




By: Anirban Basu

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Sage Policy Group, Inc.



**NO TIME  
TO BUY**

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On Behalf of

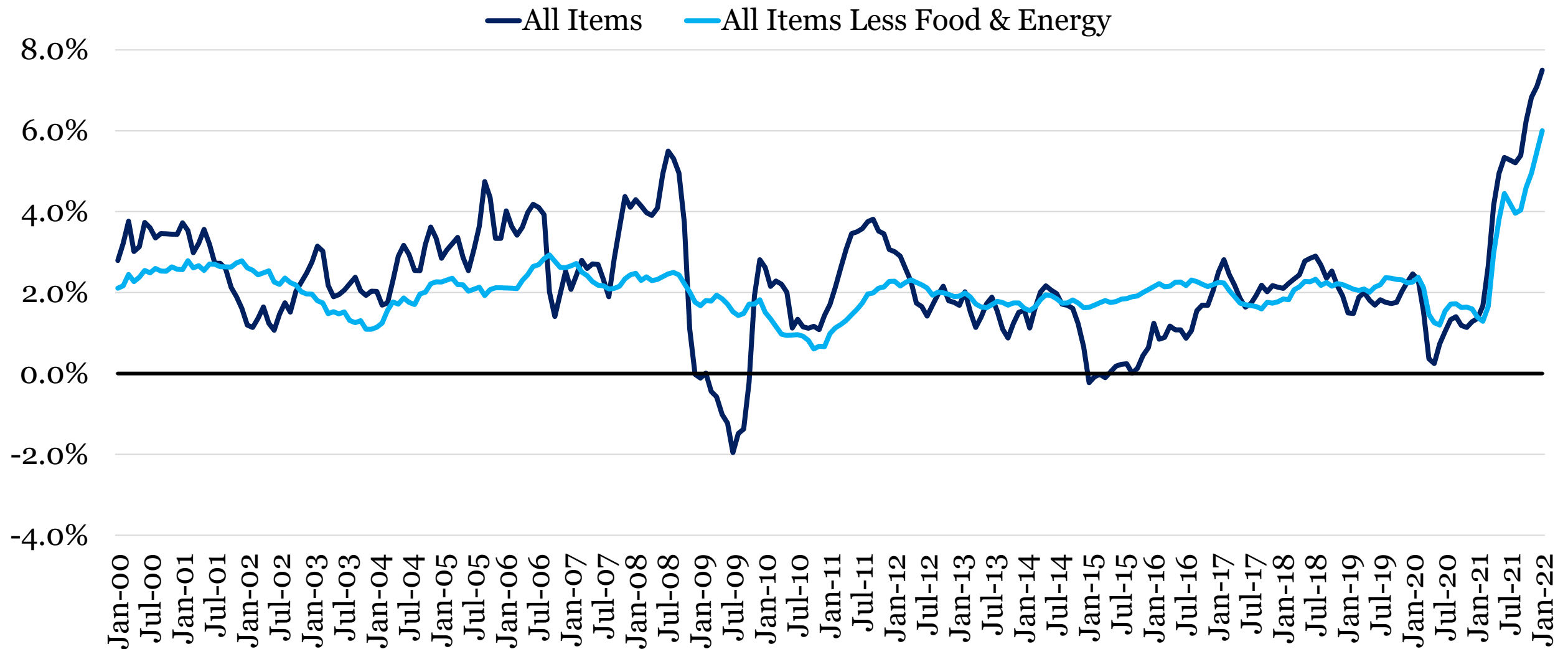
Eastern Lenders Association  
2022 Annual Conference

March 2<sup>nd</sup>, 2022

# 2021 – Specter of Inflation

# U.S. Consumer Price Index

## 12-Month % Change, 2000 – January 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)

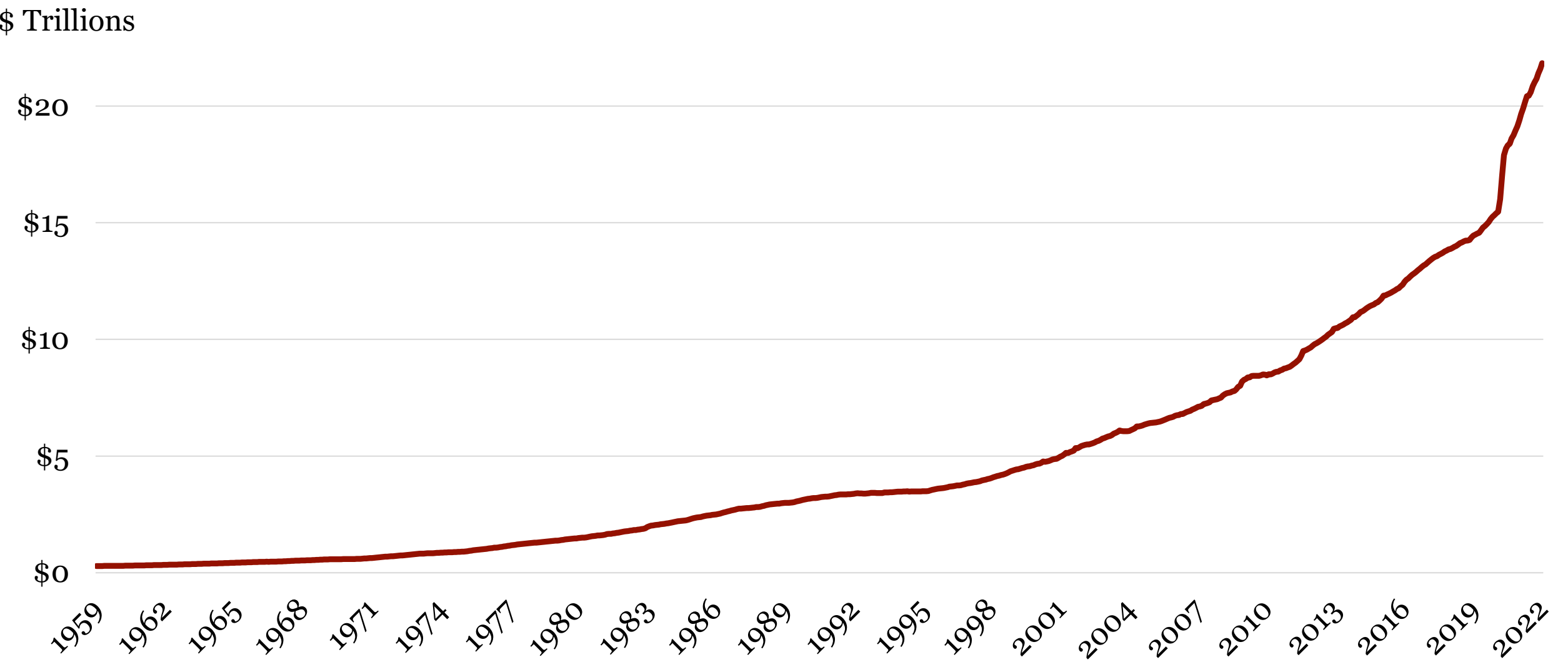
“Supply and demand imbalances related to the pandemic and the reopening of the economy have continued to contribute to elevated levels of inflation.”

(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)

