

# Global Risk Watch Newsletter

## A Holiday for Global Risk-Off, etc.

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### 3.Highlight of Indicator for this Month

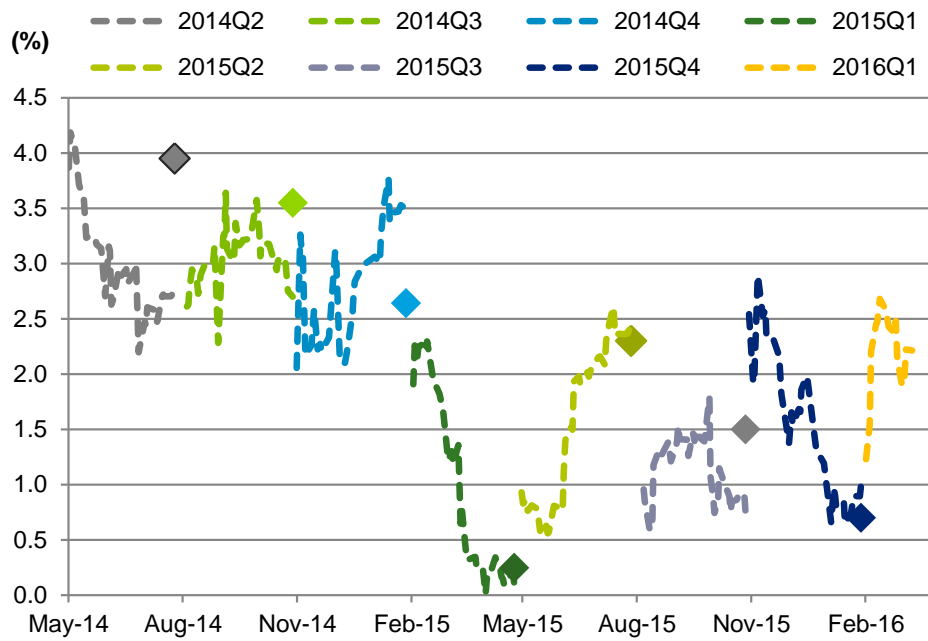
#### # Concerns for Economic Downturn in the US has Slightly Subsided (Yasuhiro Sobue, Manager, Center for Risk Management Strategy at Deloitte Touche Tohmatsu LLC)

The financial markets have gradually recovered from the once excessive turmoil since the beginning of this year (as of March 11th). One of the many factors behind this is that the investors' over pessimistic sentiment towards the US economy has receded. The graphs below are the 'GDP Now' published by the Federal Reserve Bank of Atlanta, and 'the probability of a recession in the United States 12 months ahead', estimated by the Federal Reserve Bank of New York. As of March 9th, 'GDP Now' indicates Q1 real GDP growth outlook is at 2.2%, while slightly accelerated the growth pace since early March. The New York fed published 'the probability of a recession in the United States 12 months ahead' is calculated through the difference of long and short-term US bond yields. The figure remained at high level (as of March 9th) since 2012, while probability of recession in the next 12-month has slightly declined. These two indicators show a real-time status of the US economy, yet derived basis on completely different reference values. Both indicators saw a sudden deterioration altogether since mid-February, then a turnaround in March. Although this alone is not strong enough to dispel the sense of stagnation in the US economy,

however, the uncertainties surrounding the future economic outlook has certainly eased off in recent weeks.

### The GDPNow forecast

(The growth rate of real GDP forecasted by the Federal Reserve Bank of Atlanta)



\* The latest data is at March 9th, 2016. Dot point is the growth rate of real GDP measured by the U.S. Bureau of Economic Analysis (BEA).

Source: The Federal Reserve Bank of Atlanta

The probability of a recession in the United States twelve months ahead  
(estimated by the Federal Reserve Bank of New York)



\* The latest data is calculated by Deloitte Touche Tohmatsu LLC. based on the yield spread at March 9th, 2016.

Source: The Federal Reserve Bank of New York, bloomberg, Deloitte Touche Tohmatsu LLC.

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