

## COMMENTARY



# Navigating the Economic Landscape of 2024

## *Employment, Energy, and Consumer Credit*

As we step into the new year, the economic outlook for 2024 is marked by a unique interplay of factors that will shape the trajectory of inflation, employment, and consumer credit. In this analysis, we delve into the unexpected resilience of employment numbers; the potential impact of rising energy prices on inflation; the challenge of lowering inflation amidst a booming job market; and the intricate relationship between consumer credit and economic stability.

### **Booming employment and its impact on inflation**

One of the key surprises in the economic landscape has been the robustness of employment numbers. A strong job market typically fuels consumer spending, which in turn stimulates economic growth. However, it also poses a challenge for central banks in managing inflation. The correlation between low unemployment and higher inflation is a well-established economic principle.

In 2024, the unexpected strength in employment could act as an impediment to lowering inflation toward the Federal Reserve's 2% target. As employment remains strong, the Federal Reserve might find it challenging to implement measures to lower inflation further without jeopardizing the positive momentum in the job market.

### **Rising energy prices**

Another significant factor influencing the economic outlook is the trajectory of energy prices. Historically, increases in energy costs can influence inflation rates. As geopolitical tensions and supply-demand dynamics continue to affect global energy markets, a spike in energy prices could contribute to higher inflation in 2024.

### **The cost of goods and services**

The cost of goods is another critical aspect of the economic landscape. After a period of high inflation, we may see the cost of commodity goods like eggs, sugar, and flour come back down,



# “The economic outlook for 2024 is marked by a delicate balancing act.”

but the cost of most goods and especially services, remain at their new high levels. Negative inflation, or disinflation, typically only occurs in the event of a deep economic recession which is not something anyone wants to see. Policymakers will need to carefully navigate this landscape, balancing the need for economic growth with the imperative of controlling inflation.

## Consumer credit on the rise

An additional concern in the economic outlook for 2024 is the upward trend in consumer reliance on credit. Increased consumer borrowing can stimulate spending and economic activity in the short term, but it also raises questions about long-term sustainability. Monitoring consumer credit becomes crucial, as excessive debt levels could pose risks to financial stability.

## Looking ahead

The economic outlook for 2024 is marked by a delicate balancing act. The unexpected strength in employment numbers may hold inflation at its current elevated level, but the challenge lies in managing inflation without compromising the positive momentum in the job market. Rising energy prices add a layer of uncertainty. Additionally, the cost of services remains elevated. As consumer credit continues to rise, policymakers must closely monitor borrowing patterns to ensure a sustainable and stable economic environment.

Navigating these complexities requires a nuanced approach, with policymakers and businesses alike staying vigilant and adaptive in the face of evolving economic dynamics. The year 2024 promises to be a year of challenges and opportunities, where a delicate balance between growth, inflation, and financial stability will be key to fostering a resilient and prosperous economy.

## About Jeremy Blair

Jeremy Blair is the senior vice president of finance and chief investment officer at Mountain America Credit Union. In this role, he is responsible for overseeing corporate investments, liquidity management and interest rate risk management. He also serves as a financial advisor to the CEO and executive team to support strategic planning and develop methods for tracking revenue and expenses. He is an expert at growth strategy and processing organizations' financial activities to maximize profits. His expertise also includes data analysis, which he uses to advise executives on how to act on data-backed strategies to ensure short- and long-term growth and compliance with financial laws and regulations.

Blair graduated from the University of North Texas with a bachelor of arts in finance and received an MBA in strategic management.

