

# FED INFLATION ANCHORS ARE CATCHING BOTTOM WITH A ROBUST JOB MARKET AND WORKER SHORTAGE

## Outlook for 2023-24 and beyond

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*Peering into the future before  
it becomes present*

## Inflation:

- **Supply drag**
  - Reshoring supply chains
  - Labor shortages
  - Services capacity
- **Fed has slowed demand**
  - High interest rates stymie but do not stop upward pressure on asset values
- **Government**
  - Regulation & laws
  - Sanctions & Tariffs
  - Helicopter Money

## Employment

- Labor force participation
  - Boomers down 2 million
  - Immigration barriers
  - Criminal justice
- Great resignation
  - Asset prices
  - Age & lifecycle
  - Improved healthcare access
- Great reprioritization
  - Retraining & education
  - Family and health
  - From services to products
- Drugs, alcohol & addiction

Where's the national economy?



# The Great Disequilibrium – 2023 - 2032

- Generational shifts and aging populations in more developed world, younger in less developed world
  - Intergenerational wealth transfer
  - Post peak earning/productivity (Boomers) growing earnings/productivity (all others)
- Growing societal and workplace diversity threatens the status quo
- Technology
  - Information (AI, autonomous, big data, Cybersecurity)
  - Biotech (gene editing, new materials, microbiomes, MRNA, health monitoring, alt-proteins)
- Wellbeing
  - Housing cost
  - Infrastructure reliability & safety
  - Health (obesity, mental, viruses, drug & alcohol abuse, aging)
  - Safety in public settings
- Climate Change
  - Rising seas, extreme weather, biodiversity & ecosystem crises, increased average temperatures
  - Greater financial risks as markets transition
- Global overpopulation
  - Water and food shortages
  - Mass migration pressures
- Escalating political-economic volatility
  - More manifest conflict
  - Higher interest and inflation norms
  - Cyber warfare
- Global Trade
  - China sentiment
  - Strategic metals, manufacturing, and information systems
  - Cyber crime
- Pandemic aftermath



# Bottom Line

## Long-Term (3-7 yrs)

- Good momentum due to technology, need for public investment, millennial generation, reassessment of defense strategies
- Potential stagnation due to high federal debt service, transfers reduction and higher taxes
- Continued inflation (2.5%-4%) due to persistent labor shortages, healthcare costs, decreased global trade, housing demand
- Possible asset price stagnation and depreciation

## Short-Term (0-2 yrs)

- RECESSION 75% soft landing with 4% unemployment, 25% hard landing
- Greater volatility largely due to political risks at home and globally
- Inflation setting in at 3% to 4%. Labor force participation increasing 0.5%, housing and asset prices leveling
- Low unemployment rate

Heightened disequilibria increases turbulence - conflict due to challenges and potential collaboration due to opportunities for the astute



# Challenges at the Community Level

- Workforce Availability
  - Right skills, work ethic
  - Certificate programs
  - Hybrid & remote working
  - Location Neutral
  - New approaches to staffing – there's an app for that
  - Lack of key trades to replace retirees
  - Lack of public transport and affordable childcare
  - Addictions, stressors, reliability
- Inflation slowing except for rents
- Stress on healthcare systems & services
- Crime and public paranoia
- Broadband redefines time & space, expenditure patterns, delivery modes, connectivity
- Housing shortage
  - Demographic demand (2<sup>nd</sup> homes, new HH formation, retirees staying put)
  - Lot shortage (land use regulations, water & utility availability, land supply and cost)
  - Building codes and construction defects litigation
  - Exclusionary zoning prohibiting higher densities
  - Organizations developing their own workforce housing
  - STRs removing residential supply
  - Van lifestyles & homelessness
- Sustainability
- Diversity, equity, inclusion



# FOCUS ON VALUE CREATION & MIDDLE GROUNDS IN THE TURBULENCE

For additional articles on the current environment see:

- [Financial Forecasting the for the Future of 2023 With Economics and Tarot - ColoradoBiz Magazine \(cobizmag.com\)](#)
- [The Economics of Housing Inflation in Colorado: Exploring the Supply and Demand Imbalance - ColoradoBiz Magazine \(cobizmag.com\)](#)

For western state forecasts see: [Western Blue Chip Current State Forecasts | Seidman Research Institute \(seidmaninstitute.com\)](#)

For the federal budget and economic outlook from the non-partisan Congressional Budget Office see: [Briefing for the House of Representatives: The Budget, the Economy, and the Budgetary Effects of Legislative Changes \(cbo.gov\)](#)



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