

By: Anirban Basu

MPP, MA, JD, PHD

Sage Policy Group, Inc.



**NO TIME  
TO BUY**

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On Behalf Of

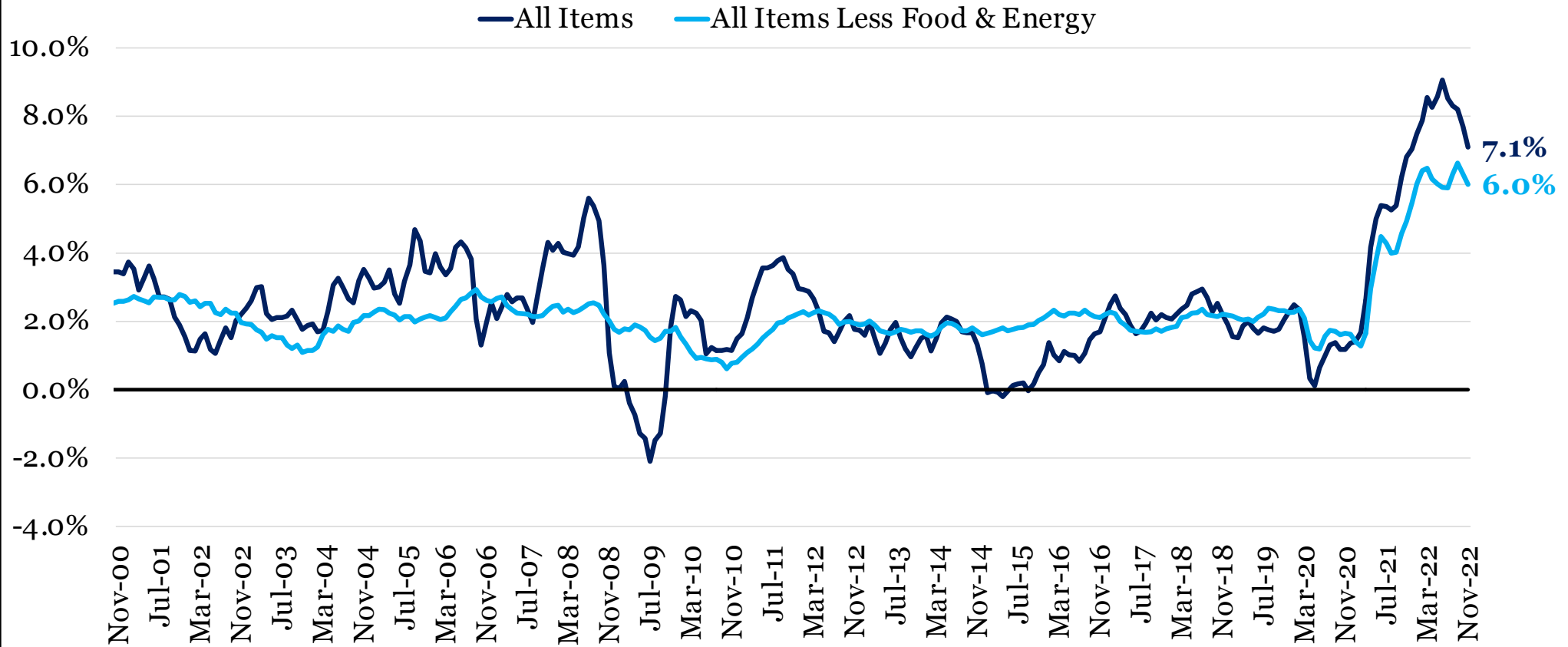
The Mid-Atlantic CIO Forum

December 15<sup>th</sup>, 2022

# 2021 – Specter of Inflation

# U.S. Consumer Price Index (NSA)

## 12-Month % Change, 2000 – November 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)

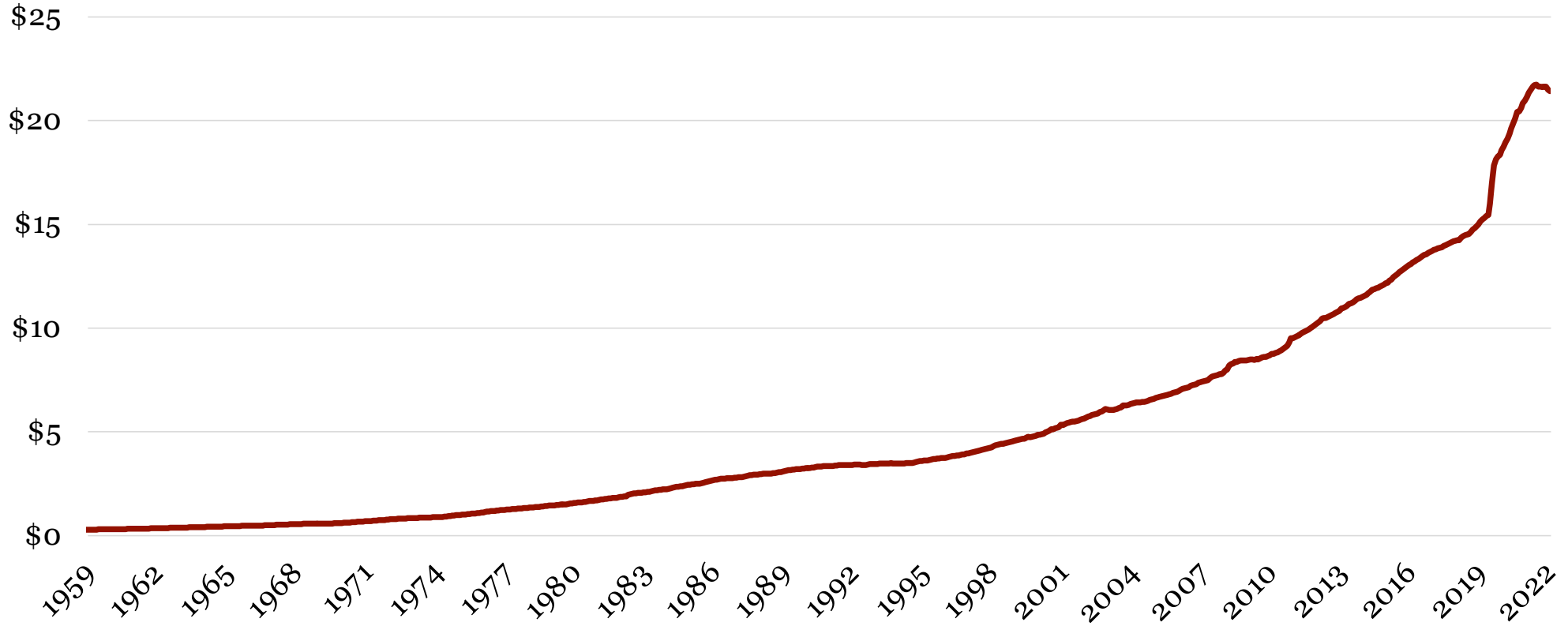
“Supply and demand imbalances related to the pandemic and the reopening of the economy have continued to contribute to elevated levels of inflation.”

