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On Behalf Of

The FEMSA / FAMA Annual Fall Conference

September 21st, 2022

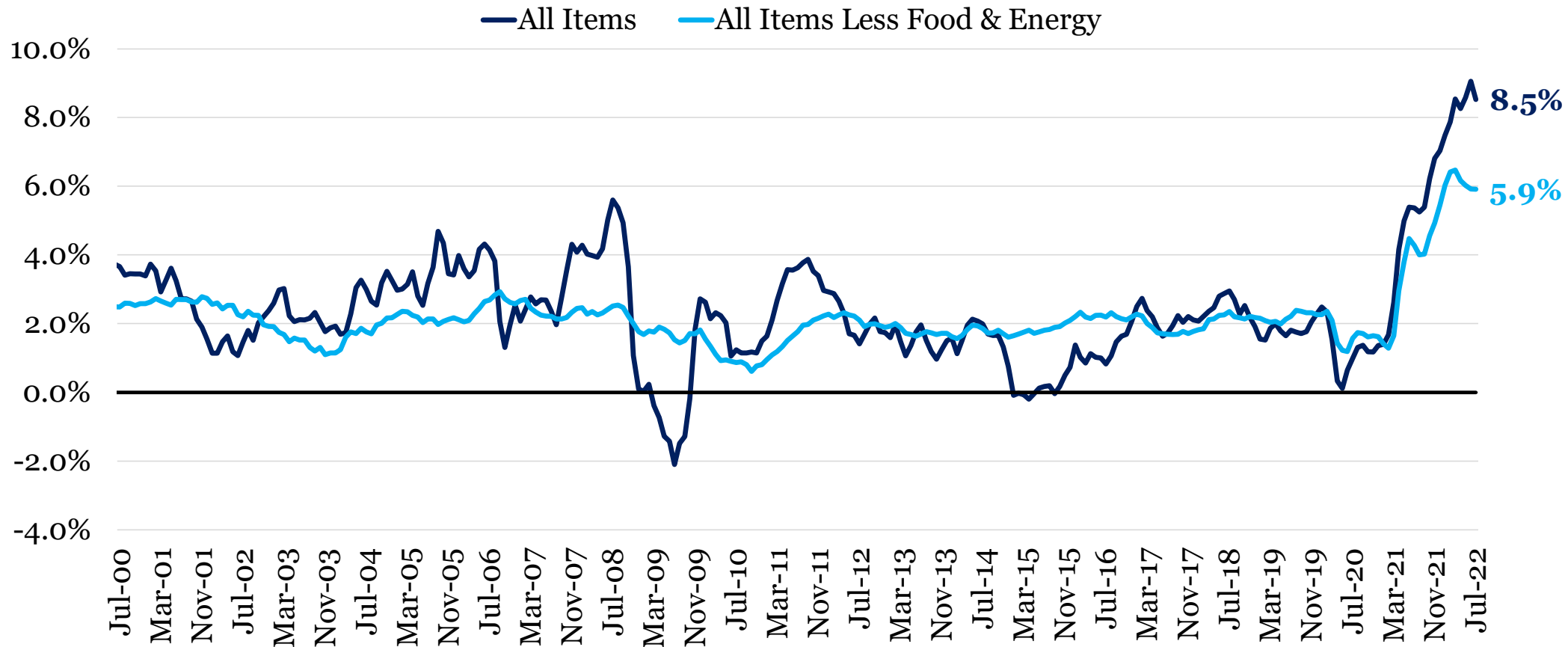


**NO TIME
TO BUY**

2021 – Specter of Inflation

U.S. Consumer Price Index

12-Month % Change, 2000 – July 2022



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...”

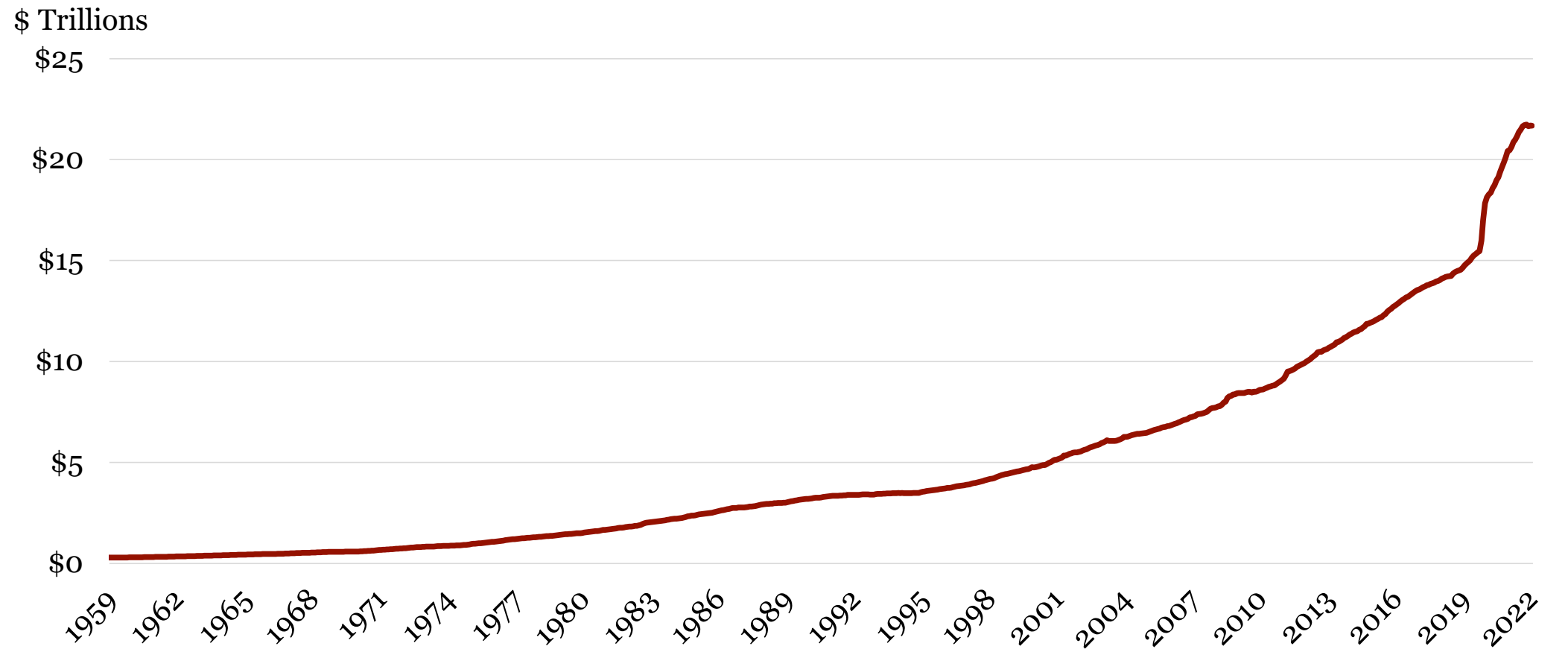
(FOMC Statement, November 2021)

“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)

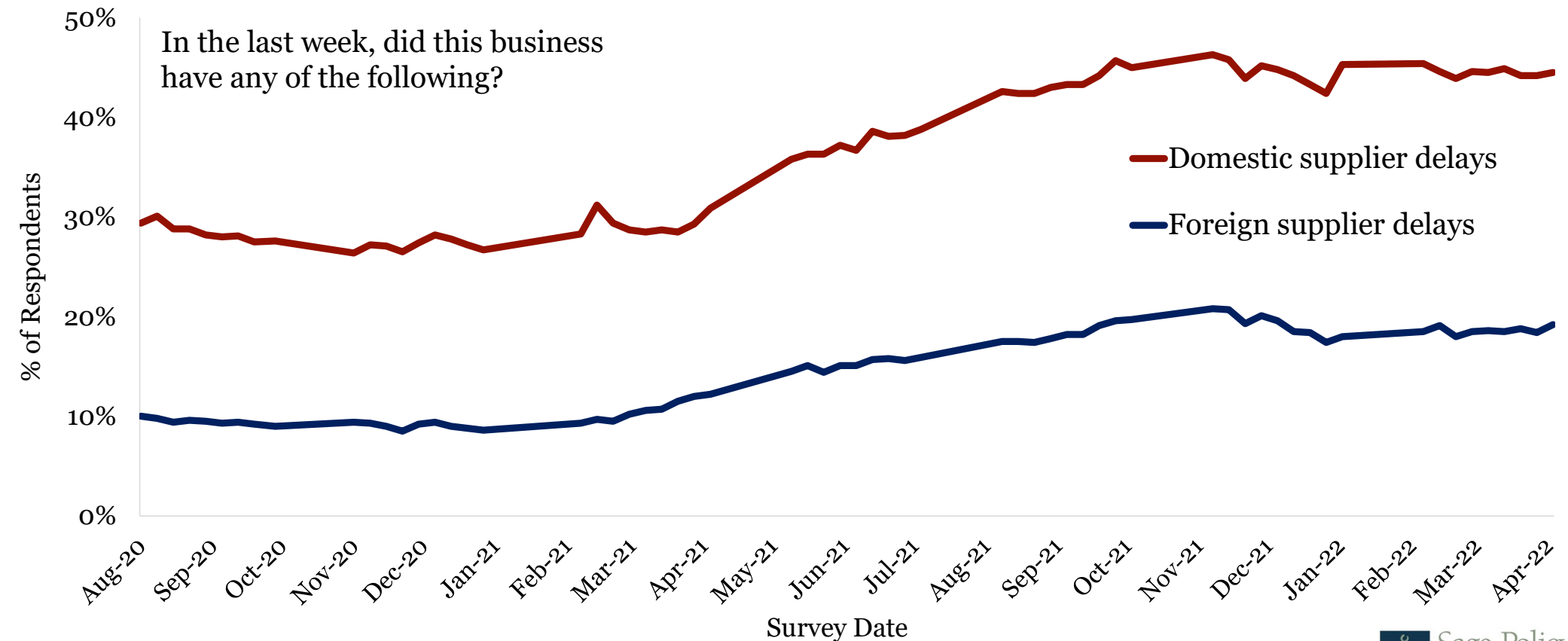
“...These problems have been larger and longer lasting than anticipated, exacerbated by waves of the virus. As a result, overall inflation is running well above our 2 percent longer-run goal and will likely continue to do so well into next year.” (FOMC Chair Jerome Powell, December 2021)

U.S. Money Supply, 1959 – June 2022



U.S. Supply Chain Disruptions & Supplier Delays

Census Bureau Small Business Pulse (SBP) Survey

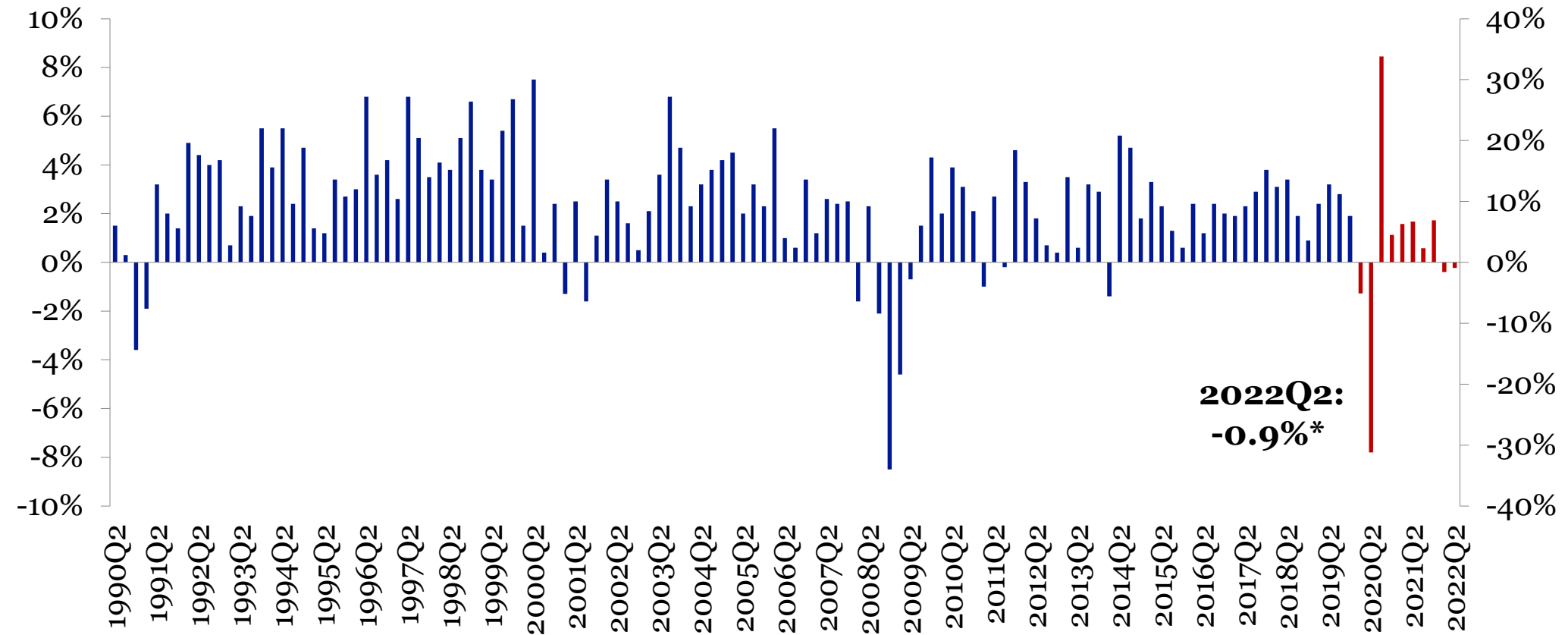


U.S. GDP - For Your Eyes Only

1990-2019

% Change from Preceding Period (SAAR)

