



Global Investment Research

# Three Observations in Support of a Soft Landing

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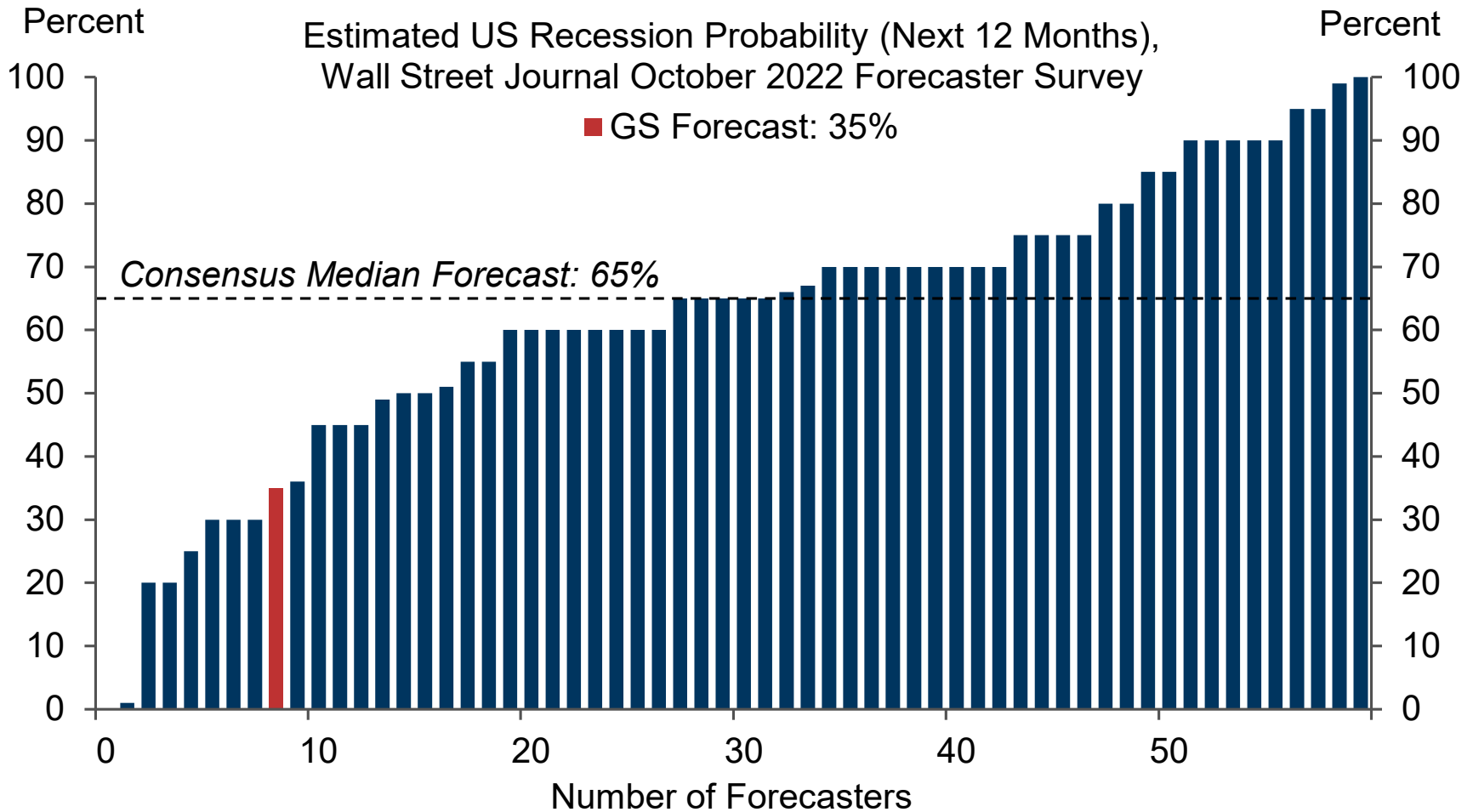
