Stronger NFP, but mixed details, leave Fed on edge

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Week ahead

- **An inflation-heavy calendar will be highlighted by the September CPI report, along with PPI and import/export prices as well. Also on the docket are UofM consumer sentiment and the minutes from the September FOMC meeting, plus a handful of Fed speakers.**

- **In what is likely the most important remaining data point ahead of the November FOMC, we expect the September CPI report to be more encouraging than August, with headline CPI edging back down slightly while core continues to slow. Specifically, we look for headline CPI to rise 0.3% MoM, resulting in the YoY pace ticking down to 3.6% from 3.7% after two straight increases, and for core to rise 0.2% MoM to drive a further decline in the YoY pace to 4.0% from 4.3%.**

- **For the Fed, we would again expect more emphasis on the improvement in core numbers in recent months as opposed to jump in headline in July and August, especially with a partial reversal this month. If the report comes in consistent with expectations, we expect it would support the Fed keeping rates on hold once again in November, though any upside surprise could leave the decision between a hold or a hike a close call.**

- **On the Fed front, the minutes from the September FOMC meeting should reiterate strong support for the "higher for longer" stance, as has been evident in recent Fedspeak. More than this, however, we will be interested in any insights into the debate between those FOMC members who are anticipating one more hike and those who believe that the Fed may be done.**

Week in review

- **The September employment report provided a massive upside surprise for nonfarm payrolls, with NFP nearly doubling the consensus estimate at +336k while prior months were revised higher. This adds further fuel to the fire in support of the Fed's "higher for longer" stance.**

- **That said, details of the report were more mixed, as average hourly earnings surprised to the downside with a second consecutive 0.2% MoM increase that saw the YoY rate edge down to 4.2% from 4.3% and the 3-mo annualised pace dip to 3.4%; the unemployment rate surprised to the upside given softer employment gains of just 86k in the household survey. Additionally, we would note that the upward revisions for August NFP were entirely driven by government payrolls, as private payrolls were actually revised slightly *lower*.**

- **On balance, today's report clearly supports the "higher for longer" stance and raises the odds of another hike in November, with the market now pricing just over 30% chance of another hike compared to just over 20% yesterday. That said, we do not see a November hike as a given, as the details of the report were not as strong as the headline figure, and some FOMC members may be more inclined to push back the timing of their expectation for the first cut instead of taking the terminal rate even higher.**

- **Outside of the data, we continue to keep an eye on the situation in Washington. While a shutdown has been averted for now, one remains a possibility in mid-November. The longer the House's search for a new speaker drags on, the higher the risk becomes.**

Key Market Movers

Indicator	CA-CIB	Prior
PPI MoM/YoY (Wed)	0.3/1.6	0.7/1.6
Core PPI (Wed)	0.2/2.2	0.2/2.2
CPI MoM/YoY (Thu)	0.3/3.6	0.6/3.7
Core CPI (Thu)	0.2/4.0	0.3/4.3
CPI Index NSA (Thu)	307.369	307.026

Source: Bloomberg, Crédit Agricole CIB

Highlighted US Publications

- *4 Oct – September employment preview*
- *29 Sep – US Macro Weekly with 2-20 Oct Eco Calendar*
- *21 Sep – Dot plot emphasizes 'higher for longer' stance*
- *18 Sep – Q&A on a potential US government shutdown*
- *15 Sep – United Auto Workers strike Q&A*
- *15 Sep – September FOMC preview: hitting the pause button*
- *13 Sep – Mixed CPI report leaves September hold in place*
- *11 Sep – August CPI preview: diverging headline and core*
- *5 Sep – Labour market cooling becoming more evident*
- *4 Aug – Another mixed jobs report keeps the Fed debate alive*
- *3 Aug – Are we in for a Biden-Trump rematch? early 2024 election thoughts*

US Economic Outlook

- **Though the economy remained relatively resilient into H123, with this resilience likely to last into Q323, we see clear signs of slowing momentum and expect the combination of elevated inflation and an aggressive Fed to lead to a mild recession beginning in Q423.**

Any changes in the view from last week in italics

Following the recent comprehensive revisions for GDP data, growth has remained solid in H123, advancing at an average pace of just over 2%. That said, we continue to see gathering headwinds that should weigh on growth going forward, and look for momentum to slow as we head towards the end of the year.

That slowing momentum has not been fully apparent quite yet, and a strong start to Q323 puts growth on track to accelerate to a rate that could *top 3%* on an annualised basis in that quarter. Looking ahead, however, though a still-tight labour market and healthy household balance sheets should prevent spending from falling off a cliff, we expect further slowdown by Q423 as consumers rein in spending due to headwinds from (1) waning excess savings; (2) an increasing reliance on credit cards; and (3) the end of the student loan moratorium.

When combined with (1) slowing momentum in the labour market (if only gradually); (2) turmoil in the banking sector earlier in the year that will likely tighten lending standards further, weighing on business investment; (3) potential drags from the UAW strike and a possible government shutdown *in November*; and (4) a hawkish Fed that we believe is unlikely to cut for an extended period after hiking to 5.50% by July 2023, **we look for a mild recession beginning around Q423.**

That said, recession is not a given, with our subjective odds putting the probability just above 50%, making the call nearly a coin flip. We still see a path to a softer landing if inflation were to ease faster than expected and the labour market remains tight, allowing the consumer to continue powering on, though banking sector concerns introduce substantial uncertainty.

