

Economic Update

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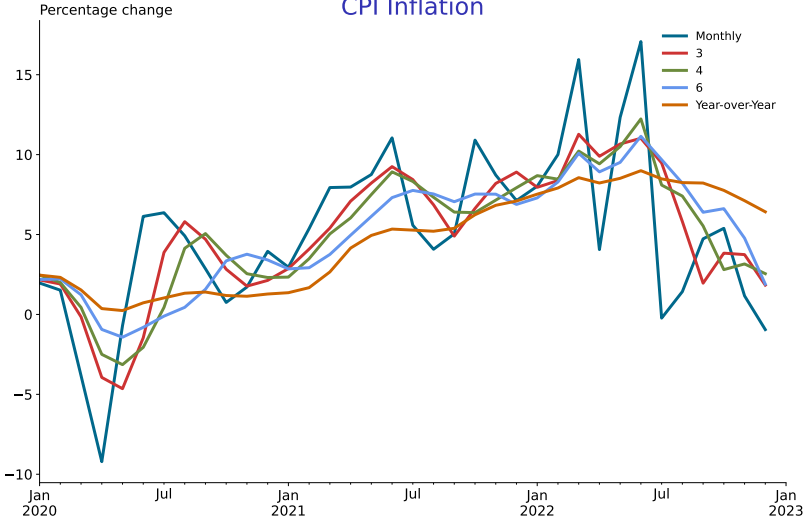
in the media

- 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?

CPI Inflation

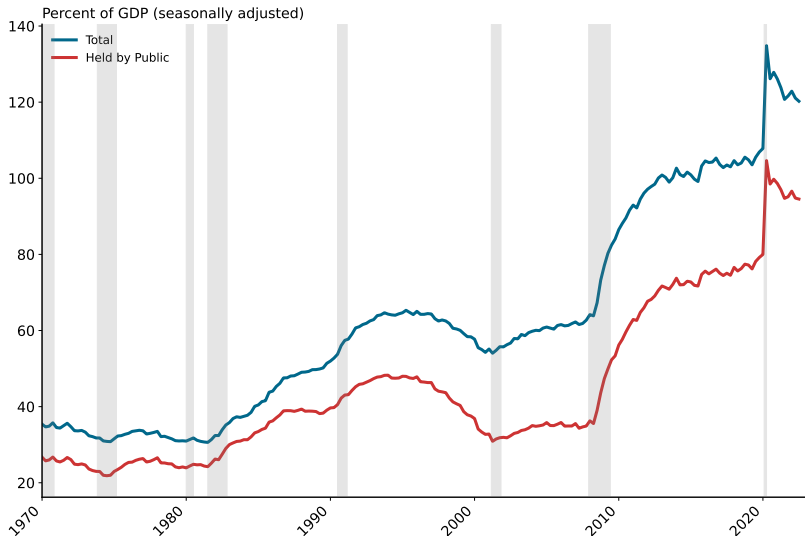


Source: BLS

where did it come from?

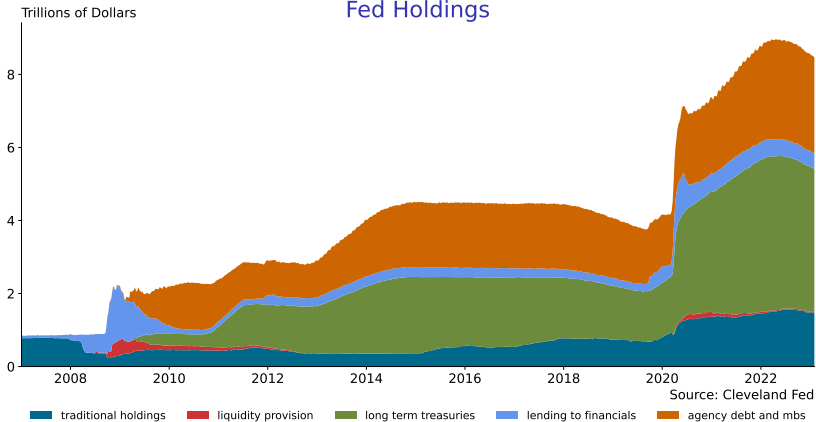
- supply chain issues?
 - no
- expansive fiscal policies
 - yes
- so, what can we do about it?
 - stop borrowing (stimulus)
 - stop the presses (printing money)

