

Business Cycle's Moment of Truth

Mark Zandi, Chief Economist

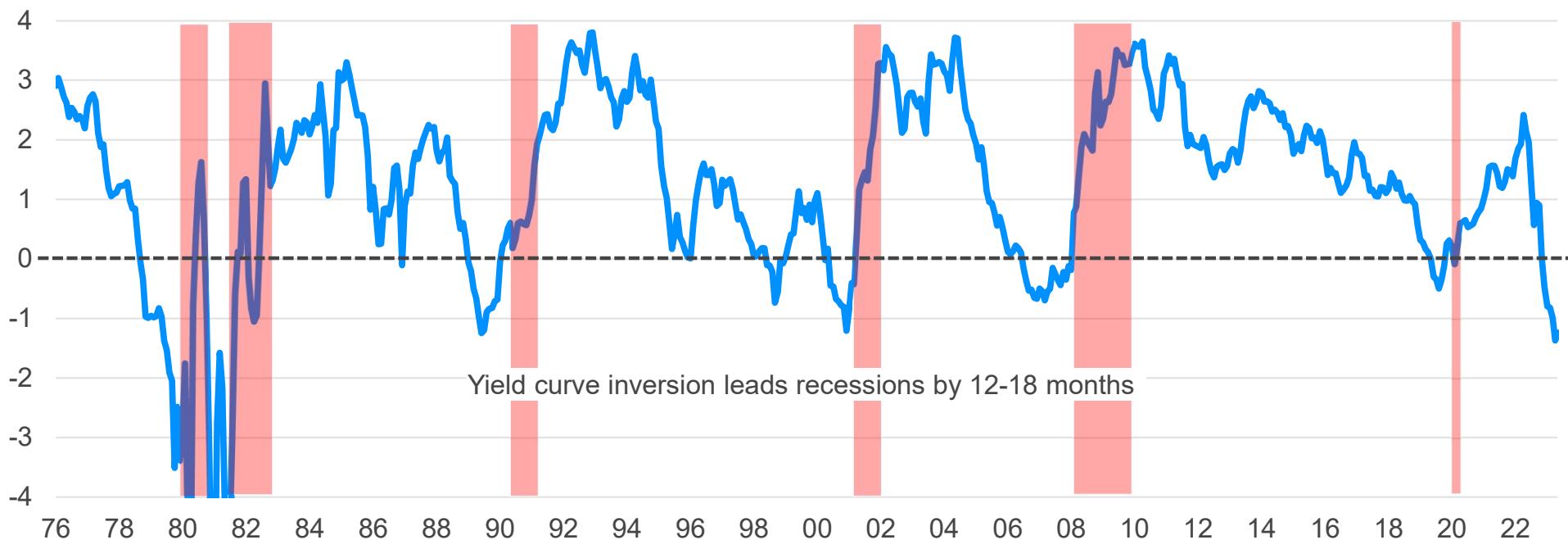
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Recession Risks Are High

