

## PGIM Fixed Income

### U.S. Economic Update



November 2024



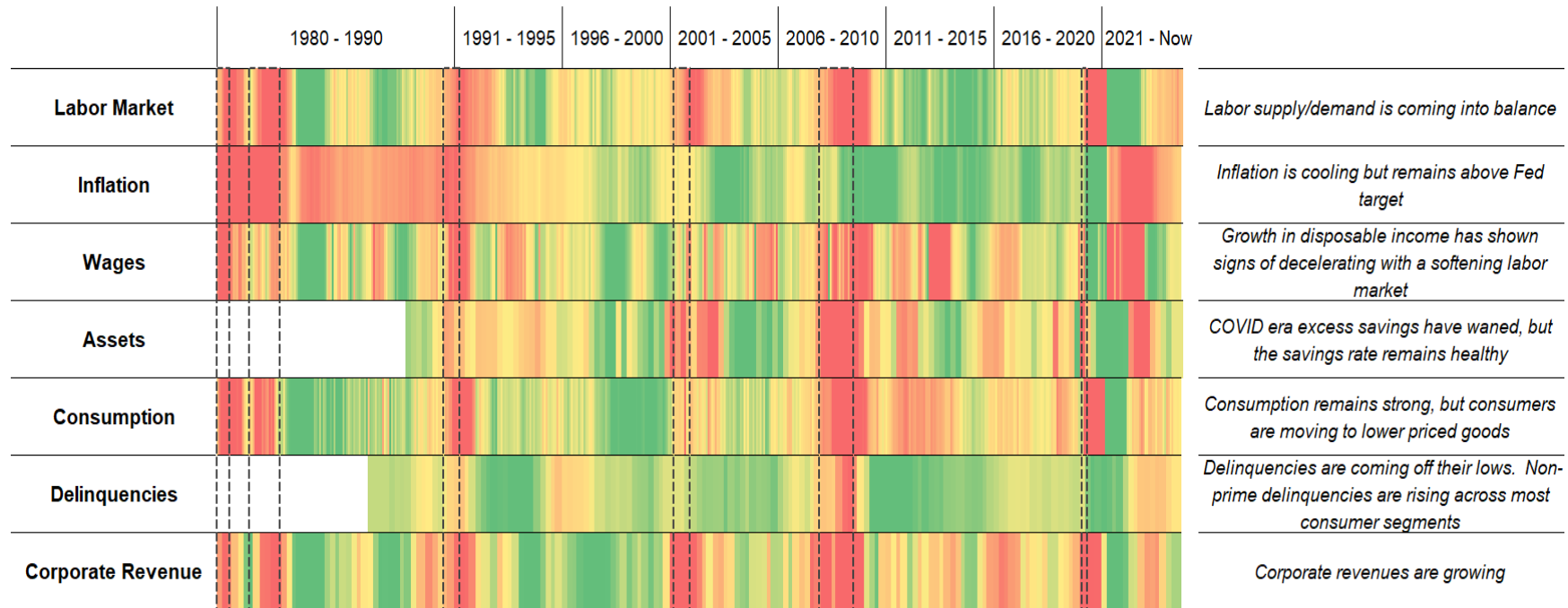
**PGIM** FIXED INCOME

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## Our Consumer Heatmap Is: Warm



Note: Labor market = YoY Change in Unemployment Rate, Inflation = YoY CPI % NSA, Real Wages = Real Disposable Income YoY %. Savings Rate = Personal Savings as % of Disposable Income, Assets = YoY % Chg in Household Net Worth, Consumption = Real PCE YoY SA %. Delinquencies = YoY Chg Fed Delinquency Rate on All Consumer Loans %, Real Corporate Revenue = Real Gross Value Added YoY % SA

