

U.S. Recession Risk - Monthly Monitor

Economics and Strategy

April 8, 2025

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Given the uncertain U.S. economic outlook, we provide on a monthly basis our tracking table for recession indicators. The table below shows the current reading and recent momentum of several indicators compared to the ones observed three months before the eight previous recessions. Red indicates that the current reading is worse than any historical episodes while green is better. Both yellow and orange are in the historical range, the former indicating a better situation compared to the median while the latter shows the opposite. We also provide an update of the likelihood of a recession based on the slope of the yield curve, as well as the most recent probability of recession over the next four quarters according to the survey of professional forecasters.

Recession dashboard

This month, the signal of our dashboard monitoring the risk of a recession in the U.S. deteriorated for financial/commodity indicators and soft data, while it was slightly improving for hard data. Overall, our monthly U.S. recession dashboard continues to signal a precarious situation, consistent with our prudent economic scenario.

U.S.: Economic and financial indicators 3 months before recessions

As of April 7th, 2025

		Value 3 months before U.S. Recessions										Median
		Last reading	Prior reading*	2020	2007-09	2001	1990-91	1981-82	1980	1973-75	1970	
Financial/commodity	S&P 500 (% drawdown from past year max)	-17.6%	-4.6%	-1.3%	-0.4%	-13.6%	-7.7%	-5.6%	-7.8%	-13.3%	-14.6%	-7.7%
	BBB spread (increase from past year min, bps)**	57.8	14.9	2.0	46.2	133.8	6.0	0.0	41.0	43.0	23.0	32.0
	Copper price (% drawdown from past year max)	-19.5%	-13.1%	-10.6%	-2.2%	-9.5%	-12.0%	-16.2%	-1.2%	0.0%	-1.6%	-5.9%
	Oil price (% drawdown from past year max)	-30.2%	-19.1%	-16.0%	-4.0%	-31.0%	-21.0%	-4.0%	0.0%	0.0%	0.0%	-4.0%
	U.S. Dollar (% increase from past year min)	4.7%	6.5%	3.1%	0.0%	5.3%	8.3%	12.5%	4.5%	1.4%	NA	4.5%
	Yield curve (10-year minus 3-month, bps)	-9	-3	26	77	-76	98	-62	-127	-157	35	-18
Soft data	Consumer sentiment (Michigan)	57.0	64.7	99.3	80.9	94.7	90.6	76.3	63.3	72.0	86.4	83.7
	SME optimism	97.4	100.7	102.7	96.1	96.4	99.4	97.4	93.3	NA	NA	96.9
	CEO confidence (quarterly data)	60.0	51.0	43.0	44.0	31.0	48.0	61.0	32.0	NA	NA	43.5
	ISM manufacturing	49.0	50.3	47.9	52.8	42.3	49.5	53.5	48.0	63.5	54.6	51.2
	ISM services	50.8	53.5	55.7	53.5	52	NA	NA	NA	NA	NA	53.5
Hard data	UI Claims 4-week ave. (% increase from past year min)	6%	8%	6%	8%	26%	6%	2%	20%	12%	10%	9%
	Temp. help services jobs (% drawdown from past year max)	-5.2%	-5.3%	0.0%	-3.2%	-4.3%	NA	NA	NA	NA	NA	-3.2%
	Average hours worked (% drawdown from past year max)	0.0%	-0.6%	-0.9%	-0.3%	-0.6%	-0.9%	-0.3%	-0.6%	-0.5%	-0.8%	-0.6%
	Building permits (% drawdown from past year max)	-7%	-6%	-5%	-27%	-2%	-39%	-21%	-30%	-30%	-19%	-24%
	Real consumption (3-month, % ann)	0.2%	1.6%	1.3%	2.4%	2.3%	1.8%	-0.1%	0.7%	4.1%	6.4%	2.1%

*Previous month (quarter for CEO confidence)

** As of Thursdays

NBC Economics and Strategy (data via Refinitiv, Bloomberg)

The overall signal from **financial/commodity indicators** was worse than the previous month. The S&P500 regressed way further from its peak, dropping below its historical pre-recession range. Corporate spreads worsened and the deterioration is now more severe compared to its typical pre-recession behaviour. Copper prices were significantly down on fears of a global slowdown and their signal deteriorated. Lower oil prices reflected both an OPEC production output and fears for slower global growth. The U.S. dollar remained at a similar place, showing signs of risk-off appreciation and was still above the median point of its historical pre-recession bracket. Meanwhile, the slope of the yield curve moved further in the month, but it made no change to the signal.

The signal of the **soft data** section deteriorated in the month due to downgrades in consumer sentiment and ISM services. Meanwhile, the signal of the other indicators we tracked remained unchanged but showing signs of stress. Still, both SME optimism and ISM manufacturing worsened slightly in the month, while CEO confidence improved somewhat.

The signal of the **hard data** section improved slightly in the month as hours worked rose back above their historical pre-recession bracket. Meanwhile, temporary help services remained well below this range, while UI claims rose a bit less. Building permits also declined in the month, but that also had no impact on this indicator's signal. The rise in real consumption, meanwhile, decelerated, and was in the lower portion of its historical pre-recession range.

