

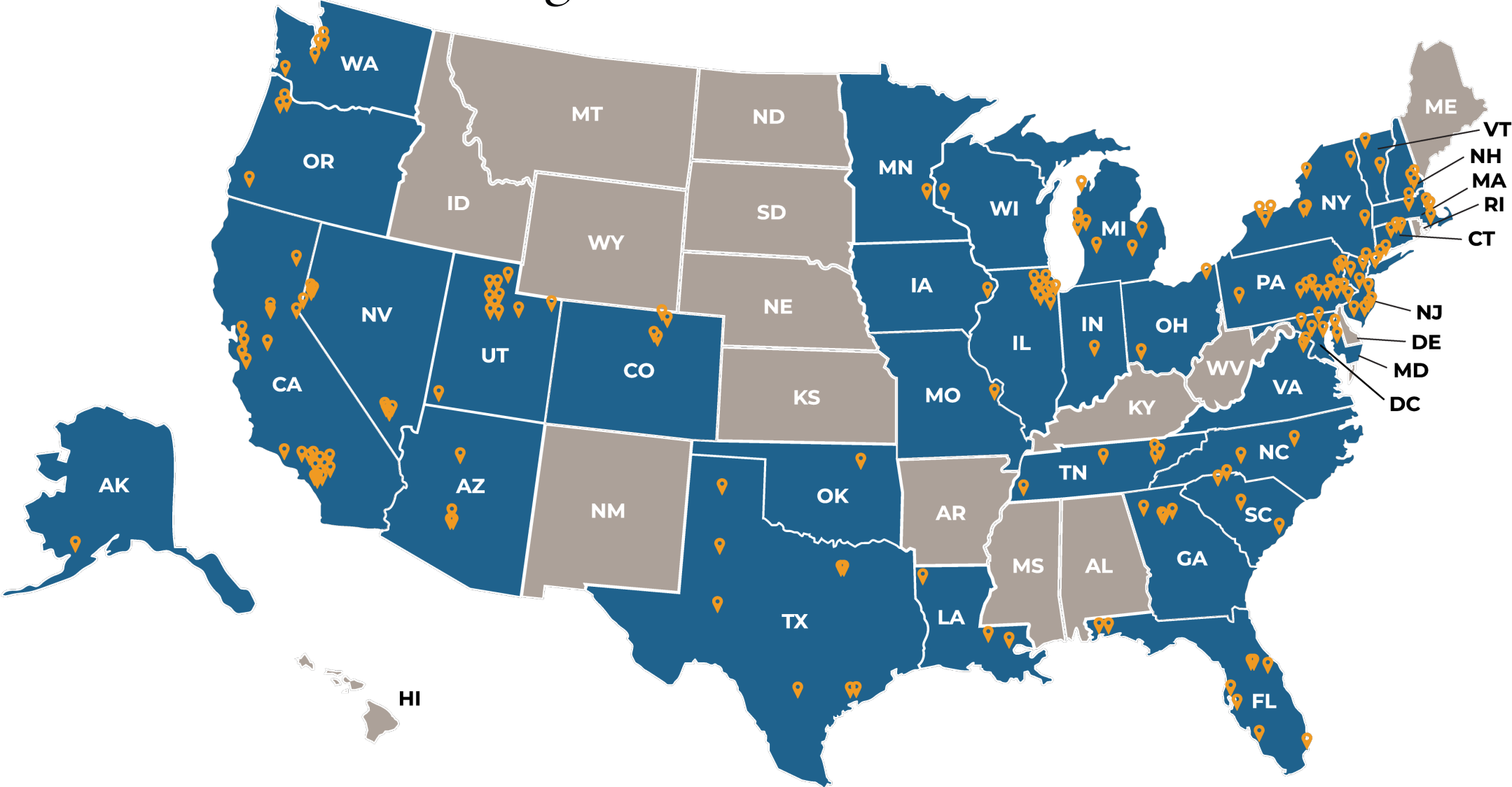
A background image showing two people, a woman and a man, looking at a laptop screen. The image is overlaid with a teal and blue geometric pattern of overlapping triangles.

Welcome to Our Webinar Series:
The Good, The Bad, & The Ugly

Dr. Anirban Basu | *Sage Policy Group, Inc.*

May 7, 2024

Welcome to Our Regional Alera Partner Firms!



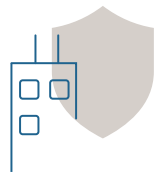
Expertise and capabilities

What We Offer



EMPLOYEE BENEFITS

- Optimized Solutions
- Personal Partnerships
- National Collaboration
- Benefits solutions for all stages of business



PROPERTY & CASUALTY

- Workers' Compensation
- Cyber Liability
- Property Coverage
- General Liability
- Product Liability
- Auto Liability
- Umbrella Liability
- Directors & Officers Liability
- Environmental



WEALTH SERVICES

- Investment Management
- Financial Planning
- Insurance
- Executive Benefits



RETIREMENT PLAN SERVICES

- Our Key Goals
- Satisfy Fiduciary Responsibilities
 - Improve Outcomes
 - Maximize the Value of Retirement Plans
 - Benchmarking Fees
 - Fiduciary Services
 - Consulting Services

During the Webinar if You Have Any Questions, Please Feel Free to:

- Enter questions via the “Chat” feature in the Zoom meeting

Have Questions?

Reminders

Complete our 2-minute post webinar [SURVEY](#). All completed surveys will be entered to win a \$100 Amazon Gift Card!



Webinars

Supporting Women's Health Month: Trending Employee Benefits

May 16th, 2 PM - 3 PM EST

Q2 Compliance Update

June 4th, 2 PM - 3 PM EST

Optimize Your Benefits: A Three-Pronged Approach

June 20th, 2 PM - 3 PM EST

Benchmarking for the Win: How Does Your Benefits Program Rate?

July 18th, 3 PM - 4 PM EST

How Will the Economic Outlook Affect Your Talent Decisions with Julie East - TBD

Upcoming
Events

Download our Toolkit for Mental Health Awareness Month

The Mental Health Awareness Toolkit includes:

- Resources designed to help you create a robust mental health program for your organization
- Templates, tools, and expansive resources to support you in raising awareness about how much mental health matters
 - Sample emails, email signatures, virtual meeting backgrounds, videos and other sourced resources
- Click [Here to Download the Toolkit!](#)

2024 Mental Health
Awareness Toolkit



Welcome

Dr. Anirban Basu, *Sage Policy Group, Inc.*

The Good, The Bad, & The Ugly

By: Anirban Basu
MPP, MA, JD, PHD
Sage Policy Group, Inc.



On Behalf of
Alera Group

May 7, 2024

The Good

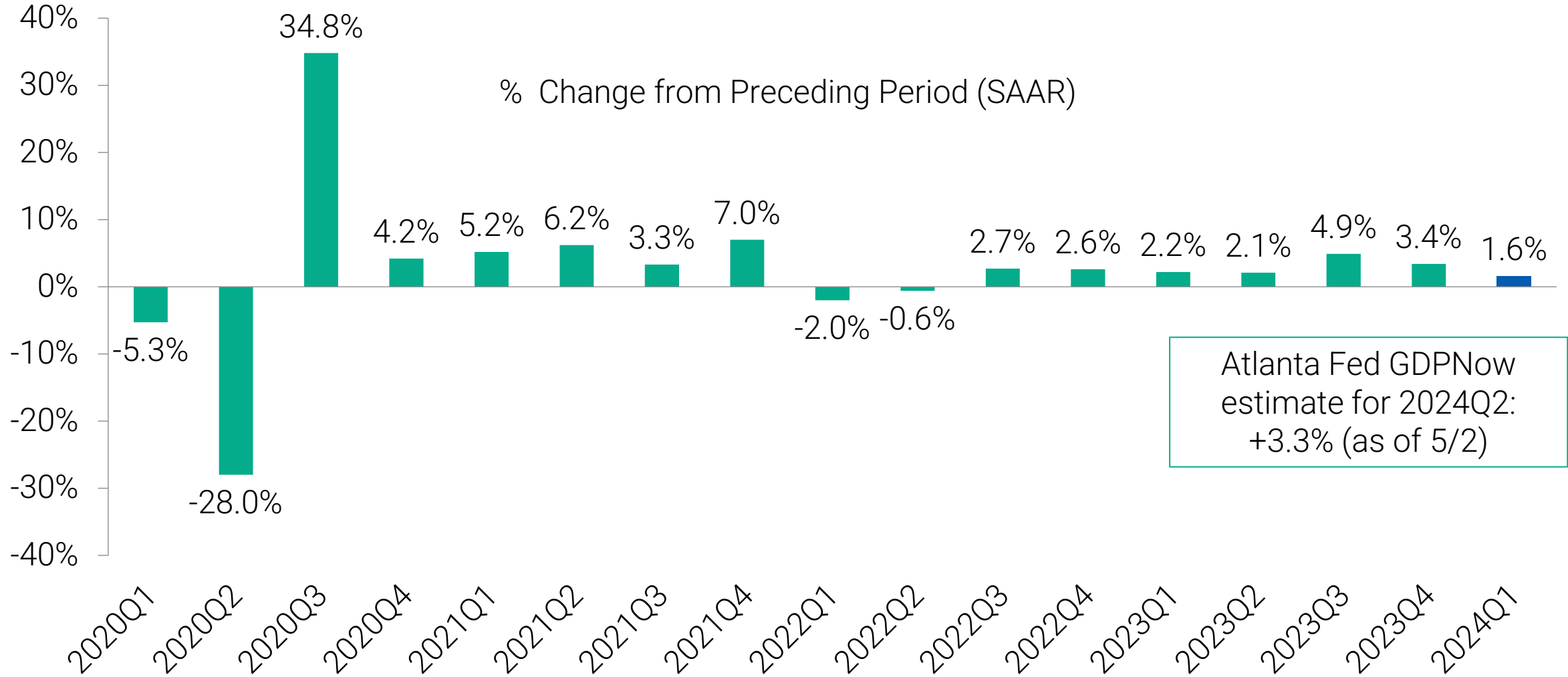
Current Momentum

SAGE | policy group



Where Eagles Dare

U.S. Gross Domestic Product Growth, 2020 – 2024Q1

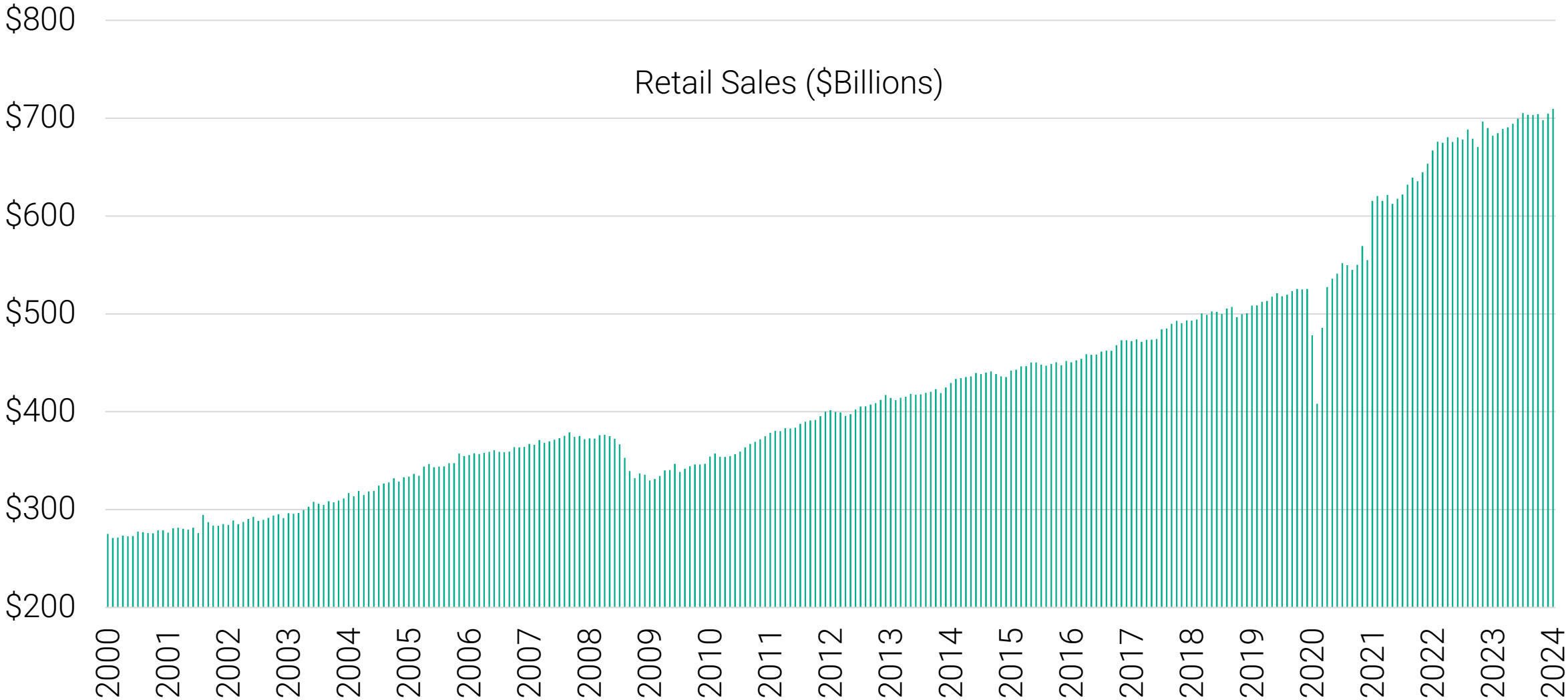


Source: U.S. Bureau of Economic Analysis *2024Q1: 1st/advance estimate **Where Eagles Dare was a 1969 film

