

# Changing Economic Conditions

## IMAA & IRMCA Joint Summer Meeting

July 12, 2023

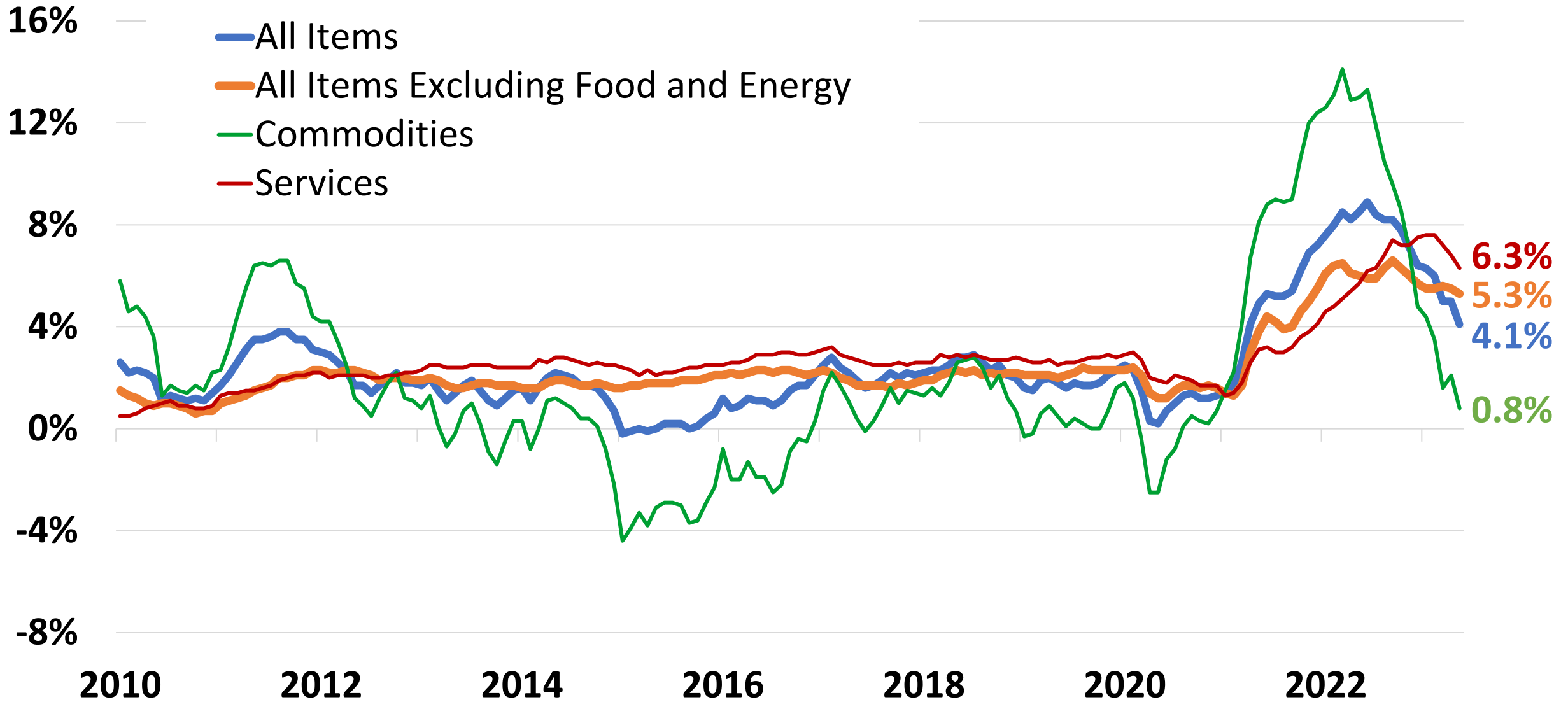
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Associate Professor of Economics  
Director, Center for Business and Economic Research  
[michael.clark@uky.edu](mailto:michael.clark@uky.edu)

## Overview

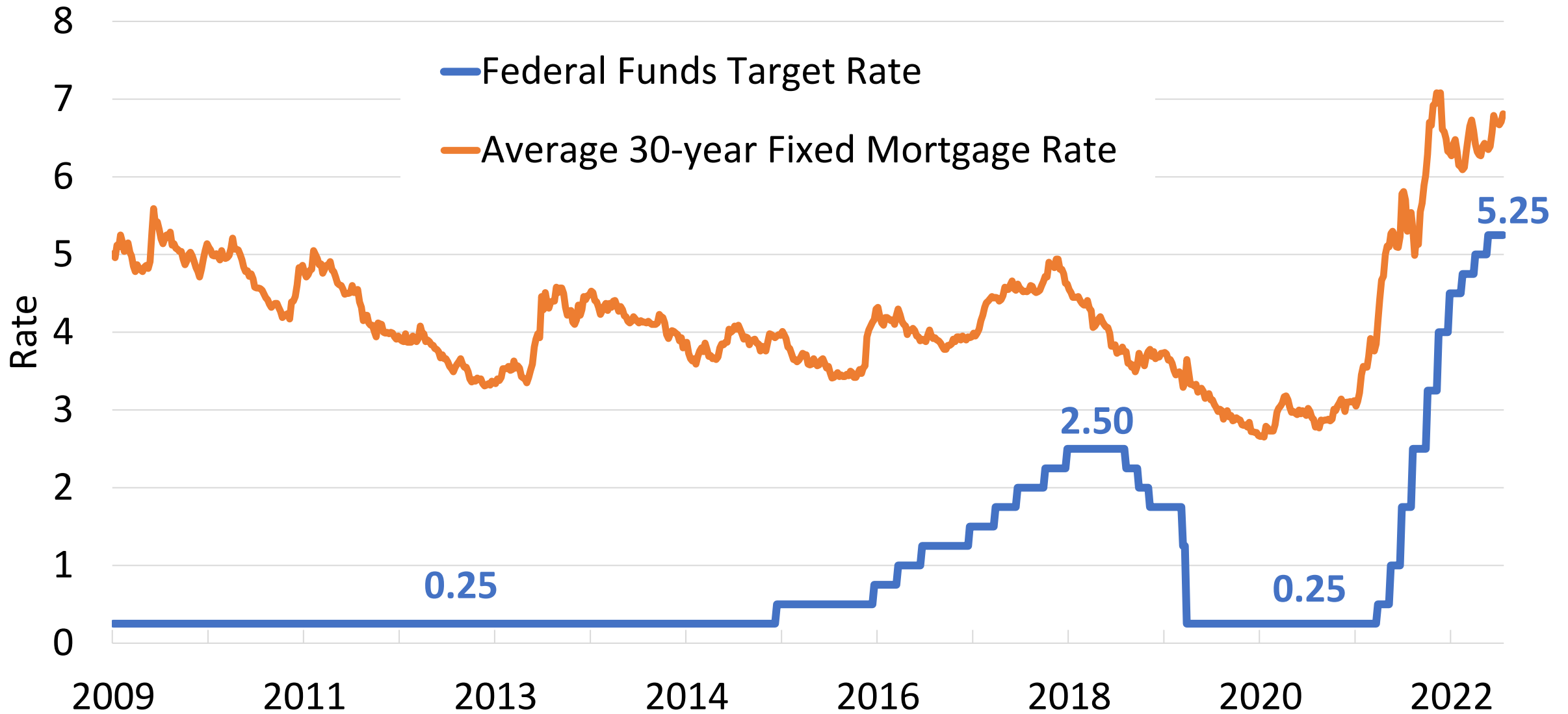
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- Inflation is slowing but remains the primary concern
- Strong labor market
  - Significant employment growth
  - Uneven growth across sectors and states
  - Pressure starting to ease
- Recession?

