

THE ECONOMY IN 2021: GROWING BUT BY HOW MUCH?

Presented by:
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President: GraphsandLaughs, LLC

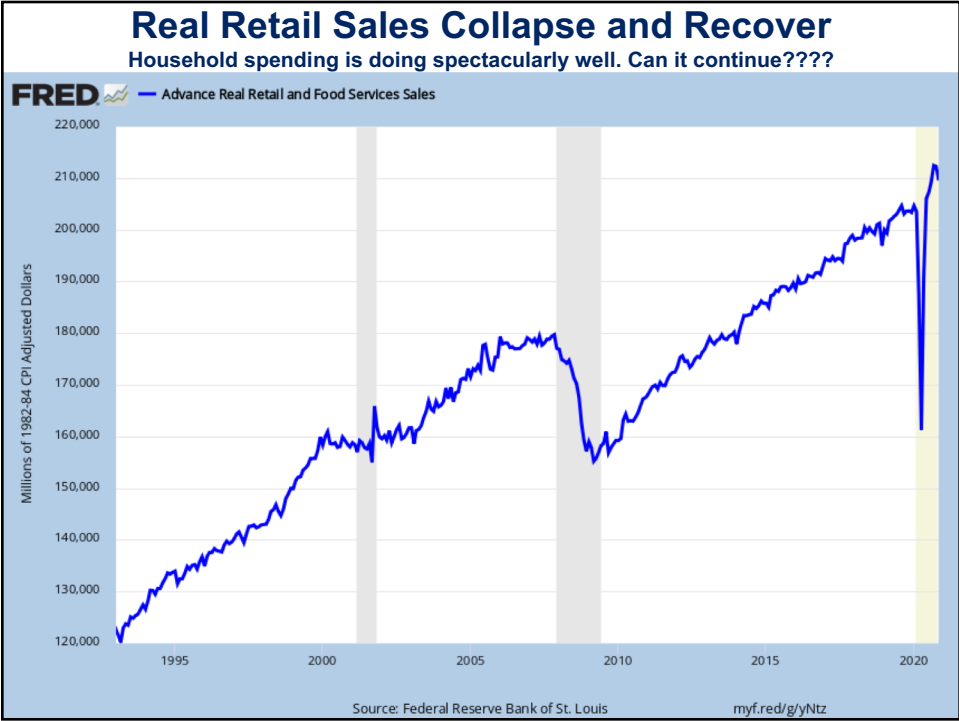
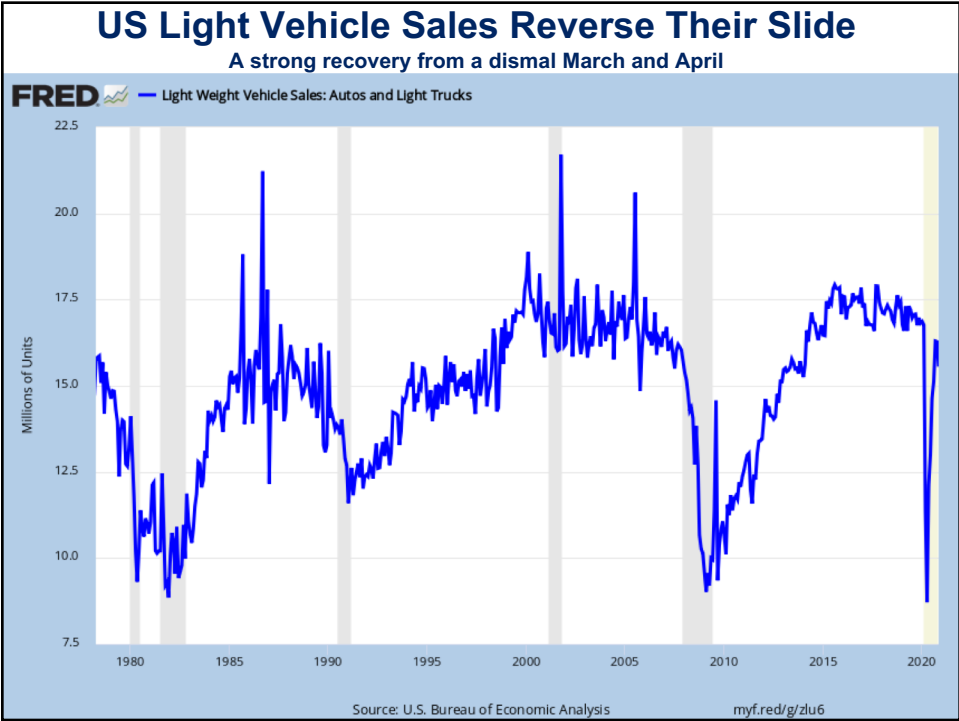
January 8, 2021

