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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.

This month, the indicators included in our dashboard monitoring the risk of a recession in the U.S. evolved in different directions such that no clear trend was observed. Indeed, financial and commodity indicators slightly worsened on balance despite an improvement in the S&P 500. Meanwhile, the overall signal of soft and hard data slightly improved in the month, but many indicators continue to signal a pessimistic outlook for the American economy.

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

As of June 7, 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)	-0.1%	-0.6%	-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)**	9.5	7.5	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)	-10.8%	-1.7%	-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)	-19.4%	-16.5%	-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)	5.5%	4.1%	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)	-96	-89	26	77	-76	98	-62	-127	-157	35	-18	
Soft data												
Consumer sentiment (Michigan)	69.1	77.2	99.3	80.9	94.7	90.6	76.3	63.3	72.0	86.4	83.7	
SME optimism	89.7	88.5	102.7	96.1	96.4	99.4	97.4	93.3	NA	NA	96.9	
CEO confidence (quarterly data)	54.0	53.0	43.0	44.0	31.0	48.0	61.0	32.0	NA	NA	43.5	
ISM manufacturing	48.7	49.2	47.9	52.8	42.3	49.5	53.5	48.0	63.5	54.6	51.2	
ISM services	53.8	49.4	55.7	53.5	52	NA	NA	NA	NA	NA	53.5	
Hard data												
UI Claims 4-week ave. (% increase from past year min)	11%	7%	6%	8%	26%	6%	2%	20%	12%	10%	9%	
Temp. help services jobs (% drawdown from past year max)	-5.6%	-6.0%	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)	-9%	-6%	-5%	-27%	-2%	-39%	-21%	-30%	-30%	-19%	-24%	
Real consumption (3-month, % ann)	2.7%	1.7%	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 slightly worsened compared with the previous month, as a decline in the price of copper and a deterioration in the U.S. dollar were only partially offset by an increase in the S&P 500. Other indicators moved only modestly in the month, and as a result their signal did not change. Still, they all progressed towards more pessimistic conditions. Indeed, BBB spreads widened, the price of oil continued to slide, and the slope of the yield curve inverted further.

The signal of the soft data section improved slightly in the month thanks to an improvement in the ISM services PMI, which moved back in expansion (i.e. above the 50-mark). Other data updates were marginal and did not impact the signal of their respective indicators. Movement was heterogeneous amid indicators, as consumer sentiment and the ISM manufacturing PMI declined while SME optimism and CEO confidence improved. Overall, all indicators remained either within their pre-recession range or below that level, indicating subdued confidence.

The signal of the hard data section improved in the month as average hours worked and real consumption increased. These developments more than counterbalanced an increase in the number of UI claims, which have now risen from their 12-month low by more than the historical pre-recession median. In other news, the trend in job creation in temporary help services remained below its historical pre-recession bracket, while building permits slid but remained within that range.

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