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The Next Recession

Mark Zandi, Chief Economist

The Job Market Is Tight ...

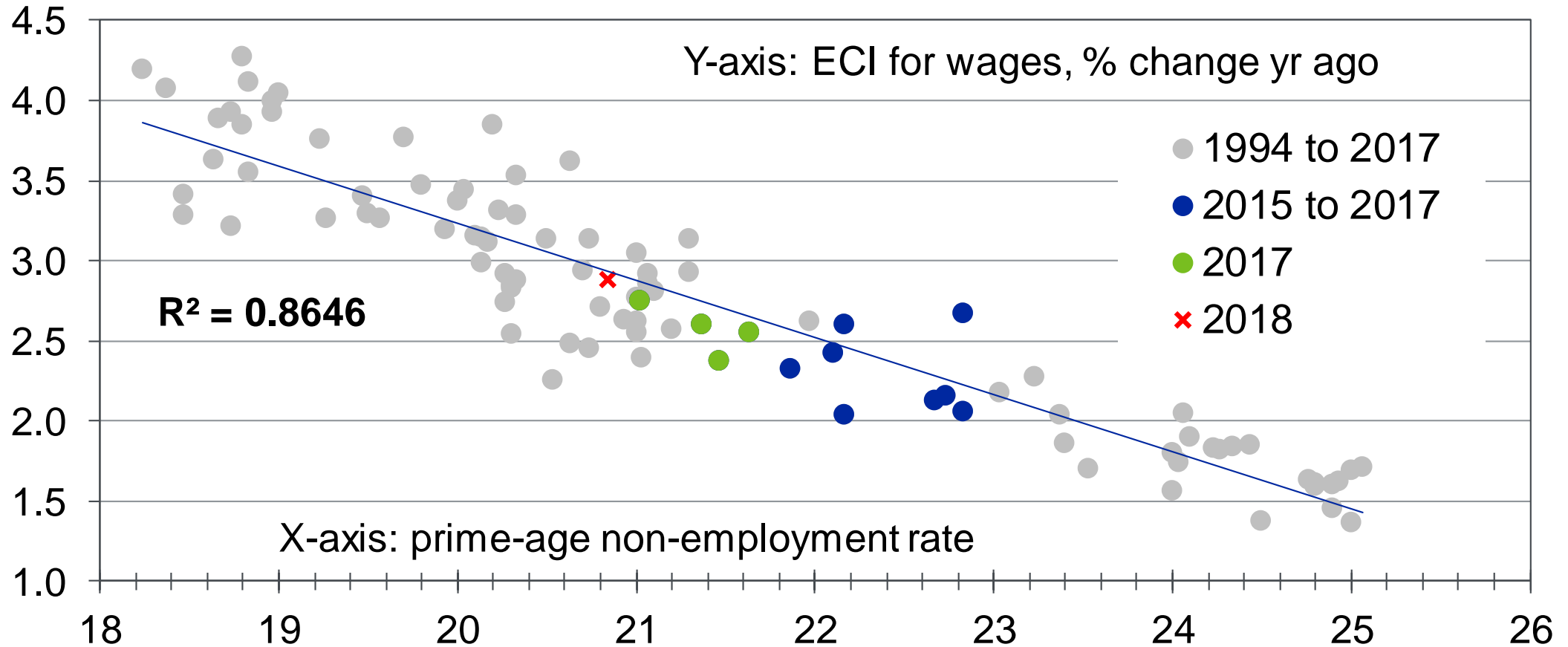