A Fistful of Dollars (a 1964 Film)

U.S. Retail Sales, 2000 – March 2024

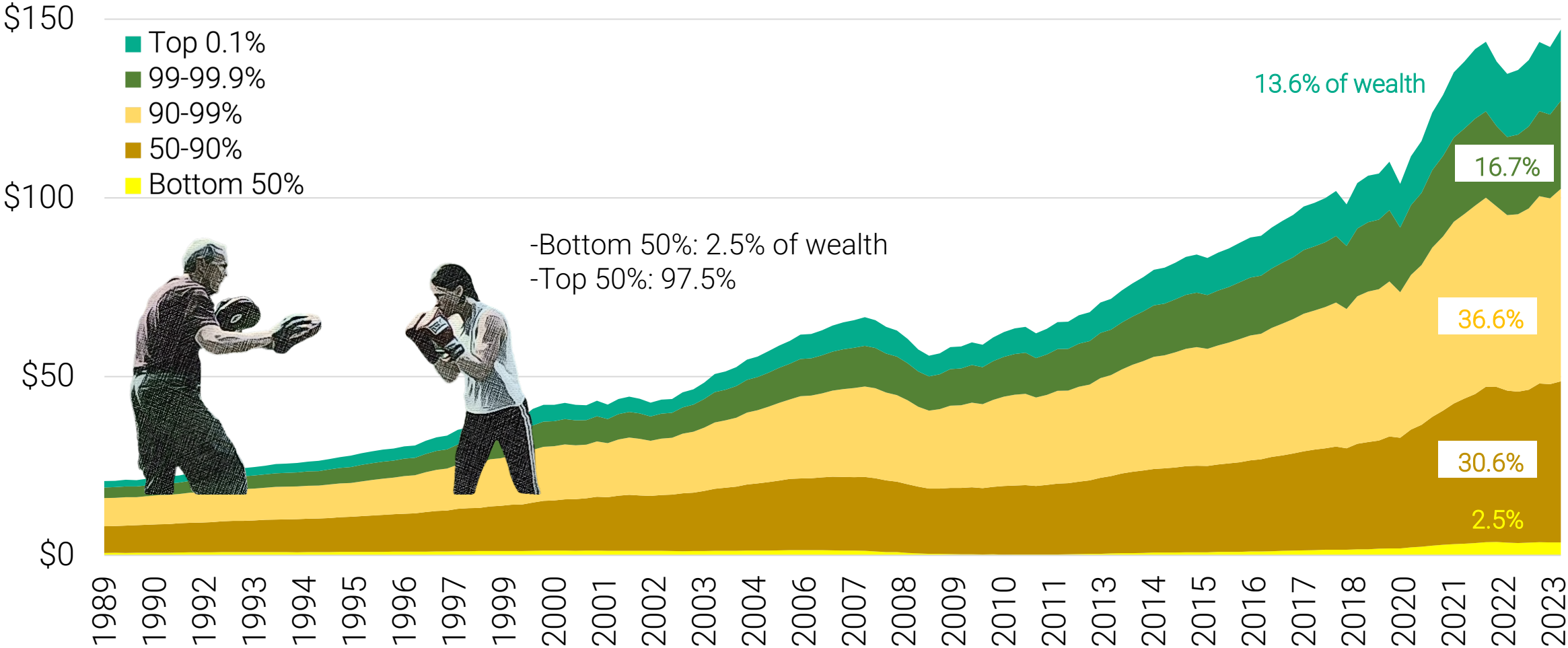
Retail Sales (\$Billions)



Source: U.S. Census Bureau

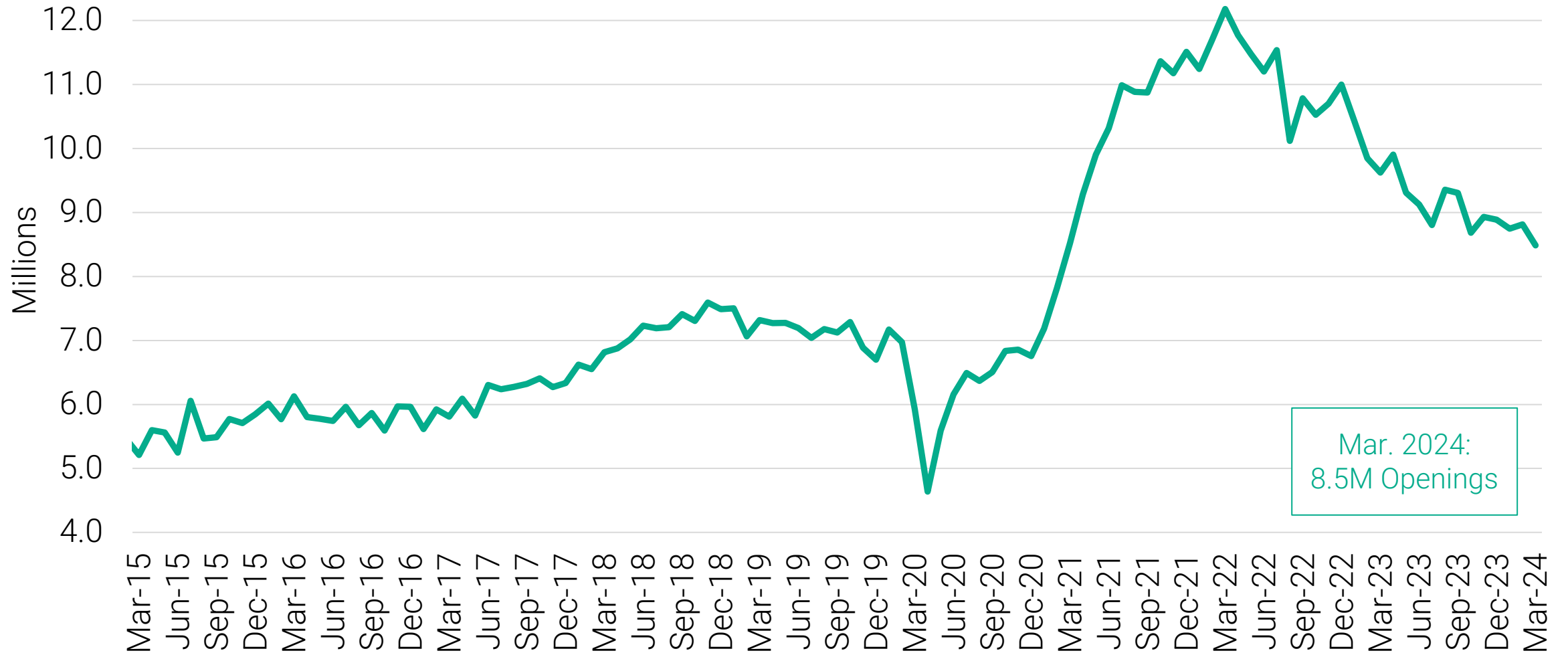
Million Dollar Baby (a 2004 Flick)

U.S. Household Wealth by Wealth Percentile Group (\$ Trillions)



Source: Federal Reserve Board, Distributional Financial Accounts (DFAs)

U.S. Job Openings, 2015 – March 2024

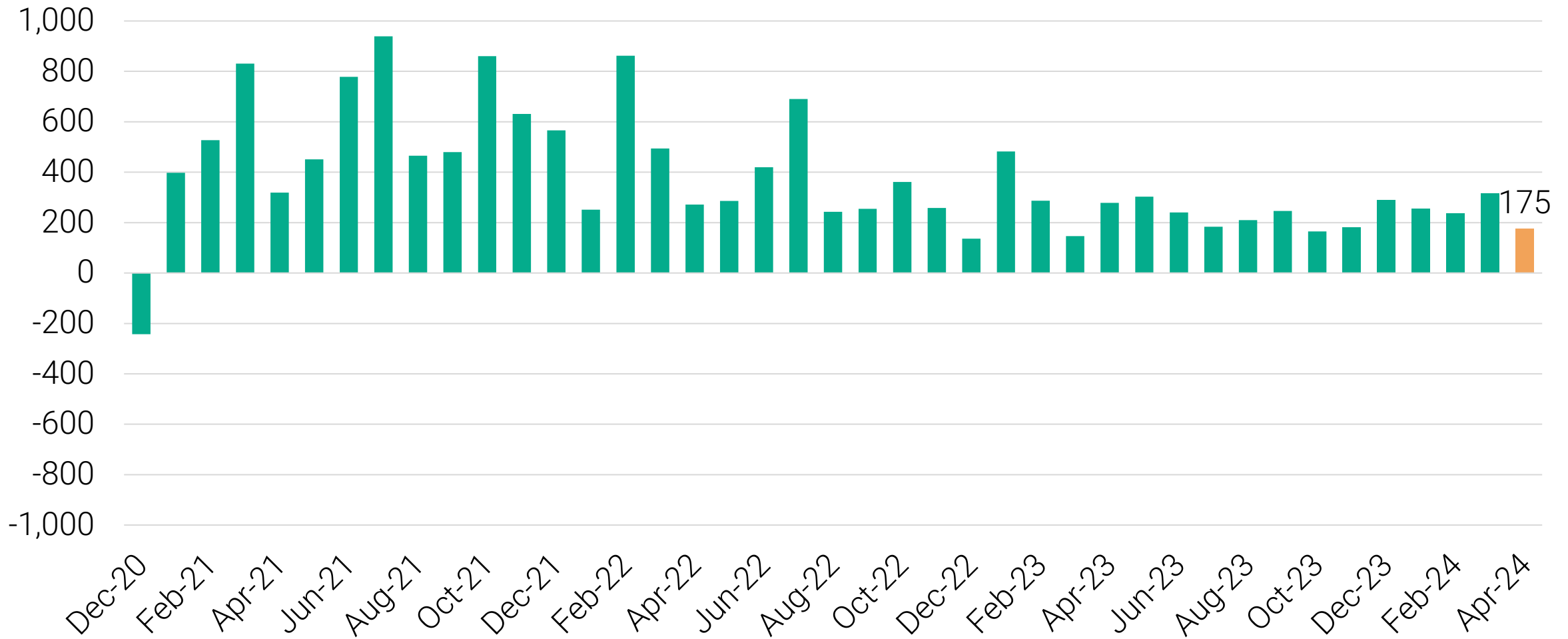


Source: U.S. Bureau of Labor Statistics

U.S. Job Growth, Monthly

December 2020 – April 2024

1-M Net Change, 000s



Source: U.S. Bureau of Labor Statistics

Employment Growth, 25 Largest Metros

February 2020 v. March 2024 % Change

Rank	MSA	%
1	Dallas-Fort Worth-Arlington, TX	10.7%
2	Tampa-St. Petersburg-Clearwater, FL	9.9%
3	Phoenix-Mesa-Scottsdale, AZ	9.6%
4	Orlando-Kissimmee-Sanford, FL	9.4%
5	San Antonio-New Braunfels, TX	8.7%
6	Charlotte-Concord-Gastonia, NC-SC	7.5%
7	Houston-The Woodlands-Sugar Land, TX	7.1%
8	Miami-Fort Lauderdale-West Palm Beach, FL	6.9%
9	Riverside-San Bernardino-Ontario, CA	6.6%
10	Atlanta-Sandy Springs-Roswell, GA	6.4%
11	Denver-Aurora-Lakewood, CO	4.8%
12	Philadelphia-Camden-Wilm., PA-NJ-DE-MD	3.7%
13	San Diego-Carlsbad, CA	2.8%

Rank	MSA	%
14	St. Louis, MO-IL	2.4%
15	New York-Newark-Jersey City, NY-NJ-PA	1.6%
16	Seattle-Tacoma-Bellevue, WA	1.5%
17	Chicago-Naperville-Elgin, IL-IN-WI	0.6%
18	Washington-Arlington-Alexandria, DC-VA-MD-WV	0.2%
19	Detroit-Warren-Dearborn, MI	-0.4%
20	Boston-Cambridge-Nashua, MA-NH	-0.7%
20	Minneapolis-St. Paul-Bloomington, MN-WI	-0.7%
22	Los Angeles-Long Beach-Anaheim, CA	-0.8%
22	Portland-Vancouver-Hillsboro, OR-WA	-0.8%
24	Baltimore-Columbia-Towson, MD	-1.3%
25	San Francisco-Oakland-Hayward, CA	-1.9%

Source: Bureau of Labor Statistics
Current Employment Statistics (CES) Survey. Note: data are not seasonally adjusted.

