

Understanding the Economic Outlook in an Increasingly Unpredictable World

Jeffrey B. Carr



NANBEN

North American Nagarathar Business & Entrepreneurship Network

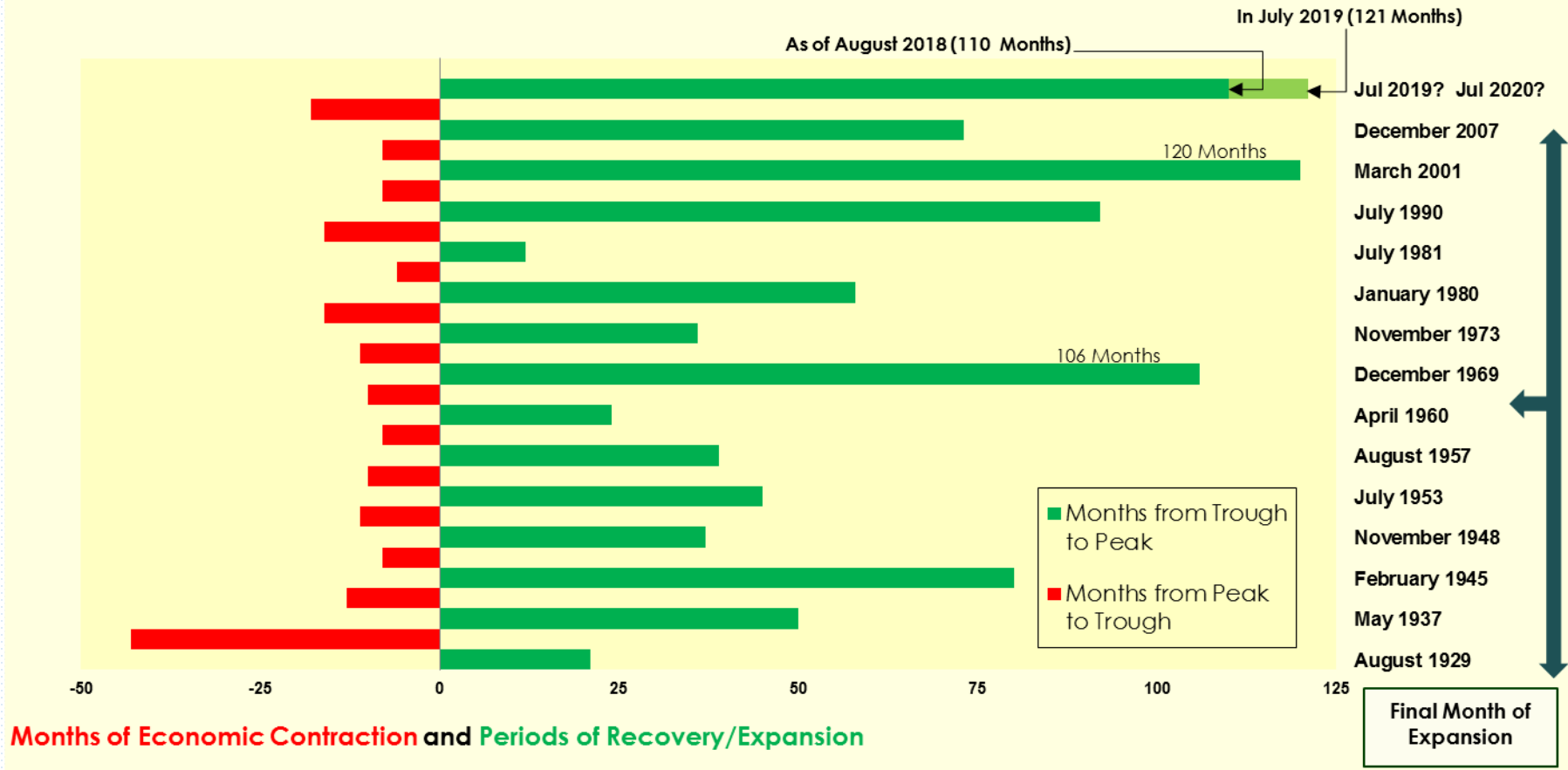
NETWORK • COLLABORATE • THRIVE

2018 **NANBEN**
CONFERENCE
www.mynanben.org

One of the Longest Upturns of All Time...

The Current Economic Upturn Remains "On Track" to be Among the Longest "On Record"...

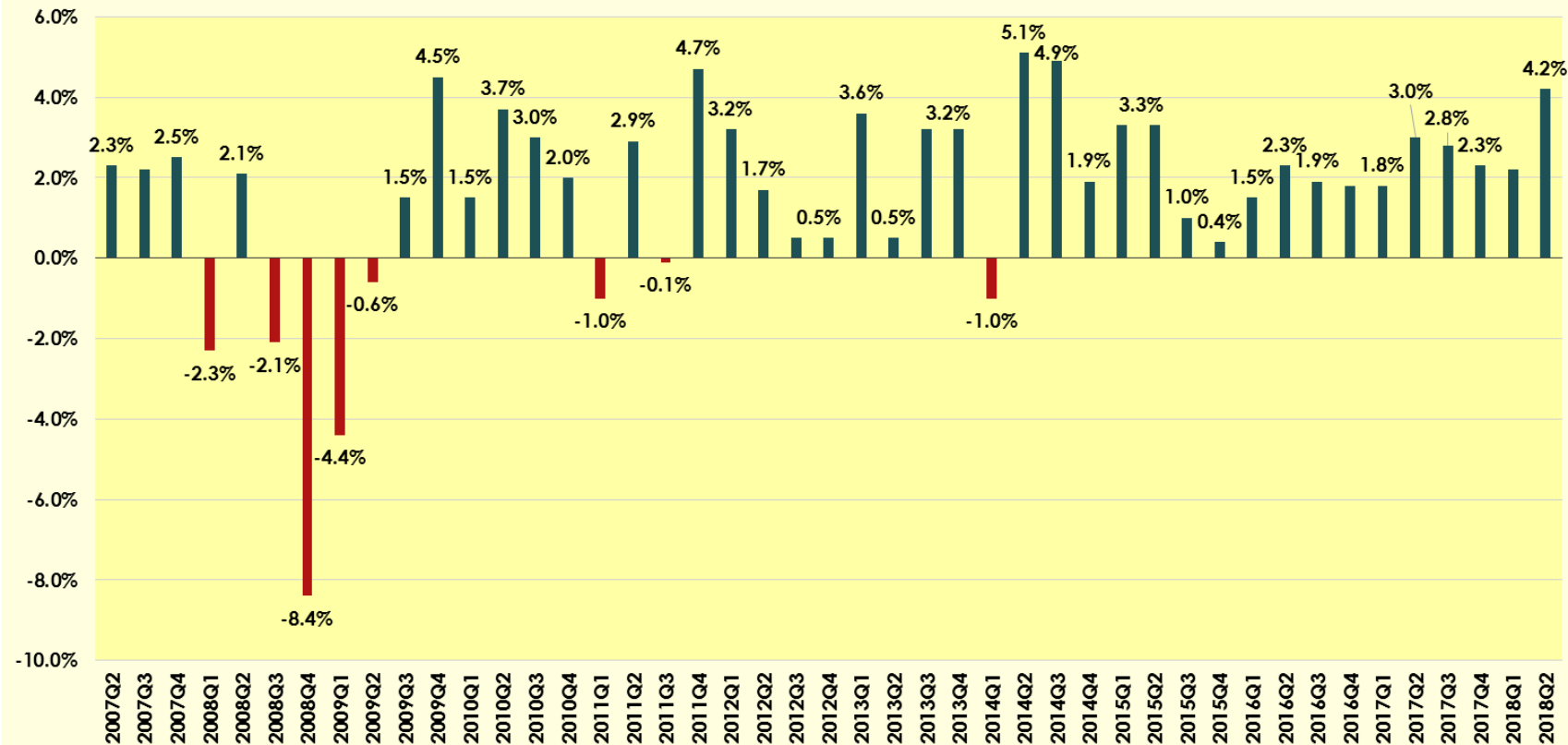
Source: National Bureau of Economic Research



