



## President's Perspective

Rob Kaplan, president and CEO of the Dallas Fed, regularly speaks and writes on the factors that affect economic growth in the nation and Eleventh District. Here are some of his recent thoughts on key issues:

### On the Global Growth Outlook

"I am also highly attuned to the fact that, since early May, downside risks to the outlook have increased due to heightened trade tensions and decelerating rates of global growth. The economy is also being impacted by the waning of fiscal stimulus. The question is whether trade and global growth uncertainties are likely to persist in a manner that leads to a material deterioration in the outlook for U.S. economic growth."

*Economic Conditions and the Stance of Monetary Policy* (essay), June 24, 2019

### On the Yield Curve

"As I have said before, I would be concerned about an inversion of the curve—either three-month to 10-year or one-year to 10-year—of some size and duration. My concern emanates from my belief that an inverted curve ultimately makes it more difficult for financial intermediaries to borrow short and lend long—and, if the inversion persists, it would likely begin to impede the creation of credit and lead to a tightening of financial conditions. I will continue to watch this carefully."

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### On Trade Tensions and the Prospect of Tariffs on Mexico

"You had the situation with China, which had some effect. But the thing that I think—talking to businesses, which I do regularly, extensively—the thing that had a significant effect was the threatened tariffs on Mexico. And I have lots and lots of businesses in my district who basically took me through—they literally said, 'Let me tell you the dollar cost to our business of this if this were to happen'—and I was surprised. [It was] substantial in terms of logistics, supply chains, increased costs. Even though it didn't happen—the threat of it and the significance of that—I had thought it might dissipate more. It hasn't dissipated that much in that most businesses I talk to regularly are basically saying to me, 'I think trade uncertainty is just going to be a feature of the outlook.'"

Wall Street Journal (interview), July 16, 2019