



MARKET EXPECTATIONS SURVEY

Gus Faucher
Chief Economist

Stuart Hoffman
Senior Economic Advisor

Kurt Rankin
Senior Economist

Abbey Omodunbi
Senior Economist

THE PNC FINANCIAL SERVICES GROUP | The Tower at PNC Plaza | 300 Fifth Avenue | Pittsburgh, PA 15222-2401

Initial claims for unemployment insurance rose by 17,000 to 240,000 in the week ending November 19. This was the highest level for initial claims since August. Claims for the prior week were revised up by 1,000 to 223,000. The four-week moving average of claims was 227,000, up from 221,000 the previous week. This was the highest value for the four-week moving average since early September. The four-week moving average bottomed out at around 206,000 in late September, and has gradually moved higher since then, but remains well below its 250,000 level in the summer. The four-week moving average smooths out some of the volatility in claims.

Continuing claims rose to 1.551 million in the week ending November 12, up from 1.503 million the prior week (revised slightly lower from 1.507 million). The four-week moving average of continuing claims was 1.510 million in the week ending November 12, up from 1.482 million the previous week. Continuing claims have increased somewhat in recent weeks, but still remain near their lowest level in more than 50 years. With the job market very strong, laid-off workers are getting quickly rehired.

Federal Reserve officials are expecting a slowing in the job market given the big increase in interest rates this year; the hope is that this will bring down inflation that is well above the central bank's 2% objective. But the labor market remains very strong. Although job growth has slowed over the course of 2022, it remains well above its pre-pandemic pace, and the labor market is extremely tight.

The increase in claims for the week of November 19 could be an indication that the job market is starting to slow, but claims can be volatile week to week, especially around the holidays. And claims moved somewhat higher in the summer for a couple of months, and then promptly declined in September to very low levels. Not seasonally-adjusted initial claims did rise by 5,000 for California for the week ending November 19, perhaps because of tech layoffs. But a one-week jump of claims proves nothing, and it will take multiple weeks of rising claims and much weaker monthly job growth to confirm a meaningful slowing in the labor market.

The Fed would welcome a more substantial slowing in job growth. Right now the labor market is too tight for the Fed, and job growth is too strong, with average gains of close to 300,000 in the three months through October. Given continued strength in the labor market and inflation running near its fastest pace in four decades, PNC expects the Federal Open Market Committee to raise the federal funds rate by 50 basis points when it meets in mid-December, to a range of 4.25% to 4.50%. The fed funds rate started this year close to zero, so there has been a massive amount of monetary tightening this year. Given the big increases in both short-term and long-term interest rates in 2022, with the fed funds rate expected to move higher into next year, PNC now expects the U.S. economy to experience a mild recession in 2023, with a modest increase in unemployment.

ACTION ECONOMICS SURVEY	Last Actual	PNC FINANCIAL SERVICES GROUP COMMENT
Fed Funds Rate Target Range Mid-Point (after the FOMC meeting on 12/14) Range: 4.375 to 4.375 percent Median: 4.375 percent	3.88 percent	We expect a 50 bps funds rate hike to a 4.25-4.50% target range at the December 14 FOMC meeting.
Nov Consumer Confidence (11/29, Tuesday) Range: 98.0 to 101.0 Median: 99.5	102.5 (Oct)	Down to 100.
Nov ADP Employment Survey (11/30, Wednesday) Range: 150K to 220K Median: 200K	239K (Oct)	Up 205K.
Oct Advance Trade in Goods 11/30, Wednesday) Range: -\$93.5 to -\$88.0 billion Median: -\$90.6 billion	-\$91.9B (Sept)	A widening to -\$93.5 billion.
Q3 GDP Second Report (11/30, Wednesday) Range: 2.6 to 3.2 percent Median: 2.7 percent	2.6% (Q3 1st report)	Revised up to 2.9%.
Q3 Chain Price Index Second Report (11/30, Wednesday) Range: 4.1 to 4.1 percent Median: 4.1 percent	4.1% (Q3 1st report)	Unrevised at 4.1%.
Oct Personal Income (12/1, Thursday) Range: 0.0 to 0.9 percent Median: 0.4 percent	0.4% (Sept)	Up 0.5%.
Oct Personal Consumption Expenditure (12/1, Thursday) Range: 0.2 to 0.9 percent Median: 0.8 percent	0.6% (Sept)	Up 0.9%. The PCED rose 0.4% and edged down to 6.0% Y/Y. The core PCED rose 0.3% and edged down to 5.0% Y/Y.
Initial Claims, Week of 11/26/22 (12/1, Thursday) Range: 223K to 240K Median: 234K	240K (11/19/22)	230K.
Nov ISM (Manufacturing) (12/1, Thursday) Range: 47.7 to 50.2 Median: 49.8	50.2 (Oct)	Down to 49.7.
Oct Construction Spending (12/1, Thursday) Range: -0.8 to 0.5 percent Median: -0.3 percent	0.2% (Sept)	Down 0.8%.

ACTION ECONOMICS SURVEY	Last Actual	PNC FINANCIAL SERVICES GROUP COMMENT
Nov Nonfarm Payrolls (12/2, Friday) Range: 150K to 225K Median: 195K	261K (Oct)	Up 200K.
Nov Private Nonfarm Payrolls (12/2, Friday) Range: 161K to 200K Median: 183K	233K (Oct)	Up 190K.
Nov Manufacturing Payrolls (12/2, Friday) Range: 15K to 25K Median: 20K	32K (Oct)	Up 15K.
Nov Unemployment Rate (12/2, Friday) Range: 3.6 to 3.8 percent Median: 3.7 percent	3.7% (Oct)	Down to 3.6%.
Nov Average Hourly Earnings (12/2, Friday) Range: 0.3 to 0.4 percent Median: 0.3 percent	0.4% (Oct)	Up 0.4% and 4.7% Y/Y.
Nov Hours Worked (12/2, Friday) Range: 34.4 to 34.5 hours Median: 34.5 hours	34.5hrs (Oct)	34.5 hours.

Visit <http://www.pnc.com/economicreports> to view the full listing of economic reports published by PNC's economists.

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MONTHLY CALENDAR OF ECONOMIC DATA

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Nov/Dec 2022

MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY																																																																																																																																						
<p>7</p> <p>CONSUMER CREDIT(\$B)</p> <table> <tr><td>July</td><td>\$26.1</td></tr> <tr><td>Aug</td><td>\$32.2</td></tr> <tr><td>Sept</td><td>\$25.0</td></tr> </table>	July	\$26.1	Aug	\$32.2	Sept	\$25.0	<p>8</p>	<p>9</p>	<p>10</p> <p>CONSUMER PRICE INDEX</p> <table> <tr><th colspan="2">Total</th><th>Core</th></tr> <tr><td>Aug</td><td>0.1%</td><td>0.6%</td></tr> <tr><td>Sept</td><td>0.4</td><td>0.6</td></tr> <tr><td>Oct</td><td>0.4</td><td>0.3</td></tr> </table>	Total		Core	Aug	0.1%	0.6%	Sept	0.4	0.6	Oct	0.4	0.3	<p>11</p> <p>Nov U Mich Consumer Sentiment (prelim)</p>																																																																																																																				
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