

UNITED STATES & MICHIGAN ECONOMIC UPDATE

October 2023

INFLATION

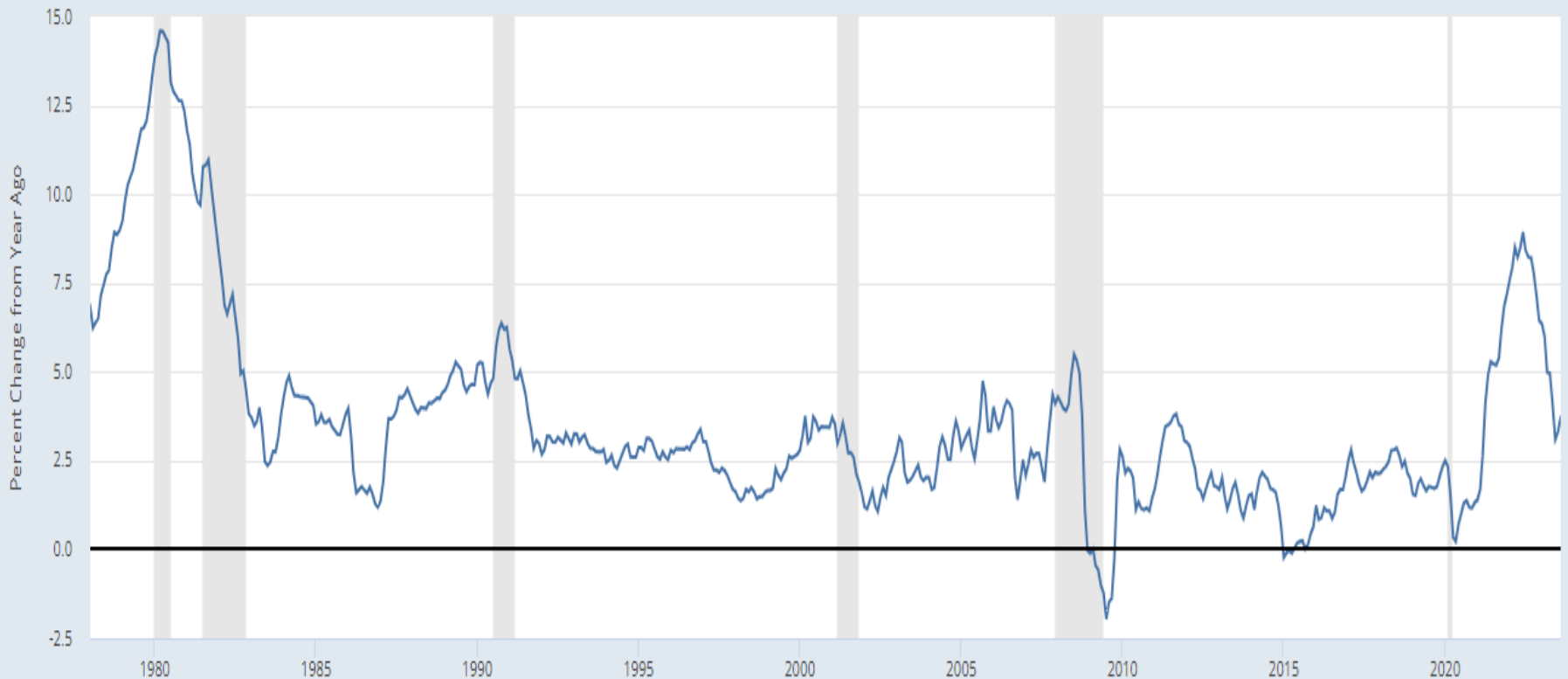
- What
- Why
- How Long

- End Game
 - Inflation is slowing
 - The Federal Reserve will win

INFLATION

INFLATION – ALL ITEMS

FRED — Consumer Price Index for All Urban Consumers: All Items in U.S. City Average

