

# To All The Economists I've Loved Before



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On Behalf of  
Colorado CFMA  
Regional Conference

October 1<sup>st</sup>, 2019

**“There is always some chance  
of recession in any year. But the  
evidence suggests that  
expansions don't die of old  
age.”**

**–Janet Yellen**



# Historical U.S. Treasury Yield Curve Inversions

## 10-Year v. 1-Year

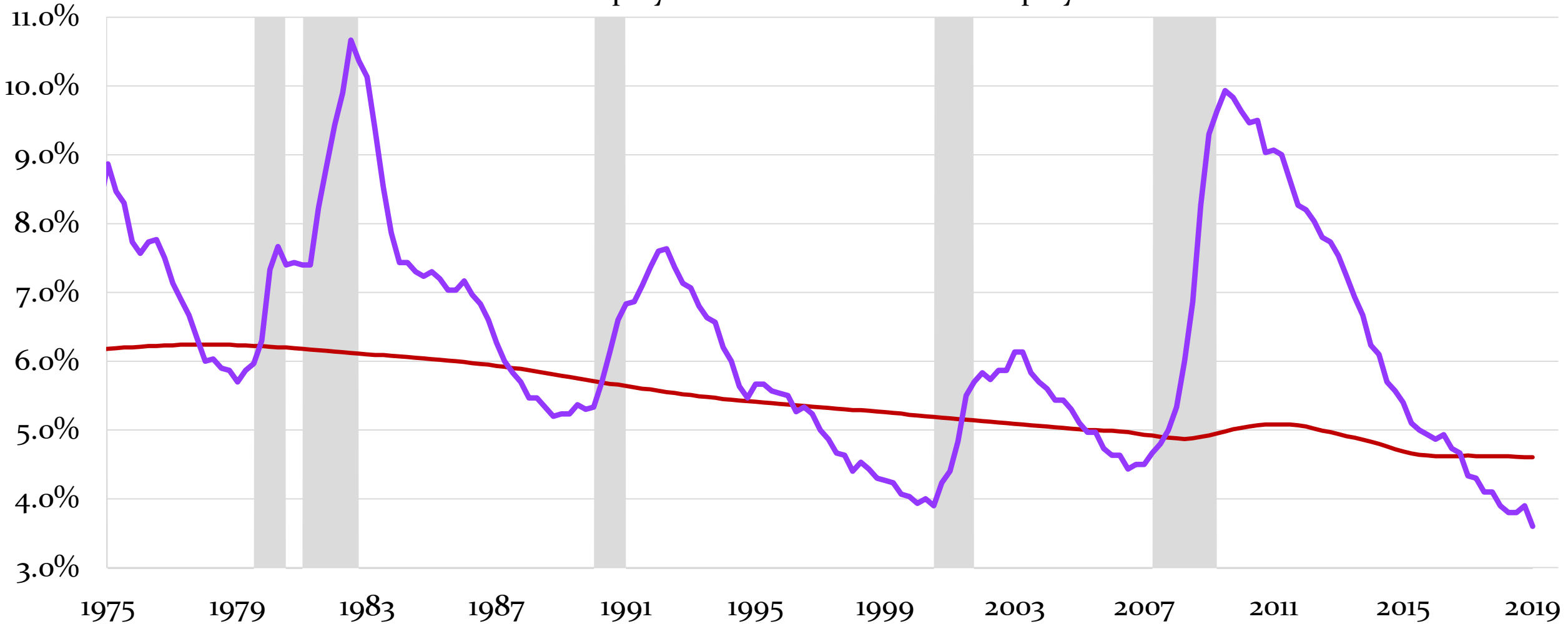


Shaded areas indicate U.S. Recessions

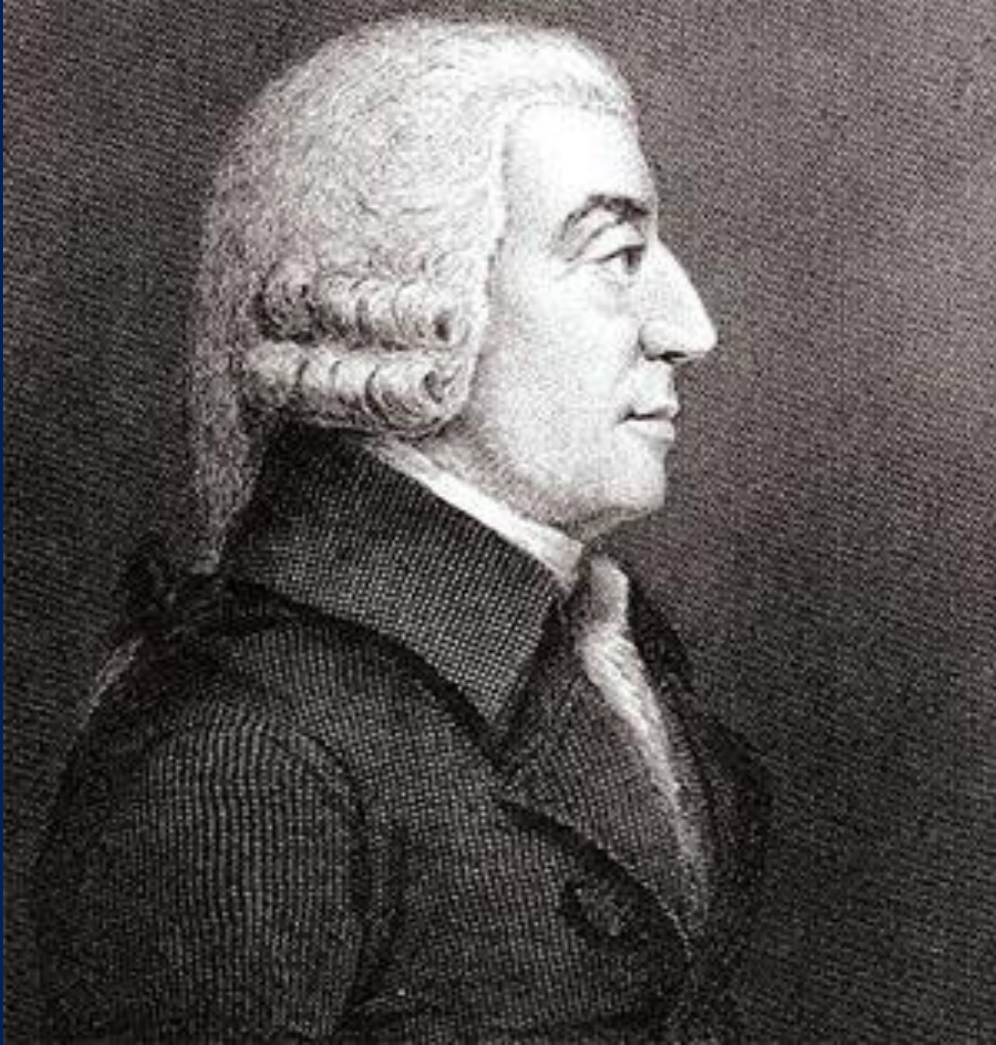
Source: Federal Reserve Bank of St. Louis

# U.S. Unemployment & Natural Rate of Unemployment

— Natural Rate of Unemployment    — Civilian Unemployment Rate



Shaded areas indicate U.S. Recessions

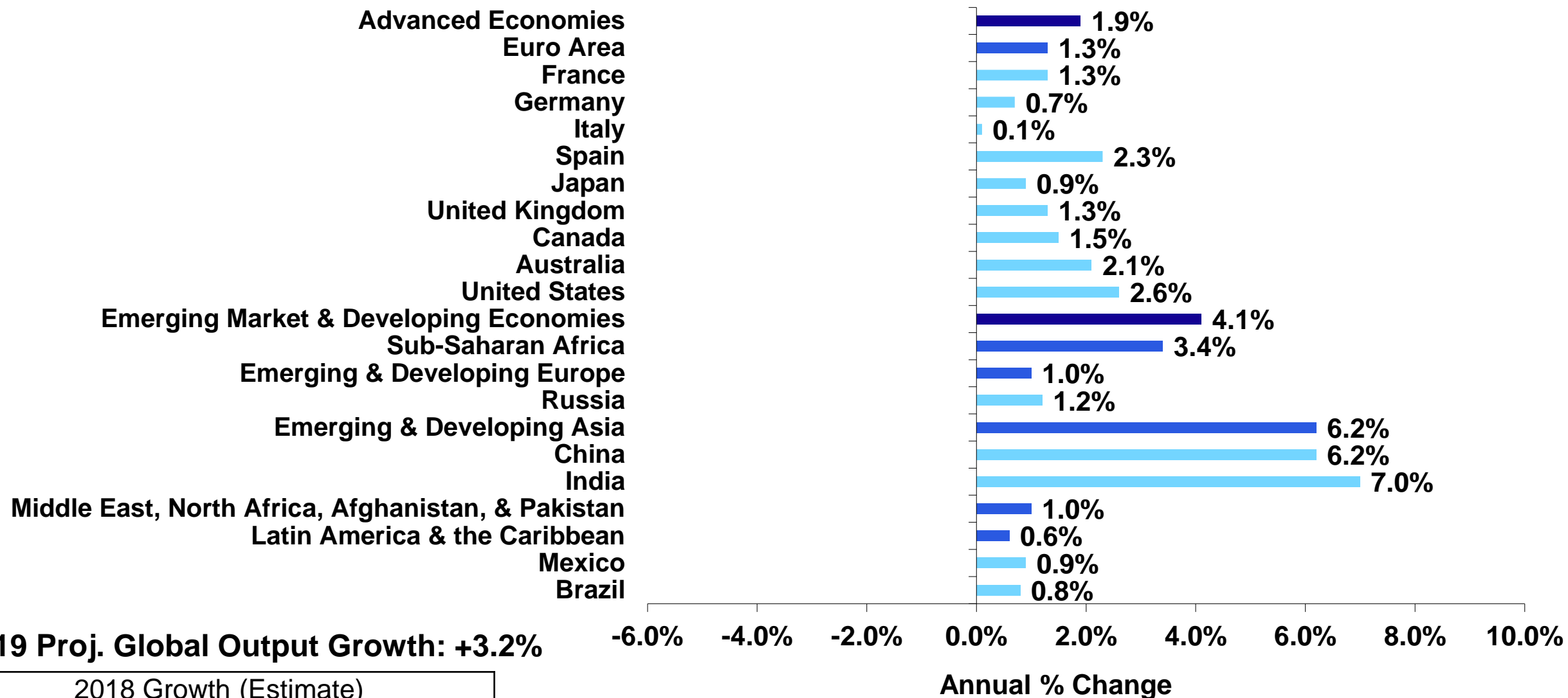


**“No society can surely be flourishing and happy, of which the far greater part of the members are poor and miserable.”**

**–Adam Smith**

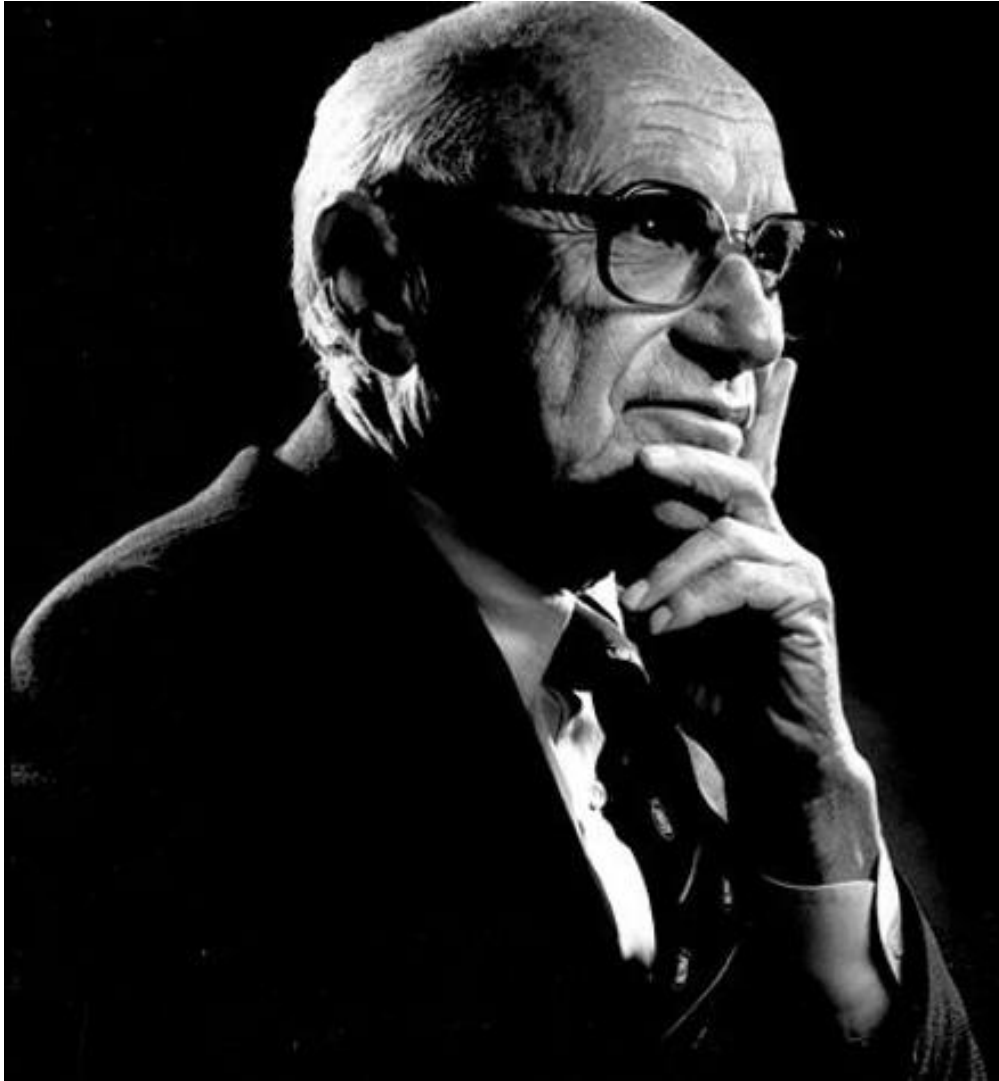
# Estimated Growth in Output by Select Global Areas