Debt

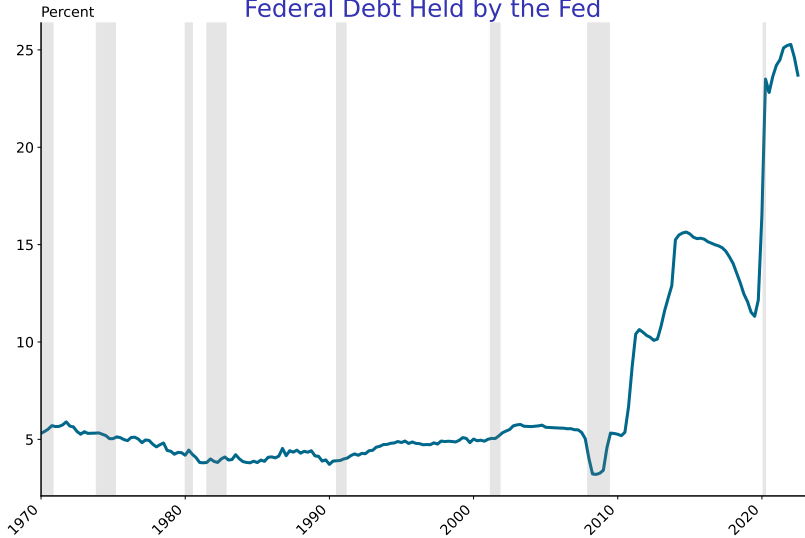


Source: OMB and Federal Reserve Bank of St. Louis

Fed Holdings



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)

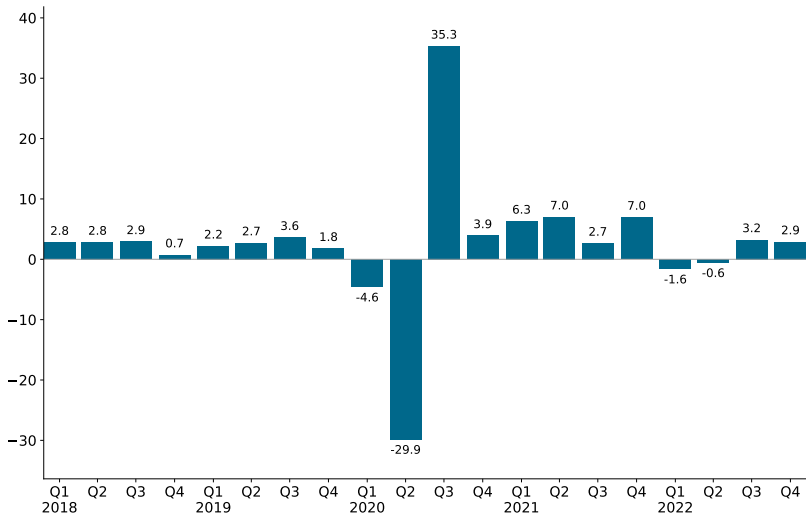
- there isn't one!

are we in a recession?

- evidence
 - gdp?
 - yield curve?

