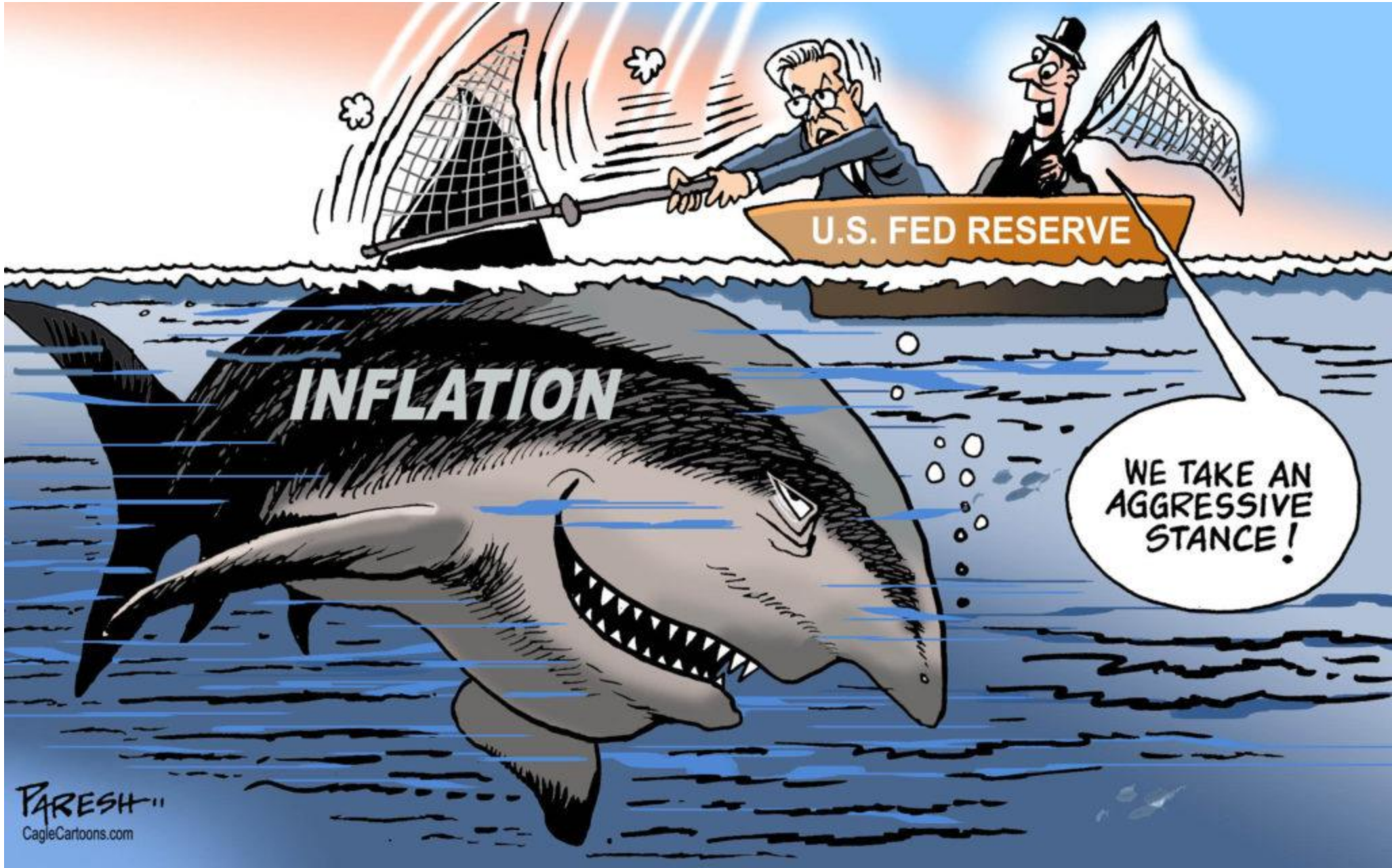




**2024 Eco Outlook**  
John Min PhD

**UNCERTAINTY  
AHEAD**





**INFLATION**

**U.S. FED RESERVE**

**WE TAKE AN  
AGGRESSIVE  
STANCE!**

**PARESH**  
CagleCartoons.com

# Bold or Reckless

- Fed Funds

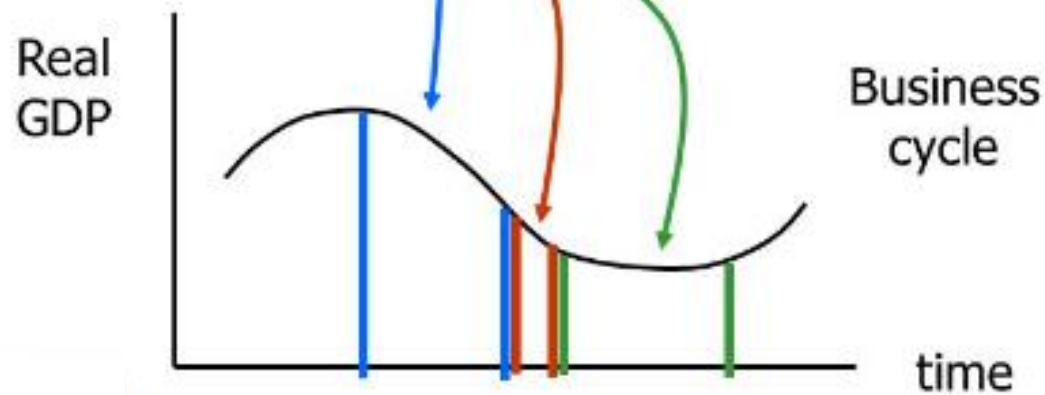


# Bold or Reckless

- Monetary Lags

Policy time lags

- Recognition lag
- **Response lag**
- Transmission lag





# Bold or Reckless

- Monetary Shocks

Policy time lags

- Recognition lag
- **Response lag**
- Transmission lag

Real GDP

Business cycle



Press Release

FDIC Acts to Protect All Depositors of the former Silicon Valley Bank, Santa Clara, California



# Bold or Reckless

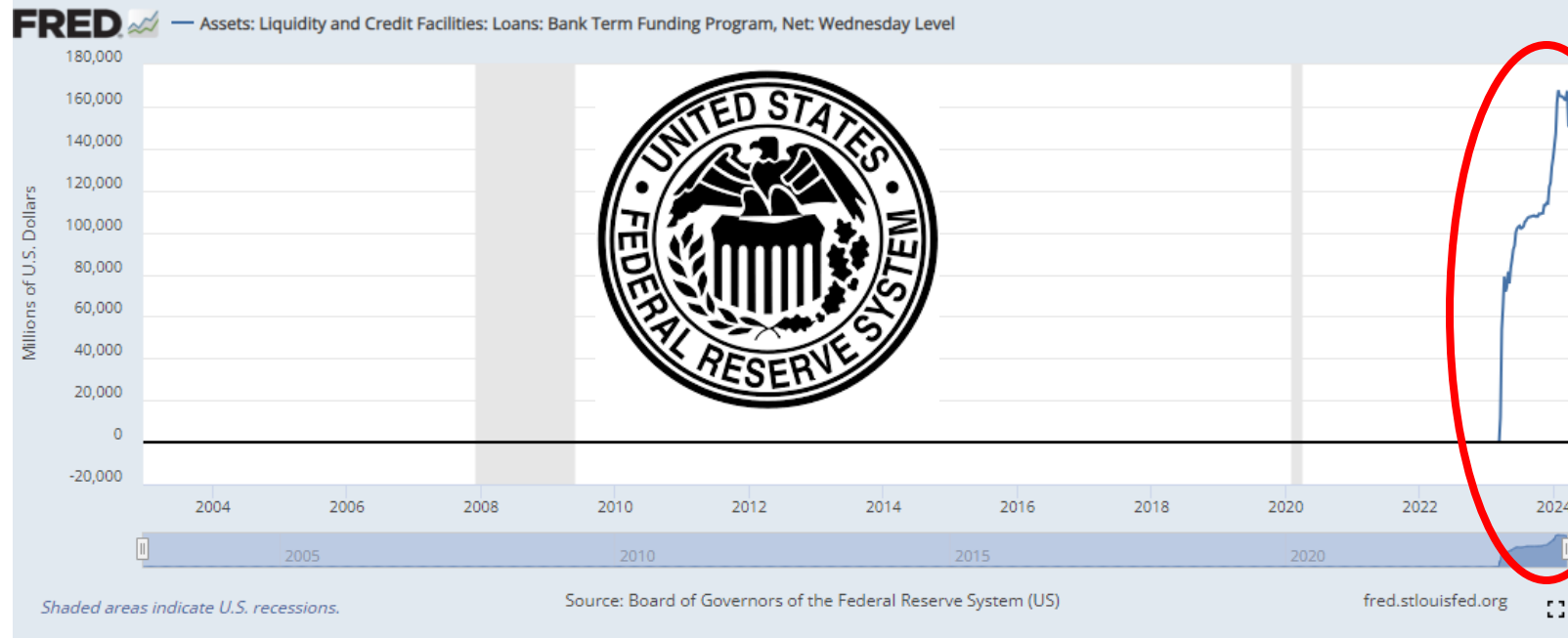
- Rescue...

BUSINESS

**It cost \$22 billion to rescue two failed banks. Now the question is who will pay**

APRIL 13, 2023 · 5:00 AM ET

By David Gura



In One Chart

## As recession fears grow, a 'credit crunch' is already under way, economist warns

Last Updated: April 7, 2023 at 7:03 a.m. ET

First Published: April 6, 2023 at 3:24 p.m. ET

By [William Watts](#) (Follow)

Bank lending 'rolled over' after SVB collapse: Apollo's Slok



MarketWatch photo illustration/iStockphoto



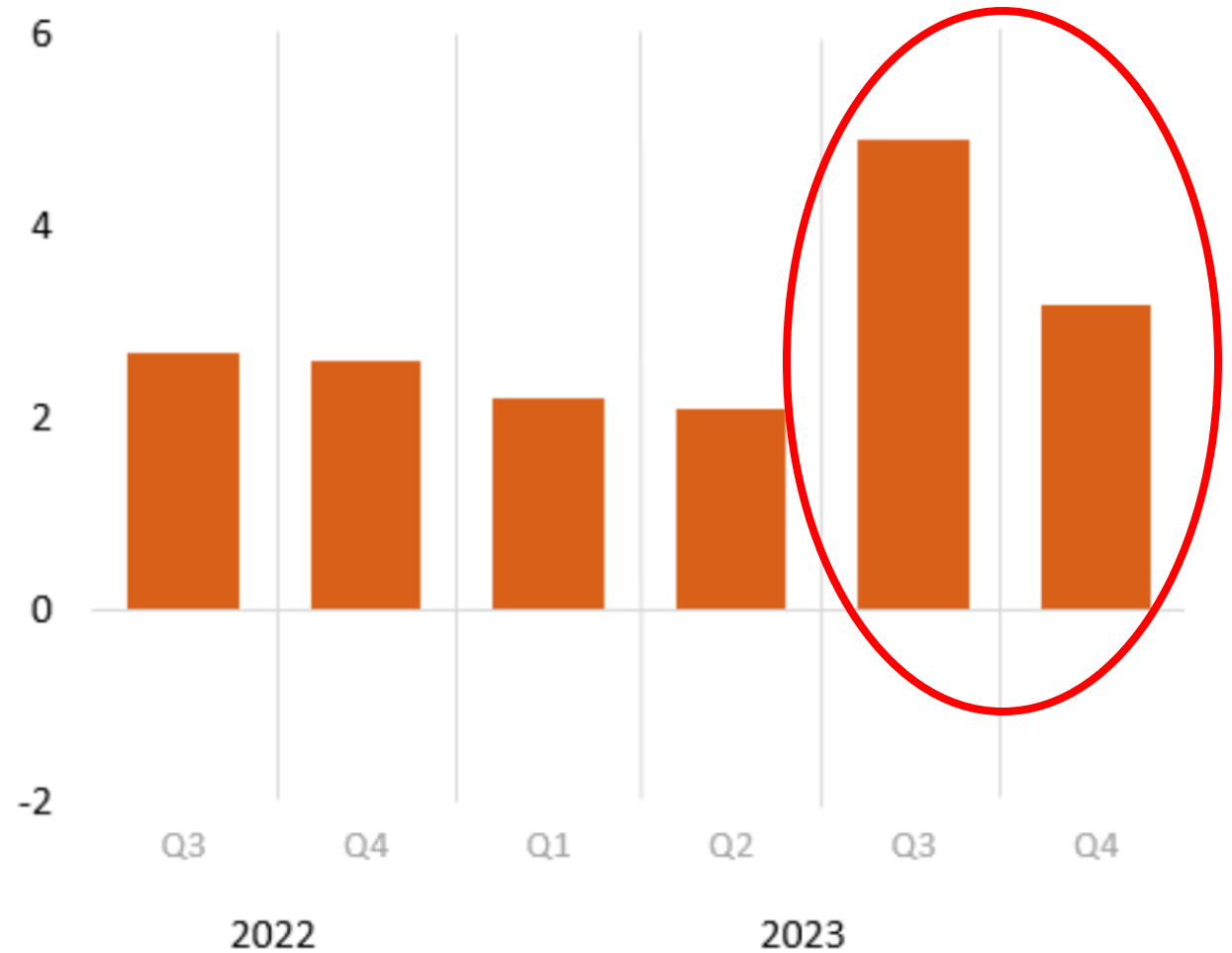
# Consumers

- Continued Spending...



G R E A T  
J O B

Real GDP: Percent change from preceding quarter



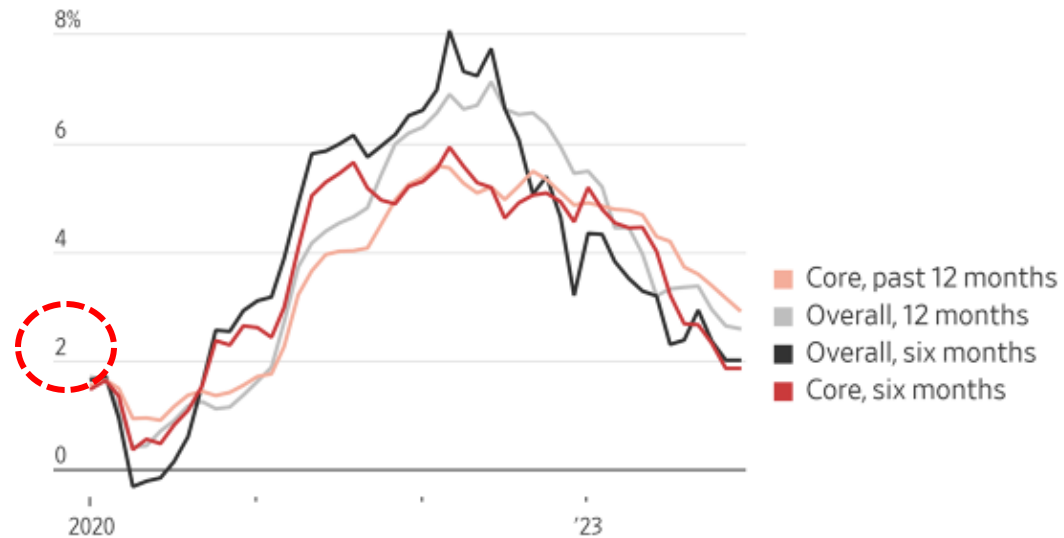
U.S. Bureau of Economic Analysis

Seasonally adjusted annual rates

# Kudos

- Soft Landing...

Personal-consumption expenditures price index, annual rate of change



Note: Seasonally adjusted; core excludes food and energy.  
Source: Commerce Department

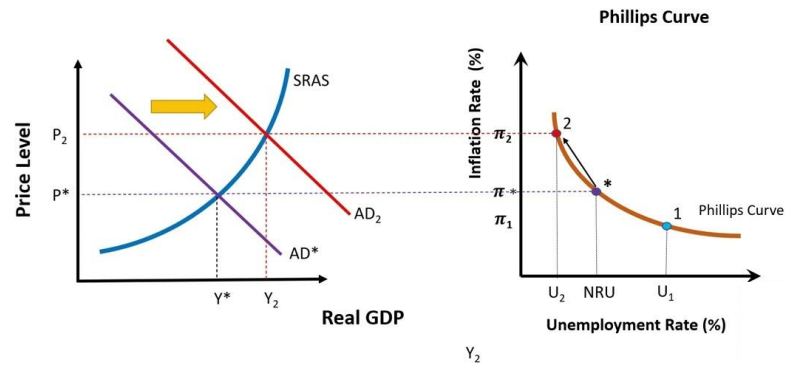




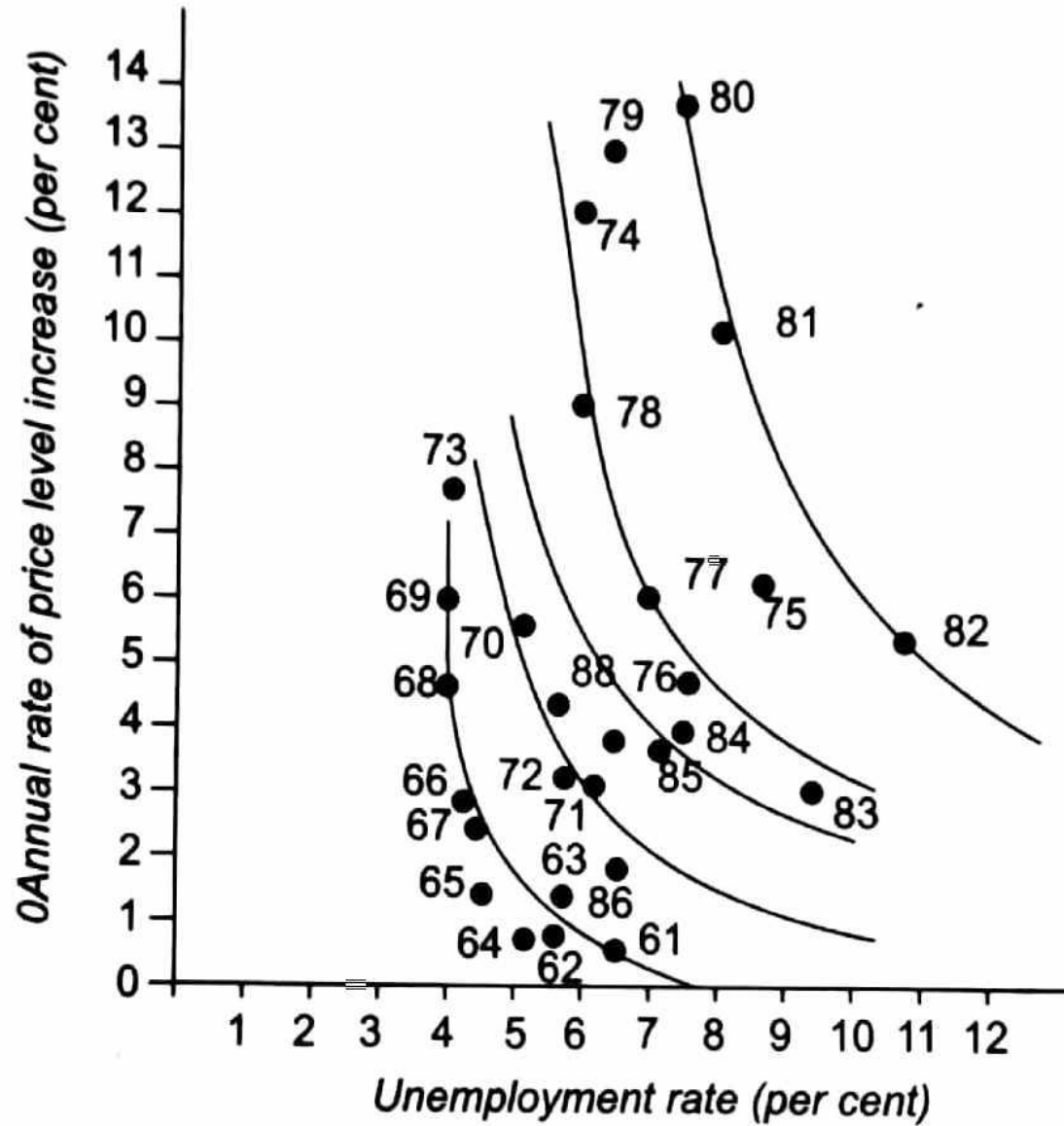
# Theory

- Trade offs...

Phillips Curve: An Increase in Aggregate Demand



Slides created by Iris Franz, PHD. Please share with proper citation.



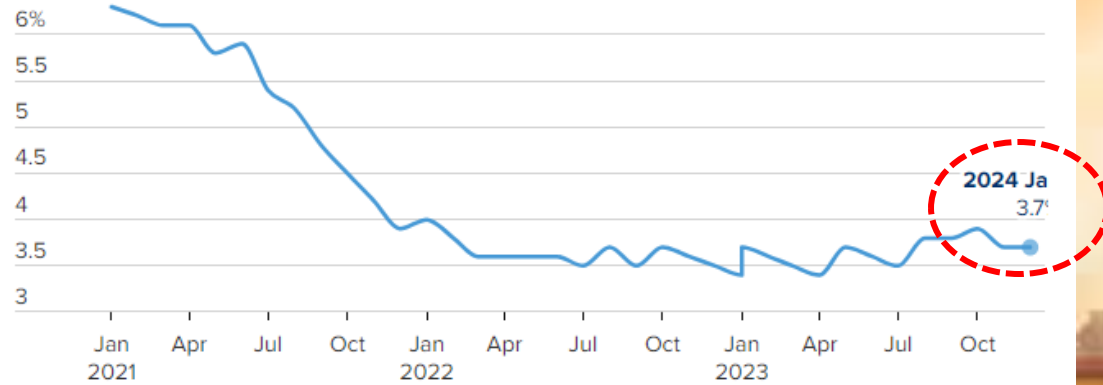
**Fig. 13.4.** Shift in Phillips Curve : United States

# Kudos

- Soft Landing...