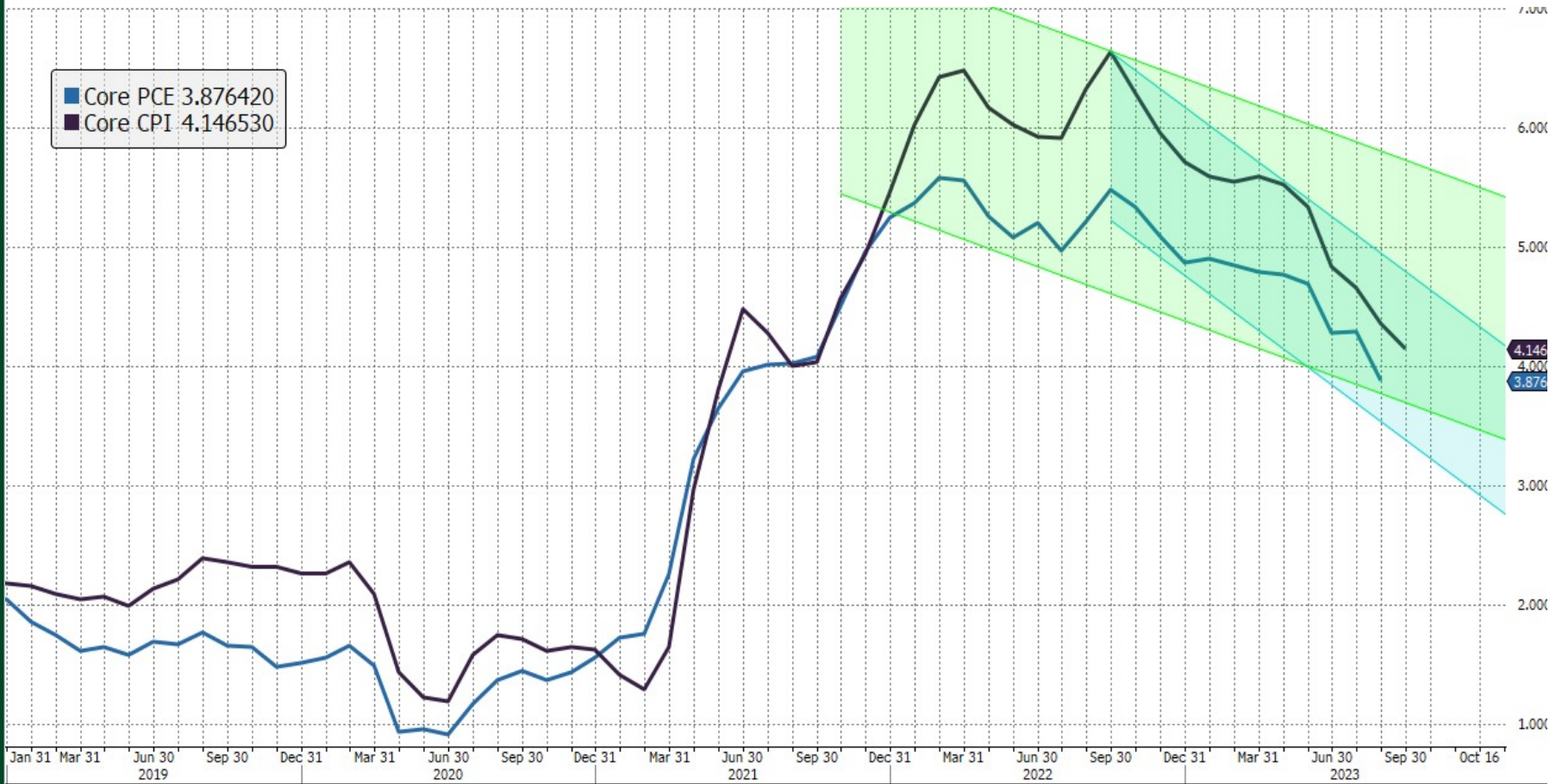


Source: FRED

CPI = 3.70% CPI X = 4.10% PCE = 3.88%

INFLATION

INFLATION



INFLATION

OIL PRICES

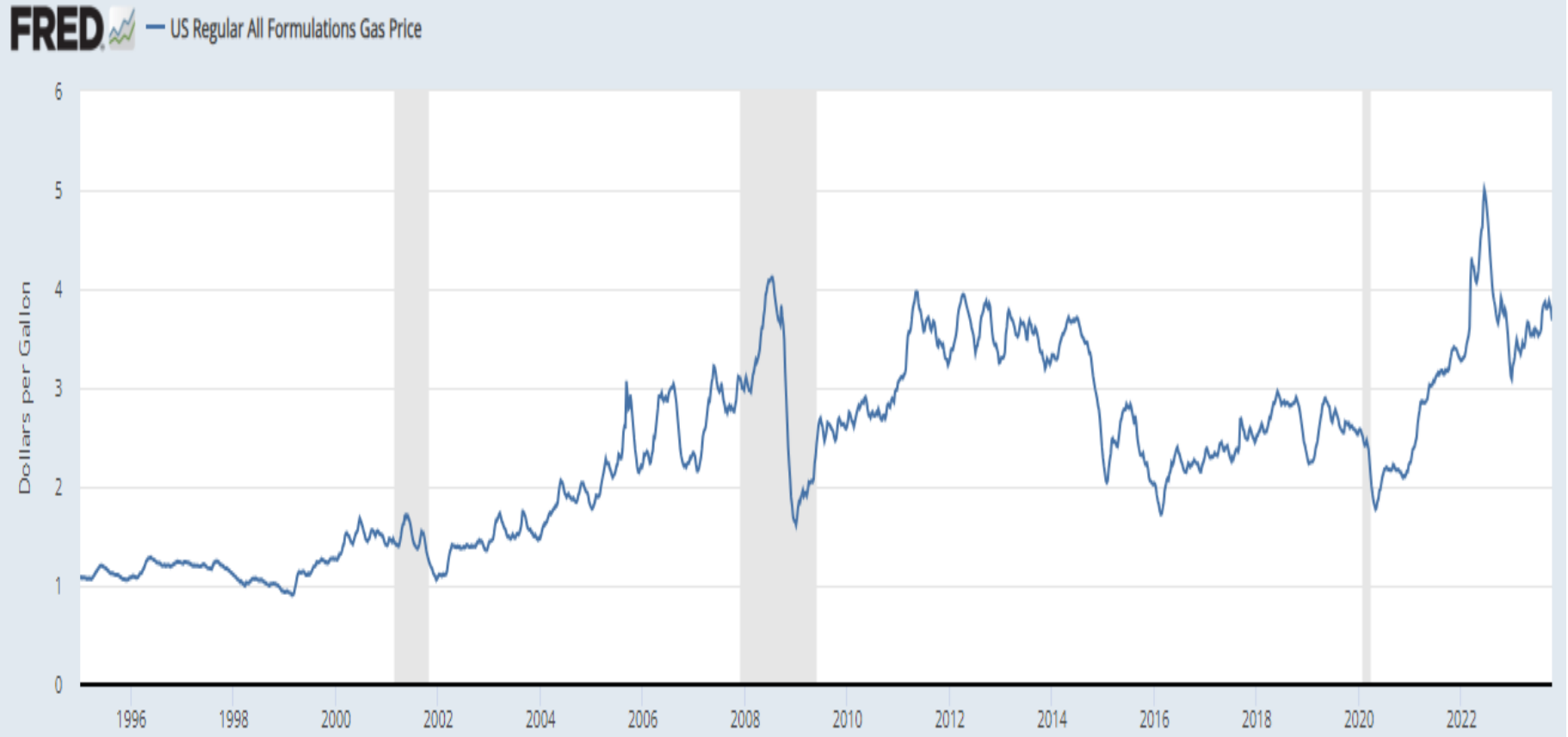
Crude Oil Futures: \$86.38



Source: MFA Economic Update

INFLATION

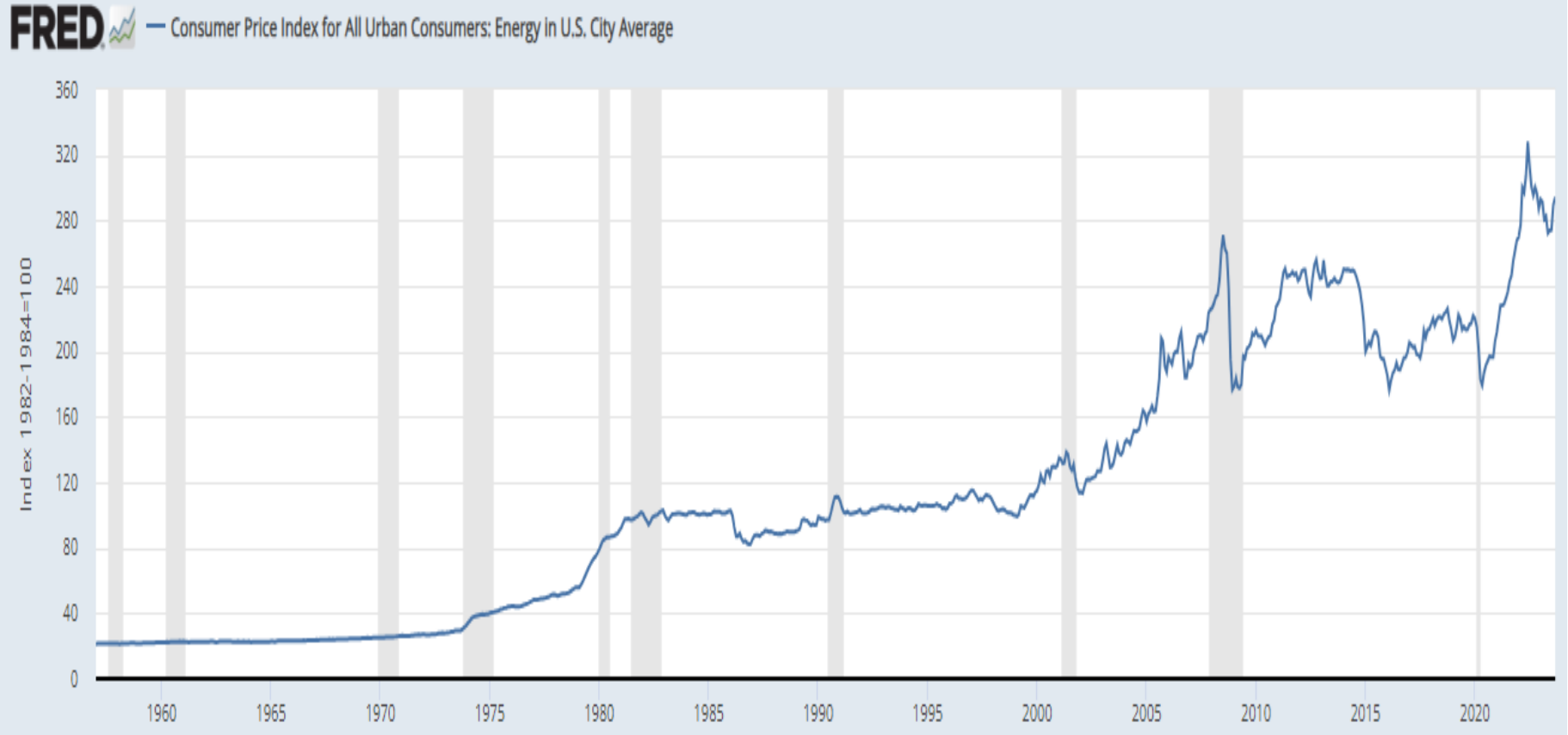
GAS PRICES



Source: FRED

INFLATION

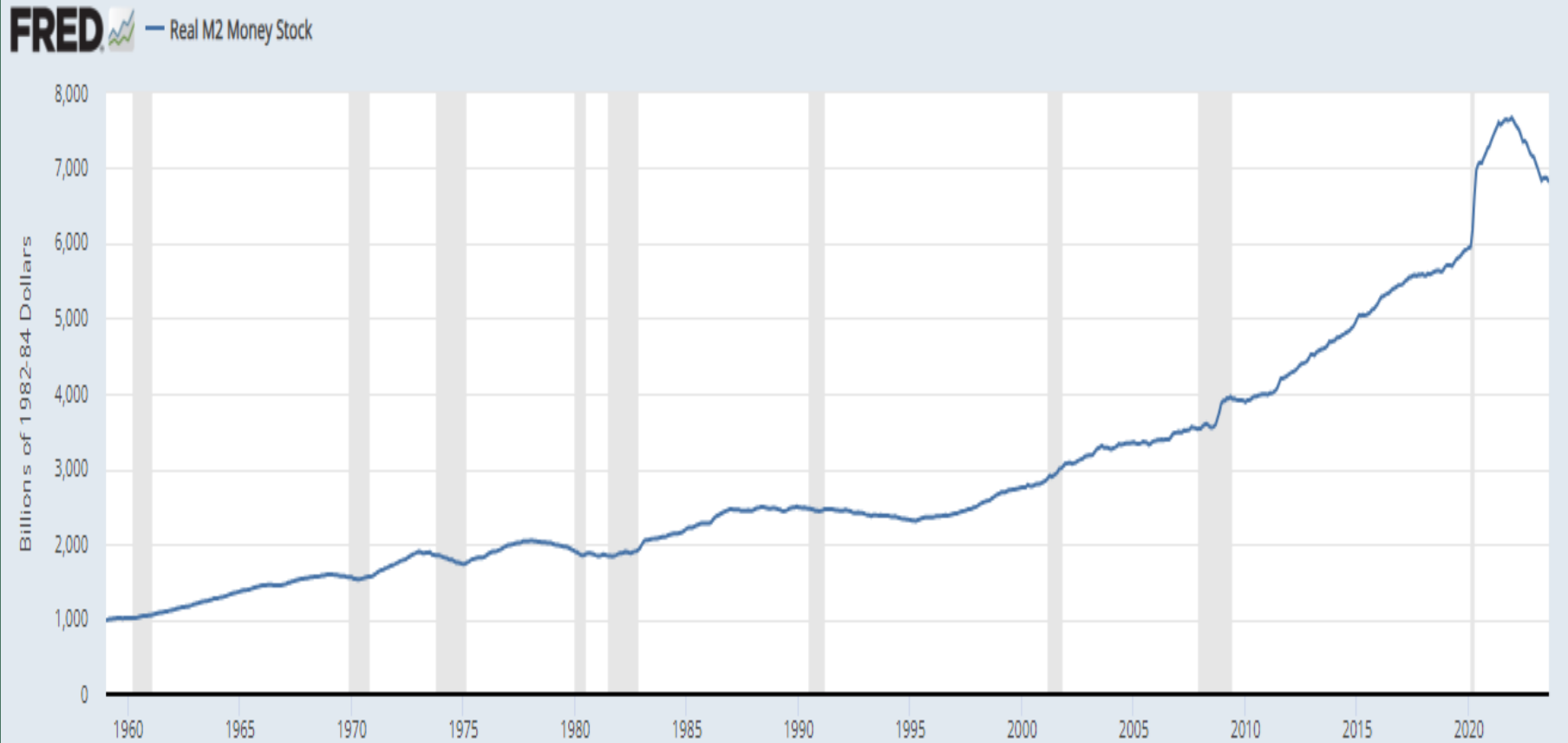
ENERGY PRICES



Source: FRED

INFLATION

CAUSE OF INFLATION

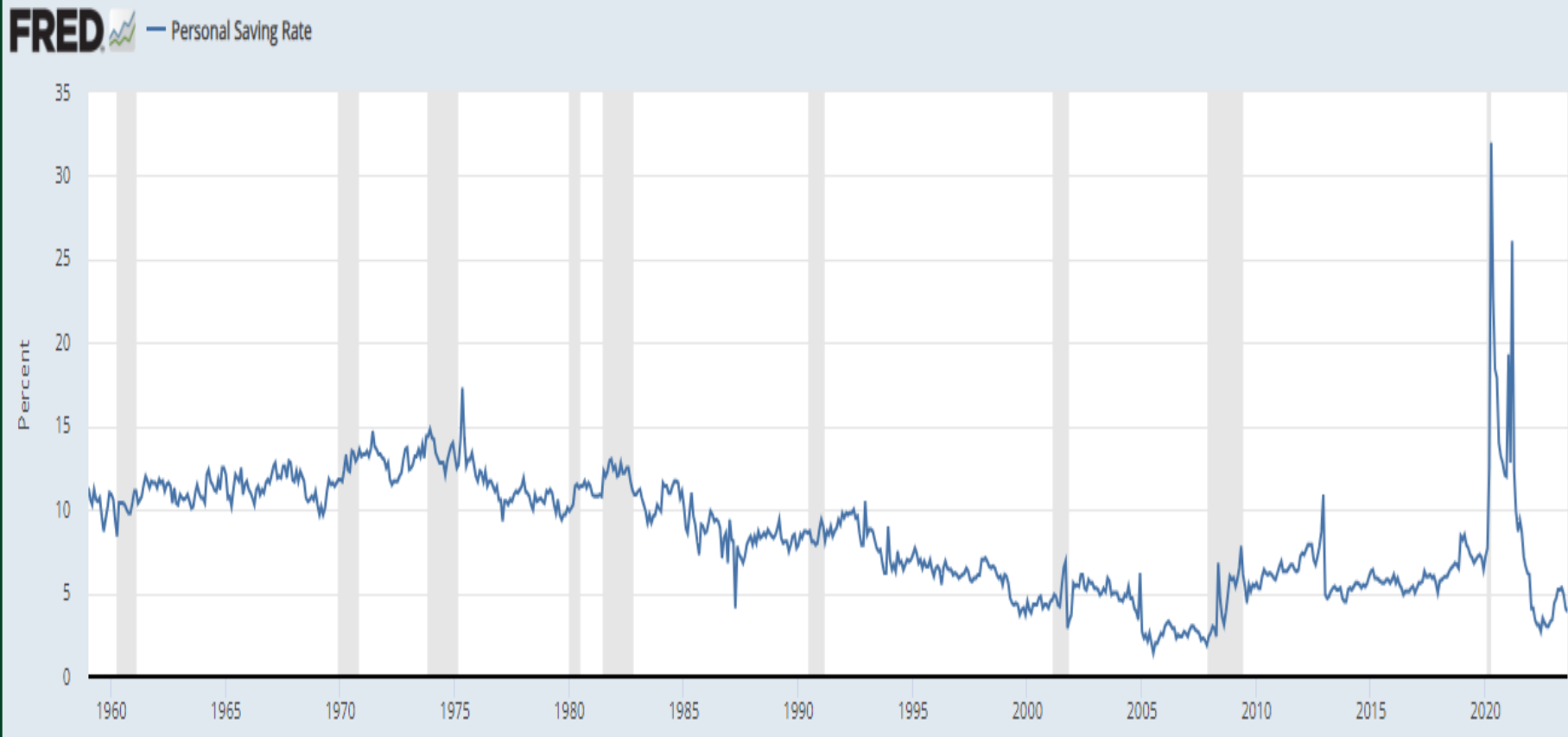


Source: FRED

2020 = roughly 5 years of money growth

INFLATION

SAVINGS RATE



Source: FRED

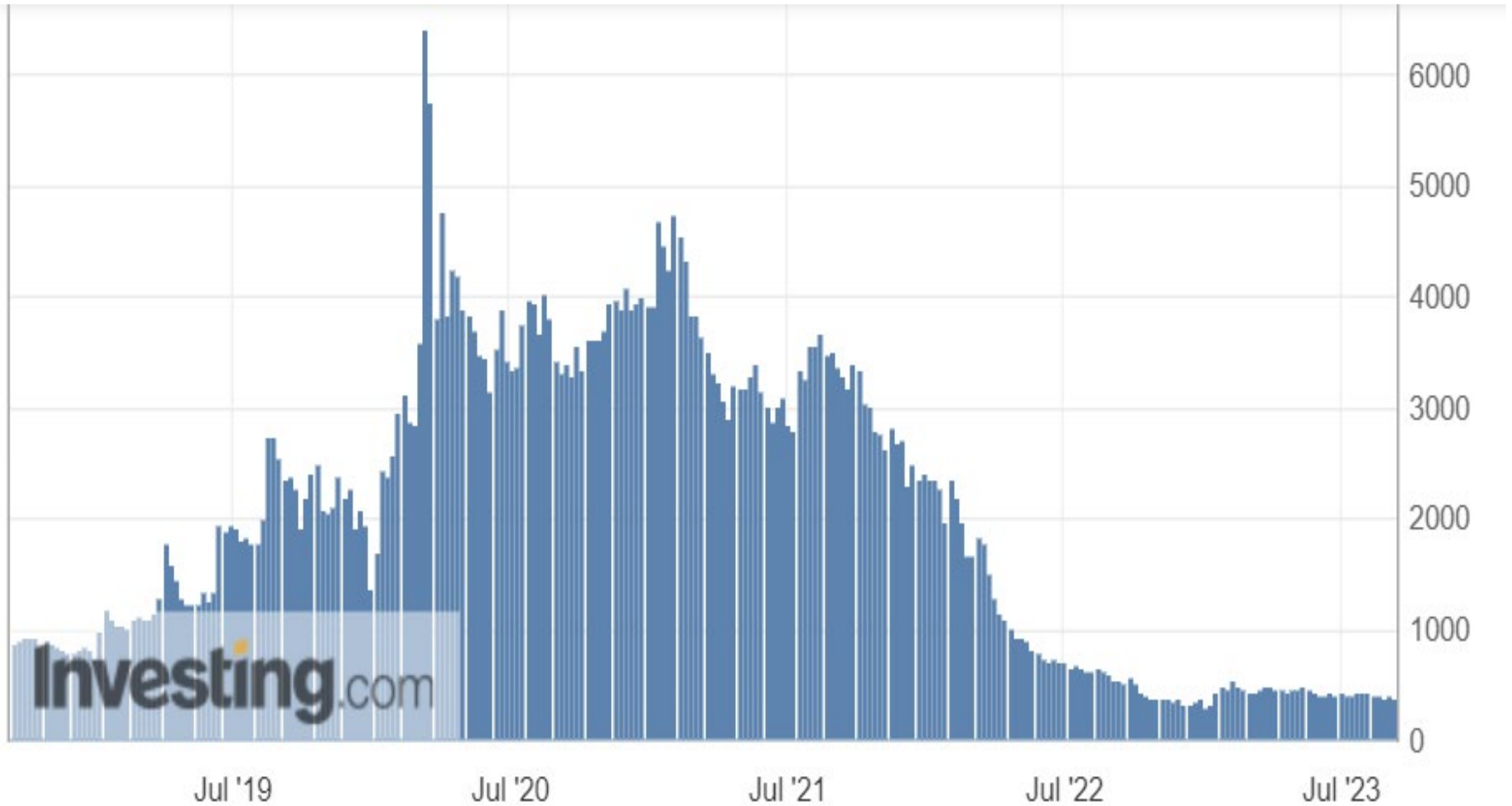


LOCAL ECONOMIC ISSUES

- Mortgage Companies
- Auto & Auto Strikes
- Labor
- Commercial Real Estate
- Employment