Real GDP

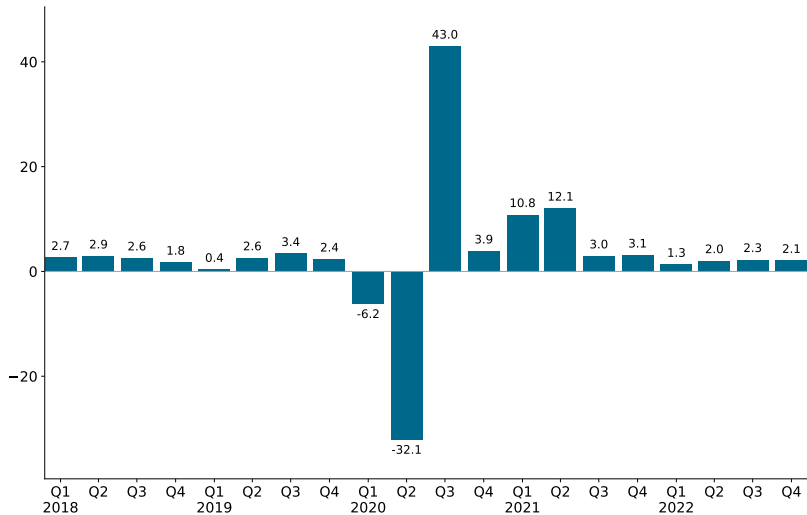
Annualized Percentage Change, Seasonally Adjusted



Source: BEA

Real Consumption

Annualized Percentage Change, Seasonally Adjusted

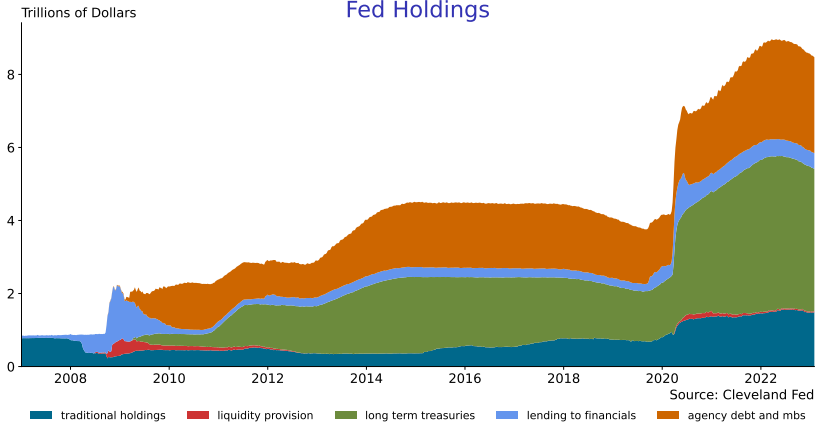


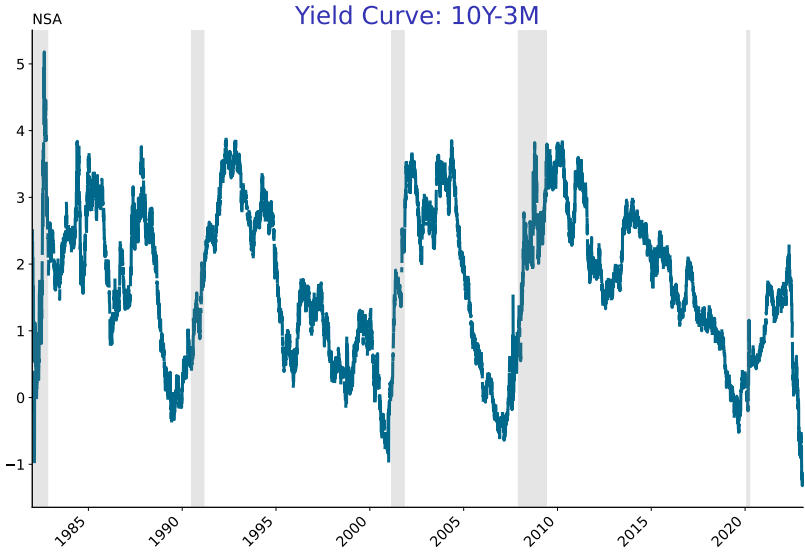
Source: BEA

can the current yield curve be trusted?

