

Recession dashboard

August 2022



Indicators	Measure	1974	1980	1981	1991	2001	2008	2020	Average	Current	Earliest implied recession date (Based on average days from key level recession)
Labor market	Increase in claims	32k	90k	68k	80k	125k	50k	3k	64k	90k	02/2023
Inflation	Increase in core PCE	2.17%	2.38%	0.94%	1.90%	1.05%	1.40%	1.40%	1.61%	3.86%	12/2023
Housing	Decline in housing starts	-770k	-856k	-506k	-1,089k	-329k	-1,236k	-50k	-691k	-246k	03/2024
Yield curve	10-year Treasury yield – federal funds rate	-5.99%	-6.64%	-9.57%	-1.56%	-1.76%	-0.86%	-0.67%	-3.86%	0.27%	11/2023
Spreads	Bloomberg Corp High Yield –10-yr Treasury yield	-	-	-	9.30%	9.58%	5.80%	3.91%	7.15%	5.08%	12/2025
Manufacturing	ISM Index	57.8	44.8	46.7	45.1	42.1	50.1	47.8	47.8	52.8	07/2025
Average:											06/2024

Sources: Bloomberg and Federated Hermes. Data as of 8/1/22.

Recent updates

8/1:

Our Manufacturing softened for a fifth consecutive month, coming in at 52.8 vs. last month's reading of 53.0. Importantly, both the new orders and employment components remained below 50 which is contraction territory. ↓

8/1:

Our preferred yield curve measure, Fed Funds Rate vs. the 10-year yield, flattened sharply falling from 1.22% last month to 0.27% this month, as the Fed continues to hike rates, and longer-term yields have fallen due to heightened recession fears. This measure will likely invert with one more Fed rate hike. ↓

8/1:

High Yield spreads continued to widen during the month, hitting a cycle high of 6.05% before tightening into month-end and finishing the month at 5.08%. Despite the recent rally in credit, with spreads breaking 6% during the month, we will keep the indicator yellow. =

7/29:

Core PCE increased in July from 4.7% to 4.8%, as inflation persists. The indicator remains well within recessionary territory. ↓

7/28:

Initial jobless claims currently sit at 256,000, up 90,000 from the cycle low, well above the 64,000 average increase that has preceded prior recessions. This indicator is now solidly red. ↓

7/19:

Housing Start continued their decline, falling for the fourth consecutive month, coming in at 1,559,000 vs. last month's reading of 1,591,000. ↓

Past performance is no guarantee of future results.

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