



**Powell sets sights on salvaging soft landing:**

**Mapping the descent in rates**

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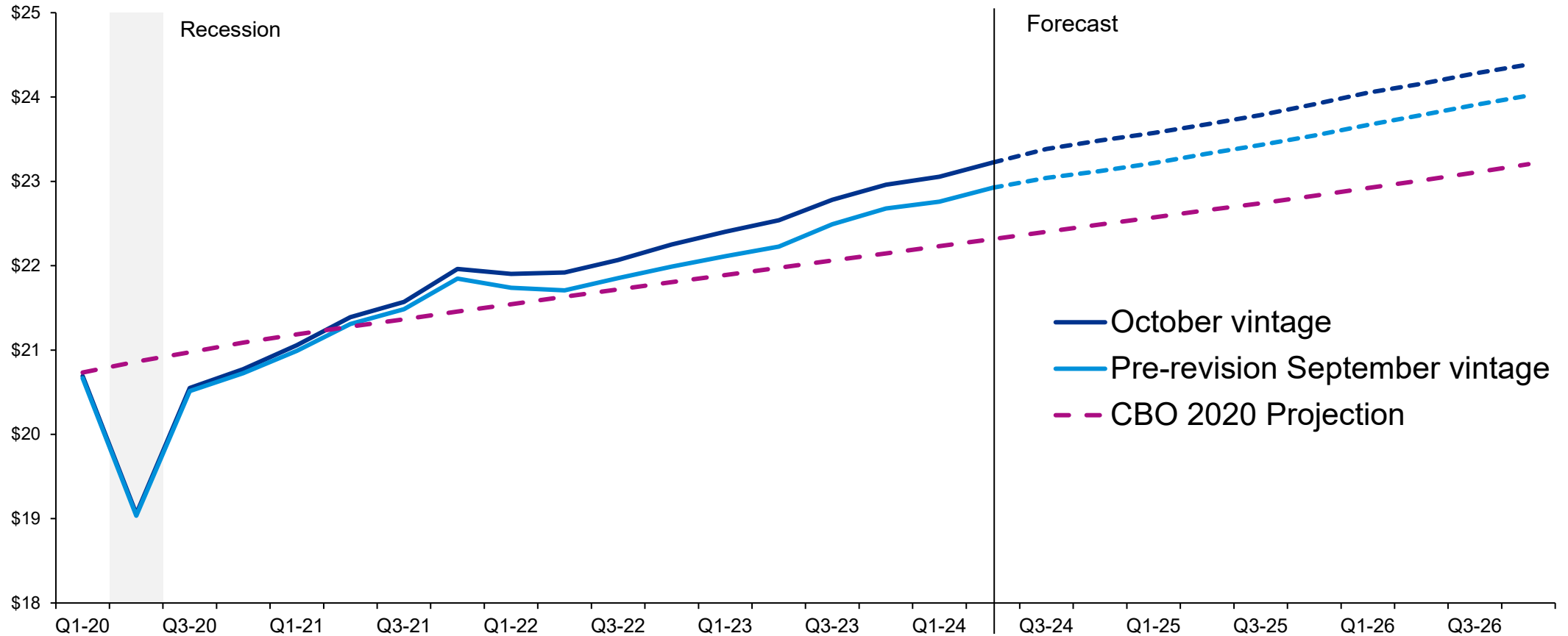
October 30, 2024