# Inflation: Consumer Price Index (CPI) 12-Month Percent Change

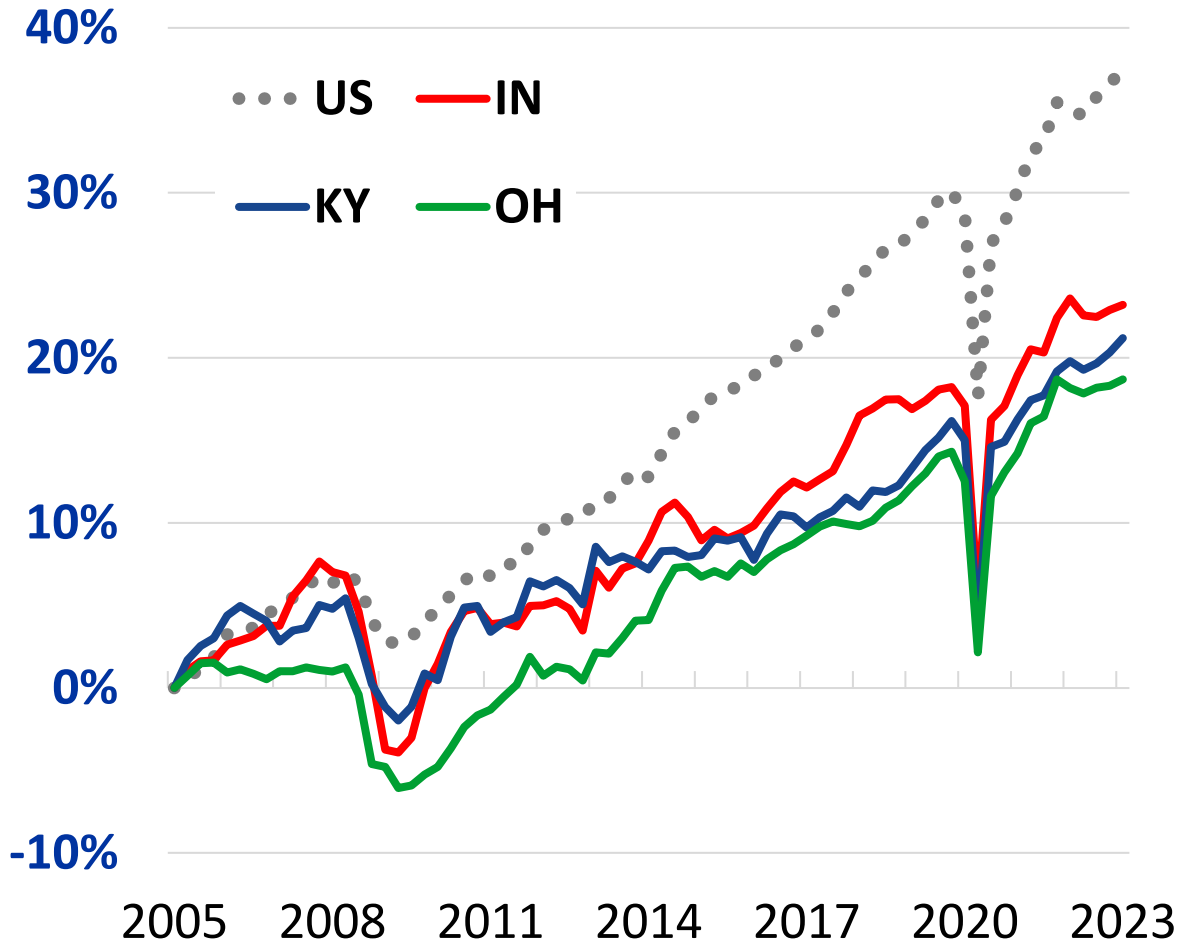


# Interest Rates

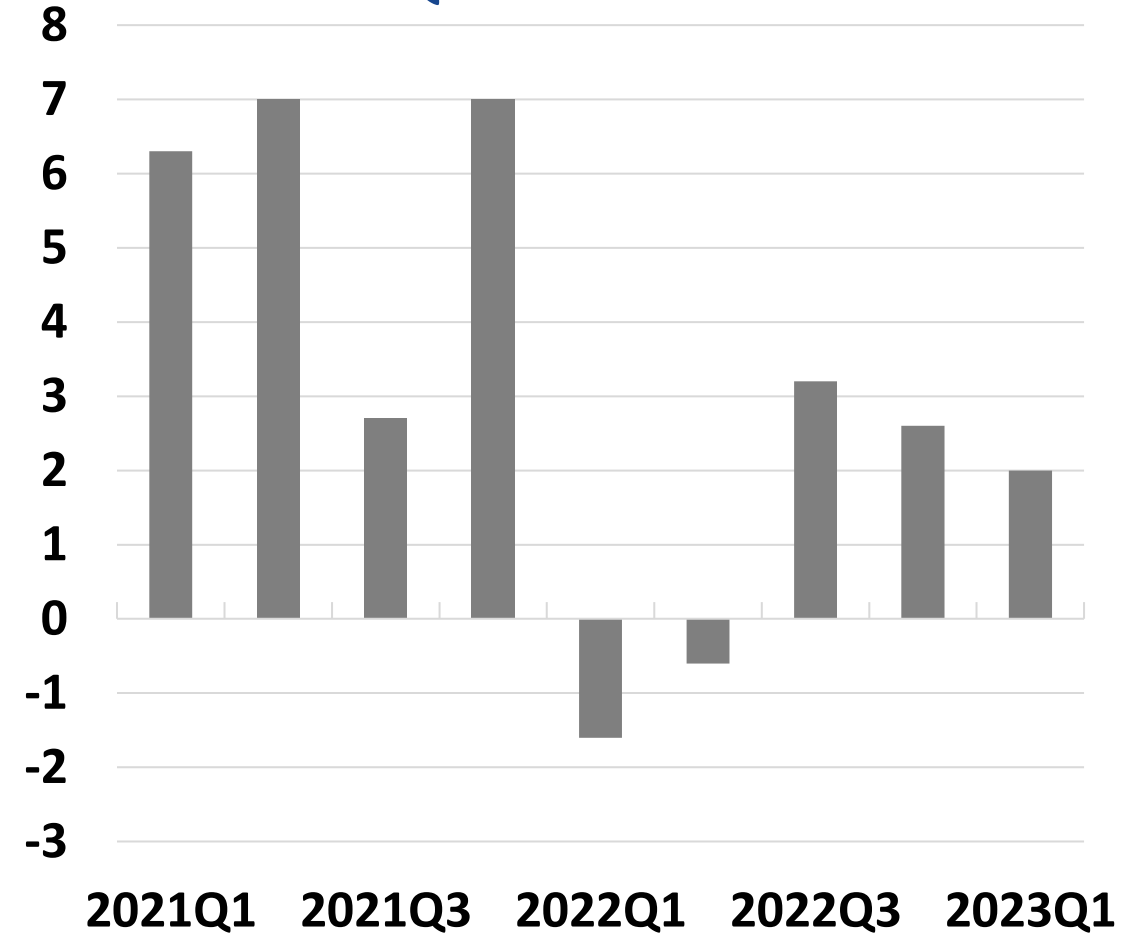


# Real Gross Domestic Product

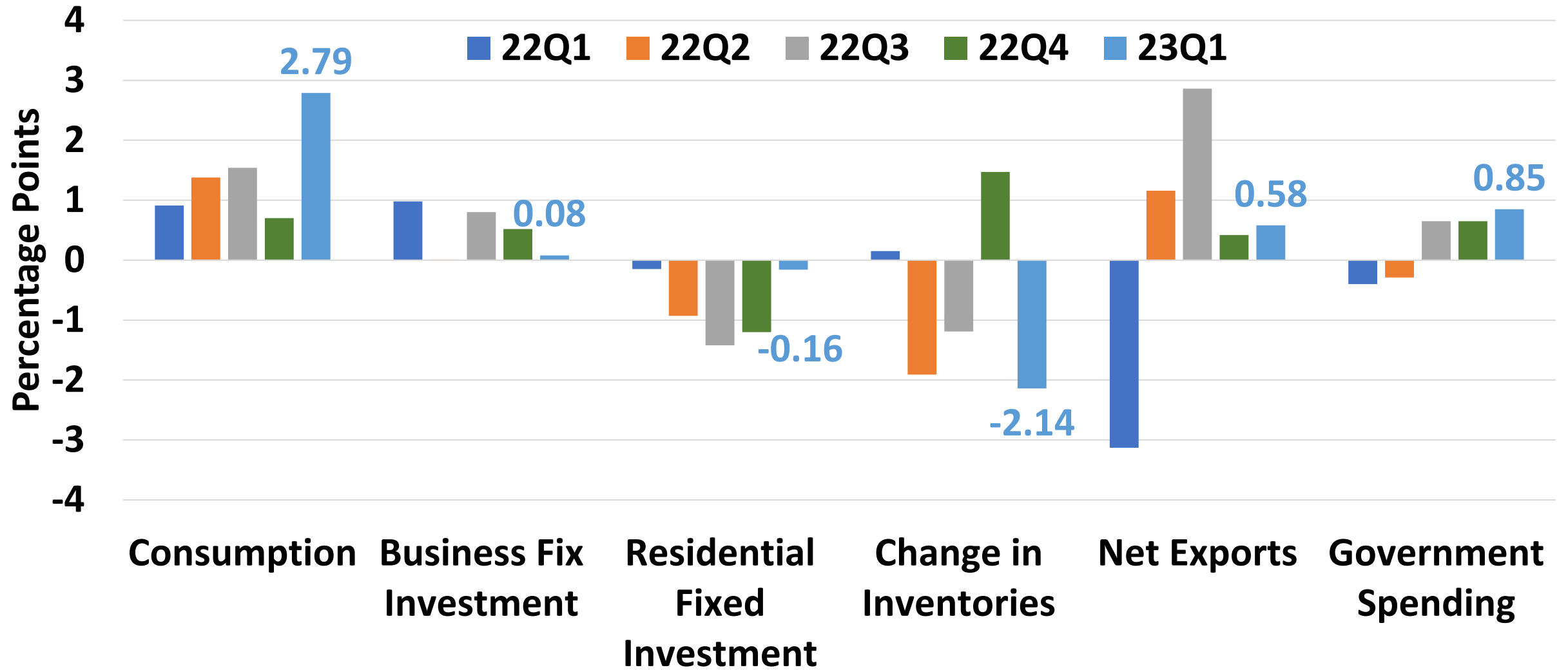
## % Change from 2005Q1



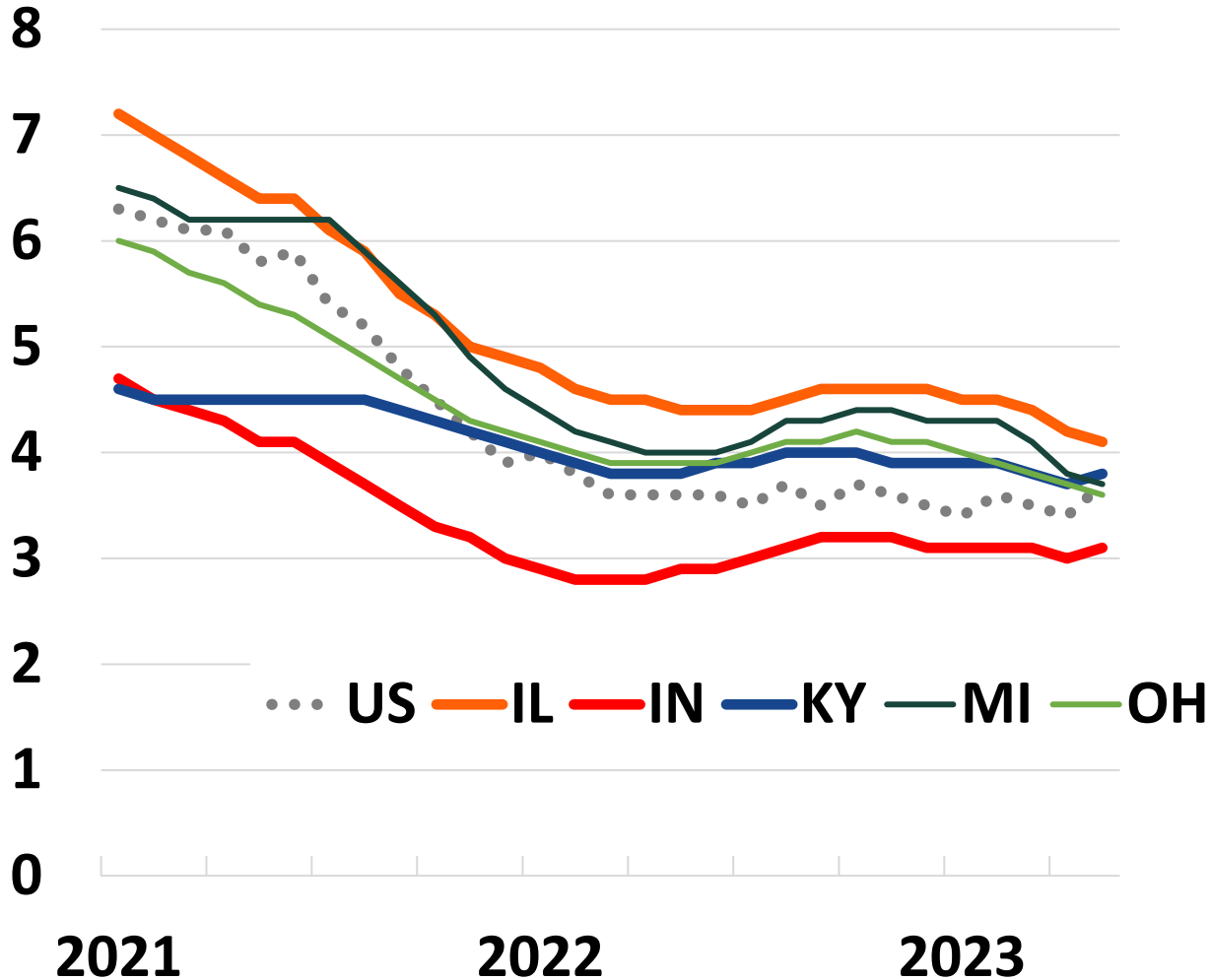
## Annualized Percent Change from Prior Quarter U.S.