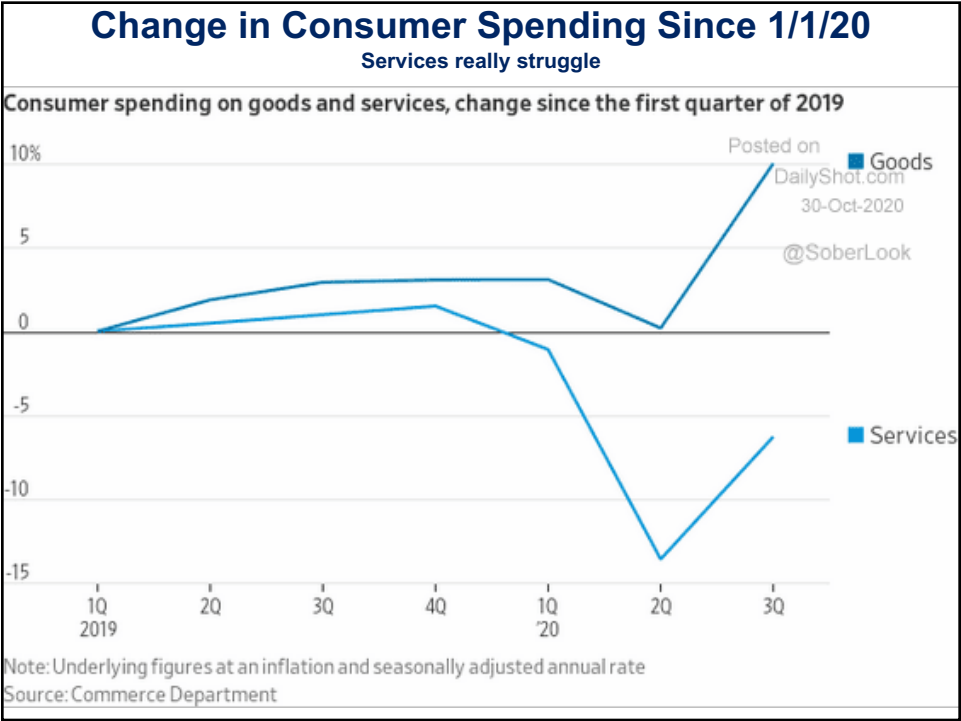


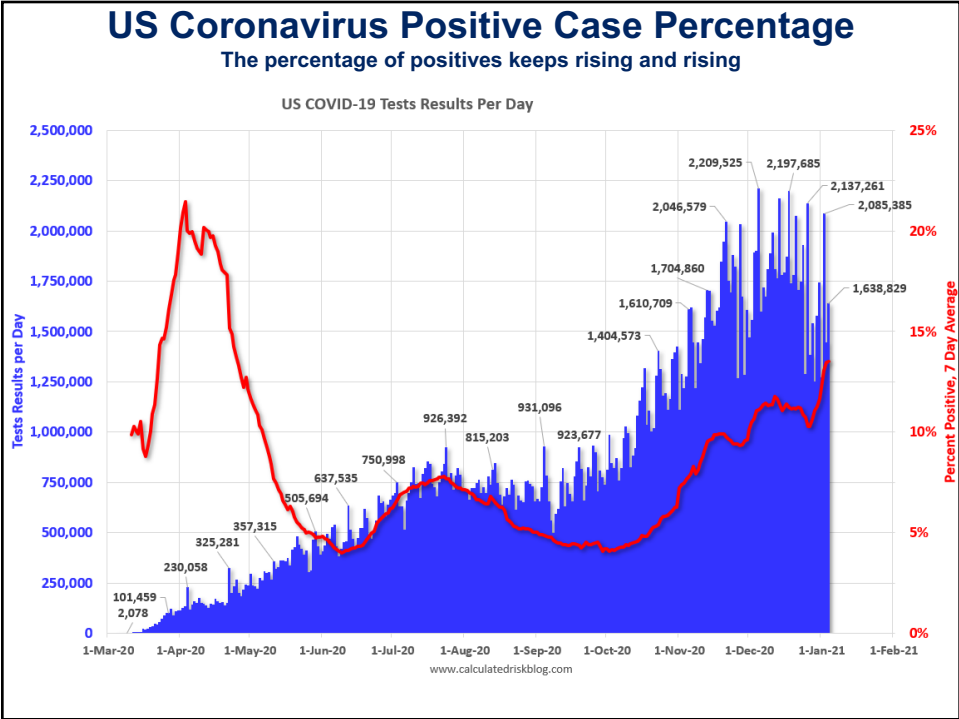
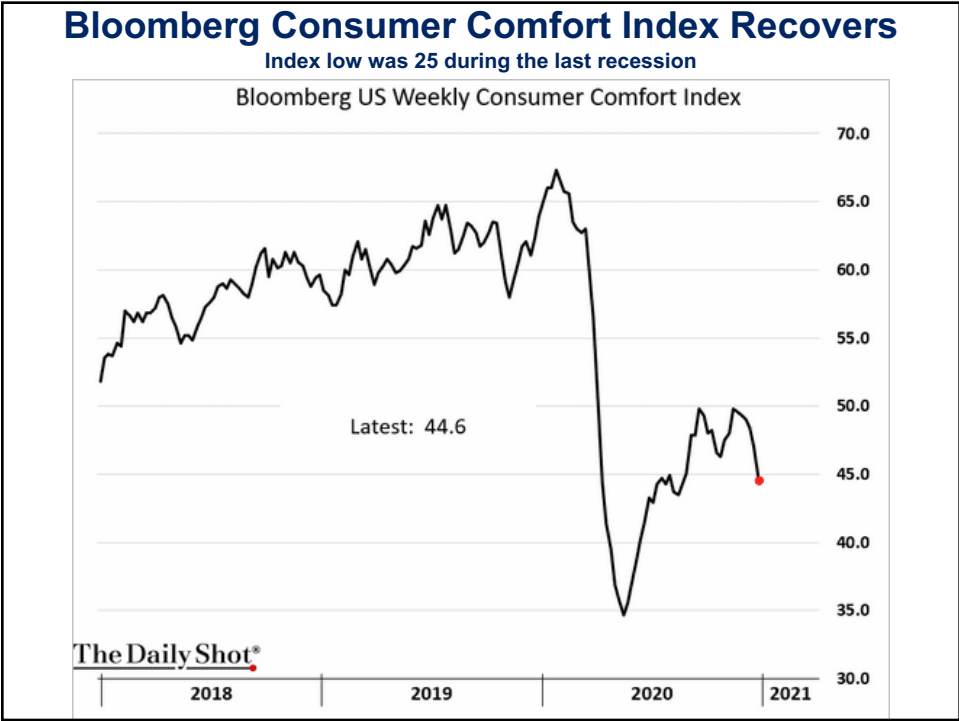
The Economy Bottomed

