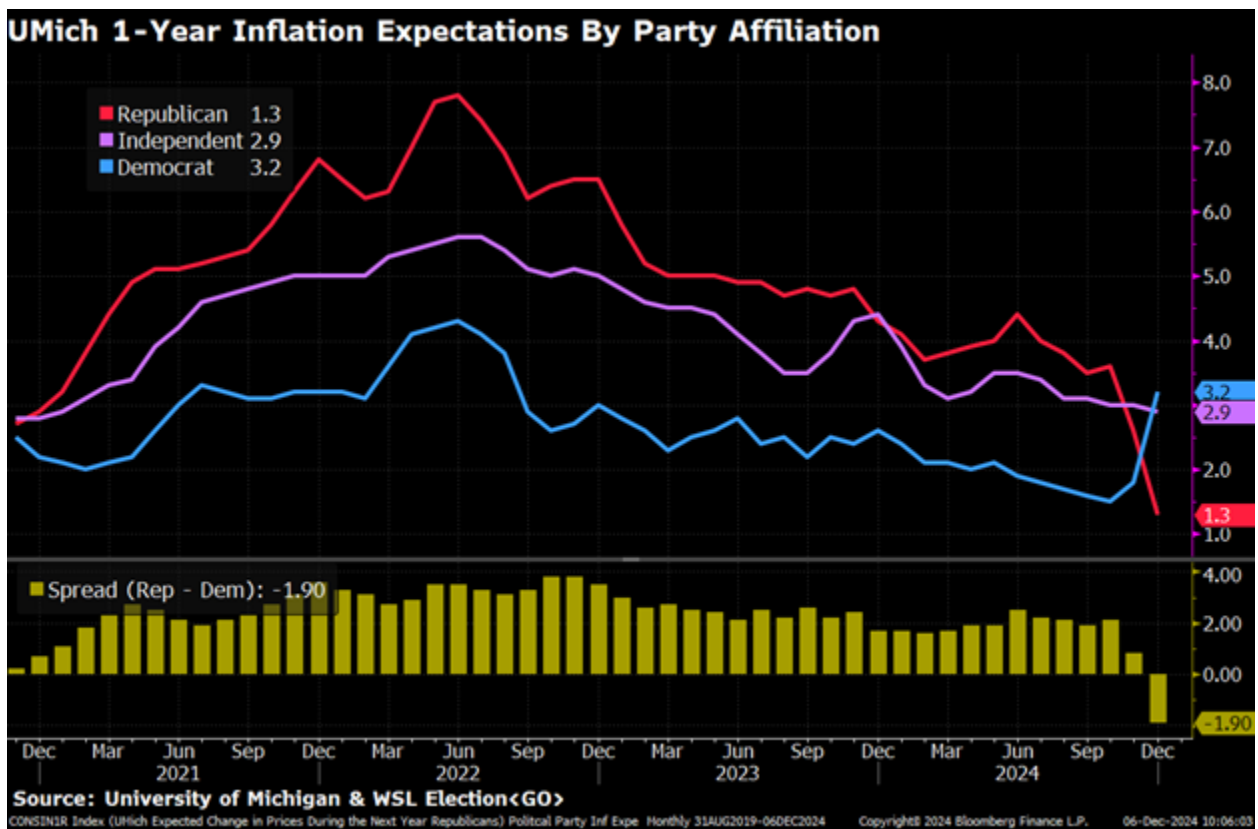


# Inflation Forecasts Can Reflect Political Bias

The Fed uses many inflation gauges to develop its forecasts. An important one that Powell has flagged many times is inflation expectations. However, there is a weakness in using inflation expectations as an input to the Fed's forecasts. Inflation expectations are collected from two primary sources: markets and surveys. Both traders and individuals have political biases that impact their economic outlook.

The graph below, from the latest University of Michigan consumer survey, highlights this problem. As it shows, Republicans think inflation will fall rapidly over the next year. Given the abrupt drop since November, they must assume this will be due to Donald Trump's policies. Despite having heard the same policy proposals, Democrats now forecast inflation will surge. The Fed must be careful in assessing inflation expectations as political bias, as we share, can skew forecasts drawn from market and survey expectations.



## What To Watch Today

Earnings

Economy

## Market Trading Update



### CRE Markets Need One Thing: Rate Cuts

The Fed has been cutting rates, and longer-term mortgage and other borrowing rates are down about 1% from recent highs. However, distress in many real estate sectors continues to worsen. The graph below, courtesy of CRED iQ, shows that 16% of office loans are delinquent. What's worse is that the number continues to climb. Despite the supposed shortage of multifamily properties, the percentage of delinquent properties is also worrying. Industrial and storage facilities seem to be in good shape.

