

Economic Update: Q4 Year in Review Q1 Preview

Dr. Charlie Hall



YOUR
MARKET
METRICS



EAGL

EXECUTIVE ACADEMY
FOR GROWTH & LEADERSHIP



to be best

point of view

GDP

[dʒi: dɪ]

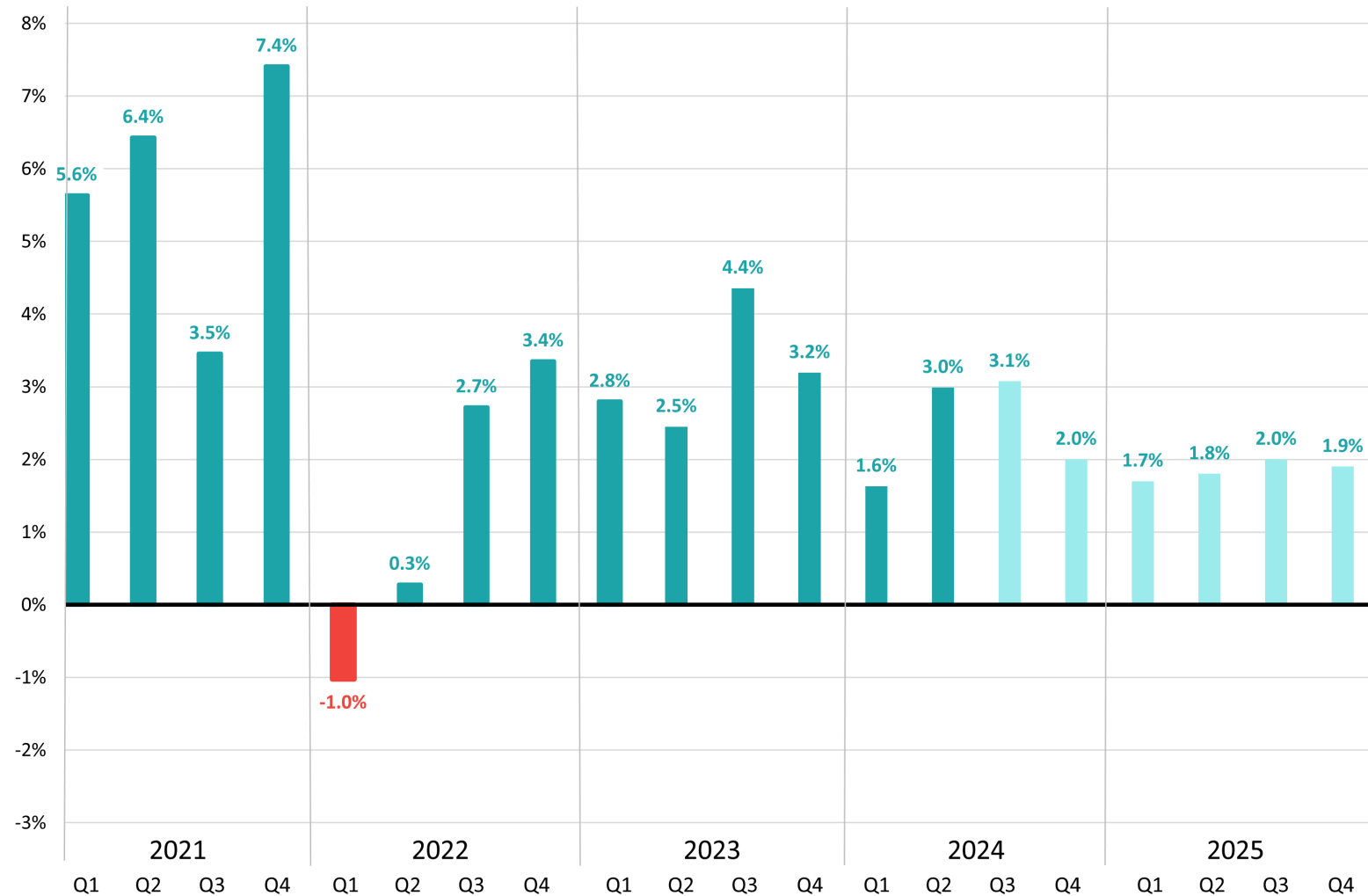
Gross Domes

total market

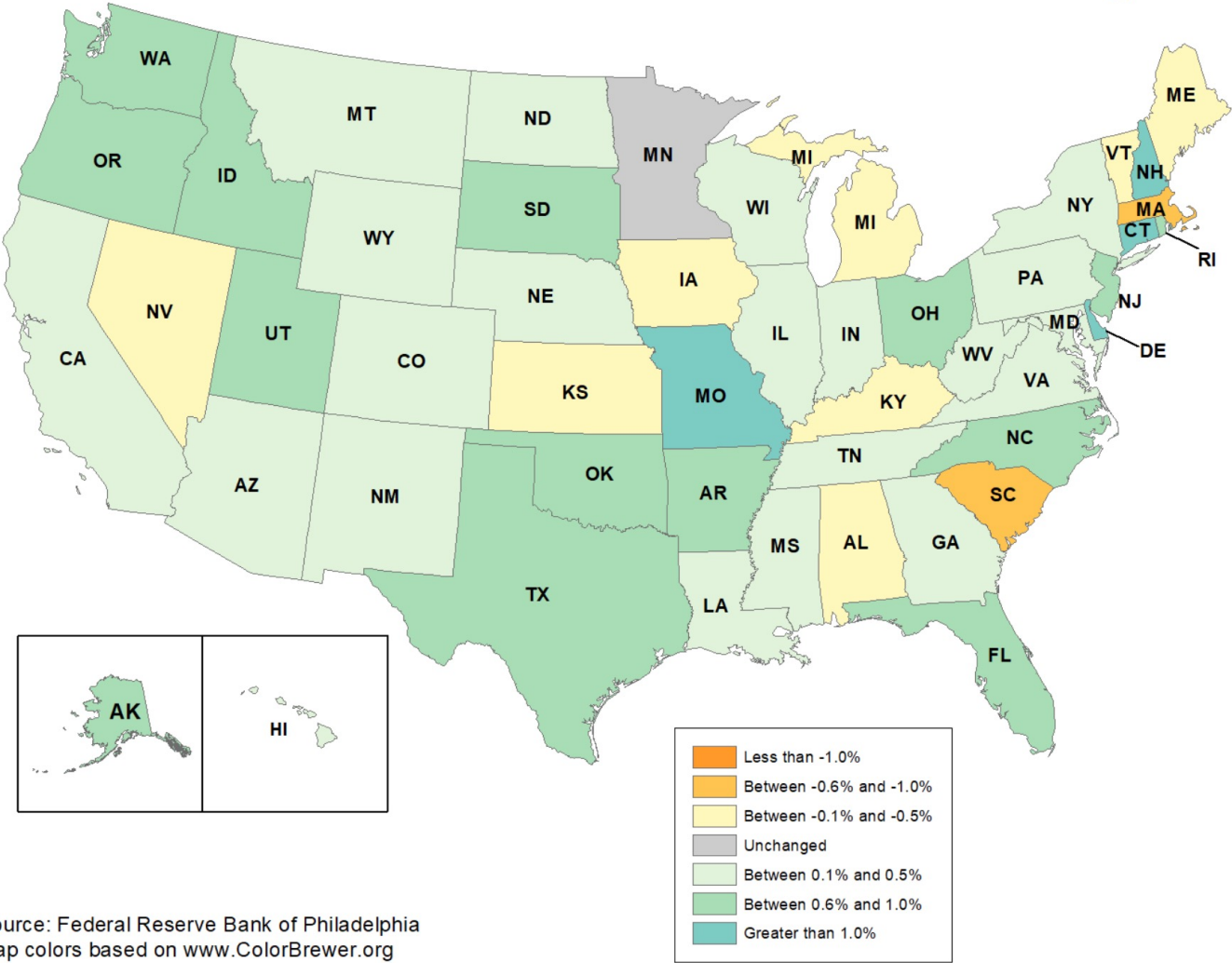
Source: The Conference Board Economic
Forecast for the U.S. Economy

As of 2024 Q3 Second Estimate
Forecast 2024 Q3 - 2025 Q4

Gross Domestic Product (GDP)



November 2024 State Coincident Indexes: Three-Month Change



★ Corporate Profits After Tax (without IVA and CCAdj) (CP)

Observations: 

Q3 2024: **3,402.982**

Updated: Dec 19, 2024 7:55 AM CST

Next Release Date: Jan 30, 2025

Units:

Billions of Dollars,

Seasonally Adjusted Annual Rate

Frequency:

Quarterly

1Y

5Y

10Y

Max

Edit Graph 

1947-01-01

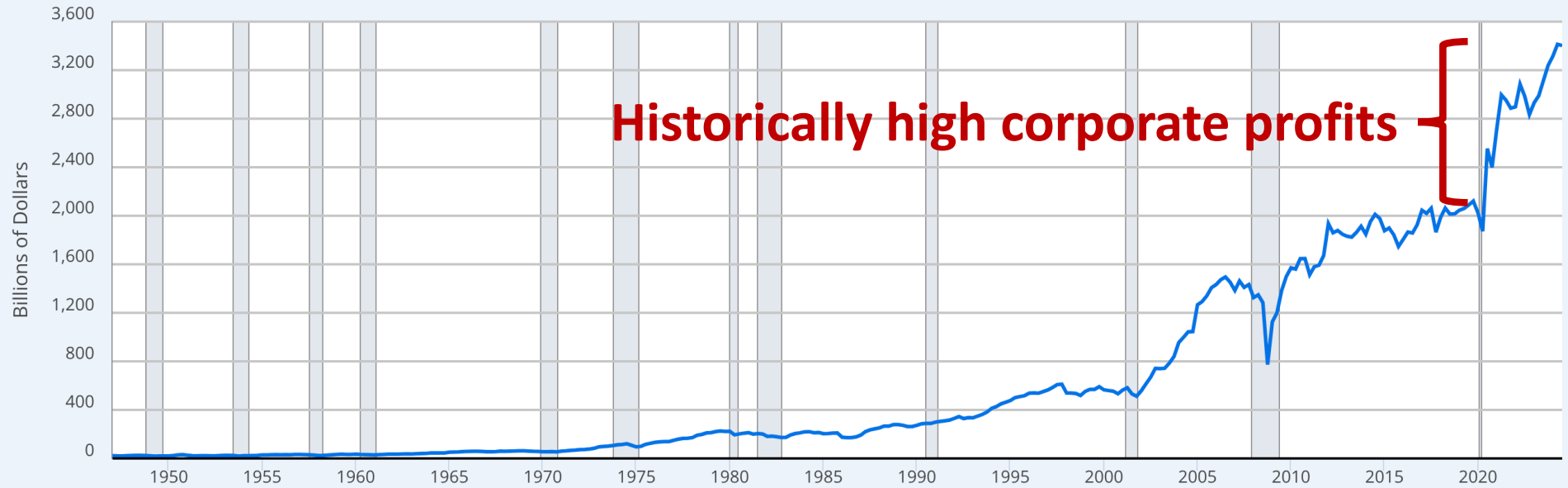
to

2024-07-01

Download 

FRED 

— Corporate Profits After Tax (without IVA and CCAdj)



Source: U.S. Bureau of Economic Analysis via FRED®

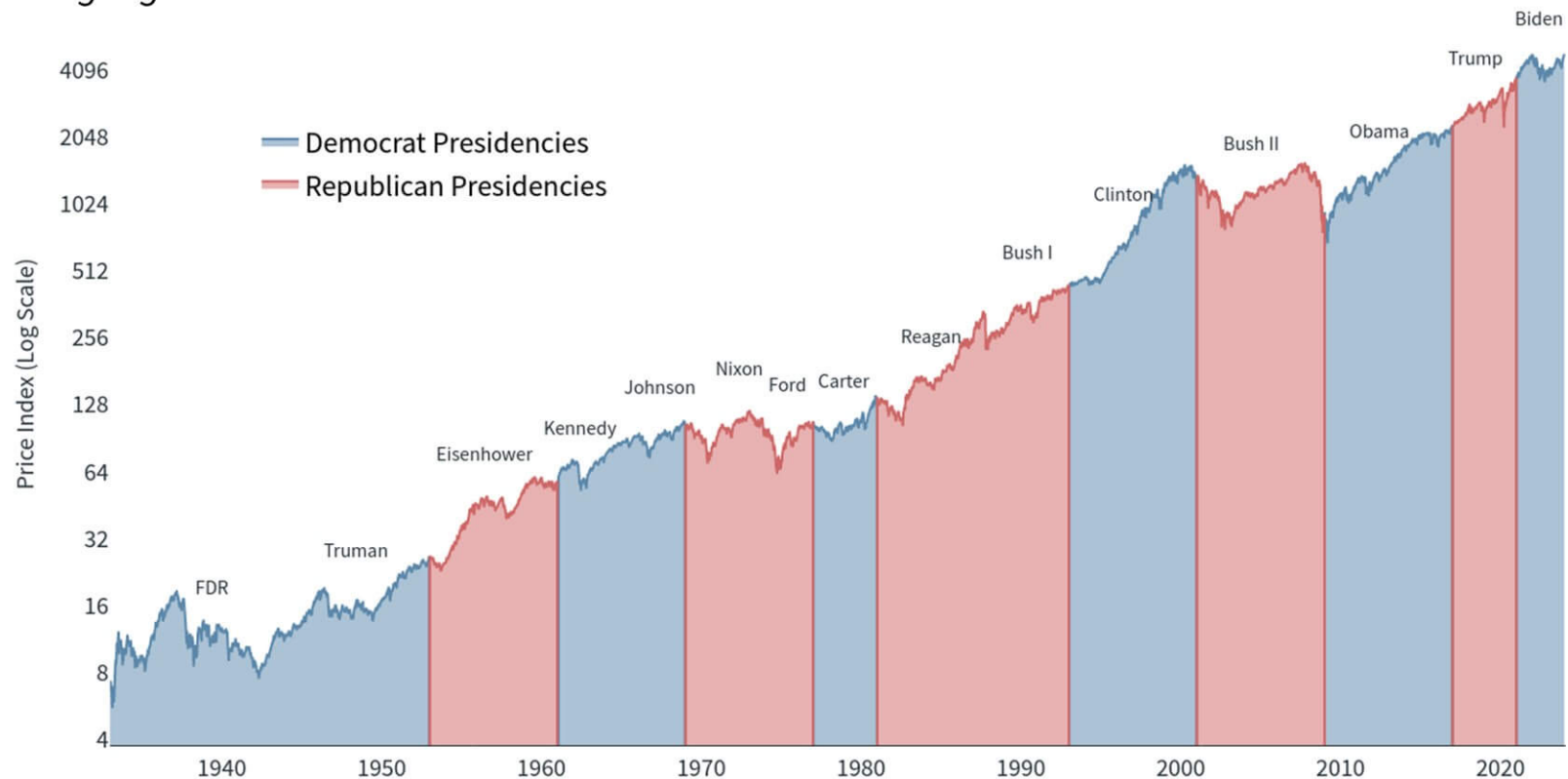
Shaded areas indicate U.S. recessions.

fred.stlouisfed.org

Fullscreen 

The Stock Market and Presidencies

S&P 500 price returns on a log scale with presidents and their parties highlighted since 1933



Latest data point is Dec 31, 2023

Assets
DELIVER
PLANNING
PROCESS-LED
PRODUCT
MANUFACTURER
BUSINESS PLAN
STRATEGIC
SYSTEM

SCM
Procurement
STRATEGY
PLAN
MANAGE
Process
DISTRIBUTION
RESOURCES
Logistics
PLANNING

PARTNER
LIFECYCLE
NETWORK
DELIVERY
Activites
DISTRIBUTE
MANAGEMENT
STRATEGY

SUPPLY CHAIN

Global Supply Chain Pressure Index (GSCPI)



OVERVIEW **GSCPI** FAQs

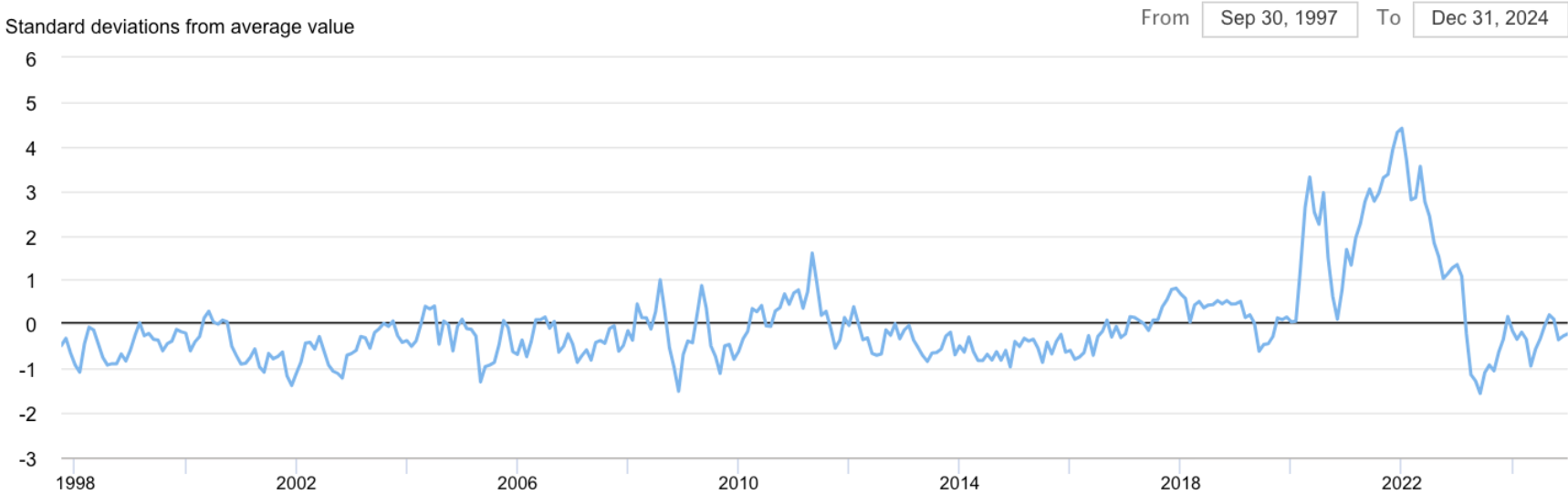
DOWNLOADS

Estimates for December 2024

- The GSCPI rose to -0.22 in December, up from -0.27 in November (revised up from an initial reading of -0.32). GSCPI readings measure standard deviations from the index's historical average.

Latest Update December 2024

Enter a date range to see monthly estimates or use the slider below to view a specific date range.



