

Economic Indicators and Data Points that Impact Investment Returns

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Industrial Development Forum

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Starting with a Kahoot quiz!

- Prizes for top 3 finishers!



What influences returns?

- Many factors
- Some could be obvious, but others ...
- We'll examine several issues and what those might indicate for future returns
- Raise more questions than answers

What we will examine today

- Unemployment rates/labor market participation
- The “demographic cliff”
- Inflation rates
- Economic freedom indices and state migration
- International Trade Restrictions

Unemployment rates and labor market participation



Unemployment rates and labor market participation

- If you are 68 or younger, you haven't lived through a lower unemployment rate



Unemployment rates and labor market participation

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Shaded areas indicate U.S. recessions.

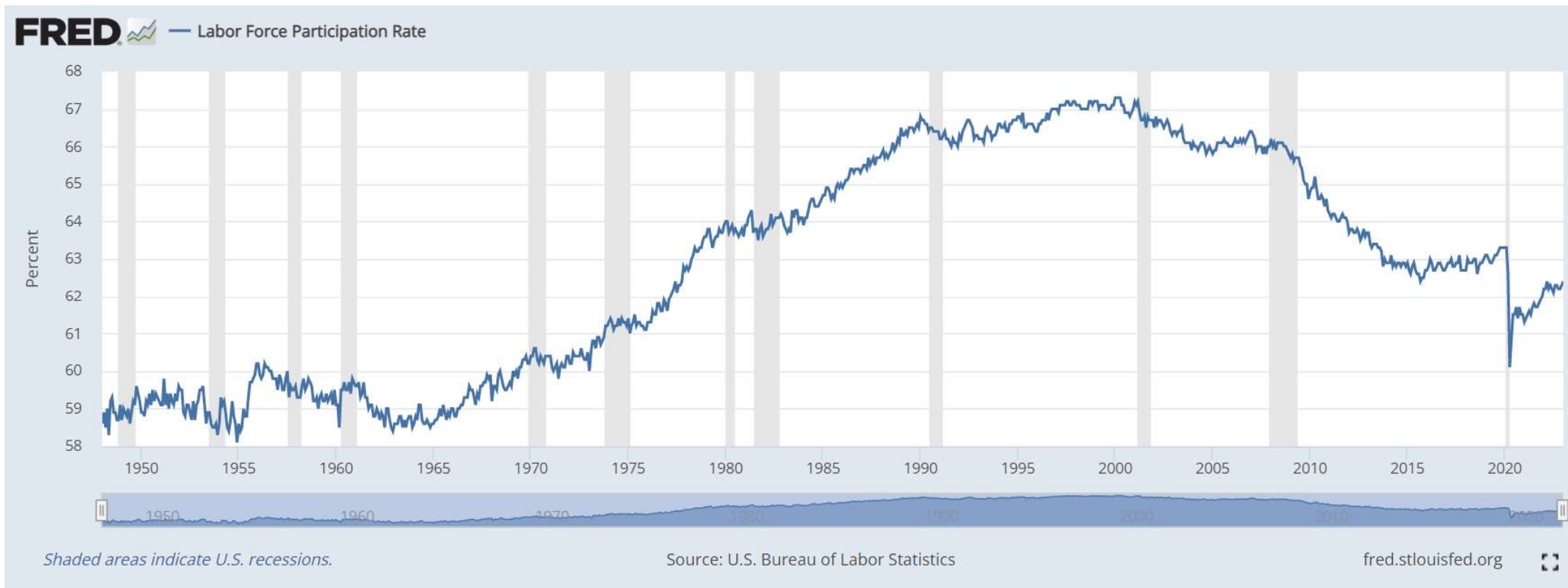
Source: U.S. Bureau of Labor Statistics

fred.stlouisfed.org



Unemployment rates and labor market participation

- But labor force participation rate is still about 1% lower since Covid



Unemployment rates and labor market participation

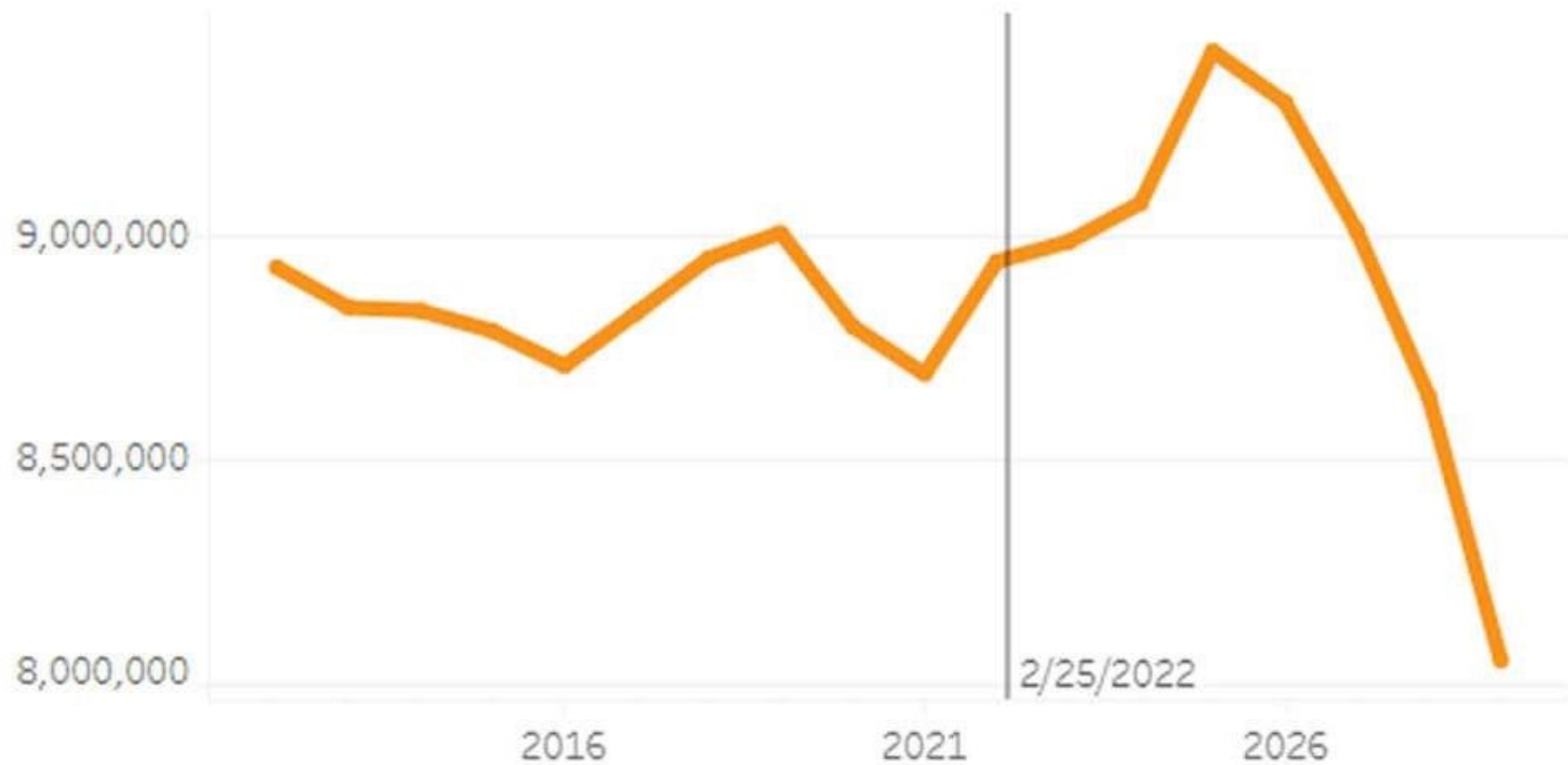
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The Demographic Cliff

- The great part about projecting the number of 18 year olds ...
- In 2008, the Great Recession hit – impact on births
- Different industries will be affected in different ways

