

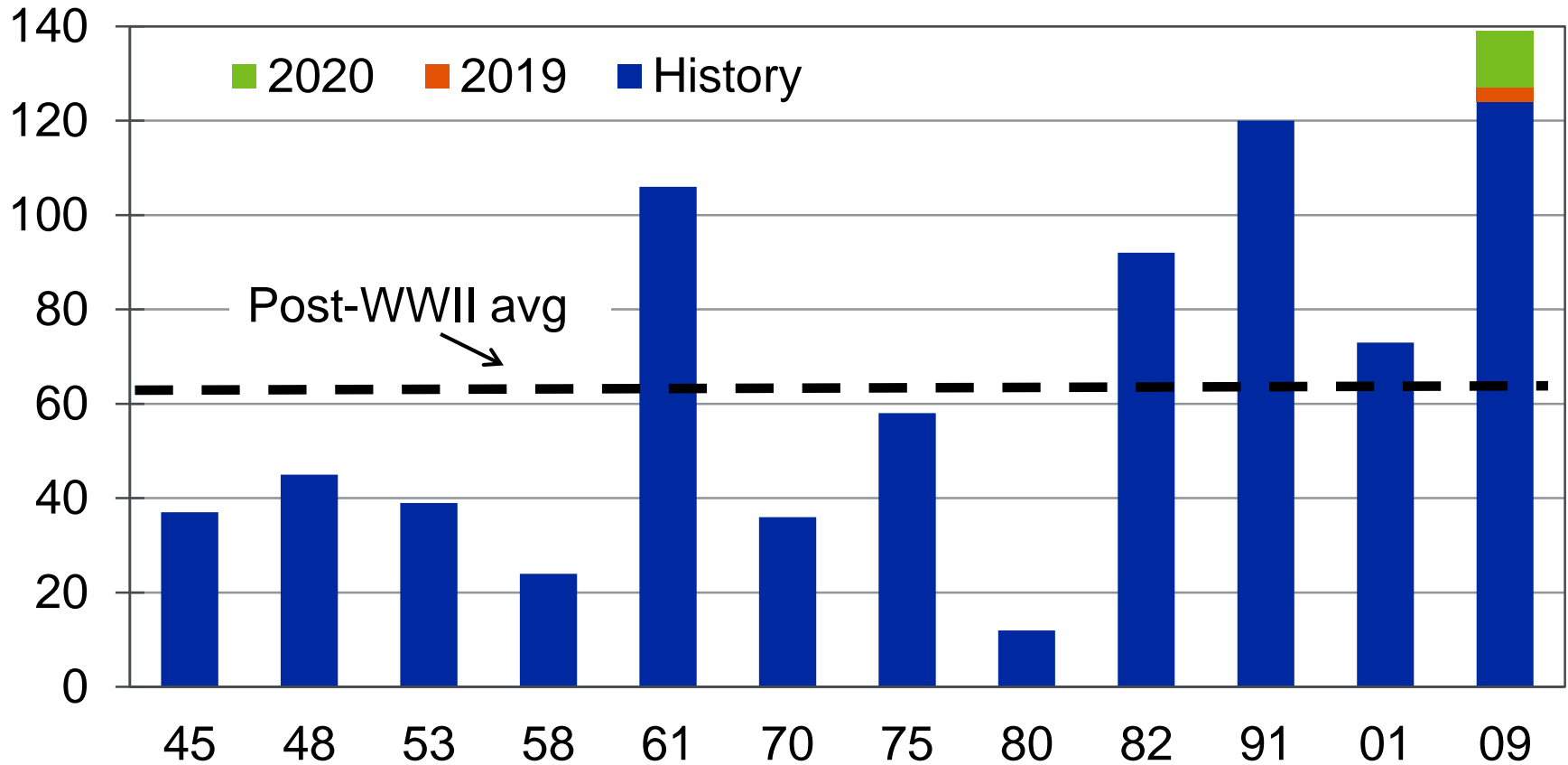
Bumpy Road Ahead

1

The Current
Landscape

The Expansion Keeps on Ticking

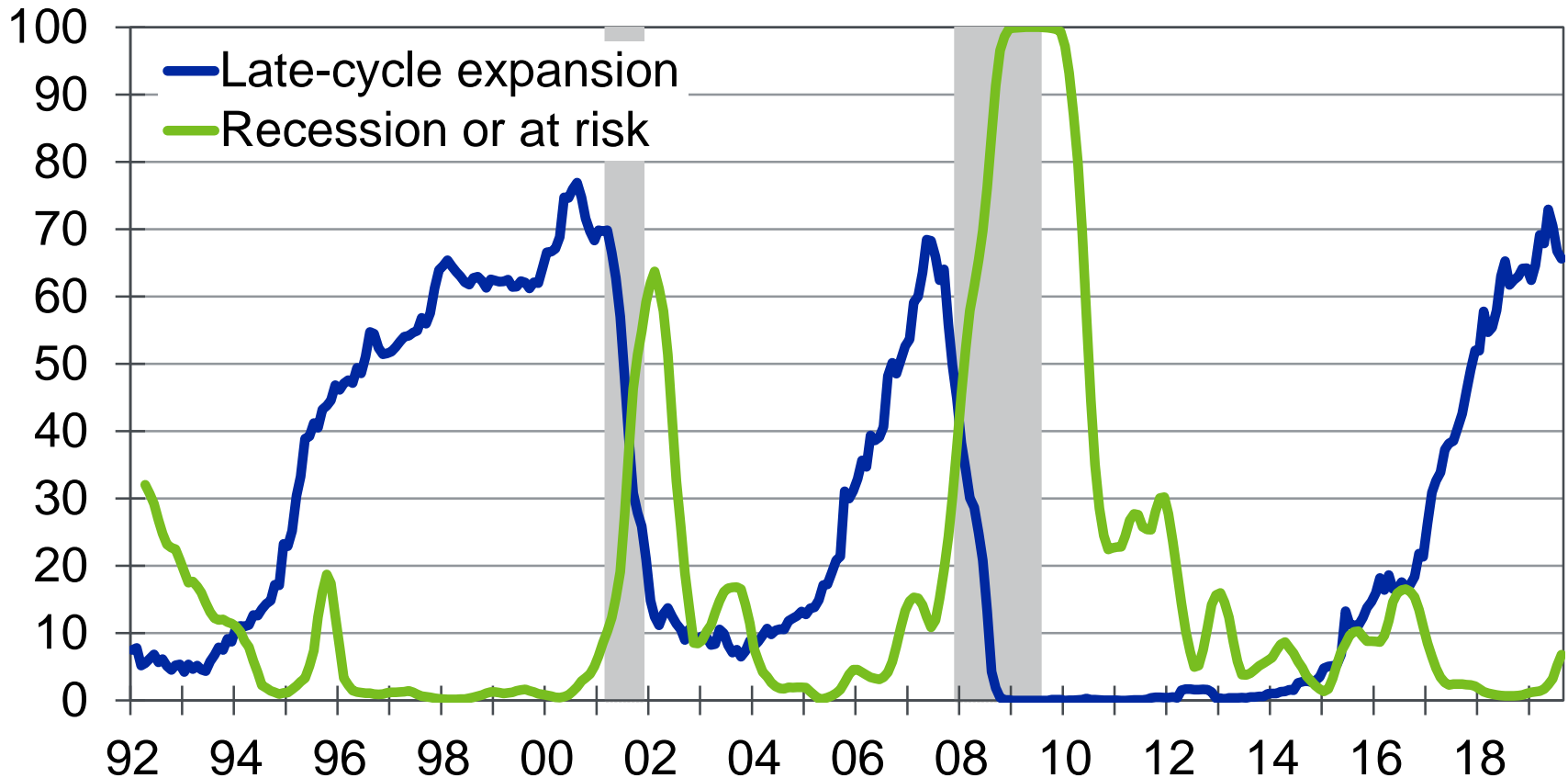
Duration of business cycle expansion, mo, state fiscal yr



