

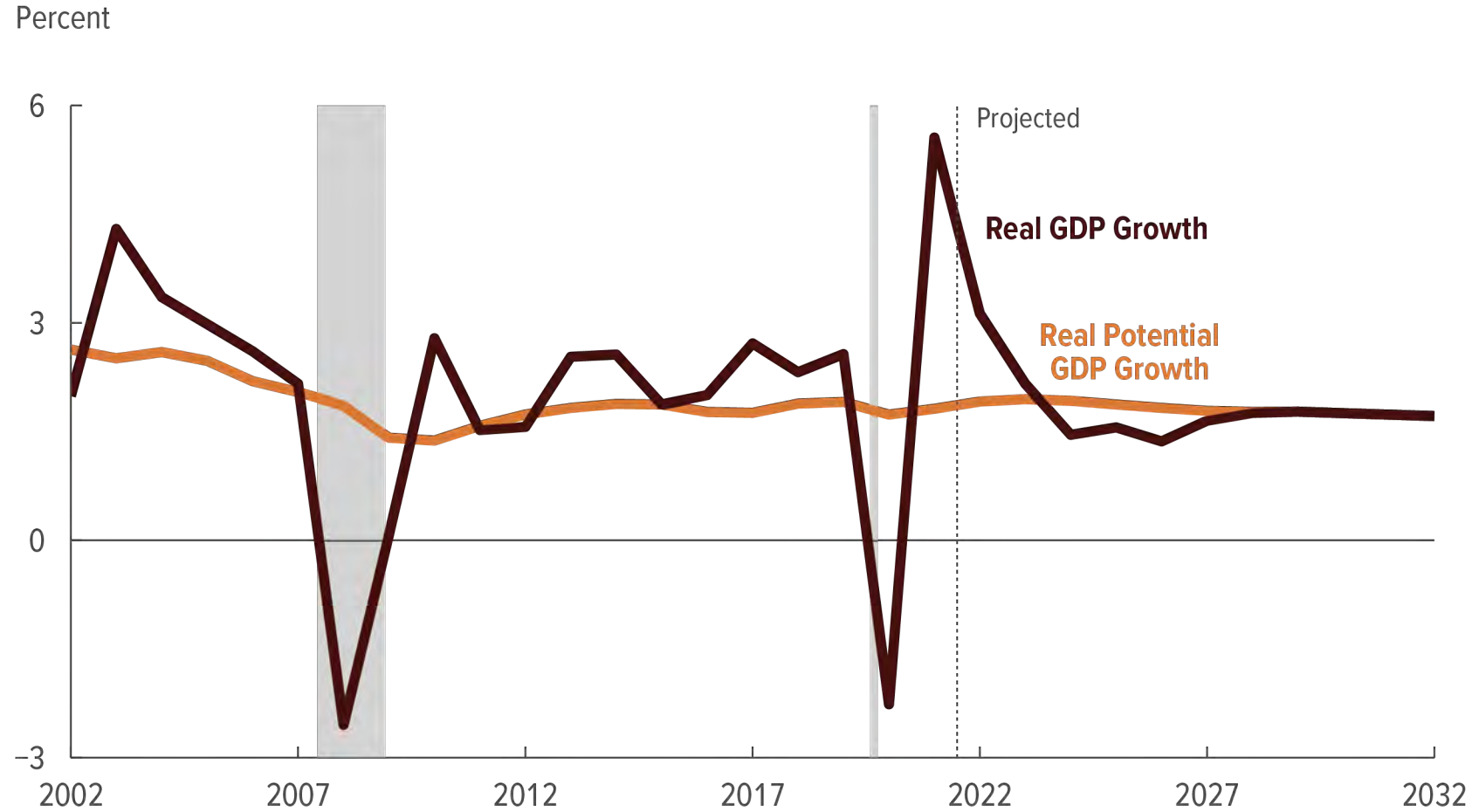
URL: <<https://www.cbo.gov/publication/58191>>

(the complete [150 page] *Outlook* report may be downloaded at URL: <<https://www.cbo.gov/publication/57950>>)

