

Analysis of U.S. Economy

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Agenda

- **My Background**
- **U.S. Economy Overview**
- **Inflation Impact**
- **U.S. Economy Segments**
- **Questions & Comments**

My Background

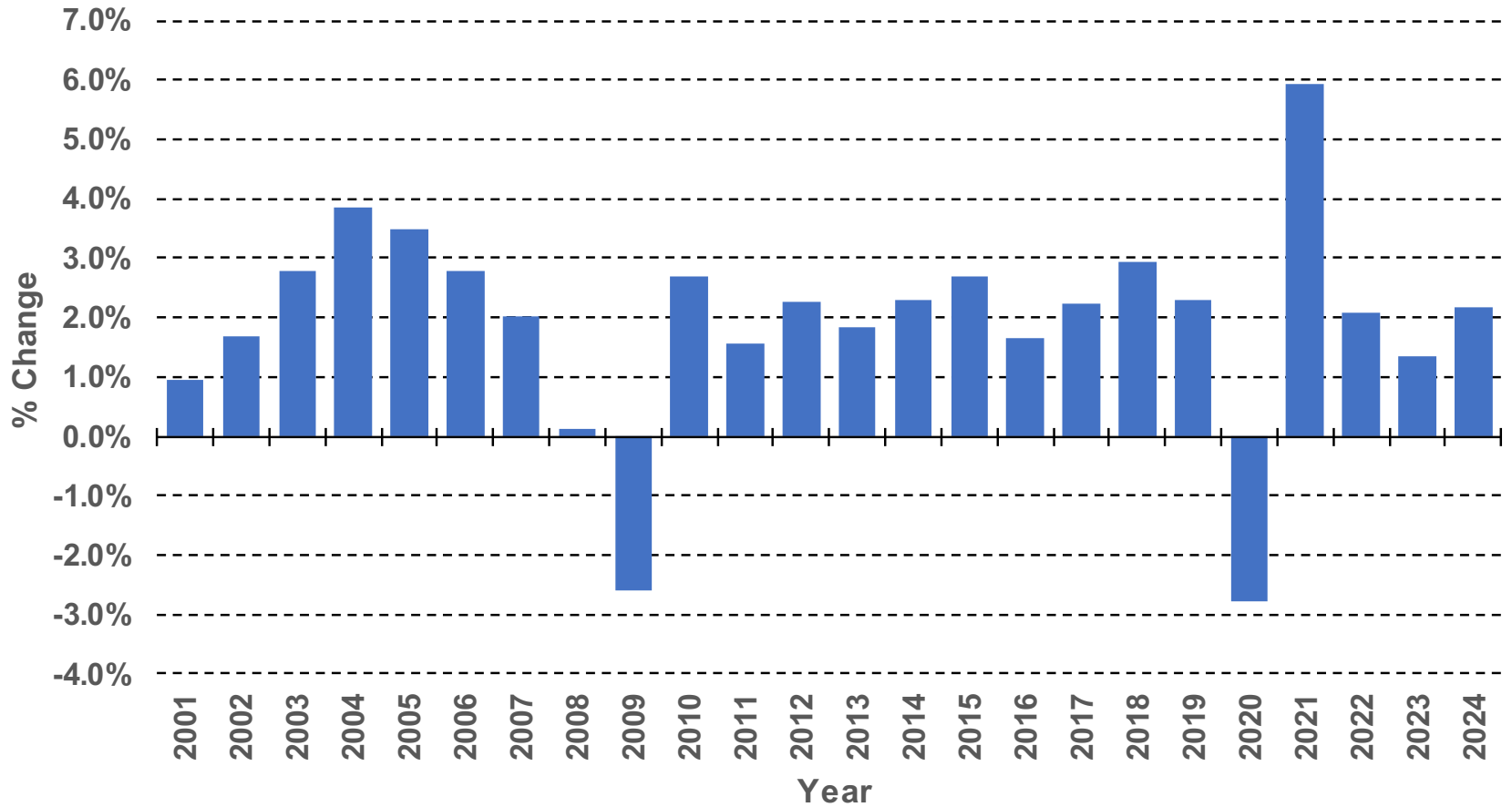
- **BA Economics**, Temple Univ. (Phila., PA)
- **American Bank & Trust/ Wells Fargo**
- **Mannington Mills, Inc.** (16 yrs.)
- **Market Insights LLC** (since 1998)
 - US FLOORReport
 - Canada FLOORReport
 - County Market Report
 - Contact: www.marketinsightstorcivia.com

Contributing Ed./Economist for Floor Focus

Caveat

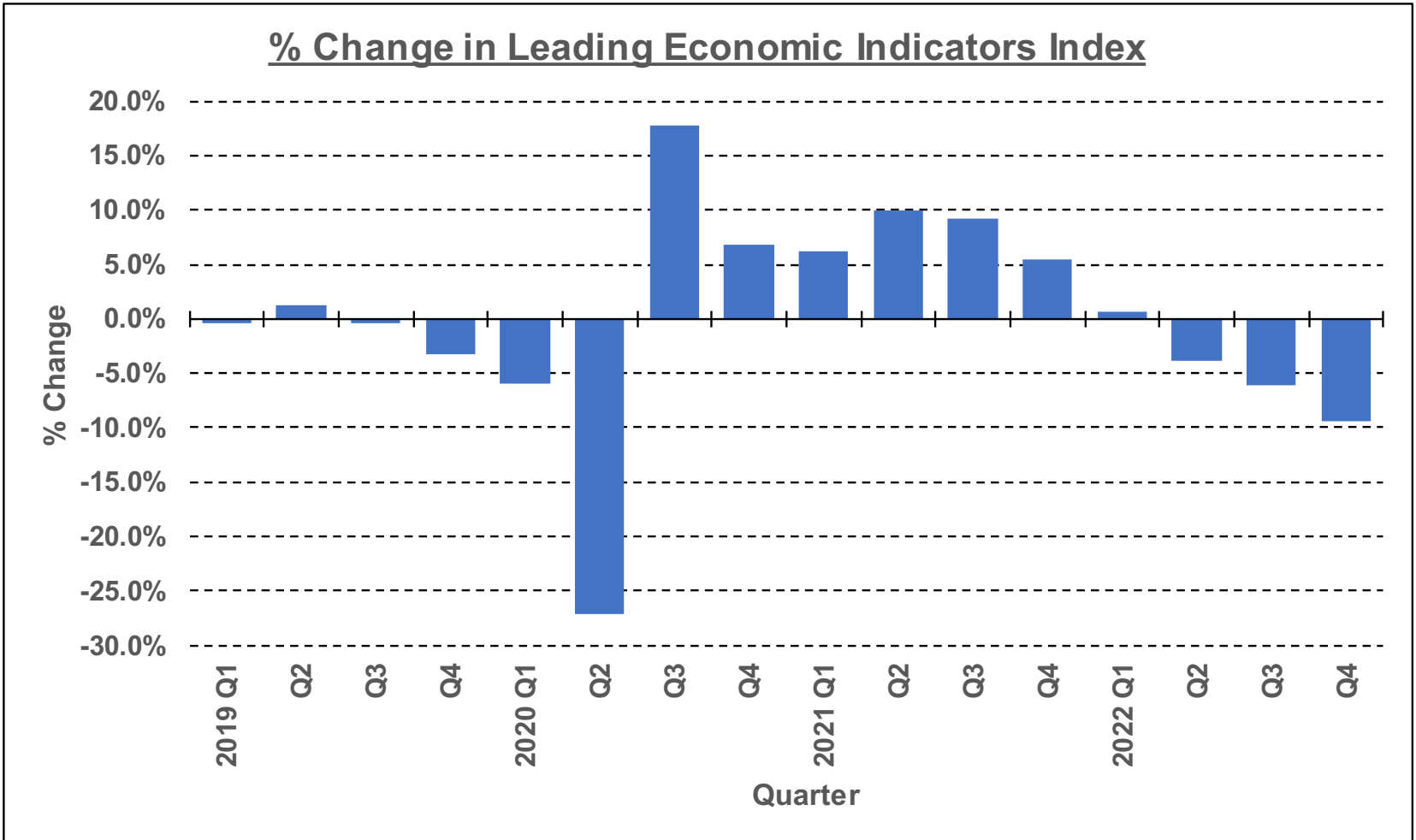
Increasingly, economies of western nations are being influenced by policies and politics emanating from governments that are both growing in size and in power. This power is manifested in regulatory and legislative intervention into the mechanics of the economy, moving it more into the political sphere and increasing the difficulty to understand and model the forces driving the economy.

