

Between Wall Street and Broadway: Balancing Cost and Compensation in the Current Economy



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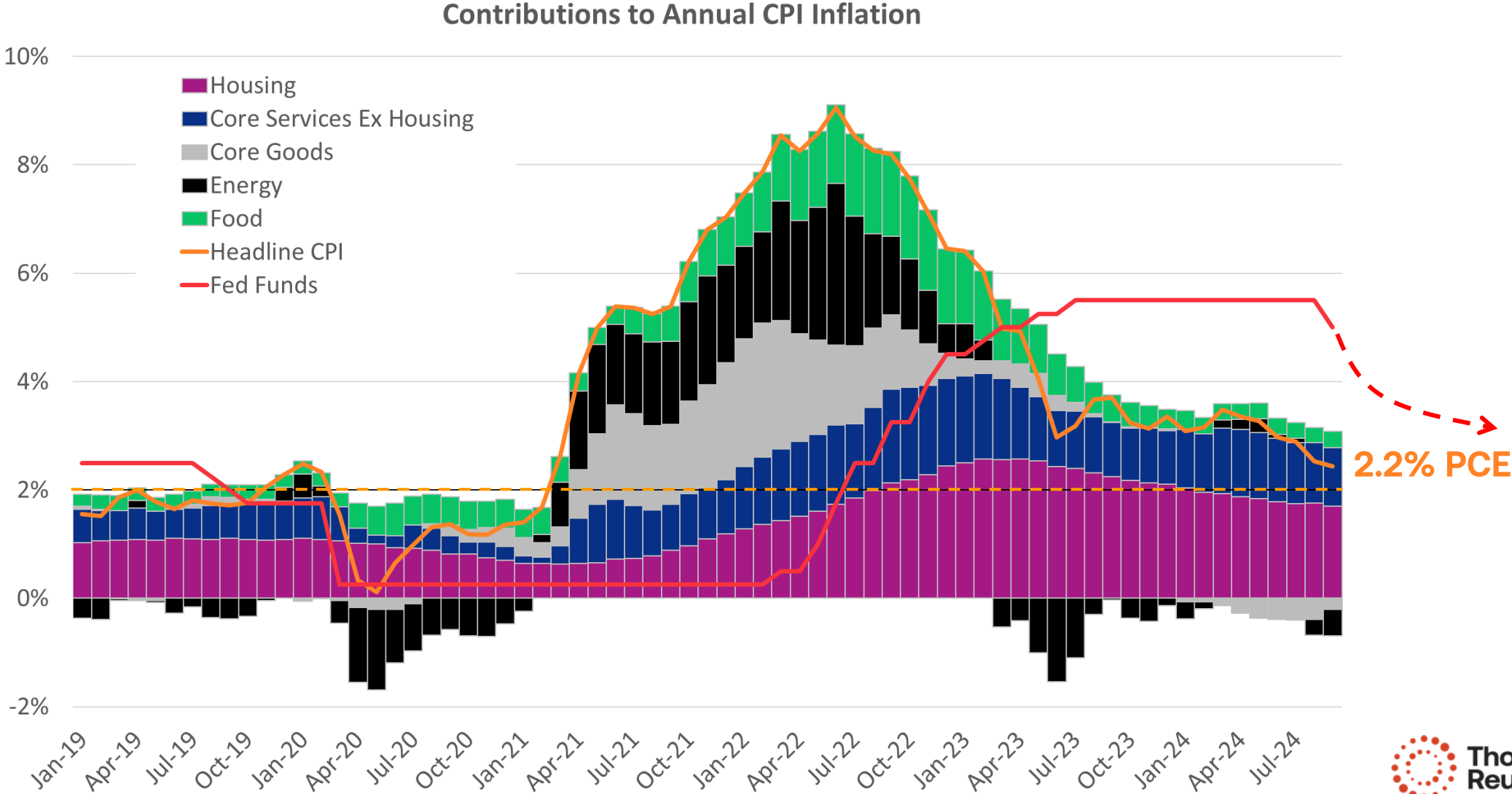


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Looking at the Broader Economy

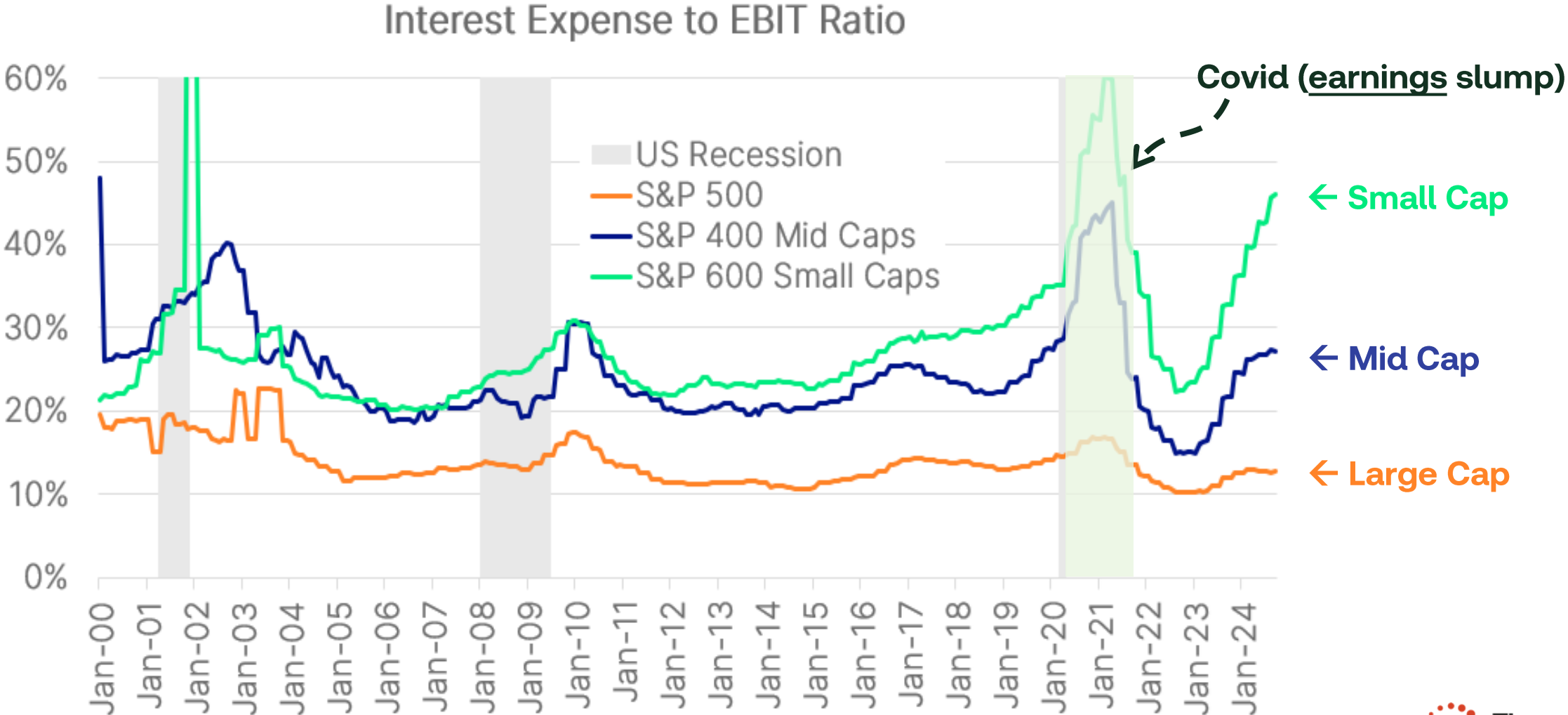
Inflation is under control, rates are falling



