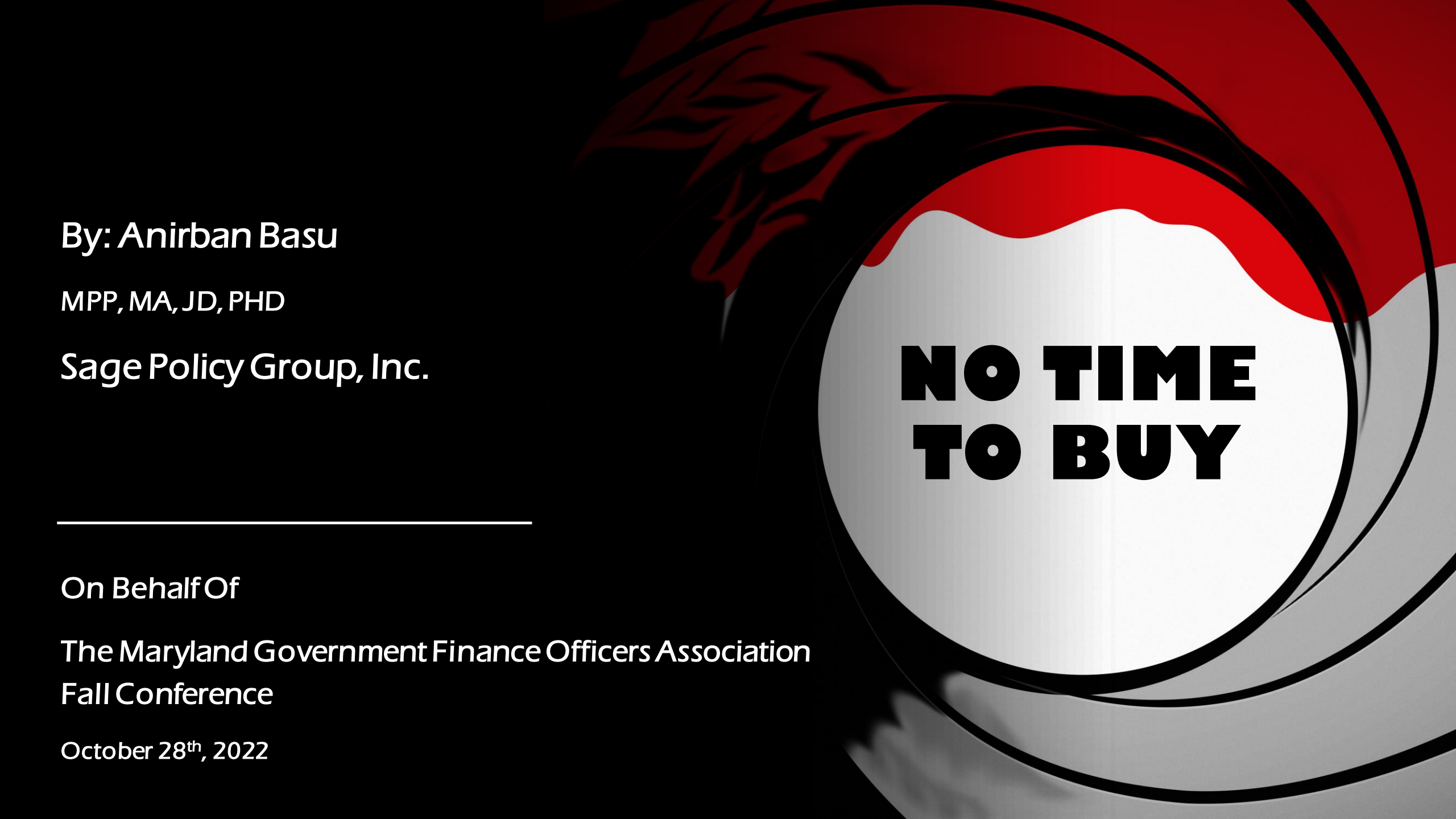


**By: Anirban Basu**

MPP, MA, JD, PHD

Sage Policy Group, Inc.



**NO TIME  
TO BUY**

---

On Behalf Of

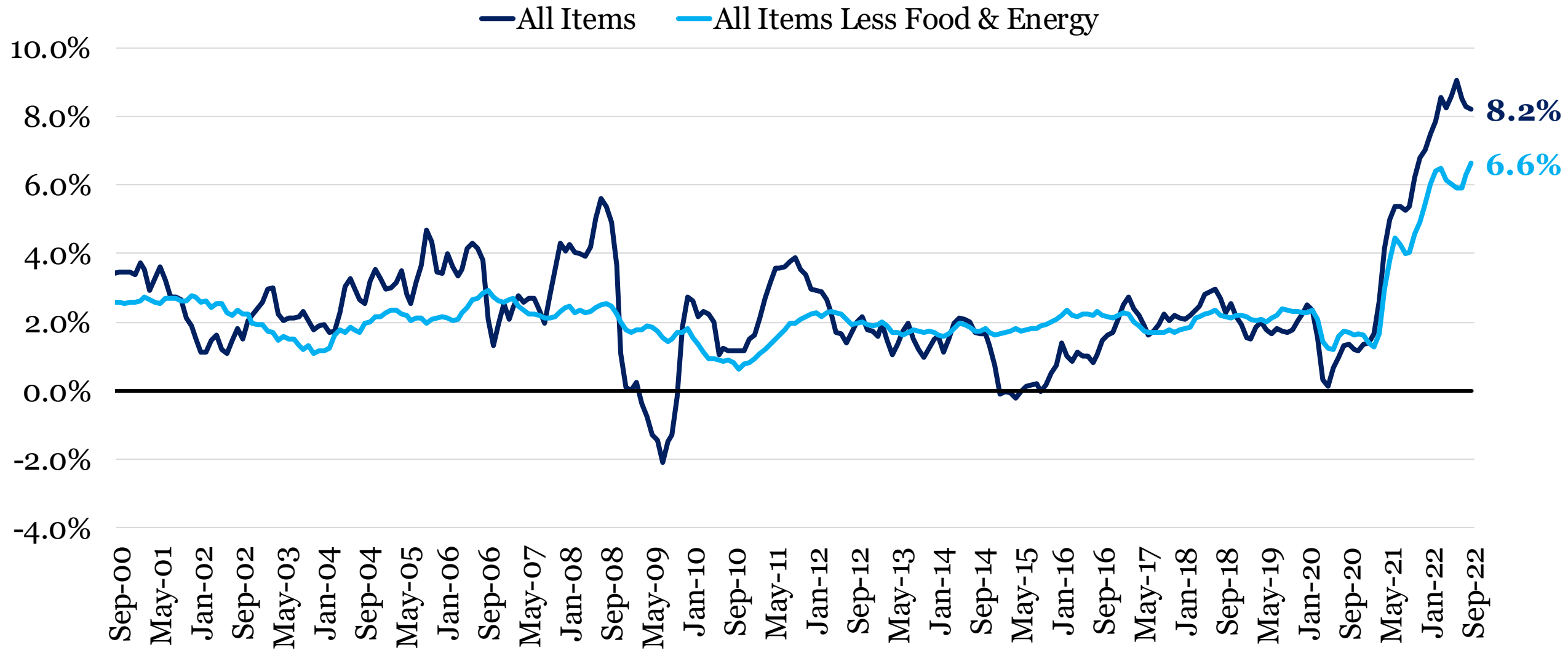
The Maryland Government Finance Officers Association  
Fall Conference

October 28<sup>th</sup>, 2022

# 2021 – Specter of Inflation

# U.S. Consumer Price Index

12-Month % Change, 2000 – September 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 – September 2022

\$ Trillions

\$25

\$20

\$15

\$10

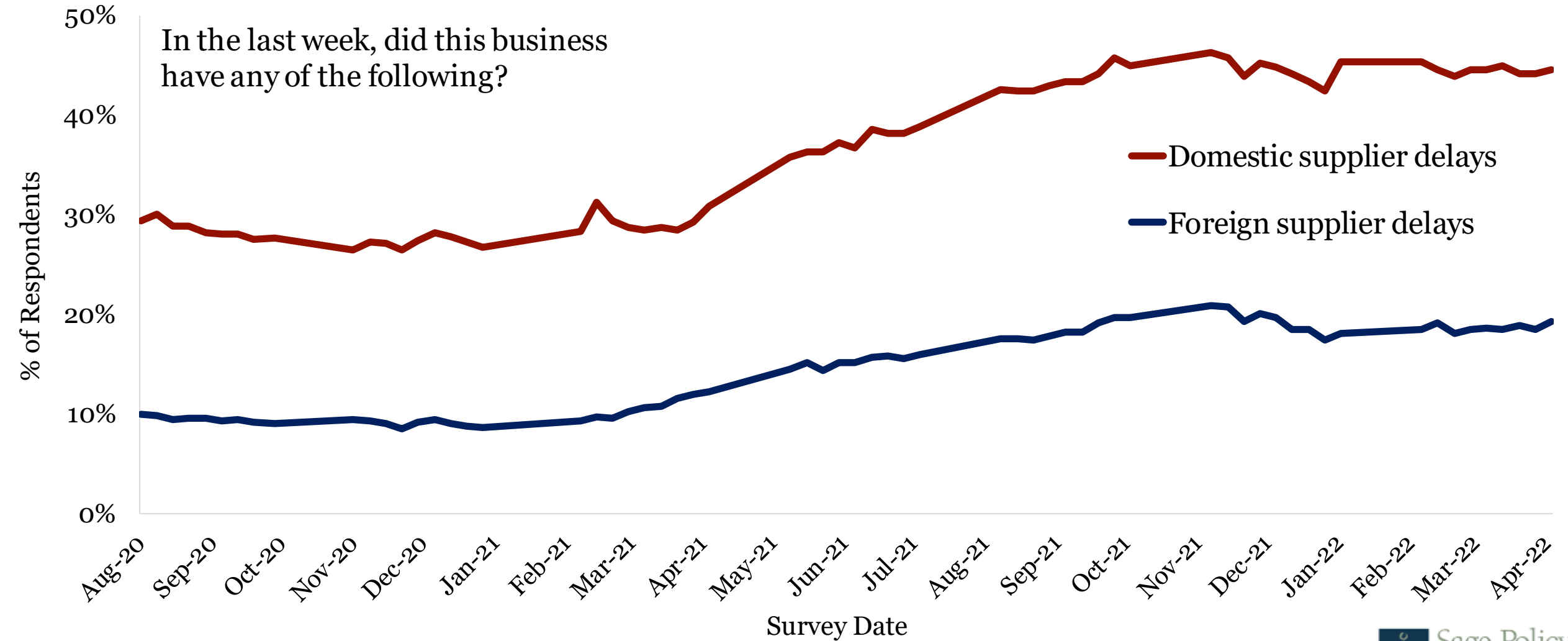
\$5

\$0

1959 1962 1965 1968 1971 1974 1977 1980 1983 1986 1989 1992 1995 1998 2001 2004 2007 2010 2013 2016 2019 2022

