Show Me the Money ($upply)

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On Behalf of

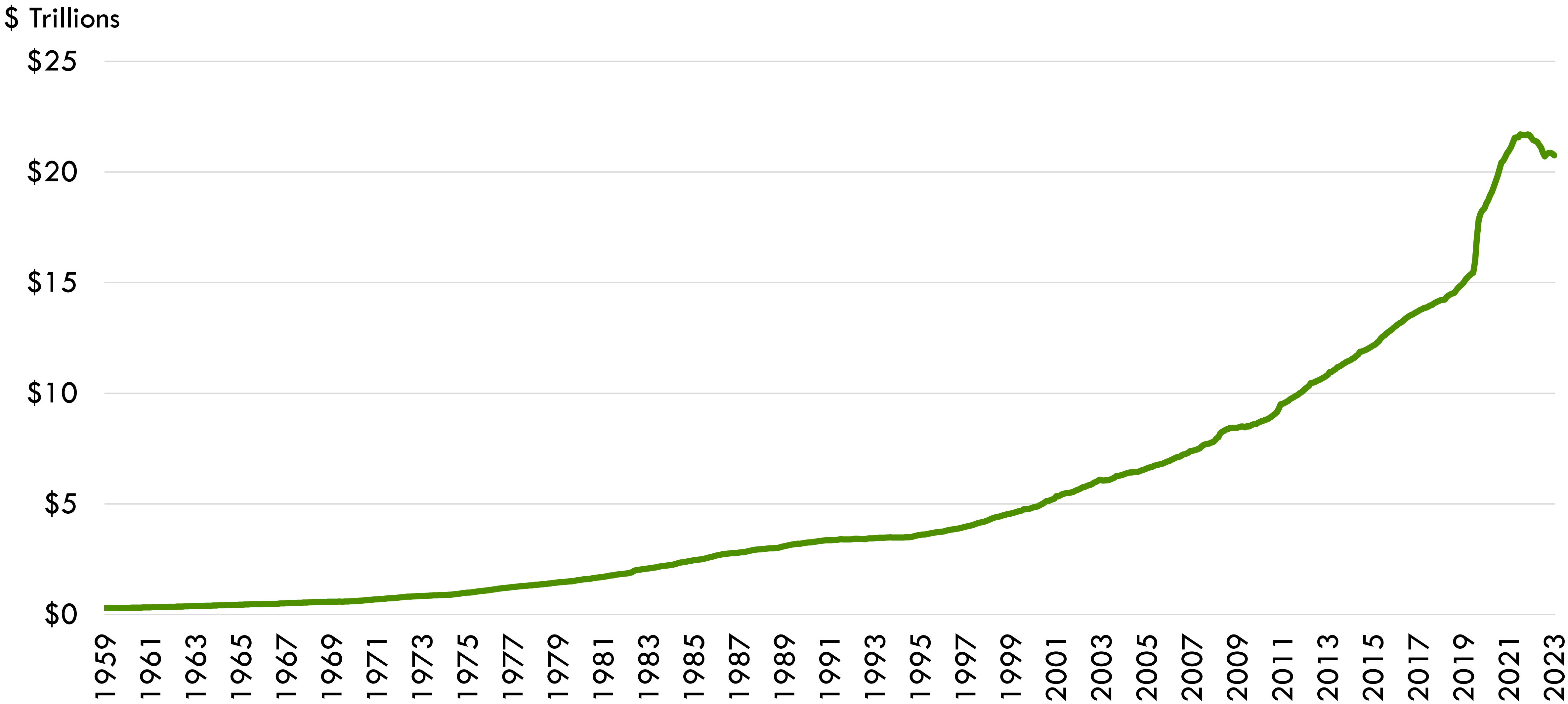
Pennsylvania Aggregates & Concrete Association (PACA)

2023 Annual Meeting & Honors Program

November 13, 2023

The Color of Money

U.S. Money Supply, 1959 – September 2023



Source: Federal Reserve

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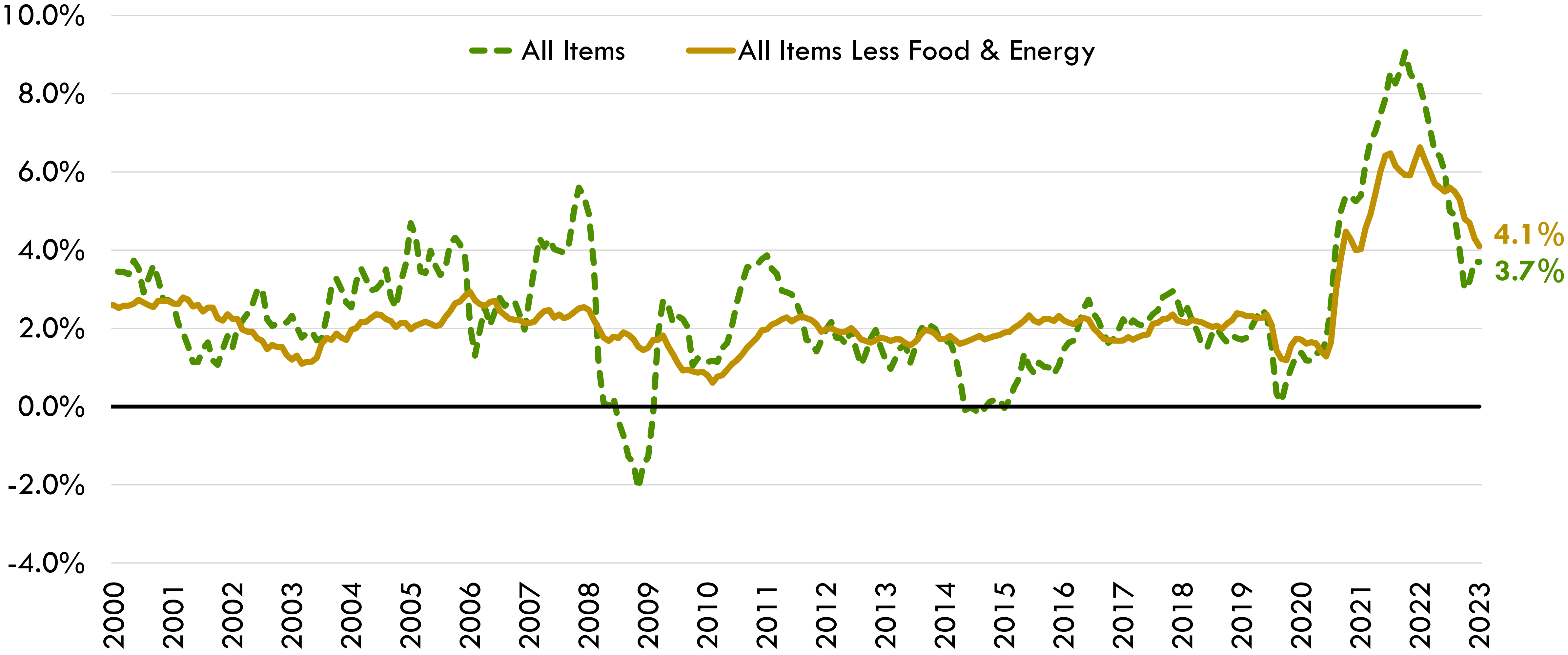
Risky Business

(1983)

U.S. Consumer Price Index (NSA)

12-Month % Change, 2000 – September 2023



Source: U.S. Bureau of Labor Statistics

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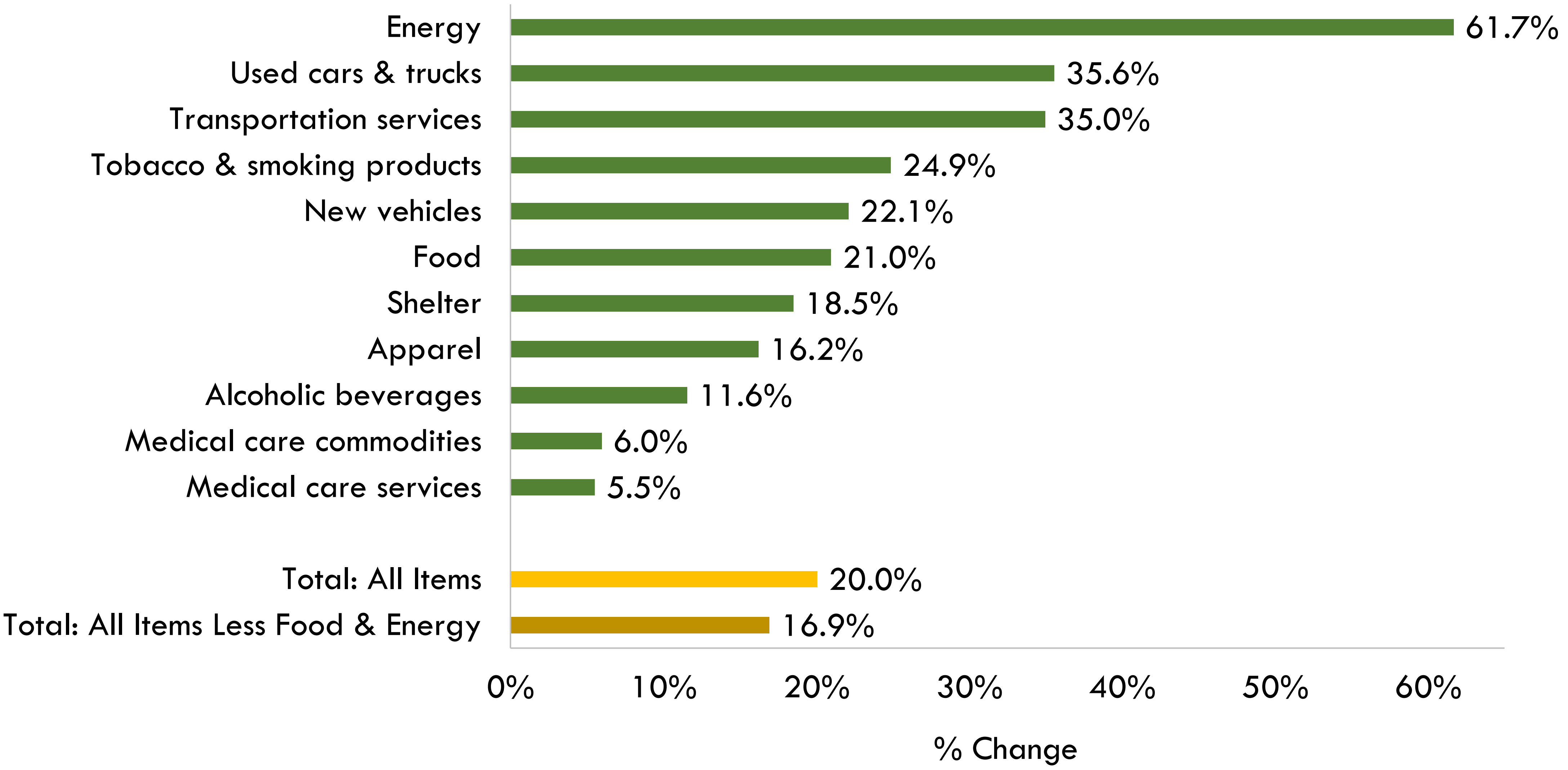
U.S. Consumer Price Index, Select Categories (NSA)