MORTGAGE

MORTGAGE REFINANCE INDEX



HOUSING MARKET

FRED — 30-Year Fixed Rate Mortgage Average in the United States
— S&P/Case-Shiller U.S. National Home Price Index/30

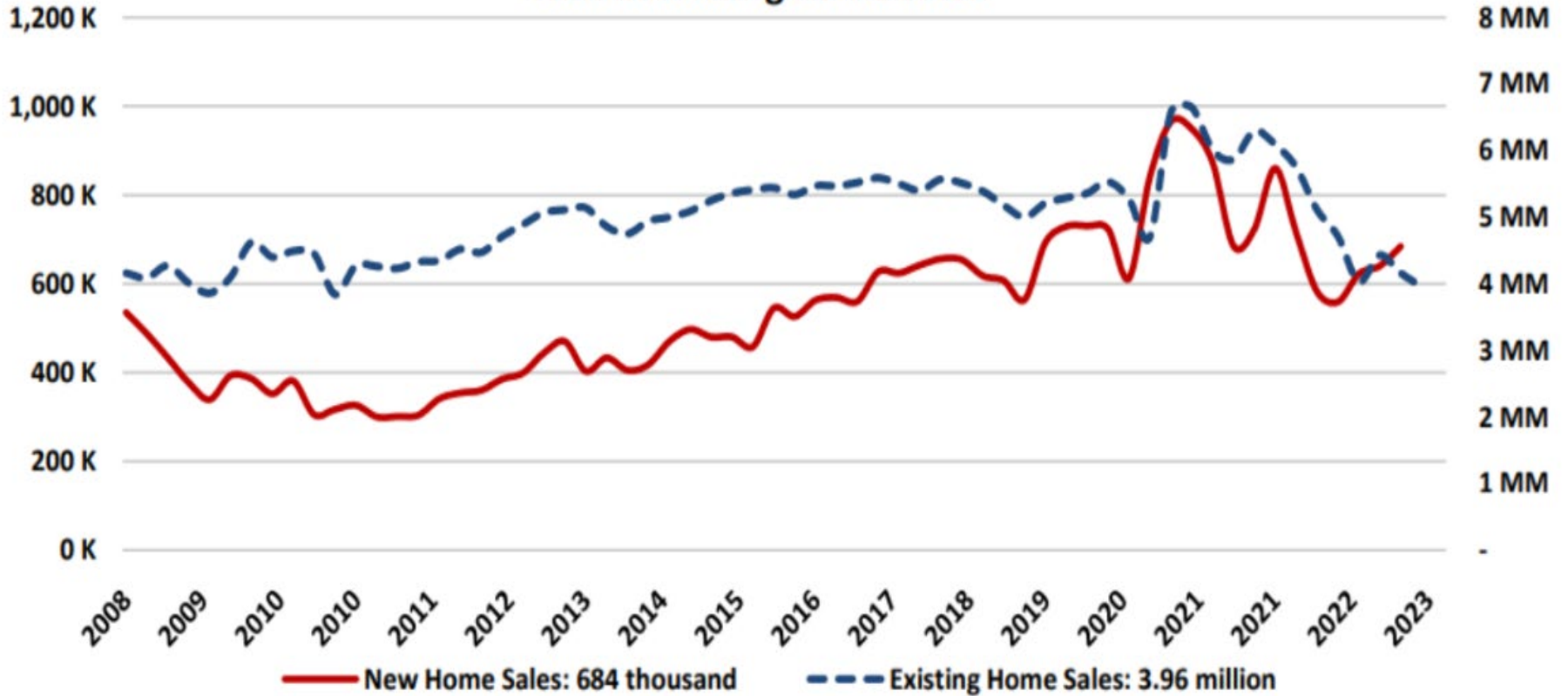


Source: FRED

MORTGAGE


HOME SALES

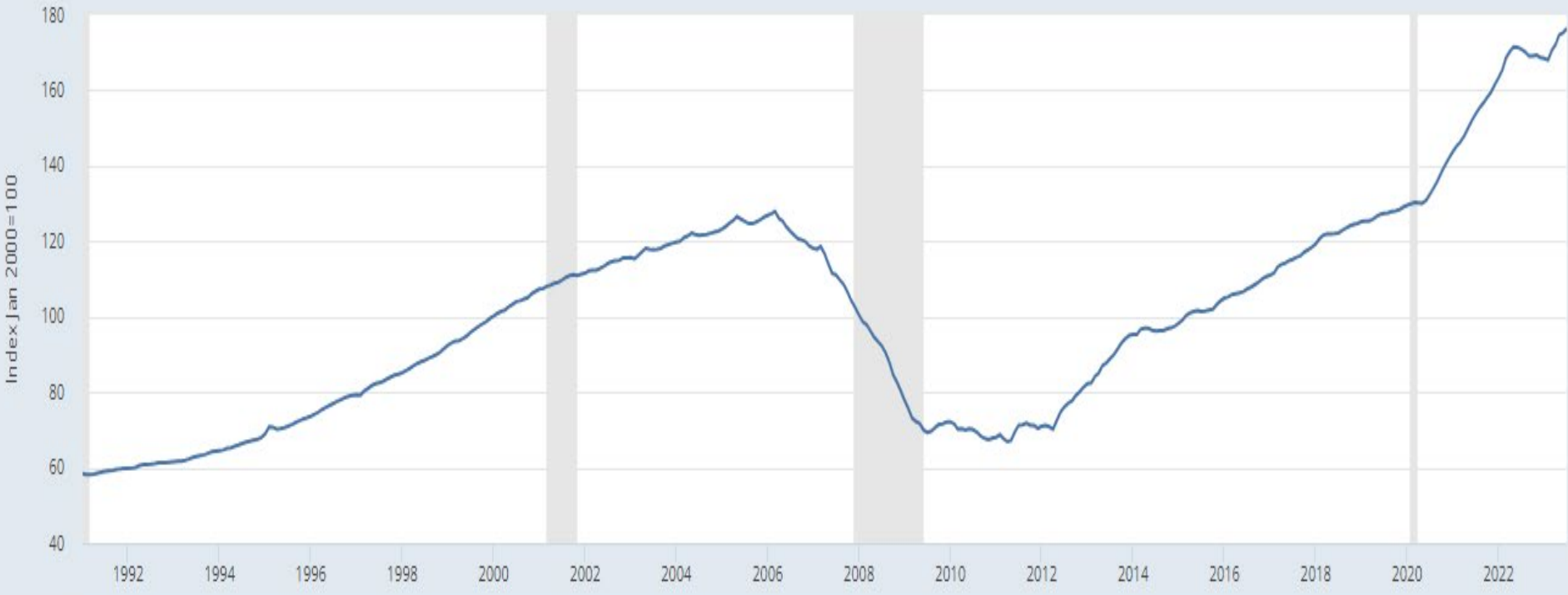
New & Existing Home Sales



Source: MFA Economic Update

OAKLAND COUNTY

FRED  — S&P/Case-Shiller MI-Detroit Home Price Index

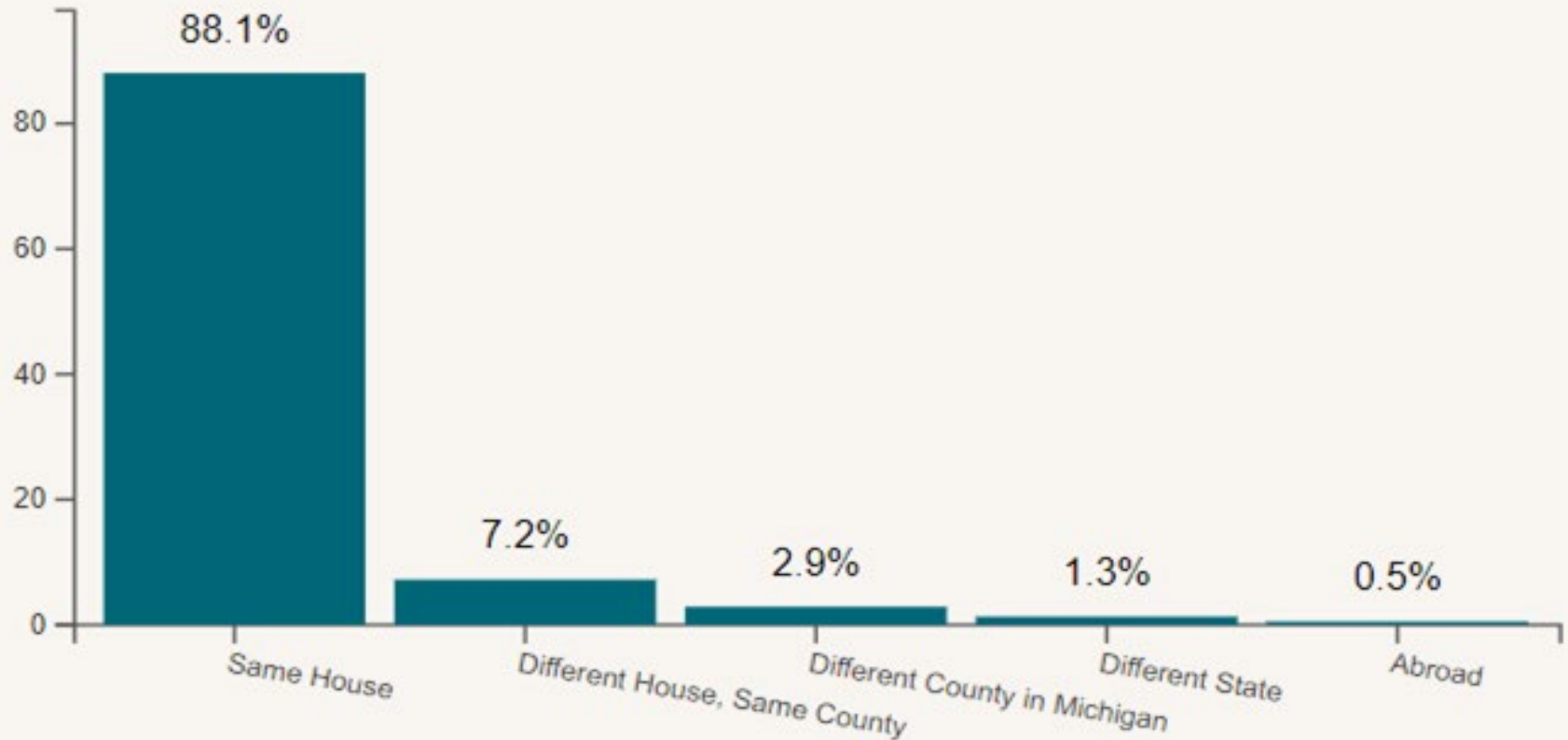


Source: Realtor.com

SE MICHIGAN

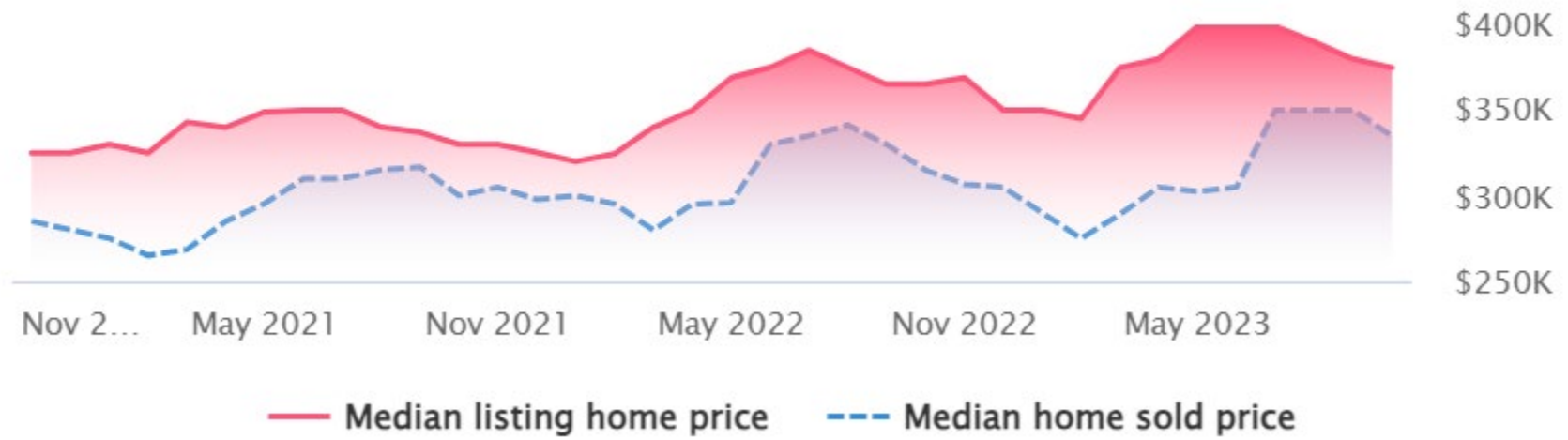
MORTGAGE

Residence One Year Ago *



OAKLAND COUNTY

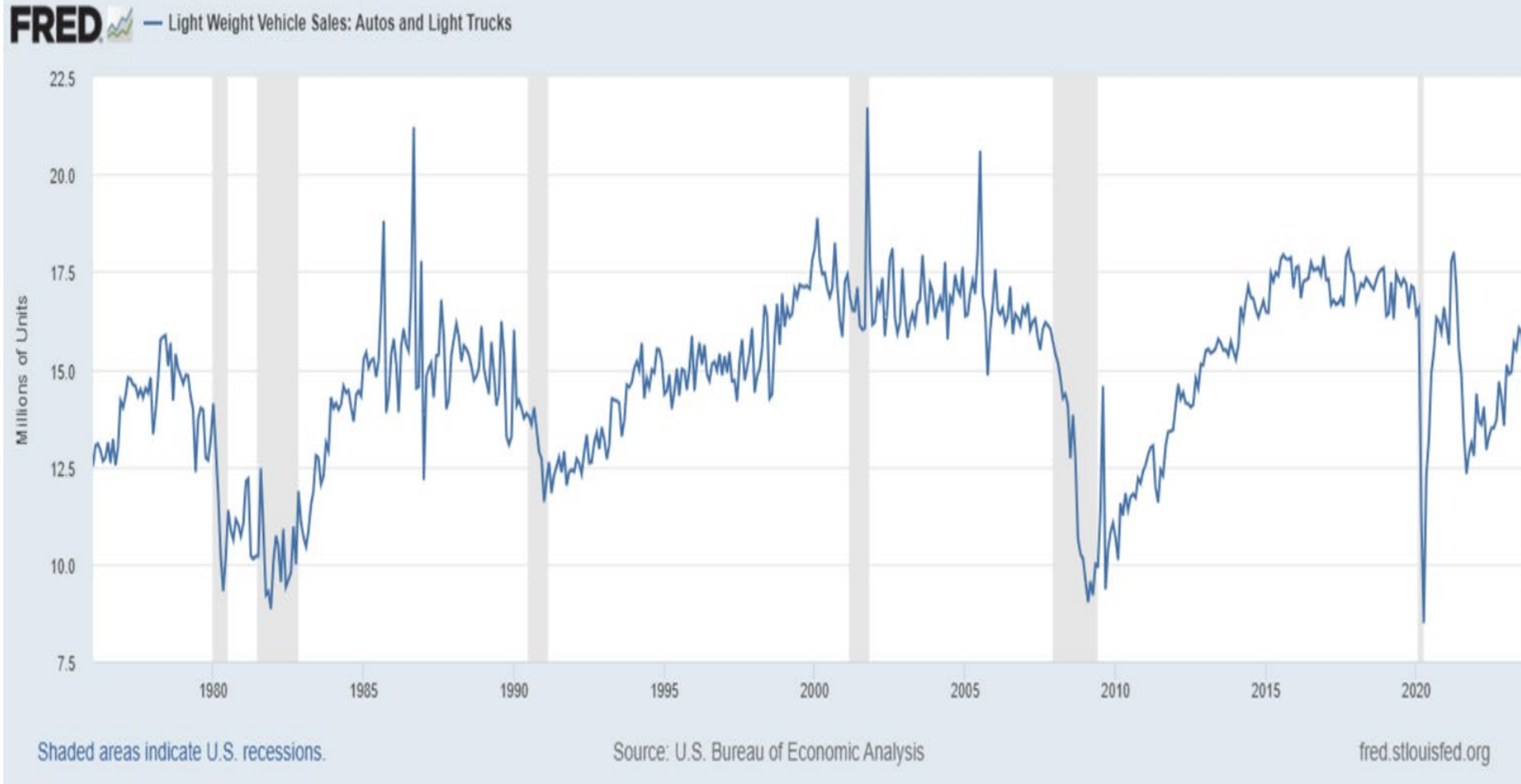
Median listing home price vs. median home sold price



Source: Realtor.com

AUTO

AUTO SALES

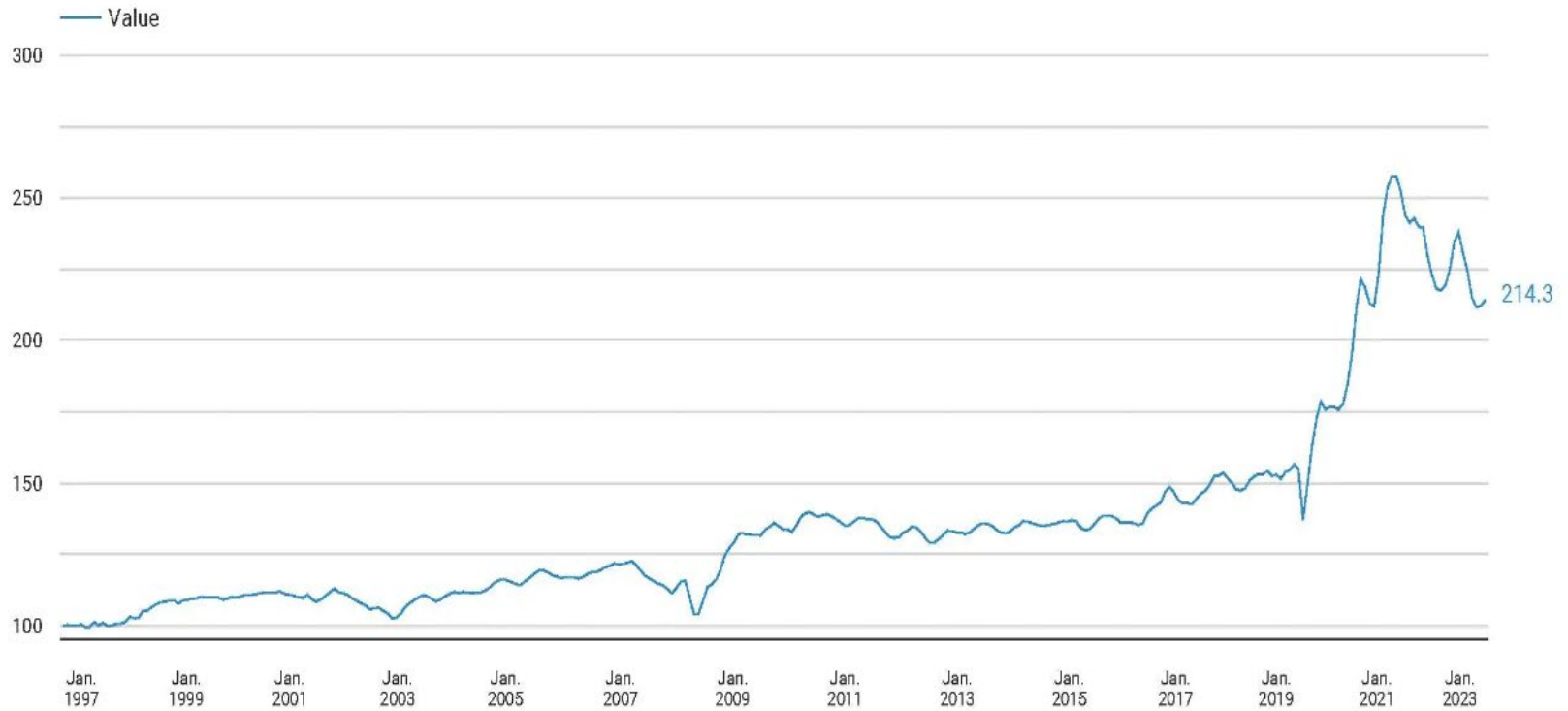


