

Economic Outlook: A View from the Fed

BACCF

April 8, 2026



Federal Reserve
Bank of Atlanta

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A View From the Fed



About the Fed



Economic Conditions



Monetary Policy Response

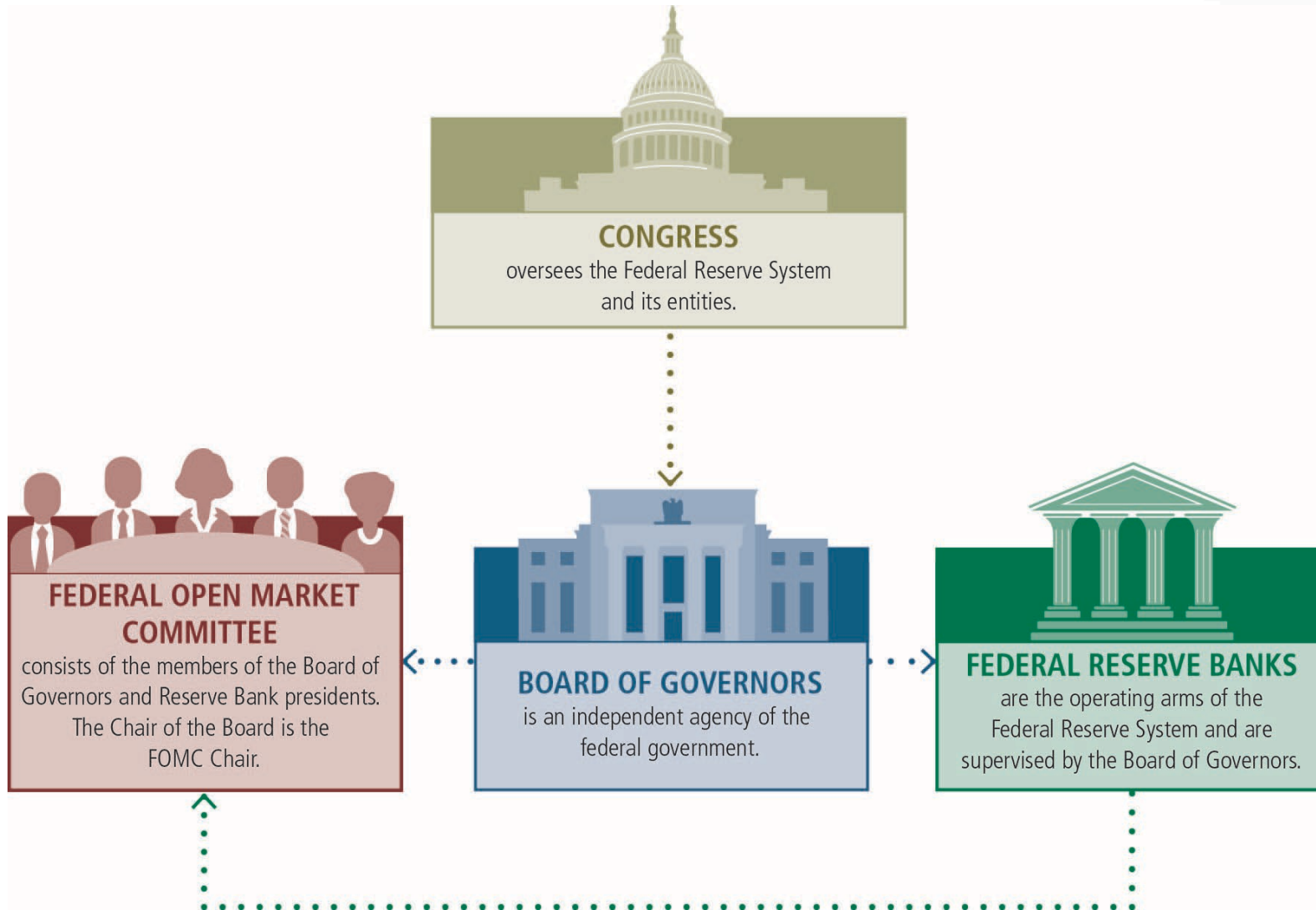


Stay Connected

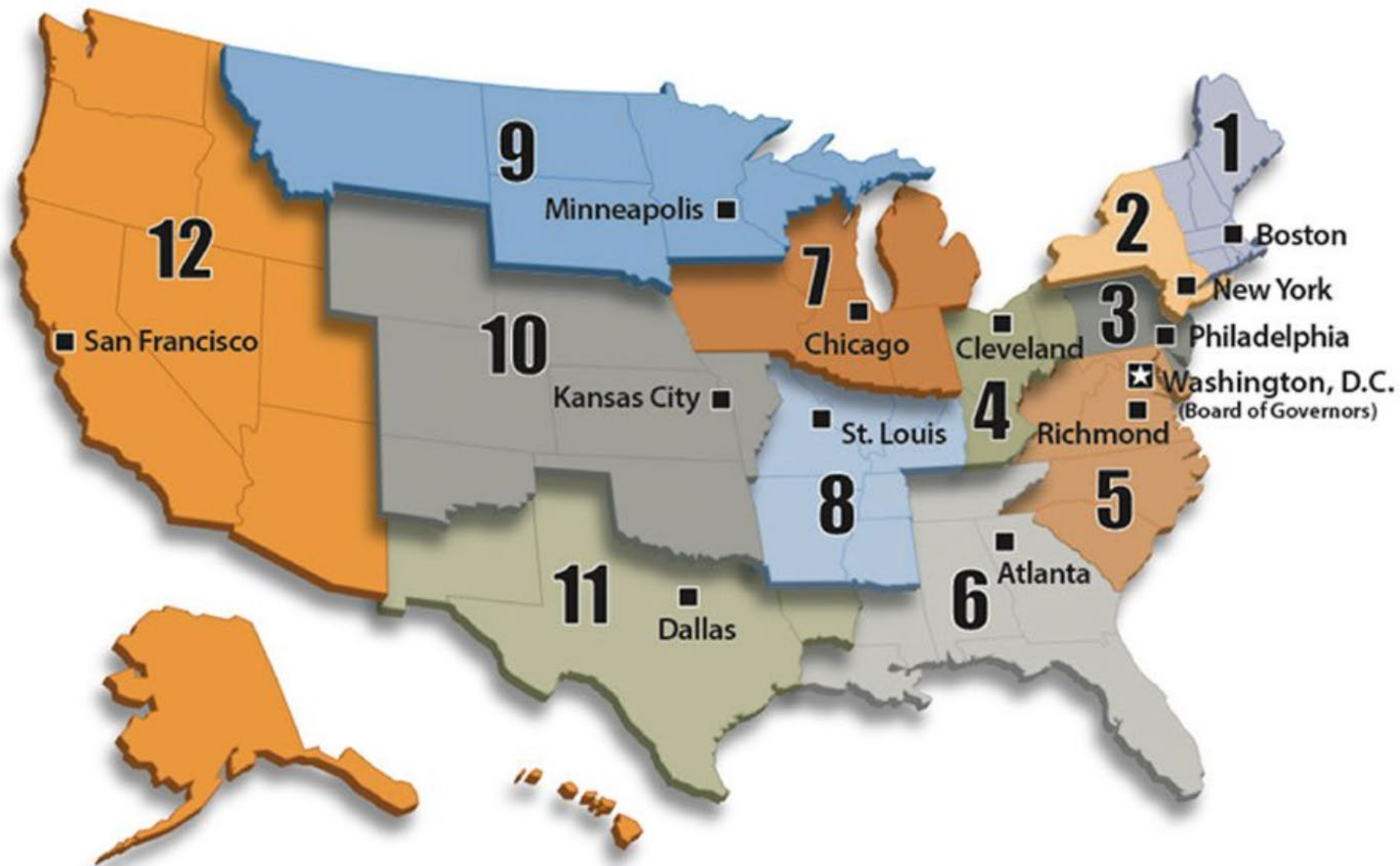
| About the Fed



Structure



Federal Reserve System Districts



Federal Reserve's Five Main Functions

1. Conducts Monetary Policy



Promotes *maximum employment*, *stable prices*, and *moderate* long-term interest rates.

2. Supervises & Regulates Banks



Ensures the *safety and soundness* of banks and protects consumers' credit rights.

3. Maintains Financial System Stability



Monitors and addresses *systemic risks* to prevent financial crises.

