

Economic Forecast 2024

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Guest Speaker

Roger Tutterow, Ph.D.

Professor of Economics
Kennesaw State University

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Topic #1:

In the post-Covid world, was the “recession talk” premature?

Contributions to GDP Growth

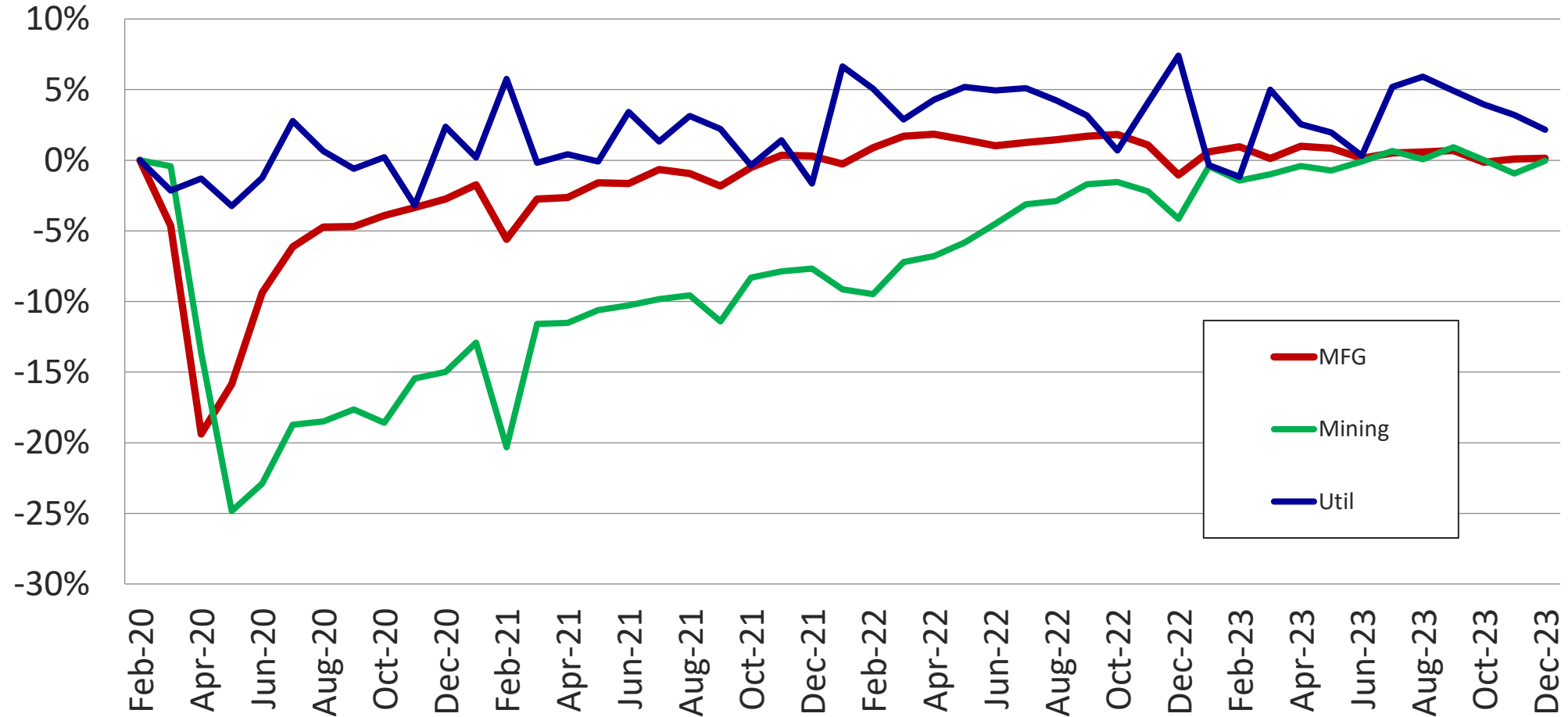
(source: Bureau of Economic Analysis; Gross Domestic Product)

	GDP =	Consumption	Gross Investment	Net Exports	Government
2021: Q4	7.00%	2.71%	4.63%	-0.34%	-0.04%
2022: Q1	-2.00%	-0.03%	1.16%	-2.59%	-0.52%
2022: Q2	-0.60%	1.32%	-2.10%	0.56%	-0.34%
2022: Q3	2.70%	1.05%	-1.45%	2.58%	0.49%
2022: Q4	2.60%	0.79%	0.62%	0.26%	0.90%
2023: Q1	2.20%	2.54%	-1.69%	0.58%	0.82%
2023: Q2	2.10%	0.55%	0.90%	0.04%	0.57%
2023: Q3	4.90%	2.11%	1.74%	0.03%	0.99%
2023: Q4	3.30%	1.91%	0.38%	0.43%	0.56%

	Gross Investment	Nonresidential	Residential	Inventory
2021: Q4	4.63%	0.37%	-0.02%	4.28%
2022: Q1	1.16%	1.32%	-0.09%	-0.07%
2022: Q2	-2.10%	0.68%	-0.73%	-2.05%
2022: Q3	-1.45%	0.62%	-1.41%	-0.66%
2022: Q4	0.62%	0.24%	-1.23%	1.61%
2023: Q1	-1.69%	0.76%	-0.22%	-2.22%
2023: Q2	0.90%	0.98%	-0.09%	0.00%
2023: Q3	1.74%	0.21%	0.26%	1.27%
2023: Q4	0.38%	0.26%	0.04%	0.07%

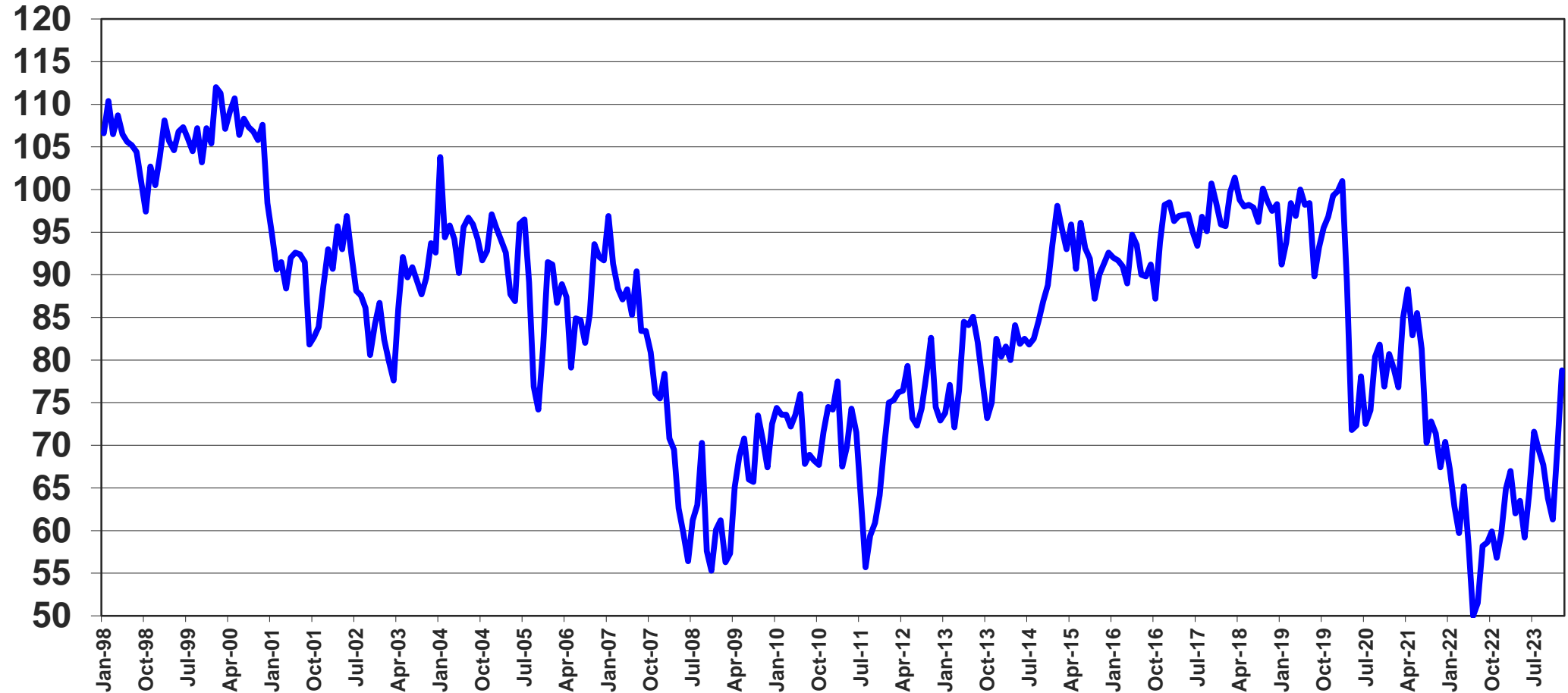
Industrial Production: From Peak

(source: Federal Reserve)



Consumer Sentiment

(source: University of Michigan, Survey Research Center)



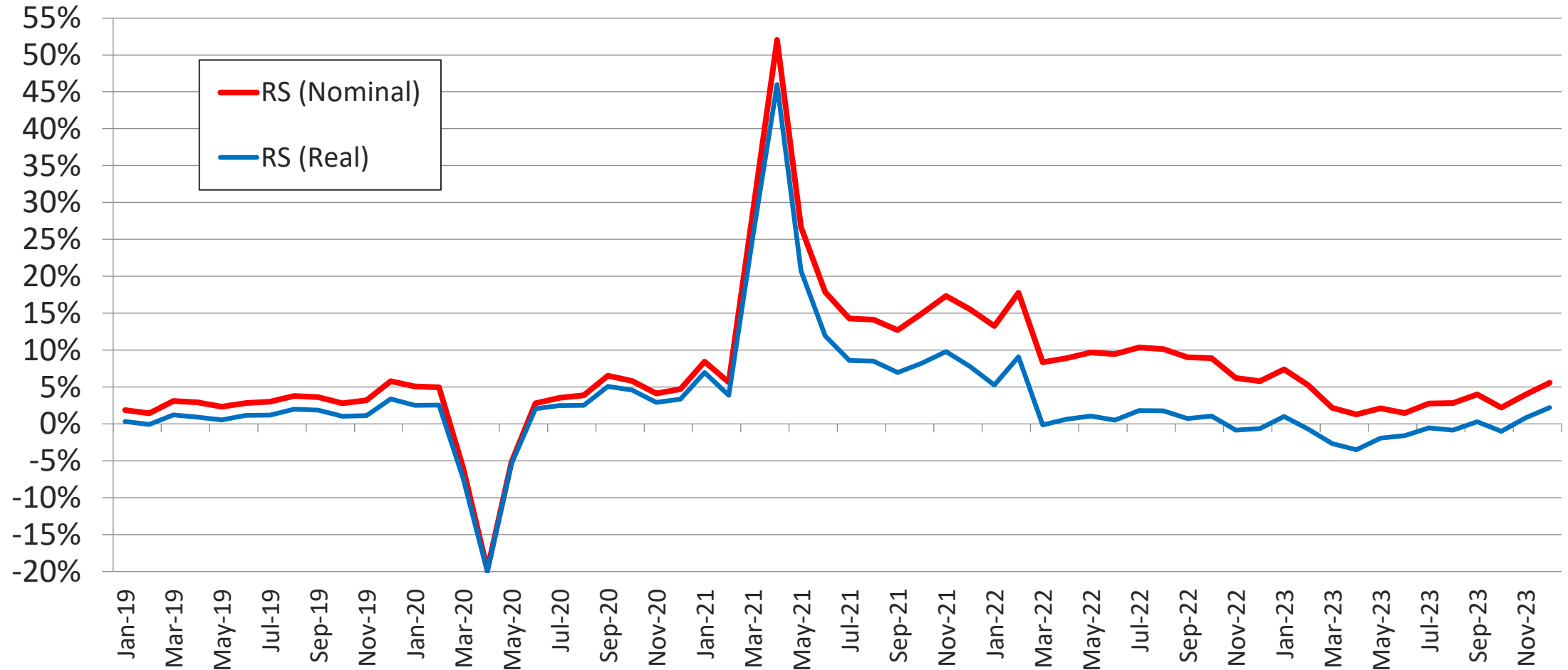
Retail Sales

(source: U.S. Bureau of the Census, annual rate of growth)



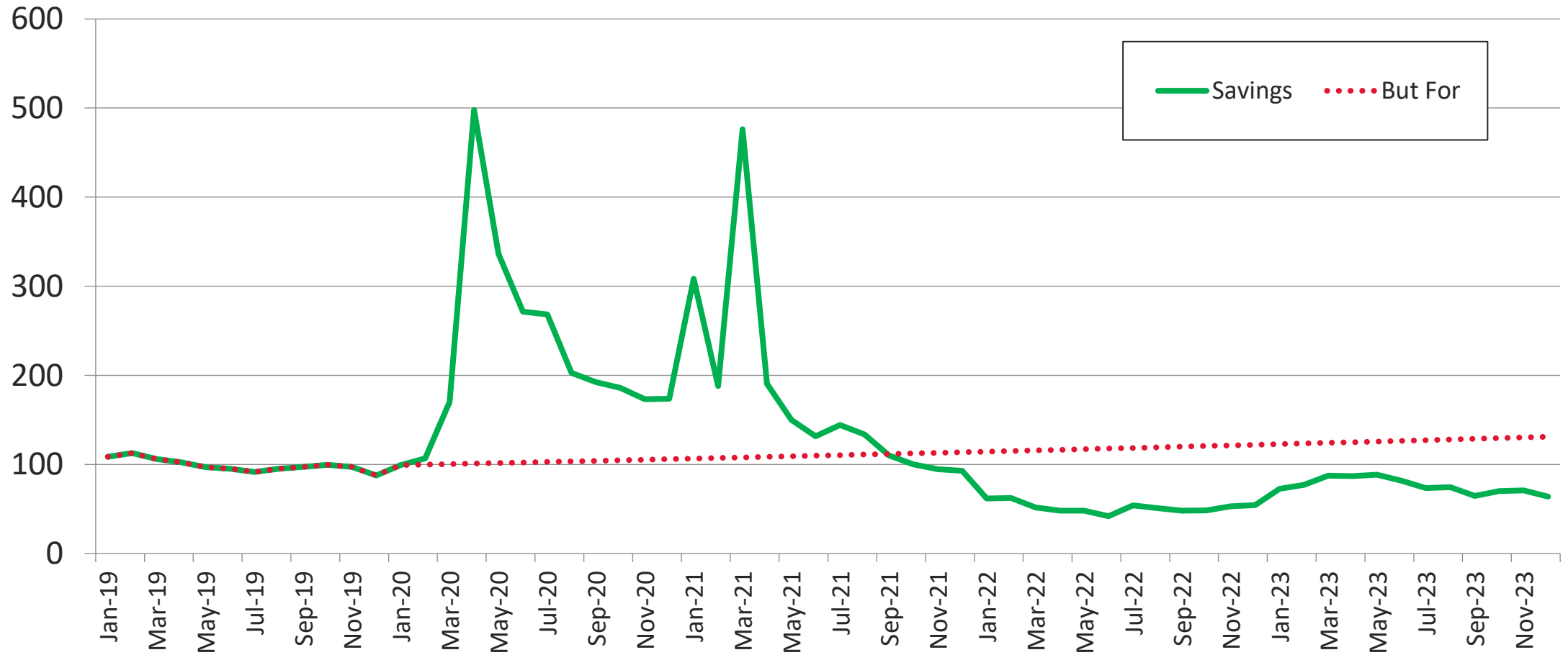
Retail Sales

(source: U.S. Bureau of the Census, Federal Reserve Bank of St. Louis)