U.S. % Change 2/2020 v. 3/2024: +3.8%



Unemployment Rates, 25 Largest Metros, March 2024

Rank	MSA	%
1	Phoenix-Mesa-Scottsdale, AZ	2.6%
2	Miami-Fort Lauderdale-West Palm Beach, FL	2.7%
3	Washington-Arlington-Alexandria, DC-VA-MD-WV	2.8%
4	Baltimore-Columbia-Towson, MD	2.9%
5	Minneapolis-St. Paul-Bloomington, MN-WI	3.0%
6	Atlanta-Sandy Springs-Roswell, GA	3.1%
7	Boston-Cambridge-Nashua, MA-NH	3.3%
7	Orlando-Kissimmee-Sanford, FL	3.3%
9	Tampa-St. Petersburg-Clearwater, FL	3.4%
10	Charlotte-Concord-Gastonia, NC-SC	3.6%
10	Detroit-Warren-Dearborn, MI	3.6%
12	Philadelphia-Camden-Wilm., PA-NJ-DE-MD	3.7%

Rank	MSA	%
13	San Antonio-New Braunfels, TX	3.8%
13	St. Louis, MO-IL	3.8%
15	Dallas-Fort Worth-Arlington, TX	3.9%
15	Denver-Aurora-Lakewood, CO	3.9%
17	San Francisco-Oakland-Hayward, CA	4.2%
18	Houston-The Woodlands-Sugar Land, TX	4.3%
18	New York-Newark-Jersey City, NY-NJ-PA	4.3%
20	Portland-Vancouver-Hillsboro, OR-WA	4.4%
20	San Diego-Carlsbad, CA	4.4%
22	Seattle-Tacoma-Bellevue, WA	4.5%
23	Chicago-Naperville-Elgin, IL-IN-WI	4.9%
23	Los Angeles-Long Beach-Anaheim, CA	4.9%
25	Riverside-San Bernardino-Ontario, CA	5.1%

Source: Bureau of Labor Statistics
Local Area Unemployment Statistics (LAUS) program. Note: data are not seasonally adjusted

U.S. Unemployment Rate—Mar: 3.8% | Apr: 3.9%

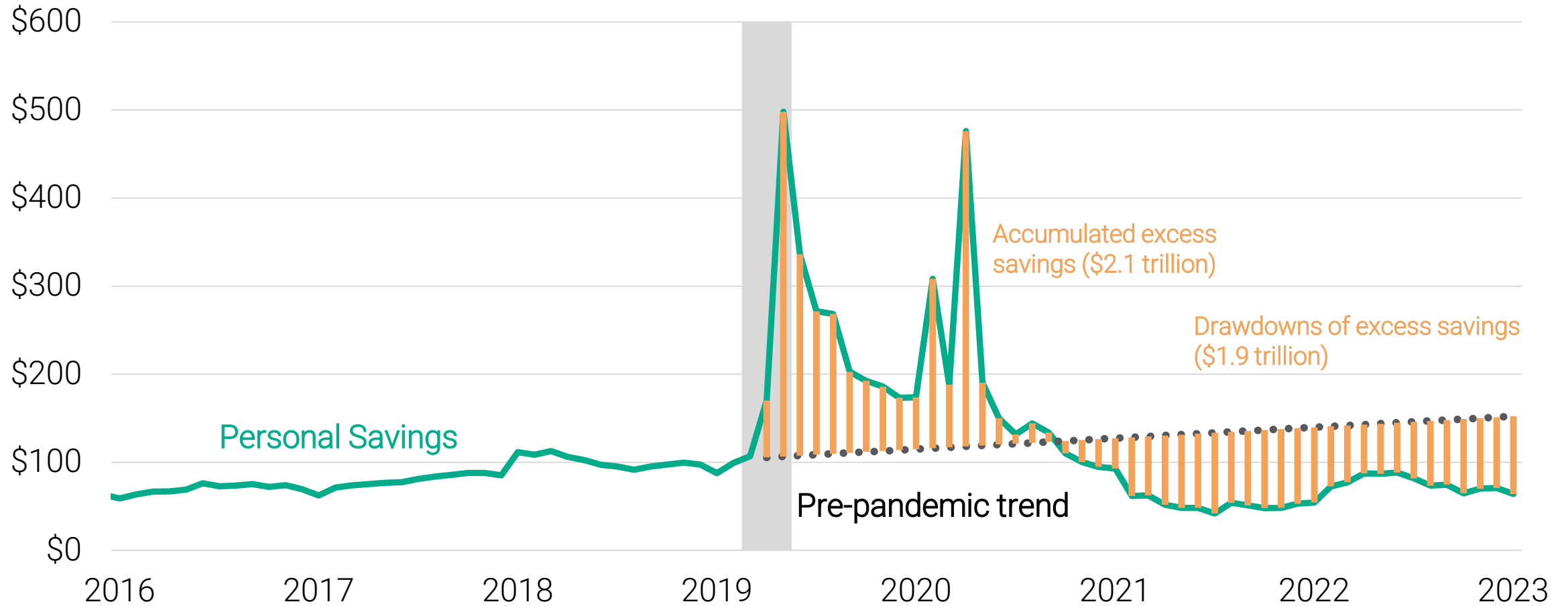


The Bad Not Sustainable



Drawdown of Pandemic Related Excess Savings

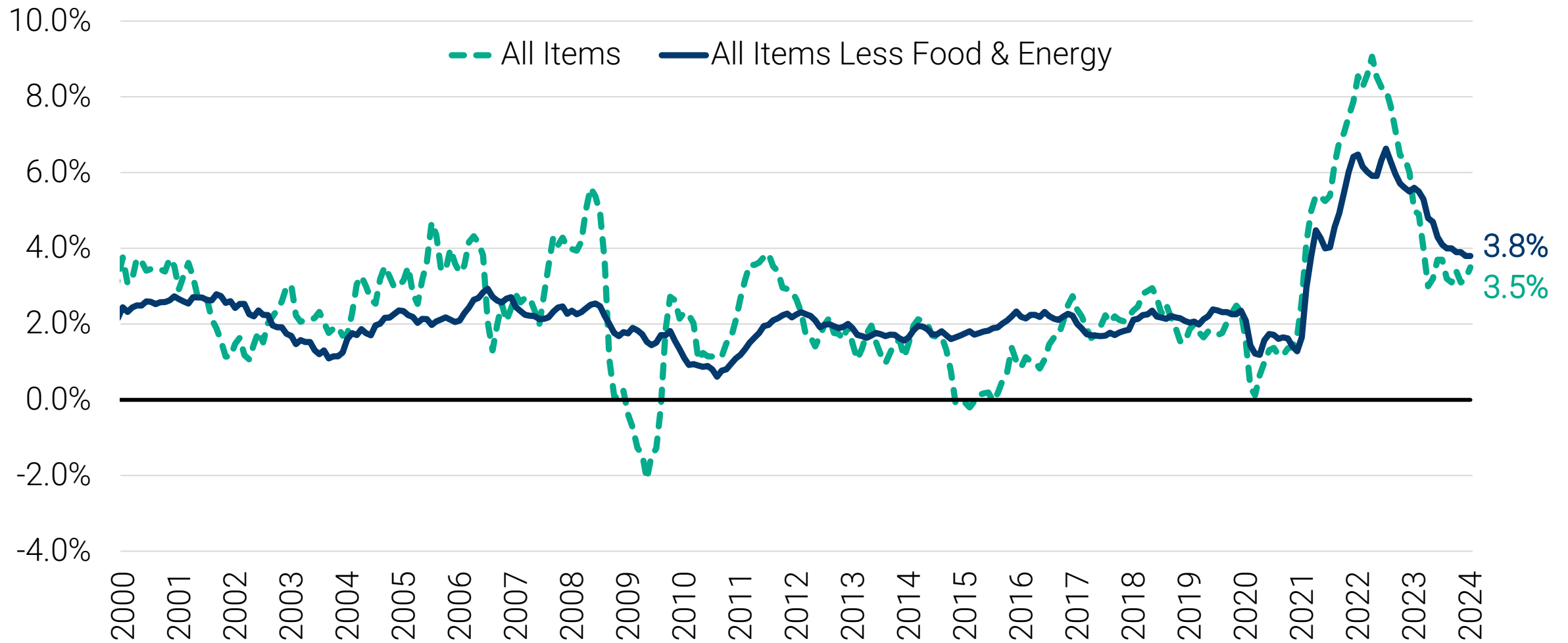
Aggregate Personal Savings Versus the Pre-pandemic Trend
(Abdelrahman and Oliveira, Federal Reserve Bank of San Francisco)



Source: Federal Reserve Bank of San Francisco

Consumer Price Index (NSA)

