

“100%”? “INEVITABLE”? — FIXING RECESSION’S BROKEN CLOCKS

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On October 17, 2022, Bloomberg declared, “Forecast for US Recession Within Year Hits 100%” [1] after surveying Wall Street’s Who-is-Who. By November 18, 2022, The Economist added its conviction, “Why a Global Recession is Inevitable in 2023” [2].

Yet, 2023 passed without any domestic or global recession, raising questions about the accuracy of those pronouncements.

Undeterred, in June 2023, USA Today persisted — “Why Deutsche Bank Says an Economic Downturn is 100% Inevitable” [3]. But more than a year later, no recession has materialized.

Industry models—particularly those based on “leading” economic indicators, labor/employment statistics, and valuation metrics—have historically flagged recessions that did not occur. I believe this isn’t just a fluke—it’s a systematic false-positive error that has proven costly for many investors.

The alternative?

As readers of our quarterly Strategy & Market Updates series [4] know, I have consistently rejected the notion that the economy is teetering into recession. I believe that the industry’s reliance on antiquated tools such as valuation metrics and leading economic indicators has been proven problematic and must be reconsidered.

Moreover, as we have argued [5], investors should understand that the market operates as a self-governing system with considerable autonomy and resilience, forging its own regimes. Since 1980, every official US GDP contraction (1980, 1982, 1991, 2009, 2020) has paralleled a market *advance*—not decline—except for 2008, which coincided with the last Bearish Market Regime shift.

Are you concerned about a recession? Our strategies focus on navigating market regime shifts, and we invite you to take a closer look at their workings.



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[1] <https://www.bloomberg.com/news/articles/2022-10-17/forecast-for-us-recession-within-year-hits-100-in-blow-to-biden?embedded-checkout=true>

[2] https://www.economist.com/the-world-ahead/2022/11/18/why-a-global-recession-is-inevitable-in-2023?utm_source=www.optimisticallie.com&utm_medium=referral&utm_campaign=some-thoughts-on-intellectual-honesty

[3] https://www.usatoday.com/story/money/economy/2023/06/15/recession-inevitable-deutsche-bank/70327467007/?utm_source=www.optimisticallie.com&utm_medium=referral&utm_campaign=some-thoughts-on-intellectual-honesty

[4] <https://fa.wellsfargoadvisors.com/gnh-capital-group/publications.htm>

[5] https://www.linkedin.com/posts/konstantinos-kostas-grigorakis-cfa-754264103-how-to-invest-part-5-market-regime-navigation-activity-7196996811612434432--yit?utm_source=share&utm_medium=member_desktop

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