# U.S. Supply Chain Disruptions & Supplier Delays

## Census Bureau Small Business Pulse (SBP) Survey

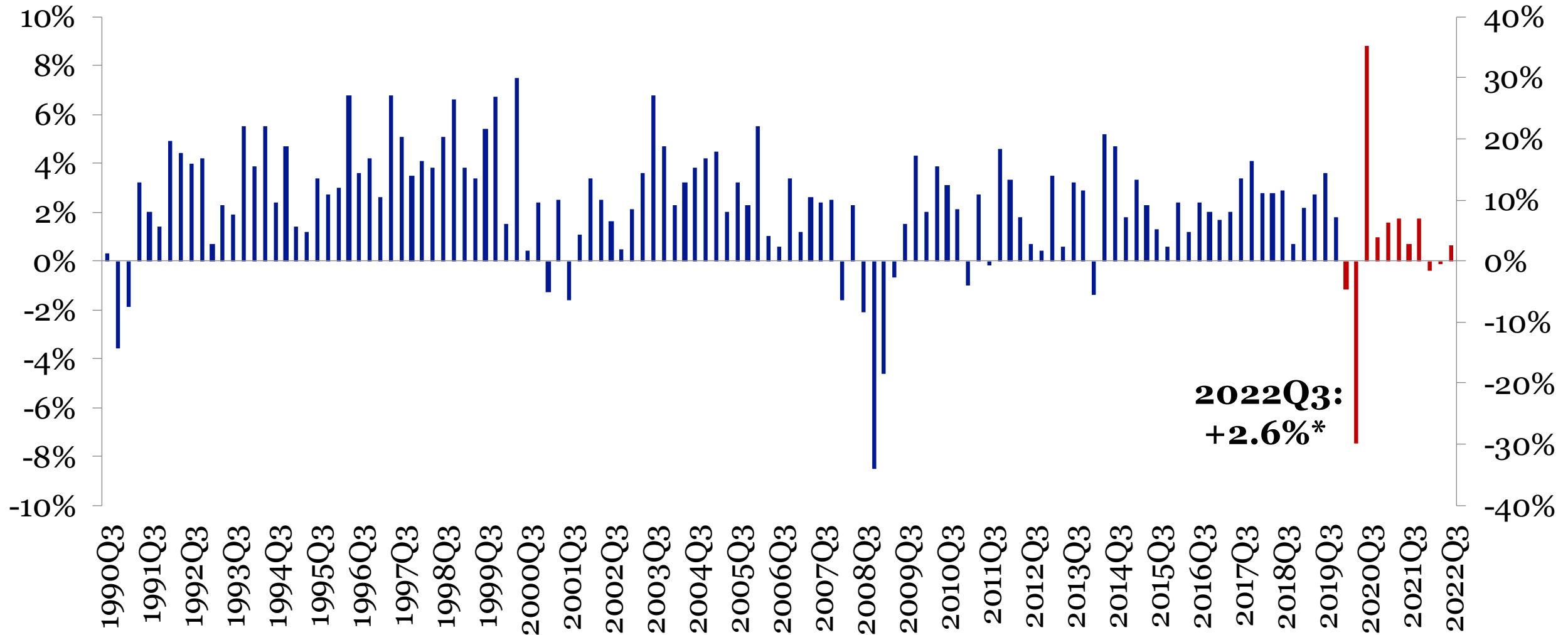


# U.S. GDP - For Your Eyes Only

1990-2019

% Change from Preceding Period (SAAR)

2020-Present



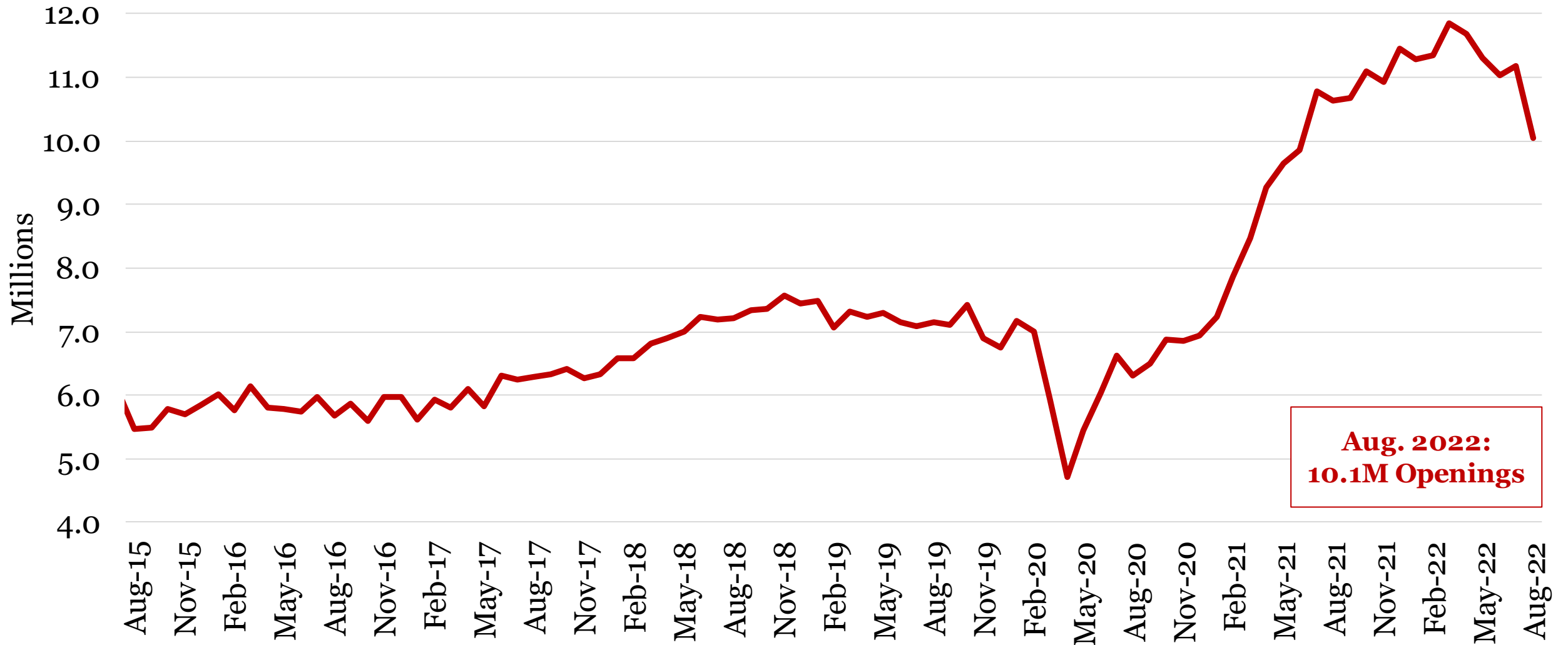
**2022Q3:**  
**+2.6%\***

# The Employer Who Loved Me



# Work Another Day

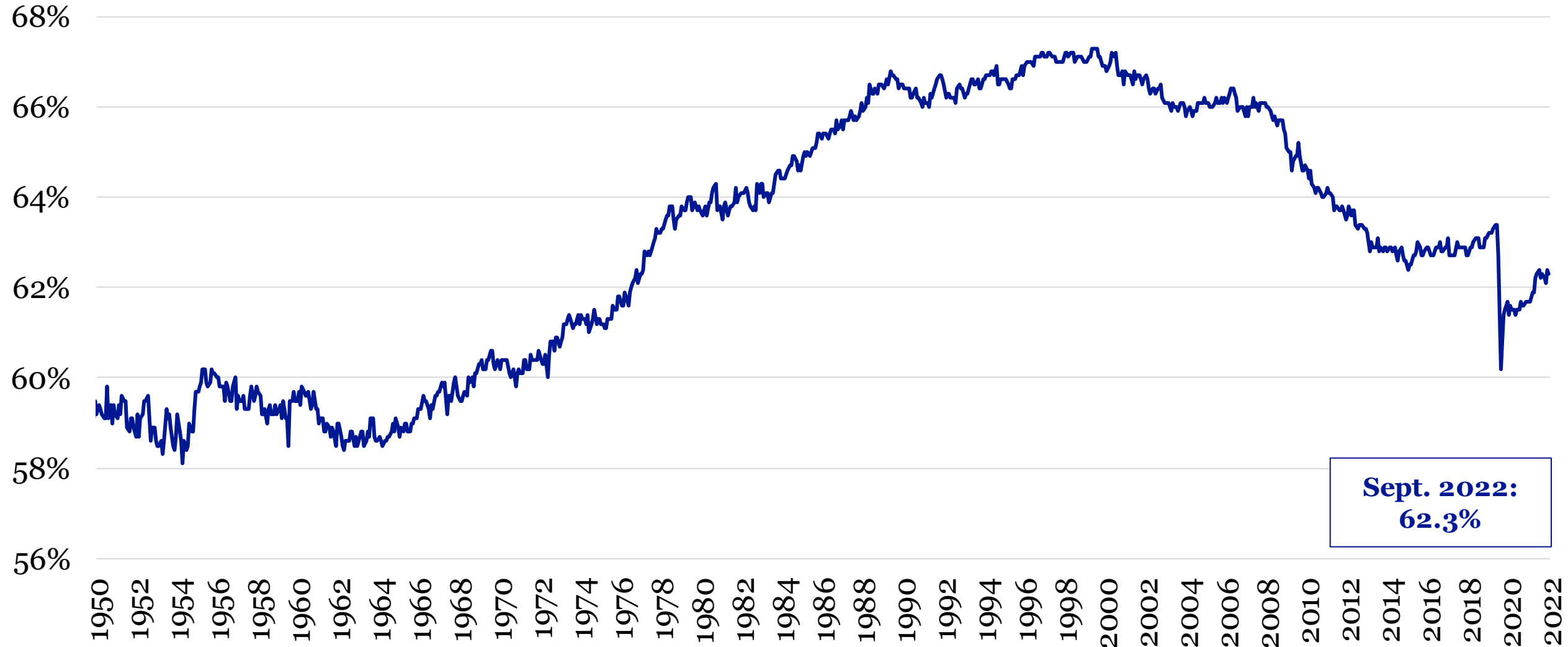
U.S. Job Openings, 2015 – August 2022



**Aug. 2022:  
10.1M Openings**

# Skyfall

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



# A View to a Remote Worker

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

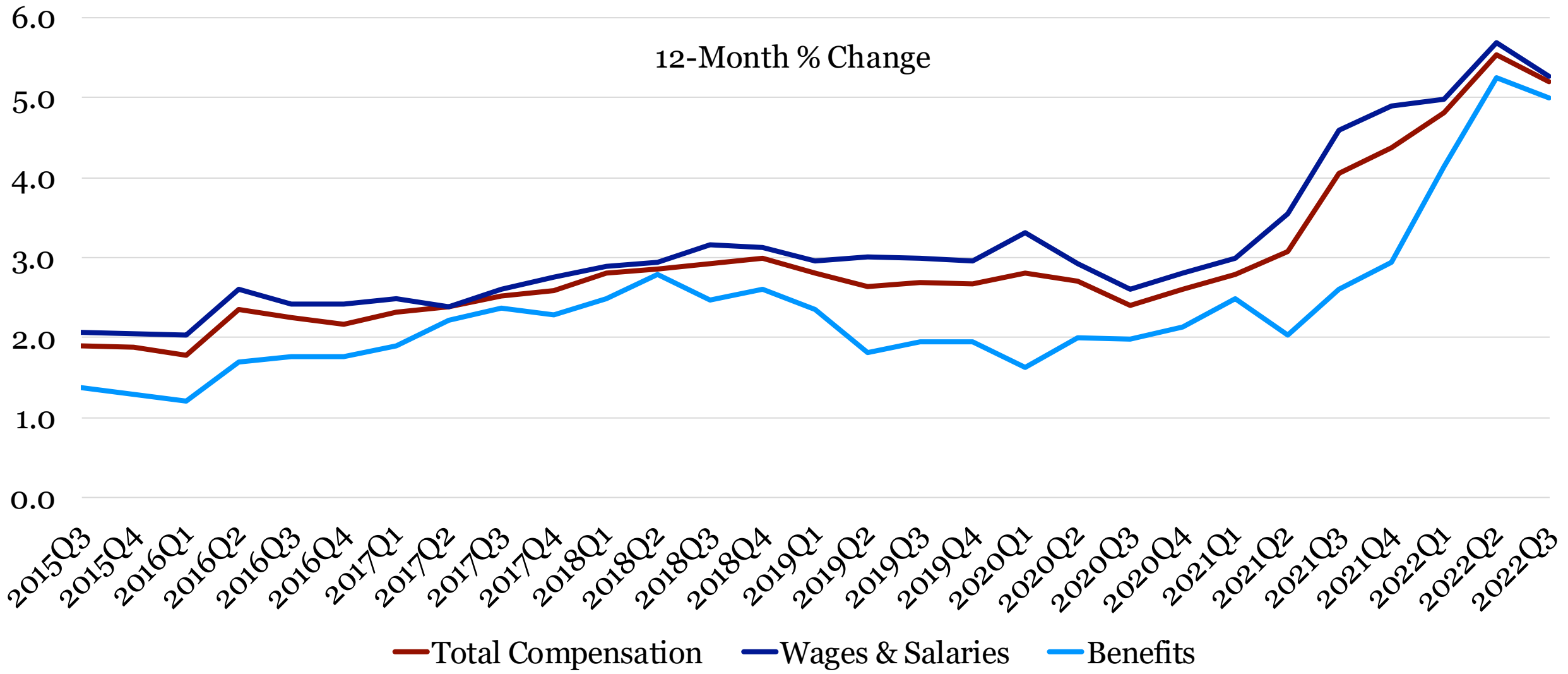
- 68% of Americans would choose remote work options over in-office work;
- 45% would either quit their job or begin searching for a new one if their employer required them to return to their office full-time;
- 74% of Americans believe that companies not offering remote working arrangements will lose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

