

*Perspective by CRF:*  
***Economic Edition***

***CRF's Annual Focus on the Economy for 2024:  
Projections from Leading Economists***

**Featured Articles**

---

**[2024 Credit Markets, Banking and Bankruptcy Outlook](#)**

By: Andrea Gonzalez, Mark Greenberg, Rich Newman and Seth Waschitz, Alvarez & Marsal

**[2024 Economic Outlook](#)**

By: Scott Friedman, Pulse Ratings

**[Impact of Relations with China on Trade in 2024](#)**

By: Byron M. Shoulton, FCIA Trade & Political Risk Division, Great American Insurance Group

**[Outlook 2024: All Eyes on Banking and the Credit Markets](#)**

By: Steven C. Isberg, Ph.D., Credit Research Foundation

**[Embracing Technology Data Analytics and Customer-Centric Strategies in 2024](#)**

By: Rudy Schatzmann, Altus Receivables Management

**[2024 Economic Outlook](#)**

By: Chris Kuehl, Armada Corporate Intelligence

# 2024 Credit Markets, Banking and Bankruptcy Outlook

By: Andrea Gonzalez, Mark Greenberg, Rich Newman and Seth Waschitz, Alvarez & Marsal

Just like that, a new year is here, and with it, a myriad of wins and losses across the U.S. economy. 2023 has been characterized by high interest rates, a tough housing market, bank lending tightening, stubborn but receding inflation and a resurgence of Chapter 11 bankruptcies, particularly in the consumer products, retail, real estate/construction and healthcare sectors.

For these reasons and more, the spectre of a recession has been haunting most of 2023, with conjecture moving from severe-to-mild or no recession in 2024.

Despite these predictions and assumptions, there are several areas of the U.S. economic engine that promise both good news and concern in 2024.

## The Markets, Inflation and Recession Concerns

The U.S. equities market is at a very different place than it was at the beginning of 2023, roaring back with a total return of about 24% year-to-date, with the S&P 500 less than 2% away from an all-time high.<sup>1</sup> The most recent rally in stocks and bonds was sparked by the Federal Reserve's (Fed) statement in December that interest rate hikes have ended and that it will seek to begin cutting rates in 2024. That is the polar opposite of 2022, when a series of interest rate hikes led to an 18% decline in the S&P 500 index.

Most market watchers expect the market and economy to grow further in 2024, albeit at a slower pace, but there are still several areas to be concerned about.

Inflation is down about a third from its peak of 9% in June 2022. The U.S. economy as expressed in real gross domestic product (GDP) grew at 4.9% in the third quarter, slightly below expectations of 5.2% growth. However, recent monthly data shows a slowdown in economic momentum, posing a risk of recession.<sup>2</sup> While business spending, particularly in manufacturing, showed unexpected resilience, declining corporate profits are dampening capital investments, affecting overall growth.

Consumer activity was strong in the third quarter with robust job growth and higher wages. Yet more evidence indicates that consumers are drawing down on savings and taking on more debt to sustain their current spending levels, which will likely lead to a rise in delinquencies.

Wall Street has developed two views regarding the potential for a recession. In the first scenario, a mild recession beginning sometime later in 2024, given tighter lending conditions, slows down the economy over the next few quarters.

However, this first scenario is likely delayed, if it materializes at all, due to (i) resilience in automobile sales, (ii) a robust labor market, (iii) increased investment in technology and new factories, and (iv) continued consumer spending. Sustained demand remains for new homes, even though higher interest rates and elevated housing prices make homeownership or relocations very expensive, and especially out of the reach of younger potential homebuyers.

The resilient performance of the U.S. economy in 2023, together with a decline in inflation, has instilled optimism for a mild economic recession and can be seen by a notable shift in sentiment, marked by widespread upward adjustments to growth projections, according to UBS.

