



# PayNet

An Equifax Company

**ARE WE HEADING TOWARDS A RECESSION & HOW TO MONITOR**

DATE OR OTHER INFORMATION GOES HERE

# HOW DO RECESSIONS AFFECT THE ECONOMY?

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Recessions	Recession Length (months)	Time Since Prior Recession	Causes
1973-1975	16	3 years	Oil crisis, equity price decreases
1980	6	5 years	Tight monetary policy (raising of interest rates), Iran Revolution
1981-1982	16	1 year	Double-dip recession, causes generally linked to 1980 recession
1990-1991	8	8 years	Oil price shocks, restrictive monetary policy
2001	8	10 years	Dot-com bubble, decreased business investment, 9/11, accounting scandals
2007-2009	18	6 years	Subprime mortgage crisis triggered housing price drops and banking crisis

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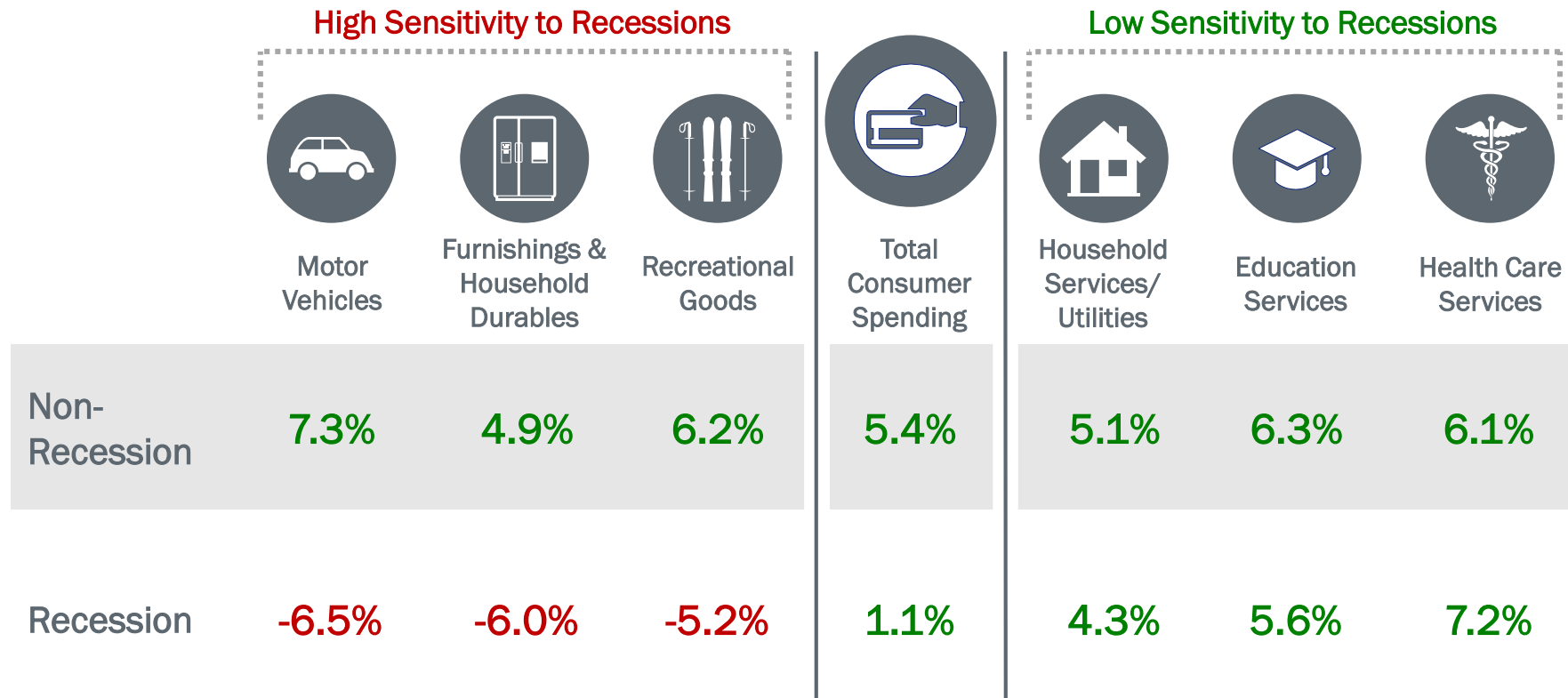
## Averages for Last Five U.S. Recessions



