

Economic Outlook

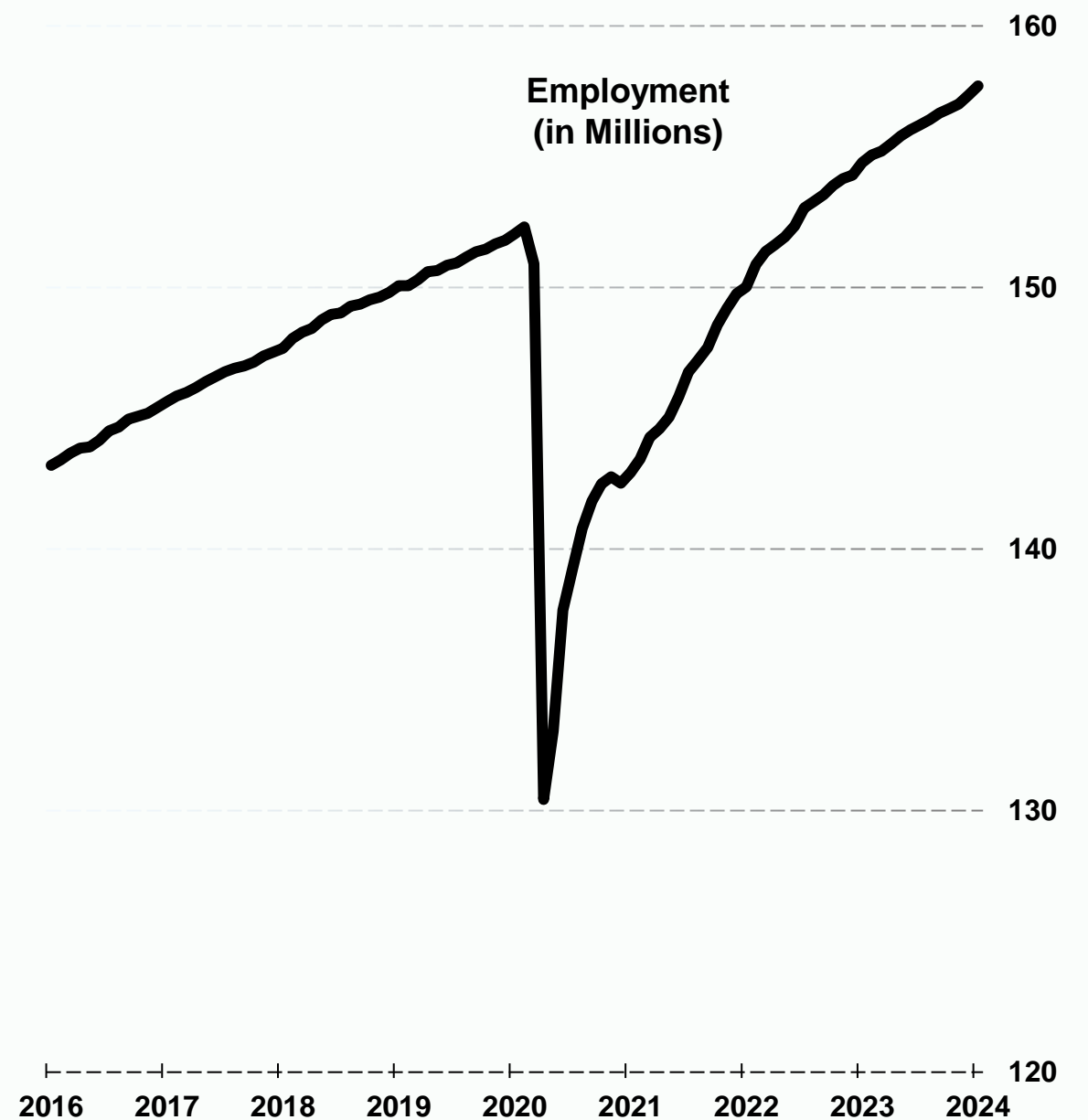
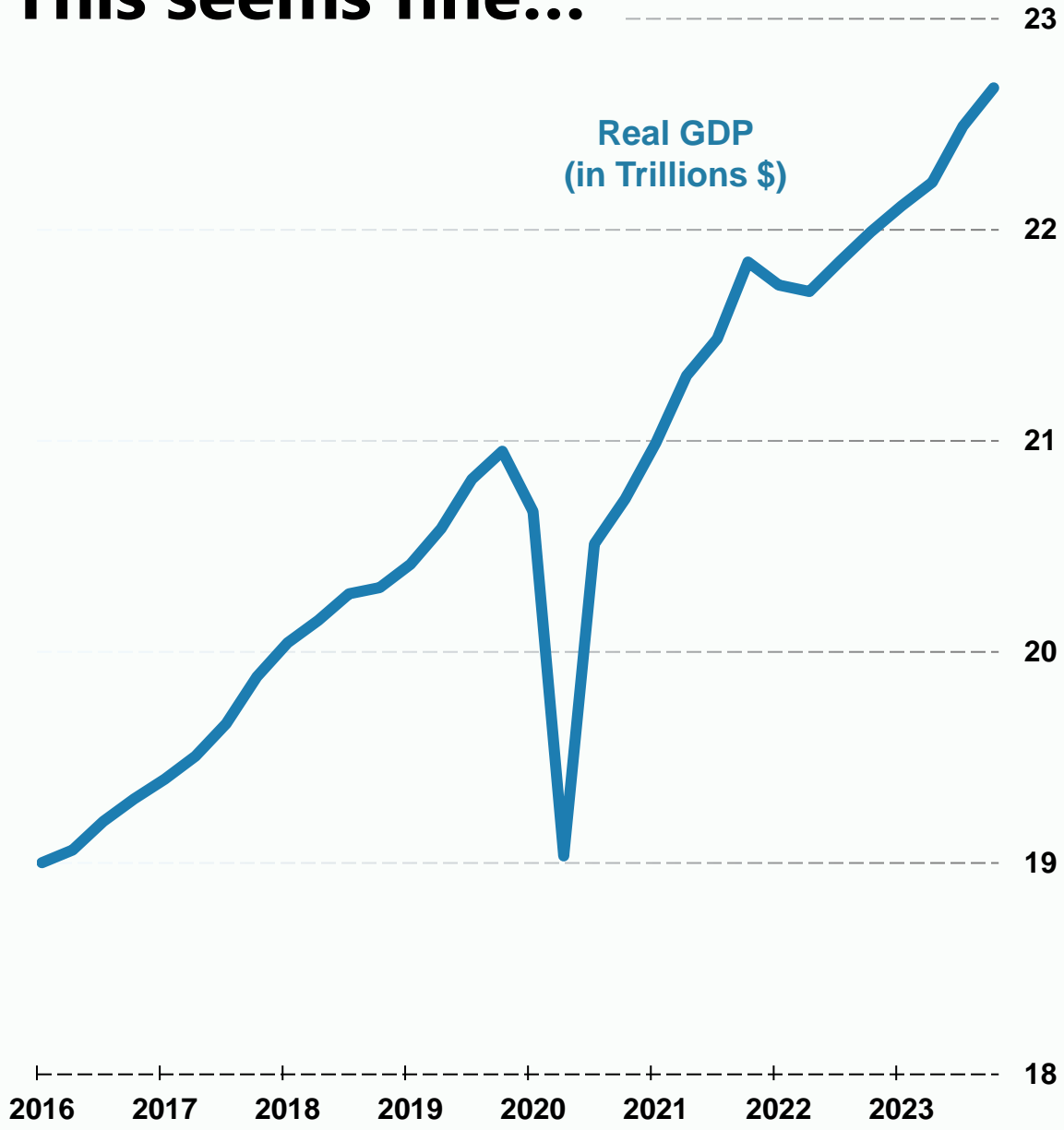