Leading Indicators Sound the Recession Alarm

Difference between 10-yr Treasury and Federal Funds Rate, ppt



Sources: Federal Reserve Board, Moody's Analytics

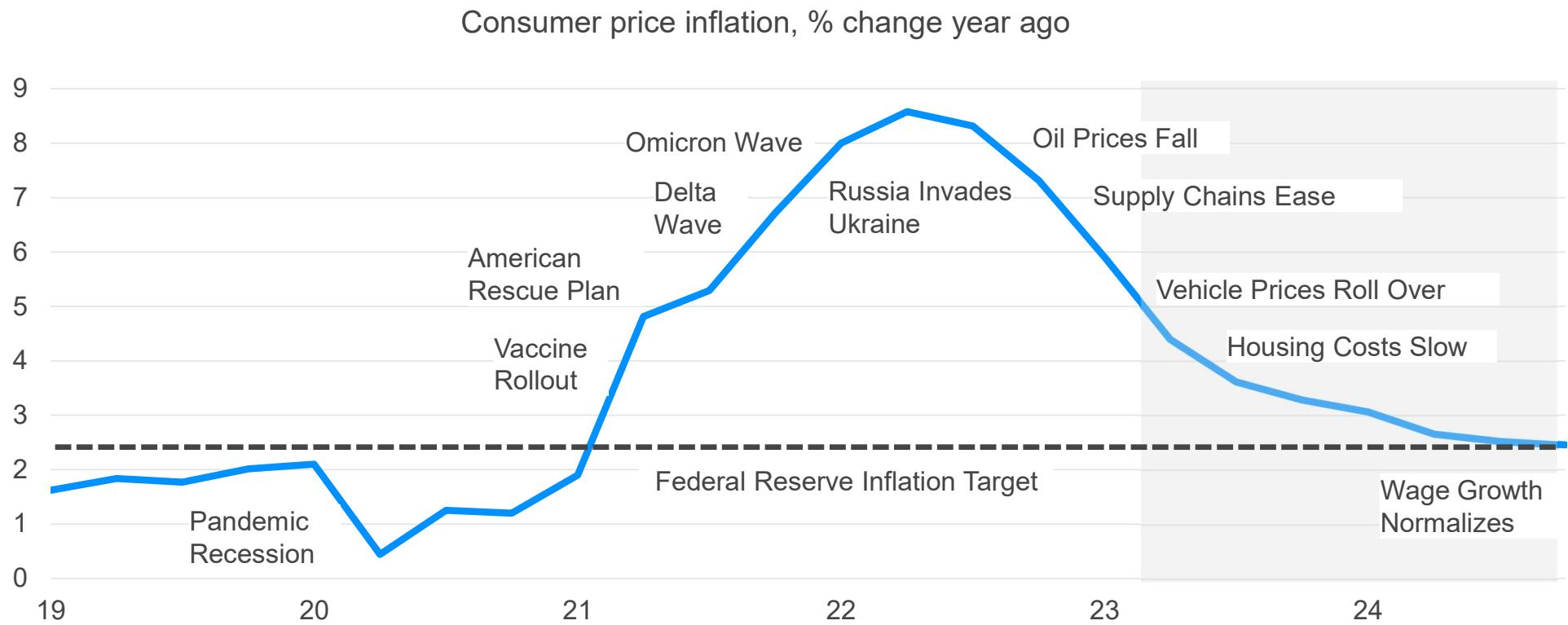
Moody's Analytics

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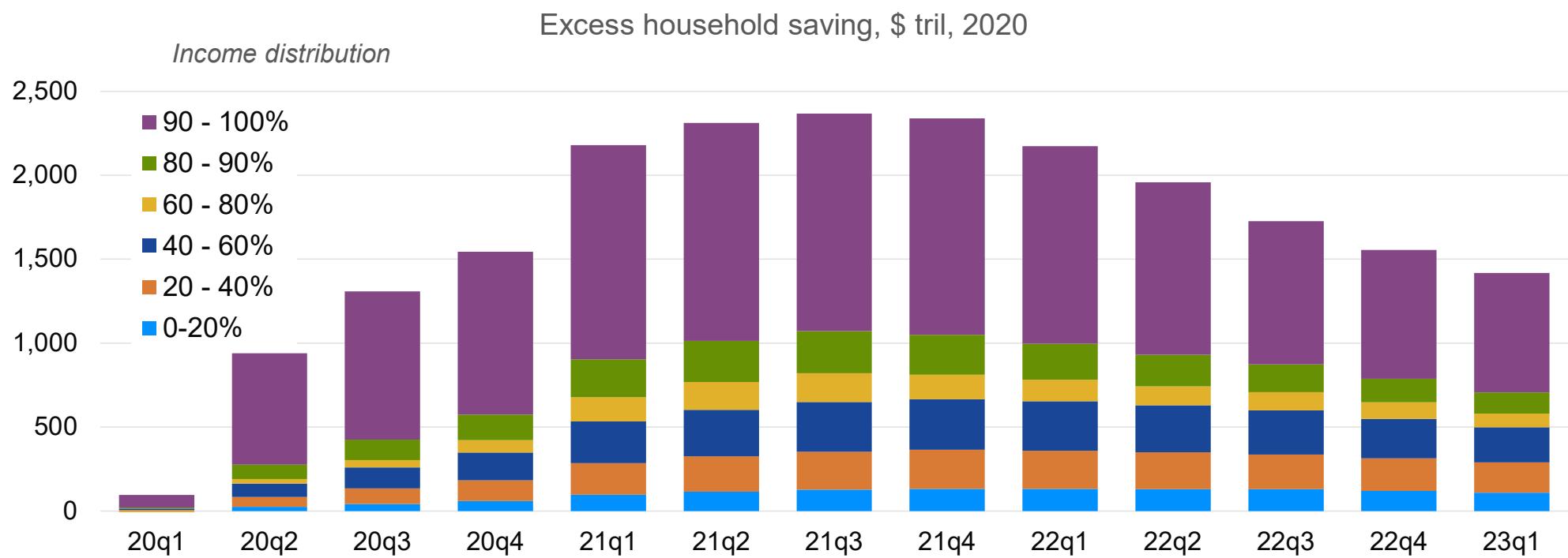
Slowcession Baseline
60% Probability