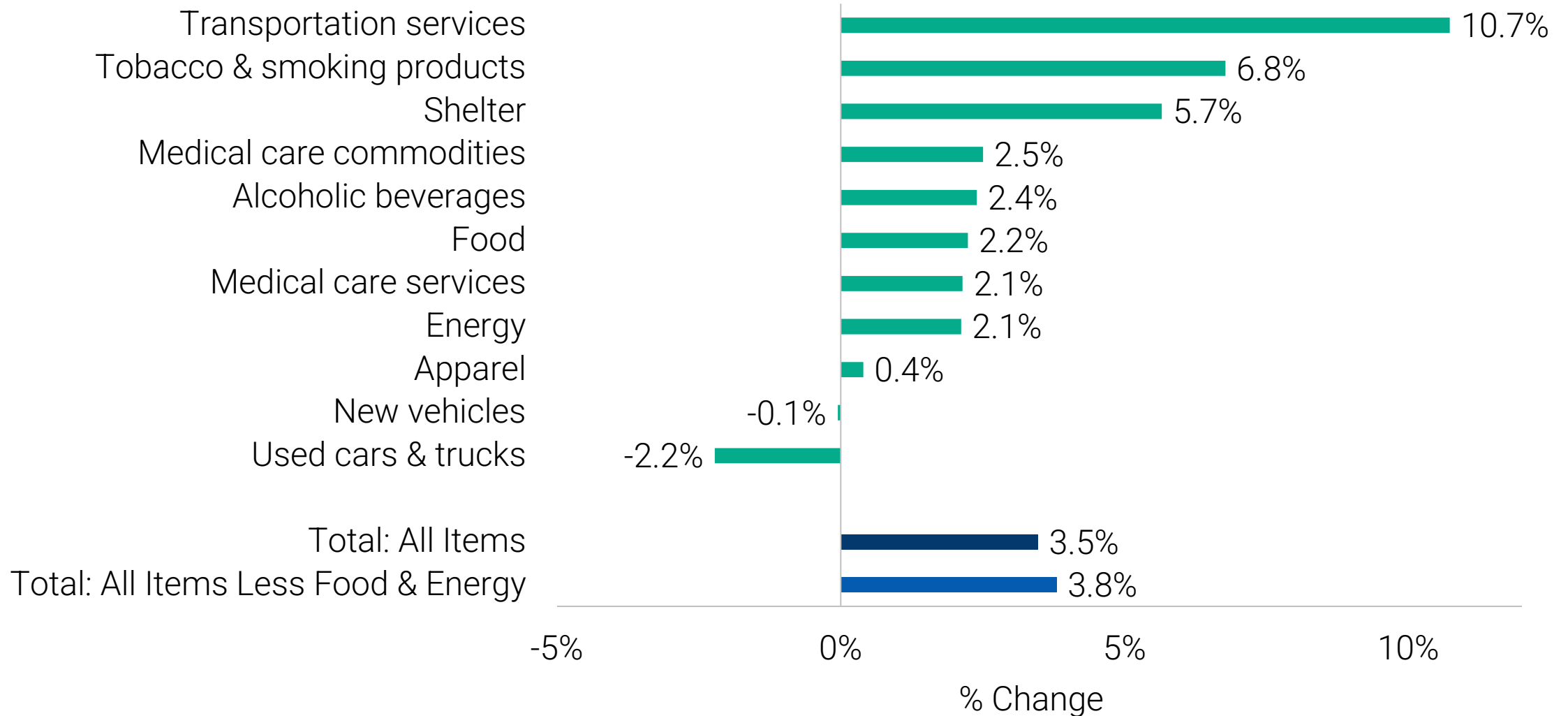
12-Month % Change, 2000 – March 2024



Source: U.S. Bureau of Labor Statistics

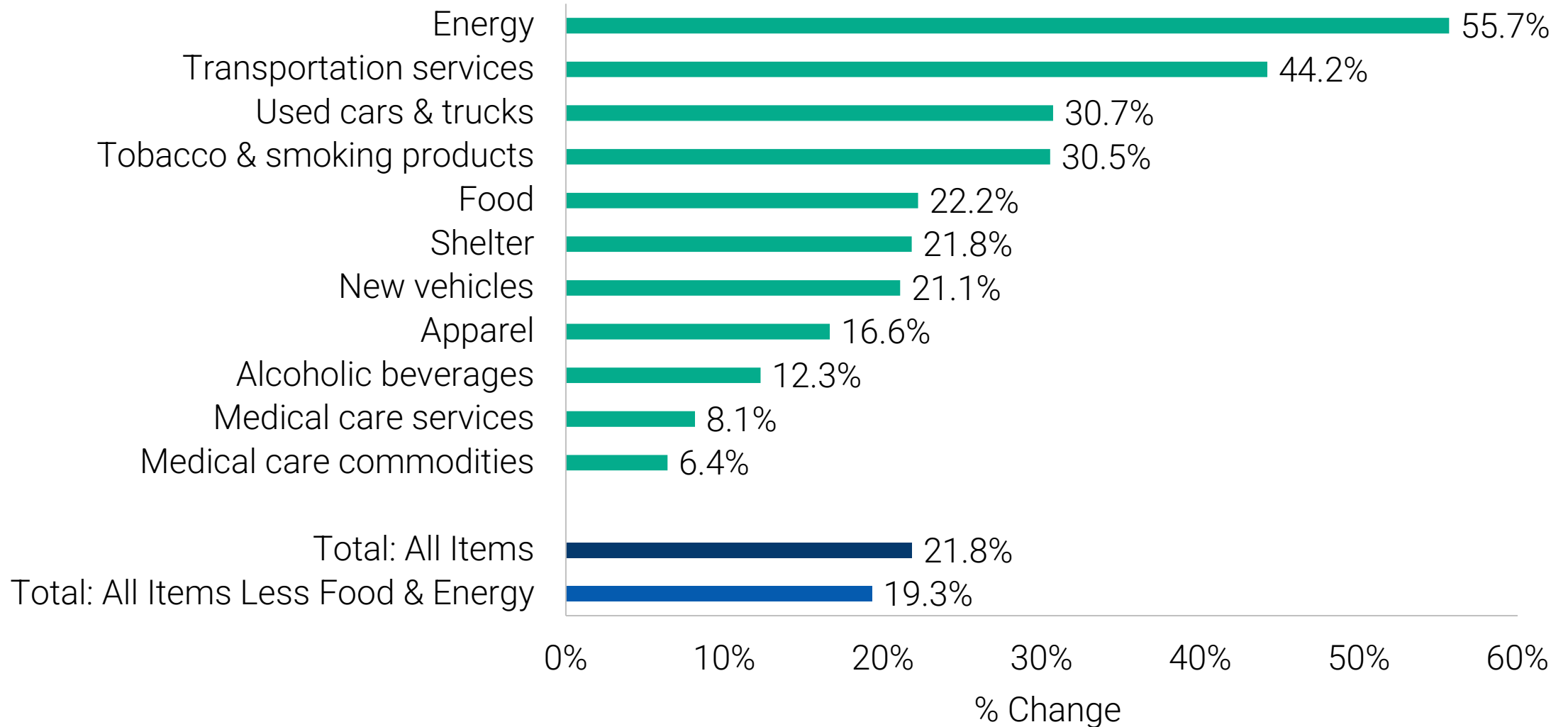
Consumer Price Index, Select Categories (NSA)

YOY % Change [March 2023 v. March 2024]



Consumer Price Index, Select Categories (NSA)

% Change May 2020 v. March 2024

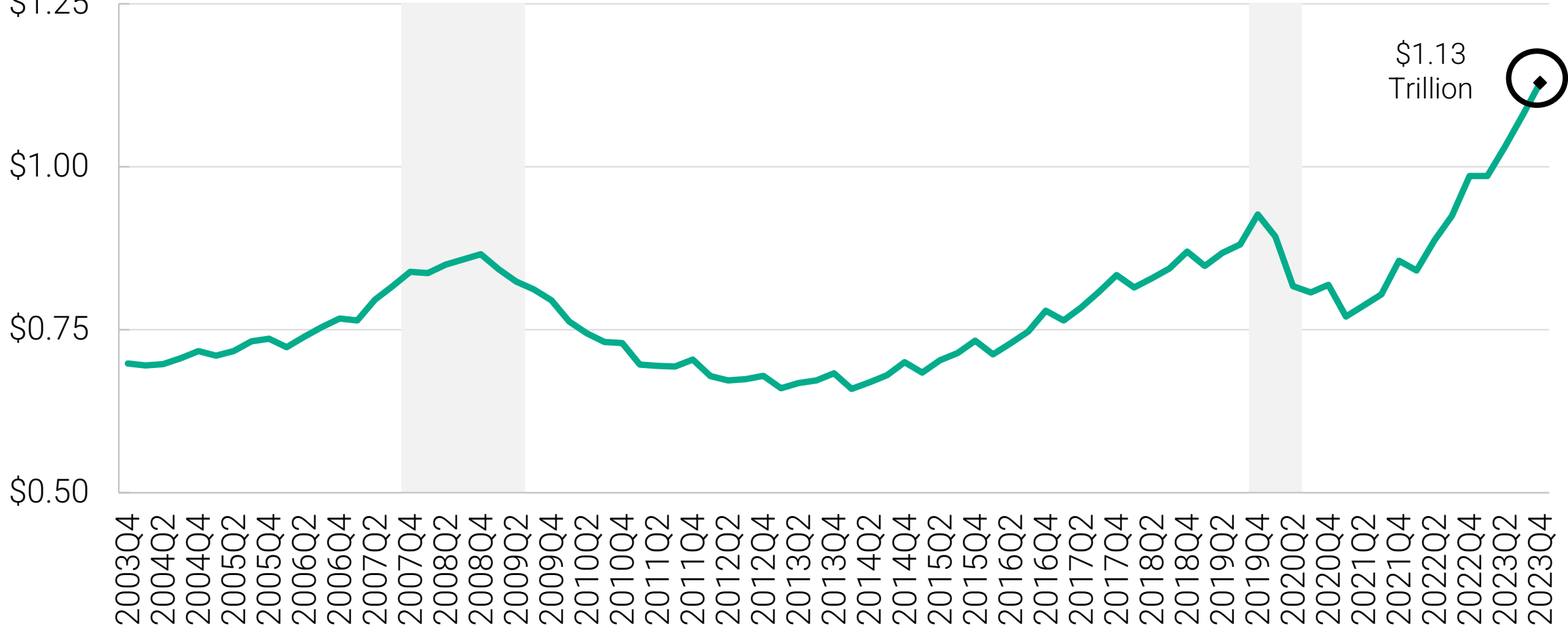


For a Few Dollars More

U.S. Credit Card Debt, 2003 – 2023

\$ Trillions
\$1.25

Recession

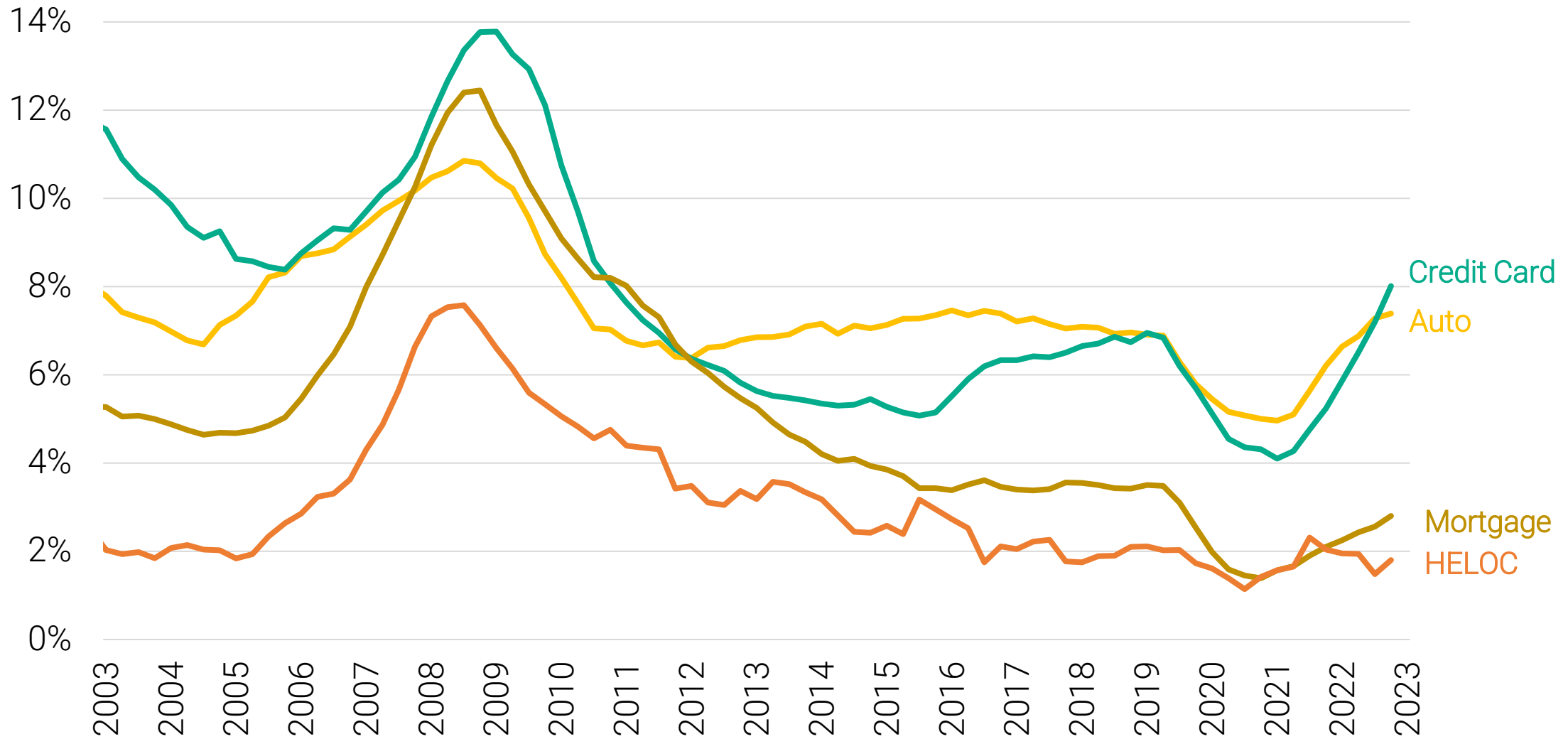


\$1.13
Trillion

Source: FRED; New York Fed Consumer Credit Panel/Equifax

Heartbreak Ridge (a 1986 Film)

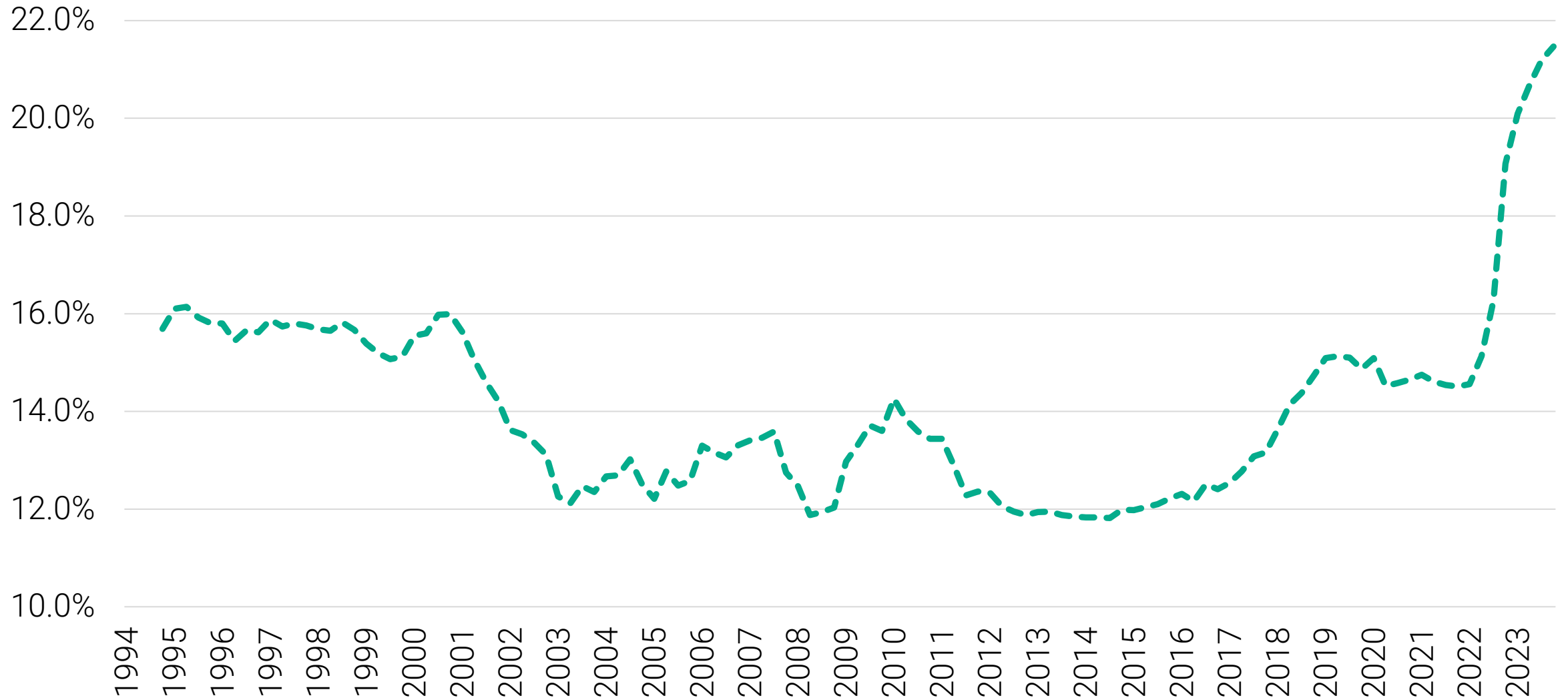
New Delinquent Balances (% of Balance 30+ Days Delinquent by Loan Type)