## U.S. unemployment rate

January 2021 through January 2024



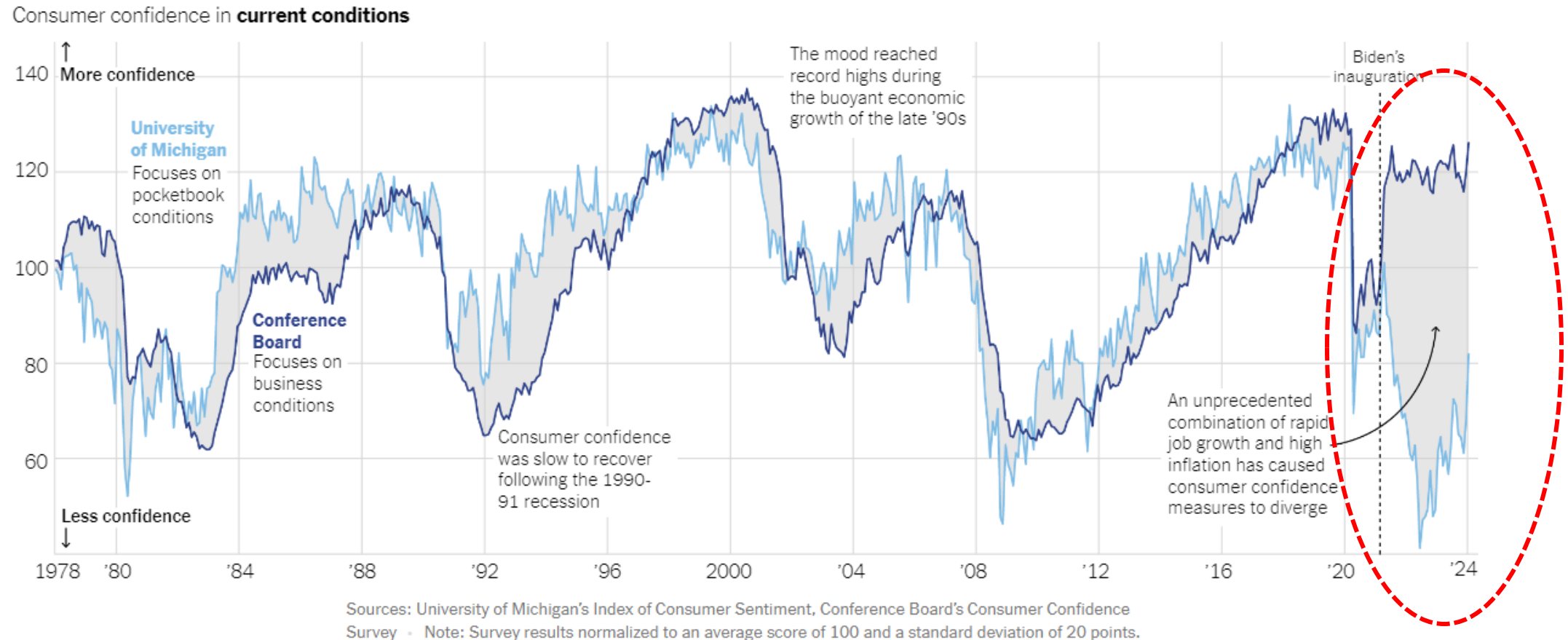
Source: U.S. Bureau of Labor Statistics  
Data as of Feb. 2, 2024





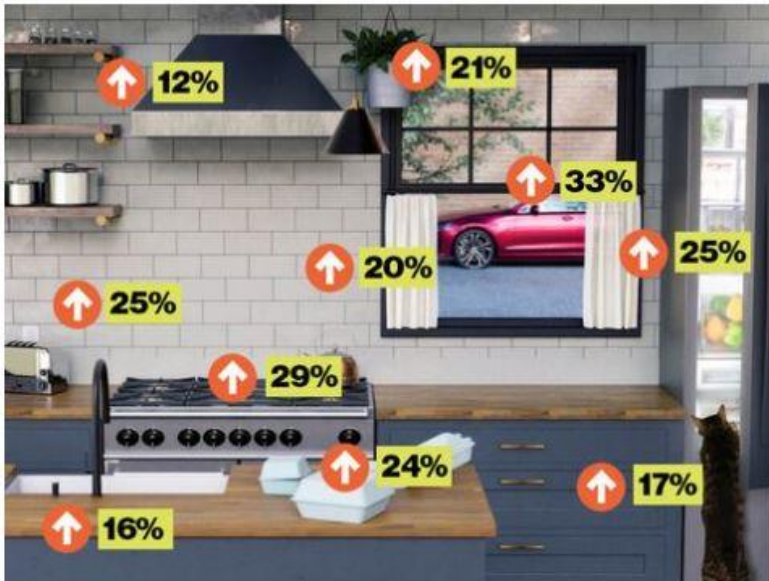
# Sentiment

- Bifurcation...



# Sentiment

- Much Pain...

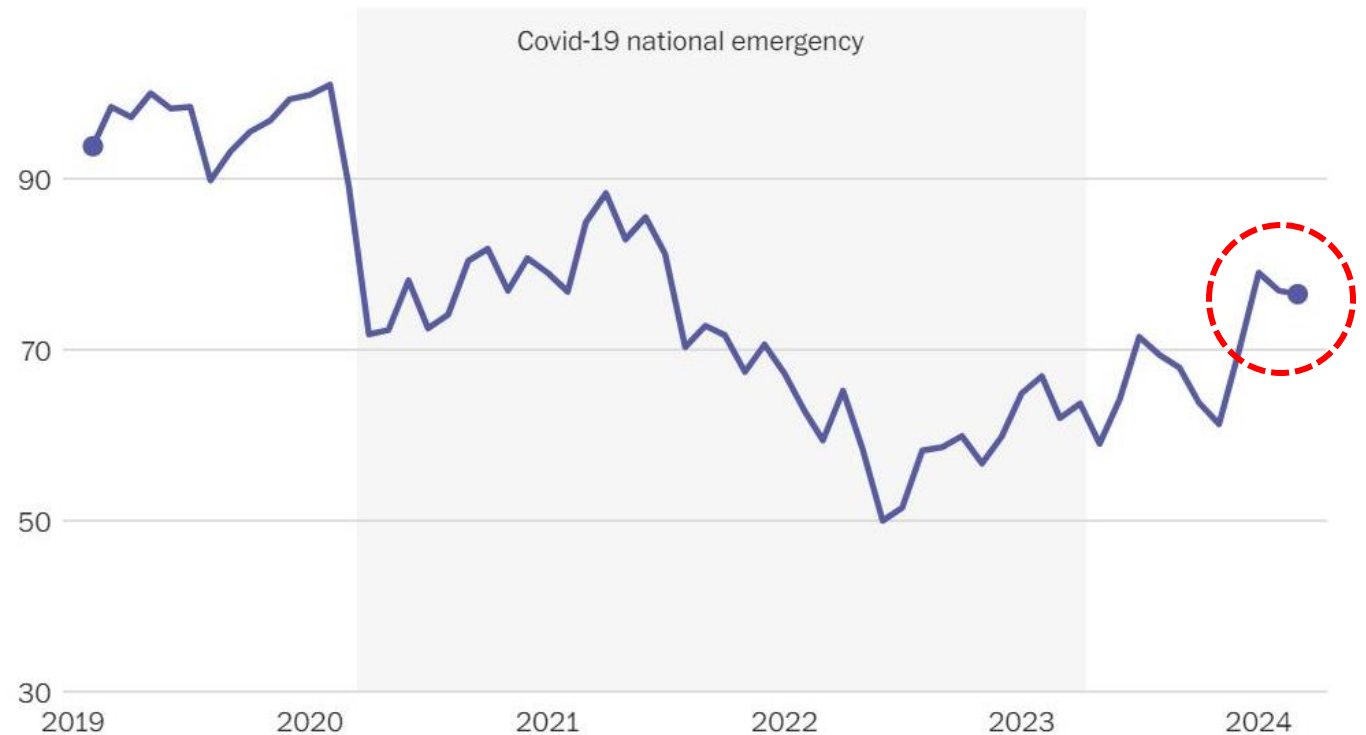


Economics

## Just How Bad Is the US Cost-of-Living Squeeze? We Did the Math

4 hours ago

Consumer sentiment index



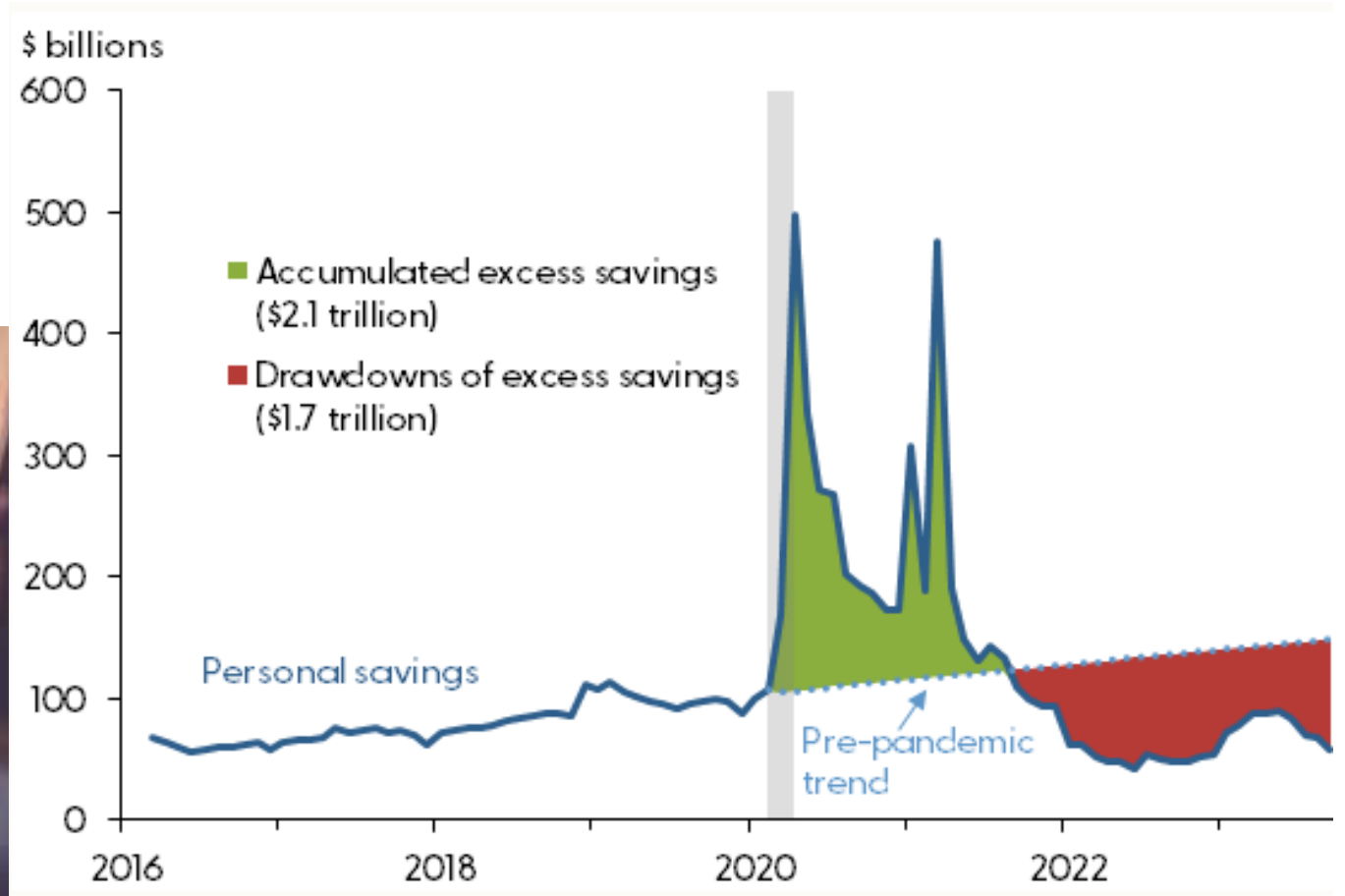
March 2024 reading is preliminary

Source: [University of Michigan](#)

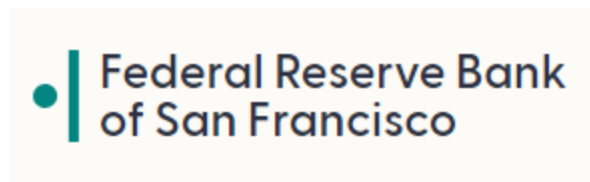


# Savings

- Depleted...



\$290 billion  
Nov 2023

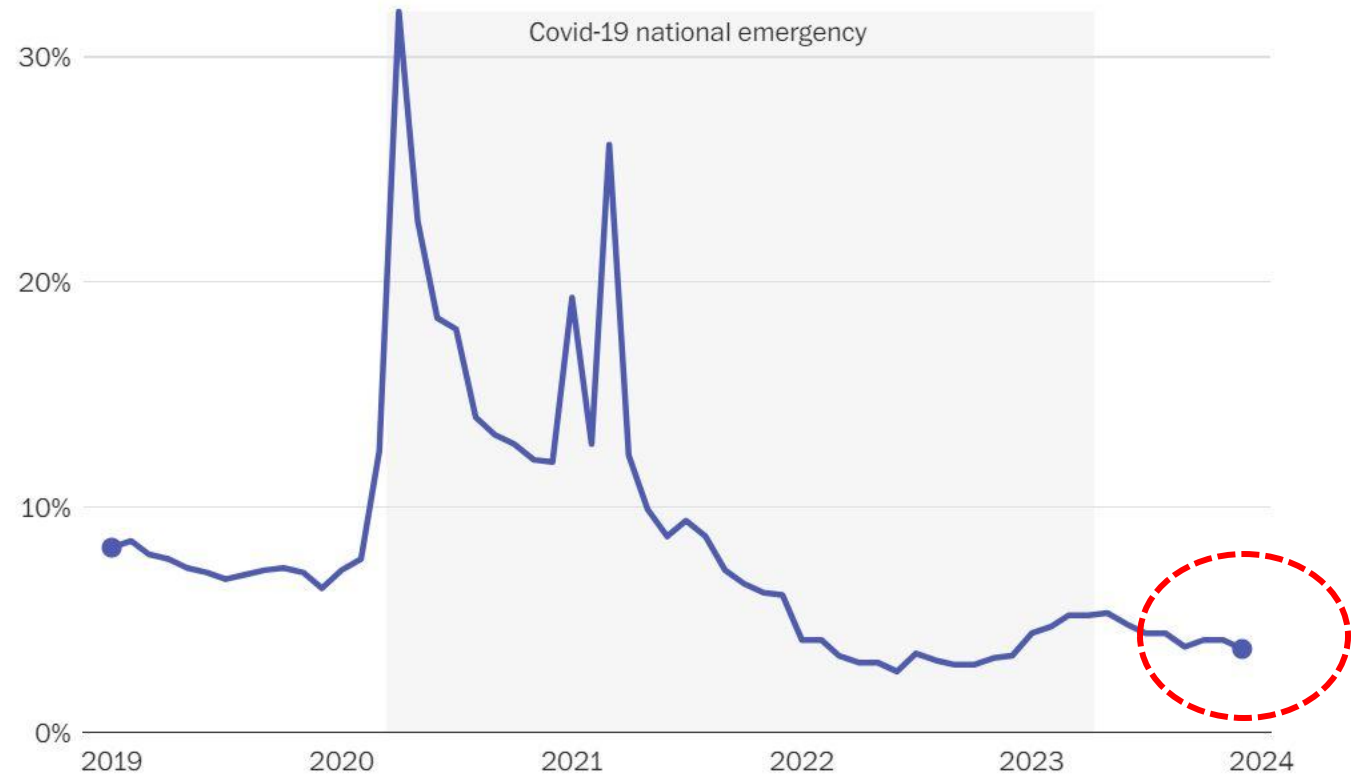


# Savings

- Record Low...



Personal savings as a share of disposable income



Source: U.S. Bureau of Economic Analysis via FRED



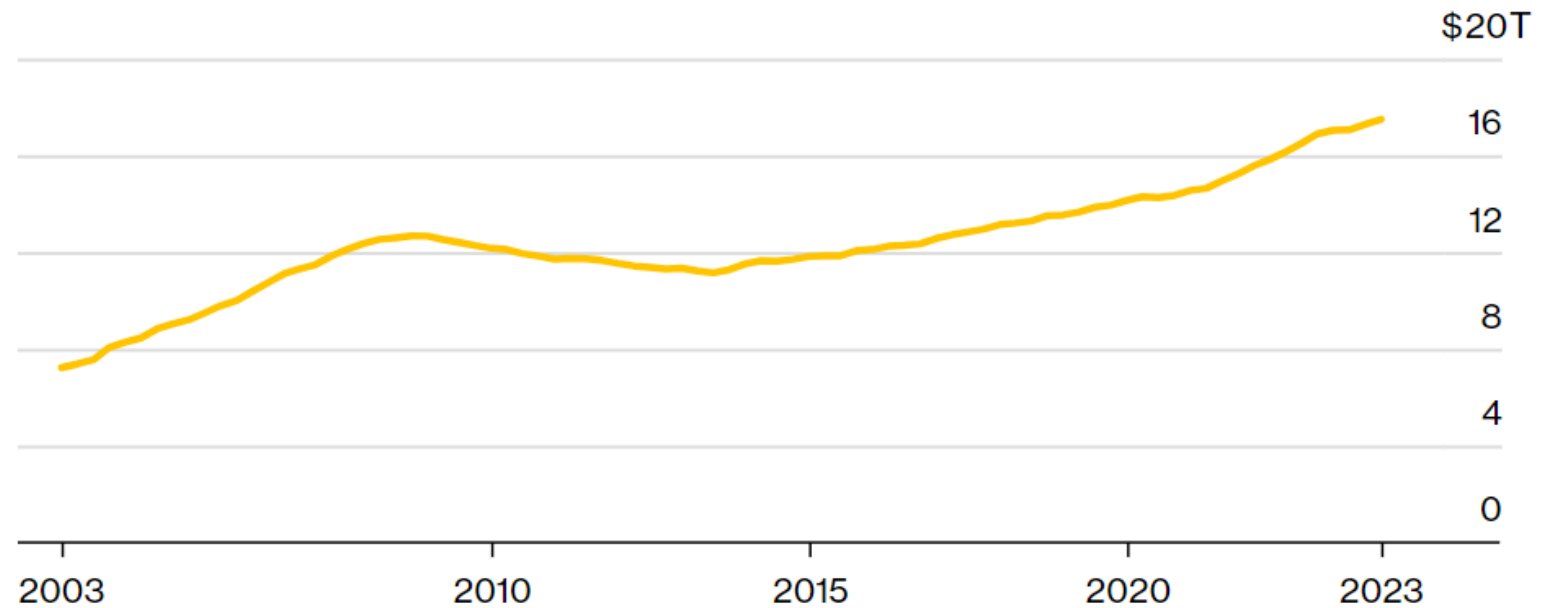
# Debt

- Record High...



## Total US Household Debt Balance

Household debt increased by \$212 billion last quarter to \$17.5 trillion



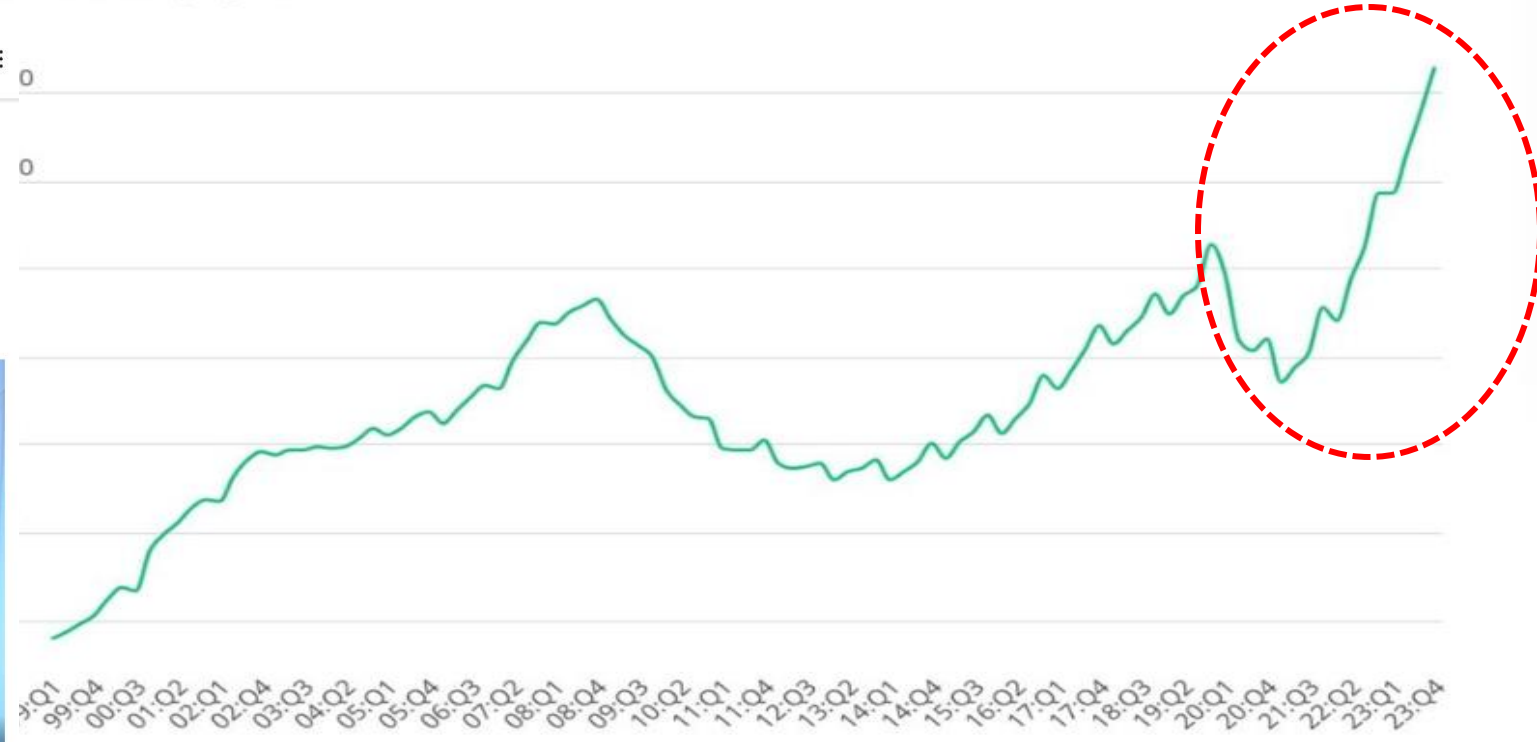
Source: New York Fed Consumer Credit Panel/Equifax

# Debt

- Record...

## Total outstanding credit card balances, 1999 to present

In billions; seasonally adjusted



### Americans' credit card debt hits record \$1.13 trillion

Credit card debt increased by \$50 billion in the fourth quarter of 2023.

By [Elizabeth Schulze](#)  
February 6, 2024, 11:47 AM



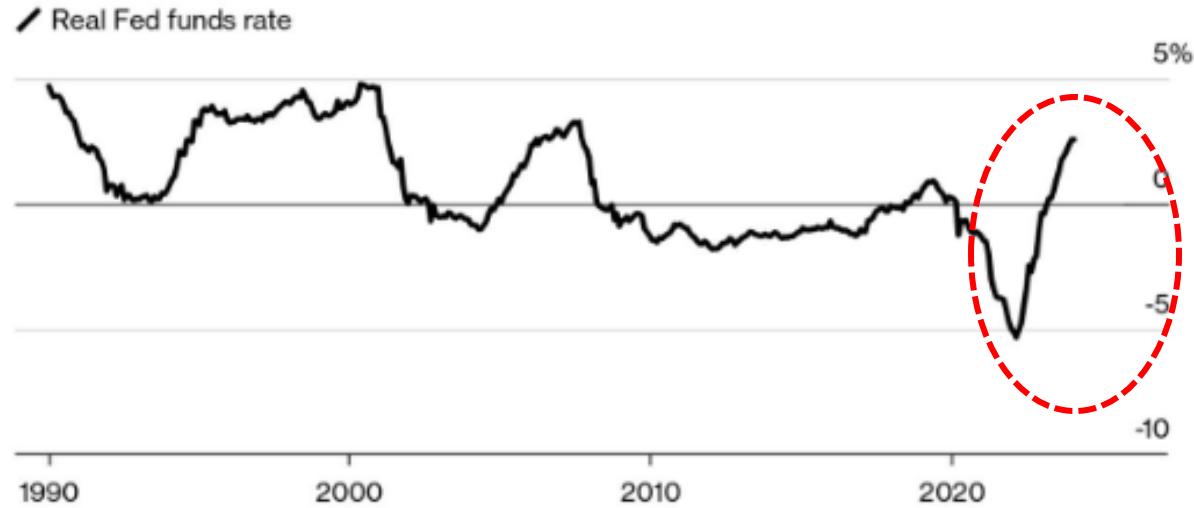
Credit card and household debt hit record high

Source: New York Fed Consumer Credit Panel/Equifax

# Credit

- Restrictive...

