

# Economic Outlook

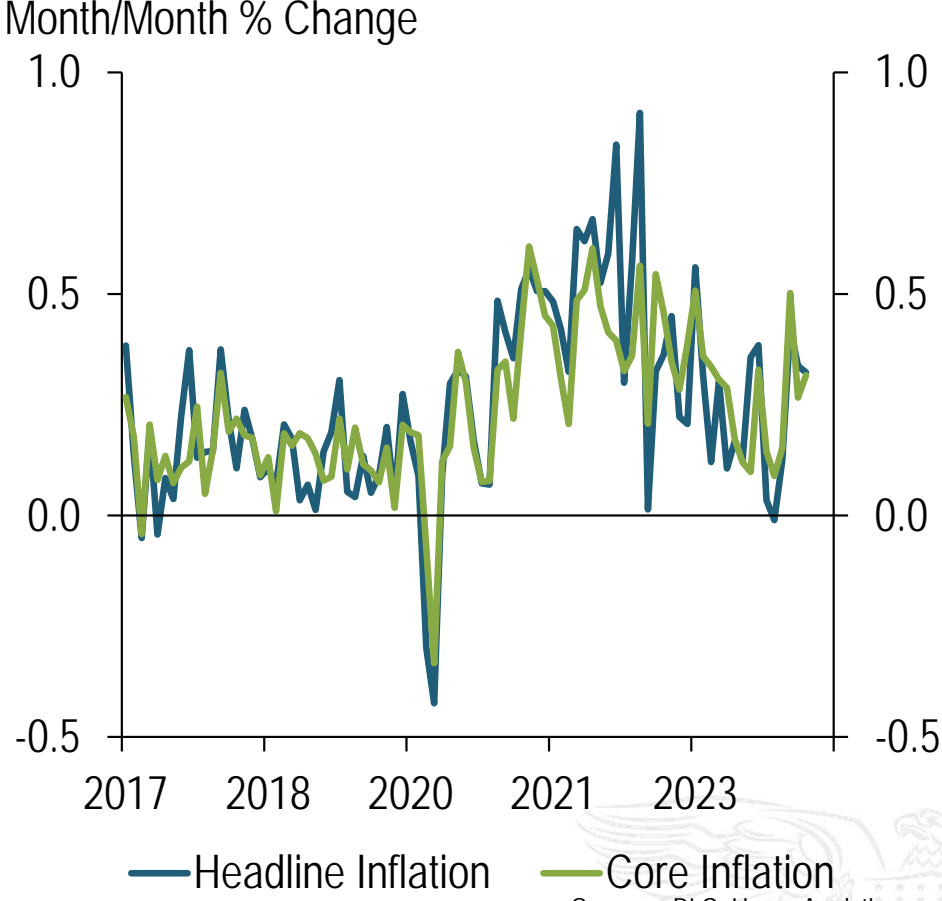
*May 2024*

Joseph Gruber

*Executive Vice President and Director of Research*



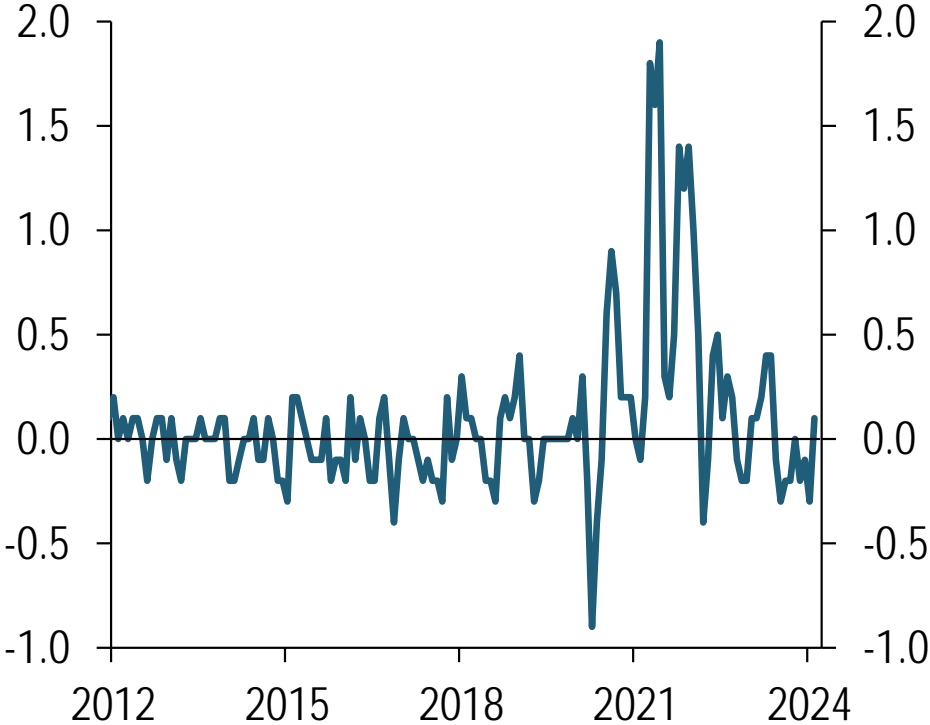
# Inflation has eased, but will it last?



