|  |  |  |  |
| --- | --- | --- | --- |
| Testo di partenza  \*NON tradurre il testo evidenziato in giallo | Testo tradotto dal candidato | Spazio a disposizione del correttore | Penalità |
| **Economic and Financial Developments**  **The labor market.** The labor market has continued to strengthen since the middle of last year. Payroll employment growth has remained strong, averaging 224,000 per month since June 2018. The unemployment rate has been about unchanged over this period, averaging a little under 4 percent--a low level by historical standards--while the labor force participation rate has moved up despite the ongoing downward influence from an aging population. Wage growth has also picked up recently. |  |  |  |
| **Inflation.** Consumer price inflation, as measured by the 12-month change in the price index for personal consumption expenditures, moved down from a little above the FOMC's objective of 2 percent in the middle of last year to an estimated 1.7 percent in December, restrained by recent declines in consumer energy prices. |  |  |  |
| The 12-month measure of inflation that excludes food and energy items (so-called core inflation), which historically has been a better indicator of where overall inflation will be in the future than the headline measure that includes those items, is estimated to have been 1.9 percent in December--up 1/4 percentage point from a year ago. |  |  |  |
| Survey-based measures of longer-run inflation expectations have generally been stable, though market-based measures of inflation compensation have moved down some since the first half of 2018. |  |  |  |
| **Economic growth.** Available indicators suggest that real gross domestic product (GDP) increased at a solid rate, on balance, in the second half of last year and rose a little under 3 percent for the year as a whole--a noticeable pickup from the pace in recent years. |  |  |  |
| Consumer spending expanded at a strong rate for most of the second half, supported by robust job gains, past increases in household wealth, and higher disposable income due in part to the Tax Cuts and Jobs Act, though spending appears to have weakened toward year-end. |  |  |  |
| Business investment grew as well, though growth seems to have slowed somewhat from a sizable gain in the first half. However, housing market activity declined last year amid rising mortgage interest rates and higher material and labor costs. |  |  |  |
| Indicators of both consumer and business sentiment remain at favorable levels, but some measures have softened since the fall, likely a reflection of financial market volatility and increased concerns about the global outlook. |  |  |  |
| **Financial conditions.** Domestic financial conditions for businesses and households have become less supportive of economic growth since July. Financial market participants' appetite for risk deteriorated markedly in the latter part of last year amid investor concerns about downside risks to the growth outlook and rising trade tensions between the United States and China. |  |  |  |
| As a result, Treasury yields and risky asset prices declined substantially between early October and late December in the midst of heightened volatility, although those moves partially retraced early this year. |  |  |  |
| On balance since July, the expected path of the federal funds rate over the next several years shifted down, long-term Treasury yields and mortgage rates moved lower, broad measures of U.S. equity prices increased somewhat, and spreads of yields on corporate bonds over those on comparable-maturity Treasury securities widened modestly. |  |  |  |
| Credit to large nonfinancial firms remained solid in the second half of 2018; corporate bond issuance slowed considerably toward the end of the year but has rebounded since then. |  |  |  |
| Despite increases in interest rates for consumer loans, consumer credit expanded at a solid pace, and financing conditions for consumers largely remain supportive of growth in household spending. The foreign exchange value of the U.S. dollar strengthened slightly against the currencies of the U.S. economy's trading partners. |  |  |  |