

Blue Chip Financial Forecasts®

**Top Analysts' Forecasts Of U.S. And Foreign Interest Rates, Currency Values
And The Factors That Influence Them**

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BLUE CHIP FINANCIAL FORECASTS®

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Downside Economic Risks Complicate Inflation Fight

While the Fed would like to avoid recession, there is arguably a need for slower-than-trend growth to ease pressure in the labor market. Recently, there have been some important signs of slowing in the labor market, including a rise in initial unemployment claims and a decline in job openings. However, the pace of job growth has been strong and the unemployment rate matched its 50-year low of 3.4% in April. Further easing in the labor market ought to reduce wage pressures and ultimately help tame inflation. Against this backdrop, Fed officials, market participants, and the Blue Chip Financial Forecasts (BCFF) panelists have been trying to predict the end of tightening and the start of easing.

Turning point. Several FOMC members recently commented that a rate hike in June is data dependent. The decision is contingent on the balance between stubbornly high inflation and the risks to the economy from the aggressive tightening over the past year and a half. The federal funds futures market has recently priced in significant odds of one last rate hike in coming months. In contrast, the June BCFF consensus expects that the Fed has already hiked rates for the last time in this cycle. In fact, the overwhelming majority of respondents (89%) believe the next move will be a rate cut.

Short-term economic outlook. Chairman Powell recently noted that the Fed may not have to raise rates again because of tightening credit. Many panelists agreed with this sentiment, with nearly half (47%) stating that they had downgraded their economic outlook due to the recent banking sector turmoil.

BCFF panelists expect a mild recession in the second half of 2023, with two quarters of slightly declining GDP. In addition, 97% of forecasters anticipate a rise in the unemployment rate in 2023, with a median increase of 0.8 percentage point to 4.2%. Following the mild downturn, the consensus expects GDP to rebound modestly in the first half of 2024, with gains of just 0.8% in Q1 and 1.3% in Q2. These views are consistent with Fed measures of recession probabilities based on the yield curve.

Signs from the yield curve. The yield curve, a harbinger of economic turning points and an important signal of financial conditions, has been inverted for the past year. In fact, the yield curve (measured either as the difference between the 10-year yield minus the 1-year bill rate or the 10-year yield minus the fed funds rate) is more inverted now than at any other time since the early 1980s. This deep inversion suggests that the economy will soon experience a period of recession. Based on the yield curve, the New York Fed estimates a 68% probability of recession. The Cleveland Fed measure puts the odds at 79%.

Yields and spreads. Panelists predict that yields on 2-year, 5-year, and 10-year Treasury debt have already peaked and will decline modestly over the next six quarters. However, the projections suggest that tight financial conditions will persist. The consensus view is that the yield curve will steepen, but remain

inverted, perhaps indicating that panelists expect the Fed to maintain some degree of tightening for the entire forecast horizon.

Also, corporate credit spreads (the gap between yields on corporate and Treasury debt) can signal business distress and recession risks. The consensus view is that corporate yields will edge up even as Treasury yields begin to decline. While this suggests credit spreads will widen slightly through year-end, they are expected to remain in a range that does not indicate excessive financial stress.

Stubborn inflation and rate cuts. Although inflation has moderated noticeably over the past year, it remains well above the Fed's target. The decline in CPI inflation from the June 2022 peak of 8.9% year-to-year largely reflected diminished energy and goods inflation. The more intractable services inflation has remained elevated. As a result, core measures of inflation have likely not declined enough for Fed officials to be comfortable signaling rate cuts later this year. The BCFF consensus, however, projects that PCE inflation will subside significantly over the next year dropping to 2.2% by midyear 2024. As a result, 31% of panelists expect the first rate cut by Q4 2023 and 55% believe the first cut will occur in Q1 2024.

The BCFF consensus forecast is for the funds rate to decline to 4.6% by Q1 2024 and to hit 3.9% by the end of the forecast horizon in Q3 2024. Every respondent expects some decline in the funds rate, and the average of the bottom 10 responses is 2.9%. This view likely reflects the expected retreat of inflation. In fact, 72% of respondents believe that a meaningful and persistent decline in the inflation rate will motivate the first rate cut.

Long-range forecasts. Blue Chip publishes longer-range forecasts twice a year, in June and December. These projections show the BCFF consensus views on trends in growth, inflation, and interest rates out 11 years to 2034. Respondents generally expect US GDP to grow at a pace slightly above the CBO estimate of potential, inflation to decline nearly to the Fed's target, and interest rates to remain somewhat elevated. Following the expected mild recession and recovery in 2023-24, the consensus looks for annual GDP growth in the range of 1.9% to 2.2%. PCE inflation is expected to drop to 2.4% in 2024, 2.2% in 2025, and remain at 2.1% thereafter.

Compared to the December forecasts, the BCFF consensus looks for a lower fed funds rate to prevail over the long-term horizon. Despite this markdown, the projected funds rate is higher than the actual funds rate for the decade prior to the pandemic. This could reflect either a higher expected neutral funds rate or the expectation of an extended period of tight Fed policy. Similarly, yields across the maturity spectrum were downgraded in this long-term forecast round relative to December. Nevertheless, the BCFF projected Treasury yields are actually high relative to pre-pandemic norms.

Peter D'Antonio (Haver Analytics, New York, NY)

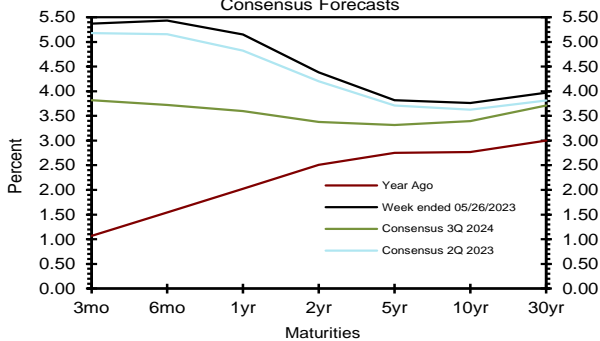
Consensus Forecasts of U.S. Interest Rates and Key Assumptions

Interest Rates	History								Consensus Forecasts-Quarterly Avg.						
	Average For Week Ending				Average For Month				Latest Qtr	2Q 2023	3Q 2023	4Q 2023	1Q 2024	2Q 2024	3Q 2024
	May 26	May 19	May 12	May 5	Apr	Mar	Feb	1Q 2023	2023	2023	2023	2024	2024	2024	
Federal Funds Rate	5.08	5.08	5.08	4.83	4.83	4.65	4.57	4.52	5.0	5.1	5.0	4.6	4.2	3.9	
Prime Rate	8.25	8.25	8.25	8.00	8.00	7.82	7.74	7.69	8.2	8.2	8.1	7.8	7.3	7.0	
SOFR	5.05	5.05	5.06	4.91	4.81	4.64	4.54	4.49	5.0	5.1	4.9	4.6	4.2	3.9	
Commercial Paper, 1-mo.	5.10	5.07	5.04	5.00	4.82	4.74	4.55	4.54	5.1	5.1	4.9	4.5	4.1	3.9	
Treasury bill, 3-mo.	5.37	5.26	5.26	5.26	5.07	4.86	4.79	4.78	5.2	5.2	4.9	4.6	4.1	3.8	
Treasury bill, 6-mo.	5.43	5.31	5.15	5.09	4.99	4.99	4.97	4.92	5.2	5.1	4.8	4.4	4.0	3.7	
Treasury bill, 1 yr.	5.15	4.91	4.75	4.72	4.68	4.68	4.93	4.77	4.8	4.7	4.4	4.1	3.8	3.6	
Treasury note, 2 yr.	4.38	4.14	3.96	3.93	4.02	4.30	4.53	4.35	4.2	4.1	3.9	3.7	3.5	3.4	
Treasury note, 5 yr.	3.82	3.60	3.44	3.43	3.54	3.82	3.94	3.80	3.7	3.7	3.6	3.5	3.4	3.3	
Treasury note, 10 yr.	3.76	3.59	3.47	3.44	3.46	3.66	3.75	3.65	3.6	3.6	3.5	3.5	3.4	3.4	
Treasury note, 30 yr.	3.97	3.89	3.80	3.75	3.68	3.77	3.80	3.74	3.8	3.8	3.8	3.8	3.8	3.7	
Corporate Aaa bond	5.07	4.98	4.88	4.82	4.76	4.92	4.87	4.84	4.8	4.8	4.8	4.7	4.6	4.6	
Corporate Baa bond	5.78	5.70	5.59	5.52	5.44	5.61	5.50	5.49	5.8	5.9	5.9	5.7	5.6	5.5	
State & Local bonds	4.36	4.19	4.11	4.13	4.07	4.23	4.16	4.15	4.0	4.1	4.1	4.0	3.9	3.9	
Home mortgage rate	6.57	6.39	6.35	6.39	6.34	6.54	6.26	6.36	6.4	6.3	6.2	6.0	5.9	5.7	

