



State of the Economy

October 8, 2024

Revised: October 4, 2024

TODAY'S AGENDA

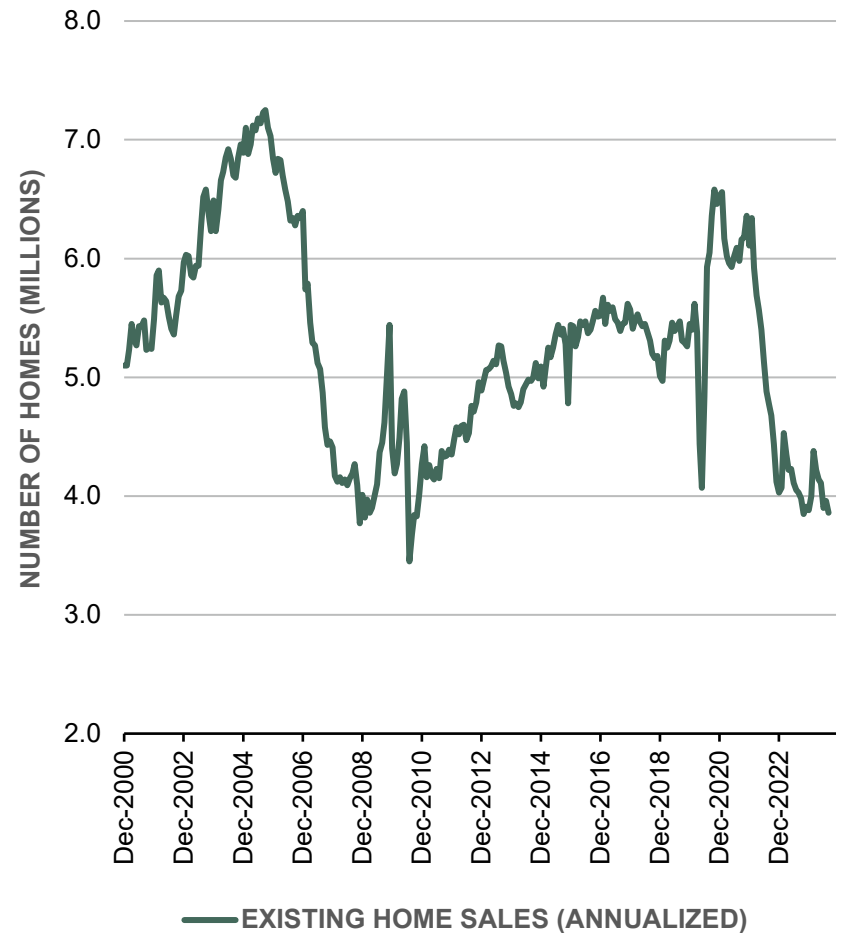
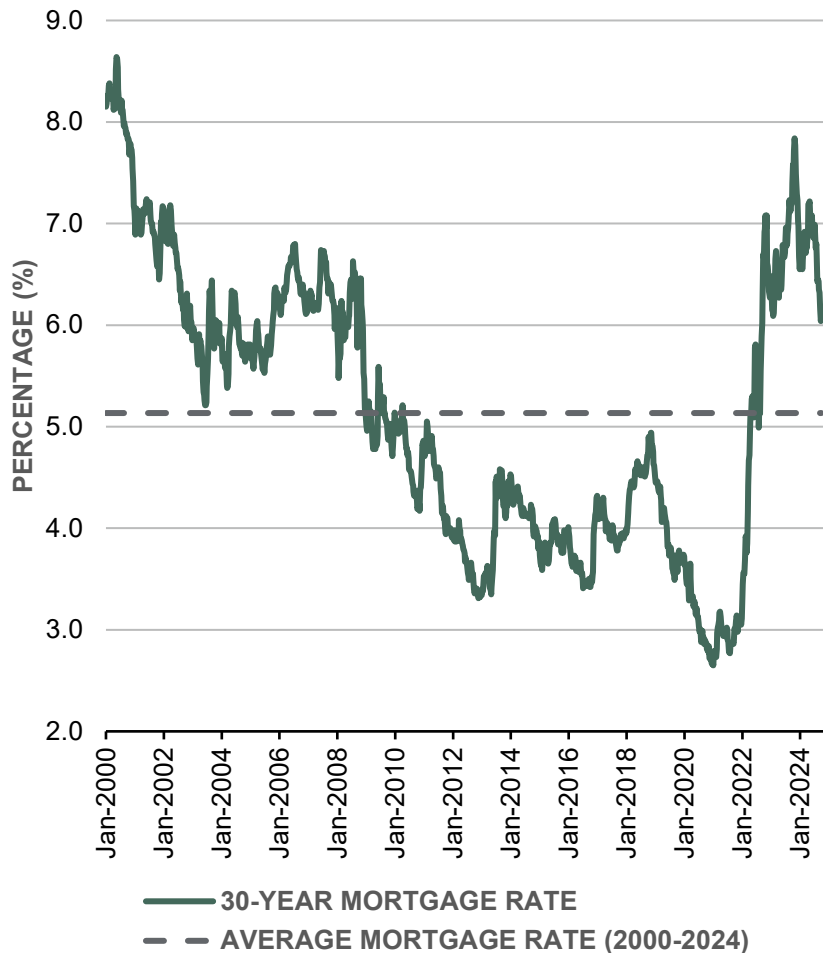
Will the Federal Reserve be able to engineer a soft landing?

- Rolling recessions (housing and manufacturing)
- A shift from fighting inflation to protecting the labor market
- The path for monetary policy normalization
- The outlook for economic growth

