

Navigating a Complex and Changing Environment



Presented by

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The Good, The Bad, & The Ugly

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On Behalf of
2024 SISO CEO Summit

April 9, 2024

The Good

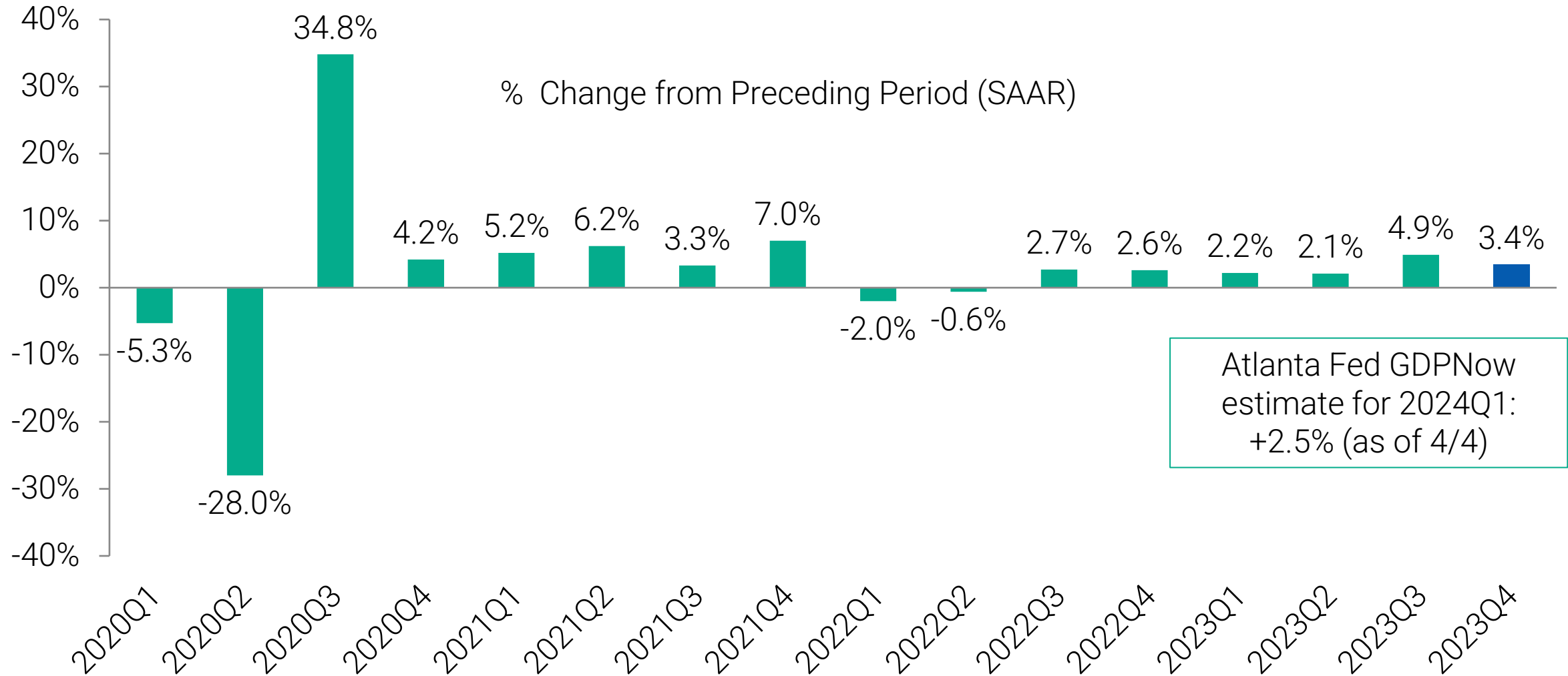
Current Momentum

SAGE | policy group



Where Eagles Dare

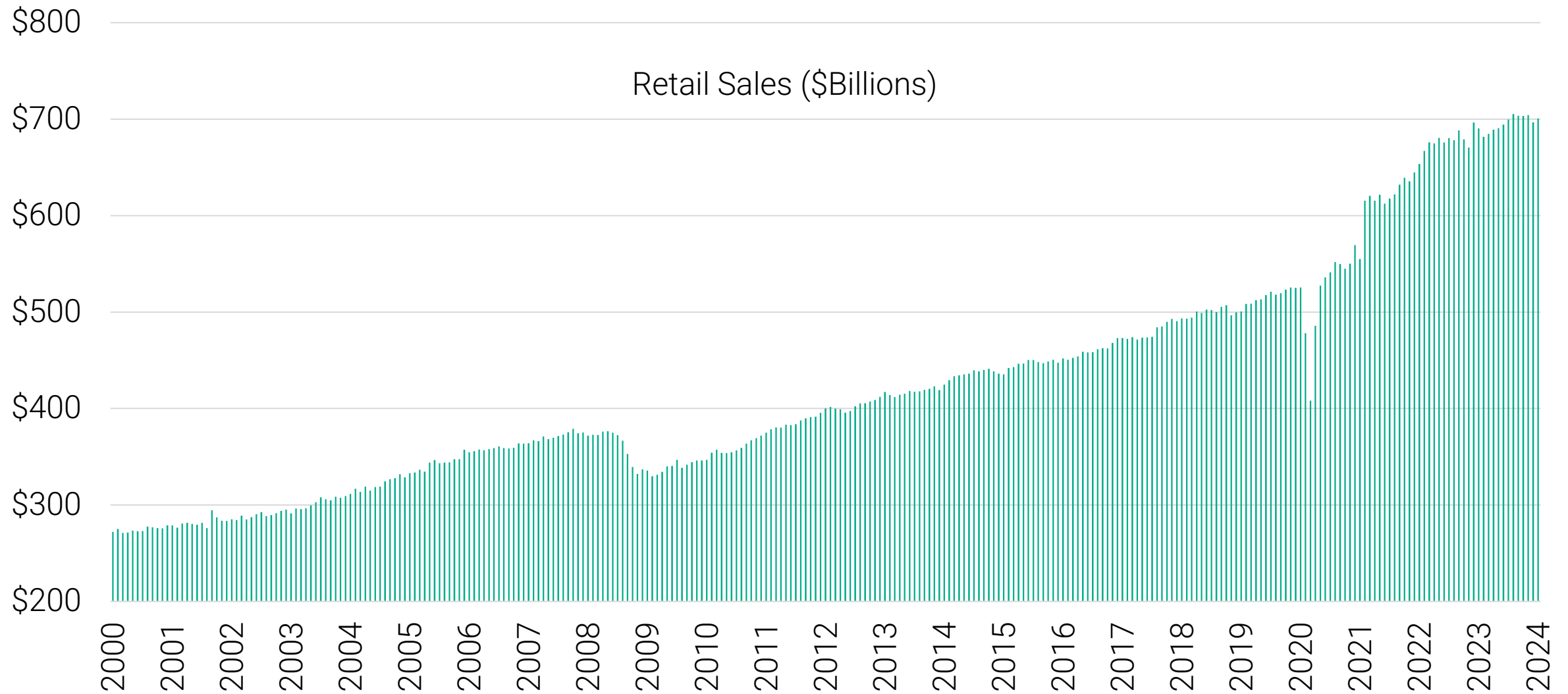
U.S. Gross Domestic Product Growth, 2020 – 2023Q4



Source: U.S. Bureau of Economic Analysis *2023Q4: 3rd/final estimate **Where Eagles Dare was a 1969 film

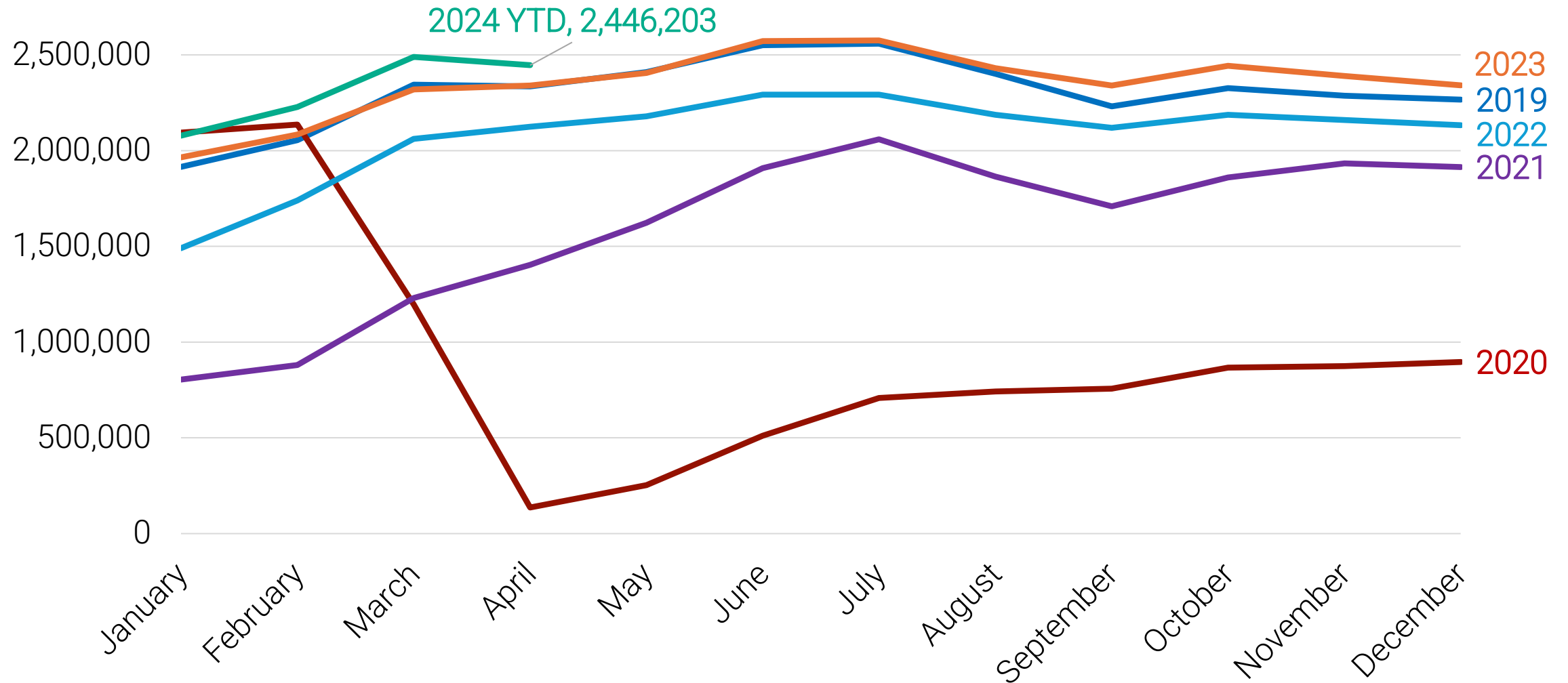
A Fistful of Dollars (a 1964 Film)