2019 Projected



2018 Growth (Estimate)	
World: 3.6%	Euro Area: 1.9%
United States: 2.9%	Japan: 0.8%

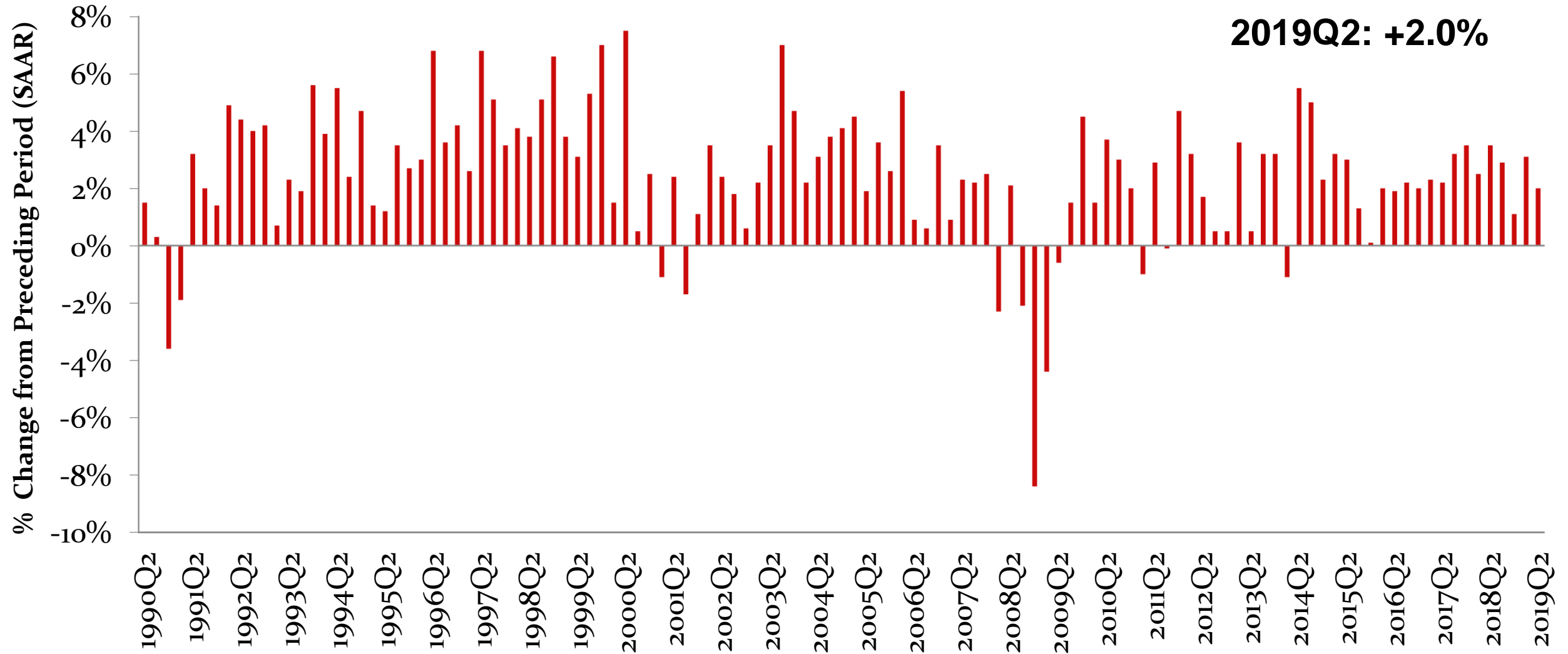




**“Inflation is the one form of  
taxation that can be imposed  
without legislation.”  
–Milton Friedman**

# Gross Domestic Product

1990Q2 through 2019Q2\*

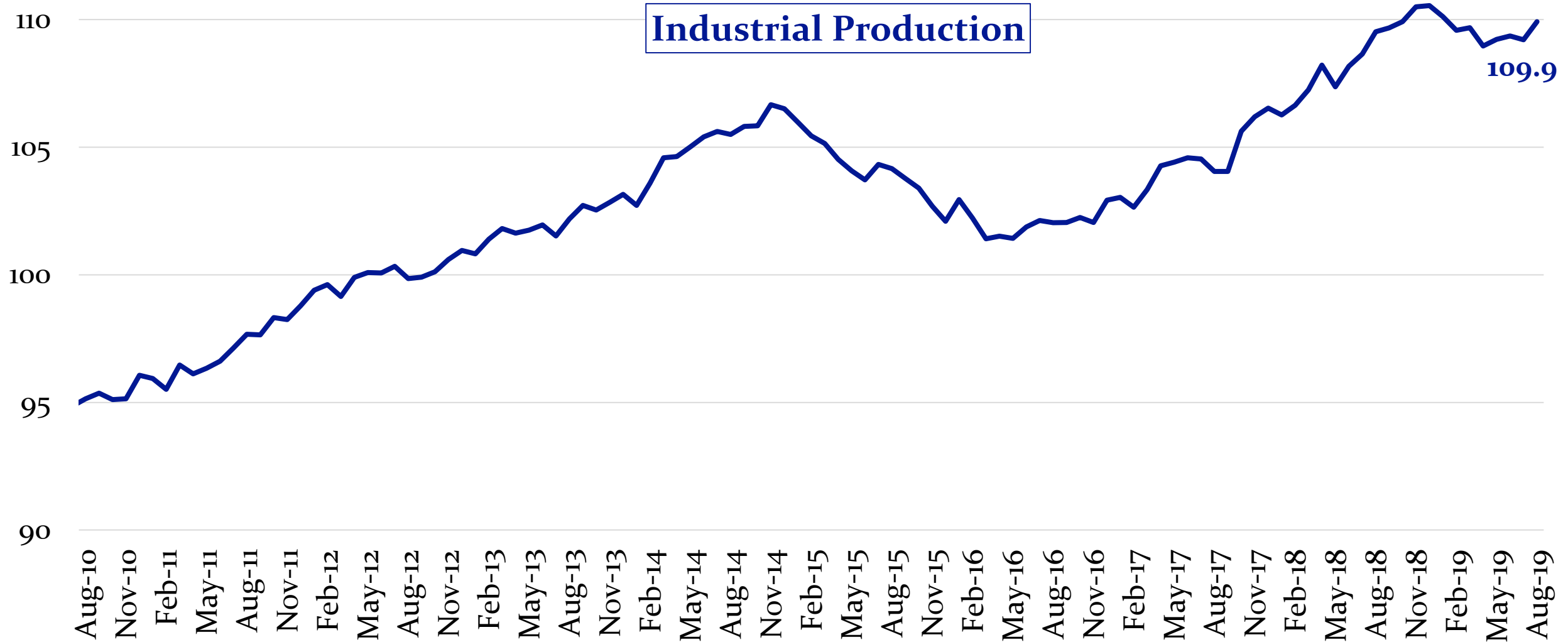


2019Q2: +2.0%



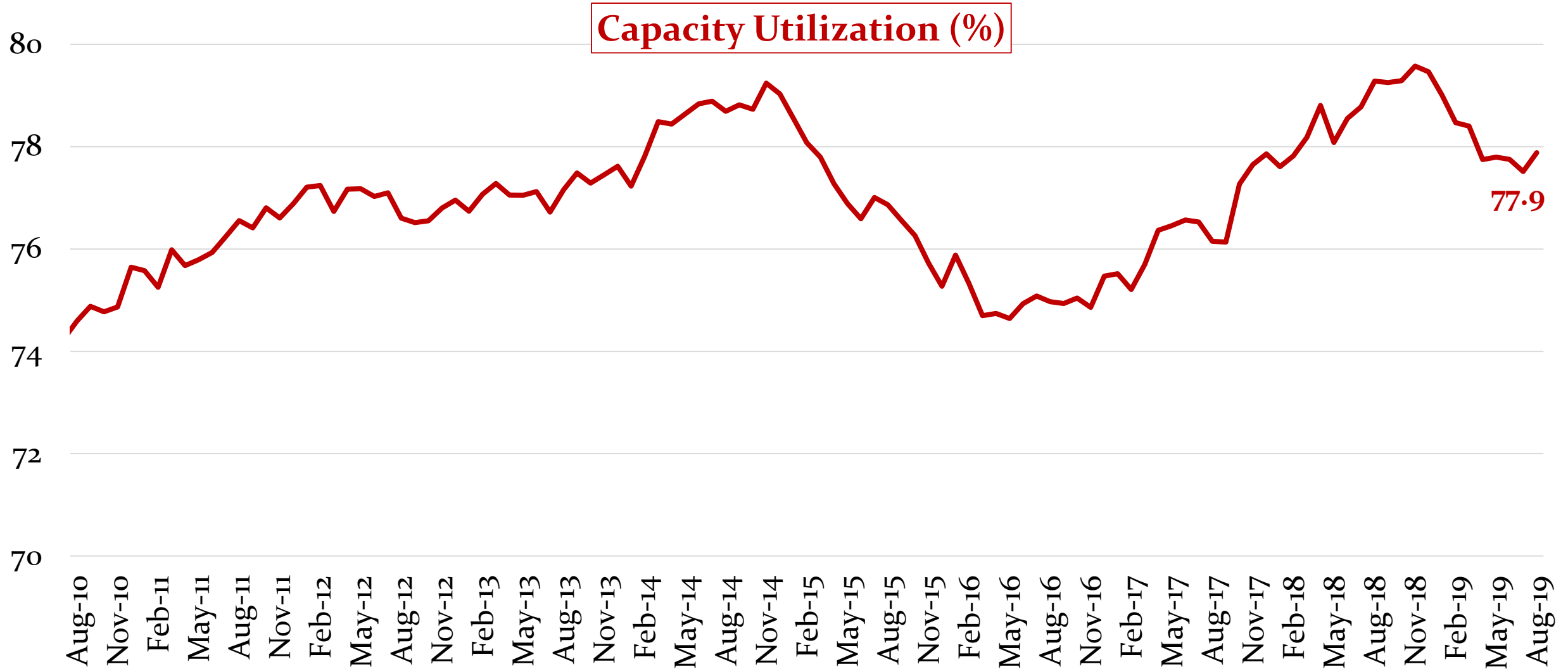
# U.S. Industrial Production Index

August 2010 – August 2019



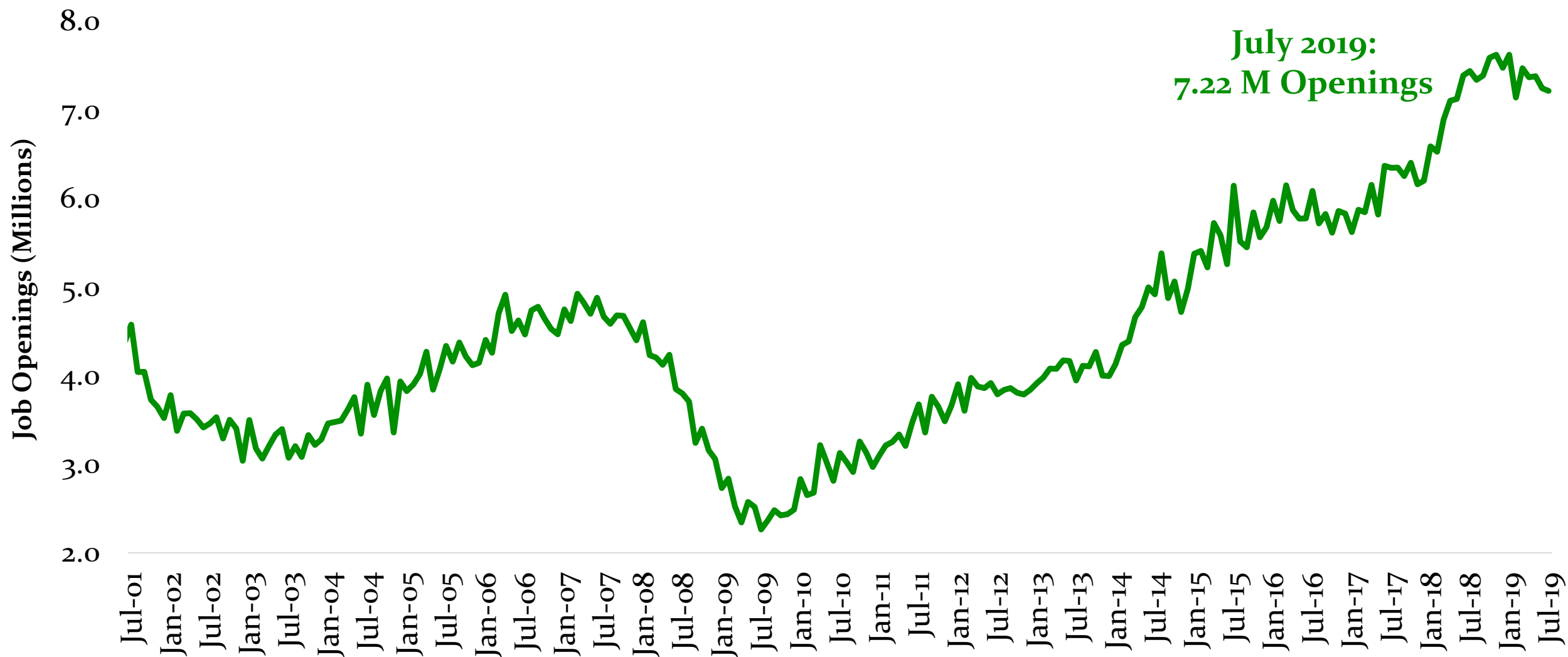
# U.S. Capacity Utilization Index

August 2010 – August 2019