Inflation Is Headed Back To the Fed's Target



Sources: Bureau of Labor Statistics, Moody's Analytics

Consumers Remain a Sturdy Economic Firewall

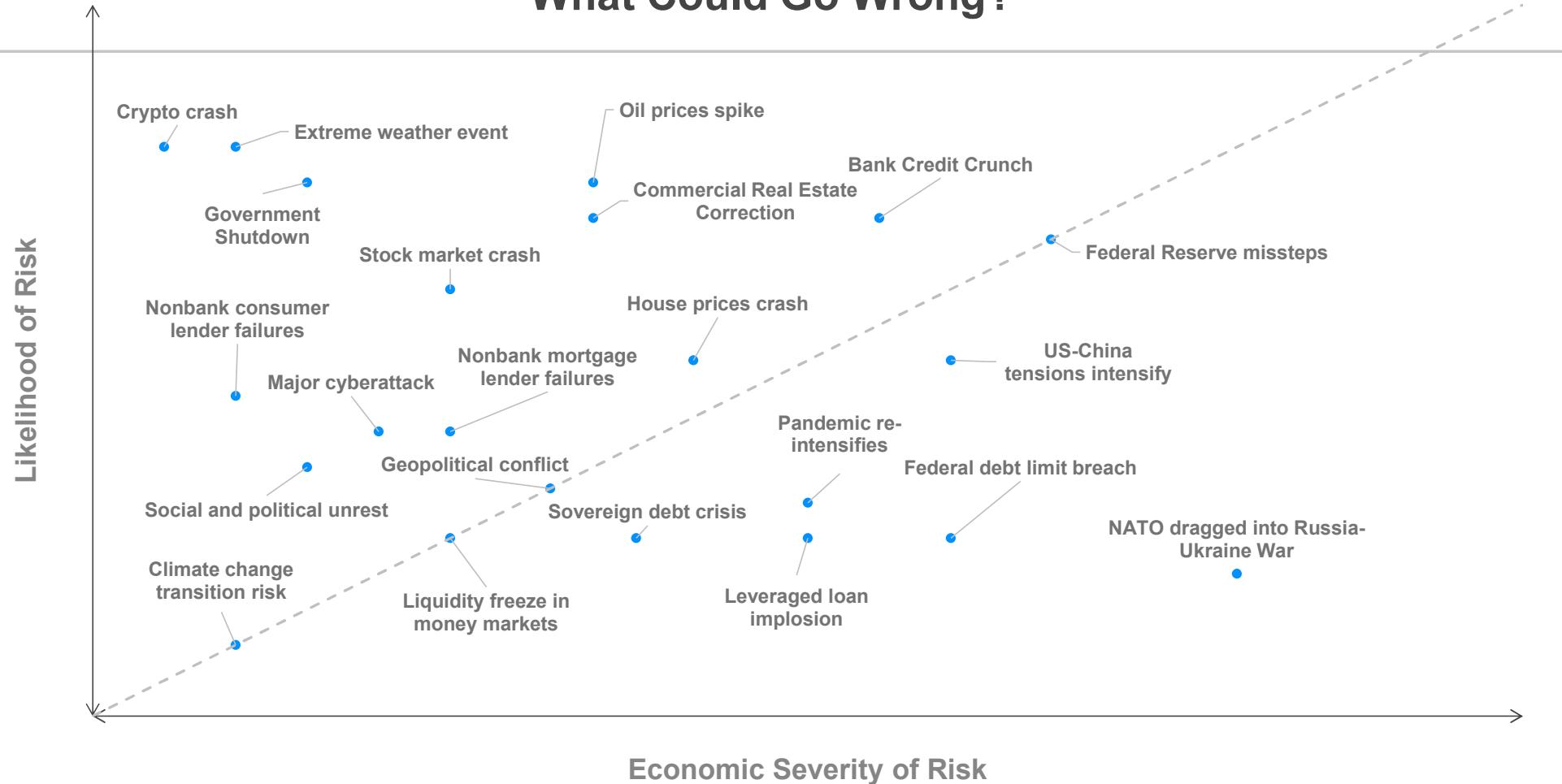


Sources: BEA, Moody's Analytics

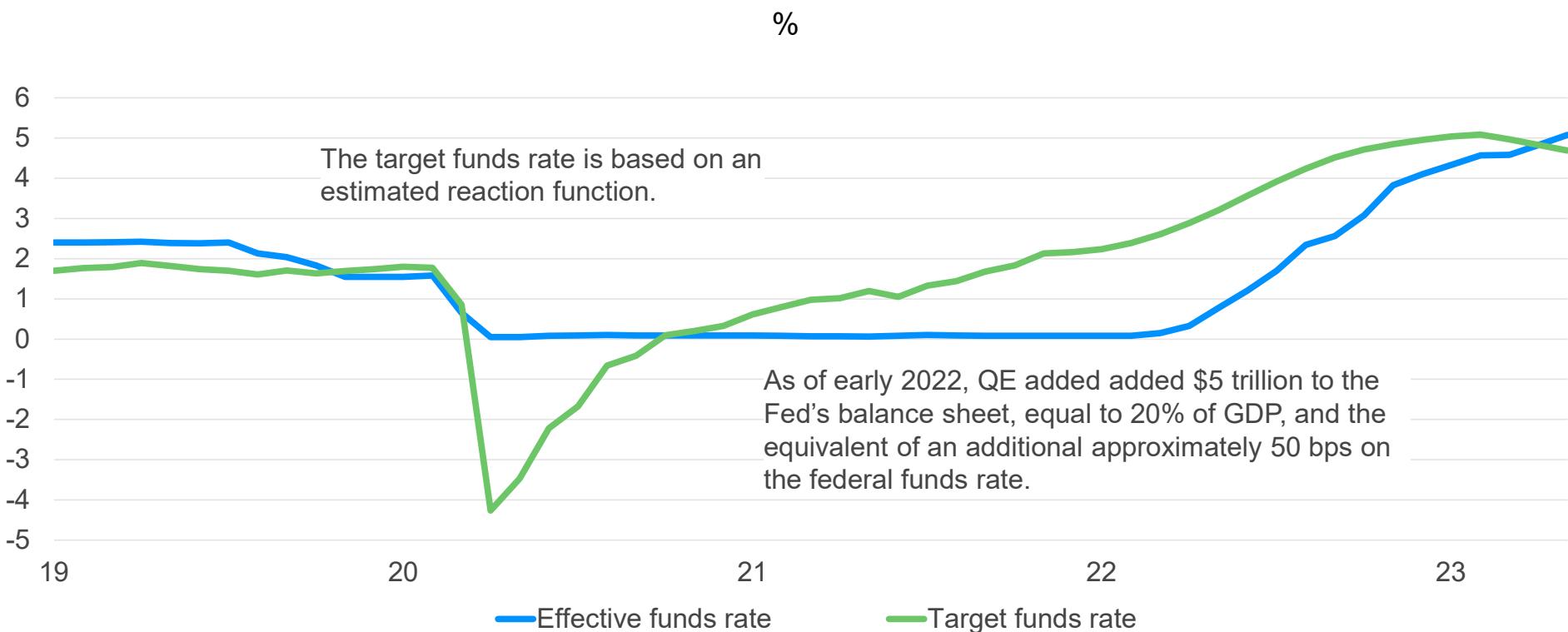
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Recession
40% Probability

What Could Go Wrong?



