

Economic Acceleration

The Dangerous Path to a Tightening Bias

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TIG | Trading & Investing Working Group

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Economic Backdrop

Recent global events set the stage for the inflationary acceleration seen in the economy today.

Market bets on Fed rate hike surge

By Ann Saphir


March 20, 2026 1:34 PM CDT · Updated March 20, 2026



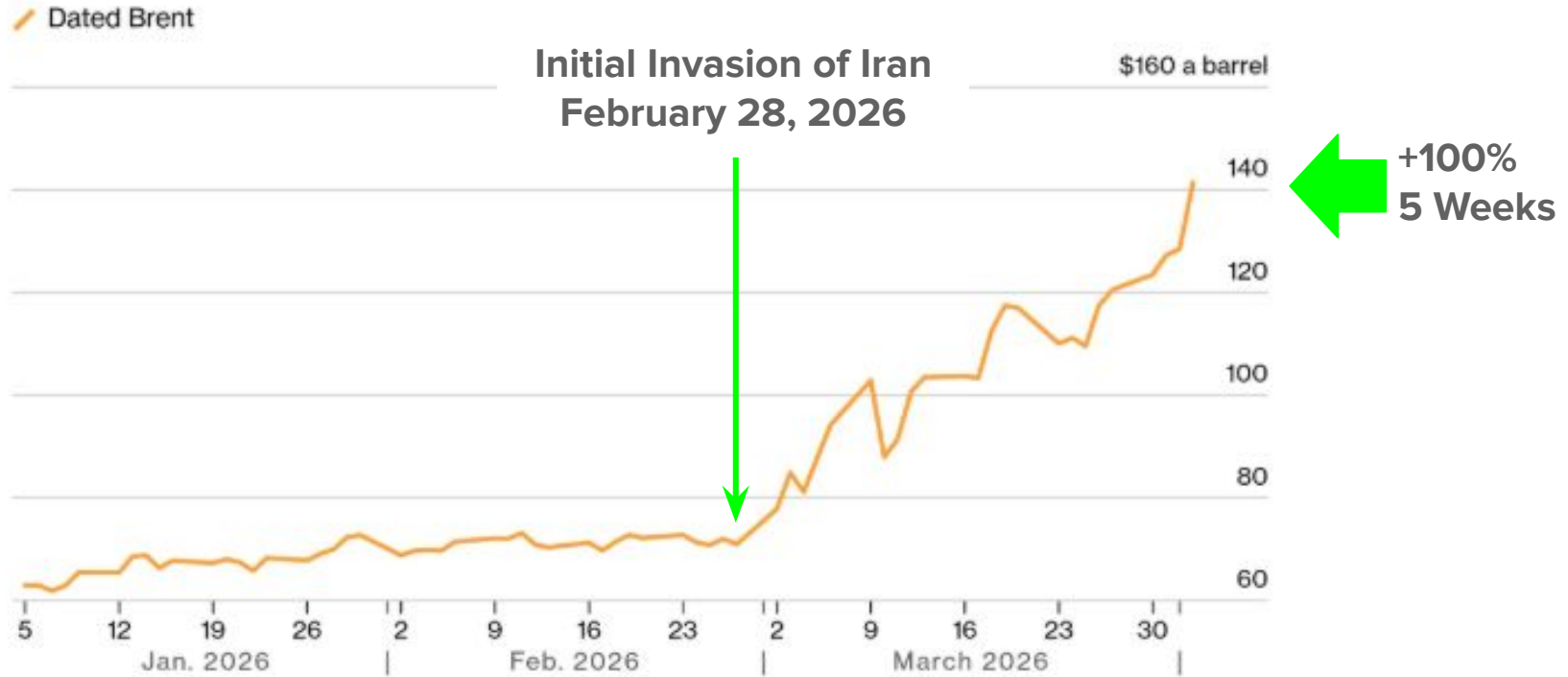
*“...interest-rate futures were pricing around a **25% chance of a rate hike by December...** and is now seen as far more likely than a rate cut.”*

-- [Reuters, March 20, 2026](#)



Renovations continue at the Federal Reserve Board building in Washington, D.C., U.S., November 14, 2025. REUTERS/Elizabeth Frantz/File Photo [Purchase Licensing Rights](#) 

The Politics of Crude



Source: S&P

Bloomberg

US economy added 178,000 jobs in March, well above expectations

Department of Labor releases closely watched March 2026 jobs report

By Eric Revell | FOXBusiness |



FOX BUSINESS
LIVE

S&P 500, NASDAQ TRACKING FOR STEEPEST MONTHLY DROP SINCE MARCH 2025

FOX BUSINESS ALERT

10YR YIELD	3.965% ▼ 0.039	30YR YIELD	4.635% ▼ 0.025
LAST TRADES	SALESFORCE.COM (CRM) 193.36 ▼ 6.11	KEYCORP (KEY)	

