

By: Anirban Basu

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Sage Policy Group, Inc.

On Behalf Of

Stambaugh Ness

October 24th, 2022

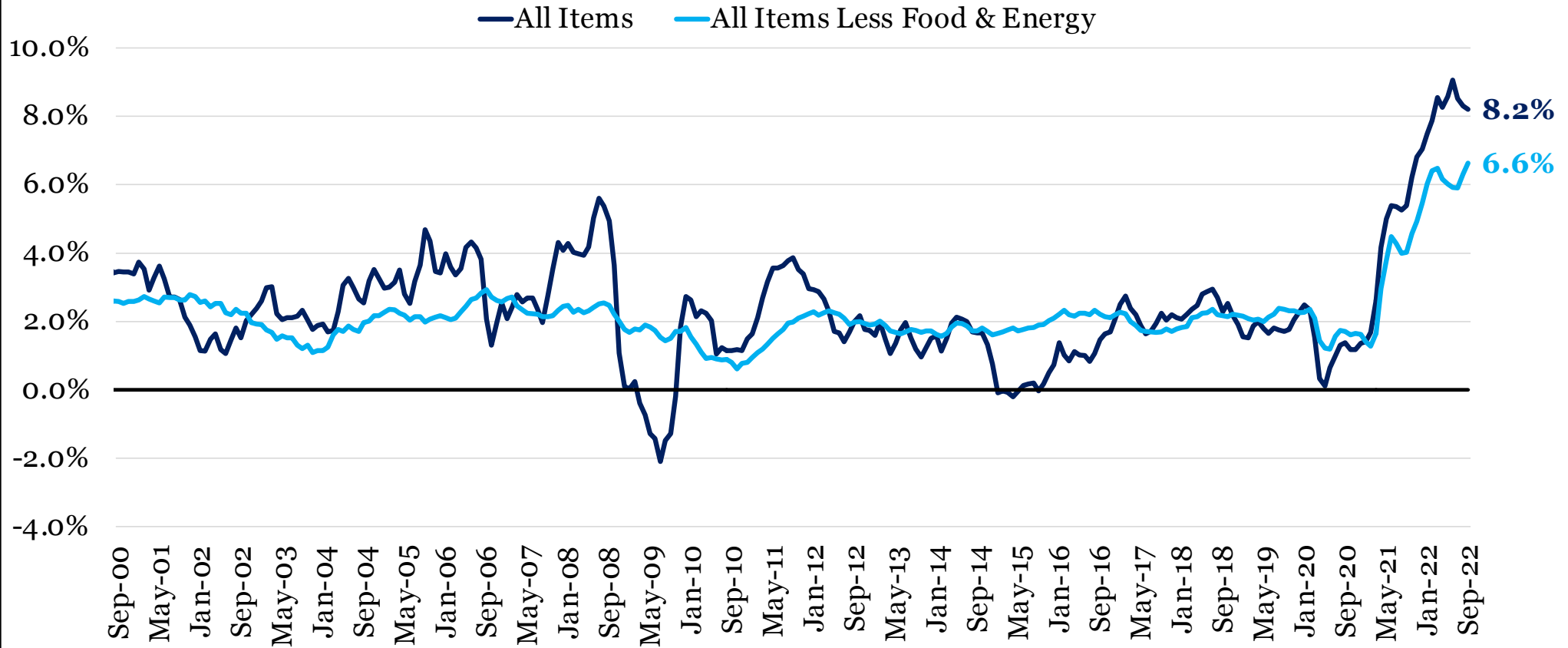


**NO TIME
TO BUY**

2021 – Specter of Inflation

U.S. Consumer Price Index

12-Month % Change, 2000 – September 2022



Source: U.S. Bureau of Labor Statistics

A Statement is Not Enough

“...Inflation has risen, largely reflecting transitory factors...”

(FOMC Statement, June 2021)

“...Inflation has risen, largely reflecting transitory factors...”

(FOMC Statement, July 2021)

“...Inflation is elevated, largely reflecting transitory factors...”

(FOMC Statement, September 2021)

“...Inflation is elevated, largely reflecting factors that are expected to be transitory...”

(FOMC Statement, November 2021)

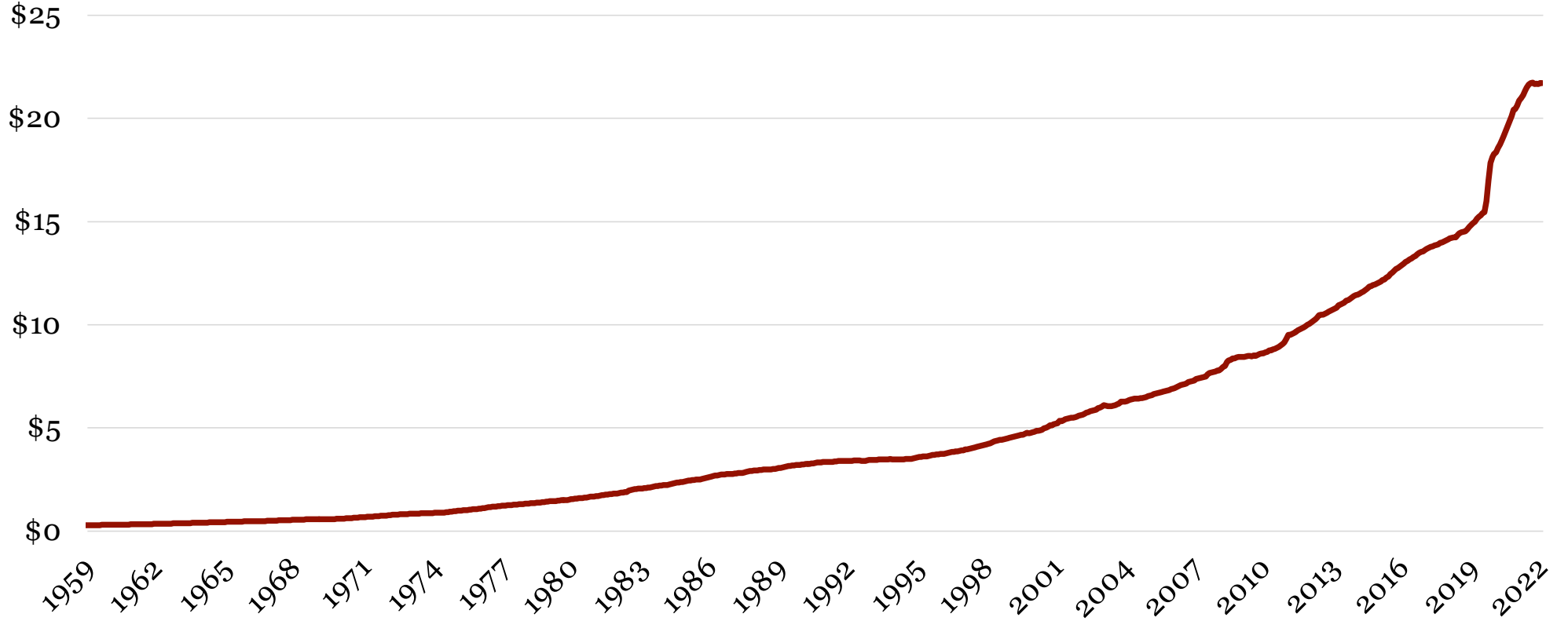
“Supply and demand imbalances related to the pandemic and the reopening of the economy have continued to contribute to elevated levels of inflation.”

(FOMC Statement, December 2021)

“...These problems have been larger and longer lasting than anticipated, exacerbated by waves of the virus. As a result, overall inflation is running well above our 2 percent longer-run goal and will likely continue to do so well into next year.” (FOMC Chair Jerome Powell, December 2021)