1 <https://www.jpmorgan.com/insights/outlook/market-outlook/2023-in-review-rates-rallies-and-reflections#:~:text=For%20U.S.%20Equities%2C%20the%202022,2023%20YTD%20return%20is%2021.6%25.>

2 <https://www.cnn.com/2023/12/21/economy/q3-gdp-third-estimate/index.html>

However, if historical trends hold up, recession of some form is likely and might be delayed until 2025. In years when the yield for three- and ten-year Treasuries is inverted, as it was in March of last year, recessionary effects followed 12 to 18 months later.<sup>3</sup>

In scenario two, in which top analysts at Goldman Sachs, Morgan Stanley and J.P. Morgan are in consensus, the U.S. will not fall into a recession but will instead experience slow growth because of drags from a struggling commercial real estate market, a poor outlook for housing and less government stimulus.<sup>4</sup>

This mixed bag of potential outcomes could make for a bumpy and volatile ride in 2024.

## Credit Markets and Banking

The Fed spent most of 2023 trying to tamp down inflation by raising interest rates, a path it embarked on starting in March 2022, which subsequently pushed up Treasury yields across all maturities. As interest rates increased, the market concurrently experienced an increase in credit downgrades.

Nevertheless, credit markets showed some signs of life in the second half of the year as inflation fears began to ease.

For 2023, J.P. Morgan forecasted new issuances of leveraged loans and high-yield bonds at \$300 billion and \$200 billion, respectively. At the current run rate, high-yield bonds will come in slightly below and leveraged loans slightly above this forecast.

New issuances of leveraged loans in 2023 remained subdued and likely ended the year below the new issuance levels of 2022, which were also way off from the record highs achieved in 2021. Additionally, approximately 3.5% of the leveraged loan index is rated CCC, which means these loans are susceptible to non-payment if business conditions are unfavorable.

Moving down the capital stack, high-yield bond issuance is up to \$118 billion through the first three quarters of 2023, well below the long-term average, but still significantly higher than the record low of \$95.3 billion seen in 2022. However, high-yield bond issuances in September 2023 started to show some signs of resilience as levels returned to that experienced in 2021, indicating that companies may finally be getting more comfortable accessing the capital markets in an elevated interest rate environment.

Additionally, new Collateralized Loan Obligation (CLO) volume is expected to be about \$115 billion for 2023, well above 2022 volumes, but still below 2021 levels - an important fact given that CLOs continue to dominate the non-bank leveraged loan issuance market.

Finally, the absence of refinancing activity in 2023 led to the second largest year-over-year decline in the market's average number of years to maturity, a record low of 5.5 years. Going forward, though many companies may still be wary of issuing debt in this market, the potential for lower borrowing costs in 2024, coupled with increased investor appetite to take on risk, will likely help corporate borrowers "kick-the-can" down the road. High-yield bond and leveraged loan maturities should be manageable through 2024 but will rise to \$830 billion in 2025 and 2026, adding uncertainty to the future and increasing the likelihood of a new "maturity wall."

On a related note, the banking sector is experiencing a complete reversal of the "easy money" conditions it enjoyed between 2009-2021. Recent 40-year inflation highs (although inflation is trending downwards), rising risk aversion and scarce financing, are expected to continue in 2024.

Three bank failures destabilized the banking sector in 2023, causing an estimated \$30 billion loss to the Federal Deposit Insurance Corporation (FDIC).<sup>5</sup> The response by regulators was to substantially raise regulatory

<sup>3</sup> <https://getycharts.com/resources/blog/inverted-yield-curve-what-it-means-and-how-to-navigate-it/>

<sup>4</sup> <https://www.goldmansachs.com/intelligence/pages/the-probability-of-us-recession-in-the-next-year-has-fallen-to-20-percent.html>

<sup>5</sup> <https://www.occ.treas.gov/news-issuances/bulletins/2023/bulletin-2023-29.html>

requirements to minimize risk of defaults. Regional banks (those between \$80 billion and \$120 billion in assets) will likely be hardest hit when it comes to meeting these new regulatory requirements.

About 50% of commercial banks tightened lending standards in 2023, adding to the challenge of increasing interest rates. Even if best case scenarios appear in 2024, commercial bank credit could remain subdued.

The question is whether the adverse situation in some of these banking bailouts will show up in excess tightening in the future. The potential of such behavior has introduced risk to the sector's outlook. The bottom line is that liquidity may tighten in the near-to-medium term across the board, from secured and high-yield debt to credit provided by regional banks. Regardless of the form of credit, the cost of capital is expected to continue to be elevated over the next few years as compared to the prior decade, which will have ongoing economic implications.