A Few Headlines From Earlier This Year

A Very Bearish Season

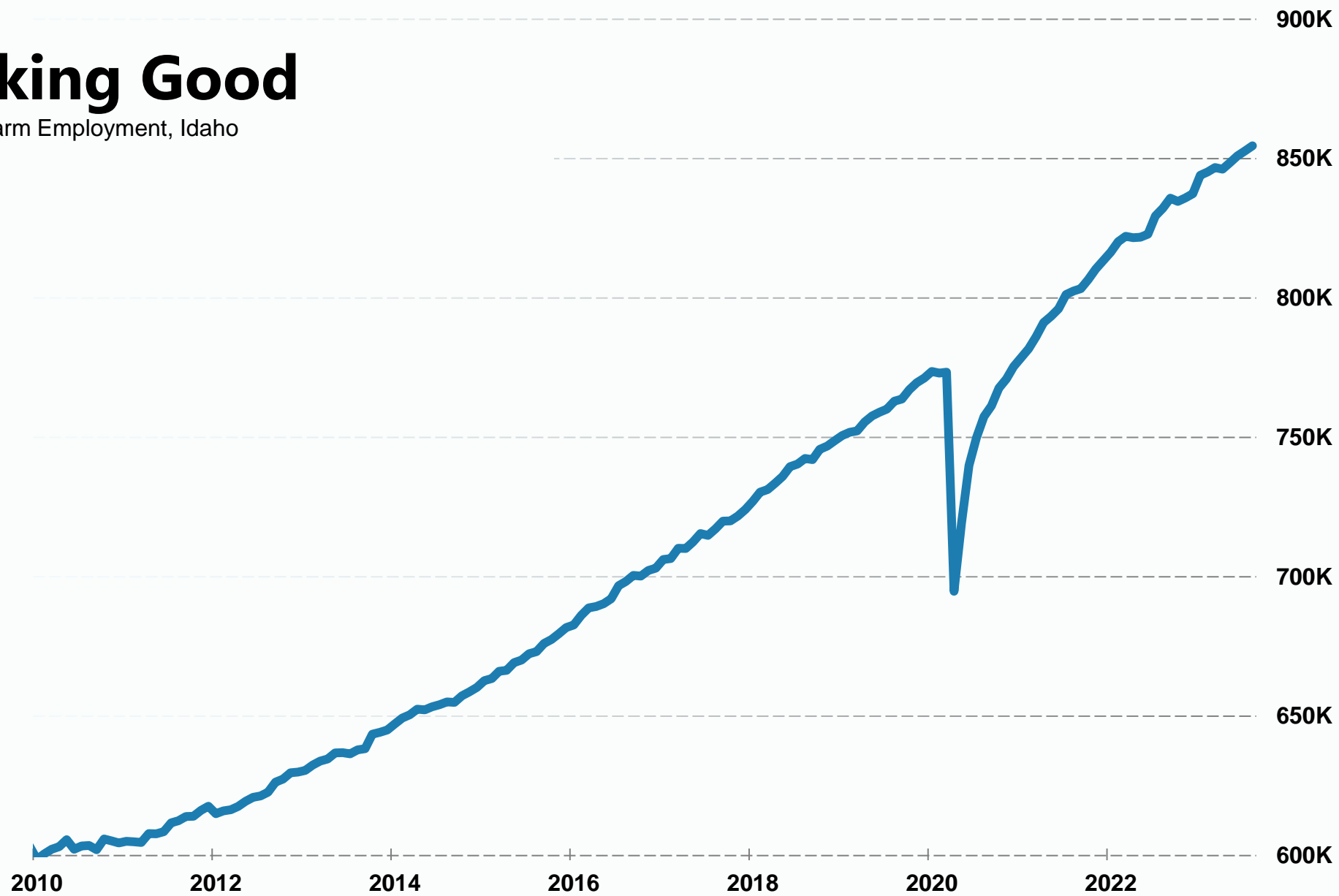
- “Silicon Valley Bank failure raises fear of broader financial contagion” (*Washington Post, March 10*)
- “‘Already past the point of no return’: JPMorgan says the U.S. is probably headed for a recession” (*Fortune, March 21*)
- “Layoffs are up nearly fivefold so far this year with tech companies leading the way” (*CNBC, April 6*)
- “The banking crisis will tilt US into recession, say Fed economists” (*CNN, April*)

This seems fine...



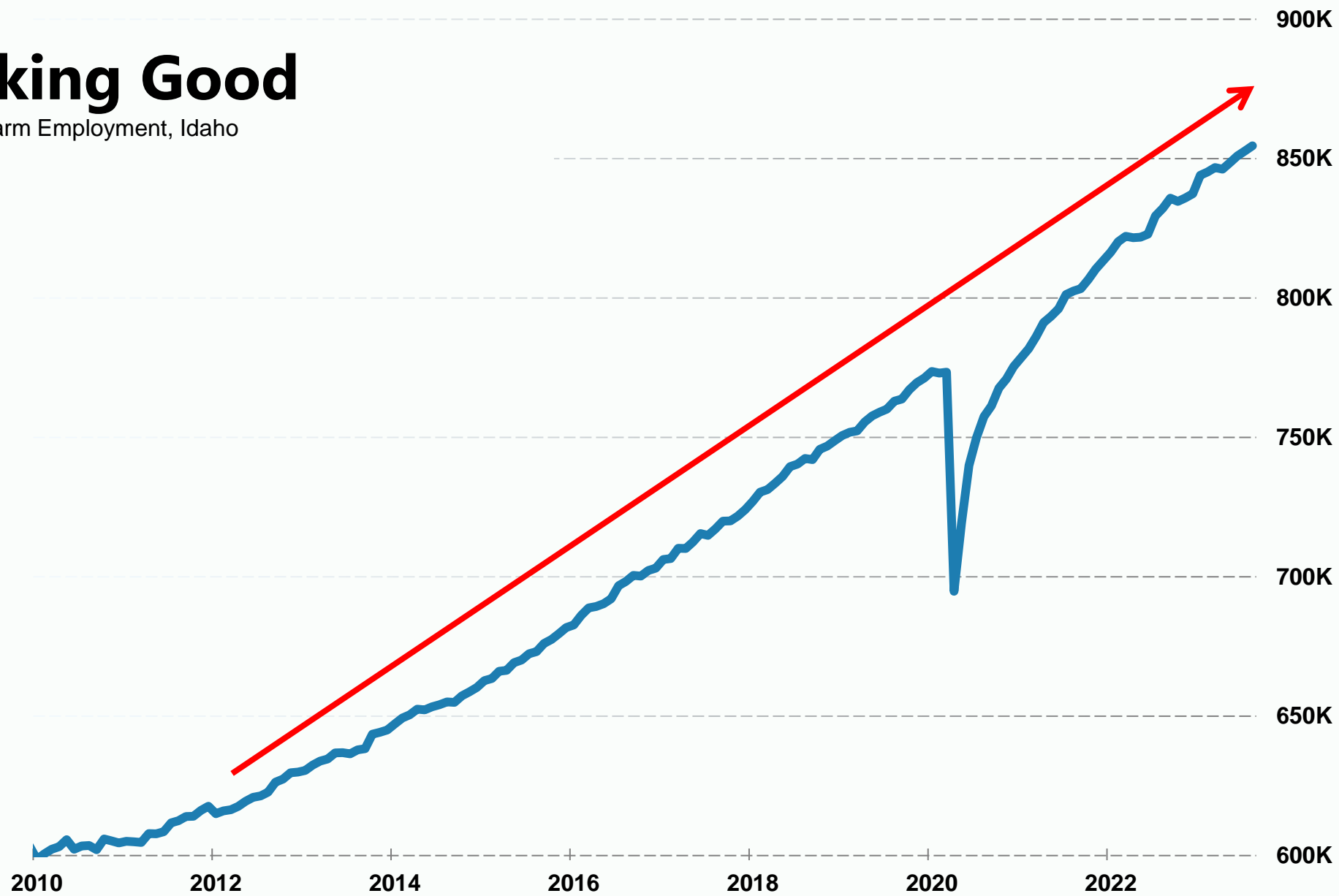
Looking Good

Total Nonfarm Employment, Idaho



Looking Good

Total Nonfarm Employment, Idaho



Something Seems Different

Do Bears Hibernate in the Summer?