Source: FactSet, Nasdaq Economic Research



Interest expense (and wages) hurting small cap more



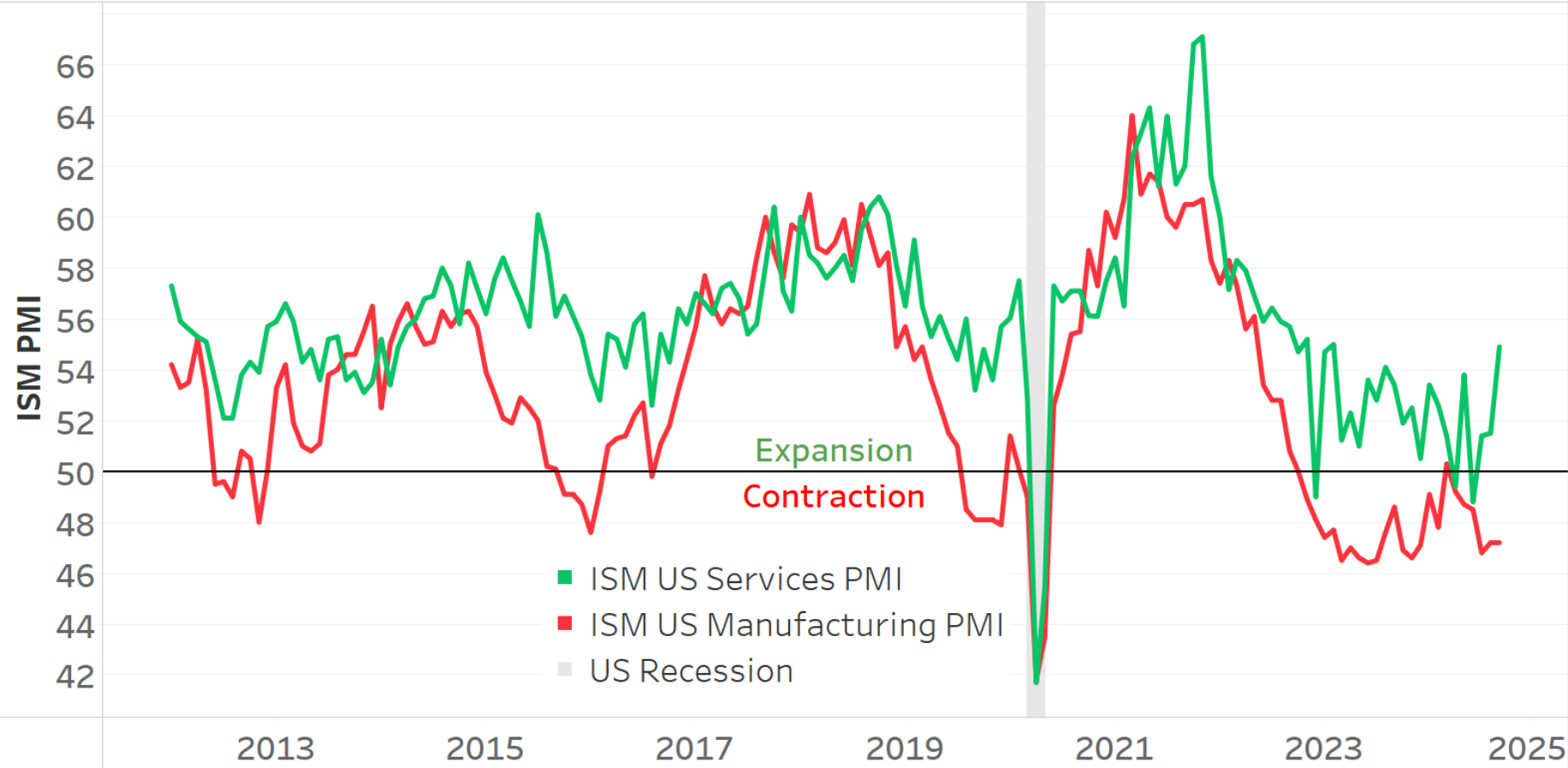
Source: FactSet, Nasdaq Economic Research



