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➔ Tentative debt ceiling agreement reached, we're continuing to monitor progress

Synovus Corporate Communications

You've likely seen news about the ongoing debt ceiling discussions between members of U.S. Congress and Joe Biden and his administration. Progress was made over the weekend in reaching a tentative agreement to ensure cash flow continues to cover bills, federal worker pay and other critical obligations over the next two years while lawmakers work on longer term budget reform. The tentative debt ceiling default avoidance deal is not final until the U.S. House of Representatives and Senate both approve.

What happens if the debt ceiling is not raised? It's projected by Secretary Yellen and the Congressional Budget Office that, without an additional raise or suspension of the ceiling approved by Congress, the Treasury won't be able to continue paying the nation's bills, and the U.S. could default on its financial obligations as of early June.

[★ Read the full article.](#)

➔ Macro Views: U.S. Household Debt and Credit

Chris Brown, Vice President — Investments,
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Understanding millions of U.S. households' financial health is crucial in assessing the economy's overall stability. Private consumption makes up approximately 70% of the U.S. GDP. Identifying the U.S. consumer's overall health along with other key data sets may determine the current expansion

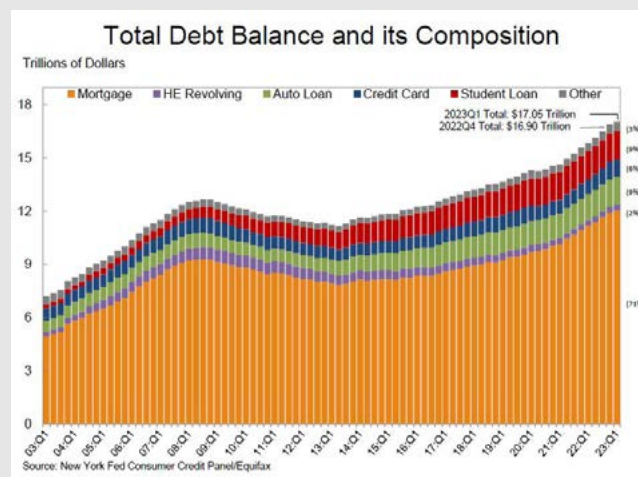
or contraction of the U.S. economy. By taking a deeper dive into consumers' aggregated household balance sheet and examining household debt size, debt balance growth, and percentage of delinquent debt, we can gauge a bottom-up perspective in the health of the consumer and any stressors that may reveal economic headwinds to come.

U.S. household debt levels

Household debt plays a significant role in a nation's financial landscape. According to data from the Federal Reserve Bank of New York, as of Q1 2023, the total U.S. household debt stands at \$17.05 trillion, up 0.9% from Q4 2022 (\$16.9 trillion). This is an increase of \$2.9 trillion in total household debt since the end of 2019. The New York Fed's quarterly report on household debt and credit includes mortgages, home equity revolving line debt, student loans, auto loans, credit card debt and other forms of consumer debt.

Chart 1: U.S. Household Debt Composition

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Source: Federal Reserve Bank of New York



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➔ Economic Outlook: What is Happening with the U.S. Economy?

Daniel Morgan, Senior Portfolio Manager

There's no question the U.S. economy is in a state of flux. Amid high interest rates, increasing commodity costs, bank failures and trillions in U.S. debt, everyone's asking "How are we doing, really?"

Information on the economy — charts, graphs and predictions — seems limitless. But for businesses, it's imperative to understand what key indicators are forecasting and how to respond.

Are we in a recession?

A recession is typically described as two consecutive quarters of negative gross GDP, which measures the final market value of goods and services sold in a specific timeframe. But in the current environment, even that definition is being redefined to a longer period.

If you look at the standard definition and ask if we're in a recession, the answer is "no." The GDP was strongly positive — up by 2.6% in the fourth quarter of 2022 — and grew by

an annualized 1.1% in the first quarter of 2023.¹ This number is still positive, and the U.S. economy is still growing, albeit at a smaller pace.

What are other indicators of potential future growth?

GDP growth is a leading economic indicator, but there are other areas that help to gauge where the country stands financially.

Housing markets. When housing starts pick up, the economy usually follows. In April 2023, housing starts were up 2.2% over the revised March 2023 estimate but are significantly lower than the previous year.²

Non-farm payroll. An important measure of employment is the increase or reduction of non-farming jobs. The unemployment rate (3.4%) and number of unemployed persons (5.7 million) didn't change much in April 2023.

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We're here if you have questions.

If you have questions or want to talk with a Synovus financial advisor to learn more, go to [Synovus.com](#) or call us at 1-888-SYNOVUS (1-888-796-6887).

*Past Economic Insights newsletters are available at: <https://www.synovus.com/personal/plan-and-invest/economic-insights/>

¹ Trading Economics, "United States GDP Growth Rate," April 27, 2023

² U.S. Census Bureau, "Monthly New Residential Construction, April 2023," April 17, 2023

³ U.S. Bureau of Labor Statistics, "Employment Situation Summary," May 5, 2023

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