# WHAT DOES A RECESSION MEAN FOR CONSUMERS?

## Personal Consumption Expenditures by Type, Avg. of Last Three Recessions

Average monthly % change in 3MMA (annualized rate)

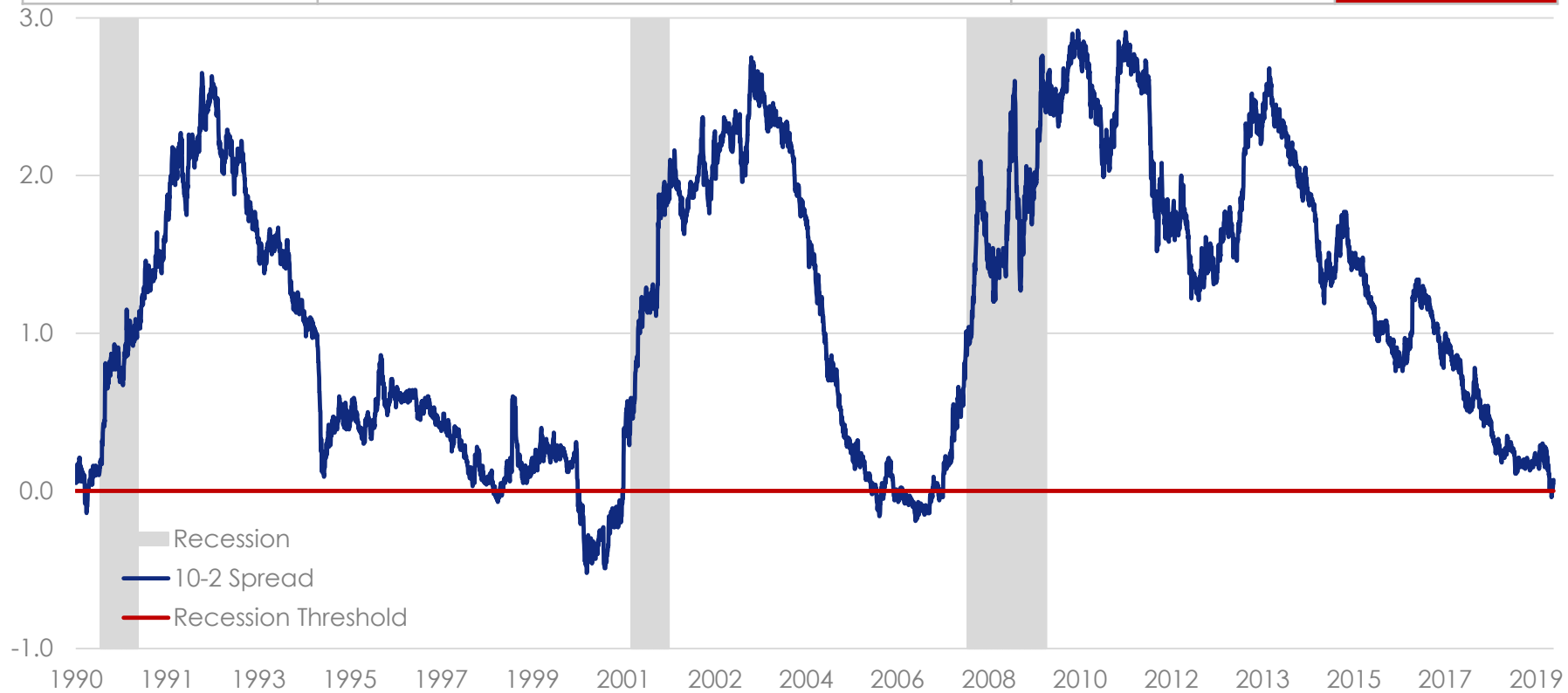


Source: KEYBRIDGE  
Public Policy Economics

# LEADING INDICATORS

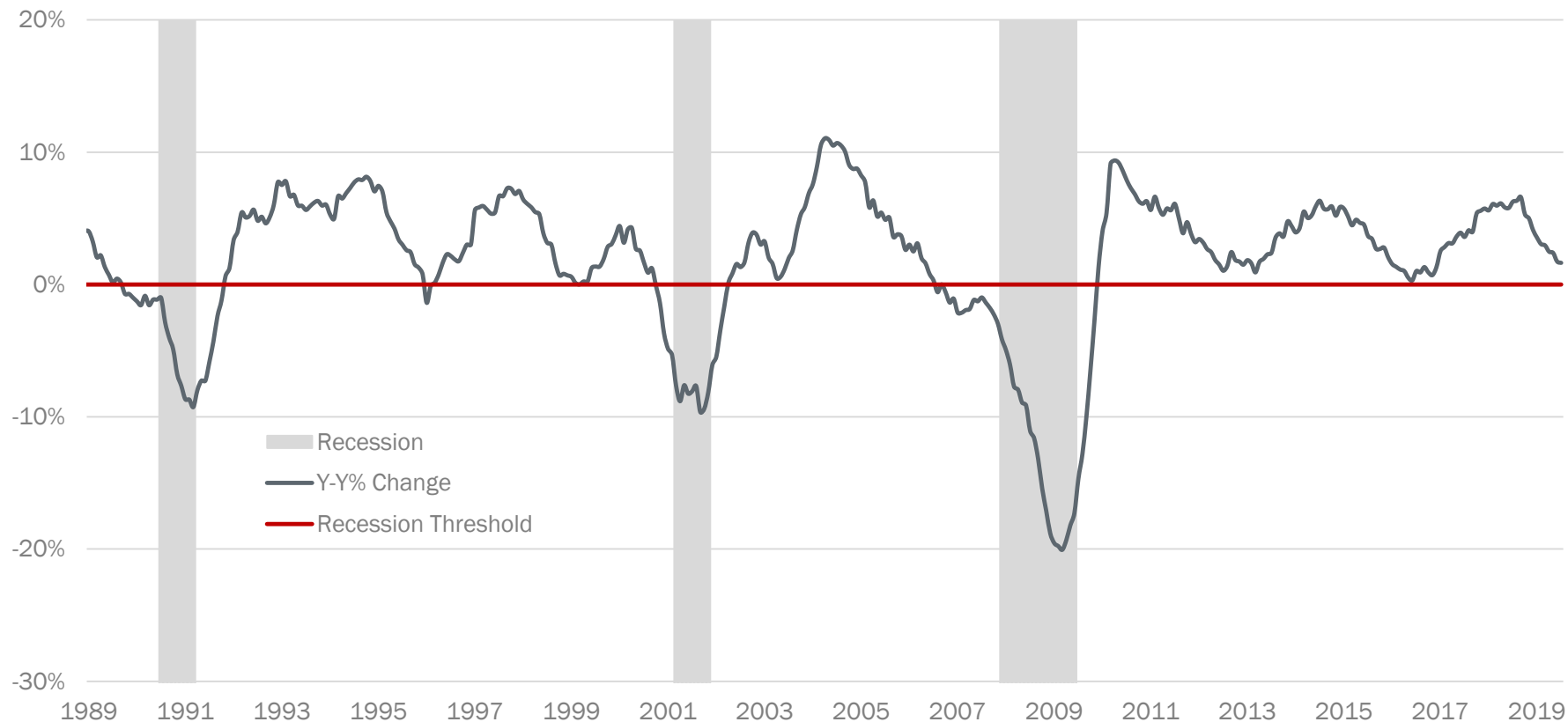
# IS THE YIELD CURVE A RELIABLE PREDICTOR OF A COMING RECESSION?

10 Year – 2 Year Treasury Yield Spread (the "Yield Curve")			
Type	Threshold	Typical Lead Time	Current Reading
Financial	Spread between 10-year and 2-year yields on U.S. Treasuries turns negative ("inversion")	1–2 years	<b>7 basis points</b>