**Fed Enters 'Higher Risk Zone' as Inflation Eases**  
Real interest rates keep rising with decline in the inflation rate



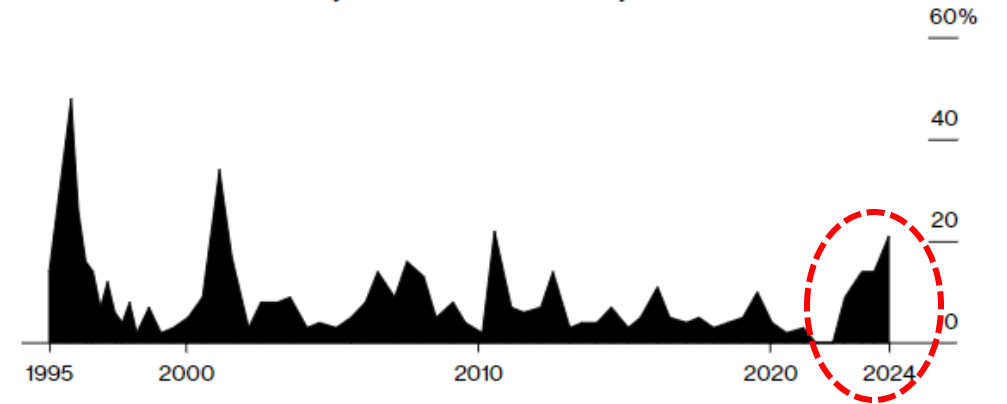
Source: Bloomberg  
Chart shows Federal funds rate upper bound less year-on-year change in core PCE price index.

Bloomberg

## Growing Share of Economists Think Fed Is Too Tight

Chorus of dovish critiques in NABE survey has become loudest since 2010

■ Share of economists who say Federal Reserve is currently "too restrictive"



Source: National Association for Business Economics





# Credit

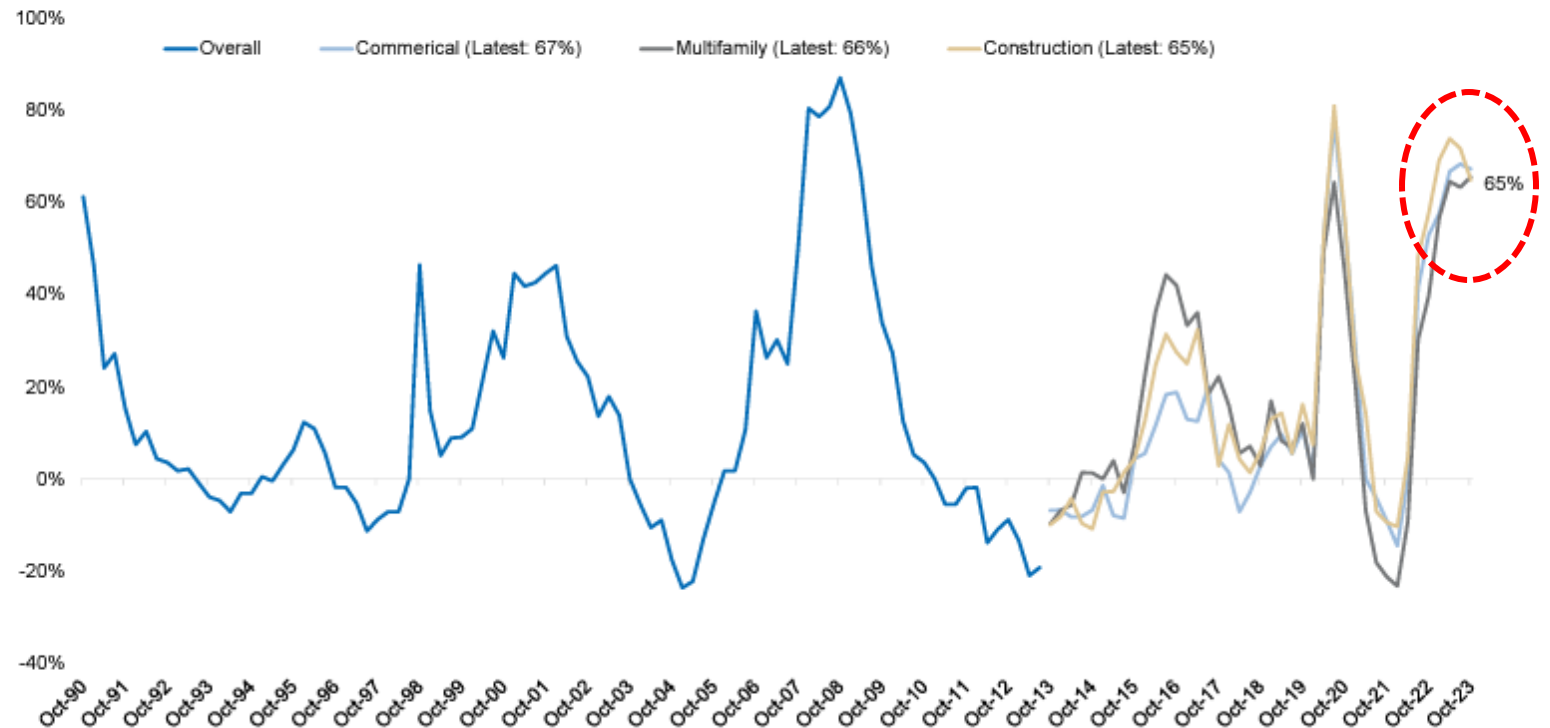
- Tight...



## Bank Lending Standards Continue to Tighten Rapidly

Banks are tightening standards at a pace comparable with prior crises (COVID, GFC, S&L). Credit is likely to remain tight for an extended period as in the latter two crises – both because the excesses were extreme in the 1H20 to 1H22 period and because the Fed is unlikely to ride to the rescue. The longer it takes to writedown bad loans, the longer it will take for lending standards on new business to loosen. This is the cost of unproductive debt.

Net Percentage of Banks Tightening Lending Standards



# Credit

- Access...

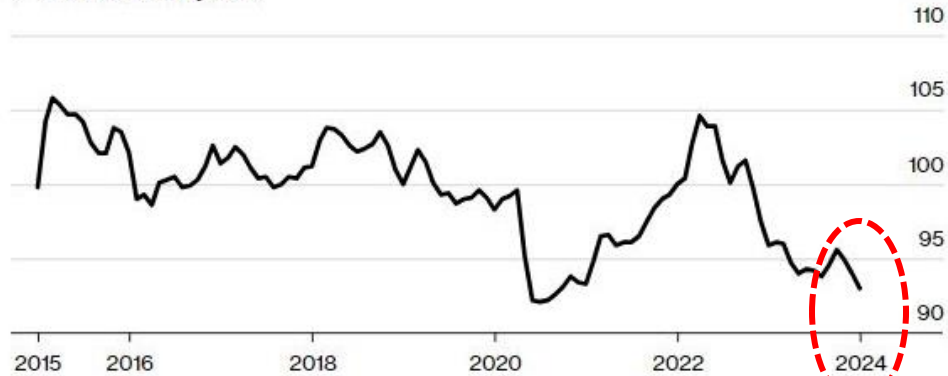
## Car Loans Haven't Been This Hard to Get Since August 2020

Even consumers with healthy finances are struggling to secure approval for automobile purchases as lenders tighten their standards.

### Auto Loan Access Declines

The ability of consumers to get car financing is at the lowest level since 2020

✓ Credit availability index



Source: Cox Automotive

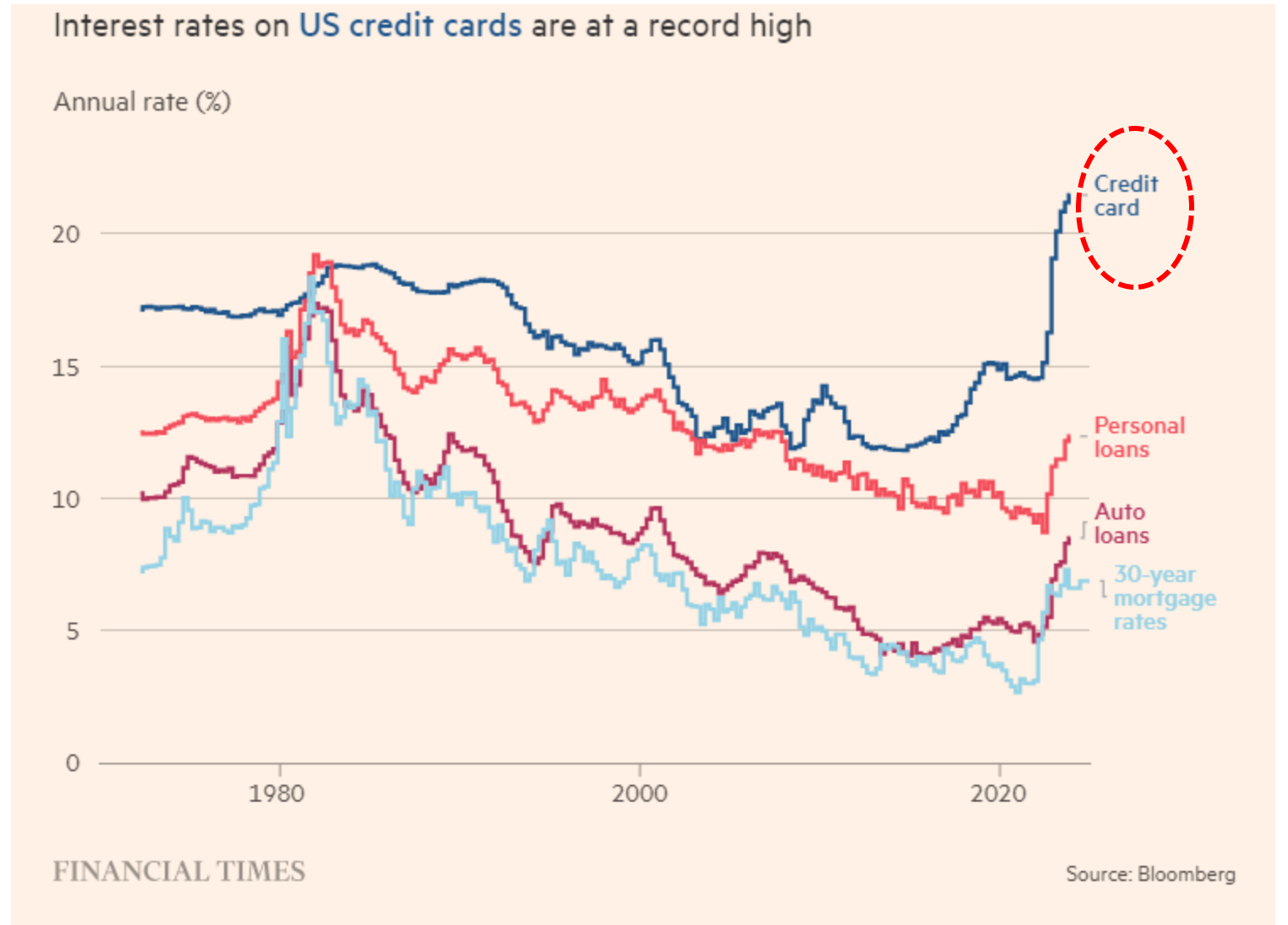
Note: Index is based on general availability of auto credit over time, with Jan. 2019 as the basis point of 100



A customer looks over a Ford Explorer SUV at a car dealership in Orland Park, Illinois. *Photographer: Daniel Acker/Bloomberg*

# Credit

- Punitive...





# Finance

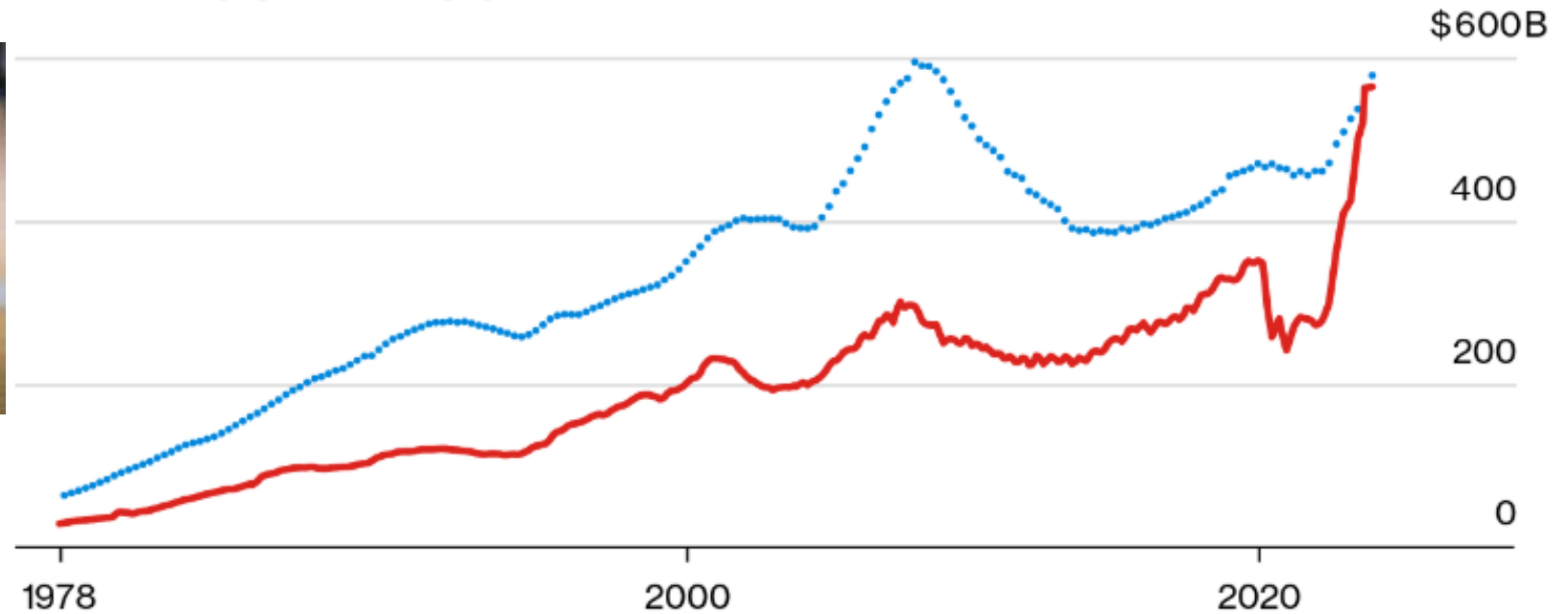
- Pressure ...



## Interest Payments by US Households

Seasonally adjusted annual rate

— Non-mortgage — Mortgage



Source: Bureau of Economic Analysis

Bloomberg

# Finance

- Cracking Signs ...

## Credit card delinquencies surged in 2023, indicating 'financial stress,' New York Fed says

PUBLISHED TUE, FEB 6 2024 11:00 AM EST | UPDATED TUE, FEB 6 2024 9:27 PM EST

 **Jeff Cox**  
@JEFF\_COX.7528  
@JEFFCOXCNBCCOM

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### KEY POINTS

- Credit card delinquencies surged more than 50% in 2023 as total consumer debt swelled to \$17.5 trillion, the New York Fed reported Tuesday.
- Total debt rose by \$212 billion in the quarter, a 1.2% increase quarterly and about 3.6% from a year ago.

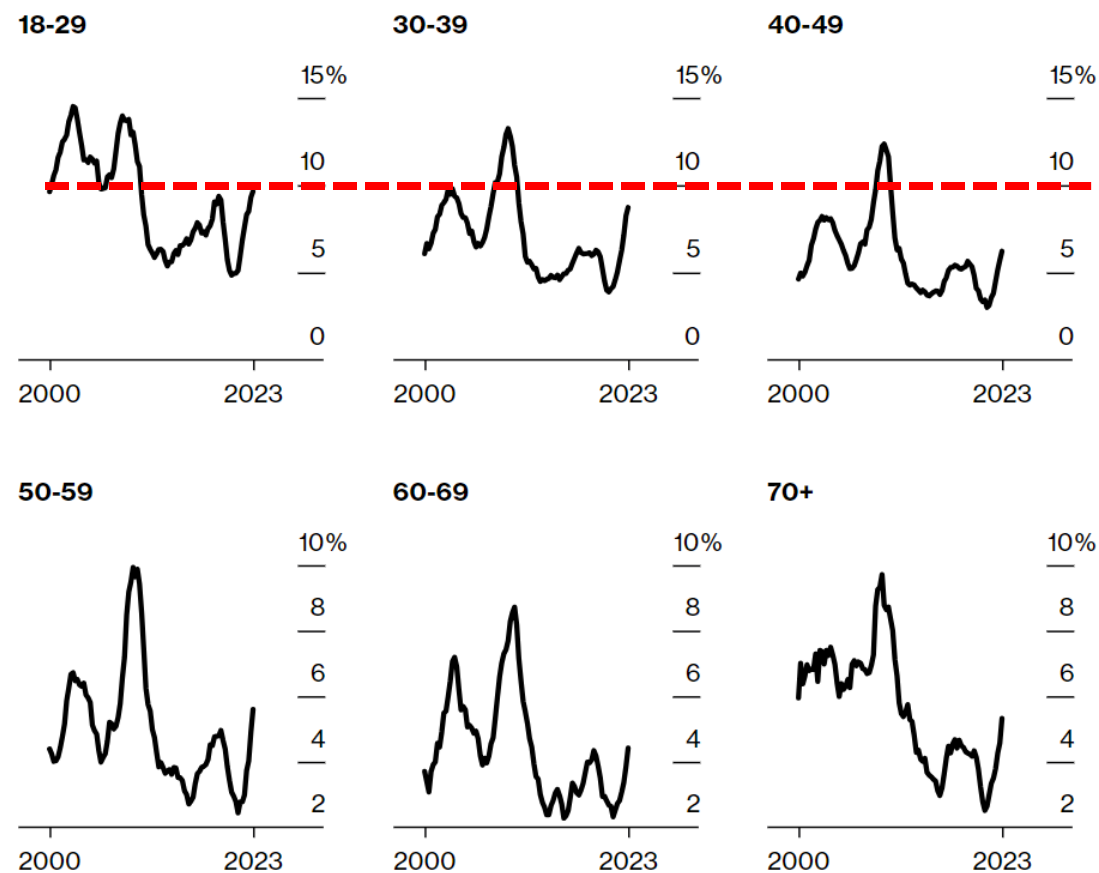


 **Squawk Box**   
UP NEXT | **Squawk on the Street**  
09:00 am ET

**TRENDING NOW**

## Younger Households Seeing More Financial Stress

Transitions into serious delinquency for credit cards by age



Source: New York Fed Consumer Credit Panel/Equifax  
Note: Four Quarter Moving Sum, 90+ days delinquent

# Happiness

- Cracking Signs ...

**NBC NEWS** POLITICS U.S. NEWS WORLD BUSINESS HEALTH CULTURE & TRENDS NBC NEWS TPLINE VIDEO WATCH LIVE

WORLD

## The U.S. is no longer one of the 20 happiest countries. If you're young, you probably know why.

In a gaping disparity, Americans over 60 are some of the world's happiest, while those under 30 are among the most miserable in the developed world.



Commuters at the Times Square subway station in New York. Americans under 30 rank 62nd in the World Happiness Index. Jeenah Moon / Bloomberg via Getty Images

## Ranked: The Most & Least Happy Countries in 2024

The top 10 happiest countries—led by Finland, Denmark, and Iceland—have remained largely unchanged since 2023's findings.

Search:

Rank	Country	Region	Average Happiness Score (2021–2023)
1	Finland	Europe	7.7
2	Denmark	Europe	7.6
3	Iceland	Europe	7.5
4	Sweden	Europe	7.3
5	Israel	Middle East	7.3
6	Netherlands	Europe	7.3
7	Norway	Europe	7.3
8	Luxembourg	Europe	7.1
9	Switzerland	Europe	7.1
10	Australia	Oceania	7.1
11	New Zealand	Oceania	7.0
12	Costa Rica	Central America	7.0
13	Kuwait	Middle East	7.0
14	Austria	Europe	6.9
15	Canada	North America	6.9
16	Belgium	Europe	6.9
17	Ireland	Europe	6.8
18	Czechia	Europe	6.8
19	Lithuania	Europe	6.8
20	UK	Europe	6.7
21	Slovenia	Europe	6.7
22	UAE	Middle East	6.7
23	U.S.	North America	6.7
24	Germany	Europe	6.7
25	Mexico	North America	6.7
26	Uruguay	South America	6.6
27	France	Europe	6.6



# Finance

- Cracking Signs...

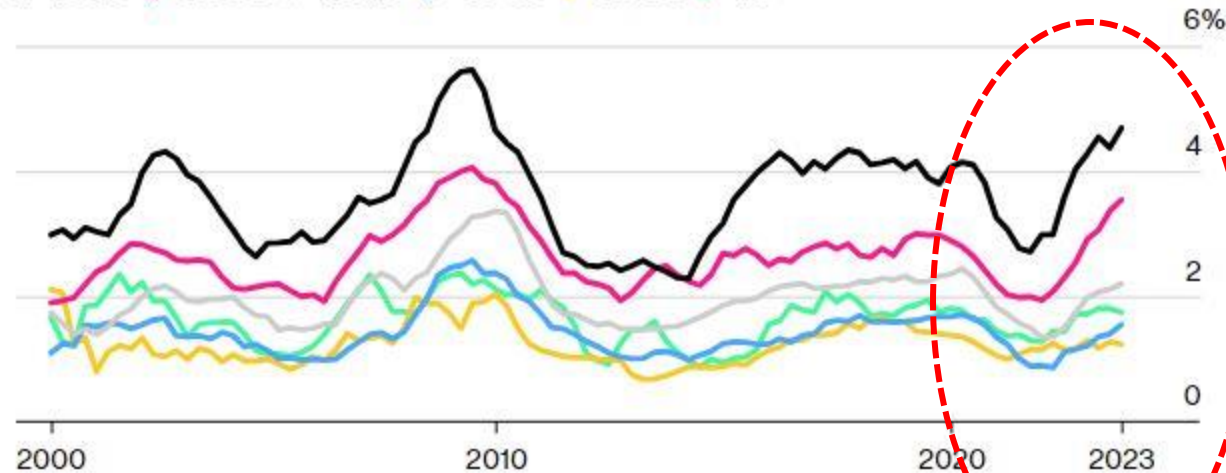
## Americans Are Pulling Cash From Their Retirement Savings to Pay Bills

- Withdrawals mostly spent on housing and medical expenses
- Average 401(k) balances have barely budged in five years

### Transition Into Serious Auto Loan Delinquency

Younger car owners are getting into loan trouble at a faster rate

18-29 30-39 40-49 50-59 60-69 70+



Source: New York Fed Consumer Credit Panel/Equifax  
Note: Four-quarter moving sum, 90+ days past due



: AFP/Getty Images

By [Alexandre Tanzi](#)

November 20, 2023 at 12:01 AM EST

# No Relief

- Stubborn Inflation...

