



# US Economic Outlook 2025

Bill Adams, SVP and Chief Economist

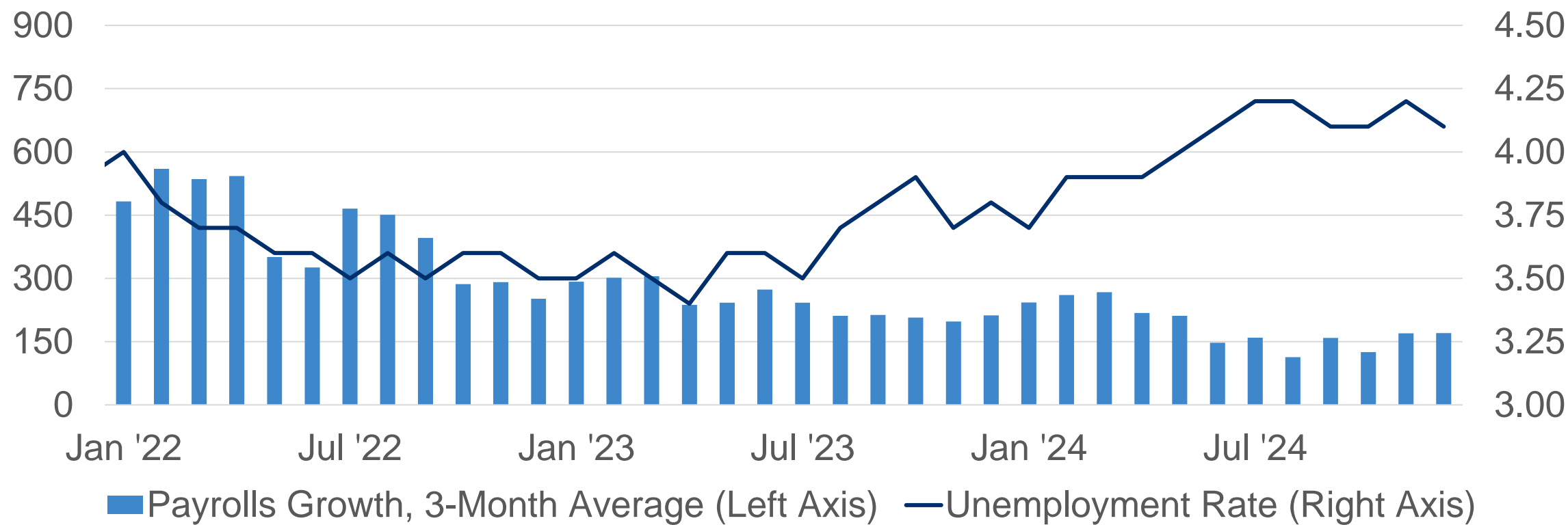
January 14, 2025