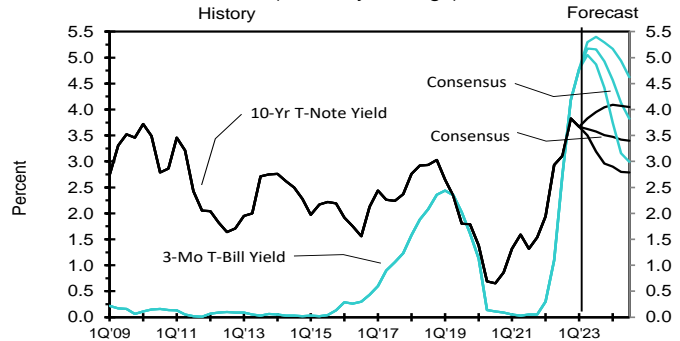
Key Assumptions	History								Consensus Forecasts-Quarterly					
	2Q 2021	3Q 2021	4Q 2021	1Q 2022	2Q 2022	3Q 2022	4Q 2022	1Q 2023	2Q 2023	3Q 2023	4Q 2023	1Q 2024	2Q 2024	3Q 2024
	2021	2021	2021	2022	2022	2022	2022	2023	2023	2023	2023	2024	2024	2024
Fed's AFE \$ Index	102.8	104.9	106.9	108.3	113.5	118.8	119.8	115.5	115.4	114.4	114.0	113.6	113.5	113.5
Real GDP	7.0	2.7	7.0	-1.6	-0.6	3.2	2.6	1.3	0.8	-0.4	-0.1	0.8	1.3	1.9
GDP Price Index	6.3	6.2	6.8	8.3	9.0	4.4	3.9	4.2	3.3	2.8	2.7	2.5	2.5	2.2
Consumer Price Index	7.5	6.6	8.8	9.2	9.7	5.5	4.2	3.8	3.3	3.0	2.8	2.5	2.4	2.4
PCE Price Index	6.4	5.6	6.2	7.5	7.3	4.3	3.7	4.2	3.0	2.8	2.6	2.4	2.2	2.2

Forecasts for interest rates and the Federal Reserve's Advanced Foreign Economics Index represent averages for the quarter. Forecasts for Real GDP, GDP Price Index, CPI and PCE Price Index are seasonally adjusted annual rates of change (saar). Individual panel members' forecasts are on pages 4 through 9. Historical data: Treasury rates from the Federal Reserve Board's H.15; AAA-AA and A-BBB corporate bond yields from Bank of America-Merrill Lynch and are 15+ years, yield to maturity; State and local bond yields from Bank of America-Merrill Lynch, A-rated, yield to maturity; Mortgage rates from Freddie Mac, 30-year, fixed; SOFR from the New York Fed. All interest rate data are sourced from Haver Analytics. Historical data for Fed's Major Currency Index are from FRSR H.10. Historical data for Real GDP, GDP Price Index and PCE Price Index are from the Bureau of Economic Analysis (BEA). Consumer Price Index history is from the Department of Labor's Bureau of Labor Statistics (BLS).

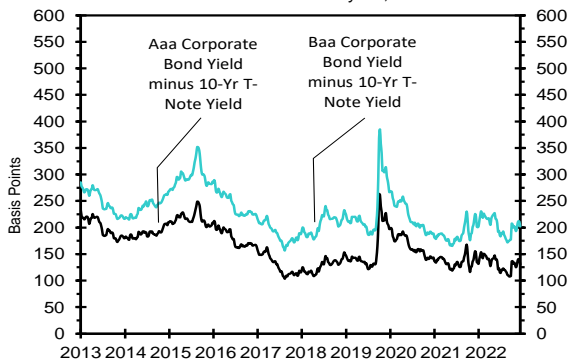
US Treasury Yield Curve
Week ended May 26, 2023 & Year Ago vs.
2Q 2023 & 3Q 2024



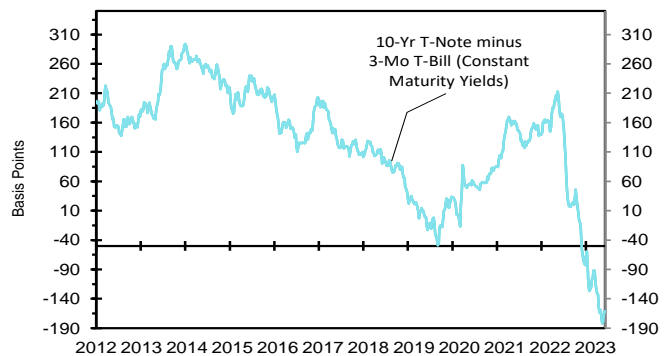
US 3-Mo T-Bills & 10-Yr T-Note Yield
(Quarterly Average)



Corporate Bond Spreads
As of week ended May 26, 2023



US Treasury Yield Curve
As of week ended May 26, 2023



-----Policy Rates¹-----

	History			Consensus Forecasts		
	Month	Year	Months From Now:			
Latest:	Ago:	Ago:	3	6	12	
U.S.	5.13	4.88	0.88	5.08	4.95	4.02
Japan	-0.10	-0.10	-0.10	-0.06	-0.06	-0.05
U.K.	4.50	4.25	1.00	4.60	4.60	4.11
Switzerland	1.50	1.50	-0.75	1.68	1.77	1.61
Canada	4.50	4.50	1.00	4.53	4.36	3.54
Australia	3.85	3.60	0.35	3.99	4.06	3.58
Euro area	3.75	3.50	0.00	3.92	4.03	3.72

-----10-Yr. Government Bond Yields²-----

	History			Consensus Forecasts		
	Month	Year	Months From Now:			
Latest:	Ago:	Ago:	3	6	12	
U.S.	3.80	3.44	2.74	3.54	3.42	3.35
Germany	2.52	2.33	0.98	2.49	2.43	2.37
Japan	0.43	0.40	0.24	0.47	0.50	0.58
U.K.	4.39	3.74	1.92	3.81	3.65	3.43
France	3.12	2.89	1.48	3.06	3.00	2.93
Italy	4.37	4.18	2.90	4.35	4.29	4.15
Switzerland	1.06	1.08	0.74	1.41	1.38	1.36
Canada	3.33	2.84	2.79	3.23	3.07	3.09
Australia	3.74	3.34	3.26	3.55	3.47	3.47
Spain	3.56	3.42	2.02	3.56	3.49	3.44

-----Foreign Exchange Rates³-----

	History			Consensus Forecasts		
	Month	Year	Months From Now:			
Latest:	Ago:	Ago:	3	6	12	
U.S.	116.50	114.01	112.81	113.9	111.3	111.5
Japan	140.53	135.99	127.14	132.8	129.8	128.3
U.K.	1.23	1.26	1.26	1.26	1.28	1.28
Switzerland	0.91	0.89	0.96	0.90	0.88	0.89
Canada	1.36	1.36	1.27	1.34	1.33	1.31
Australia	0.65	0.66	0.72	0.67	0.68	0.70
Euro	1.07	1.10	1.07	1.10	1.12	1.13

	Consensus Policy Rates vs. US Rate			Consensus 10-Year Gov't Yields vs. U.S. Yield	
	Now	In 12 Mo.		Now	In 12 Mo.
Japan	-5.23	-4.07	Germany	-1.28	-0.98
U.K.	-0.63	0.09	Japan	-3.37	-2.77
Switzerland	-3.63	-2.42	U.K.	0.59	0.08
Canada	-0.63	-0.48	France	-0.68	-0.42
Australia	-1.28	-0.44	Italy	0.57	0.80
Euro area	-1.38	-0.30	Switzerland	-2.74	-1.99
			Canada	-0.47	-0.26
			Australia	-0.06	0.12
			Spain	-0.24	0.09

Forecasts of panel members are on pages 10 and 11. Definitions of variables are as follows: ¹Monetary policy rates. ²Government bonds are yields to maturity. ³Foreign exchange rate forecasts for U.K., Australia and the Euro are U.S. dollars per currency unit. For the U.S. dollar, forecasts are of the U.S. Federal Reserve Board's AFE Dollar Index.

