U.S. Economy is in a Virtuous Cycle...

Sources: BLS, Moody’s Analytics
…Fueled by Stronger Wage Growth…

Wage growth Phillips Curve, quarterly 1994Q1 to 2018Q3

Sources: BLS, Moody’s Analytics
…and Charged Up by Fiscal Stimulus…

Federal discretionary fiscal policy as a % of GDP

Source: Moody’s Analytics
...and Ample Credit

Commercial banks, %

Sources: FDIC, Moody's Analytics
Geopolitics Are a Serious Threat...

Business sentiment diffusion index, net % positive

Source: Moody's Analytics
…As Are Tighter Financial Conditions

Change in consumer spending for $100 change in wealth, $

Financial & housing

Housing

Financial

Increase in wealth

Decrease in wealth

Sources: VISA, Moody’s Analytics
The Next Recession Comes Into View…

Unemployment rate, %

Sources: BLS, Moody’s Analytics
…As it is Hard to Land the Economic Plane

3-mo change in the unemployment rate, ppt

Sources: BLS, Moody’s Analytics
Leveraged Firms Leverage Up…

Leveraged loans, $ bil

Note: 2018 issuance is YTD annualized

Sources: IMF, Moody’s Analytics
...And the Shadow System Expands

% of mortgage originations originated by nonbanks

Sources: Federal Reserve, Brookings, Moody’s Analytics
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