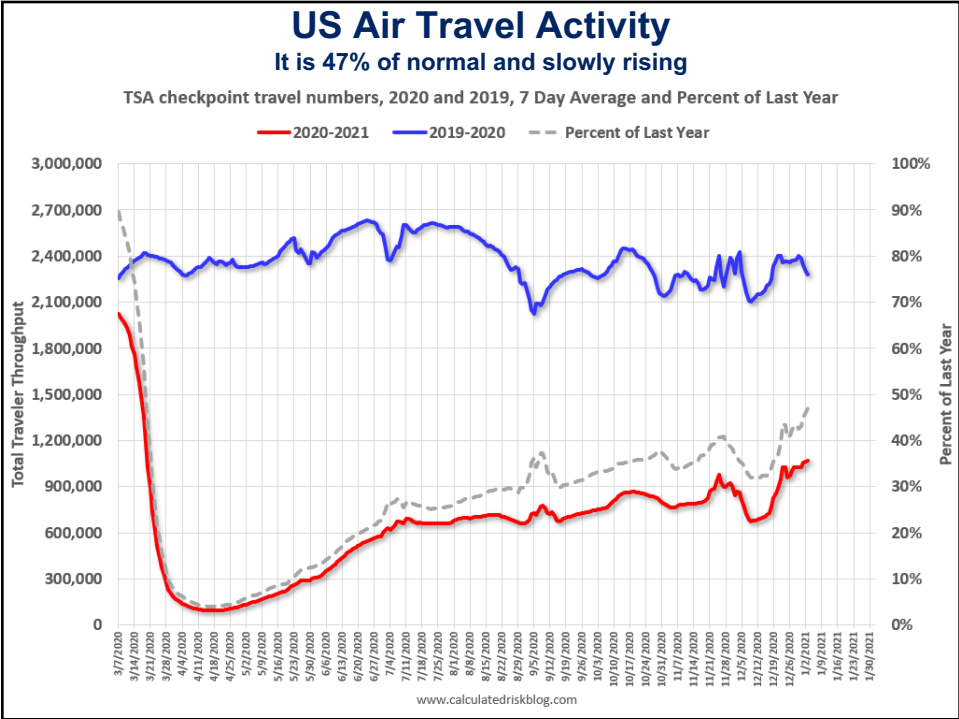
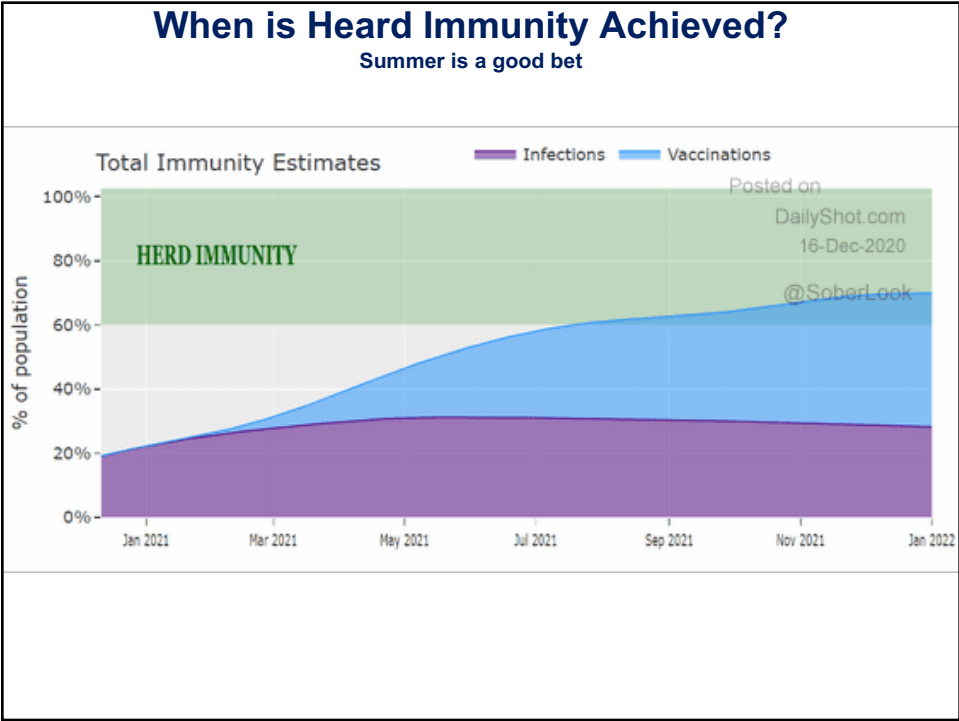
$$\text{GDP} = C + I + G + (X - M)$$

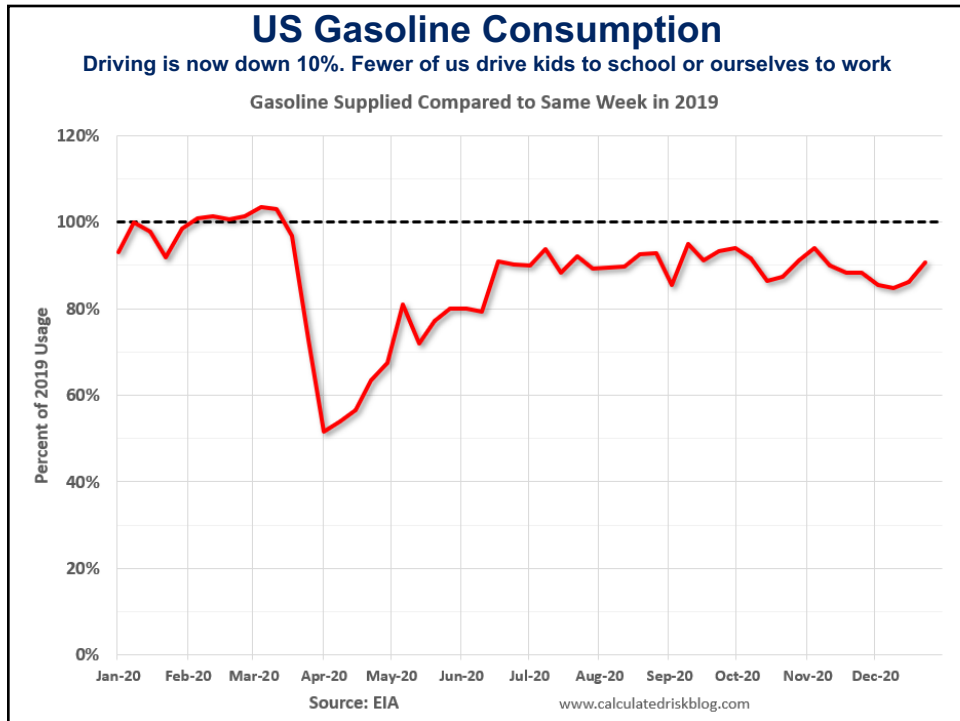
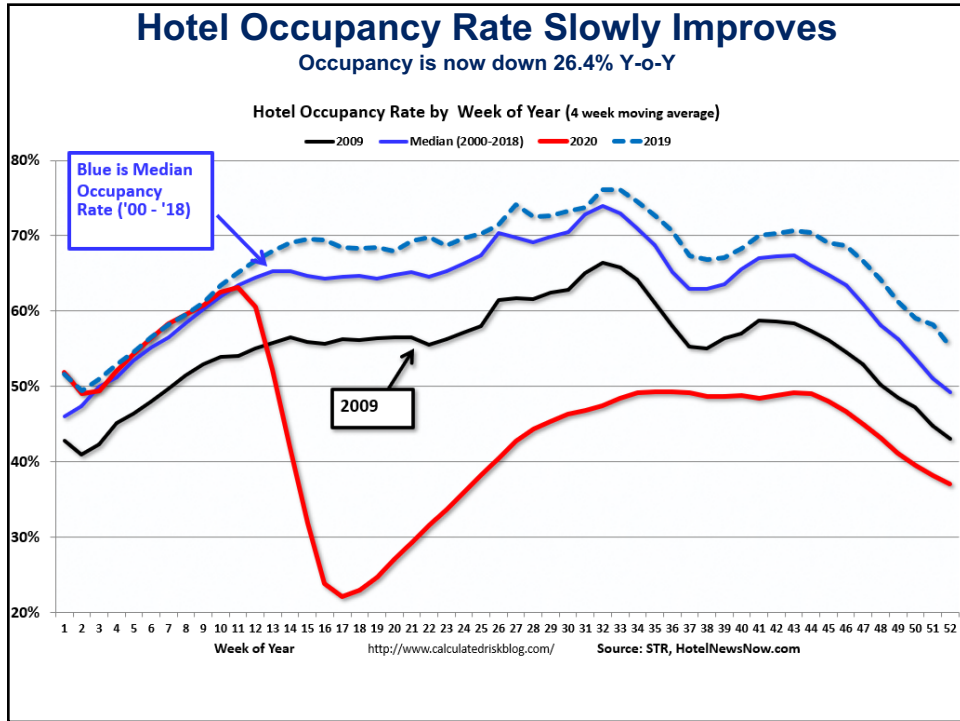