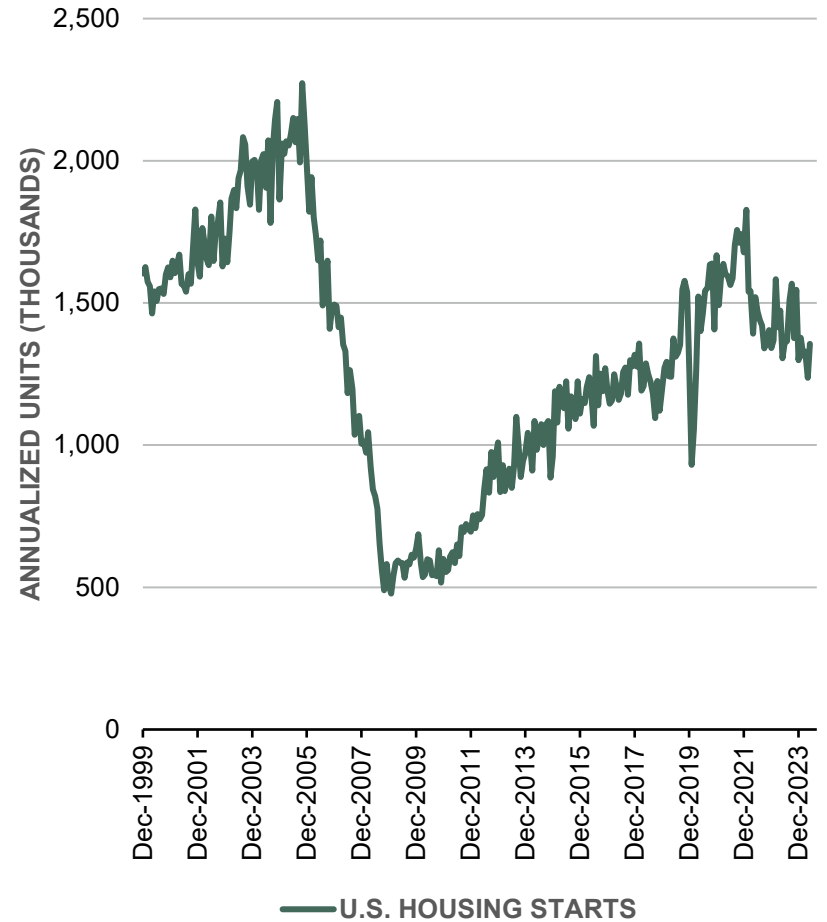
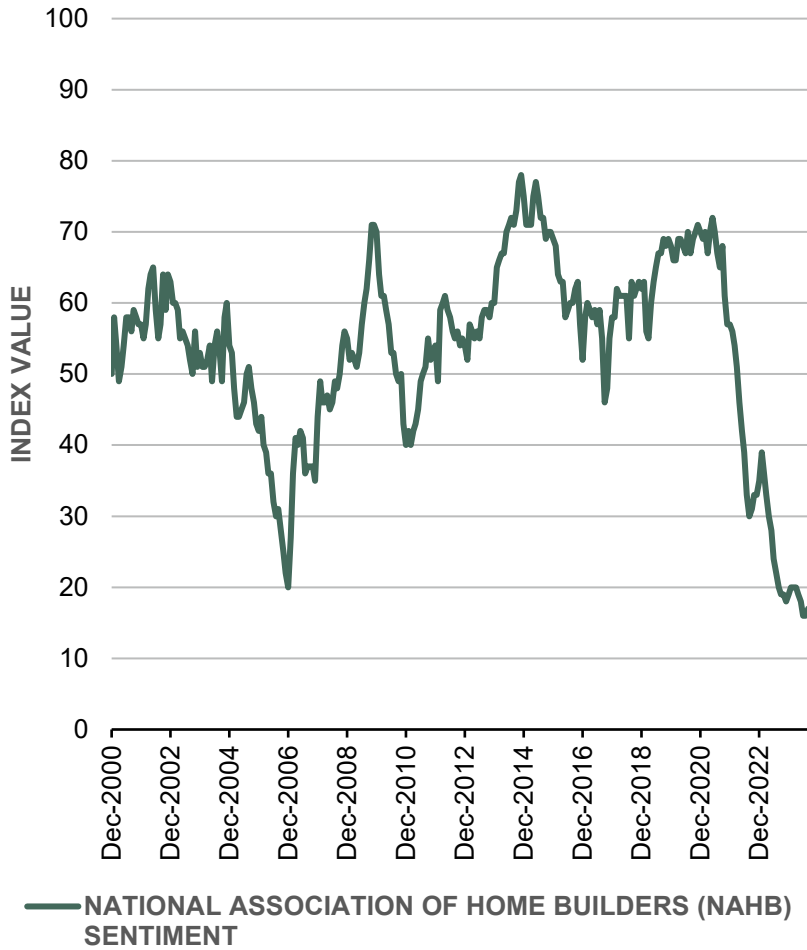
Financial Market Update and Outlook

- Improving equity market breadth
- Fixed income markets and the path for interest rates

