

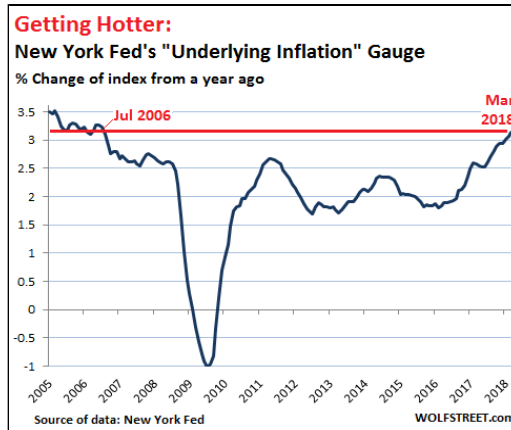
Economic Question of the Quarter

Q1 Will Inflation and Growth Solve the Deficit Problem

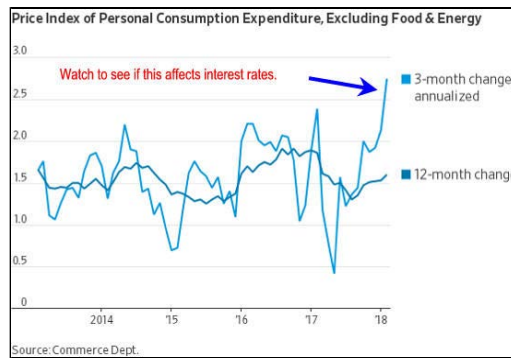
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Updated 5/1/18 Please link to, use to educate and share.

Inflation Is Getting Back to Normal
[Fed Warns About Coming Spike in PCE Inflation](#)

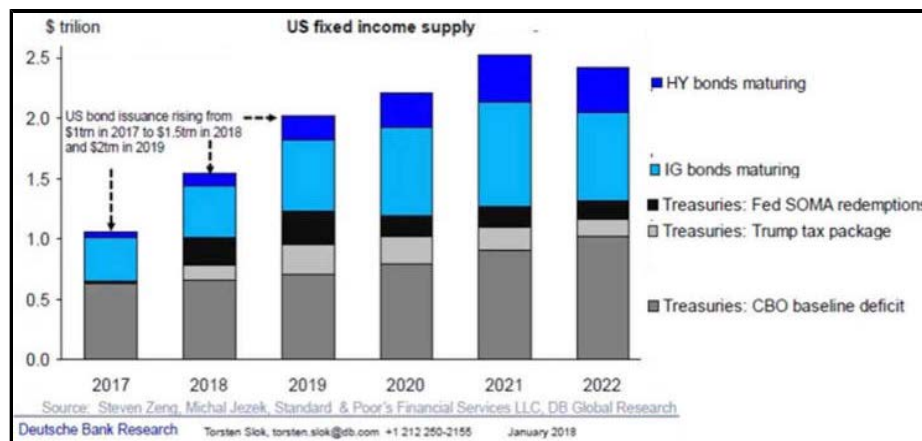


"Interest Rates Usually Follow Inflation"



[Junk Bond Market Still in Total Denial, Fighting the Fed](#) 4/18/18 See [Why Interest Rates Are Rising](#)

Lots of US Federal Borrowing Coming



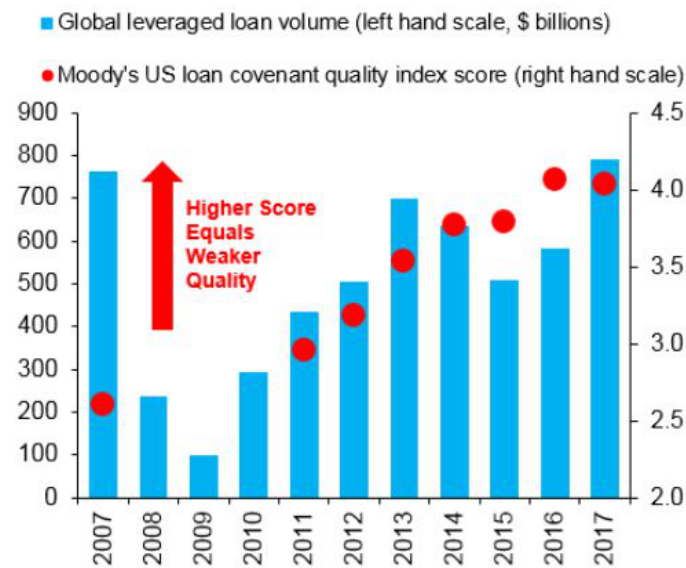
Not Yet



Rising Interest Rates Will Make Debt Refinancing Tenuous

Leveraged lending

Global leveraged loan issuance is at record highs, and investor protections, known as covenants, are weakening.



Sources: Moody's, Standard & Poor's Leveraged Commentary and Data, and IMF staff estimates



See [A Bumpy Road Ahead For The Global Financial System](#)