# Soft landing a possibility in 2025

## GDP revised higher

GDP, 2017\$, trillions



Source: KPMG Economics, Bureau of Economic Analysis

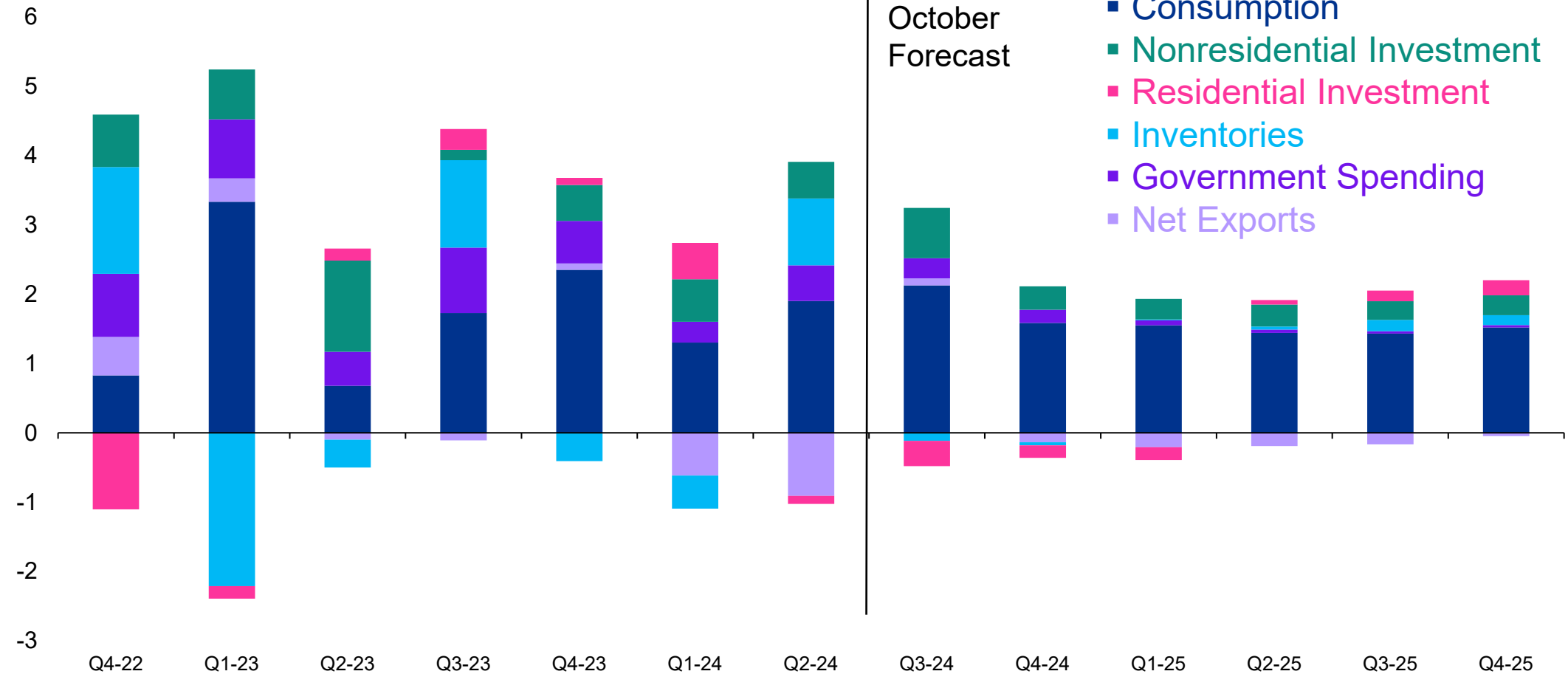


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# Consumption and investment lead the charge