International. The world economy's underlying vulnerabilities have been in sharp focus over the past few weeks, but more deep-seated wounds with longer-lasting scars have been avoided, at least for now. The anxiety that surfaced about the health of the US banking sector in March, for example, has faded, partly because of the willingness of policymakers to offer targeted support. More recently some heightened uncertainty about the willingness of US politicians to raise the debt ceiling has eased after a deal was struck to cap government spending. In the meantime, the alarm bells that had been ringing about the weakness of global growth have softened thanks to weaker energy prices and still-sturdy labor markets. That weakness in energy prices has been helpful for the economic outlook by offering some relief on the headline inflation front as well.

Still, the avoidance for now of bigger wounds does not mean that these vulnerabilities have been erased. Those issues in the United States that bedeviled the banking sector, for example, are arguably a symptom of broader efforts from the Fed – and other central banks – to tighten monetary policy and slow the wheels of credit. But the latest surveys of credit conditions in the US and Europe, suggest the wheels are indeed now slowing down quite quickly. Financial markets (and Blue Chip panelists) also now appear much less convinced that a pivot toward easier monetary policy will unfold in the immediate months ahead. Meanwhile, the intensity of that debt ceiling debate has exposed the absence of US growth drivers and highlighted the fractious nature of US politics at the same time.

As for economic growth, May's flash PMI surveys certainly suggest that global growth has picked up pace of late. Service sector PMIs, for example, rose to multi-month highs in the US and UK and to multi-year highs in Japan. The modest drop recorded in the euro area, moreover, occurred from a 12-month high that had been chalked up in April. Those same surveys, nevertheless, also reveal broadly-based weakness in the manufacturing sector. Indeed with the exception of Japan, the manufacturing PMI in all major economies was deep in contractionary territory in May and most notably in the euro area. This squares too with latest GDP data for Q1 from Germany revealing recessionary conditions over the last 6 months.

Those vulnerabilities in manufacturing – and Germany - find an echo too in China and its disappointing reopening phase. While the annual pace of retail sales growth picked up in April, much of that growth has been centered on domestic services. Spending on goods has been much weaker, as has fixed asset investment and industrial production, leaving much less scope for a boost to those economies that import into China.

It is, however, on inflation matters that there is arguably most cause for concern. For while falling energy prices have been generating weaker headline CPI readings in most major economies, core inflationary pressures have remained firm, most notably in services. Those flash PMI surveys in May suggested that input costs and prices charged for services continued to rise at a solid pace in May and at elevated rates by historic standards. That message additionally chimes with recent service sector CPI readings for Europe in April. And it is this, namely stubborn service sector price pressures, coupled with still-sturdy labor market activity, which is generating the pressure on central banks to now keep interest rates higher for longer.

Against this backdrop, our latest survey reveals that Blue Chip panelists have lifted their forecasts for 3-month and 6-month-ahead forecasts for policy rates in most major economies compared with our survey in May. The pivot toward easier policy setting that had been anticipated in Australia, Switzerland and to a lesser extent in the UK over the next 6 months has also now been pushed out to 2024. This is incidentally notwithstanding still-elevated probabilities about the likelihood of a European and broader global recession. In response to a special question this month our panelists attach around a 55% probability on the chances of a US and euro area recession in 2023 and a 60% probability for the UK.

