



US Economic Update

California Community Colleges Real Estate Education Center

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NEED
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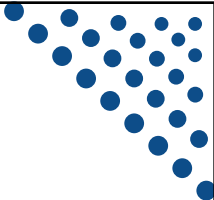
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Outline

- **Economic Indicators**
- **Inflation**
- **Federal Reserve**

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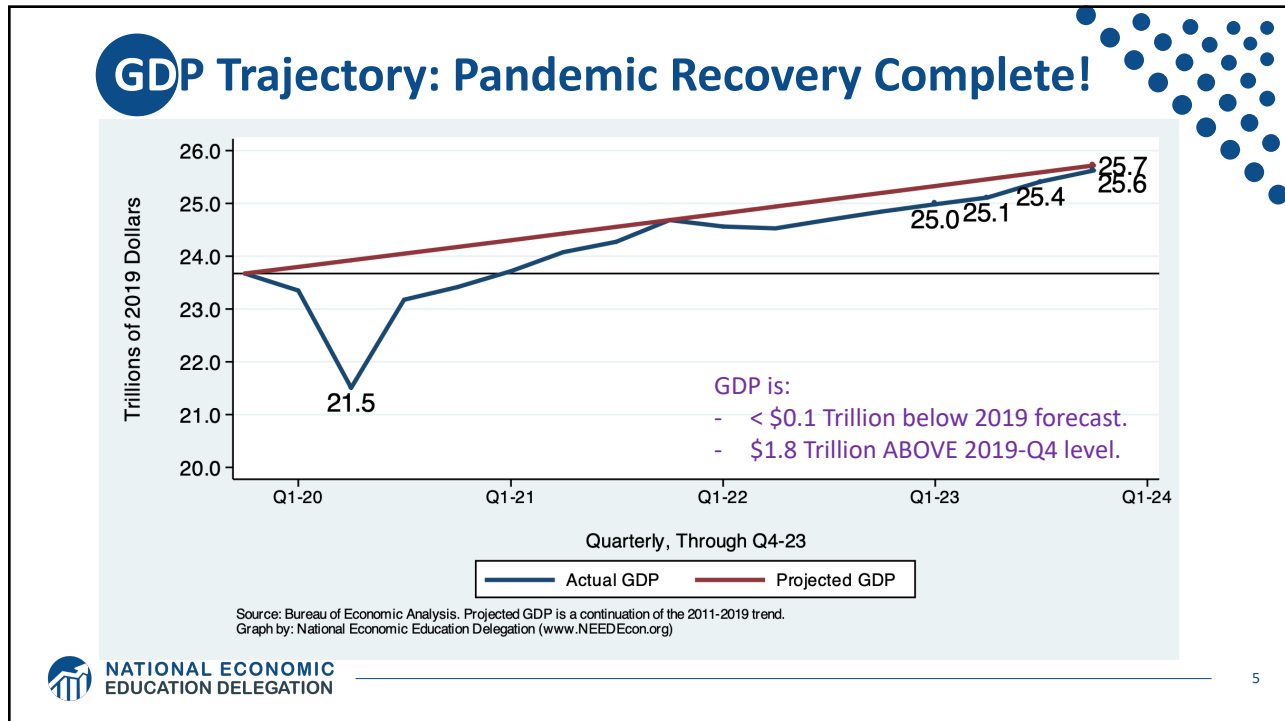


Economic Indicators

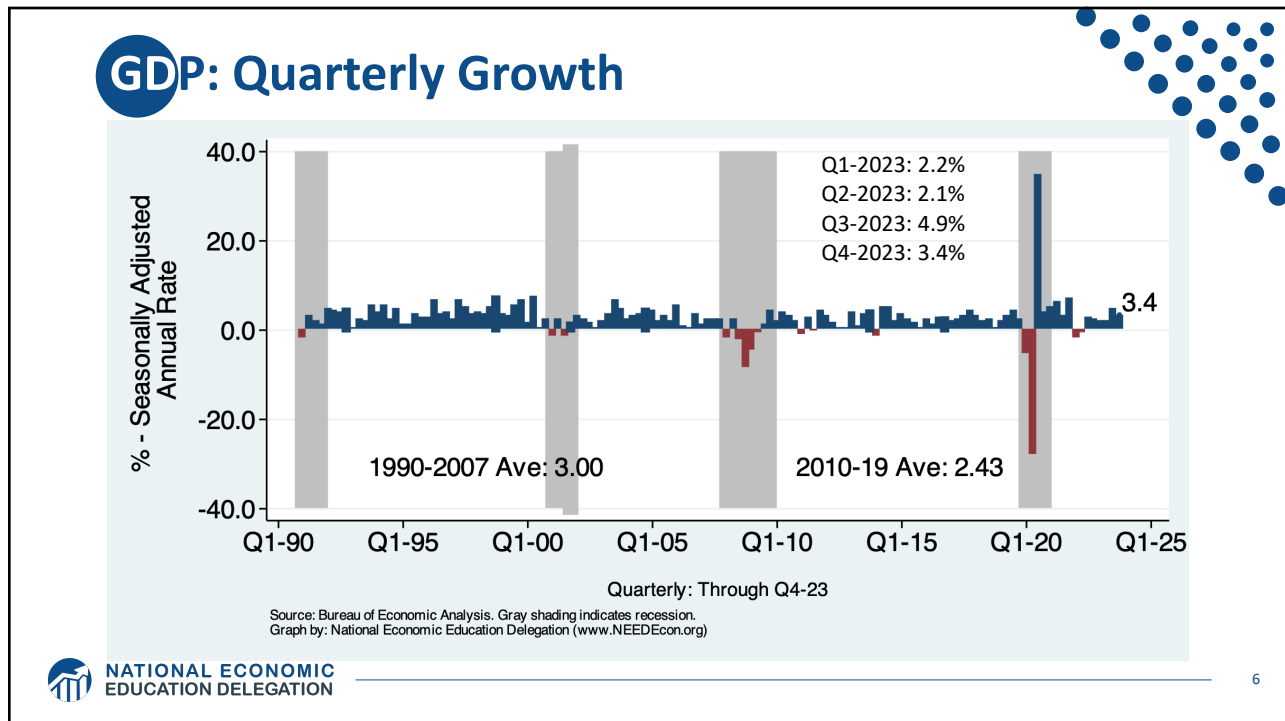
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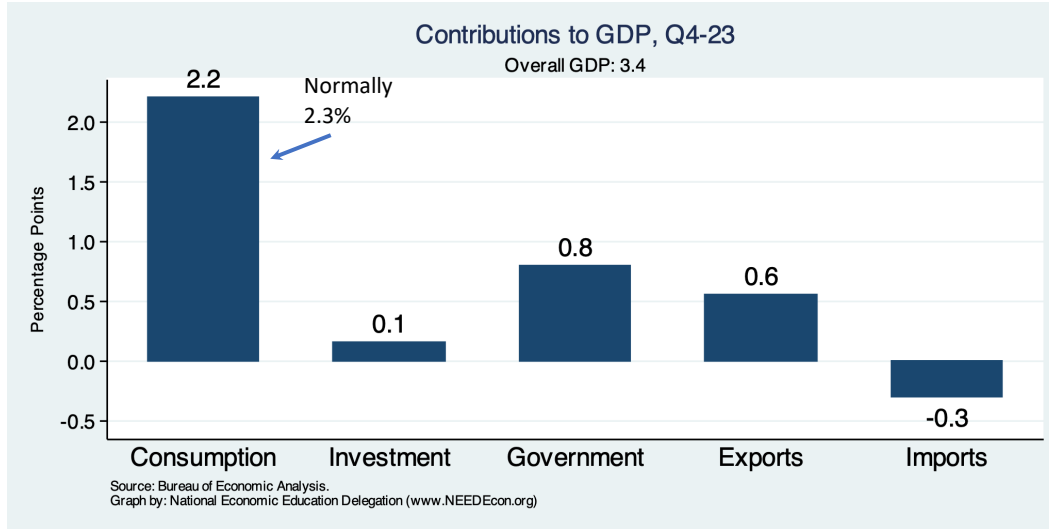


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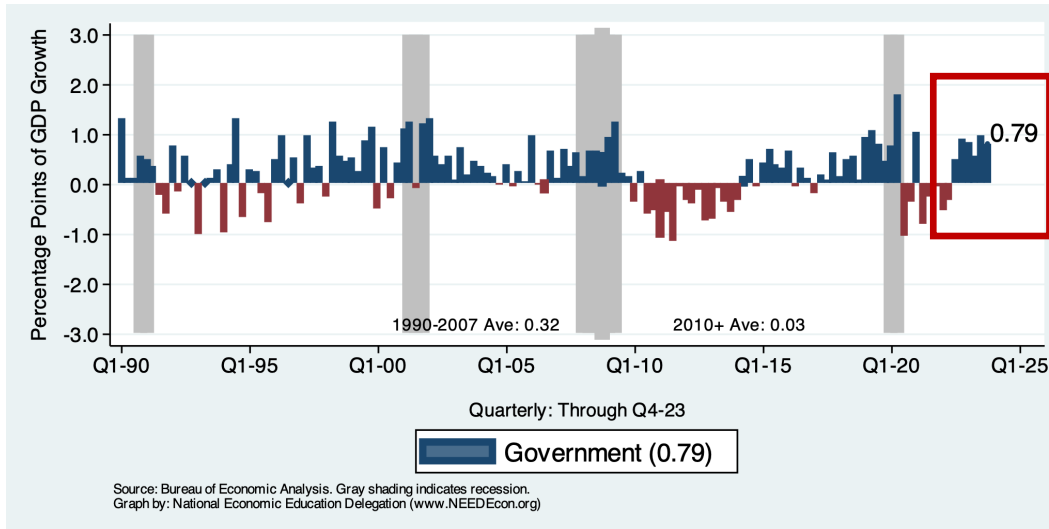
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What Drove GDP to Such Growth?