The Fed will likely need to cut rates significantly to reverse the multifamily and office space trends. Deteriorating bank balance sheets and income statements, which have largely yet to be seen, would hasten such action. However, economic growth and inflation forecasts stand in the way of substantial rate cuts next year. Last week, the Fed surprised the markets with a more hawkish stance, projecting higher inflation and fewer rate cuts in 2025 than expected. Thus, distress in the commercial real estate market may continue through 2025, barring an abrupt deterioration in the economic outlook.

## Overall Distressed Rates by Property Type

Delinquent and/or Specially Serviced Loans



Source: CRED IQ

## A Comprehensive Guide to Retirement Planning for Every Stage of Life

Planning for retirement is a lifelong journey that evolves as you progress through different stages of life. A well-thought-out strategy not only ensures financial security but also helps you achieve the lifestyle you desire during your golden years. This [retirement planning](#) guide breaks down the process into manageable phases from early career to post-retirement, emphasizing the importance of goal setting, saving strategies, and investment options tailored to each stage.

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Callum Thomas    
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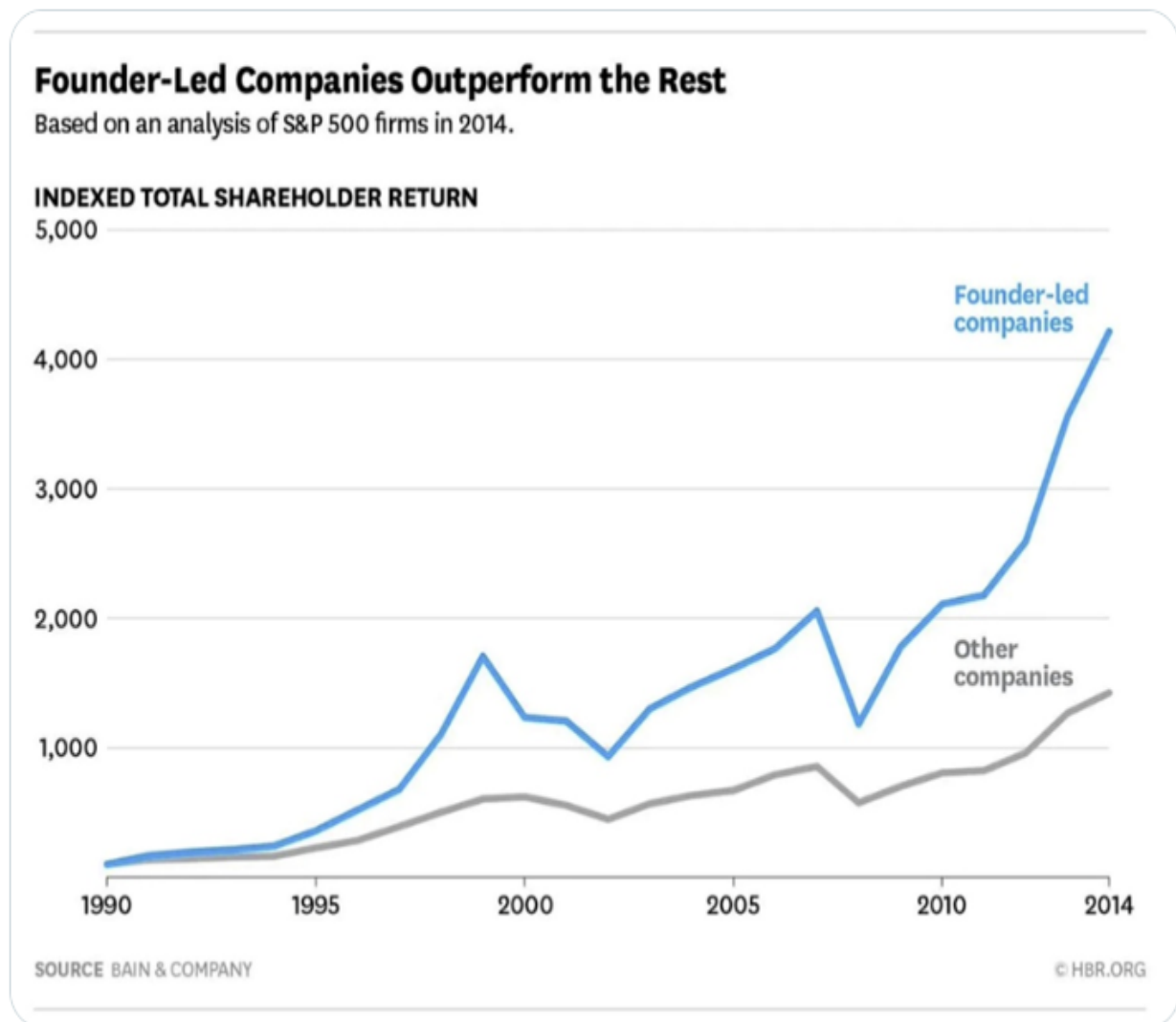
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## Founders vs Flounders

Founder-led companies have historically outperformed the rest.

Probably makes sense (incentives, vision/mission, culture, growth stage, etc)



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