



Webinar: Economic Update & Interest Rate Outlook

September 12, 2024

8 a.m. (PT) / 9 a.m. (MT)
10 a.m. (CT) / 11 a.m. (ET)



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Keynote Speakers



Kiran Kini
Senior Vice President,
Treasurer



Tanner Ehmke
Lead Economist,
Grains & Oilseeds

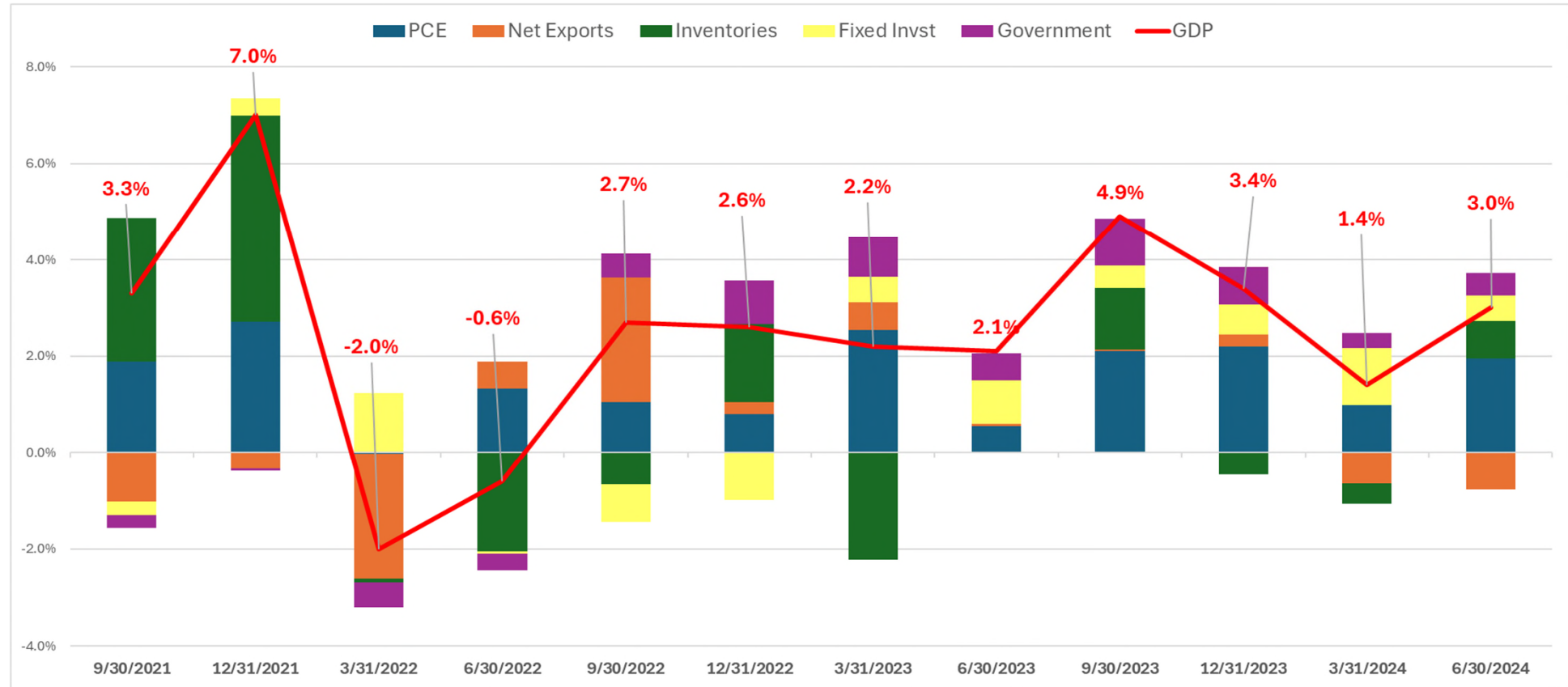


Tamra Reynolds
Managing Director,
Electric Distribution

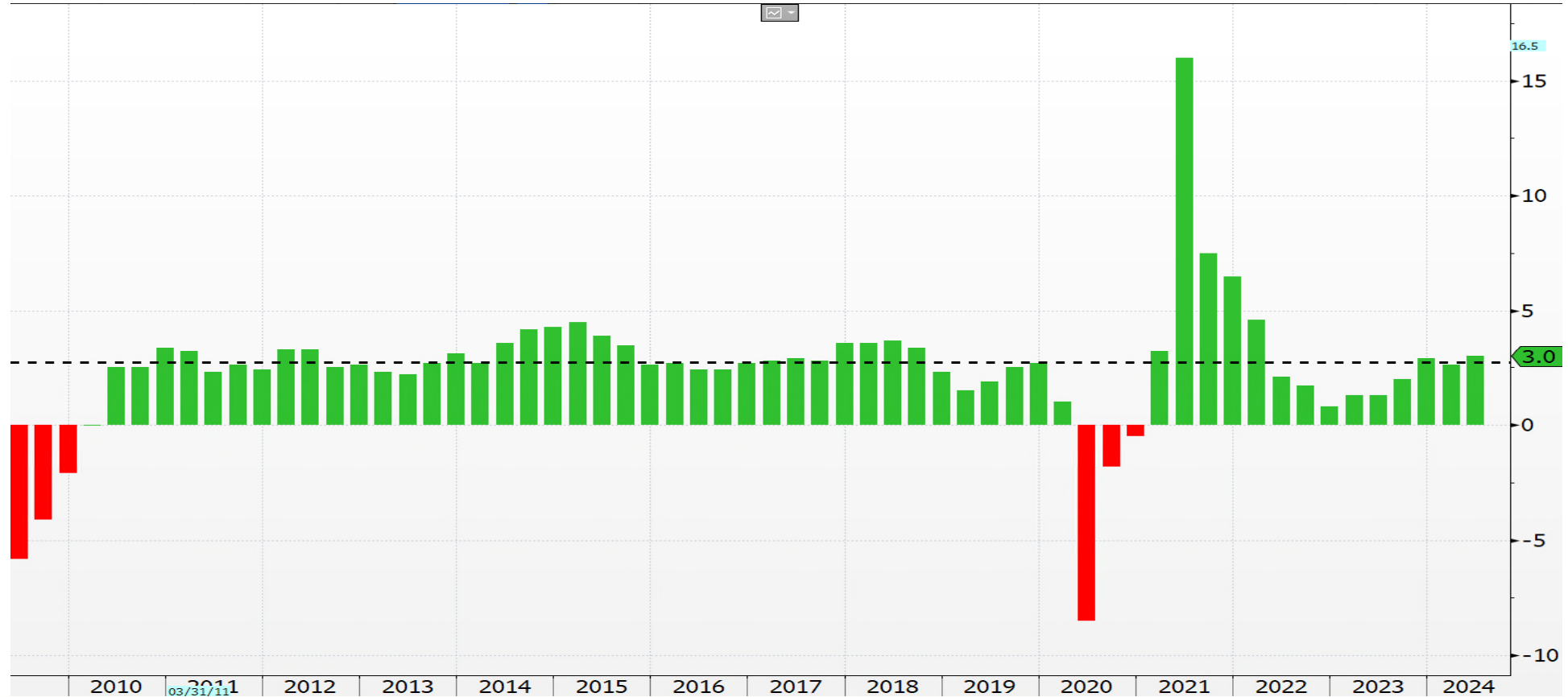
Economic Outlook