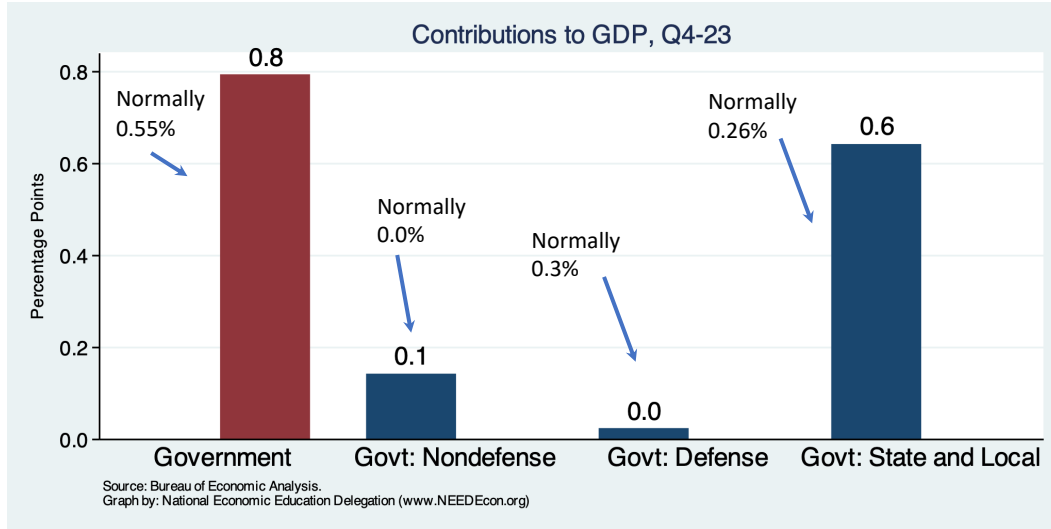
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Contributions to GDP: Government



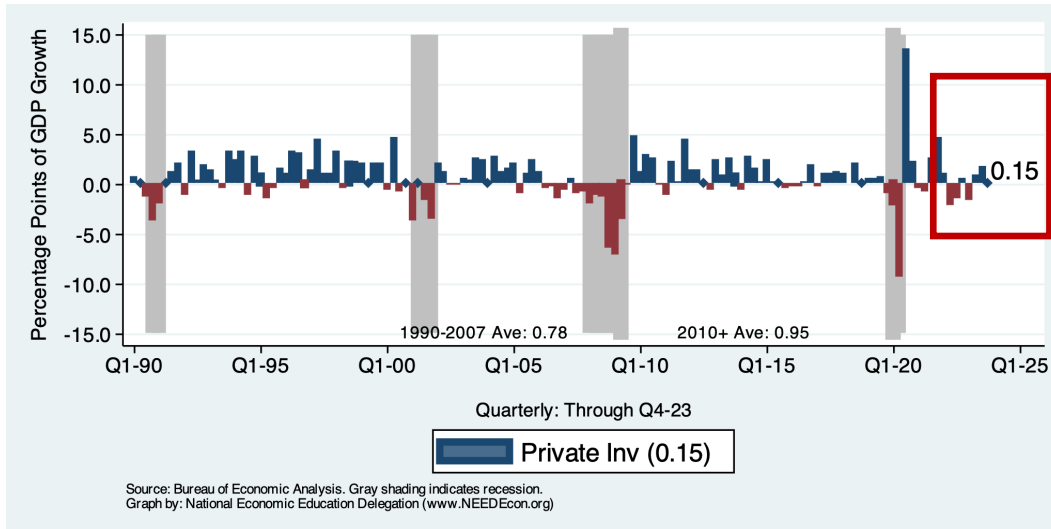
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Sources of Government's Contribution



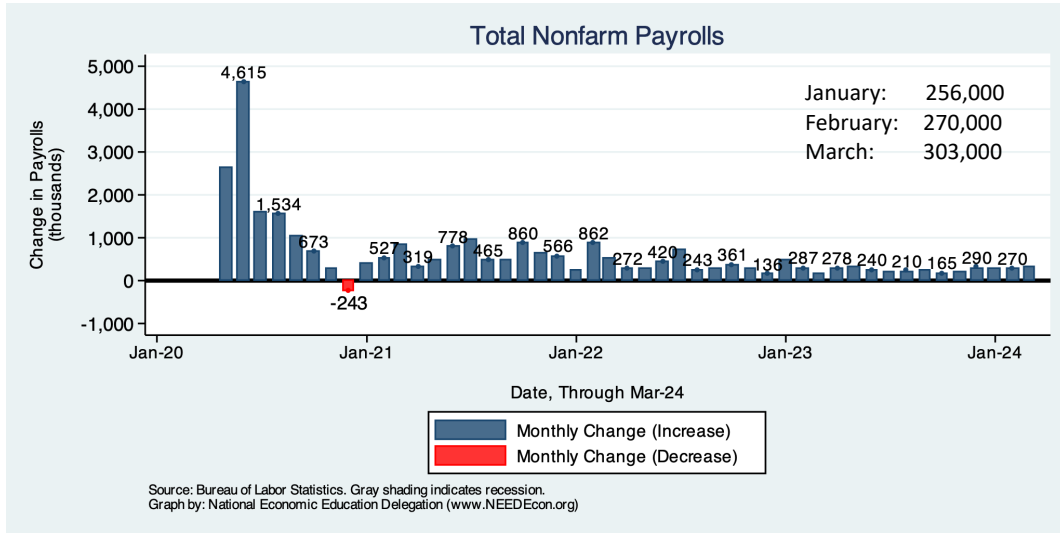
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Contributions to GDP: Investment



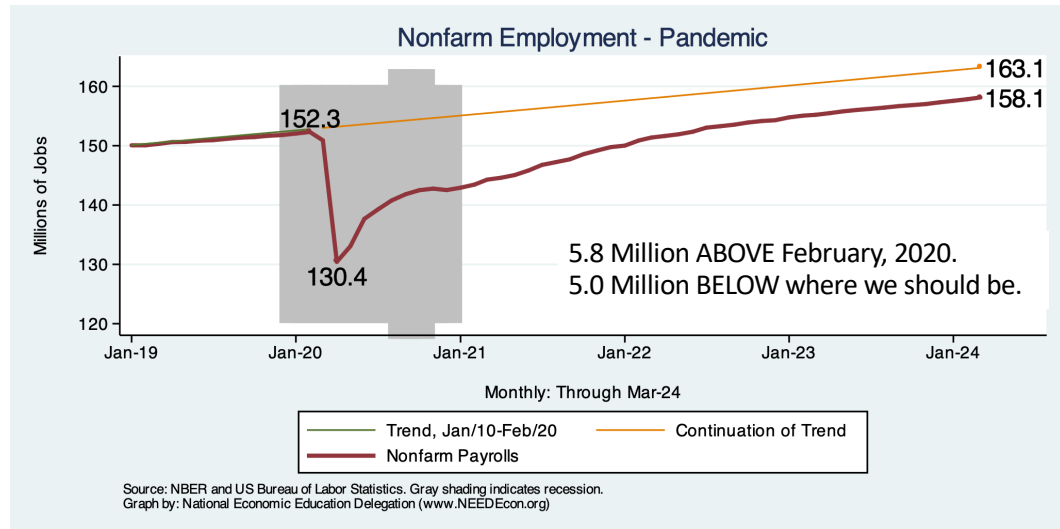
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Monthly Changes in Nonfarm Employment



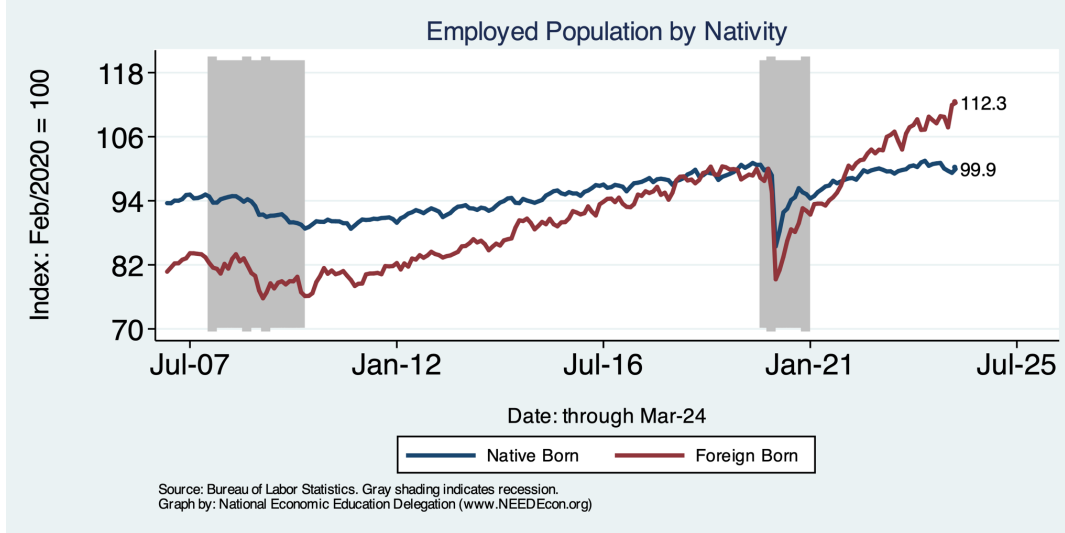
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Employment Gap



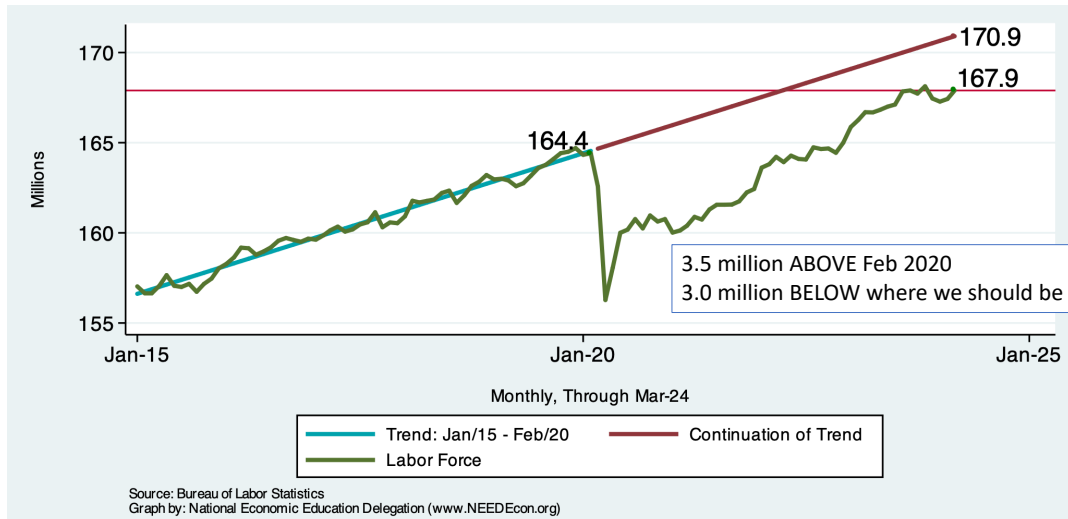
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Immigrants to the Rescue?



