

HilltopSecurities
Asset Management 

Economic Review & Interest Rate Outlook

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Market Focus

- ✓ The labor market and overall economy have defied Fed efforts to slow growth.
- ✓ Consumer inflation was warmer-than-expected *again* in March.
- ✓ Consumer spending has slowed in early 2024, but recession concerns have faded. Q1 GDP is tracking at +2.4% (*GDPNow* as of April 12)
- ✓ The Fed met last on March 20th, upbeat about the economy and unconcerned about stubborn inflation.
- ✓ Geopolitics/election/national debt

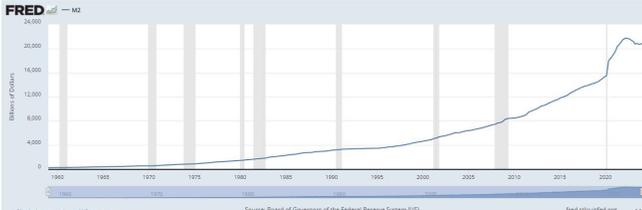
Source: Bureau of Labor Statistics

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M2 money supply

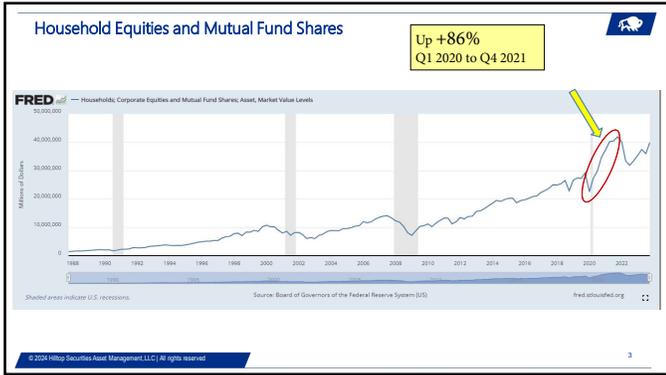
Up +41%
Feb 2020 to Feb 2022



Source: Board of Governors of the Federal Reserve System (US) fred.stlouisfed.org

