

Economic Outlook Task Force Update

GLWA Audit Committee

October 2024

Public Sector Consultants

Executive Summary

- In our last report (Feb 2024) we noted that the economy had steadied, reflecting the progress the SE Michigan and US economy made in 2023 and early 2024. The economy has leveled, but at a much different place than before the pandemic.
- The US economy is predicted to grow by 2.7% this year
- Inflation has now come down even more, CPI was 2.5% in August, nearly the Feds 2% range.
 - Still risks going forward but seems like the targeted “soft landing” has been achieved so far.
 - All evidence suggest inflation has been brought under control without causing a recession
 - Predicted to remain above 2.0% for some time as the decrease remains slow
 - But the risks to the economy remain high

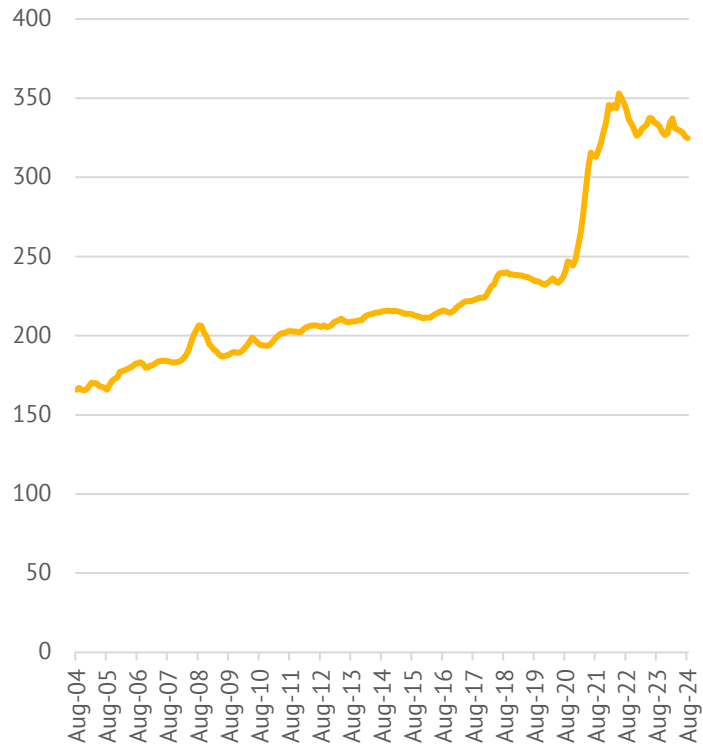
Executive Summary – Continued

Key drivers to watch

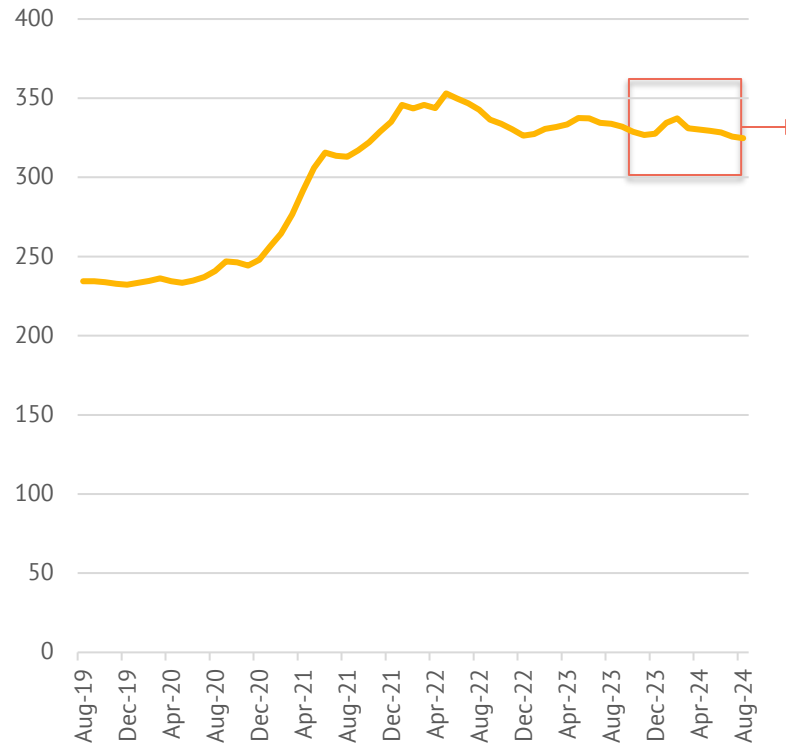
- Interest rates are finally falling
- Labor market is loosening slightly
- Slight uptick in unemployment since spring 2024, 4.2% in August
- Wage growth is moderating from this time last year, and much lower than its peak in 2022
- Job growth will be limited by the relative lack of available workers
- Consumers spending continues to exceed expectations
- Looming issues:
 - Trade war
 - Geopolitical conflicts