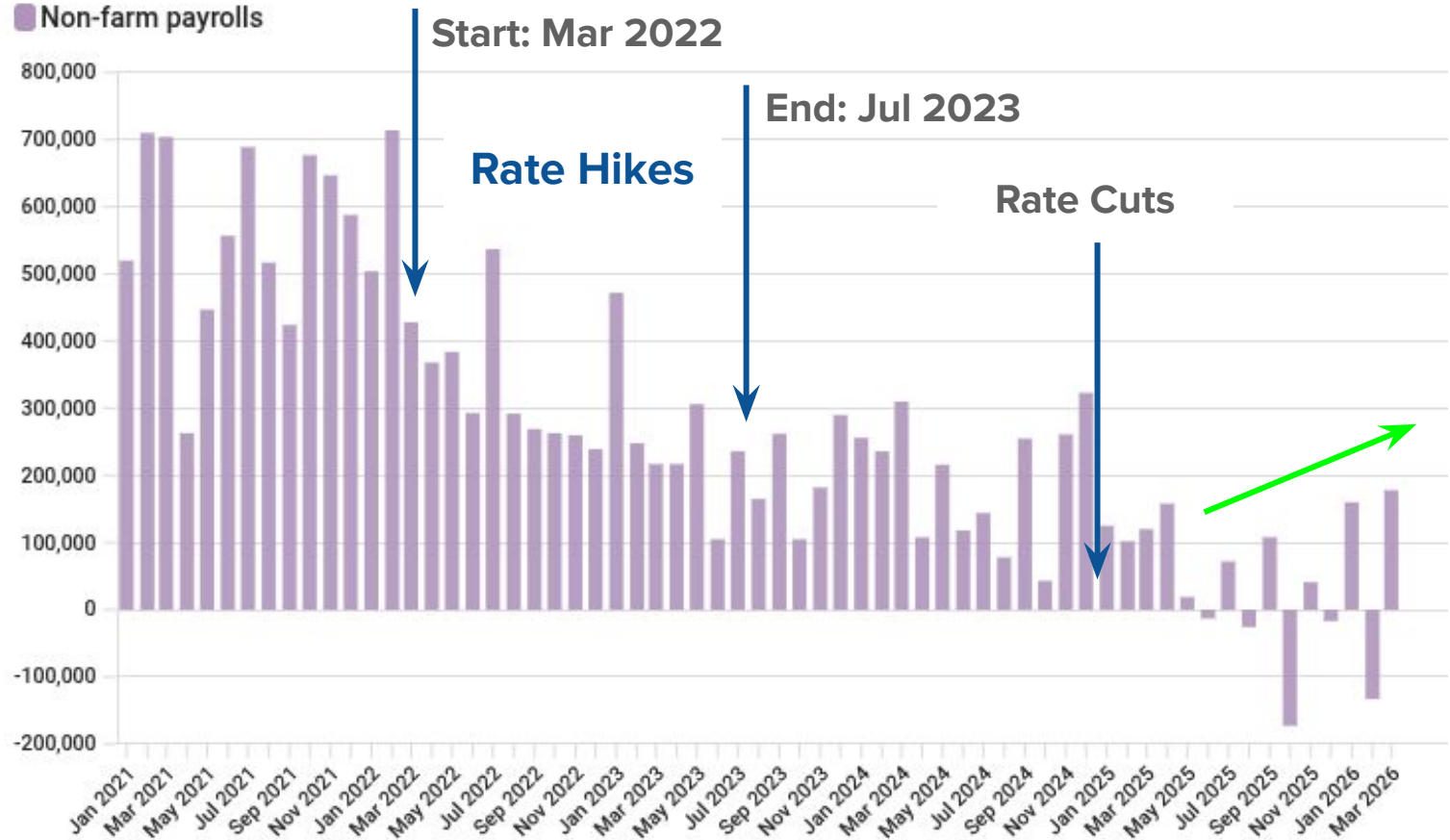
DOW
48,808.82
▼ 690.38
-1.39%

This has people focused on the labor market, expert reveals

Goldman Sachs Investment Strategy Group head of tactical asset allocation Brett Nelson analyzes market sell-off, inflation, A.I. disruption, and private credit worries on The Claman Countdown.