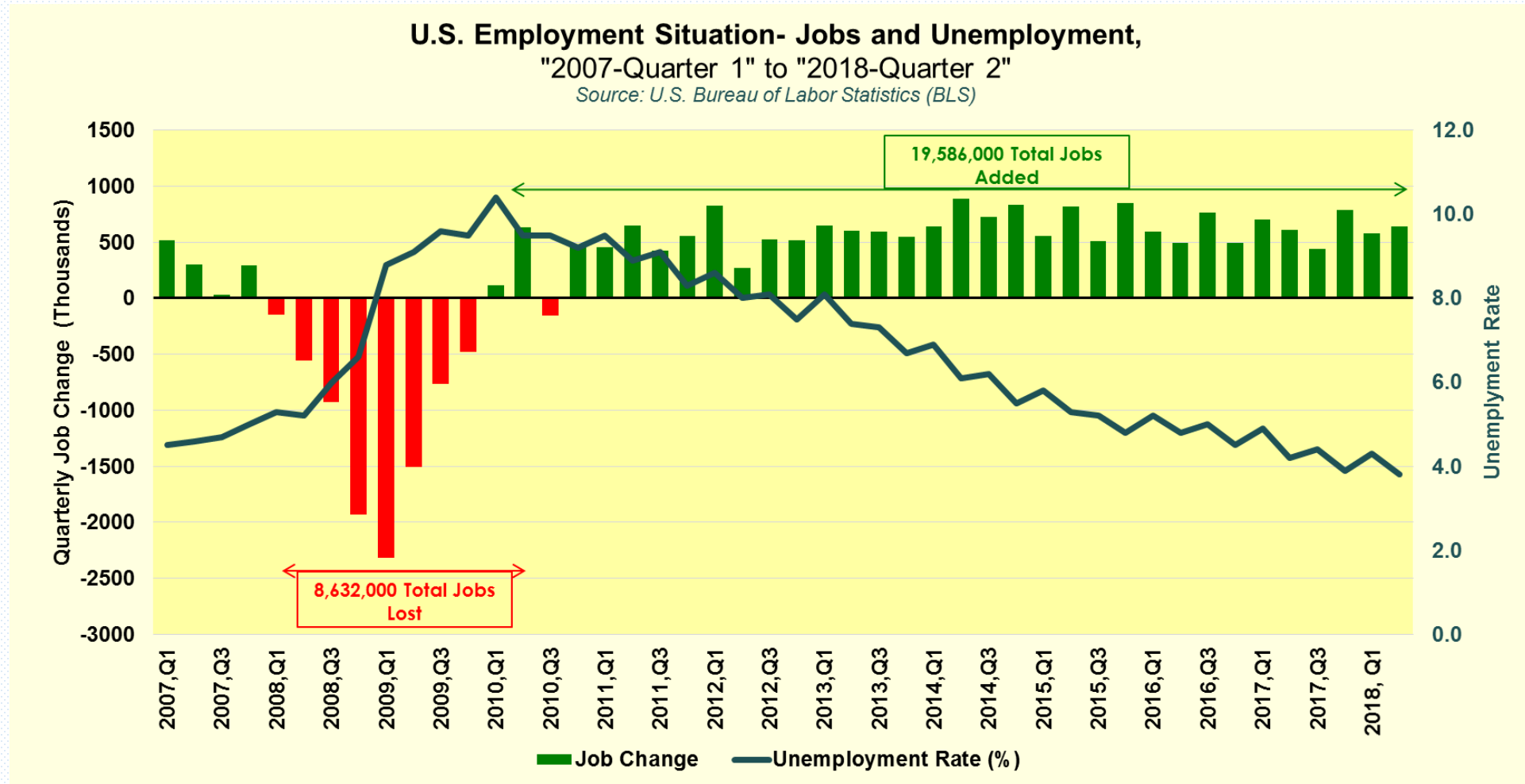
Longevity has its Virtues...in Economics Too

**Change in Gross Domestic Product (GDP), Adjusted for Inflation.
2007 (Q2) - 2018 (Q2)**

Source: Bureau of Economic Analysis



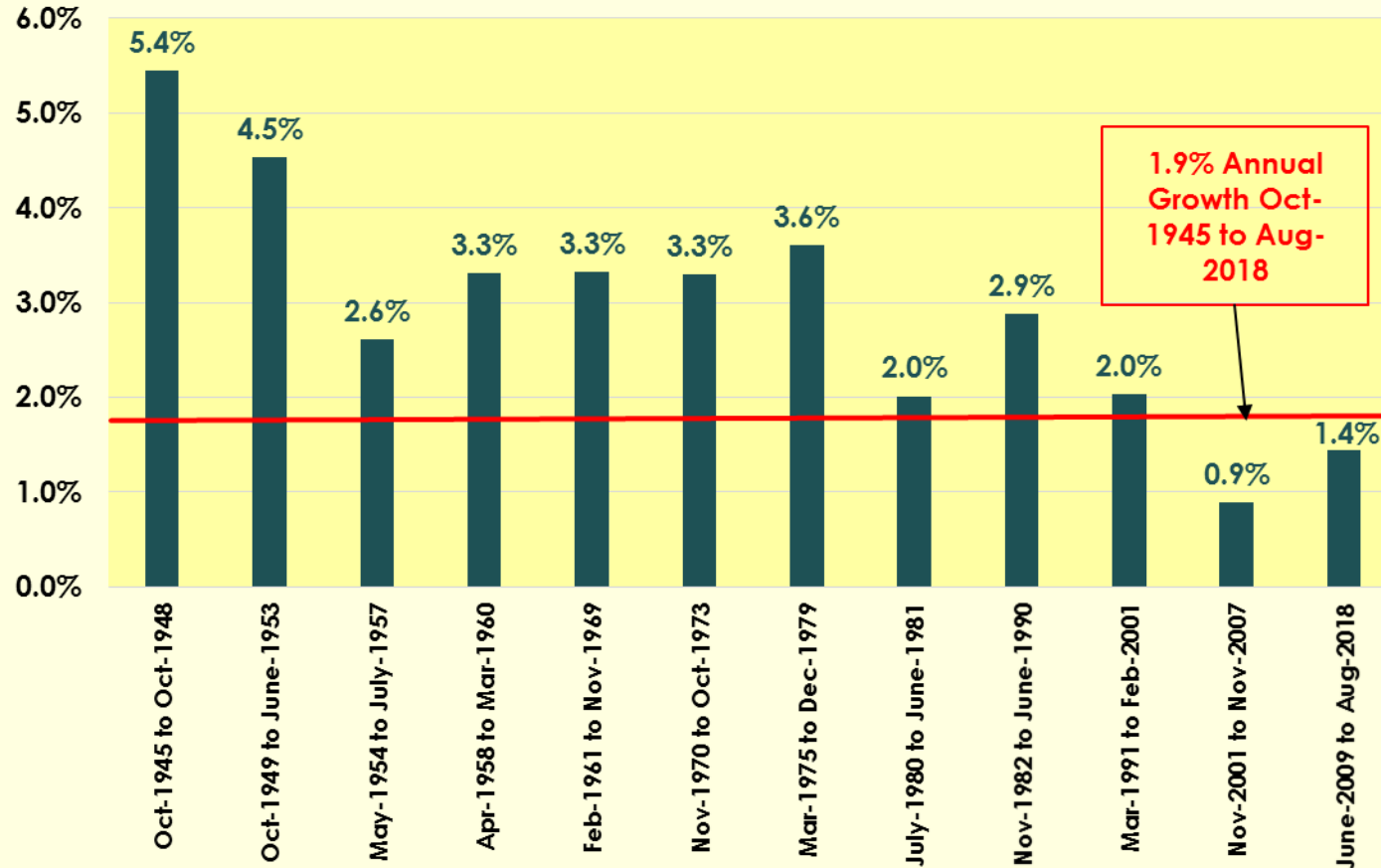
Unprecedented Period of Adding Payroll Jobs...



But at a Historically Slow Pace...

