Economic Update

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in the media

- most noteworthy
- inflation
- recession fears

well, there are other things too:
- wars, pandemics, remote work...
inflation: definition

- Bureau of Labor Statistics
  - the overall general upward price movement of goods and services in an economy

- but at what frequency?
  - monthly? year over year?
where did it come from?

- supply chain issues?
  - no

- expansive fiscal policies
  - yes

so, what can we do about it?

- stop borrowing (stimulus)
- stop the presses (printing money)
Federal Debt Held by the Fed

Source: Federal Reserve Bank of St. Louis
so why is this important?

- Fed has increased their holdings

- guess how they buy stuff????

- (hint: they print it)
recession: definition

(audience participation)
recession: definition

(audience participation)

there isn’t one!
are we in a recession?

- evidence
- gdp?
- yield curve?
Real Consumption

Annualized Percentage Change, Seasonally Adjusted

Source: BEA
can the current yield curve be trusted?

- historically, Fed bought short term

- today they are in both markets, recall:
Fed Holdings

Source: Cleveland Fed


Trillions of Dollars

taxtional holdings liquidity provision long term treasuries lending to financials agency debt and mbs
or are we not in recession?

- labor market

- household and businesses are ’strong’
Employment

Thousands

Source: BLS
Payroll Employment Change (000's) Seasonally Adjusted

Source: BLS
great recession

- buildup of debt
- very precarious financial positions
- much better shape today
Case Shiller Home Price Index

Source: Dow Jones
Business Debt to Equity Percent

Source: Board of Governors
what do the data say

most *real* variables are strong
Probability of Recession

Source: Piger
final thoughts

- the U.S. remains strong

- are we in a recession?
  - no

- are we heading toward recession?
  - stupid question
thank you!