

# Show Me the Money (Supply)

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On Behalf of

*American Subcontractors Association  
(ASA)*

*SUBExcel 2023*

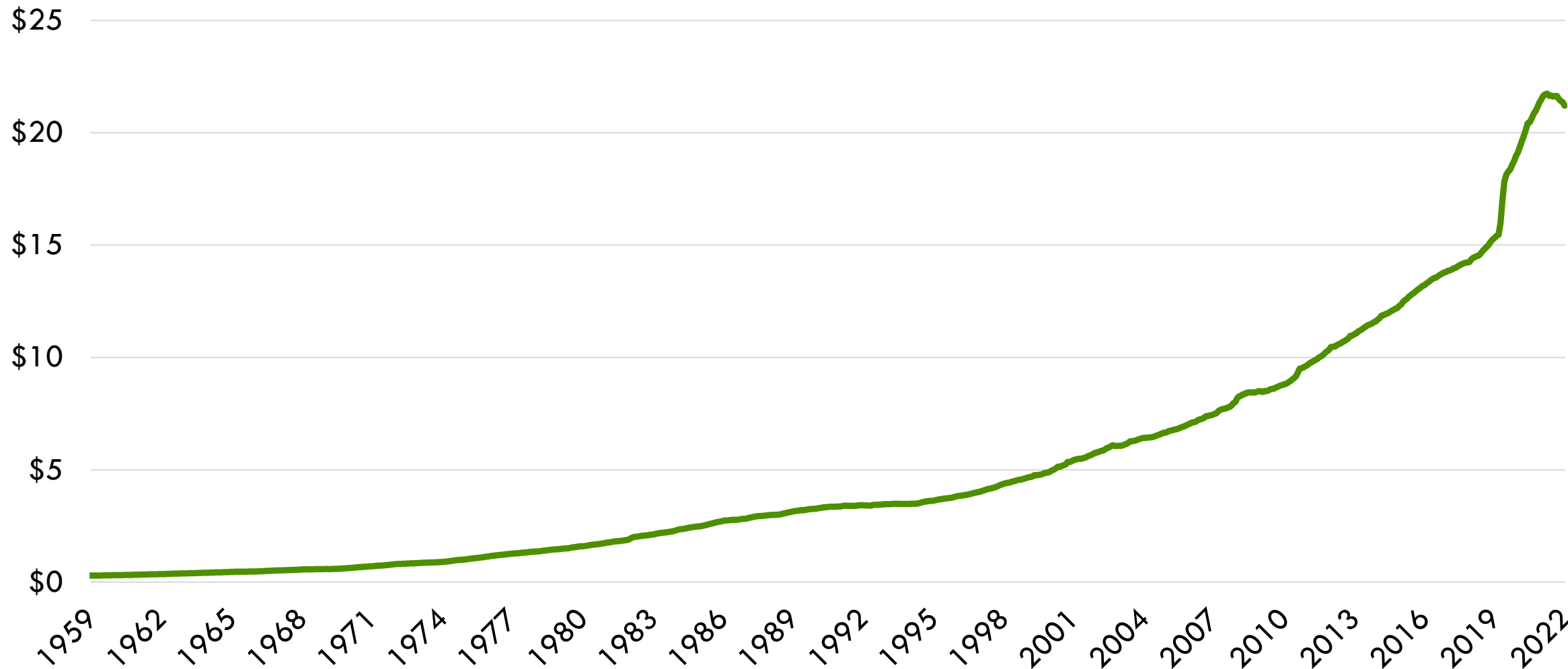
March 10, 2023



# The Color of Money

U.S. Money Supply, 1959 – December 2022

\$ Trillions



Source: Federal Reserve





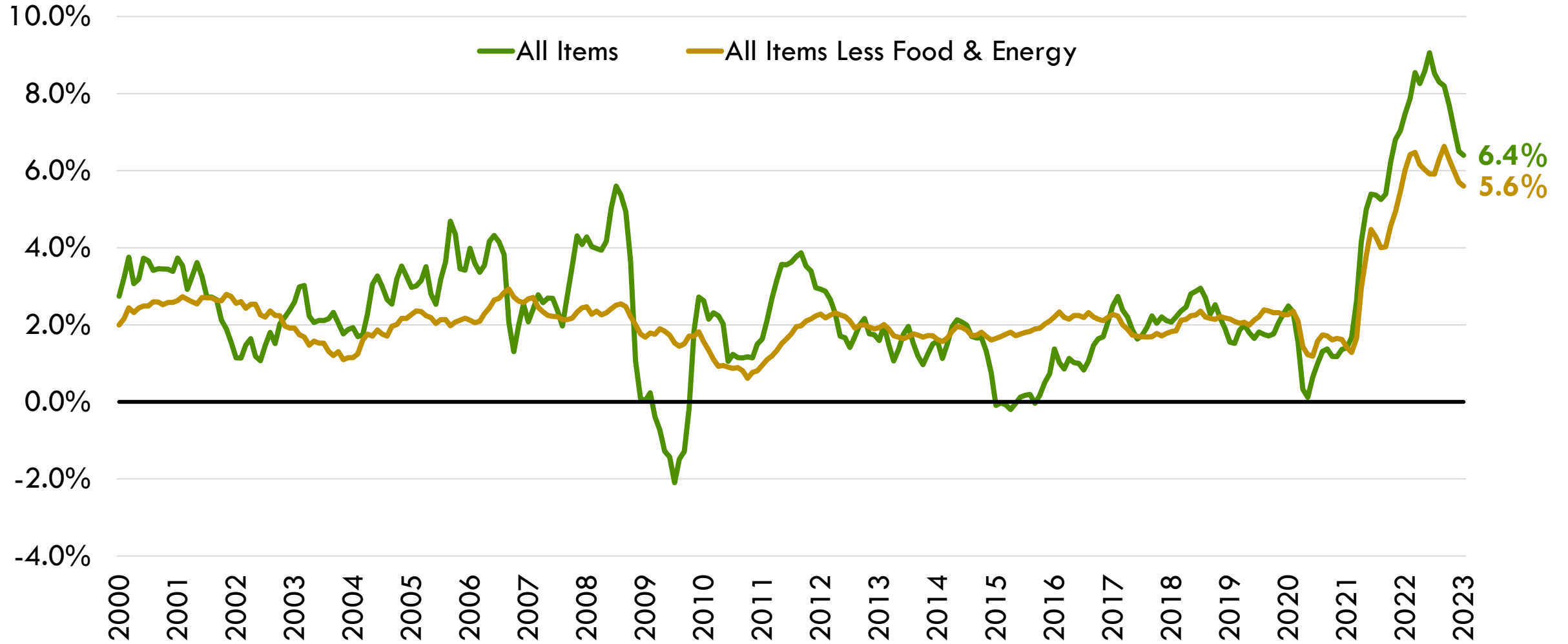


# Risky Business

(1983)

# U.S. Consumer Price Index (NSA)

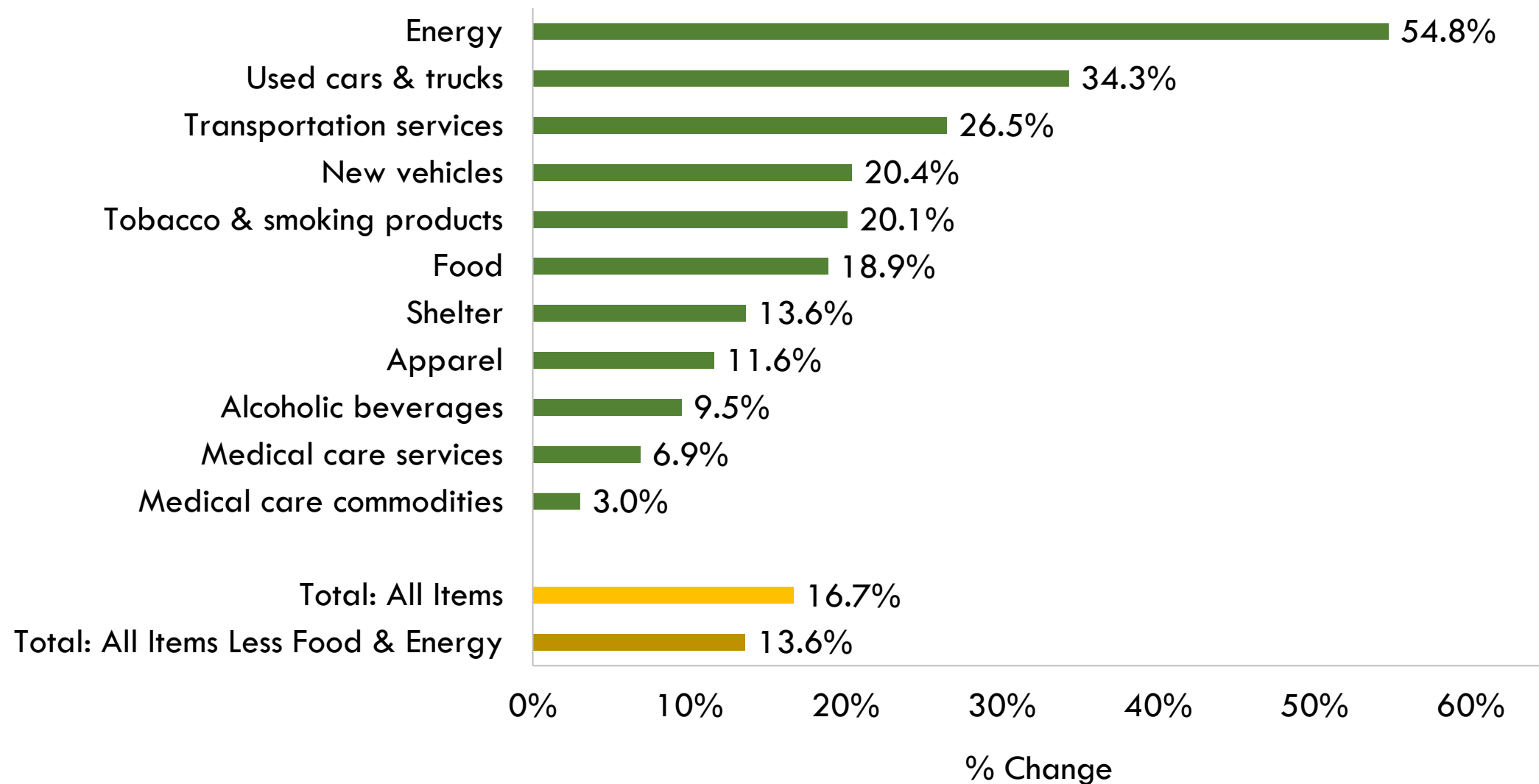
## 12-Month % Change, 2000 – January 2023





