

Show Me the Money (\$upply)

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On Behalf of

CFMA Mid-Atlantic
Regional Conference

September 25, 2023



The Color of Money

U.S. Money Supply, 1959 – July 2023

\$ Trillions

\$25

\$20

\$15

\$10

\$5

\$0

1959 1961 1963 1965 1967 1969 1971 1973 1975 1977 1979 1981 1983 1985 1987 1989 1991 1993 1995 1997 1999 2001 2003 2005 2007 2009 2011 2013 2015 2017 2019 2021 2023

Source: Federal Reserve

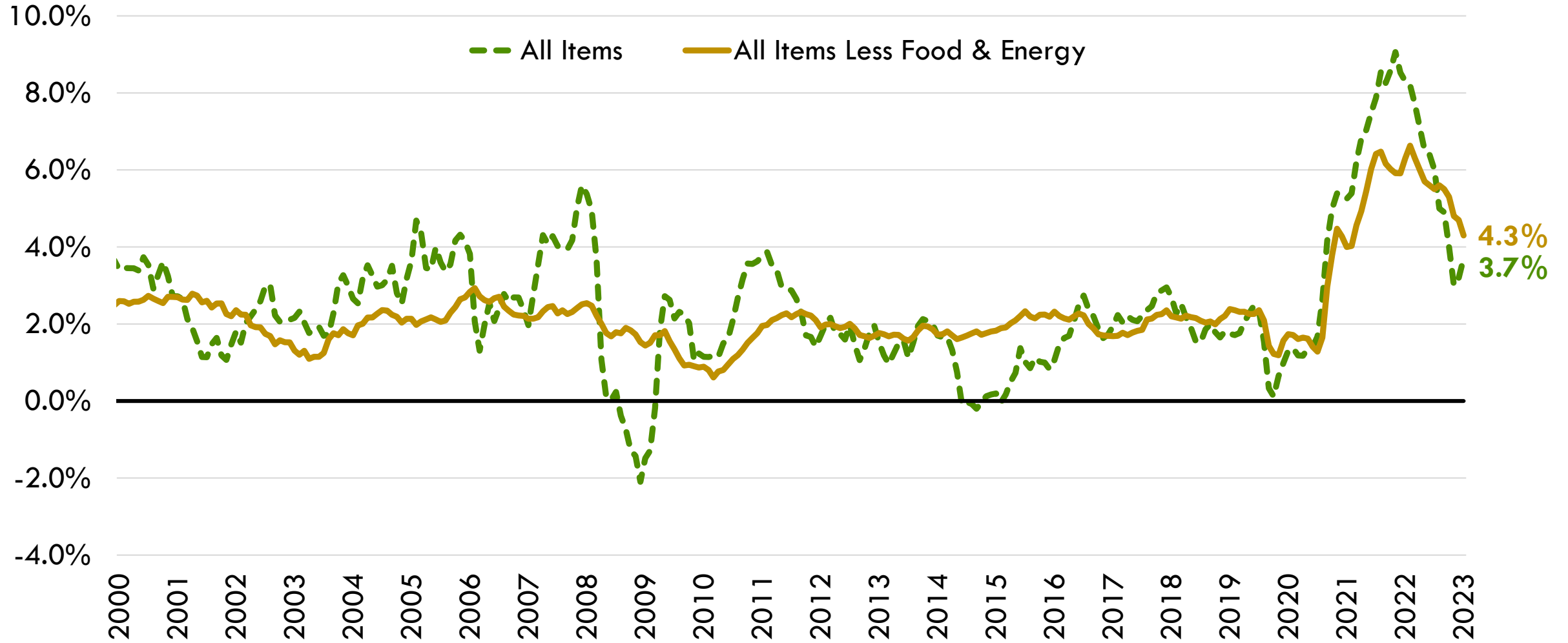


Risky Business

(1983)

U.S. Consumer Price Index (NSA)

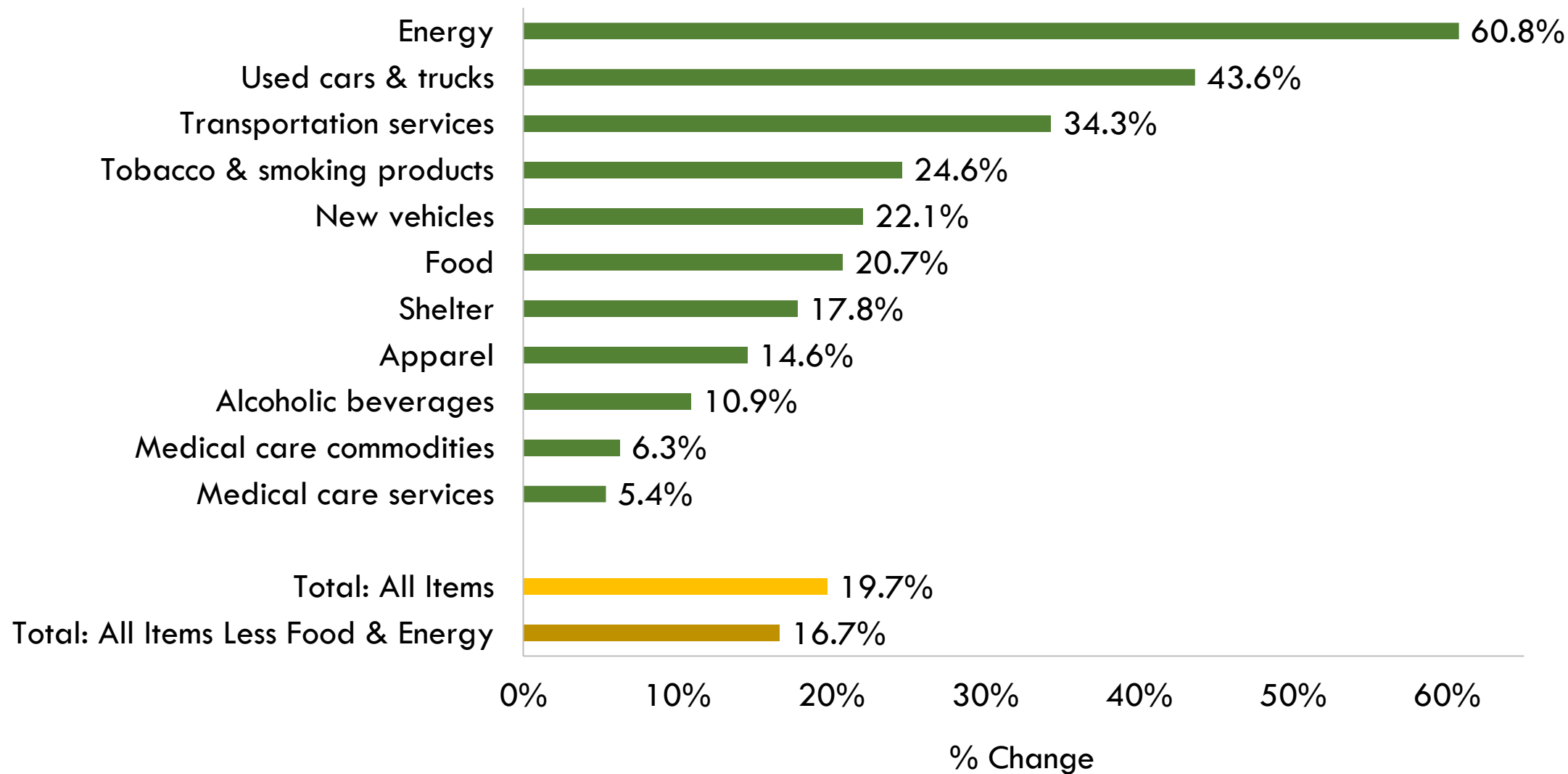
12-Month % Change, 2000 – August 2023



Source: U.S. Bureau of Labor Statistics

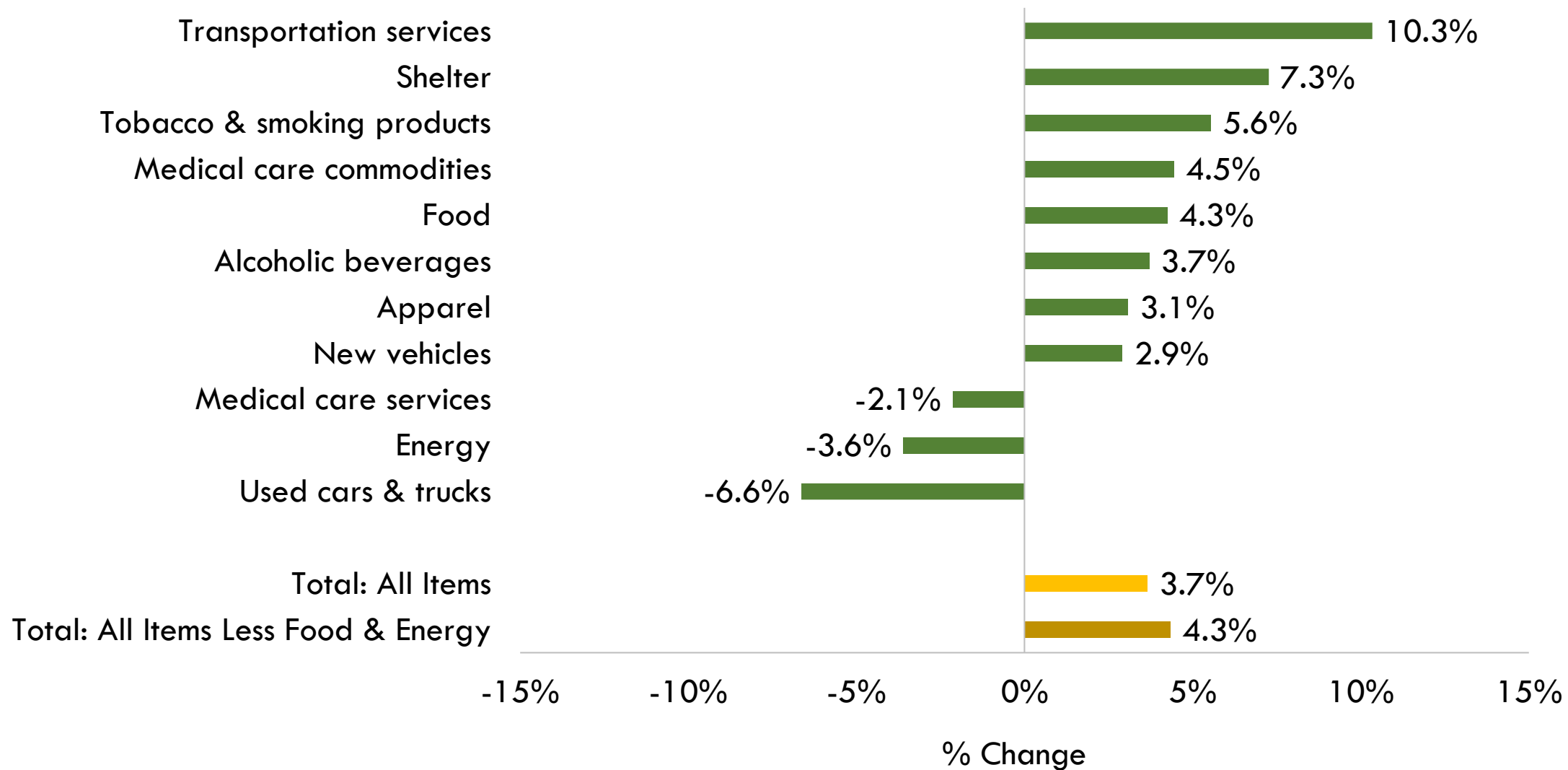
U.S. Consumer Price Index, Select Categories (NSA)

