

April 17, 2023 – Economic Commentary

Last week's FOMC minutes (of the March 2023 meeting) served to shape the focus of investors on the possibility of a recession. The Federal Reserve's Research Dept. apparently is running with a forecast for a "mild recession" later in 2023, a revelation that is quite consistent with the GDP numbers that would need to materialize in order to support the Federal Reserve's GDP forecast of 0.4% for the full year 2023. Current best estimates of first quarter growth continue to hover between 1.75% and 2.0% annualized. With March retail sales falling more than anticipated, great attention is being paid to the willingness—and ability—of consumers to spend liberally on consumer services, accepting the still-escalating prices in that sector. Regional differences are also of growing importance in handicapping the likelihood of a recession; in the lead-up to a recession, significant geographic differences often become apparent. Housing markets in the western US appear to be feeling some pain, in contrast to the east and southeast, and the very large market that is California is clearly being impacted by a slowdown in technology sector growth. The Fed Beige Book report, released this week, will be more interesting reading than most times, as local business leaders will probably share useful detail on economic changes in their markets and regions and provide some insight into where this economy goes next—and how fast.

Data to Watch:

1. Federal Reserve Beige Book, released Wednesday, April 19
2. US Existing Home Sales for March, released Thursday, April 20
3. S&P Global US Purchasing Managers Services Sector Index for April (Preliminary), released Friday, April 21

Suggested Reading:

[Your Income Taxes Are Due. Here's Who Pays the Most.](#)

[People are Investing in Bonds Again – Once They Figure it Out](#)

[Who Owns a Song Created by A.I.?](#)

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