

Show Me the Money (Supply)

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On Behalf of
MEDA Annual Conference

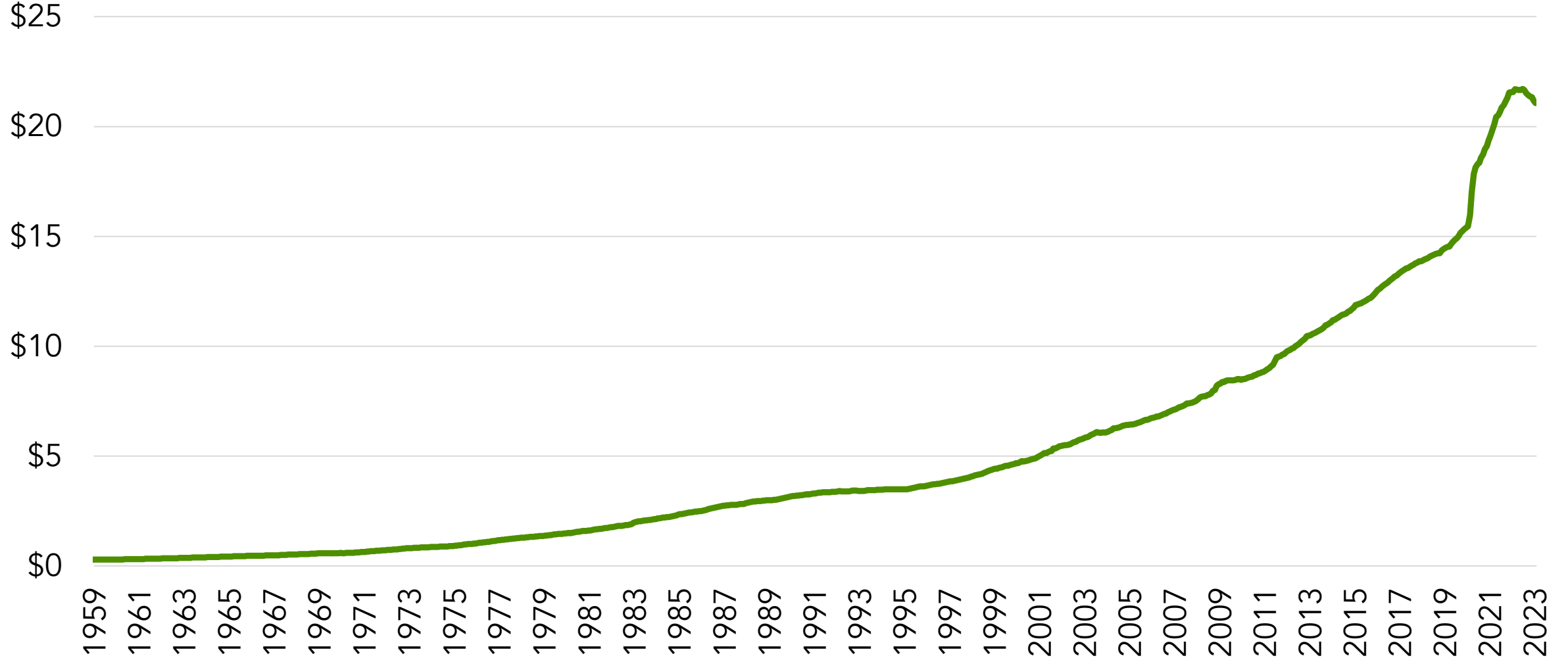
April 24, 2023



The Color of Money

U.S. Money Supply, 1959 – February 2023

\$ Trillions



Source: Federal Reserve

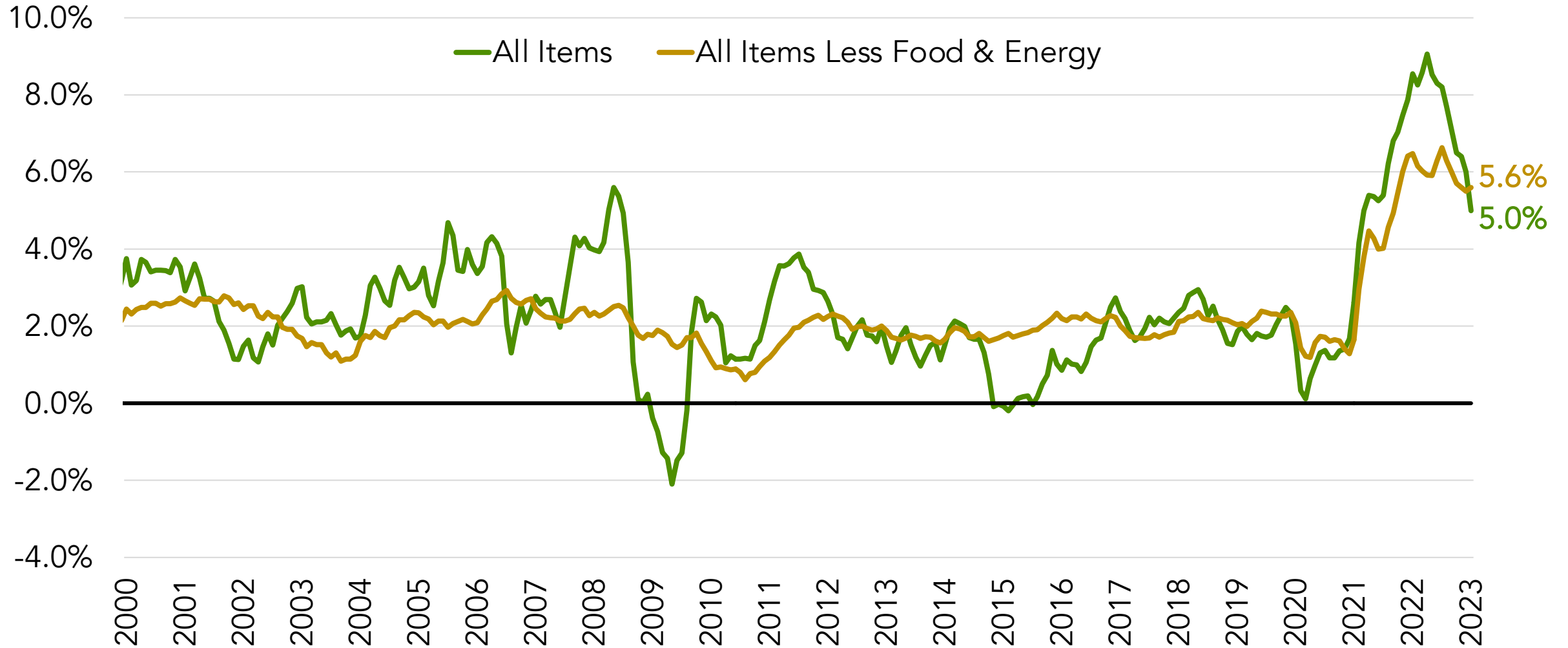


Risky Business

(1983)

U.S. Consumer Price Index (NSA)