May 2020 v. August 2023 % Change

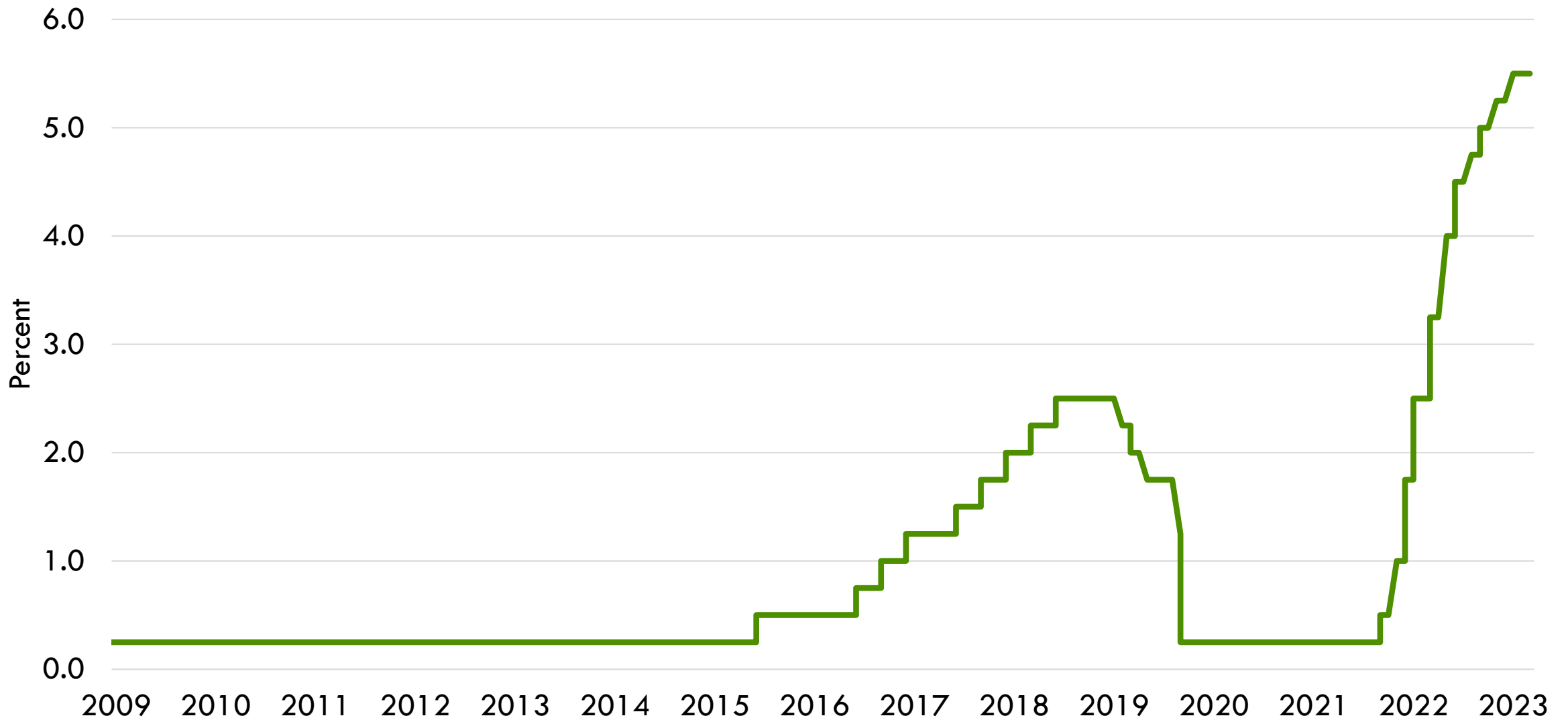


U.S. Consumer Price Index, Select Categories (NSA)

Year-over-year % Change [August 2022 v. August 2023]



Federal Funds Target Range, Upper Limit, 2009 – 2023



Source: Board of Governors of the Federal Reserve System



Mission Impossible

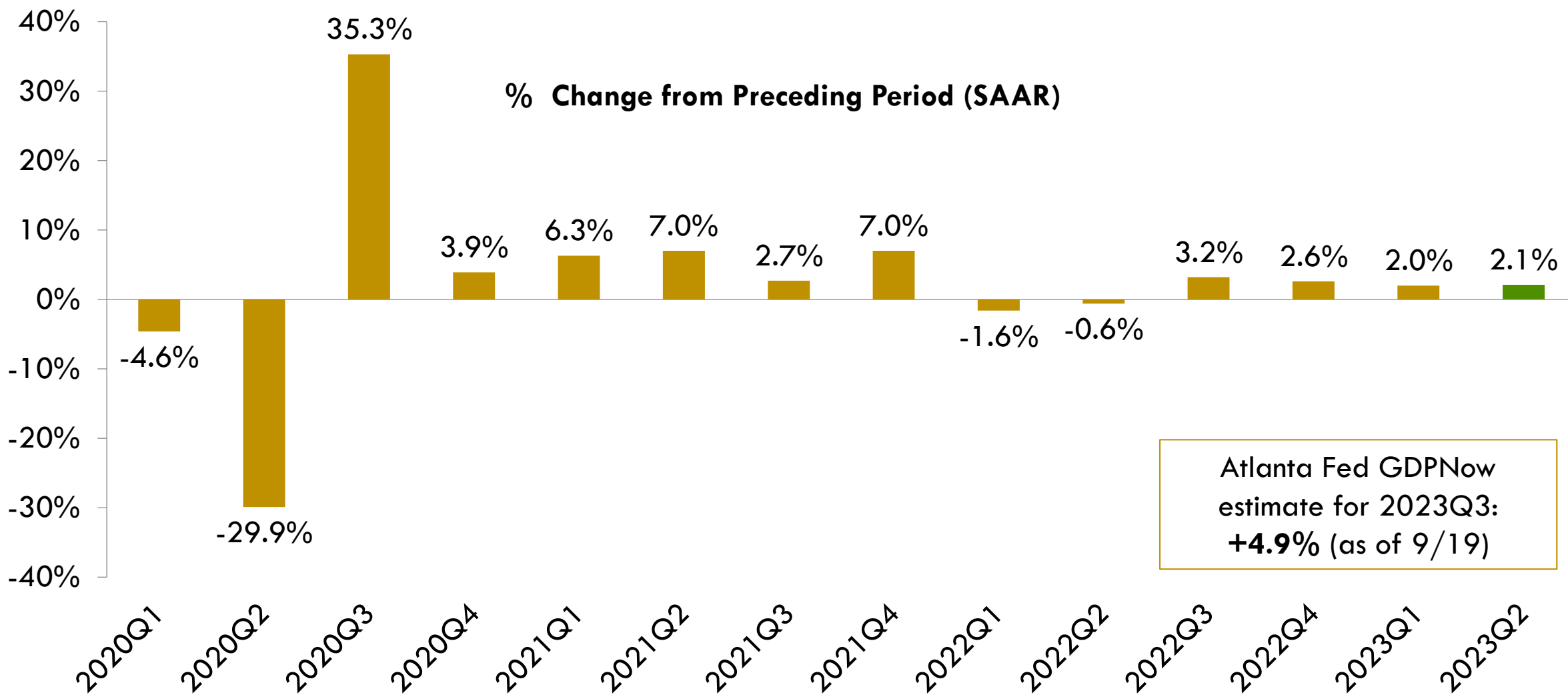
(8 films, 1996-2024)

Monetary Policy Lags

- “A large body of research tells us it can take 18 months to two years or more for tighter monetary policy to materially affect inflation.” - Raphael Bostic, President and Chief Executive Officer, Federal Reserve Bank of Atlanta
- Some reasons for the lag: how fixed people’s expectations are; the gradual response of investment (both business investment and consumer investment in durables/dwellings); long-term contracts (rent); gradual transmission from sectors of the economy immediately affected (ex. lending) to other sectors.
- In the meantime, higher rates reduce investment, slow hiring and wage growth, and eventually increase unemployment.

Born on the 4th of July

U.S. Gross Domestic Product Growth, 2020 – 2023Q2

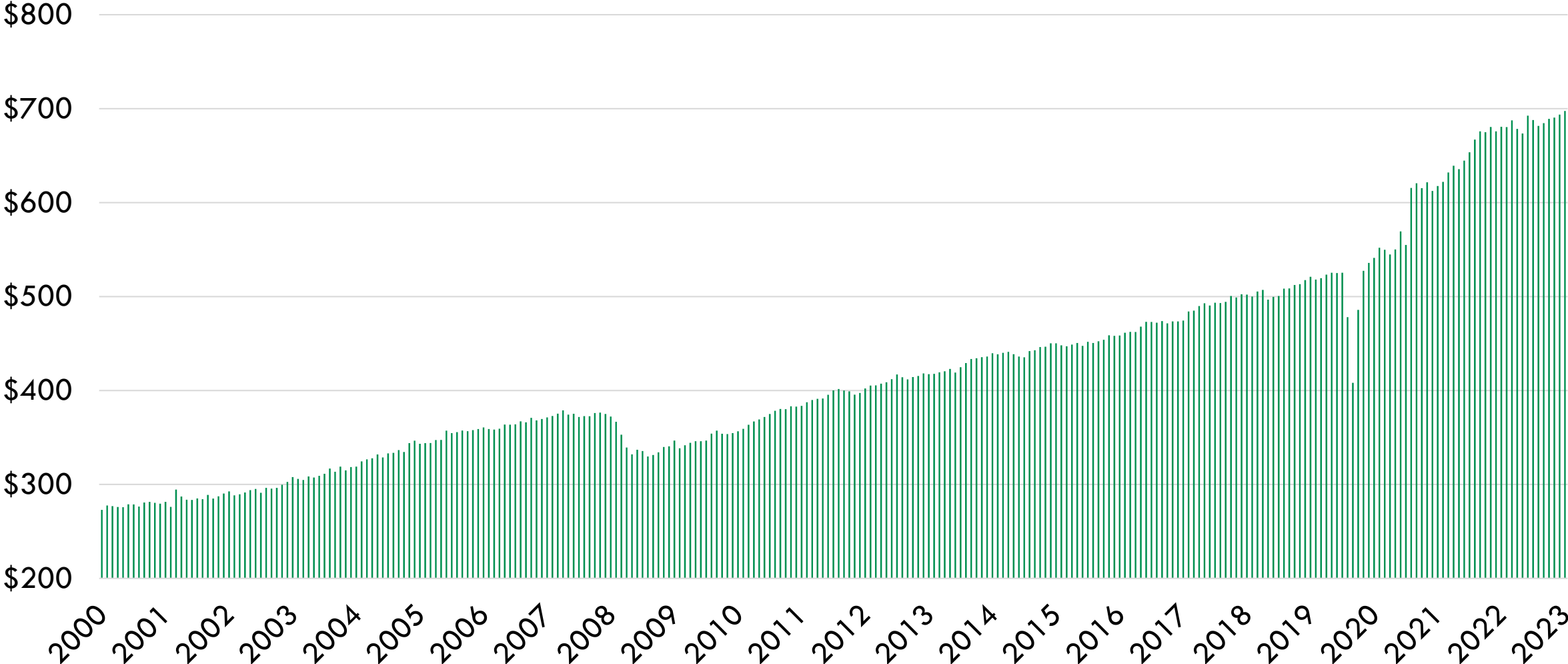


Atlanta Fed GDPNow
estimate for 2023Q3:
+4.9% (as of 9/19)

Source: U.S. Bureau of Economic Analysis *2023Q2: 2nd estimate

U.S. Retail Sales, 2000 – August 2023

Retail Sales (\$Billions)