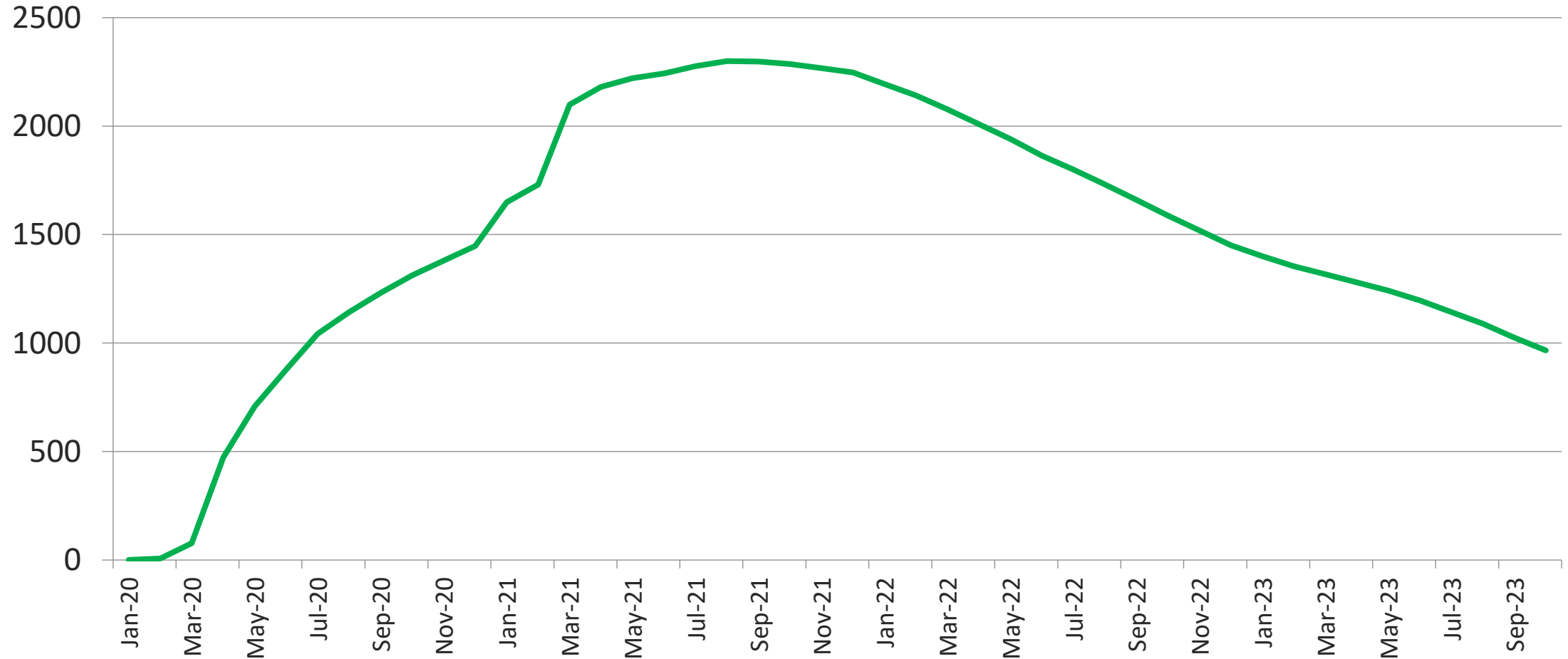
Personal Savings

(source: U.S. Bureau of the Census)



"Excess" Personal Savings

(source: data from U.S. Bureau of the Census, in Billions)



Leading Economic Indicators

(source: Conference Board, 6 month change)

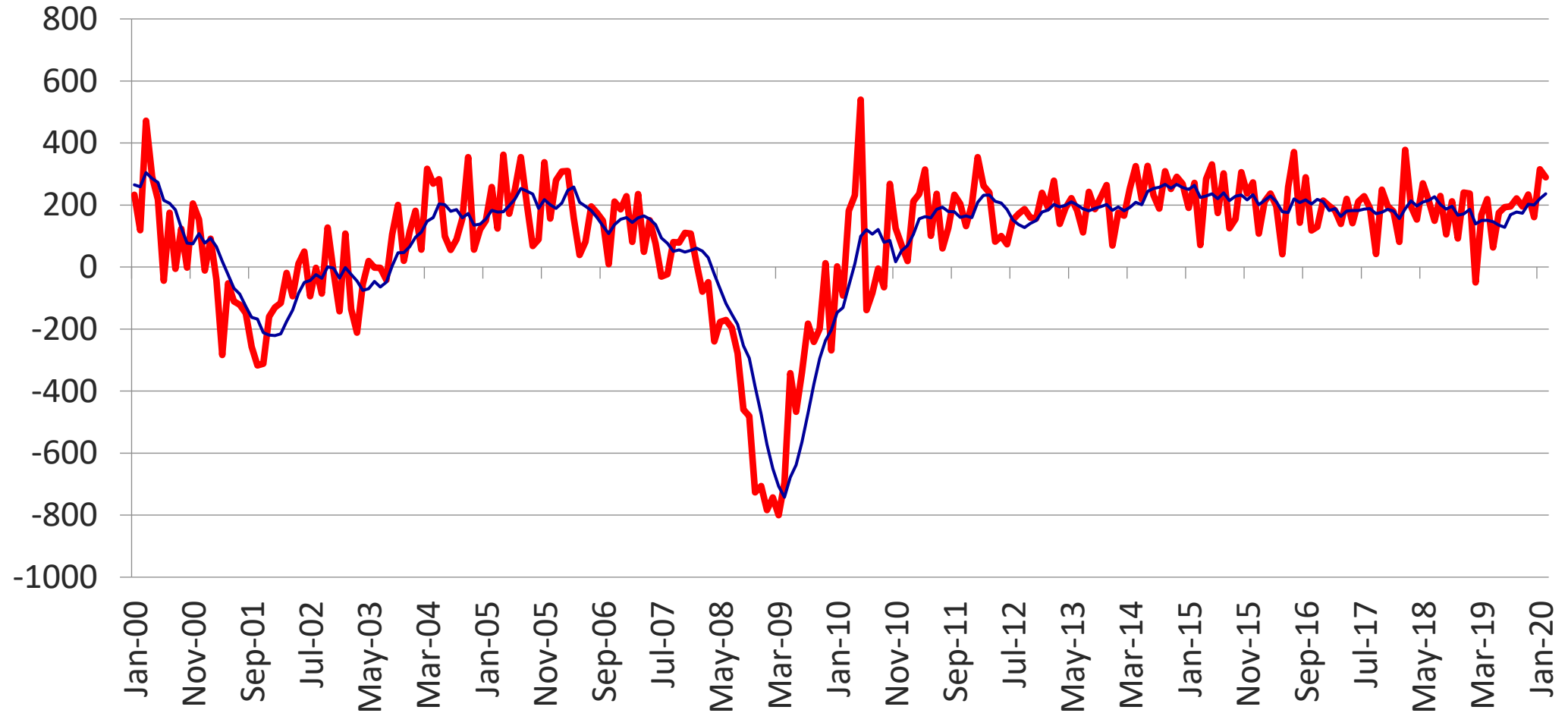


Topic #2:

Tight labor markets – Is the challenge easing?

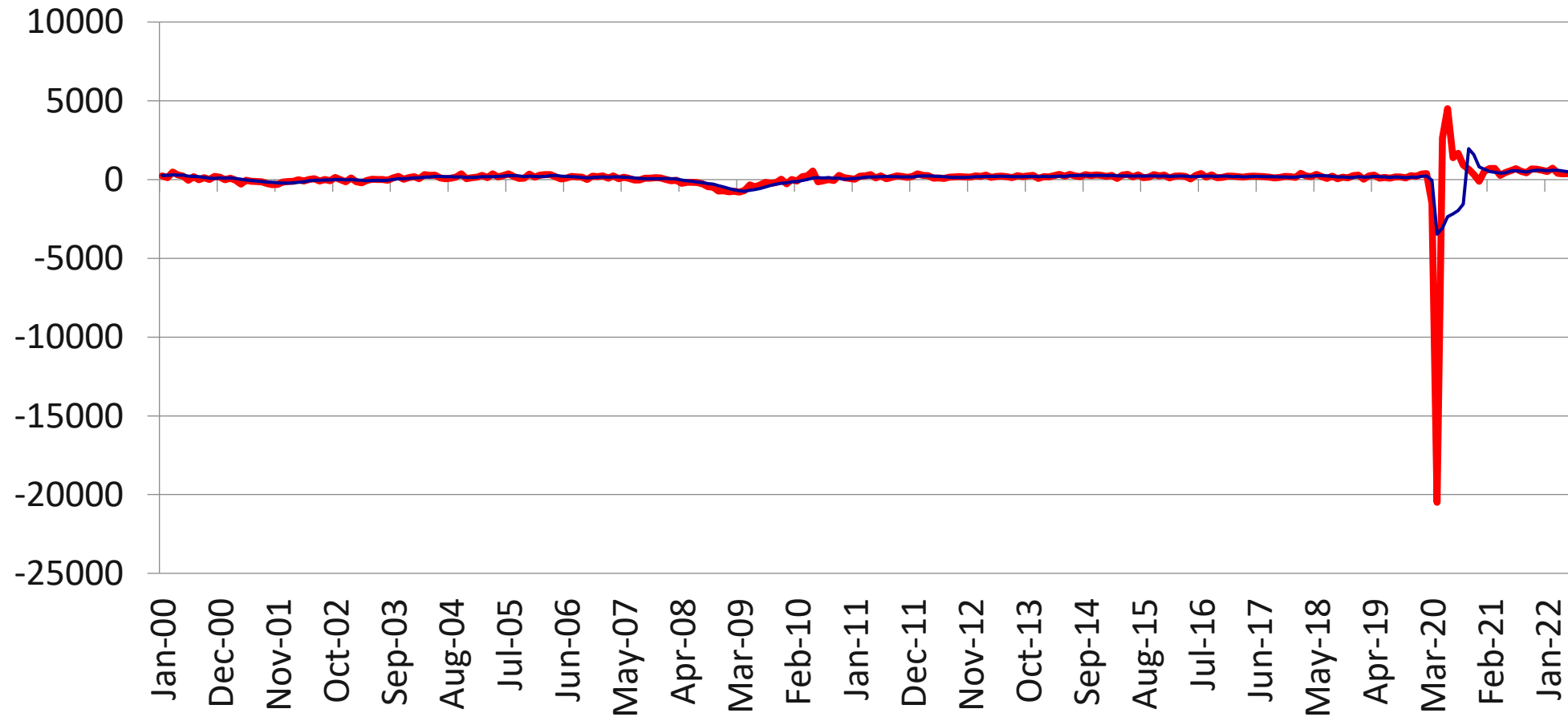
Change in Payroll Employment

(Source: Bureau of Labor Statistics)



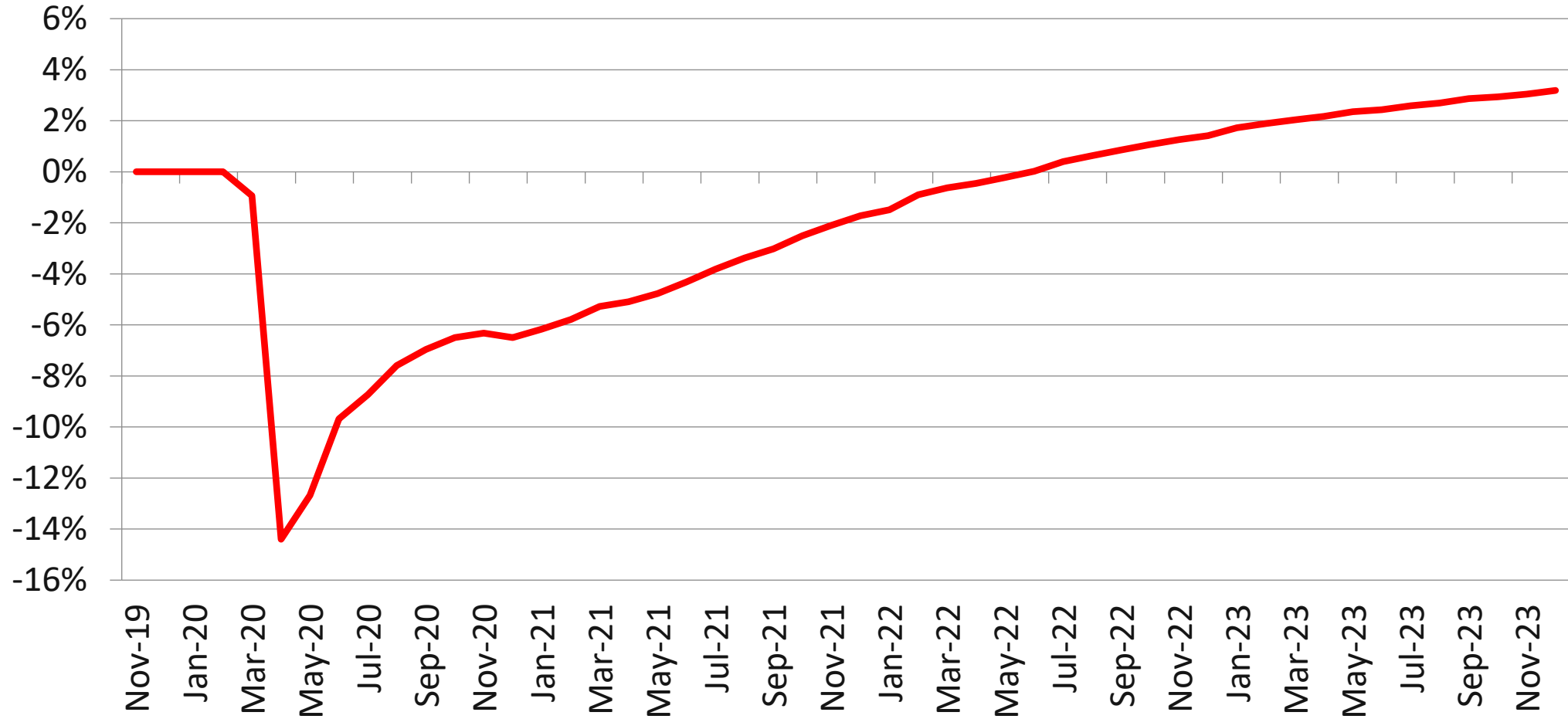
Change in Payroll Employment

(Source: Bureau of Labor Statistics)



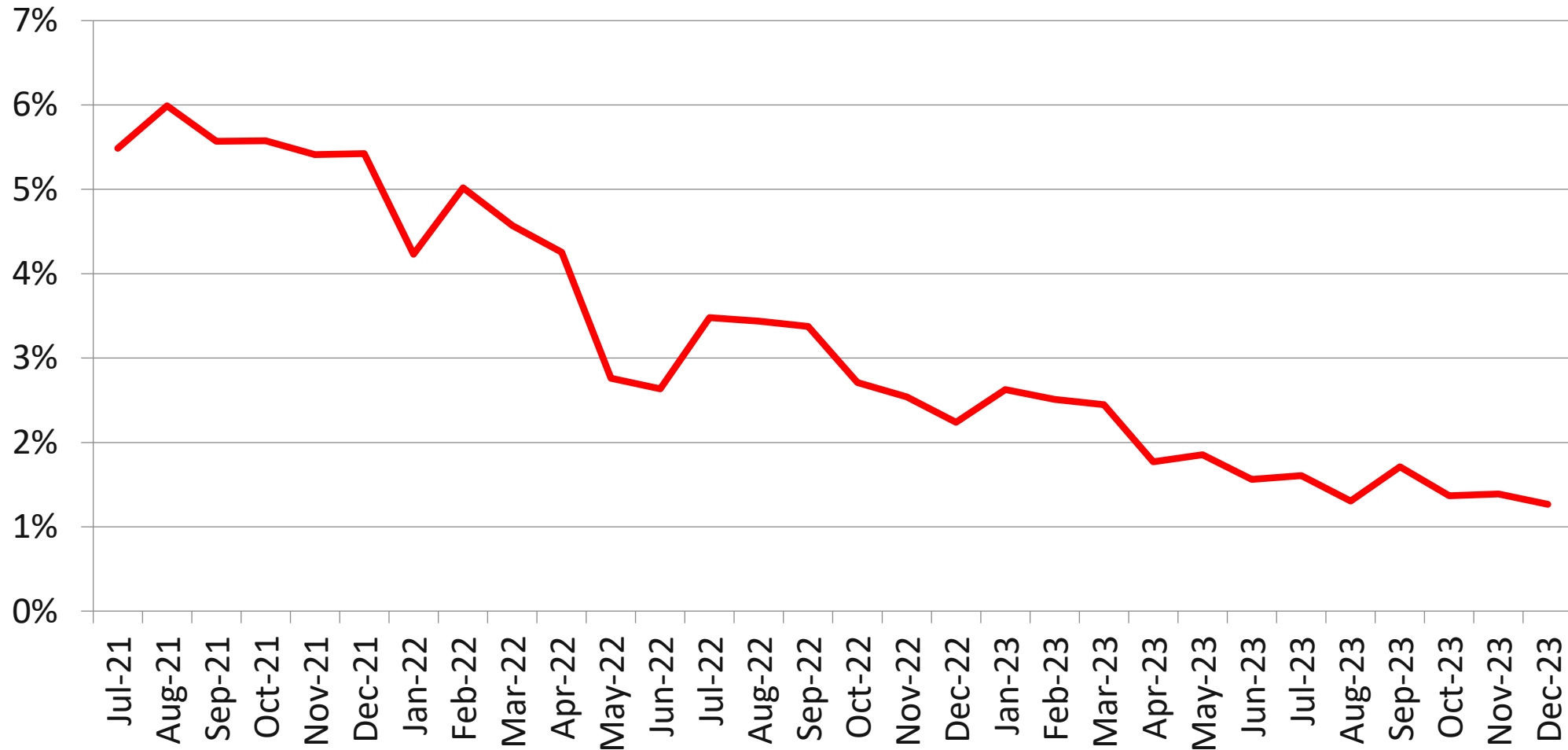
Employment From Peak

(Source: Bureau of Labor Statistics)