# U.S. Job Openings

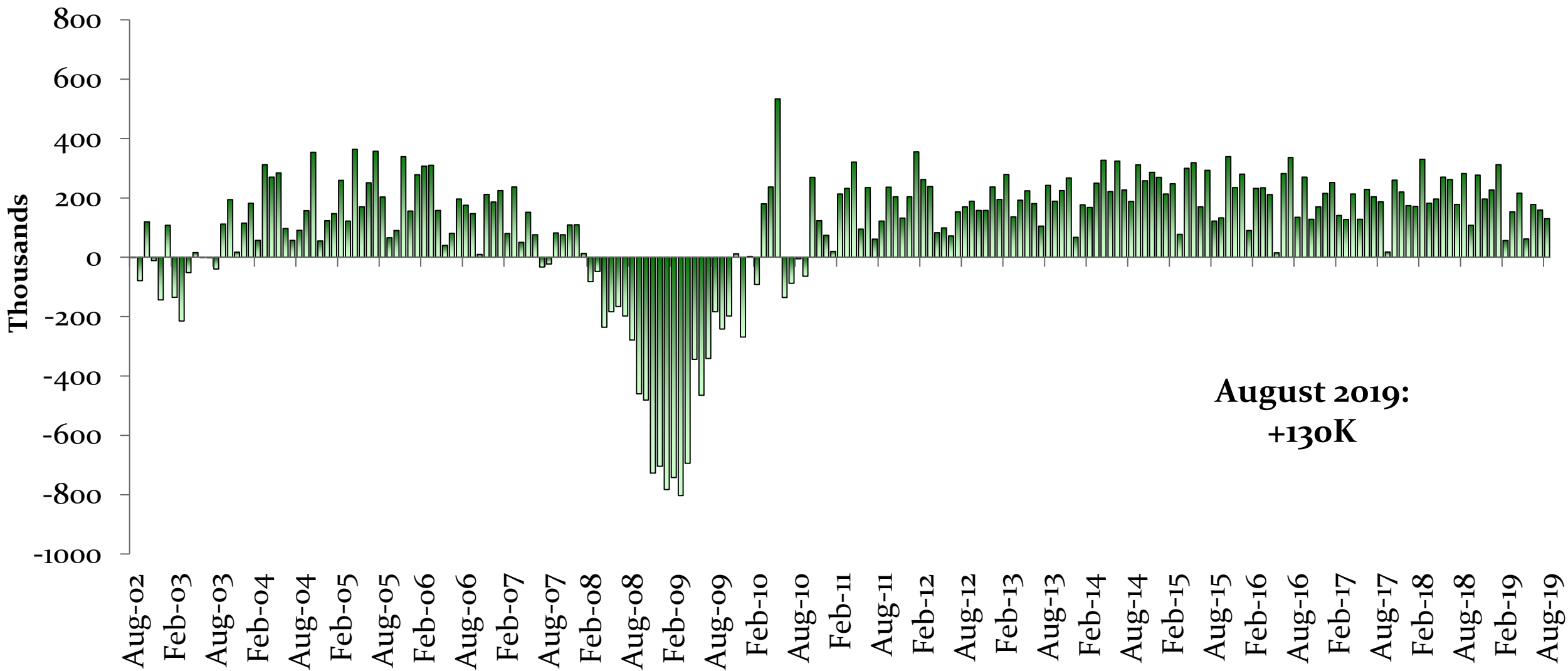
July 2001 through July 2019



July 2019:  
7.22 M Openings

# Net Change in U.S. Jobs

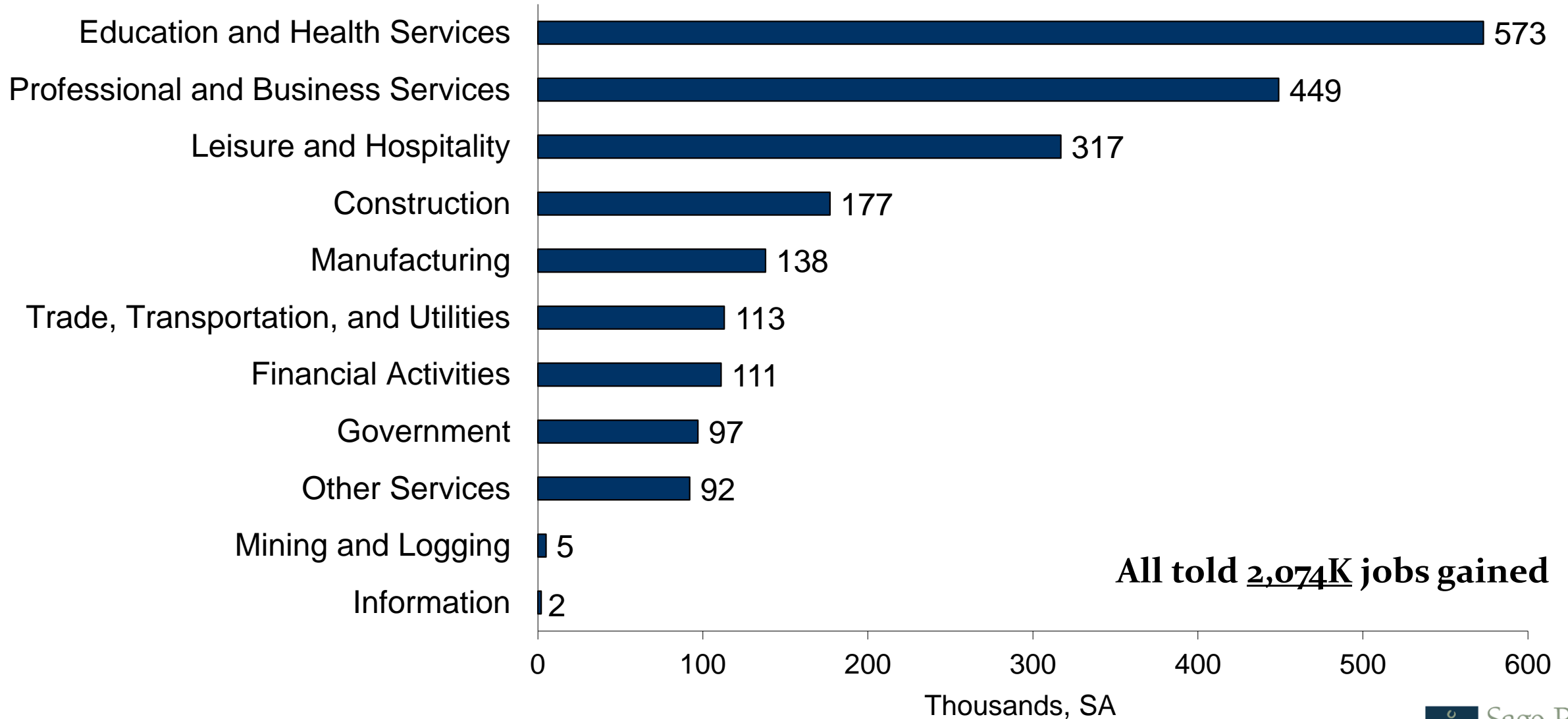
August 2002 through August 2019



**August 2019:  
+130K**

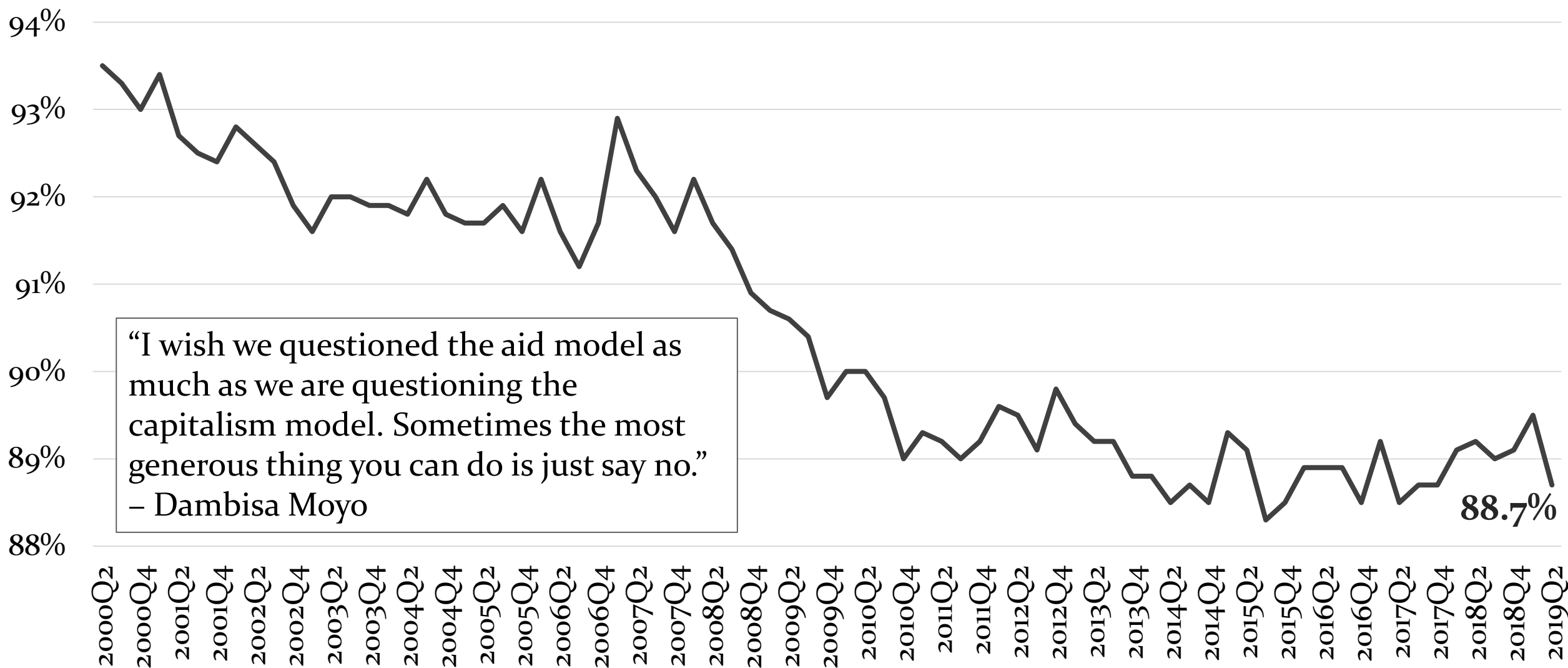
# National Nonfarm Employment

*by Industry Sector, August 2018 v. August 2019*



# U.S. Labor Force Participation: Men Ages 25-34

2000 – 2019

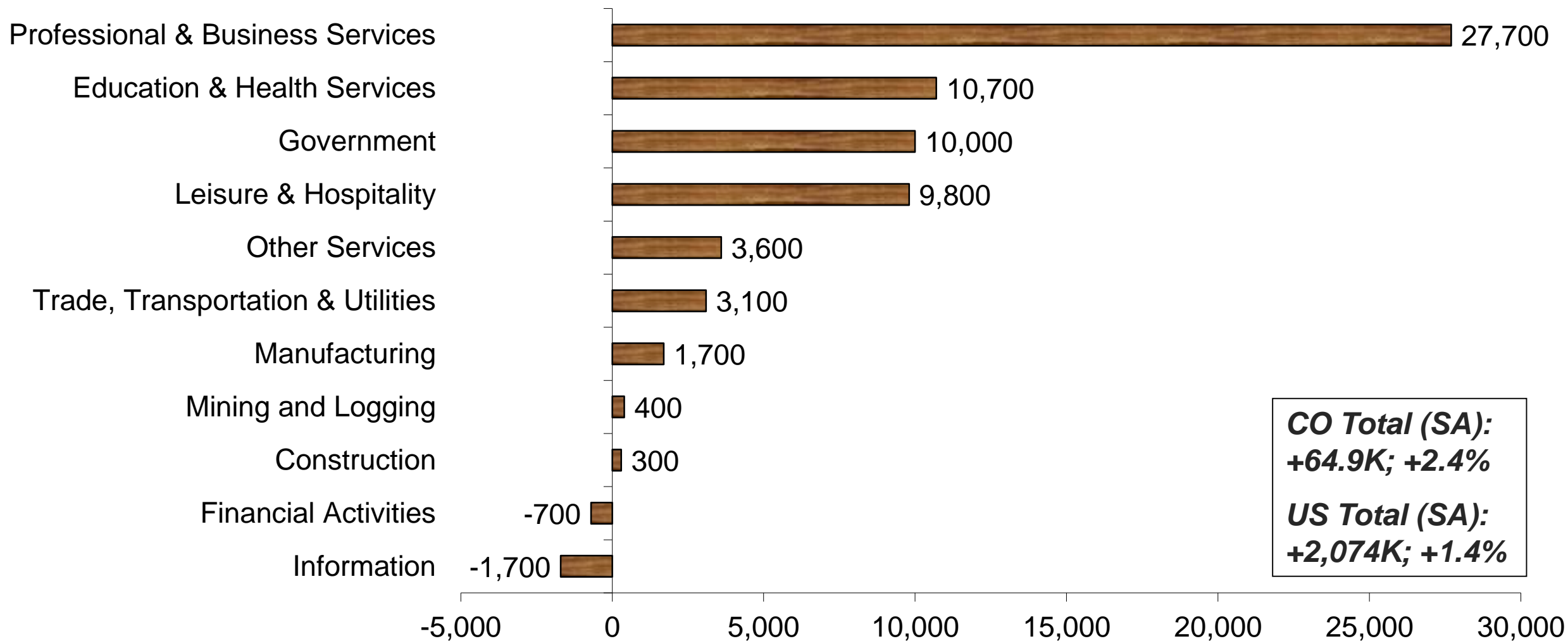




# Colorado Nonfarm Employment

by Industry Sector Groups (SA)