4. Provides Financial Services



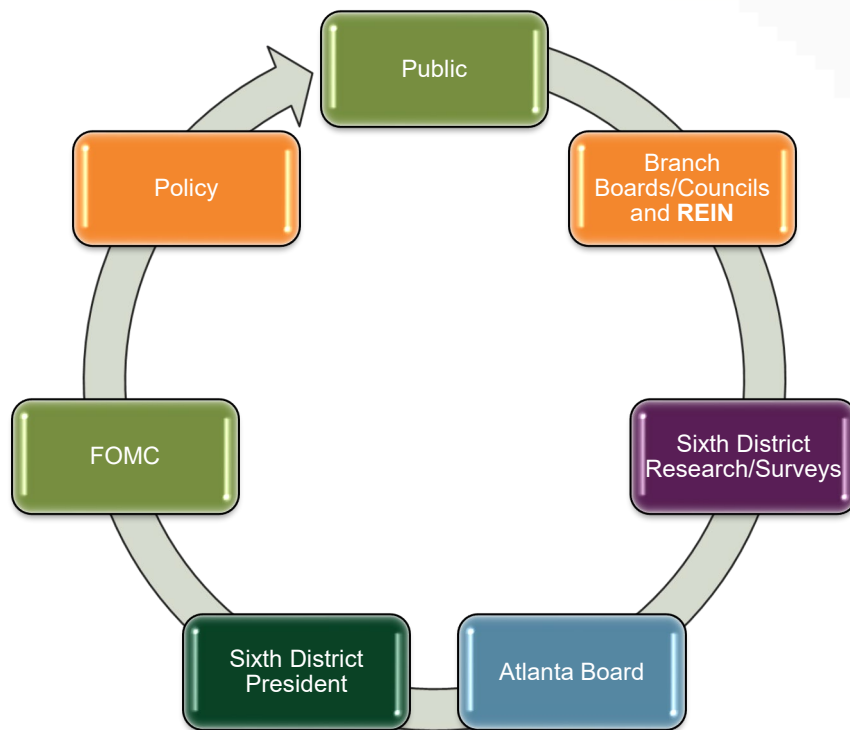
Acts as a bank for *U.S. depository institutions* and the *federal government*.

5. Promotes Consumer Protection & Community Development



Supports *fair lending*, *consumer protection laws*, and *economic development* in communities.

Atlanta Fed: Monetary Policymaking Process



Through the Regional Economic Information Network (REIN), we continually harvest insights from an extensive network of business decision makers, along with community and nonprofit organizations, and blend that information with macroeconomic models and data.

Economic Conditions



Federal Reserve
Bank *of* Atlanta

Economic snapshot



Recent indicators of economic activity remain consistent with a solid growth trend.



Consumer spending has been resilient, and business fixed investment has continued to expand.



The labor market appears to have stabilized after a multi-year period of gradual cooling and showed signs of renewed strength in March.



Inflation remains elevated.

Risks on the horizon for 2026



Tariffs and the government shutdown impacted the pace of growth in 2025, with some of these effects expected to persist into 2026.



We may also see an impact on economic growth from slower population and hence employment growth with AI posing downside and upside risks.



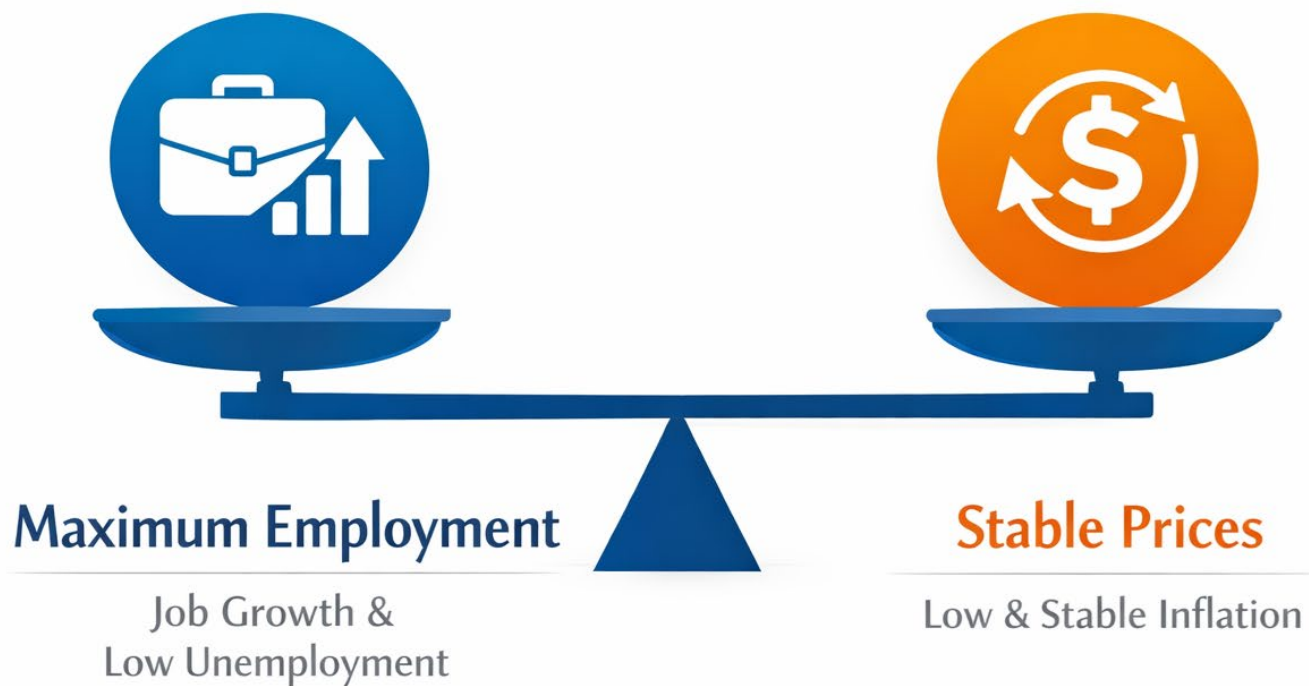
The nation's top 10% of earners account for nearly half of national spending.



Oil and gas prices have risen sharply, but the broader impacts on inflation from developments in the Middle East remain uncertain.