U.S. Retail Sales, 2000 – February 2024



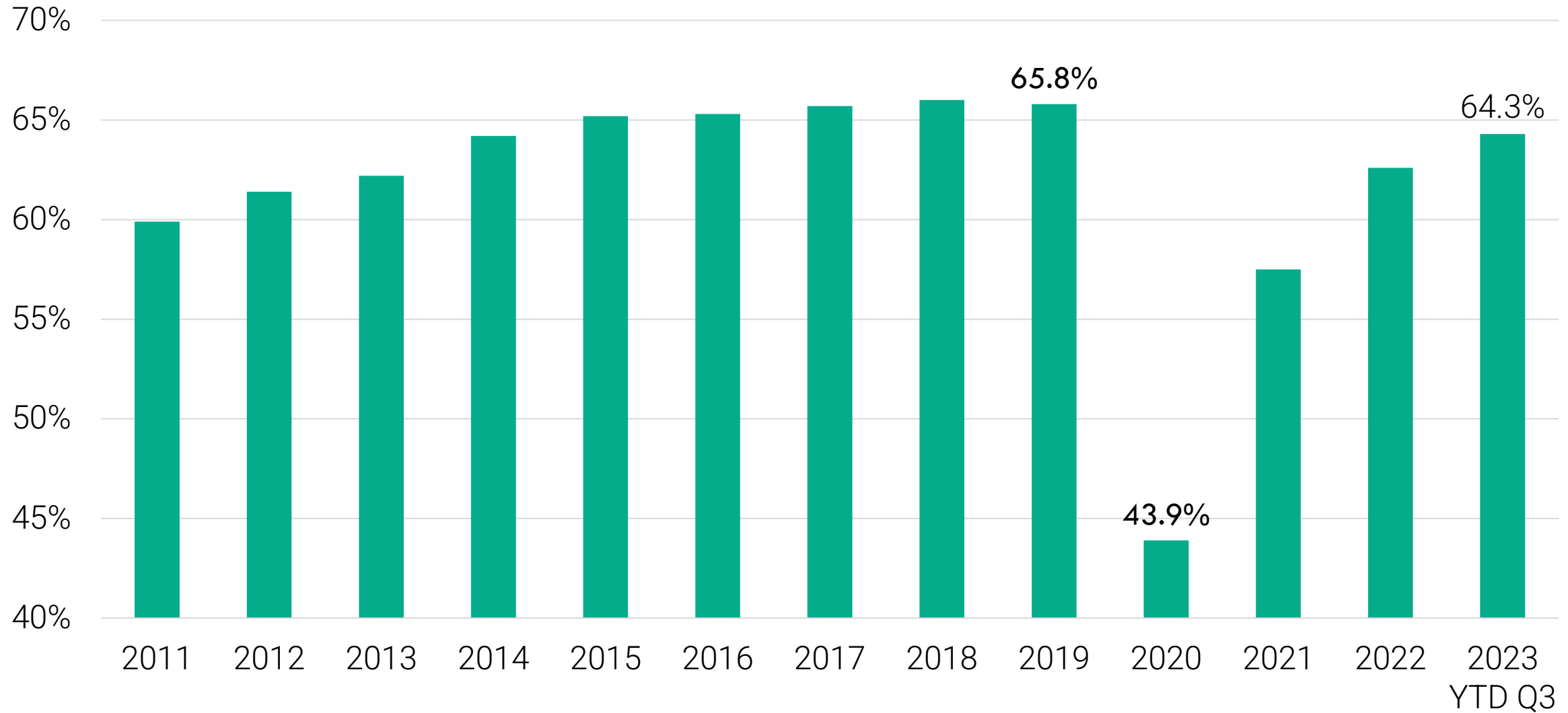
Source: U.S. Census Bureau

Daily Average TSA Checkpoint Travel Numbers



Source: U.S. Transportation Security Administration (TSA)

