

# To All The Economists I've Loved Before



**By: Anirban Basu**  
**Sage Policy Group, Inc.**

On Behalf of  
The Maryland Government Finance Officers  
Association Fall Conference

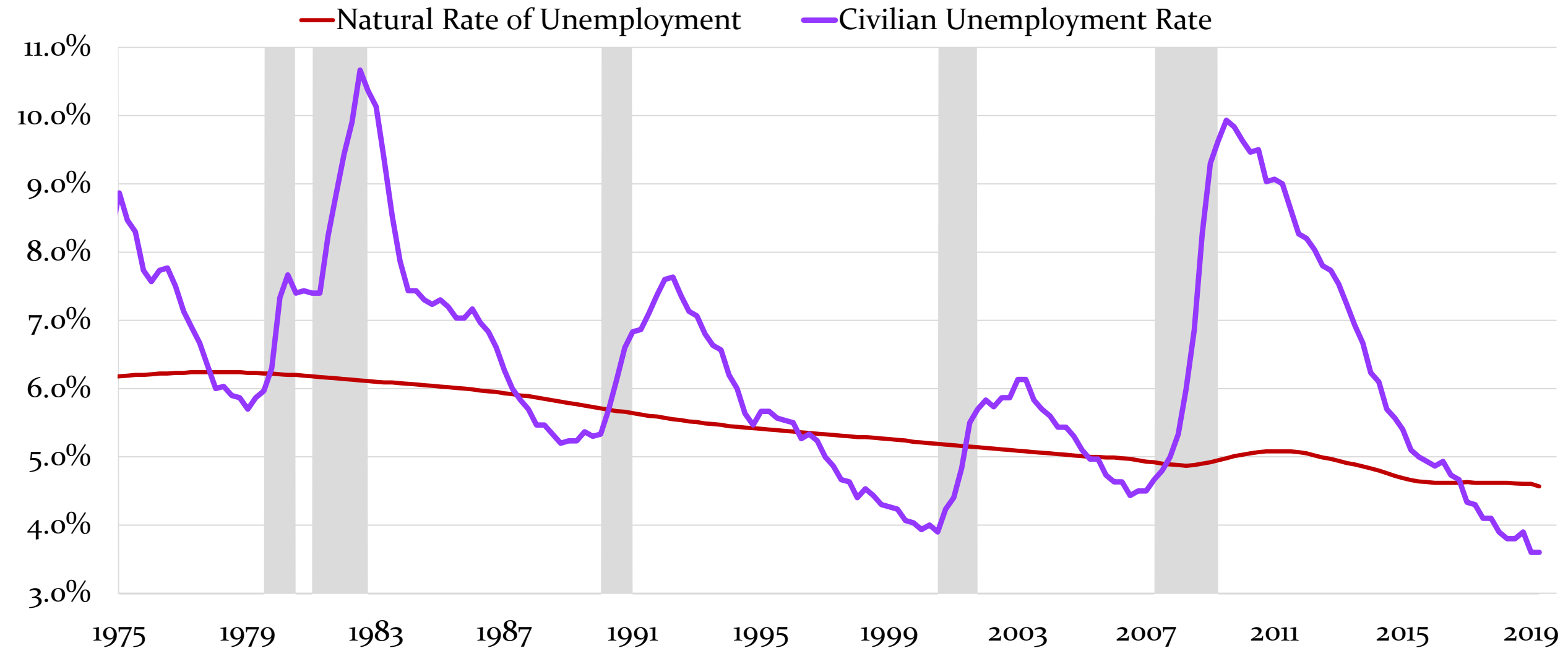
October 25<sup>th</sup>, 2019

**“There is always some chance  
of recession in any year. But the  
evidence suggests that  
expansions don't die of old  
age.”**

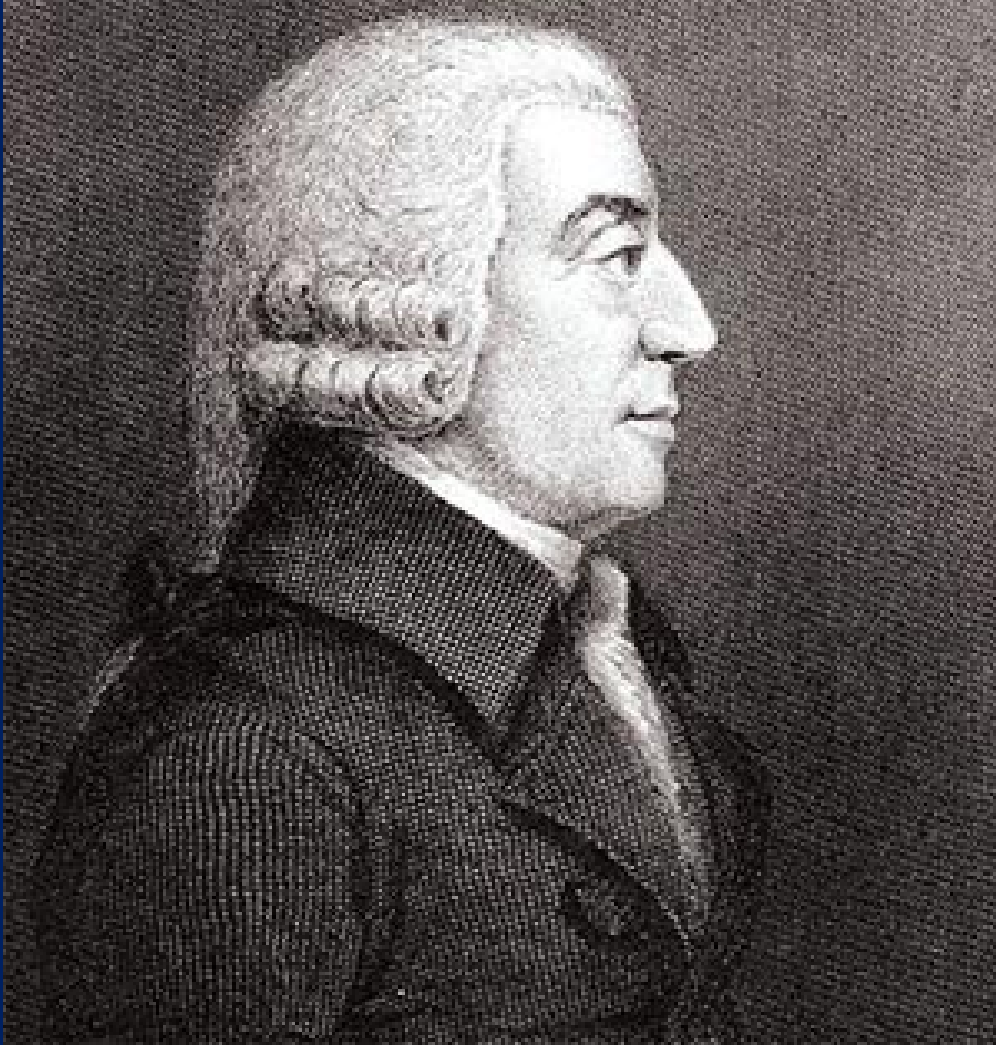
**–Janet Yellen**



# U.S. Unemployment & Natural Rate of Unemployment



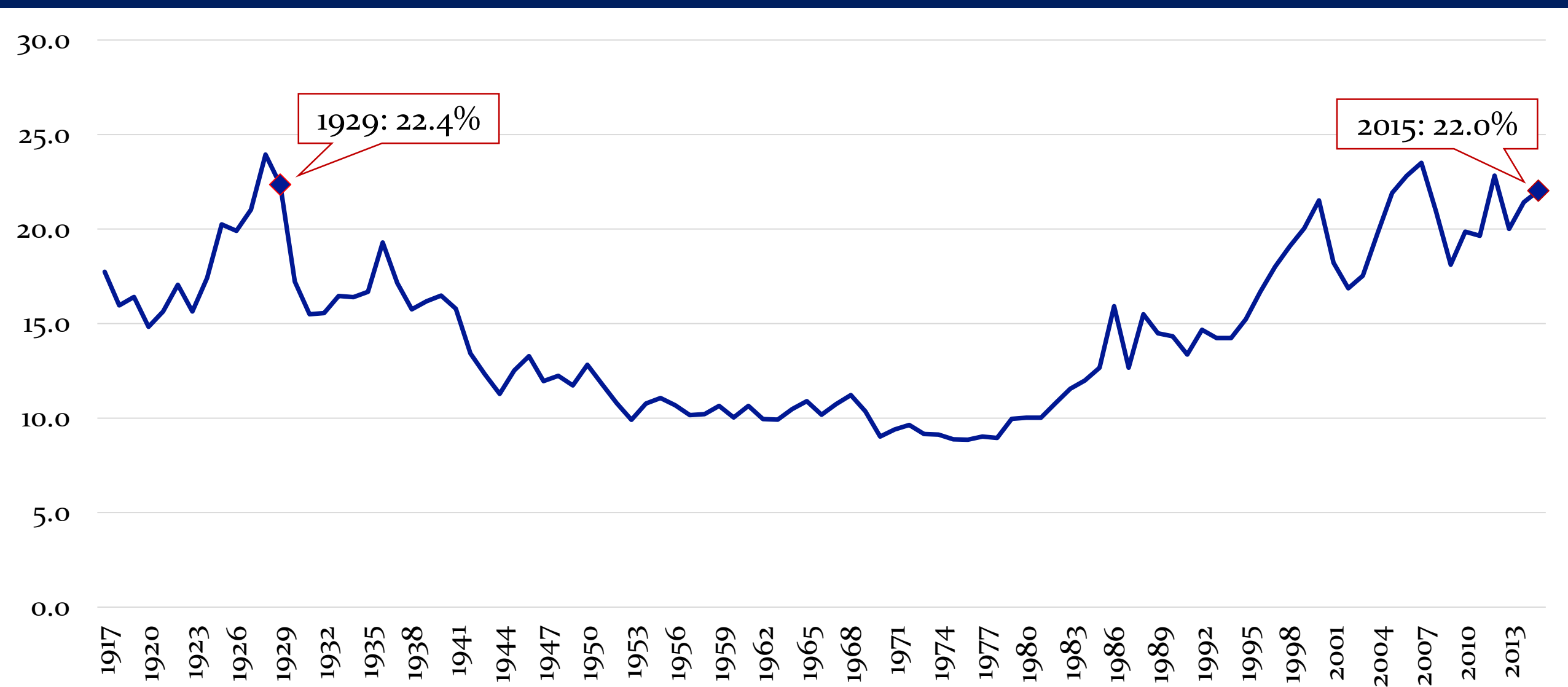
Shaded areas indicate U.S. Recessions



**“No society can surely be flourishing and happy, of which the far greater part of the members are poor and miserable.”**