GDP

GDP Growth Remains Strong

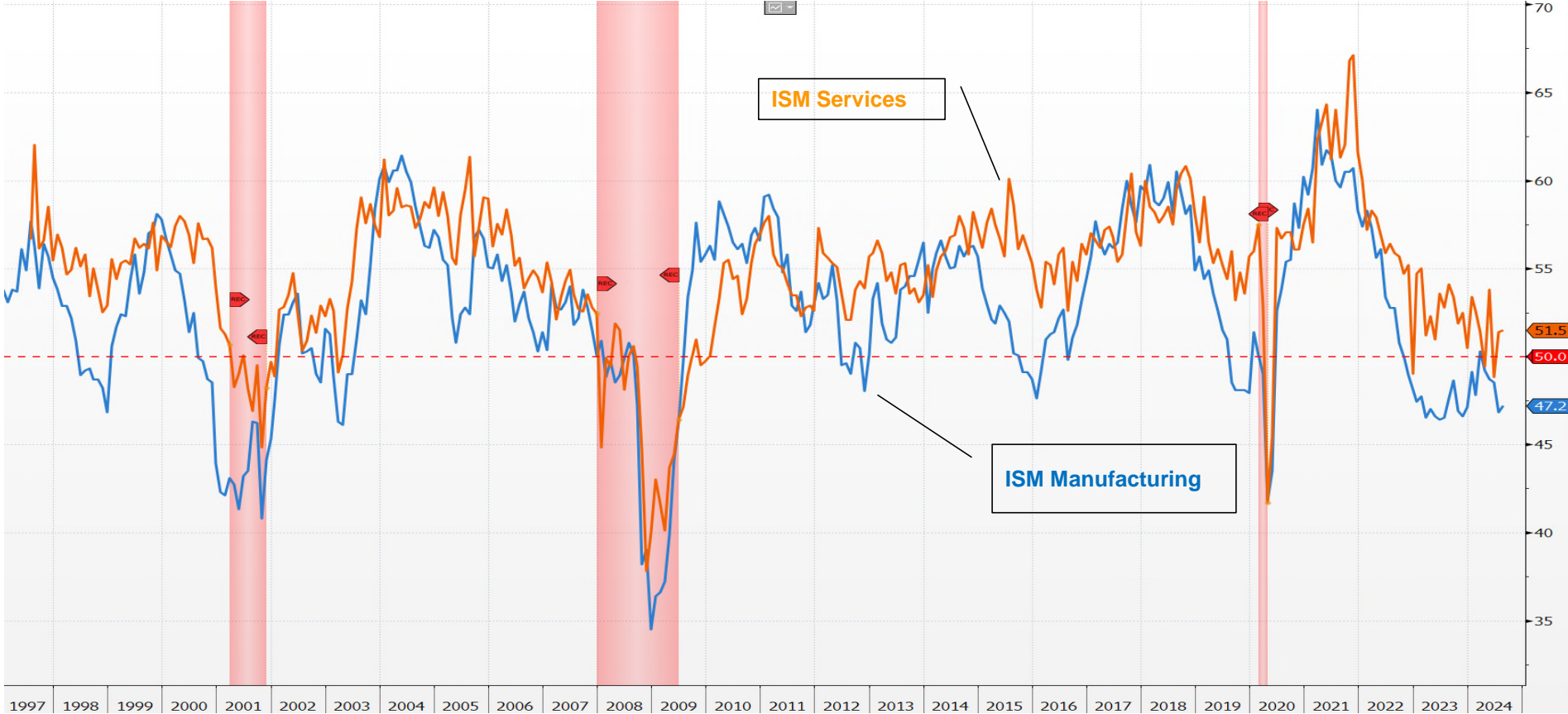


Real Private Domestic Final Purchase



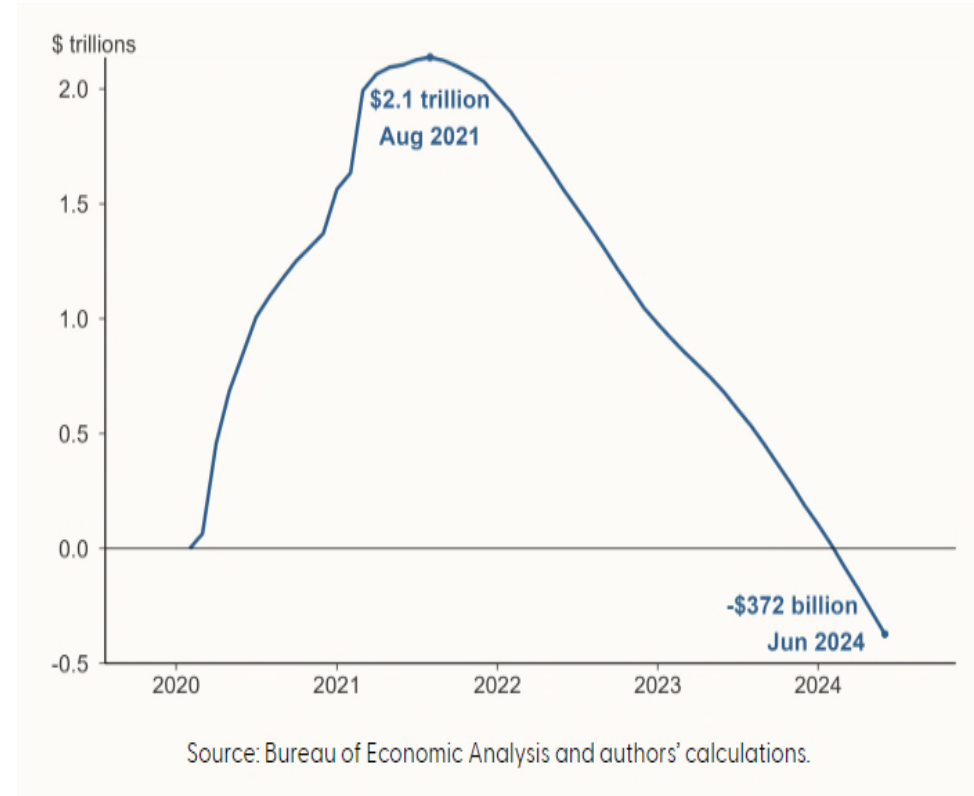
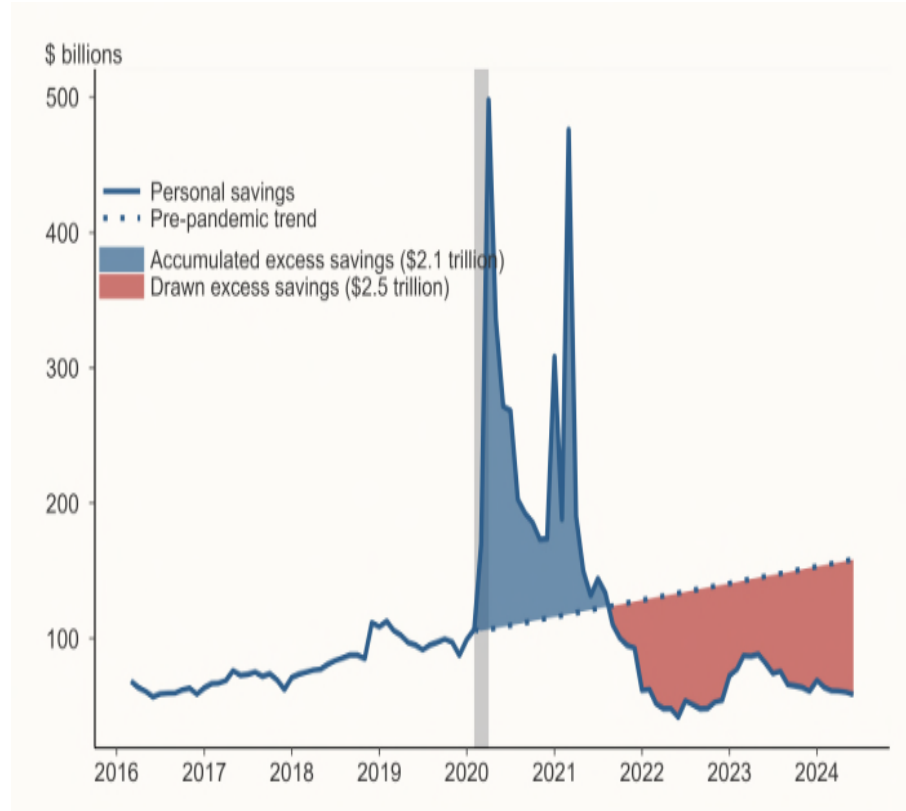
Source: Bloomberg

ISM – Manufacturing and Services



Source: Bloomberg, Institute for Supply Management (ISM)

Excess Savings has Run Out

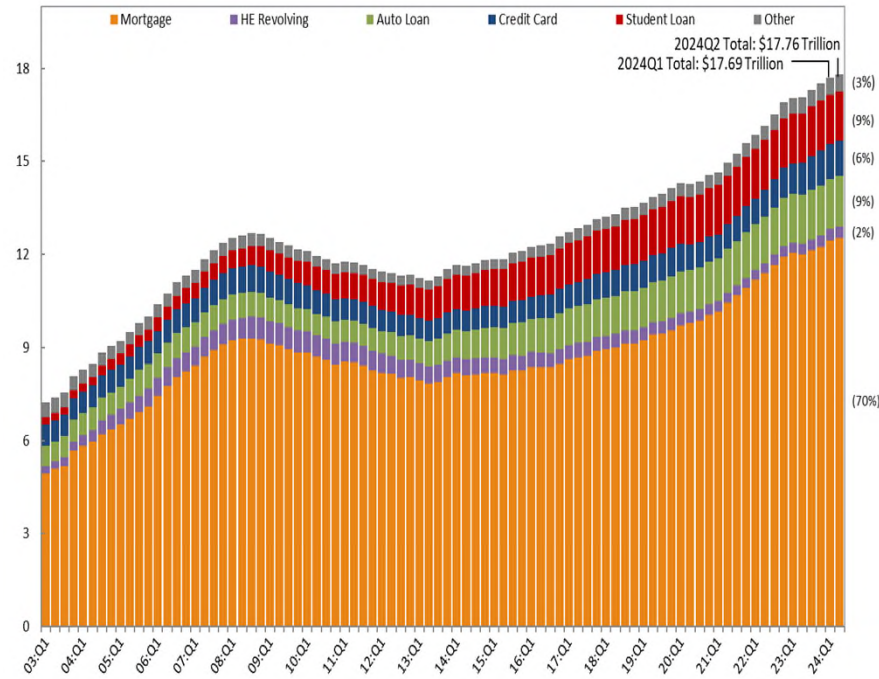


Source: Bureau of Economic Analysis and authors' calculations.