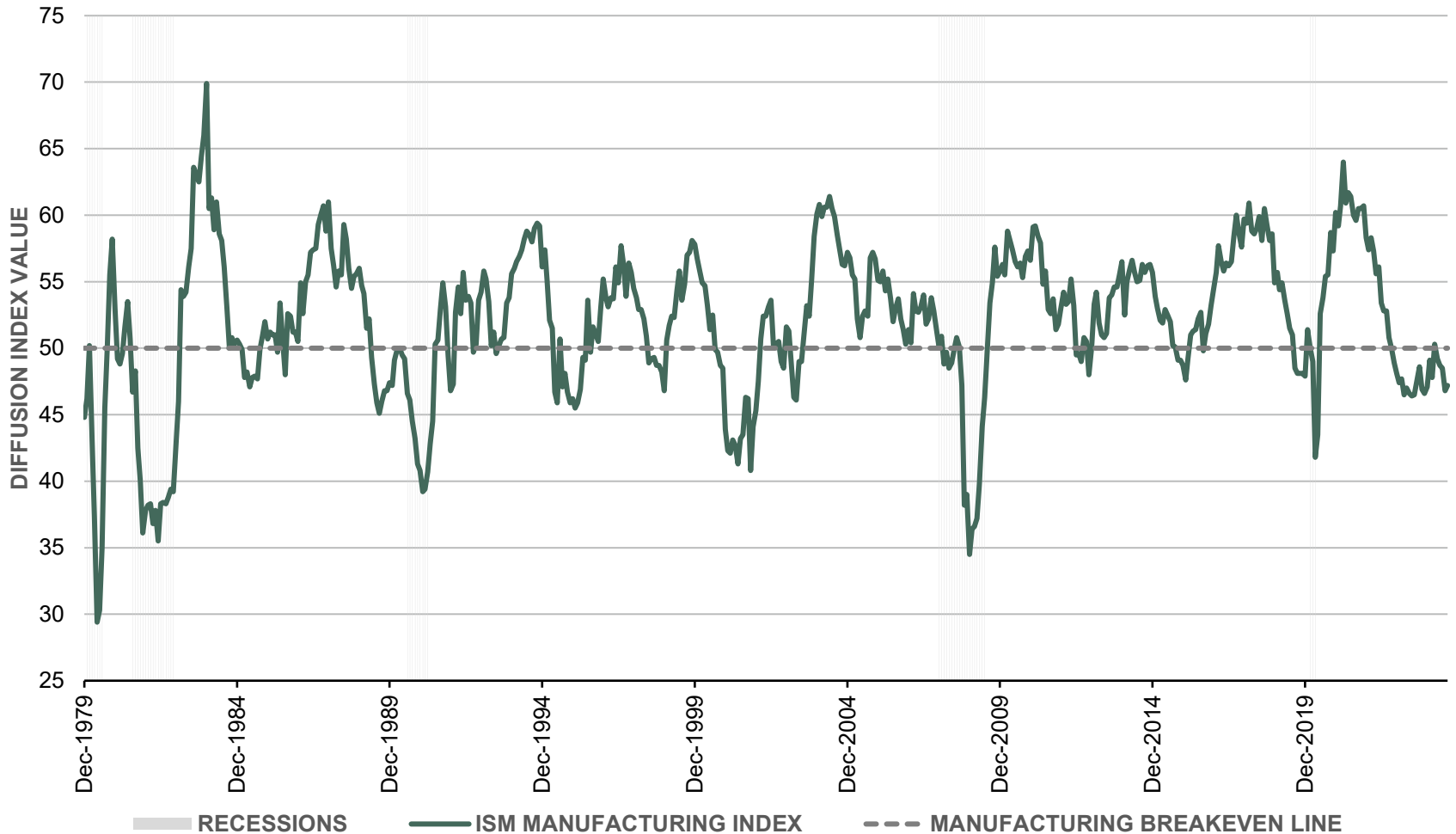
HIGHER INTEREST RATES HAVE IMPACTED HOUSING ACTIVITY



HOMEBUILDERS HAVE BEEN RELUCTANT TO ADD TO INVENTORY



U.S. MANUFACTURING HAS BEEN IN RECESSION FOR MORE THAN A YEAR



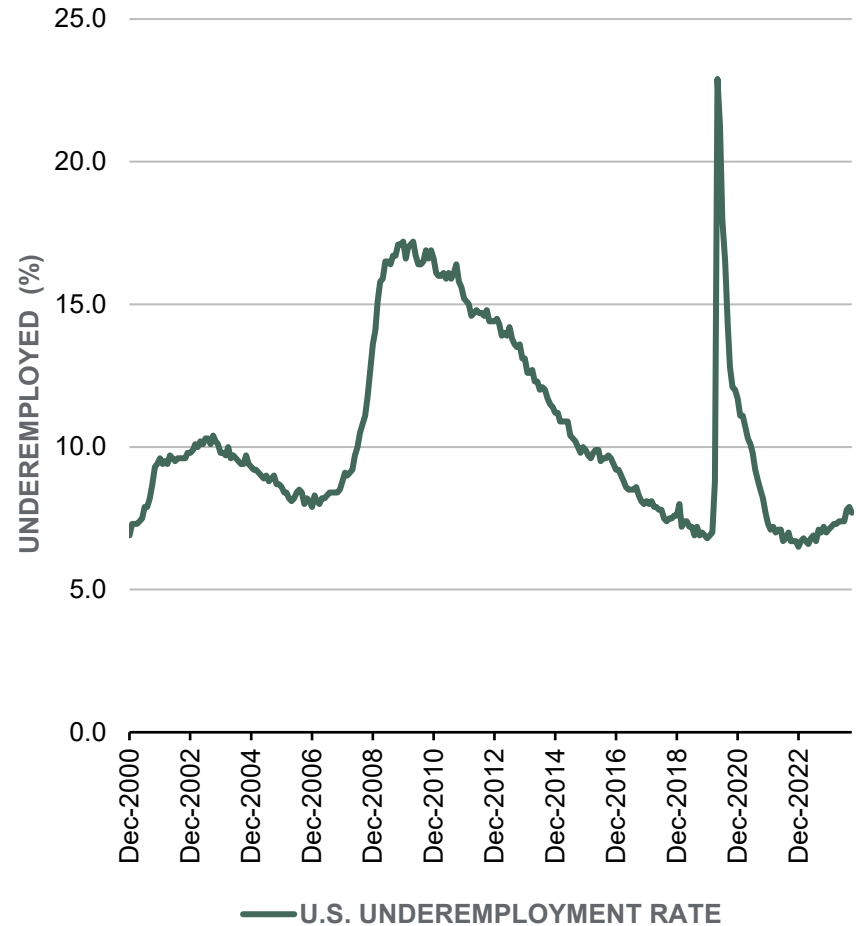
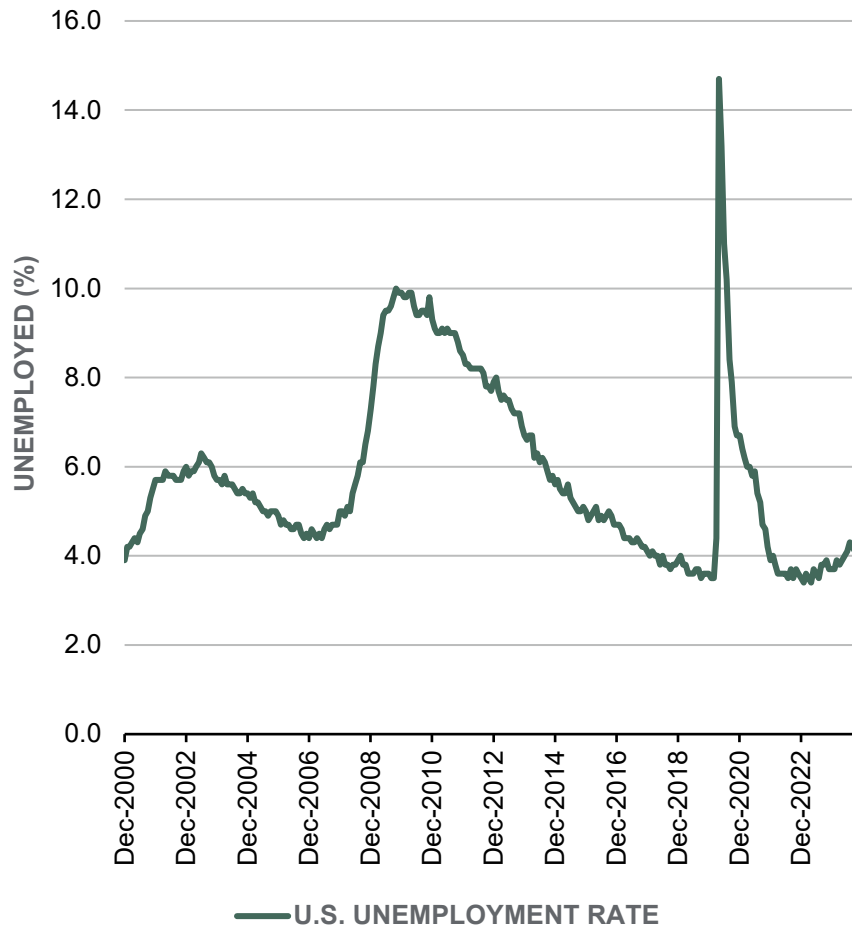
Source: Godsey & Gibb Research, Institute of Supply Management (ISM)