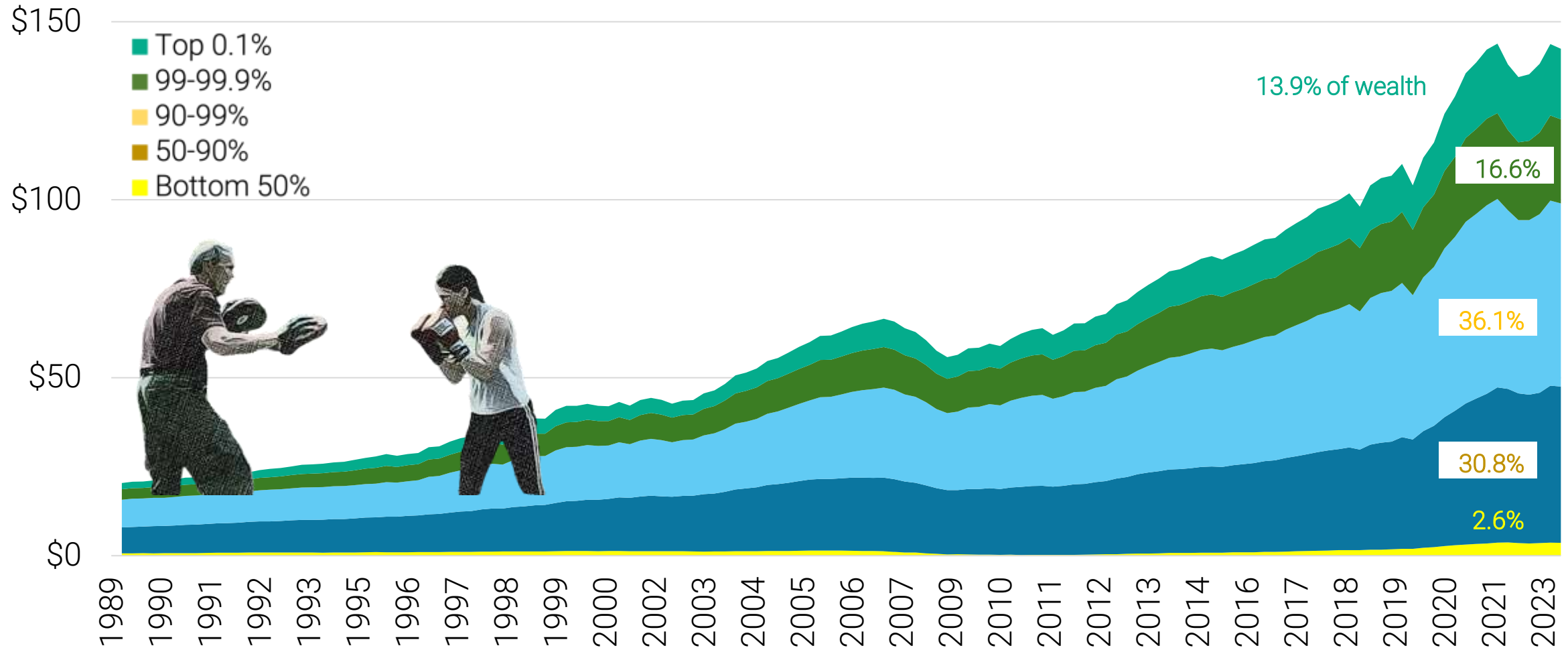
U.S. Hotel Occupancy, 2011 – 2023



Source: Costar

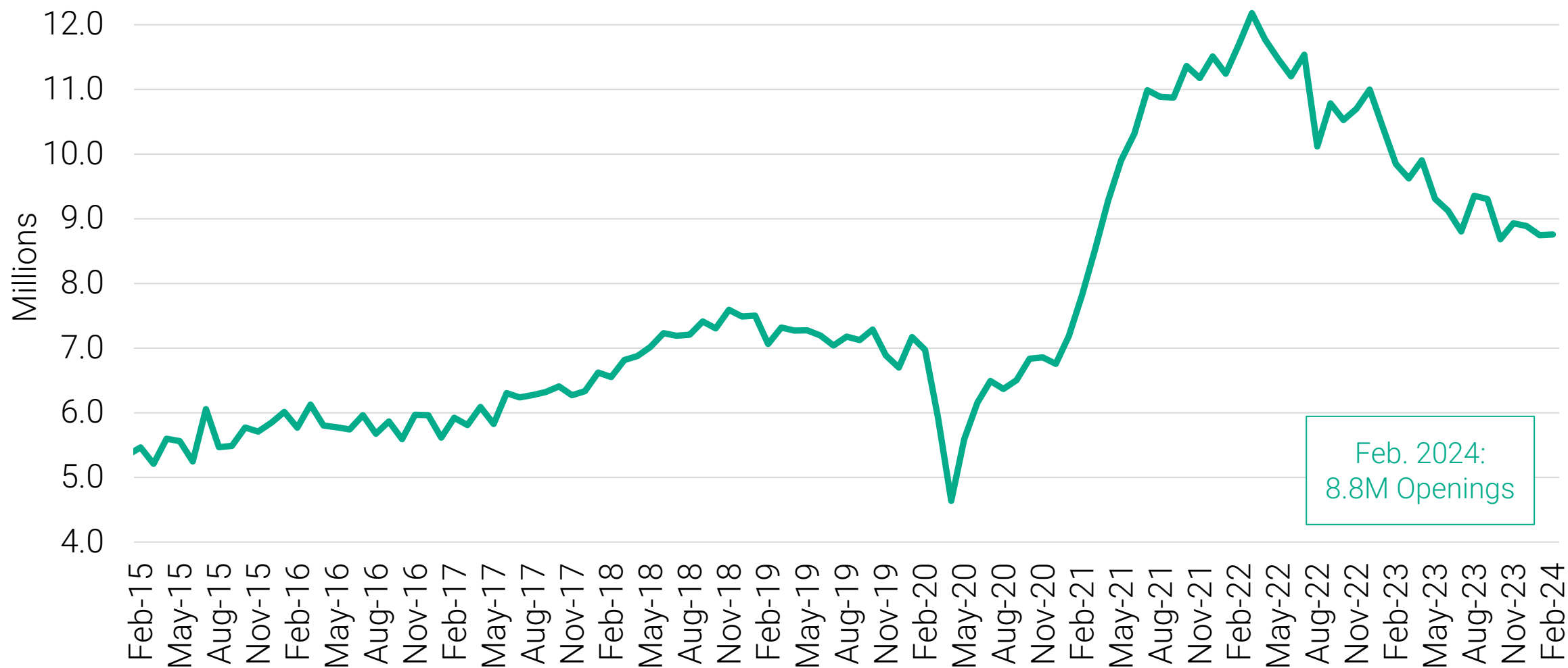
Million Dollar Baby (a 2004 Flick)

U.S. Household Wealth by Wealth Percentile Group (\$ Trillions)



Source: Federal Reserve Board, Distributional Financial Accounts (DFAs)

U.S. Job Openings, 2015 – February 2024

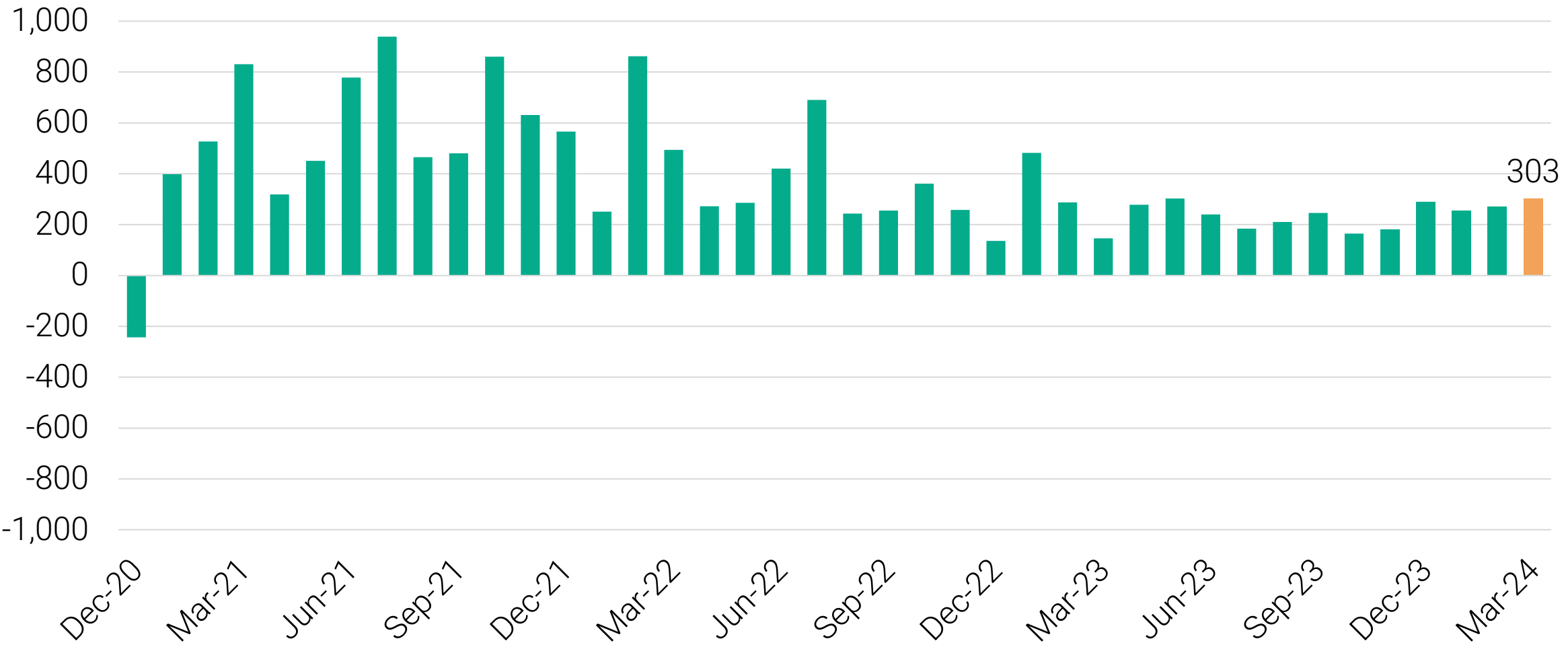


Source: U.S. Bureau of Labor Statistics

U.S. Job Growth, Monthly

December 2020 – March 2024

1-M Net Change, 000s



Source: U.S. Bureau of Labor Statistics

Employment Growth, 25 Largest Metros

February 2020 v. February 2024 % Change

Rank	MSA	%
1	Dallas-Fort Worth-Arlington, TX	10.7%
2	Tampa-St. Petersburg-Clearwater, FL	9.6%
3	Phoenix-Mesa-Scottsdale, AZ	9.5%
4	Orlando-Kissimmee-Sanford, FL	9.0%
5	San Antonio-New Braunfels, TX	8.7%
6	Charlotte-Concord-Gastonia, NC-SC	7.3%
7	Houston-The Woodlands-Sugar Land, TX	7.1%
8	Miami-Fort Lauderdale-West Palm Beach, FL	6.5%
9	Riverside-San Bernardino-Ontario, CA	6.3%
10	Atlanta-Sandy Springs-Roswell, GA	6.2%
11	Denver-Aurora-Lakewood, CO	4.8%
12	Philadelphia-Camden-Wilm., PA-NJ-DE-MD	3.0%
13	San Diego-Carlsbad, CA	2.4%

Rank	MSA	%
14	St. Louis, MO-IL	1.8%
15	Seattle-Tacoma-Bellevue, WA	1.2%
16	New York-Newark-Jersey City, NY-NJ-PA	0.8%
17	Chicago-Naperville-Elgin, IL-IN-WI	0.1%
18	Washington-Arlington-Alexandria, DC-VA-MD-WV	-0.2%
19	Detroit-Warren-Dearborn, MI	-0.8%
19	Minneapolis-St. Paul-Bloomington, MN-WI	-0.8%
21	Portland-Vancouver-Hillsboro, OR-WA	-0.9%
22	Boston-Cambridge-Nashua, MA-NH	-1.1%
22	Los Angeles-Long Beach-Anaheim, CA	-1.1%
24	Baltimore-Columbia-Towson, MD	-1.8%
25	San Francisco-Oakland-Hayward, CA	-2.3%

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

U.S. % Change 2/2020 v. 2/2024: +3.6%



Unemployment Rates, 25 Largest Metros, February 2024

Rank	MSA	%
1	Miami-Fort Lauderdale-West Palm Beach, FL	2.5%
2	Baltimore-Columbia-Towson, MD	2.8%
3	Atlanta-Sandy Springs-Roswell, GA	3.0%
3	Washington-Arlington-Alexandria, DC-VA-MD-WV	3.0%
5	Orlando-Kissimmee-Sanford, FL	3.2%
6	Boston-Cambridge-Nashua, MA-NH	3.3%
6	Minneapolis-St. Paul-Bloomington, MN-WI	3.3%
6	Phoenix-Mesa-Scottsdale, AZ	3.3%
6	Tampa-St. Petersburg-Clearwater, FL	3.3%
10	Charlotte-Concord-Gastonia, NC-SC	3.6%
11	Philadelphia-Camden-Wilm., PA-NJ-DE-MD	3.8%
12	Detroit-Warren-Dearborn, MI	4.0%