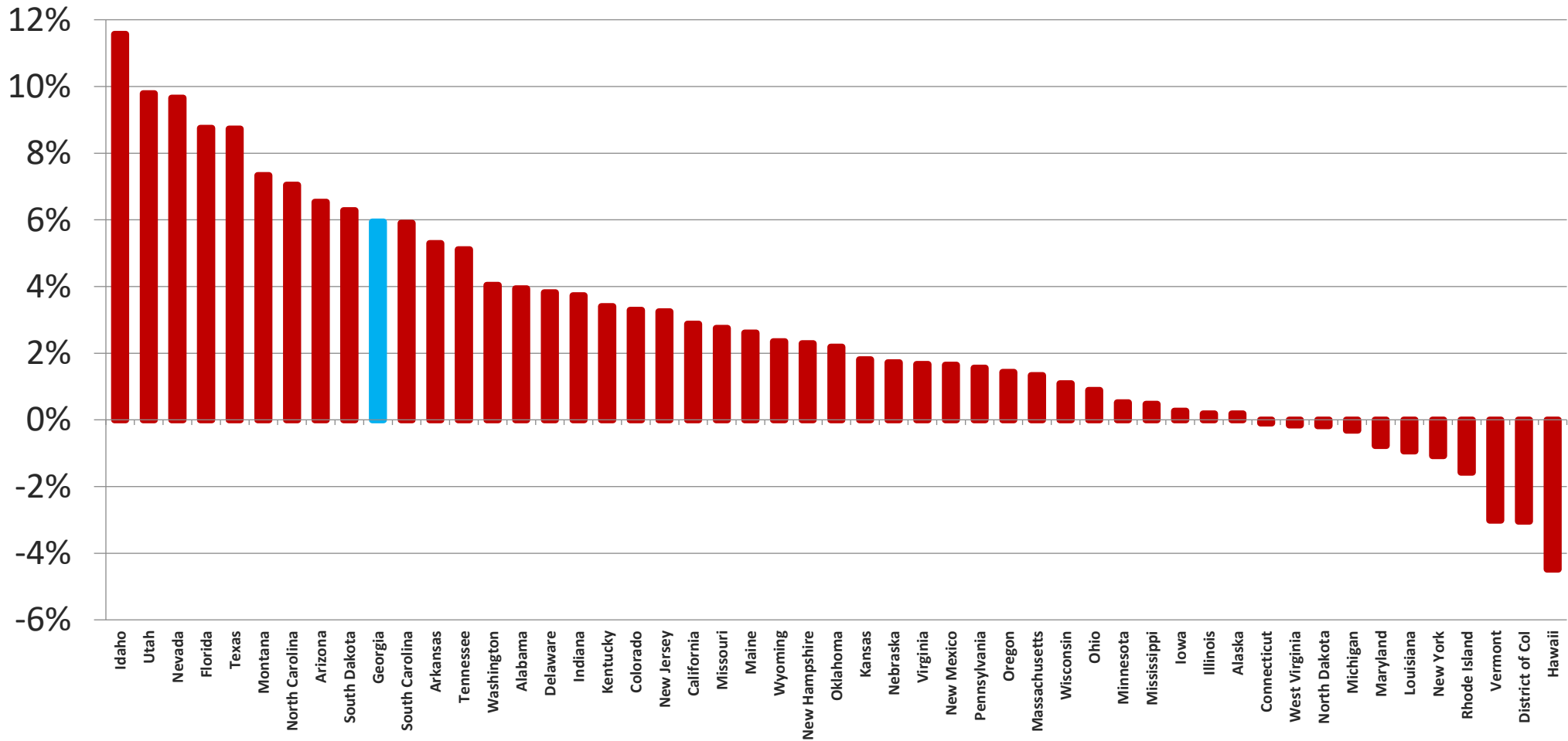
Payrolls Growth

(Source: Bureau of Labor Statistics; 3-month growth rate)



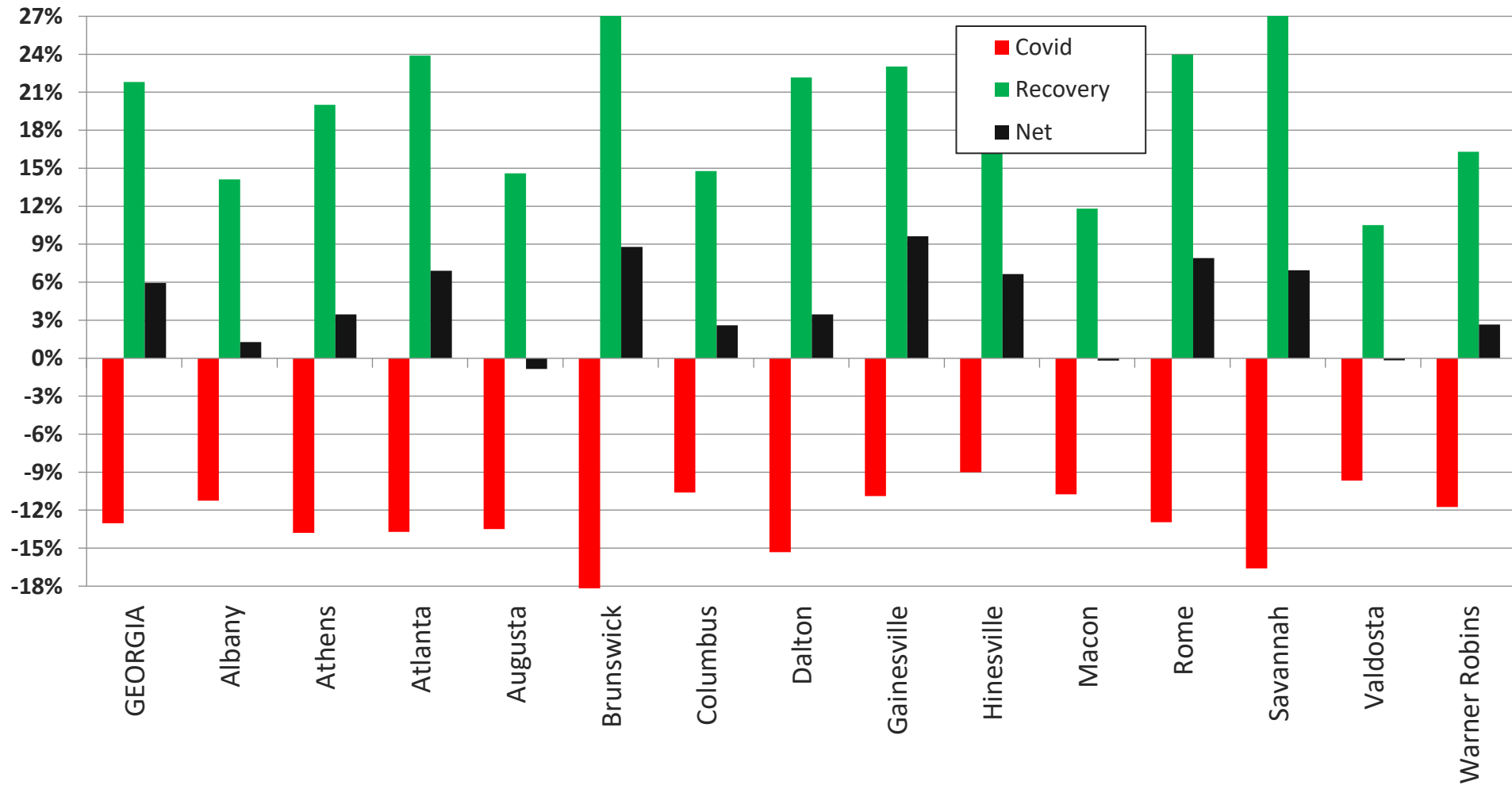
Recovery from Bottom

(Source: Bureau of Labor Statistics)



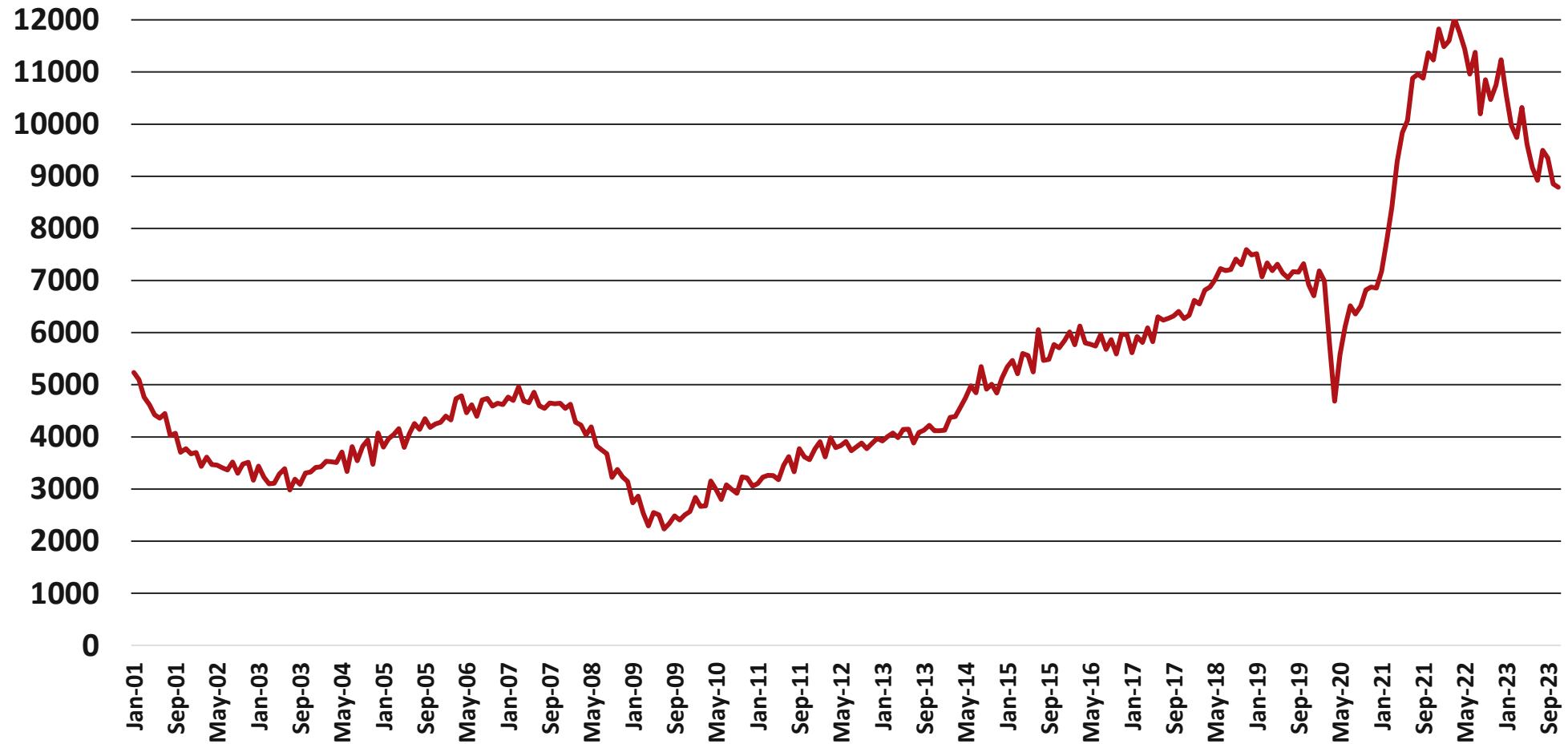
Employment: Georgia Cities

(source: Bureau of Labor Statistics, thru December 2023)



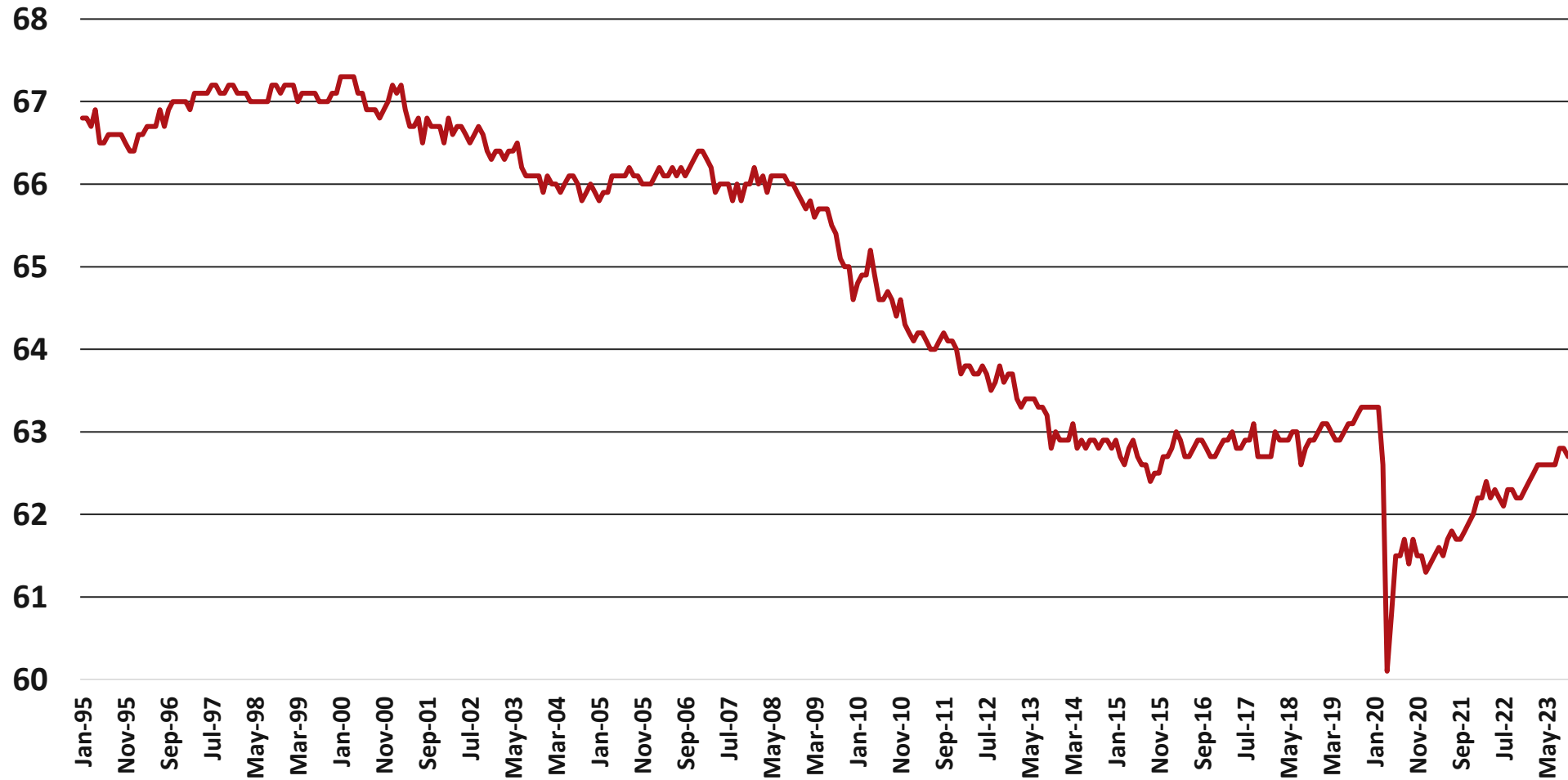
JOLTS: Openings

(Source: Bureau of Labor Statistics)