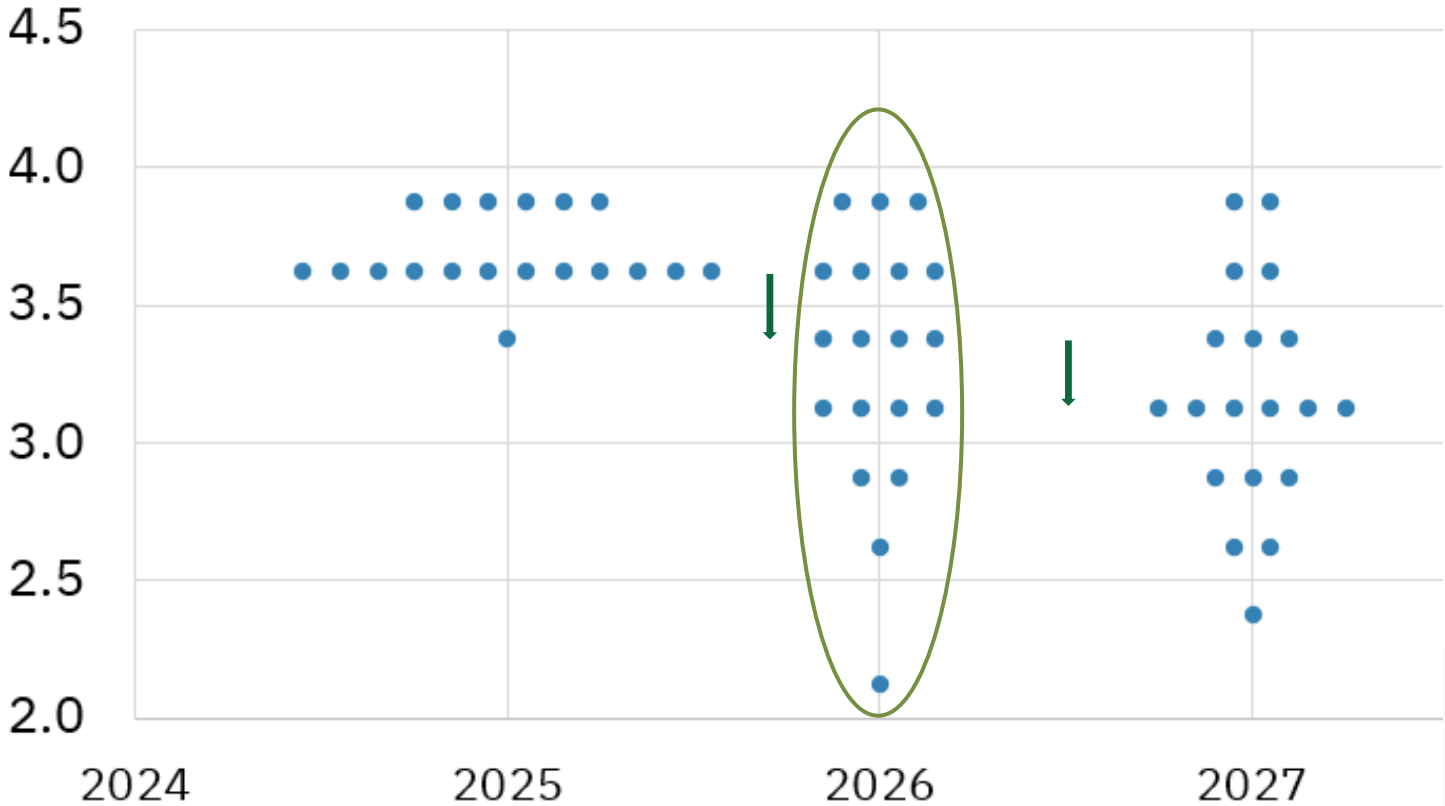
Balancing risks

The Fed's Dual Mandate



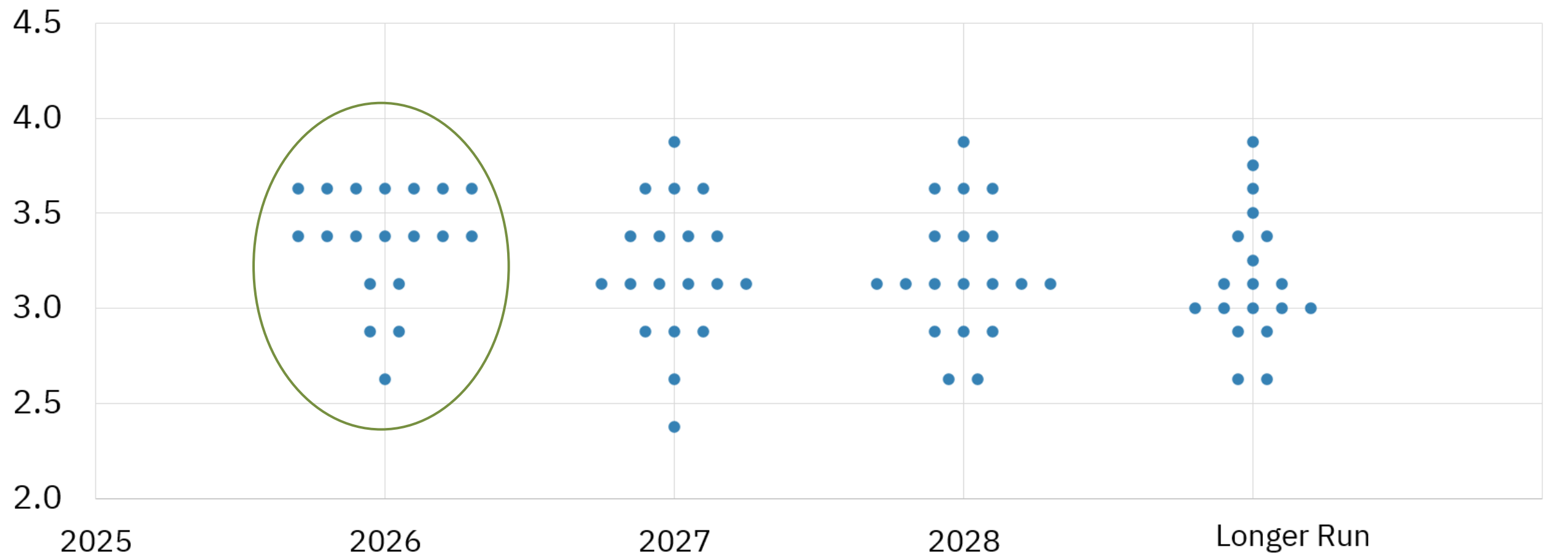
Dissent on the FOMC in December

FOMC Summary of Economic Projections As of December 2025



Less so in March

FOMC Summary of Economic Projections As of March 2026



Data through March 18, 2026

What is your forecast for the balance of risks?



Downside risk to employment

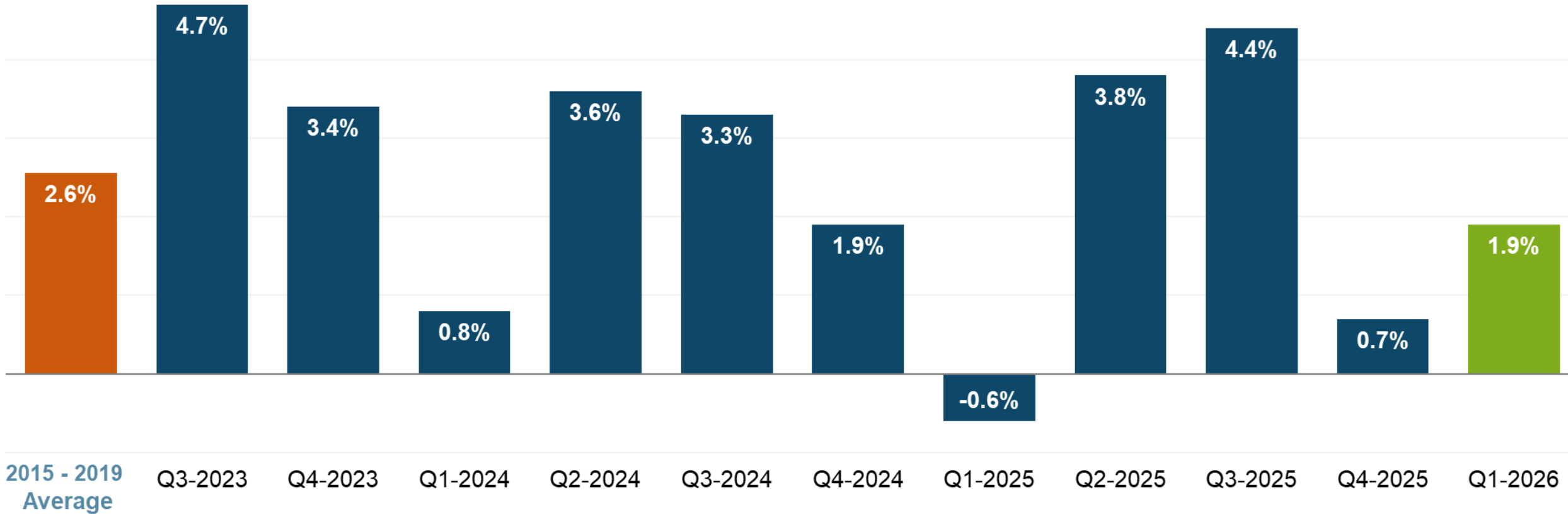


Upside risk to inflation

GDP growth was strong in Q2 and Q3 2025 but due to the government shutdown Q4 is expected to drop sharply then rebound in Q1 2026