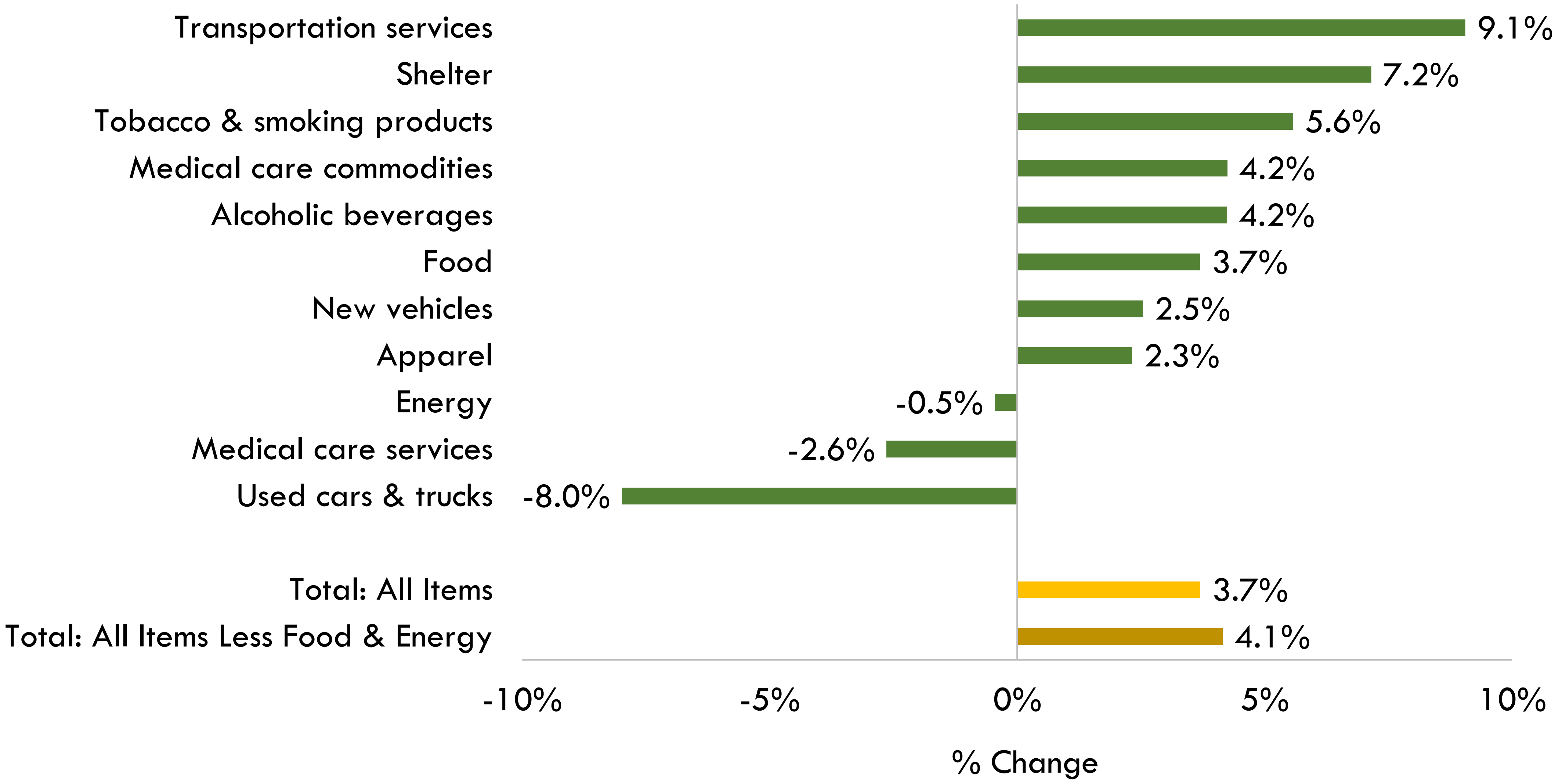
May 2020 v. September 2023 % Change



Source: U.S. Bureau of Labor Statistics

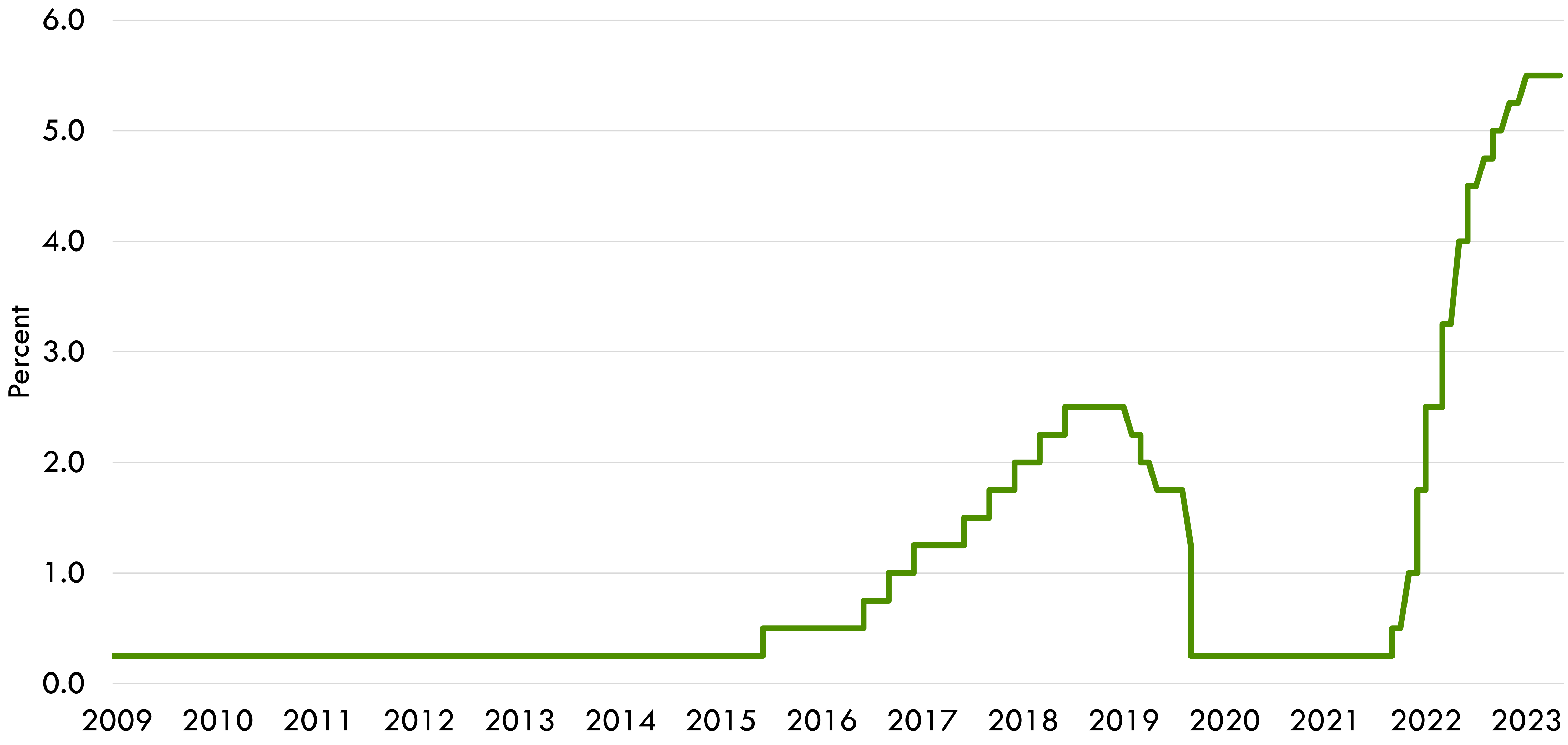
U.S. Consumer Price Index, Select Categories (NSA)

Year-over-year % Change [September 2022 v. September 2023]



Source: U.S. Bureau of Labor Statistics

Federal Funds Target Range, Upper Limit, 2009 – 2023



Source: Board of Governors of the Federal Reserve System

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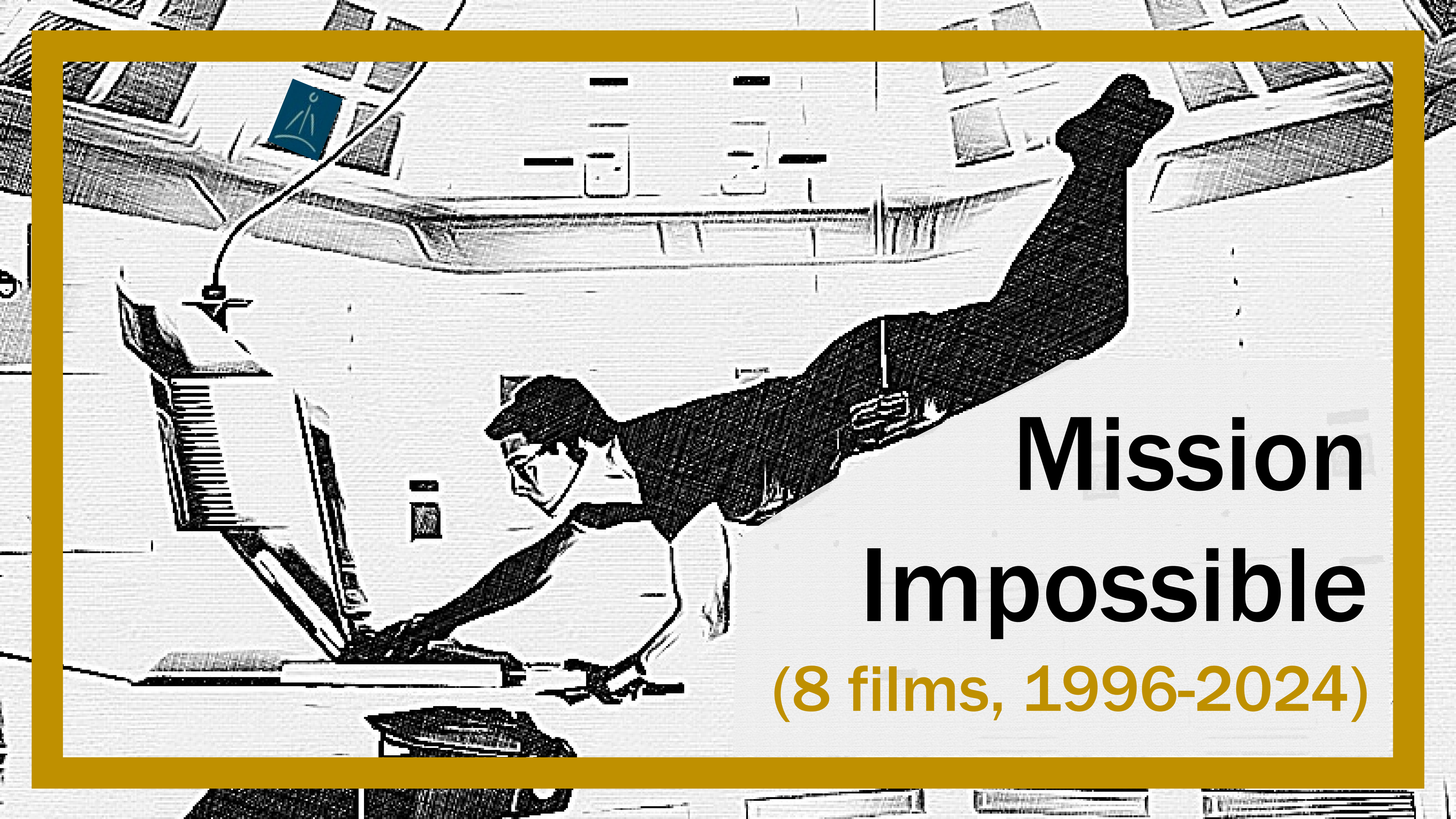
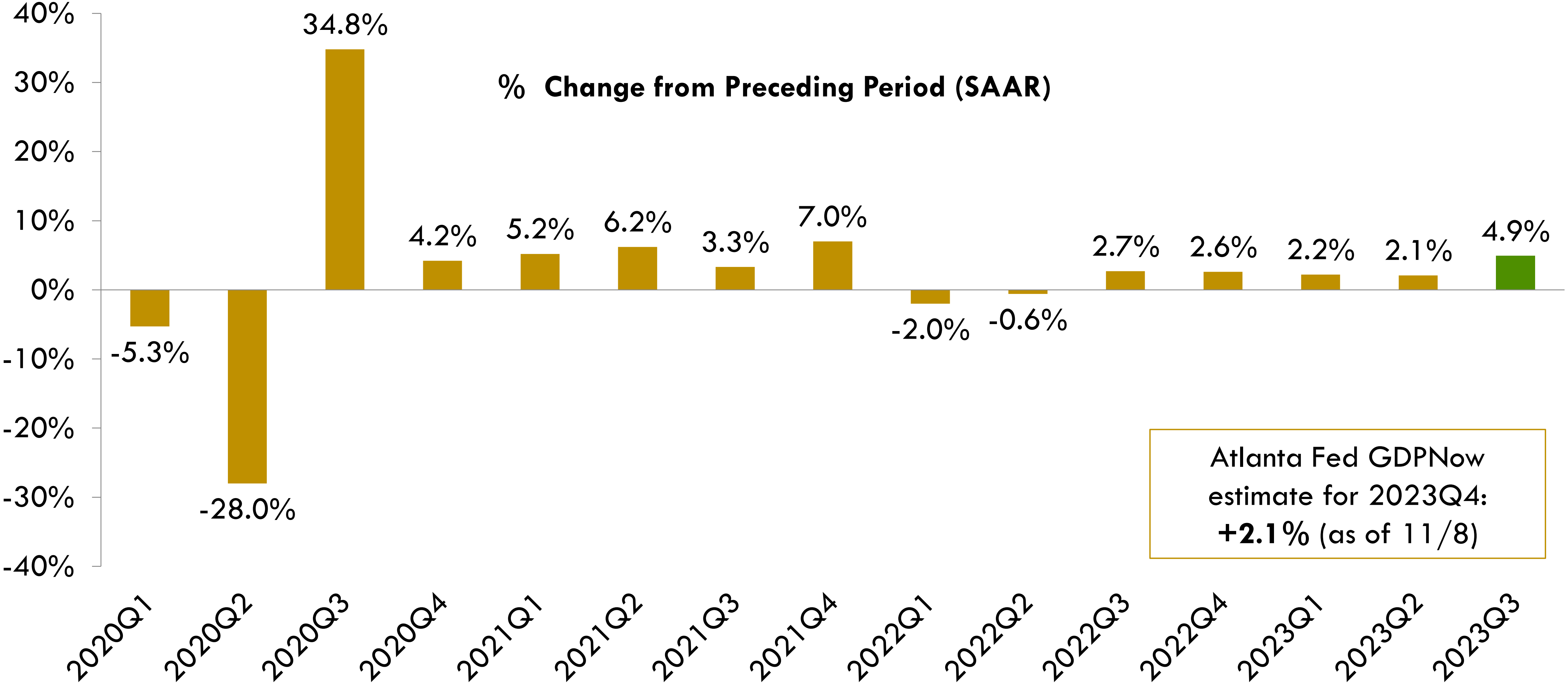

Mission Impossible
(8 films, 1996-2024)

Monetary Policy Lags

- "A large body of research tells us it can take 18 months to two years or more for tighter monetary policy to materially affect inflation." - Raphael Bostic, President and Chief Executive Officer, Federal Reserve Bank of Atlanta
- Some reasons for the lag: how fixed people's expectations are; the gradual response of investment (both business investment and consumer investment in durables/dwellings); long-term contracts (rent); gradual transmission from sectors of the economy immediately affected (ex. lending) to other sectors.
- In the meantime, higher rates reduce investment, slow hiring and wage growth, and eventually increase unemployment.

