



Economic Update US & San Mateo County

SAMCEDA
Public Policy Committee

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NEED
June 11, 2024



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Outline

- Economic Indicators
- Inflation/Federal Reserve
- The Local Economy

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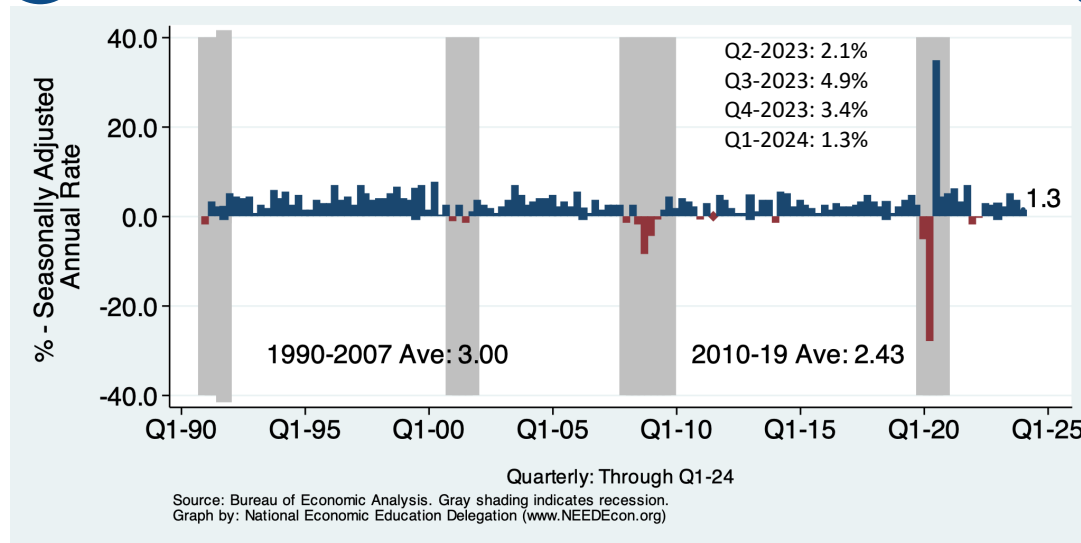
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Economic Indicators

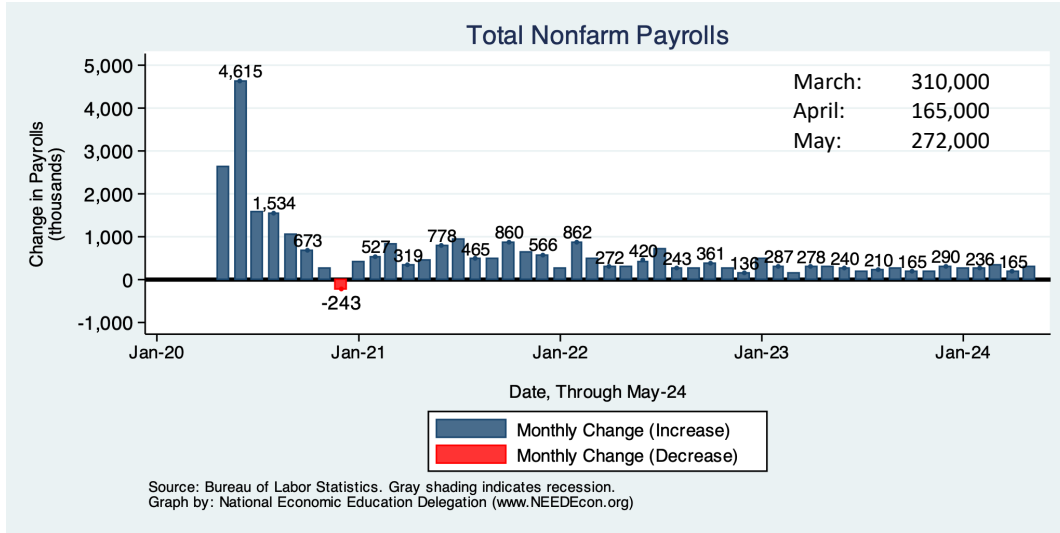
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GDP: Quarterly Growth



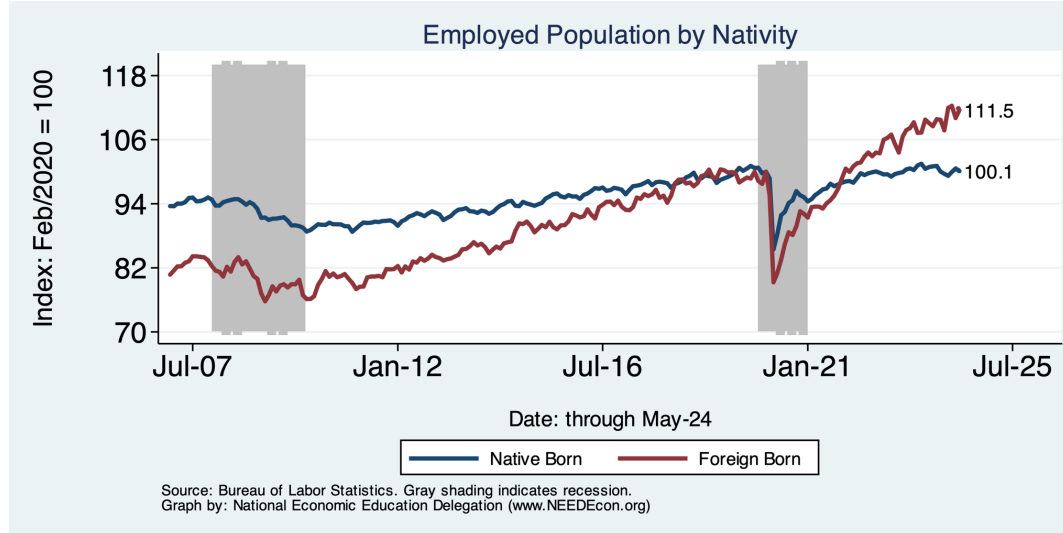
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Monthly Changes in Nonfarm Employment



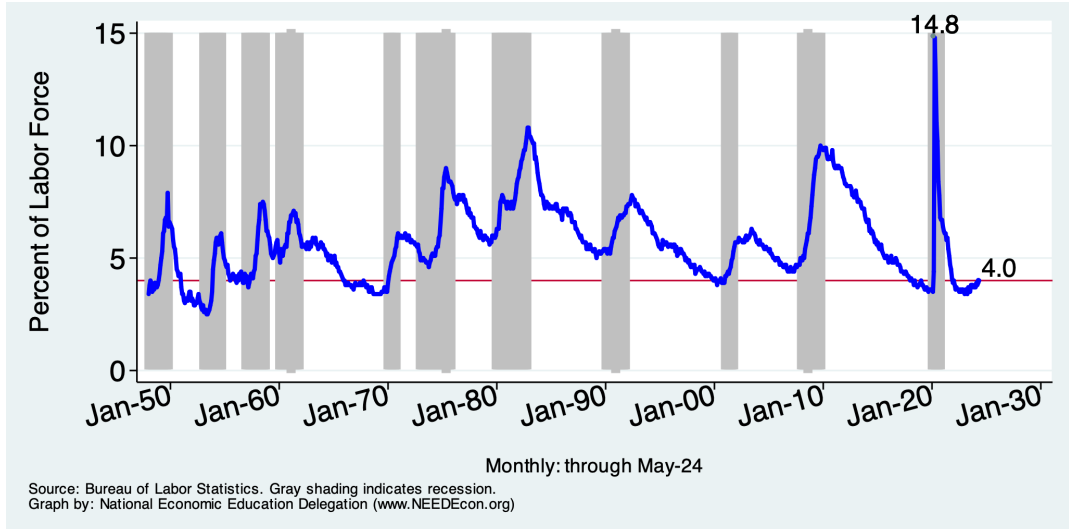
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Immigrants to the Rescue?