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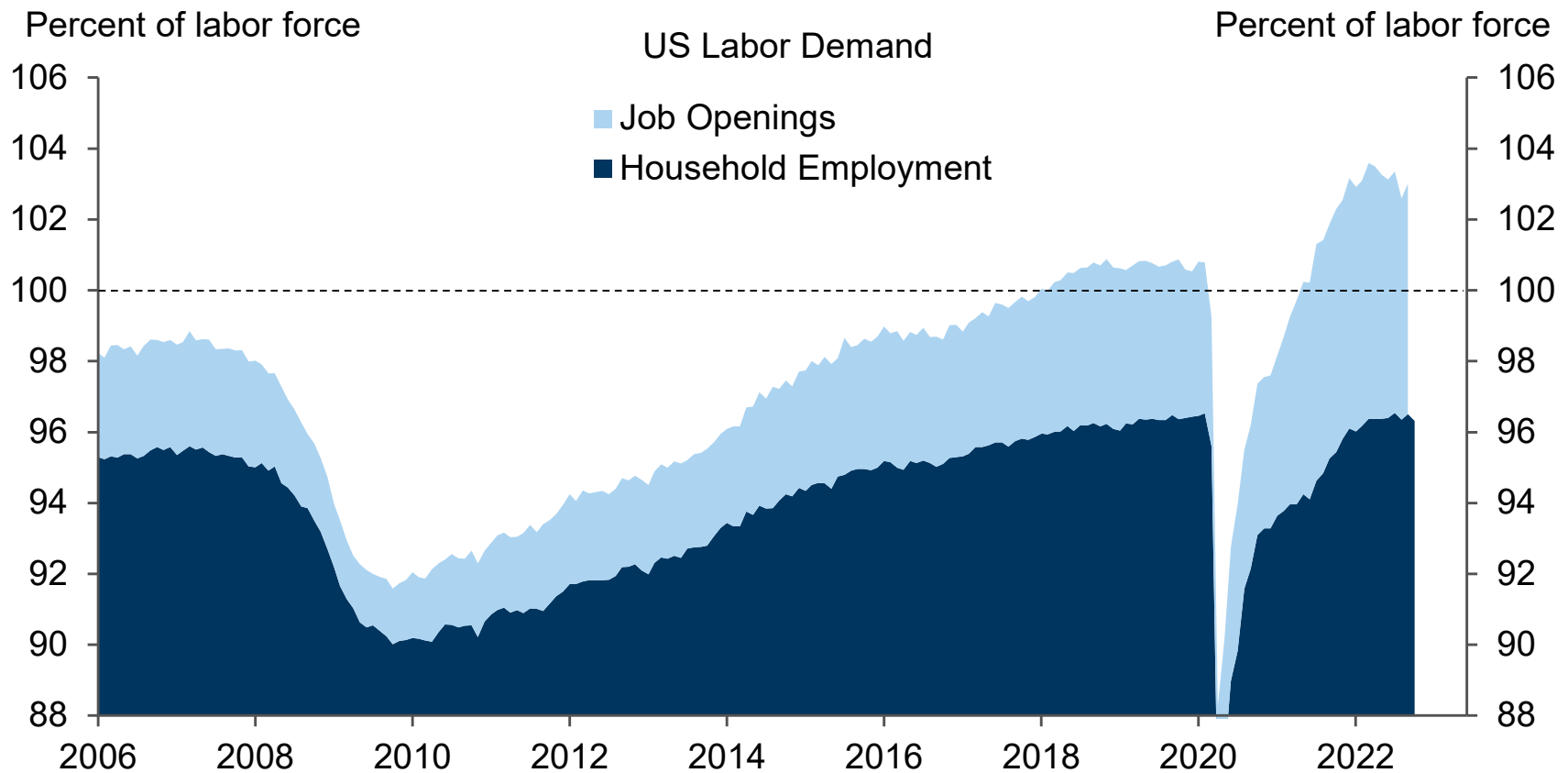
# Unlike a Majority of Forecasters, We Do Not Expect a US Recession Over Next 12 Months