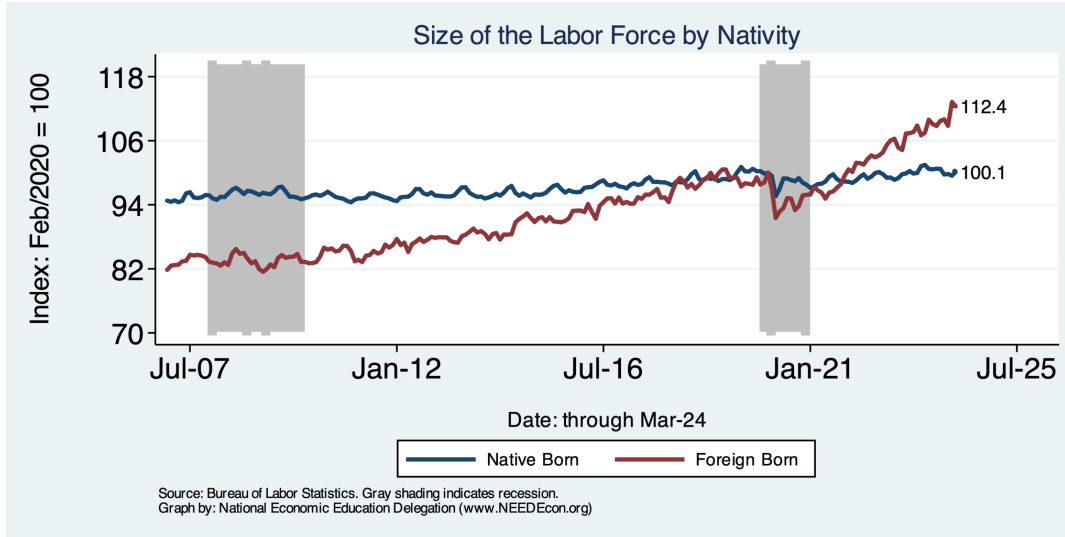
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Where Have All the Workers Gone?



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Immigrants to the Rescue?

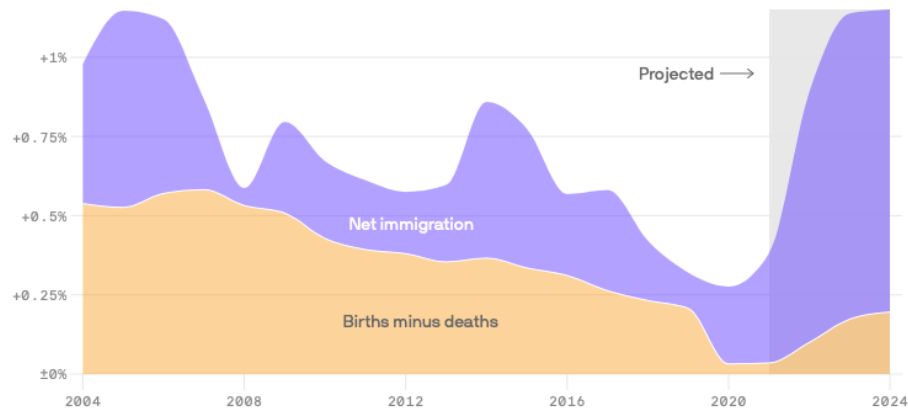


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Is Immigration Saving the Day?

Demographic factors in U.S. population growth

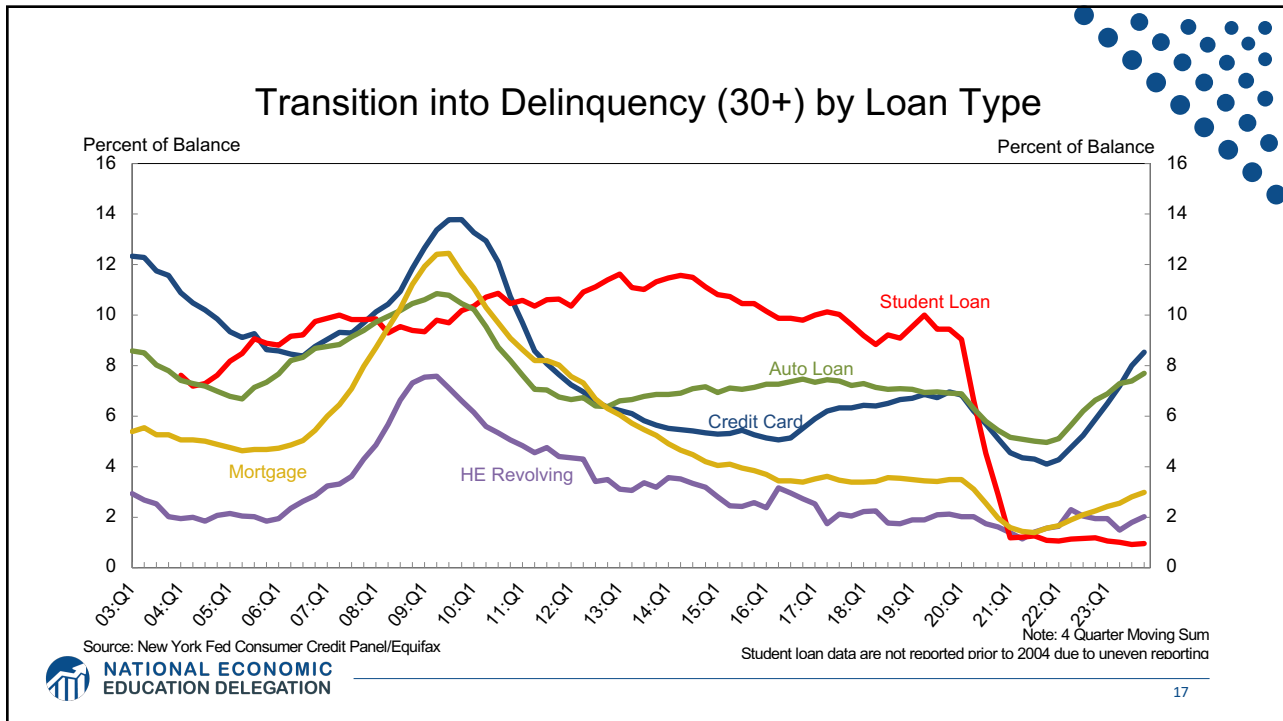
Annual population change 2004-2024



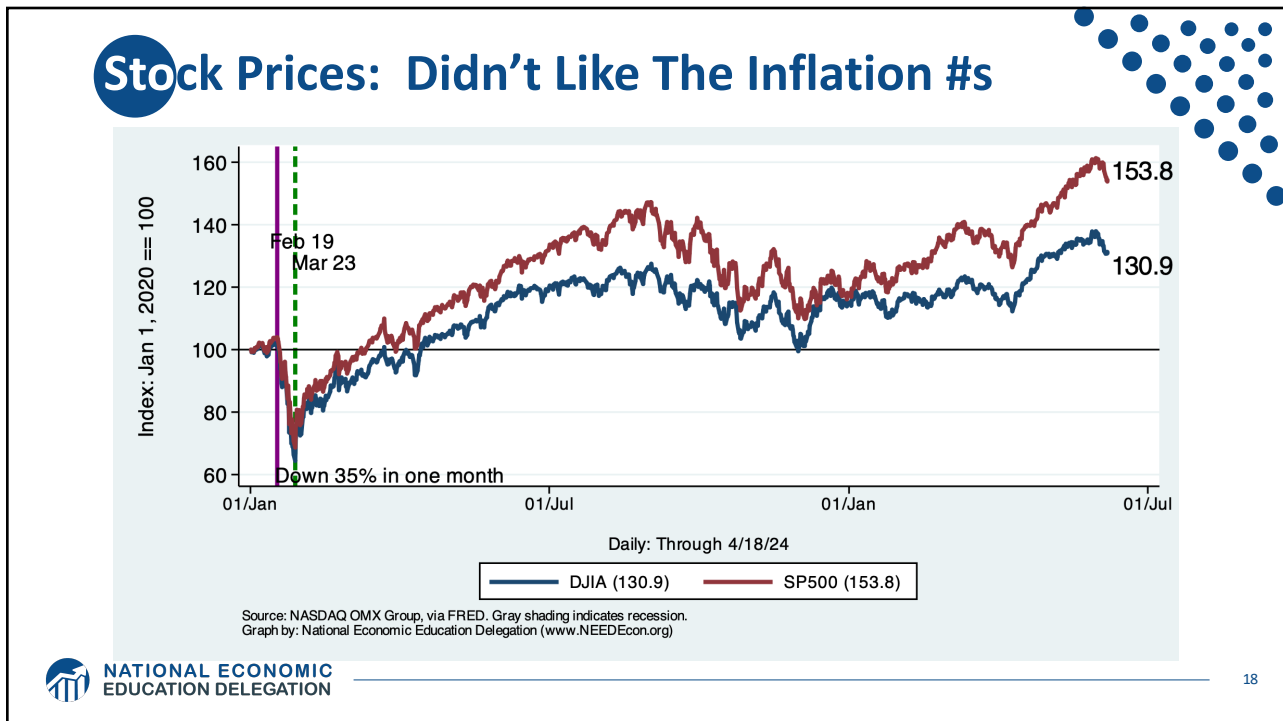
Data: The Brookings Institution via Congressional Budget Office; Graphic: Rahul Mukherjee / Axios