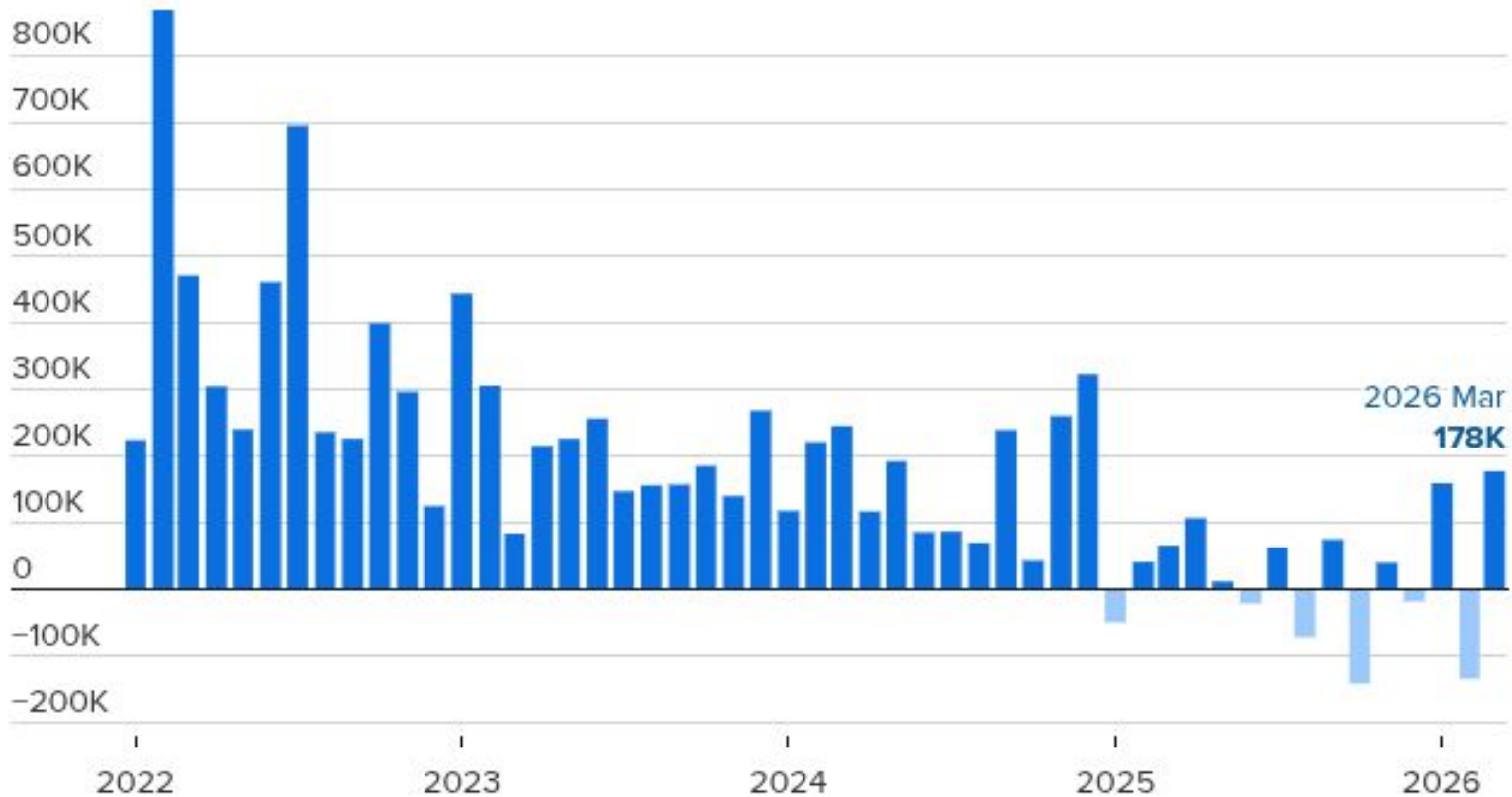
Tracking job growth since 2021

U.S. nonfarm payrolls from 2020 to 2026



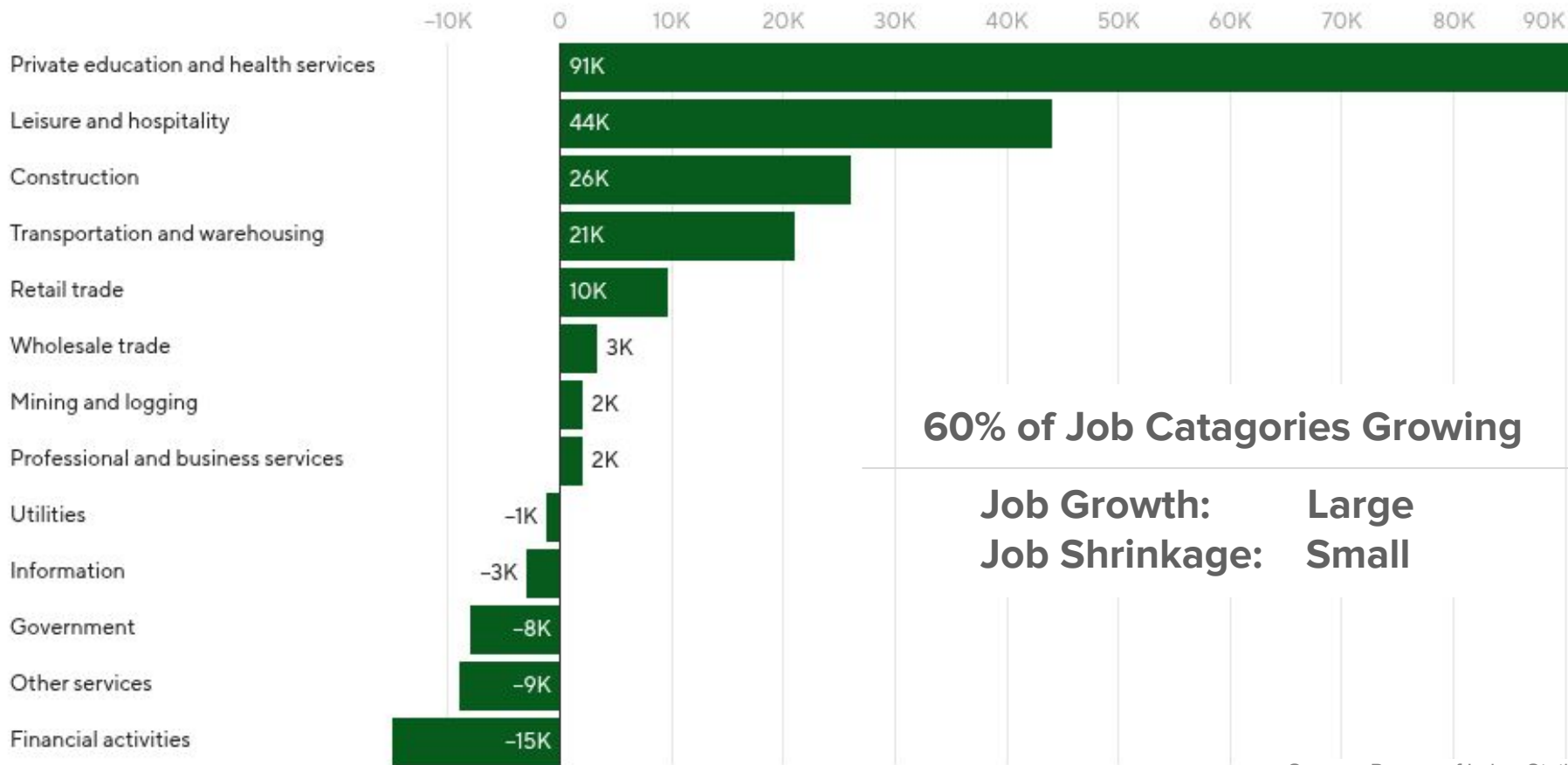
Monthly job creation in the U.S.

Jan. 2022–March 2026



Employment change by industry | Feb to Mar 2026

Monthly net change in payroll employment. Figures reflect the change from the previous month.



