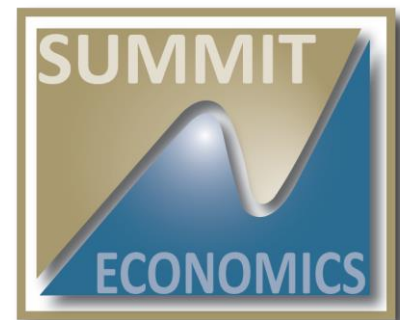


FED ANCHORS ARE CATCHING BOTTOM WHILE POLITICAL TURBULENCE OFFERS VOLATILE SEAS AHEAD

OUTLOOK 2023 & BEYOND

May 2023

Presented by:
Tom Binnings



*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 stagnating asset values
 - High housing demand keeps rental inflation high
- **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 – 2022 - 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 in public settings and at home
- 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%-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 50% soft landing with 4% unemployment, 50% 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
 - Hybrid & remote working
 - Location Neutral
 - New approaches to staffing – there's an app for that
 - Mental health and substance abuse use treatment
 - 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 (2nd 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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