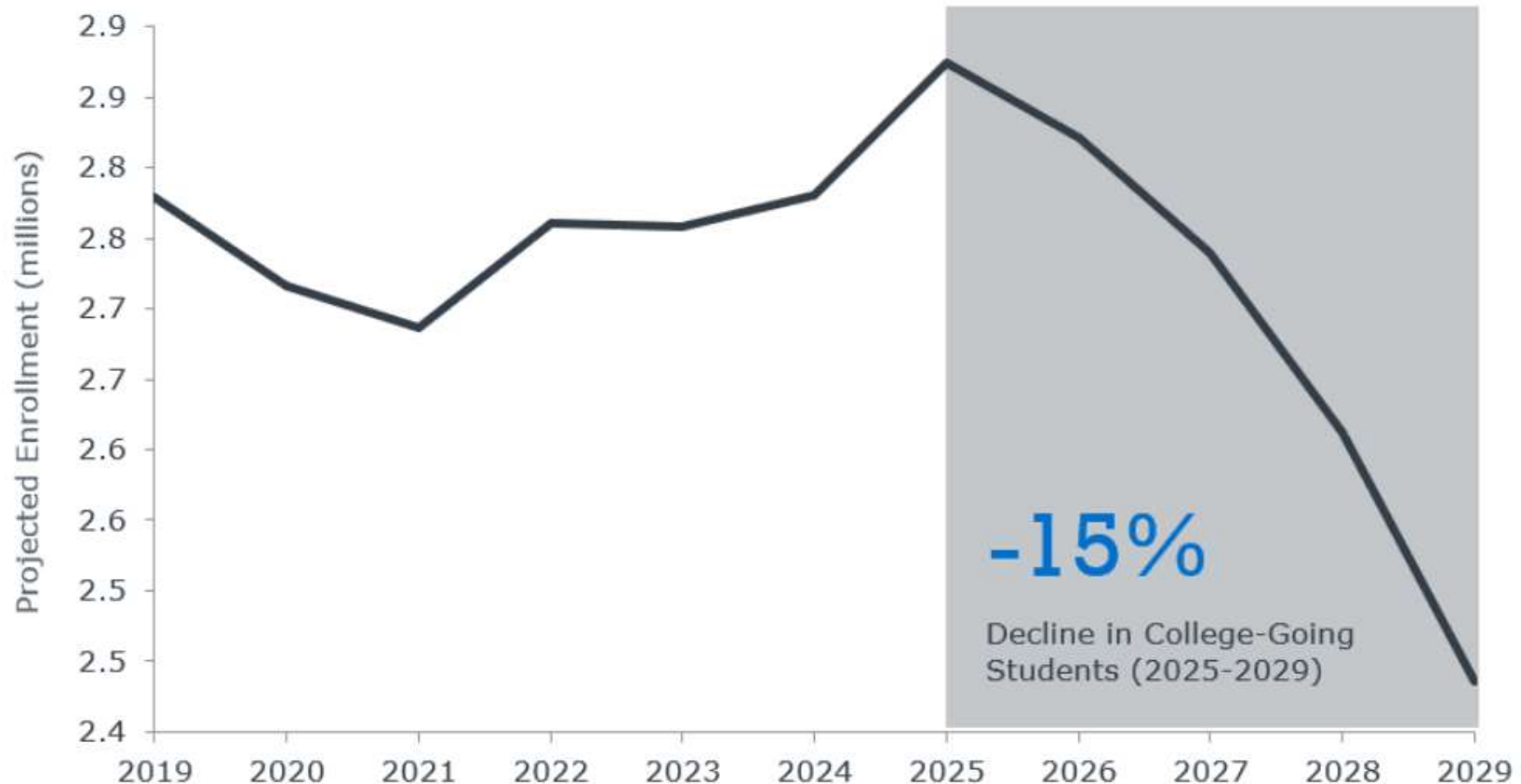
The Demographic Cliff – number of 18 year olds drops dramatically starting in 2026



The Demographic Cliff Impact: Example with Colleges

Enrollment Projected to Drop Sharply After 2025

Forecasted Number of College-Going Students in the U.S. (millions), by Year of High School Graduation



Labor Force and Demographic Cliff

- Will workers be available?
- Will workers be concentrated in different age ranges/skill levels?
- How will this impact wage levels?



Inflation rates



Inflation rates

- <https://tradingeconomics.com/united-states/inflation-cpi>



Inflation rates

- Highest in years
- Significant lags in monetary policy
 - Increase in supply started well before inflation rates went up
 - Attempts to cut inflation will have lagged effects