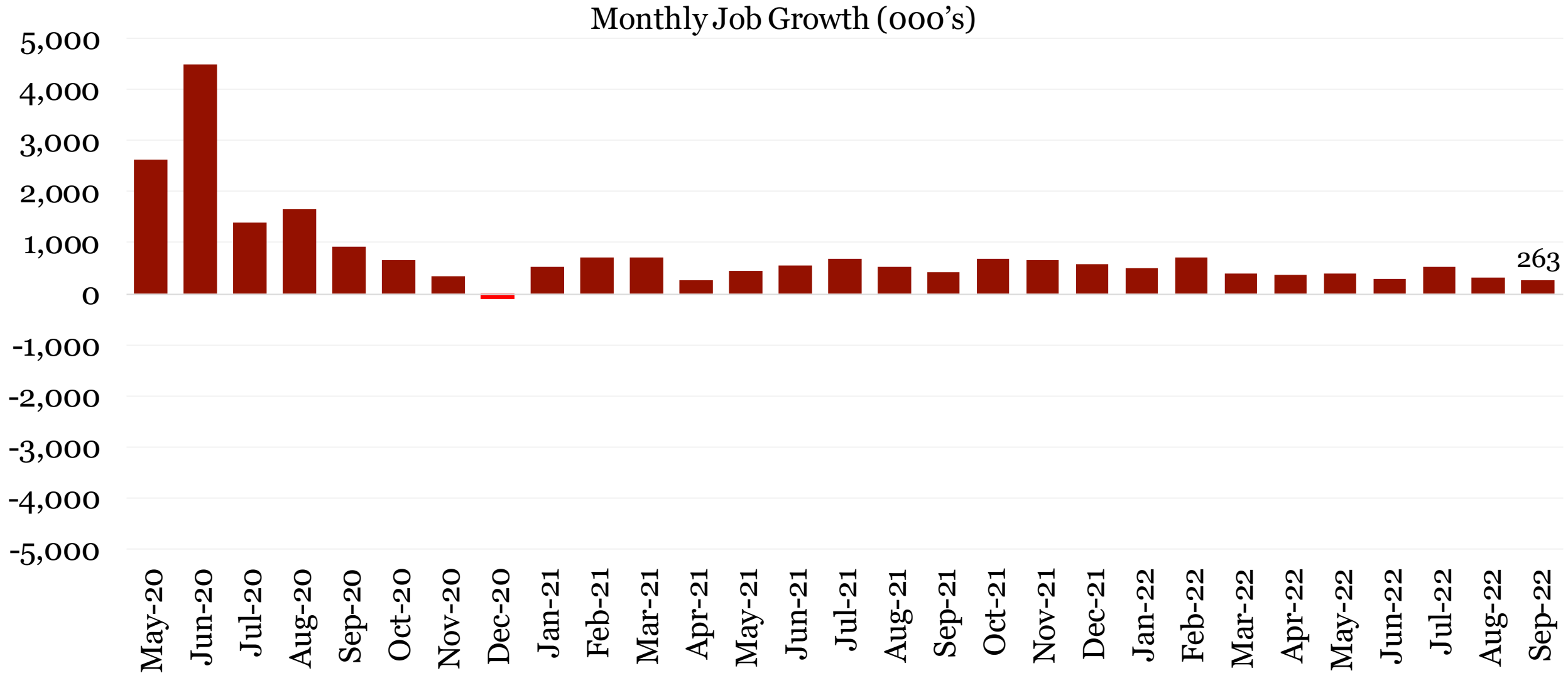
# License to be Paid

## Employment Cost Index, Private Sector Workers, 2015 – 2022



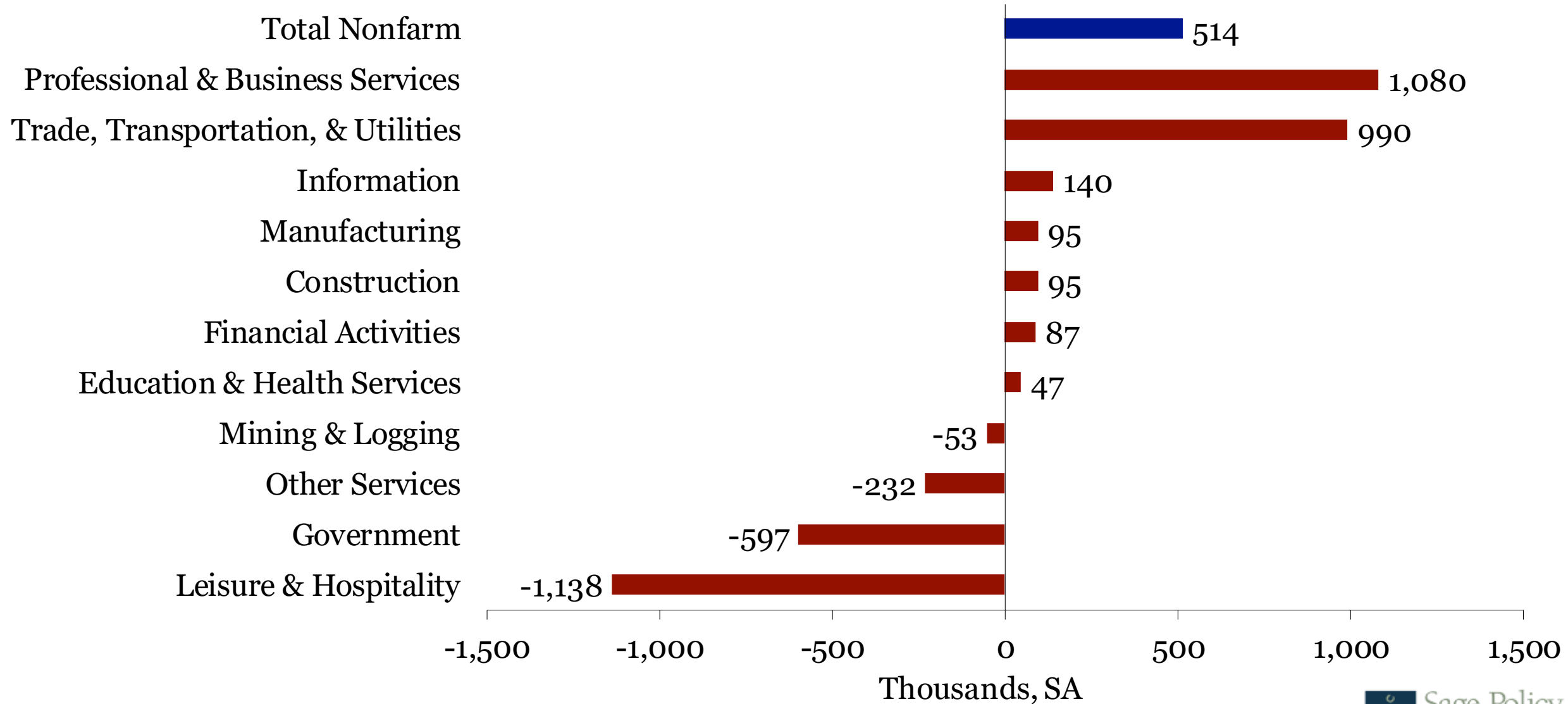
# Net Change in U.S. Jobs

## May 2020 – September 2022



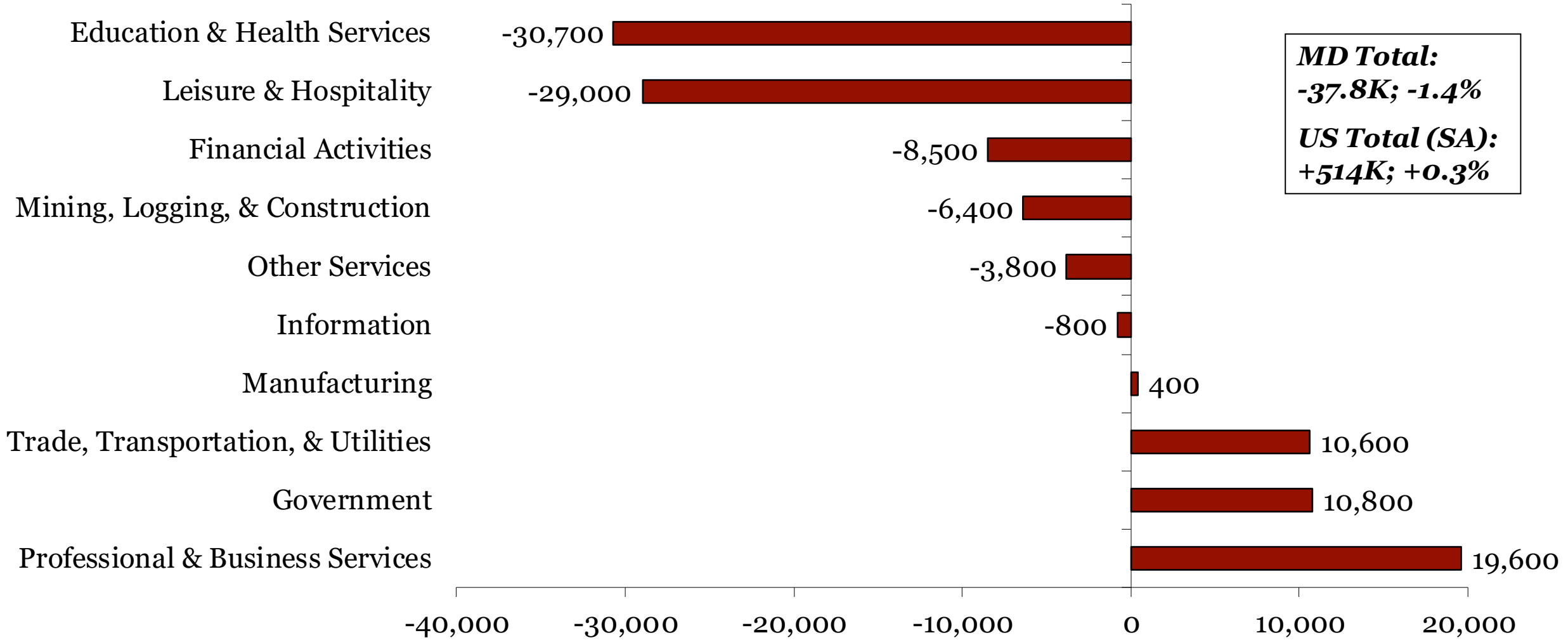
# U.S. Nonfarm Employment by Industry Sector