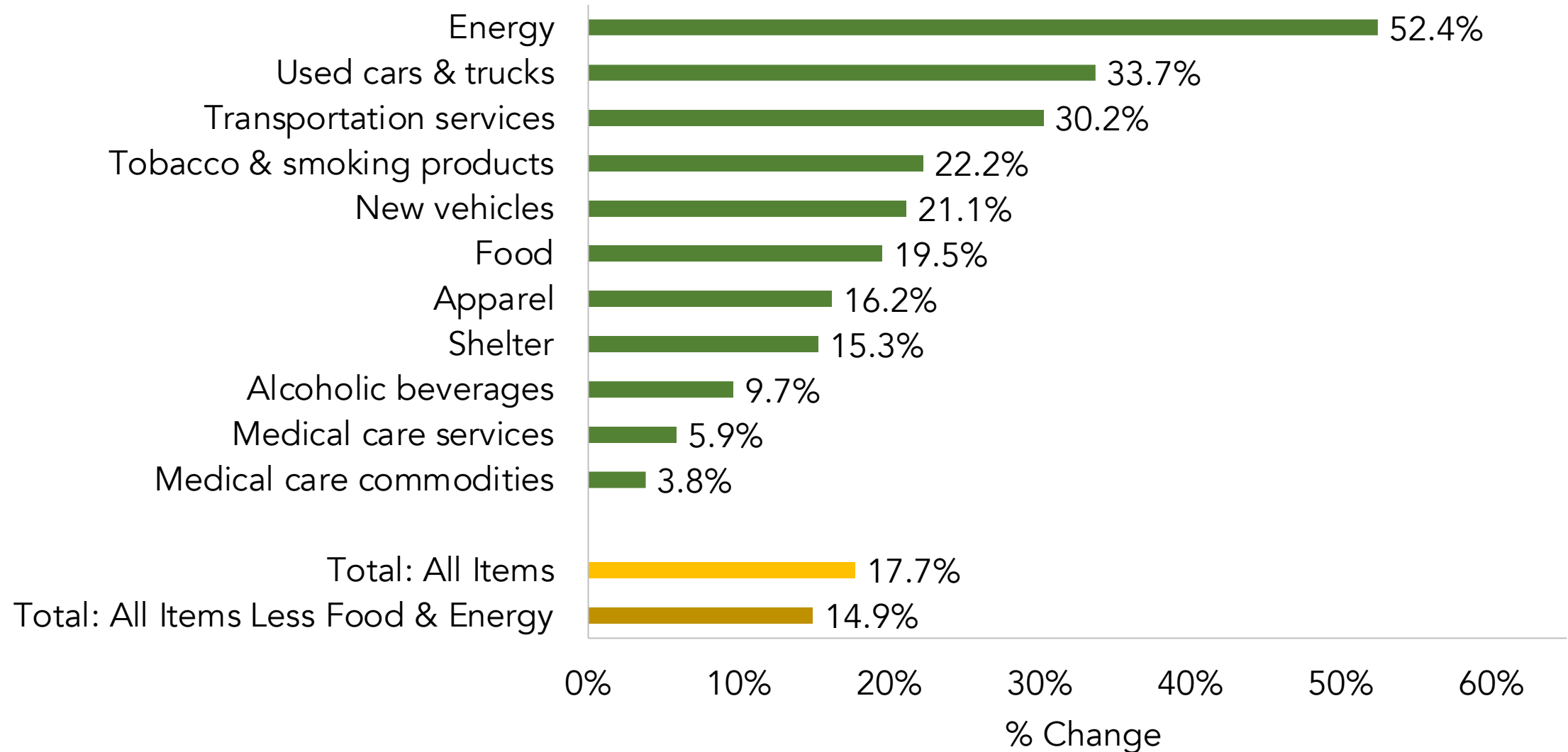
12-Month % Change, 2000 – March 2023



Source: U.S. Bureau of Labor Statistics

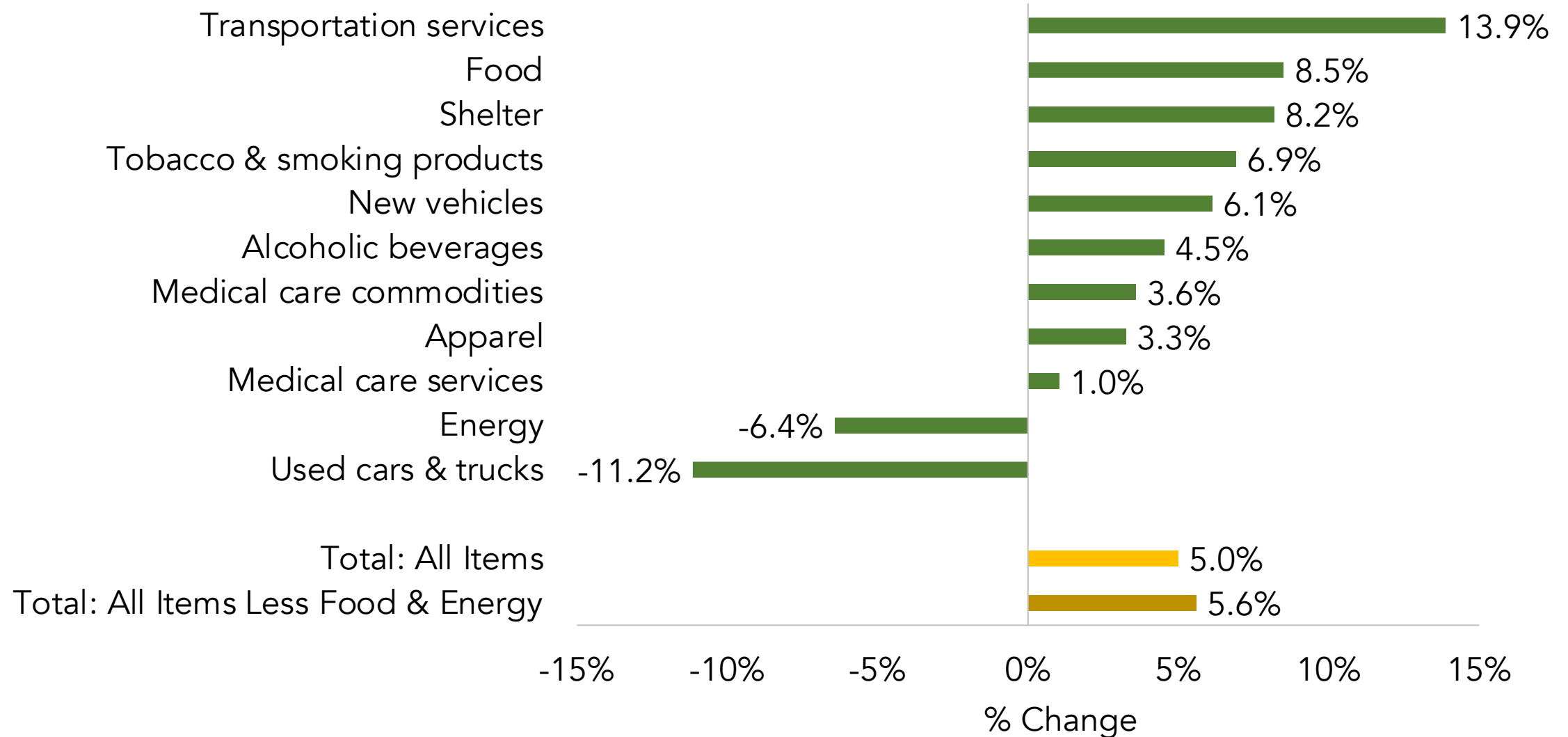
U.S. Consumer Price Index, Select Categories (NSA)

May 2020 v. March 2023 % Change

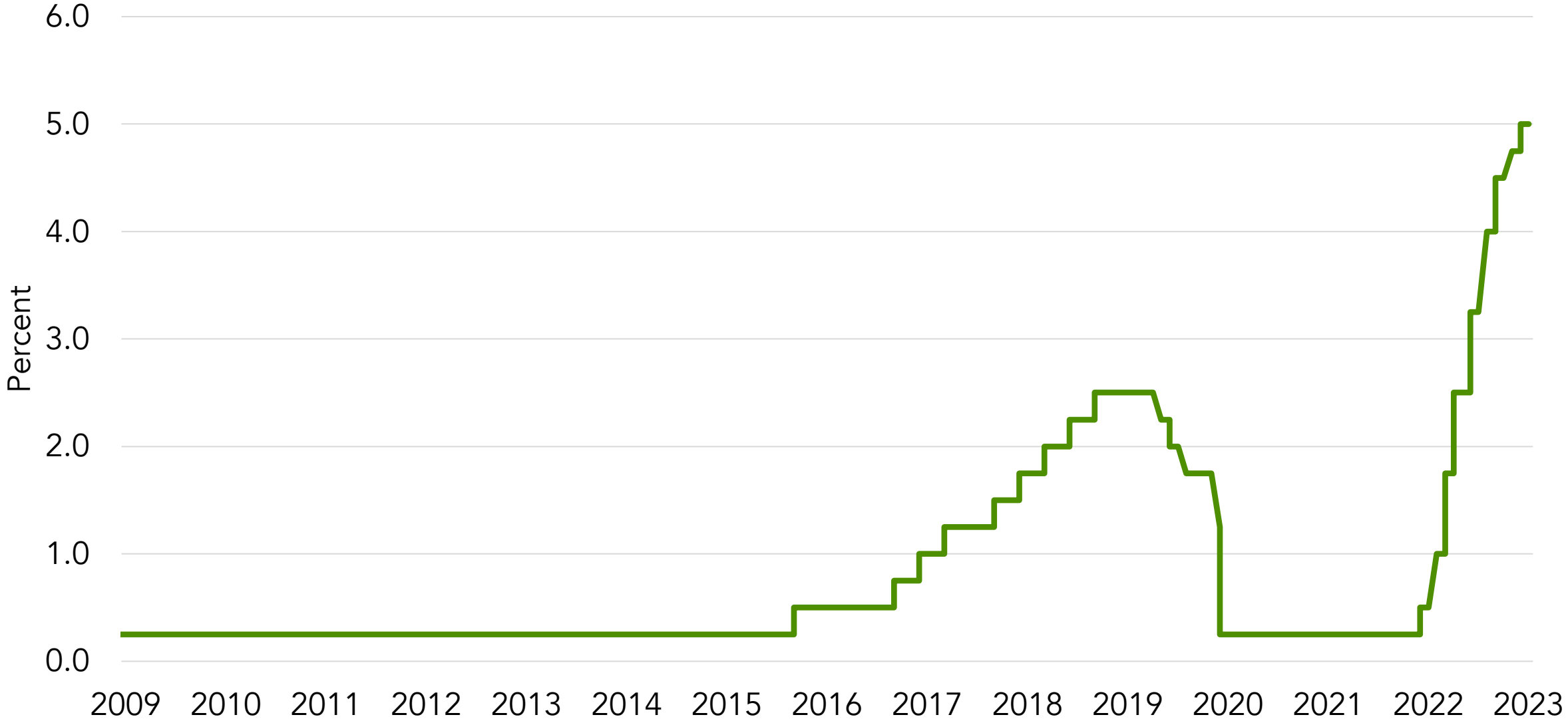


U.S. Consumer Price Index, Select Categories (NSA)

March 2022 v. March 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.”

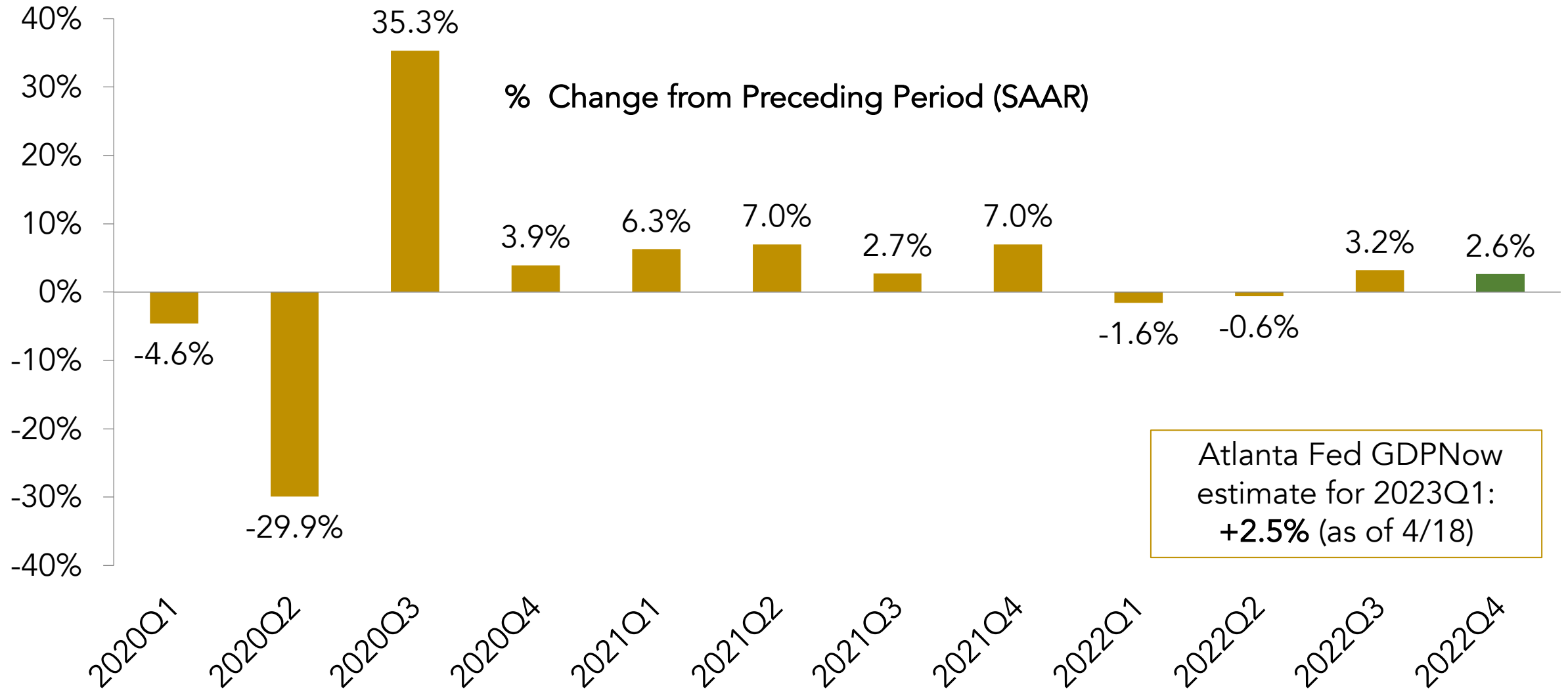
(FOMC Chair Powell, August 2022)

“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)