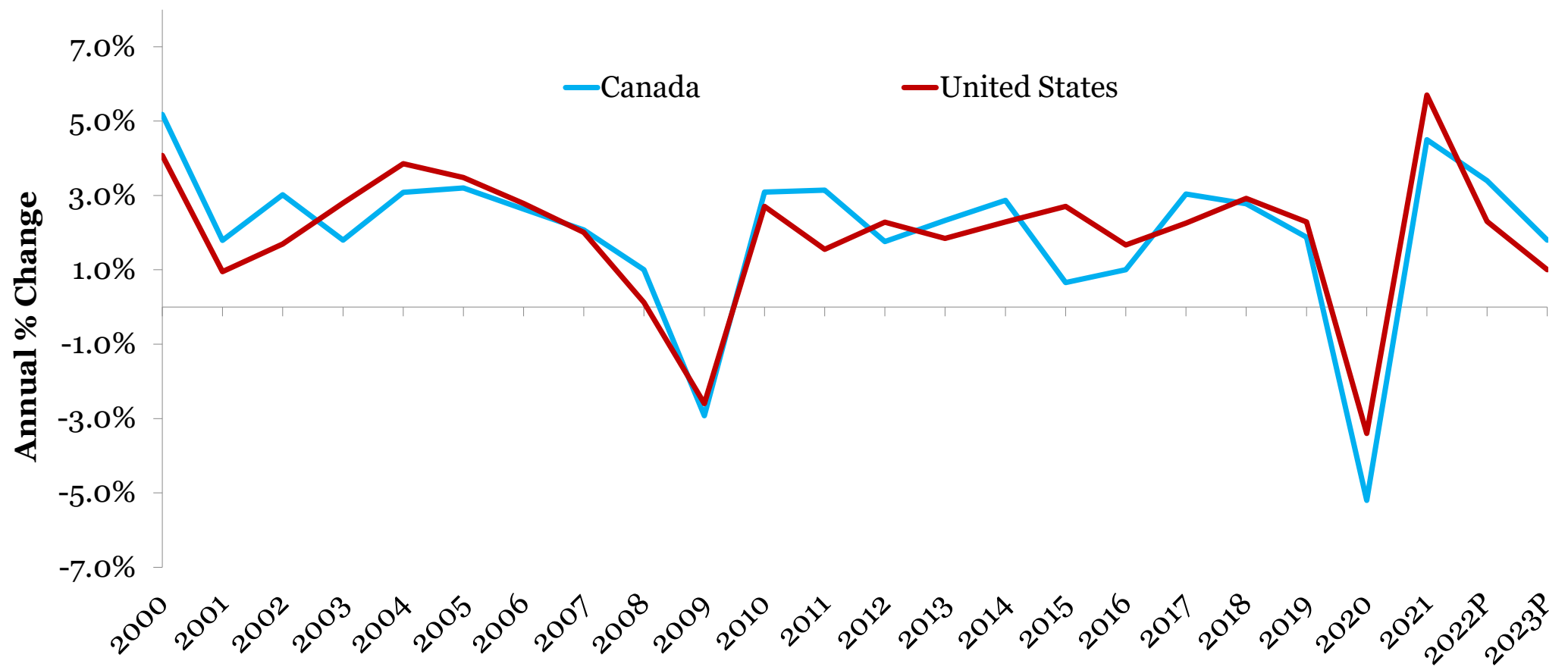
2020-Present



2022Q2:
-0.9%*

GDP Growth, United States & Canada

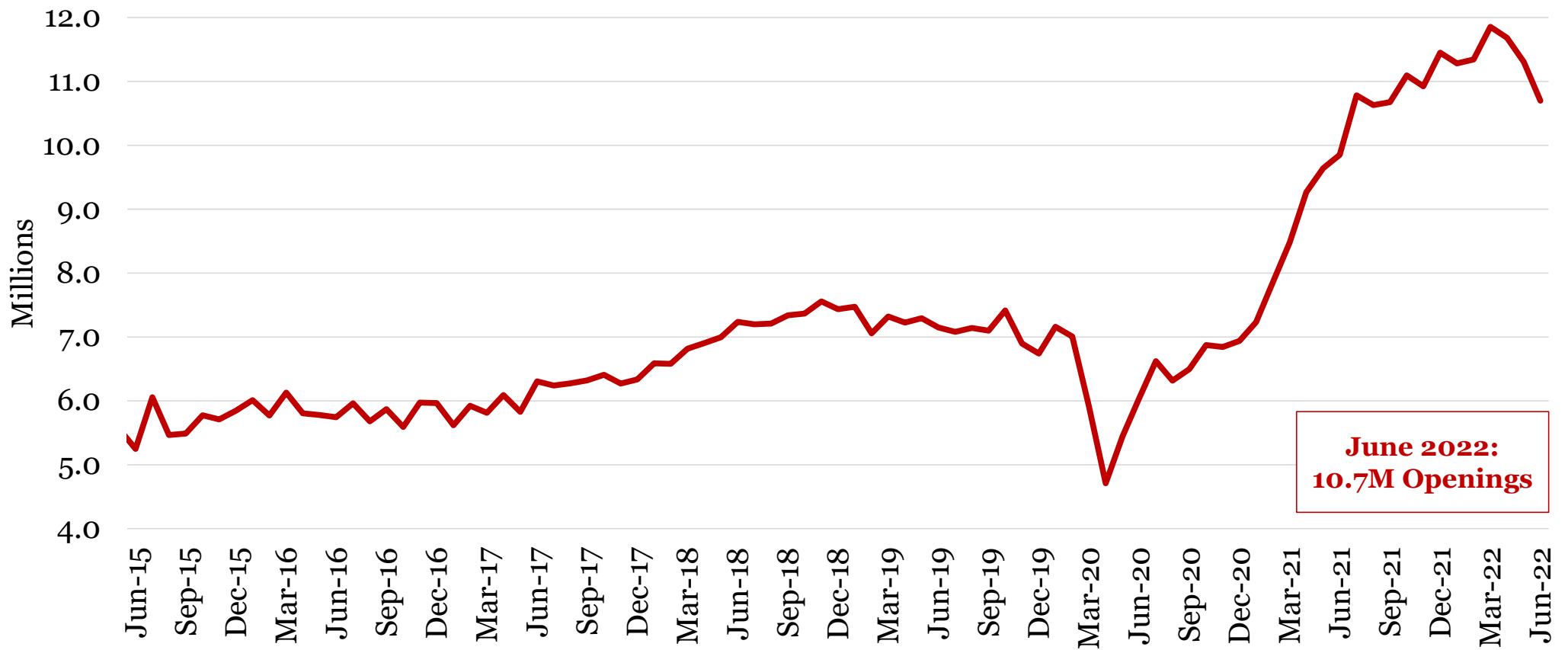
2000 – 2023 Projected



The Employer Who Loved Me

Work Another Day

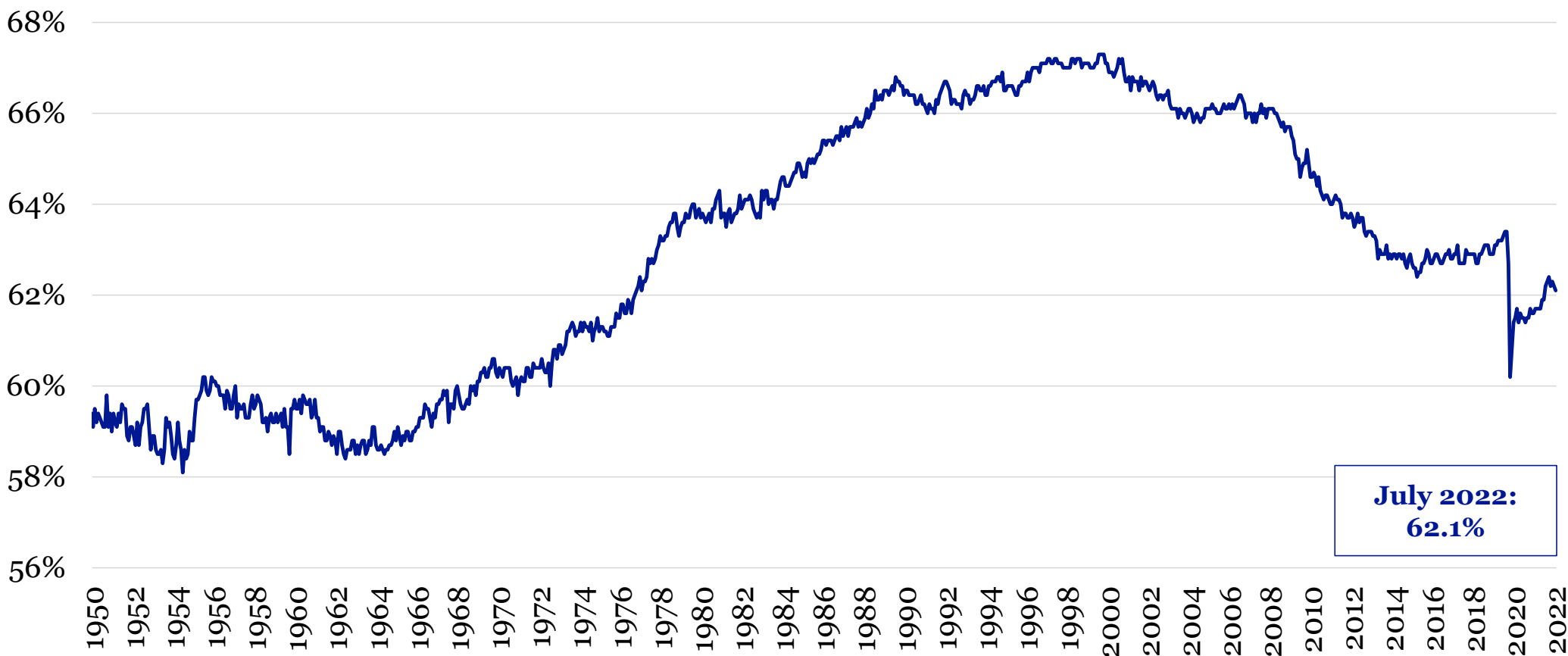
U.S. Job Openings, 2015 – June 2022



**June 2022:
10.7M Openings**

Skyfall

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



July 2022:
62.1%

A View to a Remote Worker

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

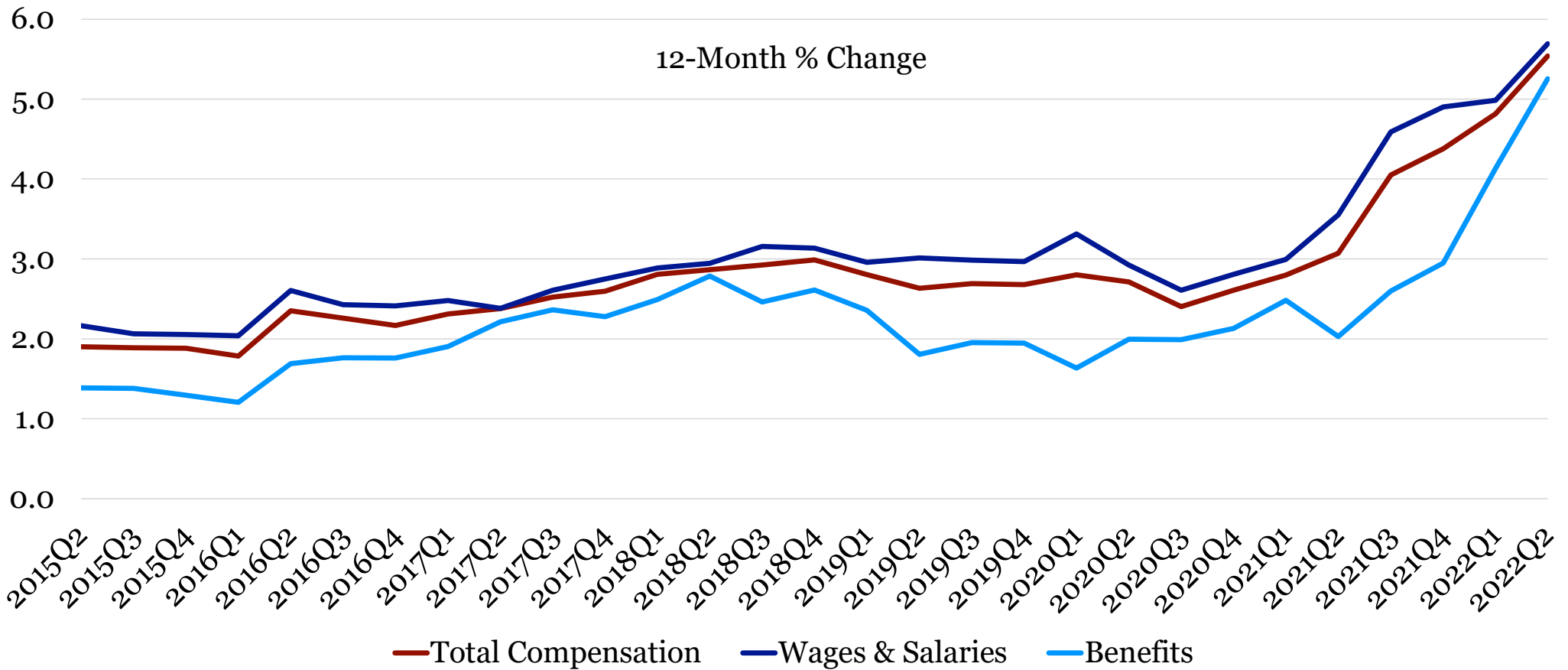
- 68% of Americans would choose remote work options over in-office work;
- 45% would either quit their job or begin searching for a new one if their employer required them to return to their office full-time;
- 74% of Americans believe that companies not offering remote working arrangements will lose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

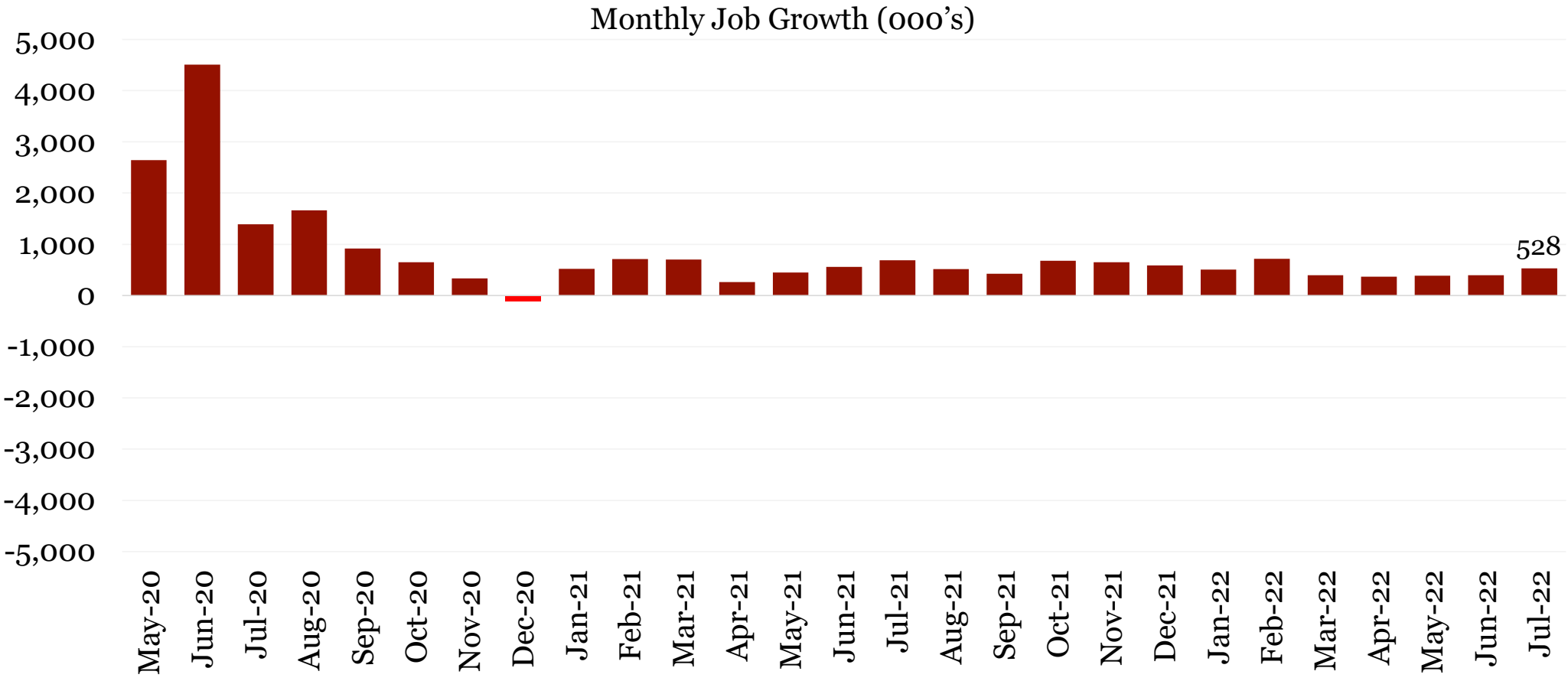
License to be Paid

Employment Cost Index, Private Sector Workers, 2015 – 2022



Net Change in U.S. Jobs

May 2020 – July 2022



Employment Growth, 25 Largest Metros

