

Macro Roundup Article

Headline: [Soft Landing, Hard Landing, or Financial Crisis?](#)

Article Link: <https://www.dropbox.com/scl/fi/nj512ds2t1wriukgknect/20240124-AEI-Economic-Outlook.pdf?rlkey=prpael0tyuykntp5472e0jmx&dl;=0>

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Tweet: In comments at @AEI @jasonfurman argues "Much to my surprise and delight, we have landed softly" and suggests a reduction in the FFR by ~ 140bps this year.

Summary: My recommendation. Modal case for the economic outlook: Cut rates every other meeting starting in March—so four rate cuts for the year. Serious recession fears emerge (25% chance): Cut rates more aggressively. Core PCE inflation on track to rise above a 3% pace (15% chance): Raise rates by up to 50 basis points. Mean reduction in FFR:~140 basis points (more than December SEP but less than market expectation). Related: Macro Outlook 2024: The Hard Part Is Over and The Big Picture: Back to the Future and The Grind Ahead

Primary Topic: Business Cycle

Topics: Business Cycle, GDP, Inflation, Monetary Policy, Op-Ed/Blog Post

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