

Chart of the Week

► U.S. job openings (JOLTS Index) 2001-2020



Columbia Threadneedle Investments

- The market outlook was more subdued this week as the U.S. job openings (JOLTS) release, the disappointing U.S. January retail sales release and the cautionary tone from Federal Reserve Chairman Powell cast a cloud over recent positive economic news.
- The sharp fall in the JOLTS index, over November and December combined, is a 13% drop and could be a harbinger for recession.
- As shown in the graph, the last time the U.S. experienced such a sharp drop was at the start of 2008.
- At his recent Congressional testimony, not only did Powell mention concerns of the economic impact of the coronavirus but also, unusually, stated that given where interest rates are “means that it would be important for fiscal policy to support the economy if it weakens.”
- Powell also made it clear that it could use tools used in the last recession (QE and forward guidance) but was also adamant that negative interest rates was not one of the tools the Fed was considering as an option.

Source: Macrobond, Columbia Threadneedle Investments, as of February 17, 2020.

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