## February 2020 v. September 2022



# Maryland Nonfarm Employment (SA)

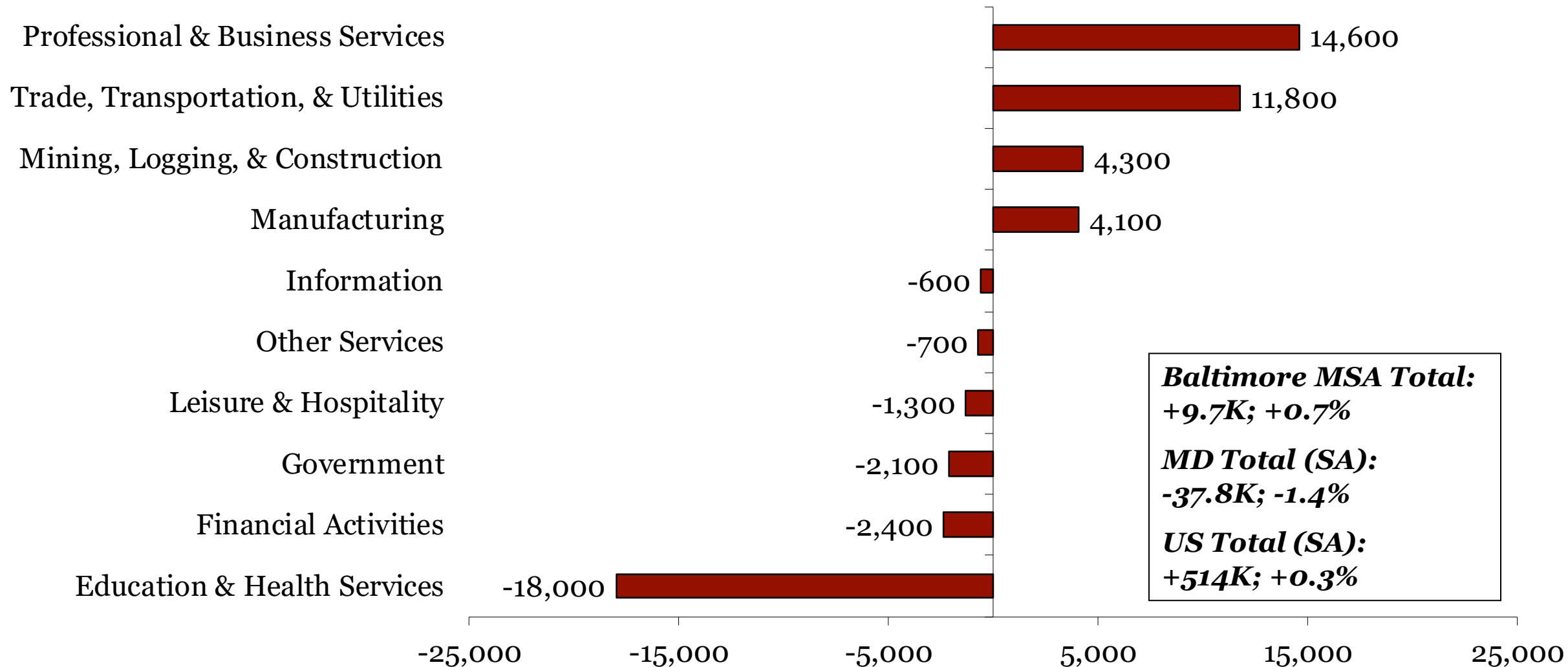
## February 2020 v. September 2022 Absolute Change



\*According to the Local Area Unemployment Statistics (LAUS) program  
 MD lost 151,807 jobs between February 2020 and September 2022.

# Baltimore-Columbia-Towson MSA Nonfarm Employment (NSA)

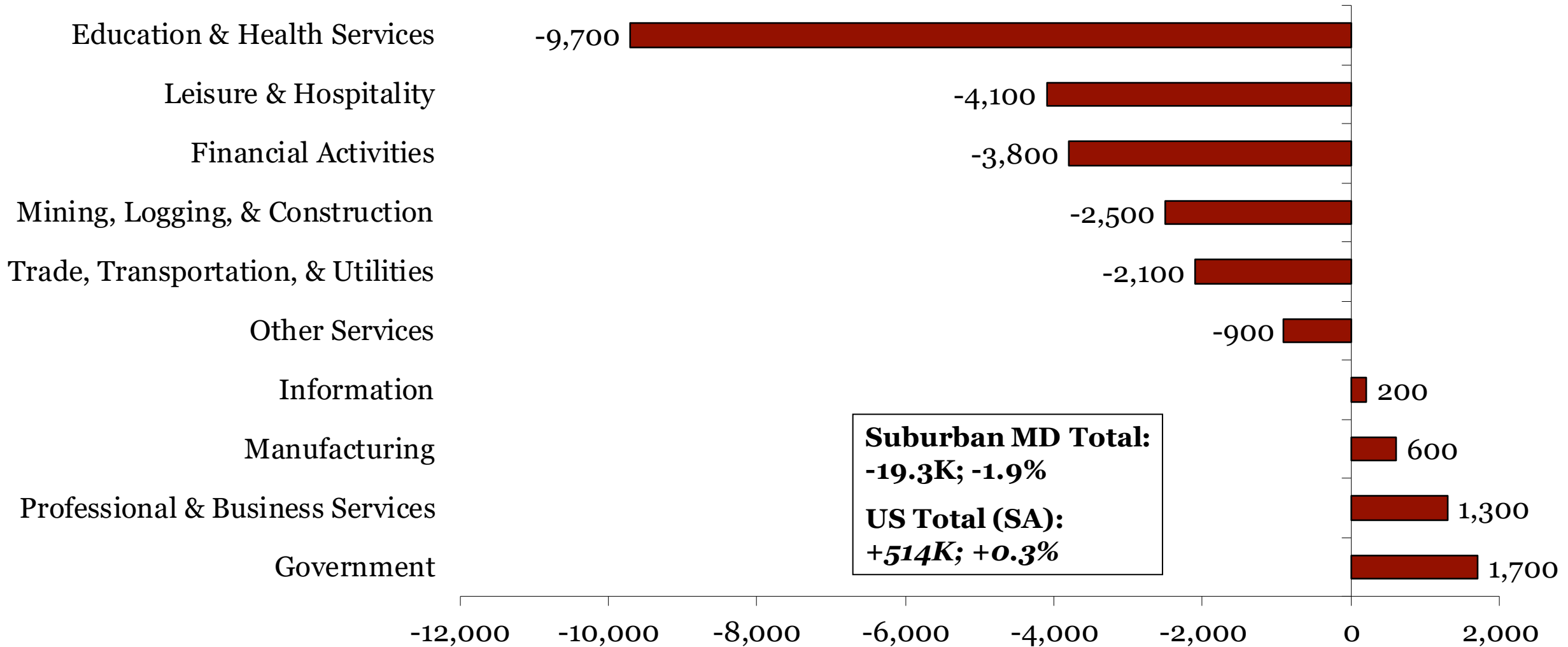
February 2020 v. September 2022 Absolute Change





# Suburban Maryland Nonfarm Employment

## February 2020 v. September 2022 Absolute Change



# Employment Growth, 25 Largest Metros

## February 2020 v. September 2022 Percent Change

Rank	MSA	%	Rank	MSA	%
1	Dallas-Fort Worth-Arlington, TX	7.6%	13	Seattle-Tacoma-Bellevue, WA	1.0%
2	Charlotte-Concord-Gastonia, NC-SC	5.3%	<b>15</b>	<b>Baltimore-Columbia-Towson, MD</b>	<b>0.7%</b>
3	Riverside-San Bernardino-Ontario, CA	4.9%	16	Philadelphia-Camden-Wilm., PA-NJ-DE-MD	0.4%
4	Tampa-St. Petersburg-Clearwater, FL	4.7%	17	Boston-Cambridge-Nashua, MA-NH	0.2%
5	Atlanta-Sandy Springs-Roswell, GA	4.4%	18	San Diego-Carlsbad, CA	0.0%
6	Phoenix-Mesa-Scottsdale, AZ	4.0%	19	Minneapolis-St. Paul-Bloomington, MN-WI	-0.2%
7	San Antonio-New Braunfels, TX	3.5%	20	Detroit-Warren-Dearborn, MI	-0.4%
8	Houston-The Woodlands-Sugar Land, TX	2.9%	21	St. Louis, MO-IL	-0.5%
9	Denver-Aurora-Lakewood, CO	2.8%	<b>22</b>	<b>Washington-Arlington-Alexandria, DC-VA-MD-WV</b>	<b>-0.9%</b>
10	Miami-Fort Lauderdale-West Palm Beach, FL	1.9%	23	Los Angeles-Long Beach-Anaheim, CA	-1.3%
11	Orlando-Kissimmee-Sanford, FL	1.6%	23	New York-Newark-Jersey City, NY-NJ-PA	-1.3%
12	Chicago-Naperville-Elgin, IL-IN-WI	1.2%	25	San Francisco-Oakland-Hayward, CA	-1.8%
13	Portland-Vancouver-Hillsboro, OR-WA	1.0%			

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

U.S. % Change 2/2020 v. 9/2022: +0.3%

# Unemployment Rates, 25 Largest Metros

## August 2022

Rank	MSA	%	Rank	MSA	%
1	Minneapolis-St. Paul-Bloomington, MN-WI	2.1	14	Charlotte-Concord-Gastonia, NC-SC	3.6
2	Miami-Fort Lauderdale-West Palm Beach, FL	2.6	<b>14</b>	<b>Washington-Arlington-Alexandria, DC-VA-MD-WV</b>	<b>3.6</b>
3	Tampa-St. Petersburg-Clearwater, FL	2.7			
4	San Francisco-Oakland-Hayward, CA	2.8	16	Dallas-Fort Worth-Arlington, TX	3.7
5	Orlando-Kissimmee-Sanford, FL	2.9	17	San Antonio-New Braunfels, TX	3.8
6	Atlanta-Sandy Springs-Roswell, GA	3.0	18	Portland-Vancouver-Hillsboro, OR-WA	4.0
7	Boston-Cambridge-Nashua, MA-NH	3.2	19	Riverside-San Bernardino-Ontario, CA	4.2
8	Denver-Aurora-Lakewood, CO	3.3	<b>20</b>	<b>Baltimore-Columbia-Towson, MD</b>	<b>4.3</b>
8	St. Louis, MO-IL	3.3	21	Los Angeles-Long Beach-Anaheim, CA	4.5
10	Phoenix-Mesa-Scottsdale, AZ	3.4	21	Philadelphia-Camden-Wilm., PA-NJ-DE-MD	4.5
10	San Diego-Carlsbad, CA	3.4	23	Houston-The Woodlands-Sugar Land, TX	4.6
12	Detroit-Warren-Dearborn, MI	3.5	24	New York-Newark-Jersey City, NY-NJ-PA	4.8
12	Seattle-Tacoma-Bellevue, WA	3.5	25	Chicago-Naperville-Elgin, IL-IN-WI	4.9