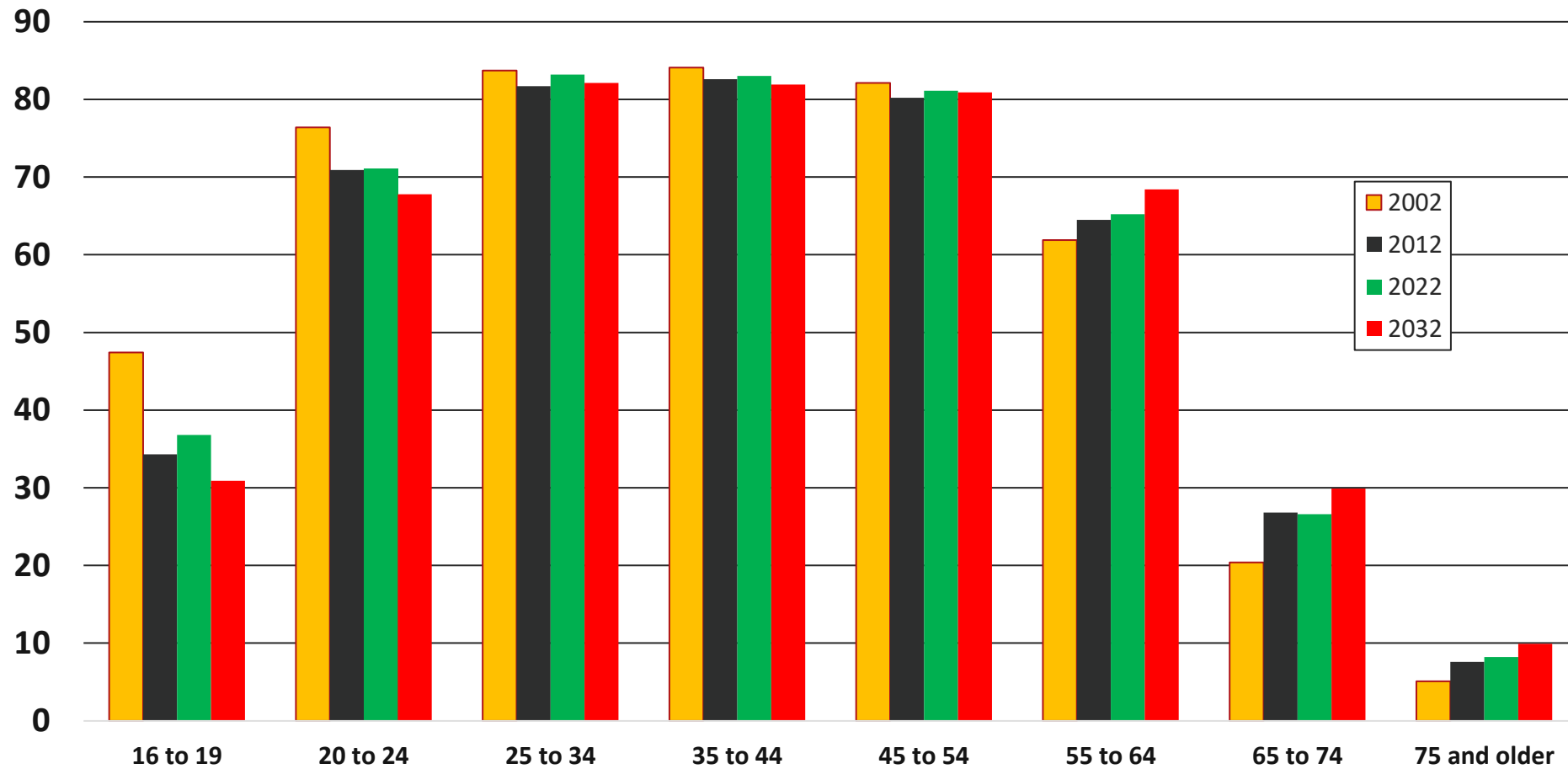
Labor Force Participation

(Source: Bureau of Labor Statistics)



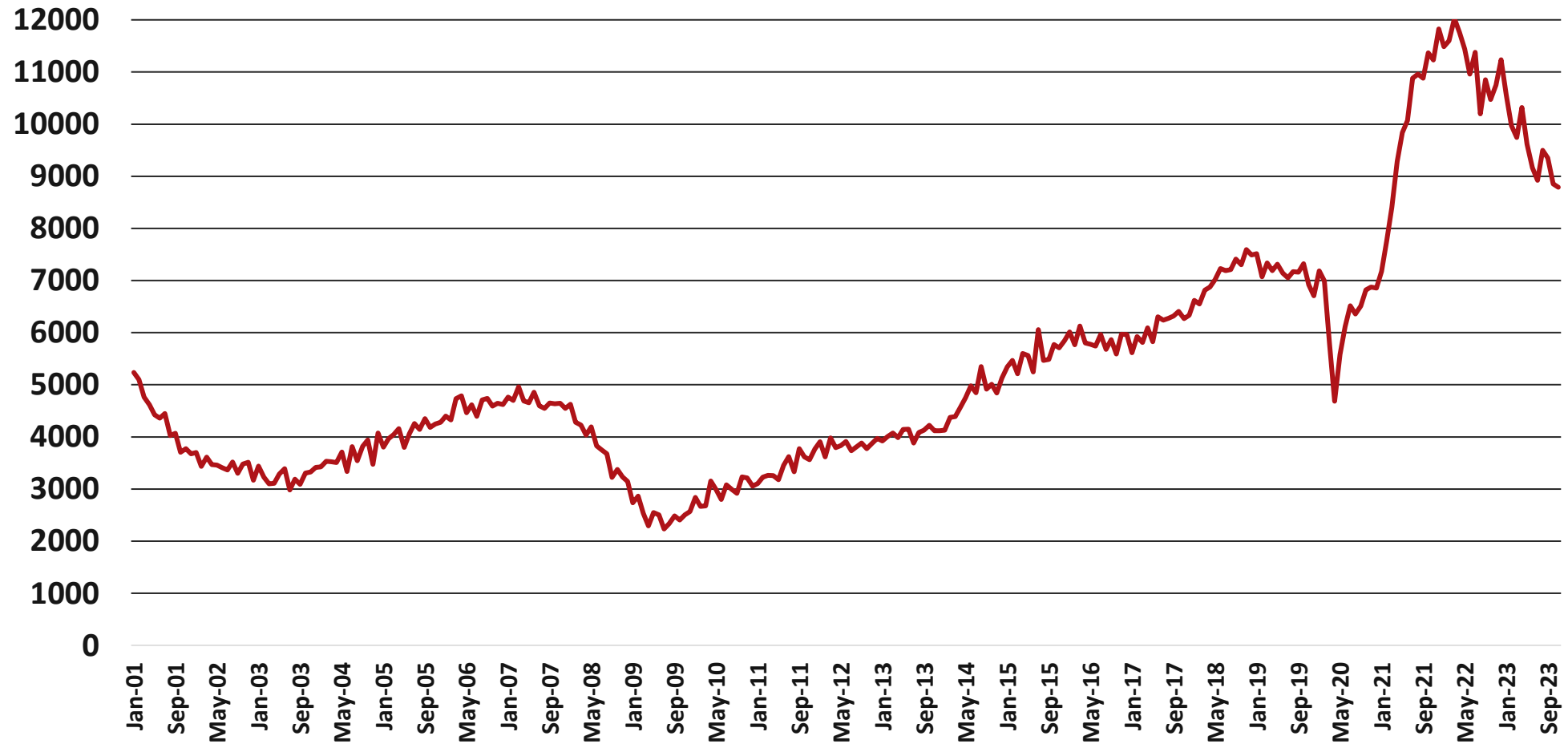
Labor Force Participation

(Source: Bureau of Labor Statistics)



JOLTS: Openings

(Source: Bureau of Labor Statistics)

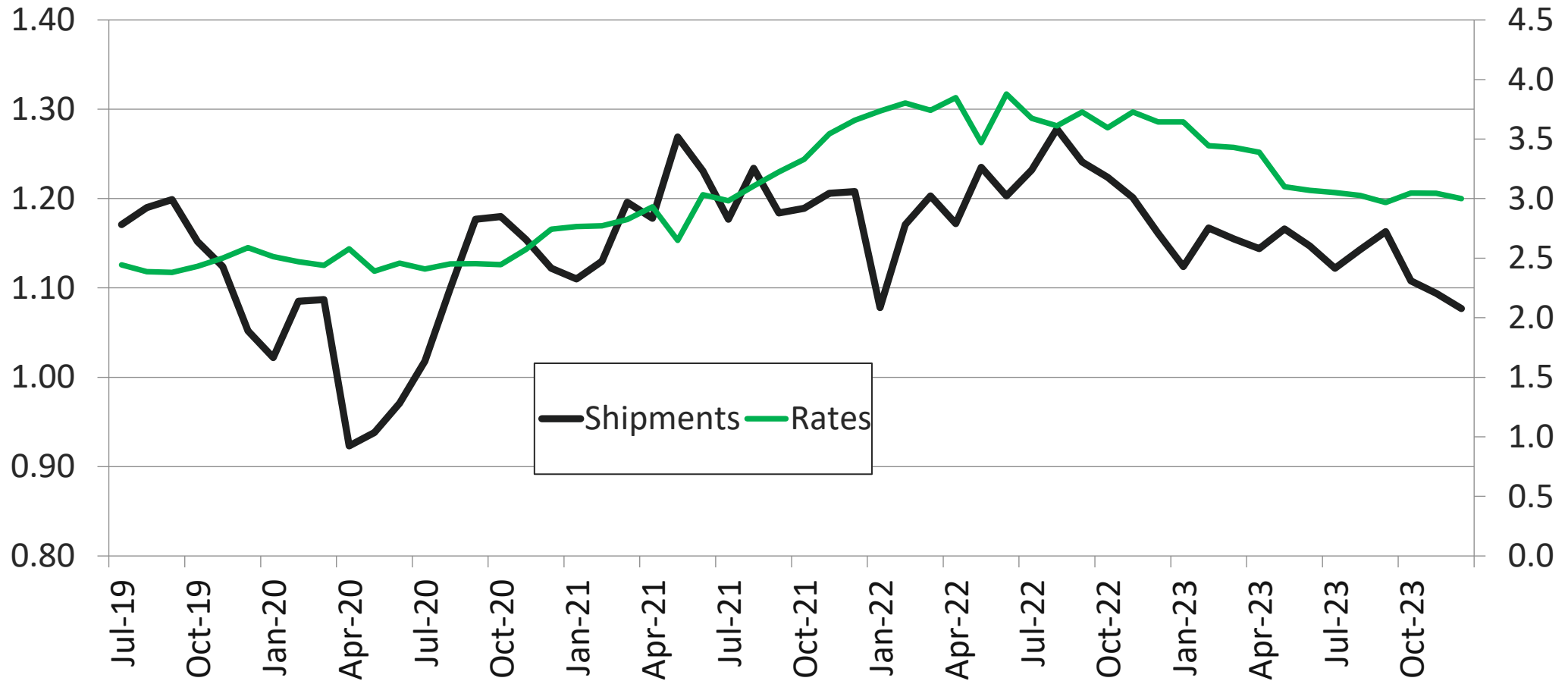


Topic #3:

Are supply chain imbalances resolved?

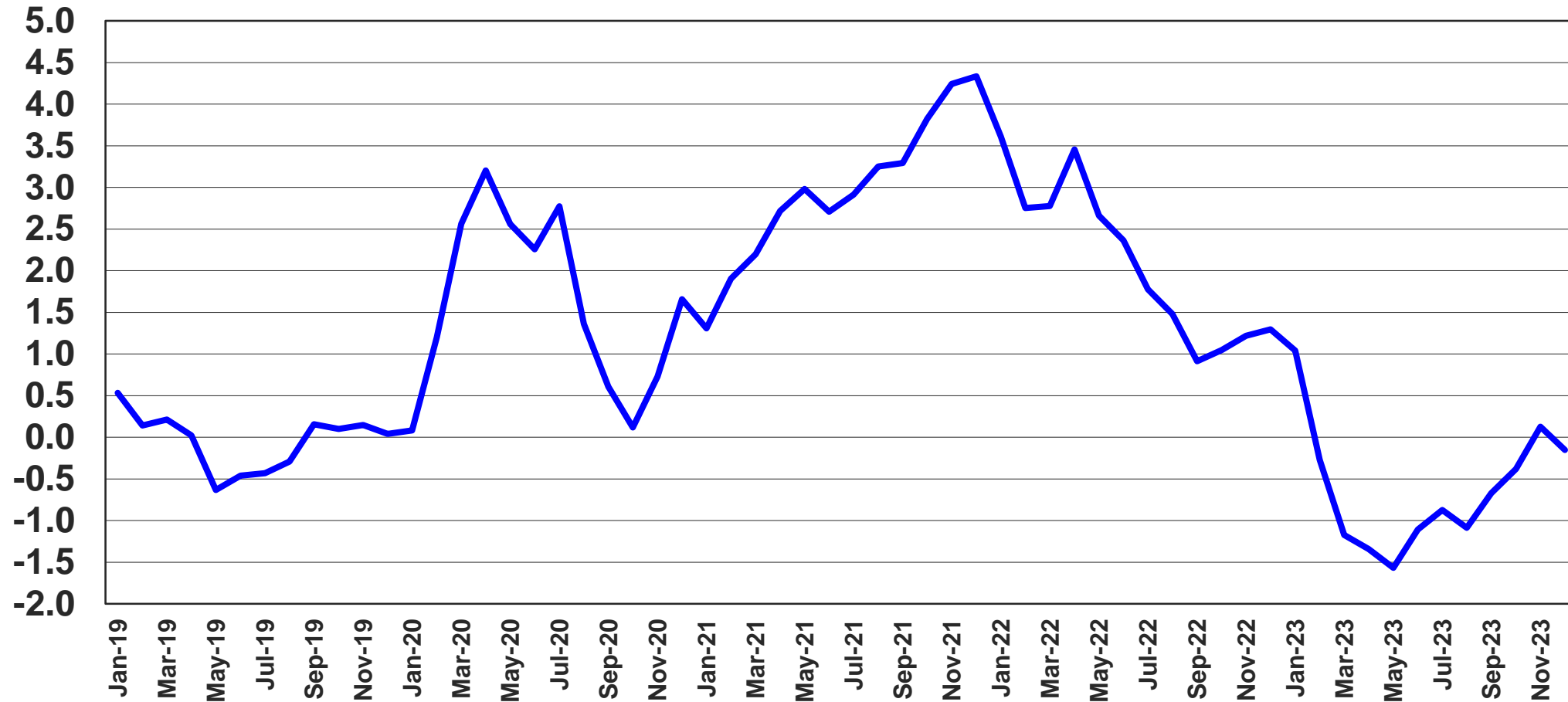
Freight: Shipments & Rate

(source: Cass Freight Index, Seasonally Adjusted)



Global Supply Chain Pressure

(Source: Federal Reserve Bank of New York)



Topic #3:

Inflation returned in Covid. Are we approaching the 2% target?

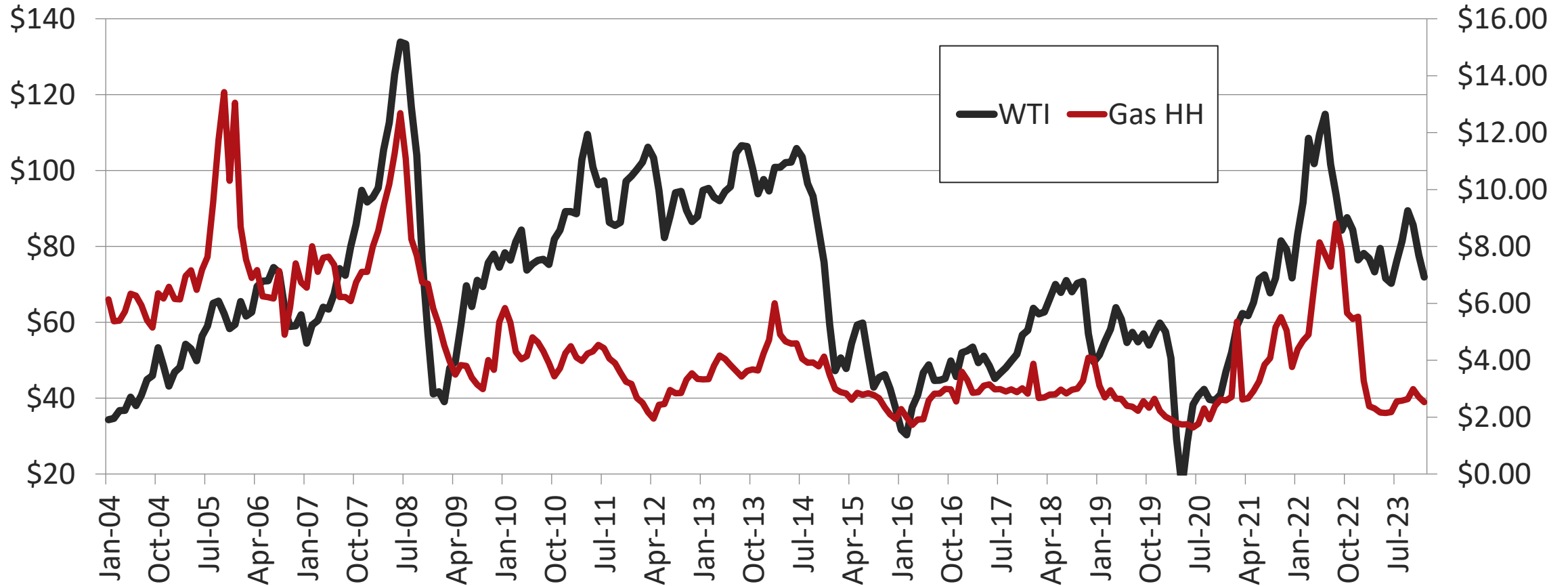
Inflation: Transitory or Persistent?