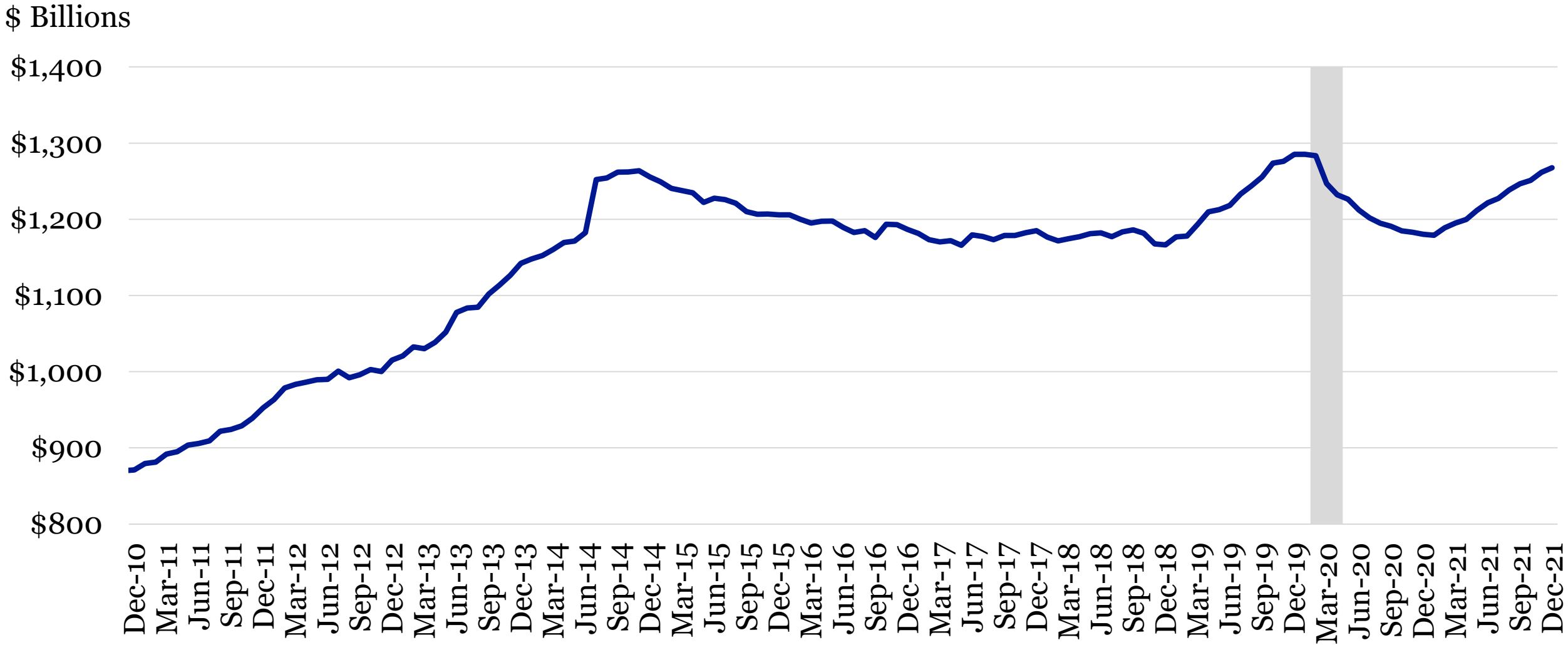


# U.S. Money Supply, 1959 – 2022



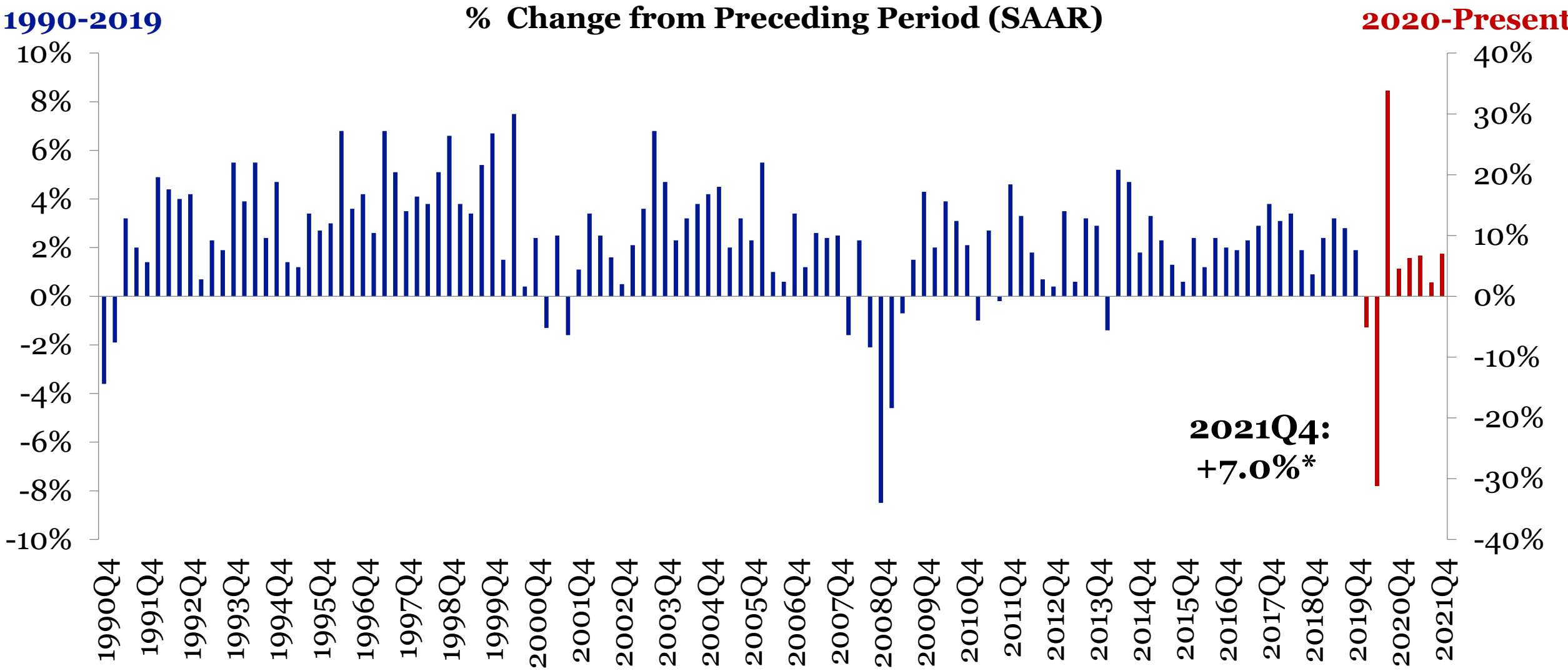
# U.S. Manufacturers' Unfilled Orders

2010 – December 2021



Shaded areas indicate U.S. recessions

# U.S. GDP - For Your Eyes Only



**2021Q4:  
+7.0%\***

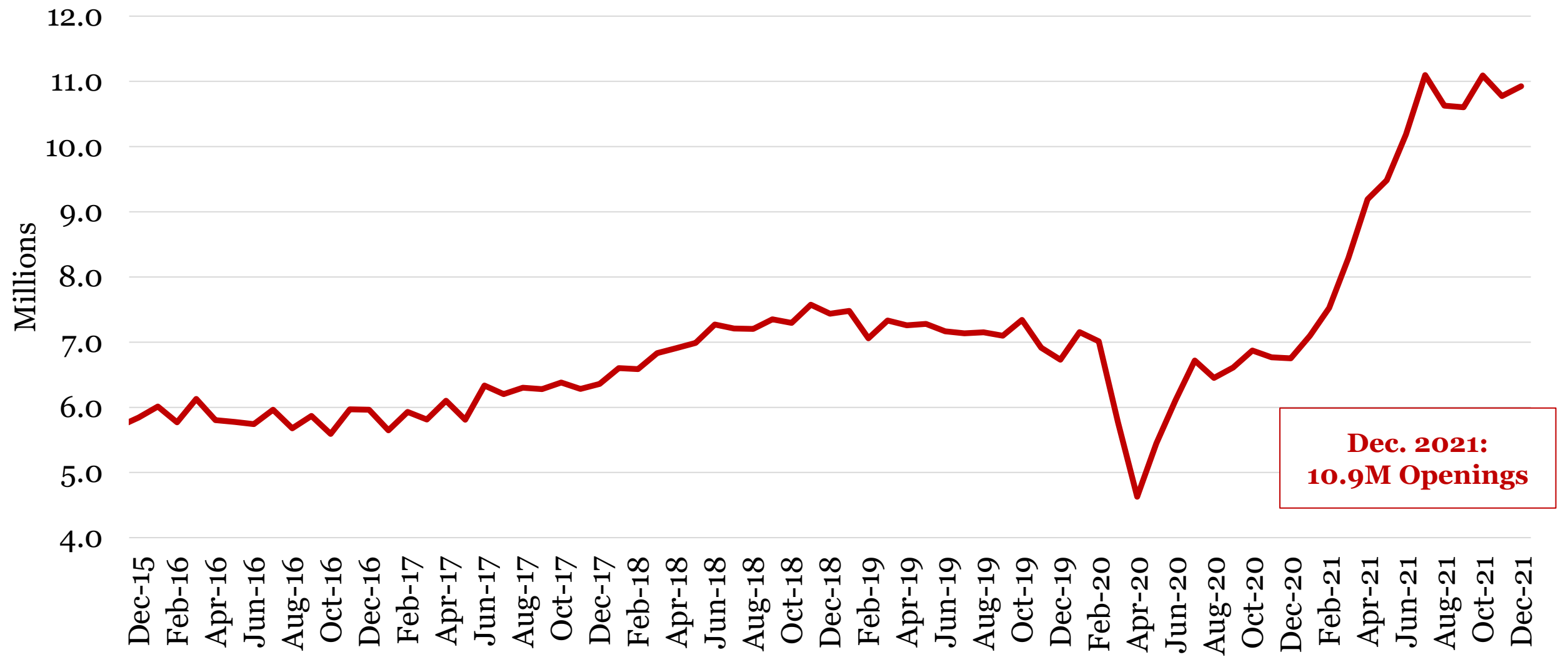
# The Employer Who Loved Me





# Work Another Day

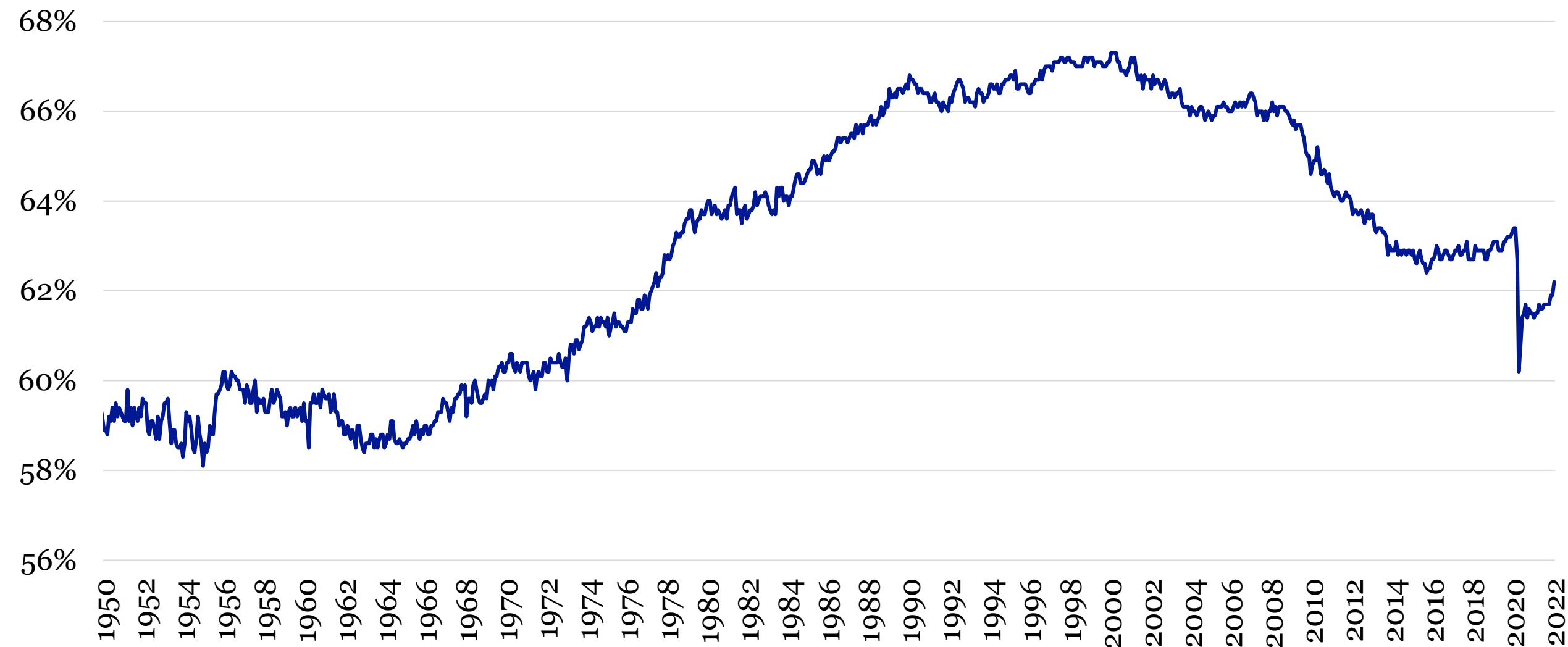
## U.S. Job Openings, 2015 – December 2021