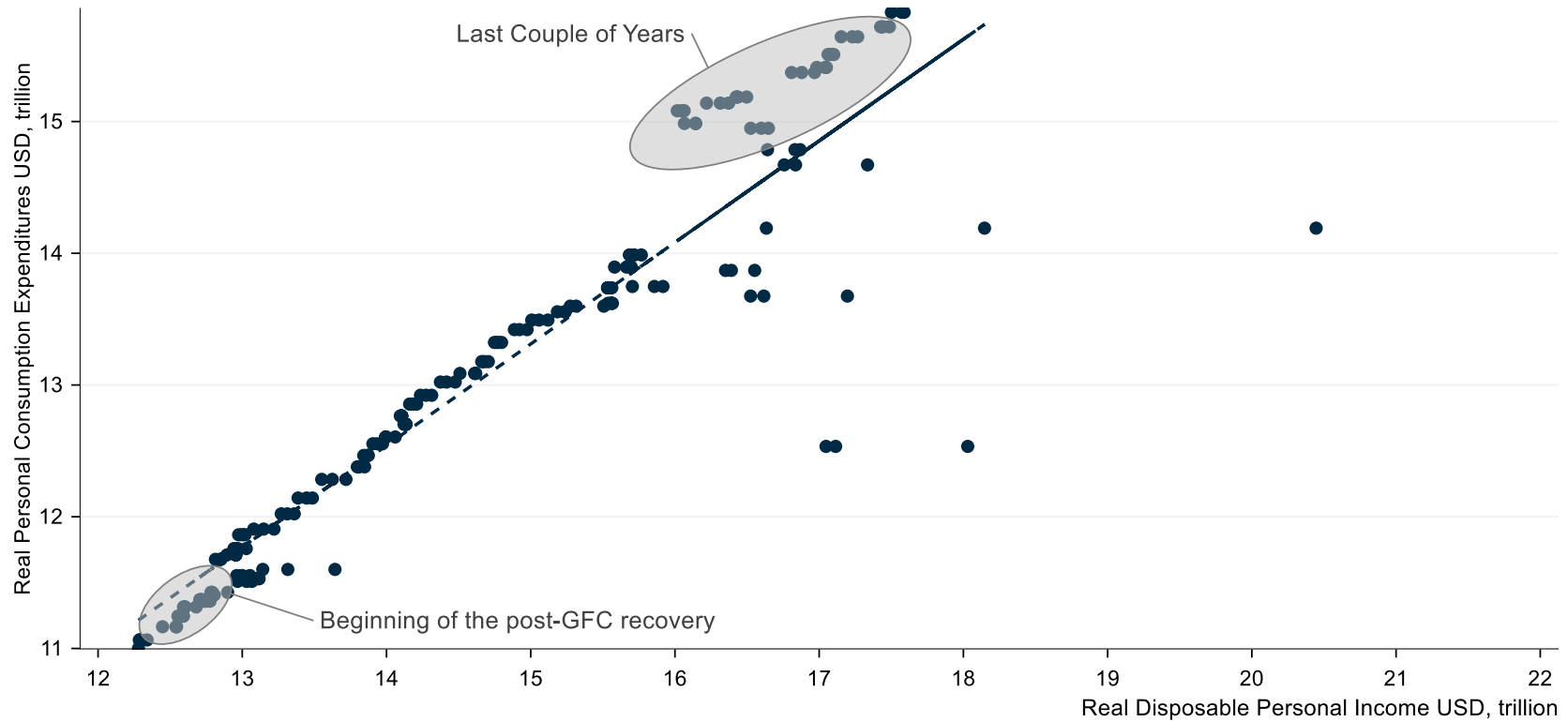
Source: BLS, Federal Reserve, BEA Haver as of November 5, 2024



### This Is Helping Keep The Consumer Afloat

## Real Disposable Personal Income vs. Real Personal Consumption Expenditures

U.S. Bureau of Economic Analysis (BEA)

