



# The U.S. Economic Outlook

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January 24, 2024

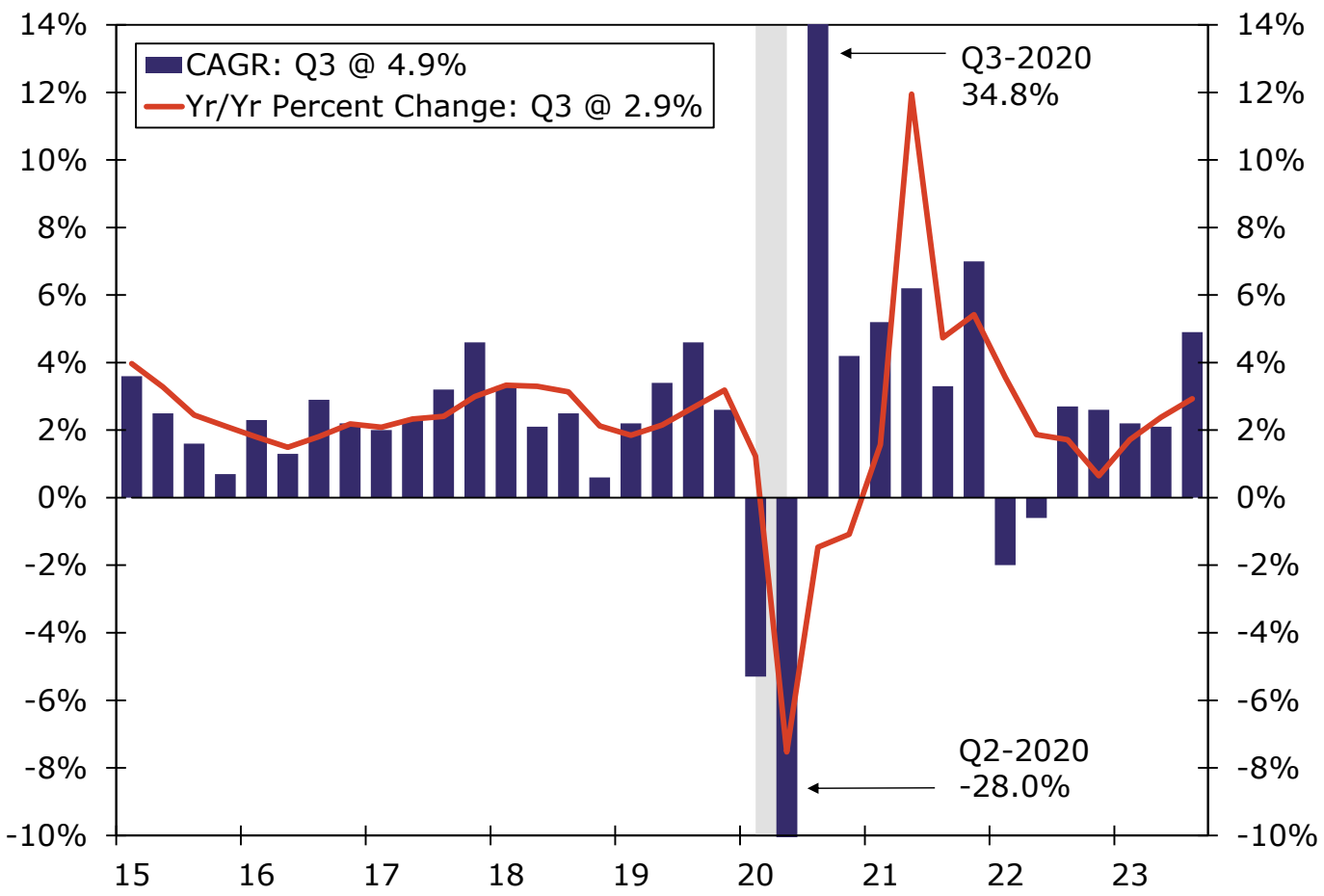
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The U.S. economy generally remains resilient