Growth in U.S. Real GDP



Sources: U.S. Bureau of Economic Analysis and Moody's Analytics (forecast)

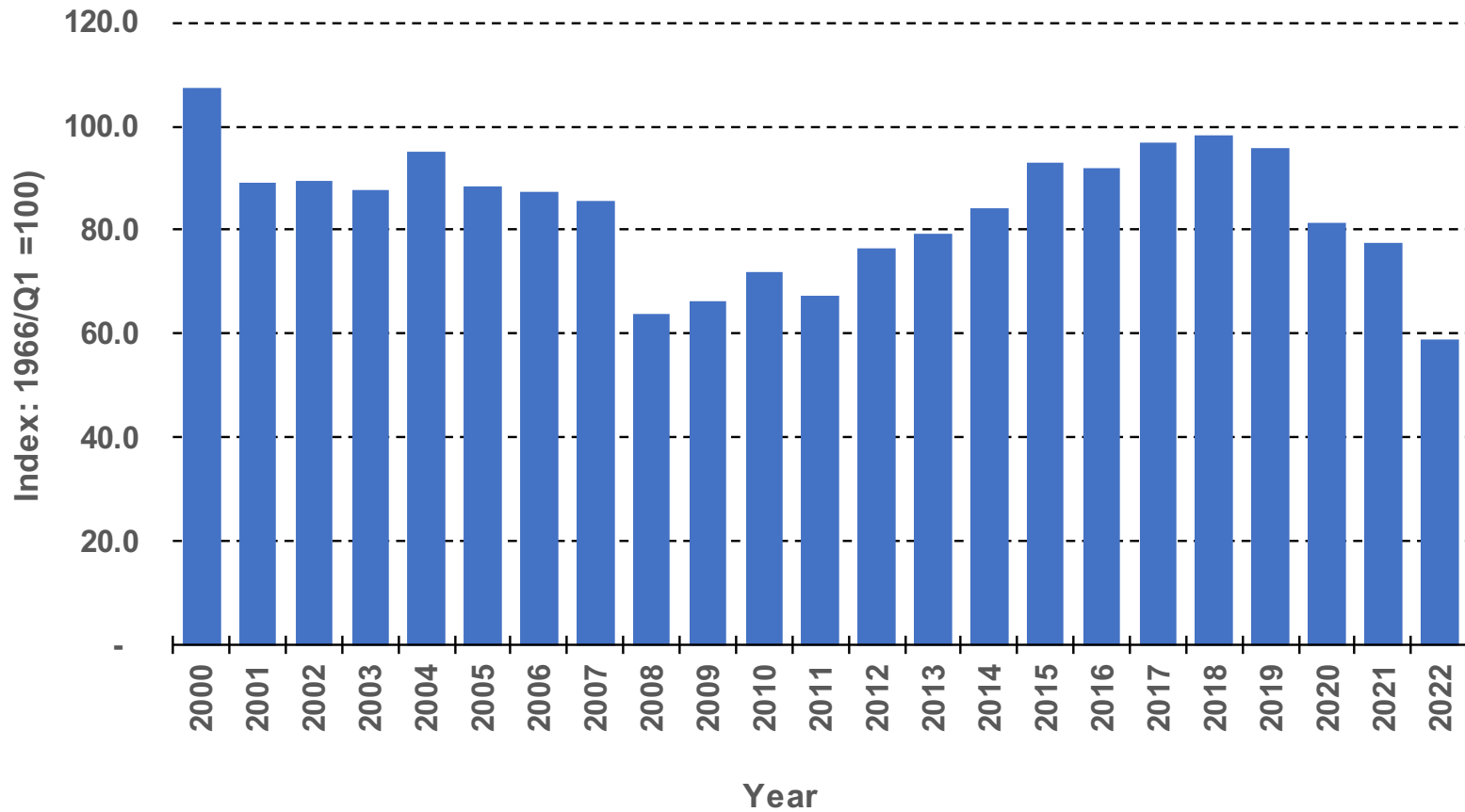
% Change in Leading Economic Indicators Index



% Change= Annualized quarter-to-quarter % change in Leading Economic Indicators Index

Source: Conference Board

University of Michigan Consumer Sentiment Index



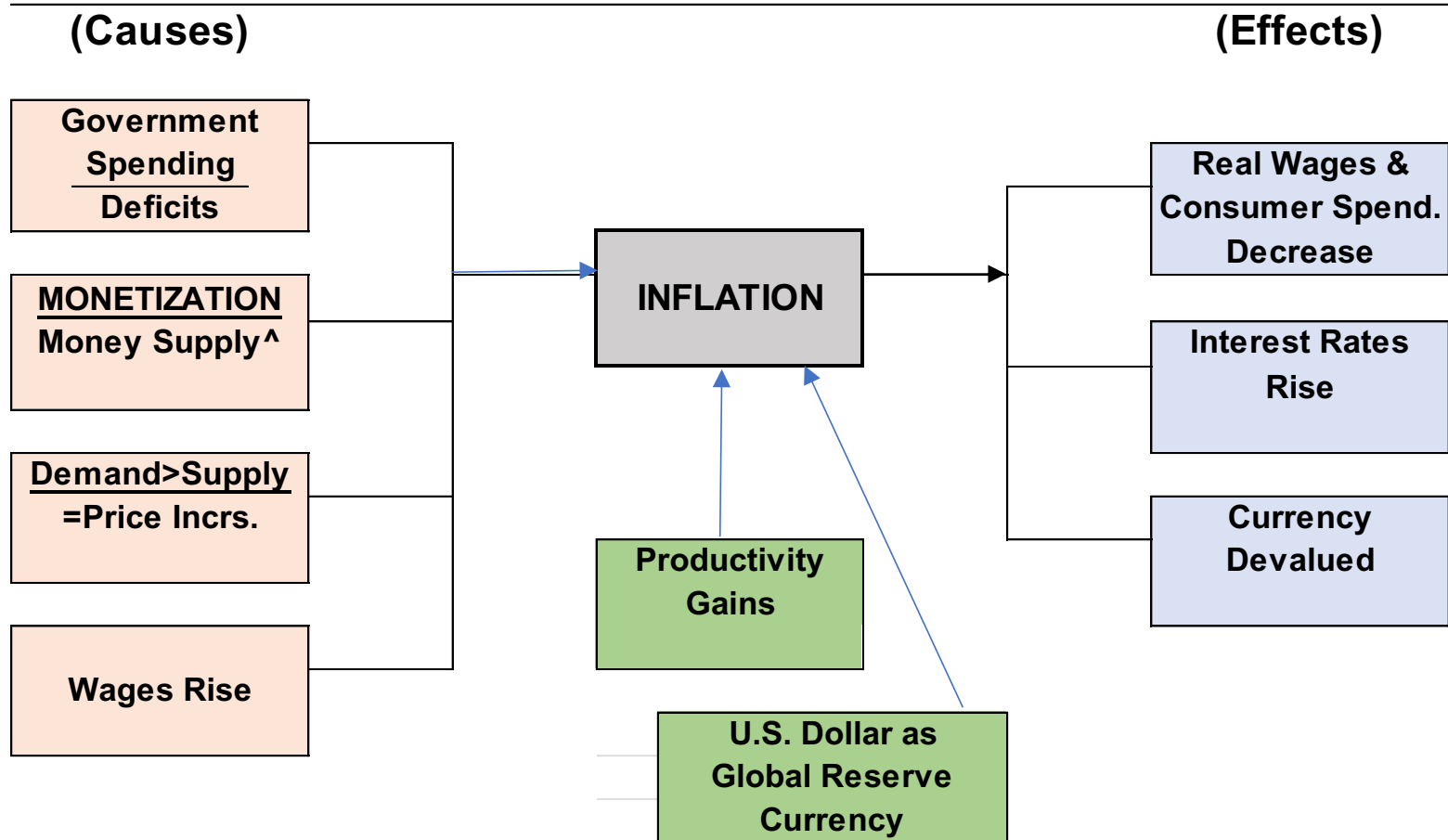
Source: University of Michigan

Top States by Percent Growth in State GDP and State GDP Value

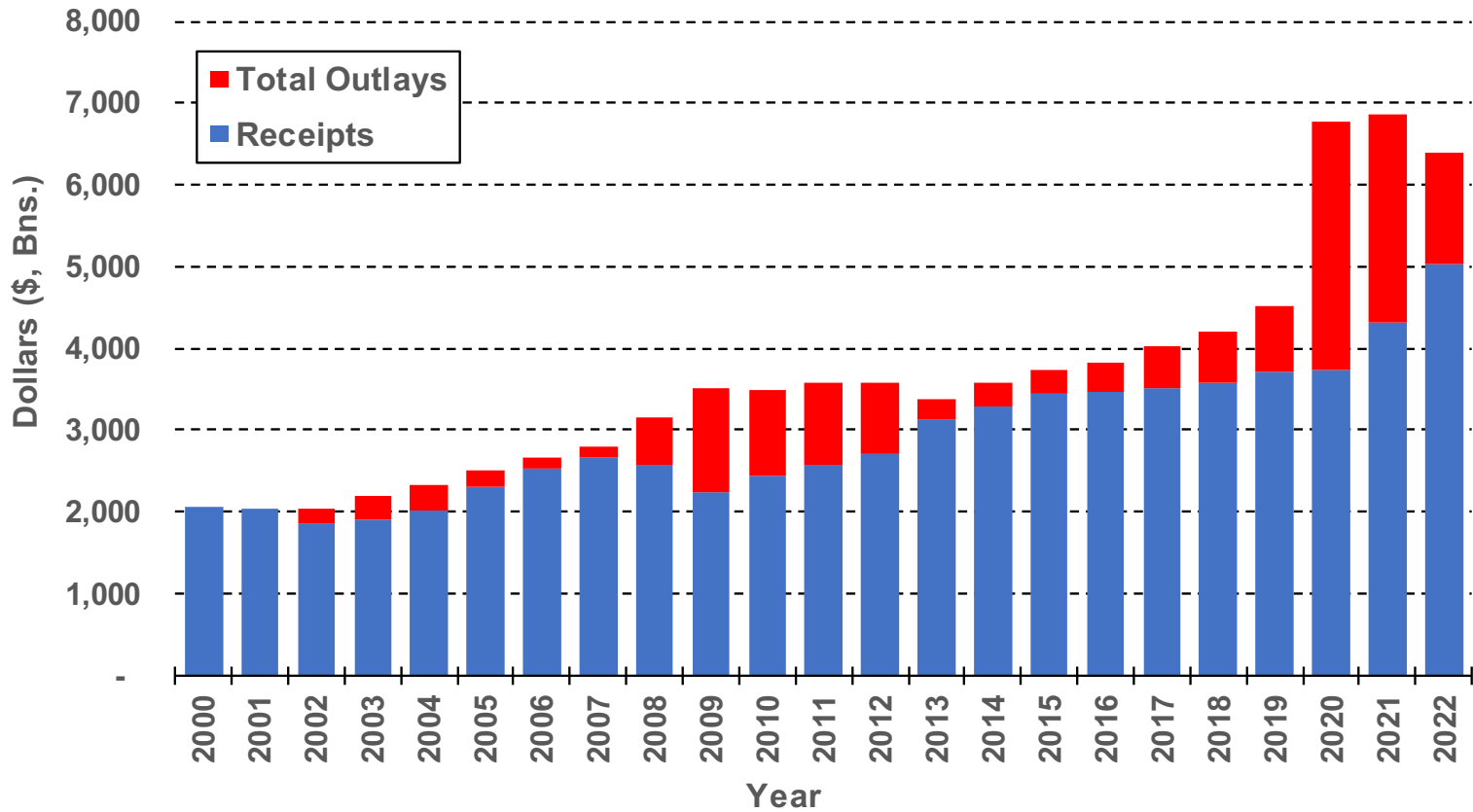
Top-10 States by GDP % Change				Top-10 States by GDP Value			
State	State GDP			State	State GDP		
	2021	2022	% Chg.		2021	2022	% Chg.
	(\$, MM)	(\$, MM)	(*)		(\$, MM)	(\$, MM)	(*)
Idaho	99,550	105,748	6.2%	California	3,006,184	3,018,471	0.4%
Colorado	410,948	433,128	5.4%	Texas	1,767,682	1,861,396	5.3%
Texas	1,767,682	1,861,396	5.3%	New York	1,524,129	1,536,577	0.8%
Alaska	48,219	50,558	4.9%	Florida	1,356,319	1,414,698	4.3%
Utah	186,991	195,834	4.7%	Illinois	852,082	865,923	1.6%
Florida	1,356,319	1,414,698	4.3%	Pennsylvania	833,314	845,347	1.4%
Tennessee	394,520	410,945	4.2%	New Jersey	713,721	728,900	2.1%
Delaware	60,134	62,516	4.0%	Ohio	670,036	680,435	1.6%
Nebraska	120,188	124,611	3.7%	Georgia	602,464	623,447	3.5%
South Dakota	57,718	59,872	3.7%	North Carolina	592,695	614,297	3.6%
Total U.S.	21,288,709	21,804,788	2.4%	Total U.S.	21,288,709	21,804,788	2.4%
*Note: Blue Percent indicates state in Top % Change & Value				*NOTE: Red % chg. indicates states below U.S. % chg.			

