

# Show Me the Money (\$upply)



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On Behalf of

Southern Arizona Estate Planning  
Council

*Market Update*

November 15, 2023



# The Color of Money

## U.S. Money Supply, 1959 – September 2023

\$ Trillions

\$25

\$20

\$15

\$10

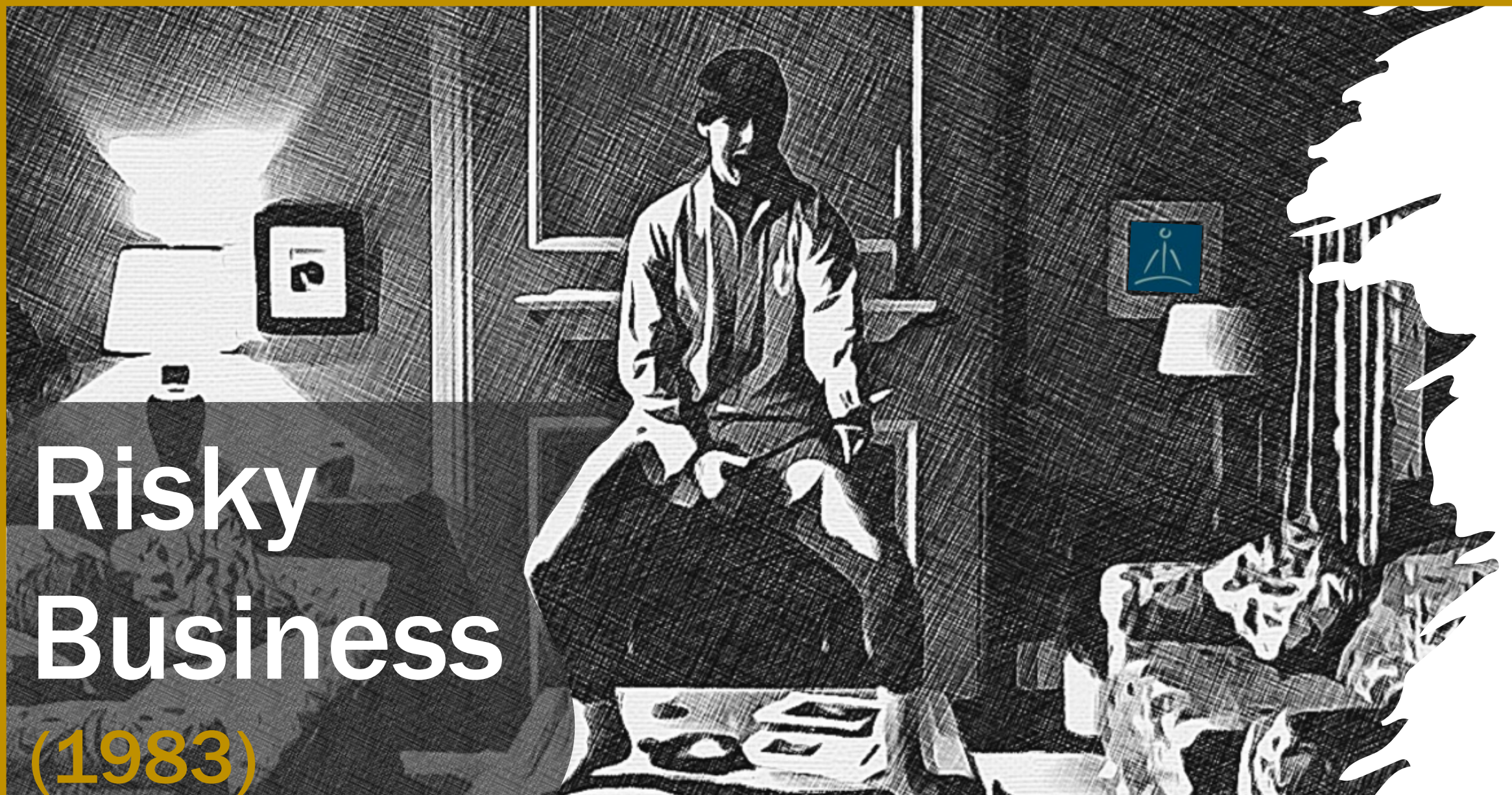
\$5

\$0

1959 1961 1963 1965 1967 1969 1971 1973 1975 1977 1979 1981 1983 1985 1987 1989 1991 1993 1995 1997 1999 2001 2003 2005 2007 2009 2011 2013 2015 2017 2019 2021 2023

Source: Federal Reserve



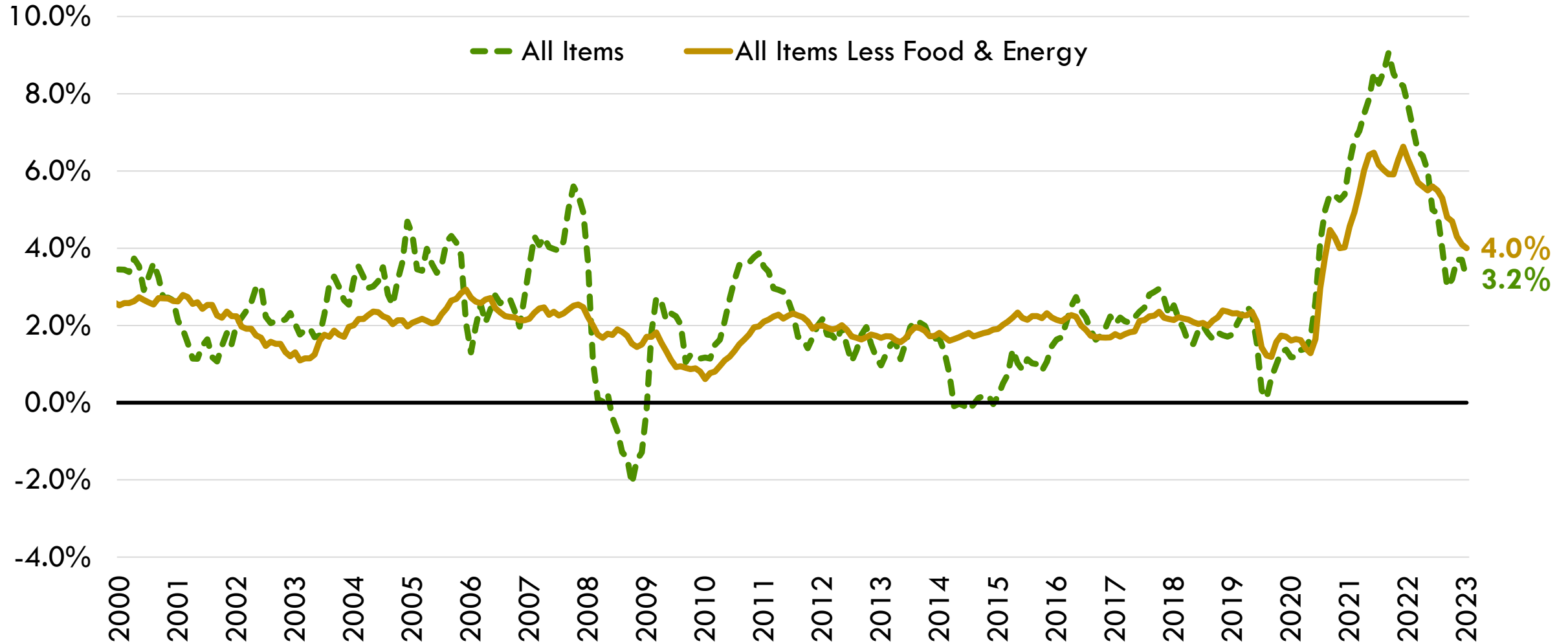


# Risky Business

(1983)