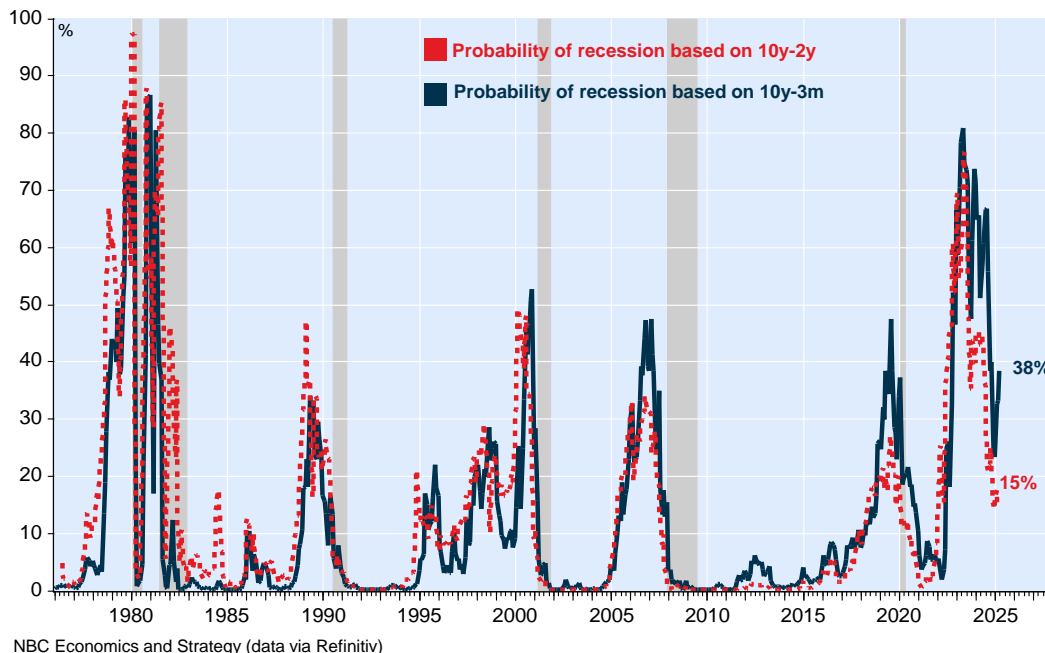


Likelihood of a recession based on the slope of the yield curve

According to our probit model, the probability of a recession currently stands at 38% according to the 10y-3m curve, and at 15% according to the 10y-2y curve. While down from their peak, both levels have recently increased.

U.S.: Perspective on probability of recession in twelve months

Likelihood of a recession based on the slope of the yield curve (1976-2025)

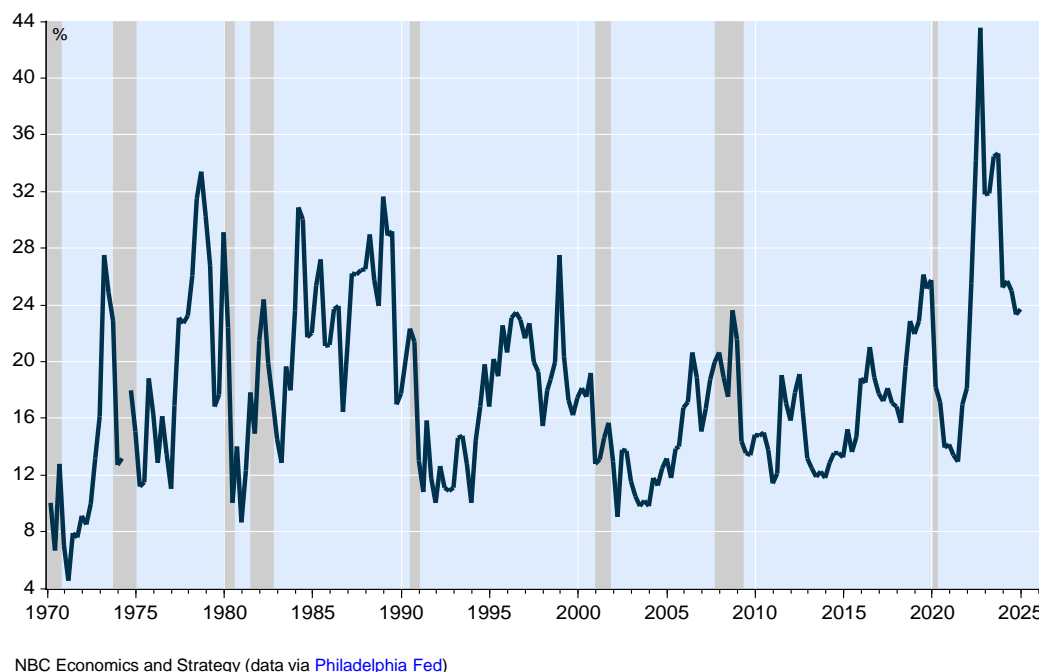


Probability of recession over the next four quarters as per survey of professional forecasters

Professional forecasters currently see a 24% chance of a recession over the next four quarters. While this is a decline from the peak of 44% reached in 2022Q4, anticipations have stagnated near the currently above-average level for several quarters now.

U.S.: Anticipations of a recession remain elevated

Probability of recession over the next four quarters as per survey of professional forecasters (as of Q1 2025)





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