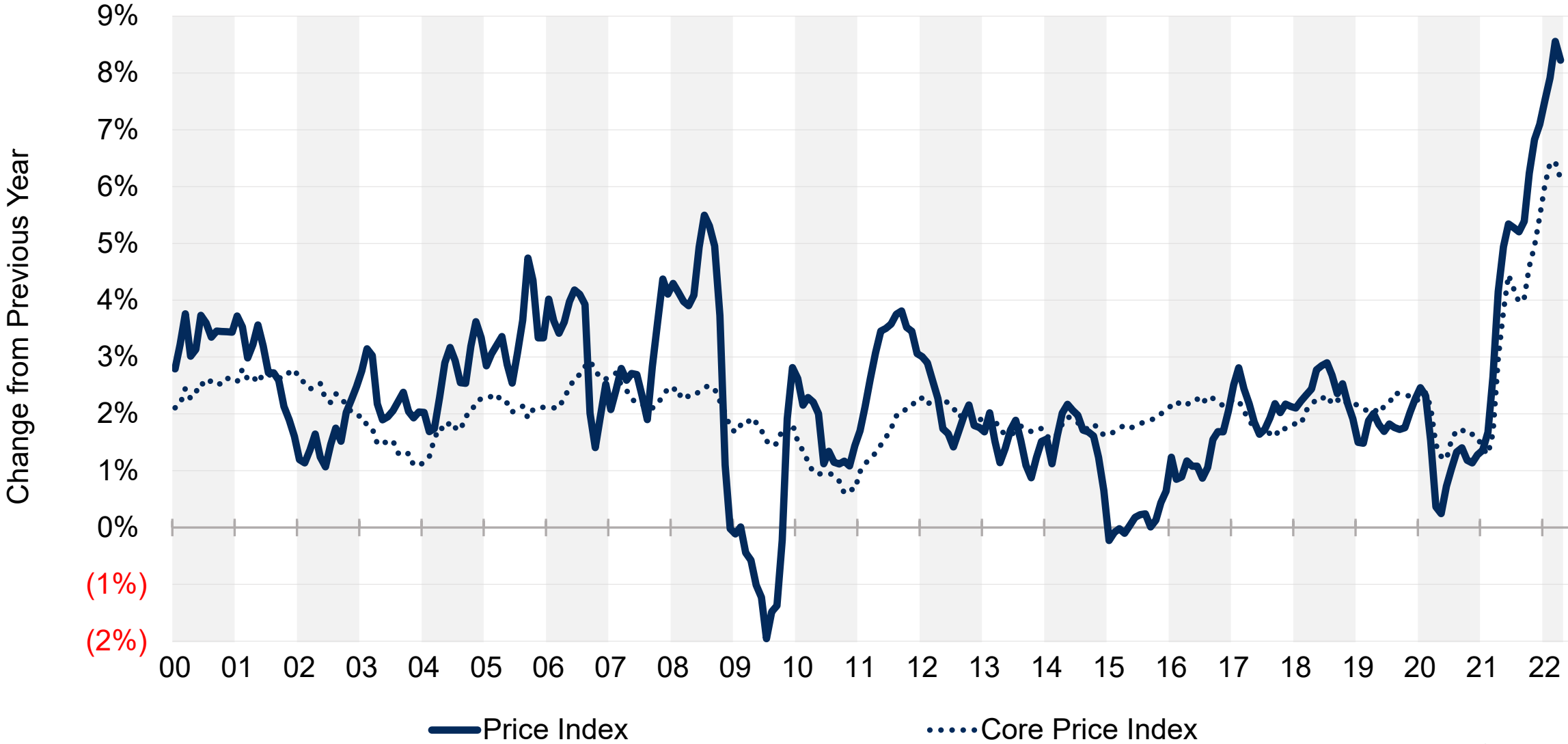




Economic Update

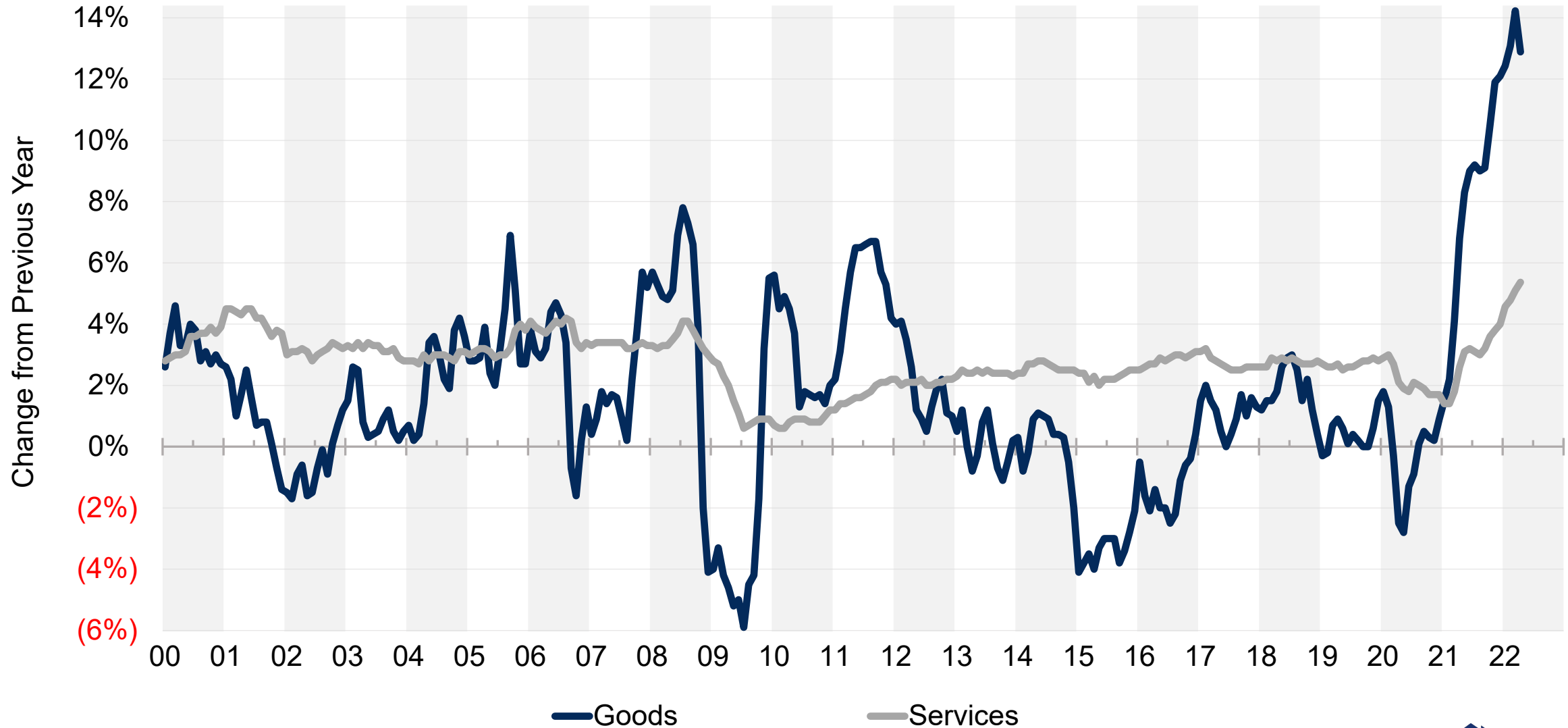
**Appraisal Institute
Southern California Chapter
June 9, 2022 ✦ Riverside**

Fastest Inflation in 40 Years ...



