

Macro Roundup Article

Headline: [A Sharper Signal Amid the Noise](#)

Article Link: <https://mailchi.mp/verdadcap/a-sharper-signal-amid-the-noise?e=7b209e1099>

Author(s)	Brian Chingono
Publication	Verdad
Publication Date	December 12, 2022

Tweet: Brian Chingone of @verdadcap notes that deleveraging is cyclical, with firms paying down debt as the economy slows.

Summary: Deleveraging is cyclical, with a higher proportion of companies paying down debt when the economy is slowing down. The figure above illustrates this process among Decile 10 companies that have the highest likelihood of deleveraging. The solid line represents actual deleveraging, and we can see spikes in the proportion of companies that pay down debt during recessions. Another important implication of the chart above is that deleveraging outcomes in the top decile remain within a consistent band between 60% and 80% over a 50-year sample that includes a range of macro environments, from inflation spirals to stock market bubbles to financial crises.

Related Articles: nan

Primary Topic: Business Cycle

Topics: Business Cycle, Factoid, Financial Markets, GDP, Graph, Op-Ed/Blog Post

Permalink: [https://www.edwardconard.com/macro-roundup/brian-chingone-of-verdadcap-notes-t
hat-deleveraging-is-cyclical-with-firms-paying-down-debt-as-the-economy-slows?view=detail](https://www.edwardconard.com/macro-roundup/brian-chingone-of-verdadcap-notes-that-deleveraging-is-cyclical-with-firms-paying-down-debt-as-the-economy-slows?view=detail)

Featured Image

Link: <https://www.edwardconard.com/wp-content/uploads/2022/12/12.12.22-Deleveraging.jpg>