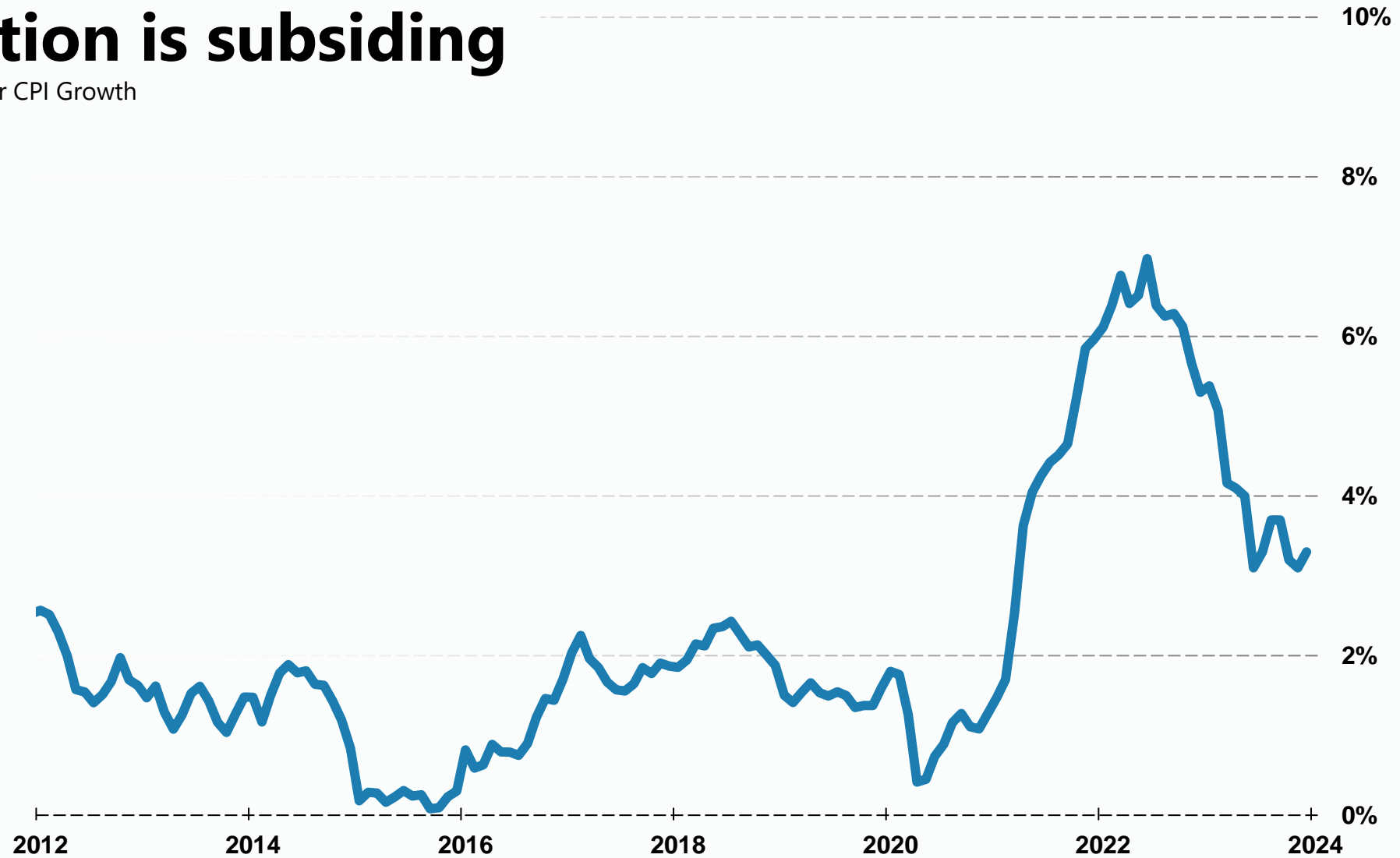
- “US banks shrug off turmoil to ace Fed's annual health checks” (*Reuters, June 28*)
- “JPMorgan raises US economic growth estimate, no longer expects 2023 recession” (*Reuters, August 4*)
- “Tech layoffs see former workers in high demand elsewhere” (*CBS, July 17*)
- “Fed staff drop US recession forecast, Powell says” (*Reuters, July 26*)