Federal Reserve Threatens To Step Too Hard

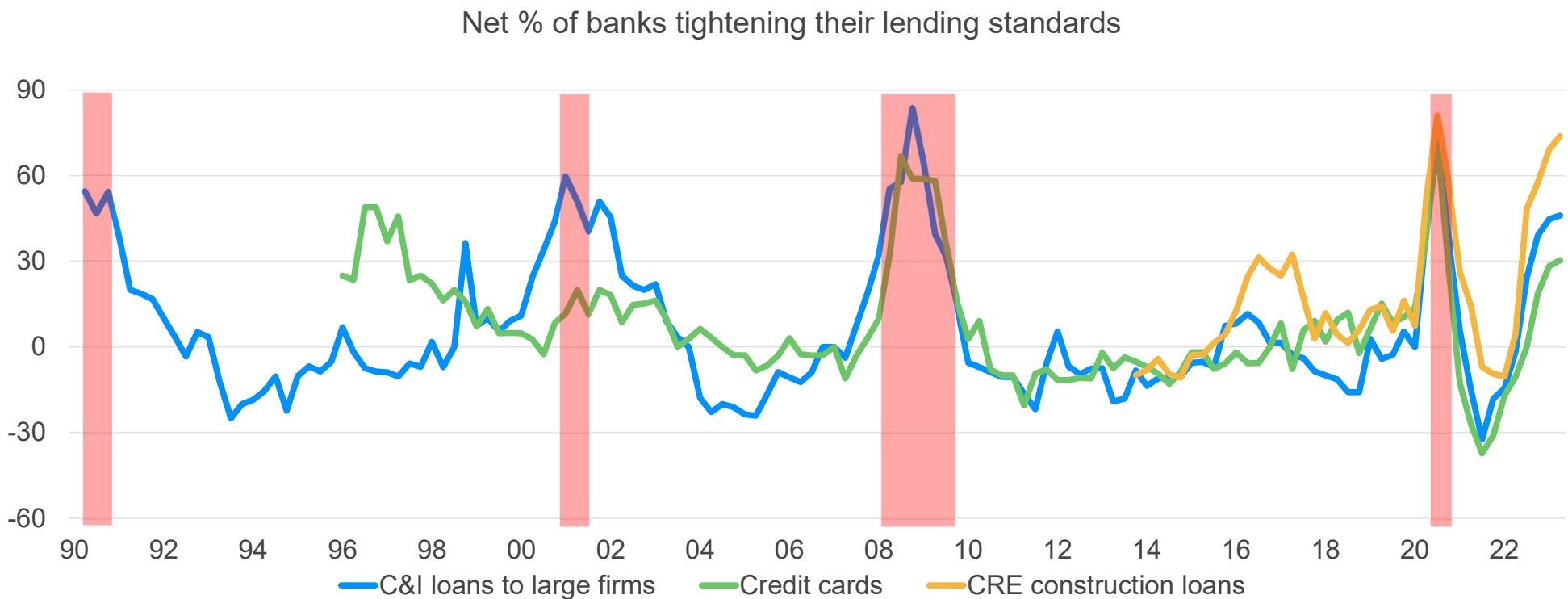


Sources: Federal Reserve, Moody's Analytics

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Banks Batten Down the Hatches