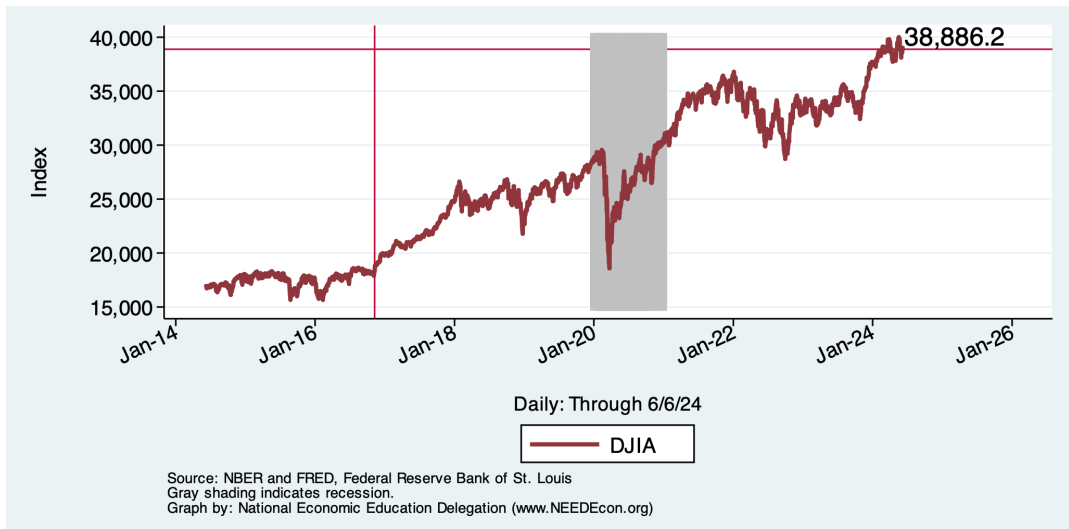


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What About Unemployment?



And Stocks? Way up!

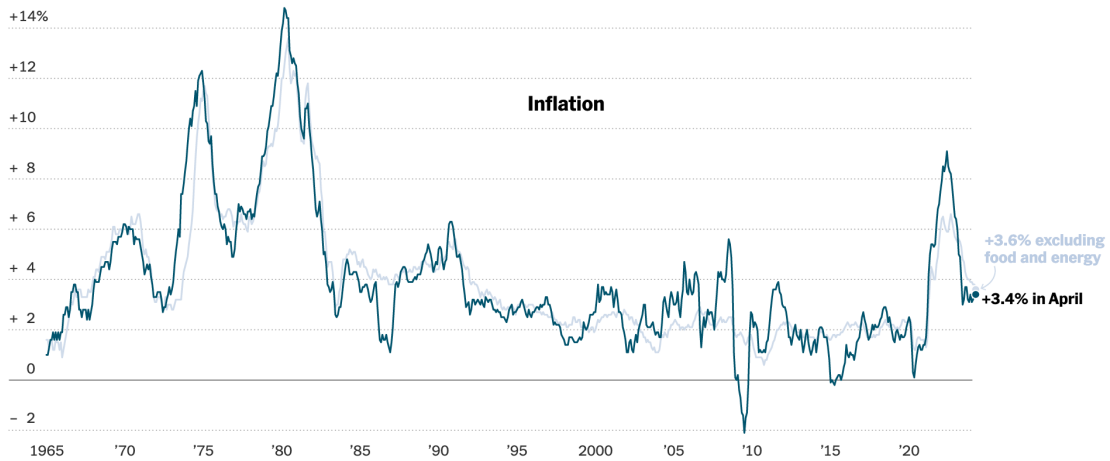


Inflation



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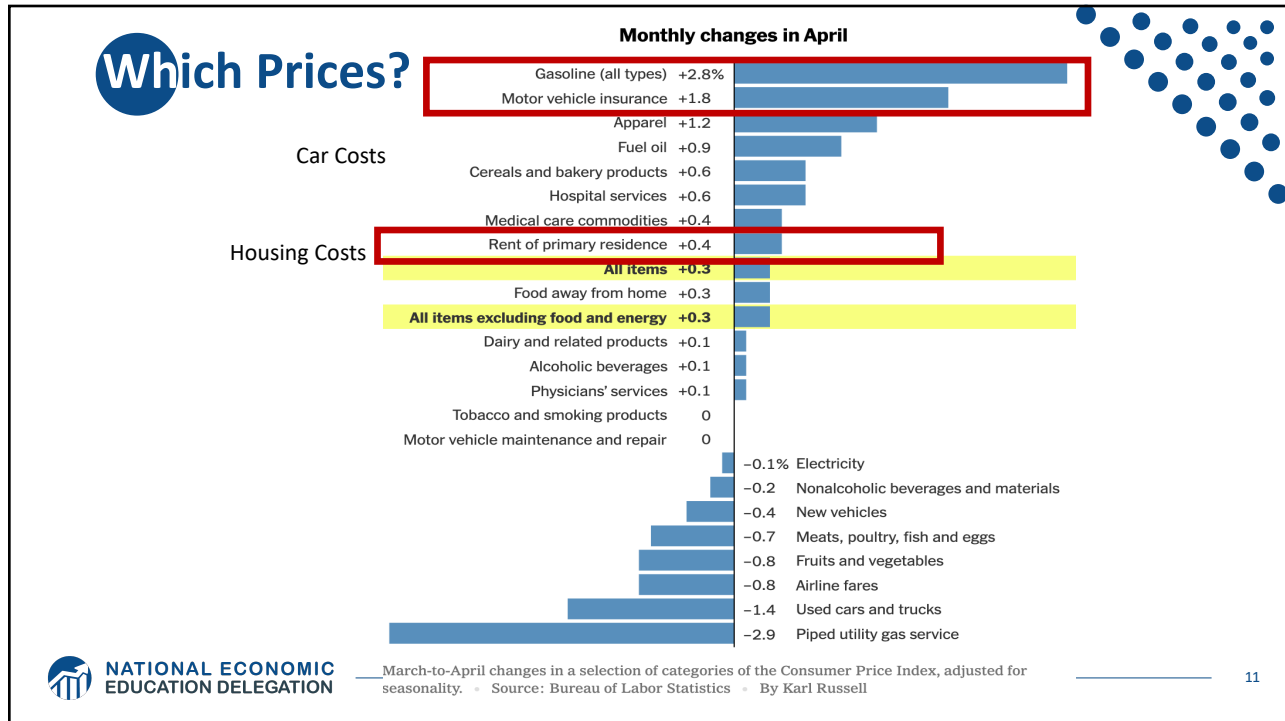
Inflation: Latest Figures – Headline - CPI