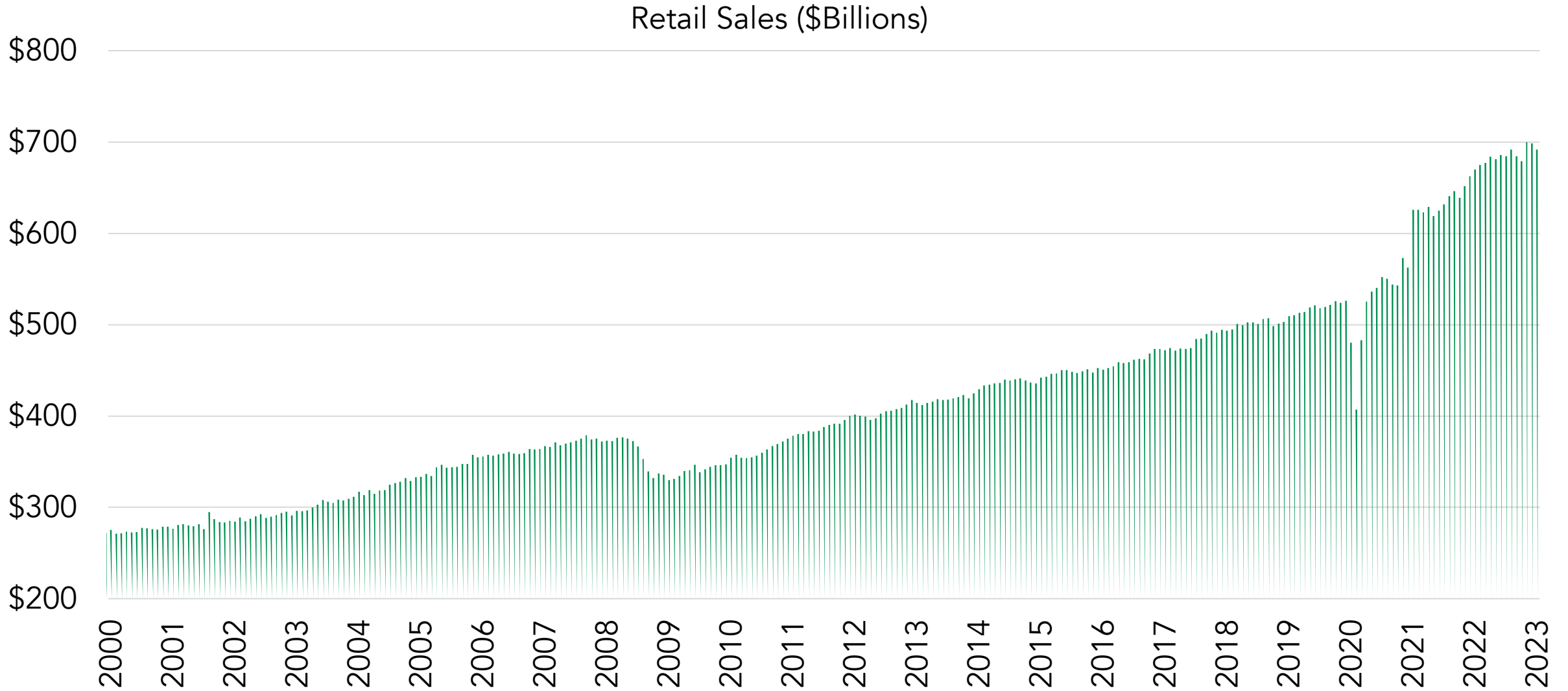
Born on the 4th of July

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



Source: U.S. Bureau of Economic Analysis *2022Q4: 3rd (final) estimate

U.S. Retail Sales, 2000 – March 2023

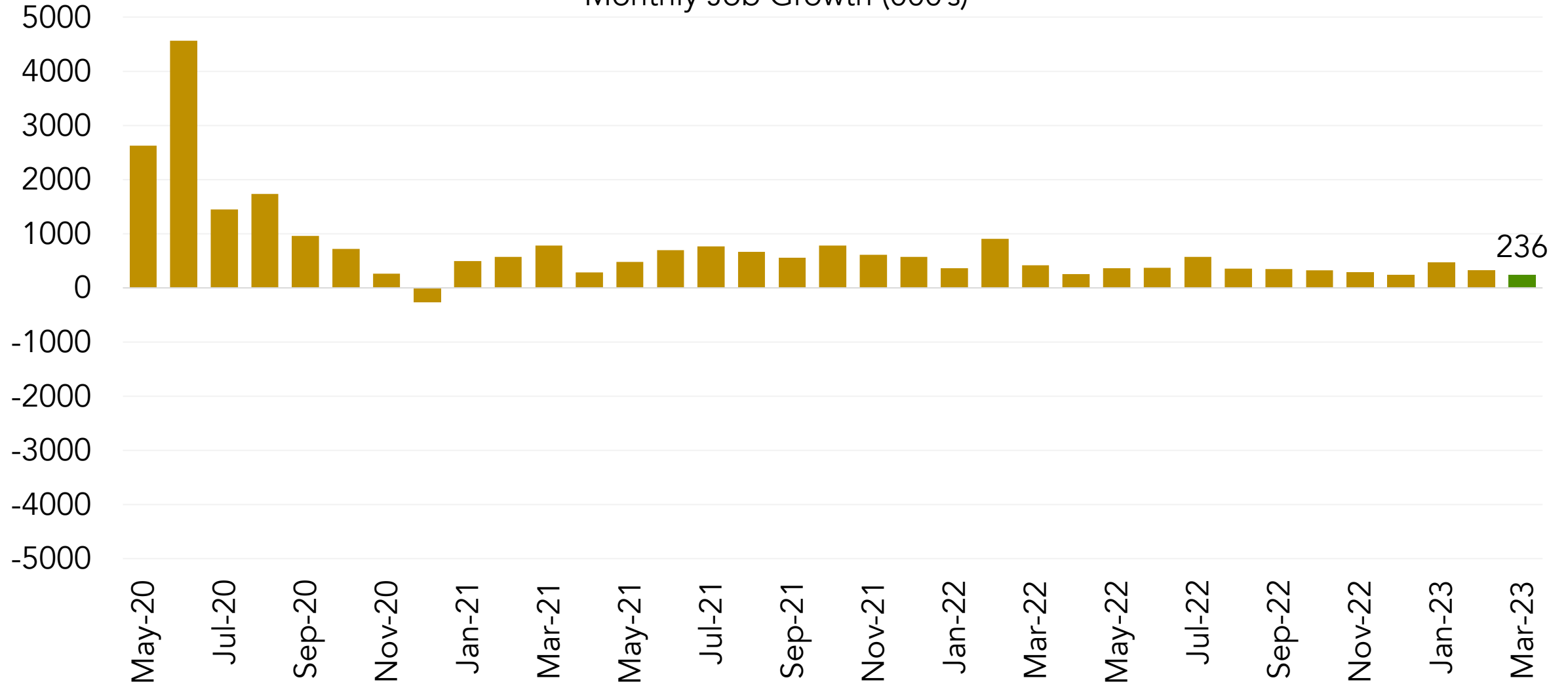


Source: U.S. Census Bureau

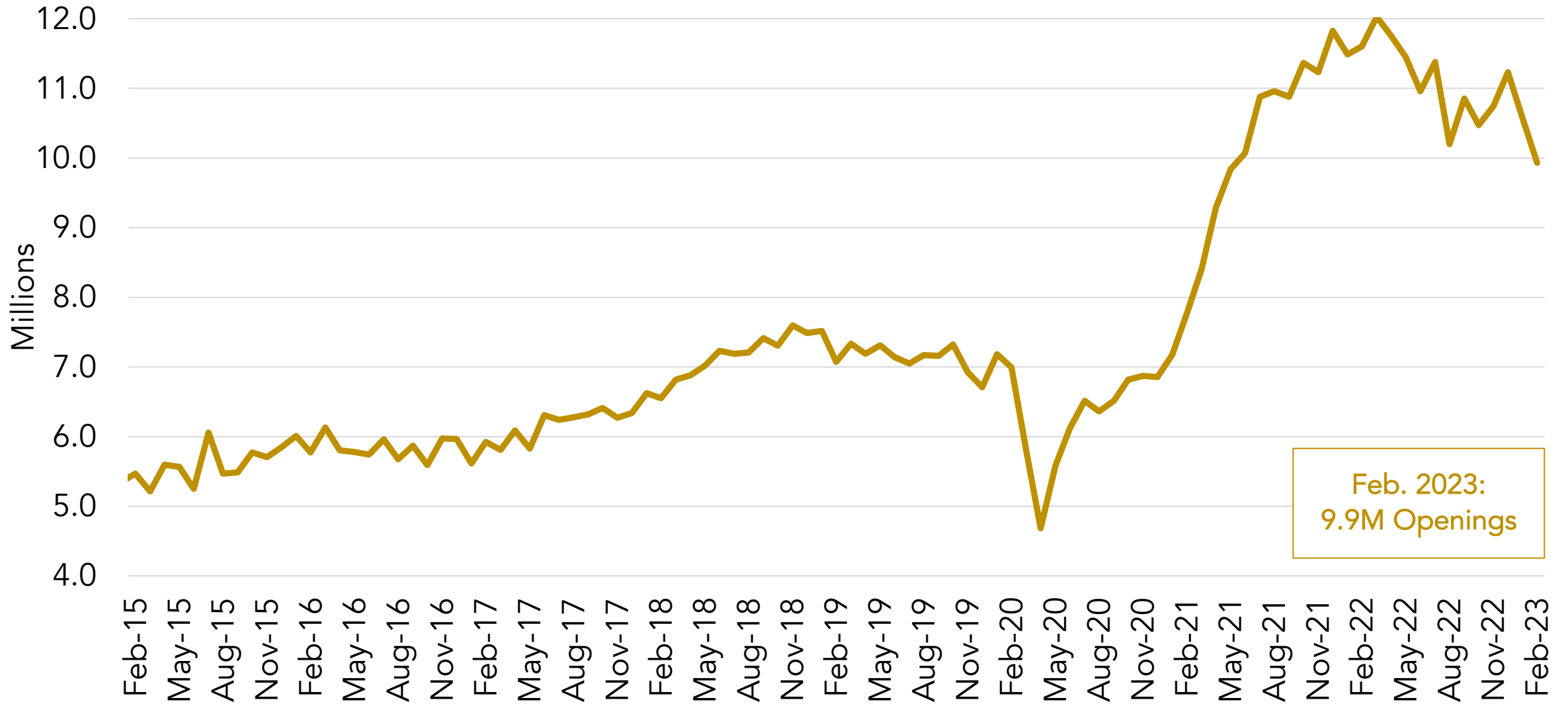
Net Change in U.S. Jobs

May 2020 – March 2023

Monthly Job Growth (000's)



U.S. Job Openings, 2015 – February 2023



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)