Key Topics and Challenges

- Inflation
- The Labor Market
- Demographics

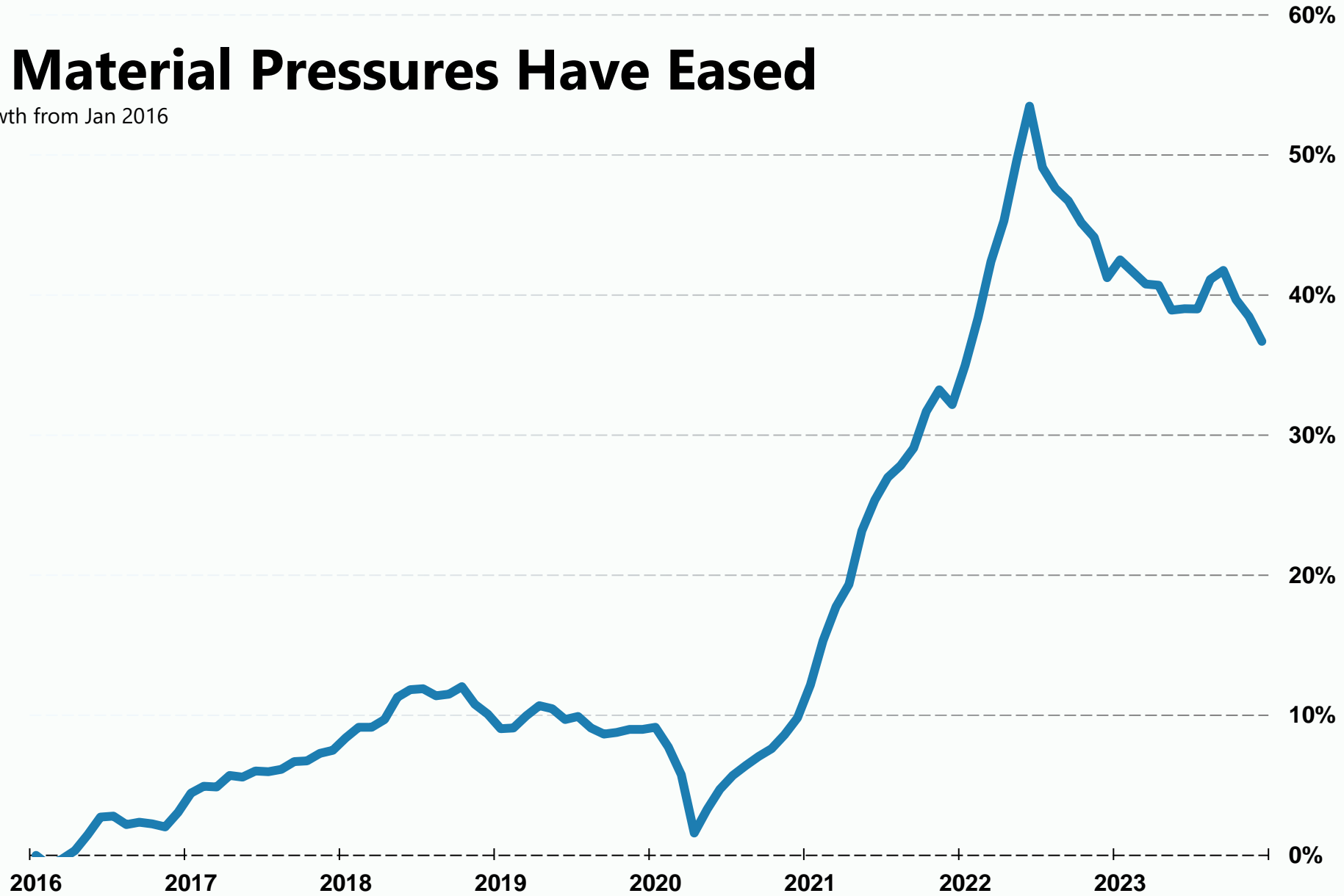
Inflation is subsiding

Year over Year CPI Growth



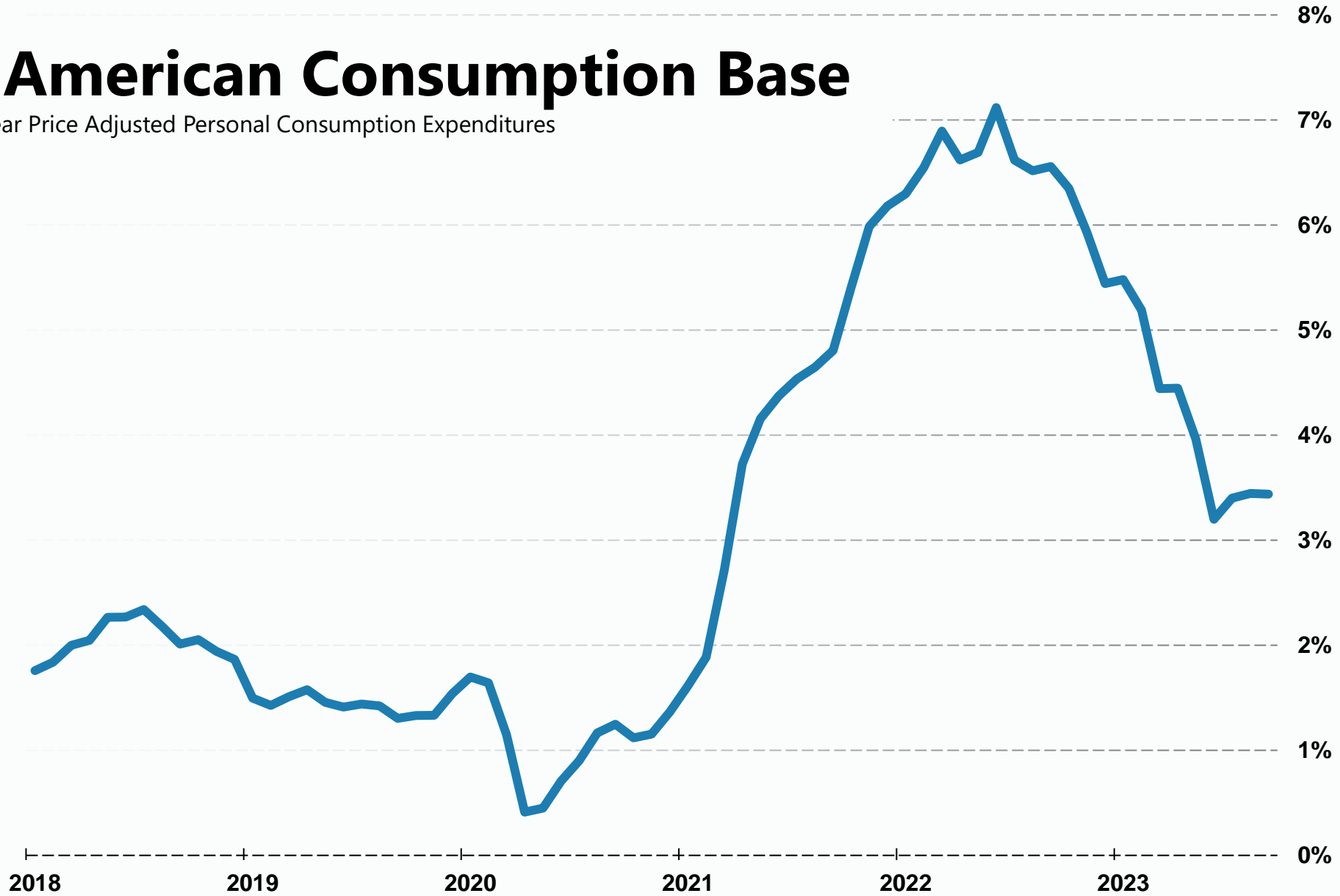
Raw Material Pressures Have Eased

Net PPI Growth from Jan 2016



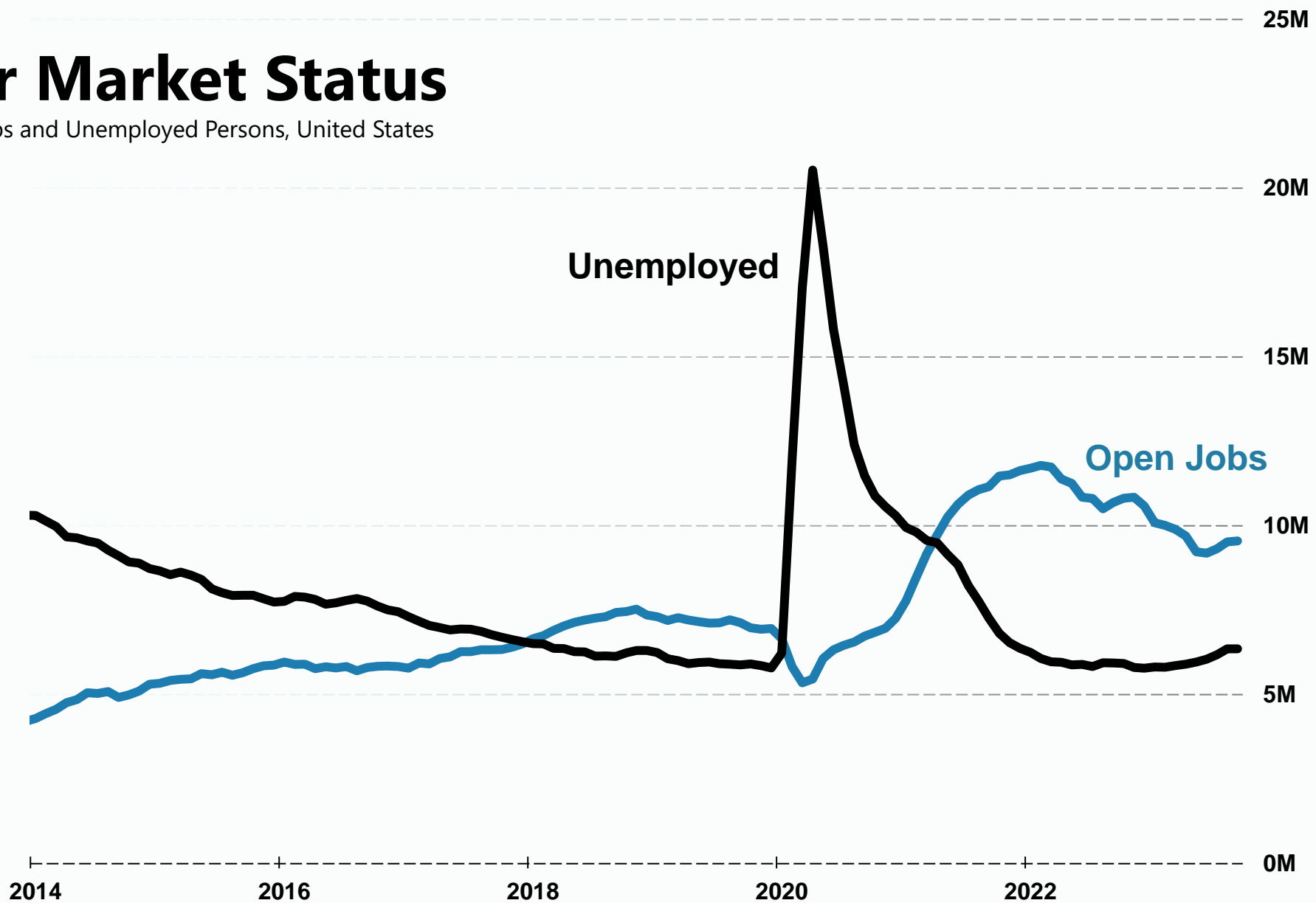
The American Consumption Base