Born on the 4th of July

U.S. Gross Domestic Product Growth, 2020 – 2023Q3



Source: U.S. Bureau of Economic Analysis *2023Q3: 1st (advance) estimate

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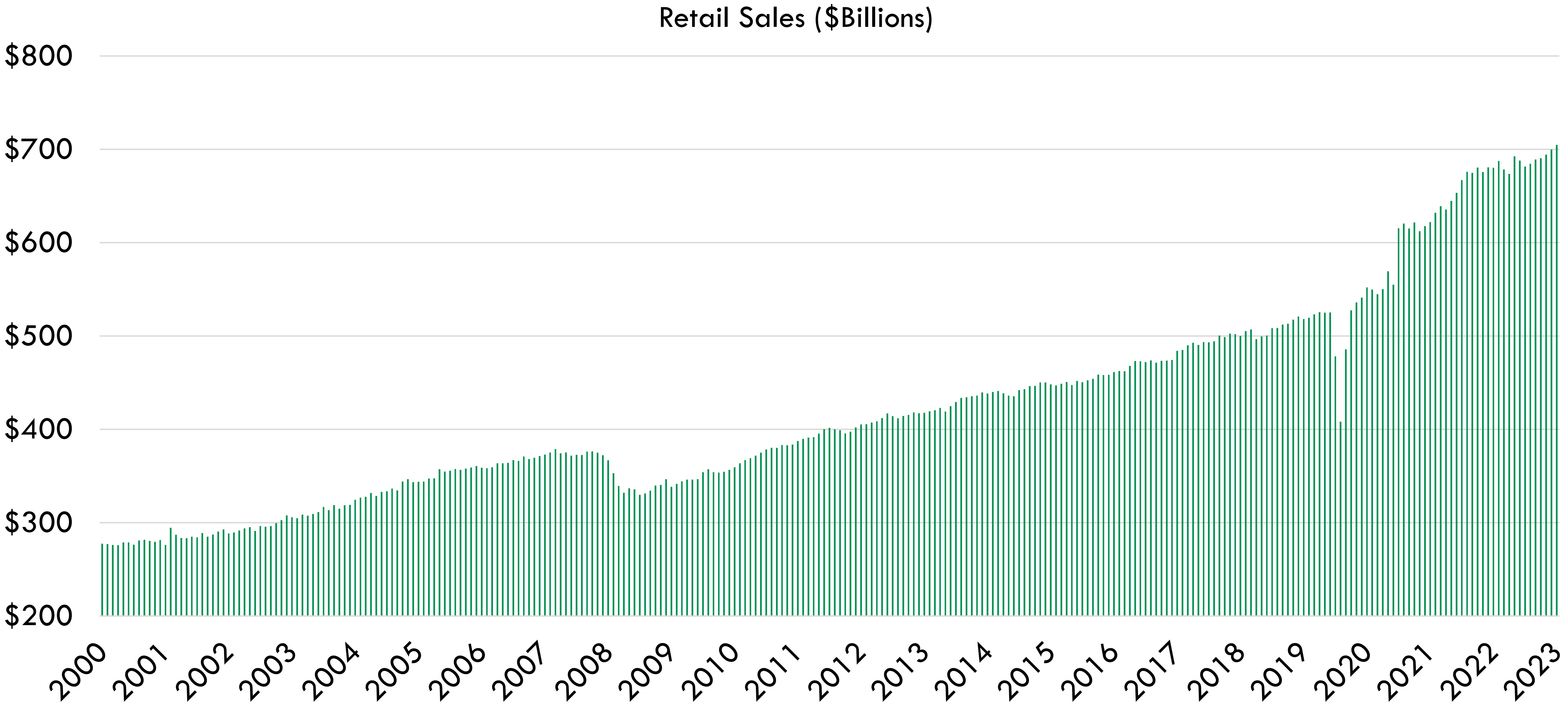
U.S. Retail Sales, 2000 – September 2023



Source: U.S. Census Bureau

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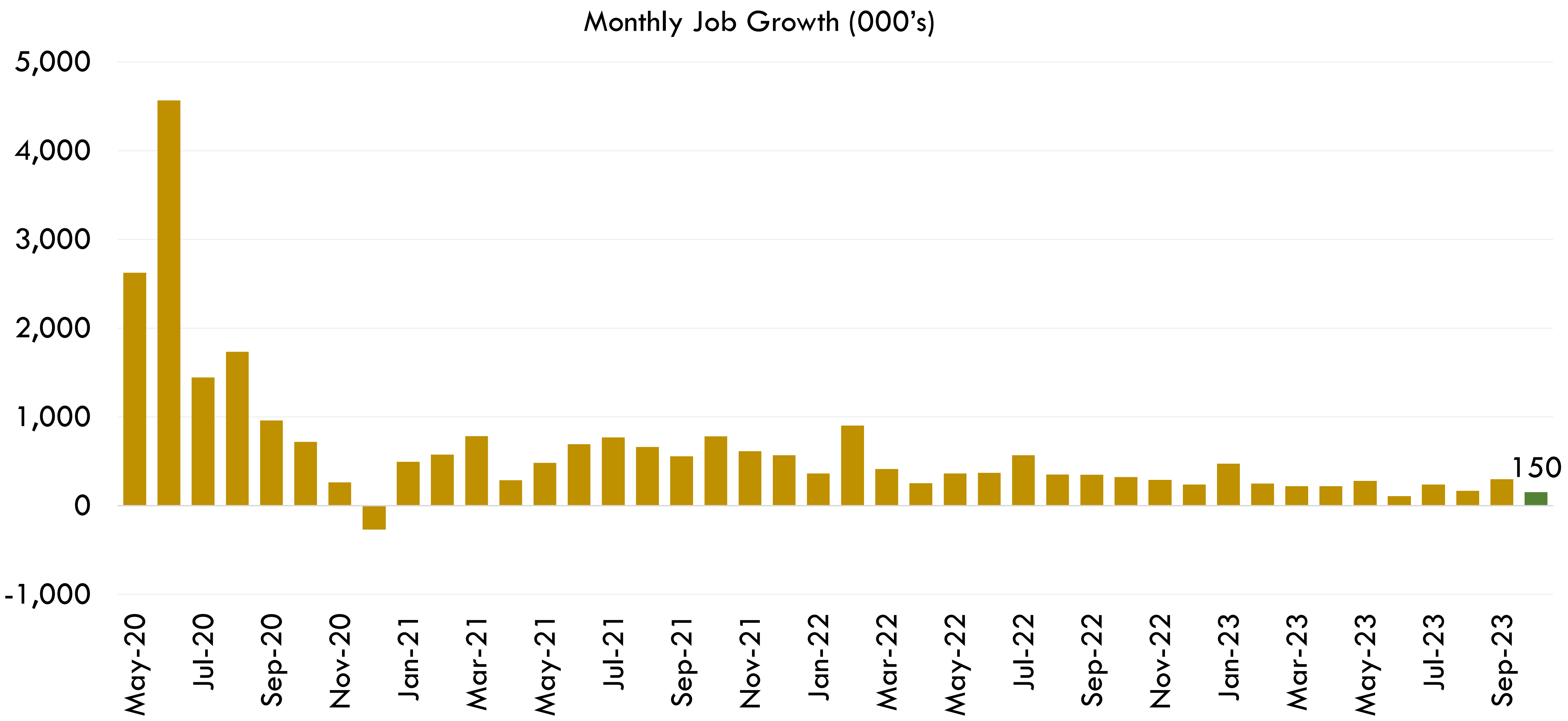
Top Gun: Net Change in U.S. Jobs

May 2020 – October 2023



Source: U.S. Bureau of Labor Statistics

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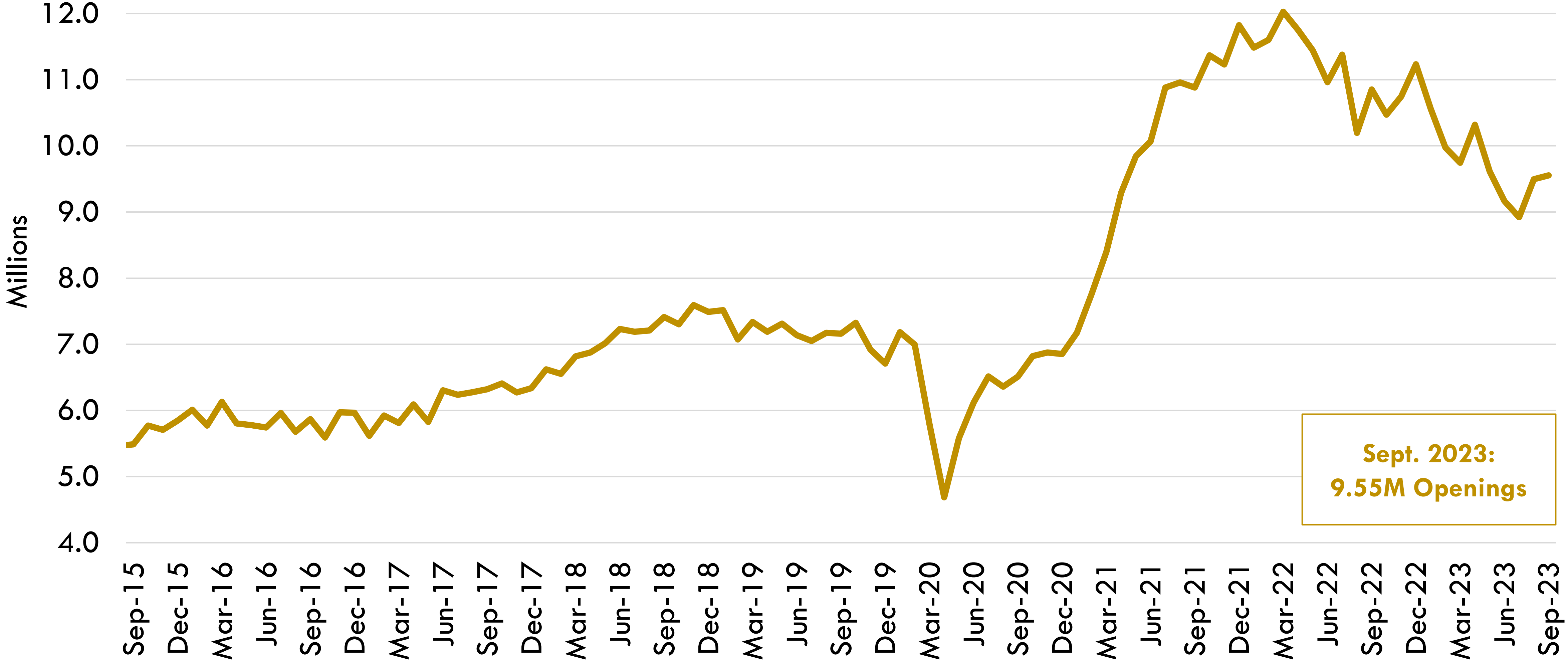
U.S. Job Openings, 2015 – September 2023



Source: U.S. Bureau of Labor Statistics

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Change in LF Participation Rate by Age, Gender

1980 v. 2023

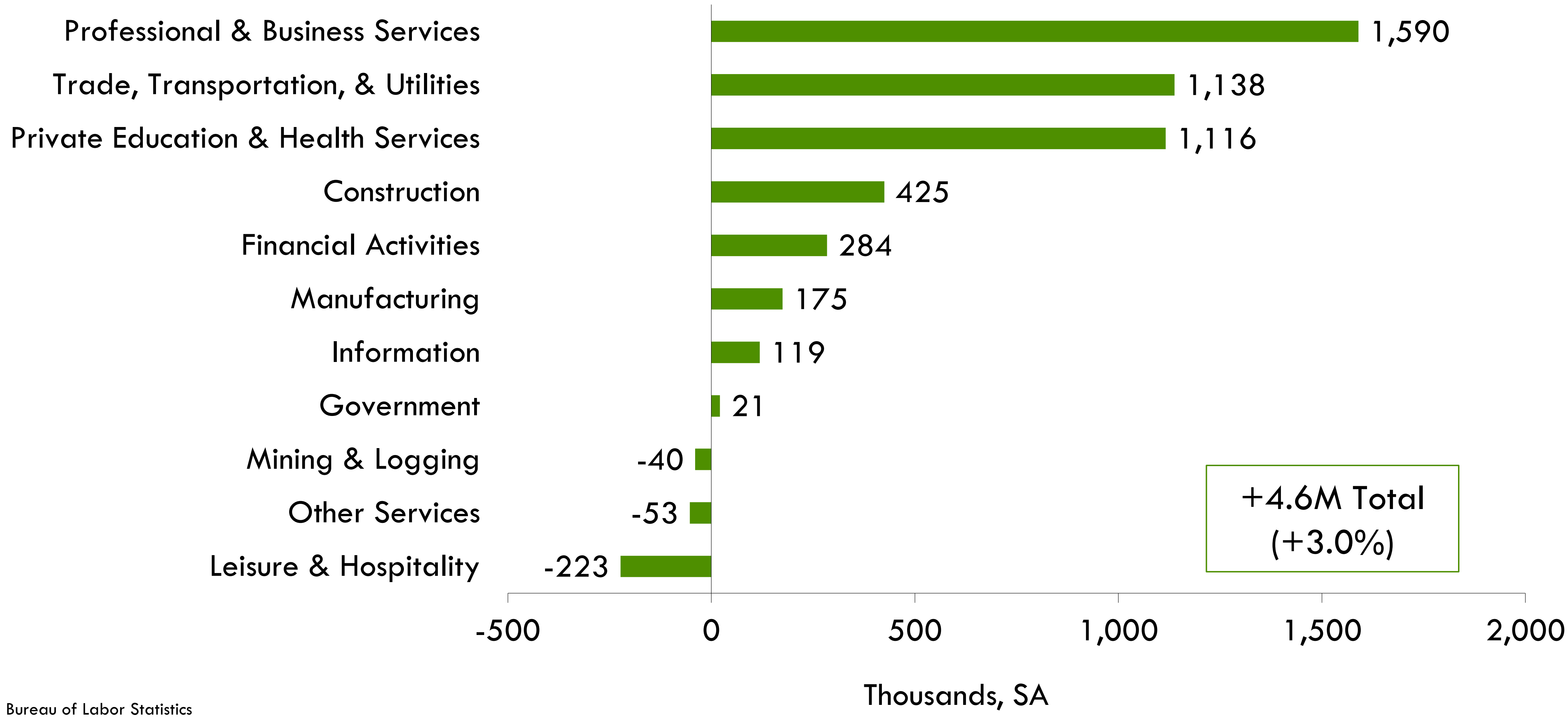
Change in LF Participation Rate, 1980 v. 2023 (percentage points)			
Age Group	Total	Men	Women
16+ years	**-1.2**	**-9.4**	**+5.9**
16-19 years	-19.8	-24.0	-15.4
20-24 years	-5.9	-13.4	+1.1
25-34 years	+3.8	-5.9	+12.7
35-44 years	+3.8	-5.3	+11.9
45-54 years	+7.2	-3.5	+16.8
55-64 years	+10.1	-0.6	+18.9

If the labor force participation rate were what it was in 1980, there would be 12.2 million more men and 8.0 million fewer women in the labor force (ages 16+).

