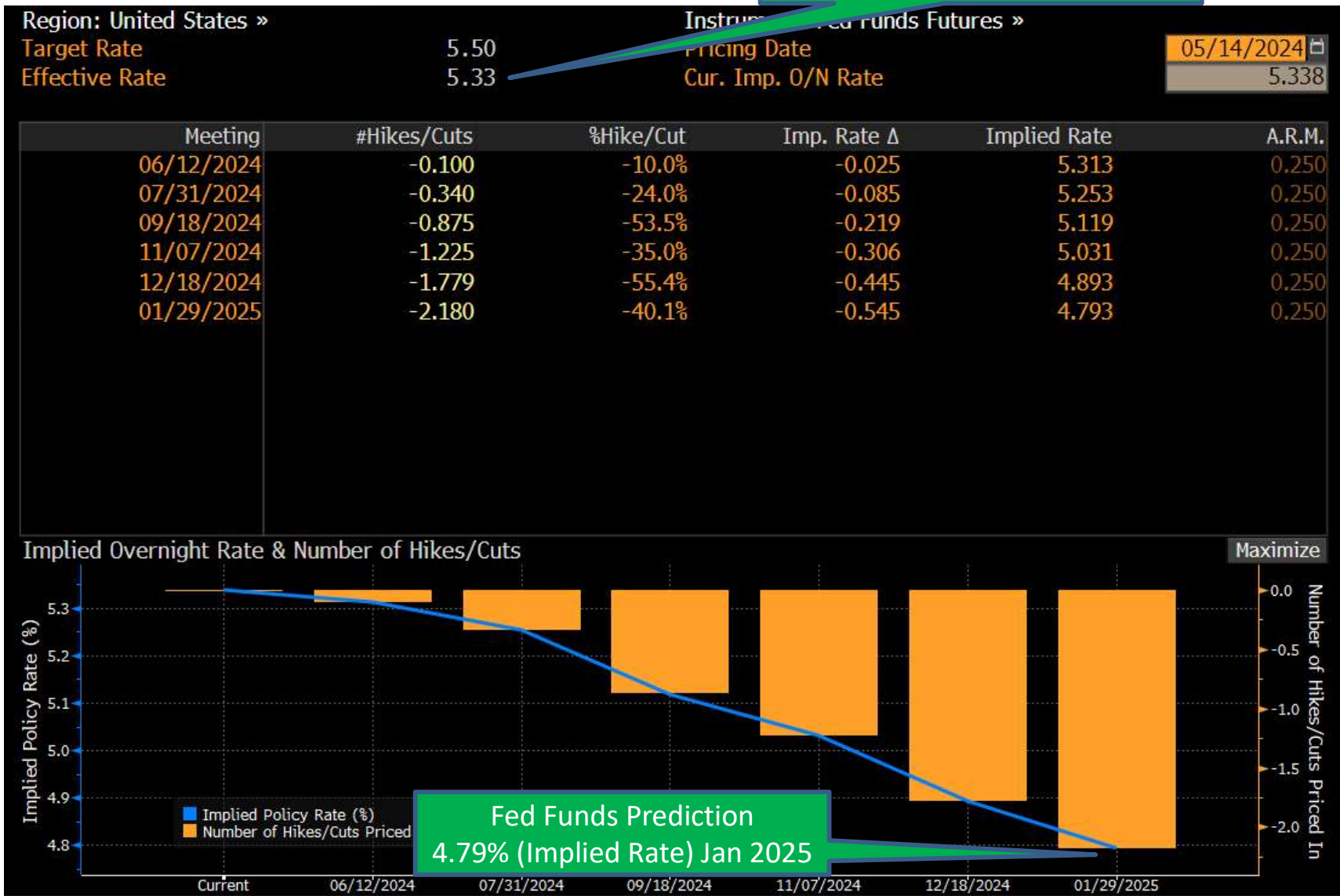
US Treasury Yield Curve (As of 5/14/24)