- historically, Fed bought short term
- today they are in both markets, recall:

Fed Holdings





NSA

Yield Curve: 10Y-3M

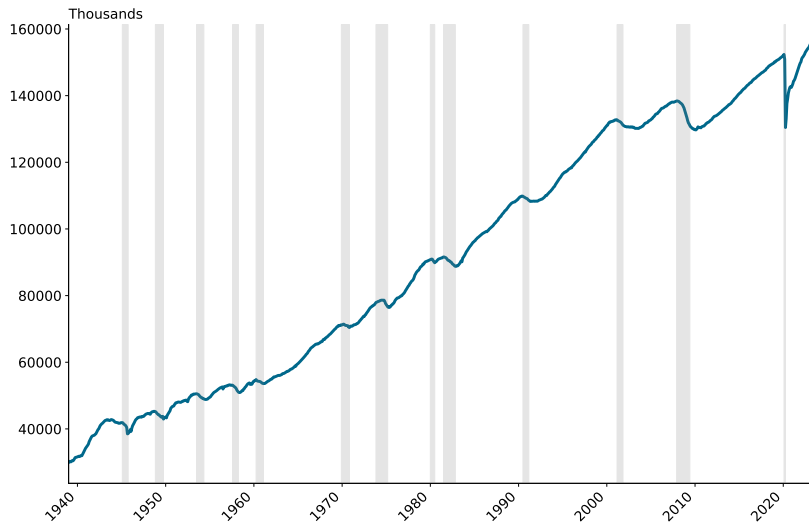
Source: Fred

or are we not in recession?

- labor market

- household and businesses are 'strong'