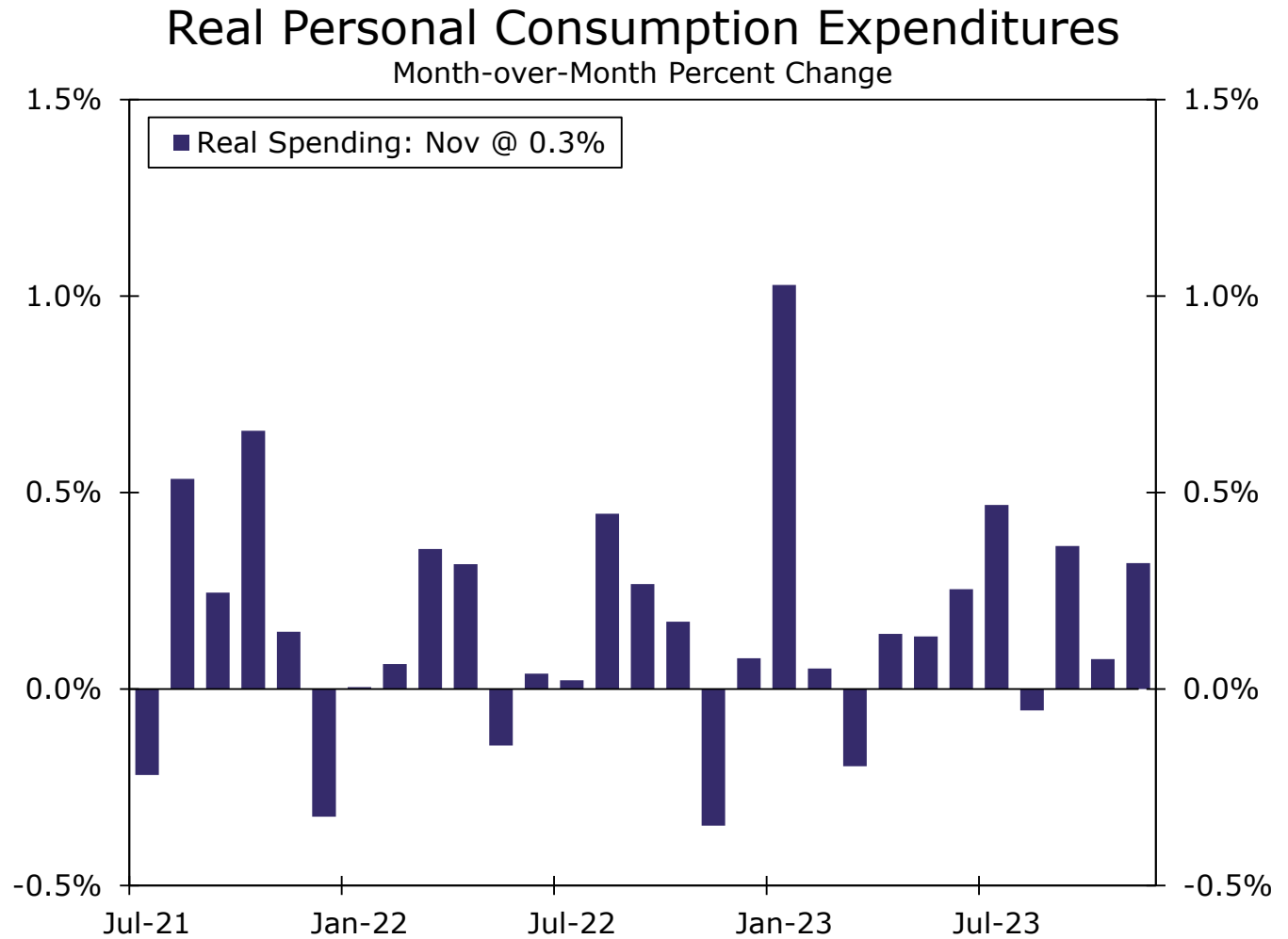
## U.S. Real GDP Growth



Source: U.S. Department of Commerce and Wells Fargo Economics

# Real Personal Consumption Expenditures

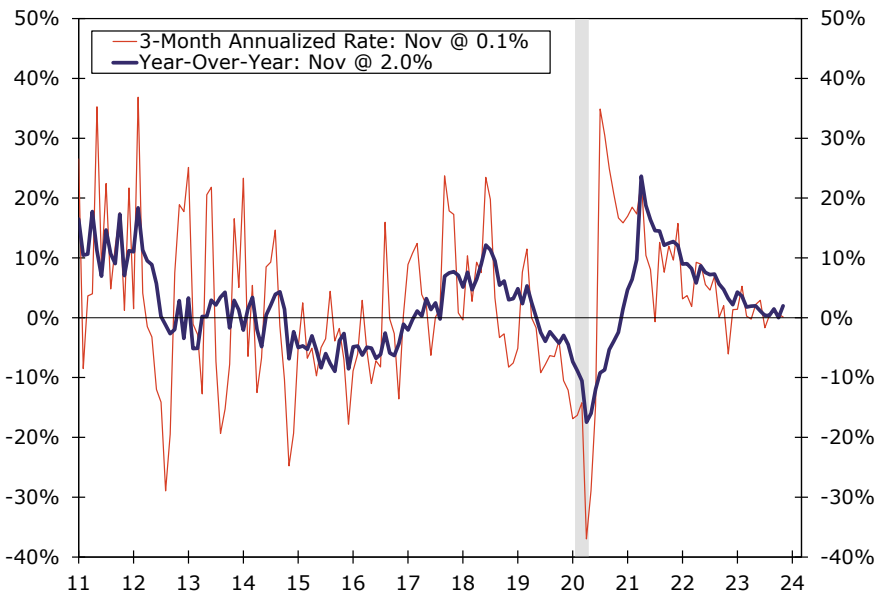
Growth in real consumer spending has been solid



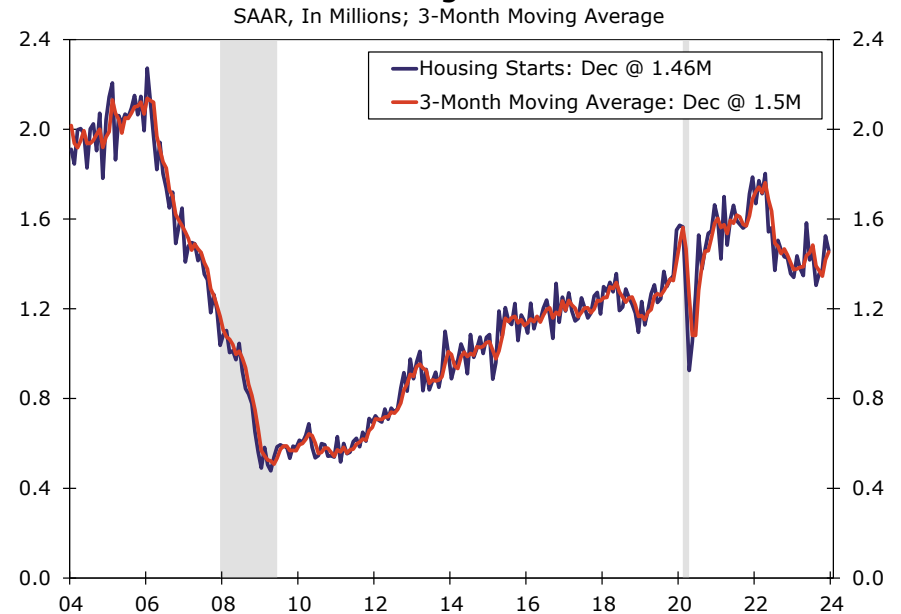
# Housing and Capital Spending

Monthly indicators of capital spending and housing are more or less flat at present

