

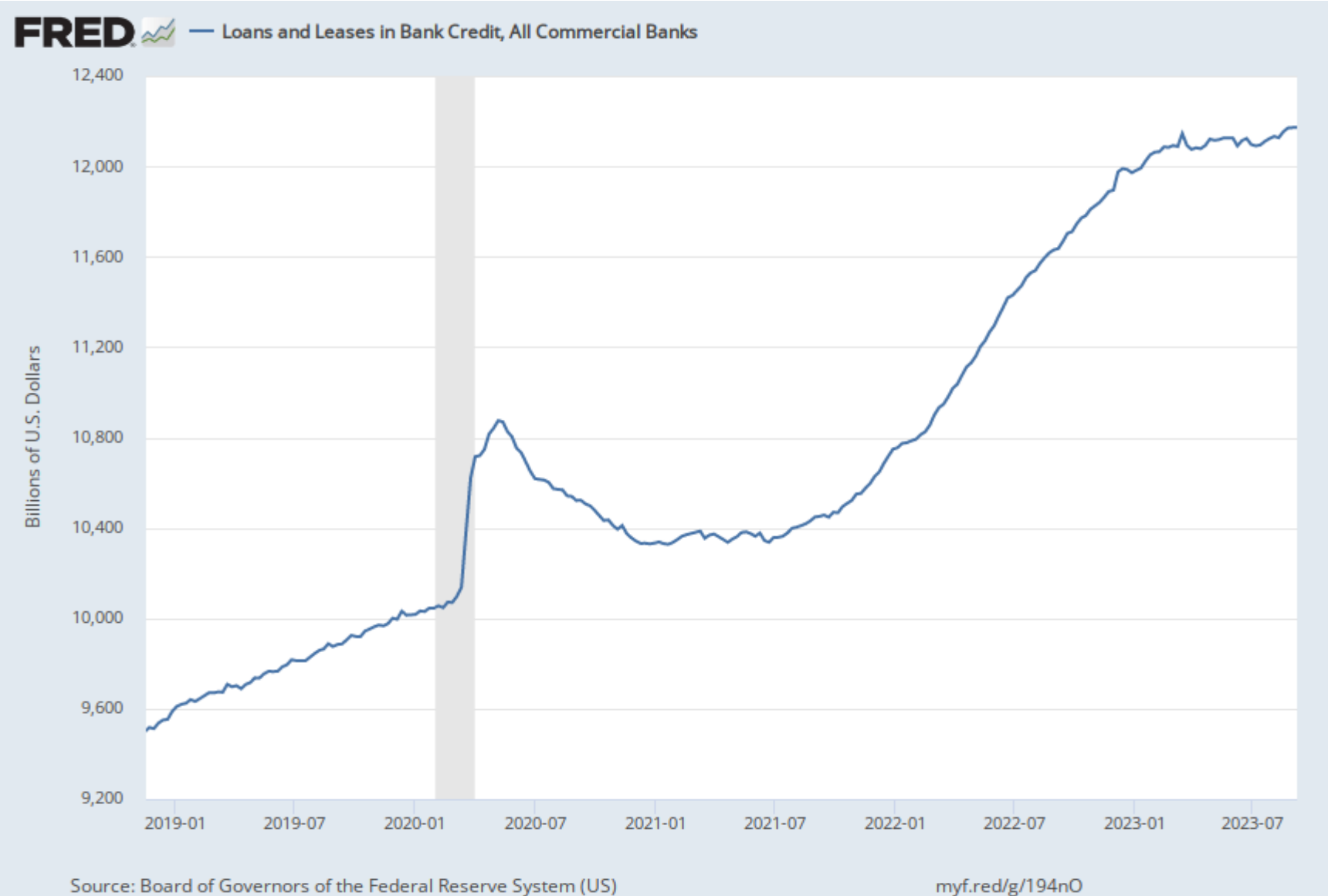
# Auto Finance Summit Economic Outlook

Dr. Ira Kalish, Chief Global Economist, Deloitte Touche Tohmatsu