The Economic Outlook for 2022 to 2032 in 10 Slides

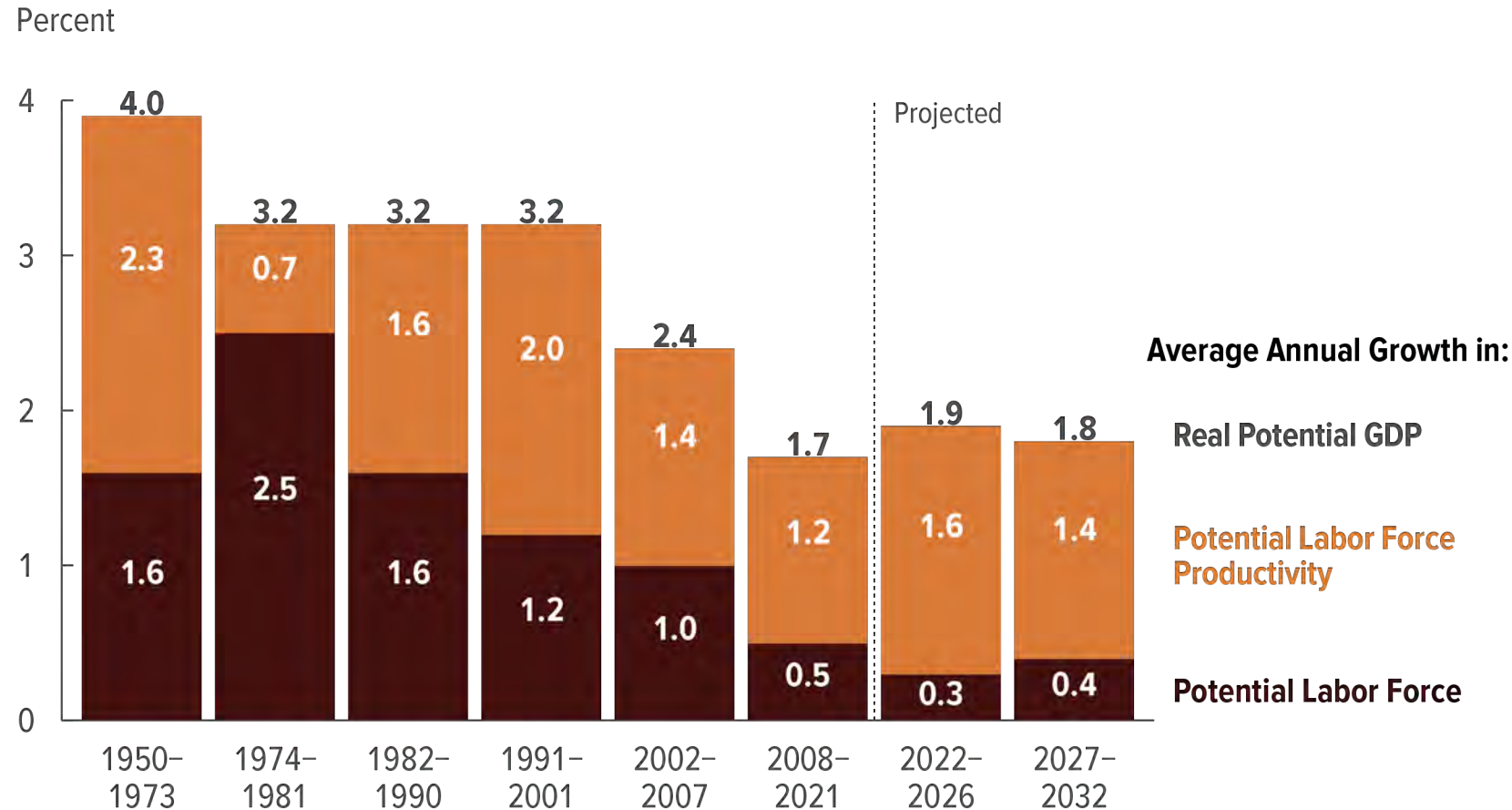
June 2022

Growth of Real GDP and Real Potential GDP



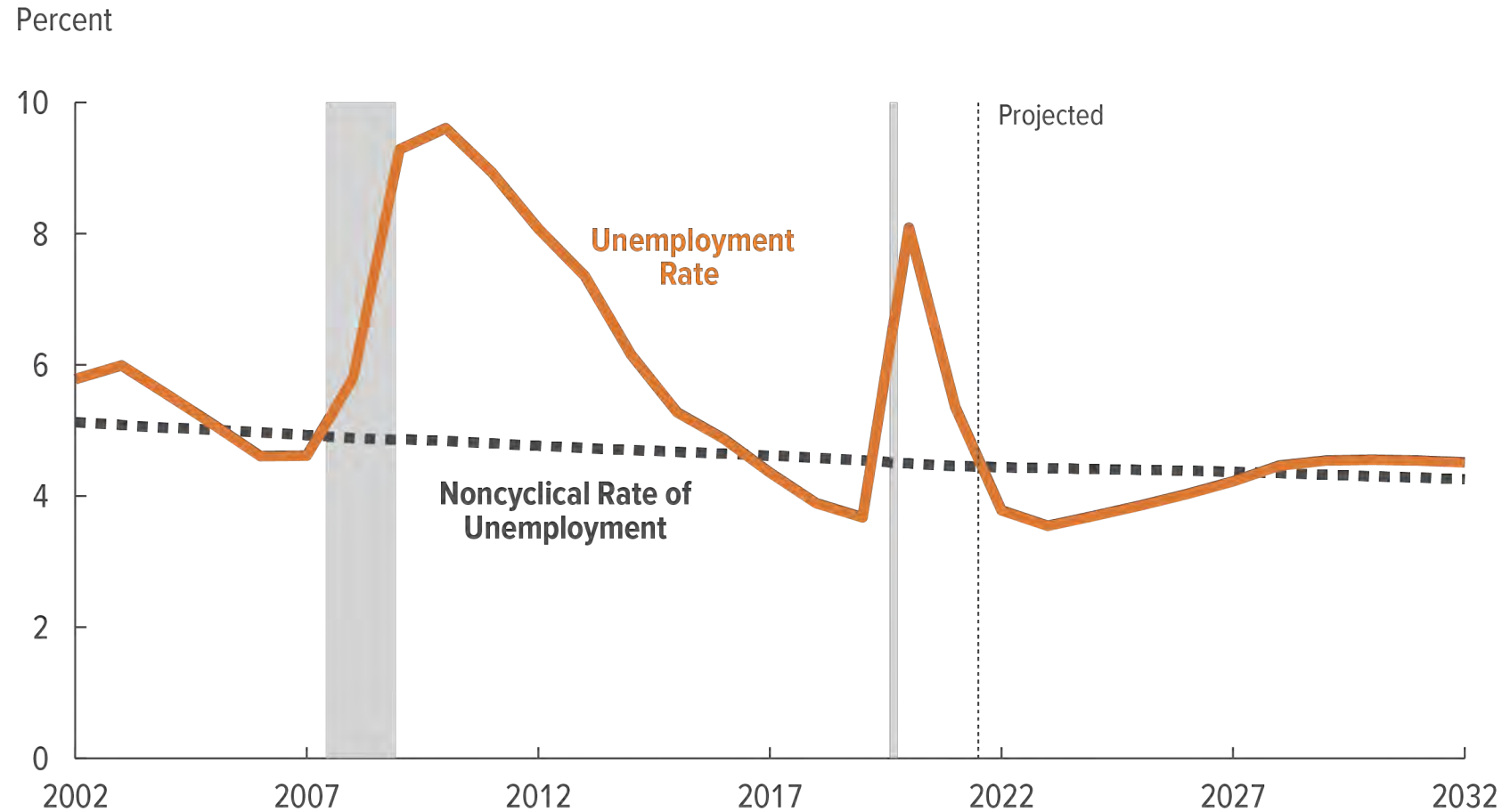
After 2022, CBO projects, the growth of real gross domestic product will slow because of several factors, including tightening monetary policy, slowing demand for labor, and waning fiscal support.