(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 – October 2022

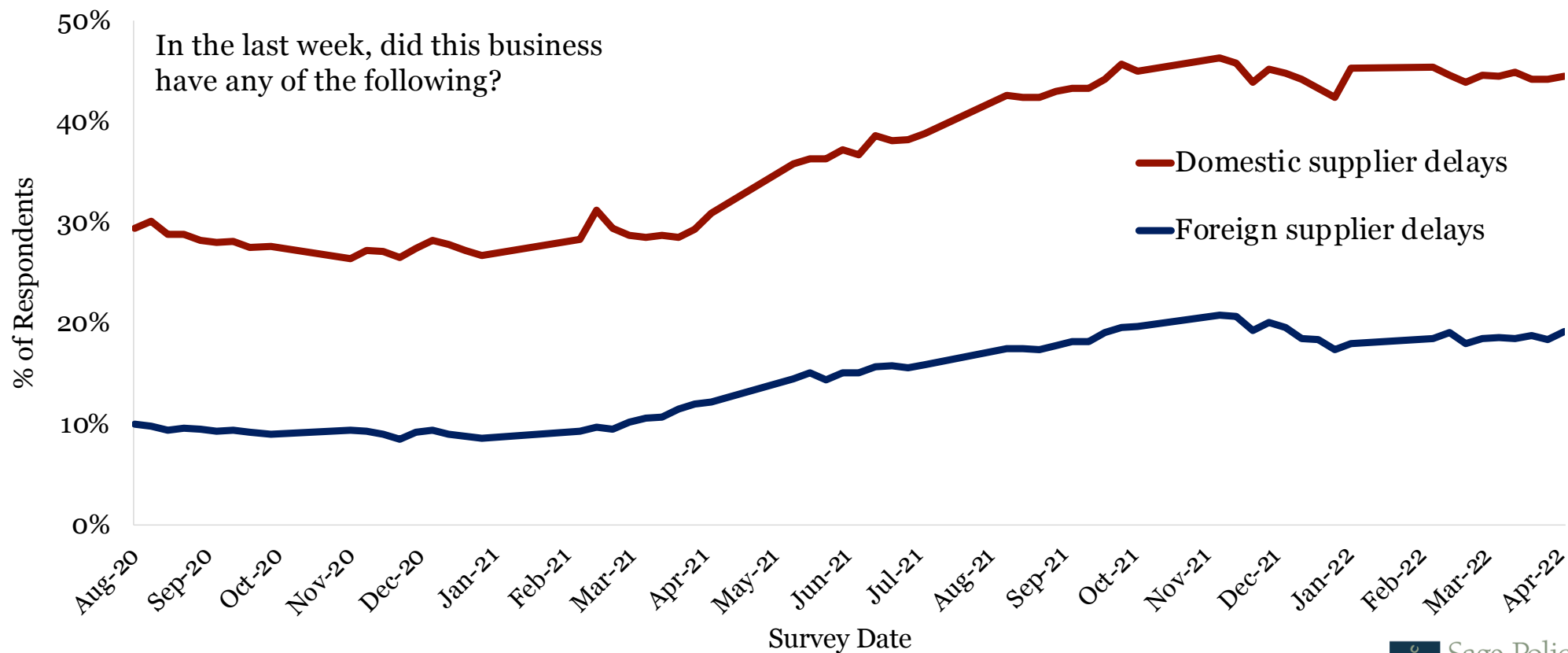
\$ Trillions



Source: Federal Reserve

# U.S. Supply Chain Disruptions & Supplier Delays

## Census Bureau Small Business Pulse (SBP) Survey



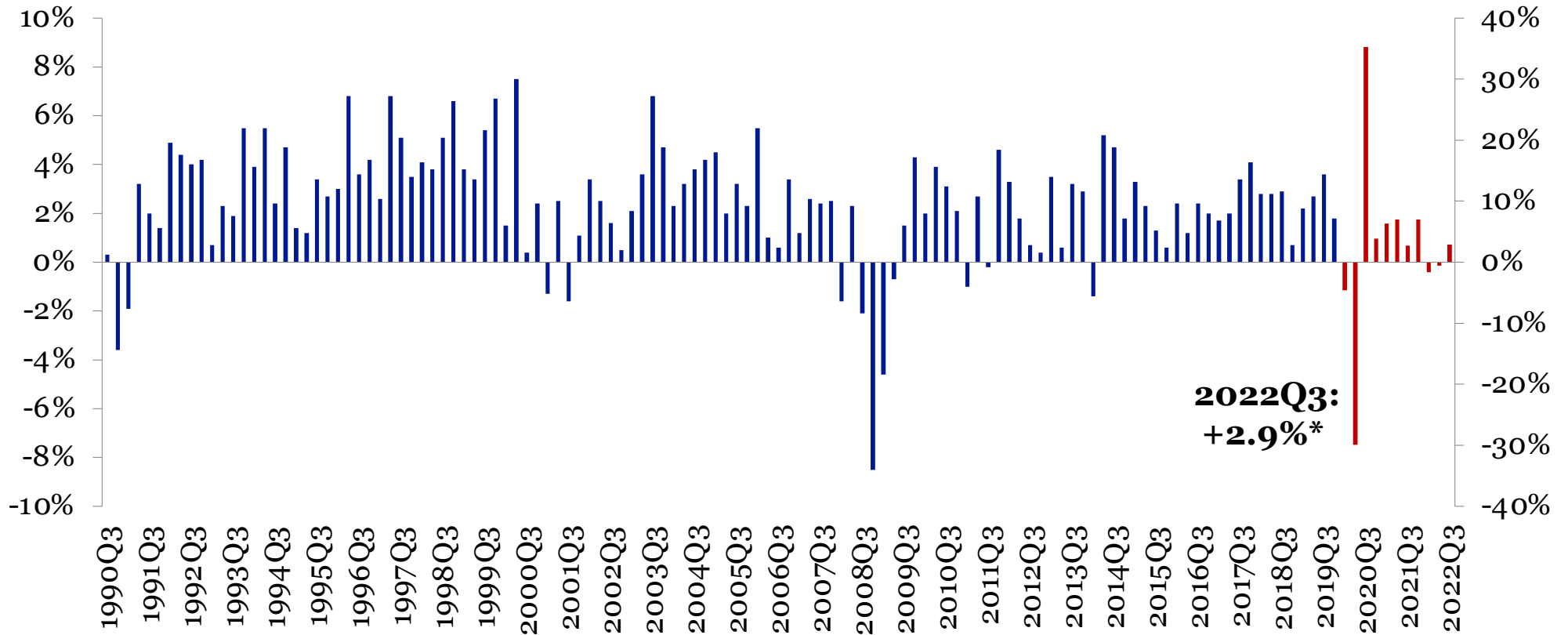
Source: U.S. Census Bureau, Small Business Pulse (SBP) survey

# U.S. GDP - For Your Eyes Only

1990-2019

% Change from Preceding Period (SAAR)

2020-Present



2022Q3:  
+2.9%\*

Source: U.S. Bureau of Economic Analysis \*2022Q3: 2<sup>nd</sup> estimate

# The Employer Who Loved Me

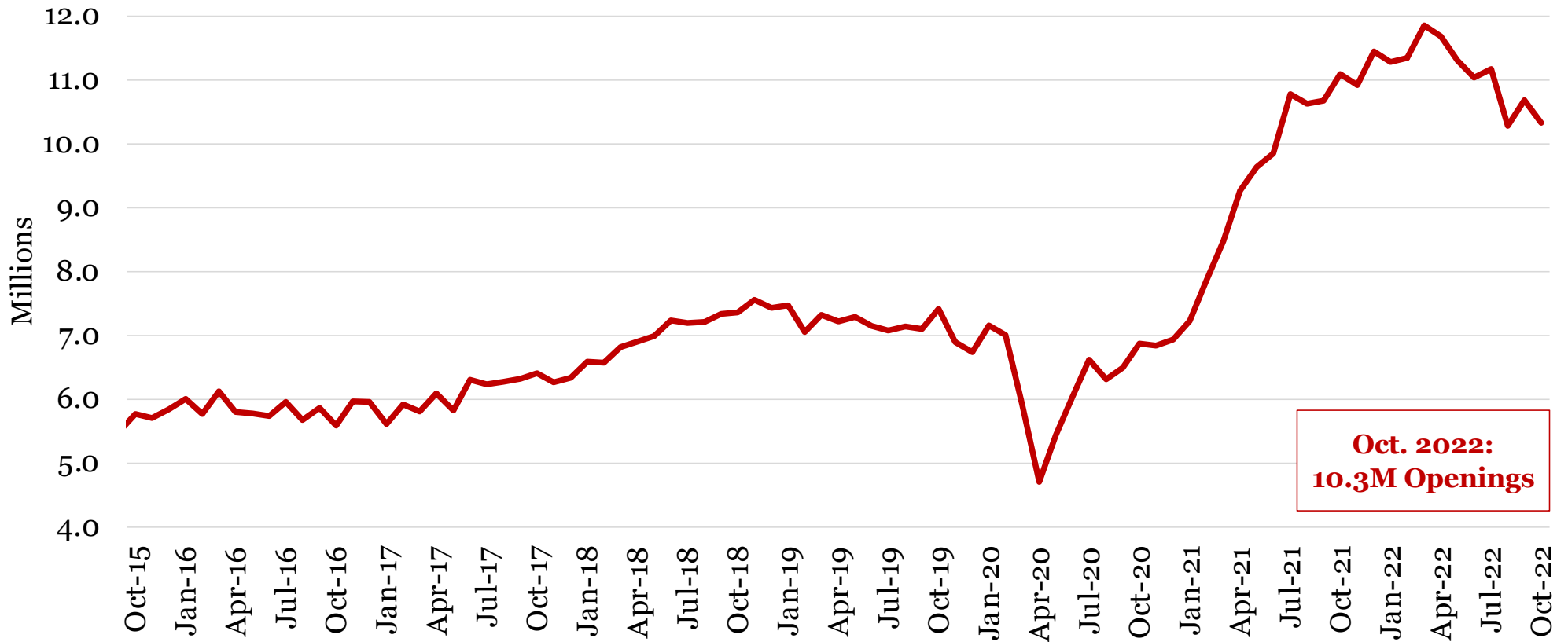


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# Work Another Day

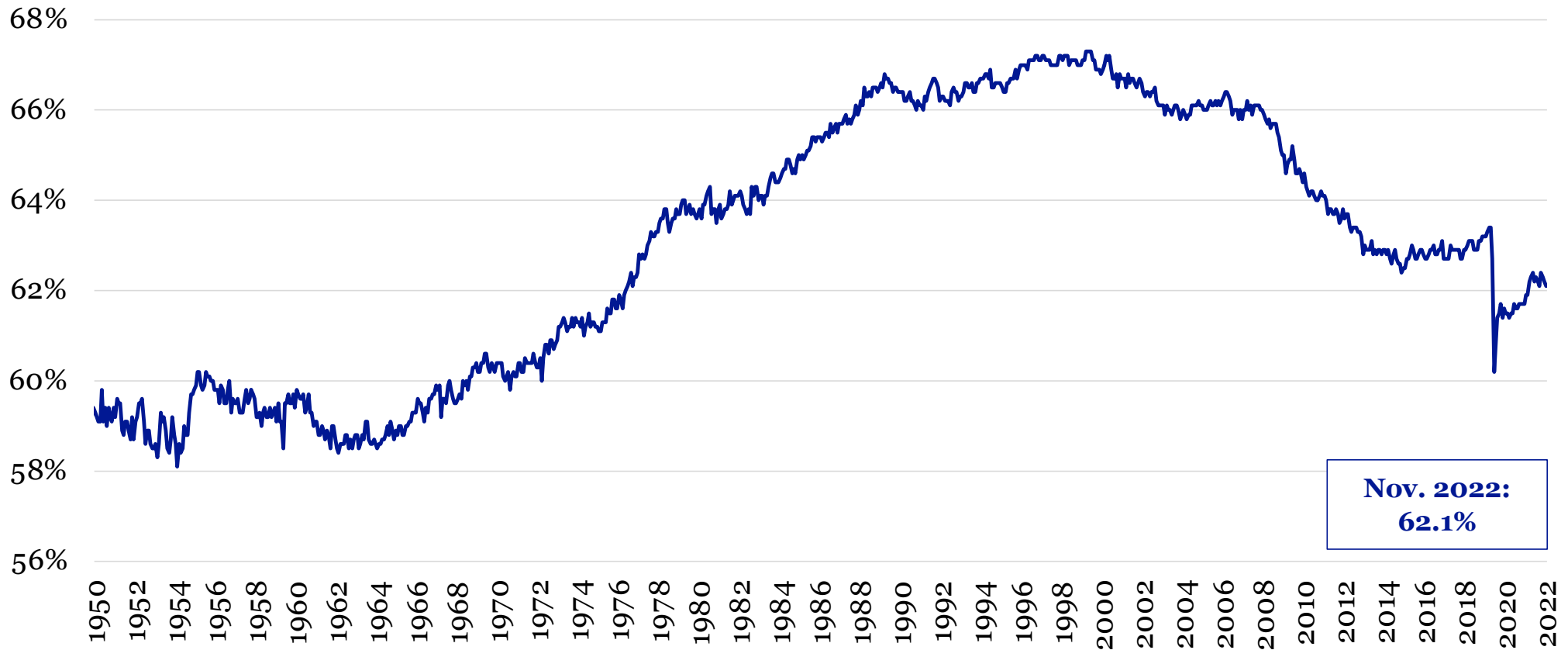
## U.S. Job Openings, 2015 – October 2022