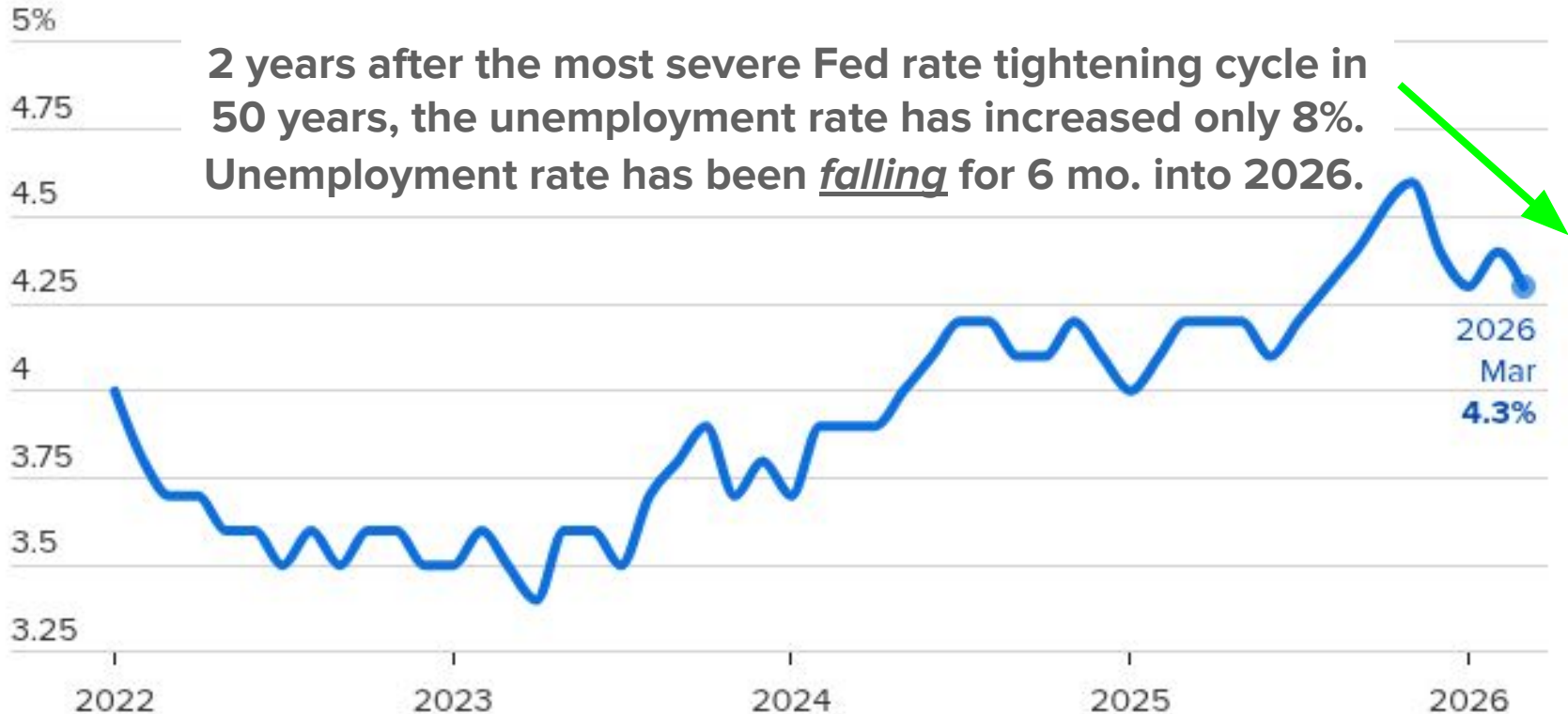
60% of Job Categories Growing

Job Growth: Large
Job Shrinkage: Small

Source: [Bureau of Labor Statistics](#)

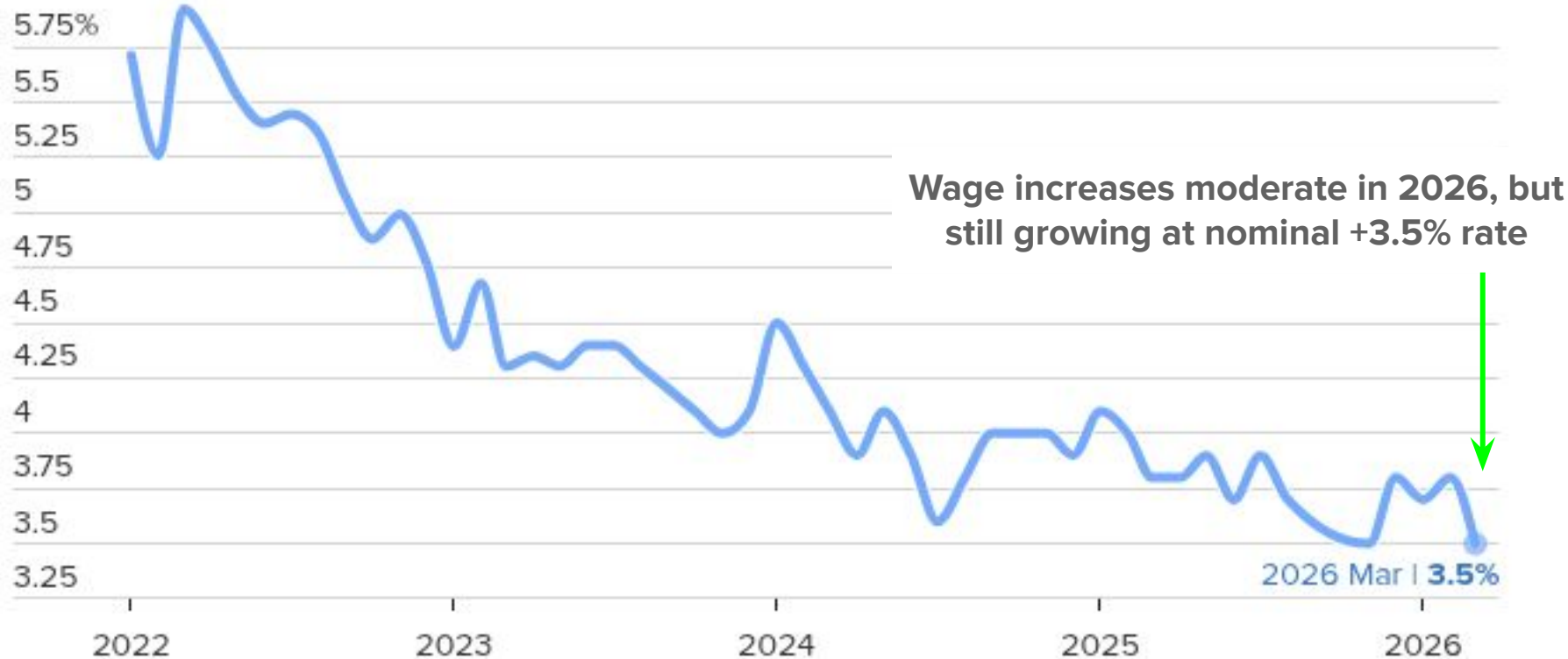
U.S. unemployment rate

Jan. 2022–March 2026



Growth in average hourly earnings in the U.S.

Year-over-year percent change | Jan. 2022–March 2026



Inflation

The Federal Reserve fights a 2 front battle: deceleration in the economy and increasing inflationary pressures from the war in Iran.

The economy slowed sharply even before the Iran war. Where does it go from here?