# Contributions to Percent Change Real GDP, U.S. 2022 & 2023



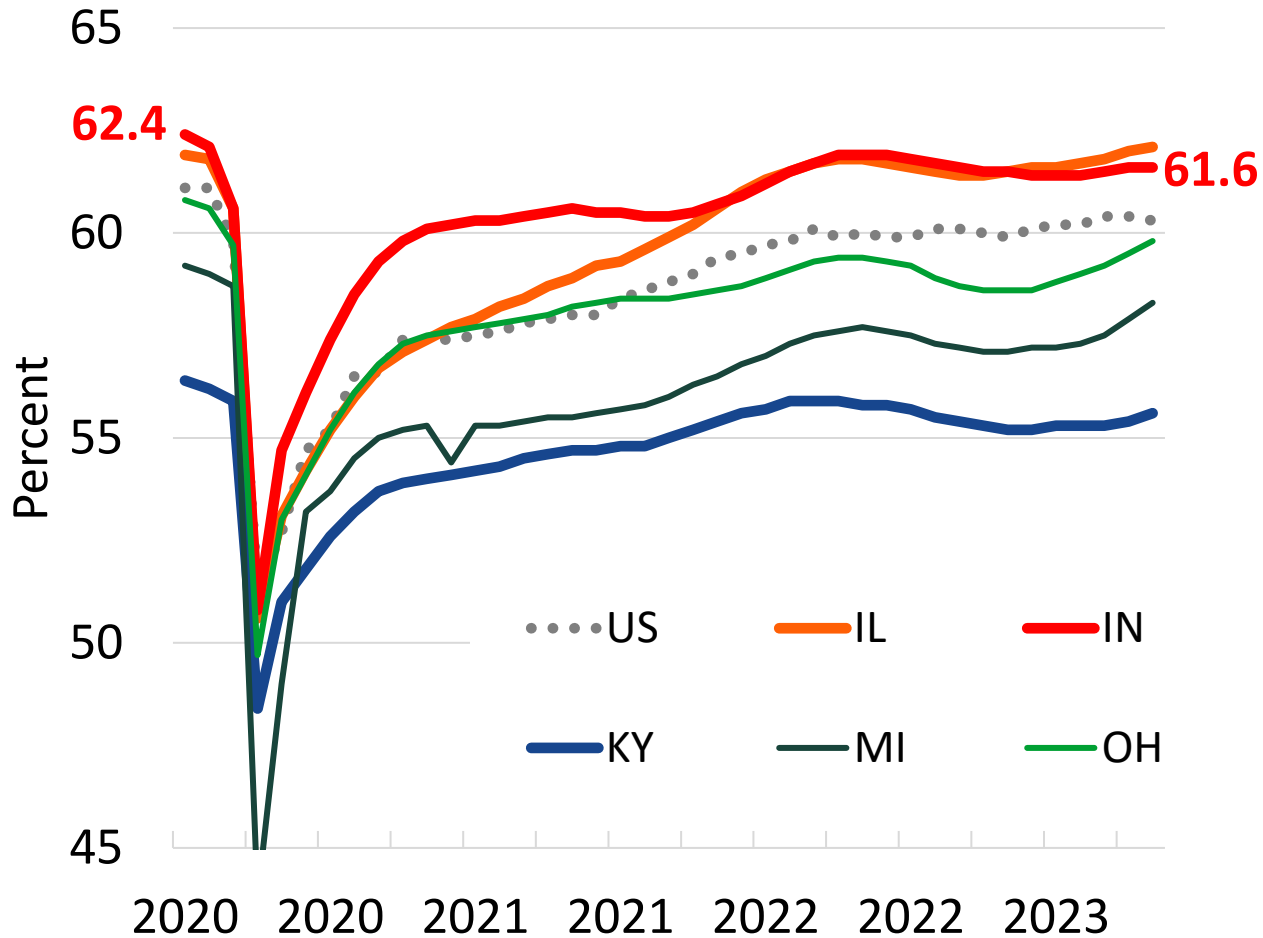
# Unemployment Rates



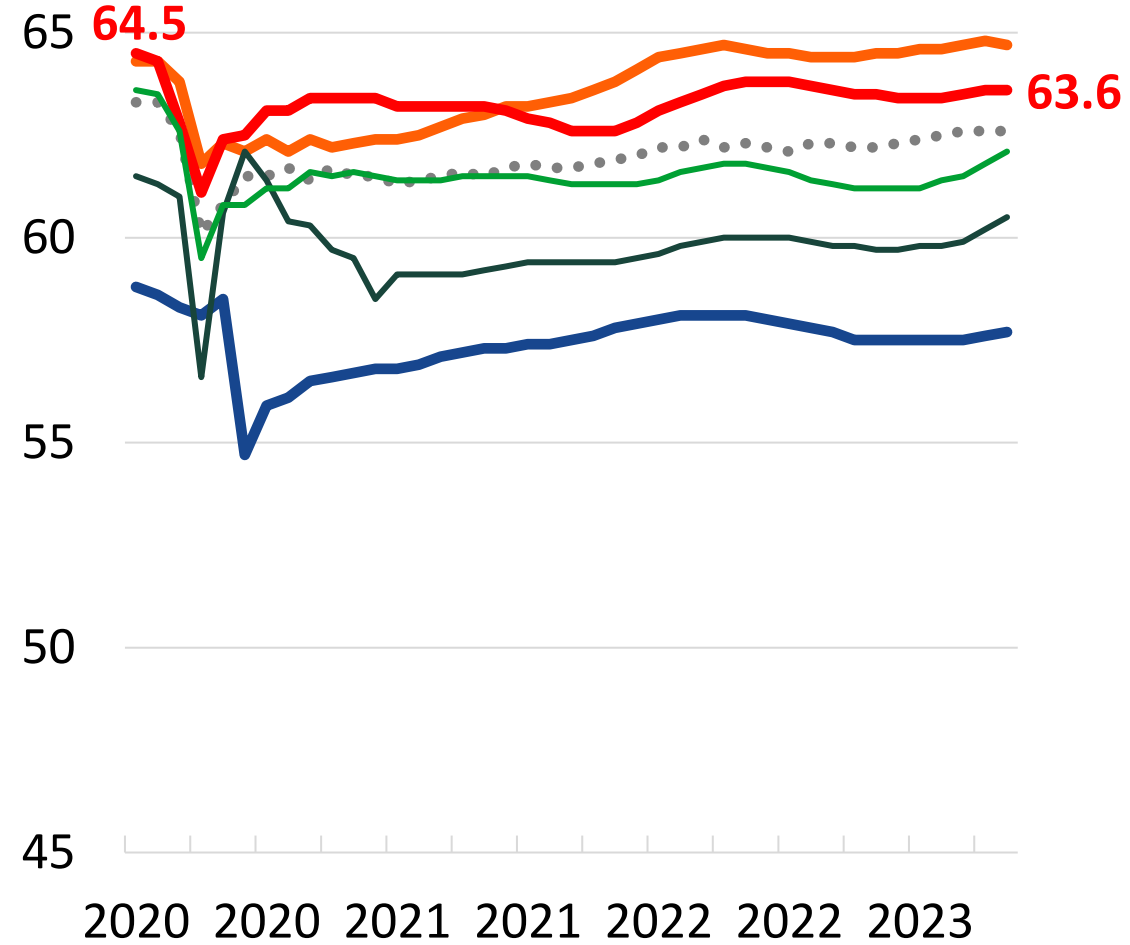
- **Employed:** Individuals who worked for pay
- **Unemployed:** Those who did not work for pay but *searched* for work during the past 4 weeks
- **Not in Labor Force:** People who are not employed and *not searching* for work
- **Unemployment Rate** =  $\frac{\text{Unemployed}}{\text{Employed} + \text{Unemployed}}$

# Labor Force Statistics

## Employment to Population Ratio



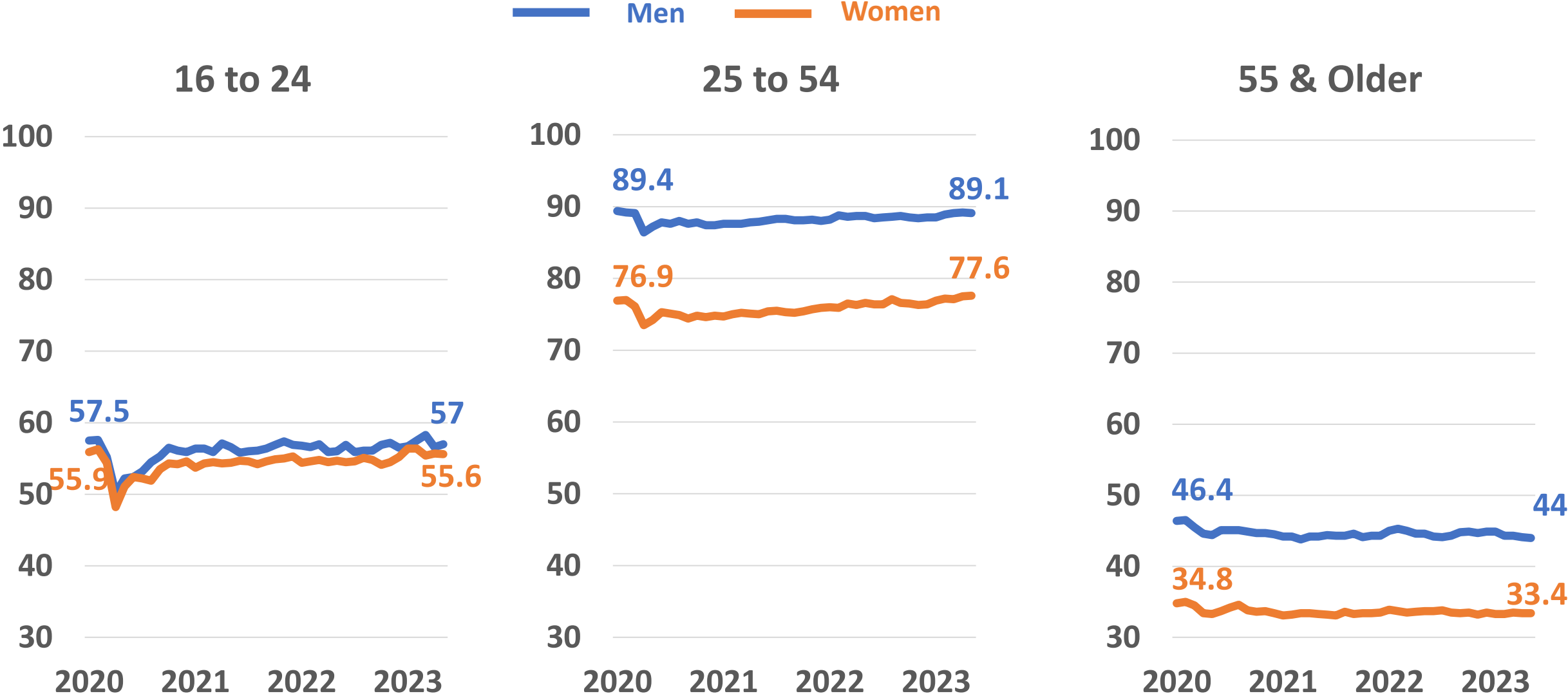
## Labor Force Participation Rates





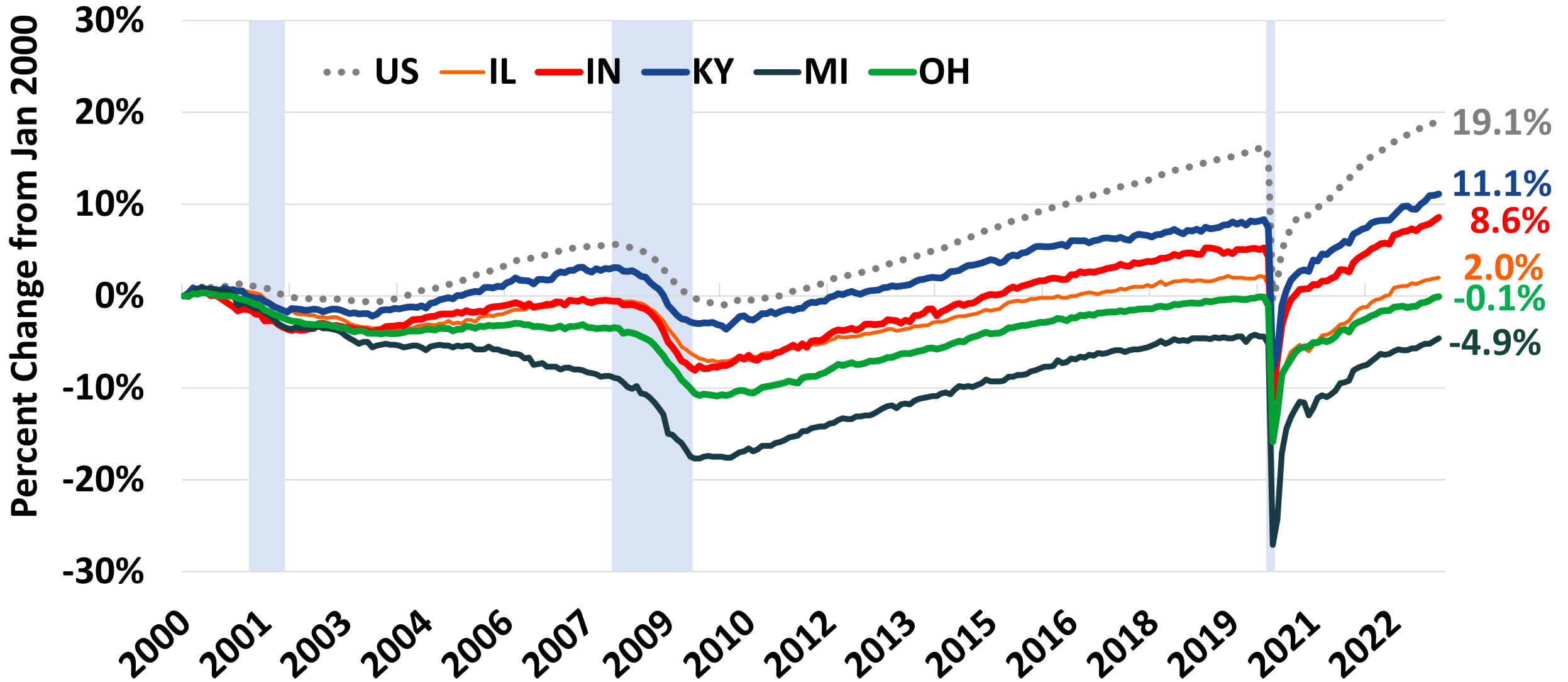
# Labor Force Participation Rates by Age & Gender, U.S.

## Percent Point Change Since January 2020



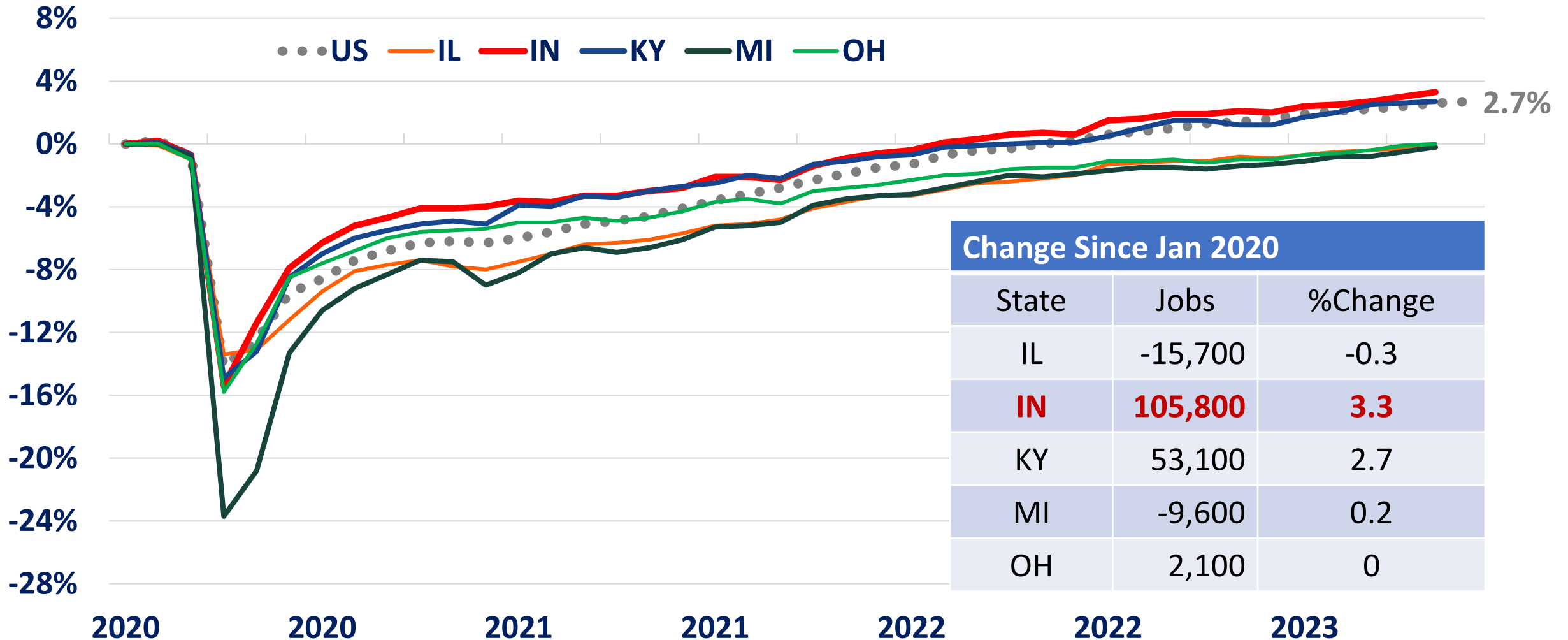
Source: US Bureau of Labor Statistics. Local Area Unemployment Statistics. Seasonally Adjusted.