August 2018 v. August 2019 Absolute Change

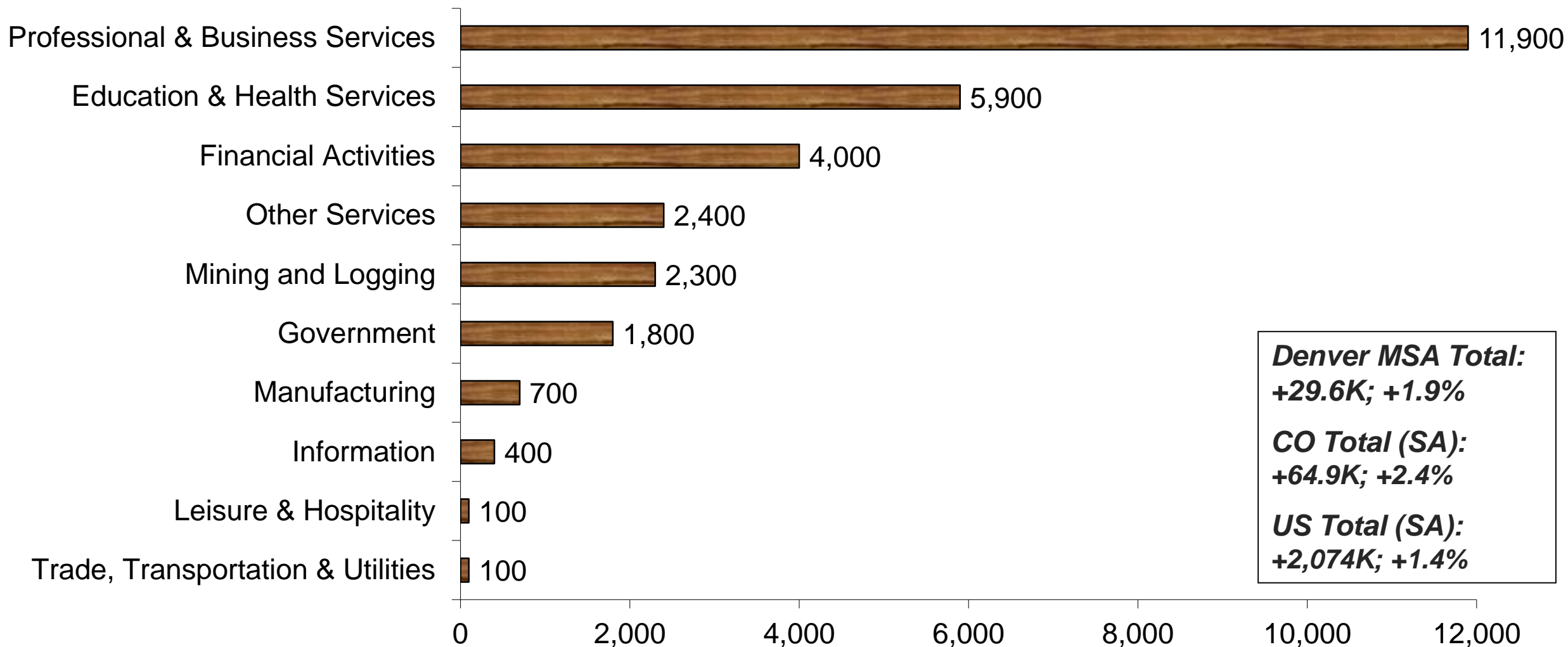


\*According to the Local Area Unemployment Statistics (LAUS) series  
CO added 62,781 jobs between August 2018 and August 2019.

# Denver-Aurora-Lakewood, CO Nonfarm Employment

by Industry Sector Groups (SA)

August 2018 v. August 2019 Absolute Change



**Denver MSA Total:**  
**+29.6K; +1.9%**

**CO Total (SA):**  
**+64.9K; +2.4%**

**US Total (SA):**  
**+2,074K; +1.4%**

# Employment Growth, U.S. States (SA)

August 2018 v. August 2019 Percent Change

RANK	STATE	%	RANK	STATE	%	RANK	STATE	%
1	NEVADA	3.0	17	SOUTH CAROLINA	1.5	35	VIRGINIA	0.9
2	UTAH	2.8	17	TENNESSEE	1.5	36	IOWA	0.8
3	WASHINGTON	2.6	20	MISSISSIPPI	1.3	36	NEBRASKA	0.8
4	ARIZONA	2.5	20	MISSOURI	1.3	38	WEST VIRGINIA	0.7
4	FLORIDA	2.5	<b>20</b>	<b>MONTANA</b>	<b>1.3</b>	39	INDIANA	0.6
<b>6</b>	<b>COLORADO</b>	<b>2.4</b>	<b>20</b>	<b>WYOMING</b>	<b>1.3</b>	39	NORTH DAKOTA	0.6
6	TEXAS	2.4	24	ARKANSAS	1.2	39	PENNSYLVANIA	0.6
<b>8</b>	<b>IDAHO</b>	<b>2.1</b>	24	DISTRICT OF COLUMBIA	1.2	42	CONNECTICUT	0.4
<b>8</b>	<b>NEW MEXICO</b>	<b>2.1</b>	24	MASSACHUSETTS	1.2	42	MICHIGAN	0.4
10	ALABAMA	2.0	27	ALASKA	1.1	42	OHIO	0.4
11	GEORGIA	1.9	27	DELAWARE	1.1	45	OKLAHOMA	0.3
11	NEW HAMPSHIRE	1.9	27	ILLINOIS	1.1	46	VERMONT	0.2
11	OREGON	1.9	27	KANSAS	1.1	47	HAWAII	0.1
14	CALIFORNIA	1.8	27	MAINE	1.1	47	LOUISIANA	0.1
15	NORTH CAROLINA	1.6	27	NEW JERSEY	1.1	47	MARYLAND	0.1
15	SOUTH DAKOTA	1.6	33	KENTUCKY	1.0	47	MINNESOTA	0.1
17	RHODE ISLAND	1.5	33	NEW YORK	1.0	47	WISCONSIN	0.1

**U.S. Year-over-year Percent Change: +1.4%**

# Employment Growth, 25 Largest Metros (NSA)

*August 2018 v. August 2019 Percent Change*

Rank	MSA	%	Rank	MSA	%
1	Orlando-Kissimmee-Sanford, FL	4.0	14	San Diego-Carlsbad, CA	1.8
2	Dallas-Fort Worth-Arlington, TX	3.1	15	Tampa-St. Petersburg-Clearwater, FL	1.6
2	Seattle-Tacoma-Bellevue, WA	3.1	16	Atlanta-Sandy Springs-Roswell, GA	1.5
4	Houston-The Woodlands-Sugar Land, TX	2.7	17	Boston-Cambridge-Nashua, MA-NH	1.4
4	Phoenix-Mesa-Scottsdale, AZ	2.7	17	New York-Newark-Jersey City, NY-NJ-PA	1.4
6	Riverside-San Bernardino-Ontario, CA	2.5	17	Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	1.4
7	San Francisco-Oakland-Hayward, CA	2.4	20	Los Angeles-Long Beach-Anaheim, CA	1.2
8	Charlotte-Concord-Gastonia, NC-SC	2.3	21	Chicago-Naperville-Elgin, IL-IN-WI	1.0
9	Portland-Vancouver-Hillsboro, OR-WA	2.1	21	Washington-Arlington-Alexandria, DC-VA-MD-WV	1.0
9	San Antonio-New Braunfels, TX	2.1			
11	Miami-Fort Lauderdale-West Palm Beach, FL	2.0	23	Baltimore-Columbia-Towson, MD	0.9
<b>12</b>	<b>Denver-Aurora-Lakewood, CO</b>	<b>1.9</b>	24	Minneapolis-St. Paul-Bloomington, MN-WI	0.0
12	St. Louis, MO-IL	1.9	25	Detroit-Warren-Dearborn, MI	-0.3

# Unemployment Rates, 25 Largest Metros (NSA)

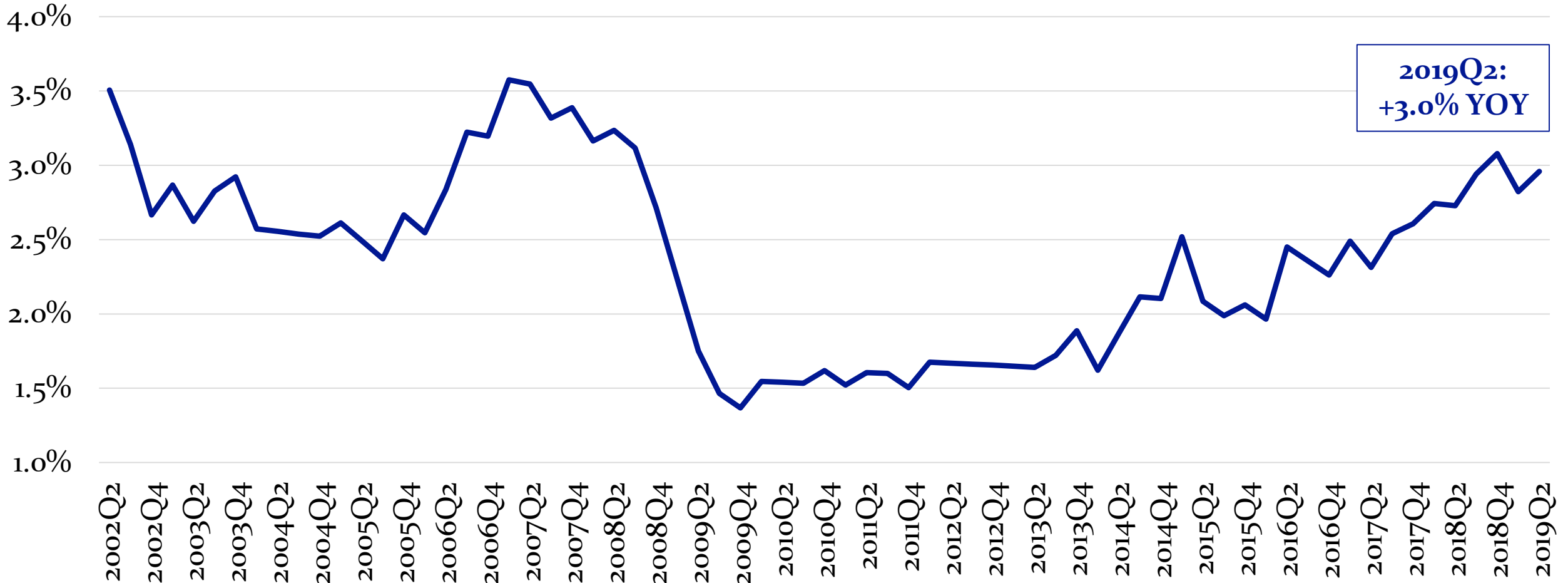
July 2019

Rank	MSA	UR	Rank	MSA	UR
1	Boston-Cambridge-Nashua, MA-NH	2.7	12	Seattle-Tacoma-Bellevue, WA	3.6
<b>1</b>	<b>Denver-Aurora-Lakewood, CO</b>	<b>2.7</b>	12	St. Louis, MO-IL (1)	3.6
3	San Francisco-Oakland-Hayward, CA	2.9	15	New York-Newark-Jersey City, NY-NJ-PA	3.9
4	Minneapolis-St. Paul-Bloomington, MN-WI	3.1	16	Charlotte-Concord-Gastonia, NC-SC	4.0
5	Orlando-Kissimmee-Sanford, FL	3.2	16	Houston-The Woodlands-Sugar Land, TX	4.0
6	San Antonio-New Braunfels, TX	3.3	16	Portland-Vancouver-Hillsboro, OR-WA	4.0
6	Washington-Arlington-Alexandria, DC-VA-MD-WV	3.3	19	Baltimore-Columbia-Towson, MD	4.1
			19	Chicago-Naperville-Elgin, IL-IN-WI	4.1
8	Dallas-Fort Worth-Arlington, TX	3.4	21	Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	4.3
8	Miami-Fort Lauderdale-West Palm Beach, FL	3.4	22	Los Angeles-Long Beach-Anaheim, CA	4.6
8	Tampa-St. Petersburg-Clearwater, FL	3.4	22	Riverside-San Bernardino-Ontario, CA	4.6
11	Atlanta-Sandy Springs-Roswell, GA	3.5	24	Phoenix-Mesa-Scottsdale, AZ	4.8
12	San Diego-Carlsbad, CA	3.6	25	Detroit-Warren-Dearborn, MI	5.3