U.S. Money Supply, 1959 – August 2022

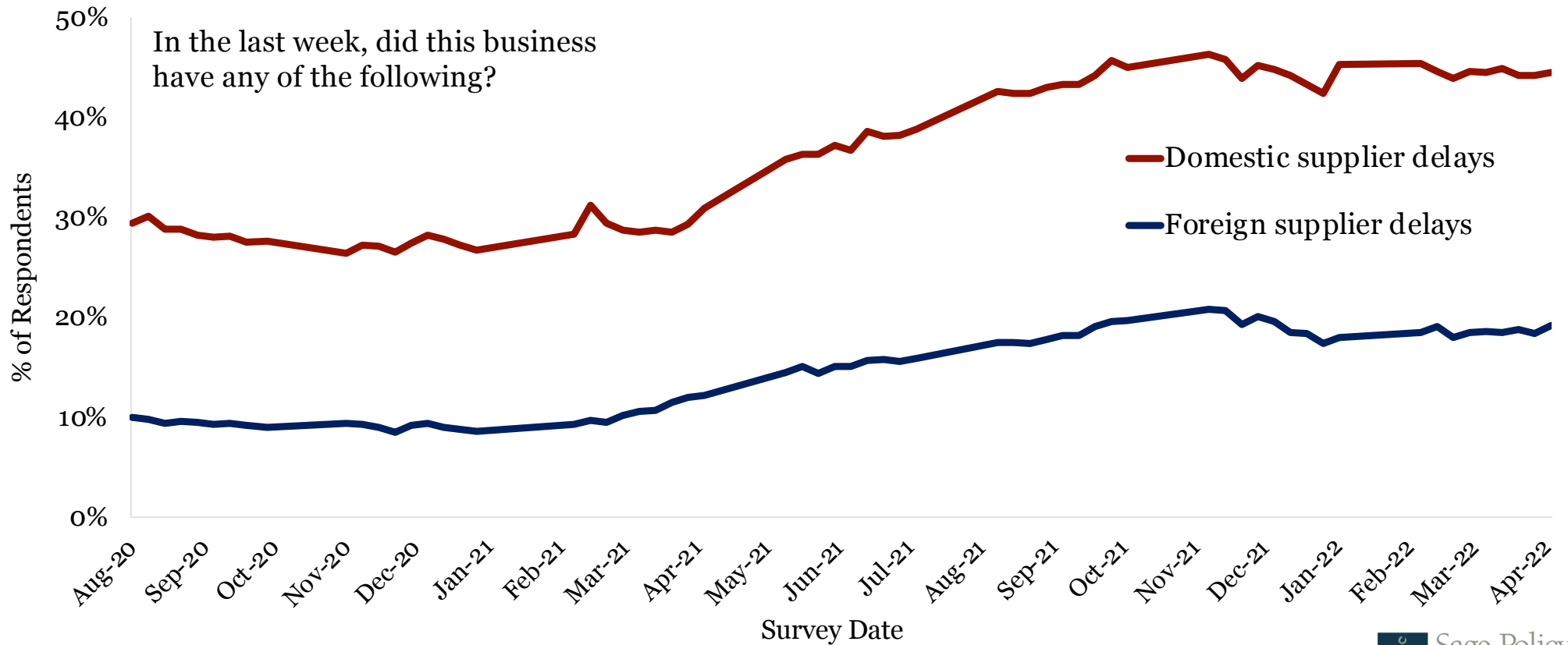
\$ Trillions



Source: Federal Reserve

U.S. Supply Chain Disruptions & Supplier Delays

Census Bureau Small Business Pulse (SBP) Survey



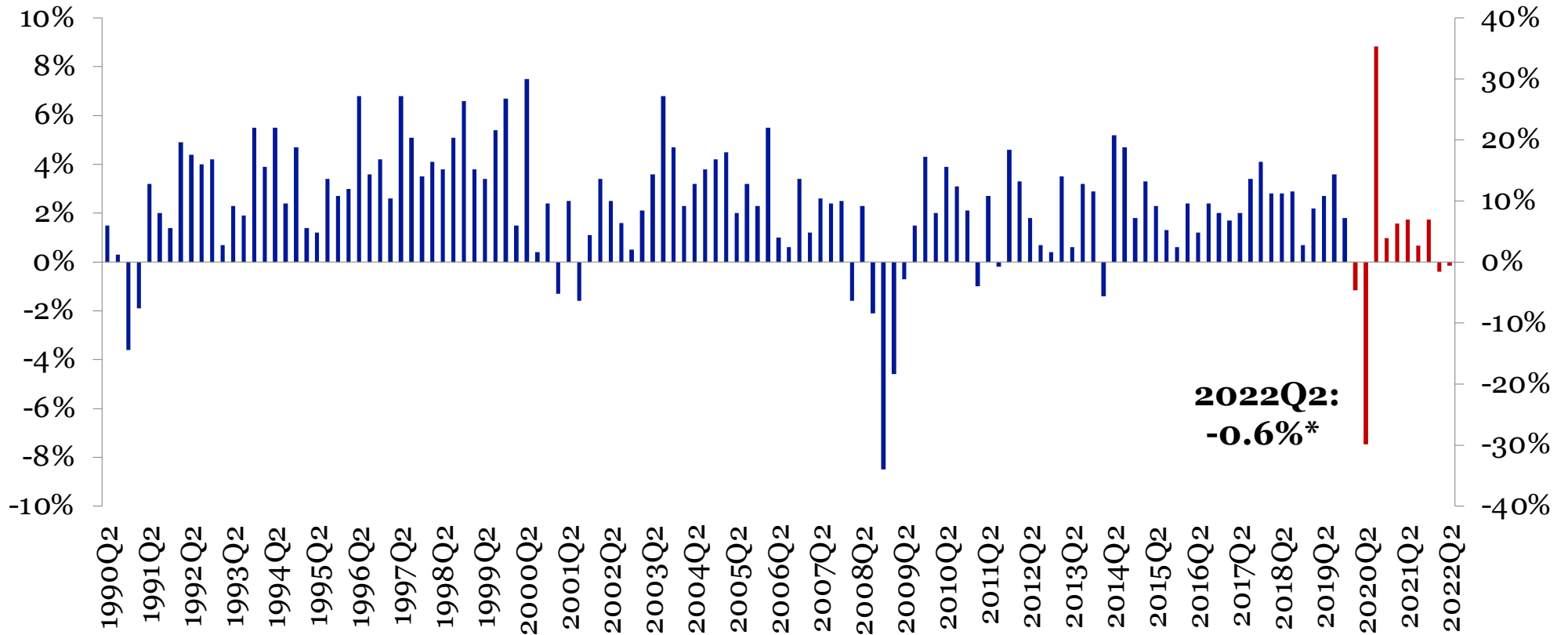
Source: U.S. Census Bureau, Small Business Pulse (SBP) survey

U.S. GDP - For Your Eyes Only

1990-2019

% Change from Preceding Period (SAAR)

2020-Present



**2022Q2:
-0.6%***

Source: U.S. Bureau of Economic Analysis *2022Q2: 3rd/final estimate

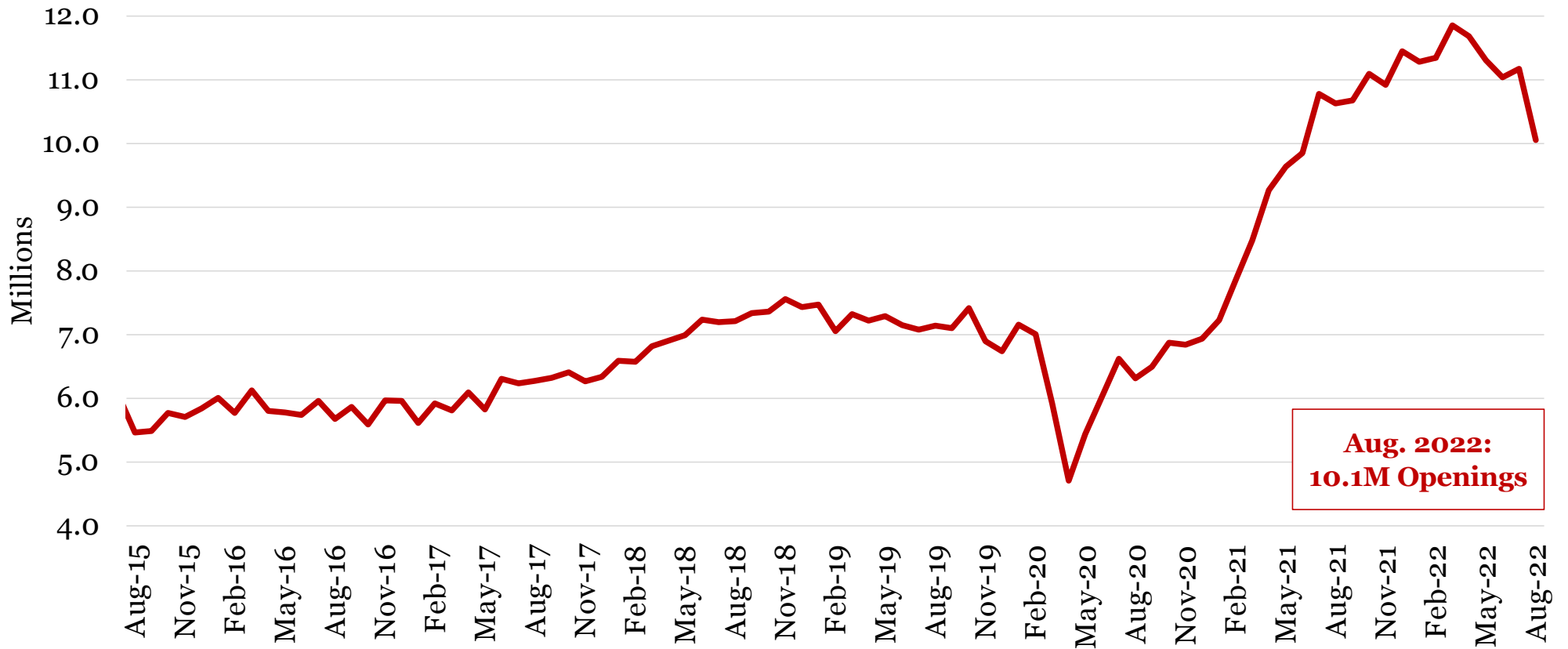
The Employer Who Loved Me



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Work Another Day

U.S. Job Openings, 2015 – August 2022

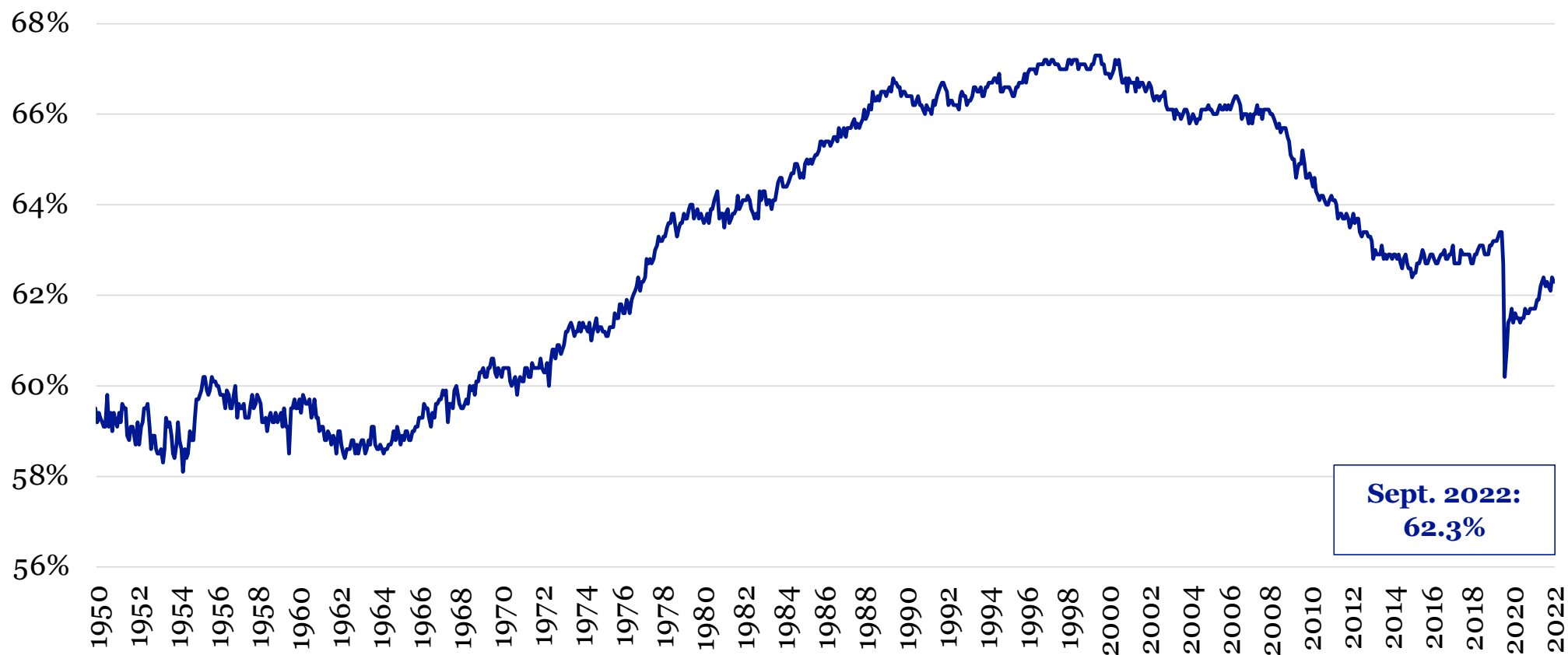


**Aug. 2022:
10.1M Openings**

Source: U.S. Bureau of Labor Statistics

Skyfall

U.S. Labor Force Participation Rate, 1950 – September 2022



**Sept. 2022:
62.3%**

Source: U.S. Bureau of Labor Statistics *Civilian Labor Force Participation Rate, Ages 16+

A View to a Remote Worker

GoodHire's survey of 3,500 Americans found that:

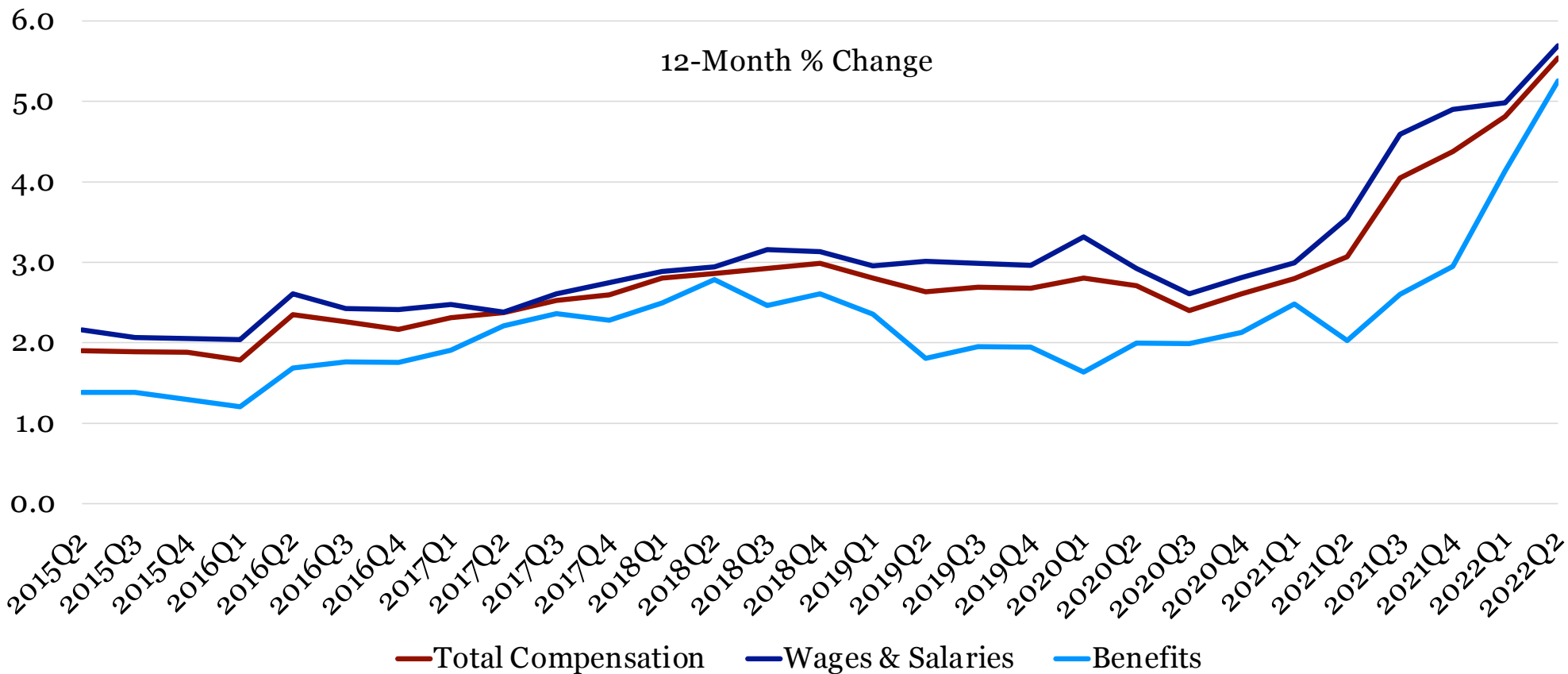
- 68% of Americans would choose remote work options over in-office work;
- 45% would either quit their job or begin searching for a new one if their employer required them to return to their office full-time;
- 74% of Americans believe that companies not offering remote working arrangements will lose major talent in the workforce.

Ipsos' survey of more than 12,000 people across 29 countries found that two-thirds of working adults surveyed say that:

- They are more productive with a flexible work schedule (65%);
- They want flexibility in the amount of time they go into the office (64%);
- When COVID restrictions are no longer in effect, employers should be more flexible in terms of requiring employees to go to an office (66%).

License to be Paid

Employment Cost Index, Private Sector Workers, 2015 – 2022

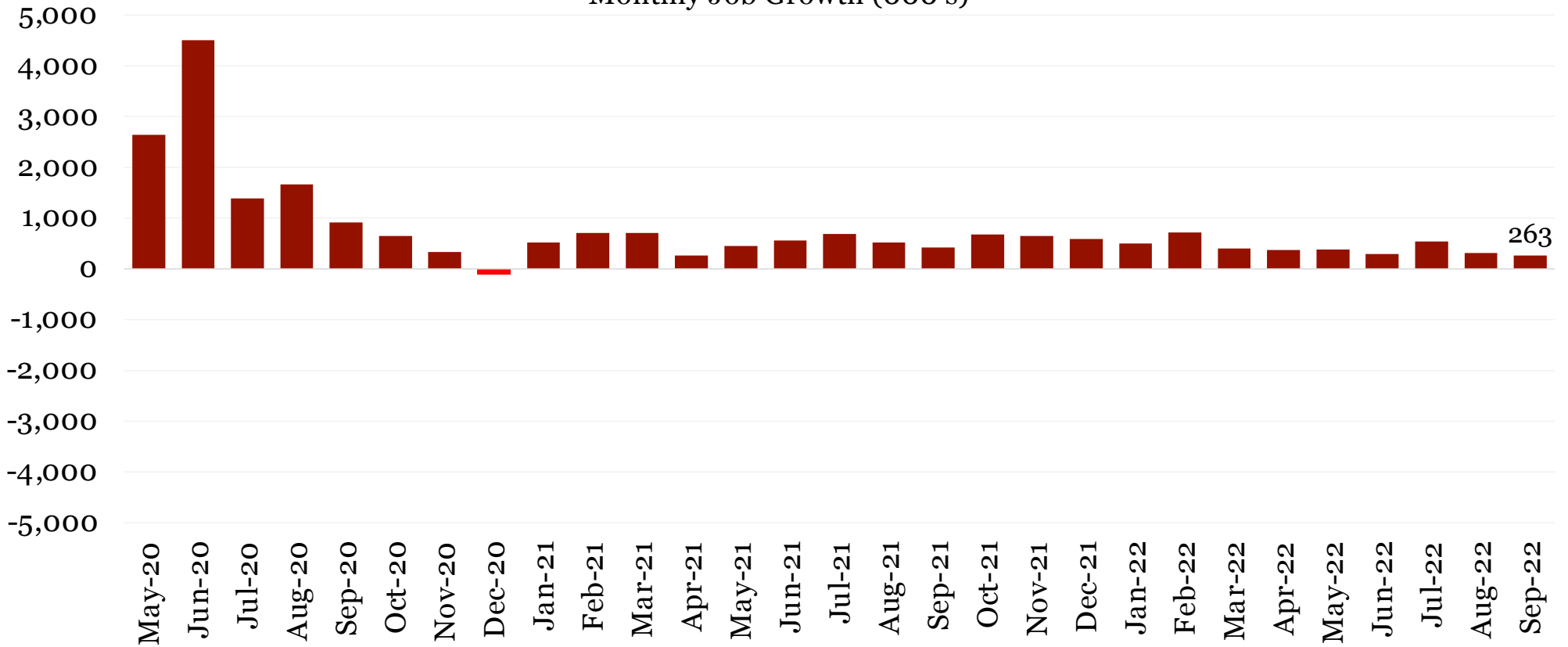


Source: U.S. Bureau of Labor Statistics

Net Change in U.S. Jobs

May 2020 – September 2022

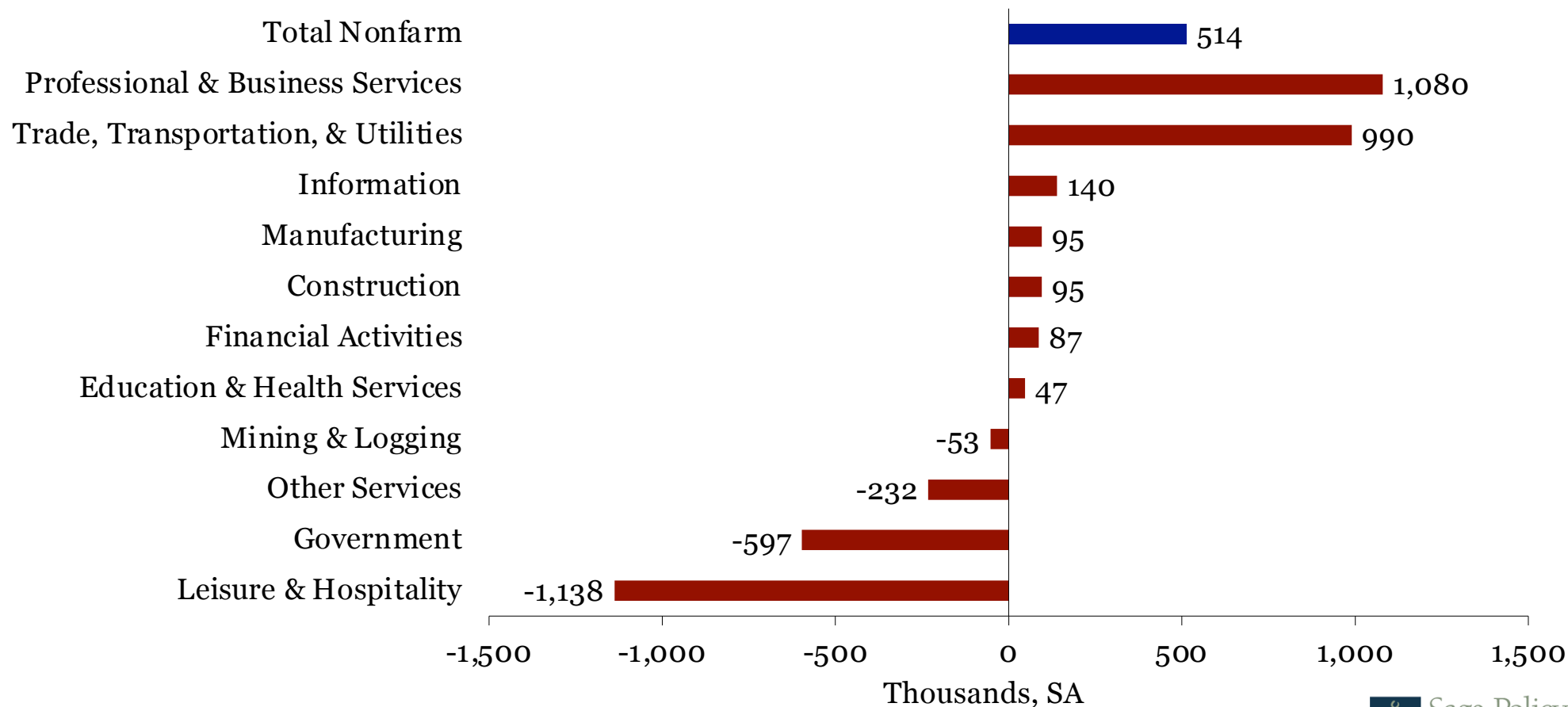
Monthly Job Growth (ooo's)