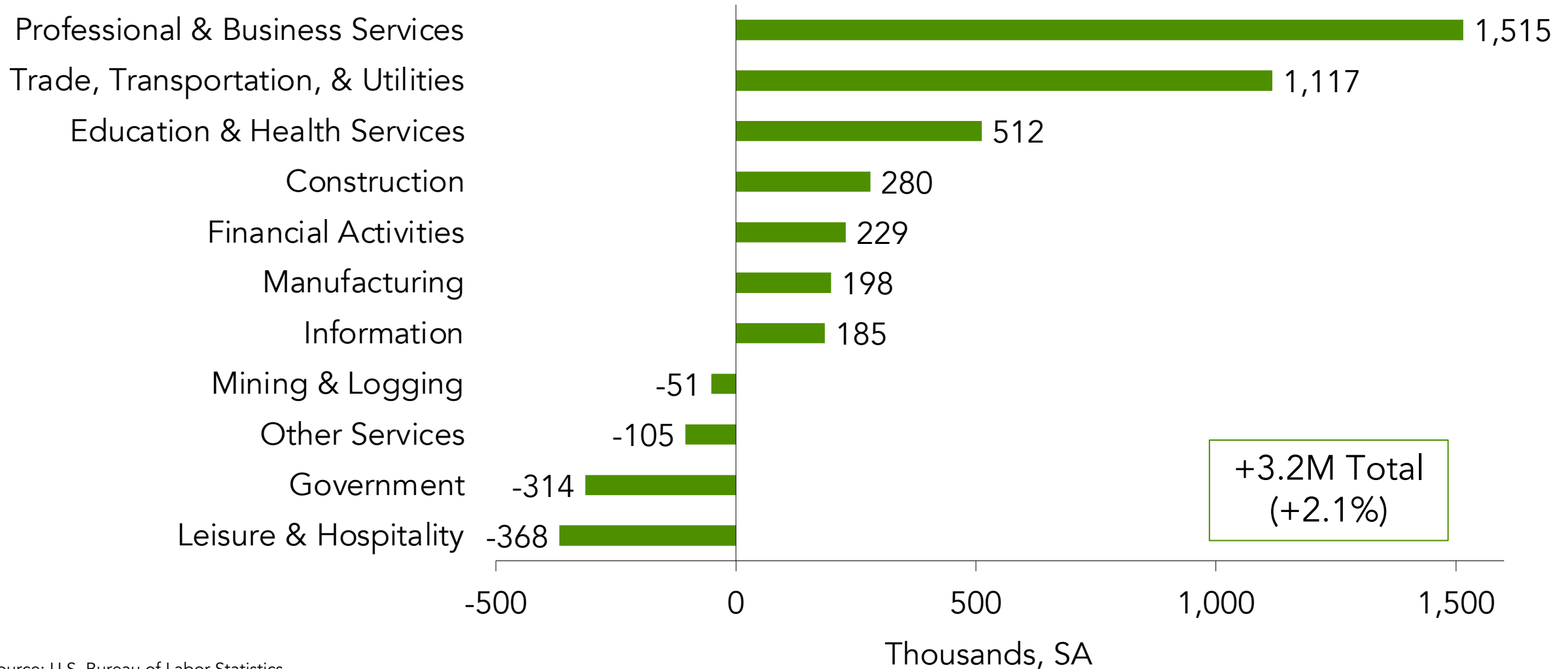
Age Group	Total	Men	Women
16+ years	-1.3	-9.4	+5.6
16-19 years	-19.3	-23.0	-15.6
20-24 years	-5.4	-12.8	+1.5
25-34 years	+3.5	-6.1	+12.4
35-44 years	+3.7	-5.3	+11.7
45-54 years	+6.6	-4.2	+16.3
55-64 years	+9.8	-0.6	+18.5

If the labor force participation rate were what it was in 1980, there would be 12.2 million more men and 7.6 million fewer women in the labor force (ages 16+).

U.S. Jobs Recovered Since February 2020

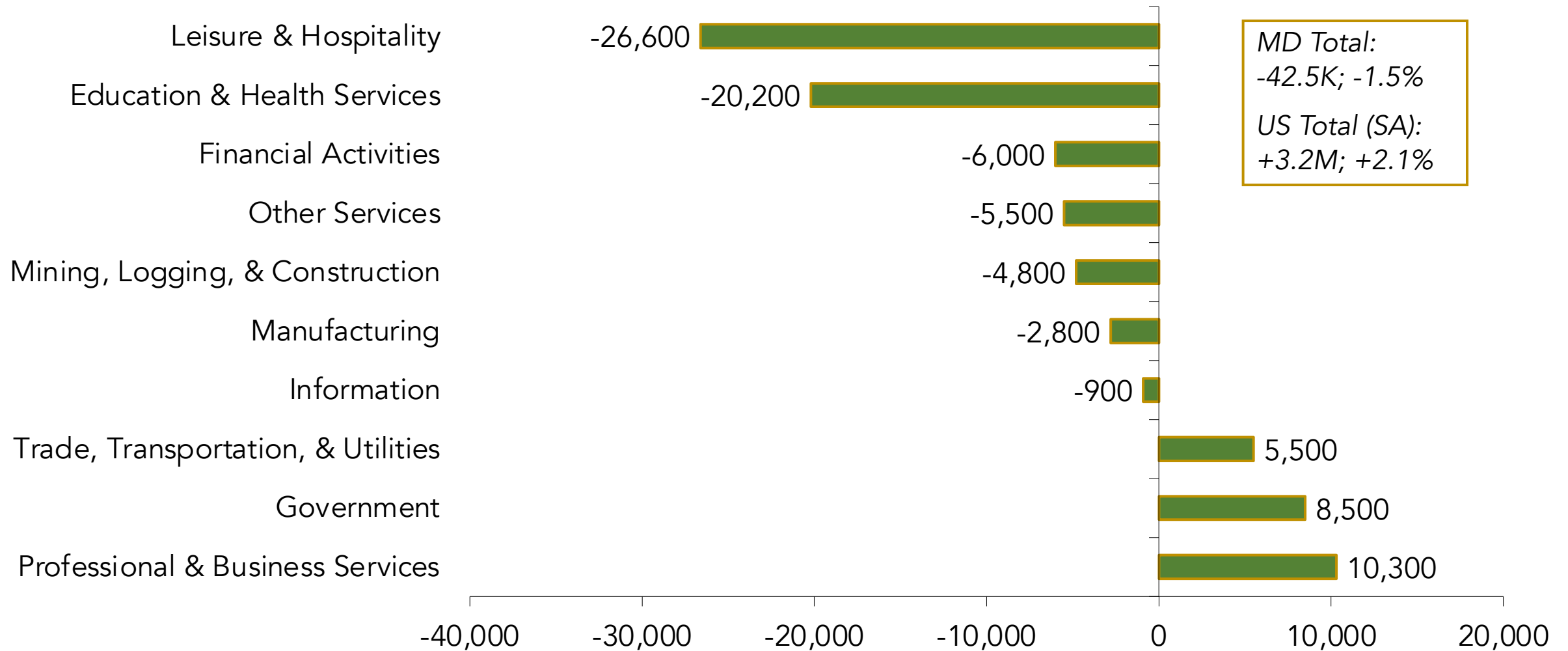


Nonfarm Employment by Industry Sector, February 2020 v. March 2023



Maryland Nonfarm Employment

February 2020 v. March 2023 Absolute Change



MD Total:
-42.5K; -1.5%

US Total (SA):
+3.2M; +2.1%

*According to the Local Area Unemployment Statistics (LAUS) program
MD lost 155,908 jobs between February 2020 and March 2023.

Source: U.S. Bureau of Labor Statistics
*Data are seasonally adjusted (SA)



Employment Growth, 25 Largest Metros

February 2020 v. March 2023 Percent Change

Rank	MSA	%	Rank	MSA	%
1	Dallas-Fort Worth-Arlington, TX	9.6%	14	Seattle-Tacoma-Bellevue, WA	2.0%
2	Tampa-St. Petersburg-Clearwater, FL	8.7%	15	Portland-Vancouver-Hillsboro, OR-WA	1.1%
3	Charlotte-Concord-Gastonia, NC-SC	6.5%	16	St. Louis, MO-IL	1.0%
4	Orlando-Kissimmee-Sanford, FL	6.4%	17	New York-Newark-Jersey City, NY-NJ-PA	0.2%
4	San Antonio-New Braunfels, TX	6.4%	18	Los Angeles-Long Beach-Anaheim, CA	0.0%
6	Phoenix-Mesa-Scottsdale, AZ	5.8%	19	Boston-Cambridge-Nashua, MA-NH	-0.1%
7	Atlanta-Sandy Springs-Roswell, GA	5.5%	20	Chicago-Naperville-Elgin, IL-IN-WI	-0.2%
8	Riverside-San Bernardino-Ontario, CA	4.8%	21	Washington-Arlington-Alexandria, DC-VA-MD-WV	-0.3%
9	Houston-The Woodlands-Sugar Land, TX	4.4%	22	San Francisco-Oakland-Hayward, CA	-0.6%
10	Miami-Fort Lauderdale-West Palm Beach, FL	3.8%	23	Detroit-Warren-Dearborn, MI	-1.0%
11	San Diego-Carlsbad, CA	3.4%	24	Baltimore-Columbia-Towson, MD	-1.2%
12	Philadelphia-Camden-Wilm., PA-NJ-DE-MD	2.8%	25	Minneapolis-St. Paul-Bloomington, MN-WI	-2.0%
13	Denver-Aurora-Lakewood, CO	2.3%			

Source: Bureau of Labor Statistics

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

U.S. % Change 2/2020 v. 3/2023: +2.1%

Unemployment Rates, 25 Largest Metros

February 2023

Rank	MSA	%	Rank	MSA	%
1	Miami-Fort Lauderdale-West Palm Beach, FL	2.2	13	Charlotte-Concord-Gastonia, NC-SC	3.5
2	Tampa-St. Petersburg-Clearwater, FL	2.5	14	Boston-Cambridge-Nashua, MA-NH	3.7
3	Orlando-Kissimmee-Sanford, FL	2.6	14	San Diego-Carlsbad, CA	3.7
4	St. Louis, MO-IL	2.8	16	Detroit-Warren-Dearborn, MI	3.8
5	Phoenix-Mesa-Scottsdale, AZ	2.9	17	Dallas-Fort Worth-Arlington, TX	4.1
5	Washington-Arlington-Alexandria, DC-VA-MD-WV	2.9	18	Philadelphia-Camden-Wilm., PA-NJ-DE-MD	4.2
7	Baltimore-Columbia-Towson, MD	3.0	19	San Antonio-New Braunfels, TX	4.3
8	Atlanta-Sandy Springs-Roswell, GA	3.2	20	Chicago-Naperville-Elgin, IL-IN-WI	4.4
8	Denver-Aurora-Lakewood, CO	3.2	20	New York-Newark-Jersey City, NY-NJ-PA	4.4
8	Minneapolis-St. Paul-Bloomington, MN-WI	3.2	22	Portland-Vancouver-Hillsboro, OR-WA	4.5
11	San Francisco-Oakland-Hayward, CA	3.4	22	Riverside-San Bernardino-Ontario, CA	4.5
11	Seattle-Tacoma-Bellevue, WA	3.4	24	Houston-The Woodlands-Sugar Land, TX	4.8
			24	Los Angeles-Long Beach-Anaheim, CA	4.8