**Oct. 2022:  
10.3M Openings**

# Skyfall

## U.S. Labor Force Participation Rate, 1950 – November 2022



**Nov. 2022:  
62.1%**

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:

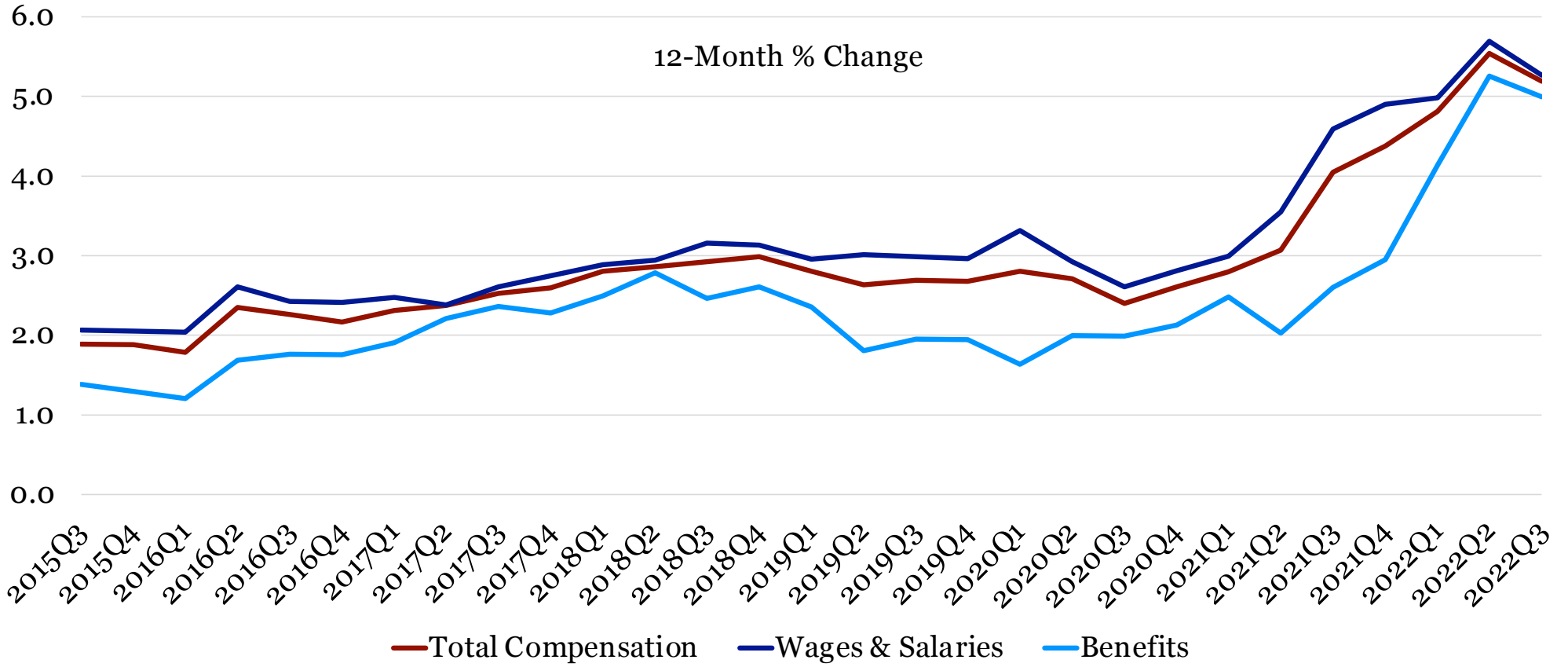
- 68% of Americans would choose remote work options over in-office work;
- 45% would either quit their job or begin searching for a new one if their employer required them to return to their office full-time;
- 74% of Americans believe that companies not offering remote working arrangements will lose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



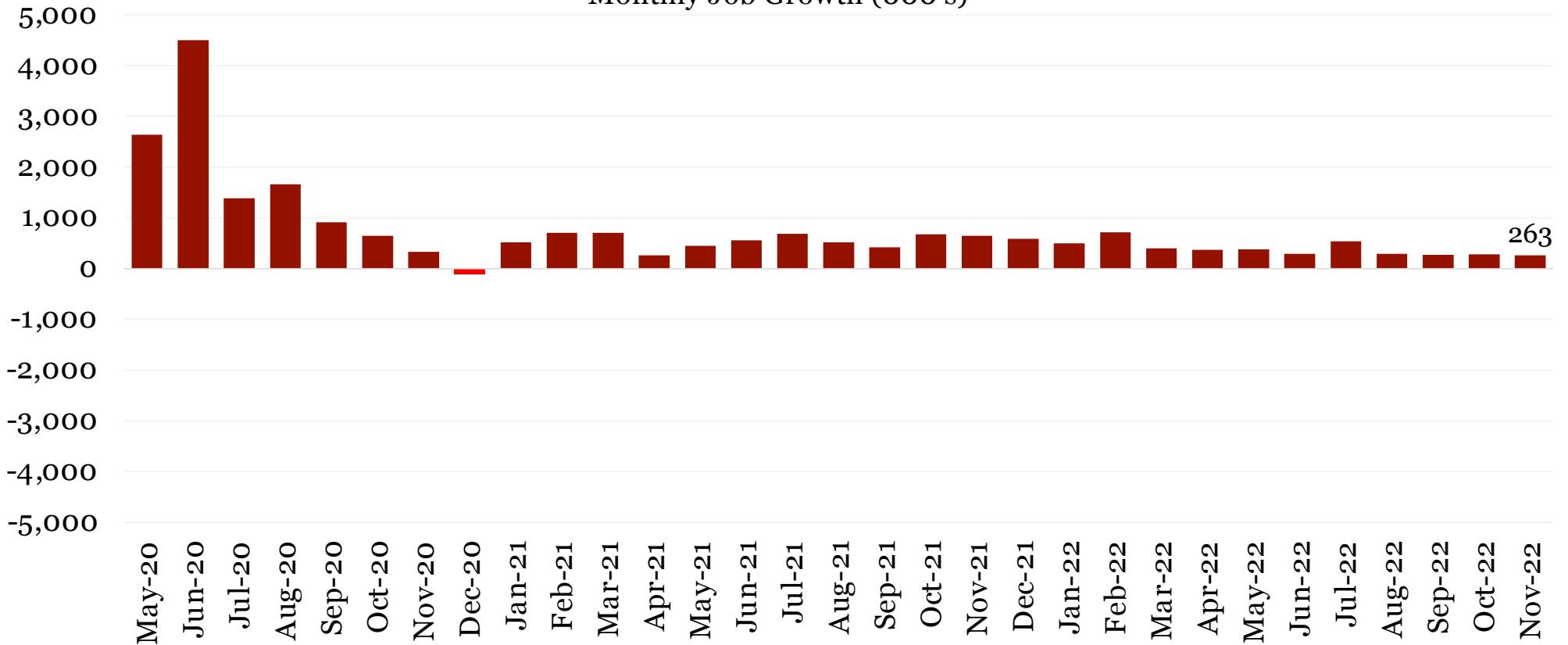
Source: U.S. Bureau of Labor Statistics



# Net Change in U.S. Jobs

## May 2020 – November 2022

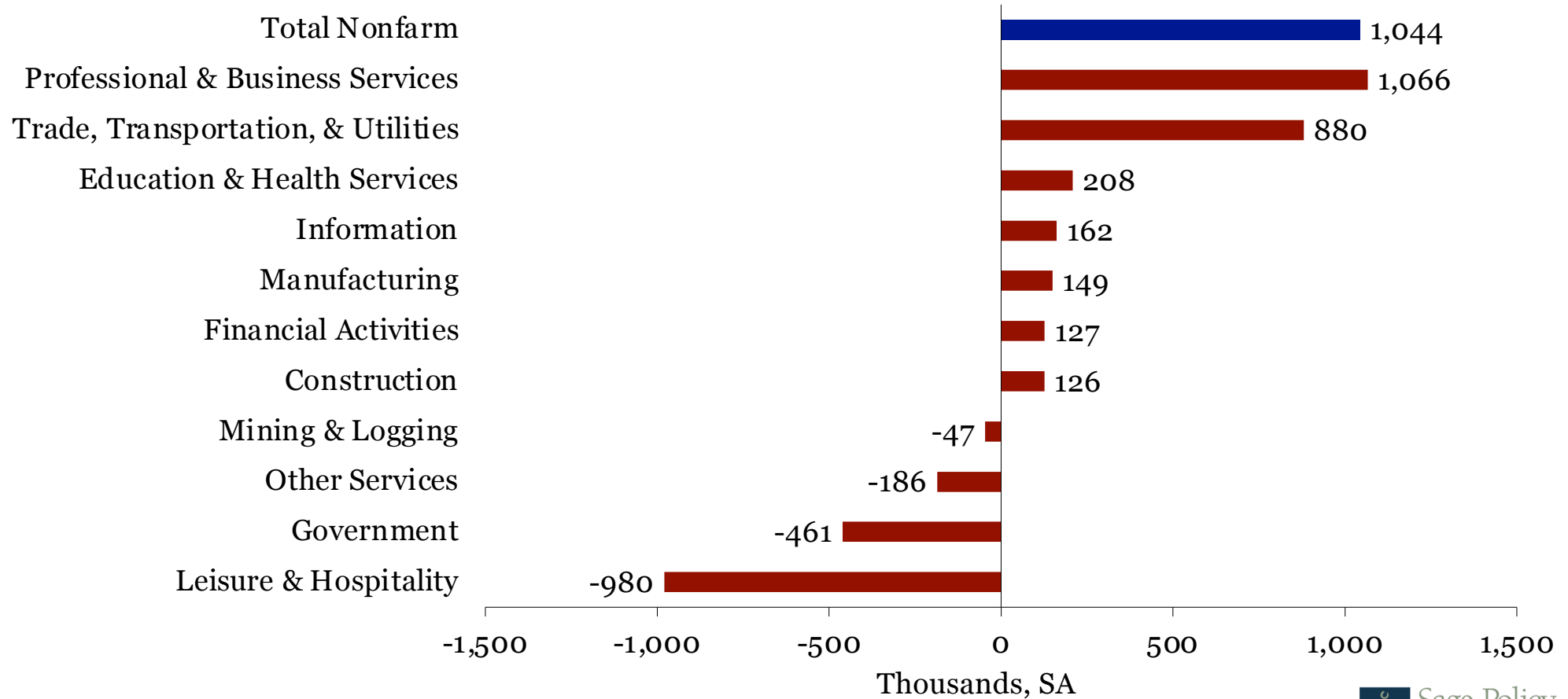
Monthly Job Growth (000's)



