

***Economic Outlook***  
***Current & Coming Conditions***

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**The Maguire Company**

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# *Economic Outlook*

## *Current & Coming Conditions*

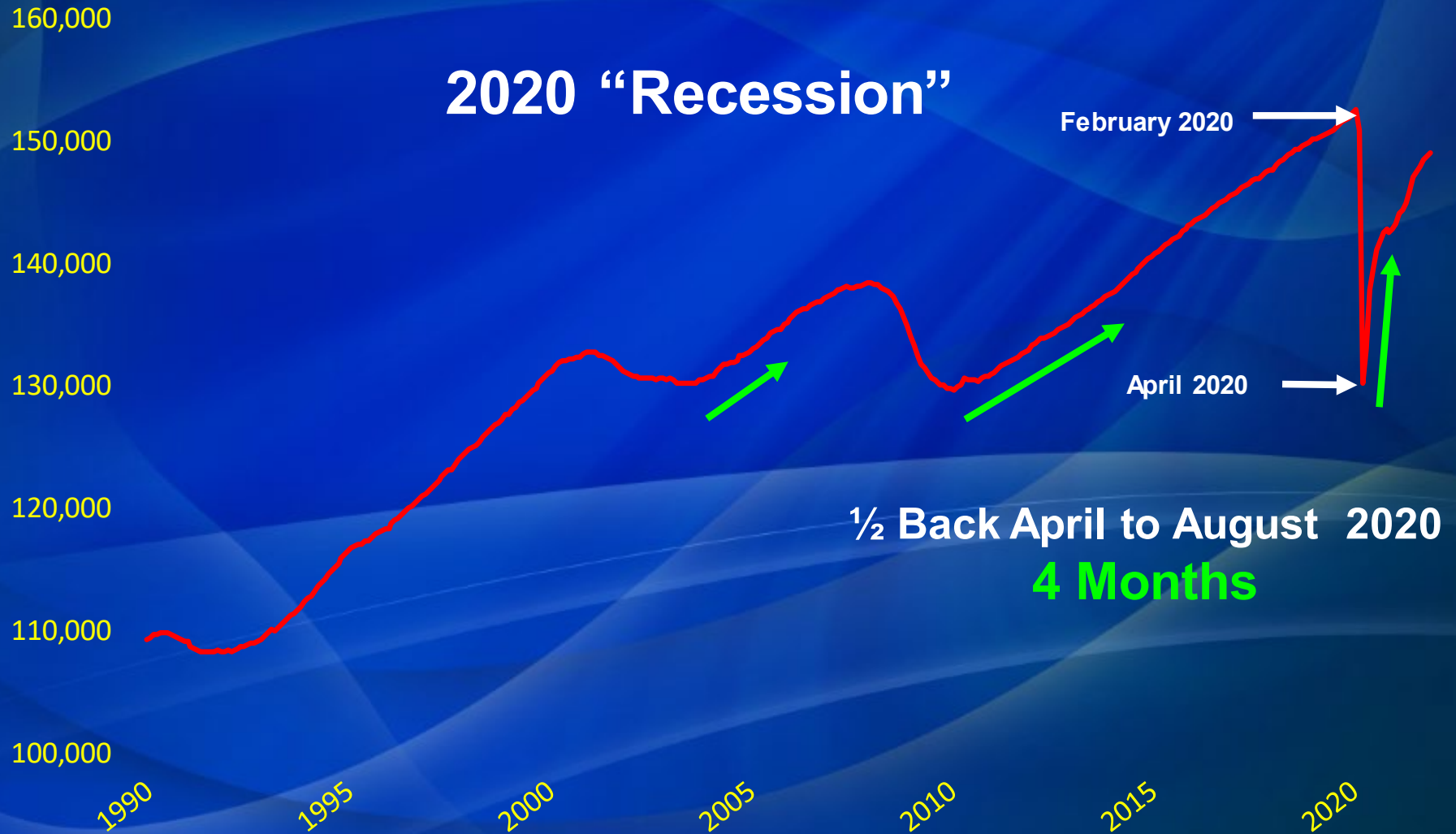
- *Overview of Pandemic / Lockdowns & Reopening*
- *Inflation – Levels and Causes*
- *Consumer Confidence*
- *Arizona Economy*
  - *Employment*
  - *Forecast*
  - *Construction Outlook*
- *Pertinent Observations*

# *Economic Outlook*

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## Total US Employment 1990 – 2021

*Peak to Trough – Halfway Back*



# *Economic Outlook*

## **US Employment**

### **“Half Back Analysis”**

*Time to Recover ½ Lost Jobs*

- **2001 Recession :** **8 months**
- **2009 Financial Crisis:** **29 months**
- **2020 Lockdown:** **4 months**