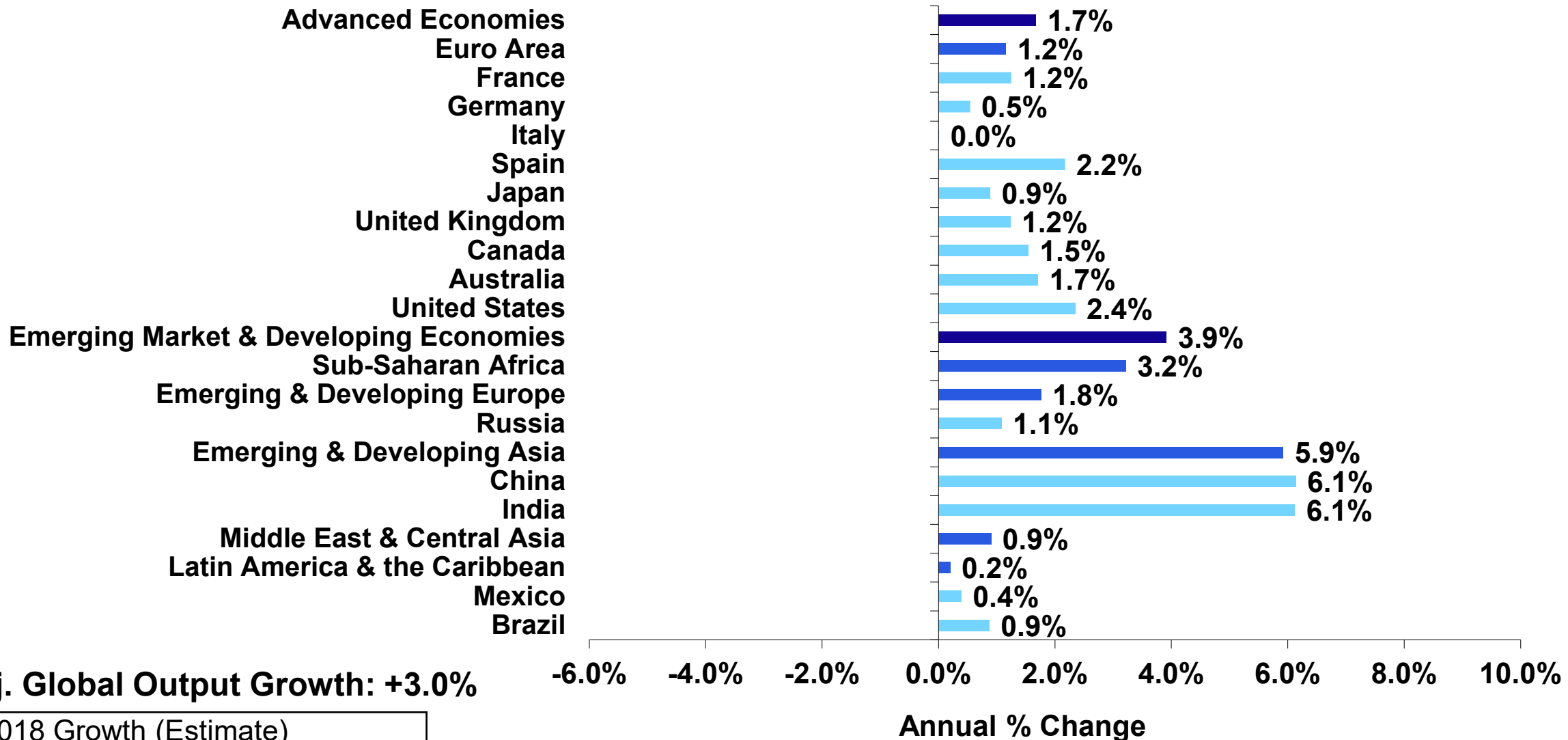
**–Adam Smith**

# Share of all Income Held by the Top 1% in the U.S., 1917-2015

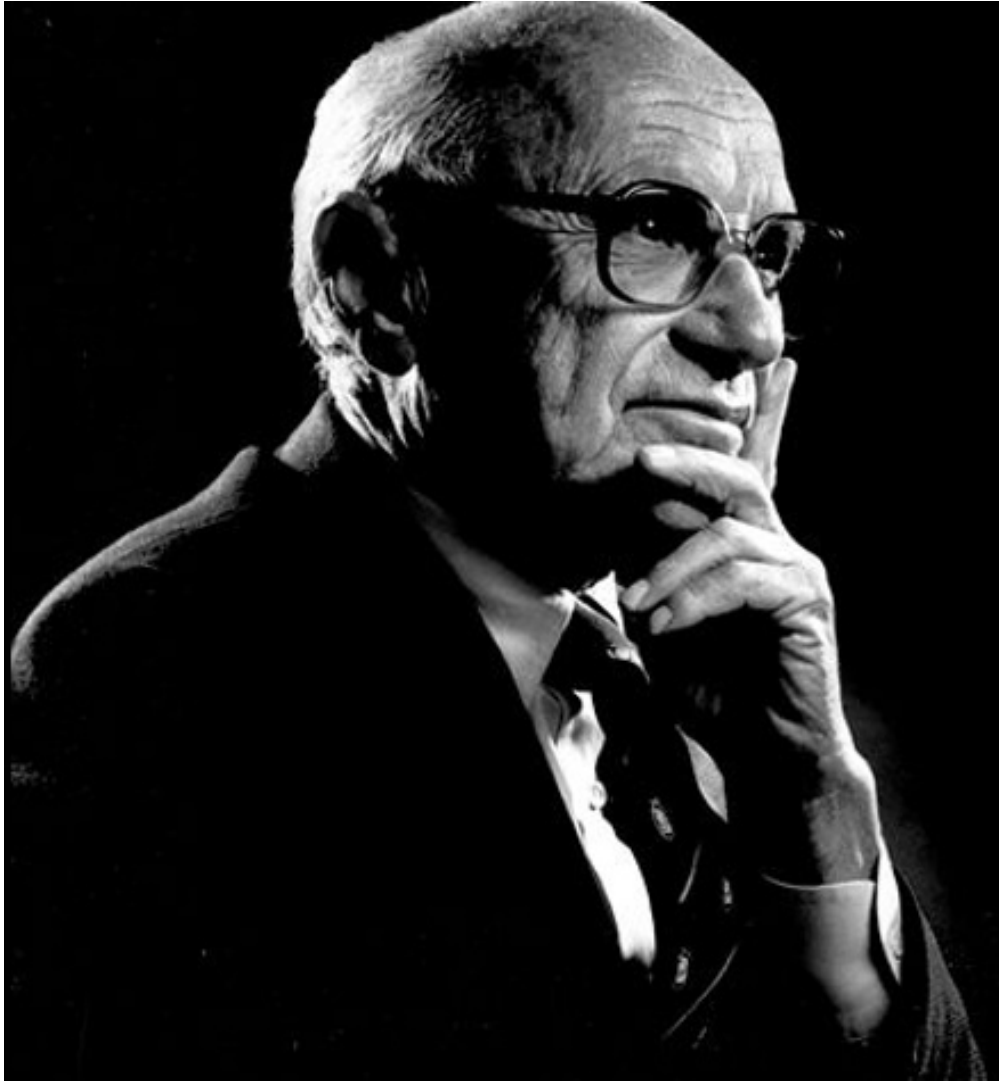


# Estimated Growth in Output by Select Global Areas

2019 Projected



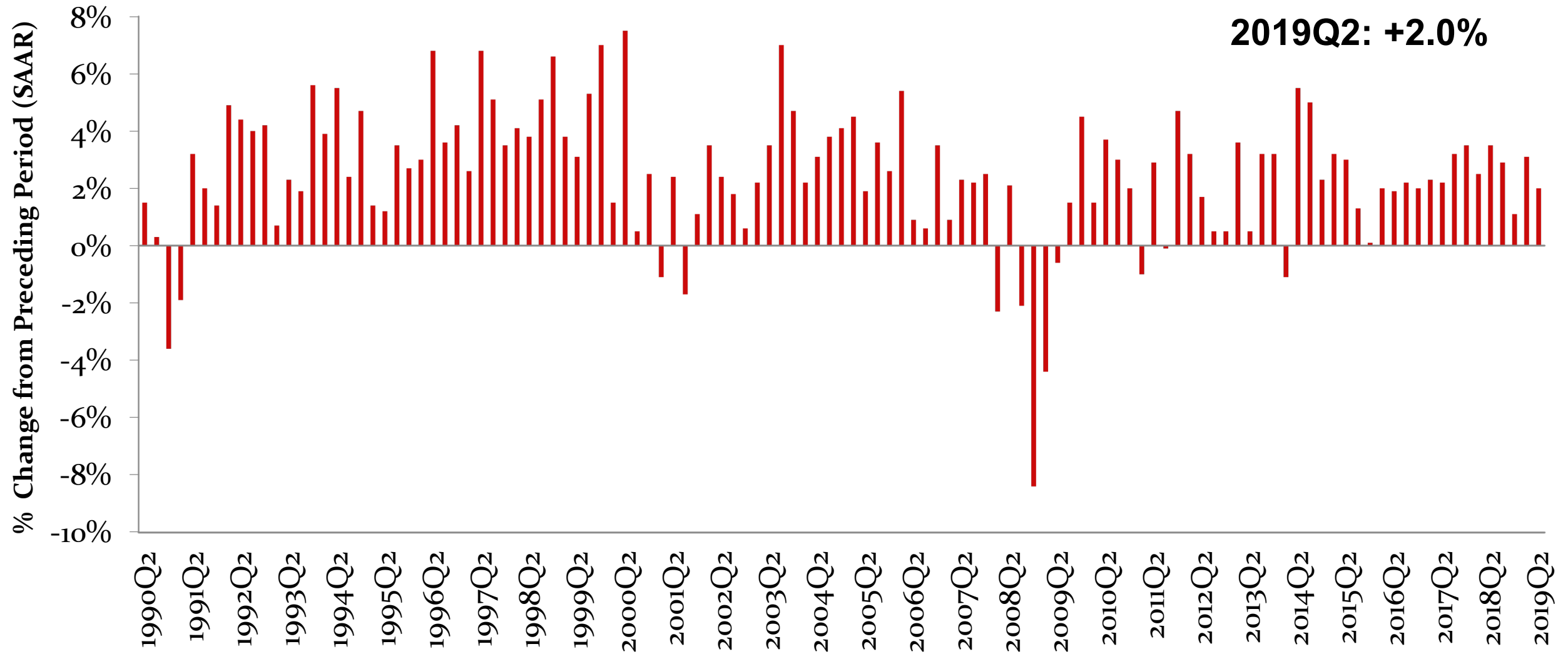
2018 Growth (Estimate)	
World: 3.6%	Euro Area: 1.9%
United States: 2.9%	Japan: 0.8%



