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2023 US National Economic Forecast

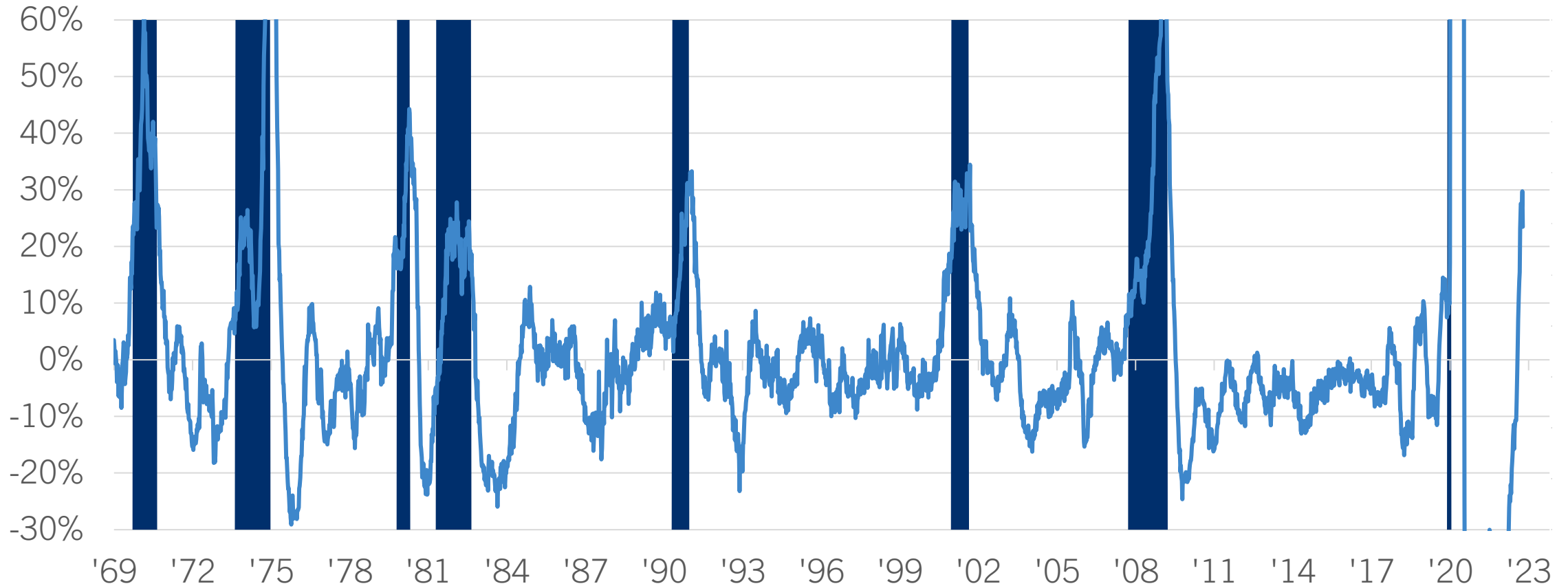
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January 2023

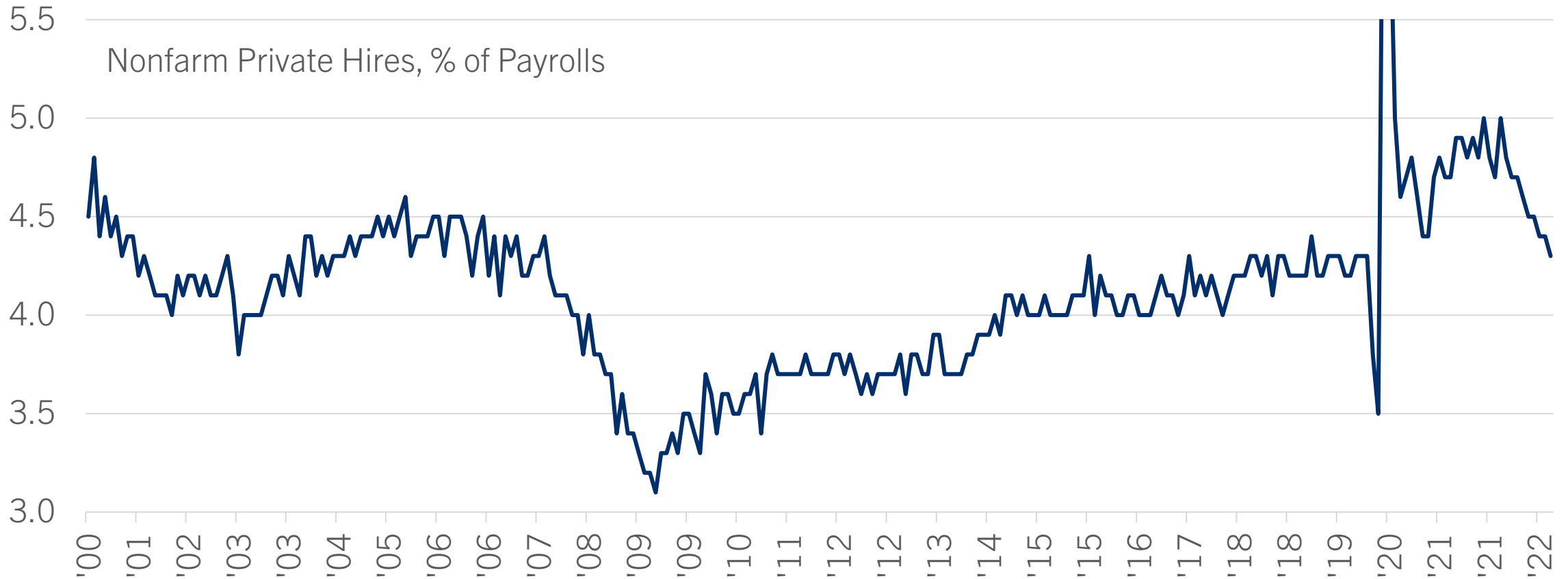
The Fed has probably tipped the economy into recession