Underemployed per open job position



Sources: BLS, Moody's Analytics

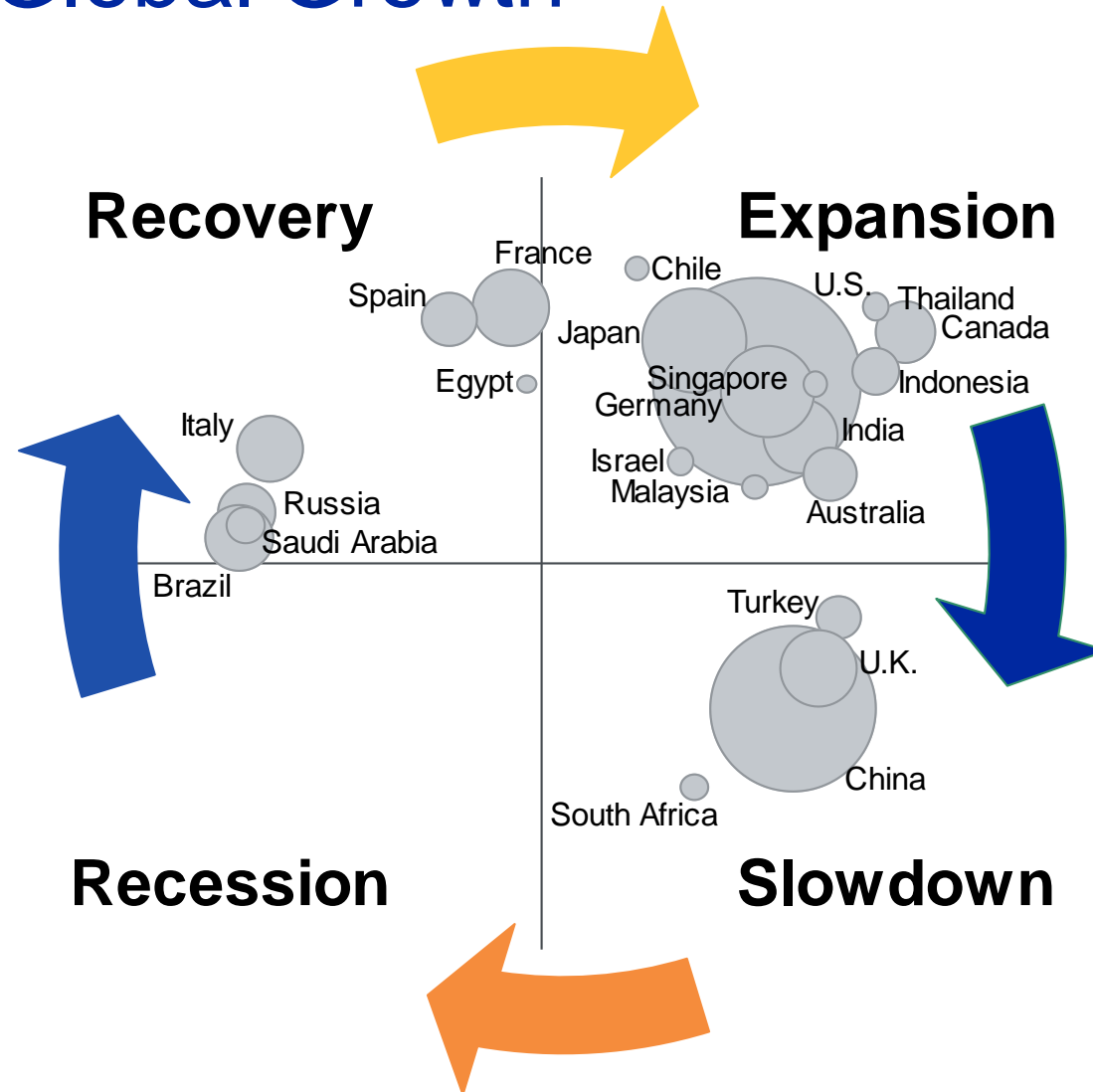
...And the Phillips Curve Is Alive and Well

