

Macro Roundup Article

Headline: [Soft Landing Summer](#)

Article Link: <https://www.gspublishing.com/content/research/en/reports/2023/09/05/0853dce1-48fb-4dec-8b04-c465cc6406ee.html>

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Tweet: Jan Hatzius @GoldmanSachs lowered his 12-month recession probability to 15% which is equal to the postwar mean. He also expects the Federal funds rate to be closer to 1991-2007 level of just over 4% relative to the post-crisis level of just under 1%.

Summary: The continued positive inflation and labor market news has led us to cut our estimated 12-month US recession probability further to 15%, down 5pp from our prior estimate and equal to the unconditional average recession probability of 15% calculated from the fact that a recession has occurred roughly once every seven years since WW2. Our estimate is far below the Bloomberg consensus, which remains stuck at 60%. Our expectation is that the 1991-2007 period, when the nominal funds rate fluctuated between 1% and 6½%, will prove to be a better template than the post-2008 period when the Fed found it difficult to get much above 2%.

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Primary Topic: Growth

Topics: Business Cycle, GDP, Growth, Op-Ed/Blog Post

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