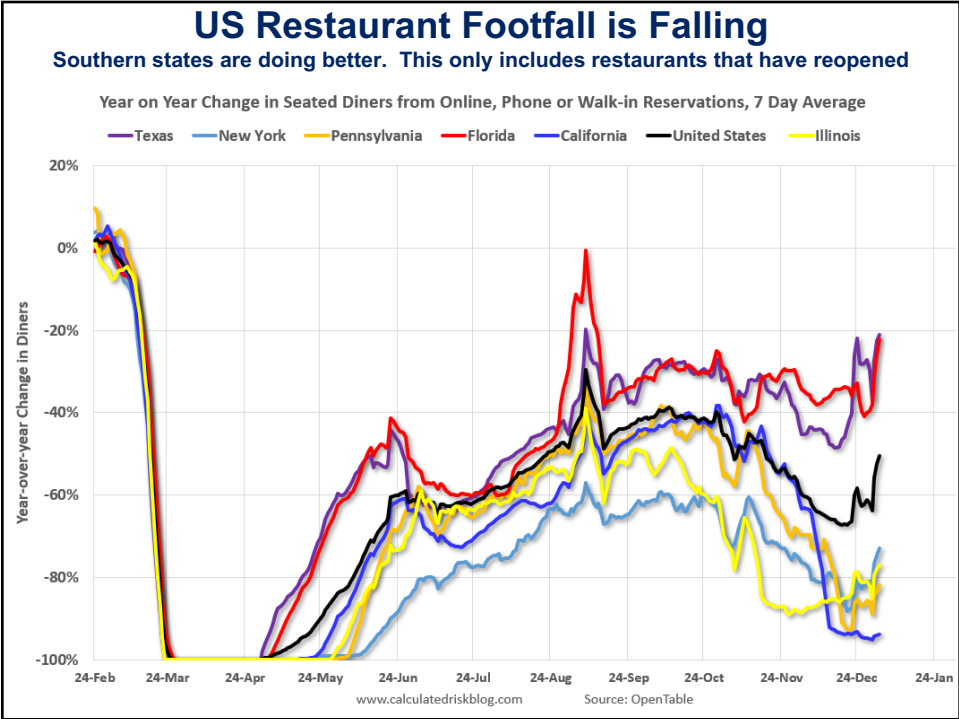
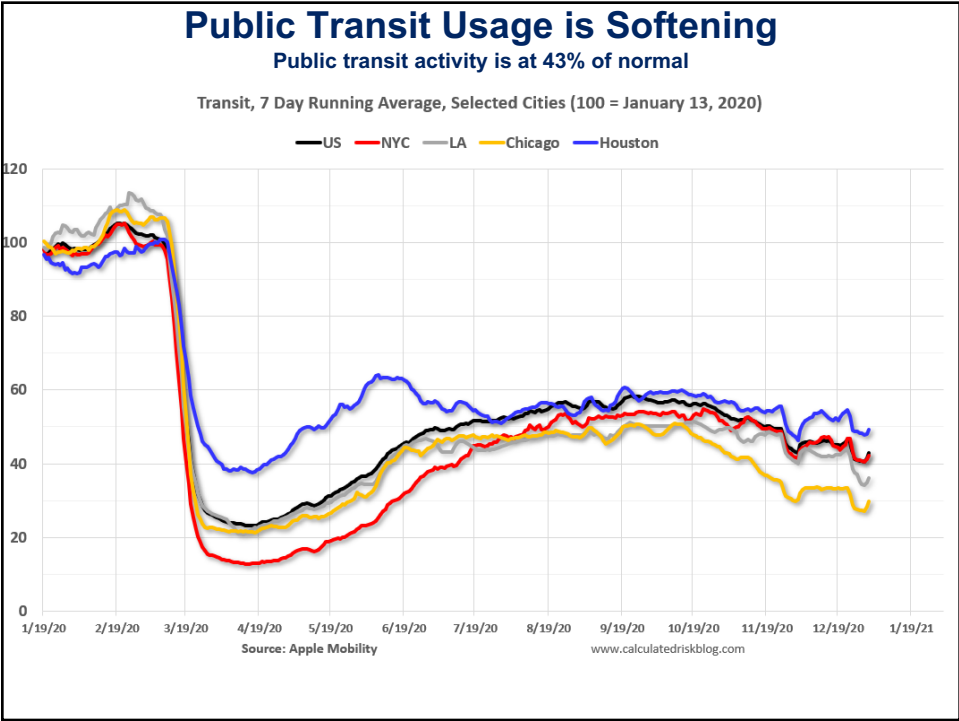