Real GDP | SAAR quarterly percent change

Atlanta Fed
GDPNow



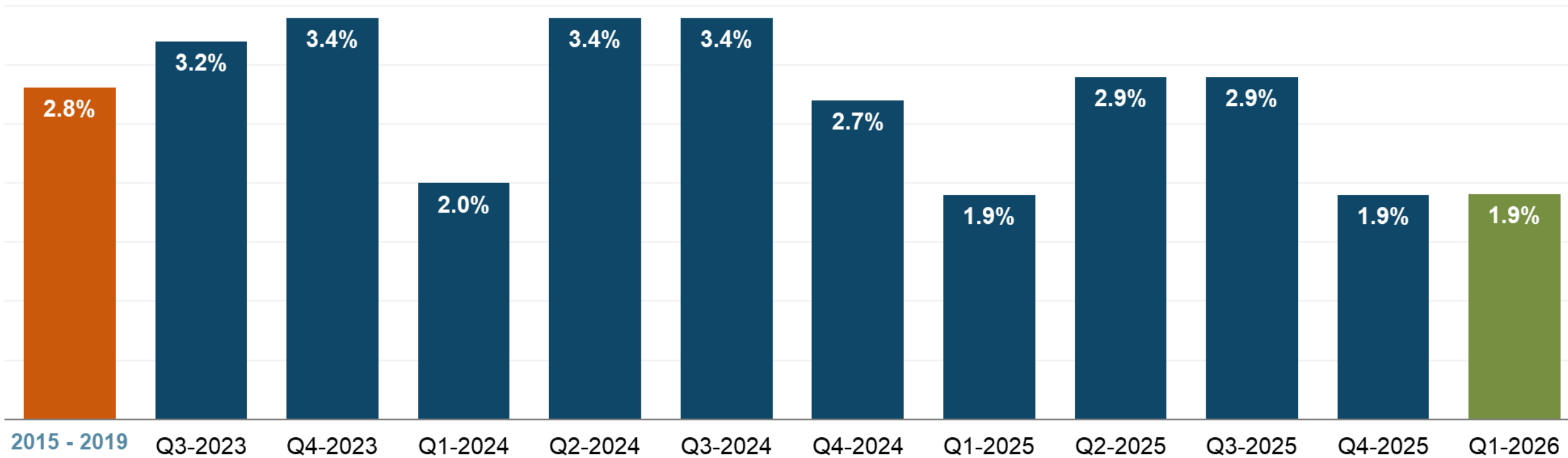
Source: Bureau of Economic Analysis, Federal Reserve Bank of Atlanta

Data for GDPNow current through April 1, 2026

Growth in Final Sales to Private Domestic Purchases (consumption and fixed investment) has remained strong throughout 2025

Real Final Sales to Private Domestic Purchasers | SAAR quarterly percent

Atlanta Fed
GDPNow



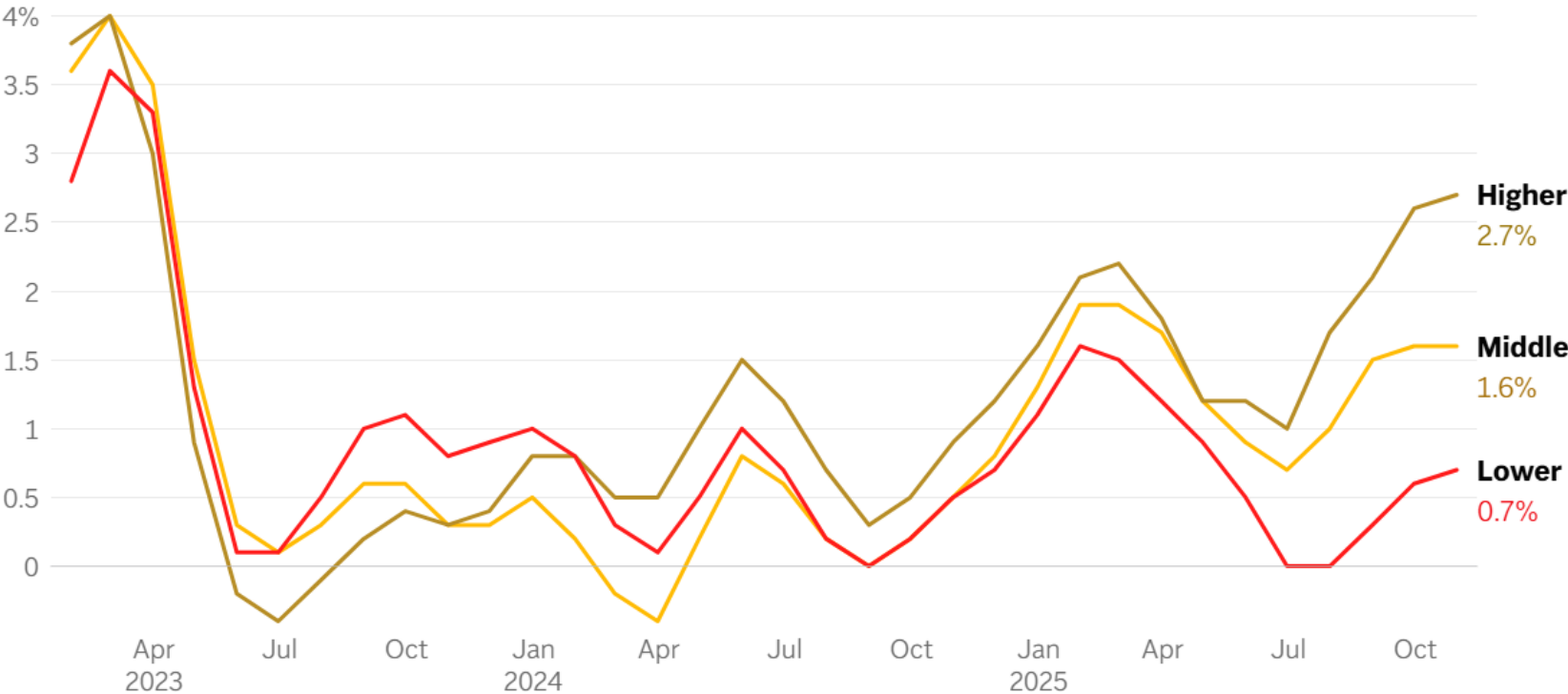
Data for GDPNow current through 01-Apr-2026

Source: Bureau of Economic Analysis, Federal Reserve Bank of Atlanta

But there is that K-shaped economy

Higher-income consumers drive spending

After increasing at similar levels in 2023 and 2024, spending has diverged this year. Most recent figures are October spending increases from a year earlier by income level.



Total credit and debit card spending per household, 3-month moving average, year-over-year growth.

Source: [Bank of America Institute](#) / Graphic: Christopher Rugaber



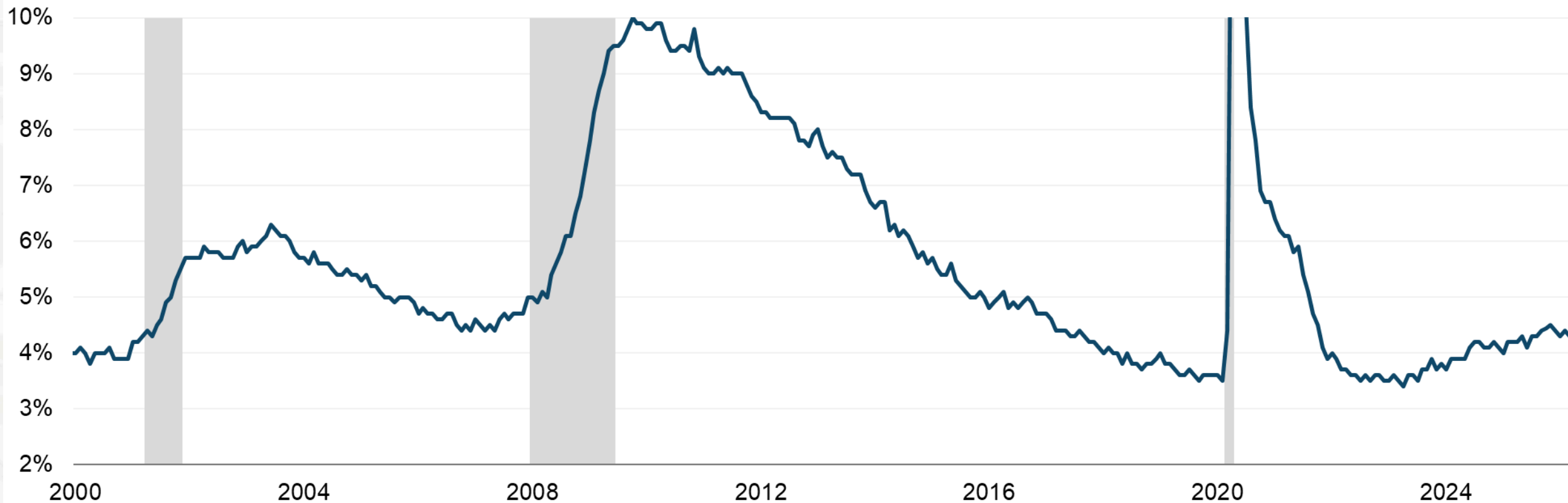


Maximum Employment

Job Growth &
Low Unemployment

The unemployment rate remains at a level that is consistent with a balanced labor market