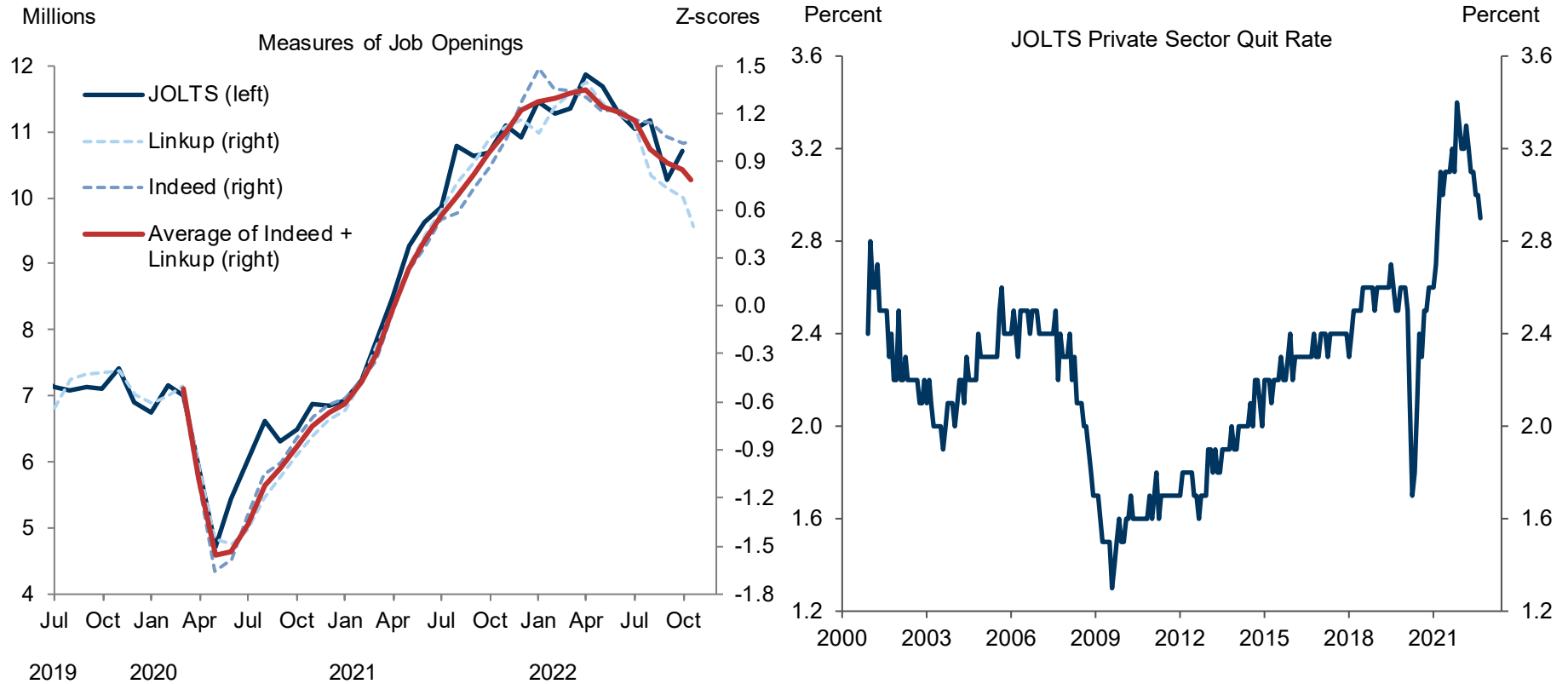
Source: Bloomberg, Goldman Sachs Global Investment Research.