Source: Bloomberg

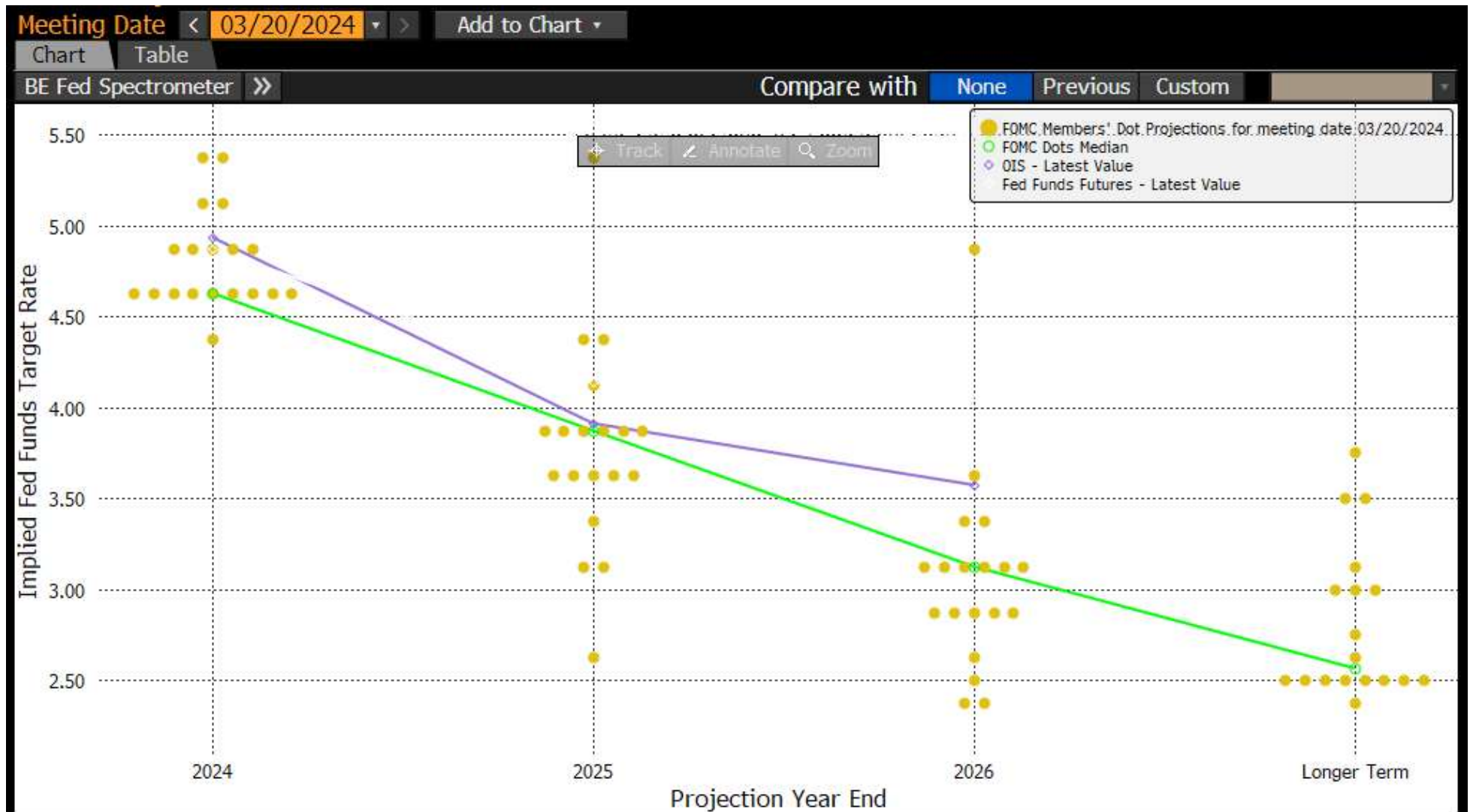
Fed Funds Rate & Futures

Fed Funds Rate (Effective Rate)
5.33% as of 5/14/24



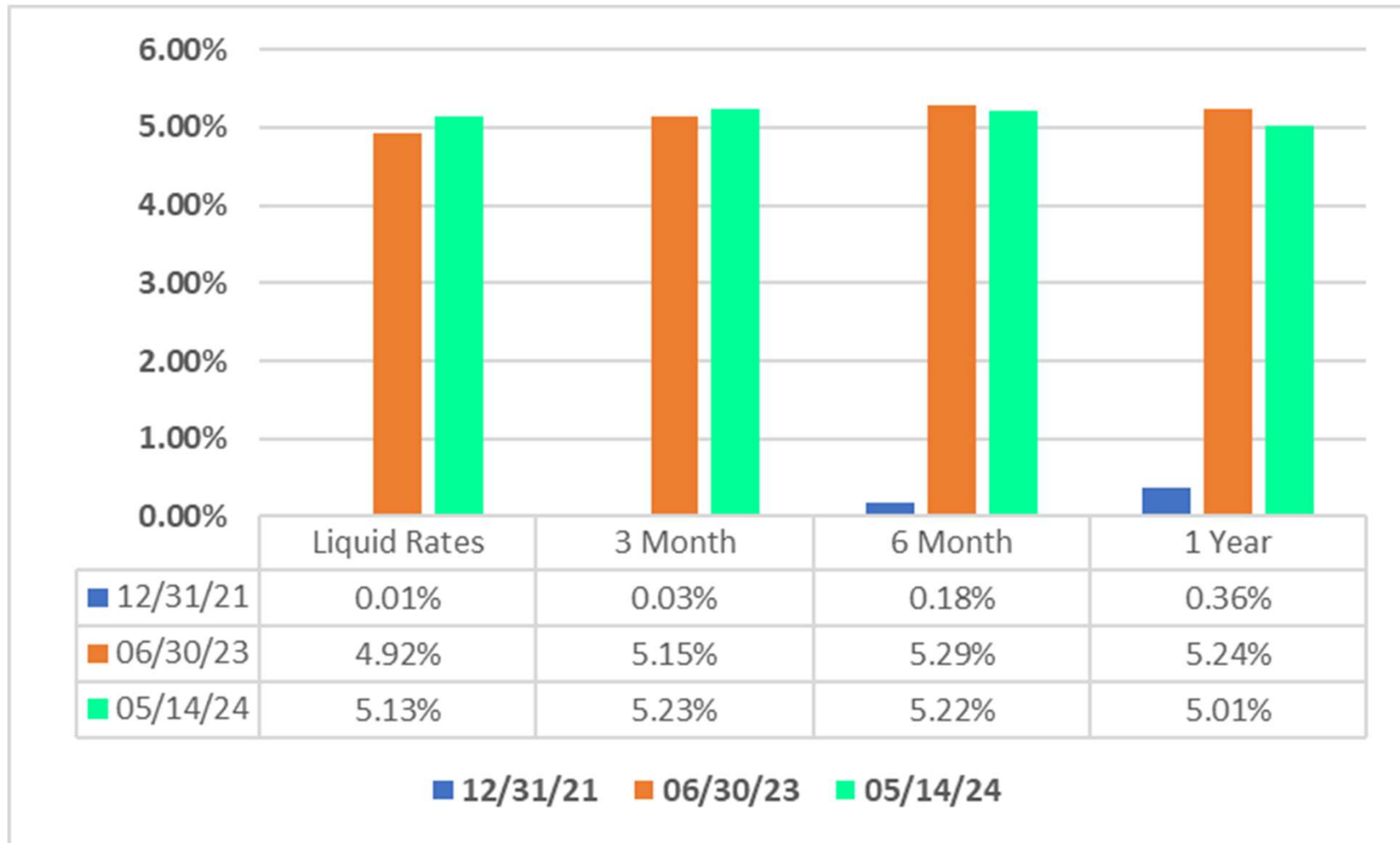
Source: Bloomberg

Fed Expectations – FOMC Dot Plot (as of 5/14/24)



Source: Bloomberg

US Treasury Short-Term Rates (as of 5/14/24)



Source: Bloomberg

Questions



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