Source: Bureau of Labor Statistics

... Driven Mostly by Goods, But Services Are Also Rising



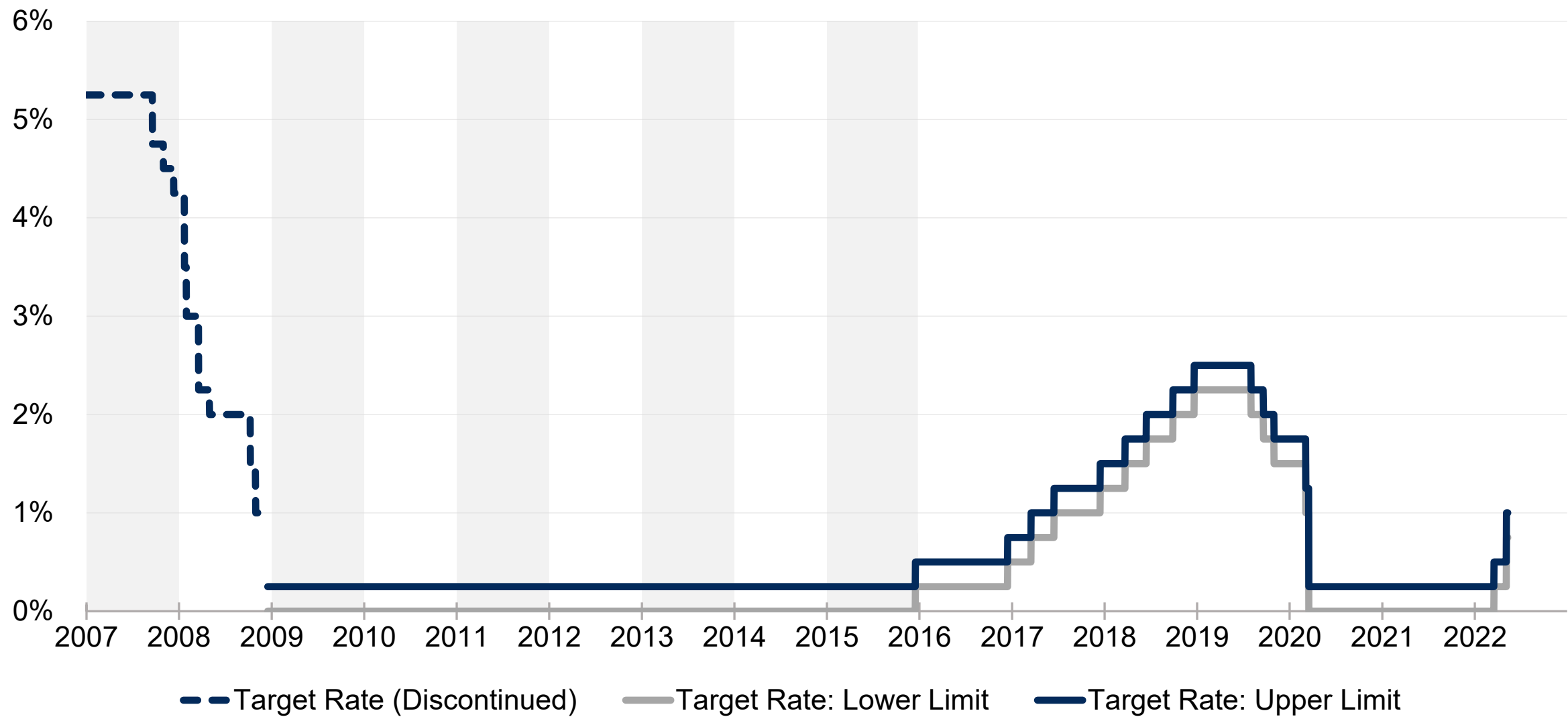
Source: Bureau of Labor Statistics

Commodity Prices Surged During the Pandemic



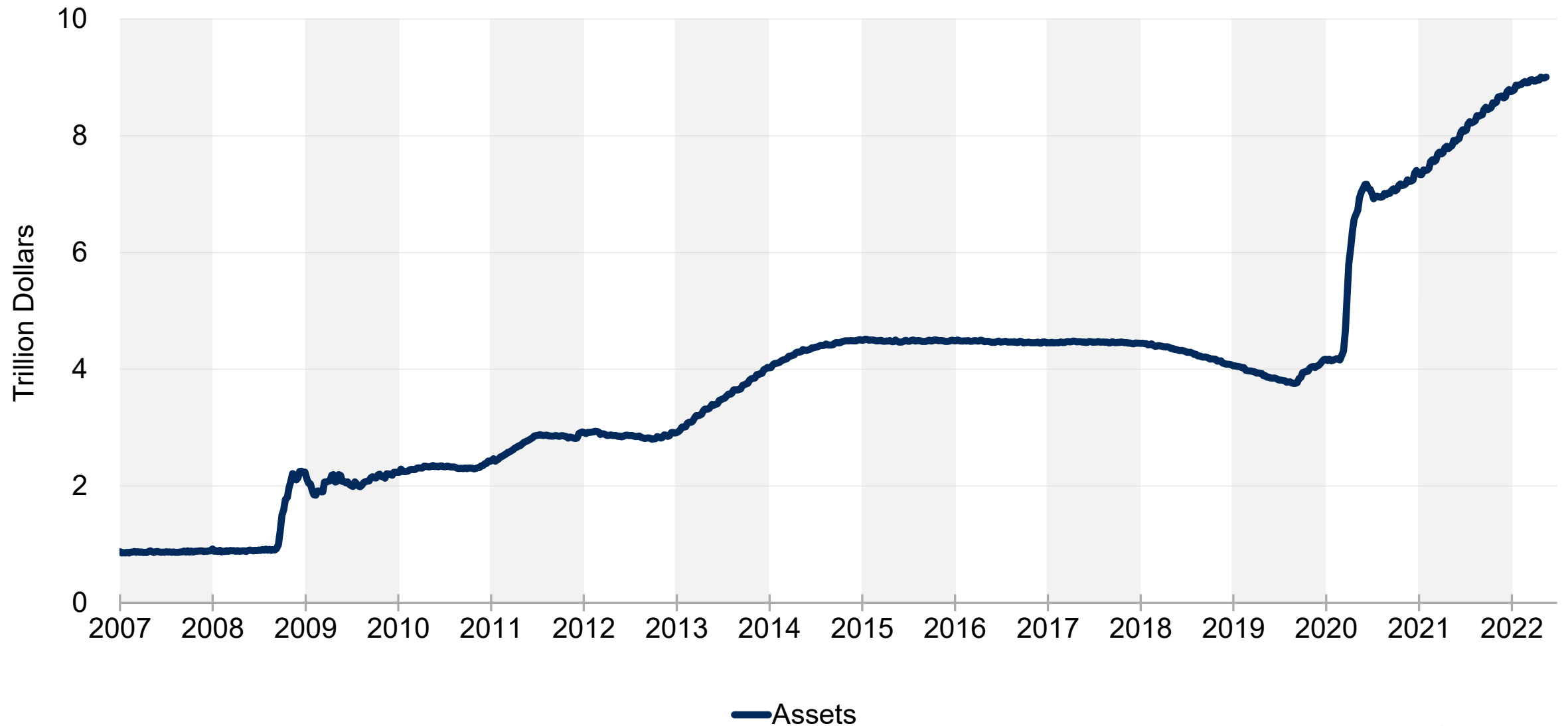
Source: International Monetary Fund

Federal Reserve Starts a Tightening Cycle



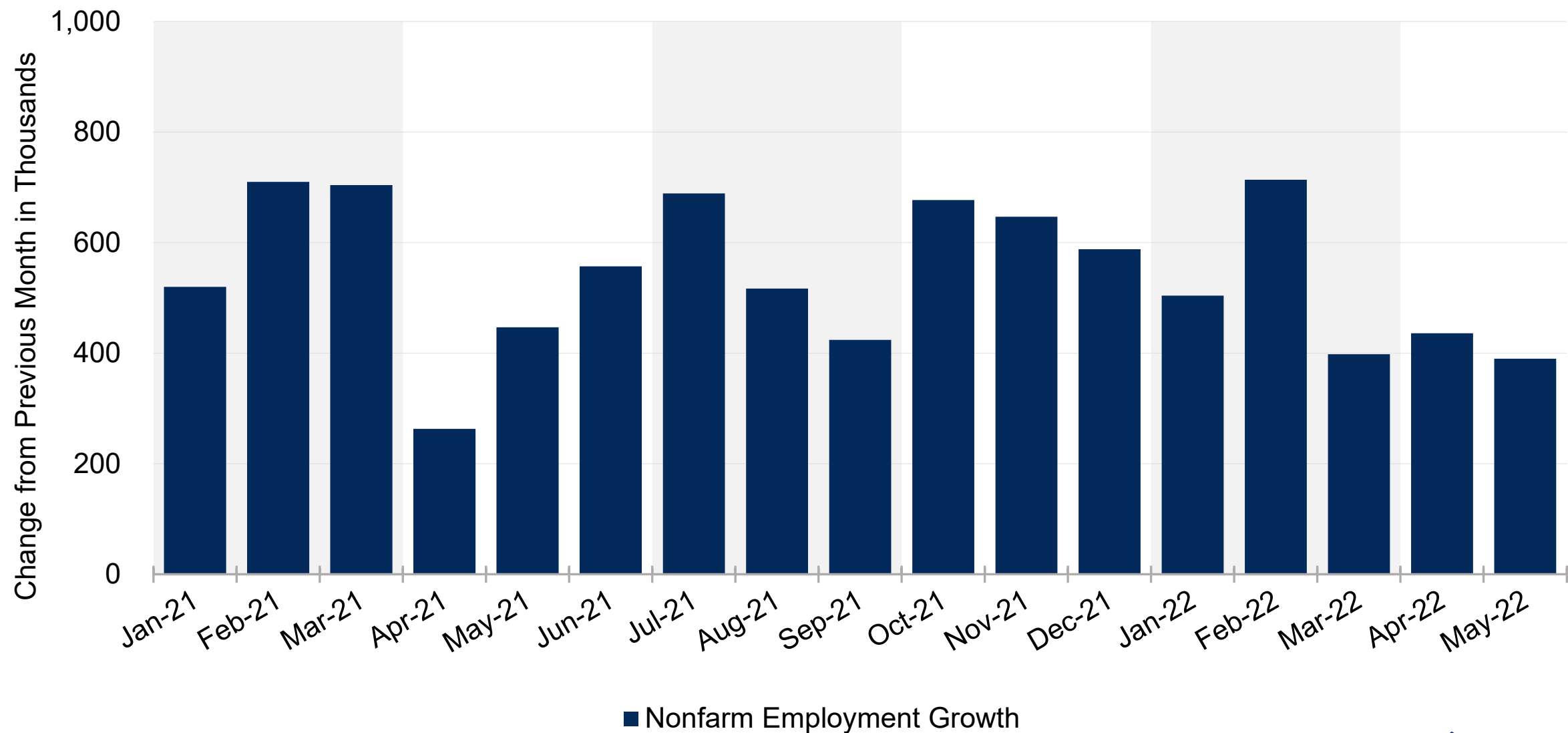
Source: Federal Reserve Board

Bloated Balance Sheet About to Be Trimmed