## GDP Growth Components

Percent



Source: KPMG Economics, Bureau of Economic Analysis

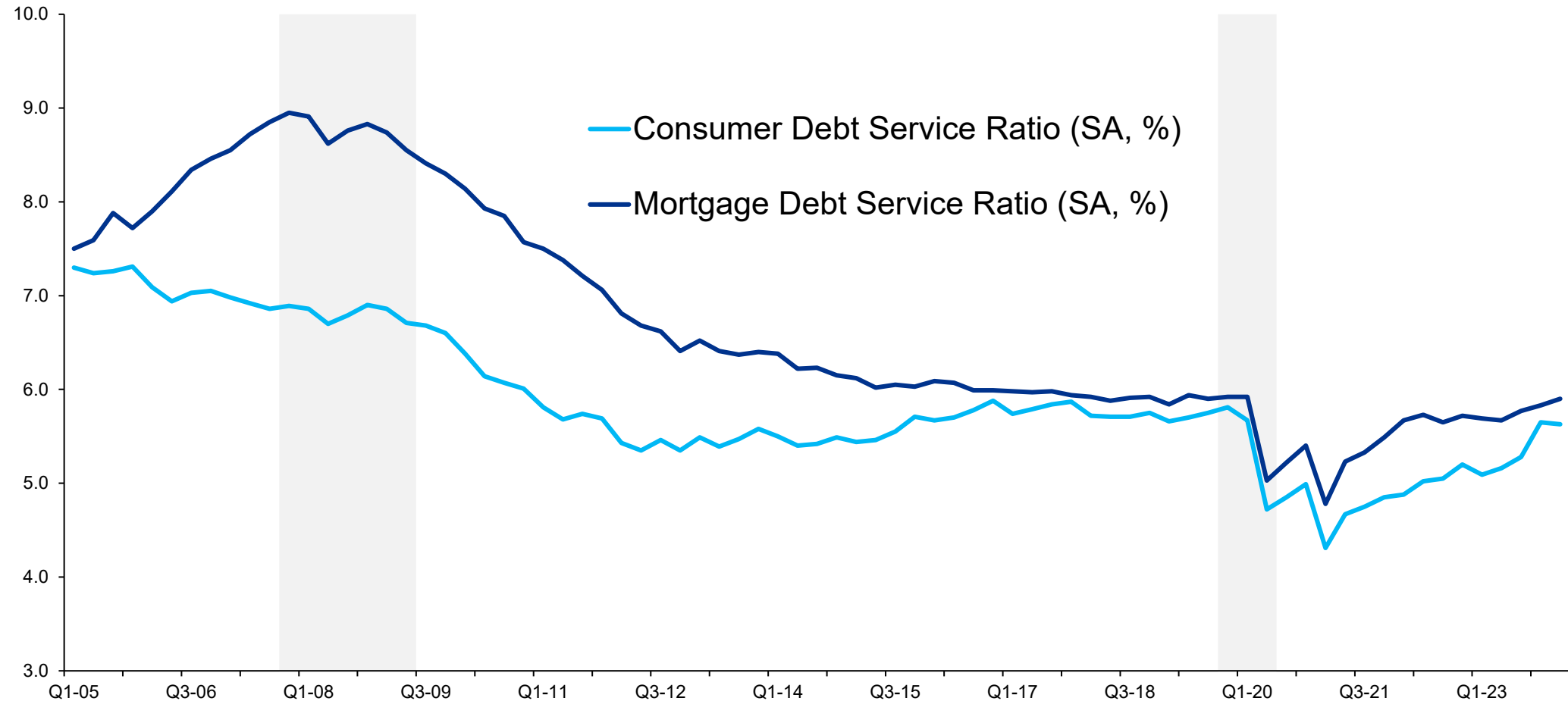


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# Wave of mortgage refinancing put homeowners on better footing

## Debt service burdens; new methodology

Percent, SA



Source: KPMG Economics, Federal Reserve Board

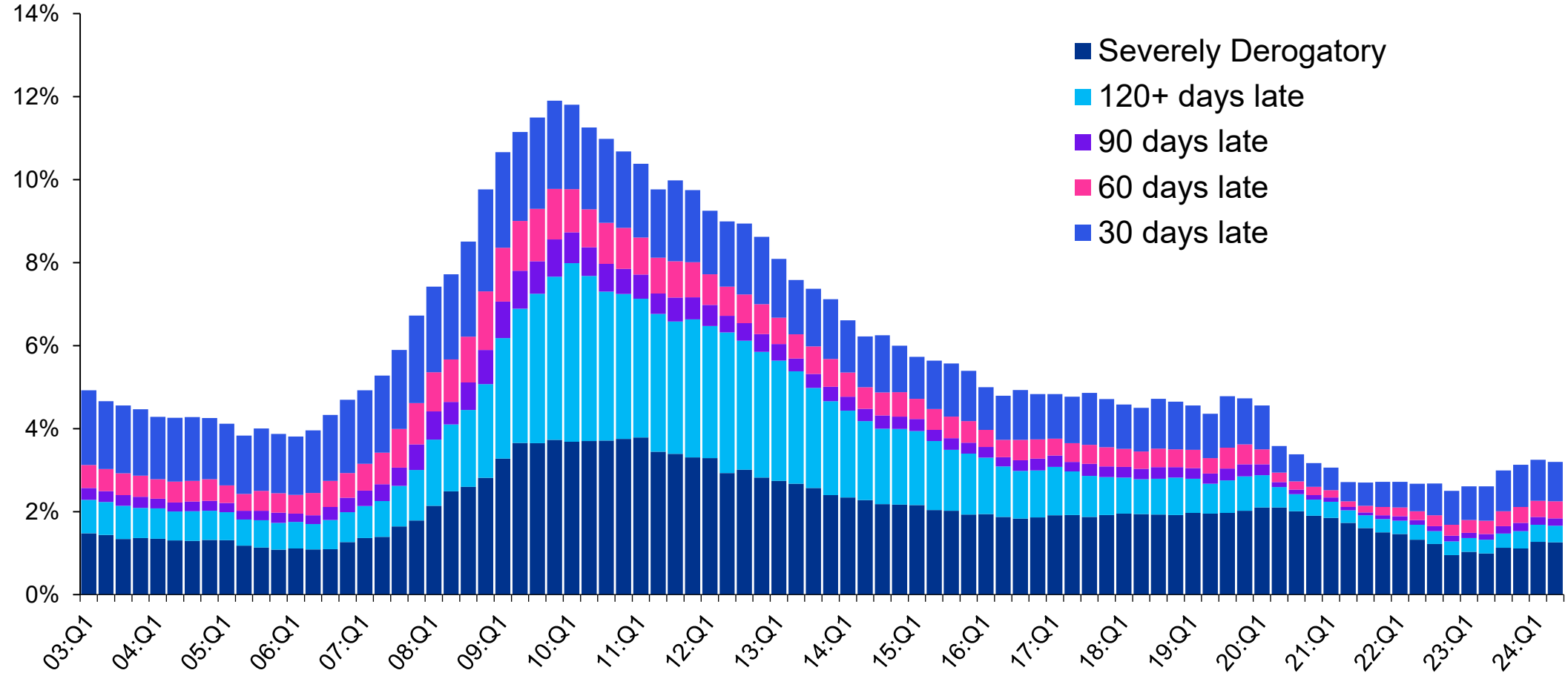


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# Overall delinquencies below 2019 levels and flattening