Sources: NBER, Moody's Analytics

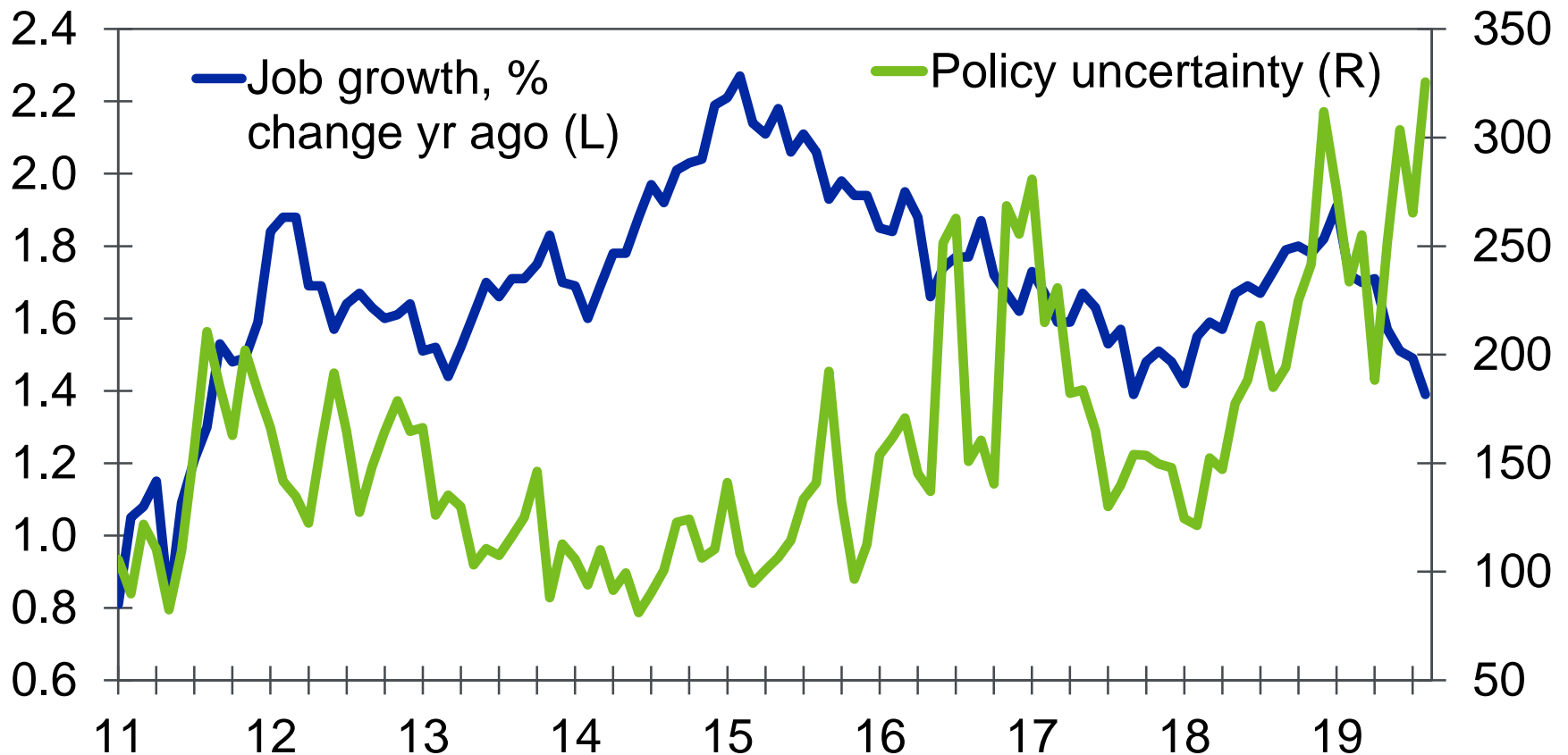
Business Cycle Index Sends Warning Sign

Share of metro area GDP by business cycle status, %



Source: Moody's Analytics

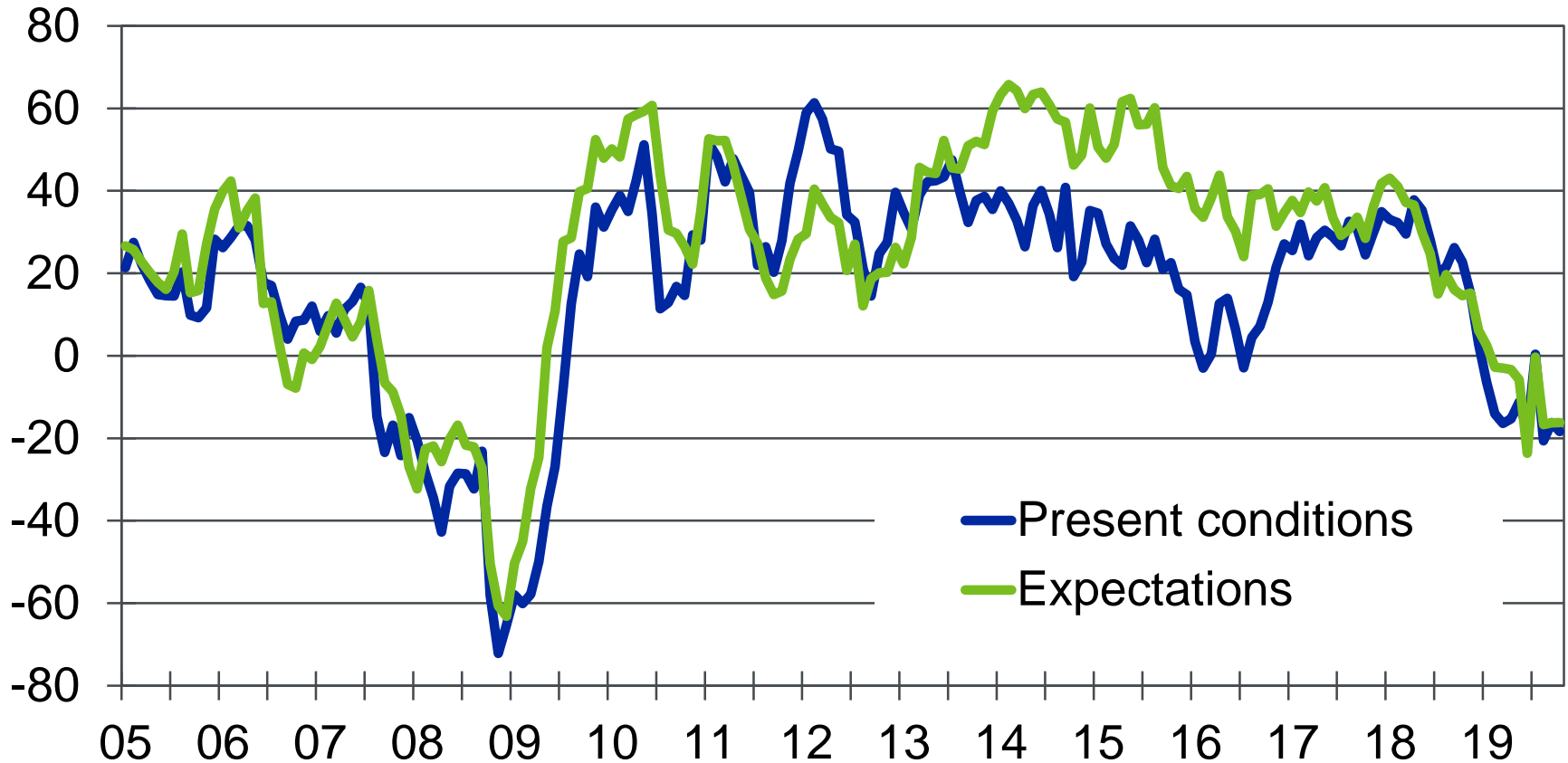
Uncertainty Contributes to Slower Growth



Sources: BLS, Policyuncertainty.com, Moody's Analytics

Businesses Grow More Nervous...

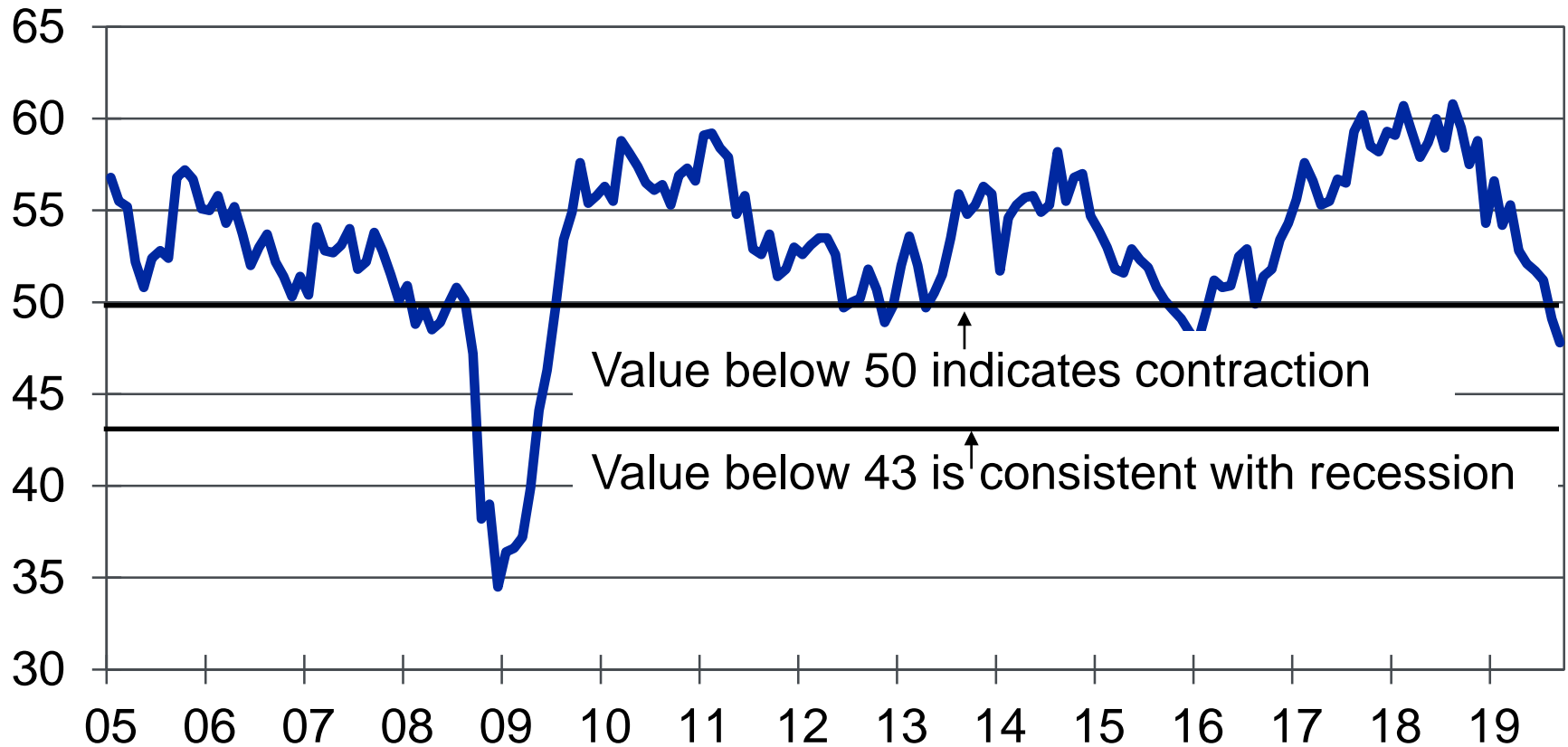
Moody's Analytics global business sentiment survey