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



U.S. Unemployment Rate—Feb: 3.6% | Mar: 3.5%

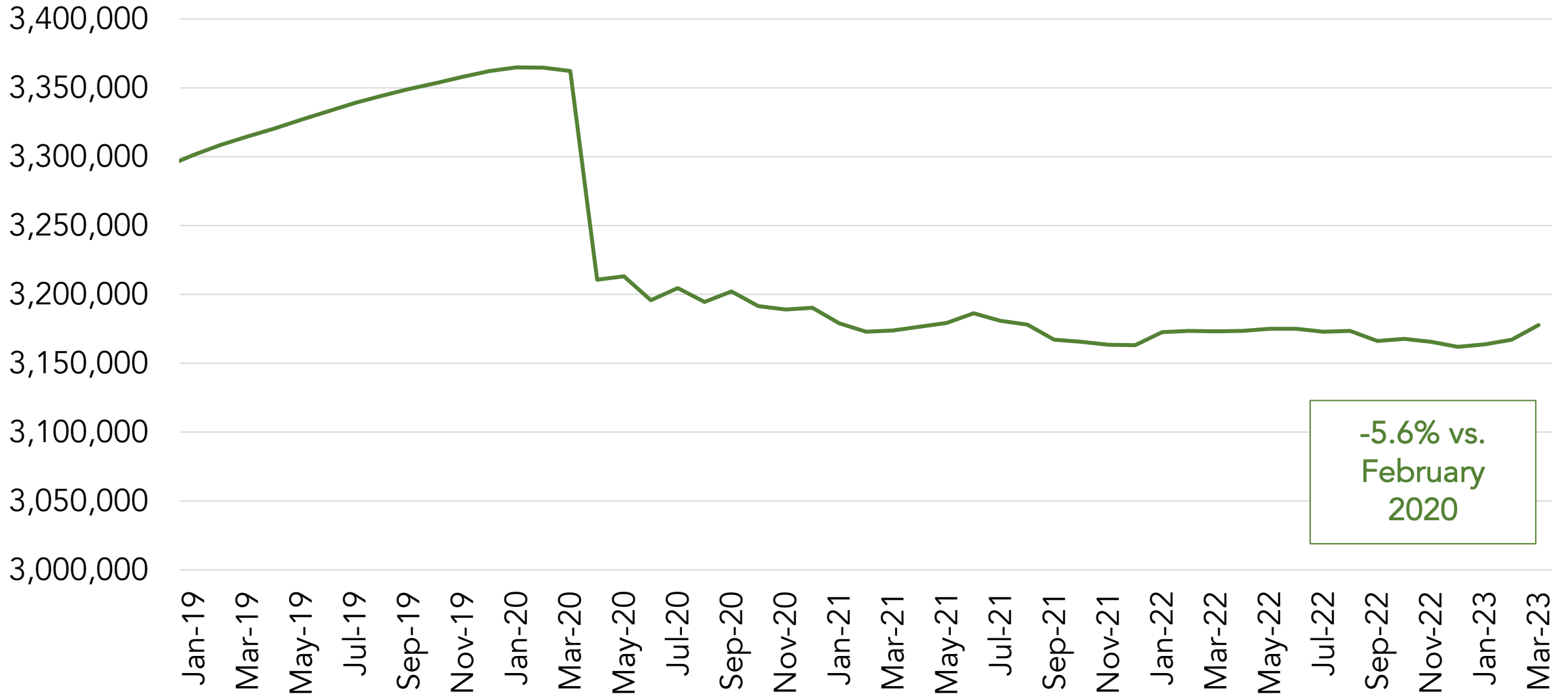
Maryland Unemployment Rates by County

February 2023

Rank	County	%	Rank	County	%
1	Howard County	2.4	12	Cecil County	3.2
2	Carroll County	2.5	12	Prince George's County	3.2
3	Montgomery County	2.6	15	Talbot County	3.4
4	Anne Arundel County	2.7	15	Washington County	3.4
4	Calvert County	2.7	17	Dorchester County	3.5
4	Queen Anne's County	2.7	18	Kent County	3.8
7	Frederick County	2.8	19	Garrett County	3.9
8	Harford County	2.9	20	Wicomico County	4.0
8	St. Mary's County	2.9	20	Baltimore City	4.0
10	Charles County	3.0	22	Allegany County	4.1
11	Caroline County	3.1	23	Somerset County	4.7
12	Baltimore County	3.2	24	Worcester County	6.3

Maryland Unemployment Rate: 2.9%

Maryland Labor Force, 2019-2023



-5.6% vs.
February
2020

Source: U.S. Bureau of Labor Statistics
*Data are seasonally adjusted (SA)



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 – April 2023

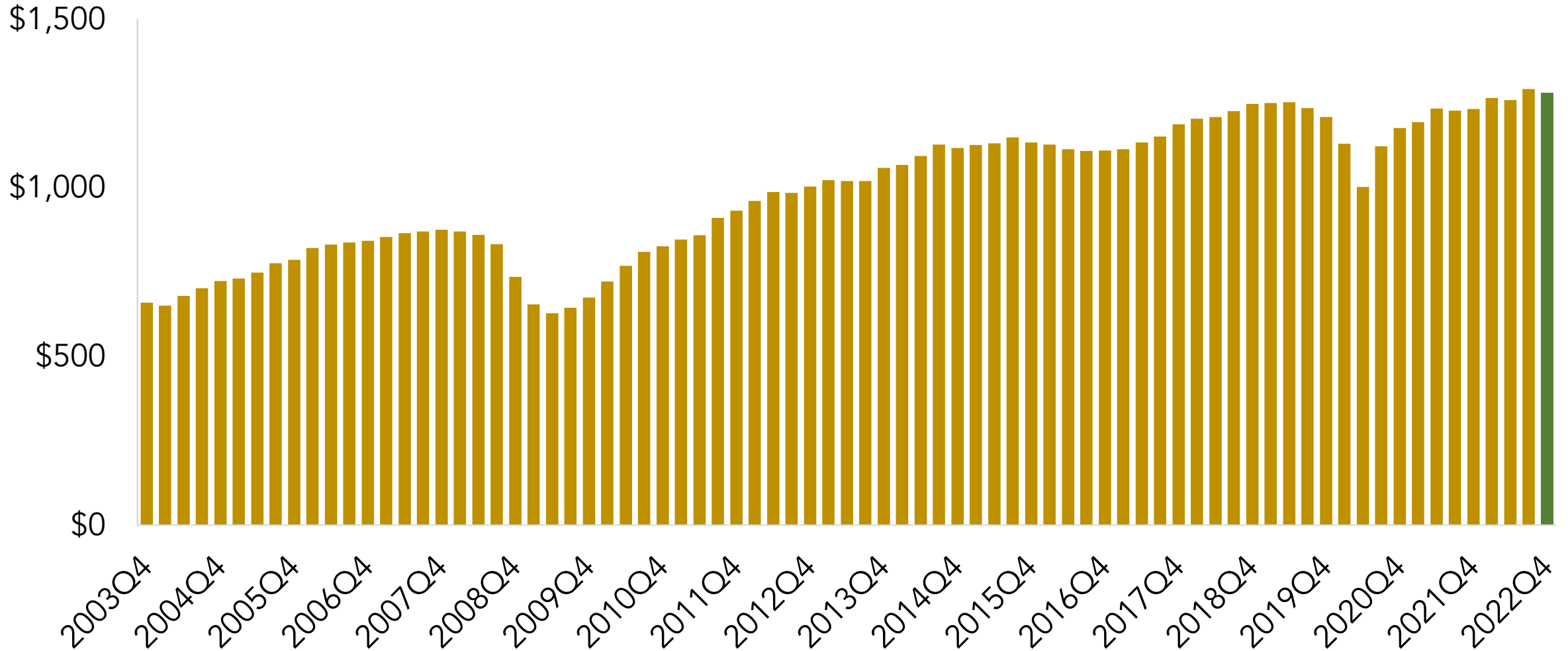
S&P 500 Index, Market Close



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: 3rd (final) estimate

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%
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%
3M	2,500	90,000	2.8%
Indeed	2,200	14,600	15.1%
Boeing	2,000	156,000	1.3%
Dow	2,000	38,000	5.3%
PayPal	2,000	29,000	6.9%