# Nonfarm Employment (Jobs)

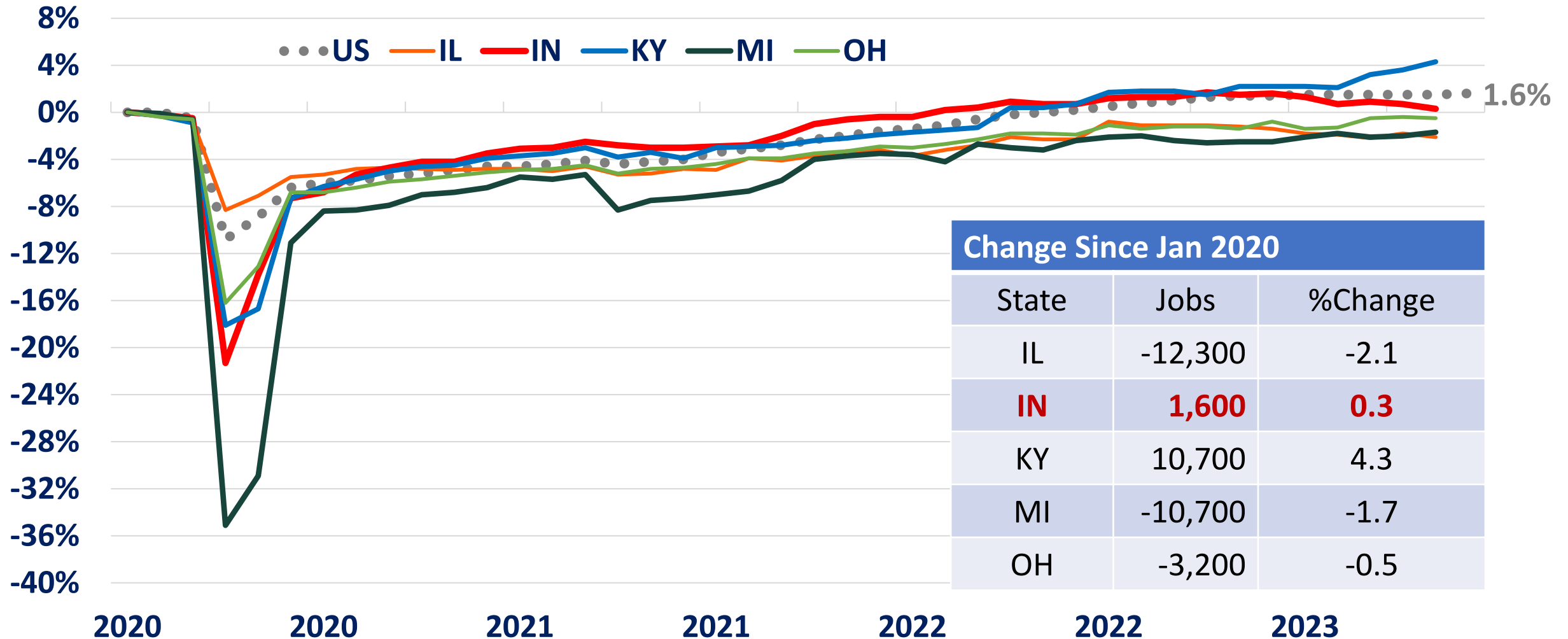


Source: US Bureau of Labor Statistics. Current Employment Statistics.

