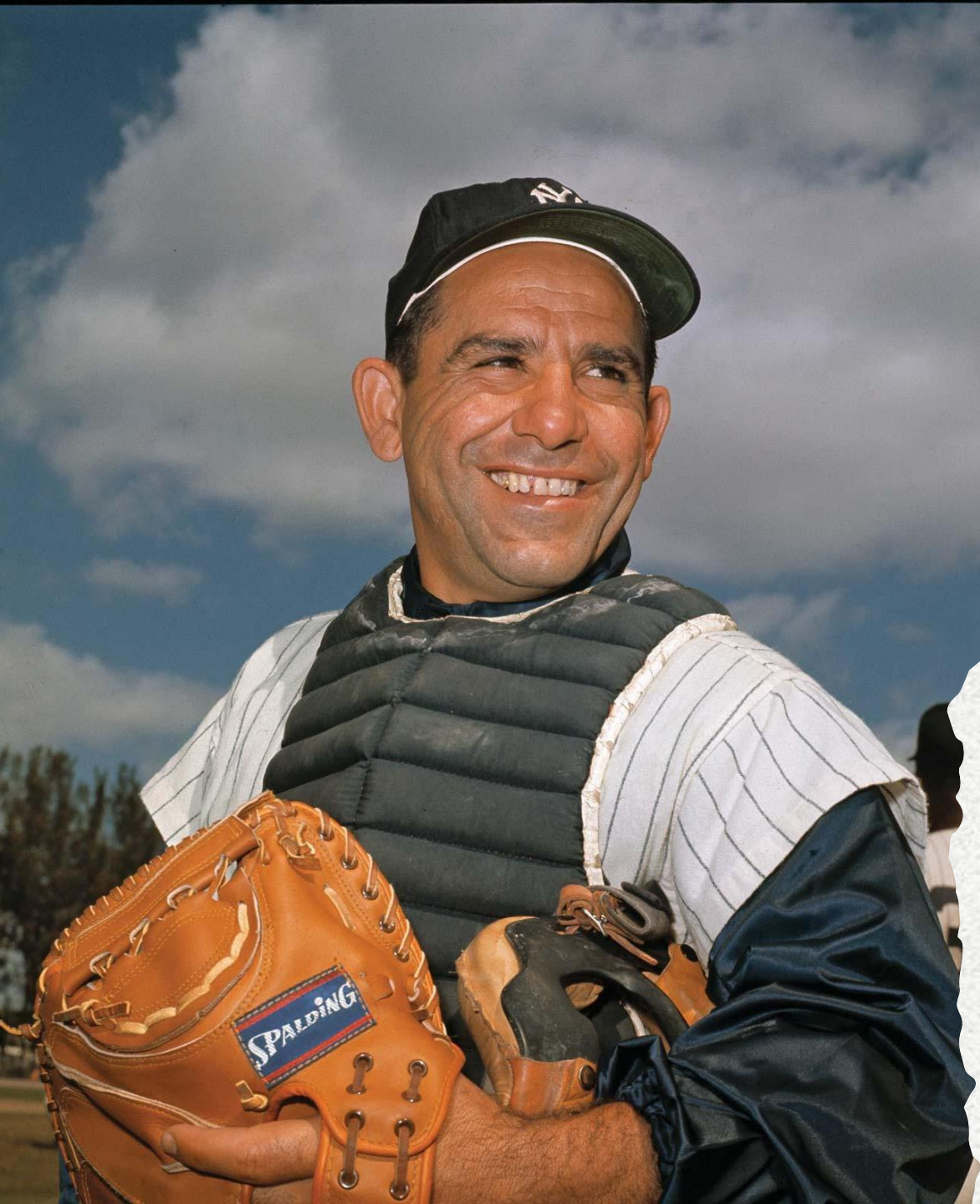


What's Ahead for the US Economy?

