

# Economic Outlook Task Force Update

## GLWA Audit Committee

February 2024

Public Sector Consultants

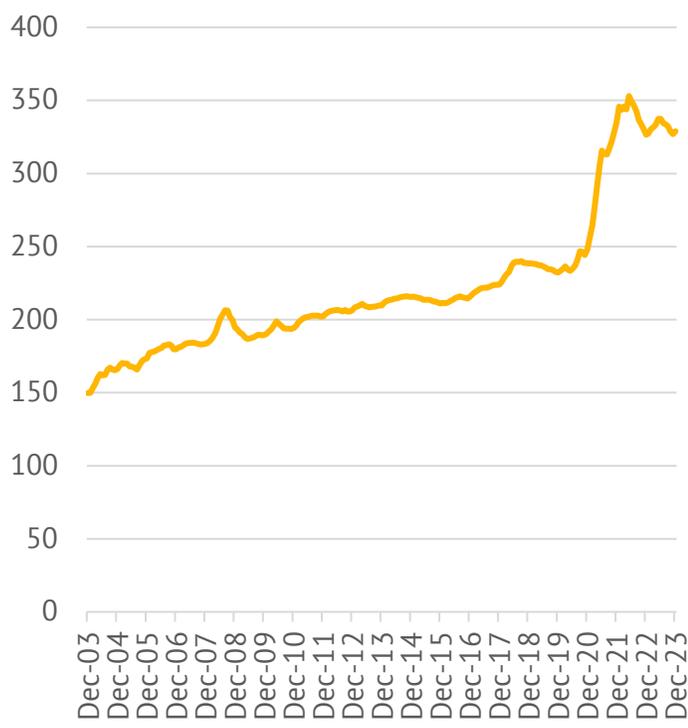


# Executive Summary

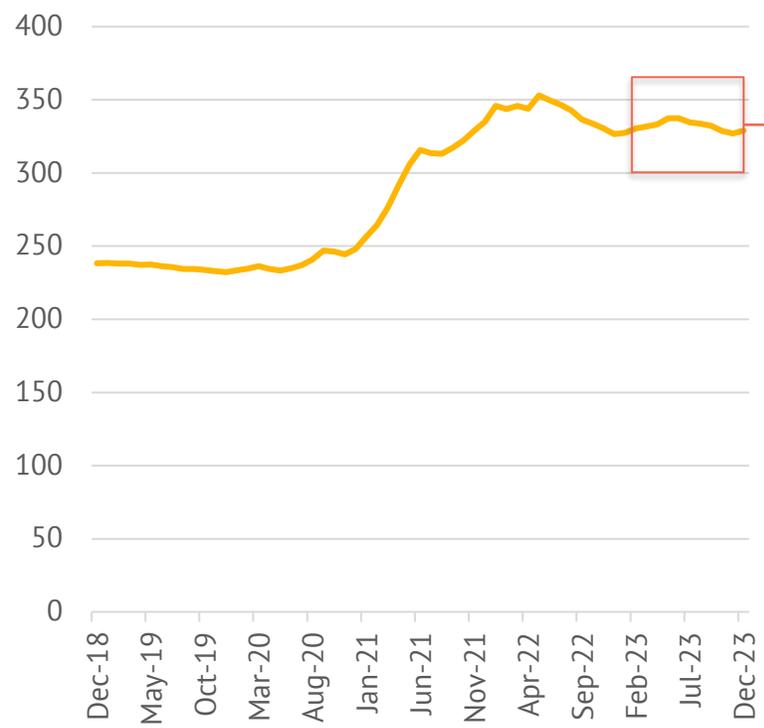
- In general, economic trends in 2023 were more positive than consensus projections
  - The U.S. economy avoided a recession
  - Unemployment held below 4% throughout the year
  - The Federal Reserve continued to increase interest rates through July, but declined to do so in Fall 2023
- After several years of extraordinary inflation, it fell below expectations in 2023
  - 2023 actual inflation ended the year within the 2023 projected base case
    - **2023 Forecasts:** January/August forecast projected 2023 12-month inflation at 4.2% and 3.6% respectively
    - **2023 Actuals:** Final 2023 12-month inflation was 3.4% (inside the base case margin of error)
- While the economy appears to have stabilized, risks remain
- Material and labor costs are no longer accelerating at the same remain rate, but they remain above pre-pandemic levels