Sources: BLS, Haver Analytics  
\*Inflation measured using PCE

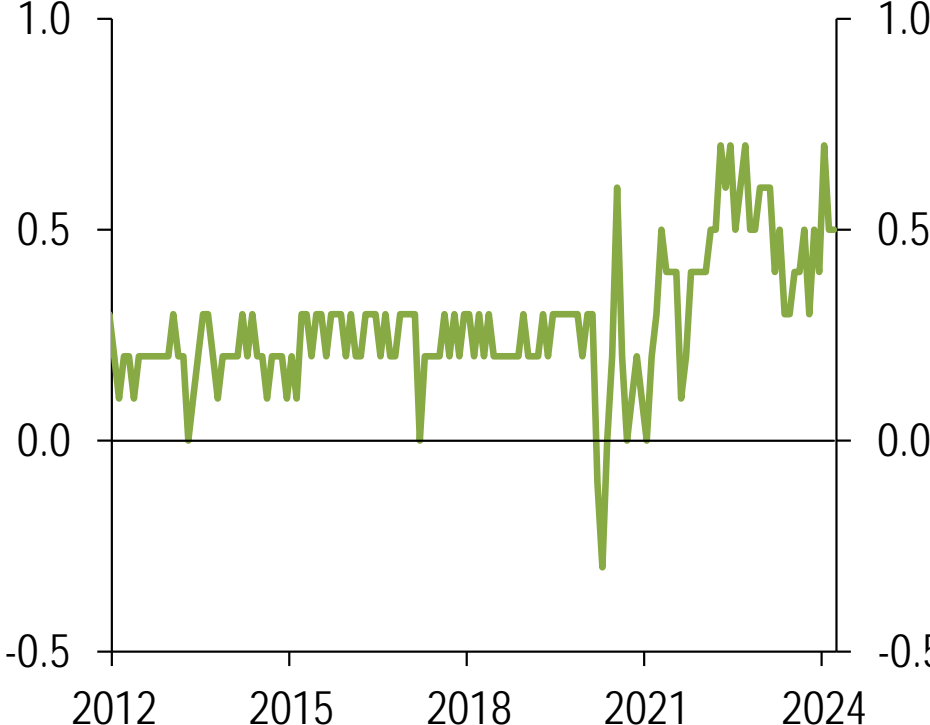
# Goods inflation steps back while services inflation remains elevated.