Dallas Association of Business Economists  
Federal Reserve Bank of Dallas

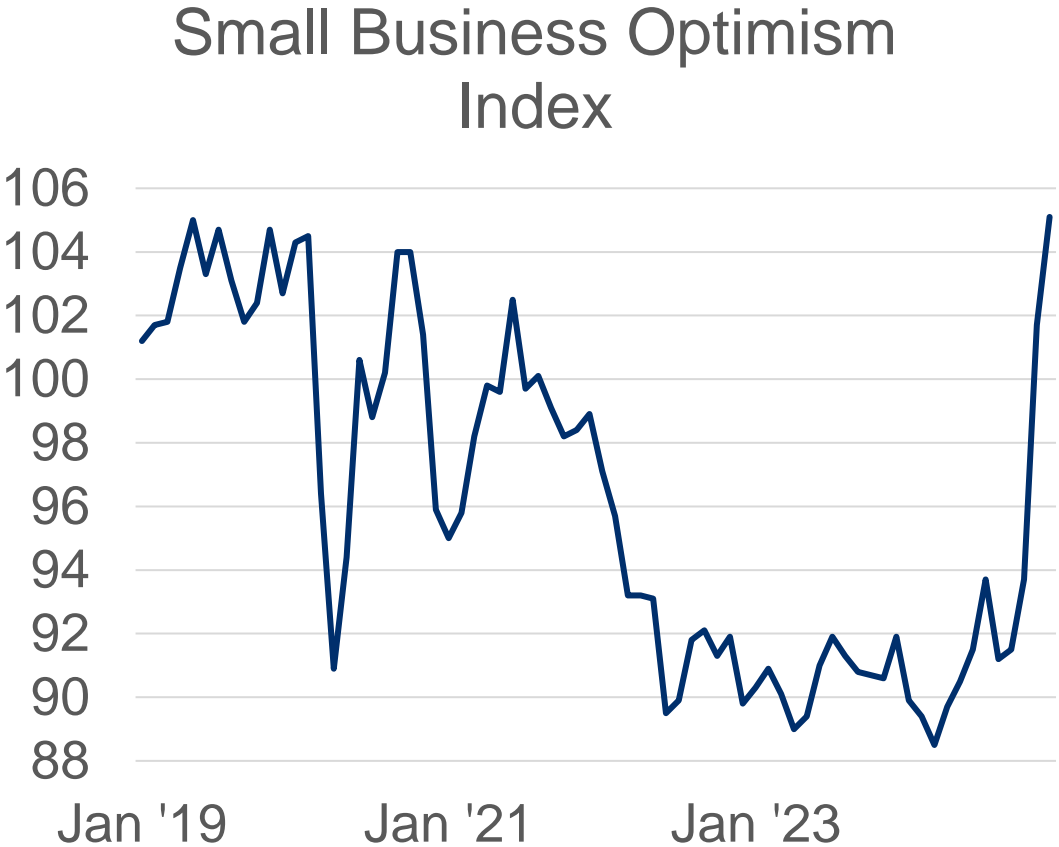
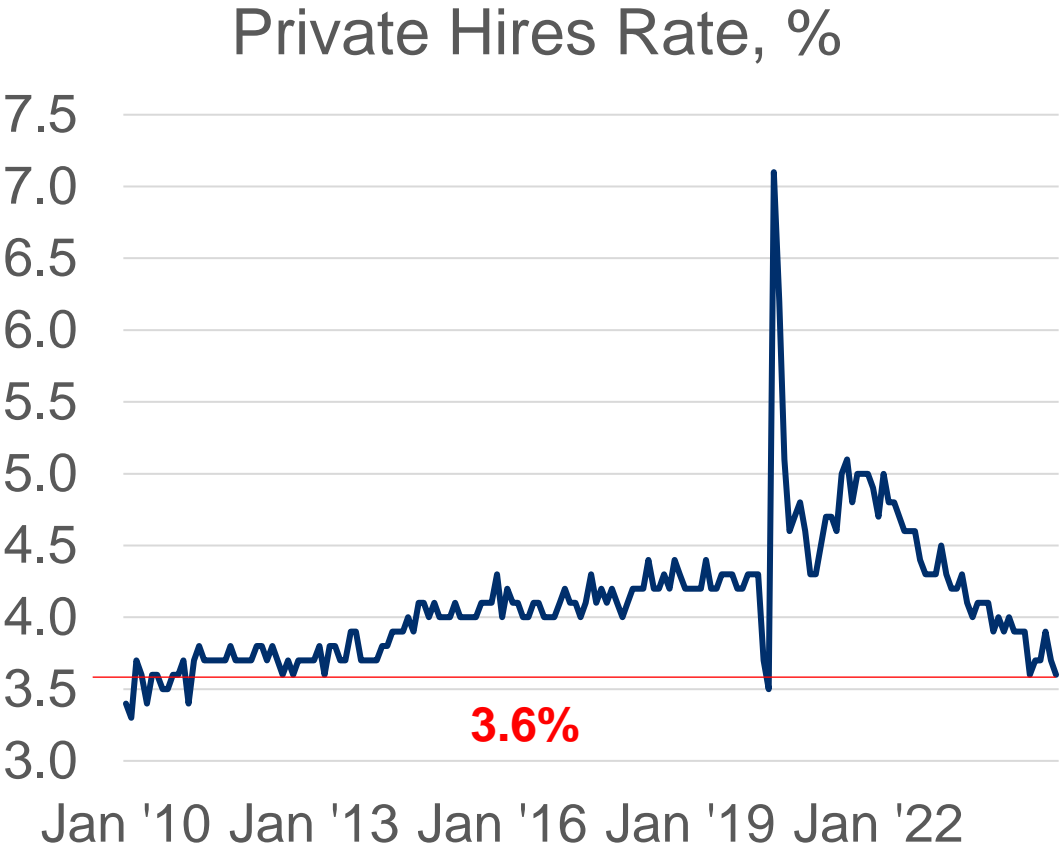