Model	Meeting	%Hike/Cut
North America		
US - Fut	03/20/2024	-0.8%
US - OIS	03/20/2024	-0.7%
CA - OIS	04/10/2024	-21.5%
Europe		
EZ - OIS	04/11/2024	-4.4%

World Interest Rate Probability

Region: United States » Instrument: Fed Funds Futures »

Target Rate 5.50 Pricing Date 03/20/2024

Effective Rate 5.33 Cur. Imp. O/N Rate 5.329

Meeting	#Hikes/Cuts	%Hike/Cut	Imp. Rate Δ	Implied Rate	A.R.M.
03/20/2024	-0.008	-0.8%	-0.002	5.328	0.250
05/01/2024	-0.111	-10.3%	-0.028	5.302	0.250
06/12/2024	-0.707	-59.6%	-0.177	5.153	0.250
07/31/2024	-1.118	-41.1%	-0.279	5.050	0.250
09/18/2024	-1.835	-71.8%	-0.459	4.871	0.250
11/07/2024	-2.323	-48.8%	-0.581	4.749	0.250
12/18/2024	-2.976	-65.3%	-0.744	4.585	0.250
01/29/2025	-3.488	-51.2%	-0.872	4.458	0.250

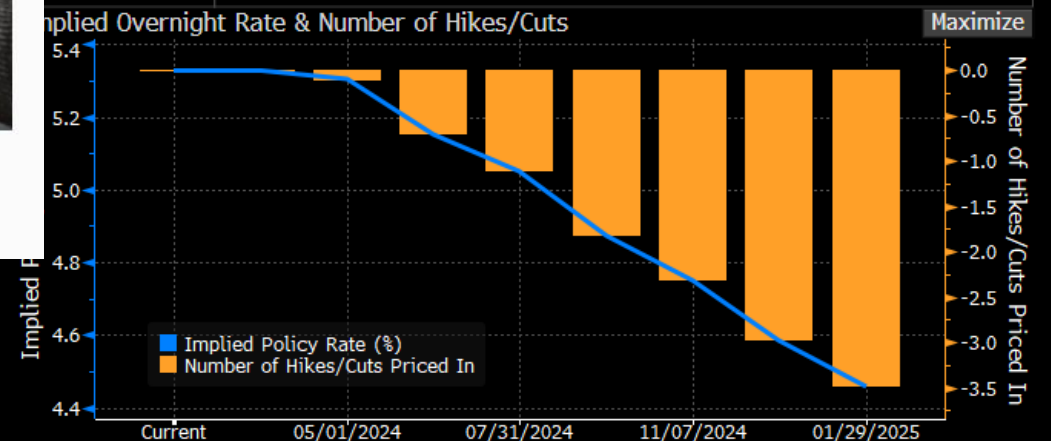
## Personal Consumption Expenditures Price Index, Excluding Food and Energy

### Change From Month One Year Ago

January 2024	+2.8%
December 2023	+2.9%
November 2023	+3.2%
October 2023	+3.4%

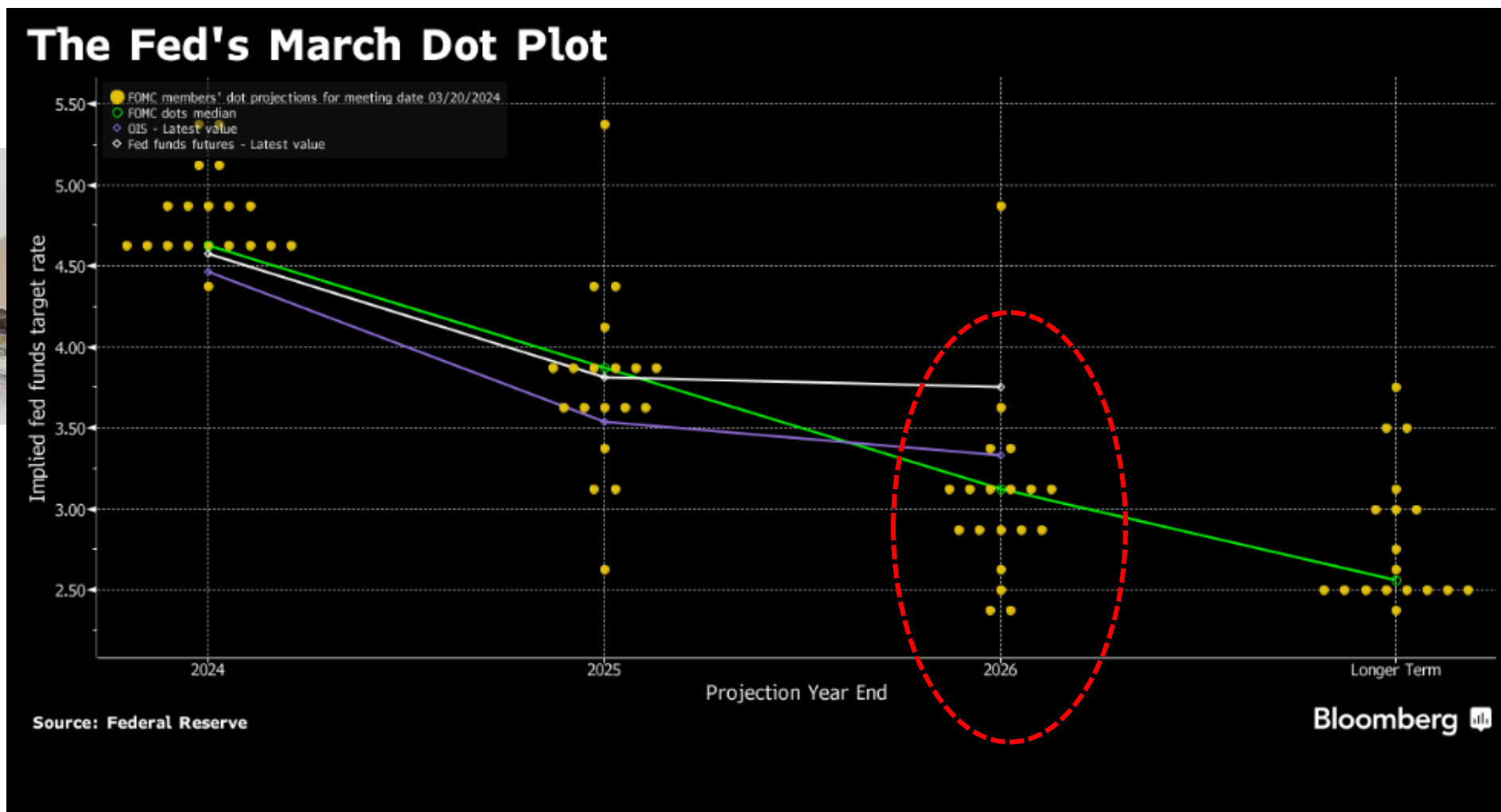
The PCE Price Index Excluding Food and Energy, also known as the core PCE price index, is released as part of the monthly Personal Income and Outlays report. The core index makes it easier to see the underlying inflation trend by excluding two categories – food and energy – where prices tend to swing up and down more dramatically and more often than other prices. The core PCE price index is closely watched by the Federal Reserve as it conducts monetary policy.

Quarterly and annual data are included in the GDP release.



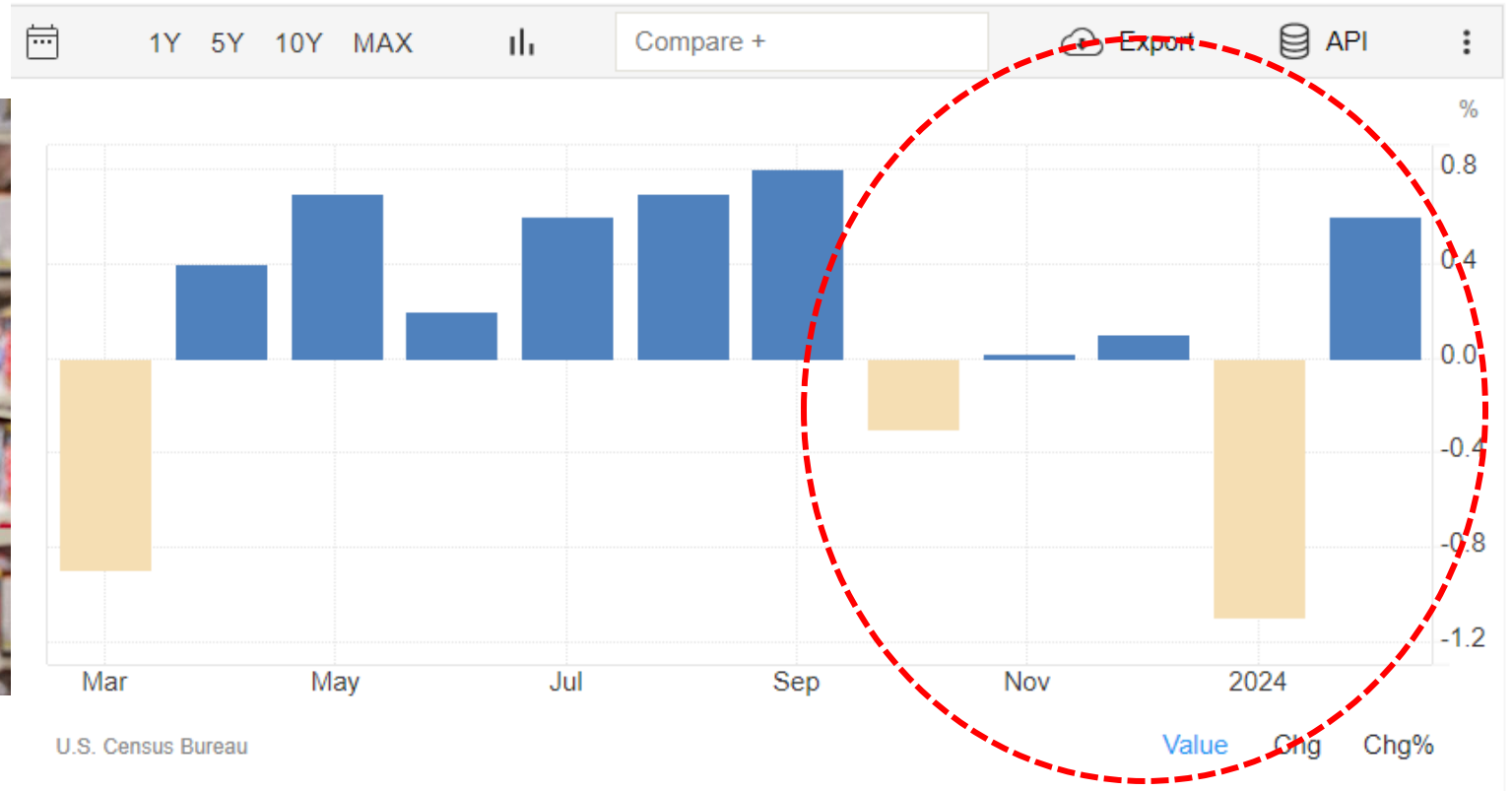
# No Relief

- 2026...



# Retail Sales

- Wobbly...



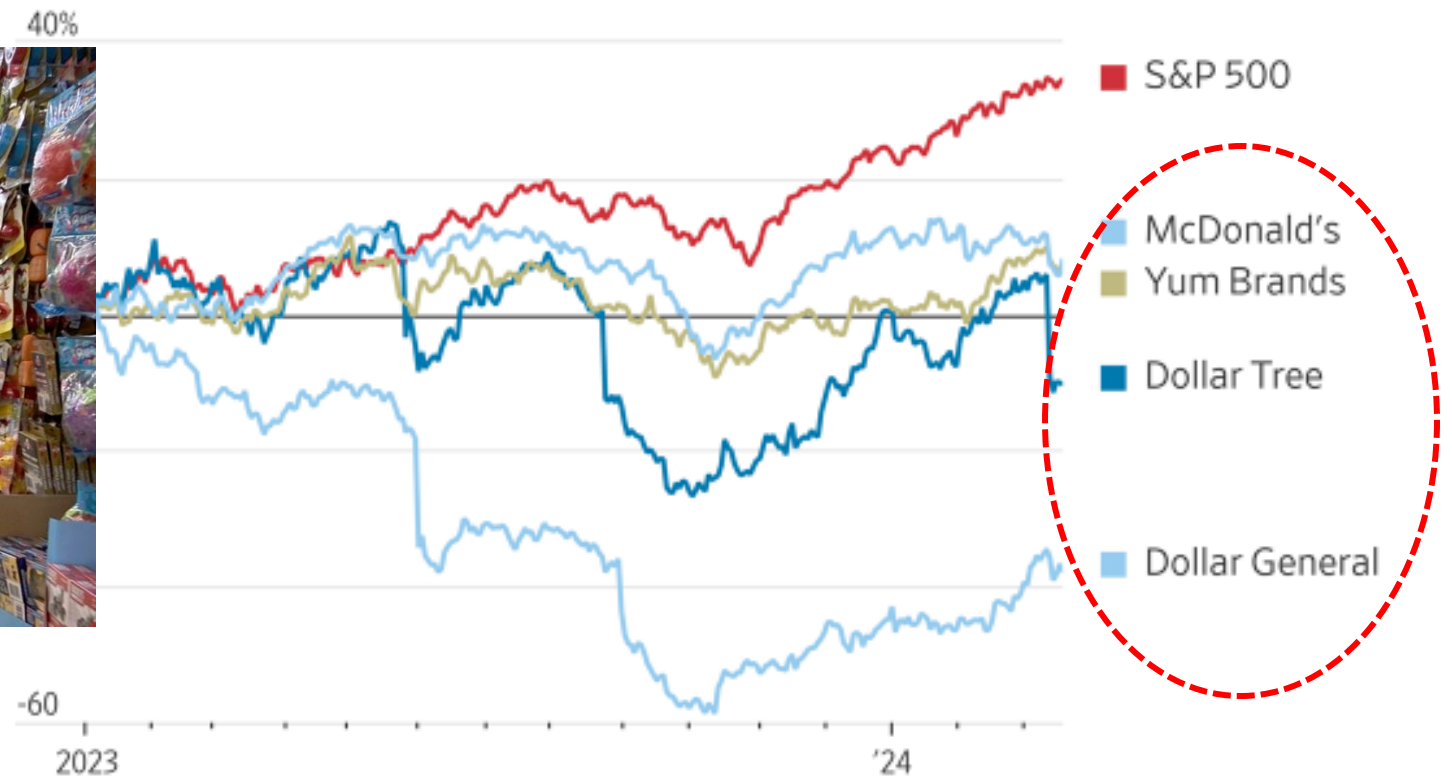


# Lower Income

- Big Squeeze...



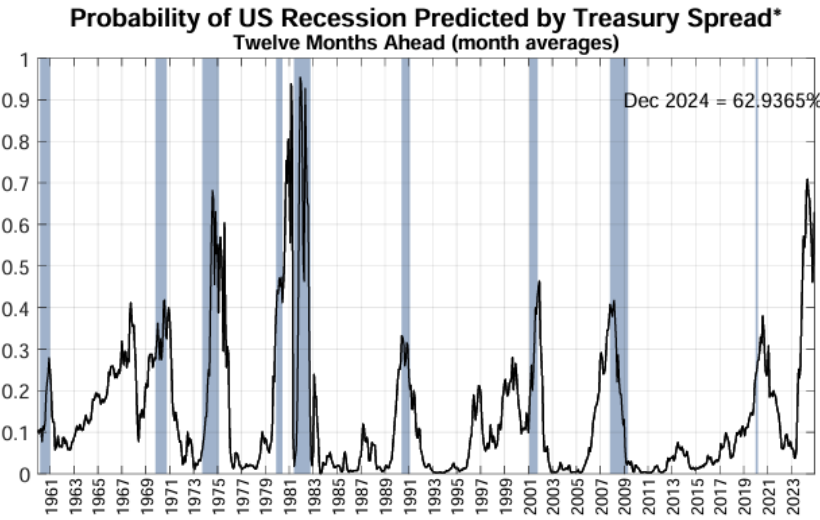
Index and share-price change since 2022



Source: FactSet

# Downturn

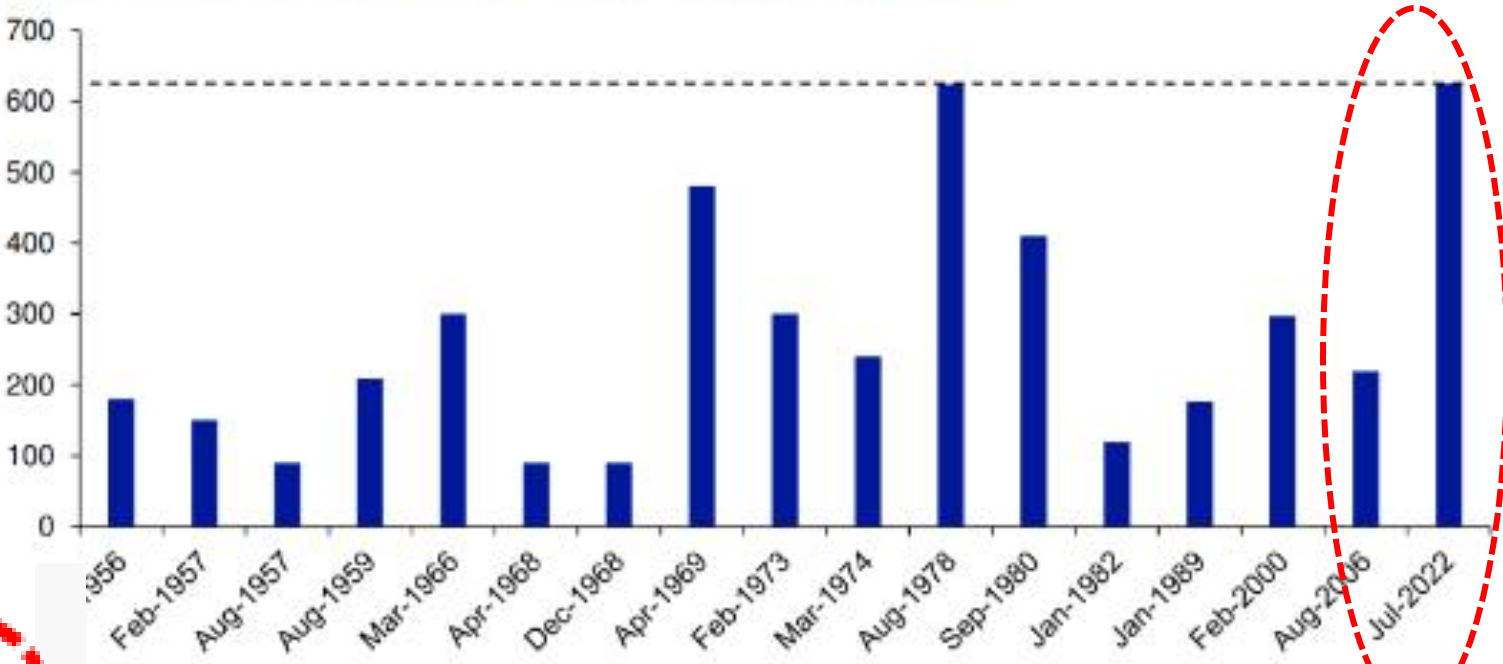
- Don't Rule It Out...



\*Parameters estimated using data from January 1959 to... The parameter estimates are  $\alpha = -0.5333$ ,  $\beta = -0.6330$ .



Figure 1: Length of all US 2s10s yield curve inversions (Days) that were longer than 3 months. The current one is now the longest...



...ity data only available from 1977, for monthly data prior to that it is assumed that one month equals 30 days. (FD, Bloomberg Finance LP, Deutsche Bank)

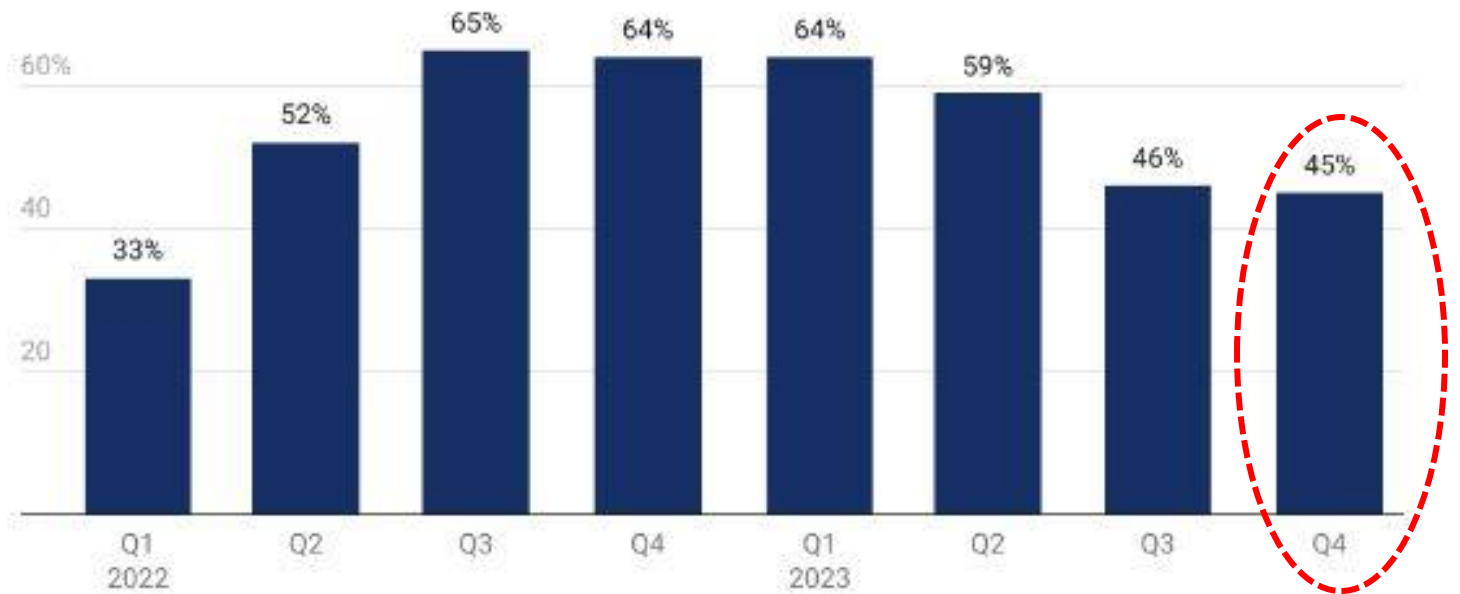
# Downturn

- Don't Rule It Out...



## Recession odds have dipped but still remain elevated

Economists say there's still a heightened risk of a recession, but the likelihood of one happening within the next 12 months remains higher than at the start of 2022



Note: Figures reflect average forecast among respondents.

Chart: Monday Morning Economist • Source: Bankrate Fourth-Quarter Economic Indicators survey, January 2024 • Created with Datawrapper

# Hope

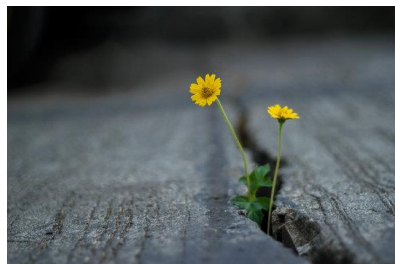
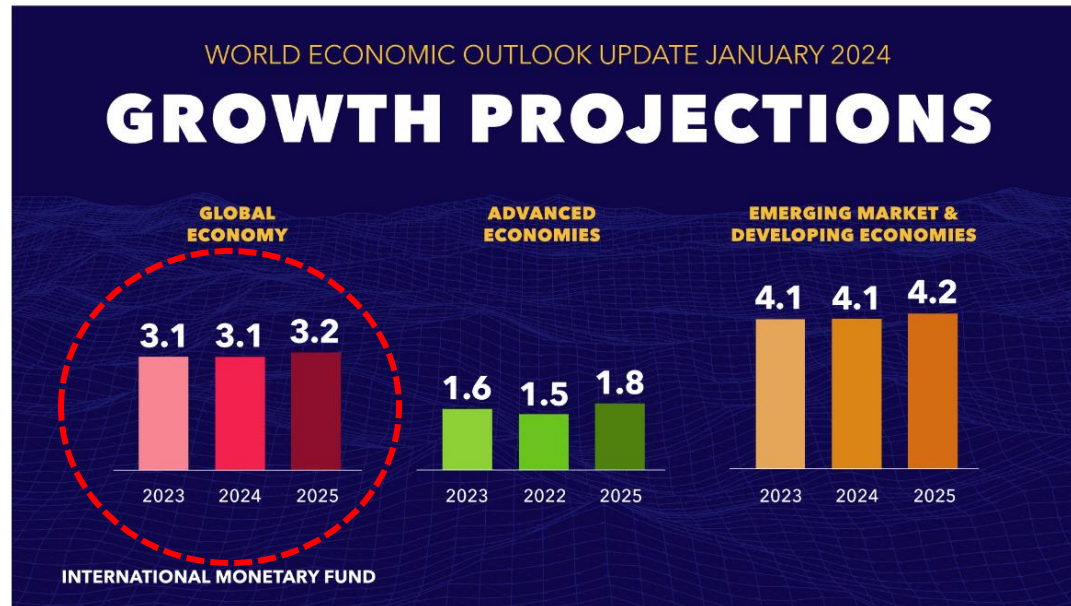
- Not All Dismal...