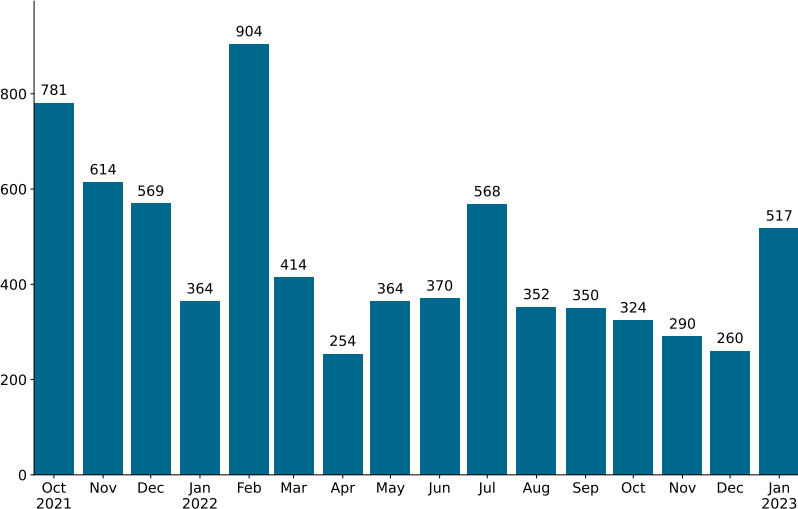
Employment



Source: BLS

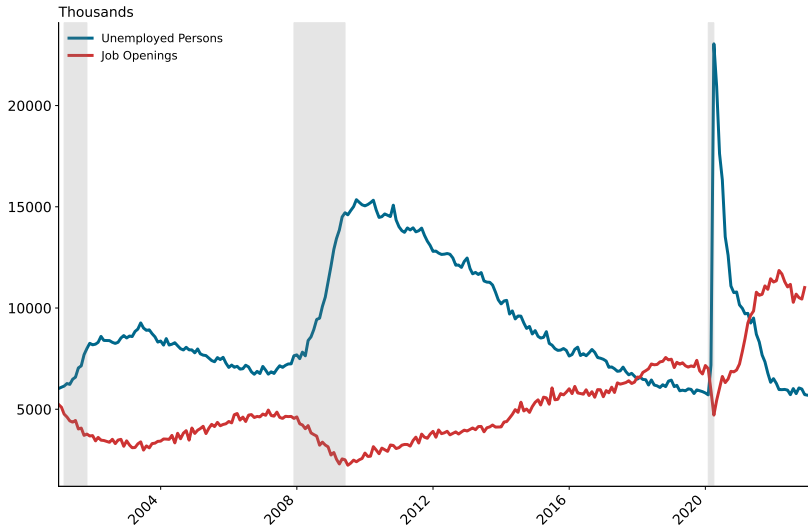
Payroll Employment Change

(000's) Seasonally Adjusted



Source: BLS

Unemployment and Job Openings

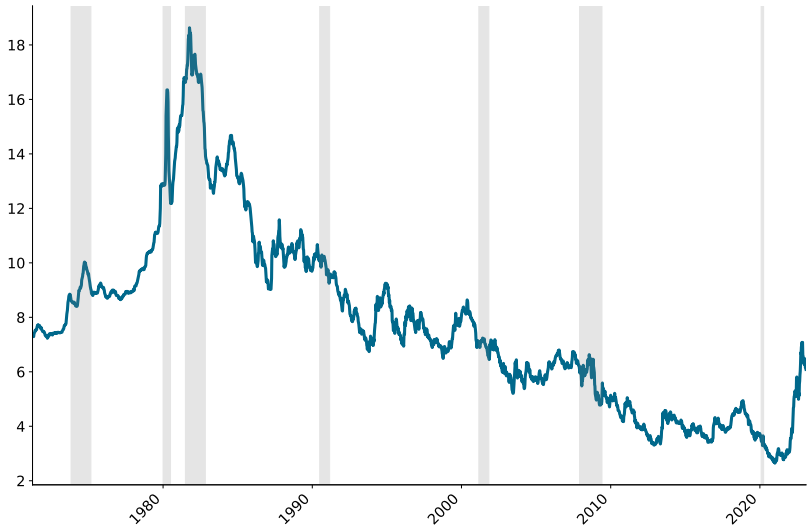


Source: BLS

great recession

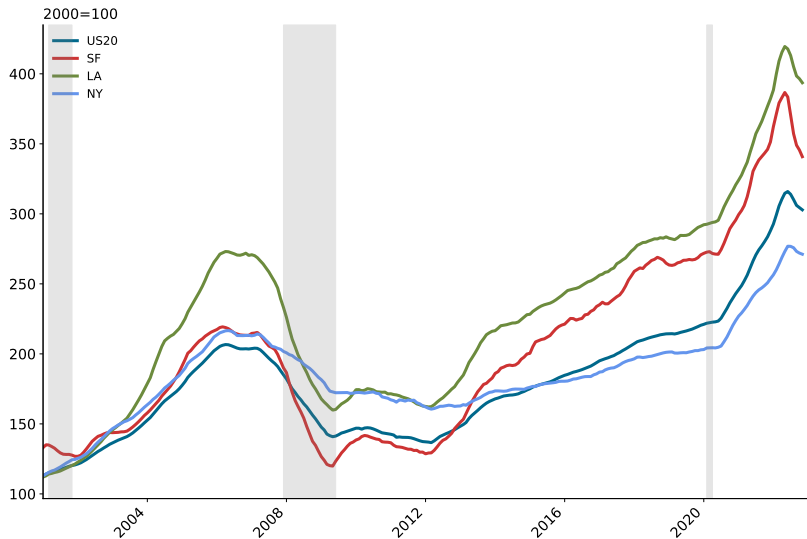
- buildup of debt
- very precarious financial positions
- much better shape today