Composition of the Growth of Real Potential GDP



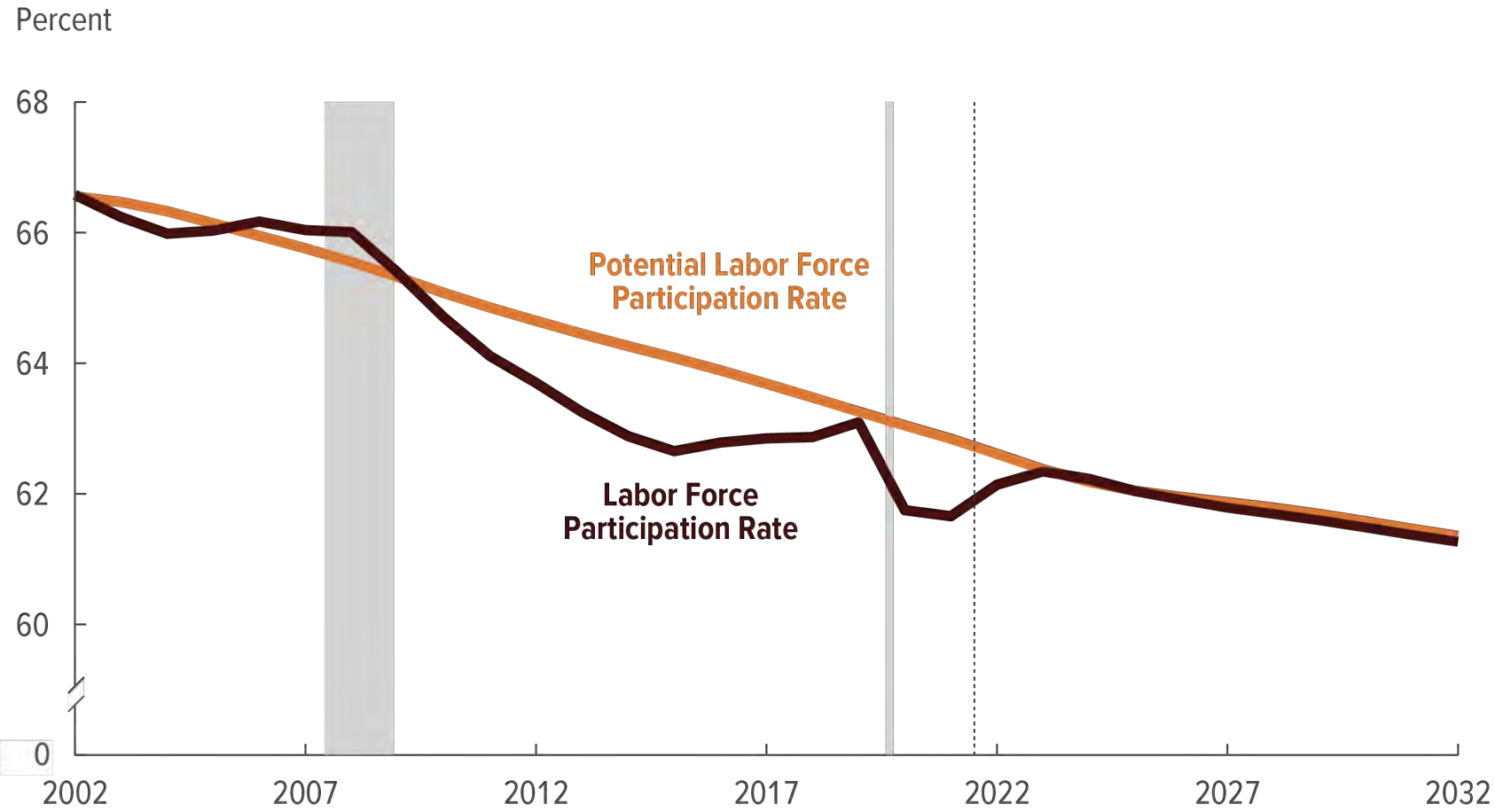
In CBO's projections, real potential gross domestic product grows faster over the next five years than it has since the 2007–2009 recession because potential labor force productivity is expected to grow more quickly. However, growth in the potential labor force is slower than in previous periods, largely because of the aging of the population.