Household Debt

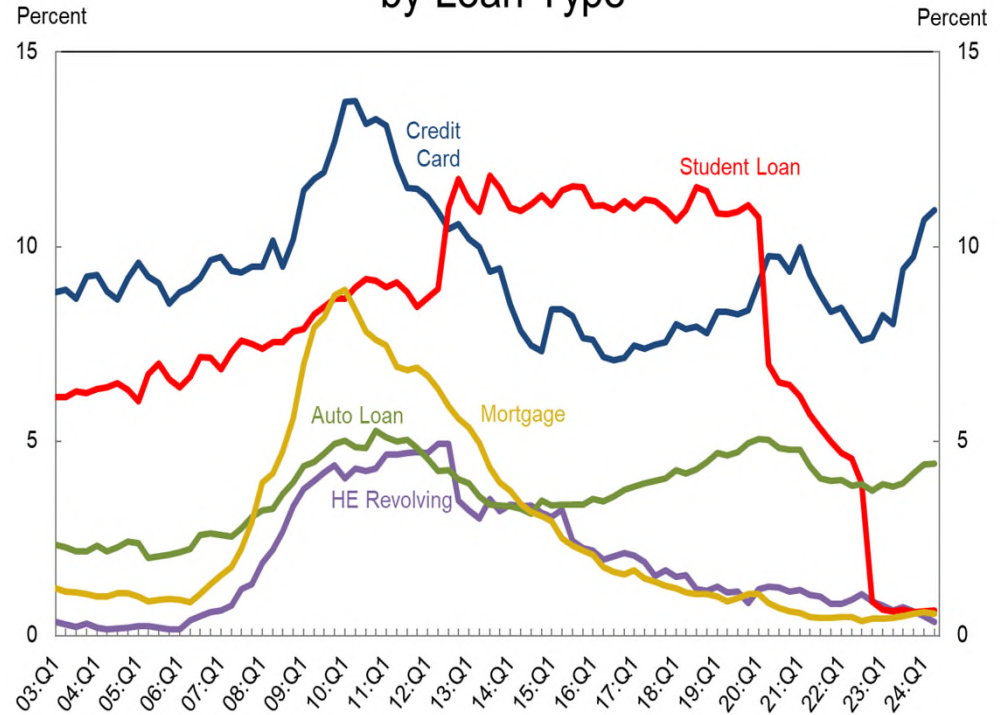
Total Debt Balance and its Composition

Trillions of Dollars



Source: New York Fed Consumer Credit Panel/Equifax

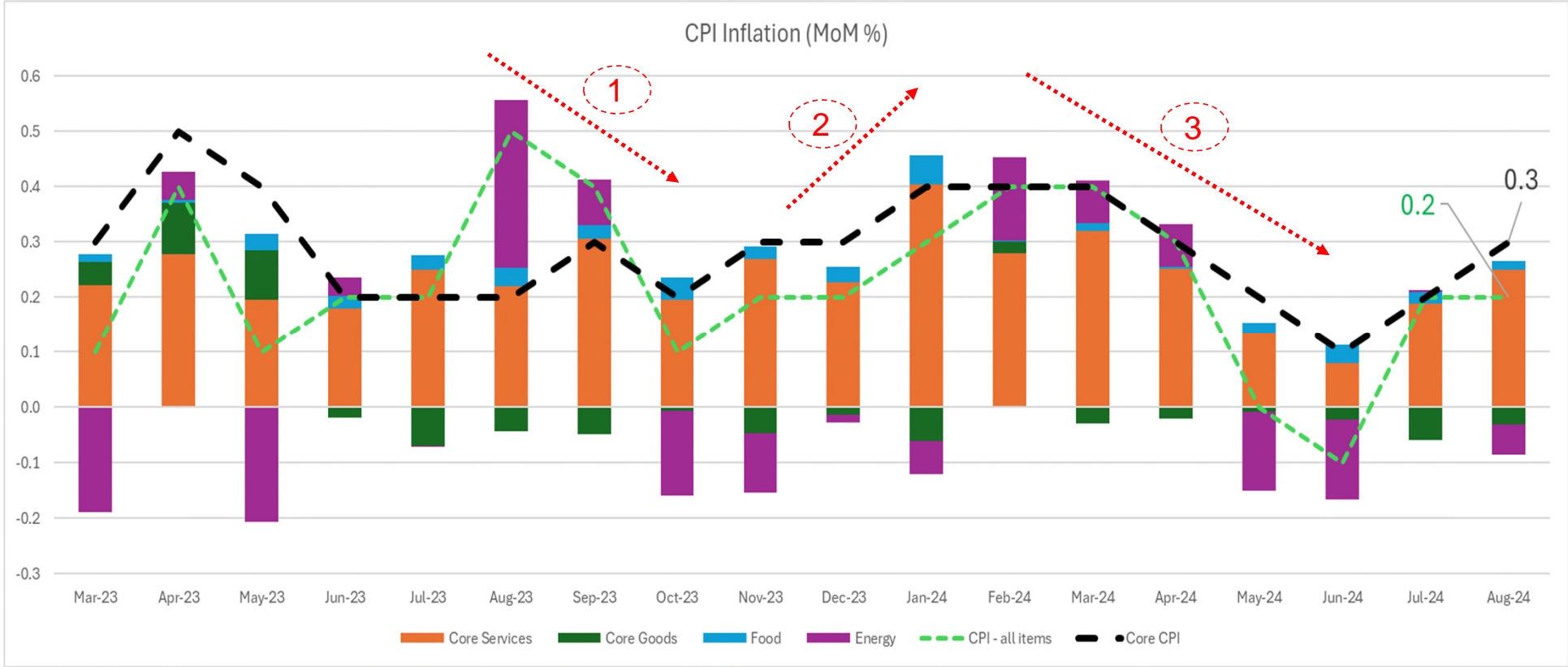
Percent of Balance 90+ Days Delinquent by Loan Type



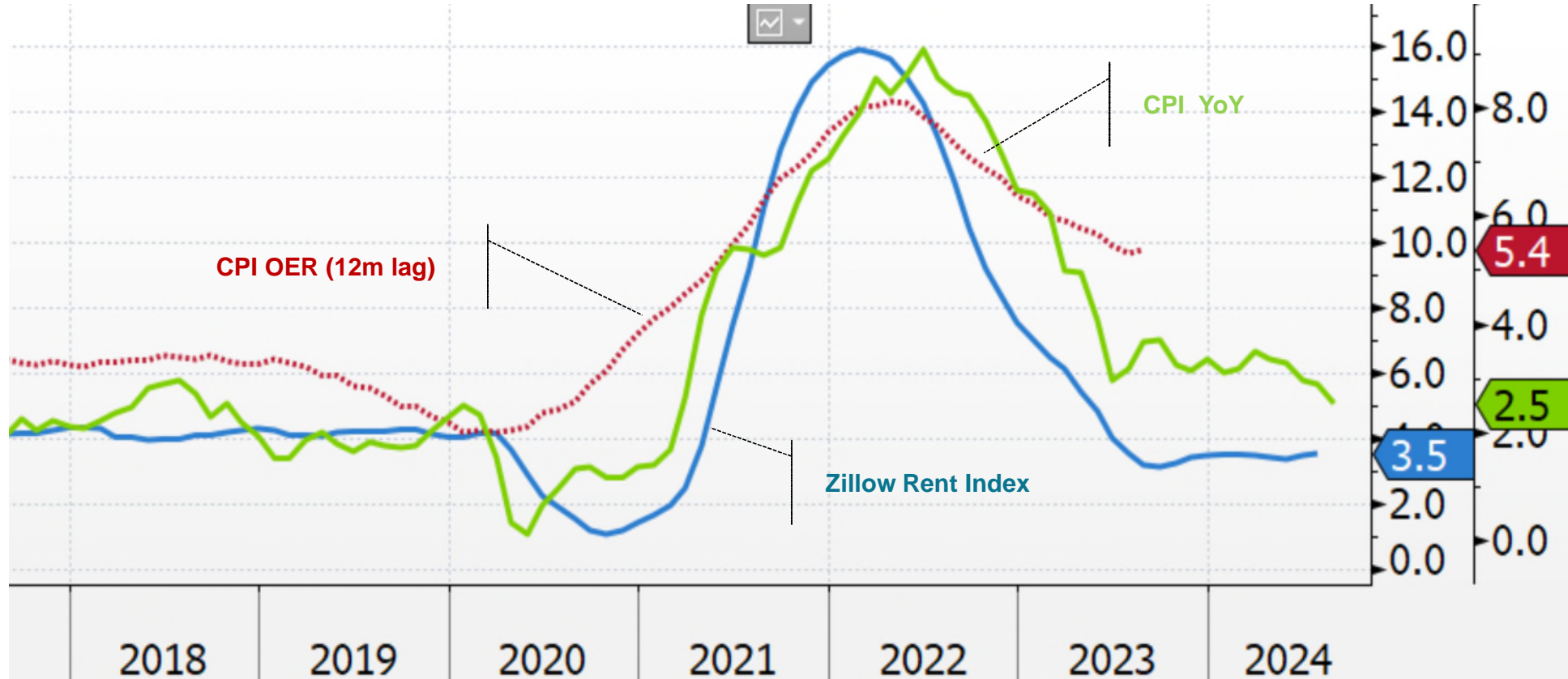
Source: New York Fed Consumer Credit Panel/Equifax