# Baseline

- Stagnation...



## World Economic Outlook Growth Projections

(Real GDP, annual percent change)	ESTIMATE	PROJECTIONS	
	2023	2024	2025
<b>World Output</b>	3.1	3.1	3.2
<b>Advanced Economies</b>	1.6	1.5	1.8
United States	2.5	2.1	1.7
Euro Area	0.5	0.9	1.7
Germany	-0.3	0.5	1.6
France	0.8	1.0	1.7
Italy	0.7	0.7	1.1
Spain	2.4	1.5	2.1
Japan	1.9	0.9	0.8
United Kingdom	0.5	0.6	1.6
Canada	1.1	1.4	2.3
Other Advanced Economies	1.7	2.1	2.5
<b>Emerging Market and Developing Economies</b>	4.1	4.1	4.2
<b>Emerging and Developing Asia</b>	5.4	5.2	4.8
China	5.2	4.6	4.1
India	6.7	6.5	6.5
<b>Emerging and Developing Europe</b>	2.7	2.8	2.5
Russia	3.0	2.6	1.1
<b>Latin America and the Caribbean</b>	2.5	1.9	2.5
Brazil	3.1	1.7	1.9
Mexico	3.4	2.7	1.5
<b>Middle East and Central Asia</b>	2.0	2.9	4.2
Saudi Arabia	-1.1	2.7	5.5
<b>Sub-Saharan Africa</b>	3.3	3.8	4.1
Nigeria	2.8	3.0	3.1
South Africa	0.6	1.0	1.3
<b>Memorandum</b>			
<b>Emerging Market and Middle-Income Economies</b>	4.2	4.0	4.0
<b>Low-Income Developing Countries</b>	4.0	5.0	5.6

# Baseline

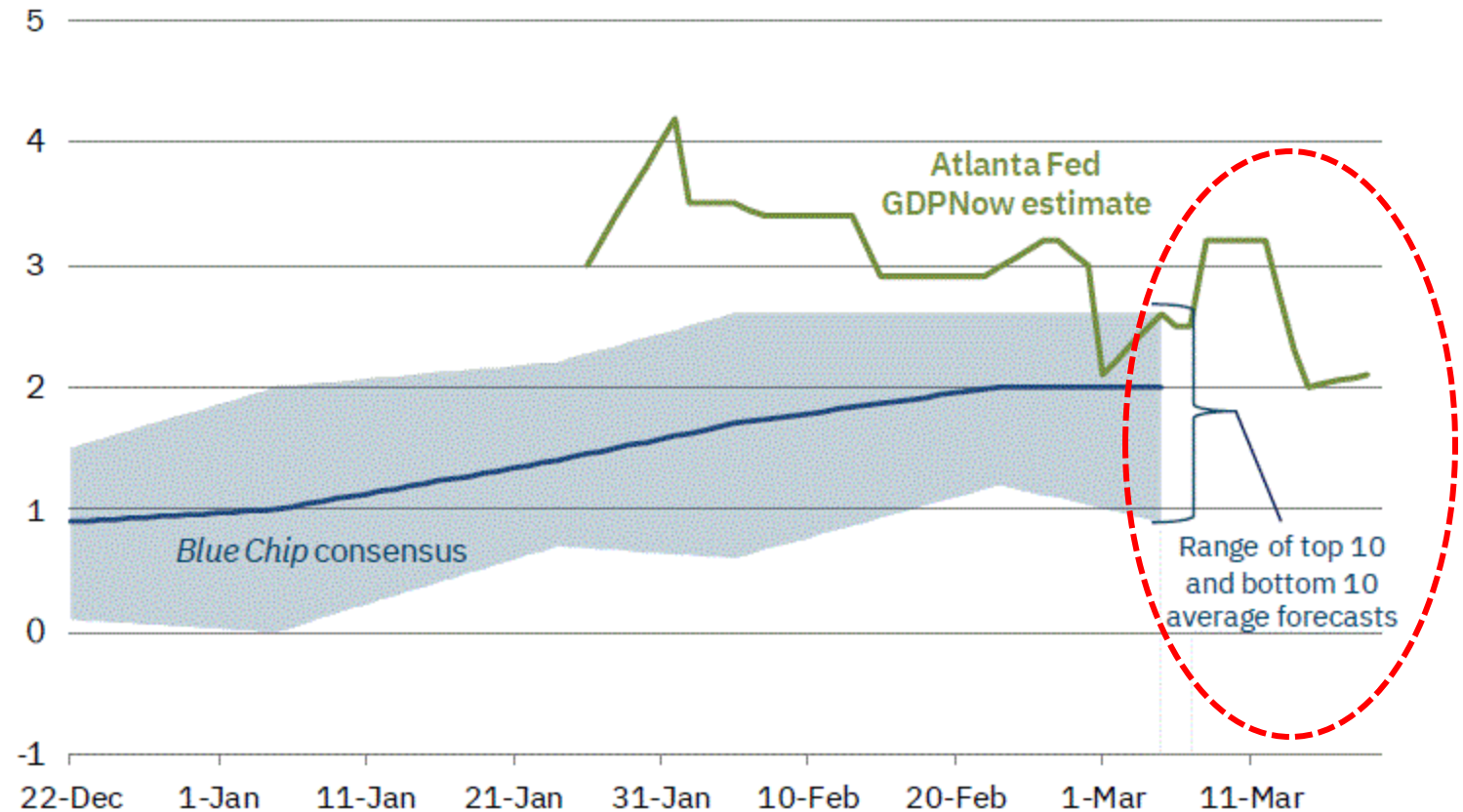
- Stagnation...



Federal Reserve  
Bank of Atlanta



Evolution of Atlanta Fed GDPNow real GDP estimate for 2024: Q1  
Quarterly percent change (SAAR)



# Baseline

- Time Out!

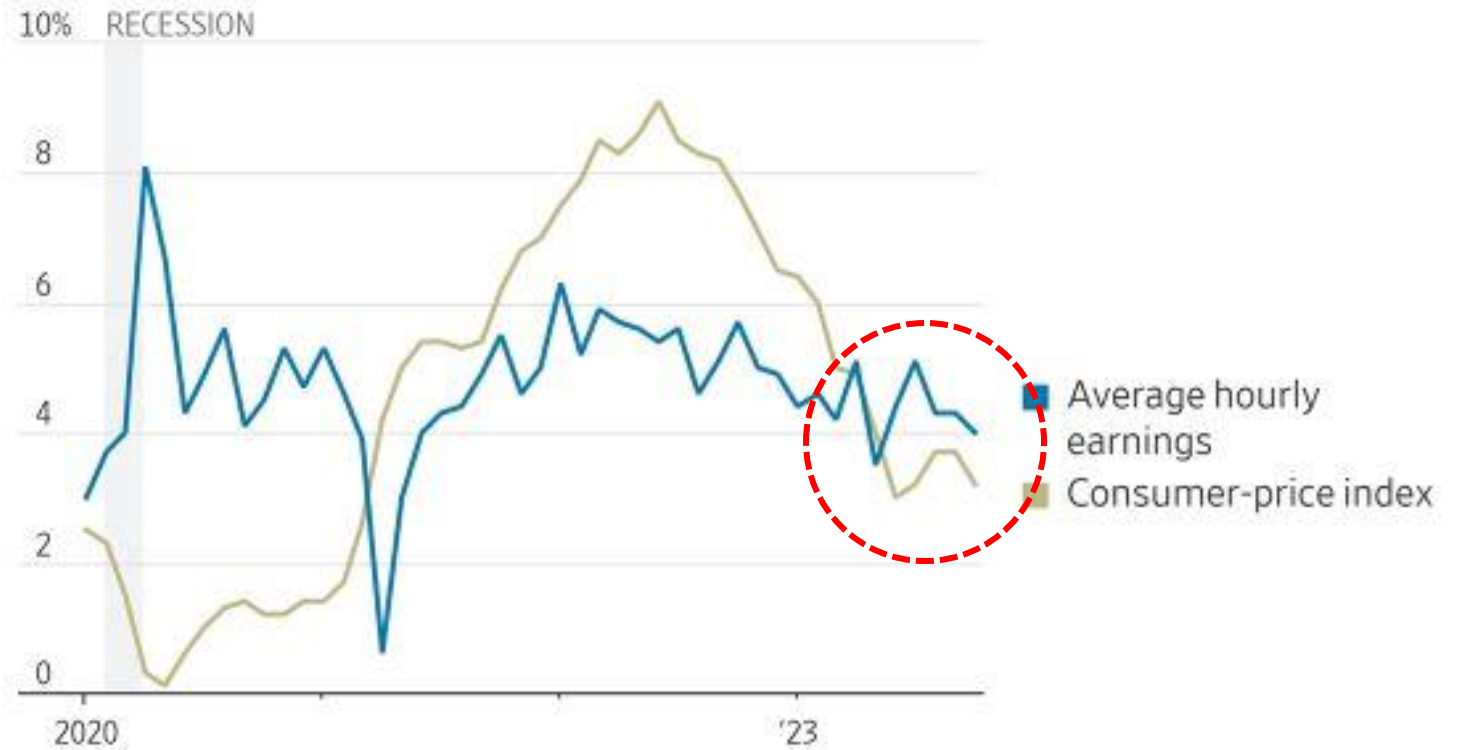


# Assumption

- Real Wage Gains...



Prices and earnings, 12-month change



Note: Earnings are for private-sector employees.  
Source: Labor Department via St. Louis Fed



# Labor

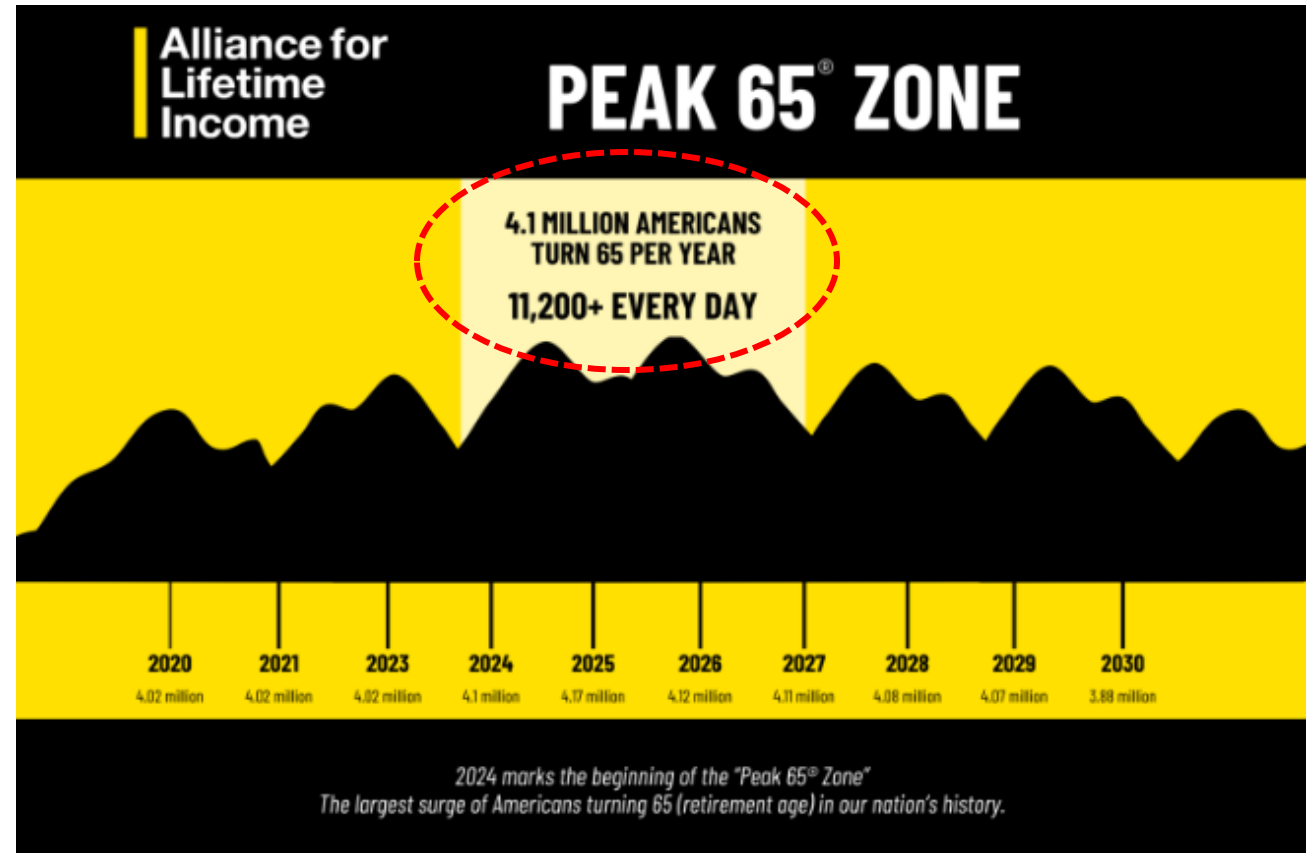
- Tighter...

Prime-age labor force participation rate



Note: Seasonally adjusted.

Source: Labor Department via St. Louis Fed



# Survey

- Robust Gains...



## Base pay increase averages

How high are base pay increases predicted to be? This year, we asked survey participants to write in their planned average base pay increase. According to the aggregated data, base pay increases in 2023 averaged at 4.8 percent while base pay increases in 2024 are predicted to average at around 4.5 percent.

While base pay increases in 2023 reached their highest level in 20 years and are predicted to come down a little, compensation budgets look to remain elevated compared to before the pandemic. This is because employers know that pay must keep pace with the rising cost of living. Larger organizations are giving pay increases closer to 4 percent while smaller organizations (less than 750 employees) are giving pay increases closer to 5 percent.

The message is that competitive wages remain a priority, even in a sluggish economy.

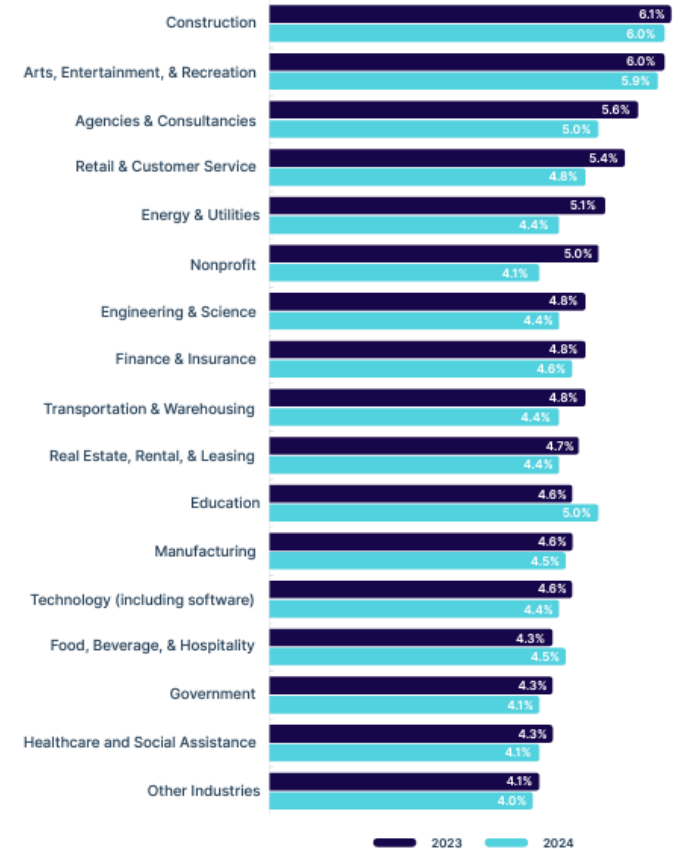
More data cuts available on [Payscale.com](https://www.payscale.com).

Get notified to participate in Payscale's mid-year  
**2024–2025 Salary Budget Survey.**

[Sign up now](#) →

What do you expect will be the average percent base pay increase given to employees in your organization?

**4.8%** 2023 | **4.5%** 2024

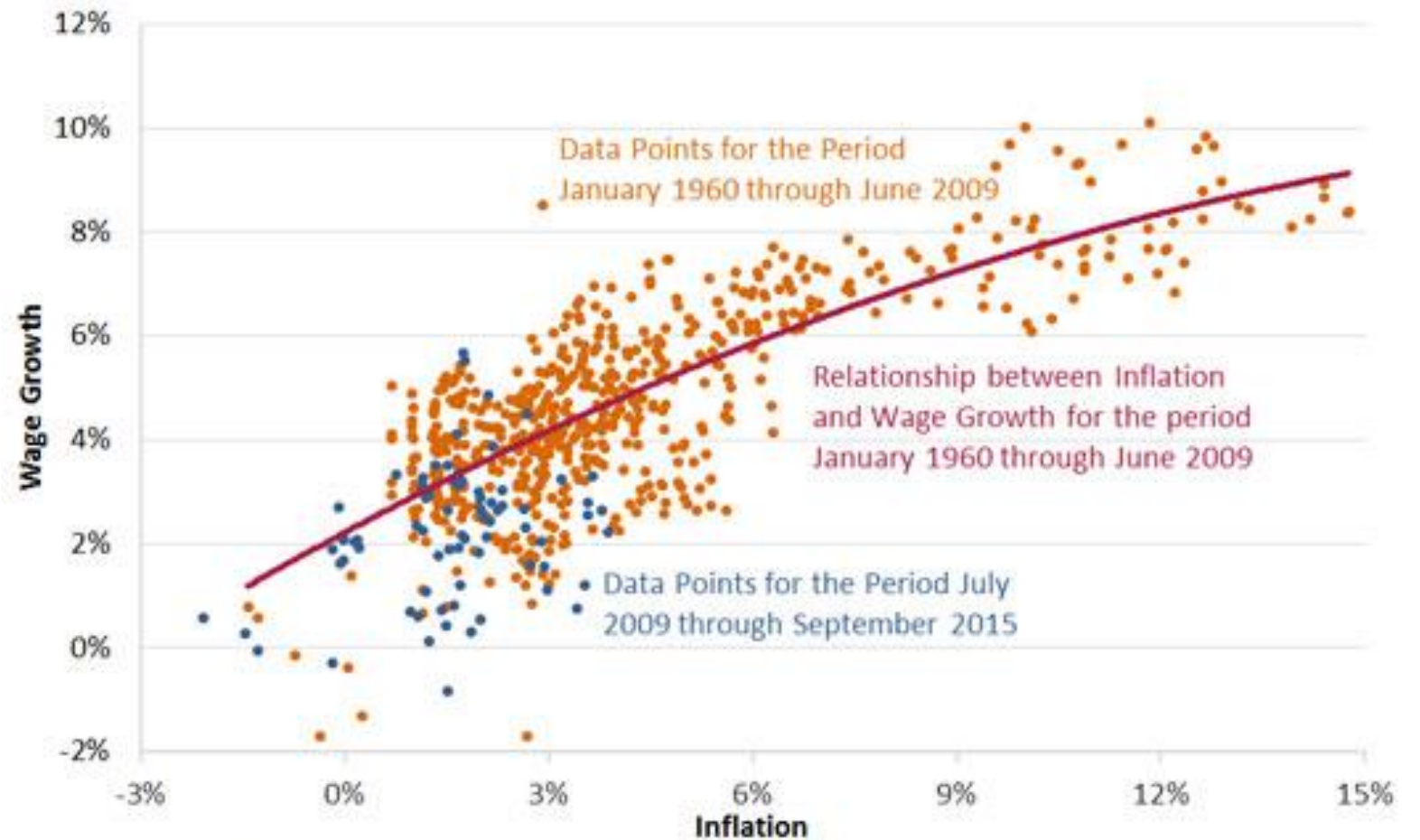


# Baseline

- Time Out!



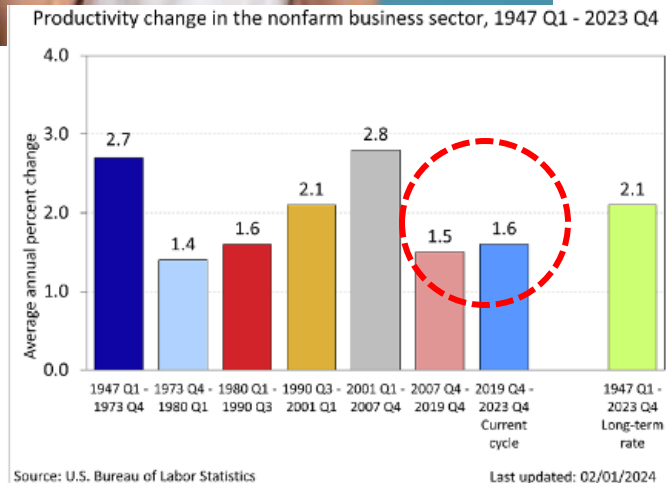
## Inflation and Wage Growth



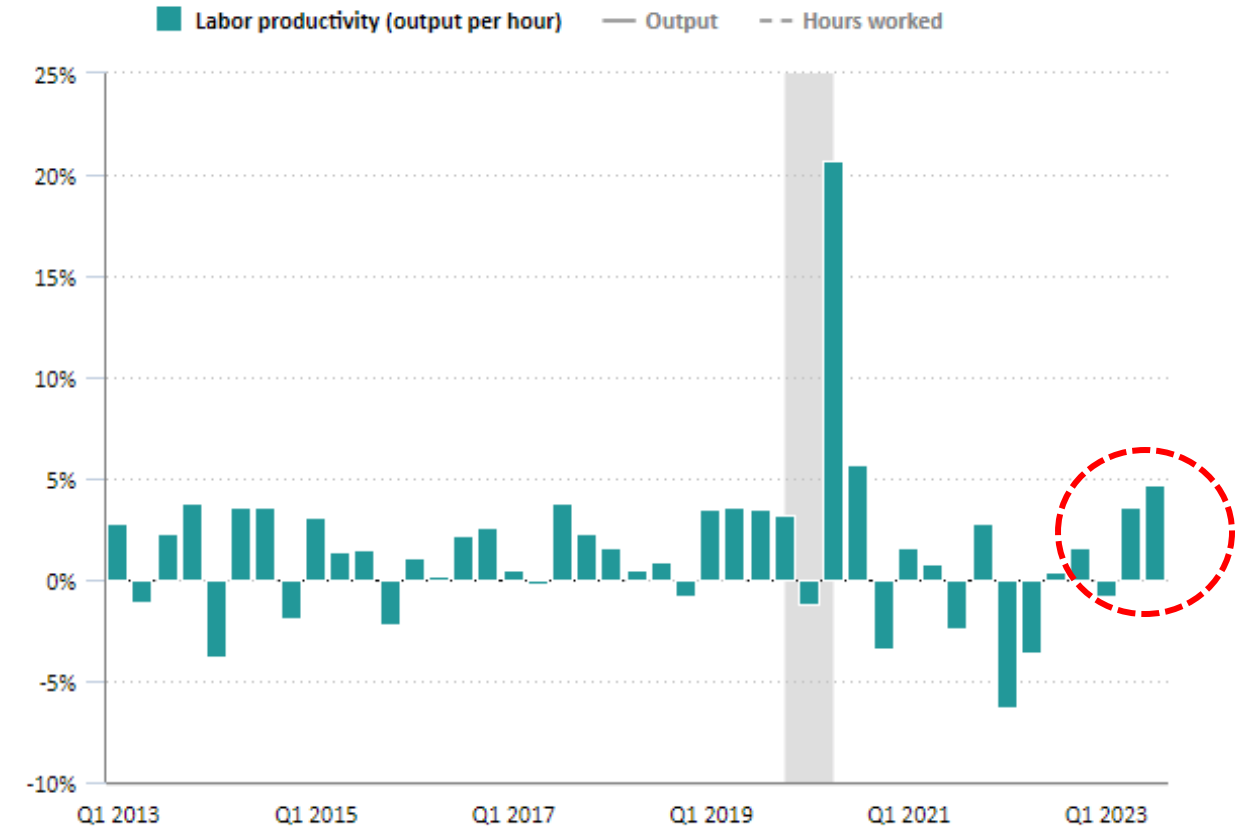
SOURCE: Federal Reserve Economic Data (FRED) and author's calculations.