Source: Federal Reserve Bank of New York Consumer Credit Panel/Equifax

High Interest Grifter

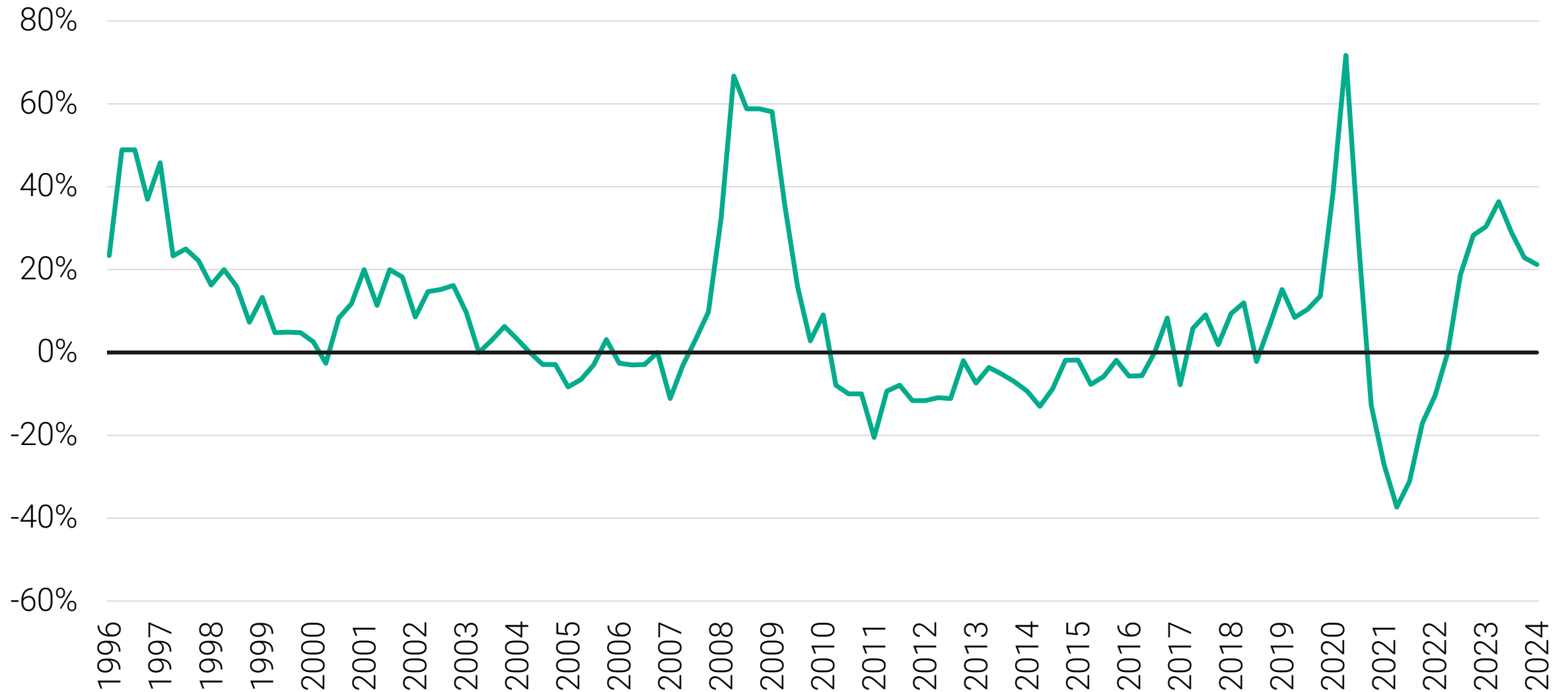
Commercial Bank Interest Rates On Credit Card Plans



Source: Board of Governors of the Federal Reserve System; *High Plains Drifter was a 1973 film

Heartbreak Ridge (a 1986 Film) II

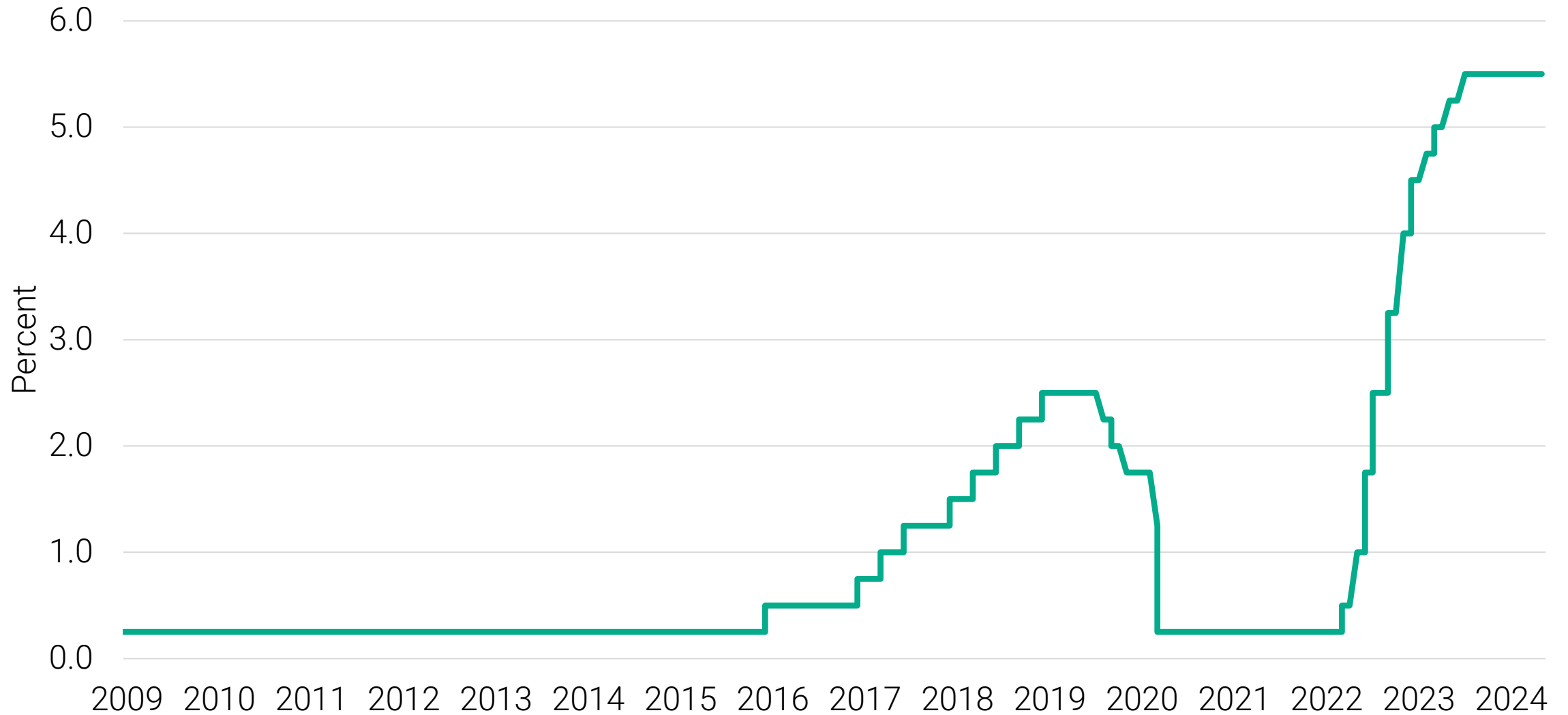
Net Percentage of Domestic Banks Tightening Standards for Credit Card Loans



Source: Board of Governors of the Federal Reserve System, Senior Loan Officer Opinion Survey on Bank Lending Practices

Not So Sudden Impact (a 1983 Film)

Federal Funds Rate, Target Rate Upper Limit, 2009 – 2024



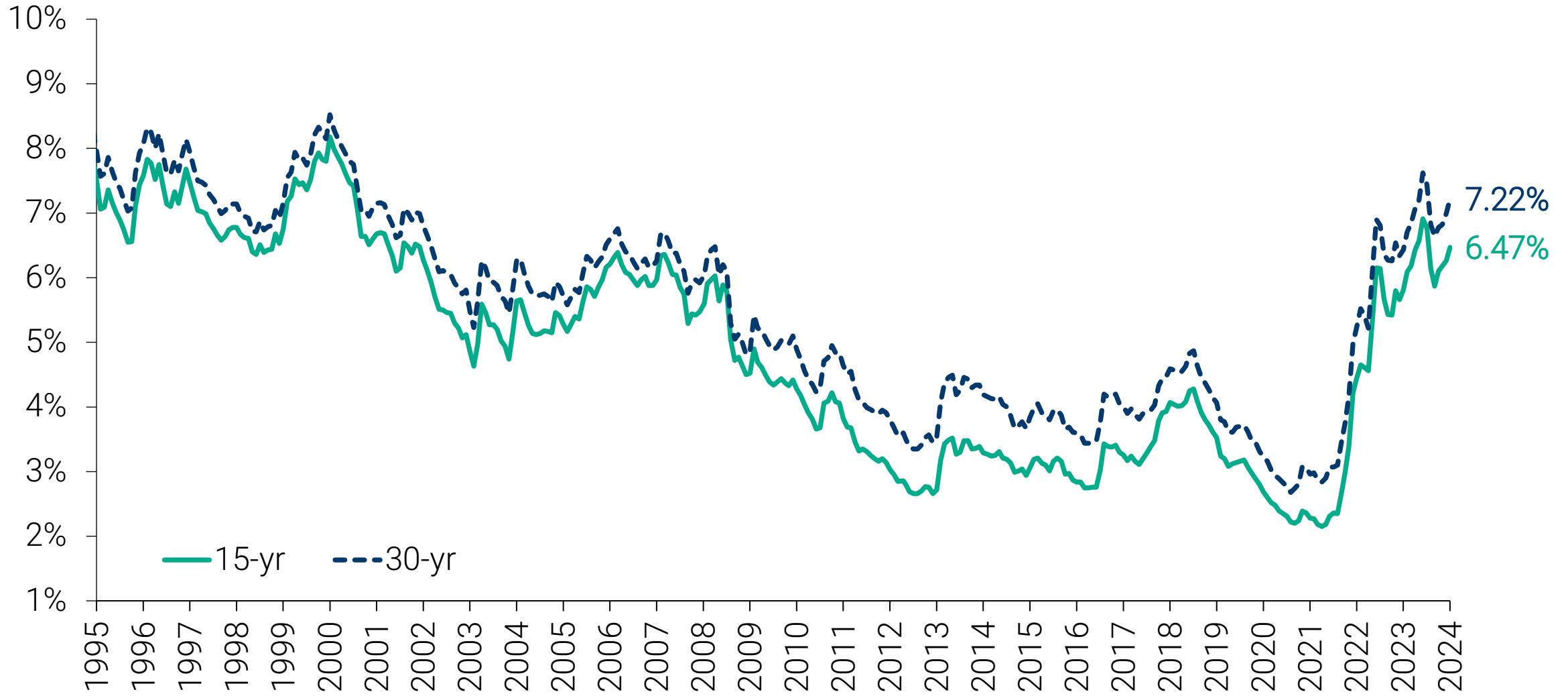
Source: Board of Governors of the Federal Reserve System

Monetary Policy Lags

- “A large body of research tells us it can take 18 months to two years or more for tighter monetary policy to materially affect inflation.” - Raphael Bostic, President and Chief Executive Officer, Federal Reserve Bank of Atlanta
- Some reasons for the lag: how fixed people’s expectations are; the gradual response of investment (both business investment and consumer investment in durables/dwellings); long-term contracts (rent); gradual transmission from sectors of the economy immediately affected (ex. lending) to other sectors.
- In the meantime, higher rates reduce investment, slow hiring and wage growth, and eventually increase unemployment.