# U.S. Consumer Price Index (NSA)

## 12-Month % Change, 2000 – October 2023

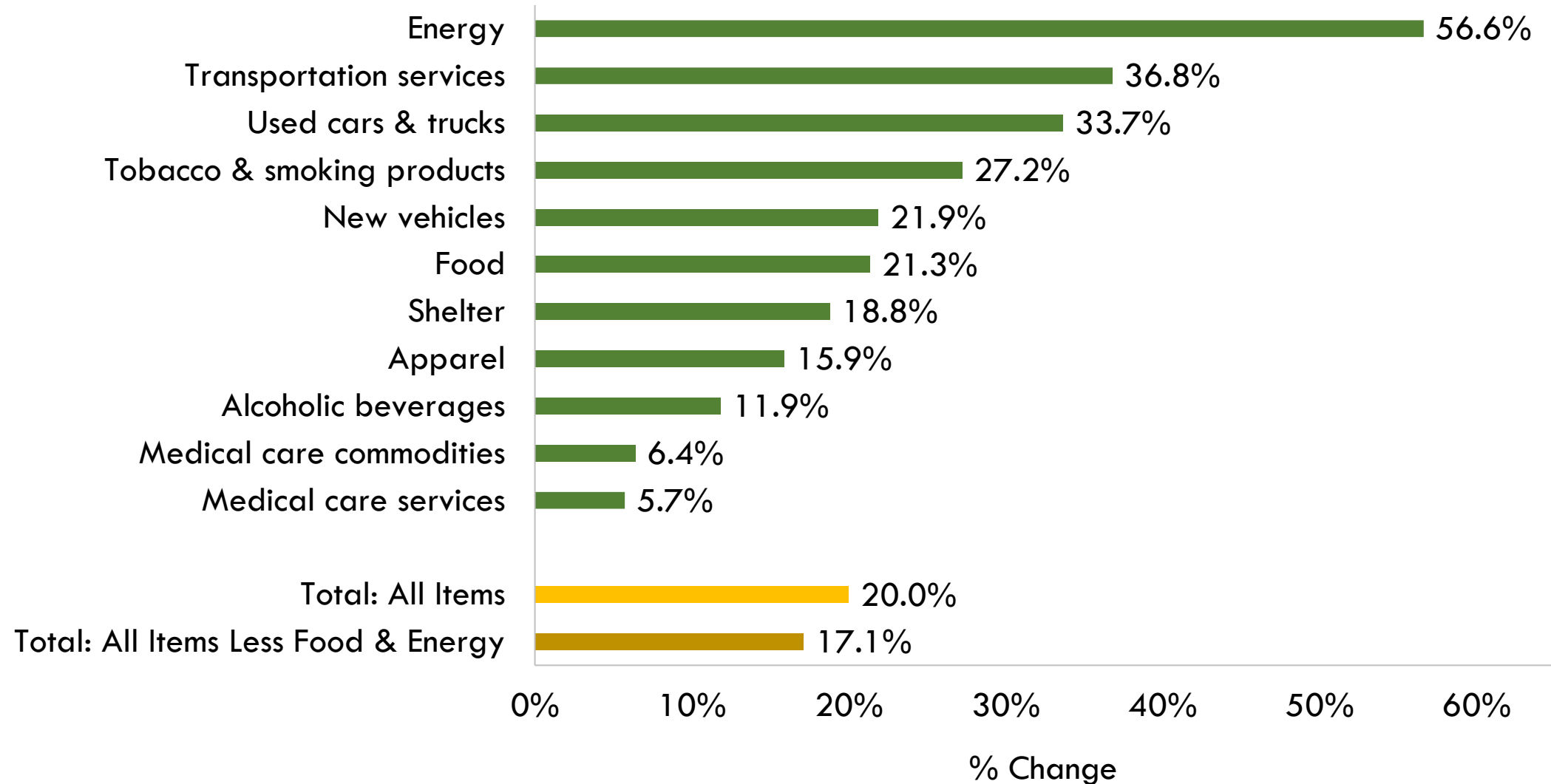


Source: U.S. Bureau of Labor Statistics



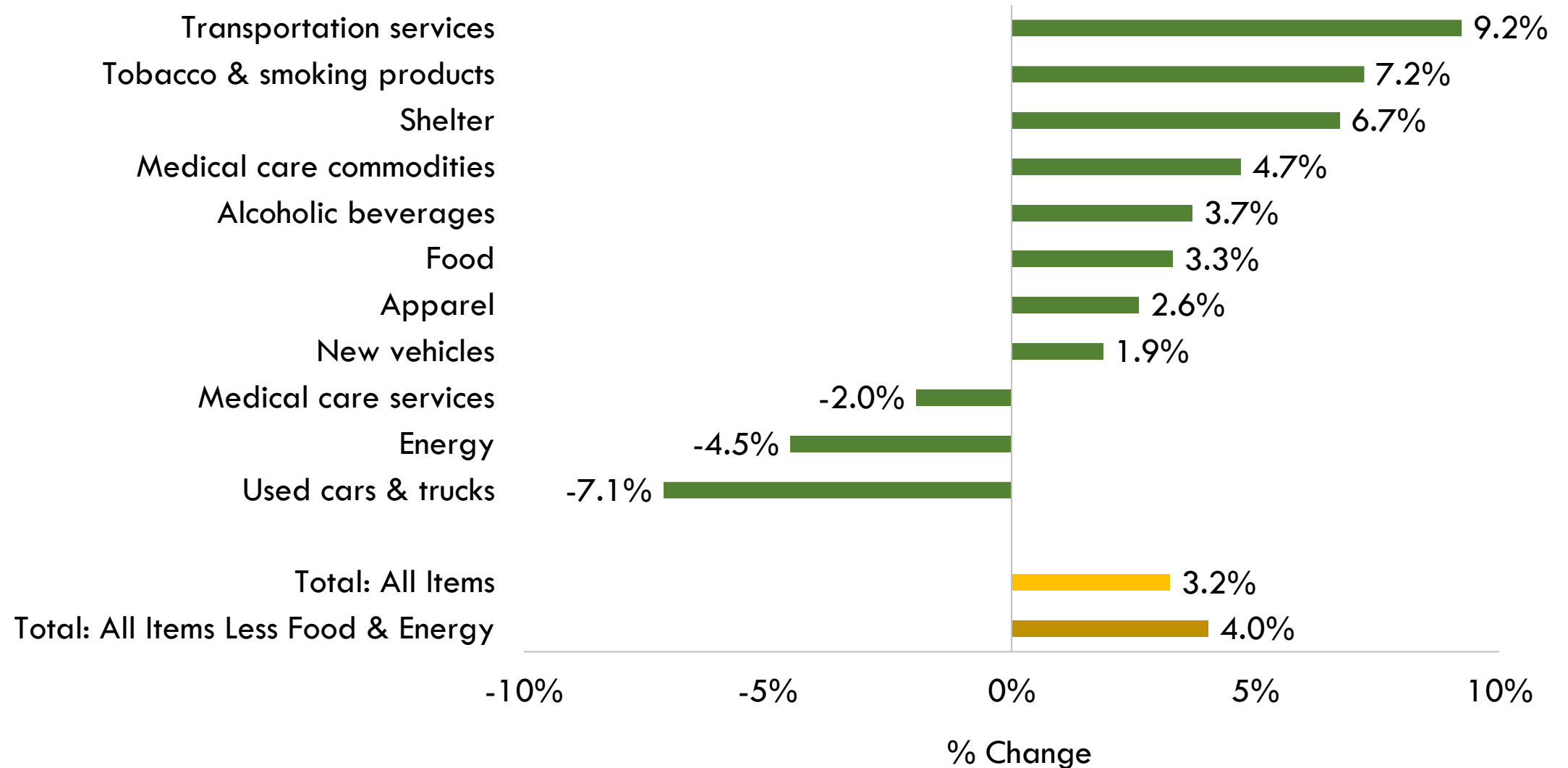
# U.S. Consumer Price Index, Select Categories (NSA)

May 2020 v. October 2023 % Change

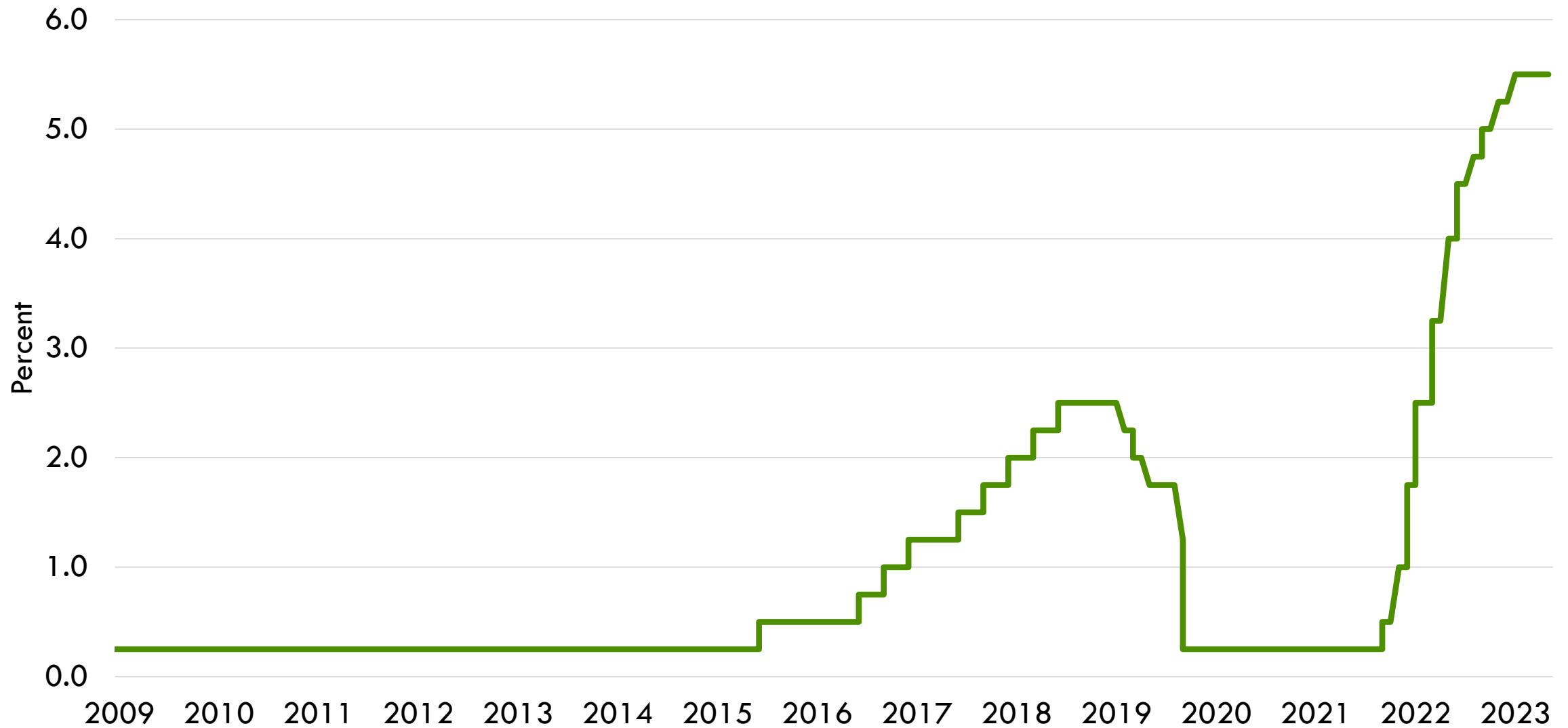


# U.S. Consumer Price Index, Select Categories (NSA)

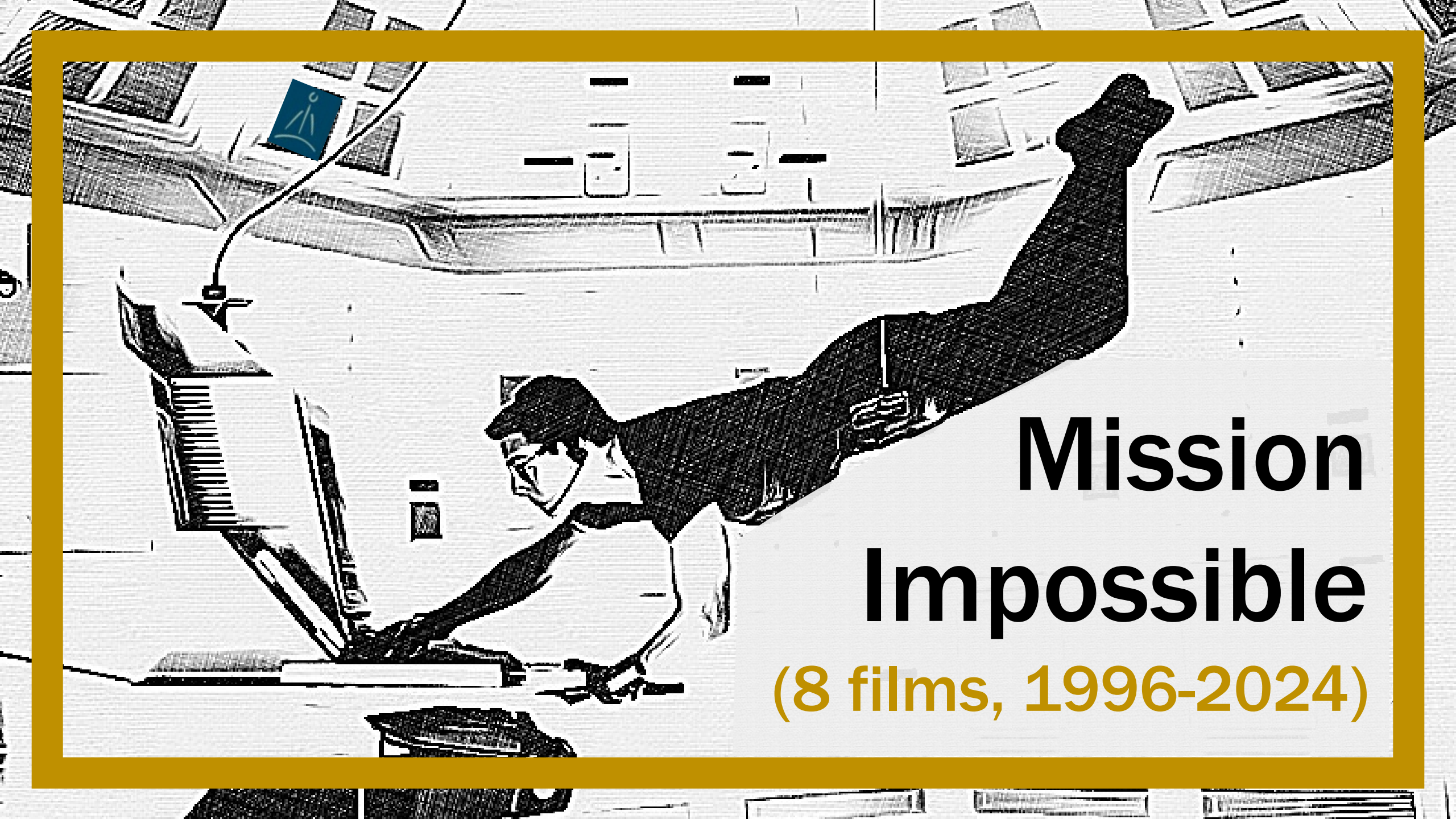
Year-over-year % Change [October 2022 v. October 2023]



# Federal Funds Target Range, Upper Limit, 2009 – 2023



Source: Board of Governors of the Federal Reserve System



# Mission Impossible

(8 films, 1996-2024)

