

Perspective by CRF:
Economic Edition

***CRF's Annual Focus on the Economy for 2023:
Projections from Leading Economists***

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Oh, By the Way...Economic Outlook 2023

By: Steven C. Isberg, PhD, Senior Fellow, Credit Research Foundation and Chair, Department of Accounting, Towson University

Almost three years out from the beginning of the global COVID pandemic, we are still feeling the effects of outcomes and actions taken to keep the economy afloat through that trial. The single biggest target on the radar screen has been inflation, against which the Federal Reserve has been combatting with the largest interest rate increases in recent years. While inflation has begun to come down, the effects of the interest rate increases are being felt across the economy which, in its pandemic-weakened state, is showing recessionary signs for the coming year. And oh, by the way, the federal debt level, which stood at \$23 trillion prior to the pandemic, is now \$31 trillion and showing no signs of declining. Just today (15 December 2022) the Senate voted to keep the government from shutting down for at least another week while they figure out what to do about federal spending levels and raising the debt limit yet once again. Just thought you'd like to know. We will come back to this later.

Since the banking system collapsed and had to be rescued in 2008, the US economy has been able to grow only on a diet of low interest rates and trillions of dollars of fiat money. When the flow of new money has ebbed, and/or interest rates have increased, real economic growth has slowed down. There is evidence that, prior to the pandemic, contractionary monetary policy was...

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About the Author:

Steven C. Isberg is the Chair of the Department of Accounting at Towson University and teaches graduate and undergraduate courses in corporate finance, financial analysis and valuation, and financial economic history. As Sr Research Fellow at the Credit Research Foundation he conducts various research studies and delivers online financial analysis courses as part of the CRF Online Classroom™ program. He has over 25 publications in academic and professional journals and has served as a professional business consultant to a variety of firms.

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2023 – What Does the Magic Eight Ball Say?

By: Chris Kuehl, Managing Director
Armada Corporate Intelligence

So many metaphors, so little time! Is this the “perfect storm”? Is there light at the end of the tunnel and is it an oncoming train? Is the glass half empty or half full (or do you have the wrong vessel for the liquids on hand). I could go on but by now most of the readers are already fed up. All they want to know is what to expect in the coming year. It is actually pretty odd that we expect anything substantial to change as far as the economy is concerned just because there is a new calendar year, but that seems to be the expectation and who am I to buck tradition.

At the start of this year there was an expectation that recessionary conditions would dominate. The first two quarters were indeed in negative territory (down by 1.6% in Q1 and another .6% in Q2). Then there was expected to be an anemic recovery of maybe .3% in the third quarter. Instead, there was a dramatic surge of 2.9% growth in that quarter driven primarily by expanded exports. Now we are waiting to see what the fourth quarter brings with some analysts calling for another sag into negative territory and others assuming there will be a carryover from that growth in Q3. As in most years it will all come down to...

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About the Author:

Chris Kuehl is the co-founder (with Keith Prather) and Managing Director of Armada Corporate Intelligence, a company created in 1999 to provide strategy foundation, competitive intelligence, business analysis and economic forecasting for corporate clients.

Armada's clients include YRC Worldwide, TranSystems, Spencer Fane Britt and Browne, KPMG, Hallmark International, Weitz Industrial among others.



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A close-up photograph of a computer keyboard. A prominent key is highlighted in red and features the words 'FINAL NOTICE' in large, bold, white, sans-serif capital letters. Below it, a white key with a red arrow pointing up and the word 'Shift' in red is visible. The background is a blurred, colorful gradient of blue, purple, and pink.

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An Economic Outlook for 2023

By: Dan North, Senior Economist
Allianz Trade North America

There is some good news at the end of 2022, but not much.

The consumer still has some money to spend to keep the economy going. There is work in the pipeline since according to the Institute of Supply Management's Services Survey (80% of the economy), new orders and back orders are still growing which should provide employment and economic activity for a while. And the labor market is strong. But that will all change in 2023.

The economy is quite likely to go into recession in 2023.

To understand how we reach that conclusion, we need to look all the way back to 2020, because that's when the seeds of inflation, against which we have so desperately battled, were planted.

There were several major causes. Covid shutdowns worldwide caused the global supply chain to grind to pieces, sending prices soaring everywhere. A labor shortage drove up wages. Congress launched massive fiscal stimulus programs totaling \$5T, which was too much and was clearly inflationary.

However, it was three mistakes made by the Federal Reserve which really caused inflation to burst into flames. First as shown in the chart below...

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About the Author:

Dan North is an Economist with Euler Hermes, North America. Mr. North has been with Euler Hermes North America since 1996. He has appeared on CNBC, Fox Business News, France 24, and Bloomberg Radio and Television. He has been quoted by Barron's, Business Week, Paris Le Monde, Tokyo Nikkei, the New York Times and the Wall Street Journal. After having predicted the 2008/2009 recession and its implications accurately, he was ranked 4th on Bloomberg's list of the 65 top economic forecasters in 2010.

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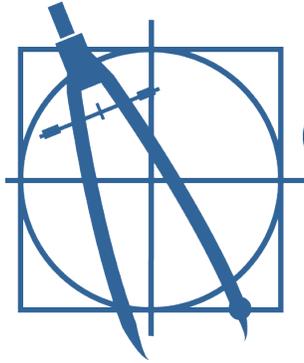
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