# Observation #1: Labor Market Rebalancing

## Overheating Visible in Vacancies, Not Employment...

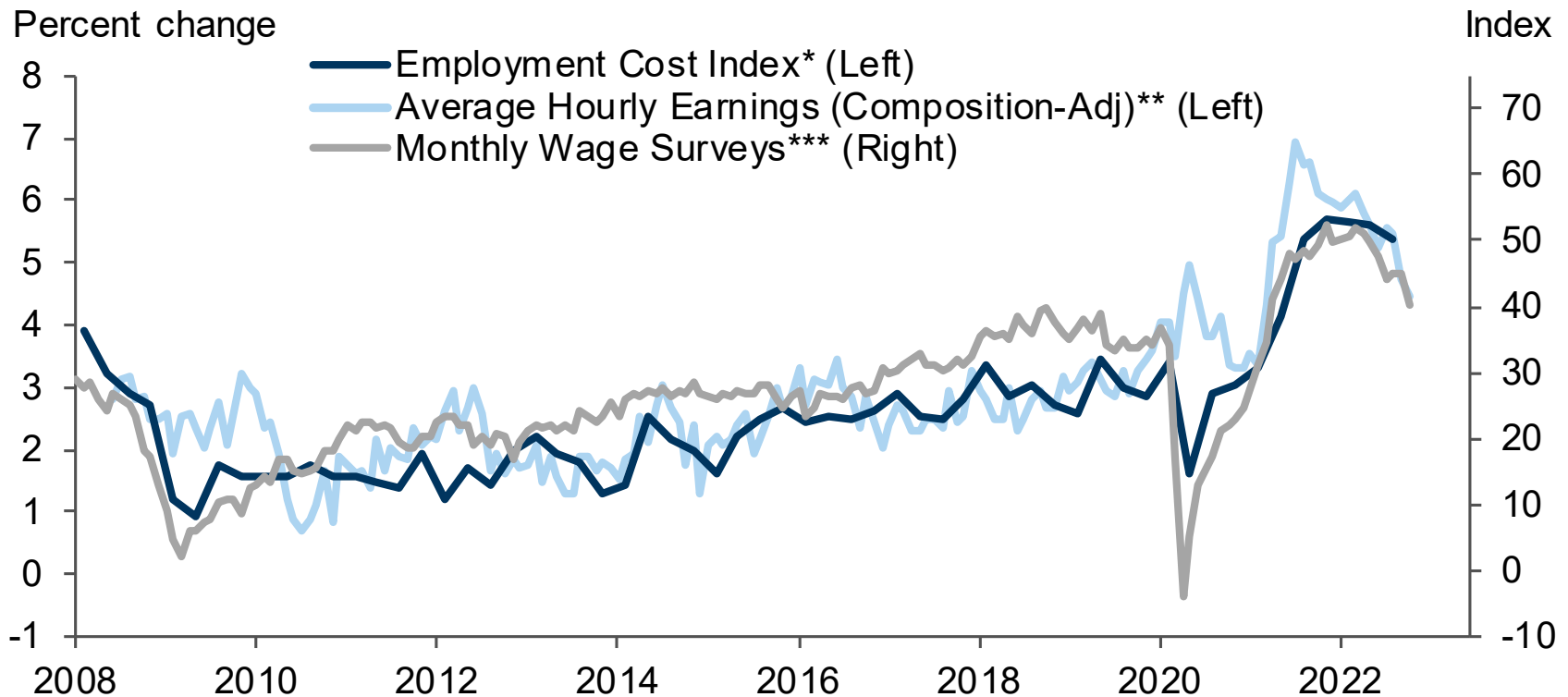


# Observation #1: Labor Market Rebalancing ...Vacancies (and Quits) Are Now Cooling...



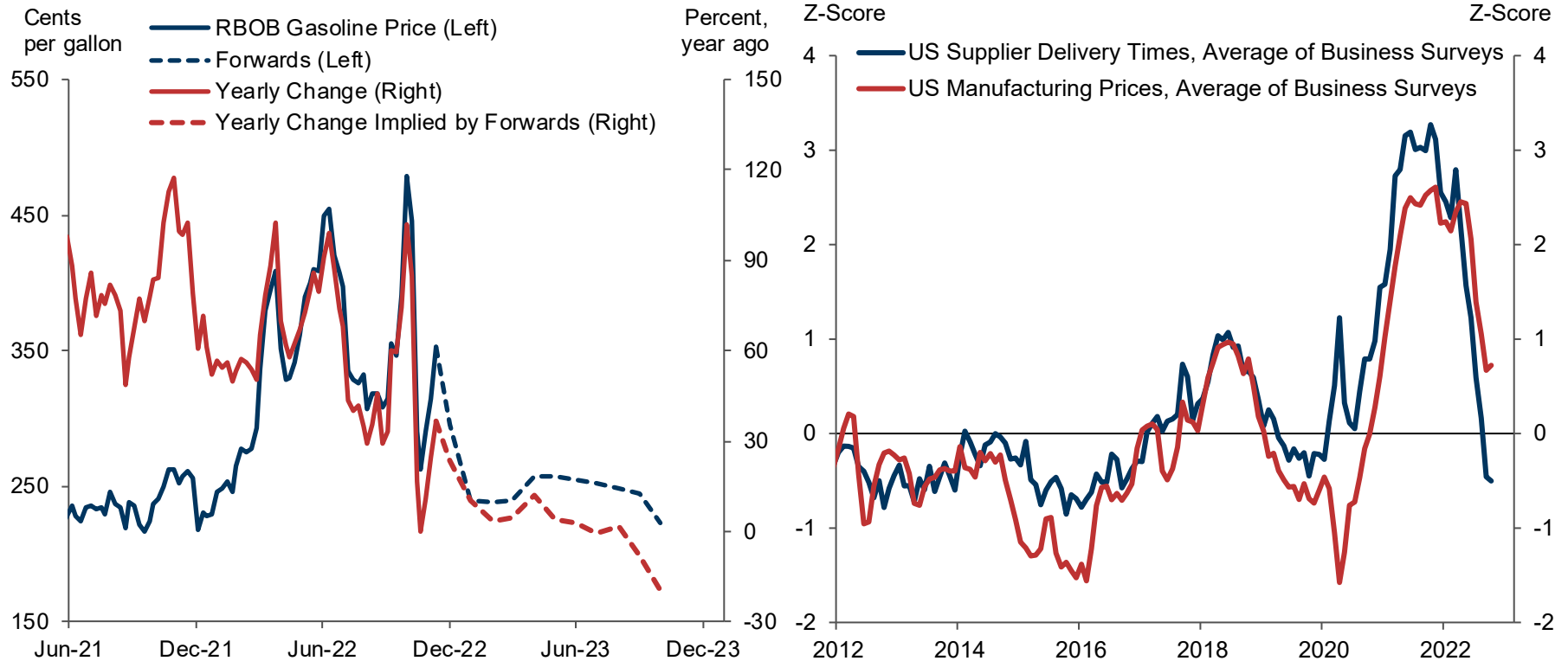
Source: Haver Analytics, Linkup, Indeed, Goldman Sachs Global Investment Research.