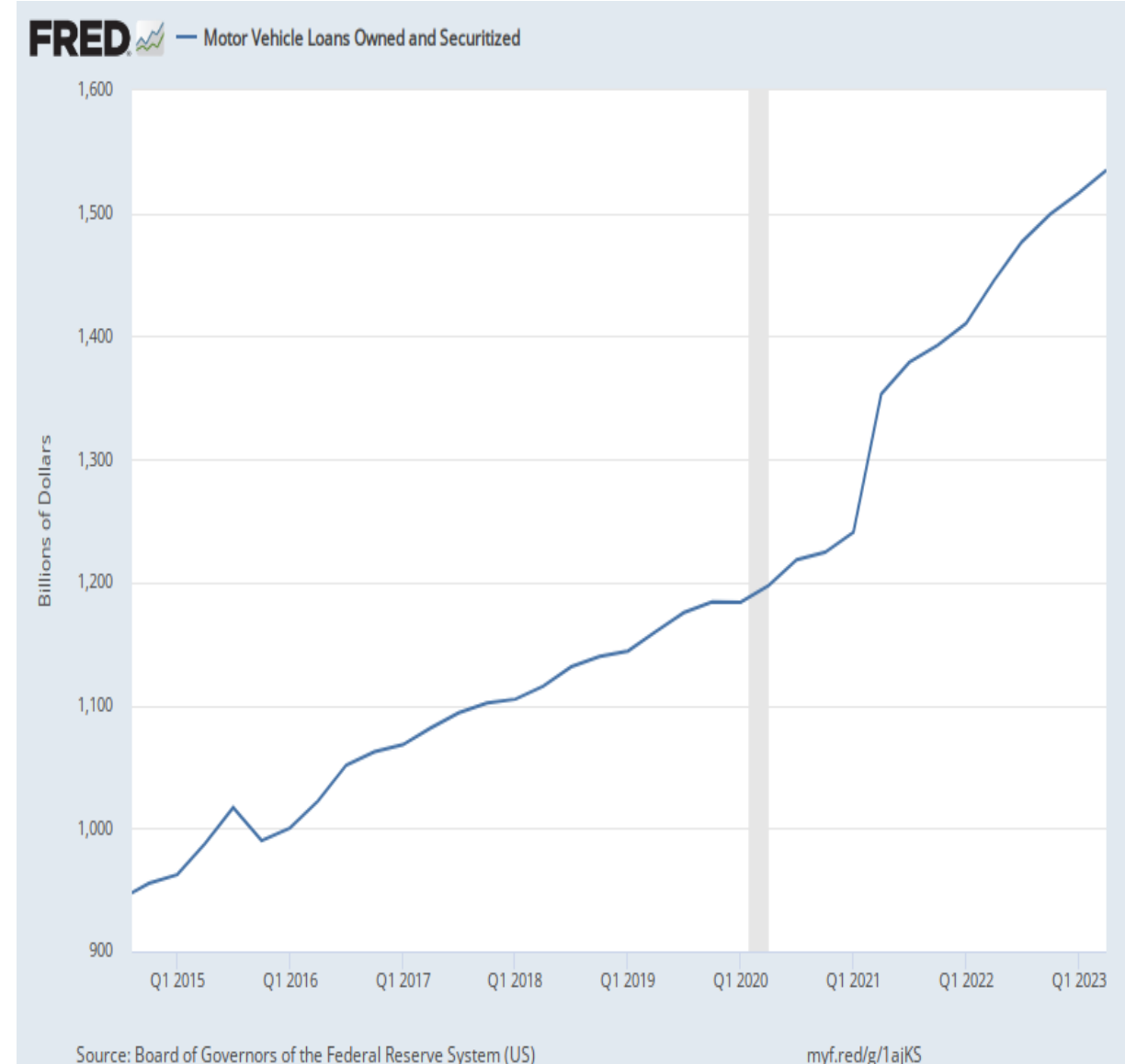
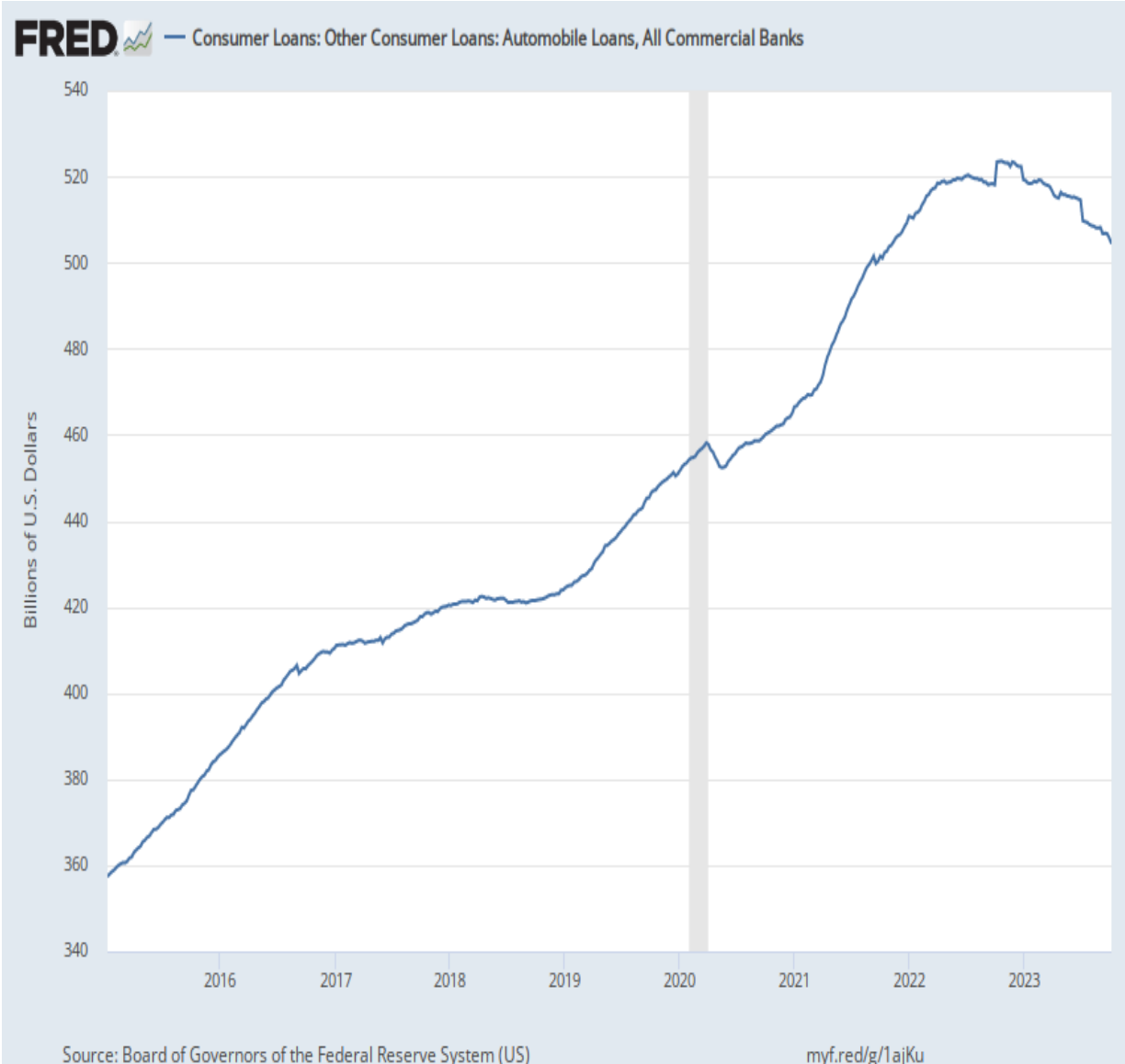
# Risk spreads worsened then improved after banking crisis



