

# SIMPLE MONETARIST MACROECONOMIC MODEL

FORECASTS SHOW TREND REAL GDP GROWTH AND INFLATION

INTEREST RATE FORECASTS ARE RELATIVELY FLAT

	2021			2022				2023				2024				2025		
QUARTER	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
ANNUALIZED REAL GDP GROWTH RATE %	6.2	3.3	7.0	-2.0	-0.6	2.7	2.6	2.2	2.1	4.9	3.4	1.4	2.8	2.3	2.6	2.7	2.8	2.8
ANNUALIZED GDP PRICE INFLATION %	6.2	6.0	7.1	8.4	9.1	4.5	3.9	3.9	1.7	3.3	1.7	3.1	2.3	2.3	2.3	2.4	2.5	2.5
ANNUALIZED M2 MONEY SUPPLY GROWTH RATE %	17.0	9.5	10.2	5.9	1.1	-1.6	-3.7	-5.5	-5.4	-0.9	-0.8	1.2	3.3	4.2	4.6	4.9	5.0	5.0
TWO-YEAR TREASURY RATE %	0.2	0.2	0.5	1.4	2.7	3.4	4.4	4.3	4.3	4.9	4.8	4.5	4.8	4.8	4.7	4.7	4.6	4.6
TEN-YEAR TREASURY RATE %	1.6	1.3	1.5	1.9	2.9	3.1	3.8	3.6	3.6	4.2	4.4	4.2	4.4	4.5	4.5	4.5	4.5	4.5

ACTUALS
FORECASTS

Real GDP growth was 2.8% in Q2 and GDP inflation decreased to 2.3%, decent numbers. This model forecasts moderate growth and quiet inflation over the next five quarters, i.e., no surge and no recession. We appear to be in a *regression to the mean* phase, which should be welcome. The Fed has already loosened the money supply and that should continue *cautiously*. This model forecasts only slight decreases in the 2-year Treasury rate and none in the 10-year Treasury rate. These interest rate forecasts may be questionable, but easy money seems unlikely.