Fourth Quarter 2023

Interest Rate Forecasts

Key Assumptions

Blue Chip Financial Forecasts Panel Members	Percent Per Annum -- Average For Quarter															Avg. For --Qtr.-- A.	(Q-Q % Change)								
	Short-Term					Intermediate-Term					Long-Term						Fed's Adv Fgn Econ \$ Index	(SAAR)							
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15			B. Real GDP	C. Price Index	D. Cons. Price Index	E. PCE Price Index				
	Federal Funds Rate	Prime Bank Rate	SOFR Rate	Com. Paper 1-Mo.	Treas. Bills 3-Mo.	Treas. Bills 6-Mo.	Treas. Bills 1-Yr.	Treas. Notes 2-Yr.	Treas. Notes 5-Yr.	Treas. Notes 10-Yr.	Treas. Bonds 30-Yr.	Aaa Corp. Bond	Baa Corp. Bond	State & Local Bonds	Home Mtg. Rate										
Daiwa Capital Markets America	5.5	H 8.6	H na	na	5.6	H na	na	na	4.4	3.9	3.8	4.1	na	na	na	6.5						115.0	-0.5	3.0	3.0	2.9
RDQ Economics	5.4	8.5	5.4	5.5	H 5.4	5.4	H 4.7	4.0	4.0	4.0	4.0	4.0	5.6	H 6.8	H 4.4	6.6	111.1					0.8	3.6	3.8	3.5
J.P. Morgan Chase	5.3	na	na	na	na	na	na	na	4.1	3.7	3.6	3.9	na	na	na	na	na	-0.5	2.3	2.2	2.3				
Naroff Economic Advisors	5.3	8.3	5.3	5.3	5.3	5.4	H 5.1	H 4.4	3.9	3.9	4.0	na	na	na	4.1	6.4	114.5	-3.5	L 4.2	H 4.3	H 3.8	H			
Scotiabank Group	5.3	na	na	na	4.9	na	na	na	3.5	3.4	3.6	3.9	na	na	na	na	na	-0.4	1.3	L 3.3	3.2				
Via Nova Investment Mgt.	5.3	8.5	5.3	5.4	5.3	5.4	H 4.9	4.9	H 4.5	4.4	4.3	5.6	H 6.4	4.8	H 7.1	H	112.0	1.5	2.5	2.4	2.3				
GLC Financial Economics	5.2	8.3	4.9	4.9	4.9	4.7	4.5	4.2	4.1	3.6	3.9	4.8	6.0	4.2	6.2		115.3	1.1	2.6	2.7	2.6				
The Lonski Group	5.2	8.3	5.2	5.2	5.2	5.2	4.7	4.2	3.8	3.5	3.7	4.8	5.6	4.3	6.3		117.6	H 0.1	2.5	2.9	2.7				
Action Economics	5.1	8.3	5.5	H 5.2	5.1	5.1	4.9	4.1	3.7	3.7	3.9	4.6	5.6	4.0	6.9		114.4	1.0	2.2	2.5	2.1				
Bank of America	5.1	na	na	na	na	na	na	na	3.5	3.4	3.3	3.4	na	na	na	na	na	-2.0	2.9	2.3	1.8				
Bank of the West	5.1	8.3	5.0	5.1	5.2	5.1	4.7	4.3	3.9	3.9	4.0	4.9	6.1	4.8	H 6.8		111.8	0.3	2.6	2.7	2.6				
BMO Capital Markets	5.1	8.3	5.1	na	5.3	5.3	4.8	3.9	3.5	3.4	3.7	na	na	na	6.3		111.7	0.8	2.4	2.7	2.5				
Chmura Economics & Analytics	5.1	8.3	5.1	5.2	5.2	5.3	5.0	4.8	4.6	H 4.7	H 4.5	H 5.5	na	na	6.6		na	-1.8	3.5	3.6	3.8	H			
Economist Intelligence Unit	5.1	8.1	na	5.1	5.2	5.2	4.1	4.1	3.5	3.5	3.6	na	na	na	6.3		na	0.7	na	1.7	1.2				
EY-Parthenon	5.1	na	na	na	4.8	na	na	na	na	2.9	na	na	na	na	na		na	0.5	2.0	2.3	2.2				
Goldman Sachs & Co.	5.1	na	na	na	5.1	na	na	4.5	4.0	3.9	4.0	na	na	na	na		na	0.9	3.6	3.5	2.9				
KPMG	5.1	8.3	5.1	4.8	5.1	4.9	4.5	3.9	3.4	3.4	3.8	4.4	5.7	na	6.1		na	-0.3	3.1	2.8	2.9				
Moody's Analytics	5.1	8.3	5.0	5.3	5.0	4.9	4.5	4.3	4.1	3.9	4.3	5.4	6.3	4.4	6.0		na	1.1	2.6	3.0	2.7				
Nomura Securities, Inc.	5.1	8.3	na	na	na	na	na	3.9	3.3	2.9	na	na	na	na	na		na	-1.2	2.3	2.1	2.2				
Oxford Economics	5.1	8.3	5.1	na	5.2	5.0	4.6	3.7	3.3	3.3	3.7	4.2	na	na	5.8		114.4	-0.6	2.3	3.4	2.9				
PNC Financial Services Corp.	5.1	8.3	5.1	na	5.0	5.0	4.5	3.8	3.4	3.4	3.8	na	6.6	4.7	6.0		112.7	-0.5	2.1	2.1	2.0				
Regions Financial Corporation	5.1	8.3	4.9	5.0	4.9	4.9	4.6	3.9	3.5	3.4	3.7	4.9	5.8	4.1	6.2		113.9	1.0	2.6	2.9	2.4				
S&P Global Market Intelligence	5.1	8.2	5.0	na	4.9	4.7	4.5	3.9	3.5	3.5	3.8	na	na	na	6.2		na	0.5	2.9	2.7	3.2				
Santander Capital Markets	5.1	8.3	5.1	5.1	5.2	5.3	5.1	H 4.7	4.2	4.1	4.4	5.3	6.4	4.1	7.0		115.0	1.1	3.3	3.7	3.3				
Societe Generale	5.1	8.3	5.1	na	5.0	4.8	4.3	3.6	3.5	3.4	3.7	na	na	na	na		na	0.4	3.6	3.6	3.3				
The Northern Trust Company	5.1	8.3	5.1	5.2	5.0	4.8	4.3	3.8	3.4	3.3	3.5	4.5	5.7	4.0	5.5		112.0	0.8	2.3	2.5	2.2				
Wells Fargo	5.1	8.3	5.1	5.1	4.8	4.3	3.4	3.2	3.1	3.0	3.5	4.2	5.2	3.6	5.6		na	-2.8	1.9	2.4	1.9				
Chan Economics	5.0	8.0	4.9	5.0	5.1	5.1	4.8	4.3	3.7	3.7	3.7	4.7	5.7	4.3	6.2		114.7	-0.2	2.7	2.9	2.4				
DePrince & Assoc.	5.0	8.2	5.0	4.9	5.1	5.0	4.7	4.0	3.5	3.5	3.9	4.8	5.8	4.1	6.1		116.6	0.3	2.8	2.9	2.7				
Fannie Mae	5.0	8.1	na	na	5.0	4.7	4.3	3.8	3.5	3.6	3.9	na	na	na	6.4		na	-1.7	2.7	3.2	2.8				
Georgia State University	5.0	8.2	na	na	4.8	4.5	4.5	3.6	3.6	3.4	3.6	4.8	5.9	na	6.0		na	-0.2	3.3	2.3	2.7				
MacroFin Analytics & Rutgers Bus School	5.0	8.1	5.0	5.1	5.0	5.1	5.0	4.2	3.8	3.8	4.0	5.1	5.9	4.2	6.6		116.0	1.2	3.0	3.0	2.8				
Comerica Bank	4.8	8.0	4.8	na	4.8	4.6	4.2	3.6	3.5	3.6	3.9	4.8	6.0	na	6.2		na	-0.5	2.7	2.9	2.9				
Loomis, Sayles & Company	4.7	7.8	4.6	4.5	4.7	4.7	4.0	2.8	2.8	2.6	2.9	3.6	L 4.6	L 3.2	5.5		115.5	-1.5	2.5	2.0	2.0				
NatWest Markets	4.6	7.7	na	4.7	4.9	5.0	5.1	H 3.9	3.4	3.4	3.7	5.2	6.1	4.7	6.5		na	-1.5	2.0	1.8	2.3				
ING	4.1	na	na	na	na	na	na	3.3	3.2	3.0	3.4	na	na	na	na		na	-2.3	na	na	na				
TS Lombard	3.0	6.1	2.9	3.0	2.8	L 3.0	3.1	3.2	3.4	3.3	3.4	4.1	5.0	3.3	5.1		110.0	L 0.5	3.5	3.5	3.5				
ACIMA Private Wealth	2.8	L 5.8	L 2.8	L 2.9	L 2.8	L 1.5	L 1.1	L 1.0	L 1.0	L 2.0	L 2.8	L 4.5	6.0	2.0	L 4.5	L	115.0	5.5	H 1.9	1.5	L 0.8	L			
June Consensus	5.0	8.1	4.9	4.9	4.9	4.8	4.4	3.9	3.6	3.5	3.8	4.8	5.9	4.1	6.2		114.0	-0.1	2.7	2.8	2.6				
Top 10 Avg.	5.3	8.4	5.2	5.3	5.3	5.3	4.9	4.5	4.1	4.0	4.2	5.2	6.3	4.5	6.7		115.5	1.5	3.5	3.6	3.3				
Bottom 10 Avg.	4.4	7.6	4.5	4.5	4.4	4.2	3.7	3.1	3.0	3.0	3.4	4.4	5.5	3.7	5.6		112.4	-1.9	2.0	2.0	1.8				
May Consensus	5.0	8.1	4.9	4.9	4.9	4.7	4.4	3.9	3.6	3.5	3.8	4.9	5.9	4.0	6.2		114.1	0.0	2.7	2.7	2.5				
<u>Number of Forecasts Changed From A Month Ago:</u>																									
Down	4	5	3	6	4	4	8	8	11	12	9	4	4	3	10		6	17	9	11	9				
Same	28	21	17	9	15	12	11	18	18	19	20	12	12	9	8		7	13	16	13	13				
Up	6	6	6	7	15	14	11	11	8	7	7	7	6	8	12		7	8	11	13	14				
Diffusion Index	53%	52%	56%	52%	66%	67%	55%	54%	46%	43%	47%	57%	55%	63%	53%		53%	38%	53%	53%	57%				