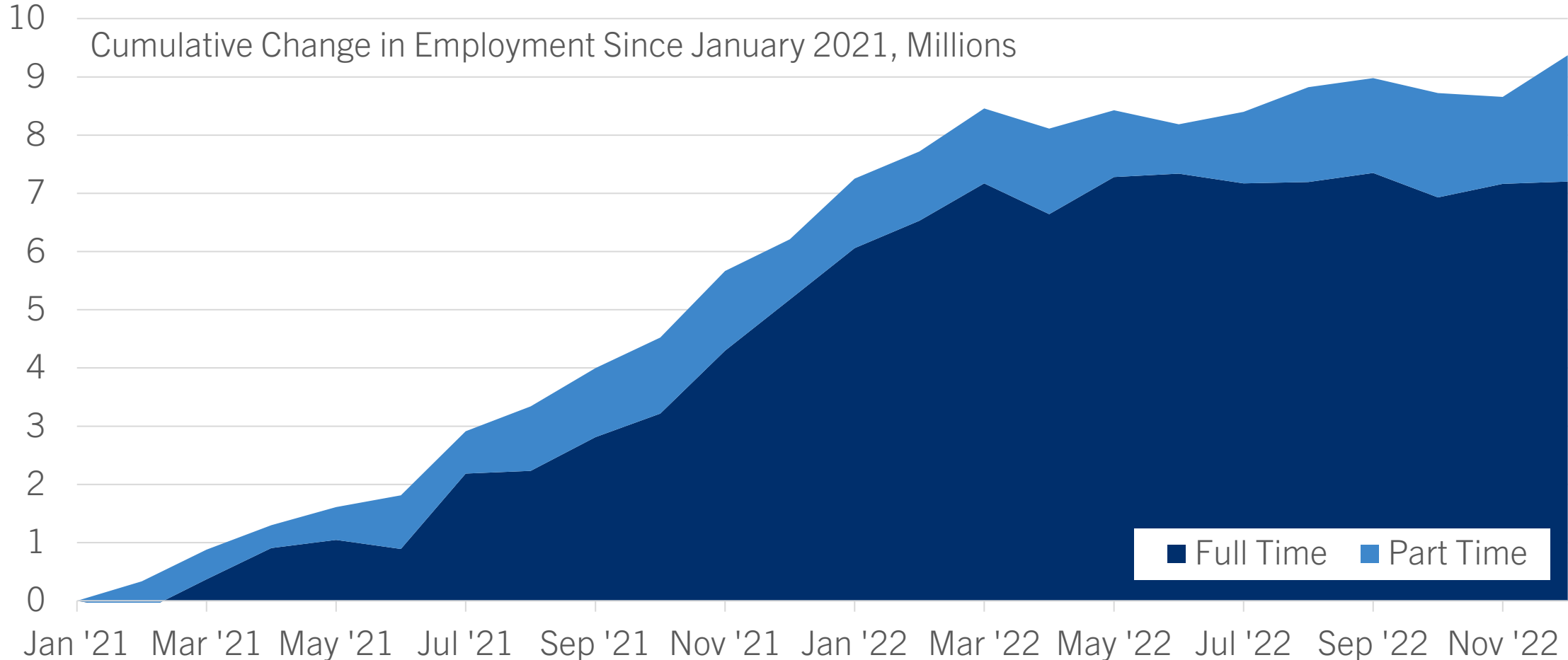
Continued Jobless Claims, 6-Month % change