Month/Month % change



— Goods less Food and Energy

Month/Month % Change

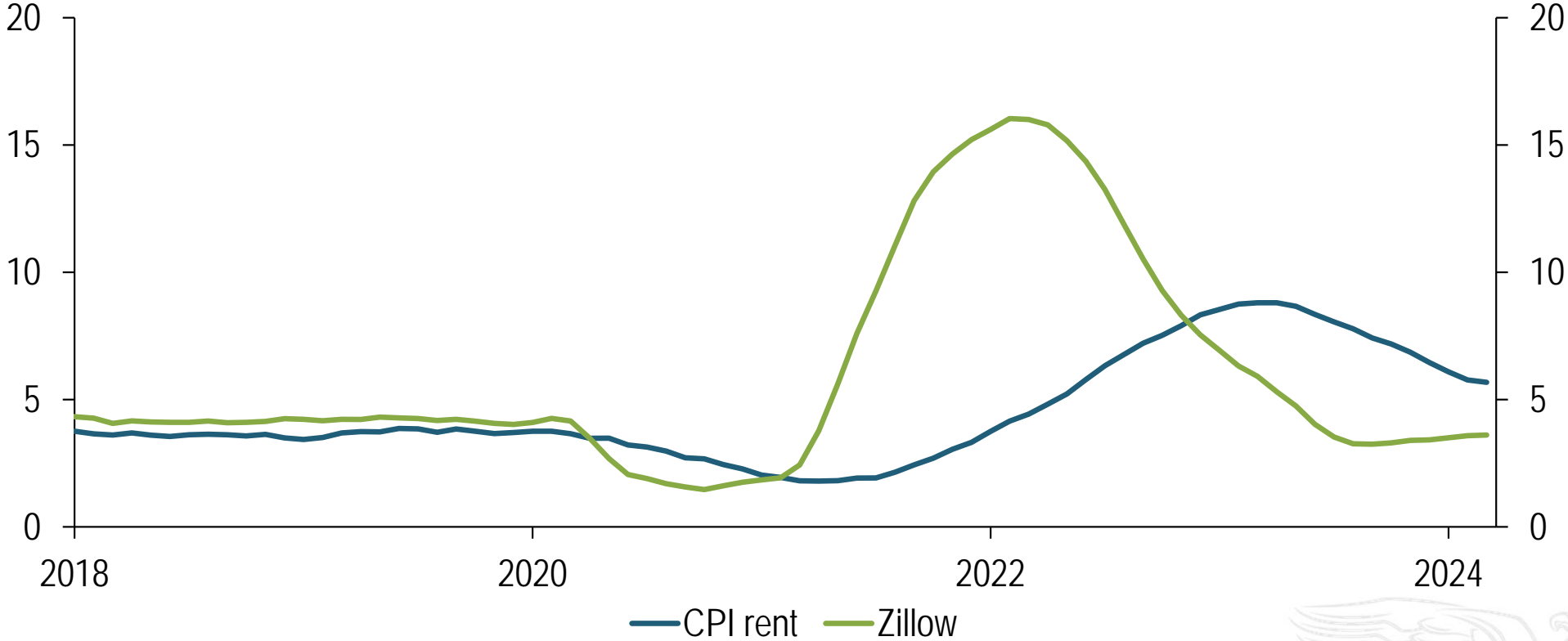


— Services less Food and Energy

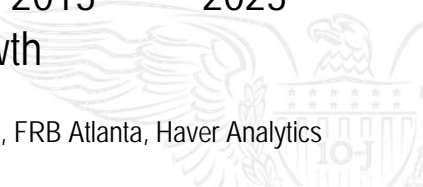
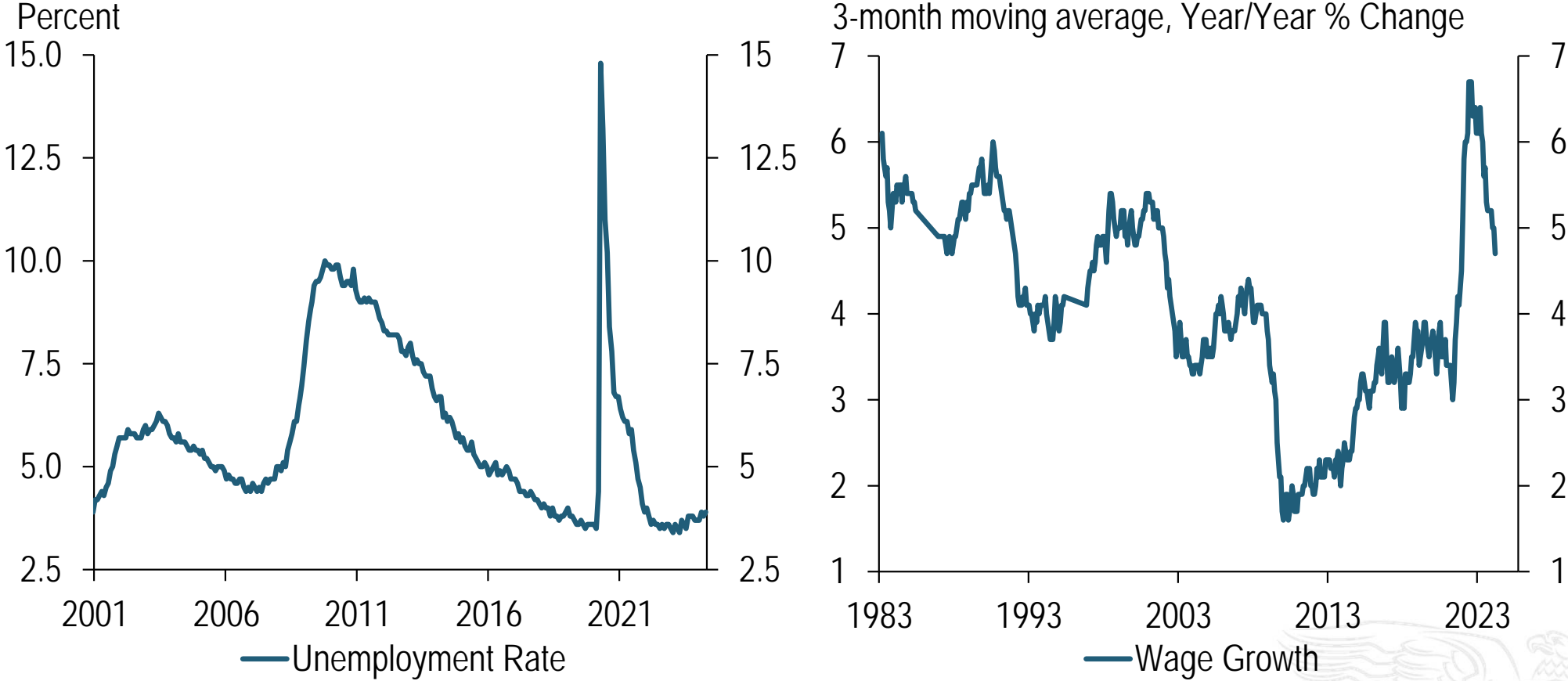