By mid-2024, we see both headline and core CPI dipping closer to if not just below 3% given slowing demand combined with improving supply chains, which would ease the burden on consumers. This improvement in inflation data would also allow the Fed to begin laying the groundwork for (very gradual) cuts beginning in the middle of the year, setting the stage for growth to rebound back to positive territory by Q224, though at a below-trend rate. **This pattern leaves 2023 growth *at 2.1%* given the solid H123 prints, but puts 2024 growth *at just 0.7%* on an annual average basis.**

Fig 1. Crédit Agricole CIB US Economic Forecasts

	2022		2023				2024				Annual Average			
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	2021	2022	2023	2024
Real GDP (QoQ SAAR %)	2.7	2.6	2.2	2.1	3.5	-0.8	-1.2	1.4	1.7	2.0	5.8	1.9	2.1	0.7
Consumption	1.6	1.2	3.8	0.8	3.2	-0.3	-1.0	1.0	1.5	1.9	8.4	2.5	2.0	0.6
Nonresidential Fixed Investment	4.7	1.7	5.7	7.4	-0.6	-2.1	-2.9	1.2	2.2	2.4	5.9	5.2	3.8	-0.1
Residential Investment	-26.4	-24.9	-5.3	-2.2	-5.0	-1.0	1.0	2.2	3.0	3.0	10.7	-9.0	-12.1	0.2
Government Spending	2.9	5.3	4.8	3.3	1.3	1.0	1.0	1.0	1.0	1.0	-0.3	-0.9	3.3	1.2
Inventories (pp contr.)	-0.7	1.6	-2.2	0.0	-0.4	-0.1	-0.2	0.3	0.1	0.1	0.4	0.6	-0.6	-0.1
Net Exports (pp contr.)	2.6	0.3	0.6	0.0	0.7	-0.2	0.0	0.0	-0.1	-0.1	-1.4	-0.5	0.6	0.0
CPI (YoY %)	8.3	7.1	5.8	4.1	3.6	3.4	3.1	2.8	2.5	2.4	4.7	8.0	4.2	2.7
Core CPI (YoY %)	6.3	6.0	5.6	5.2	4.4	3.8	3.3	2.7	2.6	2.7	3.6	6.1	4.7	2.8
Unemployment Rate (%)	3.5	3.6	3.5	3.5	3.8	4.1	4.3	4.5	4.4	4.4	5.4	3.6	3.7	4.4
Fed Funds Upper Bound (EOP)	3.25	4.50	5.00	5.25	5.50	5.50	5.50	5.25	5.00	4.75	0.25	4.50	5.50	4.75

