



Charts That Matter

3rd Jun 2023

Previous Fed rate-hike pauses were in much more positive environments

Putting Fed pauses into perspective

Current conditions have key differences from 'good Fed pauses'.

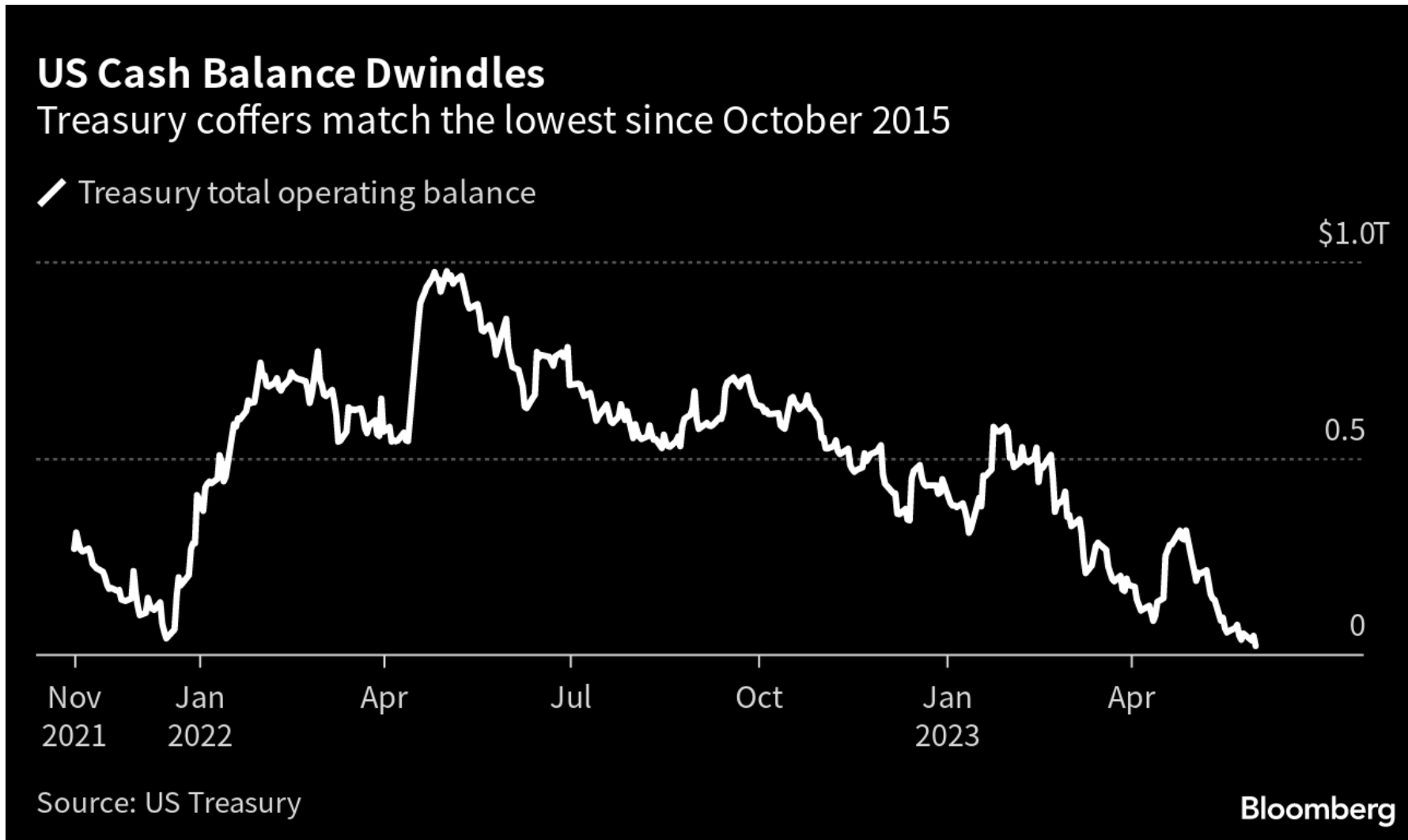
"Good Pauses" (GP)	IP (YoY%)	Leading Ind. (YoY%)	Unemploy. Rate	Core CPI (YoY%)	US 2s10s spread (bps)	C&I Loans tightening
Sep-85	0.8%	5.0%	7.1%	4.0%	143	n/a
Feb-95	6.6%	7.7%	5.4%	3.0%	43	-10.2%
Mar-97	7.4%	6.0%	5.2%	2.4%	47	-8.9%
Jun-06	1.9%	1.1%	4.6%	2.6%	-1	-12.3%
Dec-18	2.5%	4.6%	3.9%	2.2%	21	-15.9%
Today	0.5%	-7.8%	3.4%	5.5%	-60	46.0%

Sources: Fed, TCB, BLS, U.S. Department of Treasury.