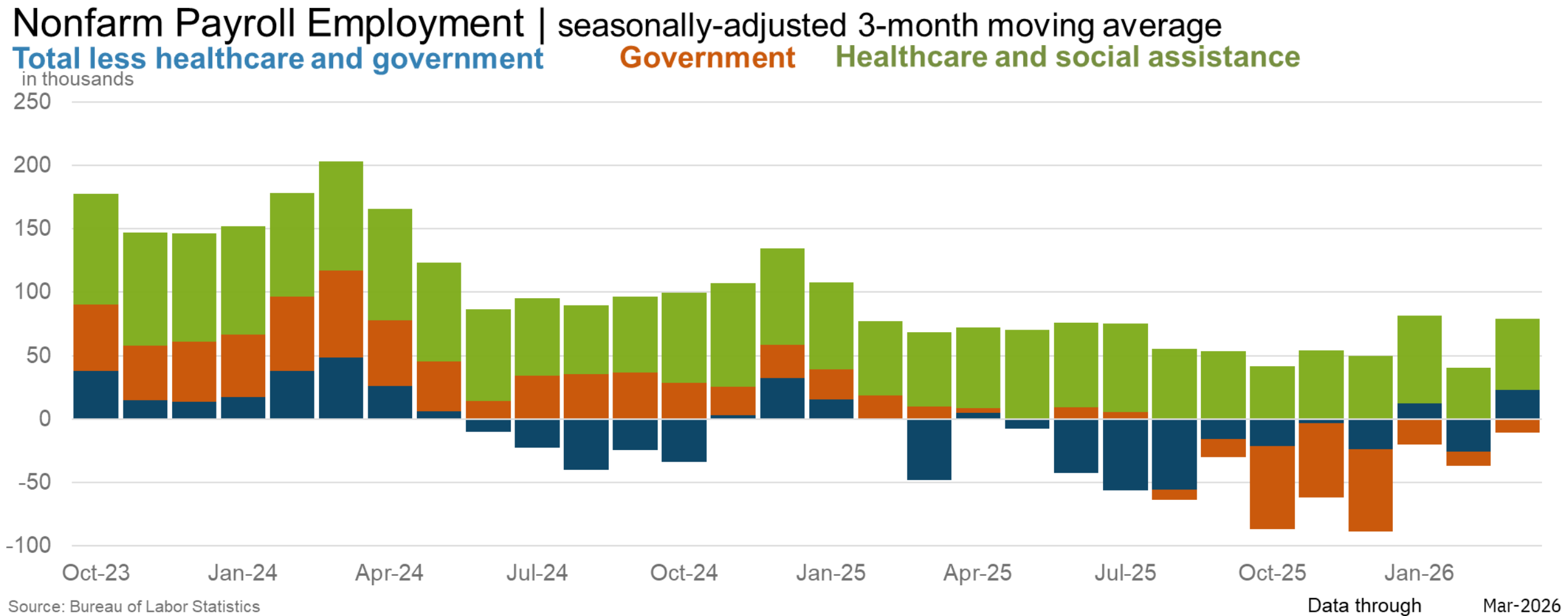
Unemployment Rate | seasonally-adjusted



Source: Bureau of Labor Statistics

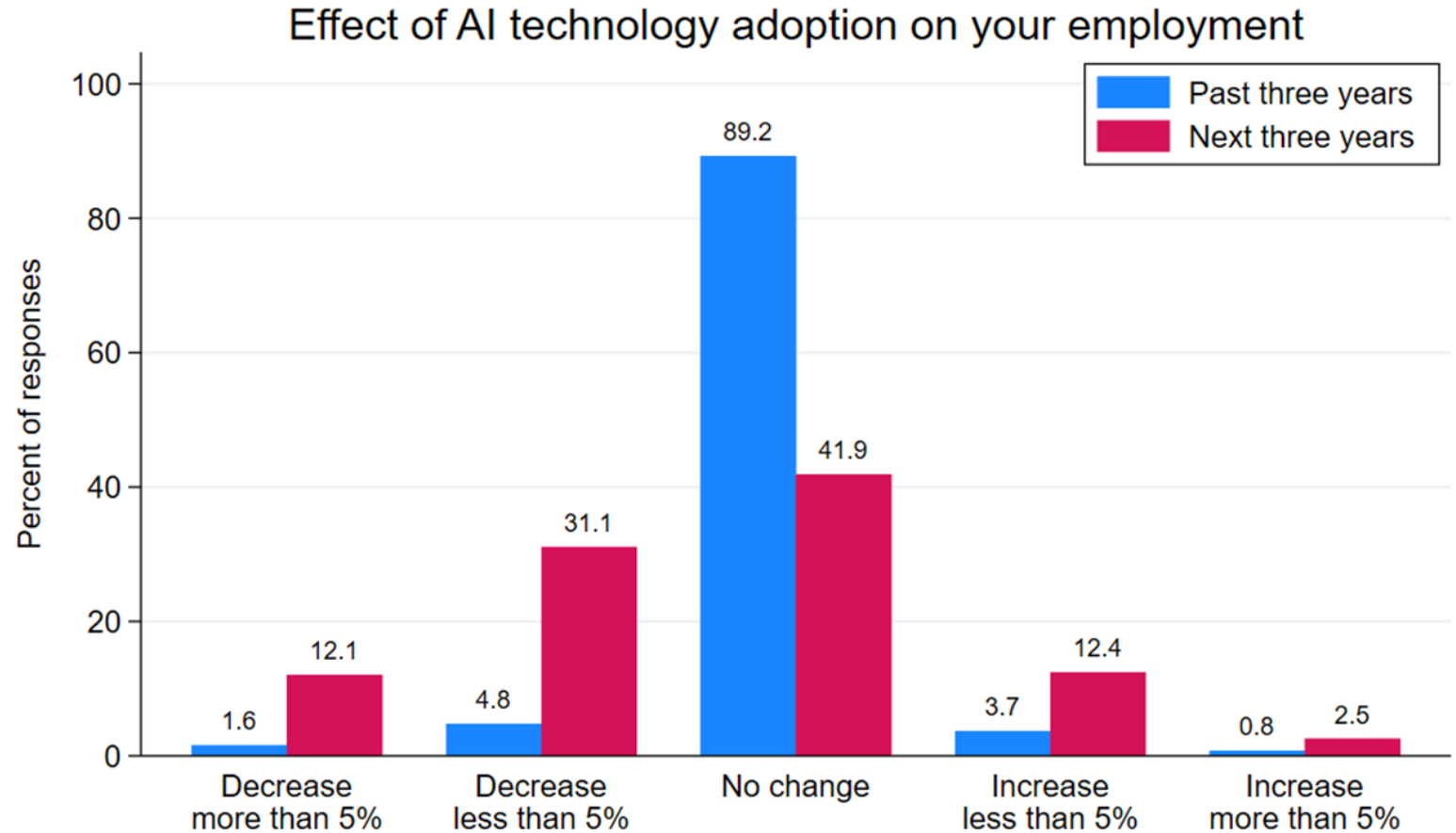
Data through Mar-2026

Employment growth in the healthcare industry has been the main source of strength in the labor market



AI has not generally led to reduced headcount, but firms expect larger impacts over next 3 years