Wage growth Phillips curve, quarterly 1994Q1 to 2018Q1



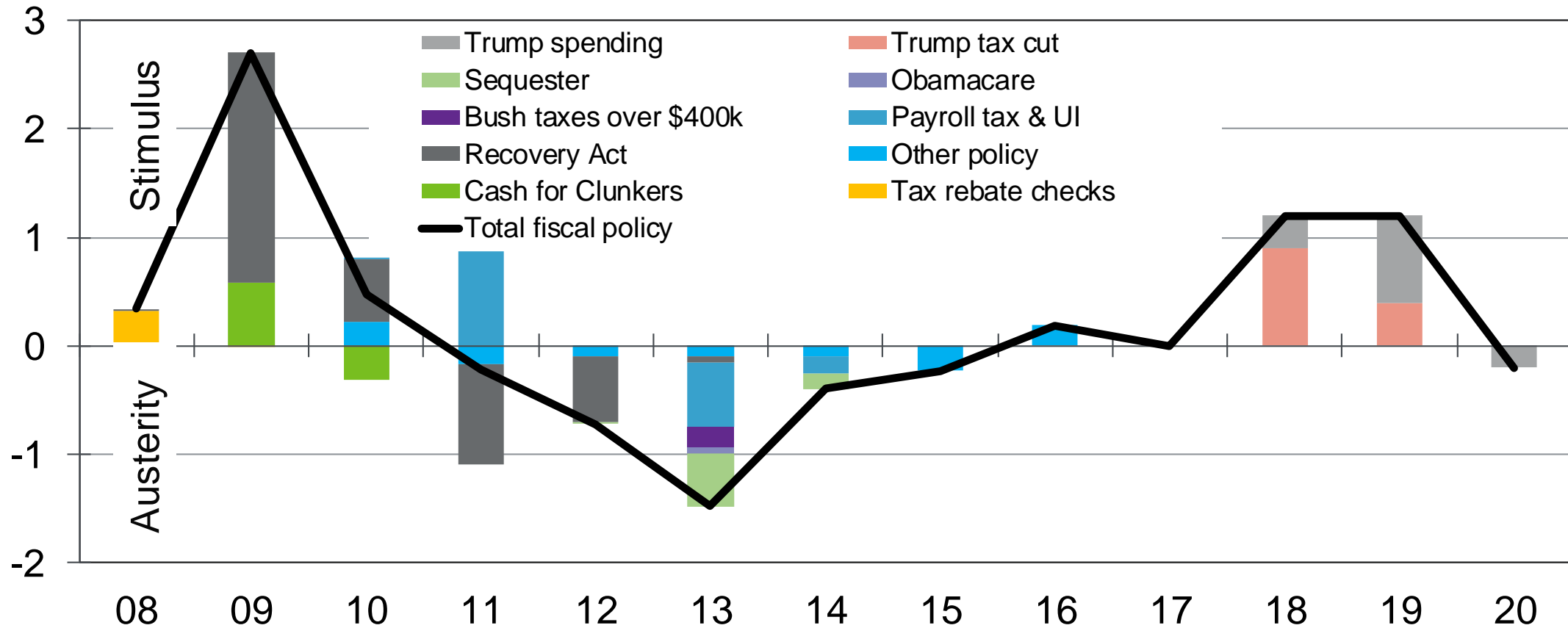
Sources: BLS, Moody's Analytics

Synchronized Global Growth



Fiscal Stimulus, to Austerity, Back to Stimulus

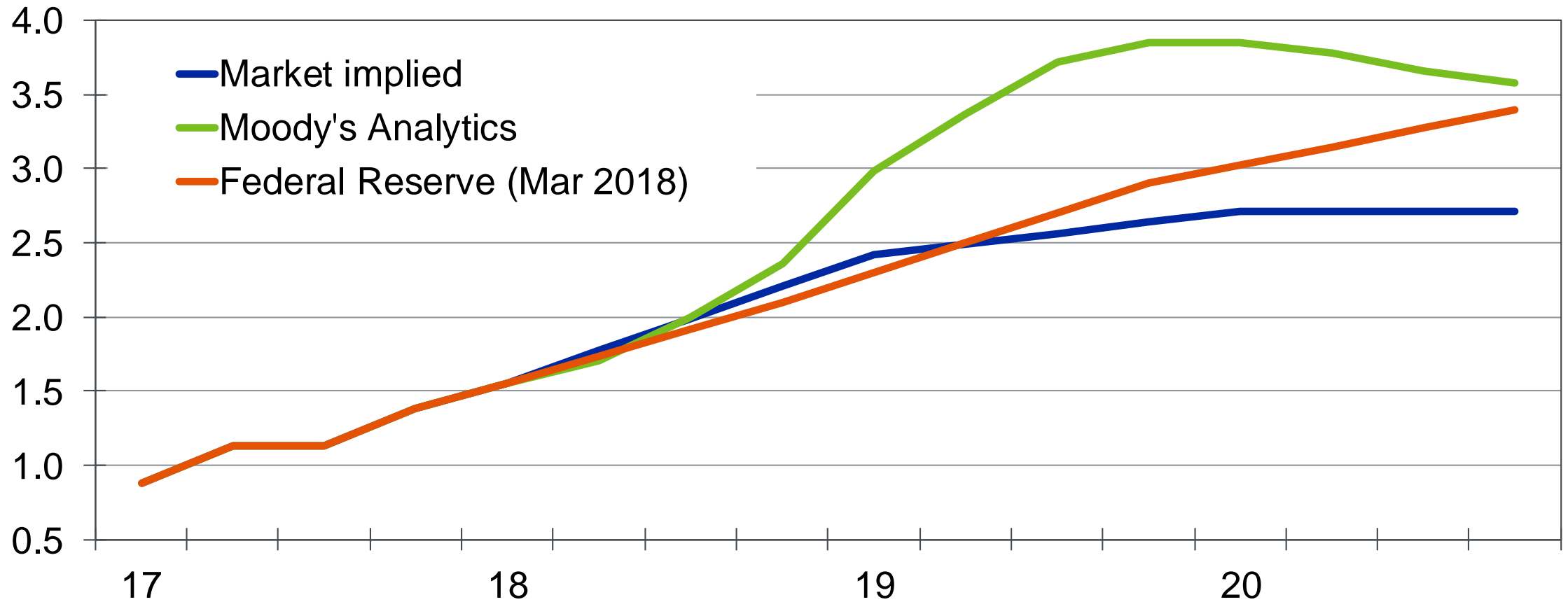
Federal discretionary fiscal policy as a % of GDP