Source: Bureau of Labor Statistics

U.S. Jobs Recovered Since February 2020

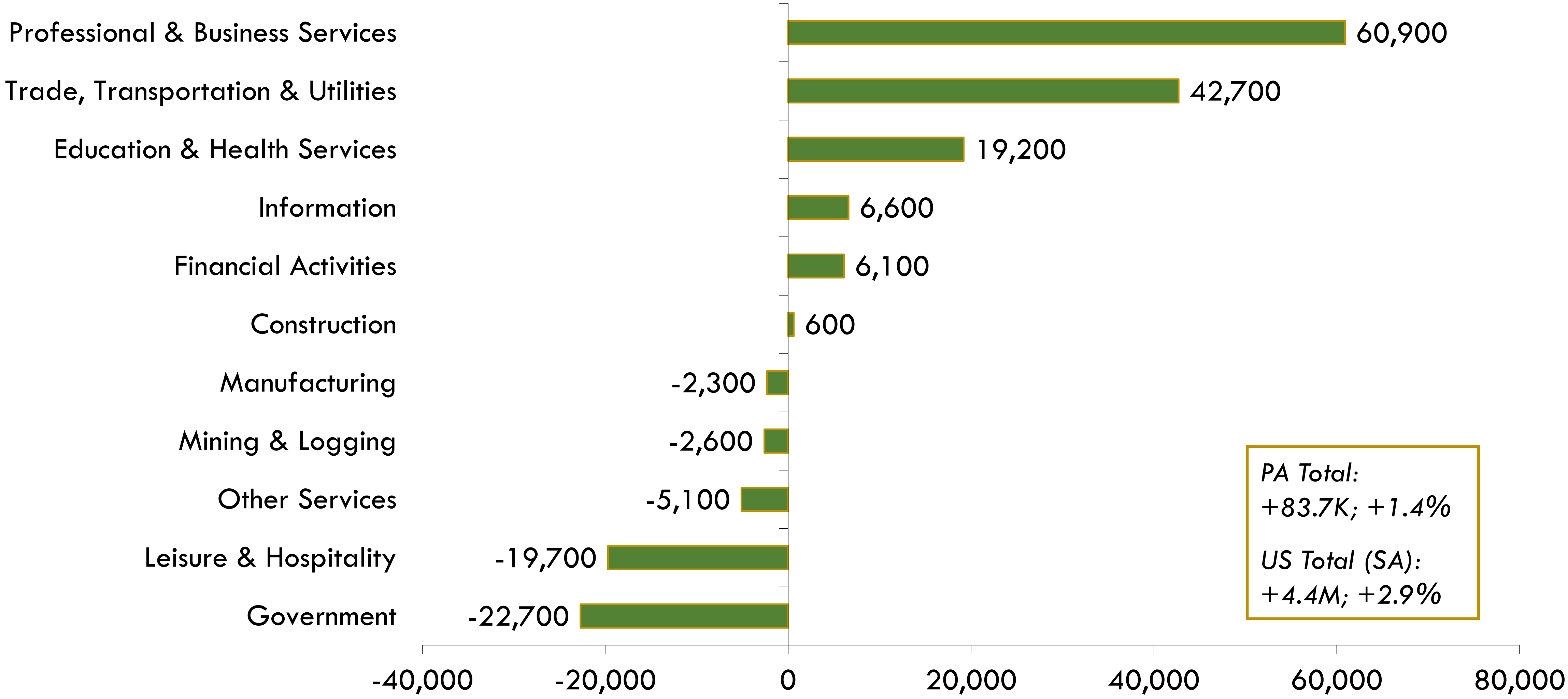
Nonfarm Employment by Industry Sector, February 2020 v. October 2023



Source: U.S. Bureau of Labor Statistics

Pennsylvania Nonfarm Employment

February 2020 v. September 2023 Absolute Change



*According to the Local Area Unemployment Statistics (LAUS) program PA added 25,520 jobs between February 2020 and September 2023.

Source: U.S. Bureau of Labor Statistics
*Data are seasonally adjusted (SA)

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Employment Growth, 25 Largest Metros

February 2020 v. September 2023 Percent Change

Rank	MSA	%	Rank	MSA	%
1	Dallas-Fort Worth-Arlington, TX	12.3%	14	San Diego-Carlsbad, CA	3.5%
2	Tampa-St. Petersburg-Clearwater, FL	8.6%	15	Portland-Vancouver-Hillsboro, OR-WA	2.6%
3	Charlotte-Concord-Gastonia, NC-SC	8.2%	16	Chicago-Naperville-Elgin, IL-IN-WI	2.5%
4	San Antonio-New Braunfels, TX	7.8%	17	St. Louis, MO-IL	2.4%
5	Orlando-Kissimmee-Sanford, FL	7.0%	18	Boston-Cambridge-Nashua, MA-NH	1.9%
6	Atlanta-Sandy Springs-Roswell, GA	6.6%	19	New York-Newark-Jersey City, NY-NJ-PA	1.6%
7	Phoenix-Mesa-Scottsdale, AZ	6.5%	20	Washington-Arlington-Alexandria, DC-VA-MD-WV	1.3%
8	Houston-The Woodlands-Sugar Land, TX	5.6%			
8	Riverside-San Bernardino-Ontario, CA	5.6%	21	Baltimore-Columbia-Towson, MD	1.0%
10	**Philadelphia-Camden-Wilm., PA-NJ-DE-MD**	**4.9%**	22	Los Angeles-Long Beach-Anaheim, CA	0.9%
11	Miami-Fort Lauderdale-West Palm Beach, FL	4.5%	23	Minneapolis-St. Paul-Bloomington, MN-WI	0.6%
12	Seattle-Tacoma-Bellevue, WA	3.7%	24	San Francisco-Oakland-Hayward, CA	0.3%
13	Denver-Aurora-Lakewood, CO	3.6%	25	Detroit-Warren-Dearborn, MI	-0.3%

Source: Bureau of Labor Statistics

Current Employment Statistics (CES) Survey. Note: data are not seasonally adjusted.

U.S. % Change 2/2020 v. 9/2023: +2.9%

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Unemployment Rates, 25 Largest Metros, September 2023

Rank	MSA	%	Rank	MSA	%
1	Baltimore-Columbia-Towson, MD	1.8	**12**	**Philadelphia-Camden-Wilm., PA-NJ-DE-MD**	**3.5**
2	Boston-Cambridge-Nashua, MA-NH	2.4	12	San Francisco-Oakland-Hayward, CA	3.5
3	Miami-Fort Lauderdale-West Palm Beach, FL	2.5	14	Seattle-Tacoma-Bellevue, WA	3.7
4	Washington-Arlington-Alexandria, DC-VA-MD-WV	2.6	15	Detroit-Warren-Dearborn, MI	3.8
			15	Phoenix-Mesa-Scottsdale, AZ	3.8
5	Minneapolis-St. Paul-Bloomington, MN-WI	2.7	15	San Antonio-New Braunfels, TX	3.8
6	Charlotte-Concord-Gastonia, NC-SC	3.0	18	Dallas-Fort Worth-Arlington, TX	3.9
7	Orlando-Kissimmee-Sanford, FL	3.1	19	San Diego-Carlsbad, CA	4.0
7	St. Louis, MO-IL	3.1	20	Houston-The Woodlands-Sugar Land, TX	4.4
9	Tampa-St. Petersburg-Clearwater, FL	3.2	20	New York-Newark-Jersey City, NY-NJ-PA	4.4
10	Denver-Aurora-Lakewood, CO	3.3	22	Chicago-Naperville-Elgin, IL-IN-WI	4.7
11	Atlanta-Sandy Springs-Roswell, GA	3.4	23	Riverside-San Bernardino-Ontario, CA	5.0
11	Portland-Vancouver-Hillsboro, OR-WA	3.4	24	Los Angeles-Long Beach-Anaheim, CA	5.3

Source: Bureau of Labor Statistics
Local Area Unemployment Statistics (LAUS) program.
Note: data are not seasonally adjusted

U.S. Unemployment Rate—Sept: 3.8% | Oct: 3.9%

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You Had Me at Recession

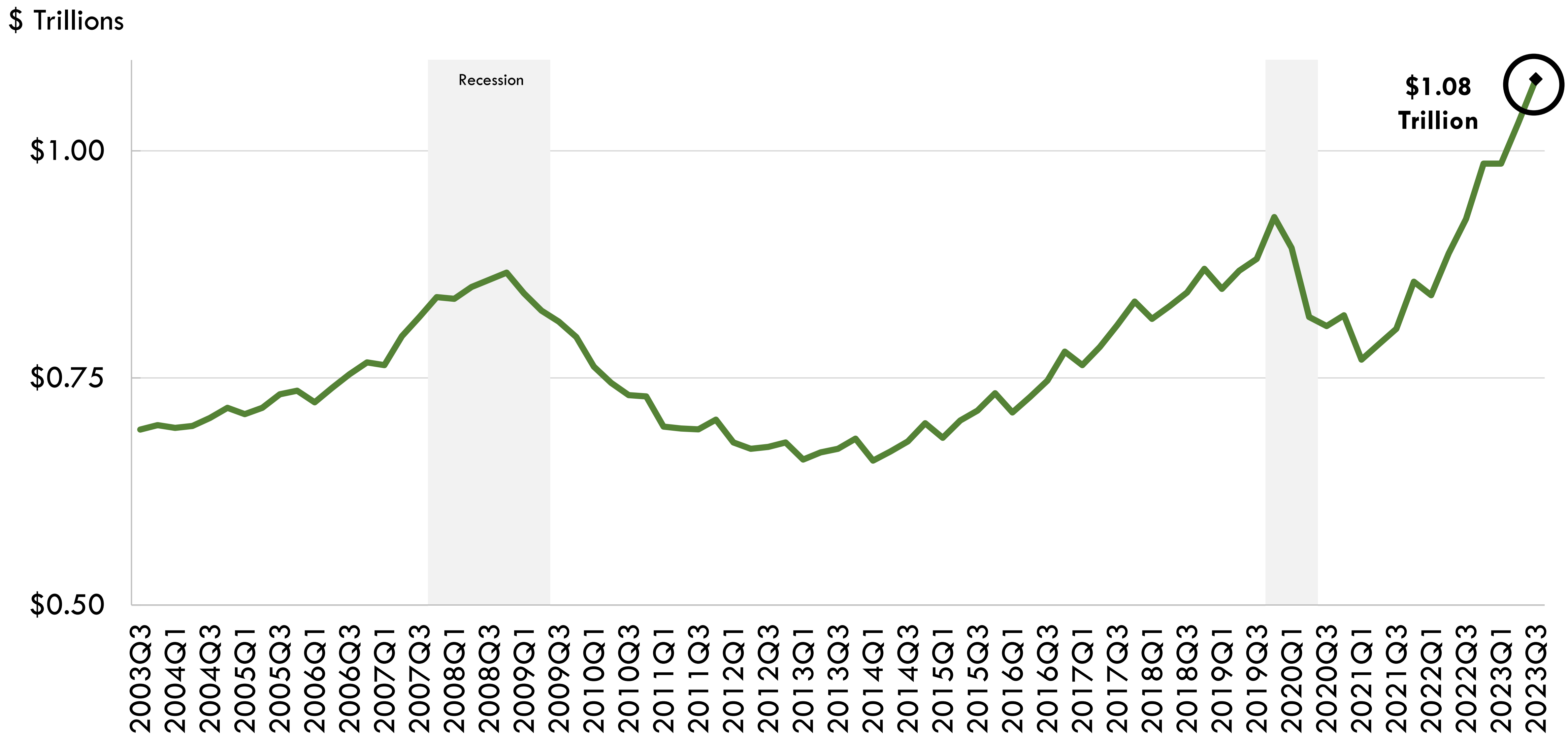
(Jerry Maguire, 1996)

Defining Recession: Eyes Wide Shut

- The National Bureau of Economic Research (NBER)'s Business Cycle Dating Committee is the official recession scorekeeper – it maintains a chronology of U.S. business cycles.
- NBER's traditional definition of recession is "a significant decline in economic activity that is spread across the economy and that lasts more than a few months."
- There is no fixed rule about which indicators contribute information to NBER's process or how they are weighted in the determination of recession.
- Because the government statistics NBER relies on are published at various lags, the NBER Committee cannot officially designate a recession until after it starts (and often not until it's over).