AUTO

AUTO VALUES

MANHEIM USED VEHICLE VALUE INDEX

September 2023



STRIKES

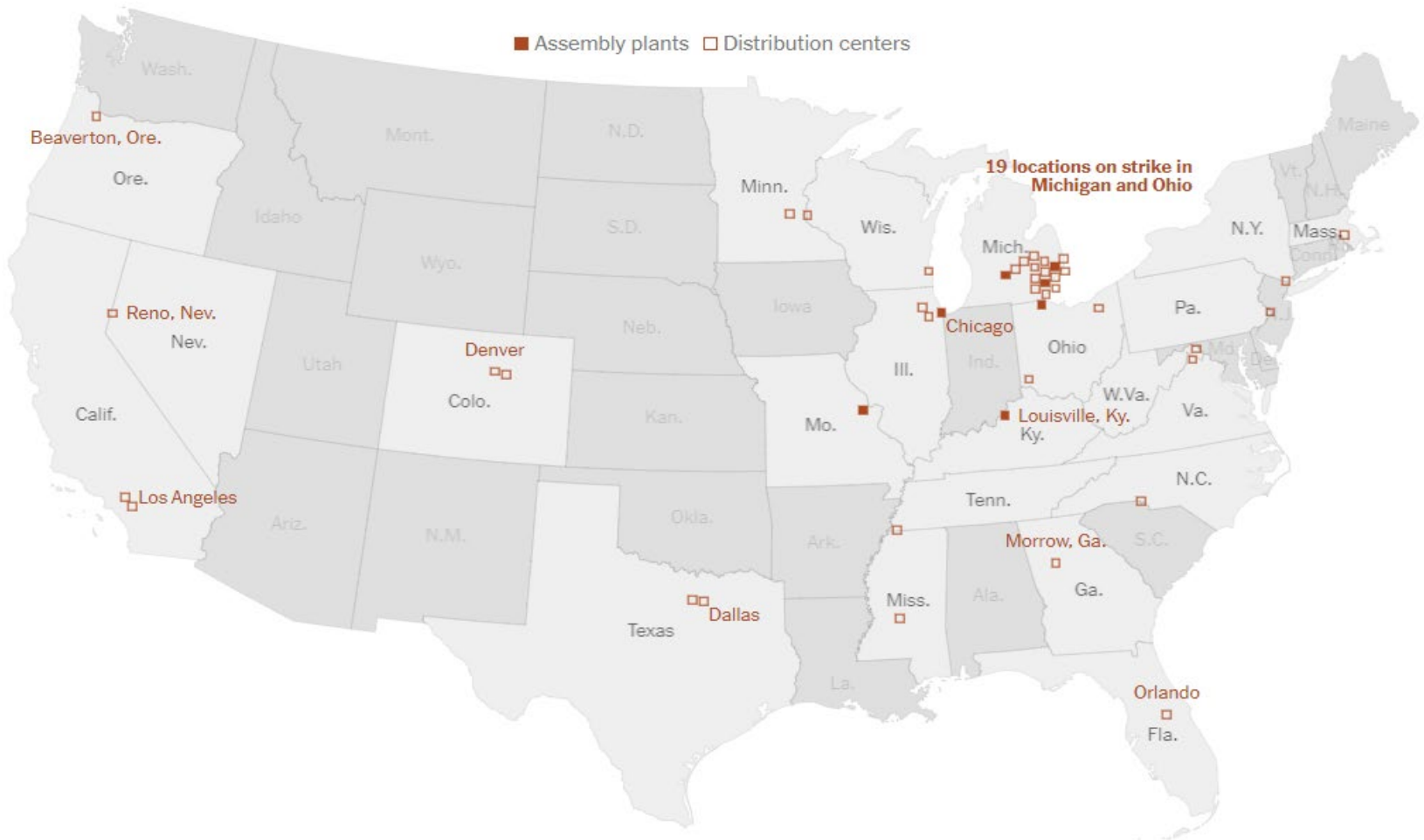
- UAW (tentative agreements)
- Unifor (Canadian autoworkers – tentative)
- Kaiser Permanente (tentative agreement)
- Mack Truck
- Detroit Casino Workers
- Blue Cross Blue Shield of Michigan
- Las Vegas Culinary Workers Union
- SAG-AFTRA (Actors)

UAW STRIKE

AUTO

Here Are the Locations Where U.A.W. Strikes Are Happening

By [Lazaro Gamio](#), [Molly Cook Escobar](#) and [Eli Murray](#) Updated Oct. 23, 2023



UAW STRIKE

GM says its offer would boost average UAW worker pay to \$150K

The company's CEO disclosed the information in a call with salaried staff as a way of explaining why it considers the UAW's demands "untenable."