Source: Moody's Analytics

Global Investors Must Adjust...

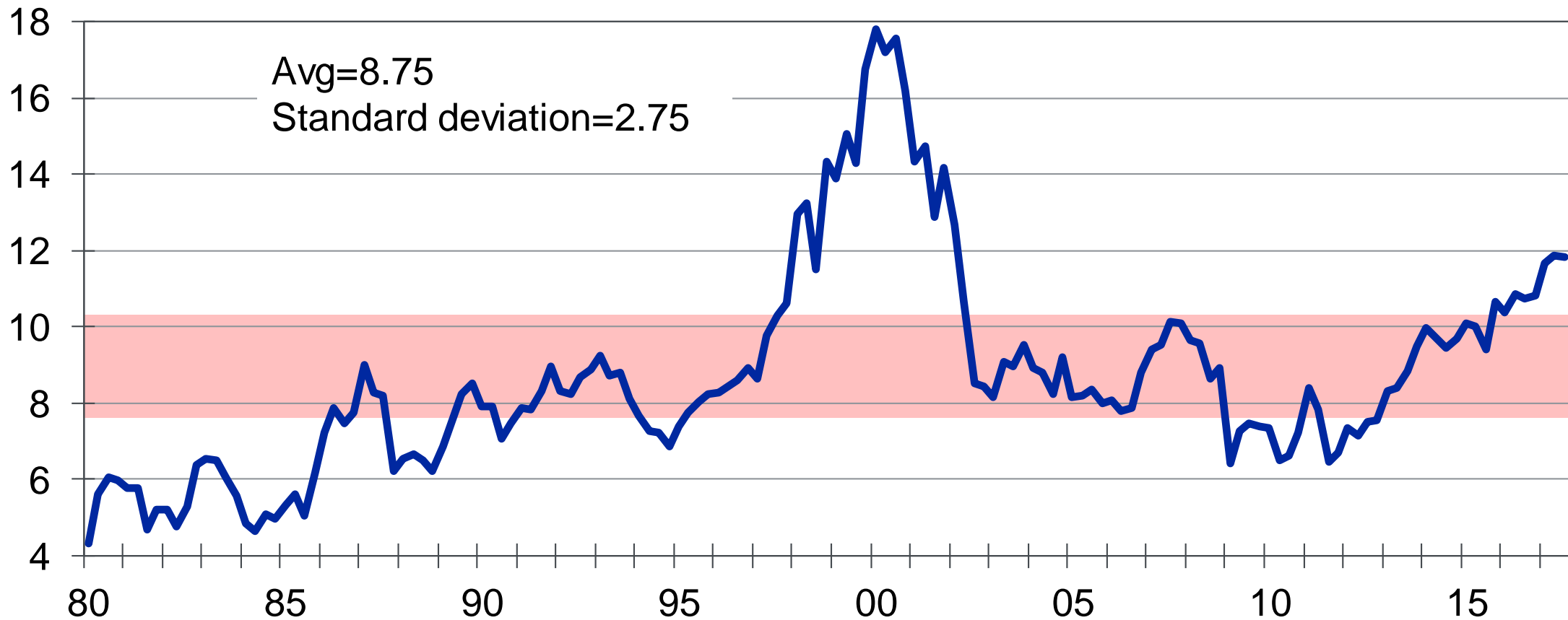
Federal funds rate, %



Sources: Federal Reserve, Bloomberg, Moody's Analytics

...Posing a Threat to Asset Markets...

