

ABC's *Good Morning America*

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7:00:20 a.m. [TEASE]

22 seconds

[ON-SCREEN HEADLINE: Relentless Rise; Inflation Report Fallout]

GEORGE STEPHANOPOULOS: The sharpest one-day stock market loss in two years and the inflation fallout right now. Relentless rise. The disappointing new economic report showing prices still climbing more than expected. It sent markets tumbling. How the Fed could respond and what President Biden is saying about the fight against inflation.

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7:02:59 a.m.

2 minutes and 47 seconds

[ON-SCREEN HEADLINE: New This Morning; All Eyes on Market After New Inflation Report; Stocks Plunge as Consumer Prices Rise More Than Expected]

STEPHANOPOULOS: And we're going to begin with the fallout from yesterday's report which dashed hopes that the worst of inflation is behind us. Markets set to open this morning after the sharpest one-day loss in two years. We have team coverage from the White House to Wall Street beginning with ABC chief business correspondent Rebecca Jarvis on the floor of the New York stock exchange. Good morning, Rebecca.

REBECCA JARVIS: Good morning to you, George. And that's right. Stocks had their worst day since June of 2020 when the economy was in the throes of the pandemic still and the real issue here is inflation. Even though gas prices have been falling since the beginning of the summer, overall inflation isn't going anywhere, and the average American family according to Moody's is now spending \$460 more every single month in order to deal with these price increases and you're seeing it in inescapable areas like grocery prices up 13.5 percent. Shelter costs, those include rent prices, up 6.2 percent from a year ago and medical care services, up 5.6 percent from a year ago, wages aren't keeping up. The Federal Reserve is doing everything in its power to aggressively fight inflation, but what this really underscores is how hard that is to do when it's deeply embedded in the economy. The Federal Reserve is expected to continue to aggressively hike interest rates again this month, but the issue is the pain that can cause. A mild recession is what many economists are now predicting, George.

STEPHANOPOULOS: You ticked through so many of the consequences. How does this all hit home?

JARVIS: So, people will feel it obviously in their 401(k)s in this volatility but the biggest place is borrowing money. The cost of borrowing money goes up when the Fed hikes interest rates. We've already seen it in credit cards. The average APR now 21.4 percent. If you're carrying a

balance that gets way more expensive and mortgages above six percent, the average 30-year fixed rate, George.

STEPHANOPOULOS: Alright, Rebecca. Thanks very much. Let's bring in our senior White House correspondent, Mary Bruce. Mary, not welcome news at the White House.

[ON-SCREEN HEADLINE: New This Morning; President Biden Responds to Inflation Report; "We Have More to Do But We're Getting There"]

MARY BRUCE: No, but the President says he's not worried about these latest inflation numbers and he's putting a positive spin on things. He is stressing that inflation is relatively flat, up just 0.1 point since July and he argues the economy is strong, pointing to low unemployment numbers and plunging gas prices. The President is also touting Democrats' new Inflation Reduction Act. He is promising it will do just that, that it will bring down energy and prescription drug costs, but, George, it was notable that at a big celebration at the White House yesterday, the President largely ignored these worse than expected numbers. Look, the White House is well aware that inflation is a big potential political liability with the midterms now just eight weeks away, the economy is top of mind for voters and while the President is confident that he can turn this around, the White House does admit there's still a lot more work to be done here, George.

STEPHANOPOULOS: Yes, this has been the toughest issue for the White House. Mary Bruce, thanks very much.

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7:30:41 a.m.

14 seconds

[ON-SCREEN HEADLINE: Right Now; Inflation Report Fallout]

STEPHANOPOULOS: We're following a lot of headlines as well this morning, including the fallout from yesterday's report which dashed hopes that the worst of inflation is behind. Markets set to open this morning after the sharpest one-day loss in two years, while gas prices are dropping, other prices still climbing like groceries, rents, and medical care.

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8:00:22 a.m [TEASE]

12 seconds

[ON-SCREEN HEADLINE: Stocks Plunge; All Eyes on the Economy]

STEPHANOPOULOS: Relentless rise. The disappointing new economic report showing prices climbing more than expected. It sent markets tumbling. How the Fed could respond and what

President Biden is saying about the fight against inflation.

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8:02:49 a.m.

1 minute and 23 seconds

[ON-SCREEN HEADLINE: New This Morning; All Eyes on Market After New Inflation Report; Stocks Plunge as Consumer Prices Rise More Than Expected]

STEPHANOPOULOS: We're going to start with the fallout from yesterday's report which dashed hopes that the worst of inflation is behind us. Markets opening this morning after the sharpest one-day loss in two years. Let's go back to our chief business correspondent Rebecca Jarvis on the floor of the New York Stock Exchange. Good morning, Rebecca.

JARVIS: Hi again, George. And it was the worst day for stocks since June of 2020 when the economy was in the throes of the pandemic. The S&P 500, which is what's in most 401(k) retirement accounts, down more than 4.3 percent and the bottom line here is that the Fed is struggling to get rid of this historic inflation, which is causing American families to spend an additional \$460 a month on goods and services on the same things that they were spending on last year. If you take a look at the prices, groceries up 13.5 percent from a year ago. Shelter, which includes rents, up 6.2 percent and medical care services up 5.6 percent from a year ago. Wages aren't keeping up. The Fed says it will be aggressively hiking interest rates in order to attack these prices, but you see how hard that is to do even though gasoline prices have come down, other areas of the economy continue to climb and the biggest factor here when the fed starts hiking interest rates is the pain that they forecast ahead. Many economists now foresee a mild recession, George.

STEPHANOPOULOS: That will hit just about everybody. Okay, Rebecca, thanks very much.