Projected input cost increases



Index of Prices Paid by Growers in the Green Industry (2007=100)

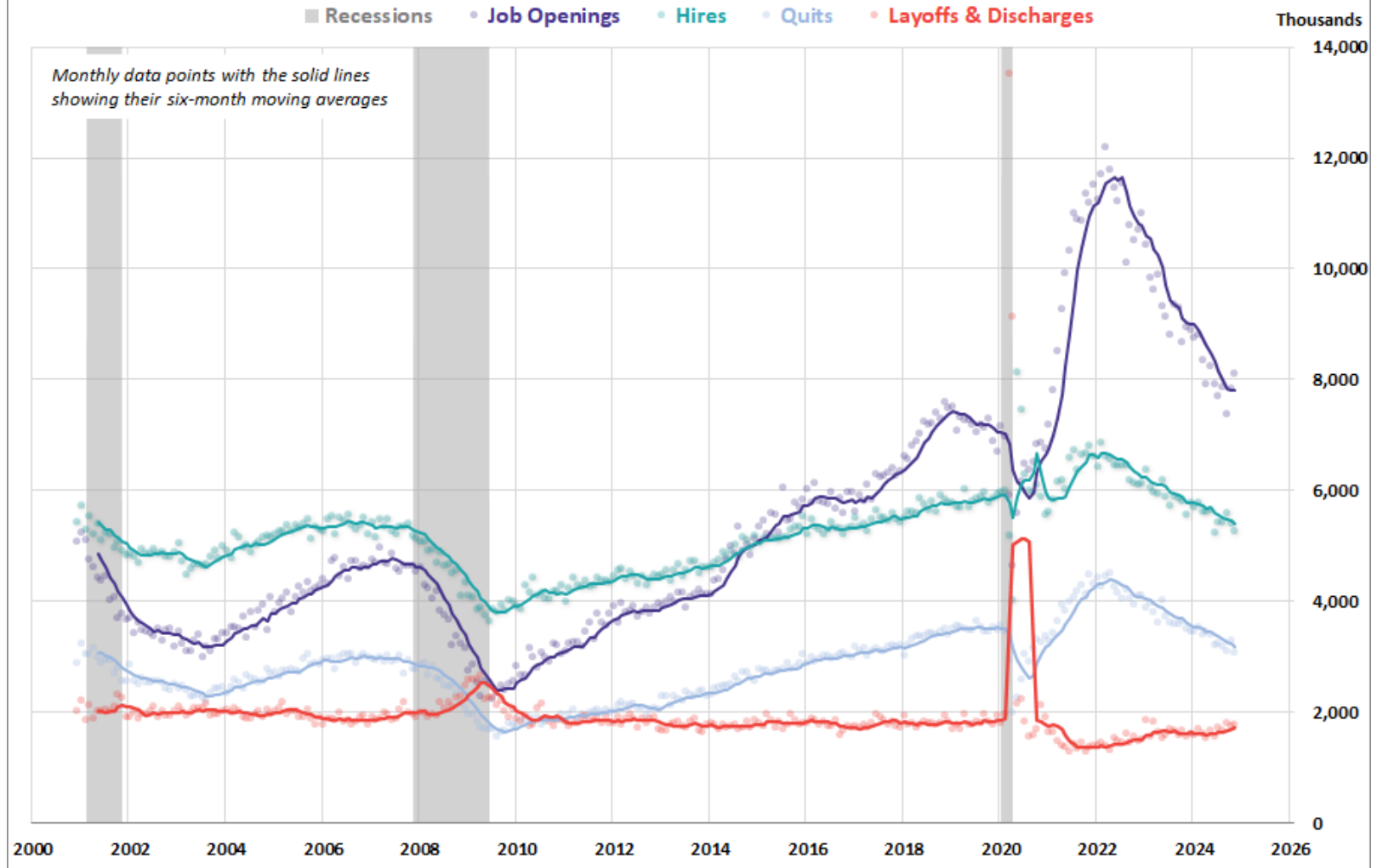
Cost category	Weight	2007	2018	2019	2020	2021	2022	2023	2024f	2025p
Containers & other plastics	8.90%	100.0	126.9	127.3	126.4	143.5	166.8	166.7	166.5	167.3
Media (soilless mixes)	4.37%	100.0	117.3	120.5	122.0	135.8	140.1	160.1	161.7	166.6
Propagative materials	18.97%	100.0	121.8	128.3	136.8	142.1	141.8	142.7	145.6	148.5
Plant protection products	1.629%	100.0	112.9	109.8	107.0	115.1	175.0	153.3	141.5	142.2
Fertilizers	1.626%	100.0	106.9	109.5	103.5	138.6	225.8	178.4	162.8	163.6
Labor	42.99%	100.0	136.7	144.2	149.6	158.1	169.8	179.1	183.5	192.7
Fuel & energy	4.57%	100.0	97.9	93.3	79.3	105.6	152.7	126.2	130.9	134.8
Supplies & repairs	2.95%	100.0	124.1	127.6	129.6	138.9	154.7	160.3	162.1	162.9
Freight & trucking	14.00%	100.0	130.0	130.5	124.9	138.9	151.1	136.1	130.9	132.2
Weighted index (2007=100)		100.0	128.2	132.8	135.2	146.1	160.1	160.8	162.4	167.6
YOY increase/decrease		---	5.7%	3.6%	1.8%	8.1%	9.5%	0.5%	1.0%	3.2%

f=EOY forecast; p=preliminary

LABOR

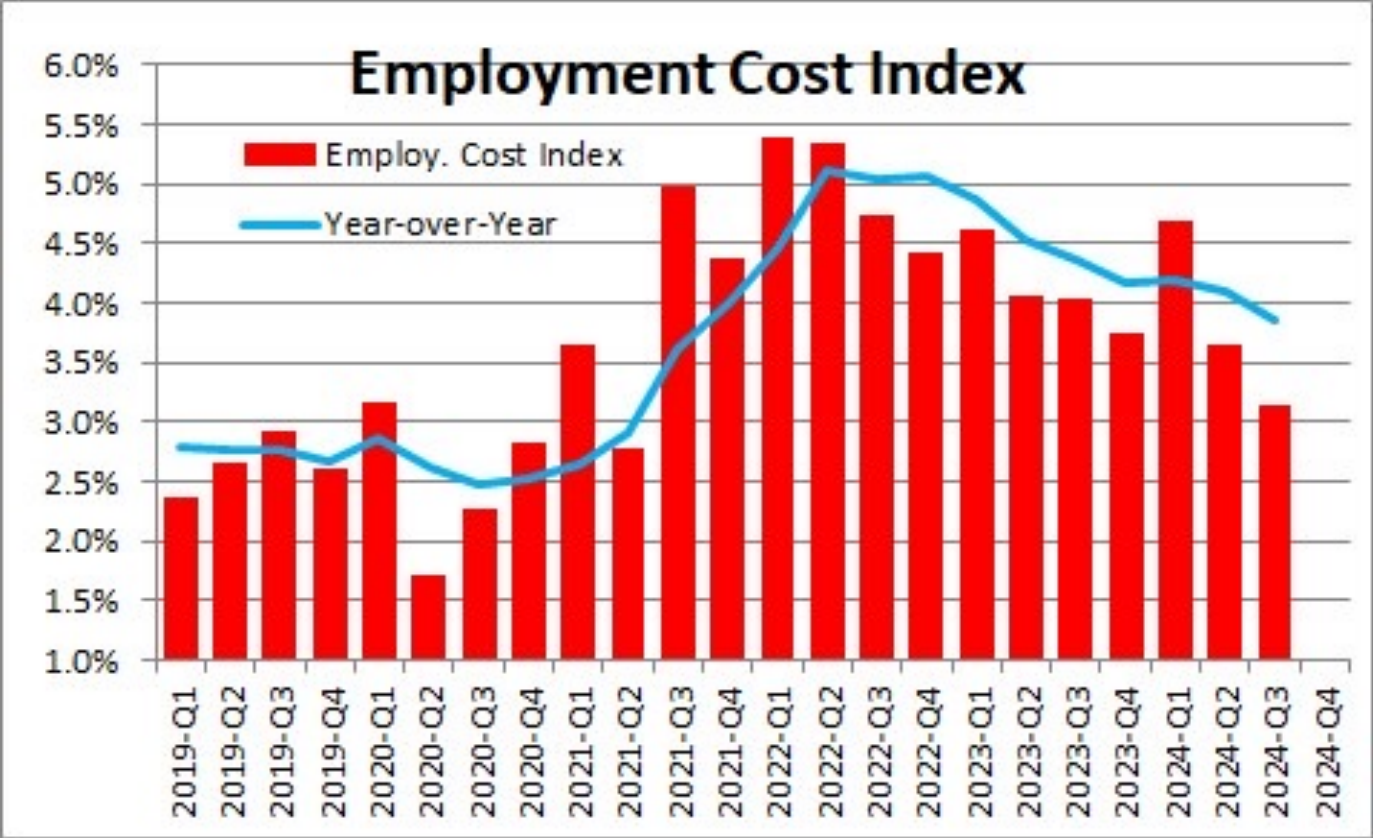


JOLTS Report for Total Nonfarm Employment: Job Openings and Labor Turnover



Job Openings per Unemployed Worker



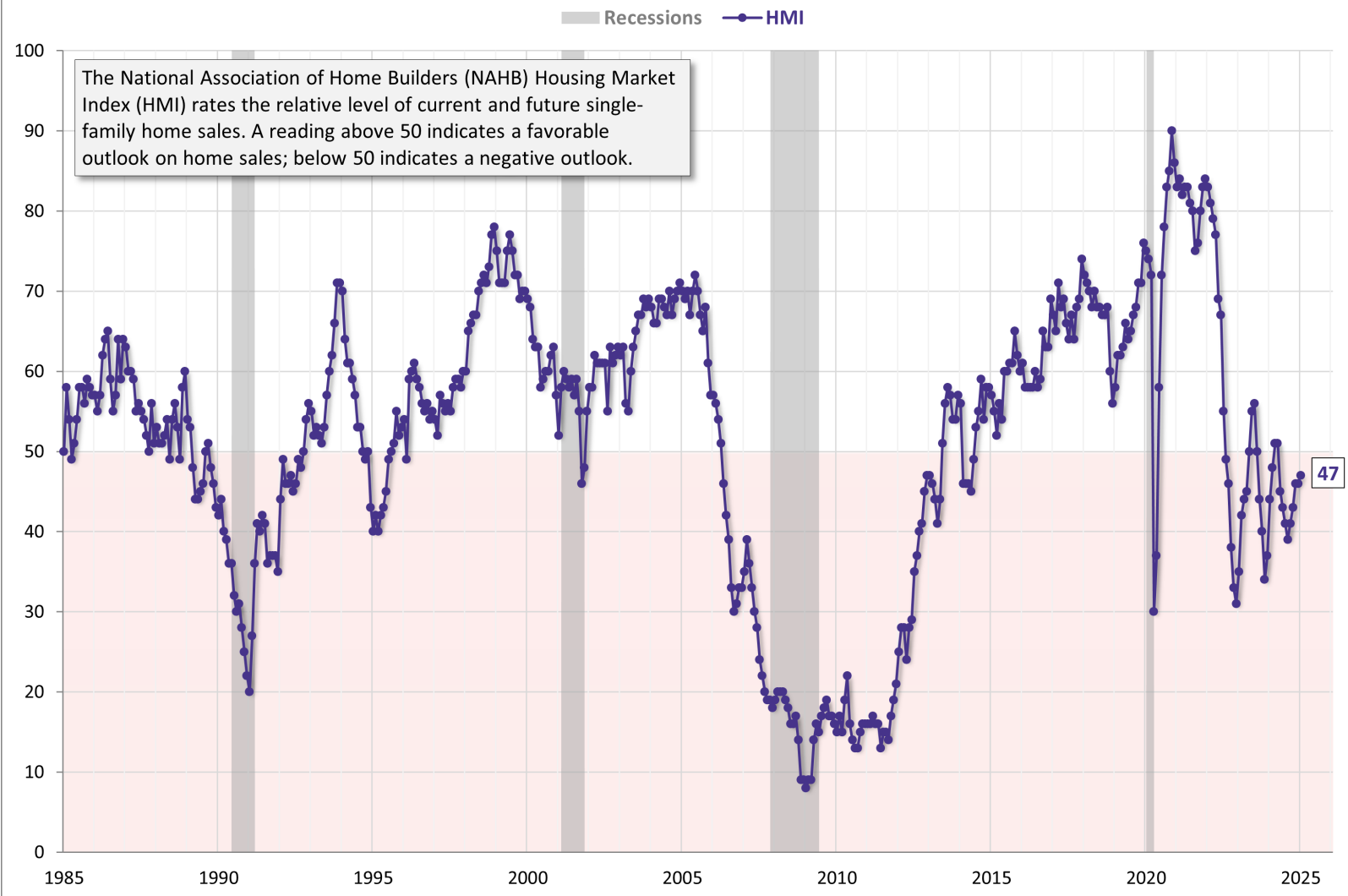


Adverse Effect Wage Rates by Year, 2018-2025

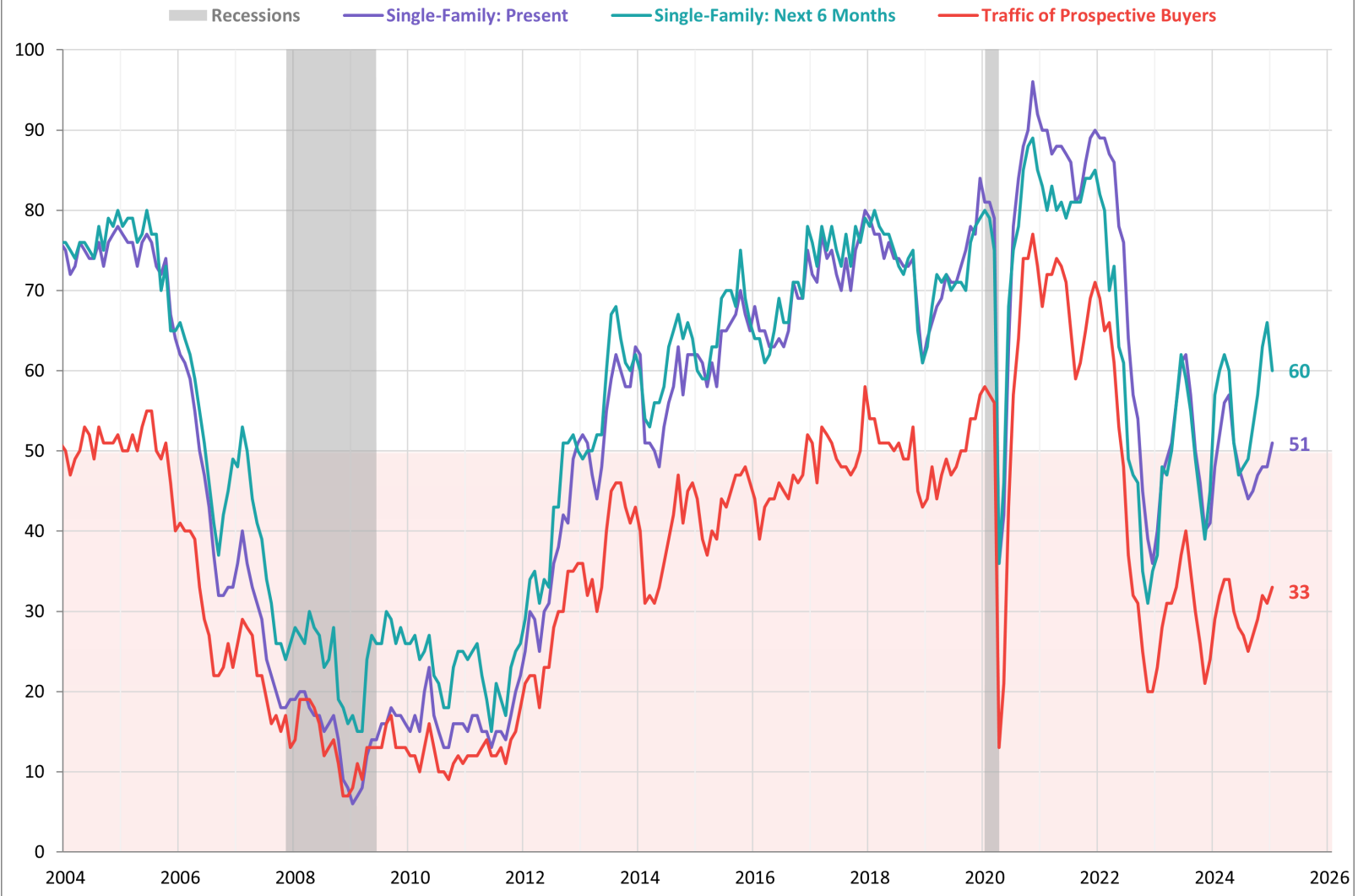
State	2019 AEWR	2020 AEWR	2021 AEWR	2022 AEWR	2023 AEWR	2024 AEWR	2025 AEWR	YOY increase 2024 to 2025	Percent increase from 2019 to 2025
(effective date)	1/9/19	1/1/20	2/23/21	12/29/21	1/1/23	1/1/24	1/1/25		
Texas	12.23	12.67	13.03	13.88	14.87	15.55	15.79	1.5%	29.1%
National Average	\$12.96	\$13.68	\$14.28	\$15.03	\$16.13	\$16.98	\$17.78	4.7%	37.27%
YOY increase	-----	5.6%	4.4%	5.3%	7.3%	5.3%	4.7%		
	2019	2020	2021	2022	2023	2024	2025		
Median	\$13.25	\$14.26	\$14.72	\$15.54	\$16.55	\$17.20	\$17.96		



Housing Market Index (HMI)

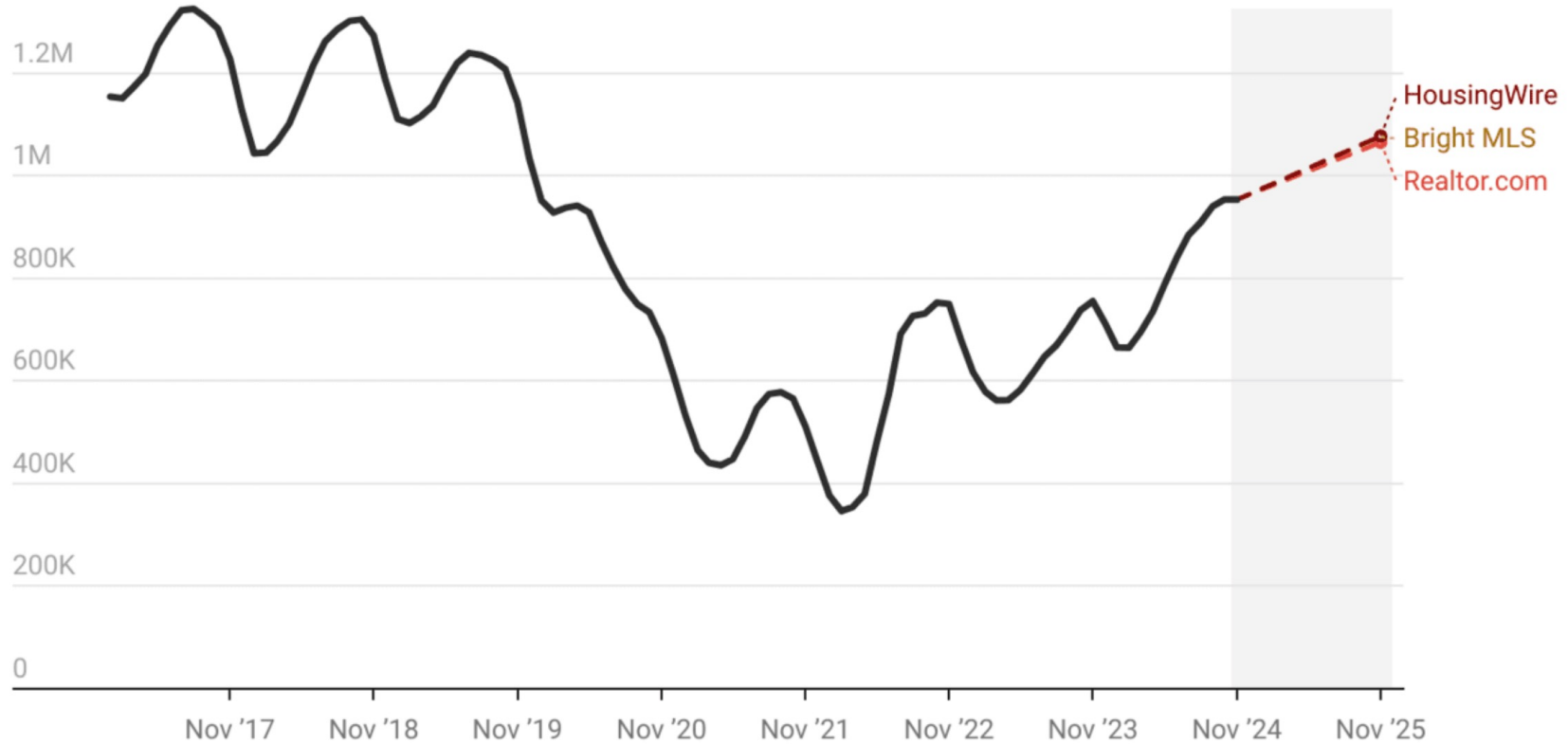


Housing Market Index (HMI) - Components



Active housing inventory for sale

U.S. active housing inventory for sale is expected to rise, according to forecast by HousingWire (+13.0%), Bright MLS (+12.8%), and Realtor.com (+11.7%)

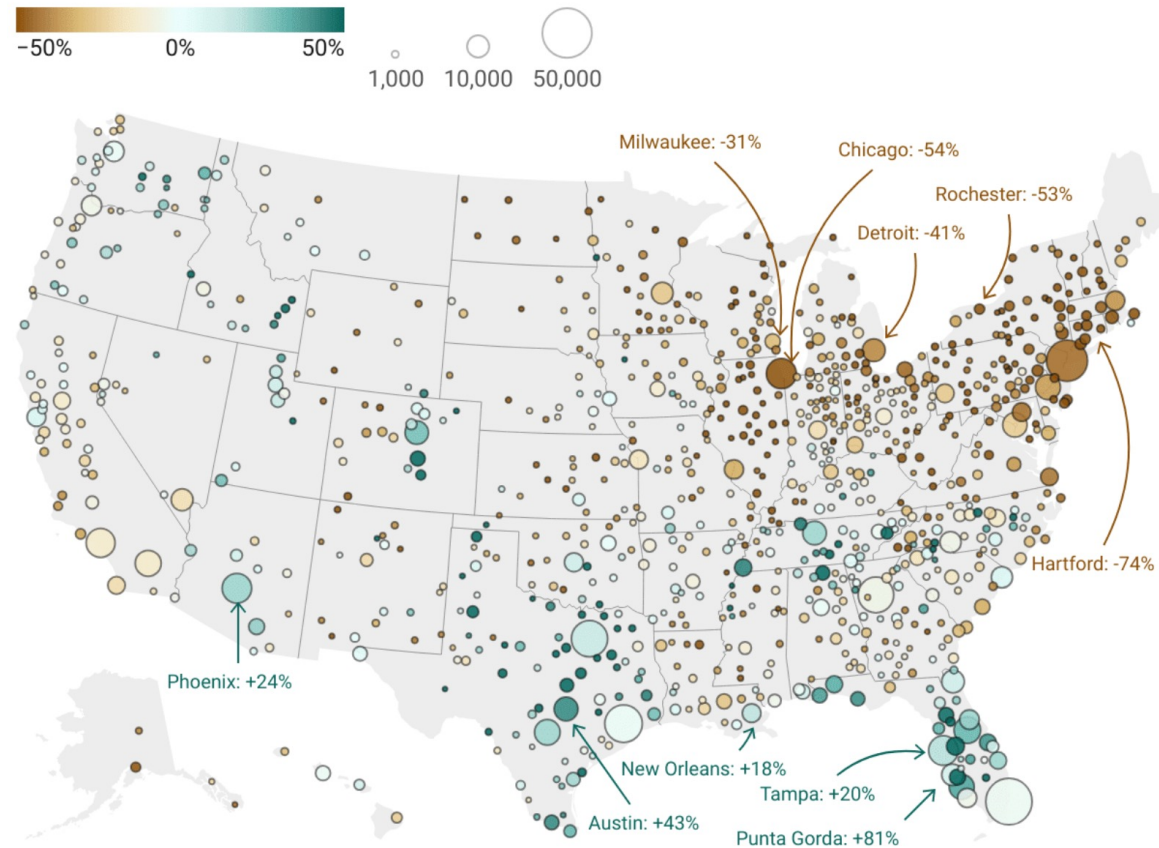


Note: These three firms provided forecasts for inventory growth for the calendar year 2025, not for each individual month. The dotted lines connect the current inventory levels to the firms' year-end 2025 forecasts.