GM, Ford and Stellantis all agreed to raise base wages by between 20% and 23% over a four-year deal. Ford and Stellantis agreed to reinstate cost-of-living adjustments, or COLA. The UAW shut down Ford's biggest plant globally, saying the automaker refused to move further in bargaining. 2 days ago



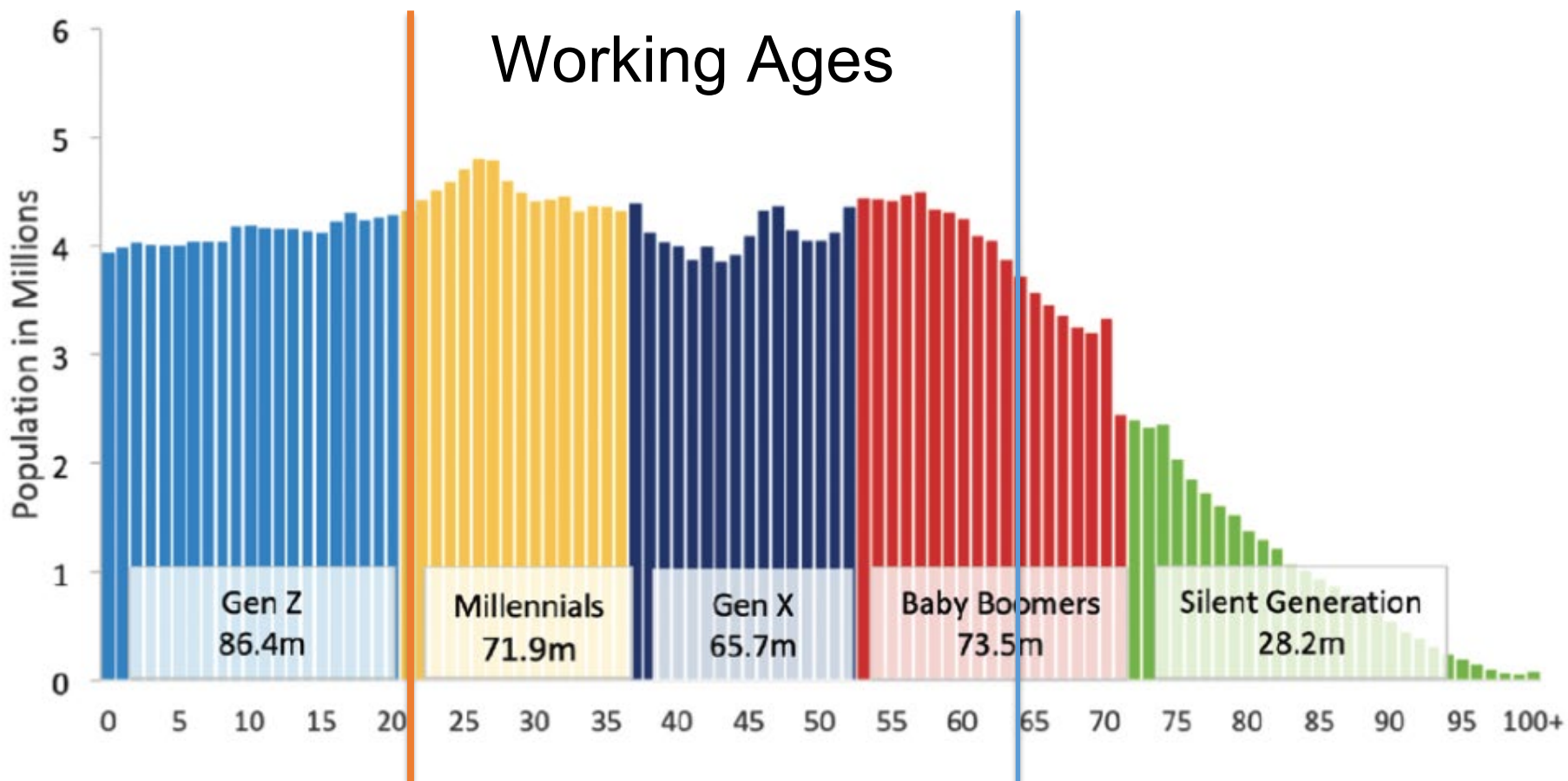
Reuters

<https://www.reuters.com> › business › autos-transportation

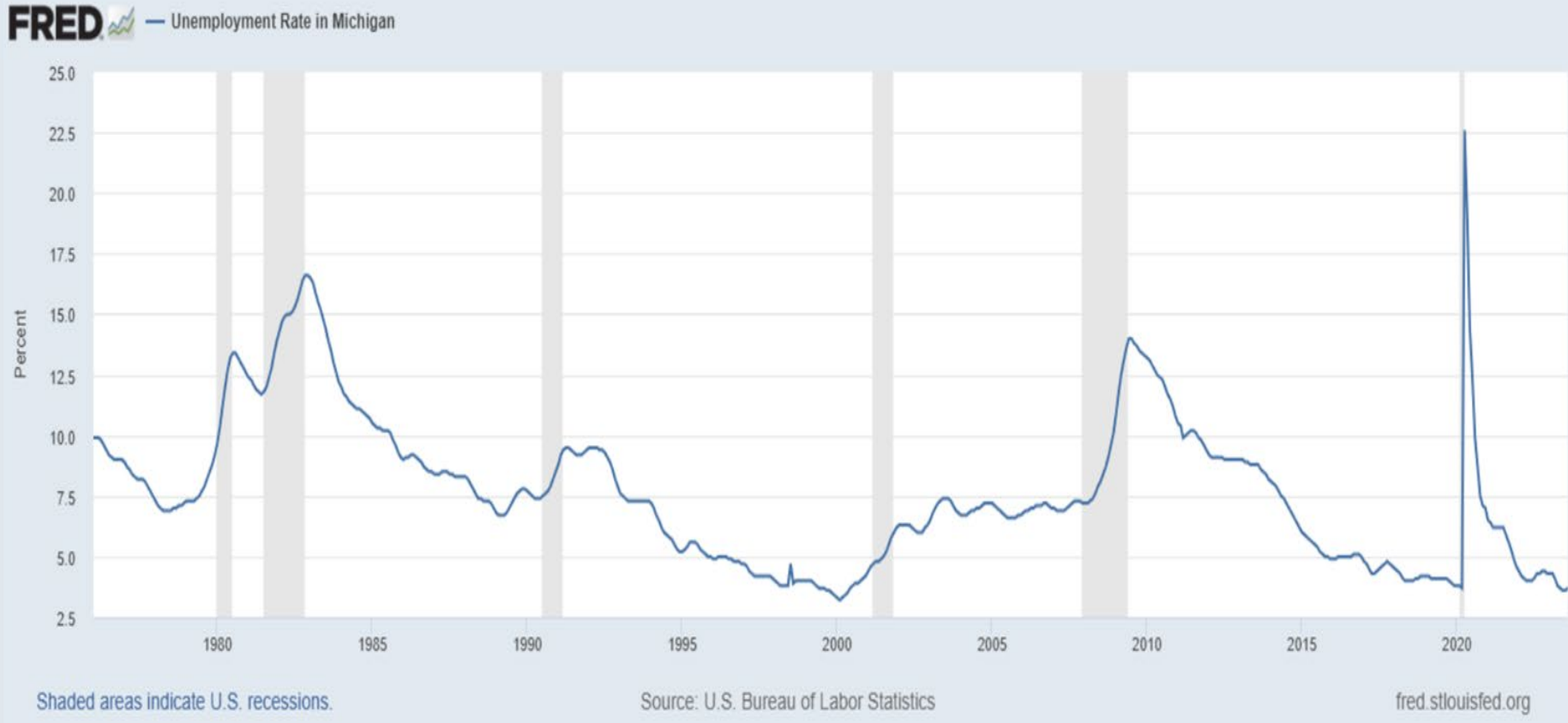


GM presents revised offer to UAW with 23% general wage ...