(source: Bureau of Labor Statistics)

- CPI up 0.3% in December – after being up 0.1% and flat in November and October. Overall CPI up 3.4% over last 12 months.
- Core CPI up 0.3% in December – after being up by 0.3% and 0.2% in November and October. Core up 3.9% over same period.
- Energy component fell by 0.4% in December. The energy component is down 2.0% over the last 12 months.
- PCE up 2.6% for 12 months ending in December, core PCE up 2.9% over the same period.

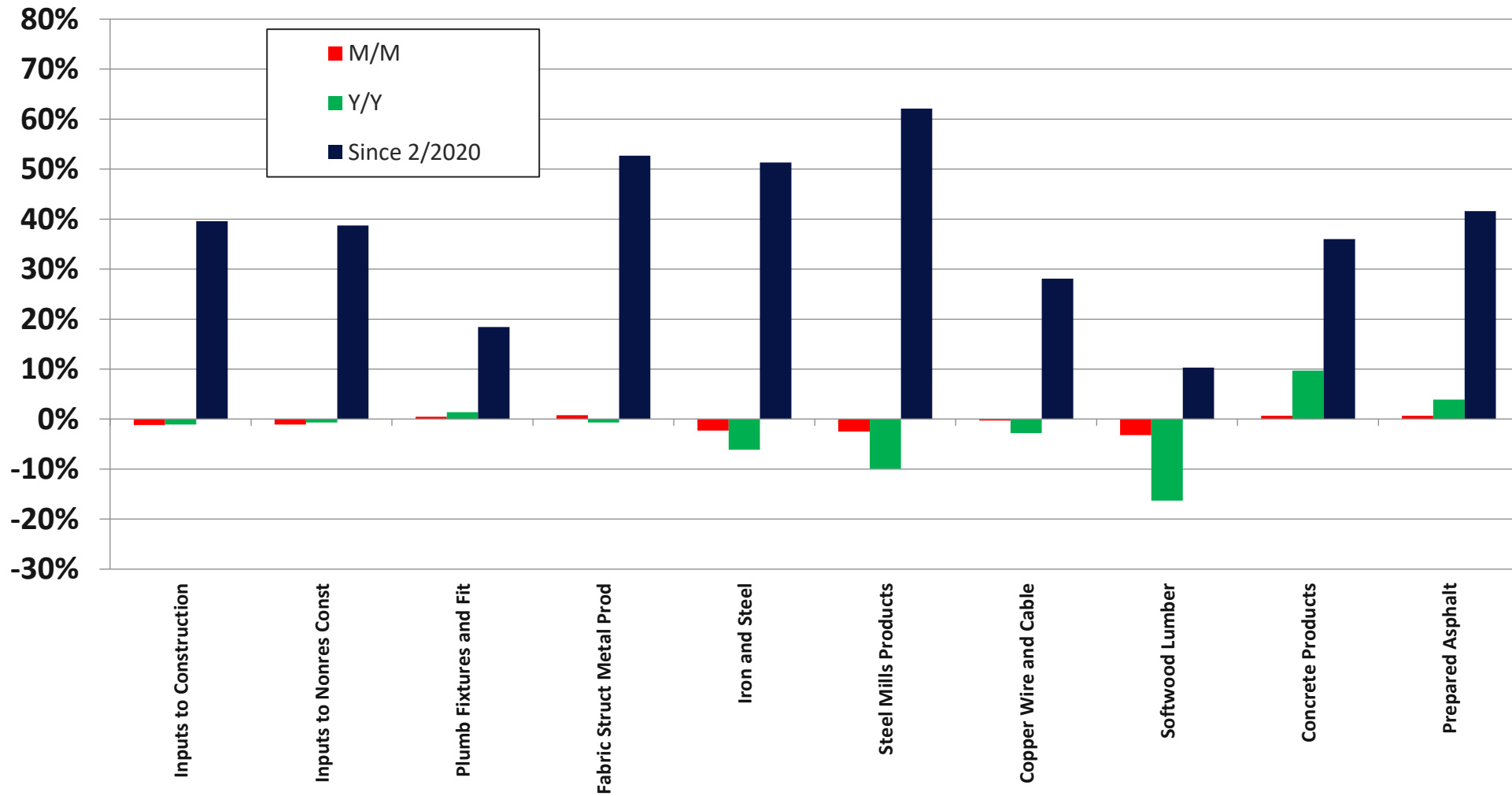
Energy Cost: Oil & Natural Gas

(source: U.S. Energy Information Administration)



Construction Cost w/o Energy

(source: Bureau of Labor Statistics; Associated Builders & Contractors)



Producer Price Index: Softwood Lumber

(source: Bureau of Labor Statistics)

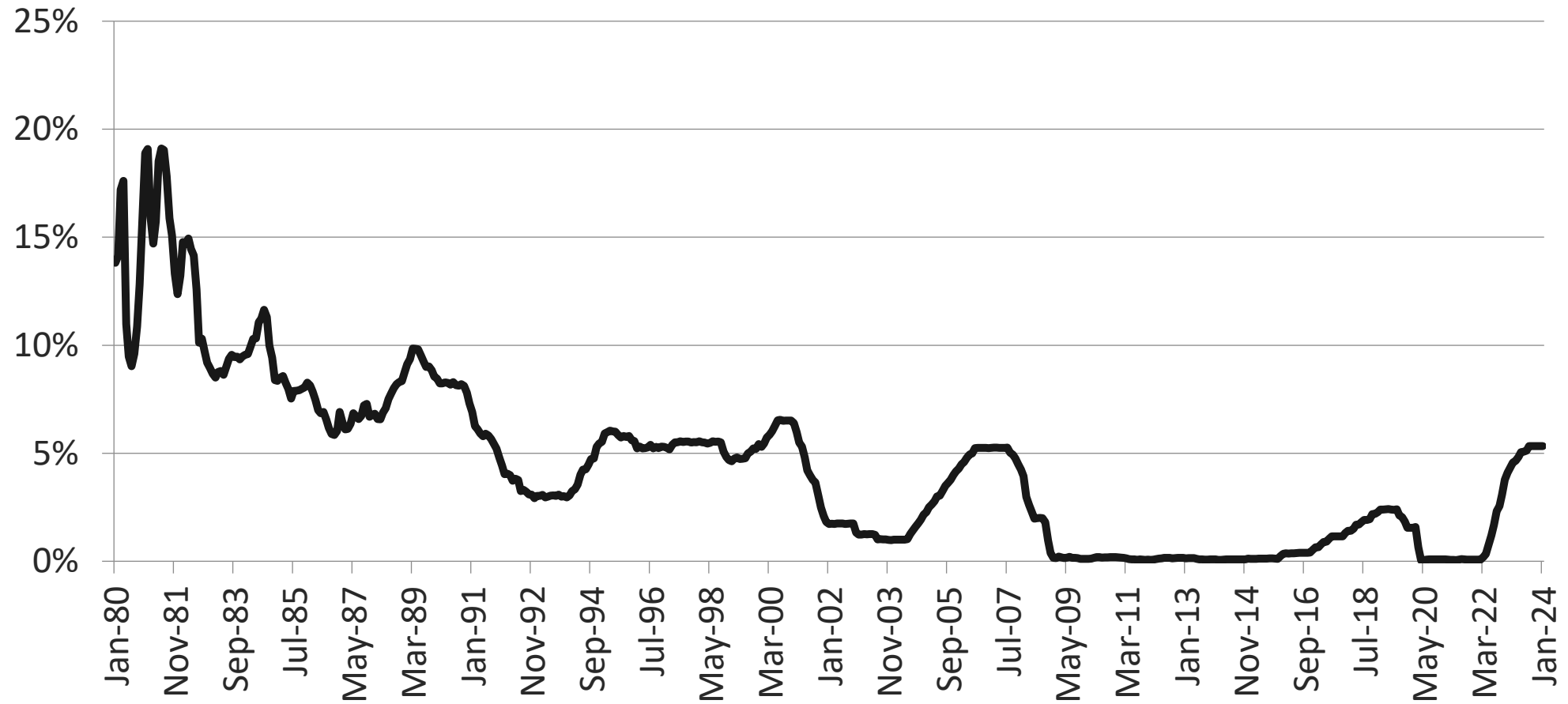


Topic #5:

Fed signals “peak rates”, but when do rate cuts start?

Federal Funds Rate

(source: Board of Governors of the Federal Reserve System)



Market's Expectation for Federal Funds Rate

(Source: CME Group)

CME FEDWATCH TOOL - MEETING PROBABILITIES									
MEETING DATE	325-350	350-375	375-400	400-425	425-450	450-475	475-500	500-525	525-550
1/31/2024				0.0%	0.0%	0.0%	0.0%	3.1%	96.9%
3/20/2024	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	1.5%	47.7%	50.9%
5/1/2024	0.0%	0.0%	0.0%	0.0%	0.0%	1.2%	38.0%	50.2%	10.6%
6/12/2024	0.0%	0.0%	0.0%	0.0%	1.1%	36.6%	49.7%	12.2%	0.4%
7/31/2024	0.0%	0.0%	0.0%	1.0%	31.9%	48.0%	17.1%	2.0%	0.1%
9/18/2024	0.0%	0.0%	0.9%	30.0%	47.0%	19.0%	2.9%	0.2%	0.0%
11/7/2024	0.0%	0.5%	17.8%	39.9%	30.8%	9.7%	1.3%	0.1%	0.0%
12/18/2024	0.4%	14.7%	35.9%	32.4%	13.4%	2.8%	0.3%	0.0%	0.0%

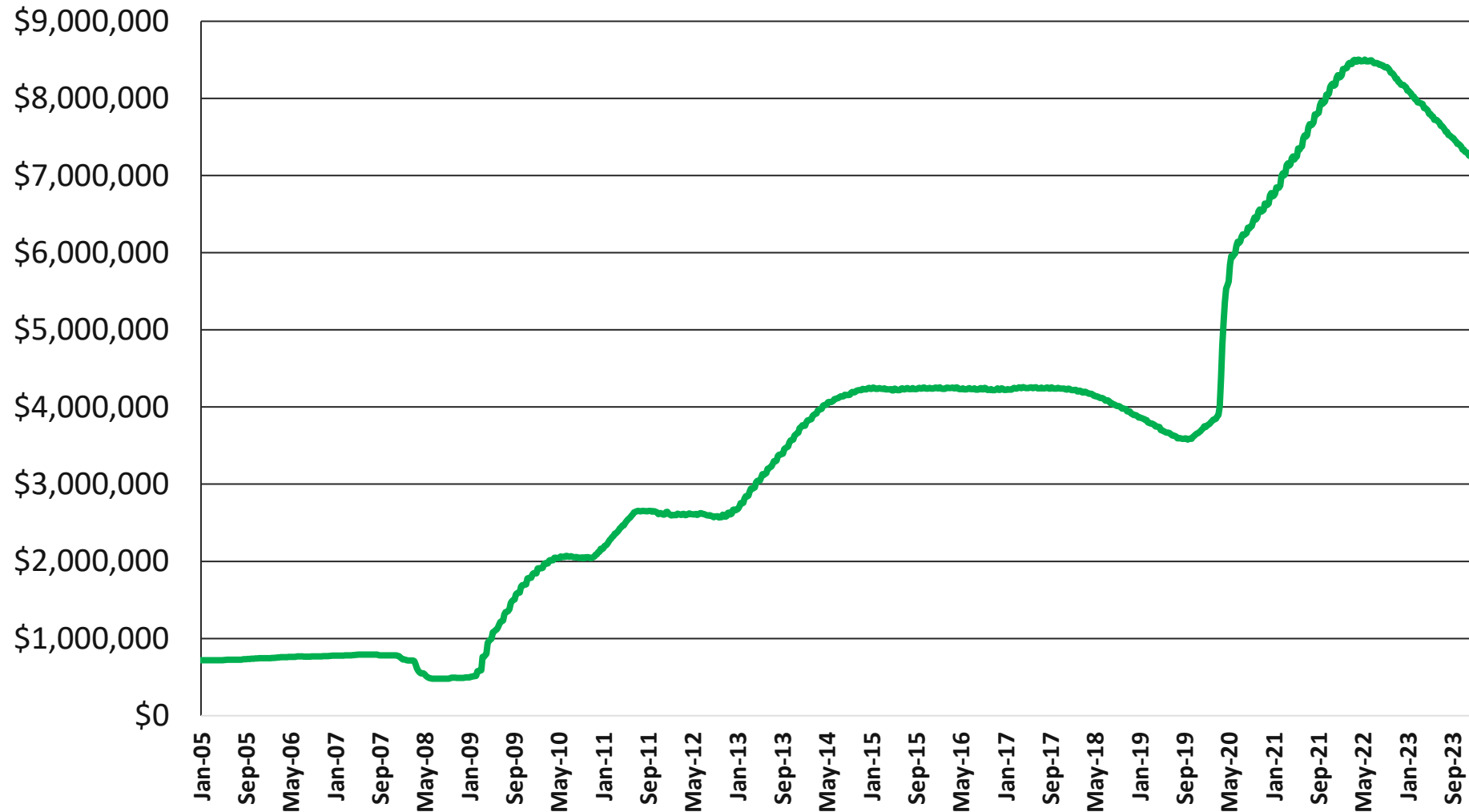
10-Year Treasury Bonds

(source: Board of Governors of Federal Reserve System)



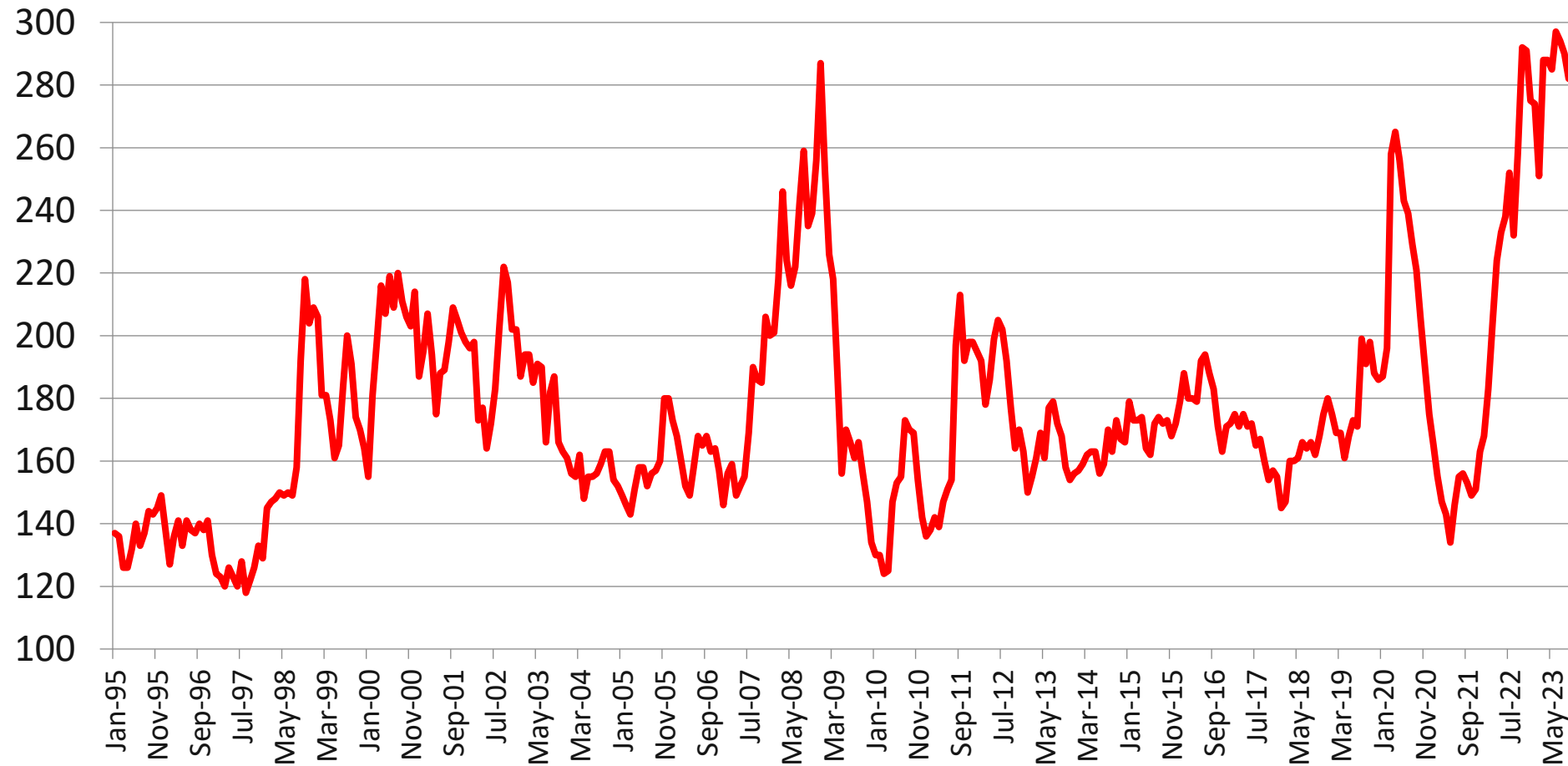
Fed: Securities Held Outright

(in millions, source: Board of Governors of Federal Reserve System)