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

U.S. Unemployment Rate  
Aug.: 3.7% | Sept.: 3.5%

# Maryland Unemployment Rates by County

August 2022

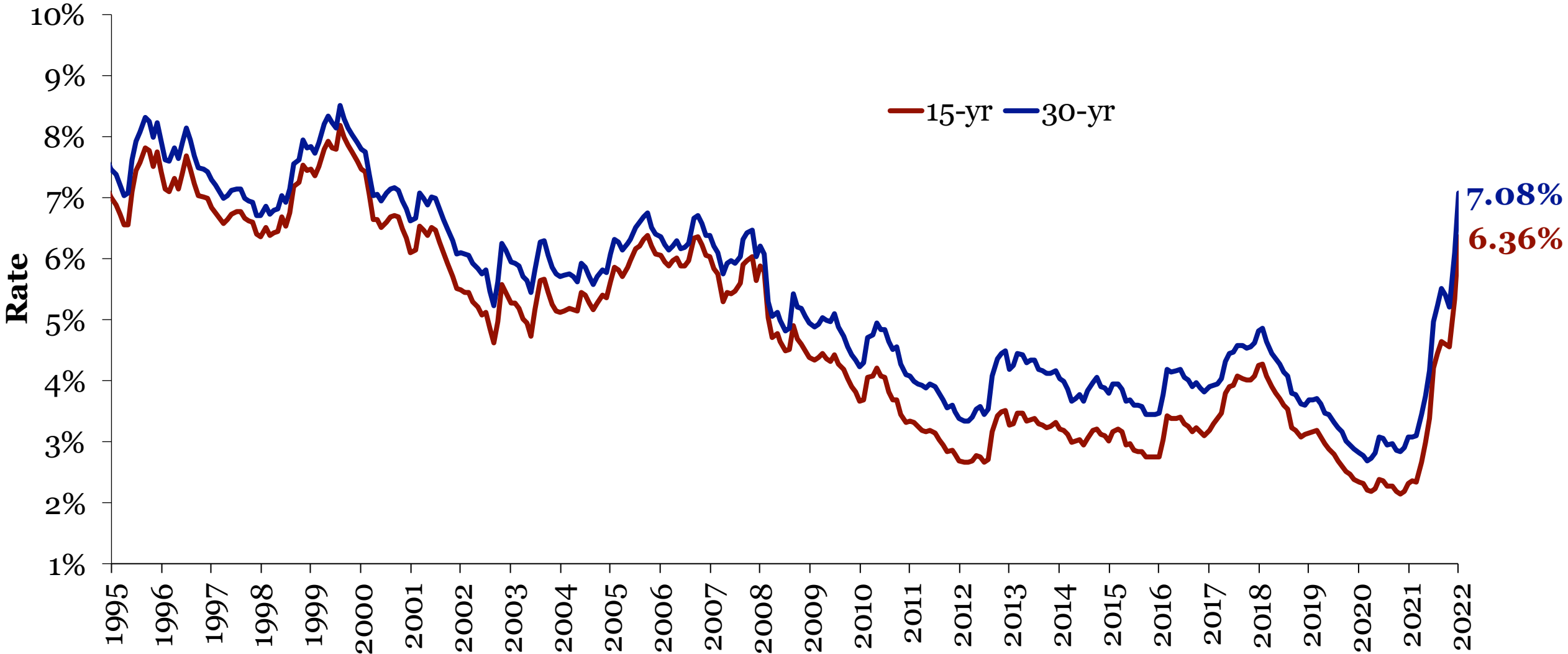
Rank	County	%	Rank	County	%
1	Howard County	3.5	11	Washington County	4.4
2	Carroll County	3.6	14	Cecil County	4.5
2	Queen Anne's County	3.6	14	Garrett County	4.5
4	Anne Arundel County	3.7	16	Charles County	4.6
5	Frederick County	3.9	17	Kent County	4.7
5	Montgomery County	3.9	18	Wicomico County	4.8
7	Harford County	4.0	19	Dorchester County	5.0
8	Caroline County	4.1	19	Prince George's County	5.0
9	Calvert County	4.2	21	Worcester County	5.1
10	Baltimore County	4.3	22	Allegany County	5.7
11	St. Mary's County	4.4	23	Baltimore City	5.9
11	Talbot County	4.4	24	Somerset County	6.4