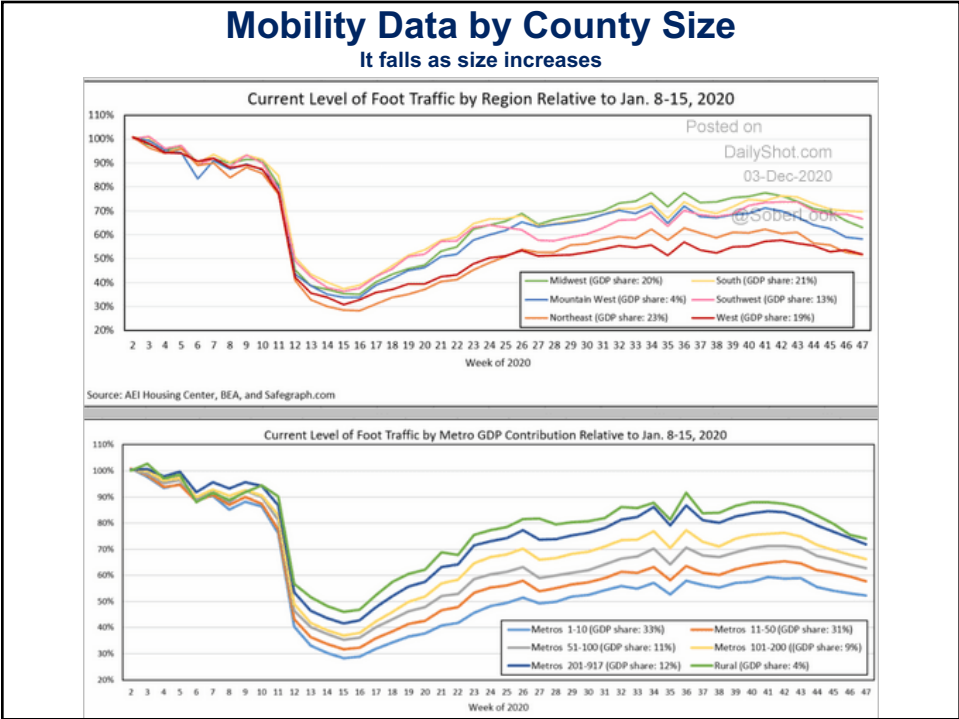
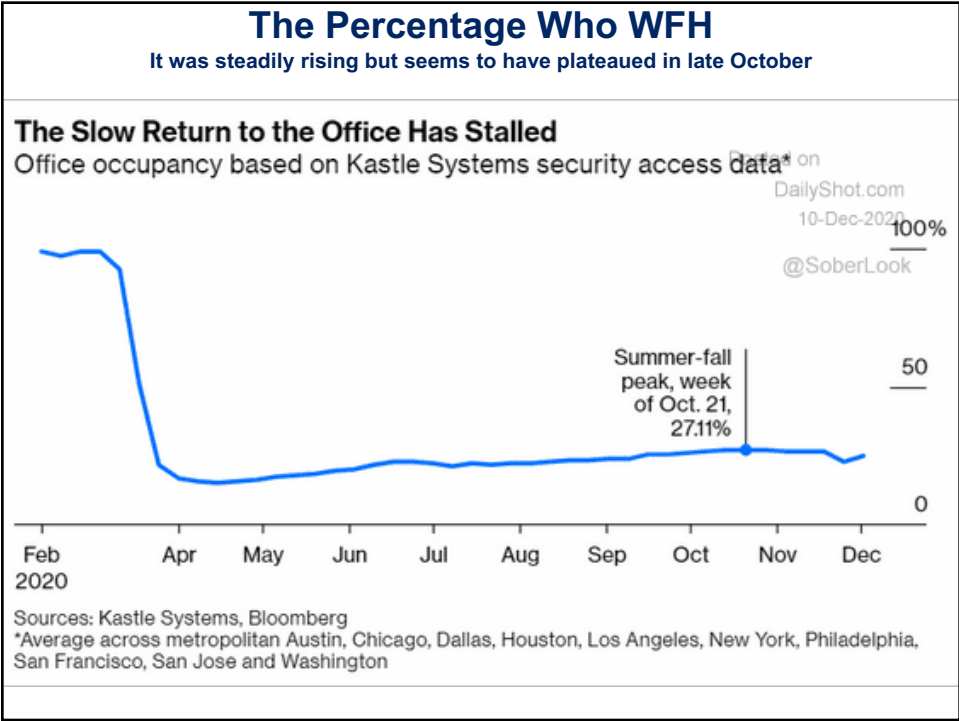