Source: Moody's Analytics

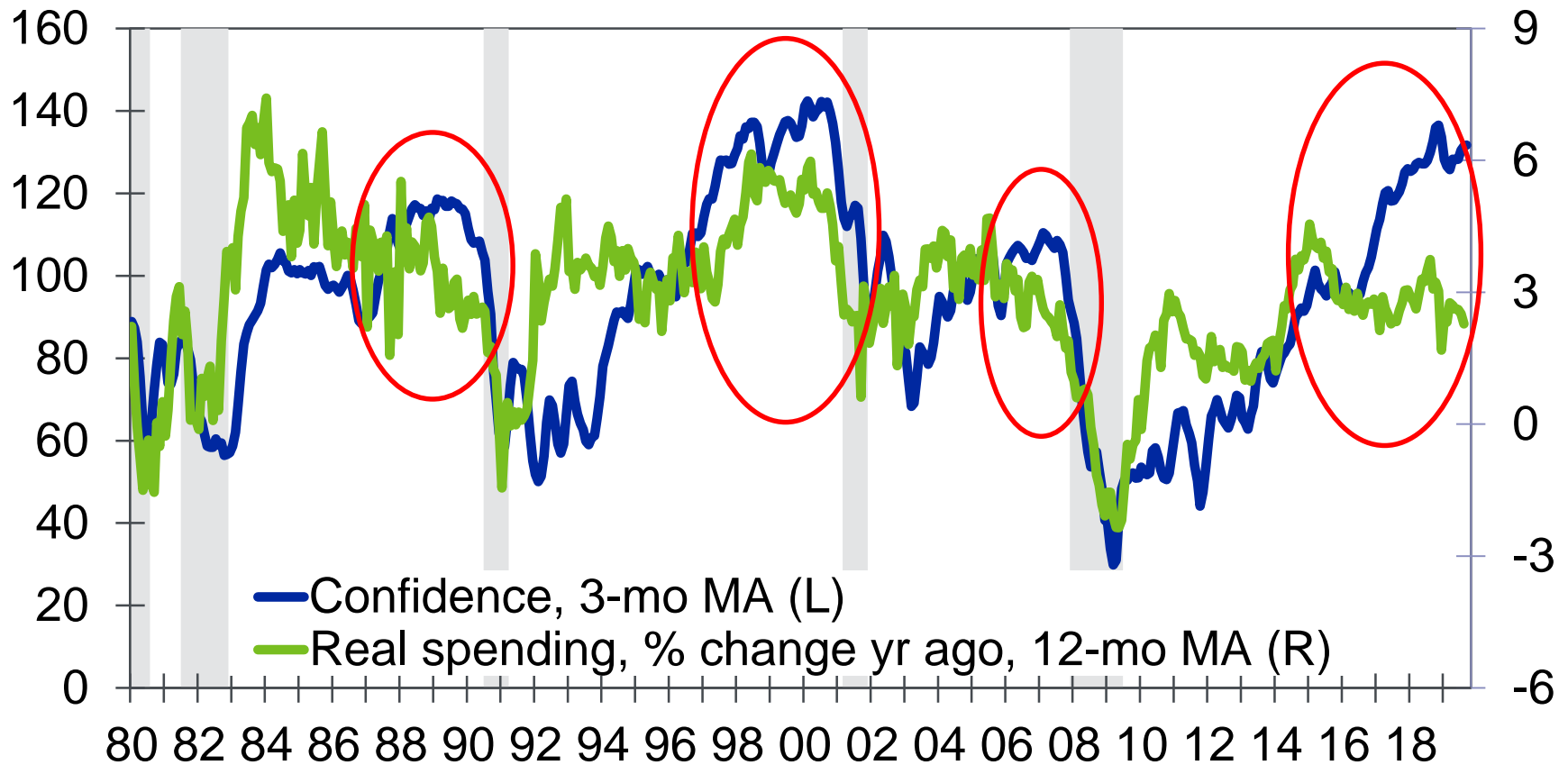
...Especially in the Manufacturing Sector

ISM Purchasing Managers' Index, diffusion index, SA



Sources: Institute for Supply Management, Moody's Analytics

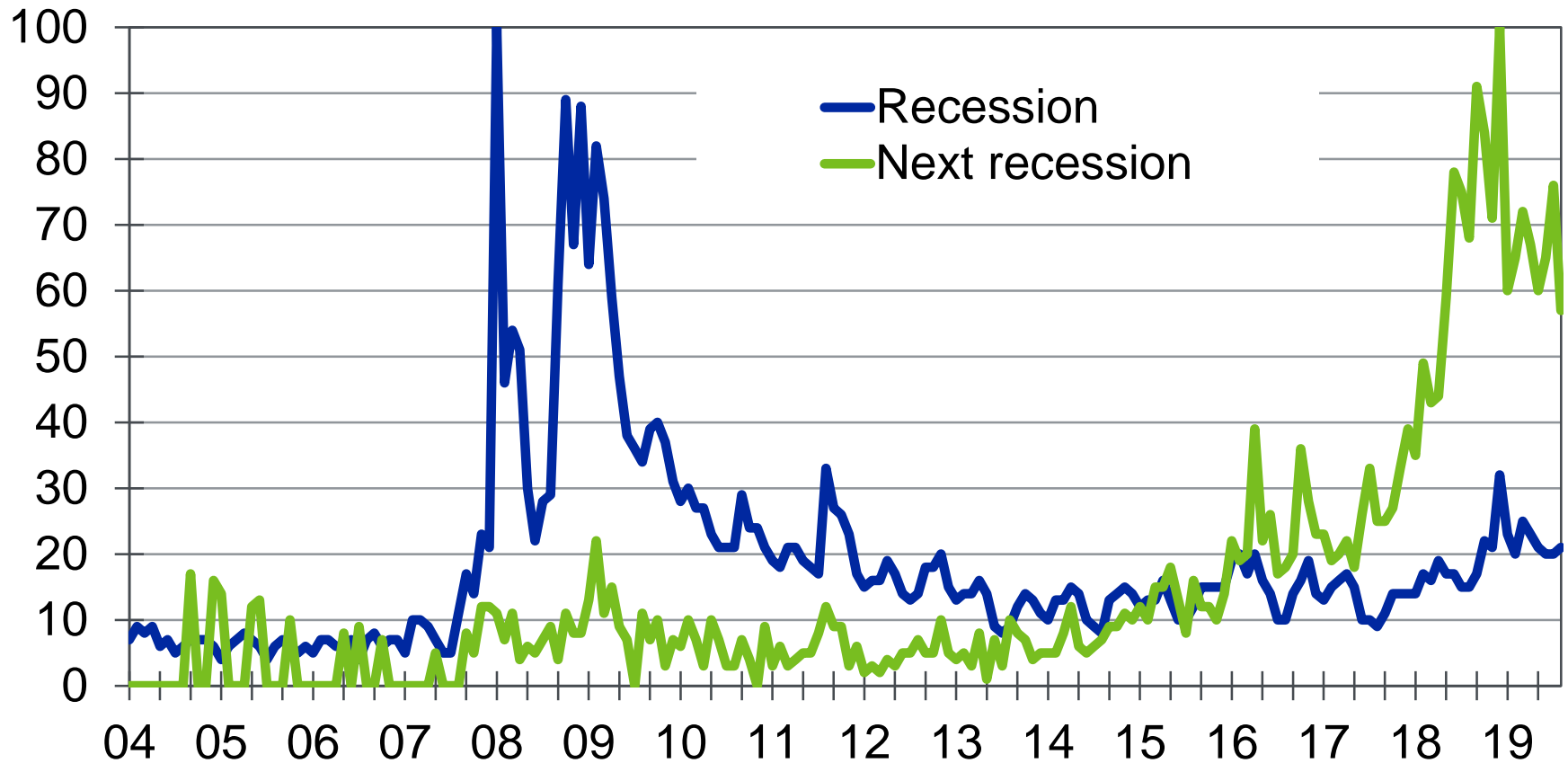
Consumers' Words Don't Match Actions...



Sources: The Conference Board, BEA, Moody's Analytics

...Or Their Search Histories

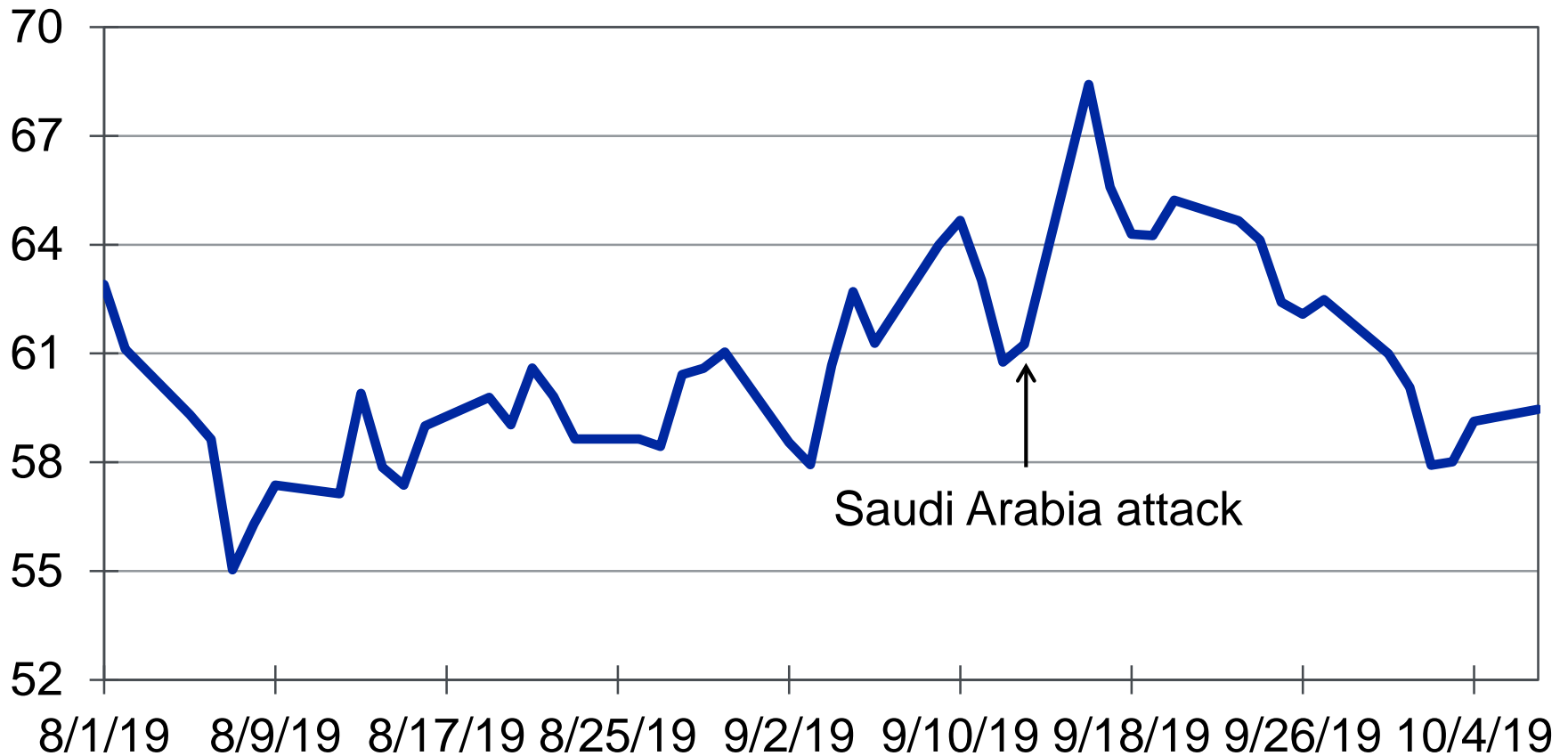
U.S. Google search term, 100=peak popularity