Lend 'Em High (Hang 'Em High, 1968)

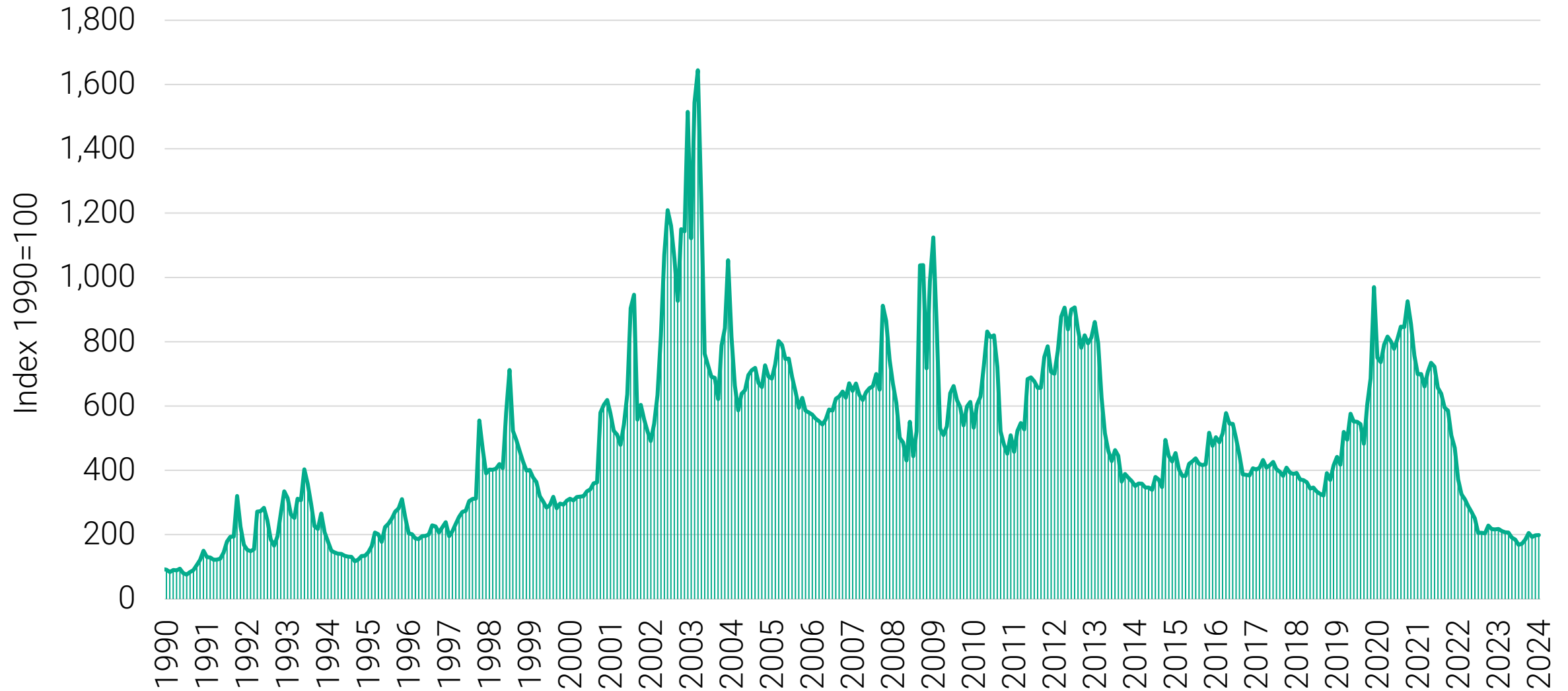
U.S. 15-Year & 30-Year Fixed Mortgage Rates, 1995 – May 2024*



Source: Freddie Mac *Week ending 5/2/2024

U.S. Mortgage Loan Applications Composite Index

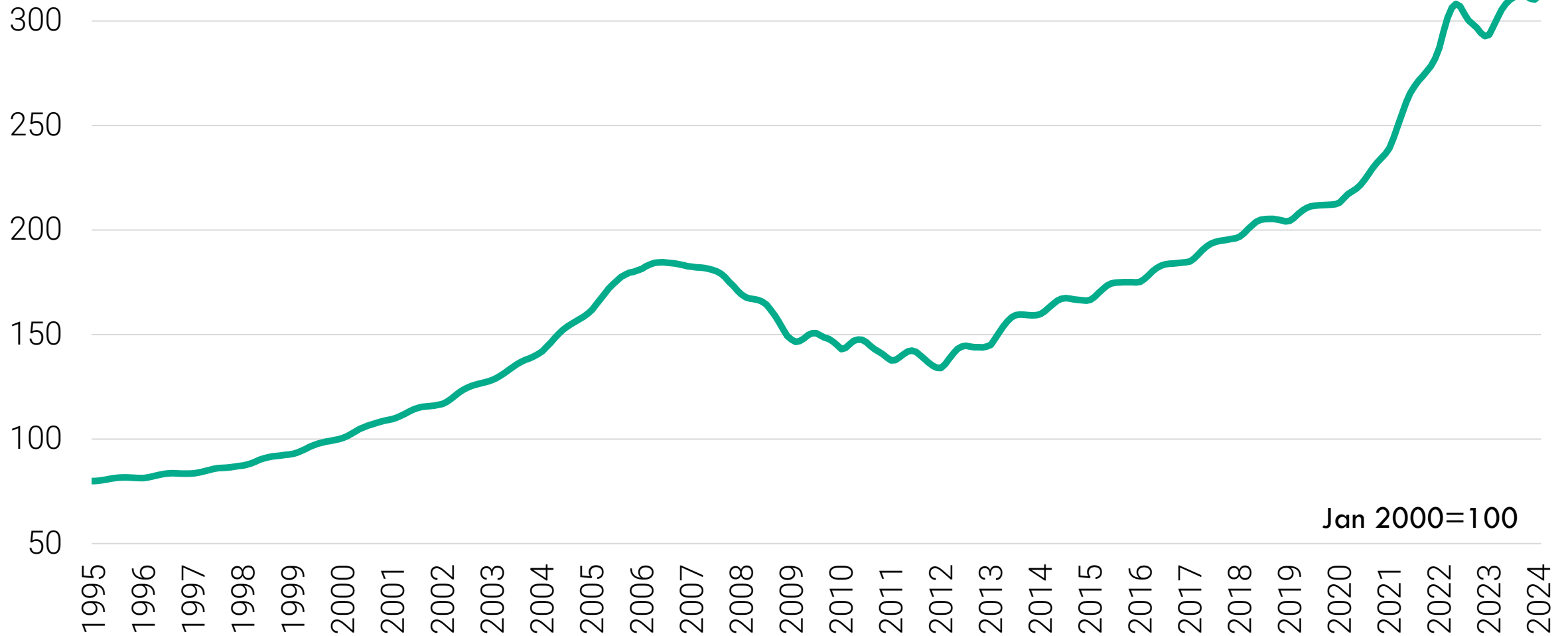
1990 – April 2024



Source: Mortgage Bankers Association (MBA)