30 Year Fixed Rate Mortgage

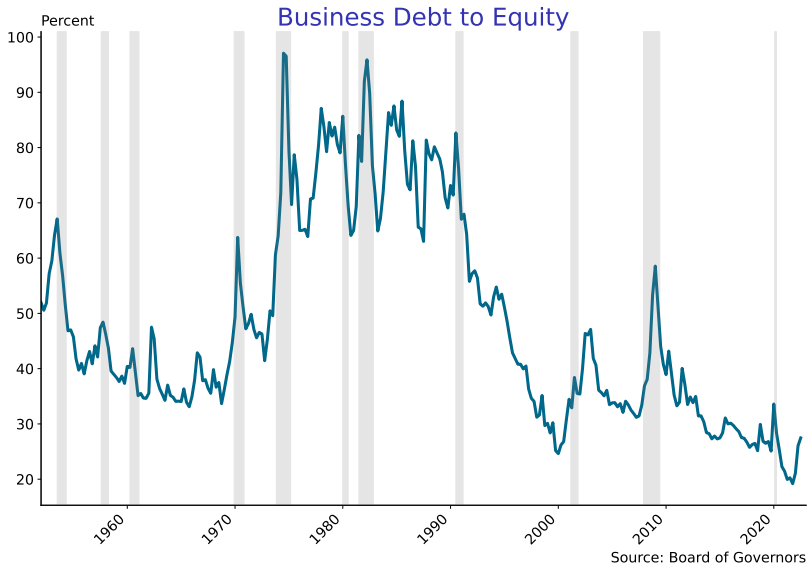


Source: Freddie Mac

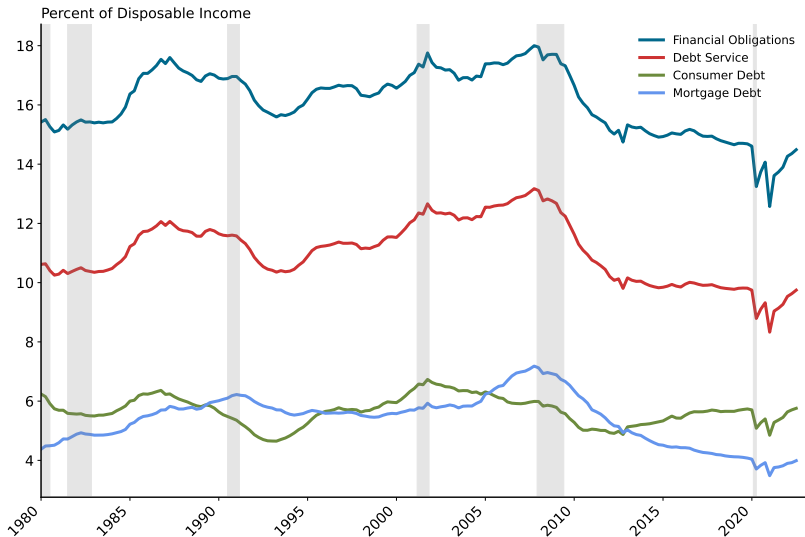
Case Shiller Home Price Index



Source: Dow Jones



Household Debt Obligations

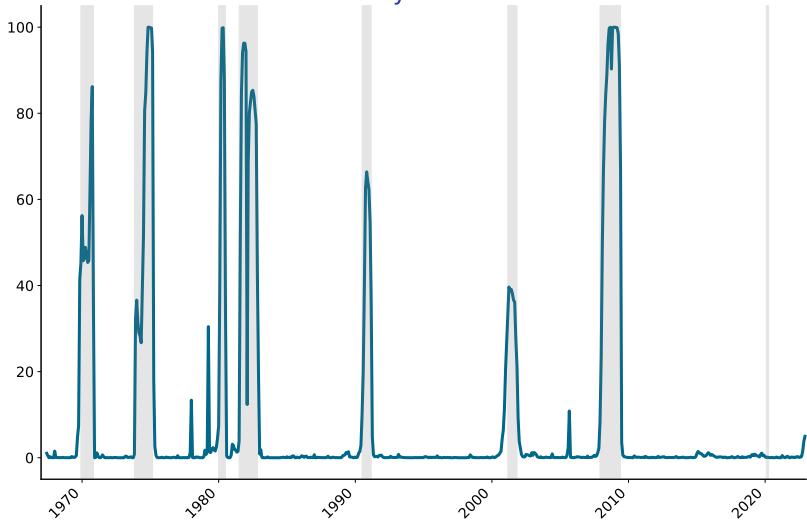


Source: Board of Governors

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!