Source: Federal Reserve Board

Monthly Job Gains Have Been Solid



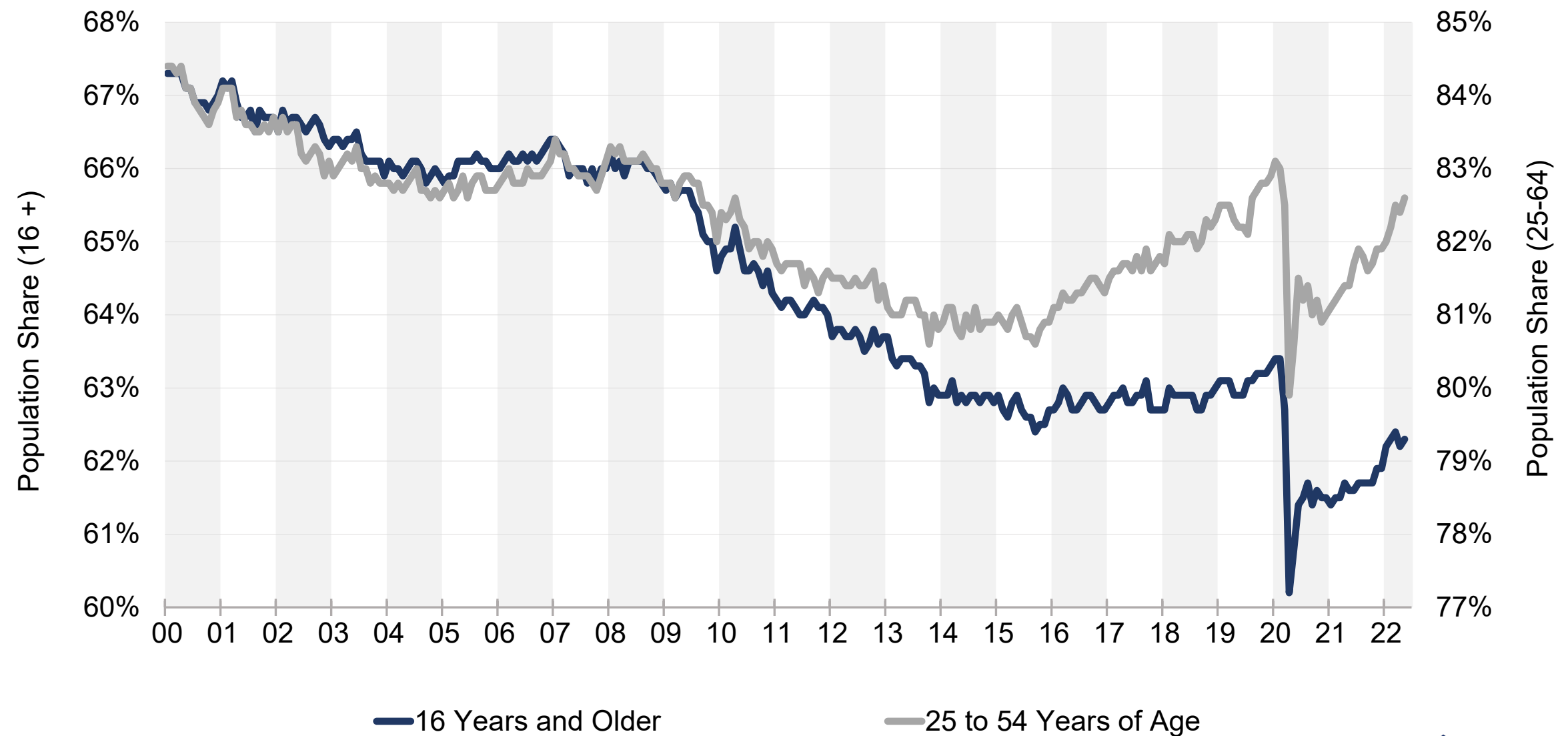
Source: Bureau of Labor Statistics

Job Vacancies Are Near Record Highs



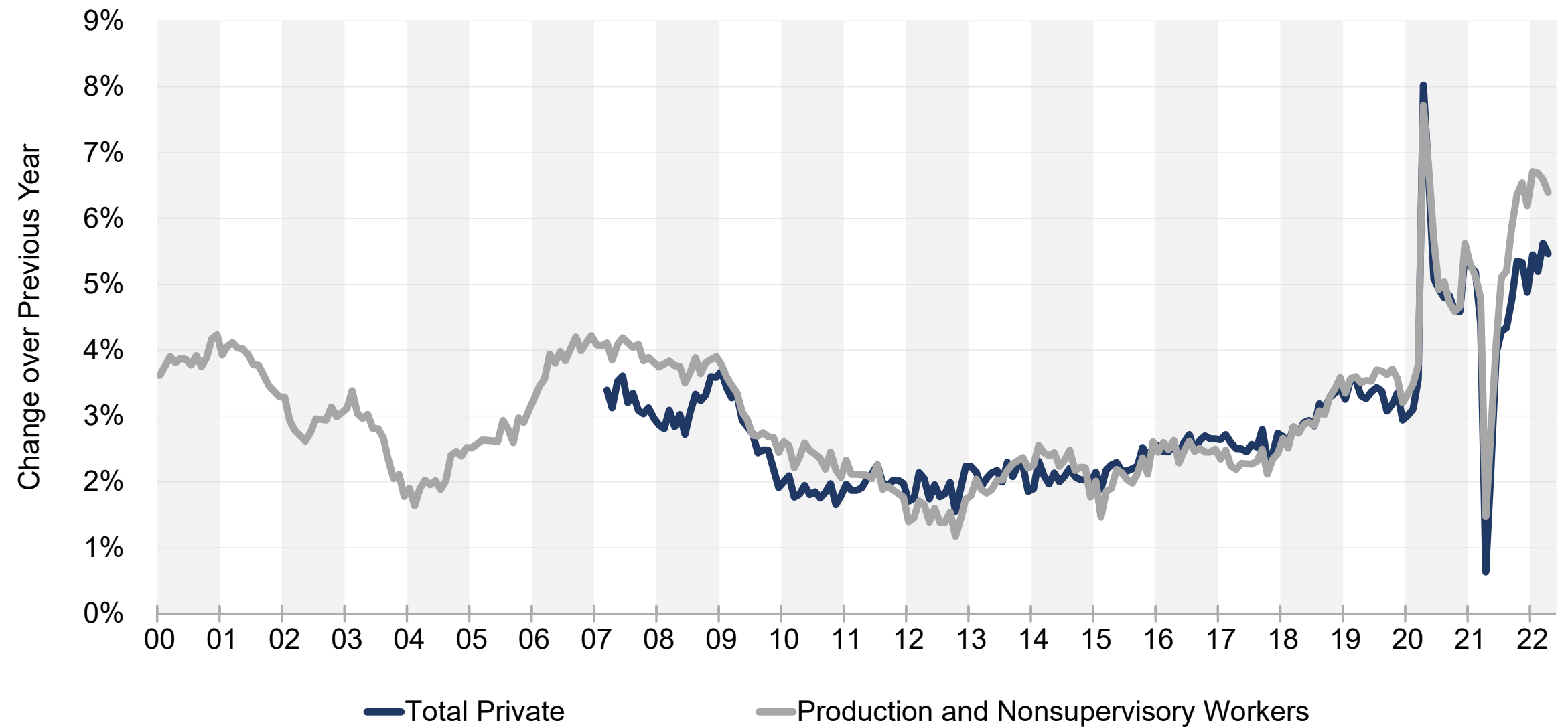
Source: Bureau of Labor Statistics

Labor Supply Inching Higher But Still Below Pre-COVID Days



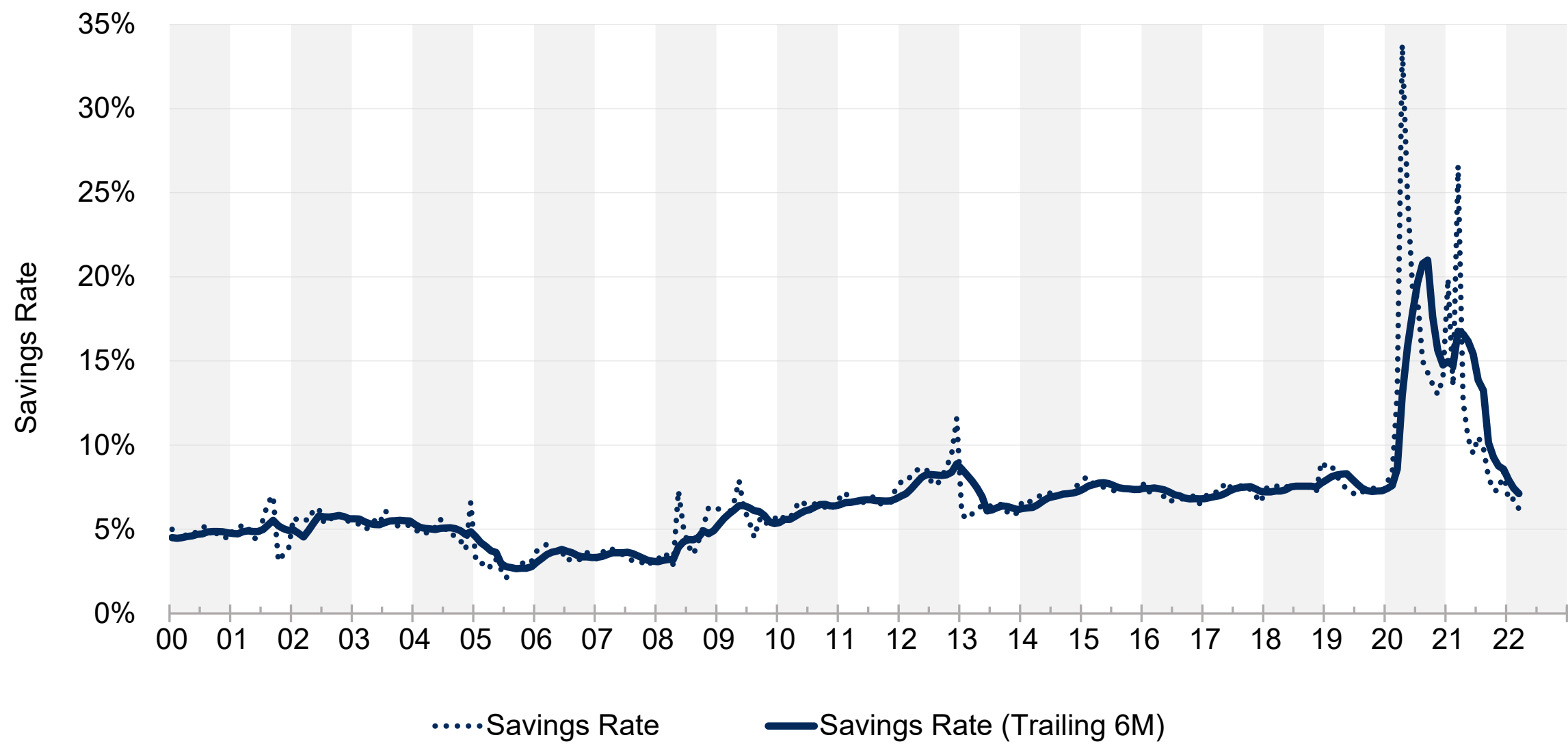
Source: Bureau of Labor Statistics

Hourly Wages Have Been Rising