Source: U.S. Bureau of Economic Analysis

SIMPLIFIED INFLATION ANALYSIS

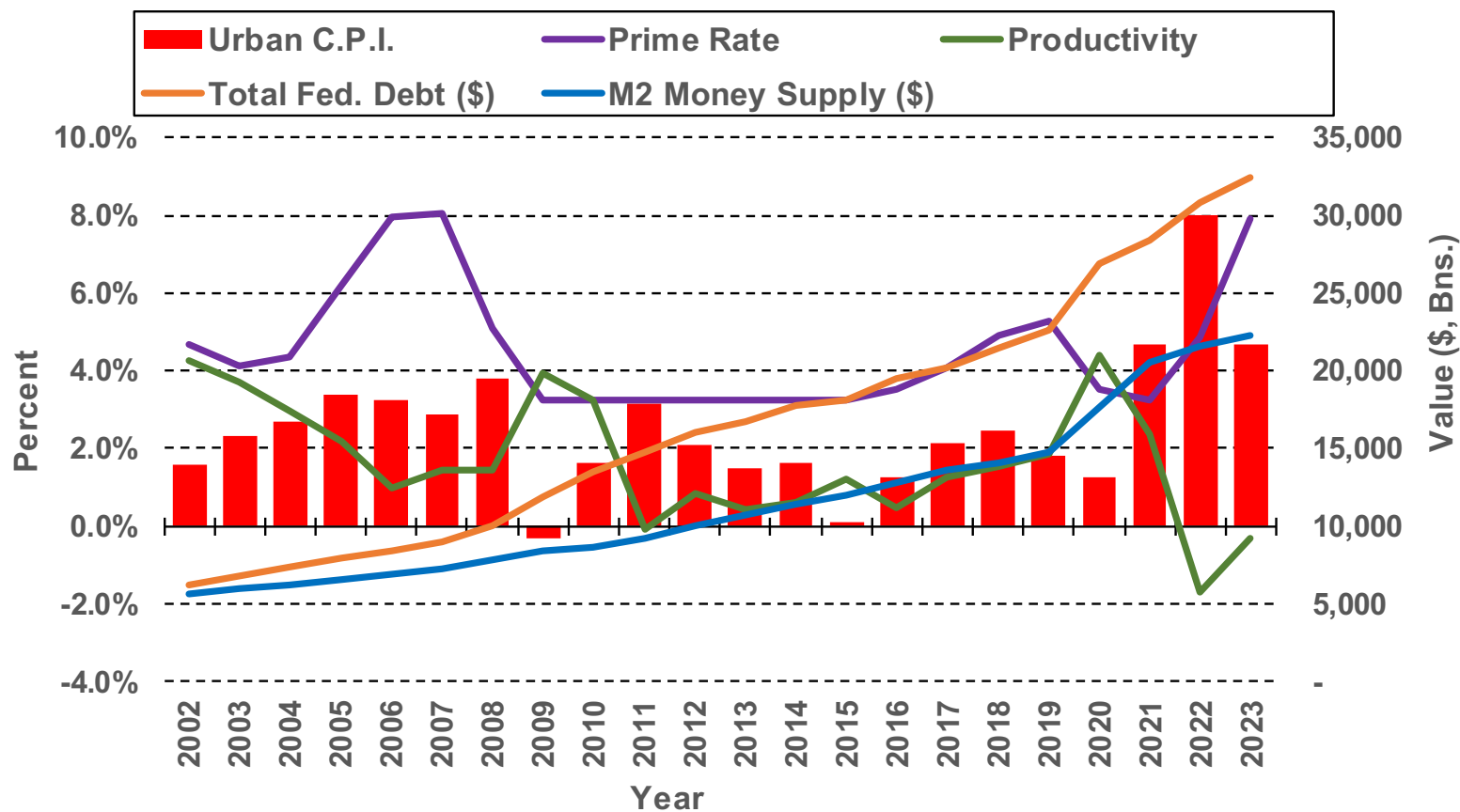


Annual Total Federal Receipts & Outlays



Sources: U.S. Treasury Dept., U.S. Office of Management & Budget

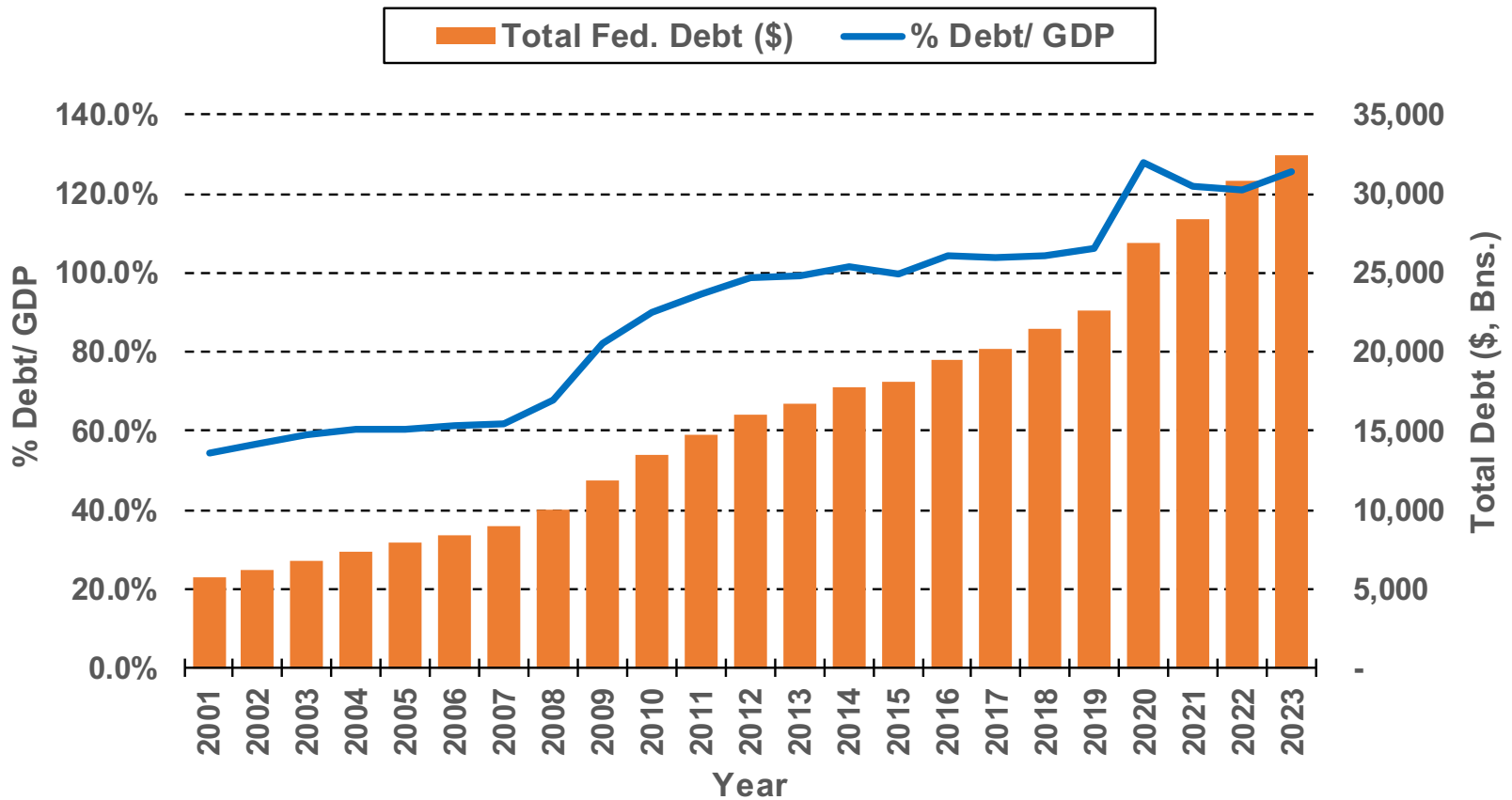
Inflation and its Determinants



U.S. GDP in 2022= \$25,461 Bn.; M2= all checking, savings, & money market acct. deposits