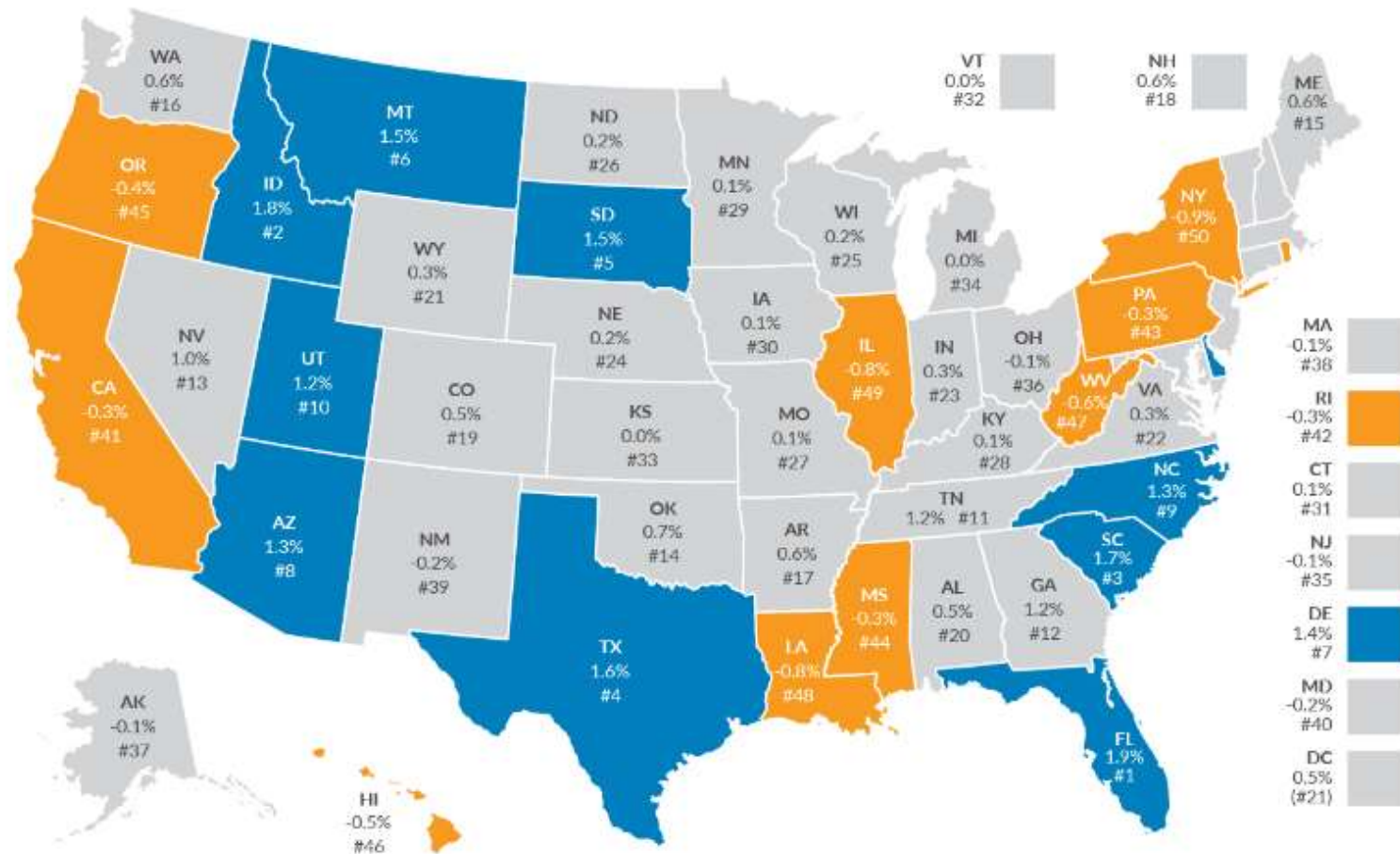
Economic Freedom and State Migration

- There has been significant migration across states recently
- Highly correlated with freedom index in the states



State Population Change in 2022

State Migration Patterns, from Most Inbound to Most Outbound, 2022



Note: D.C.'s rank does not affect states' ranks, but the figure in parentheses indicates where it would have ranked if included.

Source: U.S. Census Bureau.

