

Macro Roundup Article

Headline: [Strong, But Not Too Hot: The U.S. Economy as of Mid-2024](#)

Article Link: <https://theovershoot.co/p/strong-but-not-too-hot-the-us-economy>

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Tweet: The dollar value of spending by American consumers and businesses is rising a yearly rate of ~ 5.5%. That pace is inconsistent with the Fed's 2% target with inflation likely falling between 2.5%-3%. @M_C_Klein

Summary: The dollar value of spending on goods and services by American consumers and businesses is still rising at the ~5.5% yearly pace that it has since the middle of 2022. Unless that changes—or unless the real production of goods and services sustainably rises by 3.5% a year—it will be difficult for inflation to persist around the Federal Reserve's 2% yearly goal. The good news is that the mismatch is relatively small, with output growing briskly at about 2.5%-3% a year even as inflation has decelerated slightly towards 2.5%-3%. This is a big improvement from two years ago, when the split between price and volume growth was far less favorable. Accelerating productivity and the unwinding of pandemic- and war-related supply disruptions are both responsible for this benign outcome.

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Primary Topic: Business Cycle

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

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