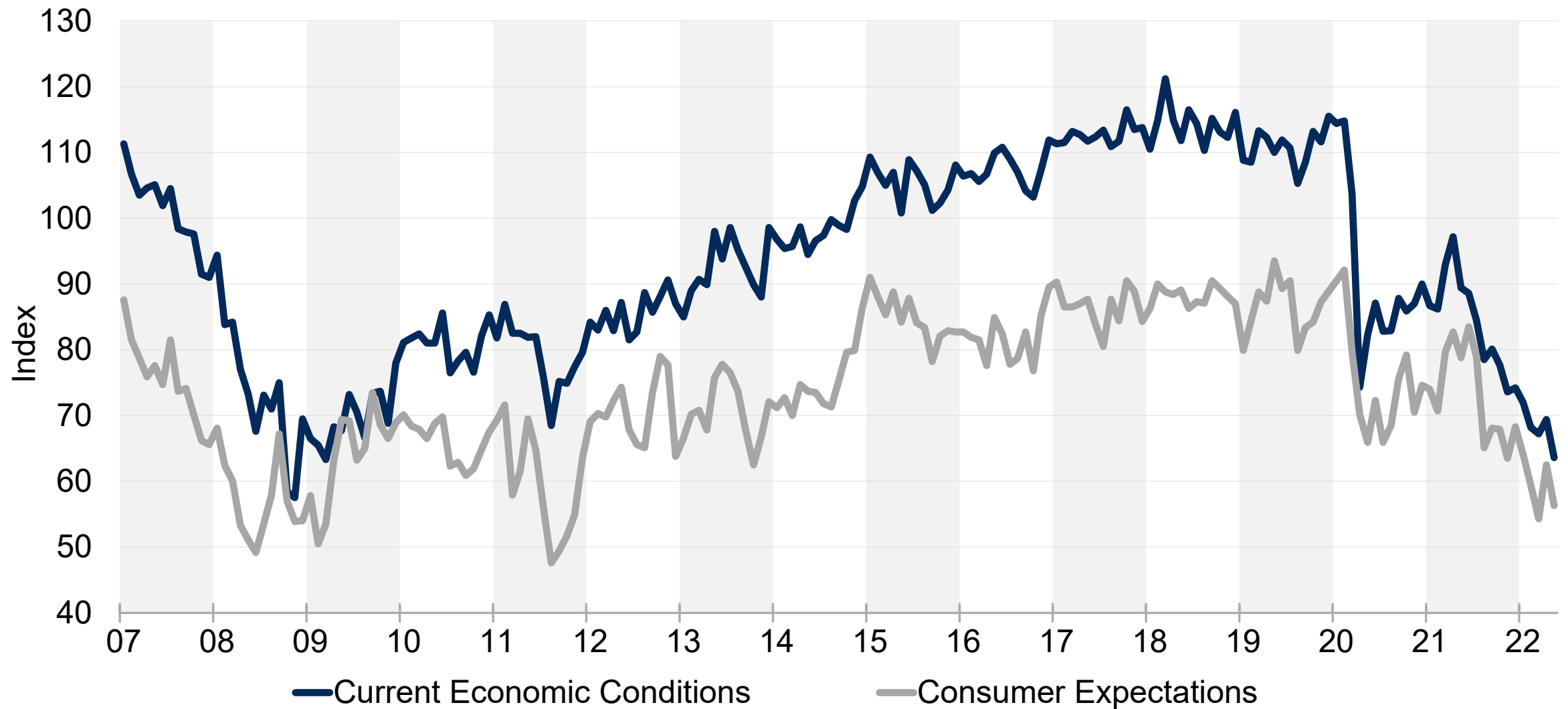


Source: Bureau of Labor Statistics

Households Have Accumulated Lots of Savings



But Consumers Are Pretty Unhappy ...



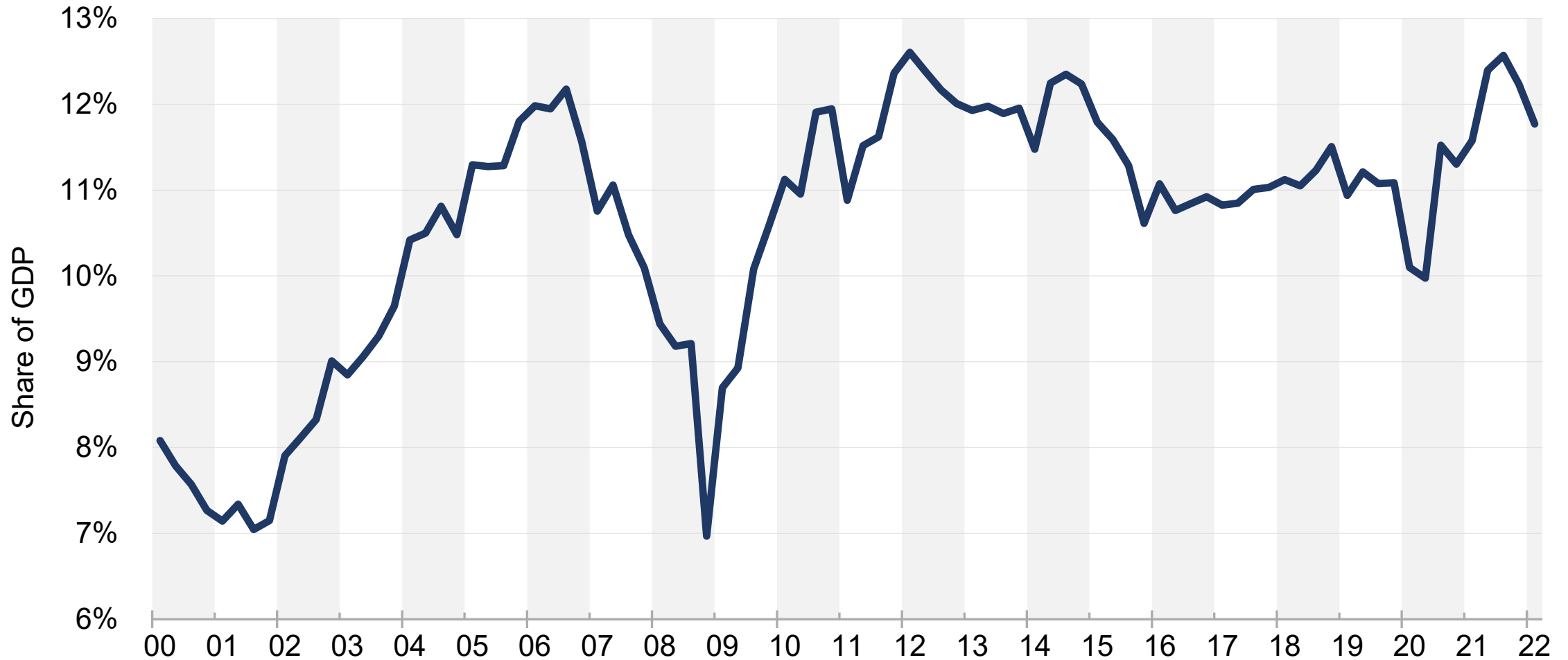
Source: University of Michigan Survey of Consumers

... But Expect to Speed Up Spending Anyway



Source: Federal Reserve Bank of New York

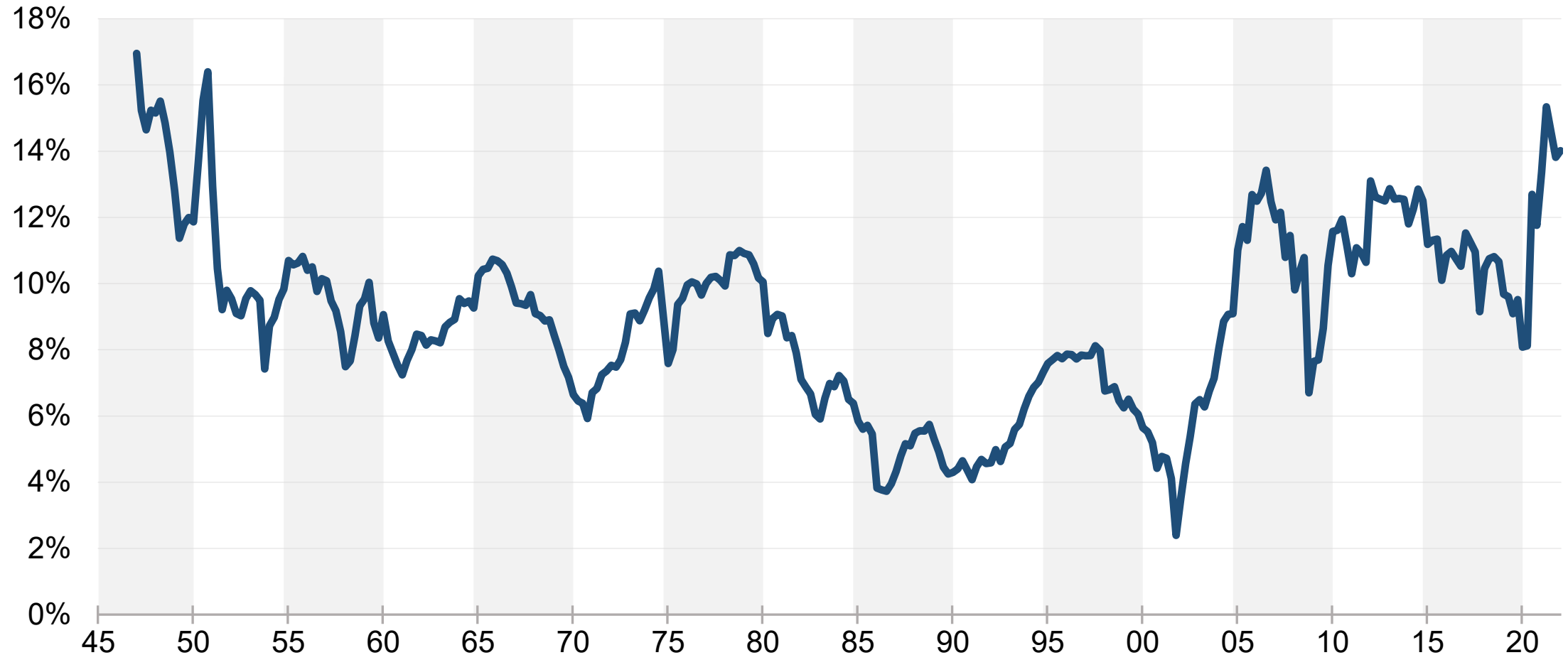
Corporate Profits After-Tax Profits Strong ...