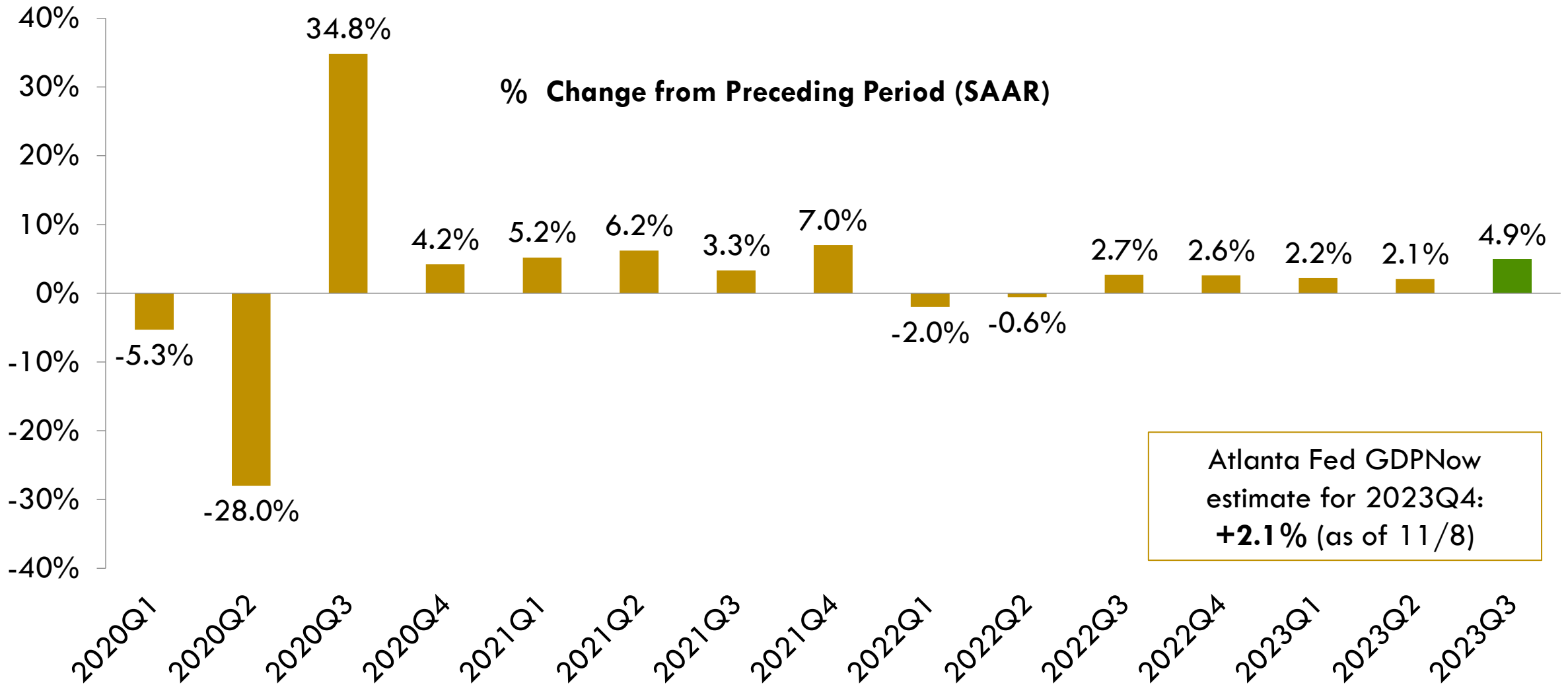


# Monetary Policy Lags

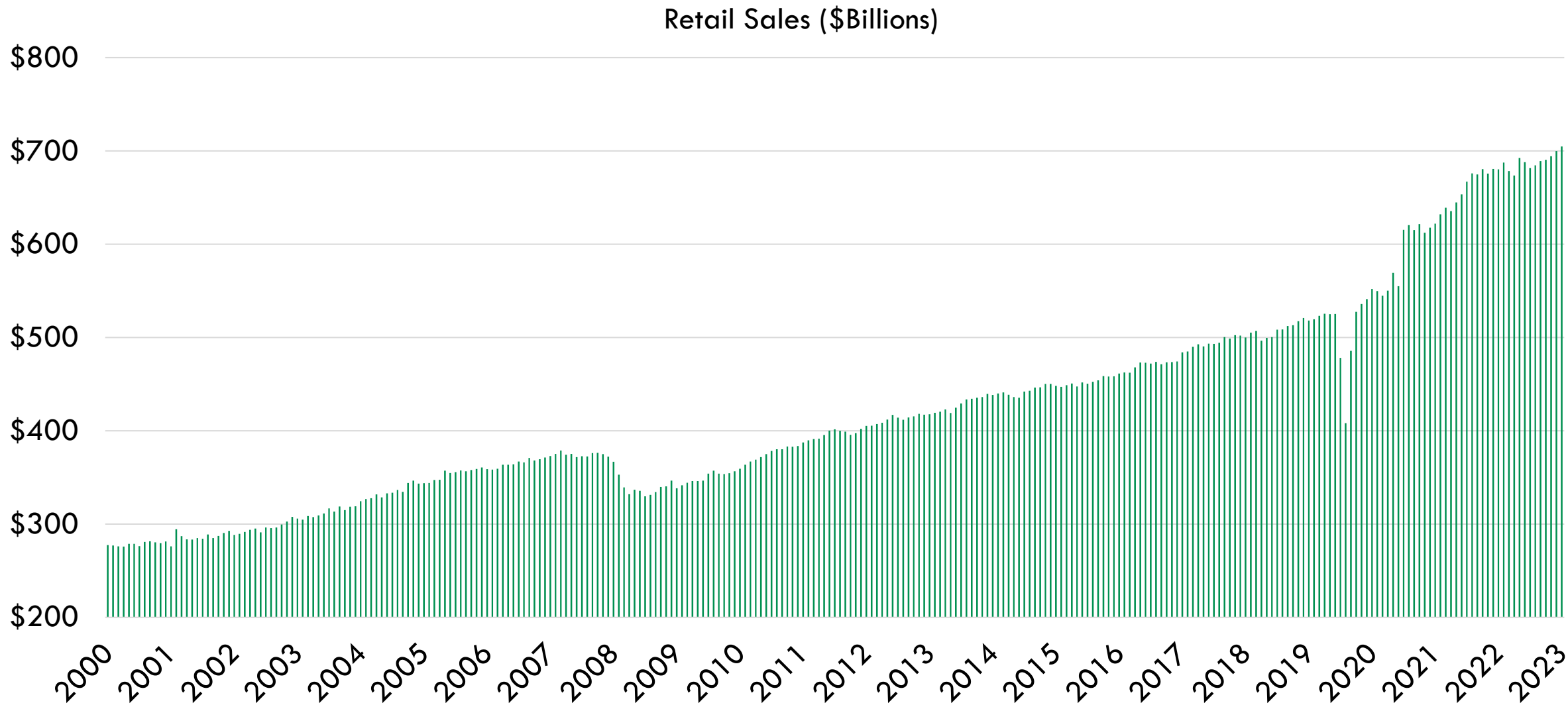
- “A large body of research tells us it can take 18 months to two years or more for tighter monetary policy to materially affect inflation.” - Raphael Bostic, President and Chief Executive Officer, Federal Reserve Bank of Atlanta
- Some reasons for the lag: how fixed people's expectations are; the gradual 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.