# Growth in Wages & Salaries

Employment Cost Index (ECI), 2002Q2-2019Q2

ECI for Wages & Salaries  
12-Month % Change

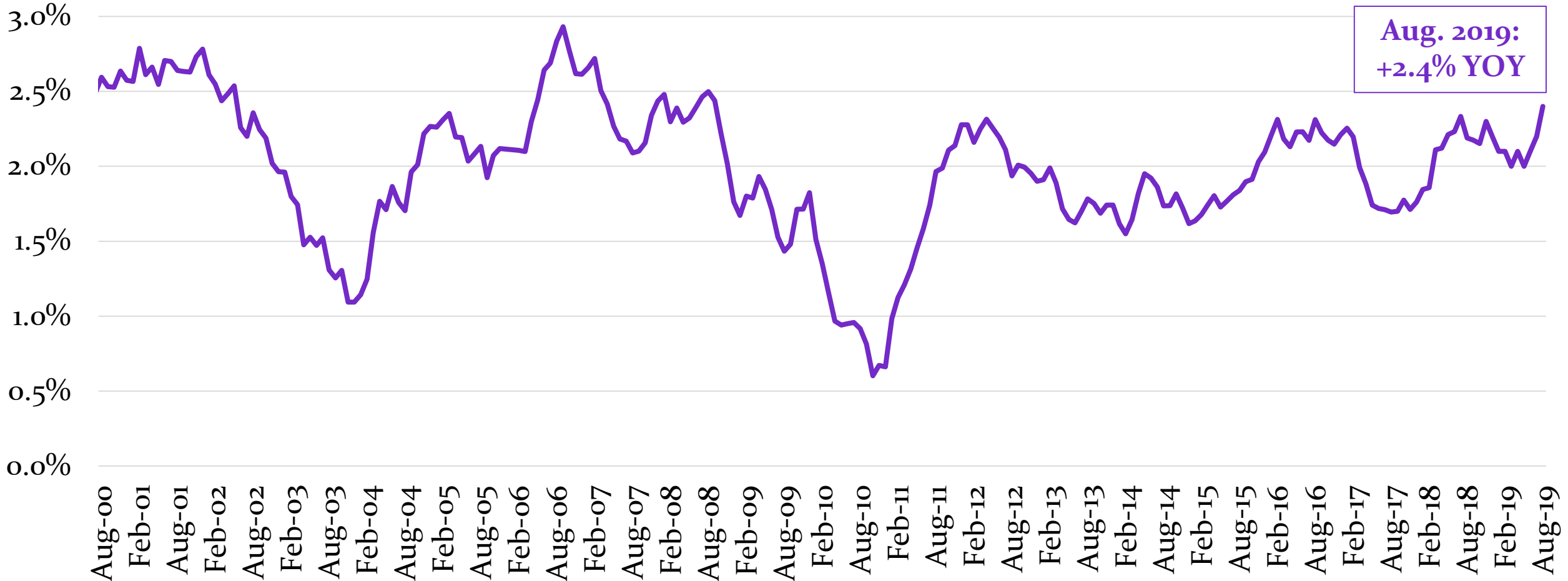




# Consumer Price Index: All Items Less Food & Energy

August 2000 – August 2019

Core CPI (All Items Less Food & Energy)  
12-Month % Change

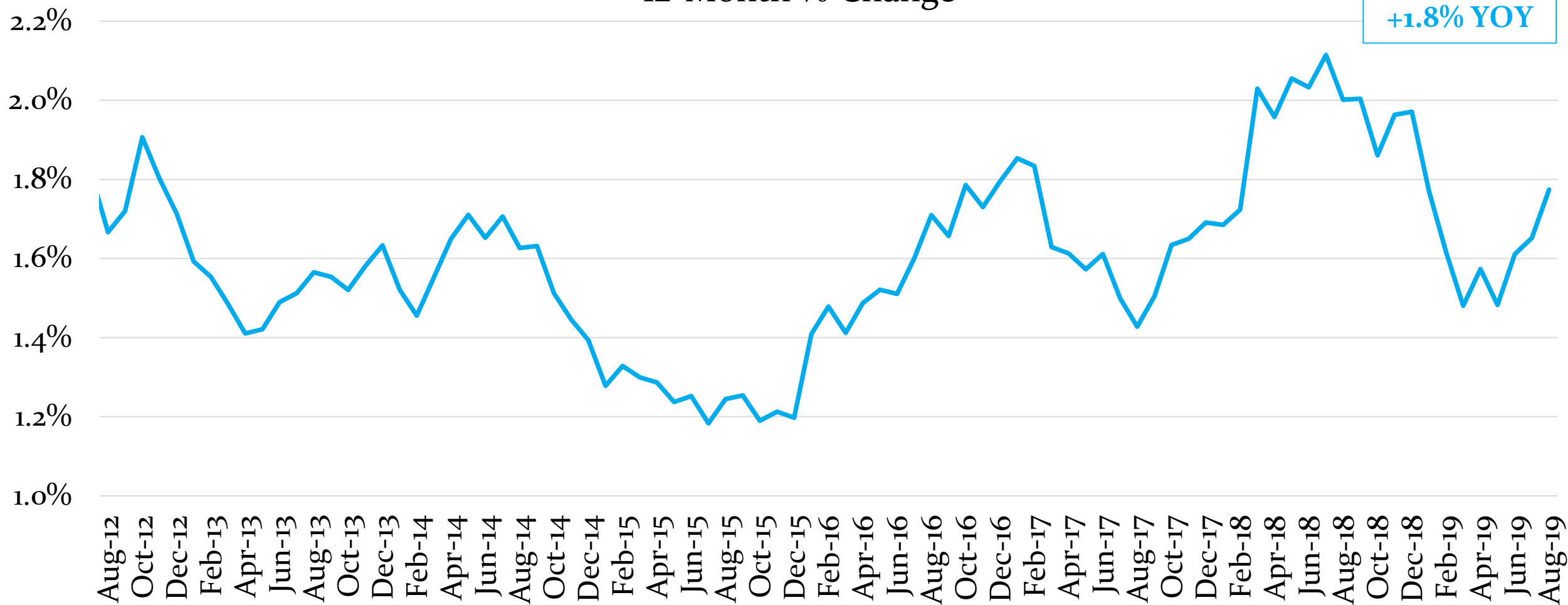


Aug. 2019:  
+2.4% YOY

# Core PCE Deflator

August 2012 through August 2019

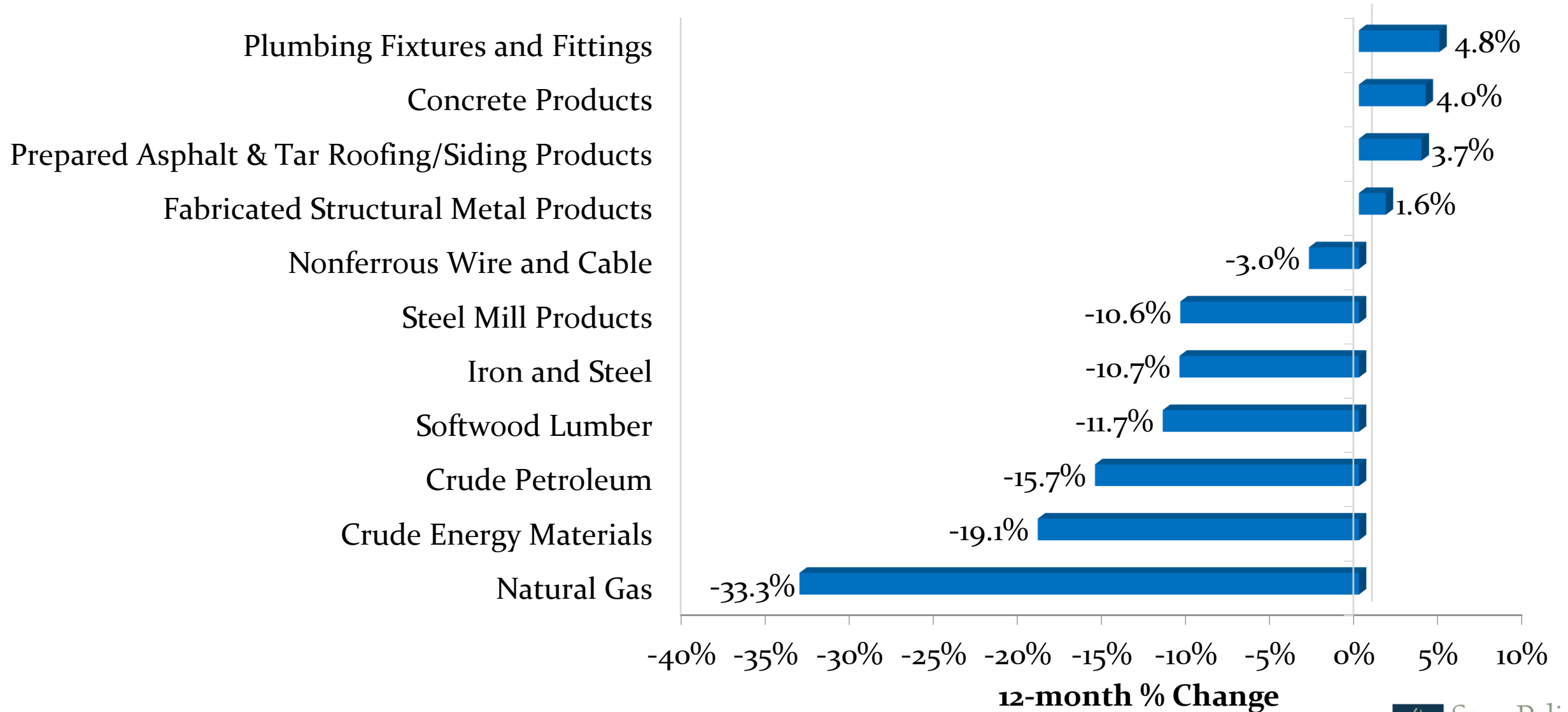
Core PCE Index  
12-Month % Change

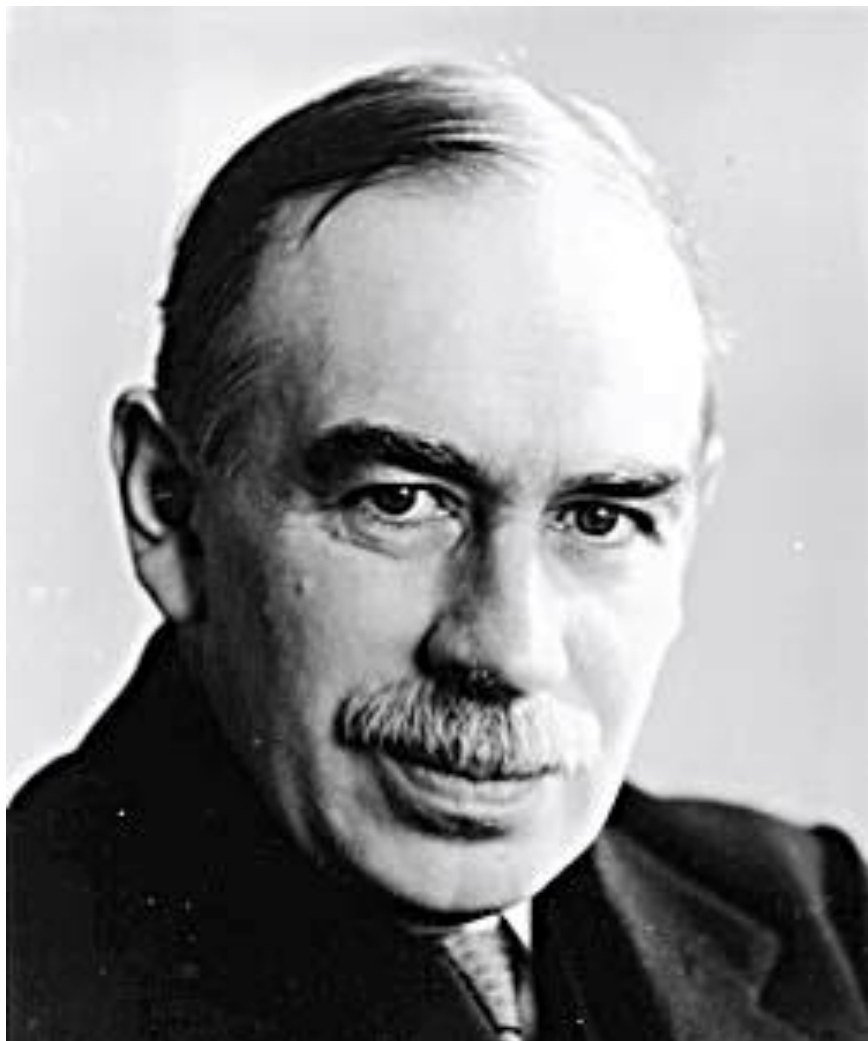


Aug. 2019:  
+1.8% YOY