Businesses are throttling back on hiring

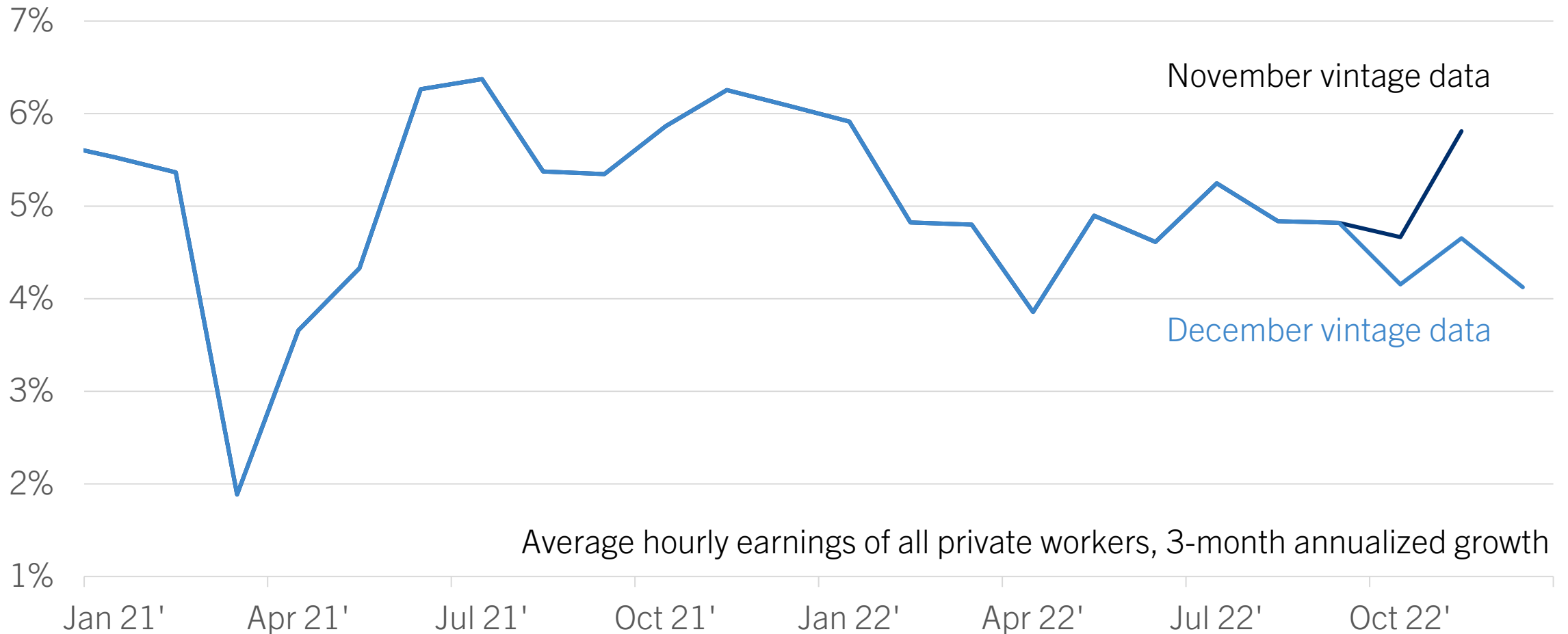


Nearly all job growth since last spring was part-time

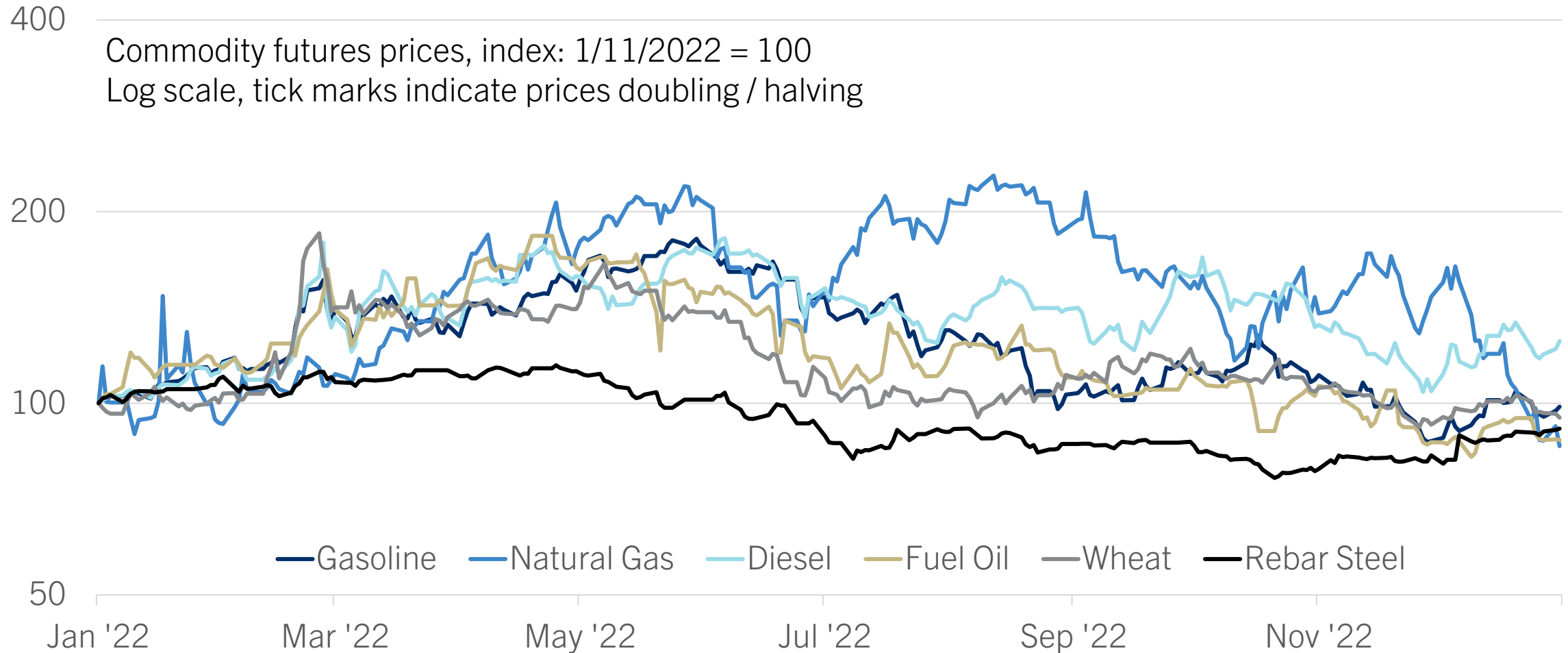