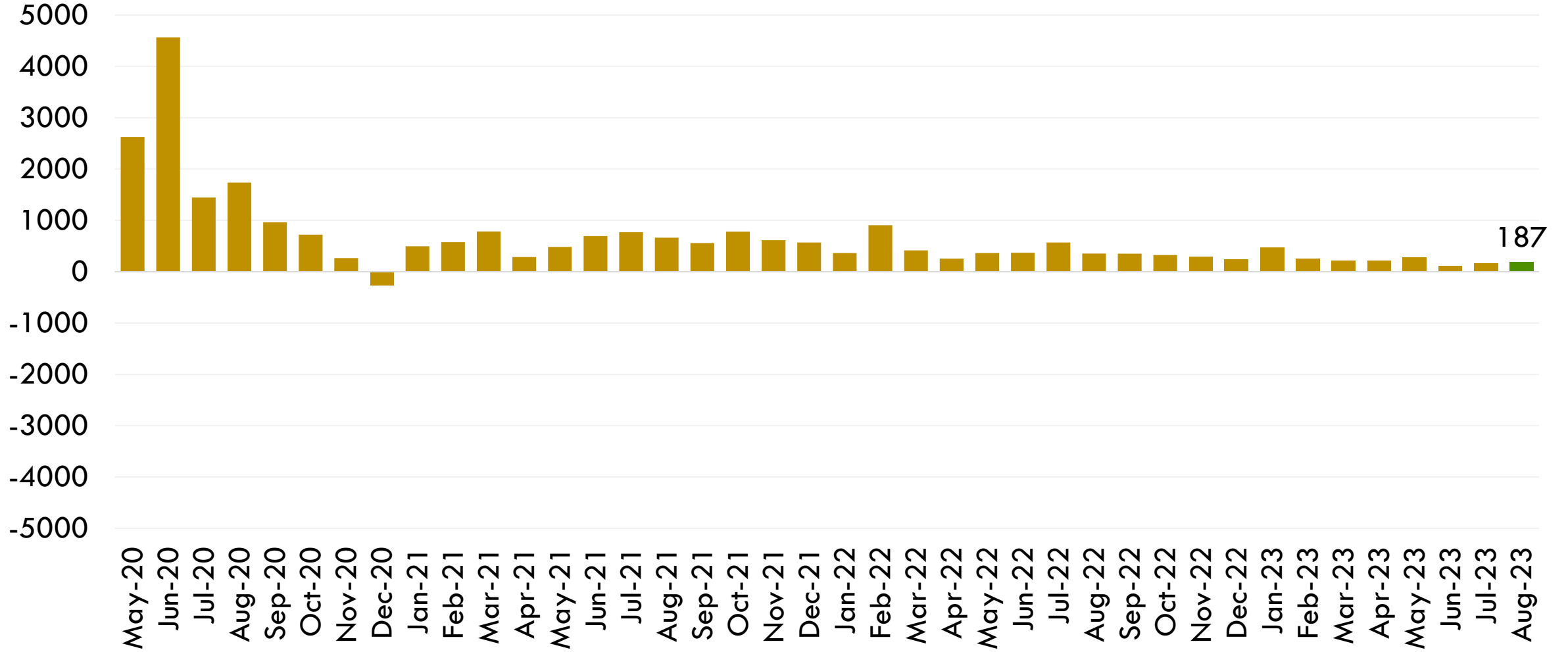


Source: U.S. Census Bureau

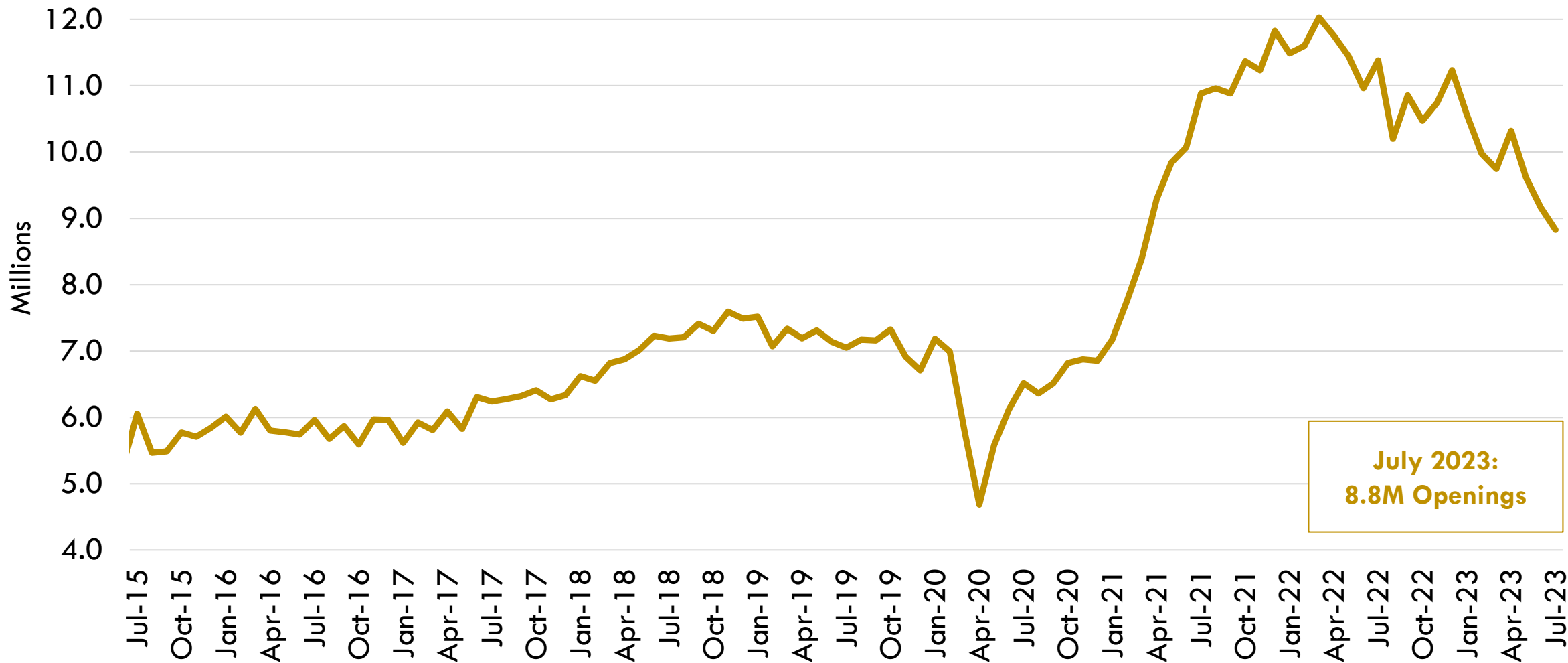
Top Gun: Net Change in U.S. Jobs

May 2020 – August 2023

Monthly Job Growth (000's)