# Construction Materials PPI (NSA)

12-month % Change as of August 2019



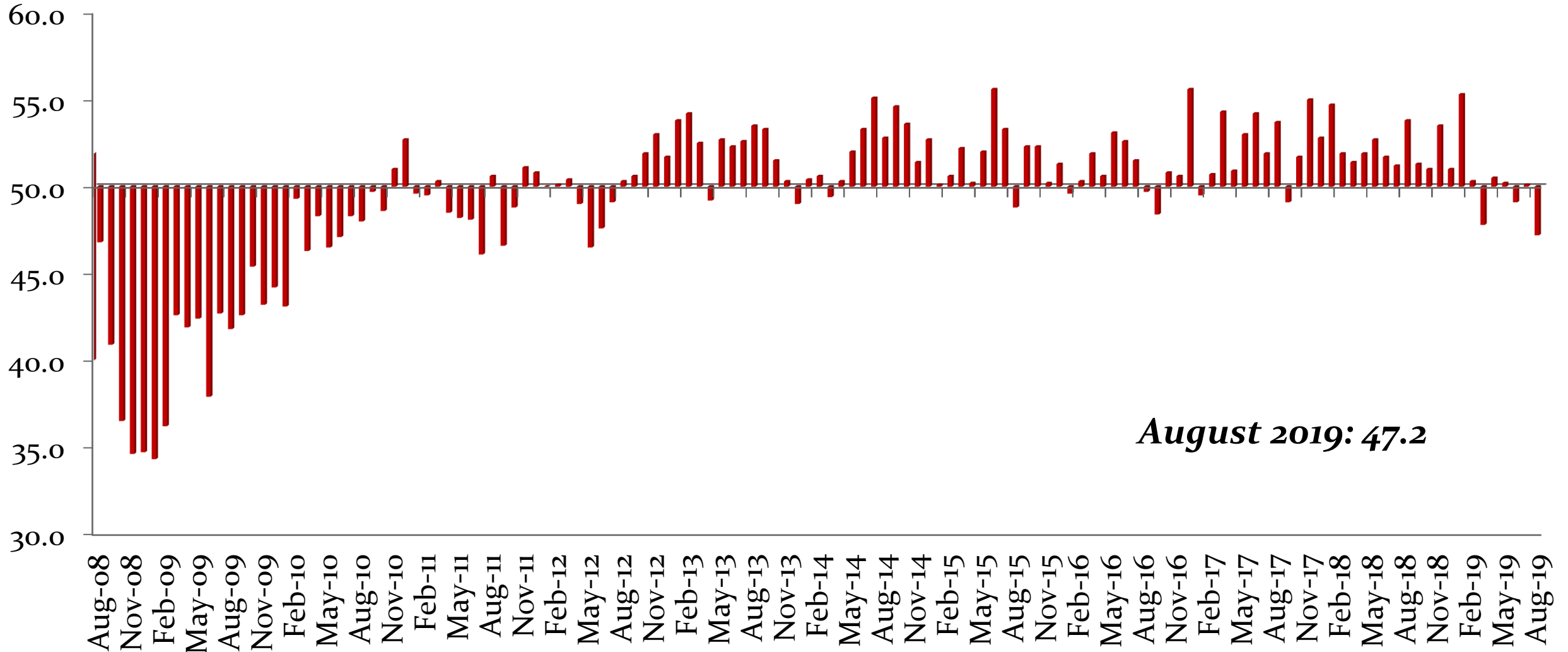


**“Most men love money and security more, and creation and construction less, as they get older.”**

**–John Maynard Keynes**

# Architecture Billings Index

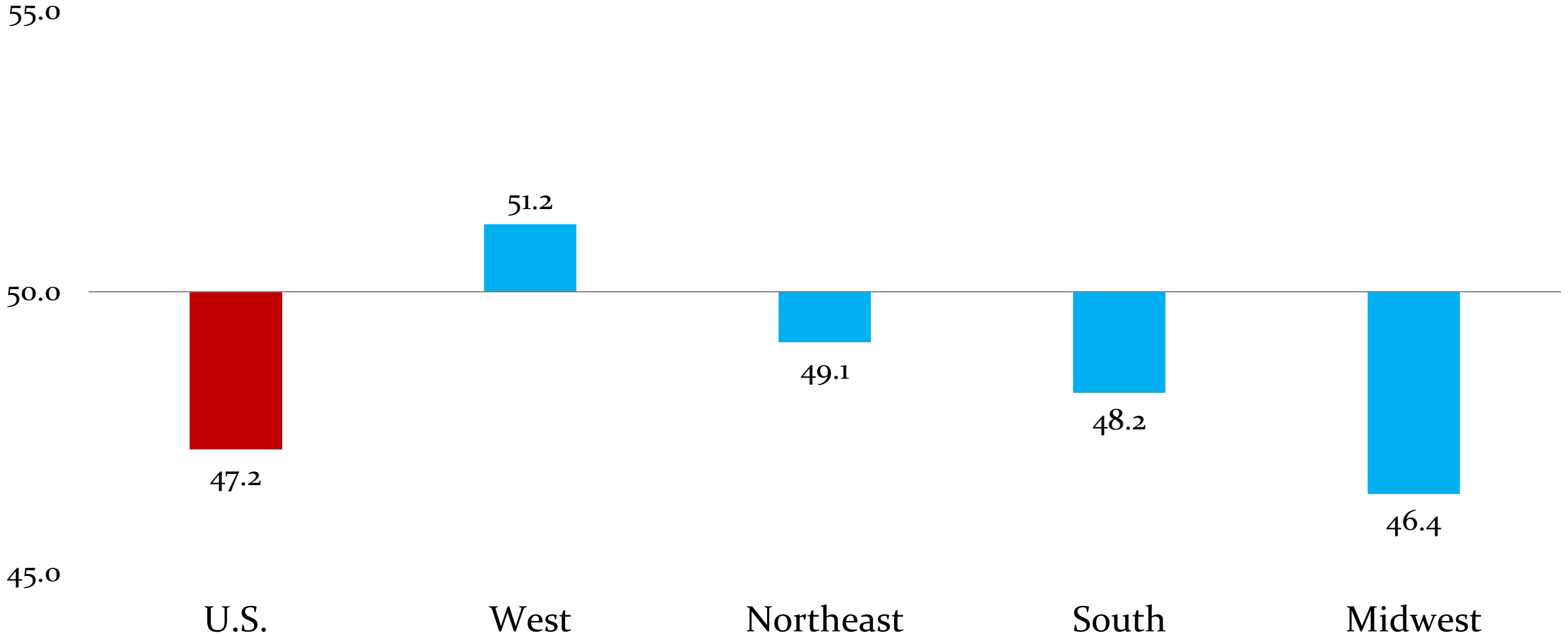
August 2008 through August 2019



**August 2019: 47.2**

# Architecture Billings Index by U.S. Region (Colorado is in the West)

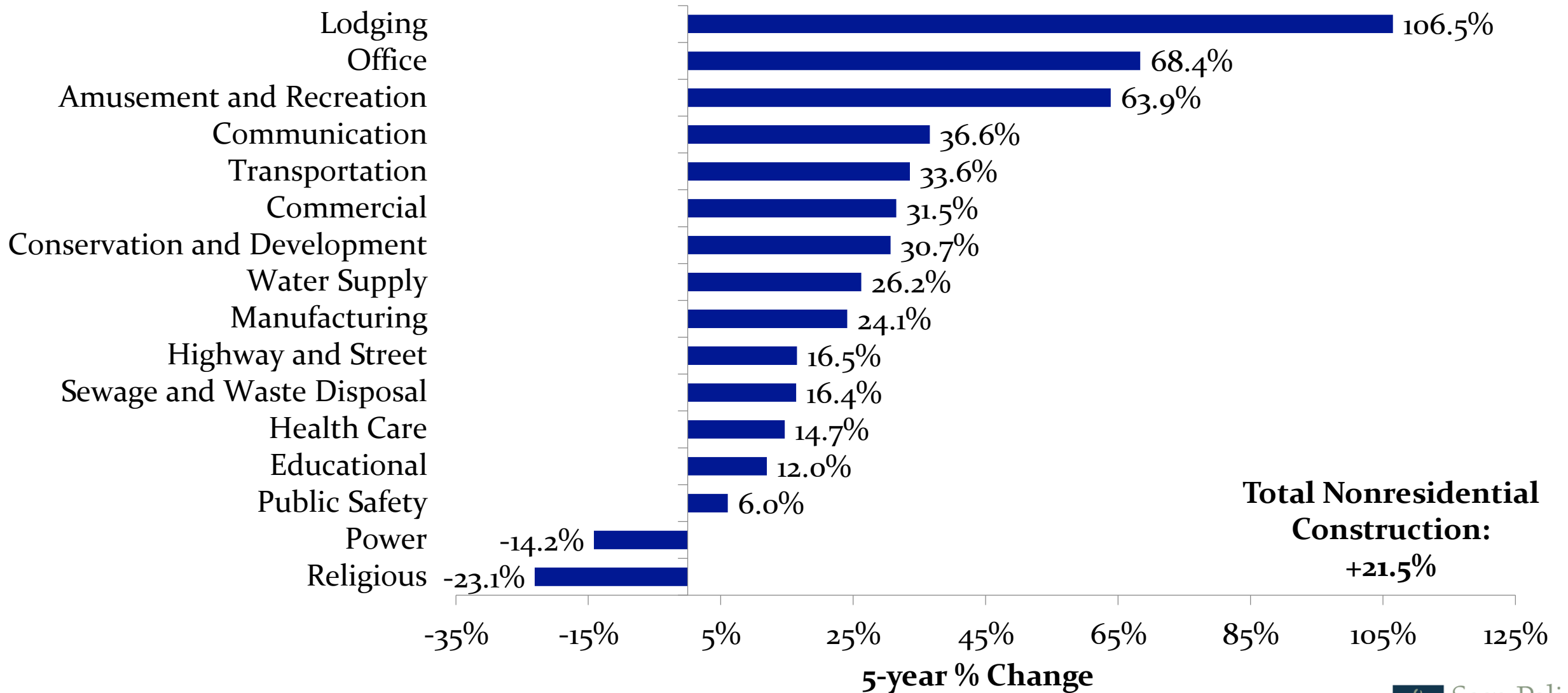
August 2019





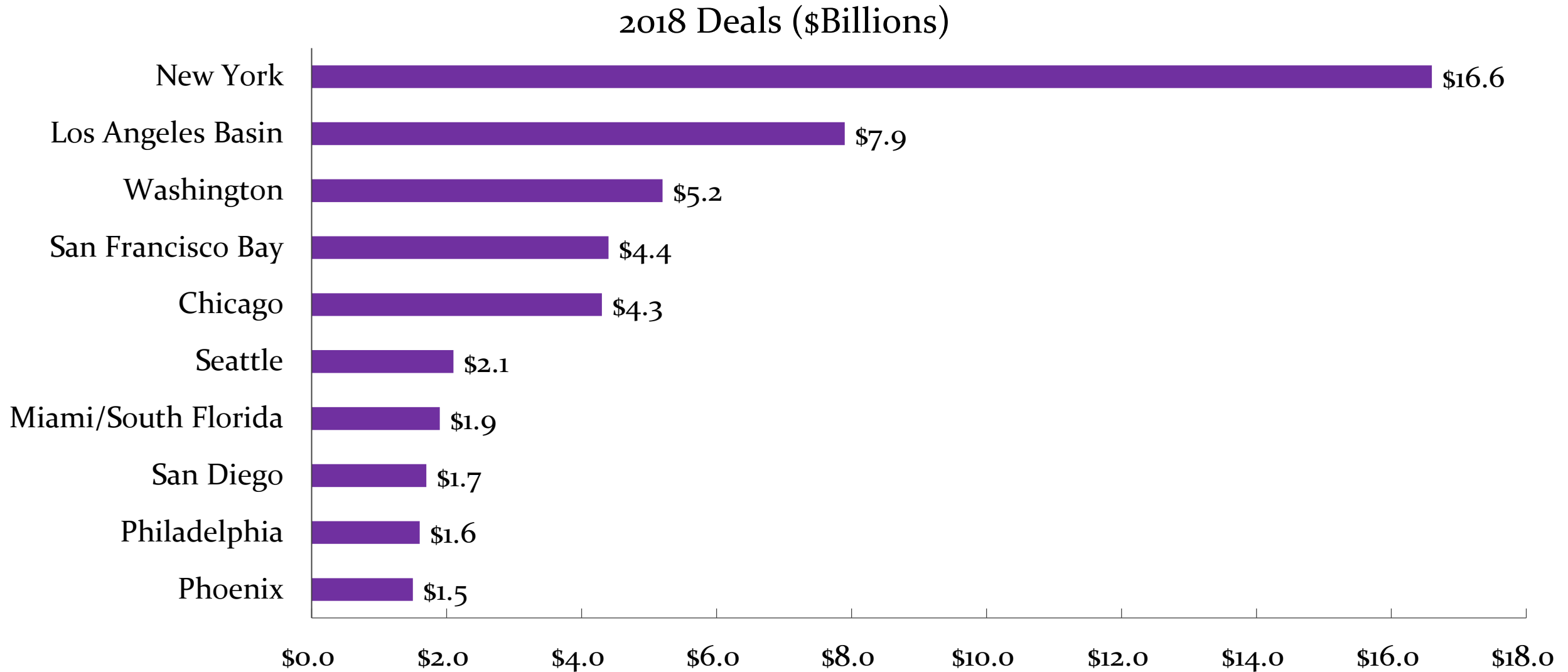
# National Nonresidential Construction Spending by Subsector

