Economic Indicators United States 2022-2023 (P)				
Indicator	**2022**	**YE 2023**	**Change**	**% Change**
National Indicators				
Gross Domestic Product (Trillion)	25.7	26.7	1.00	3.9%
Dow Jones Average	$ 34,000	$ 37,000	$ 3,000	8.8%
Rate of Inflation	7.0%	5.0%	-2.0%	-28.6%
30 Year Fixed Rate Mortgage	6.8%	5.5%	-1.3%	-19.1%
Employment				
Initial Employment Claims	250,000	220,000	(30,000)	0.0%
Job Openings	10,717,000	10,000,000	(717,000)	-6.7%
Non-farm Employment	153,308,000	155,000,000	1,692,000	1.1%
Unemployment Rate	3.7%	4.2%	0.5%	13.5%

2008 was close to the Great Depression as it involved the total destruction of the savings and loan industry; obnoxious interest rates; endless home foreclosures; a 10% unemployment rate and a near collapse of the European and Asian economies.

In comparison, **2023 will be an OK year** to the extent that it will be recessionary, but not brutally so. The Federal Reserve Board is near the top of the rate increase. They may push one or two more increases in the hope that those increases will gradually reduce the rate of inflation.

Further, there will be tremendous pressure from the **White House and the Senate** to reduce mortgage rates and inflation as the Democratic Party vigorously prepares for the 2024 election.

Ordinarily, after mid-term elections, there is at least a year before campaigning for the next election begins. It is my contention that the 2024 election will be one of the most contested battles in U.S. history. As a result, **spending on the 2024** election will start in 2023 and continue unabated until the next election.

Russia will soon be on the verge of bankruptcy as oil prices decline and the Russian populace experiences an untenable shortage of goods and services. Further, many of the countries that are customers for Russian grain and oil (mostly in Africa) are near bankruptcy and can't pay their bills. And the Ukraine invasion will continue and that's a very expensive venture.

Here's the straight story on the U.S. and California economy for 2023:

Inflation is really 2-3%. For most folks, 70-80% of their monthly expenditures are fixed (mortgage, rent, taxes, car loan payments, insurance, et al.) and therefore inflation applies only to food, beverages and general merchandise.

Much of the stated inflation related to supply problems. The Federal Reserve Bank of New York states: about **40% of U.S. inflation** from 2019-2021 related to supply problem – chips and slow ships. They have now solved that problem.

California gas prices will continue to go downward, thanks to political pressure from Sacramento (and Costco).

Because of pressure from the White House, **mortgage rates** will gradually ebb. Perhaps 4.5-5.0% by year end 2023.

Lower rates mean **stable home prices** and **more sales activity**.

Home construction (detached and attached) will be soft, probably 15-20% below 2020 and 2021.

Apartment construction will also be soft, off 10-15% nationally.

Non-residential construction will do particularly well with a boost from Federal funds.

We may sell 17 million **new cars and trucks again** as we did each year from 2015-2019 (2022: 14.0 million). (New car dealers continue to advertise 1.0% car loans) and Americans love cars, SUVs and pick-up trucks, 95% non-electric.

Homeowner equity has almost doubled in the past decade and is now more than **$41 trillion** (and 1/3rd of homeowners have no mortgage).

And, the **national apartment market** will be rock solid.