Scott Beaulier, Dean
College of Business
University of Wyoming

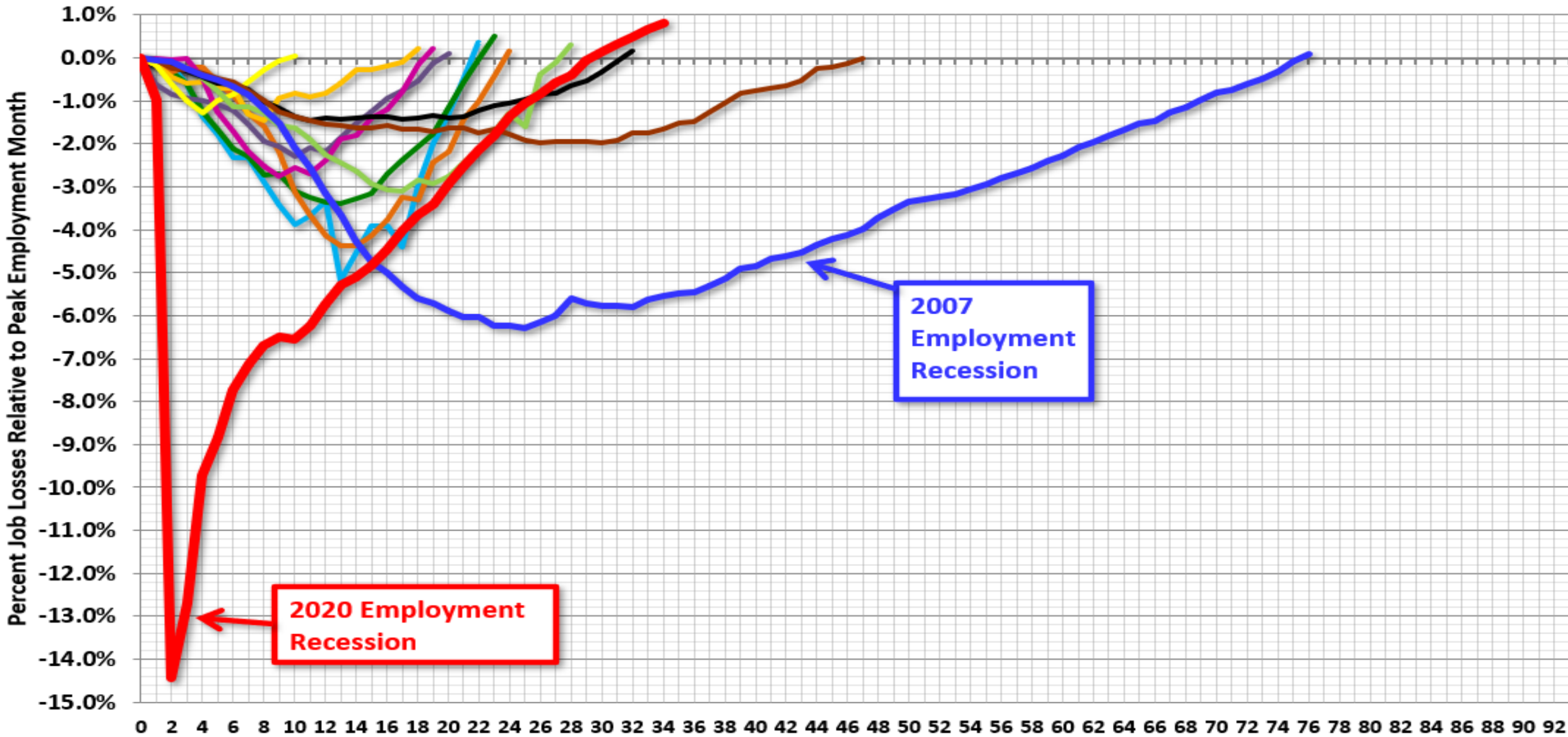


A Word About Economic Forecasting:

“It’s tough to make
predictions, especially
about the future.” (Yogi
Berra)