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

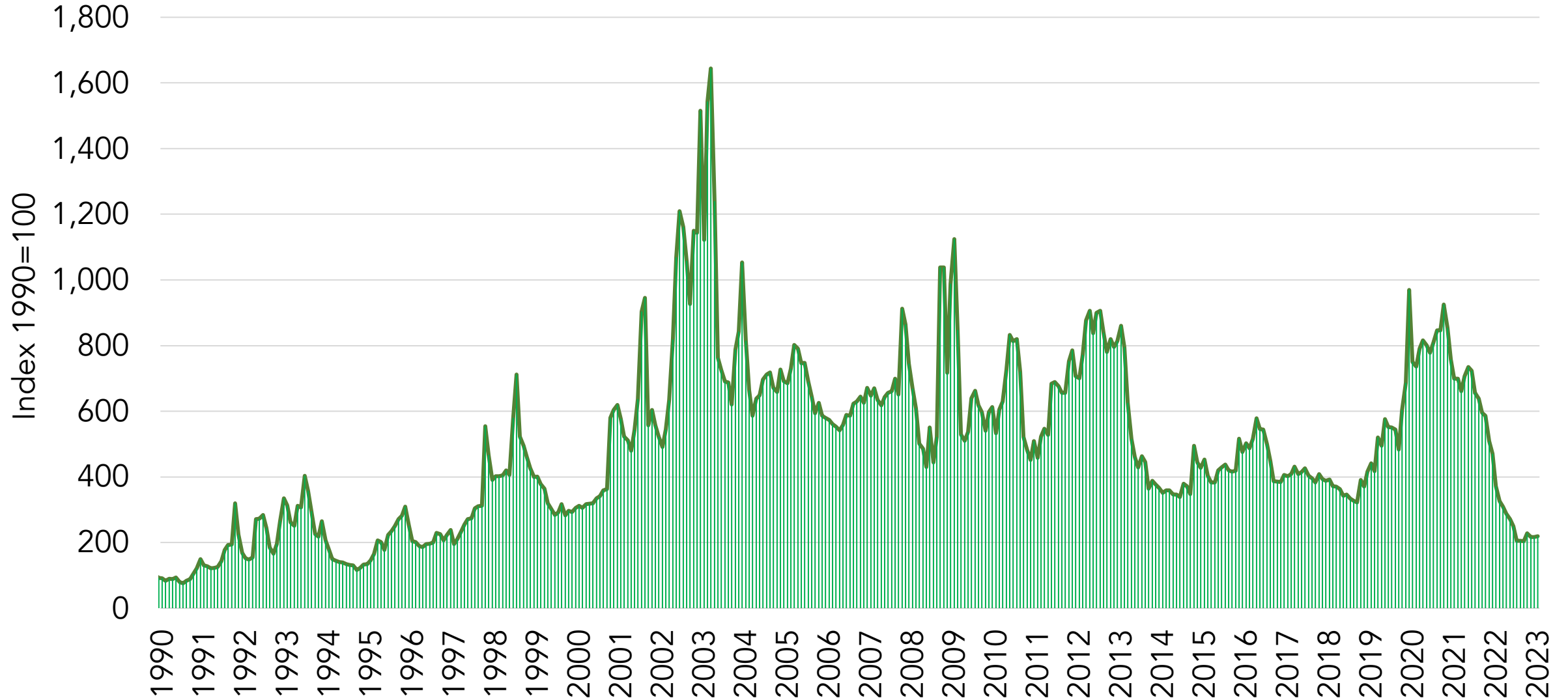
1995 – April 2023*



Source: Freddie Mac *Week ending 4/20/2023

U.S. Mortgage Loan Applications Composite Index

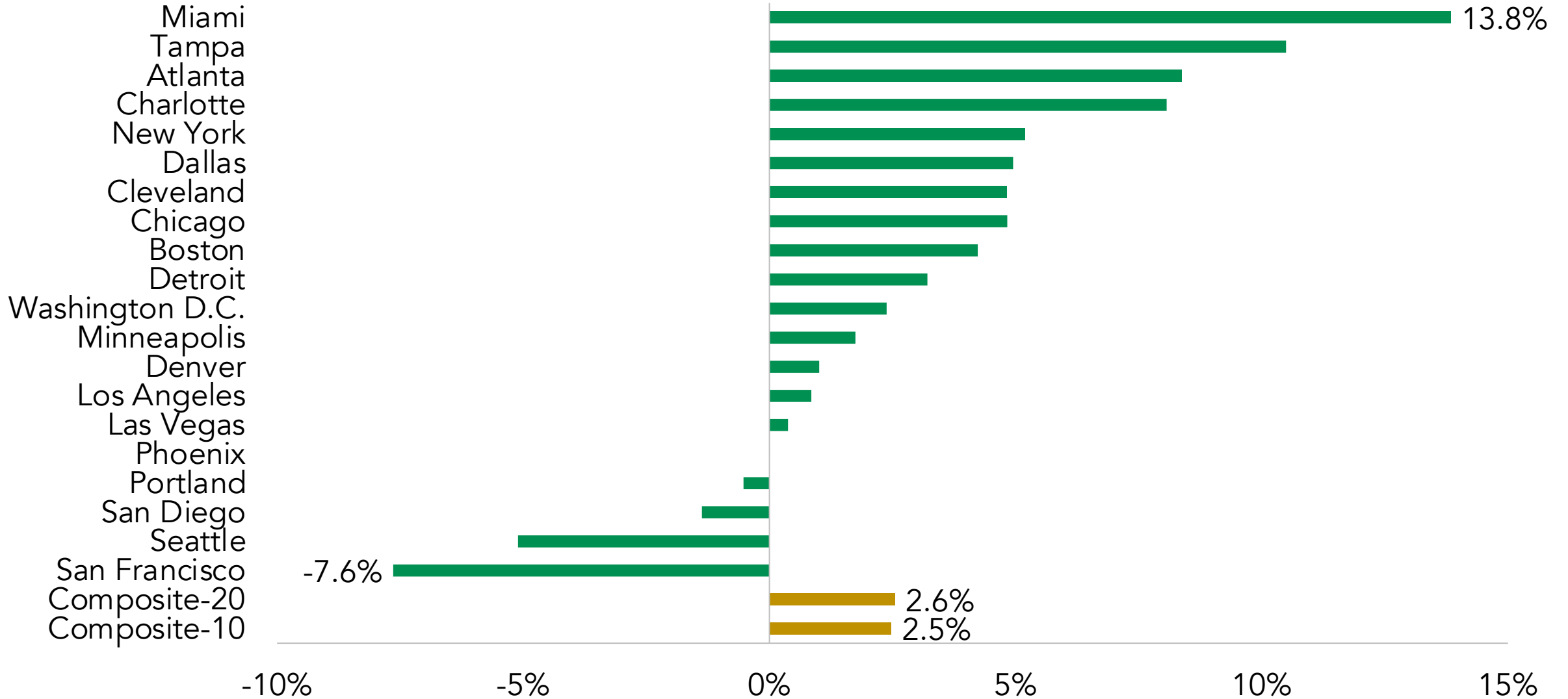
1990 – April 2023



Source: Mortgage Bankers Association (MBA)

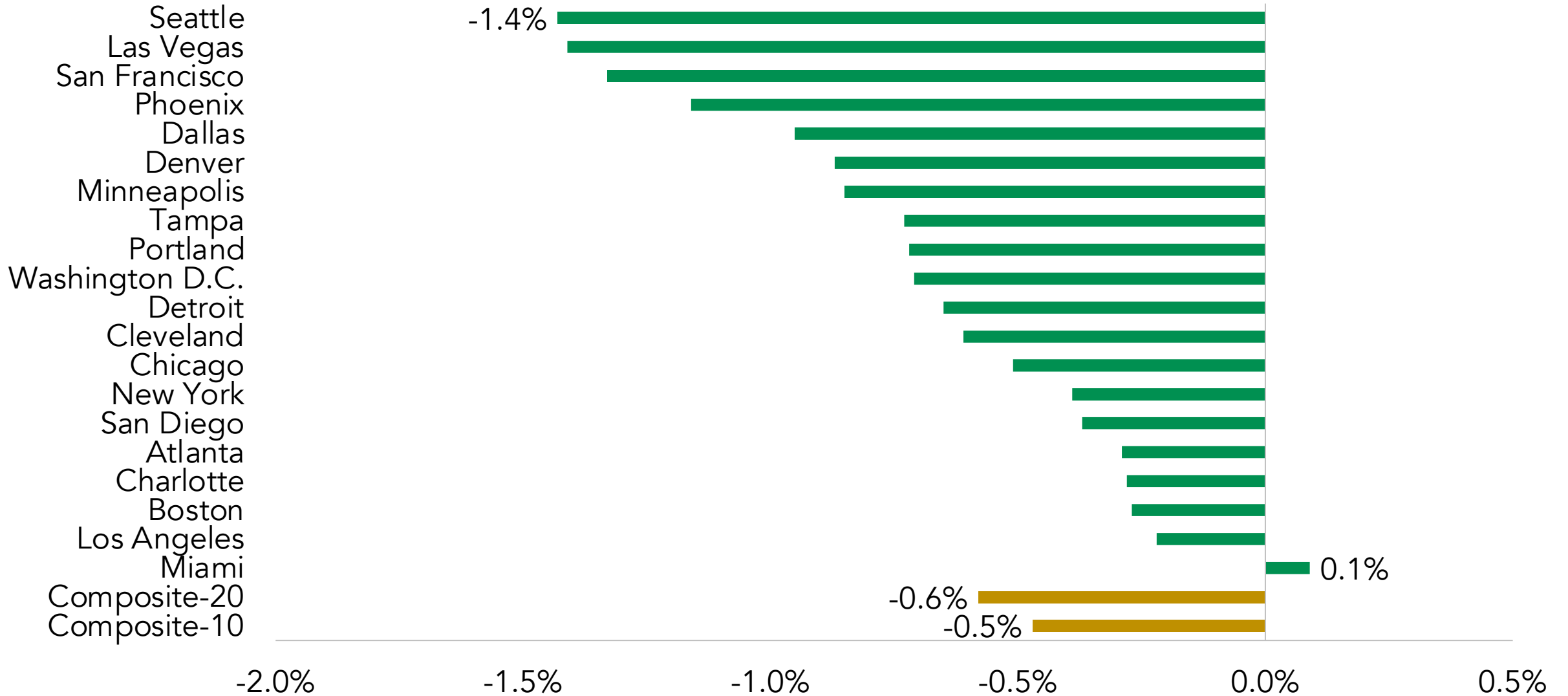
S&P Case-Shiller Home Price Index by Metro Area

12-Month % Change, January 2023



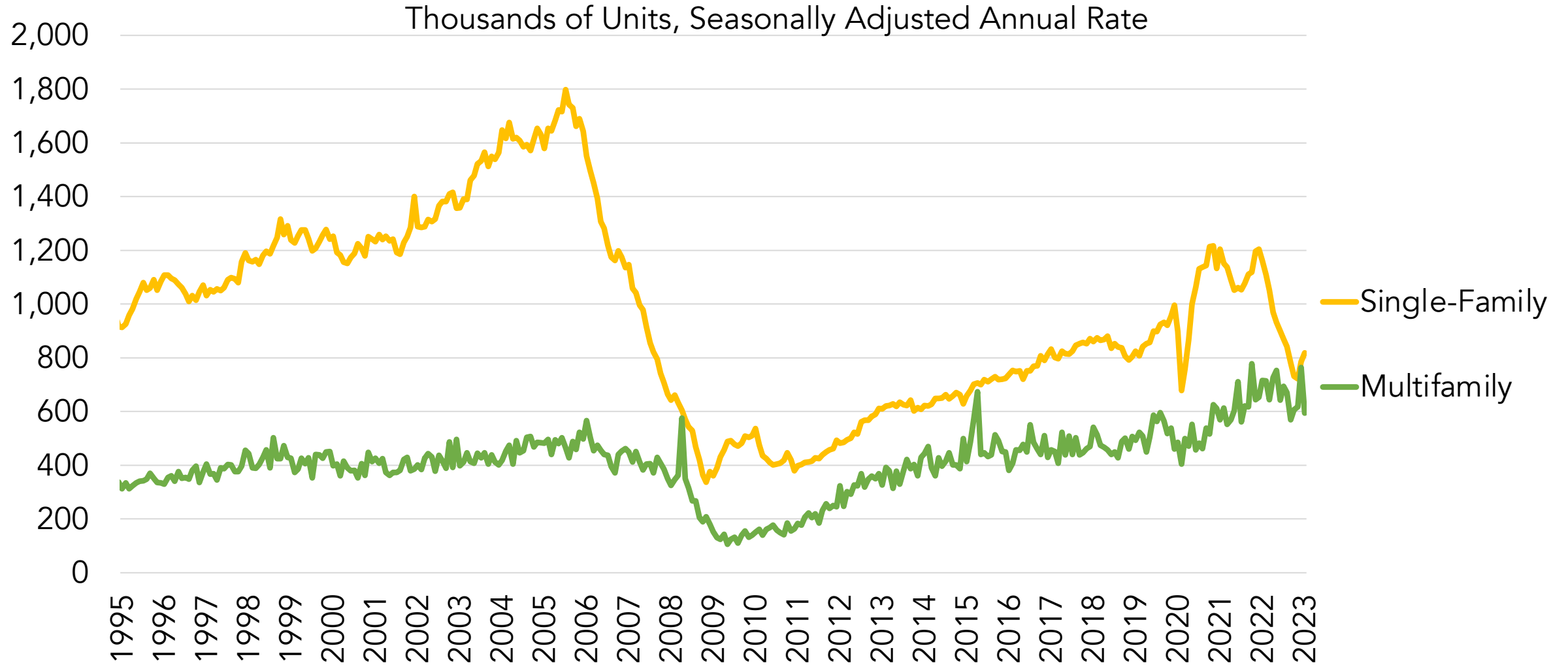
S&P Case-Shiller Home Price Index by Metro Area