# Assumption

- Productivity 2.0?



Labor productivity, output, and hours worked, percent change from previous quarter, first quarter 2013–third quarter 2023



Note: Quarterly percent changes are seasonally adjusted annual rates. Click legend items to change data display. Hover over chart to view data. Shaded area represents a recession as determined by the National Bureau of Economic Research. Source: U.S. Bureau of Labor Statistics.





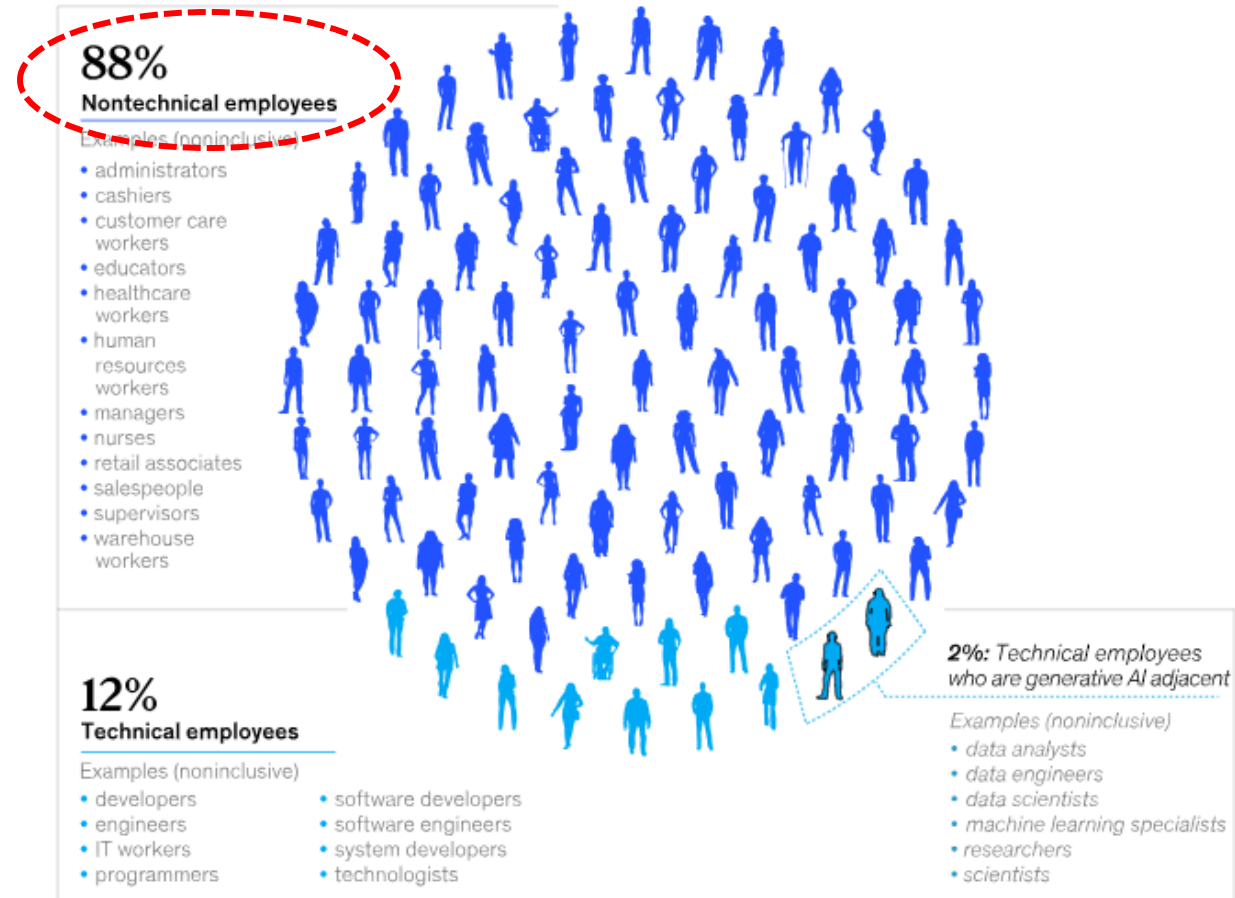
# Hopeful

- AI Scaling...



Workers who use generative AI as part of their jobs comprise a much larger group than those who hold traditionally technical roles.

Share of workers, by category, %

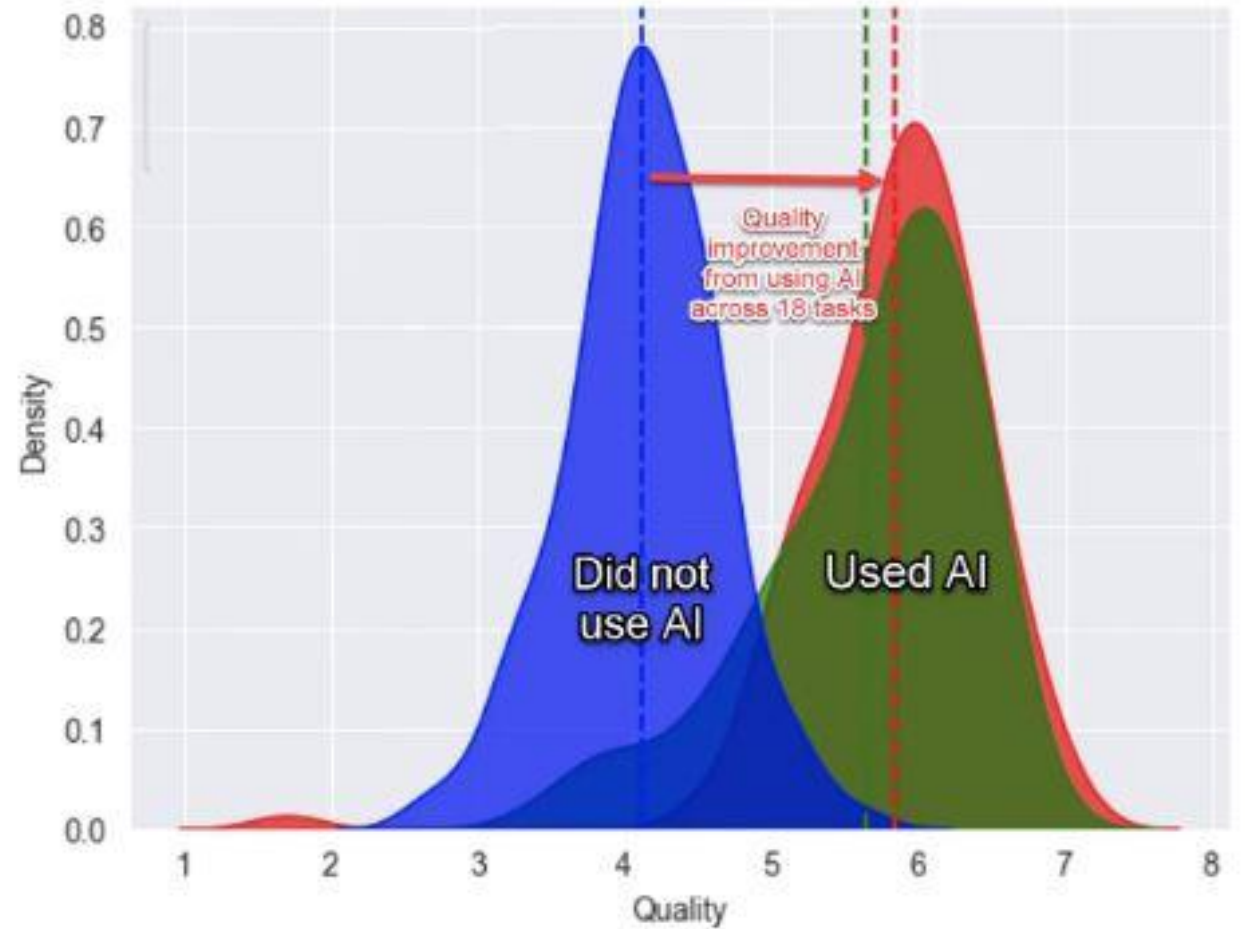
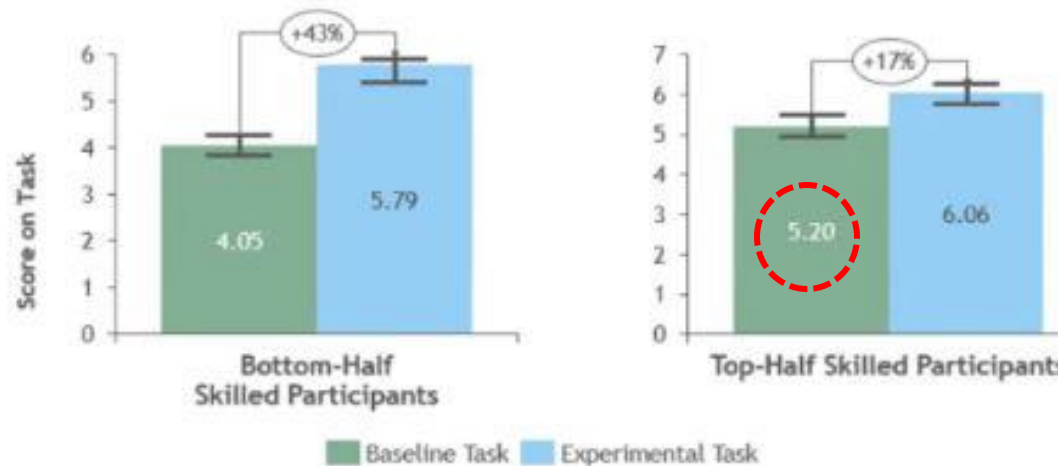


Source: McKinsey Talent Trends Survey, subsample of workers from Canada, UK, and US who are currently employed (n = 9,684); data collected July 28–Aug 15, 2023

# Productivity

- Early Data...

Figure 5: Bottom-Half Skills and Top-Half Skills - Inside the Frontier



Distribution of output quality across all the tasks. The blue group did not use AI, the green and red groups used AI, the red group got some additional training on how to use AI.

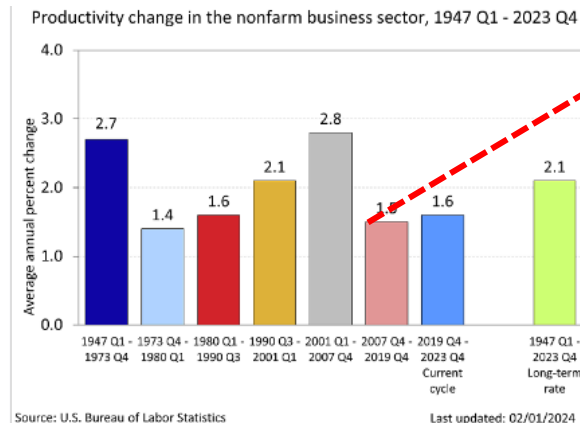
# Productivity 2.0

- Hopeful...



“I can’t think of anything that’s been more powerful since the desktop computer.”

Michael Carbin, Associate Professor, MIT, and Founding Advisor, MosaicML



# Risks

- Hard Landing?





# Geopolitics

- Supply Shocks ...

## Impact on commodities due to chaos the Red Sea

Reuters

January 29, 2024 11:58 AM EST · Updated a day ago



Smoke rises from Marlin Luanda, merchant vessel, after the vessel was struck by a Houthi anti-ship missile, at the location given in this handout picture released January 27, 2024. @indiannavy via X/Handout via REUTERS/File Photo [Acquire License](#)

## Global Shipping Chokepoints

Recent droughts and conflict highlight maritime hotspots, with many more locations vulnerable to disruption



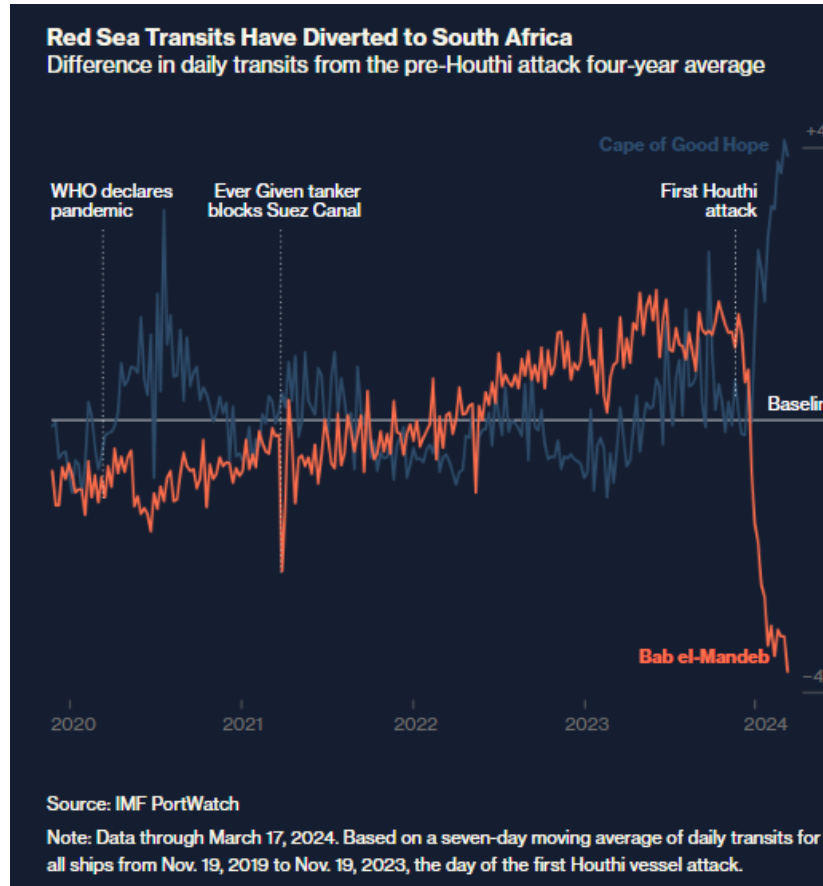
Sources: Lincoln Pratson of Duke University; GPS locations from OpenStreetMap; Statista

Note: Percentages don't sum to 100 as a ship may pass through multiple chokepoints.

Bloomberg Opinion

# Shipping

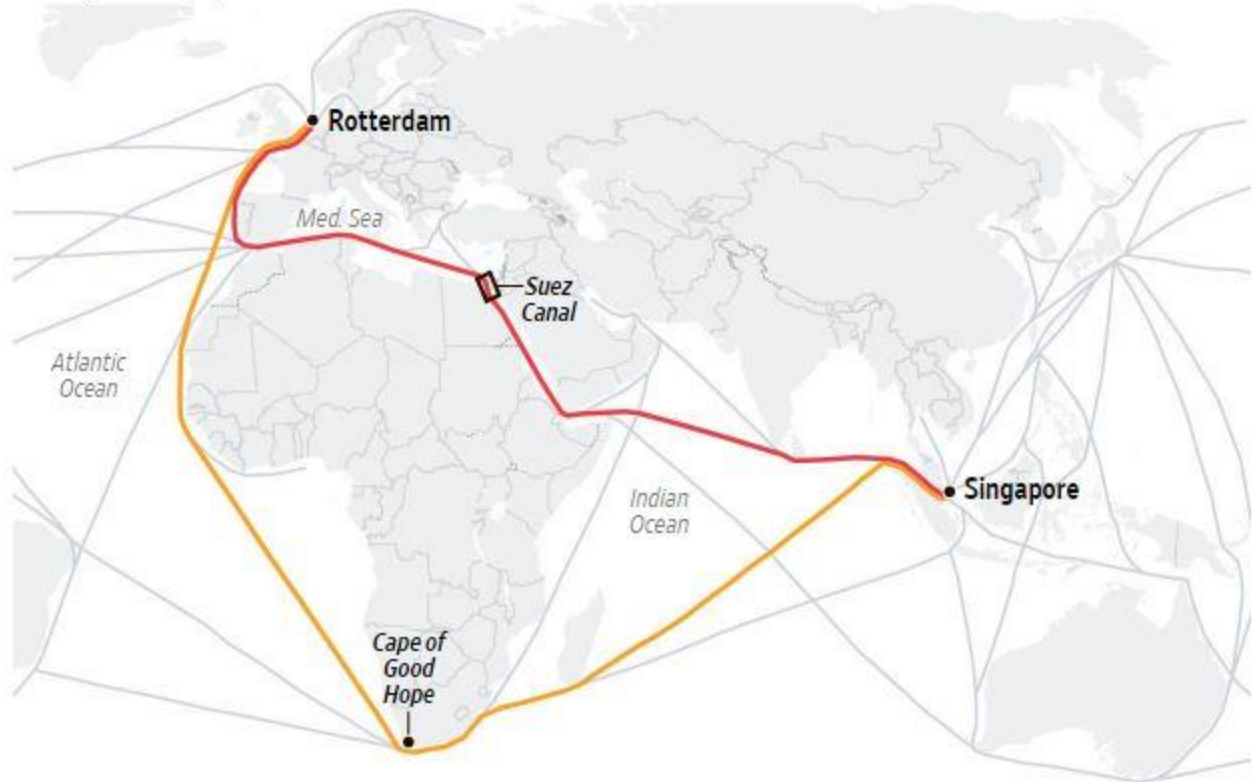
- Rerouting Delays ...



## Major world shipping routes

■ Suez route ■ Cape of Good Hope route ■ Other

Example: Singapore-Rotterdam, Netherlands



	Distance	Round-trip voyage
Suez route	8,301 naut. miles	34 days
Cape route	11,758	43

Sources: Jean-Paul Rodrigue, Hofstra University (global routes); Bimco (distance, voyage)

# Shipping

- Another Choke Point ...

ANALYSIS

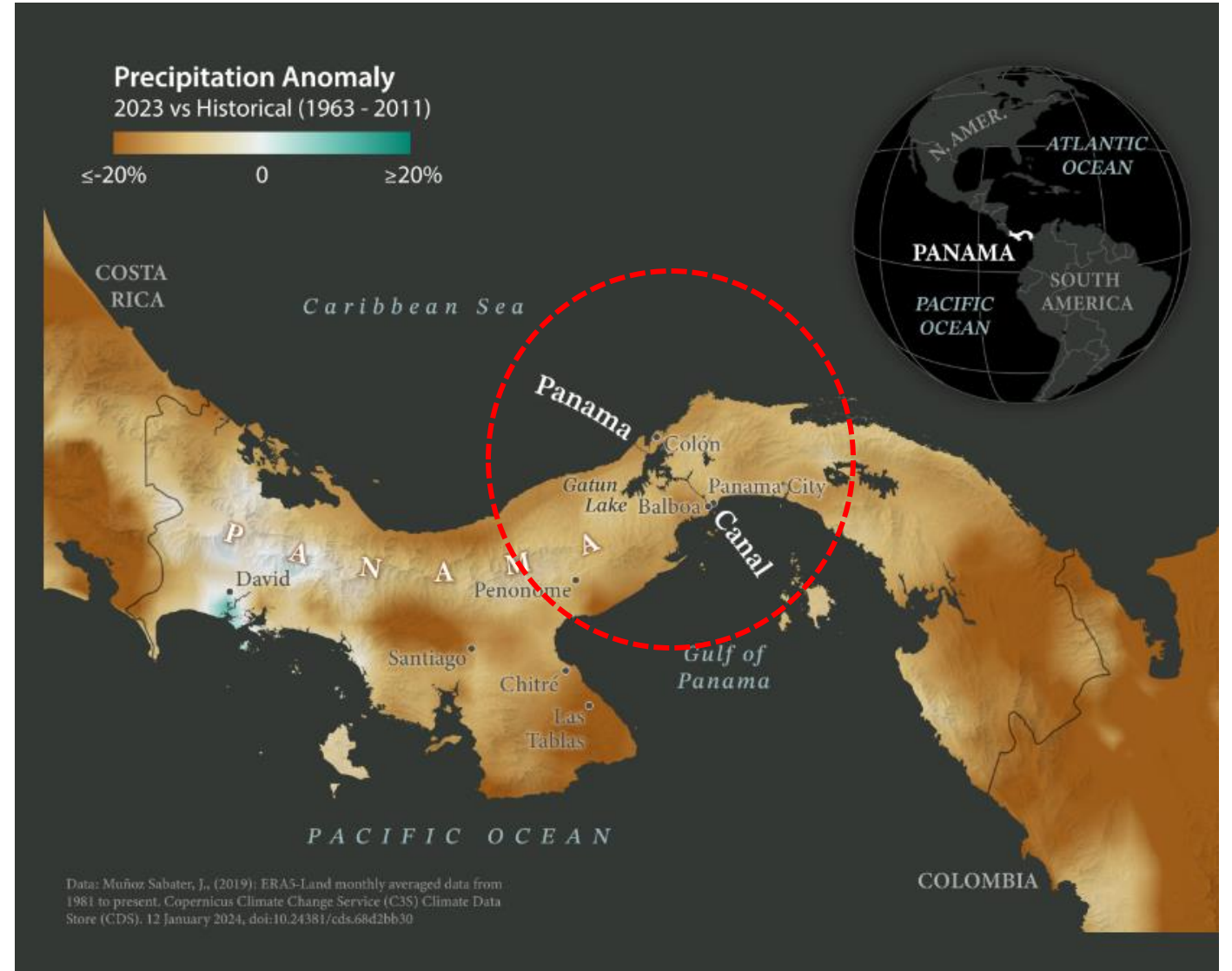
## The Panama Canal Is Running Dry

Climate extremes are wreaking havoc on global shipping.

By [Mie Heejin Dahl](#), a Danish freelance journalist based in Mexico City.



The container ship Maersk Bogor passes through the Miraflores locks while transiting the Panama Canal on Sept. 22, 2023. JUSTIN SULLIVAN/GETTY IMAGES







# Shipping

- Additional Costs ...

Although these percentages are small, the U.S.'s 0.007% loss is equivalent to about **\$1.5 billion**, whereas Costa Rica's 0.29% loss is around **\$184 million**.

## A one week disruption at the Panama Canal would impact economies around the globe.

### United States: 0.007% GDP lost

The U.S. and other North American countries have access to both the Atlantic and Pacific sides of the Panama Canal.

### China: 0.01%

Shanghai is home to the largest shipping port in the world. Asian countries only have access to Balboa Port on the Pacific side.

### Portugal: 0.003%

European countries must use the Panama ports on the Atlantic side.

### Egypt: 0.005%

Egypt's Suez Canal connects the Red Sea to the Mediterranean Sea, allowing ships to avoid circumnavigating Africa.

### Panama's neighbors

Costa Rica (0.29%), Colombia (0.2%), and other nearby countries would be among the most affected countries by a disruption.

Although these percentages are small, the U.S.'s 0.007% loss is equivalent to about **\$1.5 billion**, whereas Costa Rica's 0.29% loss is around **\$184 million**.