Labor Markets

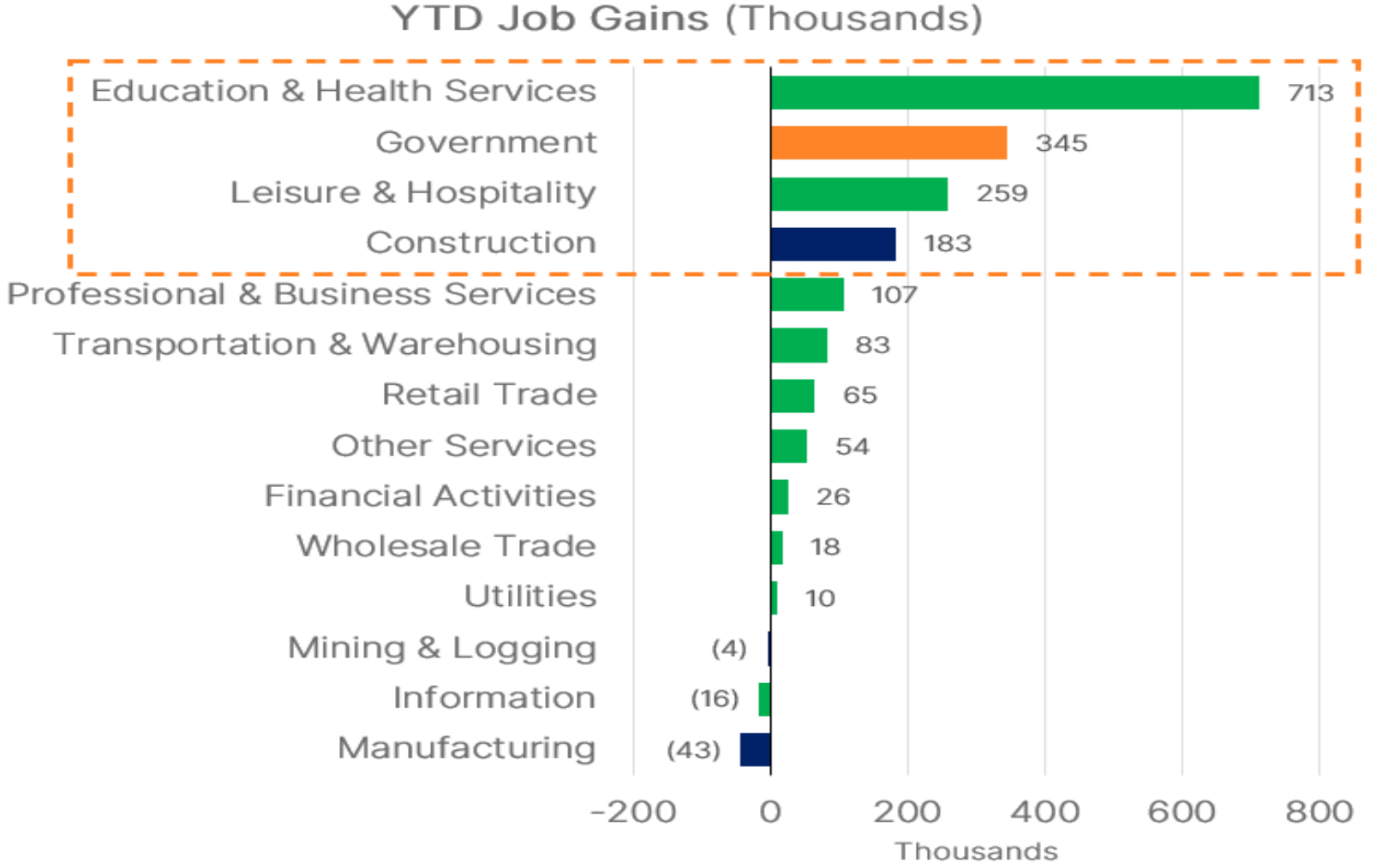
Covid was disruptive

US PMIs



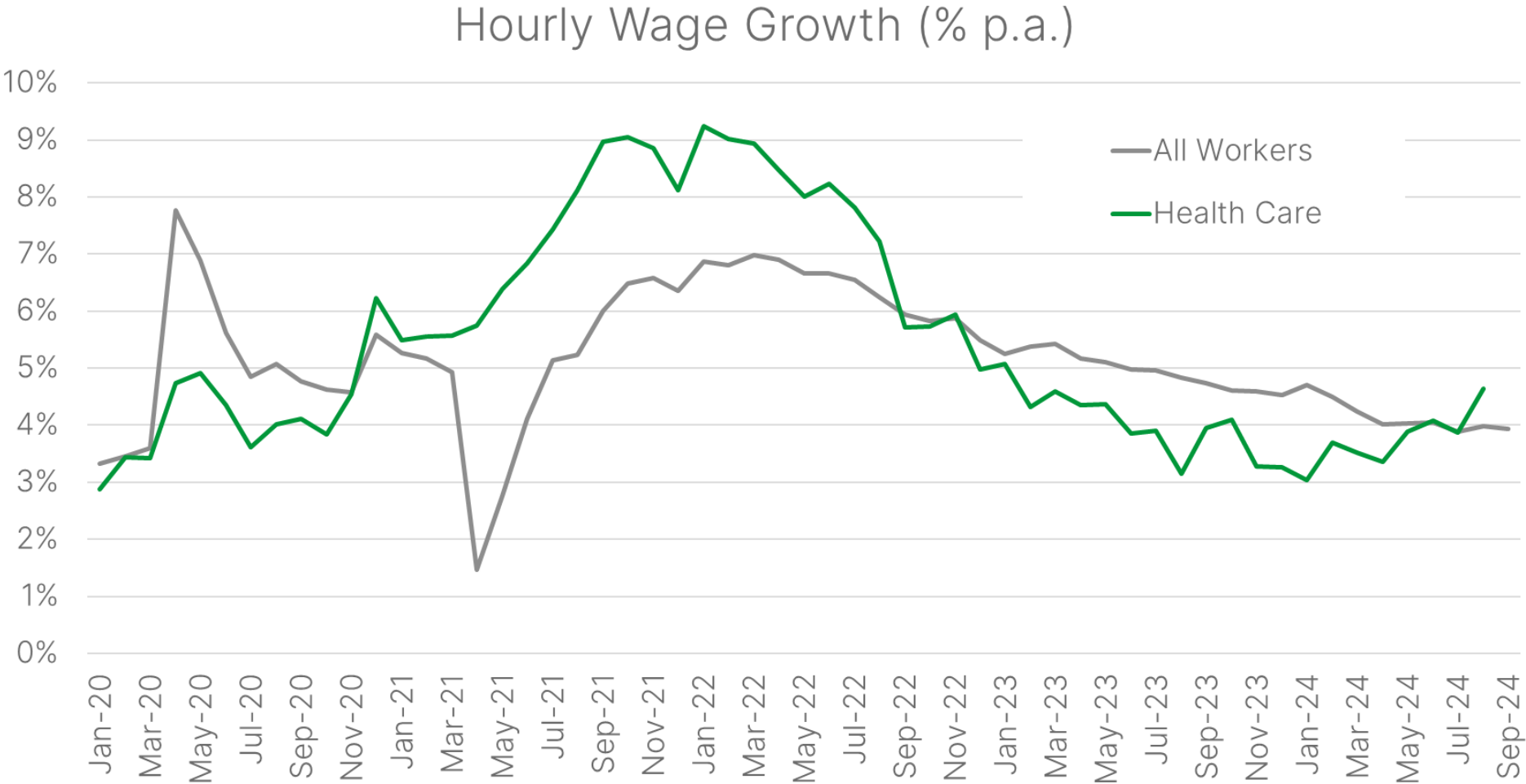
Source: FactSet, ISM, NBER

Some industries still seeking workers



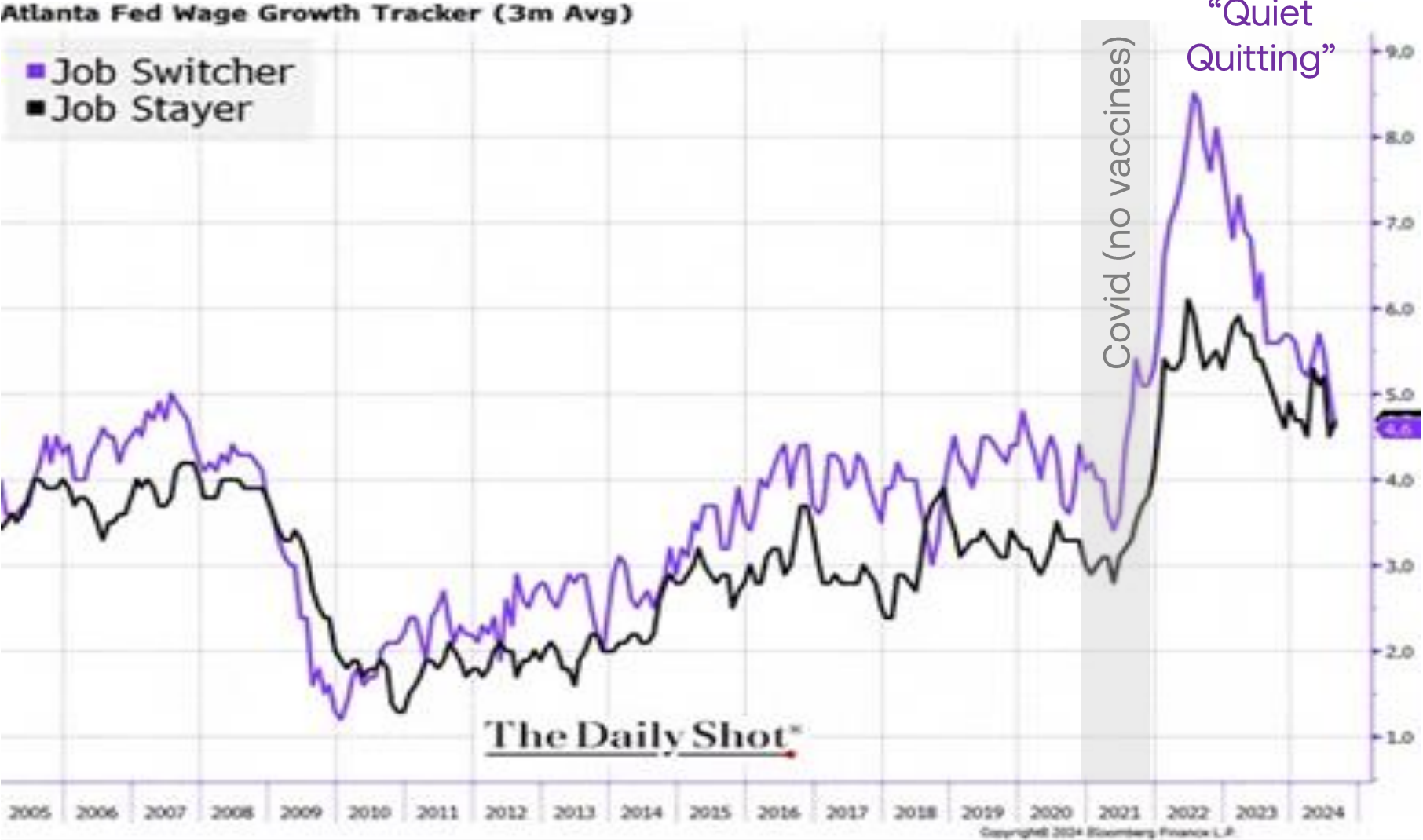
Source: BLS, Nasdaq Economic Research

Labor shortages drove highest wage growth...