Source: <https://www.axios.com/2024/03/13/immigration-economy-jobs-growth-good#>

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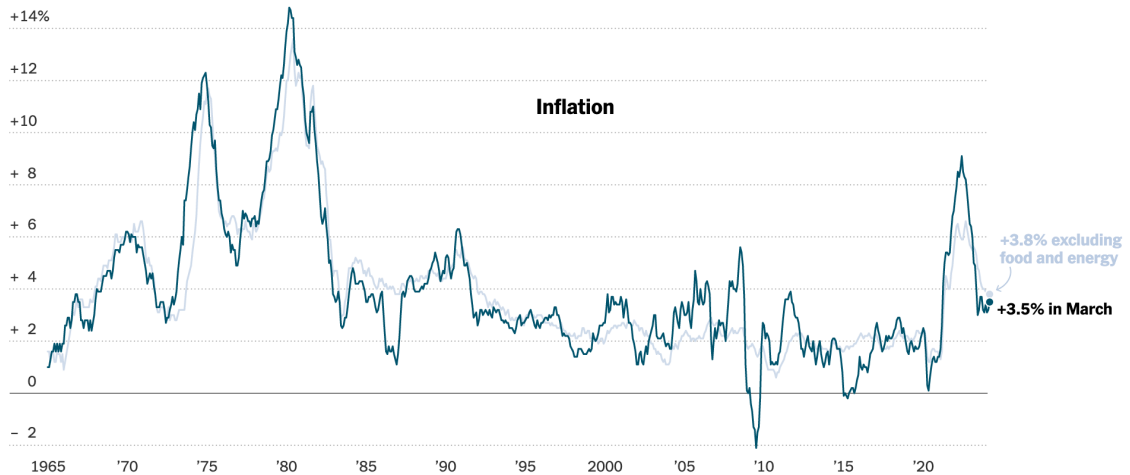
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Inflation



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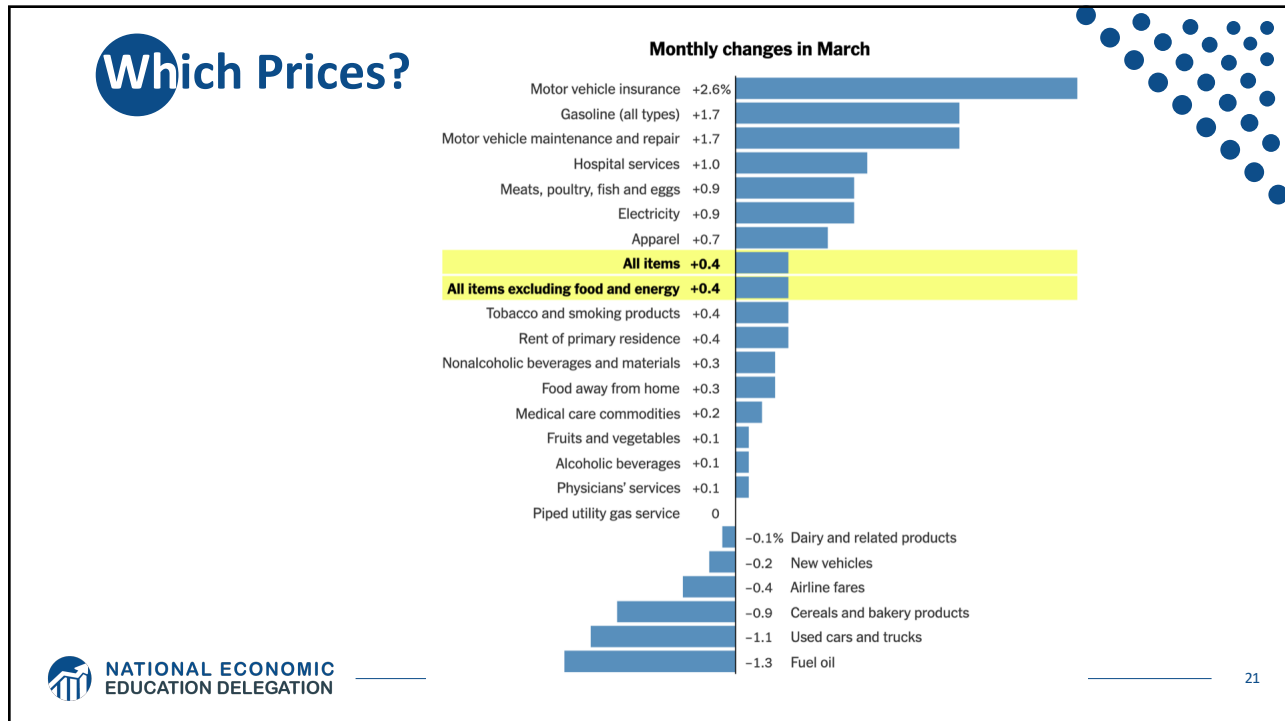
Inflation: Latest Figures



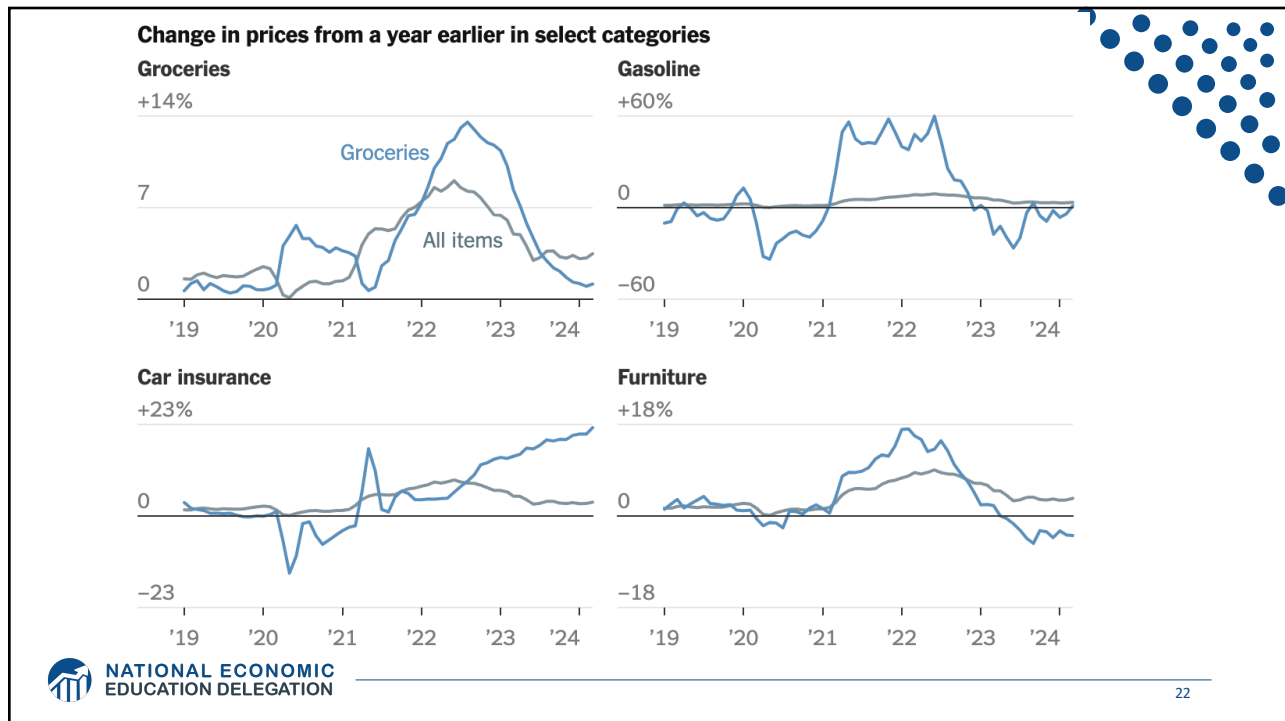
Year-over-year change in the Consumer Price Index • Source: Bureau of Labor Statistics • By Karl Russell



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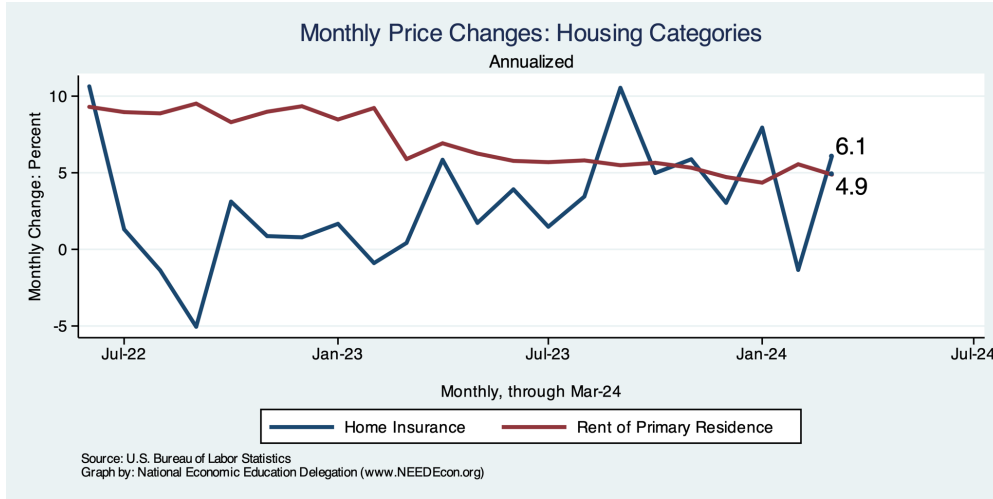