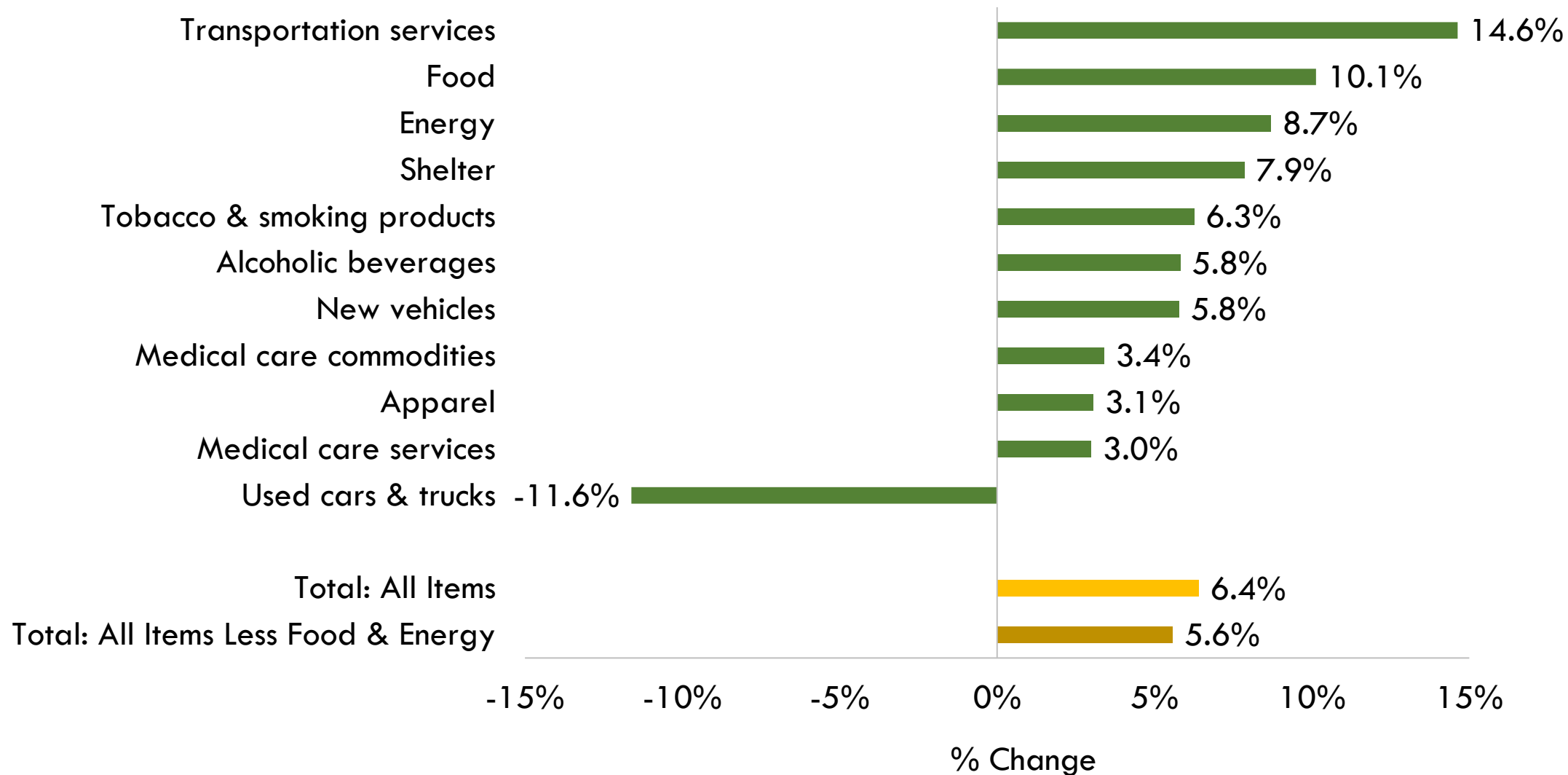
# U.S. Consumer Price Index, Select Categories (NSA)

May 2020 v. January 2023 % Change

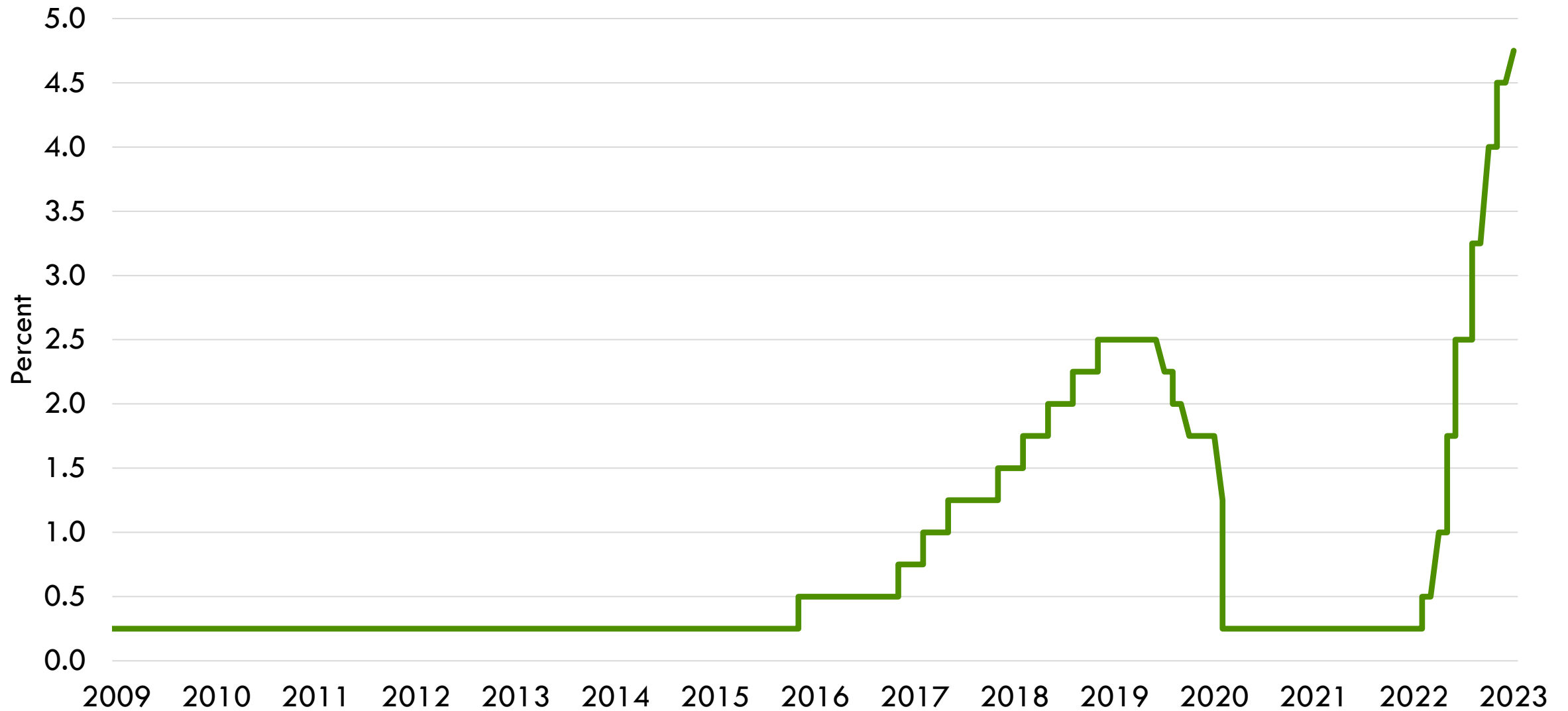


# U.S. Consumer Price Index, Select Categories (NSA)

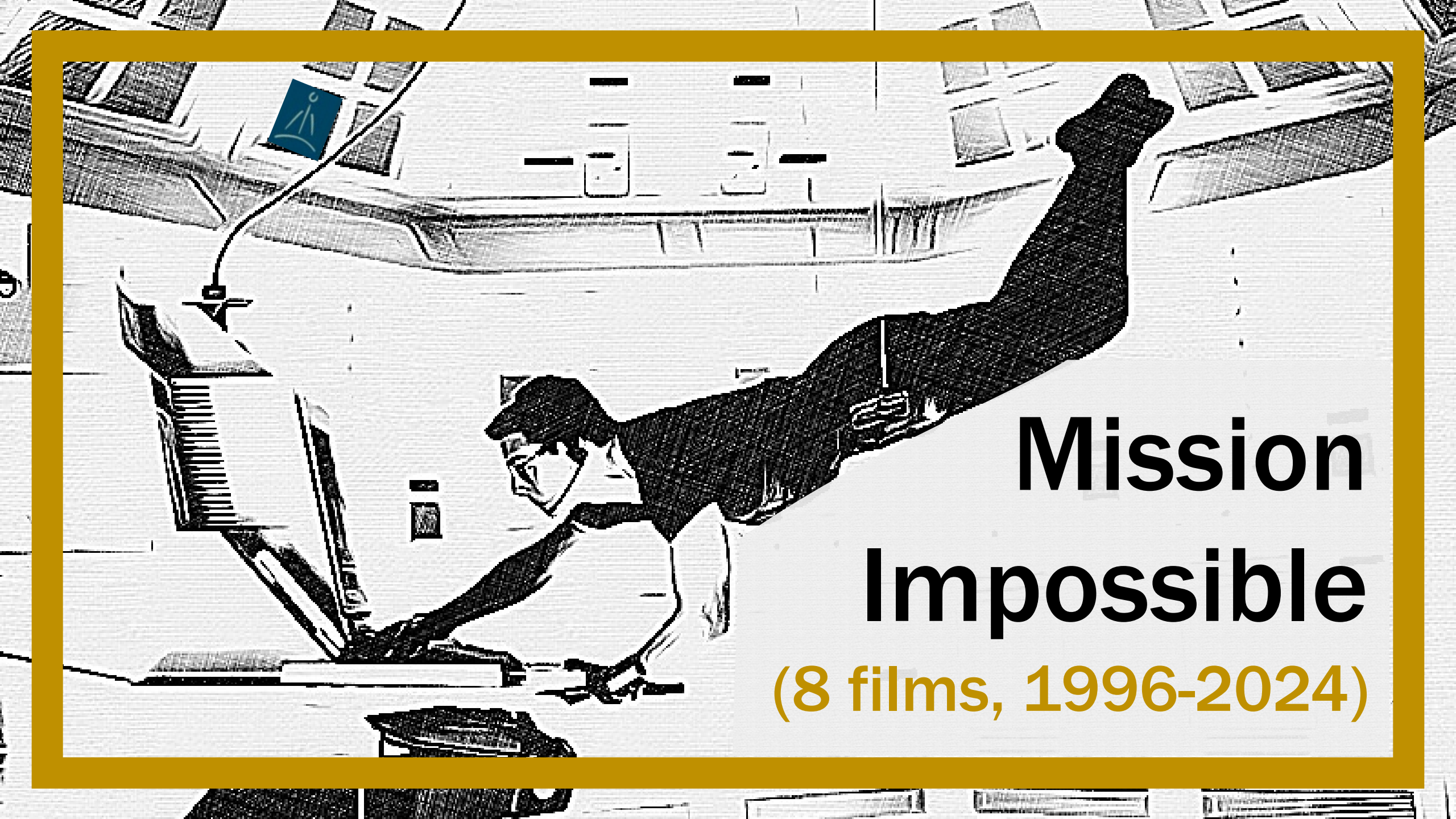
January 2022 v. January 2023 % Change



# Federal Funds Target Range, Upper Limit, 2009 – 2023



Source: Board of Governors of the Federal Reserve System



# Mission Impossible

(8 films, 1996-2024)



# War of the Words

“While higher interest rates, slower growth, and softer labor market conditions will bring down inflation, they will also bring some pain to households and businesses. These are the unfortunate costs of reducing inflation. But a failure to restore price stability would mean far greater pain.”

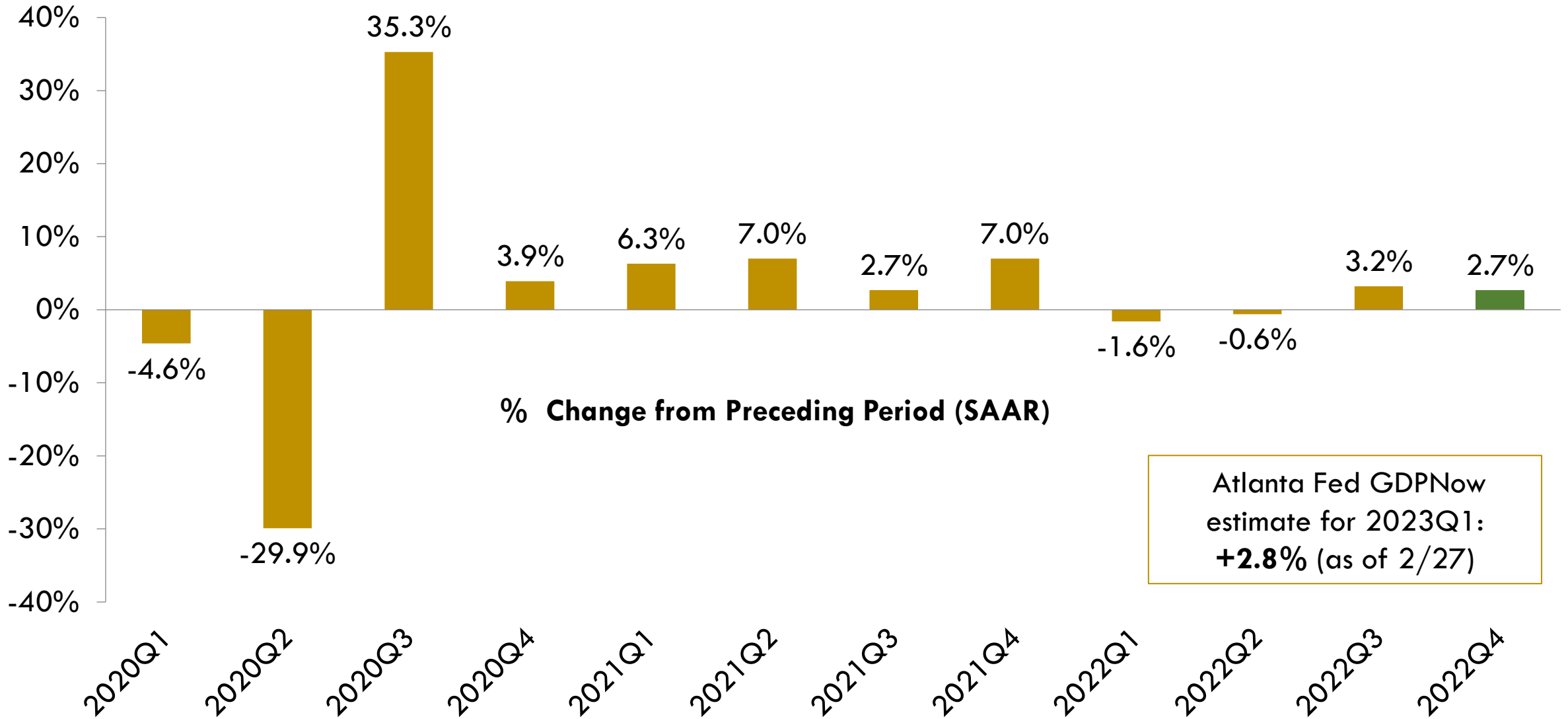
(FOMC Chair Powell, August 2022)

“Let me say this, it is very premature to be thinking about pausing. So people, when they hear lags, they think about a pause. It's very premature in my view to think about or be talking about pausing our rate hike.”