Chart: Lance Lambert • Source: Monthly active listing from Realtor.com • Created with Datawrapper

Active housing inventory for sale compared to pre-pandemic levels: Metro shift between November 2019 and November 2024

Metro sized by number of active listings for sale

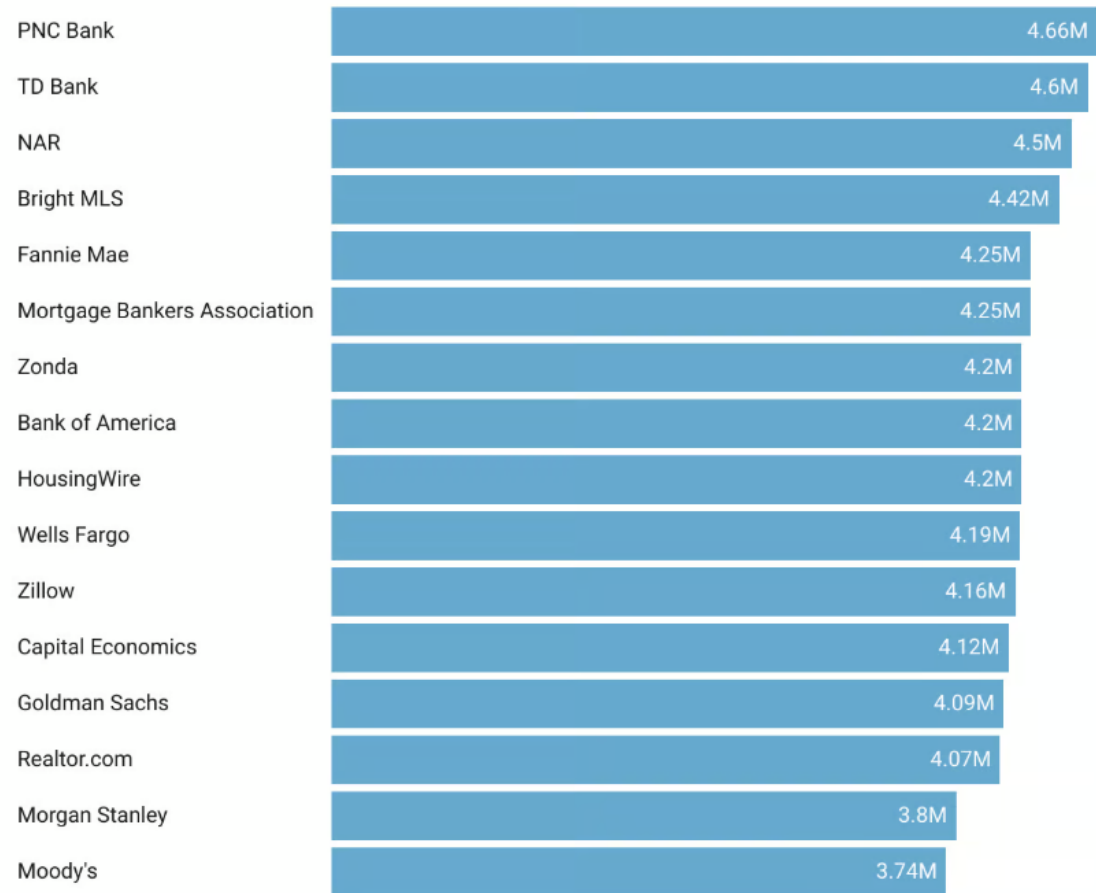


Map: Lance Lambert • Source: ResiClub's analysis of Realtor.com data • Created with Datawrapper



U.S. existing home sales forecasts for 2025

Among the 16 resale forecasts tracked by ResiClub, the average forecast model expects U.S. existing home sales to be 4.22 million in 2025



Both PNC Bank and TD Bank are forecasting the seasonally adjusted annualized rate (SAAR) for the end of 2025, while the other forecasters are projecting for the full calendar year 2025.

Chart: Lance Lambert • Source: ResiClub reporting • Created with Datawrapper

Where U.S. existing home sales are forecasted to go in 2025

Among the 16 resale forecasts tracked by ResiClub, the average forecast model expects U.S. existing home sales to be 4.22 million in 2025.



Historic chart displays the monthly seasonally adjusted annualized rate of U.S. existing home sales through November 2024

Chart: Lance Lambert • Source: ResiClub reporting • Created with Datawrapper

U.S. existing home sales forecasts for 2026

Among the 16 resale forecasts tracked by ResiClub, 6 already have a 2026 existing home sales projection. On average, these forecasts predict that U.S. existing home sales will reach 4.72 million in 2026.



Both PNC Bank and TD Bank are forecasting the seasonally adjusted annualized rate (SAAR) for the end of 2026, while the other forecasters are projecting for the full calendar year 2026.

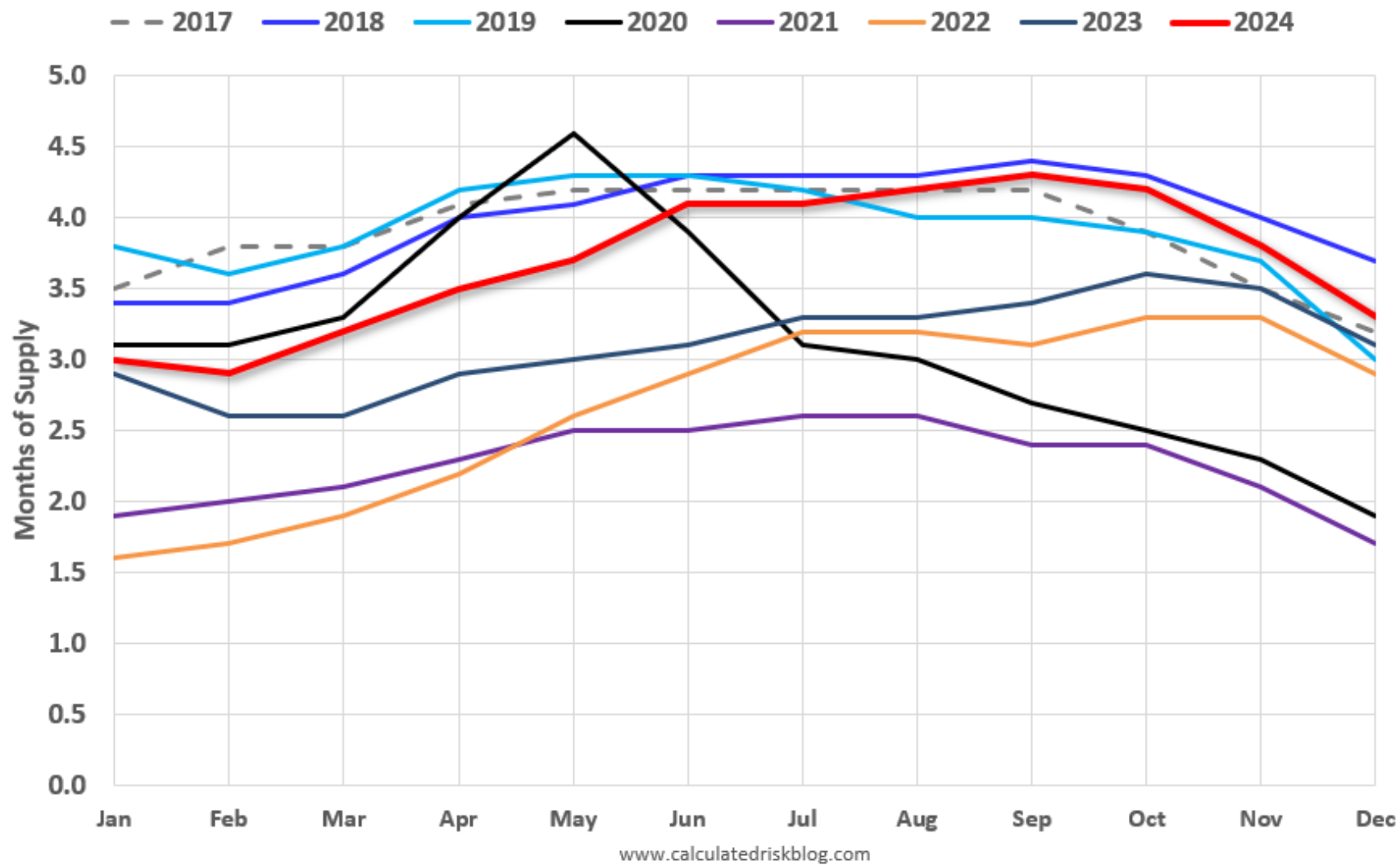
Chart: Lance Lambert • Source: ResiClub reporting • Created with Datawrapper



Why are many forecasters already more optimistic on 2026 existing home sales than 2025?

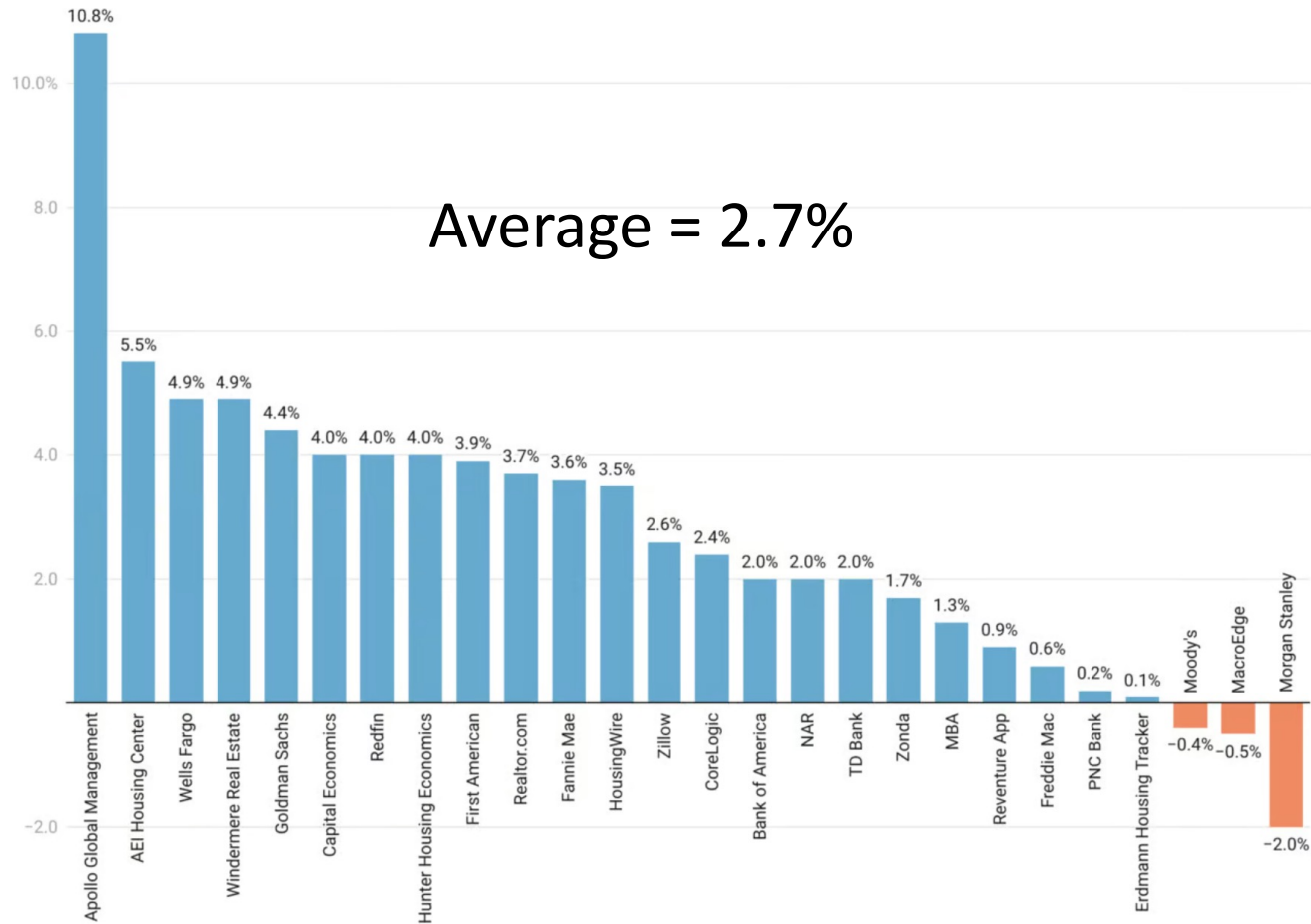
Many groups believe that suppressed churn in the resale market, or the so-called lock-in effect, will take time to ease. As households earn more money and as lifestyle changes accumulate (such as having more children), they may become more willing to part with their lower monthly payment or mortgage rate.

Existing Home Months of Supply



U.S. home price forecasts for 2025

The average forecast tracked by ResiClub expects U.S. home prices to rise 2.7% in 2025

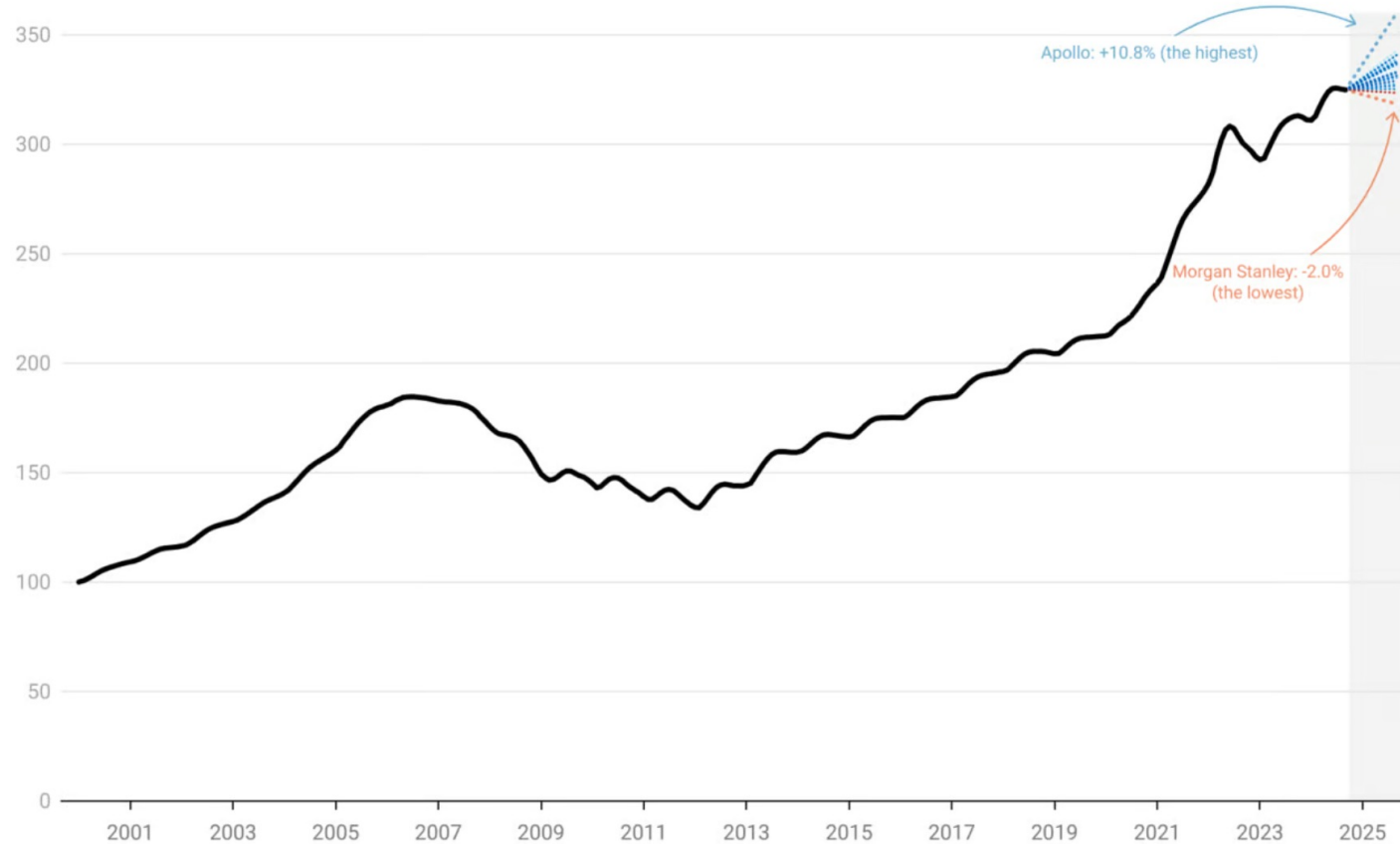


Final 2025 roundup published by ResiClub on December 30, 2025. MBA = Mortgage Bankers Association.

Chart: Lance Lambert • Source: ResiClub reporting • Created with Datawrapper

Where U.S. home prices are forecasted to go by the end of 2025

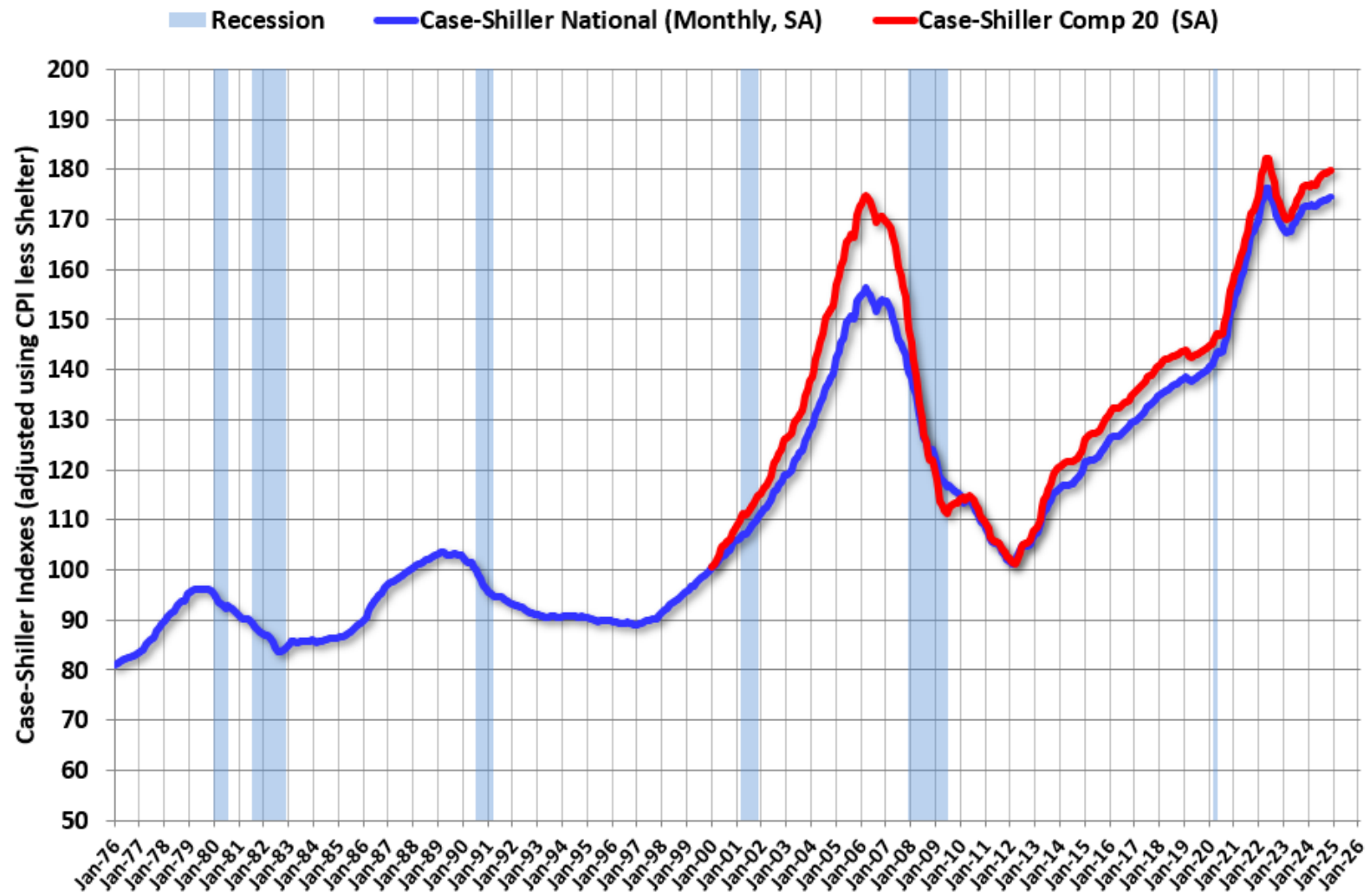
Among the 26 home price forecasts tracked by ResiClub, the average prediction is a +2.7% increase in U.S. home prices in 2025.