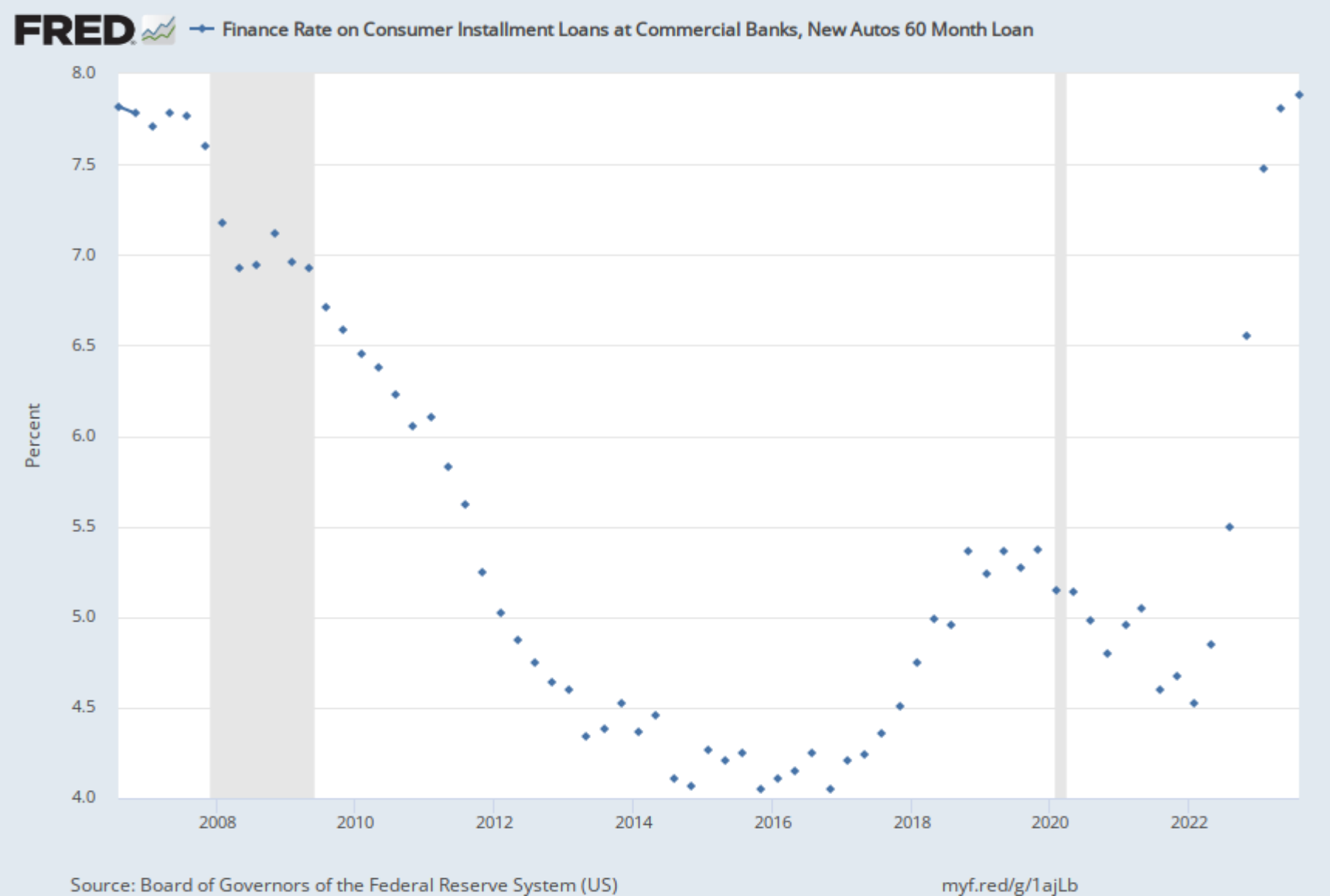
# Total bank lending has peaked



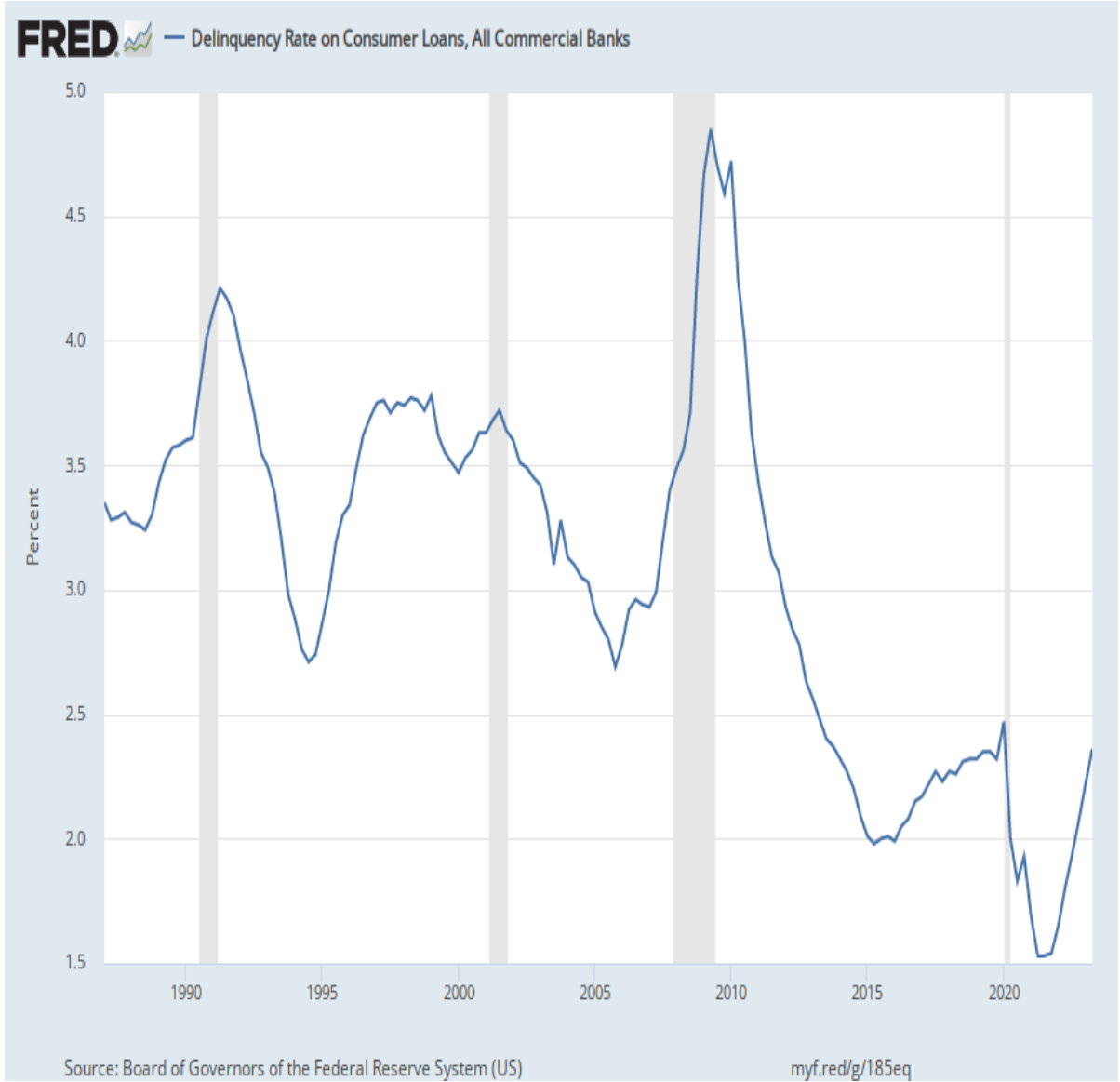