U.S. Job Openings, 2015 – July 2023

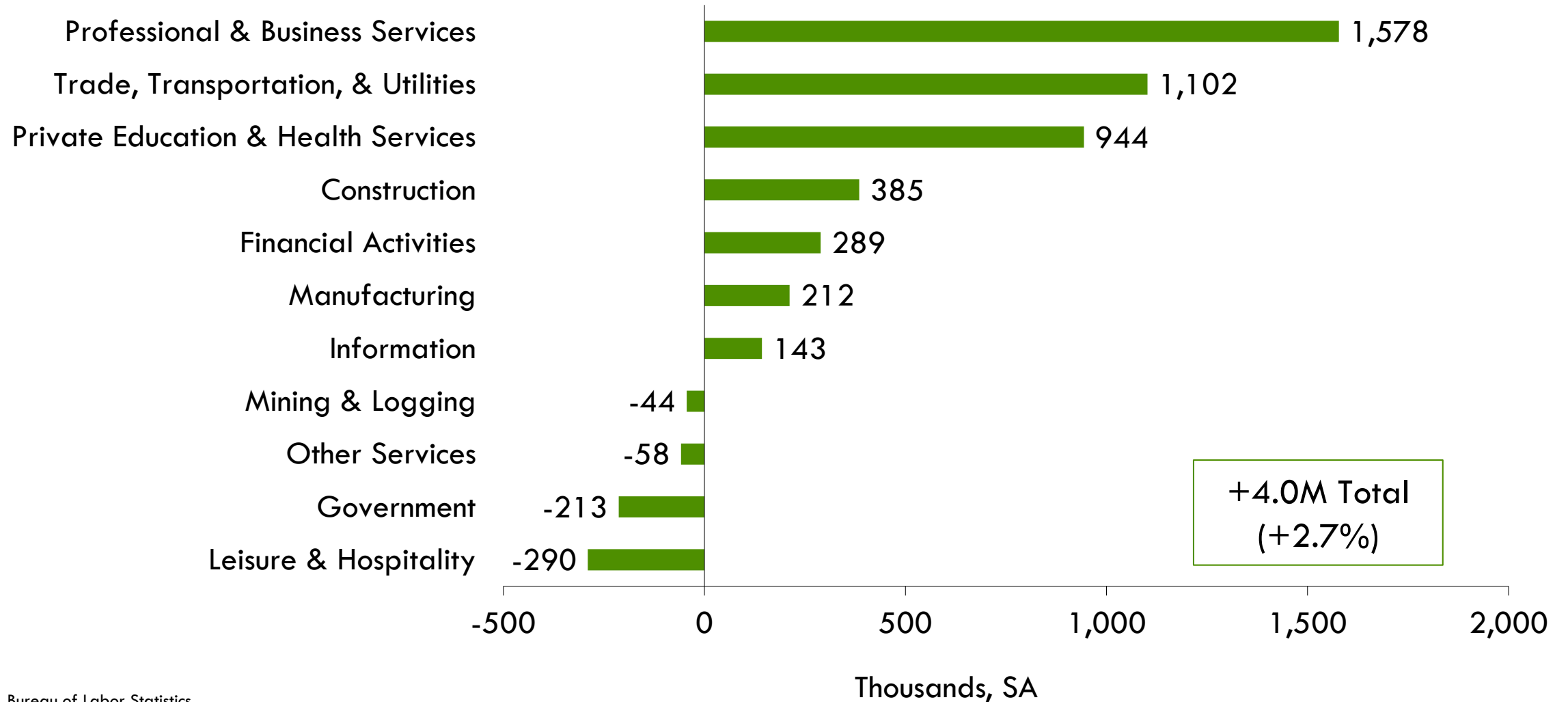


**July 2023:
8.8M Openings**

U.S. Jobs Recovered Since February 2020

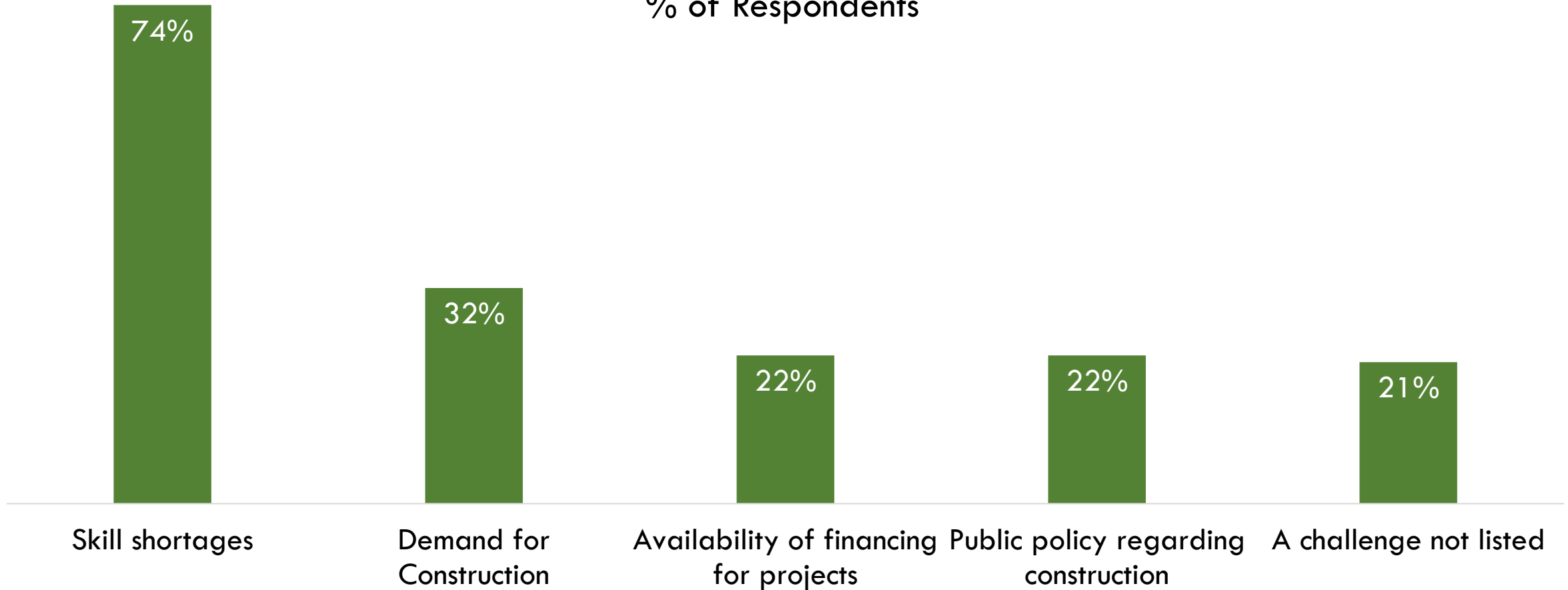


Nonfarm Employment by Industry Sector, February 2020 v. August 2023



CFMA CONFINDEX: Greatest Concerns, 2023Q3

Combined Very or Highly Concerned
% of Respondents



Change in LF Participation Rate by Age, Gender 1980 v. 2023



Change in LF Participation Rate, 1980 v. 2023 (percentage points)

Age Group	Total	Men	Women
16+ years	-1.2	-9.4	+5.8
16-19 years	-19.8	-24.2	-15.5
20-24 years	-5.9	-13.2	+0.9
25-34 years	+3.7	-5.9	+12.6
35-44 years	+3.8	-5.3	+11.9
45-54 years	+7.1	-3.7	+16.8
55-64 years	+9.9	-0.7	+18.6

If the labor force participation rate were what it was in 1980, there would be 12.2 million more men and 7.9 million fewer women in the labor force (ages 16+).

Employment Growth, 25 Largest Metros

February 2020 v. August 2023 Percent Change

Rank	MSA	%	Rank	MSA	%
1	Dallas-Fort Worth-Arlington, TX	11.6%	14	San Diego-Carlsbad, CA	3.5%
2	Tampa-St. Petersburg-Clearwater, FL	8.6%	15	Portland-Vancouver-Hillsboro, OR-WA	2.8%
3	Charlotte-Concord-Gastonia, NC-SC	8.5%	16	Chicago-Naperville-Elgin, IL-IN-WI	2.3%
4	Orlando-Kissimmee-Sanford, FL	7.2%	17	Boston-Cambridge-Nashua, MA-NH	2.1%
5	San Antonio-New Braunfels, TX	6.7%	17	St. Louis, MO-IL	2.1%
6	Atlanta-Sandy Springs-Roswell, GA	6.2%	19	New York-Newark-Jersey City, NY-NJ-PA	1.2%
7	Phoenix-Mesa-Scottsdale, AZ	5.5%	20	Minneapolis-St. Paul-Bloomington, MN-WI	1.1%
8	Riverside-San Bernardino-Ontario, CA	5.1%	21	San Francisco-Oakland-Hayward, CA	1.0%
9	Houston-The Woodlands-Sugar Land, TX	4.9%	22	Baltimore-Columbia-Towson, MD	0.9%
10	Denver-Aurora-Lakewood, CO	4.2%	23	Los Angeles-Long Beach-Anaheim, CA	0.5%
11	Miami-Fort Lauderdale-West Palm Beach, FL	4.1%	23	Washington-Arlington-Alexandria, DC-VA-MD-WV	0.5%
11	Philadelphia-Camden-Wilm., PA-NJ-DE-MD	4.1%			
13	Seattle-Tacoma-Bellevue, WA	3.8%	25	Detroit-Warren-Dearborn, MI	0.0%

Source: Bureau of Labor Statistics

Current Employment Statistics (CES) Survey. Note: data are not seasonally adjusted.

U.S. % Change 2/2020 v. 8/2023: +2.7%

Unemployment Rates, 25 Largest Metros

July 2023

Rank	MSA	%	Rank	MSA	%
1	Baltimore-Columbia-Towson, MD	1.7	11	St. Louis, MO-IL	3.6
2	Washington-Arlington-Alexandria, DC-VA-MD-WV	2.4	14	San Francisco-Oakland-Hayward, CA	3.7
			15	Detroit-Warren-Dearborn, MI	3.9
3	Miami-Fort Lauderdale-West Palm Beach, FL	2.6	15	San Diego-Carlsbad, CA	3.9
4	Boston-Cambridge-Nashua, MA-NH	2.7	17	Philadelphia-Camden-Wilm., PA-NJ-DE-MD	4.0
5	Minneapolis-St. Paul-Bloomington, MN-WI	3.1	18	Dallas-Fort Worth-Arlington, TX	4.1
5	Orlando-Kissimmee-Sanford, FL	3.1	19	Chicago-Naperville-Elgin, IL-IN-WI	4.2
5	Tampa-St. Petersburg-Clearwater, FL	3.1	19	Phoenix-Mesa-Scottsdale, AZ	4.2
8	Atlanta-Sandy Springs-Roswell, GA	3.2	19	San Antonio-New Braunfels, TX	4.2
9	Charlotte-Concord-Gastonia, NC-SC	3.4	22	New York-Newark-Jersey City, NY-NJ-PA	4.6
9	Denver-Aurora-Lakewood, CO	3.4	23	Houston-The Woodlands-Sugar Land, TX	4.8
11	Portland-Vancouver-Hillsboro, OR-WA	3.6	24	Riverside-San Bernardino-Ontario, CA	4.9
11	Seattle-Tacoma-Bellevue, WA	3.6	25	Los Angeles-Long Beach-Anaheim, CA	5.0

Source: Bureau of Labor Statistics
Local Area Unemployment Statistics (LAUS) program. Note:
data are not seasonally adjusted

U.S. Unemployment Rate—July: 3.5% | August: 3.8%



You Had Me at Recession

(Jerry Maguire, 1996)

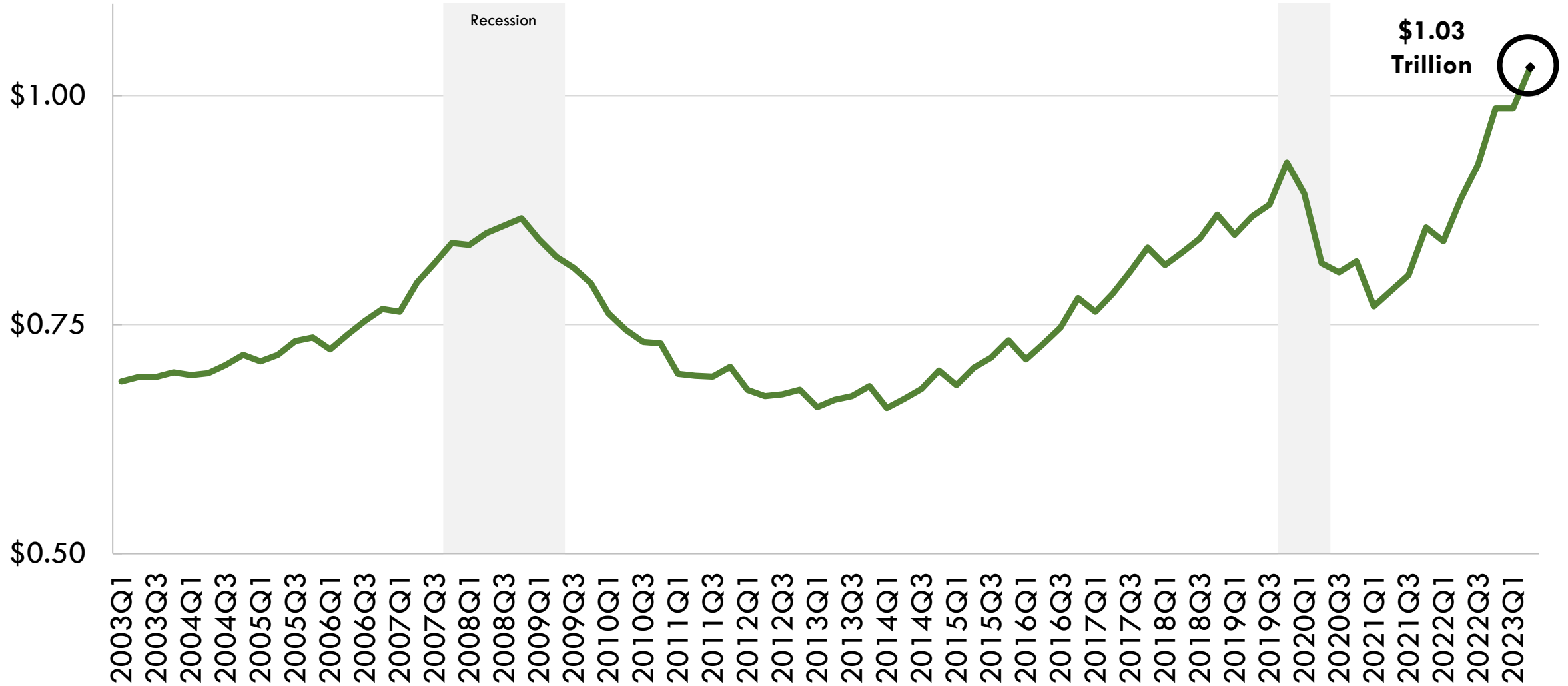


Defining Recession: Eyes Wide Shut

- The National Bureau of Economic Research (NBER)'s Business Cycle Dating Committee is the official recession scorekeeper – it maintains a chronology of U.S. business cycles.
- NBER's traditional definition of recession is “a significant decline in economic activity that is spread across the economy and that lasts more than a few months.”
- There is no fixed rule about which indicators contribute information to NBER's process or how they are weighted in the determination of recession.
- Because the government statistics NBER relies on are published at various lags, the NBER Committee cannot officially designate a recession until after it starts (and often not until it's over).