July 2014 v. July 2019



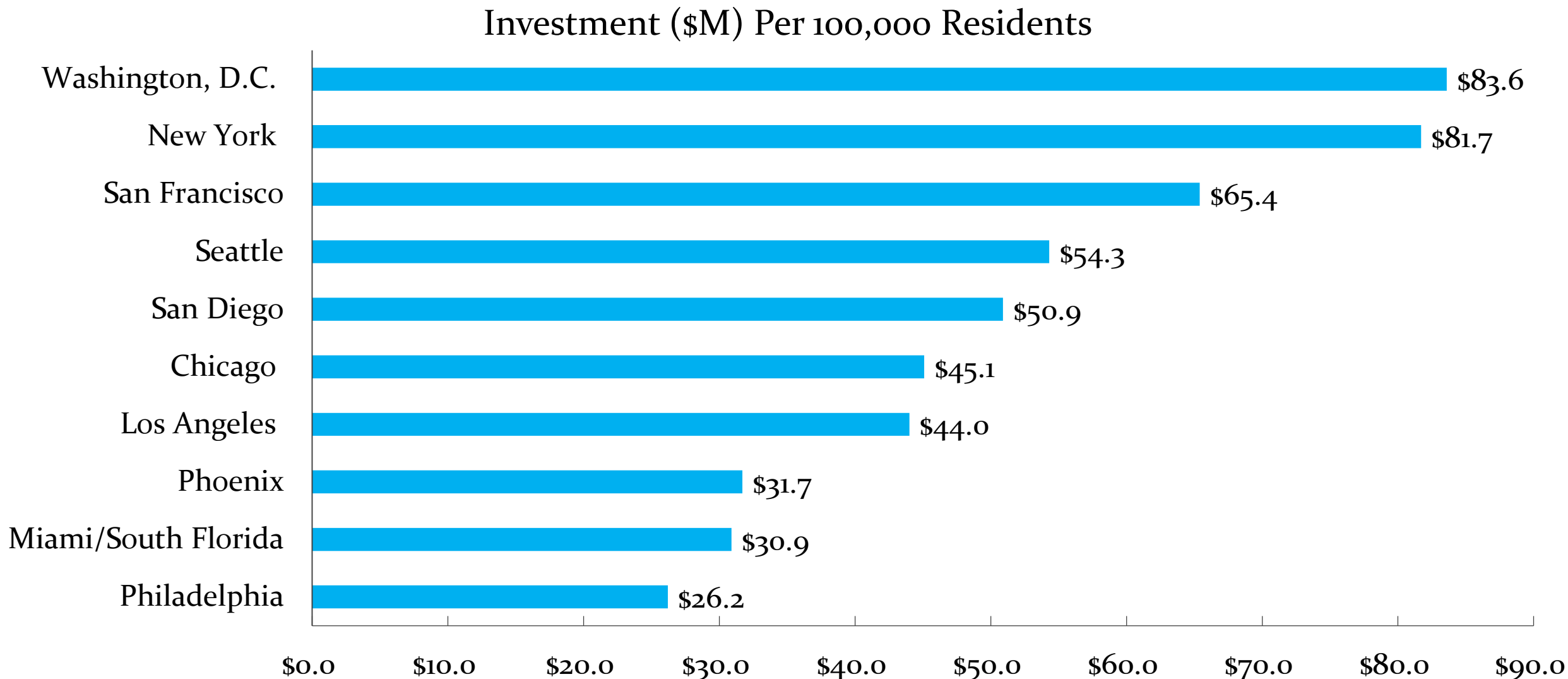
# Foreign Investment in U.S. Commercial Real Estate

*Top Destination Markets, 2018*



# Foreign Investment in U.S. Commercial Real Estate Per 100,000 Residents

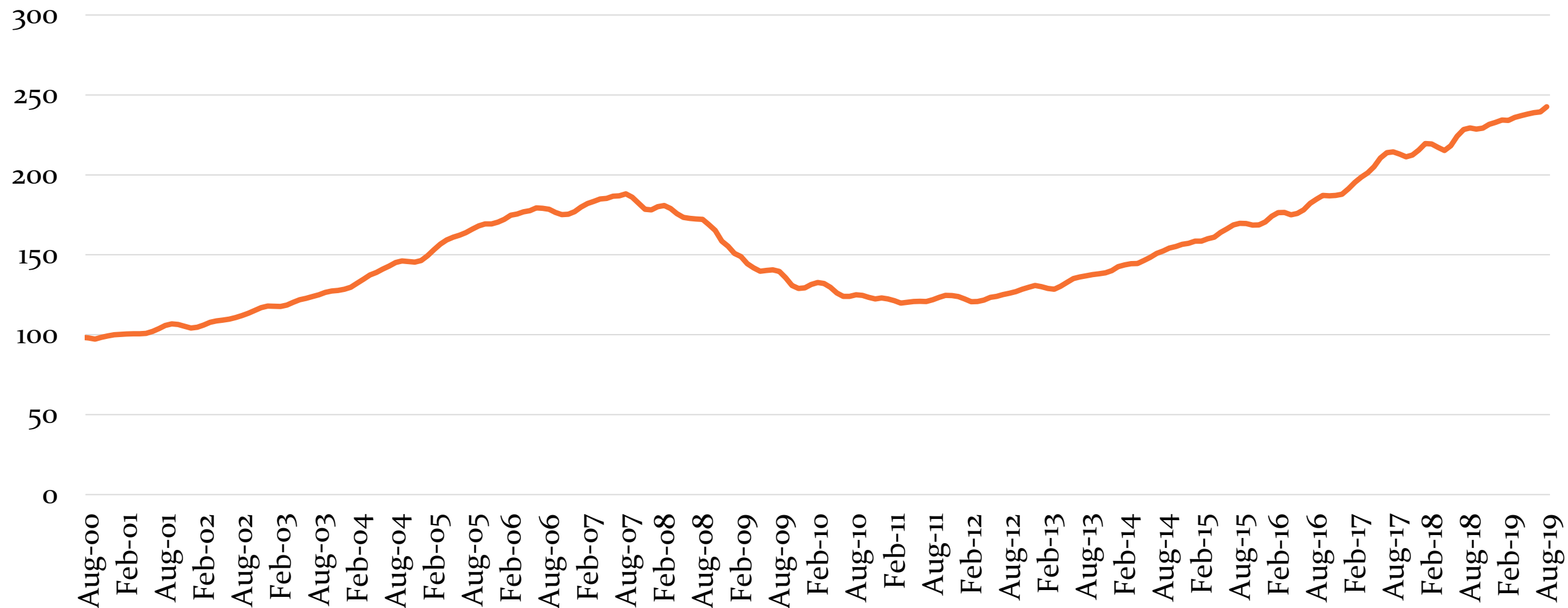
*Top Destination Markets, 2018*



# CoStar Commercial Repeat Sales Index

August 2000 through August 2019

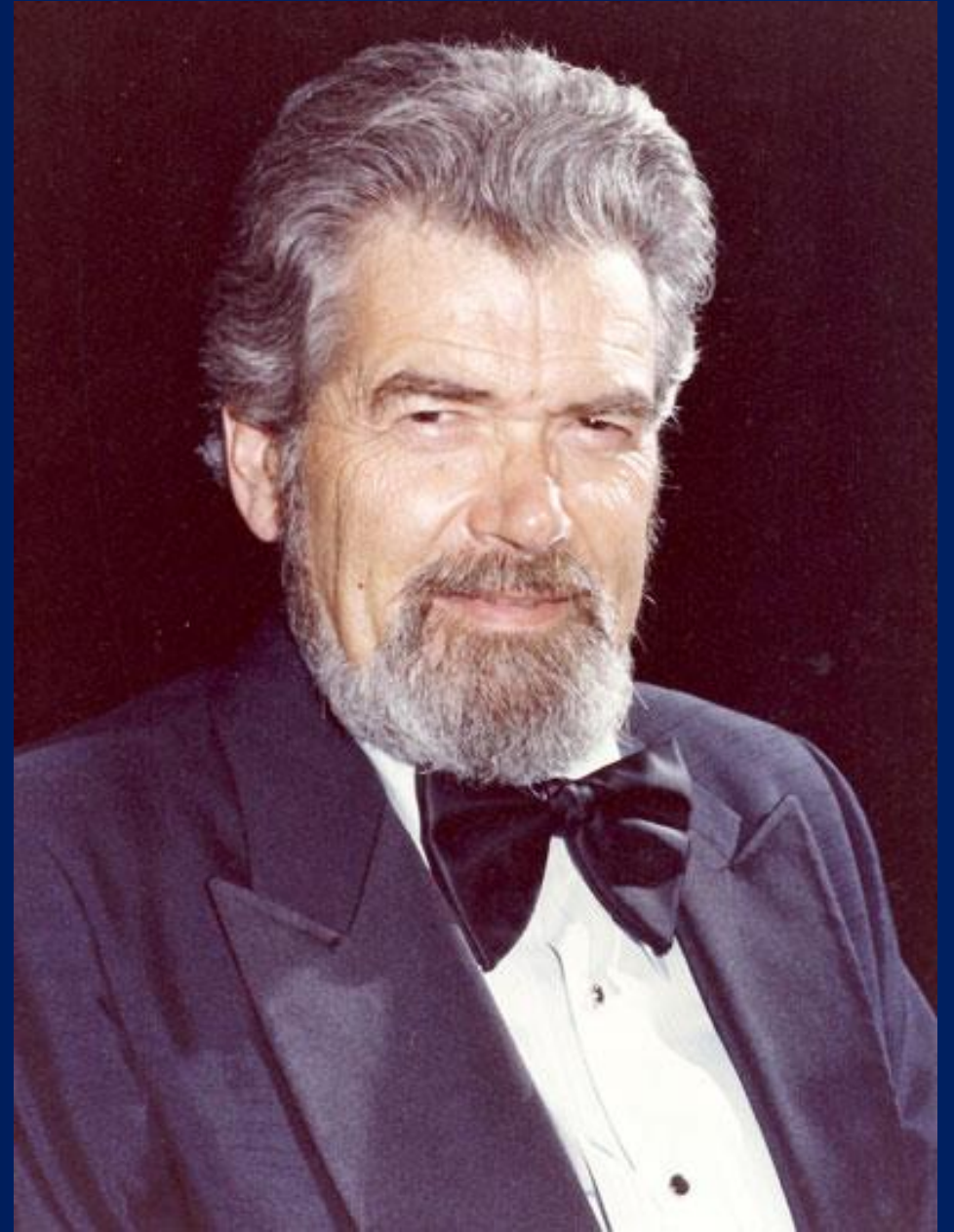
## CCRI: U.S. Composite



\*Based on 1,274 repeat sale pairs in August 2019 and more than 215,000 repeat sales since 1996.

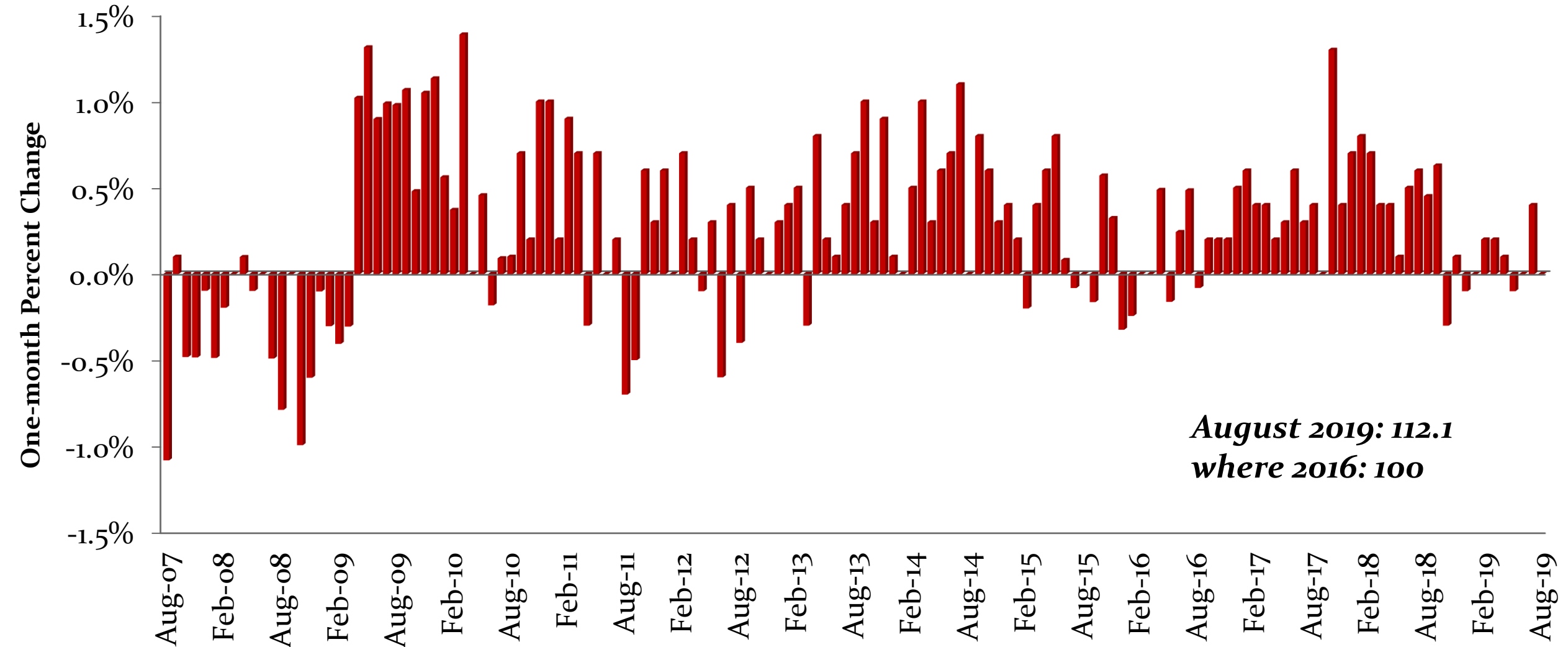
**“An economist is an expert  
who will know tomorrow why  
the things he predicted  
yesterday didn't happen  
today.”**