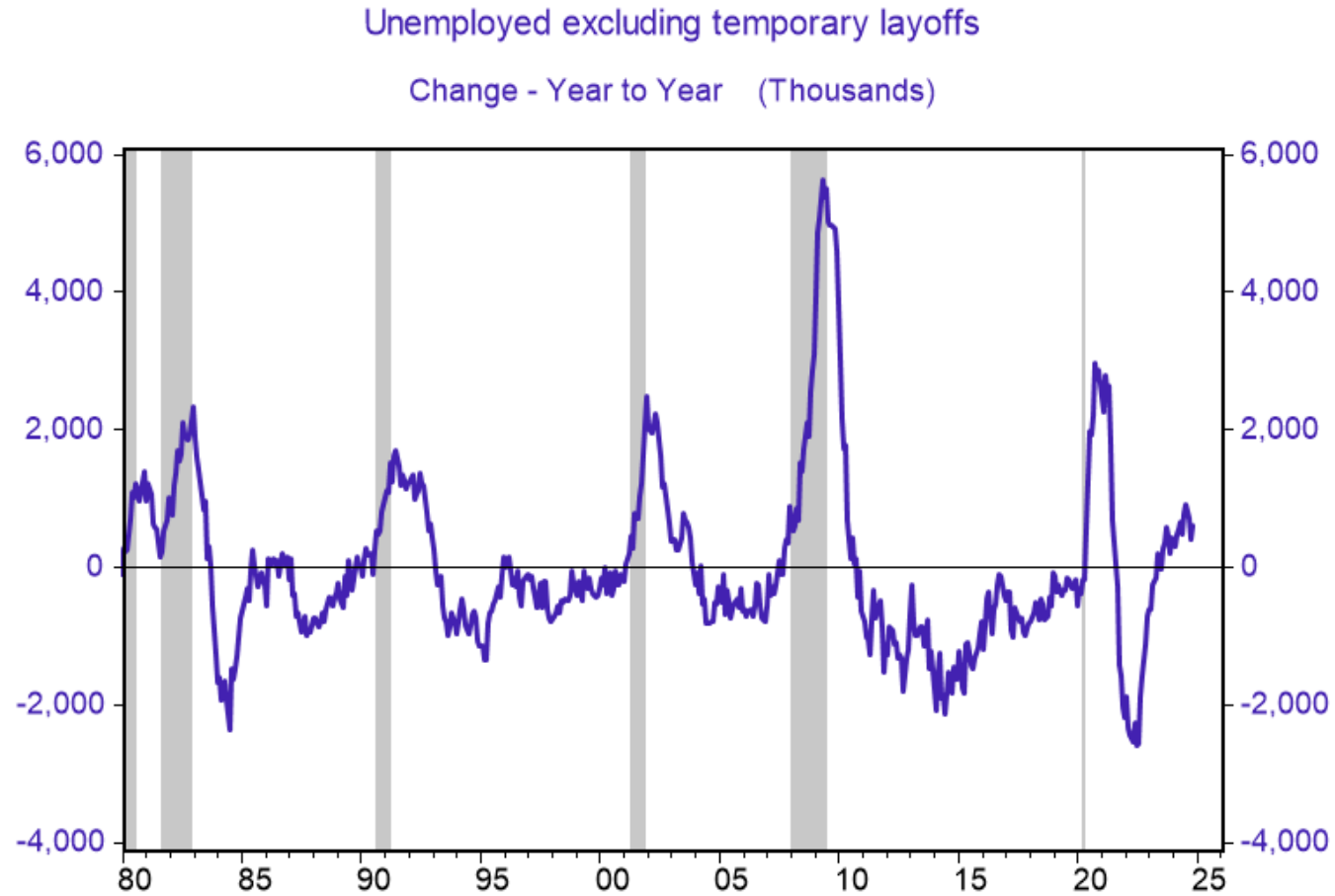


Last Updated: October 28, 2024

Source: Macrobond



### Perspective: The Number Of Unemployed