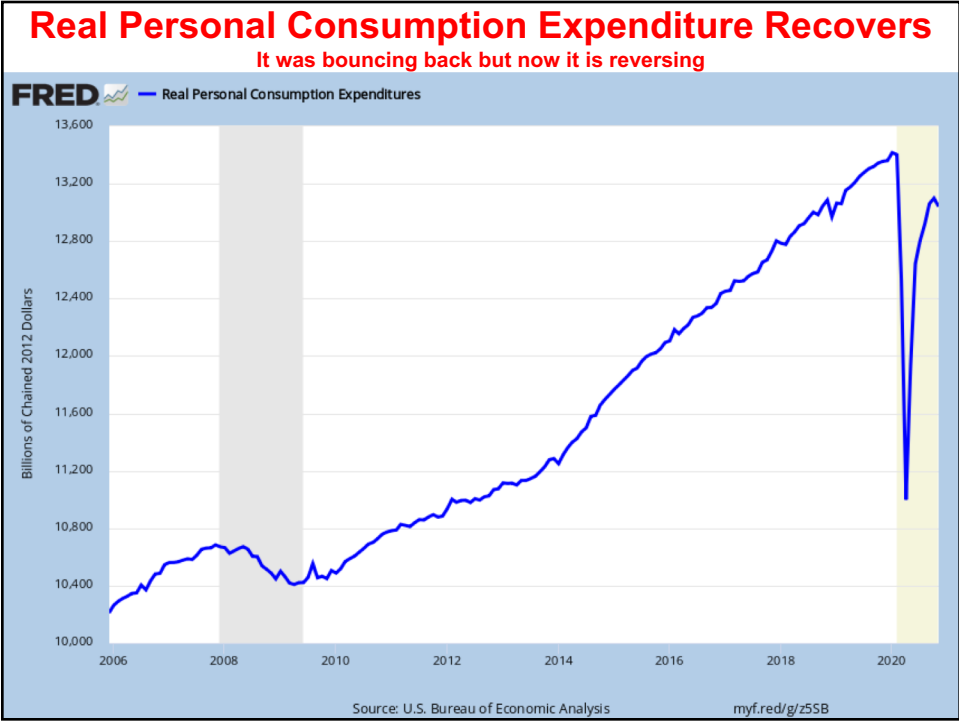


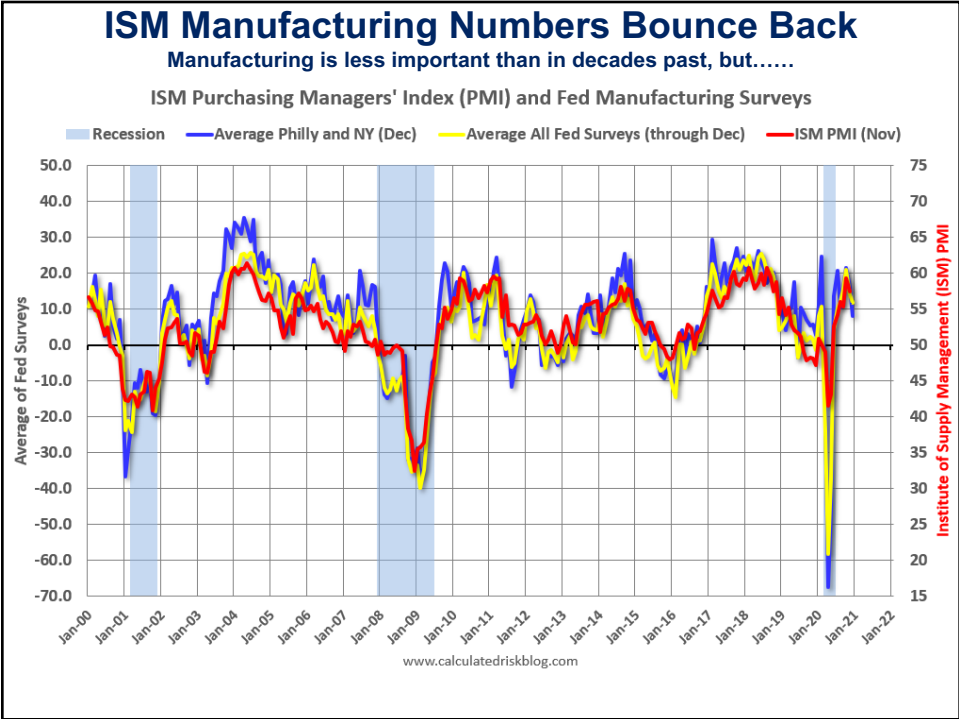
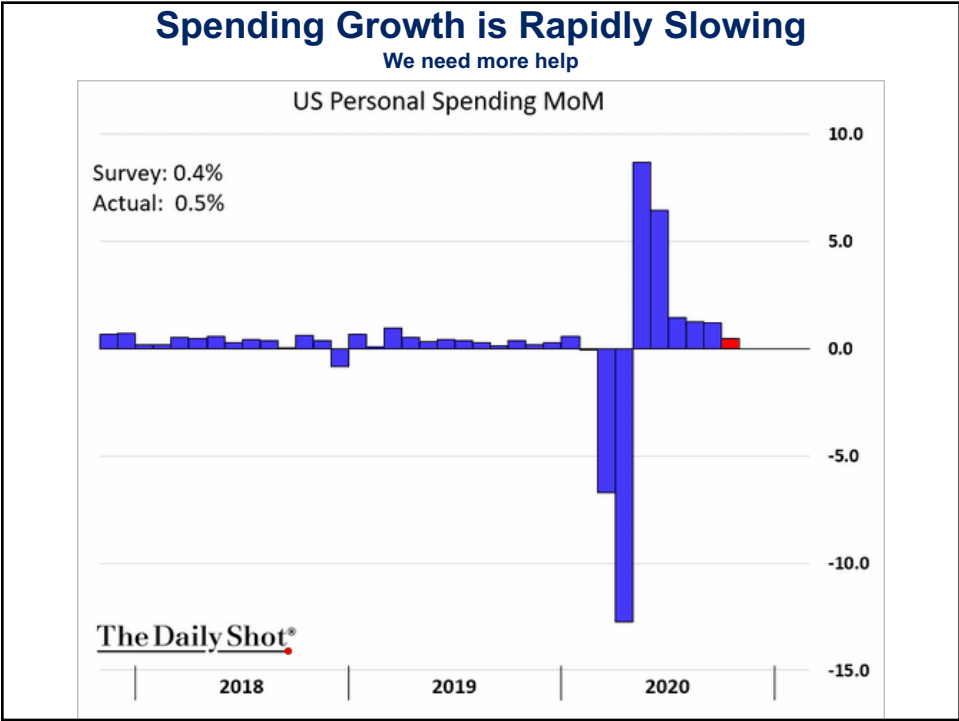


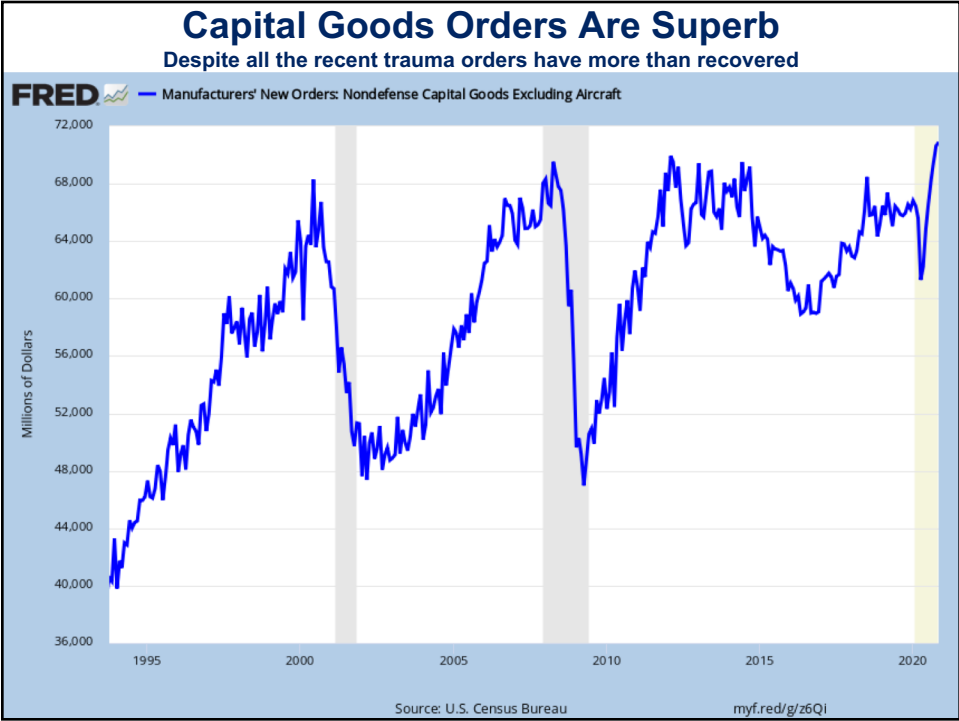
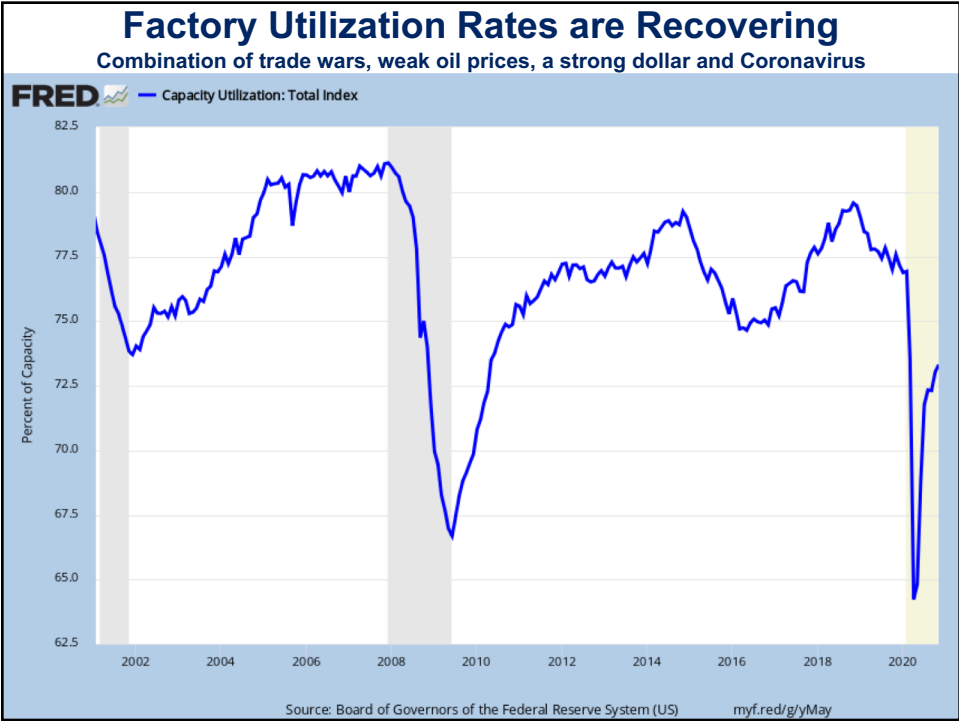