# Born on the 4<sup>th</sup> of July

## U.S. Gross Domestic Product Growth, 2020 – 2023Q3



# U.S. Retail Sales, 2000 – September 2023

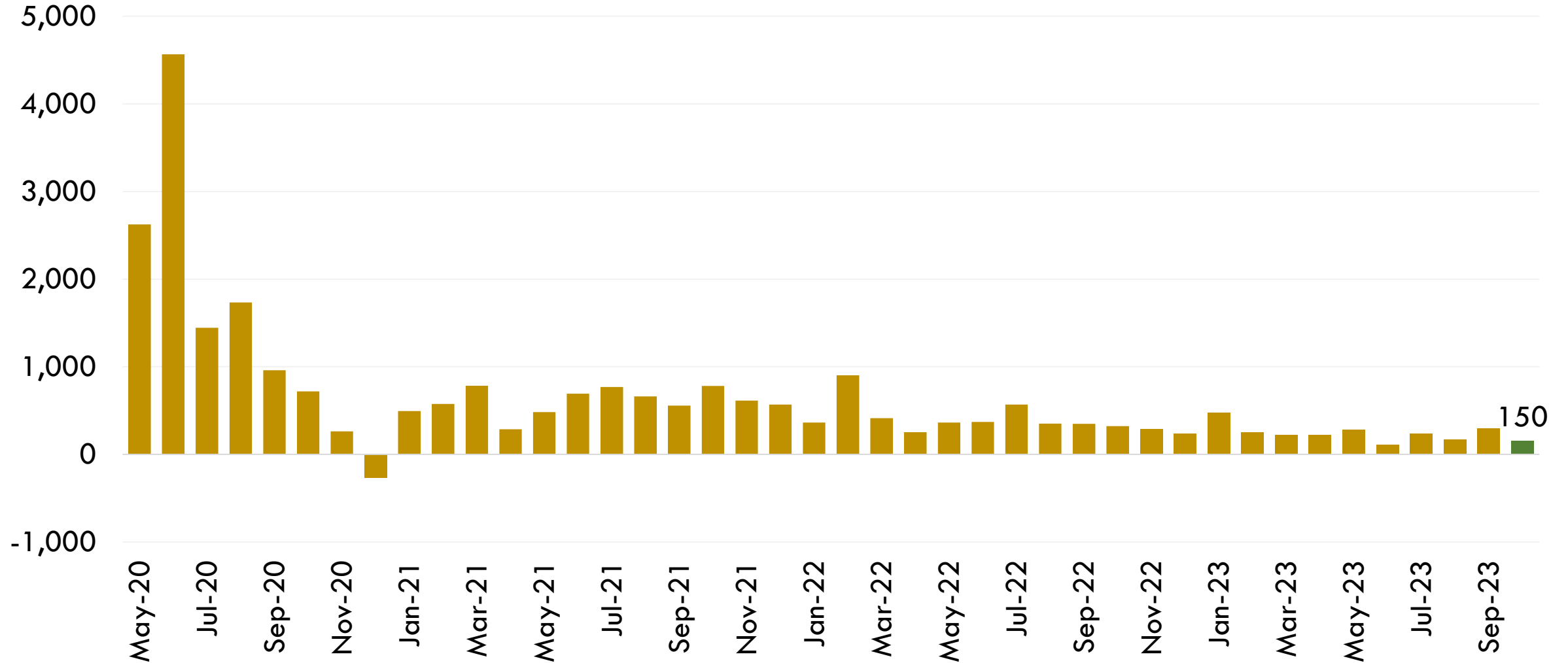


Source: U.S. Census Bureau

# Top Gun: Net Change in U.S. Jobs

May 2020 – October 2023

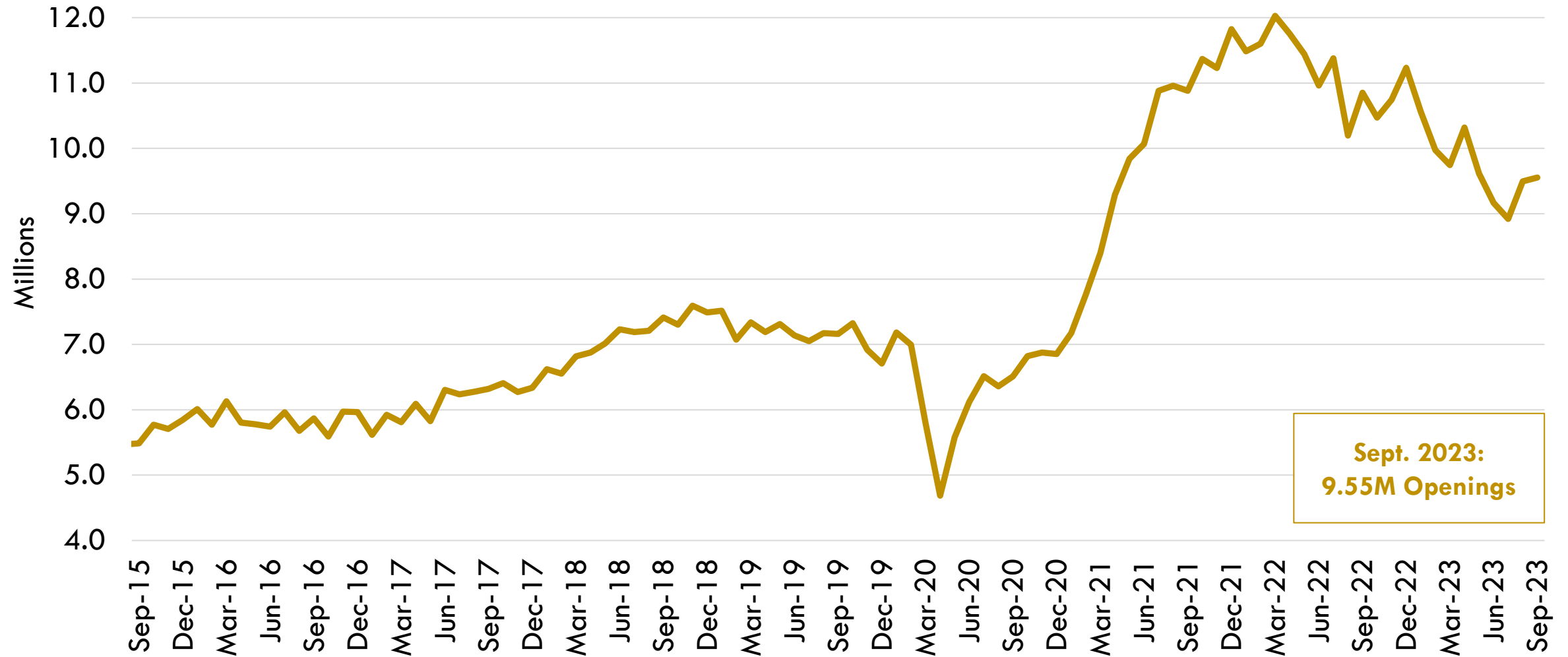
Monthly Job Growth (000's)



Source: U.S. Bureau of Labor Statistics



# U.S. Job Openings, 2015 – September 2023



**Sept. 2023:**  
**9.55M Openings**

# Change in LF Participation Rate by Age, Gender

## 1980 v. 2023



Change in LF Participation Rate, 1980 v. 2023 (percentage points)

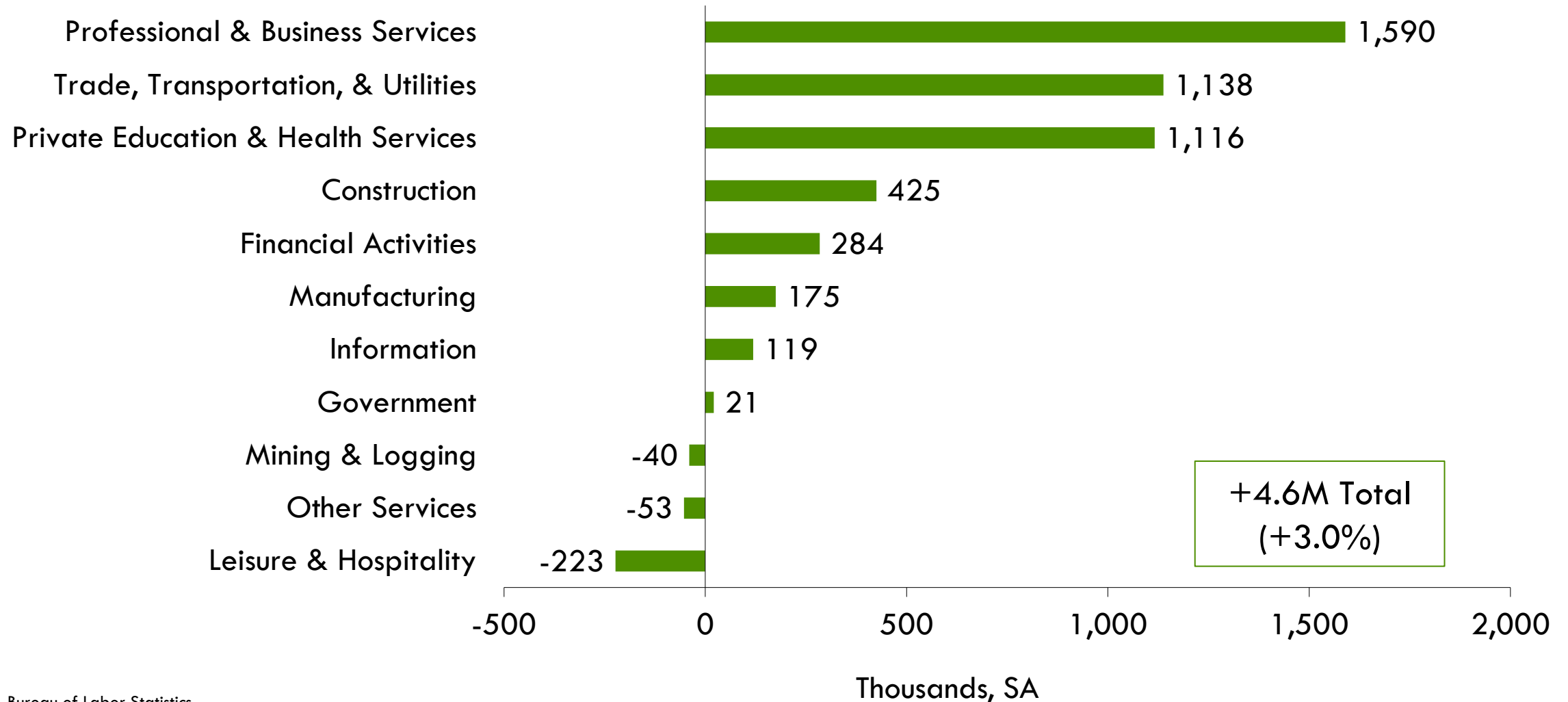
Age Group	Total	Men	Women
<b>16+ years</b>	<b>-1.2</b>	<b>-9.4</b>	<b>+5.9</b>
16-19 years	-19.8	-24.0	-15.4
20-24 years	-5.9	-13.4	+1.1
25-34 years	+3.8	-5.9	+12.7
35-44 years	+3.8	-5.3	+11.9
45-54 years	+7.2	-3.5	+16.8
55-64 years	+10.1	-0.6	+18.9

If the labor force participation rate were what it was in 1980, there would be 12.2 million more men and 8.0 million fewer women in the labor force (ages 16+).

# U.S. Jobs Recovered Since February 2020

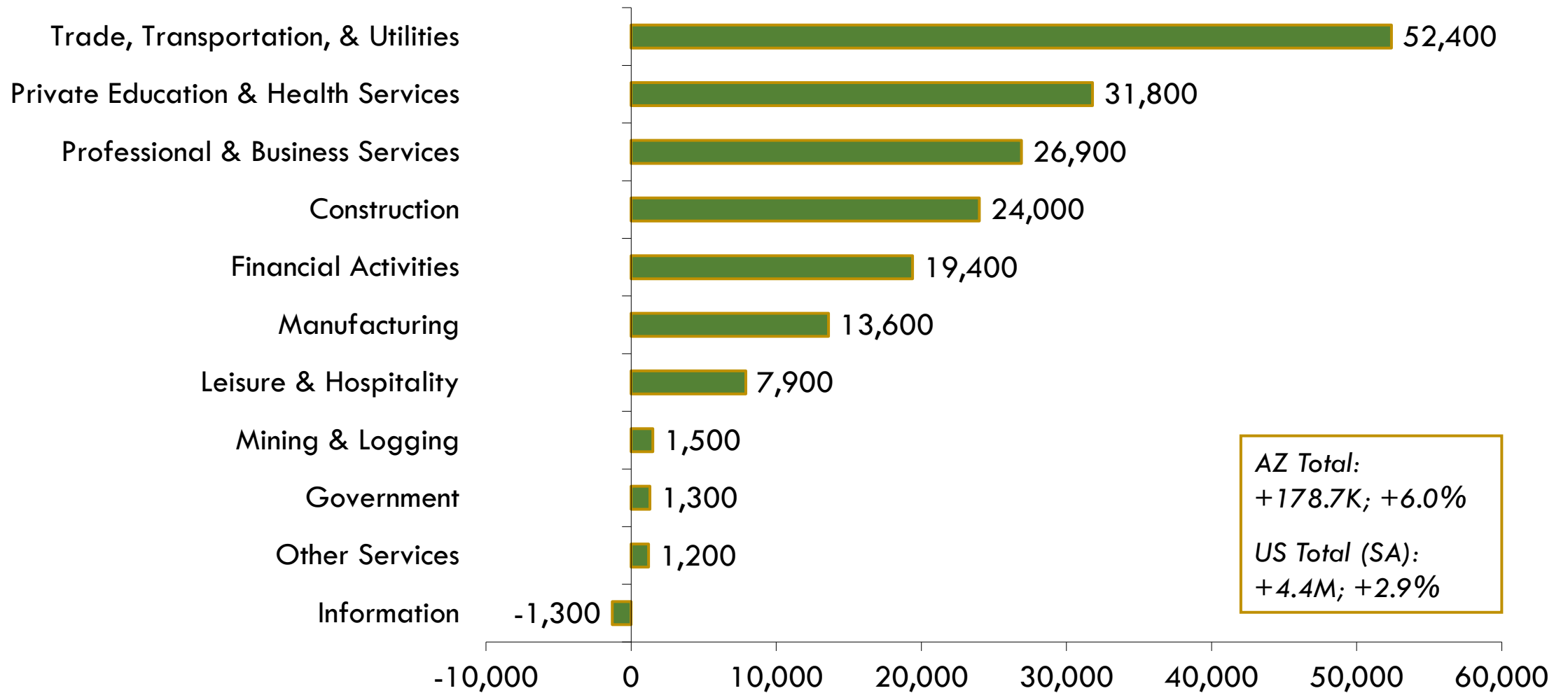


Nonfarm Employment by Industry Sector, February 2020 v. October 2023



# Arizona Nonfarm Employment

February 2020 v. September 2023 Absolute Change



\*According to the Local Area Unemployment Statistics (LAUS) program  
AZ added 253,994 jobs between February 2020 and September 2023.

Source: U.S. Bureau of Labor Statistics  
\*Data are seasonally adjusted (SA)



# Employment Growth, 25 Largest Metros

## February 2020 v. September 2023 Percent Change

Rank	MSA	%	Rank	MSA	%
1	Dallas-Fort Worth-Arlington, TX	12.3%	14	San Diego-Carlsbad, CA	3.5%
2	Tampa-St. Petersburg-Clearwater, FL	8.6%	15	Portland-Vancouver-Hillsboro, OR-WA	2.6%
3	Charlotte-Concord-Gastonia, NC-SC	8.2%	16	Chicago-Naperville-Elgin, IL-IN-WI	2.5%
4	San Antonio-New Braunfels, TX	7.8%	17	St. Louis, MO-IL	2.4%
5	Orlando-Kissimmee-Sanford, FL	7.0%	18	Boston-Cambridge-Nashua, MA-NH	1.9%
6	Atlanta-Sandy Springs-Roswell, GA	6.6%	19	New York-Newark-Jersey City, NY-NJ-PA	1.6%
7	<b>Phoenix-Mesa-Scottsdale, AZ</b>	<b>6.5%</b>	20	Washington-Arlington-Alexandria, DC-VA-MD-WV	1.3%
8	Houston-The Woodlands-Sugar Land, TX	5.6%	21	Baltimore-Columbia-Towson, MD	1.0%
8	Riverside-San Bernardino-Ontario, CA	5.6%	22	Los Angeles-Long Beach-Anaheim, CA	0.9%
10	Philadelphia-Camden-Wilm., PA-NJ-DE-MD	4.9%	23	Minneapolis-St. Paul-Bloomington, MN-WI	0.6%
11	Miami-Fort Lauderdale-West Palm Beach, FL	4.5%	24	San Francisco-Oakland-Hayward, CA	0.3%
12	Seattle-Tacoma-Bellevue, WA	3.7%	25	Detroit-Warren-Dearborn, MI	-0.3%
13	Denver-Aurora-Lakewood, CO	3.6%			

Source: Bureau of Labor Statistics

Current Employment Statistics (CES) Survey. Note: data are not seasonally adjusted.