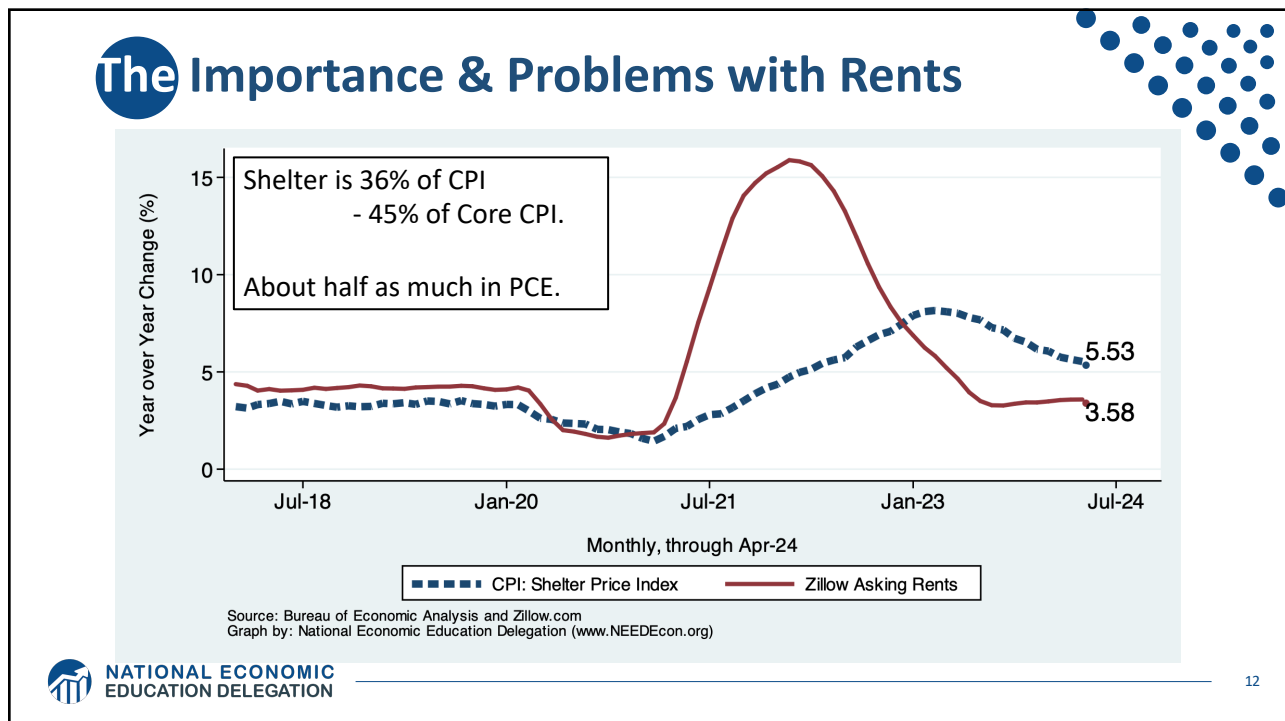
Year-over-year change in the Consumer Price Index • Source: Bureau of Labor Statistics • By Karl Russell



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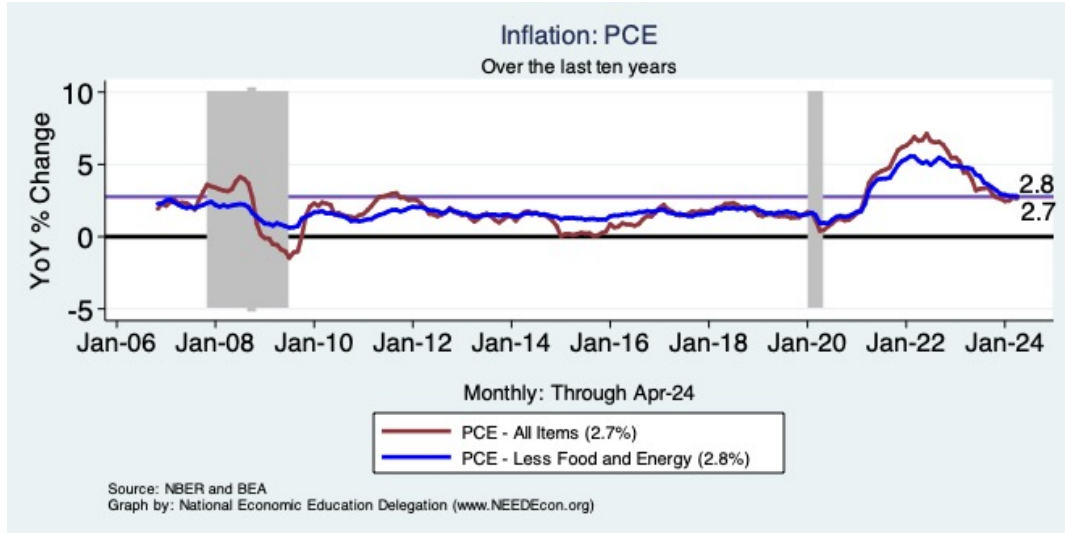


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Inflation Looks Better by the PCEPI



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My Thoughts on Inflation

- PCE is more accurate than the CPI: 2.7 vs 3.4
- Most indicators suggests continued declines.
- Return to 2% - next year.
- Federal Funds rate to stay high for some time.



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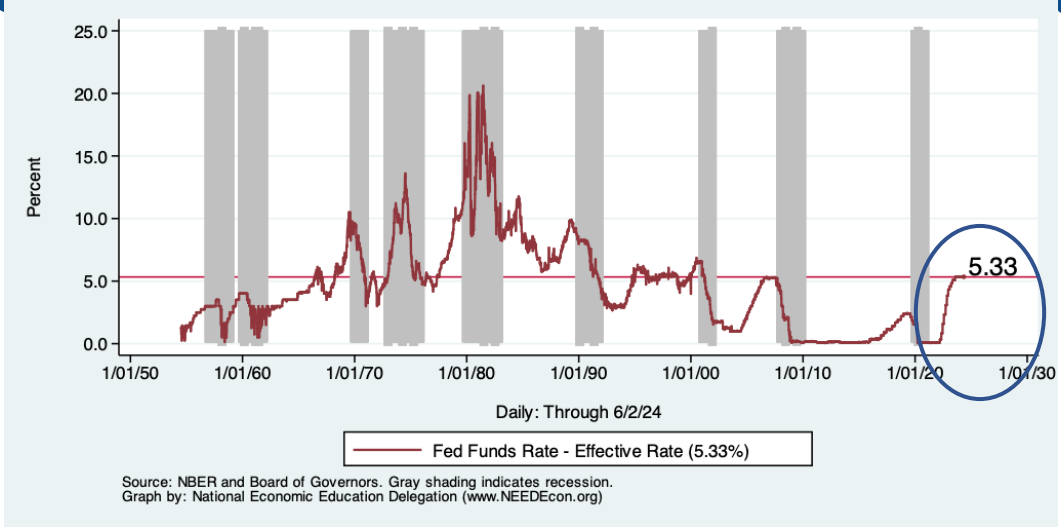
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What's the Fed Doing About It?