Source: U.S. Bureau of Labor Statistics

# U.S. Nonfarm Employment by Industry Sector

## February 2020 v. November 2022



Source: U.S. Bureau of Labor Statistics

# Employment Growth, 25 Largest Metros

## February 2020 v. October 2022 Percent Change

Rank	MSA	%	Rank	MSA	%
1	Dallas-Fort Worth-Arlington, TX	9.0%	14	Seattle-Tacoma-Bellevue, WA	1.4%
2	Riverside-San Bernardino-Ontario, CA	6.6%	15	Boston-Cambridge-Nashua, MA-NH	1.3%
3	Charlotte-Concord-Gastonia, NC-SC	6.5%	<b>15</b>	<b>Philadelphia-Camden-Wilm., PA-NJ-DE-MD</b>	<b>1.3%</b>
4	Tampa-St. Petersburg-Clearwater, FL	5.9%	17	Minneapolis-St. Paul-Bloomington, MN-WI	1.1%
5	Atlanta-Sandy Springs-Roswell, GA	5.4%	<b>18</b>	<b>Baltimore-Columbia-Towson, MD</b>	<b>0.9%</b>
6	Phoenix-Mesa-Scottsdale, AZ	5.1%	18	San Diego-Carlsbad, CA	0.9%
7	San Antonio-New Braunfels, TX	4.5%	20	St. Louis, MO-IL	0.5%
8	Houston-The Woodlands-Sugar Land, TX	4.1%	21	Detroit-Warren-Dearborn, MI	0.3%
9	Denver-Aurora-Lakewood, CO	4.0%	22	Los Angeles-Long Beach-Anaheim, CA	0.0%
10	Miami-Fort Lauderdale-West Palm Beach, FL	3.2%	<b>23</b>	<b>New York-Newark-Jersey City, NY-NJ-PA</b>	<b>-0.4%</b>
11	Orlando-Kissimmee-Sanford, FL	2.7%	<b>24</b>	<b>Washington-Arlington-Alexandria, DC-VA-MD-WV</b>	<b>-0.5%</b>
12	Portland-Vancouver-Hillsboro, OR-WA	2.2%	25	San Francisco-Oakland-Hayward, CA	-0.6%
13	Chicago-Naperville-Elgin, IL-IN-WI	2.0%			

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

U.S. % Change 2/2020 v. 10/2022: +0.5%

# Unemployment Rates, 25 Largest Metros

## October 2022

Rank	MSA	%	Rank	MSA	%
1	Minneapolis-St. Paul-Bloomington, MN-WI	1.7	13	Dallas-Fort Worth-Arlington, TX	3.4
2	Miami-Fort Lauderdale-West Palm Beach, FL	2.3	<b>13</b>	<b>Philadelphia-Camden-Wilm., PA-NJ-DE-MD</b>	<b>3.4</b>
3	San Francisco-Oakland-Hayward, CA	2.6	15	Denver-Aurora-Lakewood, CO	3.5
3	Tampa-St. Petersburg-Clearwater, FL	2.6	15	Phoenix-Mesa-Scottsdale, AZ	3.5
5	St. Louis, MO-IL	2.7	15	San Antonio-New Braunfels, TX	3.5
6	Boston-Cambridge-Nashua, MA-NH	2.8	18	Charlotte-Concord-Gastonia, NC-SC	3.7
6	Orlando-Kissimmee-Sanford, FL	2.8	<b>18</b>	<b>New York-Newark-Jersey City, NY-NJ-PA</b>	<b>3.7</b>
8	Atlanta-Sandy Springs-Roswell, GA	2.9	18	Portland-Vancouver-Hillsboro, OR-WA	3.7
9	San Diego-Carlsbad, CA	3.2	21	Riverside-San Bernardino-Ontario, CA	3.9
10	Detroit-Warren-Dearborn, MI	3.3	<b>22</b>	<b>Baltimore-Columbia-Towson, MD</b>	<b>4.0</b>
10	Seattle-Tacoma-Bellevue, WA	3.3	22	Los Angeles-Long Beach-Anaheim, CA	4.0
<b>10</b>	<b>Washington-Arlington-Alexandria, DC-VA-MD-WV</b>	<b>3.3</b>	24	Houston-The Woodlands-Sugar Land, TX	4.1
			25	Chicago-Naperville-Elgin, IL-IN-WI	4.3

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

U.S. Unemployment Rate: 3.7%



# Live and Let Buy

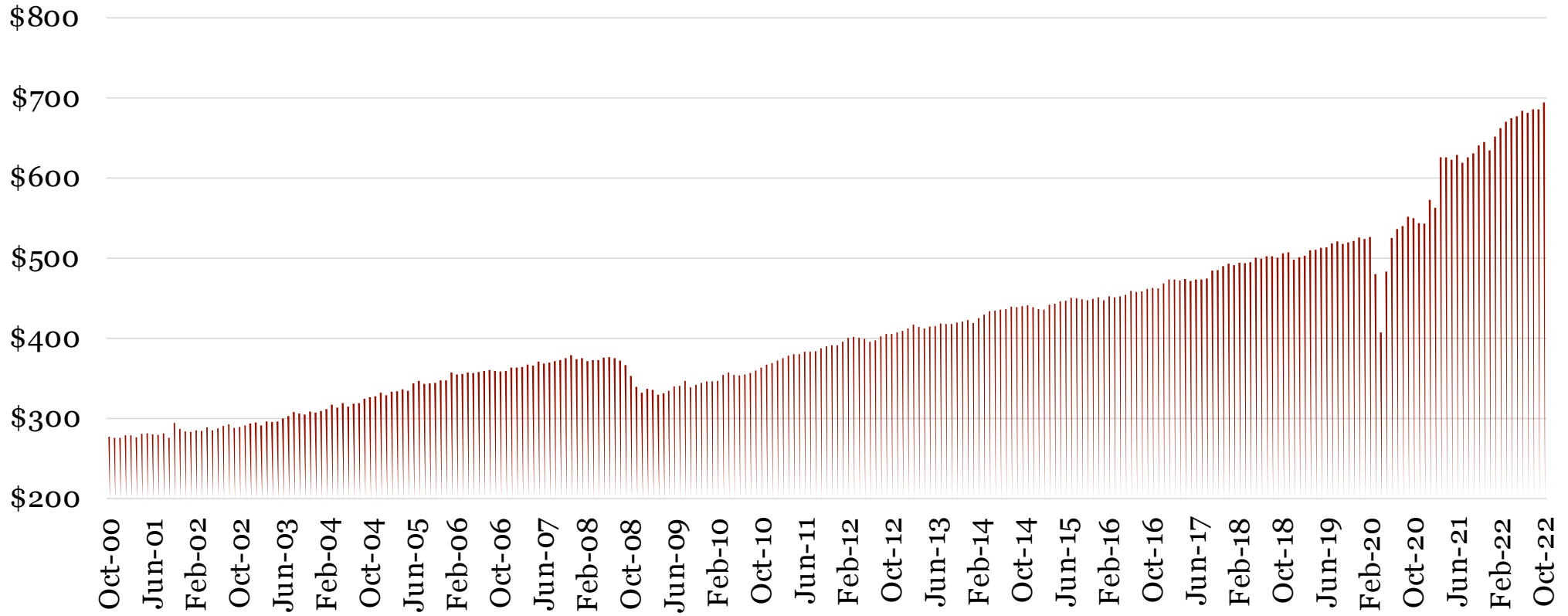


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# U.S. Retail Sales

2000 – October 2022

Retail Sales (\$Billions)