Inflation

Inflation Picture Continues to Improve

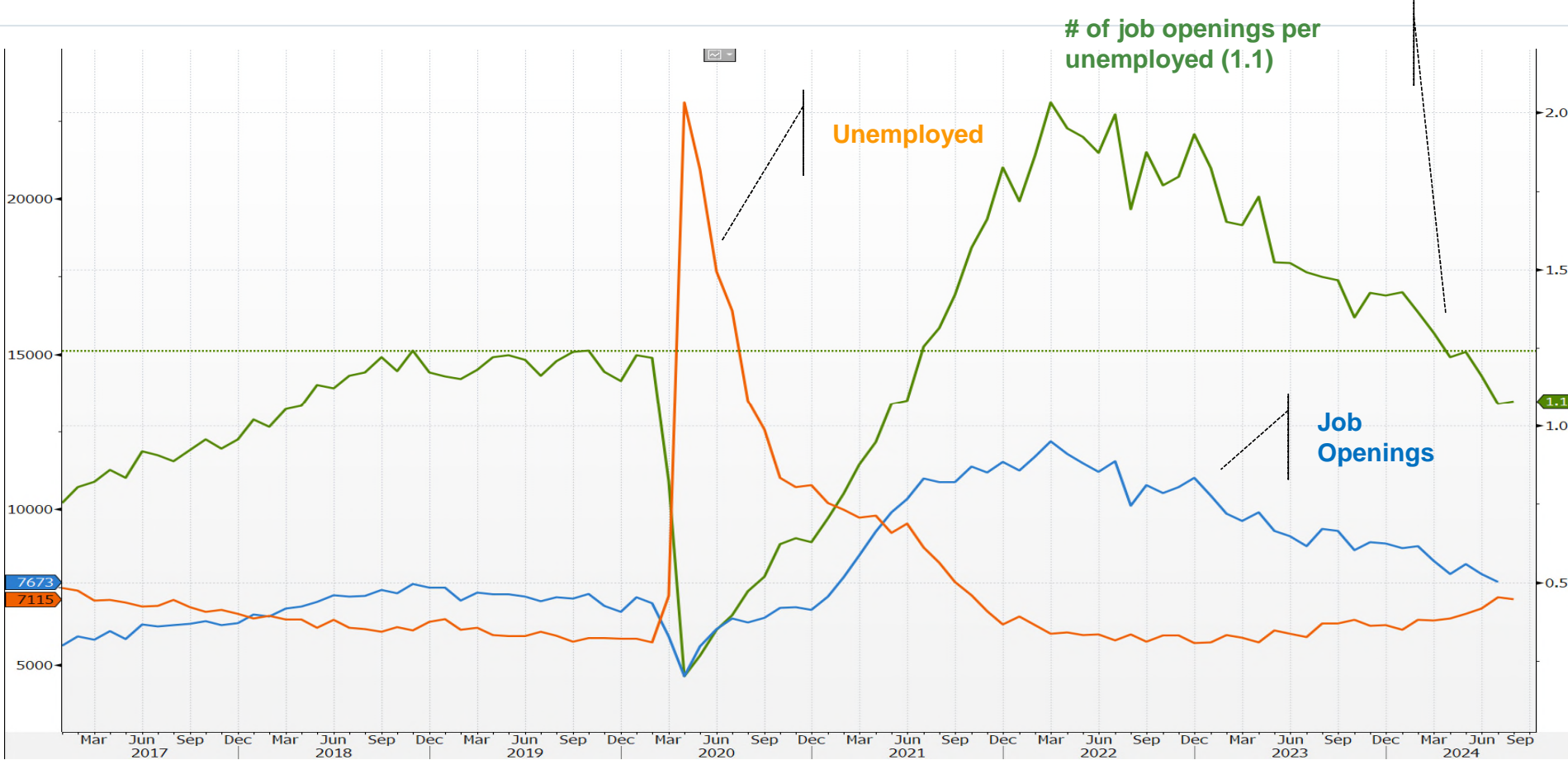


CPI – Disinflation in the pipeline



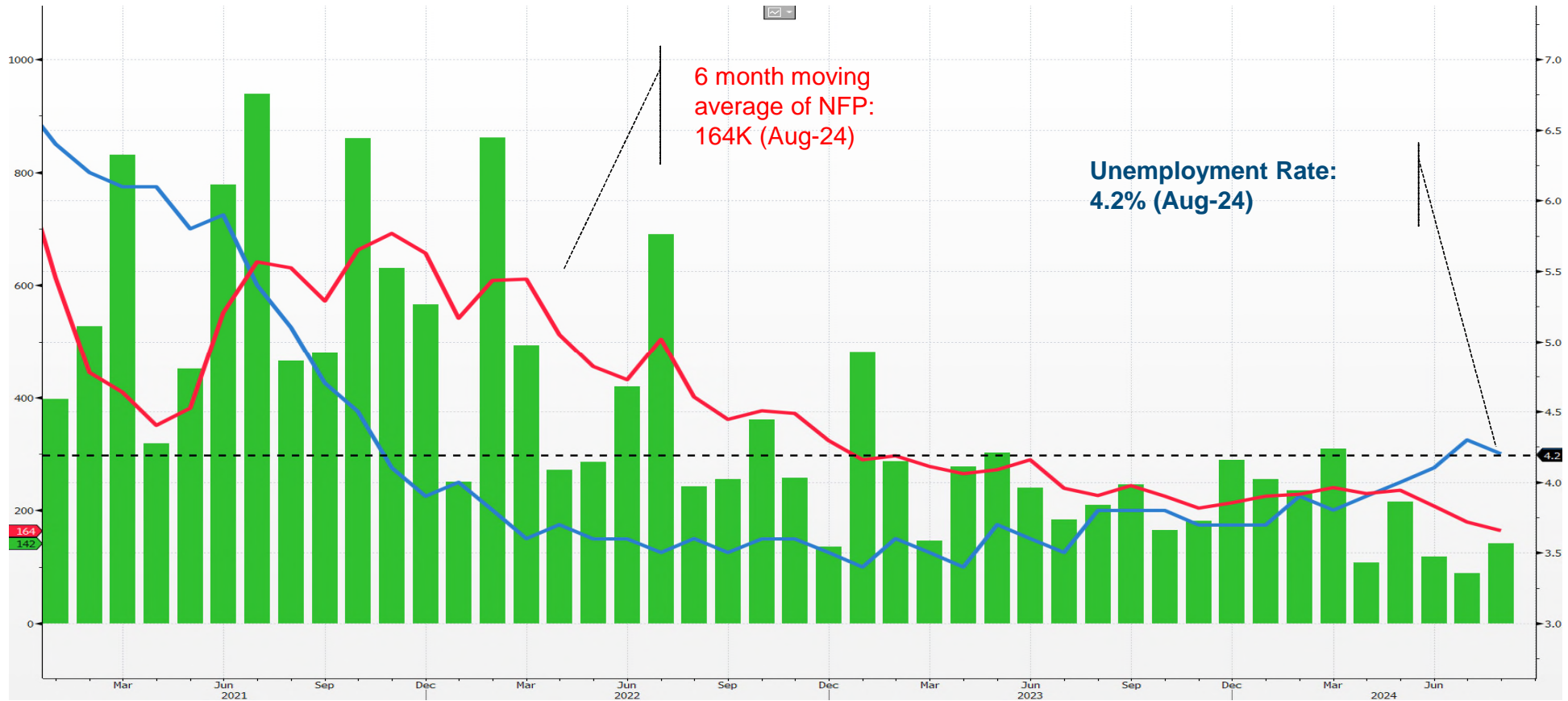
Employment

Labor Market Back in Balance

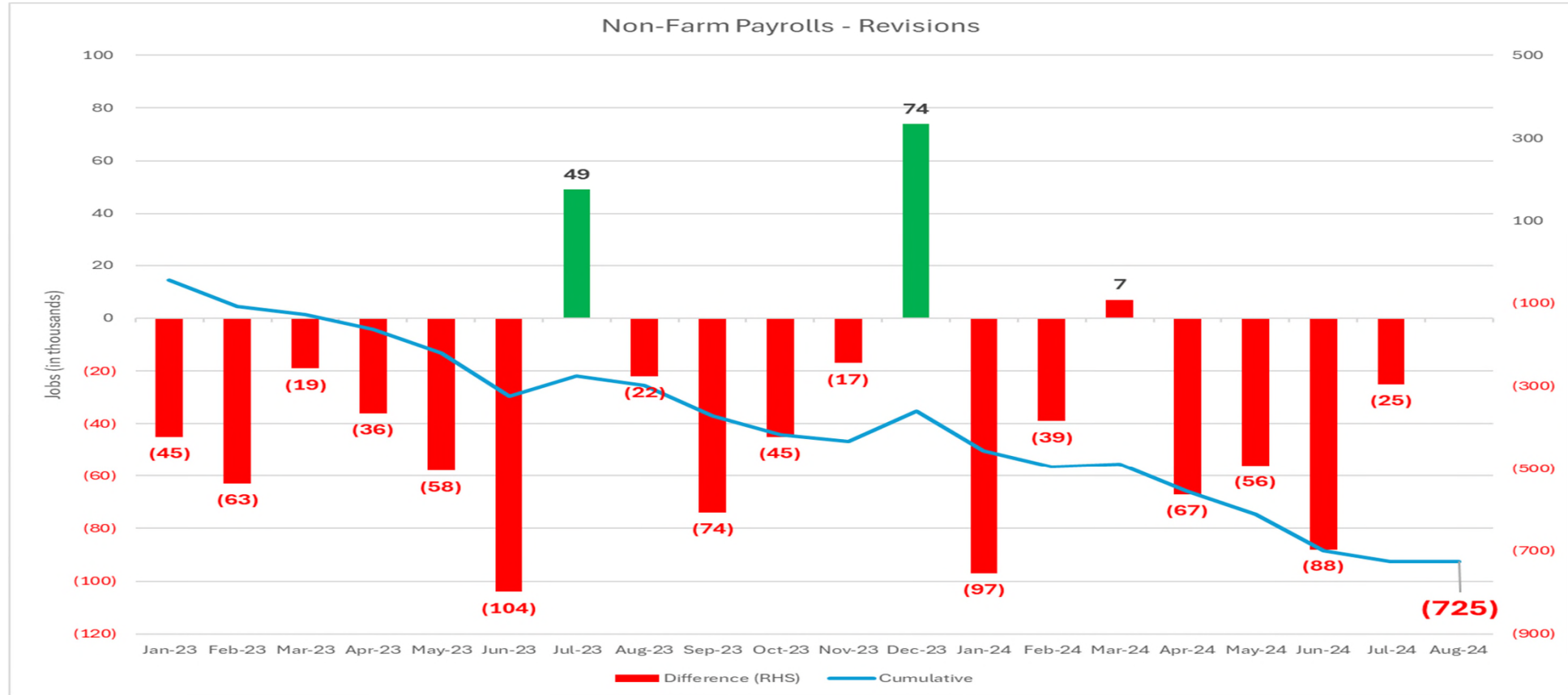


Source: Bloomberg

Non-farm Payrolls and Unemployment Rate



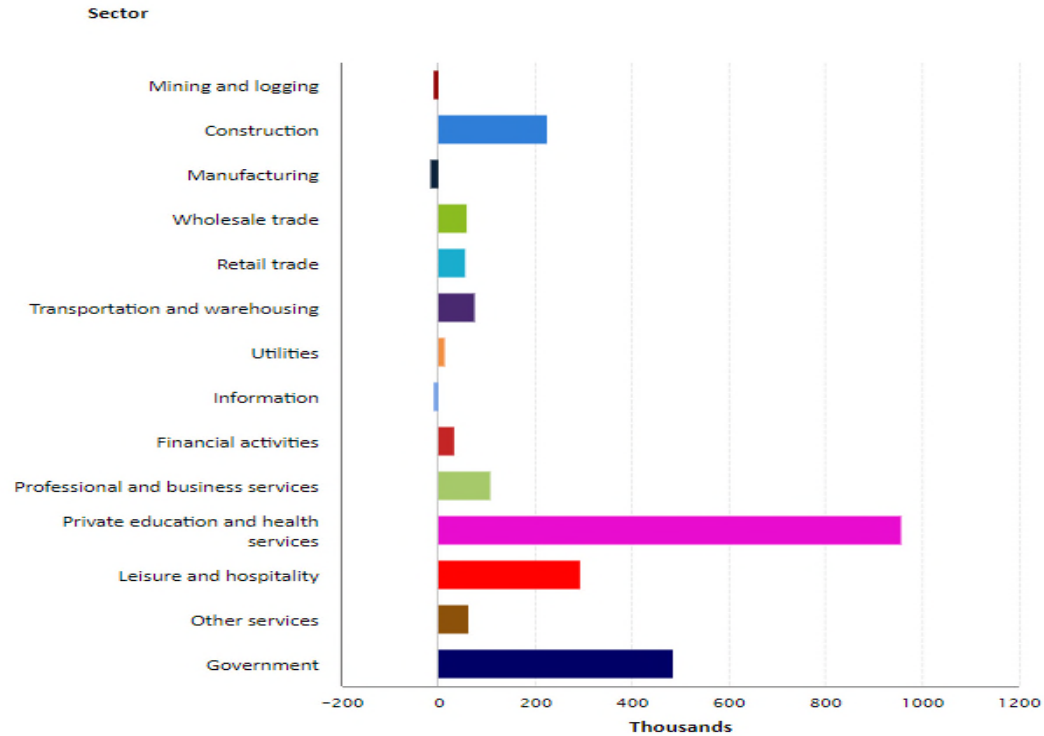
Downward Revision to Payrolls



Employment Change by Industry

Employment change by industry, August 2024, seasonally adjusted, 12-month net change