Fourth-quarter GDP growth cut to a scant 0.5%

By [Jeffrey Bartash](#) [Follow](#)

Published: April 9, 2026 at 11:54 a.m. ET



A U.S. destroyer fires a Tomahawk land attack missile in support of Operation Epic Fury. The war with Iran will have a lingering economic fallout.

Q4 2025 GDP

+1.4% *Advance est.*
(February 20)

↓ -50%

+0.7% *Advance est.*
(March 13)

↓ -30%

+0.5% *3rd revision*
(April 9)

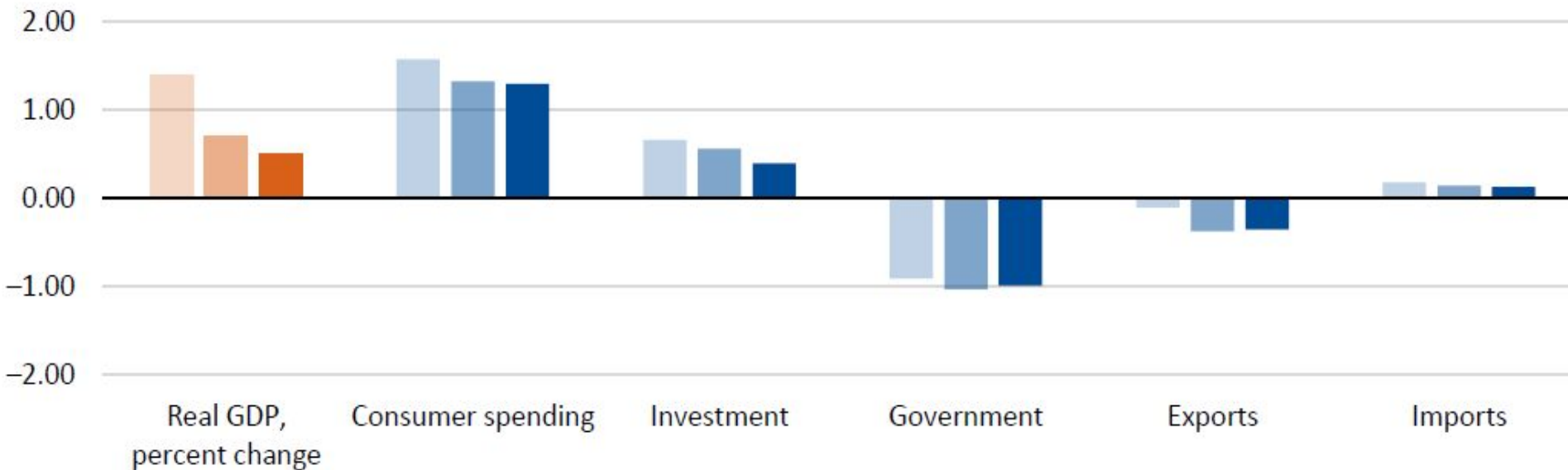
Contributions to the Percent Change in Real GDP, 2025:Q4

Real GDP increased 0.5 percent

Percentage points

Seasonally adjusted annual rates

Advance Second Third



GDP Gross domestic product

Note. Imports are a subtraction in the calculation of GDP; thus, a decrease in imports results in a positive contribution to GDP.

U.S. Bureau of Economic Analysis

[Bureau of Economic Analysis](#)

PCE Inflation - *released Thu, April 9*

THURSDAY, APRIL 9

		PERIOD	ACTUAL	MEDIAN FORECAST	PREVIOUS
8:30 am	<u>Personal income</u>	Feb.	-0.1%	0.3%	0.4%
8:30 am	<u>Personal spending</u>	Feb.	0.5%	0.6%	0.3%
8:30 am	<u>PCE index</u>	Feb.	0.4%	0.4%	0.3%
8:30 am	PCE (year-over-year)		2.8%	2.8%	2.8%
8:30 am	<u>Core PCE index</u>	Feb.	0.4%	0.4%	0.4%
8:30 am	Core PCE (year-over-year)		3.0%	3.0%	3.1%
8:30 am	<u>GDP (second revision)</u>	Q4	0.5%	0.7%	0.7%
8:30 am	Initial jobless claims	April 4	219,000	210,000	203,000
10:00 am	Wholesale inventories	Feb.		-0.2%	-0.5%

CPI Report Today: Inflation Hits Highest Level in Nearly 2 Years

Last Updated: April 10, 2026 at 10:19 AM ET

■ Overall ■ Core



Notes: year-over-year change in CPI; October data weren't published.
Source: Labor Department

**5 Year
Downtrend
Broken**

10.8% Annualised

CPI Inflation - *released Fri, April 10*

FRIDAY, APRIL 10

		PERIOD	ACTUAL	MEDIAN FORECAST	PREVIOUS
8:30 am	Consumer price index	March	0.9%	0.9%	0.3%
8:30 am	CPI year over yea		3.3%	3.3%	2.4%
8:30 am	Core CPI	March	0.2%	0.3%	0.2%
8:30 am	Core CPI year over year		2.6%	2.7%	2.5%
10:00 am	Factory orders	Feb.	0.0%	0.2%	0.0%
10:00 am	Consumer sentiment (prelim)	April	47.6	52.0	53.3

**+38% Increase Over Feb
65% > Fed 2% Target**



Unintended Consequences

U.S. Economy has now bifurcated into a 2-speed economy: Big Tech + Everyone else. The devil is in the details in this video by Capital.com.