# Total Nonfarm Employment, Percent Change from January 2020

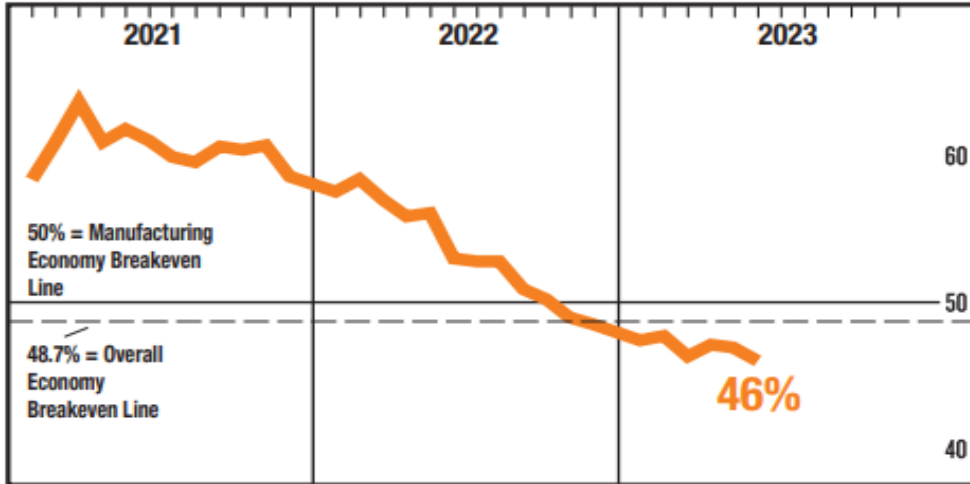


# Manufacturing Employment, Percent Change from January 2020

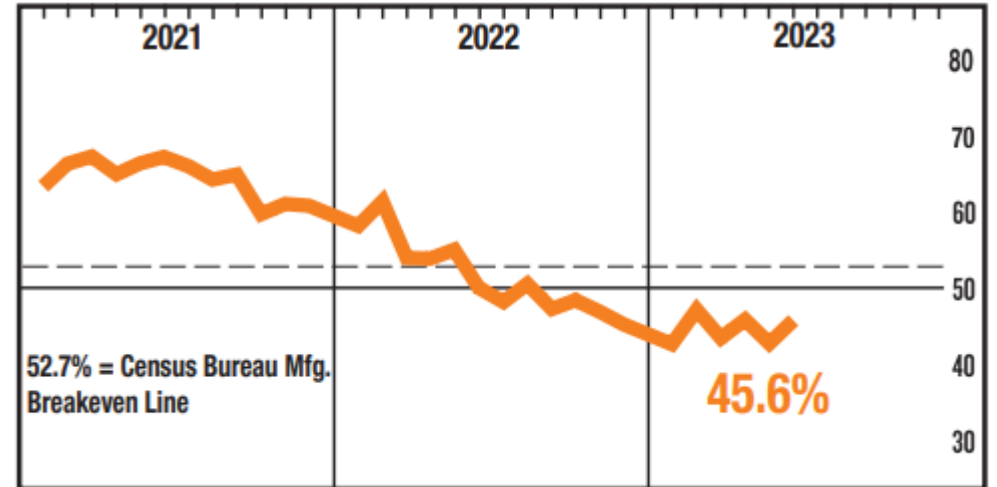


# Manufacturing Sector Contracting

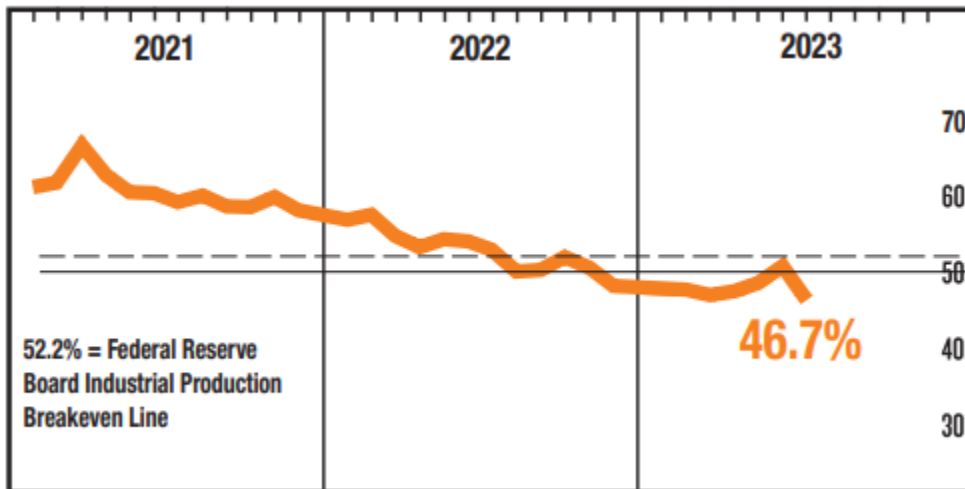
## Manufacturing PMI



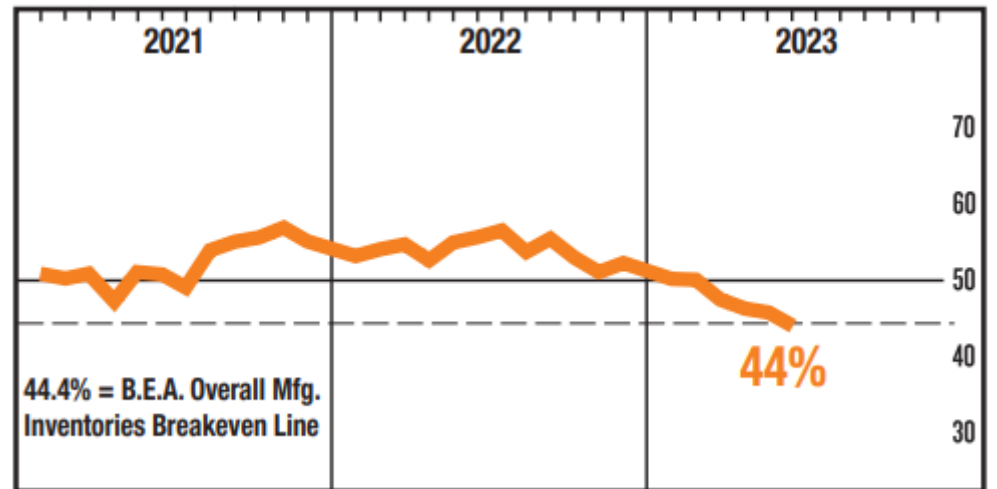
## New Orders



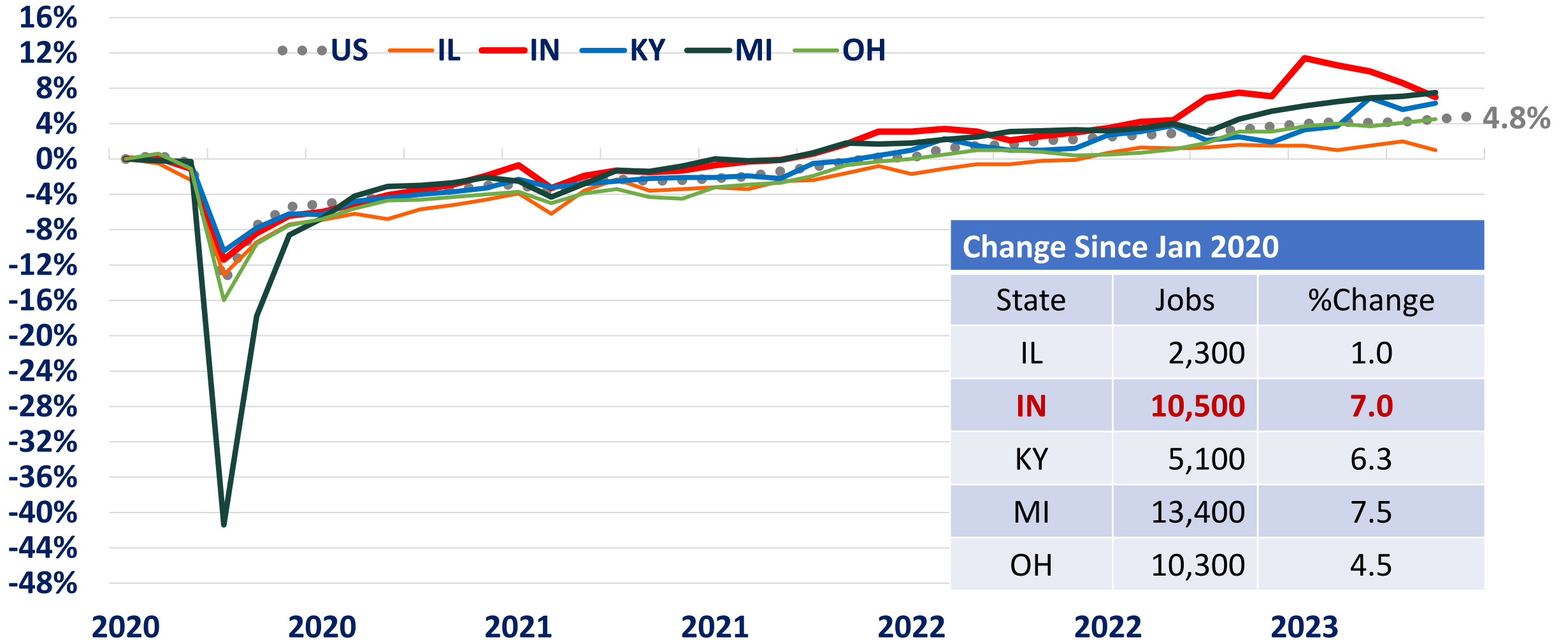
## Production



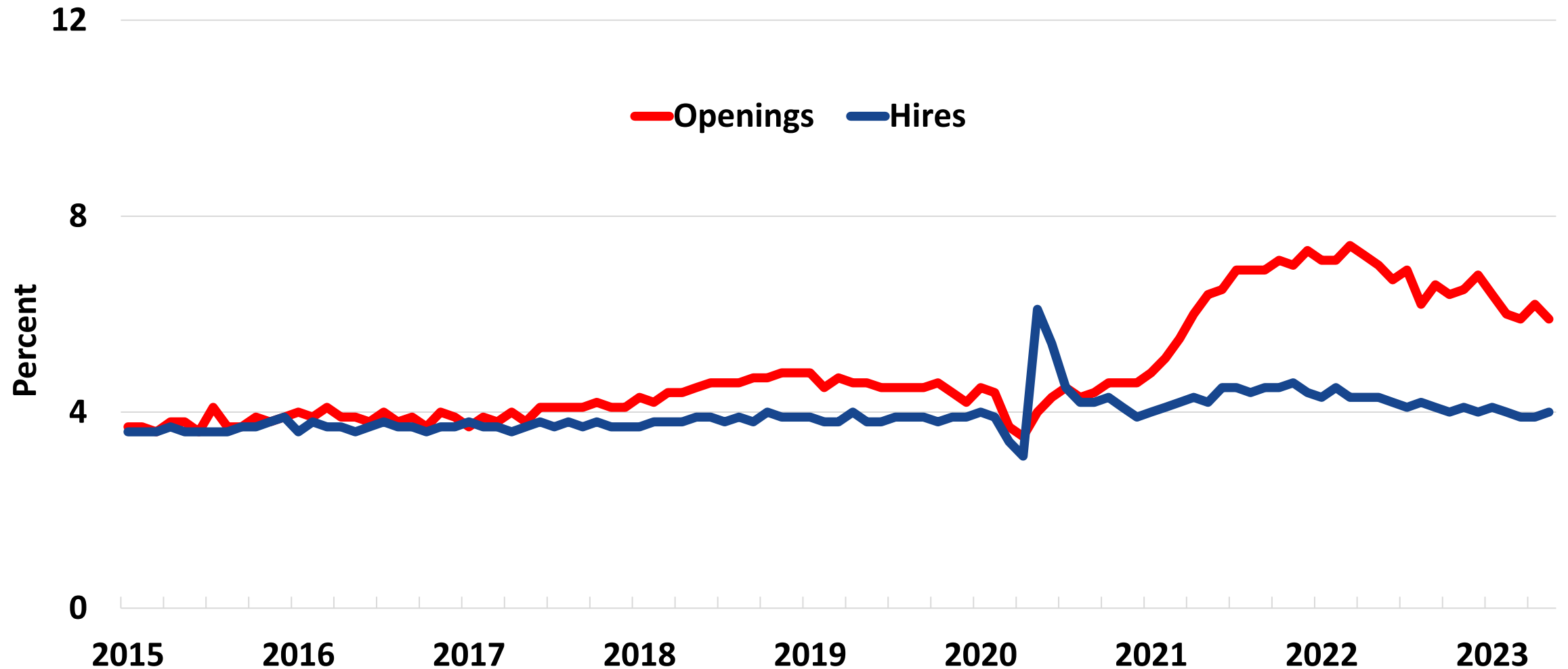
## Inventories



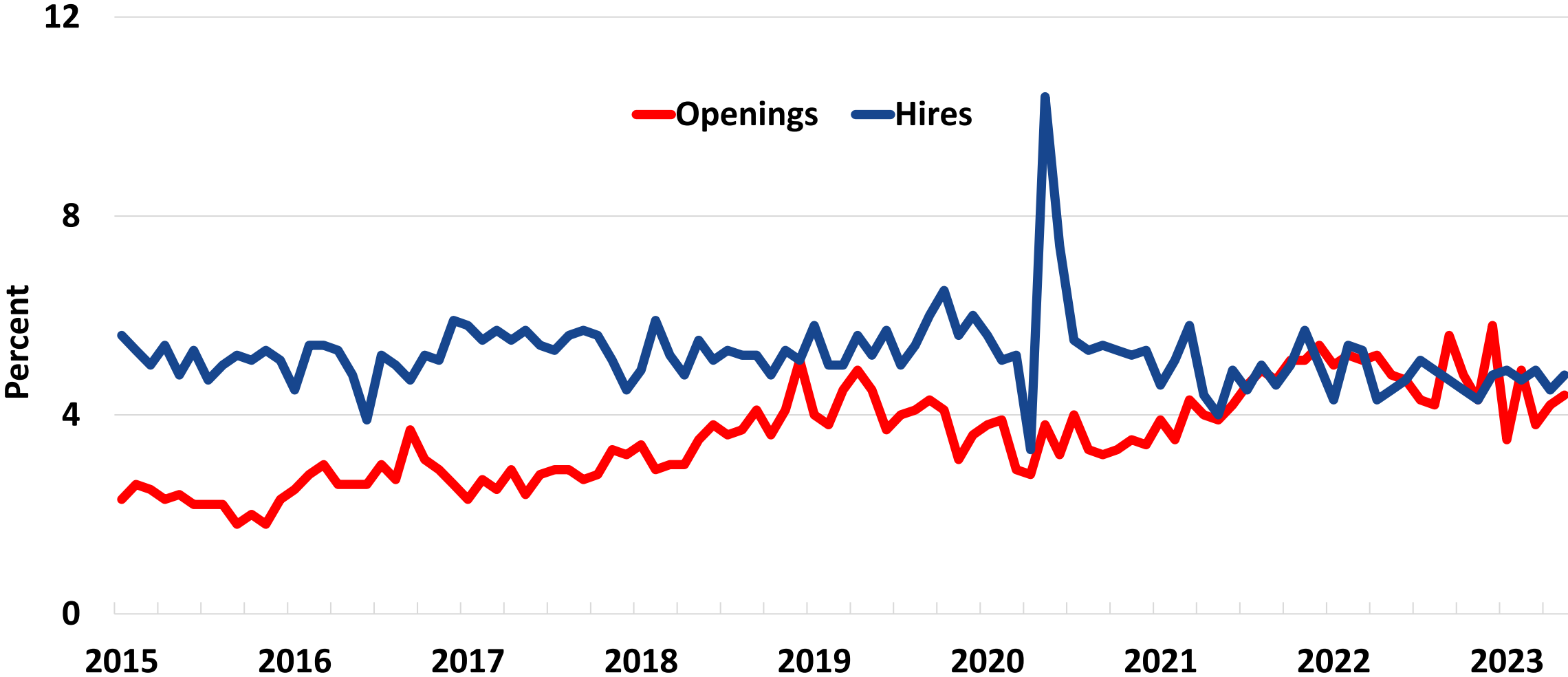
# Construction Employment, Percent Change from January 2020



# Job Openings & Hires All Industries U.S.



# Job Openings & Hires Construction U.S.

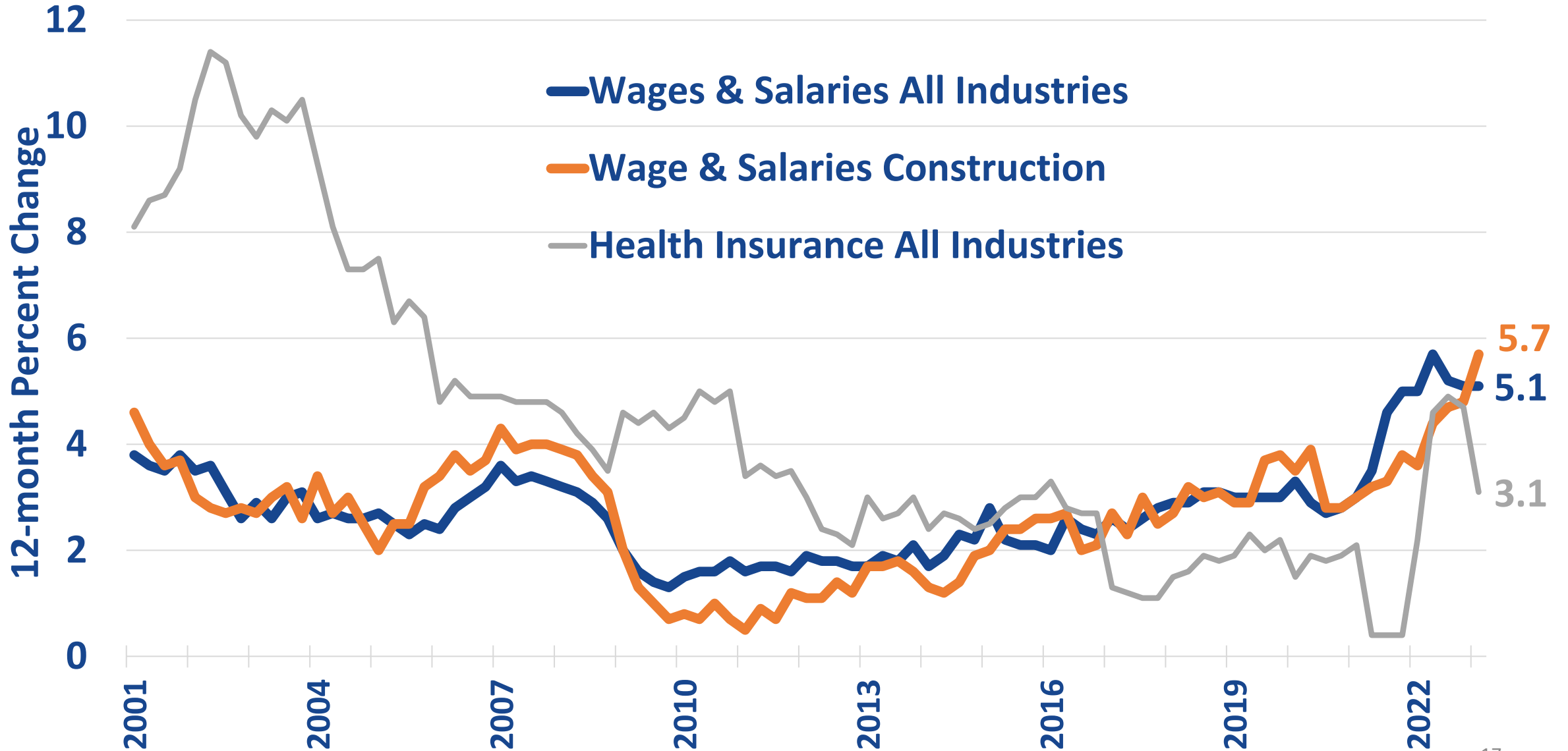


Source: US Bureau of Labor Statistics. Job Openings and Labor Turnover Survey.