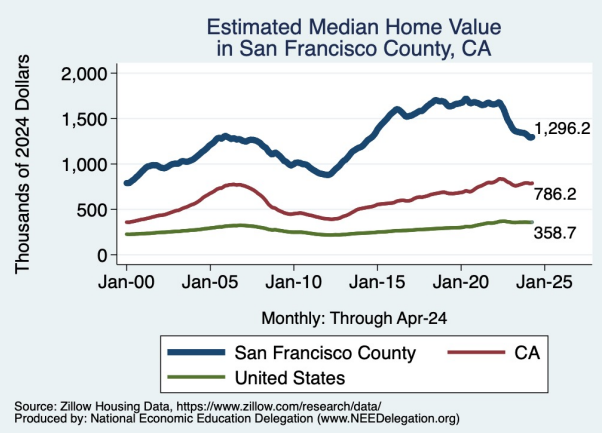
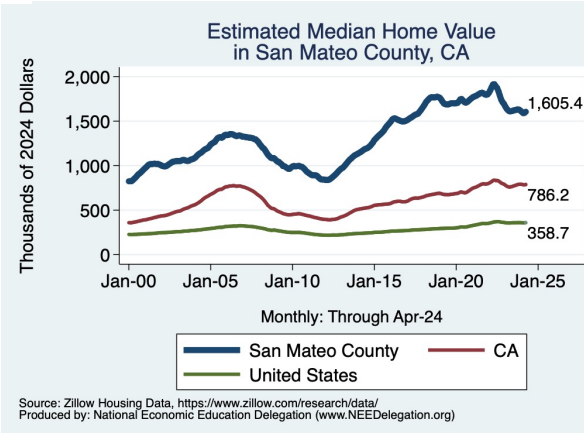
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Raising the Federal Funds Rate



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Home Prices ... Falling Throughout CA

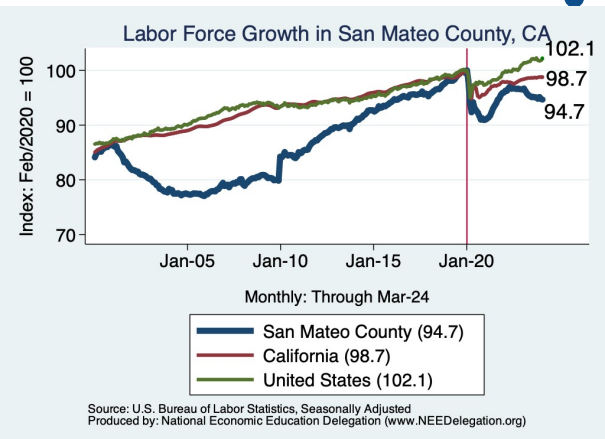
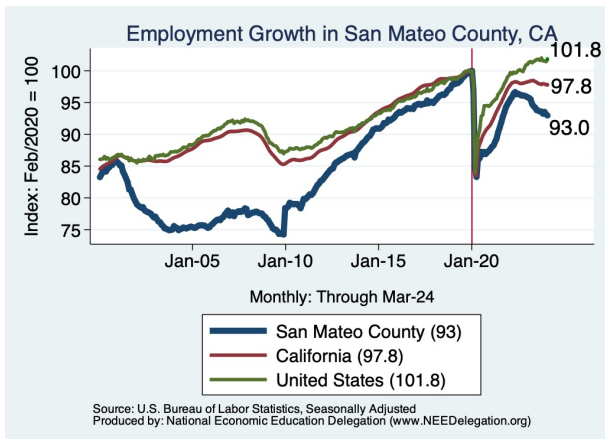


Takeaways

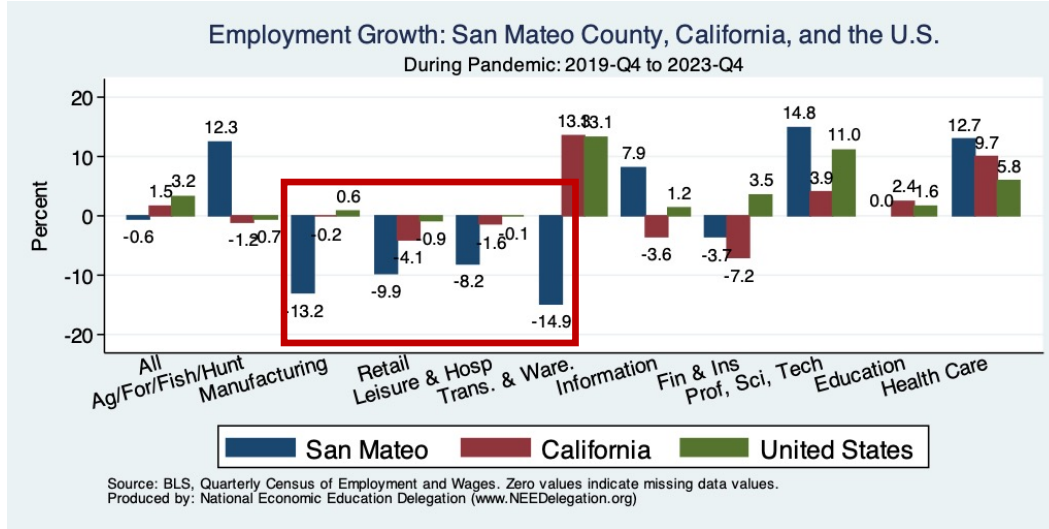
- **Is a recession on the horizon?**
 - No. Potentially a slowdown.
 - Many indicators are well in the black.
 - 2024-Q1 GDP growth was ok.
- **Inflation has been tamed.**
- **Fed will hold steady for a while.**
- **Threats to continued growth:**
 - Conflicts in Ukraine and Israel.
 - Global Supply Chains?
 - Oil Prices?
 - Asset prices (stocks)
 - Household balance sheets
 - Fed Actions in a Political Year.

San Mateo Economy

Employment in San Mateo County?