Rank	MSA	%
12	St. Louis, MO-IL	4.0%
14	San Antonio-New Braunfels, TX	4.1%
15	Dallas-Fort Worth-Arlington, TX	4.2%
15	Denver-Aurora-Lakewood, CO	4.2%
17	San Francisco-Oakland-Hayward, CA	4.4%
18	Houston-The Woodlands-Sugar Land, TX	4.6%
19	New York-Newark-Jersey City, NY-NJ-PA	4.7%
19	San Diego-Carlsbad, CA	4.7%
19	Seattle-Tacoma-Bellevue, WA	4.7%
22	Los Angeles-Long Beach-Anaheim, CA	4.8%
22	Portland-Vancouver-Hillsboro, OR-WA	4.8%
24	Chicago-Naperville-Elgin, IL-IN-WI	5.3%
25	Riverside-San Bernardino-Ontario, CA	5.5%

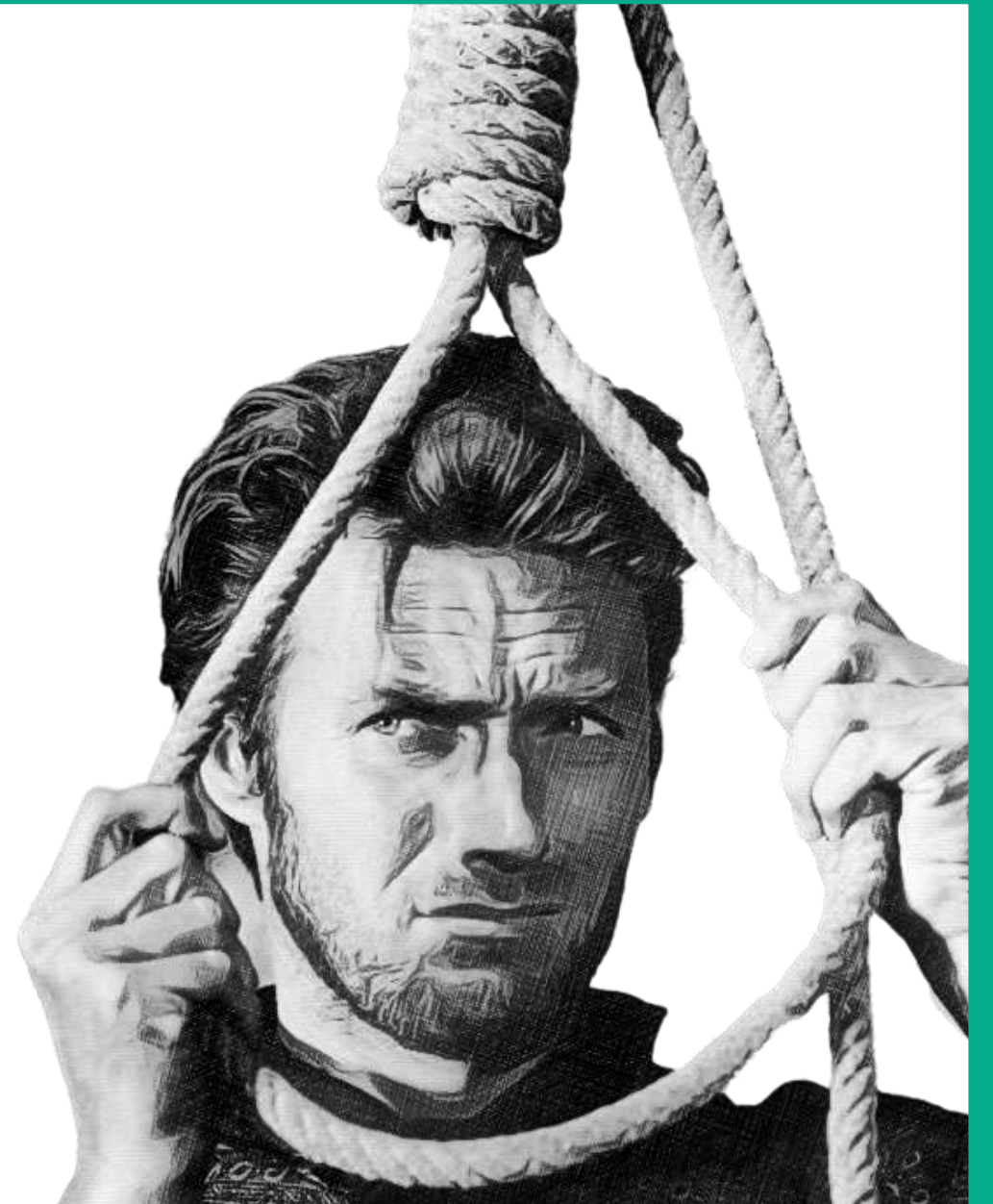
Source: Bureau of Labor Statistics
Local Area Unemployment Statistics (LAUS) program. Note: data are not seasonally adjusted

U.S. Unemployment Rate — Feb: 3.9% | Mar: 3.8%



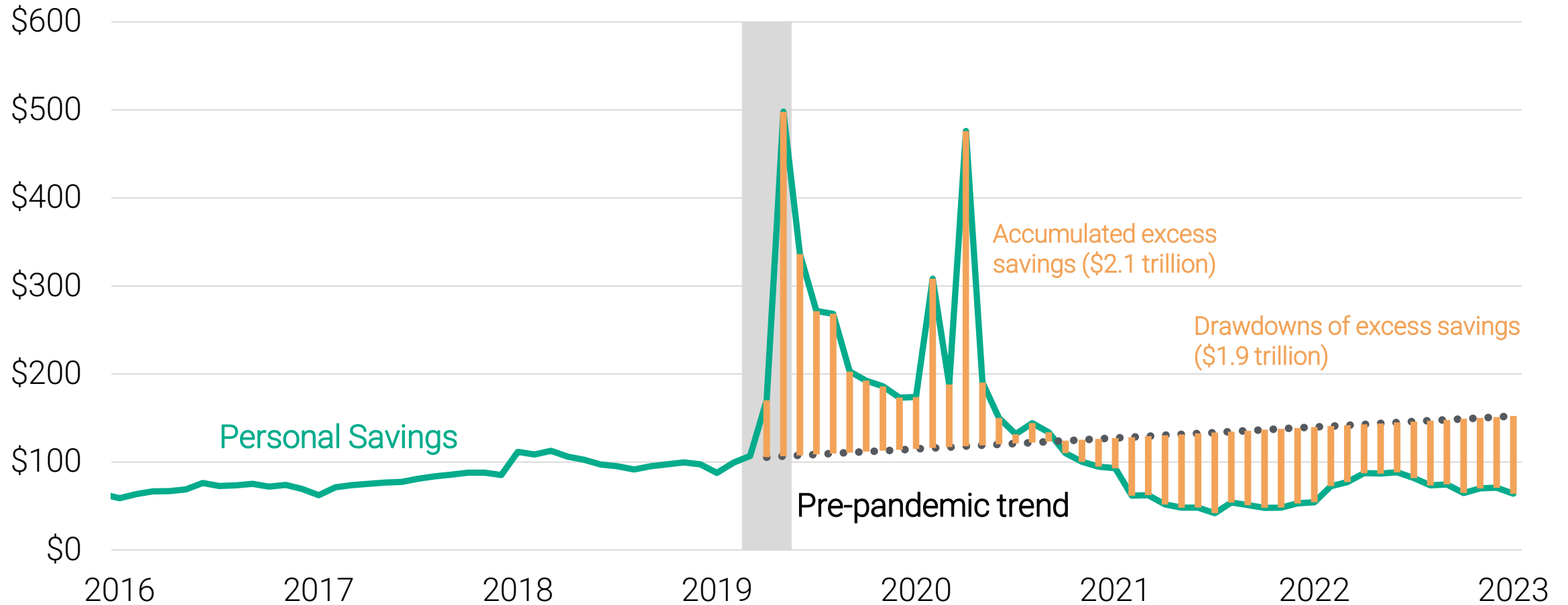
The Bad

Not Sustainable



Drawdown of Pandemic Related Excess Savings

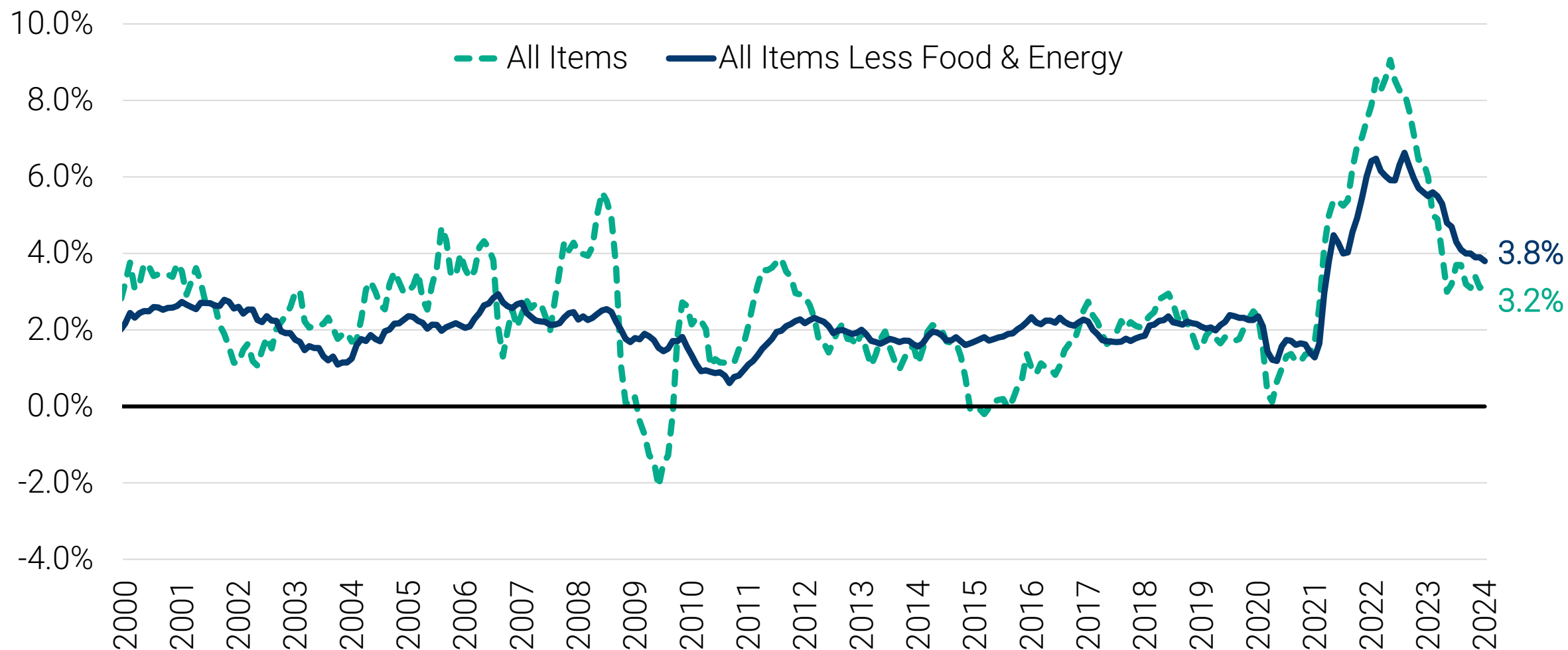
Aggregate Personal Savings Versus the Pre-pandemic Trend
(Abdelrahman and Oliveira, Federal Reserve Bank of San Francisco)