Mortgages vs 10-Year T-Bonds

(source: Board of Governors of Federal Reserve System)



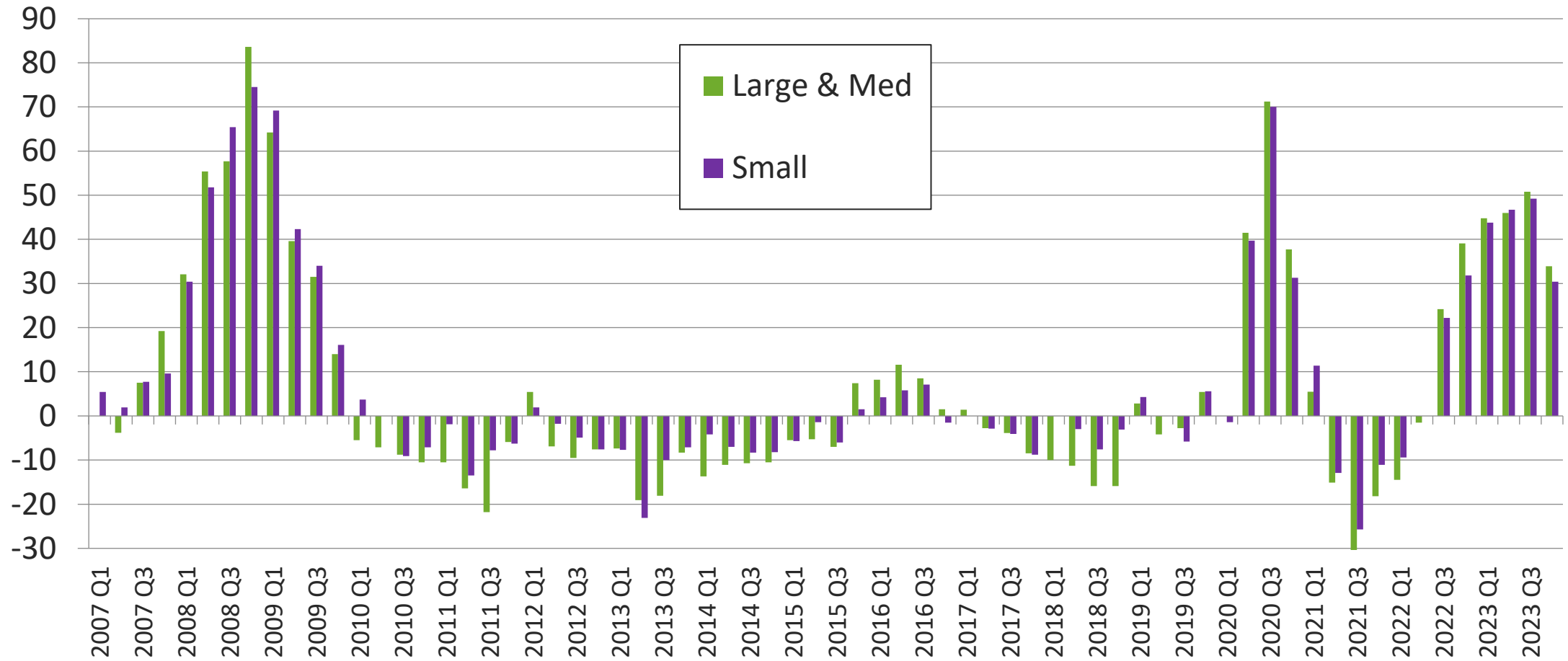
Foreign Exchange: Dollar

(source: Board of Governors of Federal Reserve System)



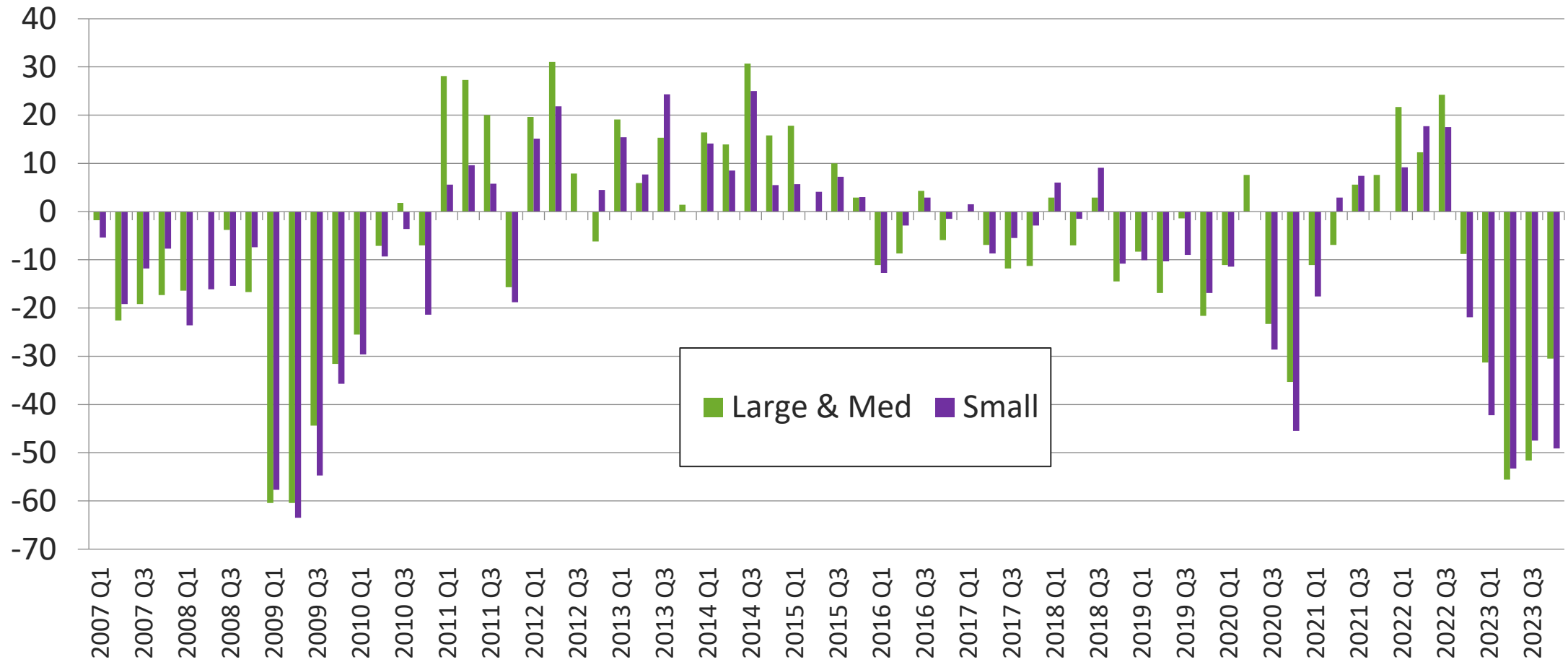
C&I Loan Standards: Net Tightening

(Source: Federal Reserve System, Senior Officers Lending Survey)



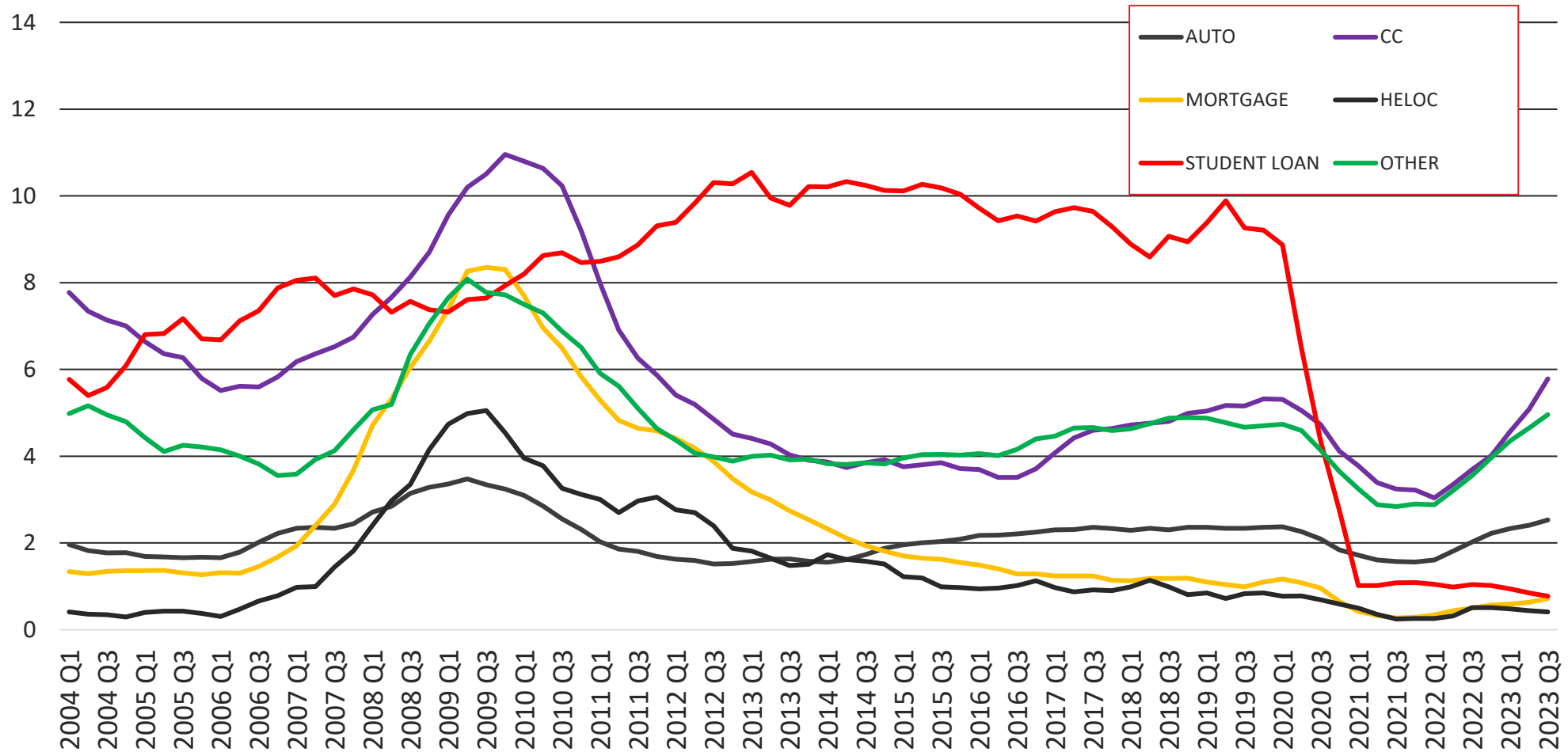
C&I Loan Demand: Net Change

(Source: Federal Reserve System, Senior Officers Lending Survey)



90+ Days Delinquent by Loan Type

(source: Federal Reserve Bank of New York Credit Panel/Equifax)



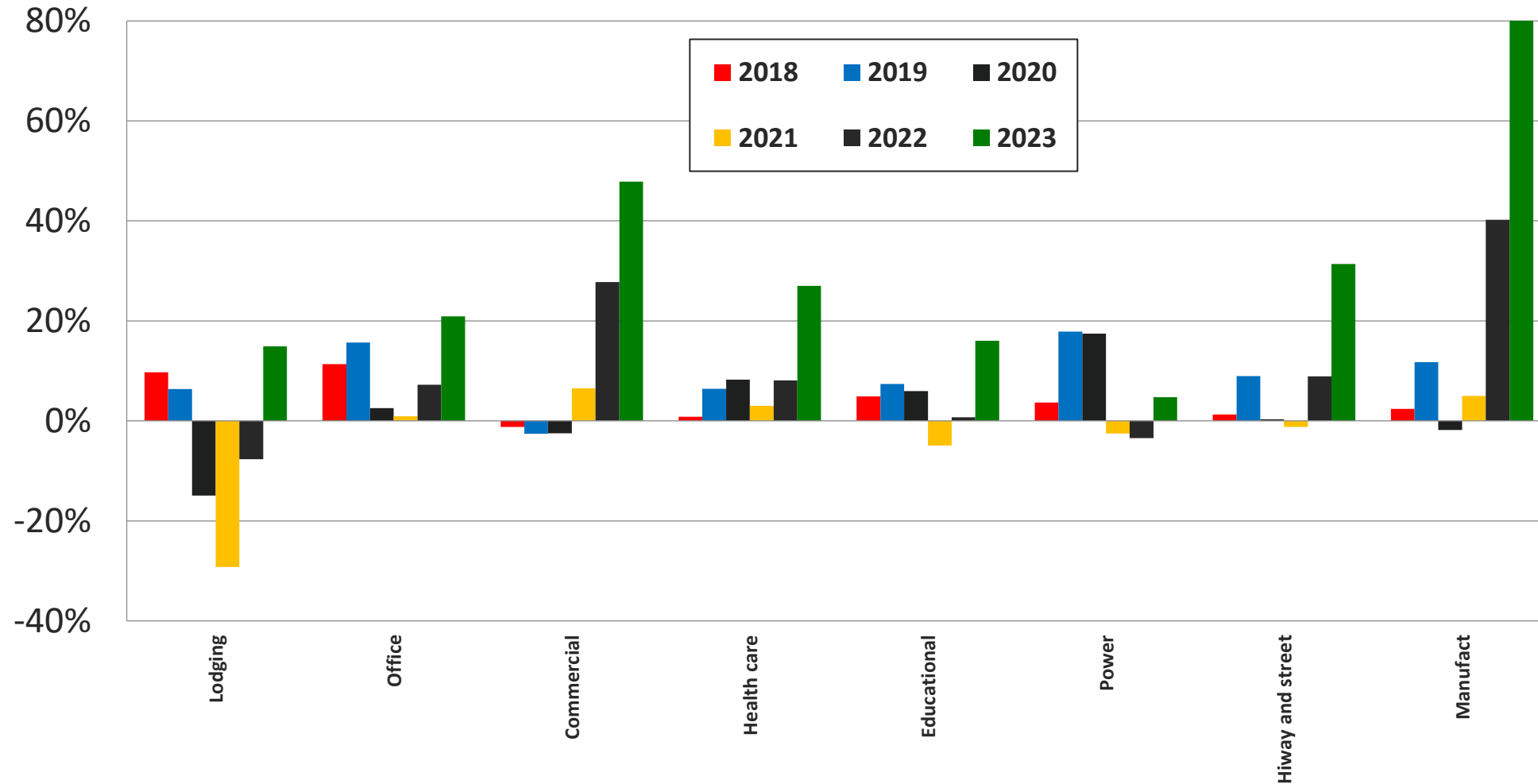
Topic #6:

Did Covid signal the death of “big box” and office?

And is housing market getting “frothy” again?