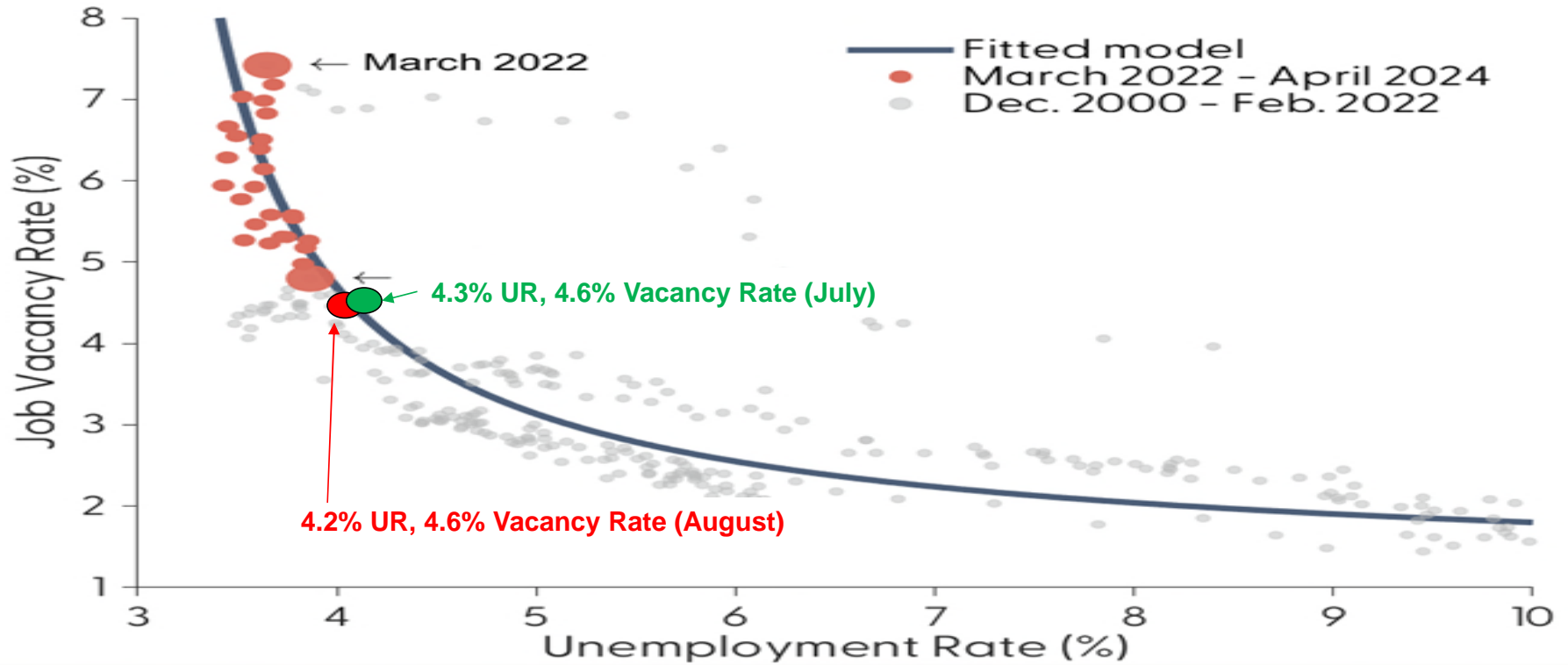
Click on bars to drill down



Source: U.S. Bureau of Labor Statistics.



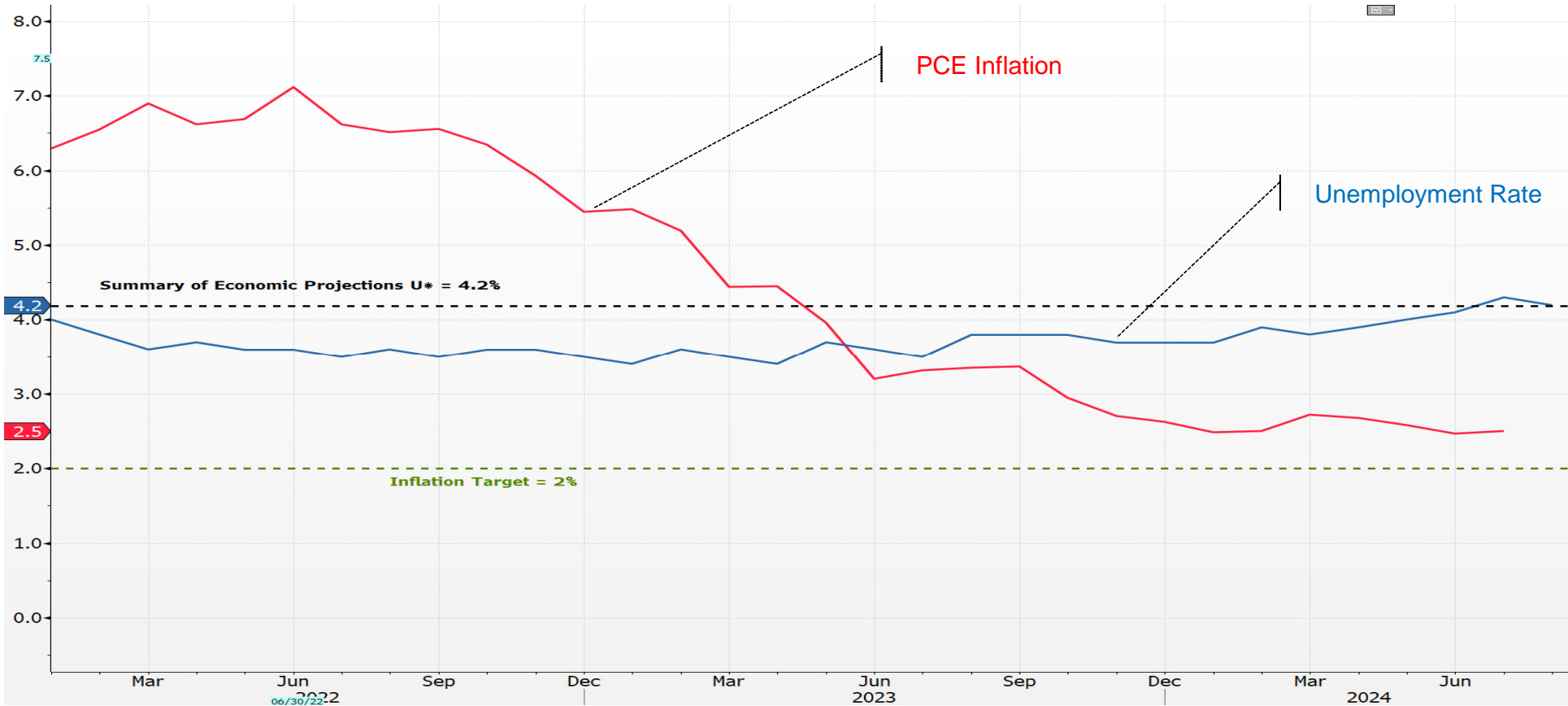
Unemployment Rate Poised to go up Sharply?



Source: Bureau of Labor Statistics and FRBSF Staff calculations.