### Nondefense Capital Goods Orders, Ex-Aircraft



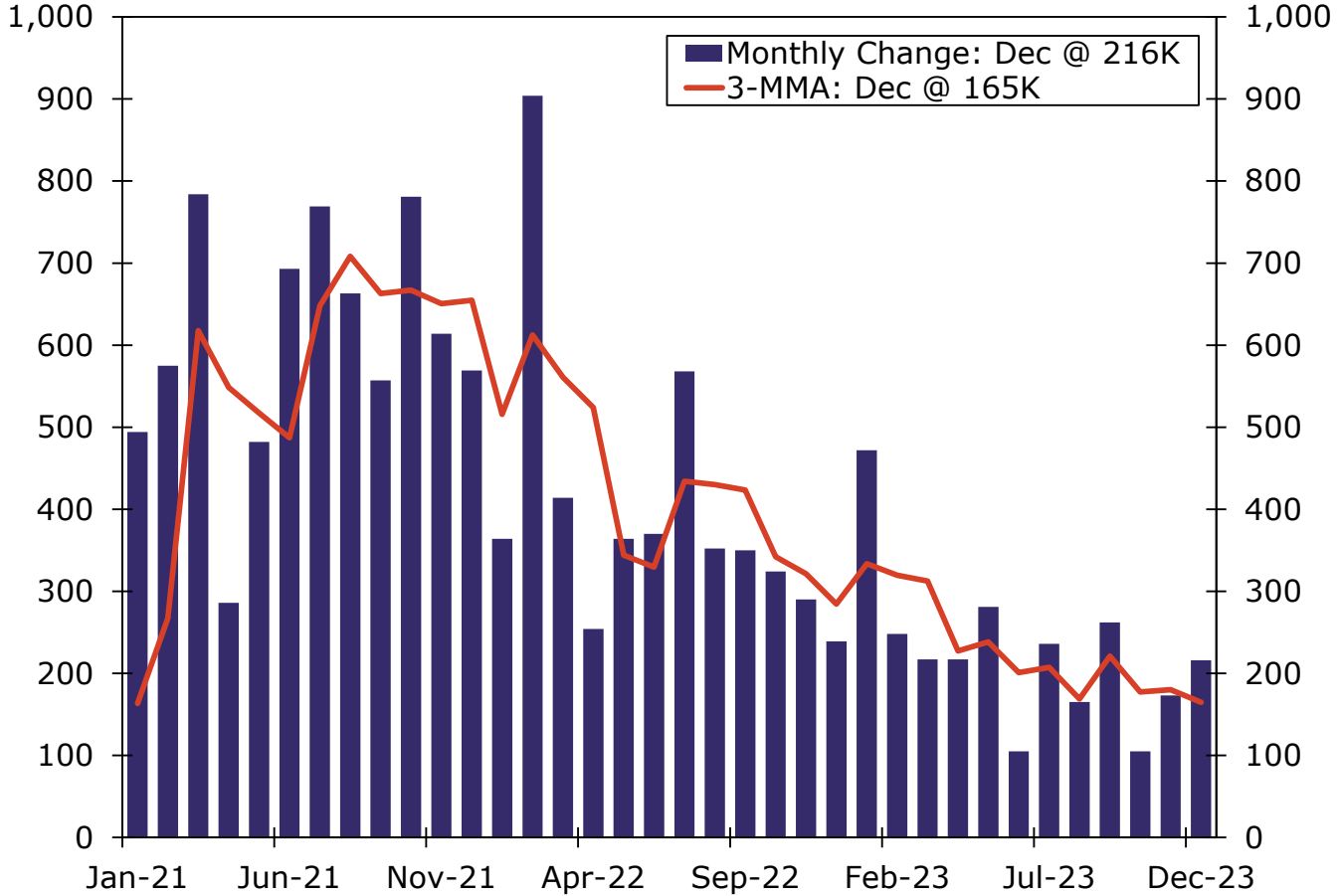
### Housing Starts



Payroll growth has slowed in recent months, but it remains positive

## US Nonfarm Employment Change

Thousands



Source: U.S. Department of Labor and Wells Fargo Economics

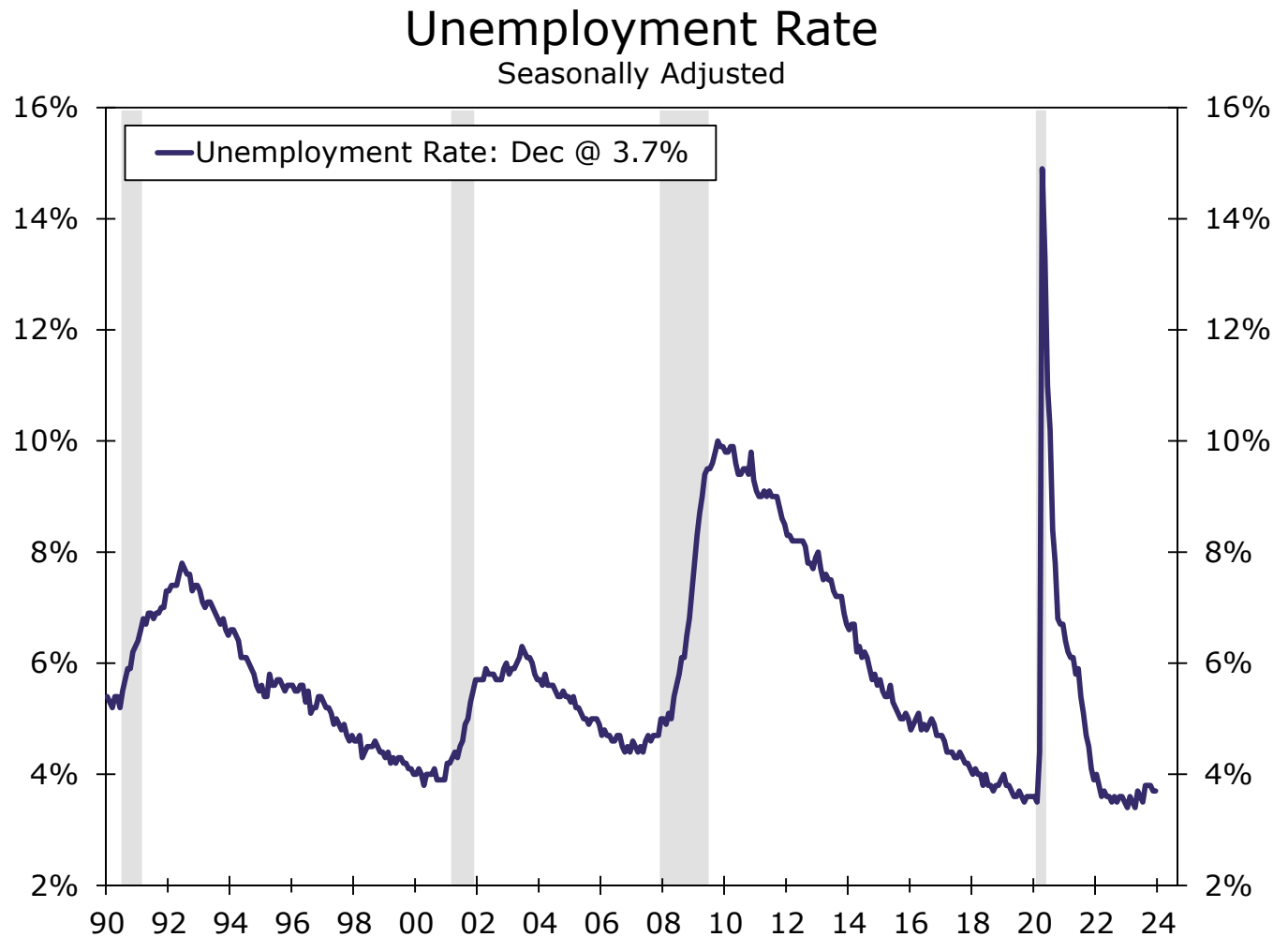
Survey evidence suggests that employment should remain resilient



