

Jan Hatzius: We're more optimistic about growth in 2024 than other forecasters. And that's for three reasons.

Number one, we expect real disposable income growth to come in just under 3 percent in 2024. That's a little below where we were, but still very solid and should help the economy stay out of recession.

Number two, our view is that the maximum impact of monetary tightening on growth occurs with about a two-quarter lag. And since the biggest moves in the federal funds rate were in 2022, we should now be through this maximum impact.

And then lastly, now that inflation is closer again to the target, if growth were to slow down more significantly, the Fed could cut the federal funds rate, take out some insurance against a weaker outcome.

Our forecast for US growth in 2024 is about 2 percent, which is about twice the consensus forecast of 1 percent.