First Quarter 2024

Interest Rate Forecasts

Key Assumptions

Blue Chip Financial Forecasts Panel Members	Percent Per Annum -- Average For Quarter															Avg. For --Qtr-- A.	(Q-Q % Change)																
	Short-Term					Intermediate-Term					Long-Term						Fed's Adv Fgn Econ \$ Index	(SAAR)															
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	B.		C.	D.	E.													
	Federal Funds Rate	Prime Bank Rate	SOFR Rate	Com. Paper 1-Mo.	Treas. Bills 3-Mo.	Treas. Bills 6-Mo.	Treas. Bills 1-Yr.	Treas. Notes 2-Yr.	Treas. Notes 5-Yr.	Treas. Notes 10-Yr.	Treas. Bonds 30-Yr.	Aaa Corp. Bond	Baa Corp. Bond	State & Local Bonds	Home Mtg. Rate	Fed's Adv Fgn Econ \$ Index		Real GDP	GDP Price Index	Cons. Price Index	PCE Price Index												
Daiwa Capital Markets America	5.6	H	8.8	H	na	na	5.6	H	na	na	4.3	3.8	3.8	4.2	na	na	na	6.4	114.5	0.9	2.8	2.7	2.6										
J.P. Morgan Chase	5.3	na	na	na	na	na	na	na	3.9	3.6	3.4	3.8	na	na	na	na	na	na	na	-0.5	2.3	2.4	2.2										
Naroff Economic Advisors	5.3	8.3	5.3	5.3	H	5.2	5.3	H	5.1	H	4.4	3.9	3.9	4.1	na	na	na	4.0	6.3	114.0	0.9	4.0	H	4.0	H	3.5							
RDQ Economics	5.2	8.3	5.3	5.3	H	5.1	5.0	4.4	3.9	4.0	4.0	4.0	5.8	H	7.1	H	4.4	6.5	110.2	-1.1	L	3.5	3.6	3.3									
Action Economics	5.1	8.3	5.5	H	5.2	5.1	5.0	4.8	4.1	3.6	3.6	3.9	4.6	5.6	3.9	6.9	114.5	1.6	2.3	2.4	2.0												
Chmura Economics & Analytics	5.1	8.3	5.1	5.2	5.2	5.3	H	5.1	H	5.1	H	5.1	H	5.8	H	na	na	6.7	na	1.8	3.4	3.5	3.6	H									
Economist Intelligence Unit	5.1	8.1	na	5.1	5.1	5.1	4.0	4.0	3.5	3.4	3.5	na	na	na	na	6.0	na	na	1.2	na	2.4	2.0											
Goldman Sachs & Co.	5.1	na	na	na	5.1	na	na	4.4	4.0	3.8	3.9	na	na	na	na	na	na	na	1.9	2.6	2.9	2.4											
KPMG	5.1	8.2	5.0	4.7	4.9	4.7	4.3	3.7	3.3	3.4	3.8	4.3	5.6	na	5.9	na	na	na	0.8	2.6	1.7	2.2											
Regions Financial Corporation	5.1	8.3	4.8	4.8	4.6	4.8	4.4	3.7	3.4	3.4	3.6	4.9	5.8	4.0	6.0	113.6	1.0	2.6	2.6	2.6													
S&P Global Market Intelligence	5.1	8.2	5.0	na	4.8	4.5	4.3	3.8	3.4	3.5	3.9	na	na	na	6.1	na	na	na	1.2	2.6	1.7	2.9											
Santander Capital Markets	5.1	8.3	5.1	5.1	5.1	5.1	5.0	4.7	4.2	4.1	4.4	5.4	6.6	4.1	6.9	114.0	1.0	3.1	3.2	2.9													
Bank of the West	5.0	8.2	4.9	5.0	5.0	4.9	4.7	4.2	3.9	3.9	4.0	5.0	6.1	4.7	6.8	111.2	1.2	2.4	2.4	2.3													
BMO Capital Markets	5.0	8.2	5.0	na	5.2	5.3	H	4.8	3.8	3.5	3.4	3.7	na	na	na	6.3	110.8	1.7	1.9	2.0	1.8												
Via Nova Investment Mgt.	5.0	8.3	5.1	5.1	5.0	5.1	4.7	4.8	4.5	4.5	4.5	5.7	6.5	5.0	H	7.2	H	110.0	L	2.0	2.2	2.1	2.0										
Bank of America	4.9	na	na	na	na	na	na	3.3	3.3	3.3	3.4	na	na	na	na	na	na	na	-0.5	3.1	2.8	2.1											
Moody's Analytics	4.9	8.0	4.8	5.0	4.7	4.6	4.3	4.2	4.0	3.9	4.4	5.5	6.4	4.4	5.8	na	na	na	1.7	2.4	2.5	2.3											
Nomura Securities, Inc.	4.9	8.0	na	na	na	na	na	3.2	3.0	2.9	na	na	na	na	na	na	na	na	-0.4	2.0	2.2	2.2											
Oxford Economics	4.9	8.0	4.9	na	4.9	4.7	4.3	3.6	3.1	3.3	3.6	3.8	na	na	5.5	113.9	1.4	2.6	2.6	2.3													
PNC Financial Services Corp.	4.9	8.0	4.9	na	4.7	4.7	4.2	3.5	3.3	3.3	3.8	na	6.4	4.5	5.8	113.1	-1.0	1.2	1.0	1.0	L												
Societe Generale	4.9	8.1	4.9	na	4.6	4.4	3.9	3.4	3.3	3.3	3.6	na	na	na	na	na	na	na	-0.2	1.8	2.2	3.0											
Chan Economics	4.8	7.8	4.7	4.8	4.9	4.9	4.6	4.1	3.5	3.5	3.5	4.5	5.5	4.1	6.0	114.2	-0.8	2.6	2.8	2.3													
EY-Parthenon	4.8	na	na	na	4.4	na	na	na	na	3.0	na	na	na	na	na	na	na	na	1.5	2.0	2.3	2.2											
GLC Financial Economics	4.8	7.9	4.6	4.6	4.5	4.4	4.3	4.0	4.0	3.6	3.8	4.7	5.9	4.1	6.0	114.6	1.7	2.3	2.4	2.3													
Scotiabank Group	4.8	na	na	na	4.5	na	na	3.3	3.4	3.6	3.9	na	na	na	na	na	na	na	0.4	1.1	L	0.6	L	1.7									
DePrince & Assoc.	4.7	7.8	4.6	4.6	4.7	4.6	4.4	3.8	3.4	3.5	3.9	4.8	5.7	4.1	5.9	116.8	0.9	2.6	2.6	2.5													
The Lonski Group	4.7	7.8	4.7	4.7	4.7	4.8	4.3	3.9	3.6	3.4	3.6	4.9	5.7	4.3	6.3	118.7	H	0.6	2.3	1.9	2.1												
Comerica Bank	4.6	7.7	4.6	na	4.5	4.3	3.8	3.3	3.5	3.6	3.9	4.8	5.8	na	5.9	na	na	na	0.7	2.4	2.2	2.2											
MacroFin Analytics & Rutgers Bus School	4.6	7.8	4.5	4.7	4.6	4.6	4.7	4.2	3.8	3.8	4.0	5.0	5.8	4.2	6.5	115.8	1.4	2.8	2.7	2.6													
The Northern Trust Company	4.6	7.8	4.6	4.7	4.5	4.4	4.0	3.6	3.3	3.3	3.5	4.5	5.7	4.1	5.3	111.0	1.0	2.3	2.4	2.1													
Fannie Mae	4.5	7.6	na	na	4.4	4.1	3.8	3.6	3.5	3.6	3.9	na	na	na	6.2	na	na	na	-0.5	2.5	3.7	2.9											
Georgia State University	4.2	7.3	na	na	4.0	3.6	3.4	3.1	2.9	3.0	3.4	4.1	5.3	na	5.8	na	na	na	0.1	2.9	1.9	2.3											
Wells Fargo	4.1	7.3	4.1	4.1	3.8	3.3	2.9	2.9	2.9	3.0	3.4	4.2	5.2	3.6	5.5	na	na	na	-1.1	L	2.1	2.5	2.1										
Loomis, Sayles & Company	3.9	7.1	3.9	3.8	3.9	3.9	3.3	2.0	2.3	2.5	2.8	3.5	4.5	3.1	5.3	115.4	1.1	2.4	3.0	2.4													
NatWest Markets	3.6	6.7	na	3.7	3.9	4.0	4.1	3.4	3.1	3.3	3.5	3.2	L	3.4	L	3.6	6.3	na	1.0	1.8	2.1	2.0											
ING	3.1	na	na	na	na	na	na	3.1	3.1	3.0	3.4	na	na	na	na	na	na	na	-1.0	na	na	na											
TS Lombard	2.8	5.9	2.7	2.7	3.0	3.0	3.1	3.2	3.4	3.4	3.5	4.3	5.1	3.4	5.2	115.0	3.5	3.0	3.0	3.0													
ACIMA Private Wealth	1.0	L	4.0	L	1.0	L	1.1	L	1.0	L	0.8	L	0.7	L	0.7	L	1.7	L	2.5	L	4.3	5.7	1.7	L	3.7	L	110.0	L	4.0	H	1.8	2.0	2.2
June Consensus	4.6	7.8	4.6	4.5	4.6	4.4	4.1	3.7	3.5	3.5	3.8	4.7	5.7	4.0	6.0	113.6	0.8	2.5	2.5	2.4													
Top 10 Avg.	5.2	8.3	5.1	5.1	5.2	5.1	4.8	4.4	4.1	4.1	4.3	5.3	6.2	4.4	6.7	115.4	2.1	3.1	3.3	3.0													
Bottom 10 Avg.	3.6	6.9	3.9	3.9	3.8	3.6	3.3	2.8	2.8	2.9	3.3	4.1	5.2	3.6	5.4	111.8	-0.7	1.8	1.7	1.9													
May Consensus	4.7	7.8	4.6	4.6	4.5	4.4	4.1	3.7	3.5	3.5	3.8	4.7	5.8	4.0	6.0	113.4	0.7	2.5	2.4	2.4													
Number of Forecasts Changed From A Month Ago:																																	
Down	6	7	4	6	6	5	9	7	13	10	10	5	6	5	8	5	16	11	8	7													
Same	26	19	15	12	19	14	10	19	19	20	18	10	9	9	11	7	15	19	15	19													
Up	6	6	7	4	9	11	11	11	5	8	8	8	7	6	11	8	7	6	14	10													
Diffusion Index	50%	48%	56%	45%	54%	60%	53%	55%	39%	47%	47%	57%	52%	53%	55%	58%	38%	43%	58%	54%													