Sources: BLS CPS Survey, Federal Reserve Bank of St. Louis FRED Database; © 2022, Comerica Bank. All rights reserved.

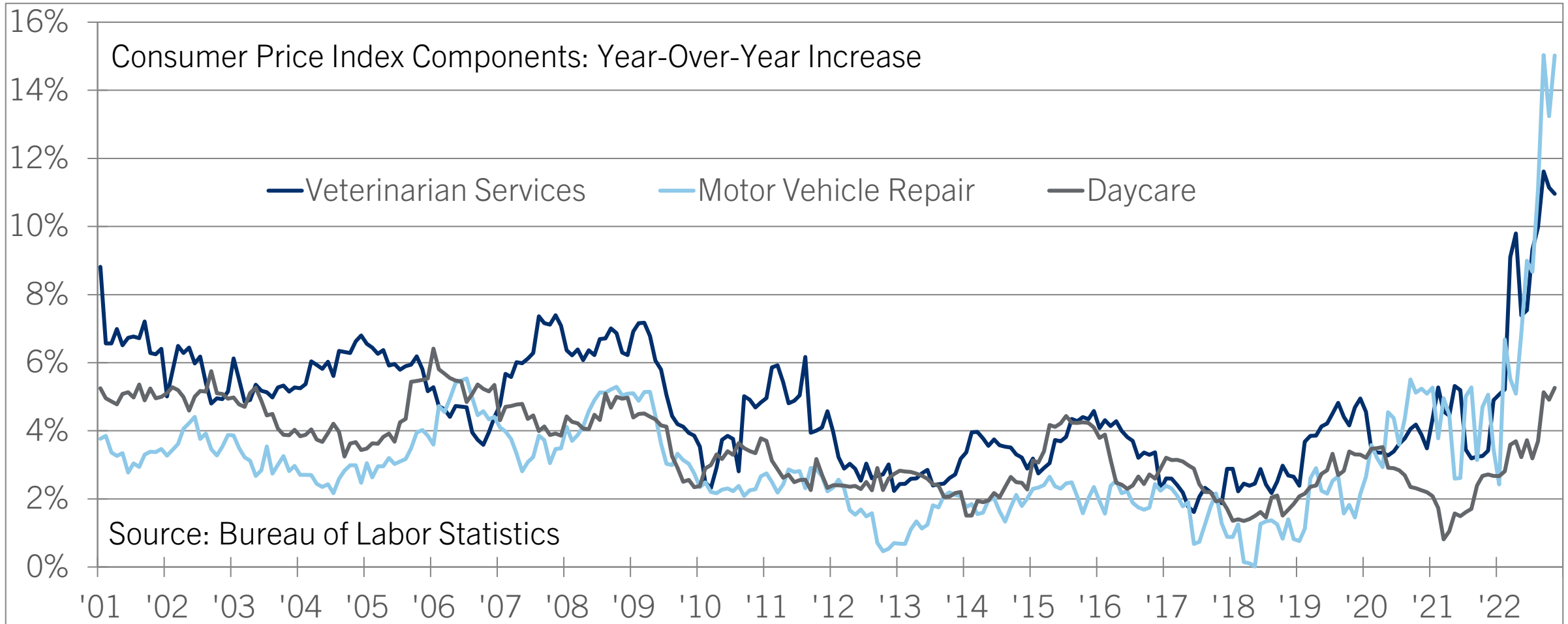
Wage growth is slowing as the expansion frays around the edges