Source: FactSet, Nasdaq Economic Research

...and Quiet Quitting

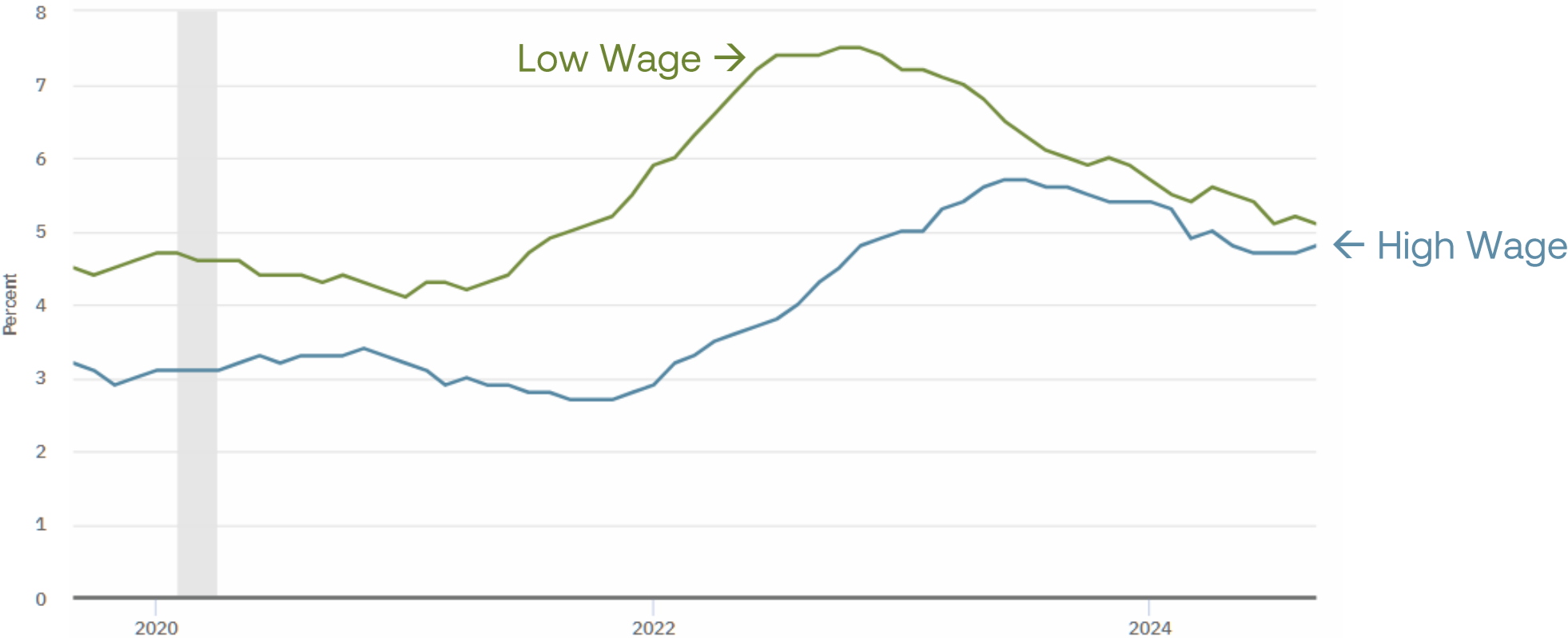


Low wage jobs saw strongest wage growth

Wage Growth Tracker by Wage Level

Export

12-month moving average of median wage growth for each category, hourly data

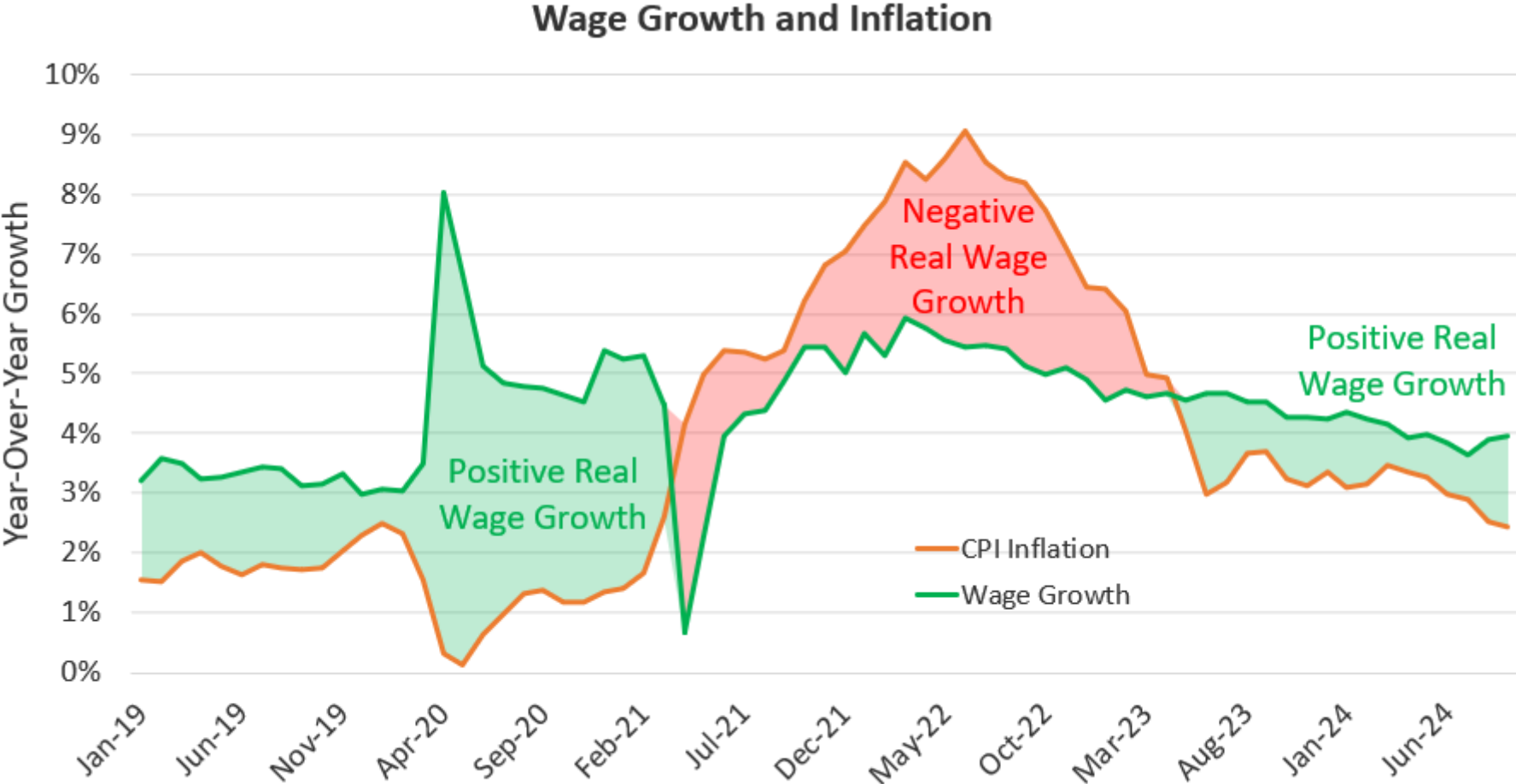


Sources: Current Population Survey, Bureau of Labor Statistics and author's calculations.