(FOMC Chair Powell, November 2022)

# Born on the 4<sup>th</sup> of July

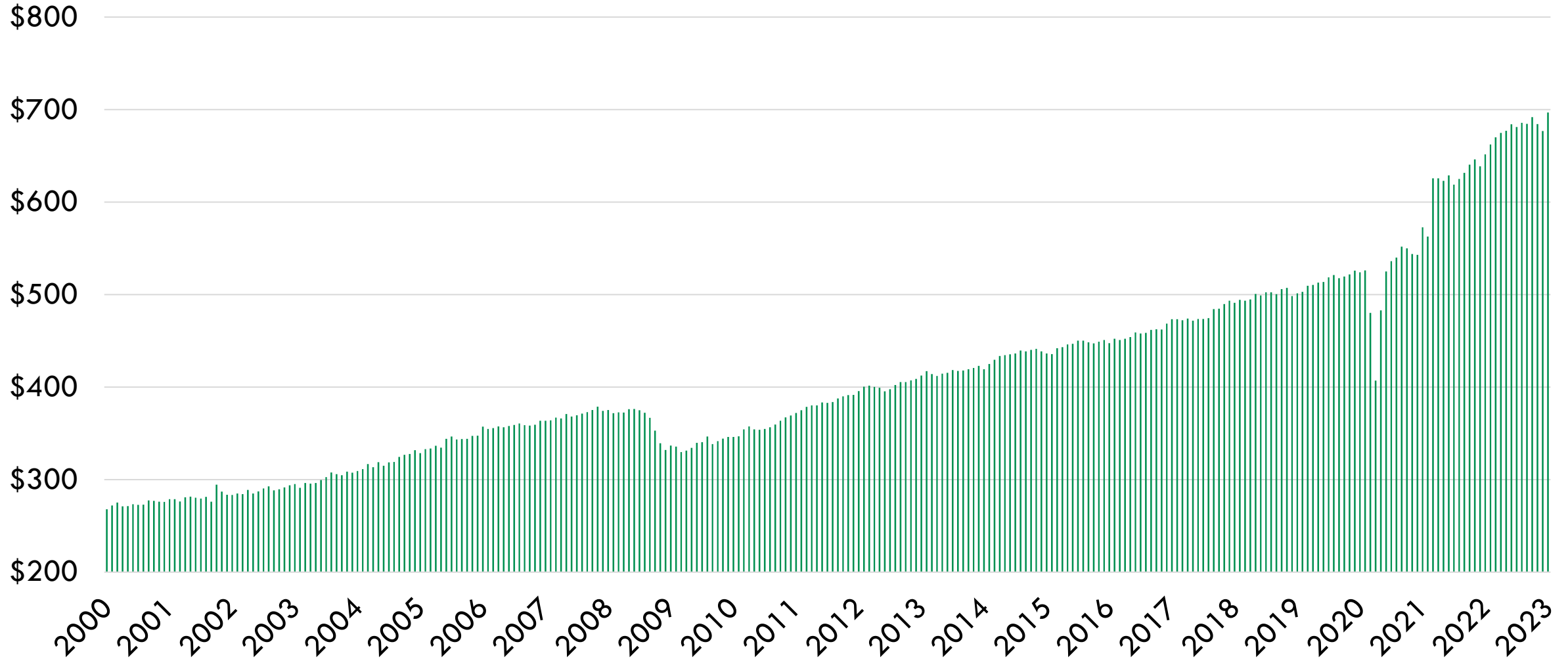
## U.S. Gross Domestic Product Growth, 2020 – 2022Q4



Source: U.S. Bureau of Economic Analysis \*2022Q4: 2<sup>nd</sup> estimate

# U.S. Retail Sales, 2000 – January 2023

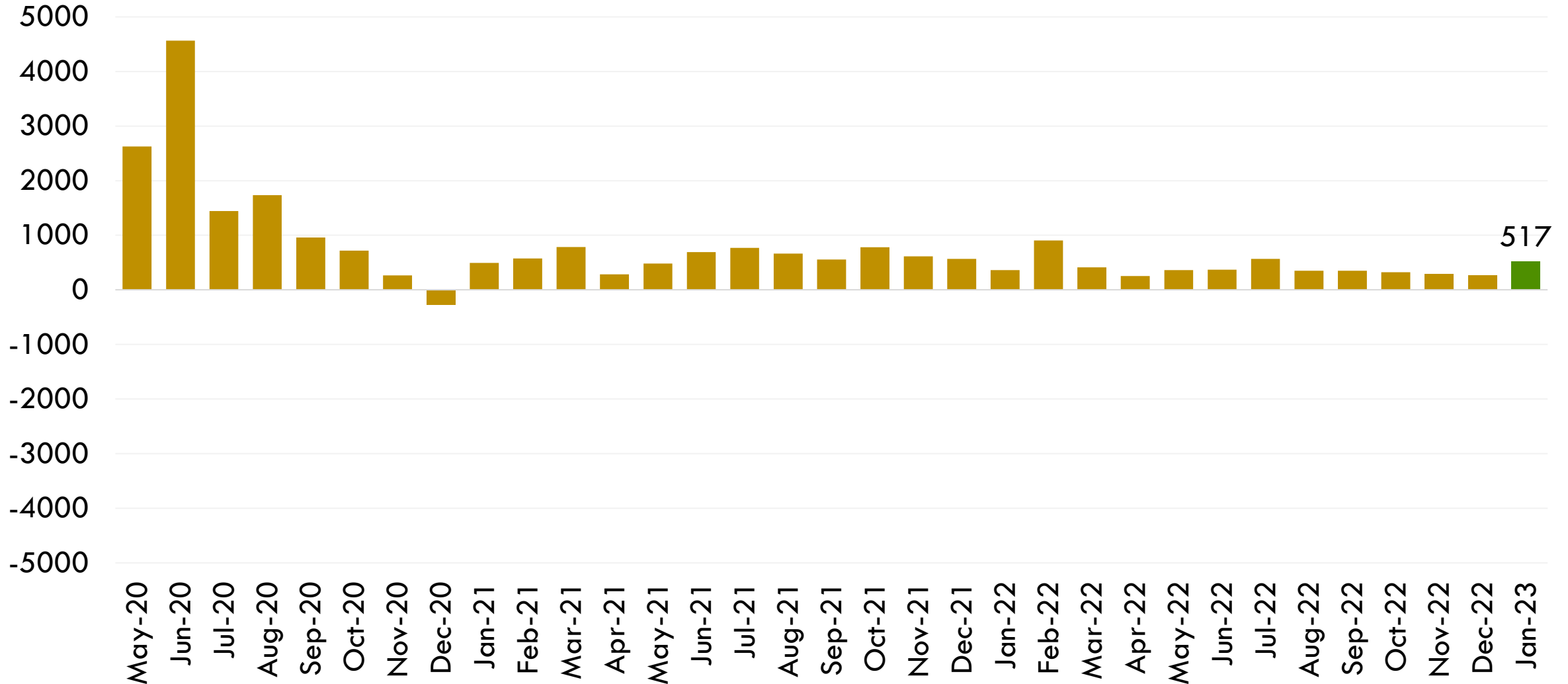
Retail Sales (\$Billions)



# Net Change in U.S. Jobs

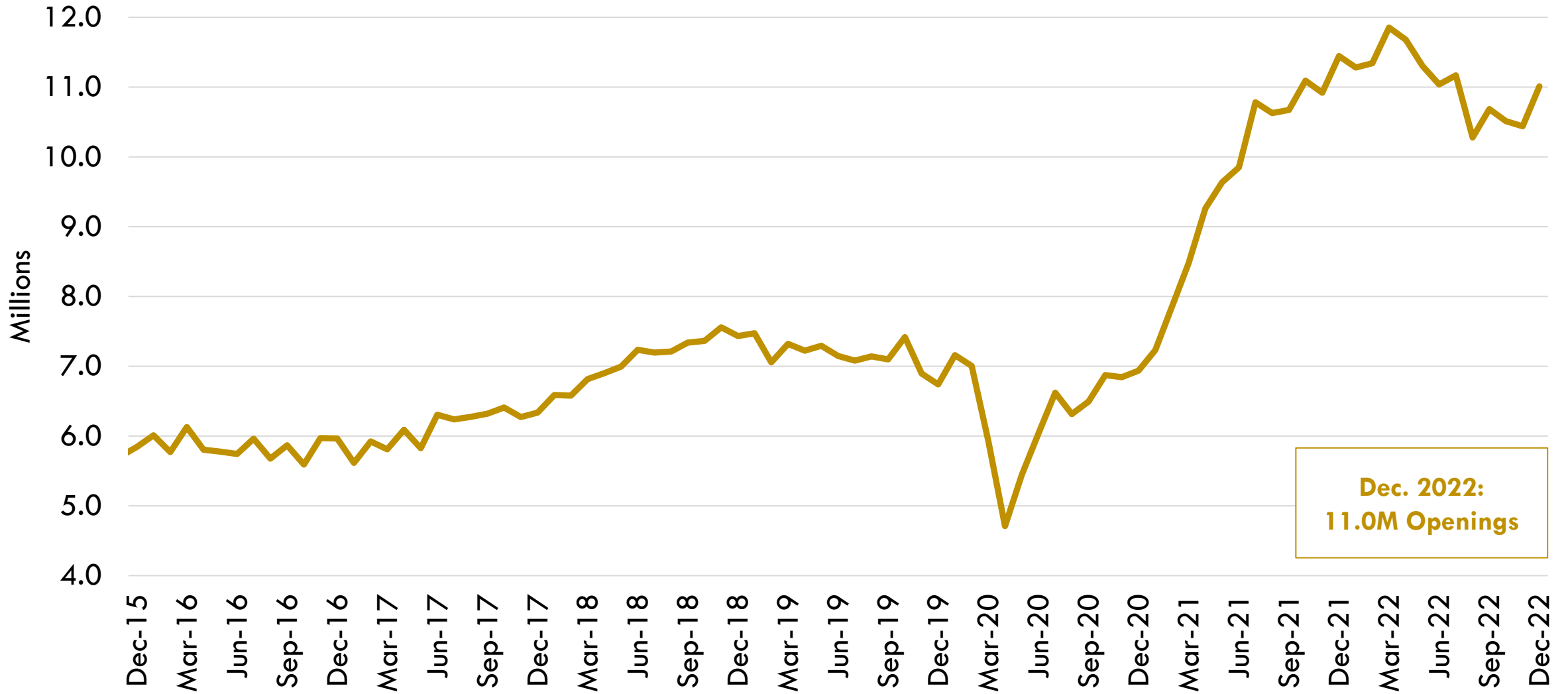
May 2020 – January 2023

Monthly Job Growth (000's)