International Interest Rate And Foreign Exchange Rate Forecasts

Blue Chip Forecasters	Official Cash Rate		
	In 3 Mo.	In 6 Mo.	In 12 Mo.
ING Financial Markets	4.10	4.10	3.10
Moody's Analytics	3.68	3.85	3.35
Nomura Securities	--	--	--
Northern Trust	4.10	4.10	4.10
Oxford Economics	3.84	4.10	4.10
S&P Global Market Intelligence	--	--	--
Scotiabank	--	--	--
TS Lombard	3.85	3.85	2.85
Wells Fargo	4.35	4.35	4.00
June Consensus	3.99	4.06	3.58
High	4.35	4.35	4.10
Low	3.68	3.85	2.85
Last Months Avg.	3.82	3.85	3.67

Australia			
10 Yr. Gov't Bond Yield %			
In 3 Mo.	In 6 Mo.	In 12 Mo.	
3.30	3.10	3.00	
3.52	3.91	3.98	
--	--	--	
3.80	3.70	3.60	
3.39	3.52	3.51	
--	--	--	
--	--	--	
3.73	3.10	3.25	
--	--	--	
3.55	3.47	3.47	
3.80	3.91	3.98	
3.30	3.10	3.00	
3.43	3.45	3.36	

US\$ per A\$			
In 3 Mo.	In 6 Mo.	In 12 Mo.	
0.68	0.71	0.75	
0.70	0.71	0.72	
0.68	0.69	0.70	
0.64	0.66	0.68	
0.67	0.67	0.68	
0.67	0.69	0.71	
0.69	0.69	0.70	
0.65	0.65	0.65	
--	--	--	
0.67	0.68	0.70	
0.70	0.71	0.75	
0.64	0.65	0.65	
0.68	0.69	0.70	

Blue Chip Forecasters	Main Refinancing Rate		
	In 3 Mo.	In 6 Mo.	In 12 Mo.
BMO Capital Markets	4.25	4.25	4.00
ING Financial Markets	4.00	4.00	3.75
Moody's Analytics	3.66	4.16	4.23
Nomura Securities	--	--	--
Northern Trust	4.25	4.25	4.25
Oxford Economics	3.70	4.18	4.16
S&P Global Market Intelligence	--	--	--
Scotiabank	4.25	4.25	4.00
TS Lombard	3.75	3.62	2.35
Wells Fargo	3.50	3.50	3.00
June Consensus	3.92	4.03	3.72
High	4.25	4.25	4.25
Low	3.50	3.50	2.35
Last Months Avg.	3.89	4.01	3.96

Euro area

US\$ per Euro			
In 3 Mo.	In 6 Mo.	In 12 Mo.	
1.11	1.12	1.13	
1.10	1.15	1.20	
1.09	1.10	1.14	
1.15	1.16	1.17	
1.07	1.10	1.12	
1.09	1.10	1.11	
1.12	1.12	1.14	
1.10	1.10	1.10	
1.10	1.10	1.02	
--	--	--	
1.10	1.12	1.13	
1.15	1.16	1.20	
1.07	1.10	1.02	
1.09	1.11	1.13	

Blue Chip Forecasters	10 Yr. Gov't Bond Yields %											
	Germany			France			Italy			Spain		
	In 3 Mo.	In 6 Mo.	In 12 Mo.	In 3 Mo.	In 6 Mo.	In 12 Mo.	In 3 Mo.	In 6 Mo.	In 12 Mo.	In 3 Mo.	In 6 Mo.	In 12 Mo.
BMO Capital Markets	2.20	2.10	1.90	--	--	--	--	--	--	--	--	--
ING Financial Markets	2.30	2.20	2.10	2.90	2.85	2.65	4.30	4.40	4.10	3.40	3.35	3.15
Moody's Analytics	2.43	2.60	2.72	2.94	2.99	3.01	4.35	4.32	4.03	3.42	3.46	3.50
Northern Trust	2.60	2.55	2.45	3.10	3.05	2.95	4.45	4.40	4.30	3.70	3.65	3.55
Oxford Economics	2.31	2.28	2.08	2.86	2.82	2.57	4.19	4.13	3.93	3.35	3.31	3.13
TS Lombard	3.17	2.92	3.10	3.52	3.27	3.45	4.47	4.22	4.40	3.92	3.67	3.85
Wells Fargo	2.40	2.35	2.25	--	--	--	--	--	--	--	--	--
June Consensus	2.49	2.43	2.37	3.06	3.00	2.93	4.35	4.29	4.15	3.56	3.49	3.44
High	3.17	2.92	3.10	3.52	3.27	3.45	4.47	4.40	4.40	3.92	3.67	3.85
Low	2.20	2.10	1.90	2.86	2.82	2.57	4.19	4.13	3.93	3.35	3.31	3.13
Last Months Avg.	2.42	2.40	2.29	2.90	2.87	2.74	4.32	4.25	4.02	3.40	3.35	3.25

	Consensus Forecasts			
	10-year Bond Yields vs U.S. Yield			
	Current	In 3 Mo.	In 6 Mo.	In 12 Mo.
Japan	-3.37	-3.07	-2.93	-2.77
United Kingdom	0.59	0.27	0.22	0.08
Switzerland	-2.74	-2.13	-2.04	-1.99
Canada	-0.47	-0.31	-0.35	-0.26
Australia	-0.06	0.00	0.04	0.12
Germany	-1.28	-1.06	-1.00	-0.98
France	-0.68	-0.48	-0.43	-0.42
Italy	0.57	0.81	0.87	0.80
Spain	-0.24	0.01	0.06	0.09

	Consensus Forecasts			
	Policy Rates vs U.S. Target Rate			
	Current	In 3 Mo.	In 6 Mo.	In 12 Mo.
Japan	-5.23	-5.15	-4.89	-4.07
United Kingdom	-0.63	-0.49	-0.36	0.09
Switzerland	-3.63	-3.41	-3.18	-2.42
Canada	-0.63	-0.55	-0.59	-0.48
Australia	-1.28	-1.10	-0.89	-0.44
Euro area	-1.38	-1.16	-0.93	-0.30

Special Questions:

1. a. When will the first fed funds rate cut occur?

Q3 2023	9%
Q4 2023	27%
Q1 2024	42%
Q2 2024	15%
Later	6%

b. What will motivate the first fed funds rate cut the most?

A sharp slowdown in the economy	28%
A meaningful & persistent slowing in inflation	72%
The current tension in regional banks	0%

c. Has the recent financial market unrest from the failure of three regional banks caused you to move forward your expected date for the first FFR cut?

Yes 15% No 85%

2. What probability do you attach to a recession beginning in 2023 in the:

United States	55%
euro area	56%
United Kingdom	60%

3. a. Do you expect the US unemployment rate to increase in 2023? Yes 97% No 3%

b. If yes, by how much? 0.8%

4. Has the recent turmoil in the banking sector caused you to lower your outlook for the US and broader world economy?

Yes 47% No 53%

Viewpoints:

A Sampling of Views on the Economy, Financial Markets and Government Policy Excerpted from Recent Reports Issued by our Blue Chip Panel Members and Others

What's in the Debt Ceiling Deal?

A debt ceiling resolution has been reached. Over Memorial Day weekend President Joe Biden and Speaker of the House Kevin McCarthy struck an eleventh hour agreement to suspend the debt ceiling through year-end 2024.

The most important macro drivers in the bill are the discretionary spending budget caps for fiscal years 2024 and 2025. Defense discretionary spending will be increased by roughly 3.3% in fiscal year 2024, while nondefense discretionary spending appears to be roughly flat after accounting for anticipated appropriations adjustments. In FY 2025, the budget caps increase 1% for both categories. These figures suggest that base discretionary spending will continue to grow over the next couple of years, albeit at a relatively modest pace. In dollar terms, we estimate that these spending caps imply roughly \$46 billion less in discretionary spending in FY 2024 and \$72 billion less in FY 2025 compared to the Congressional Budget Office's baseline projections.