Source: National Bureau of Economic Research

U.S. Credit Card Debt, 2003 – 2023



Source: FRED; New York Fed Consumer Credit Panel/Equifax

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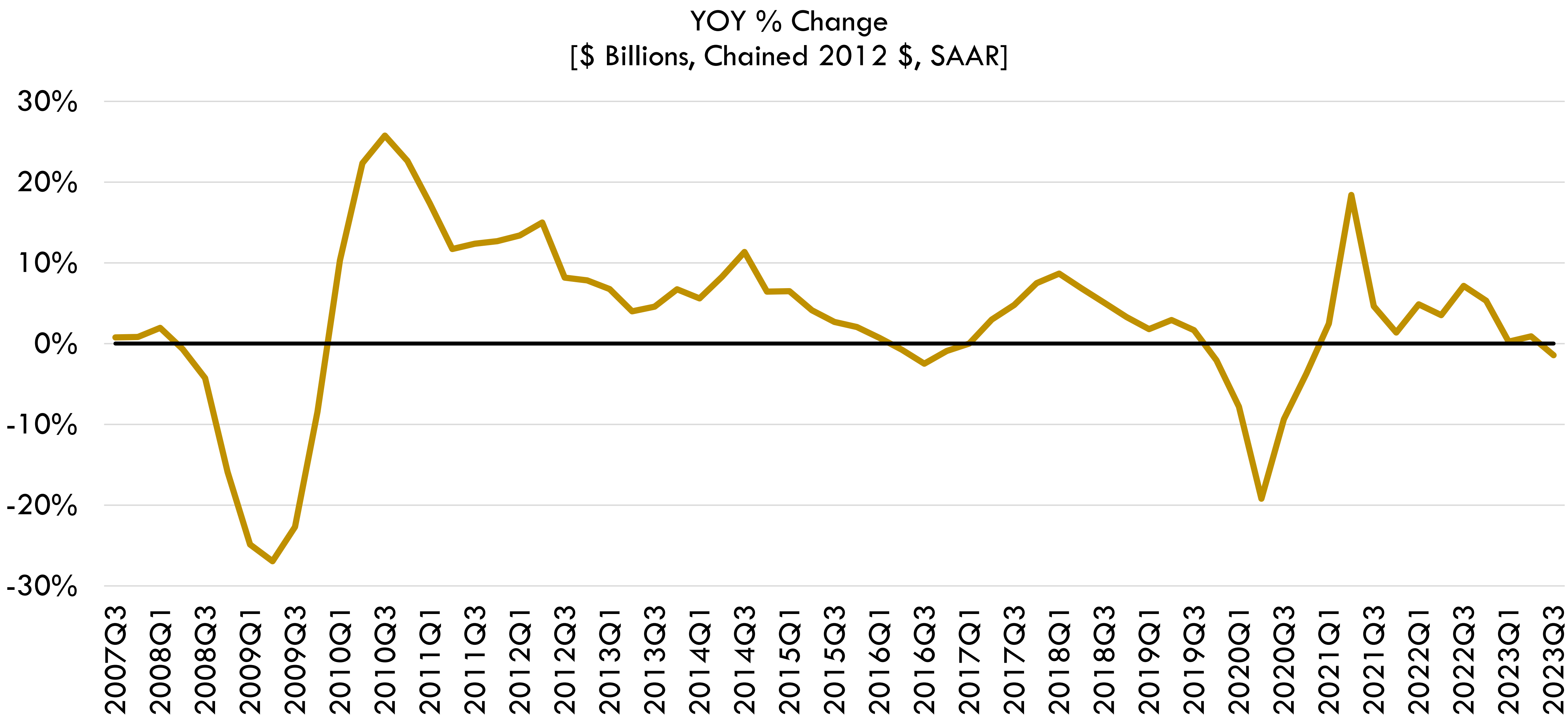
U.S. GDP: Nonresidential Fixed Investment in Equipment

2007 – 2023Q3



Source: U.S. Bureau of Economic Analysis   *2023Q3: 1st (advance) estimate

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The Firm

- According to a November 2022 PwC survey of U.S. executives, 26% of firms are planning to reduce the number of full-time employees over the next 12-18 months.
  - In August 2022, 50% of firms said they already had, or had a plan in place to, reduce overall headcount.
- Four out of five executives surveyed by PwC in November 2022 said a recession is coming within the next six months.

Source: News reports; PwC Pulse Survey

Noteworthy Layoffs in 2022-2023

Ranked by Number Laid Off

Company	Estimated Layoffs	Workforce Before Layoffs	Percent Laid Off
Amazon	27,000	1,544,000	1.7%
Meta	21,000	87,314	24.1%
Accenture	19,000	760,000	2.5%
Alphabet	12,000	187,000	6.4%
Microsoft	10,000	221,000	4.5%
3M	8,500	90,000	9.4%
Salesforce	8,000	79,000	10.1%
Disney	7,000	222,000	3.2%
Dell	6,650	133,000	5.0%
Twitter	3,700	7,500	49.3%
Goldman Sachs	3,200	49,000	6.5%
Indeed	2,200	14,600	15.1%
PayPal	2,000	29,000	6.9%
Dow	2,000	38,000	5.3%
Boeing	2,000	156,000	1.3%

Source: Company announcements & government filings; news reports

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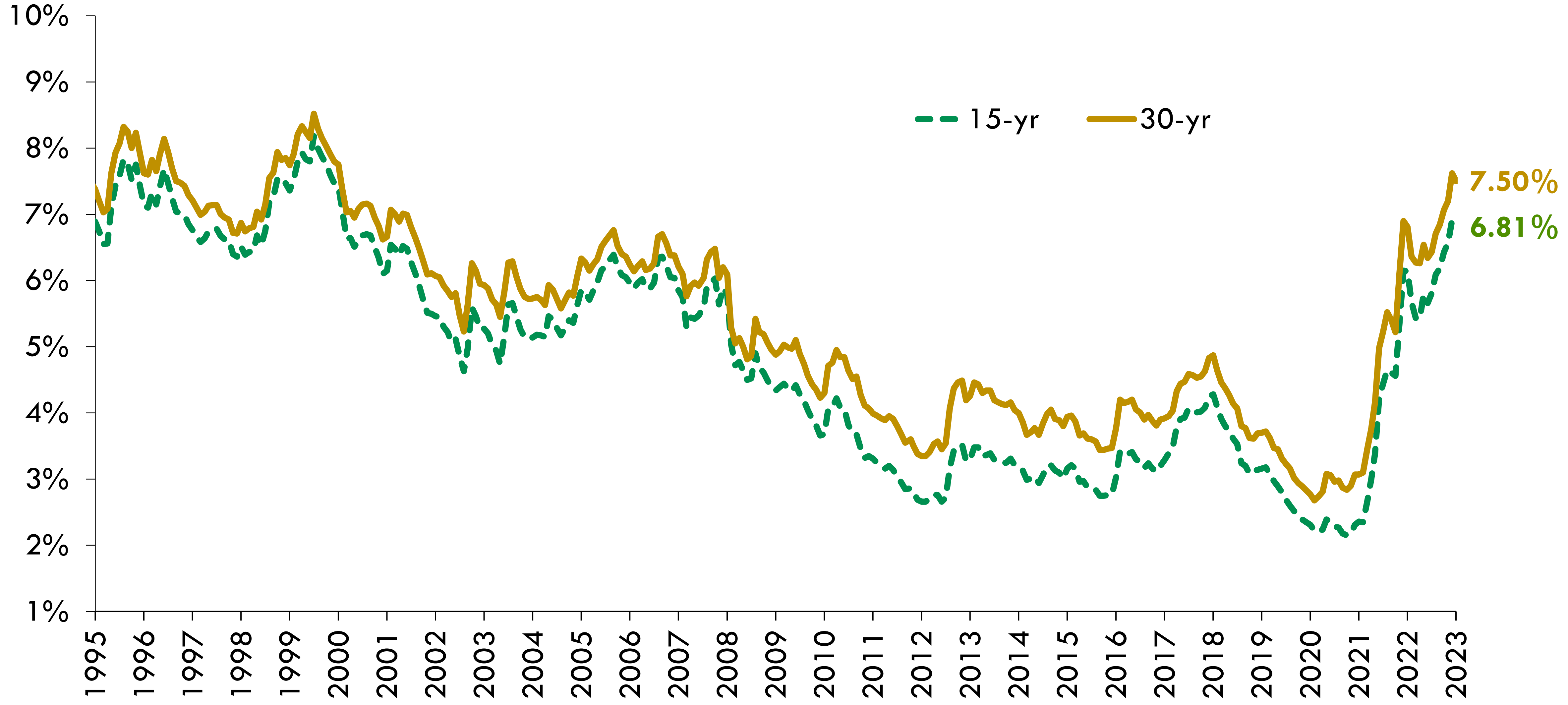
A Few Good Properties

(A Few Good Men, 1992)

U.S. 15-Year & 30-Year Fixed Mortgage Rates

1995 – November 2023*



Source: Freddie Mac *Week ending 11/9/2023

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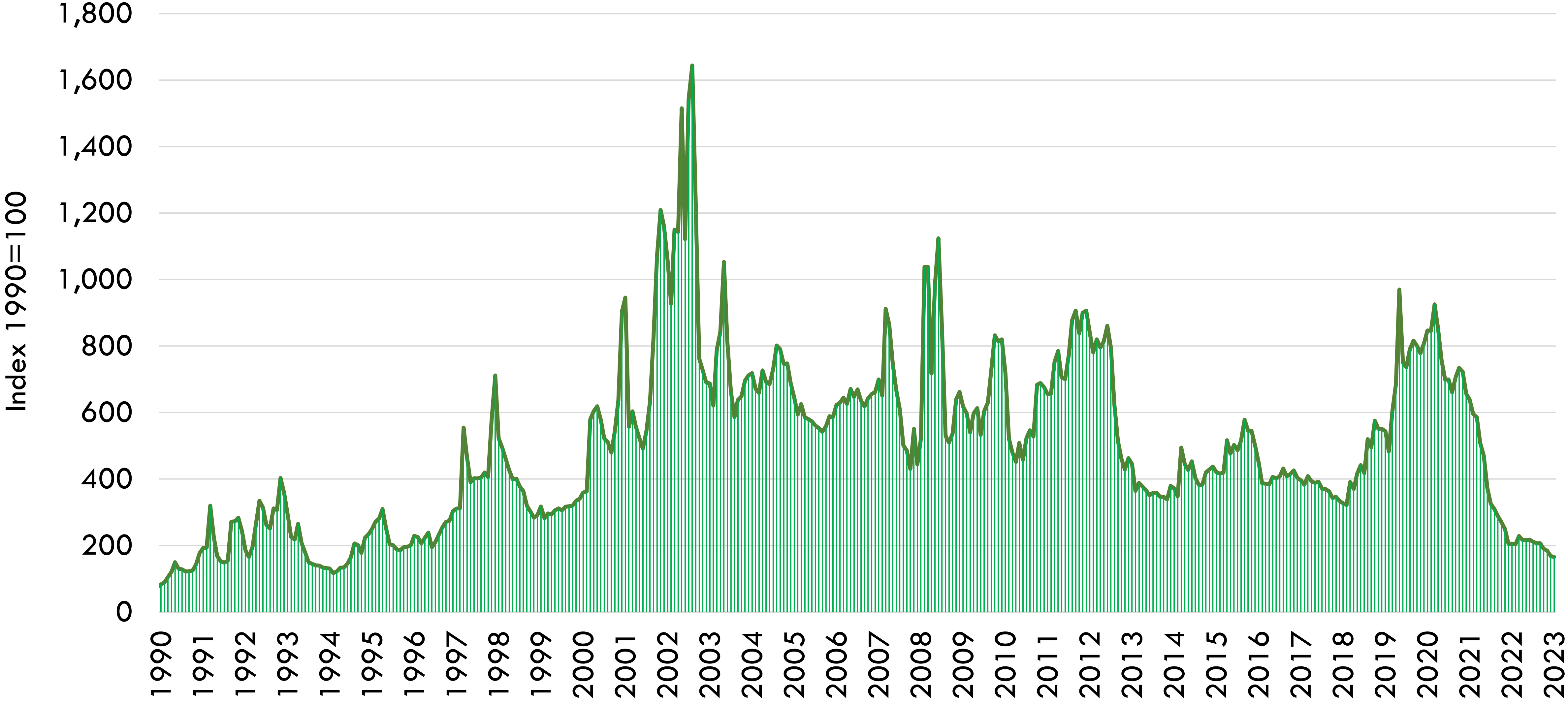
U.S. Mortgage Loan Applications Composite Index

1990 – November 2023



Source: Mortgage Bankers Association (MBA)