# The labor market is back to a normal balance of supply and demand

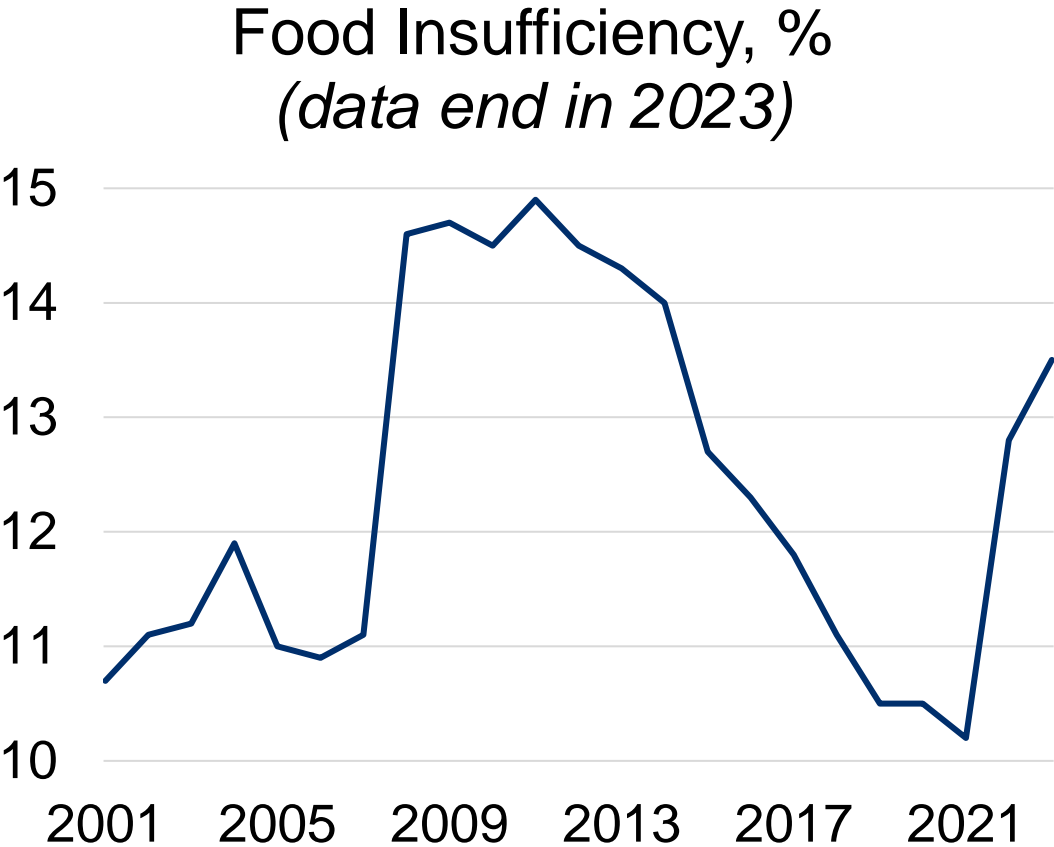
Top-Line Labor Market Indicators



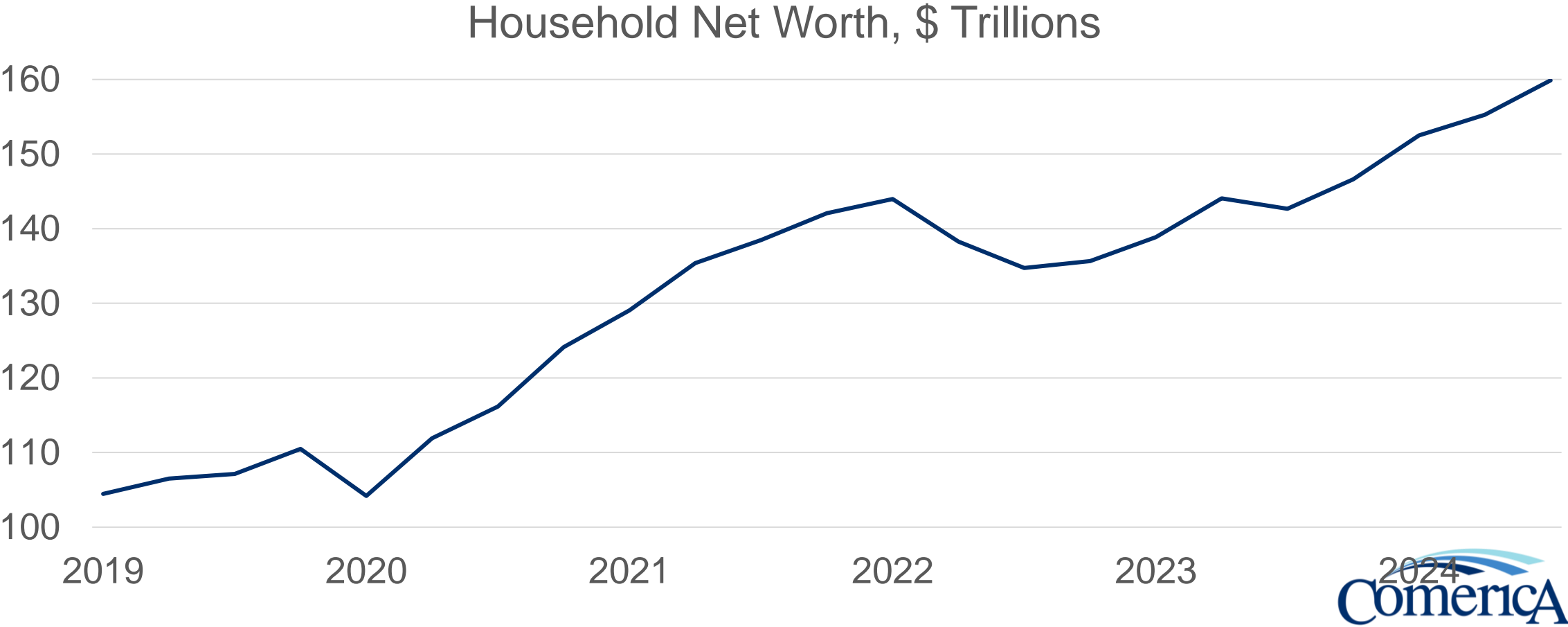
# Hiring is subdued but likely to pick up this