Percent Job Losses in Post WWII Recessions

1948 1953 1957 1960 1969 1974 1980 1981 1990 2001 2007 2020



2007
Employment
Recession

2020 Employment
Recession

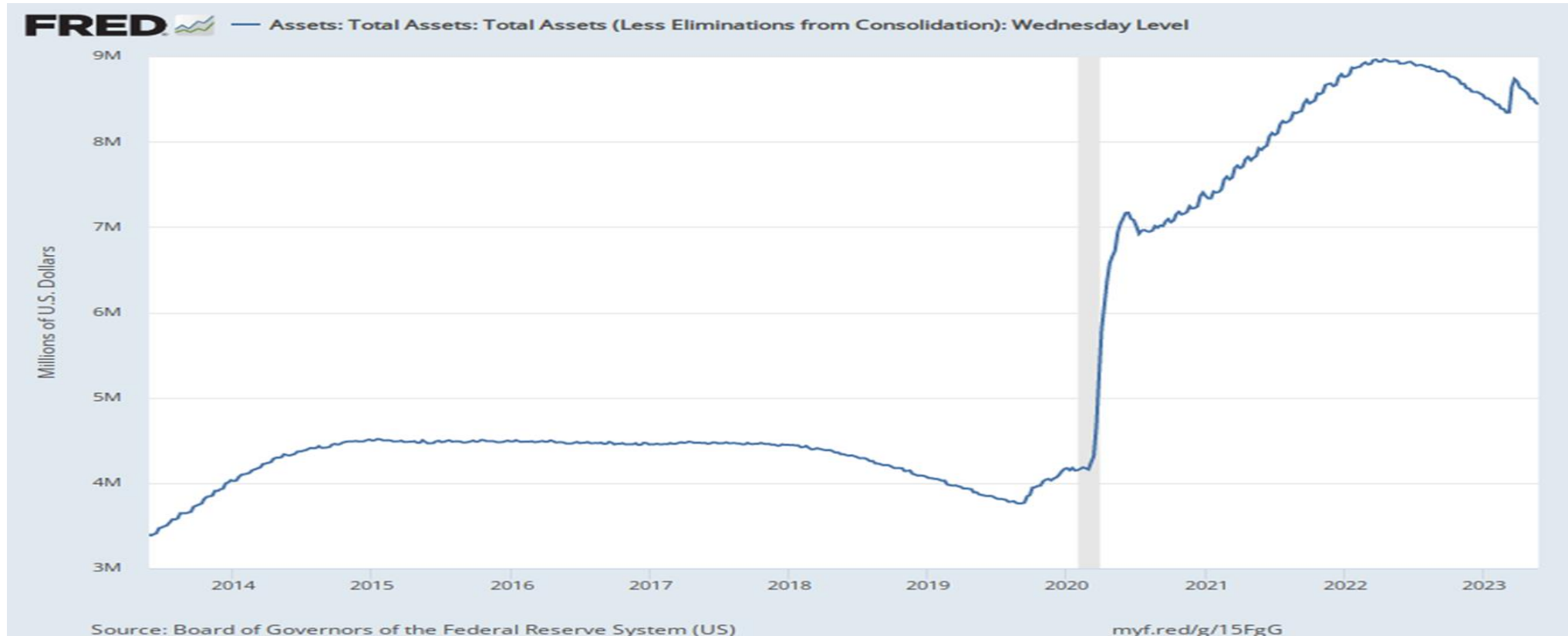
COVID-19 Fiscal Spending (as % of GDP)

- South Korea: 0.8%
- Finland: 1.0%
- China: 1.2%
- United Kingdom: 2.5%
- Japan: 4.5%
- Germany: 4.8%
- Switzerland: 6%
- Canada: 6%
- Australia: 9.7%
- **US: 10.5%**
- France: 15.3%
- Malaysia: 16.22%

Current Annual Inflation Rates

- Russia: 2.3%
- Switzerland: 3.4%
- Japan: 3.5%
- South Korea: 4.0%
- Canada: 4.3%
- **United States: 5.0%**
- France: 5.9%
- Australia: 7.0%
- Germany 7.2%
- Britain: 8.7%
- Poland 16.1%

“Inflation is Always and Everywhere a Monetary Phenomenon” (Milton Friedman)