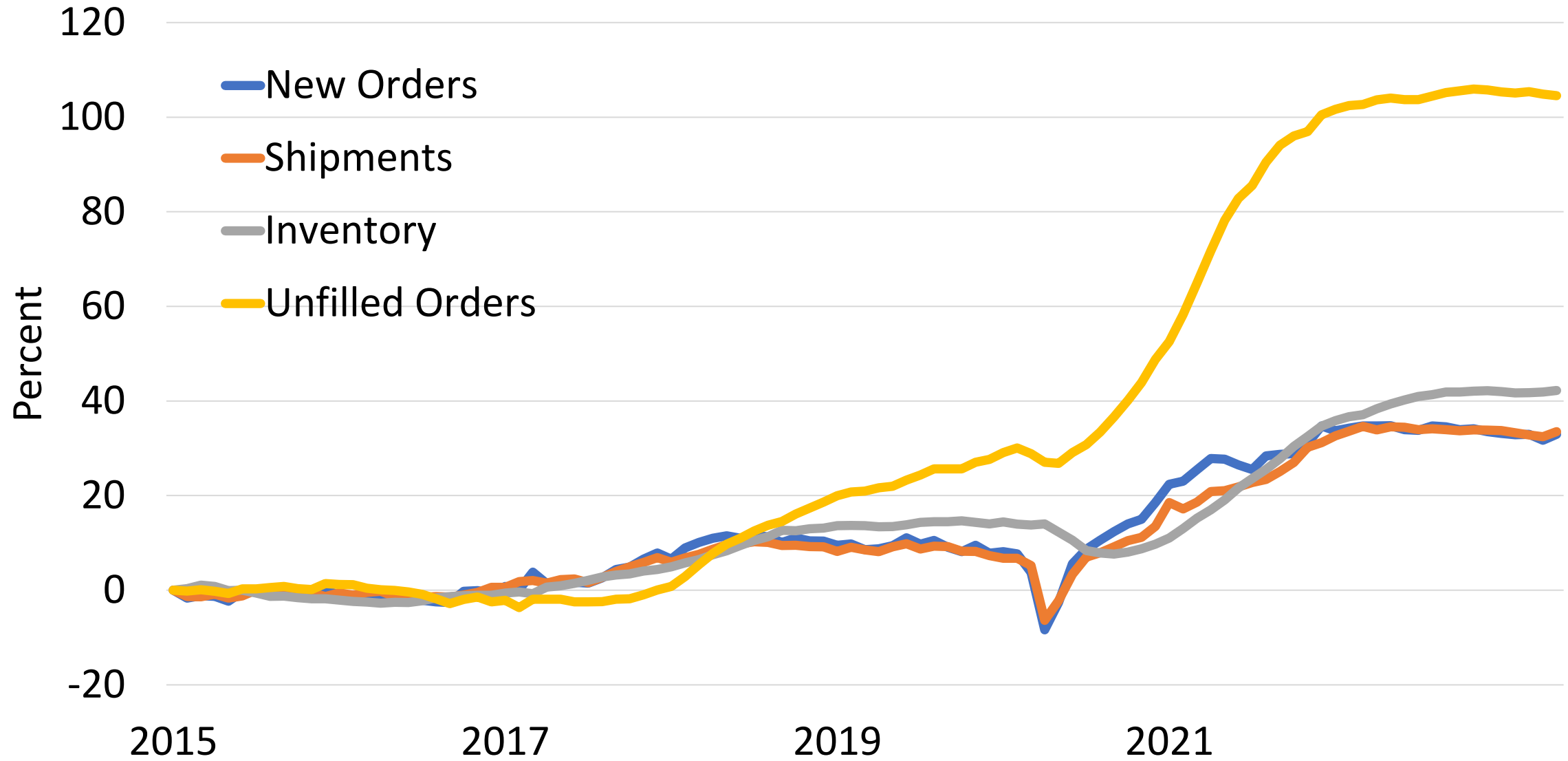
# U.S. Employment Cost Index

## Private Workers, Wages and Salaries



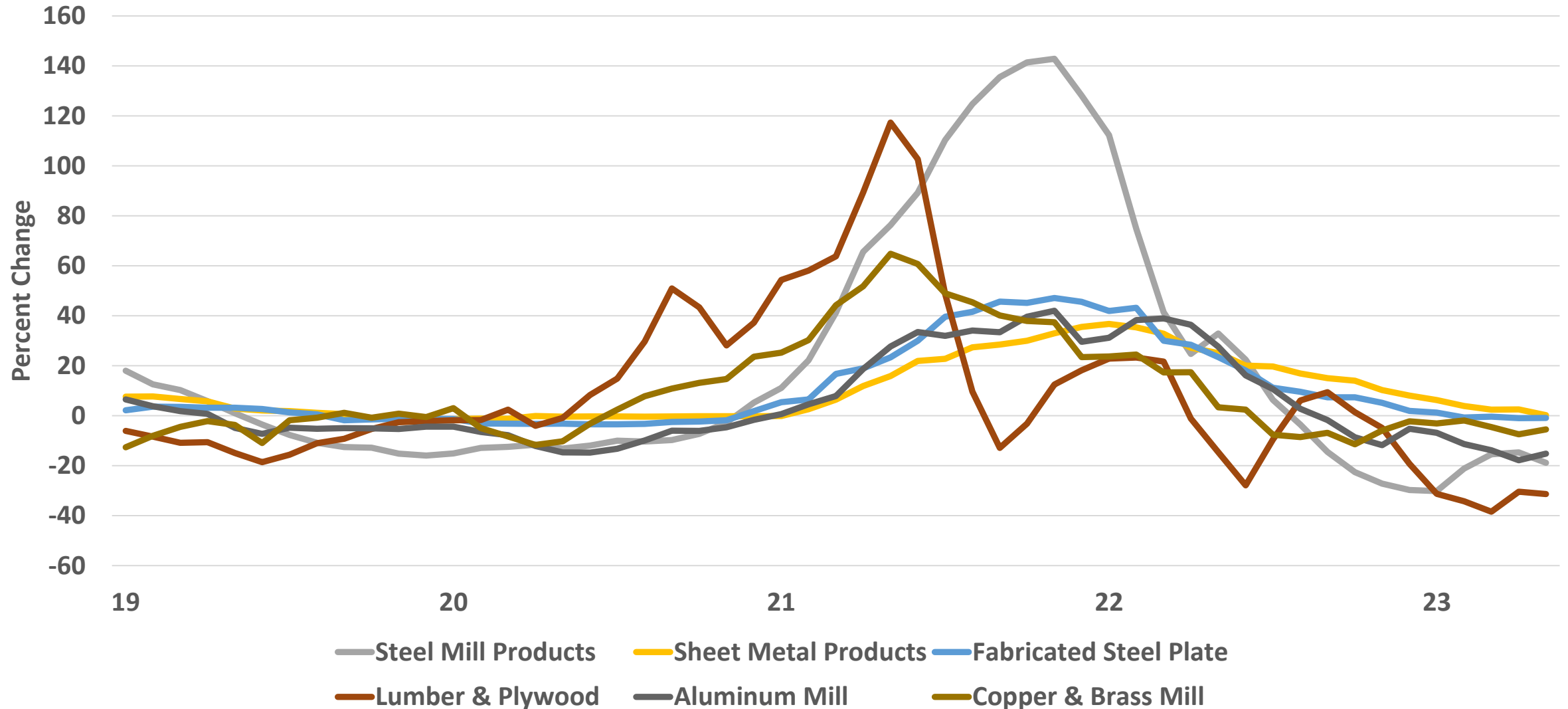
# Construction Materials & Supplies

## Percent Change from January 2015



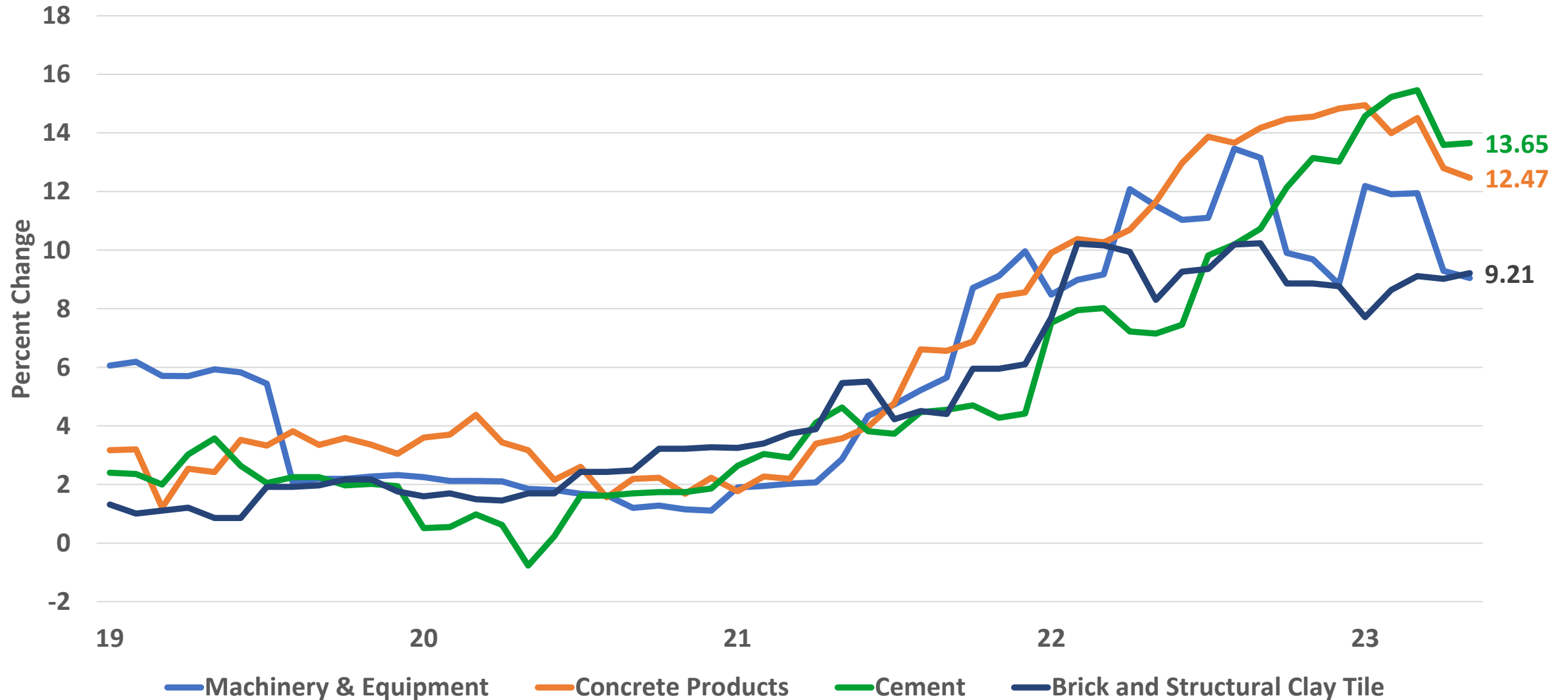
# Construction Related Inflation

## Producer Price Index (PPI) Percent Change from Same Month Prior Year



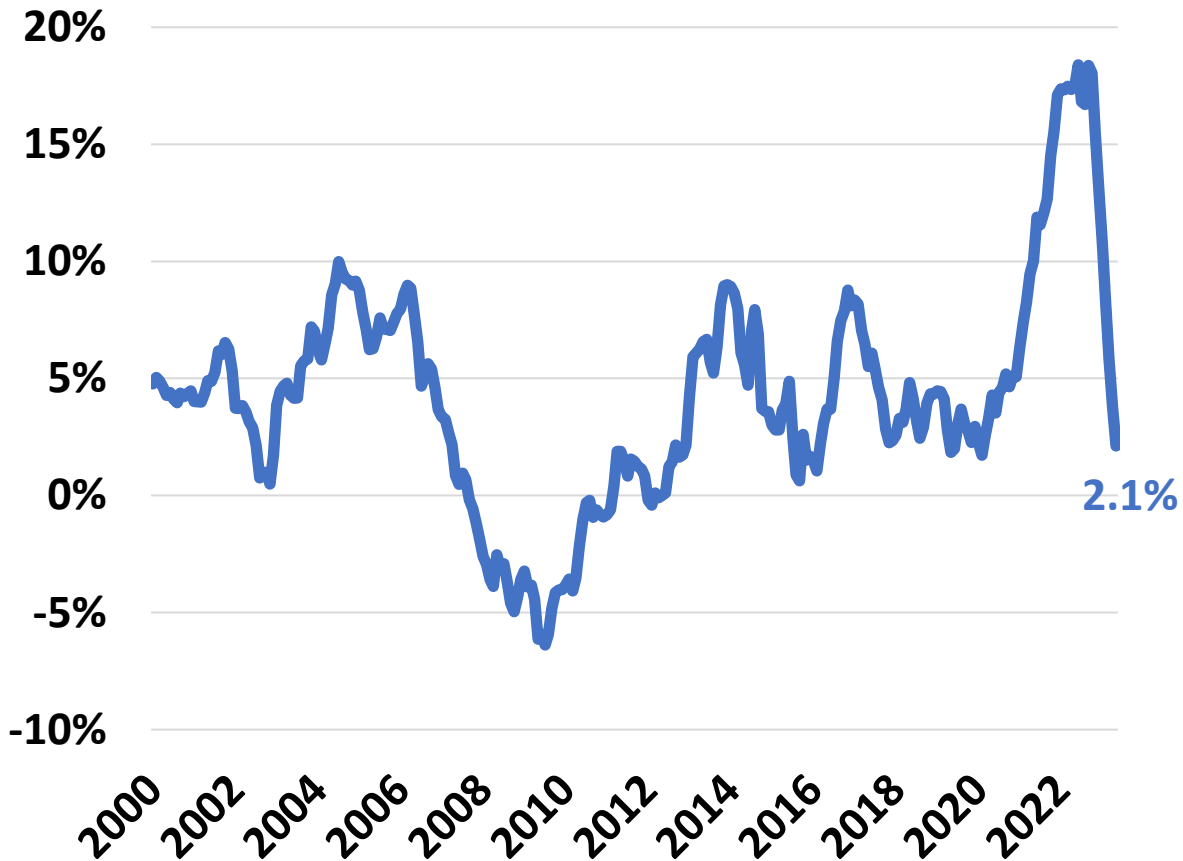
# Construction Related Inflation

## Producer Price Index (PPI) Percent Change from Same Month Prior Year



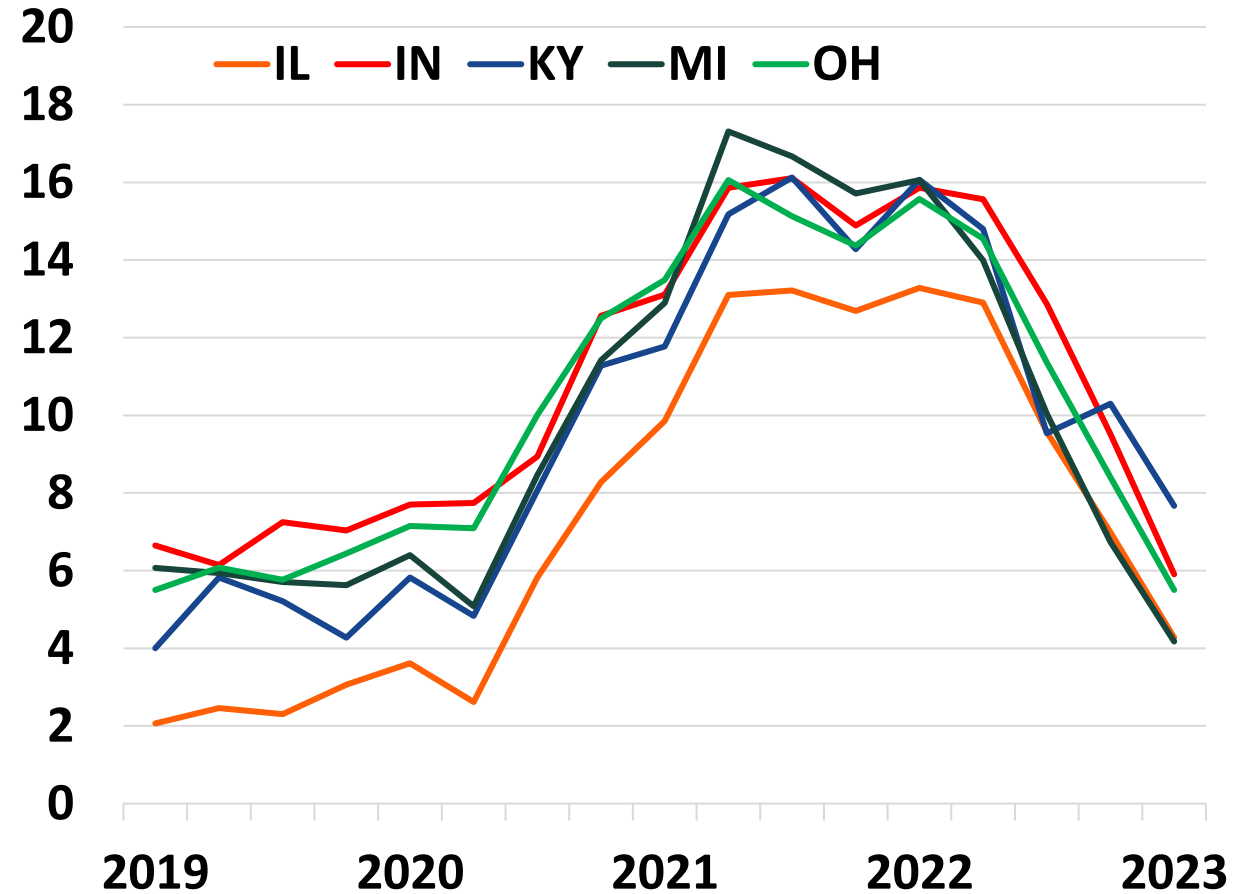