Maryland Unemployment Rate: 4.3%

# Quantum of Construction

# License to Borrow (at Low Rates)

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

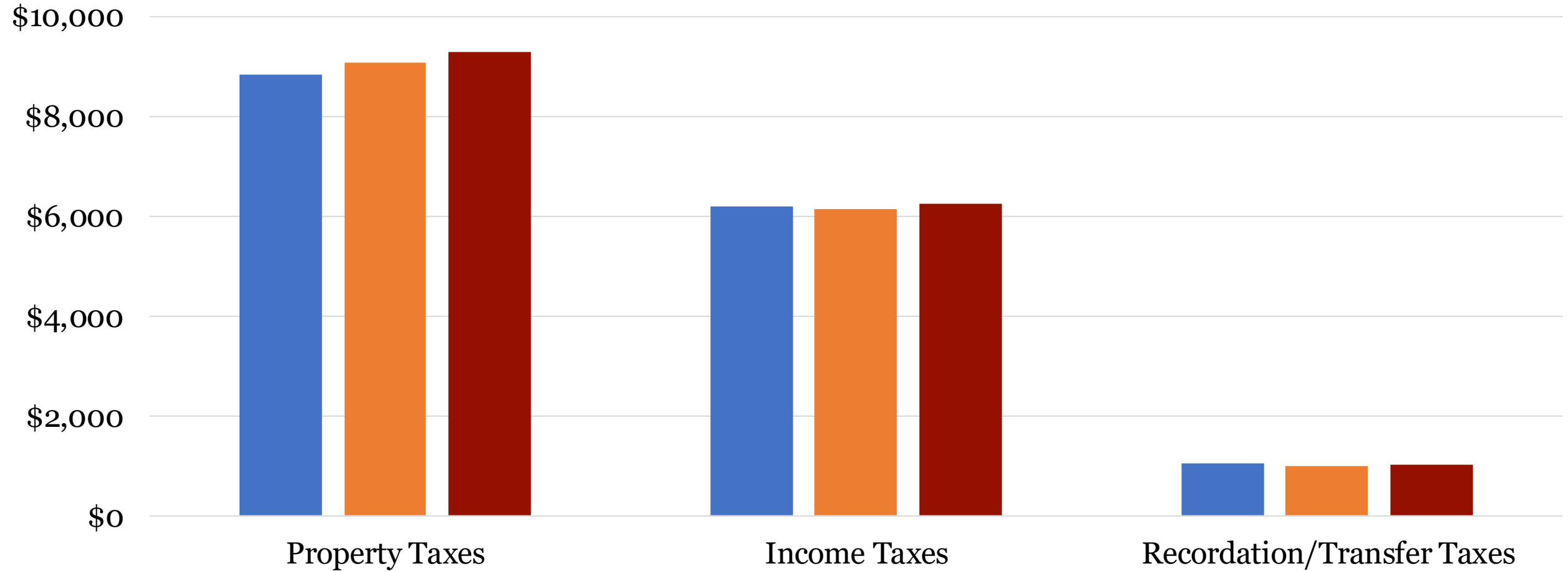


\*Week ending 10/27/2022

# Local Tax Revenue Inches Upward

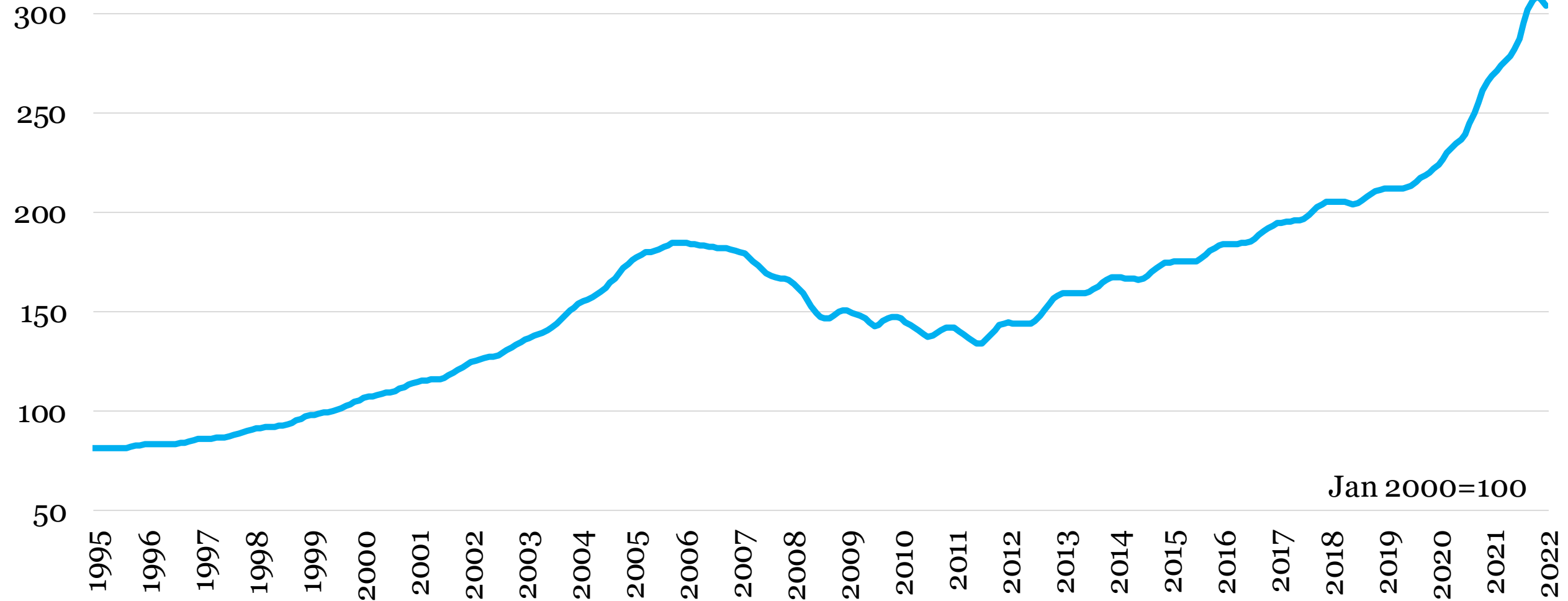
\$ Millions

FY 2020 FY 2021 FY 2022



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

1995 – August 2022



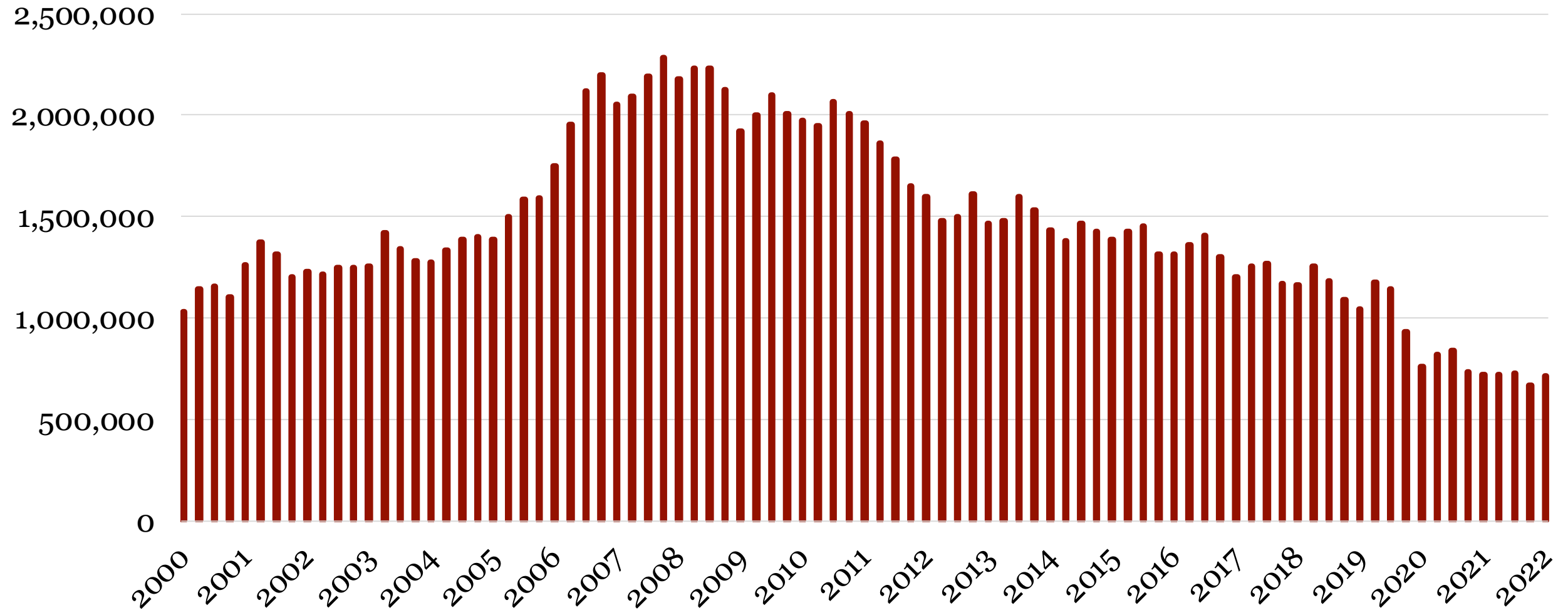
Jan 2000=100



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

## 2000 – 2022Q2

Vacant Housing Units for Sale

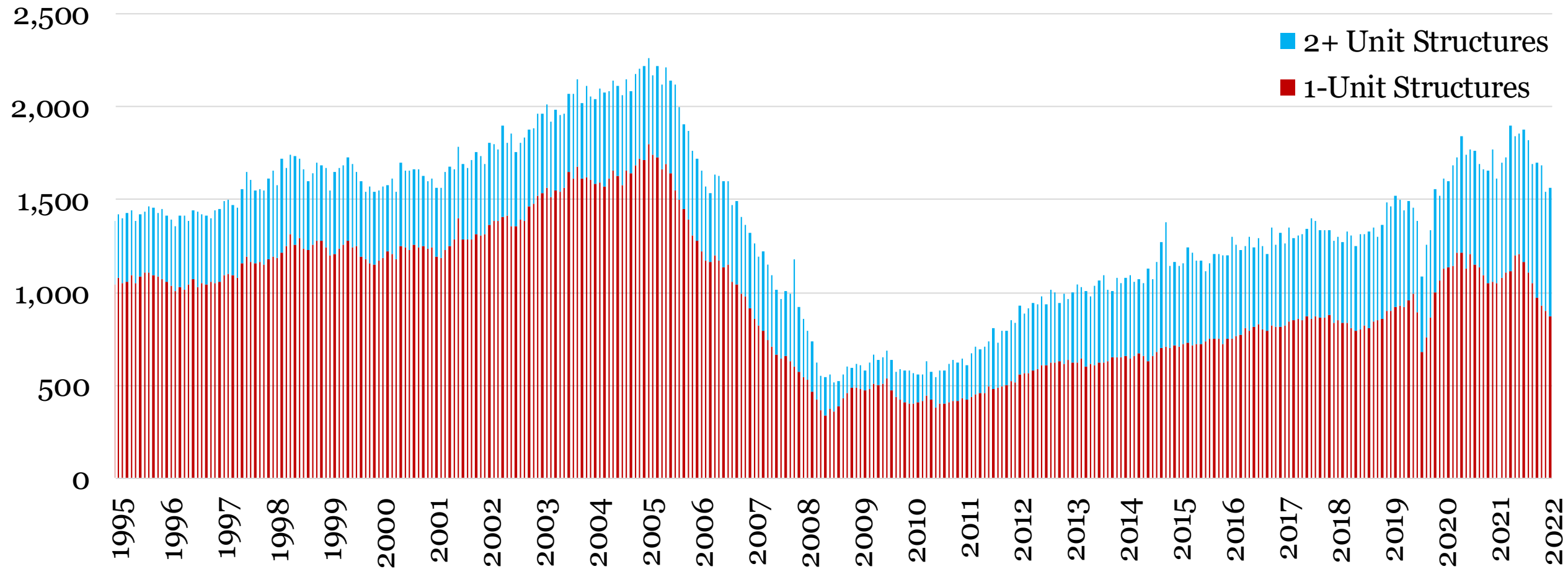


\*Units for sale only, excludes units both for rent and sale

# U.S. Residential Building Permits

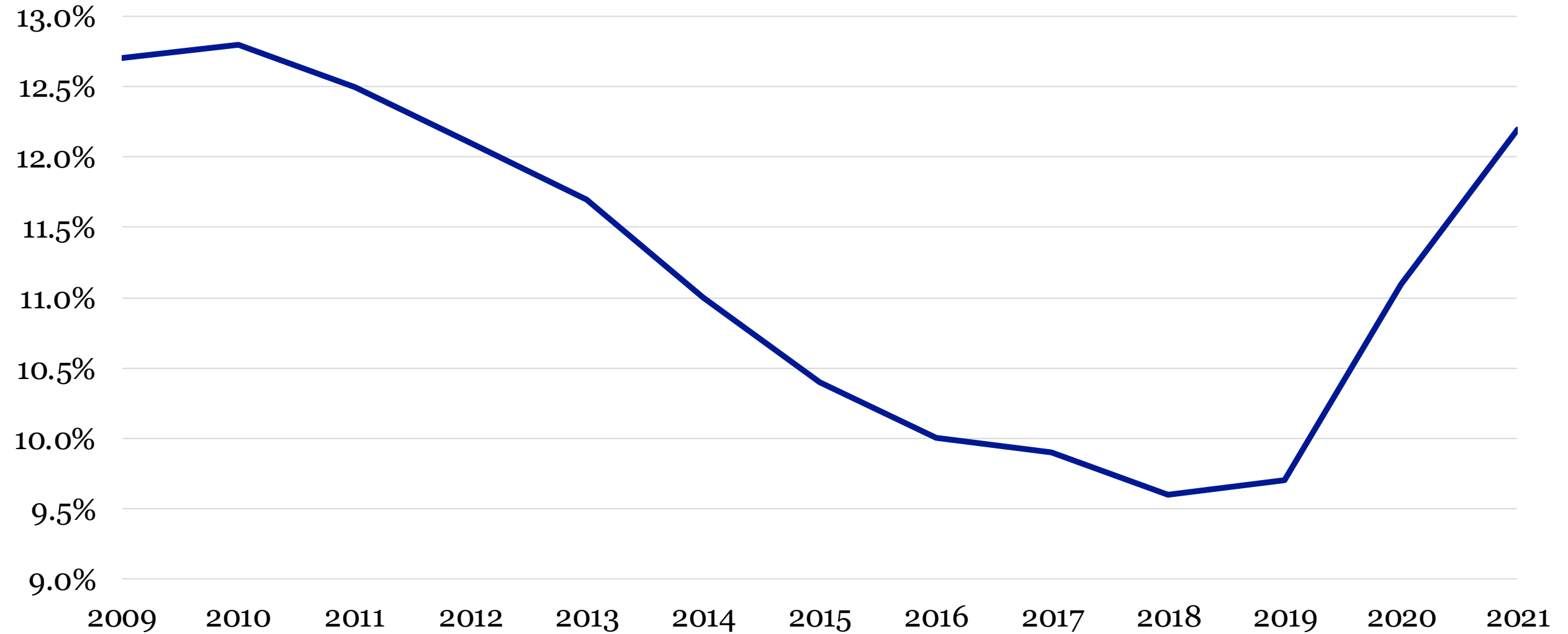