## Defaults and Bankruptcies

The ripple effect of all these challenges will show up in bankruptcy courts in 2024.

Challenging conditions are currently evidenced in debt default rates, which rose consistently this past year, but have fallen in recent months. Historically, the default cycle has peaked roughly one to two years after the Fed Funds rate has peaked, which means this lagging effect should happen soon.

The U.S. speculative-grade corporate default rate was 1.9% in August 2023, but could more than double by June 2024 if the economy stumbles or consumers finally begin to pull back on spending.

J.P. Morgan forecasted high-yield bond and leveraged loan default rates to rise to 3.0% and 3.5%, respectively, in 2023 and extend higher in 2024. The good news is that this is below S&P's pessimistic scenario of 4.75% for high-yield bonds.

Total 2023 expected defaults<sup>6</sup> – combining defaults and distressed exchanges – already ranks as the market's third largest annual default total, led by media and entertainment, consumer products, healthcare and retail sectors in the U.S.

Corporate funded debt continued its meteoric rise to almost two times higher than just prior to the great recession. Signs of the ever-growing debt load of typical U.S. companies can be seen in the extremely low levels of operating income, especially in key sectors such as retail and media and entertainment.

The number of bankruptcies filed by public and private companies with over \$100 million in assets increased during the first half of 2023 to 72 filings.<sup>7</sup> These bankruptcies will more than double 2022's total, and if the pace continues, it will mark the first time since 2020 that bankruptcies have surpassed one hundred over \$100 million in assets. Healthcare and retail continue to lead all other sectors in terms of filing for bankruptcy.

Expect defaults to continue to rise as higher interest rates linger. "Higher for longer" could be the mantra over the next two to three years. Core Personal Consumption Expenditure (PCE) prices continued to slow to 3.2% in November, which is at the Fed's target on both a three- and six-month annualized percent change basis. However, the Federal Open Market Committee's (FOMC) central estimate for inflation doesn't have core PCE reaching the 2% target until 2026, which would require a trend shift in inflation slowing soon.<sup>8</sup>

Historically, tight credit conditions tend to precede increases in defaults. Look for a further uptick in bankruptcies, led by retail. Charles Schwab predicts bankruptcies peaking by the end of the first quarter, or into the second, potentially leading the U.S. into recession.<sup>9</sup>

---

6 Bloomberg

7 S&P Global Market Intelligence

8 Citigroup

9 <https://markets.businessinsider.com/news/bonds/us-corporate-debt-recession-outlook-defaults-bonds-bankruptcies-rates-fed-2023-10>

## What this Means for Credit Market Watchers

Current economic and financial metrics indicate that bankruptcies, tight credit, and defaults will likely continue into the new year.

Tightening credit, perhaps rising unemployment, inflation, and interest rates are factors that will continue to distress retail and consumer facing companies. Whether a correction in the economy comes or not, at some point factors must reset. The question is not if, but how and when? Will the Fed's potential interest rate cuts move the needle for consumers and creditors? Can inflation's continued decline buoy consumer sentiment? Have regulators done enough, soon enough, to stabilize the banking sector?

Answers to all these questions will inform whether the economy will be faced with a recession in the near future.

### ***About the Authors:***

**Andrea Gonzalez**, Managing Director UCC Practice, provides litigation consulting and financial advisory services to unsecured creditor committees, law firms, corporations, boards, government agencies and stakeholders to help resolve high stakes financial, regulatory and legal issues. She assists clients in matters involving the application of Generally Accepted Accounting Principles (GAAP), and she provides financial advisory services to various constituents in distressed company situations in the bankruptcy court, to investigate potential causes of action and to determine financial viability. Ms. Gonzalez brings significant experience to clients involved in complex commercial disputes related to breach of contract, fraud or embezzlement and intellectual property. She also assists clients with internal accounting and forensic investigations, special investigations and SEC inquiries and investigations.