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



Source: U.S. Bureau of Labor Statistics

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



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

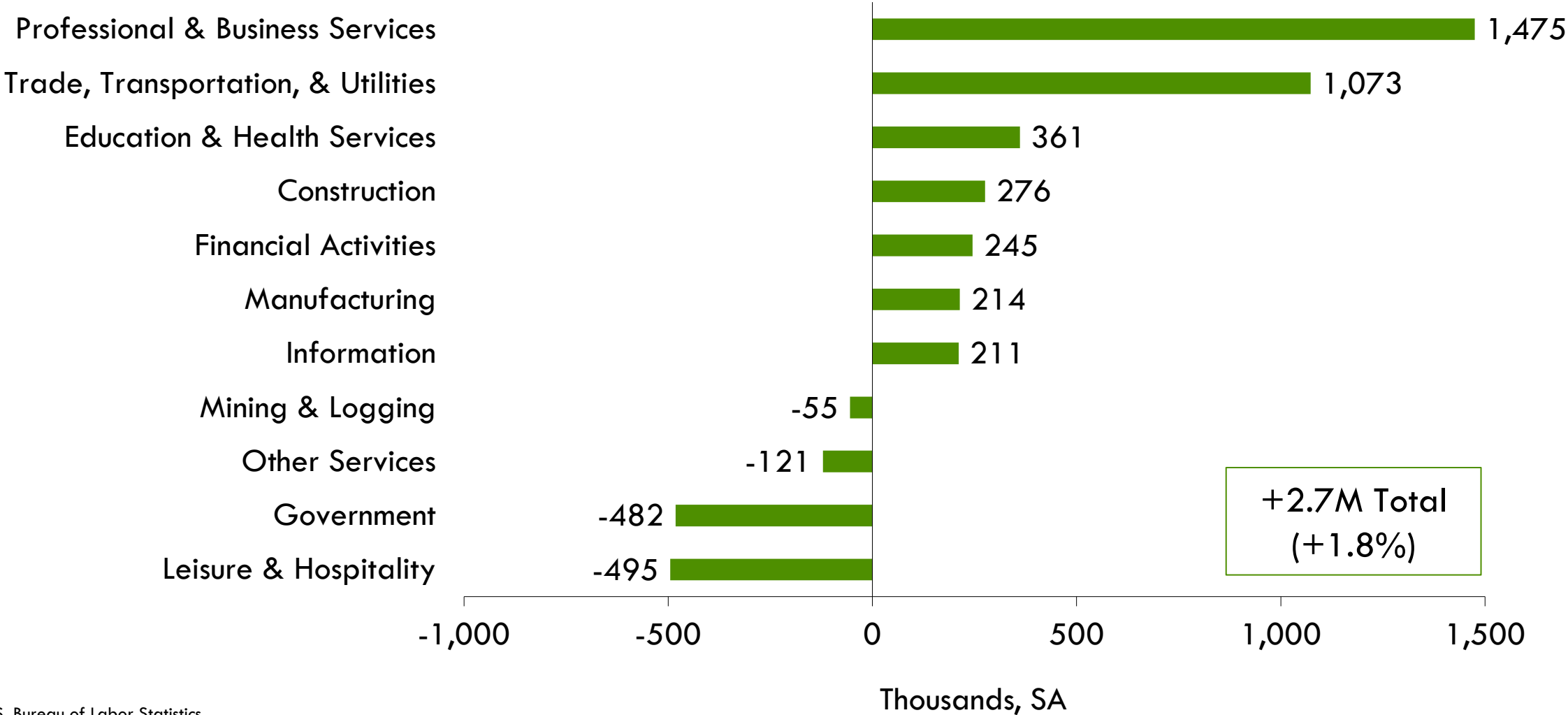
Age Group	Total	Men	Women
<b>16+ years</b>	<b>-1.4</b>	<b>-9.6</b>	<b>+5.5</b>
16-19 years	-19.5	-23.2	-15.8
20-24 years	-5.7	-14.1	+2.2
25-34 years	+3.3	-6.6	+12.5
35-44 years	+3.2	-5.8	+11.2
45-54 years	+6.4	-4.3	+16.1
55-64 years	+9.7	-0.5	+18.1

If the labor force participation rate were what it was in 1980, there would be 12.3 million more men and 7.5 million fewer women in the labor force (ages 16+).

# U.S. Jobs Recovered Since February 2020



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



Source: U.S. Bureau of Labor Statistics

# Employment Growth, 25 Largest Metros

## February 2020 v. December 2022 Percent Change

Rank	MSA	%	Rank	MSA	%
1	Dallas-Fort Worth-Arlington, TX	10.3%	13	Seattle-Tacoma-Bellevue, WA	2.2%
2	Riverside-San Bernardino-Ontario, CA	7.5%	15	Chicago-Naperville-Elgin, IL-IN-WI	1.9%
3	Tampa-St. Petersburg-Clearwater, FL	7.1%	15	Philadelphia-Camden-Wilm., PA-NJ-DE-MD	1.9%
4	Charlotte-Concord-Gastonia, NC-SC	6.9%	17	Boston-Cambridge-Nashua, MA-NH	1.5%
5	Atlanta-Sandy Springs-Roswell, GA	6.1%	18	Baltimore-Columbia-Towson, MD	1.0%
6	Phoenix-Mesa-Scottsdale, AZ	5.7%	19	New York-Newark-Jersey City, NY-NJ-PA	0.5%
7	Houston-The Woodlands-Sugar Land, TX	5.1%	20	Los Angeles-Long Beach-Anaheim, CA	0.4%
7	San Antonio-New Braunfels, TX	5.1%	21	Detroit-Warren-Dearborn, MI	0.2%
9	Denver-Aurora-Lakewood, CO	4.8%	21	Minneapolis-St. Paul-Bloomington, MN-WI	0.2%
10	Miami-Fort Lauderdale-West Palm Beach, FL	3.8%	23	St. Louis, MO-IL	0.1%
11	Orlando-Kissimmee-Sanford, FL	3.4%	24	San Francisco-Oakland-Hayward, CA	0.0%
12	Portland-Vancouver-Hillsboro, OR-WA	3.0%	25	Washington-Arlington-Alexandria, DC-VA-MD-WV	-0.1%
13	San Diego-Carlsbad, CA	2.2%			

Source: Bureau of Labor Statistics

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

**U.S. % Change 2/2020 v. 12/2022: +1.4%**



# Unemployment Rates, 25 Largest Metros

## December 2022

Rank	MSA	%	Rank	MSA	%
1	Miami-Fort Lauderdale-West Palm Beach, FL	1.9	12	Baltimore-Columbia-Towson, MD	3.1
2	Tampa-St. Petersburg-Clearwater, FL	2.2	12	Charlotte-Concord-Gastonia, NC-SC	3.1
3	Orlando-Kissimmee-Sanford, FL	2.3	14	Dallas-Fort Worth-Arlington, TX	3.2
4	San Francisco-Oakland-Hayward, CA	2.4	15	Detroit-Warren-Dearborn, MI	3.3
5	St. Louis, MO-IL	2.5	15	San Antonio-New Braunfels, TX	3.3
6	Atlanta-Sandy Springs-Roswell, GA	2.6	17	Philadelphia-Camden-Wilm., PA-NJ-DE-MD	3.4
6	Minneapolis-St. Paul-Bloomington, MN-WI	2.6	17	Seattle-Tacoma-Bellevue, WA	3.4
7	Phoenix-Mesa-Scottsdale, AZ	2.7	19	Riverside-San Bernardino-Ontario, CA	3.6
8	Denver-Aurora-Lakewood, CO	2.8	20	New York-Newark-Jersey City, NY-NJ-PA	3.8
8	Washington-Arlington-Alexandria, DC-VA-MD-WV	2.8	21	Houston-The Woodlands-Sugar Land, TX	3.9
10	Boston-Cambridge-Nashua, MA-NH	2.9	21	Los Angeles-Long Beach-Anaheim, CA	3.9
10	San Diego-Carlsbad, CA	2.9	23	Portland-Vancouver-Hillsboro, OR-WA	4.1
			24	Chicago-Naperville-Elgin, IL-IN-WI	4.2

Source: Bureau of Labor Statistics

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



**U.S. Unemployment Rate—Dec.: 3.5% | Jan.: 3.4%**





# 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 the 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).

# S&P 500 Index, 2013 – February 2023

S&P 500 Index, Market Close

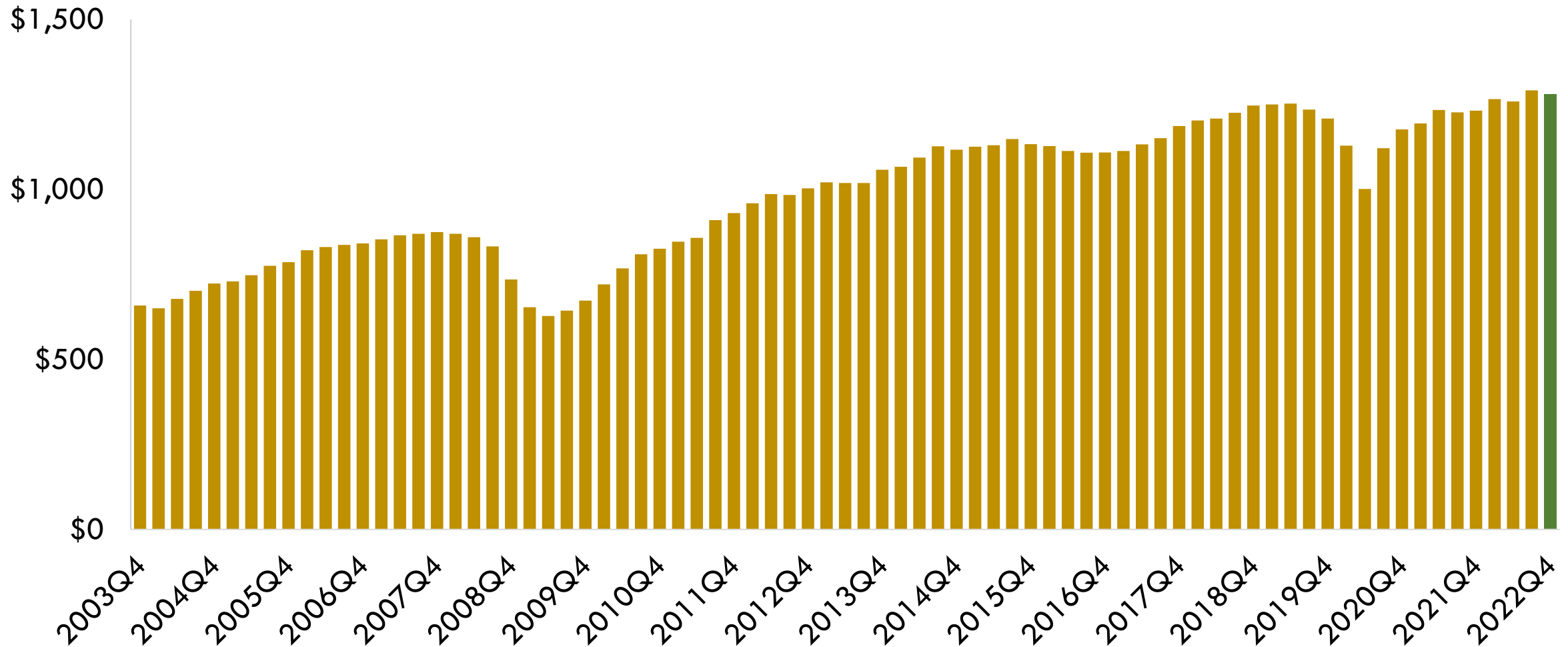


Source: S&P Dow Jones Indices LLC, S&P 500 [SP500], retrieved from FRED, Federal Reserve Bank of St. Louis



# U.S. GDP: Nonresidential Fixed Investment in Equipment, 2003 – 2022Q4

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



Source: U.S. Bureau of Economic Analysis \*2022Q4: 2<sup>nd</sup> estimate

## The Firm

- Facing economic headwinds, many large companies have missed earnings estimates recently.
- 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 Since May 2022

Company	Workforce Before Layoffs	Estimated Layoffs	Percent Laid Off
Twitter	7,500	3,700	49.3%
Kraken	3,600	1,100	30.6%
Snap	6,446	1,300	20.2%
Yahoo	8,000	1,600	20.0%
Zoom	8,700	1,300	14.9%
Hasbro	6,700	1,000	14.9%
Lyft	5,064	700	13.8%
Stripe	8,100	1,100	13.6%
Meta	87,314	11,000	12.6%
Vimeo	1,270	140	11.0%
Salesforce	79,000	8,000	10.1%
NPR	1,000	100	10.0%
Shopify	10,000	1,000	10.0%
PayPal	29,000	2,000	6.9%
Goldman Sachs	49,000	3,200	6.5%