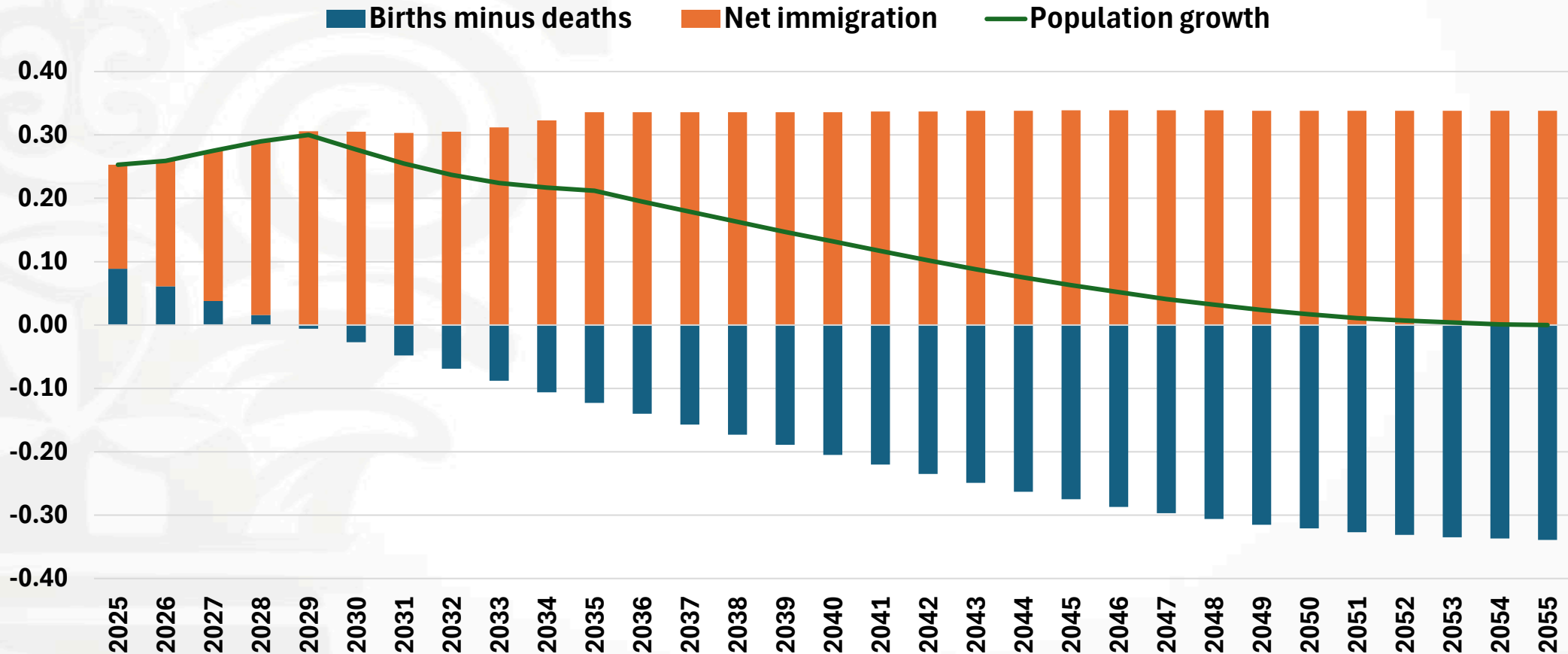
Question: *How has the adoption of AI technologies affected the number of employees of your business over the past three years? And how do you expect this to affect your number of employees over the next three years?*



The challenge ahead: by 2029, all projected population growth comes from (assumed) immigration

Projected Population Growth Projections and Contributing Factors

Percent



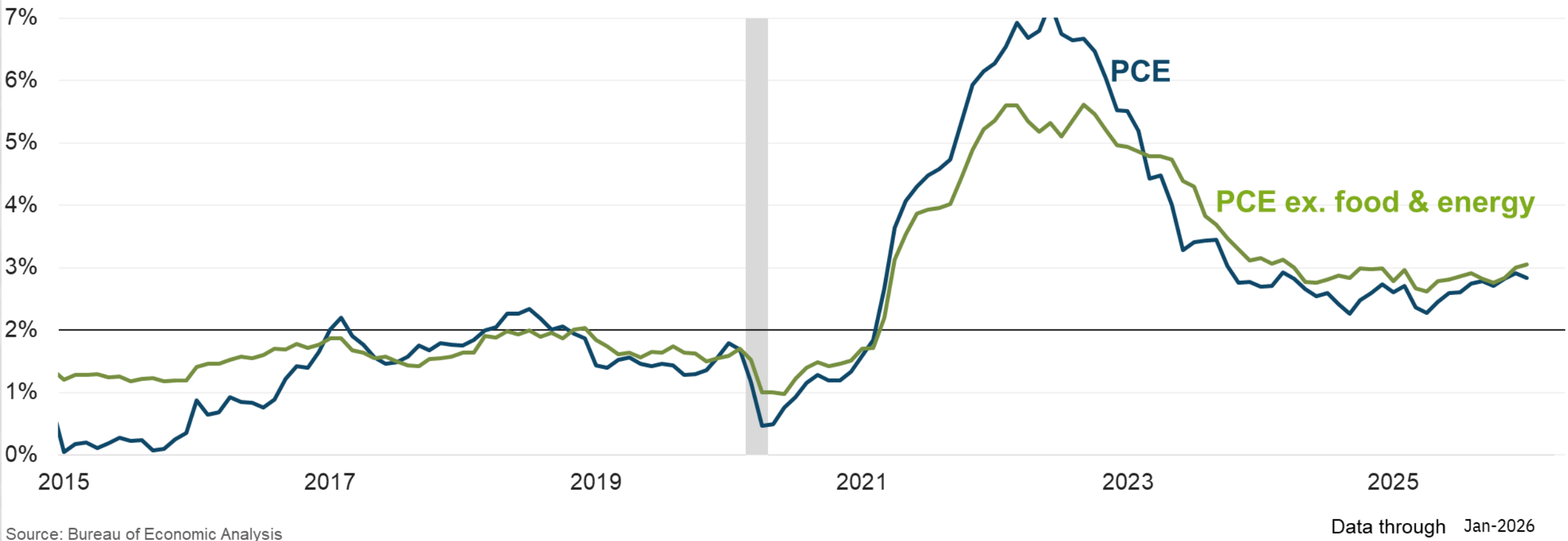


Stable Prices

Low & Stable Inflation

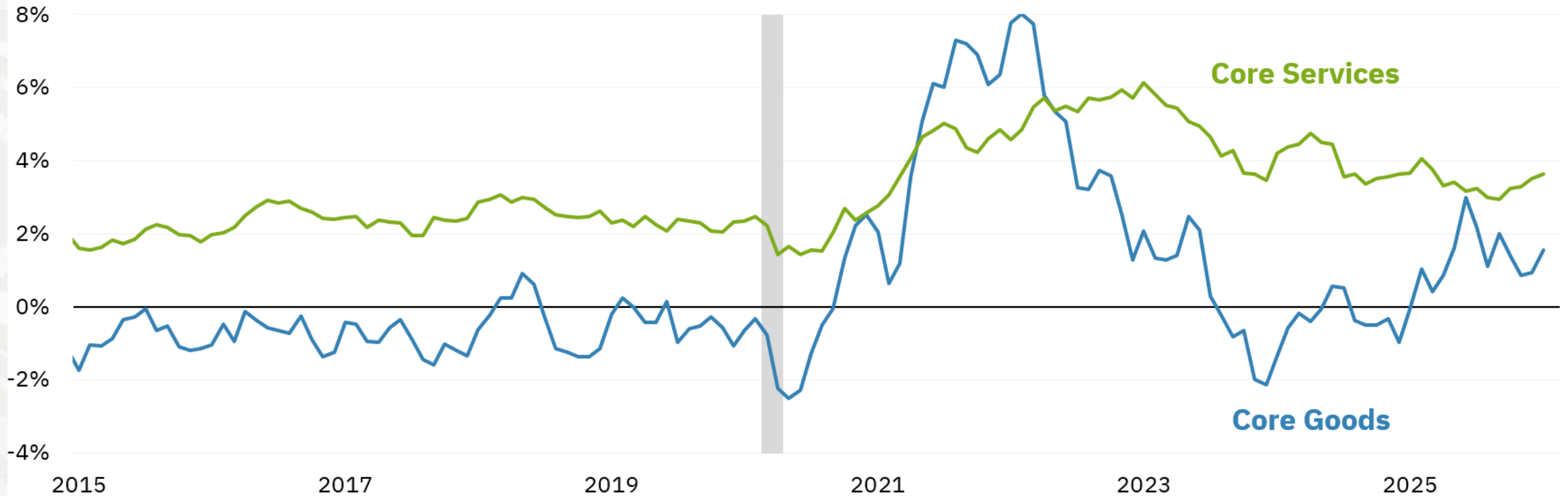
Inflation showed limited progress toward the Fed's 2 percent target over the past year

Personal Consumption Expenditures (PCE) Price Index | 12-month percent change, annualized



Higher tariffs pushed the rate of price change for core goods higher in 2025, but that is dissipating as a source of inflationary pressure