# Rents also contributing to inflation

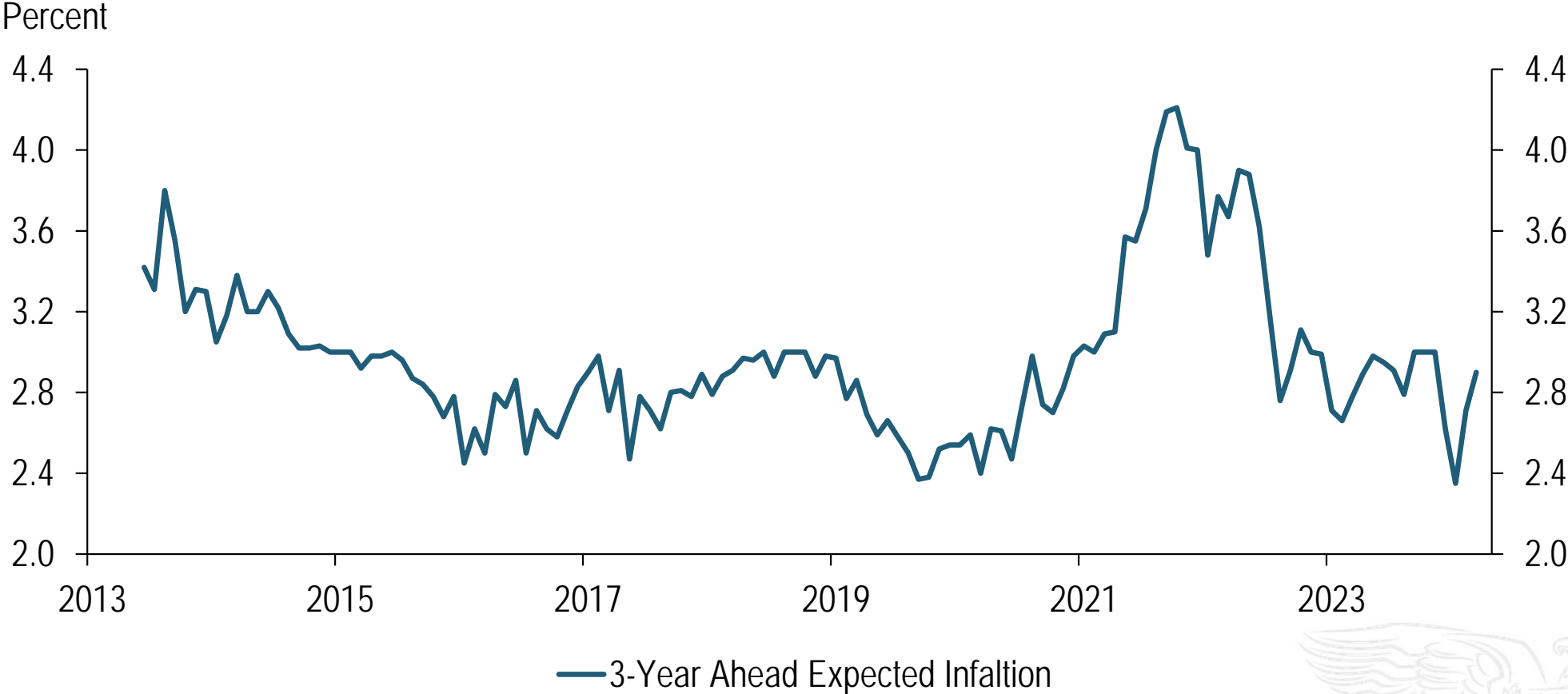
Year/Year % Change