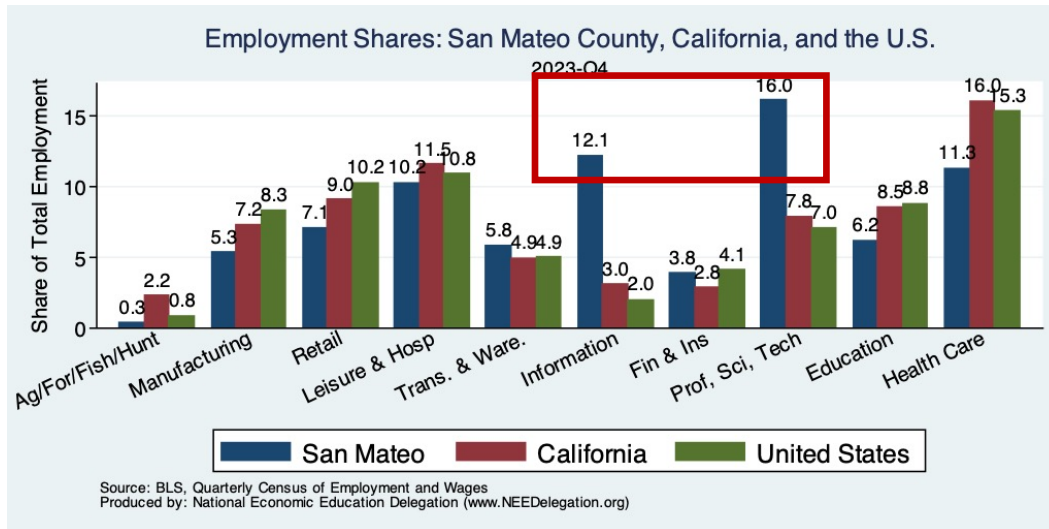


The Pandemic Effect: Employment

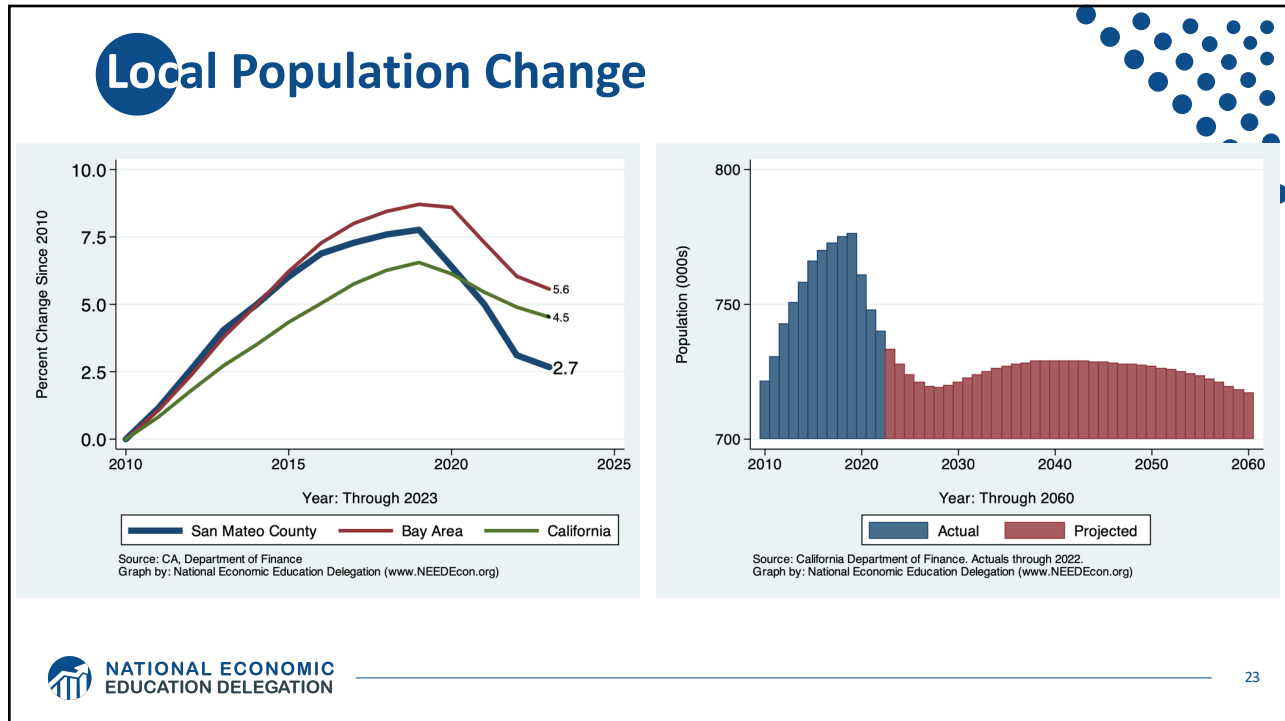


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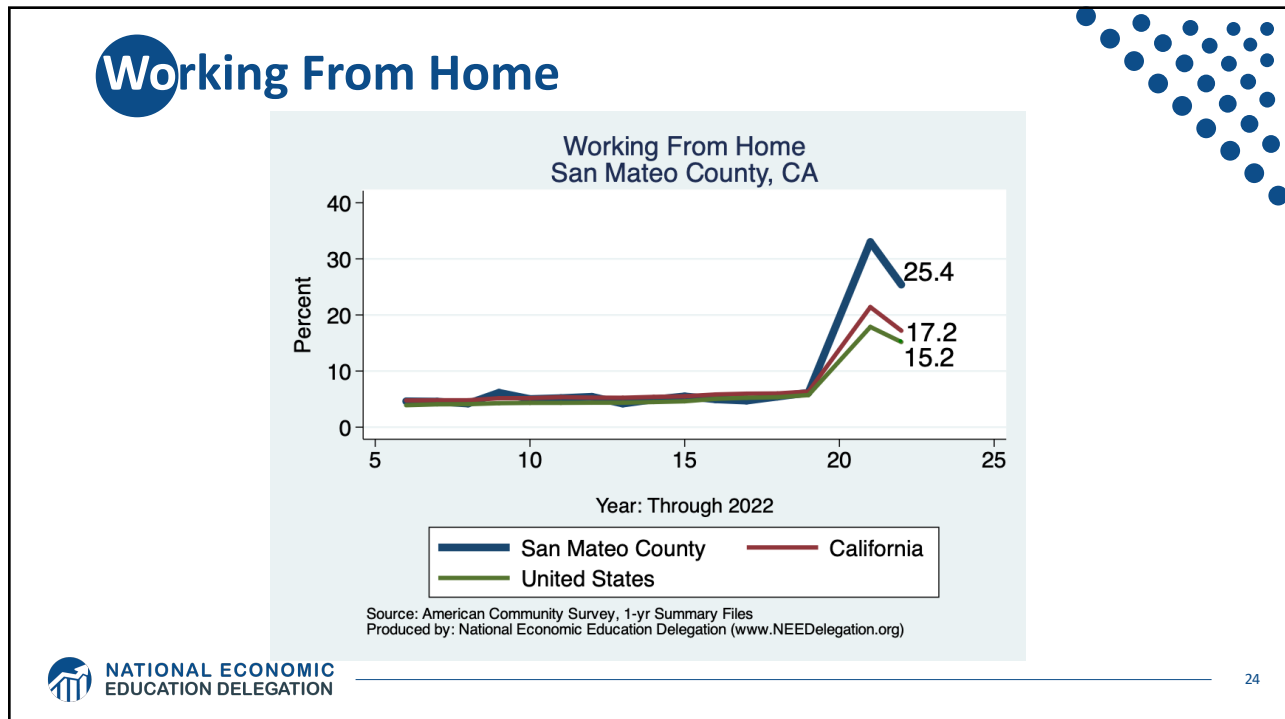
San Mateo Economy: Employment



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San Mateo County: Summary

- **Home prices have stabilized (?).**
- **San Mateo County has been altered by the pandemic.**
 - Lots of working from home.
 - But 25% have returned to the office/workplace over the last year.
 - An economy doubling down on Tech
 - Service economy has shrunk.
 - Information and PSTS are growth sectors.
- **If this shift is permanent – a more volatile economy.**
- **Another concern: population declines.**
 - Primarily among low-income households.