Year over Year Price Adjusted Personal Consumption Expenditures



Labor Market Status

Total Open Jobs and Unemployed Persons, United States

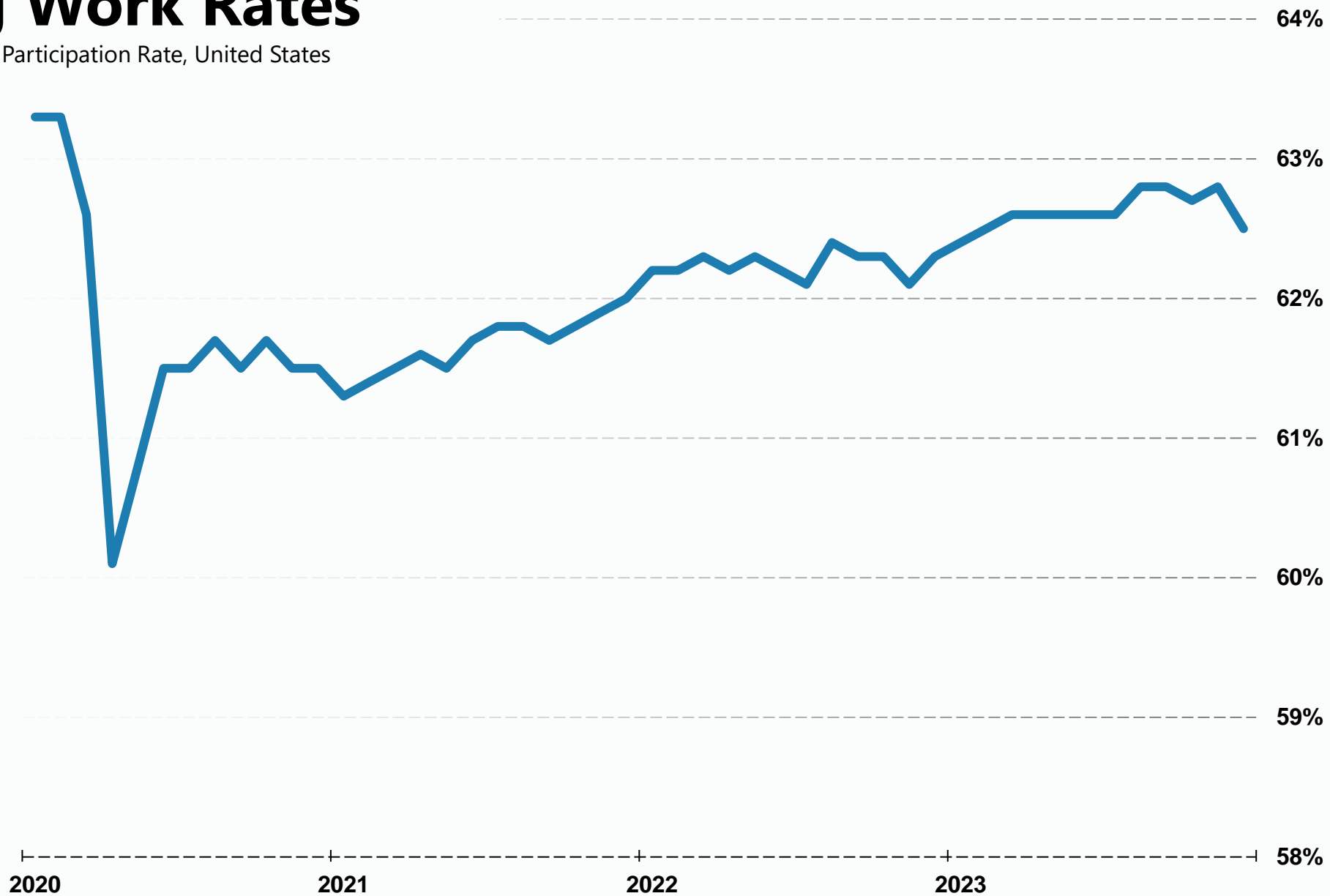


What is wrong with our labor supply? Where are all the workers?

- Skill Level Mismatch
- Teen Work Rates
- Disabilities and Substance Abuse
- Childcare Availability
- Gig Work and “Informal Employment”