U.S. Credit Card Debt, 2003 – 2023

\$ Trillions

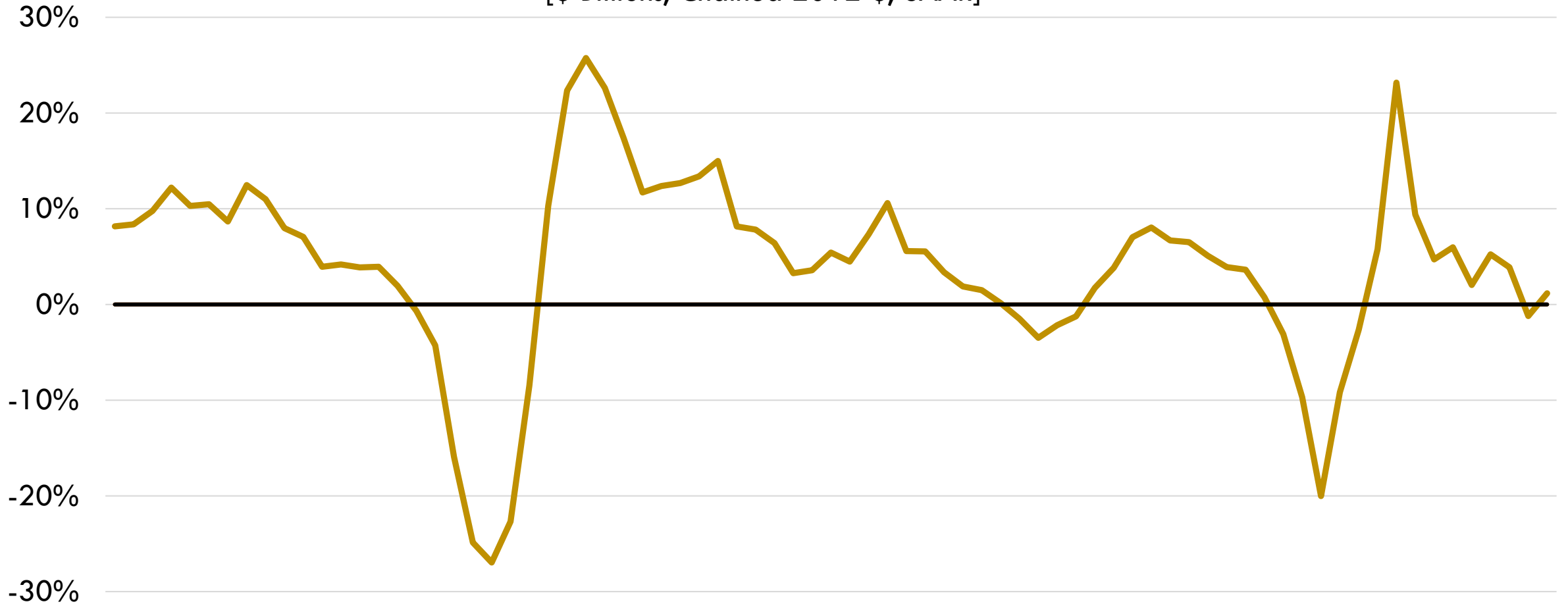


Source: FRED; New York Fed Consumer Credit Panel/Equifax

U.S. GDP: Nonresidential Fixed Investment in Equipment

2004 – 2023Q2

YOY % Change
[\$ Billions, Chained 2012 \$, SAAR]



The Firm

- According to a November 2022 PwC survey of U.S. executives, 26% of firms are planning to reduce the number of full-time employees over the next 12-18 months.
 - In August 2022, 50% of firms said they already had, or had a plan in place to, reduce overall headcount.
- Four out of five executives surveyed by PwC in November 2022 said a recession is coming within the next six months.

Noteworthy Layoffs in 2022-2023

Ranked by Number Laid Off

Company	Estimated Layoffs	Workforce Before Layoffs	Percent Laid Off
Amazon	27,000	1,544,000	1.7%
Meta	21,000	87,314	24.1%
Accenture	19,000	760,000	2.5%
Alphabet	12,000	187,000	6.4%
Microsoft	10,000	221,000	4.5%
3M	8,500	90,000	9.4%
Salesforce	8,000	79,000	10.1%
Disney	7,000	222,000	3.2%
Dell	6,650	133,000	5.0%
Twitter	3,700	7,500	49.3%
Goldman Sachs	3,200	49,000	6.5%
Indeed	2,200	14,600	15.1%
PayPal	2,000	29,000	6.9%
Dow	2,000	38,000	5.3%
Boeing	2,000	156,000	1.3%

Source: Company announcements & government filings; news reports



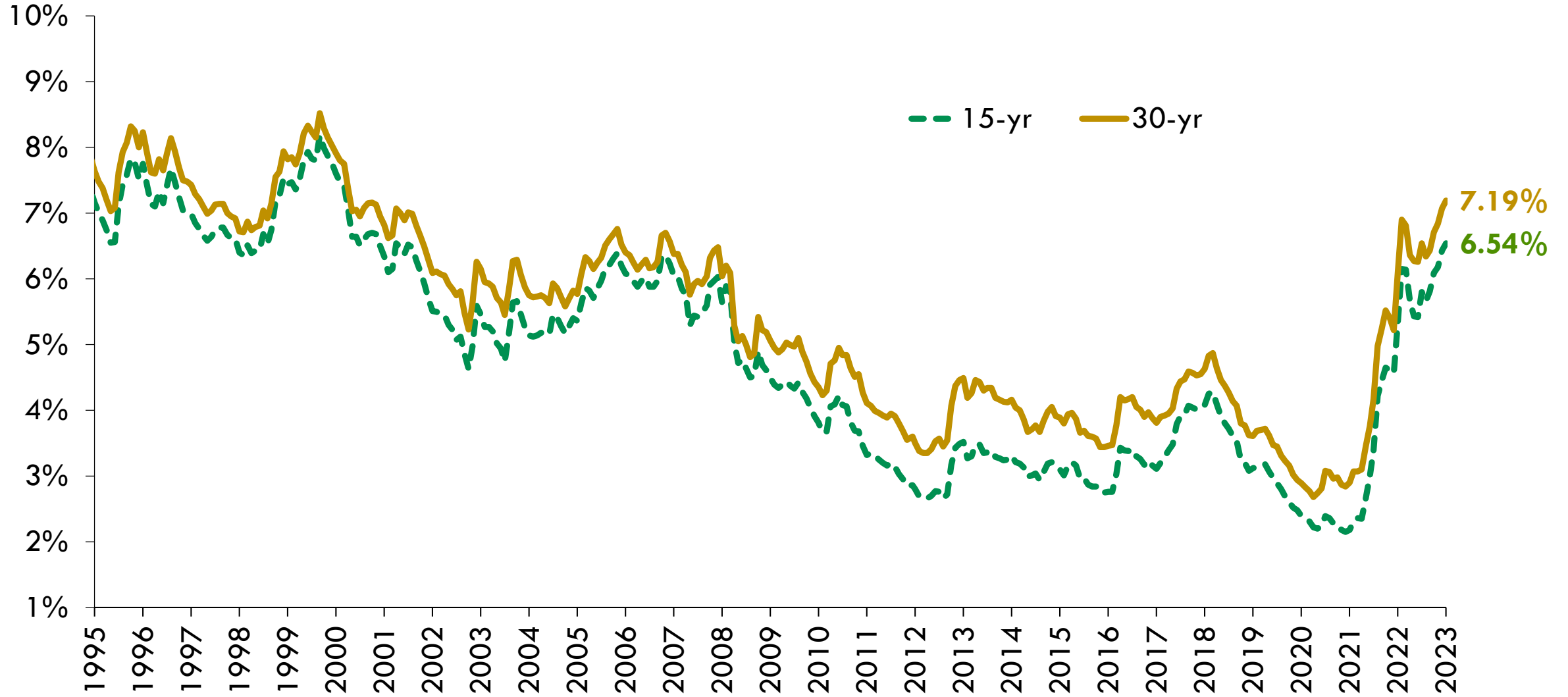
A Few Good Properties

(A Few Good Men, 1992)