Sources: Google Trends, Moody's Analytics

Effect of Saudi Attack Was Short-Lived

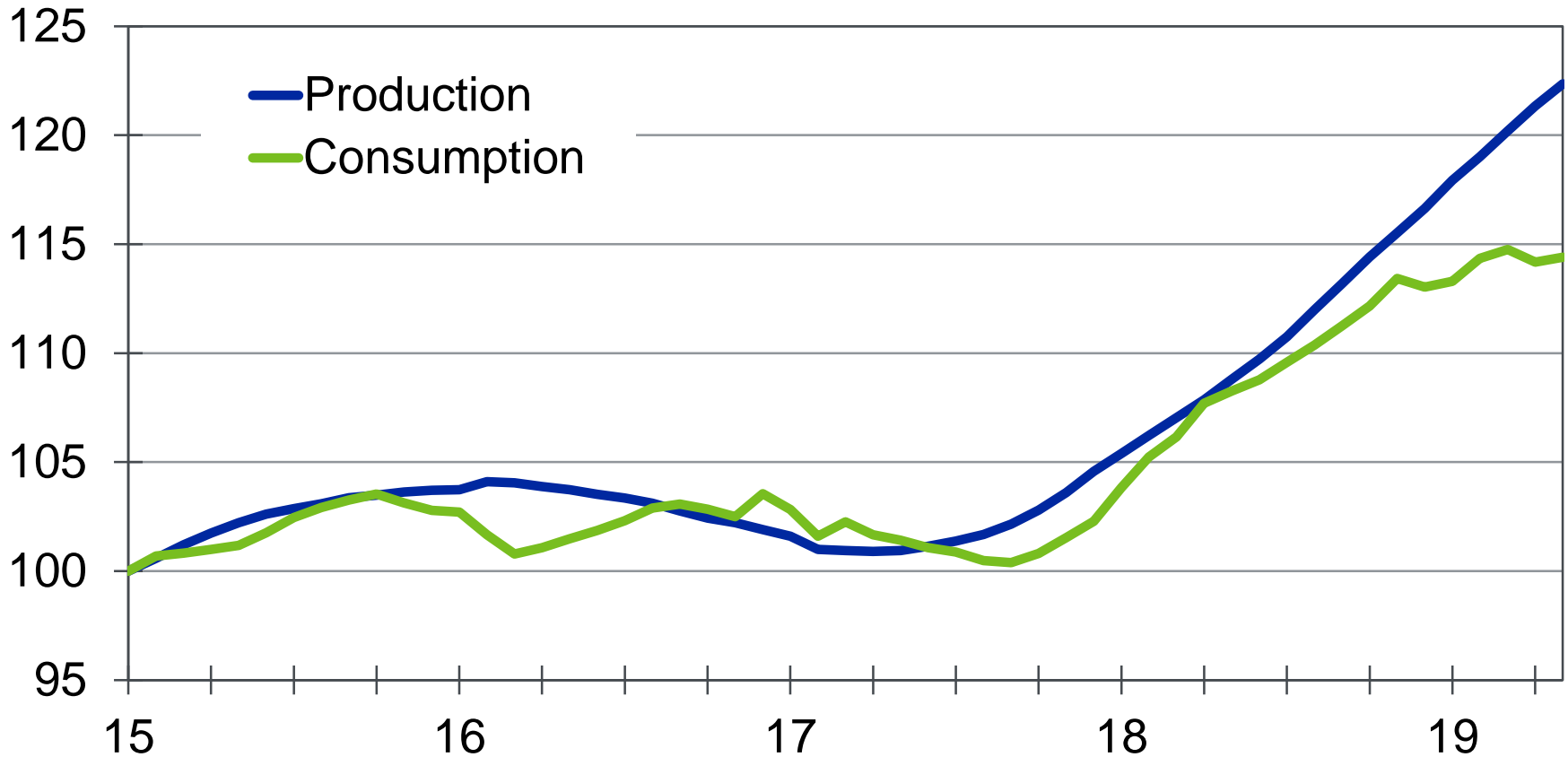
Brent oil price, \$ per bbl



Sources: EIA, Moody's Analytics

U.S. Natural Gas Production Soars

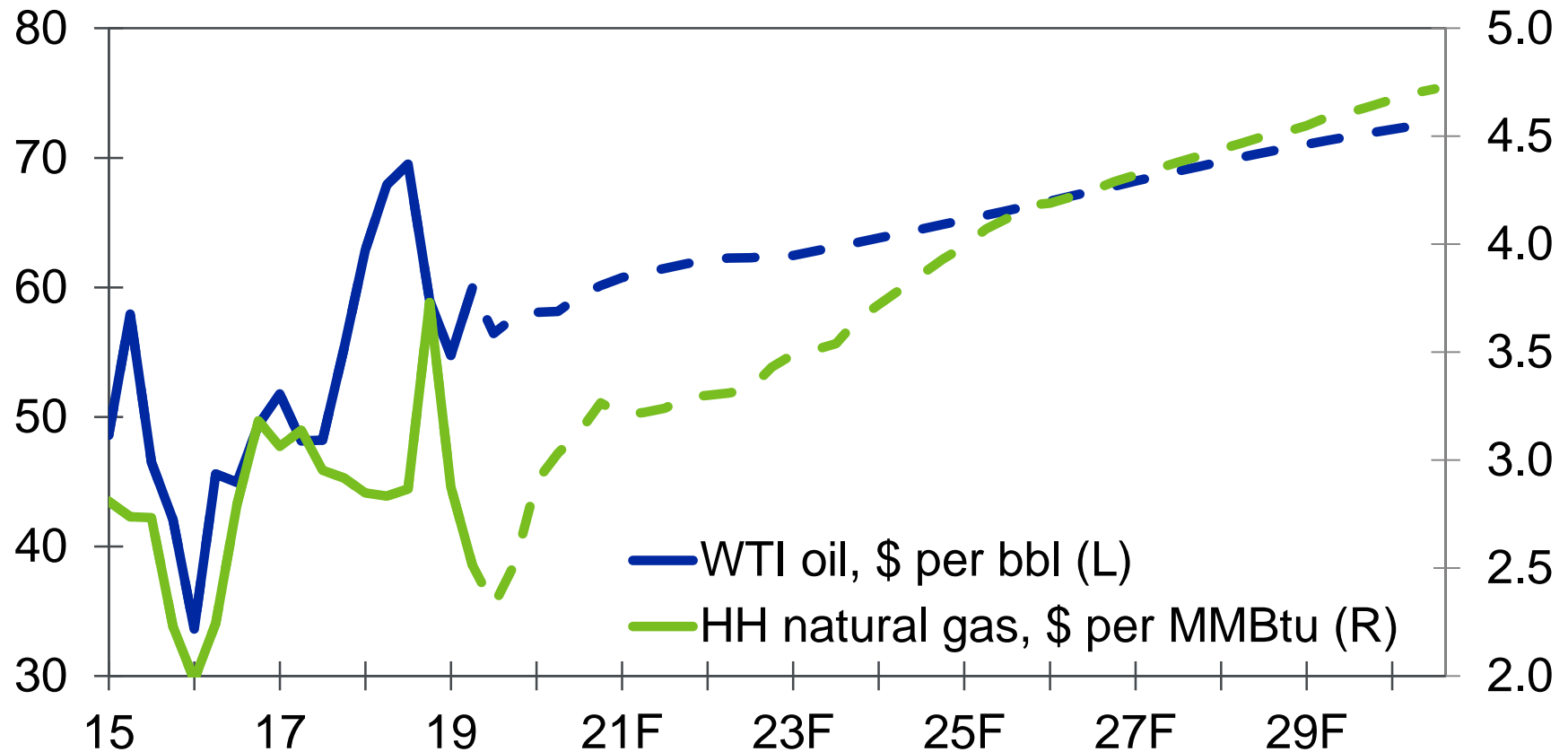
U.S. natural gas, Jan 2015=100, 12-mo MA