# Observation #1: Labor Market Rebalancing ...And Wage Growth Has Begun to Slow



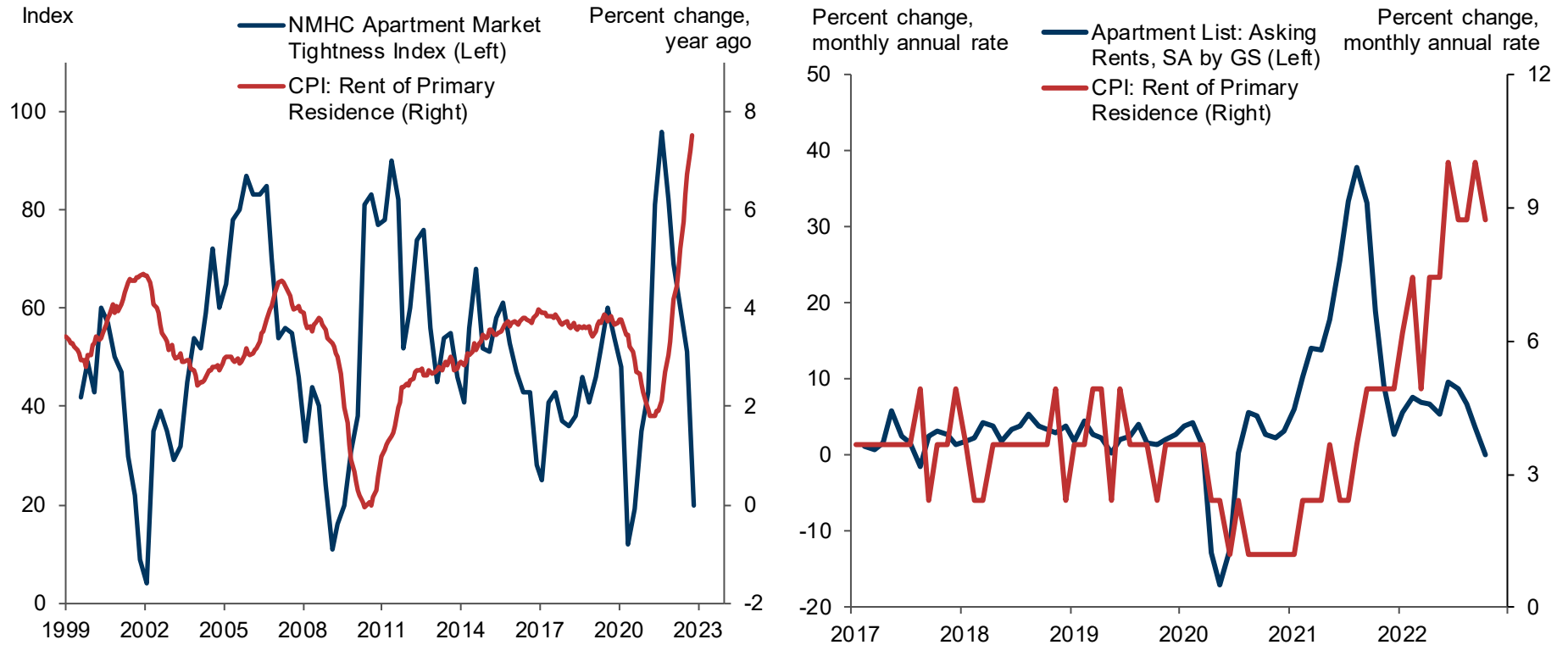
\*ECI wages and salaries private sector ex incentives (SA by Haver), qoq annual rate. \*\*6m annual rate. \*\*\*Average of Dallas Fed manufacturing, Dallas Fed services, Richmond Fed manufacturing, Richmond Fed services, NY Fed services (SA by GS), Kansas Fed Services, and NFIB. Where available, we average current and expected wage changes for each survey. Values before the introduction of the more recent surveys are backcasted statistically.