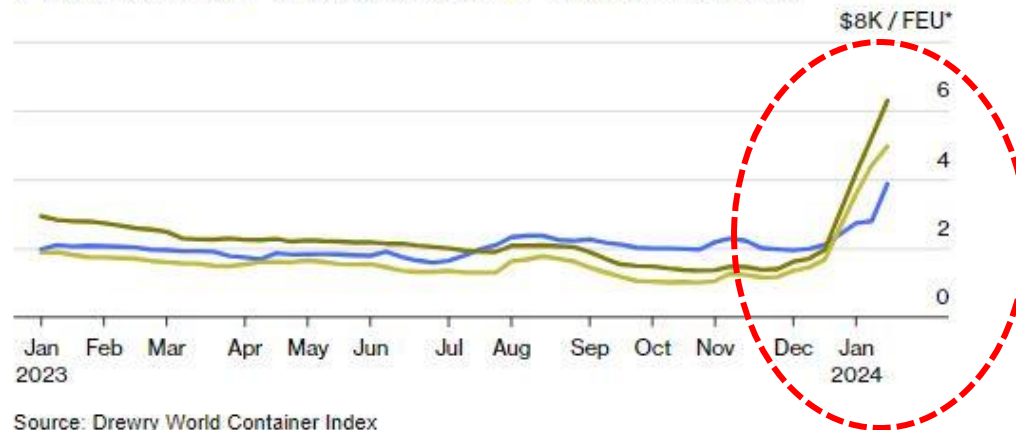
# Shipping

- Rising Costs & Slower Deliveries ...

## Spot Rates For Ocean Freight to Europe, US Marching Higher

Cost to ship a 40-foot container

— Shanghai to Genoa — Shanghai to Rotterdam — Shanghai to Los Angeles



Source: Drewry World Container Index  
\*FEU = 40-foot container units

## Manufacturing PMI supplier delivery times



Data compiled February 2024 using PMI data updated to January 2024.  
PMI (Purchasing Managers' Index) 50 = no change on prior month.  
Source: S&P Global PMI with HCOB, Caixin, au Jibun Bank, S&P Global Market Intelligence.  
© 2024 S&P Global.

# Supply Shock

- Inflationary Pressure ...



Journal of International Money and Finance

Volume 130, February 2023, 102771

## Shipping costs and inflation ☆

Yan Carrère Swallow<sup>a</sup>, Pragyan Deb<sup>a</sup>, Davide Fiaschi<sup>a, c</sup>, Daniel Jiménez<sup>a</sup>, Jonathan D. Ostry<sup>b</sup>

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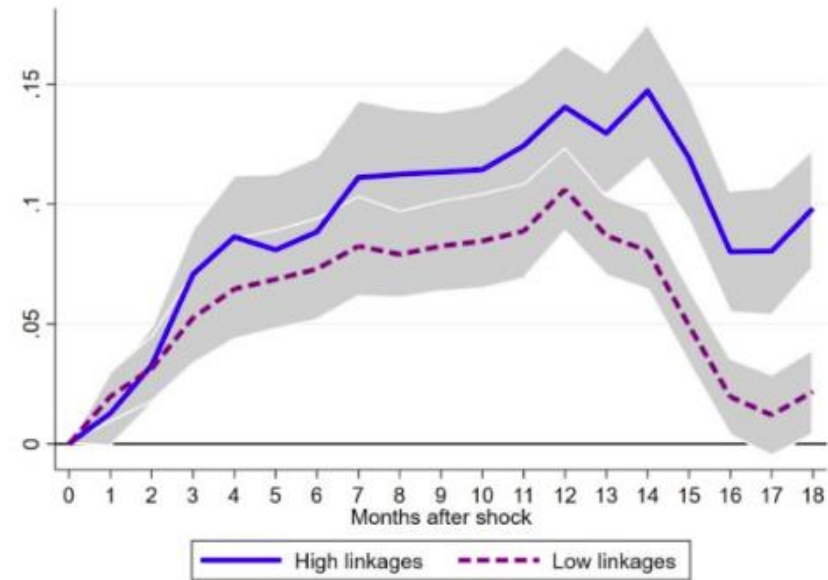
<https://doi.org/10.1016/j.jimonfin.2022.102771>

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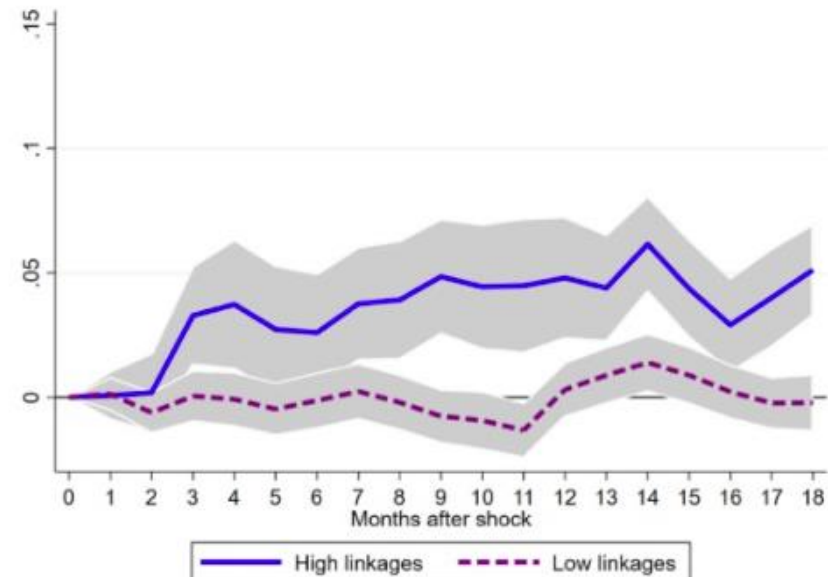
### Highlights

- Increases in shipping costs are followed by sizable increases in import prices, PPI, headline, and core inflation.
- The impact is similar in magnitude but more persistent than for shocks to global oil and food prices.
- The effects are more muted in countries where imports make up a smaller share of domestic consumption.
- Smaller pass-through in countries with inflation targeting regimes and better-anchored inflation expectations.

A. Headline inflation



B. Core inflation



# Inflation

- Decomposition...

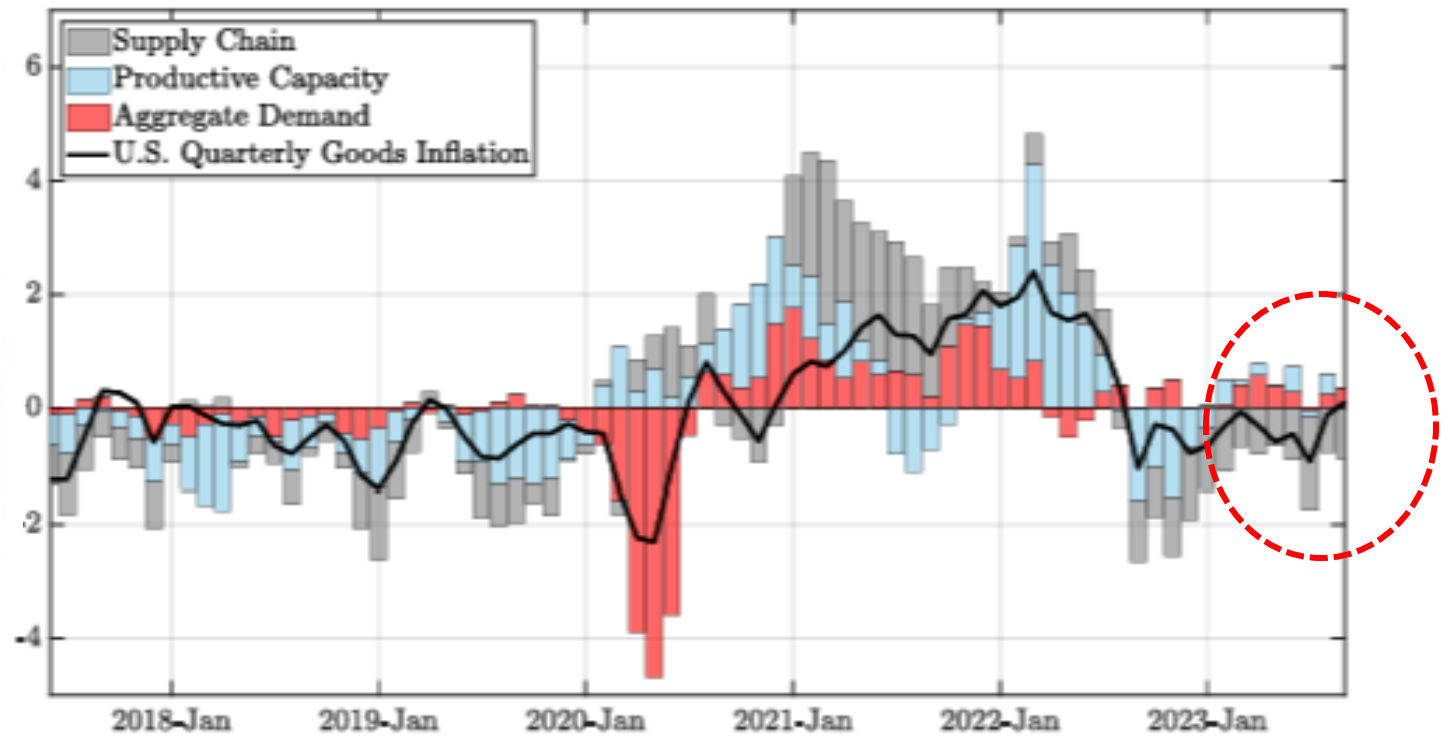
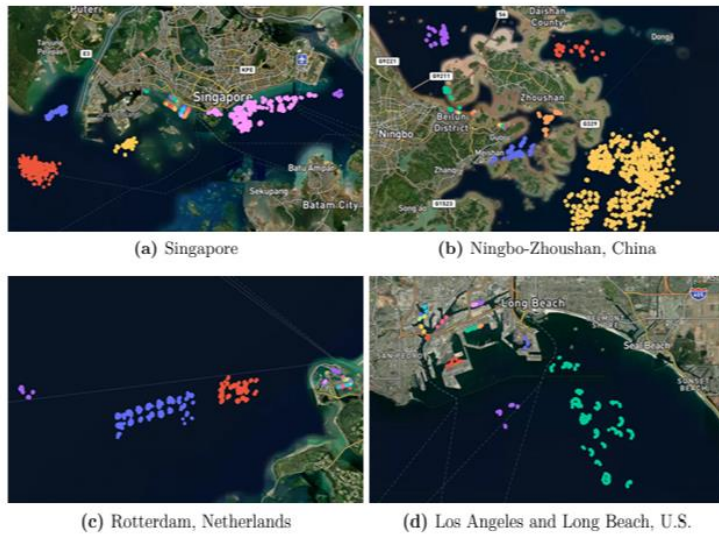


Figure 13: Historical Decomposition (HD) of U.S. Quarter-on-Quarter Goods Inflation

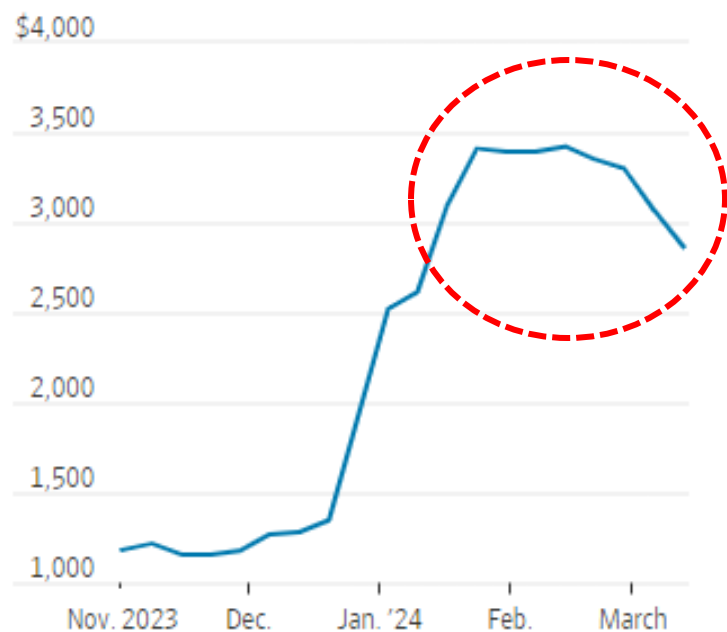


# Inflation

- Reacceleration?

## Ocean Shipping

Average global ocean shipping rates to move a container from one region to another.



Note: Dates are for the week through that day

Source: Freightos

CFO JOURNAL

## Build-A-Bear's Shipping Expenses Pushed Up By Red Sea Attacks. Will Stuffed Bears Cost More?

The company's finance chief is working to offset higher costs as the Red Sea turmoil disrupts global shipping. Price increases, though a last resort, may come.

By Jennifer Williams [Follow](#)

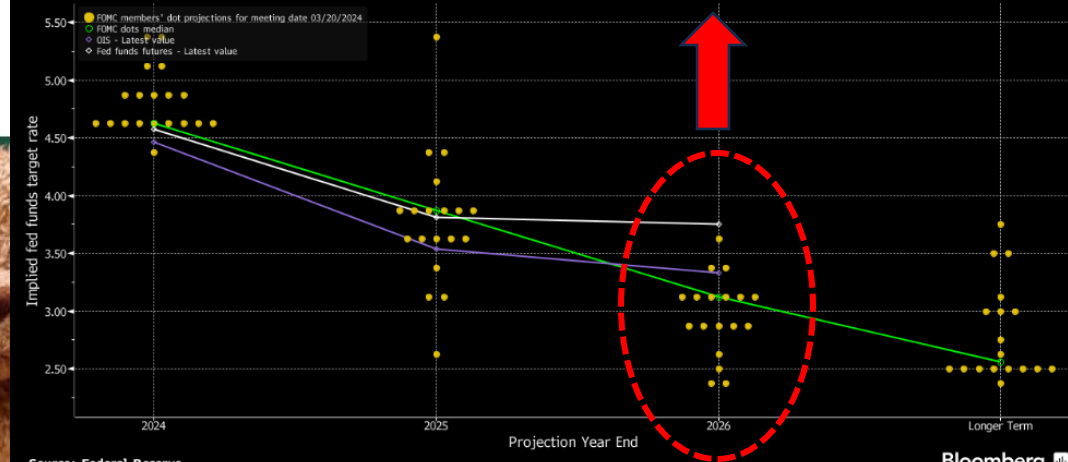
March 21, 2024 5:30 am ET

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Build-A-Bear is considering alternate routes and will look for cost savings elsewhere in the business before passing higher costs on to shoppers, according to CFO Voin Todorovic. PHOTO: CHIP EAST/REUTERS

## The Fed's March Dot Plot



Source: Federal Reserve

Bloomberg

# Commercial

- Building Crisis...

**barchart**

**Will the U.S. Commercial Property Meltdown Lead to a Banking Crisis?**

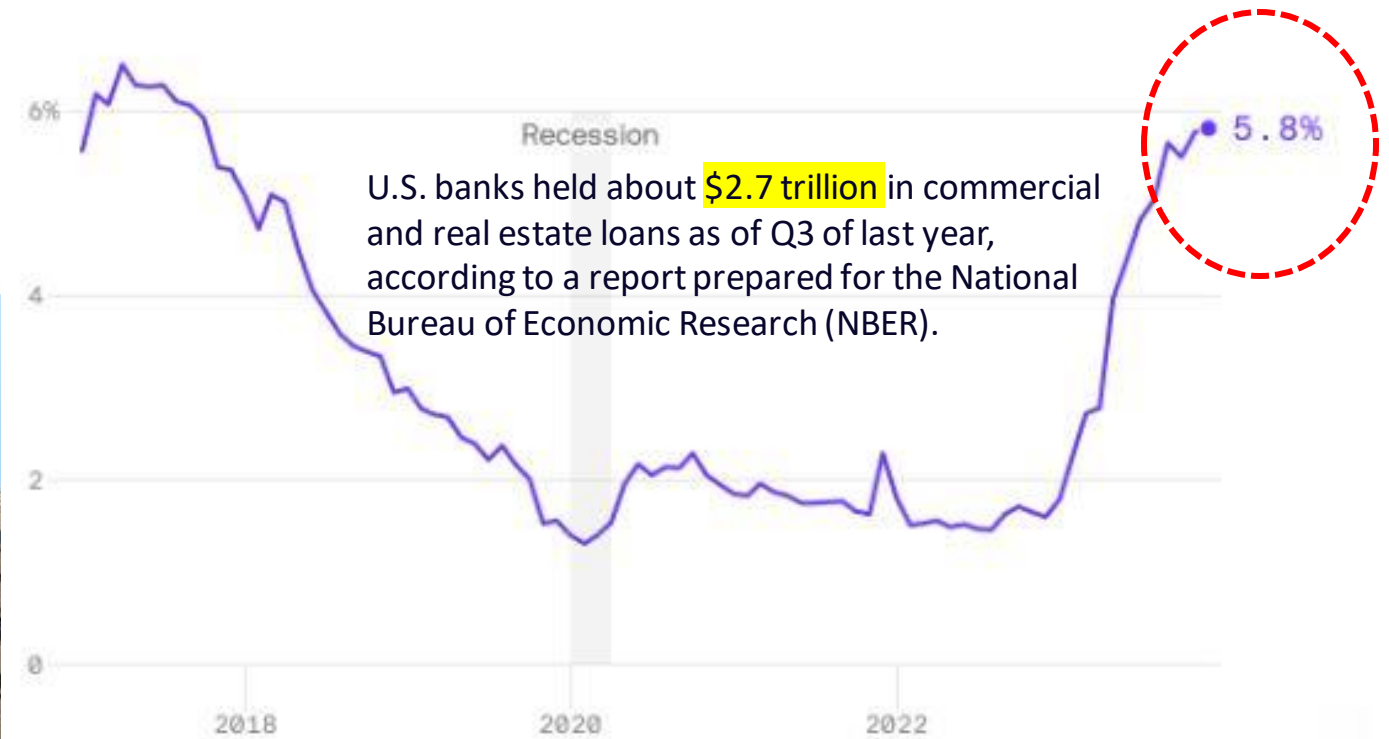


February 01, 2024 — 01:27 pm EST

Written by Rich Asplund for Barchart →

## Delinquency rates on loans backed by U.S. office buildings

Monthly; January 2017 to December 2023



Data: S&P Global Ratings; Chart: Axios Visuals

# Commercial

- Refinancing...

## \$1.6T of Outstanding CRE Debt is Potentially Troubled, \$792B Maturing in '23-'25

Combining our analysis of mark-to-market LTVs with the structure of debt maturities, we estimate the volume of debt that currently is potentially troubled.\* Office and multifamily loans constitute most potentially troubled loans, particularly in the 2023-to-2025 period. The high office volume results from most loans being underwater. The distribution of LTV ratios for multifamily are more favorable overall, but the greater size of the multifamily market and the concentration of lending during the recent liquidity bubble drive high nominal exposure.

FINANCIAL

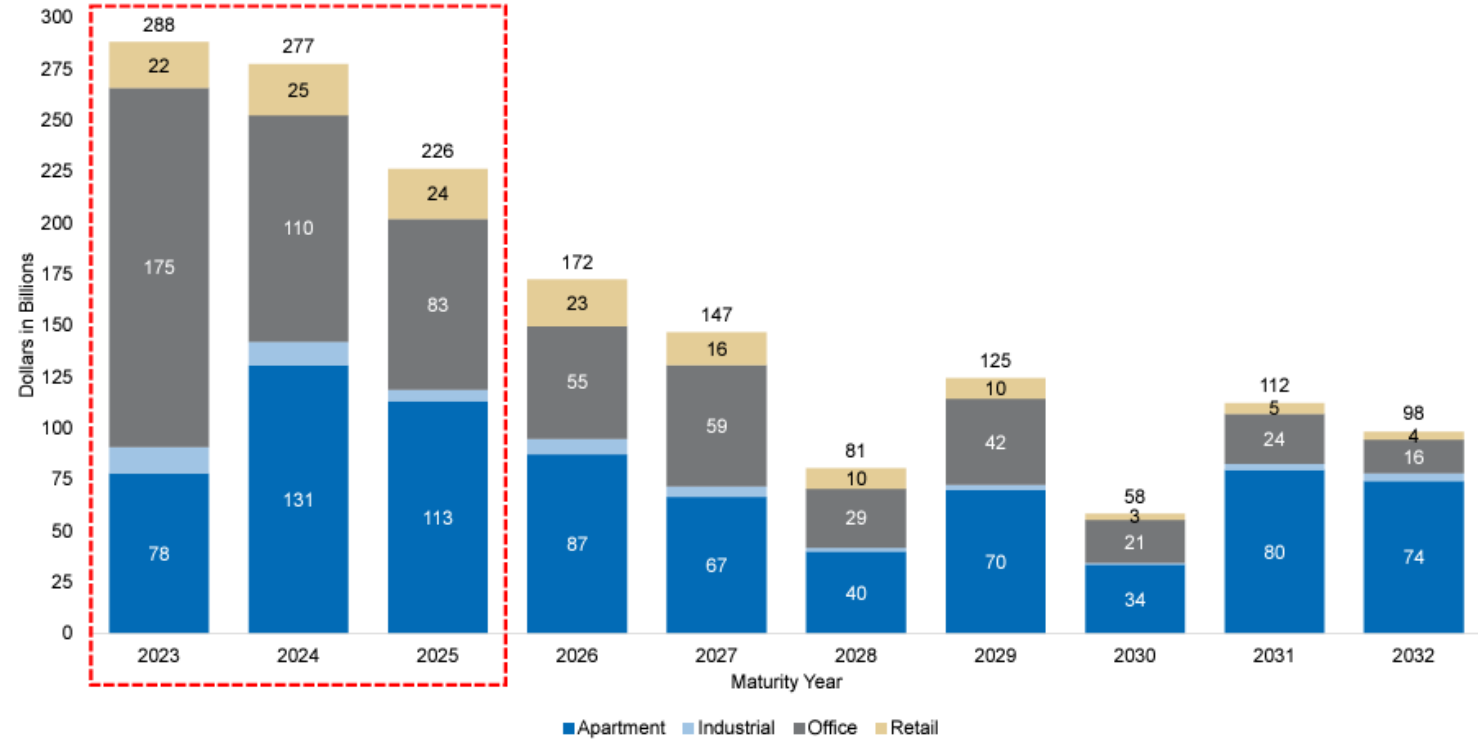
Opinion **Property sector**

### It's time to be honest about America's commercial real estate hangover

The 'pretend and extend' tactics playing out in the sector need to end

GILLIAN TETT Added

Potentially Troubled Loans by Maturity Year\*



Source: Green Street, NCREIF, RCA, Trepp, MBA, Newmark Research as of 11/7/2023  
 \*Loans with an estimated senior debt LTV of 80% or greater are potentially troubled. The loans are marked-to-market using an average of cumulative changes in the Dow Jones REIT sector price indices, REIT sector enterprise value indices and Green Street sector CPPI.

# Commercial

- Time Bomb...



## Spreads Have Widened Rapidly across CMBS Risk Tranches

The CMBS market was the first part of the CRE market to begin pricing in the new risk-and-rate environment. Recently, spreads have been relatively stable for the A- tranches and above, while riskier tranches have turned asymptotic. All-in yields have increased across tranches due to continued rate hikes. The further declines in prices for the lower tranches represents a problem for issuers, who are required to keep "skin in the game." This alone may influence banks' willingness to securitize.

Average CMBS Conduit New Issuance Spreads to SOFR

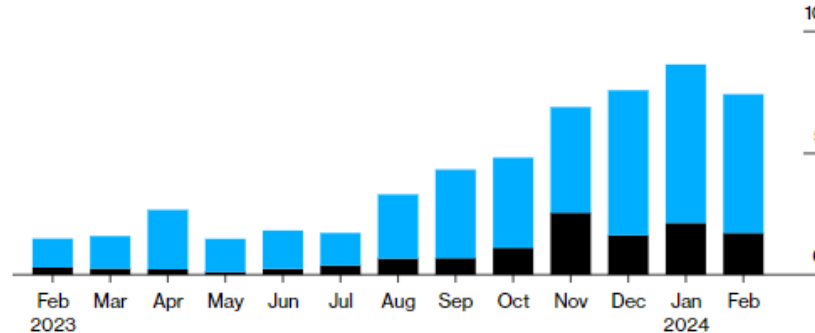
1,000  
900  
800  
700

Lower tranches point to rising distress risk. Spreads are wider than in March 2020.