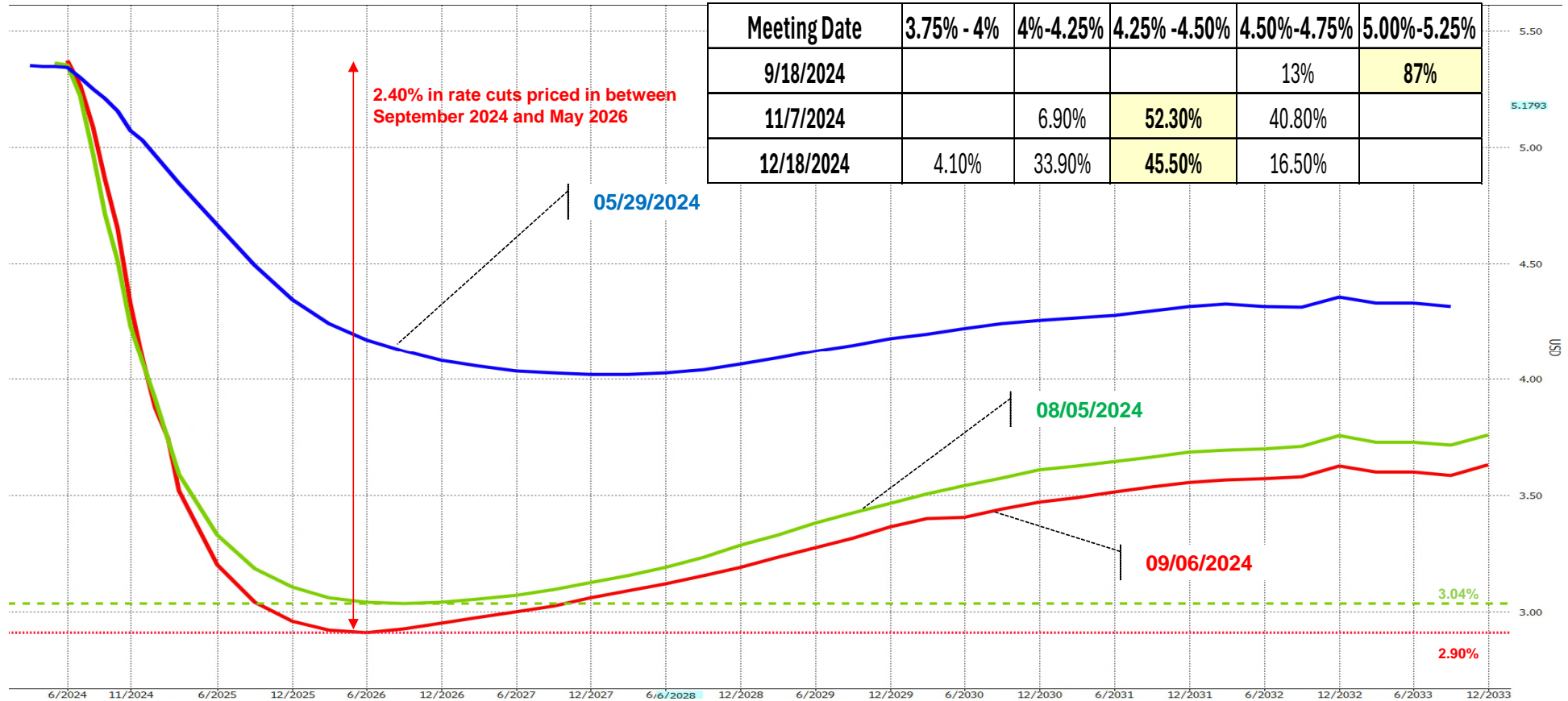
Dual Mandate

Federal Reserve – Dual Mandate

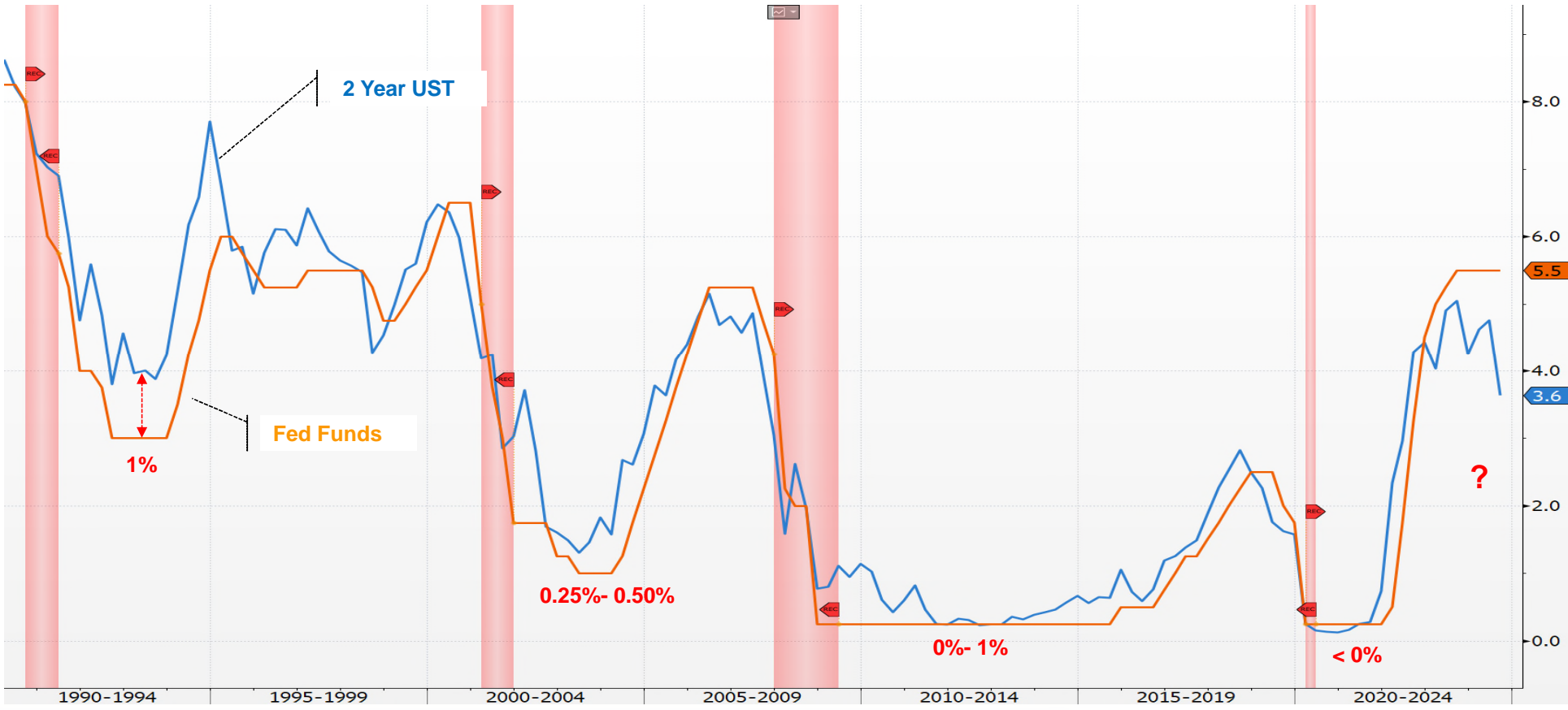


Source: Bloomberg, BEA, BLS, Federal Reserve

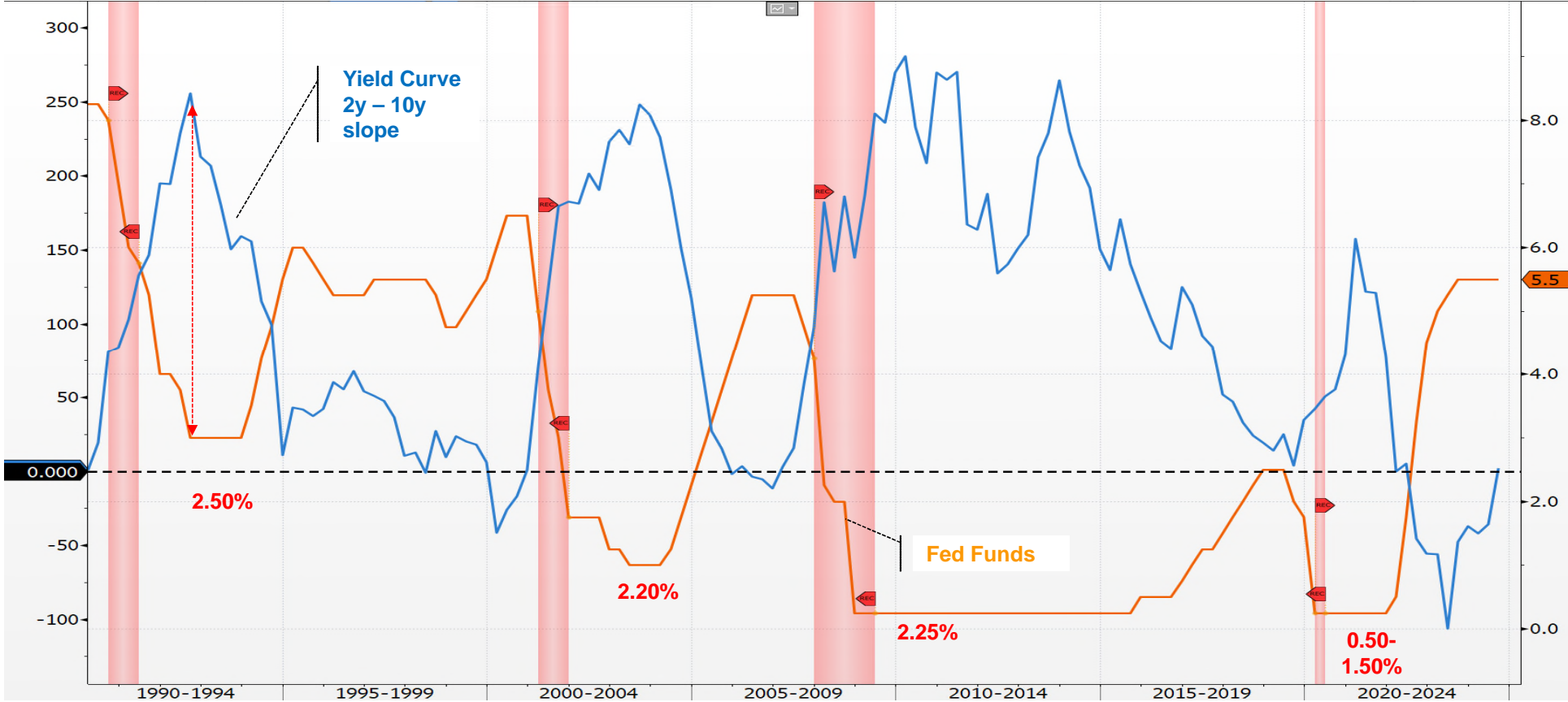
Market Pricing of Future Policy Rates



2 Year Treasury and Fed Funds



Yield Curve (2s10s) and Fed Funds



10 Year Treasury Yields



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10 Year Treasury Yields

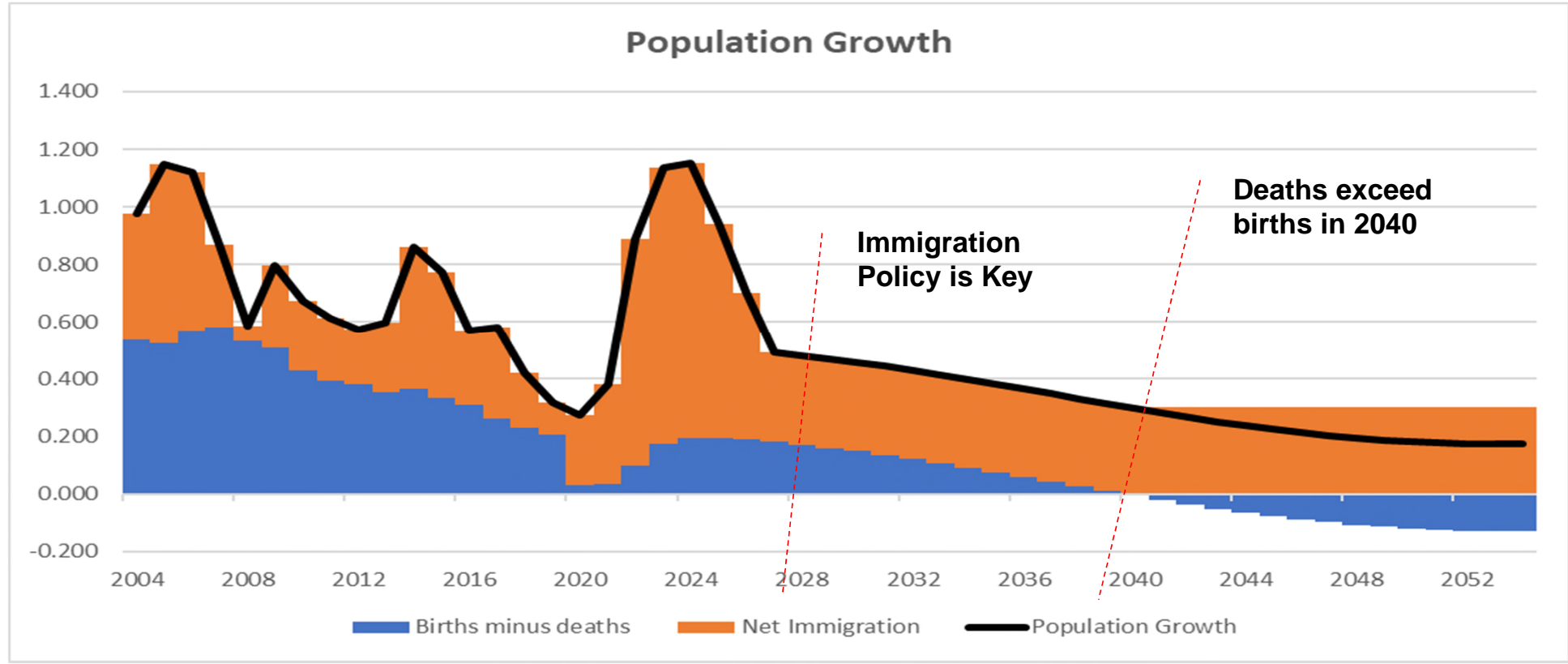


Structural Challenges

A World in Flux