**Why?**

***This was NOT a “Recession”***

***“A Temporary Suspension of Business Activity”***

***-- A Lockout***



# Economic Outlook

## Total US Employment 2020 – 2022

*Peak to Trough to Now*



# *Economic Outlook*

## **US Inflation**

### **July 13 Report**

- **12 Months through June 2022:** **9.14**
- **Gasoline:** **59.9%**
- **Utility Gas (NG):** **38.7%**
- **Fuel Oil:** **98.5%**
- **Food at Home:** **12.2%**
- **Meat, Poultry, Fish, Eggs:** **11.7%**
- **Used Cars:** **7.1%**

**INFLATION IS HERE!**

# *Economic Outlook*

## **US Inflation**

### **July 13 Report**

#### **Cause**

- **Gasoline:** *Policy*
- **Utility Gas (NG):** *Policy*
- **Fuel Oil:** *Policy*
- **Food at Home:** *Commodities*
- **Meat, Poultry, Fish, Eggs:** *Commodities*
- **Used Cars:** *Supply Chain*

**Improving!!**



# *US Economic Outlook*

## **US Inflation**

*Ken Simonson Chief Economist, AGC of America ken.simonson@agc.org*

### **Construction Costs**

- ***Inputs to Construction Industries -- Up 19% 5/21 to 5/22***

#### ***Price Changes***

***April 2020 to May 2022***

<b><i>Steel Mill Products</i></b>	<b><i>128%</i></b>	
<b><i>Copper &amp; Brass</i></b>	<b><i>71%</i></b>	
<b><i>Aluminum</i></b>	<b><i>61%</i></b>	
<b><i>Lumber / Plywood</i></b>	<b><i>90%</i></b>	<b><i>(drop from earlier!)</i></b>