Growth in Nonfarm Payroll Jobs During Economic Expansions

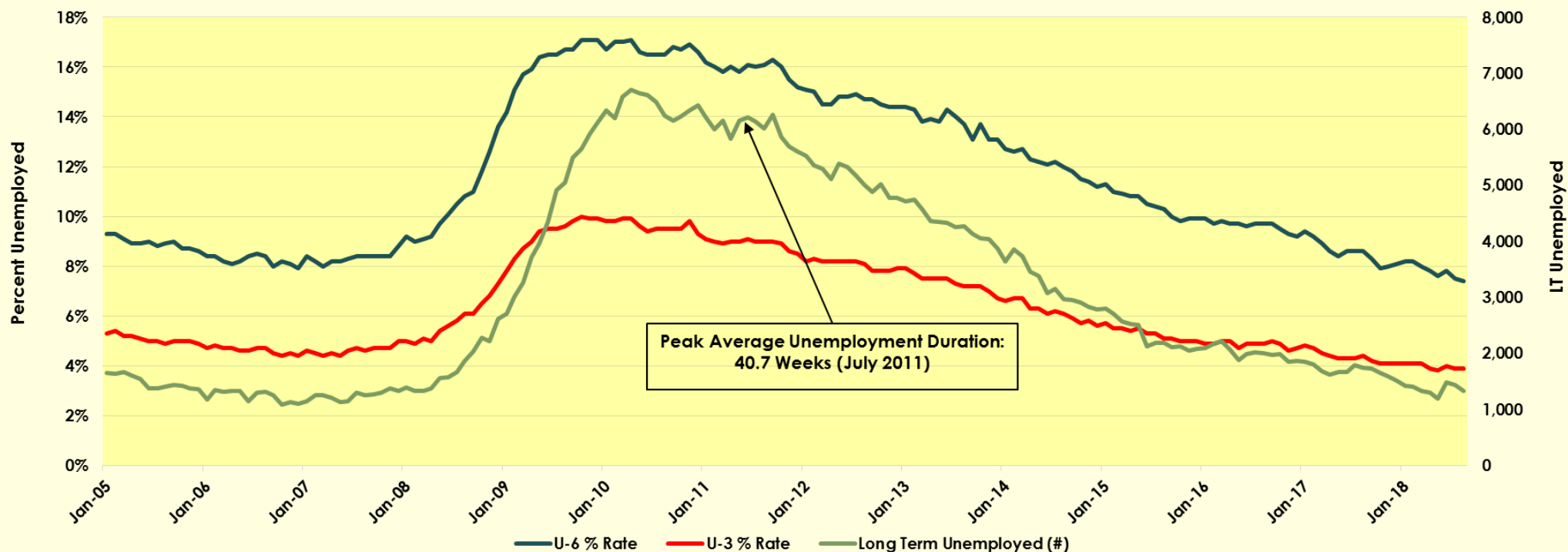
Source: Federal Reserve Bank of St. Louis



Making Progress at Reducing the Long-Term Unemployed

Monthly Unemployment Rates, U3 (Official) and U6 (Part timers who prefer full time), with Number of Workers who are Long Term (LT) Unemployed
January 2005 - August 2018

[Source: U.S. Bureau of Labor Statistics - BLS]