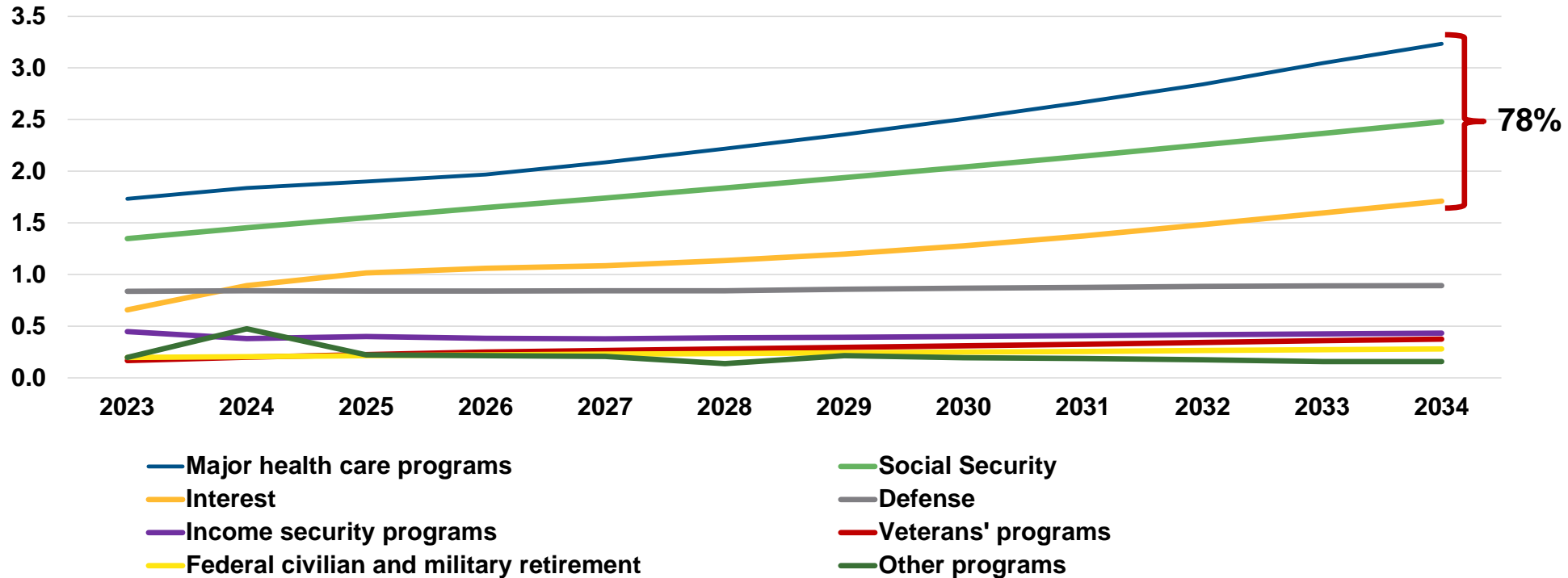
- Fiscal Situation is a mess – Deficits galore
- Demographic Situation
- Ukraine/Russia, Middle East tensions, China/Taiwan
- Election Season – Globally
- Deglobalization / Near-Shoring / Slowbalization / Friend-Shoring – Fragility of Supply Chains
- Green Energy Transition
- Chinese Economy Slowing Down
- Artificial Intelligence

U.S. Population is Quickly Aging

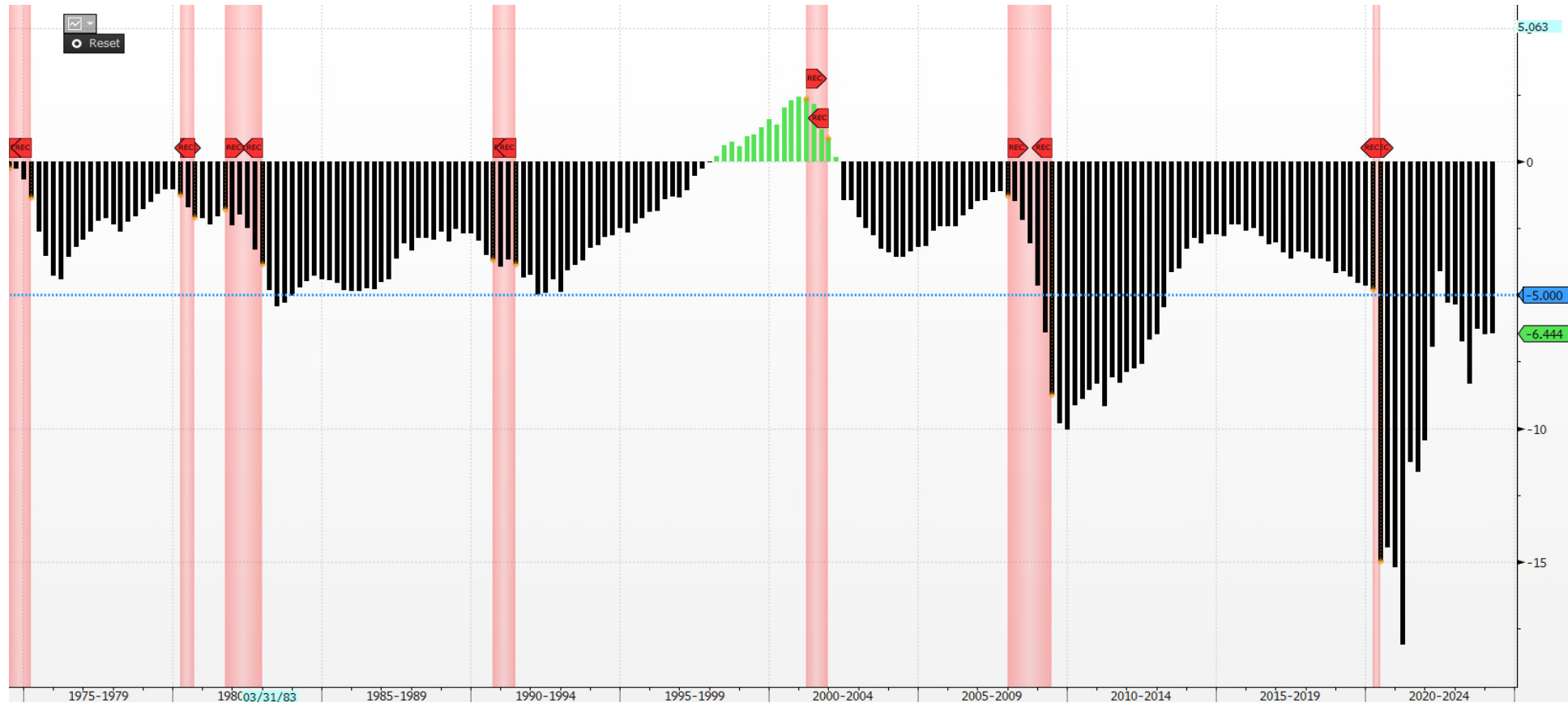


Entitlement Programs and Interest Expense Crowd Budget

U.S. Federal Spending (Trillion \$)