# Services inflation boosted by tight labor market



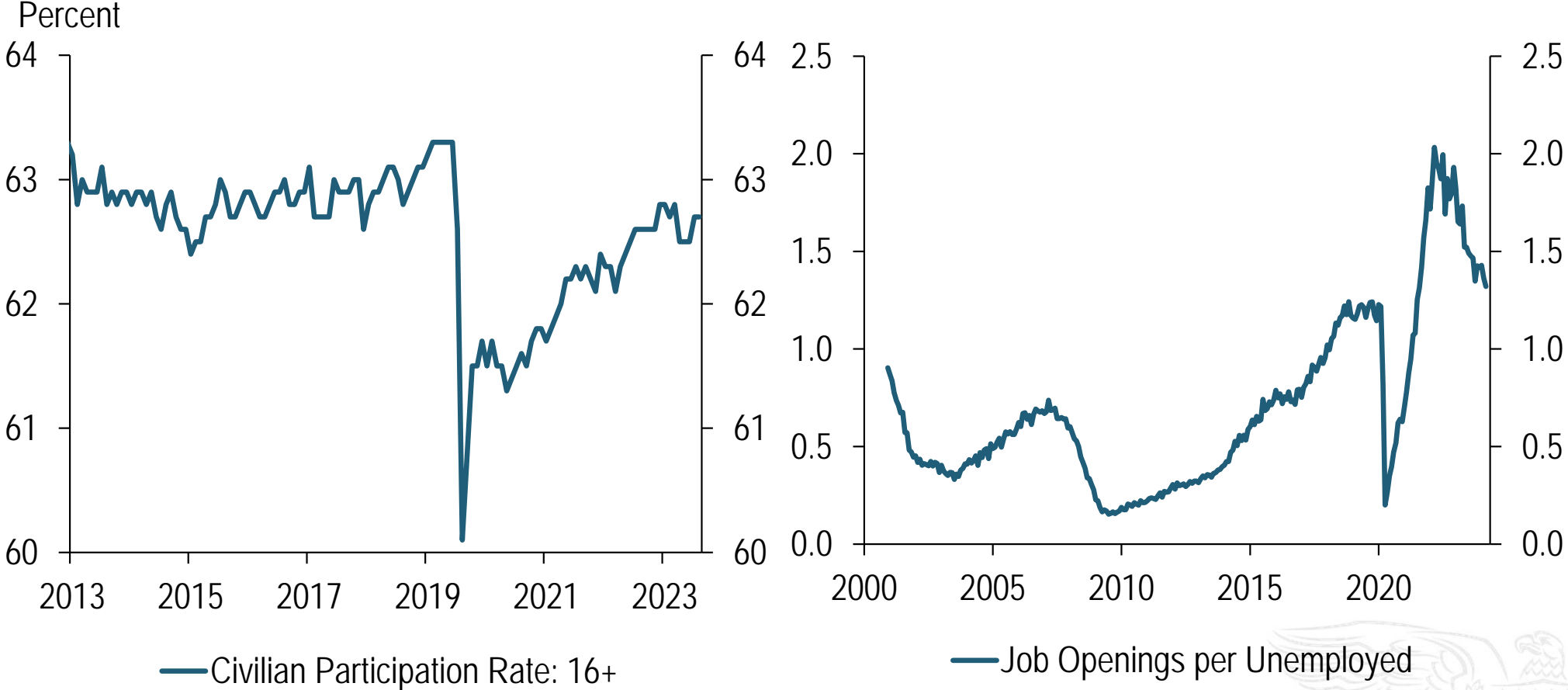
# Inflation not coming from expectations



