



**National Rural Utilities
Cooperative Finance Corporation**

SERVICE | INTEGRITY | EXCELLENCE

2023 Power Eastern Oregon Economic Development Summit

Sam Kem

Senior Economic Research Analyst
Sam.kem@nrucfc.coop

Macroeconomic Indicators



Signs of U.S. Economic Resiliency



Real GDP Growth

2.1%
(Q2 2023)



Strong Labor Market

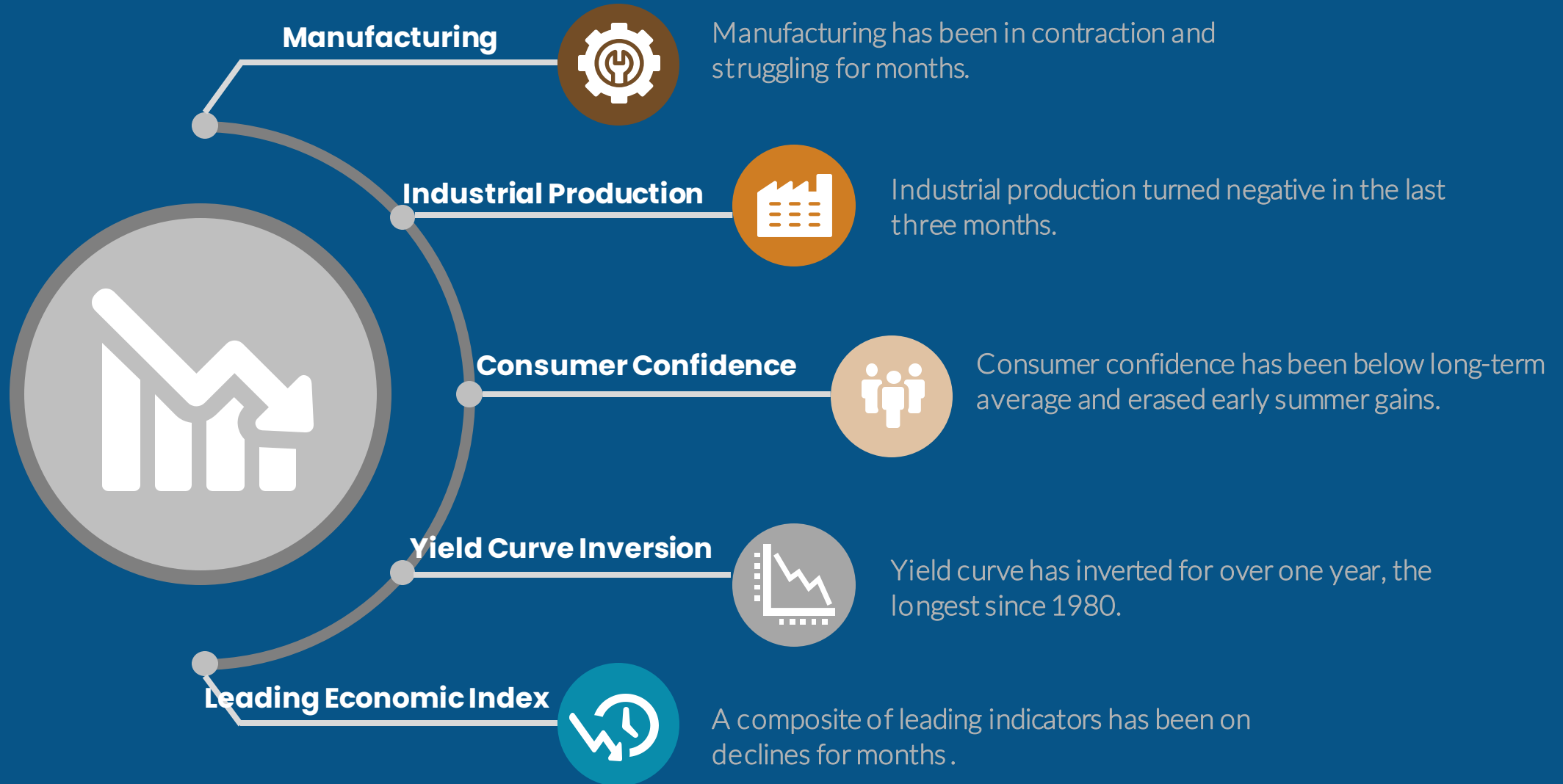
3.8%
(August Unemployment)