— Corporate Profits as a Share of GDP

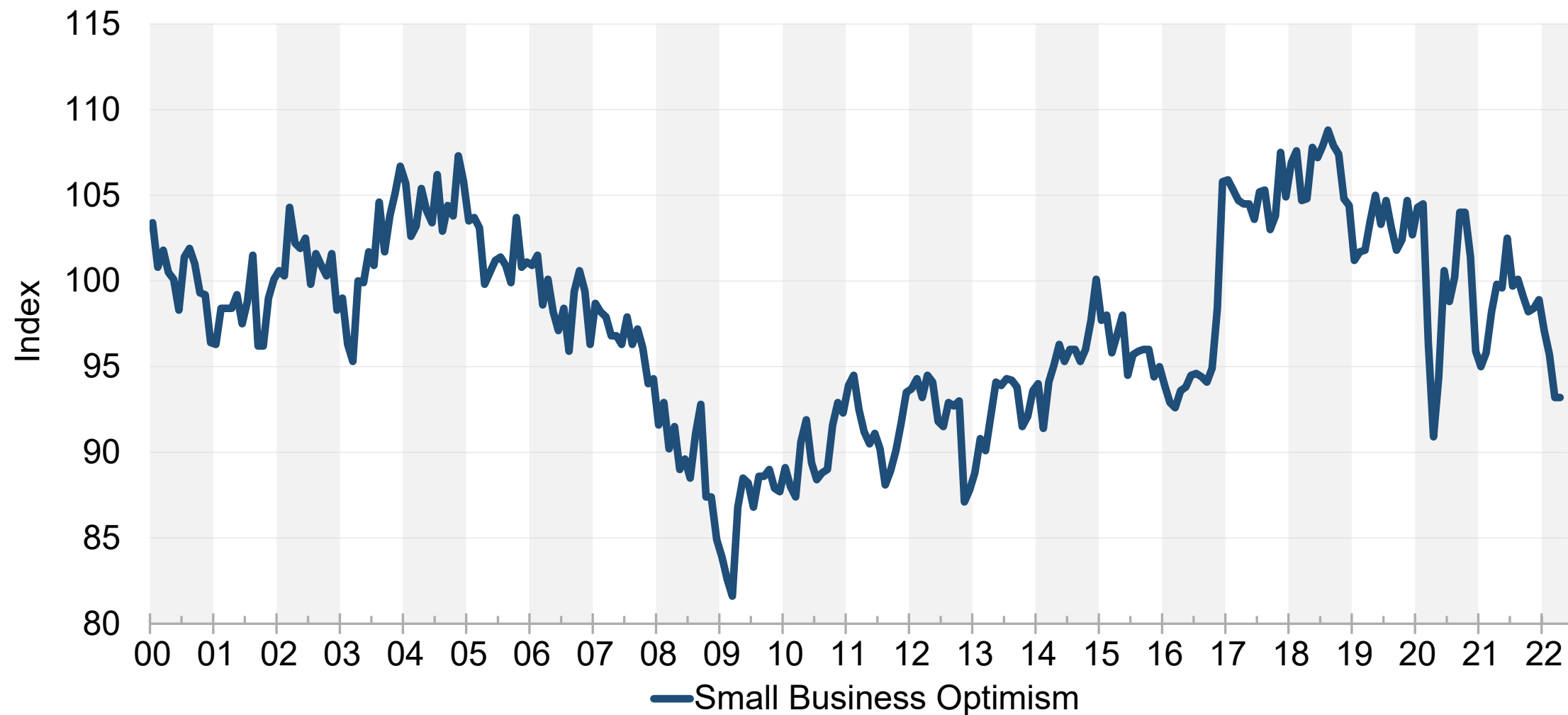
Source: Bureau of Economic Analysis

... With Profit Margins Not Seen Since the 1950s



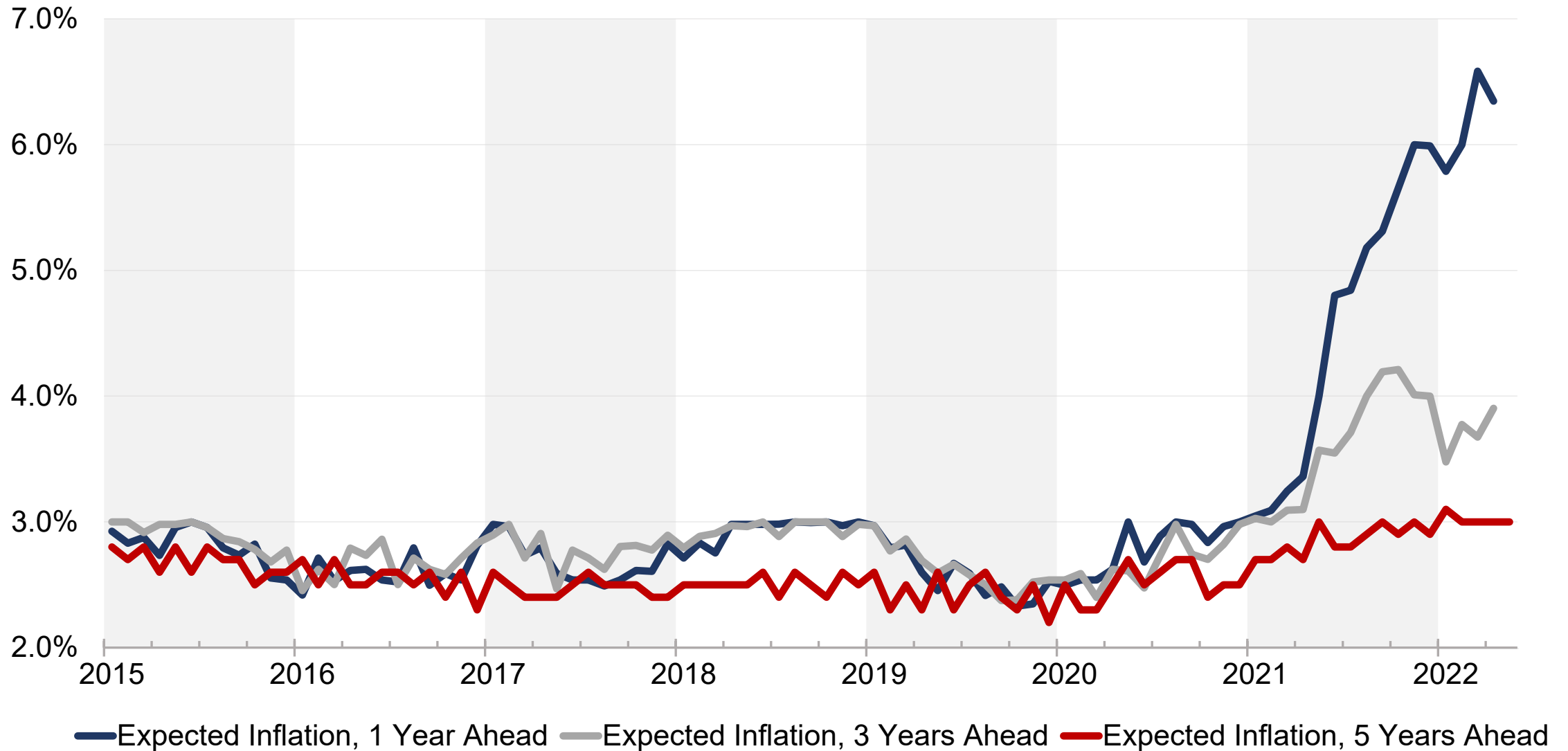
— Profit Margins (After Tax) for Non-Financial Businesses

But Small Business Optimism Not Great



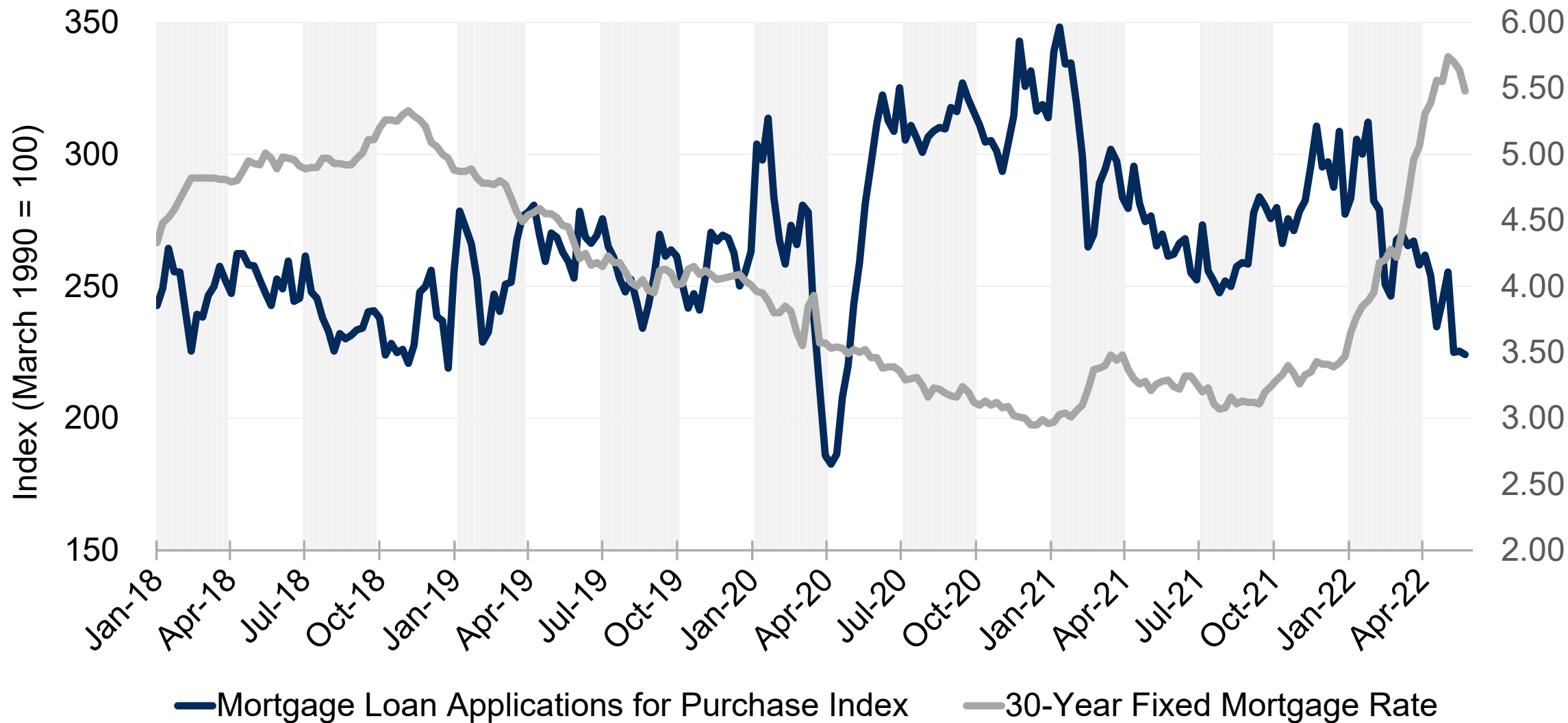
Source: National Federation of Independent Business

