

Macro Roundup Article

Headline: [Global Views: A Headwind, Not a Hurricane](#)

Article Link: <https://www.gspublishing.com/content/research/en/reports/2023/03/27/ac70941b-15c0-42f0-92c9-c4c41124ef89.html>

Author(s)	Jan Hatzius
Publication	Goldman Sachs
Publication Date	March 31, 2023

Tweet: Jan Hatzius @GoldmanSachs thinks the credit contraction increases the odds of a recession inside of the next 12 months to 35%, well below the consensus of 60%.

Summary: We have estimated the impact of tighter credit in three ways. The first is an accounting exercise that makes judgmental assumptions about new credit extension by banks with less than \$250bn in assets and suggests a 0.25pp hit to growth. The second is an extension of our financial conditions impulse model that adds a role for bank lending standards and delivers a 0.5pp hit to growth. The third is a review of the academic literature on the effects of declines in both bank stock prices and accounting measures of equity capital on loan growth and GDP, which implies a 0.3-0.5pp hit to growth. On the back of these estimates, we have reduced our Q4/Q4 growth forecast by 0.4pp (from 1.5% to 1.1%).

Primary Topic: Business Cycle

Topics: Business Cycle, GDP, Other Source, Theory

Permalink: <https://www.edwardconard.com/macro-roundup/jan-hatzius-goldmansachs-thinks-the-credit-contraction-increases-the-odds-of-a-recession-inside-of-the-next-12-months-to-35-well-below-the-consensus-of-60?view=detail>

Featured Image

Link: <https://www.edwardconard.com/wp-content/uploads/2023/03/GS-Forecast.jpg>