February 2020 v. July 2022 Percent Change

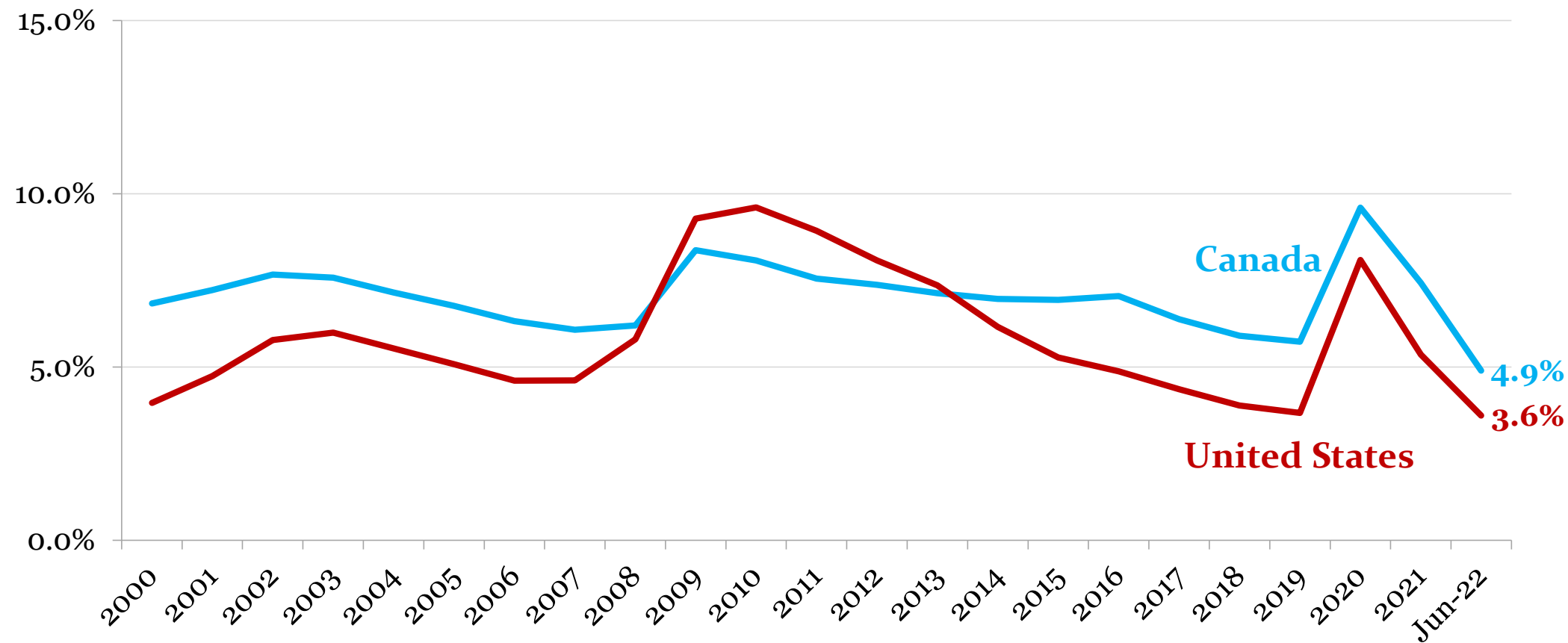
Rank	MSA	%	Rank	MSA	%
1	Dallas-Fort Worth-Arlington, TX	7.5%	13	Portland-Vancouver-Hillsboro, OR-WA	0.5%
2	Atlanta-Sandy Springs-Roswell, GA	4.0%	15	Boston-Cambridge-Nashua, MA-NH	0.4%
2	Riverside-San Bernardino-Ontario, CA	4.0%	15	Minneapolis-St. Paul-Bloomington, MN-WI	0.4%
4	Charlotte-Concord-Gastonia, NC-SC	3.9%	17	Philadelphia-Camden-Wilm., PA-NJ-DE-MD	0.3%
5	Tampa-St. Petersburg-Clearwater, FL	3.3%	18	Orlando-Kissimmee-Sanford, FL	-0.1%
6	Denver-Aurora-Lakewood, CO	2.9%	19	Detroit-Warren-Dearborn, MI	-0.3%
7	San Antonio-New Braunfels, TX	2.8%	20	San Diego-Carlsbad, CA	-0.4%
8	Houston-The Woodlands-Sugar Land, TX	2.3%	21	New York-Newark-Jersey City, NY-NJ-PA	-1.0%
9	Phoenix-Mesa-Scottsdale, AZ	1.7%	22	Washington-Arlington-Alexandria, DC-VA-MD-WV	-1.1%
10	Chicago-Naperville-Elgin, IL-IN-WI	1.3%	23	St. Louis, MO-IL	-1.2%
11	Seattle-Tacoma-Bellevue, WA	0.8%	24	San Francisco-Oakland-Hayward, CA	-1.7%
12	Miami-Fort Lauderdale-West Palm Beach, FL	0.7%	25	Los Angeles-Long Beach-Anaheim, CA	-2.4%
13	Baltimore-Columbia-Towson, MD	0.5%			