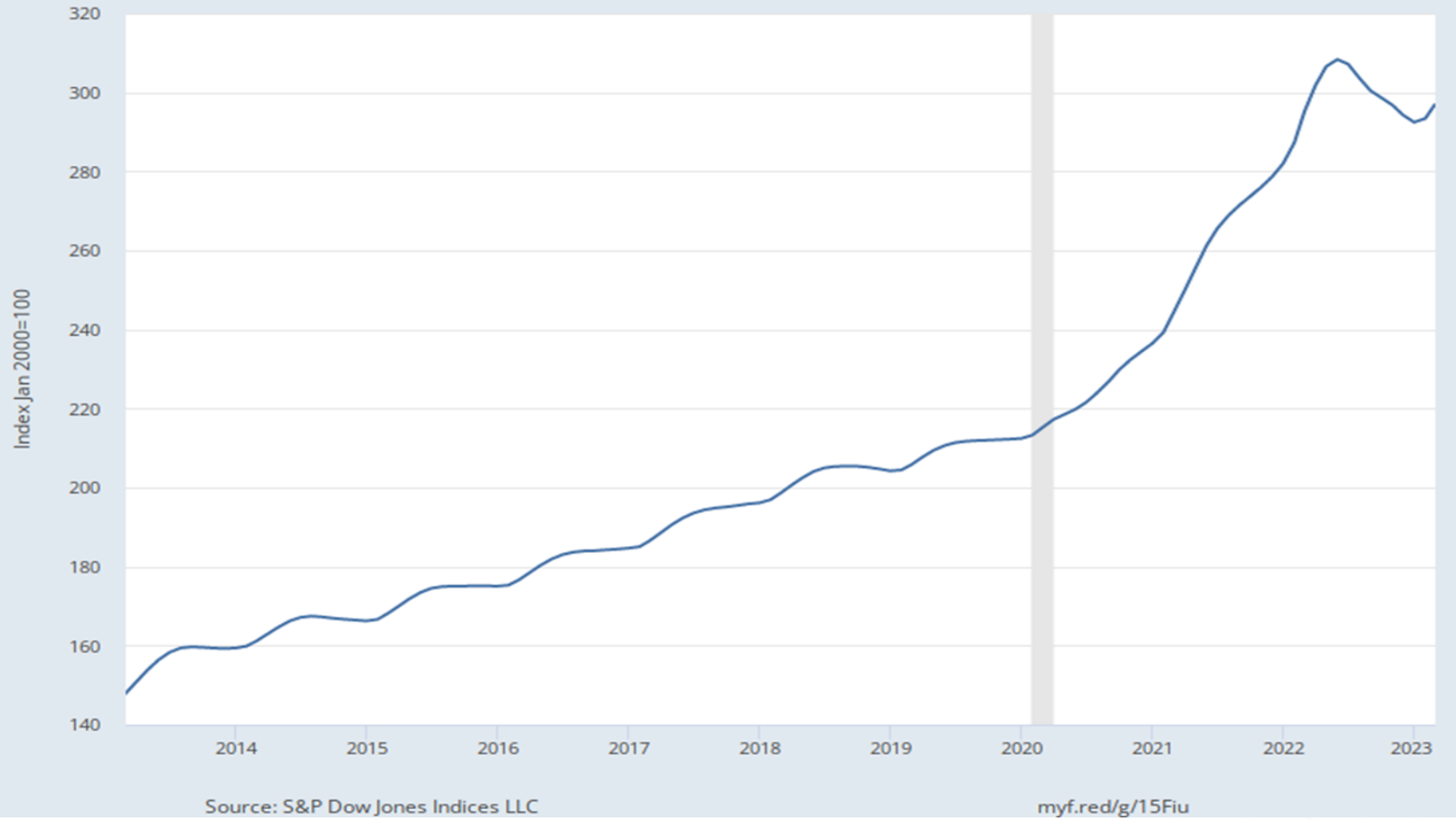
Annual Price Changes

- Gasoline: -20.6%
- Food: 7.7%
- Electricity: 6.3%
- New Vehicles: 5.4%
- Used cars and trucks: -6.6% (but still up 39% since 2020!)
- Rent of primary residence: 8.5%
- Women's apparel: 3.6%