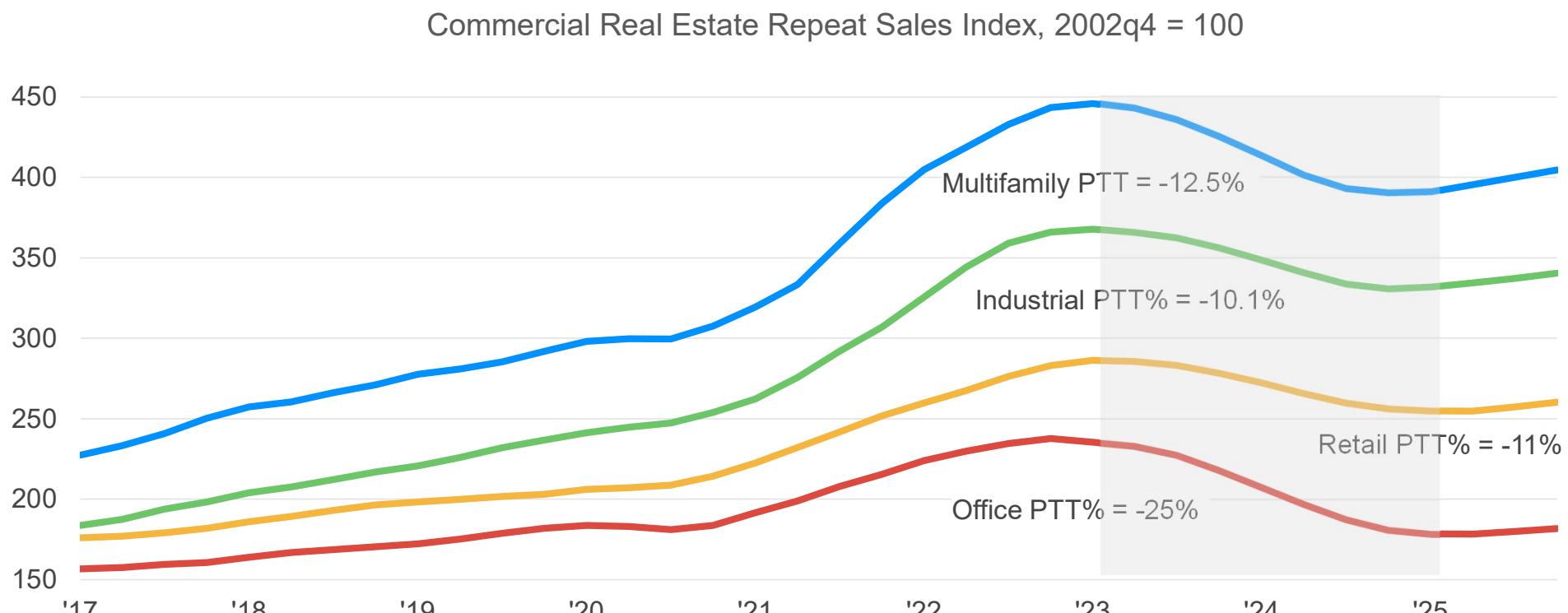


Sources: Federal Reserve, Moody's Analytics

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Commercial Real Estate Prices Are Under Pressure...