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

U.S. % Change v. February 2020: +0.02%

Unemployment Rate, United States & Canada

2000 – June 2022



Unemployment Rate by Canadian Province/Territory

June 2022

Province/Territory	Unemployment Rate
Manitoba	3.8%
Saskatchewan	3.9%
Quebec	4.3%
British Columbia	4.6%
Prince Edward Island	4.9%
Alberta	4.9%
Ontario	5.1%
New Brunswick	6.1%
Nova Scotia	7.0%
Newfoundland and Labrador	9.9%
Canada	4.9%

Unemployment Rates, 25 Largest Metros

June 2022

Rank	MSA	%	Rank	MSA	%
1	Minneapolis-St. Paul-Bloomington, MN-WI	2.2	14	Washington-Arlington-Alexandria, DC-VA-MD-WV	3.7
2	Miami-Fort Lauderdale-West Palm Beach, FL	2.6			
2	San Francisco-Oakland-Hayward, CA	2.6	15	Charlotte-Concord-Gastonia, NC-SC	3.8
4	St. Louis, MO-IL	2.8	15	Dallas-Fort Worth-Arlington, TX	3.8
5	Tampa-St. Petersburg-Clearwater, FL	2.9	17	Riverside-San Bernardino-Ontario, CA	4.0
6	Atlanta-Sandy Springs-Roswell, GA	3.2	17	San Antonio-New Braunfels, TX	4.0
6	Boston-Cambridge-Nashua, MA-NH	3.2	19	New York-Newark-Jersey City, NY-NJ-PA	4.4
6	Denver-Aurora-Lakewood, CO	3.2	19	Philadelphia-Camden-Wilm., PA-NJ-DE-MD	4.4
6	Orlando-Kissimmee-Sanford, FL	3.2	21	Baltimore-Columbia-Towson, MD	4.6
6	San Diego-Carlsbad, CA	3.2	21	Detroit-Warren-Dearborn, MI	4.6
11	Seattle-Tacoma-Bellevue, WA	3.3	21	Los Angeles-Long Beach-Anaheim, CA	4.6
12	Phoenix-Mesa-Scottsdale, AZ	3.4	24	Chicago-Naperville-Elgin, IL-IN-WI	4.8
13	Portland-Vancouver-Hillsboro, OR-WA	3.6	24	Houston-The Woodlands-Sugar Land, TX	4.8

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

U.S. Unemployment Rate
June: 3.6% | July: 3.5%

NFPA's 2021 Fire Service Needs Assessment Shows Ongoing Need for Training, Resources, & Staff

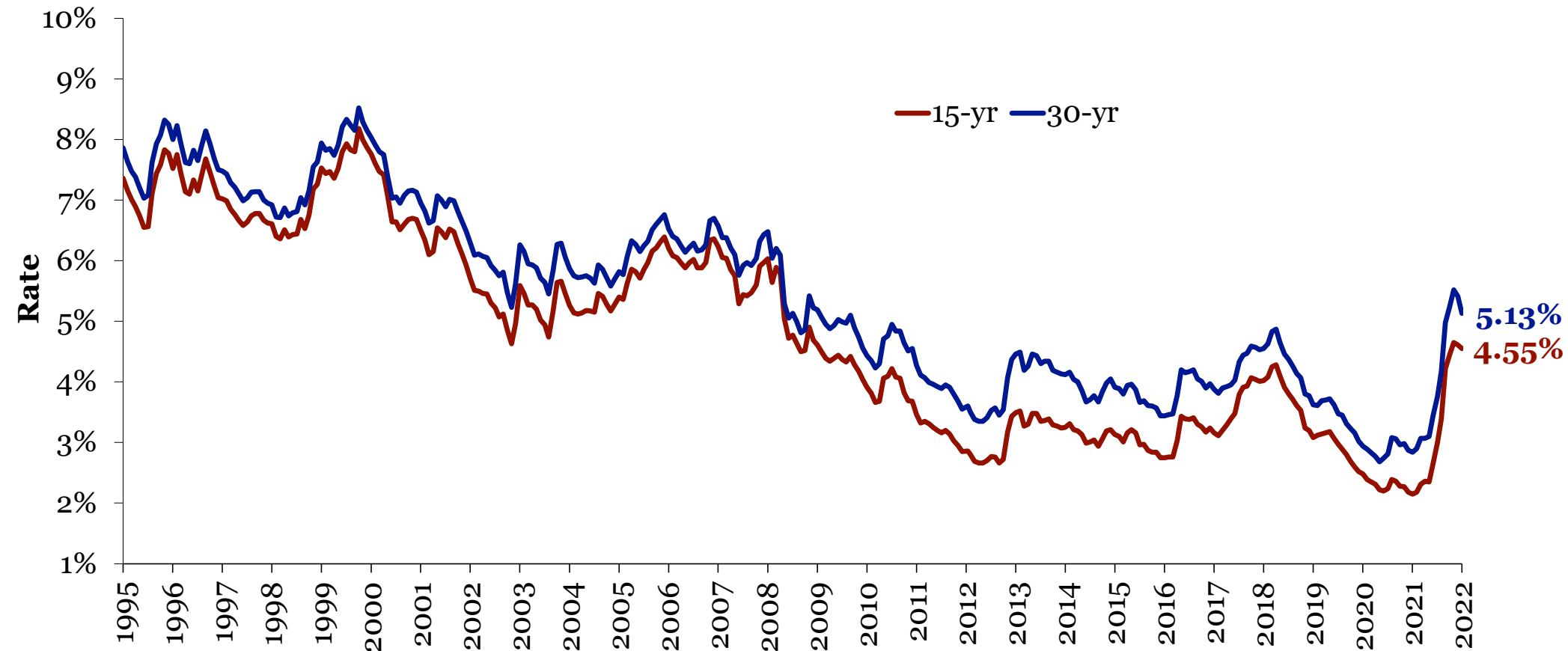
According to the National Fire Protection Association (NFPA) Fire Service Needs Assessment Survey (2021):

- The expansion of fire department roles and responsibilities shows no sign of stopping.
- Across all response types, from structural firefighting to active shooter situations, there are fire department personnel responsible for responding to incidents for which they have not been formally trained or certified.
- Most fire departments (87%) are responsible for wildland and wildland-urban interface (WUI) firefighting.
 - 78% of the departments that perform wildland and WUI firefighting operations have unmet training needs
- Staffing levels across job roles and functions have remained flat since 2015 and weekday staffing among volunteer fire departments remains a challenge.

Quantum of Construction

License to Borrow (at Low Rates)

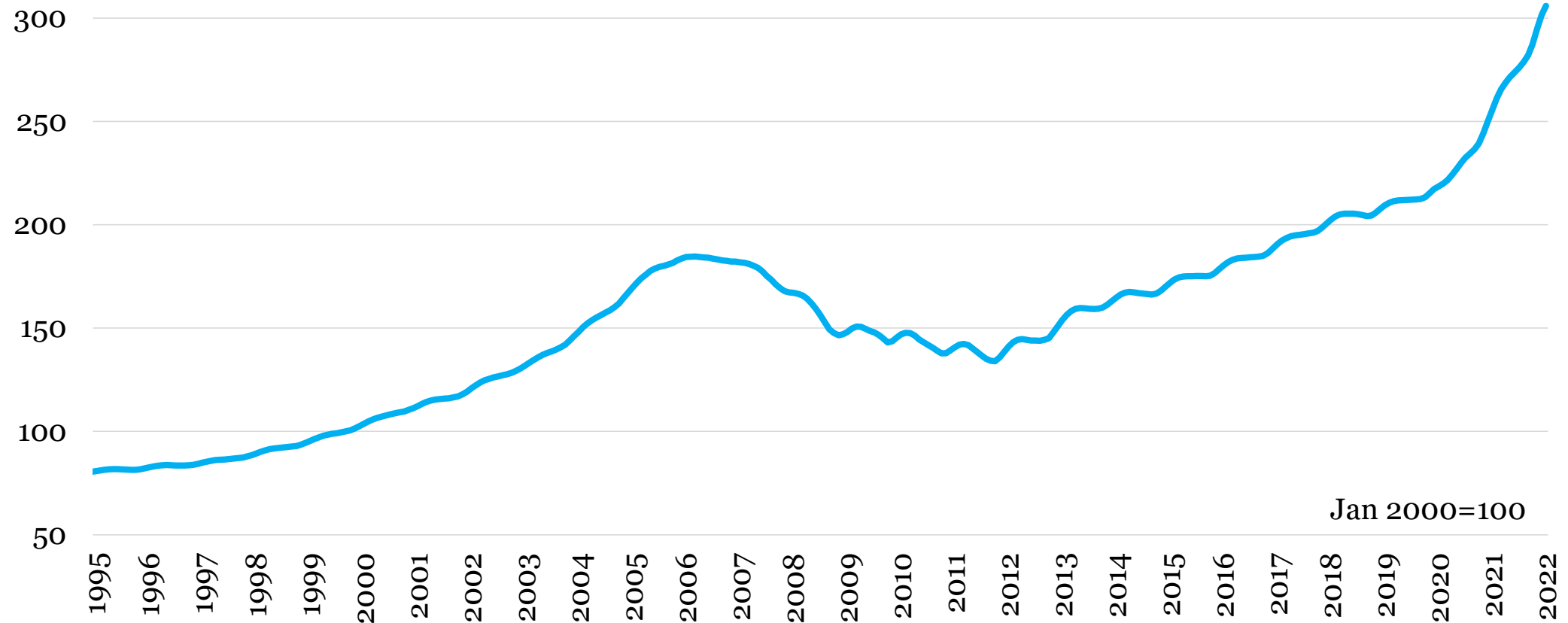
15-Year & 30-Year Fixed Mortgage Rates, 1995 – August 2022*