1-Month % Change, January 2023



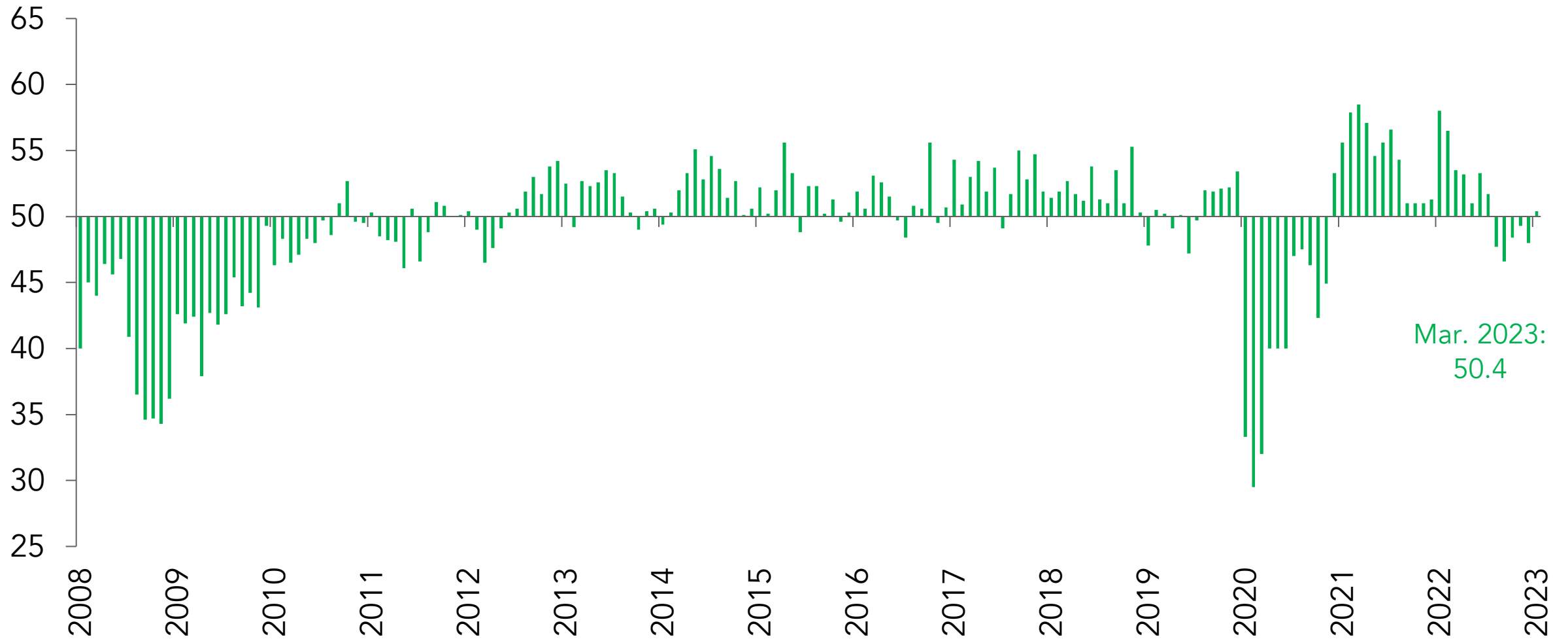
U.S. Residential Building Permits

1995 – March 2023



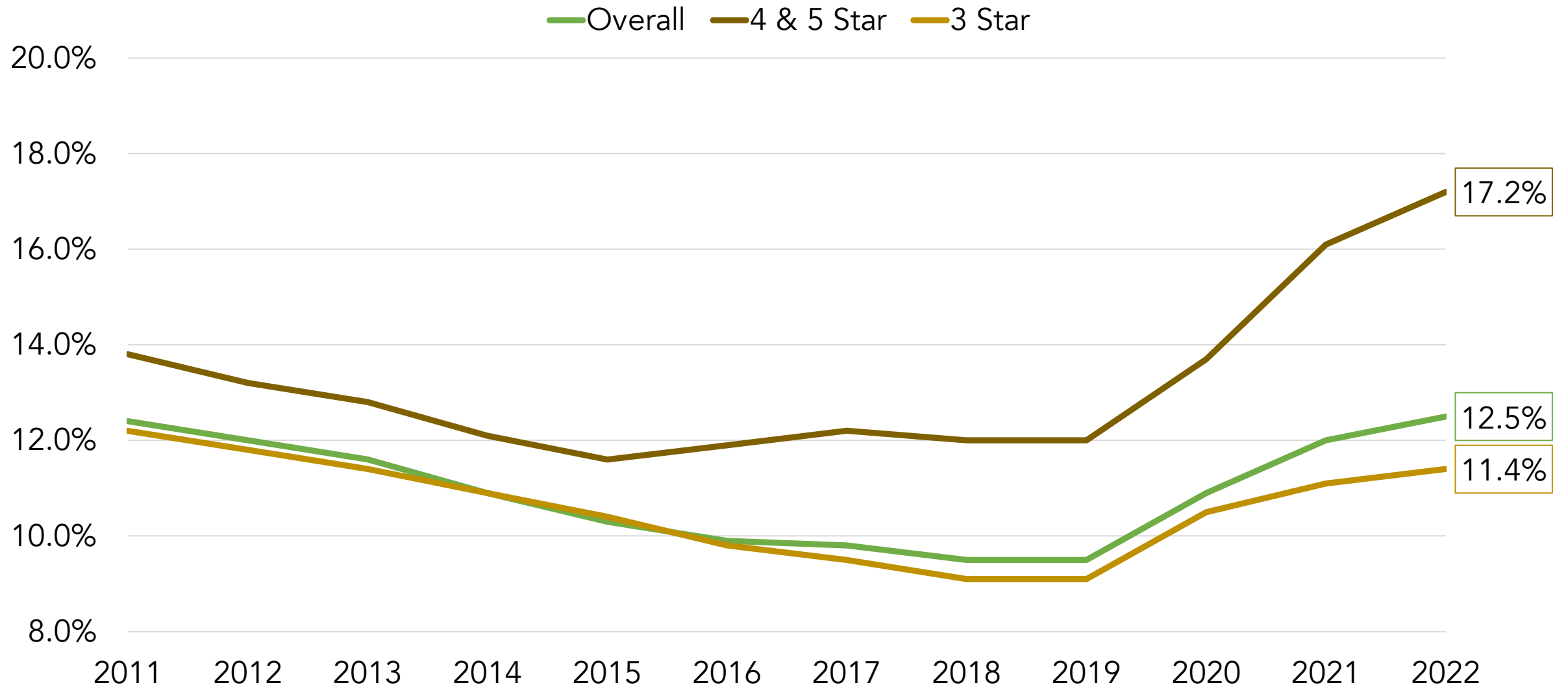
Architecture Billings Index

2008 – March 2023



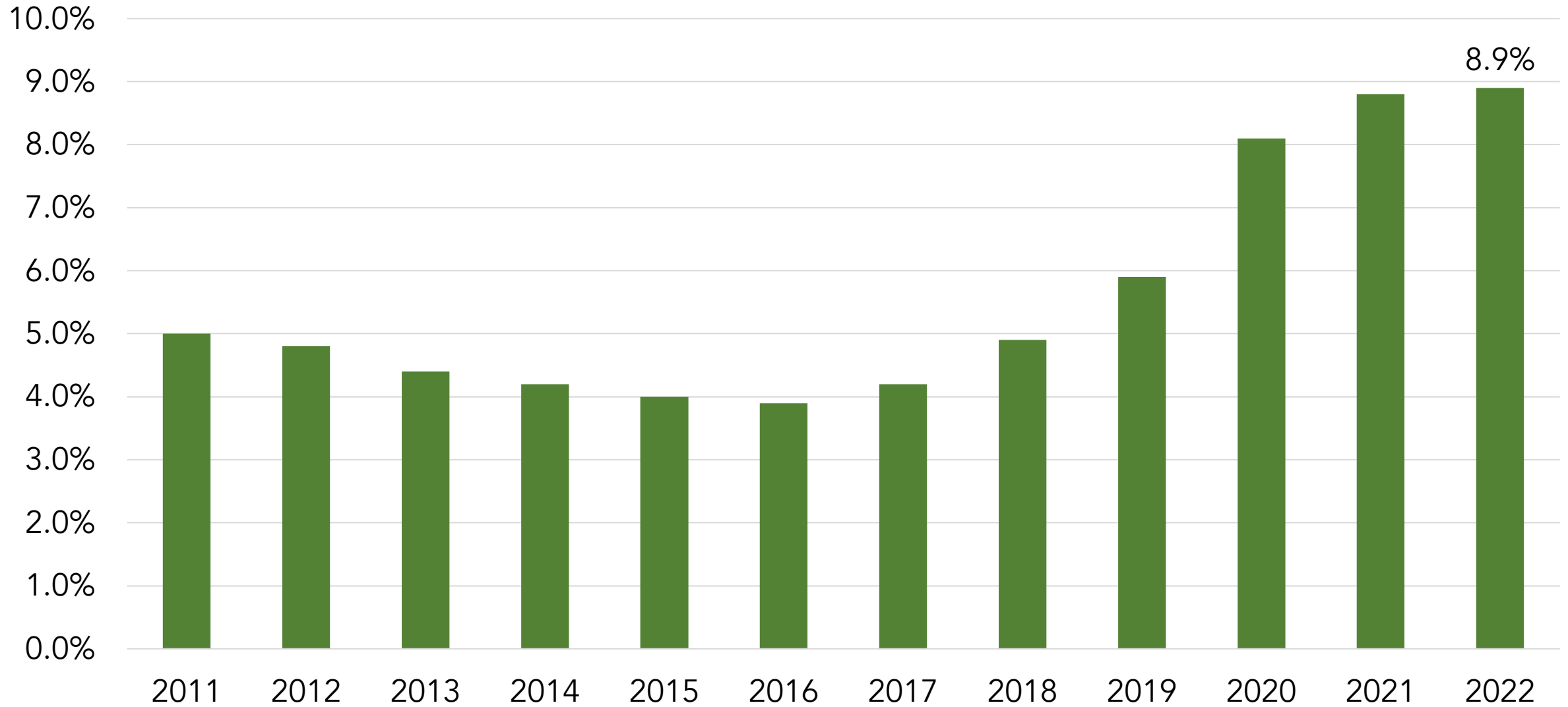
Mar. 2023:
50.4

U.S. Office Vacancy, 2011 – 2022



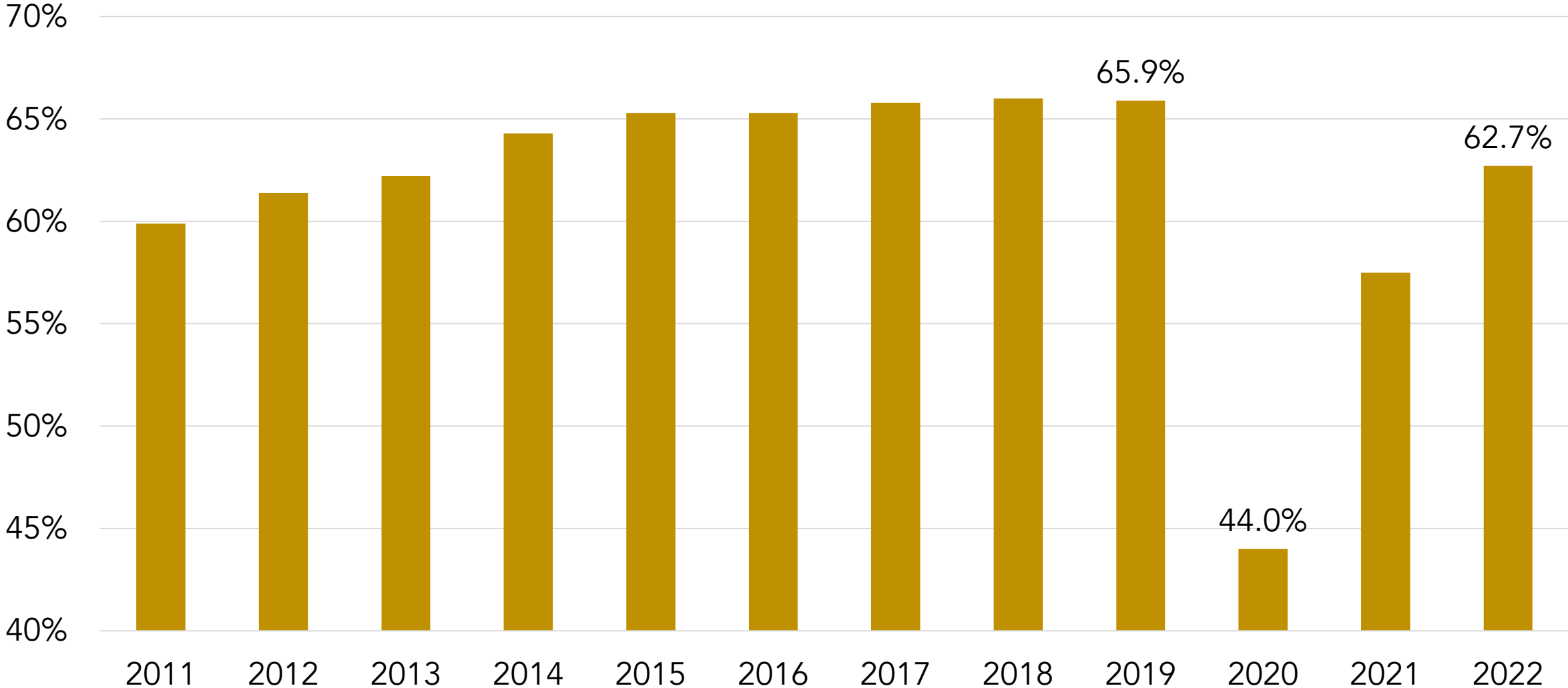
Source: Costar

U.S. Retail Space Vacancy: Malls, 2011 – 2022



Source: Costar

U.S. Hotel Occupancy, 2011 – 2022



Source: Costar

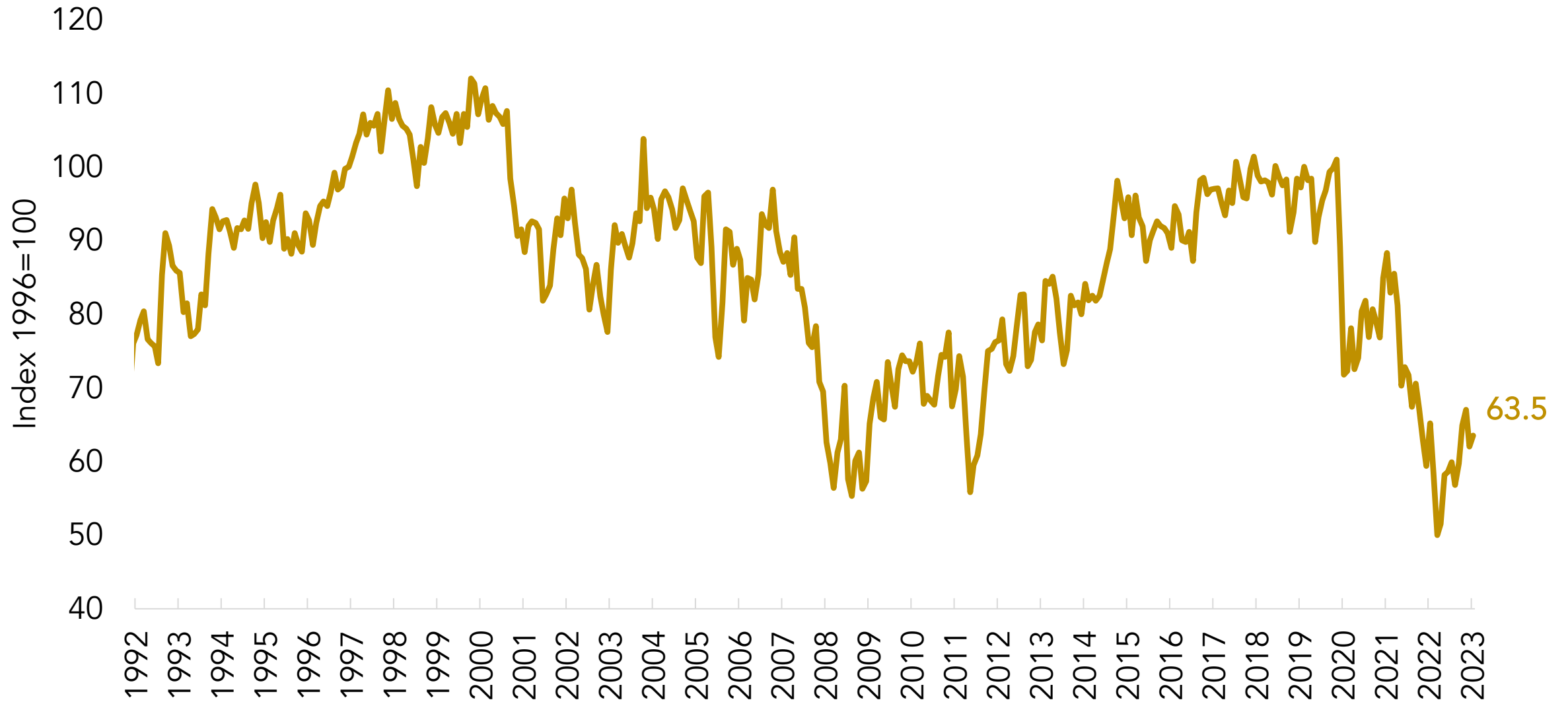


Edge of Tomorrow



University of Michigan Index of Consumer Sentiment

1992 – April 2023