High skill wage growth now holding up better

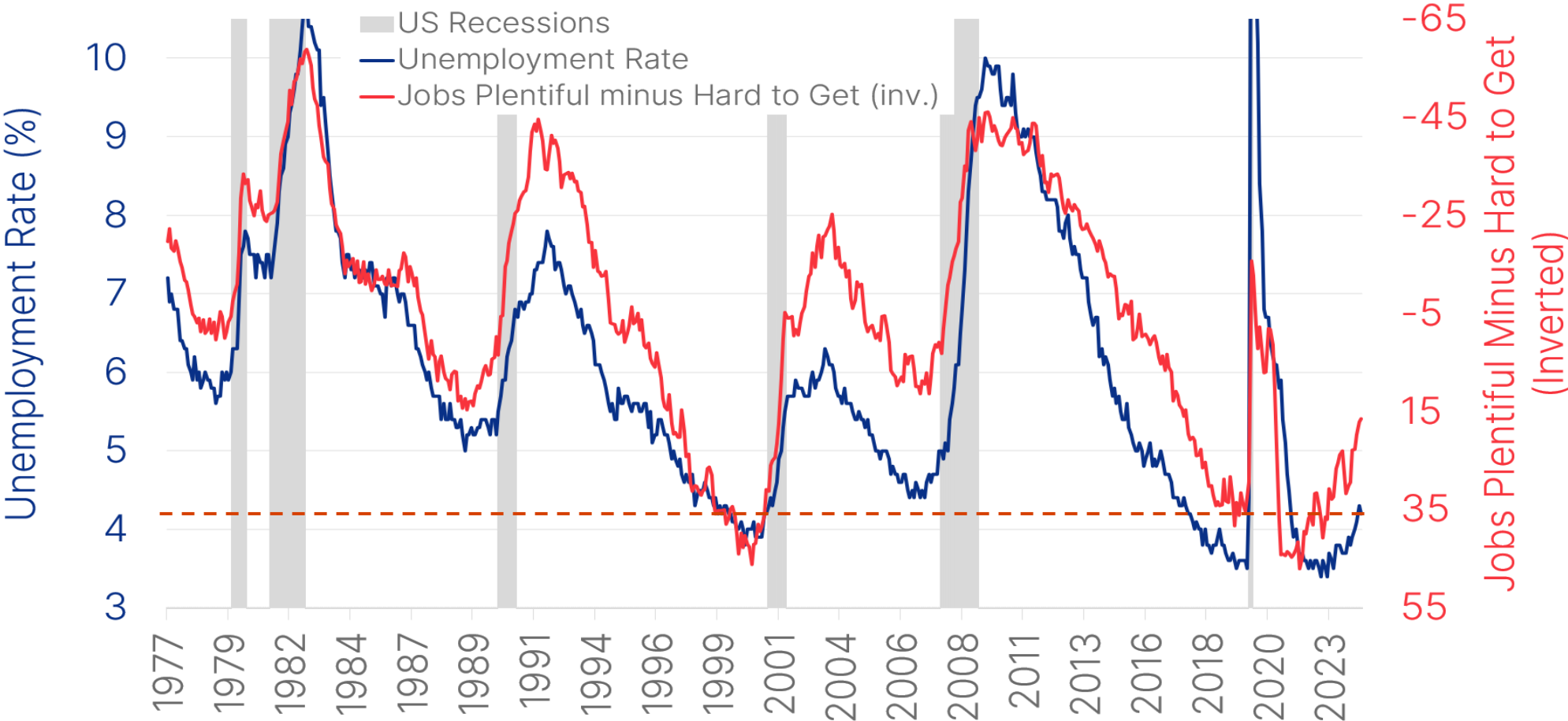


Real wage growth supported consumption and US economy



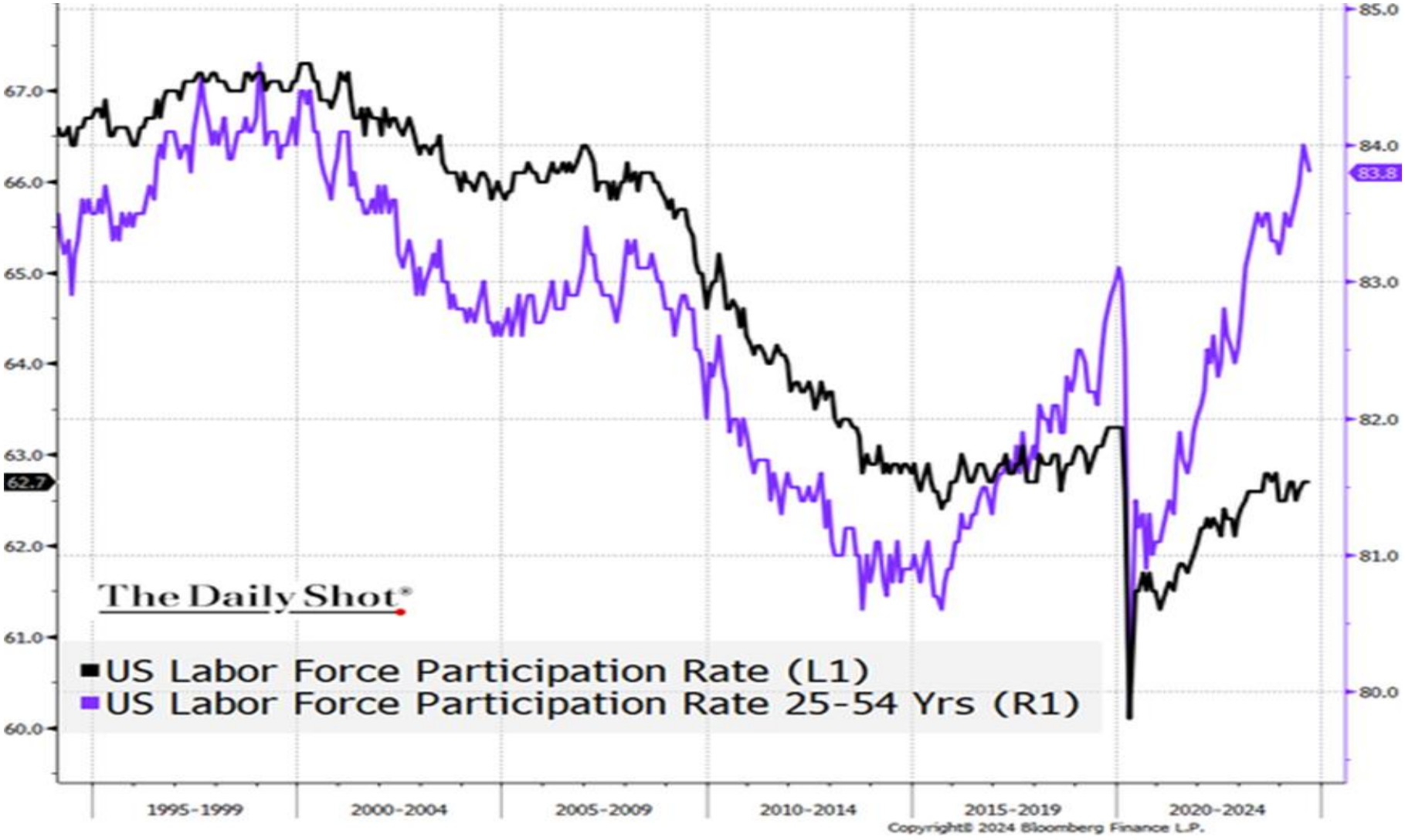
Source: BLS, Nasdaq Economic Research

Unemployment rate is still low, but rising

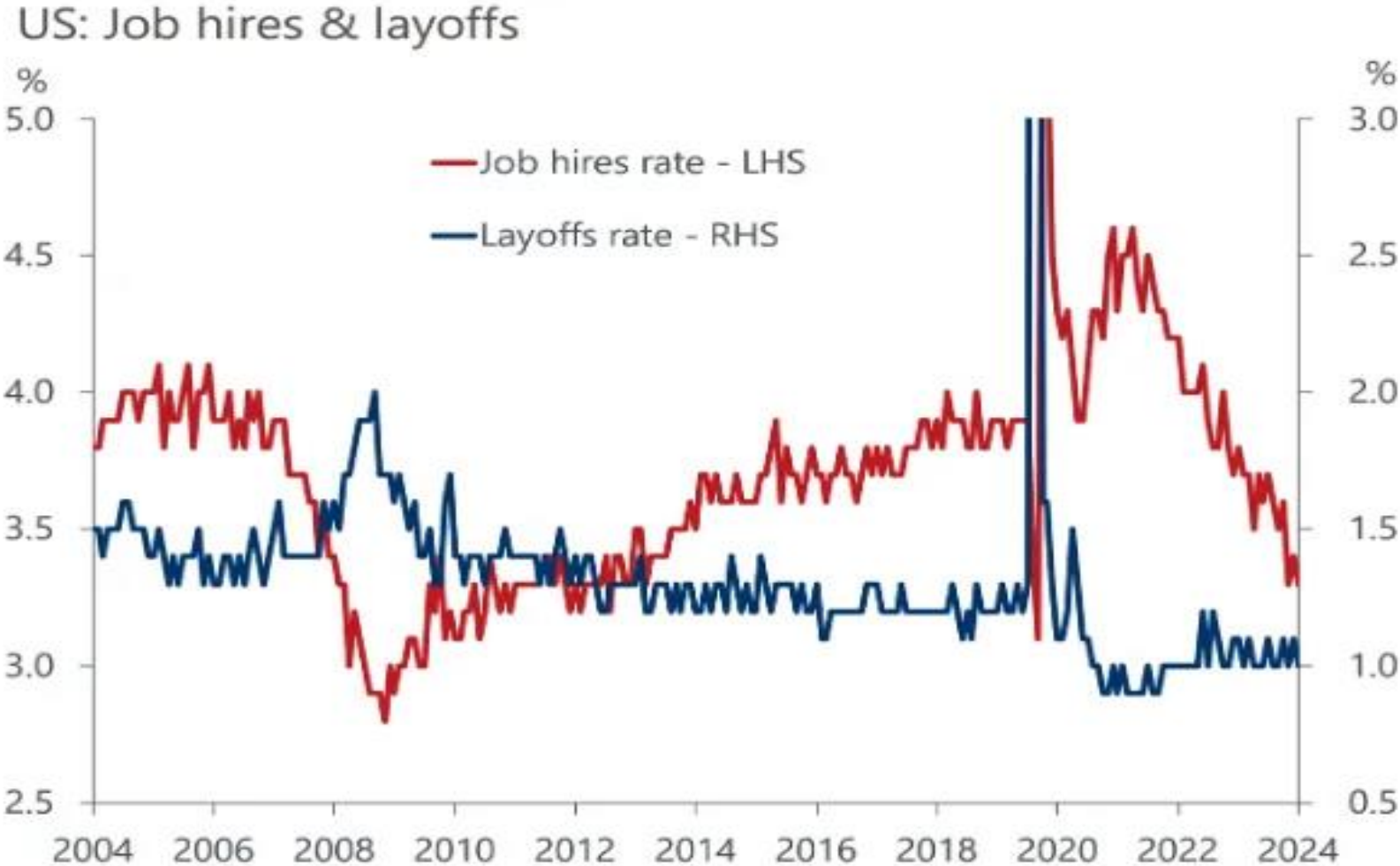


Source: FactSet, BLS, Conference Board, NBER, Nasdaq Economic Research