Consumers Expect Inflation to Fall in Coming Months



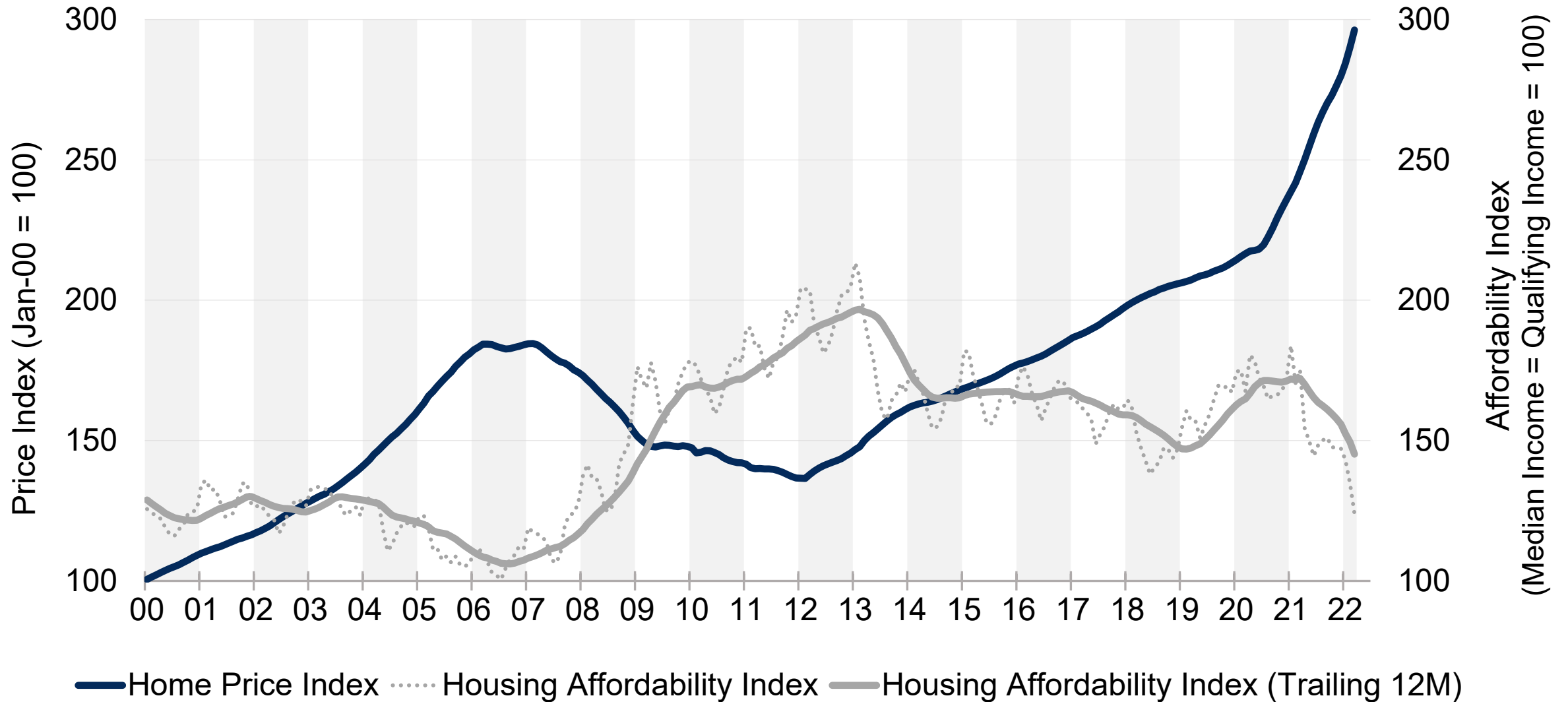
Source: Federal Reserve Bank of New York

Loan Applications Cool as Rates Rise



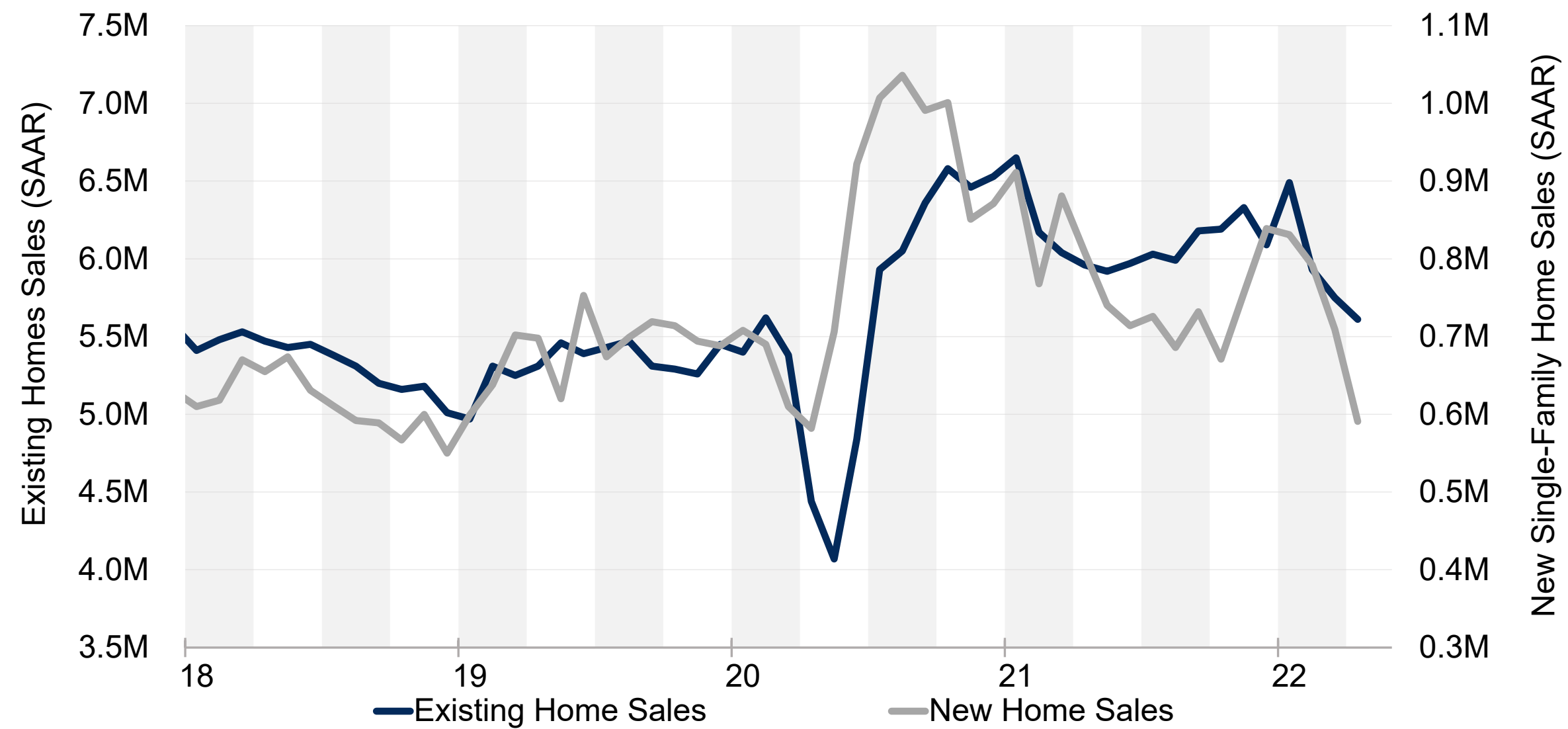
Sources: Mortgage Bankers Association and MBA