**Resilient
Consumption**

1.7%
(Q2 2023)

Signs of Upcoming Economic Downturn



Macroeconomic Risk Assessment



Government Debt

Energy Price Resurgence

Global Downtrend

Household Debt



**Macroeconomic
Risks**

Banking Stress

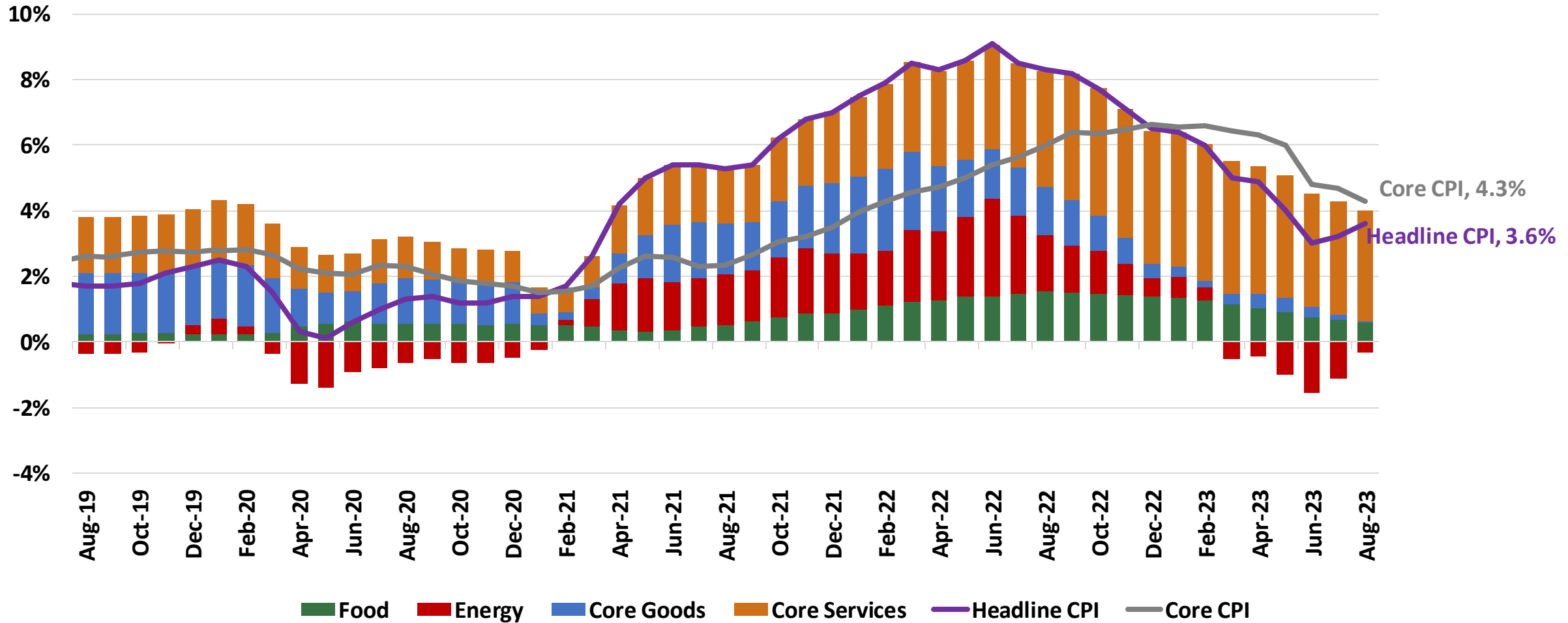
Housing Affordability Crisis

Higher-for-Longer Rates

Overvalued Equity Market



Inflation: What's Driving the Last Miles



Risk to Consumer Inflation Expectations



GASOLINE PRICES

10.6%

(FROM JUL-AUG)



