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Macro Roundup Article

Headline: All Clear

Article Link: https://fedguy.com/all-clear/#more-6267

Author(s)	Joseph Wang
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Tweet: .@FedGuy12 writes that multiple indicators suggest that the banking sector is largely back to normal, and he cites evidence that loan growth was not meaningfully impacted by the March panic.

Summary: A wide range of data and commentary indicate that both the banking panic is over and that it had only a limited impact on credit availability. The March panic was fundamentally a problem of a few poorly managed banks and not a crisis. Investors are no longer running to money funds and now appear comfortable again with the banking system. Overall bank lending activity was little changed in March and continues to grow in April. Out of an abundance of caution, the Fed scuttled a potentially higher rate path and the market priced in aggressive rate cuts in the second half of 2023. The realization that the banking sector is not collapsing has prompted some repricing, and the eventual realization that it is actually healthy may prompt a further repricing.

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Primary Topic: Banking

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

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