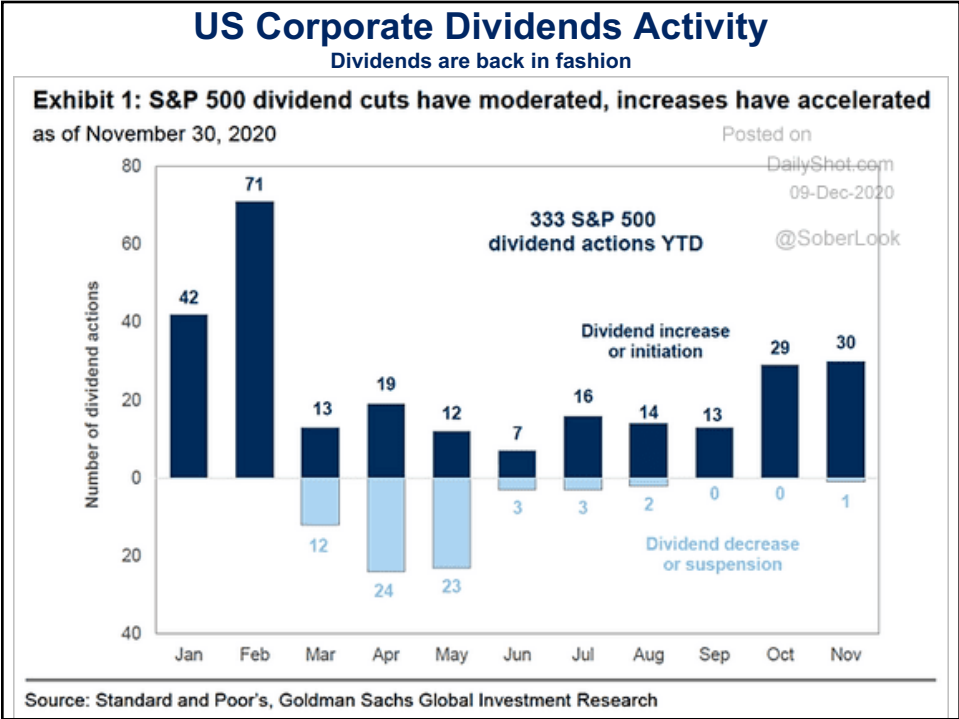
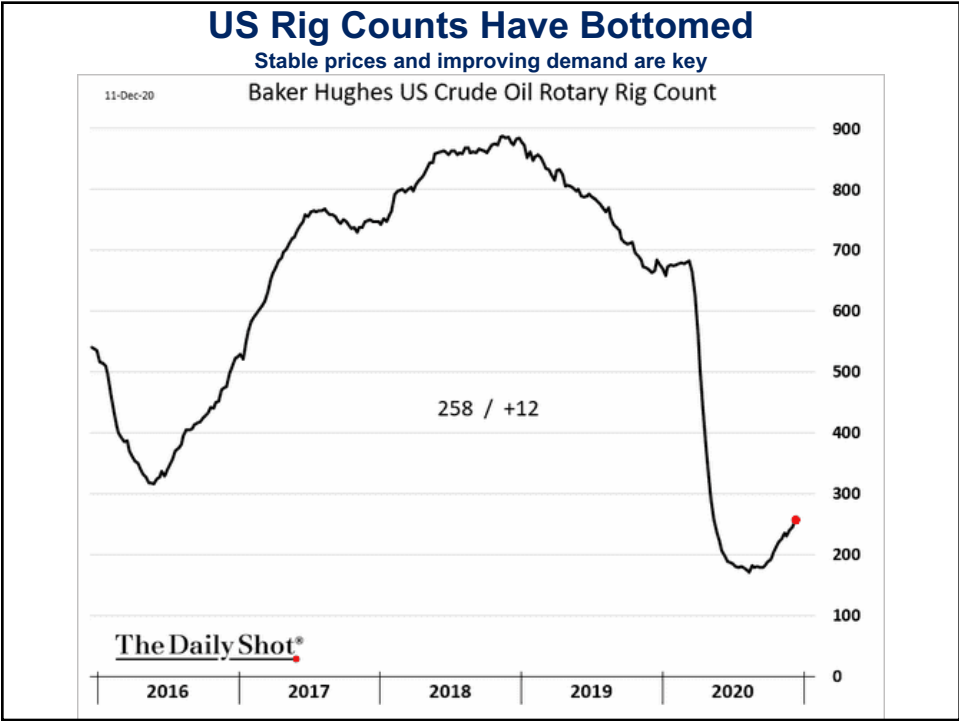