SERVICES INFLATION REMAINS ELEVATED

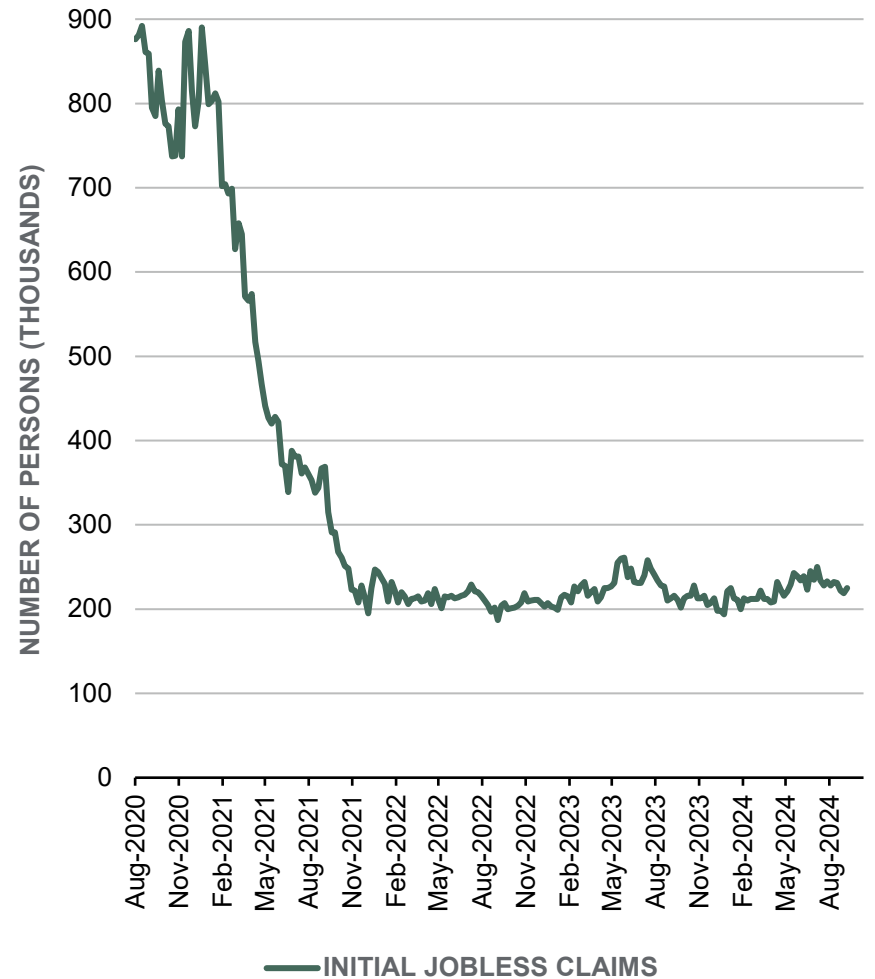


Source: Godsey & Gibb Research, Bloomberg

MODEST WEAKENING APPEARING IN SOME LABOR MARKET DATA

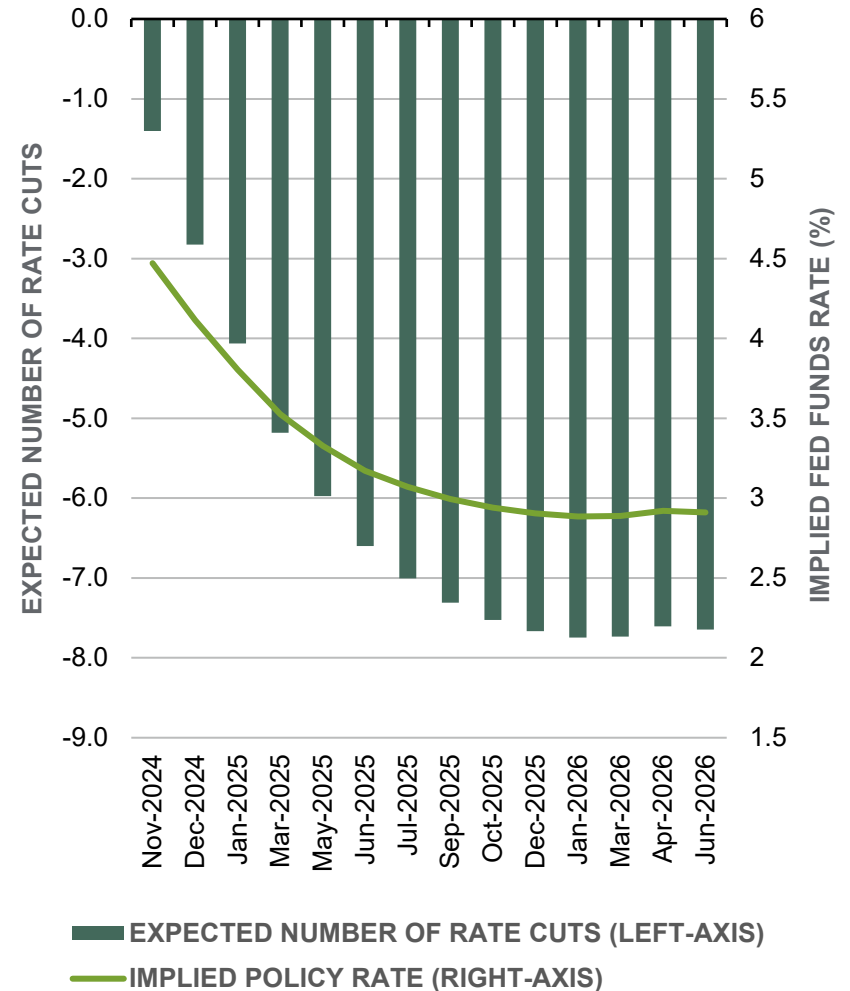
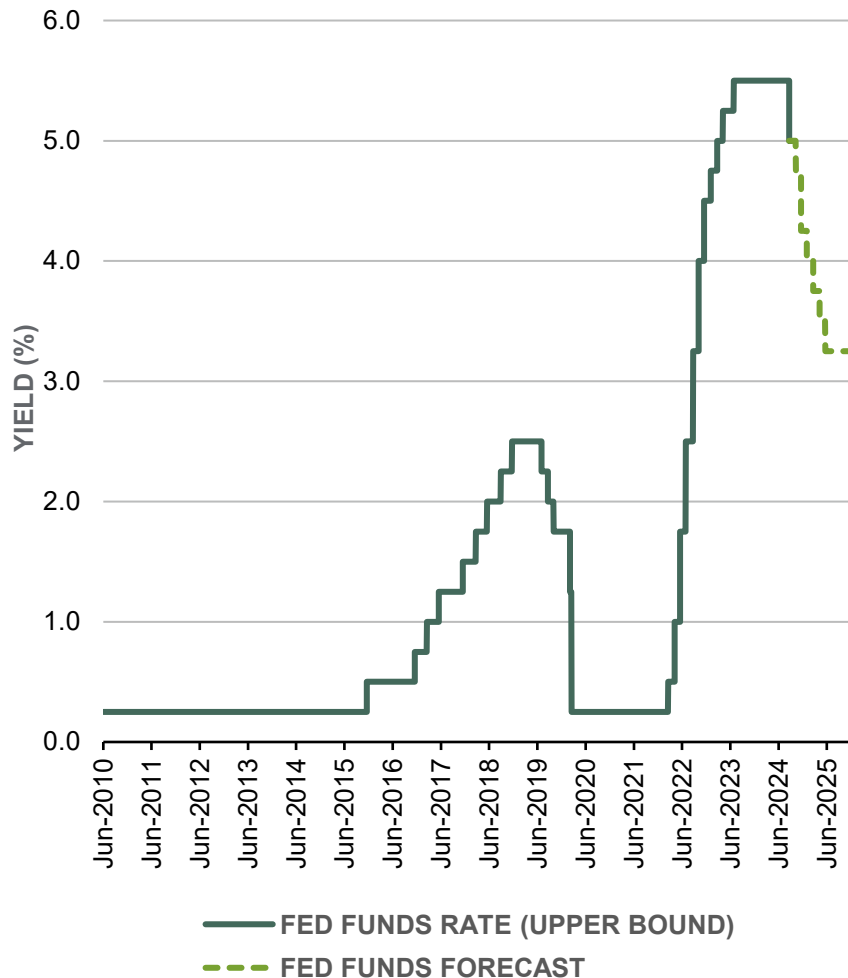


