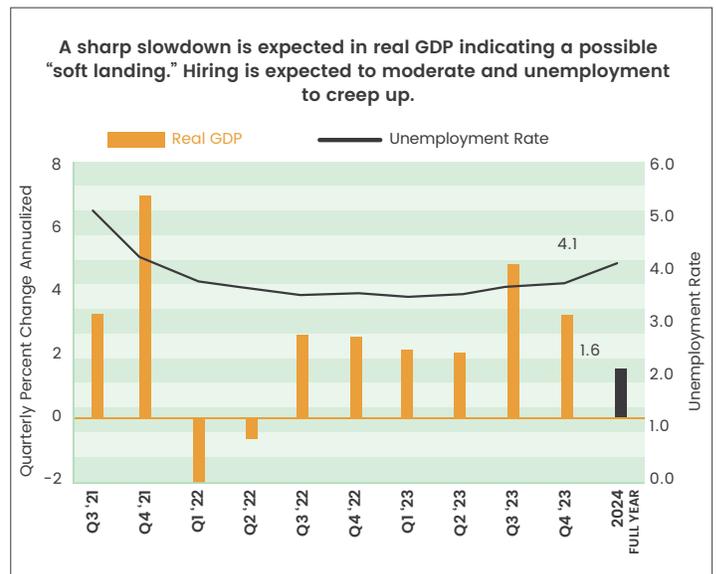
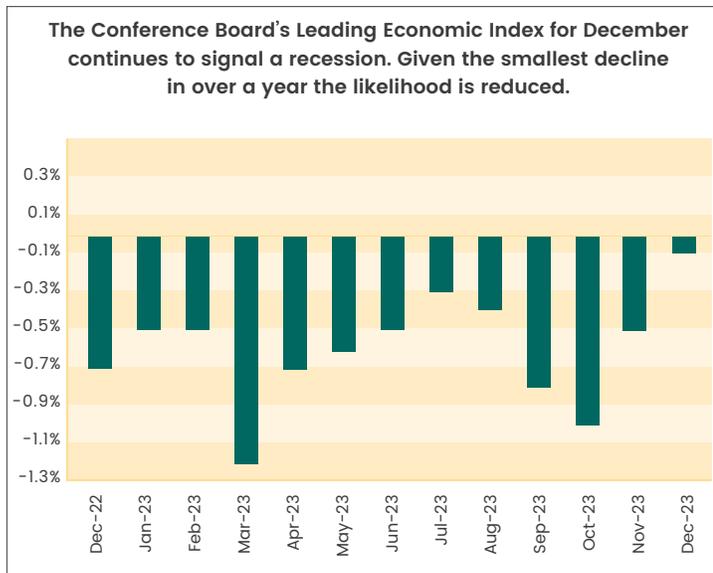




2024 U.S. Economic Outlook

The economy's performance in 2023 exceeded expectations. A recession in 2024 seems unlikely. GDP is broad based and remains a sign of strength. The labor market continues to be a driver of consumer spending with payroll and wage gains. The BlueChip Economic Indicators panel of forecasters expect a meaningful slowdown with GDP just rising 1.6% in 2024 thereby achieving a "soft landing". While this may not be a recession, it will likely feel like one as projections show a rise in unemployment during 2024. The good news is that there should be steady improvement with price inflation in 2024 averaging close to 2% for the year.



2024 HIGHLIGHTS

Excerpts from JP Morgan:

<https://www.jpmorgan.com/insights/outlook/economic-outlook/economic-trends>

1. Economic growth is likely to decelerate in 2024.	Real GDP growth is expected to walk the line between a slight expansion and contraction for much of 2024 creating a soft landing rather than a recession.
2. Interest rate hikes are over, leaving the Fed Funds at 5.25%-5.5% until the middle of 2024.	The Fed will slowly normalize policy rates near the midpoint of 2024 bringing the Fed Funds target range to 4.00%-4.25% at the end of 2024.
3. U.S. consumer spending will wane.	Consumer spending growth will slow in 2024 from its pace in 2023 due to diminished excess savings, plateauing wage gains, low savings rates, less pent-up demand, the restart of student loan payments
4. Unemployment may drift higher in 2024 but remain low in historical context.	Momentum in the job market is waning with slowing payroll growth and rising unemployment. Quit rates and temporary help are declining. Increased labor force participation and elevated immigration patterns over the past year added labor supply, while a shortening work week indicates moderating demand for labor.
5. Inflation is cooling, but likely to remain above the Fed's 2% target through 2024.	Inflation on both a headline and core basis has moderated significantly in 2023. JP Morgan forecasts core PCE prices—the Fed's preferred inflation metric—to rise 2.4% in 2024, down from 3.4% in 2023.
6. Supply chain bottlenecks are mostly in the rearview	Supply chain considerations shifted from short-term tactics to longer-term strategies of minimizing costs while ensuring resiliency. JP Morgan expects global supply chain adjustments to continue at a conservative pace.
7. Pressures on the commercial real estate sector are likely to intensify.	The higher-for-longer interest rate environment and challenges among small and regional banks are resulting in tightening of lending standards and slowing slow growth.
8. Geopolitical risks will remain top of mind.	Elevated trade tensions with China, the ongoing Russia-Ukraine war and conflict in the Middle East all point to continued uncertainties and risks heading into 2024. While direct U.S. economic impact has been limited the larger risk is for a supply shock of a critical commodity or good that triggers significant market disruption.