**Mark Greenberg**, Managing Director UCC Practice Co-Chair at Alvarez & Marsal in New York, provides financial advisory services to creditors and specializes in representing official committees of unsecured creditors in bankruptcy proceedings. For more than 15 years, Mr. Greenberg has provided advisory services to debtors, creditors and equity holders in both bankruptcy and out-of-court restructurings within a variety of industries. Mr. Greenberg has significant client-serving experience involving corporate bankruptcy reorganizations. In developing and implementing strategies to maximize creditor recoveries, his responsibilities have included the analysis of business plans, development of cash flow forecasts, review of financial statements and evaluation of cash management systems. Mr. Greenberg's bankruptcy expertise encompasses asset sales, intercompany and cross-border issues, fraudulent conveyances and substantive consolidation.

**Rich Newman**, Managing Director UCC Practice Co-Chair, co-leads Alvarez & Marsal's Unsecured Creditors' Committee practice. As managing Director with Alvarez & Marsal Creditor Advisory in Chicago he provides financial advisory services to creditors and focuses on representing official committees of unsecured creditors in bankruptcy proceedings. Specializes in 363 sales, liquidity management, business plan review, solvency, formulation of reorganization plans and litigation support. With more than eighteen years of restructuring experience, Mr. Newman has advised unsecured creditor committees, healthy and distressed companies in leveraged recapitalizations, mergers and acquisitions, and support of interim management roles.

**Seth Waschitz**, Senior Director UCC Practice at Alvarez & Marsal in New York, specializes in representing official committees of unsecured creditors in bankruptcy proceedings. For more than 17 years, Mr. Waschitz has provided advisory services to companies, secured lenders, unsecured creditors and equity holders in M&A, restructuring (in bankruptcy and out-of-court workouts) and capital raise transactions across a wide range of industries including airlines, aerospace and defense, media, technology, telecom, hospitality, business services, financial services, insurance, paper and packaging, pharmaceuticals, consumer products, real estate, gaming, infrastructure and transportation.

Powered by our expert staff  
and proven process, NCS makes  
securing receivables simple.



**STOP  
LOSS**

As your credit ally, NCS will manage the entire UCC process; from developing your Security Agreement to leveraging your UCC for payment.

UCC filings protect your receivables, allow you to repossess your goods and move you to the front of the payment line. **Stop losing. Start protecting. Contact NCS to get started!**



SecureYourTomorrow@NCScredit.com | 800.826.5256  
[NCScredit.com](https://www.NCScredit.com)

# 2024 Economic Outlook

By: Scott Friedman, Chief Credit Officer, Pulse Ratings

After what can only be described as a “challenging” economic environment in 2023, there are some reasons for optimism heading into 2024, with many now projecting the coveted “soft landing” in which inflation and GDP slow while a recession is avoided. That being said, we are certainly not out of the woods yet – and warning signs still remain.

The Consumer Price Index (i.e. the inflation rate) eased to 3.1% in November benefitting from falling gasoline prices, while “core” inflation (which excludes volatile food and energy sectors) remained unchanged at 4%. Nevertheless, the stickiness on the core side was also expected, and as such, the Fed held its benchmark rate steady in the 5.25% to 5.5% range. After hiking rates by 525 basis points since early 2022, the Fed now believes that its policy rate is...

*This article is only available to members of the Credit Research Foundation (CRF).*

*Interested in reading more? Join CRF to gain access to this and hundreds of other resources! [CLICK HERE](#) for membership information.*

## **About the Author:**

**Scott Friedman** joined Pulse Ratings as Chief Credit Officer in June 2023. Prior to joining Pulse, Scott served as the principal at Scott Friedman Consulting/Olympus Peak Consulting since 2009, providing in-depth credit analysis, financial market insight, insolvency valuation work and credit risk mitigation alternatives to clients that include some of the world’s largest consumer product companies. Scott also served as the Head of Trade Claims and a member of the investment team at Olympus Peak Asset Management, a credit fund with assets under management in excess of \$1.7 billion. Prior to starting his own firm, Scott was a Vice President in the Trade Claims and Vendor Finance group at Avenue Capital, a global fund with assets under management that exceeded \$15 billion. Before joining Avenue Capital Scott was a Vice President and member of the senior management team at F&D Reports. Scott has also spent time at American International Group and National Westminster Bank U.S. Scott received his B.S. in Management from Binghamton University’s School of Management and an MBA in Finance from Pace University’s Lubin School of Business.