The chart shows how the Case-Shiller National Home Price Index is projected to shift in 2025, based on predictions from 26 different forecast models. While not all of these models specifically forecast for Case-Shiller, it is the most commonly referenced index in their projections.

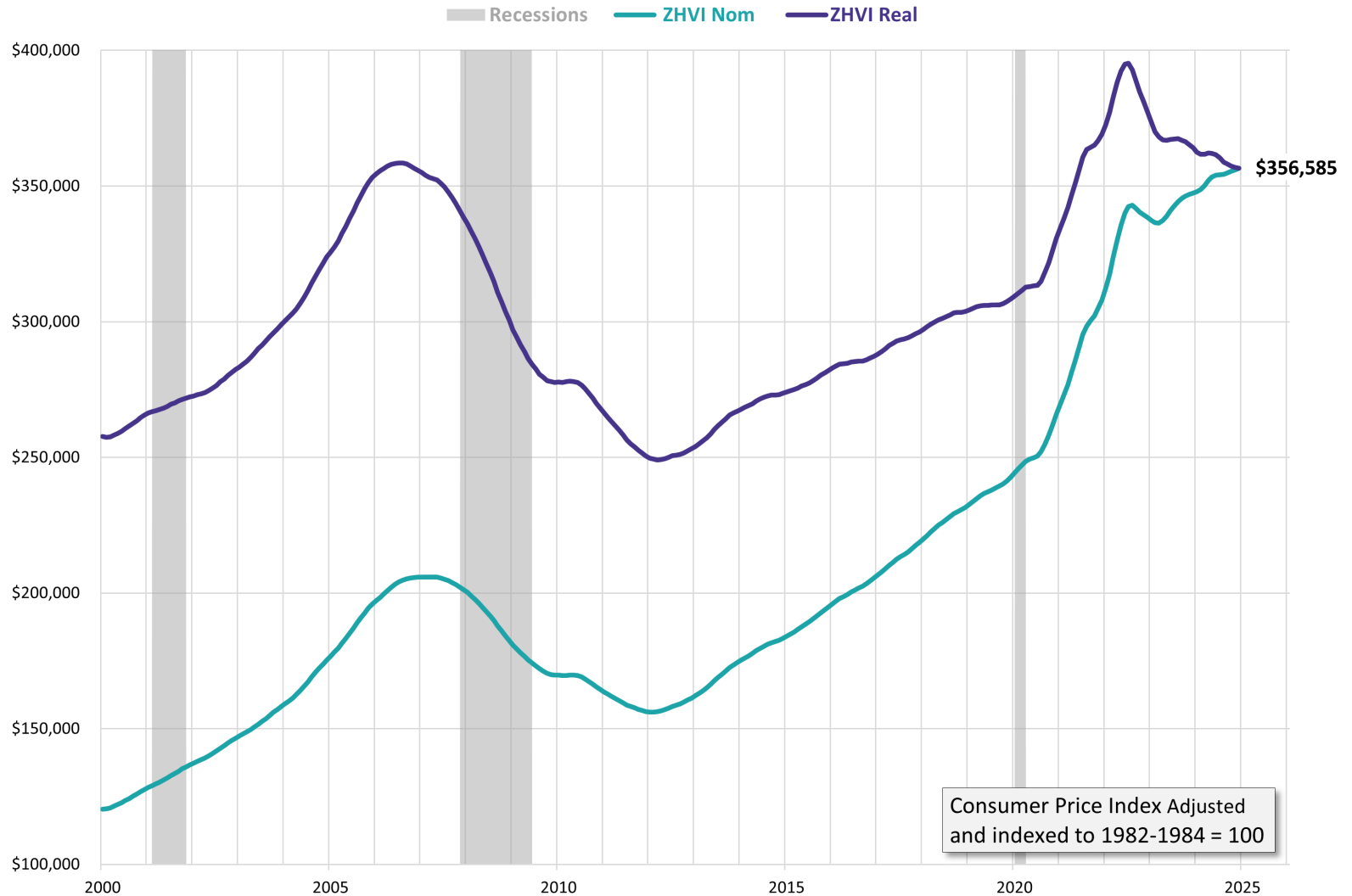
Chart: Lance Lambert • Source: ResiClub reporting • Created with Datawrapper

Real House Prices

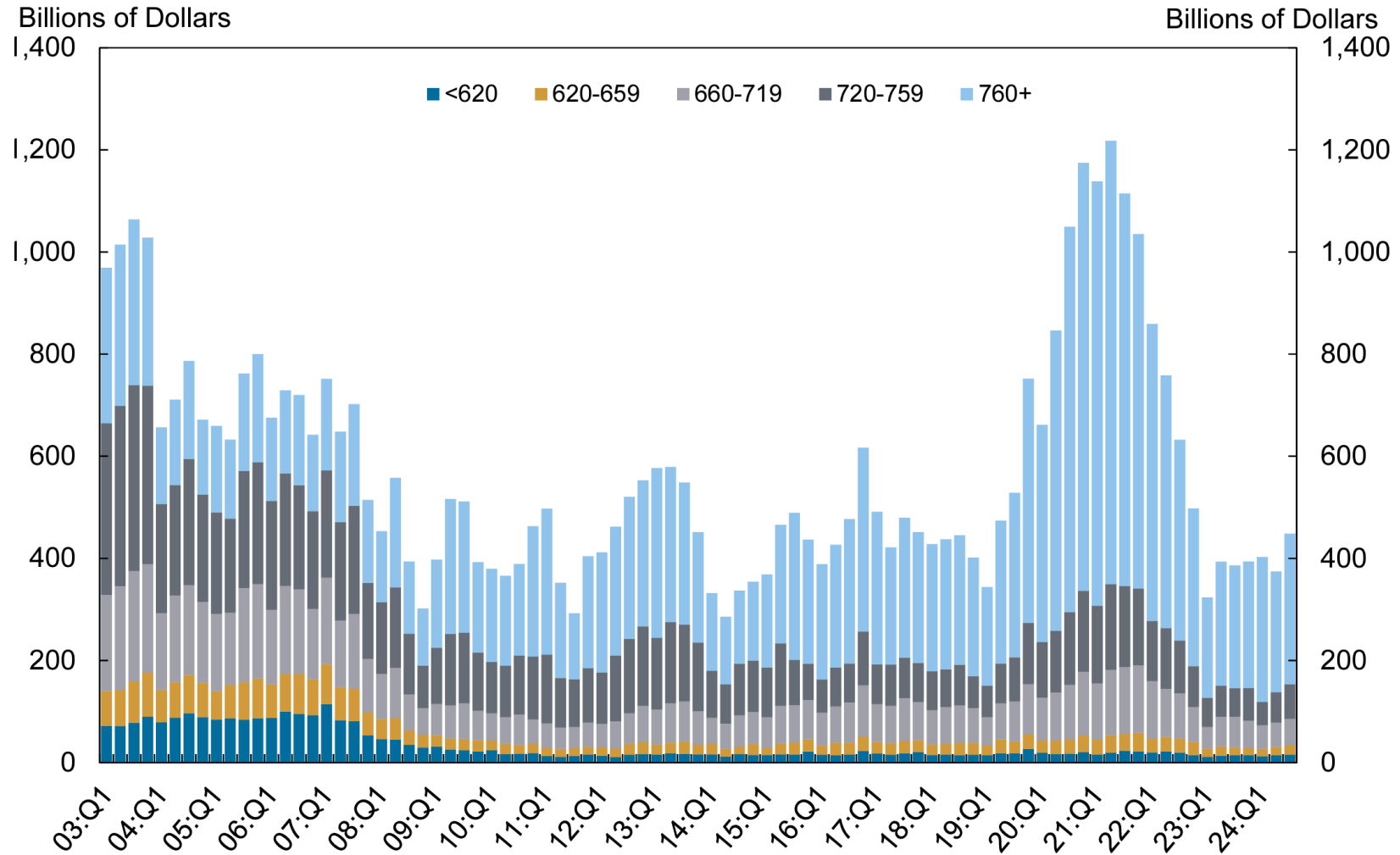


<http://www.calculatedriskblog.com/>

Zillow Home Value Index (ZHVI)



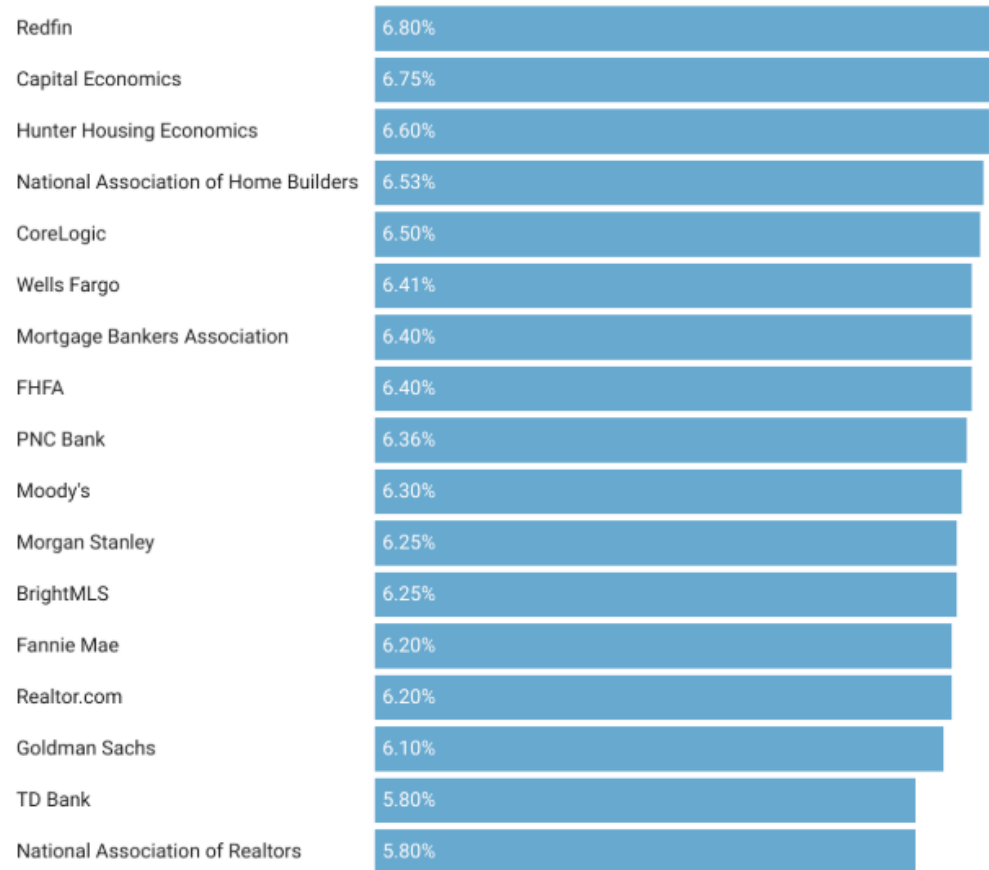
Mortgage Originations by Credit Score*



Source: New York Fed Consumer Credit Panel/Equifax

Mortgage rate forecasts for 2025

Among the 17 forecasts tracked by ResiClub, the average model expects the 30-year fixed mortgage rate to finish 2025 at 6.33%.



Final roundup published by ResiClub on January 19, 2025. All forecasts pertain to Q4 2025, except for those from Hunter Housing Economics, FHFA, and the National Association of Home Builders, which provided averages for the entire calendar year 2025.

Chart: Lance Lambert • Source: ResiClub reporting • Created with Datawrapper

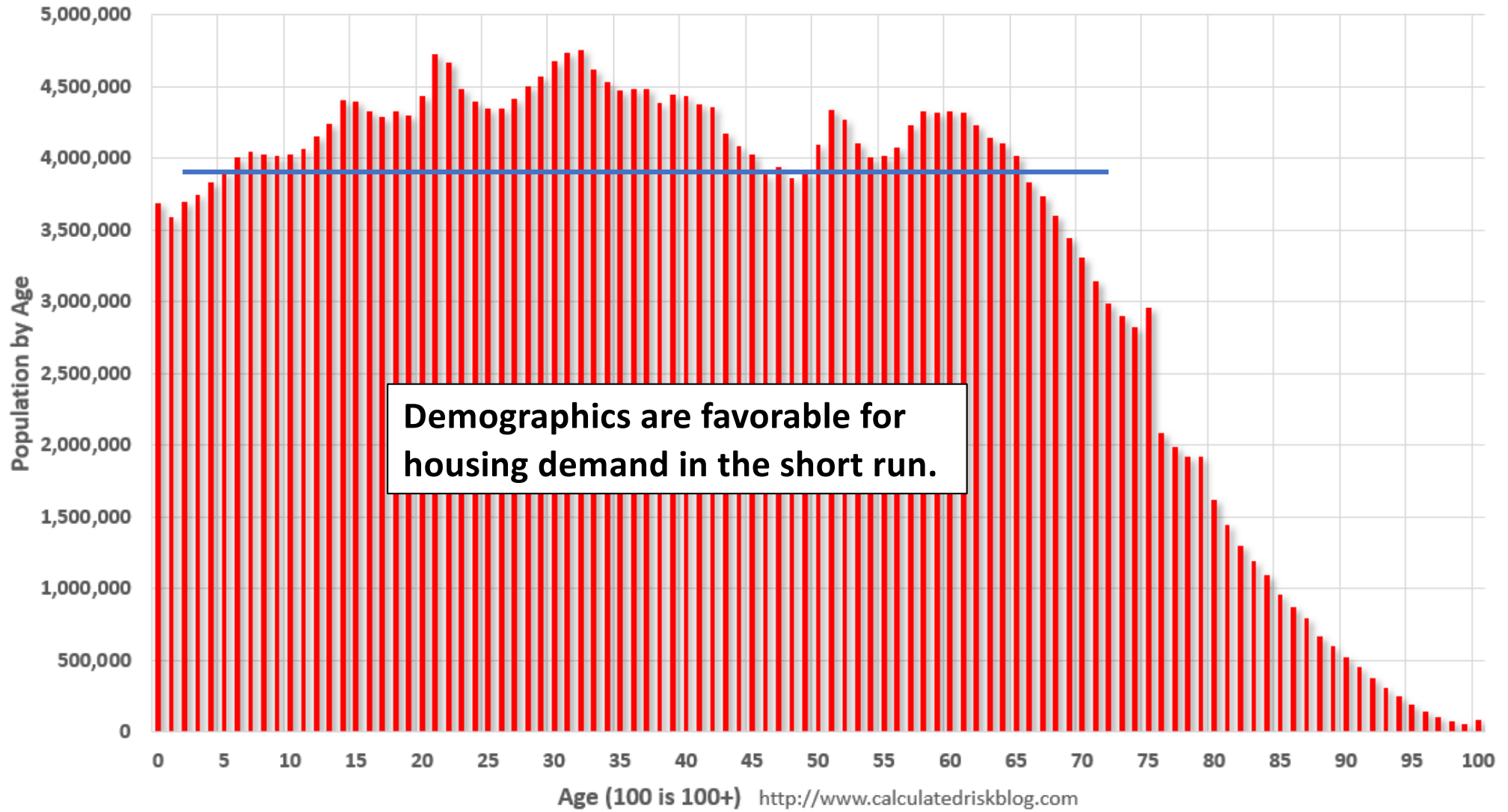
Where mortgage rates are forecasted to go by the end of 2025

The average 30-year fixed mortgage rate was 7.04% on the week ending January 16, 2024. Among the 17 forecasts tracked by ResiClub, the average model expects the 30-year fixed mortgage rate to finish 2025 at 6.33%.



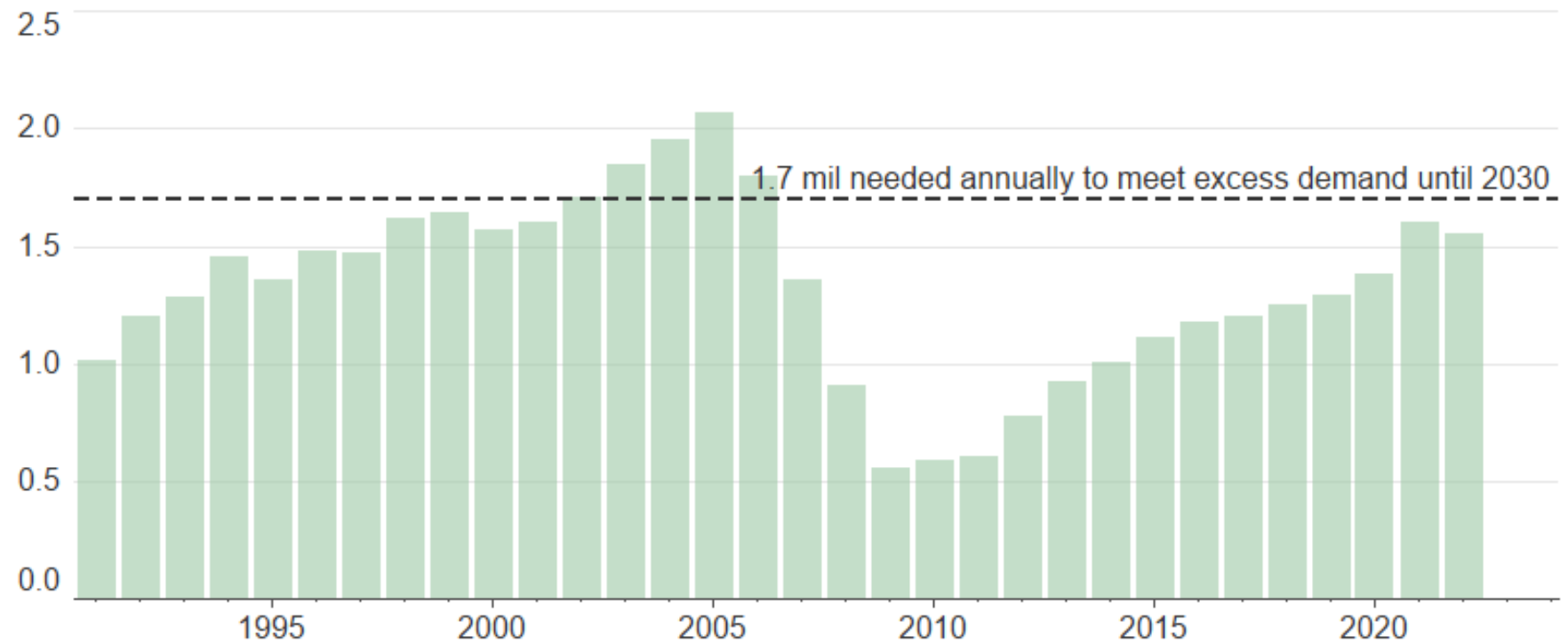
Chart: Lance Lambert • Source: ResiClub reporting • Created with Datawrapper

U.S. Population by Age, 2022 Census Estimate



U.S. housing starts, annually

Millions



Source: Census Bureau, RSM US

U.S. housing market is 1.5 million housing units below a "balanced market," finds Freddie Mac

Freddie Mac: "To bring the vacancy rate, both rental and homeowner, back in line with historical averages, the U.S. would need to add an additional 1.5 million vacant for-sale and for-rent homes"