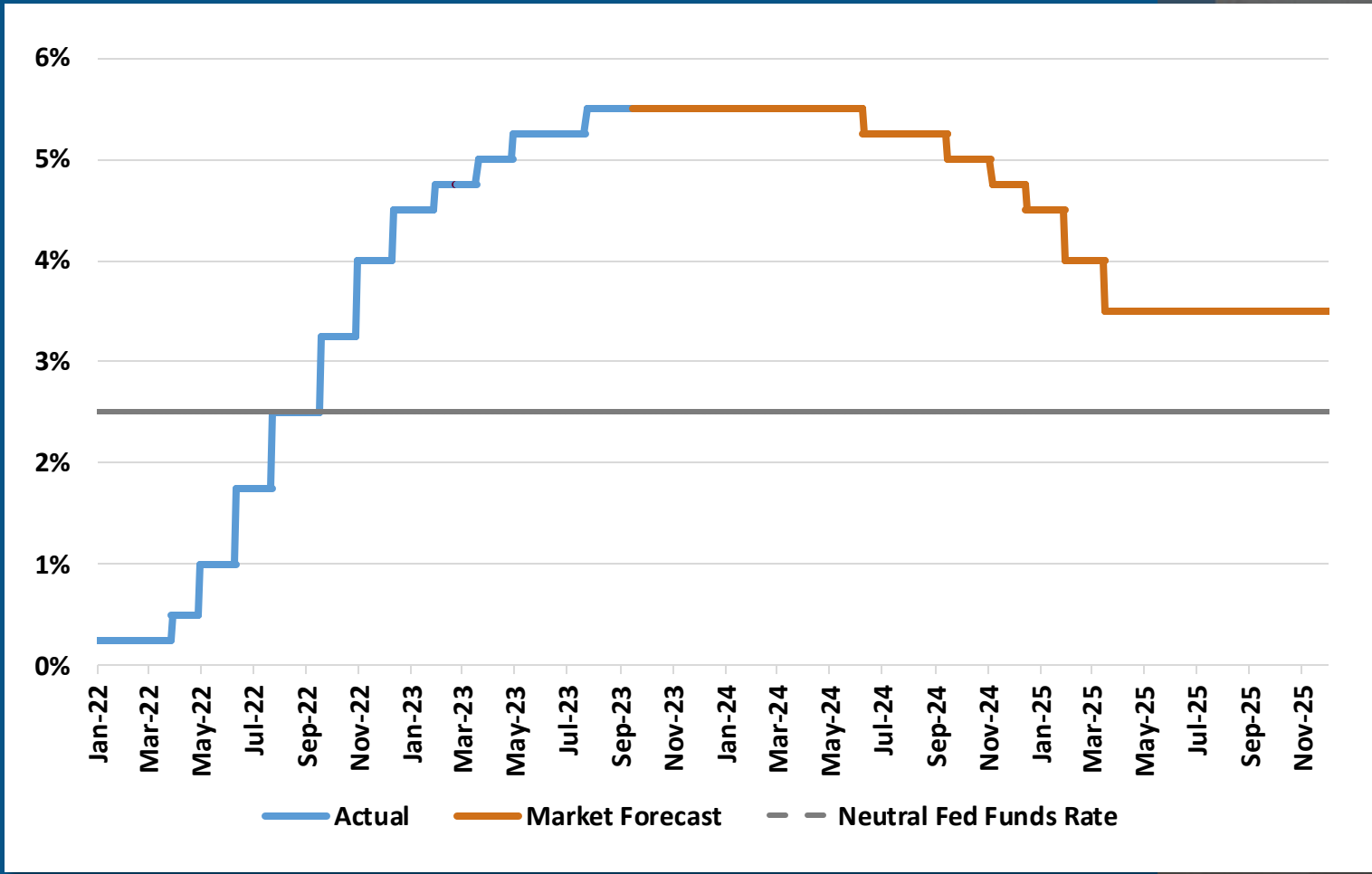
GROCERY PRICES

0.2%

(FROM JUL-AUG)

Federal Funds Rate Higher for Longer

Actual Target Rate & Forecast



Consumers Pushed to the Edge



Record-High Credit Card Debt



Declining Personal Saving Rate



Least Affordable Housing in Nearly 4 Decades



Real Median Income Lower Than Pre-COVID



Consumer Resilience

Macroeconomic Outlook





Economist

VS.