DEMOGRAPHICS



UNEMPLOYMENT RATE

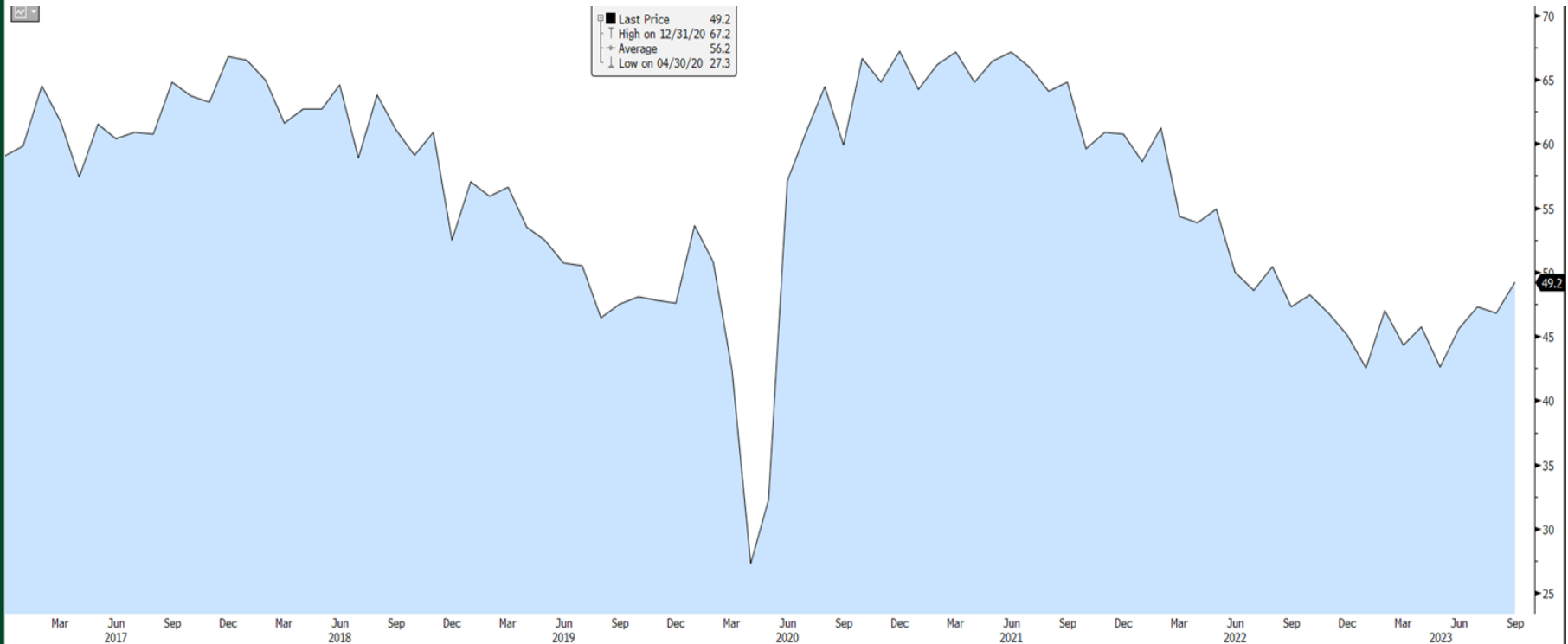


JOB OPENINGS



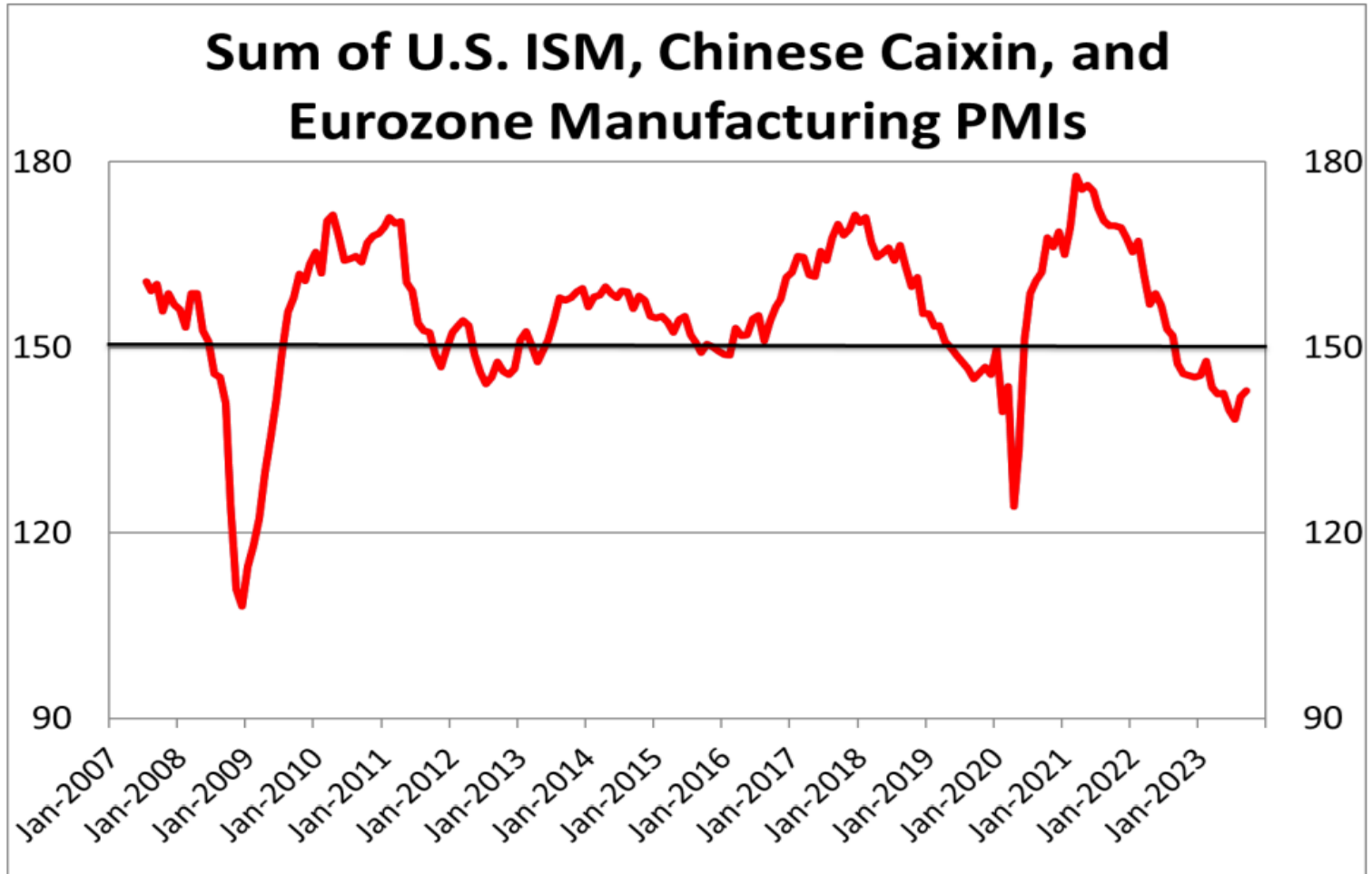
ISM MANUFACTURING

ISM Manufacturing - Business New Orders



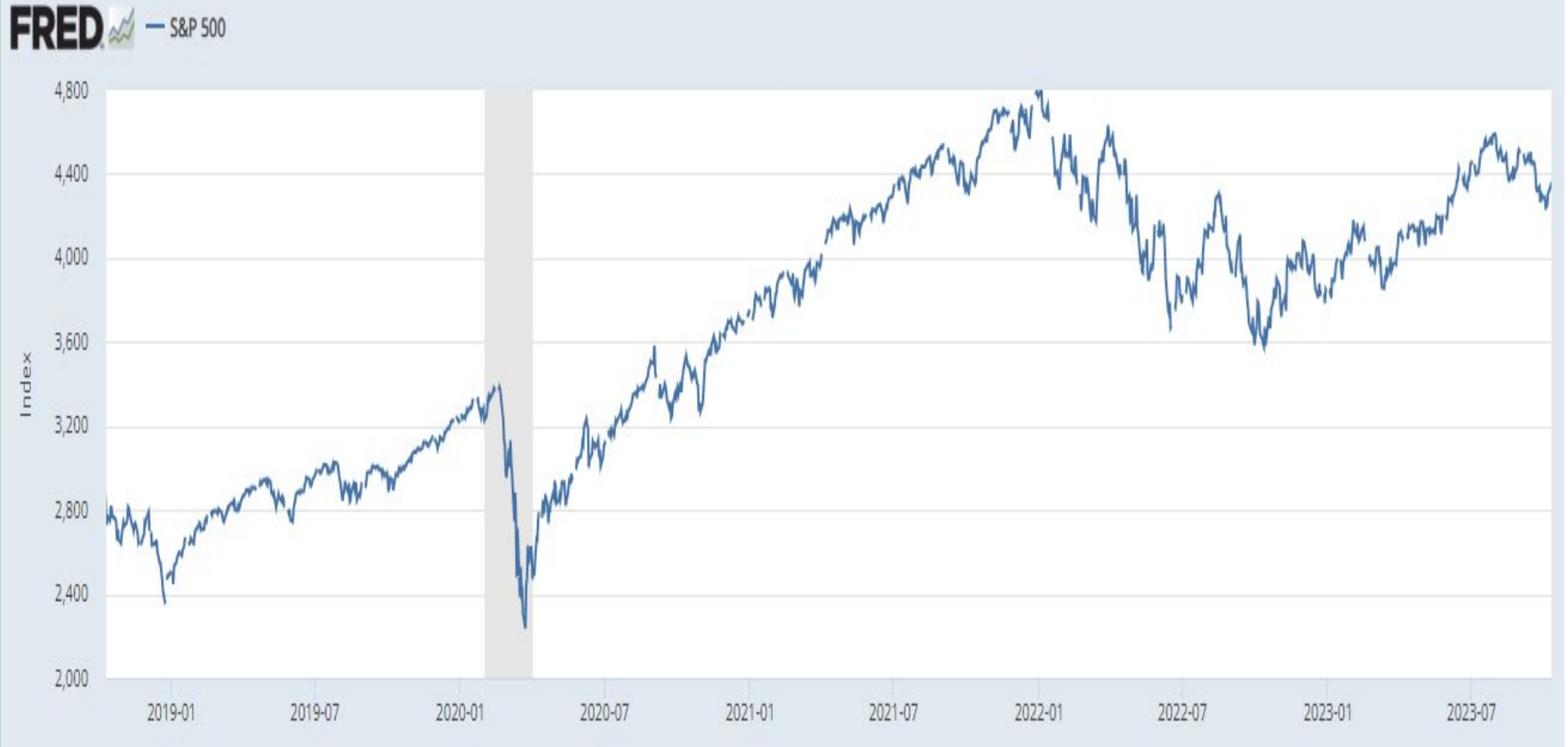
Source: Bloomberg

GLOBAL MANUFACTURING



Source:

ECONOMIC UPDATE



Source: FRED

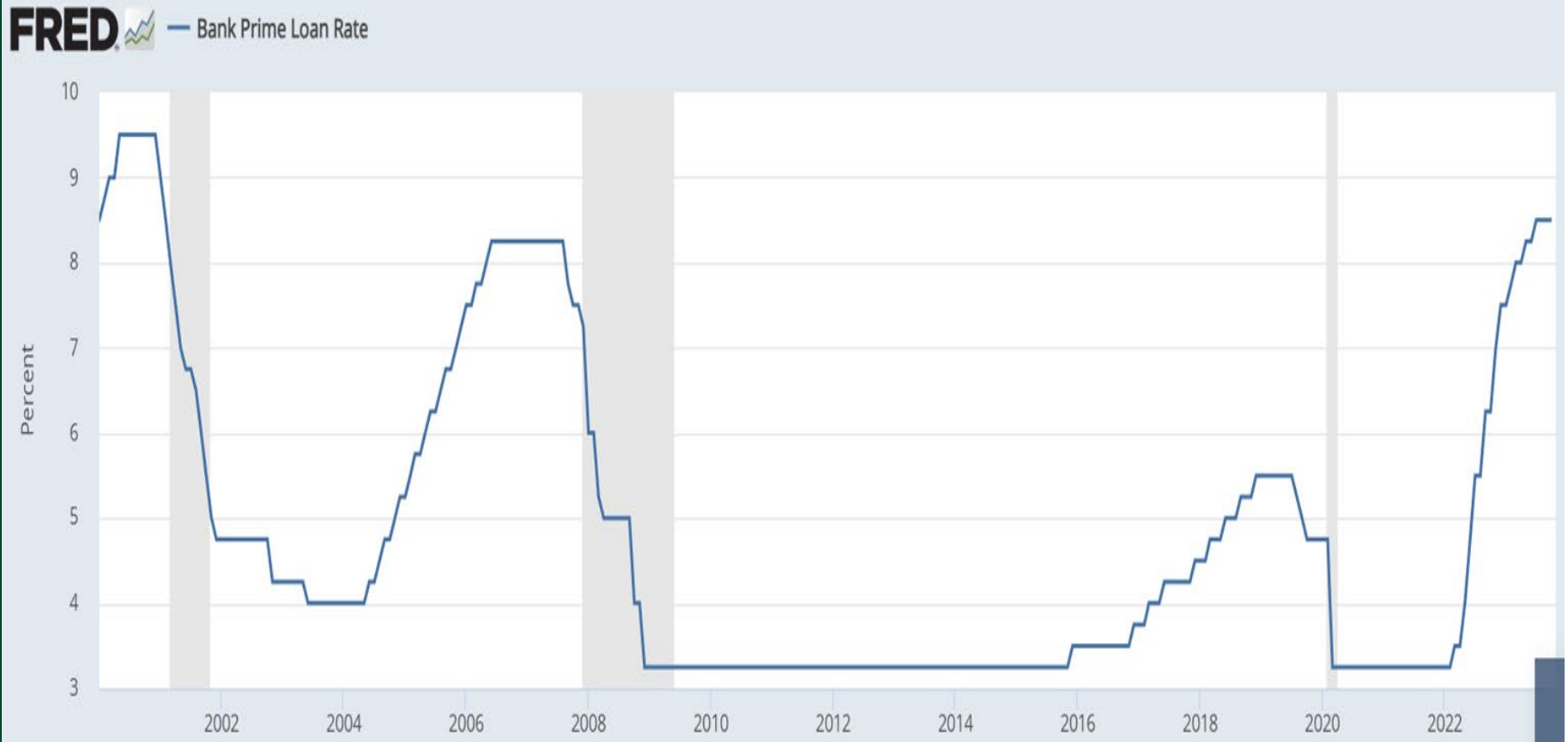
10 YEAR TREASURY

FRED — Market Yield on U.S. Treasury Securities at 10-Year Constant Maturity, Quoted on an Investment Basis