Is Higher Even Ex Temp Layoffs...



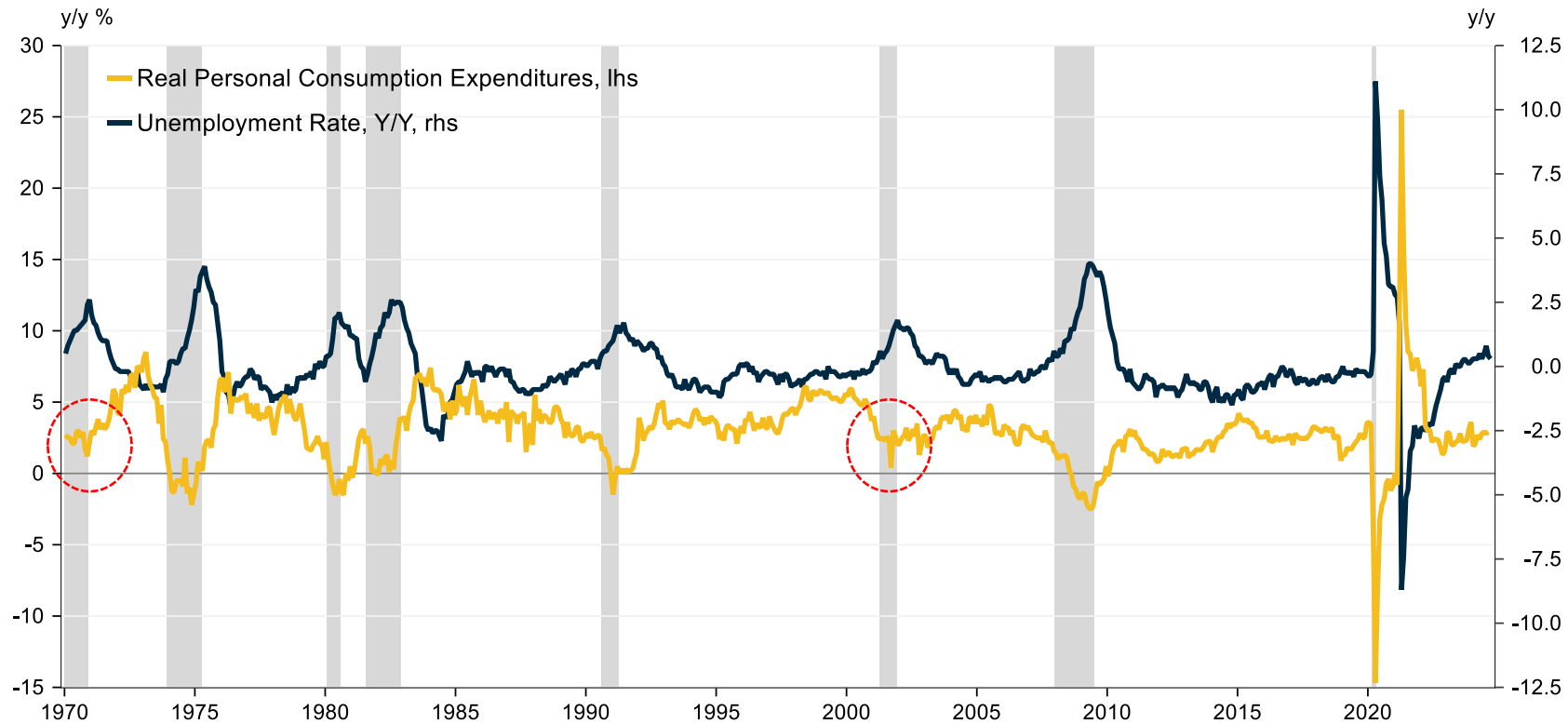
Source: Haver Analytics as of November 5, 2024