Prime age labor is coming back to the workforce

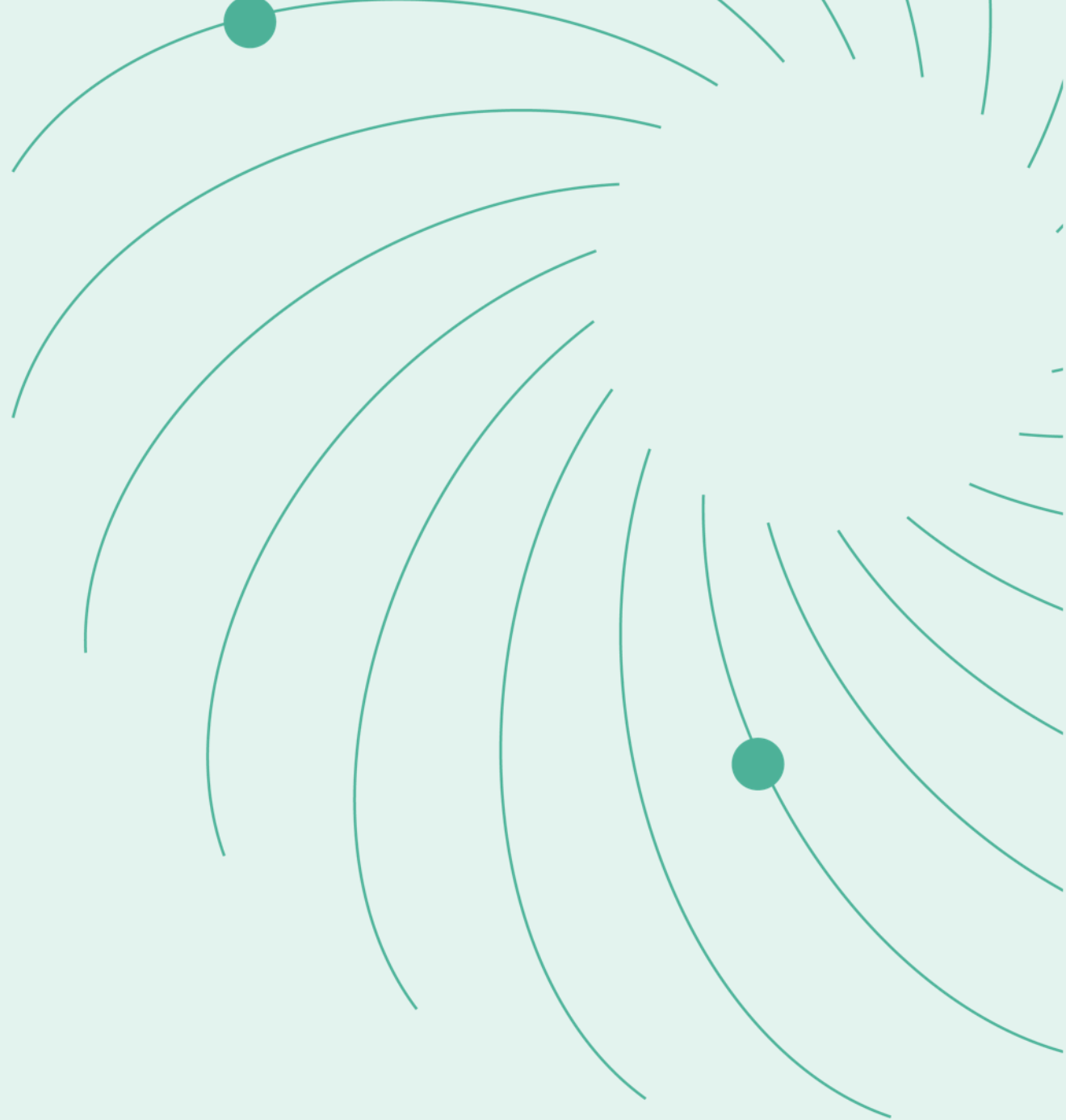


Layoffs are low although hiring is slow(ing)



Source: Oxford Economics

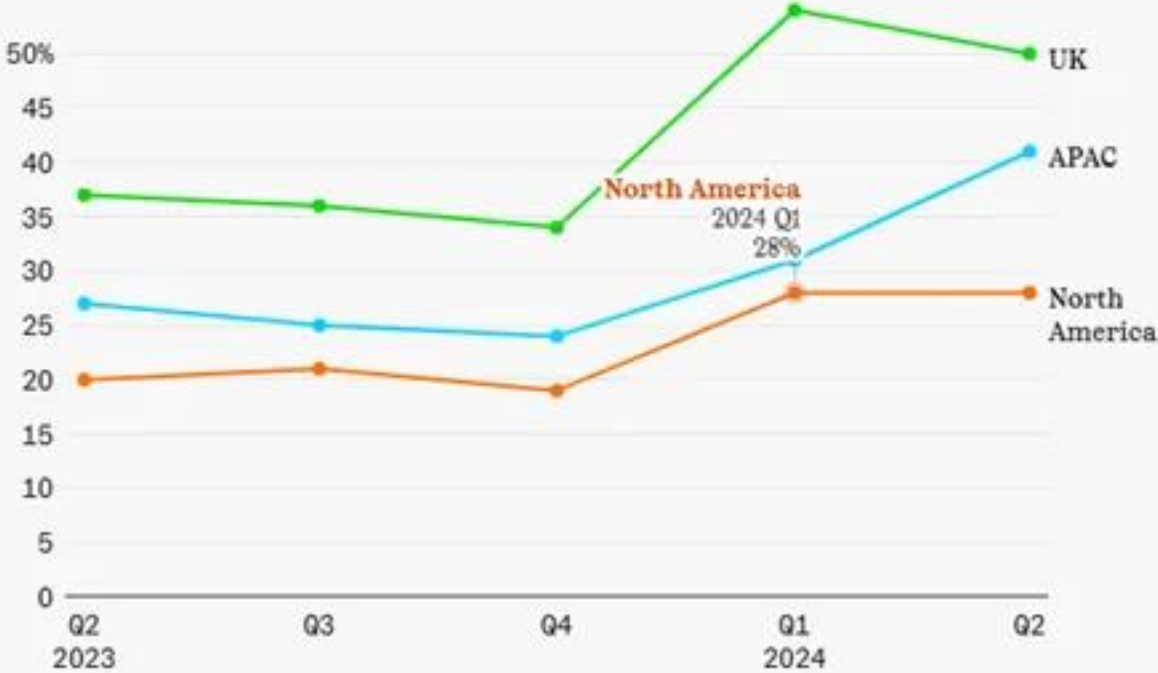
Remote Working



This is a US problem

Office utilization in North America is about half what it was pre-pandemic, according to XY Sense.