U.S. 15-Year & 30-Year Fixed Mortgage Rates

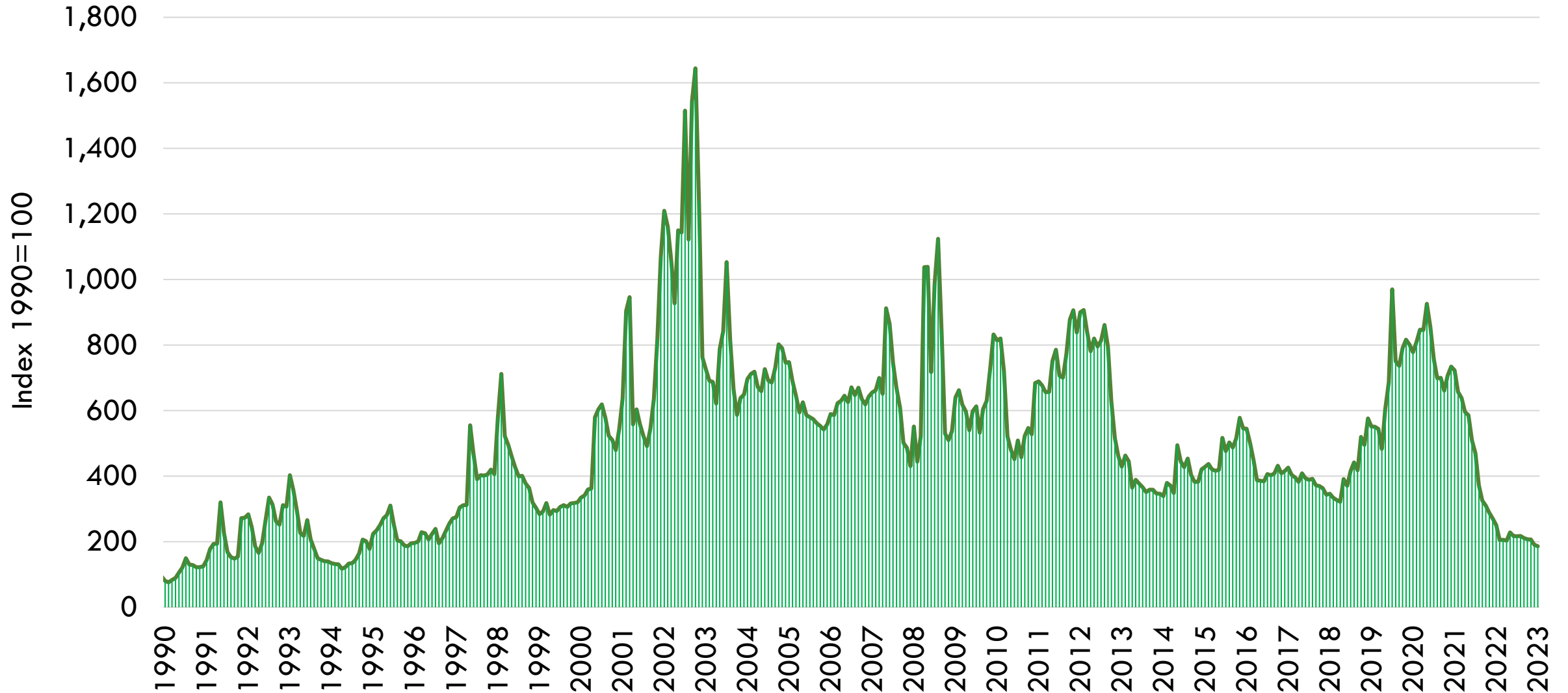
1995 – September 2023*



Source: Freddie Mac *Week ending 9/21/2023

U.S. Mortgage Loan Applications Composite Index

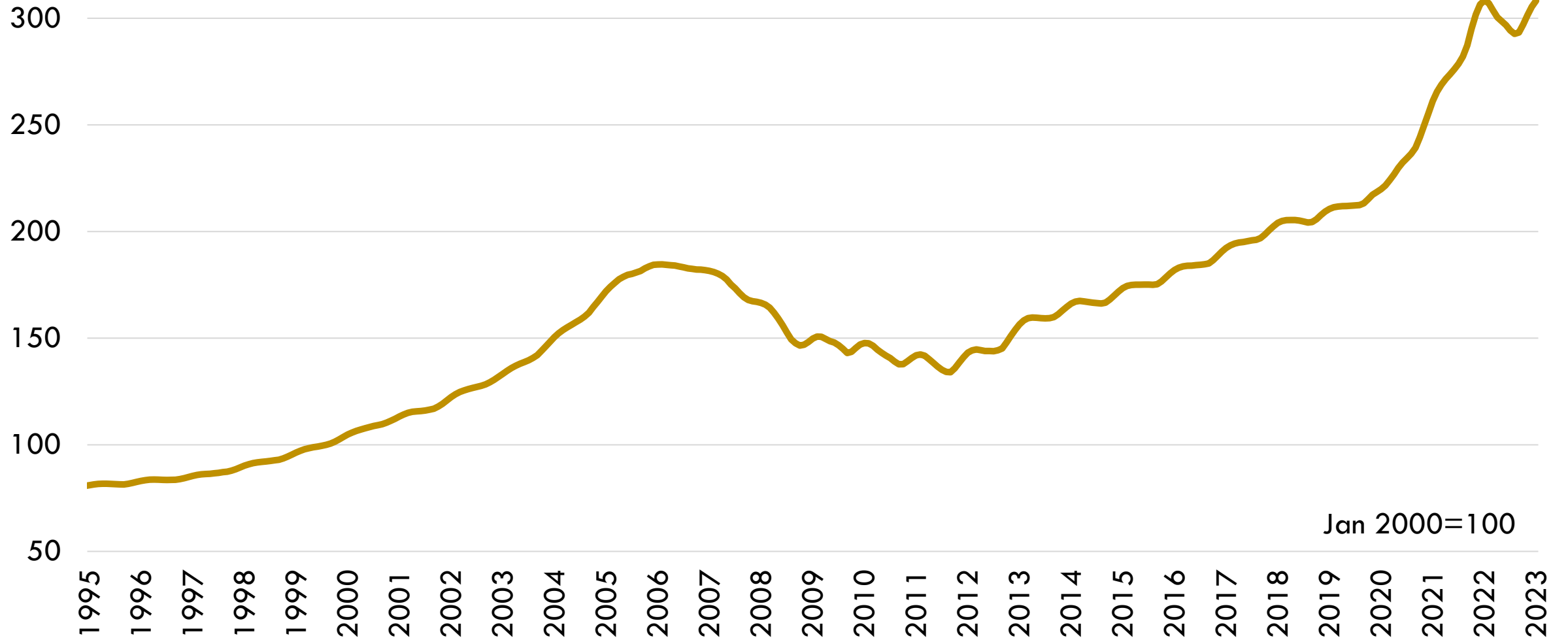
1990 – September 2023



Source: Mortgage Bankers Association (MBA)

S&P Case-Shiller U.S. National Home Price Index

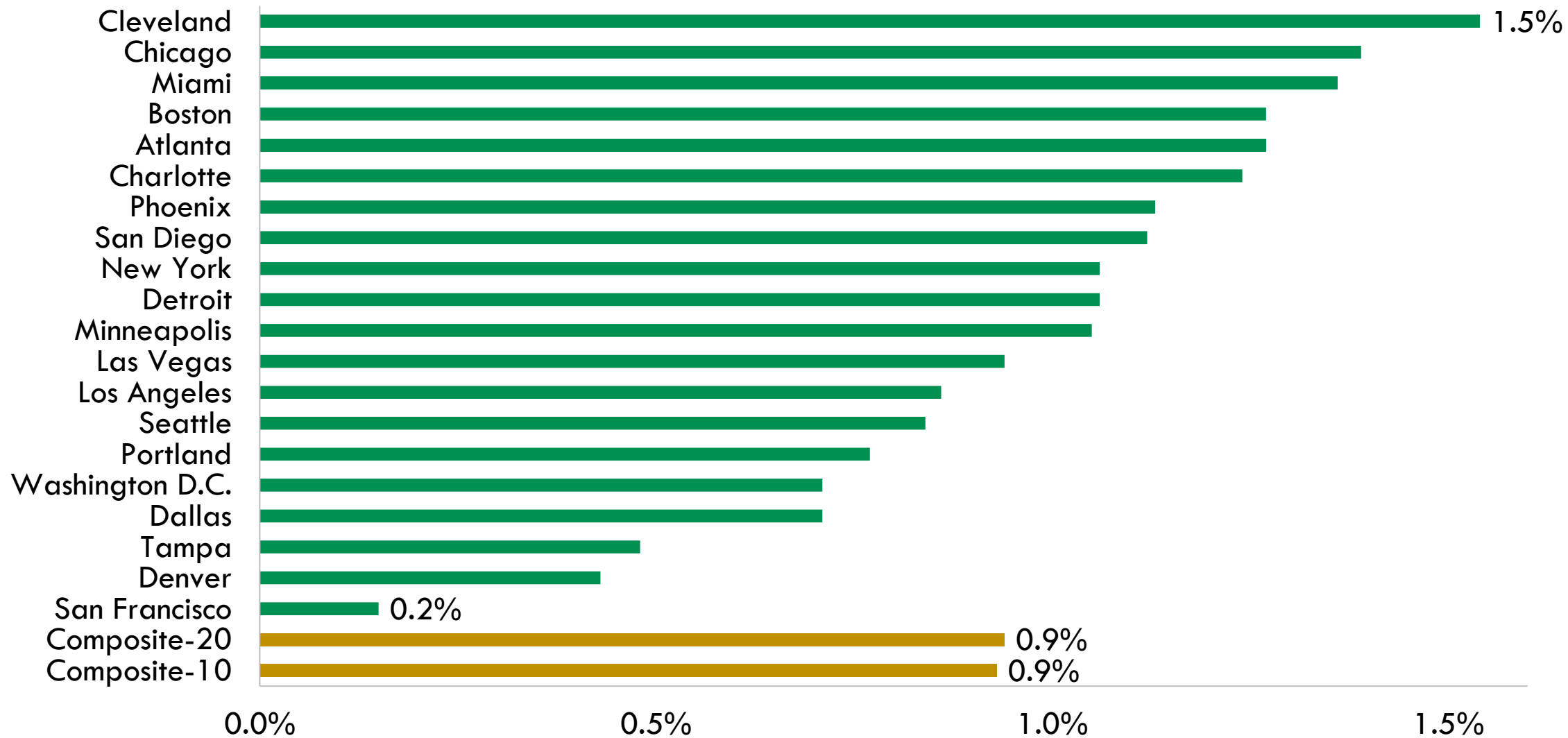
1995 – June 2023



Source: Standard & Poor's

S&P Case-Shiller Home Price Index by Metro Area

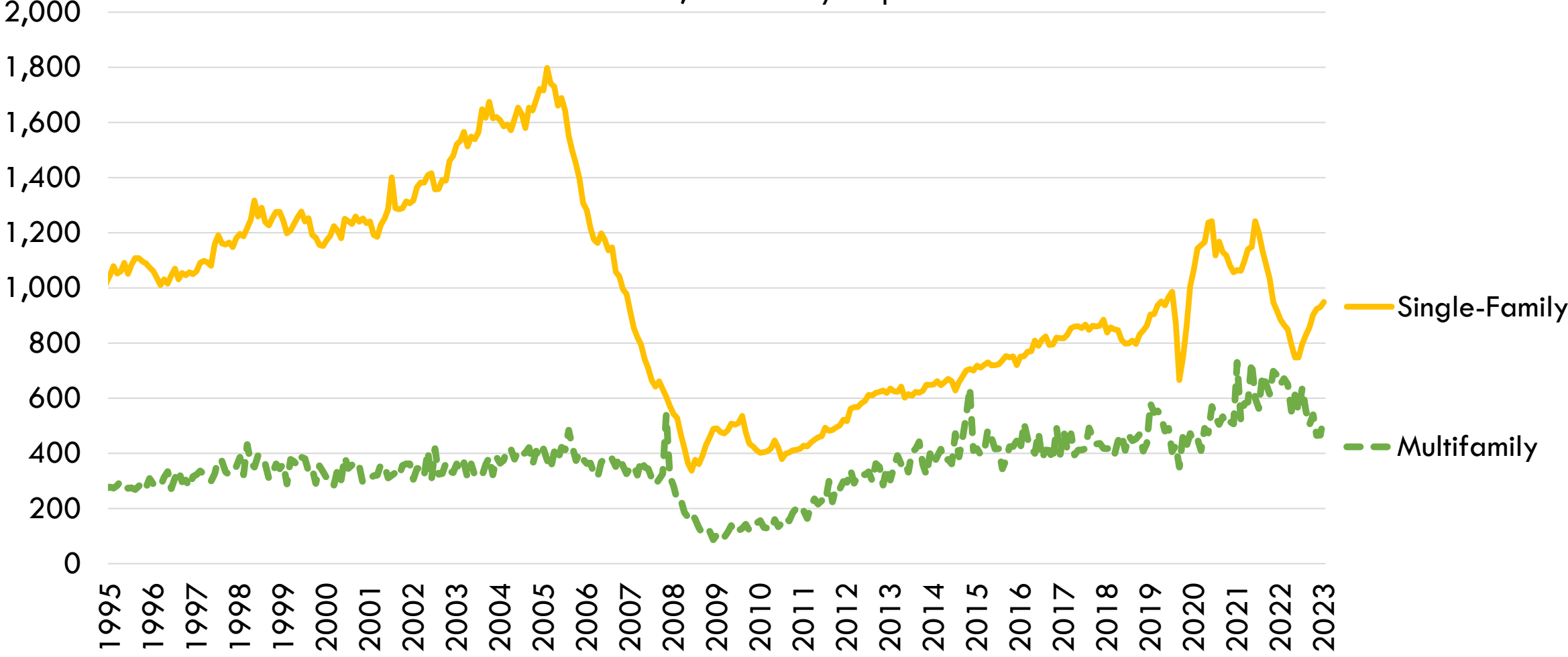
1-Month % Change, June 2023



U.S. Residential Building Permits

1995 – August 2023

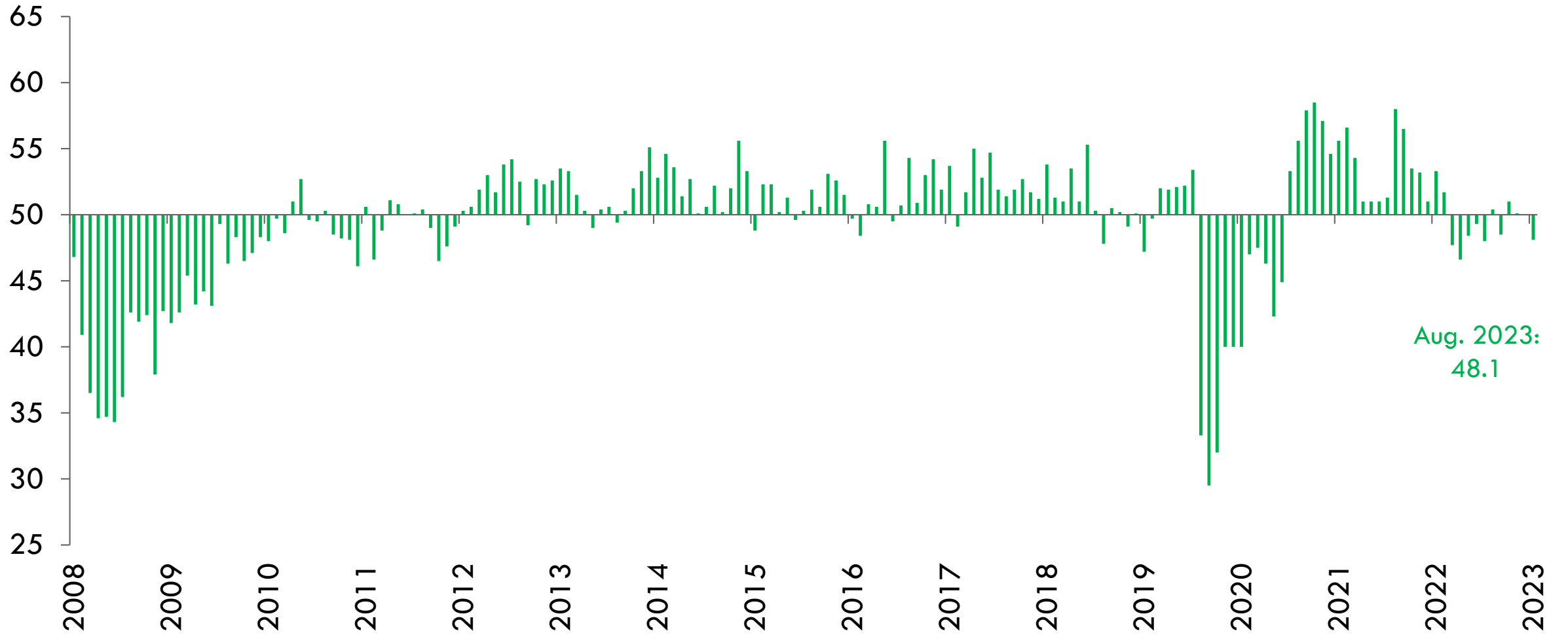
Thousands of Units, Seasonally Adjusted Annual Rate