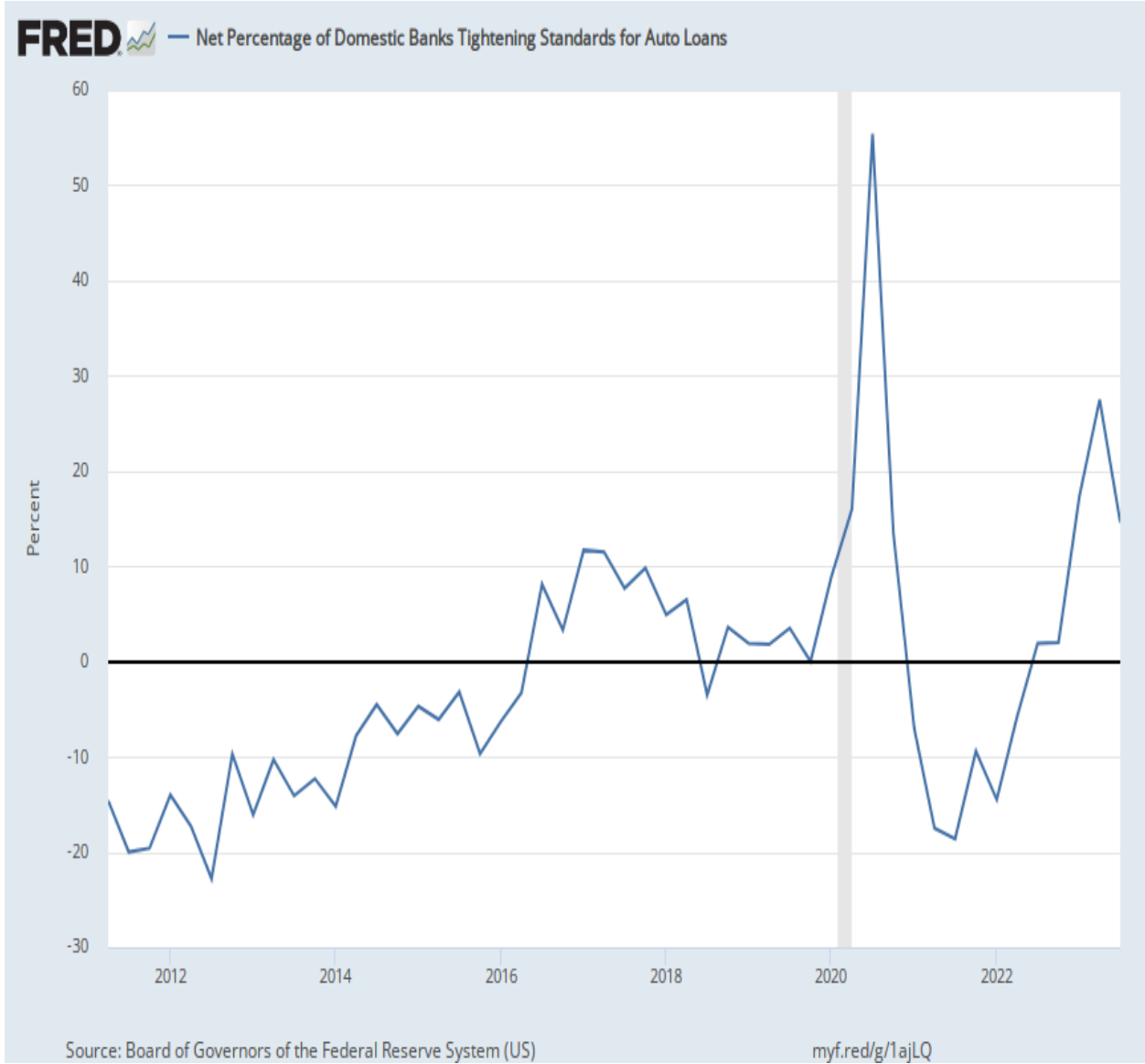
# Automotive lending declines, but securitization of auto loans grows



