



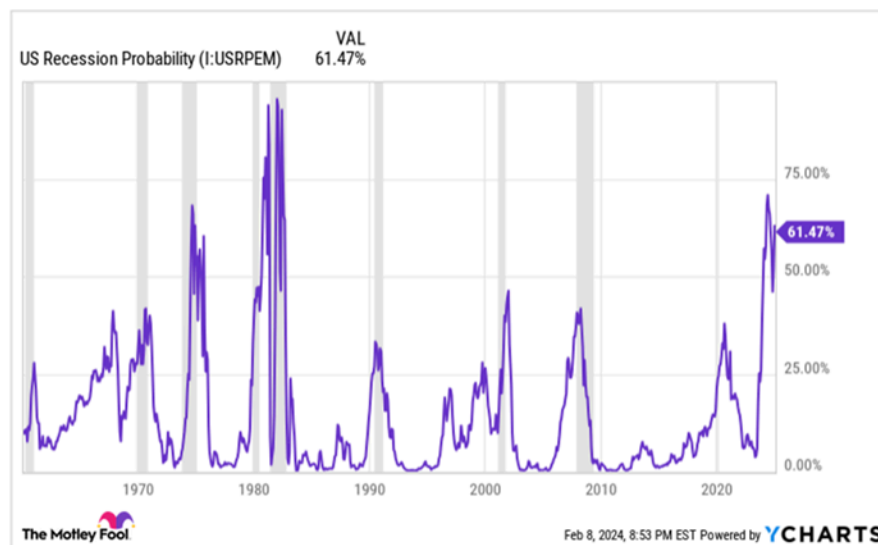
Harry's Take

February 13, 2024

Despite Waning Expectations, This Model Still Shows 62% Chance of Recession

A lot of indicators have been forecasting a recession for many months now, but more recently, news commentators have been backing off of that idea. The economy continues to be a bit stronger than expected, despite the strong tightening from March 2022 into July 2023. But again, we had unprecedented monetary and fiscal stimulus of around \$10 trillion combined from 2020 into 2022 before the tightening cycle began. Obviously, that is still trickling in, but not likely for long.

Recession Probability Highest Since 1981, Greater Than in 2000 and 2007



US RECESSION PROBABILITY DATA BY YCHARTS. GRAY AREAS DENOTE U.S. RECESSIONS.

<https://www.fool.com/investing/2024/02/11/is-recession-imminent-fed-indicator-not-wrong-1966/>

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The probability of recession model shown in the chart got as high as 62.94% as of January 24 and is still at 61.47% currently. That is higher than coming into the 2001 and 2008 recessions. What type of market continues to go up with such a high probability of a recession? A market on crack! Yet the trend is clear: Each recession has been worse since the long-term stock low in late 1982.

This is a great time to continue getting out of stocks and real estate and into the safest assets, long-term 10-year and 30-year Treasuries and ETFs like TLT and TMF (3X). TLT backed off a bit recently from 101 to around 94. It's likely the last chance to get in this low after what finally looked like a bottom at 82.42 back in mid-October.

Harry

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