Source: U.S. Census Bureau

# U.S. Retail Sales by Type of Business

## February 2020 v. October 2022 % Change

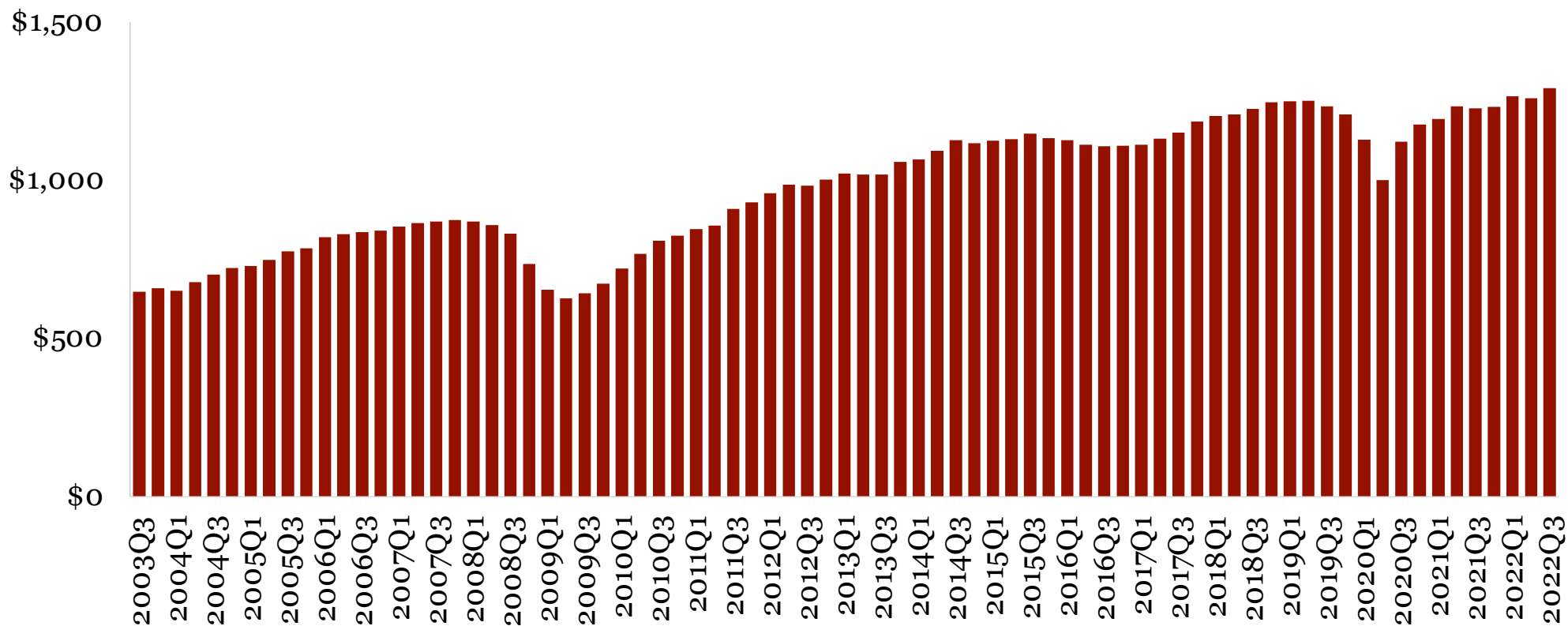


Source: U.S. Census Bureau

# U.S. GDP: Nonresidential Fixed Investment in Equipment

## 2003 – 2022Q3\*

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



Source: U.S. Bureau of Economic Analysis \*2022Q3: 2<sup>nd</sup> estimate

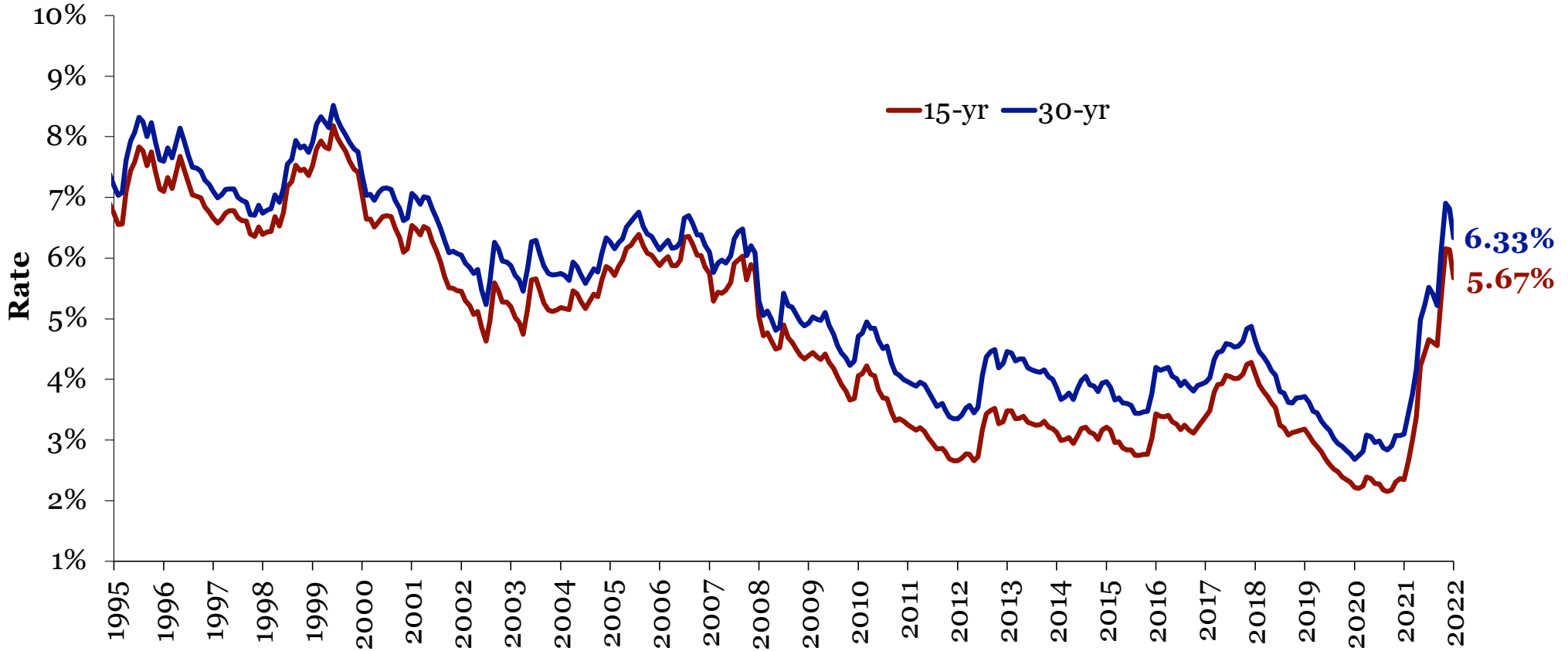
# Quantum of Construction



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# License to Borrow (at Low Rates)

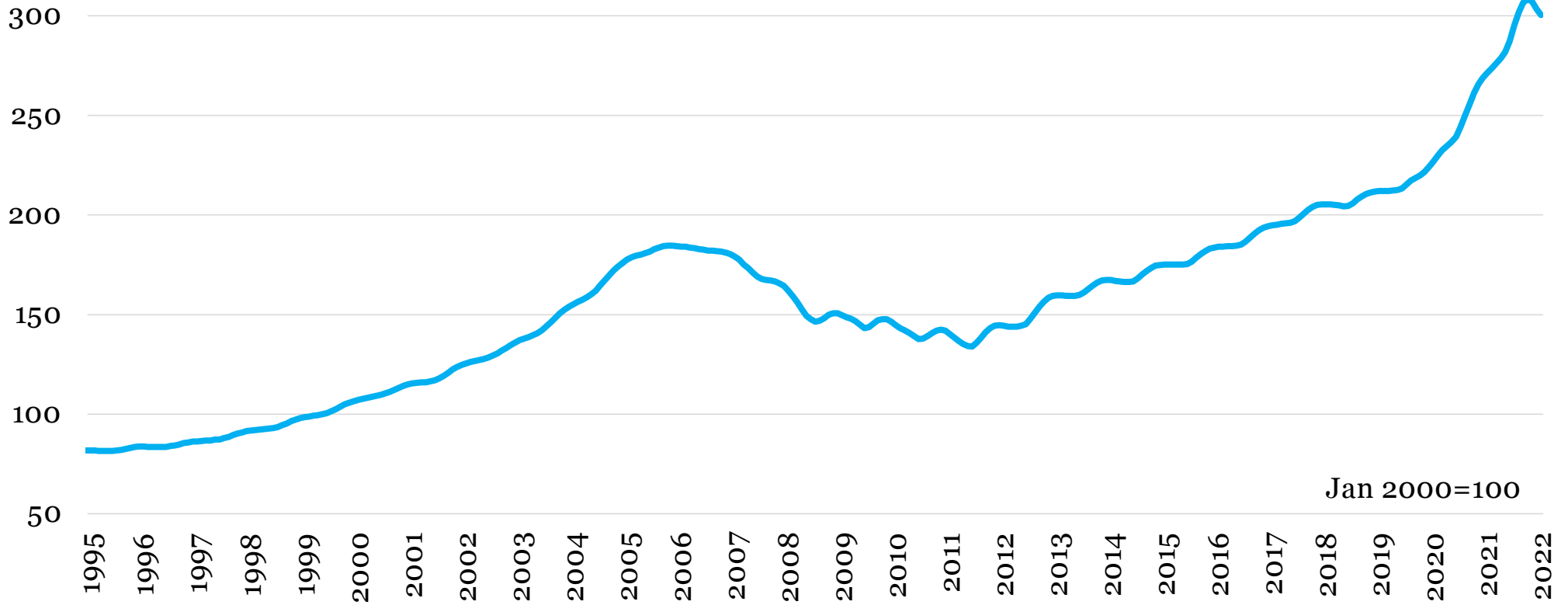
## 15-Year & 30-Year Fixed Mortgage Rates, 1995 – December 2022\*