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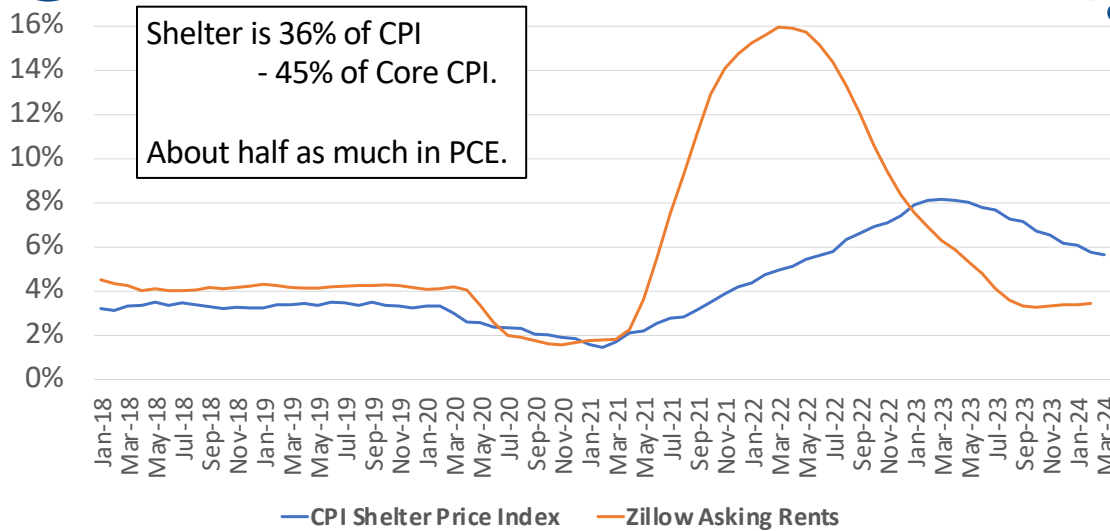
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Housing is the Primary Problem



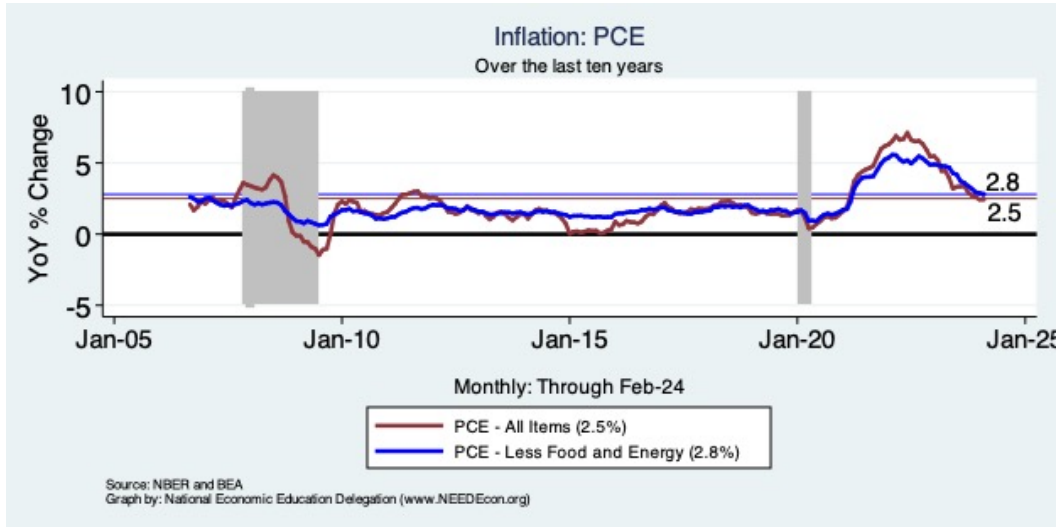
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The Importance & Problems with Rents



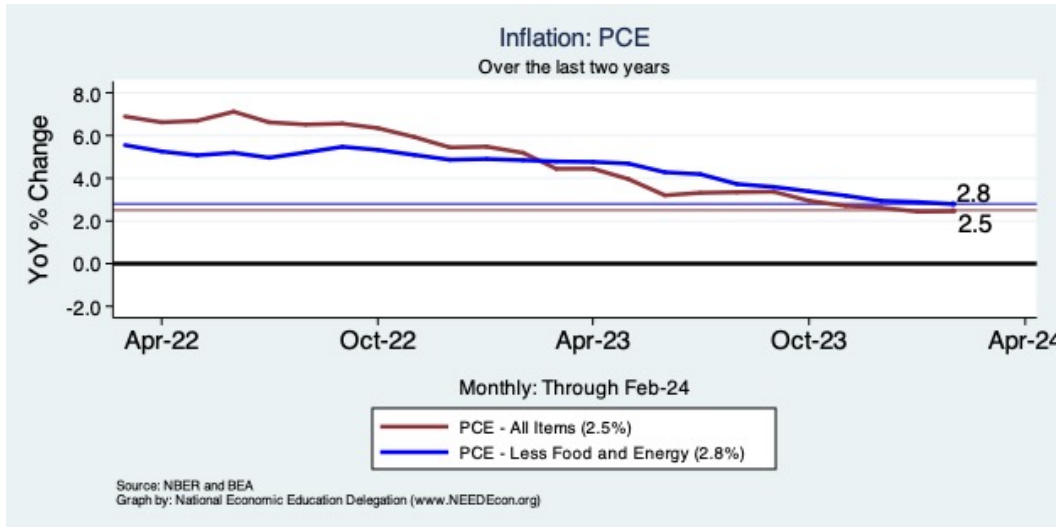
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Fed's Preferred Measure: PCE