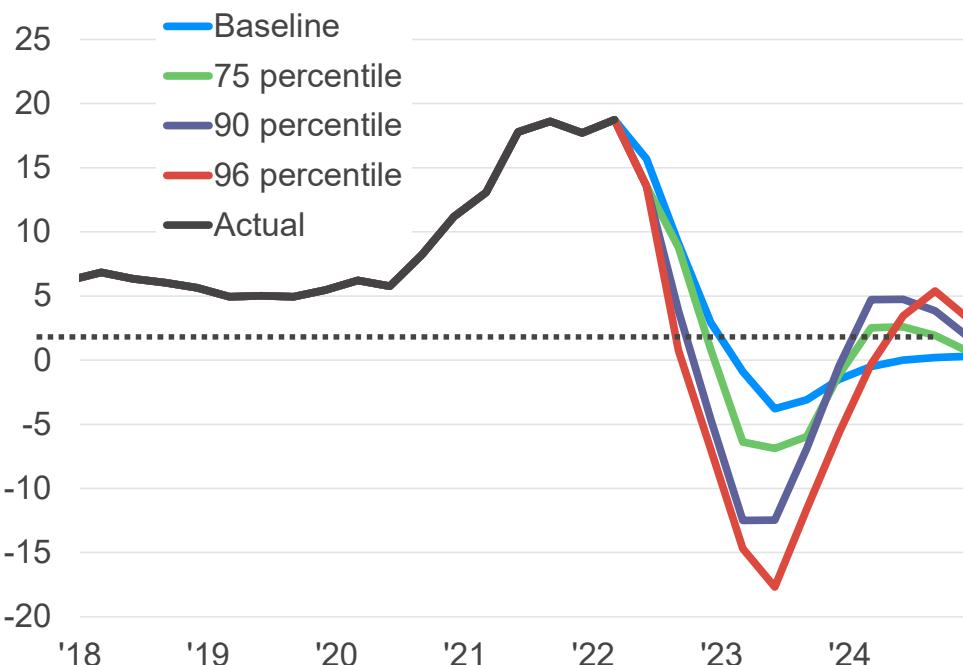
Source: Moody's Analytics

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...As Are House Prices

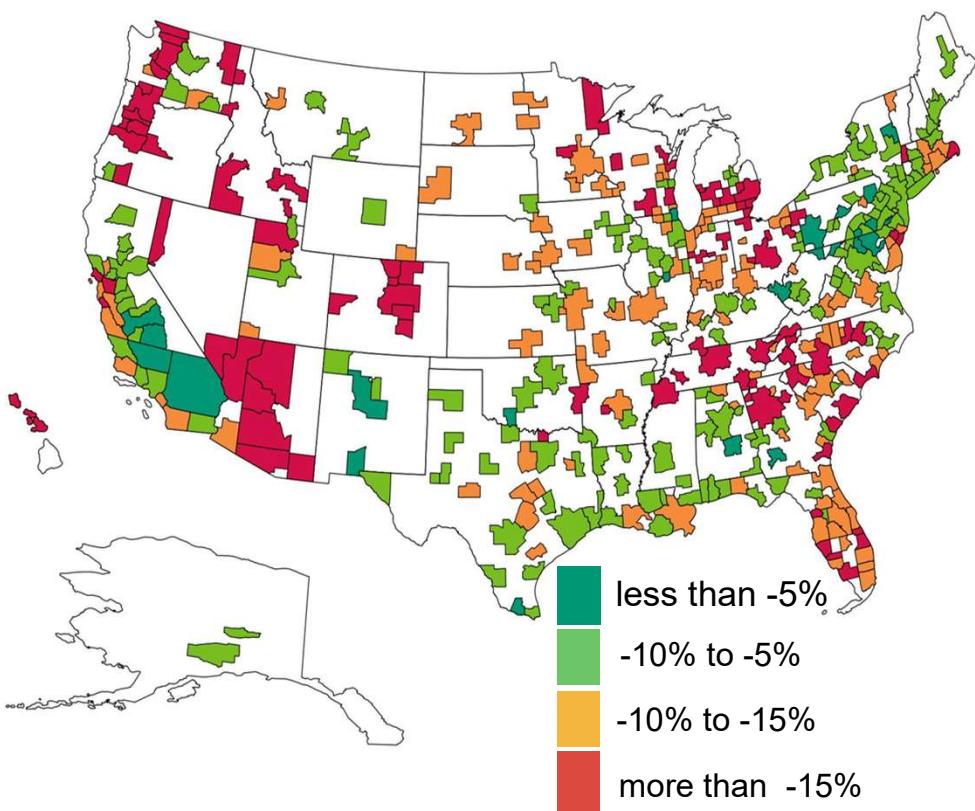
Moody's Analytics Home Price Index, % year ago