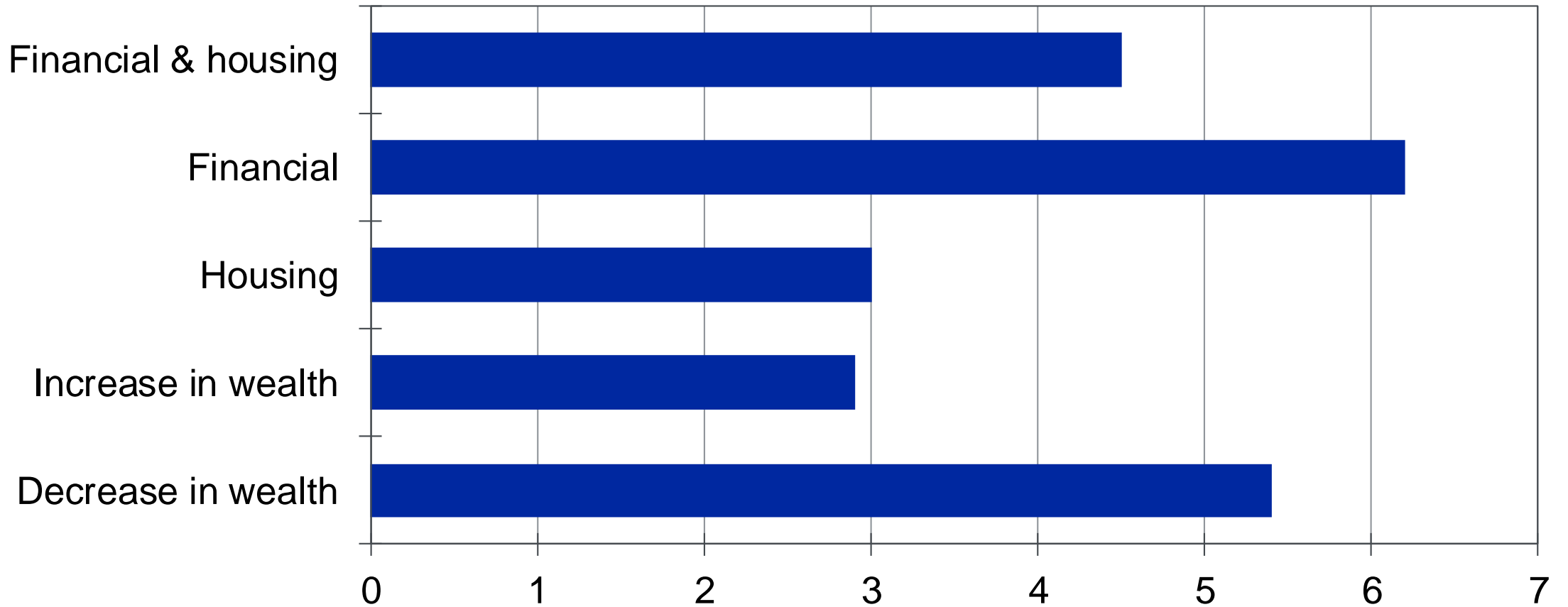
Ratio of Wilshire 5000 to corporate profits