Unemployment



In CBO's projections, the unemployment rate falls over the next year because of the ongoing expansion of the economy.

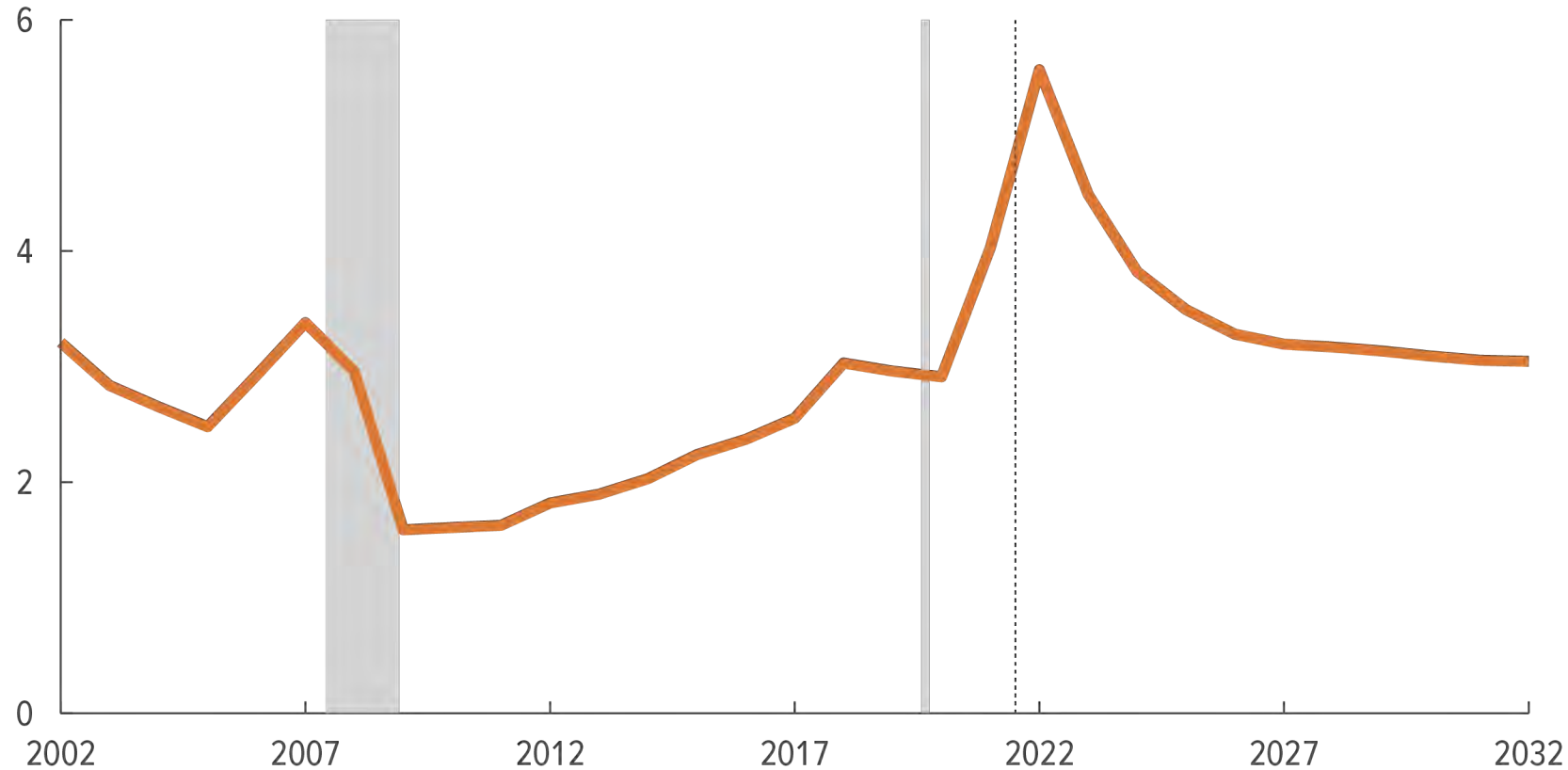
Labor Force Participation



The labor force participation rate is expected to rise through early 2023. The participation rate then begins to decline as the negative effects of the aging population begin to offset the positive effects of the economic recovery.