\*Week ending 12/8/2022

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

1995 – September 2022

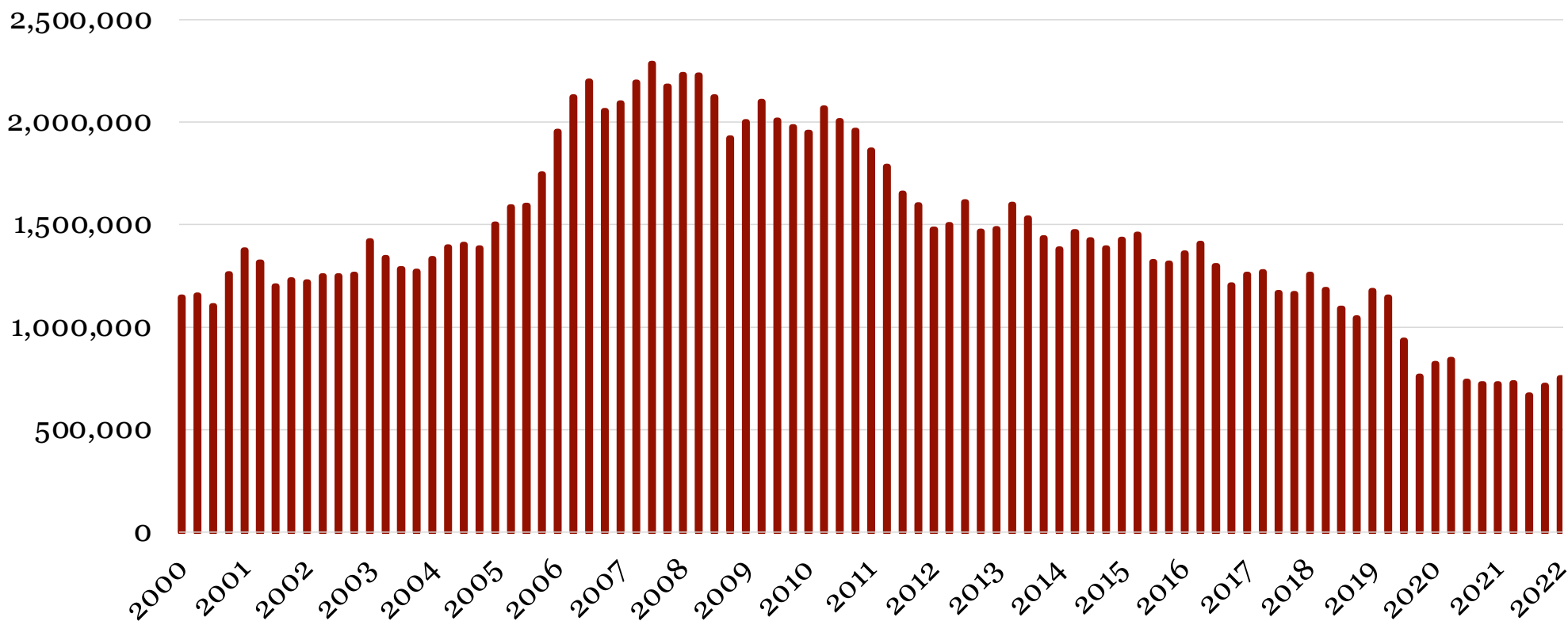


Source: Standard & Poor's

# Inventory of Unsold Homes: Vacant Housing Units for Sale\*

## 2000 – 2022Q3

Vacant Housing Units for Sale



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

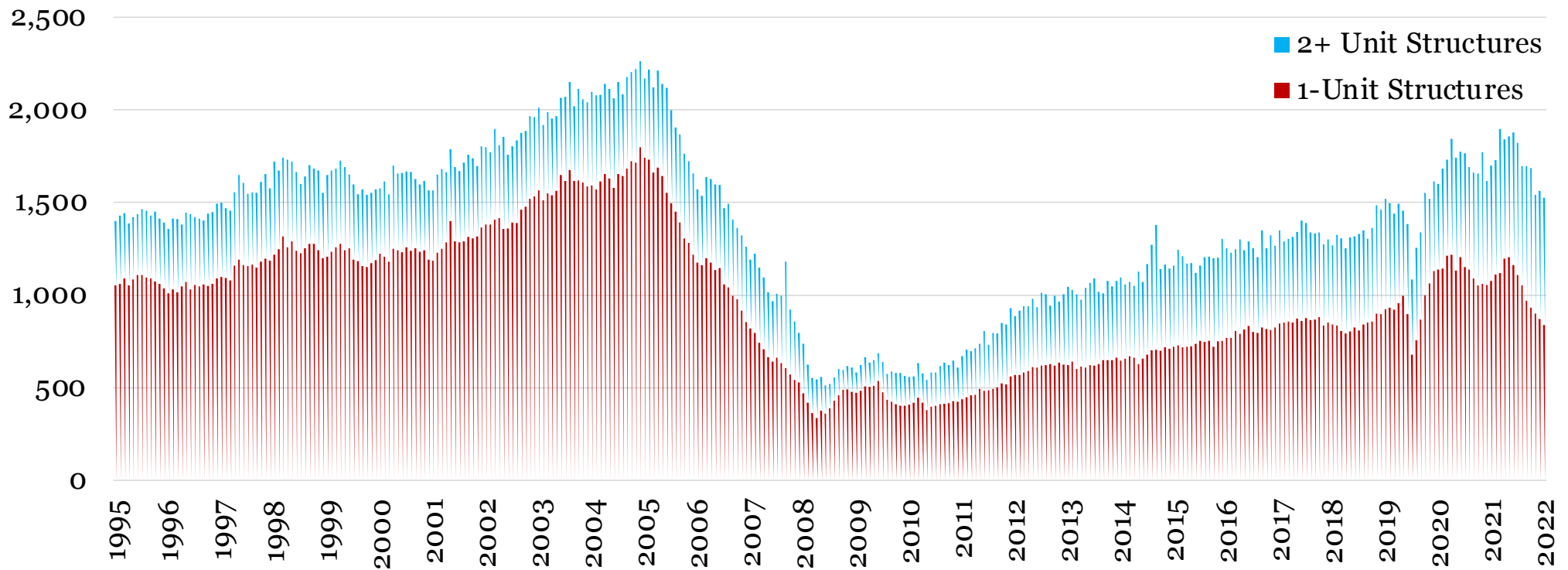
Source: U.S. Census Bureau



# U.S. Residential Building Permits

1995 – October 2022

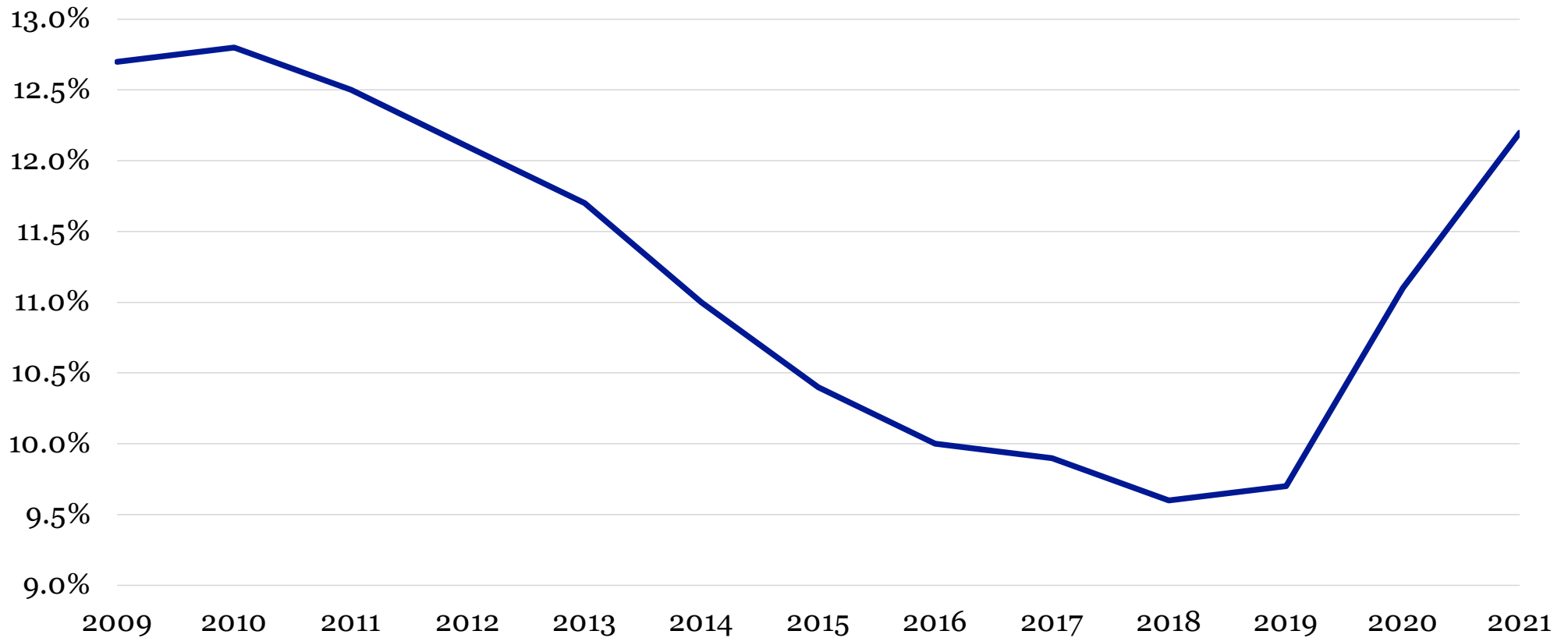
Building Permits (000's of Units), Seasonally Adjusted Annual Rate