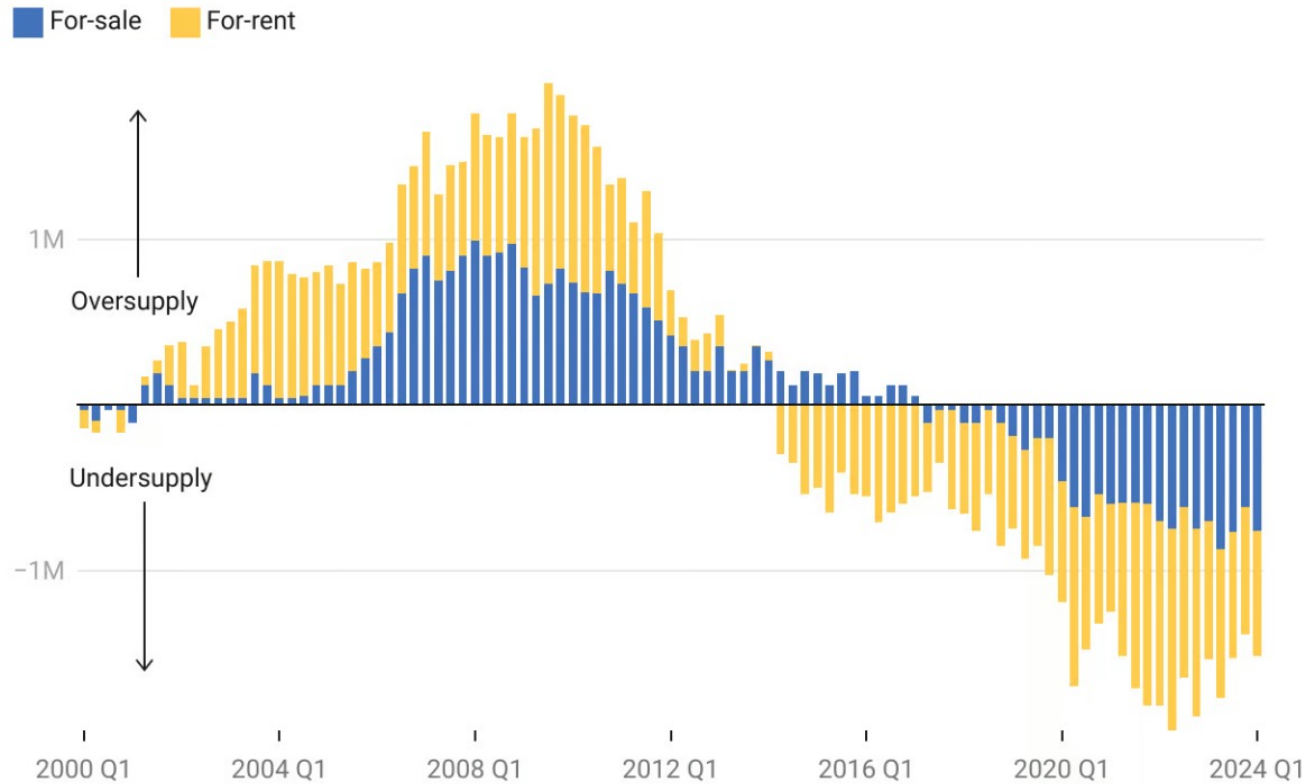
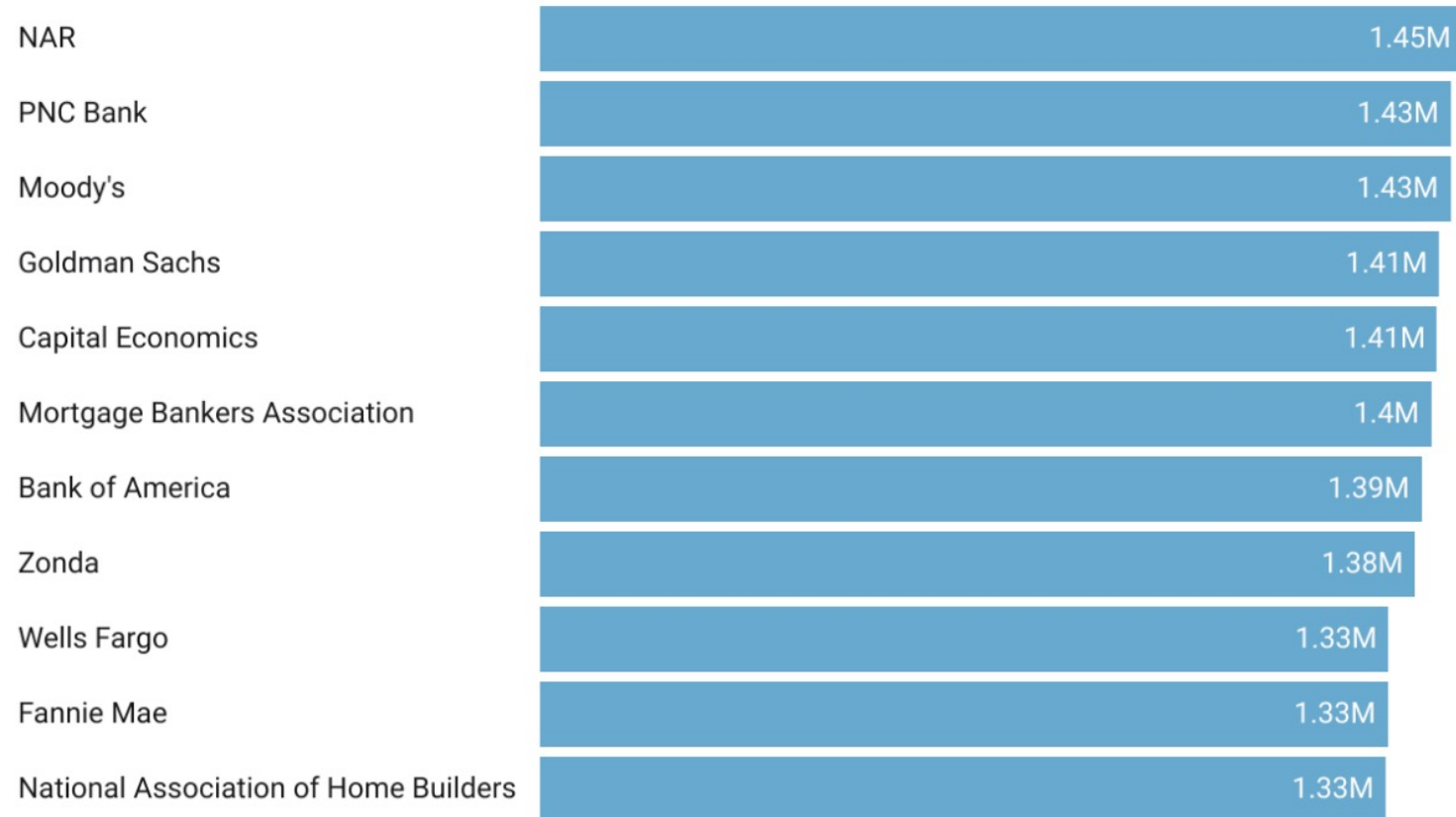


Chart: Lance Lambert • Source: Freddie Mac's analysis, published in May 2024, of U.S. Census Bureau data • Created with Datawrapper

Forecasts for U.S. total housing starts in 2025

Among the 11 construction forecasts tracked by ResiClub, the average model projects U.S. total housing starts to be 1.39 million in 2025



Total housing starts includes both single-family and multifamily unit starts

Chart: Lance Lambert • Source: ResiClub reporting • Created with Datawrapper

Where U.S. total housing starts are forecasted to go in 2025

Among the 11 construction forecasts tracked by ResiClub, the average model projects U.S. total housing starts to be 1.39 million in 2025

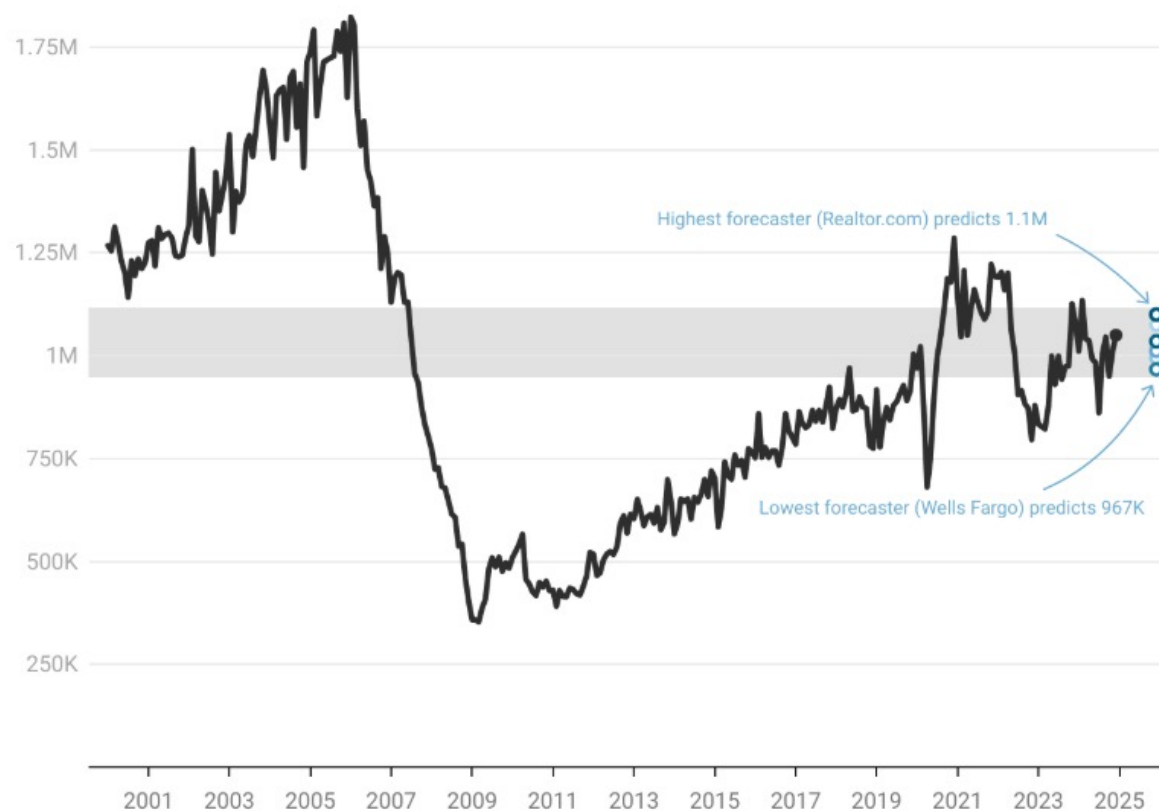


Historic chart displays the monthly seasonally adjusted annualized rate of U.S. total housing starts through November 2024

Chart: Lance Lambert • Source: ResiClub reporting; U.S. Census Bureau • Created with Datawrapper

Where U.S. single-family housing starts are forecasted to go in 2025

Among the 7 forecasts tracked by ResiClub that provide a single-family housing starts forecast, the average model projects U.S. single-family housing starts to be 1.04 million in 2025



Historic chart displays the monthly seasonally adjusted annualized rate of U.S. single-family housing starts through November 2024

Chart: Lance Lambert • Source: ResiClub reporting; U.S. Census Bureau • Created with Datawrapper

Affordability

Drivers

Affordability Gap

Cost Breakdown

United States

Affordability Index

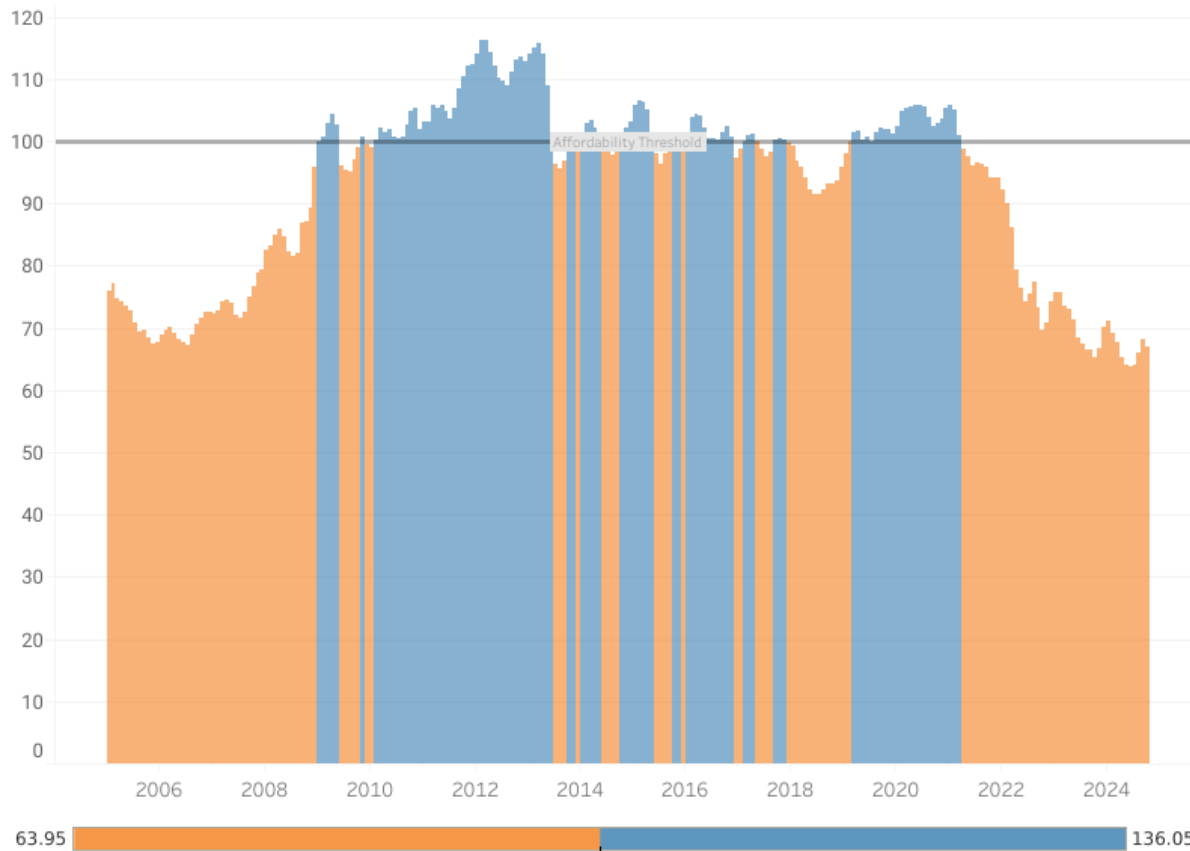
(Toggle between Affordability Index & Homeownership Cost as a Percent Share of Median Income)

Share of Median Income Greater than 30% OR Index less than 100 = Unaffordable

Source: Federal Reserve Bank of Atlanta

Select Parameter >>>

Affordability Index



The average itemized costs of constructing a typical new U.S. single-family home

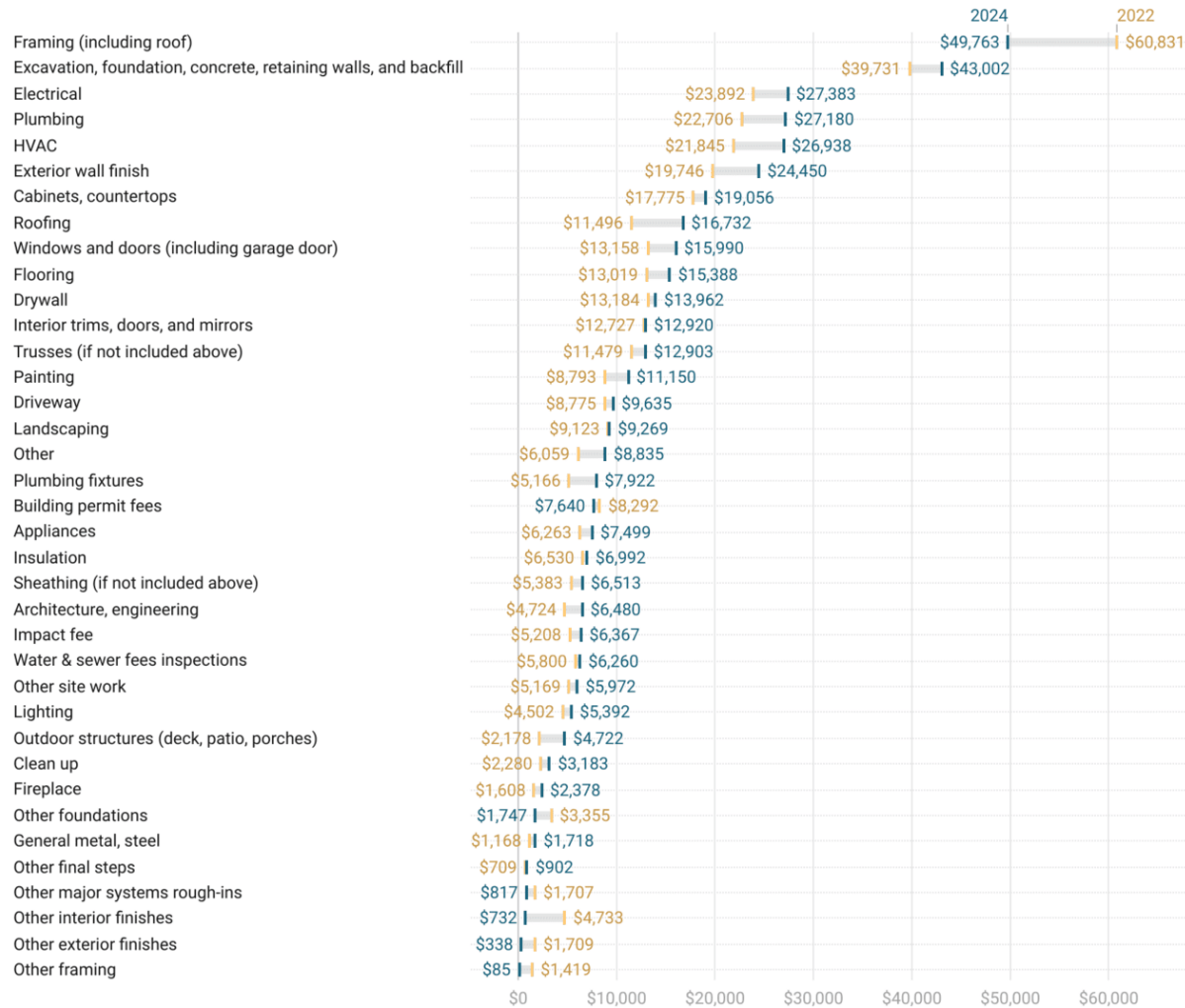


Chart: Meghan Malas • Source: National Association of Home Builders (NAHB) • Created with Datawrapper

Housing affordability is strained

The Atlanta Fed's 'qualified income' metric estimates the household income needed to afford a median-priced U.S. home without spending more than 30% of annual income. In simpler terms, it represents the income level to "afford" a typical U.S. home.

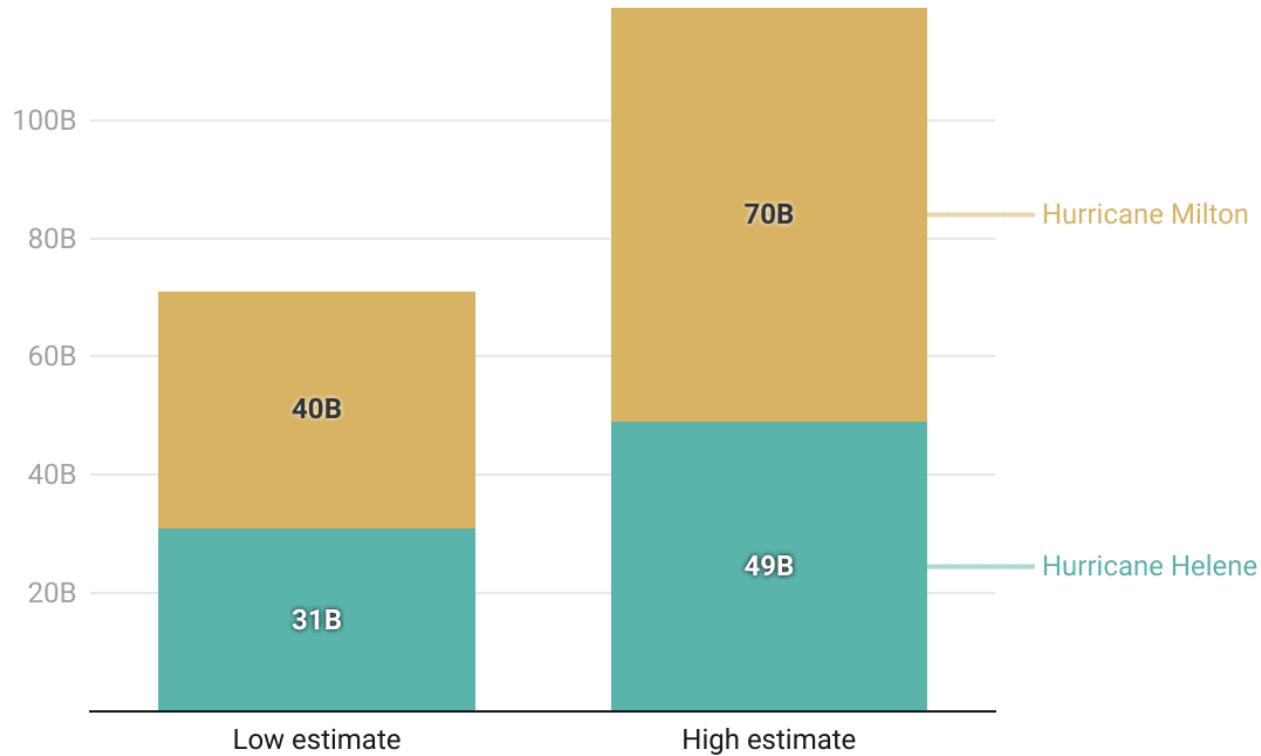


Chart: Lance Lambert • Source: The Federal Reserve Bank of Atlanta's Home Ownership Affordability Monitor • Created with Datawrapper

During the Pandemic Housing Boom, [housing demand surged](#) rapidly amid ultralow interest rates, stimulus, and the remote work boom. [Federal Reserve researchers estimate](#) “new construction would have had to increase by roughly 300% to absorb the pandemic-era surge in demand.”