UNEMPLOYMENT CLAIMS POINT TO STRENGTH OF LABOR MARKET



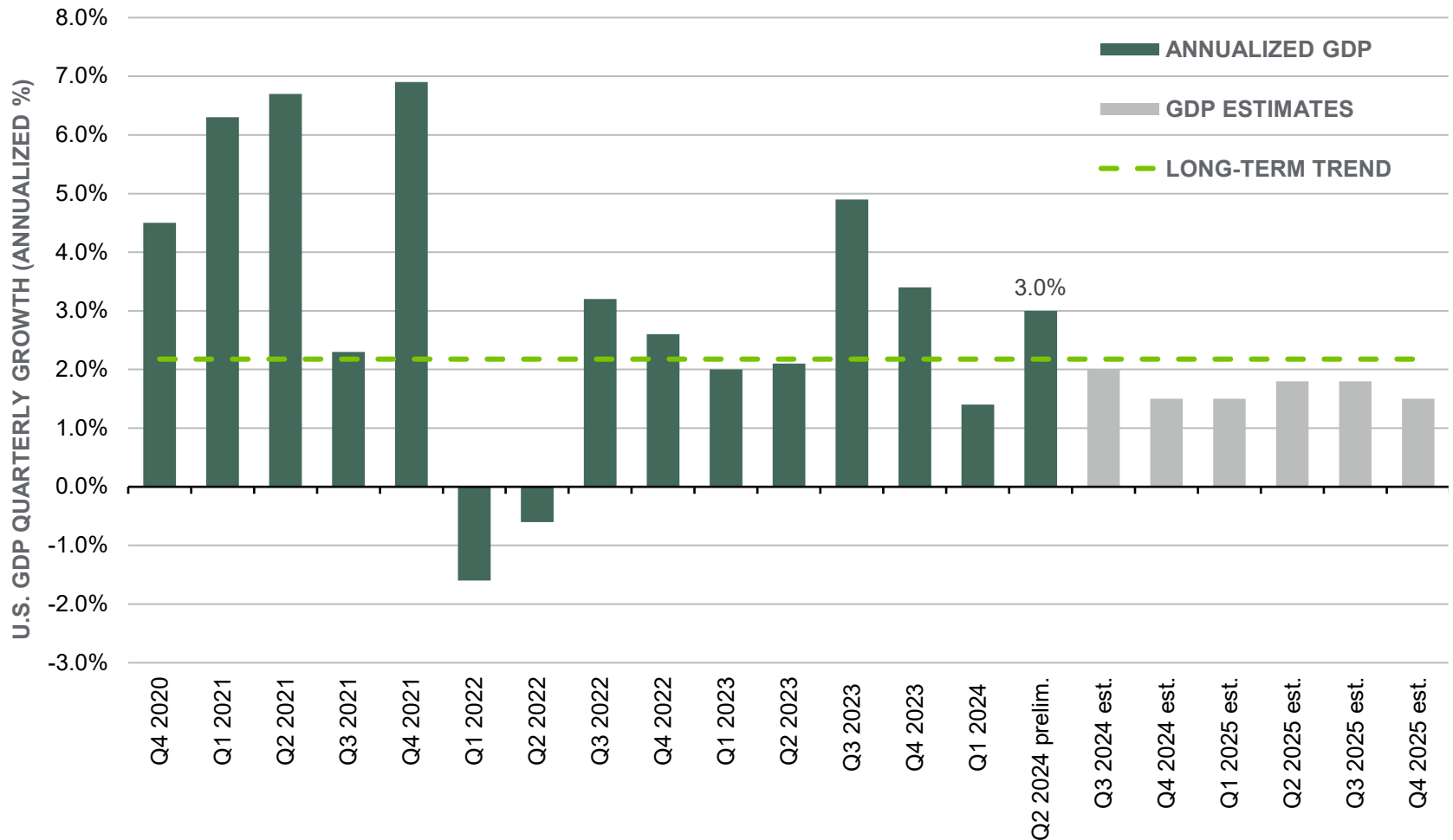
Source: Godsey & Gibb Research, Bloomberg