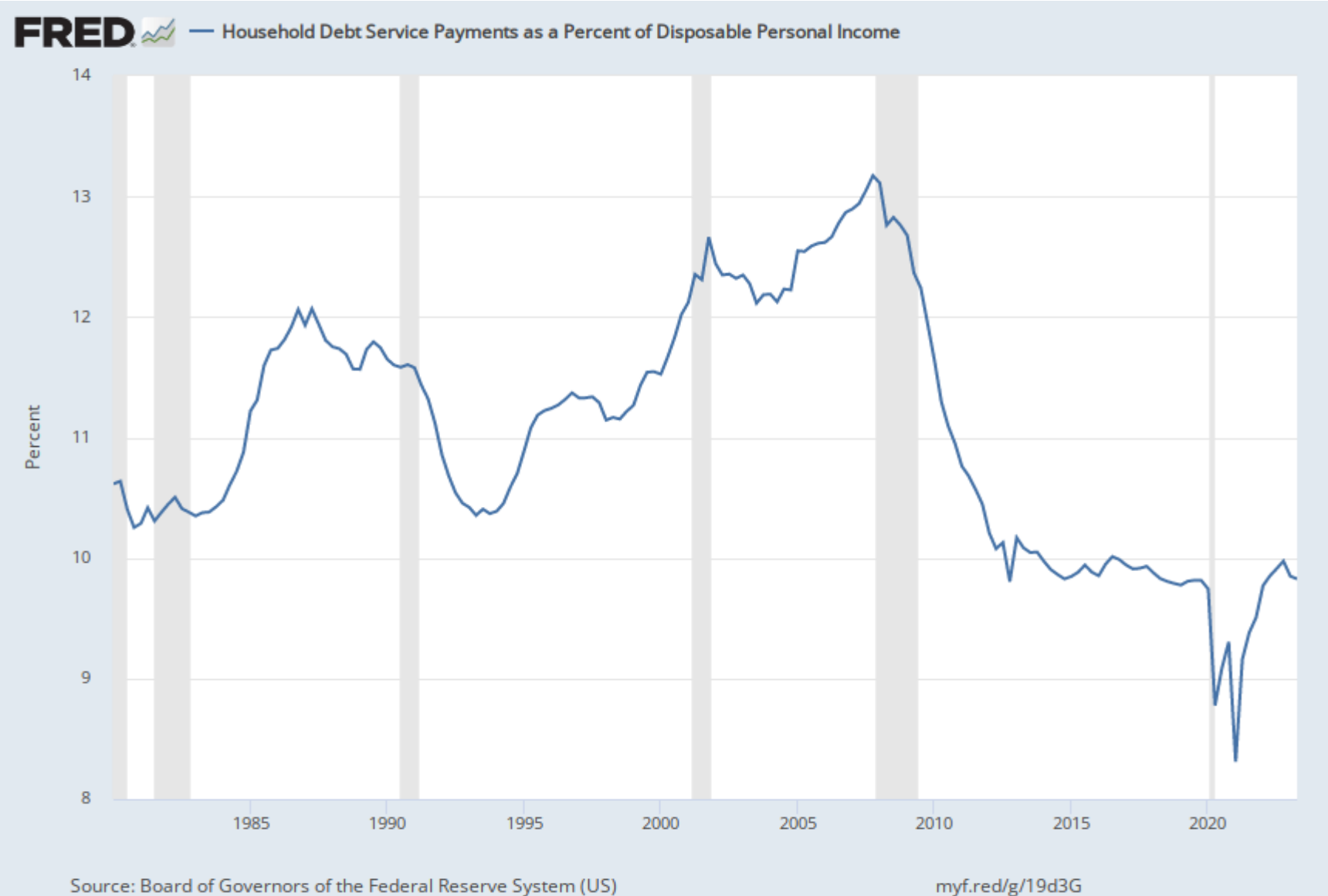
# Interest rate on new auto loans soars



# Credit conditions tighten, but