Sources: EIA, Moody's Analytics

Slow but Steady Growth for Energy Prices

Commodity price forecast



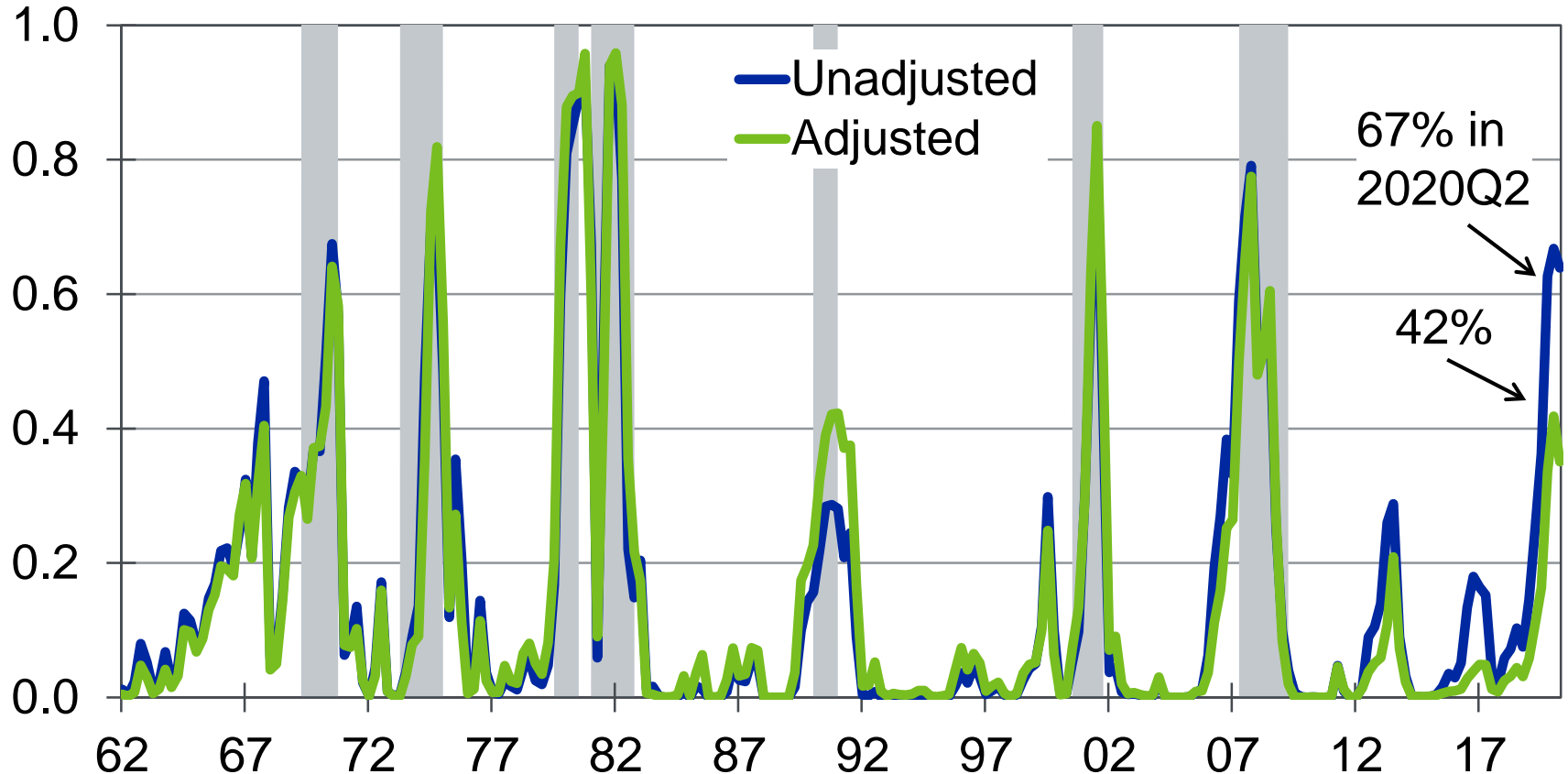
Sources: EIA, NYMEX, Moody's Analytics

2

The Risks

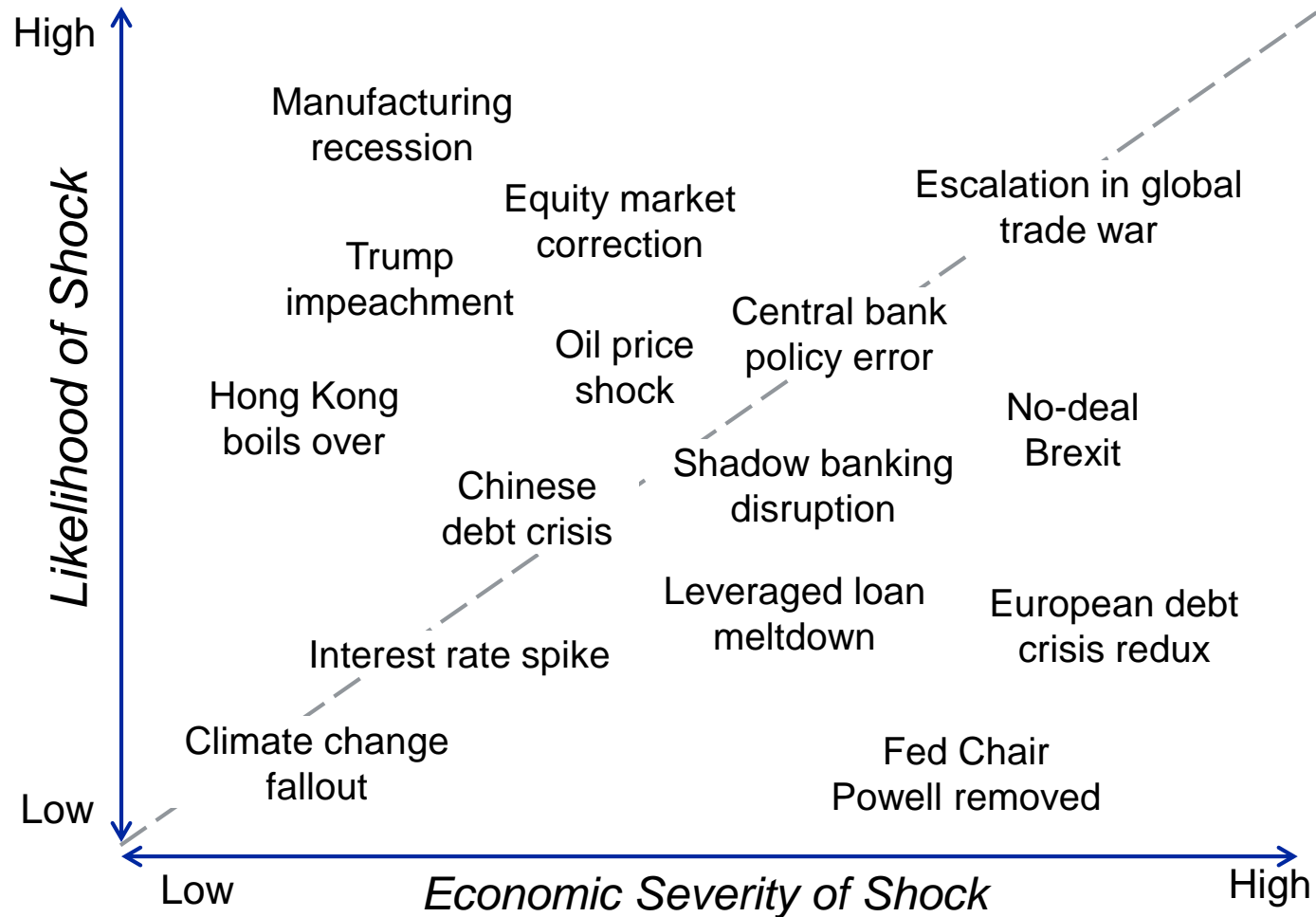
Recession Risks Are Uncomfortably High

Prob. of U.S. recession based on financial indicators 12 mo prior



Sources: Federal Reserve, Moody's Analytics

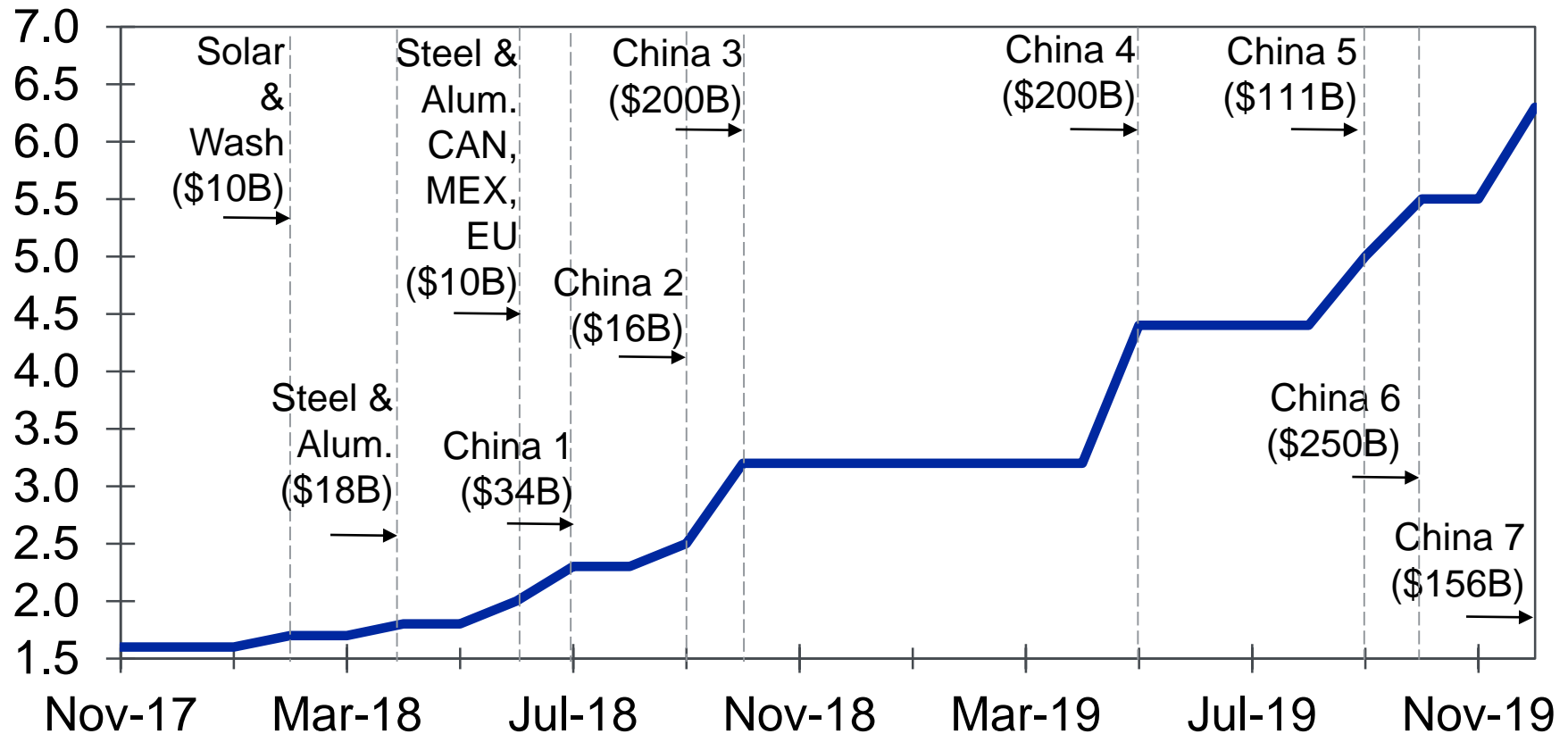
What Could Go Wrong?