Source: NFIB and Wells Fargo Economics

# Unemployment

The low unemployment rate shows the labor market generally remains tight

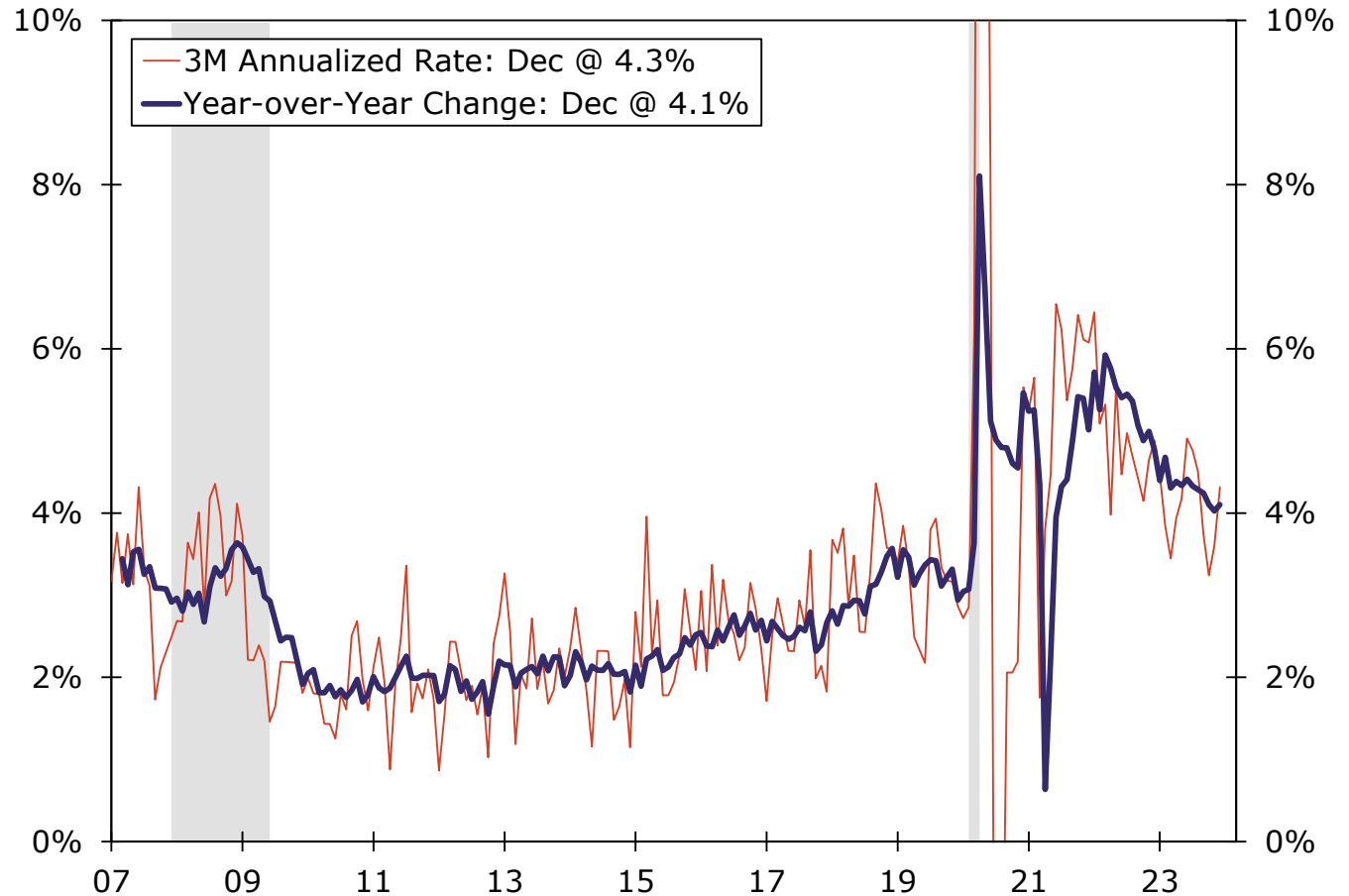


# Average Hourly Earnings

Average hourly earnings continue to rise at a 4%-plus rate on a year-over-year basis