**“Inflation is the one form of  
taxation that can be imposed  
without legislation.”  
–Milton Friedman**

# Gross Domestic Product

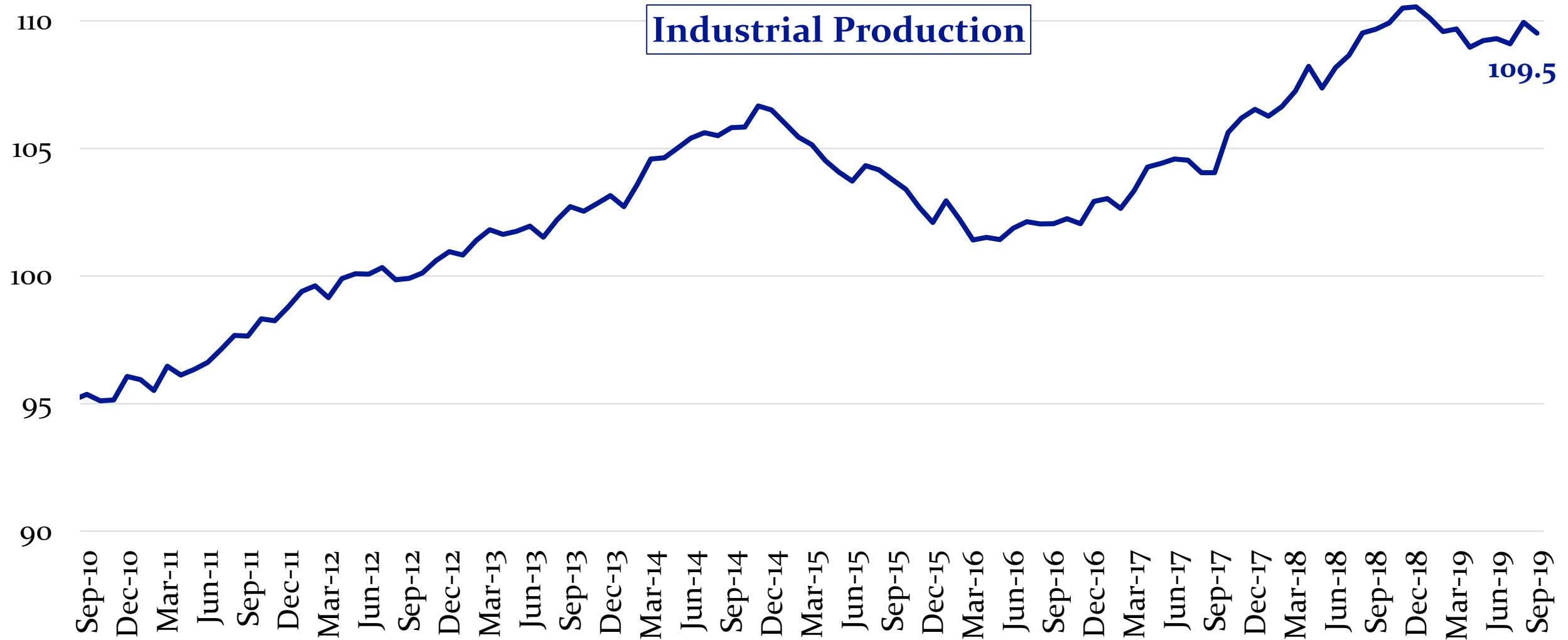
## 1990Q2 through 2019Q2\*





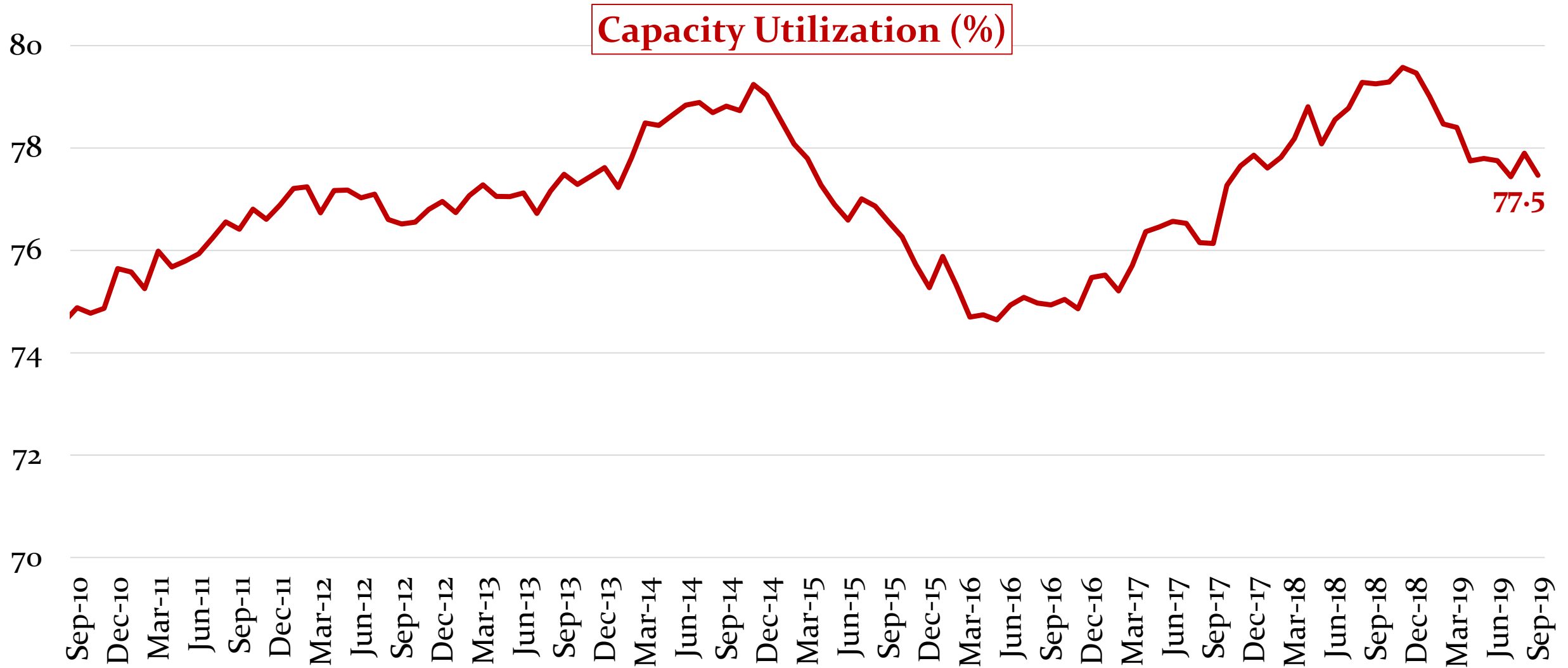
# U.S. Industrial Production Index

September 2010 – September 2019



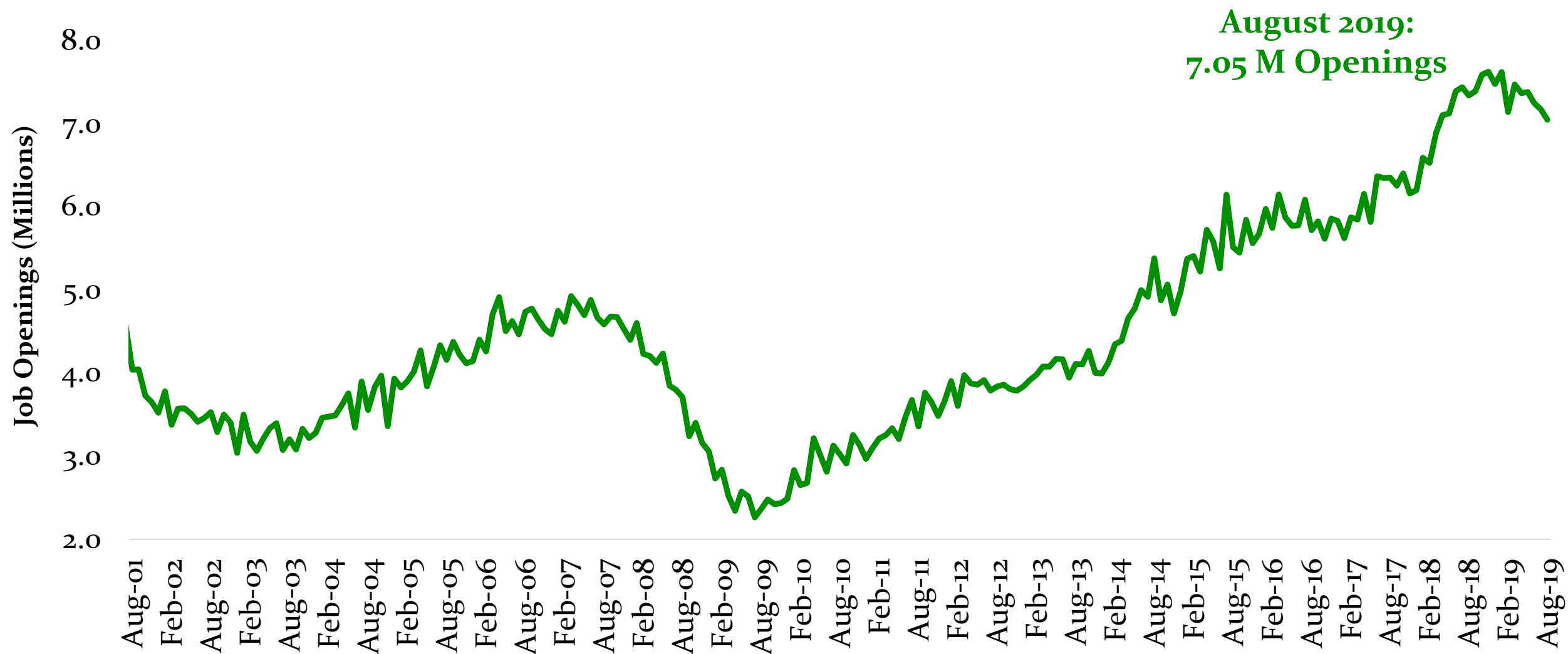
# U.S. Capacity Utilization Index

September 2010 – September 2019



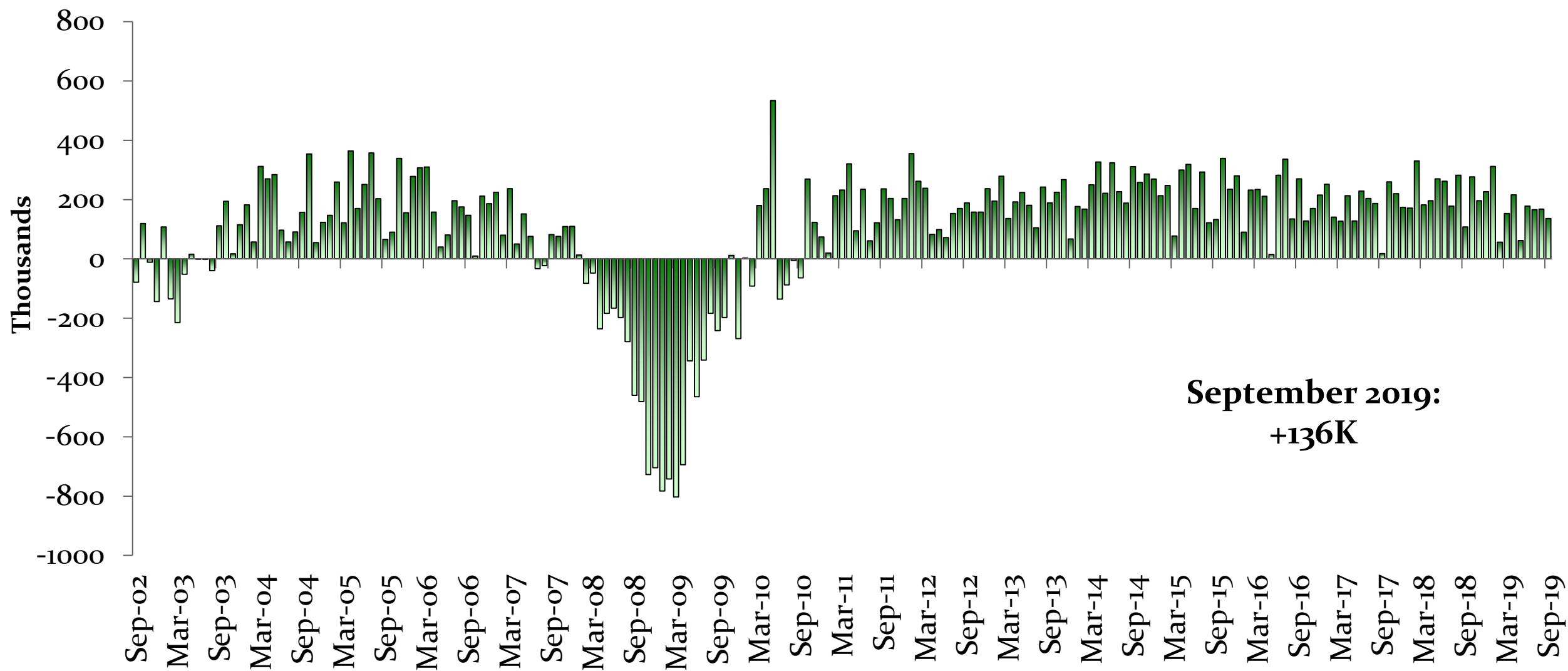
# U.S. Job Openings

August 2001 through August 2019



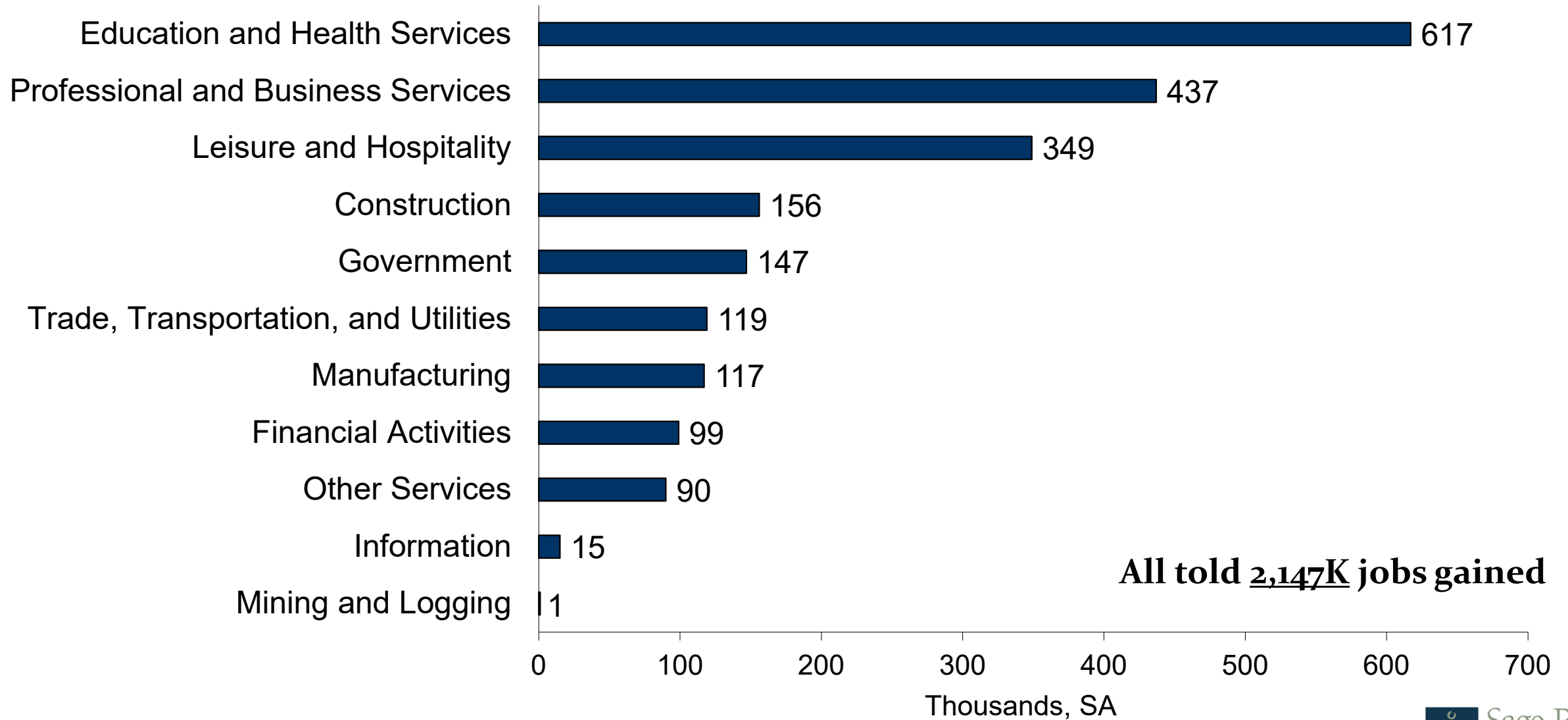
# Net Change in U.S. Jobs

*September 2002 through September 2019*



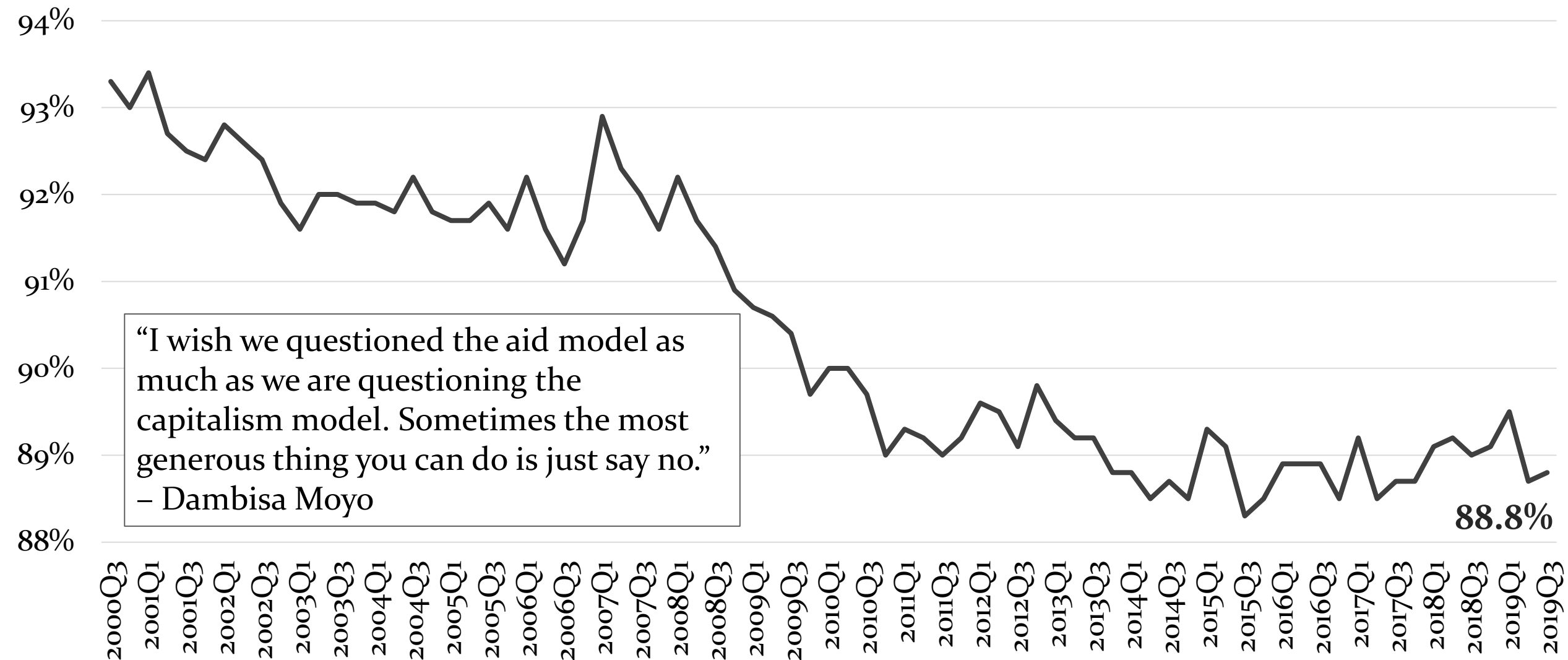
# National Nonfarm Employment

*by Industry Sector, September 2018 v. September 2019*



# U.S. Labor Force Participation: Men Ages 25-34

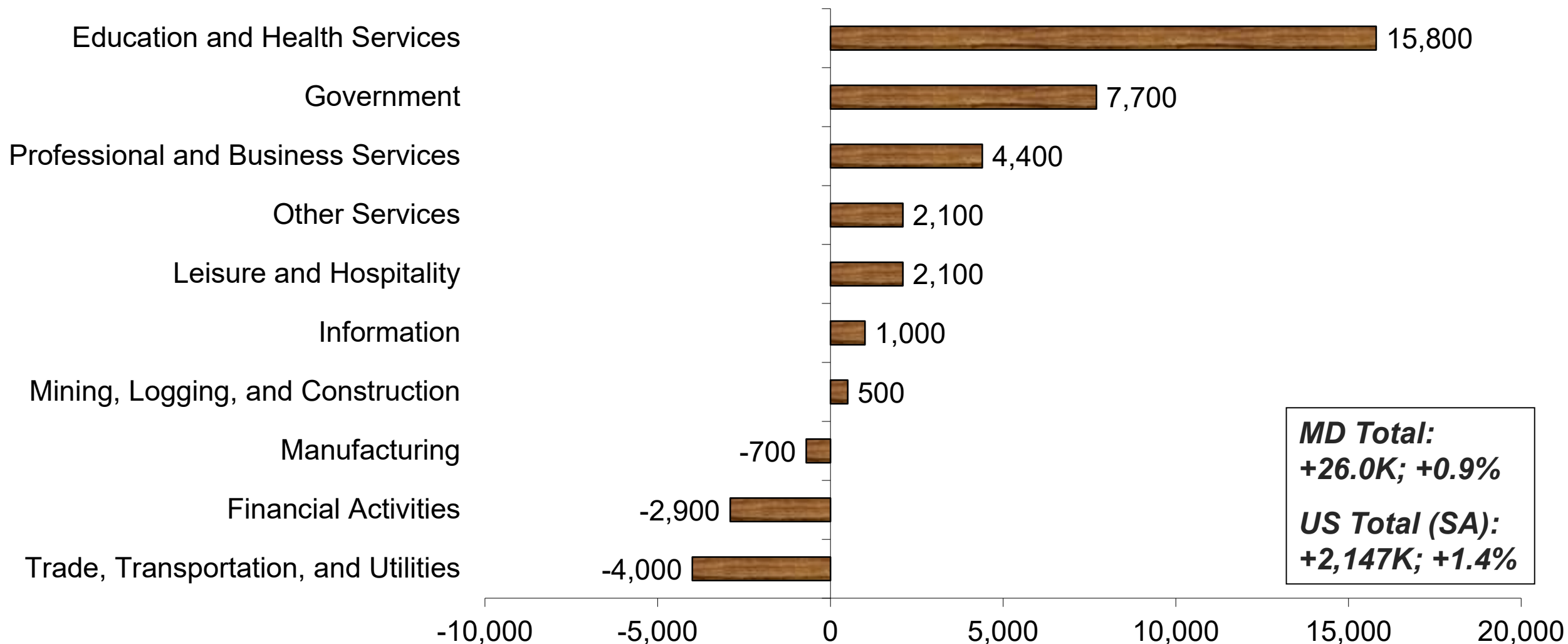
2000 – 2019



# Maryland Nonfarm Employment

by Industry Sector Groups (SA)

September 2018 v. September 2019 Absolute Change

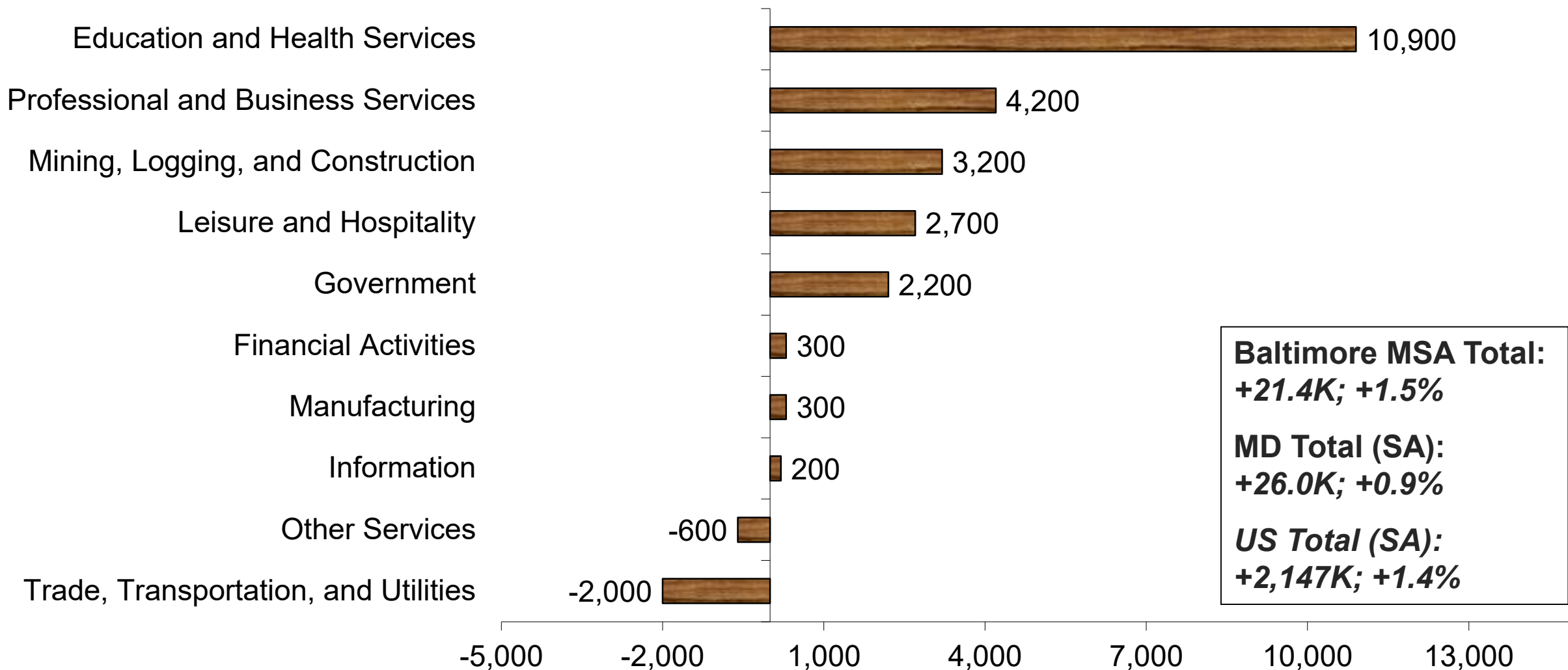


\*According to the Local Area Unemployment Statistics (LAUS) series  
MD added 61,226 jobs between September 2018 and September 2019.

# Baltimore-Columbia-Towson MSA Nonfarm Employment

by Industry Sector Groups (NSA)