**U.S. % Change 2/2020 v. 9/2023: +2.9%**

# Unemployment Rates, 25 Largest Metros, September 2023

Rank	MSA	%	Rank	MSA	%
1	Baltimore-Columbia-Towson, MD	1.8	12	Philadelphia-Camden-Wilm., PA-NJ-DE-MD	3.5
2	Boston-Cambridge-Nashua, MA-NH	2.4	12	San Francisco-Oakland-Hayward, CA	3.5
3	Miami-Fort Lauderdale-West Palm Beach, FL	2.5	14	Seattle-Tacoma-Bellevue, WA	3.7
4	Washington-Arlington-Alexandria, DC-VA-MD-WV	2.6	15	Detroit-Warren-Dearborn, MI	3.8
5	Minneapolis-St. Paul-Bloomington, MN-WI	2.7	<b>15</b>	<b>Phoenix-Mesa-Scottsdale, AZ</b>	<b>3.8</b>
6	Charlotte-Concord-Gastonia, NC-SC	3.0	15	San Antonio-New Braunfels, TX	3.8
7	Orlando-Kissimmee-Sanford, FL	3.1	18	Dallas-Fort Worth-Arlington, TX	3.9
7	St. Louis, MO-IL	3.1	19	San Diego-Carlsbad, CA	4.0
9	Tampa-St. Petersburg-Clearwater, FL	3.2	20	Houston-The Woodlands-Sugar Land, TX	4.4
10	Denver-Aurora-Lakewood, CO	3.3	20	New York-Newark-Jersey City, NY-NJ-PA	4.4
11	Atlanta-Sandy Springs-Roswell, GA	3.4	22	Chicago-Naperville-Elgin, IL-IN-WI	4.7
11	Portland-Vancouver-Hillsboro, OR-WA	3.4	23	Riverside-San Bernardino-Ontario, CA	5.0
			24	Los Angeles-Long Beach-Anaheim, CA	5.3

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

**U.S. Unemployment Rate—Sept: 3.8% | Oct: 3.9%**



# You Had Me at Recession

(Jerry Maguire, 1996)





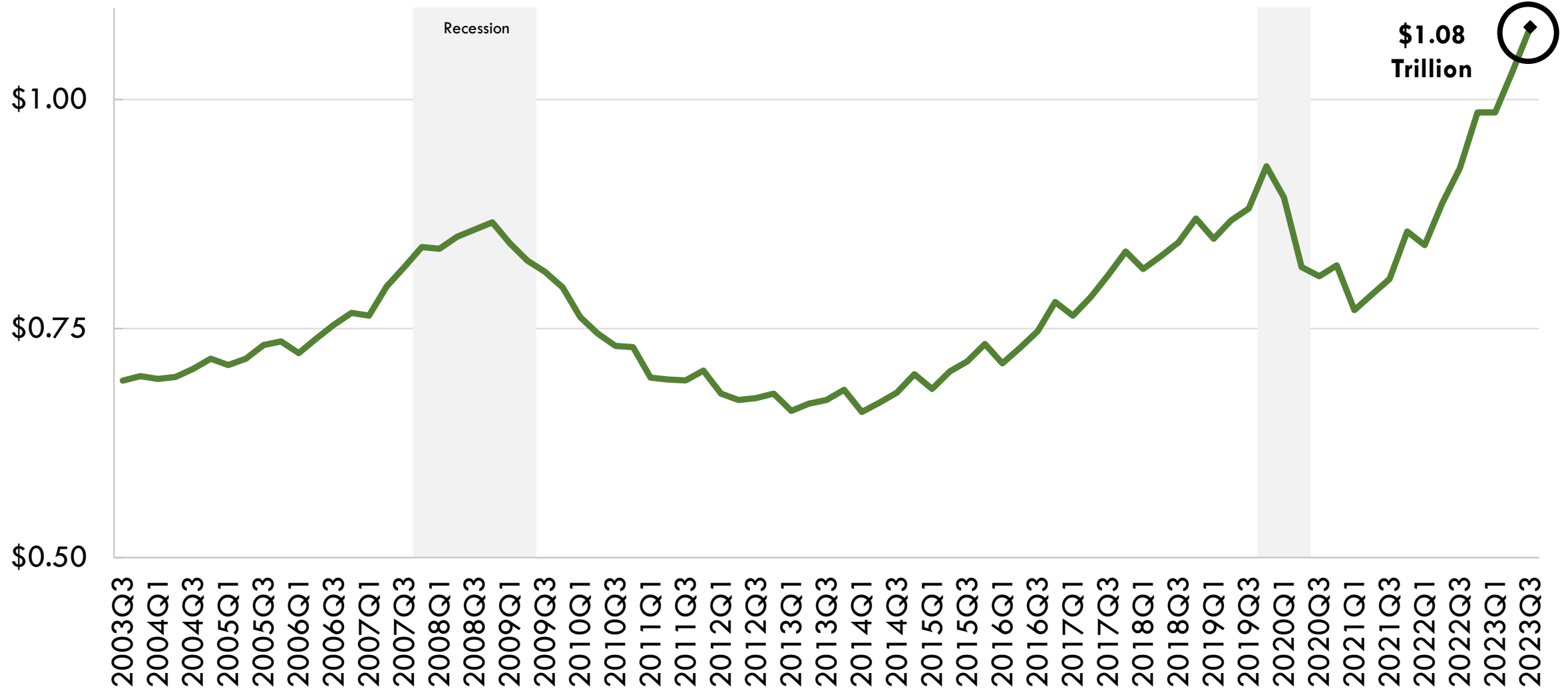
# Defining Recession: Eyes Wide Shut

- The National Bureau of Economic Research (NBER)'s Business Cycle Dating Committee is the official recession scorekeeper – it maintains a chronology of U.S. business cycles.
- NBER's traditional definition of recession is “a significant decline in economic activity that is spread across the economy and that lasts more than a few months.”
- There is no fixed rule about which indicators contribute information to NBER's process or how they are weighted in the determination of recession.
- Because the government statistics NBER relies on are published at various lags, the NBER Committee cannot officially designate a recession until after it starts (and often not until it's over).



# U.S. Credit Card Debt, 2003 – 2023

\$ Trillions

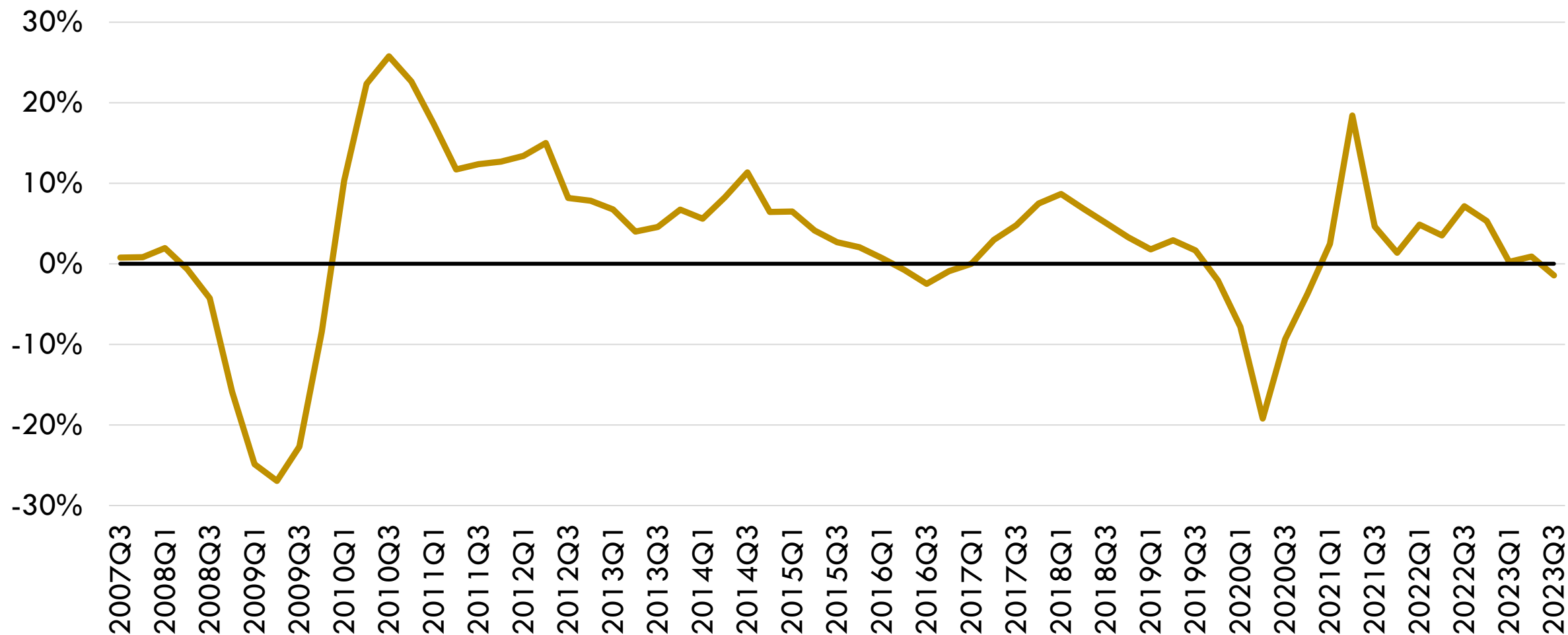


Source: FRED; New York Fed Consumer Credit Panel/Equifax

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

## 2007 – 2023Q3

YOY % Change  
[\$ Billions, Chained 2012 \$, SAAR]


















Source: U.S. Bureau of Economic Analysis \*2023Q3: 1<sup>st</sup> (advance) estimate

# The Firm

- According to a November 2022 PwC survey of U.S. executives, 26% of firms are planning to reduce the number of full-time employees over the next 12-18 months.
  - In August 2022, 50% of firms said they already had, or had a plan in place to, reduce overall headcount.
- Four out of five executives surveyed by PwC in November 2022 said a recession is coming within the next six months.

