

Economic Outlook Task Force Update

GLWA Board of Directors: Audit Committee

June 23, 2023

Public Sector Consultants



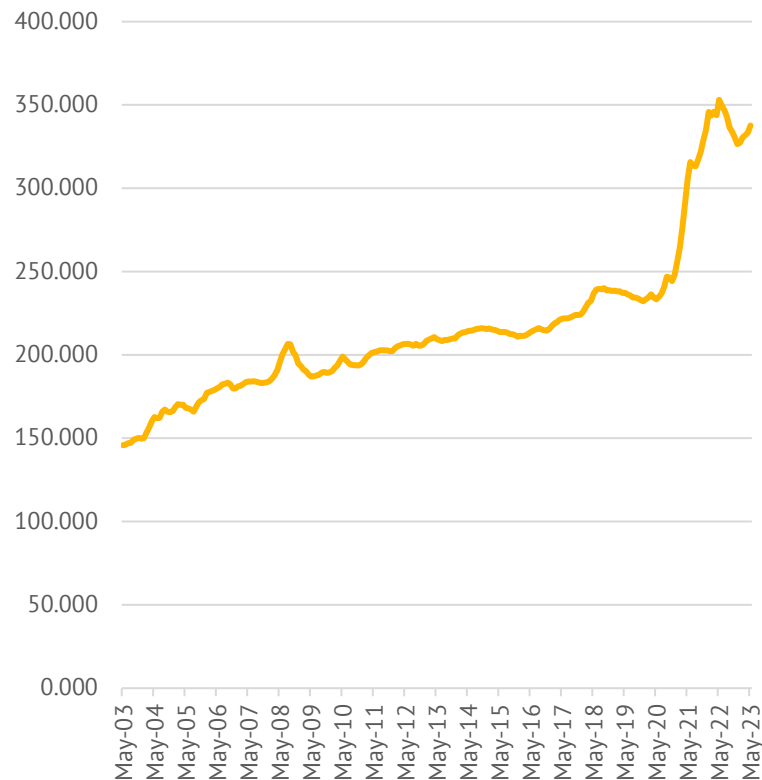
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Executive Summary

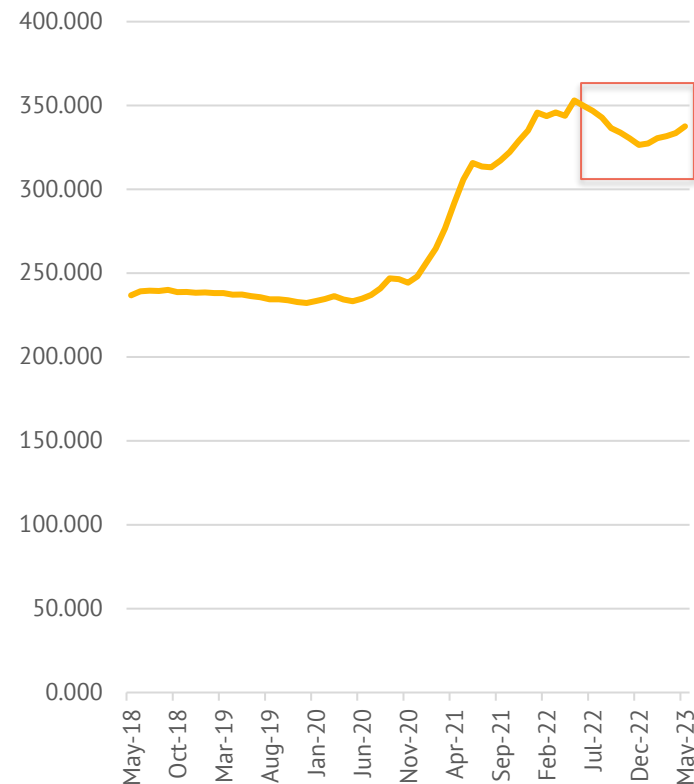
- Overall economic picture appears more stable and slightly more positive than Q4
 - Construction industry executives “are most confident in the water, sewer, and waste market” – ENR Q1 Report
 - Large onshoring and other “transformational” projects have execs confident in infrastructure construction
- Inflation forecast has not changed significantly since our spring update
 - **Nov. 2022:** Forecast projected 2023 year-over-year inflation projection was 6.7% and U.S. actual was 6.5%
 - **Mar. 2023:** Forecast projects 2024 12-month inflation at 4.1%
 - **Jun. 2023:** Forecast projects 2024 12-month inflation at 4.2% with updated data (6-month rate at 4.0% for all items)
 - Recent national data has showed slowing inflation without a major spike in unemployment
 - Supply chain disruptions, consumer product and oil price increases have slowed (or even declined)
 - Economy is still at risk for a recession and inflation remains well above the 2% target
- Material prices are up from last spring, but not at the rate seen during the spike in 2020-2021
 - Price increases for core GLWA materials appear to have slowed but rising faster than overall inflation and remain high