Source: U.S. Bureau of Labor Statistics

U.S. Nonfarm Employment by Industry Sector

February 2020 v. September 2022



Source: U.S. Bureau of Labor Statistics

Employment Growth, 25 Largest Metros

February 2020 v. September 2022 Percent Change

Rank	MSA	%	Rank	MSA	%
1	Dallas-Fort Worth-Arlington, TX	7.6%	13	Seattle-Tacoma-Bellevue, WA	1.0%
2	Charlotte-Concord-Gastonia, NC-SC	5.3%	15	Baltimore-Columbia-Towson, MD	0.7%
3	Riverside-San Bernardino-Ontario, CA	4.9%	16	Philadelphia-Camden-Wilm., PA-NJ-DE-MD	0.4%
4	Tampa-St. Petersburg-Clearwater, FL	4.7%	17	Boston-Cambridge-Nashua, MA-NH	0.2%
5	Atlanta-Sandy Springs-Roswell, GA	4.4%	18	San Diego-Carlsbad, CA	0.0%
6	Phoenix-Mesa-Scottsdale, AZ	4.0%	19	Minneapolis-St. Paul-Bloomington, MN-WI	-0.2%
7	San Antonio-New Braunfels, TX	3.5%	20	Detroit-Warren-Dearborn, MI	-0.4%
8	Houston-The Woodlands-Sugar Land, TX	2.9%	21	St. Louis, MO-IL	-0.5%
9	Denver-Aurora-Lakewood, CO	2.8%	22	Washington-Arlington-Alexandria, DC-VA-MD-WV	-0.9%
10	Miami-Fort Lauderdale-West Palm Beach, FL	1.9%	23	Los Angeles-Long Beach-Anaheim, CA	-1.3%
11	Orlando-Kissimmee-Sanford, FL	1.6%	23	New York-Newark-Jersey City, NY-NJ-PA	-1.3%
12	Chicago-Naperville-Elgin, IL-IN-WI	1.2%	25	San Francisco-Oakland-Hayward, CA	-1.8%
13	Portland-Vancouver-Hillsboro, OR-WA	1.0%			

Source: U.S. Bureau of Labor Statistics,
Current Employment Statistics (CES) Survey.
Note: data are not seasonally adjusted.

U.S. % Change 2/2020 v. 9/2022: +0.3%

Unemployment Rates, 25 Largest Metros

August 2022

Rank	MSA	%	Rank	MSA	%
1	Minneapolis-St. Paul-Bloomington, MN-WI	2.1	14	Charlotte-Concord-Gastonia, NC-SC	3.6
2	Miami-Fort Lauderdale-West Palm Beach, FL	2.6	14	Washington-Arlington-Alexandria, DC-VA-MD-WV	3.6
3	Tampa-St. Petersburg-Clearwater, FL	2.7			
4	San Francisco-Oakland-Hayward, CA	2.8	16	Dallas-Fort Worth-Arlington, TX	3.7
5	Orlando-Kissimmee-Sanford, FL	2.9	17	San Antonio-New Braunfels, TX	3.8
6	Atlanta-Sandy Springs-Roswell, GA	3.0	18	Portland-Vancouver-Hillsboro, OR-WA	4.0
7	Boston-Cambridge-Nashua, MA-NH	3.2	19	Riverside-San Bernardino-Ontario, CA	4.2
8	Denver-Aurora-Lakewood, CO	3.3	20	Baltimore-Columbia-Towson, MD	4.3
8	St. Louis, MO-IL	3.3	21	Los Angeles-Long Beach-Anaheim, CA	4.5
10	Phoenix-Mesa-Scottsdale, AZ	3.4	21	Philadelphia-Camden-Wilm., PA-NJ-DE-MD	4.5
10	San Diego-Carlsbad, CA	3.4	23	Houston-The Woodlands-Sugar Land, TX	4.6
12	Detroit-Warren-Dearborn, MI	3.5	24	New York-Newark-Jersey City, NY-NJ-PA	4.8
12	Seattle-Tacoma-Bellevue, WA	3.5	25	Chicago-Naperville-Elgin, IL-IN-WI	4.9

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

U.S. Unemployment Rate
Aug.: 3.7% | Sept.: 3.5%



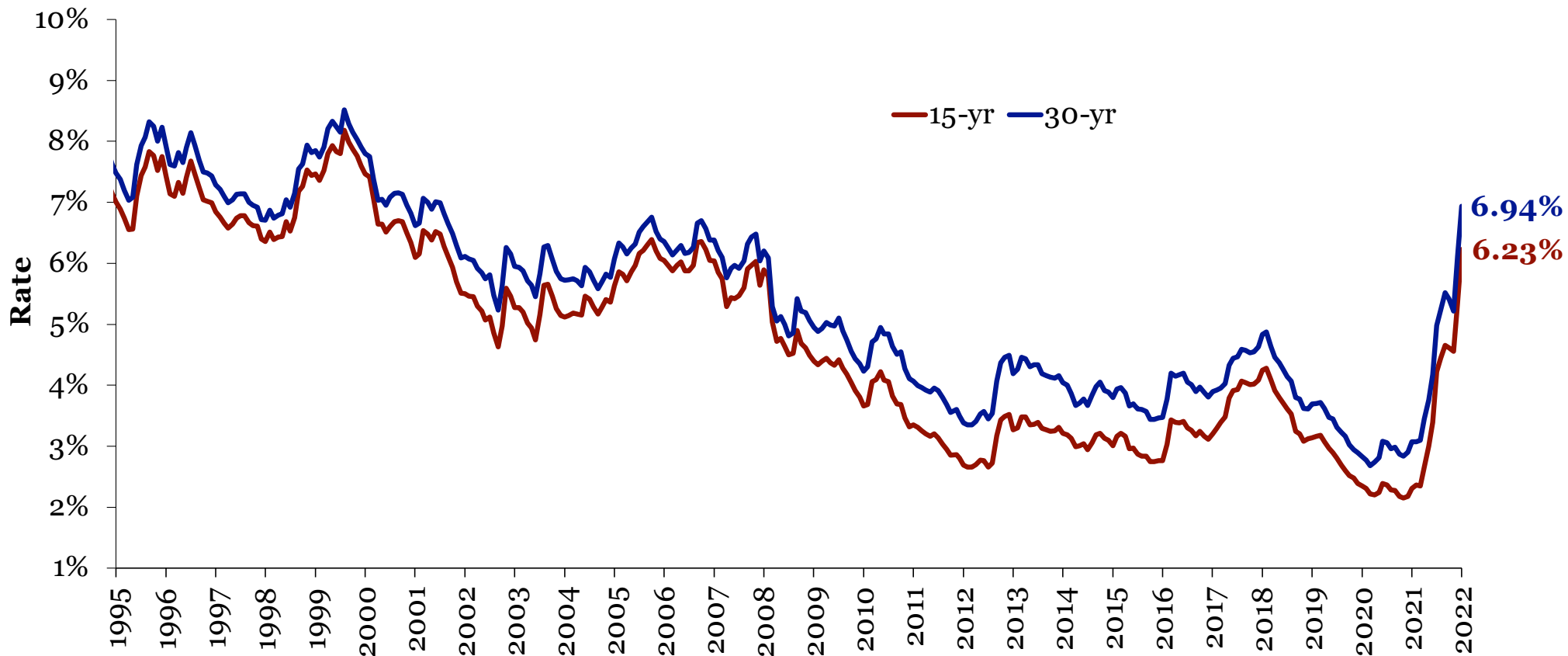
Quantum of Construction



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License to Borrow (at Low Rates)

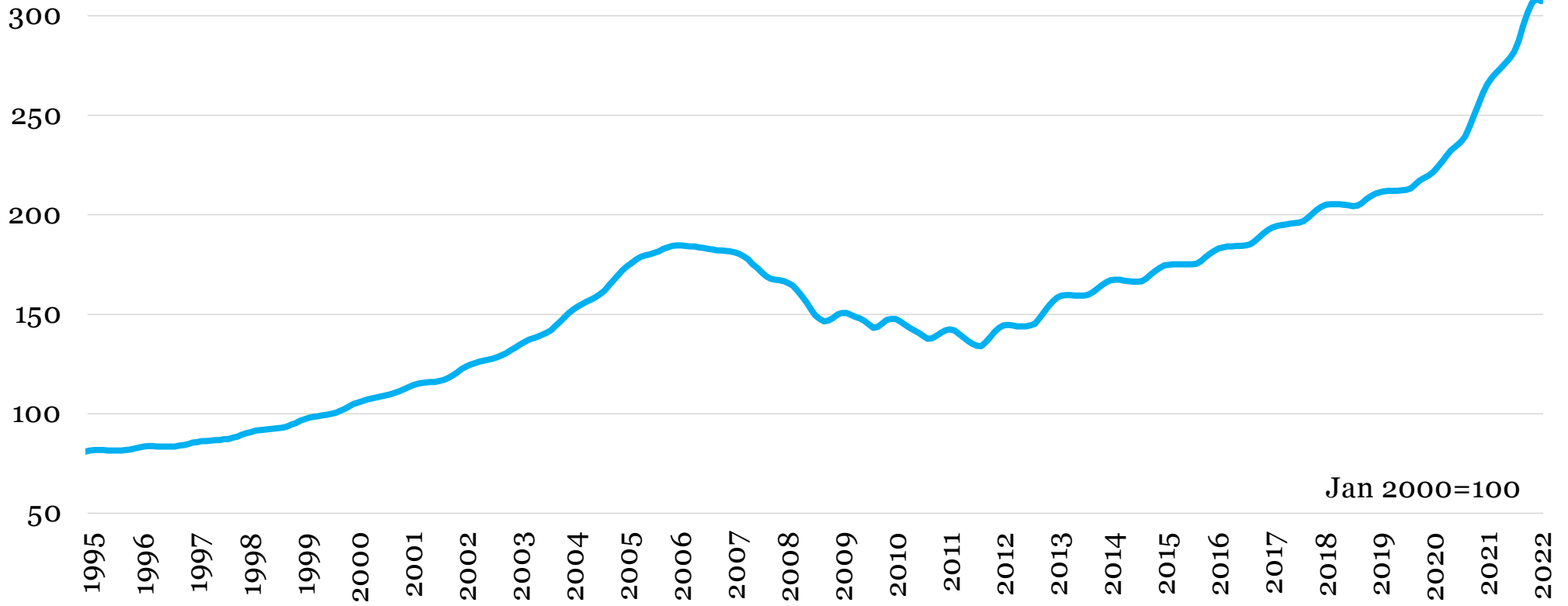
15-Year & 30-Year Fixed Mortgage Rates, 1995 – October 2022*