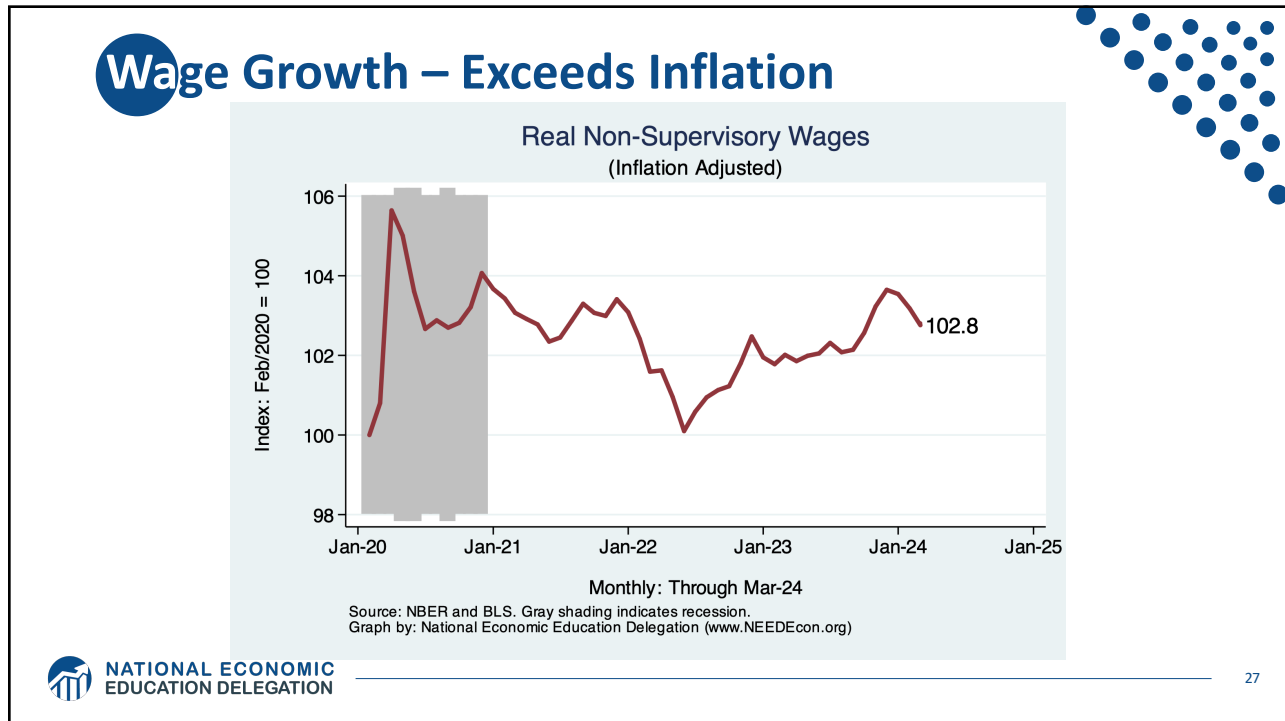


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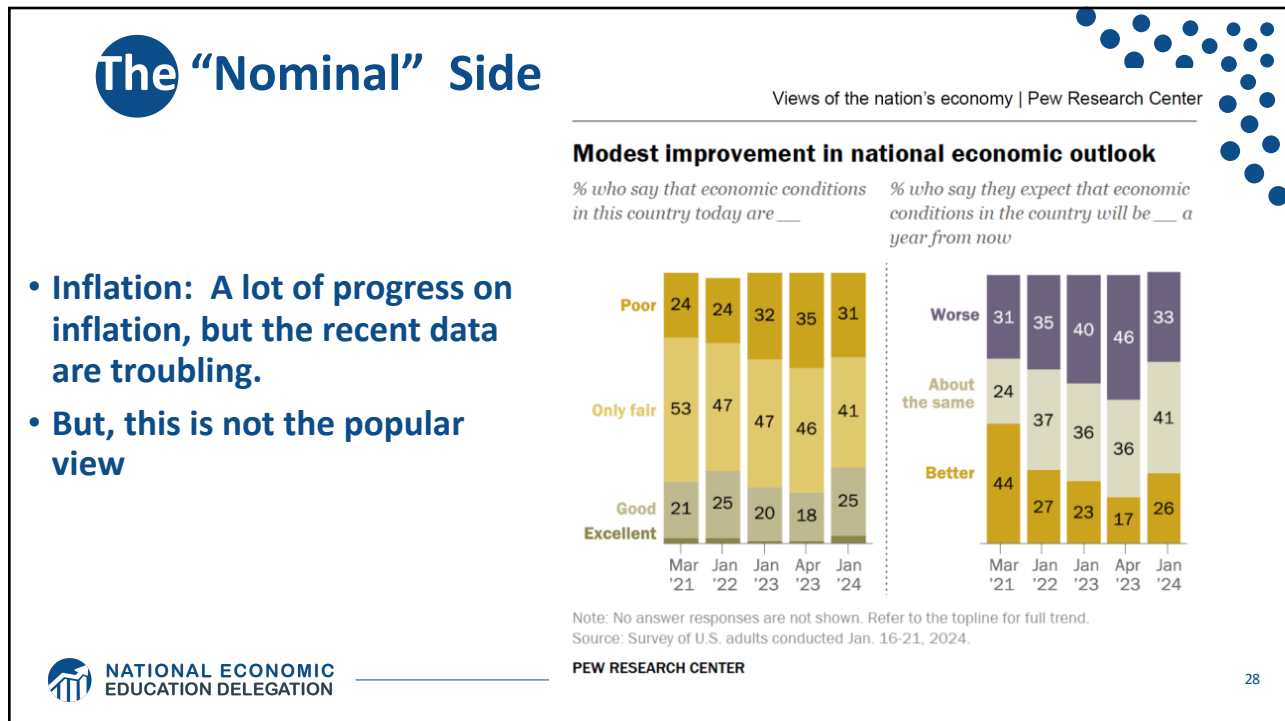
Fed's Preferred Measure: PCE



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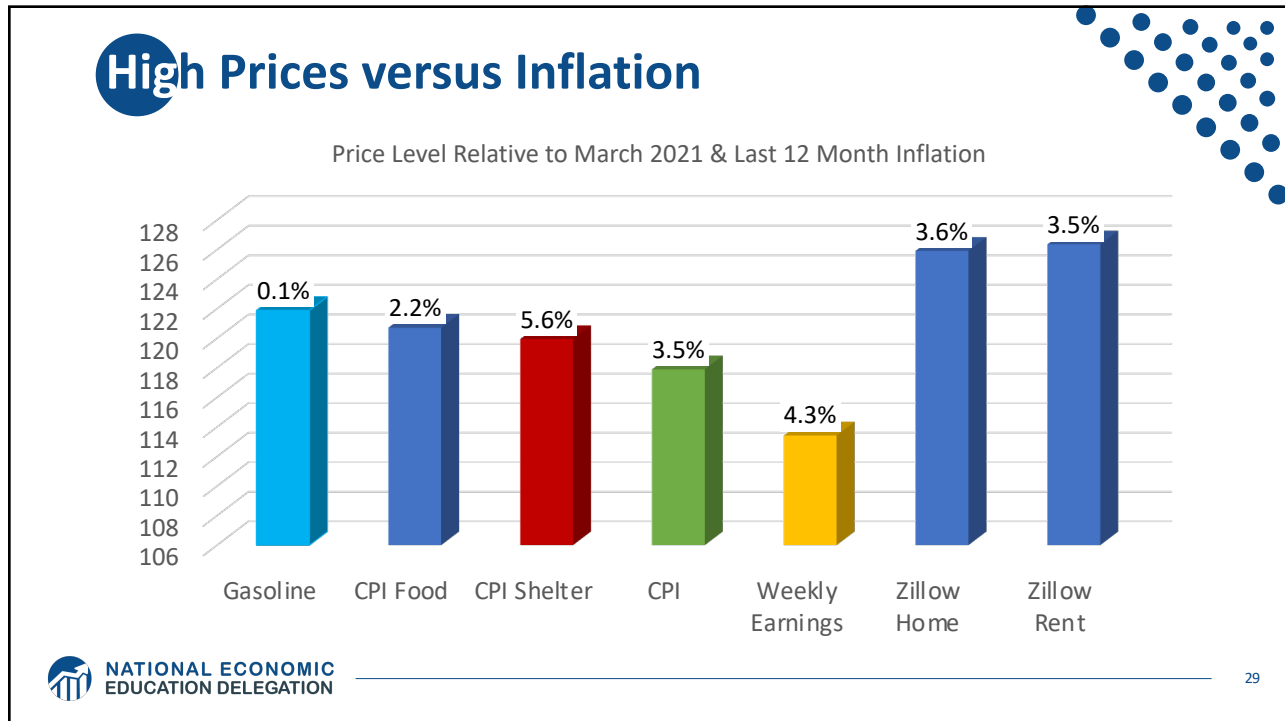


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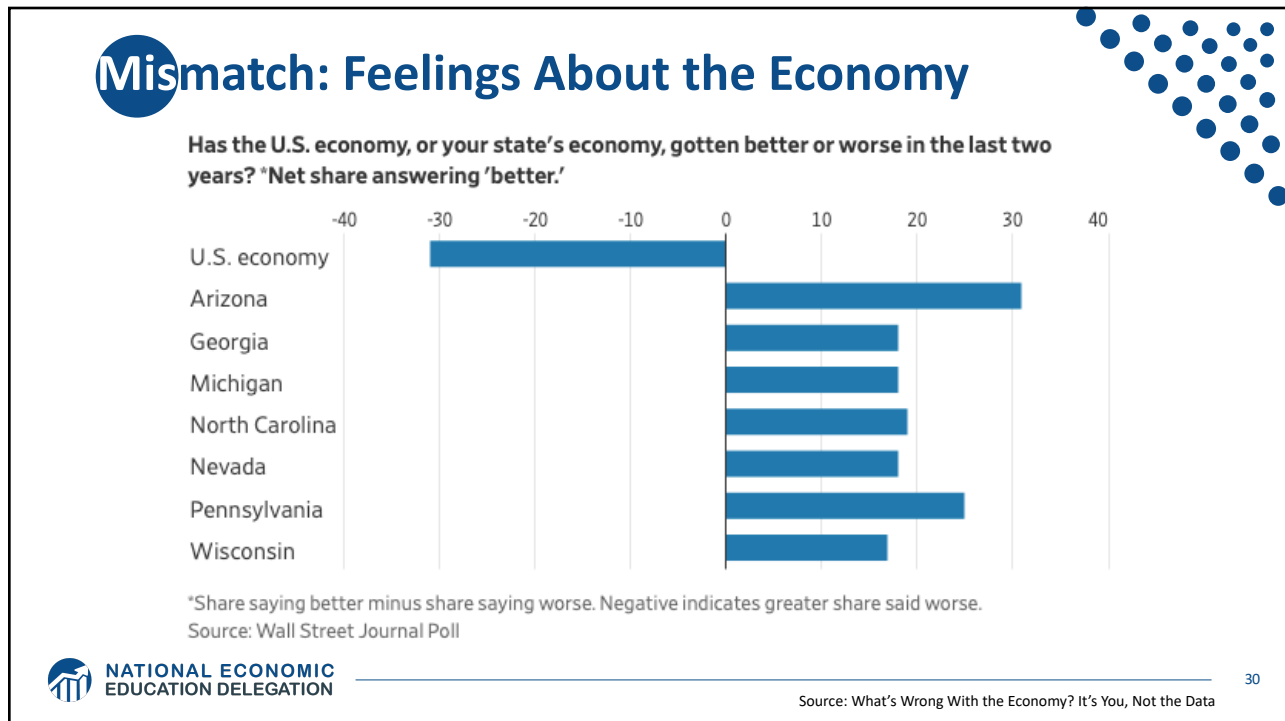


- **Inflation: A lot of progress on inflation, but the recent data are troubling.**
- **But, this is not the popular view**

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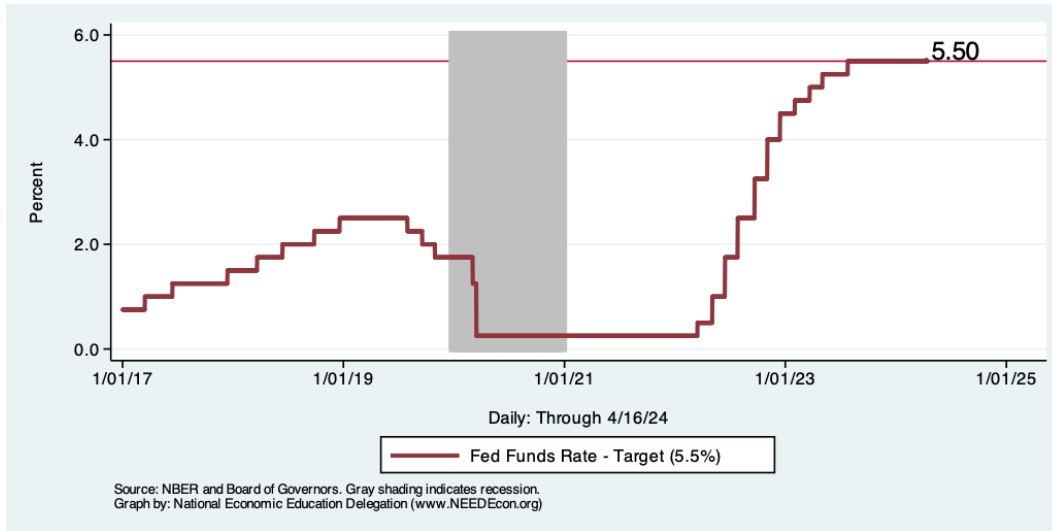