Source: Bloomberg, Crédit Agricole CIB

US Economic Calendar

Main data/event calendar

Mon, 9 Oct	Tue, 10 Oct	Wed, 11 Oct	Thu, 12 Oct	Fri, 13 Oct
Columbus Day Holiday Barr (0)* at ABA Conference (8:00) Logan (+1)* on Economy, Monetary Policy (9:00) Jefferson (0)* at NABE Conference (12:50)	**NFIB Small Business Optimism: Sep (6:00)** **Wholesale Inventories: Aug (10:00)** Bostic (-1)* on Economic Outlook (9:30) Waller (+1)* at Monetary Policy Conference (13:00) Kashkari (+2)* at Town Hall (15:00) Daly (-1)* in Chicago (18:00) Announcement: 4-wk bill; 8-wk bill; 4-mo bill (11:00) Auction: 3-mo bill; 6-mo bill (11:30) Auction: 3-yr note $46bn (13:00)	**PPI MoM/YoY %: 8:30** Sep: 0.3/1.6 est. (cons: 0.3/1.6) Aug: 0.7/1.6 **PPI ex food & energy MoM/YoY %: 8:30** Sep: 0.2/2.2 est. (cons: 0.2/2.3) Aug: 0.2/2.2 Bowman (+1)* in Morocco (4:15) Bostic (-1)* in Atlanta (12:15) FOMC Meeting Minutes: 20 Sep (14:00) Auction: 4-mo bill (11:30) Auction: 10-yr note $35bn (13:00) Optional FHLB Global Bullet Announcement	**Initial Jobless Claims: 7 Oct (8:30)** **CPI MoM/YoY %: 8:30** Sep: 0.3/3.6 est. (cons: 0.3/3.6) Aug: 0.6/3.7 **CPI ex food & energy MoM/YoY %: 8:30** Sep: 0.2/4.0 est. (cons: 0.3/4.1) Aug: 0.3/4.3 **CPI Index NSA: 8:30** Sep: 307.369 est. (cons: 307.396) Aug: 307.026 Bostic (-1)* Welcoming Remarks (13:00) Announcement: 3-mo bill; 6-mo bill; 20-yr bond $23bn est.; 5-yr TIPS $22bn est. (11:00) Auction: 4-wk bill; 8-wk bill (11:30) Auction: 30-yr bond $20bn (13:00)	**Import Price Index MoM/YoY %: 8:30** Sep: 0.6/-1.4 est. (cons: 0.6/-1.4) Aug: 0.5/-3.0 **Export Price Index: Sep (8:30)** **U. of Mich. Consumer Sentiment: 10:00** Oct P: 67.5 est. (cons: 67.5) Sep F: 68.1 Harker (0)* on Economic Outlook (9:00)
Mon, 16 Oct	**Tue, 17 Oct**	**Wed, 18 Oct**	**Thu, 19 Oct**	**Fri, 20 Oct**
Empire Manufacturing: Oct (8:30) Harker (0)* on Economic Outlook (10:30) Auction: 3-mo bill; 6-mo bill (11:30)	**Retail Sales: Sep (8:30)** **Industrial Production: Sep (9:15)** **Business Inventories: Aug (10:00)** **NAHB Housing Market Index: Oct (10:00)** **TIC Flows: Aug (16:00)** Announcement: 4-wk bill; 8-wk bill; 4-mo bill (11:00) Optional Freddie Mac Reference Note Announcement	**Housing Starts/Building Permits: Sep (8:30)** Beige Book: 18 Oct (14:00) Harker (0)* on Workforce Challenges (15:15) Auction: 4-mo bill (11:30) Auction: 20-yr bond (13:00)	**Initial Jobless Claims: 14 Oct (8:30)** **Philly Fed Business Outlook: Oct (8:30)** **Existing Home Sales: Sep (10:00)** **Leading Index: Sep (10:00)** Powell (+1)* at Economic Club of NY (12:00) Bostic (-1)* at the New School (16:00) Harker (0)* on Economic Outlook (17:30) Logan (+1)* in New York (19:00) Announcement: 3-mo bill; 6-mo bill; 2-yr FRN $26bn est.; 2-yr note $51bn est.; 5-yr note $52bn est.; 7-yr note $38bn est. (11:00) Auction: 4-wk bill; 8-wk bill (11:30) Auction: 5-yr TIPS (13:00) Optional Fannie Mae Benchmark Announcement	Harker (0)* on Economic Outlook (9:00)
Mon, 23 Oct	**Tue, 24 Oct**	**Wed, 25 Oct**	**Thu, 26 Oct**	**Fri, 27 Oct**
Chicago Fed Nat'l Activity Index: Sep (8:30) Auction: 3-mo bill; 6-mo bill (11:30)	**S&P Global Mfg/Svcs PMIs: Oct P (9:45)** **Richmond Fed Mfg Index: Oct (10:00)** Announcement: 4-wk bill; 8-wk bill; 4-mo bill (11:00) Auction: 2-yr note (13:00)	**New Home Sales: Sep (10:00)** Auction: 4-mo bill (11:30) Auction: 5-yr note (13:00) Optional Freddie Mac Reference Note Announcement	**Initial Jobless Claims: 20 Oct (8:30)** **GDP: Q3 A (8:30)** **Advance Goods Trade Balance: Sep (8:30)** **Wholesale/Retail Inventories: Sep (8:30)** **Durable Goods Orders: Sep P (8:30)** **Pending Home Sales: Sep (10:00)** Announcement: 3-mo bill; 6-mo bill; 1-yr bill (11:00) Auction: 4-wk bill; 8-wk bill (11:30) Auction: 7-yr note (13:00)	**Personal Income & Spending: Sep (8:30)** **PCE Inflation: Sep (8:30)** **UofM Consumer Sentiment: Oct F (10:00)**

*Source: Bloomberg, Crédit Agricole CIB; * the number in parenthesis next to an FOMC member's name indicates their rating on our dove/hawk scale, with -2 representing the most dovish and +2 the most hawkish*

Week ahead

- **An inflation-heavy calendar will be highlighted by the September CPI report, along with PPI and import/export prices as well. Also on the docket are UofM consumer sentiment and the minutes from the September FOMC meeting, plus a handful of Fed speakers.**

Consumer Price Index (Sep)
Thursday, 8:30 EDT

In what is likely the most important remaining data point ahead of the November FOMC, we expect the September CPI report to be more encouraging than August, with headline CPI edging back down slightly while core continues to slow. Specifically, we look for headline CPI to rise 0.3% MoM, resulting in the YoY pace edging down to 3.6% from 3.7% in August to reverse the trend of consecutive increases over the past two months.

Despite the re-acceleration in headline CPI since June, which was largely driven by energy, core has continued to slow, and we look for a 0.2% MoM print in September to drive a continuation of that trend, with the YoY pace dipping to 4.0% from 4.3%. Our forecast is on the cusp of rounding up to 0.3/4.1% MoM/YoY, though even in this case it would still see some decline in the YoY pace.

For the Fed, we would again expect more emphasis on the improvement in core numbers in recent months as opposed to jump in headline in July and August, especially with a partial reversal this month. **If the report comes in consistent with expectations, we expect it would support the Fed keeping rates on hold once again in November, though any upside surprise could leave the decision between a hold or a hike a close call.**

Producer Price Index (Sep)
Wednesday, 8:30 EDT

PPI is likely to hold relatively steady on a YoY basis for both headline and core in September, though the progress already made here has been more notable than for CPI. In this case, we look for headline to rise 0.3% MoM, slowing sharply from a 0.7% jump in August, with the YoY pace holding steady at a low level of 1.6%. For core, we anticipate a 0.2% MoM increase, which would also see a steady YoY pace of 2.2%, remaining only modestly above 2%.

Import Price Index (Sep)
Friday, 8:30 EDT

Elsewhere on the inflation front, we look for a strong MoM print for import prices, still driven by the surge in oil, though the YoY pace should remain solidly negative. This would involve a 0.6% MoM increase, resulting in the YoY pace rising but remaining negative at -1.4% from -3.0%.

UofM Consumer Sentiment (Oct P)
Friday, 10:00 EDT

Consumer sentiment has dipped recently and remains at a low level, a trend which we expect to persist in October. For the UofM metric, we look for a modest decline to 67.5 from 68.1. While still above the trough that was reached last summer, the index continues to sit in a subdued range, flagging some risk for spending to slow going forward, despite the resilience of consumers thus far.