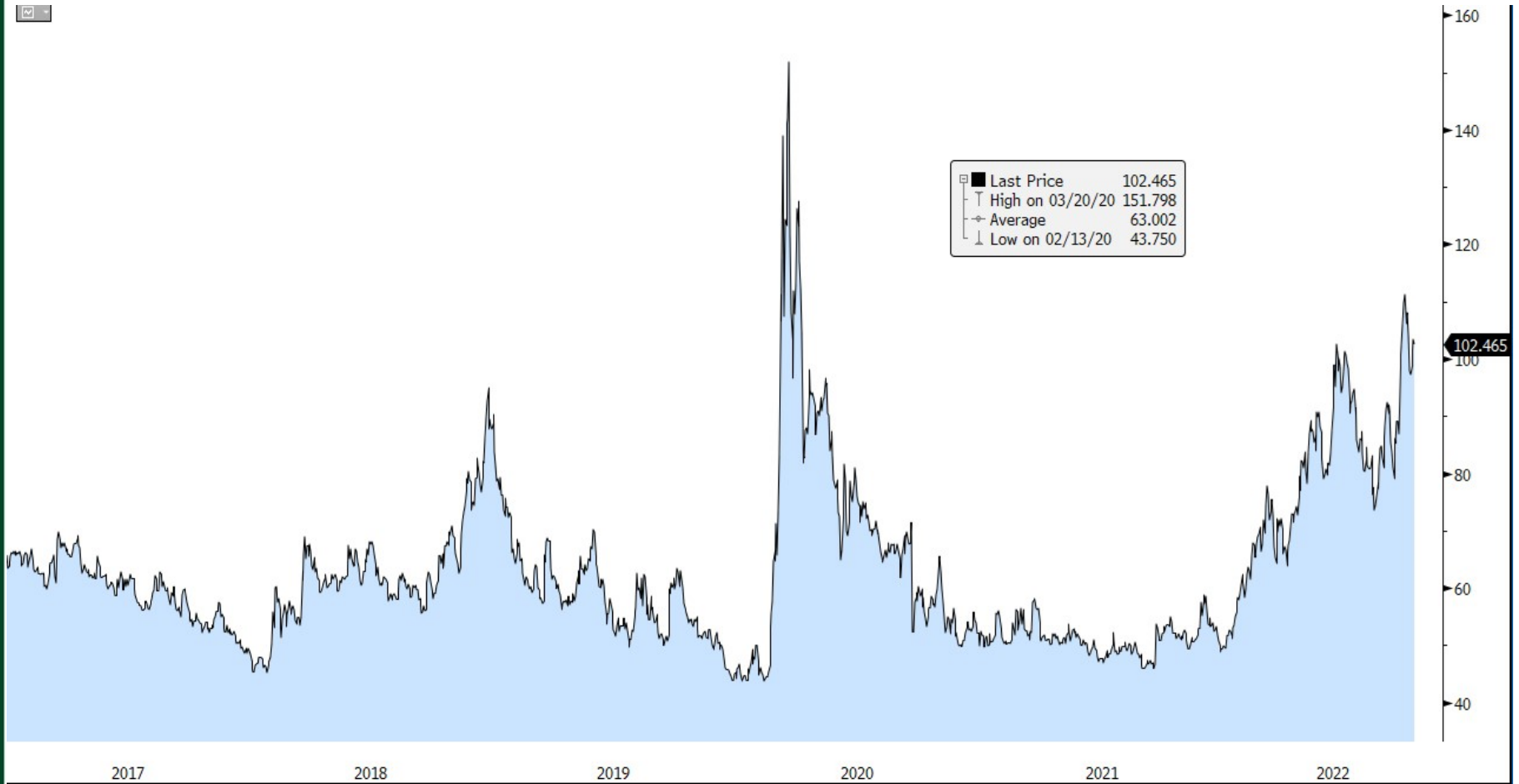
Source: FRED

PRIME RATE



Source: FRED

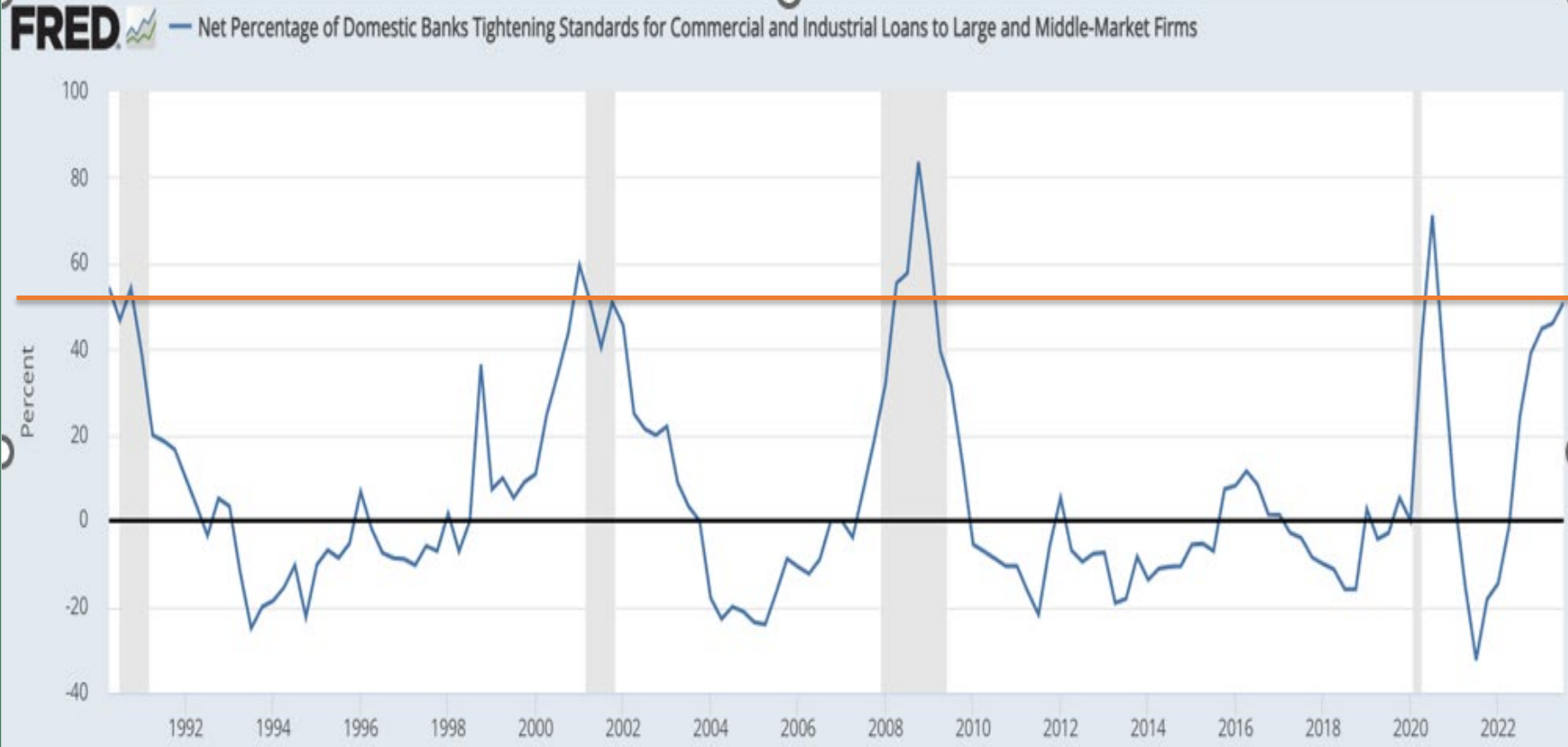
CREDIT DEFAULT SWAPS



Source: Bloomberg

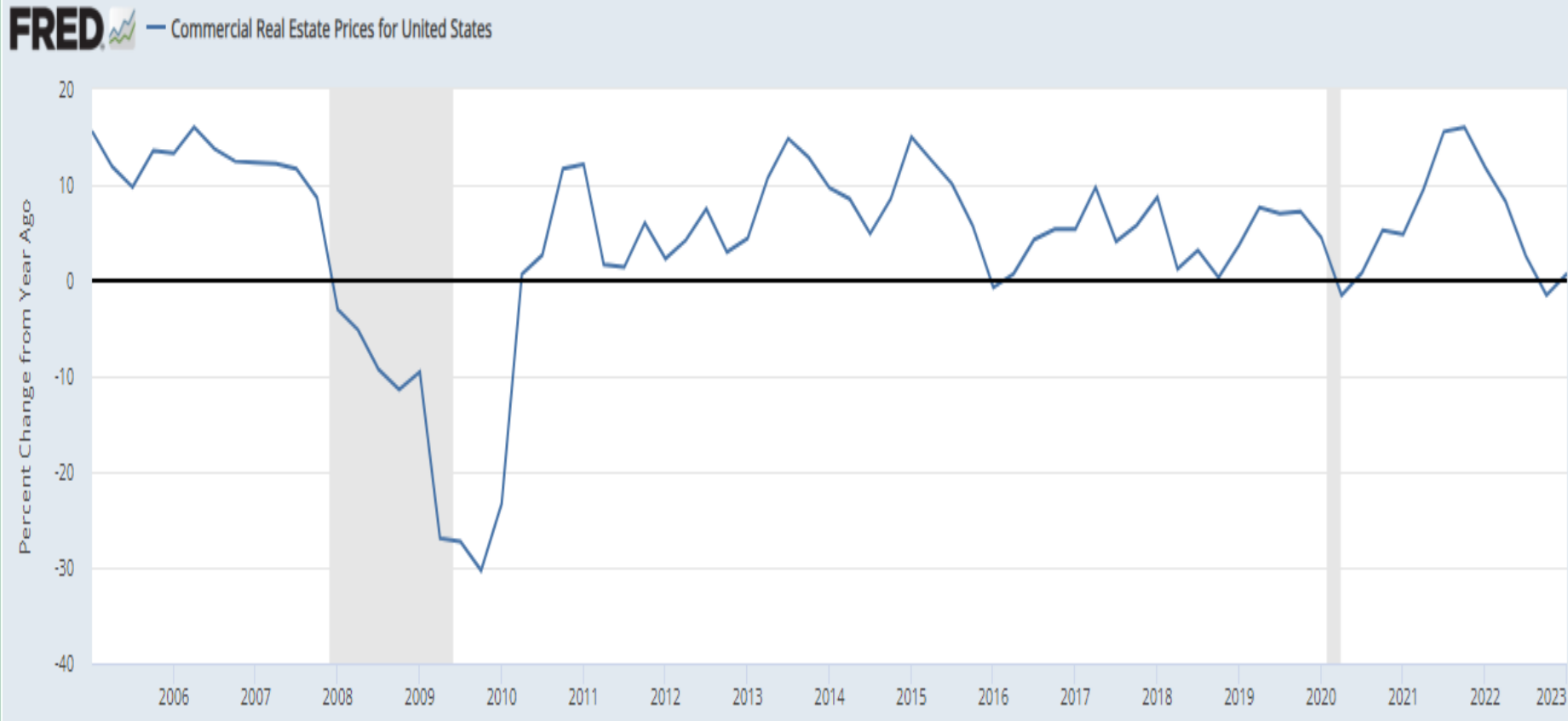
COMM. RE.
MANUFACTURING

C&I Tightening Credit Standards



Source: FRED

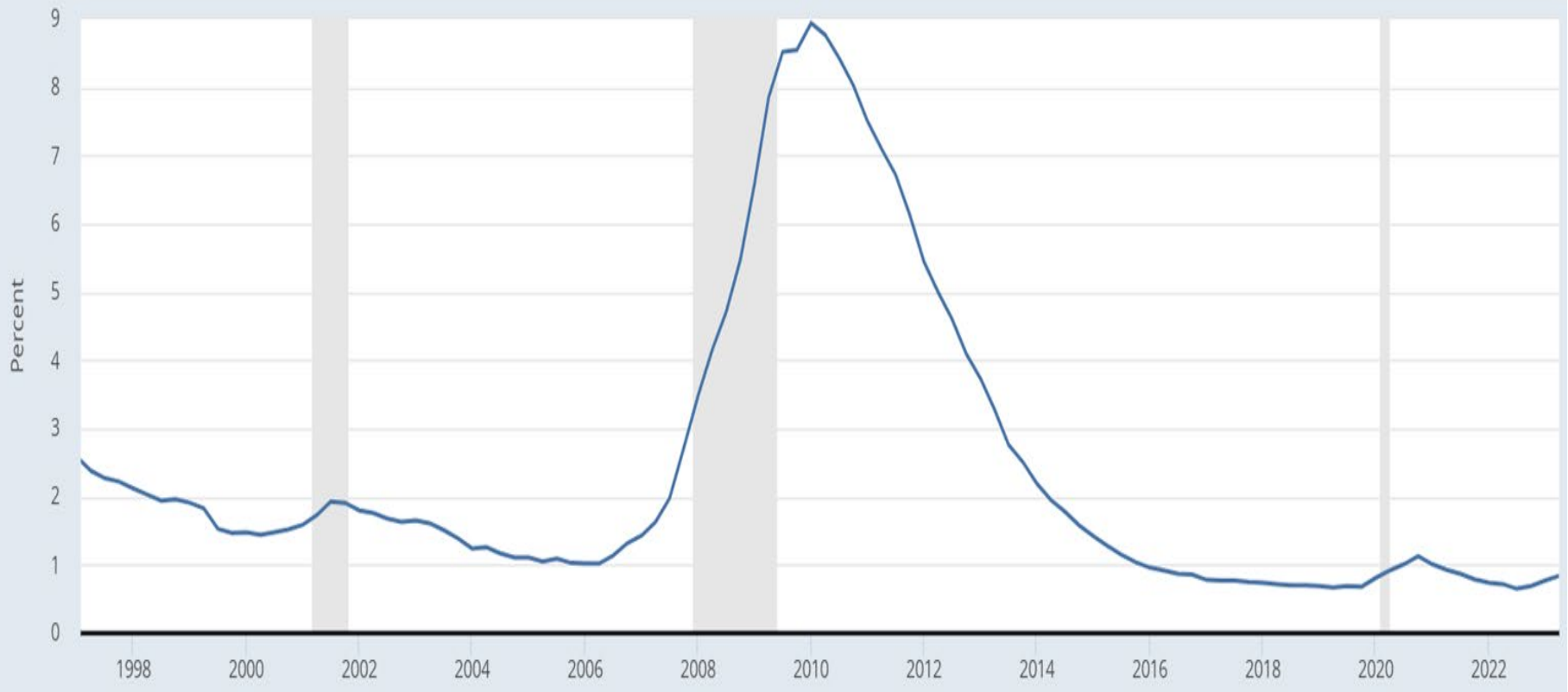
Commercial Real Estate Prices- USA



Source: FRED

DELIQUENCY

FRED — Delinquency Rate on Commercial Real Estate Loans (Excluding Farmland), Booked in Domestic Offices, All Commercial Banks