Source: Moody's Analytics

The Trade War Intensifies...

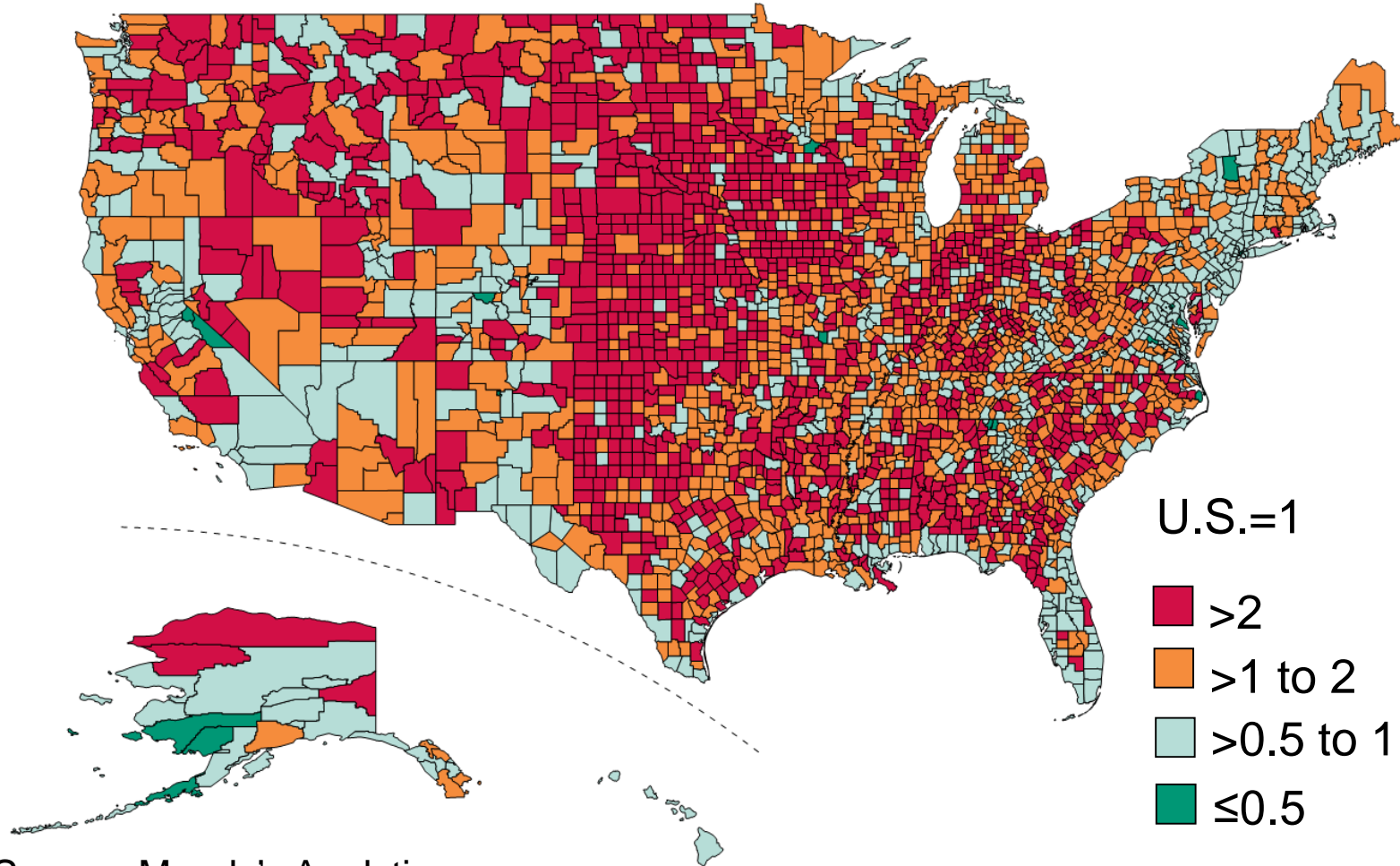
U.S. effective tariff rate, %



Sources: Census Bureau, USTR, USITC, Moody's Analytics

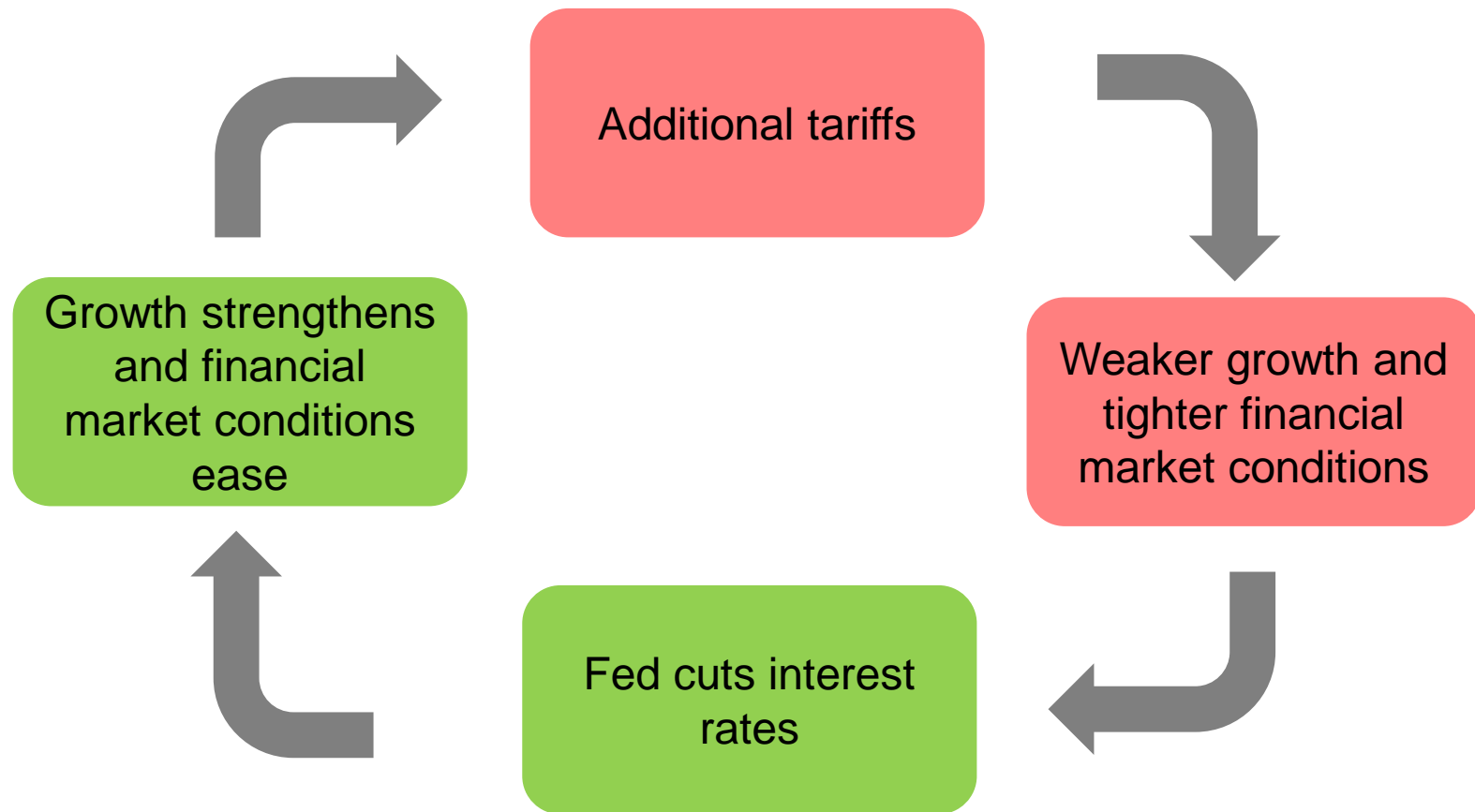
...Putting the Farm Belt in Severe Peril