Sources: Wilshire, BEA, Moody's Analytics

...And the Economy

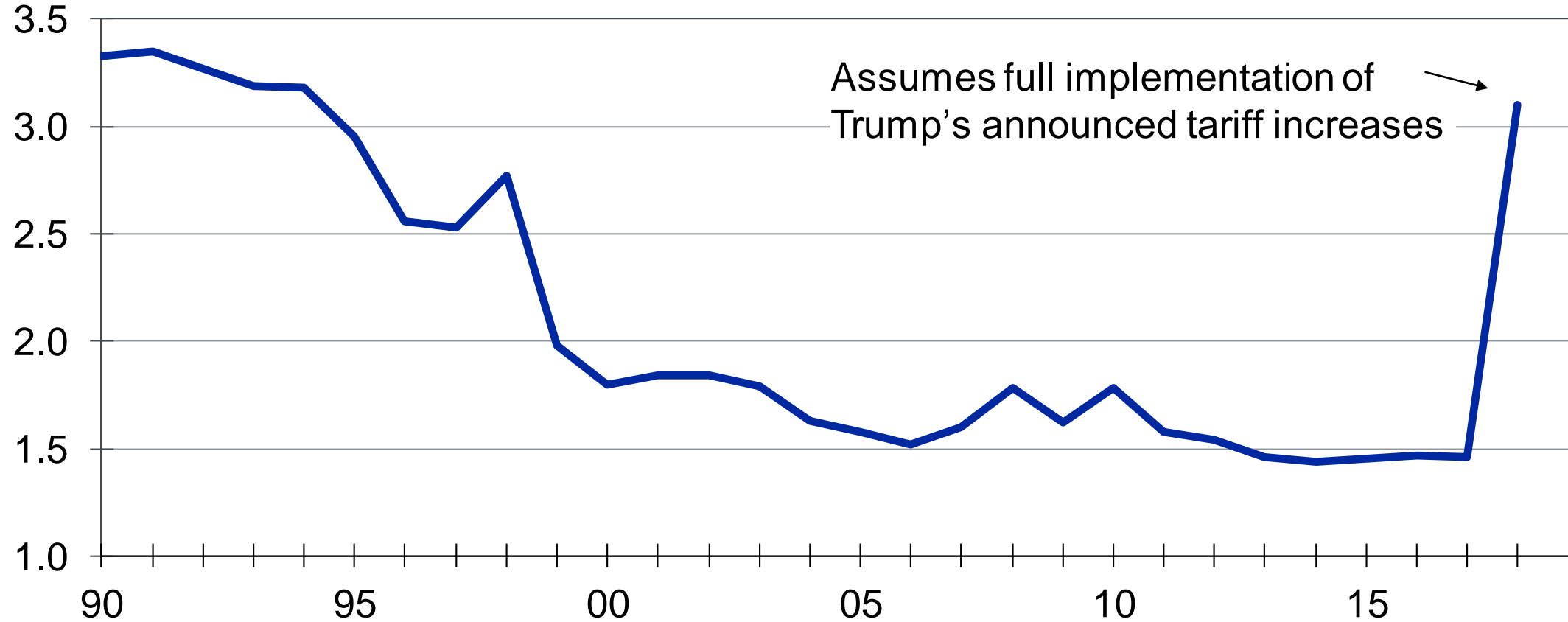
Change in consumer spending for \$100 change in wealth, \$