## Total Balance by Delinquency Status

Percent



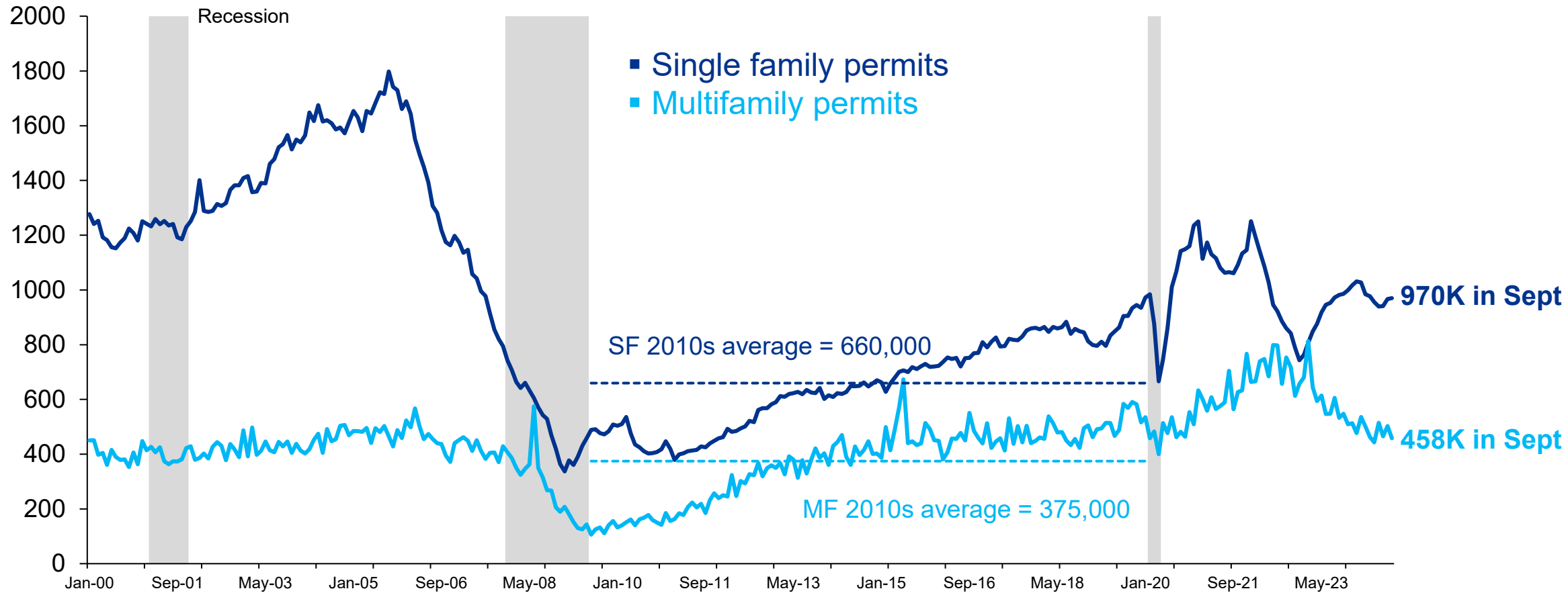
Source: KPMG Economics, New York Fed Consumer Credit Panel/Equifax