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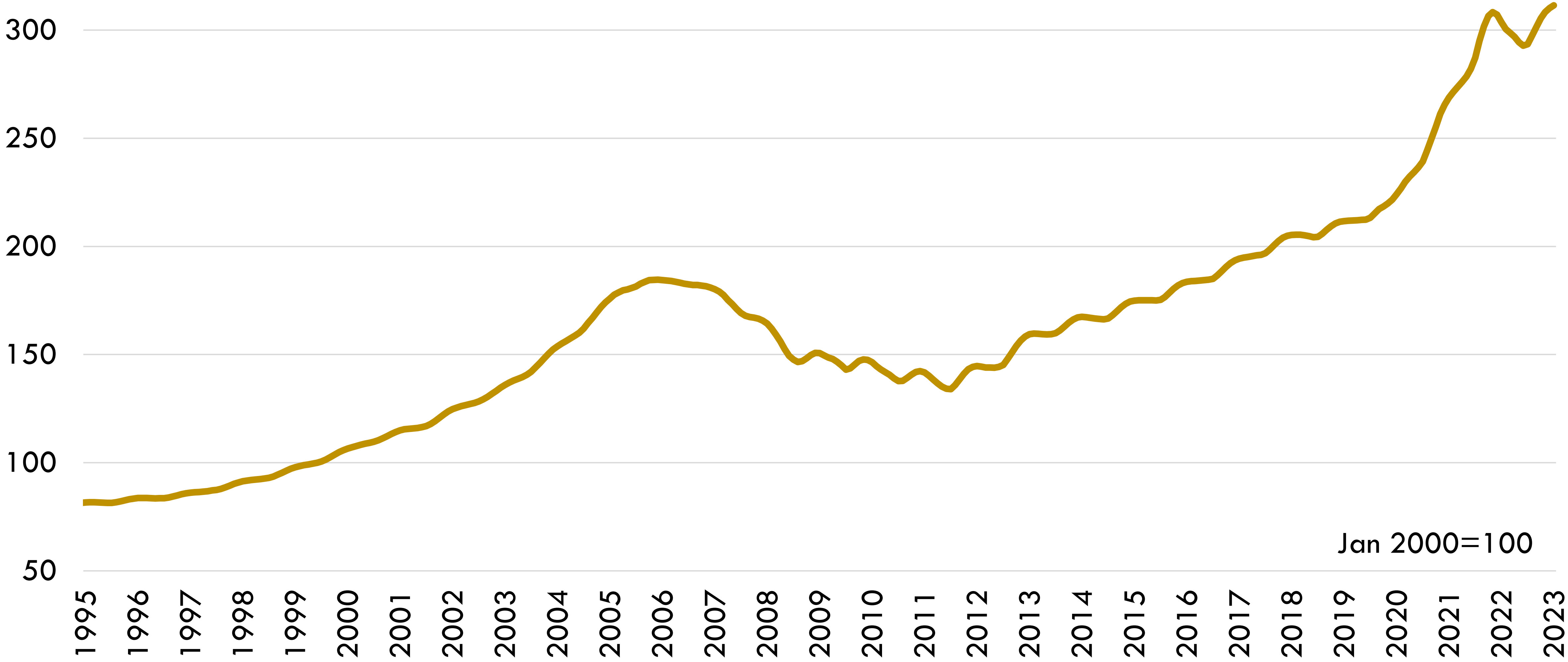
S&P Case-Shiller U.S. National Home Price Index

1995 – August 2023



Source: Standard & Poor's

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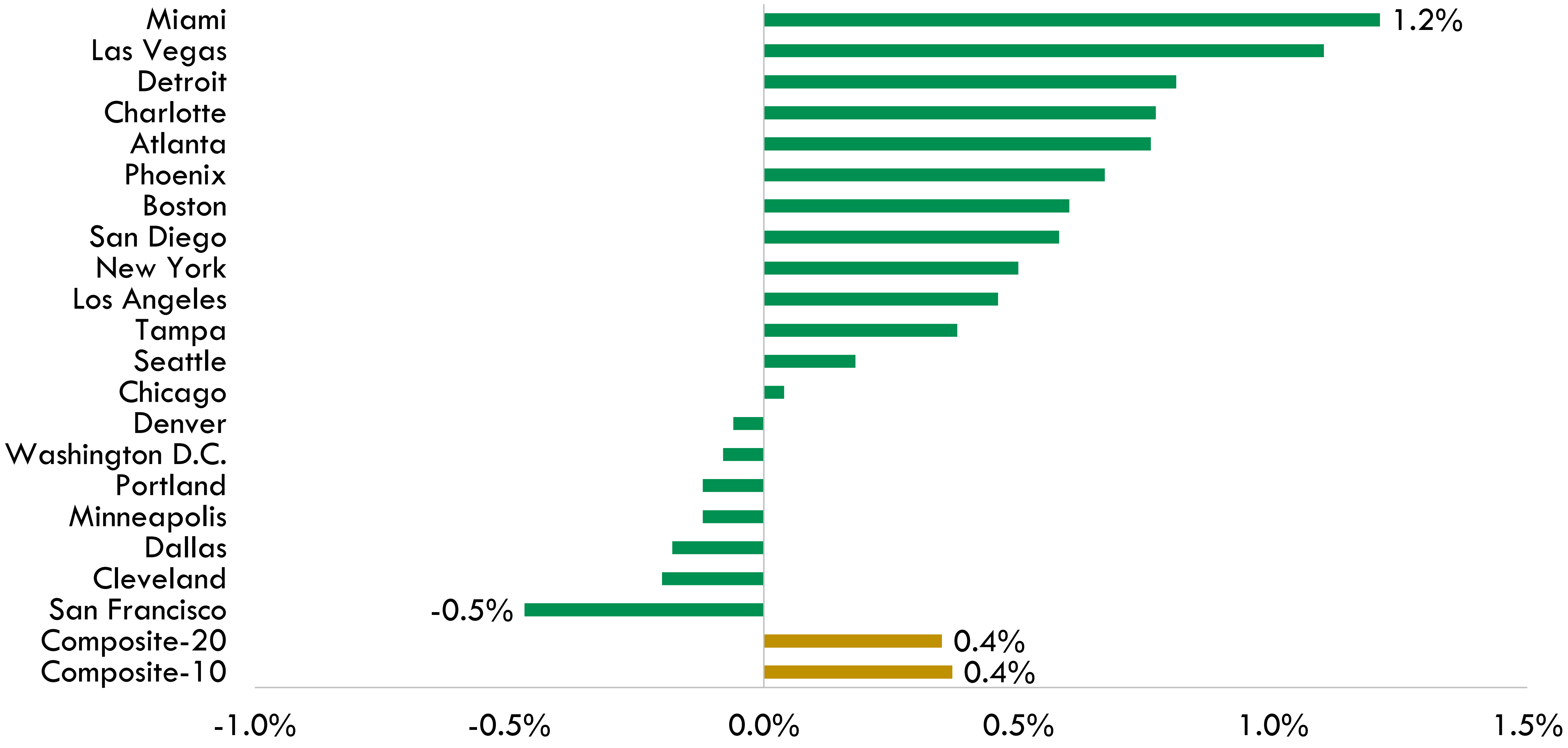
S&P Case-Shiller Home Price Index by Metro Area

1-Month % Change, August 2023



Source: Standard & Poor's

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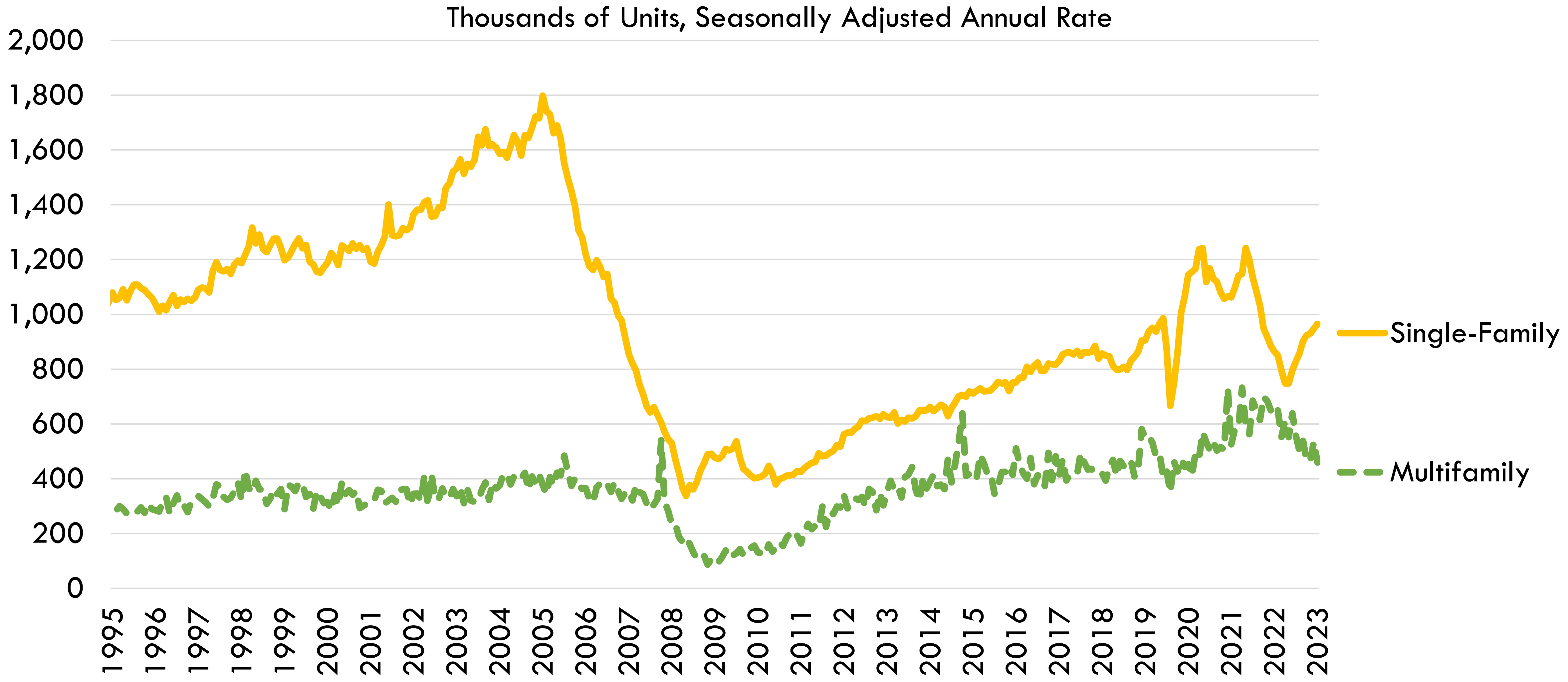
U.S. Residential Building Permits

1995 – September 2023



Source: U.S. Census Bureau

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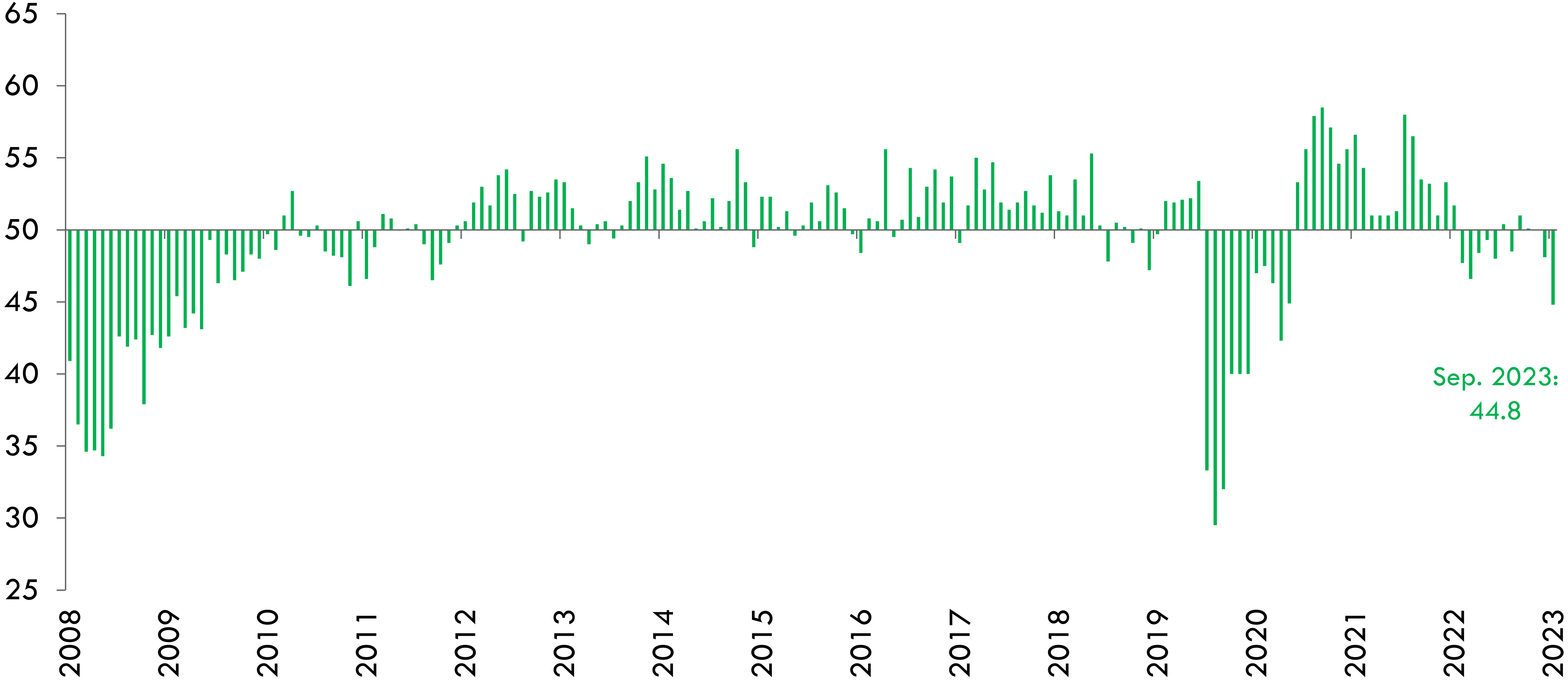
Architecture Billings Index
2008 – September 2023