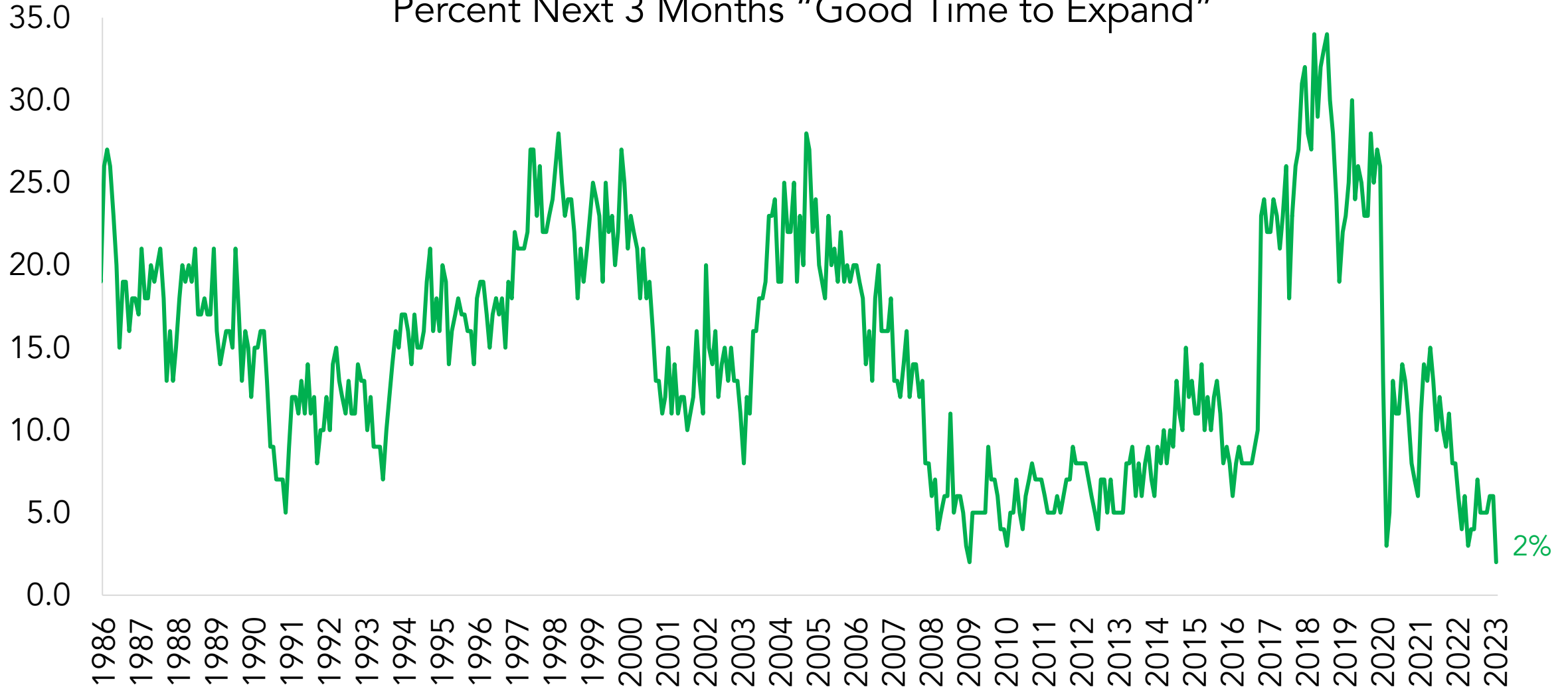


Source: University of Michigan

NFIB Index of Small Business Optimism: Good Time to Expand

1986 – March 2023

Percent Next 3 Months "Good Time to Expand"



Source: National Federation of Independent Business (NFIB)

Business Inventories

1965 – February 2023

\$ Billions

\$2,500

\$2,000

\$1,500

\$1,000

\$500

\$0

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

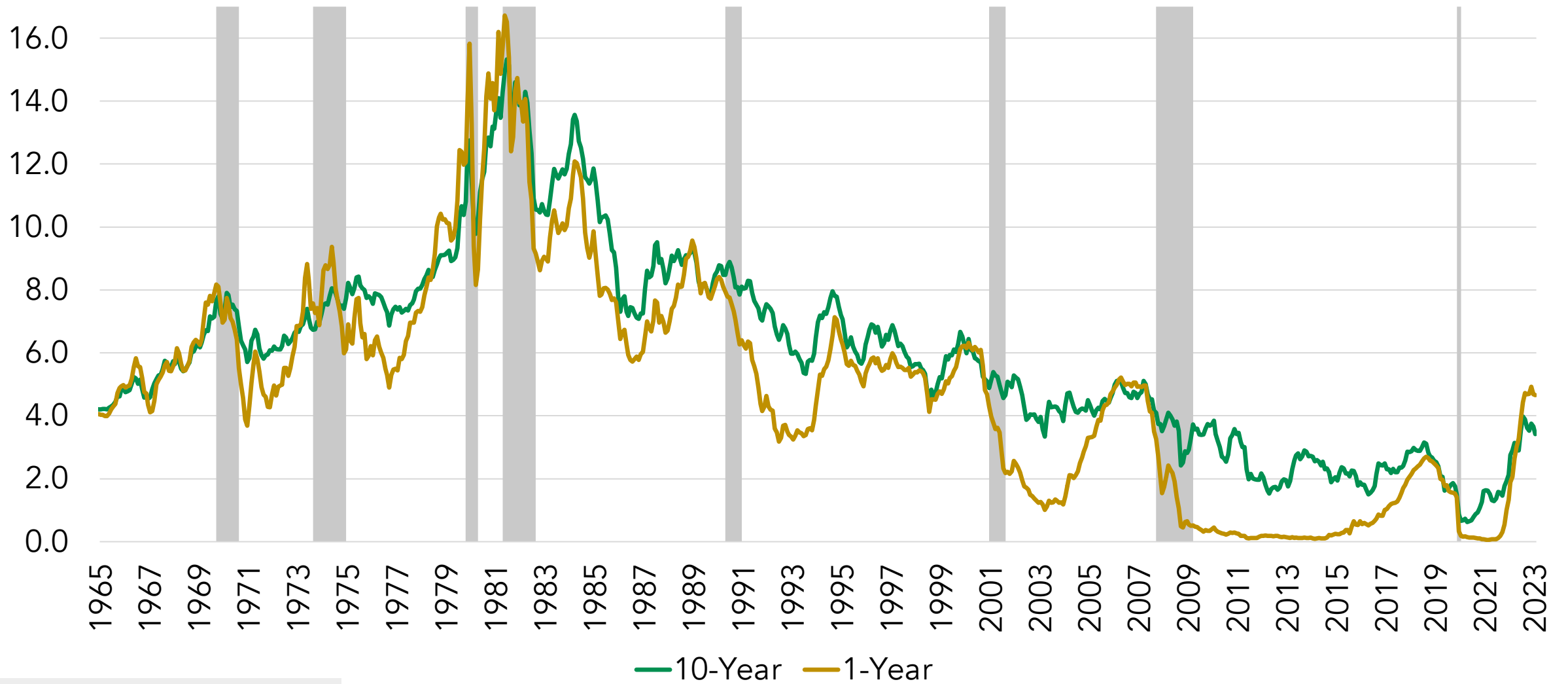
■ Merchant Wholesalers

■ Retailers

■ Manufacturers

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

1965 – April 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

