

Economic Outlook for 2023: What to Expect

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From record-high inflation, labor shortages and supply chain challenges, 2022 became a catalyst for a U.S. recession. As the Fed continues to raise interest rates to battle inflation, economists are preparing for moderate economic growth.

According to the [Conference Board](#), “economic weakness will intensify and spread more widely throughout the U.S. economy over the coming months, leading to a recession starting in early 2023.” GDP growth is expected to slow to 0.2% in 2023, and then rebound to 1.7% in 2024 as “inflation ebbs further and the Fed begins to loosen monetary policy.”

Interest rates are set to increase to around 4.9% this year, per [Forbes Advisor](#). “Based on figures provided by the Federal Reserve, it’s probable that high-yield savings accounts could offer rates between 4.00% and 4.85% in 2023,” the article reads.

Supply chain challenges, while seemingly less extreme, still exist. “Expect extreme variation in lead time,” reads a [Forbes](#) article. Companies dependent on Chinese manufacturing should brace for continued shortages and supply disruption. Along with that, there will likely be supply shortages of energy and petroleum-based products this year. The biggest change will come as more companies move to nearshoring, which costs both time and money.

Unemployment is expected to increase to the 4.4%-4.7% range in Q4 of 2023, per the [Federal Reserve](#). In addition, about 900,000 jobs could be lost in the first half of 2023, according to [The Conference Board](#) base case labor market projections. “Labor force participation may fall to 62.1% in Q4 2023, down from 62.3% in September 2022,” reads the article.

The **job market** is set to heat up in 2023 compared to last year, with high job turnover due to an “insistence on remote and flexible work,” Julia Pollak, chief economist at ZipRecruiter told [CNBC](#). According to recent ZipRecruiter data, 36% of people who got a new job in last six months were recruited to the role versus 20% pre-pandemic and as low as 4% in the 1900s, the article reads. This, along with inflation and lack of talent, has made companies more selective in the hiring process.