Affordability Takes a Hit as Home Prices Rise



Sources: S&P CoreLogic Case-Shiller, National Association of Realtors

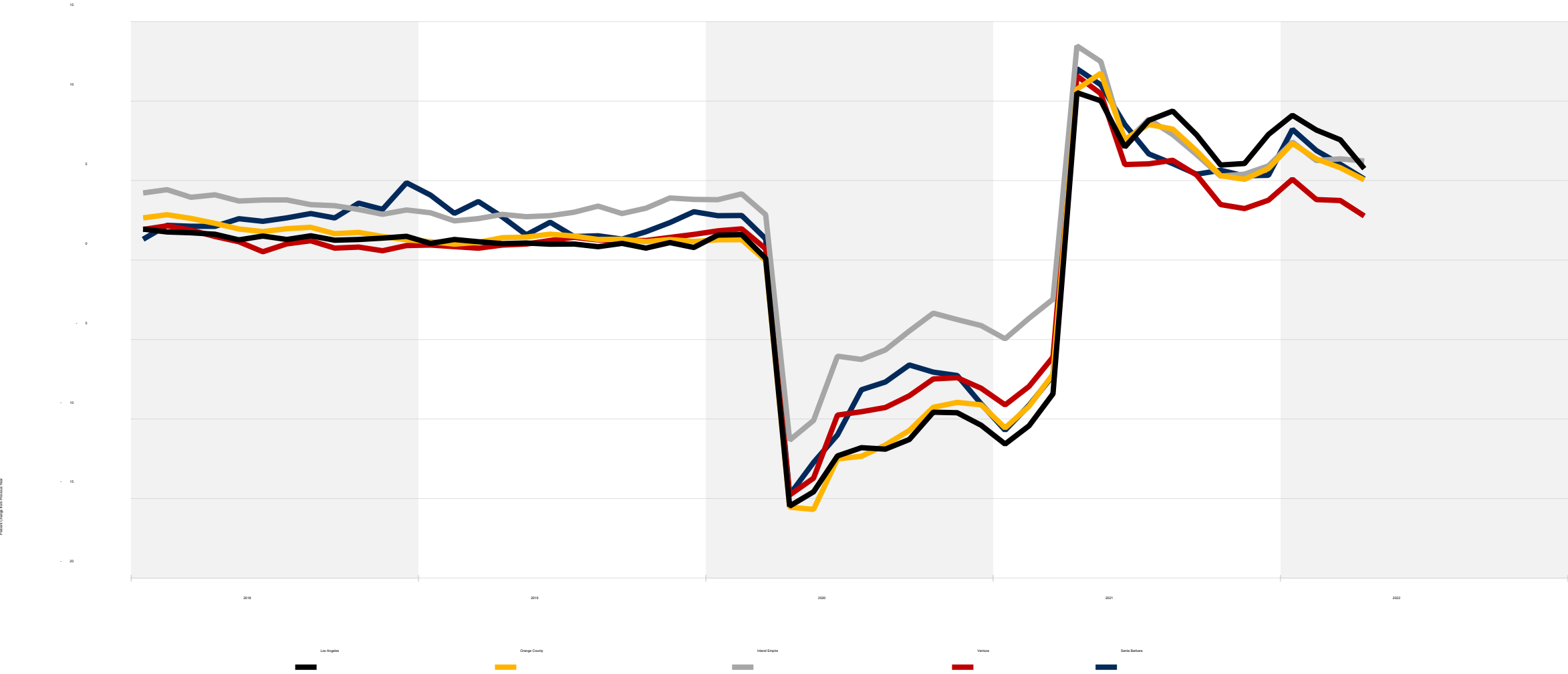
Home Sales Finally Starting to Fall



Sources: National Association of Realtors and Census Bureau

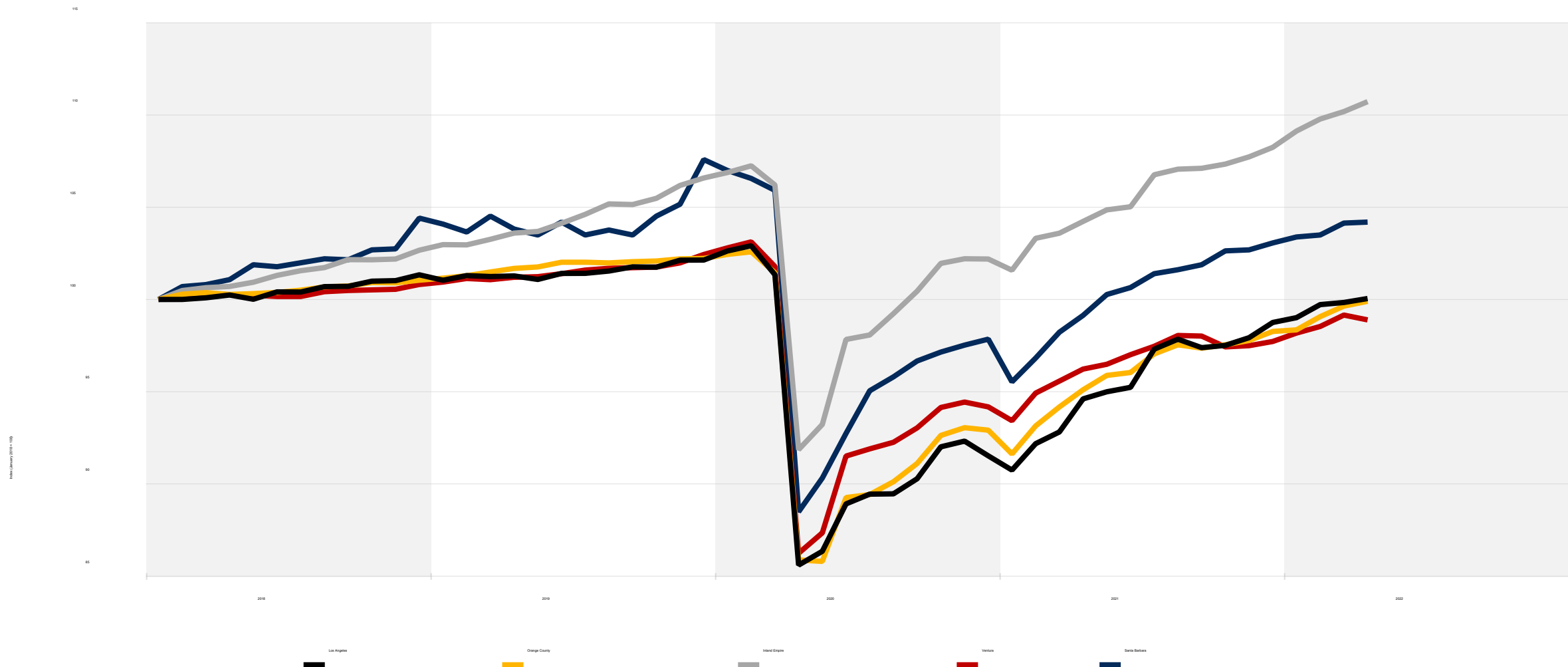
Economy Is Doing Well, But Risks Abound

- ▶ Interest rates will rise, as the Fed tightens policy
- ▶ Moderate economic growth this year as consumer spending continues
- ▶ Full recovery in the labor market
- ▶ Inflation will come down as supply chains ease and demand cools
- ▶ Risks are still tilted to the downside:
 - ↓ Consumer spending may not live up to our expectations
 - ↓ Supply chain bottlenecks could linger beyond 2022
 - ↓ Policy error – the Fed may raise rates too quickly or tighten too much, triggering a recession