FRED

— S&P/Case-Shiller U.S. National Home Price Index



Source: S&P Dow Jones Indices LLC

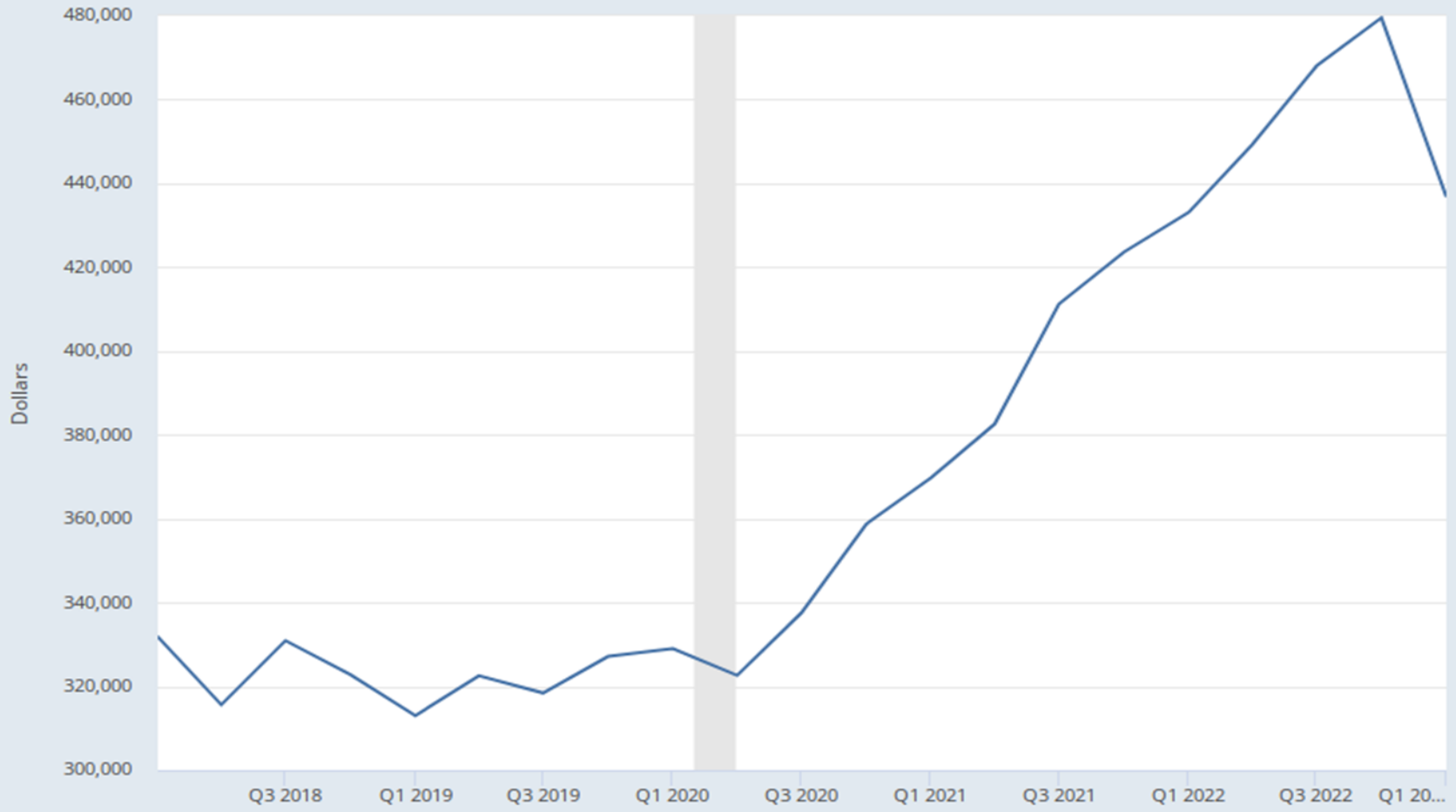
myf.red/g/15Fiu