## Powering the largest credit teams in construction with lien management, waiver and payment technology.



### Decrease DSO's

Handle helps large material suppliers get paid quicker on every project. Overall DSO reduction across all divisions.

- ✓ DECREASE YOUR DAYS SALES OUTSTANDING BY UP TO 20%



### Time Savings

Eliminate repetitive tasks within the credit and finance department by using Handle. More volume = more time and cost savings.

- ✓ 47 HOURS PER MONTH PER EMPLOYEE ON AVERAGE



### Customer Satisfaction

Handle customers report substantial increases in their client satisfaction. Make it easy for your customers to be delighted.

- ✓ BETTER, HAPPIER CUSTOMER INTERACTIONS ACROSS ALL JOBS



### More Accurate Data

Handle helps optimize your current job sheet and project data workflows to get full project payment information quicker, without the manual steps.

- ✓ UP TO 30% MORE ACCURATE PROJECT DATA ON EVERY JOB

## Trusted by the biggest names in construction



**Friedman's**  
HOME IMPROVEMENT

*"It's hard to even explain how much time Handle's software has given us back -- it's just that impactful."*

**Sarah Briant**  
Credit Manager  
Friedman's Home Improvement

# Impact of Relations with China on Trade in 2024

By: Byron M. Shoulton, Senior Global Economist, FCIA Trade & Political Risk Division, Great American Insurance Group

Western companies are under pressure to reduce their exposure to China, and some are turning increasingly to factories in places such as Vietnam, Indonesia and Mexico. However, many are finding it hard to avoid China.

Trade data, corporate announcements and new academic research show that a large portion of the products shipped to the U.S. from places such as Southeast Asia and Mexico are being made in factories owned by Chinese companies, which are expanding overseas, in part to avoid U.S. tariffs.

Many other goods finished in smaller countries are being made with key inputs from Chinese suppliers, meaning they wouldn't get produced at all without Chinese involvement. Those realities underscore the challenge for policy makers and companies seeking to disentangle U.S. and the Western economies from China's colossal manufacturing machine. Far from decoupling, some supply chains connecting the U.S. and China have...

*This article is only available to members of the Credit Research Foundation (CRF).*

*Interested in reading more? Join CRF to gain access to this and hundreds of other resources! [CLICK HERE](#) for membership information.*

## **About the Author:**

**Byron Shoulton** is an accomplished country & political risk analyst with knowledge acquired over four decades. He has a background in international banking, economic policy and trade finance. He conducts quarterly country rankings for 140 countries and publishes monthly country analysis on 'Major Country Developments' that is distributed globally to the trade, political risk & finance industries. He is well read on all things international and speaks regularly on global economic & political trends impacting cross-border risks.



## Service you can count on since 1929.

When you work with ABC-Amega, you get highly-trained, certified debt collection experts who focus on maintaining your reputation and customer relationships. We'll work hard every day to earn your trust by making good on the promise of effective debt recovery.

### THIRD-PARTY COMMERCIAL DEBT COLLECTION

- Cutting-edge Quality Management tools include Call Scoring & Speech Analytics
- Award-winning International Collections
- Accomplished Global Attorney Network

### EDUCATIONAL RESOURCES

- Monthly E-newsletter
- Free & On-demand Webinars with Expert Presenters
- Content Library on all areas of Collections and Credit Risk Management

### FIRST-PARTY ACCOUNTS RECEIVABLE MANAGEMENT

- Customized, White Label Account Treatment
- Short- and Long-term Projects Managed to Exceed SLA Requirements
- Data-driven Account Intelligence & Reporting

### CREDIT SERVICES

- Credit Group Management since 1965
- Credit Interchange Portal
- Bankruptcy & Risk Assessment Services



Credit  
Research  
Foundation

**ABC/Amega**

A CADEX Company

800.732.0206 | [INFO@ABC-AMEGA.COM](mailto:INFO@ABC-AMEGA.COM) | [ABC-AMEGA.COM](http://ABC-AMEGA.COM)

ABC-Amega is proudly certified by the CLLA/IACC and the CCA of A and is a CRF Platinum Partner.