China Trade War Exposure Index



Source: Moody's Analytics

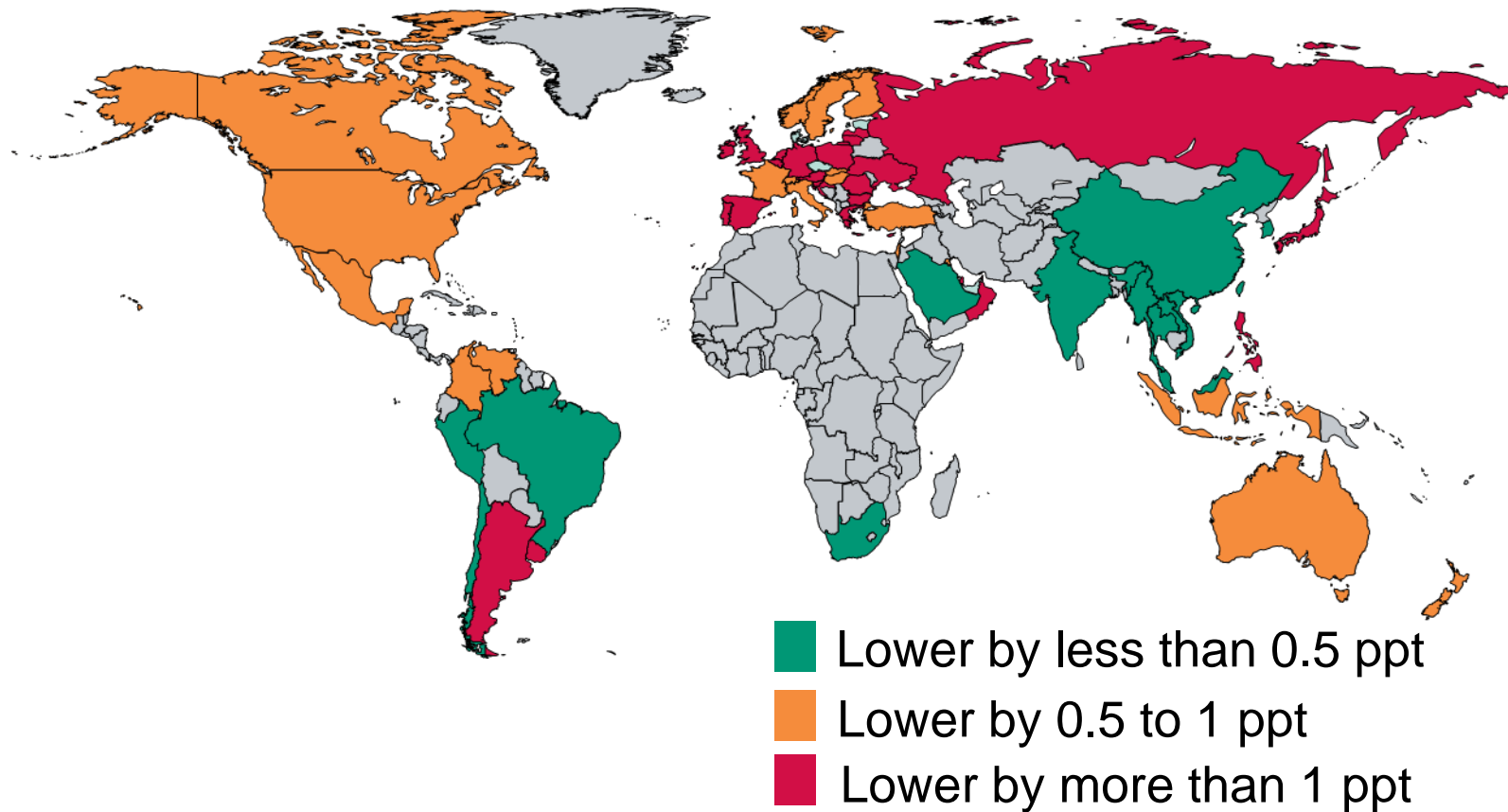
Trade War Places the Fed in a Pickle



Source: Moody's Analytics

No-Deal Brexit Would Be a Global Body Blow

Difference in real GDP in 2020Q4, No deal vs. No Brexit



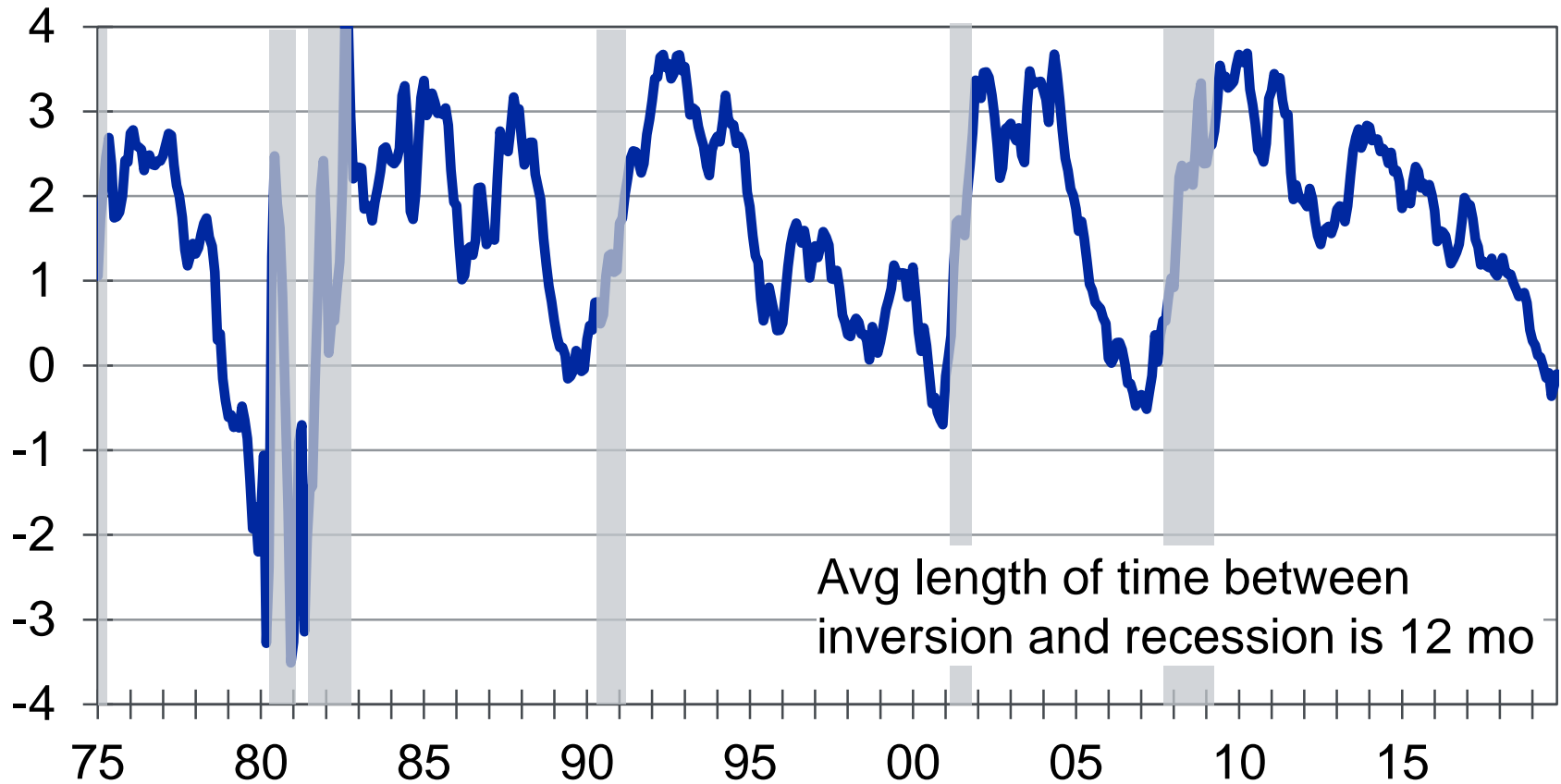
Source: Moody's Analytics

3

What to Watch For

Yield Curve Signals Recession

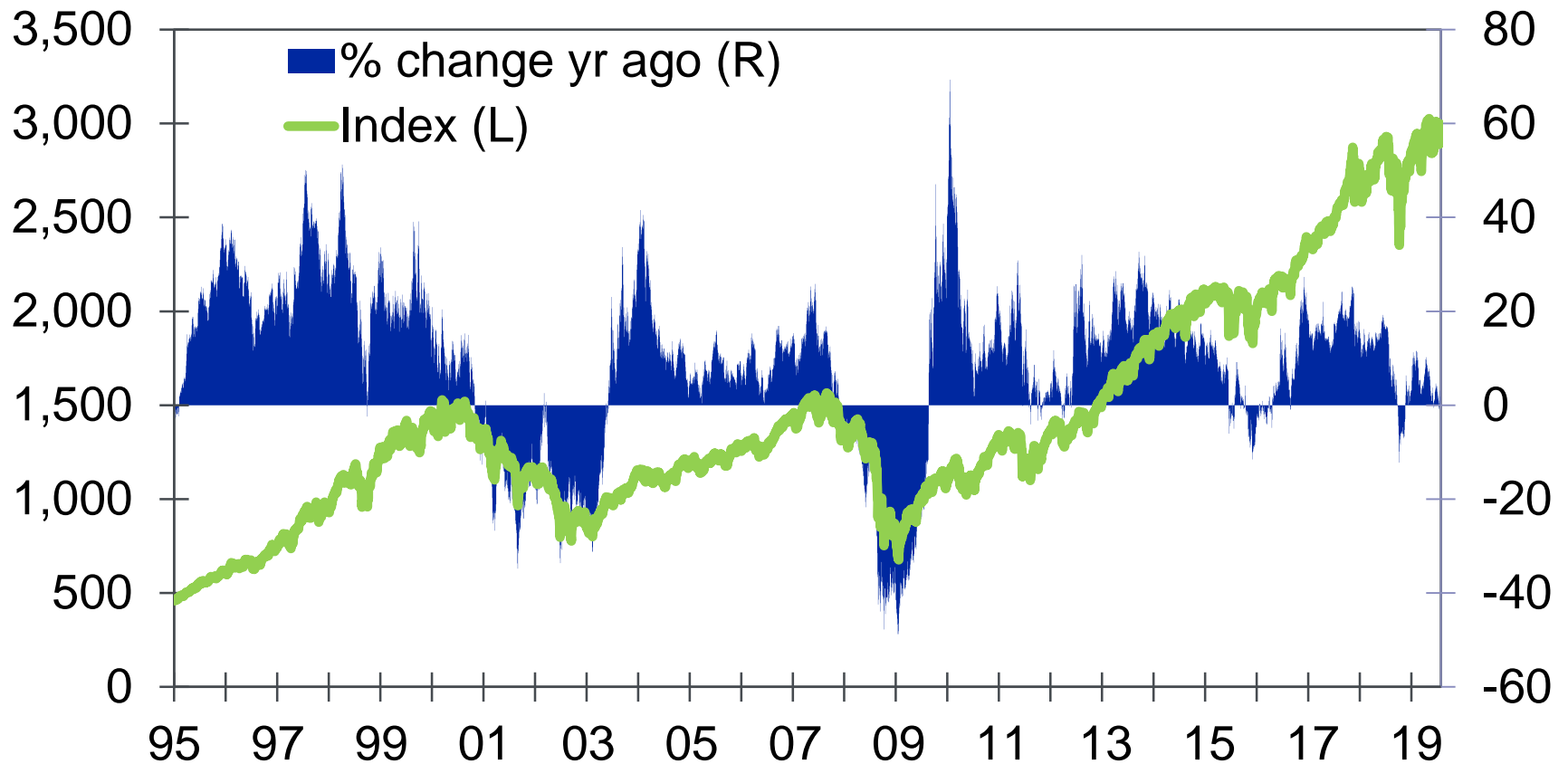
Difference between 10-yr Treasury yield and 3-mo EBY, %