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Treasury cash pile slumped to match 2015 low during debt-cap saga. US has used up more than 90% of authorized special measures. Congress has passed ceiling legislation for Biden to sign. The Treasury's cash balance fell to just \$22.892bn.

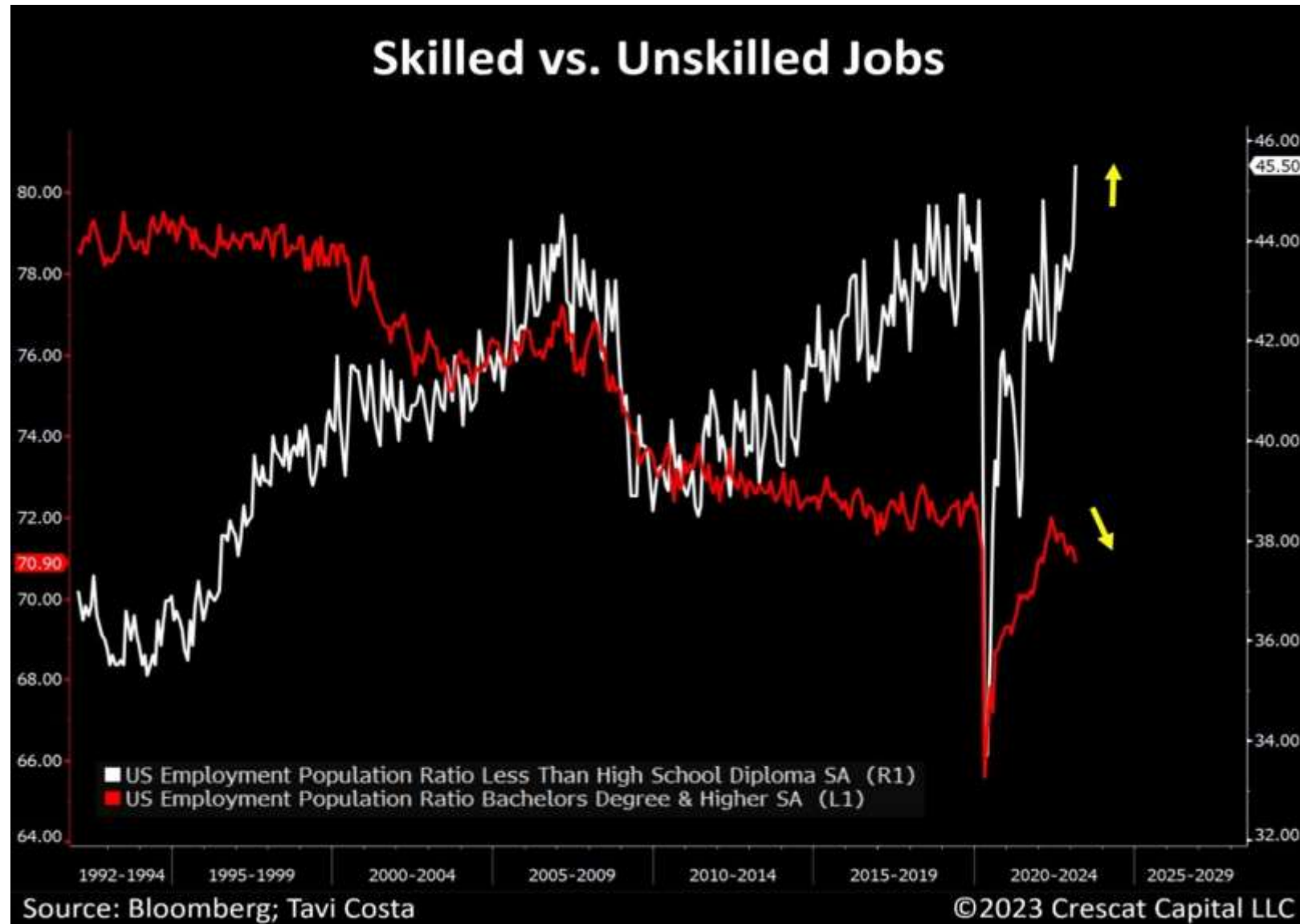


Debt ceiling resolution is not positive for equities. US treasury will be borrowing huge amount of money in next 3 months sucking away liquidity from the asset markets.



Source: Steno Research, Bloomberg and Macrobond

The recent strength in US employment data has almost entirely been driven by unskilled jobs.



Chinese trips to the shopping mall are leveling off

China: will domestic consumption keep on driving the economy ?

Source: SpaceKnow, China National Bureau of Statistics (NBS)



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