Sources: VISA, Moody's Analytics

Trumpian Mercantilism

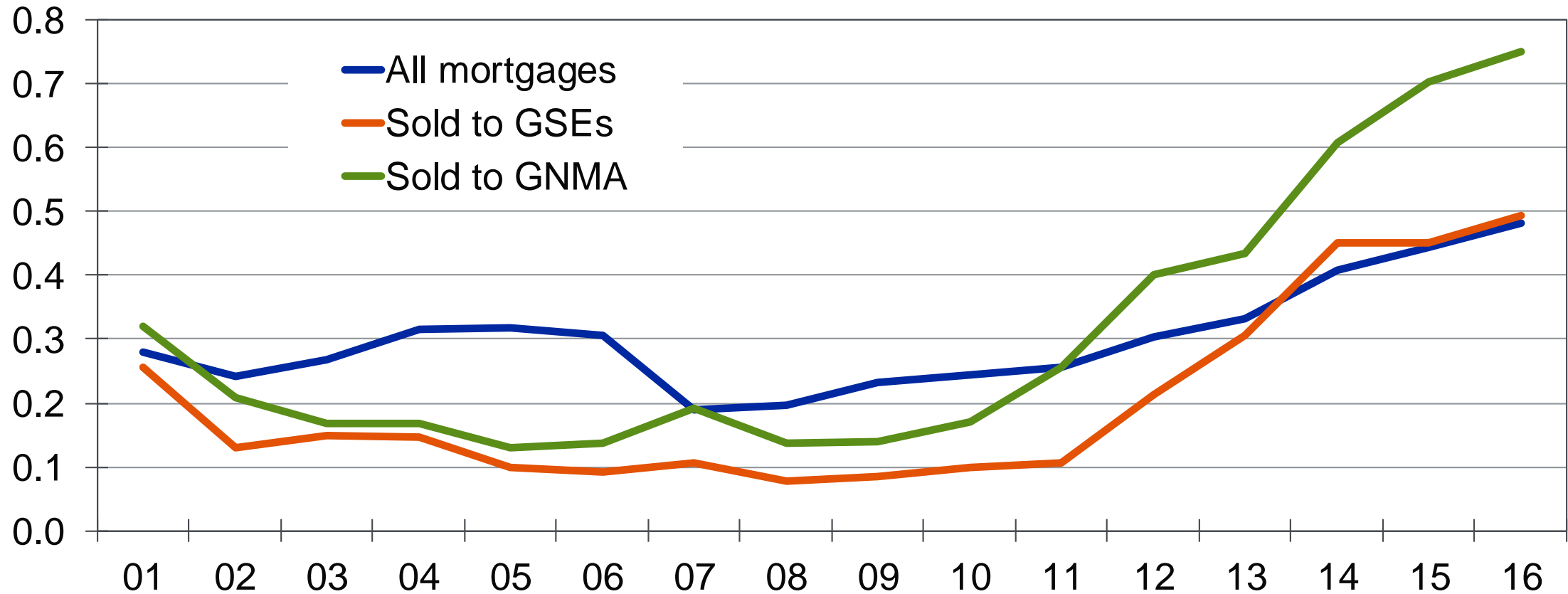
U.S. avg effective tariff rate, %



Sources: World Bank, Moody's Analytics

Liquidity Squeeze in the Shadow System...