TECH

REAL ECONOMY

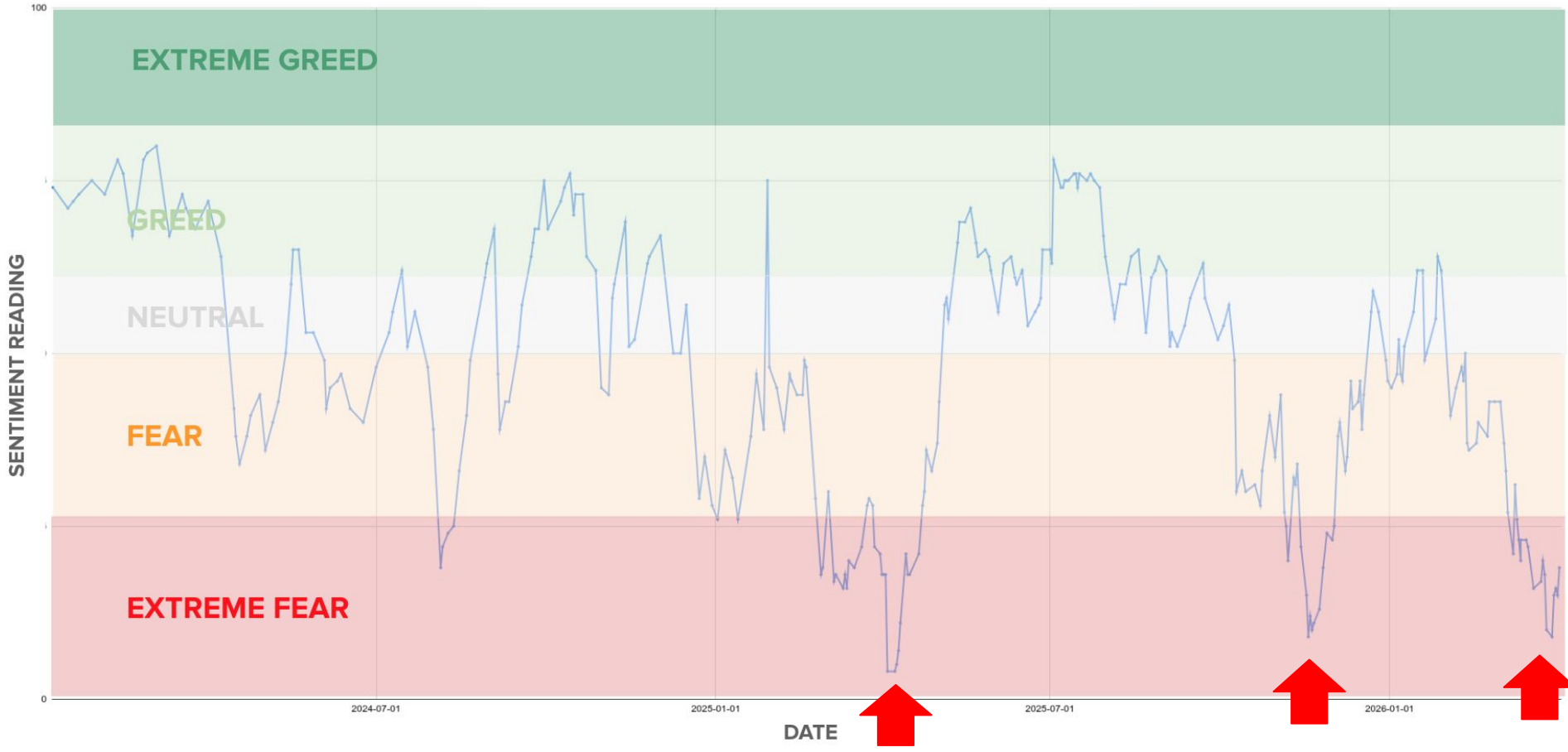


Market Sentiment

Sentiment is only critical when at an extreme.