*Week ending 8/18/2022

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

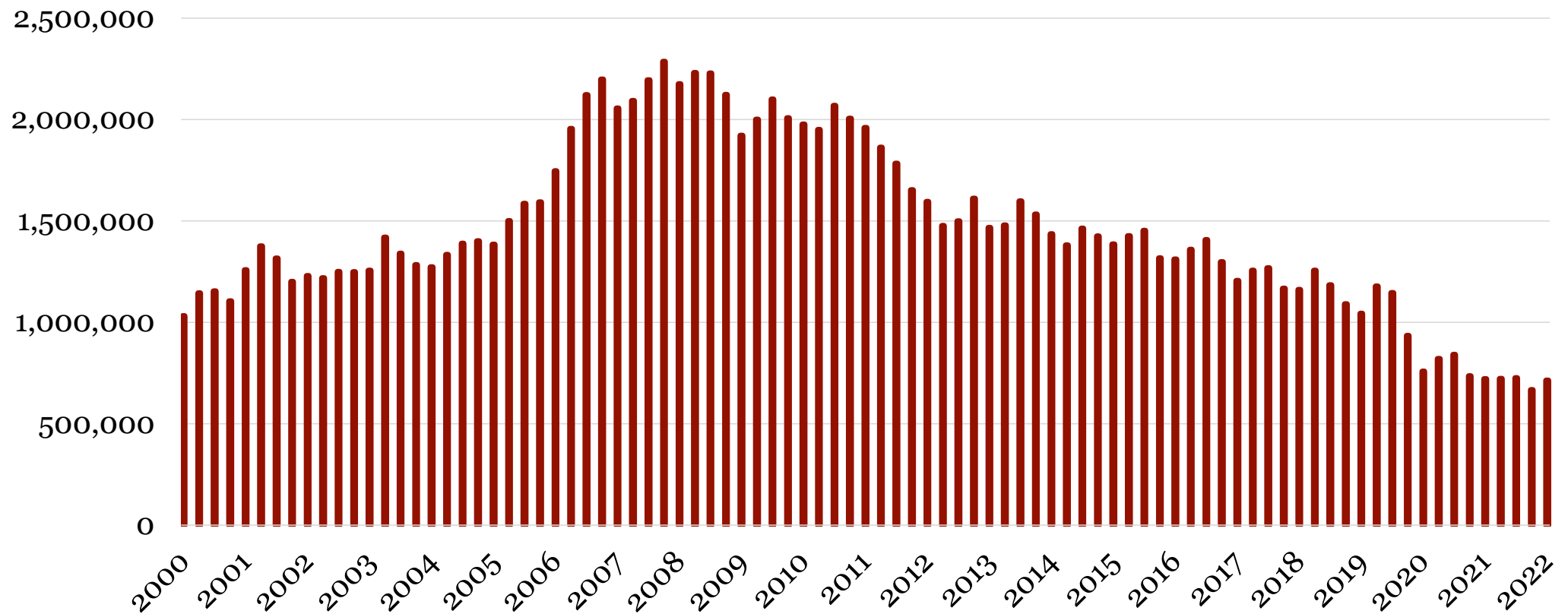
1995 – May 2022



Inventory of Unsold Homes: Vacant Housing Units for Sale*

2000 – 2022Q2

Vacant Housing Units for Sale

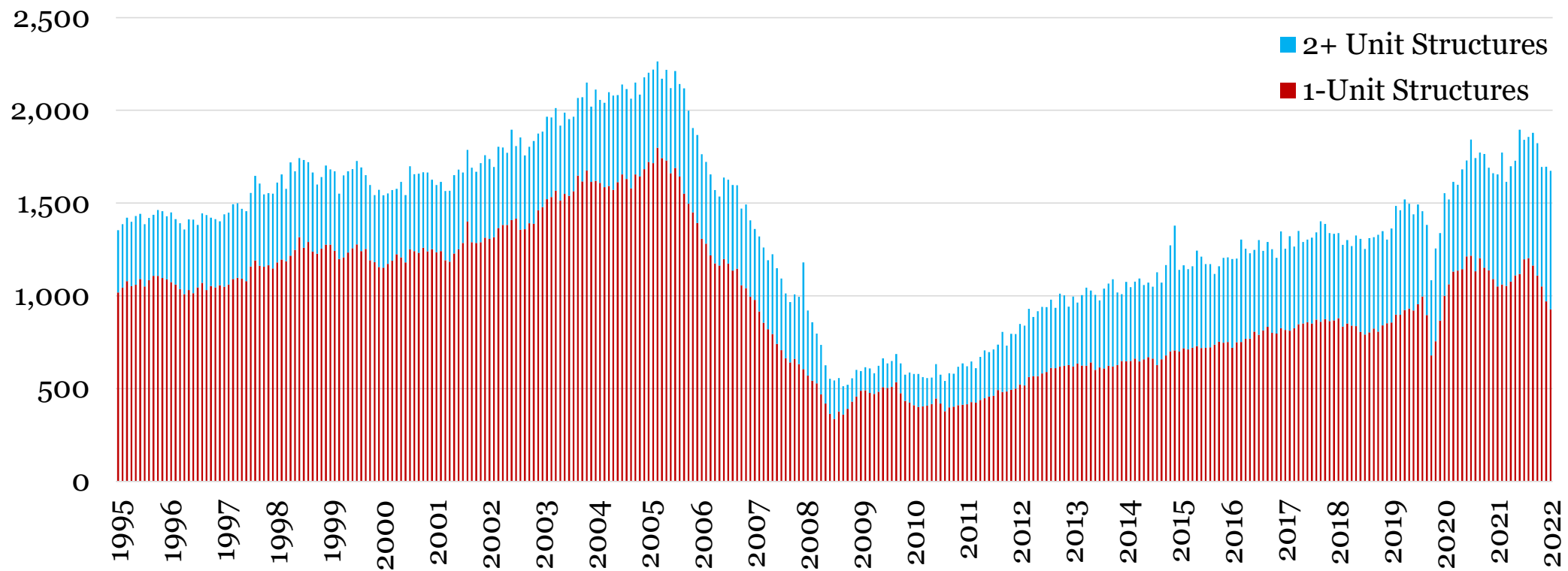


*Units for sale only, excludes units both for rent and sale

U.S. Residential Building Permits

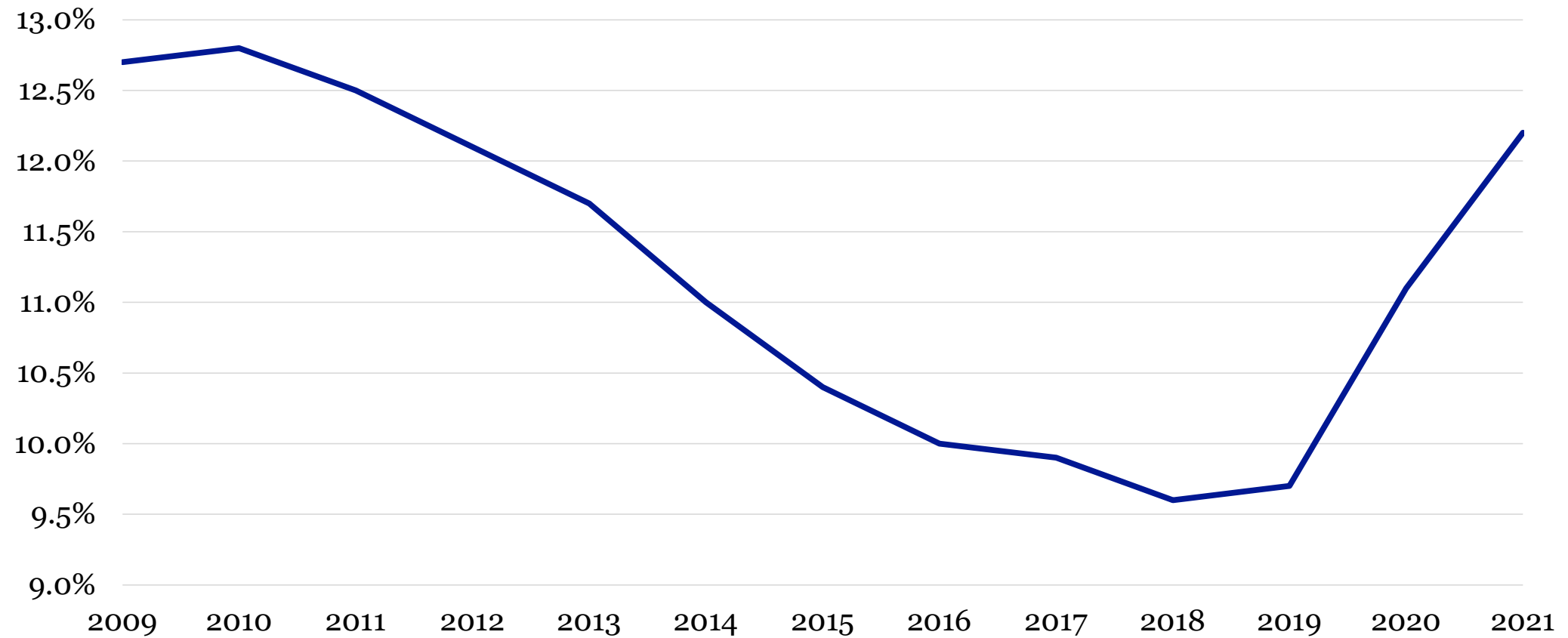
1995 – July 2022

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

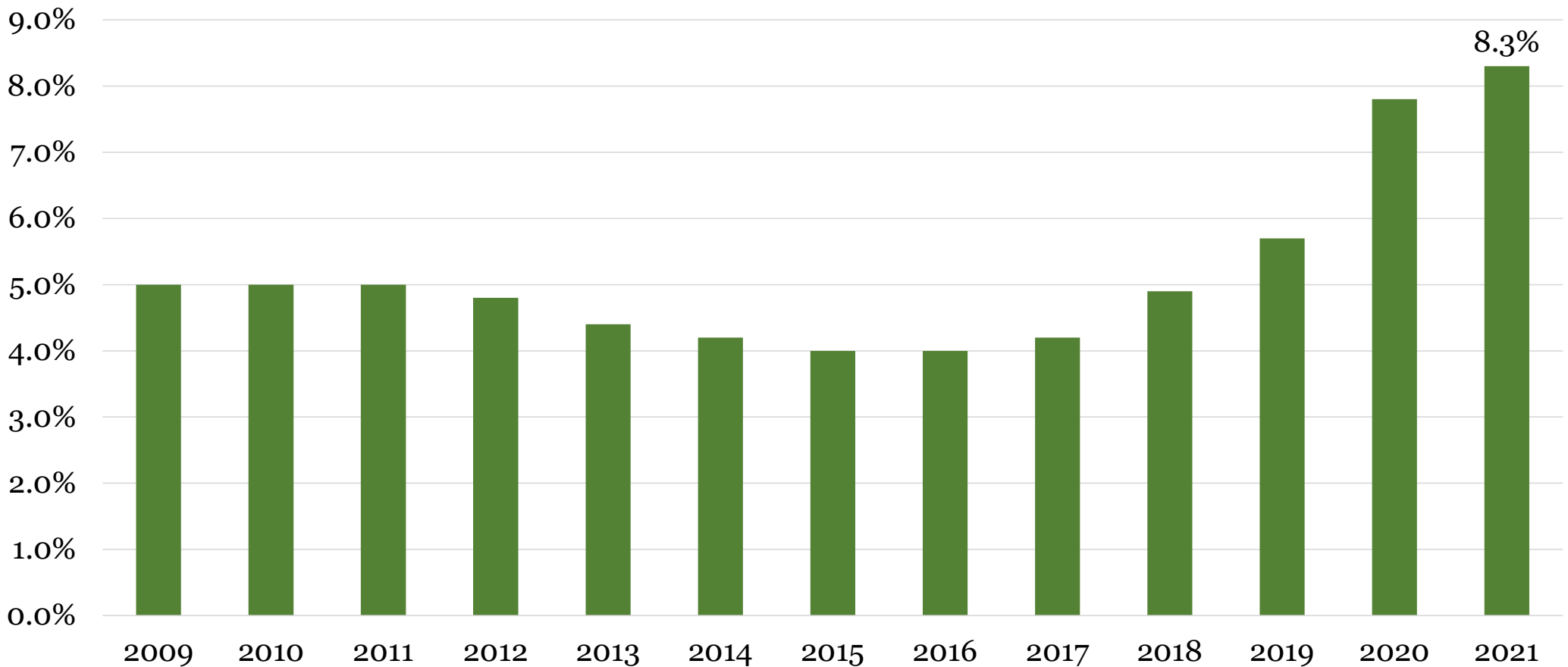


Occupancy is Not Enough

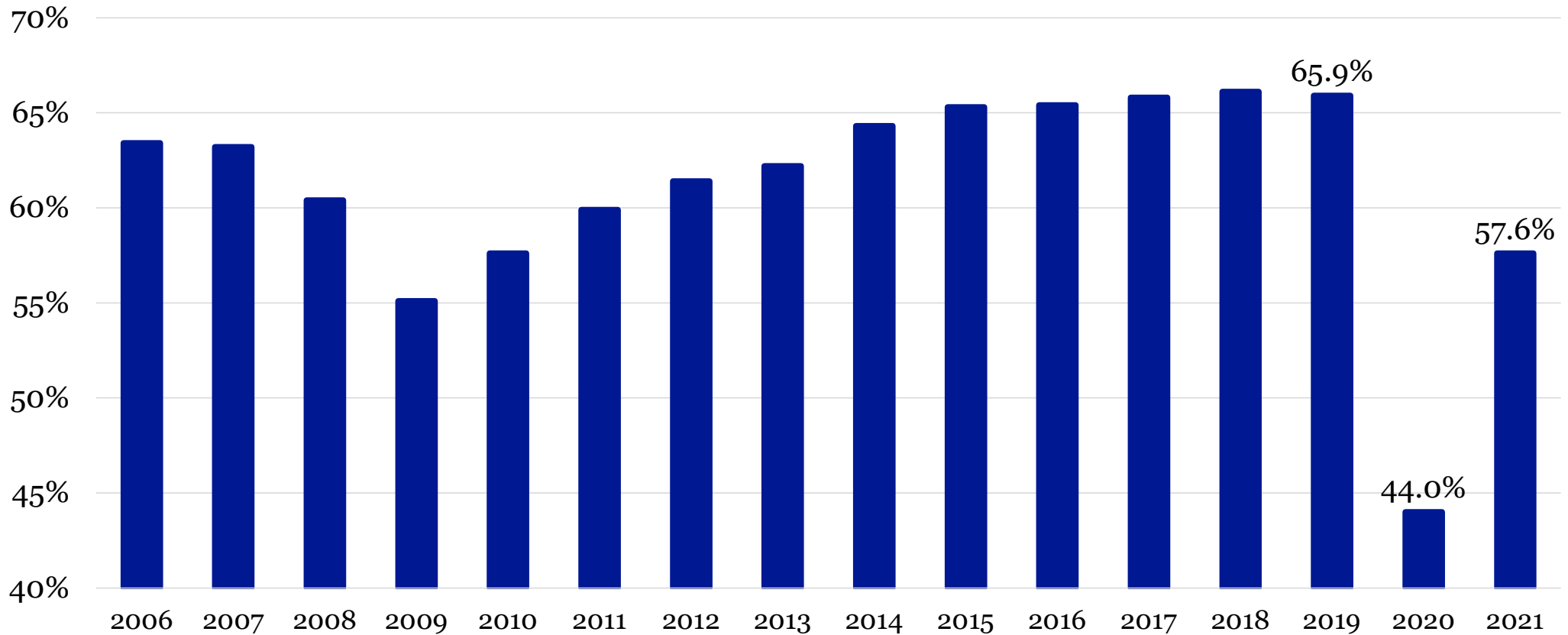
U.S. Office Vacancy, 2009 – 2021



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

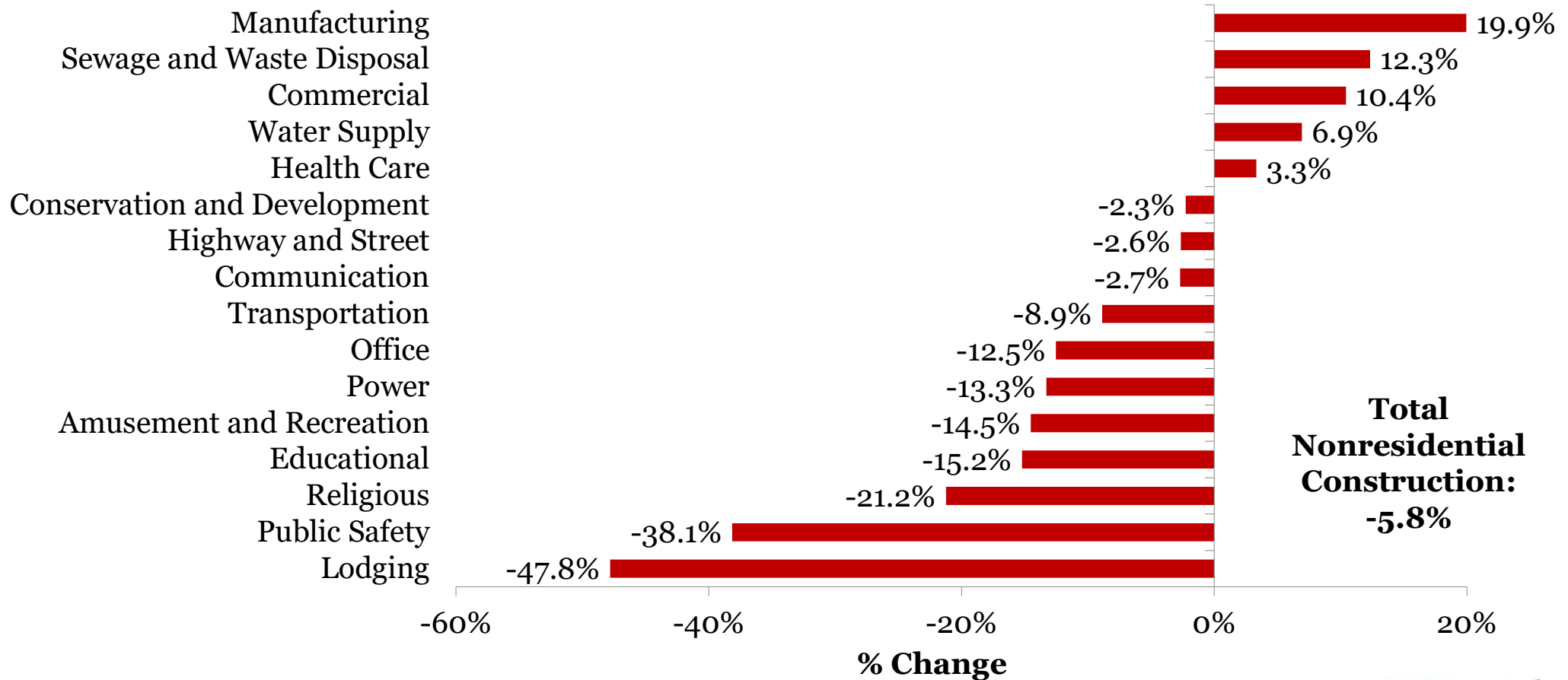


U.S. Hotel Occupancy, 2006 – 2021