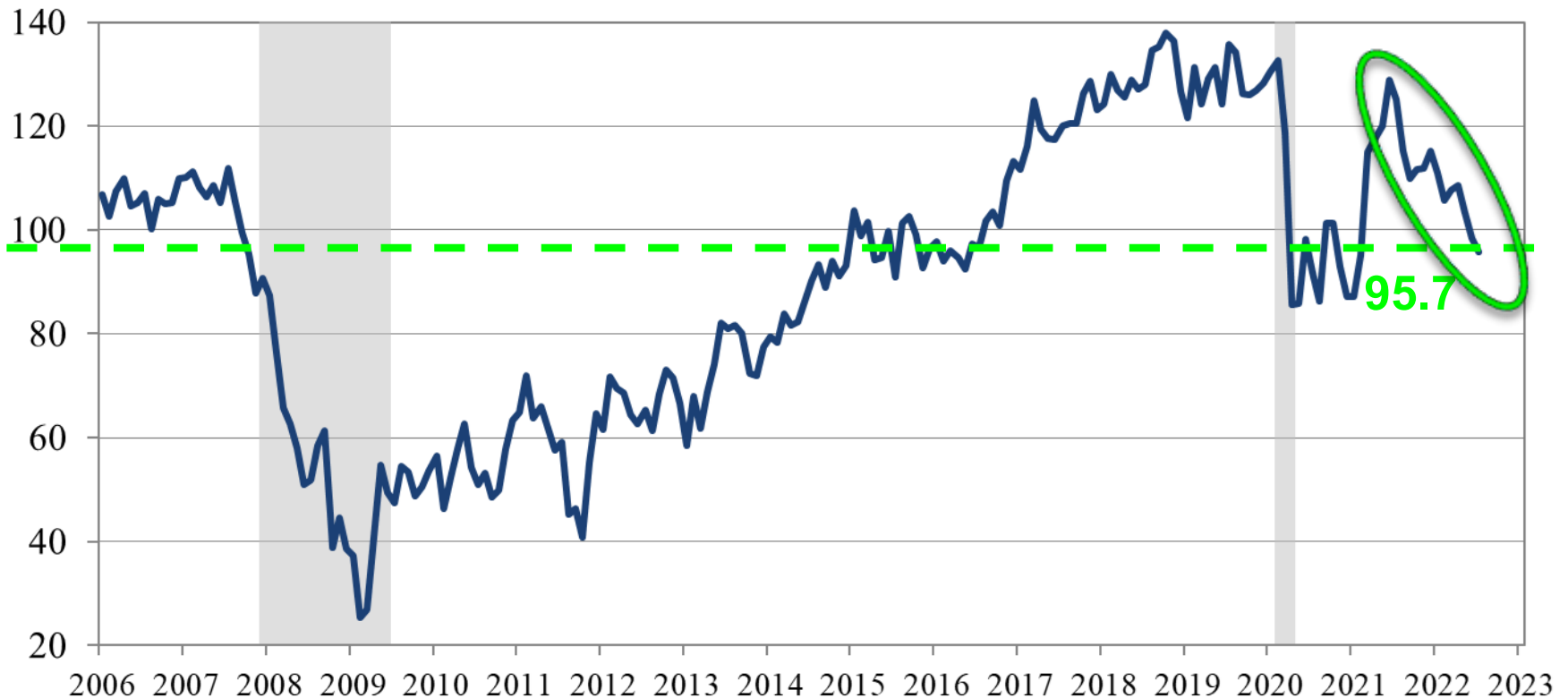
# *Economic Outlook*

## **US Consumer Confidence**

### **2006 – July 26 2022**

### **Consumer Confidence Index®**

Index, 1985 = 100



\*Shaded areas represent periods of recession.

Sources: The Conference Board; NBER

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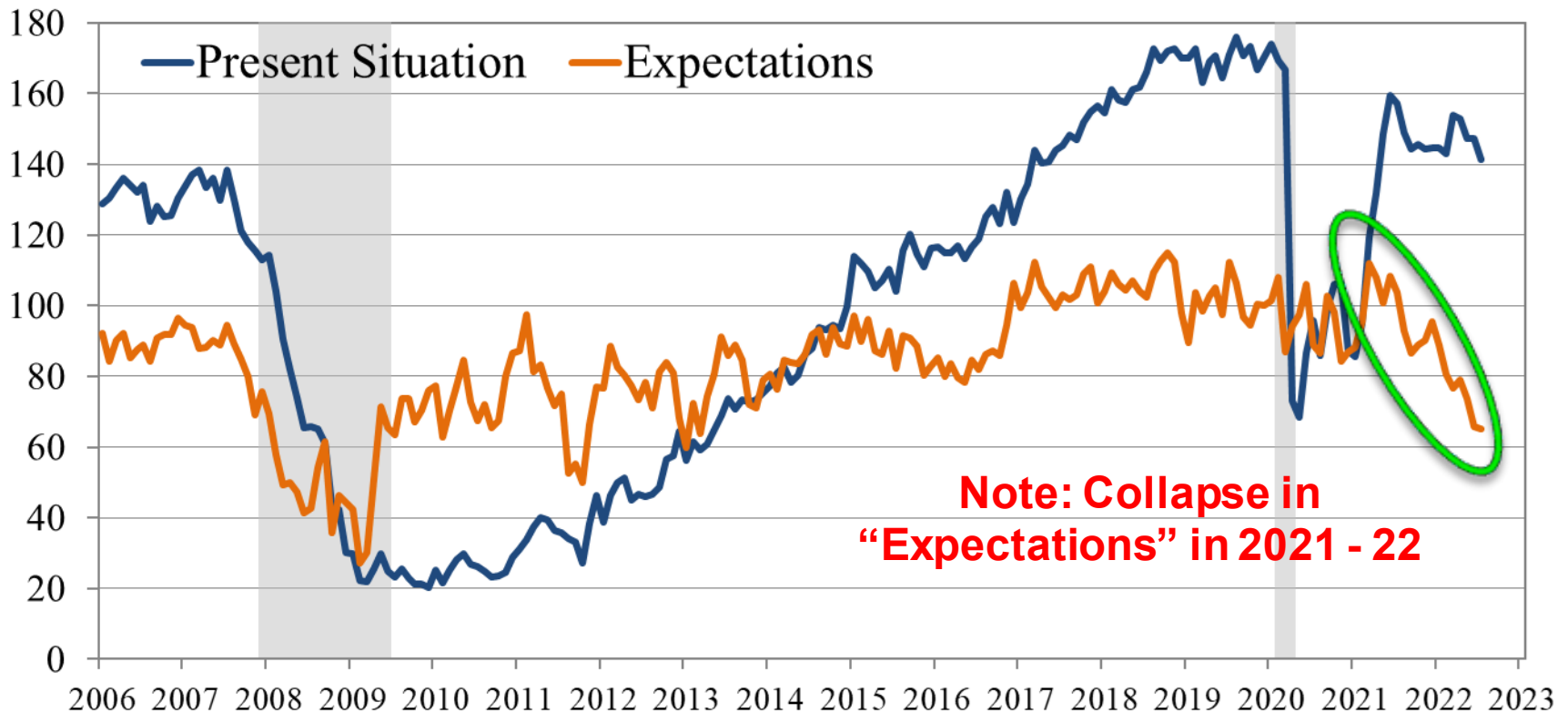
# Economic Outlook

## US Consumer Confidence

### 2006 – July 26 2022

#### Present Situation and Expectations Index

Index, 1985 = 100



**Note: Collapse in  
“Expectations” in 2021 - 22**

\*Shaded areas represent periods of recession.