Source: Washington Post; company announcements & government filings





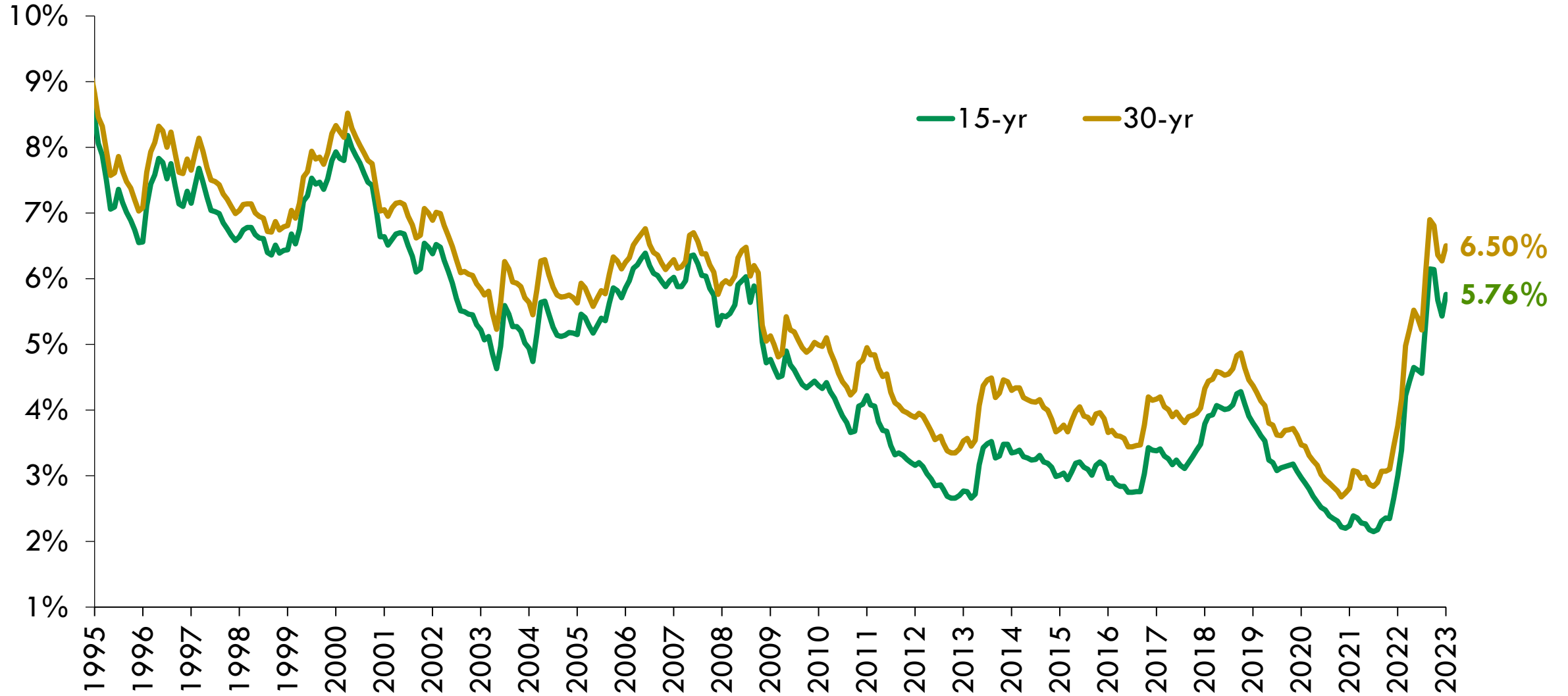
# A Few Good Properties

(A Few Good Men, 1992)



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

1995 – February 2023\*

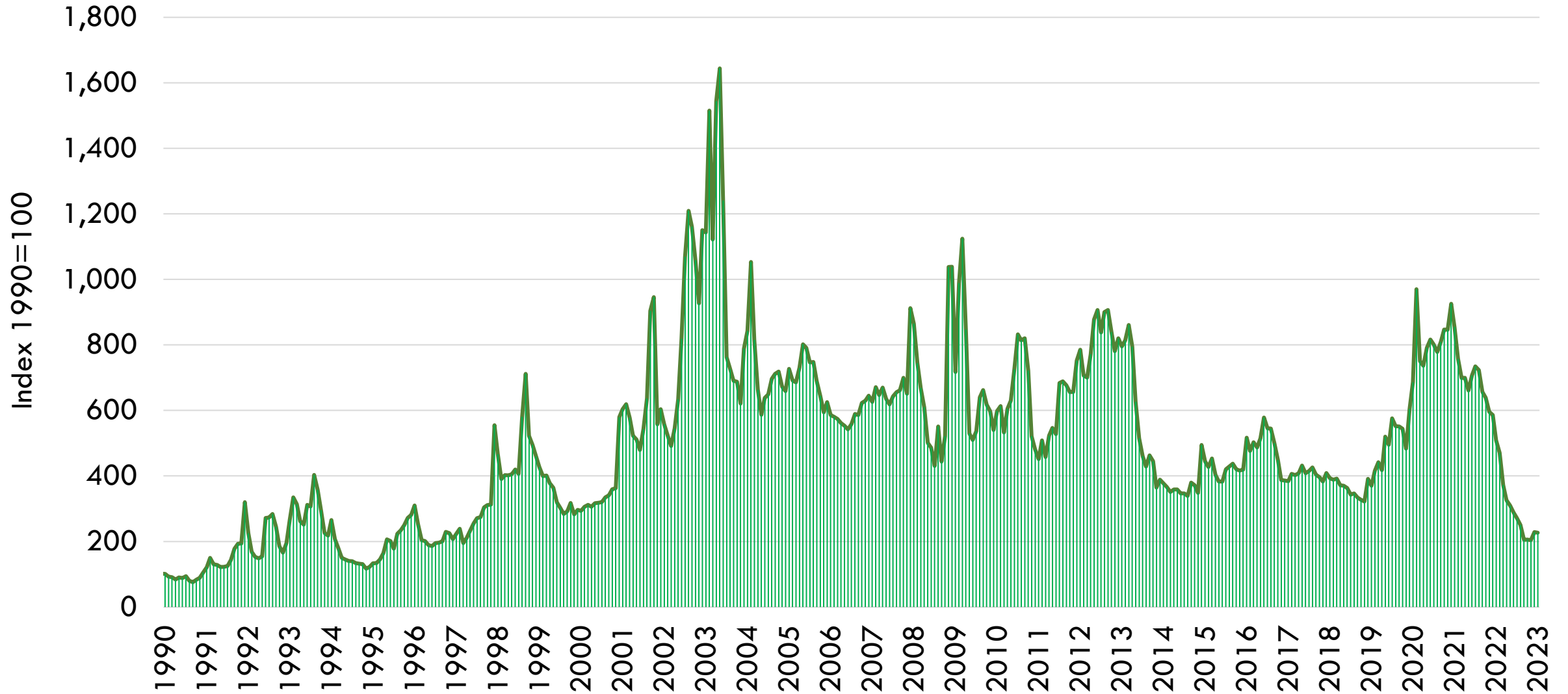


Source: Freddie Mac \*Week ending 2/23/2023



# U.S. Mortgage Loan Applications Composite Index

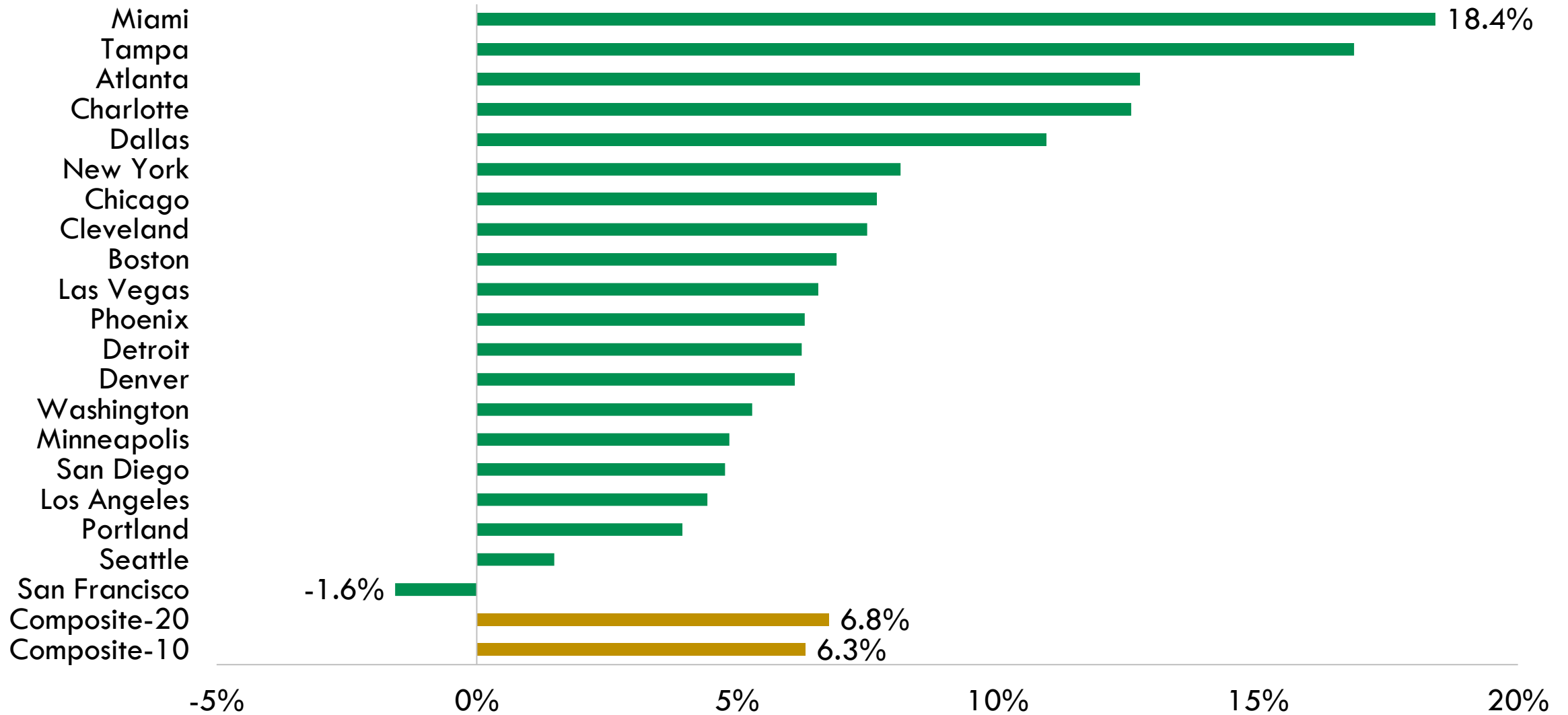
## 1990 – February 2023



Source: Mortgage Bankers Association (MBA)

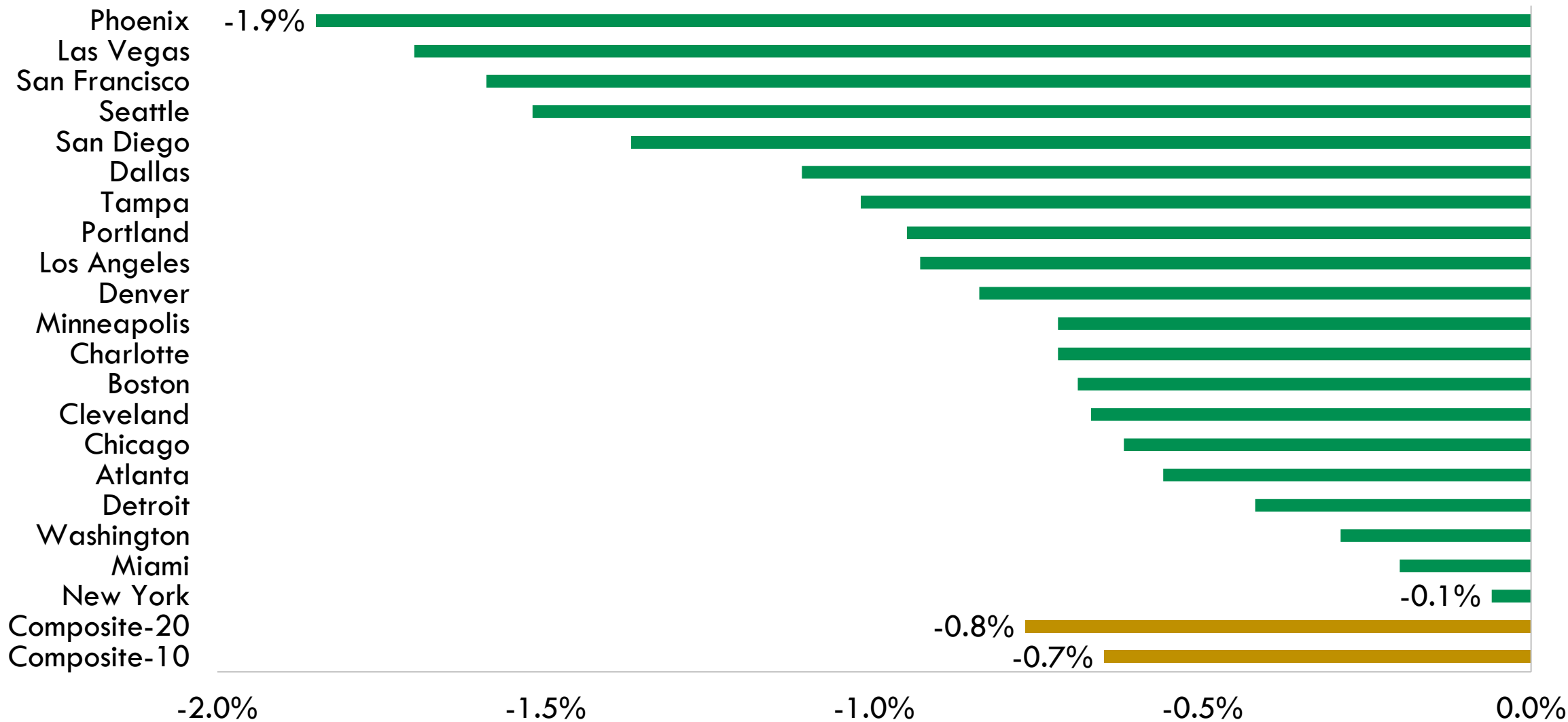
# S&P Case-Shiller Home Price Index by Metro Area