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The Fed: Conservative

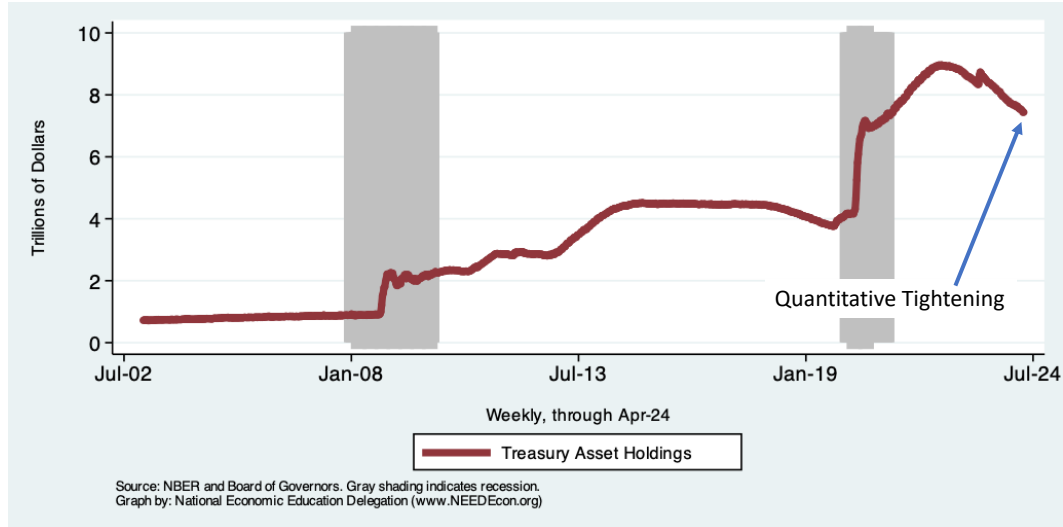
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Federal Funds Rate



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Fed: Reducing its Asset Holdings



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What will the Fed Do?

Pending Developments:

- Friday, April 26, BEA releases March PCE inflation
- Wednesday May 1, next Fed Policy Meeting
- May- June 12 full set of inflation and unemployment for April.
- Wednesday, June 12 Fed policy meeting with new economic projections

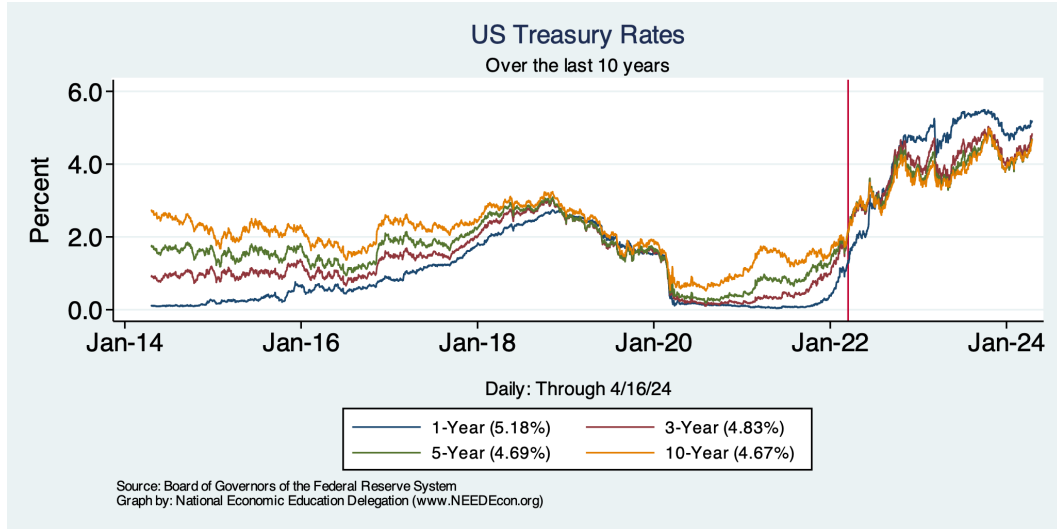


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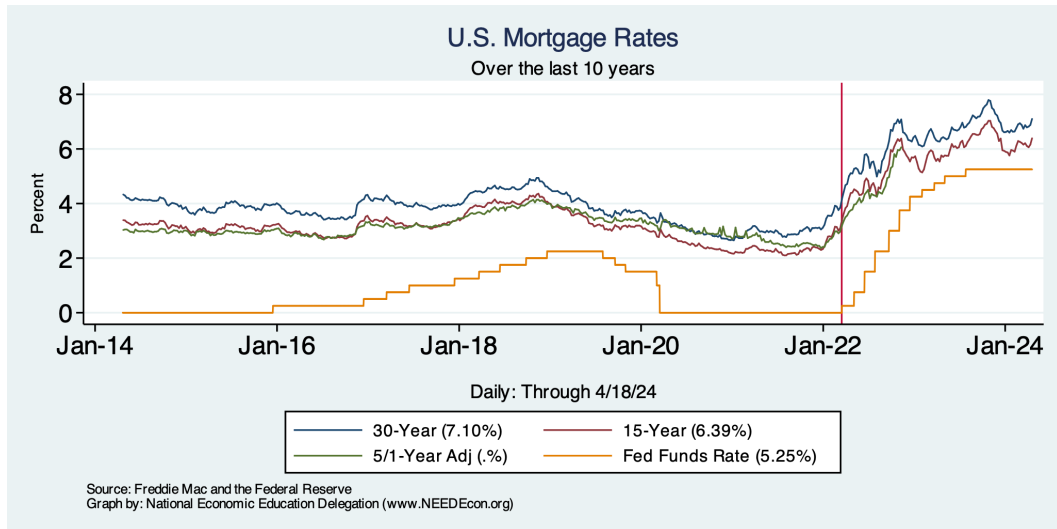
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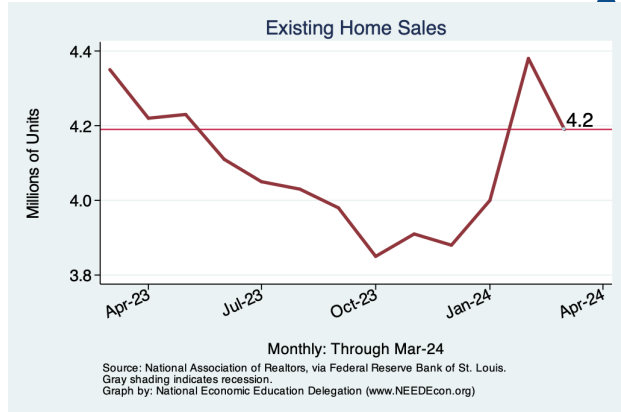
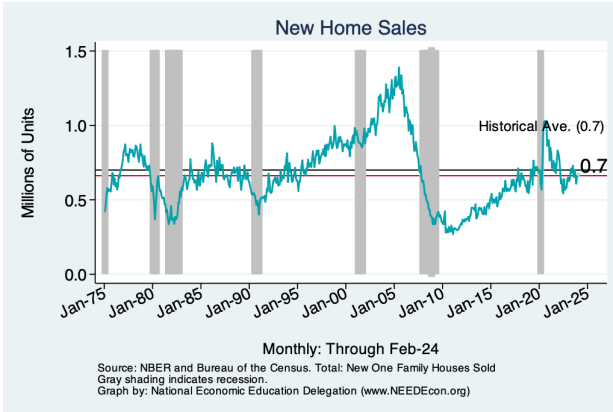
Treasuries



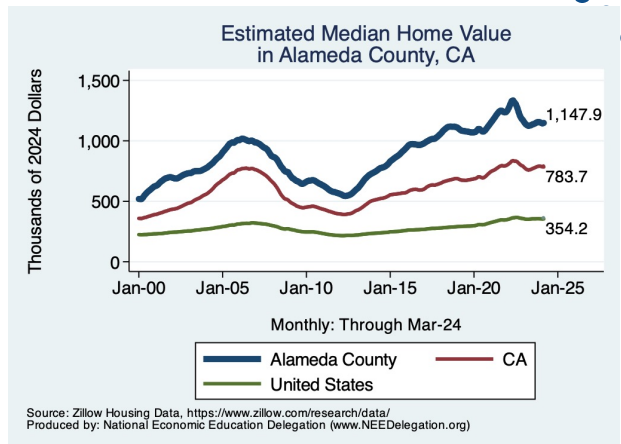
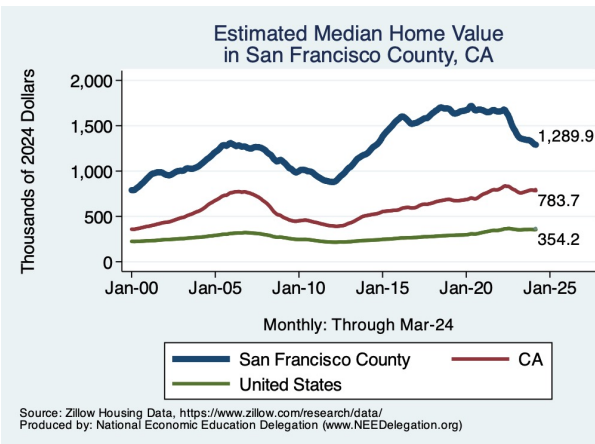
Mortgage Rates