Broken Clock

Team 'Soft Landing' on the Rise

Economists say US just might avoid a recession after all
By Jim Puzantera
Global Staff, Updated July 26, 2023, 6:58 p.m.

FINANCE & TAX
U.S. will avert recession in 2023, Fed staff says, even as more rate hikes loom
Central bank officials are cautioning that there might be more increases coming.

CNN BUSINESS Markets Tech Media Calculators Videos
Wall Street suddenly appears confident America will avoid a recession
By Krystal Hui, CNN
Published 7:51 AM EDT, Thu July 27, 2023

FORTUNE
America has avoided a recession. But don't thank the Fed—thank the corporate sector, says top strategist

On the Flight Path to the Soft Landing
by Patrick T. Harker · President and Chief Executive
Philadelphia Business Journal's State of the Economy

Bloomberg
Economics
Economists See US Recession Odds at 50% or Less in New Survey
We've updated the dispute procedures in our Terms of Service ("Terms"). By continuing to use the site, you accept and agree to these updated T
■ Improved sentiment in NABE poll comes amid ongoing job gains
■ Respondents also see rising inflation, higher prices

THE WALL STREET JOURNAL
Markets Appear Convinced the Fed Can Pull Off a Soft Landing
Stocks surged this past week on evidence that inflation is cooling

United States
Bank of America Global Research raises US growth forecast on 'soft landing' expectation
Reuters
August 7, 2023 9:29 AM EDT · 11 minutes 7 seconds ago



Not Our First Time...



Soft landing economy seen

LOS ANGELES — The economist who coined the phrase "soft landing" believes the U.S. economy will be able to achieve one that is, the Federal Reserve can bring inflation down without jerking on the money and credit brakes and causing a recession.

However, an economist-journalist who also coined the phrase "soft landing" believes the U.S. economy will be able to achieve one that is, the Federal Reserve can bring inflation down without jerking on the money and credit brakes and causing a recession.

across. The Fed has fumbled again, said Franklin. "Once again, the Fed has been too loose too long. It hasn't tightened at all yet."

"There has been a fantastic explosion in consumer credit and a fantastic explosion in housing credit. The federal deficit is the largest it has ever been for this time in the cycle. Nobody is getting turned down for credit."

izes that the basic rate of inflation today is not seven percent but is closer to nine percent, he'll have to take a hard line, restrictive policy," he said.

The sudden turn to very tight money will strangle the economy, "derailing the capital goods boom until 1980." Franklin can foresee three quarters or more of negative growth next year. "It is

continue feeding funds to the housing market by permitting banks and thrift institutions to issue savings certificates, competitive with Treasury bills has only distorted the economy, preventing events from taking their natural course, he said.

Raymond Jallow of United California Bank in Los Angeles has not made his 1979 forecast yet, but he says he

efficiency unit, or buy a less expensive model and face higher operating costs throughout the life of the unit.

Frankly, it depends upon several factors. GE suggests you take the time to estimate the difference in operating costs for each unit per year. It will depend upon the electrical rate in your area and the number of hours you can expect to operate the air conditioner each year. Remember, however, that electrical rates are much more likely to go up than down.

If you're comparing several units of not quite the same

CHILD. If inclusion in the value of your principal disturbs you, even though you don't plan to withdraw it, that's a good indication.

study, and a clear definition of what you want your money to accomplish for you.

In 1987, the court applied the same standard to an anti-fraud section of the federal Securities Exchange Act of 1934.