FOMC Meeting Minutes (20 Sep)
Wednesday, 14:00 EDT

On the Fed front, the minutes from the September FOMC meeting should reiterate strong support for the “higher for longer” stance, as has been evident in recent Fedspeak. More than this, however, we will be interested in any insights into the debate between those FOMC members who are anticipating one more hike and those who believe that the Fed may be done.

Week in review

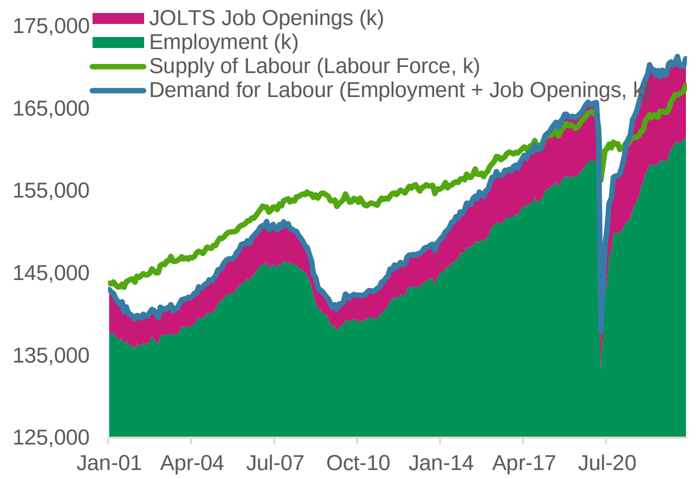
Data Review

The September employment report provided a massive upside surprise in nonfarm payrolls, with NFP nearly doubling the consensus estimate to provide further support for the Fed's "higher for longer" stance. That said, details of the report were more mixed, as average hourly earnings surprised to the downside and the unemployment rate surprised to the upside given softer employment gains in the household survey. **As such, while the odds of another hike have risen, we do not think this is a given and believe that another hold from the Fed remains on the table, pending the September CPI report released next week.**

Headline nonfarm payroll gains came in at +336k in September, easily topping not just consensus of +170k but even the highest estimate on the Bloomberg survey of +250k. On top of this, the two-month revisions totalled +119k, including an upward revision to +227k from +187k in August, contrasting to what had been a consistent pattern of downward revisions in H123.

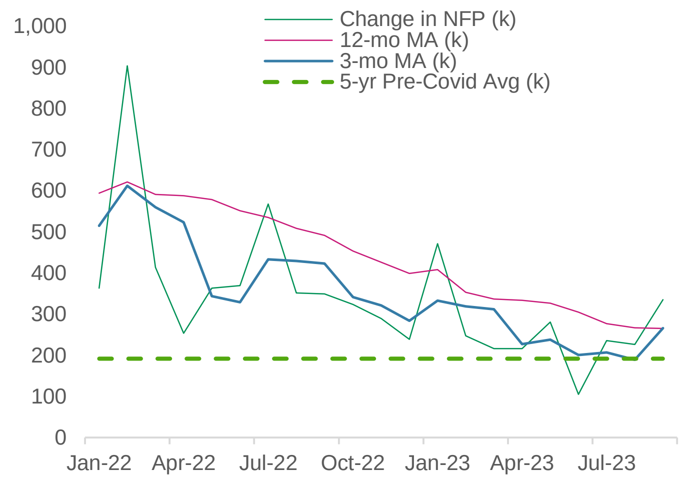
However, we would note that, outside of month-to-month volatility, overall momentum does still look to have slowed as the 12-mo moving average ticked slightly lower to +266k after having been at almost +400k coming into the year (see Figure 3). Additionally, upward revisions were heavily skewed towards government payrolls, in particular for August. In that month, despite headline payrolls being revised up by +40k, private payrolls were actually revised slightly lower to +177k from +179k.

Fig 2. Labour market remains tight



Source: Bloomberg, Crédit Agricole CIB

Fig 3. NFP strong, though long-term momentum slowing



Source: Bloomberg, Crédit Agricole CIB

Looking ahead, we continue to expect some further softening of labour demand later in the year given cracks we see developing, including (1) a rise in Challenger job cuts this year; (2) softer employment growth in the quarterly census of employment and wages (QCEW), which led to a preliminary estimate of -306k for the annual benchmark revision of the establishment survey data; and (3) a slow grind lower in hours worked, which held steady at 34.4 hours this month compared to a peak of 35.0. **For October specifically, the UAW strike may act as a drag as well, assuming that it continues through the end of next week, as it began too late to impact today's number.**

That said, cooling thus far has been stubbornly slow, and we look for the trend to continue to be gradual, especially after today's report. The hope is that this can be accomplished in large part through declining job openings, with only a relatively modest rise in unemployment, as has been the case so far.

Despite the strong NFP number, the September unemployment rate held steady at 3.8% given much softer employment gains of +86k in the household survey (see Figure 4), reversing none of last month's 0.3ppt jump and continuing to sit modestly above the pre-Covid rate of 3.5%. The unemployment rate remains healthy at below the Fed's long-term full employment estimate of 4.0%, though it has begun to move up off the cycle low of 3.4%. We look for the unemployment rate to tick gradually higher later in 2023, though only modestly so in finishing the year in the low 4% range.