- Top 10 States for Inbound Migration
- Top 10 States for Outbound Migration

FREEDOM IN THE 50 STATES

AN INDEX OF PERSONAL AND ECONOMIC FREEDOM

★ ★ ★ ★ ★ ★ ★ ★ ★ ★



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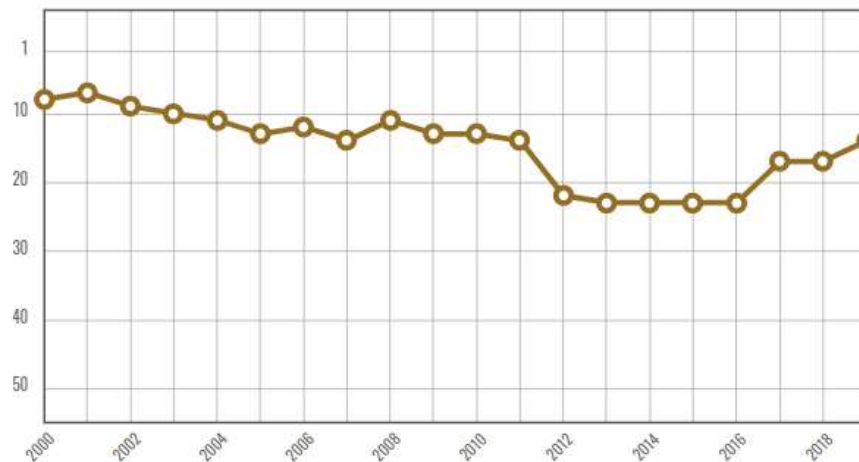
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Pennsylvania - #14 OVERALL



The overall freedom ranking is a combination of personal and economic freedoms.



+9

CHANGE SINCE 2016

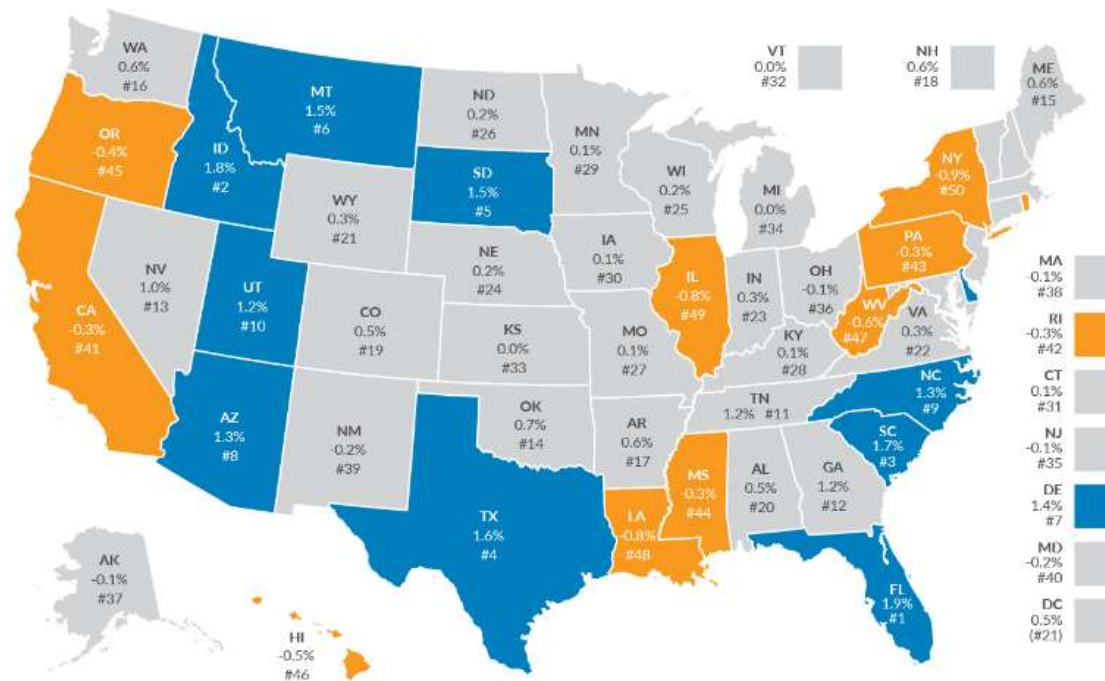


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Population change

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BY NICHOLAS SARGEN, OPINION CONTRIBUTOR - 02/03/23 8:00 AM ET



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Stuart Anderson Senior Contributor @

I write about globalization, business, technology and immigration.

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Administration Priorities

JULY 28, 2021

FACT SHEET: Biden-Harris Administration Issues Proposed Buy American Rule, Advancing the President's Commitment to Ensuring the Future of America is Made in America by All of America's Workers

BRIEFING ROOM > STATEMENTS AND RELEASES

International Trade

- Significant changes in both Republicans and Democrats attitudes towards freer trade in recent years
- Unclear how laws will change moving forward



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SCAN ME

Conclusion/Some key questions

- What happens if reduction in benefits encourages more people back into the labor force?
- How will Pennsylvania fare under Governor Shapiro?
- What will happen with inflation?
- Will your industry be impacted by demographic cliff?



Any Questions?