September 2018 v. September 2019 Absolute Change

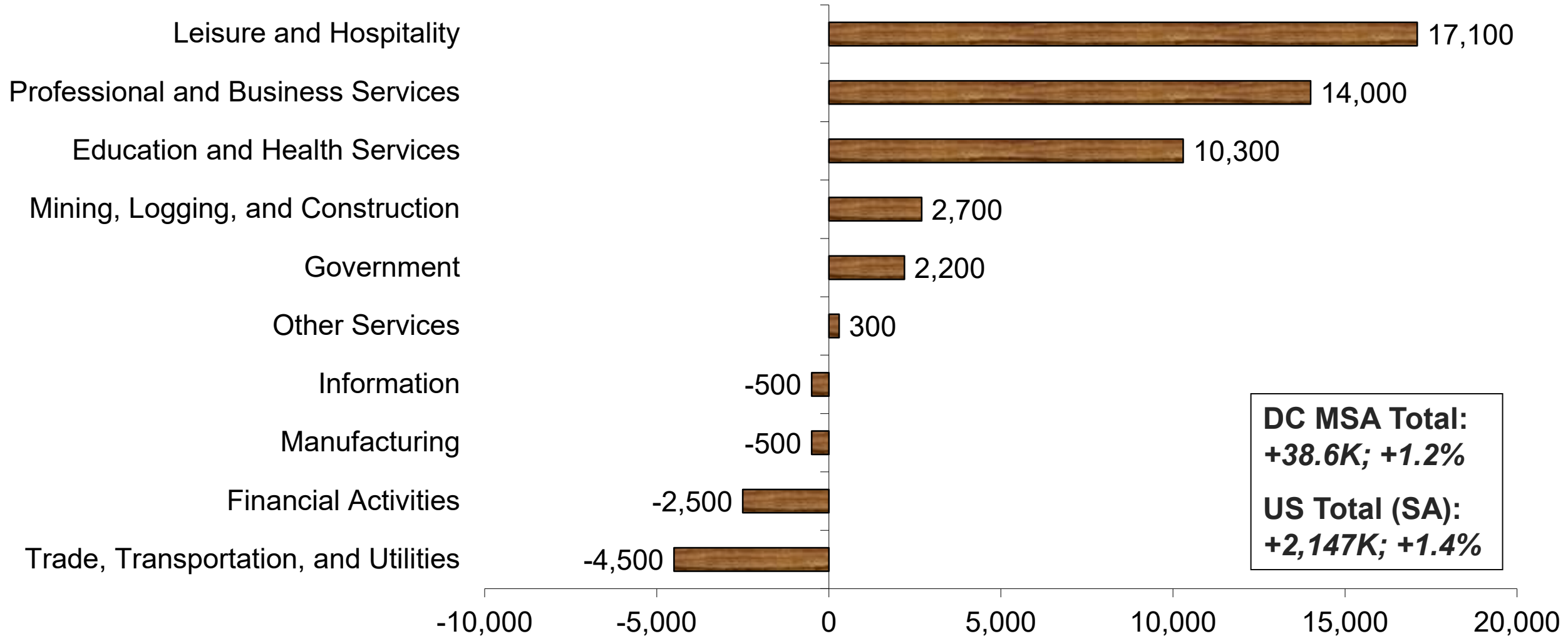




# Washington, DC-Arlington-Alexandria MSA Nonfarm Employment

by Industry Sector Groups (NSA)

September 2018 v. September 2019 Absolute Change



# Employment Growth, U.S. States (SA)

September 2018 v. September 2019 Percent Change

RANK	STATE	%	RANK	STATE	%	RANK	STATE	%
1	NEVADA	3.2	17	TENNESSEE	1.6	32	MONTANA	1.0
2	IDAHO	3.1	19	KANSAS	1.5	<b>36</b>	<b>MARYLAND</b>	<b>0.9</b>
3	UTAH	3.0	19	MISSISSIPPI	1.5	37	IOWA	0.8
4	WASHINGTON	2.7	19	RHODE ISLAND	1.5	37	NEBRASKA	0.8
5	FLORIDA	2.5	22	KENTUCKY	1.4	37	WEST VIRGINIA	0.8
6	TEXAS	2.4	23	ARKANSAS	1.3	40	INDIANA	0.7
7	ARIZONA	2.3	23	NEW HAMPSHIRE	1.3	41	MICHIGAN	0.6
7	NORTH CAROLINA	2.3	25	VERMONT	1.2	41	VIRGINIA	0.6
9	ALABAMA	2.2	25	WYOMING	1.2	43	CONNECTICUT	0.5
9	NEW MEXICO	2.2	27	HAWAII	1.1	43	MAINE	0.5
11	COLORADO	2.1	27	ILLINOIS	1.1	43	PENNSYLVANIA	0.5
12	SOUTH CAROLINA	2.0	27	MISSOURI	1.1	46	OHIO	0.4
13	CALIFORNIA	1.9	27	NEW JERSEY	1.1	46	WISCONSIN	0.4
14	DELAWARE	1.8	27	NEW YORK	1.1	48	LOUISIANA	0.3
14	SOUTH DAKOTA	1.8	32	ALASKA	1.0	48	NORTH DAKOTA	0.3
16	GEORGIA	1.7	32	DISTRICT OF COLUMBIA	1.0	50	MINNESOTA	0.2
17	OREGON	1.6	32	MASSACHUSETTS	1.0	50	OKLAHOMA	0.2