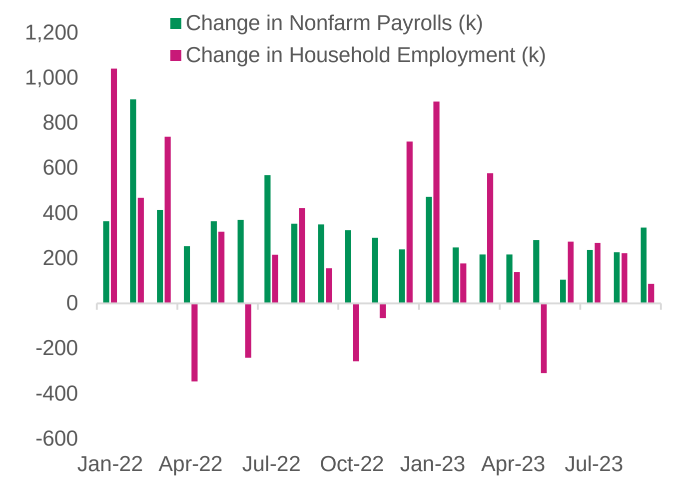
As we move forward, the evolution of the participation rate will also have an impact on the path of the unemployment rate. The participation rate was unchanged this month at 62.8%, now at its highest level since Covid hit, though it remains below the pre-Covid peak of 63.3%. We think that further improvement may be limited and believe that participation looks unlikely to recover all the way to the pre-Covid peak of 63.3% given that the shortfall largely is coming from those age 55+, who we believe are less likely to return to the labour force. However, the improvement we have seen thus far should be seen as a positive in terms of bringing labour supply and demand back into balance.

This trend of improving labour supply has likely contributed to slowing wage growth, and September average hourly earnings contrasted to the blowout NFP number to surprise to the downside. Specifically, AHE rose 0.2% MoM for a second straight month, resulting in the YoY pace edging down further to 4.2% from 4.3% with the 3-mo annualised pace down to 3.4%.

Levels remain elevated and are likely above what the Fed would see as consistent with its 2% inflation target, though earnings growth is past a peak, with AHE having declined from the 5.9% print reached in March 2022. We look for some further gradual deceleration later in the year given signals from various metrics including the quits rate moving back to the pre-Covid range and a sharper slowdown in wage growth for job switchers.

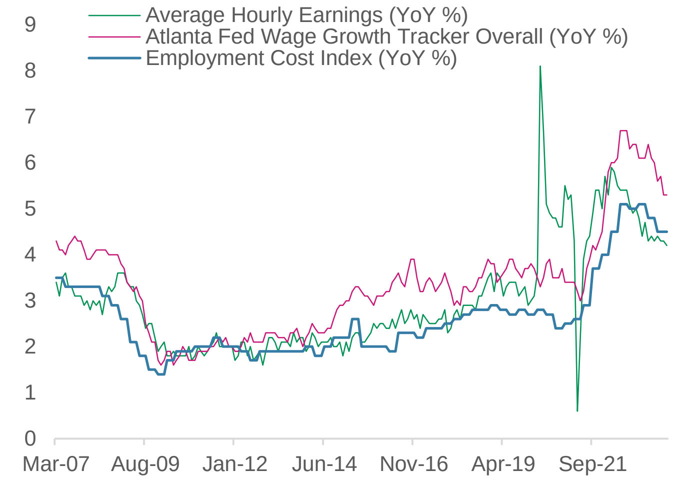
From the Fed's perspective, today's report clearly supports the "higher for longer" stance and raises the odds of another hike in November, with the market now pricing just over 30% chance of another hike compared to just over 20% yesterday. That said, **we do not see a November hike as a given, as the details of the report were not as strong as the headline figure, and some FOMC members may be more inclined to push back the timing of their expectation for the first cut instead of taking the terminal rate even higher.**

Fig 4. Household survey softer than establishment



Source: Bloomberg, Crédit Agricole CIB

Fig 5. Wage growth continues to slow



Source: Bloomberg, Crédit Agricole CIB

Outside of the employment report, the volatile JOLTS survey showed a jump in job openings, though the quits rates held steady in the pre-Covid range and the vacancy-to-unemployment ratio actually declined slightly. The September ISMs were mixed as the manufacturing ISM rose more than expected, though remained in contraction at 49.0 vs 47.6, while the services ISM declined to 53.6 from 54.5. Combined, these indicate that the possibility of a soft landing remains on the table, though we believe that a (very) mild recession is still a possibility.

Fed

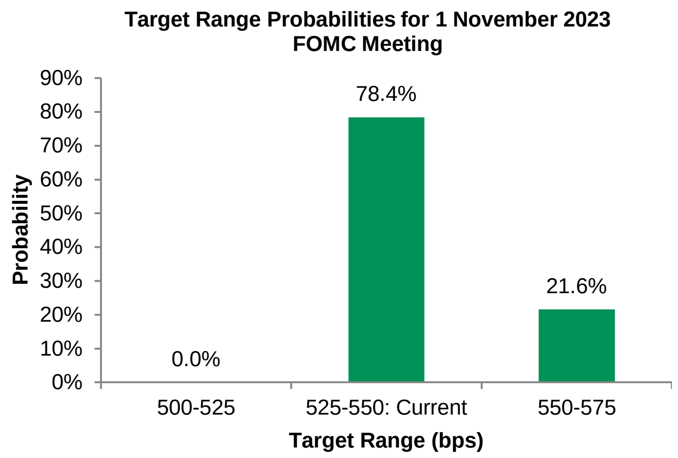
Fed speakers largely offered more of the same, continuing to stress a "higher for longer" stance for monetary policy. While there are some differences in the exact path, there looks to be unanimous support for keeping rates elevated for an extended period. For example, on the hawkish side, Governor Michelle Bowman reiterated her view that further tightening will be needed, even noting the potential for multiple additional hikes. On the other hand, Atlanta Fed Raphael Bostic has said that he does not believe that the Fed will need to hike any further, but this week also noted that he does not anticipate any cuts until close to the end of 2024, with only one cut in total next year in his current base case.

