

Economic Outlook Task Force Update

GLWA Board of Directors: Audit Committee

March 24, 2023

Public Sector Consultants

Executive Summary

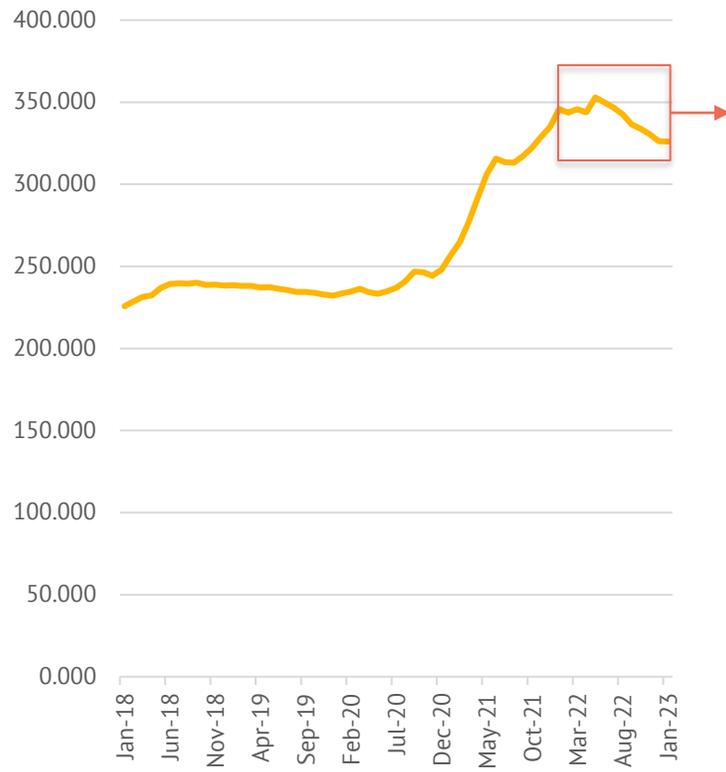
- Forecast has not changed significantly since our last update in the fall.
- Nationally, prices moderated at the end of 2022, only to reaccelerate early 2023
- Material price inflation has eased while service sector prices continue to rise
 - Prices for construction materials are down 6% from this time last year but still above pre-inflation trend
 - Price increases for core GLWA materials appear to have slowed but rising faster than overall inflation and remain high
- While wage pressures might be slowing, they are still high and will likely remain elevated longer
- Our November presentation featured 2022 inflation projection (6.7%) and actual was 6.5%
- Our current projection expects inflation fall to 4.1% in 2023 and then $\approx 2.5\%$ in out years