# ...And Here Is Why That Matters (But Note, Spending Doesn't Always Fall When The U-rate Rises – But It Does Slow)

**United States - Real PCE vs. U-Rate**

*U.S. Bureau of Labor Statistics (BLS), U.S. Bureau of Economic Analysis (BEA)*



Last updated on Monday, October 28, 2024

Source: Macrobond

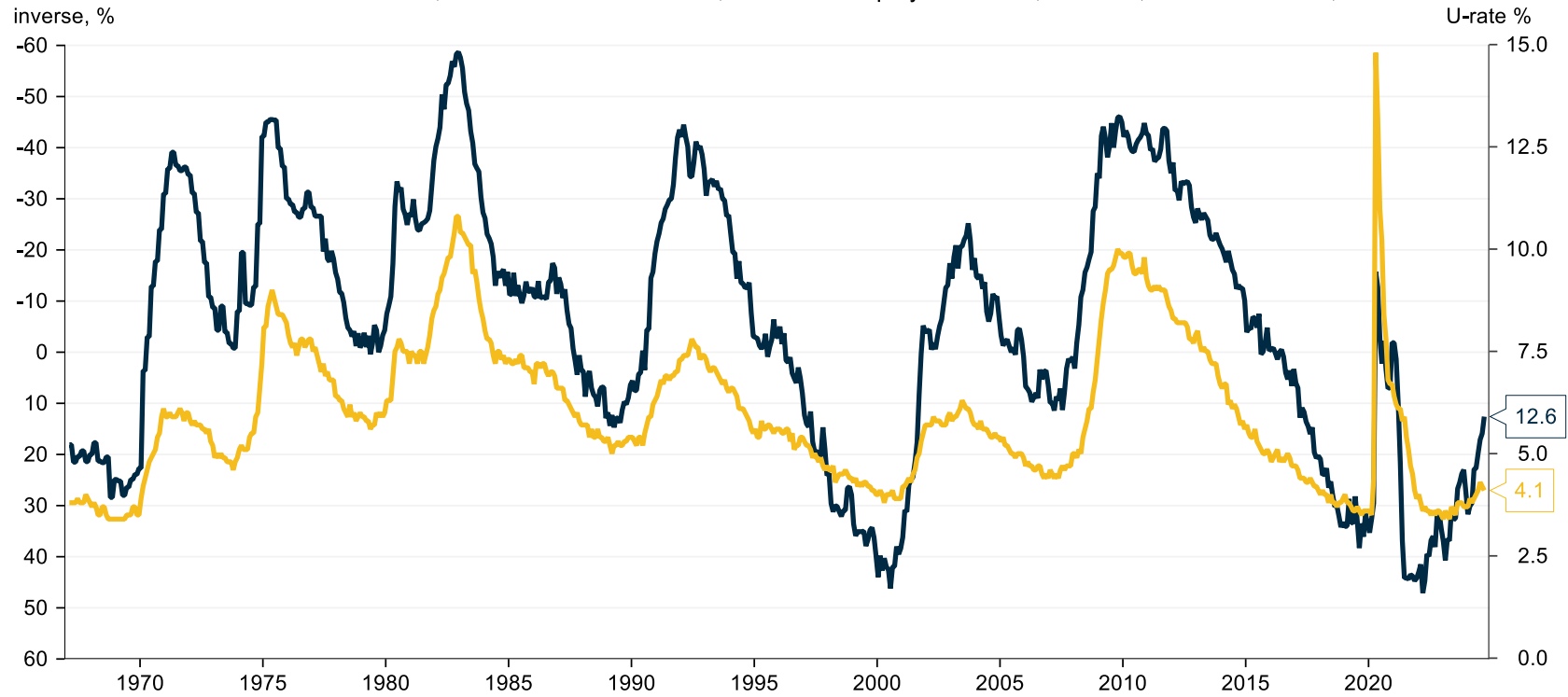


## A View Into Labor Market Fundamentals

### U.S. - Conference Board Labor Market Differential vs. Unemployment Rate

*Conference Board, SA, Jobs are Plentiful - Hard to Get, U.S. Bureau of Labor Statistics (BLS)*

— Conference Board, Labor Market Differential, lhs — Unemployment Rate, National, 16 Years & Over, rhs