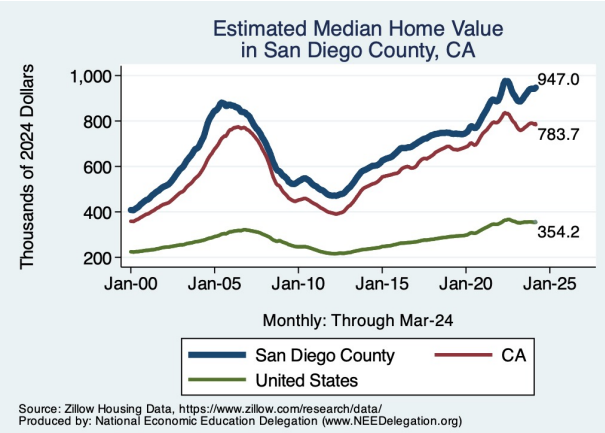
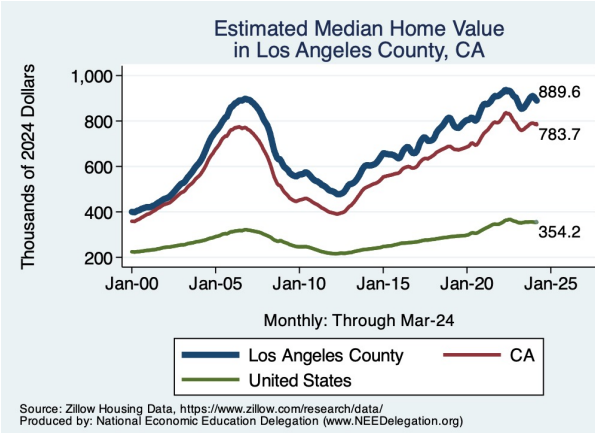
Home Sales are Not Horrible



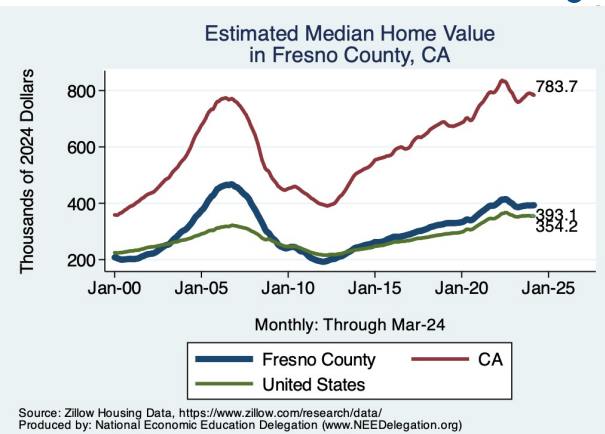
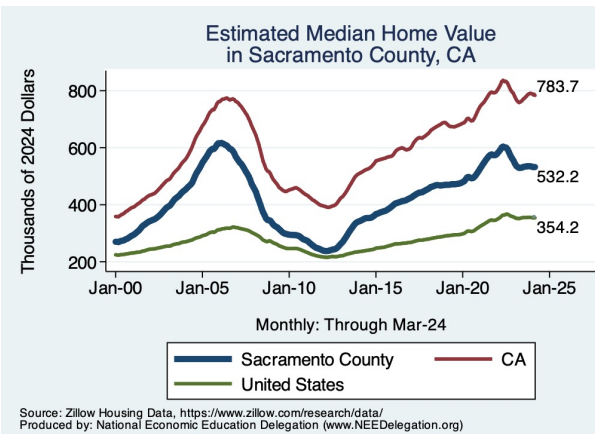
Home Prices ... in Northern CA



Home Prices ... in Southern CA



Home Prices ... in The Central Valley



If you'd like to see other geographies....

- I have these graphs for all CA counties and cities.
- I also have graphs of rents for cities.
- If you would like some other geography, just let me know:

Jon@NEEDEcon.org



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Takeaways

- **Is a recession on the horizon?**
 - No.
 - Many indicators are in the black.
 - 2023 2nd half GDP growth was pretty good
- **Inflation**
 - Certainly trending in the wrong direction.
 - Not worried about it.
 - Driven by housing and insurance.
 - Fed policy will continue to push against it.
 - Likely to recover 2%ish by middle of next year.



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Uncertainties

- **Conflicts in Ukraine and Israel.**
 - Global Supply Chains?
 - Oil Prices?
 - Aid to Ukraine and Israel?
 - o Total world aid \$380 billion of which US total is \$45 Billion.
- **Asset prices (stocks)**
- **Household balance sheets**
- **Fed Actions in a Political Year.**



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Thank you!

Any Questions?

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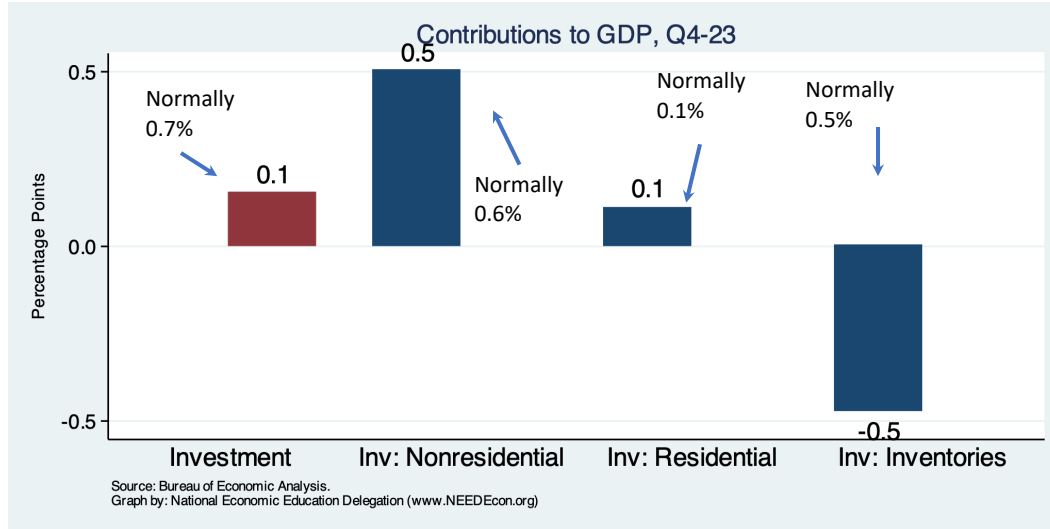


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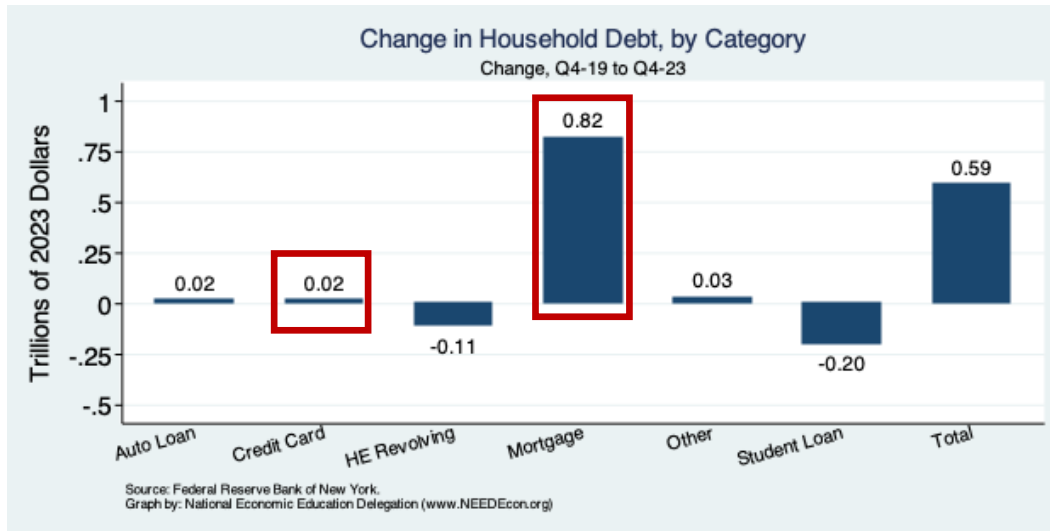
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Sources of Investment's Contribution



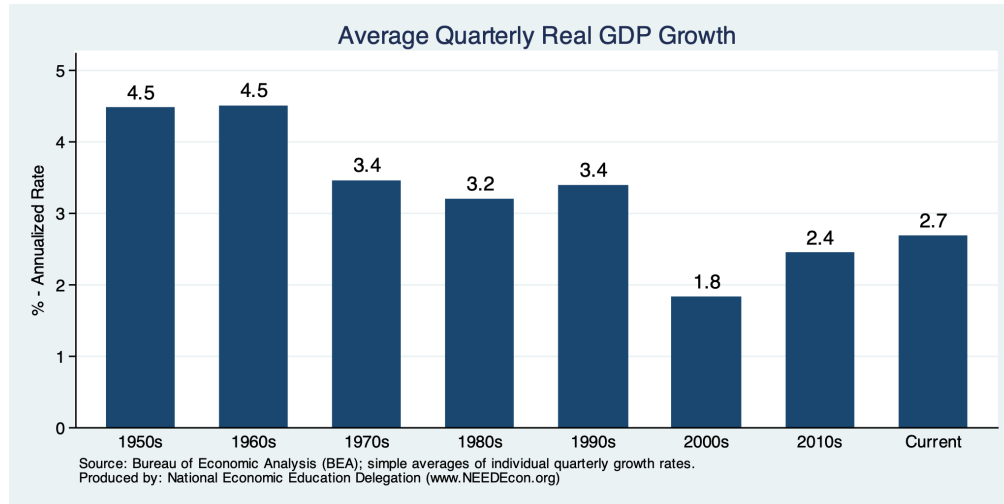
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Household Debt: Change During the Pandemic



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GDP Growth is Still Low



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A Little Provocative: How do we drive growth?

- **Allow more immigration.**
- **Develop a pro-growth immigration policy.**
- **Invest:**
 - In people – education and safety net.
 - In infrastructure.
 - In knowledge – basic R&D.
 - In a clean economy
- **Fix health care.**



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