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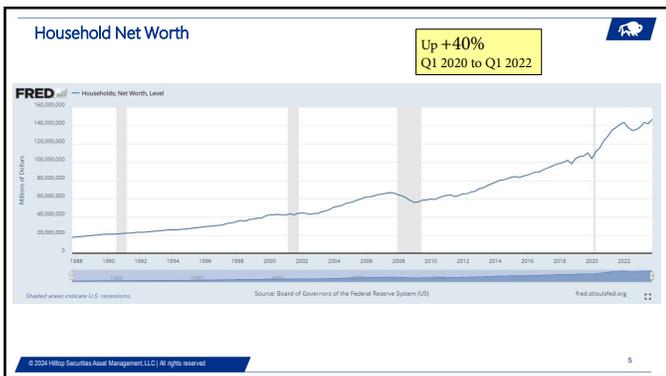
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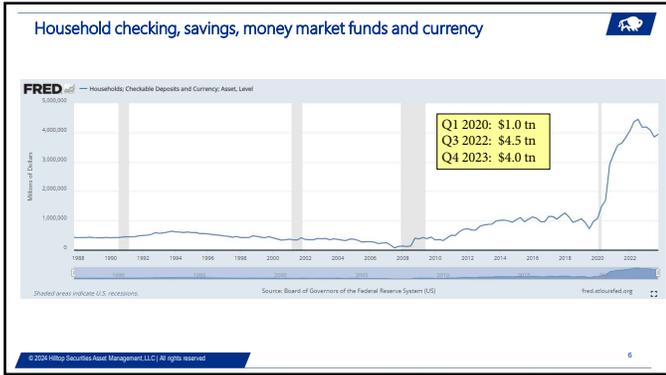
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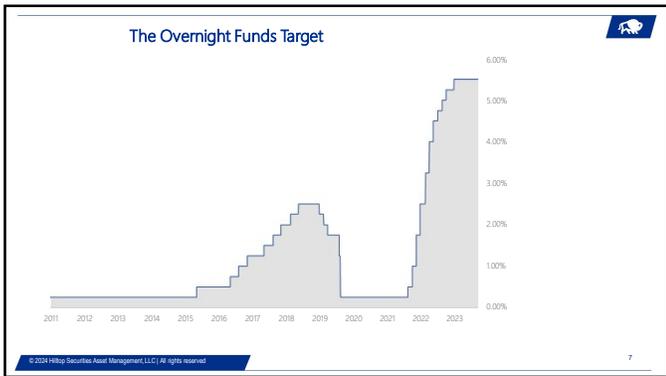
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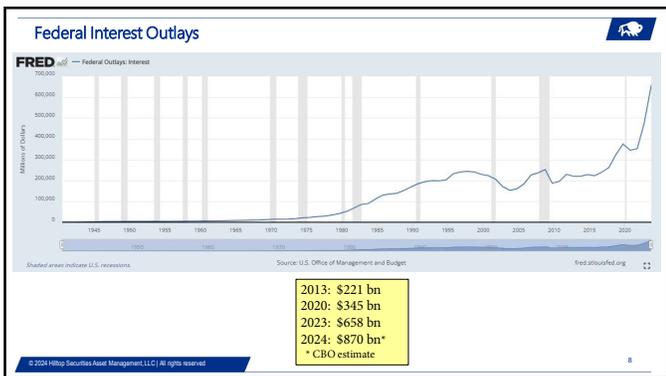
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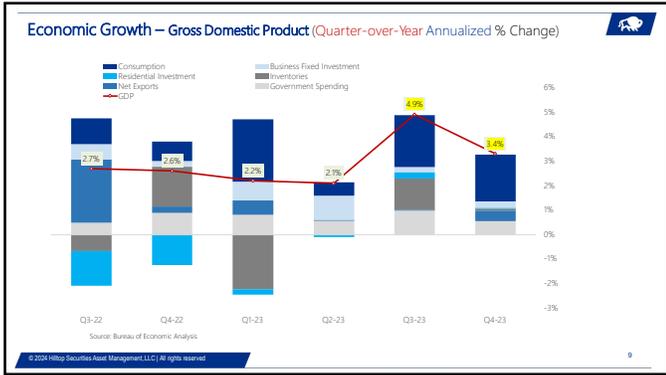
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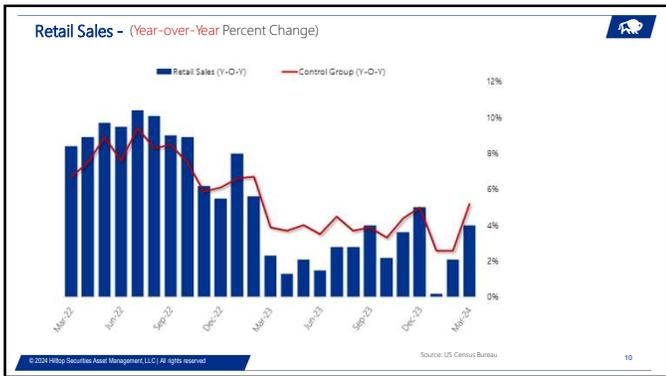
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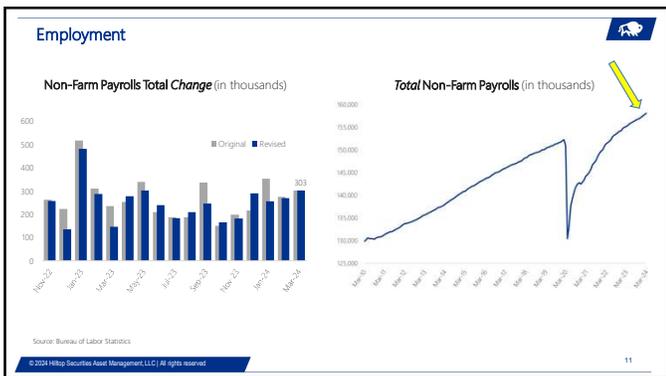