That said, it is important to note that this slower spending growth is coming off of a relatively high base. Discretionary spending grew rapidly during the pandemic, and even in FY 2023 Congress approved a nearly 10% increase in discretionary spending budget authority. Furthermore, other previously-enacted bills continue to provide a fiscal tailwind, such as the Infrastructure Investment and Jobs Act and the CHIPS Act. The debt ceiling bill also leaves tax policies and most mandatory spending such as Social Security and the major healthcare programs unchanged. Discretionary spending accounts for just one quarter of total federal outlays. Accordingly, this bill presents a small downside risk to our current economic forecast. Incorporating this agreement into our economic forecast will probably reduce real GDP growth by a modest 0.1-0.2 percentage points per year over the next couple of years.

The Congressional Budget Office estimates that the bill will reduce budget deficits by about \$1.5 trillion over the 2023-2033 period relative to its May 2023 projections. Admittedly, CBO projections rely on a host of assumptions about what future Congresses will do, and the actual deficit reduction could be much bigger or smaller than the \$1.5 trillion figure. But setting aside the specific figures, we think this bill marks an important inflection point in federal fiscal policy. The past several years have been marked by highly accommodative federal fiscal policy. This era may be coming to an end as federal fiscal policy is shifting to a more neutral stance. That said, the shift is hardly draconian. As mentioned previously, tax increases or mandatory spending cuts were avoided. And despite the caps, discretionary spending should continue to grow at a modest pace over the next couple years, in contrast to the outright spending cuts seen in the wake of the 2011 debt ceiling episode.

The debt ceiling bill contains numerous other policy changes, such as rescinding some unspent COVID relief money, streamlining some energy project permitting and tweaking work re-

quirements for the Supplemental Assistance Program (SNAP) and Temporary Assistance for Needy Families (TANF). However, the deficit impact from these policies is relatively small, and we doubt they will have a material impact on our U.S. macroeconomic forecast. The bill also codifies the end of the student loan payment moratorium 60 days after June 30 (August 29). This was already the stated intention of the Biden administration, but the debt ceiling bill ensures another extension will not occur without an act of Congress. Critically, the bill does not weigh in on President Biden's sweeping student loan forgiveness plan. The fate of that executive action will be determined by the Supreme Court, potentially as soon as June.

It is important to note that the debt ceiling bill is not the end of the road for the FY 2024 budget process. Now that topline spending levels have been set, Congress must pass the 12 annual appropriation bills before the start of the next fiscal year on October 1. The appropriations process involves allocating the pot of money to all the various discretionary programs and activities funded by the federal government. Imagine a household that has developed a high-level budget for its major spending categories such as rent, groceries, etc., but still has to choose which individual items to purchase at the grocery store. If Congress does not pass the 12 appropriation bills or a continuing resolution (CR) by September 30, a government shutdown would ensue. If a CR is still in effect on or after January 1, the debt ceiling bill stipulates that even lower discretionary budget caps would kick in. This provision is designed to push lawmakers to complete the annual budget process without too much of a delay.

A Fiscal Cliff Is Coming in 2025

Assuming a government shutdown is avoided this year and next, the debt ceiling and budget drama should subside until after the 2024 presidential election. However, the next president and Congress will face a long list of fiscal policy items to address in 2025. First, the debt ceiling will once again need to be increased or suspended by the summer/fall of 2025. Second, topline spending levels for FY 2024 and FY 2025 are now set, but starting in FY 2026 the budget caps implied in the debt ceiling bill are non-enforceable. So, Congress and the president will once again need to sort through the appropriate level of discretionary spending. Third, major parts of the 2017 Tax Cuts and Jobs Act (the tax cut bill passed under President Trump) are set to expire at the end of 2025. Generally speaking, most of the individual income tax cuts are set to expire, while most of the business tax cuts were made permanent. Fourth, the Inflation Reduction Act (IRA) passed under President Biden included an extension of more generous subsidies for individuals purchasing health insurance through the Affordable Care Act. These too will expire after 2025. Thus, the next election will have elevated stakes for the federal fiscal policy outlook.

Michael Pugliese and Karl Vesely (Wells Fargo Economics)

2023 Historical Data

Monthly Indicator	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Retail and Food Service Sales (a)	2.8	-0.7	-0.7	0.4	....	....	....	....	....	....	....	....
Auto & Light Truck Sales (b)	15.95	14.92	14.84	15.91	....	....	....	....	....	....	....	....
Personal Income (a, current \$)	0.6	0.3	0.3	0.4	....	....	....	....	....	....	....	....
Personal Consumption (a, current \$)	1.9	0.1	0.1	0.8	....	....	....	....	....	....	....	....
Consumer Credit (e)	5.9	3.8	6.6	....	....	....	....	....	....	....	....	....
Consumer Sentiment (U. of Mich.)	64.9	67.0	62.0	63.5	59.2	....	....	....	....	....	....	....
Household Employment (c)	894	177	577	139	....	....	....	....	....	....	....	....
Nonfarm Payroll Employment (c)	472	248	165	253	....	....	....	....	....	....	....	....
Unemployment Rate (%)	3.4	3.6	3.5	3.4	....	....	....	....	....	....	....	....
Average Hourly Earnings (All, cur. \$)	33.02	33.11	33.20	33.36	....	....	....	....	....	....	....	....
Average Workweek (All, hrs.)	34.6	34.5	34.4	34.4	....	....	....	....	....	....	....	....
Industrial Production (d)	1.5	0.8	0.1	0.2	....	....	....	....	....	....	....	....
Capacity Utilization (%)	79.6	79.5	79.4	79.7	....	....	....	....	....	....	....	....
ISM Manufacturing Index (g)	47.4	47.7	46.3	47.1	....	....	....	....	....	....	....	....
ISM Nonmanufacturing Index (g)	55.2	55.1	51.2	51.9	....	....	....	....	....	....	....	....
Housing Starts (b)	1.340	1.436	1.371	1.401	....	....	....	....	....	....	....	....
Housing Permits (b)	1.354	1.482	1.437	1.417	....	....	....	....	....	....	....	....
New Home Sales (1-family, c)	649	631	656	683	....	....	....	....	....	....	....	....
Construction Expenditures (a)	-0.2	-0.3	0.3	....	....	....	....	....	....	....	....	....
Consumer Price Index (nsa, d)	6.4	6.0	5.0	4.9	....	....	....	....	....	....	....	....
CPI ex. Food and Energy (nsa, d)	5.6	5.5	5.6	5.5	....	....	....	....	....	....	....	....
PCE Chain Price Index (d)	5.4	5.1	4.2	4.4	....	....	....	....	....	....	....	....
Core PCE Chain Price Index (d)	4.7	4.7	4.6	4.7	....	....	....	....	....	....	....	....
Producer Price Index (nsa, d)	5.7	4.8	2.7	2.3	....	....	....	....	....	....	....	....
Durable Goods Orders (a)	-1.3	-2.7	3.3	1.1	....	....	....	....	....	....	....	....
Leading Economic Indicators (a)	-0.5	-0.6	-1.2	-0.6	....	....	....	....	....	....	....	....
Balance of Trade & Services (f)	-68.7	-70.6	-64.2	....	....	....	....	....	....	....	....	....
Federal Funds Rate (%)	4.33	4.57	4.65	4.83	....	....	....	....	....	....	....	....
3-Mo. Treasury Bill Rate (%)	4.69	4.79	4.86	5.07	....	....	....	....	....	....	....	....
10-Year Treasury Note Yield (%)	3.53	3.75	3.66	3.46	....	....	....	....	....	....	....	....