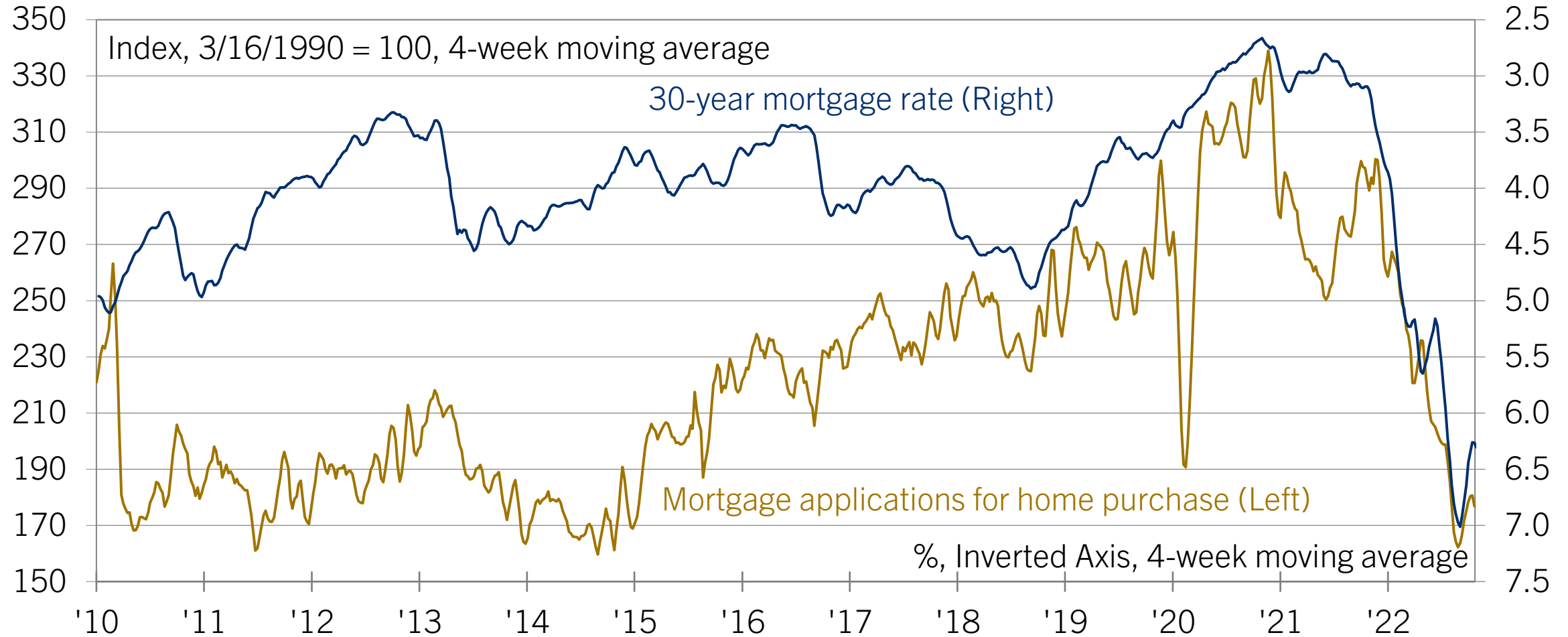
Commodity prices dropped in recent months as global manufacturing contracted



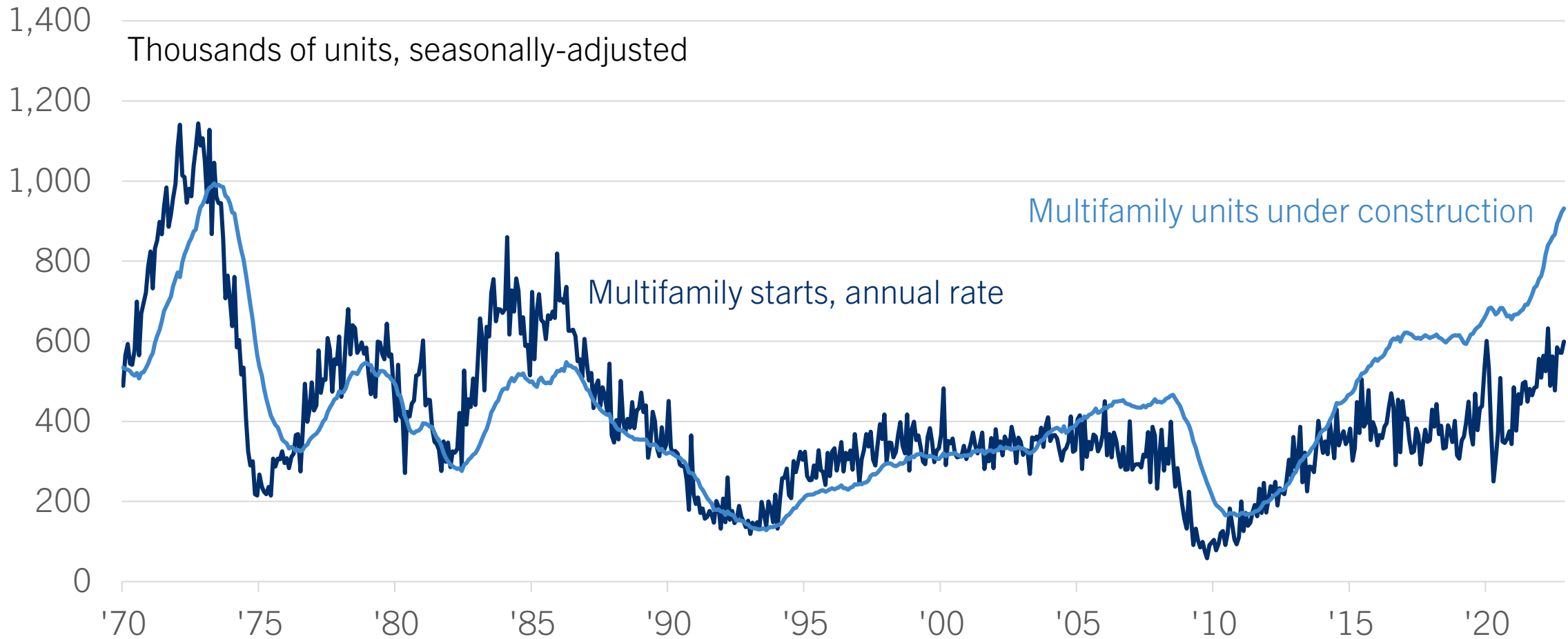
But inflation of sticky service prices will likely keep CPI inflation above 3% through year-end