S&P Case-Shiller Home Price Index

1995 – February 2024

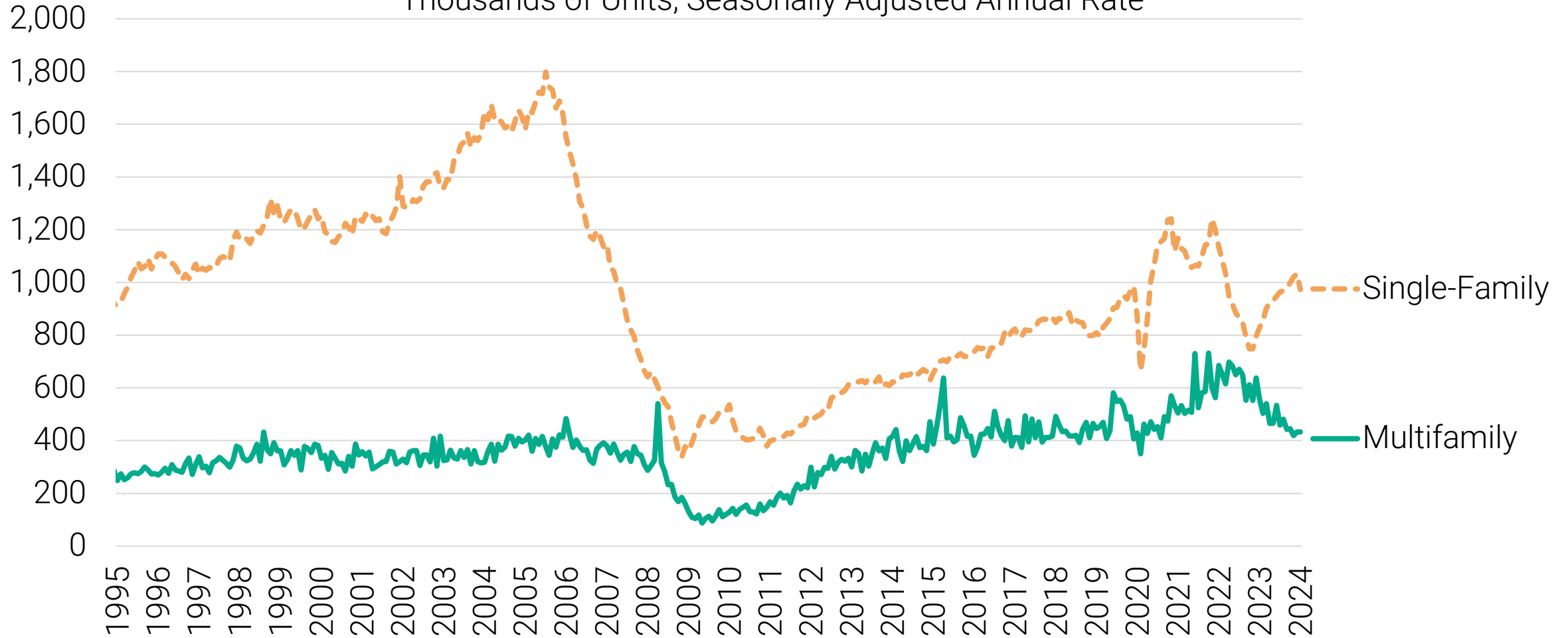


Source: Standard & Poor's

U.S. Residential Building Permits

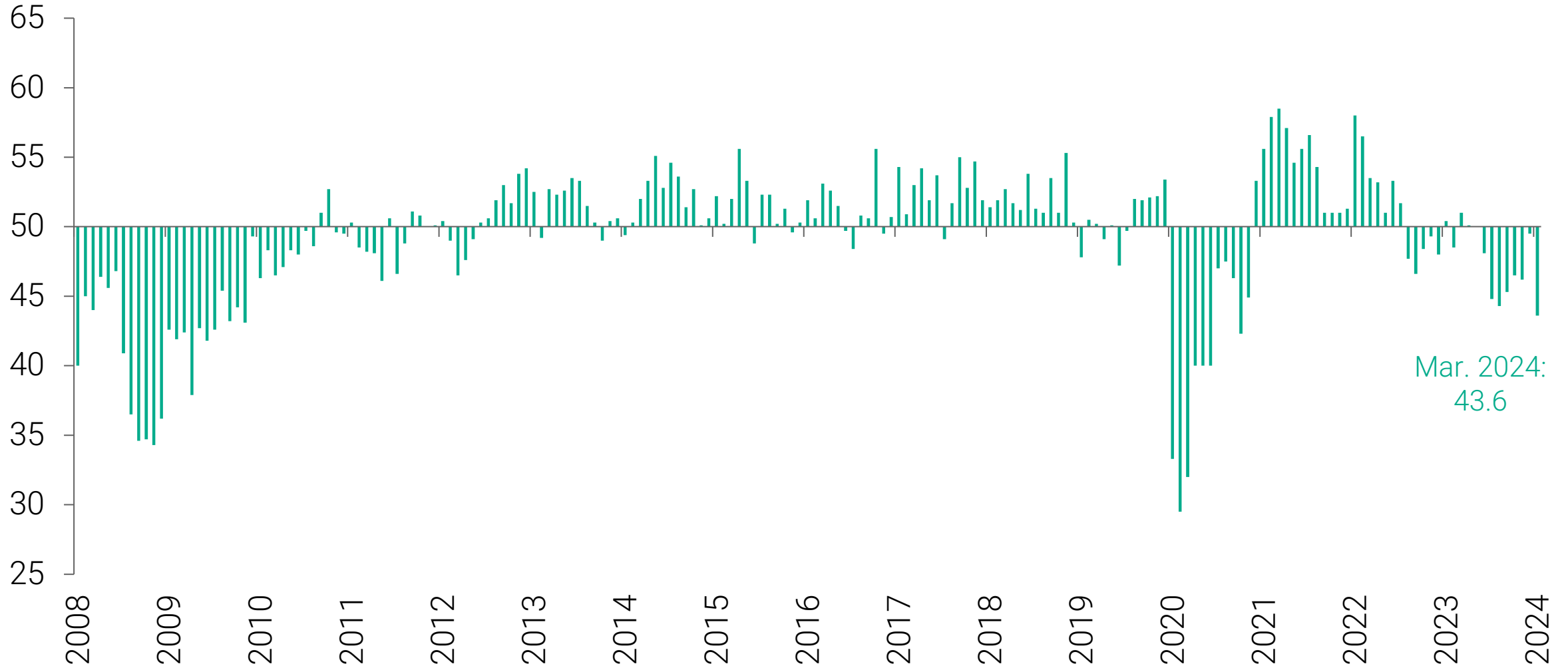
1995 – March 2024

Thousands of Units, Seasonally Adjusted Annual Rate



Architecture Billings Index

2008 – March 2024



Source: The American Institute of Architects

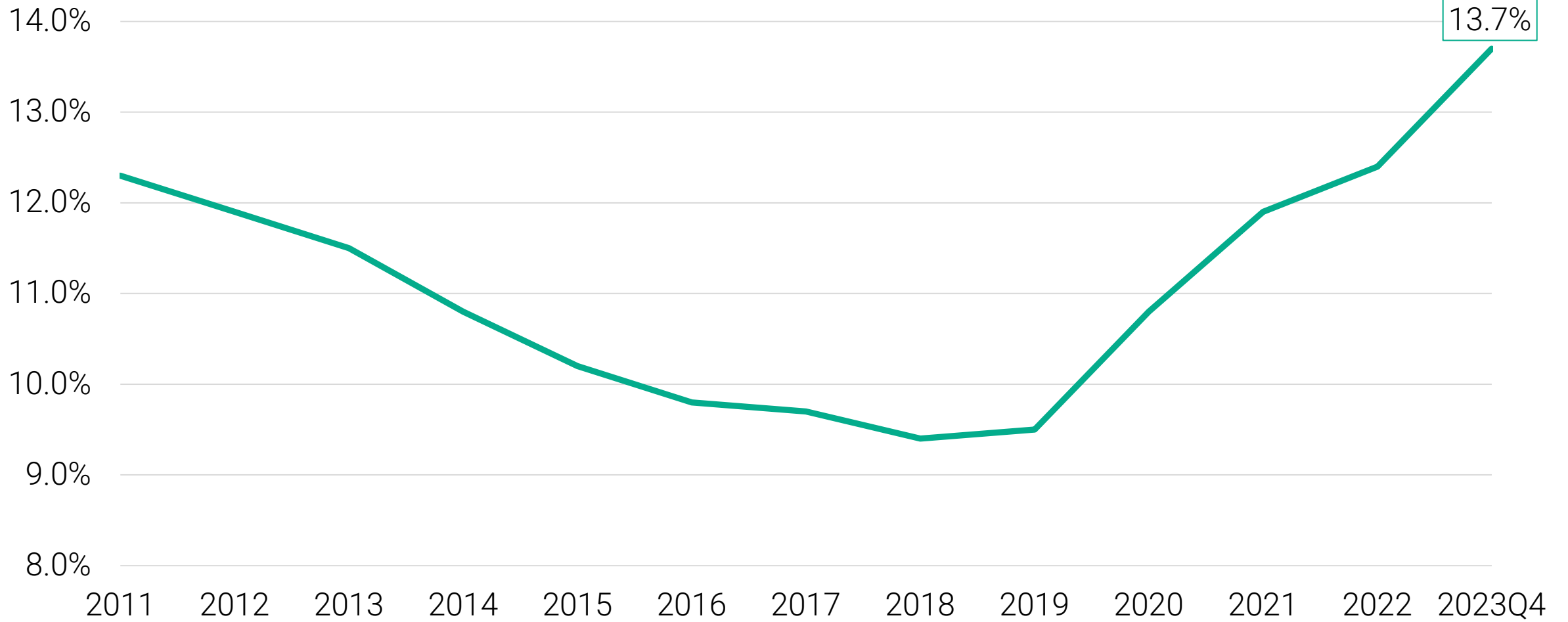


The Ugly

Office Market

Every Which Way **But** Down

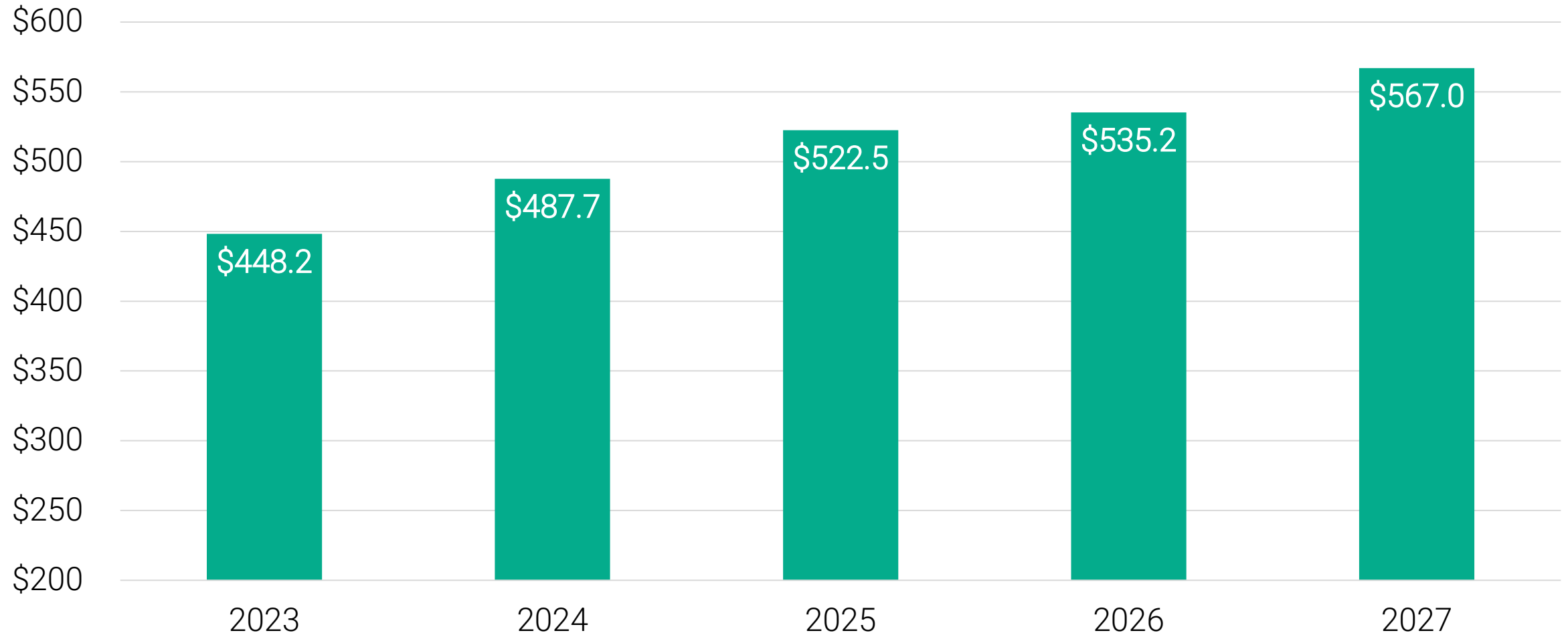
U.S. Office Vacancy, 2011 – 2023



Source: Costar; *Every Which Way But Loose was a 1978 film

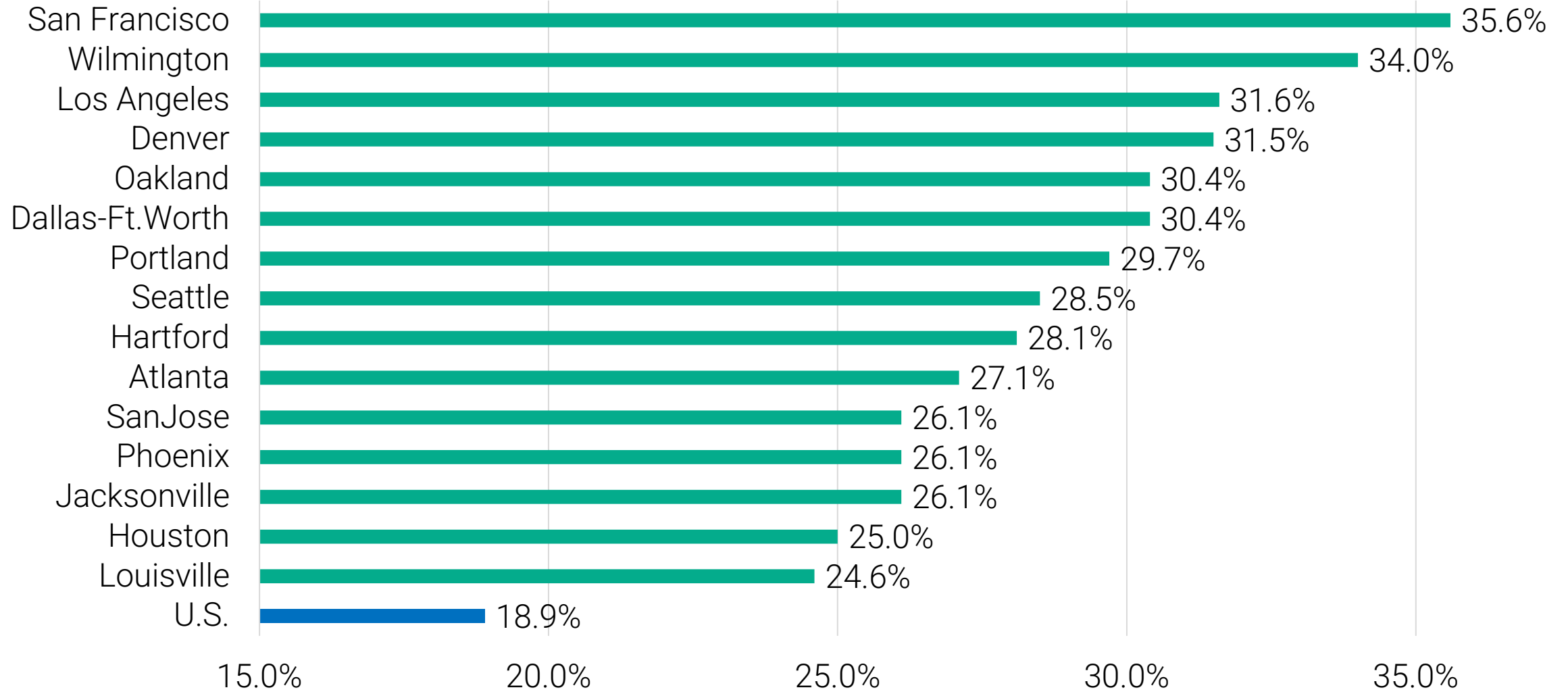
CRE Debt Maturities: \$2.5 Trillion in the Next 5 Years

Maturing CRE Loans (\$Billions)



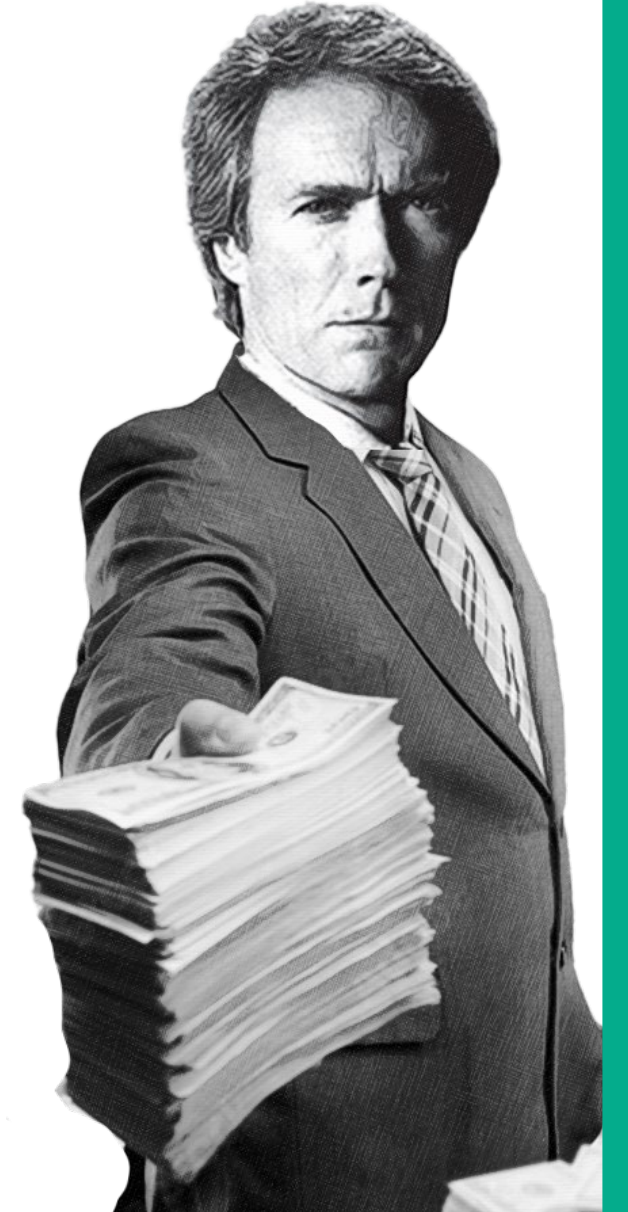
Source: Trepp analysis of Federal Reserve data