# Building permits diverging; multifamily pipeline reduced

## Permits above 2010s averages

SAAR, Thousands



Source: KPMG Economics, Census Bureau

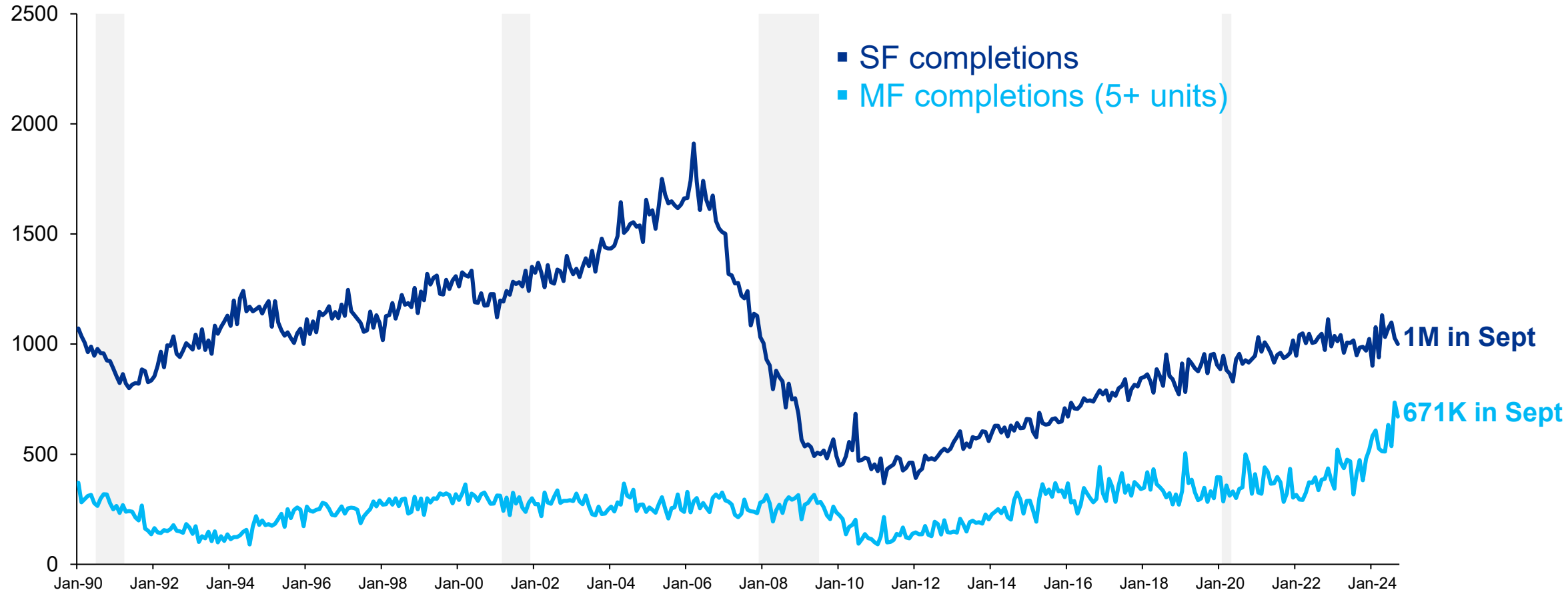


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# Record apartment completions in decades

Single-family completions hit a speed limit at one million, multifamily hitting record

New privately owned housing units completed, thousands



Source: KPMG Economics, Census Bureau

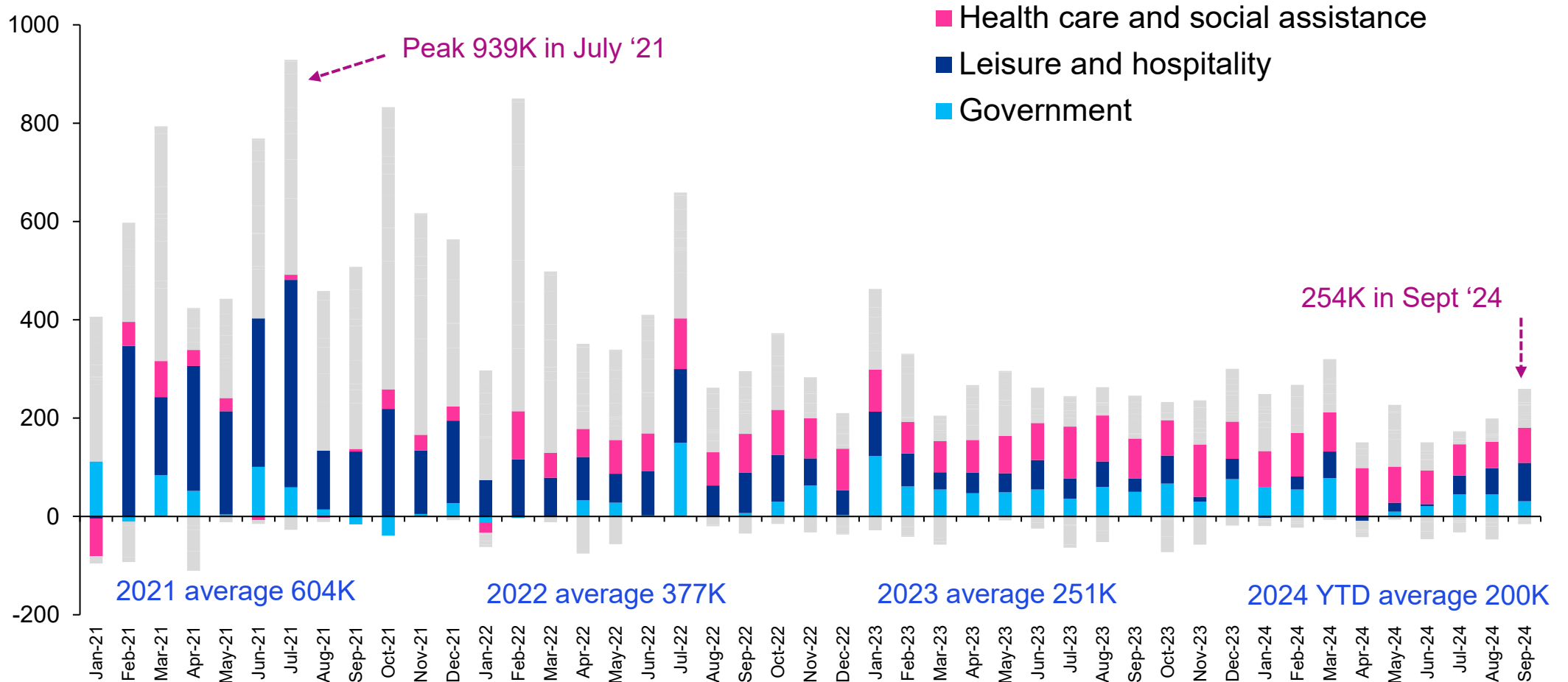


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# Job gains below previous years' averages