year



# Wage growth is outpacing inflation, gradually easing the strain on household finances



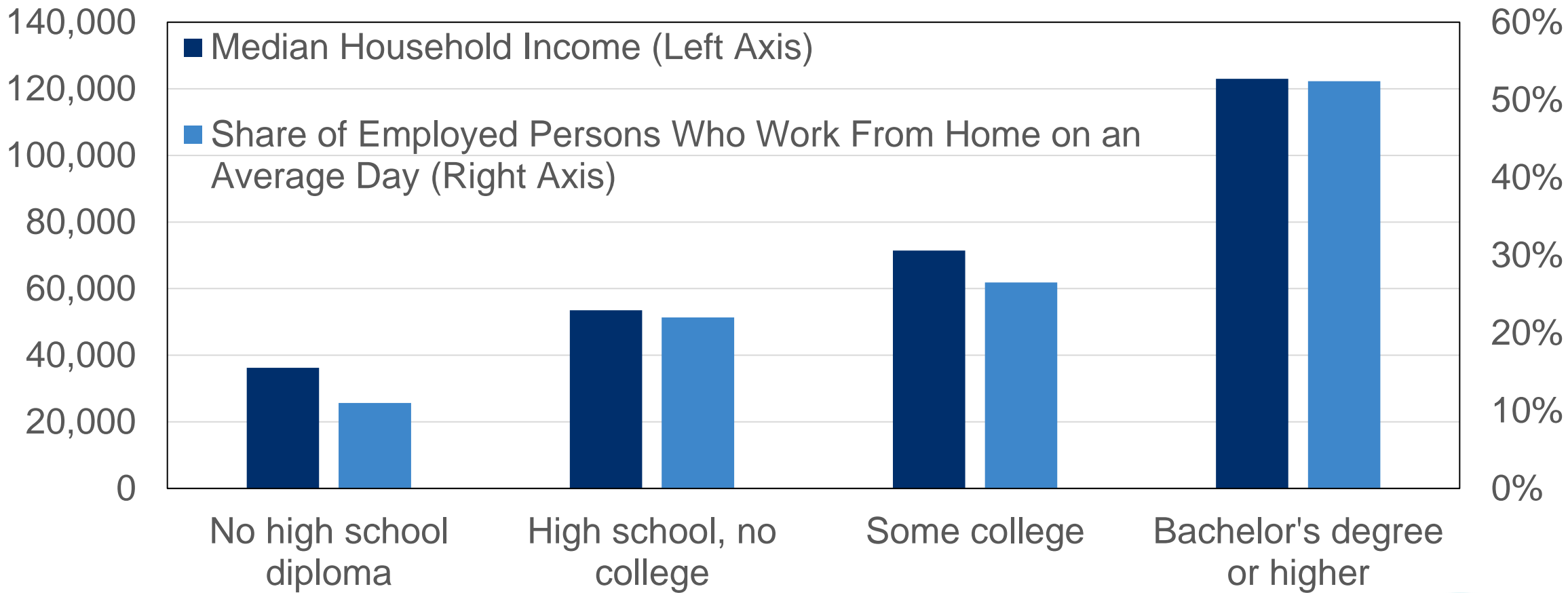
# Affluent Americans are flush and spending open-handedly, propelling consumer spending higher