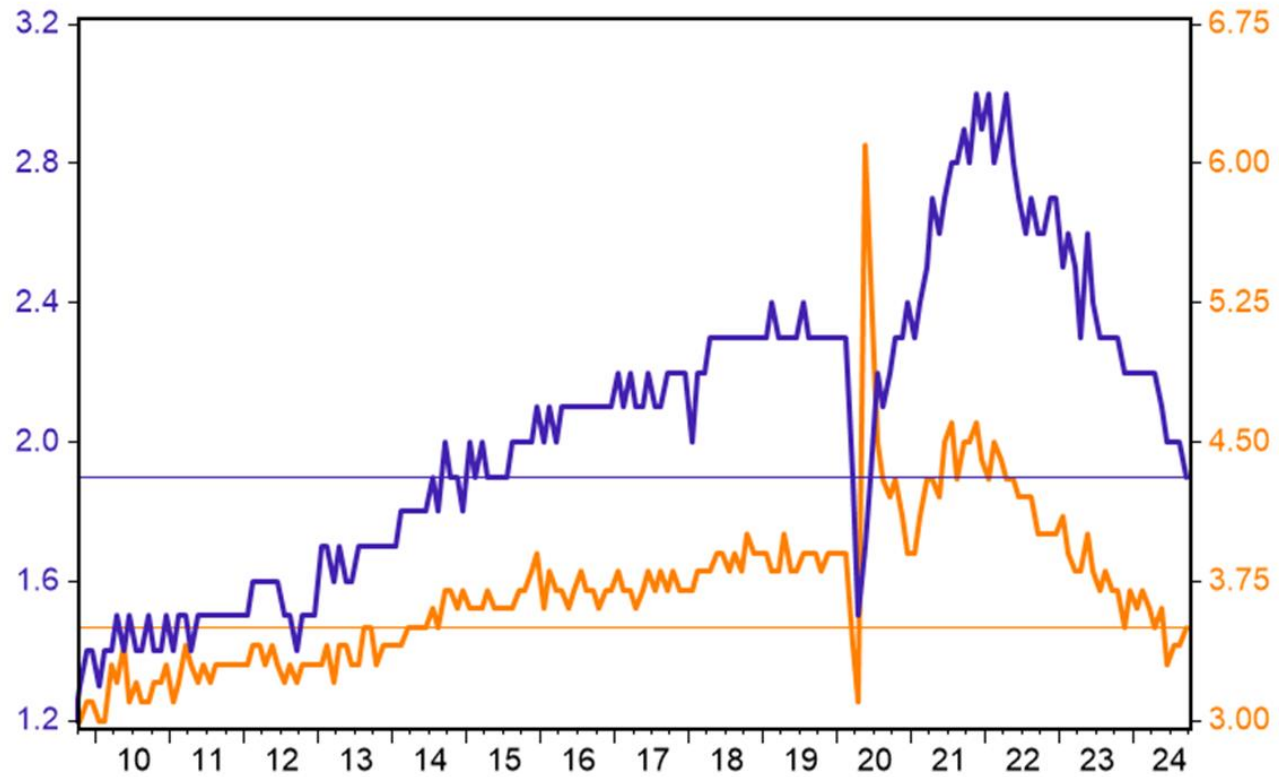


Last updated on Monday, October 28, 2024

Source: Macrobond



JOLTS: Quits Rate: Total  
SA, %  
JOLTS: Hires Rate: Total  
SA, %



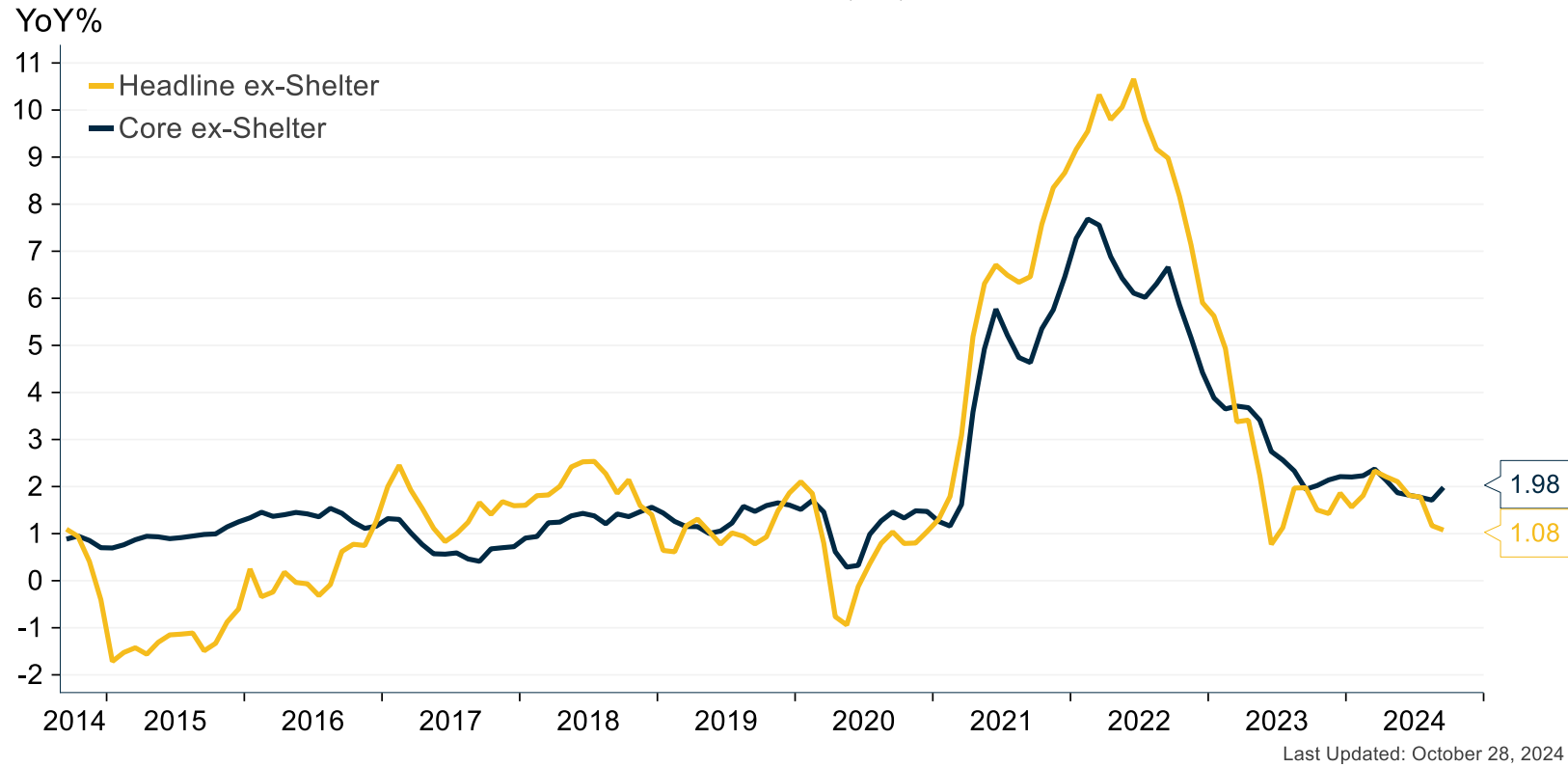
Sources: Bureau of Labor Statistics/Haver Analytics as of November 5, 2024