## U.S. Average Hourly Earnings

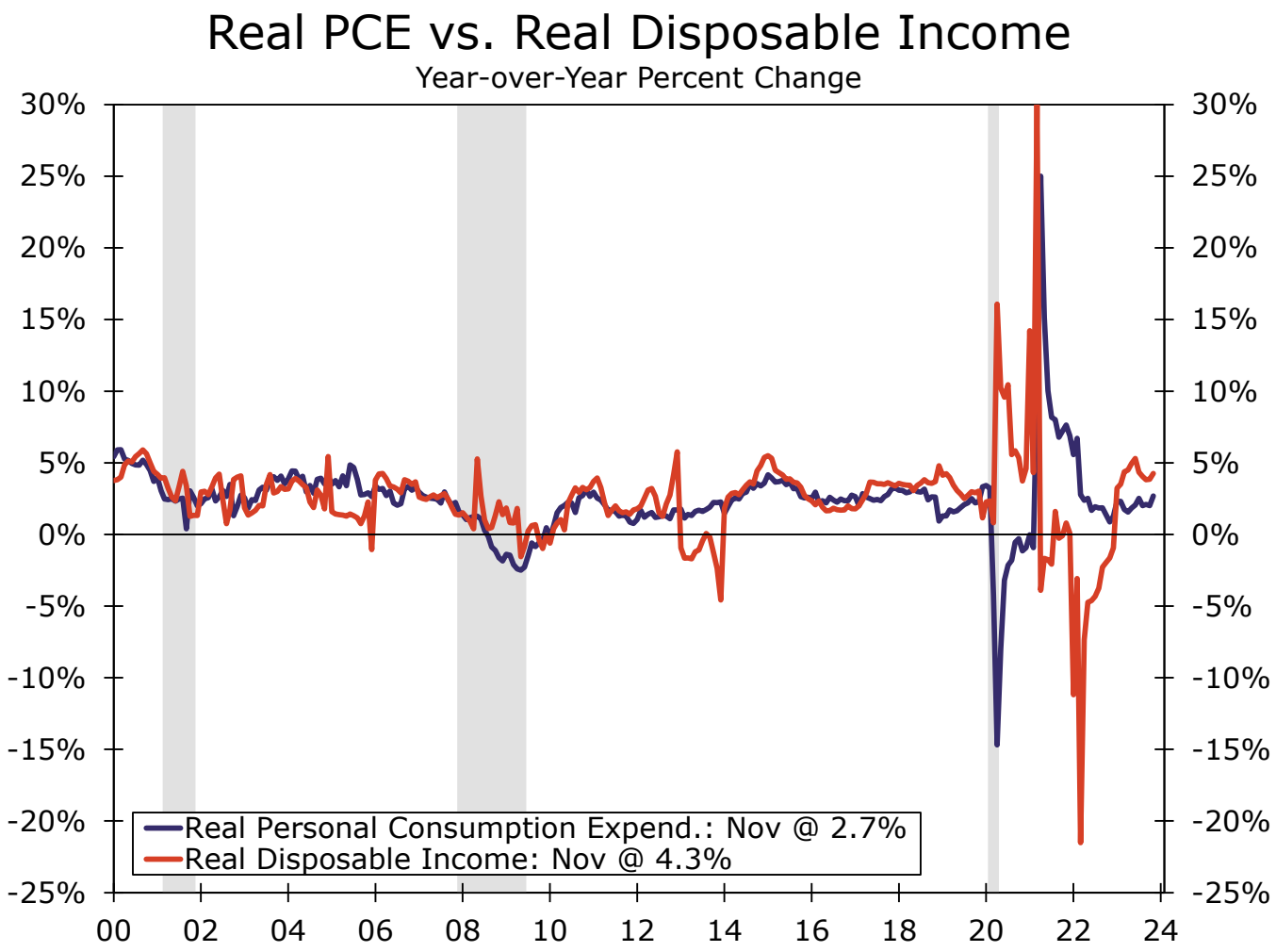
Total Private





# Real PCE vs. Real Disposable Income

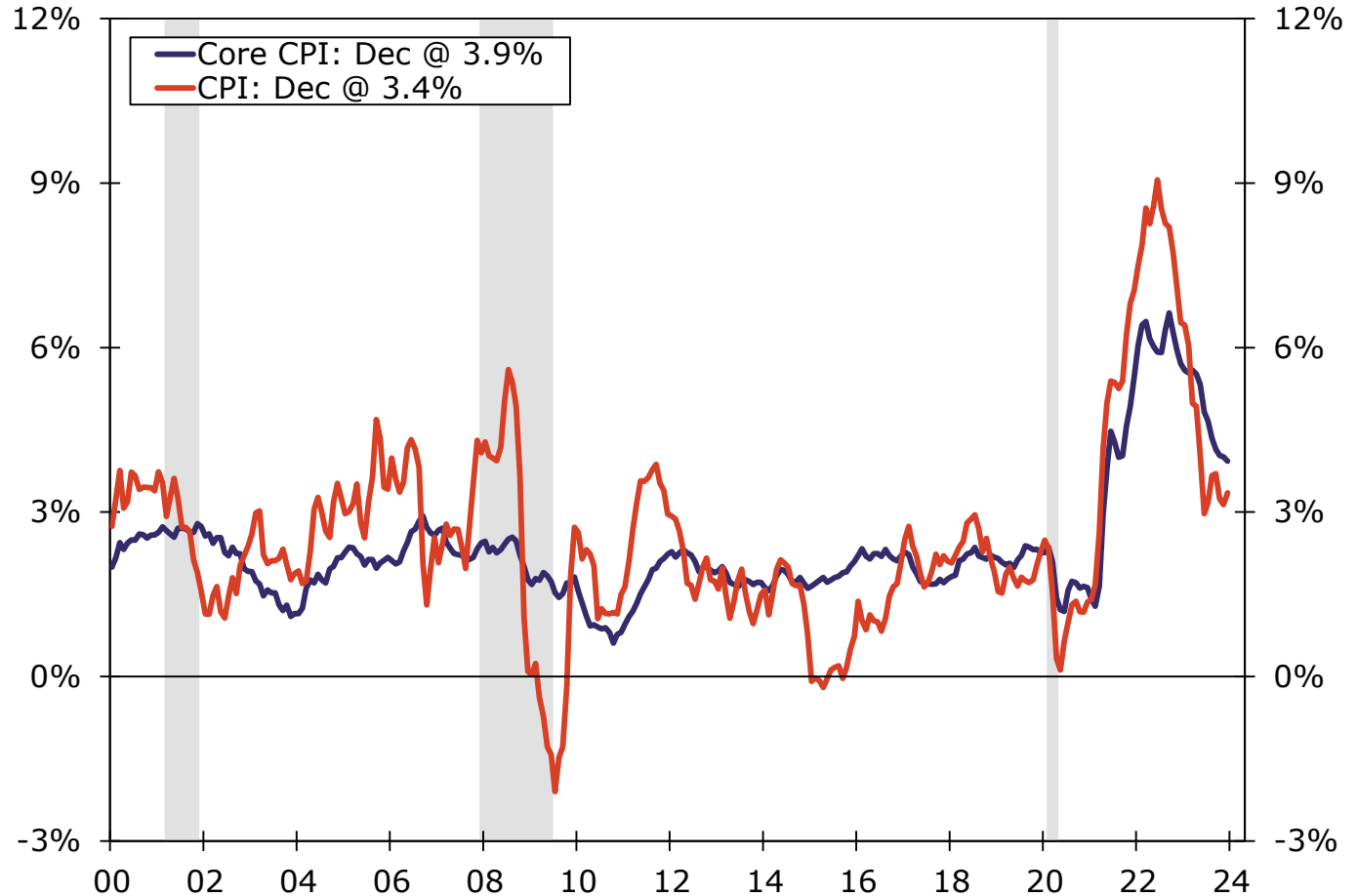
Real disposable income is growing faster than real spending at present