# Housing Market

## U.S. Construction Price Index for Single-Family Houses 12-month % Change



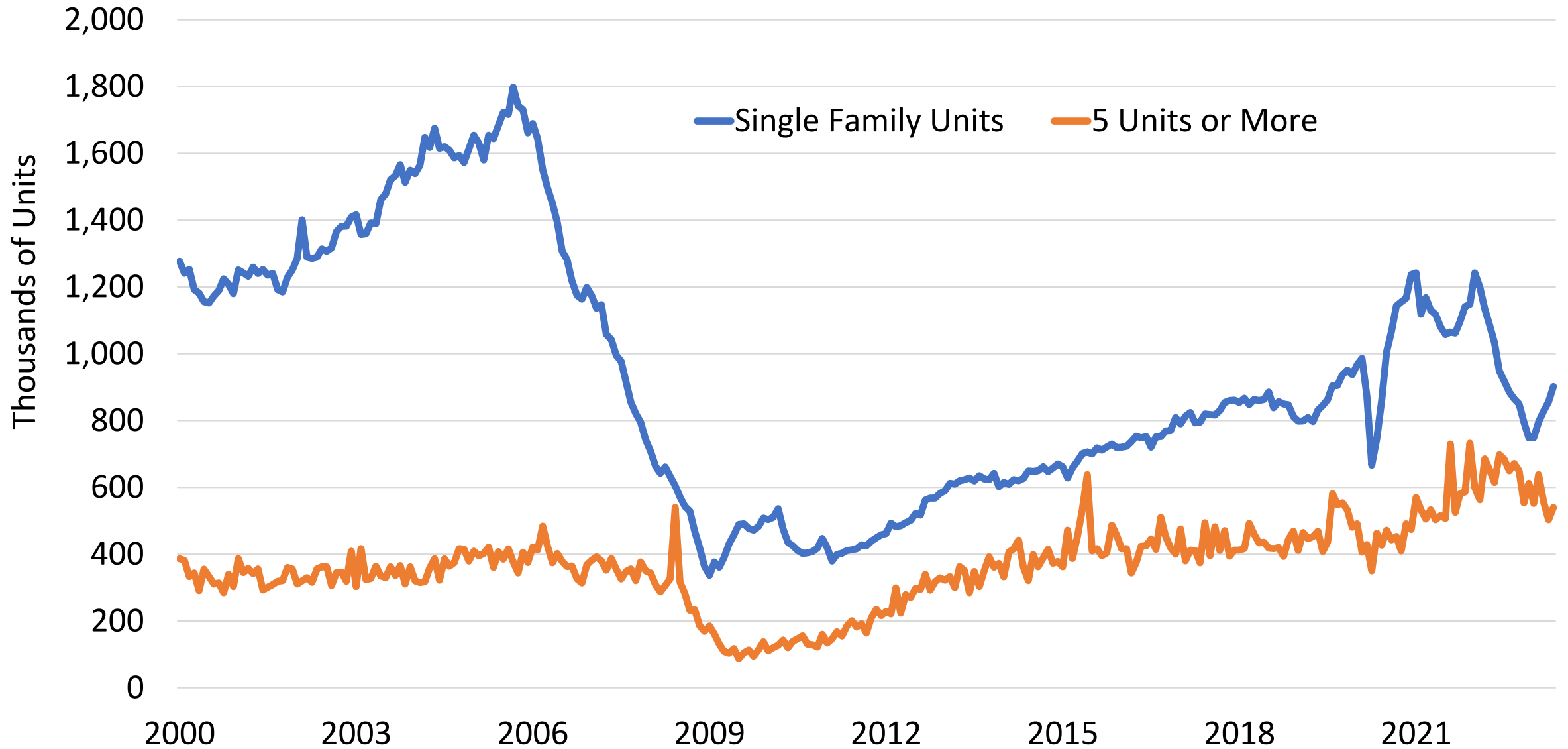
Source: US Census Bureau, Construction Price Indexes.

## Quarterly Housing Price Index Percent Change from Prior Year

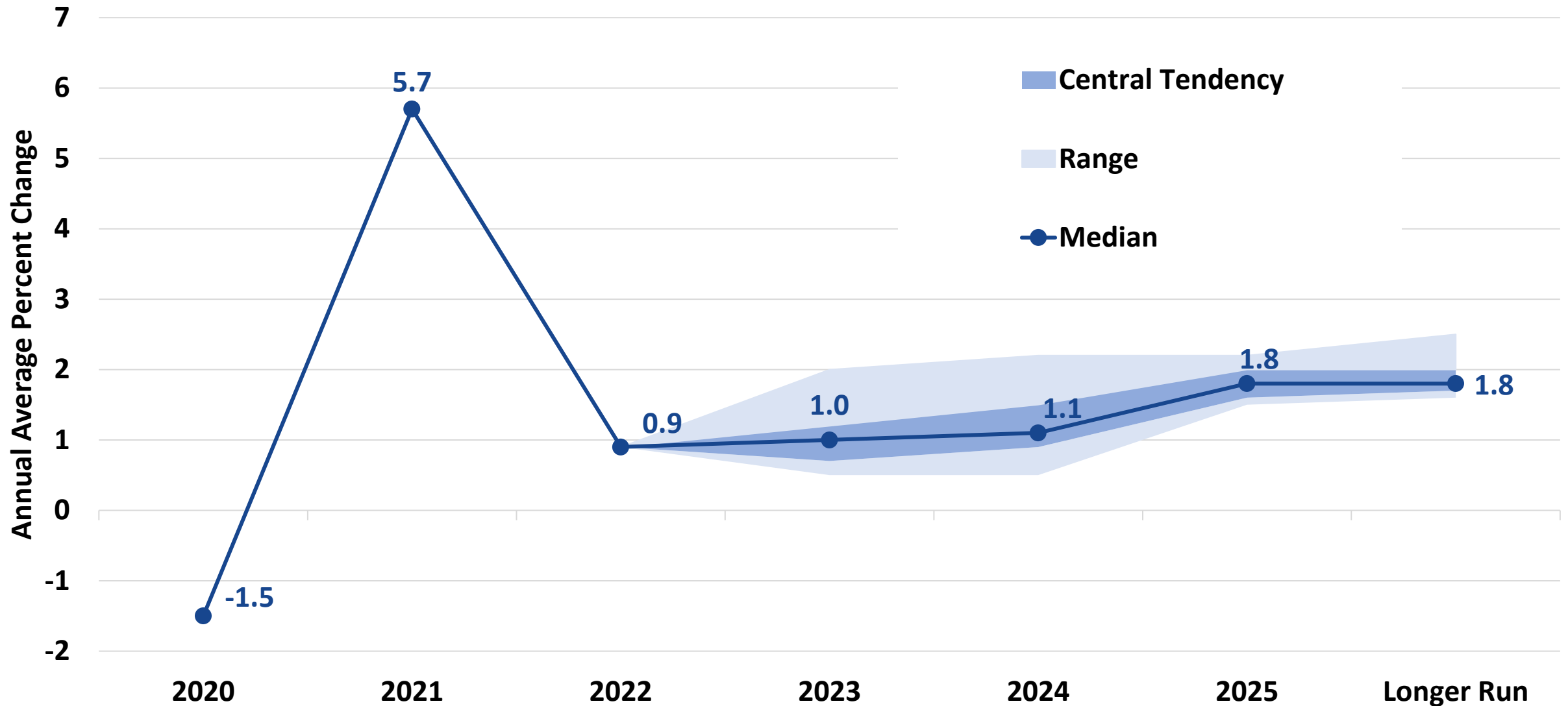


Source: Federal Housing Finance Agency. Seasonally Adjusted.

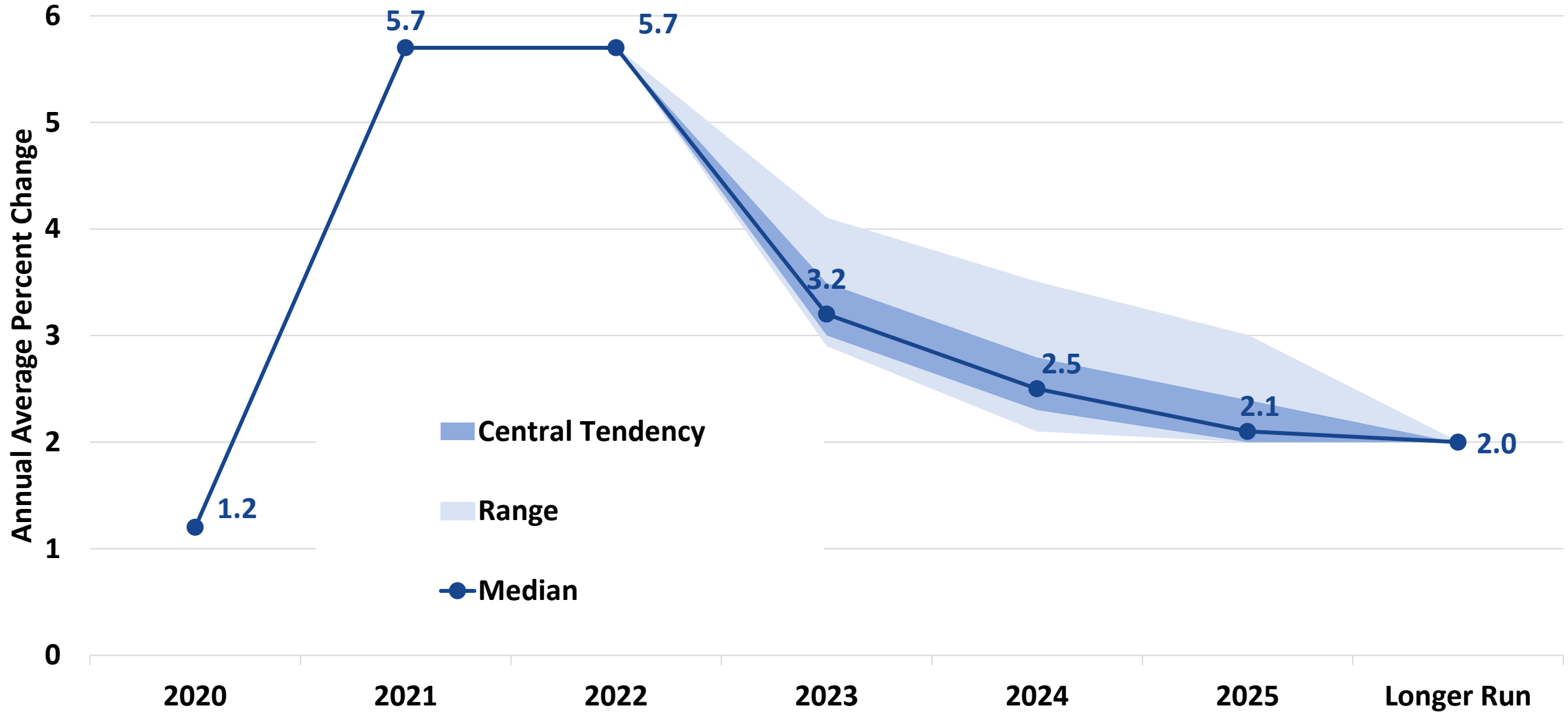
# U.S. Housing Market: Units Authorized by Permit