Washington DC

The deal made last weekend successfully averted a government shutdown for the moment, though ended up costing former House Speaker Kevin McCarthy his speakership. Florida Republican Matt Gaetz moved to remove McCarthy from his leadership role, and was joined by seven other Republicans and all Democrats in voting against McCarthy.

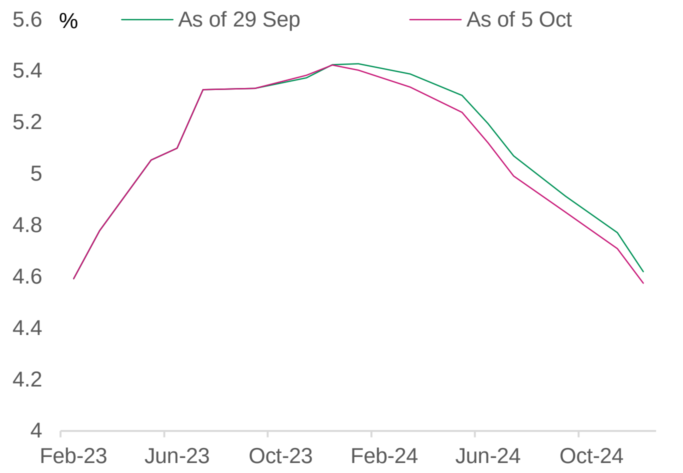
A few candidates have emerged to replace McCarthy as Speaker, including current Majority Leader Steve Scalise and Freedom Caucus member Jim Jordan, who would be seen as more of a hardliner. It remains to be seen whether Republicans can unite around one candidate ahead of the tentatively scheduled vote next Wednesday, 11 October, given deep divisions within the party. **If they are unable to do so, the odds of a shutdown beginning in mid-November will only increase further, as the House is unable to conduct normal legislative business, such as appropriations bills for next fiscal year, until a new speaker is in place.**

Fig 6. Market leans toward another pause at November FOMC



Source: Bloomberg, Crédit Agricole CIB; as of 11:15 on 5 October

Fig 7. Fed pricing relatively steady



Source: Bloomberg, Crédit Agricole CIB

Markets

Fed pricing was relatively steady overall, ticking slightly lower ahead of the September jobs report. The market continues to lean towards another hold in November, pricing around a 20% chance of a hike at that meeting, and a roughly 40% chance of one additional hike by December. The Fed's "higher for longer" stance has increasingly been taken to heart, with just over 75bp of cuts currently priced for 2024 as opposed to more than 100bp as recently as mid-September.

The relentless sell-off for long-end Treasuries continued, with further bear steepening. From last Friday's close through Thursday mid-day, the 10Y yield jumped another 15bp to 4.72% from 4.57%, while the 2Y yield edged around 3bp lower to 5.02% from 5.05%. Equities declined once again, with the S&P 500 falling -1.3% over the same timeframe.

US Dashboards

Fig 8. Macro Matrix

Consumers					
Sentiment	High	Medium	Low	Very low	Rock bottom
Retail Sales (YoY)	Rising fast	Rising	Stable	Declining	Falling Sharply
CPI (YoY)	Below 2%	2% < x < 3%	3% < x < 4.5%	4.5% < x < 6%	Above 6%
Average Hourly Earnings	Well Above CPI	Above CPI	-/+ CPI	Below CPI	Far below CPI
Unemployment Rate	Very Low	Low	Medium	High	Very High
Nonfarm Payrolls	Above 300k	300k > x > 150k	150k > x > 0k	0k > x > -150k	Below -150k
Corporates					
Manufacturing ISM	Above 60	60 > x > 55	55 > x > 50	50 > x > 40	Below 40
Services ISM	Above 60	60 > x > 55	55 > x > 50	50 > x > 40	Below 40
PPI (YoY)	Below 0%	0	0 < x < 3%	3% < x < 7%	Above 7%
Industrial Production (YoY)	Above 3%	3% > x > 0%	~0	0% > x > -3%	Below -3%
Housing					
Existing Home Sales (YoY)	Above 5%	5% > x > 2%	2% > x > -1%	-1% > x > -4%	Below -4%
New Home Sales (YoY)	Above 5%	5% > x > 2%	2% > x > -1%	-1% > x > -4%	Below -4%
Housing Starts (YoY)	Above 5%	5% > x > 2%	2% > x > -1%	-1% > x > -4%	Below -4%
Home Prices (YoY)	Above 10%	10% > x > 5%	5% > x > 0%	0% > x > -5%	Below -5%
Sovereign					
GDP (YoY)	>3%	3% to 2%	2% to 0%	0% to -2%	Below -2%