# Construction Materials: Producer Price Index

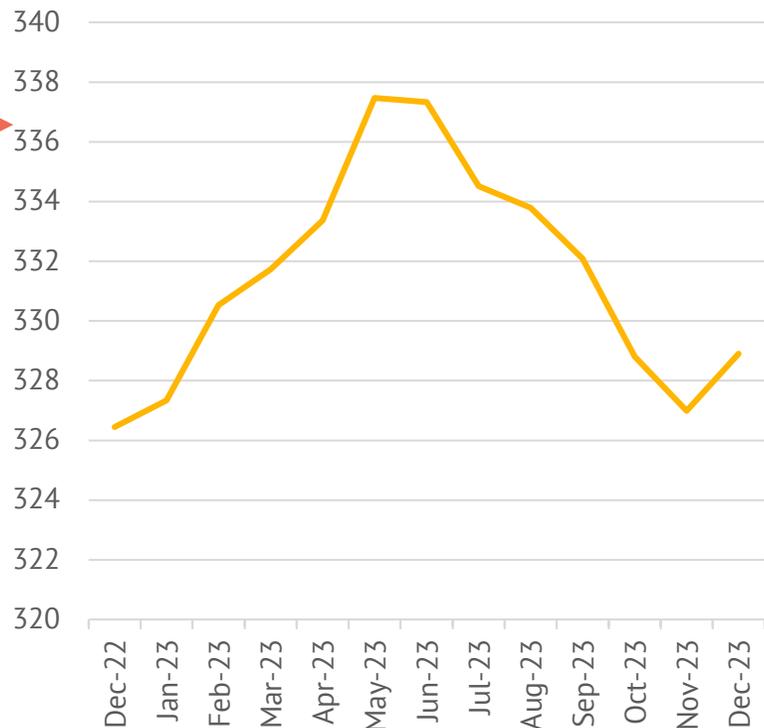
## 20 YR



## 5 YR

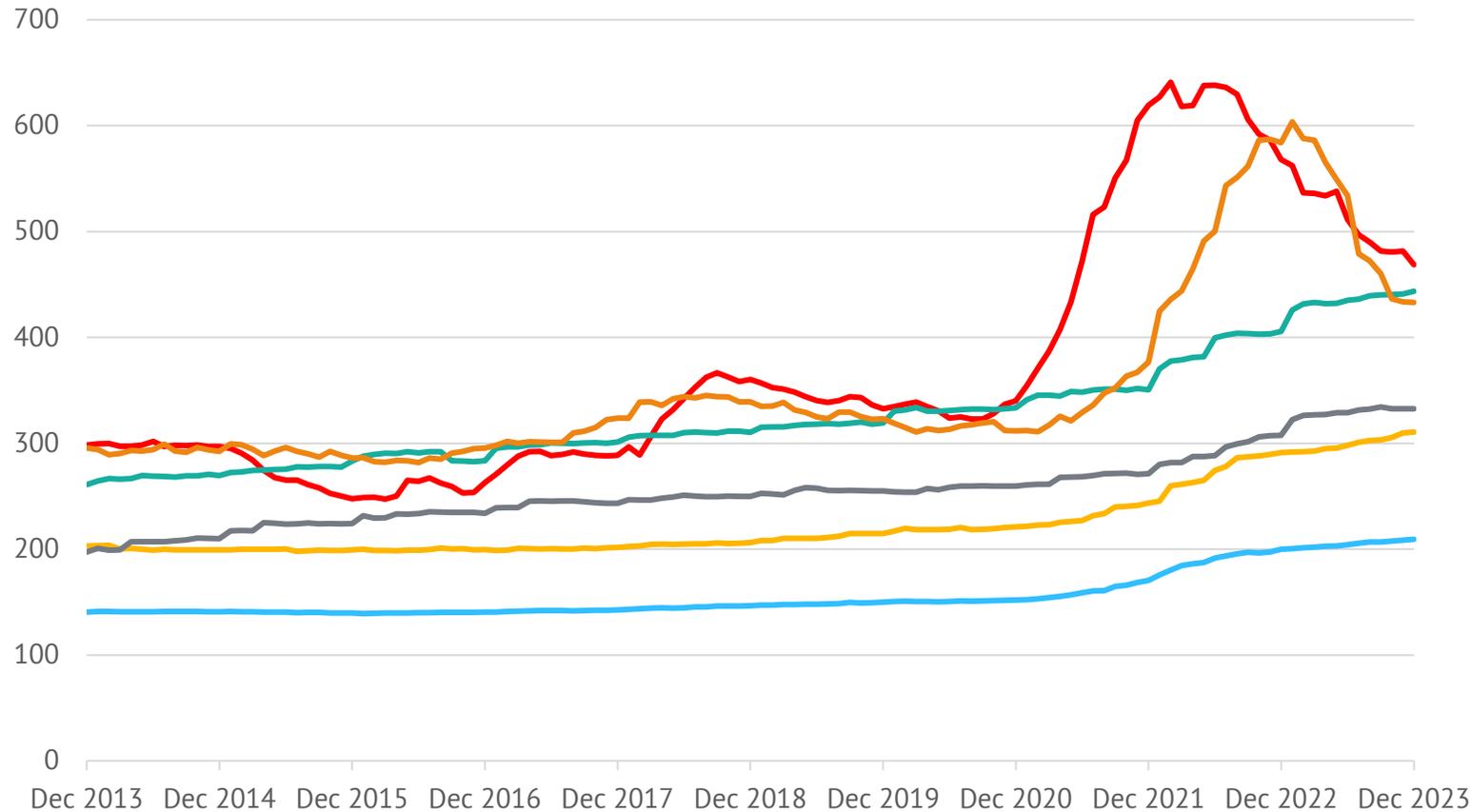


## 1 YR\*



Source: Bureau of Labor Statistics, Producer Price Index  
 \*Note the different vertical axis for 1YR