Asset Prices are Still on the Rise

Standard & Poor's 500 Index, June 1, 2007 - September 26, 2018

Source: Federal Reserve Bank of St. Louis

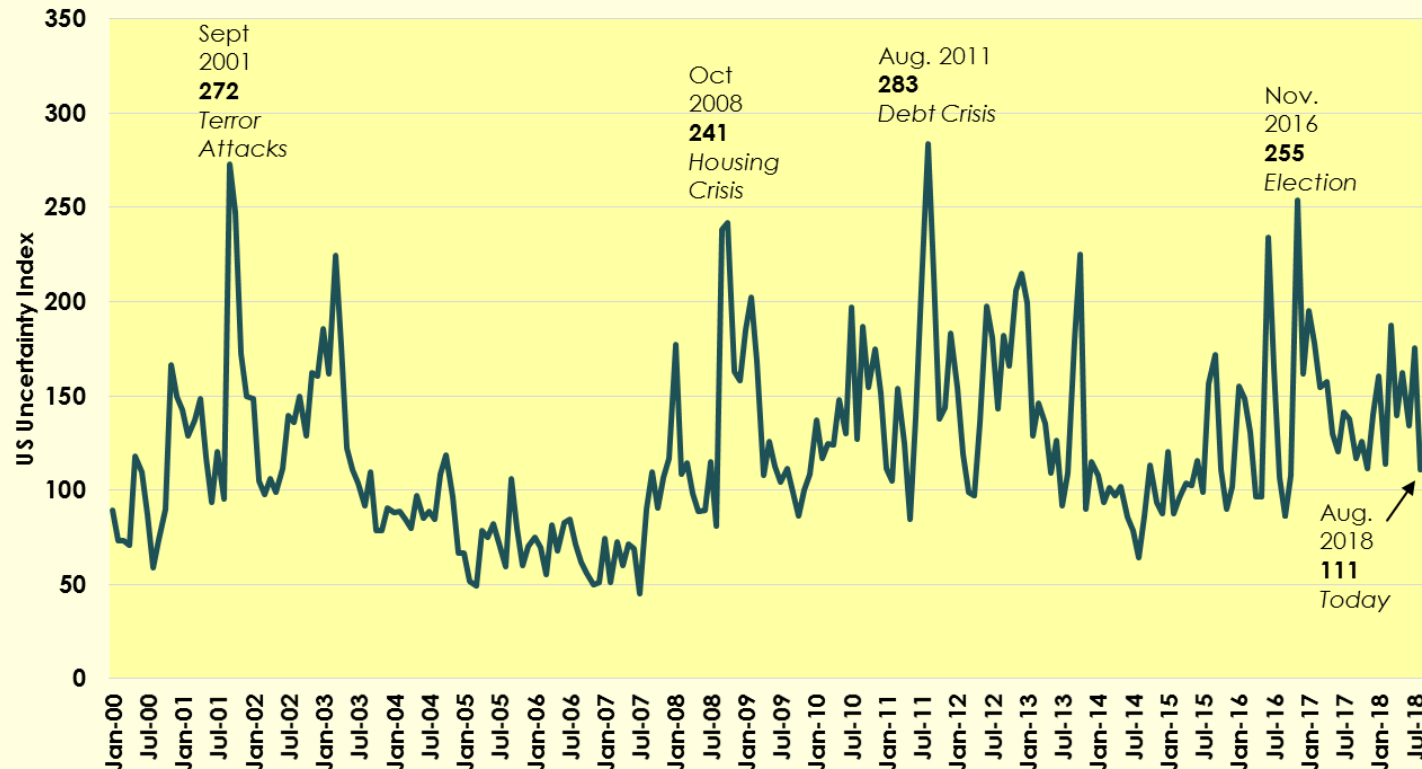


Volatility has “Calmed Down” after an Edgy Spring

US News Based Policy Uncertainty Index. Jan. 1985 - Aug. 2018

100 = Baseline Average for Jan. 1985 - Dec. 2009

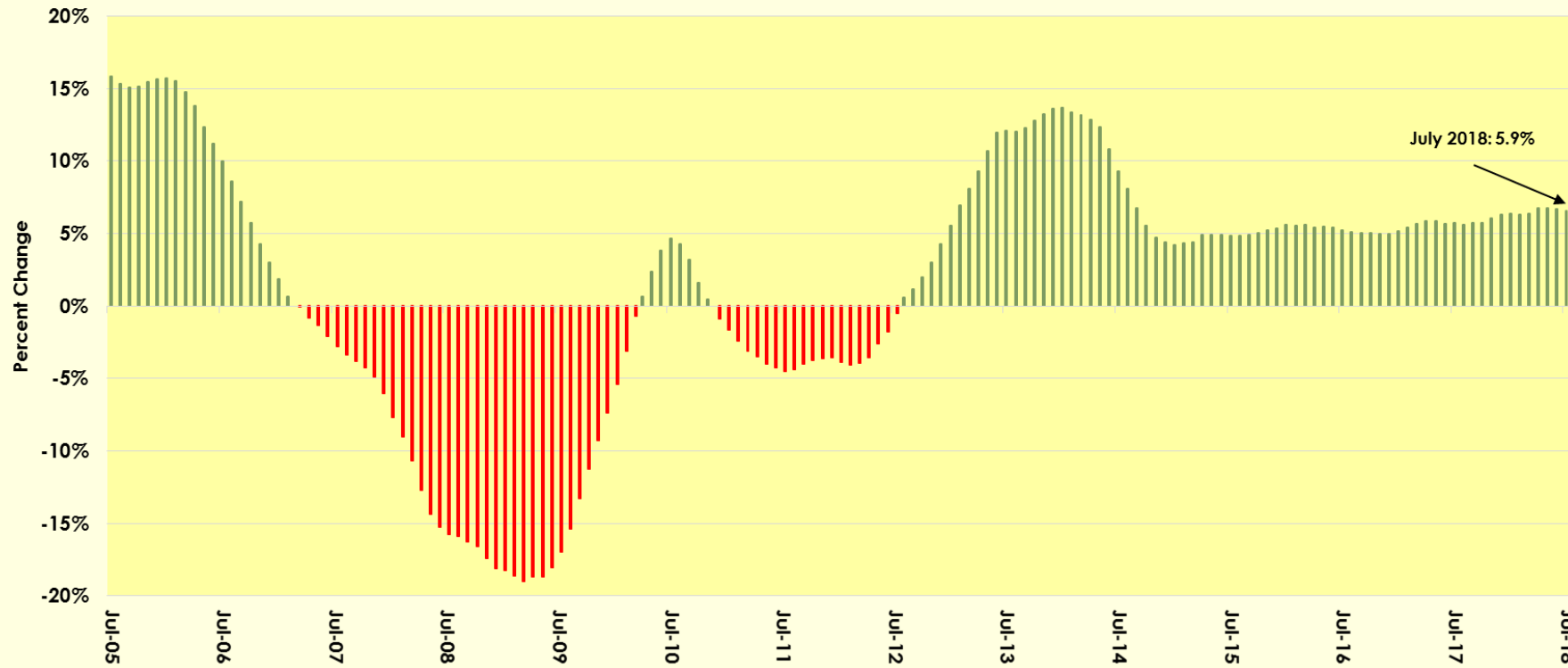
Source: Economic Policy Uncertainty



Housing Values have Returned to Their Pre-Recession Levels

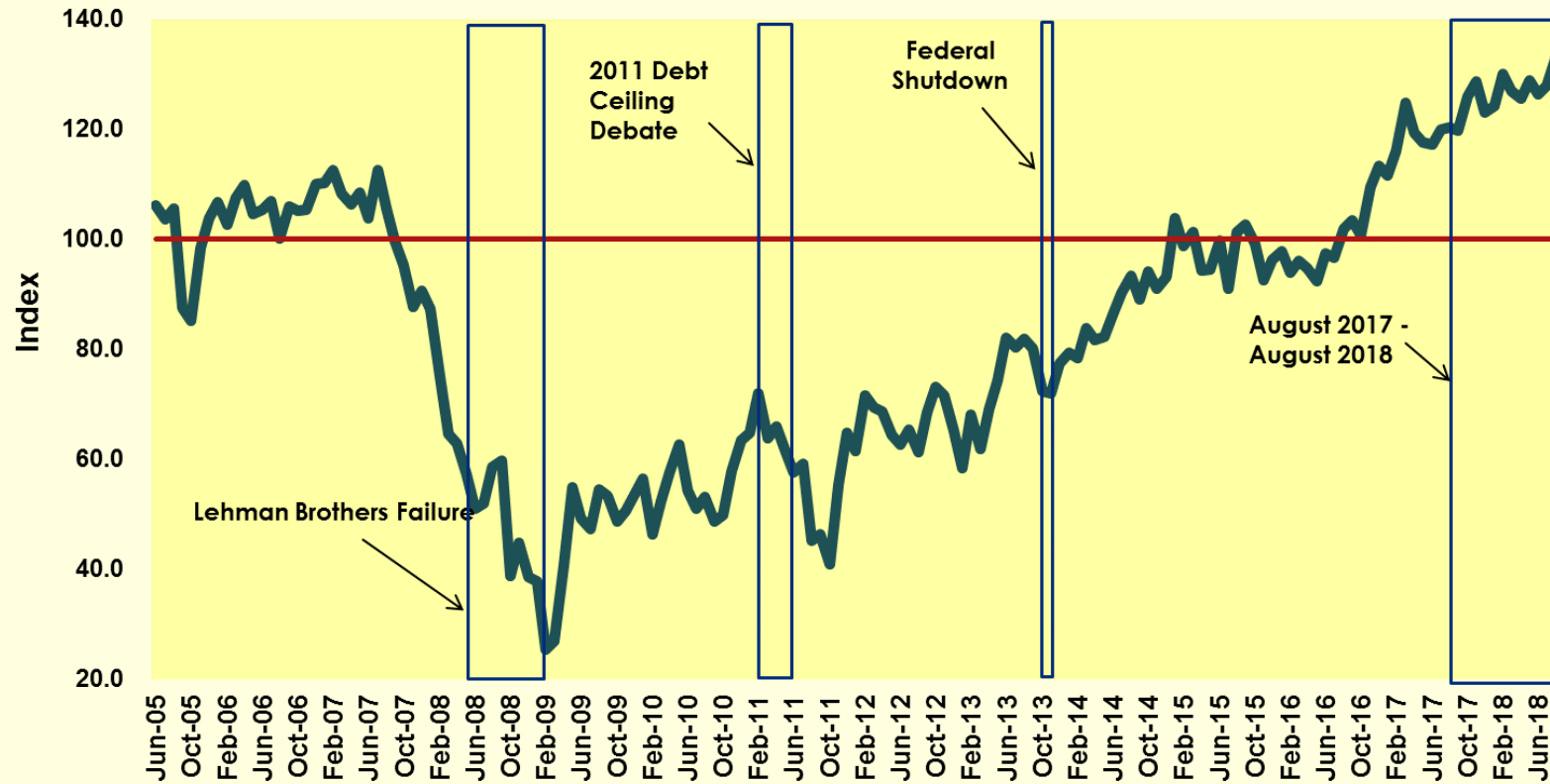
**U.S. Housing Market: Case-Shiller Price Index,
Year-Over-Year Percent Change
May 2005 - July 2018**

(Source: Case-Shiller Index: a "20-City Composite Home Price Index")



Consumer is Feeling “Pretty Good”

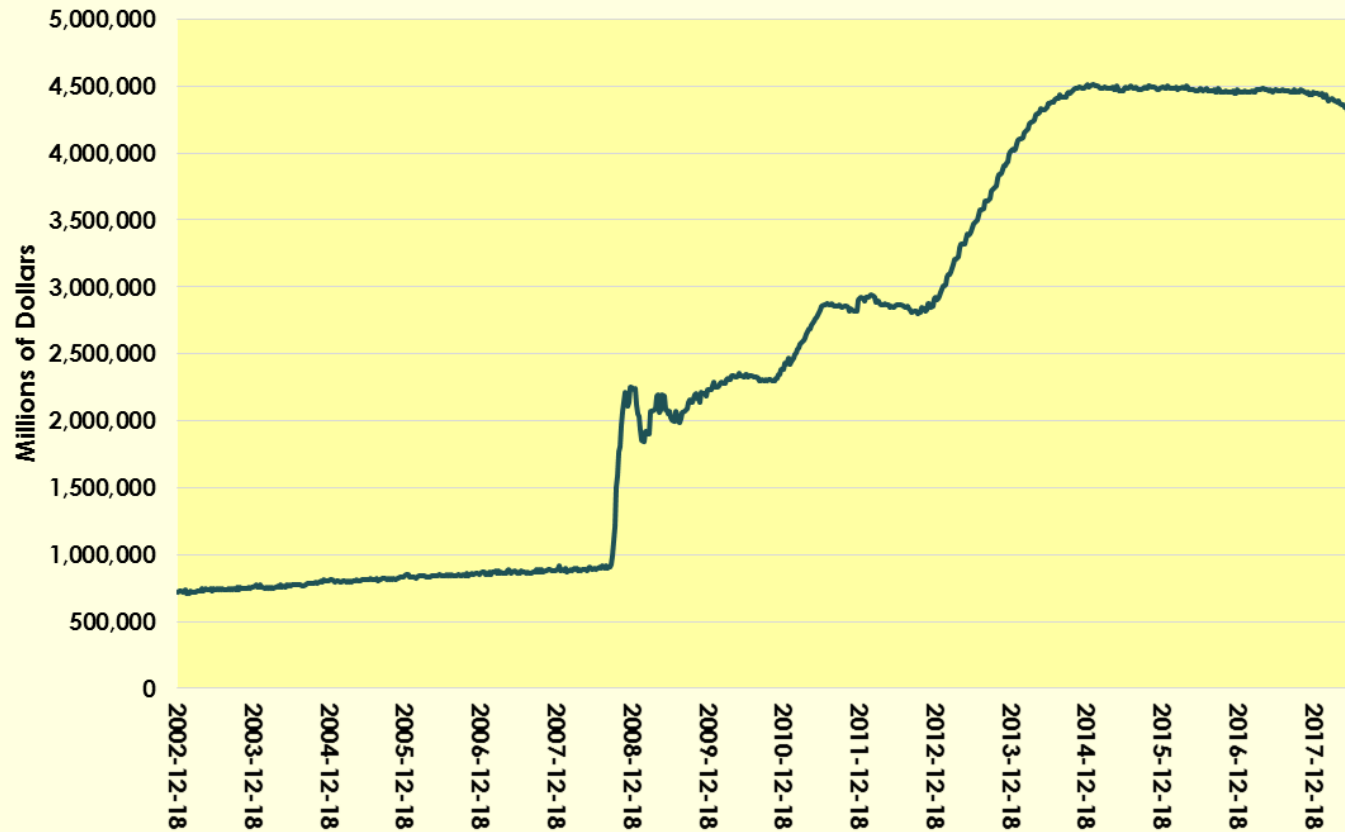
Consumer Confidence Index, from June 2005 to August 2018
 (“100” baseline from Year 1985) (Source: The Conference Board)