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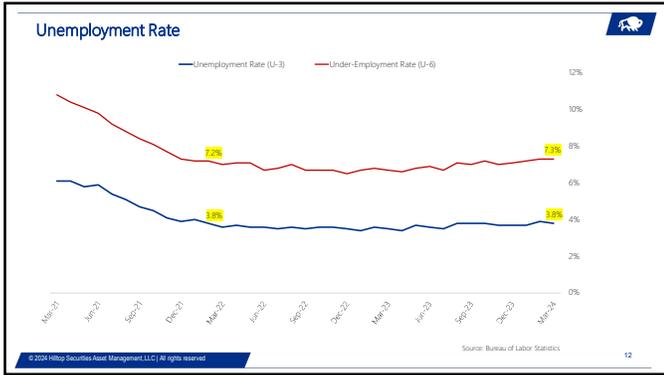
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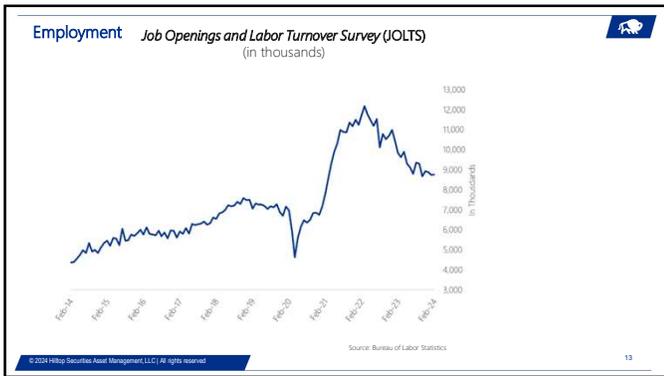
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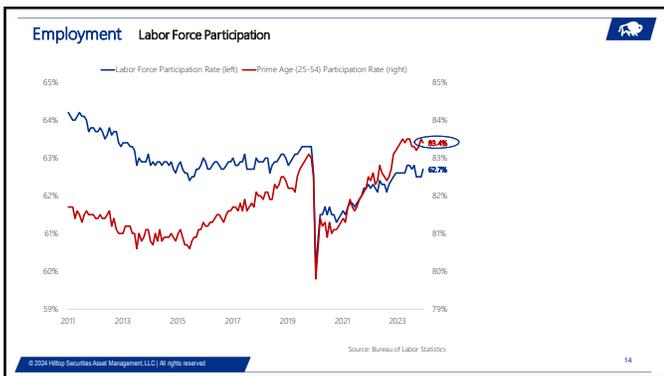
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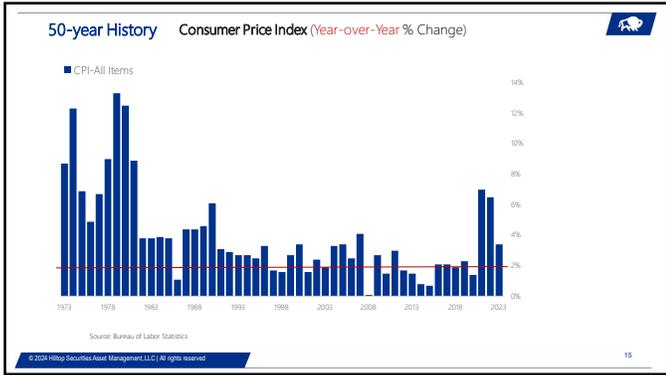
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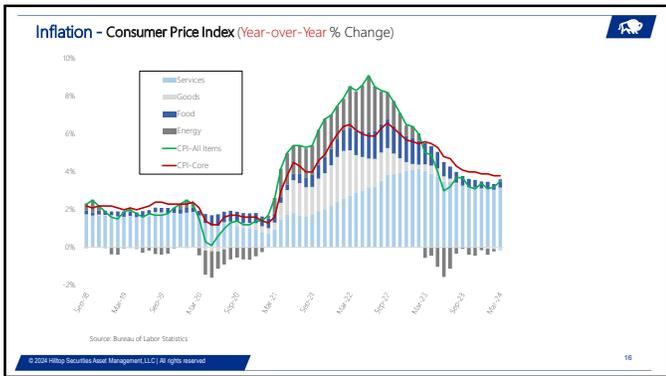
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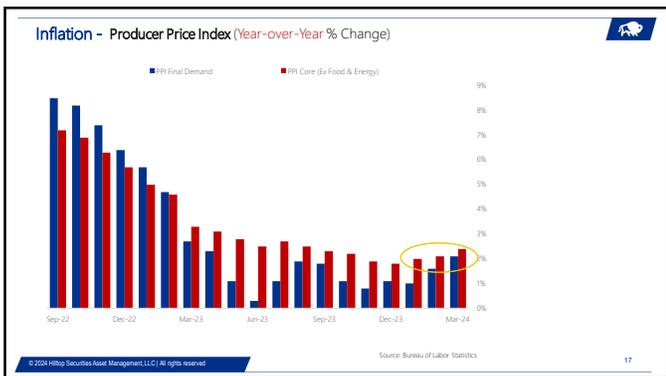
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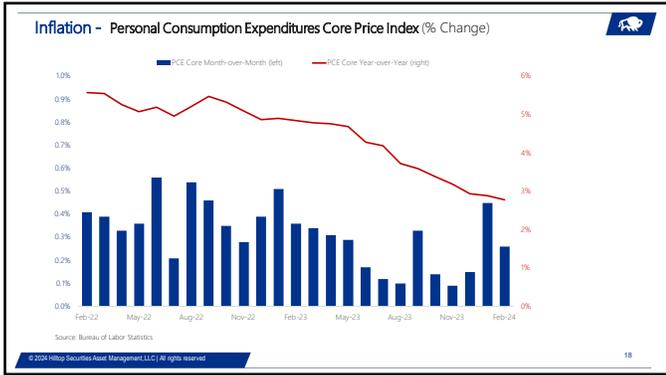
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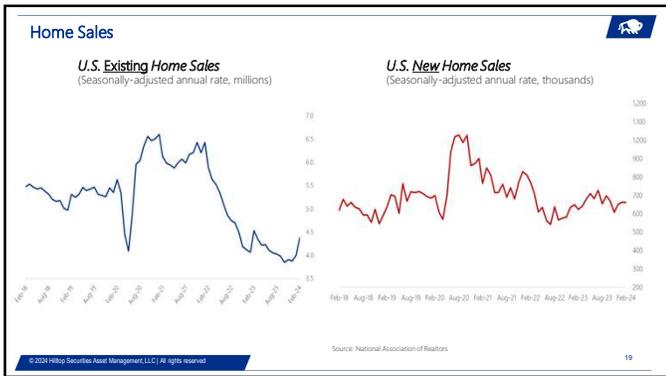
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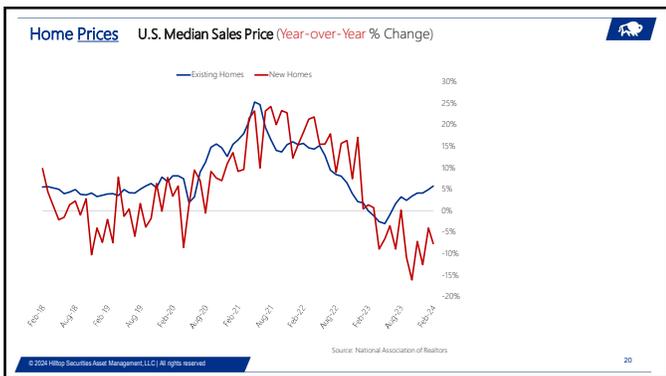
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Outlook



- Weaker GDP growth in 2024, but *recession unlikely*.
- The downward trend in price pressure has *temporarily* stalled.
- The number of expected quarter point rate cuts this year has dropped from seven to two. A realistic range is from zero to four.
- The federal budget problem has grown *too big to ignore*.
- Geopolitical uncertainty is rising.
- No good outcome for the 2024 election.
- **Volatility remains a central theme.**

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