Capital Markets Strategy
Essential inCights for the C-Suite

MUFG

Chart of the Day

Dozens of economic and market indicators suggest that the economy is exhibiting "late cycle dynamics" and that a slowdown is underway. A mild US recession that begins in late 2023 or early 2024 remains our base case view. However, numerous COVID-related structural imbalances have contributed to notable resilience in the US economy which have extended the economic cycle.

$10 trillion of fiscal and monetary stimulus
(Still working way through the economy)

$2 trillion of "excess" US consumer COVID savings
(Approximately $1 trillion remaining)

Balance sheets strengthened during COVID
(Over $4 trillion USD IG & HY issuance in 2020 and 2021 combined)

Structurally tight labor markets
(Numerous pre and post COVID multi-year drivers)

Post COVID pent up consumer demand
(Demand for services remains high as consumer normalizes behavior)

Less rate sensitive US economy
(Fixed rate home mortgages, robust capital markets, low deposit rates)

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"Macro stability isn't everything, but without it, you have nothing."