**–Laurence J. Peter**



# Conference Board Leading Economic Indicators Index

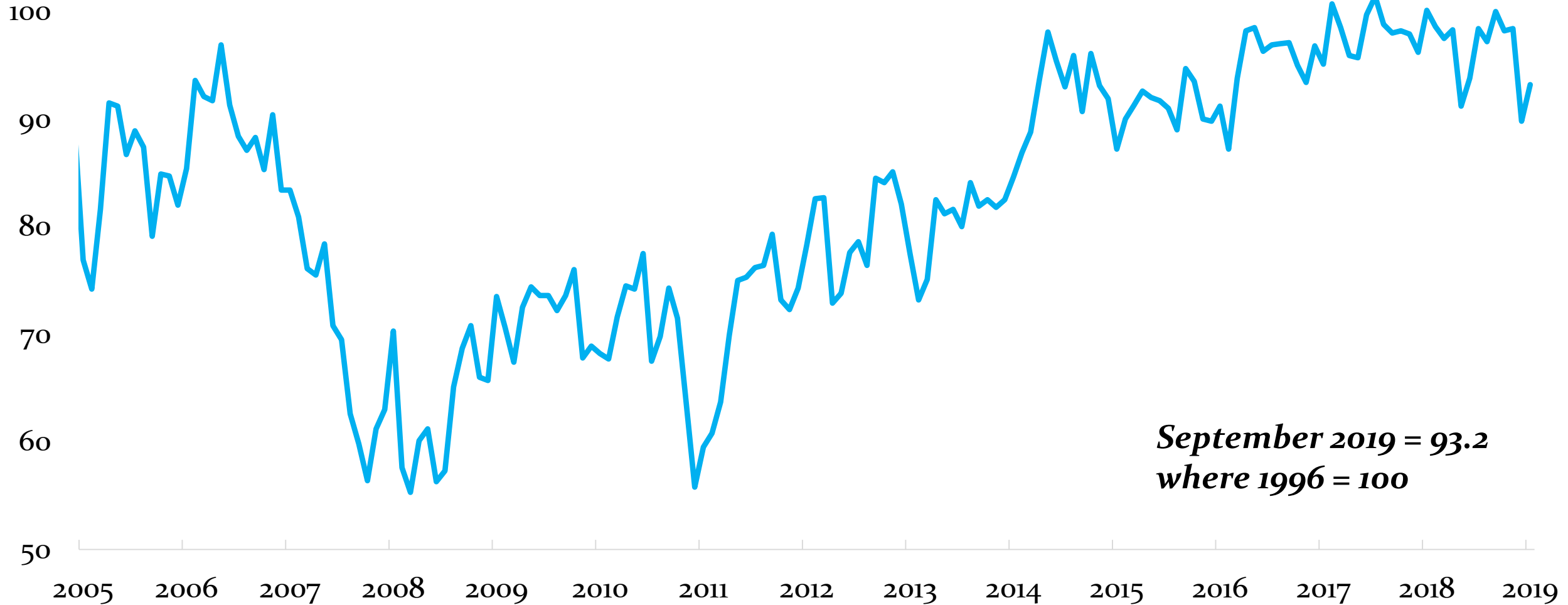
August 2007 through August 2019





# University of Michigan Index of Consumer Sentiment

2005-2019

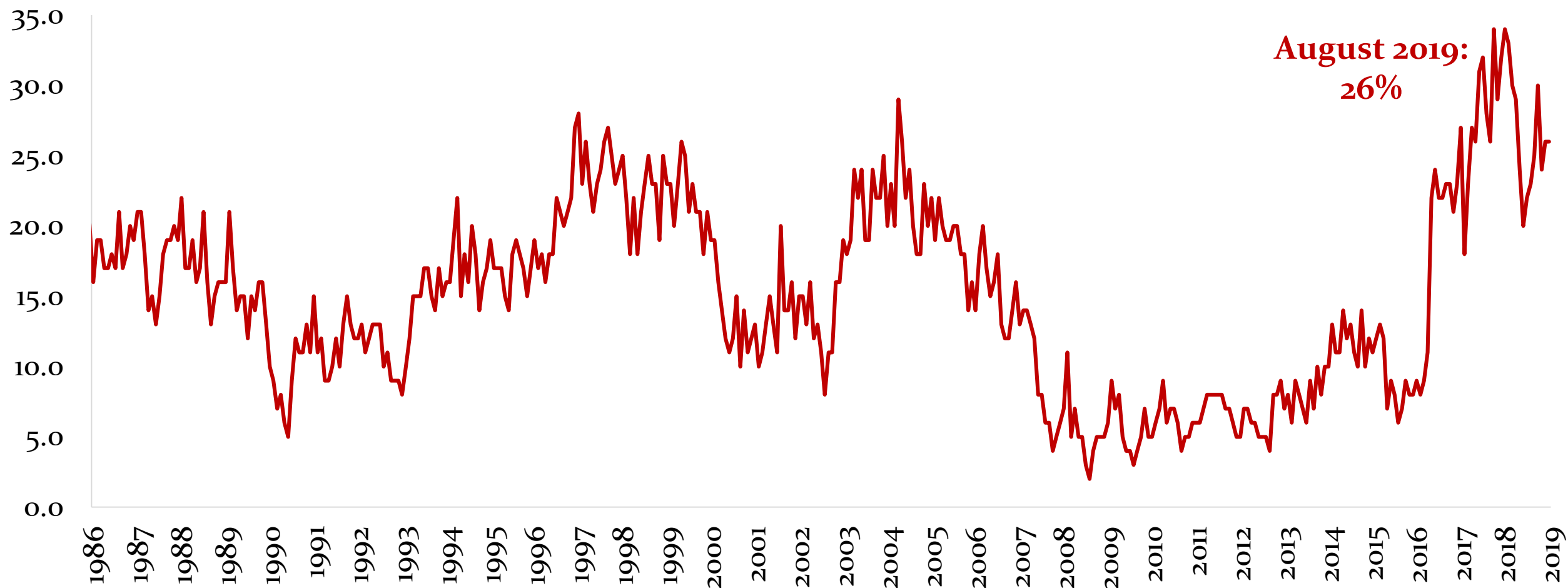


*September 2019 = 93.2  
where 1996 = 100*

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

## 1986-2019

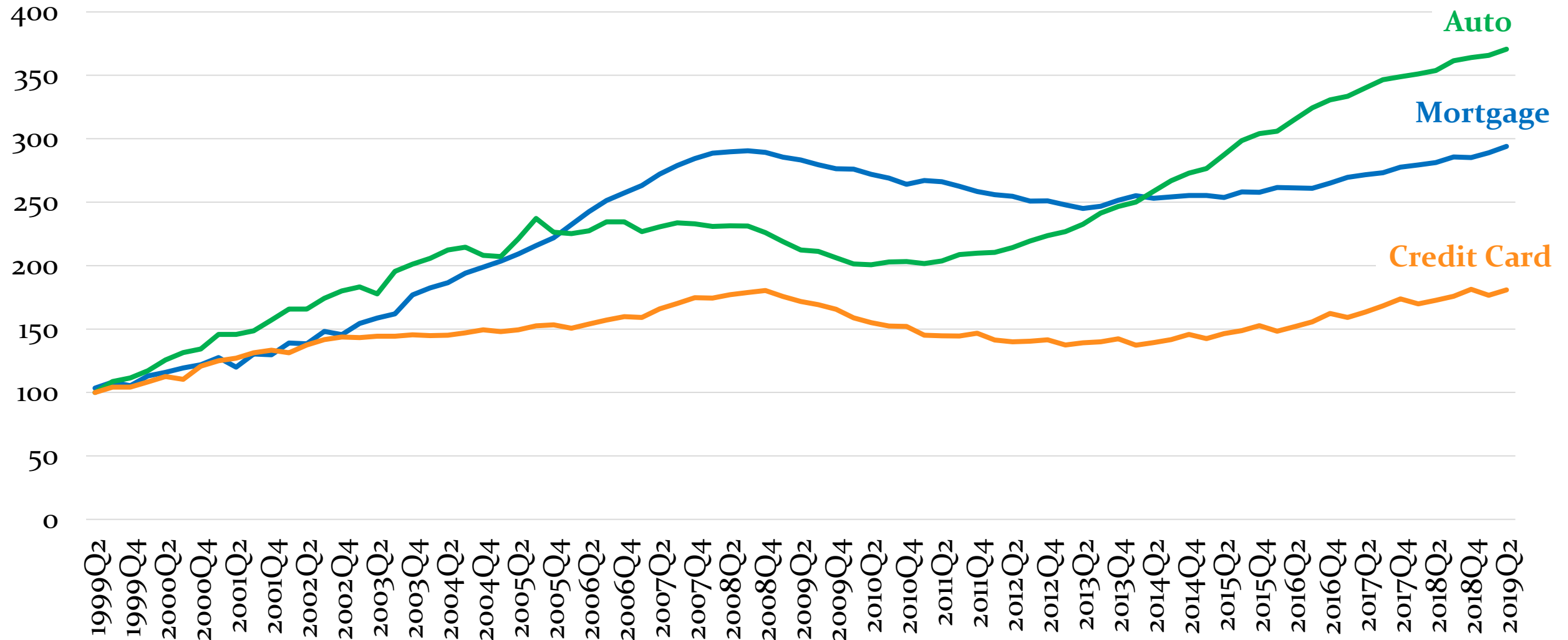
% of respondents who think the next 3 months will be a good time to for small business to expand



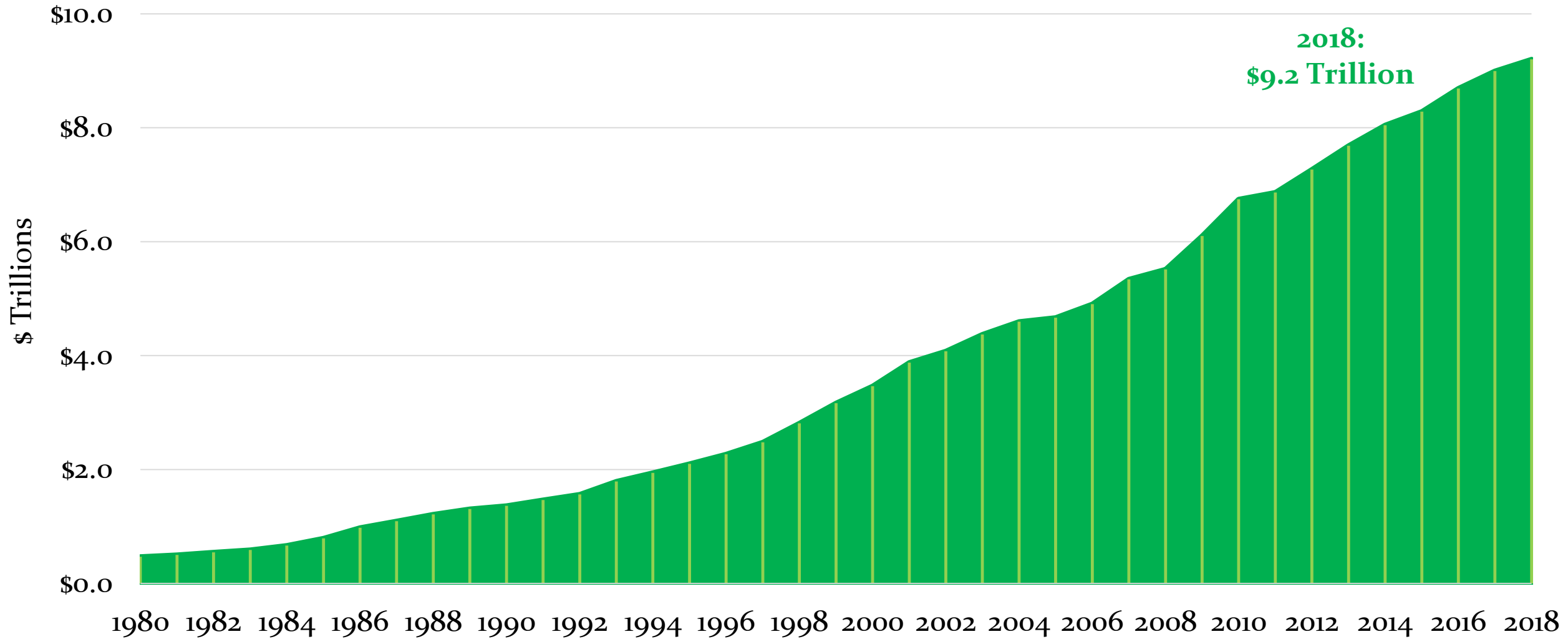
**August 2019:**  
26%

# Total U.S. Debt Volume by Select Loan Types

Index 1999Q1=100



# U.S. Corporate Bond Debt Outstanding, 1980-2018



# Economists do it with Models

- Much of the negativity reflected in forecasts and in financial market volatility relates to things people believe will happen;
- But important parts of the U.S. economy continue to perform well – e.g. consumer, corporate earnings, construction.

- What's more, there is significant upside risk. What if the following happens?
  - Trade deal with China;
  - Infrastructure spending plan with revenue sources identified;
  - Elimination of tariffs on steel, aluminum, etc. &
  - Fed stops tightening!!!!
- Hypothesis - 2019 will be decent year for economy, but if we don't check some of these boxes, watch out for '20!

# Thank You

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research & policy analysis.