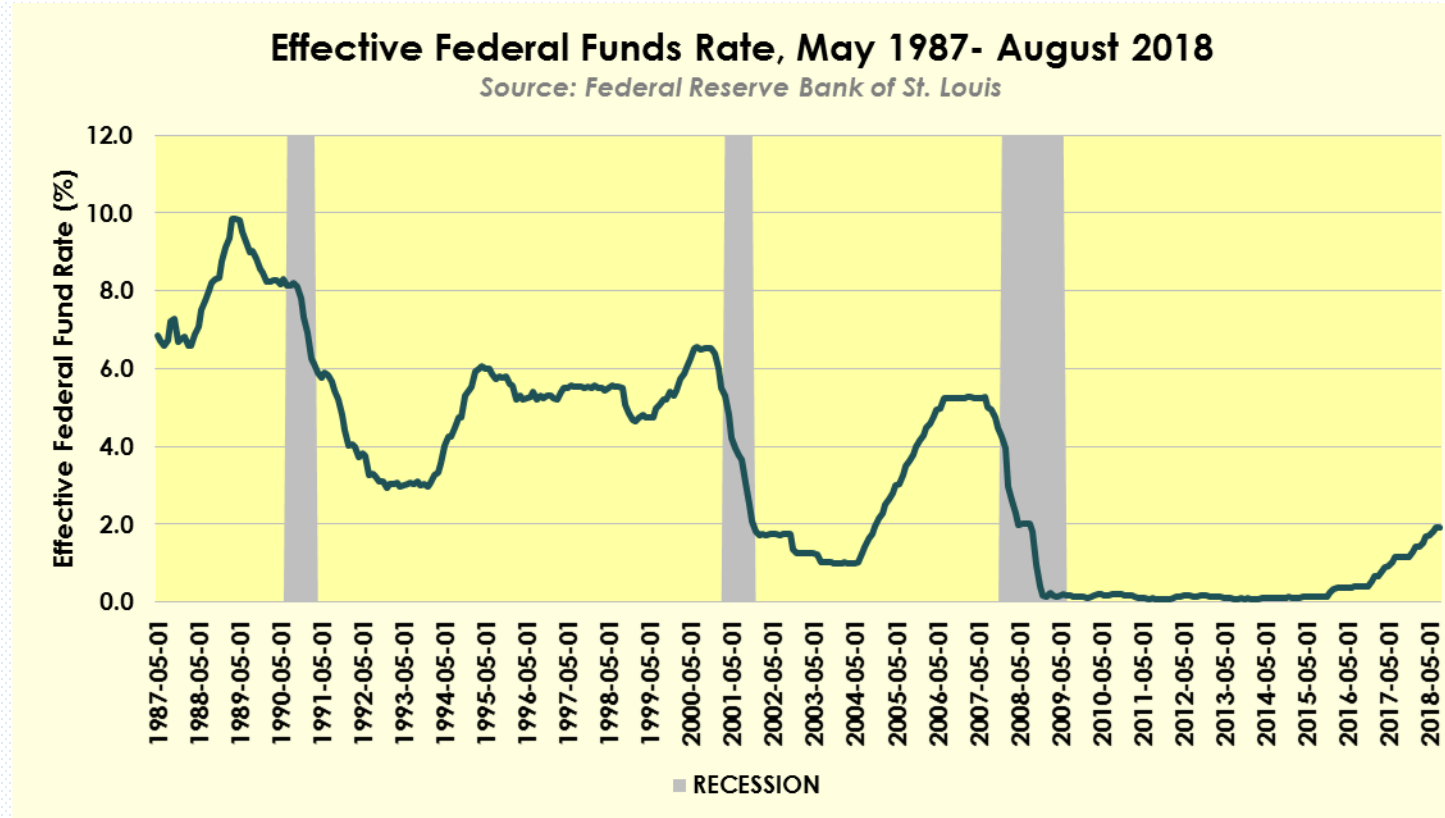
Unprecedented Amount of Monetary Policy Intervention

Total Assets of all Federal Reserve Banks

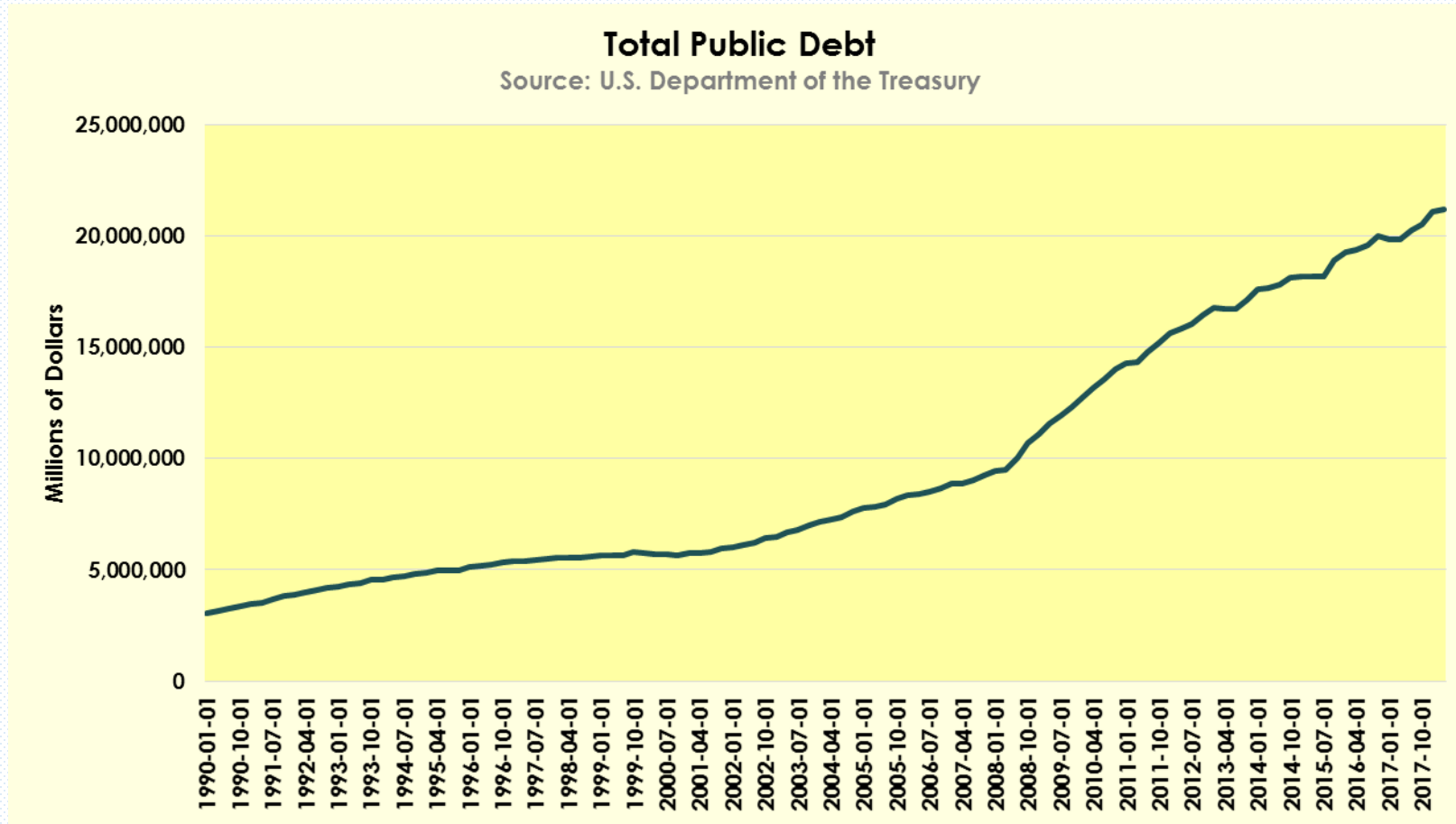
Source: Board of Governors of the Federal Reserve System