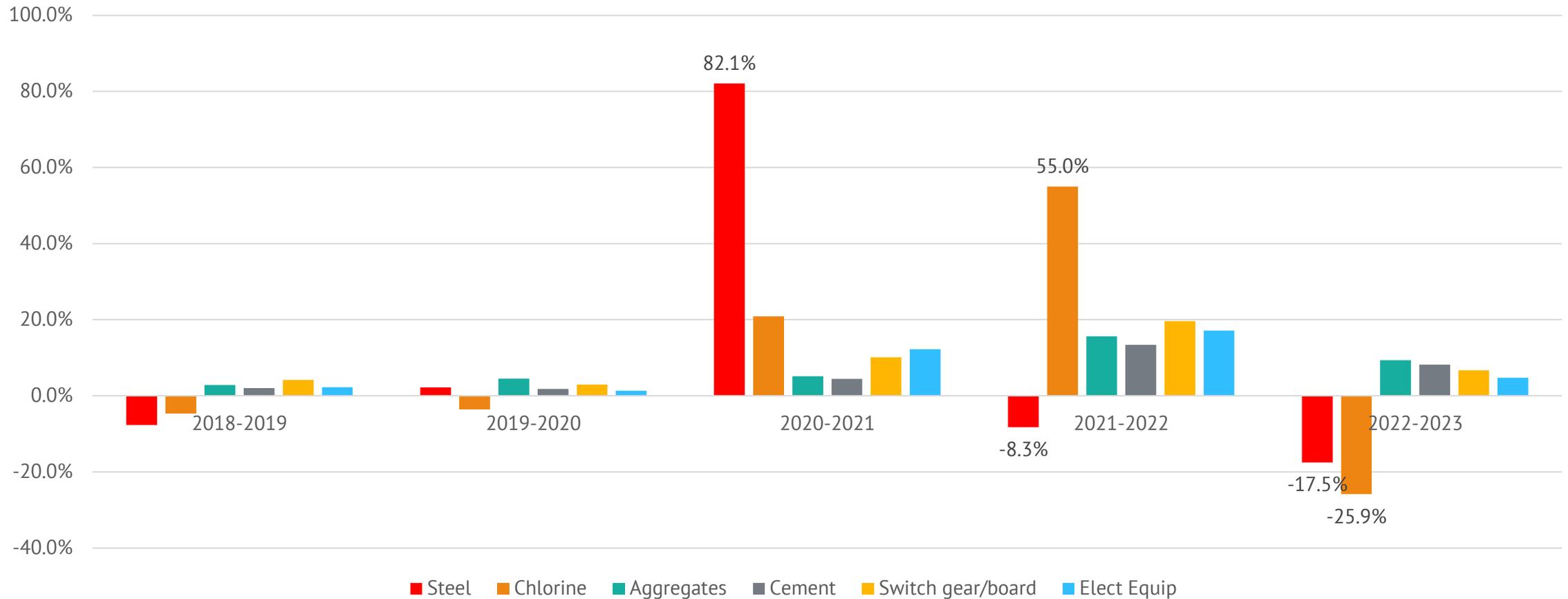
# Priority Materials: Producer Prices



Percent Change	10YR	5YR	1YR
<b>Iron and Steel Pipes and Tubes</b>	57%	30%	-18%
<b>Chlorine</b>	47%	28%	-26%
<b>Aggregates</b>	70%	43%	16%
<b>Cement</b>	68%	33%	16%
<b>Electrical Switch Gear/Board</b>	53%	51%	7%
<b>Elect Equipment</b>	49%	43%	5%