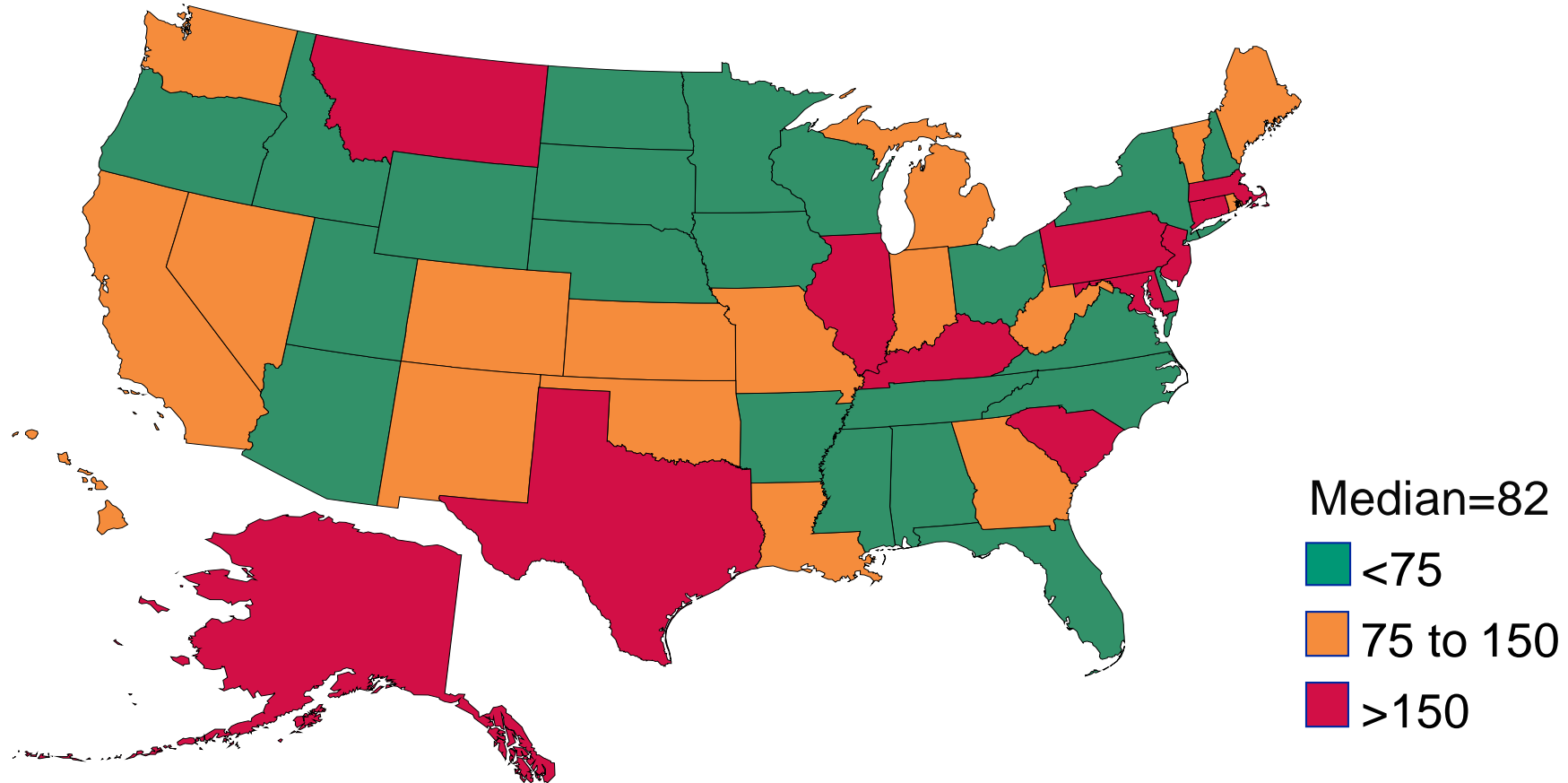
% of mortgage originations by nonbanks



Sources: Federal Reserve, Brookings, Moody's Analytics

...And a Fiscal Crisis

Adjusted net pension liability as a % of state revenues, FY 2016

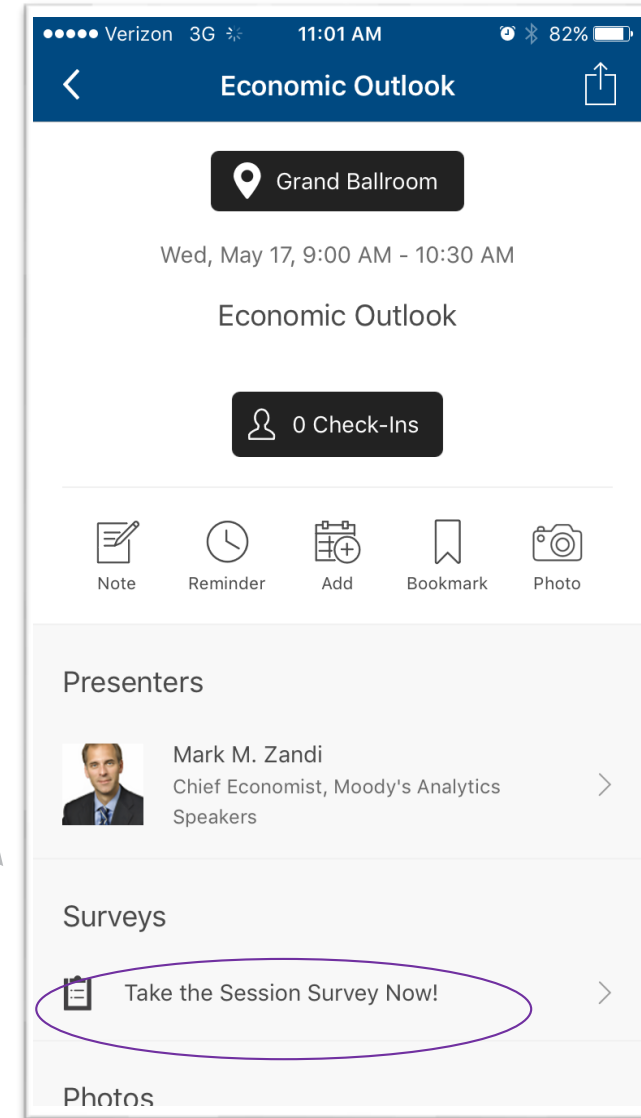


Sources: MIS, Moody's Analytics

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