*Week ending 10/20/2022

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

1995 – July 2022



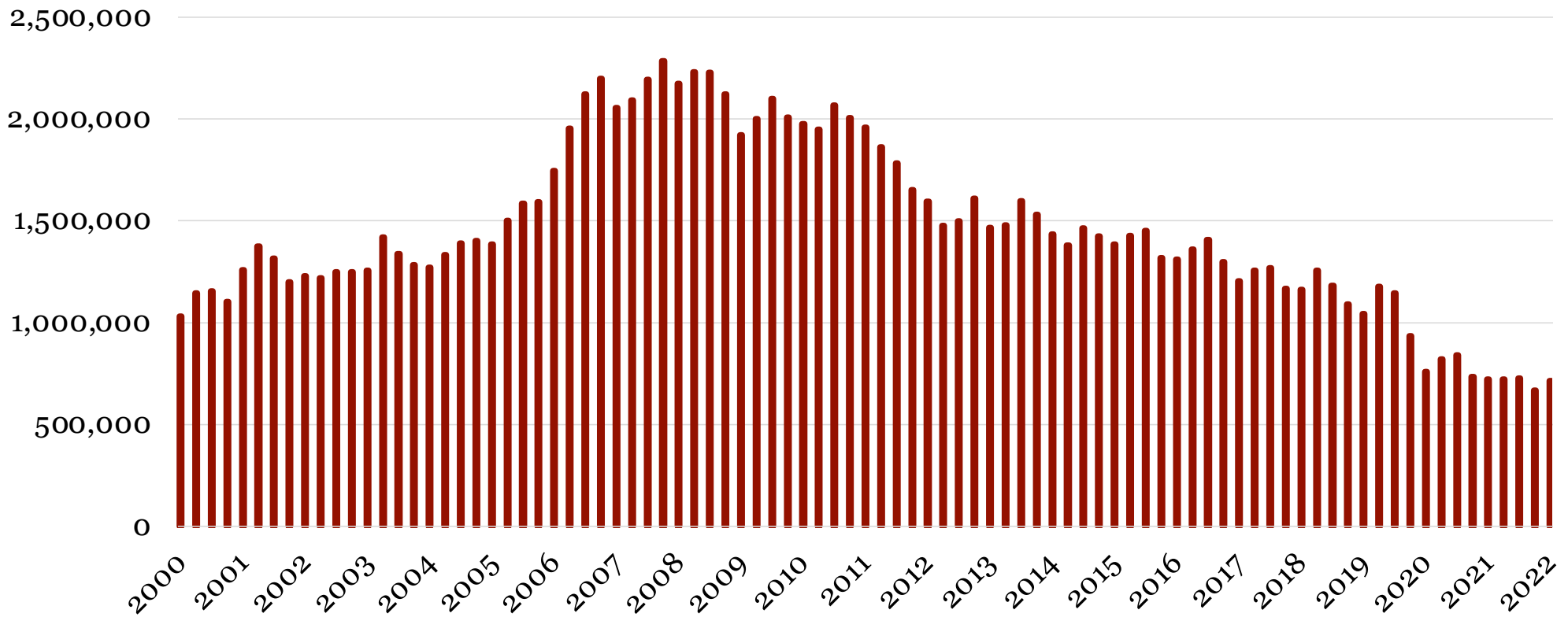
Source: Standard & Poor's



Inventory of Unsold Homes: Vacant Housing Units for Sale*

2000 – 2022Q2

Vacant Housing Units for Sale



*Units for sale only, excludes units both for rent and sale

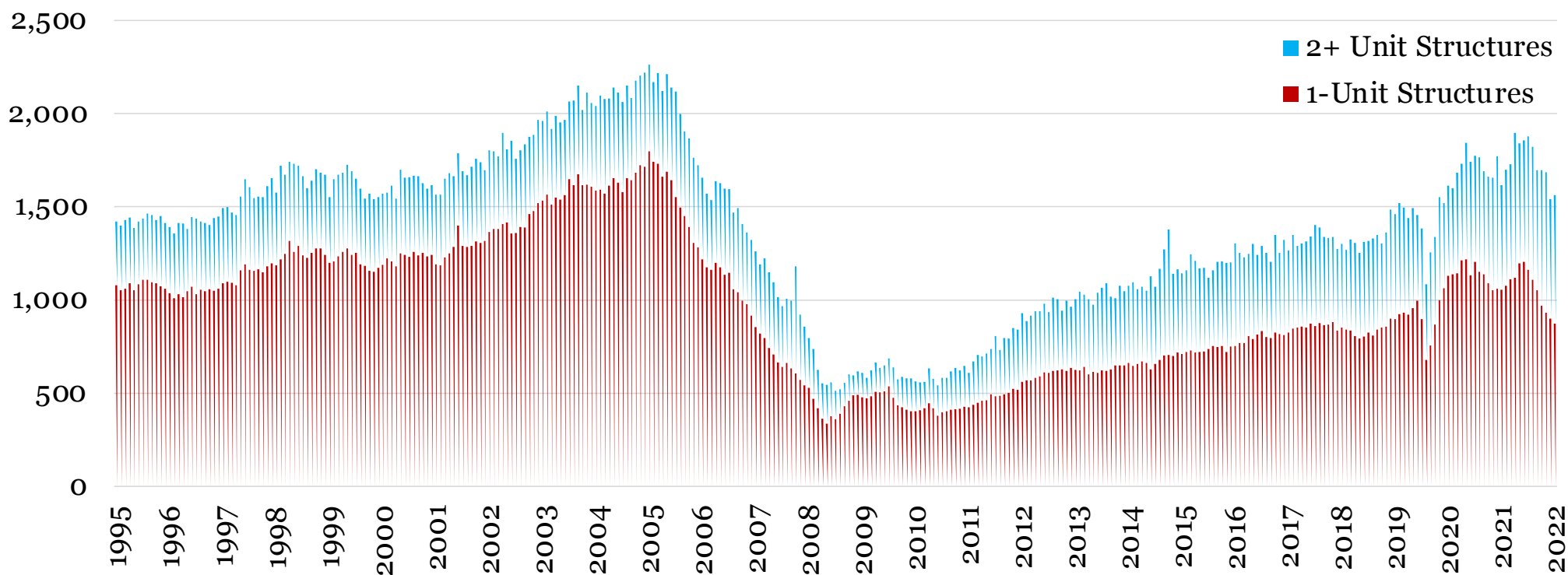
Source: U.S. Census Bureau



U.S. Residential Building Permits

1995 – September 2022

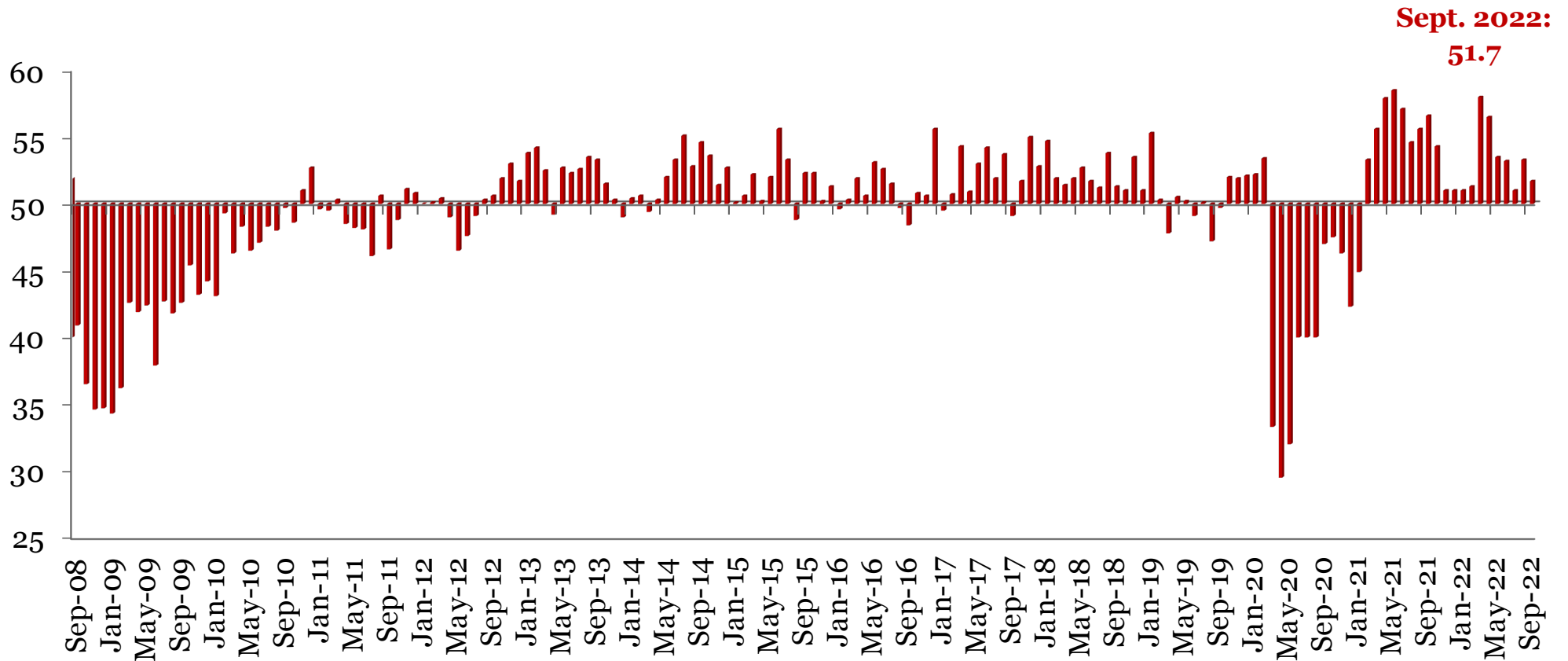
Building Permits (000's of Units), Seasonally Adjusted Annual Rate