North American and UK office utilization has plateaued



Source: XY Sense



Return to office is a big city problem

Kastle Back-to-Work Barometer: U.S. Top 10 City Occupancy, Average Weekly

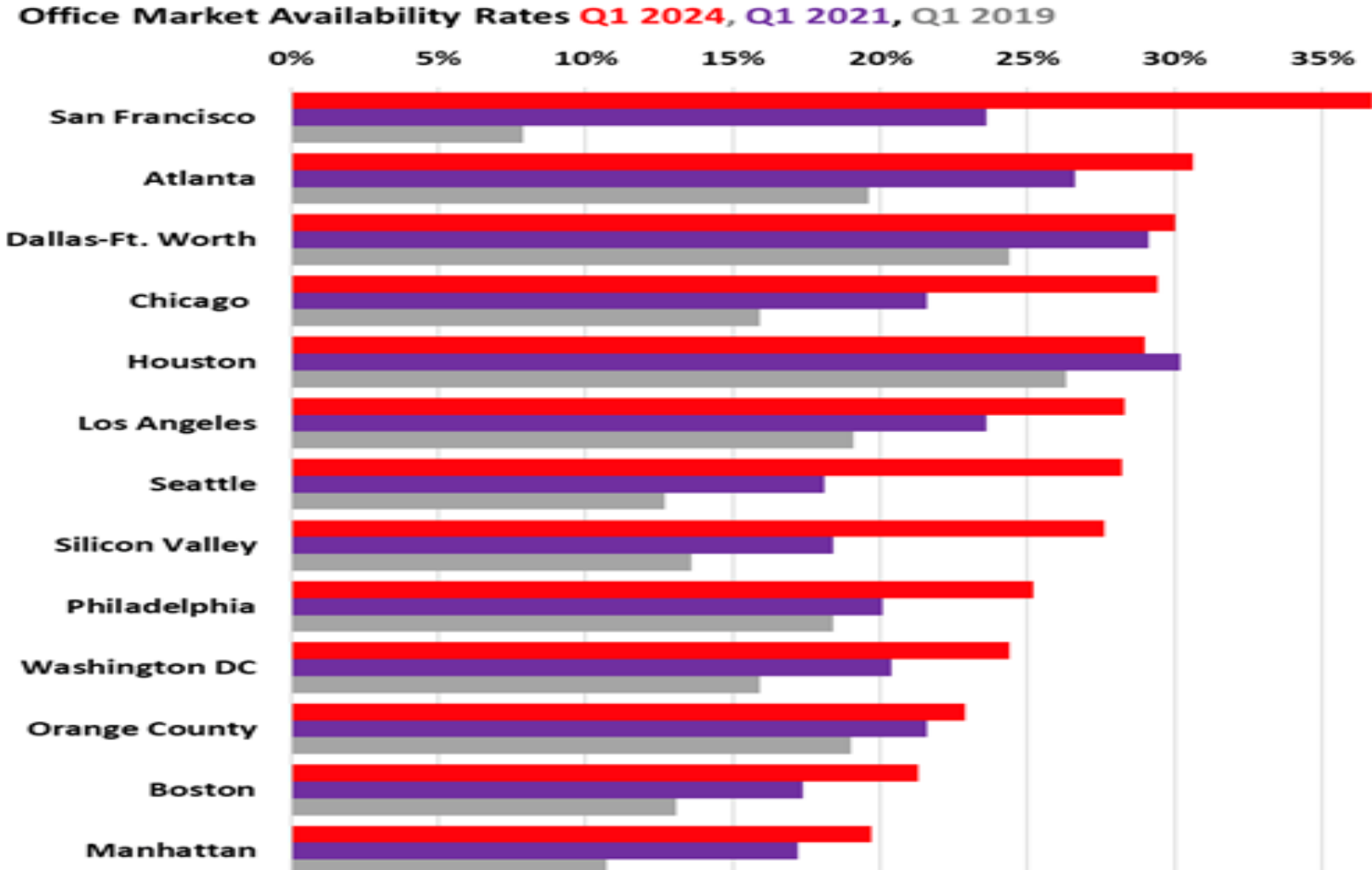


As of September 2024

Source: DoubleLine, Kastle Systems, MacroBond

DoubleLine[®]

Return to office is a big city problem



Source: Savills

WOLFSTREET.com



Some companies going back to 5 days in office

JPMorgan Calls Managing Directors to Office Five Days a Week

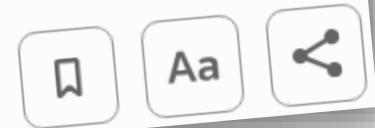
- Leaders should be around for 'feedback and impromptu meetings'
- Bank is building a new headquarters in midtown Manhattan