# WHAT OTHER KINDS OF DATA DO ECONOMISTS LOOK AT FOR SIGNS OF A COMING RECESSION?

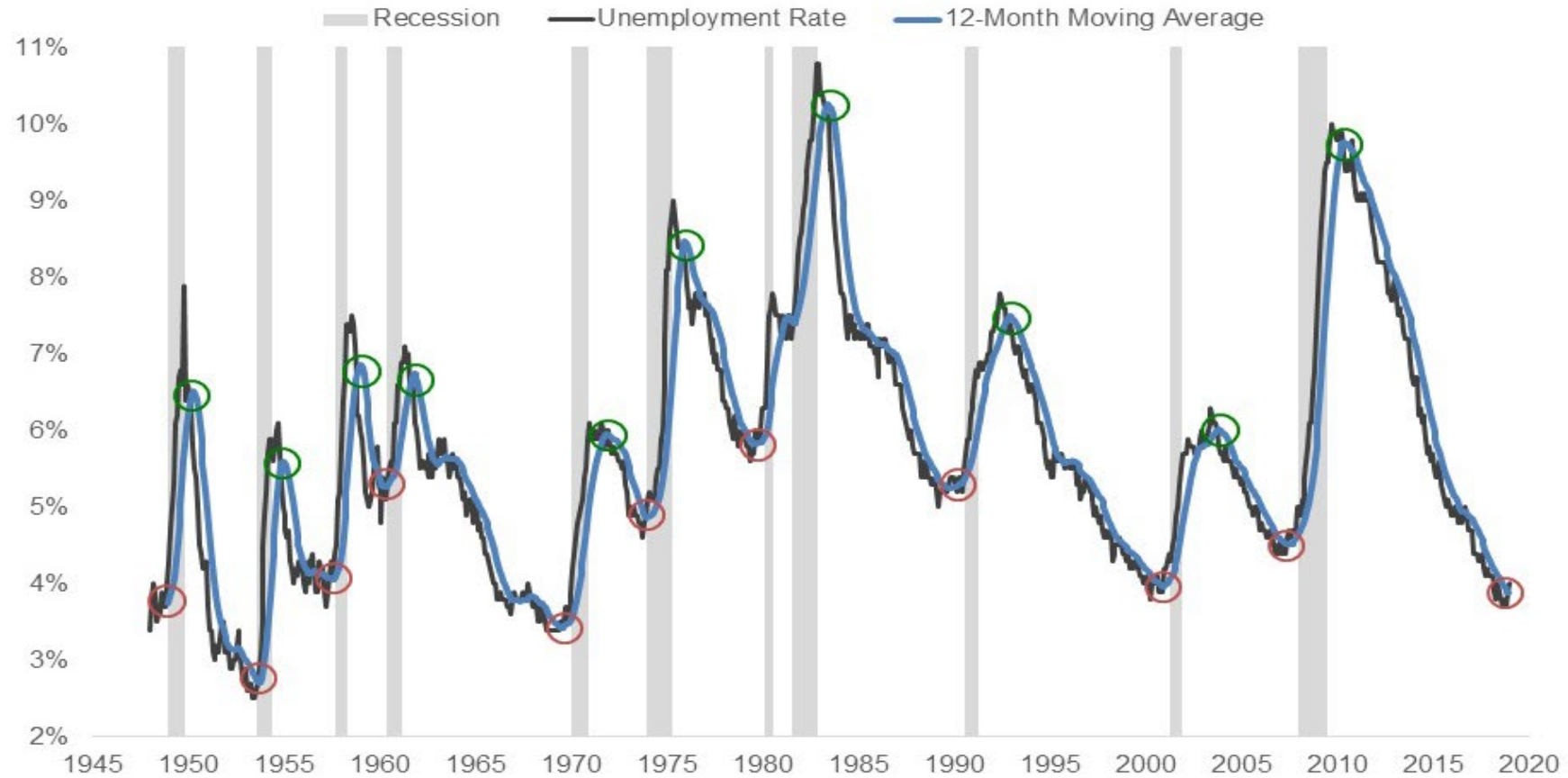
Conference Board: Index of Leading Economic Indicators			
Type	Threshold	Typical Lead Time	Current Reading
General	Index declines compared to the previous year	6-12 months	1.6%