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Thank you!

Any Questions?

www.NEEDEcon.org

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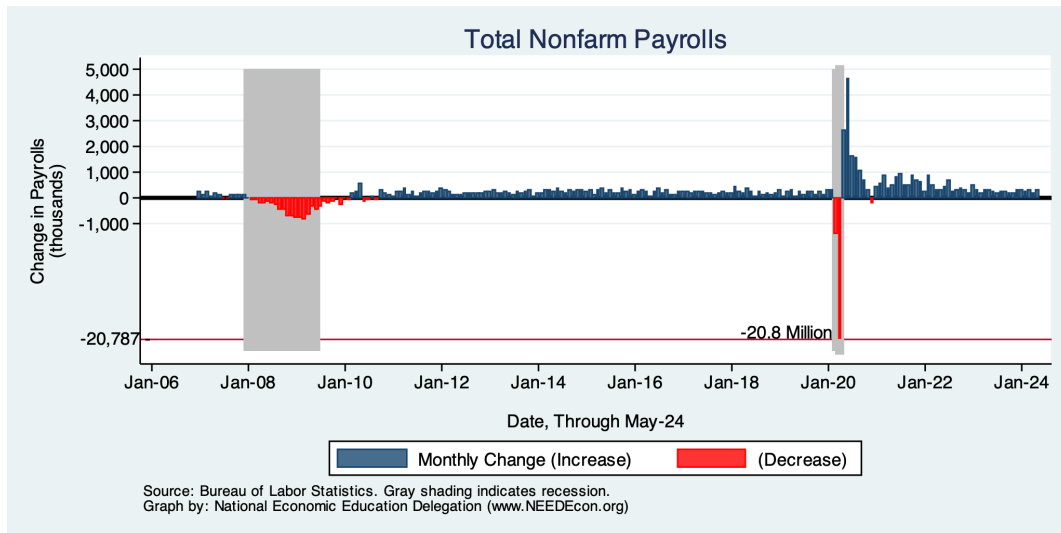
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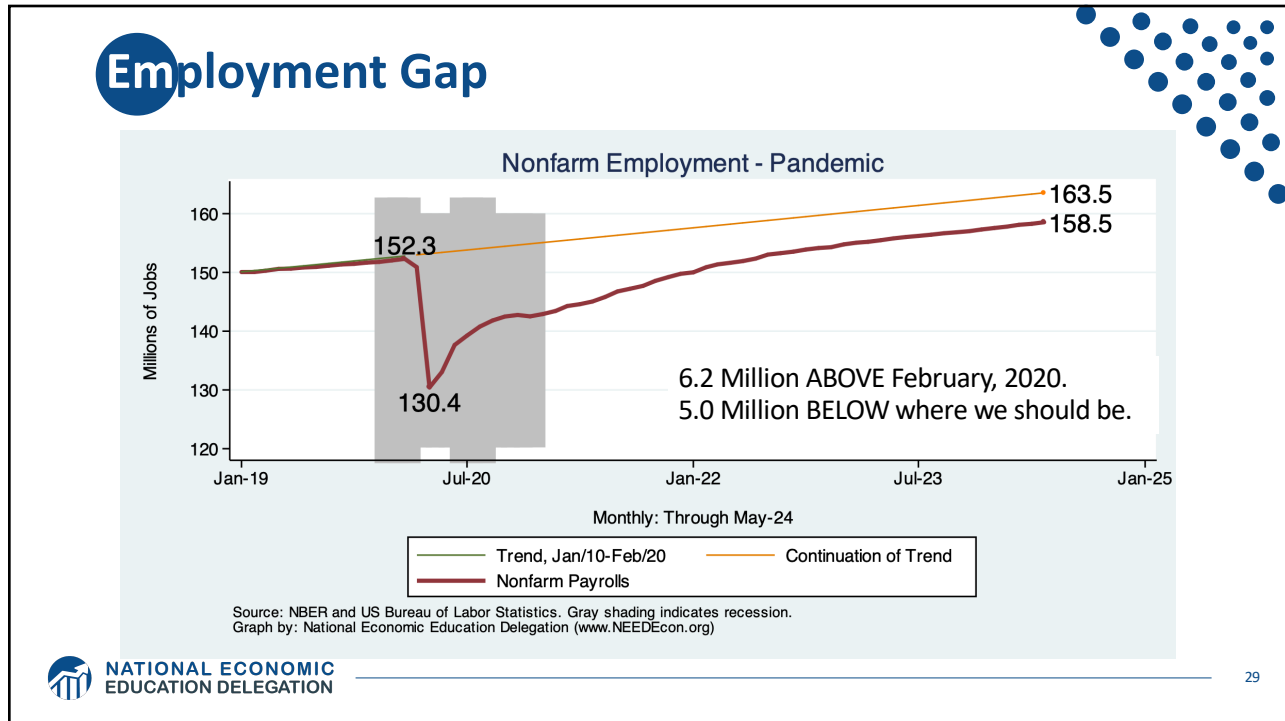
www.NEEDelegation.org/LocalGraphs

For every state and county in the United States.
Detailed graphs on employment, housing, moves, and other statistics.