NORMALIZATION OF MONETARY POLICY IS UNDERWAY

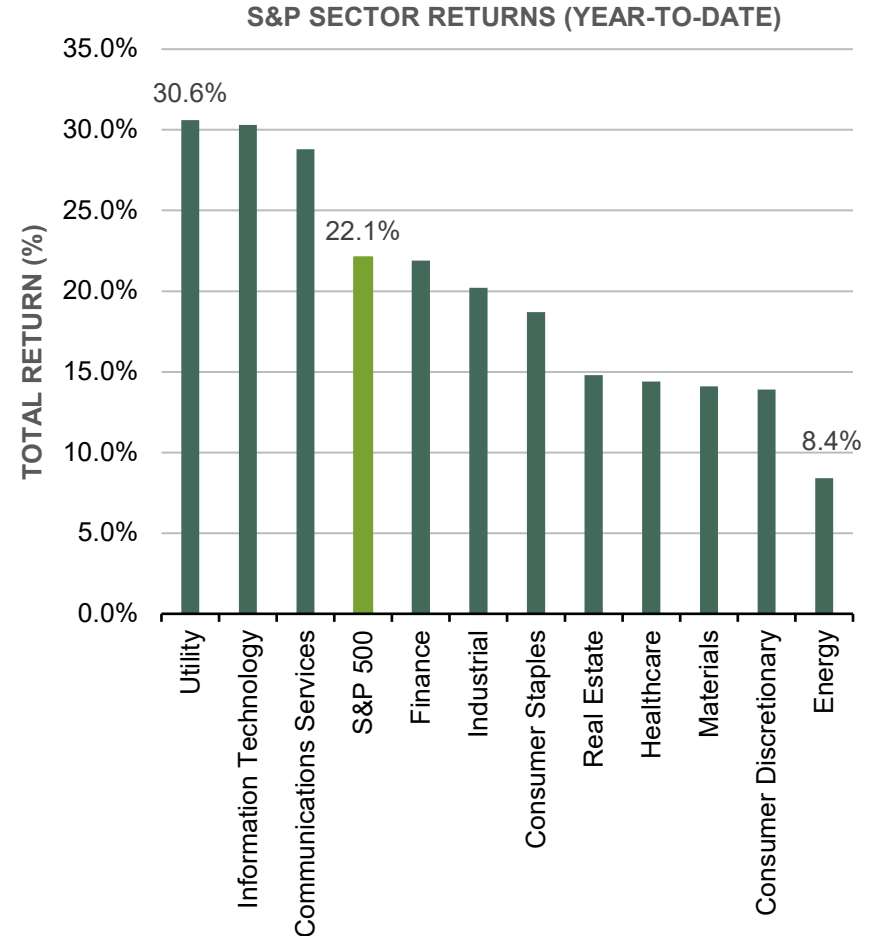
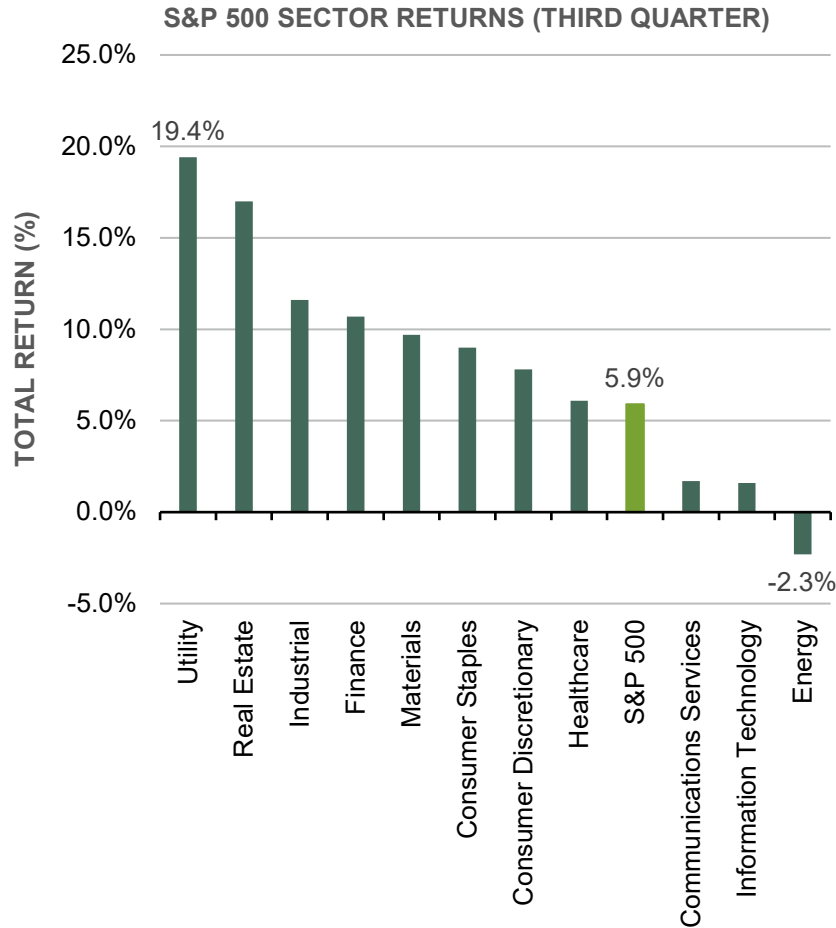


Source: Godsey & Gibb Research, Bloomberg, Federal Reserve Bank

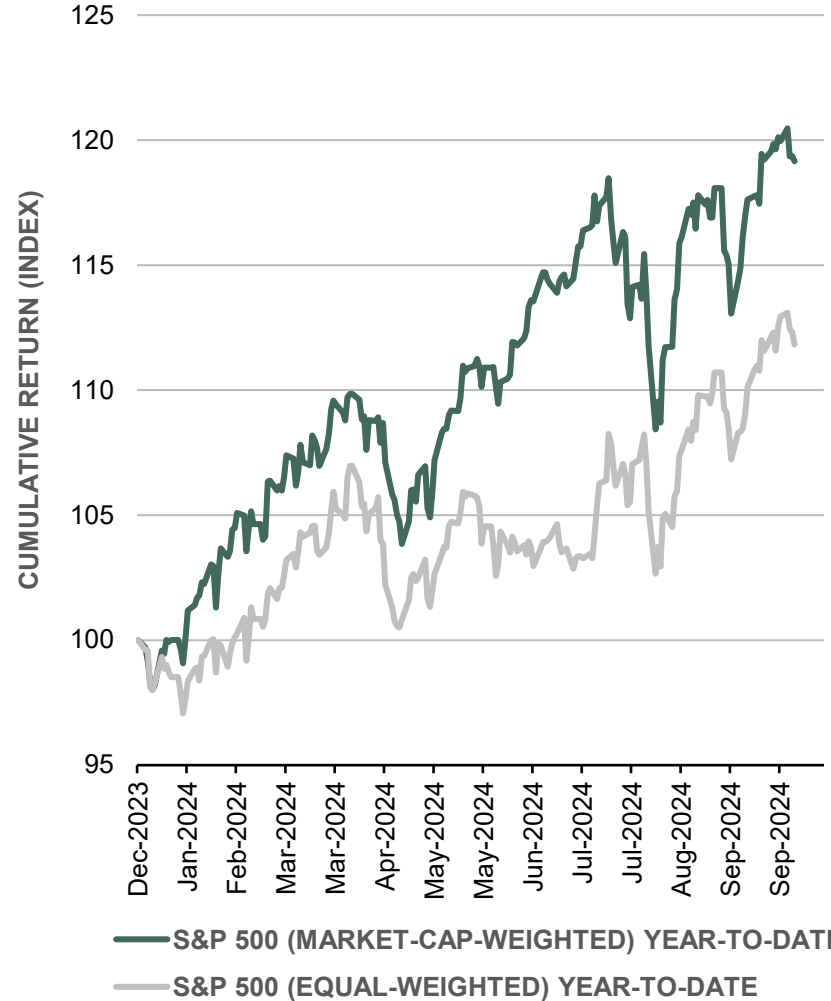
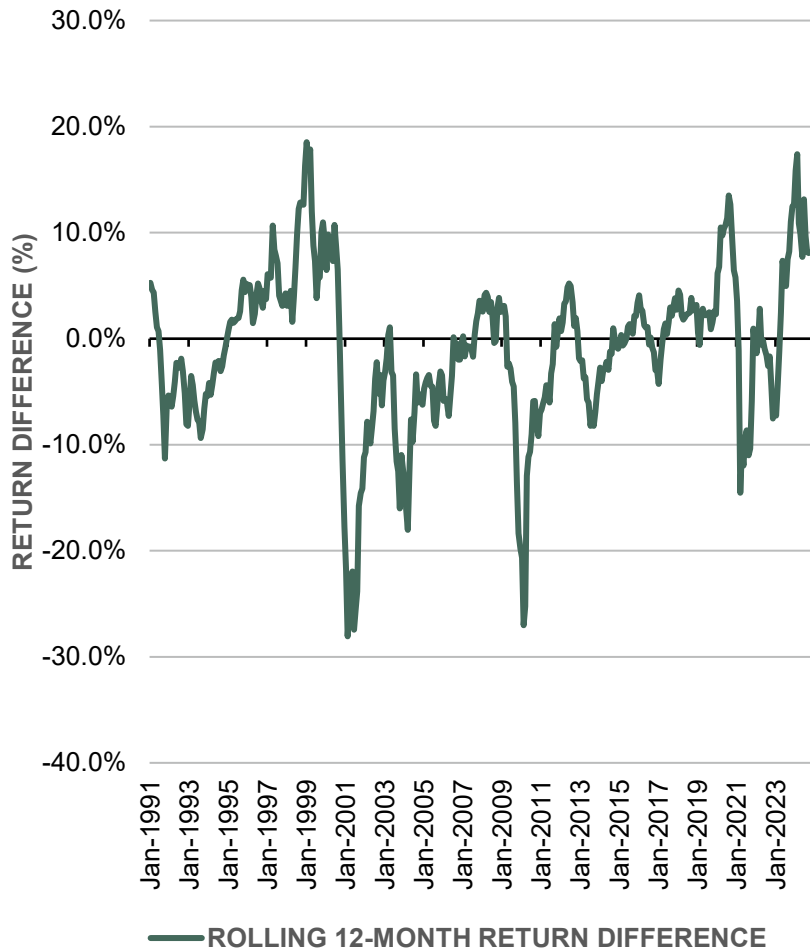
GDP GROWTH HAS SURPRISED ON THE UPSIDE, BUT RECESSION RISK REMAINS



