

SIMPLE MONETARIST MACROECONOMIC MODEL

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

INTEREST RATE FORECASTS ARE QUESTIONABLE

QUARTER	2021				2022				2023				2024				2025
	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	3.2	1.0	2.2	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	1.7	1.4	1.5	1.6	1.8	1.9
ANNUALIZED M2 MONEY SUPPLY GROWTH RATE %	14.1	17.1	8.9	10.2	5.9	1.1	-1.7	-4.0	-5.4	-5.3	-0.7	-0.3	2.7	4.2	5.0	5.4	5.6
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	4.5	4.4	4.3
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	4.4	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 GDP inflation remains below their 2% target, although CPI inflation is running above 2%. Interest rate forecasts for 2024Q1 are actually close to current values and they remain slightly inverted (2 yr > 10 yr) well into 2024. For whatever it's worth, this model doesn't support the notion that interest rates will markedly decline.