# Outlook 2024: All Eyes on Banking and the Credit Markets

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

The Federal Reserve has seemingly declared that the battle against inflation has turned, announcing that there will be no further interest rate increases, and that we can expect at least three rate cuts over the next 12 months. Yet, it continues to caution us about being too optimistic as we move ahead.

“Inflation has eased from its highs, and this has come without a significant increase in unemployment — that’s very good news,” Mr. Powell said, even as he emphasized that “the path forward is uncertain.”<sup>1</sup>

It should not be lost on us that the Fed Chair chose to use the word “uncertain” as opposed to “risky.” Economists refer to risk as the likelihood that an outcome may be different from what is expected, and to a degree, that we can assign a probability to that outcome. We need good models to do that, and models are driven by analysis of historical outcomes. Uncertainty, however, refers to a realm in which we may not have enough good historical data to create models of...

<sup>1</sup> Smialek, Jeanna; “Fed Leaves Rates Unchanged and Signals Three Cuts Next Year,” The New York Times, 18 December 2023

*This article is only available to members of the Credit Research Foundation (CRF).*

*Interested in reading more? Join CRF to gain access to this and hundreds of other resources! [CLICK HERE](#) for membership information.*

## **About the Author:**

**Dr. Steven Isberg** is currently Senior Fellow at the Credit Research Foundation and Associate Professor and Chair of the Department of Accounting at Towson University in Towson, Maryland. Steve has been working with CRF since 1994 in his capacity as research fellow and in the development and delivery of a wide variety of our professional training and education programs. Steve has been a part of a number of key CRF research initiatives over the years, including *The Future of Credit Studies*; *the Compensation Studies*; *Shared Services*; and now *CECL*. Steve has almost 40 years of experience teaching at the college level, where he specializes in the areas of accounting, financial statements analysis and valuation, and financial economic history.

# Certification Counts!

That is why ALL of our members are certified for your protection.

Commercial Collection Agencies of America is the **ONLY** collection industry association in which ALL agency members are certified!

-Qualify for a **Certificate of Accreditation and Compliance** granted by an Independent Standards Board

-Practice professionally to maximum dollar recovery

-Adhere to a strict **Code of Ethics**

-Carry a minimum of **\$300,000** surety bond coverage

-Operate in business for a minimum of **four (4)** years

-Maintain separate trust accounts for collected funds

-Fulfill continuing education annually

-Promptly remit funds

-Engage a vetted field of **creditors' rights attorneys** if necessary

-Submit to a **financial and procedural review** to ensure ongoing adherence to requirements

-Certify individual collectors through **Commercial Collection Training Institute**



For additional benefits and to learn more, please visit us at [www.commercialcollectionagenciesofamerica.com/member-directory/agency-members](http://www.commercialcollectionagenciesofamerica.com/member-directory/agency-members)

# Embracing Technology Data Analytics and Customer-Centric Strategies in 2024

By: Rudy Schatzmann, National Account Manager, Altus Receivables Management

The commercial collections industry is undergoing a transformative shift in 2024, driven by the integration of data analytics, artificial intelligence (AI) and automation. This trend is reshaping collection processes, emphasizing the importance of advanced analytics and machine learning algorithms. In the coming year, businesses in the sector can anticipate a surge in the adoption of AI-powered tools, enhancing efficiency, improving risk assessments, and facilitating informed decision-making in debt recovery strategies.

## *Data-Driven Debt Recovery Strategies*

Within the realm of collection agencies, the incorporation of data analytics is becoming essential for crafting personalized debt recovery strategies. Moving beyond conventional placement information, the inclusion of additional data points from customers proves instrumental in enhancing effectiveness. As businesses accumulate substantial data, the utilization of advanced reporting analytics tools becomes indispensable. This empowers agencies to identify patterns, segment customers, and tailor collection approaches with precision. Predictive analytics further enables agencies to...