Source: U.S. Department of Commerce and Wells Fargo Economics

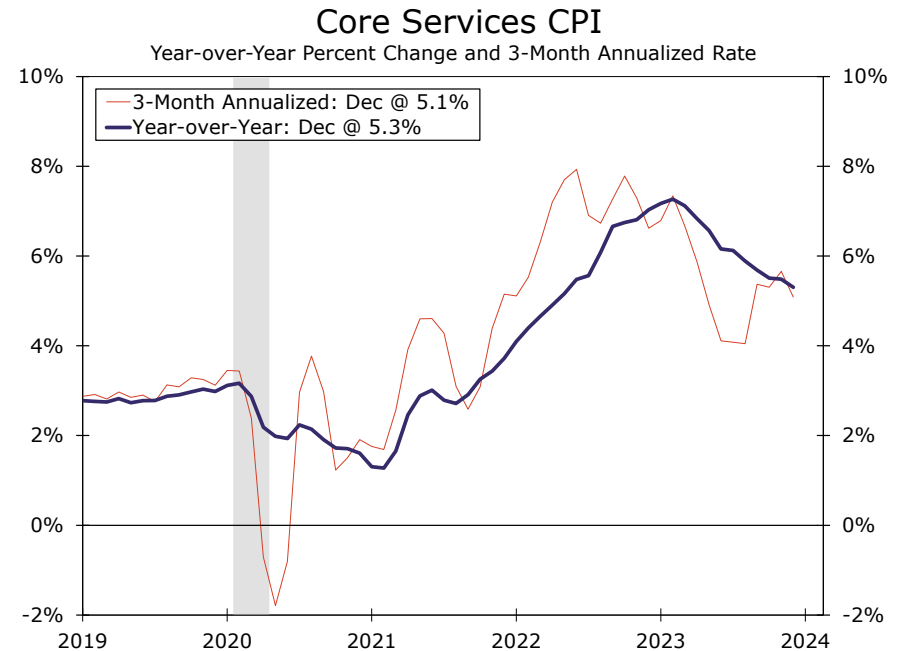
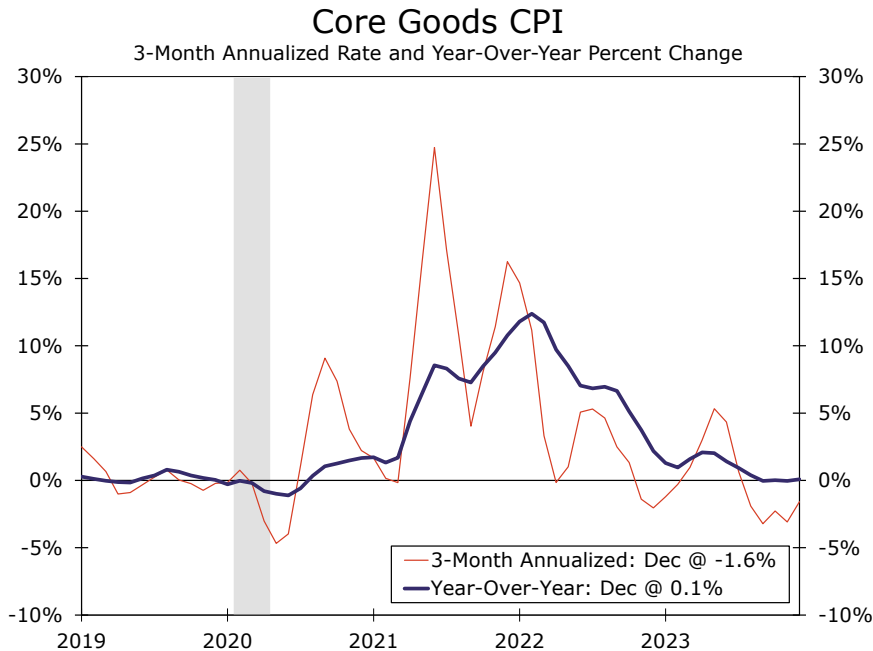
The core rate of CPI inflation continues to recede

## Headline CPI vs. "Core" CPI Year-over-Year Percent Change



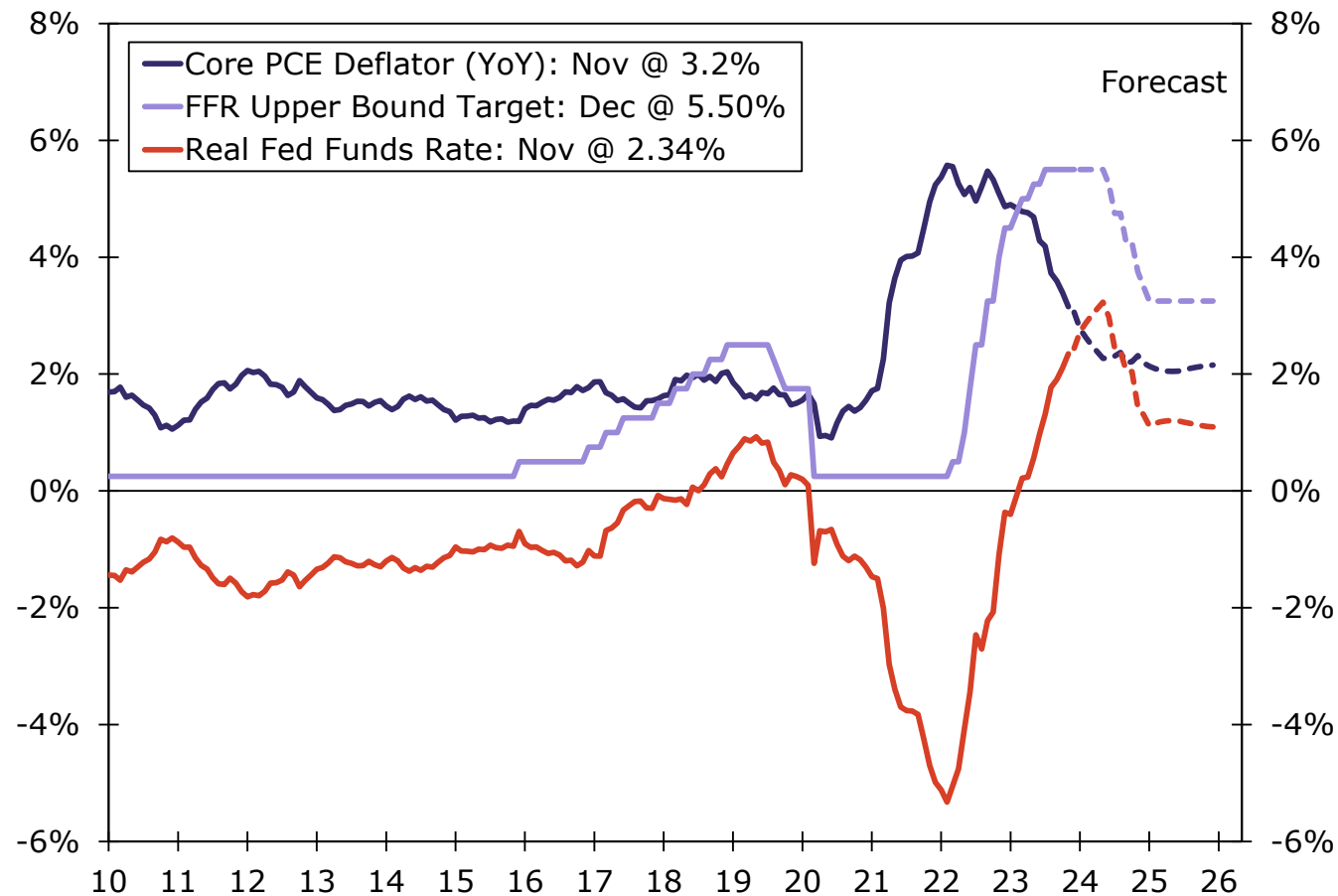
# Core Inflation

There has been disinflation in the goods-producing sector of the economy, but not as much yet in the service sector



