Buckle Up

DAN WHITE, Director of Fiscal Policy Research

March 2019
Pushing the Envelope
Duration of U.S. business cycle expansion, months, state fiscal year

Sources: NBER, Moody’s Analytics

Sources: NBER, Moody’s Analytics
Still Some Room to Run

U.S. labor market, mil

Sources: BLS, Moody’s Analytics
Where the Jobs Are
Job openings as of December 2018, ths, SA

Professional Services: 1,300
Health Care: 1,200
Leisure/Hospitality: 1,100
Retail Trade: 900
State/local government: 800
Manufacturing: 700
Construction: 600
Financial activities: 400
Transportation/utilities: 300
Wholesale Trade: 200
Information: 100
Educational Services: 100
Federal Government: 40
Mining: 0

7.1 million job openings

Sources: BLS, Moody's Analytics
The Next Recession Is Coming Into View

Unemployment rate, %

Green curve is the natural unemployment rate

Average length of time between going past full-employment and recession is 3 yrs.

Sources: BLS, Moody’s Analytics
Markets Sound Their Warning
Difference between 10-yr and 3-mo yield, %

Average length of time between inversion and recession is 12 months.

Sources: Federal Reserve, Moody’s Analytics
Somebody Is Wrong
Expected path of the fed funds rate, yr-end, %

Sources: Bloomberg L.P., Moody’s Analytics

MOODY’S ANALYTICS
Varying Degrees of Downturn…

Real GDP, % change yr ago

Sources: BEA, Moody’s Analytics
...Varying Impacts Across the Country

Payroll employment, mil

Sources: BLS, Moody’s Analytics
To the extent permitted by law, MOODY’S and its directors, officers, employees, agents, representatives, licensors and suppliers disclaim liability for any direct or compensatory losses or damages caused to any person or entity, including but not limited to by any negligence (but excluding fraud, willful misconduct or any other type of liability that, for the avoidance of doubt, by law cannot be excluded) on the part of, or any contingency within or beyond the control of, MOODY’S or any of its directors, officers, employees, agents, representatives, licensors or suppliers, arising from or in connection with the information contained herein or the use of or inability to use any such information.

NO WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY, TIMELINESS, COMPLETENESS, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OF ANY SUCH RATING OR OTHER OPINION OR INFORMATION IS GIVEN OR MADE BY MOODY’S IN ANY FORM OR MANNER WHATSOEVER.

MOODY’s Investors Service, Inc., a wholly-owned credit rating agency subsidiary of MOODY’s Corporation ("MCO"), hereby discloses that most issuers of debt securities (including corporate and municipal bonds, debentures, notes and commercial paper) and preferred stock rated by MOODY’s Investors Service, Inc. have, prior to assignment of any rating, agreed to pay to MOODY’s Investors Service, Inc. for appraisal and rating services rendered by it fees ranging from $1,500 to approximately $2,500,000. MCO and MIS also maintain policies and procedures to address the independence of MIS’s ratings and rating processes. Information regarding certain affiliations that may exist between directors of MCO and rated entities, and between entities and ratings vendors, is included in the MIS Credit Ratings Policy document distributed at each rating report. In any event, MIS’s Credit Rating Reports shall remain the property of MIS and its licensed users.

All information contained herein is obtained by MOODY’s from sources believed by it to be accurate and reliable. Because of the possibility of human or mechanical error as well as other factors, however, all information contained herein is provided "AS IS" without warranty of any kind. MOODY’s adopts all necessary measures so that the information it uses in assigning a credit rating is of sufficient quality and from sources MOODY’s considers to be reliable including, when appropriate, independent third-party sources. However, MOODY’s is not an auditor and cannot, in every instance independently verify or validate information received in the rating process or in preparing the Moody’s publications.

To the extent permitted by law, MOODY’s and its directors, officers, employees, agents, representatives, licensors and suppliers disclaim liability to any person or entity for any indirect, special, consequential, or incidental losses or damages whatsoever arising from or in connection with the information contained herein or the use of or inability to use any such information, even if MOODY’s or any of its directors, officers, employees, agents, representatives, licensors or suppliers is advised in advance of the possibility of such losses or damages, including but not limited to: (a) any loss of present or prospective profits or (b) any loss or damage arising where the relevant financial instrument is not the subject of a particular credit rating assigned by MOODY’s.

© 2018 Moody’s Corporation, Moody’s Investors Service, Inc., Moody’s Analytics, Inc. and/or their licensors and affiliates (collectively, “MOODY’S”). All rights reserved.