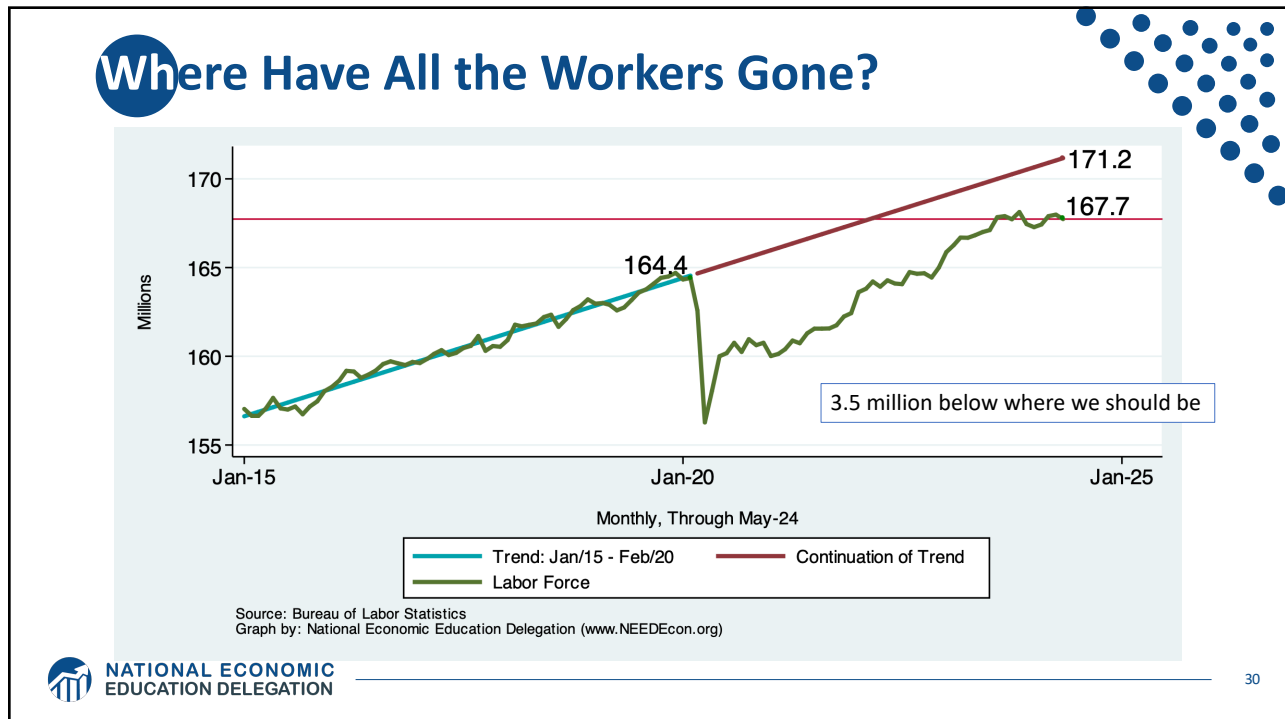


Monthly Changes in Nonfarm Employment



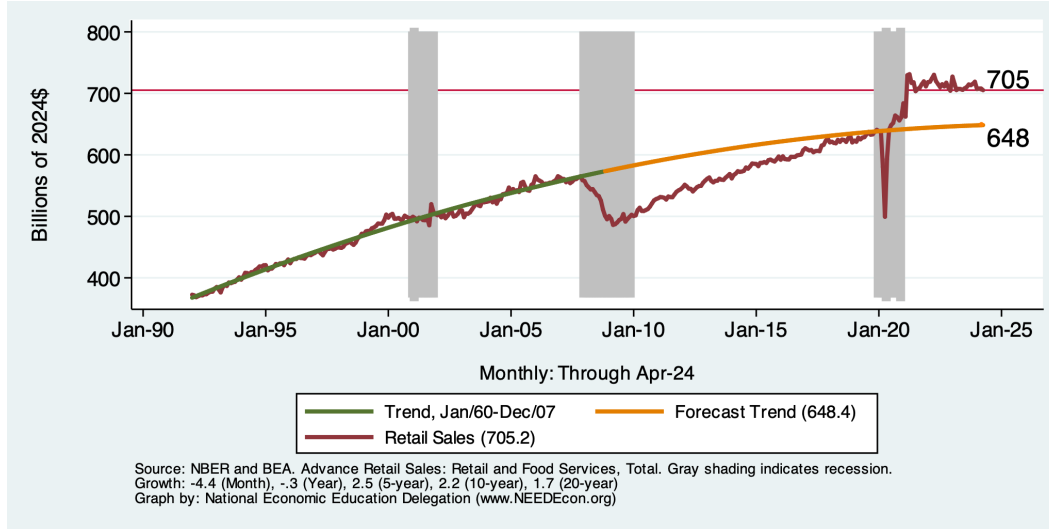


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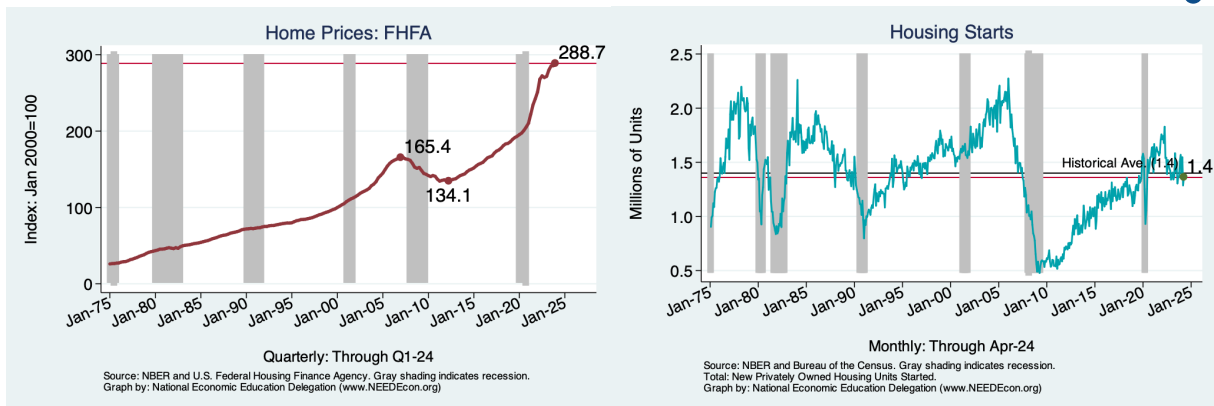
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But SUPER High to Begin With!