Unlike housing demand, [housing supply isn't as elastic](#) and can't quickly ramp up. As a result, the heightened demand drained the market of active inventory and overheated home prices, with [U.S. home prices](#) in July 2024 a staggering 53.4% above January 2020 levels.

Moody's: Estimated U.S. property damage caused by hurricanes Helene and Milton



Hurricane Helene made landfall on September 26, 2024. Hurricane Milton made landfall on October 9, 2024

Chart: Lance Lambert • Source: Moody's estimate • Created with Datawrapper

Inflation?



Consumer Price Index Since 2007

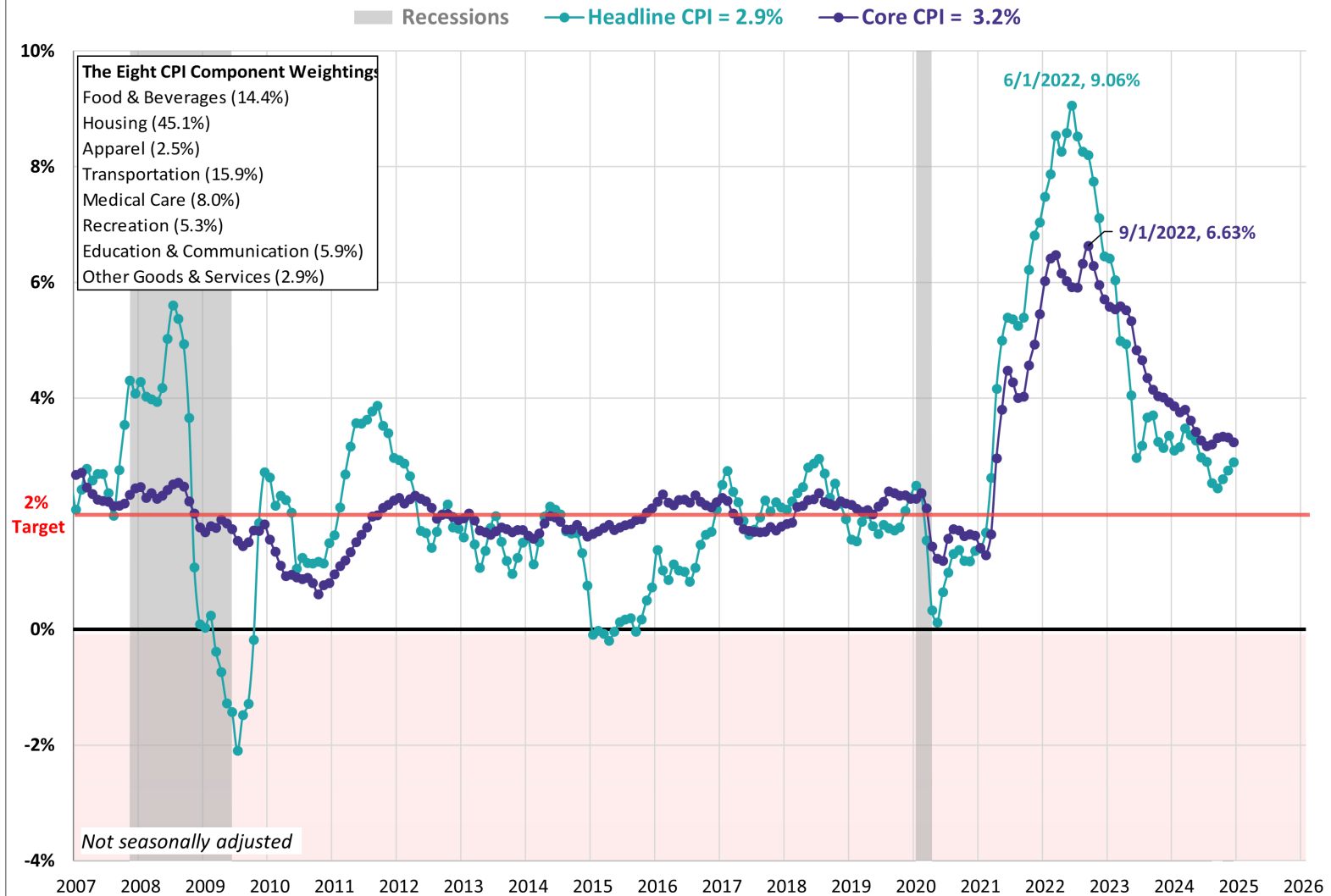
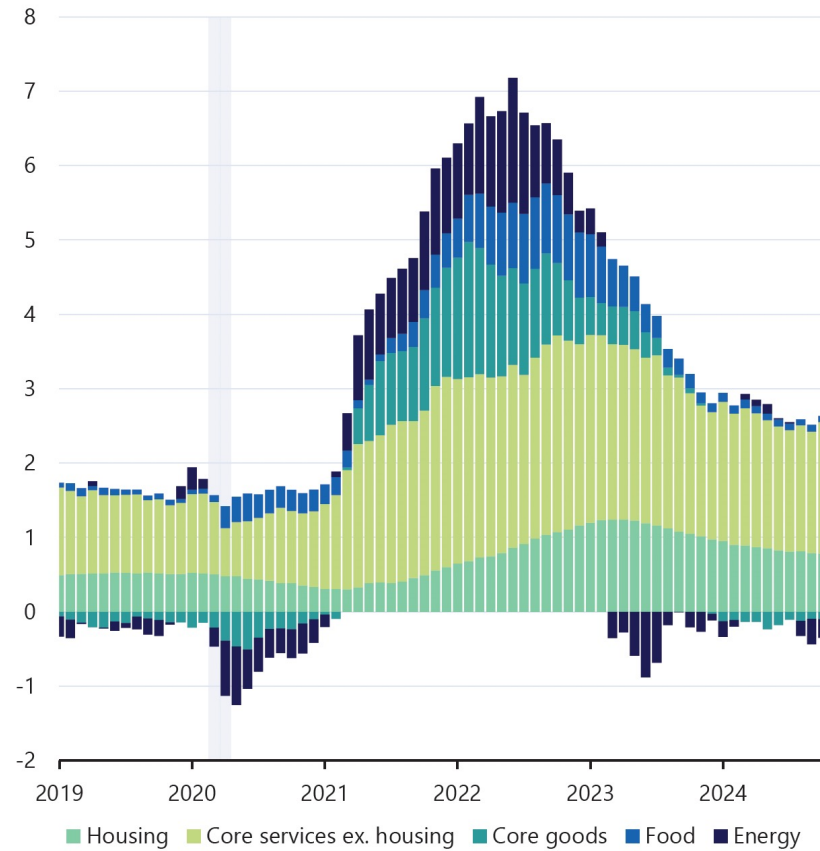


Figure 1-20. Year-over-year PCE Inflation by Components

Percent



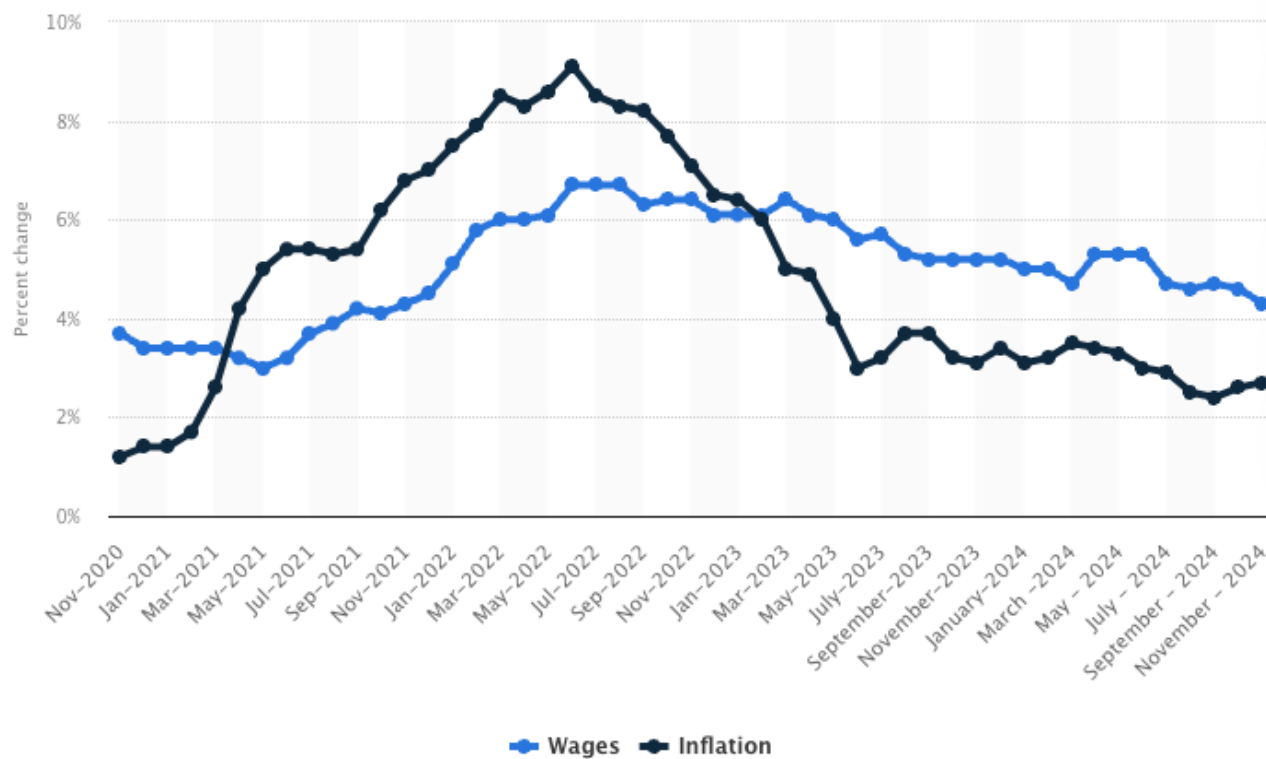
Council of Economic Advisers

Sources: Bureau of Economic Analysis; CEA calculations.

Note: Figure shows monthly contributions to year-over-year PCE inflation. Core goods refers to goods less food and energy components. Gray bar indicates recession.

2025 Economic Report of the President

Difference between the inflation rate and growth of wages in November 2020 to November 2024



[Additional Information](#)

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[Show source](#)



Disposable Personal Income Per Capita Growth Nominal Versus Real

Recessions Nominal DPI Per Capita Growth Since 2000 Real DPI Per Capita Growth Since 2000

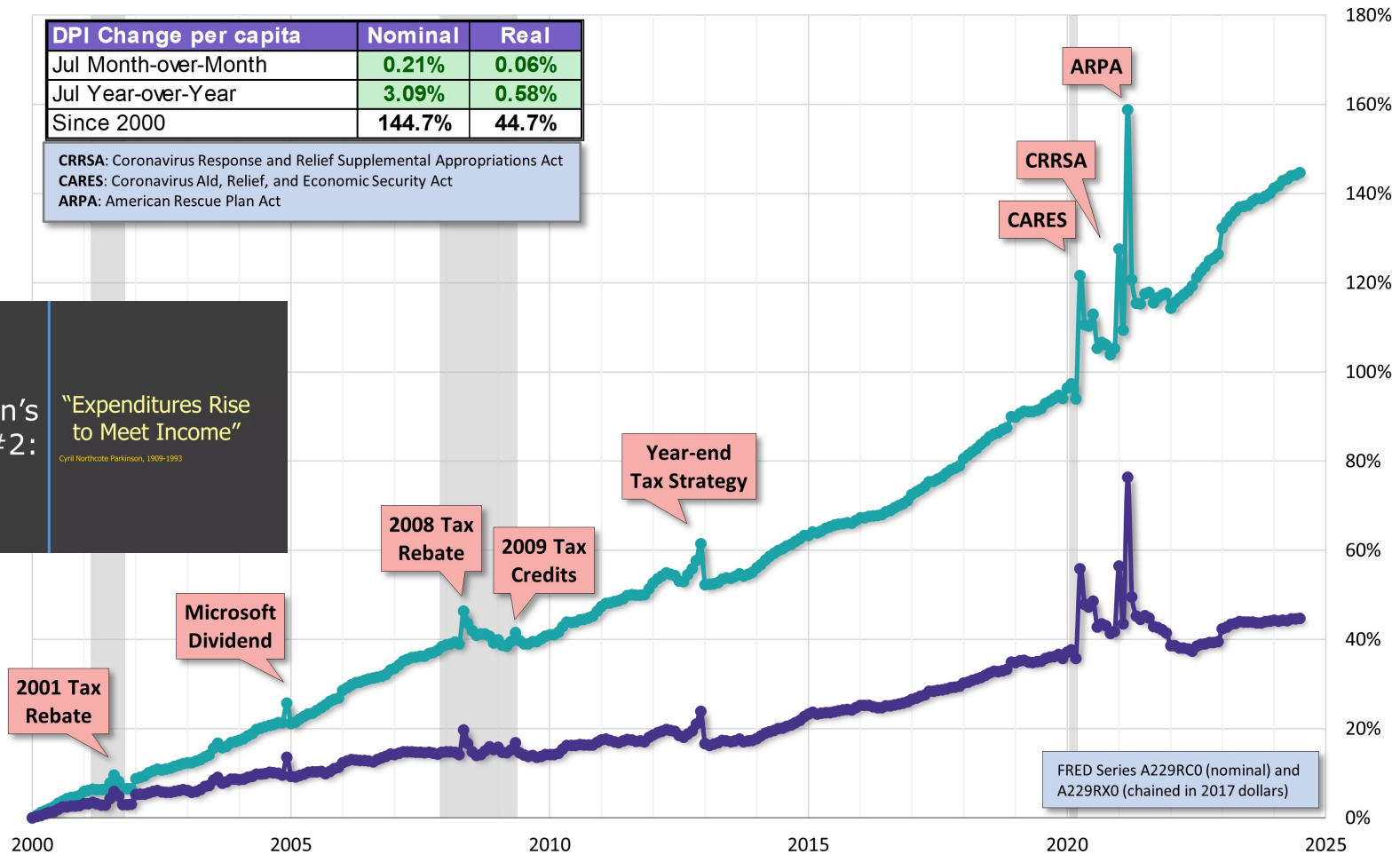
DPI Change per capita	Nominal	Real
Jul Month-over-Month	0.21%	0.06%
Jul Year-over-Year	3.09%	0.58%
Since 2000	144.7%	44.7%

CRRSA: Coronavirus Response and Relief Supplemental Appropriations Act
CARES: Coronavirus Aid, Relief, and Economic Security Act
ARPA: American Rescue Plan Act

Parkinson's
Law #2:

"Expenditures Rise
to Meet Income"

Cyril Northcote Parkinson, 1909-1993



FRED

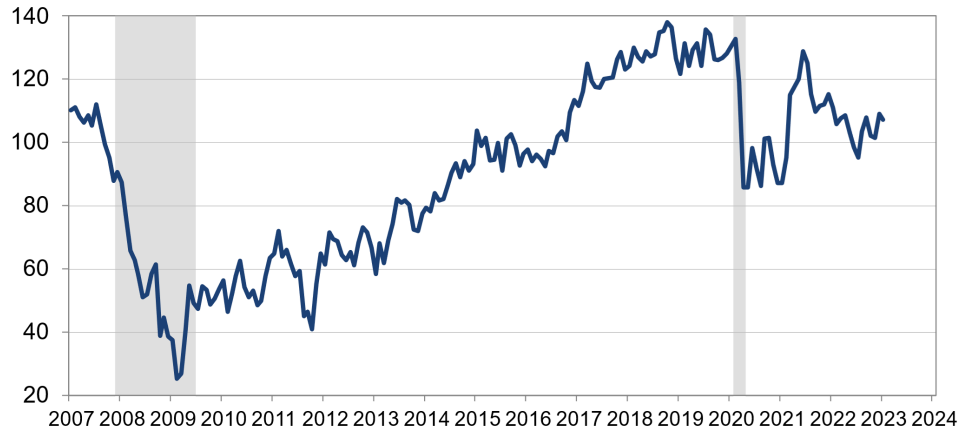


Real Personal Consumption Expenditures

16,000

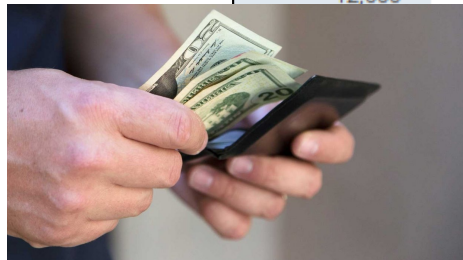
Consumer Confidence Index®

Index, 1985 = 100



*Shaded areas represent periods of recession.
Sources: The Conference Board; NBER
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12,000