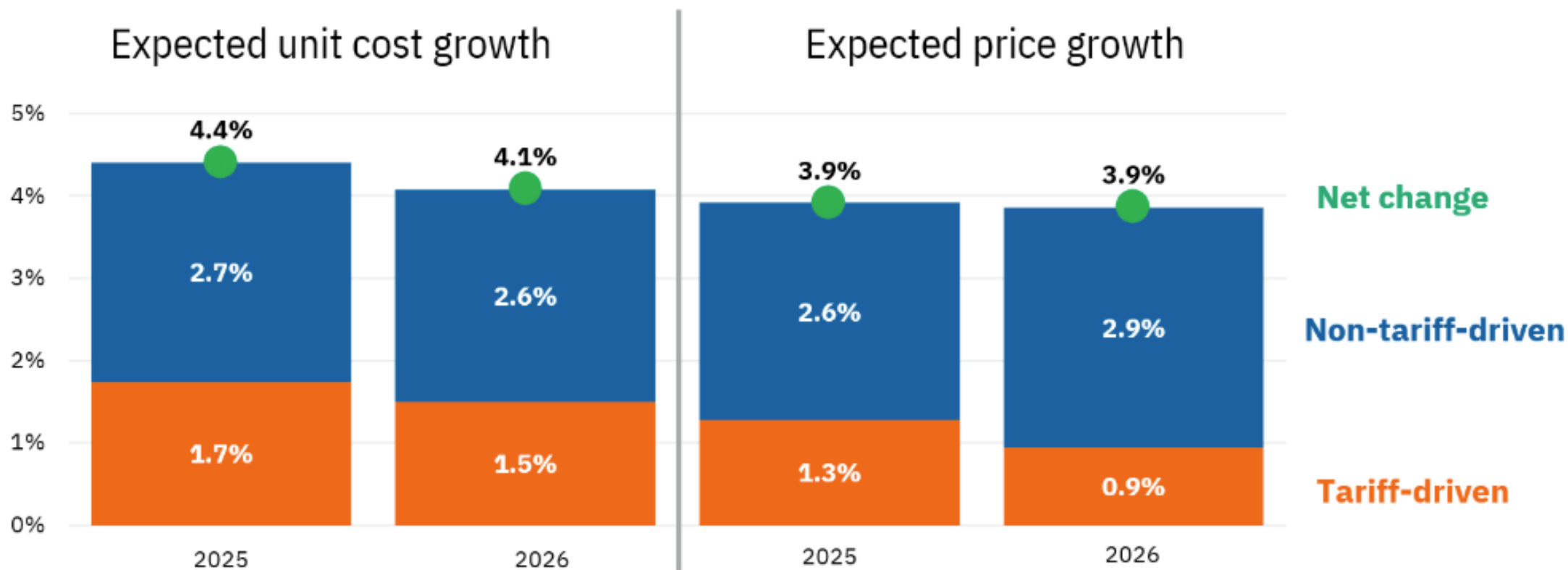
Personal Consumption Expenditures (PCE) Price Index | 6-month percent change, annualized



Source: Bureau of Economic Analysis

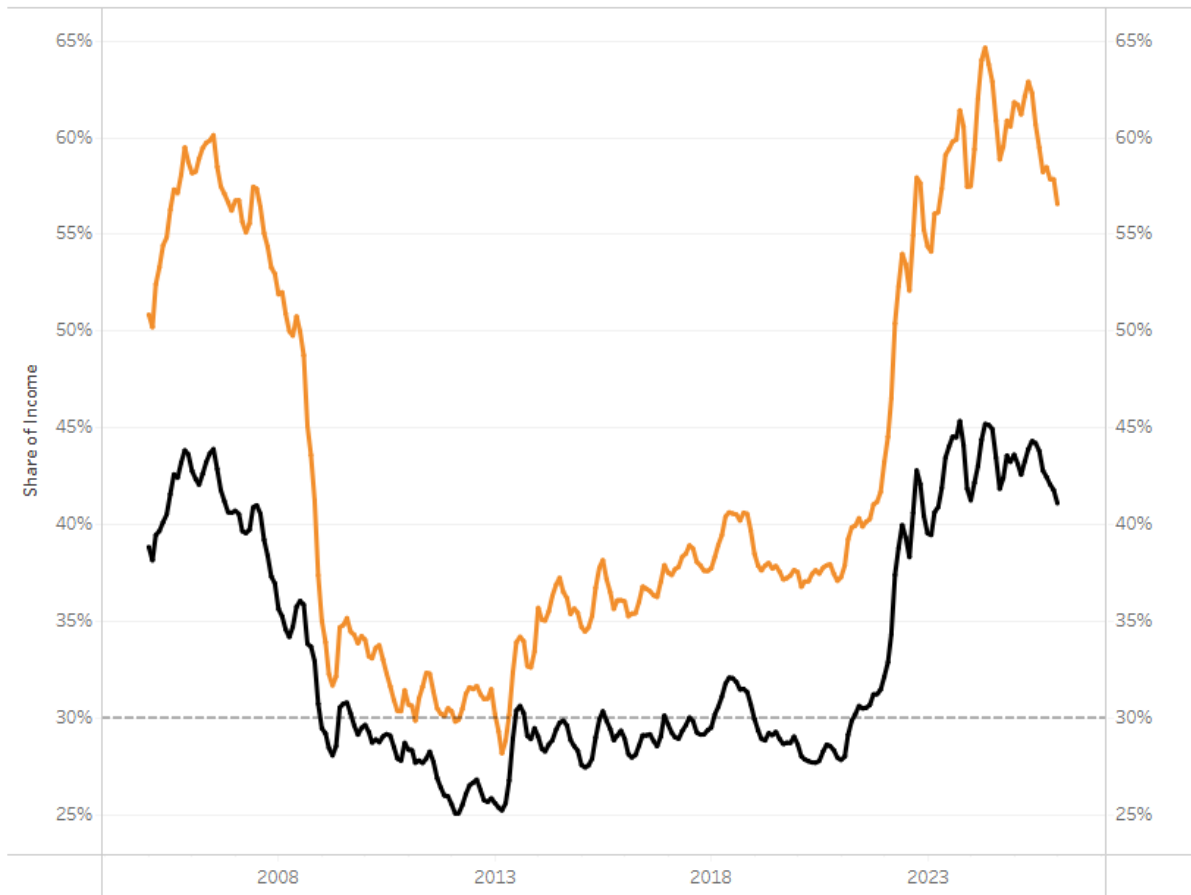
Data through Jan-2026

But price pressures extend well beyond tariffs with about two-thirds of expected cost and price growth for 2026 due to non-tariff drivers



And it is very expensive to live in South Florida

Miami-Fort Lauderdale-West Palm Beach, FL
 Homeownership Cost as a Percent Share of Median Income - vs US (Black Line)
 Share Greater than 30% = Unaffordable
 Source: Federal Reserve Bank of Atlanta



Select Metro >>>
 Miami-Fort Lauderdale...

Select Area >>>
 Metro Area
 United States

January 2026
Miami-Fort Lauderdale-West Palm Beach, FL

Share of Median Income: 57%

Median Household Income: **\$84,479**
 Median Home Price: **\$508,333**
 Interest Rate: **6.1%**
 Median Monthly Principal & Interest Payment: **\$2,773**
 Median Monthly Total Payment (P&I, Tax, Insurance, PMI): **\$3,980**
Qualified Income: \$159,194

January 2026

United States

Share of Median Income: 41%

Median Household Income: **\$85,497**
 Median Home Price: **\$390,967**
 Interest Rate: **6.1%**
 Median Monthly Principal & Interest Payment: **\$2,133**
 Median Monthly Total Payment (P&I, Tax, Insurance, PMI): **\$2,926**
Qualified Income: \$117,043