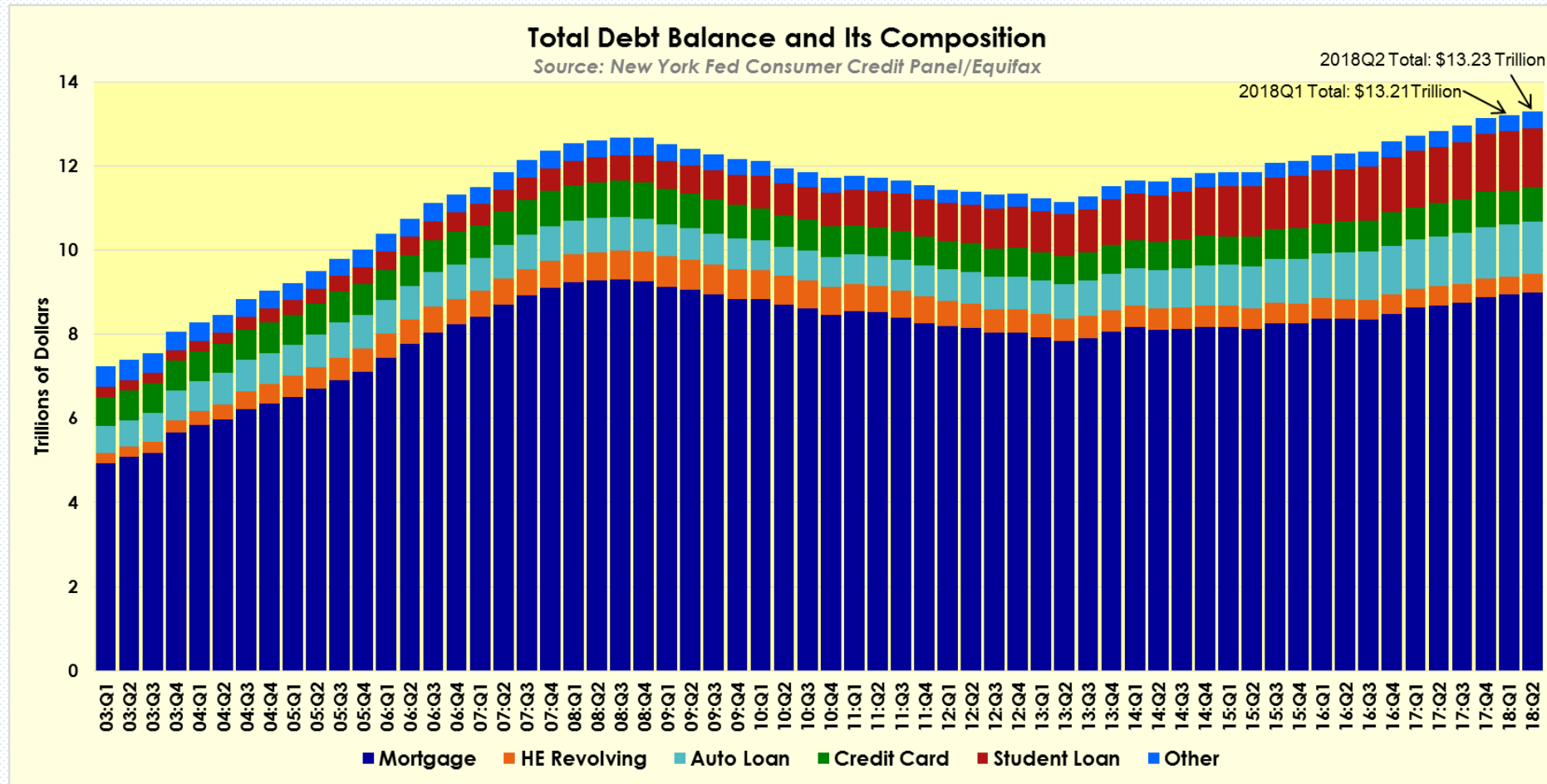
That Have Kept U.S. Interest Rates “Low”



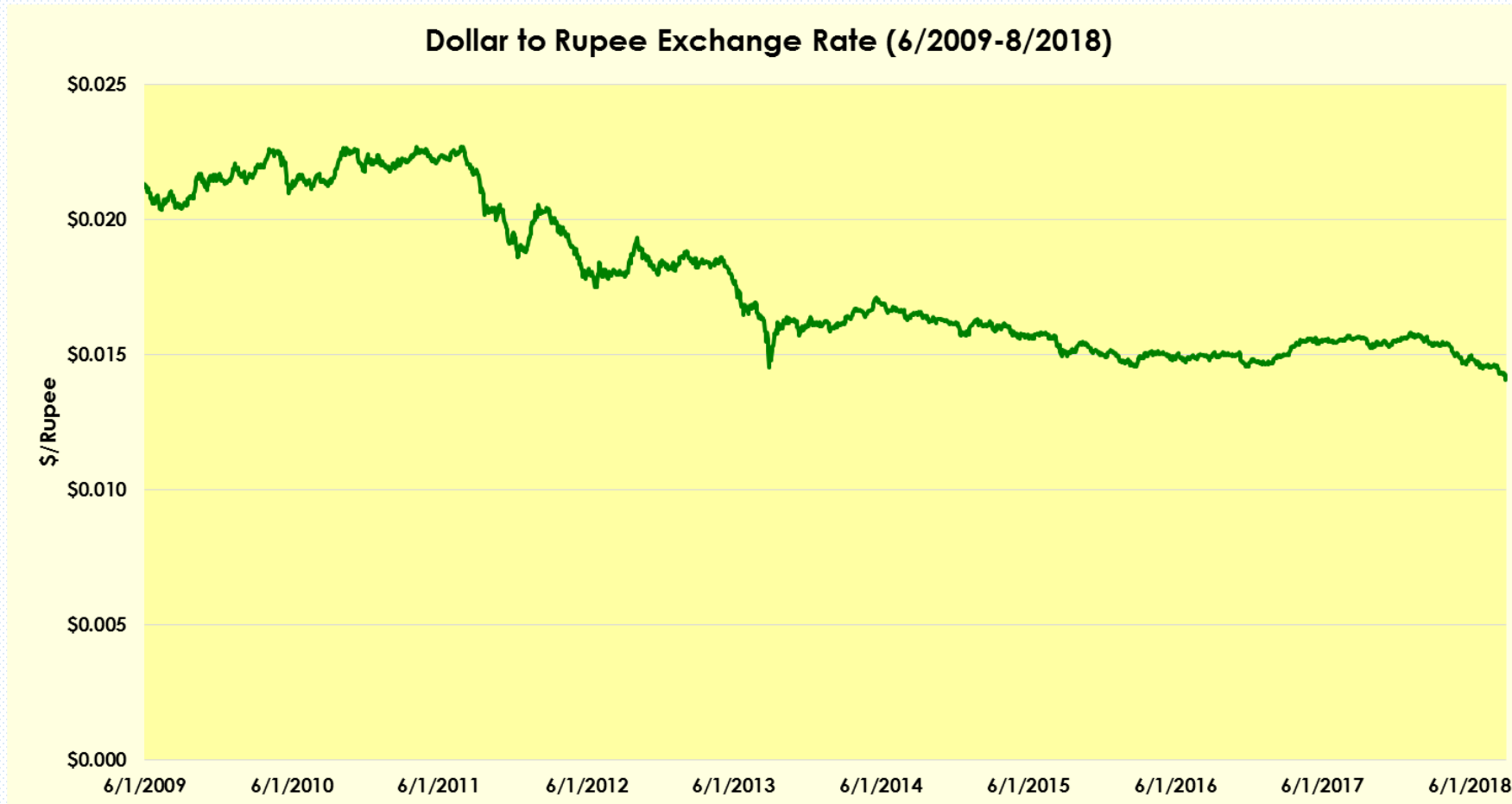
And The U.S. has increased the Federal Debt