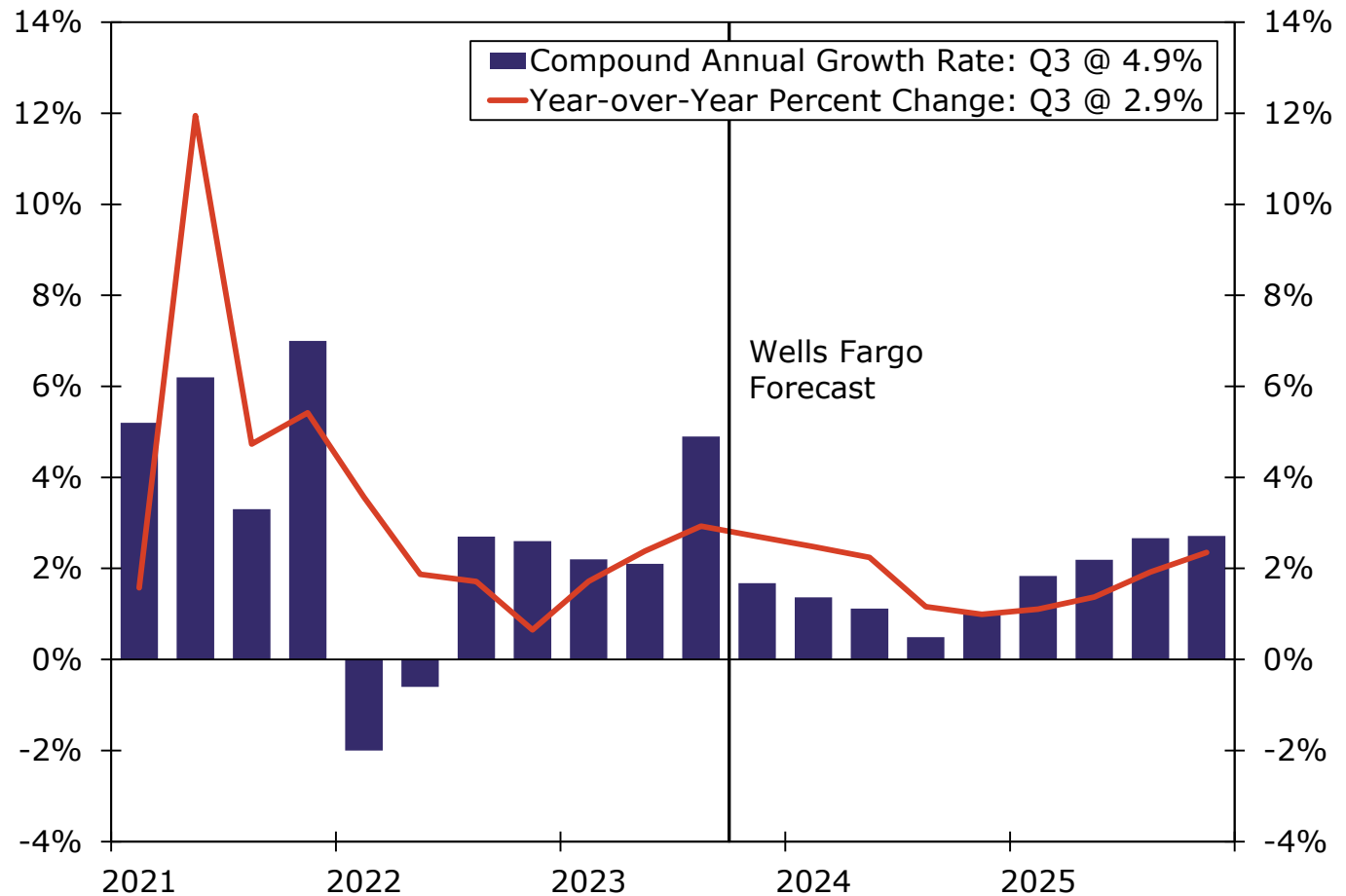
Although the FOMC's tightening cycle may have come to an end, the real fed funds rate is likely to drift higher in coming months