Sources: The Conference Board; NBER

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# *Economic Outlook*

## **AZ Employment**

***February 2020 – June 2022***

	<b><i>2/20</i></b>	<b><i>6/22</i></b>
• <b><i>Total Employment:</i></b>	<b><i>2,996</i></b>	<b><i>3,063</i></b>
• <b><i>Manufacturing:</i></b>	<b><i>180</i></b>	<b><i>190</i></b>
• <b><i>Construction:</i></b>	<b><i>176</i></b>	<b><i>182</i></b>
• <b><i>Leisure &amp; Hospitality</i></b>	<b><i>341</i></b>	<b><i>418</i></b>
• <b><i>Government:</i></b>	<b><i>427</i></b>	<b><i>416</i></b>

# *Economic Outlook*

## *What should AZ Employment Be?*

*June 2022 Adjusted*

*Based on Average Monthly Growth Rate in 2019*

	<i>6/22 <u>Adjusted</u></i>	<i>6/22 Actual</i>
<ul style="list-style-type: none"><li><i>Total Employment:</i></li></ul>	<i>3,189</i>	<i>3,063</i>
<ul style="list-style-type: none"><li><i>Still 100,000 plus Short</i></li></ul>		



# *Economic Outlook*

## *“Where are we Going?”*

### *Blue Chip Economic Forecast*

#### **Arizona**

July Update

**2022**

**2023**

- *Personal Income*<sub>(current)</sub> 4.1% 5.6%
- *Retail Sales* 6.6% 5.1%
- *Wage & Salary Employ.* 3.3% 3.3%
- *Population Growth* 1.6% 1.5%
- *Single Family Permits* 5.2% 0.9%

# *Economic Outlook*

## *Pertinent Observations*

### *The **Bad** News*

- *Extreme (Excessive) Federal Stimulus is Wearing Off*
- ***Inflation** is Here to Stay*
  - *Much is (Bad) Policy Driven – Excess Regulation + Spending*
- *Federal Reserve was Wayyyyy Behind the Curve*
  - *Catching Up, But Expect Continuing Rate Hikes!*
- *Probability of a Recession Rising*
- ***STOP SPENDING FEDERAL MONEY!!!***



# Economic Outlook

## Pertinent Observations

### The **Bad** News – US Stock Market



# *Economic Outlook*

## *Pertinent Observations*

### *The Good News*

- *Extremely Strong Coming into Pandemic*
- *Job Creation Continues (bubble layoffs)*
  - *July Report – Added 528,000 jobs (over double expected); 629,000 Private*
- *Moving Toward Federal Gridlock – YEA!!!*
- *Fed Chair Powell Seems Determined*





# Economic Outlook

## Pertinent Observations

### The *Less Bad* News

<i>US GDP Comparison –</i>	<i>Q4 2021</i>	<i>Q1 2022</i>	<i>Q2 2022</i>
<i>Total Change – Annualized</i>	<i>6.90</i>	<i>-1.60</i>	<i>-0.90</i>
<i>Personal Consumption</i>	<i>1.76</i>	<i>1.24</i>	<i>0.70</i>
<i>Inventories</i>	<i>5.32</i>	<i>-0.35</i>	<i>-2.01</i>
<i>Net Exports</i>	<i>-0.23</i>	<i>-3.23</i>	<i>1.43</i>
<i>Personal Savings Rate</i>	<i>7.90</i>	<i>5.60</i>	<i>5.10</i>

# Economic Outlook

## Pertinent Observations

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# Economic Outlook

## Pertinent Observations

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# Economic Outlook

## Pertinent Observations

### The *Less Bad* News

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# ***Economic Outlook***

## ***Pertinent Observations***

### ***Takeaways***

- ***Inflation Creates Uncertainty***
- ***Calendar 2022 should remain Strong***
- ***Calendar 2023 will Weaken***
- ***Europe and Asia Drag on US Economy***
- ***US Economy Drag on Arizona***
- ***But, Continuing Demand – But Slowing***



# *Economic Outlook*

## *Pertinent Observations*

### *The Good News – We are in Arizona*

- *Continuing Job Creation*
- *Generally Constructive Policy Environment*
- *More Challenges than Historically – Risk!!*
- *Growth Brings Opportunity for Improvement*
- *Right to Work State*
- *AND, We are NOT California!*



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***Questions?***

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