

Regional Community and Economic Perspectives Snapshot

JULY 2024

Our Regional Community and Economic Perspectives network is comprised of community and business leaders from across the Twelfth District. Through regular discussions, they provide us with valuable real-time information about local economic conditions. This snapshot summarizes what we heard during the second quarter of 2024.

COMMUNITY DEVELOPMENT PERSPECTIVES

We engage with representatives of community organizations to better understand the lived economic experience of low- and moderate-income (LMI) households.

WHAT WE HEARD IN SPRING and EARLY SUMMER 2024:



Jobs Outlook

While jobs are available for LMI workers, there is a mismatch between low wages and high cost of living. This is keeping many workers out of the labor market. Adding to the undesirability of many of these jobs is their lack of flexibility and limited professional development. Our contacts also noted an increase in layoffs, especially in the education sector, as COVID-related funding is sunsetting.



Cost of Living

Earlier in the year, we heard that making ends meet was a pressing concern for many LMI households. In this round of conversations, our contacts reiterated the fragile financial conditions of many LMI households. These households are struggling to cover basic needs like rent, food, and medicine, and household debt is increasing. This is especially true for medical and auto debt.



Small Business Conditions

While there is some variation by geography and by business size, overall the economic conditions for small businesses are relatively stable. Across the board, businesses reported the challenge of higher lending rates. While many businesses would like to expand, the high rate environment makes this difficult.

REGIONAL BUSINESS PERSPECTIVES

From the business leaders in our network, we learn about what economic challenges and opportunities their companies face.

WHAT BUSINESS LEADERS TOLD US ABOUT SPRING and EARLY SUMMER 2024:



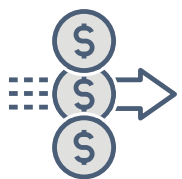
Consumer Demand

At the beginning of 2024, businesses reported a general softening of demand. This trend continued into the spring and early summer. Nonetheless, most businesses remained optimistic, noting that even with some softening, overall consumer demand remained healthy.



Labor Market and Productivity

Many of our contacts continued to report improvements in the labor market. While high wages remain a pain point, the overall outlook has improved with more job candidates available for open positions. Most businesses reported that they were holding headcount steady and did not have plans for additional hiring. Regarding new technologies like Gen AI, most contacts reported still being in the early stages of experimenting with these tools.



Input Costs and Prices

Improvements in the supply chain have continued, and as a result, our contacts reported that input costs are stabilizing. Still long lead times remain for specific items, notably chips and electrical equipment. Labor costs remain the biggest concern. Businesses noted that the high cost of housing is a primary concern for their employees.



“ We believe it’s important to hear the experiences of all communities, including those facing barriers to economic participation. These insights help us make better decisions and better policy to create an economy that works for all Americans.”

– Mary C. Daly, President and CEO