Student Debt is a Rising Problem for the Economy



Rising U.S. Rates are Impacting Emerging Countries' Currency Values

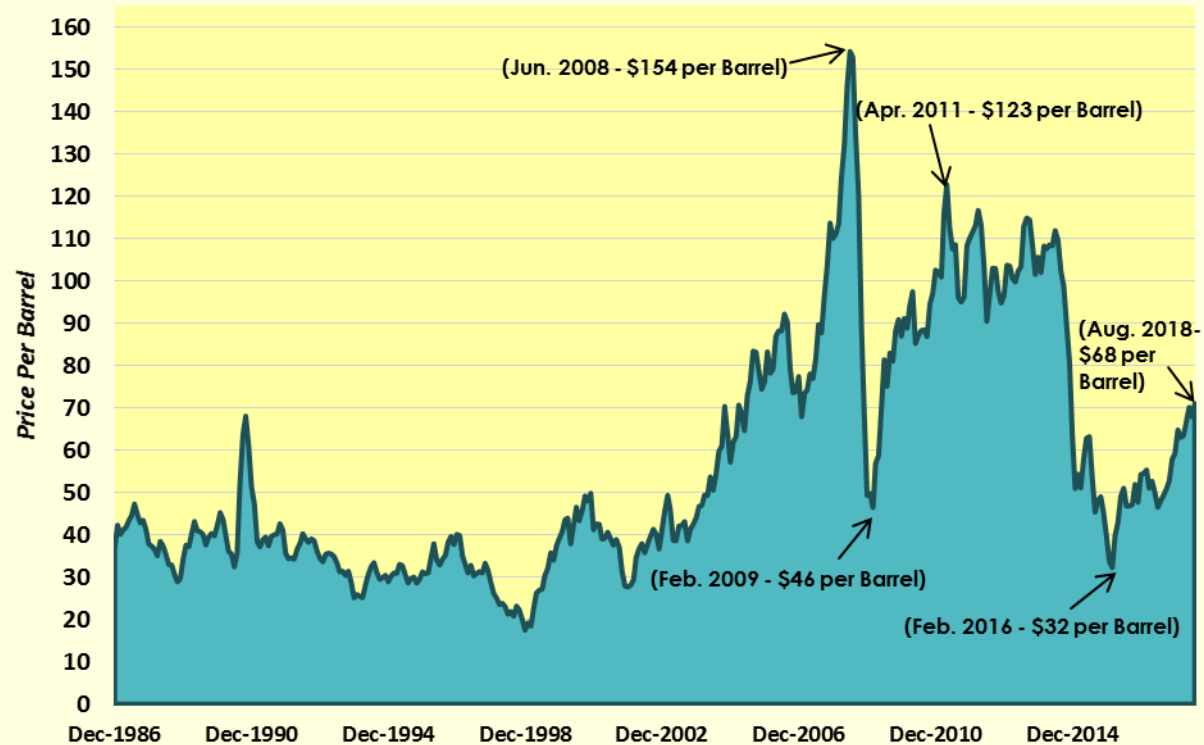


Energy Prices are also on the Rise

Price Per Barrel of Crude Oil, West Texas Intermediate (WTI)

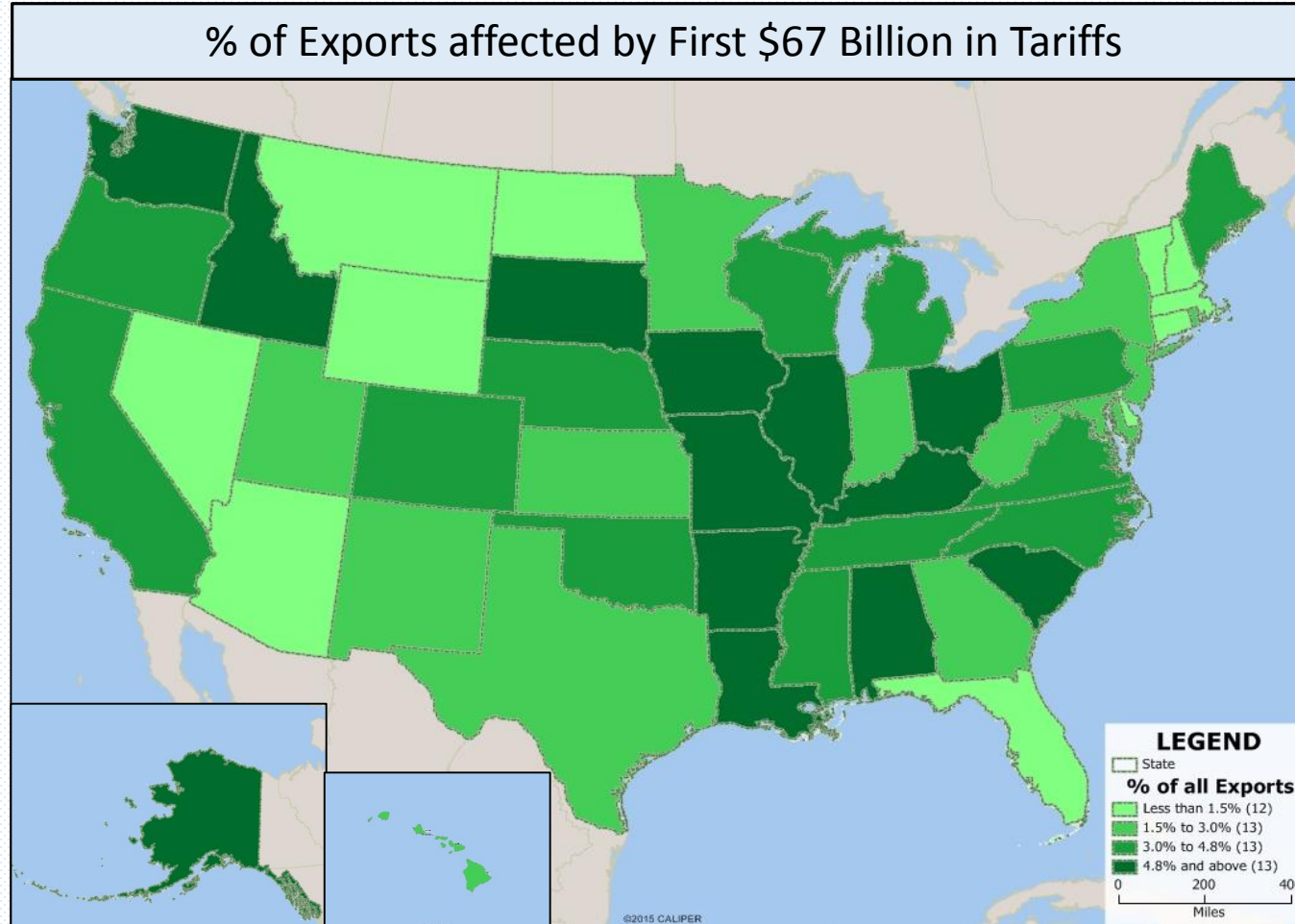
Dec. 1986 - Aug. 2018 [Aug. 2018 Constant U.S. Dollars]

Source: U.S. Energy Information Administration.



Trade is the “Largest Threat” to the Global/U.S. Outlook

% of all Exports	State
0.0%	Dist of Columbia
0.1%	Wyoming
0.5%	Delaware
0.6%	New Hampshire
0.9%	Nevada
0.9%	Connecticut
1.0%	Massachusetts
1.0%	North Dakota
1.2%	Vermont
1.2%	Montana
1.3%	Arizona
1.3%	Florida
1.5%	Texas
1.5%	West Virginia
1.6%	Utah
1.7%	Maryland
2.0%	New York
2.0%	Georgia
2.1%	New Mexico
2.1%	Hawaii
2.4%	Minnesota
2.5%	Rhode Island
2.7%	Indiana
2.7%	New Jersey



% of all Exports	State
3.2%	Kansas
3.3%	California
3.3%	North Carolina
3.4%	Colorado
3.6%	Oregon
3.9%	Oklahoma
3.9%	Michigan
4.2%	Tennessee
4.5%	Pennsylvania
4.5%	Nebraska
4.6%	Virginia
4.7%	Wisconsin
4.7%	Mississippi
4.8%	Maine
4.9%	Idaho
5.0%	Kentucky
5.4%	Arkansas
5.9%	Illinois
6.2%	Missouri
6.7%	Ohio
7.3%	Iowa
8.1%	Washington
9.4%	South Carolina
9.5%	South Dakota
10.4%	Louisiana
16.1%	Alaska
16.4%	Alabama

Source: U.S. Import and Export Merchandise trade statistics, U.S. Census Bureau: Economic Indicators Division USA Trade Online