**U.S. Year-over-year Percent Change: +1.4%**

# Employment Growth, 25 Largest Metros (NSA)

*September 2018 v. September 2019 Percent Change*

Rank	MSA	%	Rank	MSA	%
1	Orlando-Kissimmee-Sanford, FL	3.7	13	St. Louis, MO-IL	1.9
2	Seattle-Tacoma-Bellevue, WA	3.3	15	Portland-Vancouver-Hillsboro, OR-WA	1.8
3	Dallas-Fort Worth-Arlington, TX	3.2	16	Denver-Aurora-Lakewood, CO	1.6
4	Houston-The Woodlands-Sugar Land, TX	2.7	<b>17</b>	<b>Baltimore-Columbia-Towson, MD</b>	<b>1.5</b>
5	San Antonio-New Braunfels, TX	2.6	18	Boston-Cambridge-Nashua, MA-NH	1.3
5	San Francisco-Oakland-Hayward, CA	2.6	19	Los Angeles-Long Beach-Anaheim, CA	1.2
7	Phoenix-Mesa-Scottsdale, AZ	2.4	<b>19</b>	<b>Washington-Arlington-Alexandria, DC-VA-MD-WV</b>	<b>1.2</b>
8	Charlotte-Concord-Gastonia, NC-SC	2.3	21	New York-Newark-Jersey City, NY-NJ-PA	1.1
8	Riverside-San Bernardino-Ontario, CA	2.3	21	Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	1.1
10	San Diego-Carlsbad, CA	2.1	23	Chicago-Naperville-Elgin, IL-IN-WI	0.9
11	Miami-Fort Lauderdale-West Palm Beach, FL	2.0	24	Detroit-Warren-Dearborn, MI	0.0
11	Tampa-St. Petersburg-Clearwater, FL	2.0	25	Minneapolis-St. Paul-Bloomington, MN-WI	-0.2
13	Atlanta-Sandy Springs-Roswell, GA	1.9			

# Unemployment Rates, 25 Largest Metros (NSA)

August 2019

Rank	MSA	UR	Rank	MSA	UR
1	Boston-Cambridge-Nashua, MA-NH	2.6	11	Tampa-St. Petersburg-Clearwater, FL	3.5
1	Denver-Aurora-Lakewood, CO	2.6	14	Seattle-Tacoma-Bellevue, WA	3.6
3	San Francisco-Oakland-Hayward, CA	2.7	15	Chicago-Naperville-Elgin, IL-IN-WI	3.7
4	Minneapolis-St. Paul-Bloomington, MN-WI	2.9	16	Charlotte-Concord-Gastonia, NC-SC	3.9
5	Orlando-Kissimmee-Sanford, FL	3.2	16	Houston-The Woodlands-Sugar Land, TX	3.9
5	San Antonio-New Braunfels, TX	3.2	16	New York-Newark-Jersey City, NY-NJ-PA	3.9
<b>5</b>	<b>Washington-Arlington-Alexandria, DC-VA-MD-WV</b>	<b>3.2</b>	<b>19</b>	<b>Baltimore-Columbia-Towson, MD</b>	<b>4.0</b>
			20	Los Angeles-Long Beach-Anaheim, CA	4.3
8	Dallas-Fort Worth-Arlington, TX	3.3	20	Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	4.3
8	St. Louis, MO-IL (1)	3.3	20	Portland-Vancouver-Hillsboro, OR-WA	4.3
10	San Diego-Carlsbad, CA	3.4	23	Riverside-San Bernardino-Ontario, CA	4.4
11	Atlanta-Sandy Springs-Roswell, GA	3.5	24	Detroit-Warren-Dearborn, MI	4.5
11	Miami-Fort Lauderdale-West Palm Beach, FL	3.5	25	Phoenix-Mesa-Scottsdale, AZ	4.7

**U.S. Unemployment Rate**

**Aug: 3.7% Sep: 3.5%**

# Maryland Unemployment Rates by County

August 2019

Rank	Jurisdiction	%	Rank	Jurisdiction	%
1	Howard County	2.9	13	Baltimore County	4.0
2	Montgomery County	3.0	13	Prince George's County	4.0
3	Carroll County	3.2	13	St. Mary's County	4.0
4	Frederick County	3.3	16	Charles County	4.2
4	Queen Anne's County	3.3	17	Cecil County	4.4
4	Talbot County	3.3	18	Garrett County	4.6
7	Anne Arundel County	3.4	18	Wicomico County	4.6
8	Calvert County	3.5	20	Dorchester County	4.9
9	Caroline County	3.7	21	Worcester County	5.0
9	Harford County	3.7	22	Baltimore City	5.9
11	Kent County	3.8	23	Allegany County	6.0
12	Washington County	3.9	24	Somerset County	6.4

**Maryland: 3.8%**

# Per Capita County Revenues, FY2018

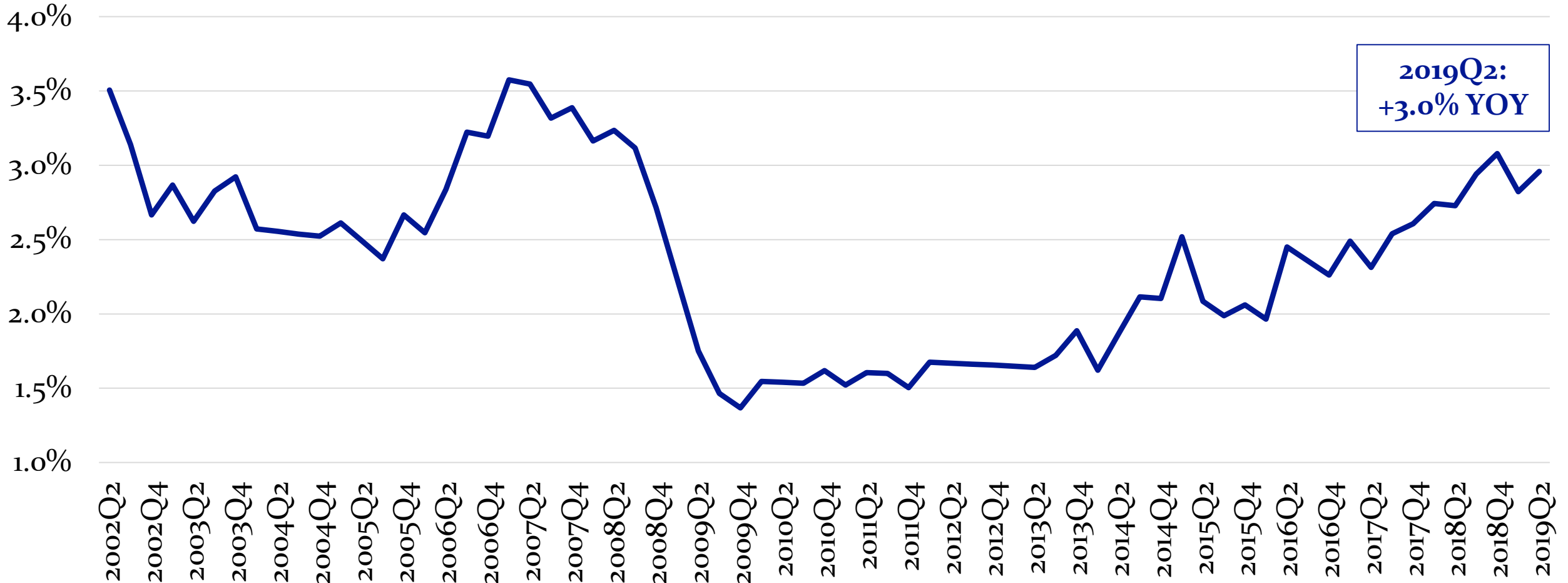
County	Per Capita Revenues	County	Per Capita Revenues
Montgomery County	\$6,658	Harford County	\$4,266
Howard County	\$6,563	Dorchester County	\$4,192
Baltimore City	\$6,324	Allegany County	\$4,110
Worcester County	\$5,254	St. Mary's County	\$4,106
Calvert County	\$5,122	Kent County	\$4,028
Charles County	\$5,076	Carroll County	\$4,018
Prince George's County	\$5,052	Caroline County	\$4,012
Frederick County	\$4,838	Wicomico County	\$3,994
Garrett County	\$4,765	Somerset County	\$3,813
Baltimore County	\$4,627	Cecil County	\$3,719
Anne Arundel County	\$4,582	Washington County	\$3,684
Queen Anne's County	\$4,522	Talbot County	\$3,533

**Statewide Avg.: \$5,234**

# Growth in Wages & Salaries

*Employment Cost Index (ECI), 2002Q2-2019Q2*

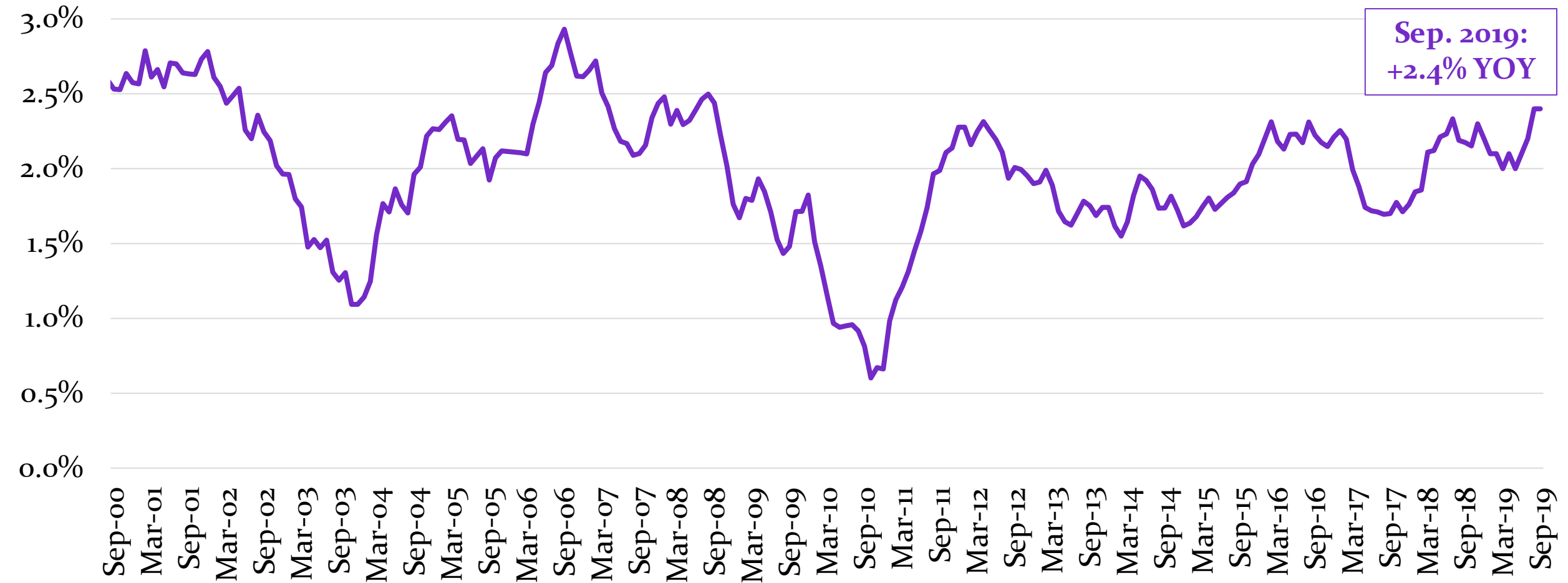
ECI for Wages & Salaries  
12-Month % Change



# Consumer Price Index: All Items Less Food & Energy

September 2000 – September 2019

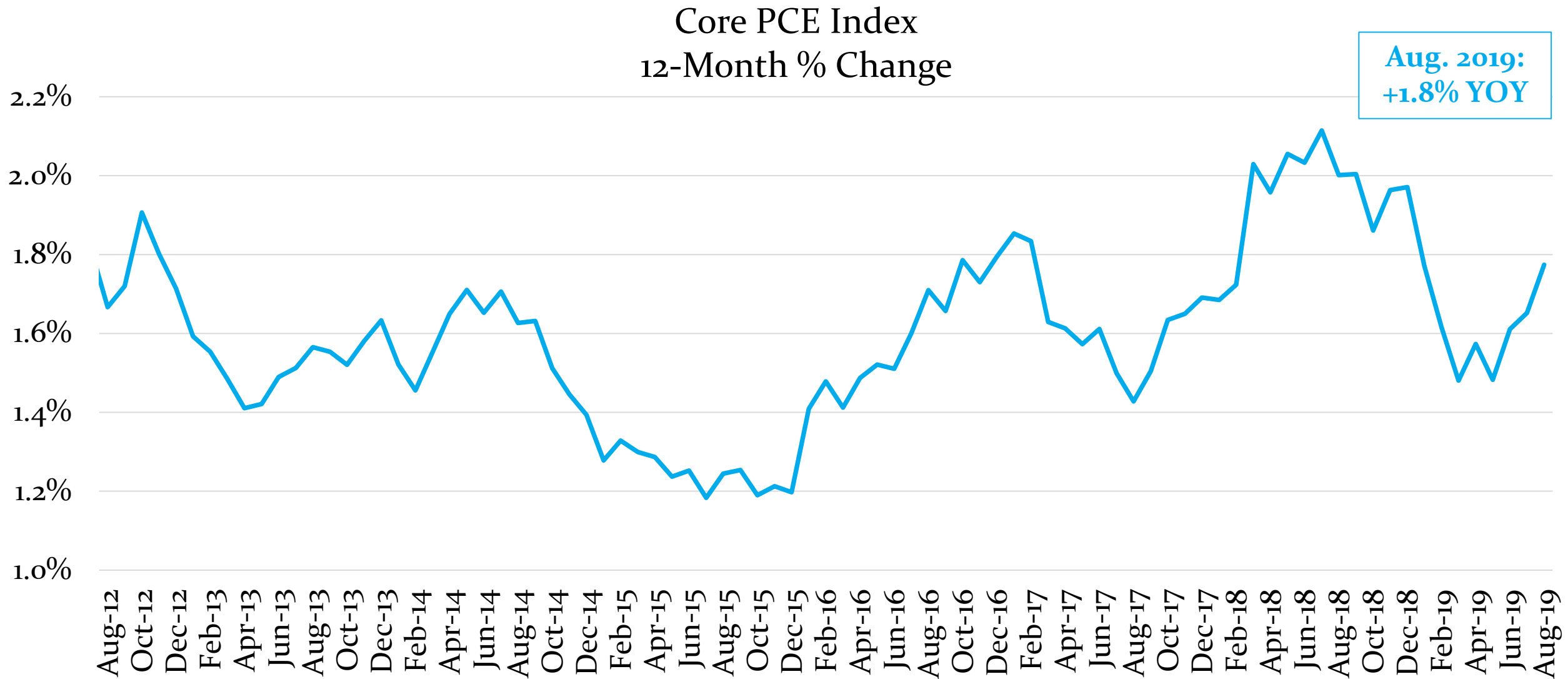
Core CPI (All Items Less Food & Energy)  
12-Month % Change