Source: U.S. Census Bureau

Architecture Billings Index

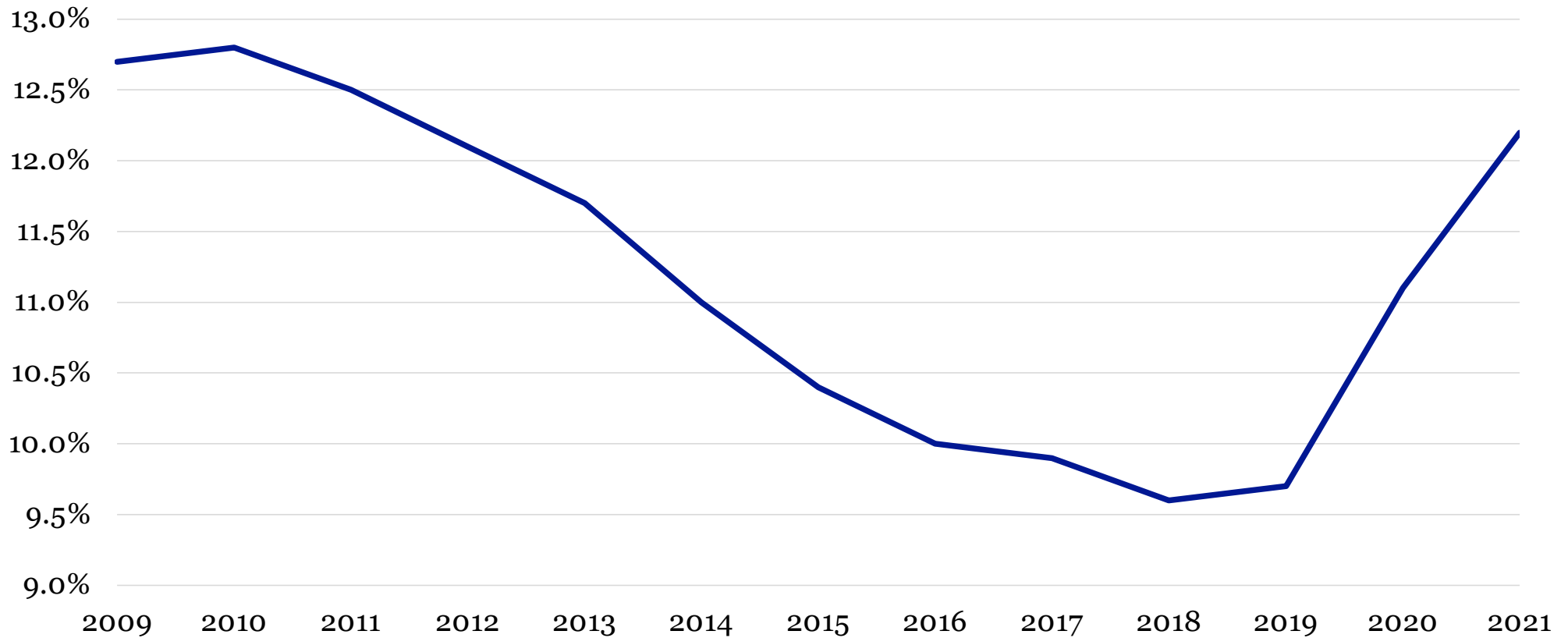
2008 – September 2022



Sept. 2022:
51.7

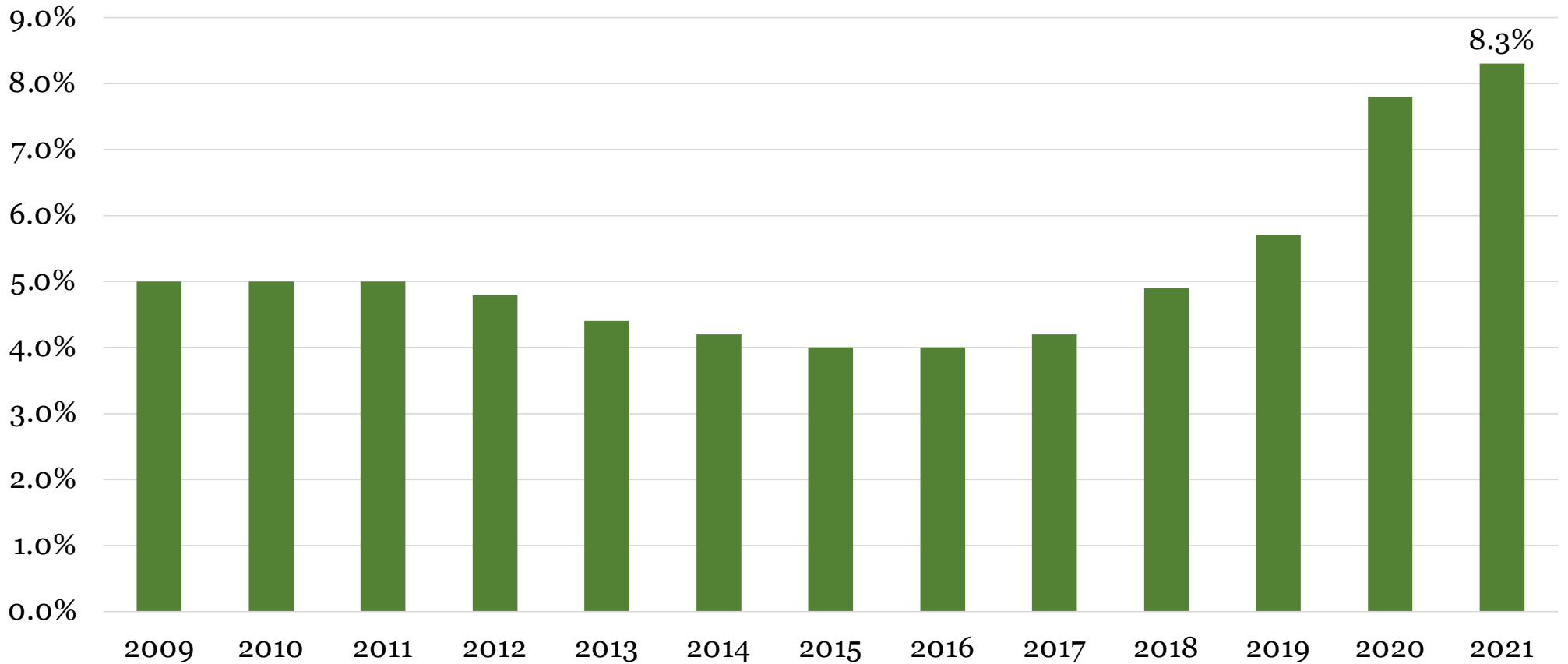
Occupancy Is Not Enough

U.S. Office Vacancy, 2009 – 2021



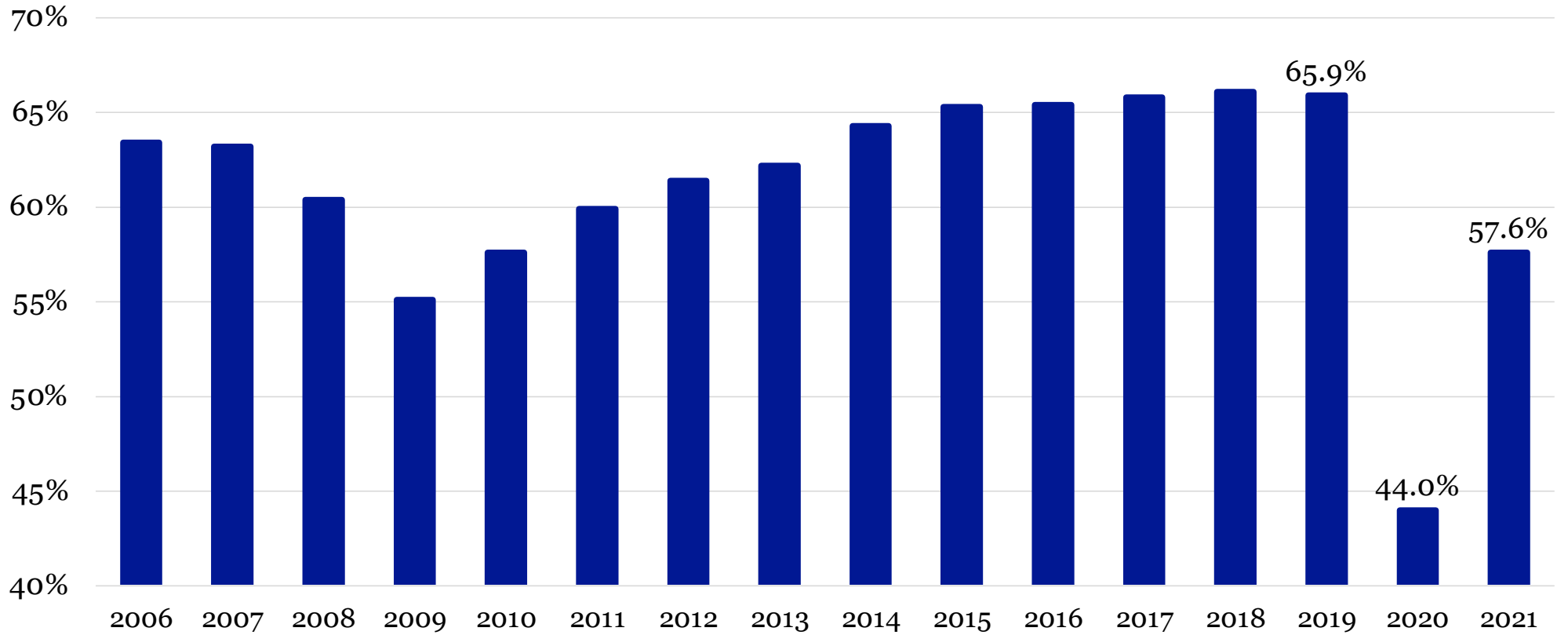
Source: Costar

U.S. Retail Space Vacancy: Malls, 2009 – 2021



Source: Costar

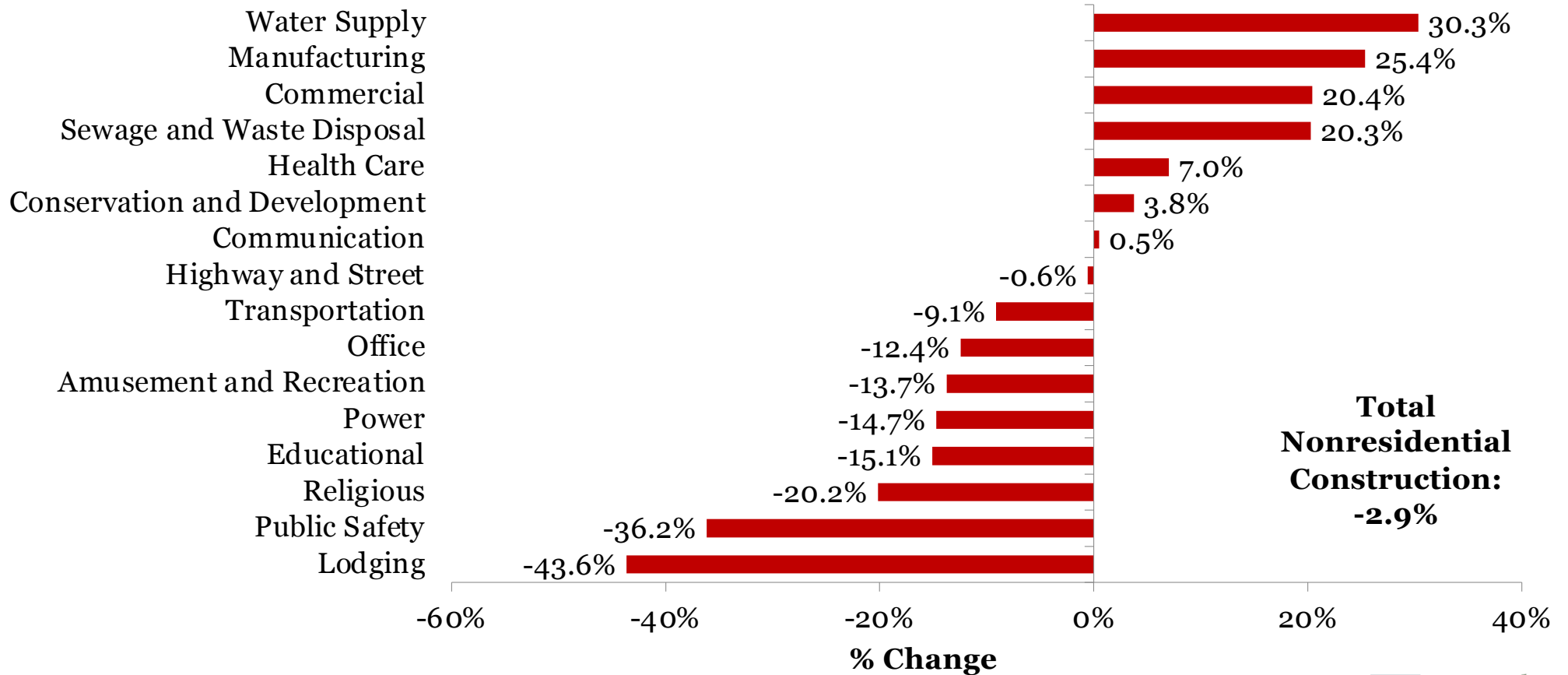