Source: U.S. Census Bureau

Architecture Billings Index

2008 – August 2023

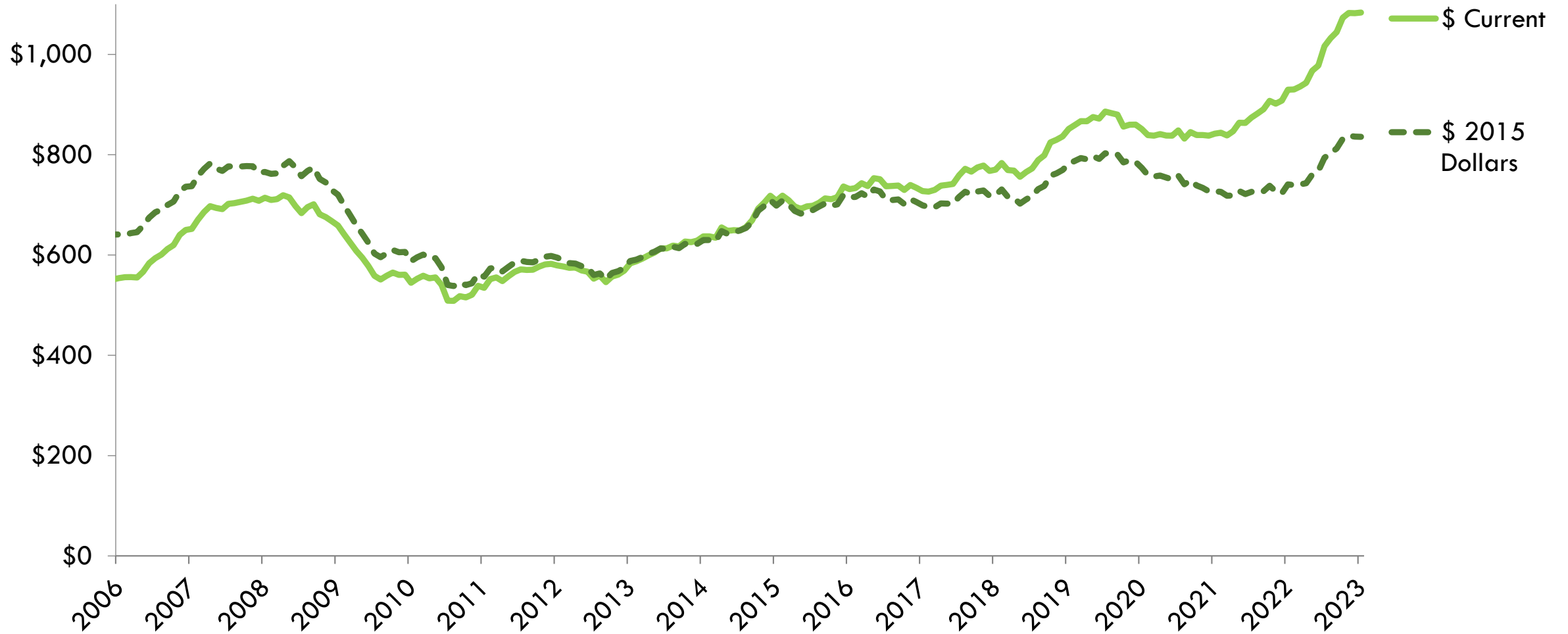


Source: The American Institute of Architects

Total Nonresidential Construction Spending

Current/Constant Dollars, 2006 – July 2023

\$ Billions, Seasonally Adjusted Annual Rate

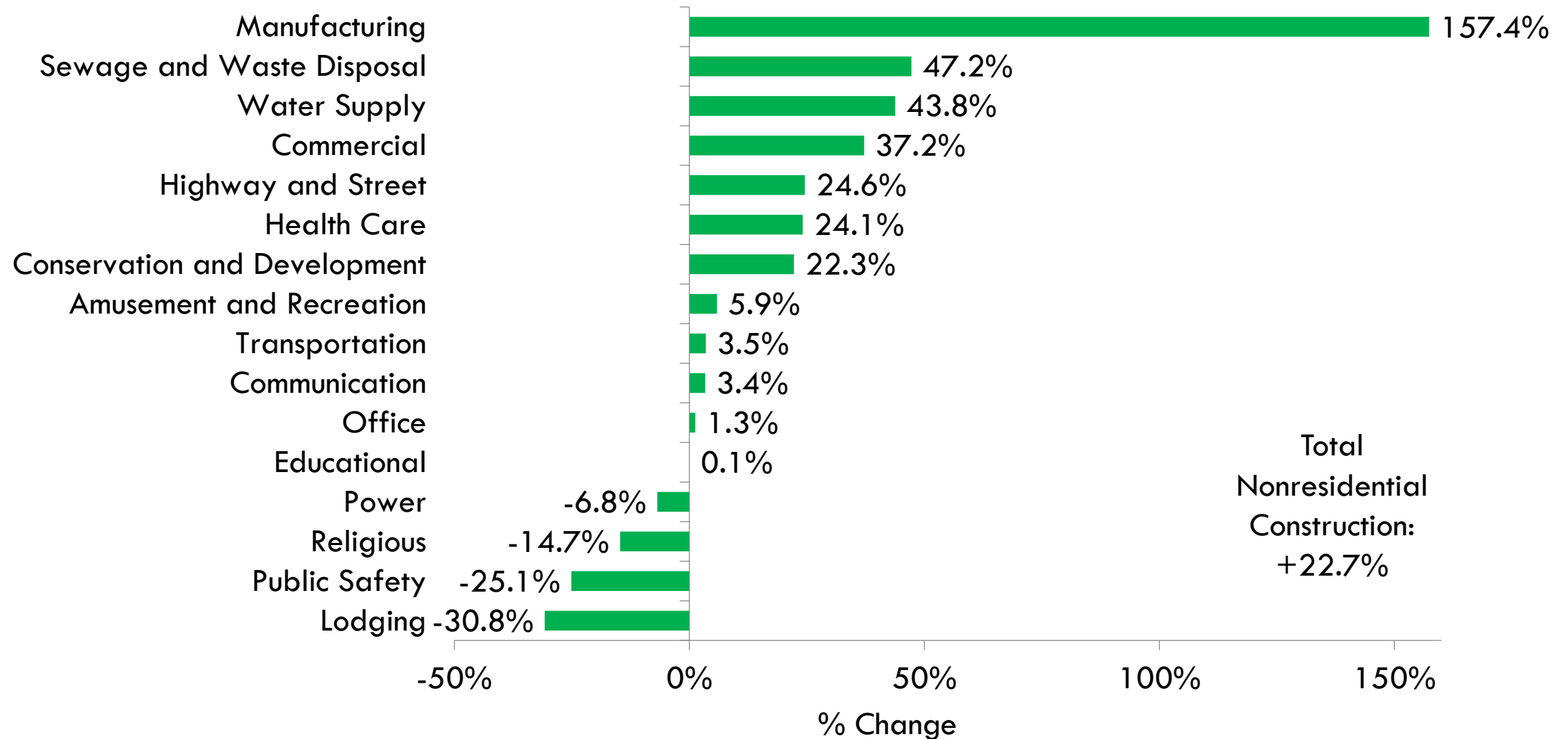


Source: U.S. Census Bureau; U.S. Bureau of Labor Statistics

*Adjusted with U.S. Bureau of Labor Statistics Consumer Price Index, All Urban Consumers, U.S. City Average

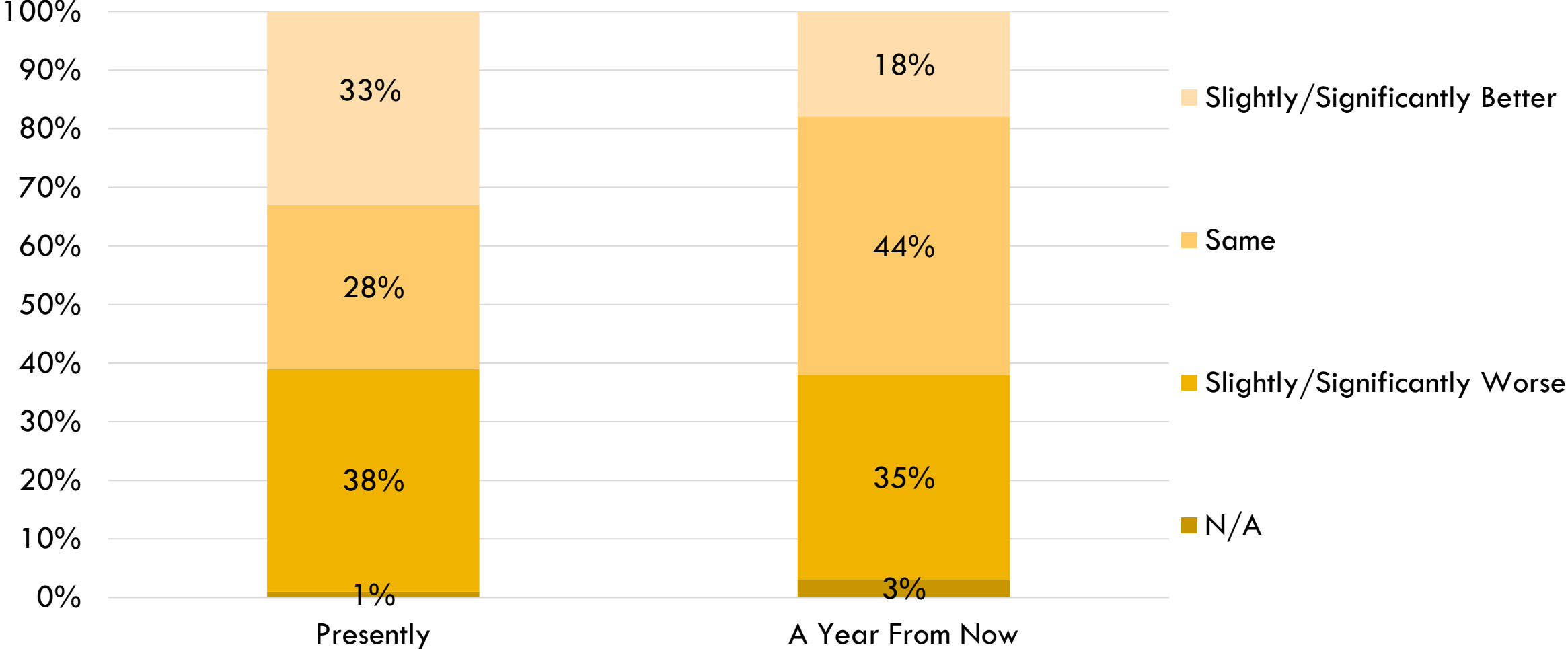
Nonresidential Construction Spending by Subsector