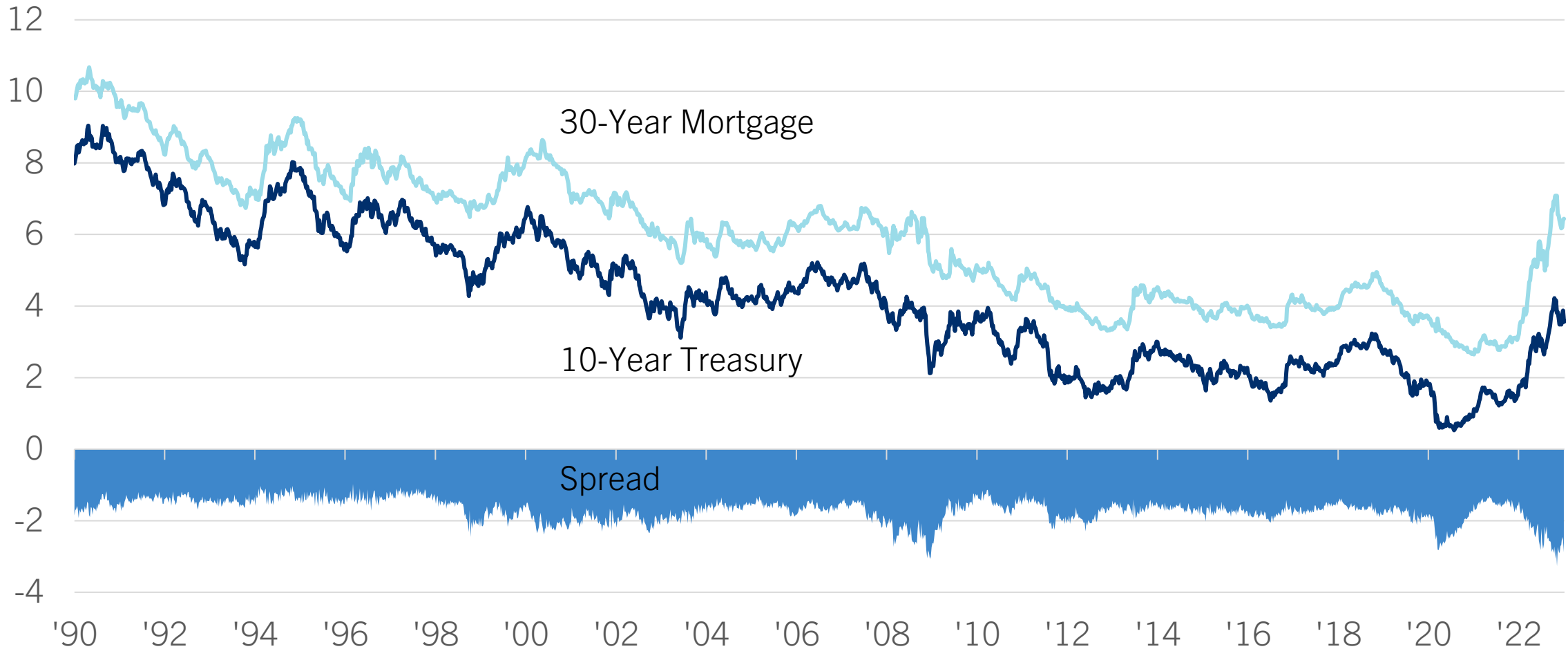
The single-family housing market has hit a brick wall