# Distribution of U.S. Real GDP Projections from FOMC Meeting June 14, 2023

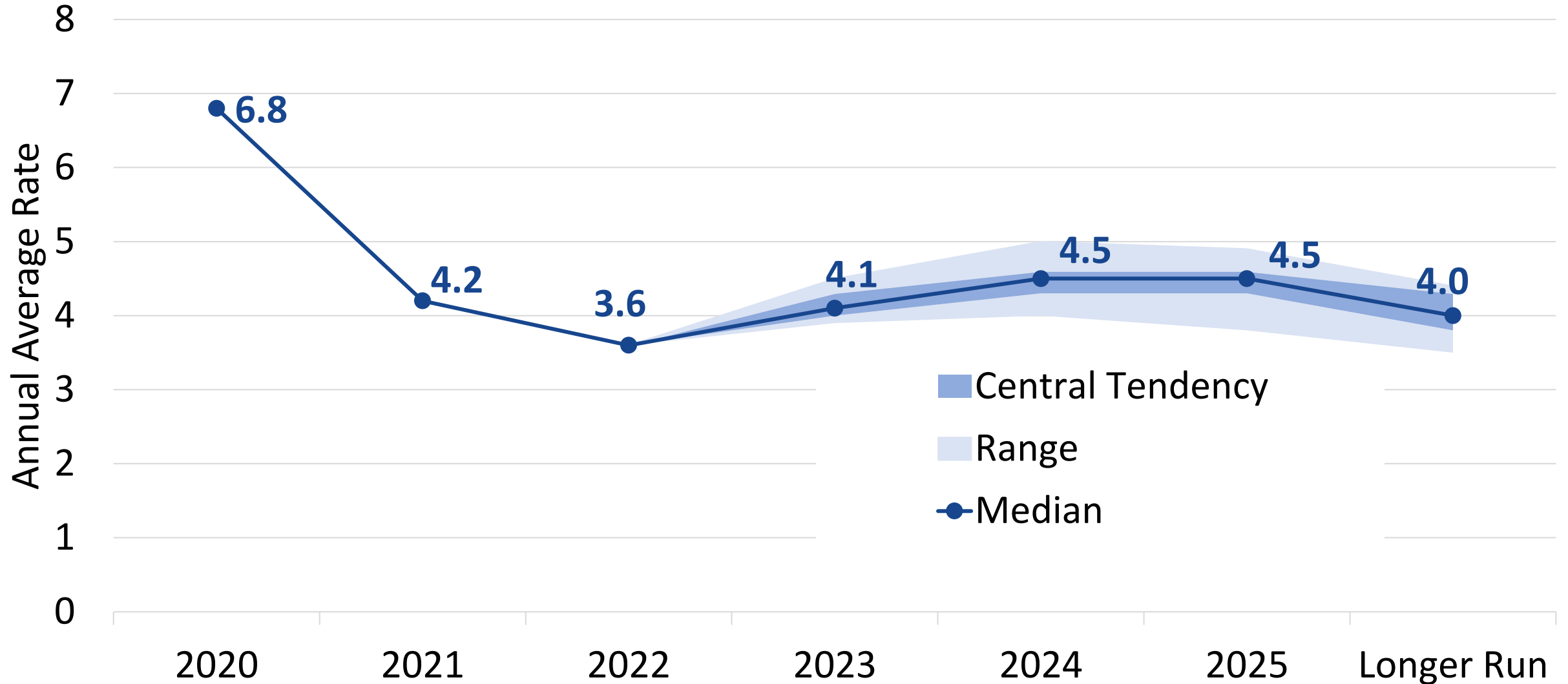


# Distribution of U.S. PCE Inflation Projections from FOMC Meeting June 14, 2023



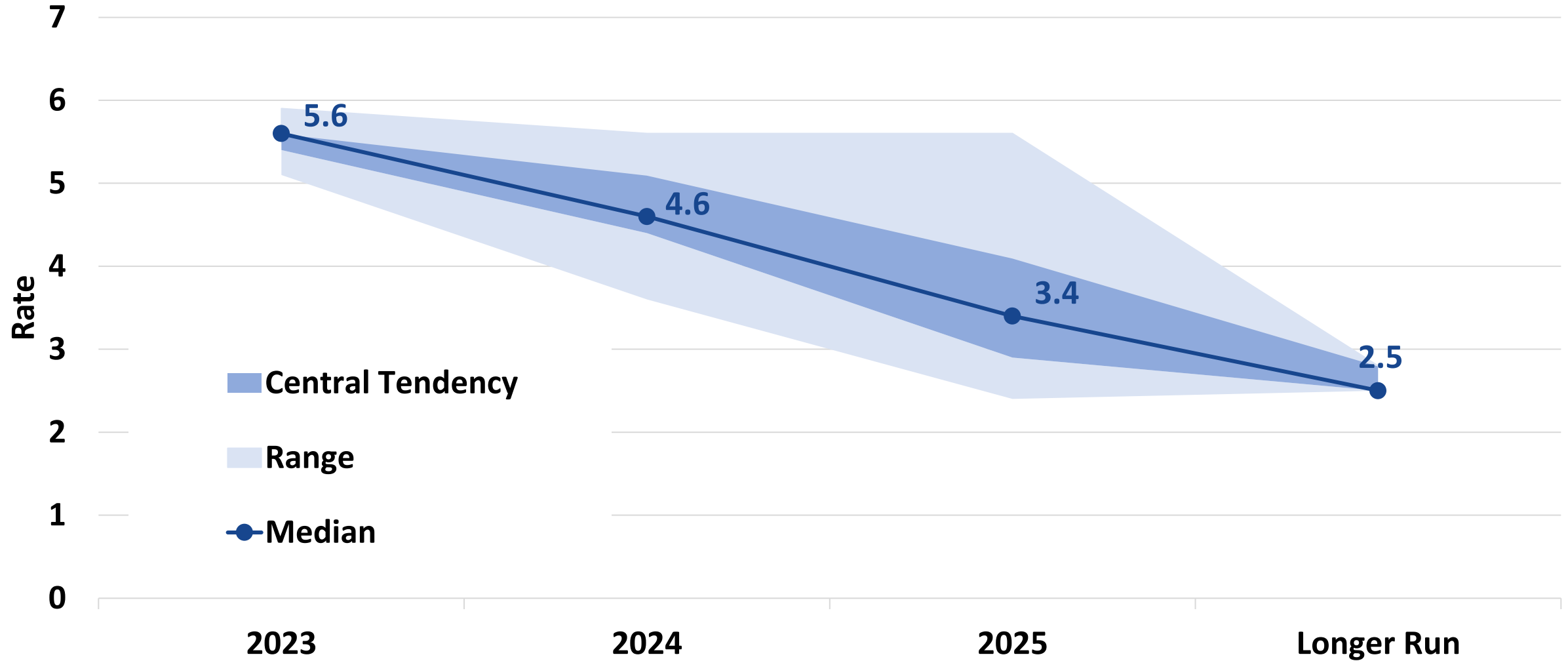


# Distribution of U.S. Unemployment Rate Projections from FOMC Meeting June 14, 2023



# Distribution of Projected Appropriate Federal Funds Target Rate

## FOMC Meeting June 14, 2023



# Outlook: Uncertainty remains high

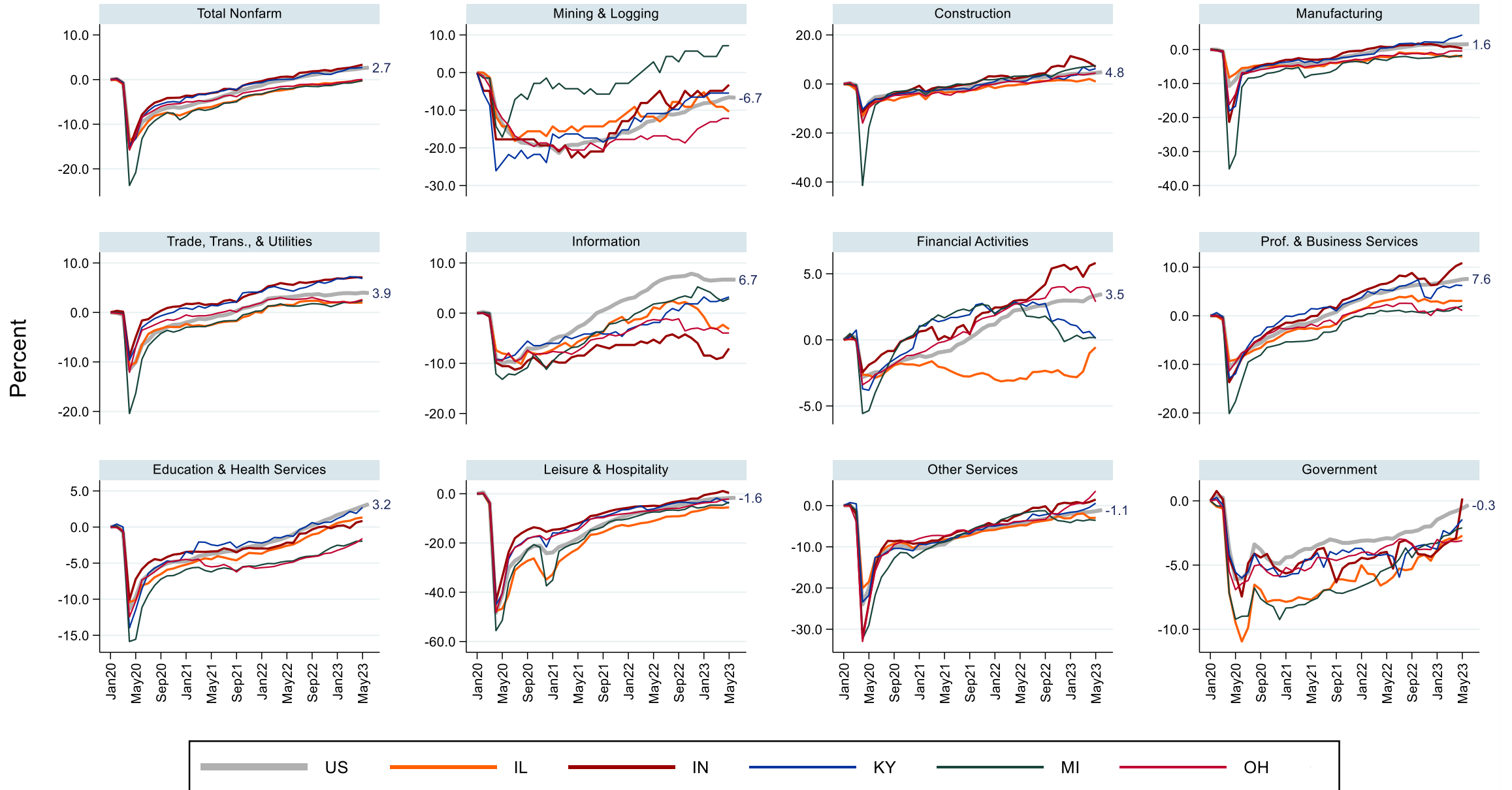
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- **Fed appears to be nearing end of rate increases**
- **Output growth slows**
- **Labor market remains resilient**
- **Inflation pressures ease**
- **Risk of recession decreasing or pushed back**

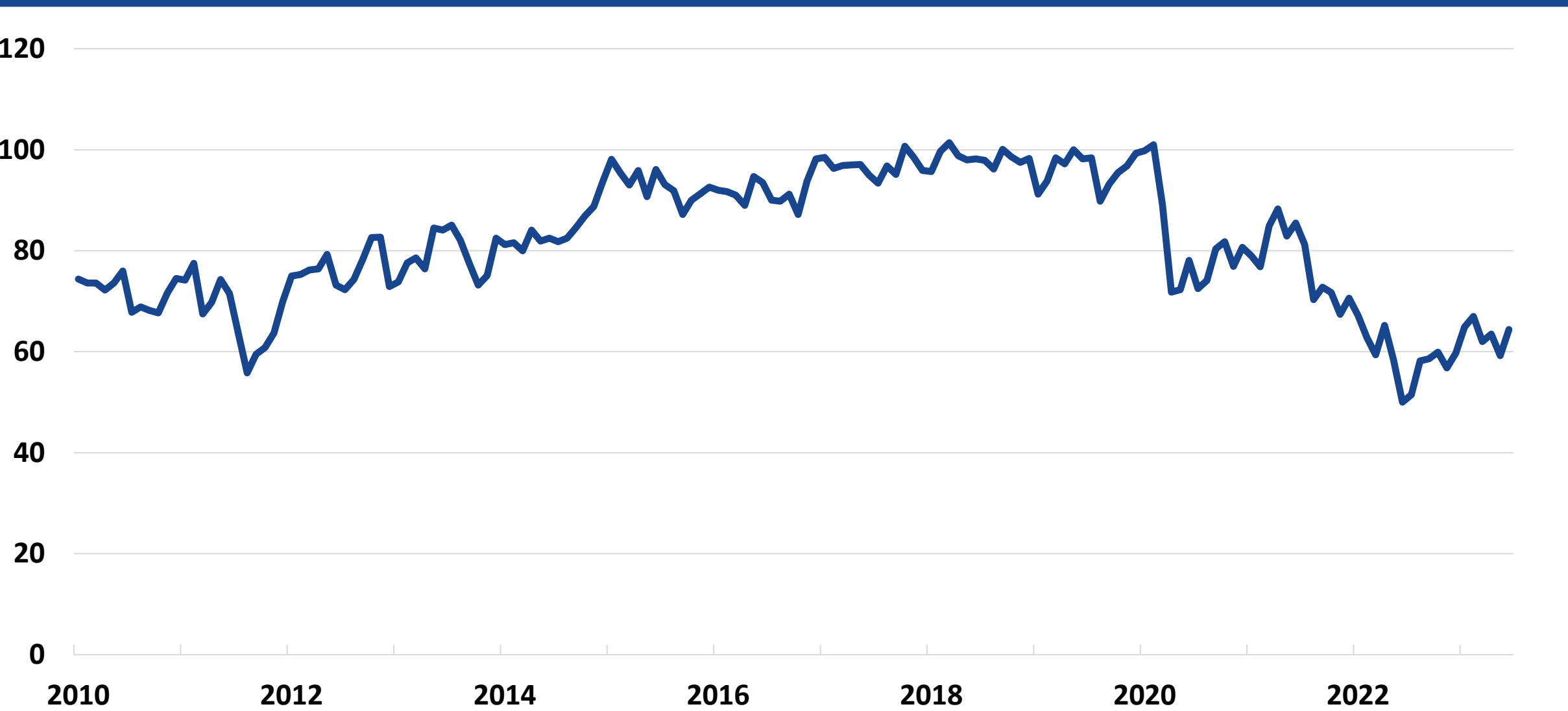


<http://cber.uky.edu/>

# Percent Change in Employment Since January 2020



# Consumer Sentiment (1996=100)



Source: University of Michigan.