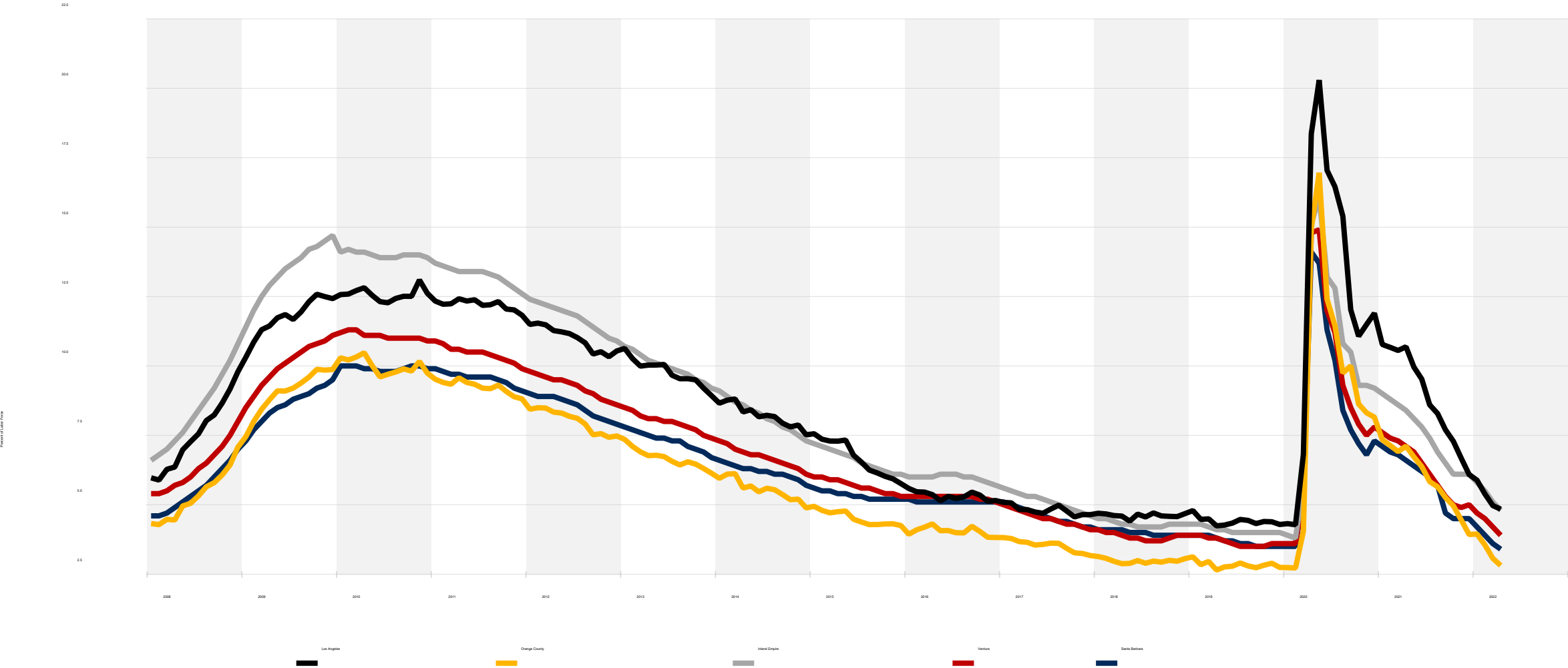


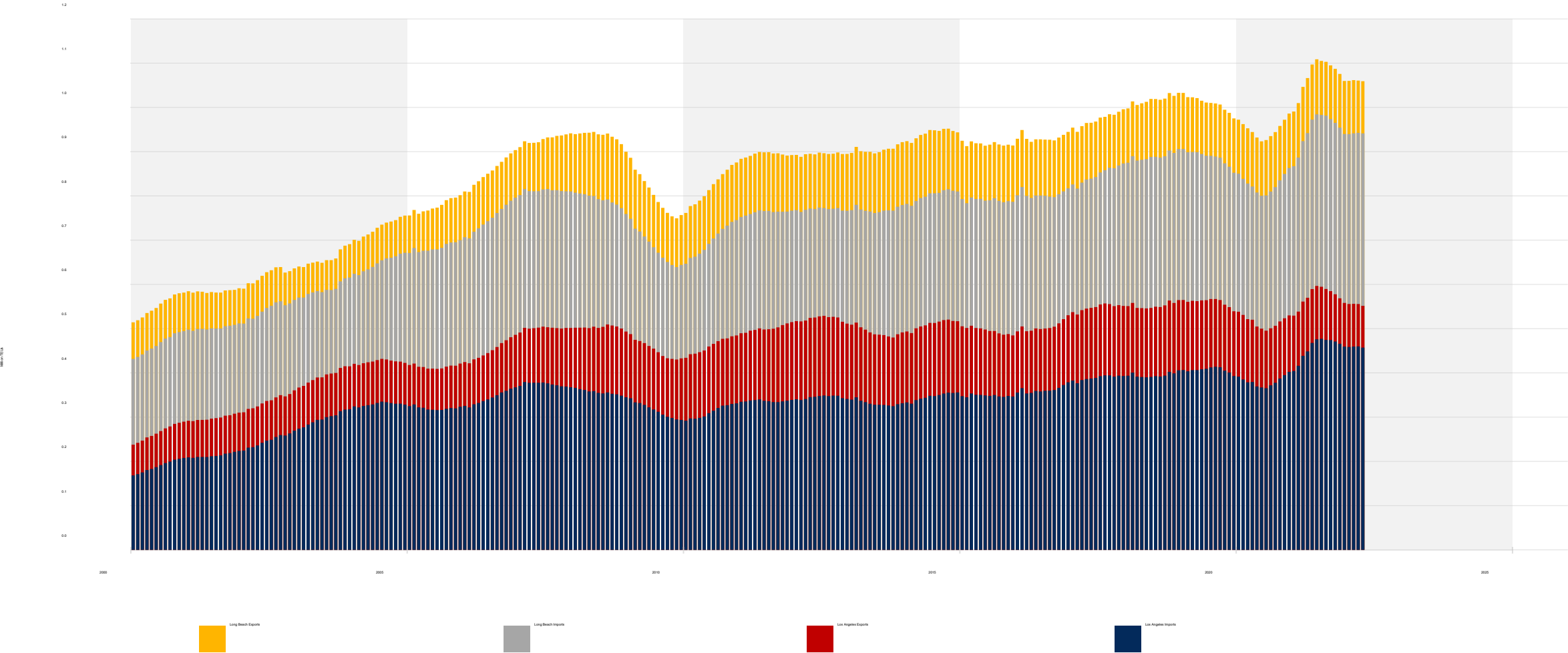
Source: U.S. Bureau of Labor Statistics (BLS), 12/22

Nonfarm Job Recovery



Source: U.S. Bureau of Labor Statistics (BLS), 12/2022

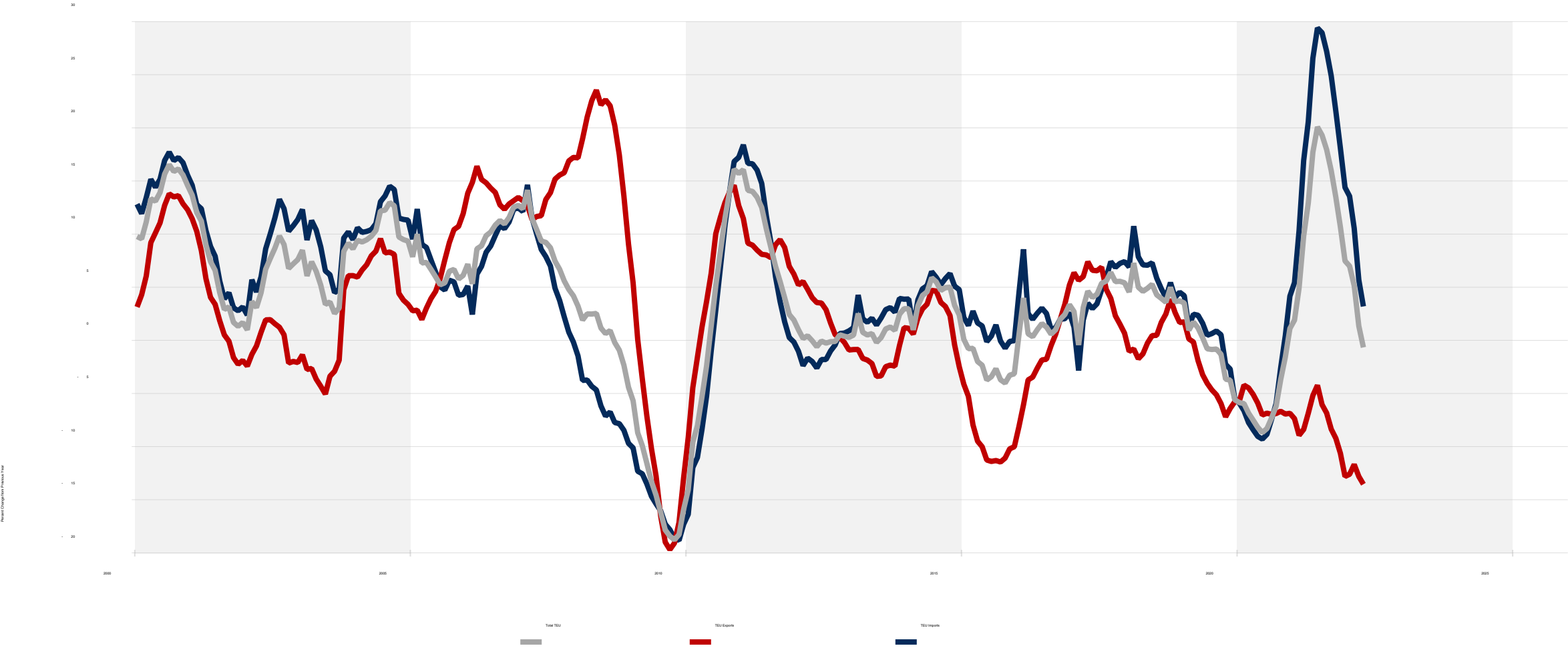




Source: Port of Los Angeles, Port of Long Beach, CBOT

Note: All figures are in millions of TEU

— monthly average

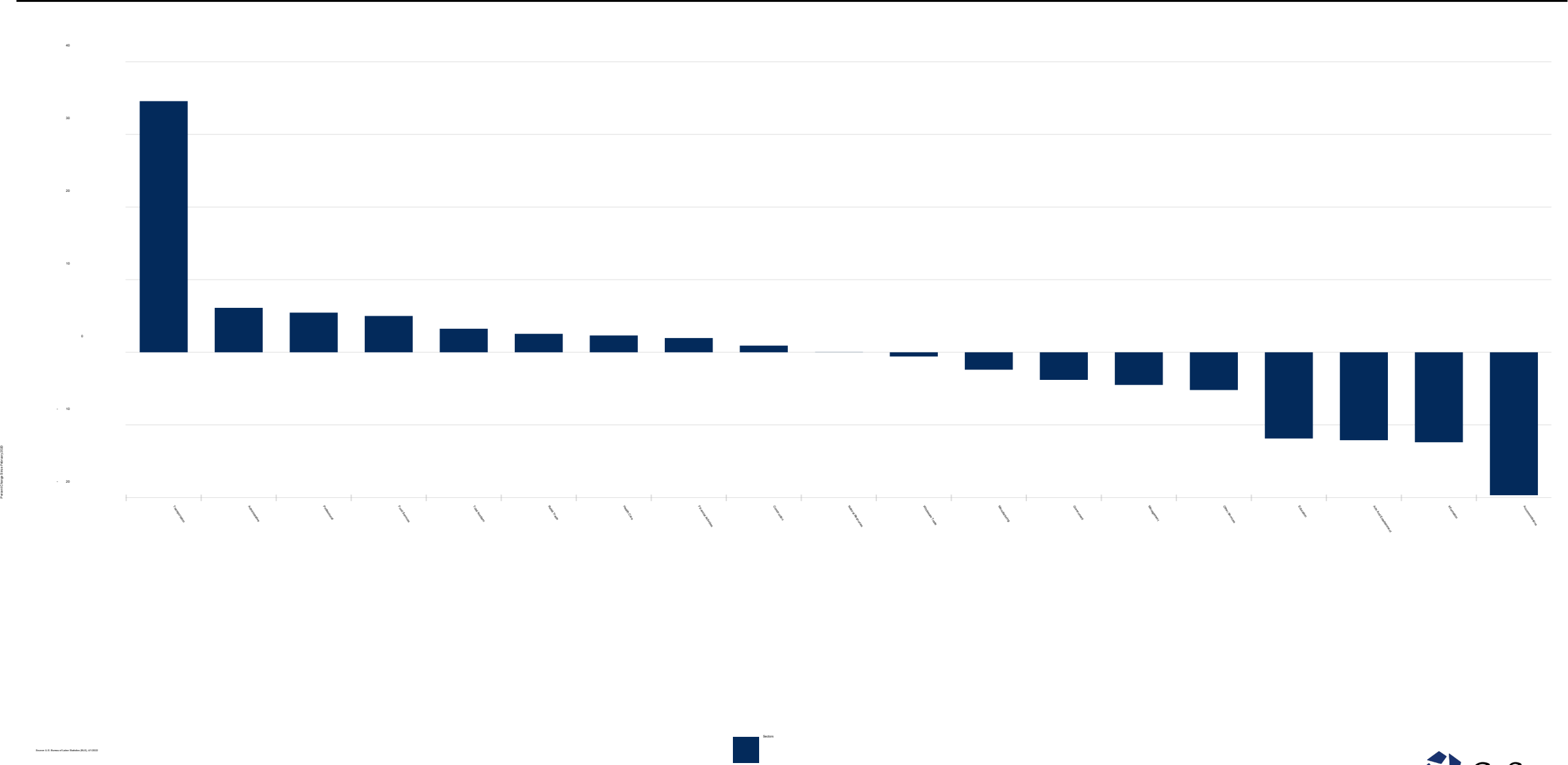


Source: Port of Los Angeles, Port of Long Beach, 2023

Note: All figures are annualized.

Source: Los Angeles, Port of Long Beach, 2023

Source: Los Angeles, Port of Long Beach, 2023





THANK YOU!

Christine Cooper, Ph.D.
ccooper@costar.com

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