# Noteworthy Layoffs in 2022-2023

Ranked by Number Laid Off

Company	Estimated Layoffs	Workforce Before Layoffs	Percent Laid Off
Amazon	 27,000	1,544,000	1.7%
Meta	 21,000	87,314	24.1%
Accenture	 19,000	760,000	2.5%
Alphabet	 12,000	187,000	6.4%
Microsoft	 10,000	221,000	4.5%
3M	 8,500	90,000	9.4%
Salesforce	 8,000	79,000	10.1%
Disney	 7,000	222,000	3.2%
Dell	 6,650	133,000	5.0%
Twitter	 3,700	7,500	49.3%
Goldman Sachs	 3,200	49,000	6.5%
Indeed	 2,200	14,600	15.1%
PayPal	 2,000	29,000	6.9%
Dow	 2,000	38,000	5.3%
Boeing	 2,000	156,000	1.3%

Source: Company announcements & government filings; news reports



# A Few Good Properties

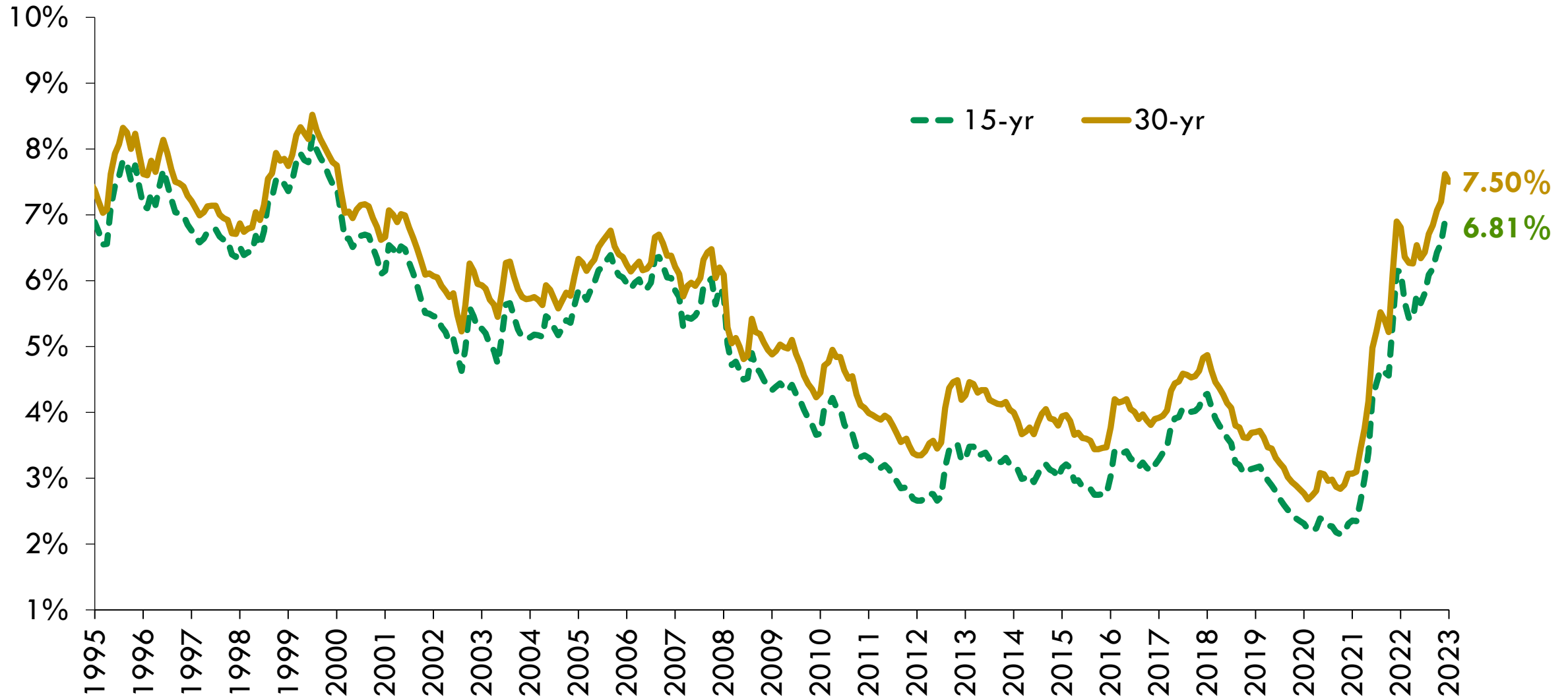
(A Few Good Men, 1992)





# U.S. 15-Year & 30-Year Fixed Mortgage Rates

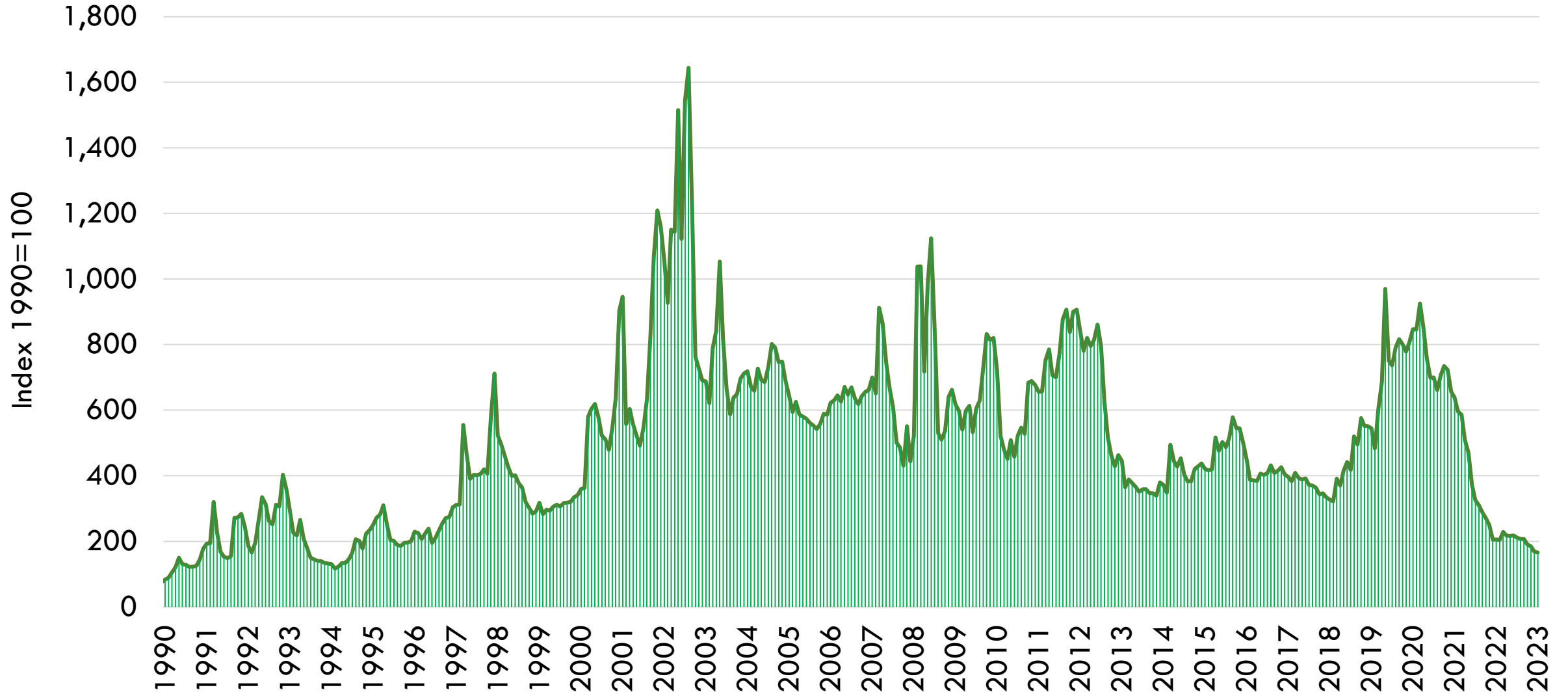
1995 – November 2023\*



Source: Freddie Mac \*Week ending 11/9/2023

# U.S. Mortgage Loan Applications Composite Index

## 1990 – November 2023

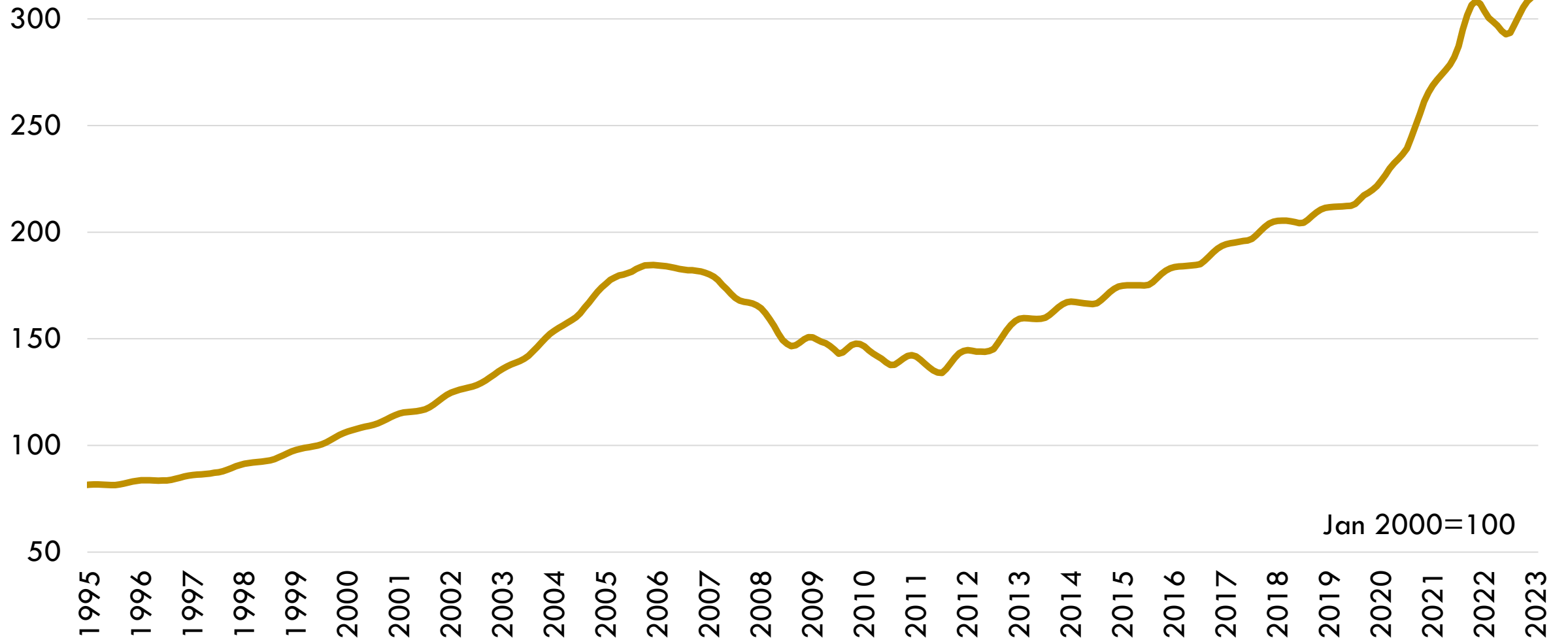


Source: Mortgage Bankers Association (MBA)