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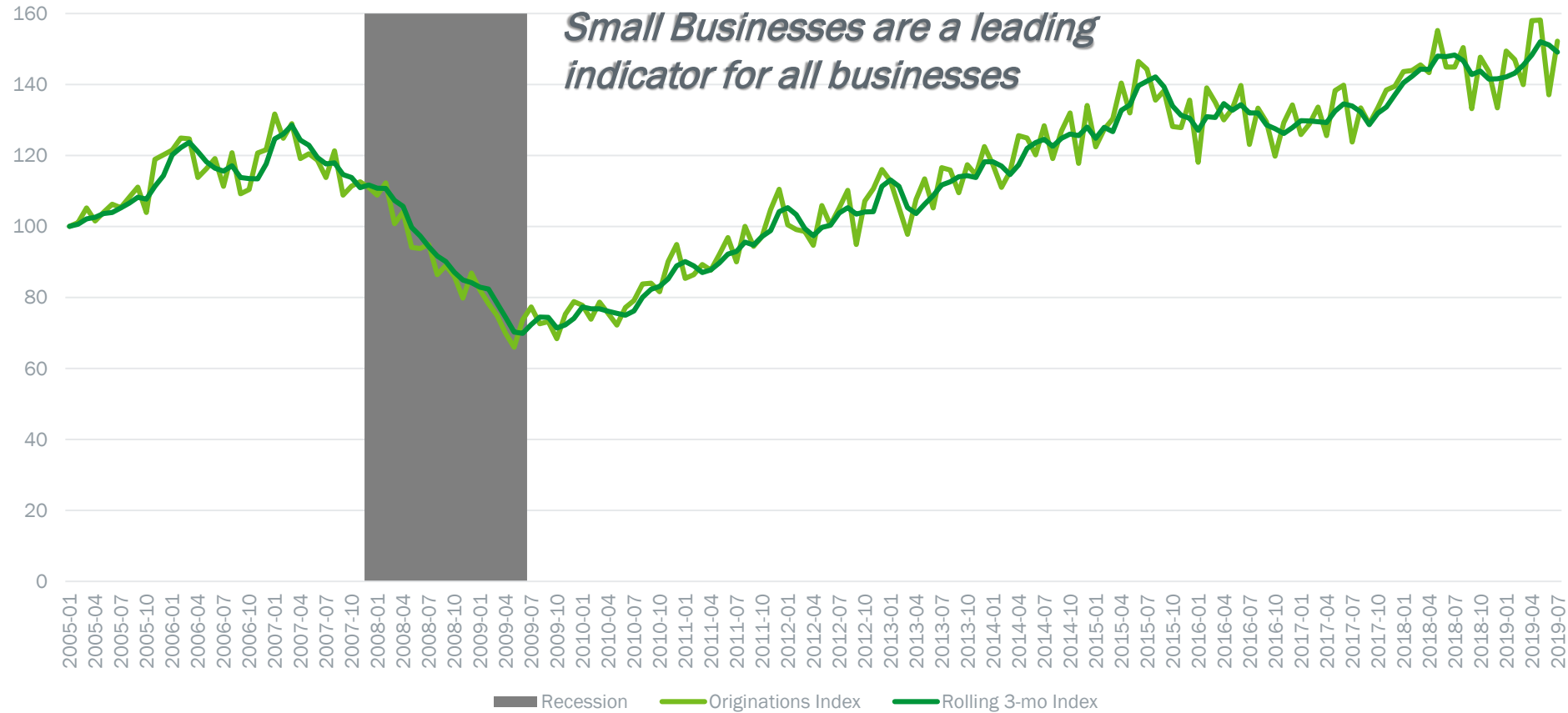
## Unemployment Rate



Source: St. Louis Federal Reserve

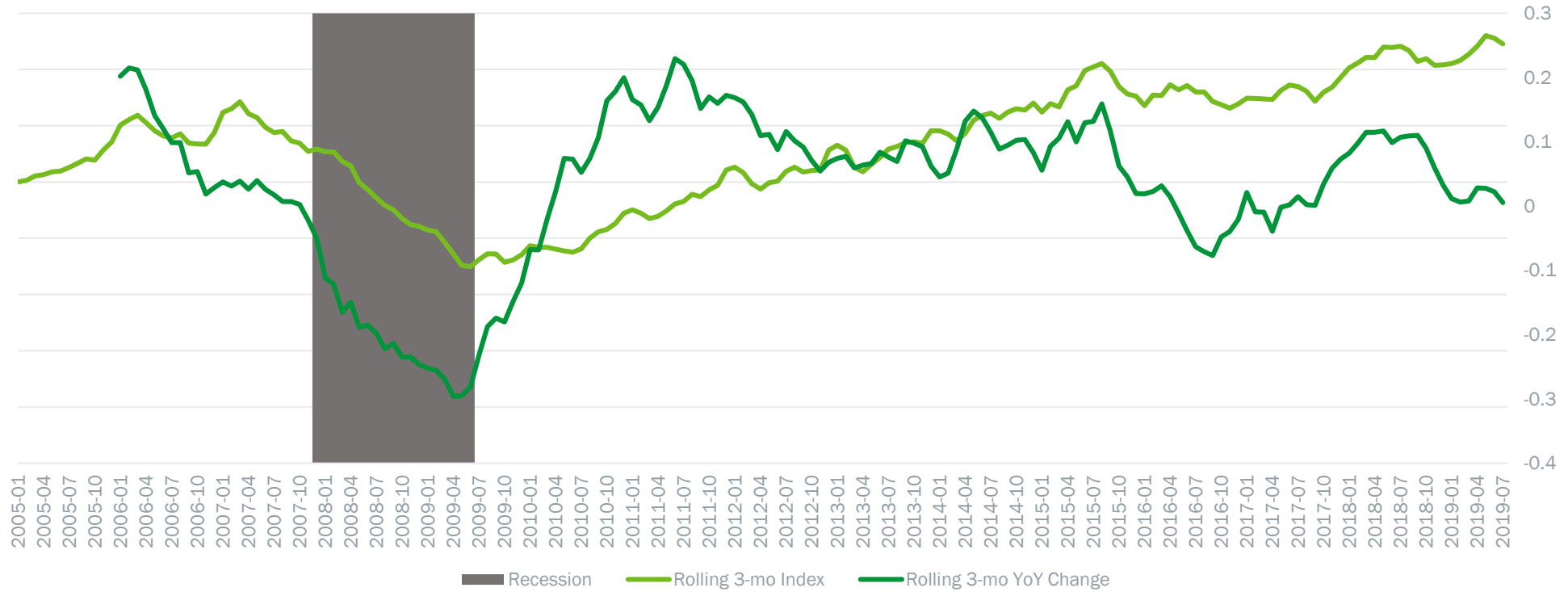
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PayNet – Small Business Lending Index (SBLI)