College of
Business



Median Sales Price of Houses Sold for the United States



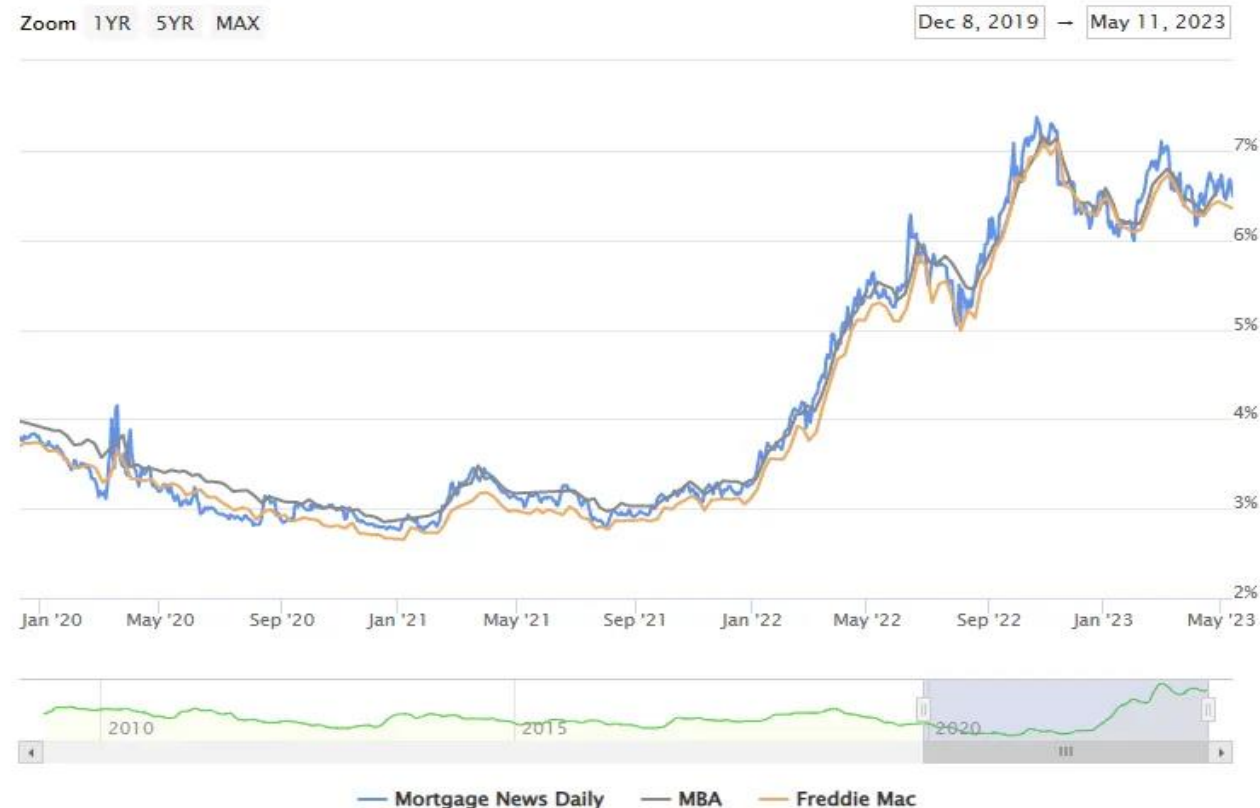
Sources: Census; HUD

myf.red/g/15FiG