Source: Bloomberg, Crédit Agricole CIB

Fig 9. Recession Dashboard

NBER Recession Indicators	**Oct-22**	**Nov-22**	**Dec-22**	**Jan-23**	**Feb-23**	**Mar-23**	**Apr-23**	**May-23**	**Jun-23**	**Jul-23**	**Aug-23**	**Sep-23**
Real Personal Income Less Transfers (MoM %)	-0.3	-0.1	0	0.6	0.2	0.4	0	0.2	0.1	0.2	0.1	
Change in Nonfarm Payrolls (k)	324	290	239	472	248	217	217	281	105	236	227	336
Real Personal Consumption (MoM %)	0.2	-0.3	0.1	1	0.1	-0.2	0.1	0.1	0.3	0.6	0.1	
Real Manufacturing & Trade Sales (MoM %)	-0.1	-0.8	1.5	0.1	-0.2	-1.0	-0.3	0.9	0.0	0.8		
Change in Household Survey Employment (k)	-257	-66	717	894	177	577	139	-310	273	268	222	86
Industrial Production (MoM %)	-0.1	-0.3	-1.5	1.1	0.0	0.1	0.5	-0.3	-0.4	0.7	0.4	
Leading Indicators	**Oct-22**	**Nov-22**	**Dec-22**	**Jan-23**	**Feb-23**	**Mar-23**	**Apr-23**	**May-23**	**Jun-23**	**Jul-23**	**Aug-23**	**Sep-23**
Conference Board Leading Indicator (MoM %)	-0.9	-0.9	-0.7	-0.5	-0.5	-1.2	-0.8	-0.7	-0.6	-0.3	-0.4	
Initial Jobless Claims (k)	204	213	206	199	221	228	242	233	249	227	229	207
ISM New Orders Minus Inventories	-4.8	-4.3	-7.2	-7.7	-3.1	-3.2	-0.6	-3.2	1.6	1.2	2.8	3.4
Consumer Confidence Minus Consumer Sentiment	42.3	44.6	49.3	41.1	36.4	42	40.2	43.3	45.7	42.4	39.2	34.9
Building Permits (MoM %)	-2.1	-9.8	0.5	-3.9	9.5	-3	-1.4	5.6	-3.7	0.1	6.8	
Yield Curve	**Oct-22**	**Nov-22**	**Dec-22**	**Jan-23**	**Feb-23**	**Mar-23**	**Apr-23**	**May-23**	**Jun-23**	**Jul-23**	**Aug-23**	**Sep-23**
2Y-10Y Spread (bp, EOM)	-43.5	-70.5	-55.2	-69.2	-89.6	-55.7	-58.2	-75.9	-106.0	-91.7	-75.6	-47.4
3M-10Y Spread (bp, EOM)	-0.6	-71.3	-46.6	-113.1	-84.6	-122.3	-160.5	-174.2	-144.4	-143.8	-132.6	-87.4
Near Term Forward Spread (bp, EOM)	24.6	-42.0	-22.9	-90.8	-17.3	-121.6	-173.0	-177.3	-96.4	-106.3	-109.6	-84.0

