

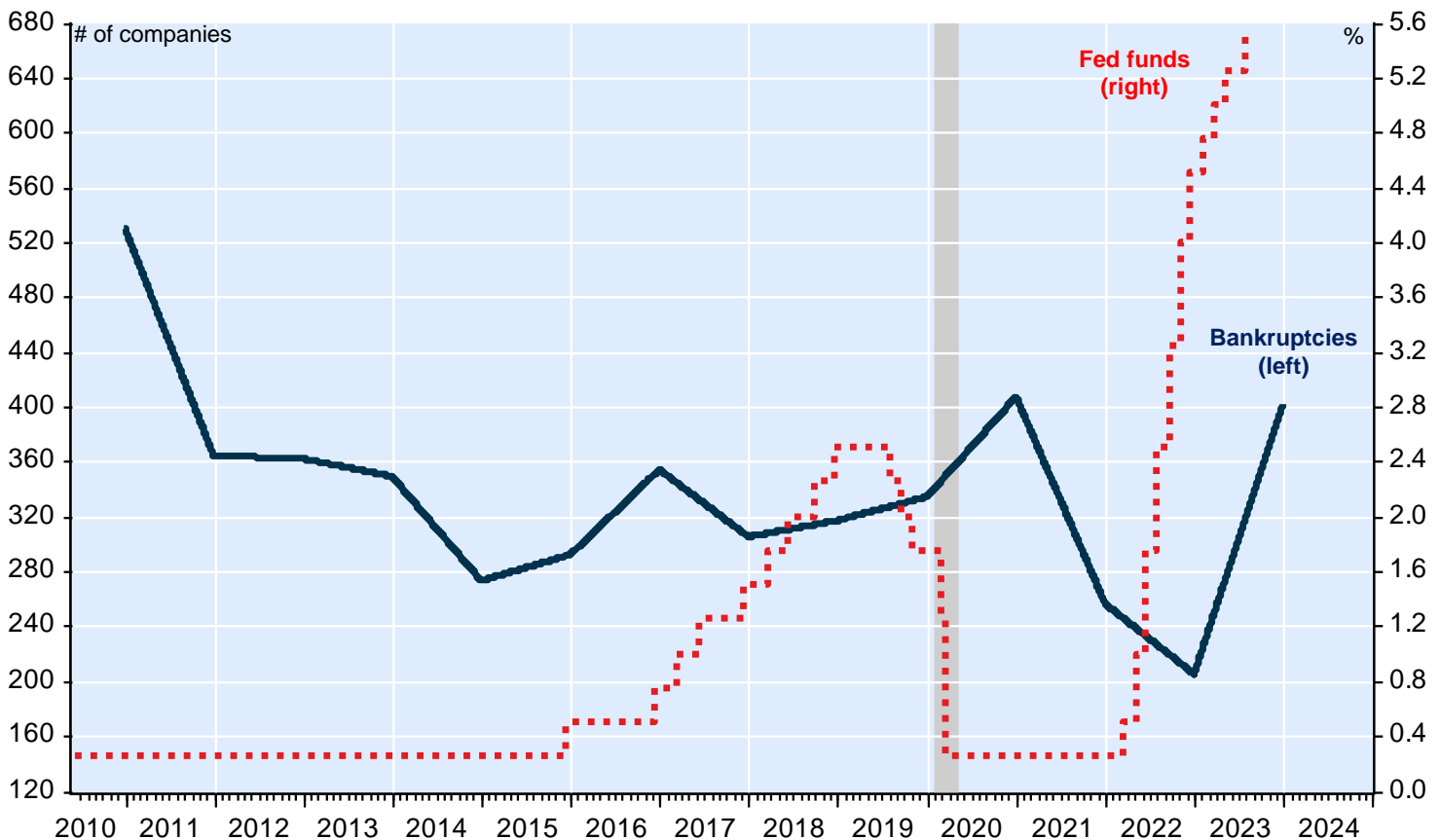
U.S. Watch

By Stéfane Marion

U.S. corporate bankruptcies are soaring. A whopping 64 filings were reported in July, according to [S&P Global Market Intelligence](#). That brings the year-to-date total to 402 – a post-pandemic high. As today's Hot Chart shows, the last time bankruptcies were near or above current levels, the Fed Funds rate was a paltry 0.25% vs. 5.5% this time around. Fed Chairman Jerome Powell acknowledged last week in Jackson Hole that the current stance of U.S. monetary policy is restrictive, but he also said that the precise degree of monetary restraint is difficult to assess because it is difficult to identify with confidence the neutral rate of interest due to uncertainty about the length of the lags with which monetary tightening affects economic activity and, in particular, inflation (more details in our [Weekly Economic Watch](#)). This statement implies that the Fed is willing to keep its monetary policy tight and tolerate more bankruptcies until it sees collateral damage in the labour markets.

U.S.: Corporate bankruptcies are surging

Fed funds rate vs. U.S. corporate bankruptcies (year-to-date as of July of every year)*



* Public or private companies covered by S&P global with public debt equal or greater than \$2 million (\$10 million for private companies)
NBF Economics and Strategy (data via Refinitiv and [S&P Global](#))

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