Source: FRED

Type and Location

Type

- Office
- Warehouse
- Big box

Location - Office

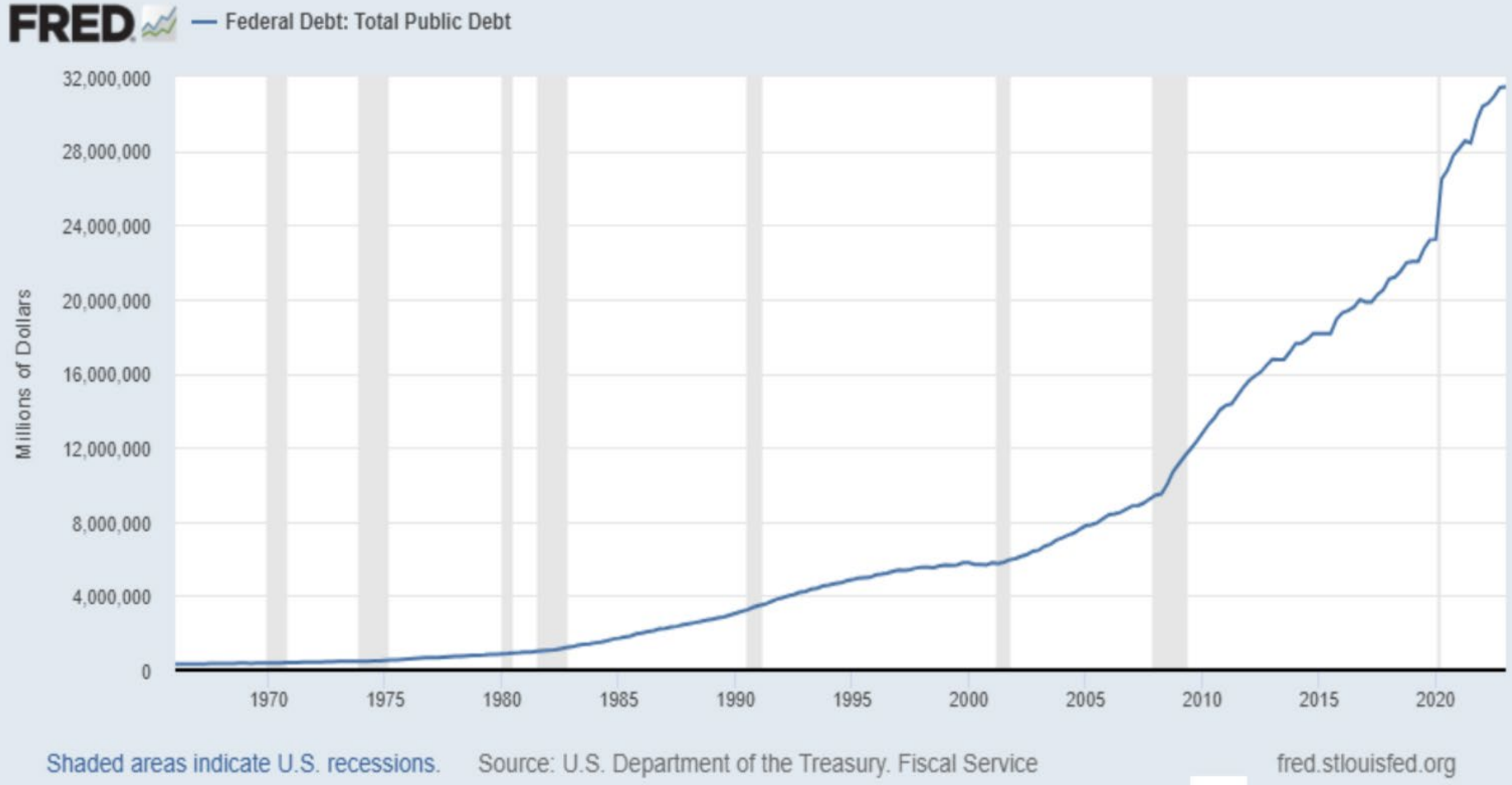
- Birmingham less than 5% vacant
- Troy reported at over 30% vacant



FEDERAL ECONOMIC ISSUES

- Debt
- How to pay the debt
- Wars

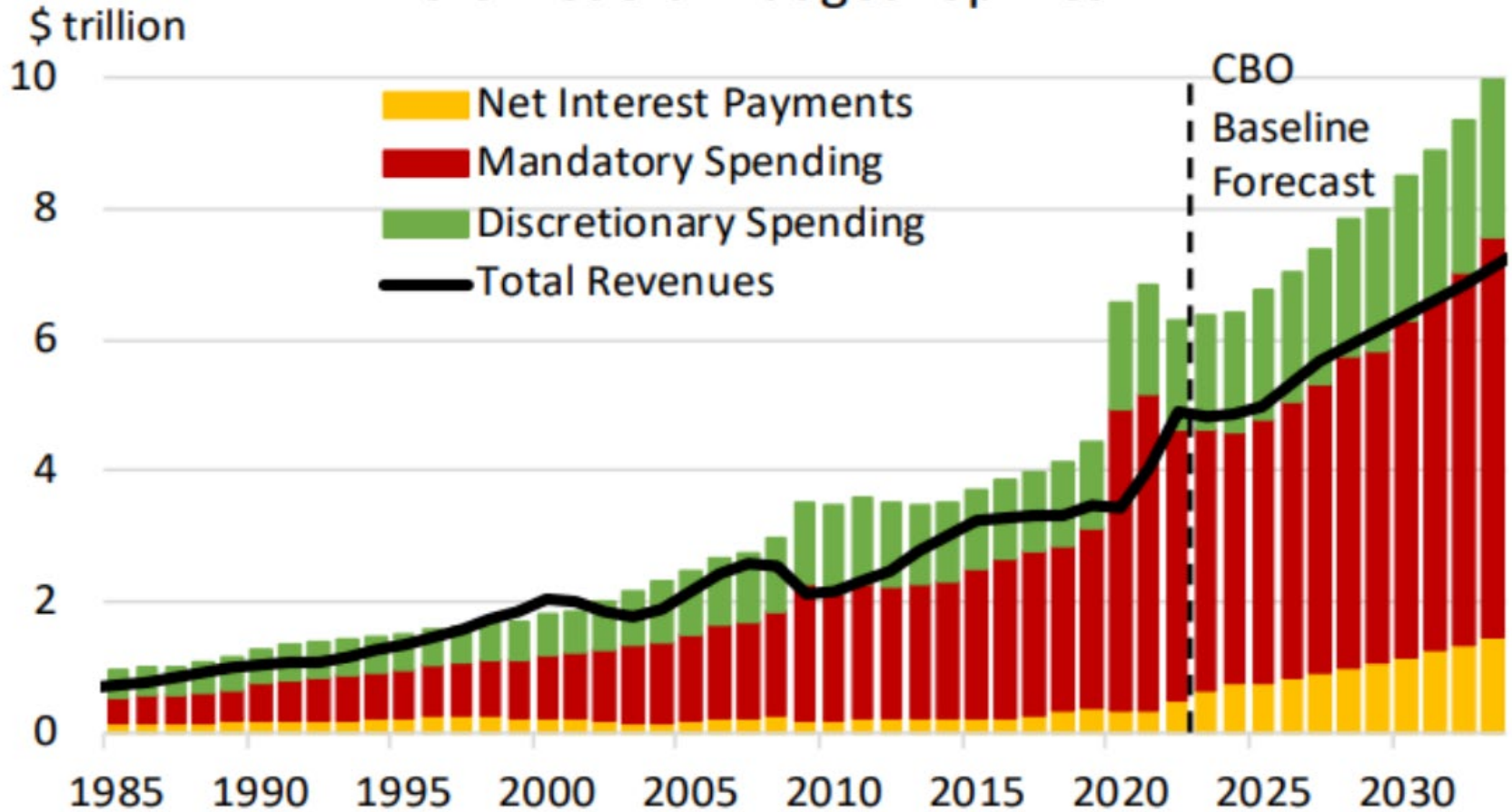
FEDERAL DEBT



Source: FRED

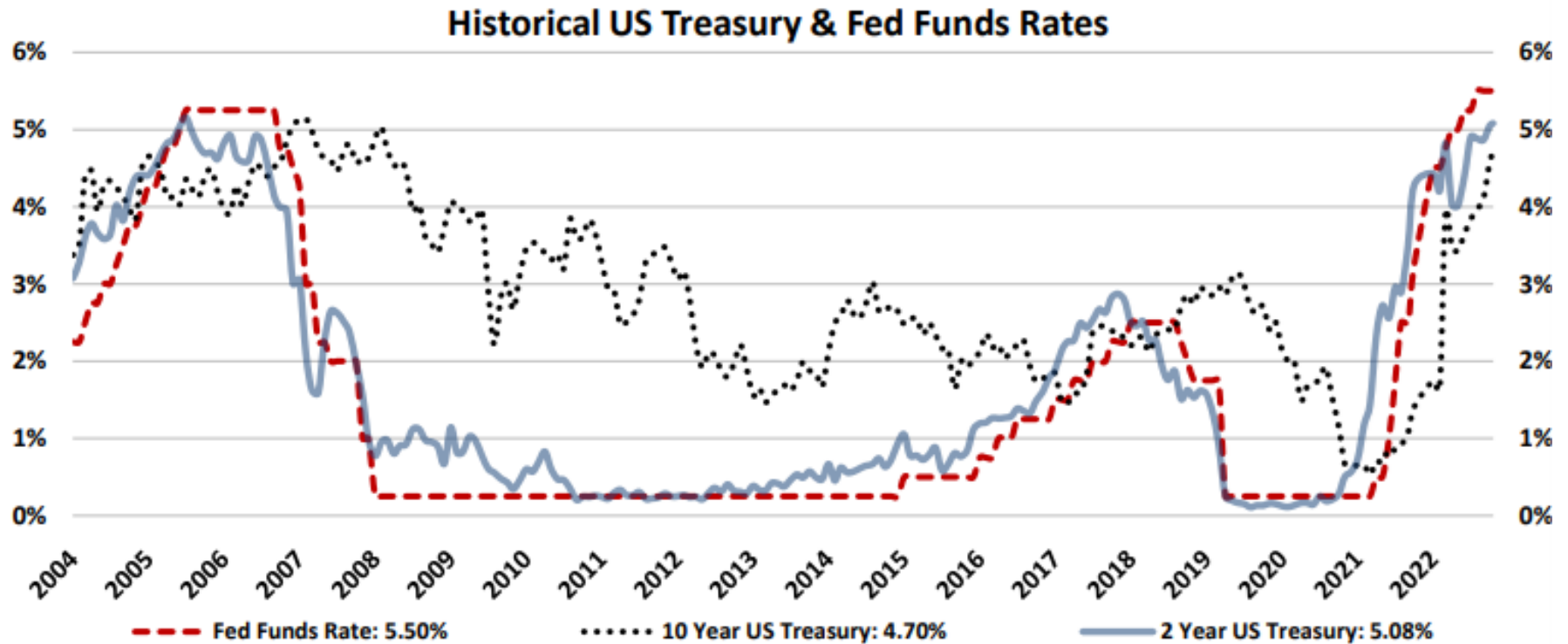
DEBT SERVICE

U.S. Federal Budget Toplines



Source: FRED

FED PROCESS



Source: MFA Economic Update



2024 PROJECTIONS:

- Interest rates
- Business thoughts
- Personal thoughts



INTEREST RATE PREDICTIONS

	Actual	Projected			
	10/30/2023	Dec-2023	Mar-2024	June-2024	Sep-2024
Federal Funds Rate	5.50	5.50	5.50	5.50	5.25
SOFR	5.30	5.30	5.30	5.20	5.10
Prime Rate	8.50	8.50	8.50	8.50	8.25
2-Year Treasury	5.00	5.00	4.80	4.70	4.15
10-Year Treasury	4.88	5.00	4.75	4.75	4.50
GDP - Annualized	4.90	3.50	1.50	1.25	0.75
CPI-X-YOY	4.15	4.00	3.50	3.00	2.00



Business Thoughts for 2024:

- High interest rates for longer
- Slowing Inflation
- Slowing consumer
- Business activity slowing
- Slower job growth
- Expensive labor & labor leverage
- Global credit crunch risk
- Two wars
- Political
- Taxes & debt payments

Personal Thoughts for 2024:

- Housing values flat to down 10% - unaffordable
- Job openings declining (especially locally)
- Stock market continues to struggle
- Mortgage rates remain high
- Home equity / Prime rate remain high
- New & used car prices remain high
- Great environment for disruption and technology growth / automation
- Pay is up and ability to spend is up (WSJ)

THANK YOU & QUESTIONS

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