Construction Materials: Producer Price Index

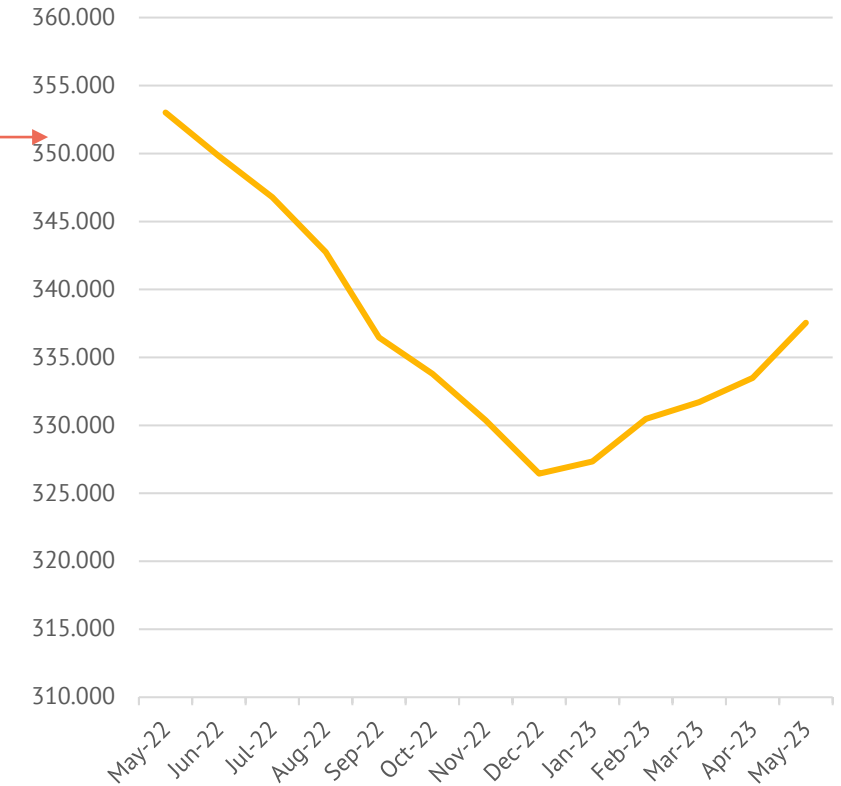
20 YR



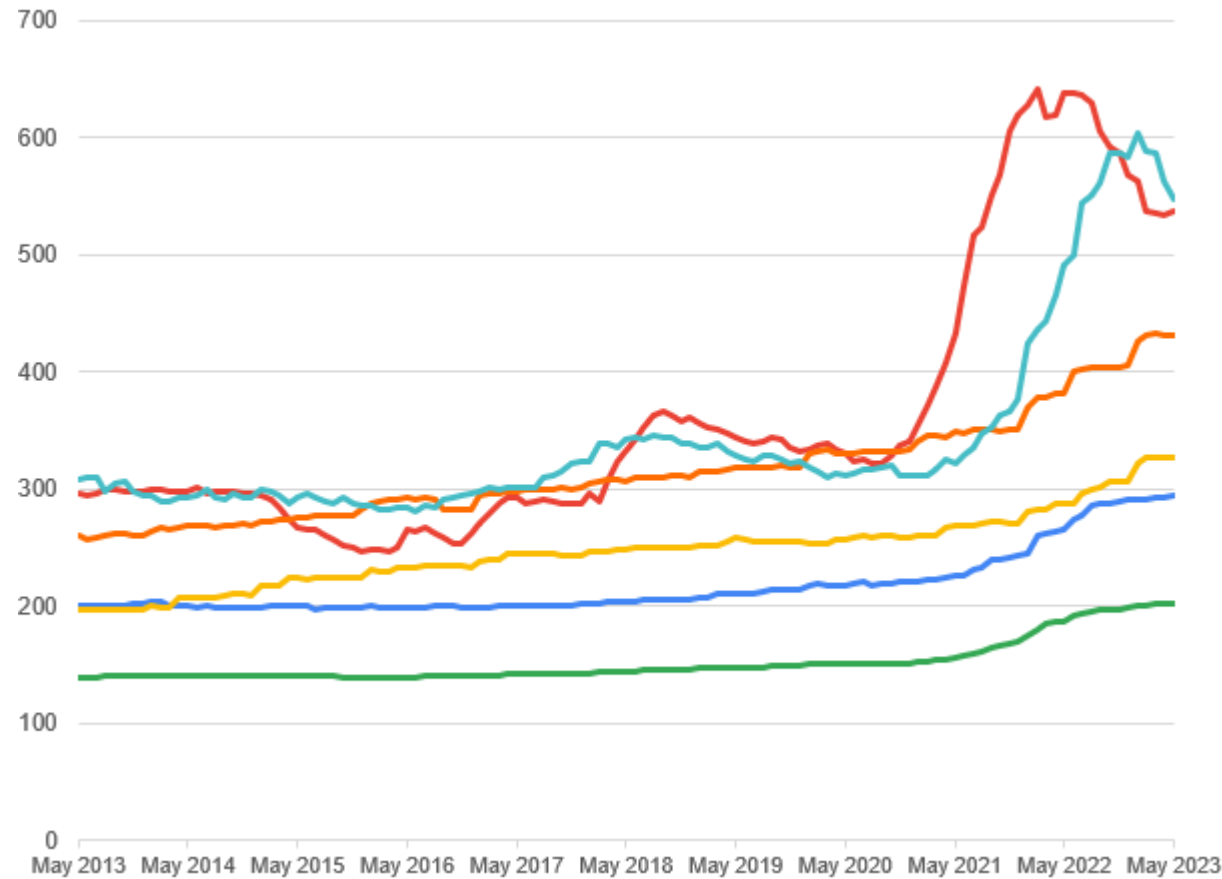
5 YR



1 YR*



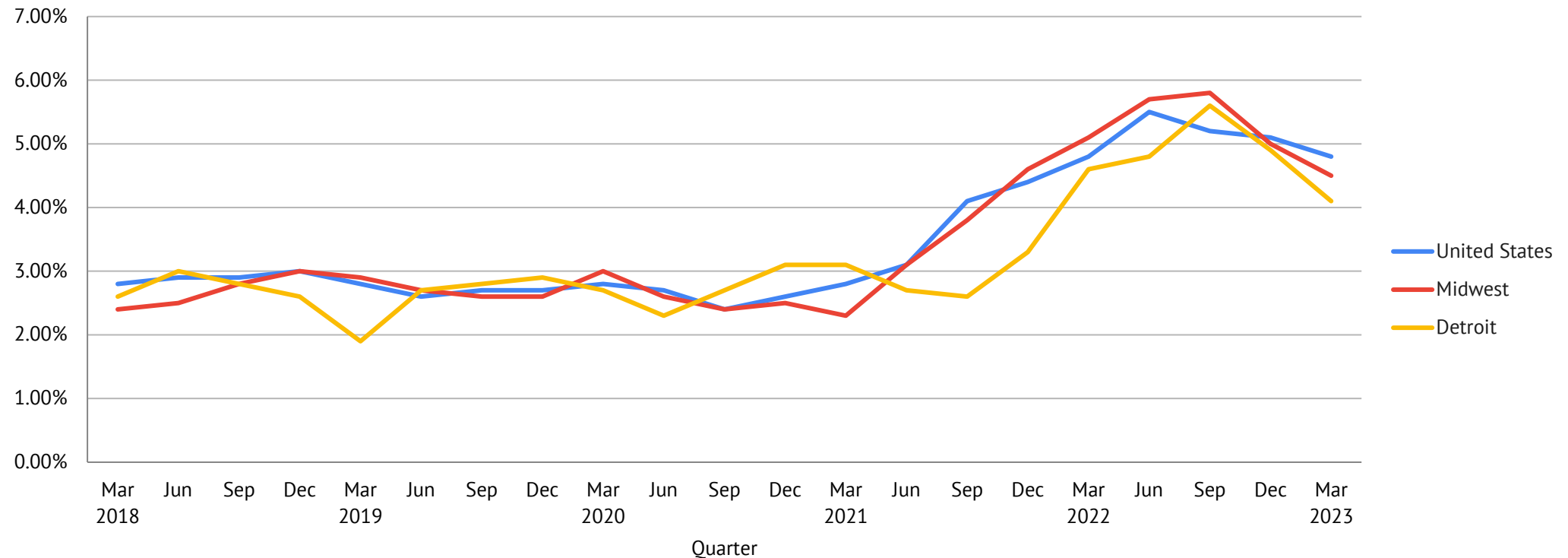
Priority Materials: Producer Prices



Percent Change	10YR	5YR	1YR
Iron and Steel Pipes and Tubes	81%	62%	-16%
Chlorine	78%	60%	12%
Aggregates	66%	41%	13%
Cement	66%	31%	14%
Electrical Switch Gear/Board	46%	44%	11%
Elect Equipment	45%	40%	8%

Wages: Total Compensation

Total Compensation Percent Change: United States, Midwest and Detroit



Southeast Michigan Inflation Forecast (Update)