Source: Federal Reserve Bank of San Francisco

Consumer Price Index (NSA)

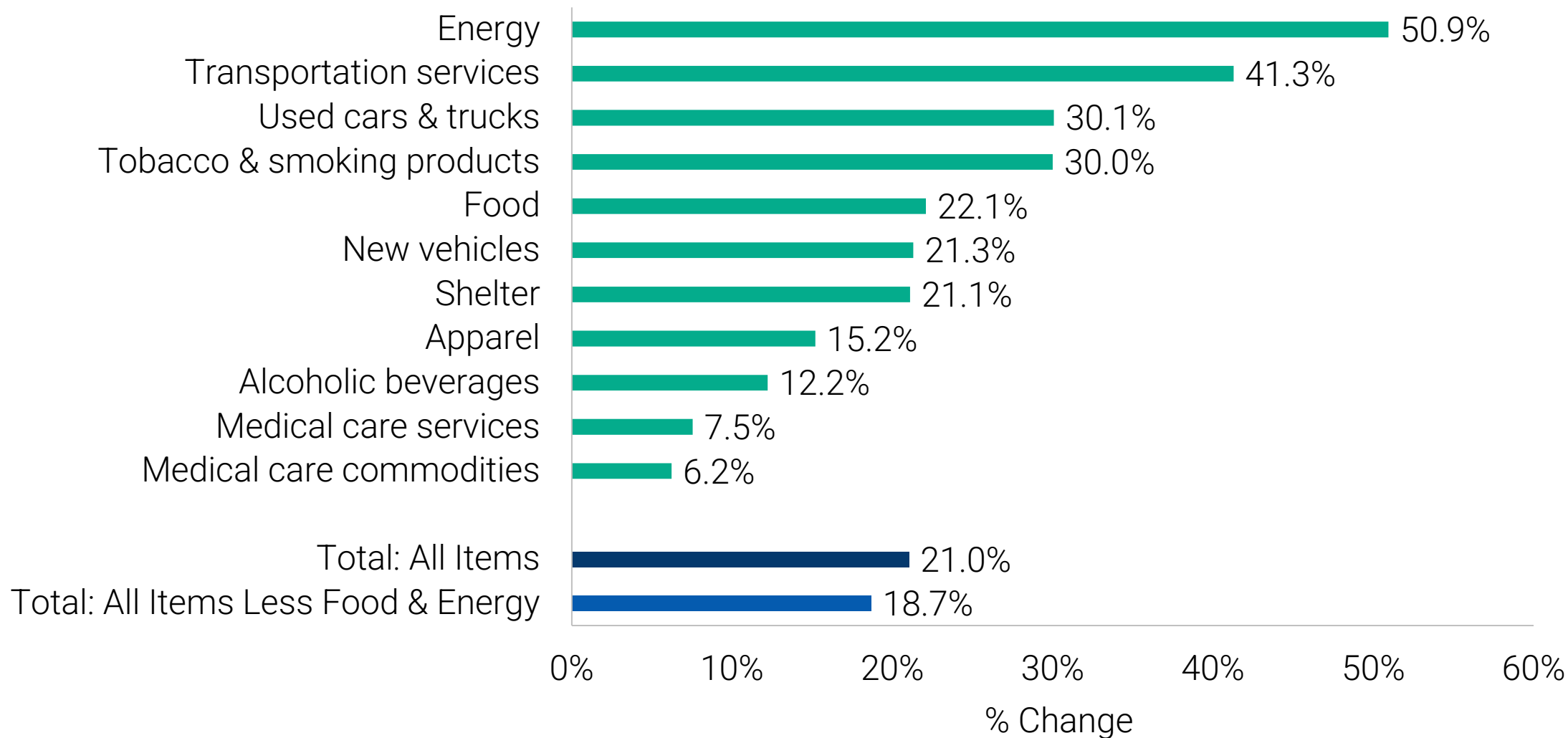
12-Month % Change, 2000 – February 2024



Source: U.S. Bureau of Labor Statistics

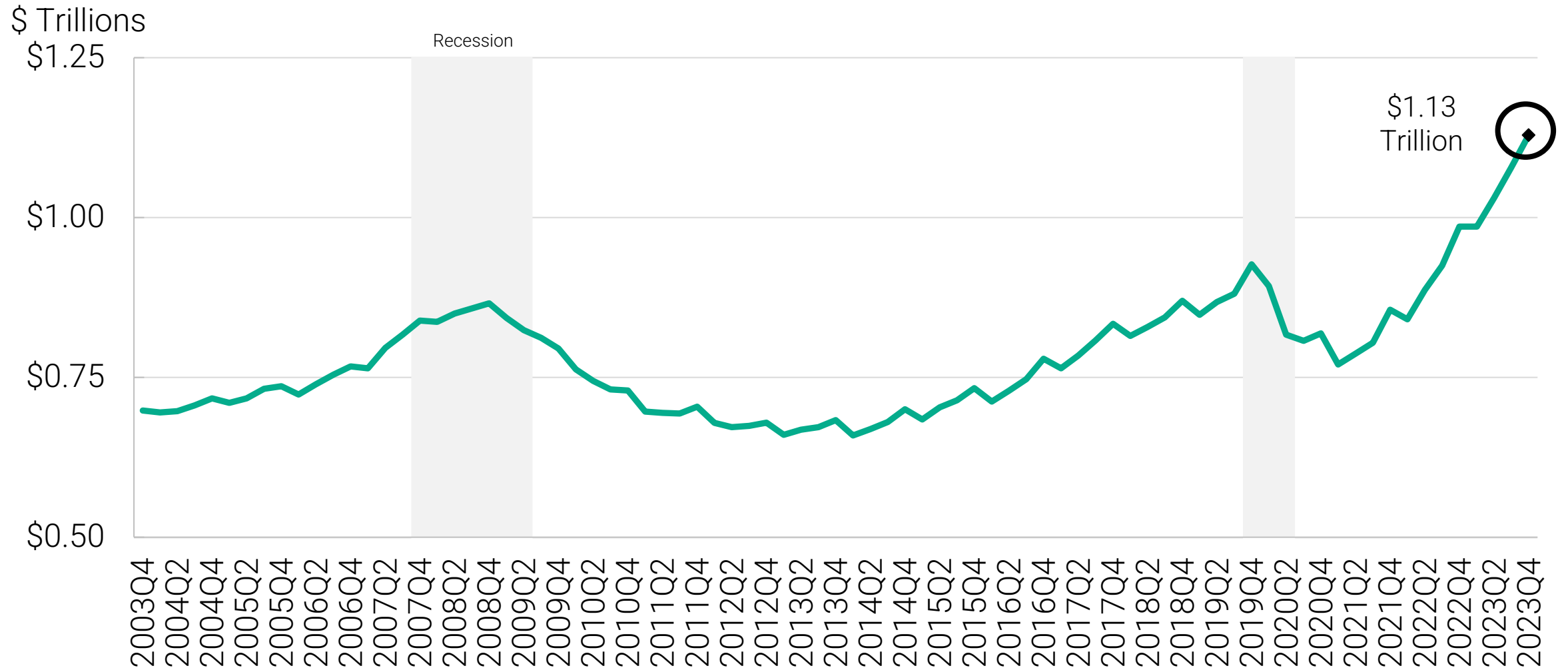
Consumer Price Index, Select Categories (NSA)