Sources: FHFA, NAR, Moody's Analytics

Moody's Analytics

Peak-to-Trough House Price Decline, U.S. = -10%

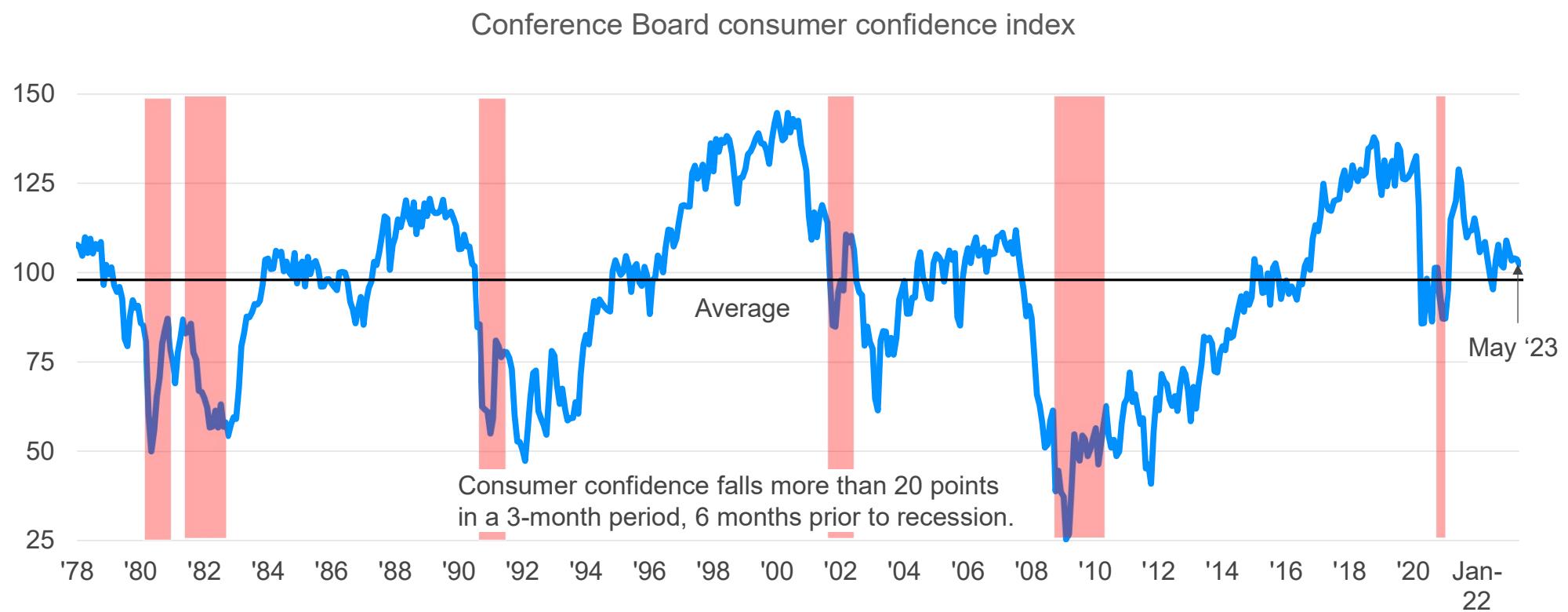


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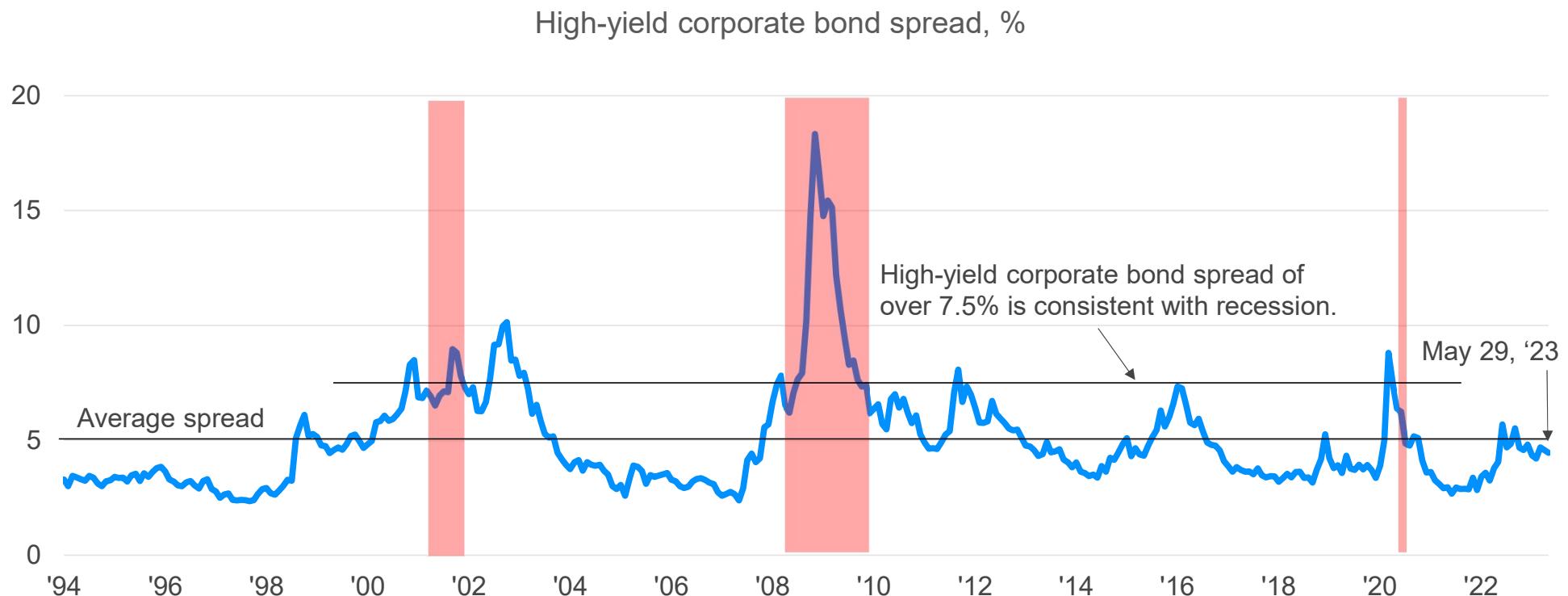
What to Watch Out For

Consumers Are Anxious, But Haven't Lost Faith



Sources: Conference Board, Moody's Analytics

Corporate Bond Investors Remain Sanguine



Sources: ICE, Moody's Analytics

Contact Us: Predictive Analytics - Economics Offices

West Chester, Economics-HQ
+1.610.235.5299
121 North Walnut Street
Suite 500
West Chester PA 19380
USA

New York, Corporate-HQ
+1.212.553.1653
7 World Trade Center, 14th Floor
250 Greenwich Street
New York, NY 10007
USA

London
+44.20.7772.5454
One Canada Square
Canary Wharf
London E14 5FA
United Kingdom

Prague
+420.22.422.2929
AFI Butterfly
B1 3rd Floor, Pernerova 691/42
186 00 Prague 8 - Karlin
Czech Republic

Singapore
+65.6511.4400
6 Shenton Way
#14-08 OUE Downtown 2
Singapore 068809

Sydney
+61.2.9270.8111
Level 10, 1 O'Connell Street
Sydney, NSW, 2000
Australia

Tokyo
+81.3.5408.4100
Atago Green Hills Mori Tower 20th Floor
2-5-1 Atago, Minato-ku, Tokyo 105-6220
Japan

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