Source: Bloomberg, Crédit Agricole CIB

US Inflation Forecast

Fig 10. US CPI Forecast

		US NSA CPI, YoY, %						Services CPI, details						Core goods CPI, details			Brent
		Headline	Core	Services	Core goods	Food	Energy	OER	Rent	Lodging	Pub. transp.	Med. care	Car insur.	Used cars	New cars	Apparel	
Weight, %	NSA Index	100.0	79.6	58.4	21.2	13.4	7.0	25.6	7.6	1.2	0.7	6.3	2.7	2.8	4.3	2.5	USD/bl
Jan-22	281.148	7.48	6.02	4.09	11.66	6.95	27.0	4.09	3.8	20.5	4.0	2.7	4.1	40.5	12.2	5.3	86.7
Feb-22	283.716	7.87	6.41	4.40	12.30	7.90	25.6	4.31	4.2	25.1	8.3	2.4	4.3	41.2	12.4	6.6	97.8
Mar-22	287.504	8.54	6.47	4.67	11.75	8.80	32.0	4.54	4.4	25.1	14.9	2.9	4.2	35.3	12.5	6.8	119.0
Apr-22	289.109	8.26	6.16	4.93	9.74	9.38	30.3	4.79	4.8	19.7	21.8	3.5	4.4	22.7	13.2	5.4	104.8
May-22	292.296	8.58	6.02	5.16	8.49	10.15	34.6	5.09	5.2	19.3	26.3	4.0	4.5	16.1	12.6	5.0	113.4
Jun-22	296.311	9.06	5.92	5.48	7.16	10.44	41.6	5.48	5.8	10.0	23.7	4.8	6.0	7.1	11.4	5.2	123.4
Jul-22	296.276	8.52	5.91	5.54	6.98	10.93	32.9	5.83	6.3	1.0	19.0	5.1	7.4	6.6	10.4	5.1	113.0
Aug-22	296.171	8.26	6.32	6.07	7.06	11.37	23.8	6.29	6.7	4.0	21.1	5.6	8.7	7.8	10.1	5.1	99.6
Sep-22	296.808	8.20	6.63	6.65	6.63	11.24	19.8	6.68	7.2	2.9	27.1	6.5	10.3	7.2	9.4	5.5	90.0
Oct-22	298.012	7.75	6.28	6.74	5.08	10.95	17.6	6.89	7.5	5.9	28.1	5.4	12.9	2.0	8.4	4.1	93.4
Nov-22	297.711	7.11	5.96	6.82	3.68	10.63	13.1	7.13	7.9	3.2	23.8	4.4	13.4	-3.3	7.2	3.6	91.8
Dec-22	296.797	6.45	5.71	7.05	2.15	10.41	7.3	7.53	8.3	3.2	18.9	4.1	14.2	-8.8	5.9	2.9	80.9
Jan-23	299.170	6.41	5.58	7.16	1.44	10.13	8.7	7.76	8.6	7.7	17.1	3.0	14.7	-11.6	5.8	3.1	82.9
Feb-23	300.840	6.04	5.54	7.26	1.03	9.49	5.2	8.01	8.8	6.7	18.0	2.1	14.5	-13.6	5.8	3.3	82.8
Mar-23	301.836	4.98	5.59	7.13	1.53	8.50	-6.4	8.04	8.8	7.3	12.4	1.0	15.0	-11.2	6.1	3.3	78.2
Apr-23	303.363	4.93	5.52	6.84	2.01	7.65	-5.1	8.12	8.8	3.3	0.3	0.4	15.5	-6.6	5.4	3.6	84.6
May-23	304.127	4.05	5.33	6.57	2.03	6.69	-11.7	8.05	8.7	3.4	-8.9	-0.1	17.1	-4.2	4.7	3.5	75.7
Jun-23	305.109	2.97	4.83	6.15	1.31	5.74	-16.7	7.81	8.3	4.5	-13.3	-0.8	16.9	-5.2	4.1	3.1	74.8
Jul-23	305.691	3.18	4.65	6.12	0.76	4.86	-12.5	7.66	8.0	6.0	-13.2	-1.5	17.8	-5.6	3.5	3.2	80.0
Aug-23	307.026	3.67	4.35	5.90	0.23	4.25	-3.6	7.32	7.8	3.0	-9.4	-2.1	19.1	-6.6	2.9	3.1	86.2
Sep-23	307.369	3.56	4.03	5.42	0.32	3.77	-1.3	6.88	7.3	4.5	-9.8	-2.9	18.4	-6.2	2.3	3.5	95.1
Oct-23	307.505	3.19	3.91	5.19	0.46	3.30	-4.0	6.53	6.9	2.0	-11.4	-2.1	17.6	-5.0	1.8	3.3	95.1
Nov-23	307.285	3.22	3.82	4.97	0.71	3.14	-2.7	6.14	6.4	-0.1	-10.9	-1.1	17.5	-3.1	1.9	2.8	95.1
Dec-23	307.710	3.68	3.69	4.71	0.92	3.11	4.6	5.58	5.8	-1.2	-8.4	-0.9	17.7	-0.9	2.2	1.2	95.1
Jan-24	308.602	3.15	3.53	4.50	0.90	2.97	-0.7	5.17	5.3	-0.7	-6.7	-0.1	17.1	0.9	2.4	0.2	95.1
Feb-24	309.902	3.01	3.30	4.18	0.90	2.80	0.1	4.71	4.8	-1.1	-8.5	1.0	16.7	3.0	2.3	-0.3	95.1
Mar-24	311.102	3.07	3.08	3.96	0.68	2.99	3.1	4.52	4.6	-5.0	-9.0	1.6	16.0	3.4	2.1	-1.0	95.1
Apr-24	312.268	2.94	2.84	3.82	0.17	3.09	3.7	4.31	4.4	-2.3	-8.5	2.1	15.4	-0.7	1.6	-0.1	95.1
May-24	312.765	2.84	2.63	3.77	-0.47	3.08	4.8	4.04	4.2	-2.2	-7.0	2.5	14.4	-4.2	1.3	-0.6	95.1
Jun-24	313.397	2.72	2.60	3.77	-0.62	3.07	3.4	3.88	4.1	-1.6	-2.4	2.7	13.6	-5.1	1.0	-0.5	95.1
Jul-24	313.749	2.64	2.58	3.68	-0.43	3.08	2.4	3.69	4.0	-2.1	0.8	3.3	12.3	-4.5	0.7	-0.7	95.1
Aug-24	314.398	2.40	2.59	3.66	-0.37	3.12	-1.0	3.62	3.9	1.8	0.7	3.5	10.8	-3.0	0.5	-1.0	95.1
Sep-24	314.847	2.43	2.63	3.66	-0.21	3.18	-1.2	3.56	3.8	1.8	1.4	4.0	10.6	-1.9	0.4	-0.8	95.1
Oct-24	315.030	2.45	2.67	3.66	-0.10	3.20	-1.5	3.53	3.8	2.0	2.6	3.9	10.6	-1.2	0.4	-0.7	95.1
Nov-24	314.996	2.51	2.71	3.67	-0.01	3.22	-1.1	3.53	3.8	2.2	2.8	3.9	10.6	-0.7	0.4	-0.6	95.1
Dec-24	315.088	2.40	2.73	3.69	0.05	3.25	-3.1	3.55	3.9	2.2	2.7	3.8	10.6	-0.4	0.5	-0.6	95.1
2022		8.01	6.15	5.63	7.72	9.93	25.5	5.72	6.02	11.66	19.75	4.29	7.87	14.5	10.48	5.04	101.2
2023		4.15	4.74	6.12	1.06	5.89	-3.8	7.33	7.84	3.93	-3.13	-0.42	16.81	-6.6	3.88	3.07	85.5
2024		2.71	2.83	3.84	0.04	3.09	0.7	4.01	4.22	-0.42	-2.59	2.68	13.20	-1.2	1.14	-0.55	95.1

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Source: Bloomberg, Crédit Agricole CIB

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