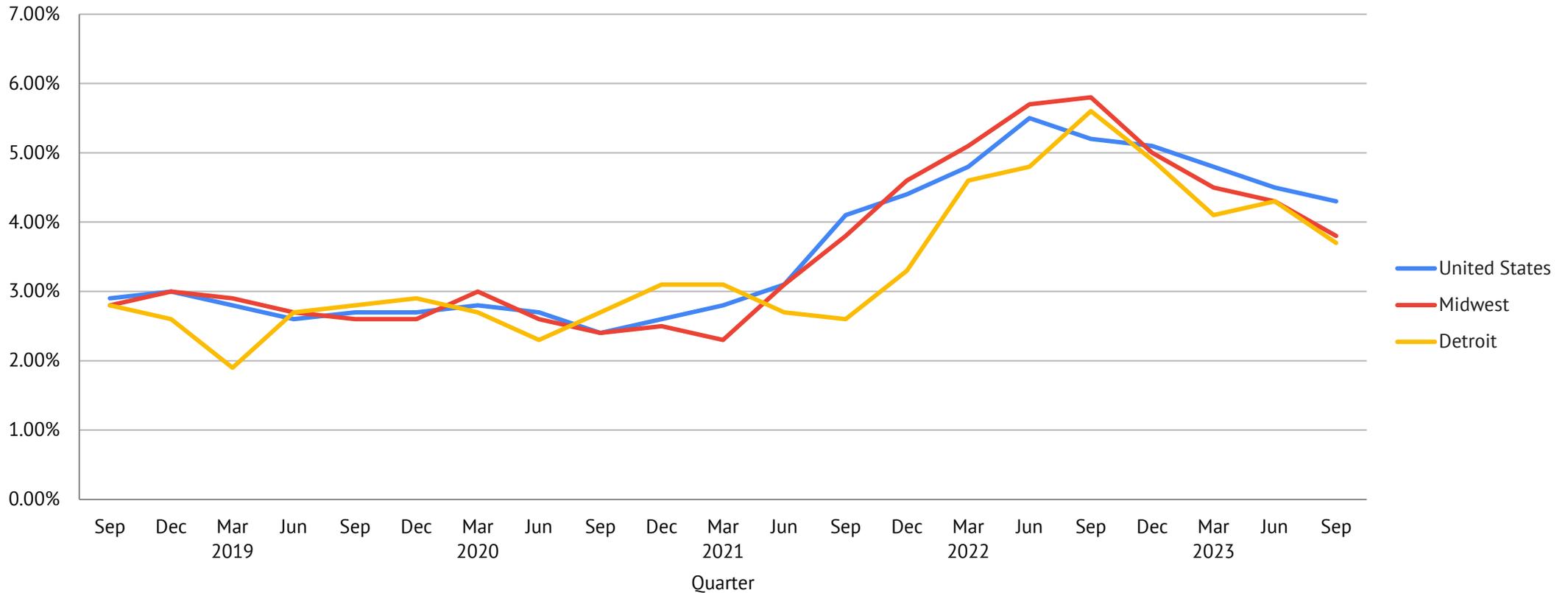
# Priority Materials: Producer Prices

## Annual Percent Change (Dec)



# Wages: Total Compensation

Total Compensation Percent Change: United States, Midwest and Detroit



Source: Employment Cost Index, Bureau of Labor Statistics (BLS)



# Southeast Michigan Inflation Forecast