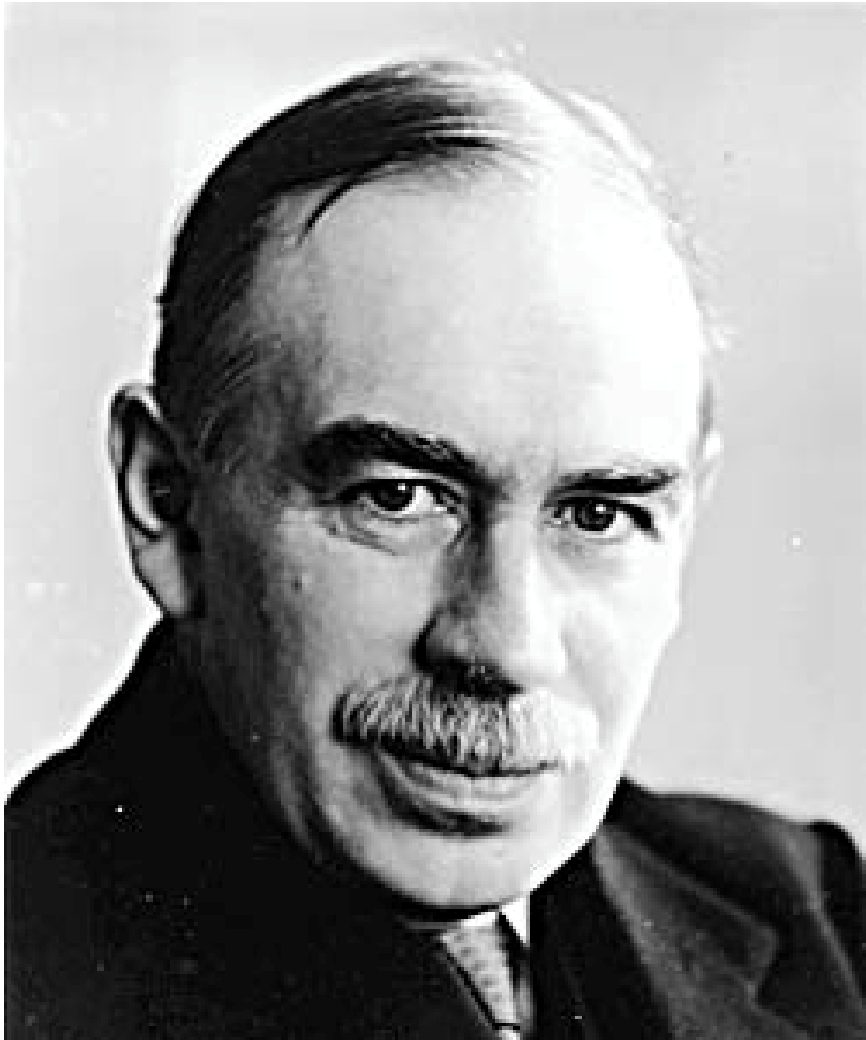




# Core PCE Deflator

August 2012 through August 2019



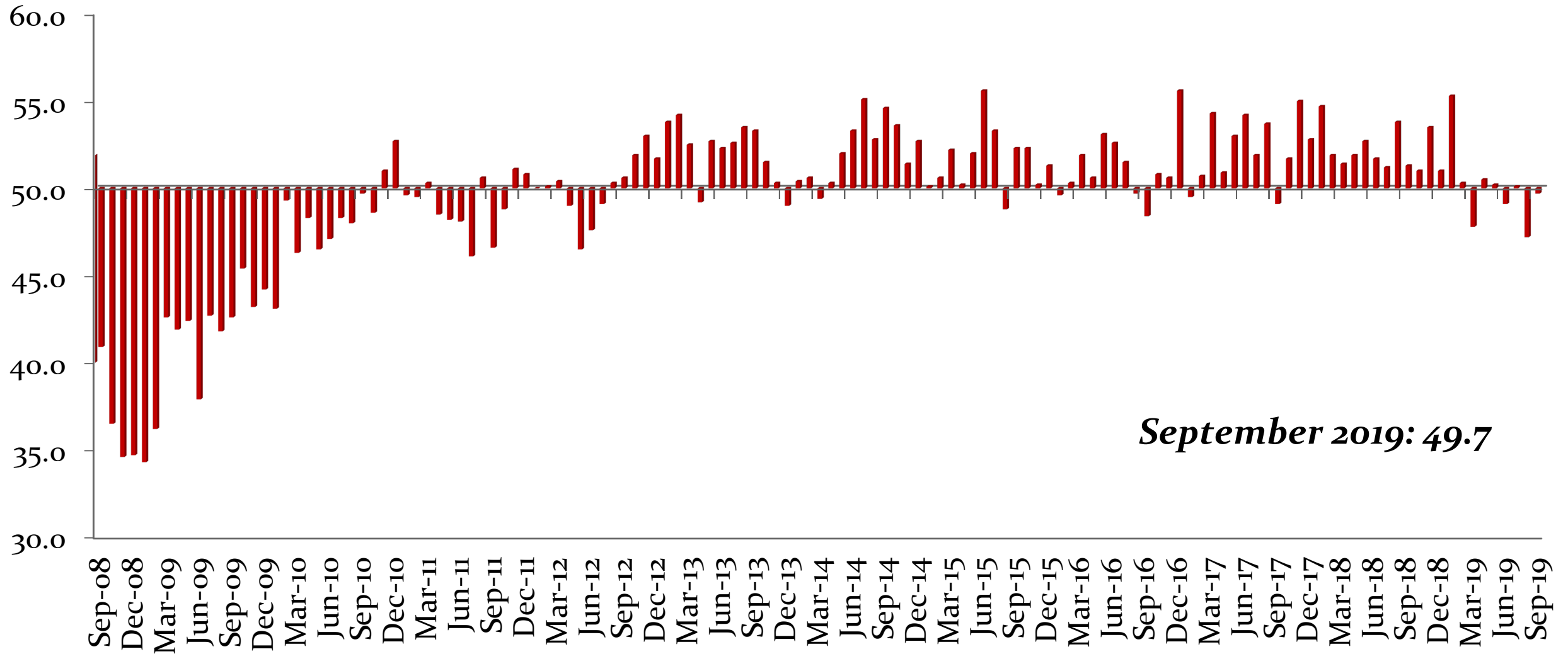


**“Most men love money and security more, and creation and construction less, as they get older.”**

**—John Maynard Keynes**

# Architecture Billings Index

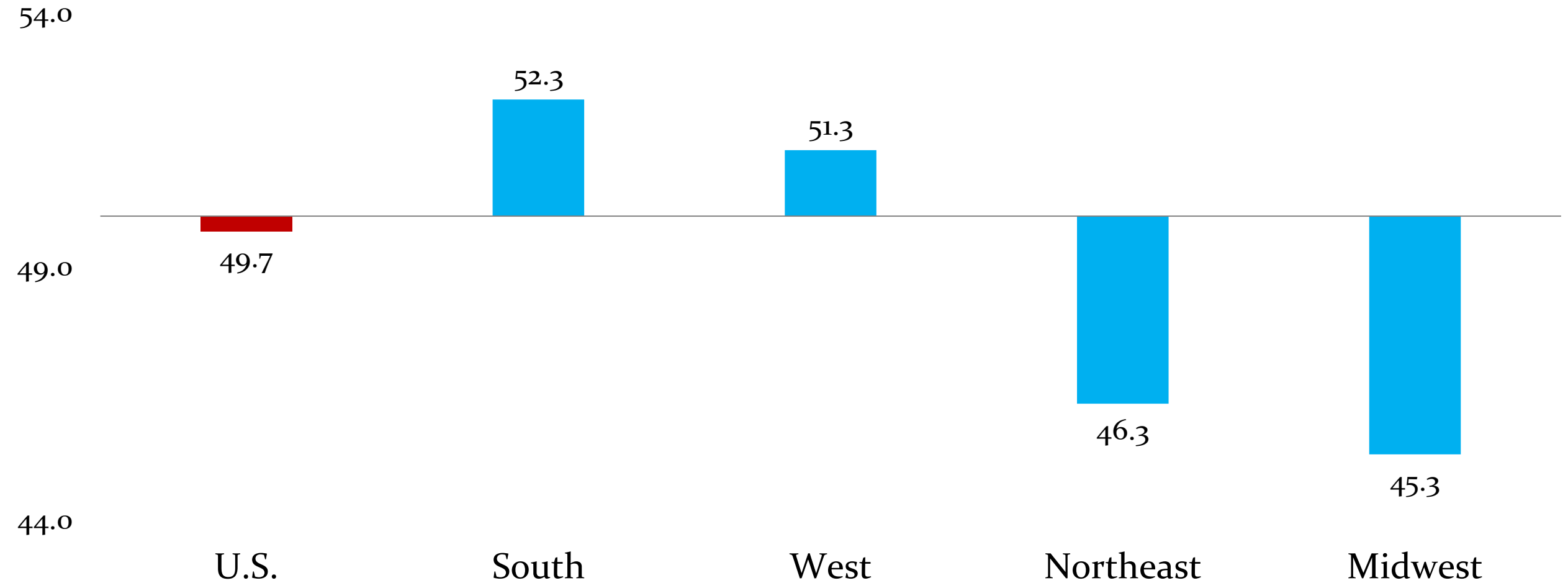
*September 2008 through September 2019*



*September 2019: 49.7*

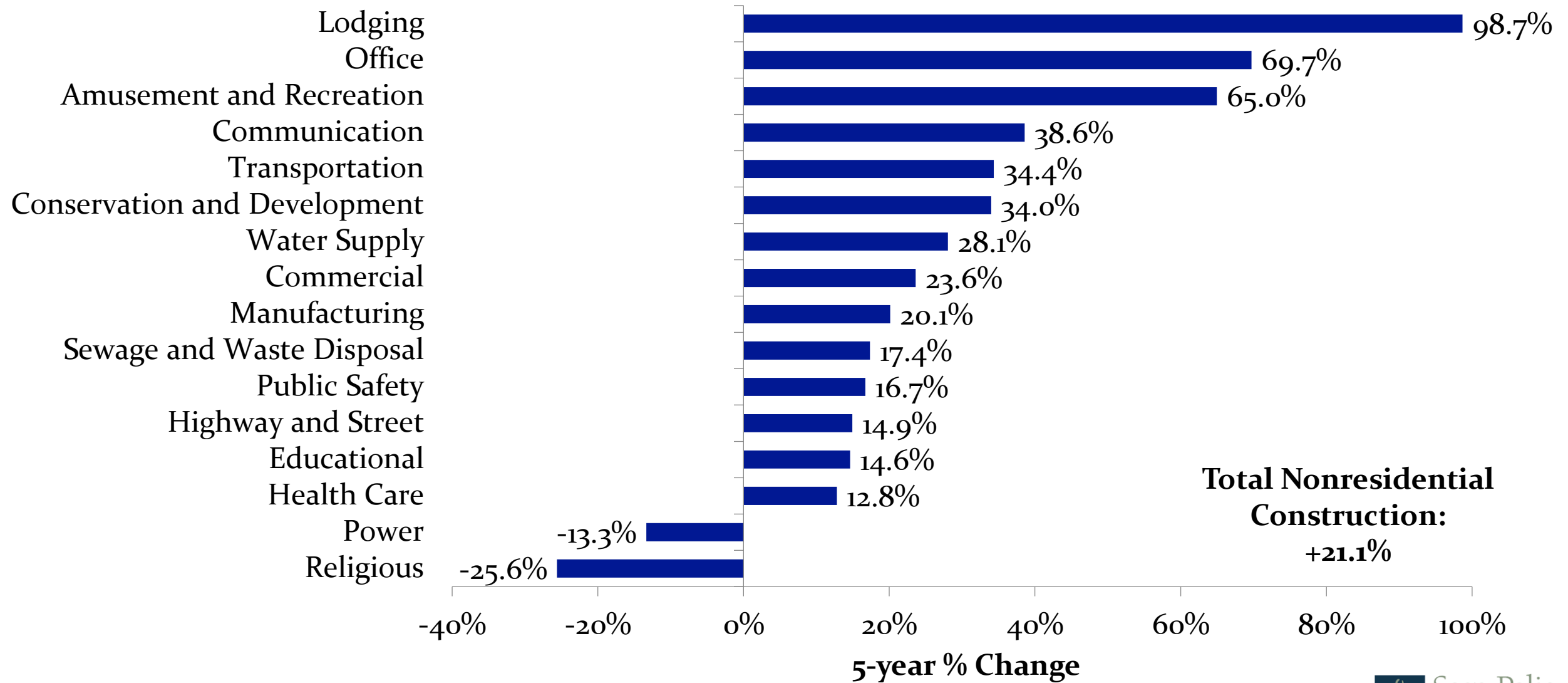
# Architecture Billings Index by U.S. Region