**Dec. 2021:  
10.9M Openings**

# Skyfall

## U.S. Labor Force Participation Rate, 1950 – January 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.

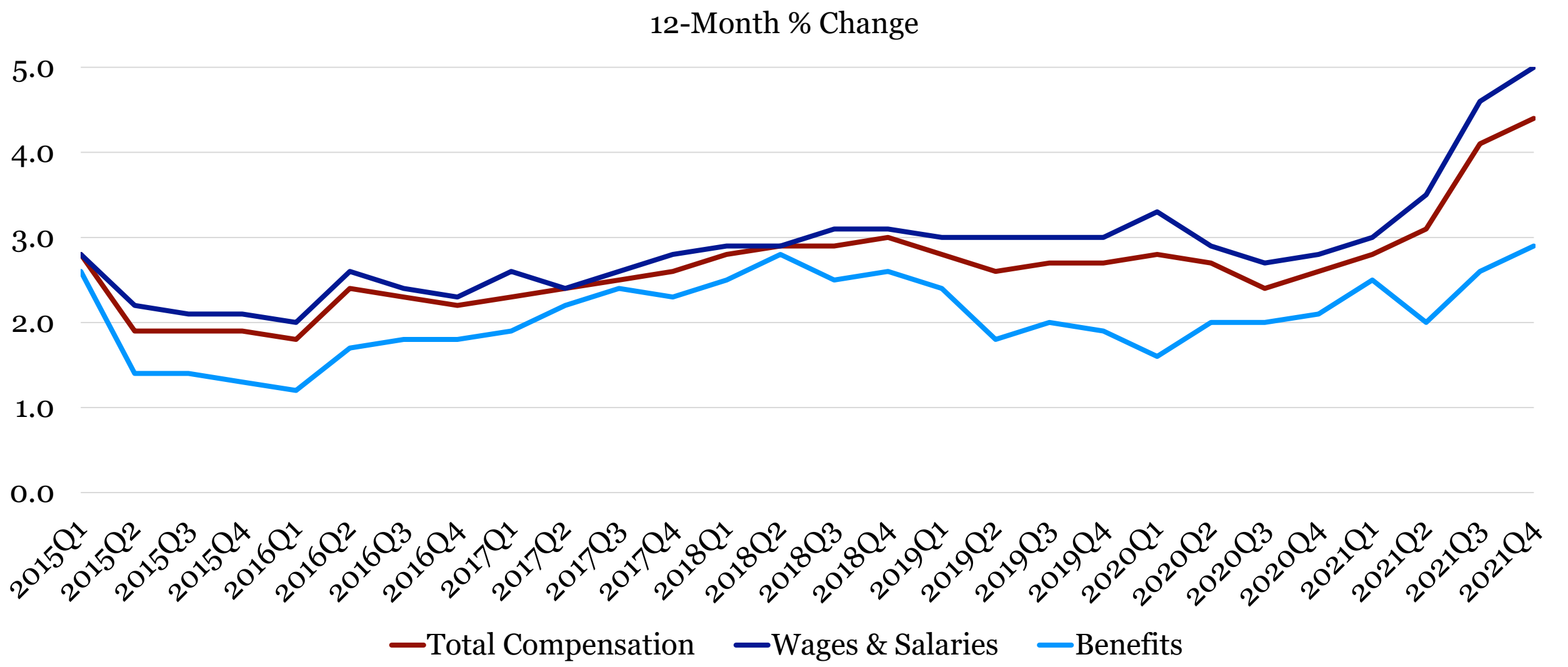
**Ipsos'** survey of more than 12,000 people across 29 countries found that two-thirds of working adults surveyed say that:

- 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%).



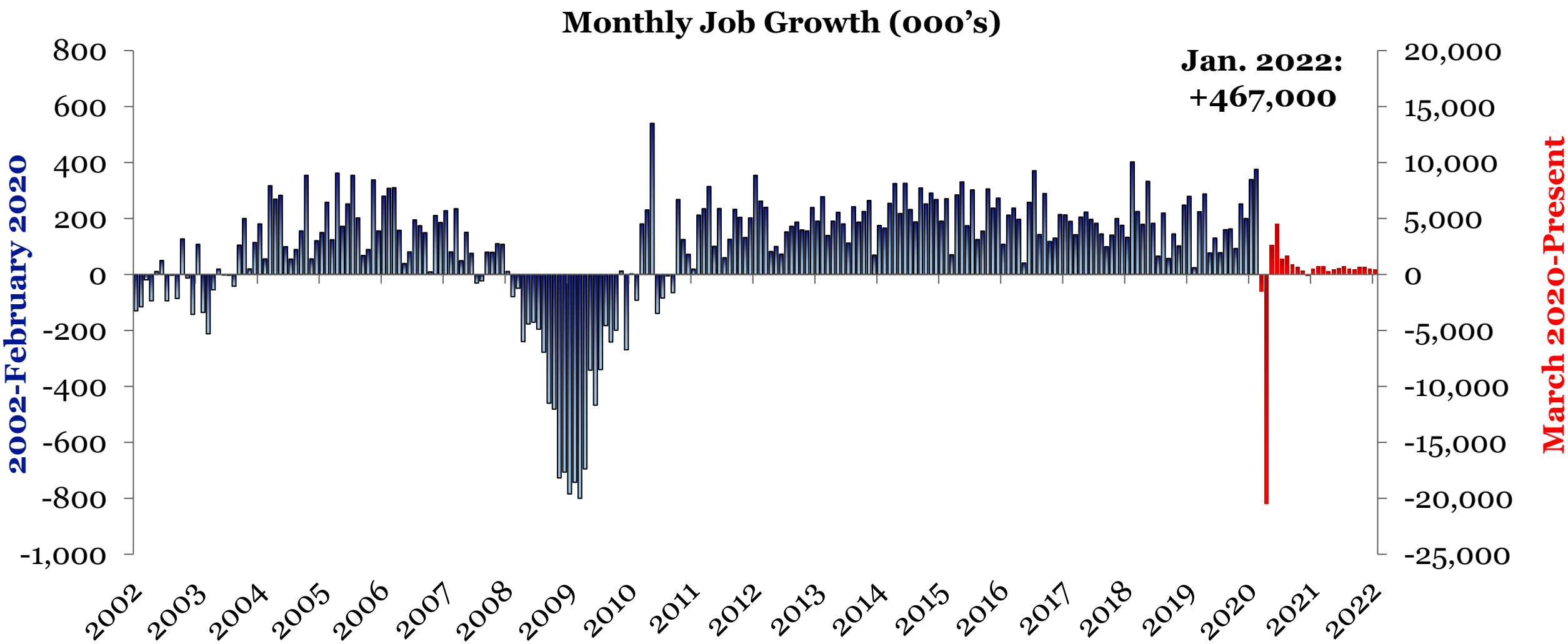
# License to be Paid

## Employment Cost Index, Private Sector Workers, 2015 – 2021



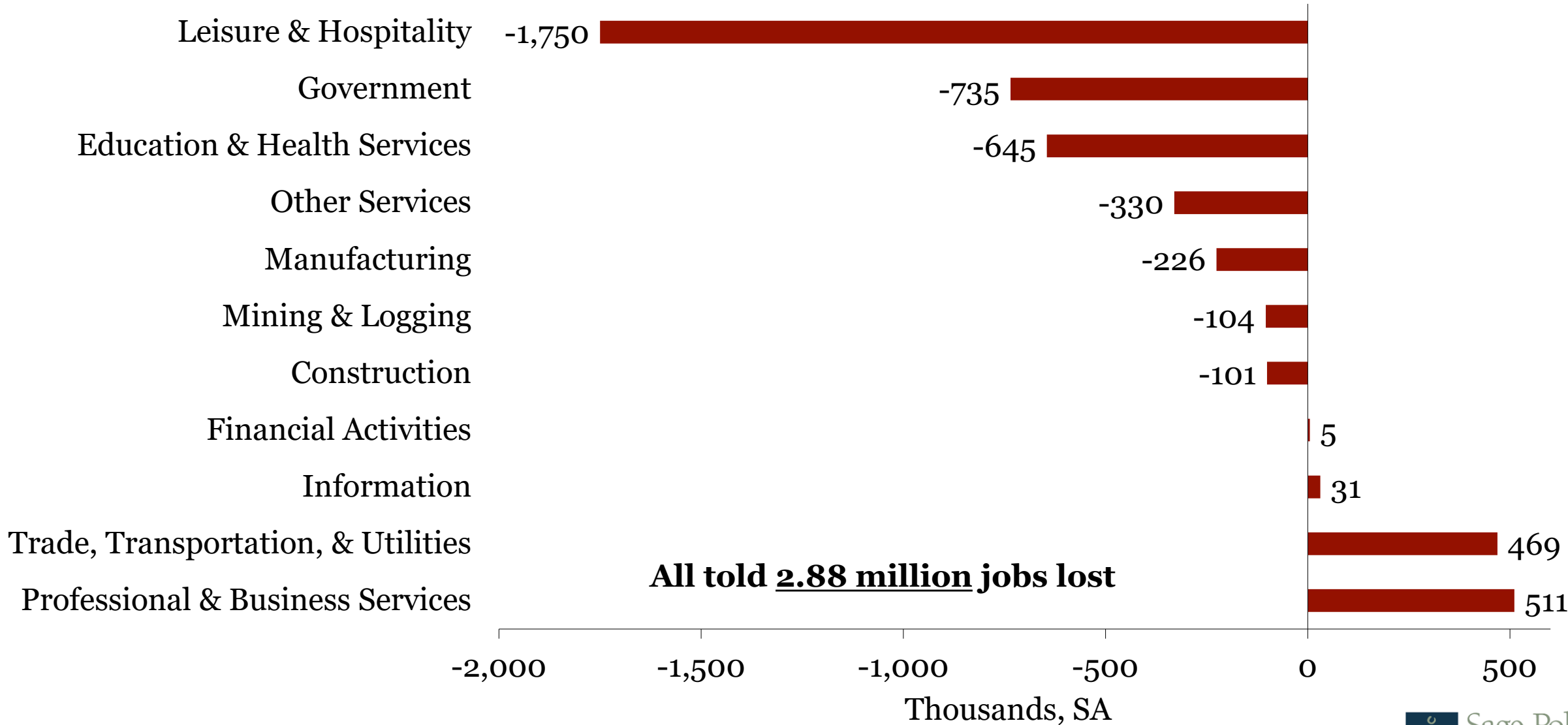
# Net Change in U.S. Jobs

2002 – January 2022



# U.S. Nonfarm Employment by Industry Sector

## February 2020 v. January 2022



# Employment Growth, 25 Largest Metros

## February 2020 v. December 2021 Percent Change

Rank	MSA	%	Rank	MSA	%
1	Dallas-Fort Worth-Arlington, TX	2.9%	14	Philadelphia-Camden-Wilm., PA-NJ-DE-MD	-2.0%
2	Phoenix-Mesa-Scottsdale, AZ	2.6%	15	Miami-Fort Lauderdale-West Palm Beach, FL	-2.2%
3	Tampa-St. Petersburg-Clearwater, FL	2.1%	16	Detroit-Warren-Dearborn, MI	-2.4%
4	San Antonio-New Braunfels, TX	1.4%	16	St. Louis, MO-IL	-2.4%
5	Atlanta-Sandy Springs-Roswell, GA	0.5%	18	Chicago-Naperville-Elgin, IL-IN-WI	-2.6%
5	Denver-Aurora-Lakewood, CO	0.5%	19	Boston-Cambridge-Nashua, MA-NH	-2.8%
7	Charlotte-Concord-Gastonia, NC-SC	0.4%	20	Minneapolis-St. Paul-Bloomington, MN-WI	-3.7%
8	Riverside-San Bernardino-Ontario, CA	-0.5%	21	San Diego-Carlsbad, CA	-3.8%
9	Seattle-Tacoma-Bellevue, WA	-0.8%	22	Los Angeles-Long Beach-Anaheim, CA	-4.6%
10	Baltimore-Columbia-Towson, MD	-1.2%	23	San Francisco-Oakland-Hayward, CA	-5.0%
11	Houston-The Woodlands-Sugar Land, TX	-1.4%	24	New York-Newark-Jersey City, NY-NJ-PA	-5.1%
11	Portland-Vancouver-Hillsboro, OR-WA	-1.4%	24	Orlando-Kissimmee-Sanford, FL	-5.1%
13	Wash.-Arlington-Alexandria, DC-VA-MD-WV	-1.6%			