Source: The American Institute of Architects

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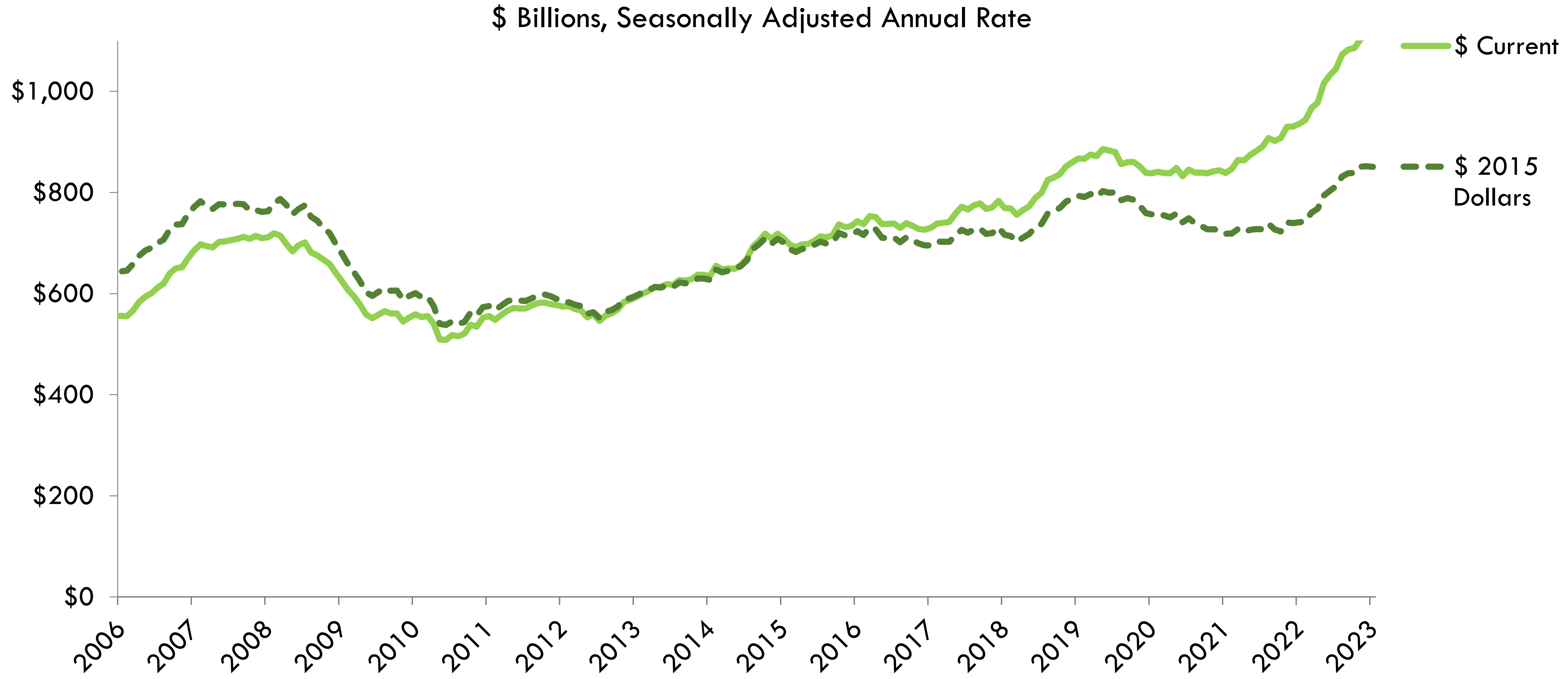
Total Nonresidential Construction Spending

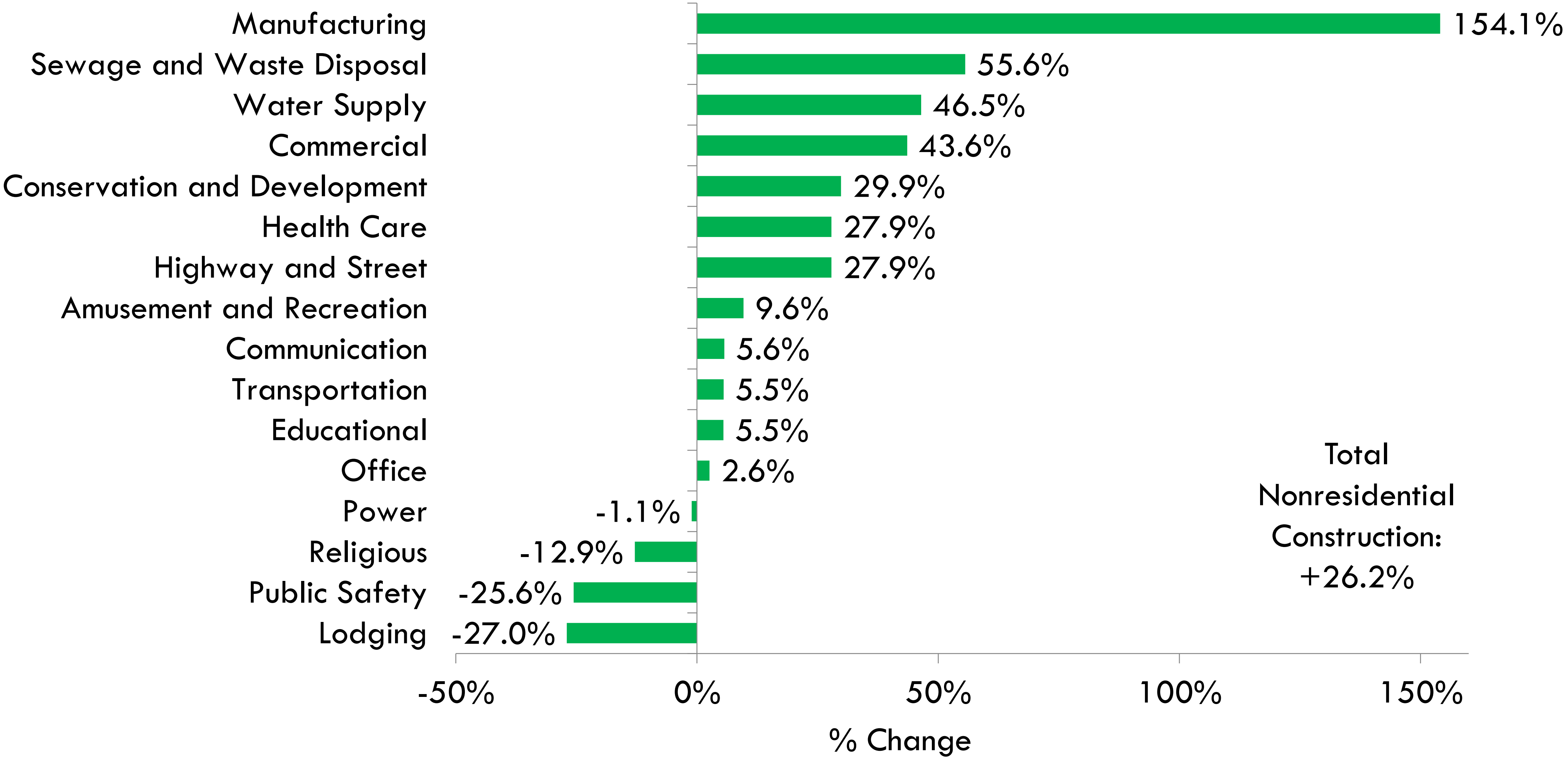
Current/Constant Dollars, 2006 – September 2023



Source: U.S. Census Bureau; U.S. Bureau of Labor Statistics
*Adjusted with U.S. Bureau of Labor Statistics Consumer Price Index, All Urban Consumers, U.S. City Average

Nonresidential Construction Spending by Subsector

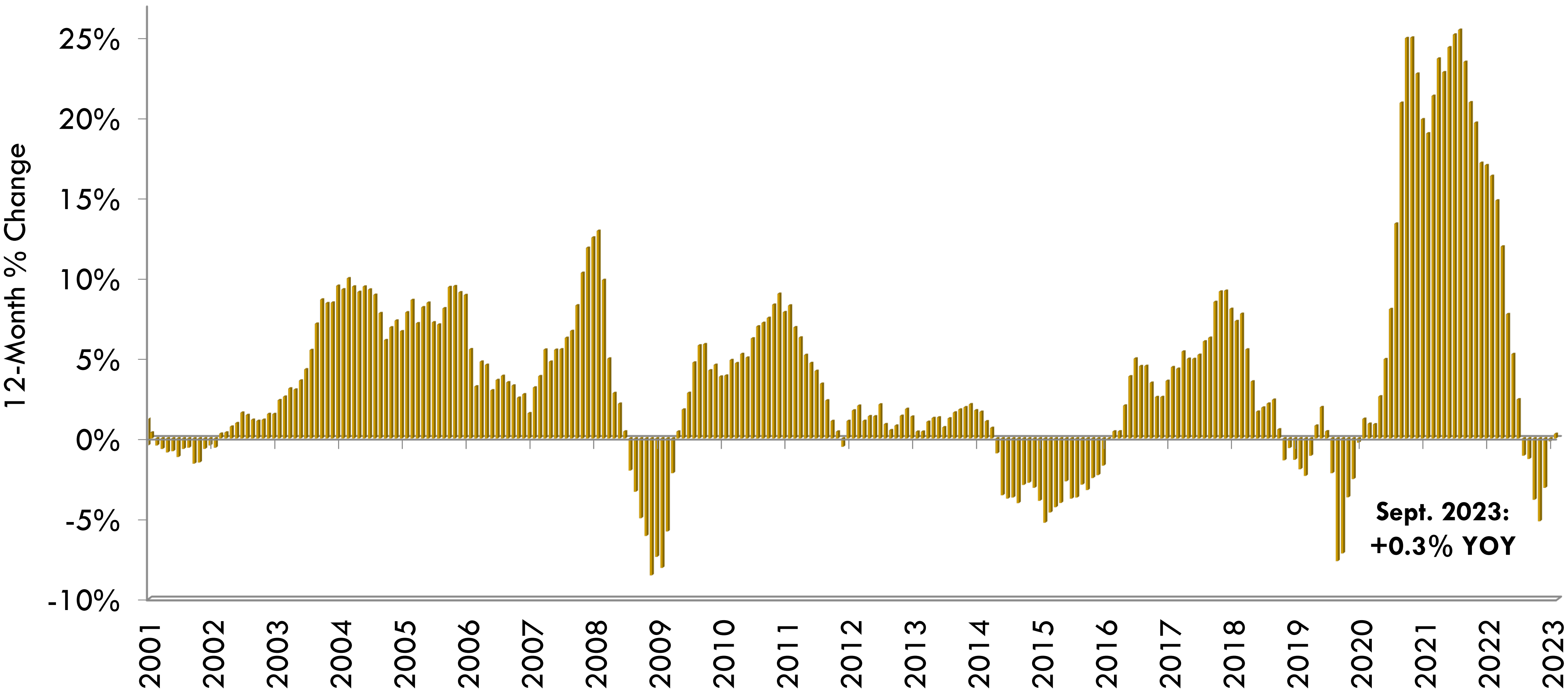
February 2020 v. September 2023 (Current $)



Source: U.S. Census Bureau

Inputs to Construction PPI

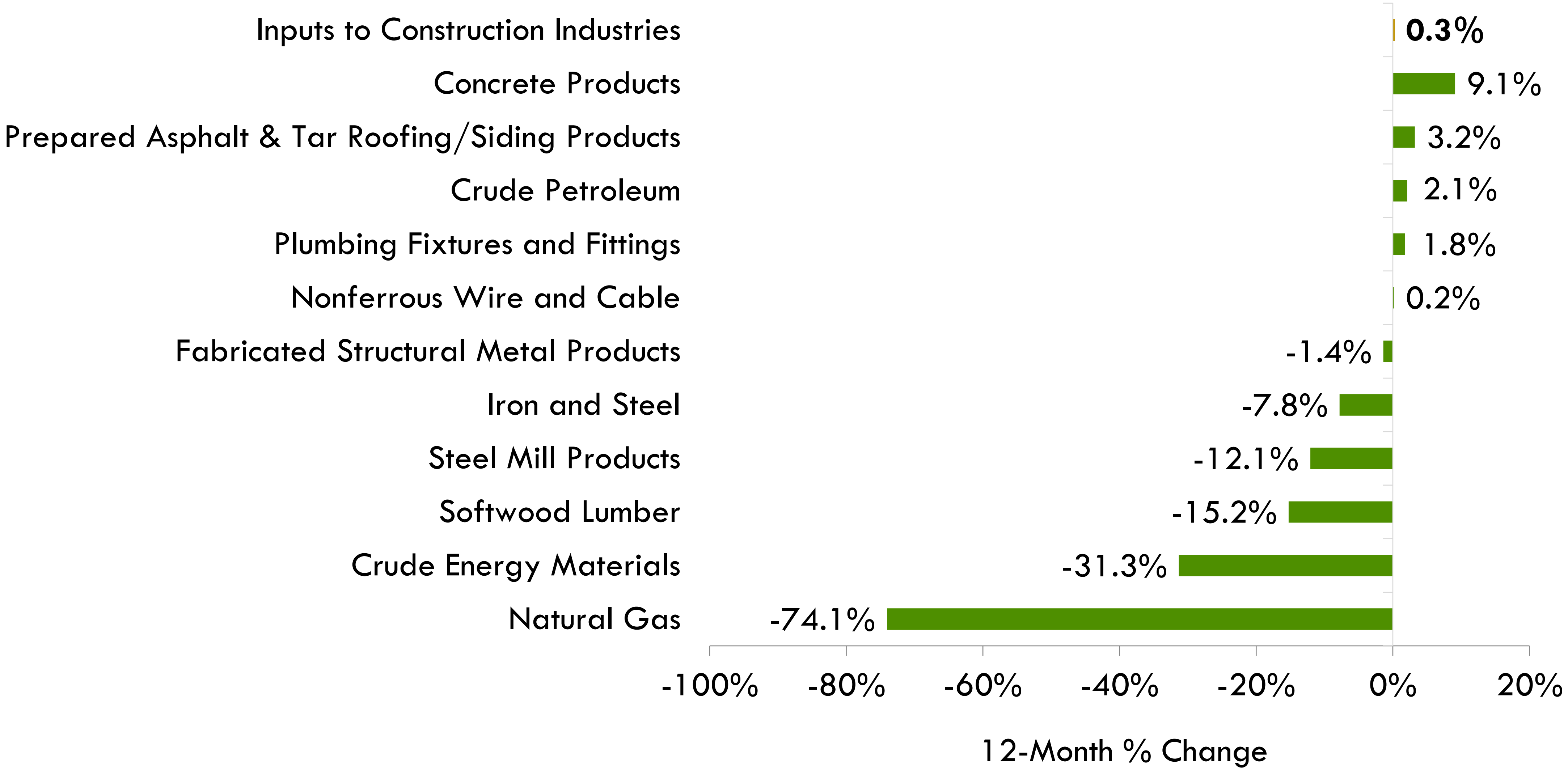
12-Month % Change, 2001 – September 2023