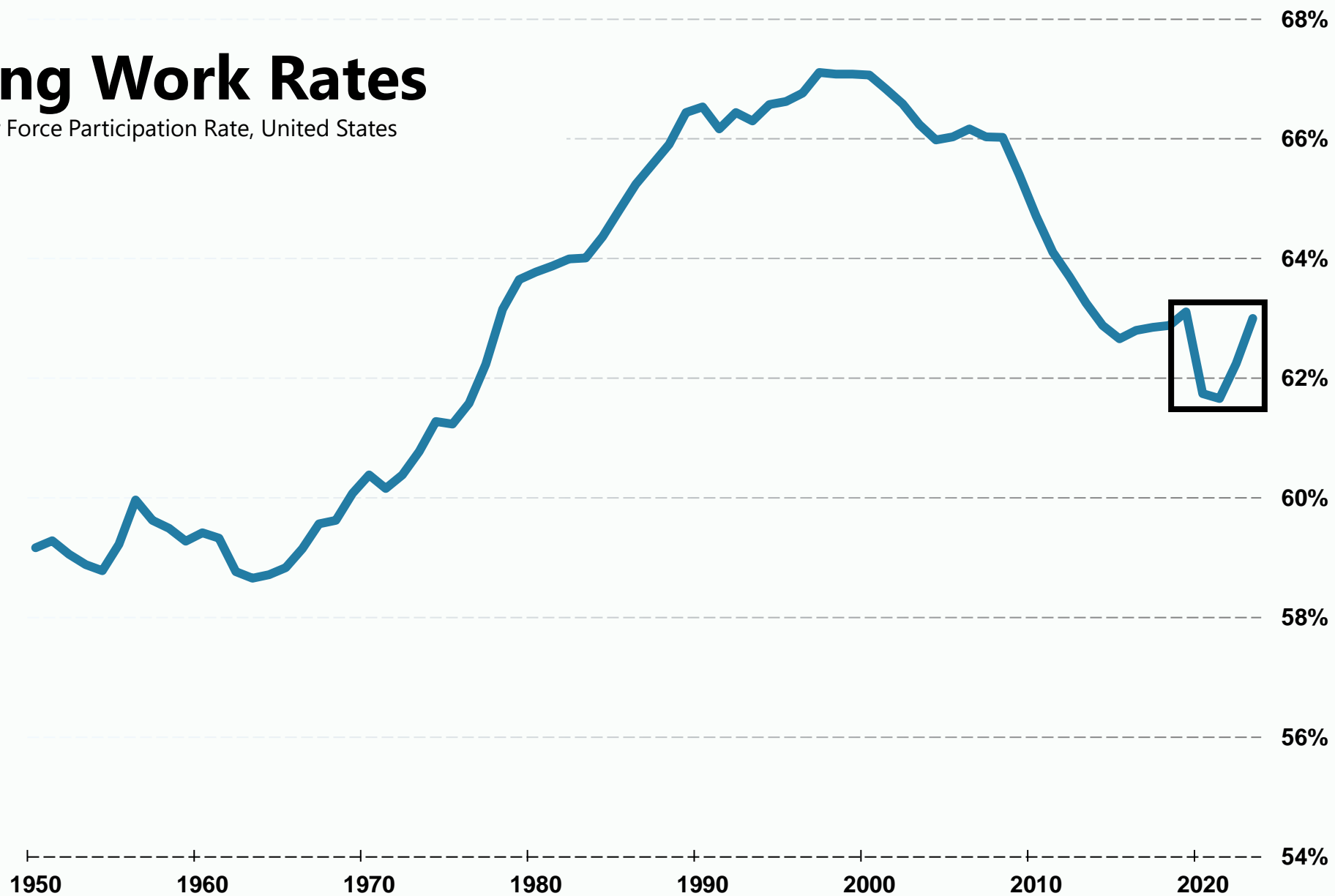
Falling Work Rates

Adult Labor Force Participation Rate, United States



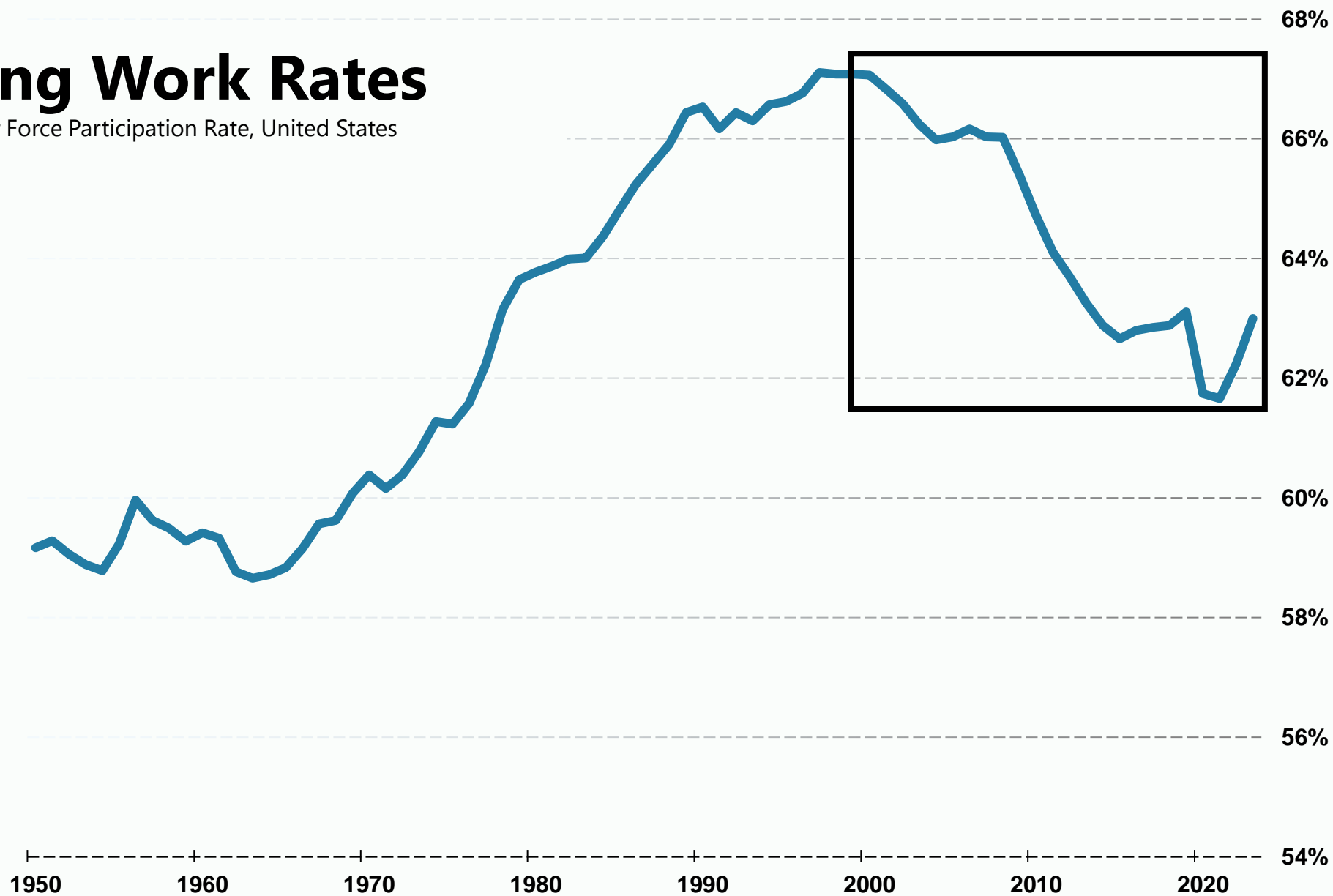
Falling Work Rates

Adult Labor Force Participation Rate, United States



Falling Work Rates

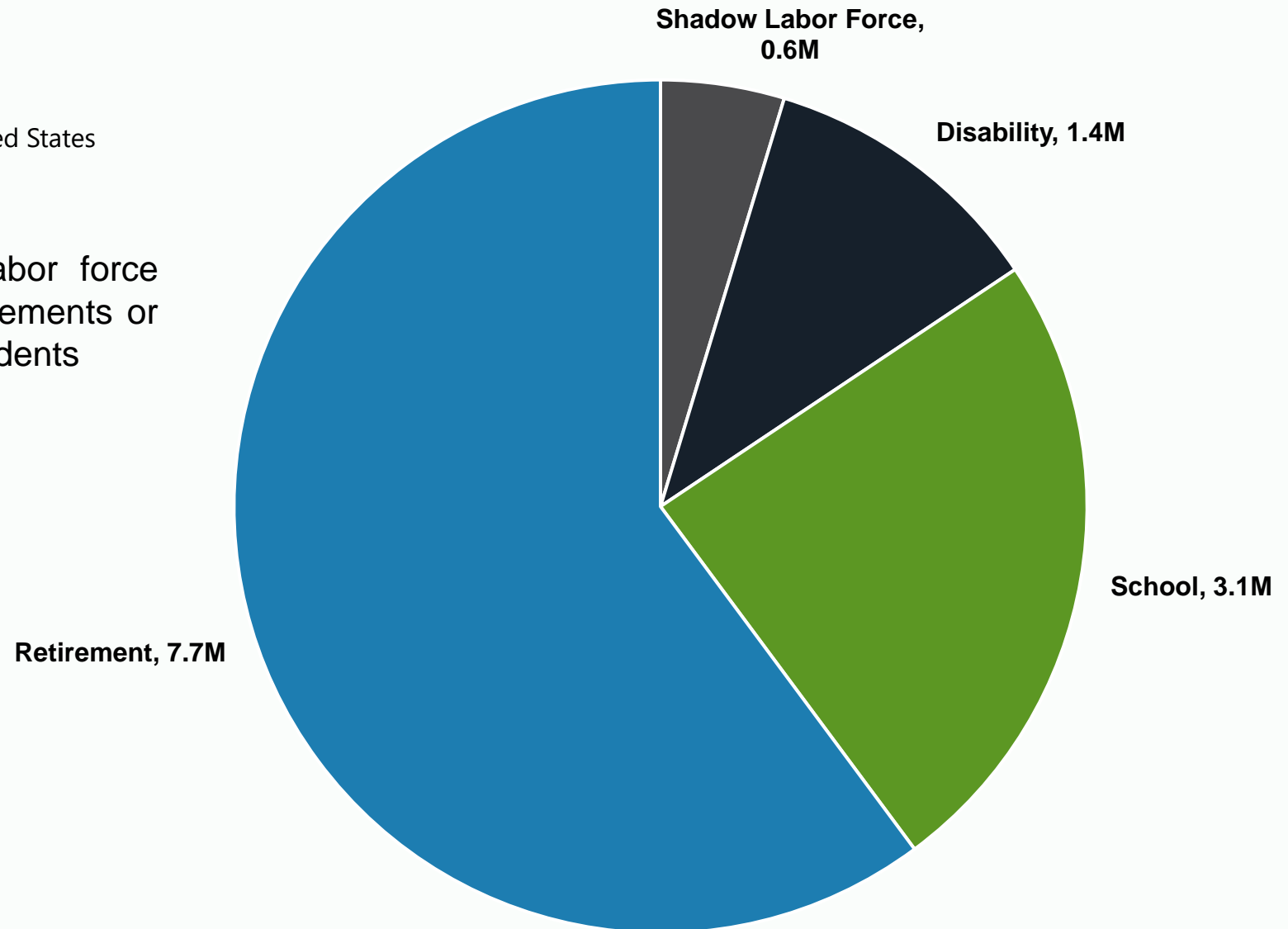
Adult Labor Force Participation Rate, United States



A Diagnosis

Contributions to Decline in LFPR, United States

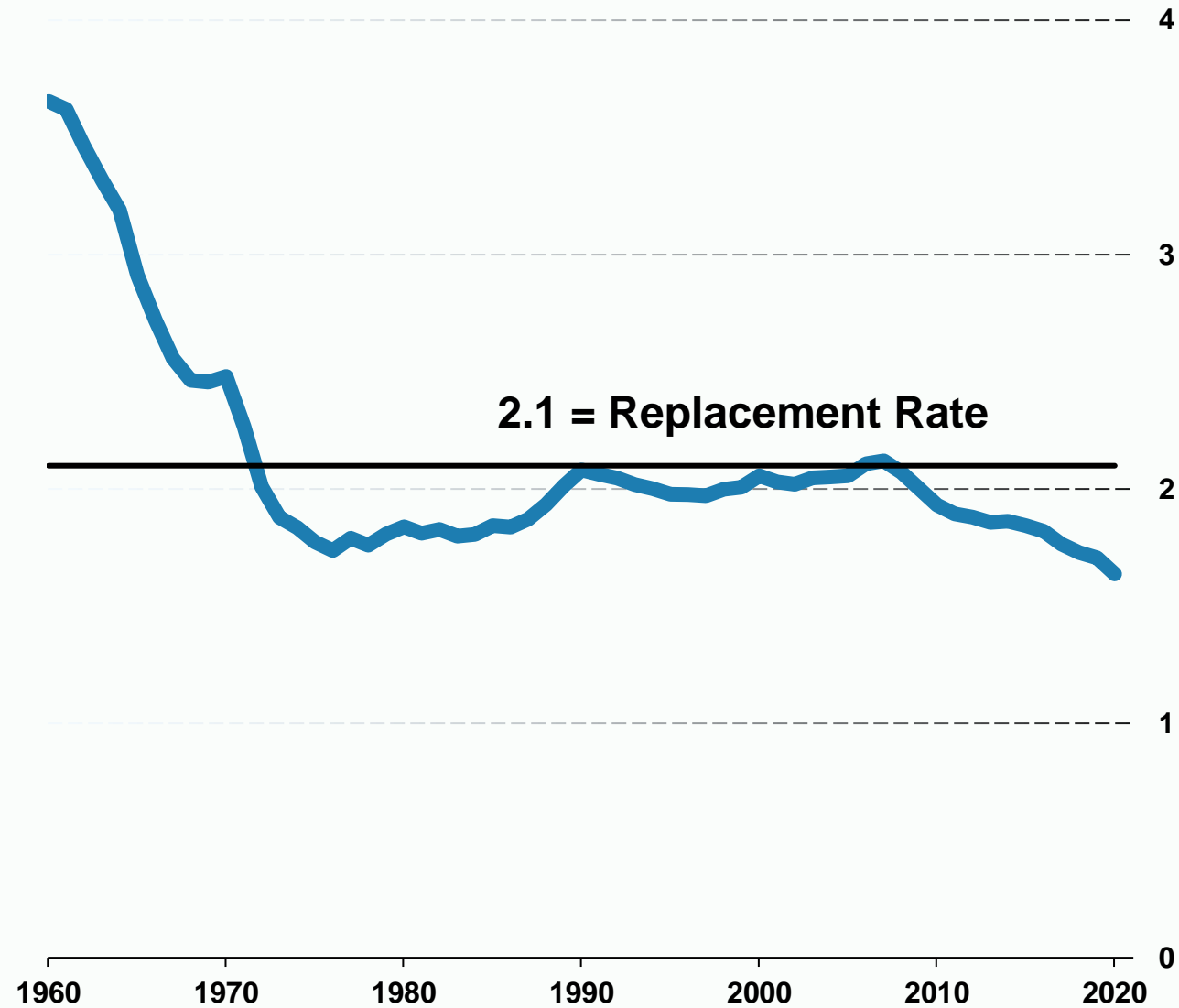
The Takeaway: 85% of labor force decline is due to either retirements or falling work rates among students