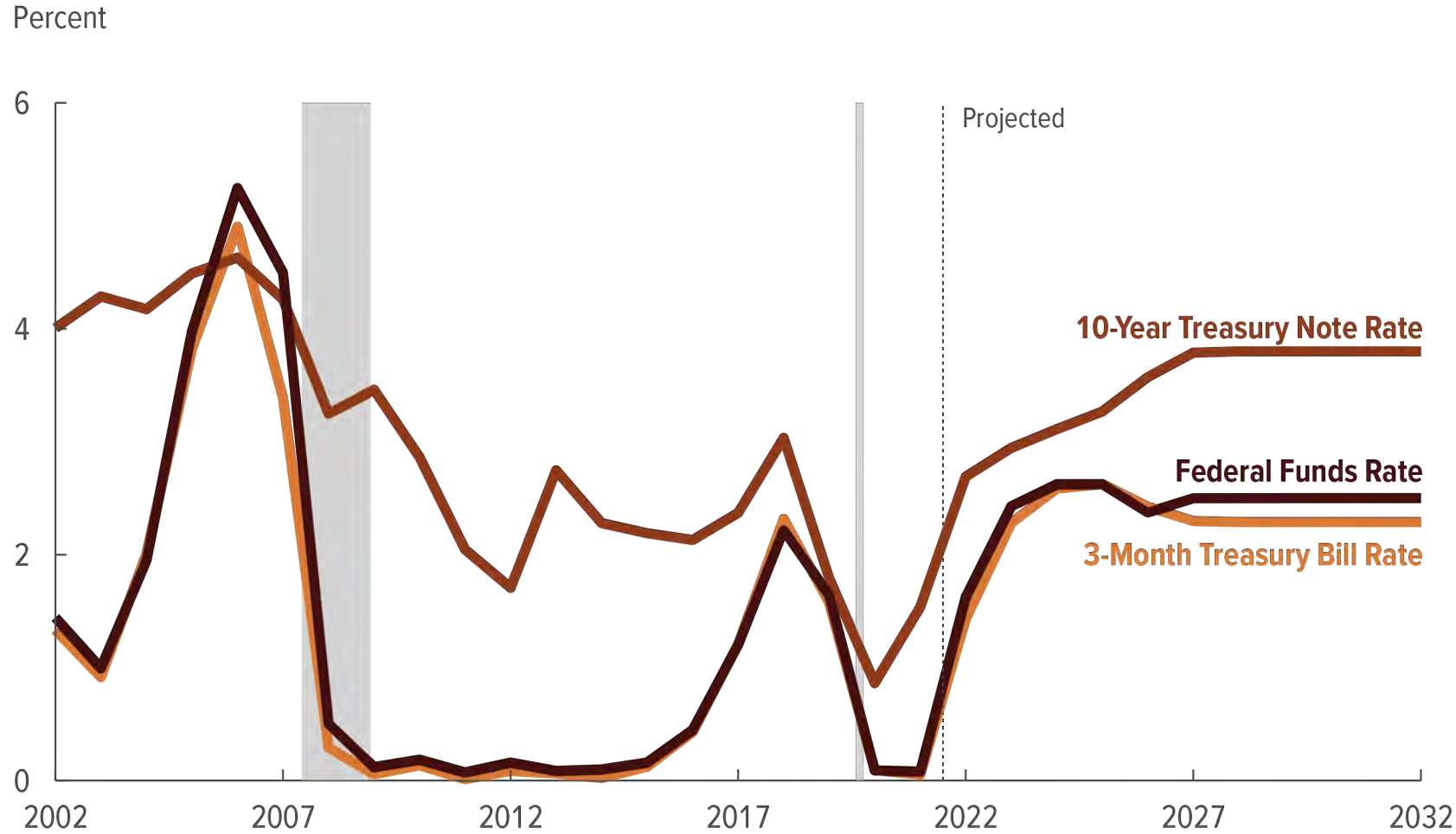
Wage Growth

Percent



Nominal wage growth is projected to ease gradually but remain above its prepandemic average for the next few years as growth in the demand for labor continues to outpace growth in the supply of labor.