September 2019



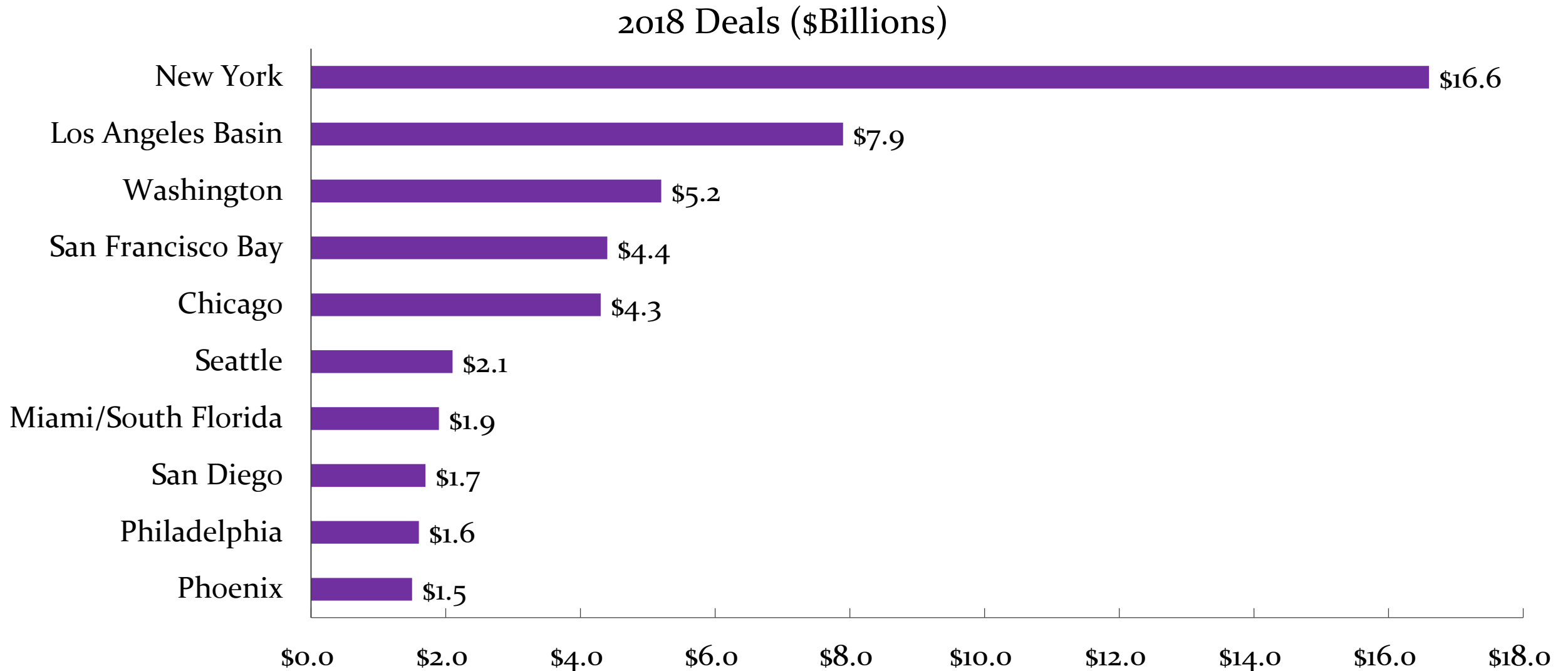
# National Nonresidential Construction Spending by Subsector

*August 2014 v. August 2019*



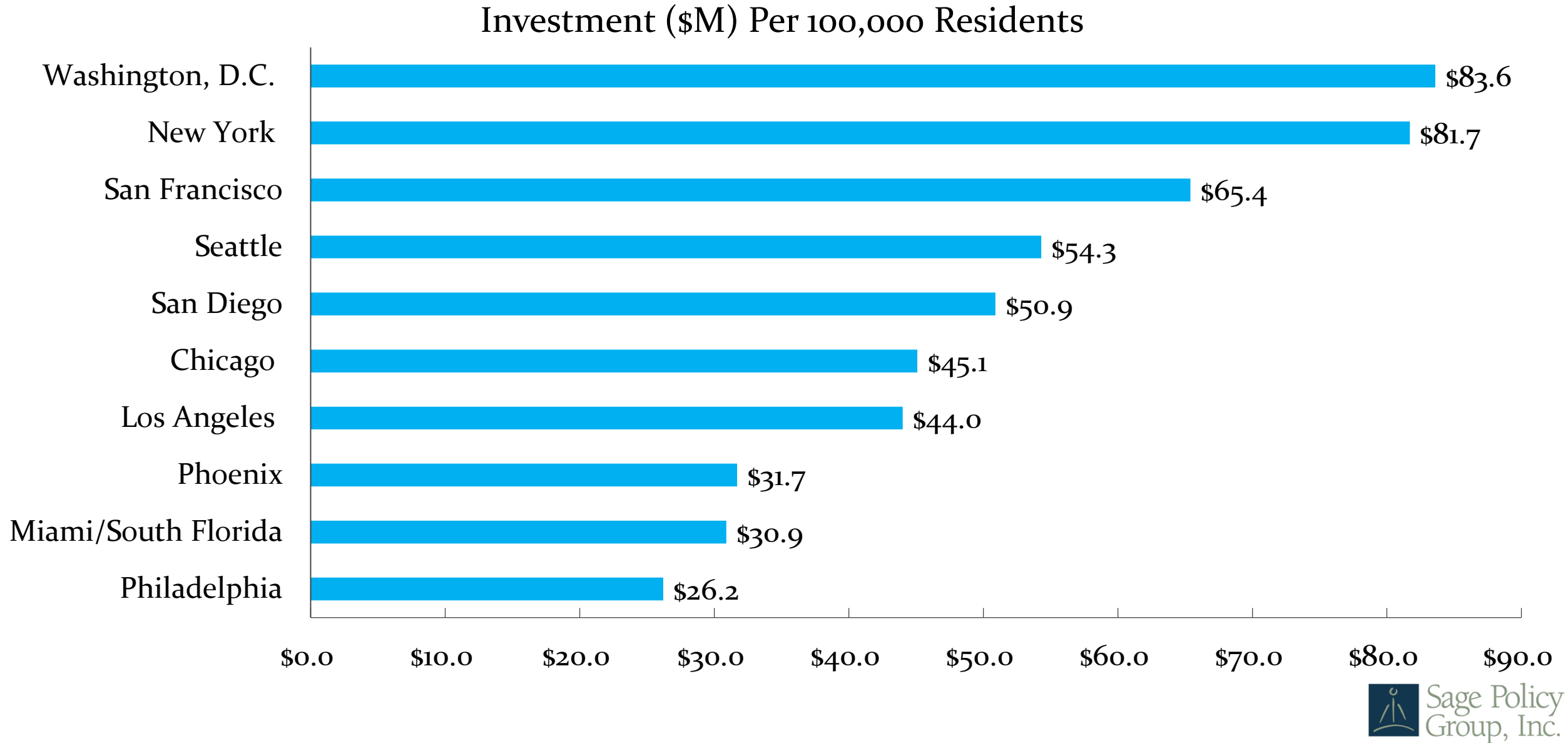
# Foreign Investment in U.S. Commercial Real Estate

*Top Destination Markets, 2018*



# Foreign Investment in U.S. Commercial Real Estate Per 100,000 Residents

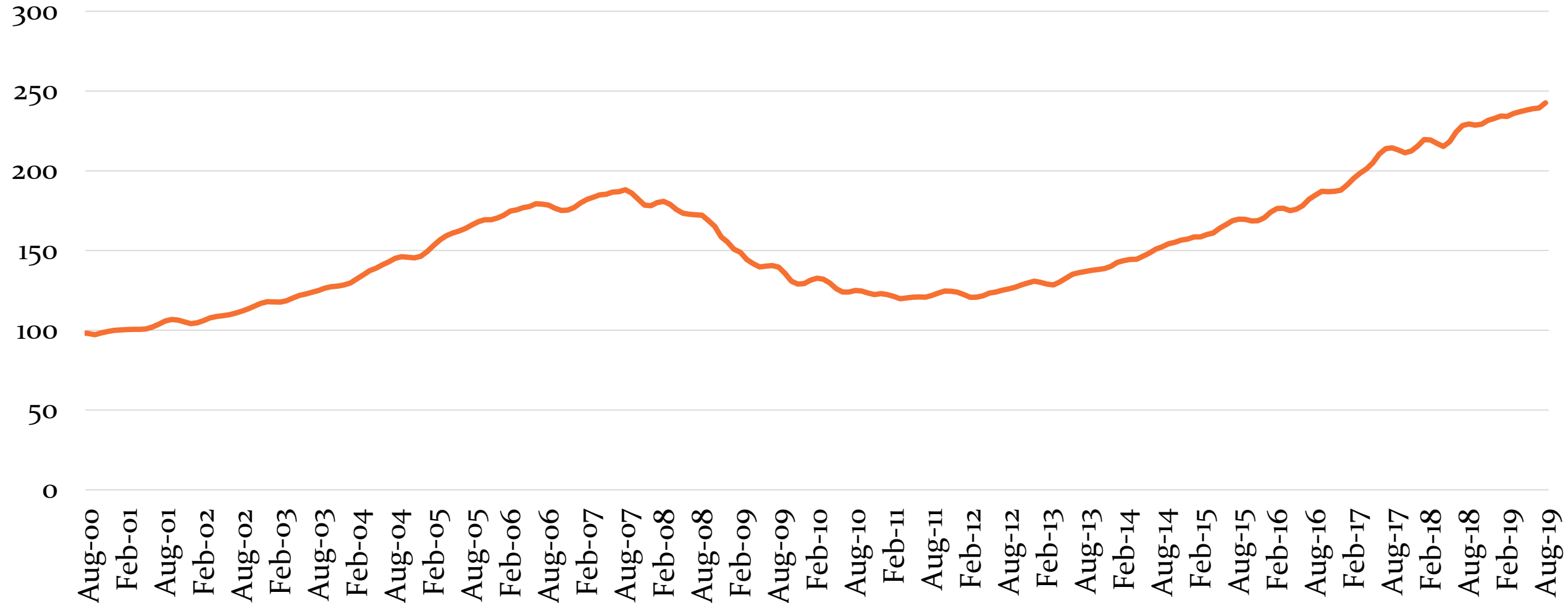
## Top Destination Markets, 2018



# CoStar Commercial Repeat Sales Index

August 2000 through August 2019

CCRI: U.S. Composite



\*Based on 1,274 repeat sale pairs in August 2019 and more than 215,000 repeat sales since 1996.



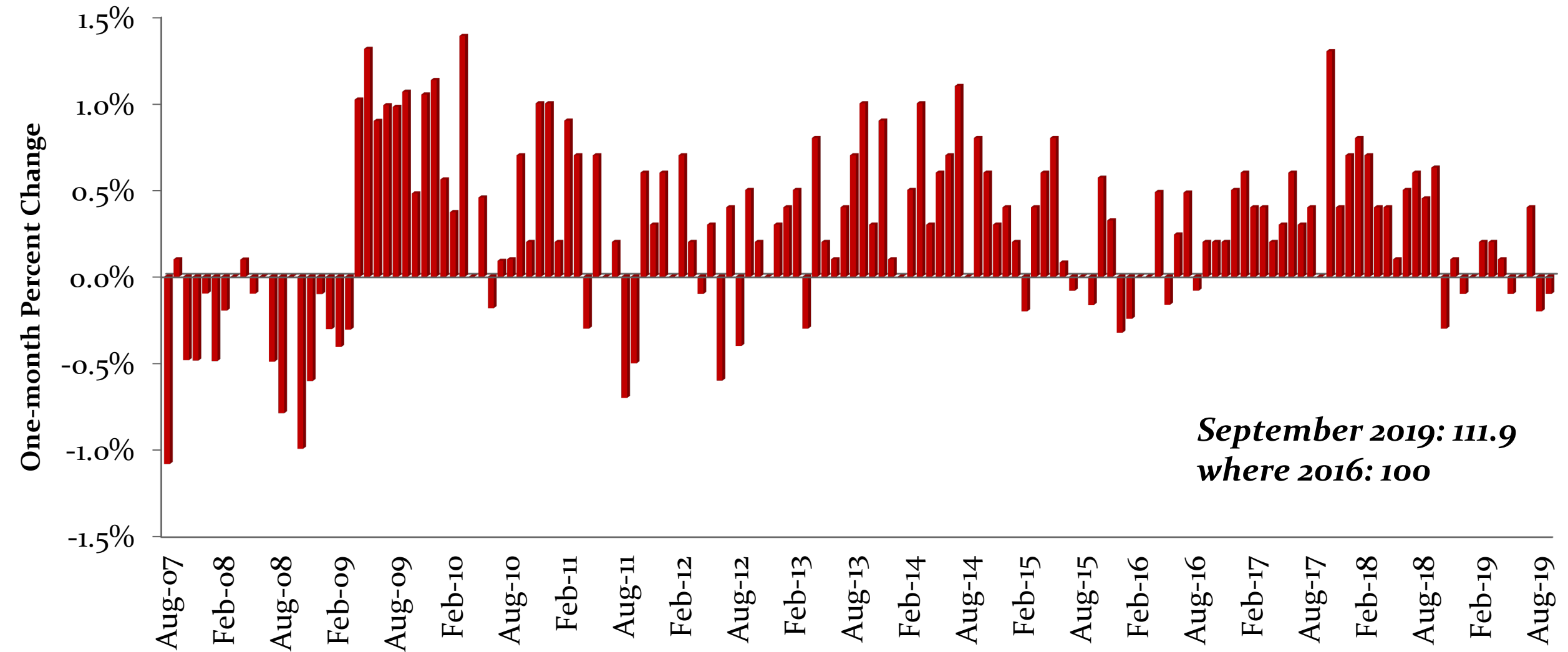
**“An economist is an expert  
who will know tomorrow why  
the things he predicted  
yesterday didn't happen  
today.”**