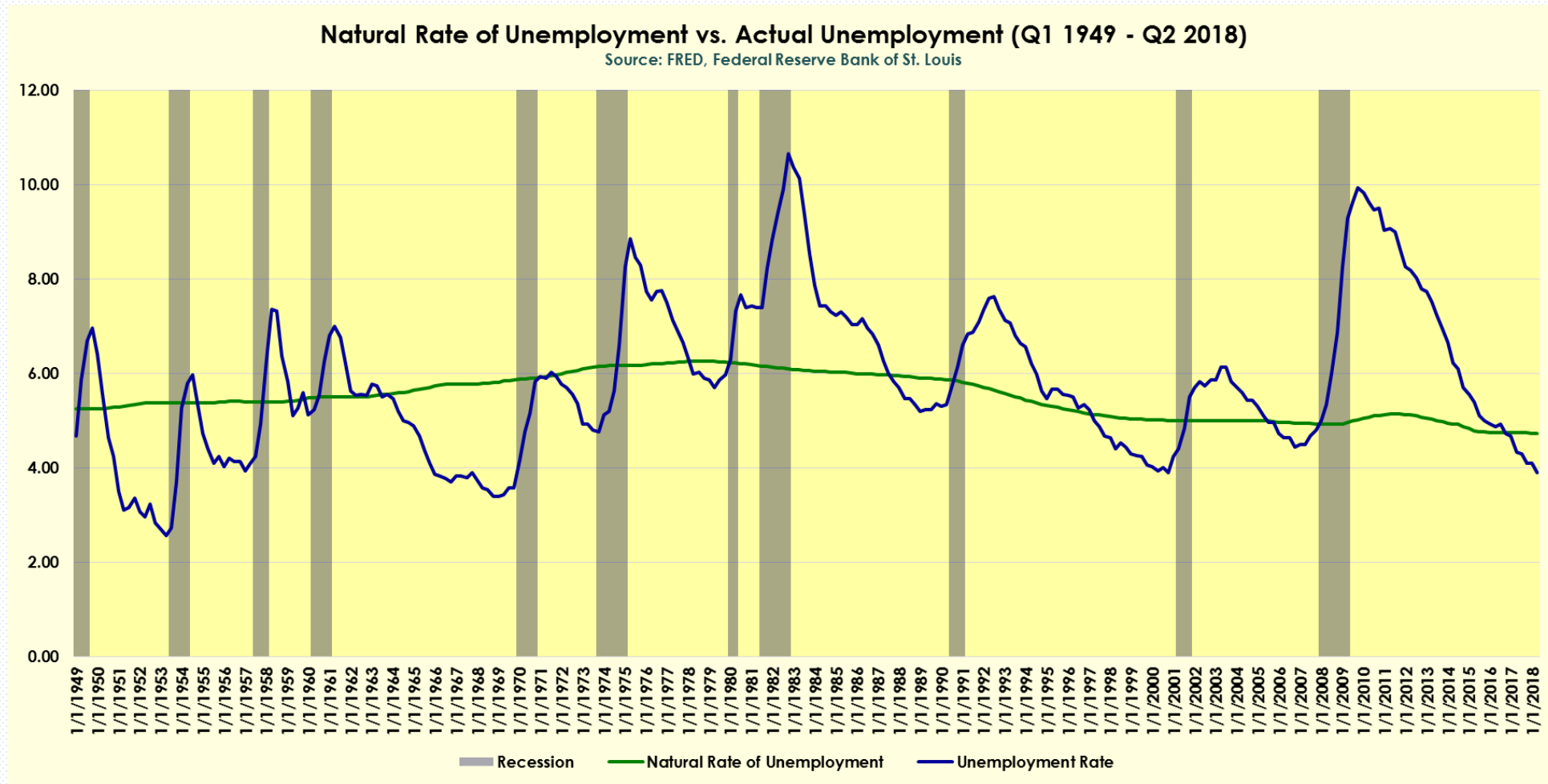
Fed's Outlook Remains Upbeat But Historically Restrained

Variable	Median ¹				
	2018	2019	2020	2021	Longer run
Change in real GDP	3.1	2.5	2.0	1.8	1.8
June projection	2.8	2.4	2.0	n.a.	1.8
Unemployment rate	3.7	3.5	3.5	3.7	4.5
June projection	3.6	3.5	3.5	n.a.	4.5
PCE inflation	2.1	2.0	2.1	2.1	2.0
June projection	2.1	2.1	2.1	n.a.	2.0
Core PCE inflation ⁴	2.0	2.1	2.1	2.1	
June projection	2.0	2.1	2.1	n.a.	
Memo: Projected appropriate policy path					
Federal funds rate	2.4	3.1	3.4	3.4	3.0
June projection	2.4	3.1	3.4	n.a.	2.9

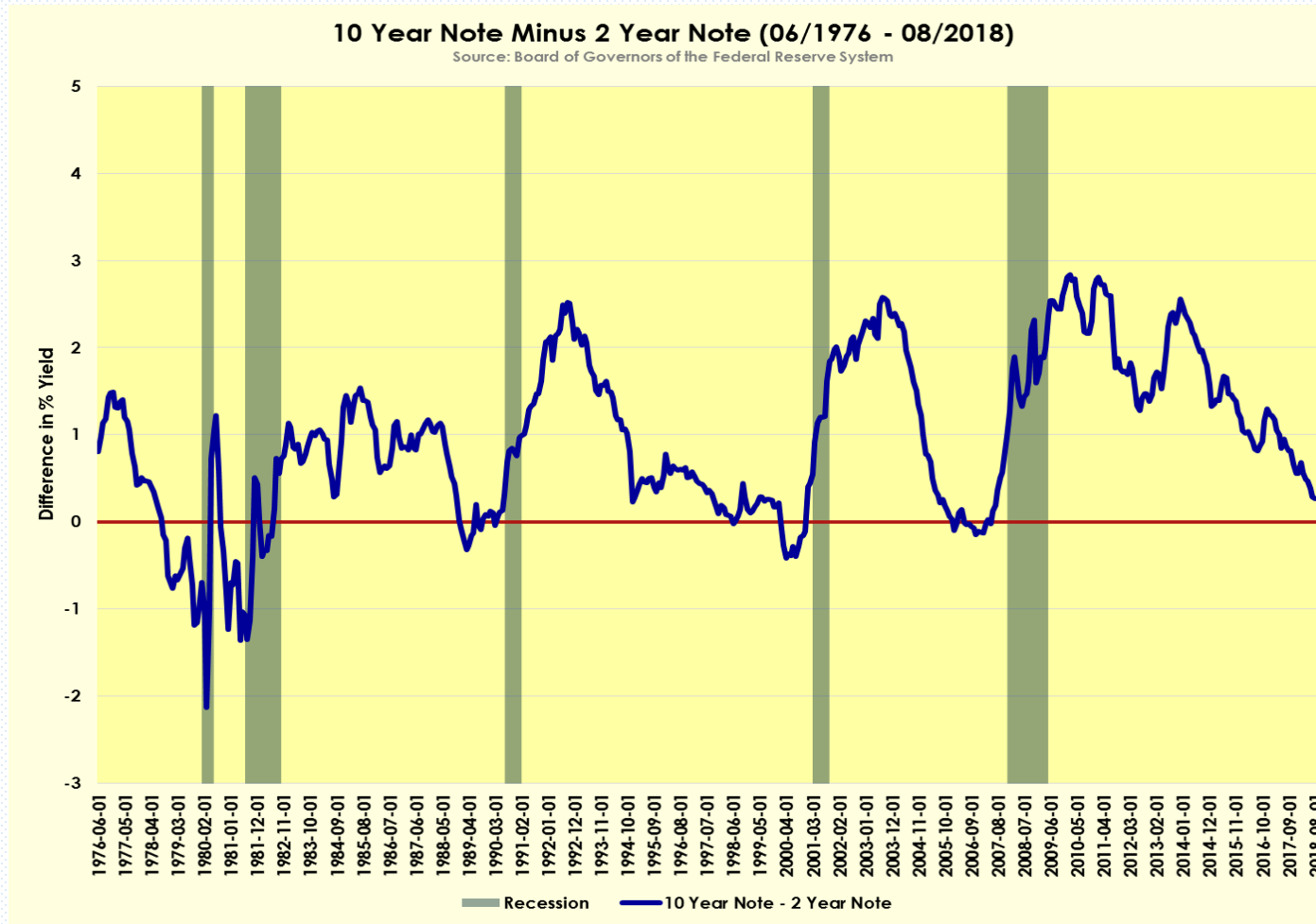
1. For each period, the median is the middle projection when the projections are arranged from lowest to highest. When the number of projections is even, the median is the average of the two middle projections.

Source: Board of Governor's of the Federal Reserve System, FOMC

The “NIARU” Threshold was Crossed Last Summer



The Yield Curve is “Flattening”



Recession is Still a Distinctly Minority View...At Least Until 2020!

Percent of US Economists Who Believe US Will Have a Recession Within Next 12 Months August 2016 - August 2018

Source: WSJ Survey of Economists