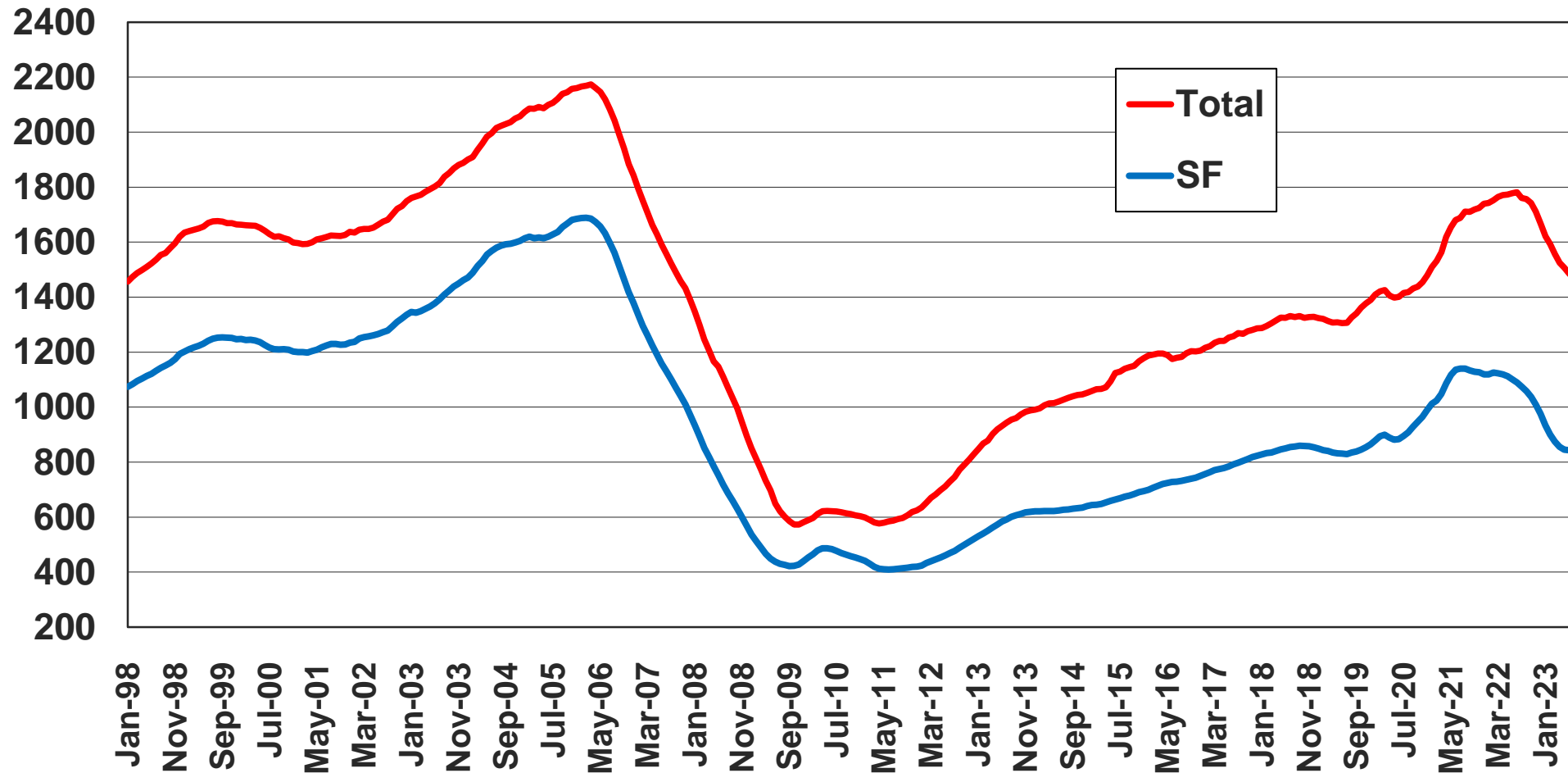
Non-Residential Construction

(Source: U.S. Census Bureau)



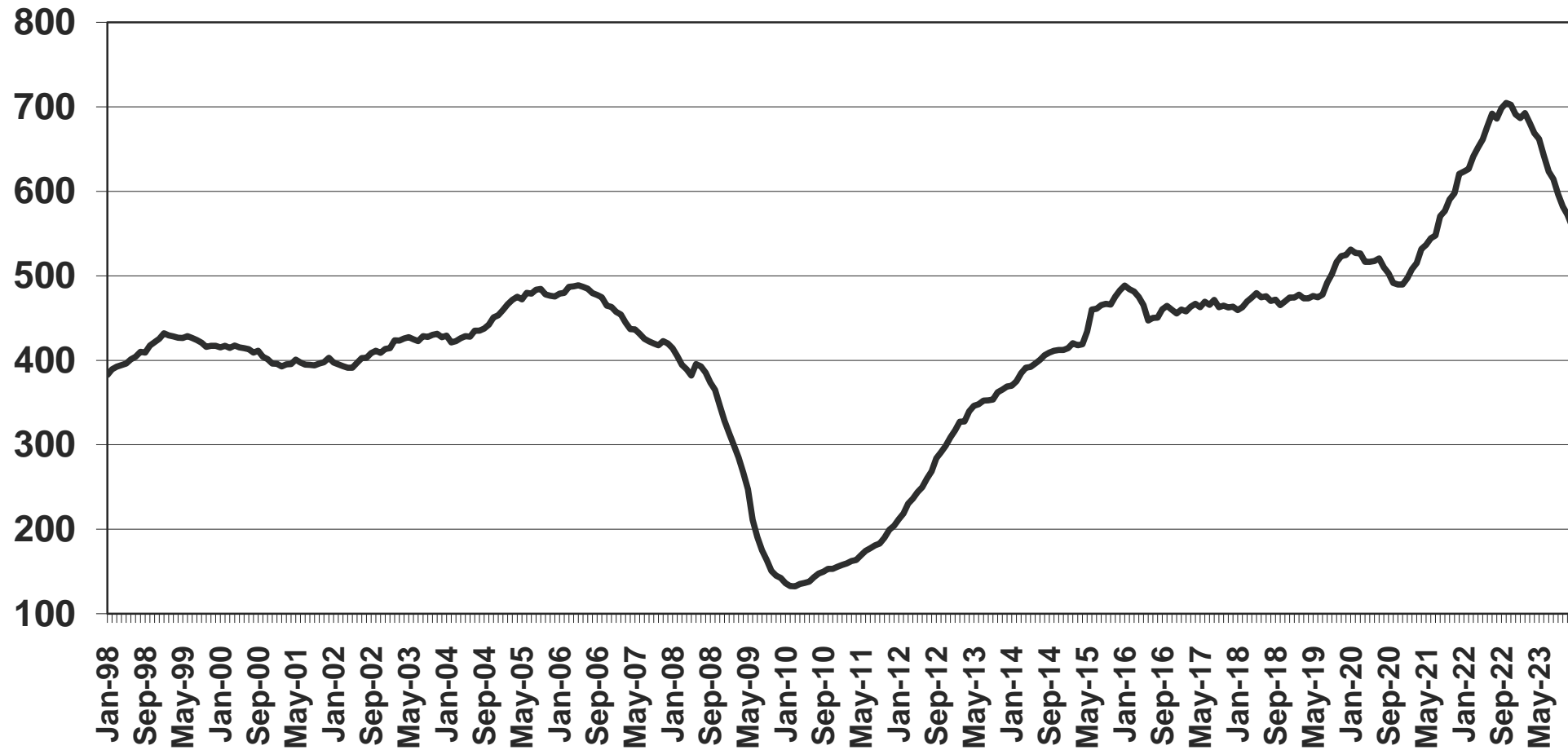
US Housing Permits: SF and Total

(source: U.S. Census Bureau)



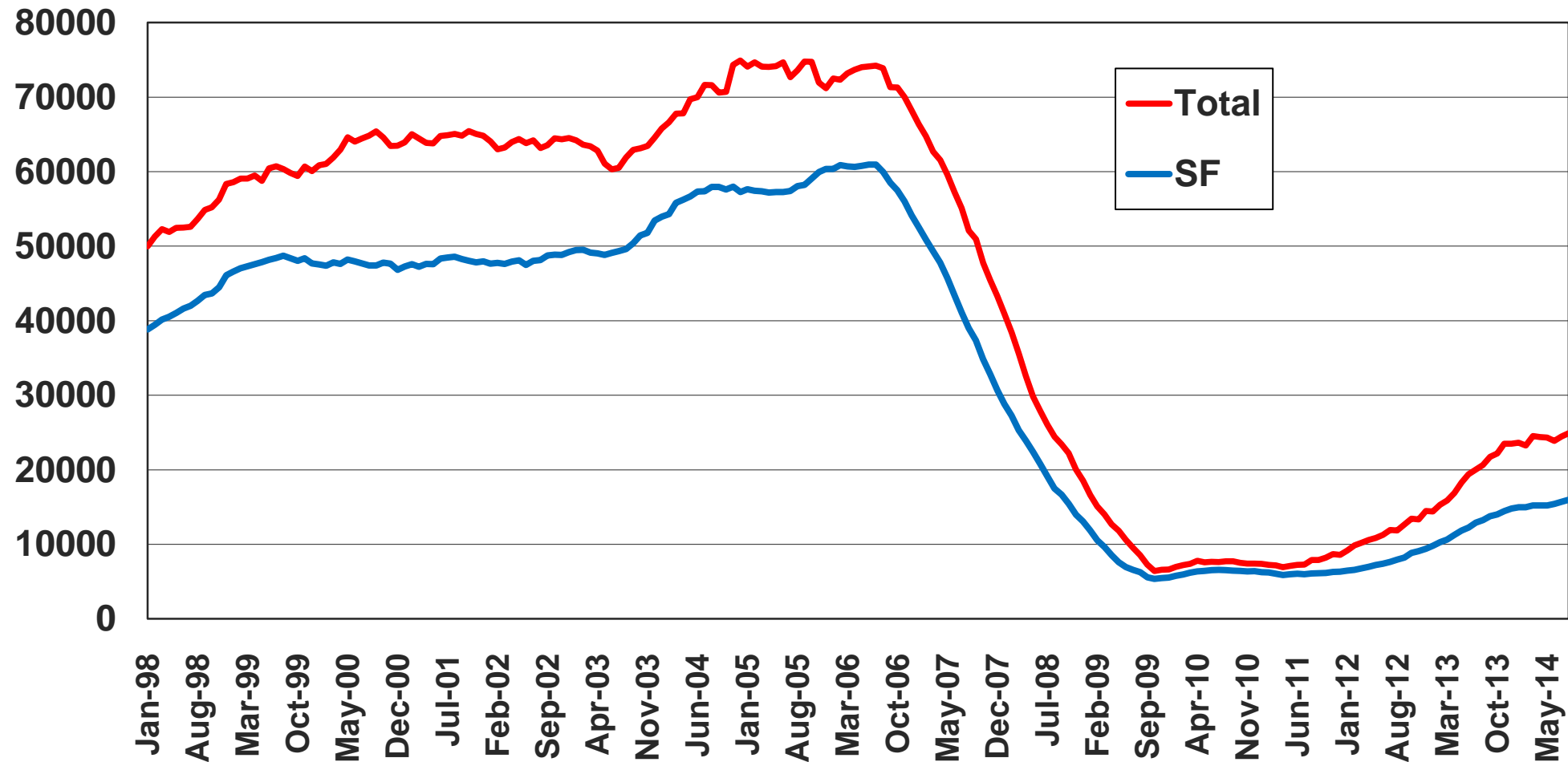
US Housing Permits: Multi-family

(source: U.S. Census Bureau)



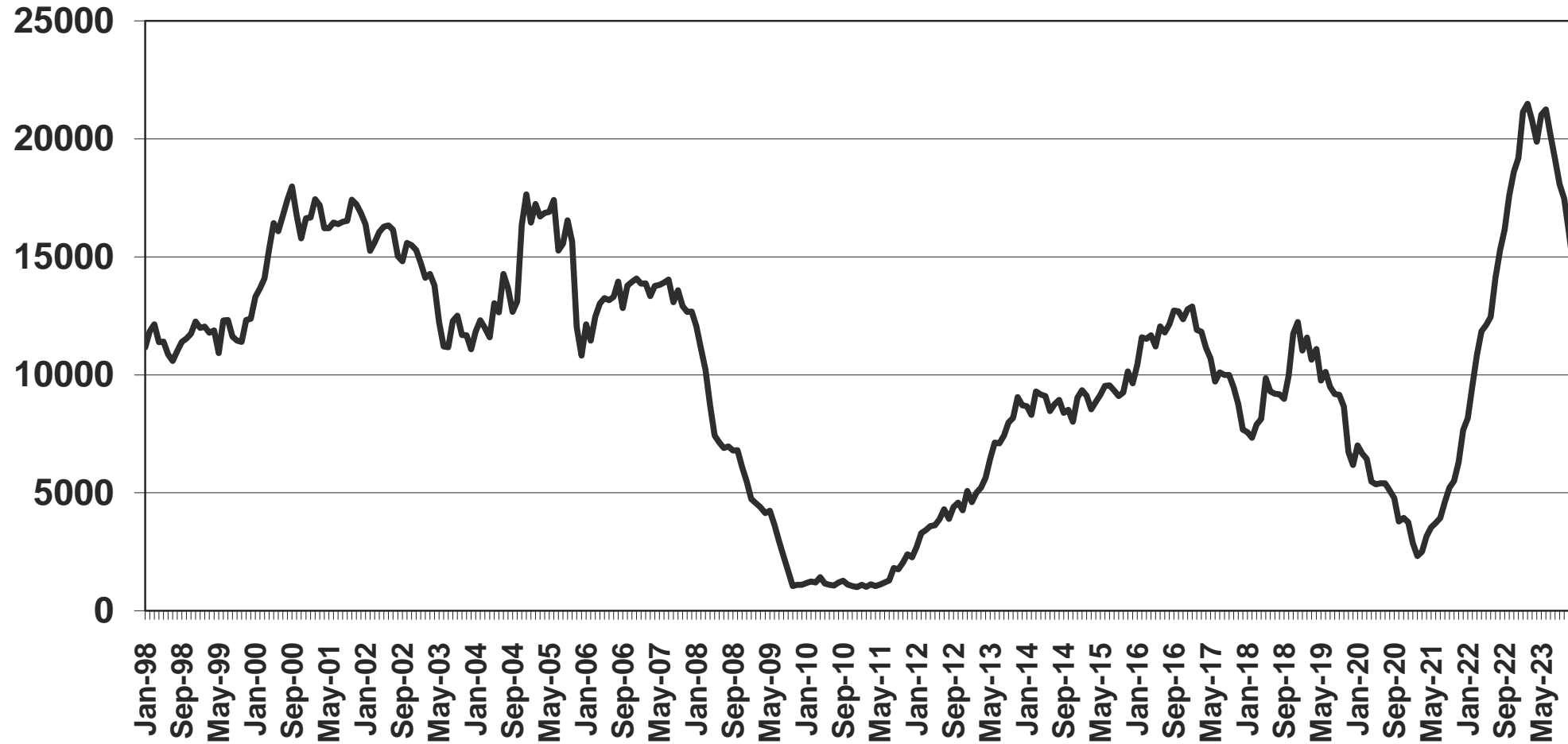
ATL Housing Permits: SF and Total

(source: U.S. Census Bureau)



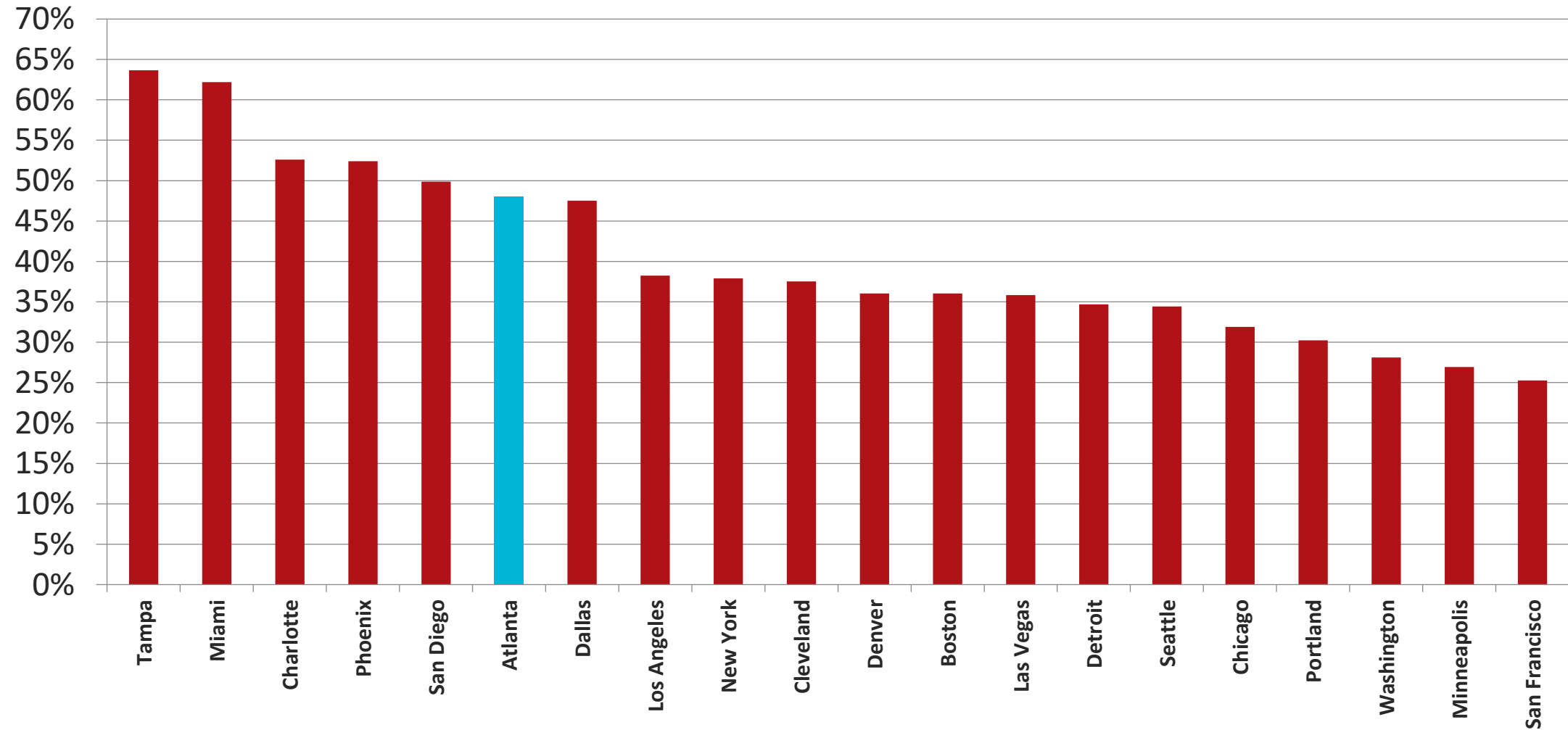
ATL Housing Permits: Multi-family

(source: U.S. Census Bureau)