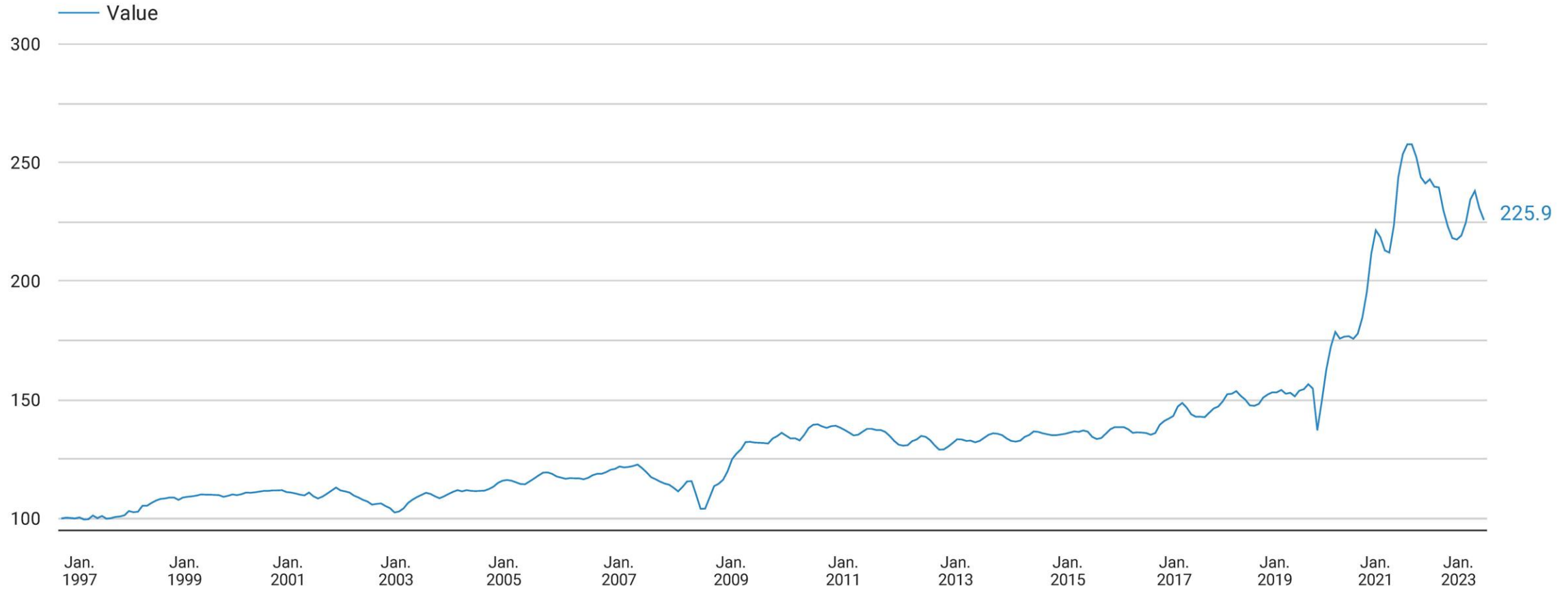
College of Business

7% mortgage means \$2,700/month mortgage vs \$1,850 equivalent rent (largest gap ever)