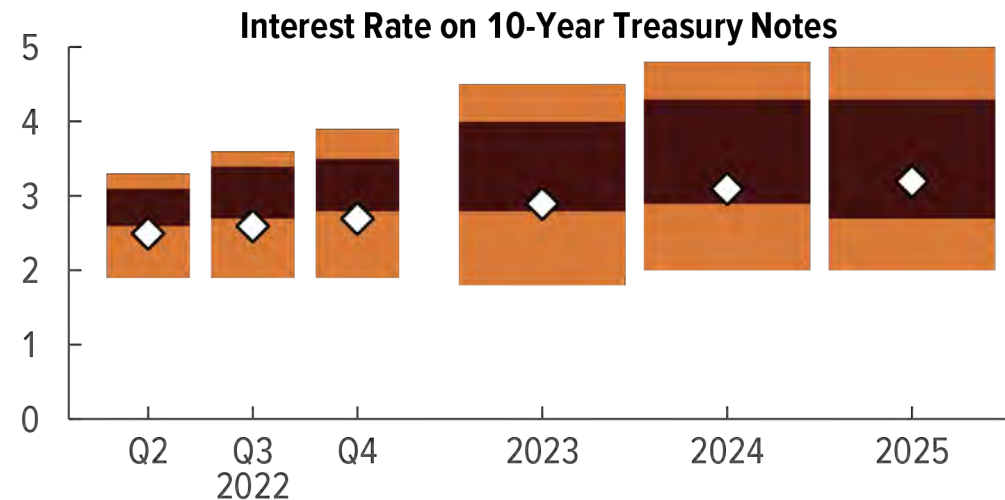
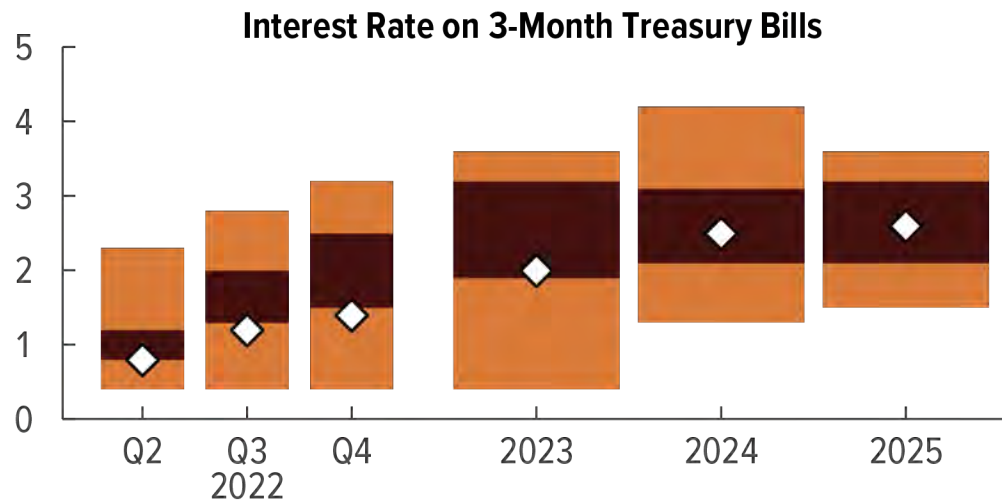
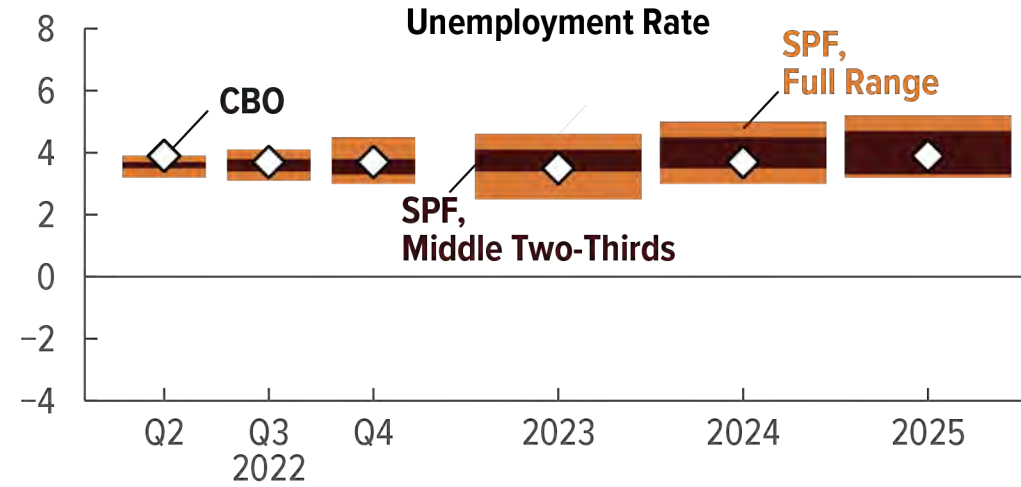
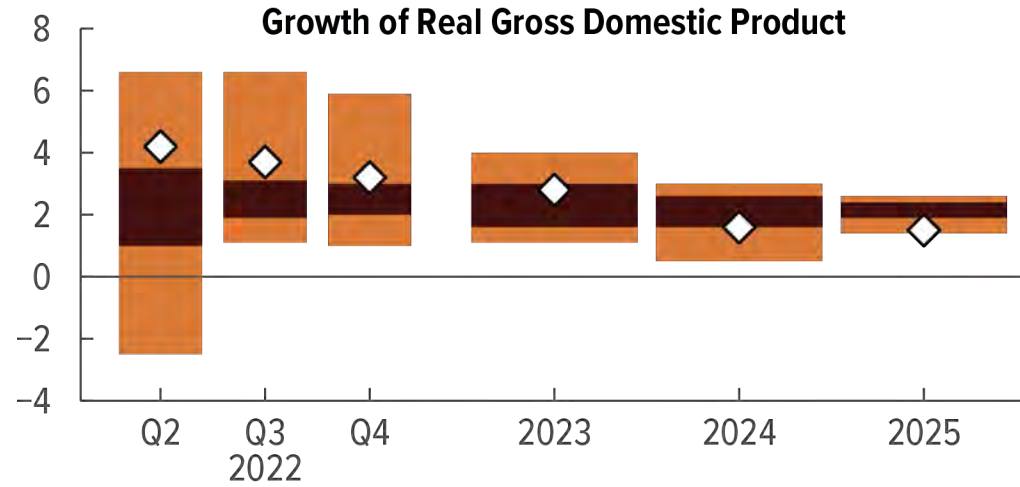
Interest Rates