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# The more you make, the more likely you are to work remotely, supporting housing demand for years to come

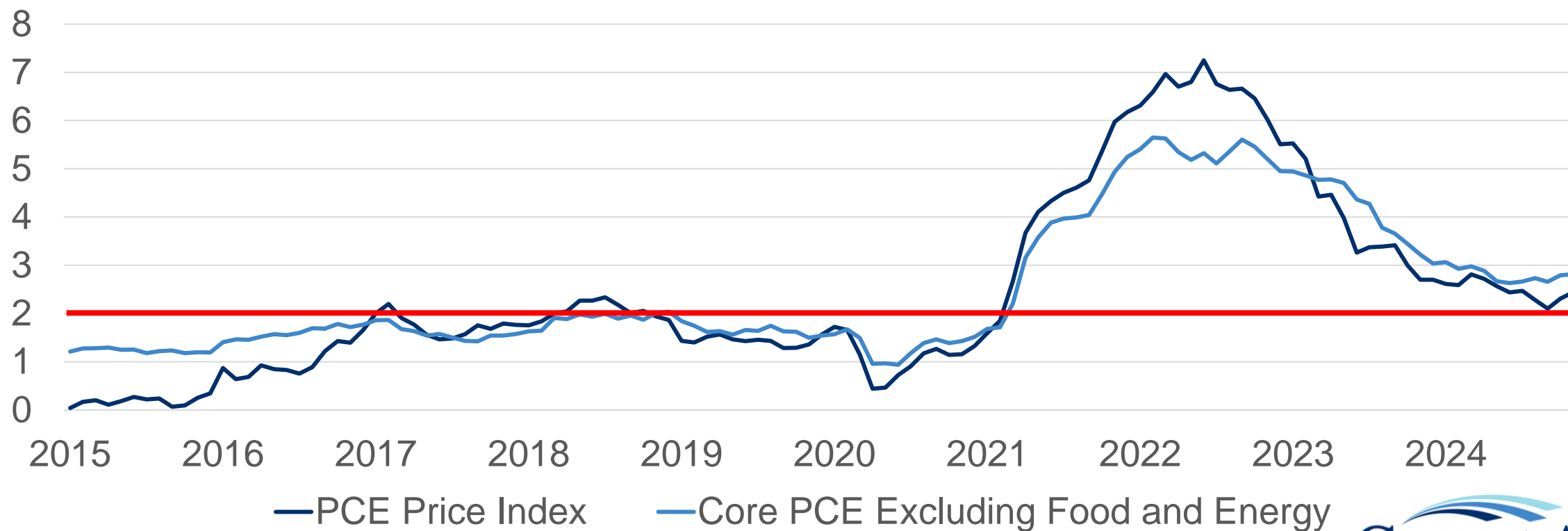


Sources: Bureau of Labor Statistics American Time Use Survey, Census Bureau "Income in the United States: 2023"



# Inflation isn't quite fixed, but it's no longer an emergency, either

PCE Inflation, Year-Over-Year



# U.S. economy set to register a solid year of growth, but inflation likely to move up in its second half

	2023 Actual	2024 Preliminary	2025 Forecast
Real GDP, Annual	2.9%	2.7%	2.7%
Unemployment Rate Annual Average	3.6%	4.0%	3.8%
Nonfarm Payrolls Average Monthly Change	251,000	186,000	174,000
CPI, Annual	4.1%	2.9%	2.5%





# Comerica forecasts for interest rates to remain somewhat restrictive in 2025

	2023 Actual	2024 Preliminary	2025 Forecast
Fed Funds Rate, Dec to Dec Change, BPS	+100	-100	-50
10-Year Treasury Yield, Annual Average	4.0%	4.2%	4.4%
30-Year Mortgage Rate, Annual Average	6.8%	6.7%	6.7%



# Thank you for inviting me to speak today



Bill Adams, Chief Economist

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