% Change May 2020 v. February 2024



For a Few Dollars More

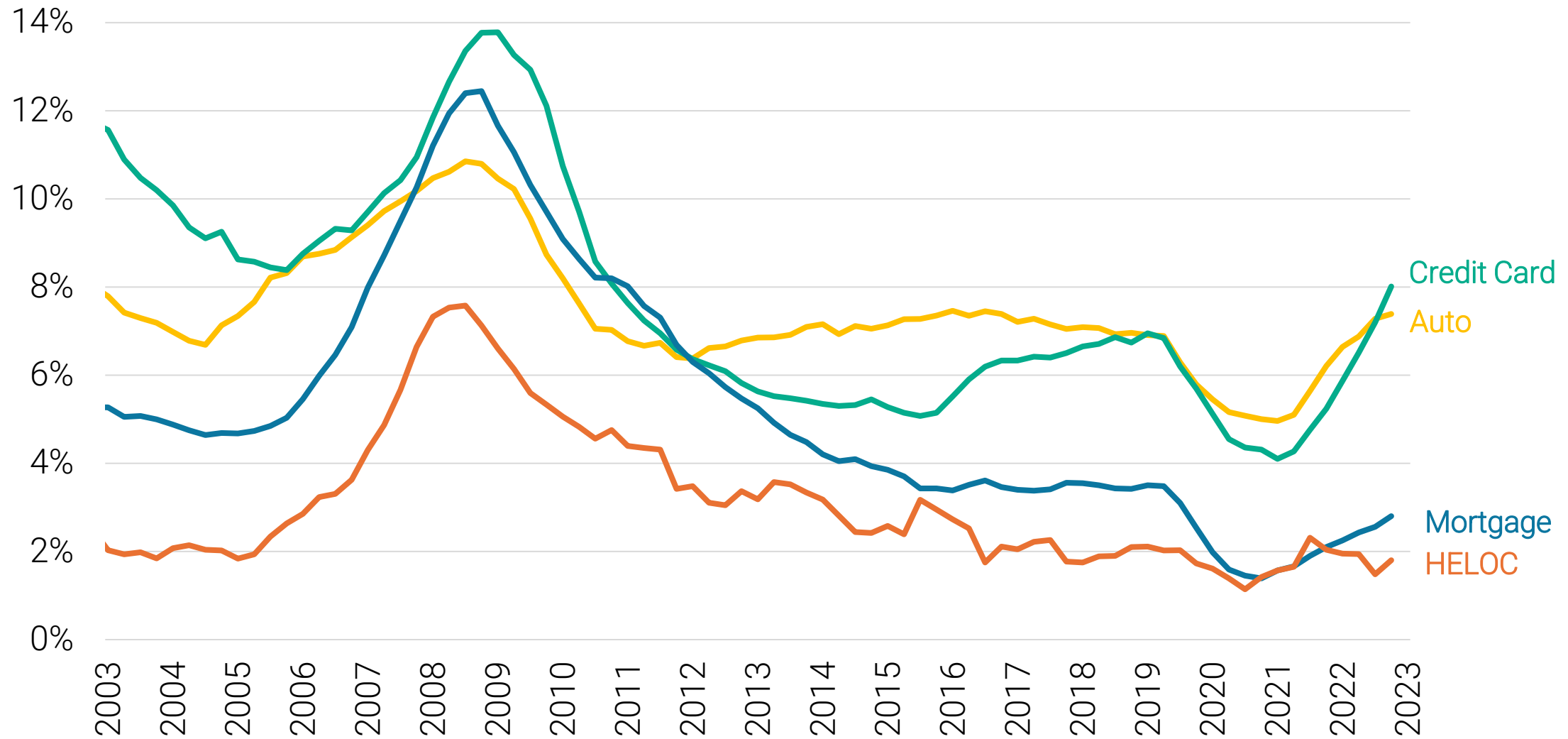
U.S. Credit Card Debt, 2003 – 2023



Source: FRED; New York Fed Consumer Credit Panel/Equifax

Heartbreak Ridge (a 1986 Film)

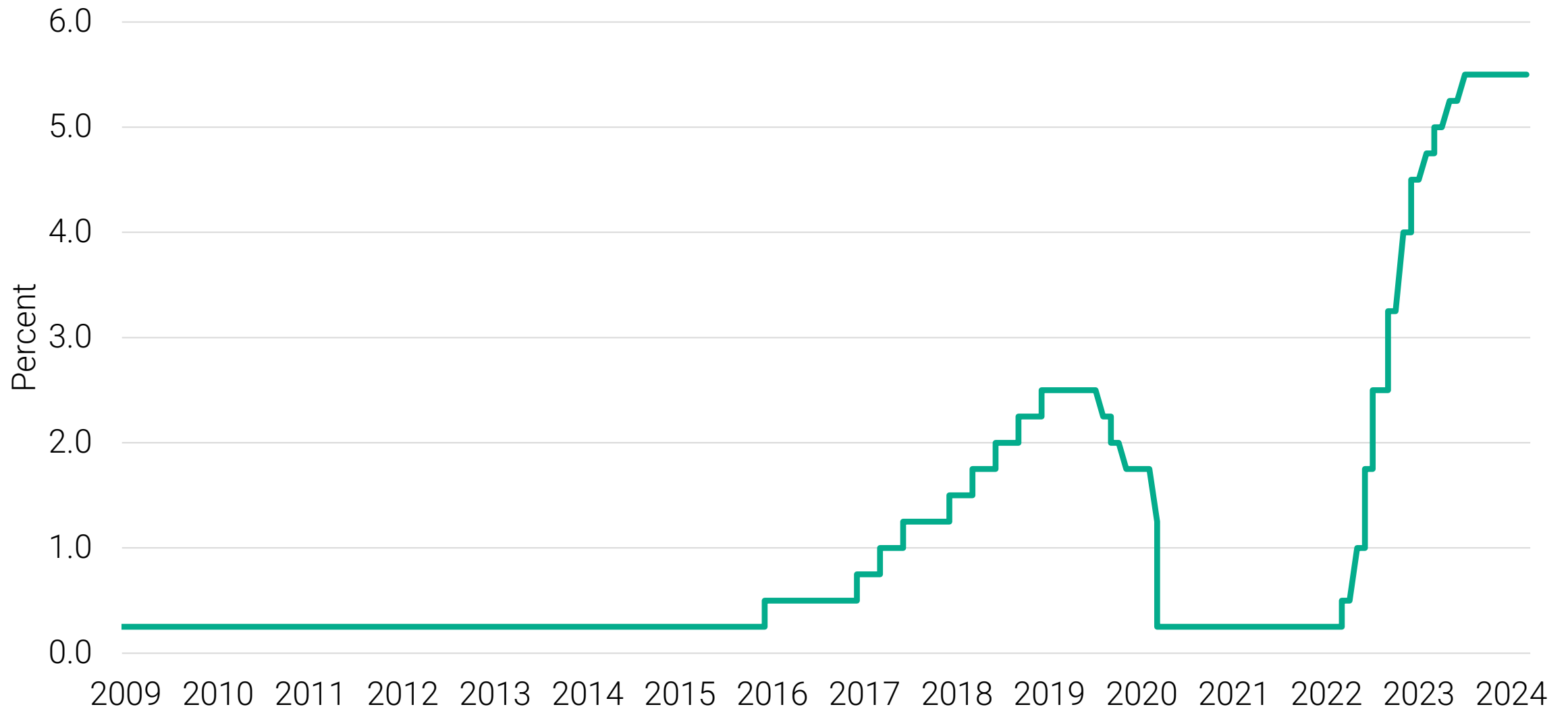
New Delinquent Balances (% of Balance 30+ Days Delinquent by Loan Type)



Source: Federal Reserve Bank of New York Consumer Credit Panel/Equifax

Not So Sudden Impact (a 1983 Film)

Federal Funds Rate, Target Rate Upper Limit, 2009 – 2024



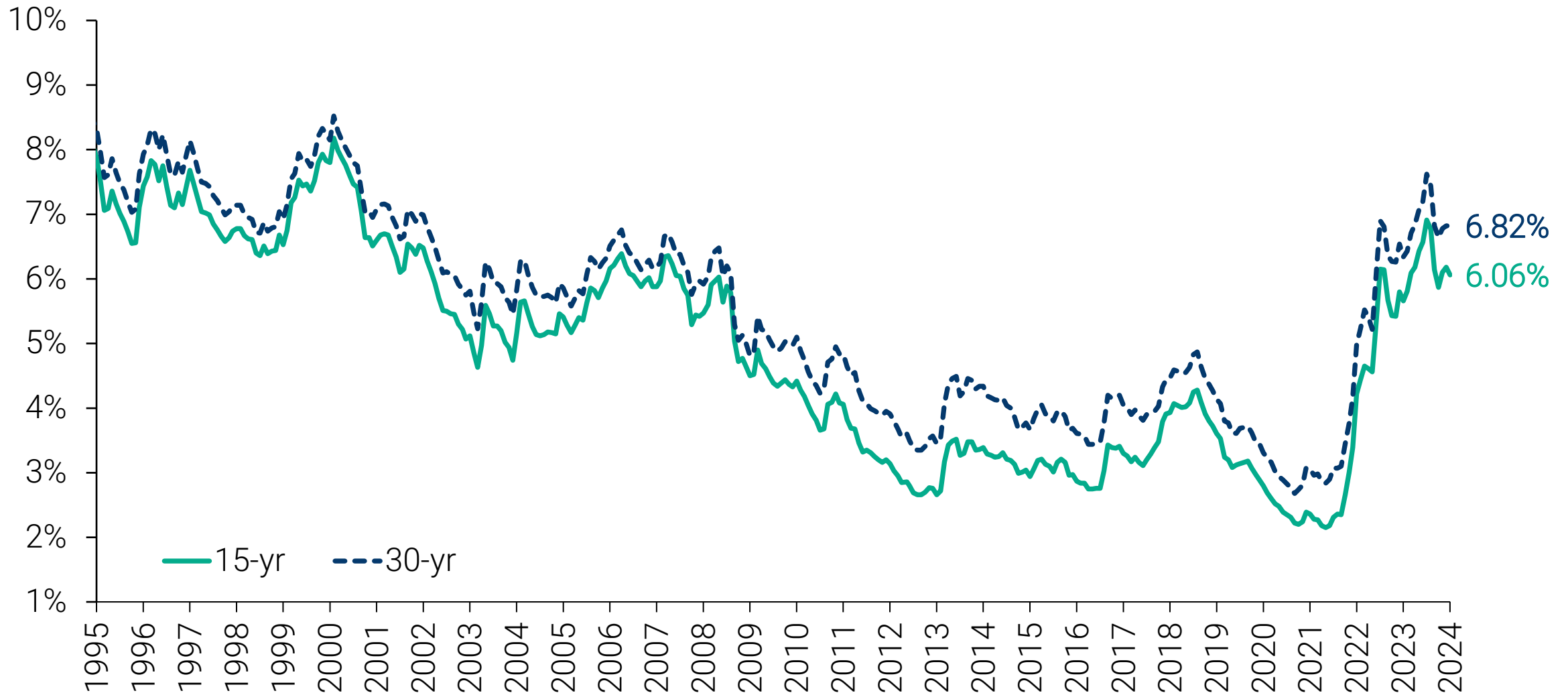
Source: Board of Governors of the Federal Reserve System