Nonresidential Construction Spending by Subsector

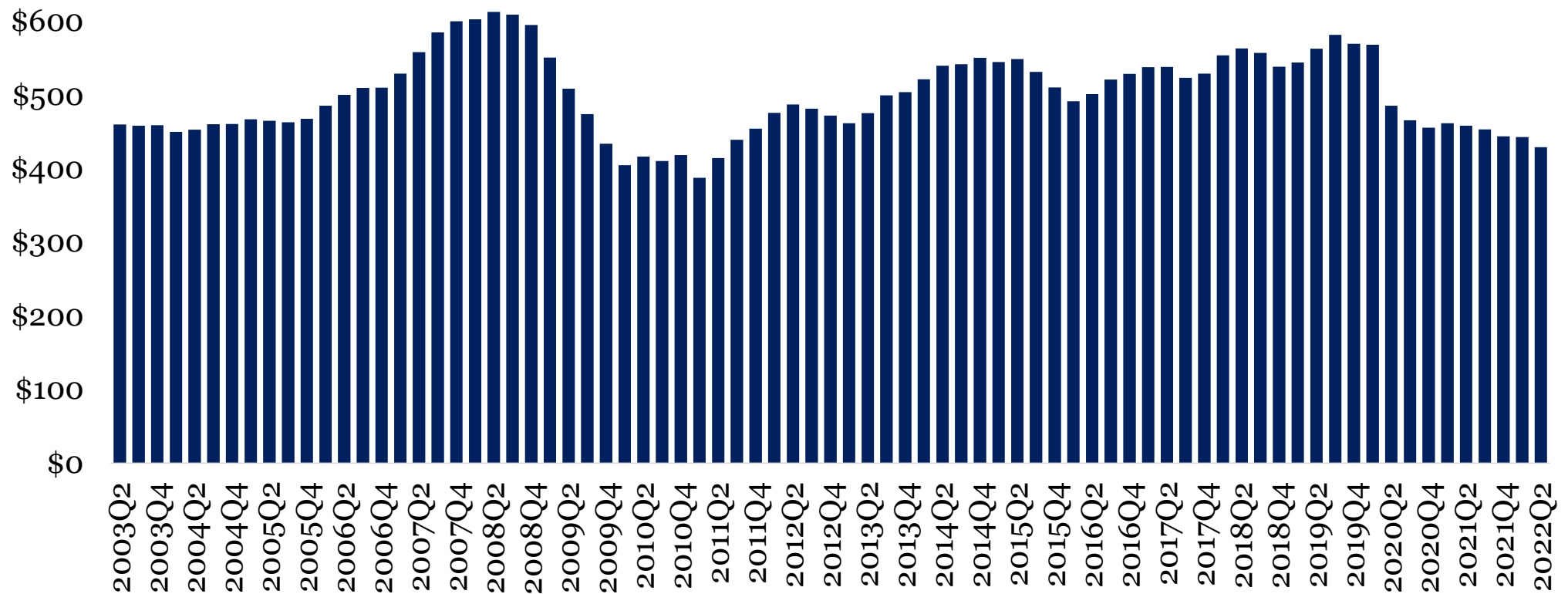
February 2020 v. June 2022



U.S. GDP: Nonresidential Fixed Investment in Structures

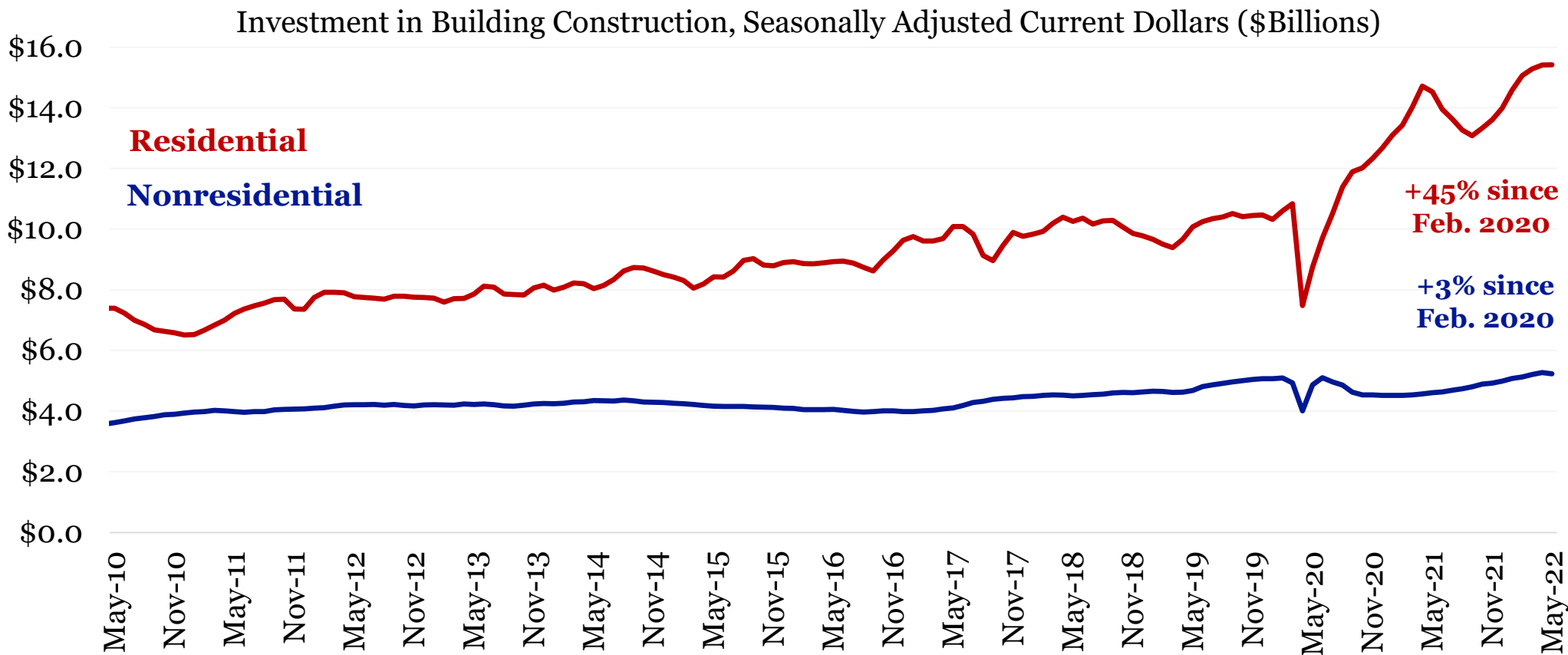
2003 – 2022Q2*

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



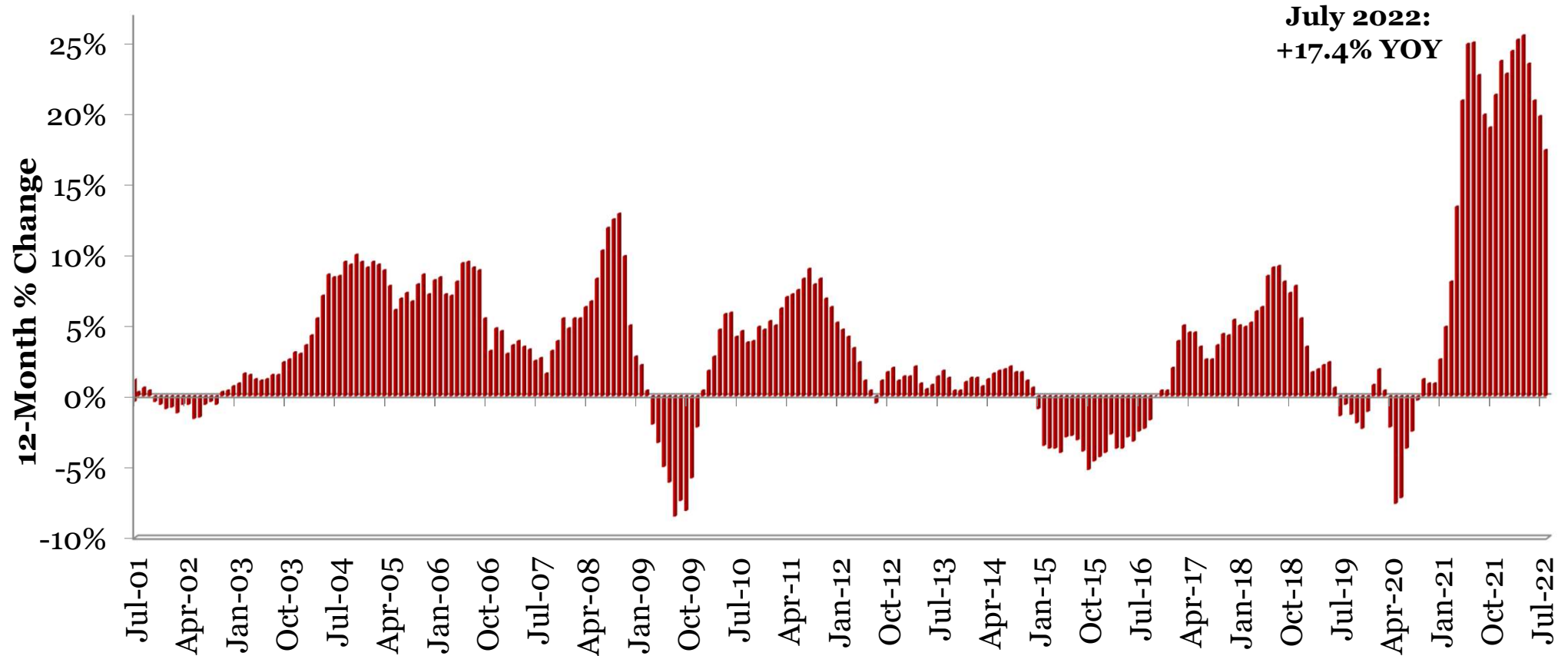
Canada Building Construction Investment

2010 – May 2022



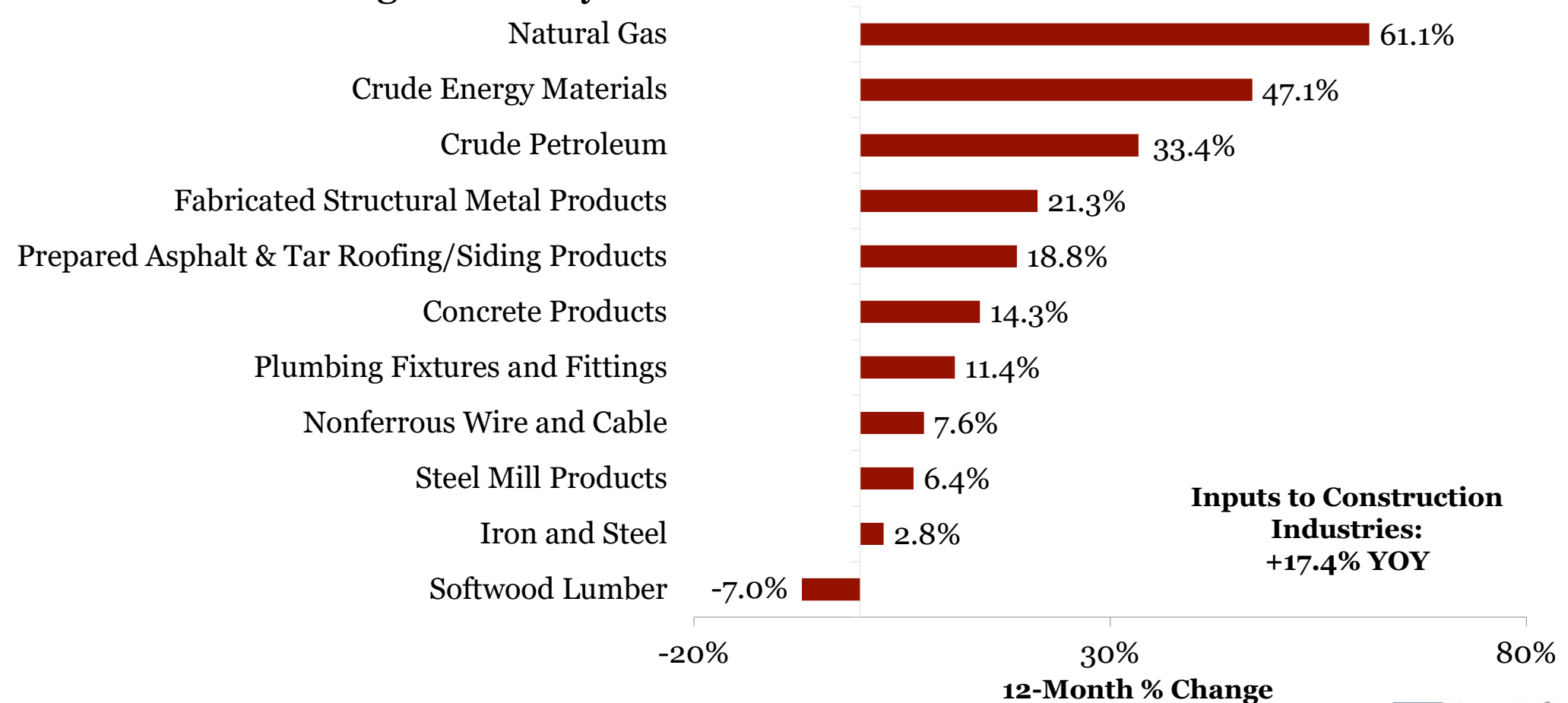
Inputs to Construction PPI

12-Month % Change, 2001 – July 2022



Construction Materials PPI

12-Month % Change as of July 2022



Fire Apparatus Continues to Age

- According to the National Fire Protection Association (NFPA), vehicle age remains a challenge for fire departments in the U.S...
- As of 2021:
 - Almost 50% of engines/pumpers in service are 15 or more years old (up from 43% in 2015*);
 - 41% of ladders/aerials in service are 15+ years old;
 - 58% of tankers/tenders in service are 15+ years old;
 - 26% of ambulances in service are 15+ years old.
- Only 38% of fire departments plan and budget for apparatus replacement on a regular schedule;
- 31% of departments plan for replacement, but have no budget;
- 31% have no plan or budget;
- Larger departments are much more likely to have a plan and a budget, while 45% of the smallest departments have no plan or budget.

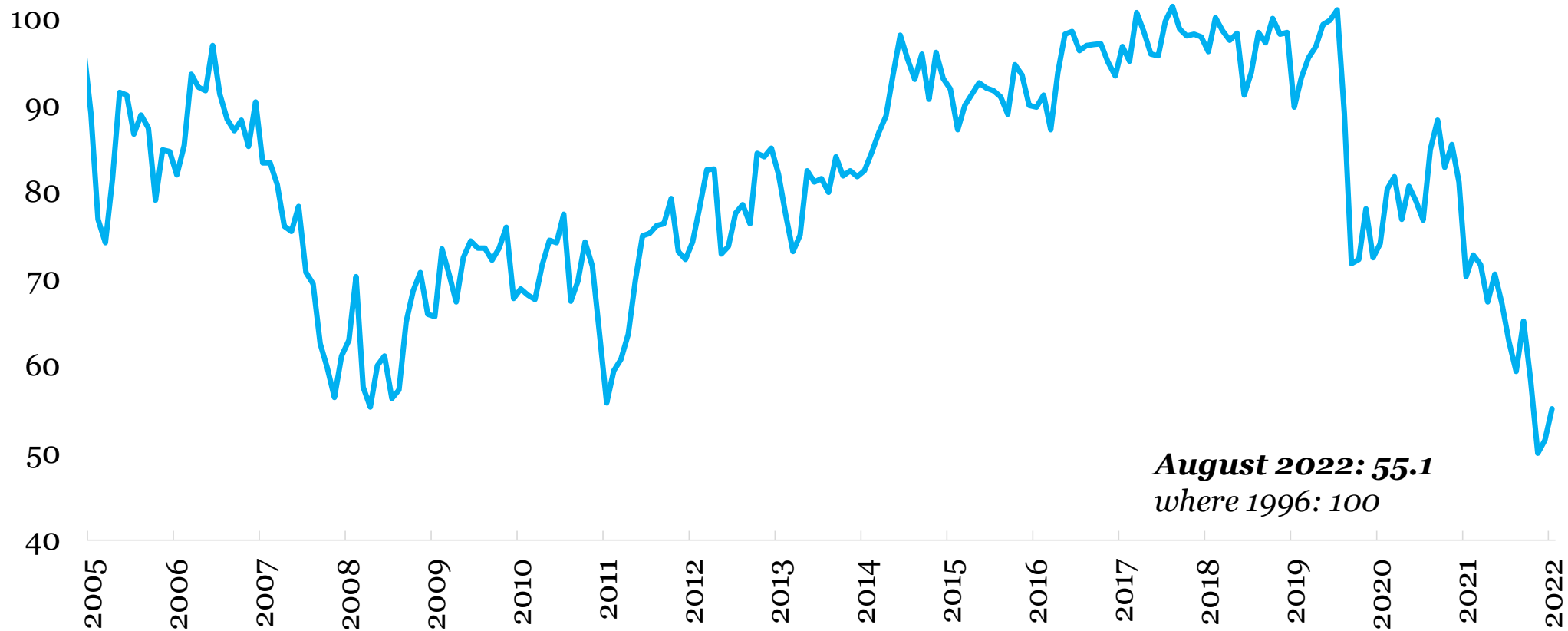
*2015 not available except for engines/pumpers

Source: National Fire Protection Association (NFPA),
“Needs Assessment of the U.S. Fire Service”, December 2021