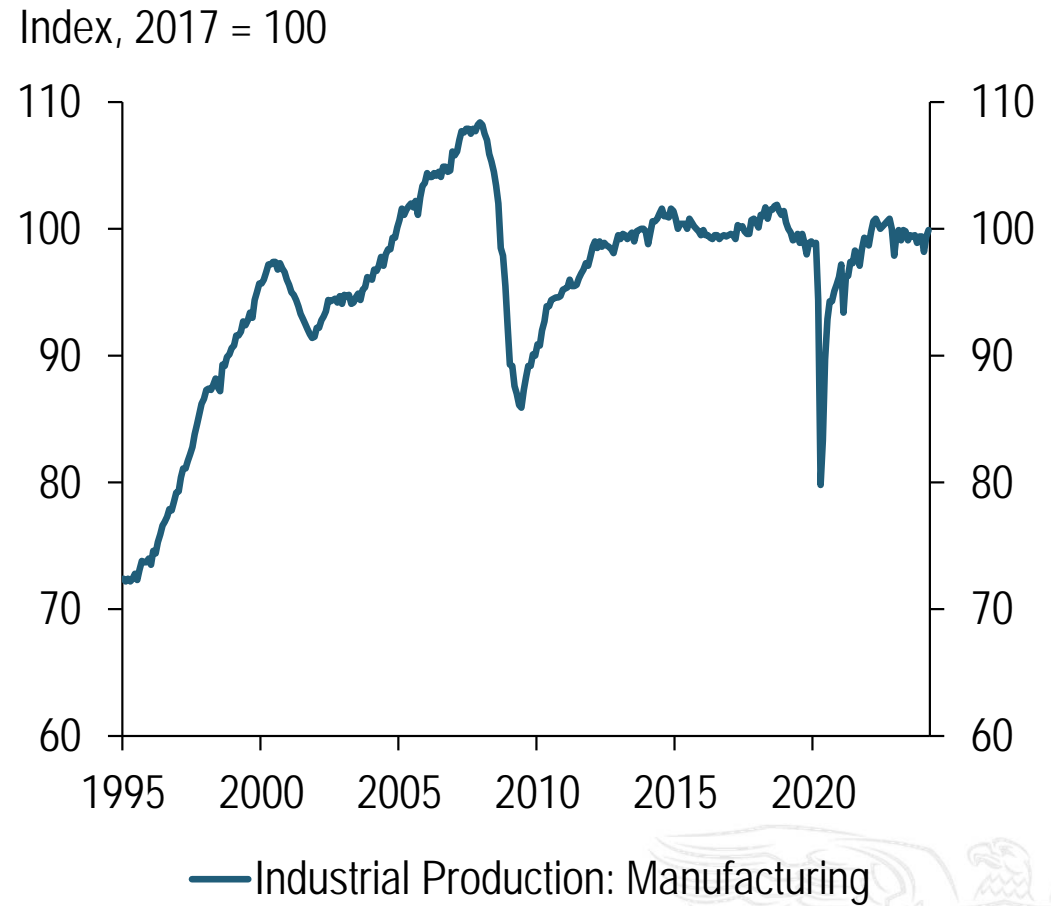
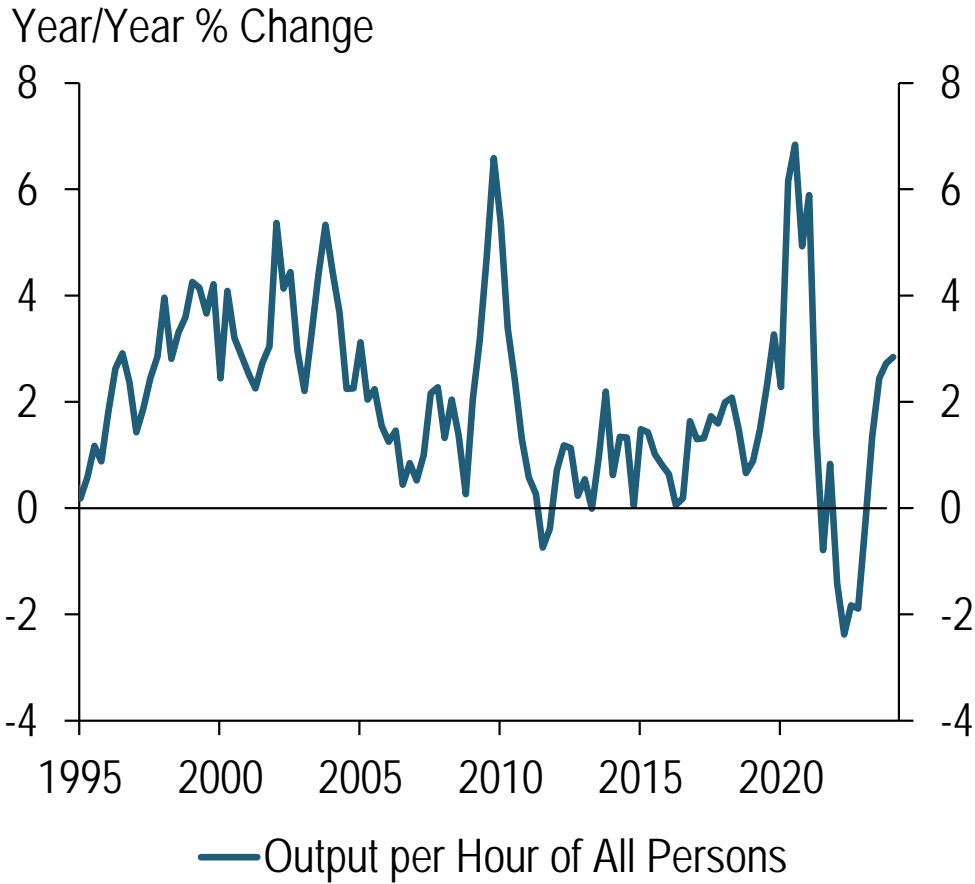
Sources: FRB New York, Haver Analytics