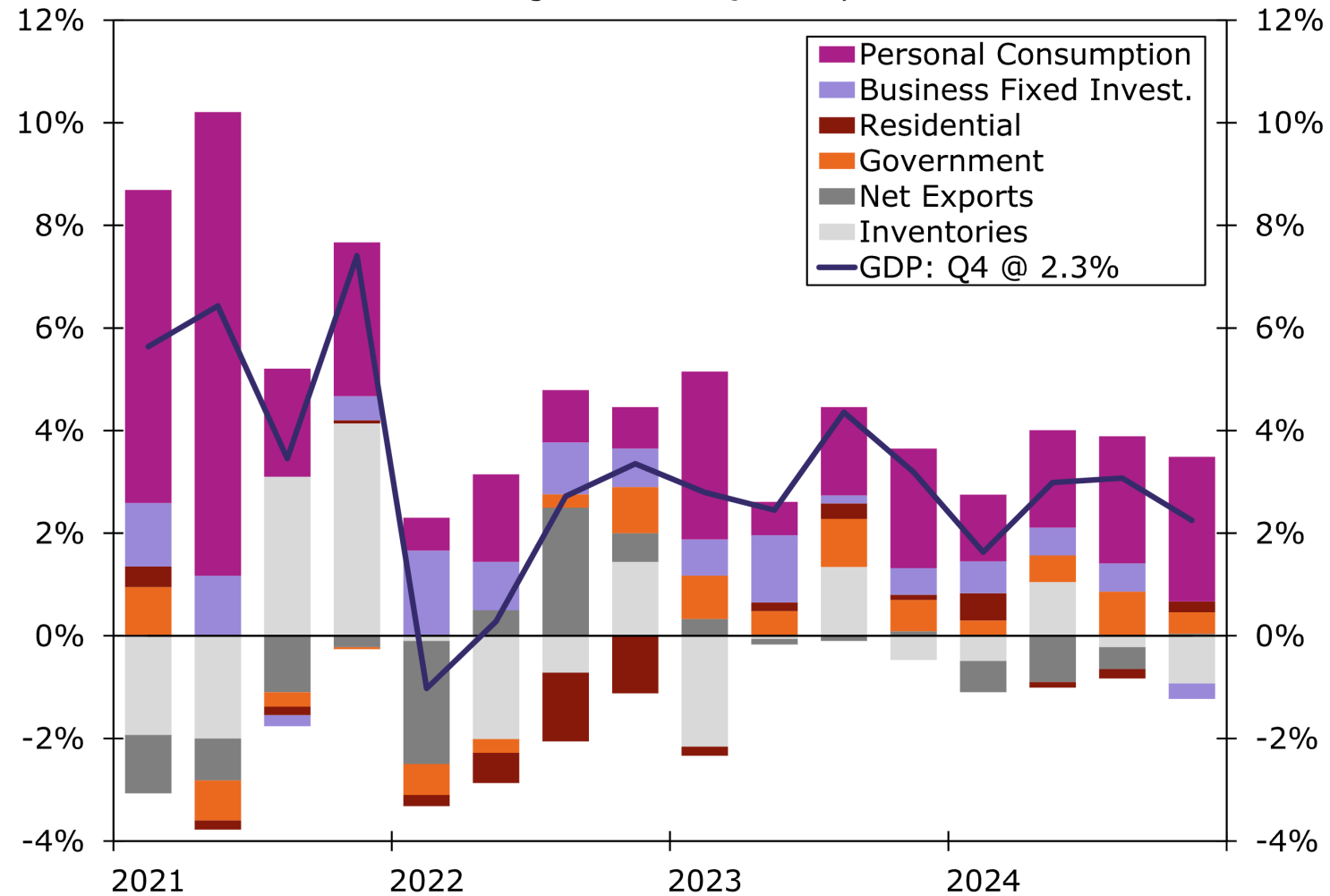


Source: U.S. Bureau of Economic Analysis

myf.red/g/1pHp7

Contributions to U.S. Real GDP

Percentage Points at Quarterly Rate

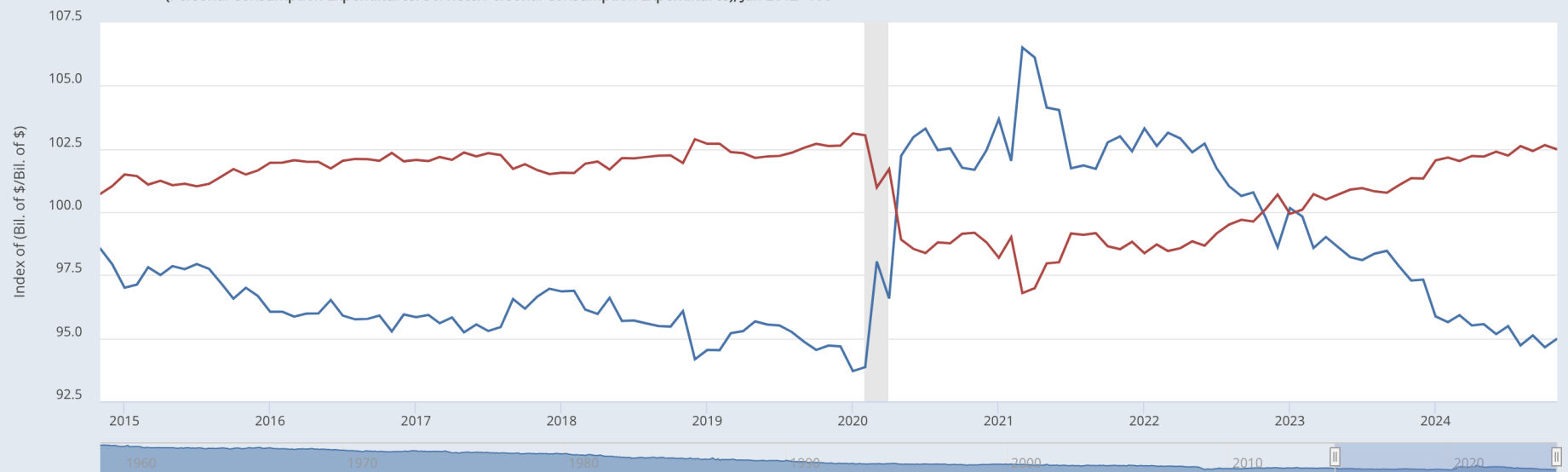


Source: U.S. Department of Commerce and Wells Fargo Economics

FRED



— (Personal Consumption Expenditures: Goods/Personal Consumption Expenditures), Jan 2012=100
— (Personal Consumption Expenditures: Services/Personal Consumption Expenditures), Jan 2012=100



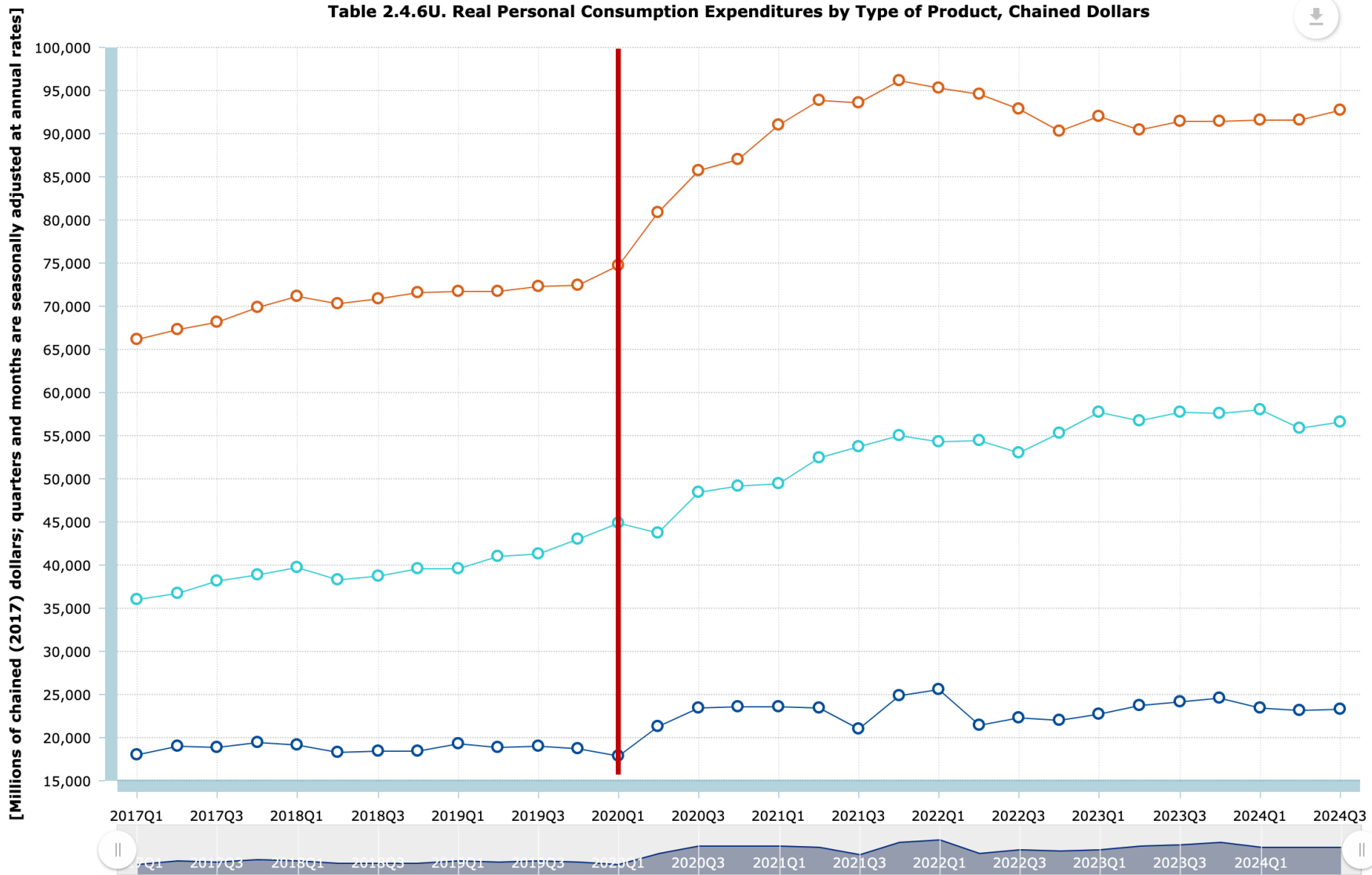
Shaded areas indicate U.S. recessions.

Source: U.S. Bureau of Economic Analysis

fred.stlouisfed.org



Table 2.4.6U. Real Personal Consumption Expenditures by Type of Product, Chained Dollars

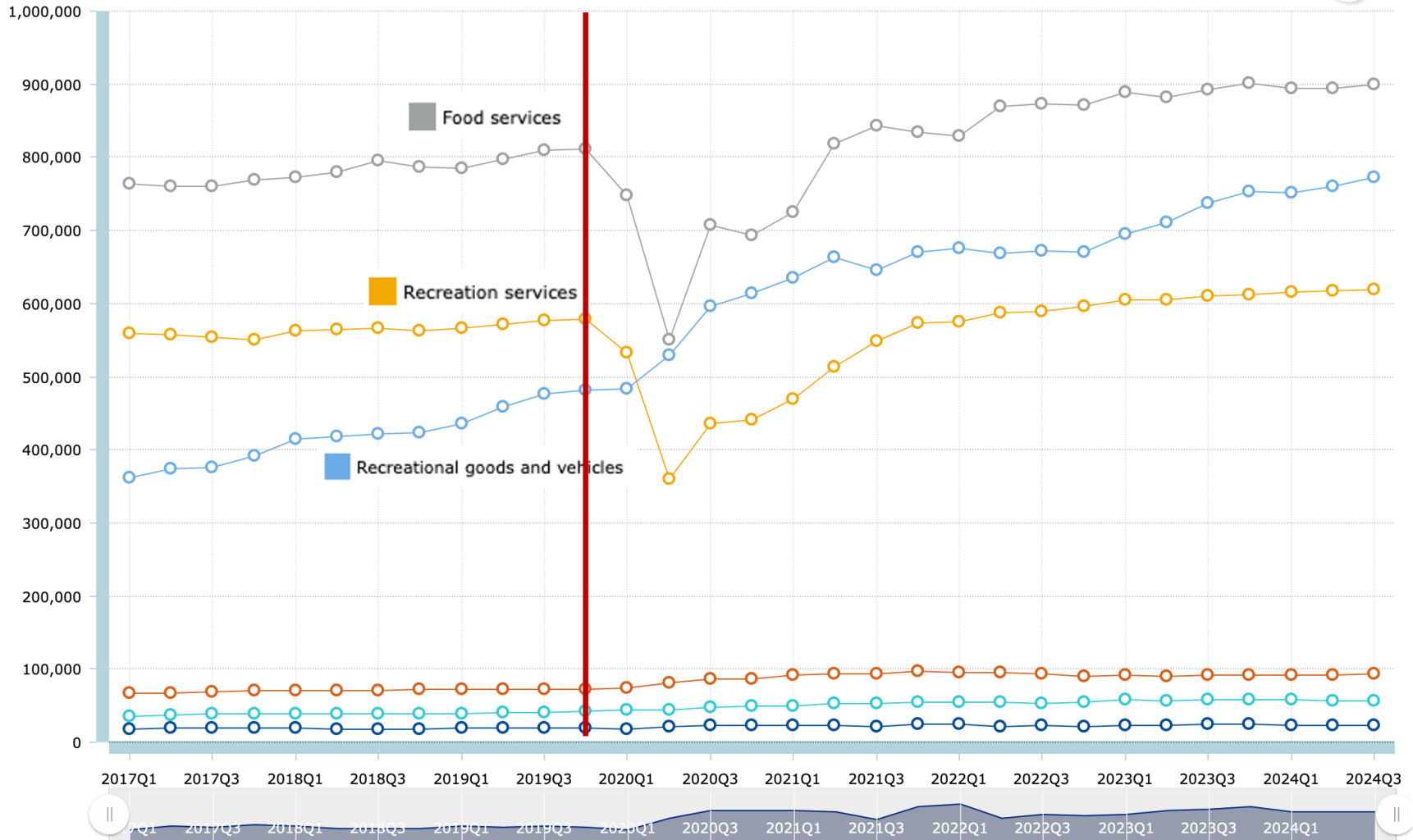


Source: U.S. Bureau of Economic Analysis

Table 2.4.6U. Real Personal Consumption Expenditures by Type of Product, Chained Dollars



[Millions of chained (2017) dollars; quarters and months are seasonally adjusted at annual rates]



Source: U.S. Bureau of Economic Analysis

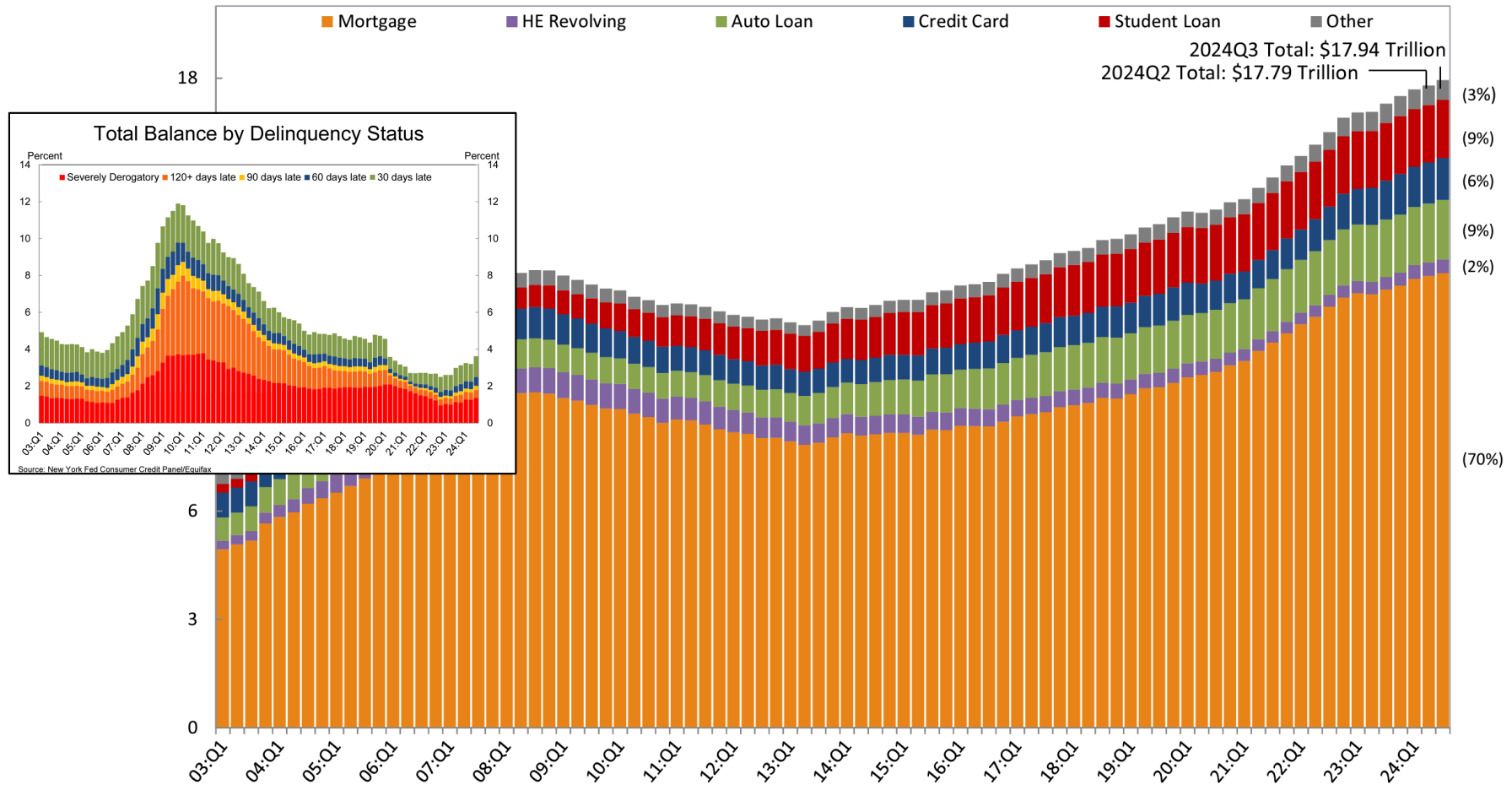
Pleasure boats

Pets and related products

Flowers, seeds, and potted plants

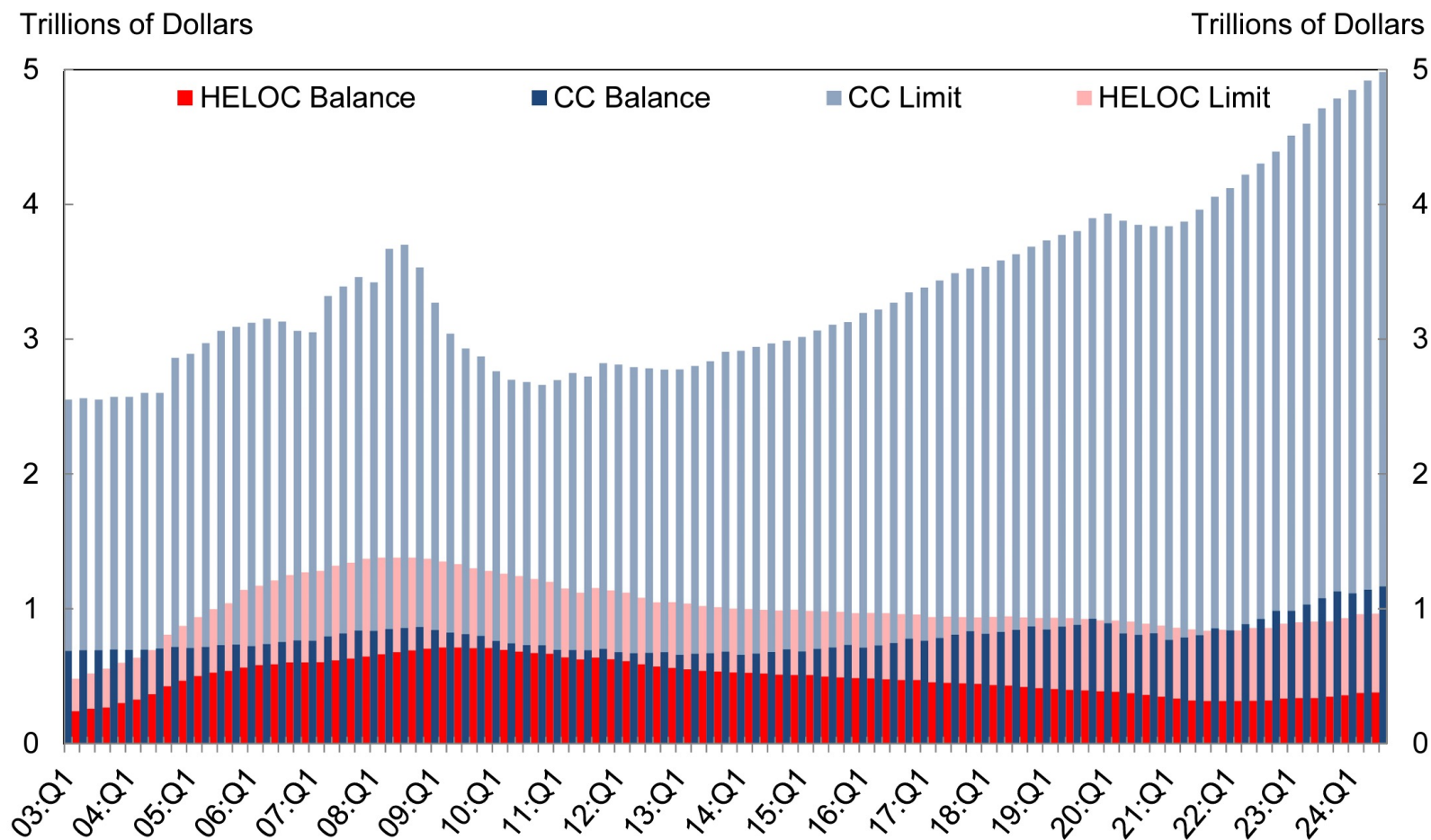
Total Debt Balance and its Composition

Trillions of Dollars



Source: New York Fed Consumer Credit Panel/Equifax

Credit Limit and Balance for Credit Cards and HE Revolving

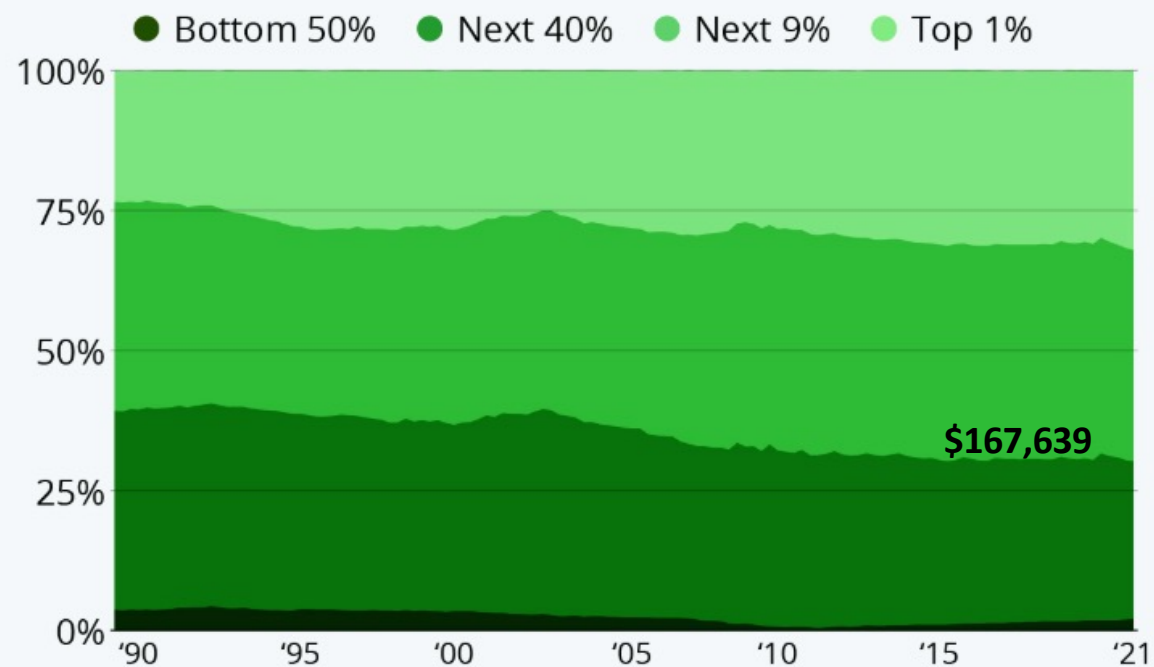


Source: New York Fed Consumer Credit Panel/Equifax



Top 10 Percent Own 70 Percent of U.S. Wealth

Distribution of total U.S. net worth 1989-2021 (in percent)



Percent of aggregate, not seasonally adjusted.