Sources: Federal Reserve, Moody's Analytics

Stock Market Shows Vulnerability

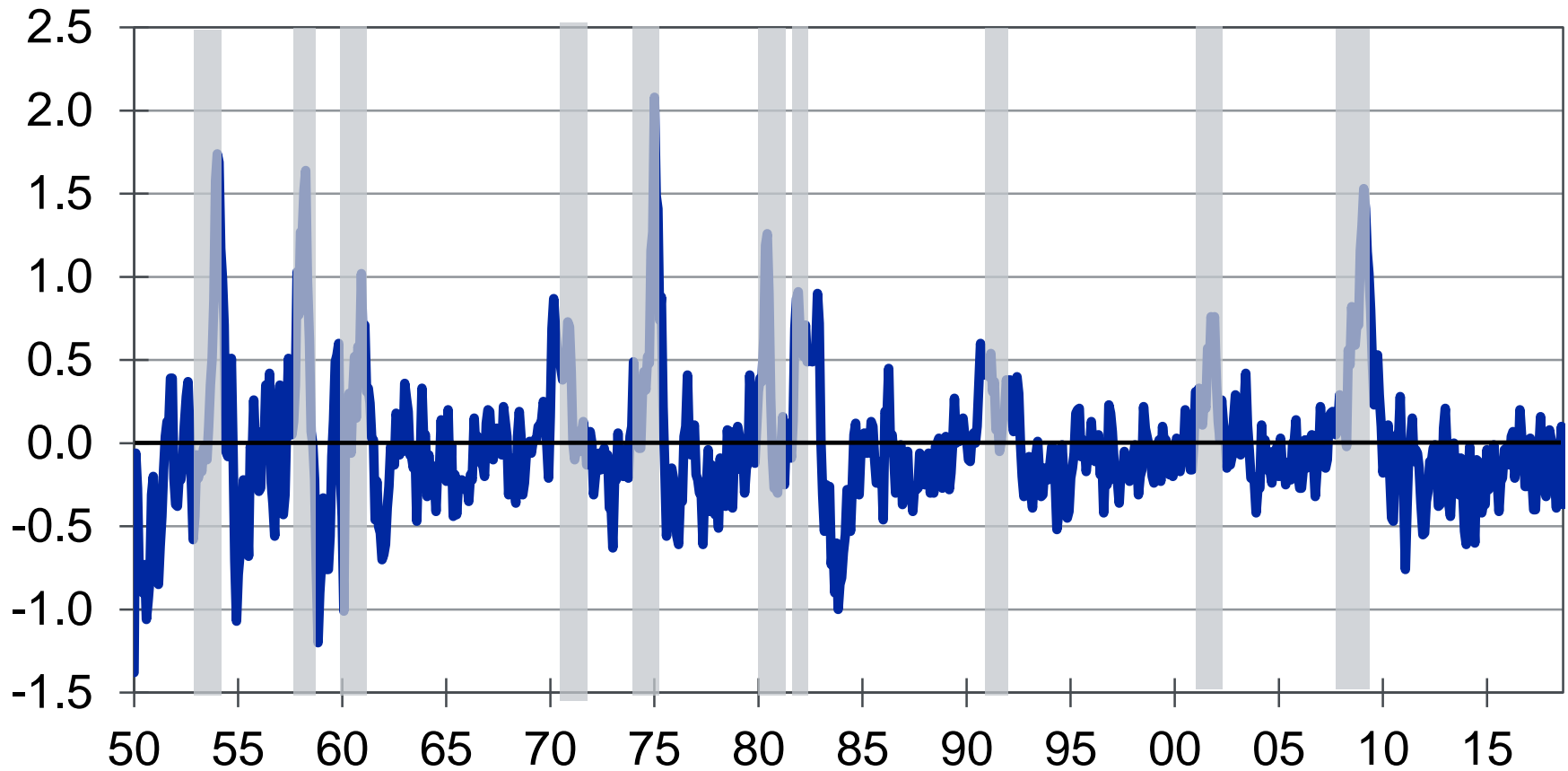
S&P 500 Index



Sources: S&P Dow Jones Indices LLC, Moody's Analytics

Unemployment: The Final Frontier

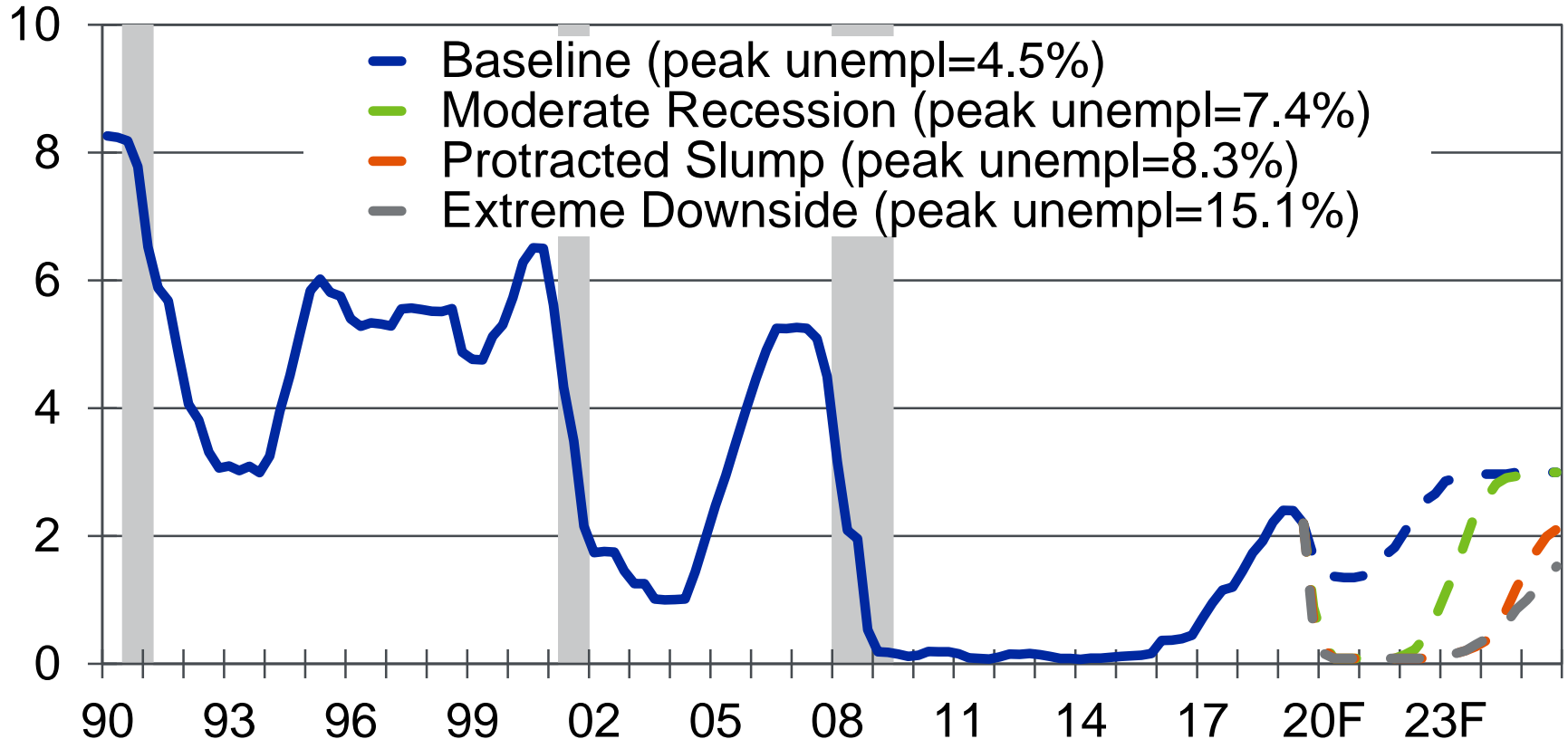
3-mo change in unemployment rate, ppts



Sources: BLS, Moody's Analytics

Not Much Room for the Fed to Operate

Federal funds rate, %, NSA



Sources: Federal Reserve, Moody's Analytics

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