## Top 3 industries make up 70% of overall hiring

Change in payroll employment, thousands



Source: KPMG Economics, Bureau of Labor Statistics



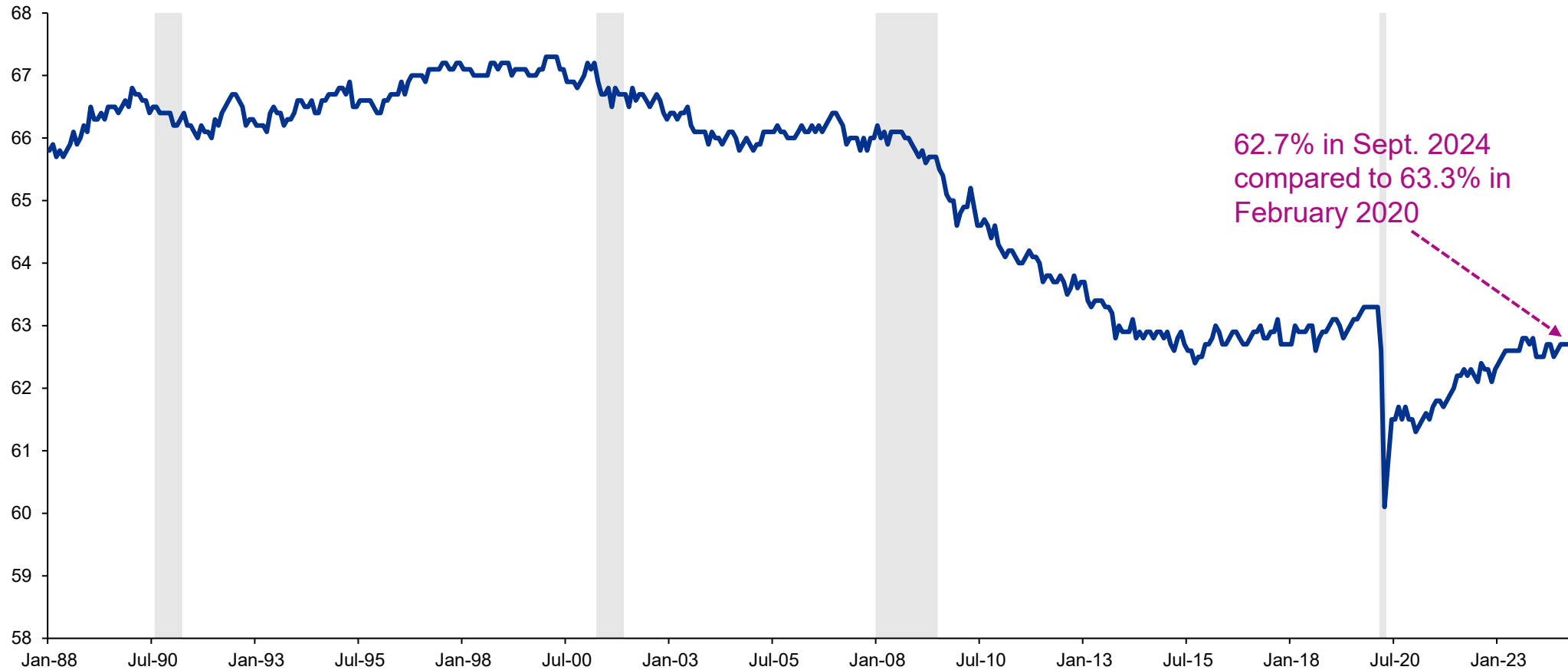
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# Labor supply nearly recovered due to migration