delinquencies are low



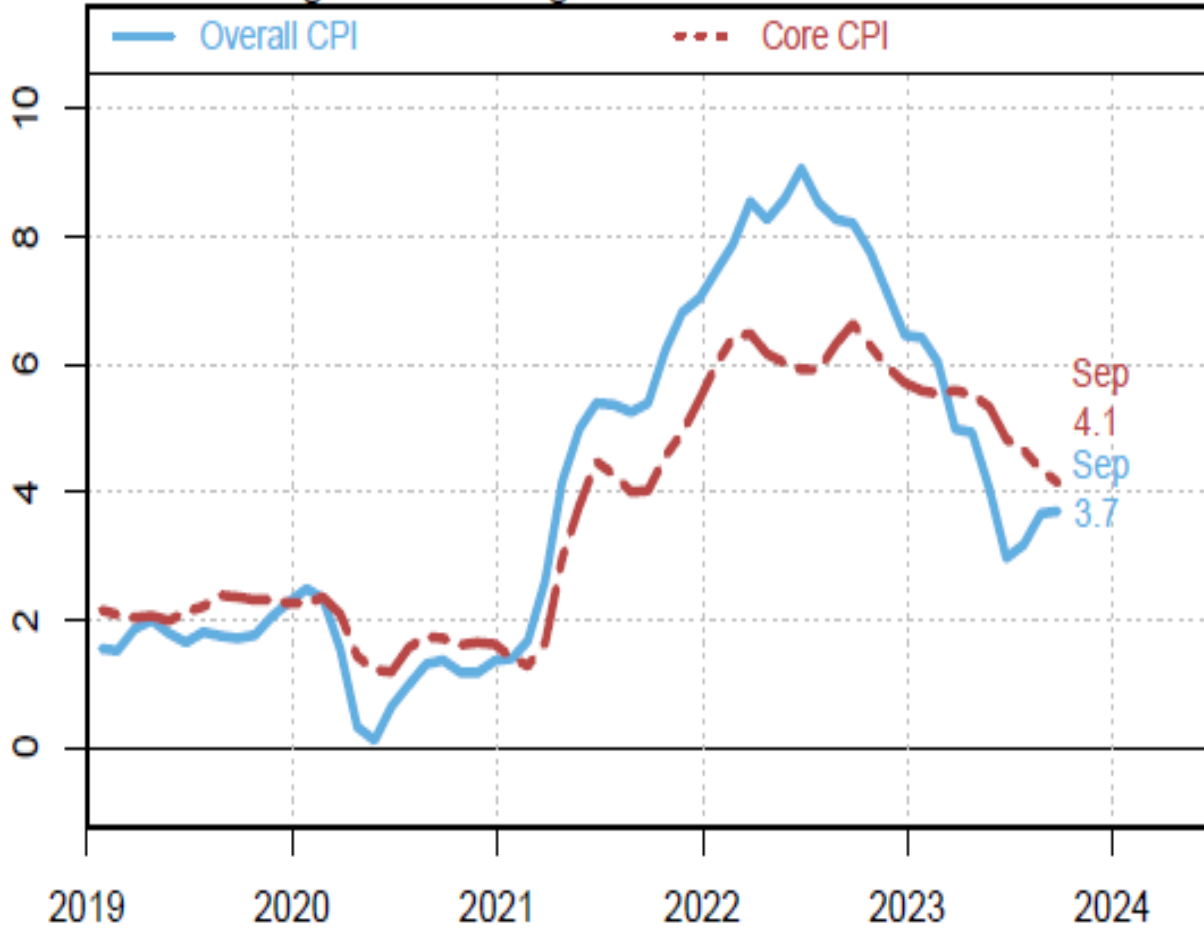
# Debt service payments are not a big burden