Sources: U.S. Labor Dept., U.S. Dept. of Treasury, and Federal Reserve

Total U.S. Federal Debt & Debt per GDP Ratio



U.S. GDP & Federal Debt in Nominal Dollars

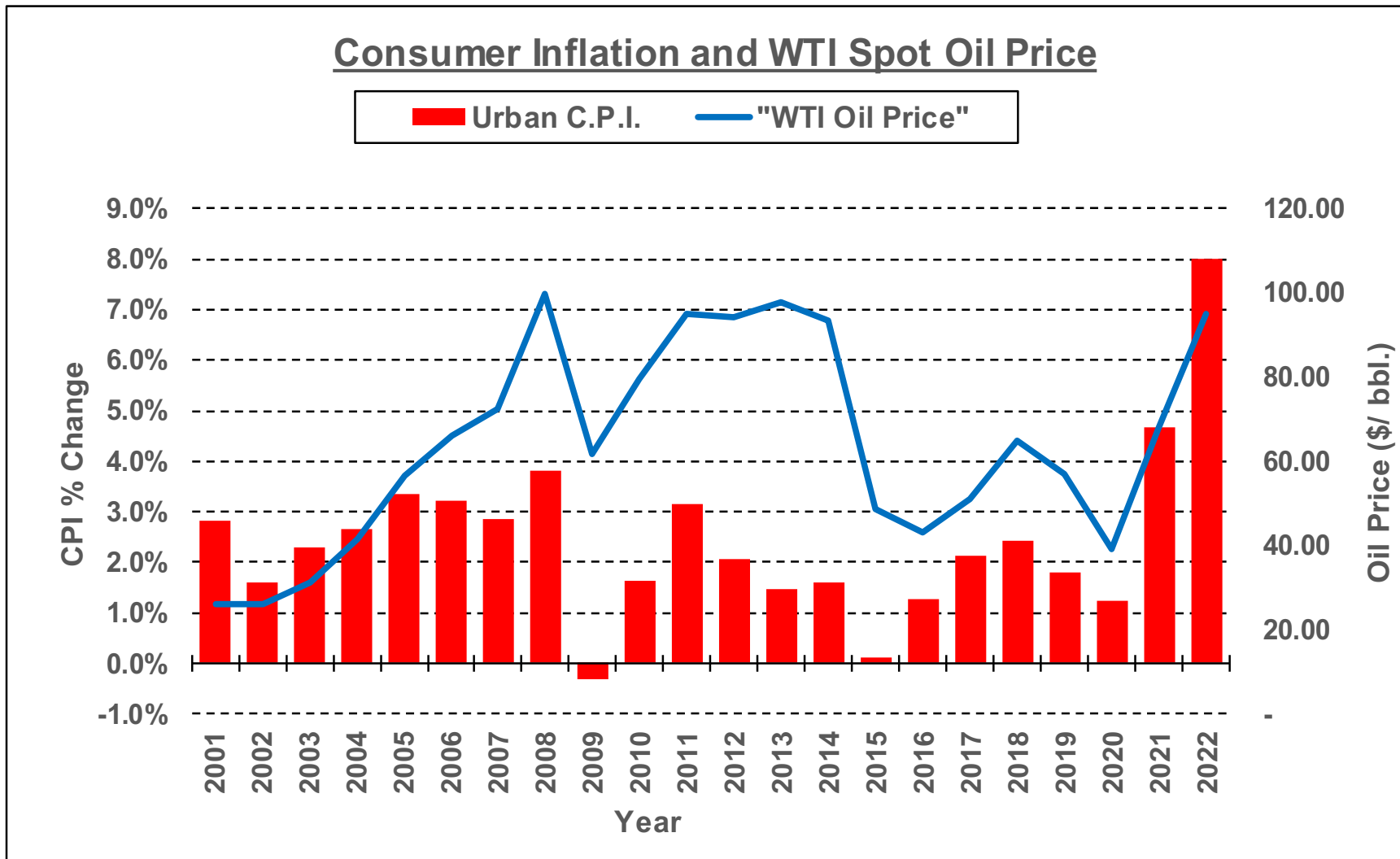
Source: U.S. Dept. of Treasury

National Debt & Inflation Among Top Industrial Nations FY 2022

Debt & Inflation Among Major Industrial Nations						
Nation	Nominal GDP	National Debt	Debt per Capita	Debt % of GDP	Inflation (CPI)	
	(\$, Bns.)	(\$, Bns.)	(\$/pers.)	(%)	(% chg.)	
United States	25,464	30,838	93,166	121%	8.0%	
China	18,661	8,191	5,809	44%	2.0%	
India	13,801	2,389	1,731	17%	5.9%	
Mexico	10,000	657	5,140	7%	7.9%	
Japan	6,081	12,093	95,831	199%	2.5%	
Germany	4,718	2,643	31,789	56%	6.9%	
United Kingdom	3,250	2,837	42,330	87%	7.9%	
France	3,250	3,026	44,870	93%	5.2%	
Canada	1,933	1,972	49,789	102%	5.6%	
Brazil	2,126	1,433	6,740	67%	9.3%	
Total World-	101,561	310,000	38,750	305%	4.1%	

Source: International Monetary Fund

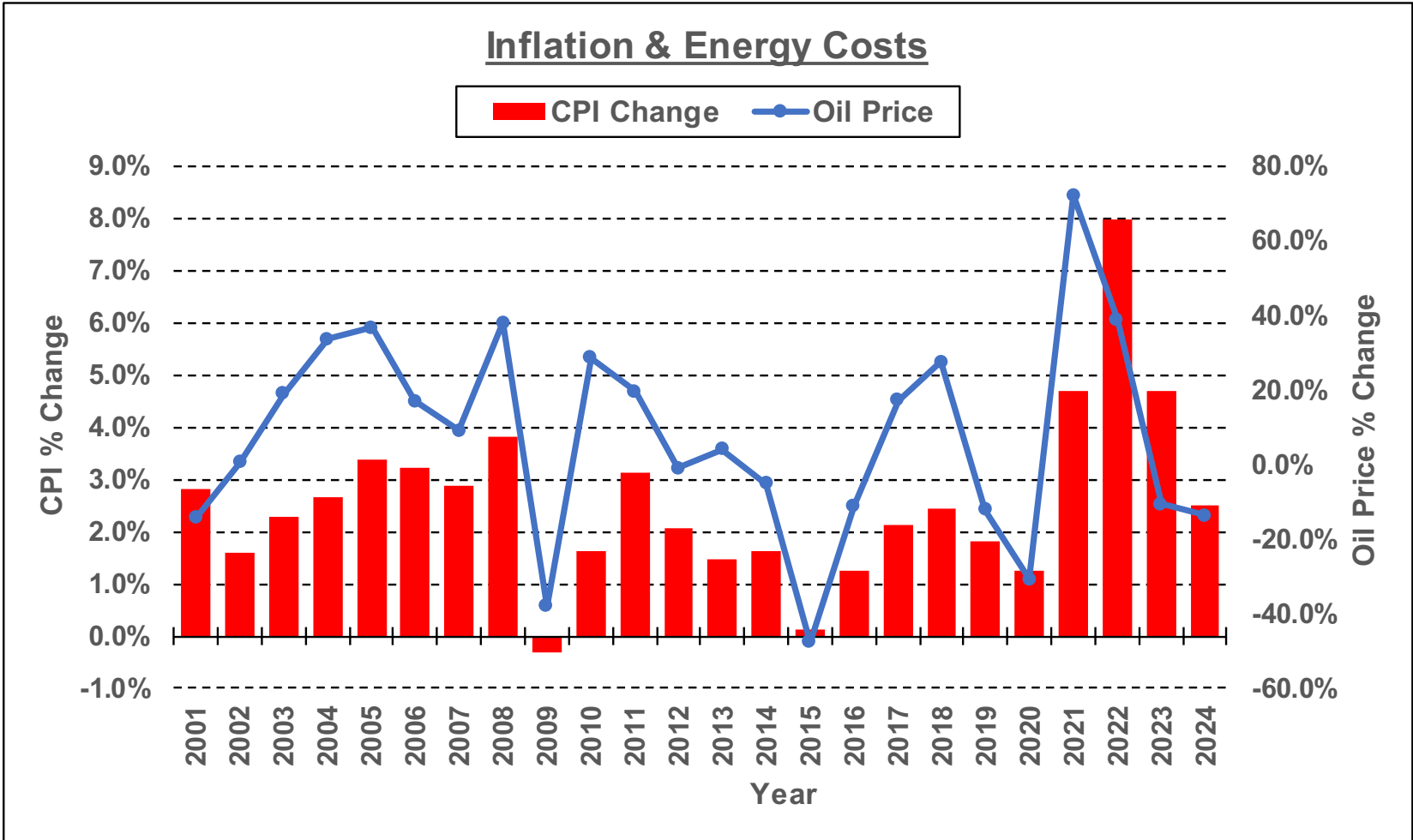
Consumer Inflation and WTI Spot Oil Price