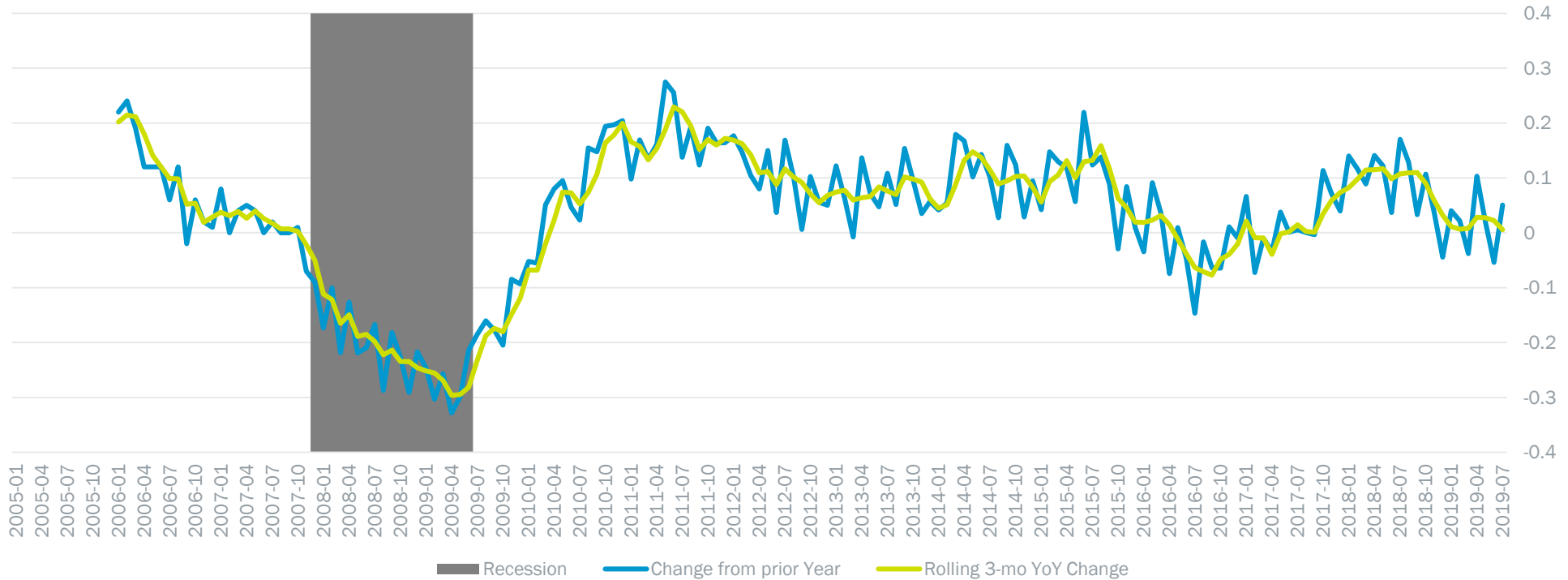
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# RECESSION, SELF-FULFILLING PROPHECY?

- Uncertainty is high
- Volatility in the stock market is high
- Yield Curve has inverted
- US Manufacturing is weak and, but only 11% of US Economy
- Service Sector is more important & strong
- Consumer Spending is up
- Things will slow – if recessionary – more like 2001