Construction Materials: Producer Price Index

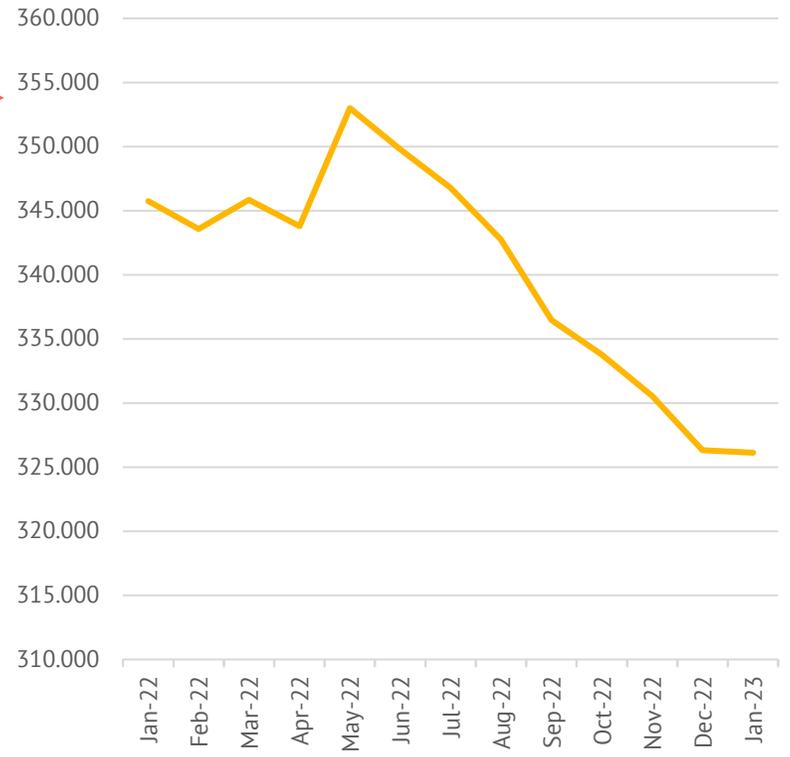
20 YR



5 YR

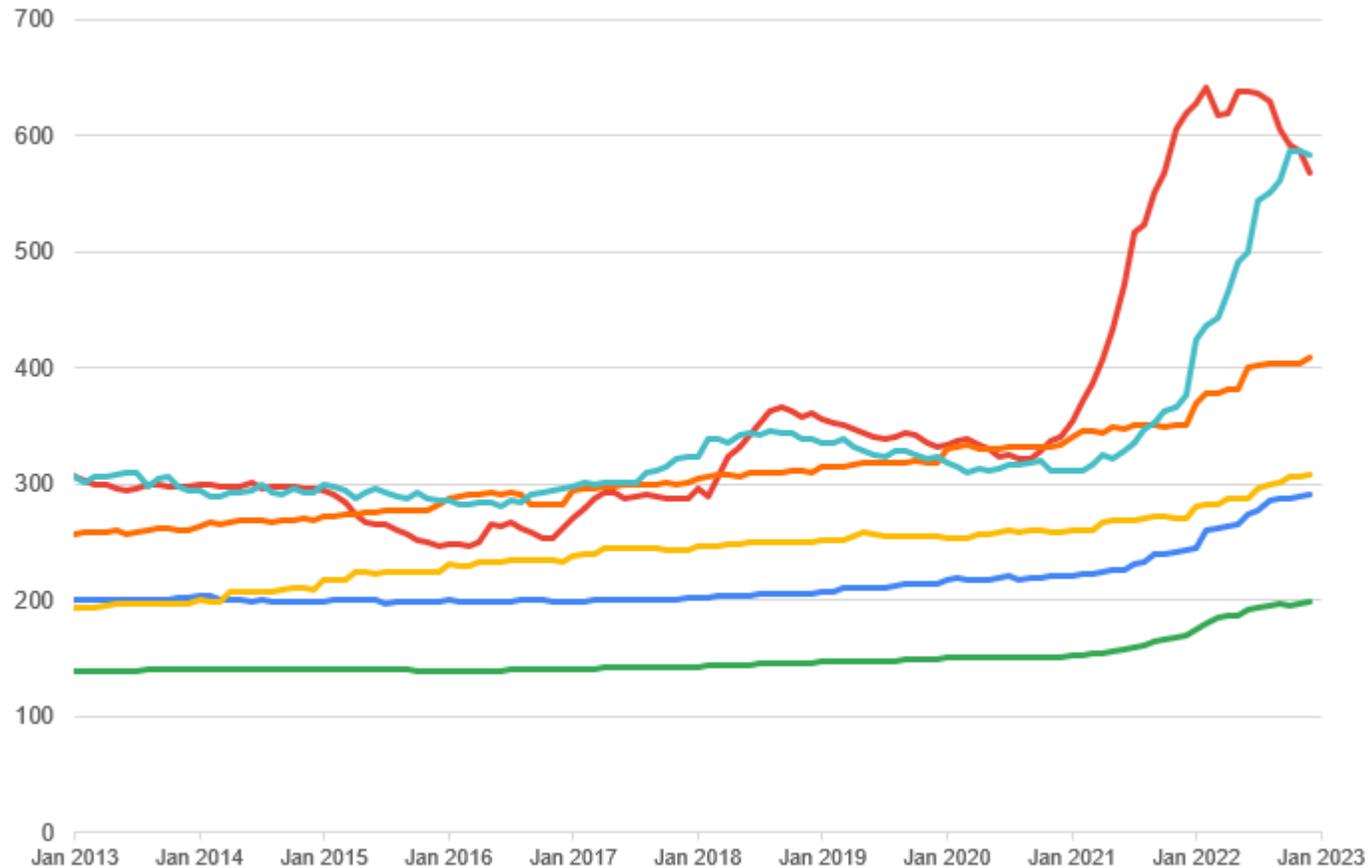


1 YR*



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

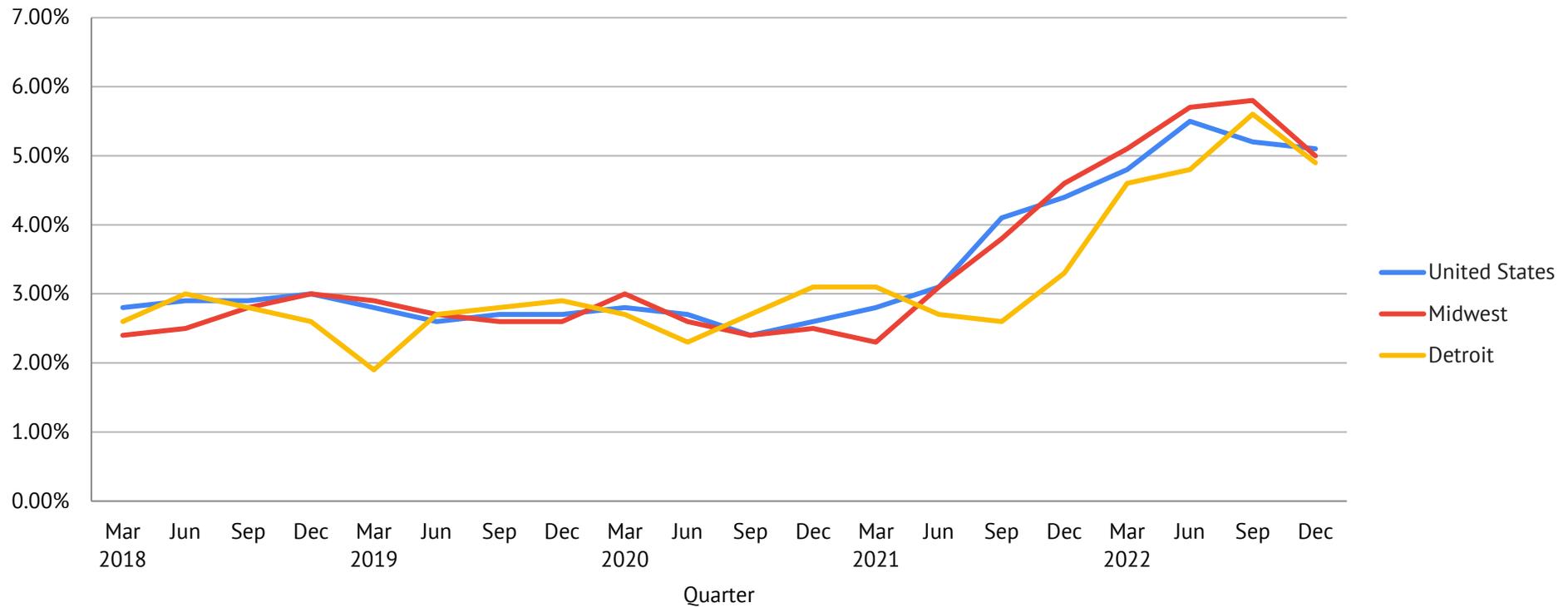
Priority Materials: Producer Prices



| Percent Change | 10YR | 5YR | 1YR |
|---------------------------------------|------|-----|------|
| Iron and Steel Pipes and Tubes | 83% | 89% | -11% |
| Chlorine | 93% | 83% | 39% |
| Aggregates | 61% | 35% | 12% |
| Cement | 70% | 34% | 18% |
| Electrical Switch Gear/Board | 45% | 44% | 19% |
| Elect Equipment | 44% | 40% | 14% |

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 (2023-2027)