# Inflation

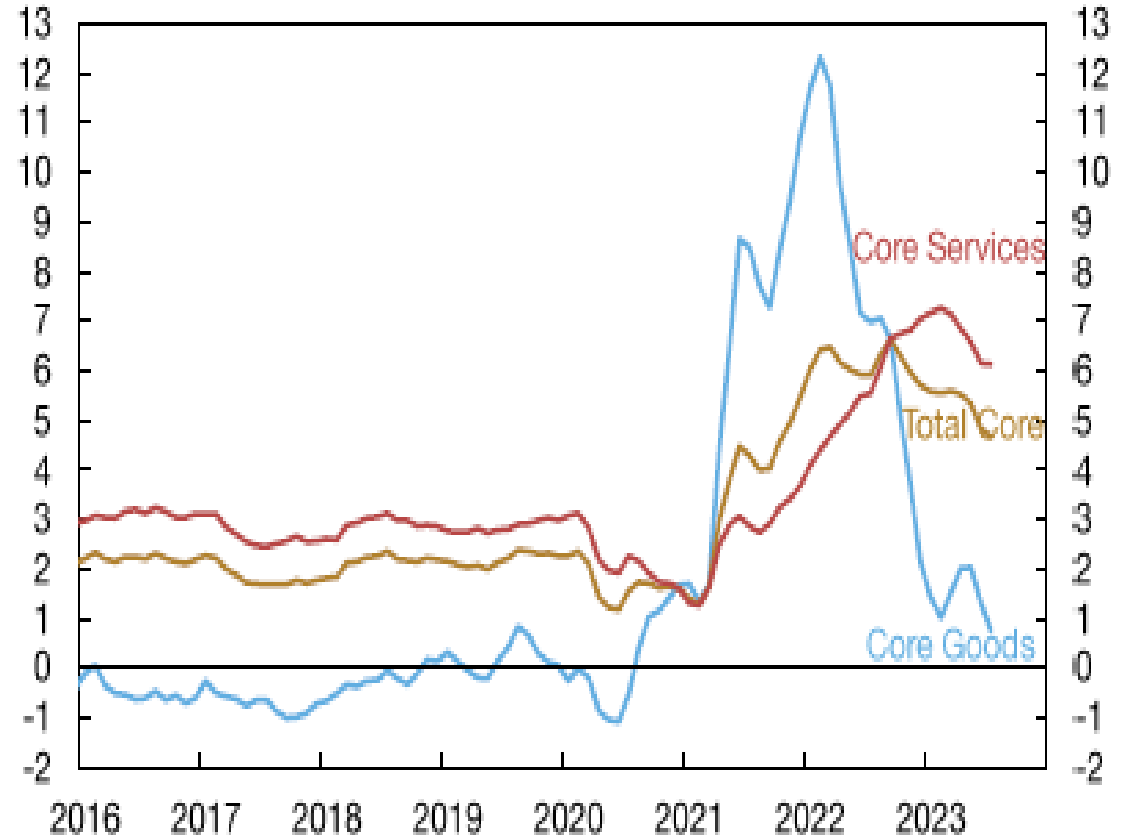
## Consumer Prices

Percent Change Over Year-Ago Level



## Core CPI Inflation

12-month % change

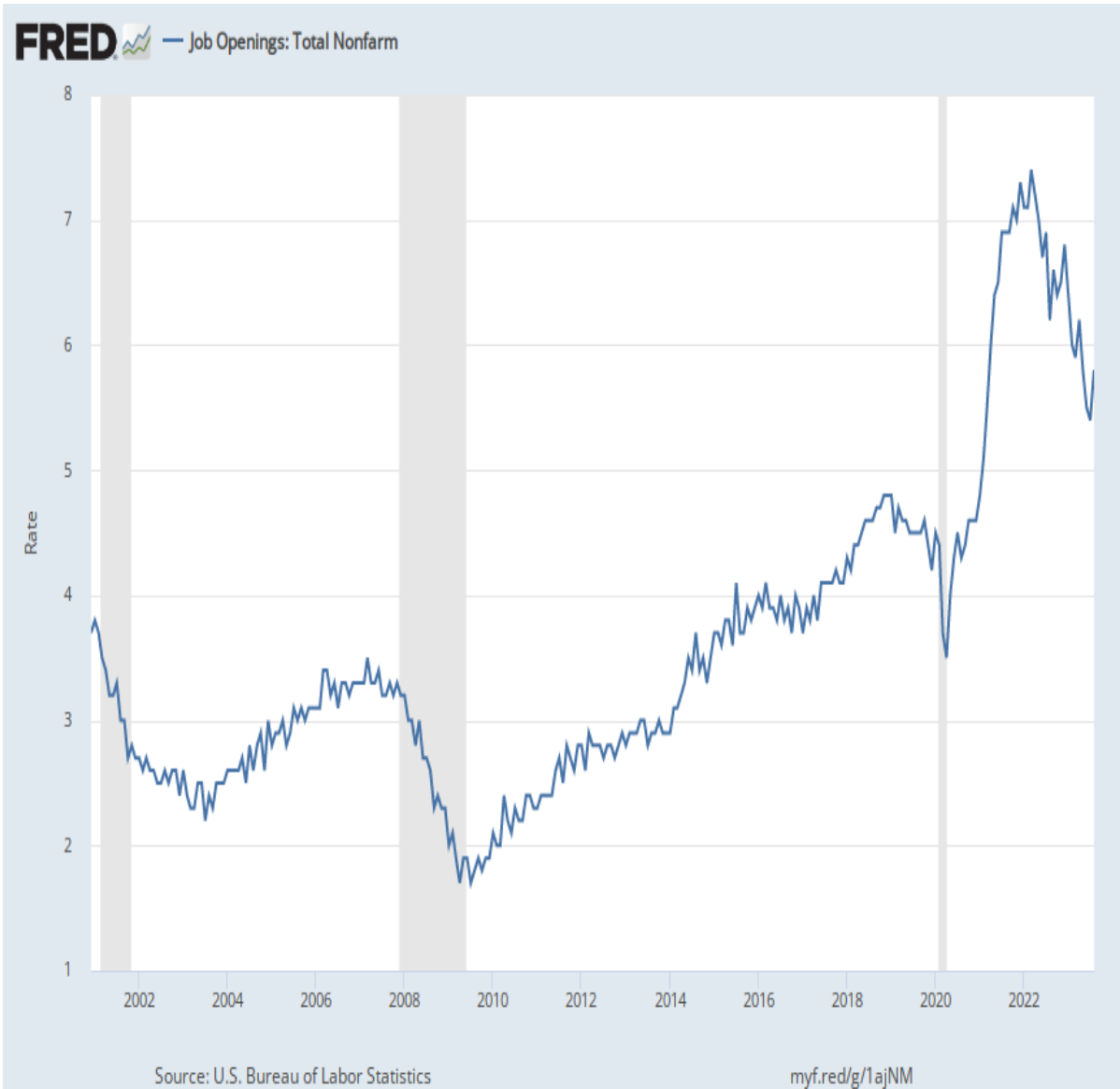


Source: Bureau of Labor Statistics via Haver Analytics

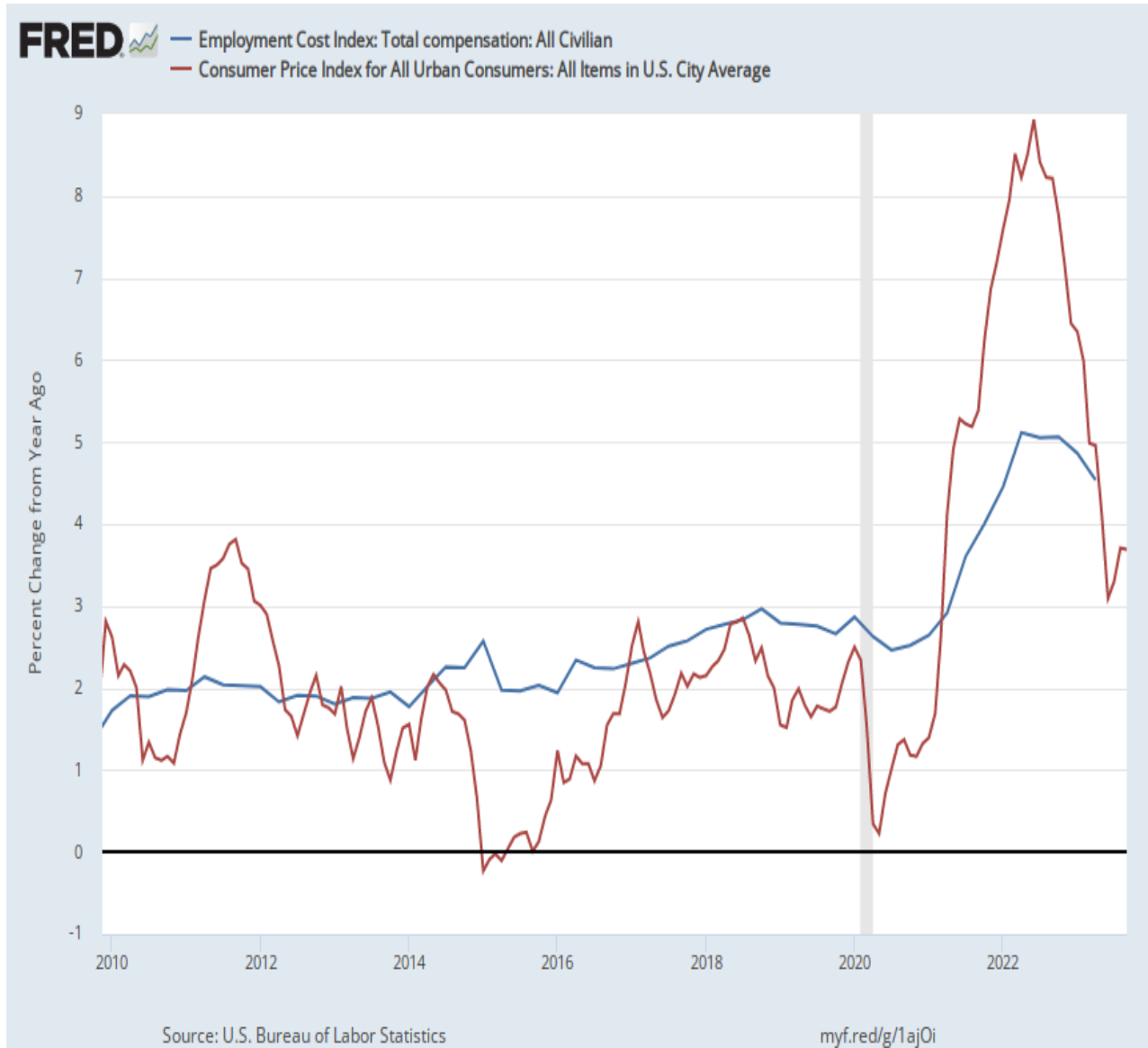


# Labor market

Job Openings Rate



Real wages start to rise



# Why is the US economy so resilient?

**1**

**Consumer  
balance sheets  
are strong**

**2**

**Mortgage  
payments  
immune to higher  
mortgage rates**

**3**

**Growing  
employment**

**4**

**Rising real wages**

**5**

**Business  
investment strong  
due to:**

- Plenty of cash
- Long-term financing
- Impacts of CHIPS Act and Inflation Reduction Act

# US recession risk

## ON ONE HAND

- Banking crisis weakened credit activity
- Fed tightening roils markets, suppresses housing activity
- Fed signals persistent high rates

## ON THE OTHER HAND

- Banking crisis caused Fed to slow tightening
- Strong job market
- Government subsidies boost investment in technology and clean energy
- Strong consumer and business balance sheets



## Contact

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