

## Macro Roundup Article

**Headline:** [Global Views: Friendly Baseline, Greater Risks](#)

**Article Link:** <https://www.gspublishing.com/content/research/en/reports/2024/04/16/d8027db8-78a7-4728-af74-f9ac6bb1177a.html>

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Publication	Goldman Sachs
Publication Date	April 18, 2024

**Tweet:** Jan Hatzius @GoldmanSachs forecasts wage growth decelerating to 3.5%, consistent with the Fed's 2% inflation target and expects quarterly cuts starting in July.

**Summary:** Despite the recent upside inflation surprises, we think the broader disinflationary narrative remains intact. One key reason is that the labor market continues to rebalance nicely. Our jobs-workers gap is down to 2.0 million, the quits rate is below pre-pandemic levels, and the wage news remains favorable. As of March, average hourly earnings and the Atlanta Fed wage growth tracker are consistent with year-on-year wage growth of just over 4%, and we expect the more reliable employment cost index to show a similar pace for Q1. Over the next year, we see wage growth converging to 3.5%, the pace we estimate is consistent with 2% assuming a productivity trend of 1.5% and stable profit margins. Related: Parsing the 2024 Inflation Rebound and Wages Are Rising Faster than We Thought and Is Post-Pandemic Wage Growth Fueling Inflation?

**Primary Topic:** Business Cycle

**Topics:** Business Cycle, GDP, Inflation, Monetary Policy, Op-Ed/Blog Post, Weekly

**Permalink:** <https://www.edwardconard.com/macro-roundup/jan-hatzius-goldmansachs-forecasts-wage-growth-decelerating-to-3-5-consistent-with-the-feds-2-inflation-target-and-expects-quarterly-cuts-starting-in-july?view=detail>

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