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

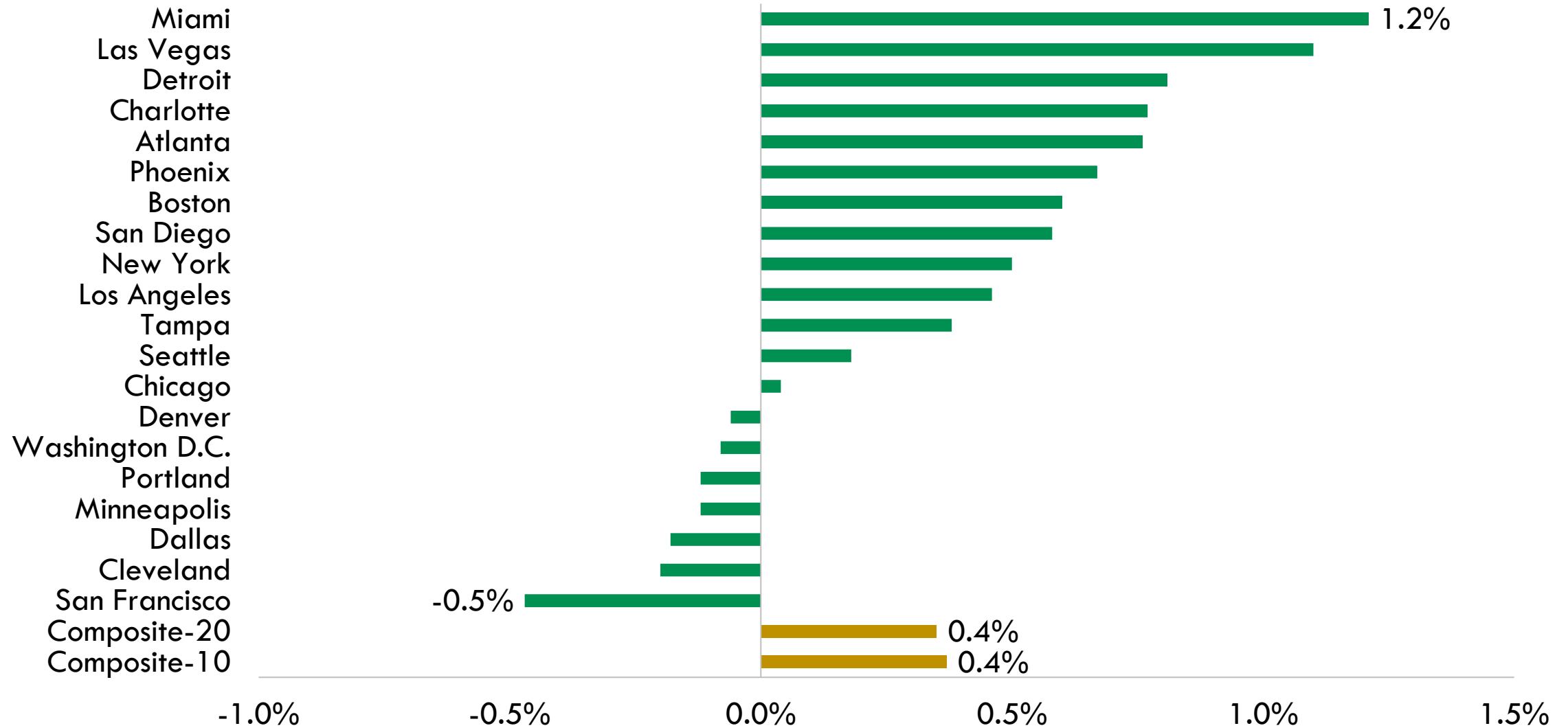
1995 – August 2023



Source: Standard & Poor's

# S&P Case-Shiller Home Price Index by Metro Area

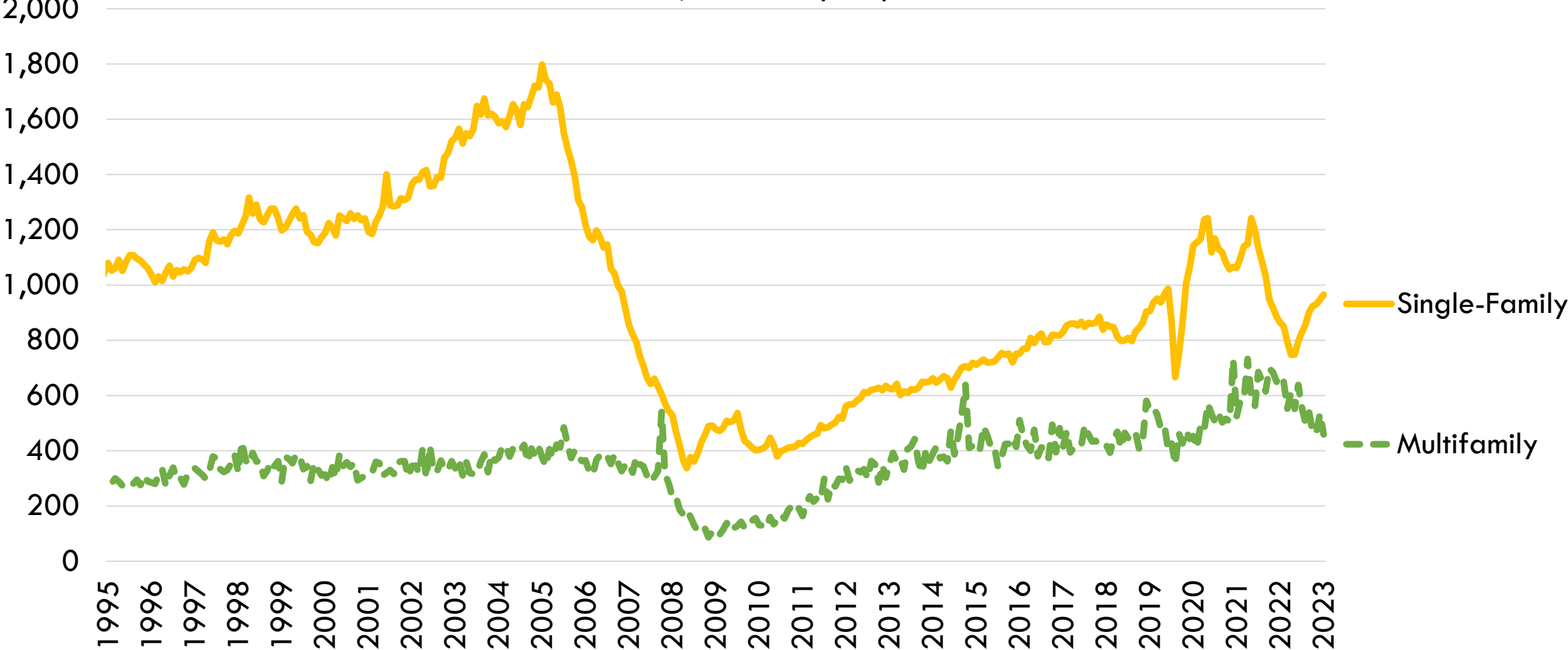
1-Month % Change, August 2023



# U.S. Residential Building Permits

## 1995 – September 2023

Thousands of Units, Seasonally Adjusted Annual Rate



Source: U.S. Census Bureau



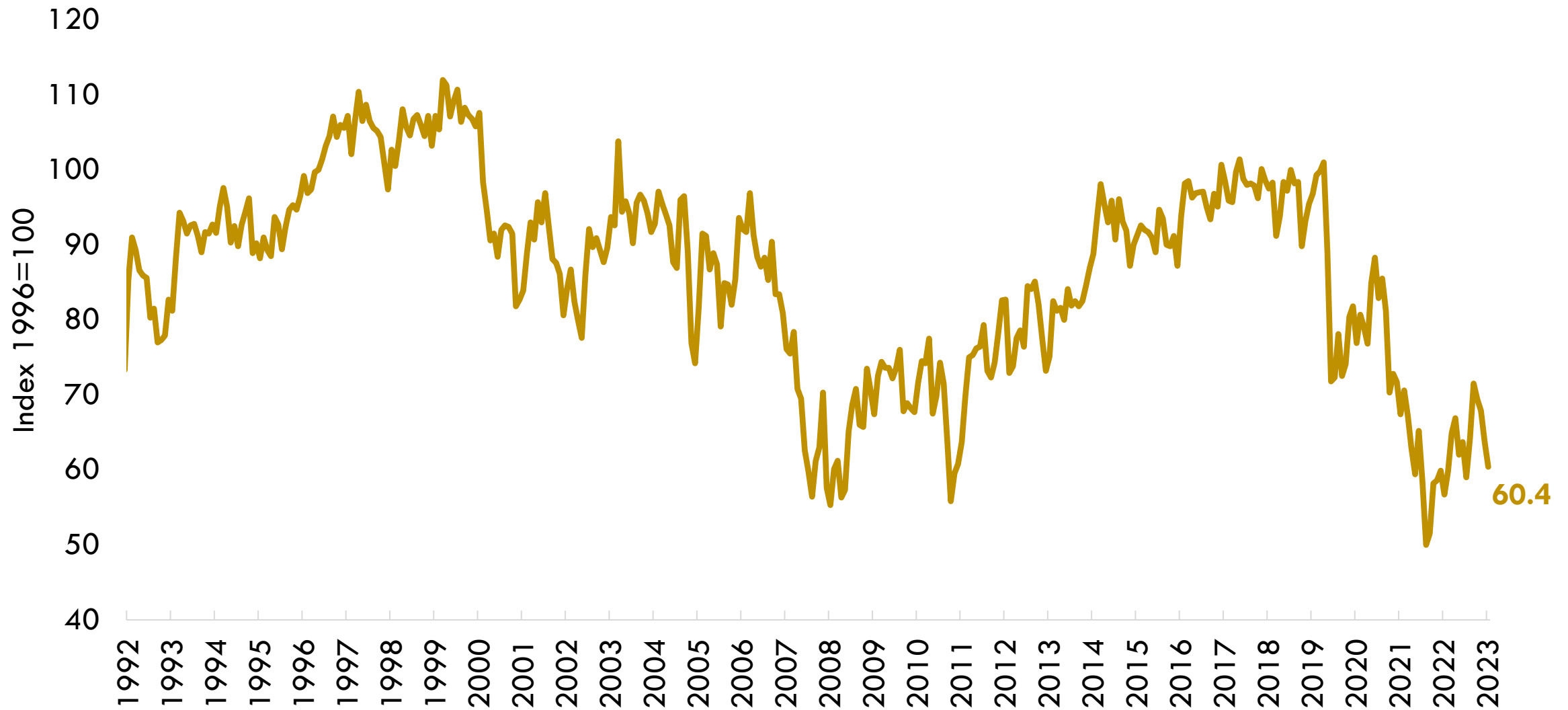
# Edge of Tomorrow





# University of Michigan Index of Consumer Sentiment

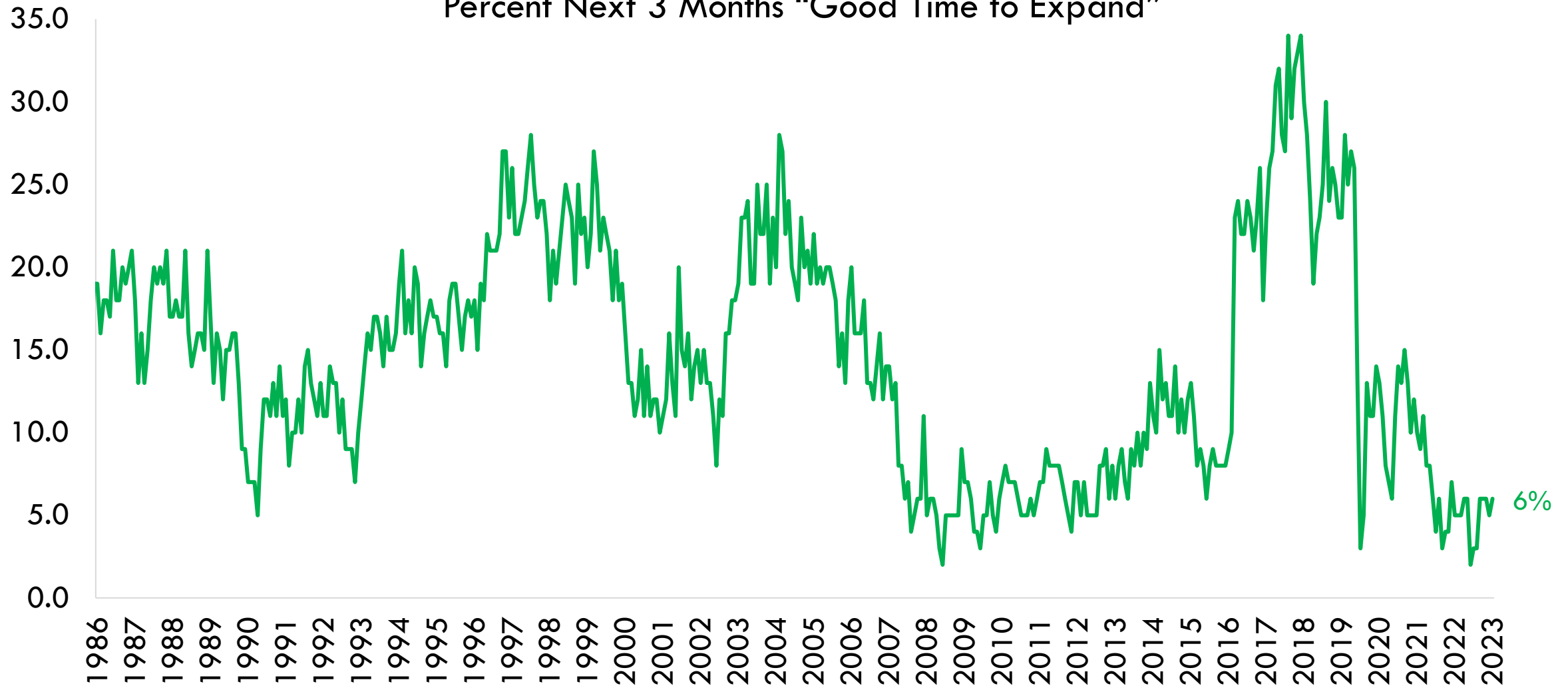
## 1992 – November 2023



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

## 1986 – October 2023

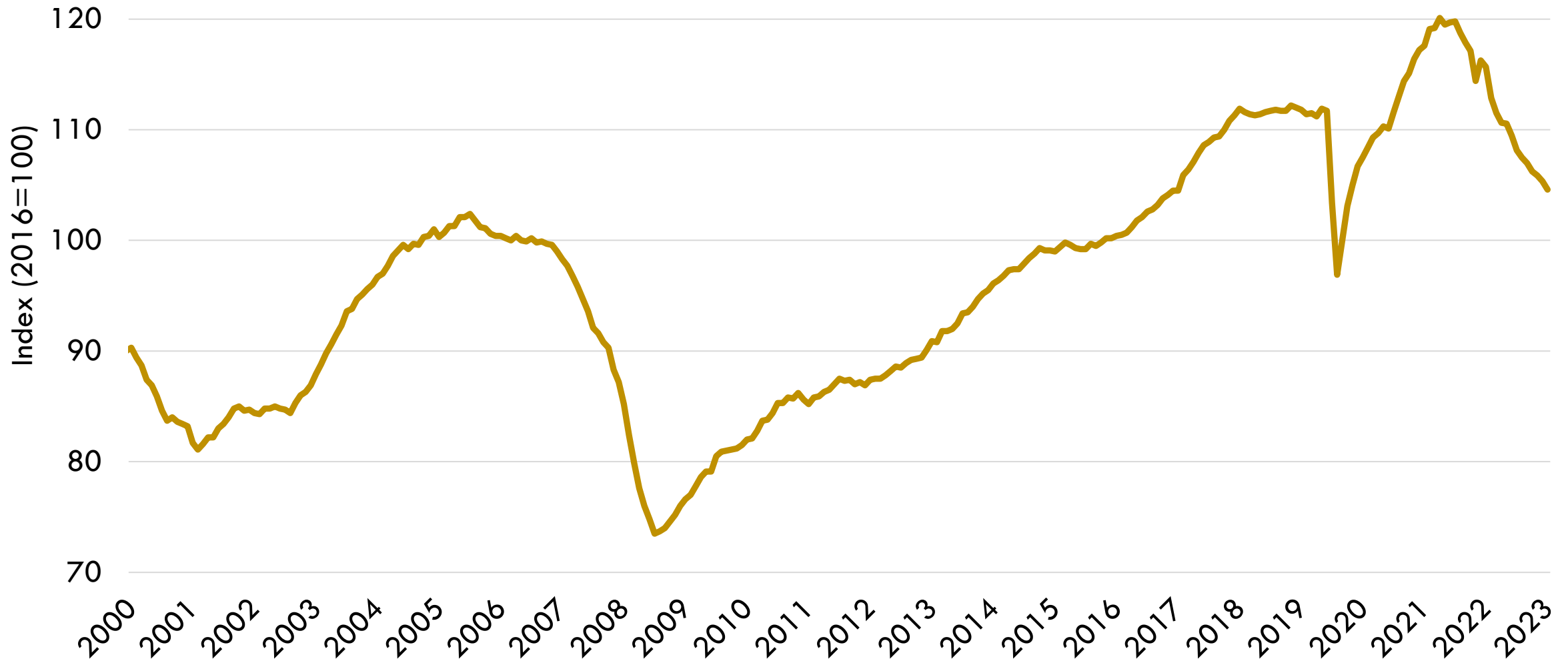
Percent Next 3 Months “Good Time to Expand”



Source: National Federation of Independent Business (NFIB)

# Conference Board: U.S. Leading Economic Index

## 2000 – September 2023



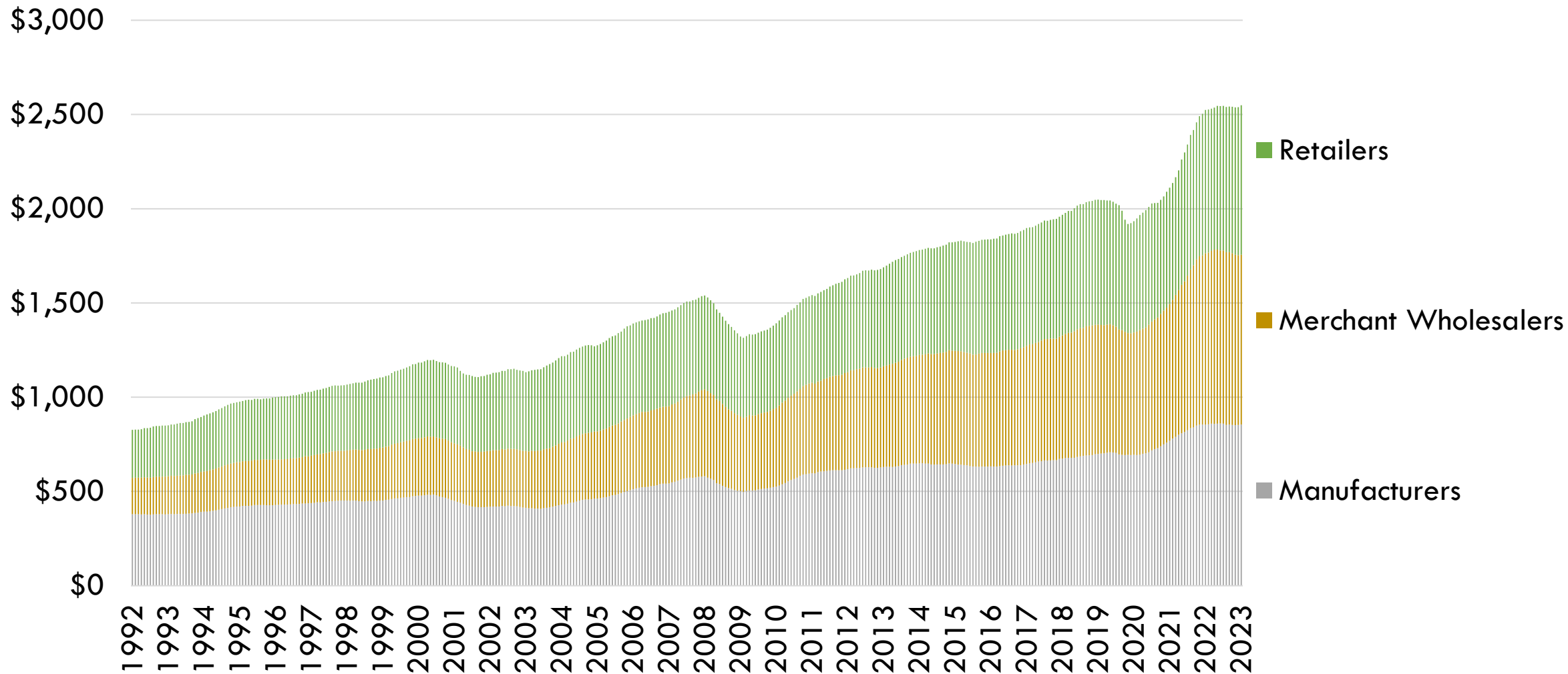