February 2020 v. July 2023 (Current \$)



CFMA CONFINDEX: Materials Prices, 2023Q3

% of Respondents



Source: Construction Financial Management Association (CFMA); Sage

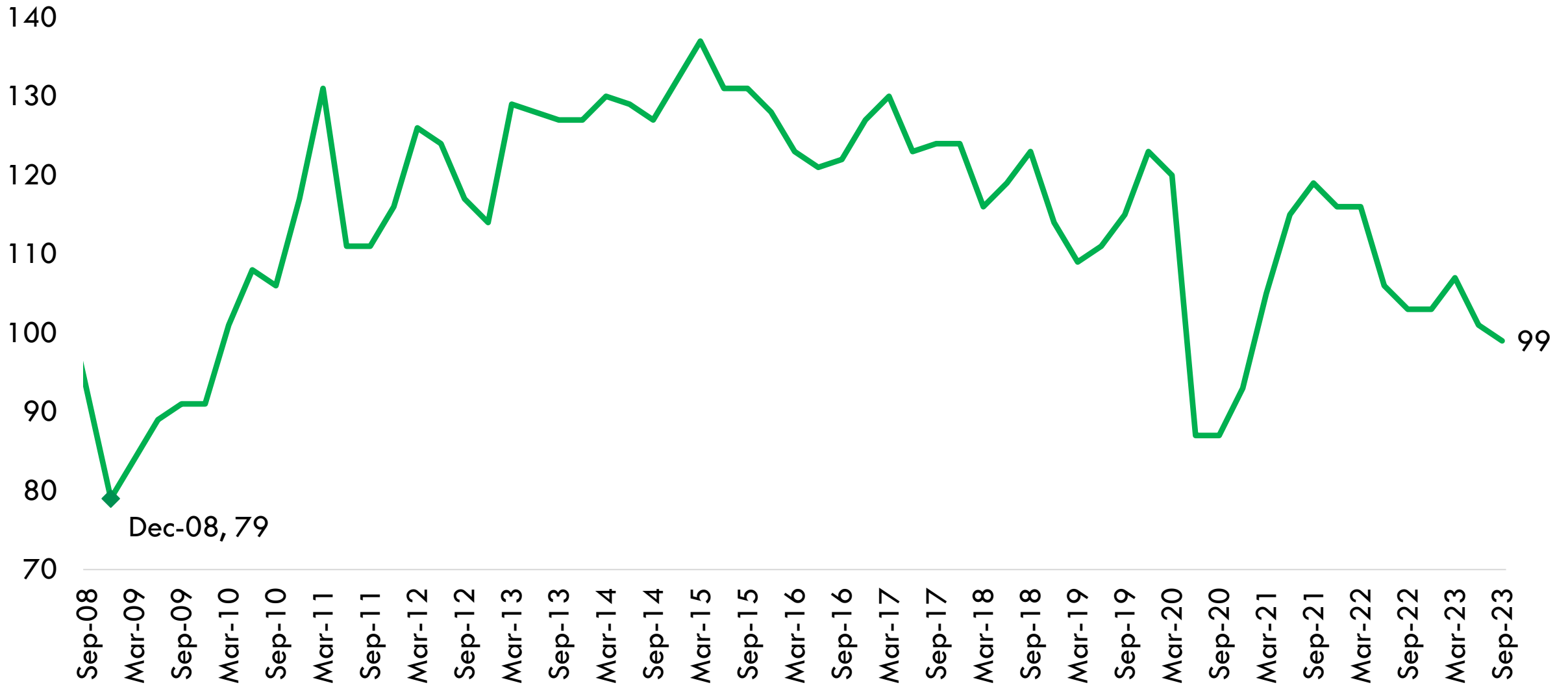


Edge of Tomorrow



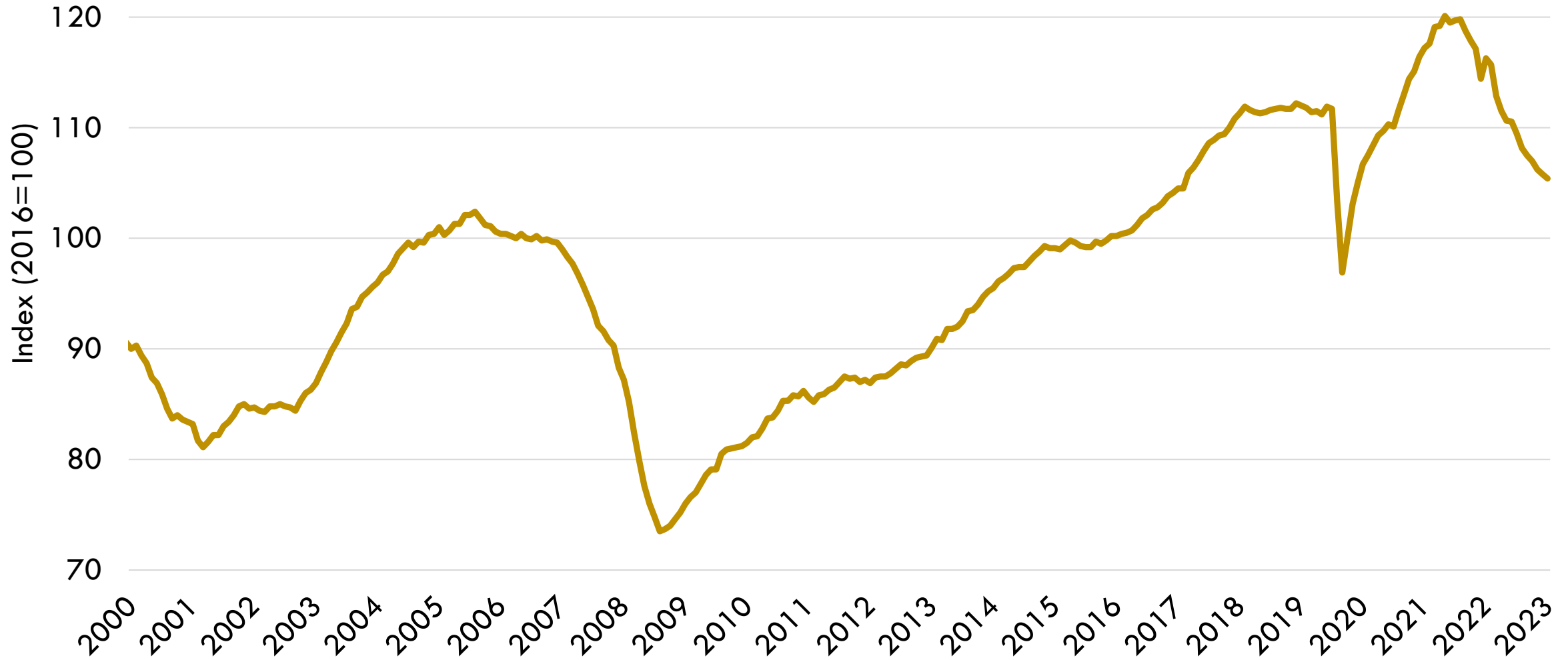
CFMA CONFINDEX Overall Confidence Index

2008 – September 2023



Conference Board: U.S. Leading Economic Index

2000 – August 2023



Source: The Conference Board

Business Inventories

1965 – July 2023

\$ Billions

\$3,000

\$2,500

\$2,000

\$1,500

\$1,000

\$500

\$0

■ Retailers

■ Merchant Wholesalers

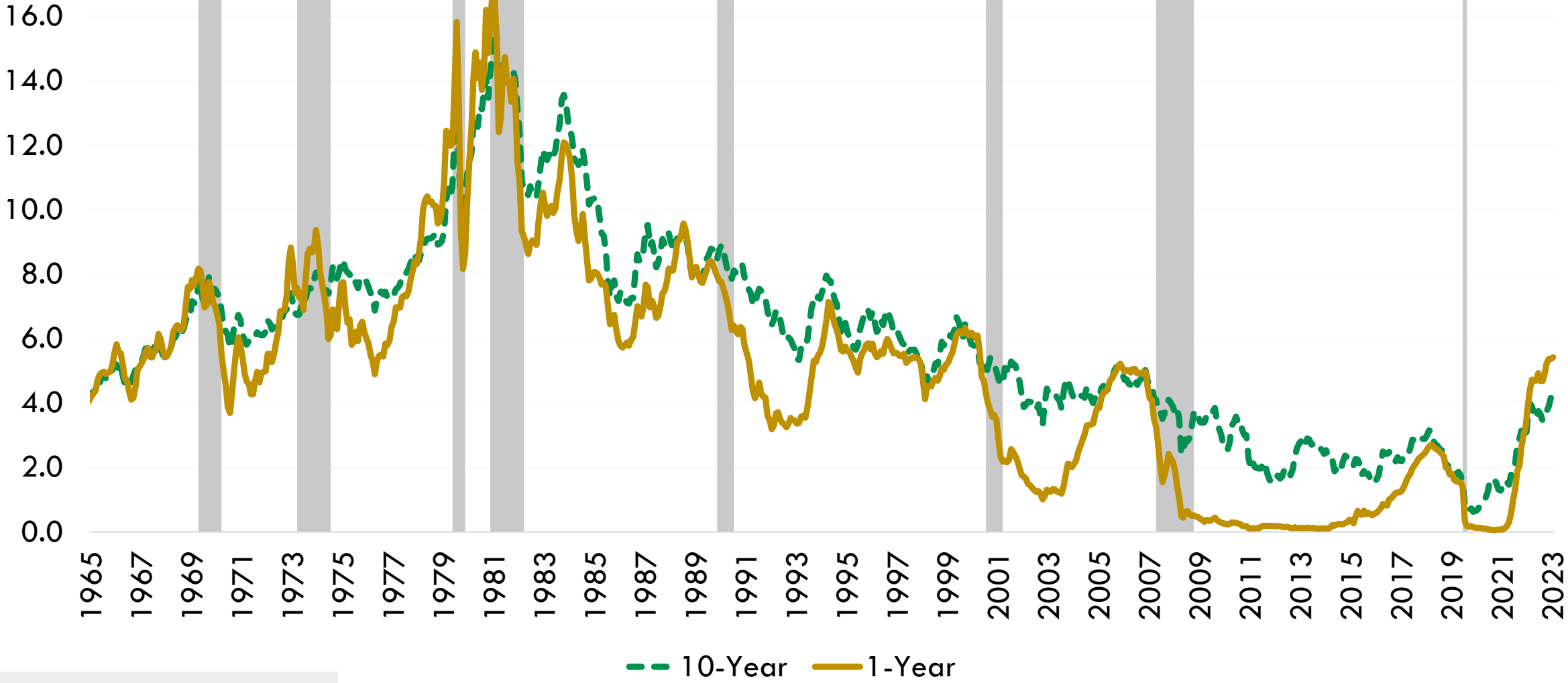
■ Manufacturers

1992 1993 1994 1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021 2022 2023

Source: U.S. Census Bureau

U.S. Treasury Yields : 10-Year v. 1-Year

1965 – September 2023



Shaded areas indicate U.S. recessions

Source: Federal Reserve Bank of St. Louis

You Can't Handle the Truth!

- It's going to get worse before it gets better.
- The global economy is weakening, the national economy is weakening, borrowing costs are higher, and excess inflation persists.
- Some segments stand to hold up better than others, including public construction, grocery stores, and multifamily housing.
- At some point, the Federal Reserve will stop raising rates – that will represent a key inflection point for the economy.
- Recessionary conditions will prevail at some point over the next 12 months.

Thank You

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Q&A