Source: U.S. Census Bureau

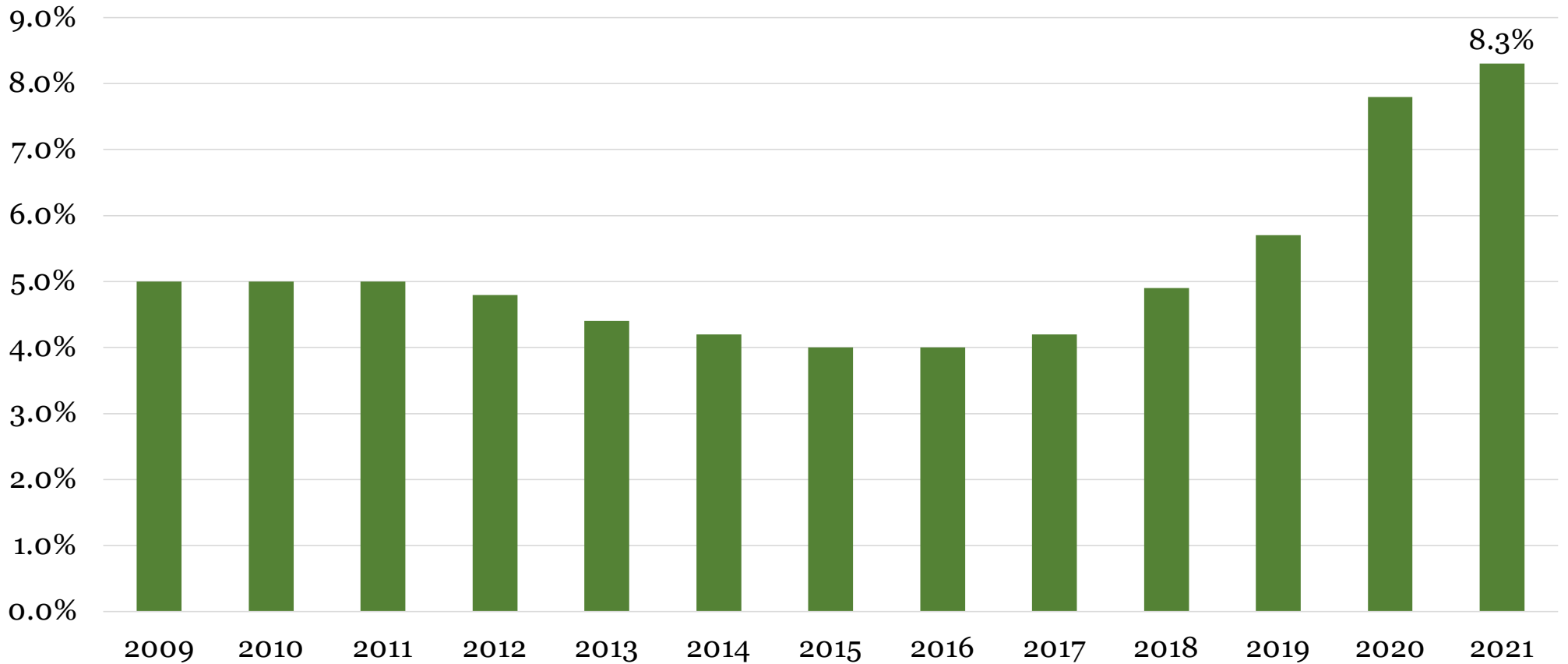
# Occupancy Is Not Enough

## U.S. Office Vacancy, 2009 – 2021



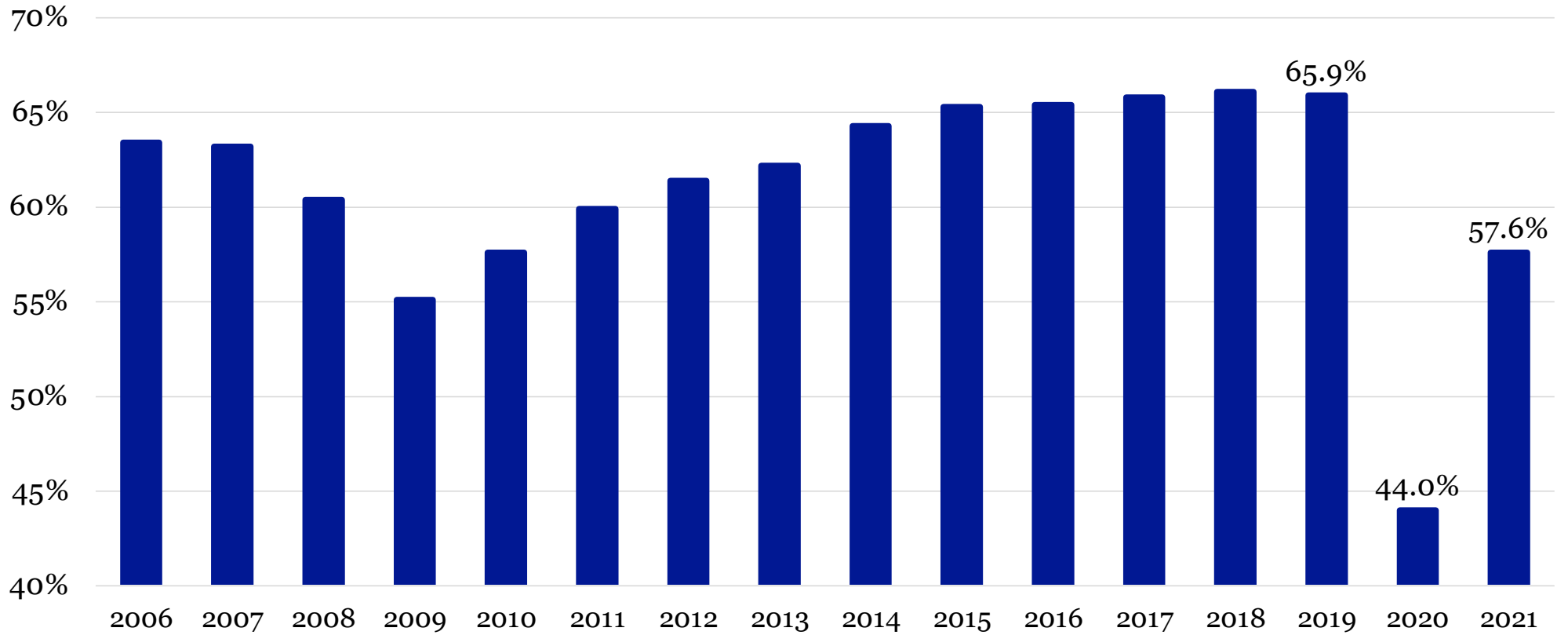
Source: Costar

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



Source: Costar

# U.S. Hotel Occupancy, 2006 – 2021



Source: Costar

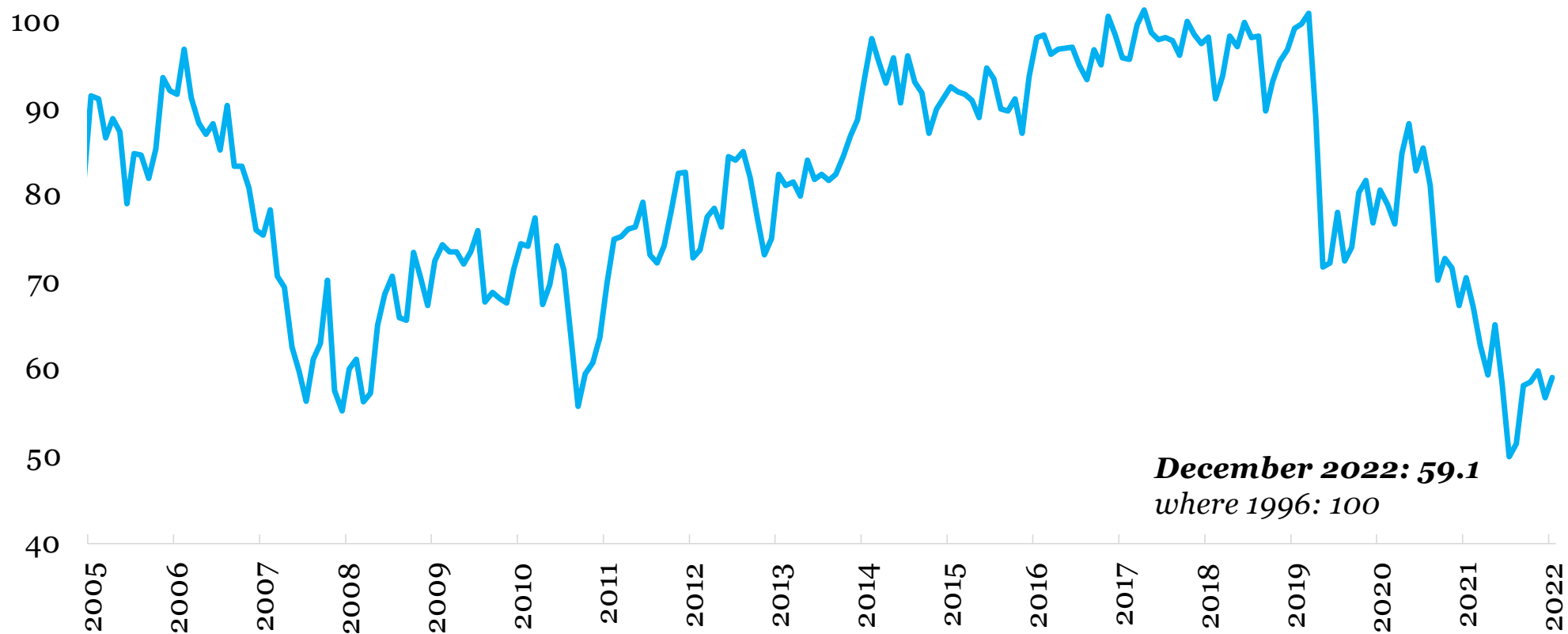
*My Name is Ban, Anirban*



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# University of Michigan Index of Consumer Sentiment

## 2005 – December 2022

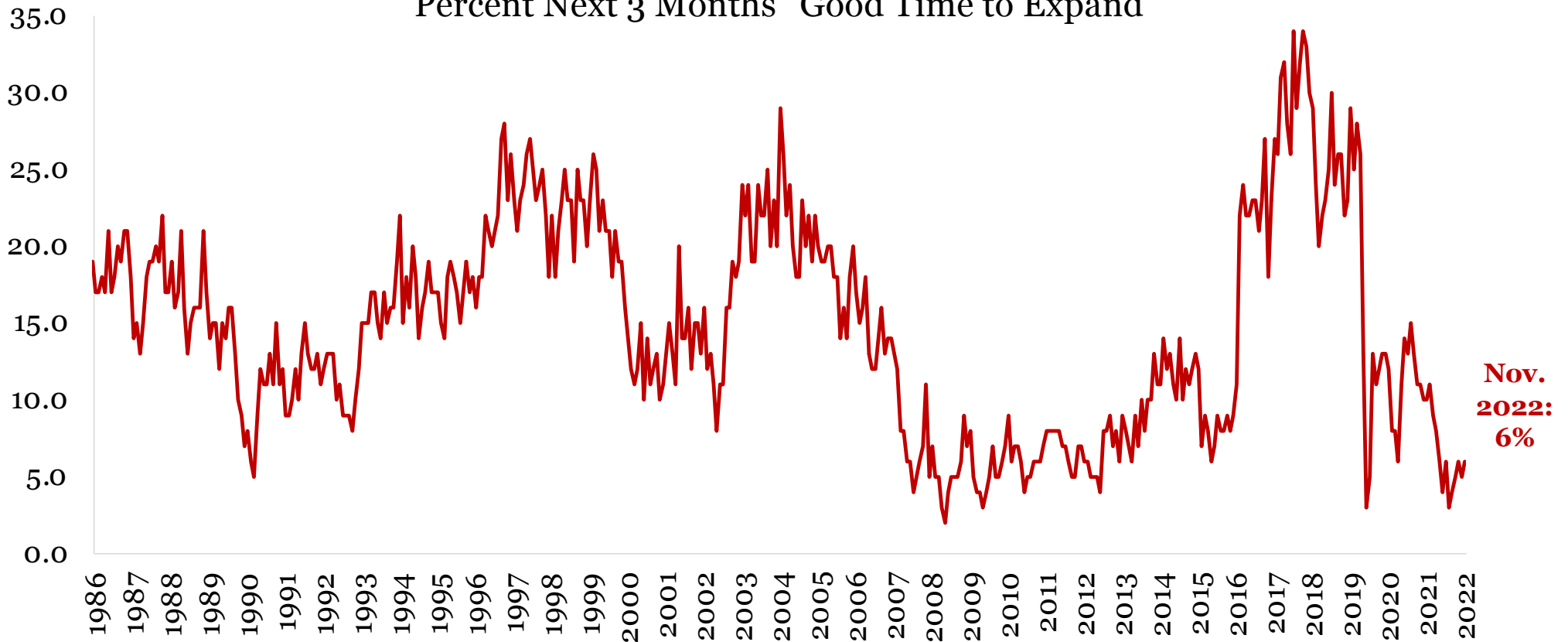


**December 2022: 59.1**  
where 1996: 100

# NFIB Index of Small Business Optimism: Good Time to Expand

1986 – November 2022

Percent Next 3 Months “Good Time to Expand”