## Lower participation means more productivity gains needed

Labor force participation, 16+, SA, Percent



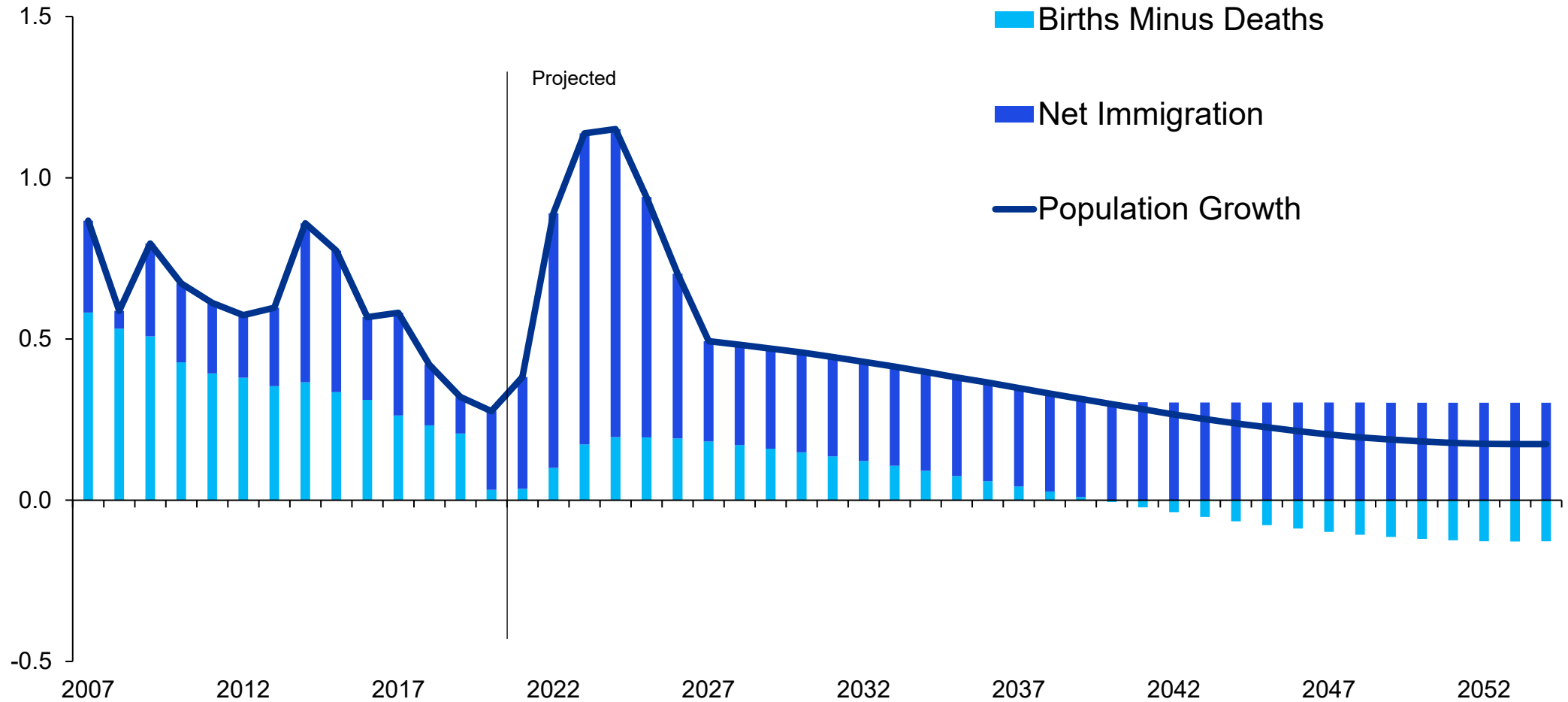
Source: KPMG Economics, Bureau of Labor Statistics



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# Immigration will be sole source for population growth in 2040