12-Month % Change, November 2022



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

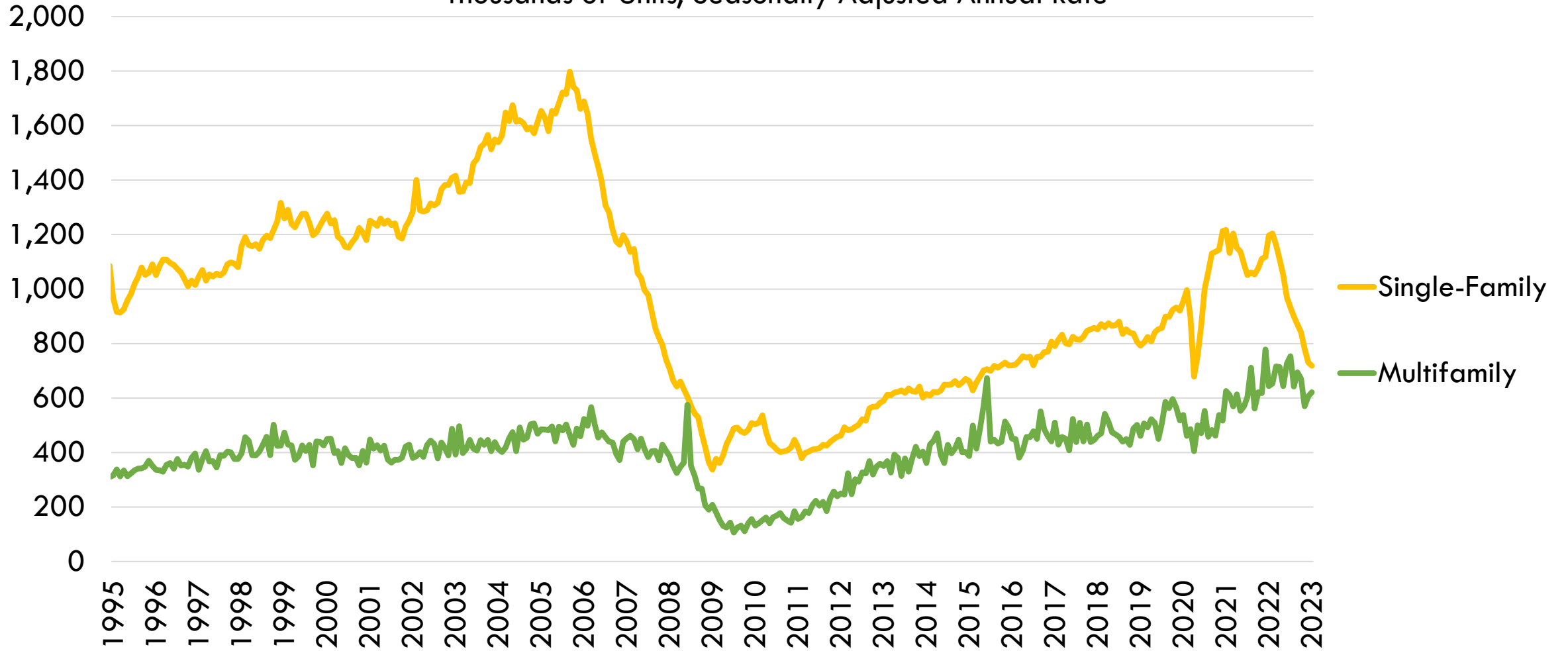
1-Month % Change, November 2022



# U.S. Residential Building Permits

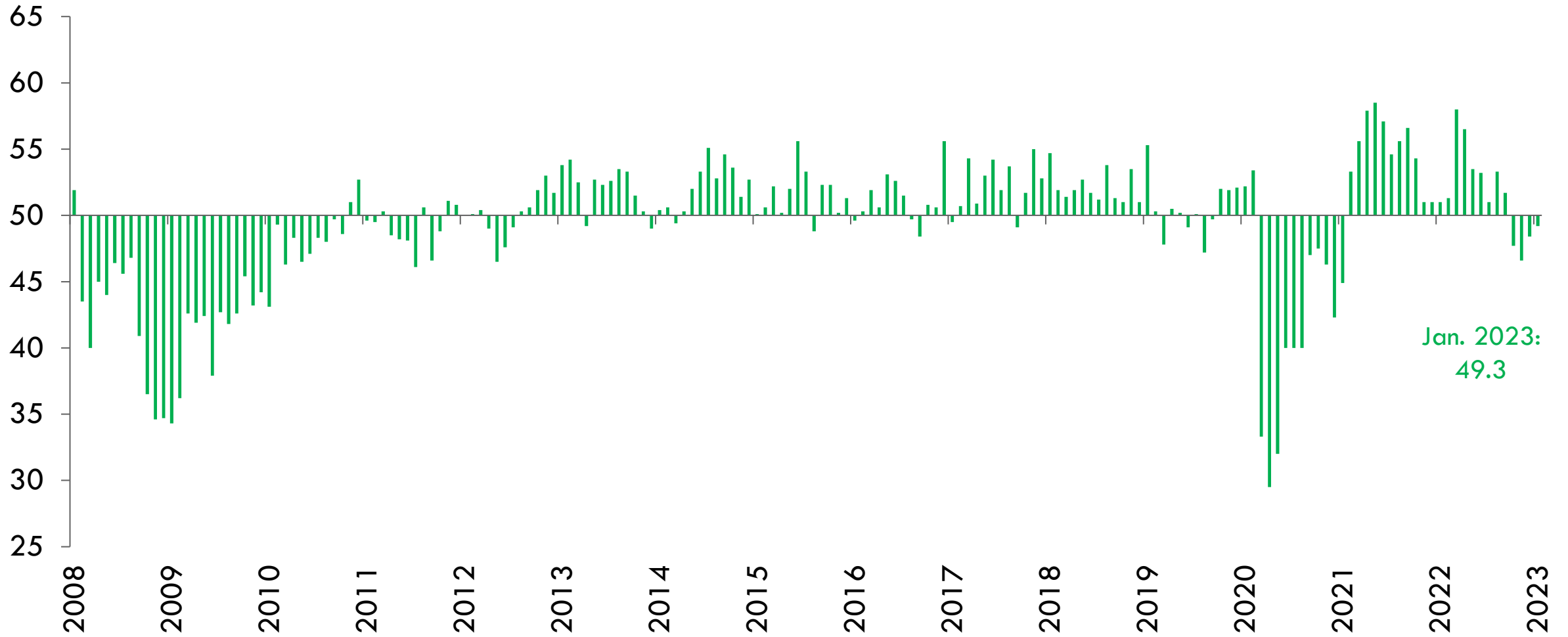
1995 – January 2023

Thousands of Units, Seasonally Adjusted Annual Rate



# Architecture Billings Index

## 2008 – January 2023



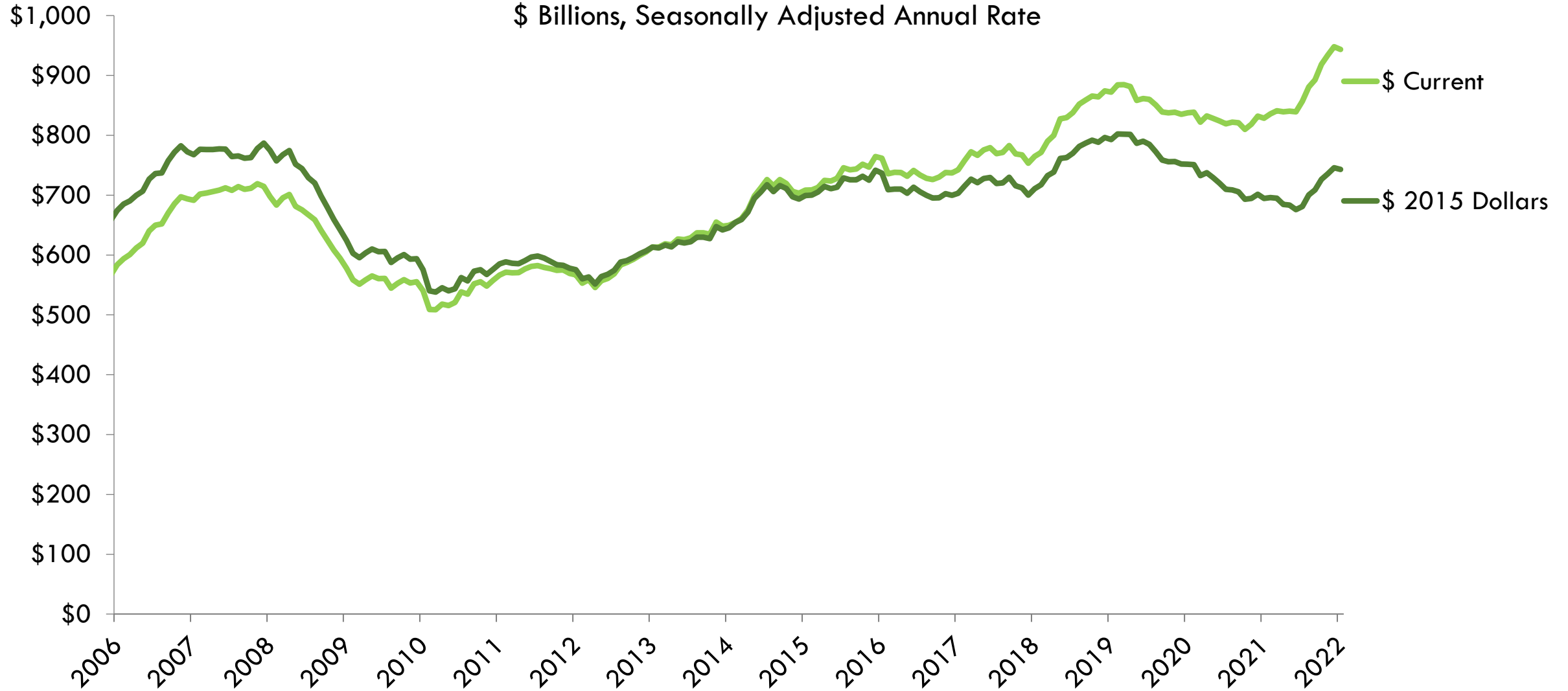
Source: The American Institute of Architects



