

Economic Update, June 14, 2024
Submitted by Michael Mount

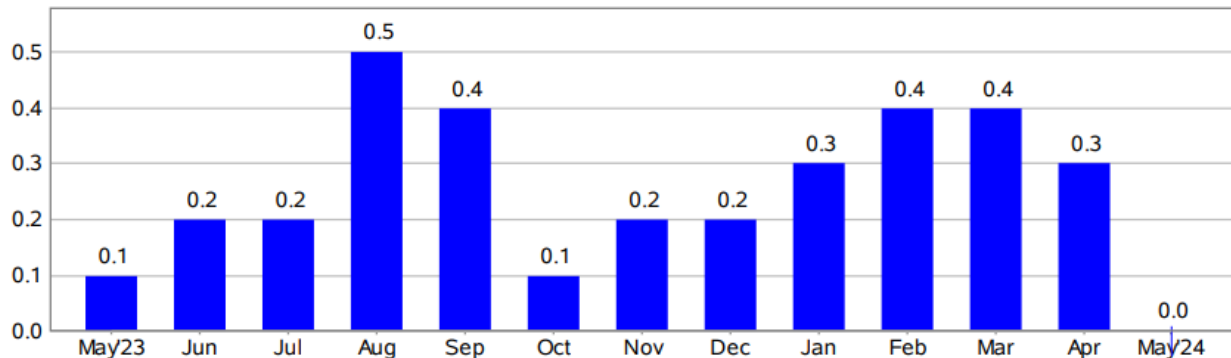
Summary: The Federal Reserve kept interest rates steady, as expected, citing solid economic activity and strong job gains. Consumer Price Index was unchanged for May 2024, though the producer price index declined by 0.2 percent. Initial claims for unemployment insurance ticked up last week. Small business optimism improved but remains below its long-run average.

Federal Government Indicators and Reports

Bureau of Labor Statistics

Wednesday, [Consumer Price Index](#): The index “was unchanged in May on a seasonally adjusted basis, after rising 0.3 percent in April. . . . The index for all items less food and energy rose 0.2 percent in May.”

Chart 1. One-month percent change in CPI for All Urban Consumers (CPI-U), seasonally adjusted, May 2023 - May 2024
Percent change



Thursday, [Producer Price Index](#): The index “for final demand declined 0.2 percent in May. . . . Final demand prices increased 0.5 percent in April and edged down 0.1 percent in March.”

U.S. Treasury

Wednesday, [Business Investment](#): “American business investment is outperforming expectations in the post-pandemic expansion; businesses have invested \$430 billion more this cycle than if investment followed historical patterns.”

Wednesday, [Monthly Treasury Statement](#): From October 2023 to May 2024 (federal fiscal year-to-date), the U.S. Government deficit was \$1.2 trillion. For the federal fiscal year 2023, it was \$1.7 trillion.

Department of Labor

Thursday, [Initial Claims](#): “In the week ending June 8, the advance figure for seasonally adjusted initial claims was 242,000, an increase of 13,000 from the previous week's unrevised level of 229,000.”

Economic Indicators and Confidence

Federal Reserve

Monday, [Consumer Expectations](#): “Median inflation expectations at the one-year horizon declined to 3.2 percent in May from 3.3 percent in April, were unchanged at the three-year horizon at 2.8 percent, and increased at the five-year horizon to 3.0 percent from 2.8 percent.”

Wednesday, [FOMC Statement](#): “Recent indicators suggest that economic activity has continued to expand at a solid pace. Job gains have remained strong, and the unemployment rate has remained low. Inflation has eased over the past year but remains elevated. . . . In support of its goals, the Committee decided to maintain the target range for the federal funds rate at 5-1/4 to 5-1/2 percent.”

Wednesday, [Economic Projections](#): The Federal Reserve continues to project real GDP growth of 2.1 percent in 2024, with growth decreasing to 1.8 percent over the long run. Although expected PCE inflation for 2024 increased from 2.4 percent to 2.6 percent, most officials expect either one or two interest rate cuts in 2024.

Wednesday, [Interest Rate Decision](#): “We have stated that we do not expect it will be appropriate to reduce the target range for the federal funds rate until we have gained greater confidence that inflation is moving sustainably toward 2 percent. So far this year, the data have not given us that greater confidence.”

National Federation of Independent Business

Tuesday, [Small Business Optimism](#): The index “reached the highest reading of the year in May at 90.5, a 0.8-point increase but still the 29th month below the historical average of 98. . . . Owners’ plans to hire rose three points in May to a seasonally adjusted net 15 percent, the highest reading of the year.”

Small Business Optimism Index at 90.5

Based on 10 survey indicators, seasonally adjusted, Jan. '10 – May '24



University of Michigan

Friday, [Consumer Sentiment](#): “Consumer sentiment was little changed in June. . . . Year-ahead inflation expectations were unchanged this month at 3.3 percent, above the 2.3-3.0 percent range seen in the two years prior to the pandemic.”