Highest Downtown Office Vacancy Rates, 2023Q4



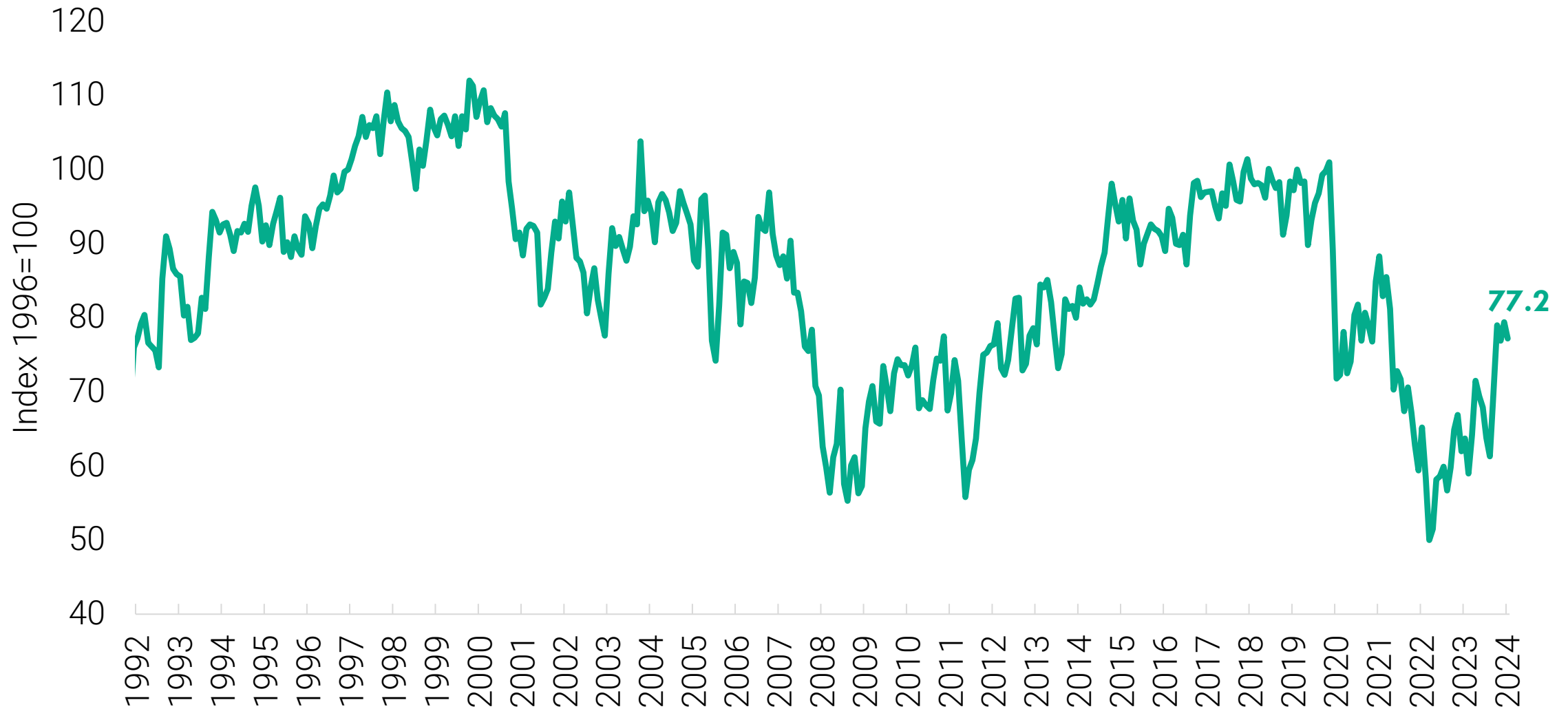
Source: CBRE

**Go Ahead,
Make My Day**



University of Michigan Index of Consumer Sentiment

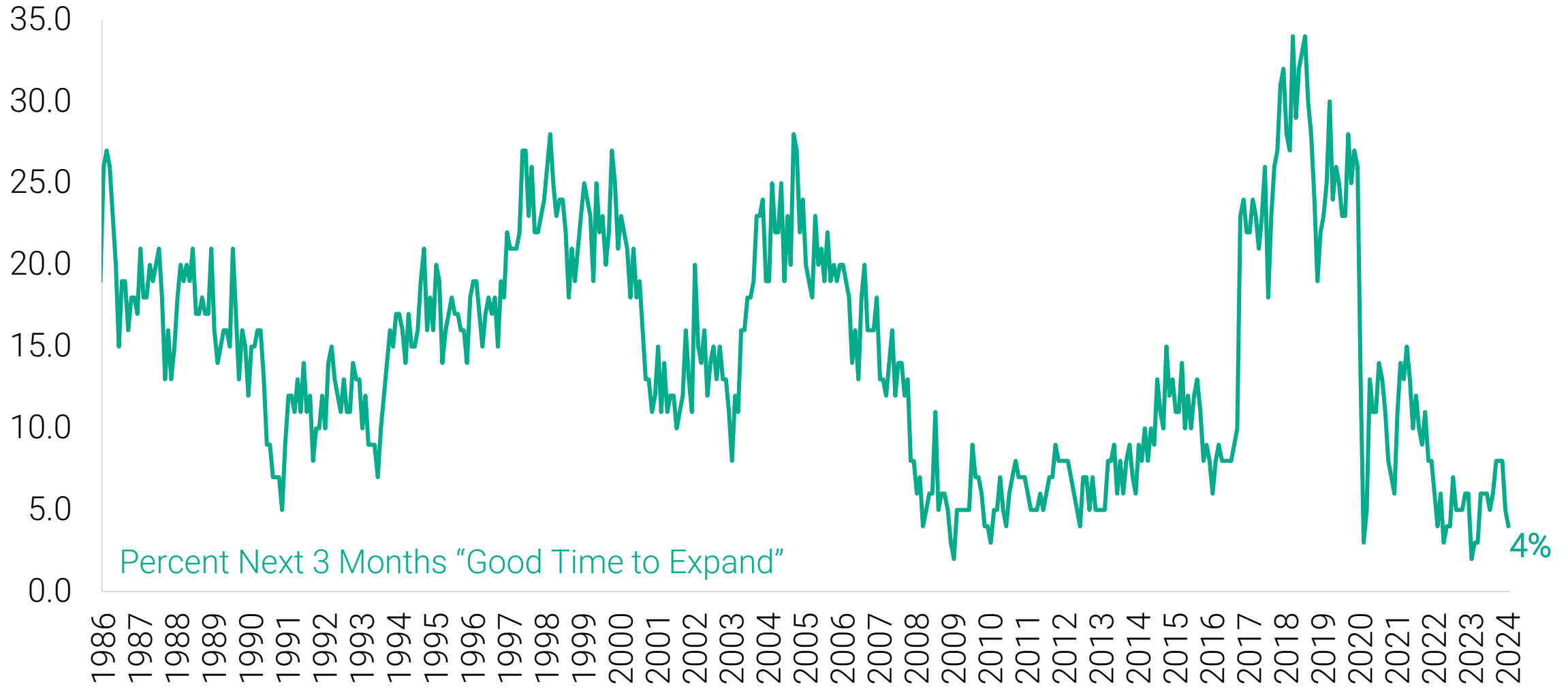
1992 – April 2024



Source: University of Michigan

NFIB Index of Small Business Optimism

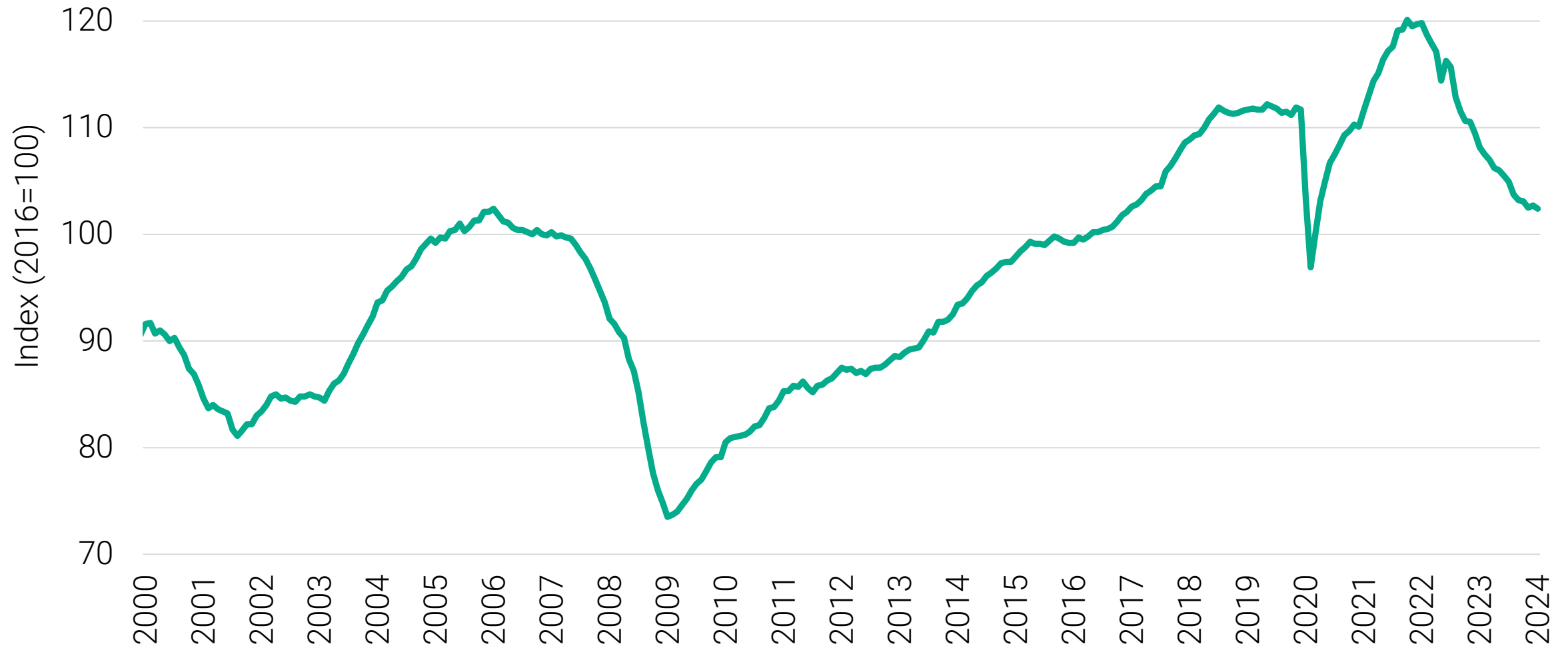
1986 – March 2024



Source: National Federation of Independent Business (NFIB)

Conference Board: U.S. Leading Economic Index

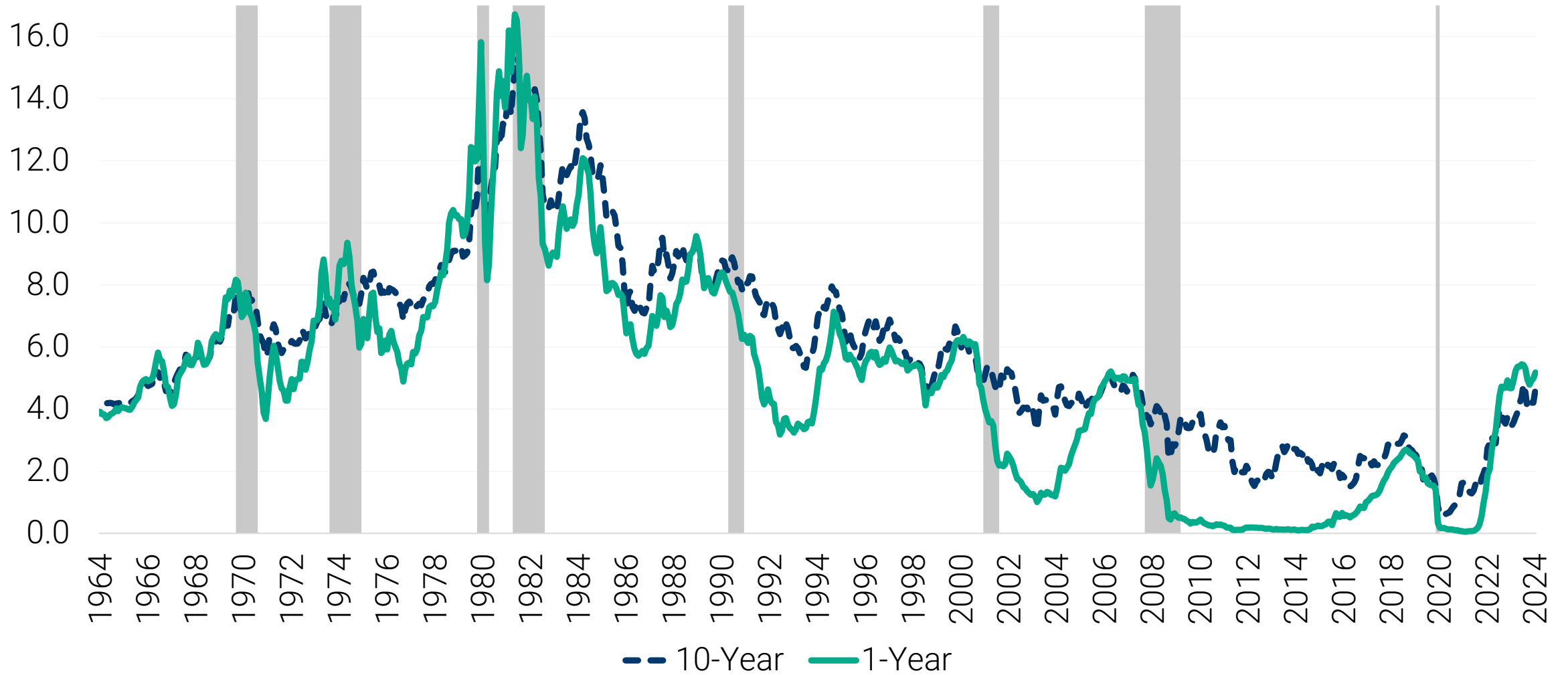
2000 – March 2024



Source: The Conference Board

U.S. Treasury Yields : 10-Year v. 1-Year

1964 – April 2024



Shaded areas indicate U.S. recessions

Source: Federal Reserve Bank of St. Louis

Go **Where** You're Lookin', and Look **Where** You're Goin'

- We are a deeply indebted society currently facing high borrowing costs;
- That makes me pessimistic regarding the near-term outlook;
- Geopolitics and federal elections don't help – sources of additional concern, distraction, and risk;
- It will come nearly a year after I initially anticipated, but recession is coming in 2024.

Thank You

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- Occasional posts on specific economic & policy related subjects

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- A monthly Q&A session
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Q&A

A background image showing two people, a woman and a man, looking at a laptop. The image is overlaid with a teal and blue geometric pattern of overlapping triangles.

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