Monetary Policy Lags

- “A large body of research tells us it can take 18 months to two years or more for tighter monetary policy to materially affect inflation.” - Raphael Bostic, President and Chief Executive Officer, Federal Reserve Bank of Atlanta
- Some reasons for the lag: how fixed people’s expectations are; the gradual response of investment (both business investment and consumer investment in durables/dwellings); long-term contracts (rent); gradual transmission from sectors of the economy immediately affected (ex. lending) to other sectors.
- In the meantime, higher rates reduce investment, slow hiring and wage growth, and eventually increase unemployment.

Lend 'Em High (Hang 'Em High, 1968)

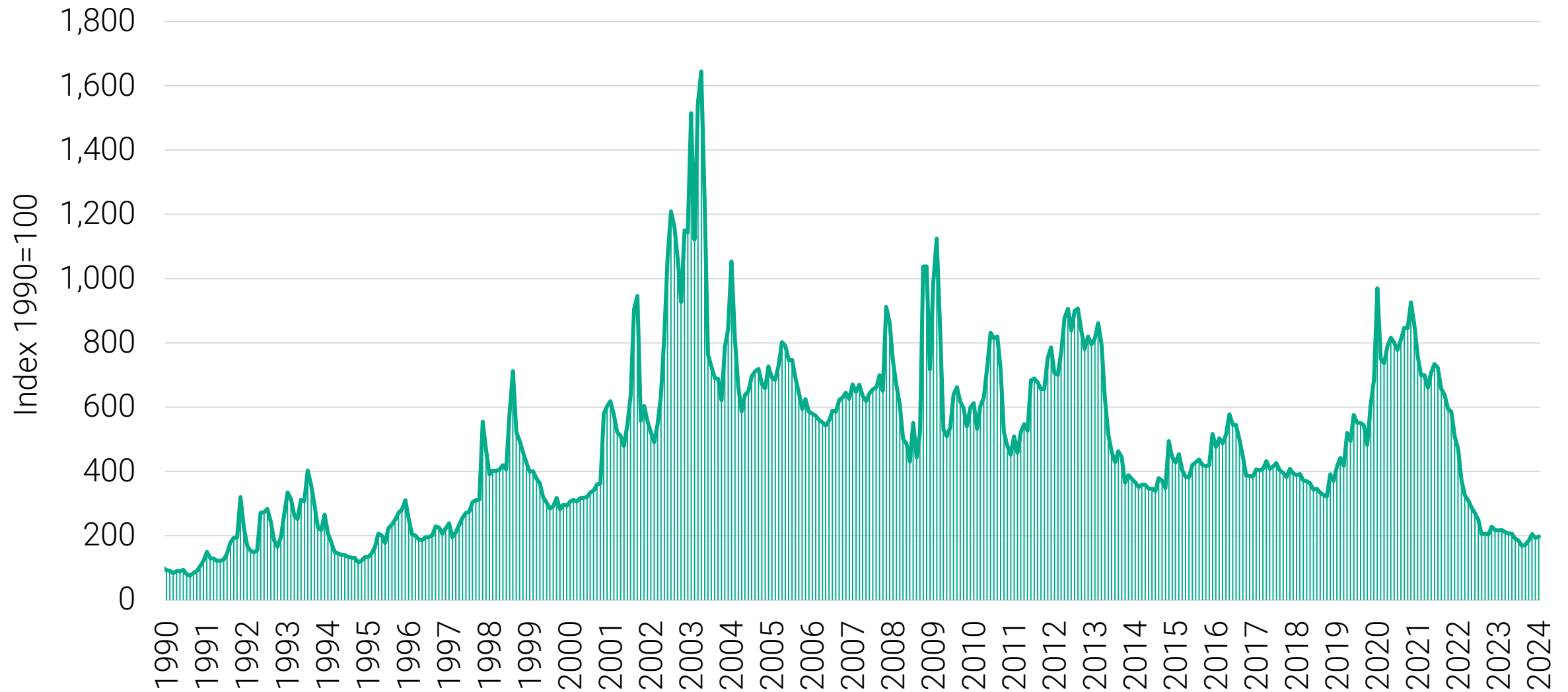
U.S. 15-Year & 30-Year Fixed Mortgage Rates, 1995 – April 2024*



Source: Freddie Mac *Week ending 4/4/2024

U.S. Mortgage Loan Applications Composite Index

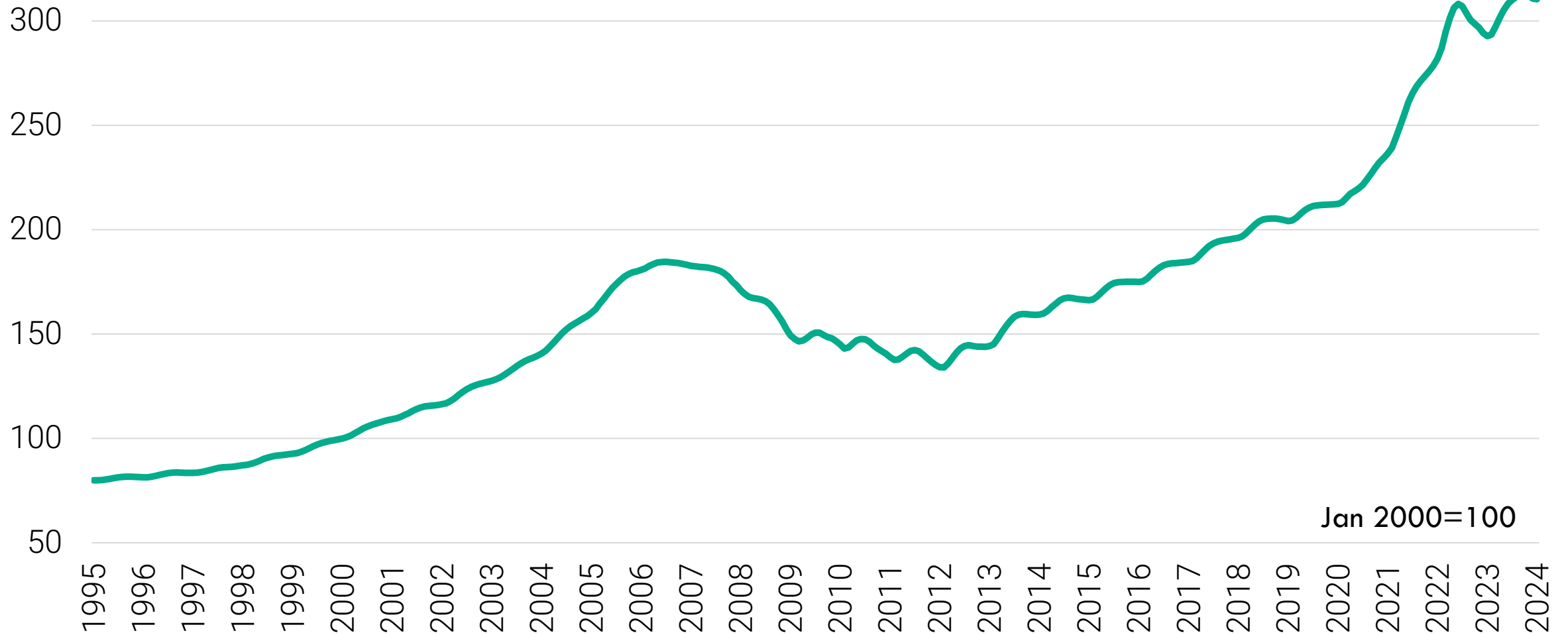
1990 – March 2024



Source: Mortgage Bankers Association (MBA)

