

## September 26, 2022 – Economic Commentary

Extremely hawkish statements by Fed Chairman Powell have had a noticeable impact on sentiment, shifting many economists and analysts into cautioning about an imminent economic recession in the US and possibly globally. However, US economic activity continues to hold up surprisingly well, with noticeable strength in the manufacturing sector, and employment growth that remains strong. The current best estimate for third quarter US economic growth is flat to slightly positive. The slowing of economic growth has had some beneficial impact on price pressures throughout the economy, and supply chain problems have eased in many sectors, as acknowledged by the Federal Reserve. Nevertheless, without a substantial lessening in labor cost increases, the Fed views real progress on reducing inflation as insufficient and tentative. Increasingly, the focus of the Federal Reserve is on raising the unemployment rate in order to introduce slack into US labor markets, which will, of course, raise the likelihood of declines in consumer demand that may, in fact, push the US economy into negative territory.

### Data to Watch:

1. US Retail and Wholesale Inventories for August, released Wednesday, September 28
2. US Initial Claims for Unemployment for the week of September 24, released Thursday, September 29
3. US Personal Income and Spending for August, released Friday, September 30

### Suggested Reading:

[The Return of Inflation Makes Deficits More Dangerous](#)

[Bank's intervention may not mark the end of market mayhem](#)

[Tensions rise in West Coast port labor battles, with unions and management trading accusations](#)

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