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

**U.S. Percent Change: -2.2%**

# Unemployment Rates, 25 Largest Metros

December 2021

Rank	MSA	%	Rank	MSA	%
1	Atlanta-Sandy Springs-Roswell, GA	2.3	13	Dallas-Fort Worth-Arlington, TX	3.6
2	Phoenix-Mesa-Scottsdale, AZ	2.4	14	San Antonio-New Braunfels, TX	3.7
3	Minneapolis-St. Paul-Bloomington, MN-WI	2.5	15	Baltimore-Columbia-Towson, MD	3.8
4	Miami-Fort Lauderdale-West Palm Beach, FL	2.6	15	Orlando-Kissimmee-Sanford, FL	3.8
5	St. Louis, MO-IL	3.0	17	Denver-Aurora-Lakewood, CO	4.2
6	Boston-Cambridge-Nashua, MA-NH	3.1	17	Philadelphia-Camden-Wilm., PA-NJ-DE-MD	4.2
7	Charlotte-Concord-Gastonia, NC-SC	3.2	17	San Diego-Carlsbad, CA	4.2
8	Tampa-St. Petersburg-Clearwater, FL	3.3	20	Chicago-Naperville-Elgin, IL-IN-WI	4.3
8	Washington-Arlington-Alexandria, DC-VA-MD-WV	3.3	20	Detroit-Warren-Dearborn, MI	4.3
			22	Houston-The Woodlands-Sugar Land, TX	4.8
10	Portland-Vancouver-Hillsboro, OR-WA	3.4	23	Riverside-San Bernardino-Ontario, CA	5.1
11	San Francisco-Oakland-Hayward, CA	3.5	24	New York-Newark-Jersey City, NY-NJ-PA	5.5
11	Seattle-Tacoma-Bellevue, WA	3.5	25	Los Angeles-Long Beach-Anaheim, CA	5.6