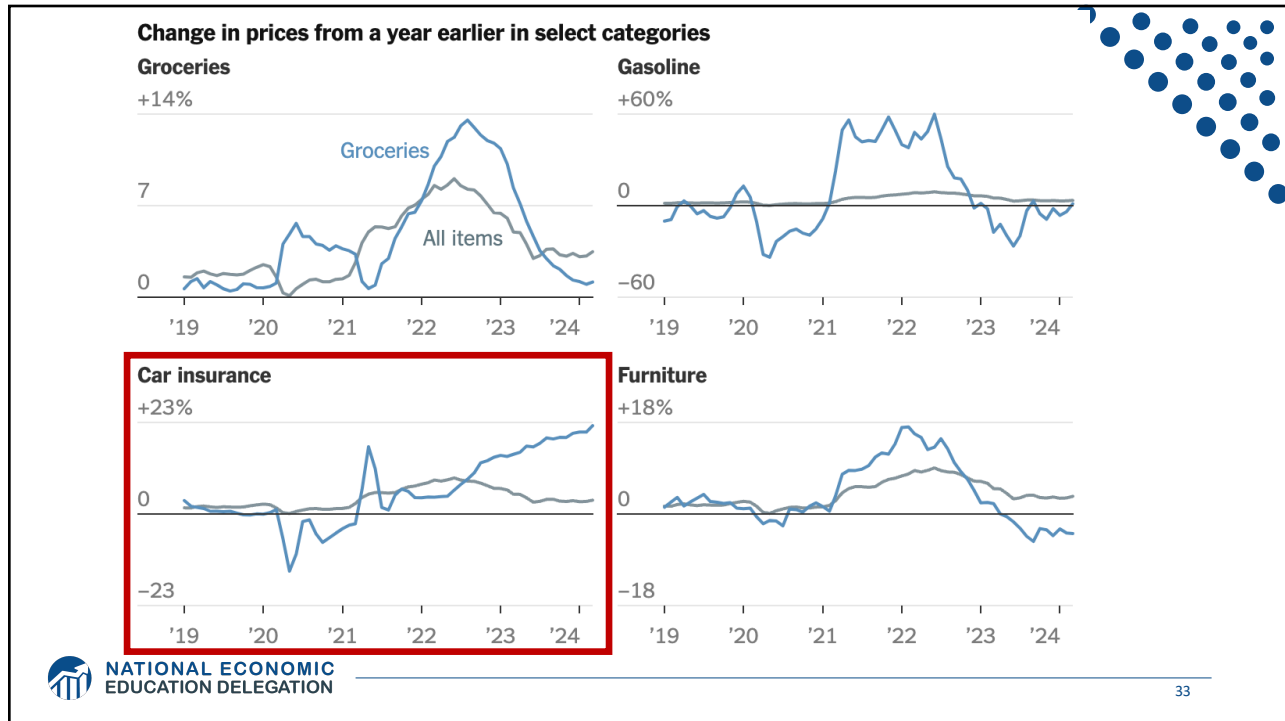


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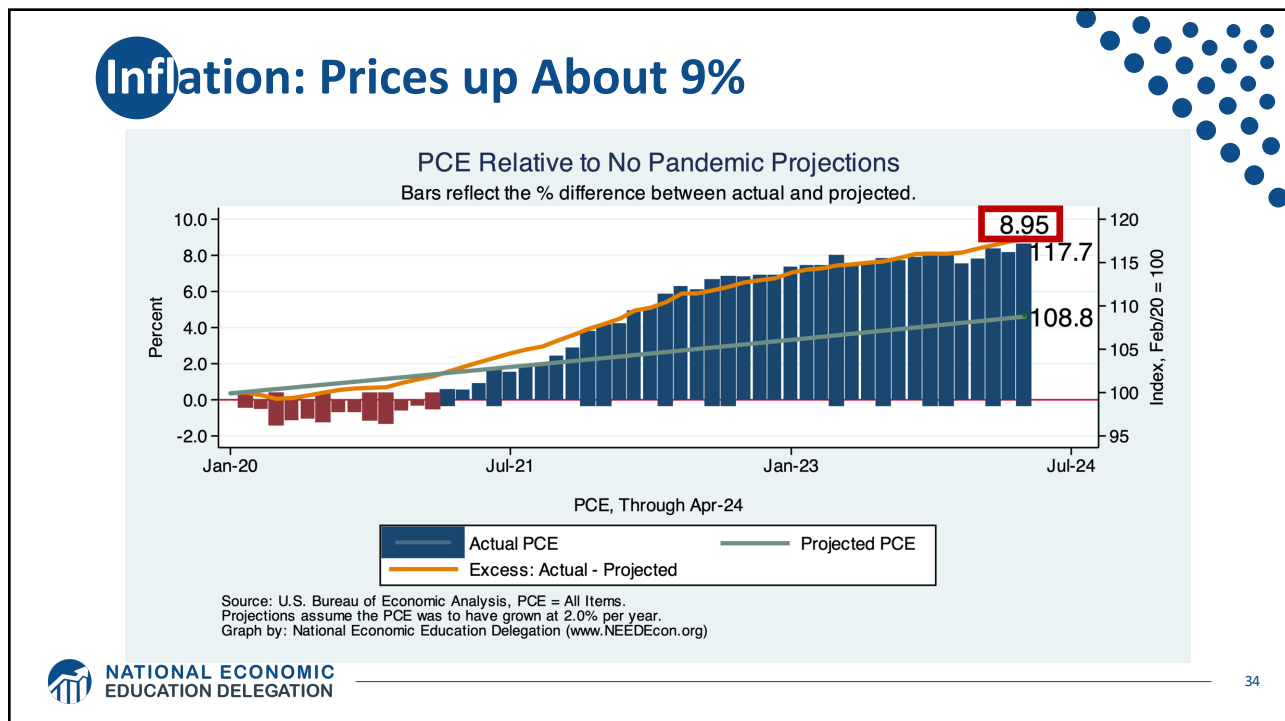
Home Prices and Housing Starts



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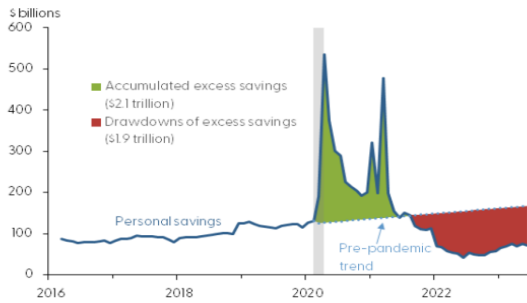


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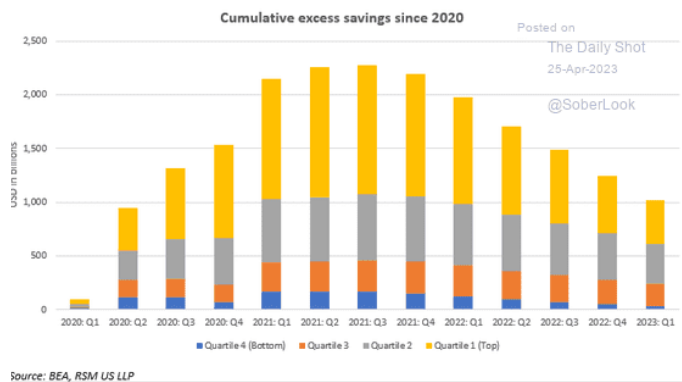
Policy Effects: Fiscal

- 2020-2021: massive stimulus, \$4.6t: Cares Act, 3 rounds of stimulus checks, expanded unemployment benefits, Payroll Protection Loans.

Aggregate Personal Savings



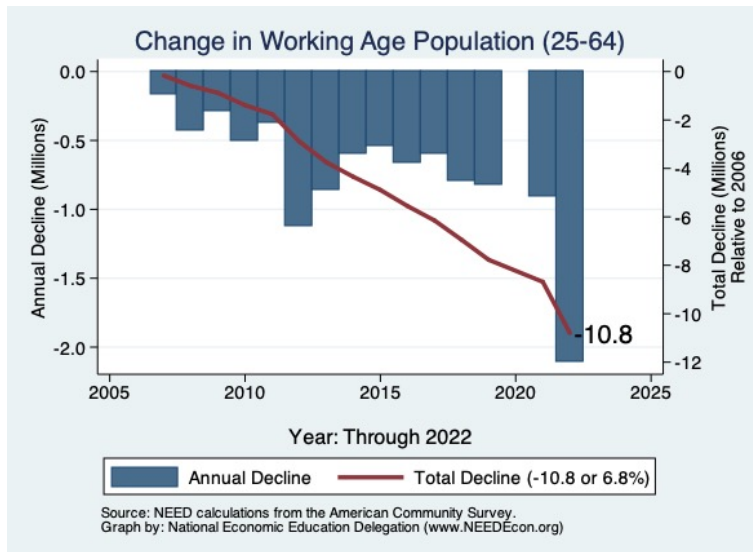
Source: Abdelrahman, Hamza et al., "Excess No More? Dwindling Pandemic Savings," Federal Reserve Bank of San Francisco, Aug. 2023. <https://www.frbsf.org/our-district/about/sf-fed-blog/excess-no-more-dwindling-pandemic-savings/>



Source: BEA, RSM US LLP

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Early Retirements Among Native Born



Source: NEED calculations from the American Community Survey. Graph by: National Economic Education Delegation (www.NEEDecon.org)

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Fed: Reducing its Asset Holdings