Source: U.S. Bureau of Labor Statistics. Note: Data are not seasonally adjusted

Construction Materials PPI

12-Month % Change as of September 2023



Source: U.S. Bureau of Labor Statistics. Note: Data are not seasonally adjusted

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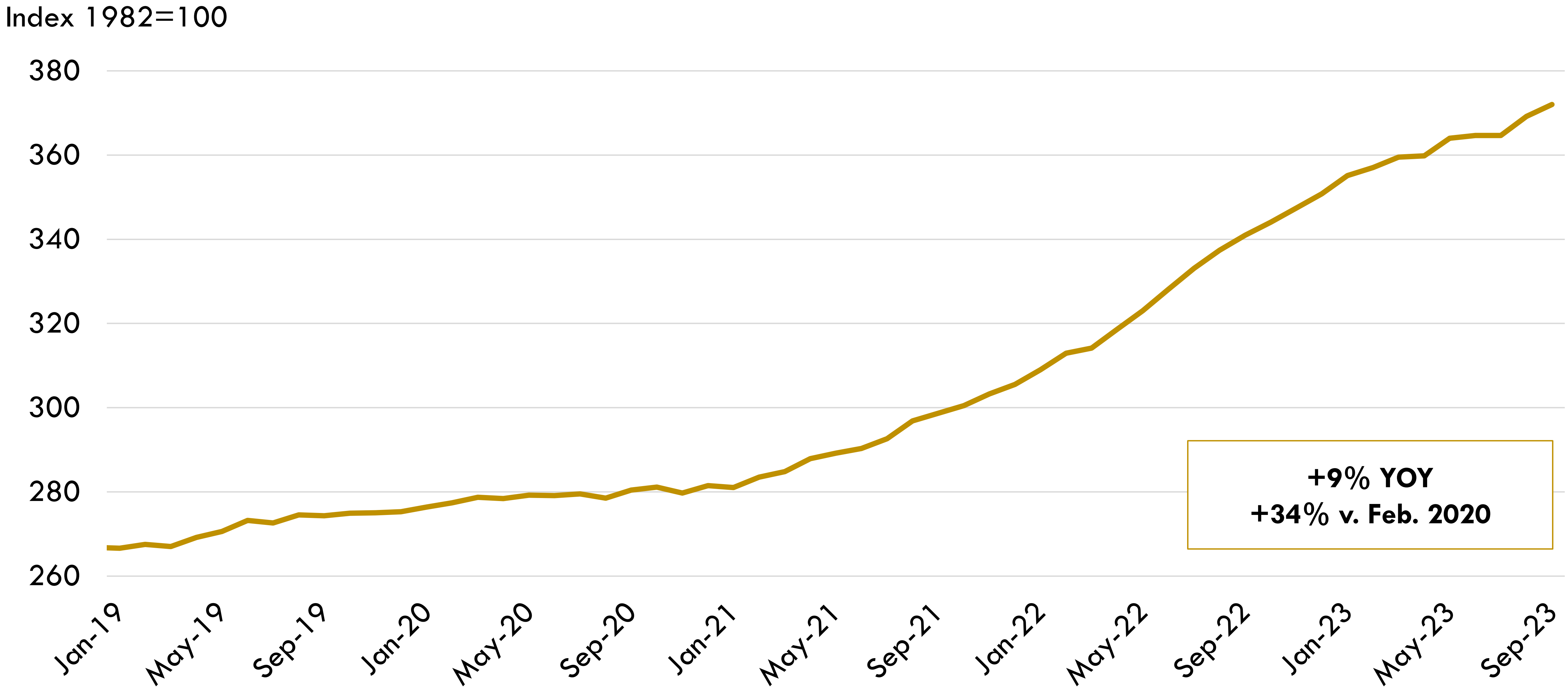
Producer Price Index by Commodity: Concrete Products

January 2019 – September 2023



Source: U.S. Bureau of Labor Statistics

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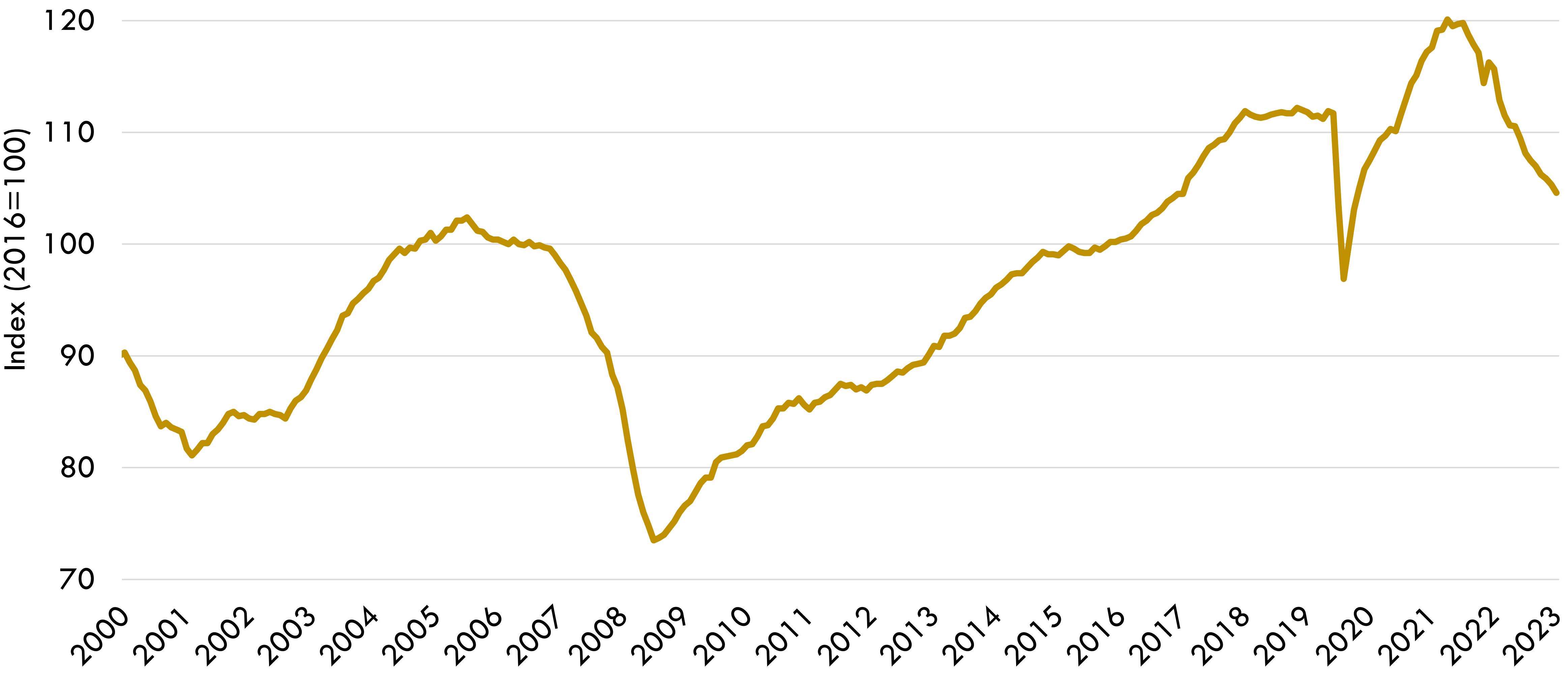
Edge of Tomorrow

Conference Board: U.S. Leading Economic Index

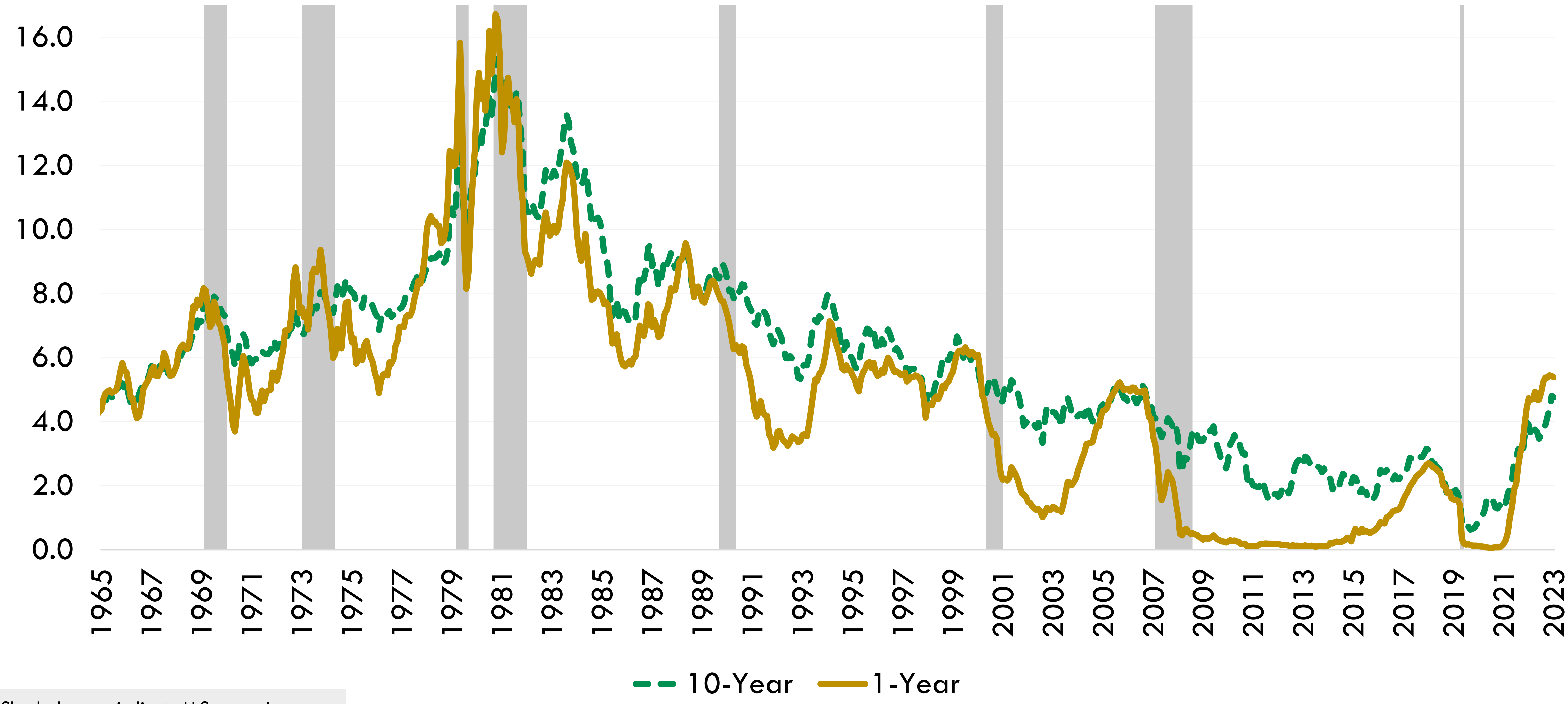
2000 – September 2023



Source: The Conference Board

U.S. Treasury Yields : 10-Year v. 1-Year

1965 – November 2023



Shaded areas indicate U.S. recessions

Source: Federal Reserve Bank of St. Louis

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You Can't Handle the Truth!

- It's going to get worse before it gets better.
- The global economy is weakening, the national economy is weakening, borrowing costs are higher, and excess inflation persists.
- Some segments stand to hold up better than others, including public construction, grocery stores, and multifamily housing.
- At some point, the Federal Reserve will stop raising rates – that will represent a key inflection point for the economy.
- Recessionary conditions will prevail at some point over the next 12 months.

Thank You

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Q & A