# Total Nonresidential Construction Spending

## Current/Constant Dollars, 2006 – December 2022

\$ Billions, Seasonally Adjusted Annual Rate

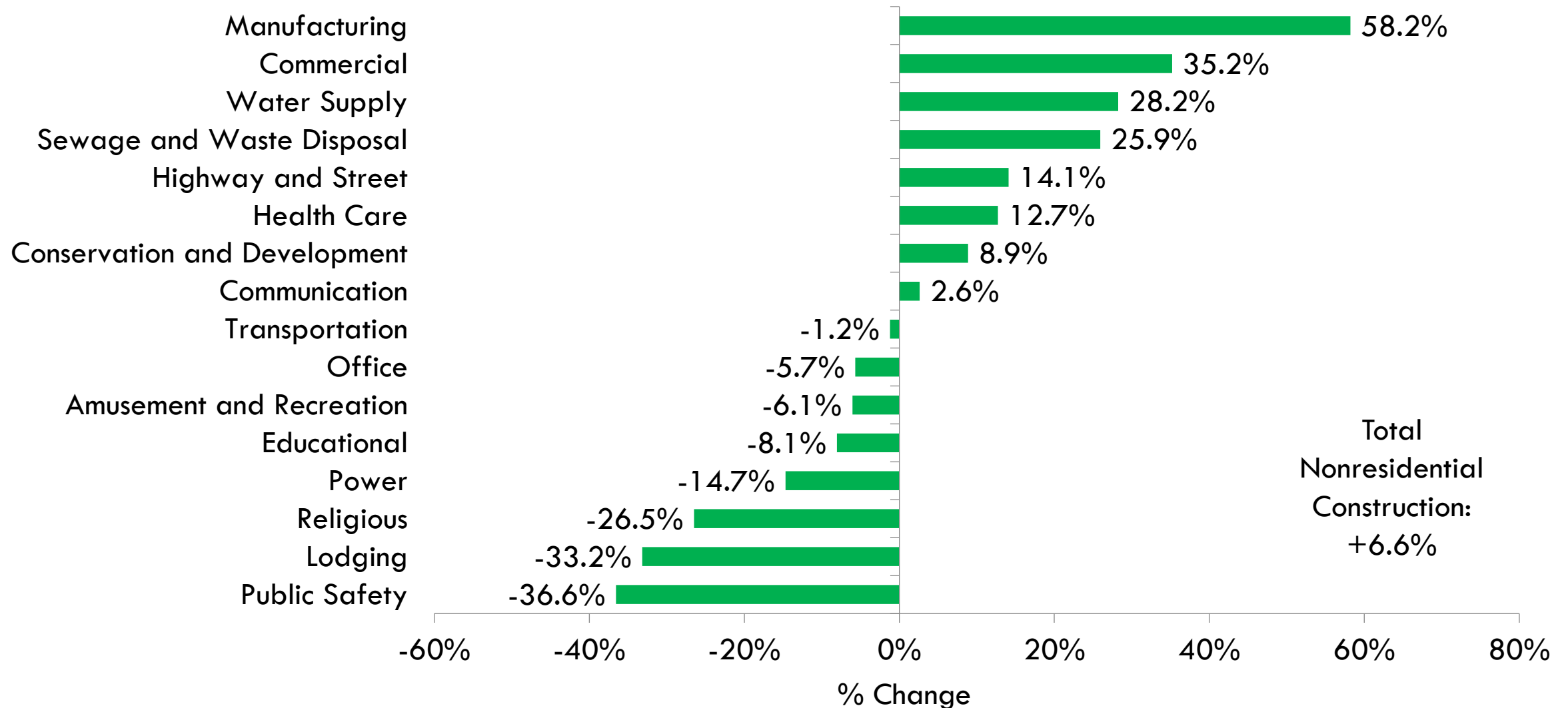


Source: U.S. Census Bureau; U.S. Bureau of Labor Statistics

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

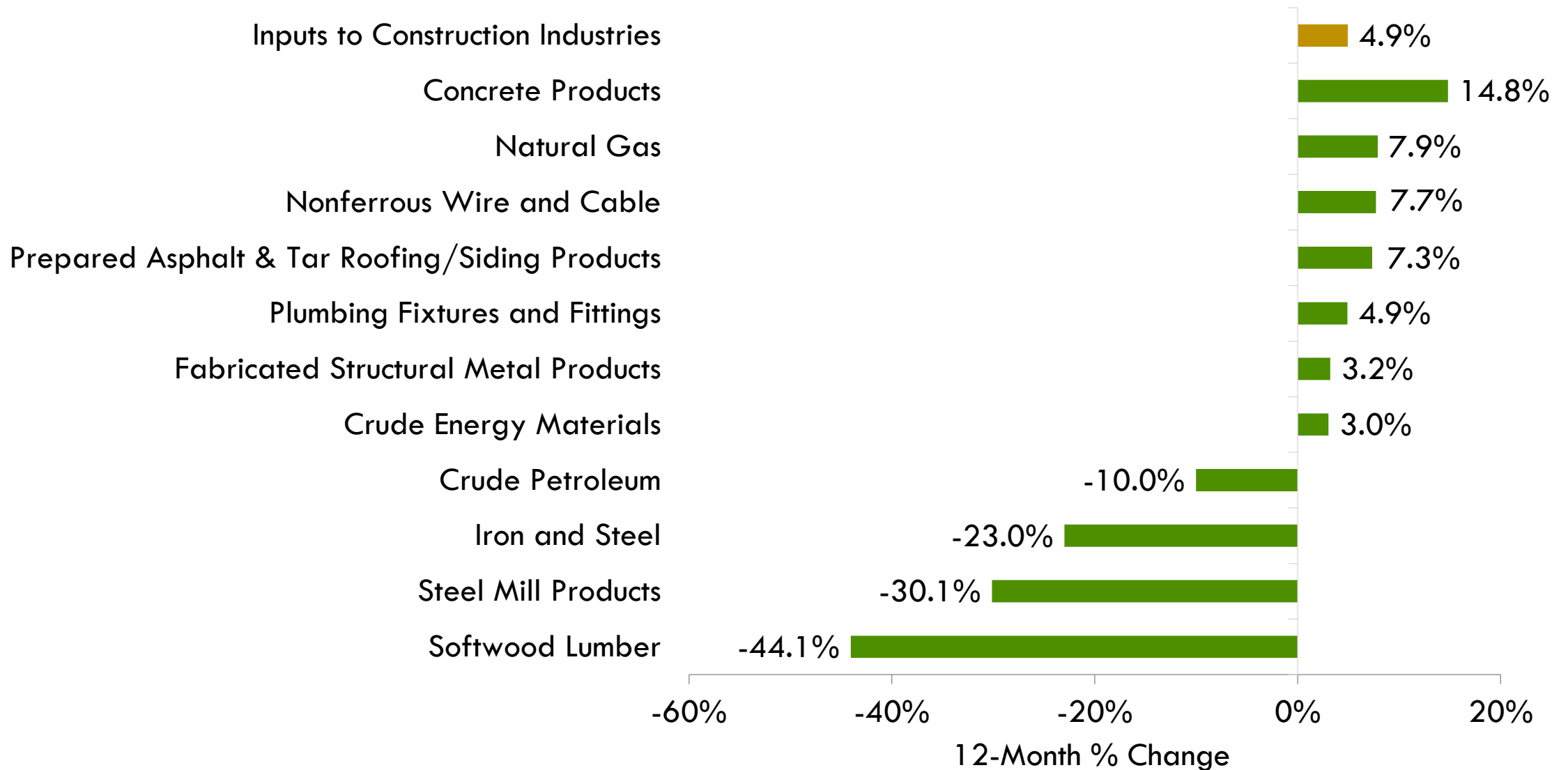
# Nonresidential Construction Spending by Subsector

February 2020 v. December 2022 (Current \$)