## 1995 – September 2022

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

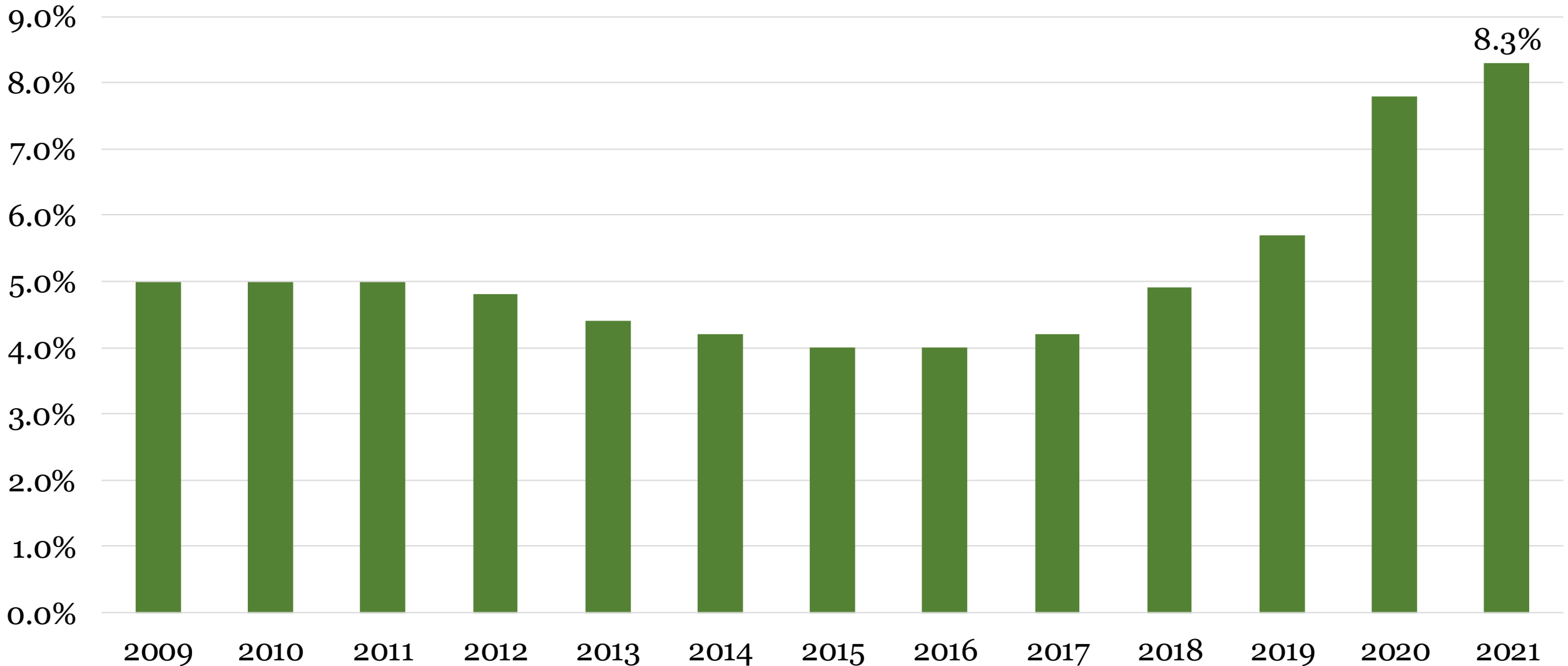


# Occupancy Is Not Enough

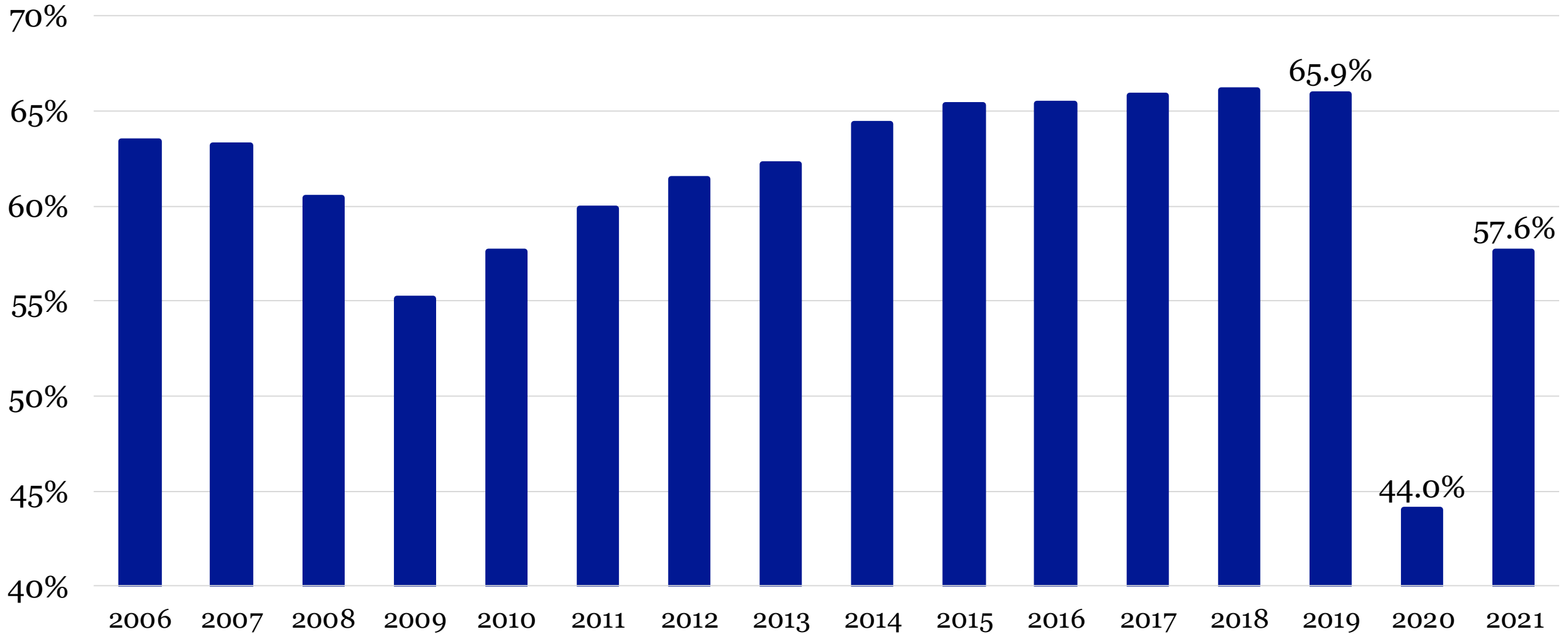
## U.S. Office Vacancy, 2009 – 2021



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



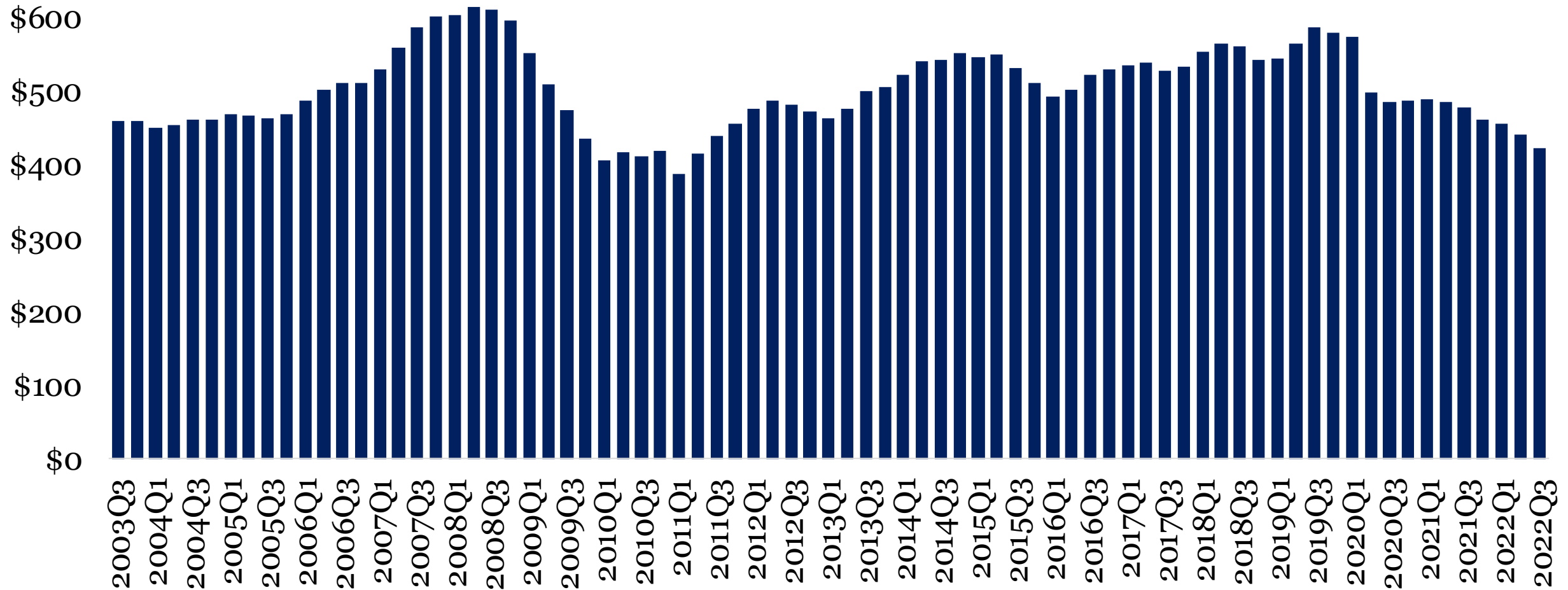
# U.S. Hotel Occupancy, 2006 – 2021



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

## 2003 – 2022Q3\*

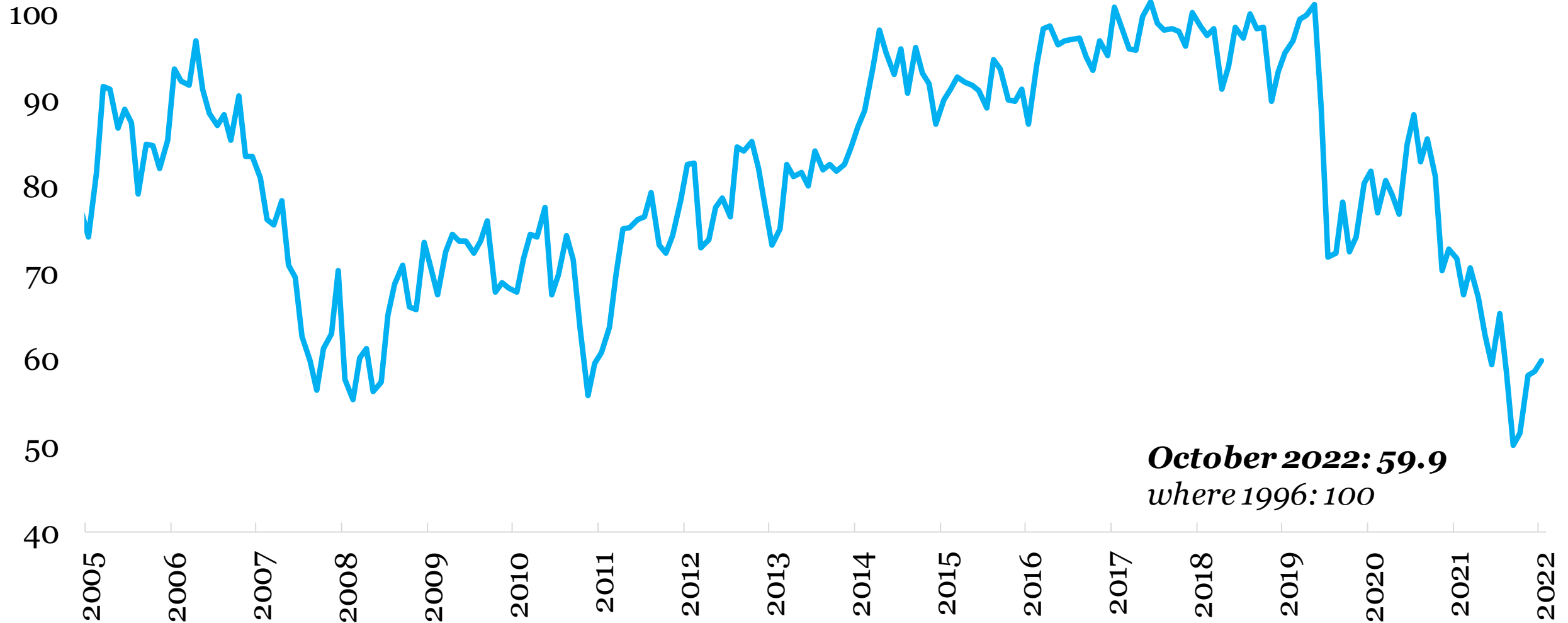
\$ Billions of chained 2012 dollars, seasonally adjusted annual rate



# My Name is Ban, Anirban

# University of Michigan Index of Consumer Sentiment

2005 – October 2022



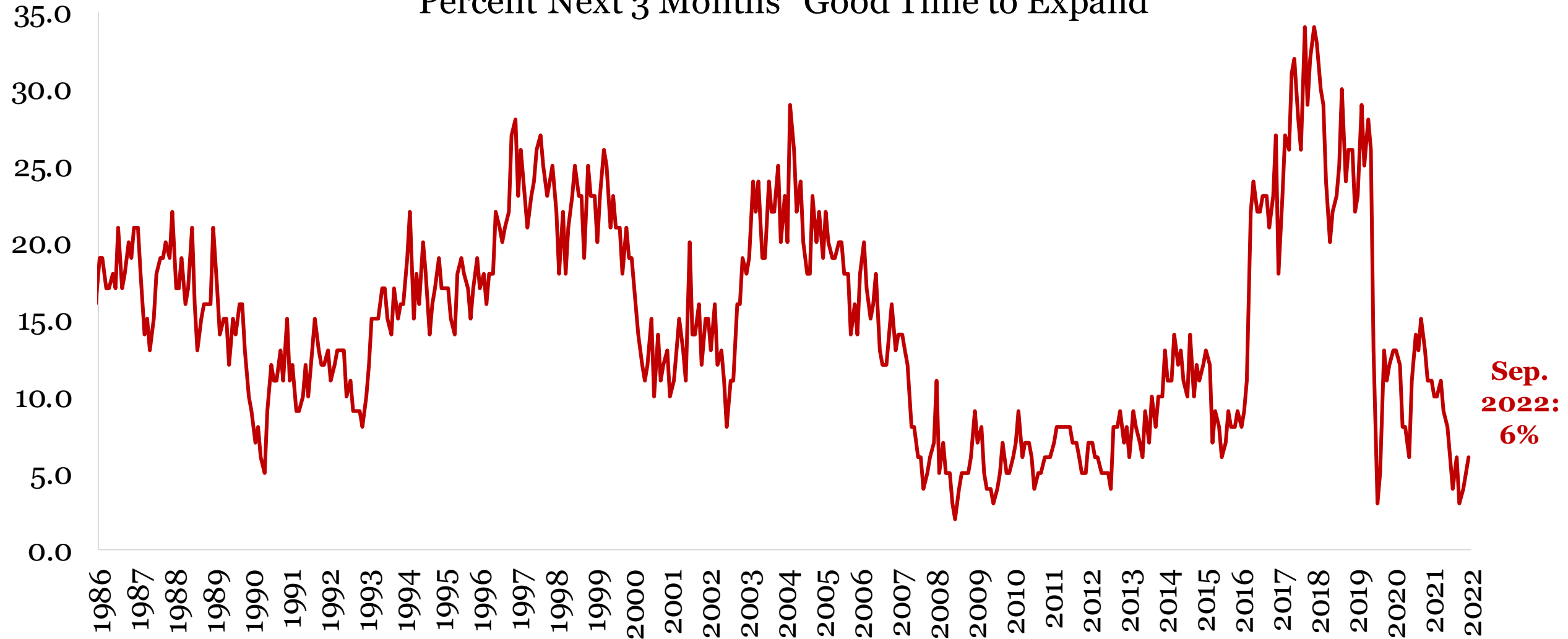
**October 2022: 59.9**  
*where 1996: 100*