# Labor market showing signs of gradual easing.

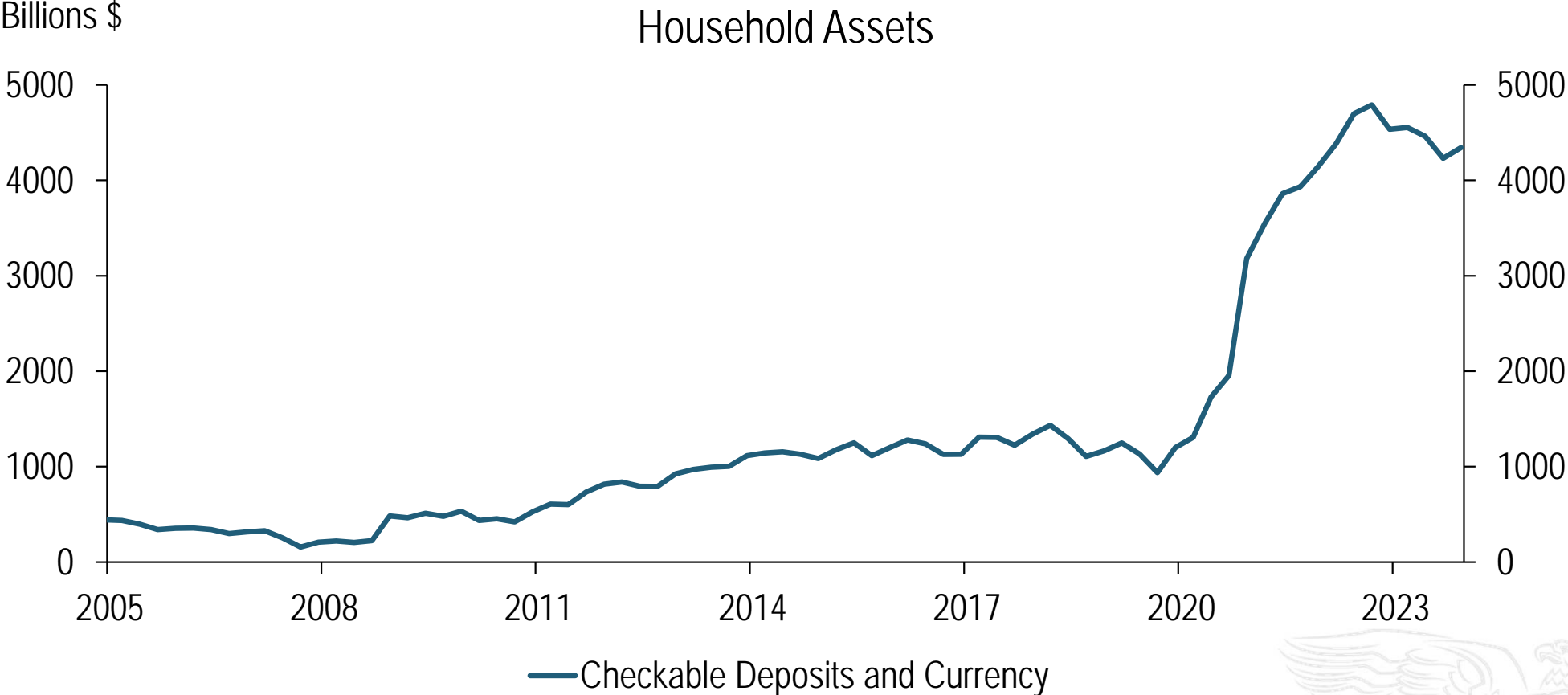


# Supply side important for outlook

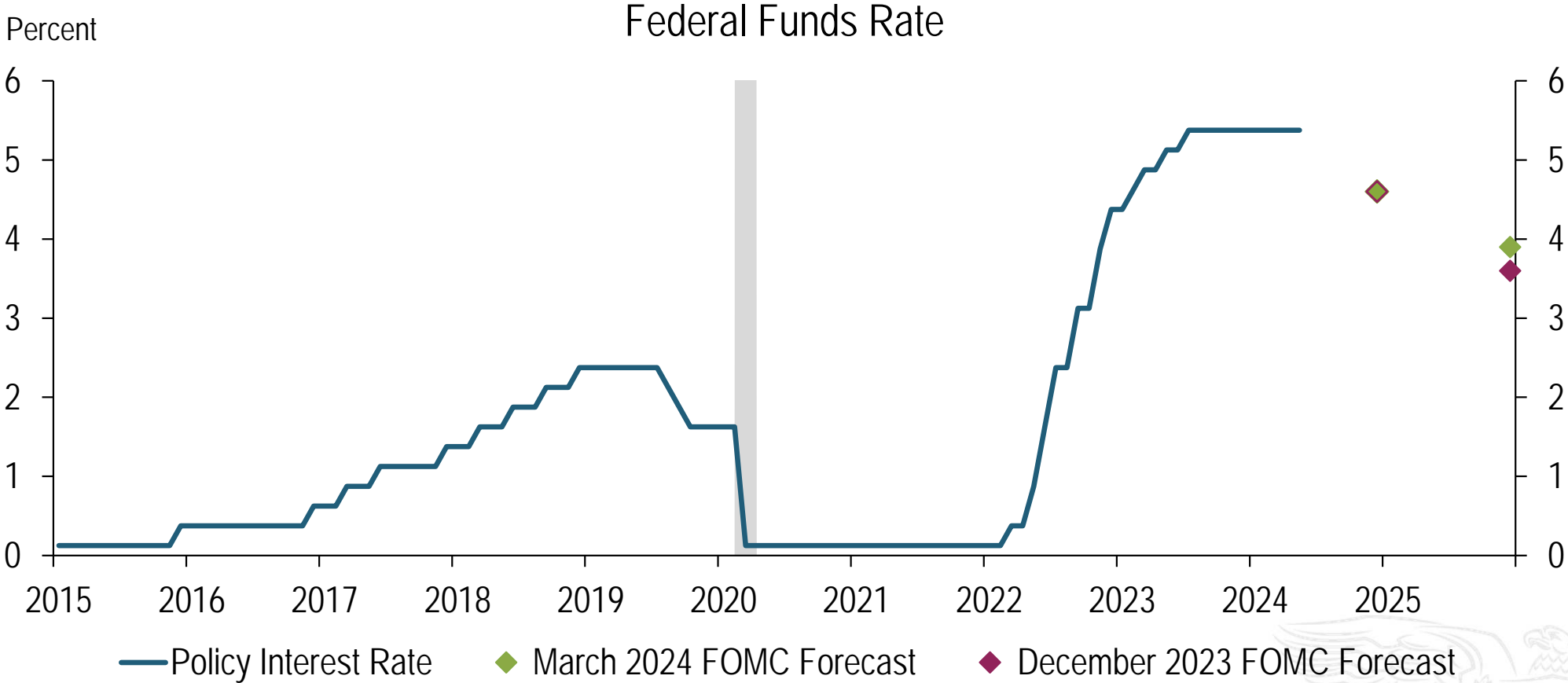


# There is a lot of liquidity out there

## Household Assets

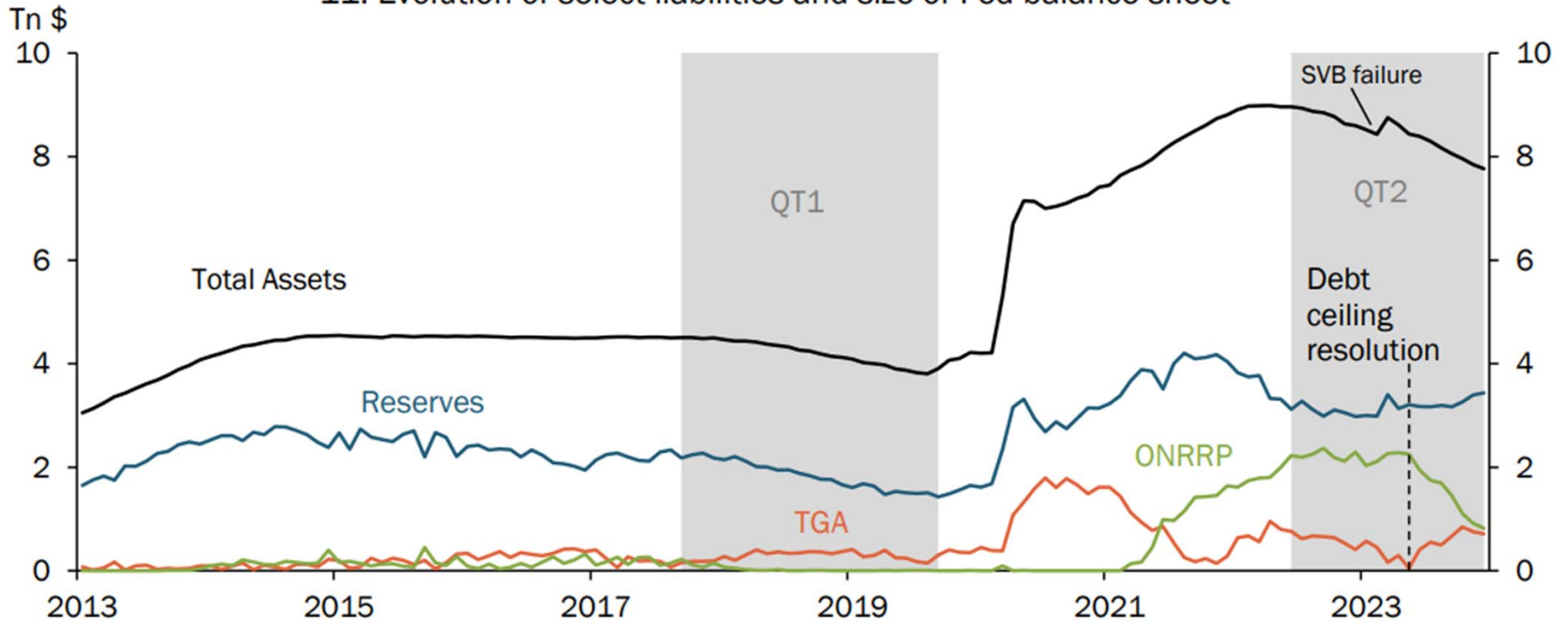


# Monetary policy has tightened



# QT: The Fed's balance sheet is shrinking

11. Evolution of select liabilities and size of Fed balance sheet



Source: Board of Governors, H.4.1

Notes: QT1 is from Sept 2017 through Sept 2019. QT2 began in June 2022.

TGA = treasury general account and ONRRP = overnight reverse repurchase.



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- [Economic Bulletin](#)  
Timely, accessible snapshots of the Kansas City Fed's latest economic findings and perspectives on national and international economic conditions and issues related to monetary policy, industries and markets.
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