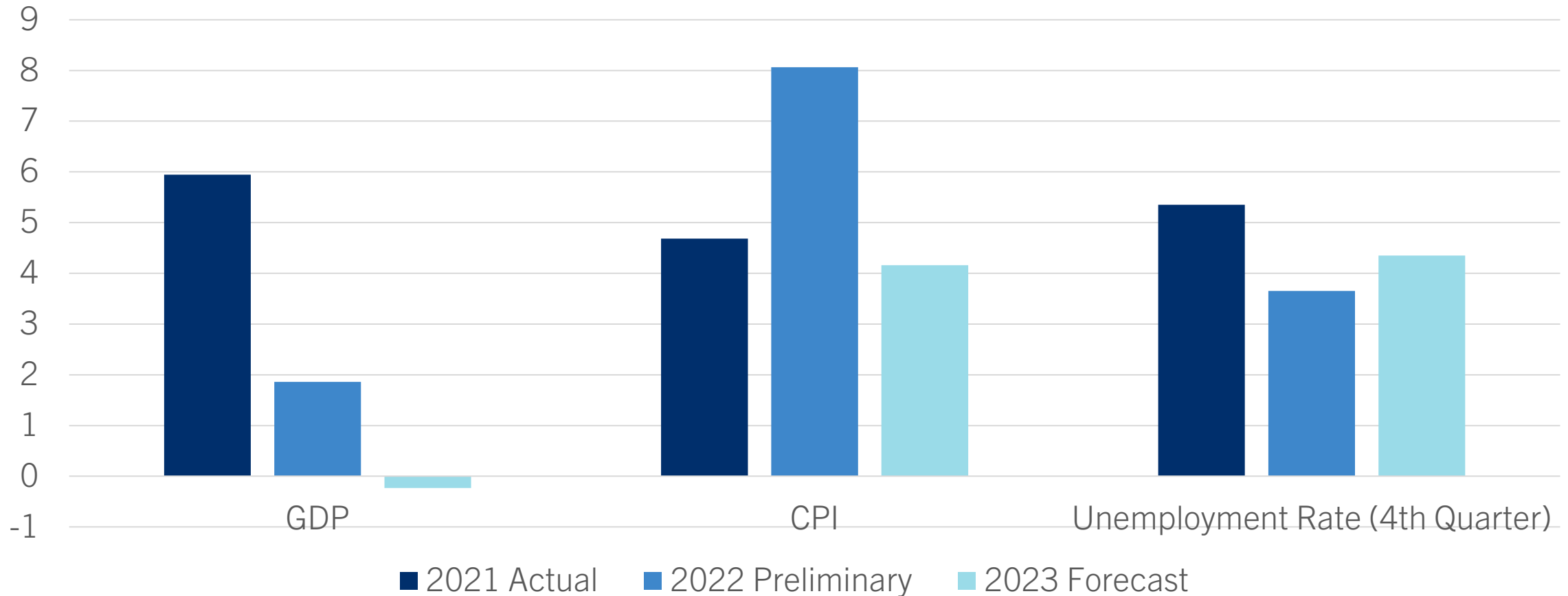
And the multifamily / rental market will be flooded with new supply this year



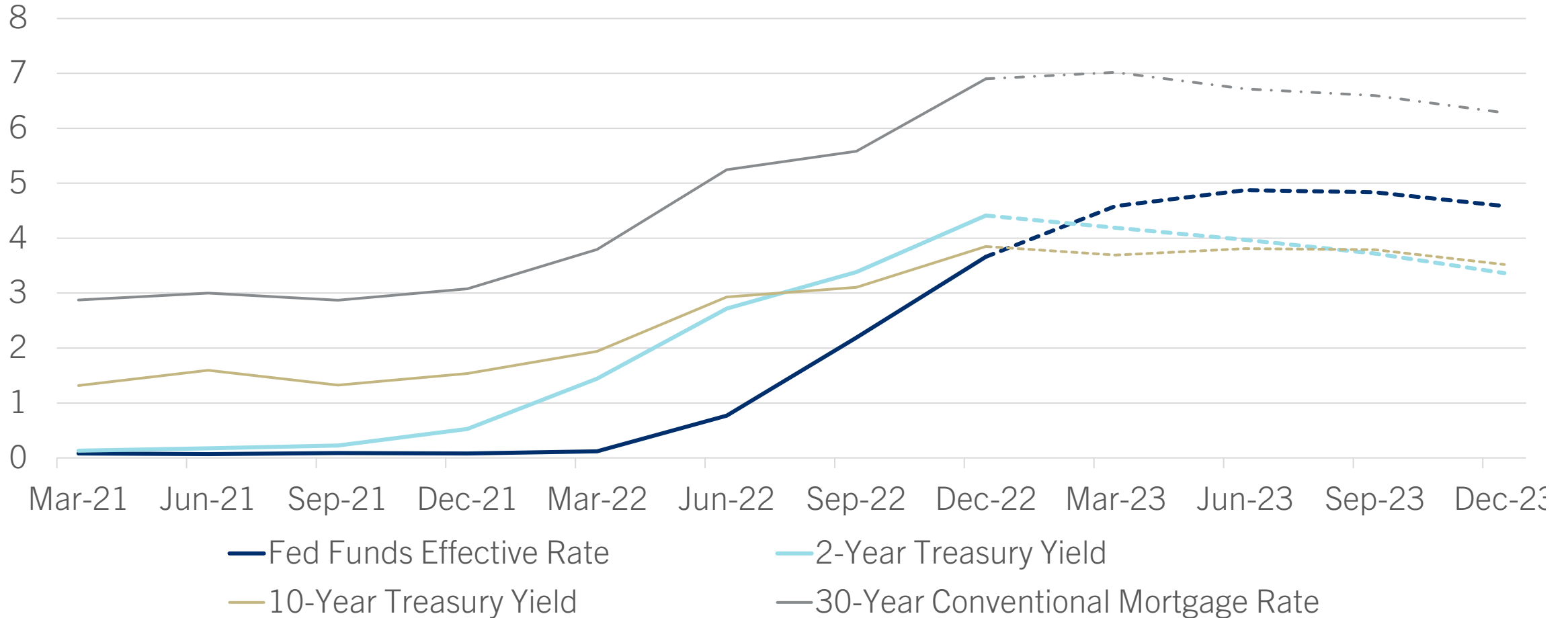
Mortgage spreads vs Treasuries are wide, so the Fed is unlikely to sell MBS in 2023



