

## Summary of 9<sup>th</sup> Annual State of the Economy

by St. Norbert College Center for Business & Economic Analysis

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### Economic growth continues...a tad bit slower

- 2023 saw 2.5% growth, signaling optimism. However, muted consumer spending and ongoing softness in investment (business, residential and nonresidential) pointed to slower 2024 growth.

### Inflation normalizing above Fed target

- Inflation normalized in 3% range in 2023; slowed economic activity could drop this to below 3% in 2024, but potentially falling interest rates may maintain the status quo.

### Labor Markets continue to slow down in hiring activity

- Labor market is still on solid ground with momentum waning as noted by slight upticks in unemployment, declining quits, and subdued job openings.

### Notable headwinds on the horizon

- The challenged consumer with diminished savings, slowed wage gains, falling pent-up demand are showing early signs of stress.
- While the Fed waits for evidence to lower interest rates, political volatility regarding fiscal policy and debt will likely impact government spending.
- Housing activity stalled in 2023 with many activity, thus anticipated 3 interest rate declines in 2024.

### Recession Probability

- Recession likelihood continues to fall in 2024 with odds below 40%