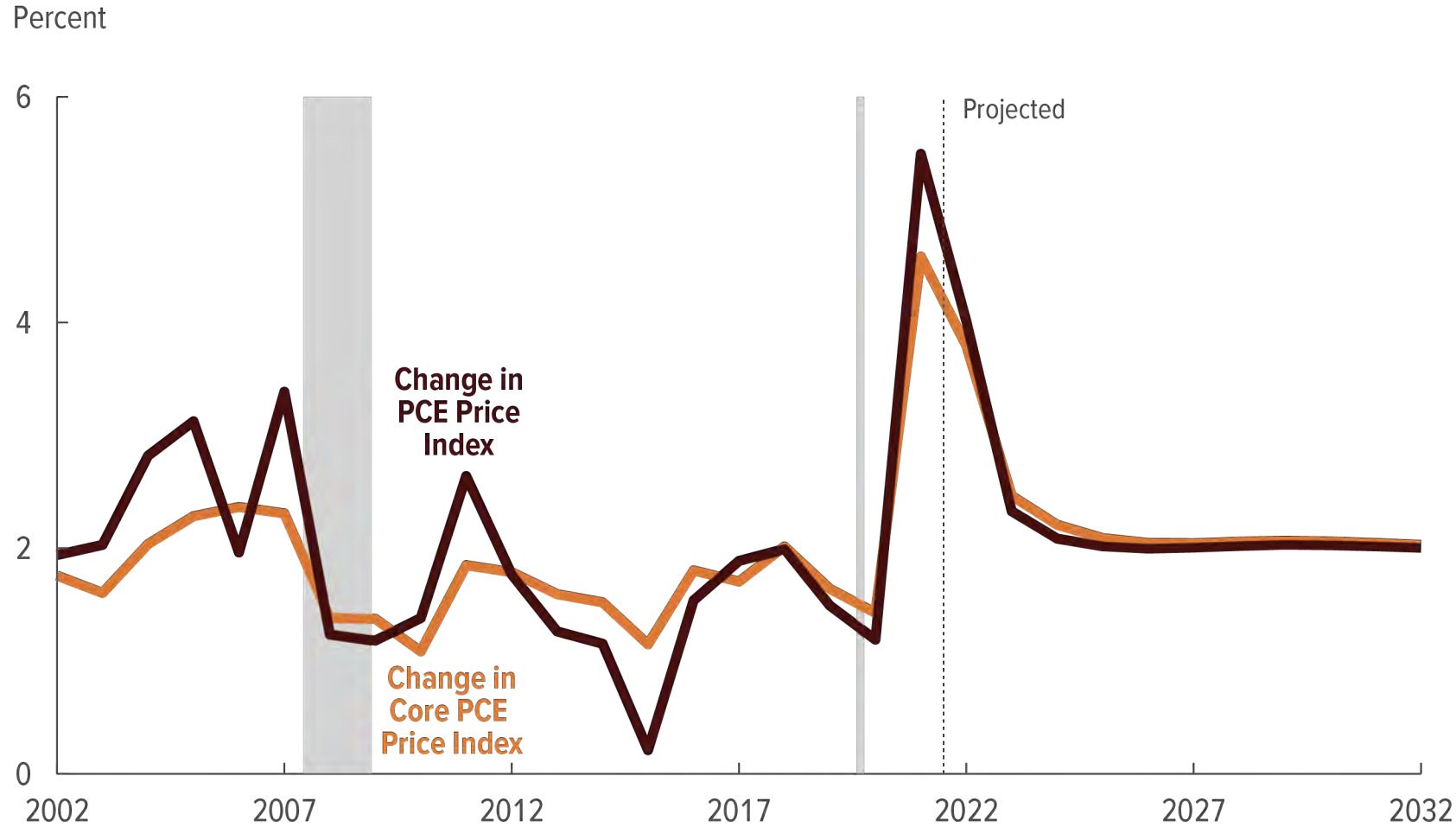
CBO expects that the Federal Reserve will rapidly increase the target range for the federal funds rate in 2022 and 2023. In CBO's projections, the interest rate on 3-month Treasury bills rises in concert with that increase. The interest rate on 10-year Treasury notes is expected to increase through 2028, in part because short-term interest rates are expected to rise.