**—Laurence J. Peter**



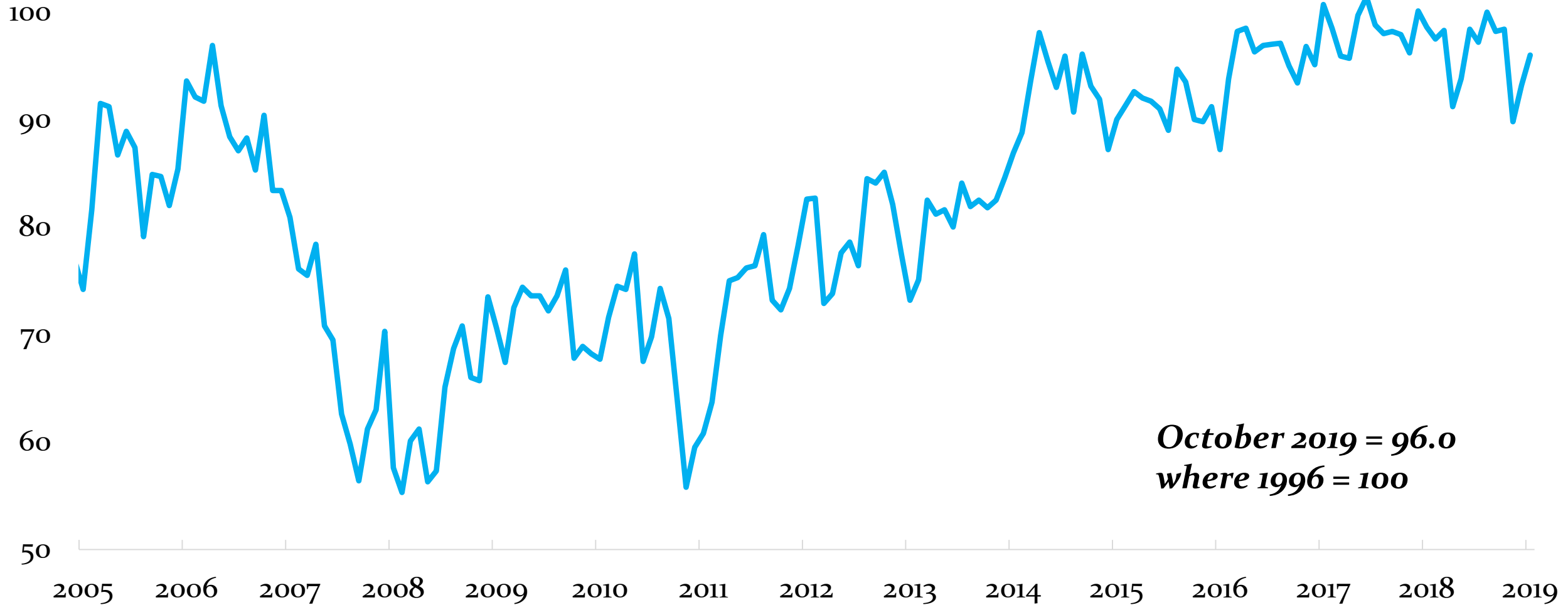
# Conference Board Leading Economic Indicators Index

*August 2007 through September 2019*



# University of Michigan Index of Consumer Sentiment

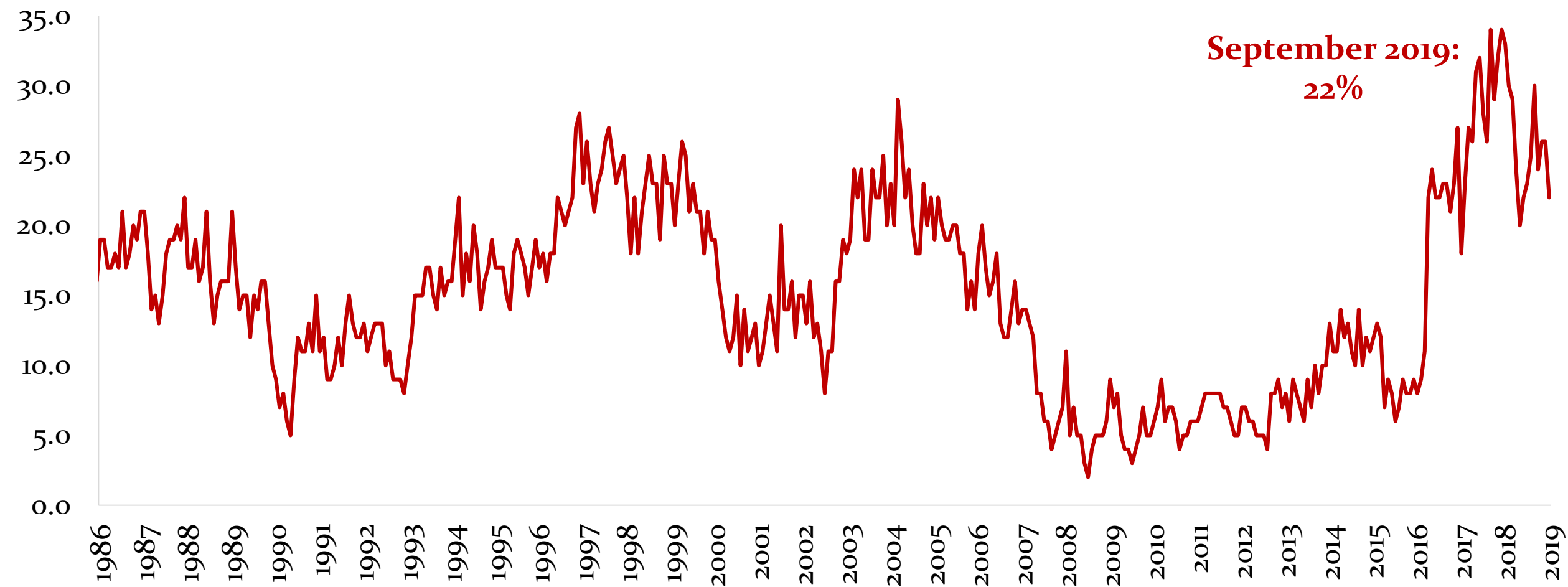
## 2005-2019



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

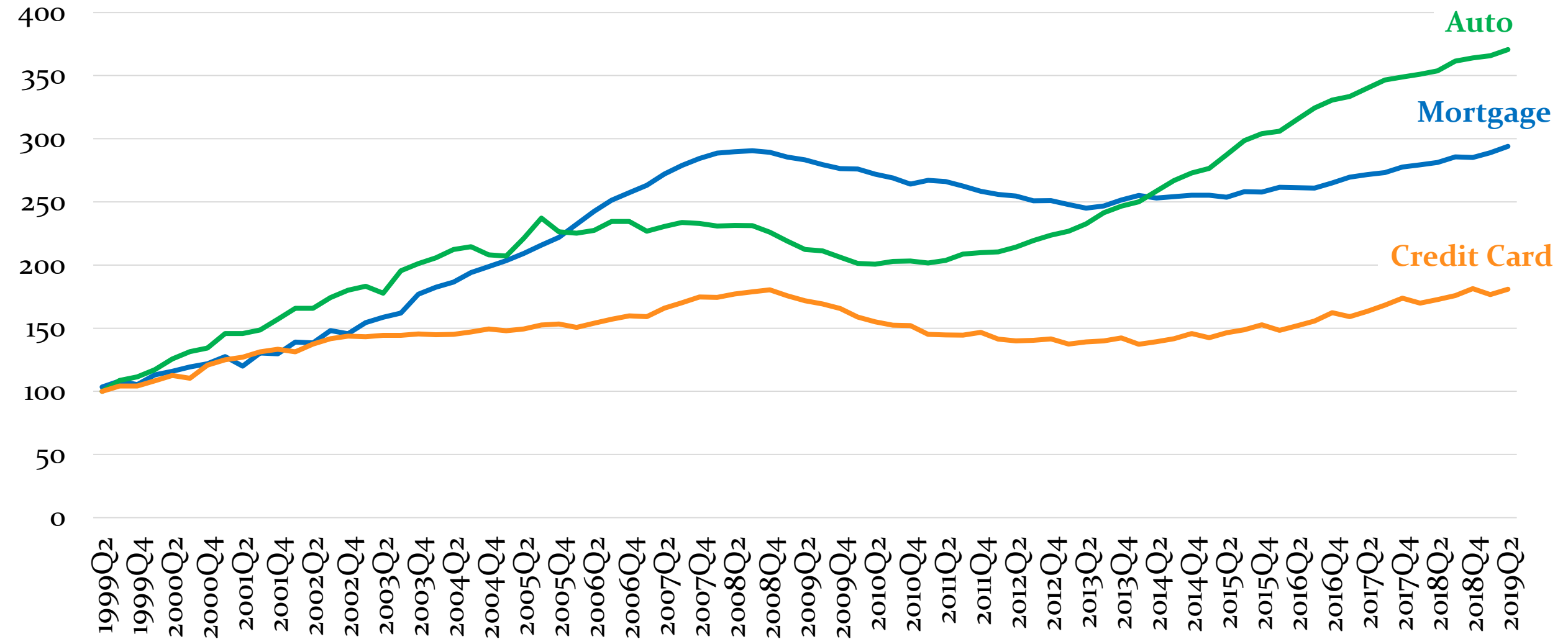
## 1986-2019

% of respondents who think the next 3 months will be a good time to for small business to expand

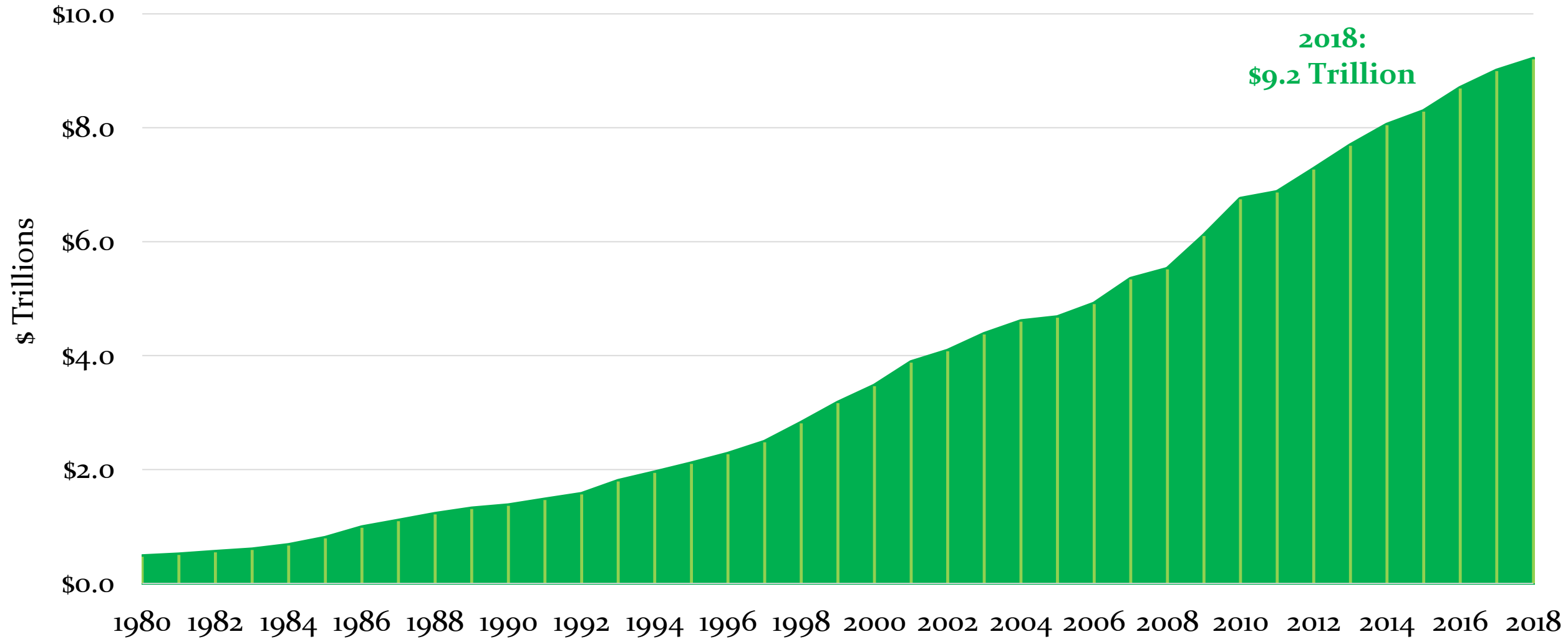


# Total U.S. Debt Volume by Select Loan Types

Index 1999Q1=100



# U.S. Corporate Bond Debt Outstanding, 1980-2018



# Economists do it with Models

- Much of the negativity reflected in forecasts and in financial market volatility relates to things people believe will happen;
- But important parts of the U.S. economy continue to perform well – e.g. consumer, corporate earnings, construction.

- What's more, there is significant upside risk. What if the following happens?
  - ☐ Trade deal with China;
  - ☐ Infrastructure spending plan with revenue sources identified;
  - ☐ Elimination of tariffs on steel, aluminum, etc. &
  - ☐ Fed keeps accommodating!!!!
- Hypothesis - 2019 will be decent year for economy, but if we don't check some of these boxes, watch out for '20!

# Thank You

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research & policy analysis.