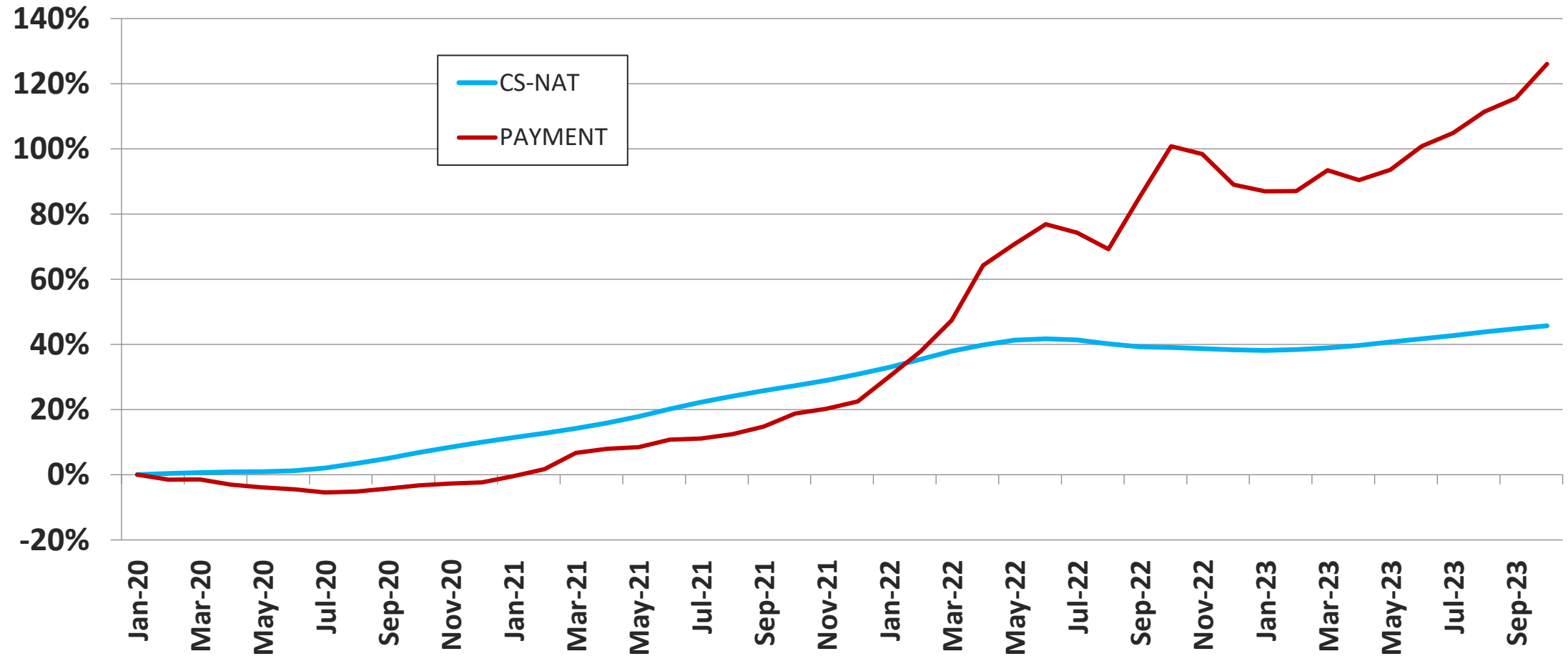
Case Shiller: Pandemic Surge

(source: Standard & Poor's Case-Shiller)



Housing Affordability: Mortgage Rate Effect

(source: S&P Case-Shiller, Freddie Mac)



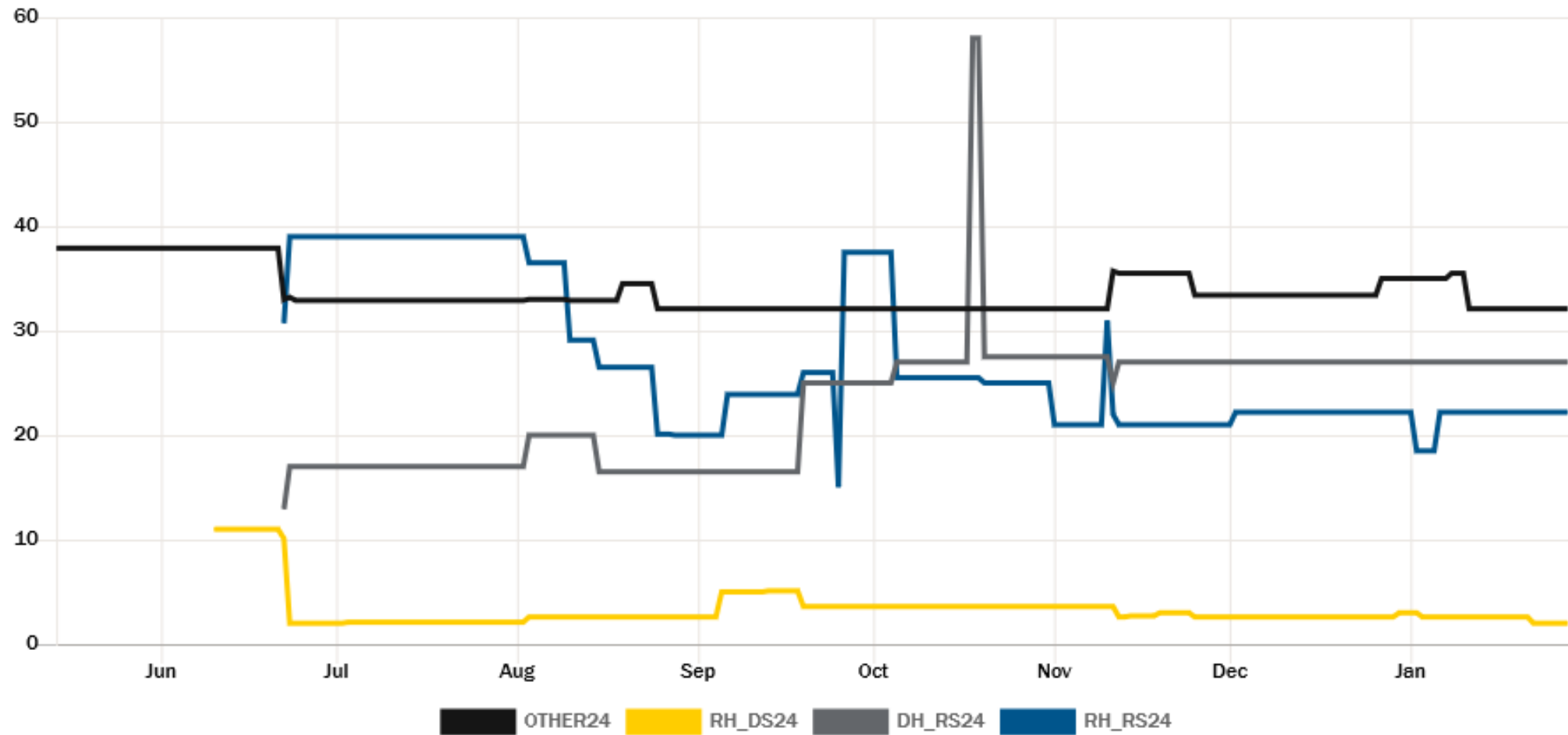
Topic #7:

Shared governance in 2024 . . . But can the parties govern themselves?

And what about demographic trends?

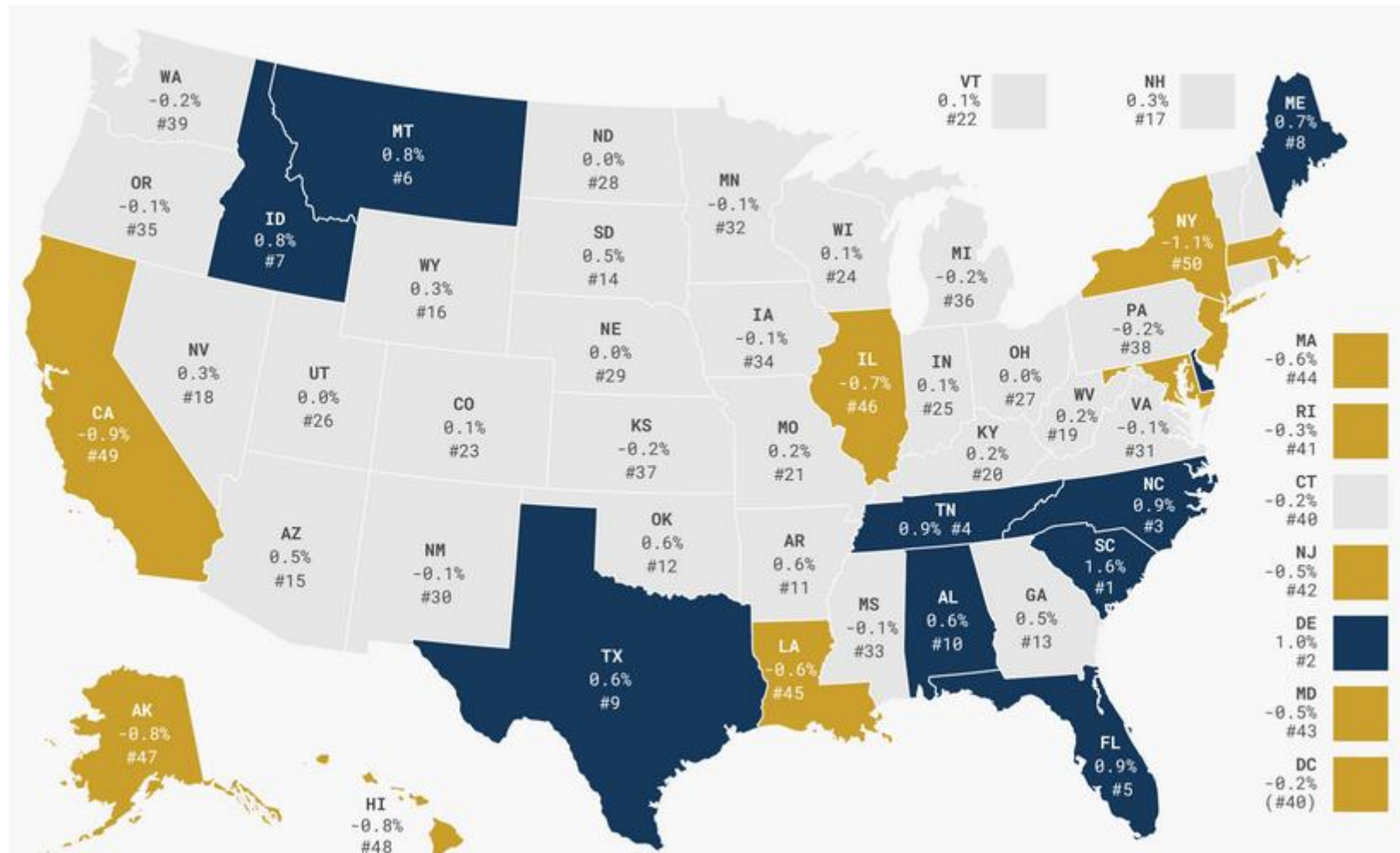
Iowa Electronic Markets: Congress

(source: University of Iowa)



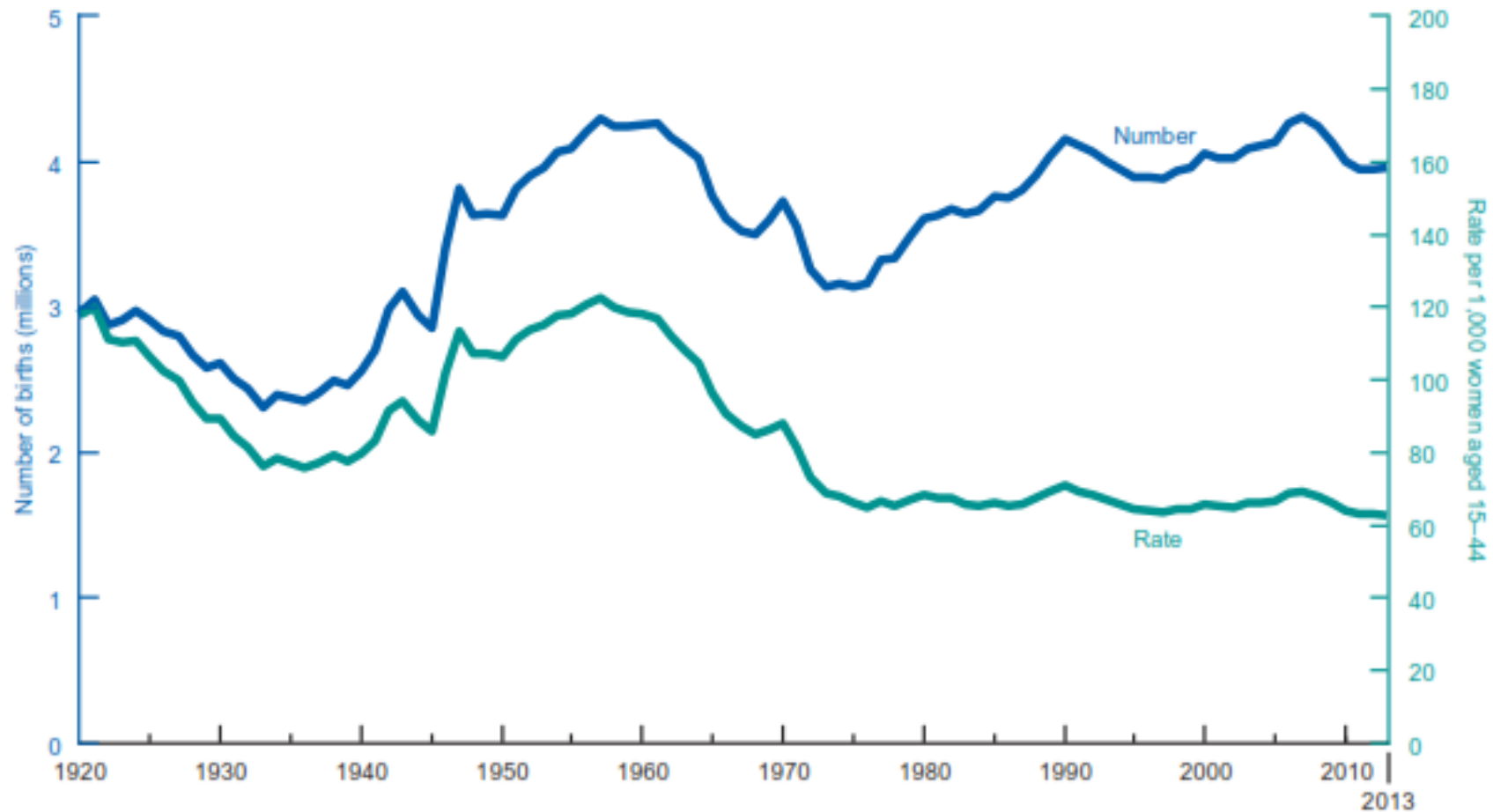
Internal Migration

(source: Tax Foundation, 2023)



The Demographics: Boom & Bust

(source: U.S. Census Bureau)



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