Sources: U.S. Labor Dept. and U.S. Energy Information Agency

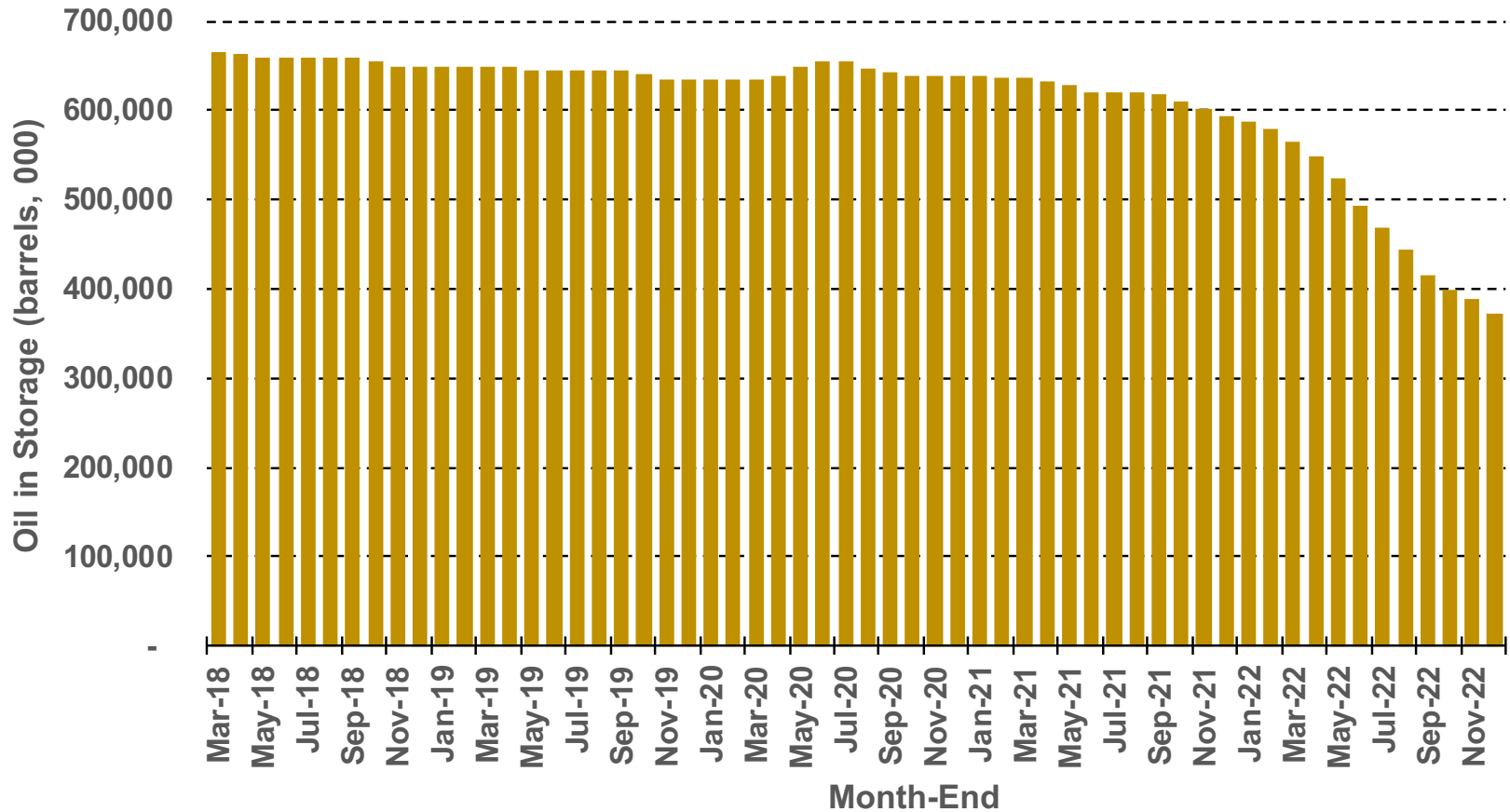
Inflation & Energy Costs

CPI Change Oil Price



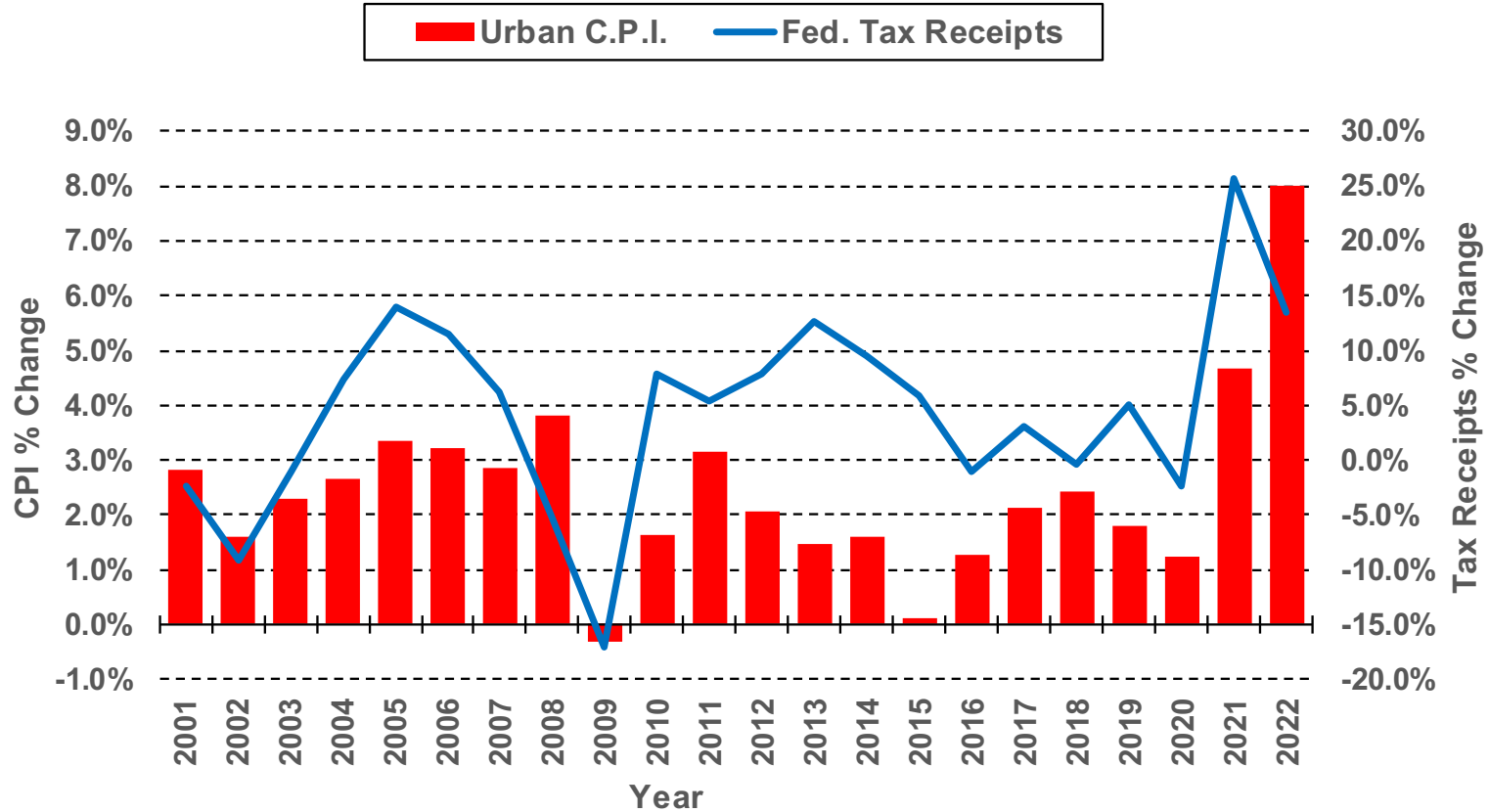
Sources: U.S. Dept. of Labor, U.S. Energy Information Agency, and Moody's Analytics (forecast)