*This article is only available to members of the Credit Research Foundation (CRF).*

*Interested in reading more? Join CRF to gain access to this and hundreds of other resources! [CLICK HERE](#) for membership information.*

### **About the Author:**

*Rudy Schatzmann has been with Altus for 18 years, starting in the Denver branch and elevated to Training Manager within 3 years. He then transitioned to their Corporate Headquarters in Kenner Louisiana to take over the Corporate Training Manager Position. He has most recently worked in the position of National Account Manager for the last 10 years.*

# On the Leading Edge of Technology for Receivables Management

We partner with our clients to seamlessly integrate with their AI/AR collection cloud platform for “point and click” transfer at no cost.

The logo for the Creditors Adjustment Bureau (CAB) features the letters 'CAB' in a bold, white, sans-serif font, centered within a blue rectangular background.

Creditors Adjustment Bureau

*YOUR FIRM OF CHOICE FOR:*

- *3<sup>rd</sup> Party Commercial Collections*
- *In-house Attorney Representation*
- *1<sup>st</sup> Party Receivables Management*
- *Library of Education for Your Continued Success*

Creditors Adjustment Bureau  
4340 Fulton Ave., Third Floor  
Sherman Oaks, CA 91423

Toll Free: 800-800-4523  
Telephone: 818-990-4800  
FAX: 818-990-3904  
E-mail: [info@cabcollects.com](mailto:info@cabcollects.com)  
<https://cabcollects.com>

**Proud to support the Credit Research Foundation!**

# 2024 Economic Outlook

By: Chris Kuehl, Managing Director, Armada Corporate Intelligence

As we approach the New Year, there are all manners of traditions. Some are more fun than others. The economists of the world are called upon to make predictions and forecasts as if the passing of an old year into a new one actually mattered to the drivers of the economy, but it is tradition – and who am I to argue? This is what I see ahead in four key economic areas.

## Number One: Interest Rate Policy

The Federal Reserve has been chanting the mantra of “higher for longer” through the majority of the last several months and that will be their position through at least the first half of 2024. It is true that inflation has dipped a little (more about that in the next paragraph) but it is still well above the ideal level set by the Fed. The central bank mantra is that they raise rates until they break something and then they set about lowering rates to fix what they broke. The prime indicator of whether they have broken enough is unemployment. When that rate goes up, the assertion is that the economy has been slowed enough. Right now, the U-6 rate is as low as it has been in years. The Bureau of Labor Statistics releases six cuts of their data and U-6 is the most complete as it picks up the discouraged worker and the involuntary part-time worker. It is sitting at 6.7% and the long-term average is 10.1%. As long as that rate is this low, the Fed will have room to move. Beyond that there is the fact that the economy was growing at 5.2% in the third quarter. These are not numbers that suggest imminent recession and therefore the Fed is not feeling intense pressure. It seems likely that rates will start to decline slowly by the middle of the year – maybe three or four quarter point cuts by the end of 2024.

## Number Two: Inflation

*This article is only available to members of the Credit Research Foundation (CRF).*

*Interested in reading more? Join CRF to gain access to this and hundreds of other resources! [CLICK HERE](#) for membership information.*

### **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.

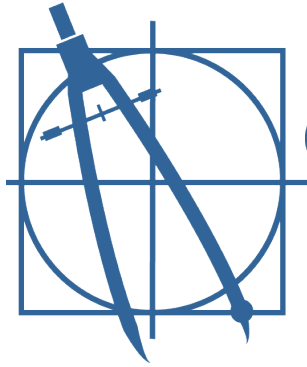
Armada's clients include YRC Worldwide, TranSystems, Spencer Fane Britt and Browne, KPMG, Hallmark International, Weitz Industrial among others.

## Credit Research Foundation Platinum Partners



*The Credit Research Foundation is very fortunate to receive support from our Platinum Partners. Their contributions and collaborative efforts help the Foundation maintain activities at the level at which our members have become accustomed.*

*While these firms and the services they provide are very familiar to our members, you can learn more about them by clicking [HERE](#).*



# Credit Research Foundation

*Providing 75 Years of Service to Credit and Accounts Receivable Professionals*

1812 Baltimore Blvd  
Suite H  
Westminster, MD 21157  
443-821-3000

Copyright 2024 ©  
[Credit Research Foundation](#)

## **CRF Economic Update Editorial Staff**

Managing Editor  
**Mike Bevilacqua**

Layout & Design  
**Angela McDonald**

Copy & Design Editor  
**Cheryl Weaverling**