2022 Historical Data

Monthly Indicator	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Retail and Food Service Sales (a)	1.4	1.4	2.1	1.2	0.0	0.6	-0.5	0.7	0.0	1.0	-1.3	-0.7
Auto & Light Truck Sales (b)	15.11	13.71	13.56	14.28	12.58	13.05	13.31	13.23	13.64	15.28	14.34	13.37
Personal Income (a, current \$)	-0.1	0.5	0.5	0.2	0.5	0.5	0.8	0.6	0.5	0.6	0.2	0.2
Personal Consumption (a, current \$)	1.2	0.7	1.2	0.4	0.7	1.2	-0.1	0.7	0.6	0.7	-0.2	0.0
Consumer Credit (e)	4.9	8.6	11.1	7.7	7.3	9.4	7.1	7.7	7.0	9.0	8.5	4.7
Consumer Sentiment (U. of Mich.)	67.2	62.8	59.4	65.2	58.4	50.0	51.5	58.2	58.6	59.9	56.8	59.7
Household Employment (c)	1041	468	738	-346	317	-242	215	422	156	-257	-66	717
Nonfarm Payroll Employment (c)	364	904	414	254	364	370	568	352	350	324	290	239
Unemployment Rate (%)	4.0	3.8	3.6	3.6	3.6	3.6	3.5	3.7	3.5	3.7	3.6	3.5
Average Hourly Earnings (All, cur. \$)	31.63	31.63	31.83	31.94	32.06	32.18	32.33	32.43	32.53	32.66	32.80	32.92
Average Workweek (All, hrs.)	34.6	34.7	34.7	34.6	34.6	34.6	34.6	34.5	34.6	34.6	34.5	34.4
Industrial Production (d)	2.3	6.6	4.4	4.6	3.7	3.2	3.0	3.1	4.5	3.1	1.9	0.6
Capacity Utilization (%)	79.4	79.9	80.5	80.7	80.6	80.5	80.7	80.7	80.8	80.6	80.3	78.9
ISM Manufacturing Index (g)	57.6	58.4	57.0	55.9	56.1	53.1	52.7	52.9	51.0	50.0	49.0	48.4
ISM Nonmanufacturing Index (g)	60.4	57.2	58.4	57.5	56.4	56.0	56.4	56.1	55.9	54.5	55.5	49.2
Housing Starts (b)	1.669	1.771	1.713	1.803	1.543	1.561	1.371	1.505	1.463	1.432	1.427	1.357
Housing Permits (b)	1.898	1.817	1.877	1.795	1.708	1.701	1.658	1.586	1.588	1.555	1.402	1.409
New Home Sales (1-family, c)	810	773	707	611	636	563	543	638	567	577	582	636
Construction Expenditures (a)	2.7	1.5	0.9	0.7	0.7	0.6	0.8	-1.1	0.5	0.0	1.8	-0.1
Consumer Price Index (nsa, d)	7.5	7.9	8.5	8.3	8.6	9.1	8.5	8.3	8.2	7.7	7.1	6.5
CPI ex. Food and Energy (nsa, d)	6.0	6.4	6.5	6.2	6.0	5.9	5.9	6.3	6.6	6.3	6.0	5.7
PCE Chain Price Index (d)	6.1	6.4	6.8	6.4	6.5	7.0	6.4	6.3	6.3	6.1	5.7	5.3
Core PCE Chain Price Index (d)	5.2	5.4	5.4	5.0	4.9	5.0	4.7	4.9	5.2	5.1	4.8	4.6
Producer Price Index (nsa, d)	10.1	10.4	11.7	11.2	11.1	11.2	9.7	8.7	8.5	8.2	7.4	6.4
Durable Goods Orders (a)	2.0	-1.4	-0.1	1.0	0.7	1.6	-0.8	-0.1	0.3	1.0	-3.1	4.5
Leading Economic Indicators (a)	-0.5	0.3	0.0	-0.6	-0.9	-0.7	-0.6	-0.3	-0.5	-0.9	-0.9	-0.7
Balance of Trade & Services (f)	-87.4	-87.3	-106.4	-86.0	-85.4	-80.8	-69.8	-64.6	-72.6	-77.2	-60.6	-67.2
Federal Funds Rate (%)	0.08	0.08	0.20	0.33	0.77	1.21	1.68	2.33	2.56	3.08	3.78	4.10
3-Mo. Treasury Bill Rate (%)	0.15	0.31	0.45	0.76	0.99	1.54	2.30	2.72	3.22	3.87	4.32	4.36
10-Year Treasury Note Yield (%)	1.76	1.93	2.13	2.75	2.90	3.14	2.90	2.90	3.52	3.98	3.89	3.62

(a) month-over-month % change; (b) millions, saar; (c) month-over-month change, thousands; (d) year-over-year % change; (e) annualized % change; (f) \$ billions; (g) level. Most series are subject to frequent government revisions. Use with care.

Calendar of Upcoming Economic Data Releases

Monday	Tuesday	Wednesday	Thursday	Friday
			June 1 ADP Employment Report (May) Productivity & Costs (Q1) ISM Manufacturing (May) S&P Global Mfg PMI (May) Construction (Apr) Challenger Employment Report (May) EIA Crude Oil Stocks Weekly Jobless Claims	2 Employment Situation (May)
5 Manufacturers' Shipments, Inventories & Orders (Apr) ISM Services PMI (May) S&P Global Services PMI (May) BEA Auto & Truck Sales (May)	6 QFR (Q1) Public Debt (May) Interest Expense on the Public Debt (May) Kansas City Fed Labor Market Conditions Indicators (May) Short-Term Energy Outlook (May)	7 International Trade (Apr & Rev) Transportation Services Index (Apr) Consumer Credit (Apr) Treasury Auction Allotments (May) EIA Crude Oil Stocks Mortgage Application	8 Wholesale Trade (Apr) Financial Account (Q1) Weekly Jobless Claims	9 QSS (Q1) Kansas City Financial Stress Index (May)
12 Monthly Treasury (May)	13 CPI & Real Earnings (May) Cleveland Fed Median CPI (May) Manpower Survey (Q3) NFIB (May) FOMC Meeting	14 Producer Prices (May) FOMC Meeting EIA Crude Oil Stocks Mortgage Application	15 Import & Export Prices (May) Advance Retail Sales (May) IP & Capacity Utilization (May) MTIS (Apr) Empire State Mfg Survey (Jun) Philadelphia Fed Mfg Business Outlook Survey (Jun) TIC Data (Apr) Weekly Jobless Claims	16 Consumer Sentiment (Jun, Preliminary) ECEC (Q1) Business Leaders Survey (Jun) Livingston Survey (Jun)
19 Home Builders (Jun) JUNETEENTH ALL MARKETS COSED	20 New Residential Construction (May) Philadelphia Fed Nonmanufacturing Business Outlook Survey (Jun)	21	22 Intl Transactions (Q1 & Rev) Existing Home Sales (May) Treasury Auction (Jun) Chicago Fed National Activity Index (May) Kansas City Fed Mfg (Jun) Composite Indexes (May) EIA Crude Oil Stocks Mortgage Application Weekly Jobless Claims	23 FRB Philadelphia Coincident Economic Activity Index(May) S&P Global Flash PMI (Jun)
26 Texas Manufacturing Outlook Survey (Jun) Dallas Fed Banking Conditions Survey (Jun) Steel Imports for Consumption (May, Preliminary)	27 Adv Durable Goods (May) Case-Shiller HPI (Apr) FHFA HPI (Apr) New Residential Sales (May) H.6 Money Stock (May) Final Building Permits (May) Richmond Fed Mfg & Service Sector Surveys(Jun) Texas Service Outlook (Jun) Consumer Confidence (Jun)	28 International Investment Position (Q1 & Revisions) Advance Trade & Inventories (May) EIA Crude Oil Stocks Mortgage Application	29 GDP & Corp Profits (Q1, 3rd Estimate) GDP by Industry (Q1) Pending Home Sales (May) Weekly Jobless Claims	30 Personal Income (May) Dallas Fed Trimmed-Mean PCE (May) Agricultural Prices (May) Strike Report (Jun) Chicago PMI (Jun) Consumer Sentiment (Jun,Final)
July 3 Construction (May) ISM Manufacturing (Jun) S&P Global Mfg PMI (Jun)	4 INDEPENDENCE DAY ALL MARKETS COSED	5 Manufacturers' Shipments, Inventories & Orders (May)	6 ADP Employment Report (Jun) International Trade (May) ISM Services PMI (Jun) S&P Global Services PMI (May) BEA Auto & Truck Sales (Jun) JOLTS (May) Challenger Employment (Jun) EIA Crude Oil Stocks Mortgage Application Weekly Jobless Claims	7 Employment Situation (Jun) Public Debt (Jun) Interest Expense on the Public Debt (Jun)

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