Oil Stored in the Strategic Petroleum Reserve



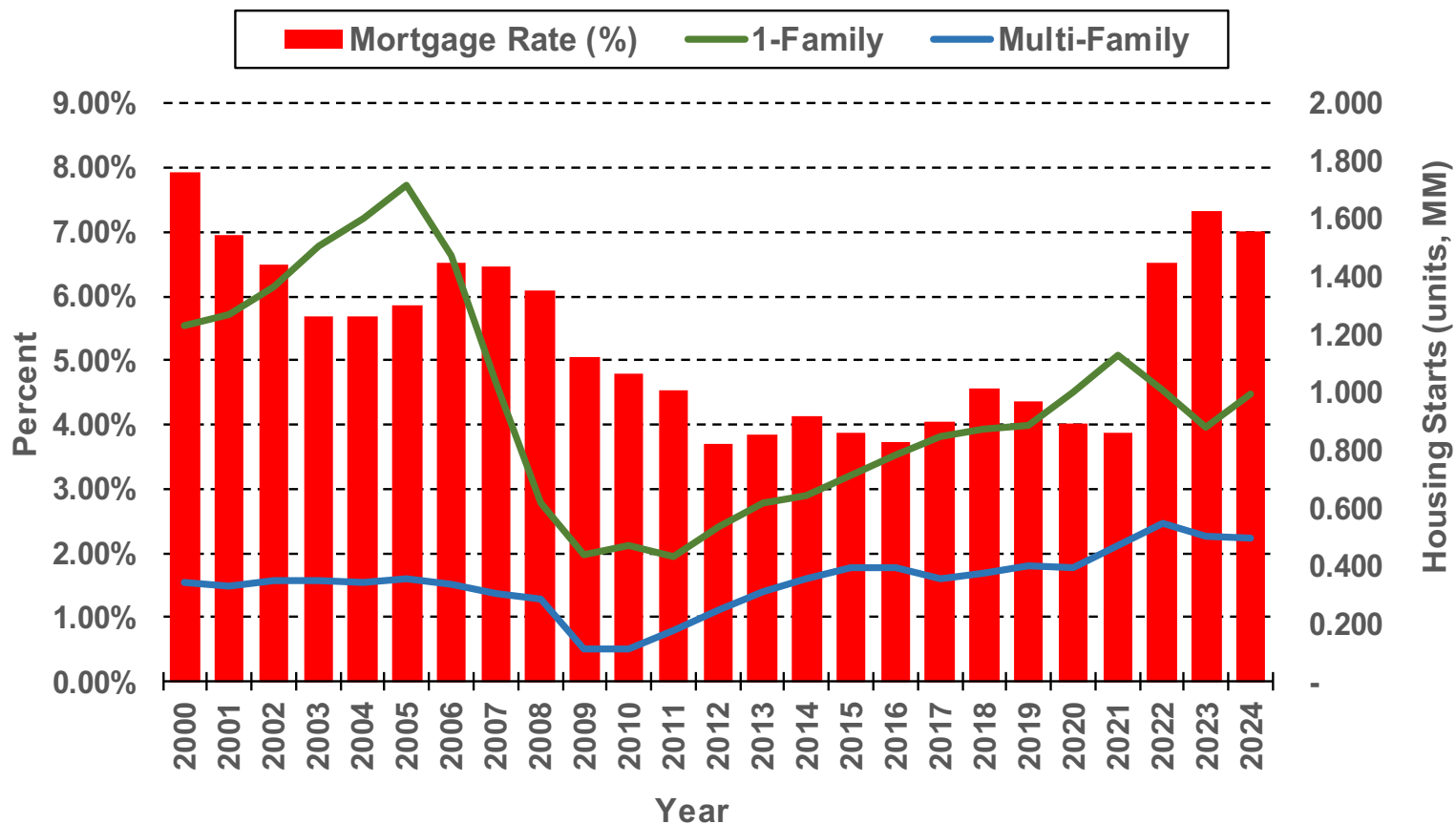
Source: U.S. Energy Information Agency

Inflation and Federal Tax Receipts



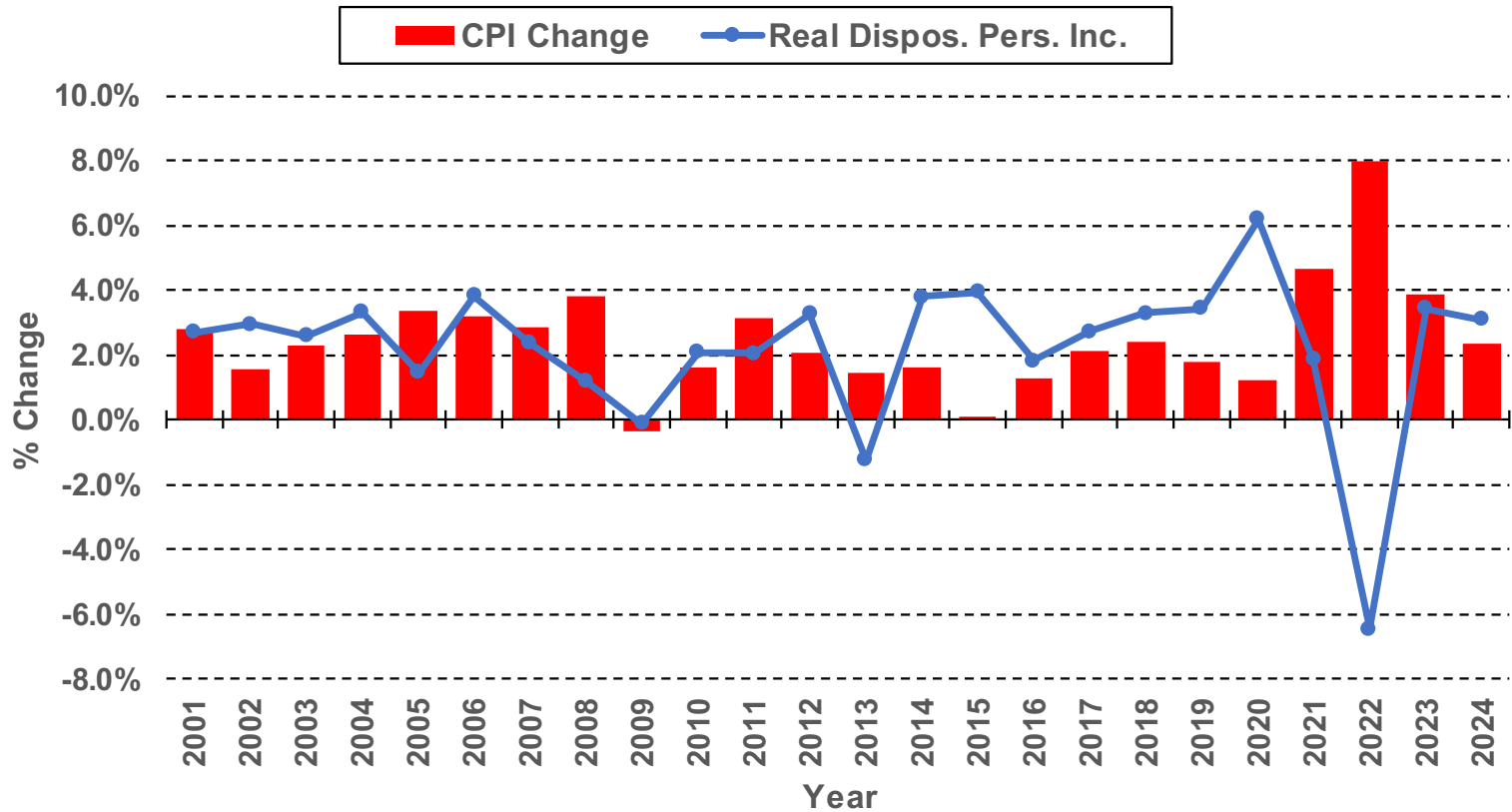
Sources: U.S. Labor Dept. and U.S. Dept. of Treasury

New Home Construction



Sources: U.S. Commerce Dept. Federal Reserve, and Moody's Analytics (forecast)

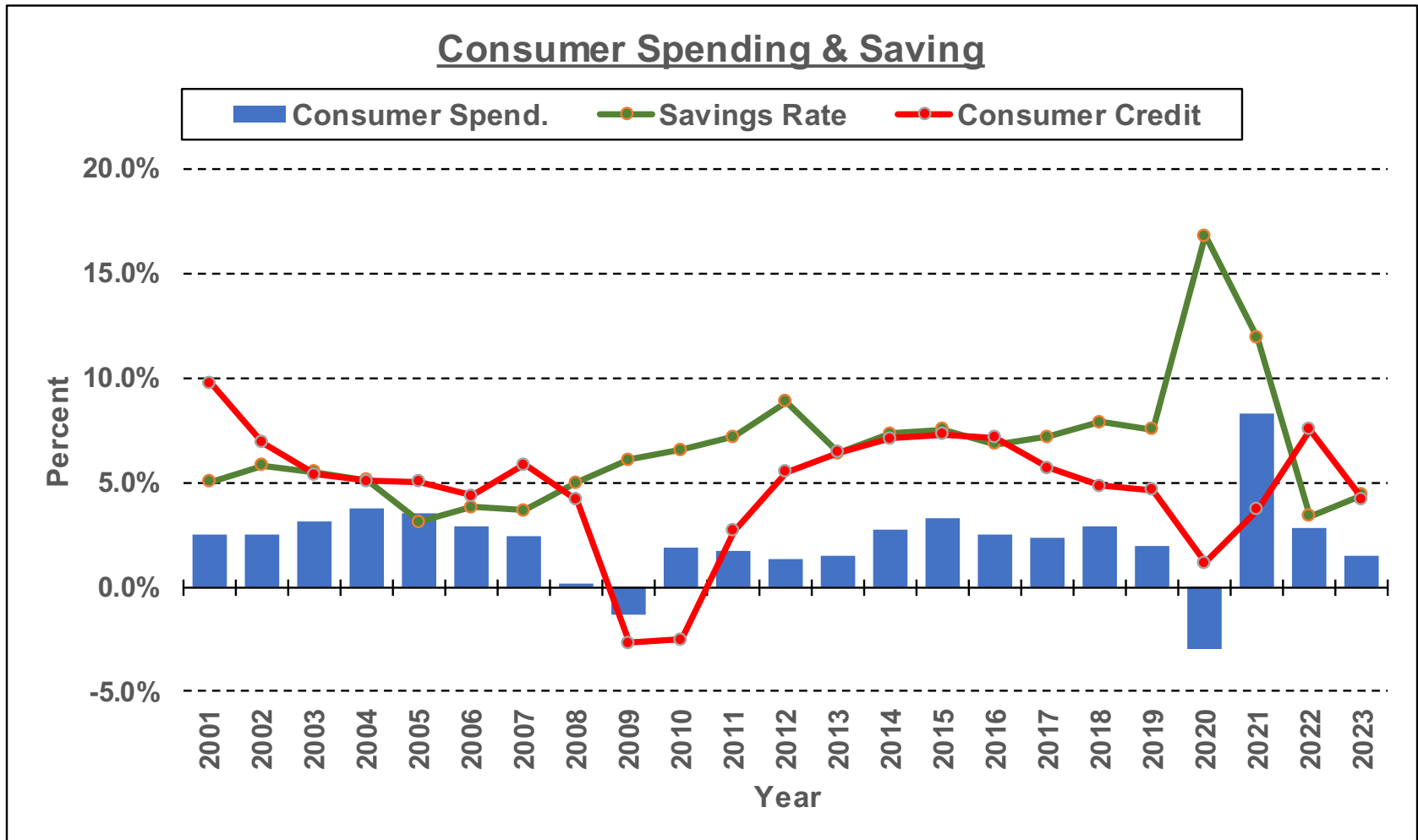
% Change in Real Disposable Personal Income



Real Disposable Income= Inflation adjusted income left after taxes and social insurance premiums deducted