Construction Materials: Producer Price Index

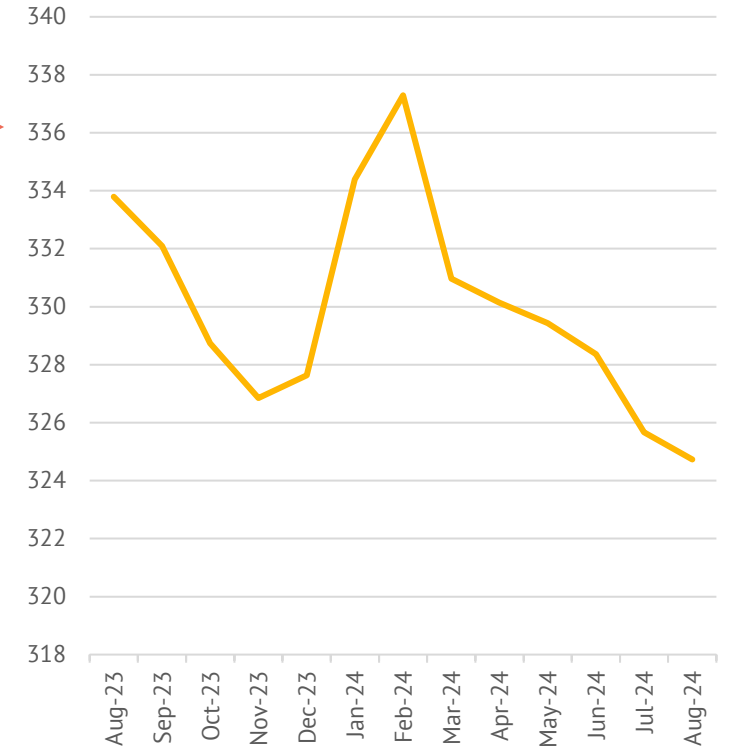
20 YR



5 YR



1 YR*

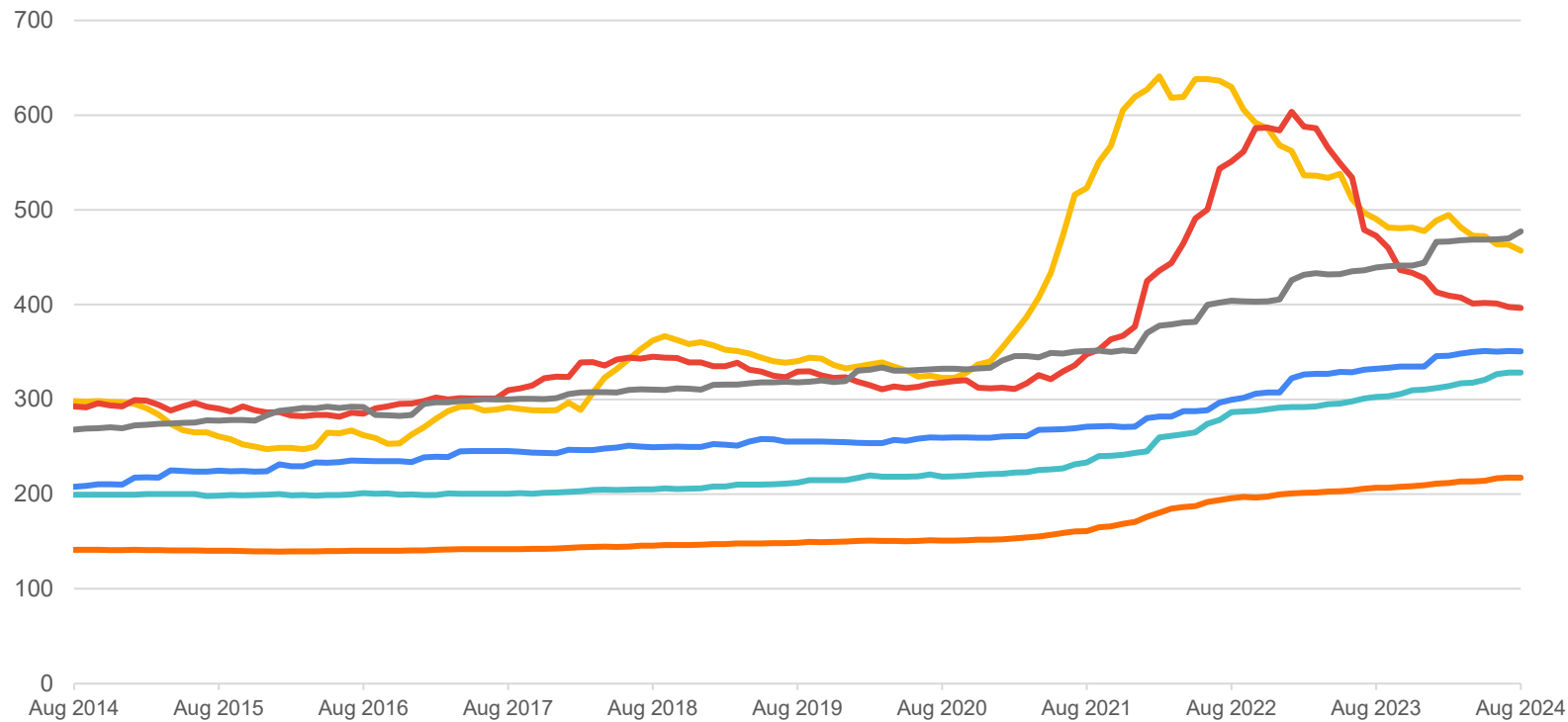


Source: Bureau of Labor Statistics, Producer Price Index

*Note the different vertical axis for 1YR



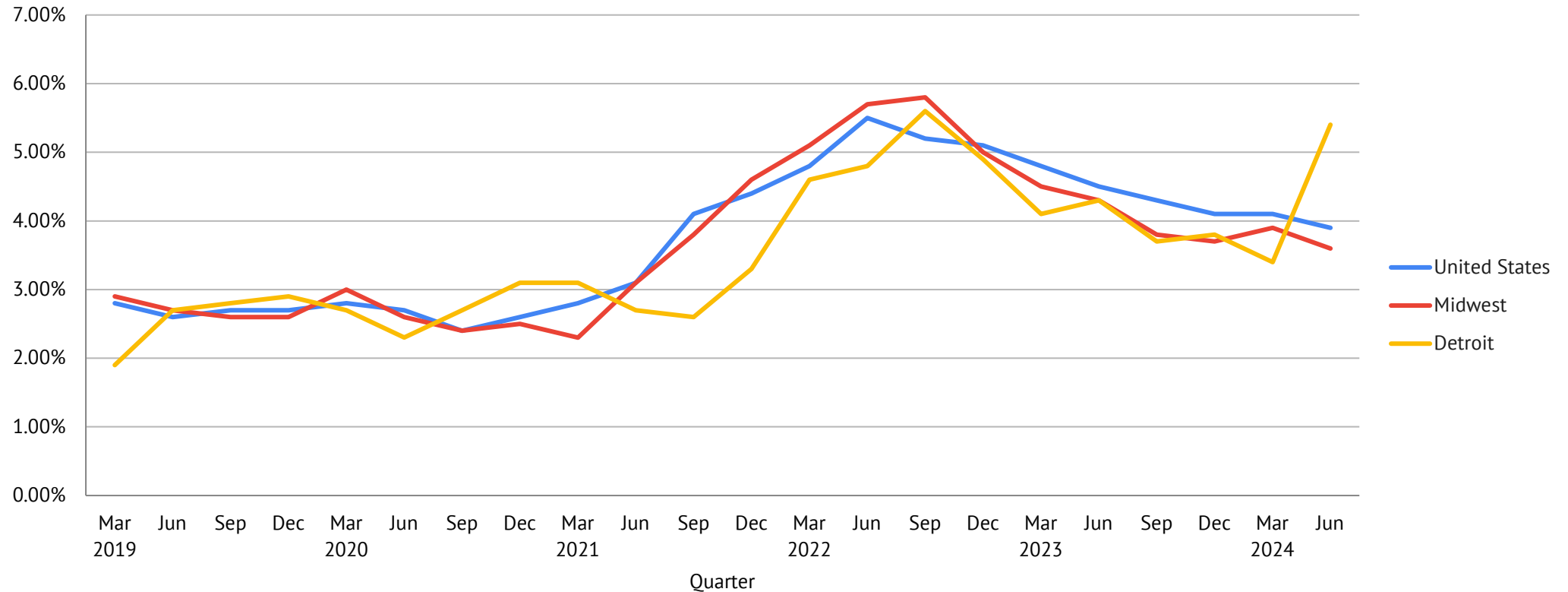
Priority Materials: Producer Prices



Percent Change	10YR	5YR	1YR
Iron and Steel Pipes and Tubes	53%	34%	-7%
Chlorine	35%	20%	-16%
Aggregates	78%	50%	9%
Cement	69%	37%	6%
Electrical Switch Gear/Board	65%	55%	8%
Elect Equipment	54%	46%	5%

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