# Construction Materials PPI

## 12-Month % Change as of January 2023



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





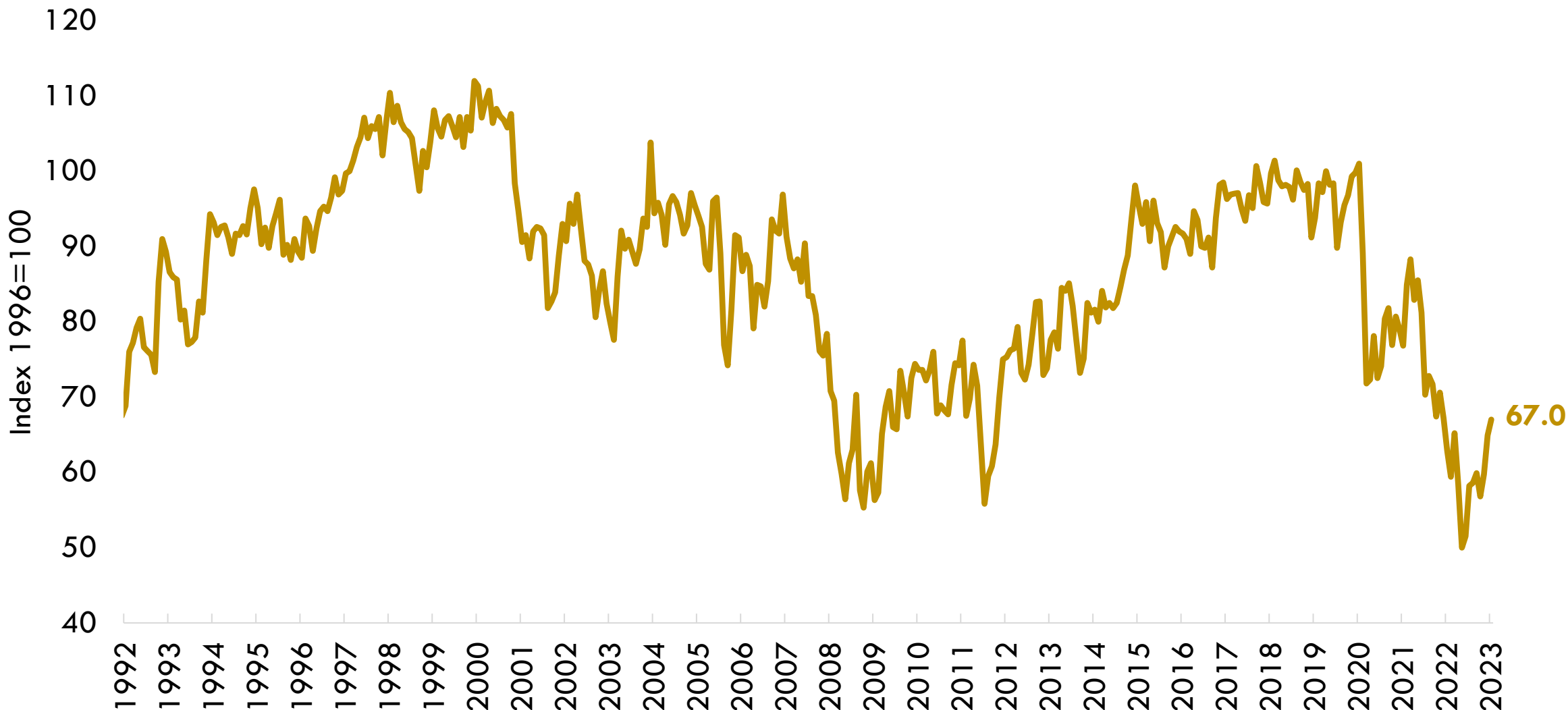
# Edge of Tomorrow





# University of Michigan Index of Consumer Sentiment

1992 – February 2023



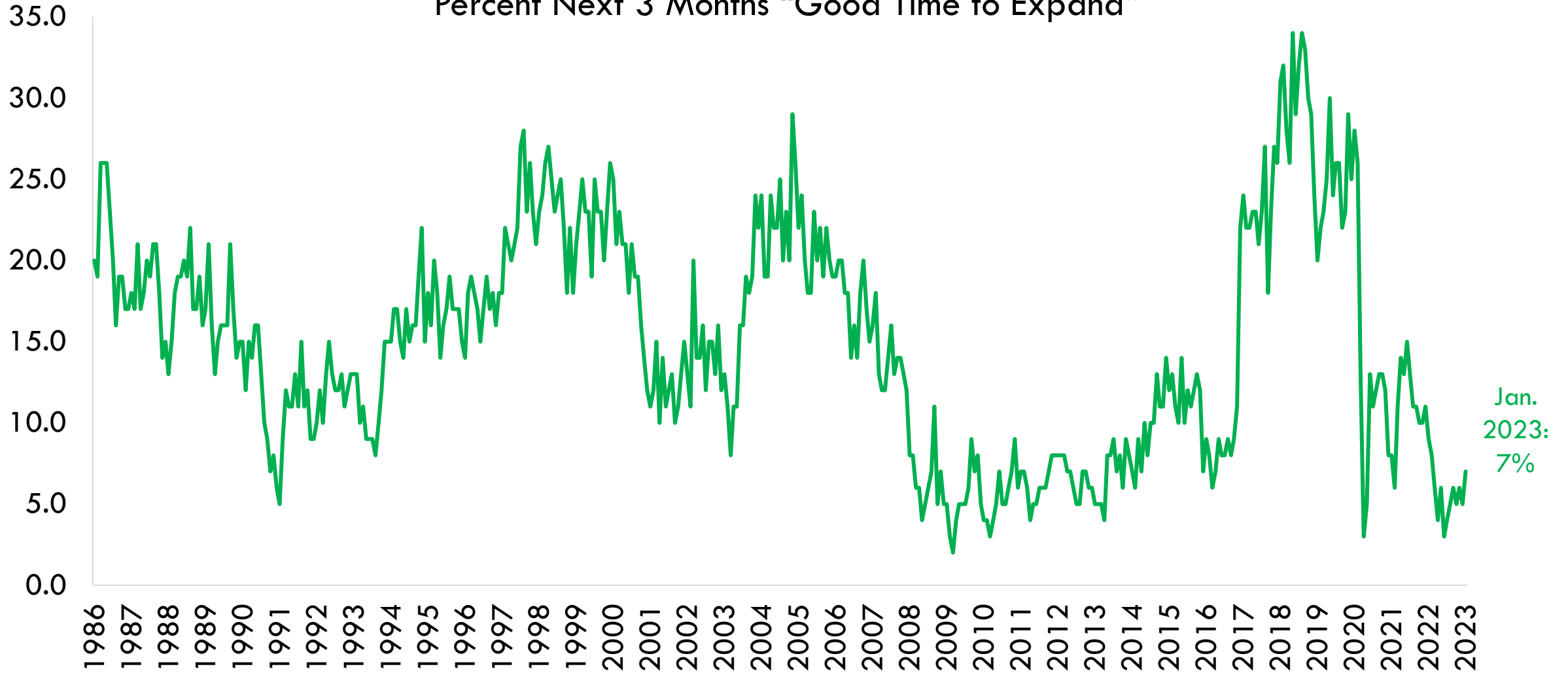
Source: University of Michigan



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

1986 – January 2023

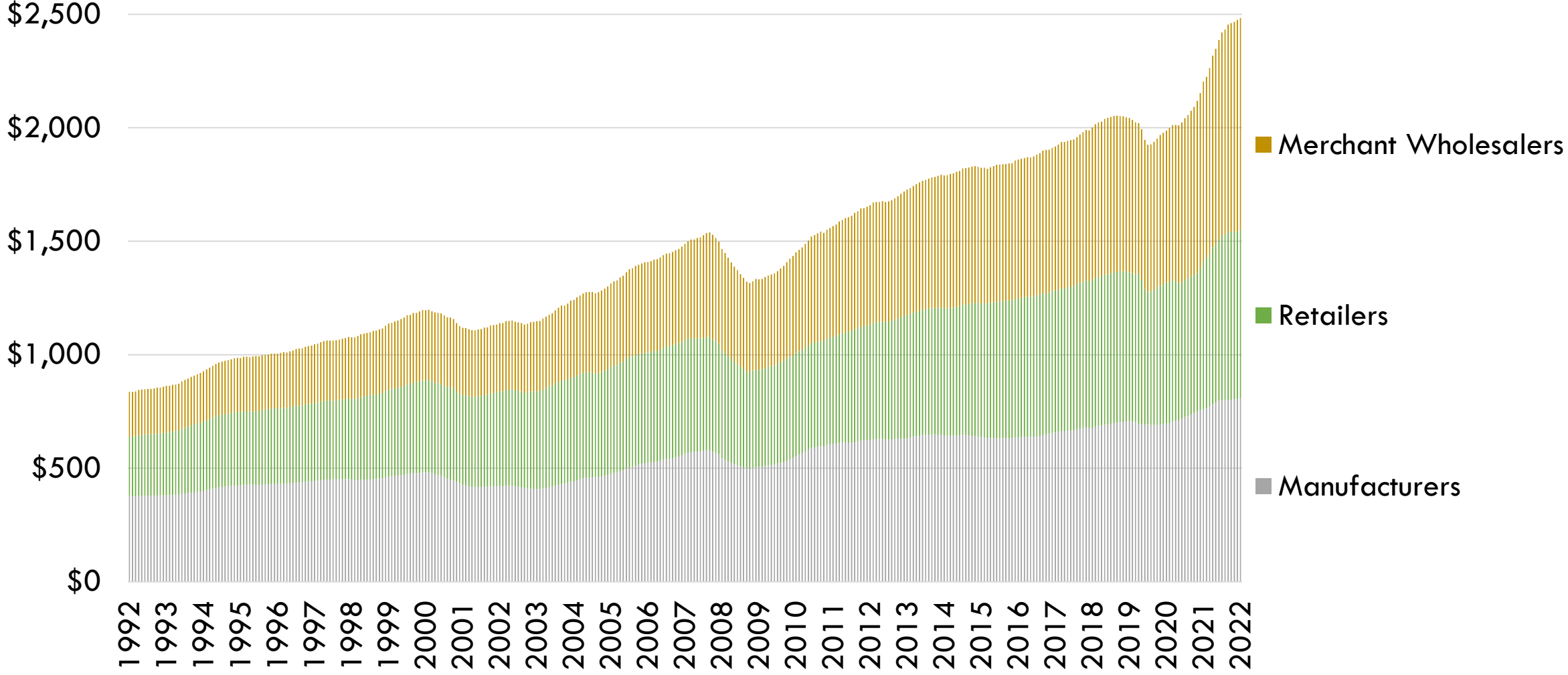
Percent Next 3 Months “Good Time to Expand”



# Business Inventories

1965 – December 2022

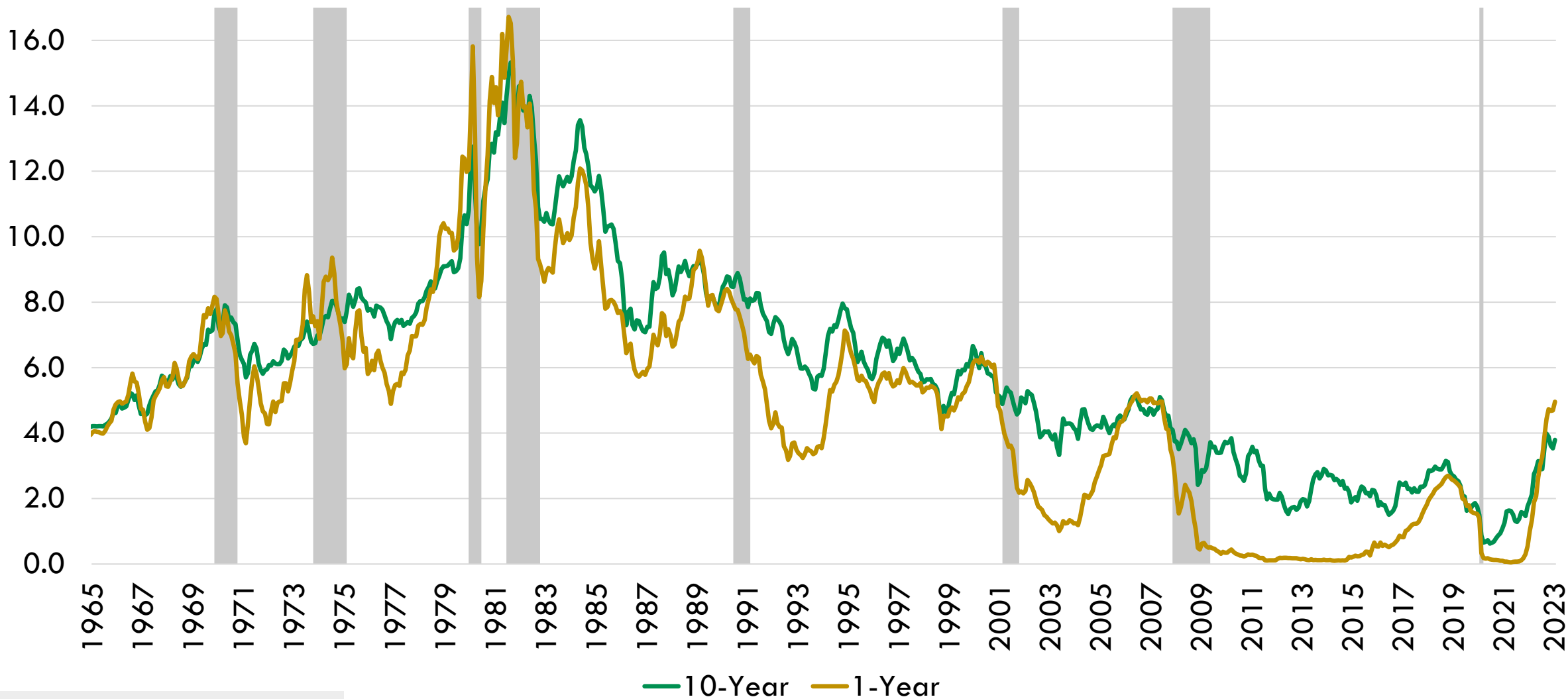
\$ Billions



Source: U.S. Census Bureau

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

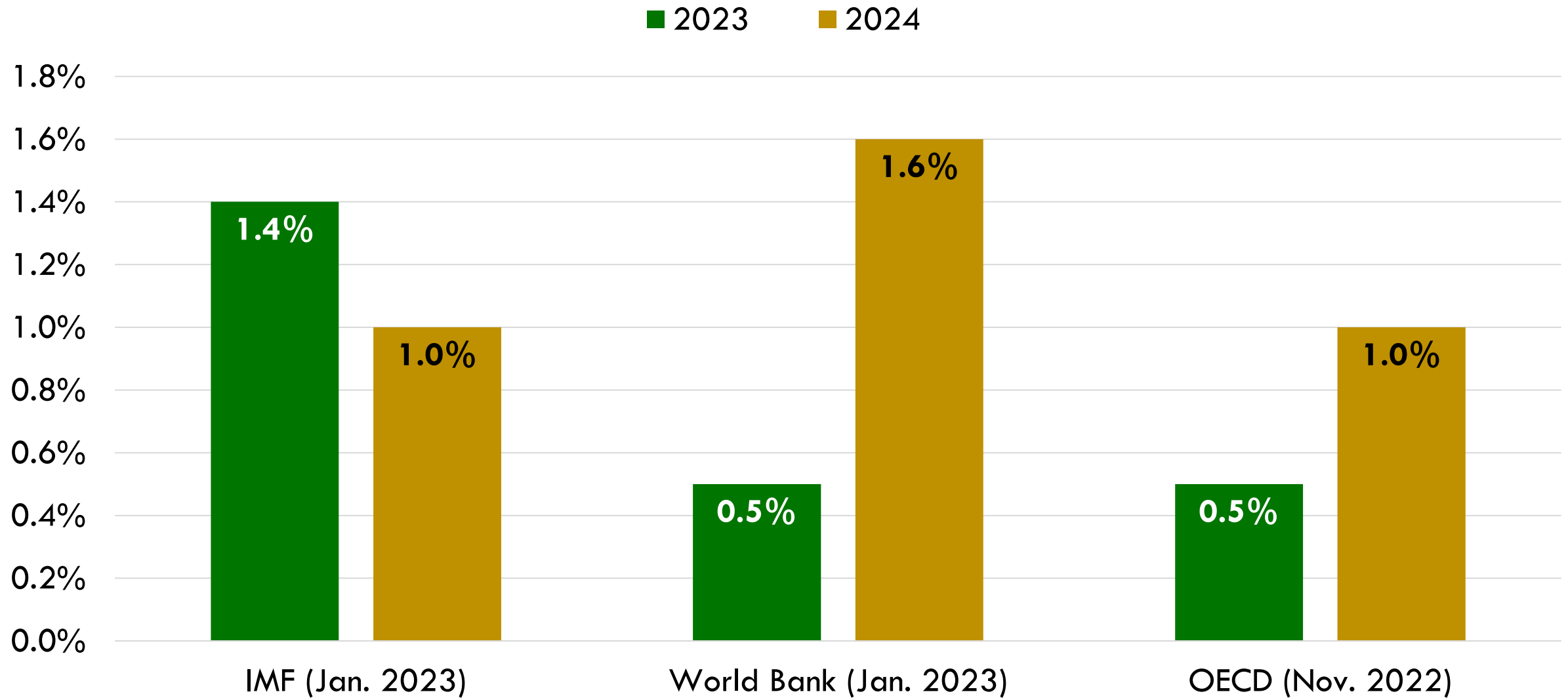
## 1965 – February 2023



Shaded areas indicate U.S. recessions

Source: Federal Reserve Bank of St. Louis

# Major Economic Forecasts for U.S. GDP Growth



Source: IMF; OECD; World Bank

# 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.
- But until then, recessionary conditions will prevail.



# Thank You

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# Q&A