U.S. Unemployment Rate

Dec: 3.9% | Jan: 4.0%

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

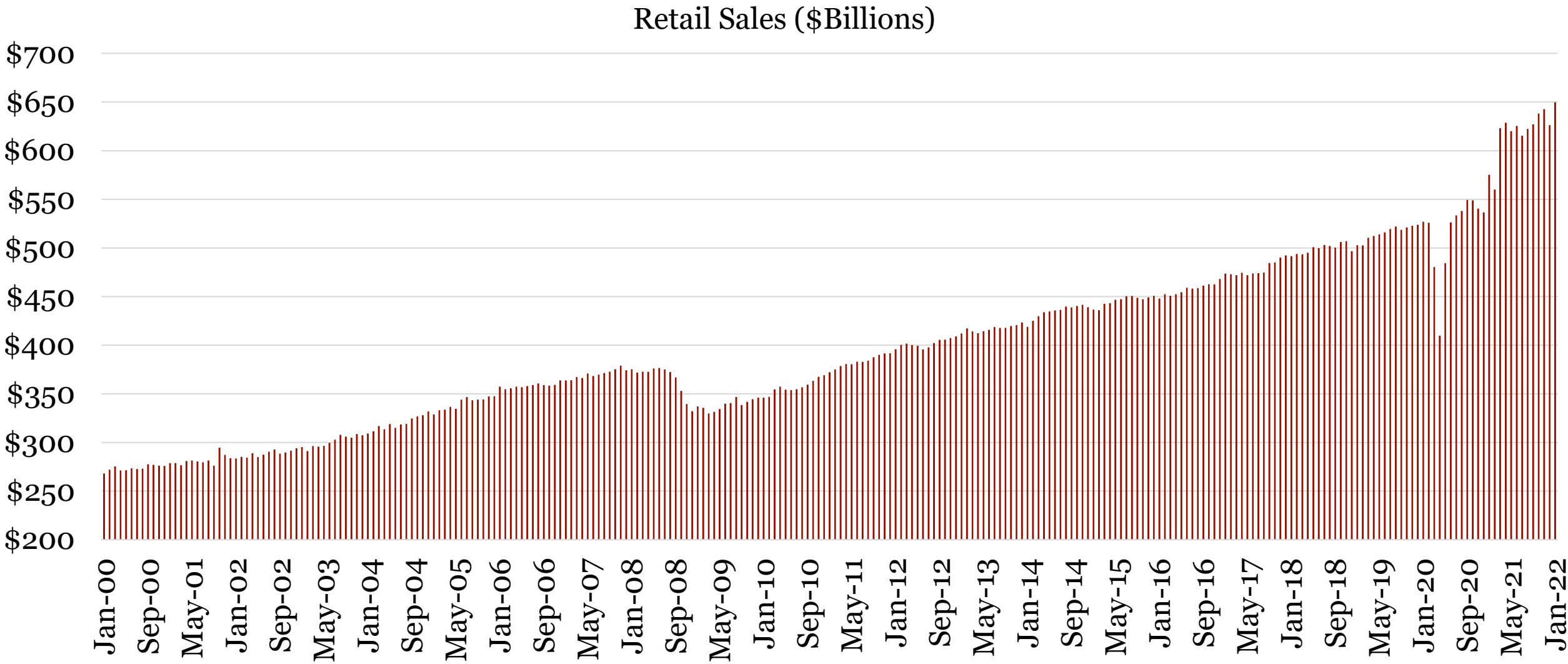


# Live and Let Buy



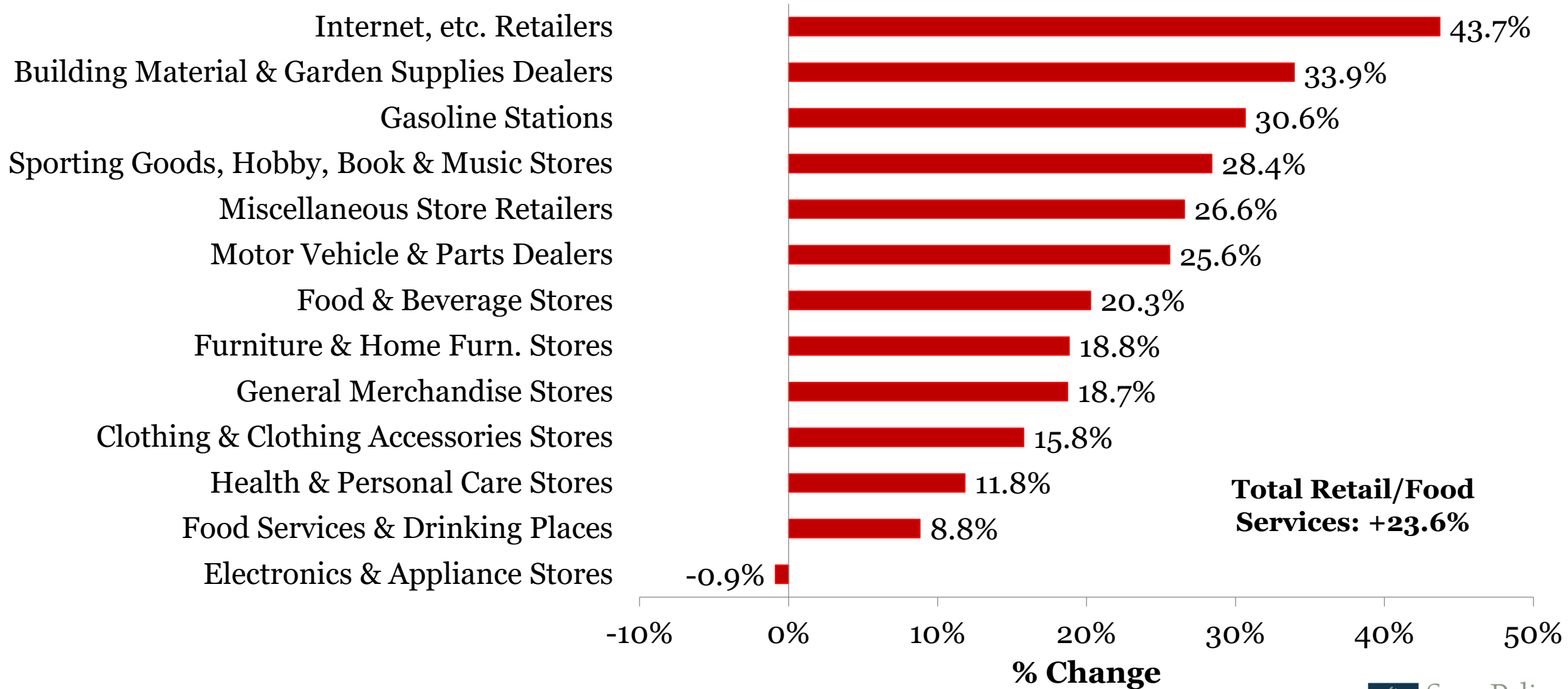
# U.S. Retail Sales

## 2000 – January 2022



# U.S. Retail Sales by Type of Business

February 2020 v. January 2022 % Change

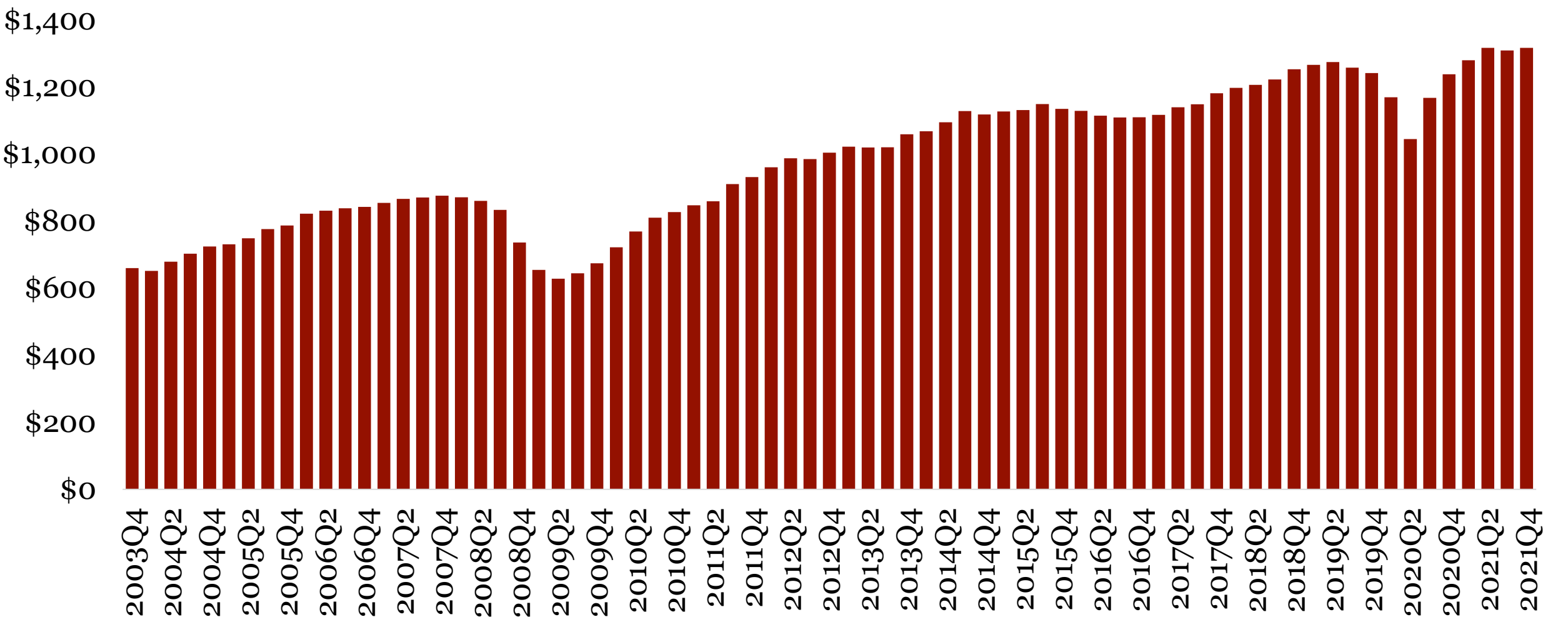




# U.S. GDP: Nonresidential Fixed Investment in Equipment

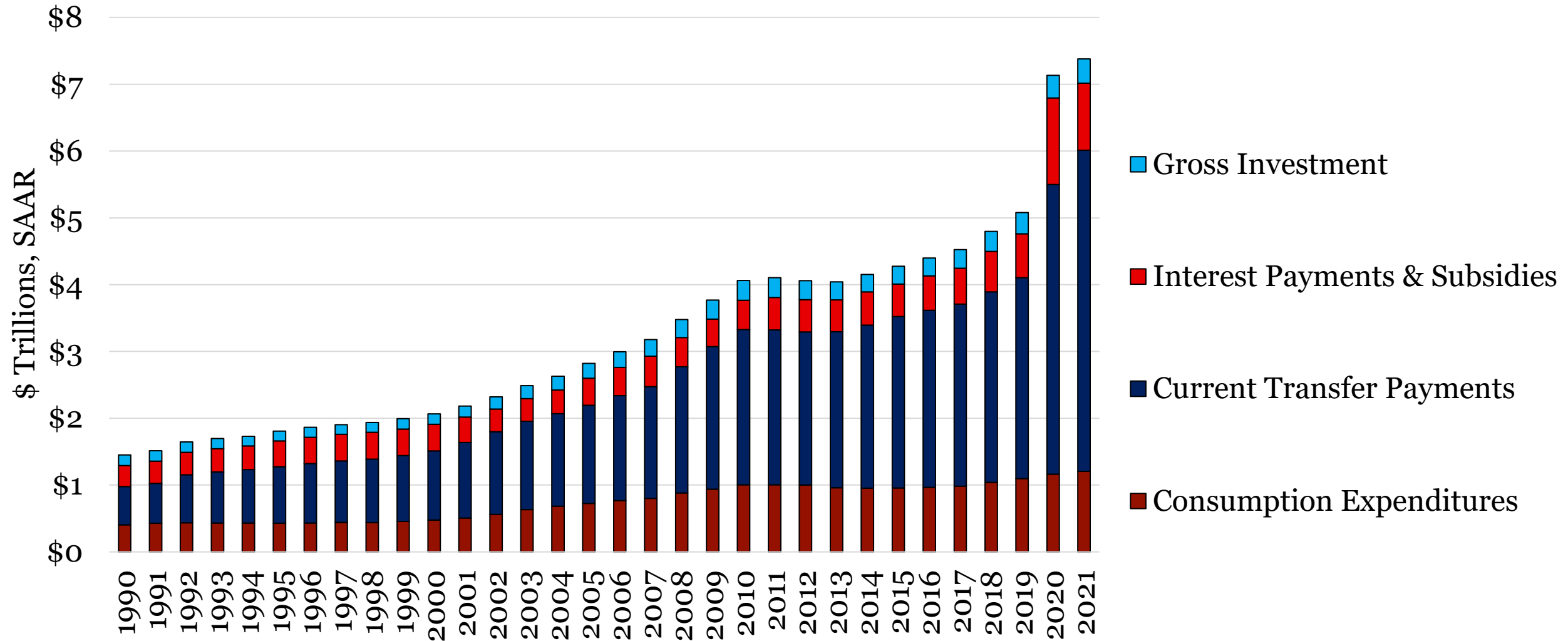
## 2003 – 2021Q4\*

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



# Deficits are Forever

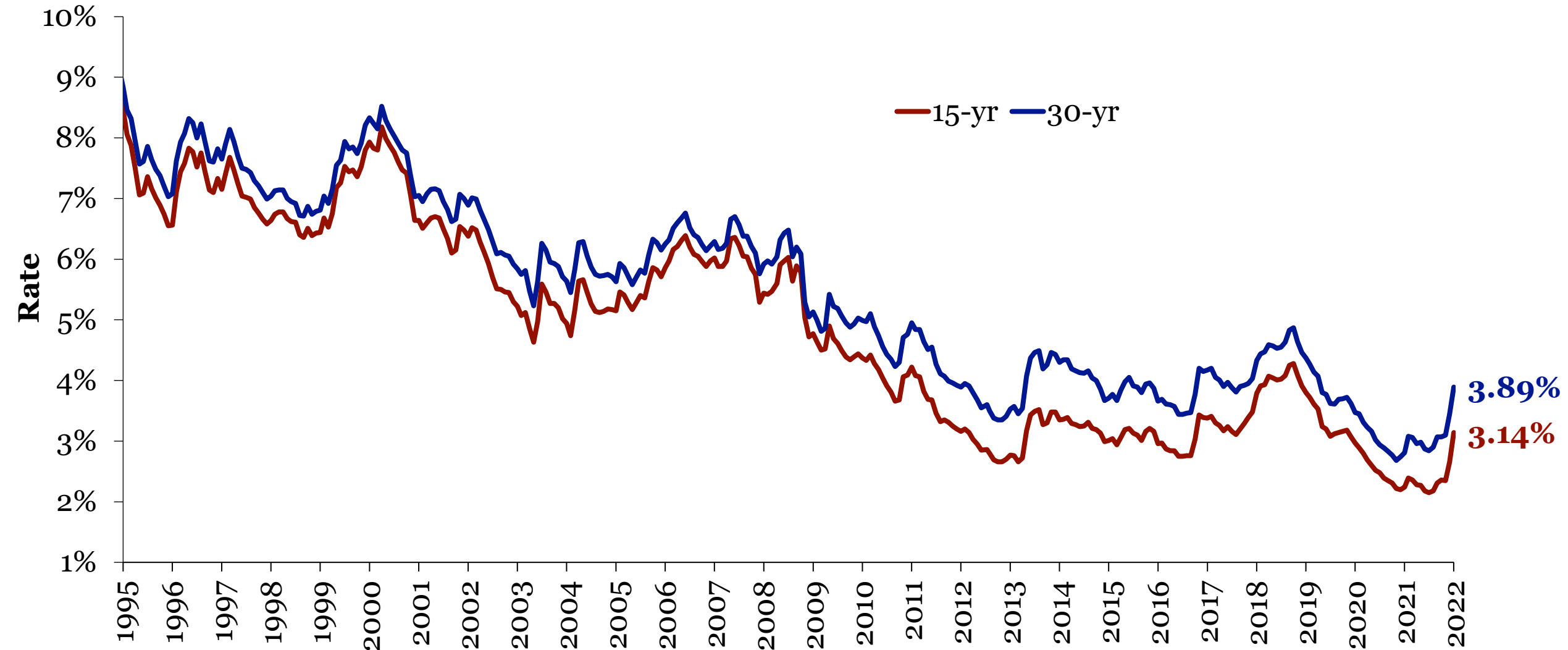
Federal Government Expenditures, 1990 – 2021