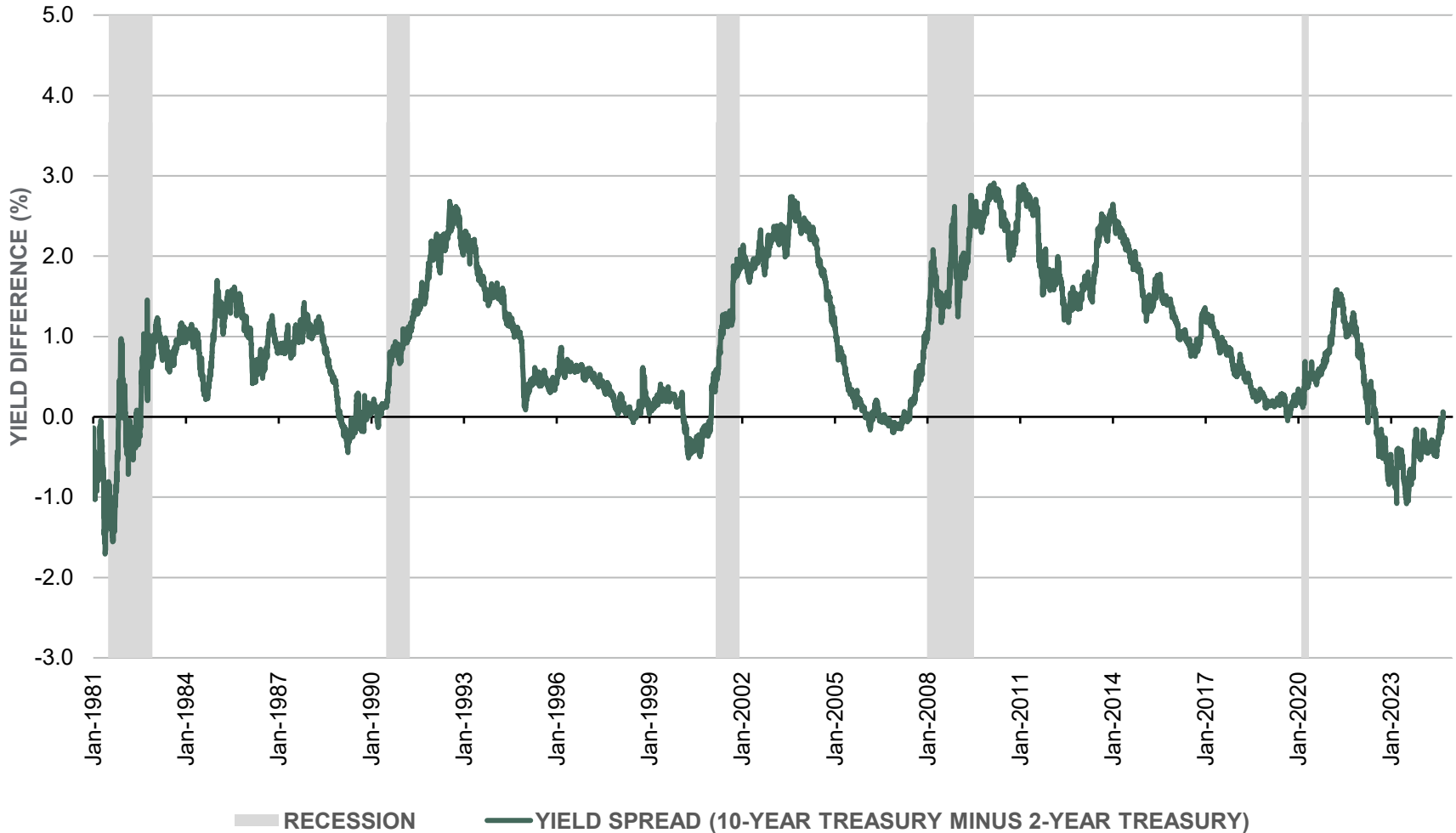
THIRD QUARTER RETURNS WERE MORE BALANCED



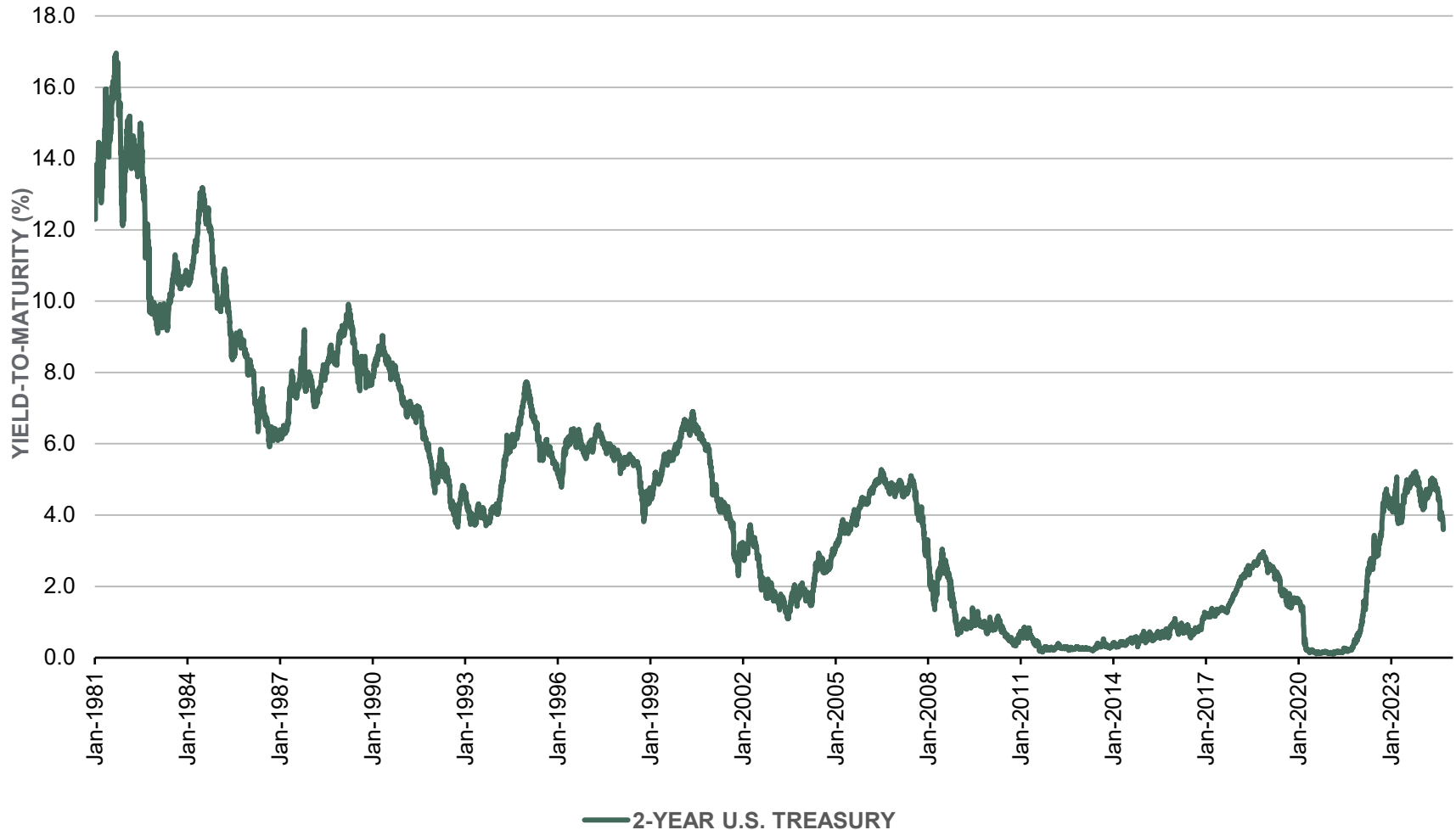
DIVERGENCE OF MARKET CAP AND EQUAL-WEIGHTED INDEX



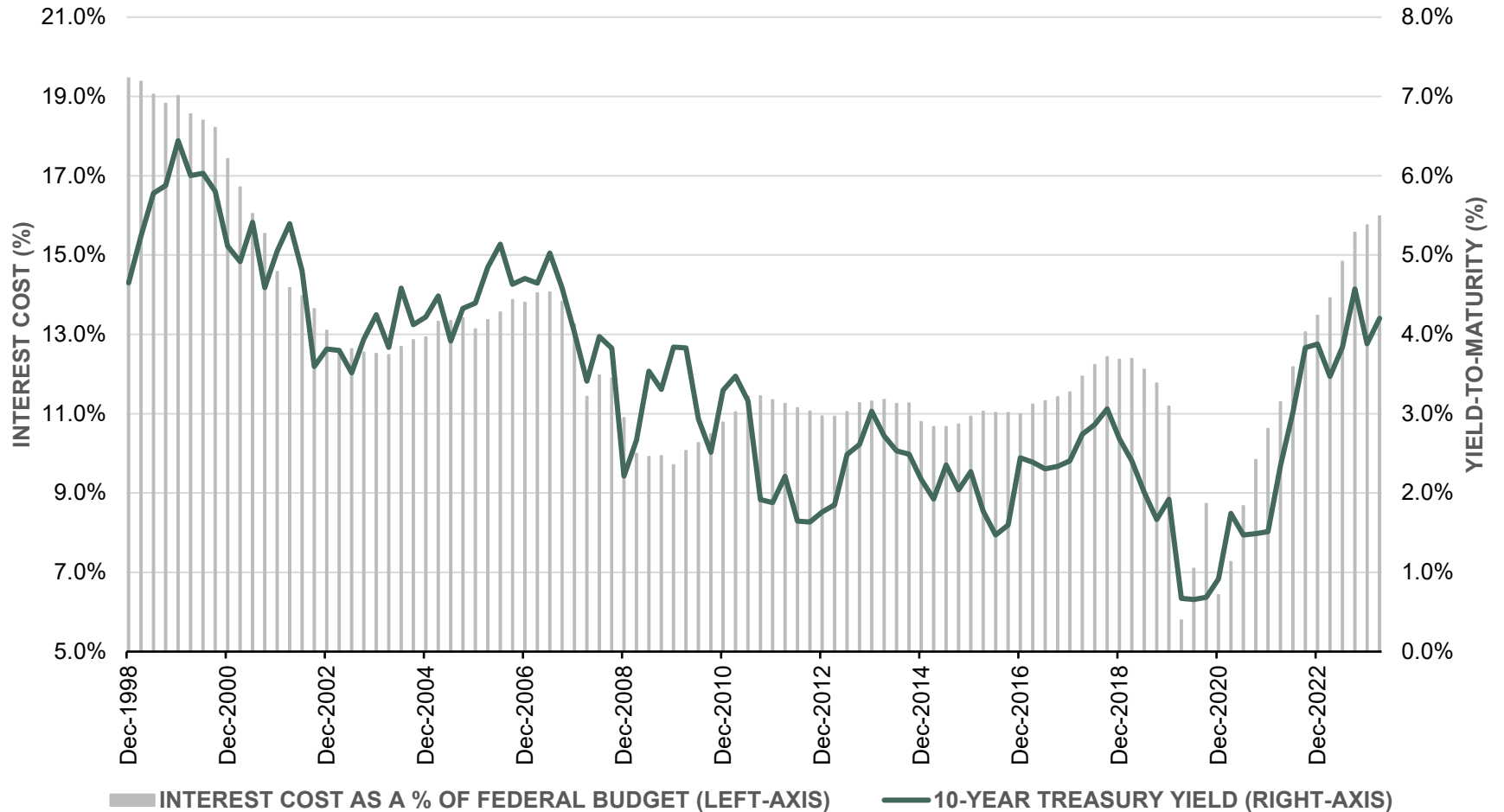
THE YIELD CURVE IS NO LONGER INVERTED



MONETARY POLICY IS CORRELATED WITH SHORTER-MATURITY BONDS



FISCAL POLICY CAN IMPACT YIELDS ON LONGER MATURITY BONDS





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