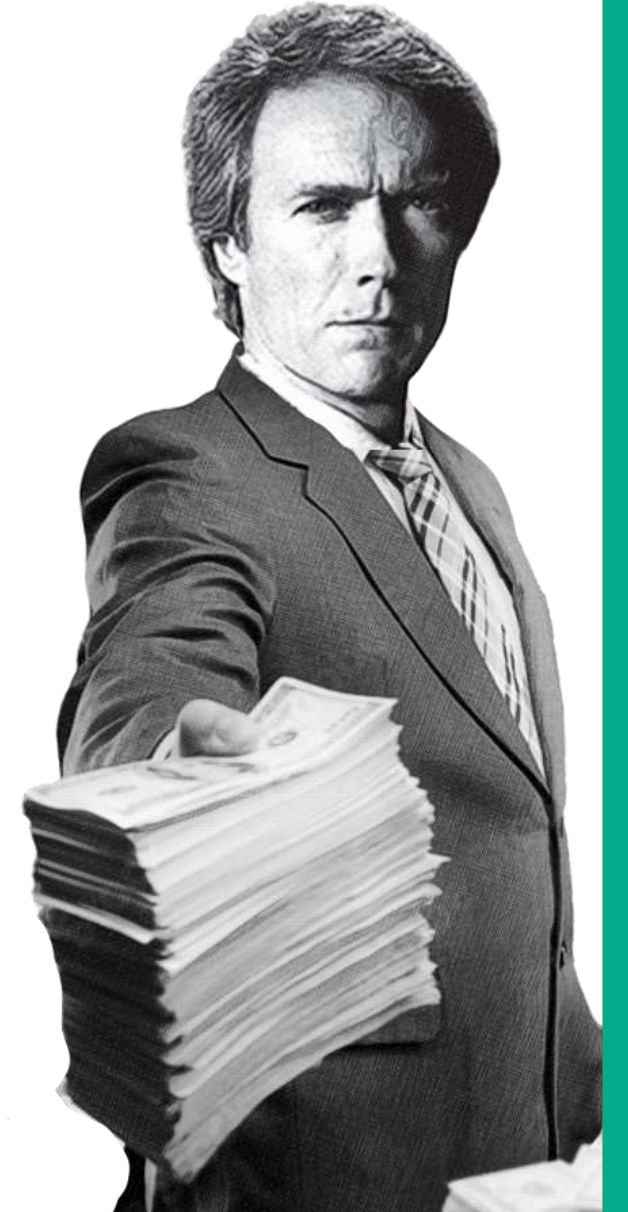
S&P Case-Shiller Home Price Index

1995 – January 2024



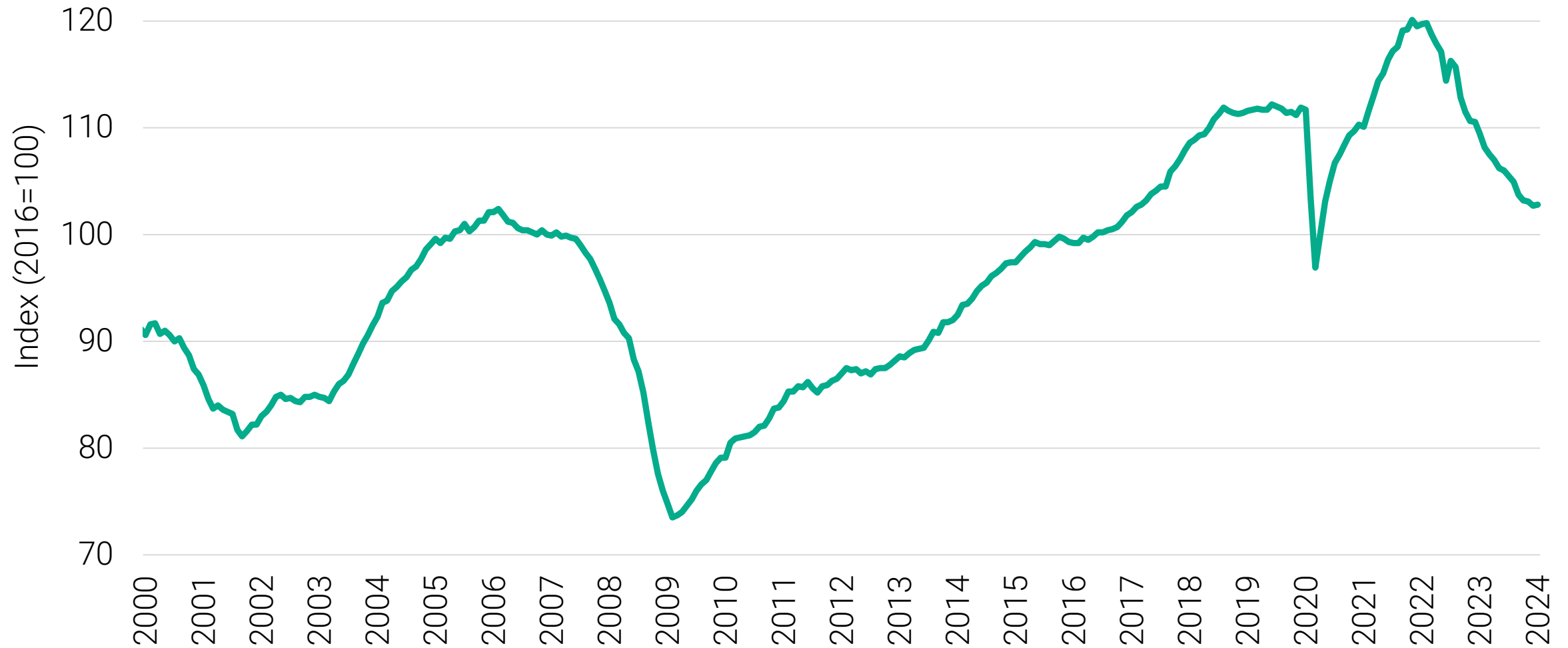
Source: Standard & Poor's

**Go Ahead,
Make My Day**



Conference Board: U.S. Leading Economic Index

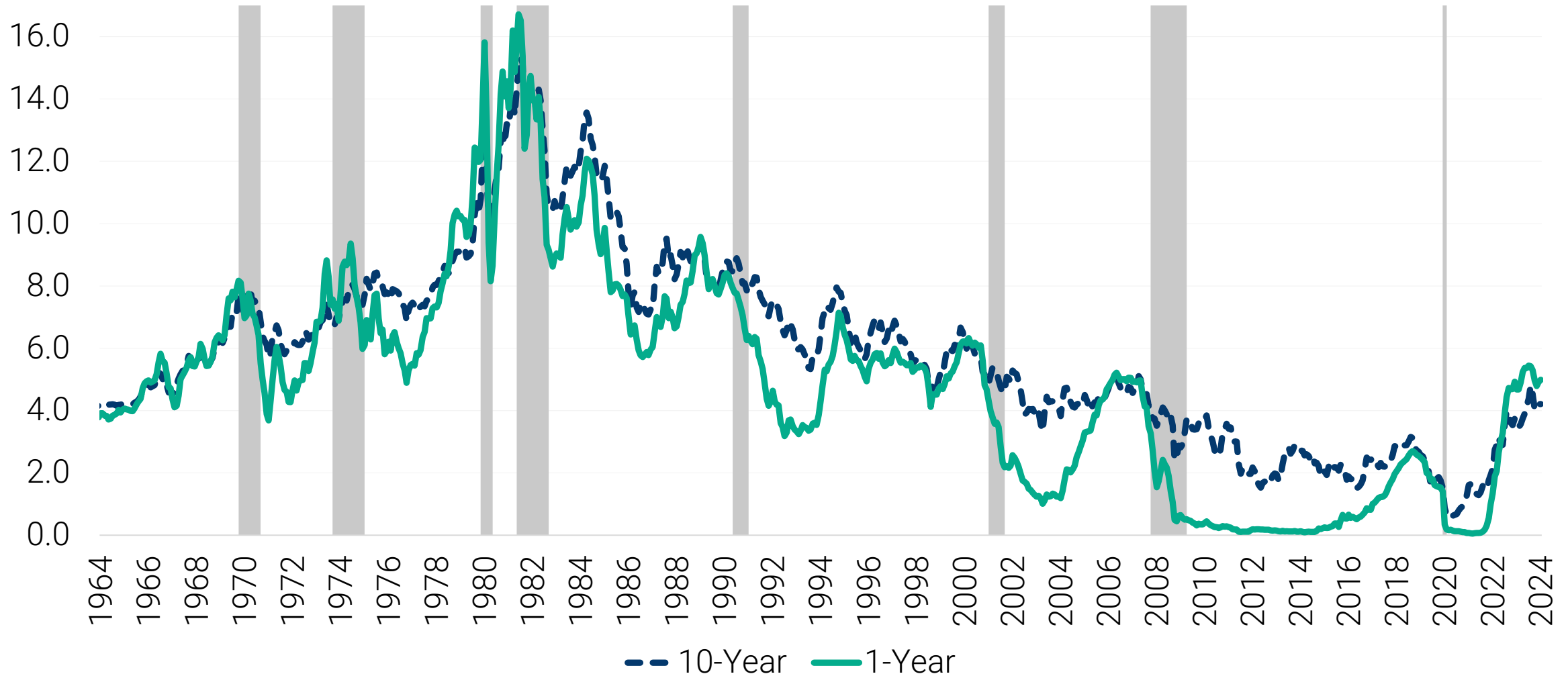
2000 – February 2024



Source: The Conference Board

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

1964 – March 2024



Shaded areas indicate U.S. recessions

Source: Federal Reserve Bank of St. Louis

Go **Where** You're Lookin', and Look **Where** You're Goin'

- We are a deeply indebted society currently facing high borrowing costs;
- That makes me pessimistic regarding the near-term outlook;
- Geopolitics and federal elections don't help – sources of additional concern, distraction, and risk;
- It will come nearly a year after I initially anticipated, but recession is coming in 2024.

Thank You

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