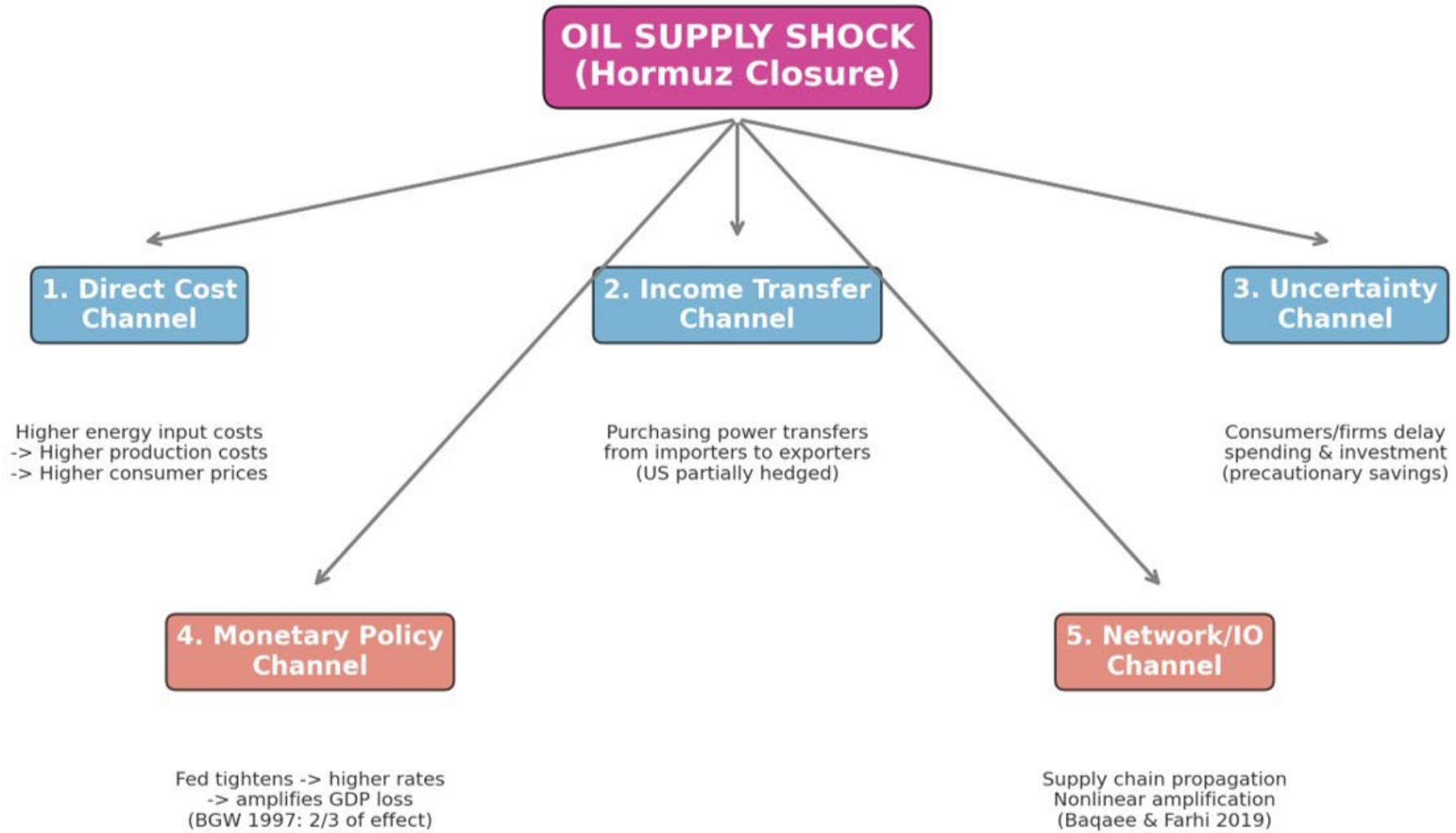
HOAM uses the [US HUD standard 30](#) percent share of income threshold to measure affordability. If the annual cost of homeownership exceeds a 30 percent share of the annual median household income, homeownership is considered unaffordable.

Monetary Policy



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Oil supply disruption could impact growth, labor, and inflation



MACRO OUTCOMES: Higher Inflation | Lower GDP | Higher Unemployment | Policy Dilemma

Anyone change their mind?



Downside risk to employment



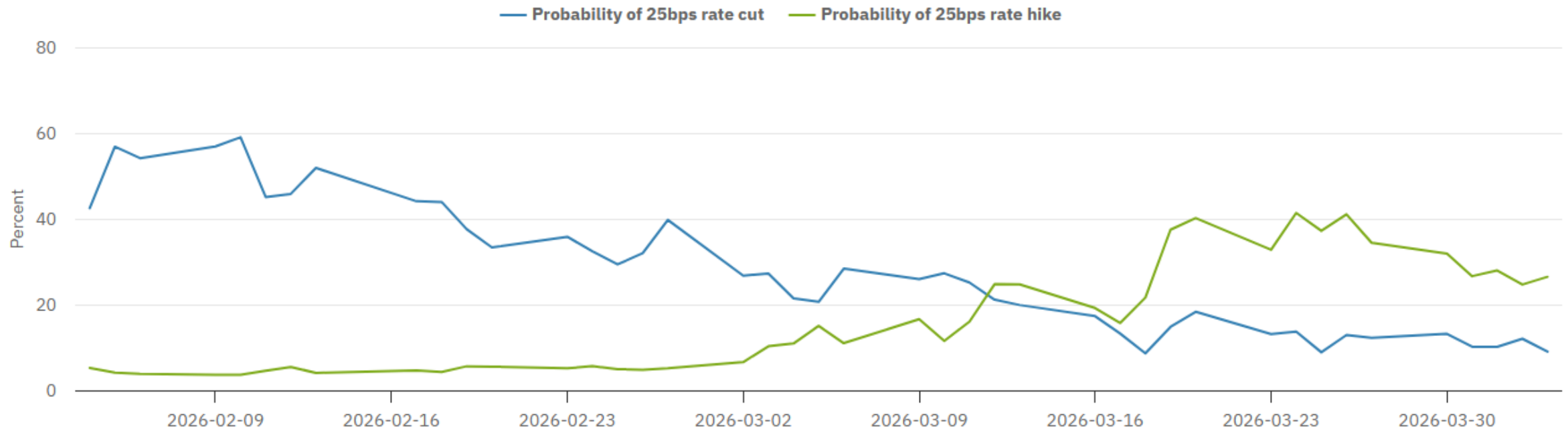
Upside risk to inflation

Where is monetary policy headed?

Probability of a Rate Hike or Cut by 2026-06-17

Export

From the midpoint of the current target range: 350 - 375 basis points



Source: Federal Reserve Bank of Atlanta

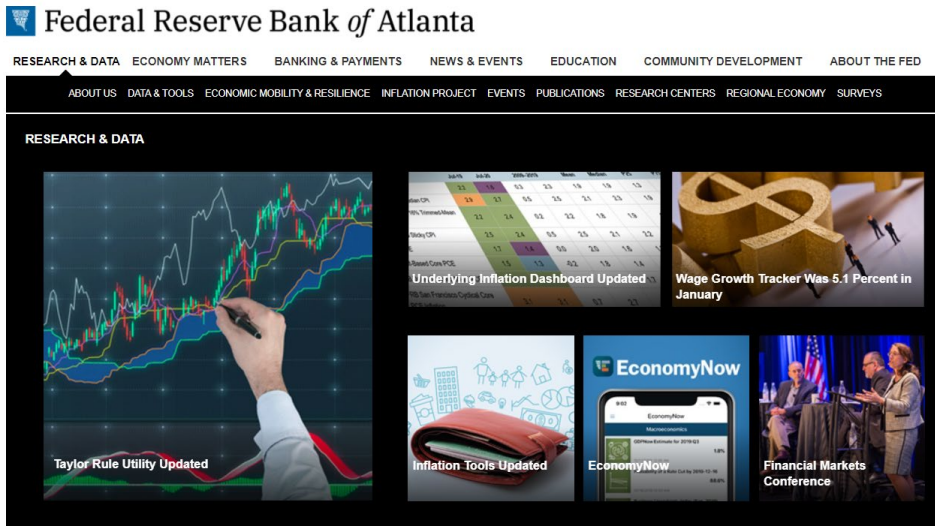
The Fed's dilemma

- “Today, the FOMC decided to leave our policy rate unchanged. We see the current stance of monetary policy as appropriate to promote progress toward our maximum-employment and 2 percent inflation goals. The implications of developments in the Middle East for the U.S. economy are uncertain.”
- “The median participant projects that the appropriate level of the federal funds rate will be 3.4 percent at the end of this year and 3.1 percent at the end of next year, unchanged from December.”

- *FOMC March 2026 Statement*



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