### Most Inflation Components Have Slowed...

## United States - CPI: Headline and Core ex-Shelter

U.S. Bureau of Labor Statistics (BLS), SA, 1982=100

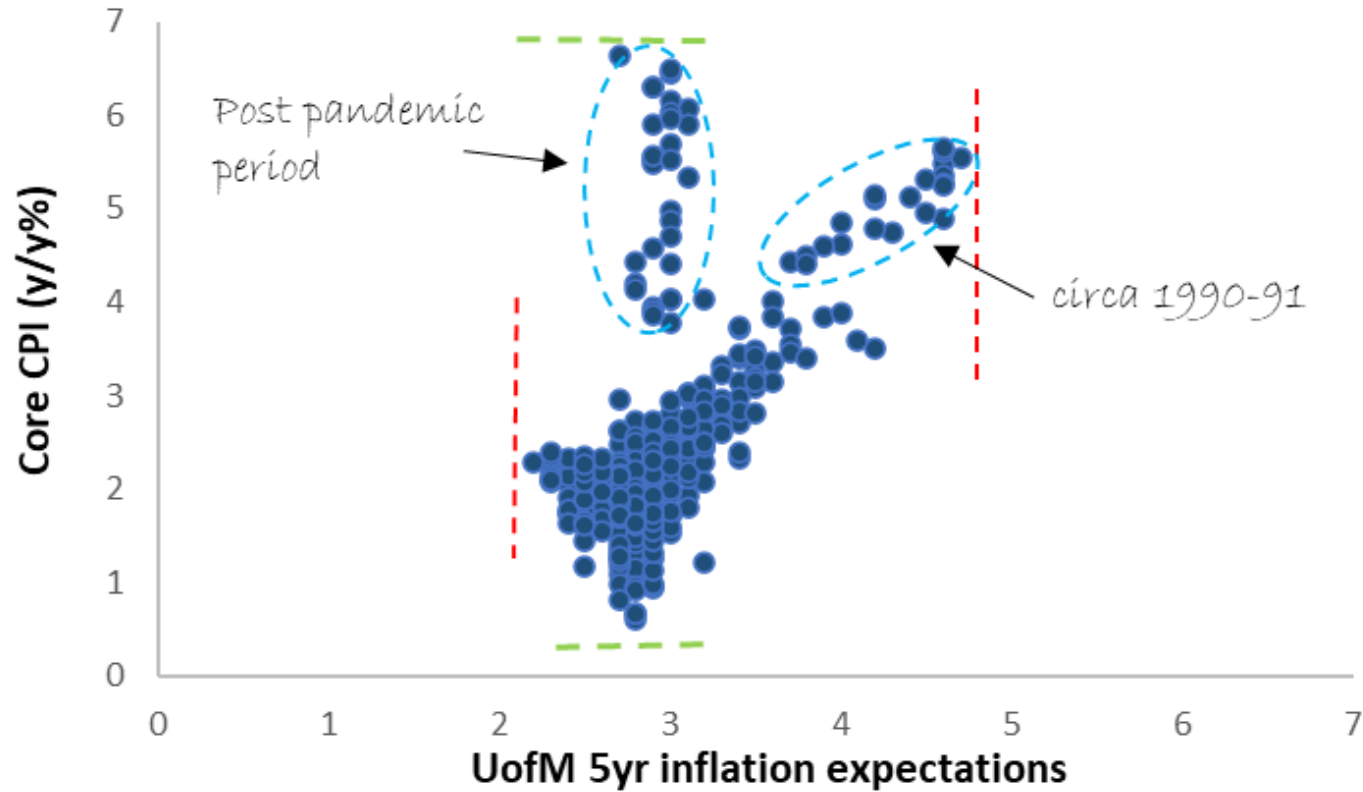


Source: Macrobond





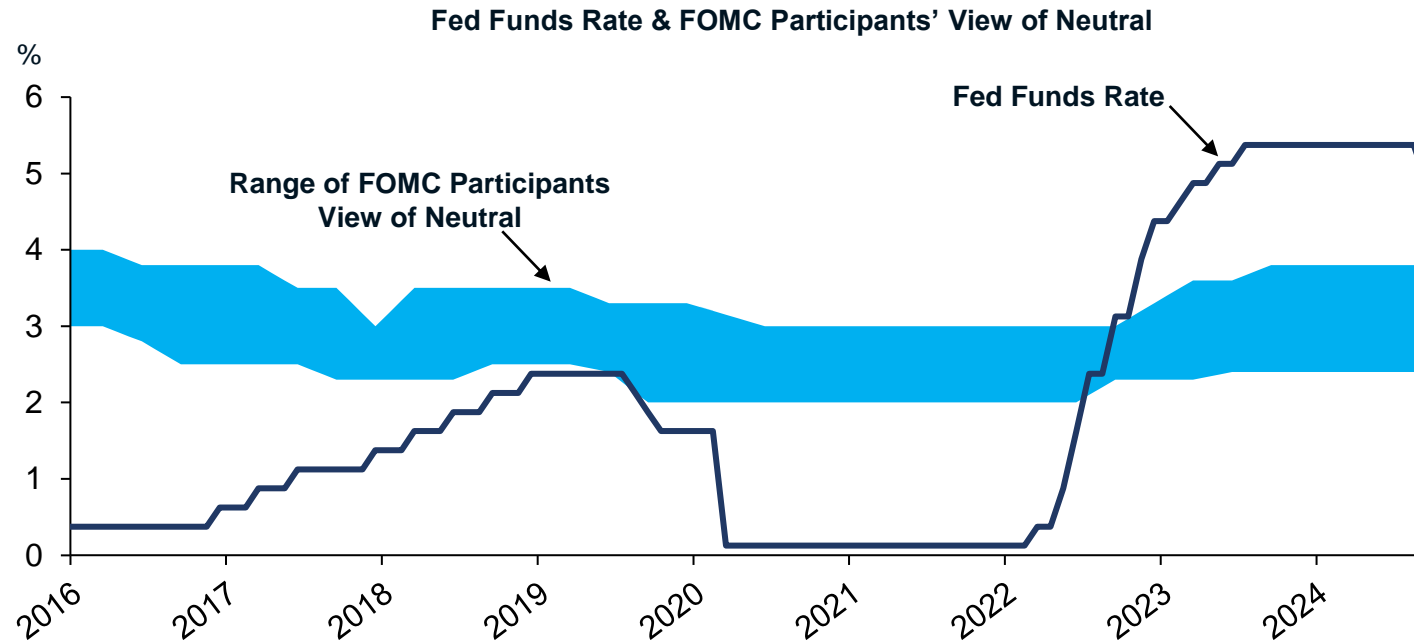
A useful perspective on inflation expectations (they were relatively anchored the entire post-covid window)