Source: The Conference Board



# Business Inventories

## 1965 – August 2023

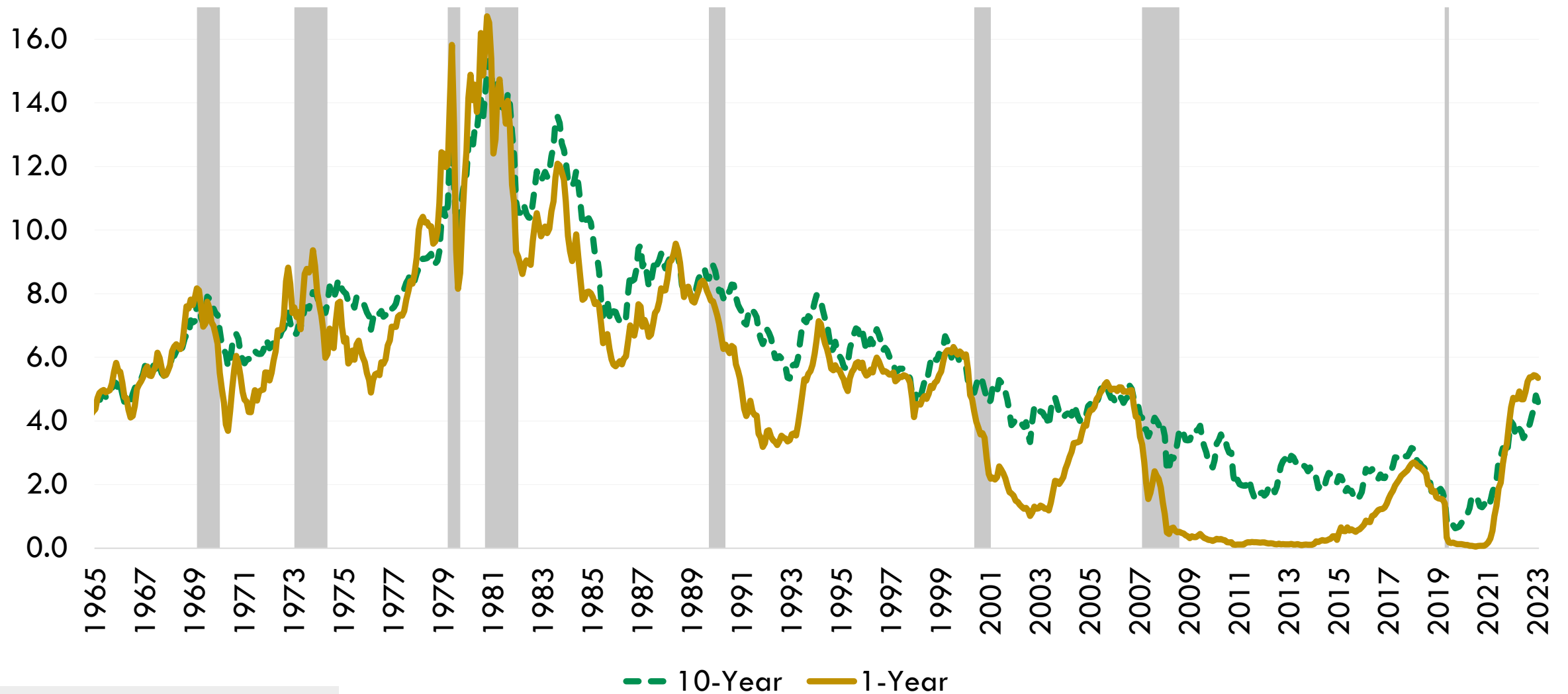
\$ Billions



Source: U.S. Census Bureau

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

1965 – November 2023



Shaded areas indicate U.S. recessions

Source: Federal Reserve Bank of St. Louis

# You Can't Handle the Truth!

- It's going to get worse before it gets better.
- The global economy is weakening, the national economy is weakening, borrowing costs are higher, and excess inflation persists.
- Some segments stand to hold up better than others, including public construction, grocery stores, and multifamily housing.
- At some point, the Federal Reserve will stop raising rates – that will represent a key inflection point for the economy.
- Recessionary conditions will prevail at some point over the next 12 months.

# Thank You

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# Q & A