U.S. Hotel Occupancy, 2006 – 2021



Source: Costar

Nonresidential Construction Spending by Subsector

February 2020 v. August 2022

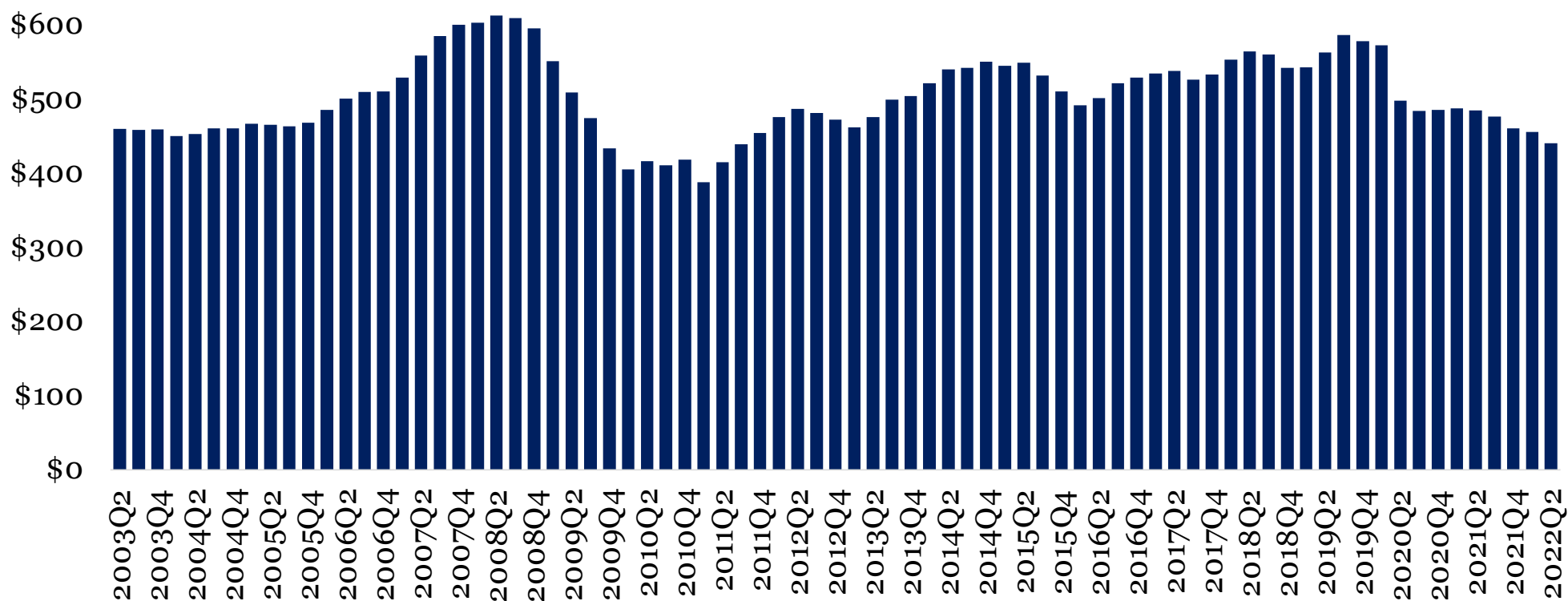


Source: U.S. Census Bureau

U.S. GDP: Nonresidential Fixed Investment in Structures

2003 – 2022Q2*

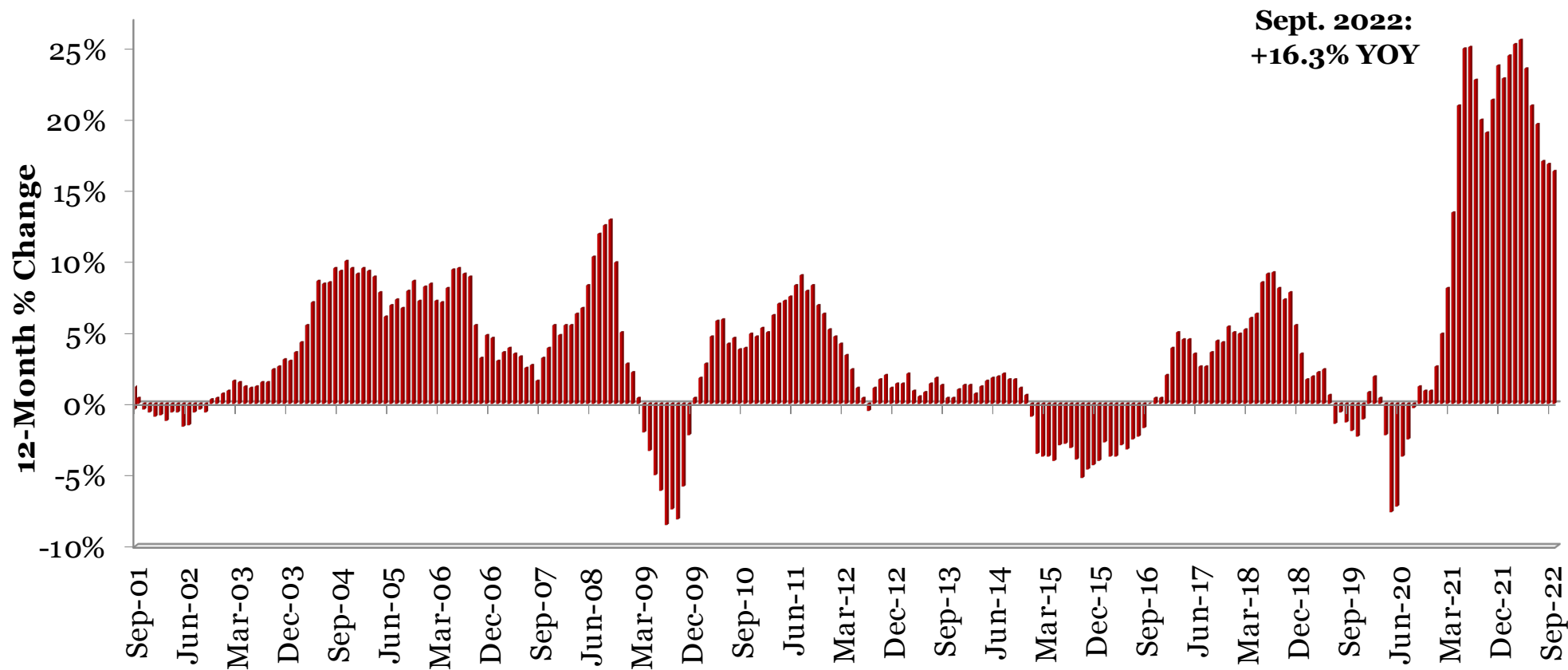
\$ Billions of chained 2012 dollars, seasonally adjusted annual rate