My Name is Ban, Anirban

University of Michigan Index of Consumer Sentiment

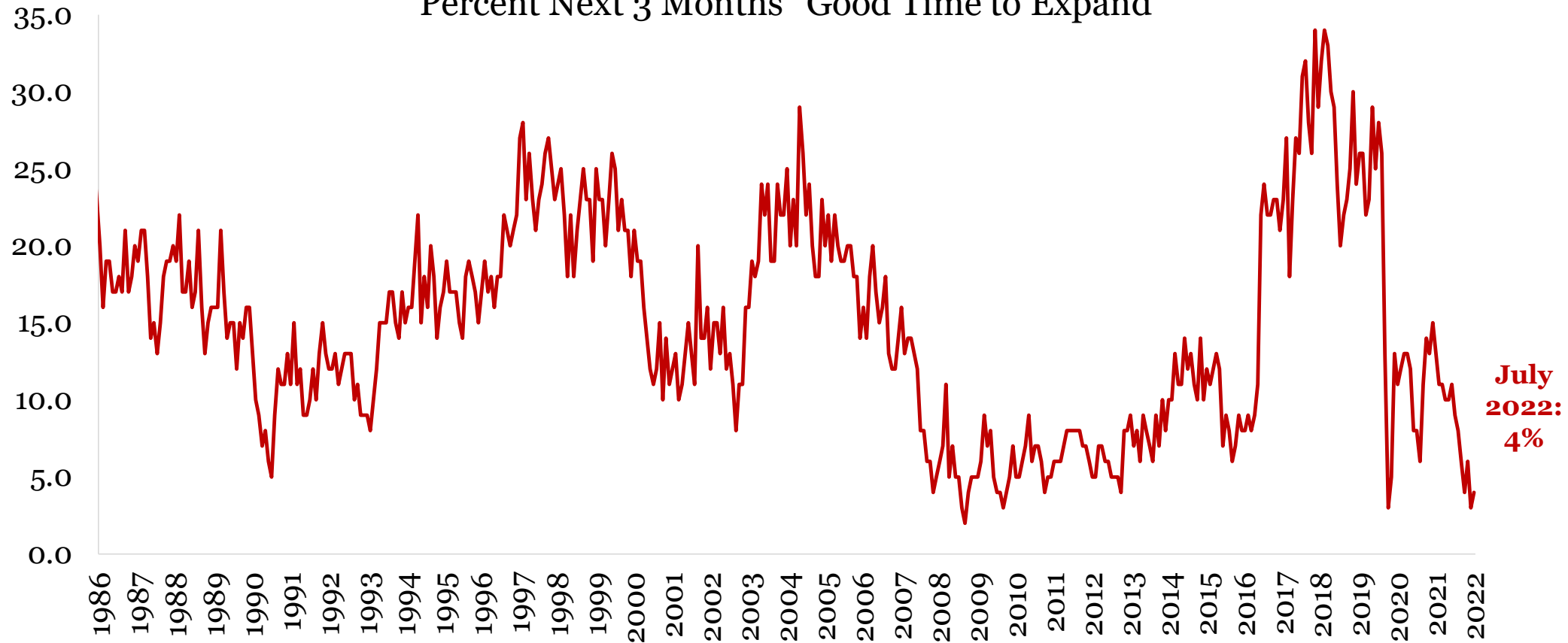
2005 – August 2022



August 2022: 55.1
where 1996: 100

NFIB Index of Small Business Optimism: Good Time to Expand 1986 – July 2022

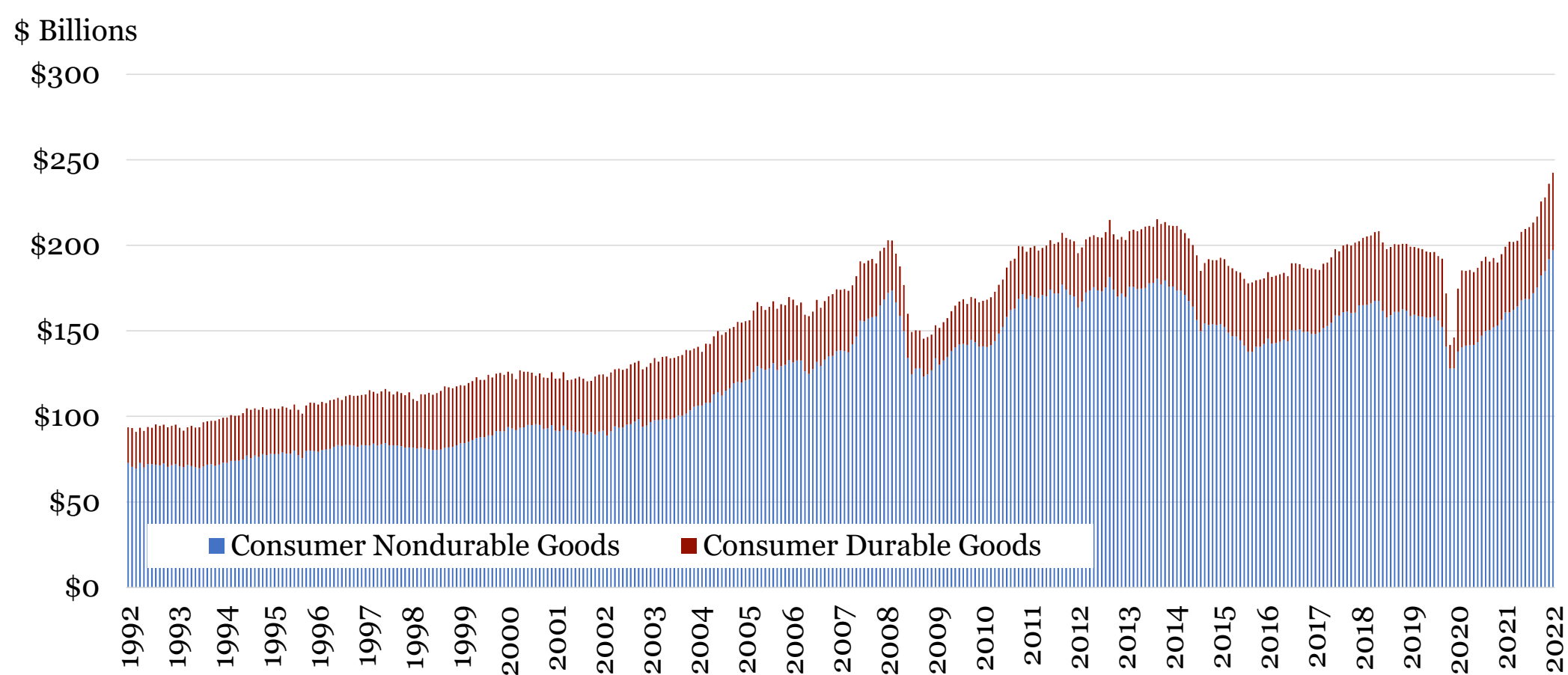
Percent Next 3 Months “Good Time to Expand”



July
2022:
4%

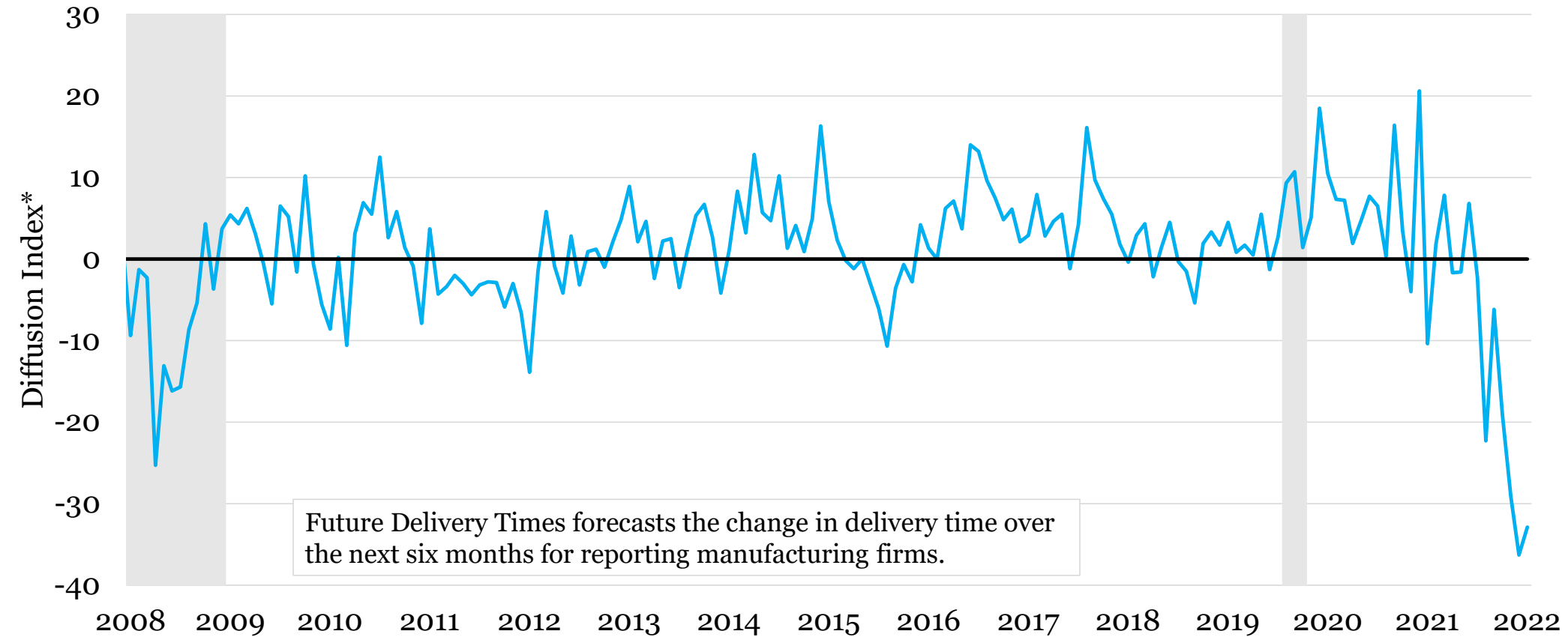
U.S. Manufacturers' New Orders: Consumer Goods

1992 – June 2022



Philly Fed Manufacturing Business Outlook Survey

Future Delivery Times, 2008 – July 2022

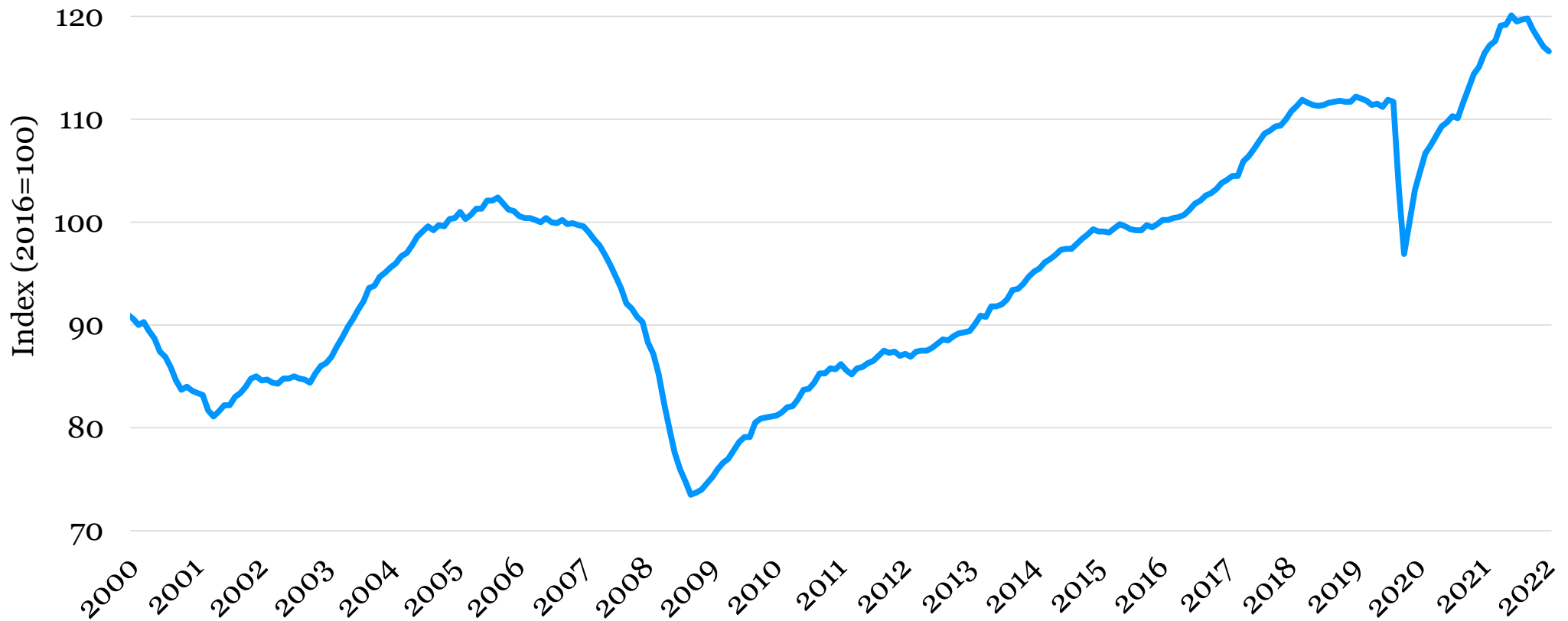


Source: Federal Reserve Bank of Philadelphia *The diffusion index is calculated by taking the percent reporting increases and subtracting the percentage reporting decreases.

U.S. recessions

Conference Board: U.S. Leading Economic Index

2000 – July 2022



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 (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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