A Comparison of CBO's Forecasts of Output, Unemployment, and Interest Rates With Those in the Survey of Professional Forecasters

Percent

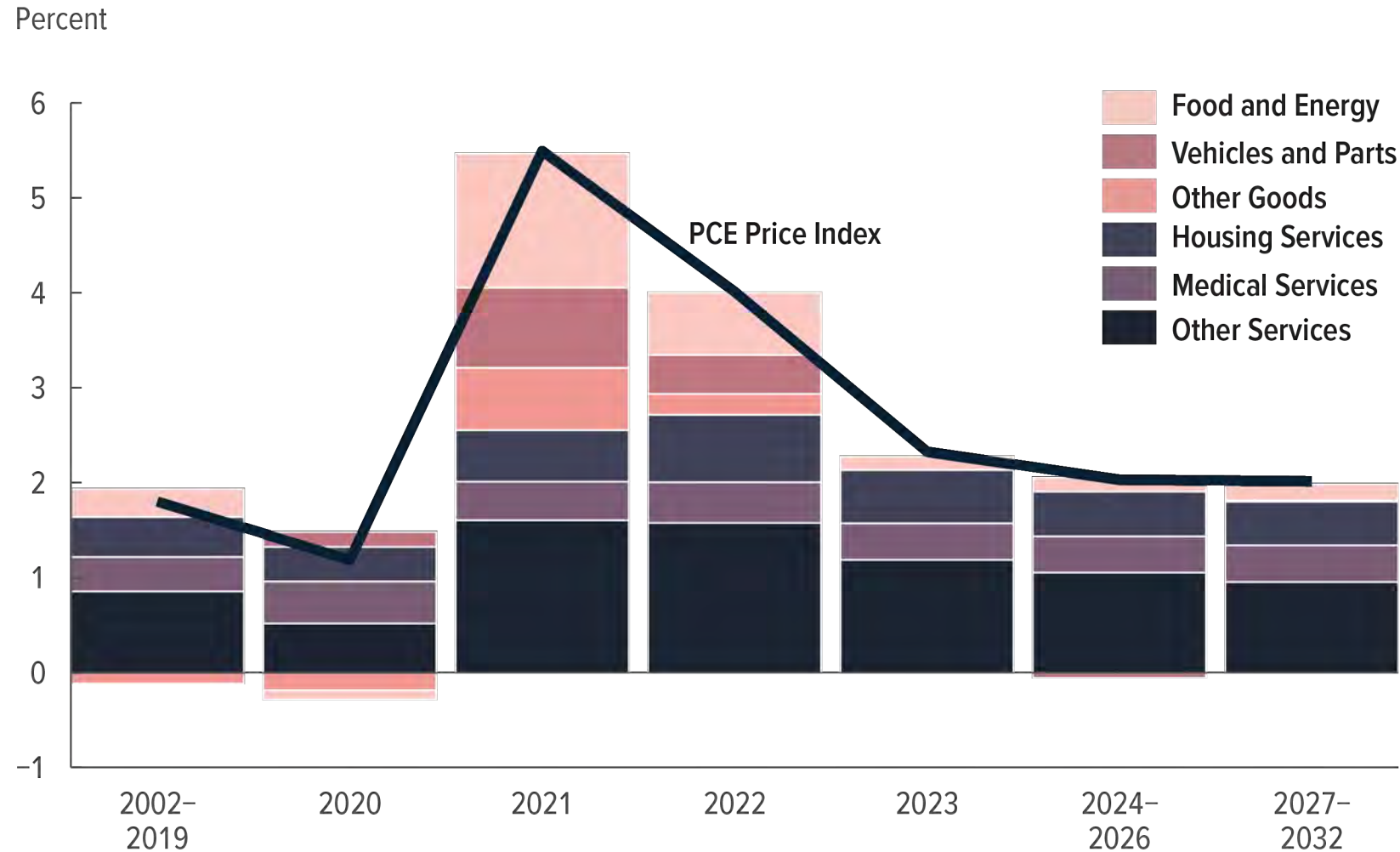


Inflation



In CBO's projections, inflation remains high in 2022. It then declines over the next few years, nearing the Federal Reserve's long-run goal of 2 percent in 2024.

Contributions to Overall Inflation



Prices of food, energy, and motor vehicles surged in 2021, contributing a total of 2.3 percentage points to the 5.5 percent rate of inflation in the price index for personal consumption expenditures that year. CBO projects that those categories will also contribute significantly to inflation in 2022 but that their effects will taper off from 2023 onward.

A Comparison of CBO's Forecasts of Inflation With Those in the Survey of Professional Forecasters

Percent