Source: U.S. Bureau of Economic Analysis *2022Q2: 3rd/final estimate

Inputs to Construction PPI

12-Month % Change, 2001 – September 2022

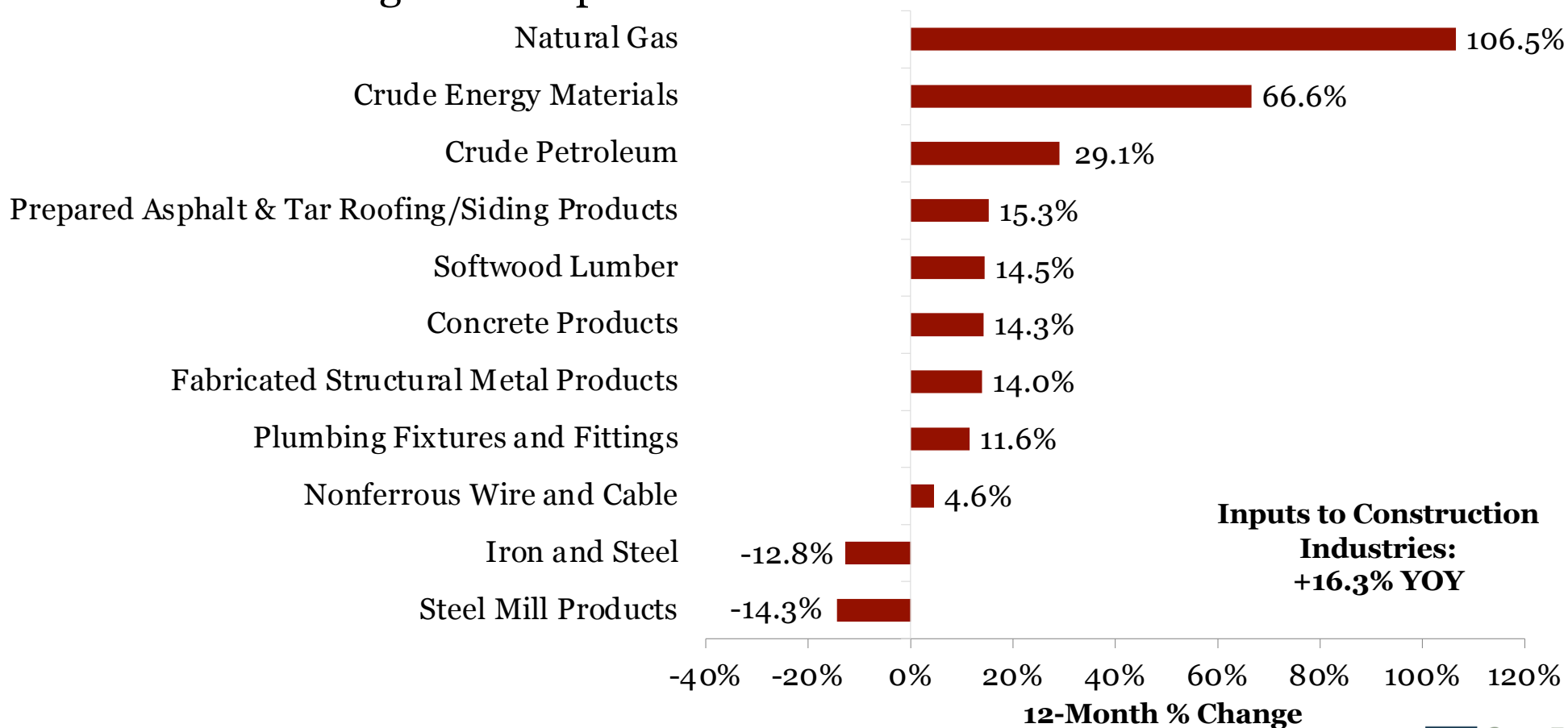


Sept. 2022:
+16.3% YOY

Source: U.S. Bureau of Labor Statistics. Note: Data are not seasonally adjusted

Construction Materials PPI

12-Month % Change as of September 2022



Source: U.S. Bureau of Labor Statistics. Note: Data are not seasonally adjusted

My Name is Ban, Anirban

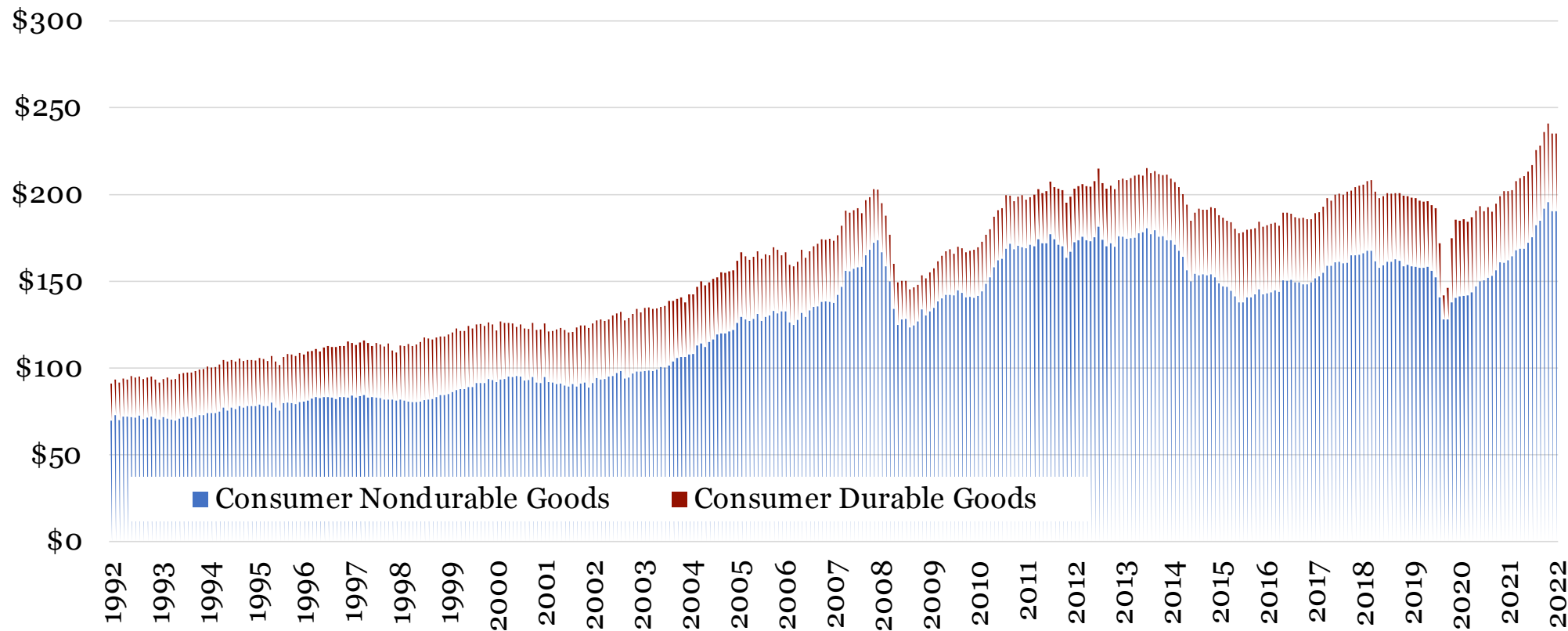


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U.S. Manufacturers' New Orders: Consumer Goods

1992 – August 2022

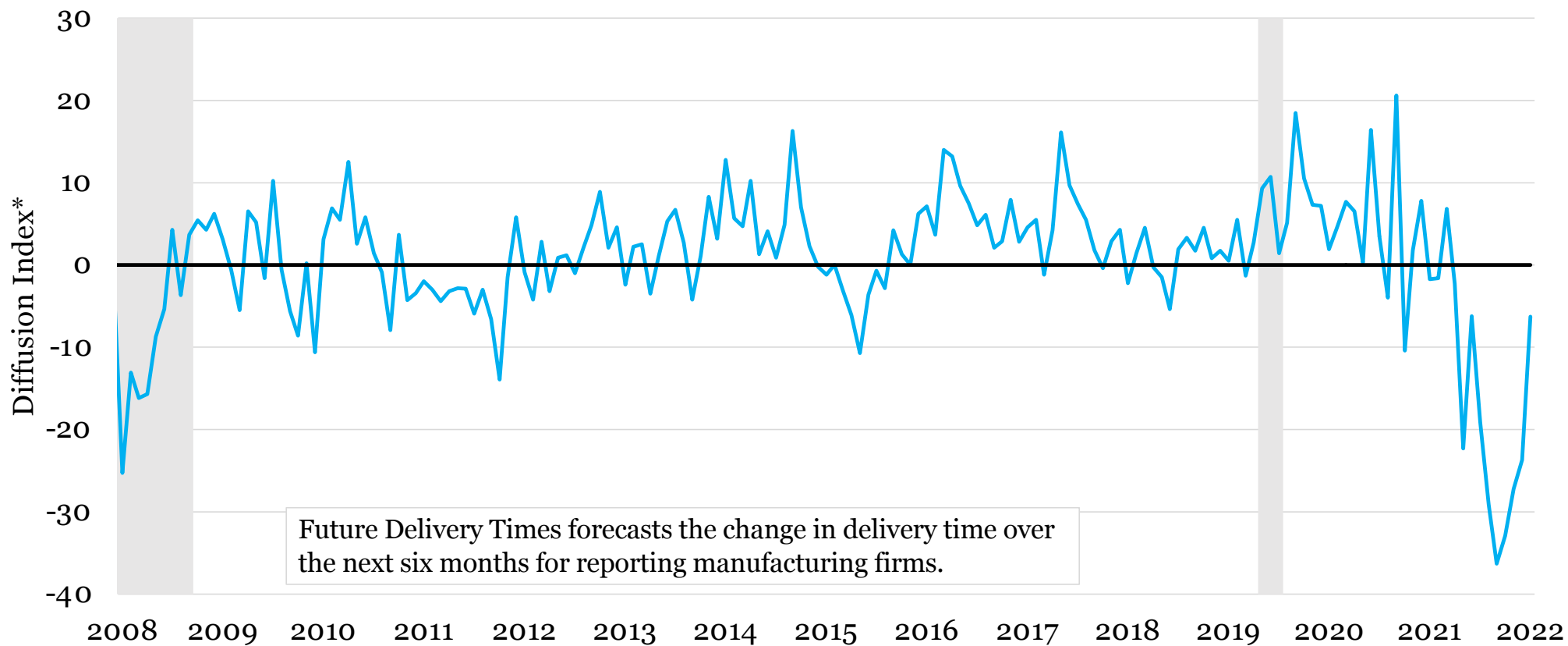
\$ Billions



Source: U.S. Census Bureau. Note: Due to the nature of nondurable goods, the reporting figure for both their Shipments and New Orders will be identical.

Philly Fed Manufacturing Business Outlook Survey

Future Delivery Times, 2008 – October 2022



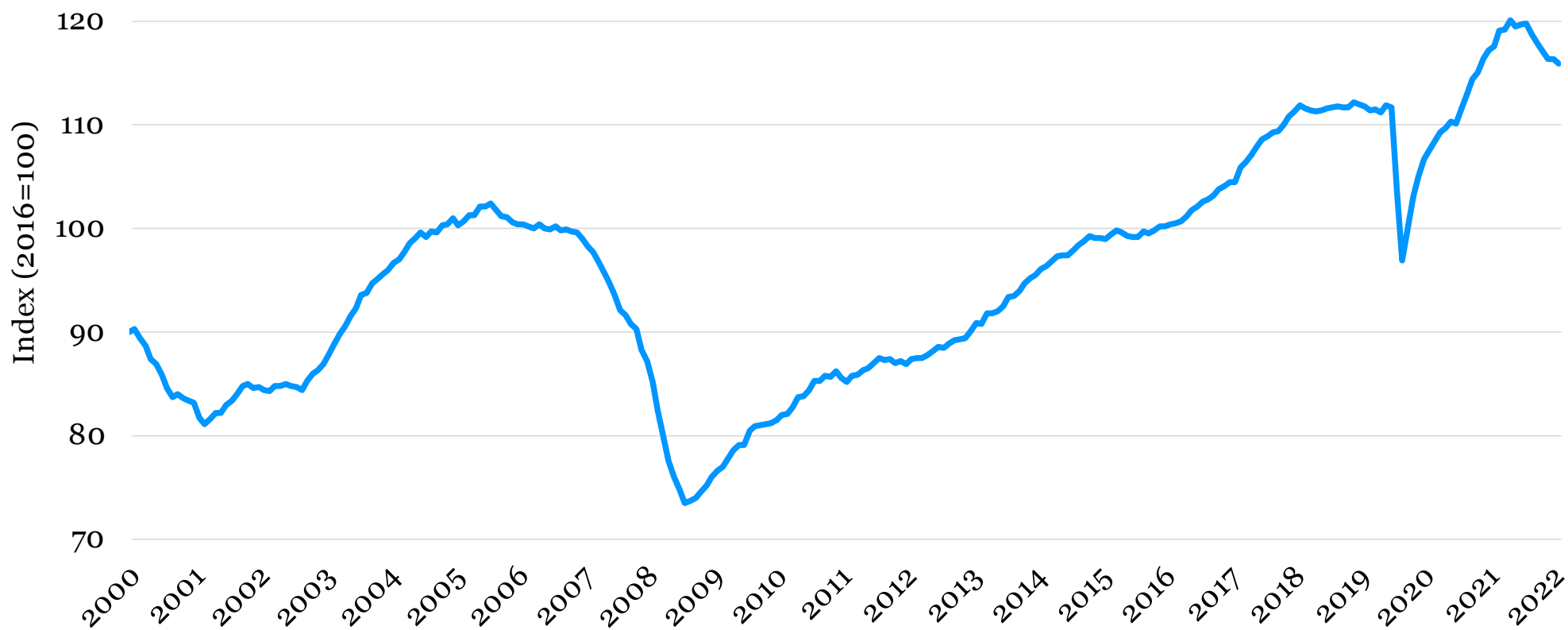
Future Delivery Times forecasts the change in delivery time over the next six months for reporting manufacturing firms.

Source: Federal Reserve Bank of Philadelphia *The diffusion index is calculated by taking the percent reporting increases and subtracting the percentage reporting decreases.

U.S. recessions

Conference Board: U.S. Leading Economic Index

2000 – September 2022



Source: The Conference Board

You Only Forecast Twice



- This will be a year of growth, but 2023 could be very different.
- The economy will remain unbalanced, with supply struggling to keep up with demand – Ukraine/Russia and Omicron/China/Europe hampering recovery.
- Along with rising wages amidst the Great Resignation, that translates into higher-than-average economywide inflation in 2022 & 2023 (stagflation, anyone?).
- Yes, I'm an economist, so I am forecasting interest rates to increase.

Speaking of “For Your Eyes Only”

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- A monthly Q&A session

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