Life Below Replacement Rates

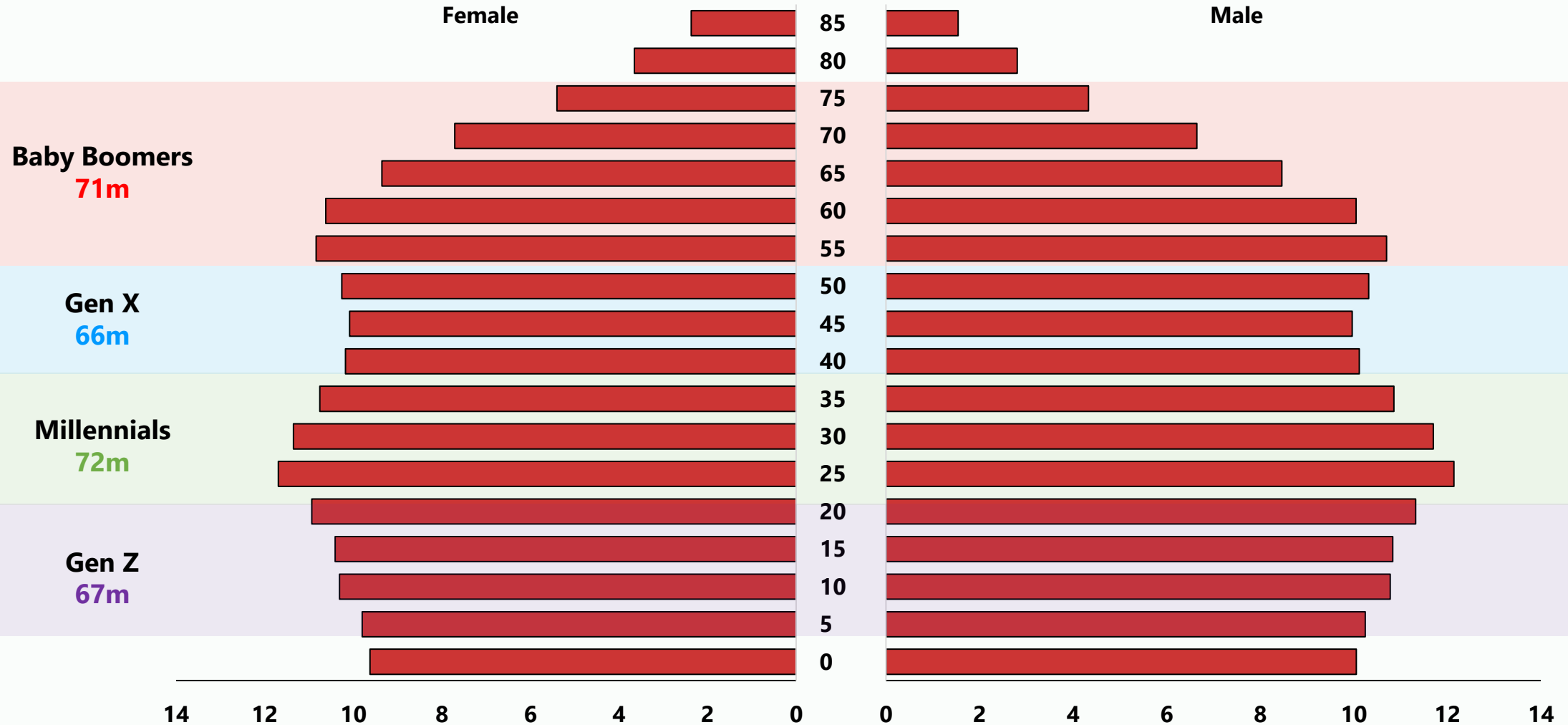
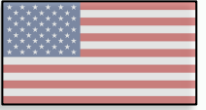
Total Fertility Rate, United States

The Fertility Rate has been below the replacement rate in 49 out of 62 years since 1960. We have been accumulating this demographic bill for most of our lives.



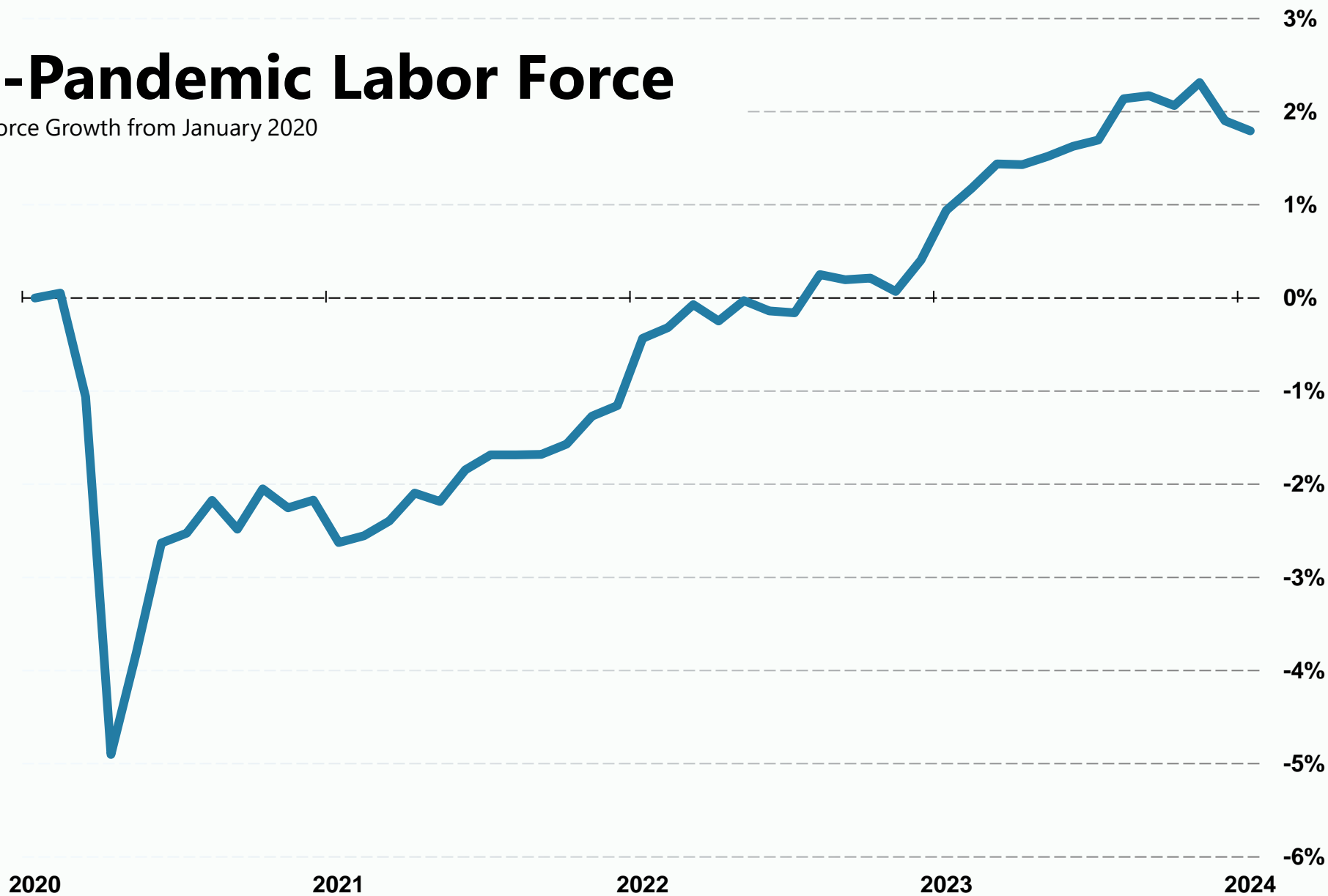
Demographic Transition

Population by Age and Gender, United States of America (in Millions)



