



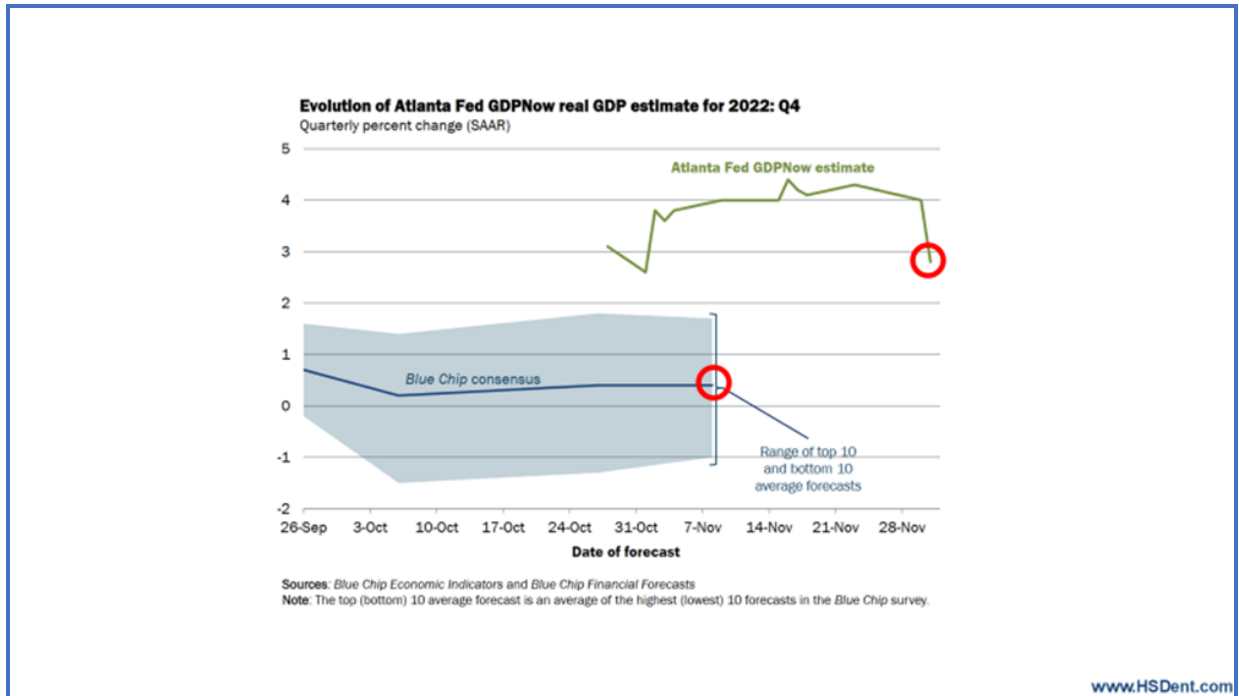
Rodney's Take

December 5, 2022

Wall Street vs. Main Street

There are times when Wall Street and Main Street are in sync, when the financial markets and consumers are riding one big wave. This isn't one of them. This is more like 2015, or perhaps 2018, when investors got clobbered while employees kept cashing paychecks. The difference this time is that the financial pain has lasted a lot longer and, if Chair Powell is to be believed, could be with us for months to come. To hear Powell tell it, the economy can take a big hit before the bankers need to ease off. Maybe he's looking at the Atlanta Fed GDPNow model.

Even though the Blue Chip Consensus estimate for fourth-quarter GDP growth shows just 0.5%, the GDPNow current estimate shows 2.8%. That's down from the estimate of 4.3% on November 30 but still significantly above the Blue Chip Consensus.



Maybe the Blue Chip Consensus has it right. Perhaps the economists have a good handle on how the economy will perform over the next 30 days. After all, the GDPNow model doesn't include forecasts or opinions, it just collates economic data as it gets reported. With holiday shopping holding up and looking decent over Thanksgiving, employment would have to hit a wall over the next 30 days for the Blue Chip consensus to be right. It's possible but seems remote. We'll likely have to wait at least until the first quarter of 2023 to see if Main Street "catches down" to Wall Street so that the Fed can stop pouring cold water on the markets.

Rodney

Got a question or comment? You can contact us at info@hsdent.com.