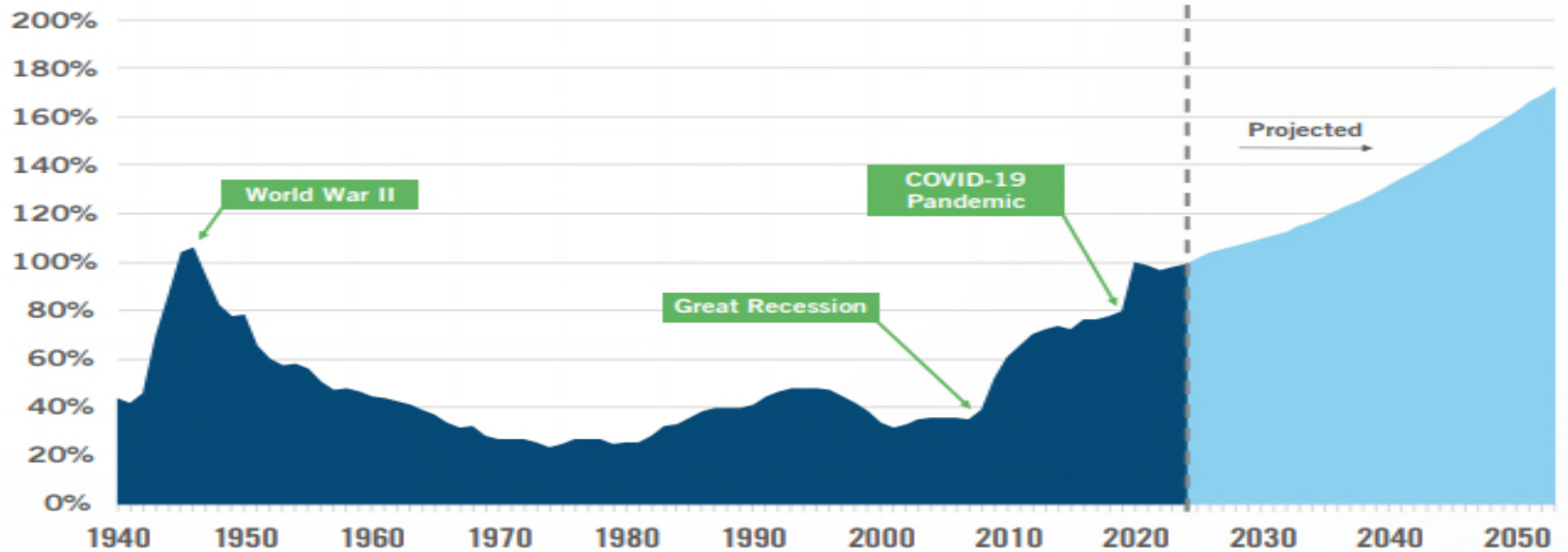


U.S. Federal Deficits as % of GDP Remains Elevated



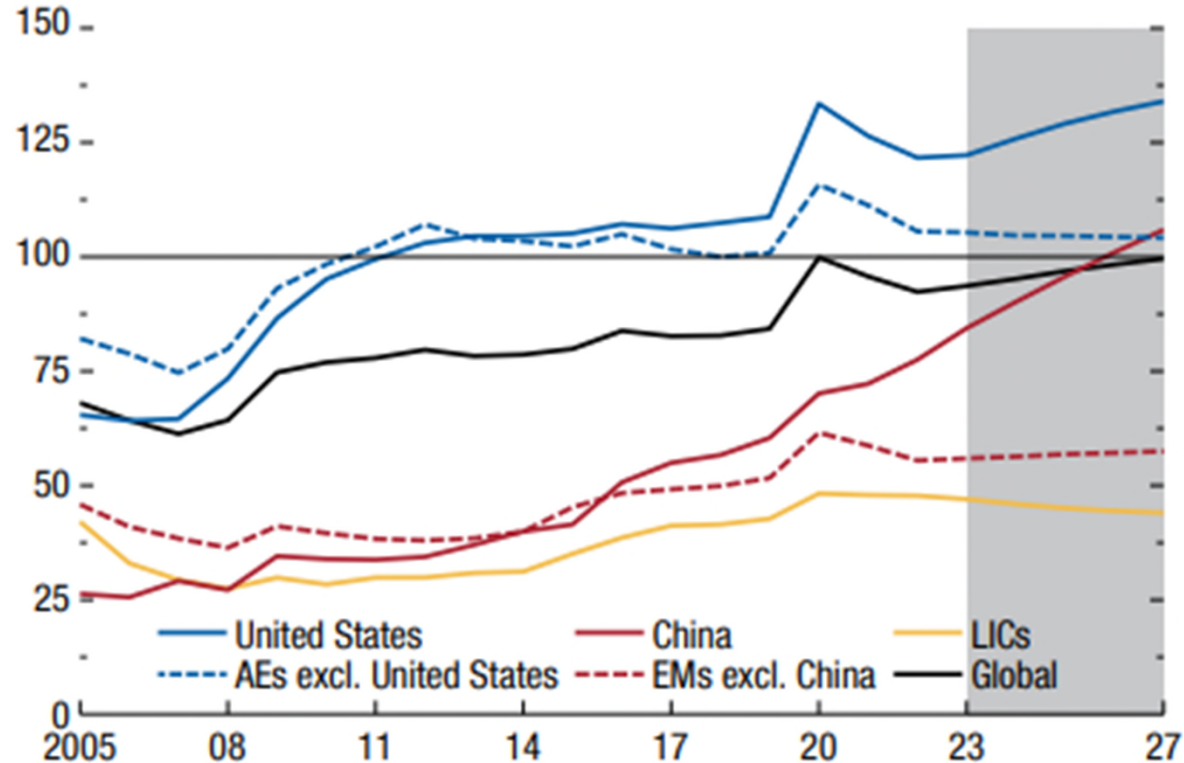
Federal Debt as % of GDP Projected to Continue Climbing

U.S. Federal Debt as a Share of GDP



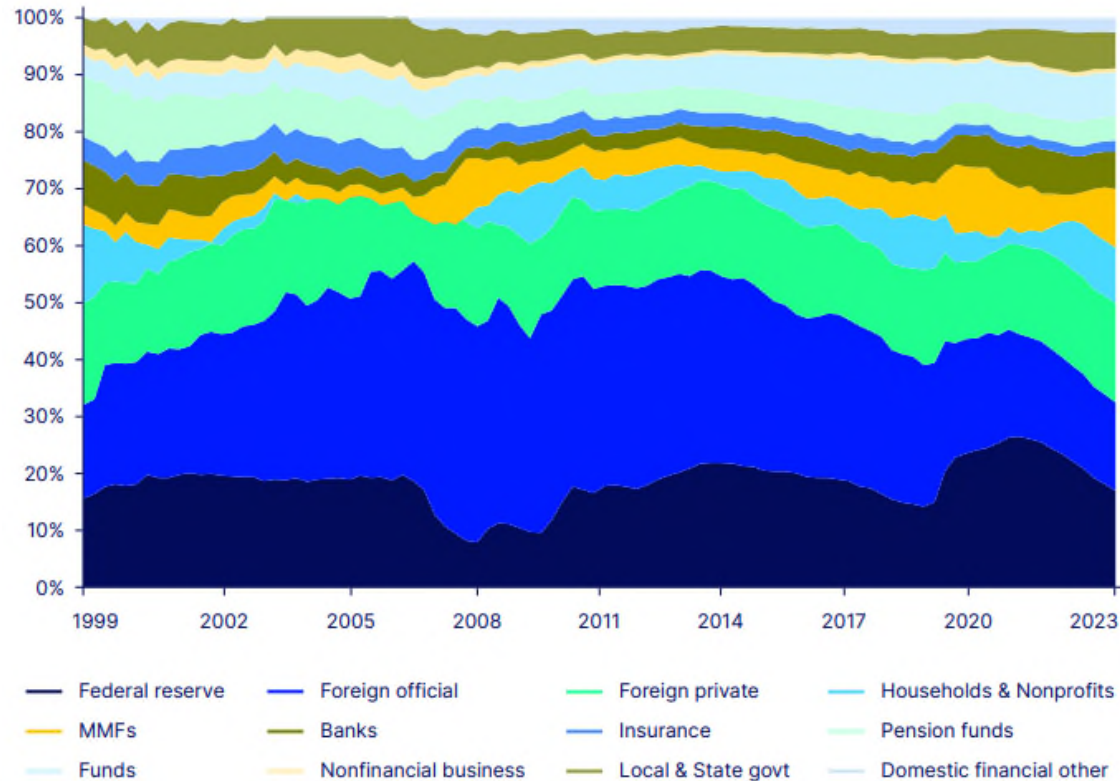
Rising Debt is a Global Issue

Public Debt (Percent of GDP)



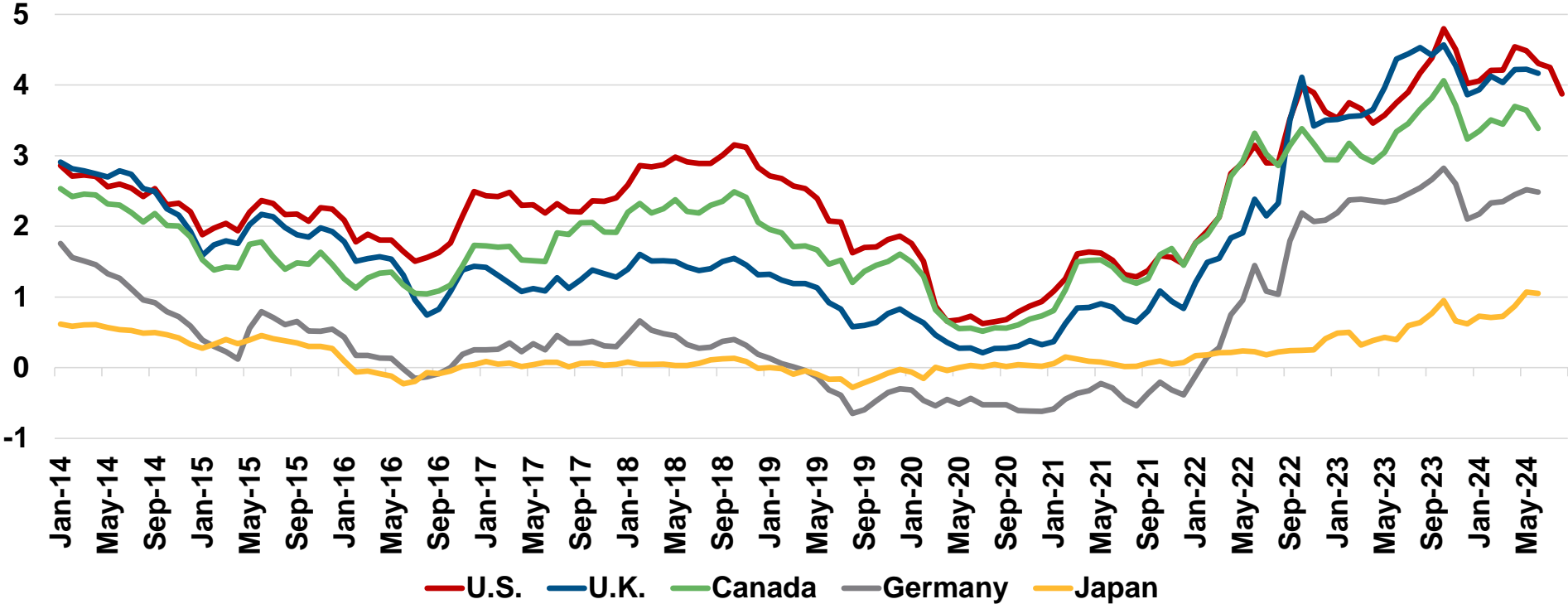
Debt Ownership is Shifting to Price-Sensitive Buyers

U.S. Treasury Ownership by Different Investor Groups



Rising Supply, Falling Demand for Debt is Lifting Yields Globally

10-year Yields (Percent)



Source: FRED

Questions?