Source: BLS, UofM, Haver as of November 5, 2024



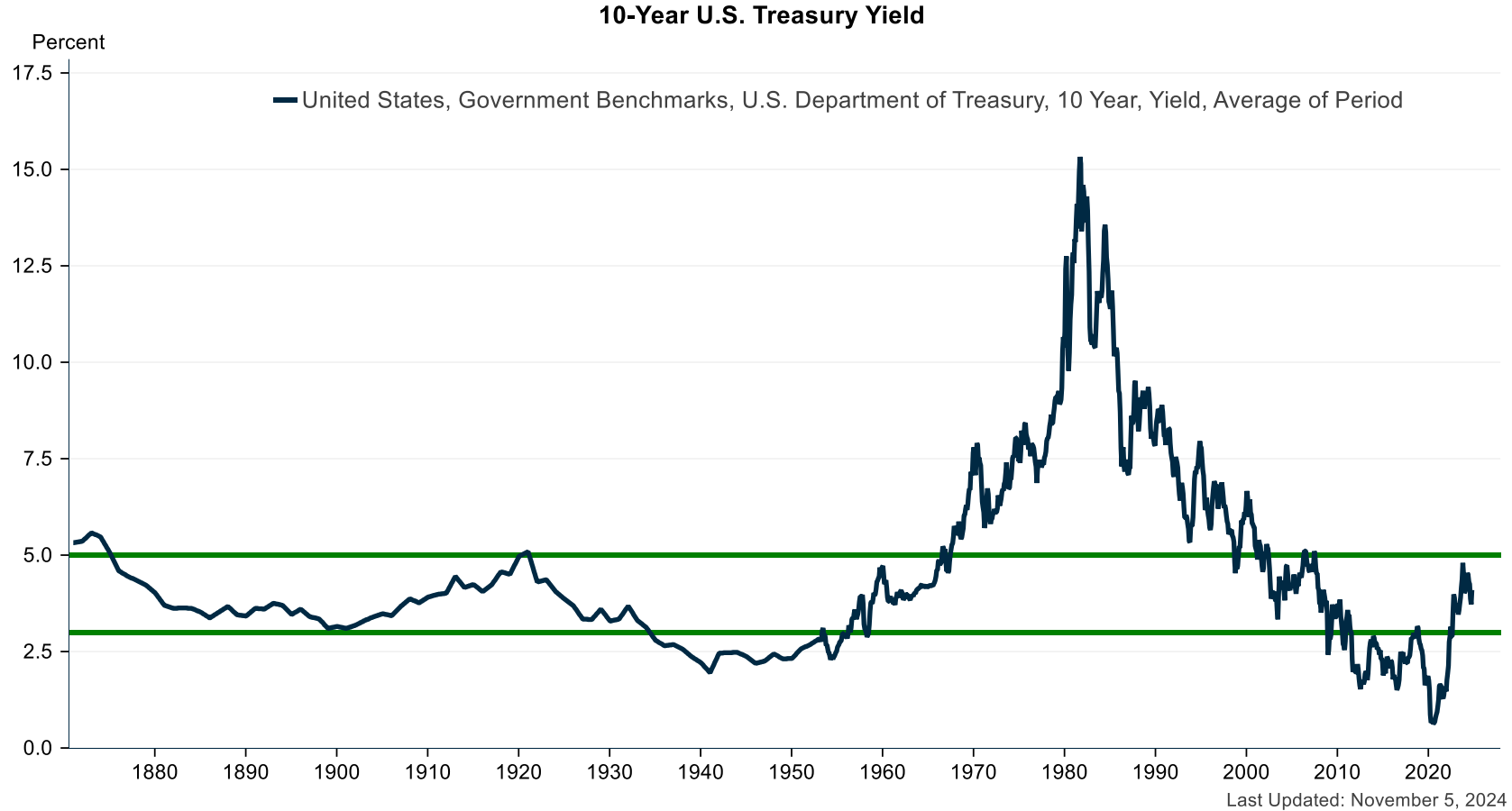
## Fed Policy Is Restrictive Compared to Neutral



Source: Bloomberg, PGIM Fixed Income. As of October 7, 2024.



## Higher For Longer OR, Normal For Longer?



Source: Macrobond



**Tom Porcelli** is Chief U.S. Economist at PGIM Fixed Income. Mr. Porcelli is responsible for leading the formulation of PGIM Fixed Income's views on the U.S. economy, contributing to the internal investment process, and engaging with clients and key stakeholders on timely macroeconomic developments. Prior to joining the Firm, he was Chief U.S. Economist at RBC Capital Markets for 14 years. In that role, he focused on forecasting and creating narratives around the U.S. economic backdrop as part of the global economic effort. Mr. Porcelli worked closely with the various functional units within RBC Capital Markets and traveled globally to meet with RBC clients to share his insights on the U.S. economy and markets. Before RBC he worked as an economist at Merrill Lynch where he was a member of the team responsible for economic forecasting and Fed watching. Mr. Porcelli began his career at the Federal Reserve Bank of New York working on the Open Market Desk. In this capacity, he was closely involved with the execution of and analysis around monetary policy. In addition, he was responsible for disseminating pertinent economic and market analysis to policy makers in an effort to provide them with critical information used in the policy making process. Mr. Porcelli appears regularly on Bloomberg and CNBC and is quoted widely in the global press. He holds a Master's degree from Columbia University.

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