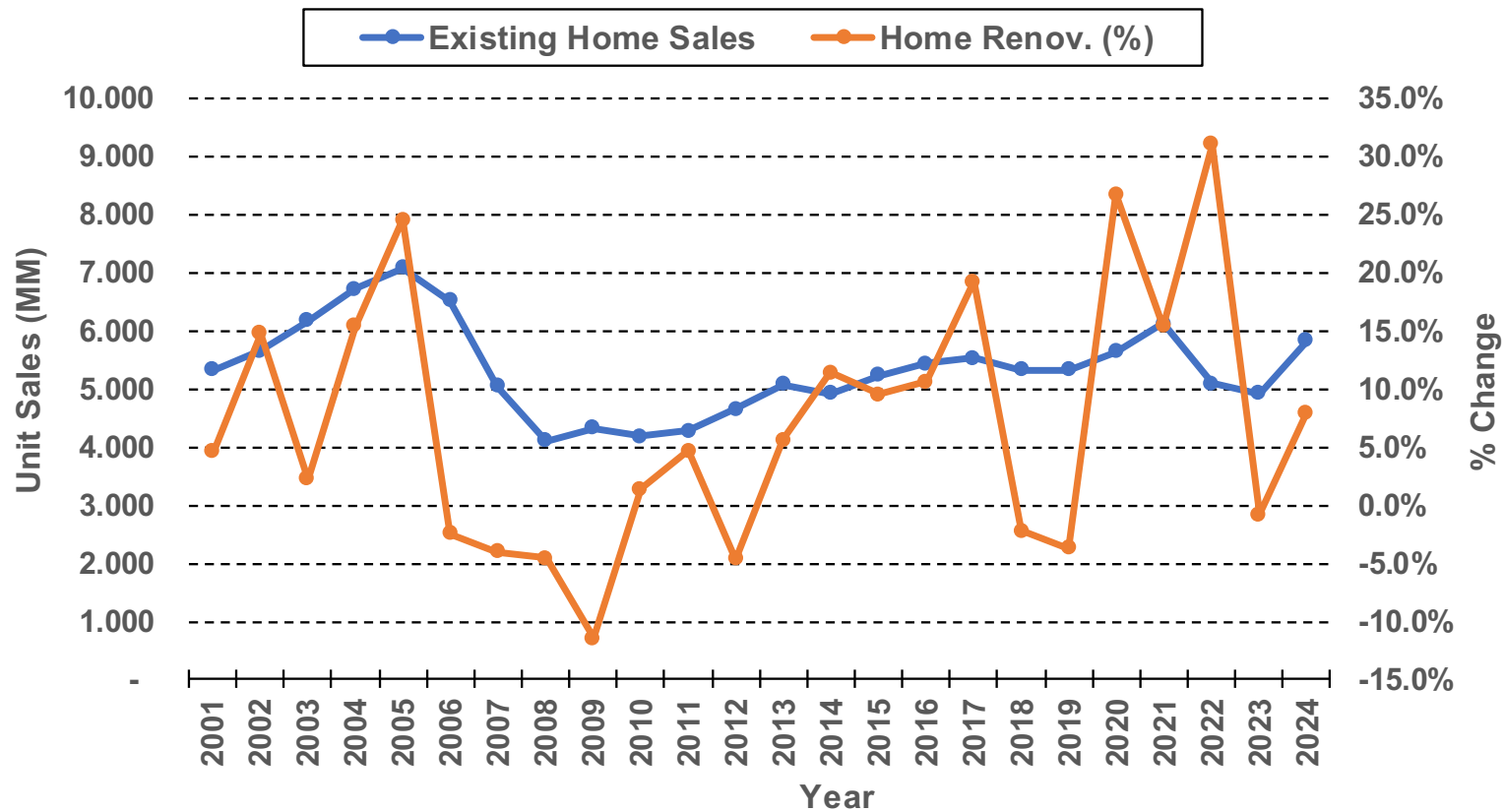
Sources: U.S. Bureau of Economic Analysis, U.S. Labor Dept., and Moody's Analytics (forecast)

Consumer Spending & Saving



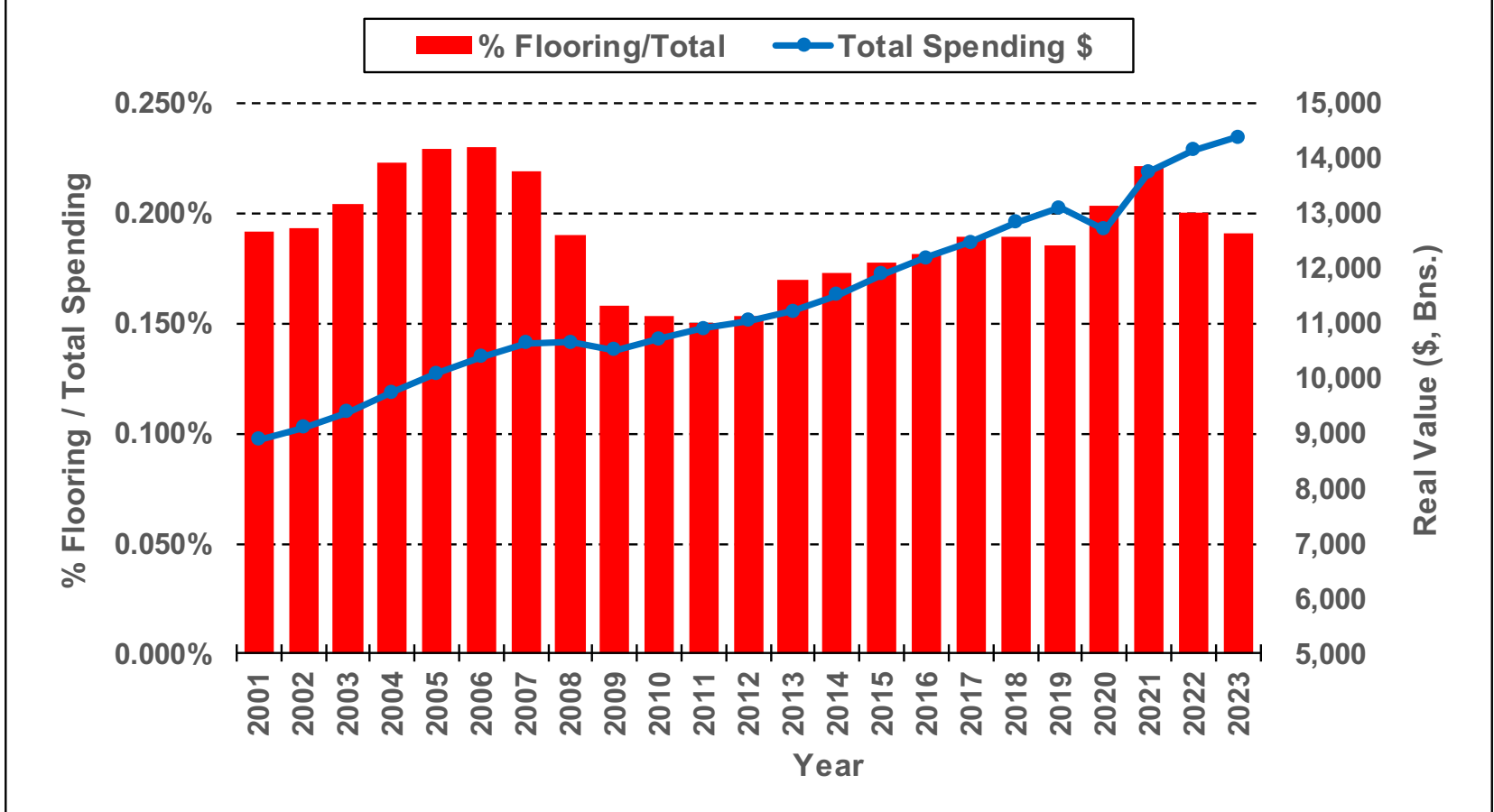
Sources: U.S. Bureau of Economic Analysis, Federal Reserve, and Moody's Analytics (forecast)

Existing Home Sales & Renovations

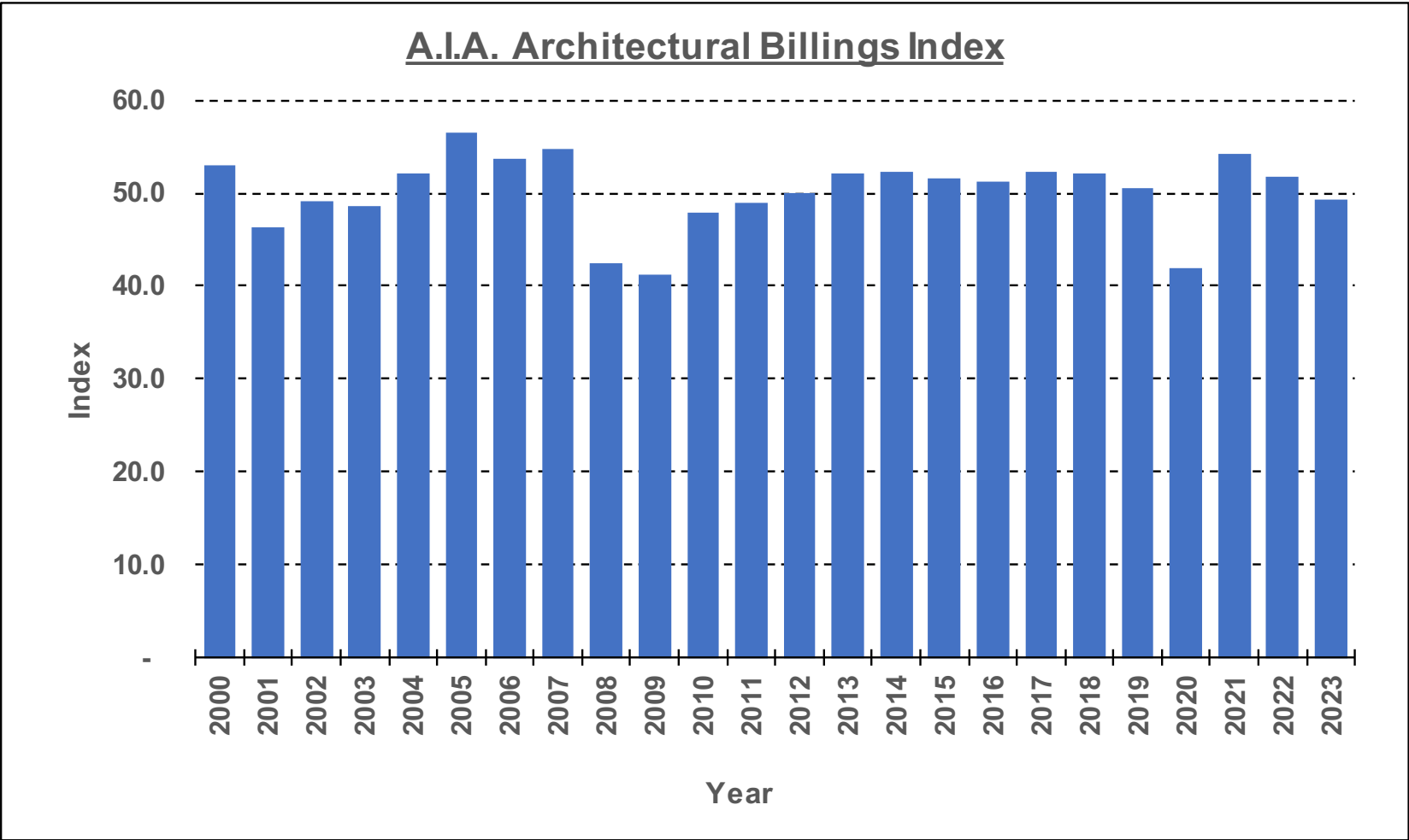


Sources: U.S. Bureau of Economic Analysis and Moody's Analytics (forecast)

