This Isn’t a Recession (Yet)

Sources: BLS, Moody's Analytics
A Mountain of Money Is Cushioning (Most) Consumers

Household checkable deposits and currency, $ tril

Checkable deposits and currency by income quintile, 2022Q1 as a % of 2019Q4

Sources: Federal Reserve Board, BEA, Census Bureau, Moody’s Analytics

Moody’s Analytics
Record Level of Fiscal Support

Fiscal Support Since Start of the Pandemic, % of 2019 GDP

- U.S.
- U.K.
- Canada
- Germany
- Italy
- Japan
- France
- Brazil
- China
- India

Sources: BEA, National Finance Ministries Moody’s Analytics

CARES Act ($2.4 tril)
December 2020 Package ($900 bil)
American Rescue Plan ($1.9 tril)
Infrastructure Bill ($550 bil)
Price Picture Remains Extremely Nuanced

Contribution to y/y growth in CPI, ppt

Sources: BLS, Moody's Analytics
This Isn’t Stagflation (Yet)

Sources: BLS, Moody’s Analytics
So Long As Nothing Else Goes Wrong

#1 Downside Risk to the Outlook – Fed Policy
- Policy Error
- Intentional Demand Destruction
- Potential Outcome – Moderate Recession

#2 Downside Risk to the Outlook – Supply Constraints
- Additional Energy Shocks
- Russia/Ukraine
- Global Slowdown
- Potential Outcome – Stagflation

Source: Moody’s Analytics
What to Watch? Labor Market

Initial Weekly Jobless Claims, ths

- Moderate Recession
- Stagflation
- Baseline

Sources: BLS, Moody's Analytics