# Quantum of Construction

# License to Borrow (at Low Rates)

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

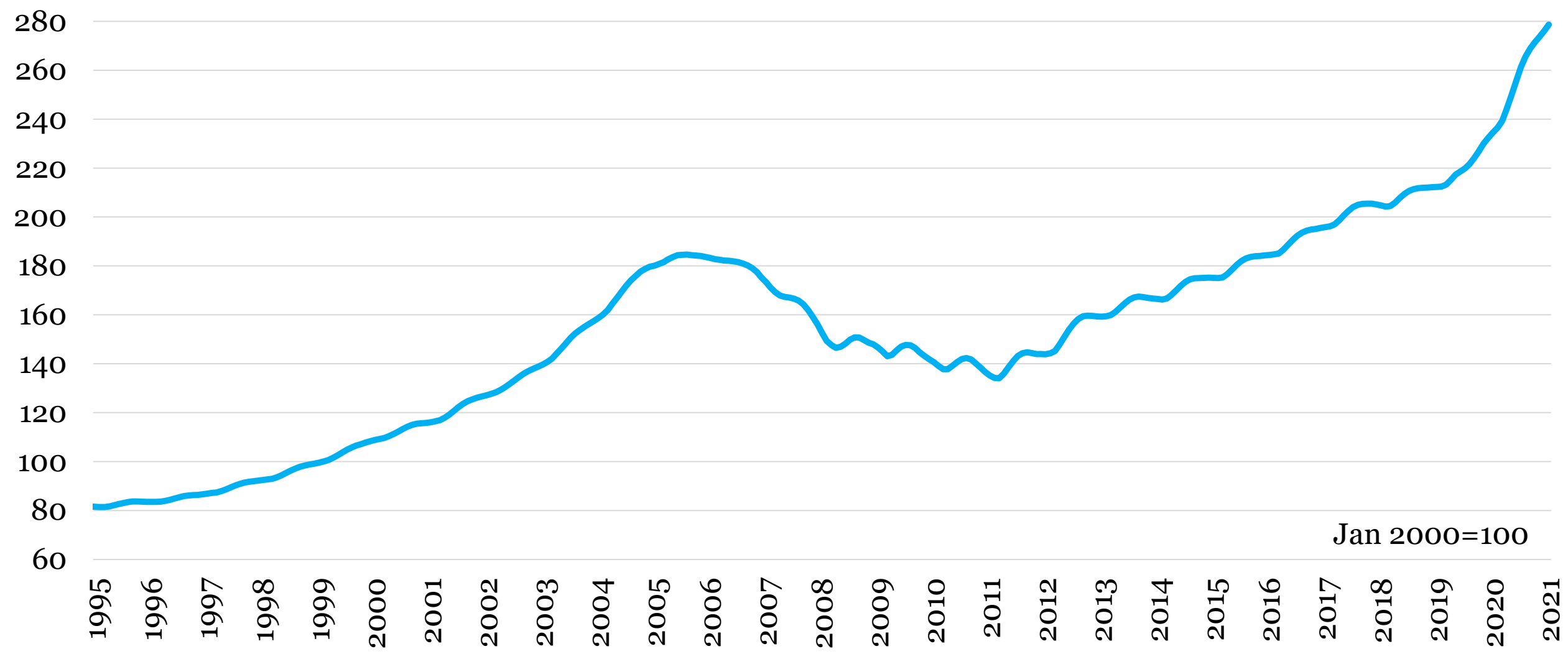


\*Week ending 2/24/2022



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

1995 – December 2021



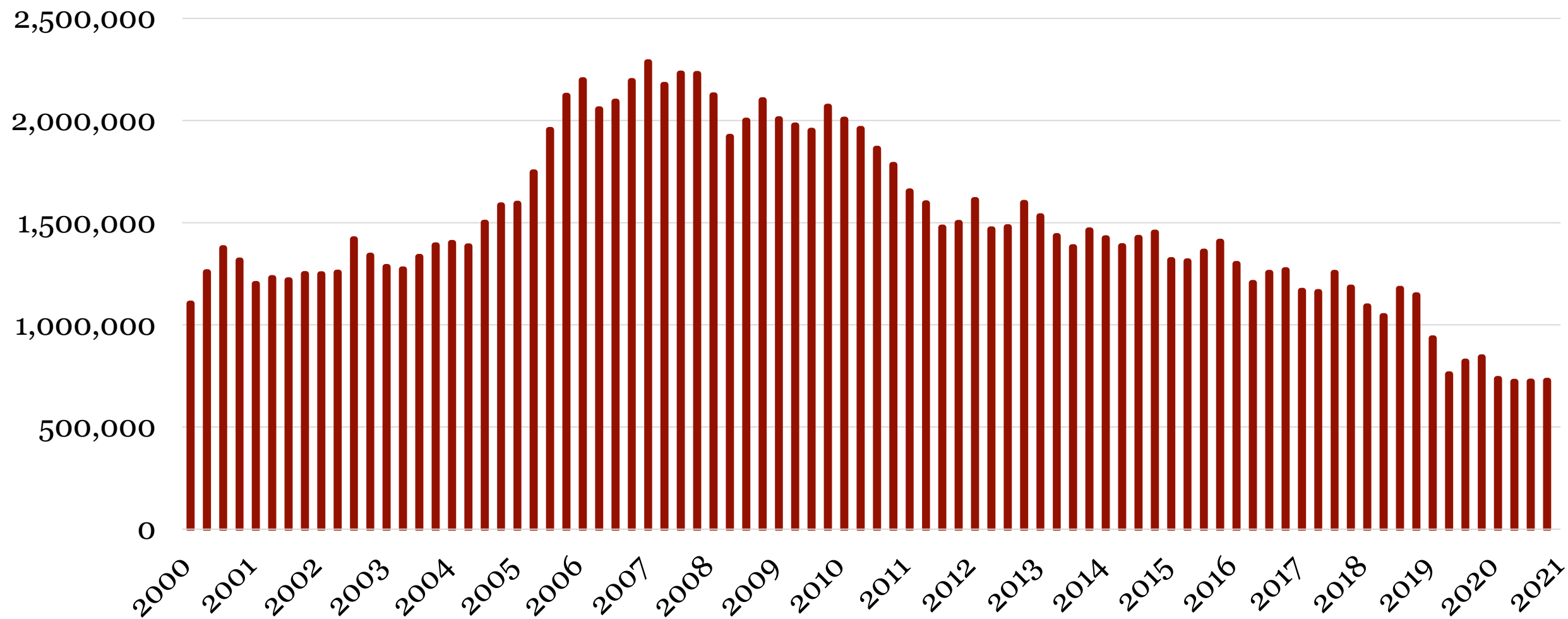




# Inventory of Unsold Homes: Vacant Housing Units for Sale\*

2000 – 2021Q4

Vacant Housing Units for Sale

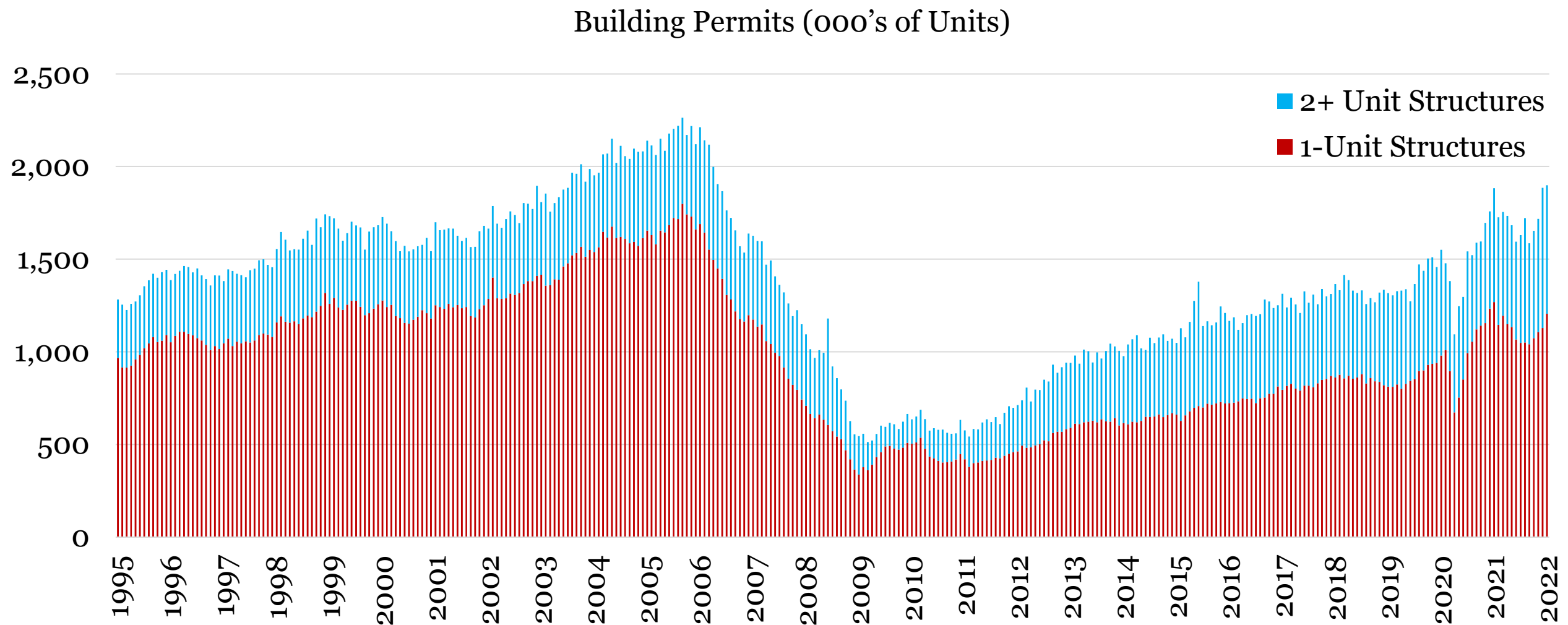


\*Units for sale only, excludes units both for rent and sale



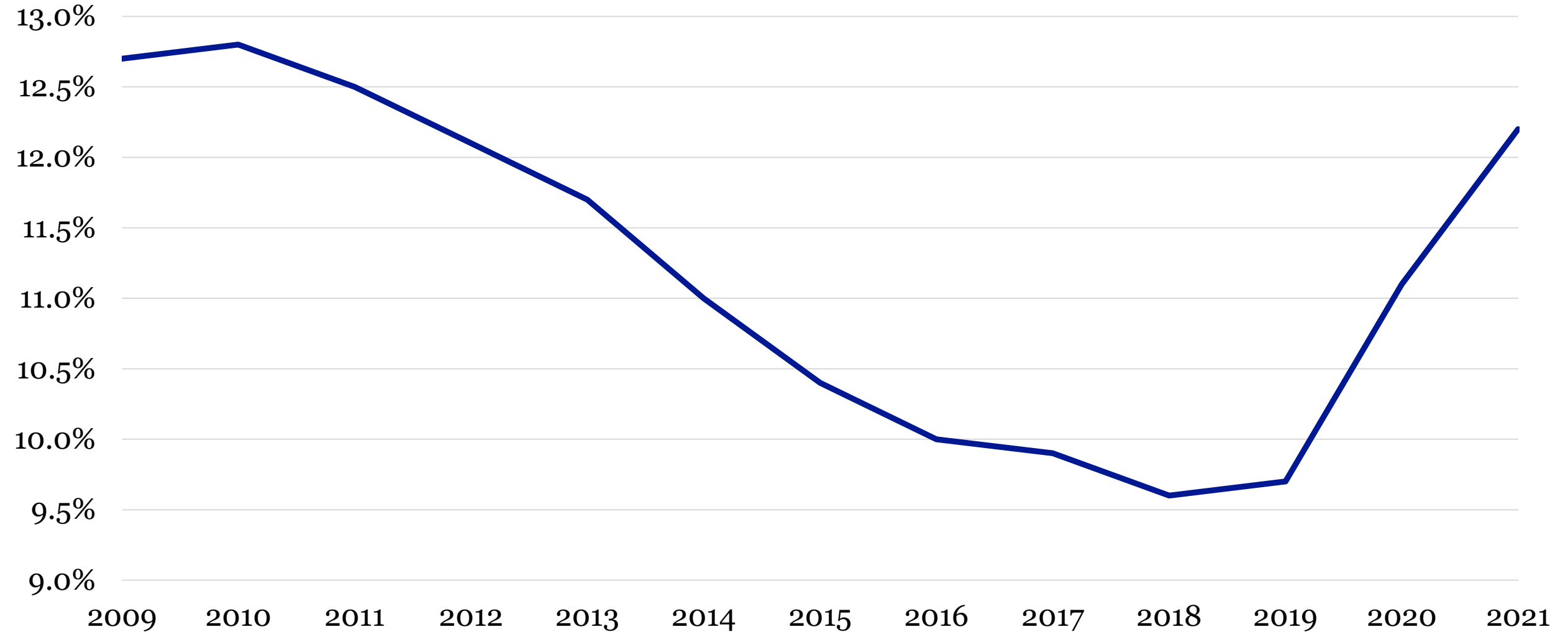
# U.S. Residential Building Permits

1995 – January 2022



# Occupancy is Not Enough

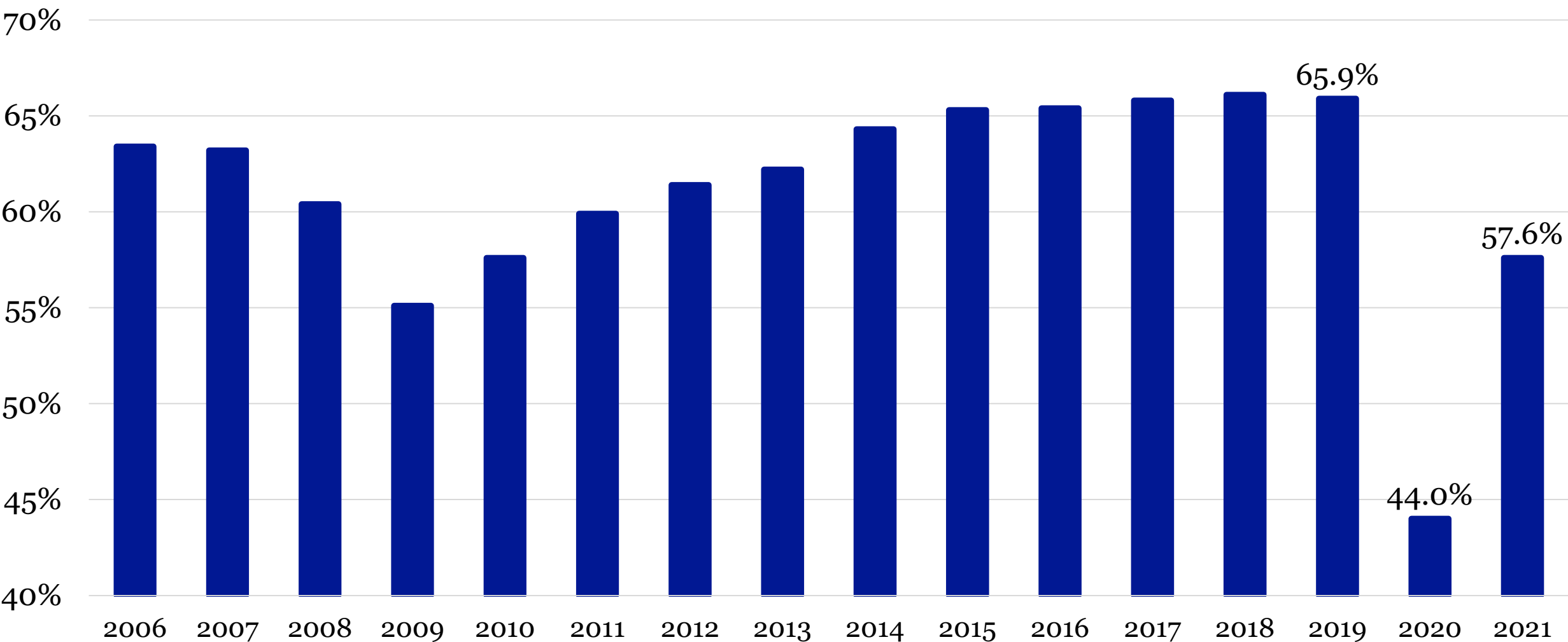
## U.S. Office Vacancy, 2009 – 2021



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



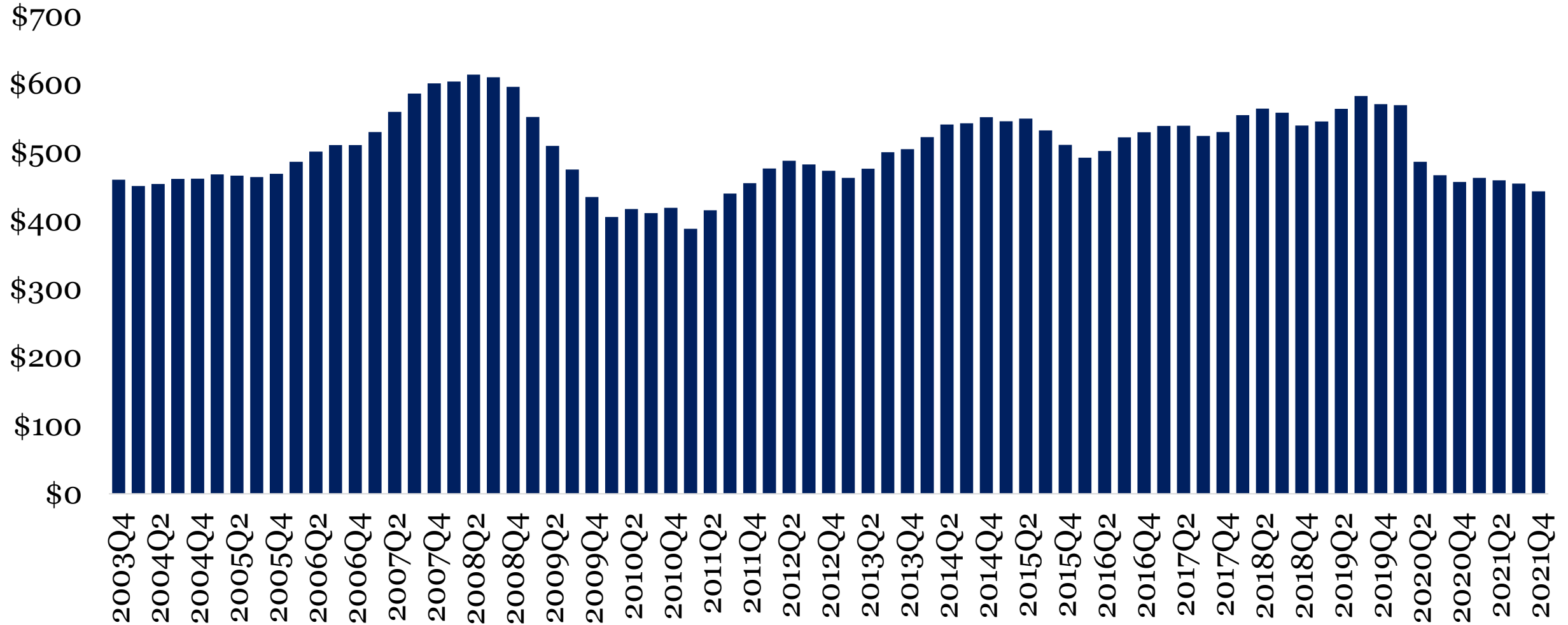