By [Hannah Levitt](#) and [Daniel Taub](#)
April 12, 2023 at 9:50 AM EDT

Dell asks global sales team to work five days a week in office, memo says

By [Jaspreet Singh](#)
September 26, 2024

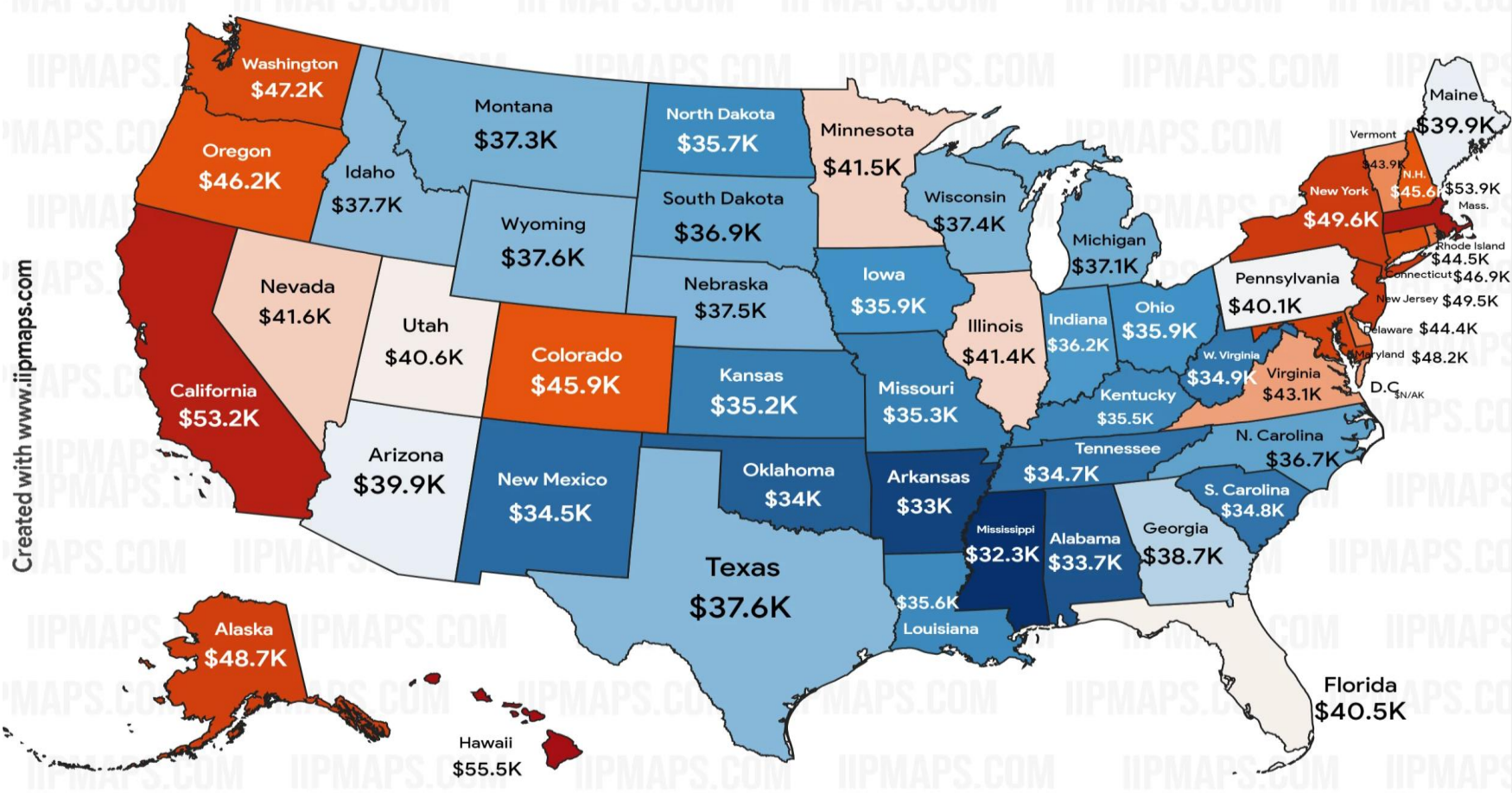
Updated 22 days ago



Amazon Tells Corporate Workers to Be Back in the Office 5 Days a Week

Sept. 16, 2024

Others considering hybrid or fully remote



Created with www.iipmaps.com

States by Total Cost of Living



Source <https://www.forbes.com/advisor/mortgages/cost-of-living-by-state/>

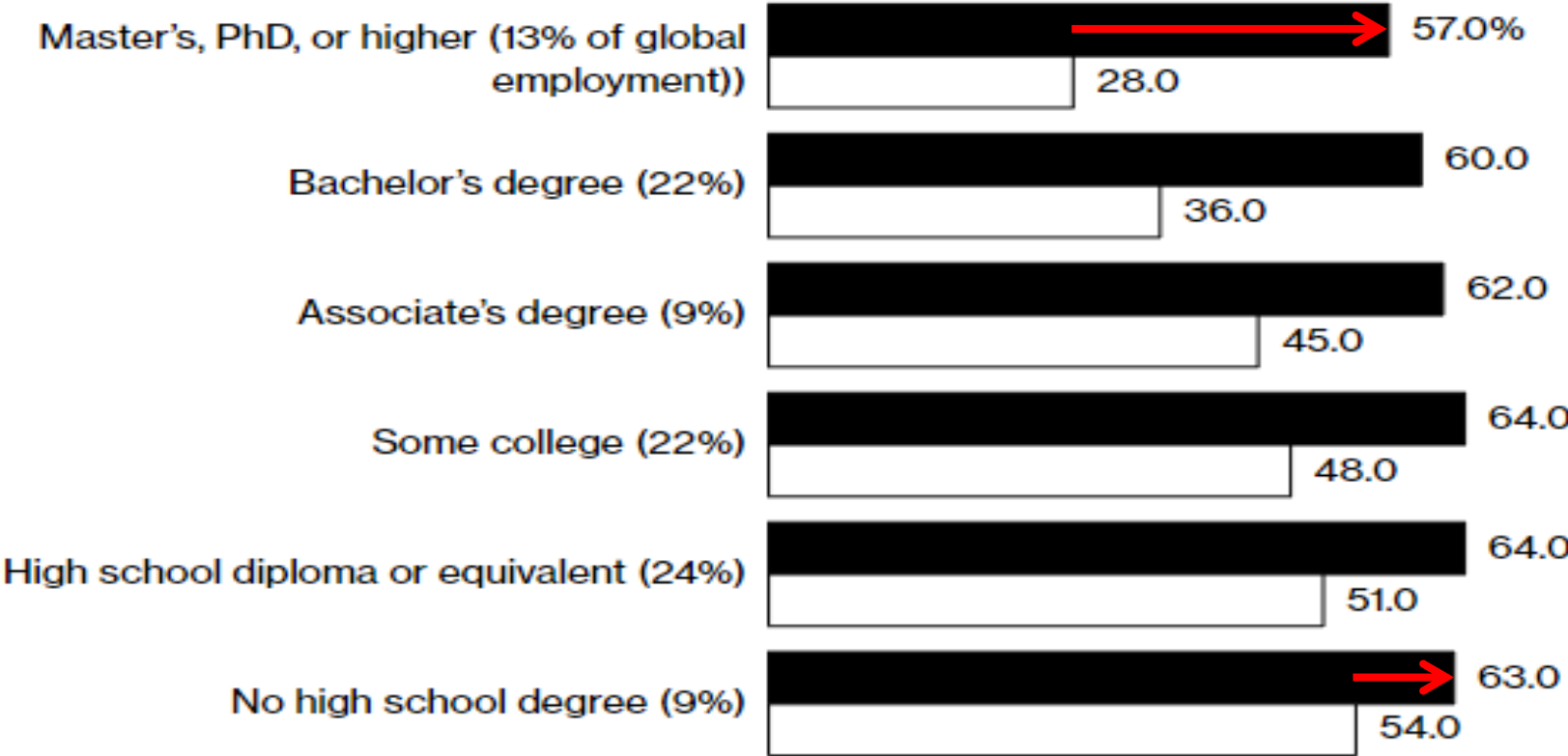
AI Impact

AI poses biggest automation risk to high-skill workers

AI Will Increase Vulnerability of Most Educated Workforce

Share of work that can be automated, by education level of employee

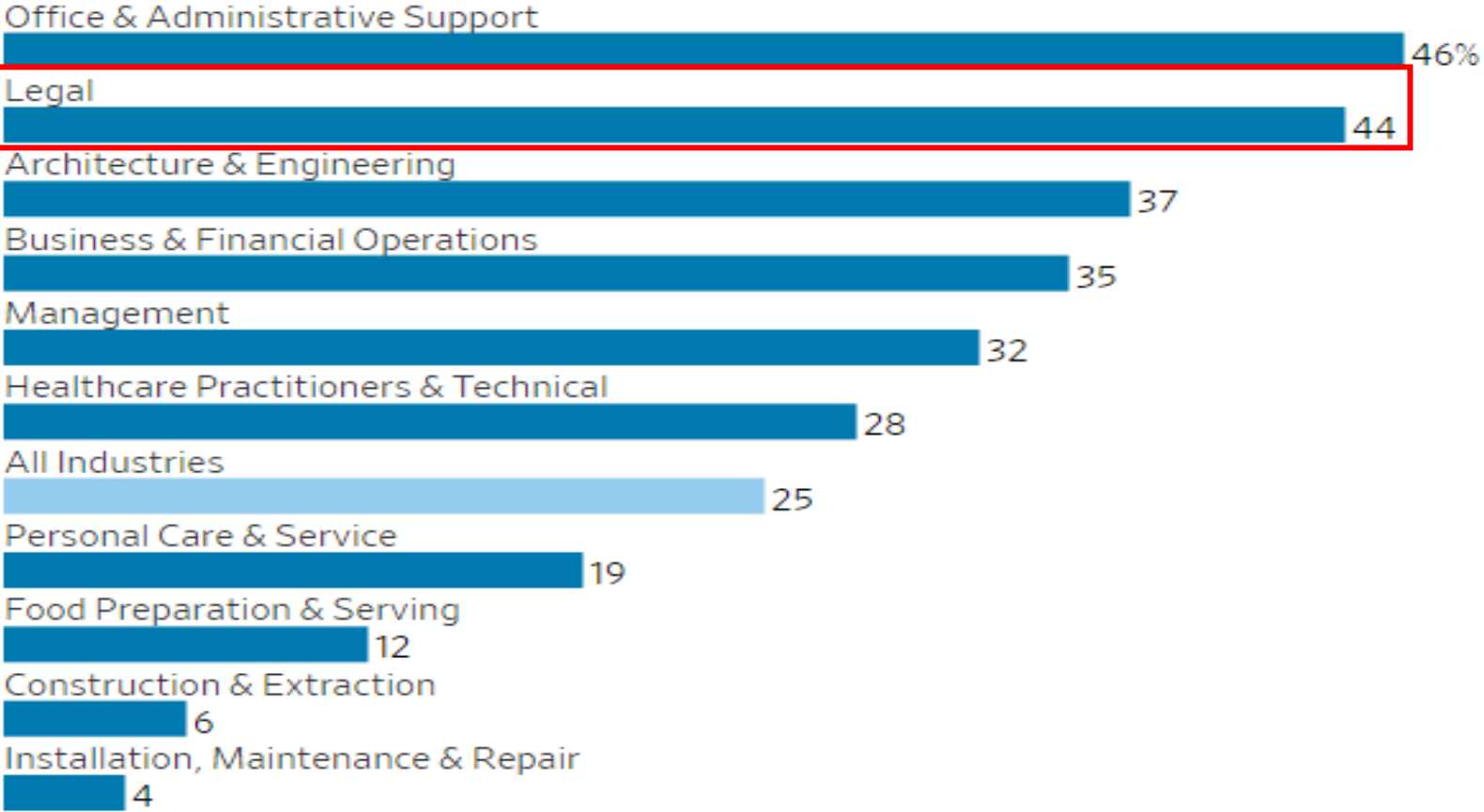
■ With generative AI □ Without generative AI



Source: McKinsey Global Institute analysis
Note: Educational includes share of global employment

Could be especially impactful in Legal industry

Share of U.S. employment exposed to automation by artificial intelligence



Note: Percentages represent the proportion of tasks in each industry that is exposed to automation by AI
Source: Goldman Sachs

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