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Given the uncertain U.S. economic outlook, we provide on a monthly basis our tracking table for recession indicators. The table below shows the current reading and recent momentum of several indicators compared to the ones observed three months before the eight previous recessions. Red indicates that the current reading is worse than any historical episodes while green is better. Both yellow and orange are in the historical range, the former indicating a better situation compared to the median while the latter shows the opposite.

The signal from our dashboard monitoring the risk of a recession in the U.S. was better than its previous iteration as a decline in the ISM services was offset by an improvement in the price of copper and in hours worked. The overall signal of the dashboard remains subdued in the month, especially in the soft data category.

U.S.: Economic and financial indicators 3 months before recessions

As of April 5, 2024

	Last reading	Prior reading*	Value 3 months before U.S. Recessions								Median	
			2020	2007-09	2001	1990-91	1981-82	1980	1973-75	1970		
Financial/commodity												
S&P 500 (% drawdown from past year max)	-1.0%	-0.7%	-1.3%	-0.4%	-13.6%	-7.7%	-5.6%	-7.8%	-13.3%	-14.6%	-7.7%	
BBB spread (increase from past year min, bps)**	3.1	9.4	2.0	46.2	133.8	6.0	0.0	41.0	43.0	23.0	32.0	
Copper price (% drawdown from past year max)	-0.4%	-6.4%	-10.6%	-2.2%	-9.5%	-12.0%	-16.2%	-1.2%	0.0%	-1.6%	-5.9%	
Oil price (% drawdown from past year max)	-7.2%	-16.7%	-16.0%	-4.0%	-31.0%	-21.0%	-4.0%	0.0%	0.0%	0.0%	-4.0%	
U.S. Dollar (% increase from past year min)	3.2%	2.4%	3.1%	0.0%	5.3%	8.3%	12.5%	4.5%	1.4%	NA	4.5%	
Yield curve (10-year minus 3-month, bps)	-97	-130	26	77	-76	98	-62	-127	-157	35	-18	
Soft data												
Consumer sentiment (Michigan)	79.4	76.9	99.3	80.9	94.7	90.6	76.3	63.3	72.0	86.4	83.7	
SME optimism	89.4	89.9	102.7	96.1	96.4	99.4	97.4	93.3	NA	NA	96.9	
CEO confidence (quarterly data)	53.0	46.0	43.0	44.0	31.0	48.0	61.0	32.0	NA	NA	43.5	
ISM manufacturing	50.3	47.8	47.9	52.8	42.3	49.5	53.5	48.0	63.5	54.6	51.2	
ISM services	51.4	52.6	55.7	53.5	52	NA	NA	NA	NA	NA	53.5	
Hard data												
UI Claims 4-week ave. (% increase from past year min)	7%	4%	6%	8%	26%	6%	2%	20%	12%	10%	9%	
Temp. help services jobs (% drawdown from past year max)	-5.6%	-6.1%	0.0%	-3.2%	-4.3%	NA	NA	NA	NA	NA	-3.2%	
Average hours worked (% drawdown from past year max)	0.0%	-0.3%	-0.9%	-0.3%	-0.6%	-0.9%	-0.3%	-0.6%	-0.5%	-0.8%	-0.6%	
Building permits (% drawdown from past year max)	0%	-1%	-5%	-27%	-2%	-39%	-21%	-30%	-30%	-19%	-24%	
Real consumption (3-month, % ann)	2.7%	2.7%	1.3%	2.4%	2.3%	1.8%	-0.1%	0.7%	4.1%	6.4%	2.1%	

*Previous month (quarter for CEO confidence)

** As of Thursdays

NBF Economics and Strategy (data via Refinitiv, Bloomberg)

At last Friday's market close, the overall signal from financial/commodity indicators had improved compared with the previous month thanks to a higher price for copper. Changes in other indicators were relatively muted and did not have an impact on the signal of their respective indices. These include an increase in the price of oil, a narrowing of corporate spreads and a slight flattening of the yield curve. Meanwhile, the S&P 500 registered a slight decline and the U.S. dollar appreciated.

The signal of the pessimistic soft data section worsened further in the month as the ISM services PMI fell below its historical pre-recession level. The signal of other indicators, meanwhile, remained unchanged, although the index tracking the optimism of SMEs deteriorated and slid further below its pre-recession level. Other indicators all improved in the month, but marginally so.

On the hard data front, the 4-week average of unemployment claims increased but remained more optimistic than its historical pre-recession median. March's employment report showed that the momentum in the number of jobs created in temporary help services remained worrying. Average hours worked, meanwhile, climbed to an annual high in the month, as did building permits. In other news, real consumption continued to sit above its median historical pre-recession level.

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