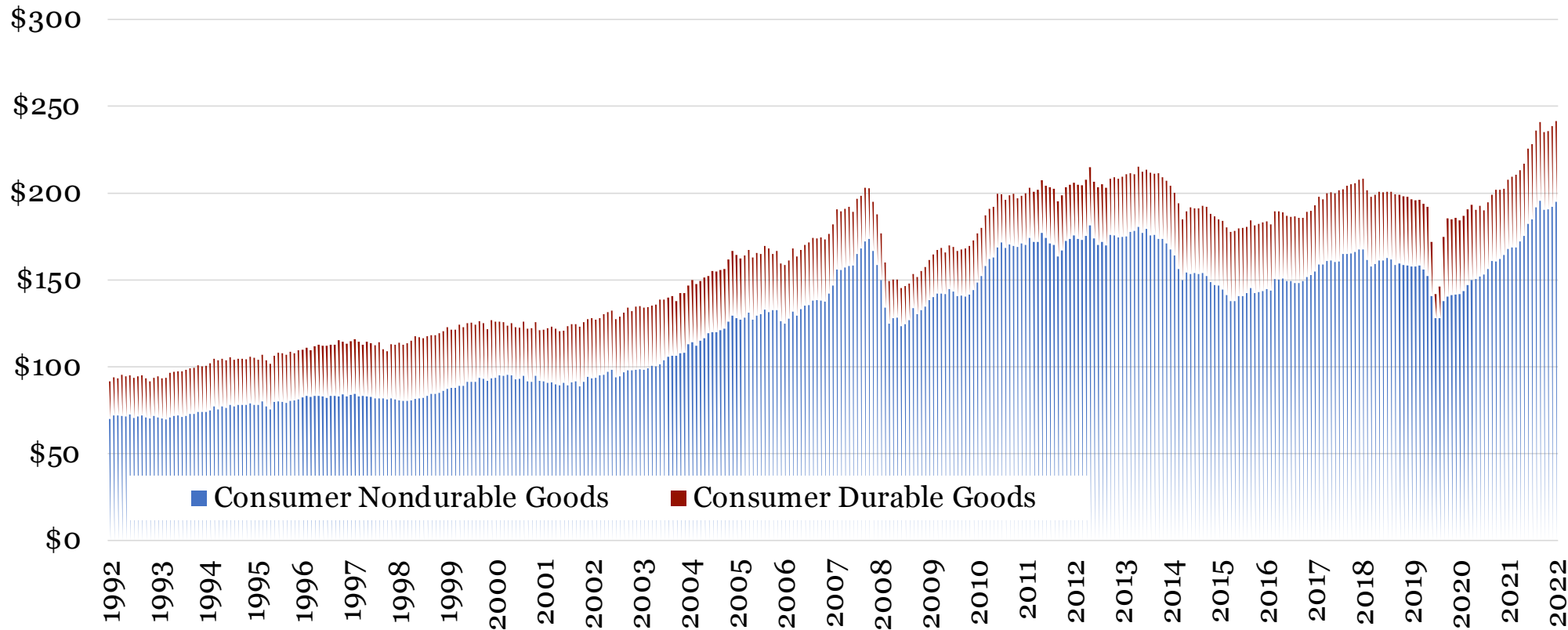


Source: National Federation of Independent Business (NFIB)

# U.S. Manufacturers' New Orders: Consumer Goods

## 1992 – October 2022

\$ Billions



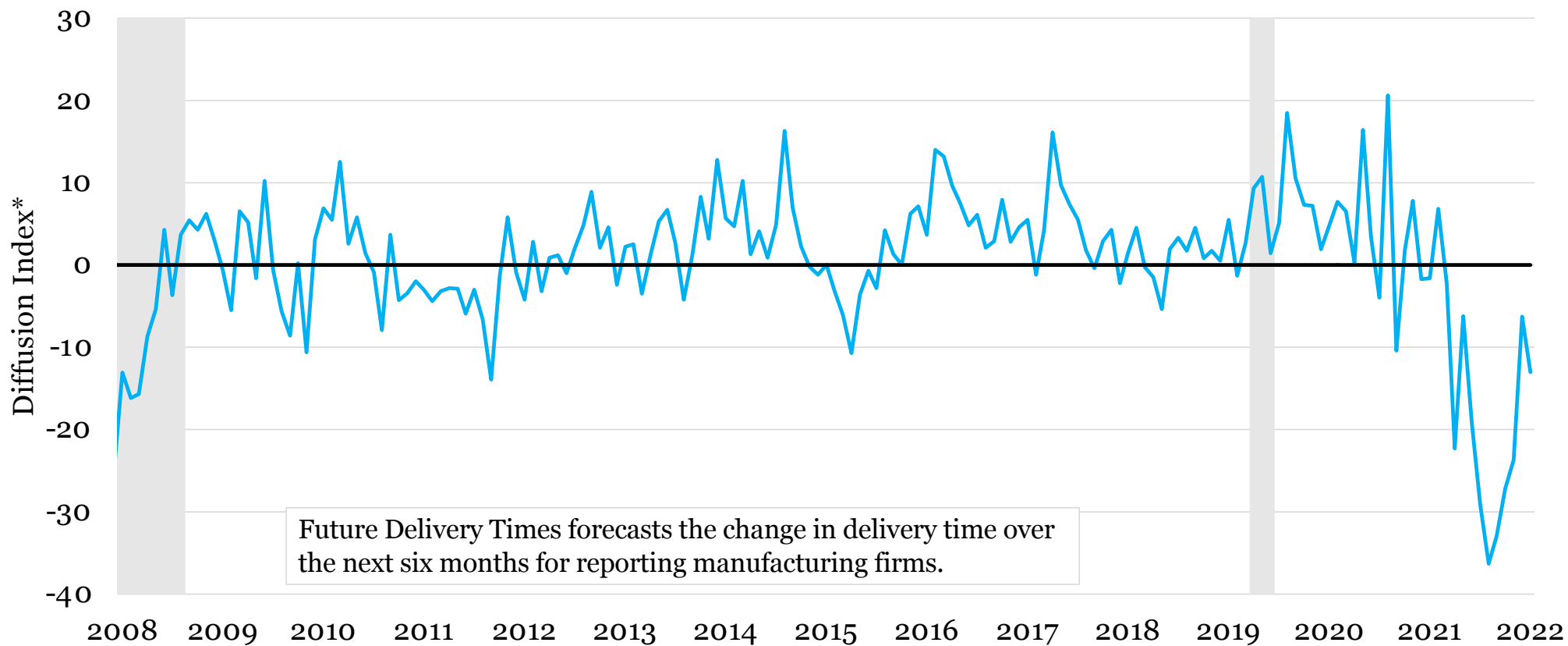
■ Consumer Nondurable Goods ■ Consumer Durable Goods

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 – November 2022



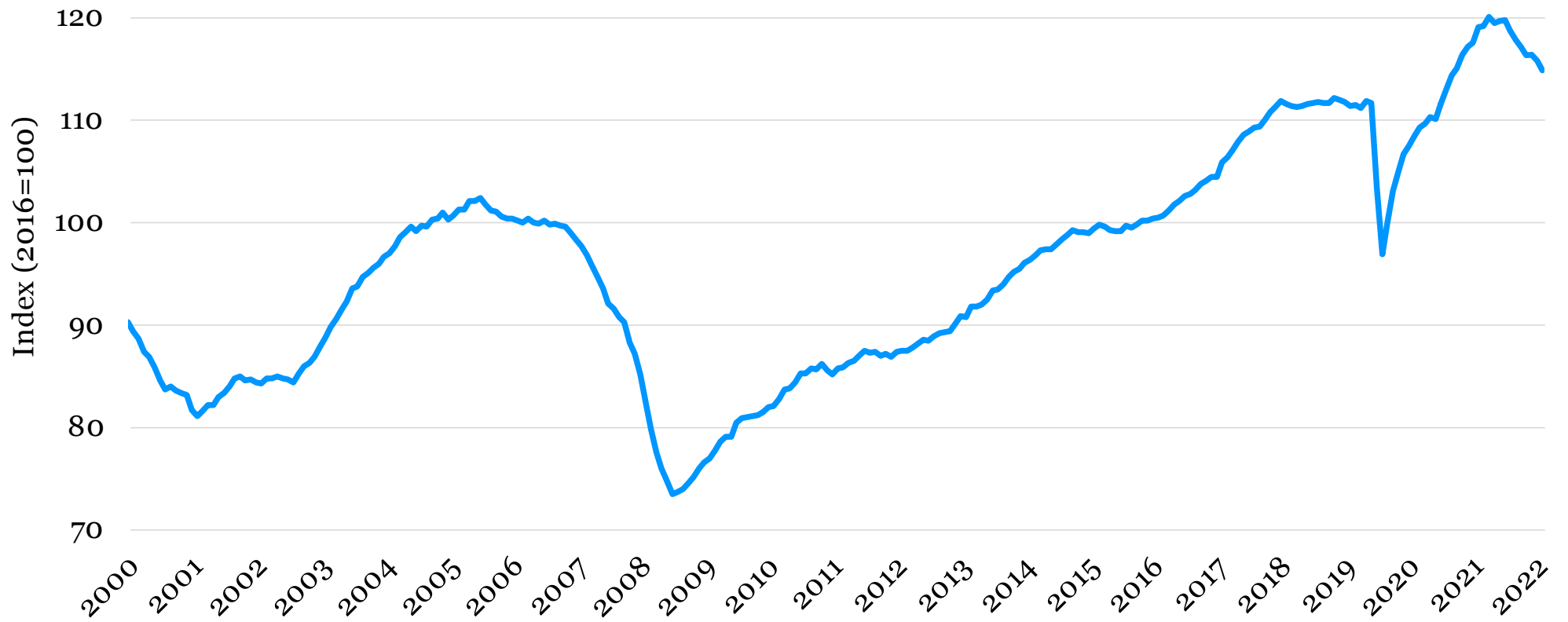
Future Delivery Times forecasts the change in delivery time over the next six months for reporting manufacturing firms.

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 – October 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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