### Share of Delinquent Loans in CRE CLOs Surges

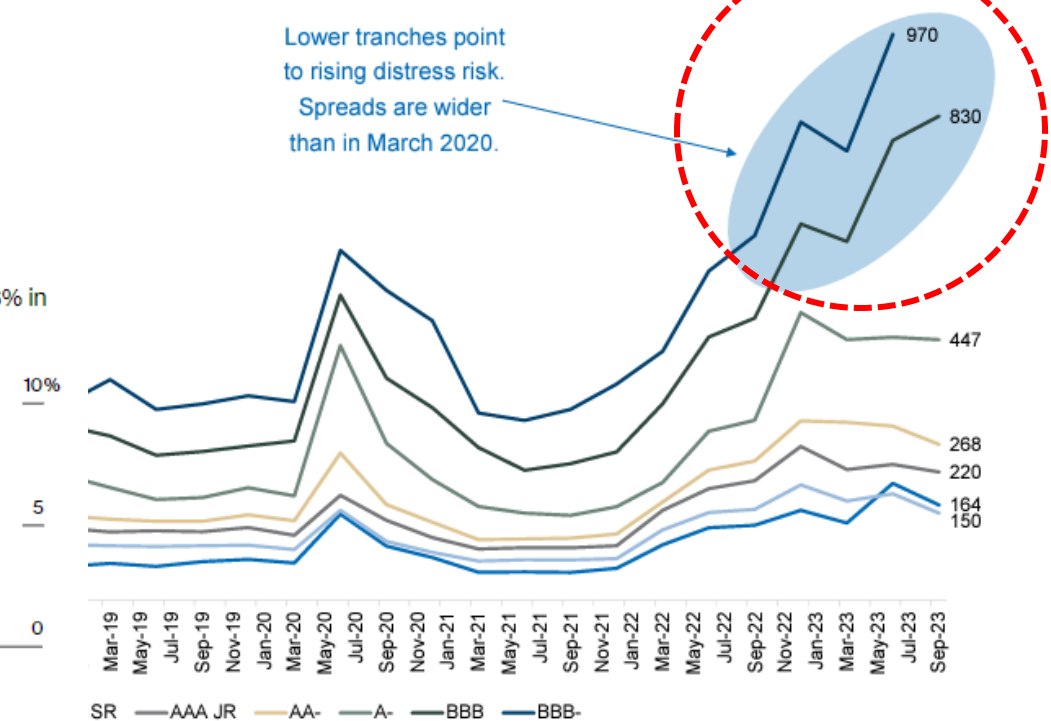
Loans more than 30 days delinquent or in special servicing jumped to 8.6% in January

■ 30 days delinquent ■ 60+ days delinquent, in special servicing or worse



Source: CRED IQ

Note: Each column's sum represents the share of loans that CRED IQ considers distressed. Other definitions of distress exclude loans that are 30 days late.



SR — AAA JR — AA- — A- — BBB — BBB-



# Commercial

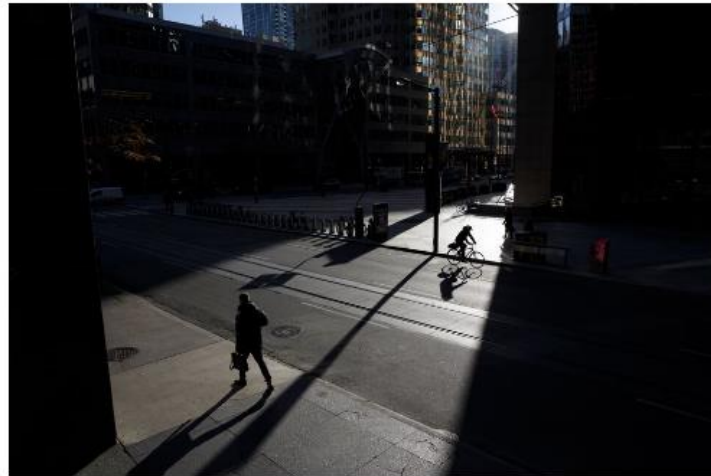
- Time Bomb...

## What's Behind the Turmoil at New York Community Bank?

The lender's shares plunged on Friday after it disclosed more losses and said it could not file its annual report on schedule.

### Manulife Faces 40% Decline in US Office Investments From Peak

- CFO Simpson says worst may be over for office downturn
- Office is 10% of Manulife's portfolio versus 40% decade ago

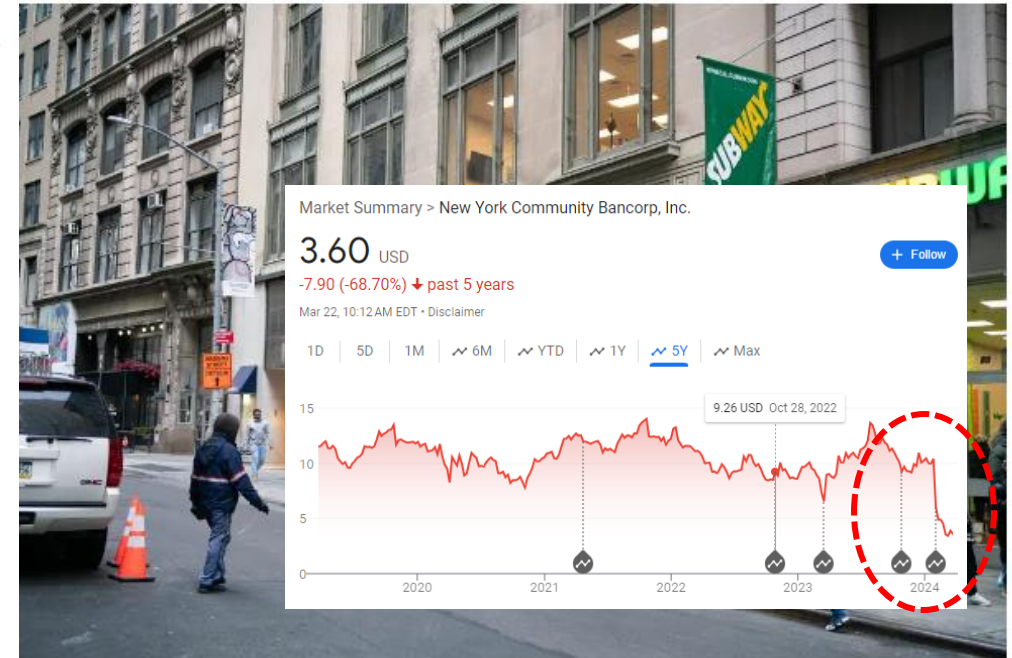


The North American market has been deeply impacted by the shift to remote work, with US office vacancy rates surging to a record 19.7% at the end of last year. Photographer: Cole Burston/Bloomberg

By [Brooke Sutherland](#)

March 20, 2024 at 11:40 AM EDT

[Share full article](#)



New York Community Bank operates more than 400 branches under brands like Flagstar Bank and Atlantic Bank of New York. Ali Cherkis for The New York Times

# Election

- Consequences...



# Tariffs

- Drag...

## Tracking the Economic Impact of U.S. Tariffs and Retaliatory Actions

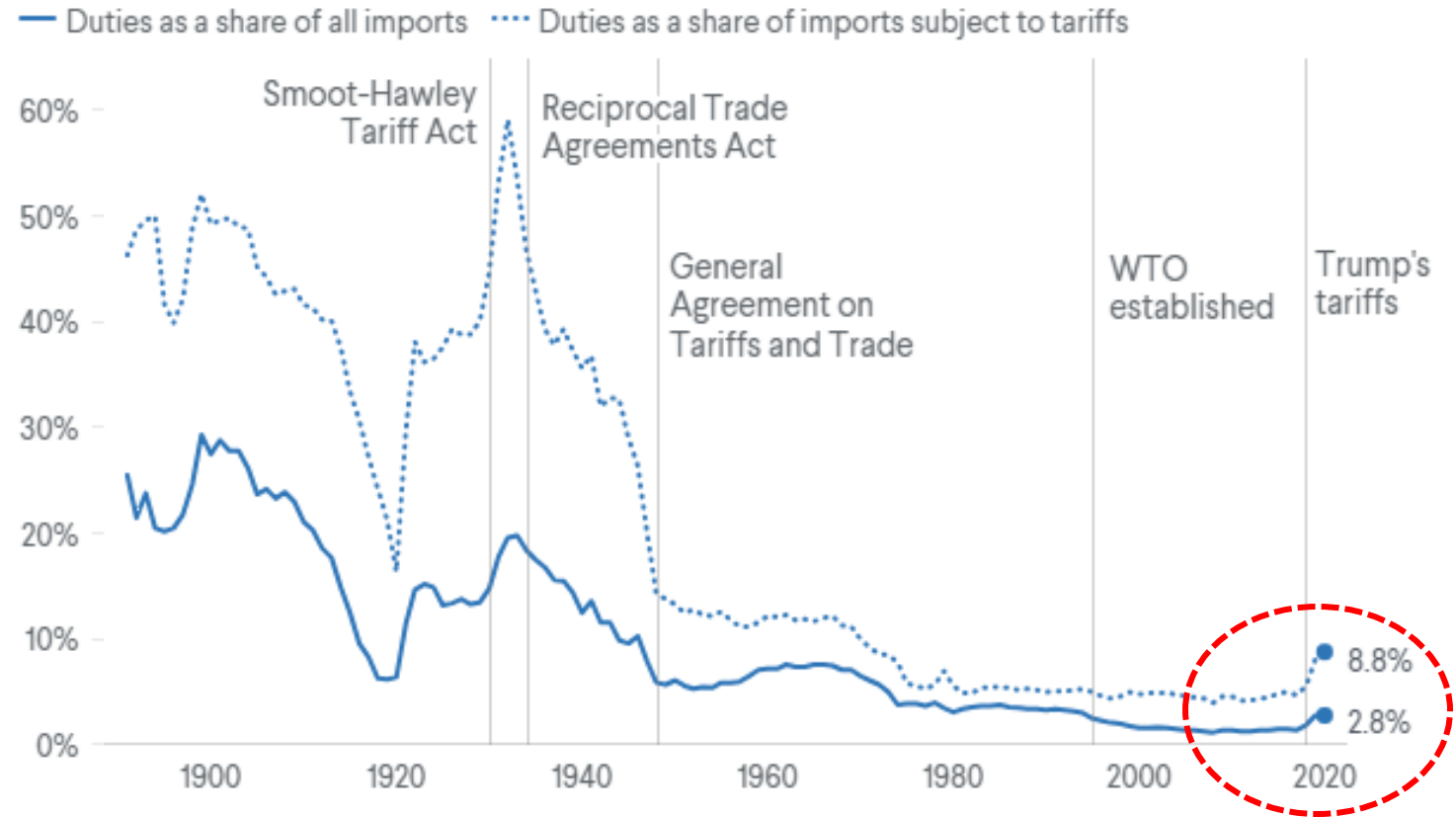
July 7, 2023 • 12 min read

By: [Erica York](#)

IMPOSED TARIFFS			
10-Year Revenue (Billions)	Long-run GDP	Long-Run Wages	Long-Run FTE
<b>\$73.9</b>	<b>-0.21%</b>	<b>-0.14%</b>	<b>-166,000</b>
RETALIATORY TARIFFS			
10-Year Revenue (Billions)	Long-run GDP	Long-Run Wages	Long-Run FTE
<b>\$0</b>	<b>-0.04%</b>	<b>-0.02%</b>	<b>-29,000</b>

Source: Tax Foundation Taxes and Growth Model, March 2018

## U.S. Tariffs Rose Under Trump but Remain Below Past Peaks



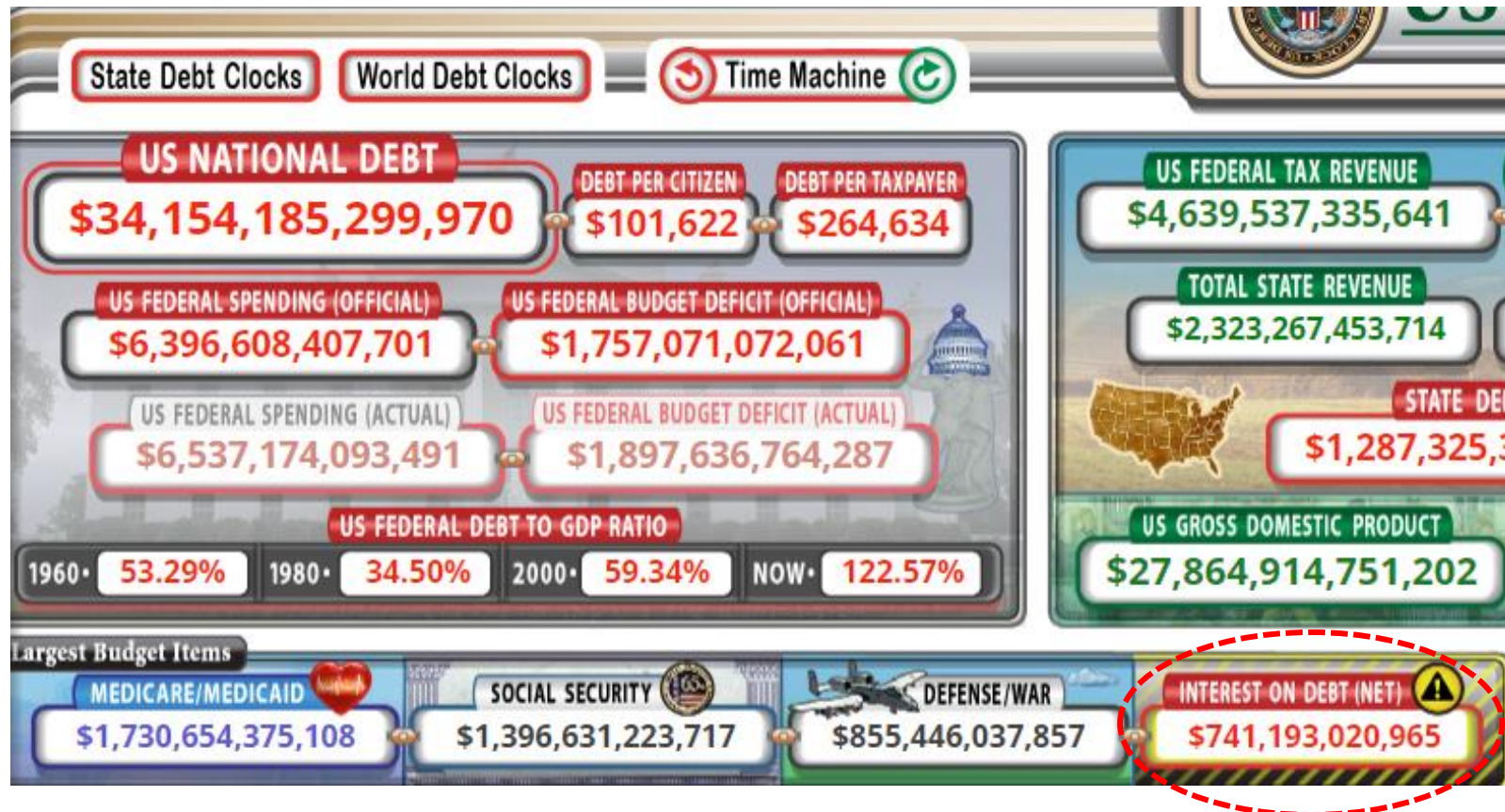
Note: The lines represent two ways of measuring tariffs. They differ because not all goods are subject to tariffs.

Source: U.S. International Trade Commission.



# Debt

- Structural Deficit...





# Reckless

- Unsustainable...

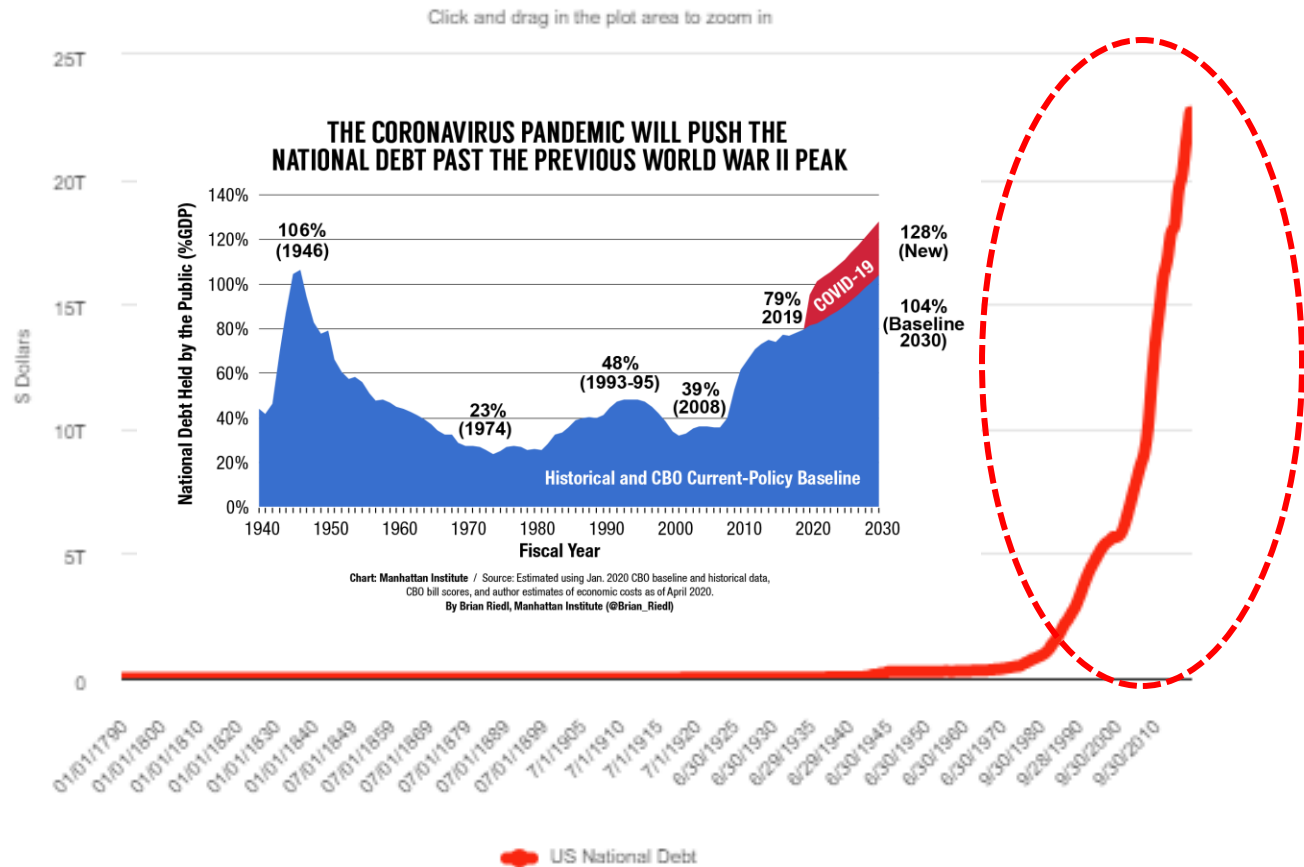
FINANCE · ECONOMY

Jamie Dimon believes U.S. debt is the ‘most predictable crisis’ in history—and experts say it could cost Americans their homes, spending power, and national security

BY ELEANOR PRINGLE  
February 11, 2024 at 4:30 AM EST

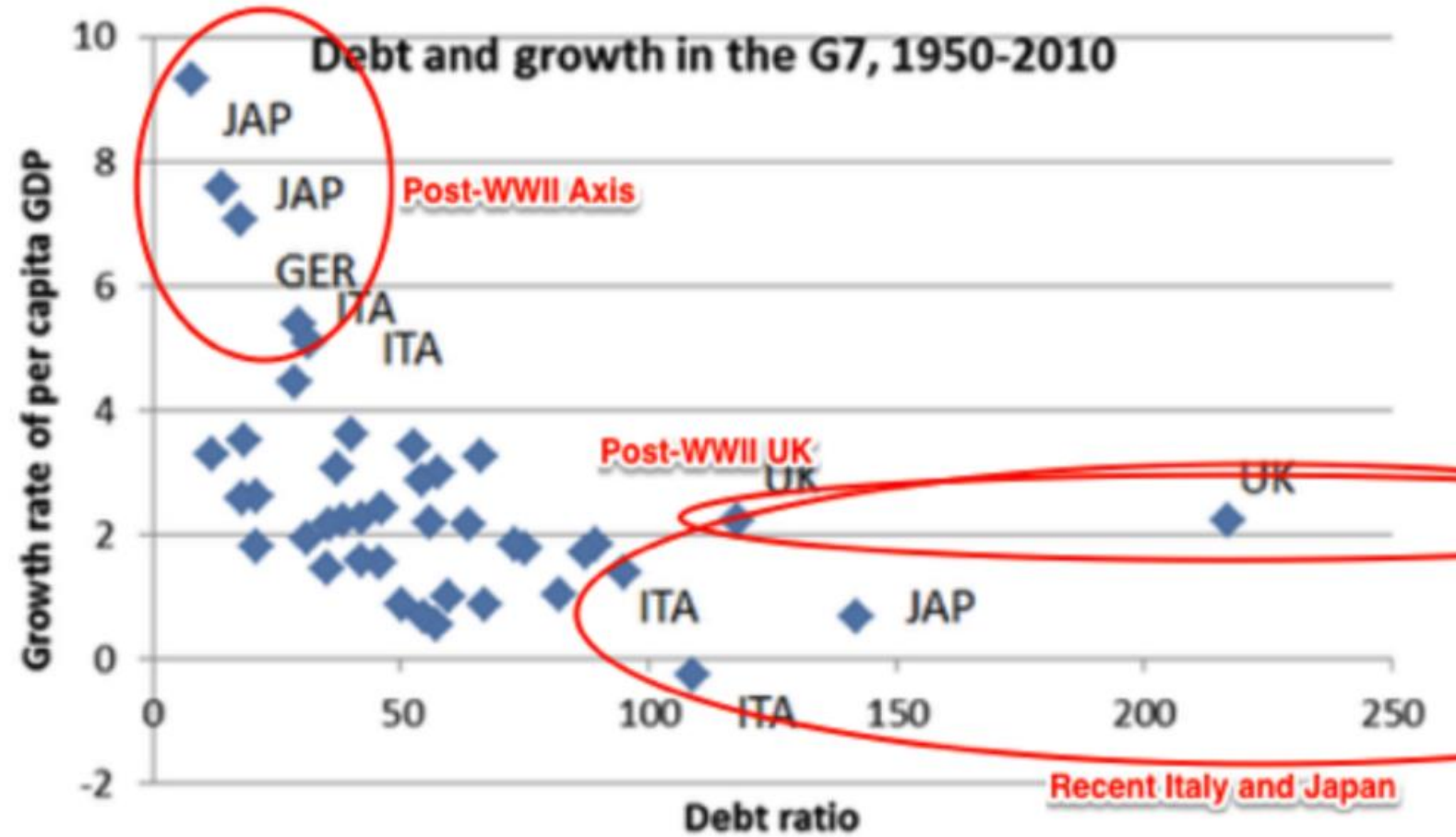


## United States National Debt:



# Debt

- Fiscal Drag...





**2024 Eco Outlook**  
John Min PhD

**UNCERTAINTY  
AHEAD**