# Observation #2: Inflation Coming Down Goods Inflation Turns into Goods Deflation...



Source: Haver Analytics, Linkup, Indeed, Goldman Sachs Global Investment Research.

# Observation #2: Inflation Coming Down ...And Shelter Inflation Turns into Shelter Disinflation



Source: Haver Analytics, Goldman Sachs Global Investment Research.

# Observation #3: Expectations Anchored

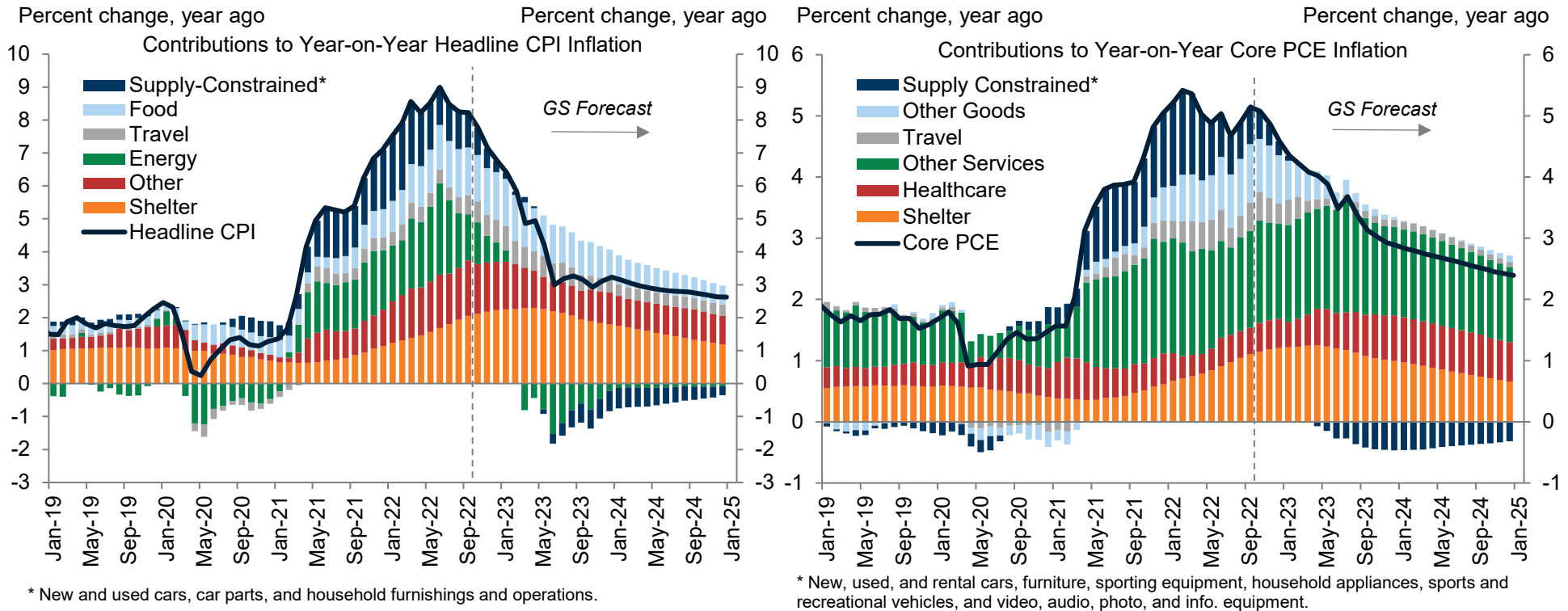
## LT Inflation Expectations Far Below 1970s Level



Source: Haver Analytics, Goldman Sachs Global Investment Research.



# Headline and Core Inflation Likely to Return to 2½% in 2024, Even Without a Recession



# Disclosure Appendix

November 21, 2022

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