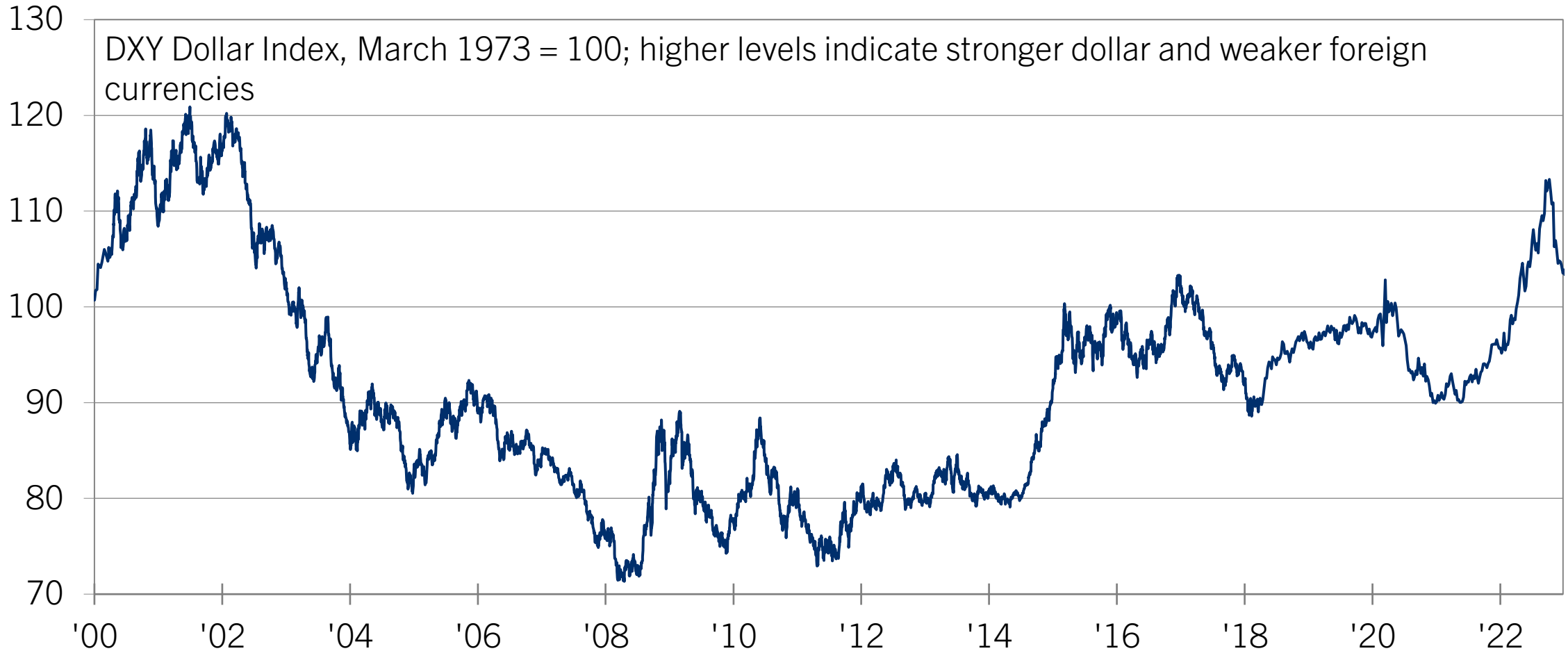
If the US is in a recession, it is likely to be mild relative to the last 50 years' experience



The Fed will probably raise interest rates through March, then pause to take stock



Foreign risks are to the downside; Russia-Ukraine, China-Taiwan, EM commodity exporters



Thank you for the opportunity to speak today



Bill Adams, Chief Economist

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