

Expert Insights from BadCredify: How the US Economy's Current State Shapes the Outlook for 2024

Larry Snyder, the finance expert of BadCredify, shares his economic forecasts for 2024.

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/EINPresswire.com/ -- After all the events and incidents that have shaken up the economy in recent years, individuals and businesses hope for a boring 2024. However, the economy is very dependent on external factors and cannot be considered as a separate system.

[Larry Snyder](#), the finance expert of [BadCredify](#), analyzed the current state of the economy and predicted what awaits it in 2024. He believes that the US economy could land softly in 2024, although it's losing some of its steam.

Below are his seven major considerations and predictions.

1. Cooling Inflation Trends

The Federal Reserve's effort to slow down inflation turned out to be successful in 2023. Goods inflation fell to 0% in October 2023, while in February 2022, it was 12.4%. This also applies to the housing market, where the lag in market prices for rent should catch up with inflation rates. However, it's most likely to remain above the Fed's 2% target, Larry Snyder states. Core personal consumption expenditure (PCE) prices are expected to fall to 2.6%. This figure was 3.3% in 2023.

2. Long-Term Fiscal Challenges

The current fiscal policy is not sustainable and will result in a rising debt-to-GDP ratio. The long-term fiscal projection of the US Treasury also shows that the American economy is expected to face significant long-term fiscal challenges. The debt-to-GDP ratio is projected to [exceed 200% by 2046](#) and reach 566% in 2097 due to an aging population and lower long-term real growth.



3. Unemployment Can Drift Higher

In 2024, labor demand is predicted to decline due to a shortening work week. At the same time, elevated immigration and an increase in the labor force share create a rising labor supply. Thus, slowing wage growth will decelerate further, while unemployment is projected to rise. However, Larry Snyder says that unemployment is still expected to remain low in the historical context. According to the Federal Reserve projection, it will rise to about 4.7% in the fourth quarter of 2024.

4. Interest Rate Reduction

It's expected that the Fed will cut interest rates in 2024. This will result in cost reduction for most consumer loan types. While the average credit card interest rate is expected to hover around 20% through the first half of the year, it is predicted to fall to 19.9% by the end of 2024. Mortgage loan rates are also forecasted to turn to their pandemic-era lows, setting at around 5.75% to the second half of the year.

5. Slowdown in Consumer Spending Growth

The BadCredify's expert points out that declining excess savings, stabilizing wage growth, low savings rates, and declining pent-up demand are the main reasons why consumer spending growth will slow in 2024 compared to 2023 levels. However, there is no need to worry. As household balance sheets and debt service levels remain healthy and labor market tightness continues to support employment and income levels, consumer spending growth is still likely to remain positive.

6. Rising Consumer Debt

In 2024, consumer debt is predicted to increase gradually while credit conditions stay tight but stable. Although consumer spending is expected to decrease, it should still be strong enough to sustain limited growth. Even though the economy in 2024 won't be particularly exciting overall, it will still be far better than the instability of a recession.

7. Resumption of Mandatory Student Loan Payments

The 12-month on-ramp to repayment ends on September 30, 2024. People who owe student debt might be closer to loan forgiveness this year. An employer may offer a new benefit that can help those with unpaid student loans pay off their debt while also saving for retirement. Borrowers who can't make their payments right away after they resume can consider applying for an IDR plan, such as the SAVE plan.

About BadCredify

BadCredify is an online service designed to help people make informed financial decisions. It provides accurate and up-to-date forecasts and information on current economic trends, rates, and conditions. The platform is aimed at promoting financial literacy and guiding people through debt management, homeownership, and personal finance topics.

Janice Myers
BadCredify
+1 408-351-6131
myers@badcredify.com

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