## Federal Funds Rates and Core PCE Deflator



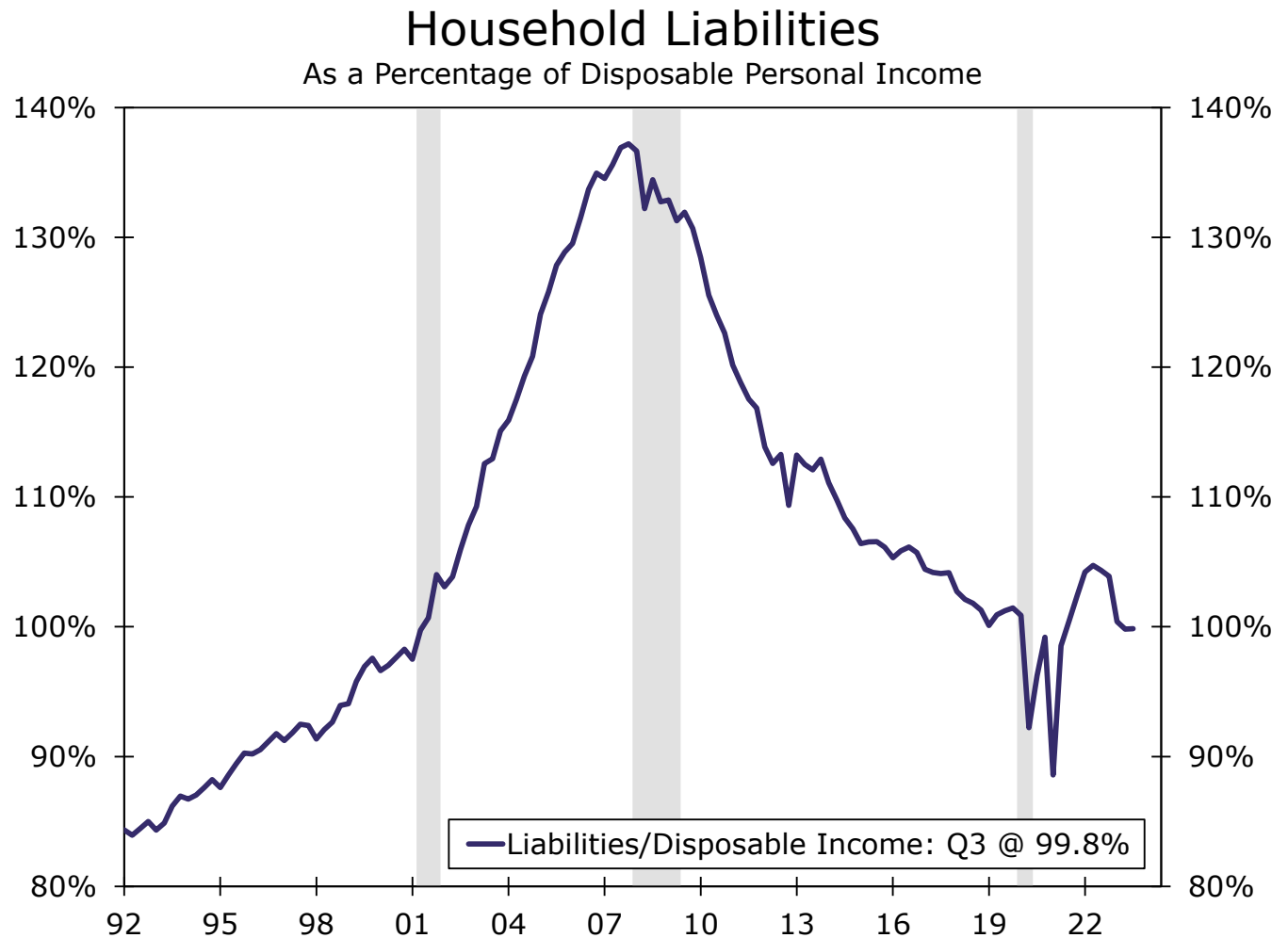
We look for growth to slow in coming quarters but remain positive. That said, the risk of recession, although not our base case, remains elevated

## U.S. Real GDP Growth



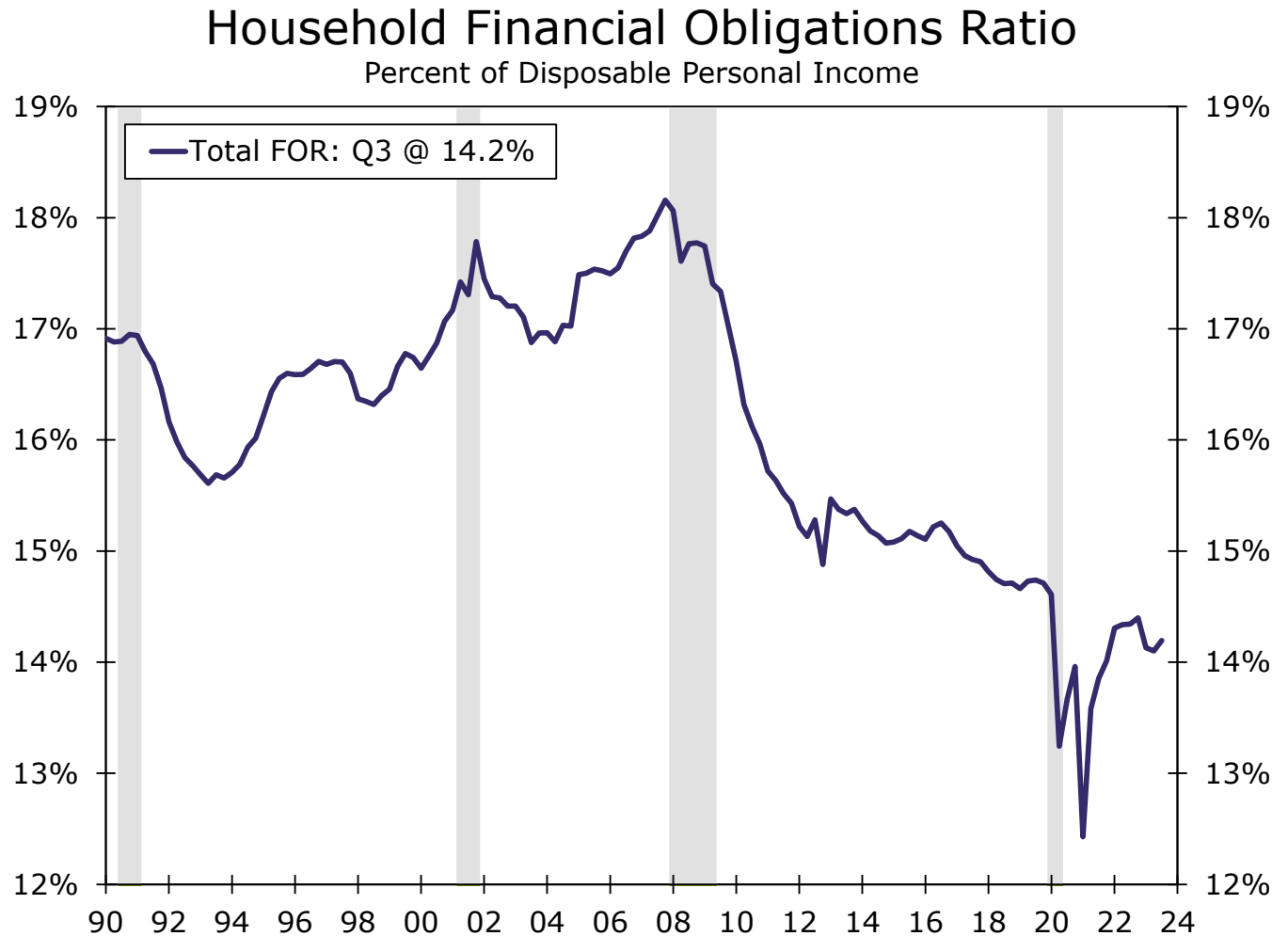
# Household Liabilities

The household sector de-levered significantly over the past decade



# Household Financial Obligations Ratio

The financial obligations ratio remains low



# Wells Fargo Economics Group

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