MANHEIM USED VEHICLE VALUE INDEX

Mid-May 2023



Cox
AUTOMOTIVE™

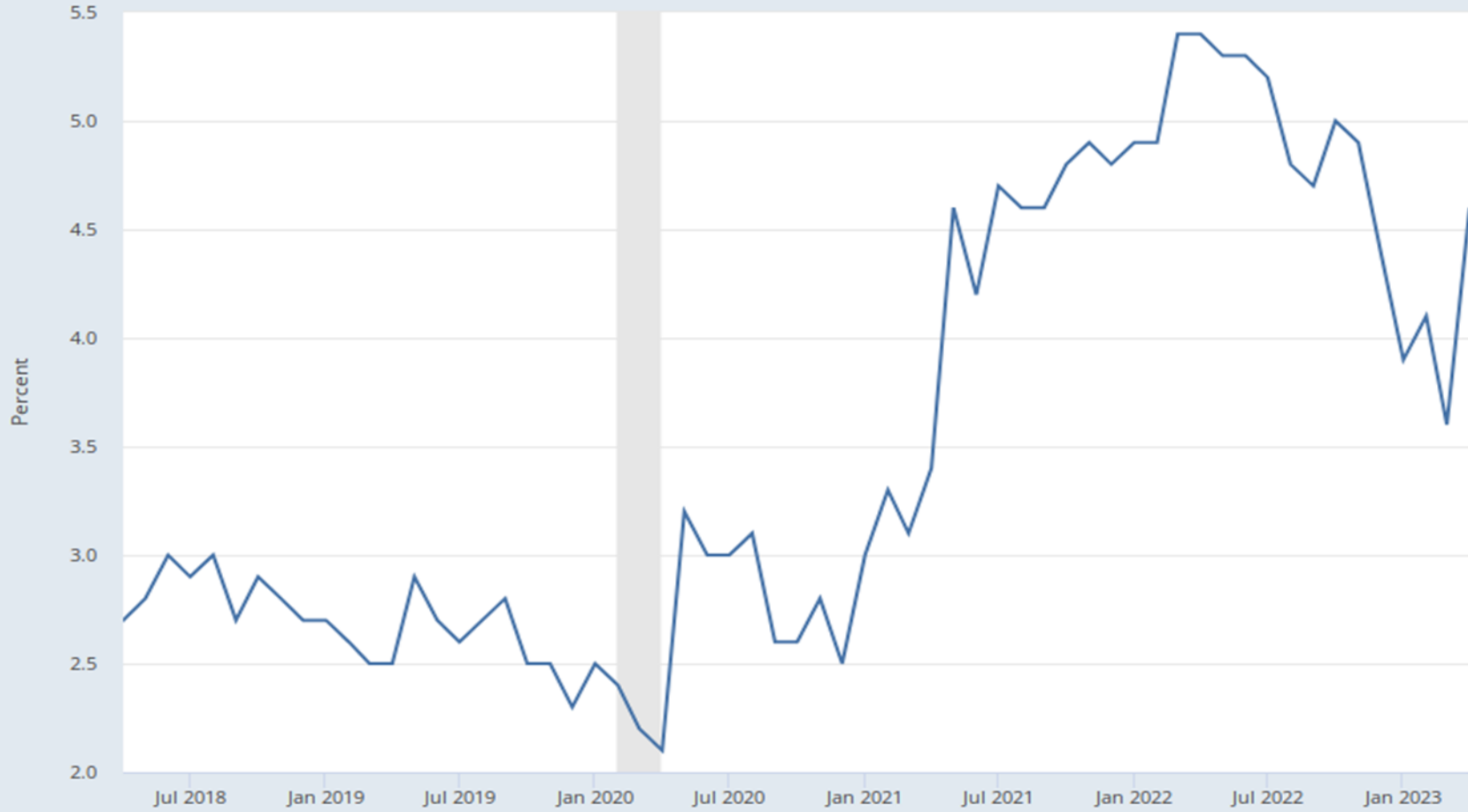


Manheim



FRED

— University of Michigan: Inflation Expectation



Source: University of Michigan

myf.red/g/15FjS



College of
Business

Most Common Causes of Recession

- (1) Exogenous shock like a pandemic, natural disaster, or war;
- (2) Significant policy error (e.g., trade wars; oil embargo; Congress gridlocked);
- (3) The Federal Reserve tightening too much

Key Indicators to Watch

- (1) New home sales—have remained strong (up 11%); anything minus 20 percent, and look out! Huge drops in investor purchases (down 49% in Q1)
- (2) Oil prices—prices more than doubled in a year post 2020, which is a general leading indicator of recession
- (3) Yield curve—as inverted as its ever been
- (4) Heavy truck sales—really tanked in our last recession
- (5) Credit card delinquencies—highest across the income spectrum since 2008



Key Wyoming Indicators

- 3.5% unemployment rate
- Rapid “red/energy state” rebound post-COVID but slower rate of job growth than Idaho, Montana, North Dakota
- State GDP is still nowhere near peak (2008), but income per head is climbing (above \$70k currently)
- Significant stability currently in state revenues, rainy day funds, etc.

Wyoming Observations from “the New Guy”

- Really easy place to do business and get things done, but plenty of regulations and red tape on the less observable areas of life (e.g., zoning laws, lot size requirements, etc.);
- Front range growth is coming for Southeastern Wyoming;
- Another “undiscovered” place in the state could become the next Jackson;
- Workforce issues and inflation are hitting a rural state like Wyoming more severely than many places.



“The Future Ain’t What It Used to Be” (also Yogi Berra)

- If you’re not receiving a 6% per year pay raise, you are falling behind;
- Watch housing and watch unemployment rates;
- State finances have come through the pandemic ridiculously well in WY and nationally;
- Workforce challenges will persist until things really start to “break”

Bottom line: Pandemics—and cheap money—always come to an end! This is the beginning of the end for cheap money.