# U.S. Hotel Occupancy, 2006 – 2021



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

## 2003 – 2021Q4\*

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

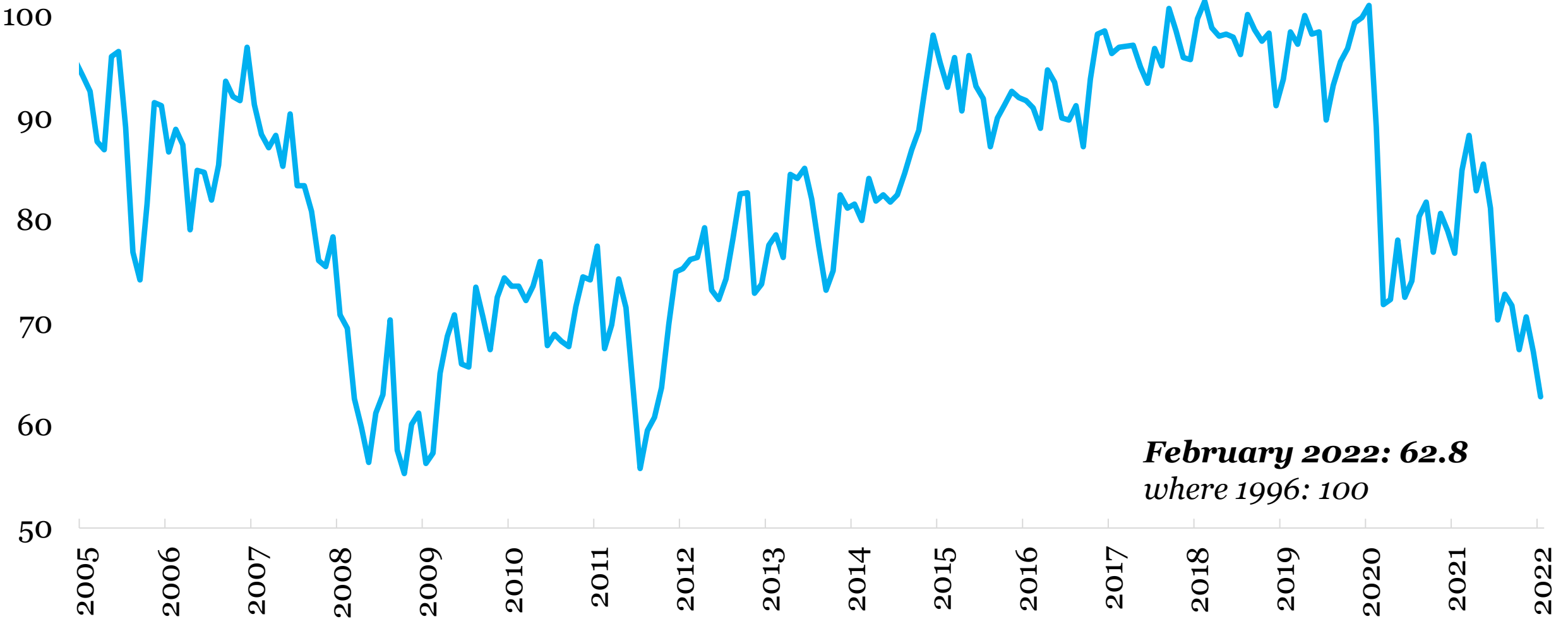


# My Name is Ban, Anirban



# University of Michigan Index of Consumer Sentiment

2005 – February 2022



**February 2022: 62.8**  
where 1996: 100



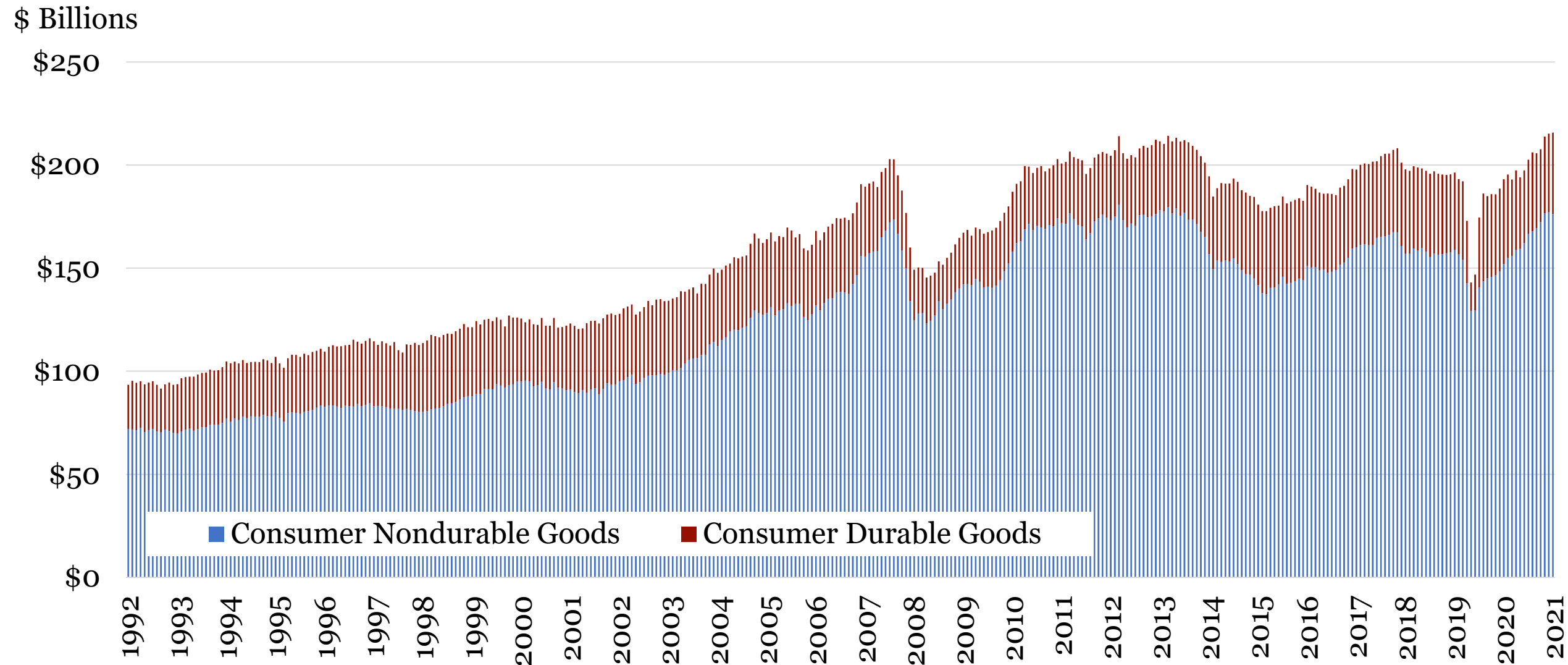
# NFIB Index of Small Business Optimism: Good Time to Expand

## 1986 – January 2022



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

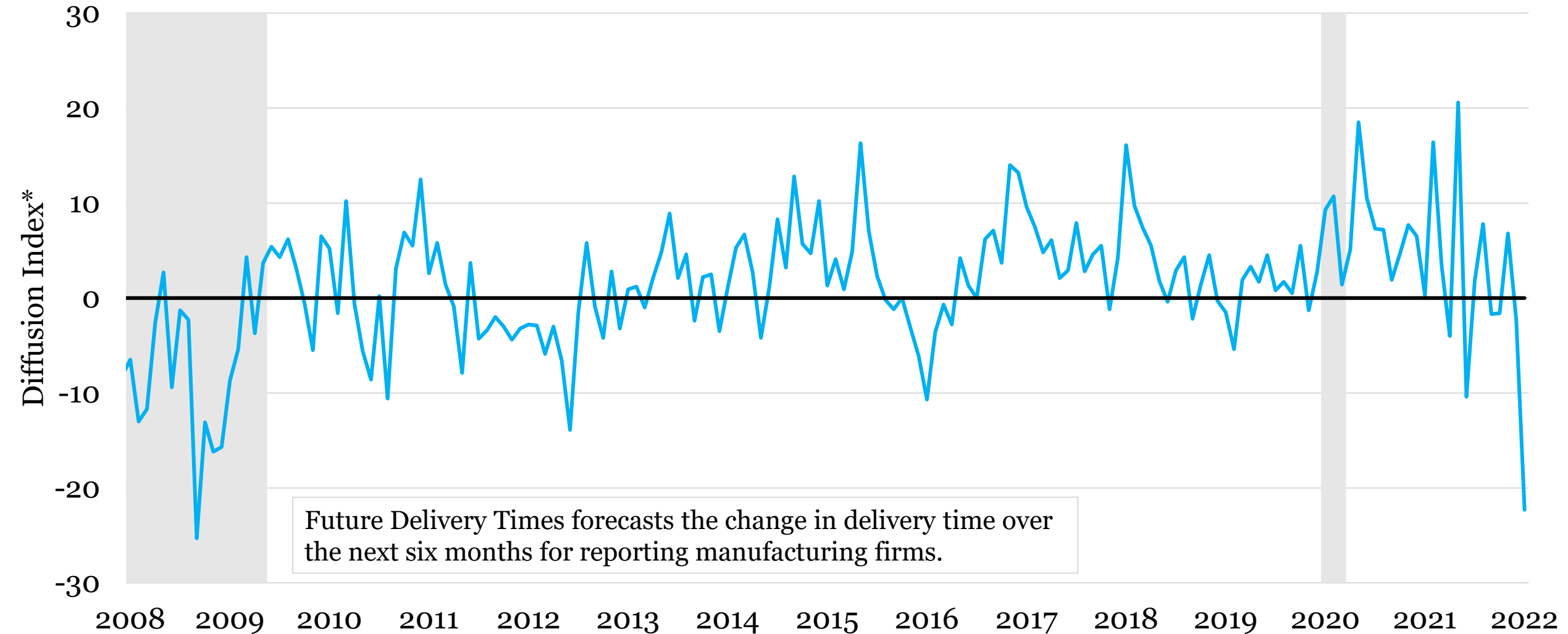
1992 – December 2021



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 – February 2022



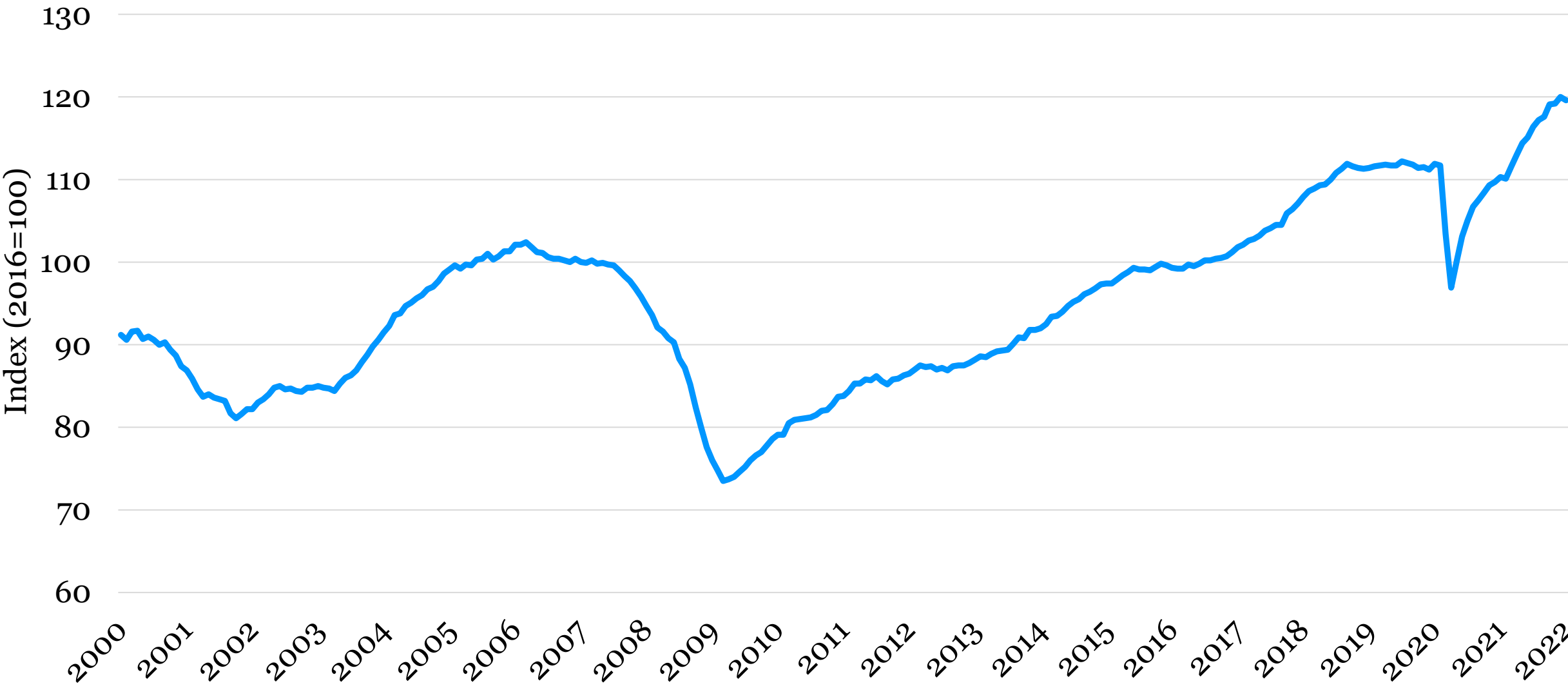
Source: Federal Reserve Bank of Philadelphia \*The diffusion index is calculated by taking the percent reporting increases and subtracting the percentage reporting decreases.

U.S. recessions



# Conference Board: U.S. Leading Economic Index

2000 – January 2022



# You Only Forecast Twice



- This will be a year of growth.
- But the economy will remain unbalanced, with supply struggling to keep up with demand.
- Along with rising wages amidst the Great Resignation, that translates into higher than average economywide inflation in 2022.
- Yes, I'm an economist, so I am forecasting interest rates to increase.
- Beware of rapid declines in commodity and asset prices at some point in '22!

# Speaking of “For Your Eyes Only”

Sign up for our newsletter at **Basu.substack.com**

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



# Thank You

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