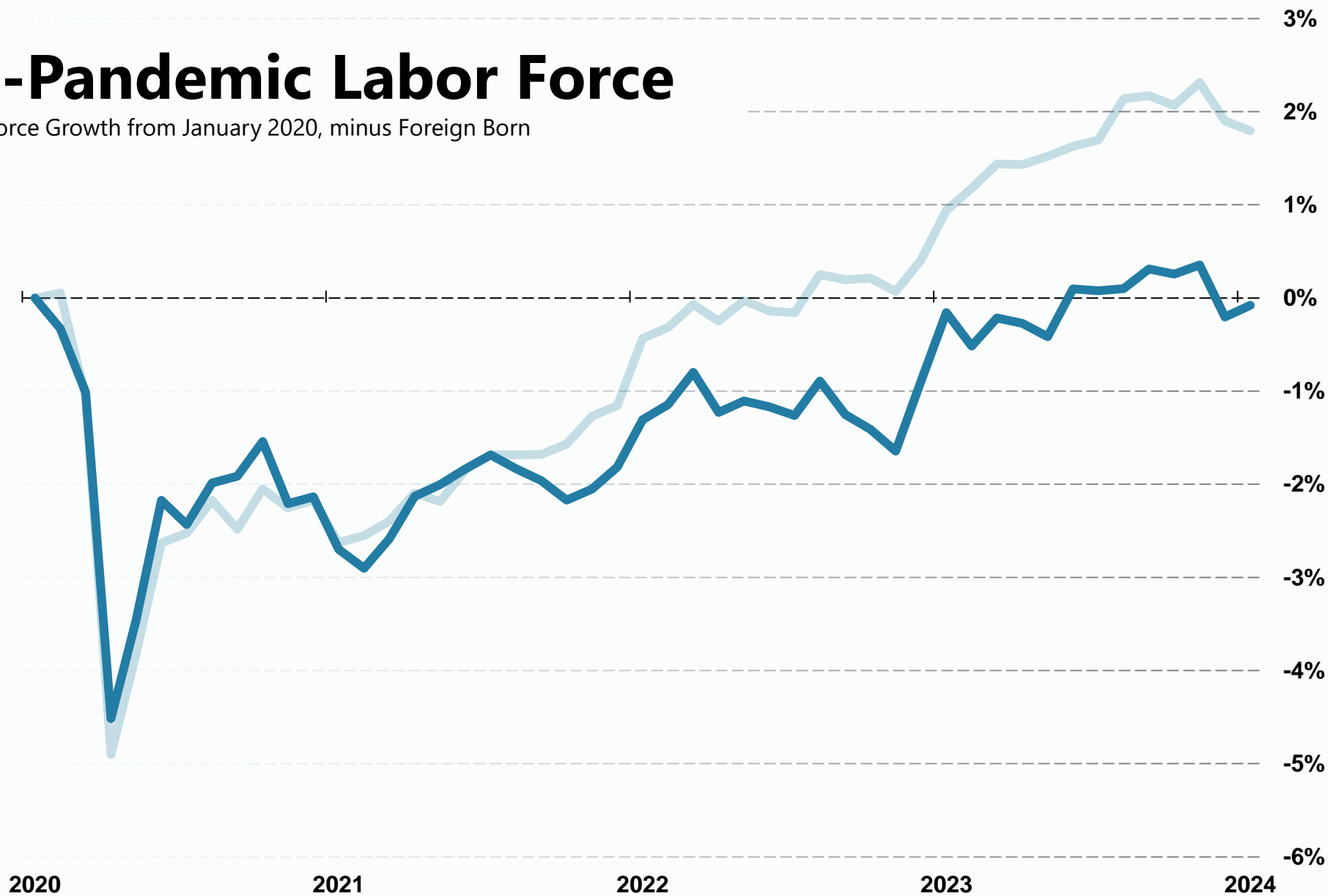
Post-Pandemic Labor Force

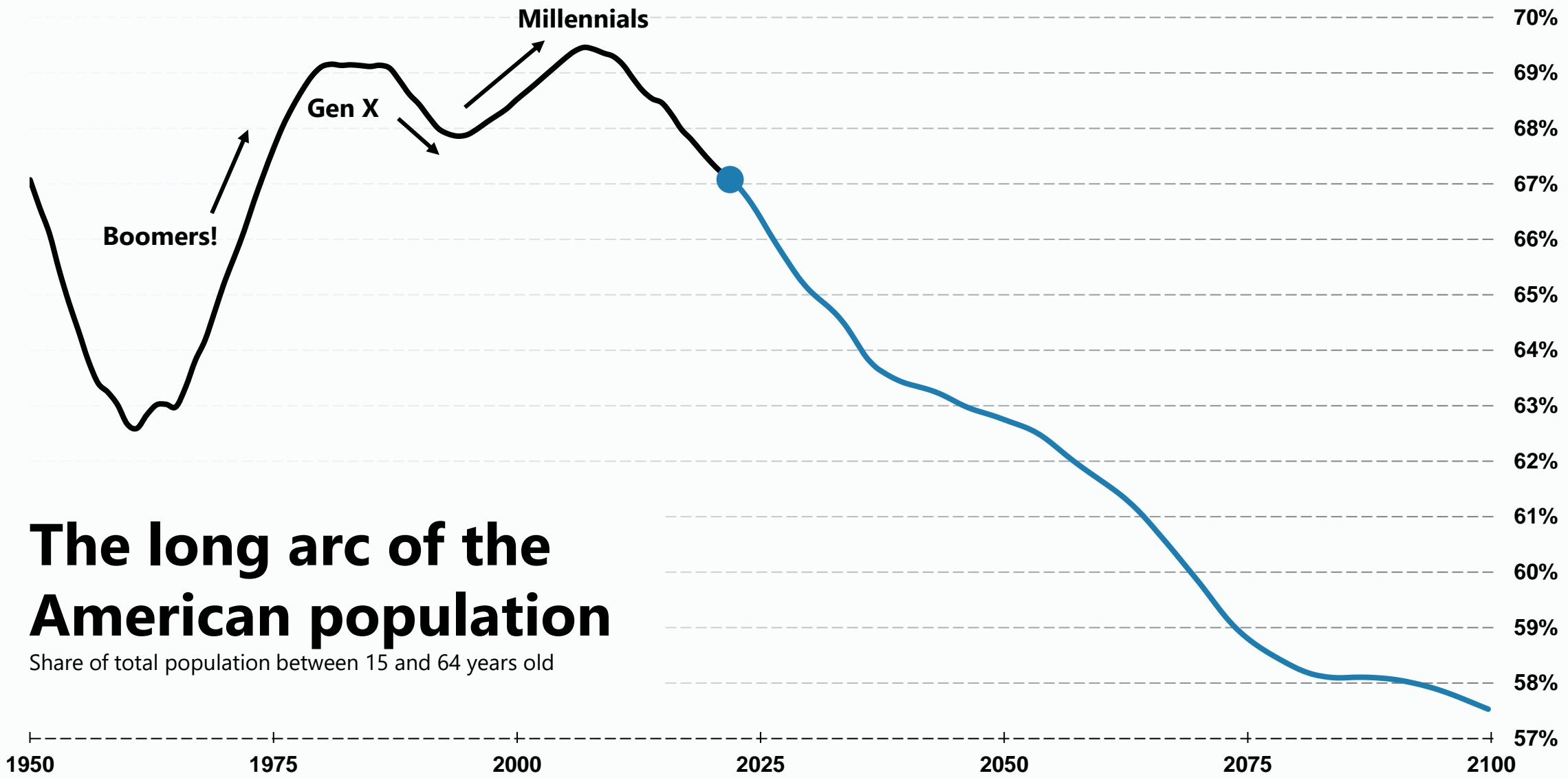
Net Labor Force Growth from January 2020



Post-Pandemic Labor Force

Net Labor Force Growth from January 2020, minus Foreign Born





The long arc of the American population

Share of total population between 15 and 64 years old

A few takeaways

- Many of the short-term implications of the pandemic are gone. Supply chains have been largely repaired and the stimulus effect are dissipating. The US economy has proven very durable. However, threats remain – Red Sea, Inflation, Etc.
- Longer term concerns with labor availability remain – these were exacerbated, but not caused by the pandemic.
- Shifting demographics will stress many American institutions and industries in the coming years.

For more information on Idaho's workforce,
please visit LMI.IDAHO.GOV

Questions?

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