Population growth of the U.S.  
Percentage contribution



Source: KPMG Economics, Congressional Budget Office

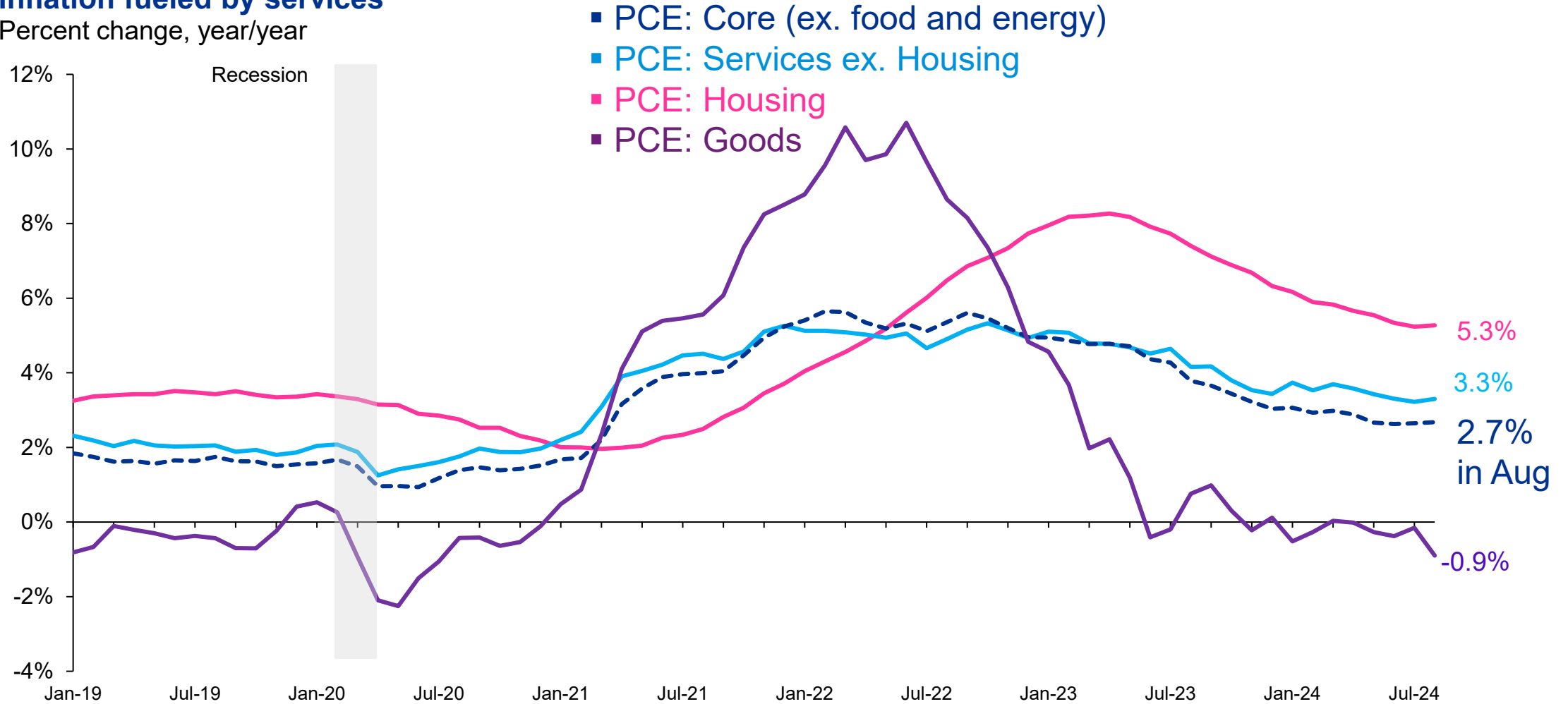


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# Housing inflation remains sticking point

## Inflation fueled by services

Percent change, year/year



Source: KPMG Economics, Bureau of Economic Analysis

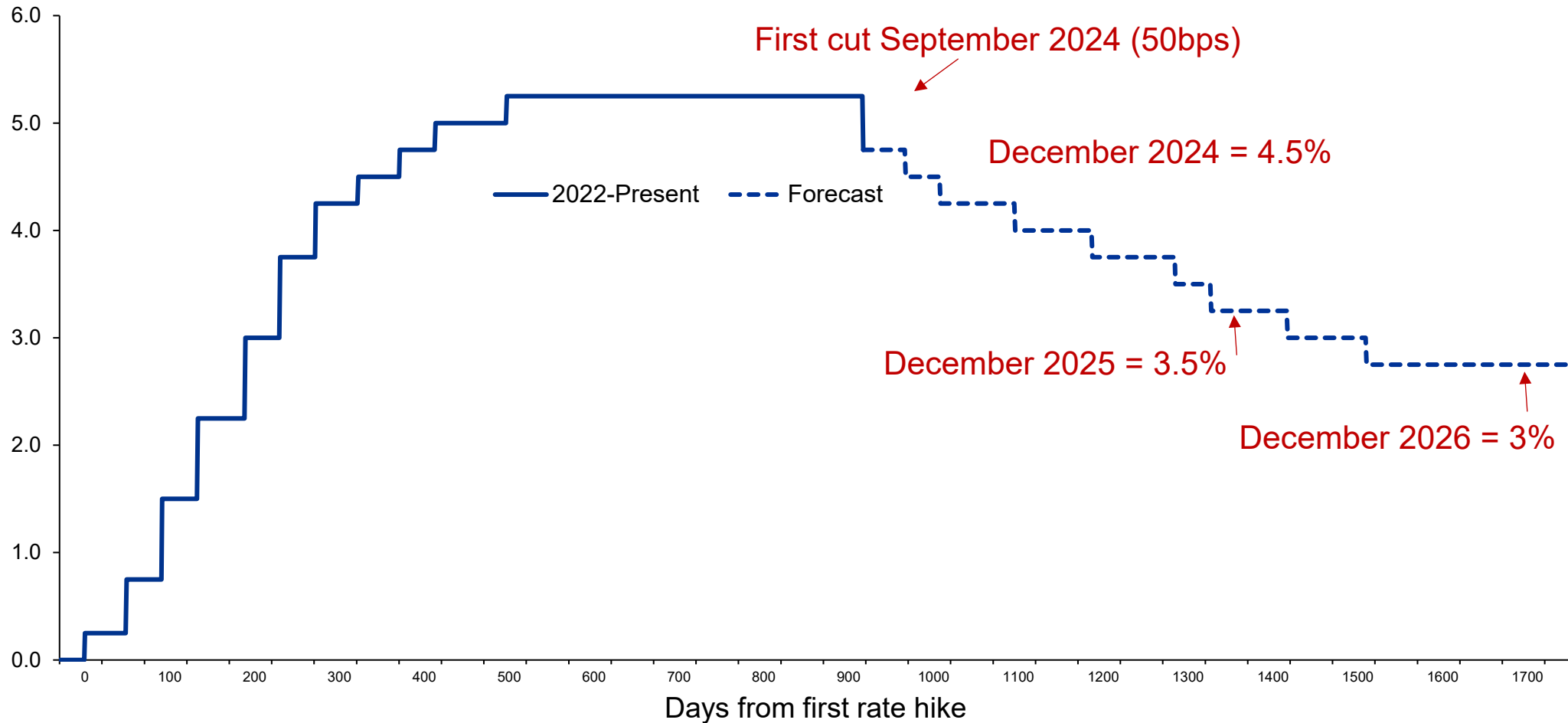


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# Rate cuts have begun

## Fed begins to cut in Q3

Percentage point change in fed funds rate from first rate hike



Source: KPMG Economics, FOMC



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