Real Consumer Flooring & Total Spending

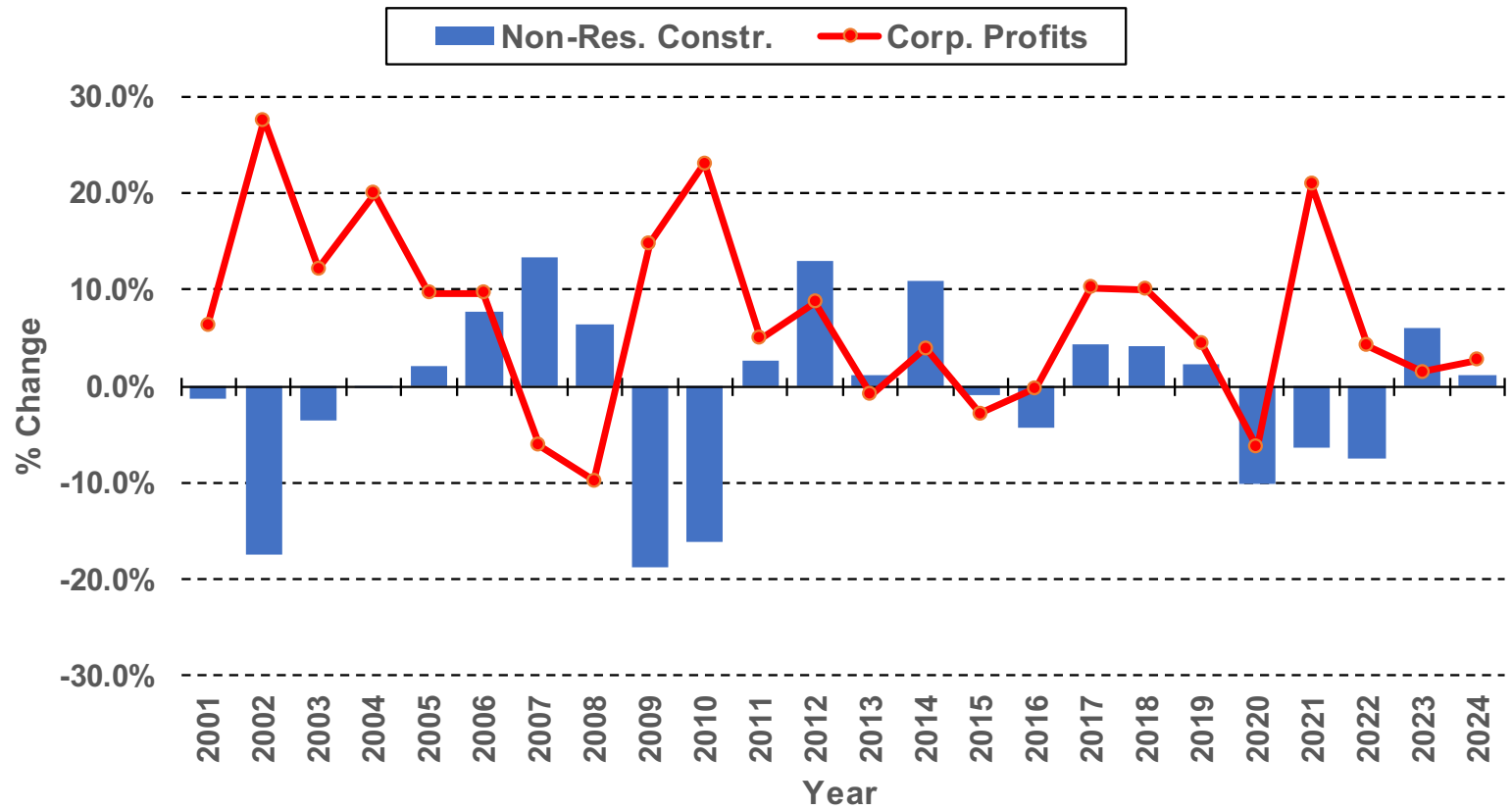


NOTE: Real Consumer Flooring Spending= Inflation adjusted spending on flooring for residential use
 Sources: U.S. Bureau of Economic Analysis and Moody's Analytics (forecast)



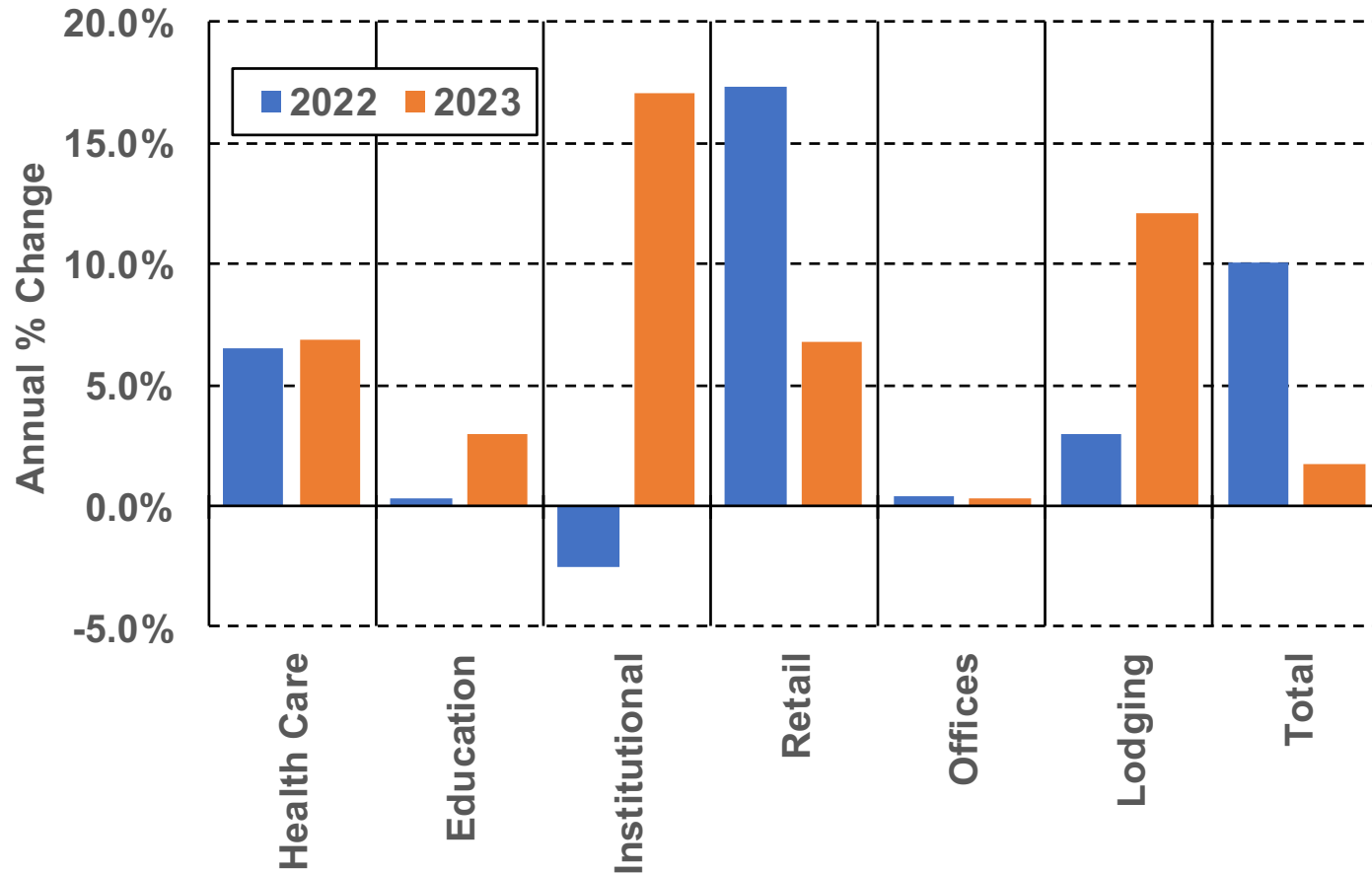
NOTE: An index over 50.0 indicates improvement in non-residential construction in the next 9 to 12 months
 Source: American Institute of Architects

Corporate Profits & Non-Residential Construction



Sources: U.S. Bureau of Economic Analysis, Federal Reserve, and Moody's Analytics (forecast)

Annual % Change in Put-in-Place Construction Value by Building Type



Sources: U.S. Census Bureau, Moody's Analytics (forecast)

Concerns

- Premature push for renewable energy is crippling infrastructure & alternatives, especially fossil fuels- no return
- Profligate deficit spending increasing the deficit & errant international policy will further erode US\$ as global reserve currency
- Saudi Arabia, Brazil, & Iran agree to sell oil to China in Yuan-- weakens US\$ as reserve currency= threat to U.S. inflation

Concerns

- Balkanization of U.S. press, politics, culture, and justice system dividing nation

Conclusions

- U.S. economy slows in 2023: Inflation & high interest rates, possible recession (?)
- 2024 will see economic bounce-back, but only if inflation can be managed
- With no real budget restraint– Deficit rises
- Ukraine war absorbs +funds- Deficit rises
- Social Justice policies causing upheaval in culture, business, & economy

Conclusions

- Premature push for “Green” transition when economy not ready- destroying back-up & huge subsidies add to deficit
- Economic problems loom without major policy shifts
- Big-Bank bailout only= crony capitalism; threat to regional banks
- Wider war in Ukraine, new war in Taiwan

Questions & Comments