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

1986 – September 2022

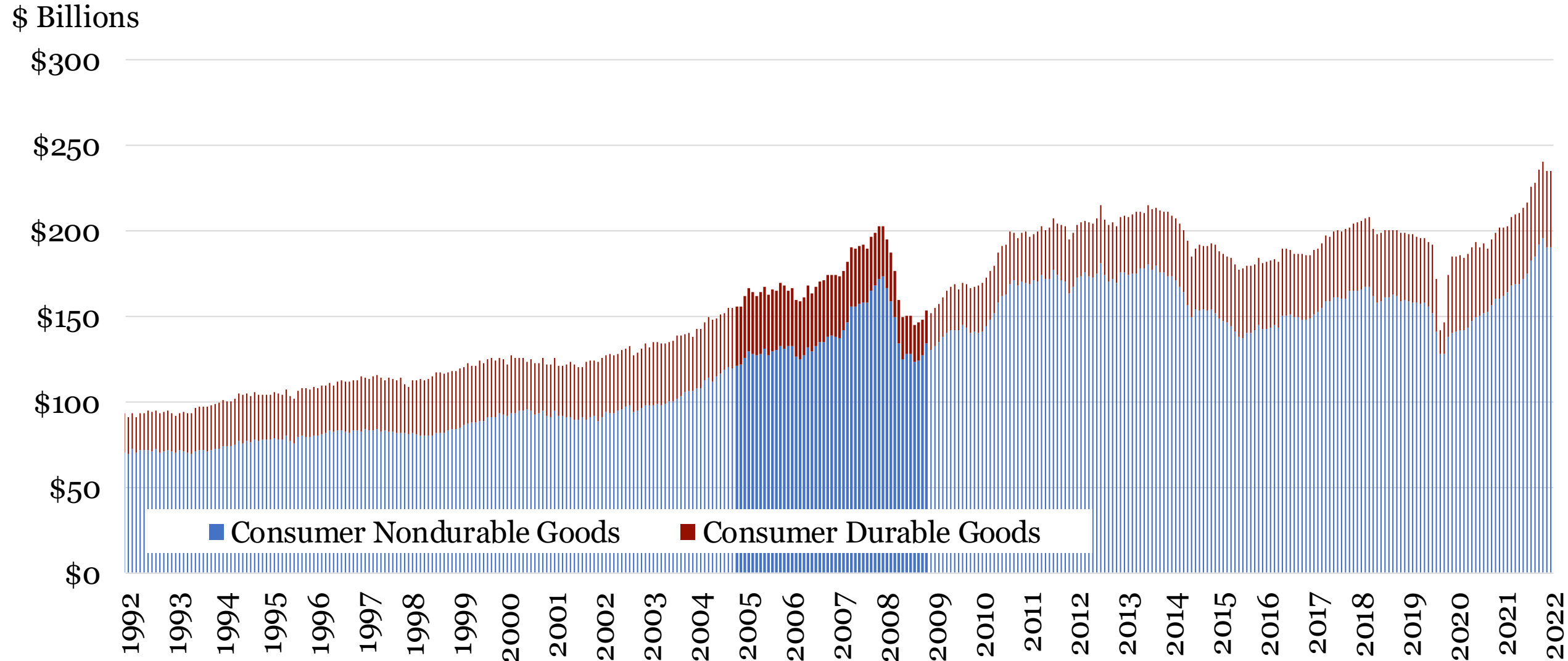
Percent Next 3 Months “Good Time to Expand”



Sep.  
2022:  
6%

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

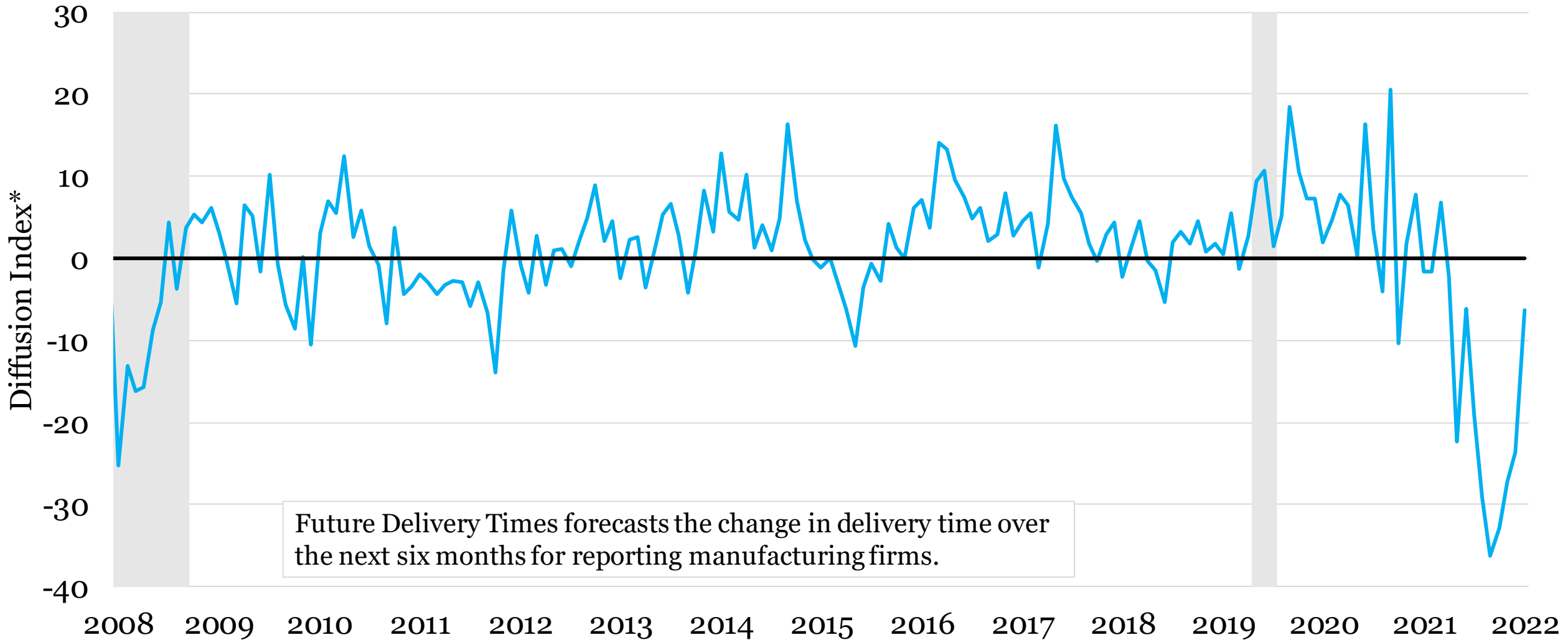
1992 – August 2022



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 – October 2022

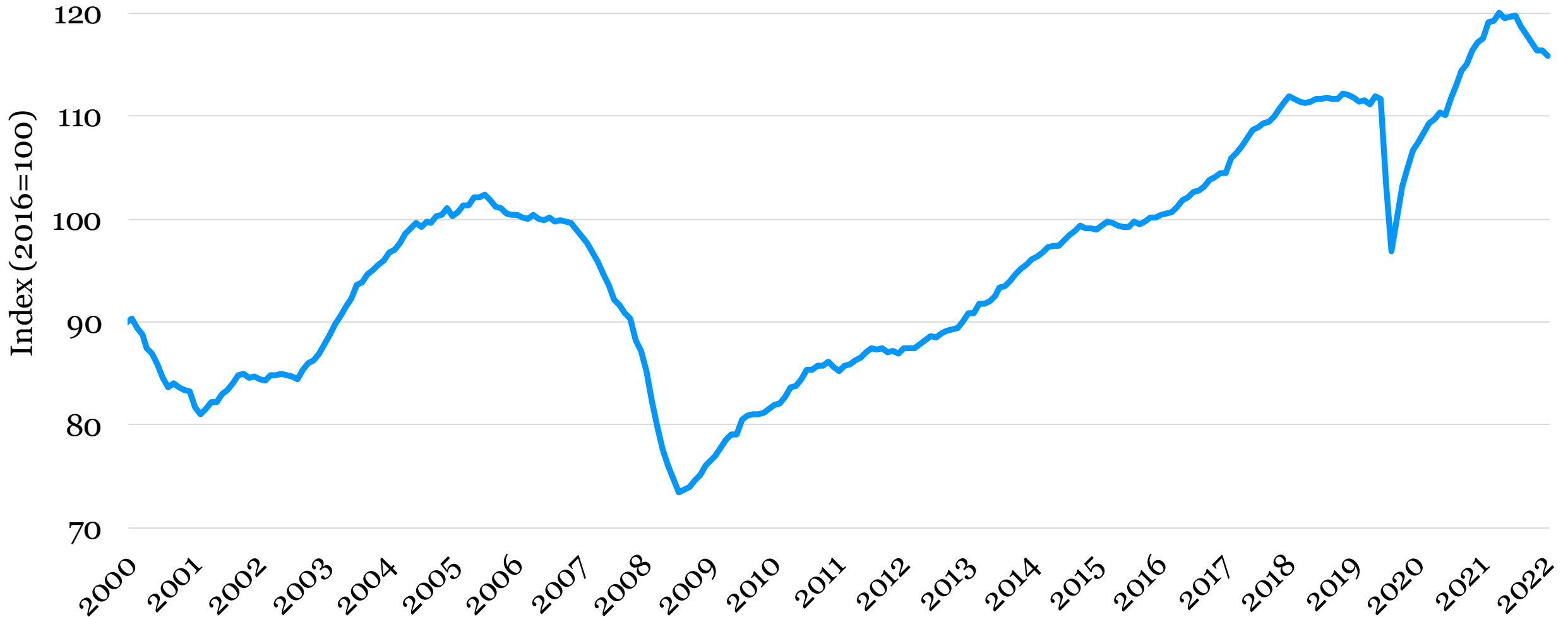


Source: Federal Reserve Bank of Philadelphia \*The diffusion index is calculated by taking the percent reporting increases and subtracting the percentage reporting decreases.

U.S. recessions

# Conference Board: U.S. Leading Economic Index

2000 – September 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 & 2023 (stagflation, anyone?).
- Yes, I'm an economist, so I am forecasting interest rates to increase.

# Speaking of “For Your Eyes Only”

Sign up for our newsletter at **[Basu.substack.com](http://Basu.substack.com)**



Free subscribers get:

- An overview of the jobs report on the first Friday of every month
- Occasional posts on specific economic & policy related subjects

Paid subscribers get:

- A “Week in Review” post every Friday covering all the economic data releases, the best things I read, and, of course, my absence of humor
- A monthly Q&A session

# Thank You

Please follow me on Twitter -- @sageanirban

Please look for updates of information at  
[www.sagepolicy.com](http://www.sagepolicy.com).

Please contact us when you require economic research  
& policy analysis.