A recent Securities and Exchange Commission study of NYSE cases found that arbitration is indeed cheaper and quicker than

U.S. economy seems headed for a soft landing

NEW YORK (AP) — Directing the economy isn't like guiding a spaceship, yet a lot of investors are making the comparison. They are looking for an economic "soft landing" when the long expansion of the 1970s ends.

attract money that might have gone into bonds. The "soft-landing" thesis has gained many adherents. Brokers are calling old customers with new tips. Market letter writers are talking about 3,000 points on the Dow Jones industrial average. Business Week magazine declares "A Soft Landing Will Send the Market Soaring." Stocks are exciting once

indeed be accompanied by lower borrowing rates, but won't it mean lower profits, too? Historically, and logically, that's been the case. And if profits decline, what will hold prices up?

While some investors might dwell on their advantage on that question, others are wondering why we should expect the Federal Reserve to guide the 77-month-old economic expansion to a gentle, kind, "soft landing."

That sort of denucement is to be wished for, of course, but wishing won't make it come. For decades, economic "soft landings" have been a

ment. The economy reacts in ways that cannot be forecast.

It was popular in the 1960s, for example, to talk about fine tuning. Those who directed fiscal policy would join with monetary officials to make the economy dance to a sweet melody in which every note would be perfect.

That notion didn't even last the decade. Before the '60s were done the idea of fine-tuning had been trashed.

Because the economy was manageable, President Lyndon Johnson had reasoned, we can make it produce not just butter but guns too. But the record-high inflation and interest rates that followed represented a crash for the fine-tuning idea.

Amid uncertainty, Bernanke sparkles in 1st year as Fed chief



WASHINGTON — Since the chairman of the Federal Reserve last Feb. 1, Alan Greenspan has steered the U.S. economy to an apparent "soft landing" and a housing renaissance, a decision to raise the world's most powerful tax rate.

They are not small feats, and marks on his rookie year comes to a close. Bernanke, a quiet, bearded man, had the shrewd task of leading the 10-year term of Alan Greenspan, who had been the greatest conservative in the Fed's history. Bernanke had plenty of time to set the Fed's course, as Greenspan had plenty of time to set the Fed's course.

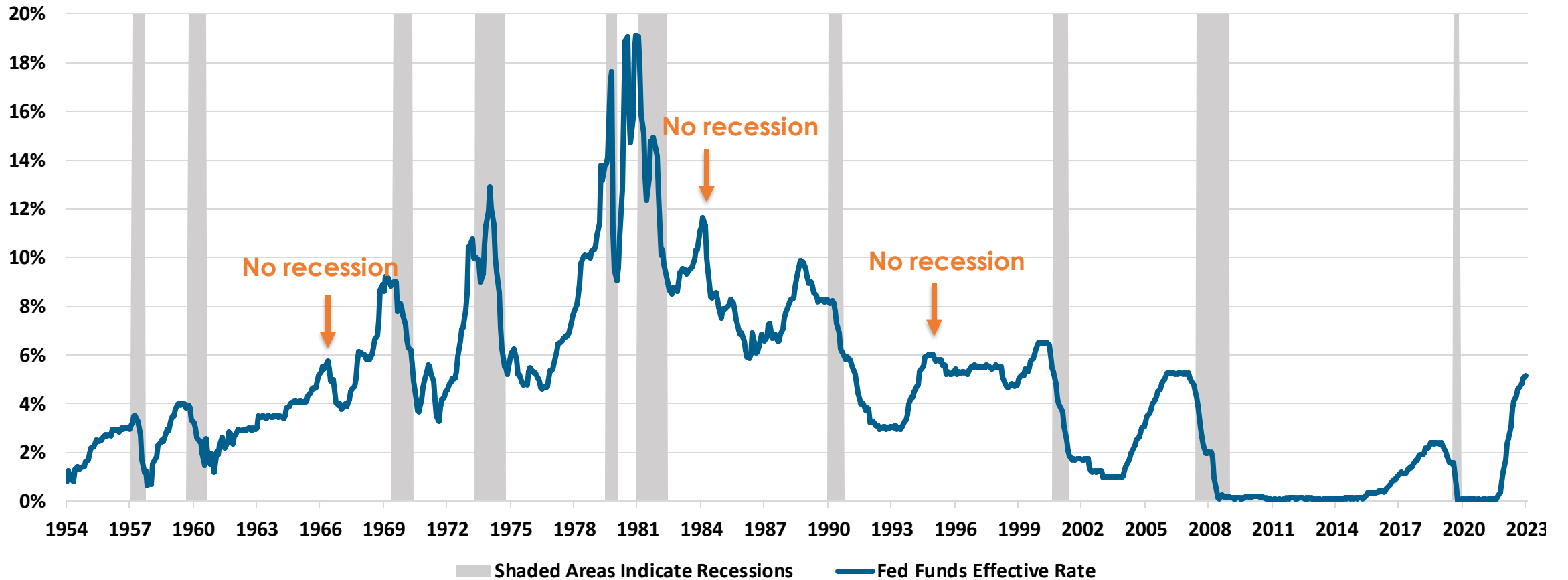
So much of what Alan Greenspan did seemed to be by instinct, and it's not surprising that Bernanke is a good fit. He has also retained the level of independence that Greenspan had. He has also retained the level of independence that Greenspan had.