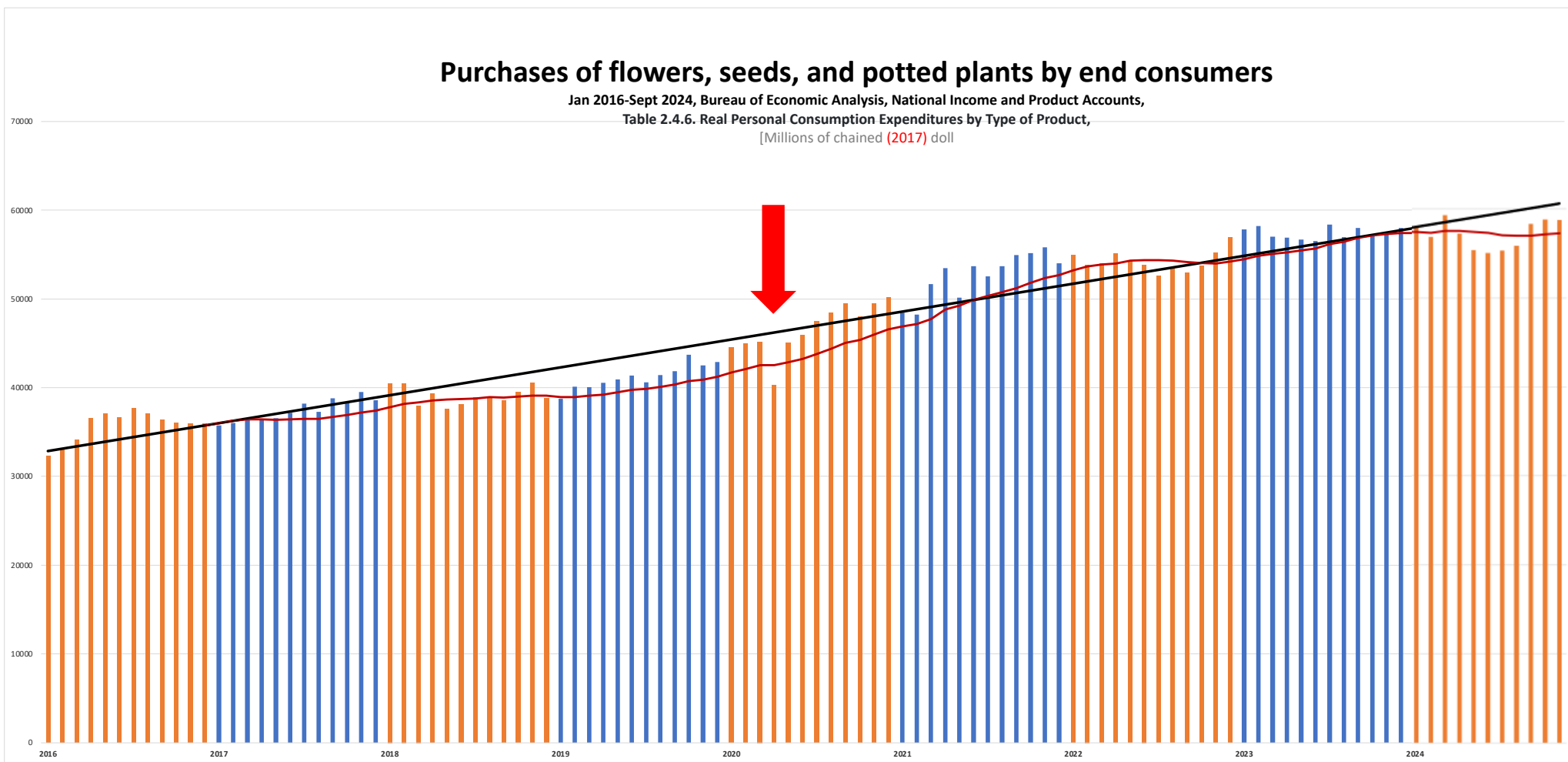
Source: Federal Reserve Bank of St. Louis



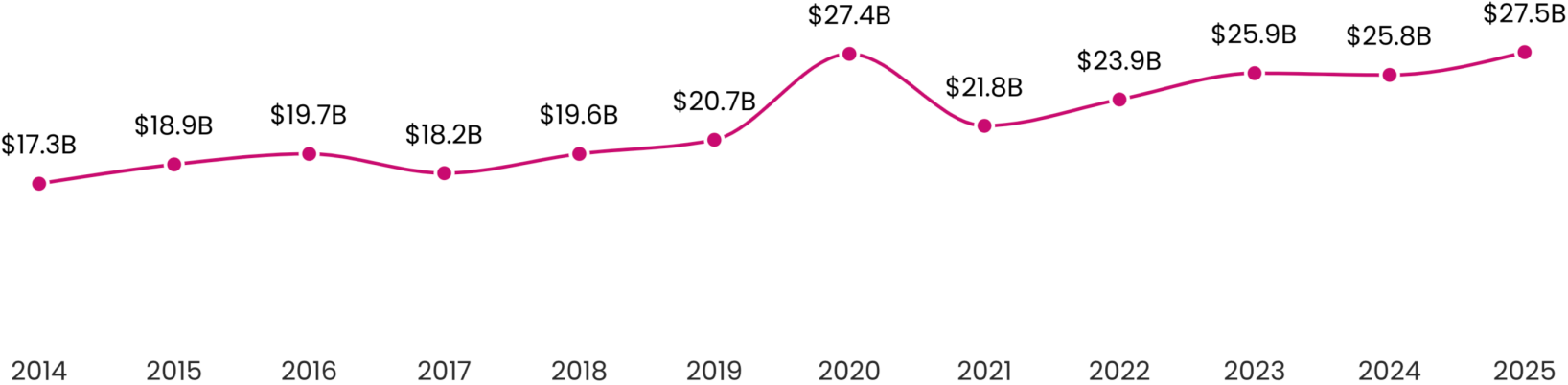
Purchases of flowers, seeds, and potted plants by end consumers

Jan 2016-Sept 2024, Bureau of Economic Analysis, National Income and Product Accounts
Table 2.4.6. Real Personal Consumption Expenditures by Type of Product,

[Millions of chained (2017) dollars]



Historical Valentine's Day Spending Plans



[Share](#)

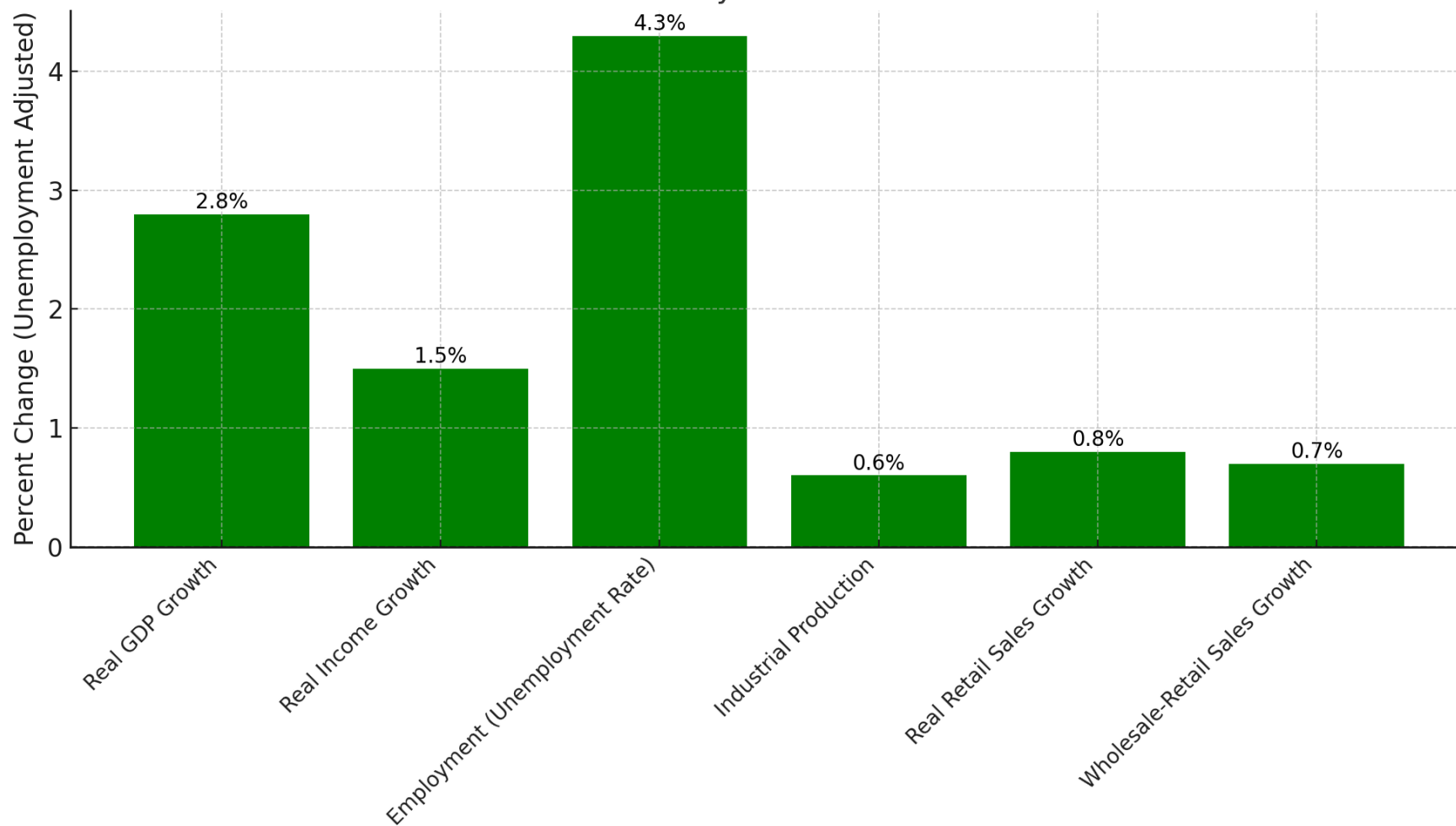
Source: NRF's 2025 Valentine's Day Spending Survey, conducted by Prosper Insights & Analytics



recession?



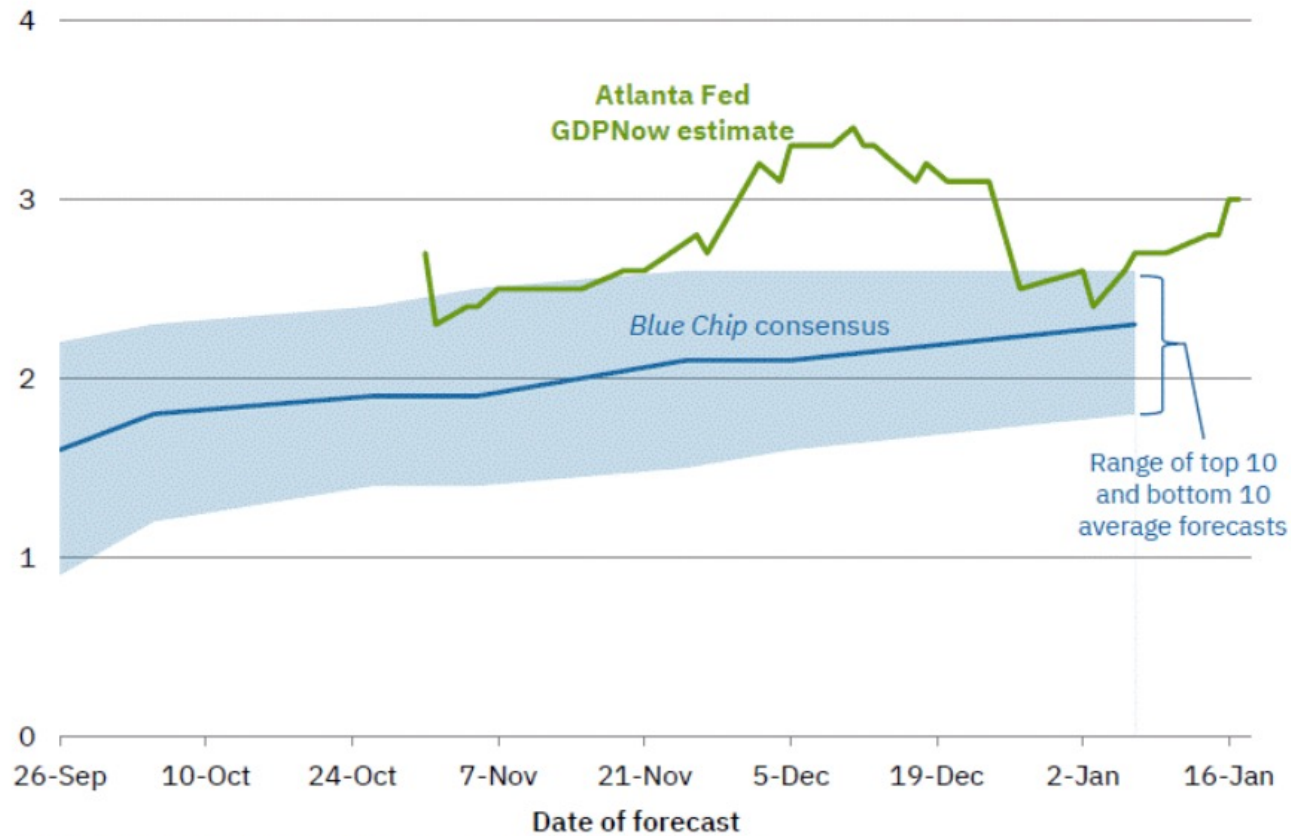
Economic Indicators Used by NBER to Assess Recession Status



The next GDPNow update is **Tuesday, January 28**. Please see the "Release Dates" tab below for a list of upcoming releases.

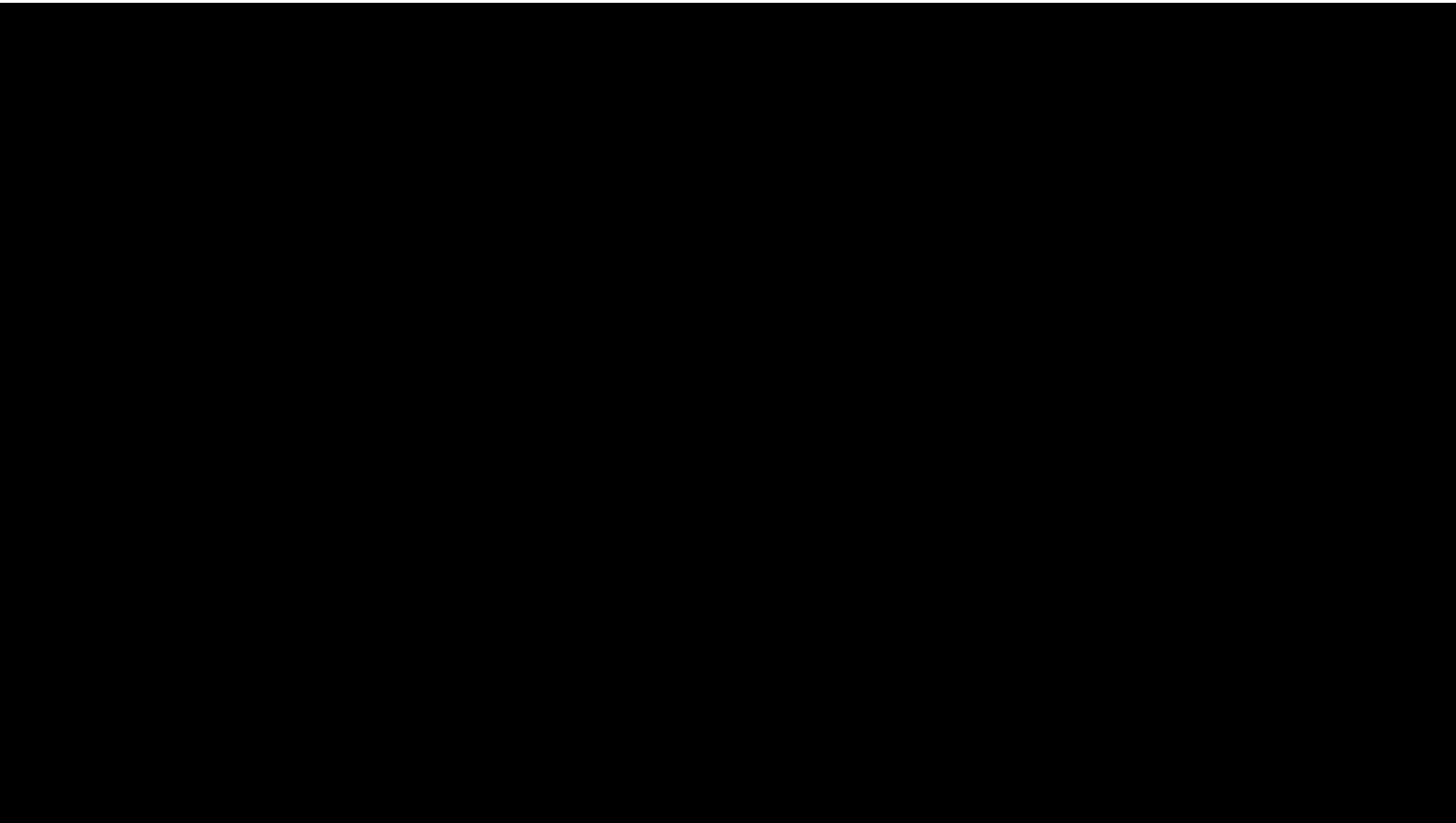
Evolution of Atlanta Fed GDPNow real GDP estimate for 2024: Q4

Quarterly percent change (SAAR)



Sources: Blue Chip Economic Indicators and Blue Chip Financial Forecasts

Note: The top (bottom) 10 average forecast is an average of the highest (lowest) 10 forecasts in the Blue Chip survey.



Pros of Tariffs

1. Protects Domestic Industries

Shields local businesses and industries from foreign competition, giving them time to grow and stabilize.

2. Boosts Government Revenue

Generates income for the government, which can be used for public goods and services.

3. Encourages Local Production

Incentivizes domestic production and job creation by making imported goods more expensive.

4. Reduces Trade Deficits

Helps reduce a country's trade deficits by discouraging imports and promoting local alternatives.

5. Supports National Security

Limits reliance on foreign suppliers for essential goods, especially during conflicts or crises.

Cons of Tariffs

1. Higher Consumer Prices

Increases the cost of imported goods, leading to higher prices for consumers.

2. Retaliation by Other Countries

May trigger trade wars, as other countries impose their own tariffs in response.

3. Hampers Global Trade

Reduces overall trade efficiency and disrupts global supply chains.

4. Potential Economic Inefficiency

Protects less efficient domestic industries, leading to a misallocation of resources.

5. Negative Impact on Exporters

Domestic industries that rely on exporting may face reduced demand due to retaliatory tariffs or increased costs of imported inputs.

6. Limited Long-Term Effectiveness

Industries reliant on tariff protection may fail to become competitive over time, requiring ongoing support.



Demographics

Health care
costs

Entitlements

Inflation

US national
debt