

# SIMPLE MONETARIST MACROECONOMIC MODEL

FORECASTS SHOW ONE SOFT QUARTER FOLLOWED BY TREND GDP GROWTH AND LOW INFLATION

INTEREST RATE FORECASTS ARE QUESTIONABLE

	2021				2022				2023				2024				2025
QUARTER	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
ANNUALIZED REAL GDP GROWTH RATE %	5.2	6.2	3.3	7.0	-2.0	-0.6	2.7	2.6	2.2	2.1	4.9	3.3	0.9	2.1	2.6	2.8	2.8
ANNUALIZED GDP PRICE INFLATION %	5.3	6.2	6.0	7.1	8.4	9.1	4.5	3.9	3.9	1.7	3.3	1.5	1.3	1.3	1.5	1.6	1.8
ANNUALIZED M2 MONEY SUPPLY GROWTH RATE %	14.9	16.3	9.6	10.0	5.4	1.1	-0.7	-4.2	-6.0	-5.1	0.4	-0.6	2.6	4.2	5.0	5.5	5.7
TWO-YEAR TREASURY RATE %	0.1	0.2	0.2	0.5	1.4	2.7	3.4	4.4	4.3	4.3	4.9	4.8	4.7	4.6	4.4	4.3	4.2
TEN-YEAR TREASURY RATE %	1.3	1.6	1.3	1.5	1.9	2.9	3.1	3.8	3.6	3.6	4.2	4.4	4.4	4.4	4.4	4.3	4.3

ACTUALS

FORECASTS

This model forecasts soft real growth, after two standout quarters, but no recession, resuming moderate real growth thereafter. Fed eases somewhat and inflation remains below their 2% target. Interest rate forecasts are too high in view of low inflation and Fed moves. They are already lower on a daily basis, 4.3% (2 yr) and 4.1% (10 yr), although still slightly inverted with 2-yr rate > 10-yr rate.