When Fed Chairman Ben Bernanke took office last month, he faced a challenge: what does a "soft landing" mean? Bernanke has tried to bring the economy back to a "soft landing" by raising interest rates to 12 percent in 2004. Bernanke's interest rate cut was from 1 percent to 5.25 percent.

for overnight loans — across the board. Bernanke's goal is to slow the Fed's rate to 4 percent. When inflation is high, rates are raised to reduce demand. Bernanke's goal is to slow the Fed's rate to 4 percent.



Fed Avoided Recession Three Times



Source: Federal Reserve Bank
Note: Recession dates as defined by the
National Bureau of Economic Research

We Have a Clear Winner...



Right 3 times in nearly 7 decades



Right twice a day



Recession Outlook

We tend to think it's different this time,
but it's usually not that different.



From the Beginning of Hiking Cycle to Recession

12
Months

Shortest to Recession
1980-81 Cycle

27
Months

Median to Recession
1988-89 Cycle

36
Months

Longest to Recession
1977-80 Cycle

18 months
since the start of the current cycle



Oregon Economy



Economic Overview



Inflation



**Increased
Business
Formation**



**Volatile
Economy**



**Strong GDP
Growth**

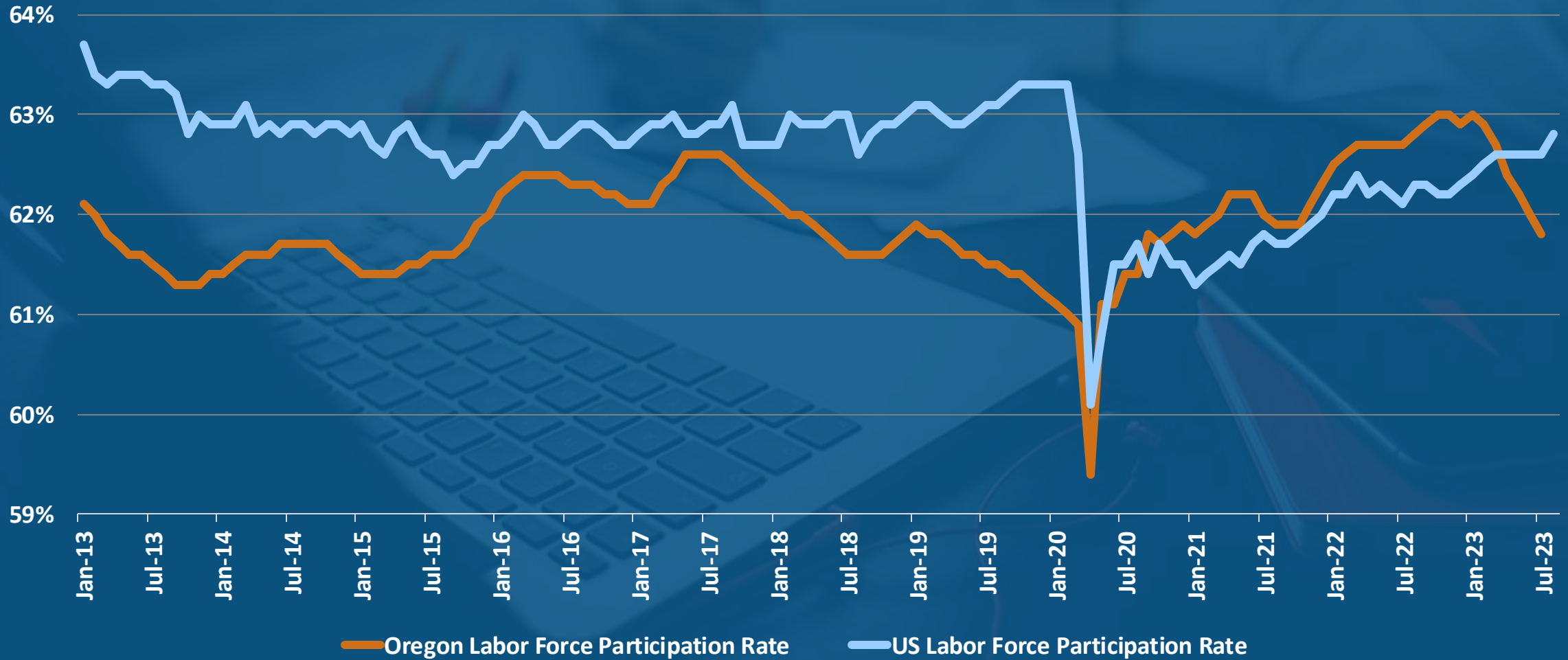


**Benefactor of
Federal Investment**



**Declining
Labor Force**

Declining Labor Force Participation



Economic Outlook



GDP Growth Expected to Slow to 1.8% in 2023 and 1.2% in 2024



Unemployment Rate Expected to Rise to 3.9% in 2023 and Stay at 3.9% in 2024



Health Care to Lead in Job Gains Between 2023 and 2025



Slow Growth in Good-Producing Sectors



Sluggish Population Growth, Relying on Net Migration



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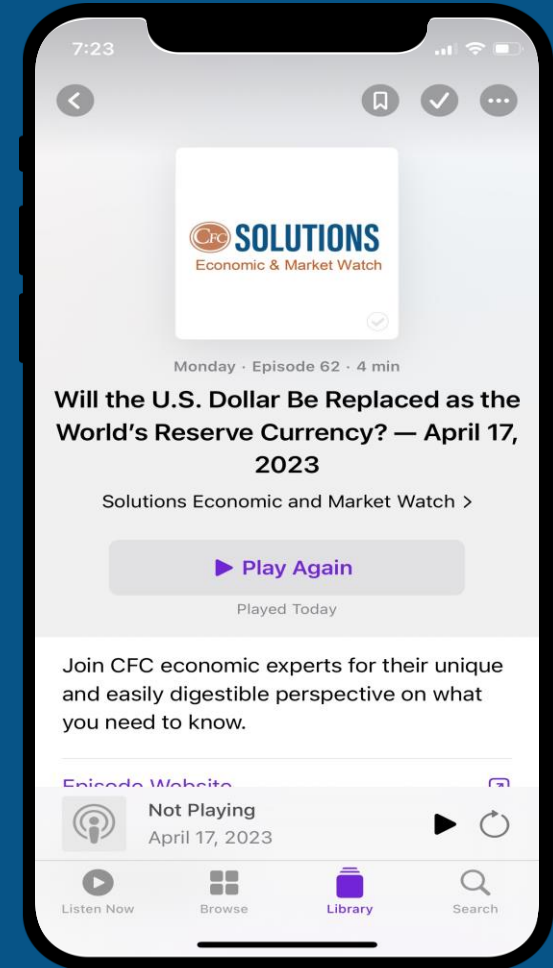


John Suter

Vice President
Economic Research

Sam Kem

Sr. Economic Research
Analyst



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