Fear & Greed Index

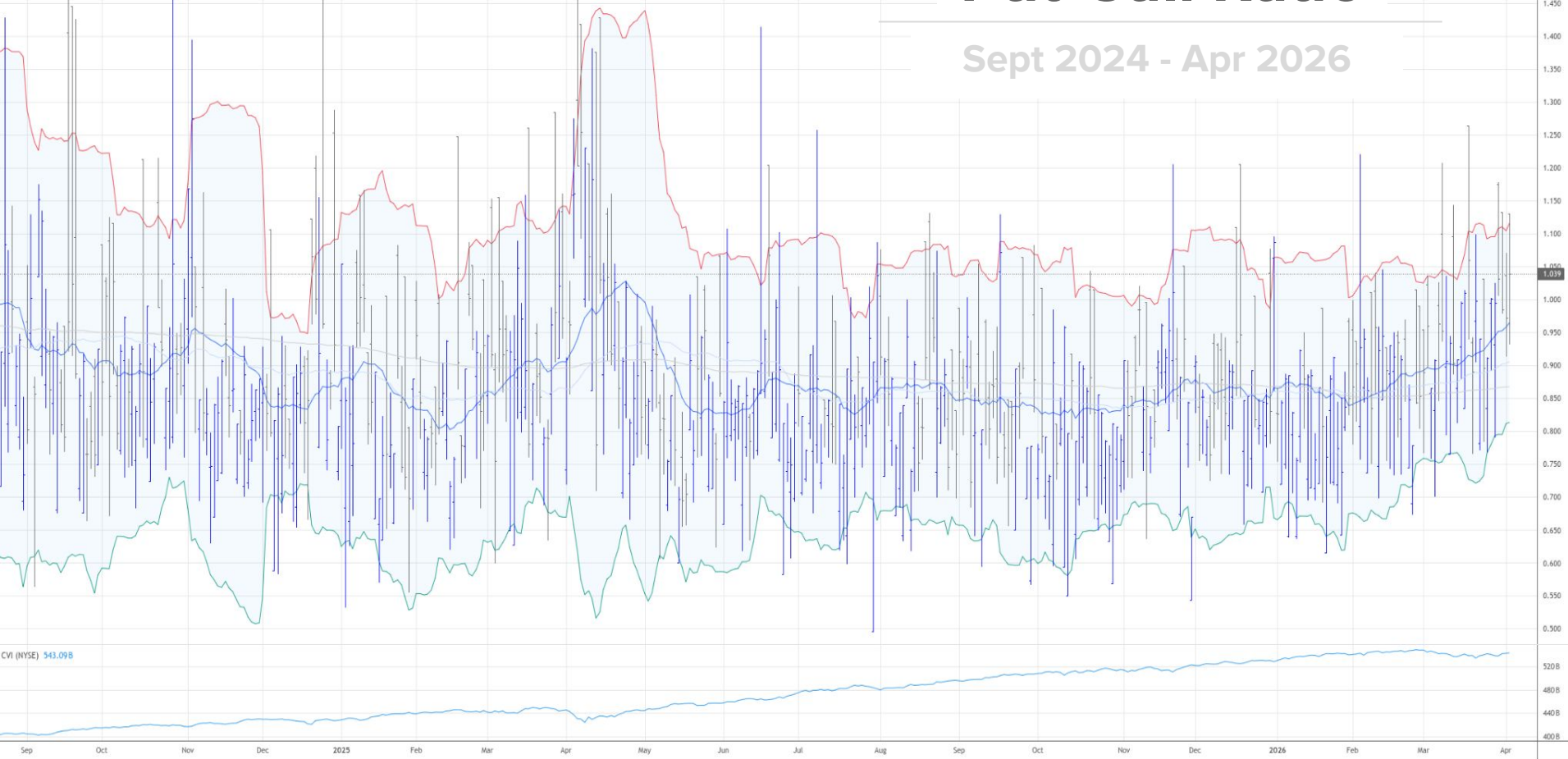
2024 - 2026



PUT/CALL RATIO (EQUITIES+INDICES) - CBOE - 1D - US1 - 01.130 H1.130 L0.932 C1.039 +0.067 (+6.85%)
SMA (200, close) 1.058
SMA (55, close) 1.008
Vol (20): The data vendor doesn't provide volume data for this symbol.
BB (20, SMA, close) 3) 0.965 1.116 0.814

Put-Call Ratio

Sept 2024 - Apr 2026



CMI (NYSE) 543.09B

Closing Thoughts

Calls for a recession and deep rate cuts permeated the financial media 1 year ago. The opposite scenario appears to be on the horizon.

Closing Thoughts

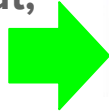
- The U.S. Economy shows clear signs of growth and acceleration.
- Disinflation process appears to have bottomed in Q4 2024.
- Acceleration began in 2025 shortly after the initial rate cuts by the Federal Reserve (see [next slide](#)).
- Normally a welcome sign of a robust economy, acceleration in the economy is unwelcome with inflation above Fed's target and rising nearly every month sequentially.

(CONTINUED)

Closing Thoughts

FOMC Meeting Date	Rate Change (Bps)	Federal Funds Rate
Dec. 10, 2025	-25	3.50% to 3.75%
Oct 29, 2025	-25	3.75% to 4.00%
Sept 17, 2025	-25	4.00% to 4.25%
Dec 18, 2024	-25	4.25% to 4.50%
Nov 7, 2024	-25	4.50% to 4.75%
Sept 18, 2024	-50	4.75% to 5.00%

**1st Rate Cut,
Fall 2024**



Economic acceleration is the reason rate cuts rescinded from the Fed's rate cut projections for 2026.