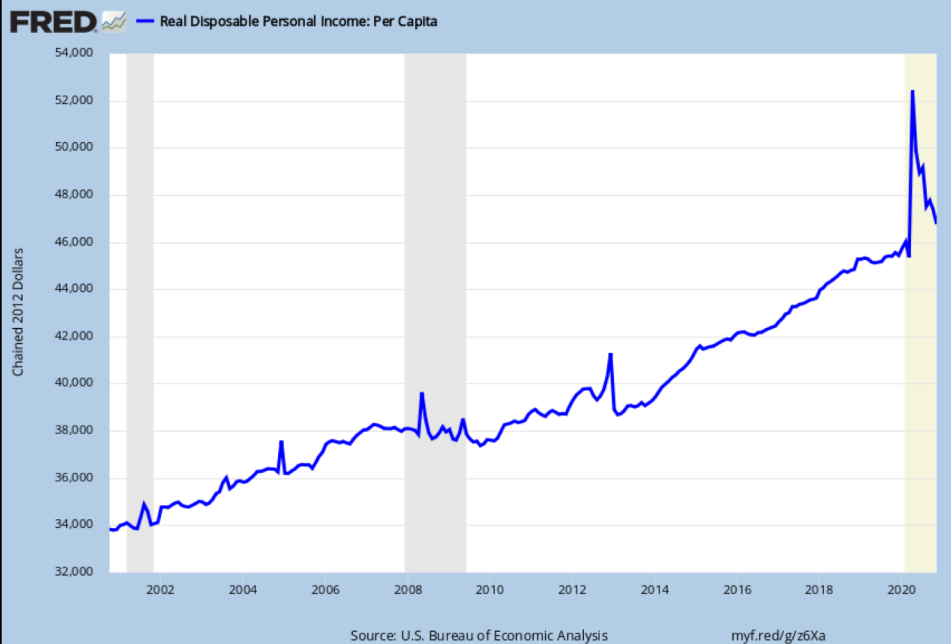
HEROES ACT Is Important

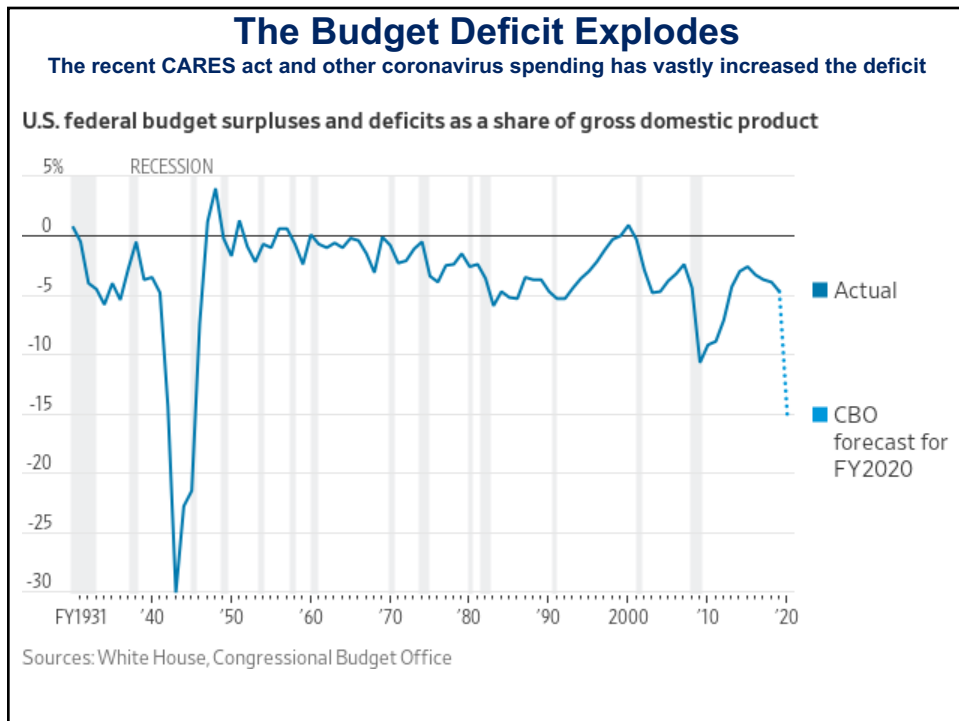
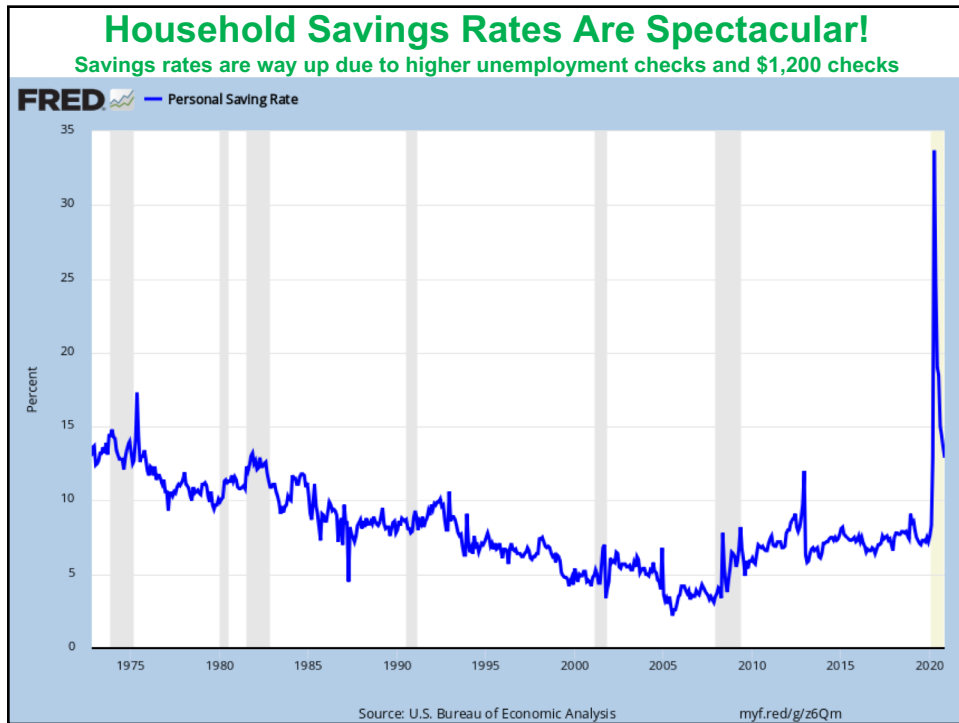
Prevents us from even slower growth

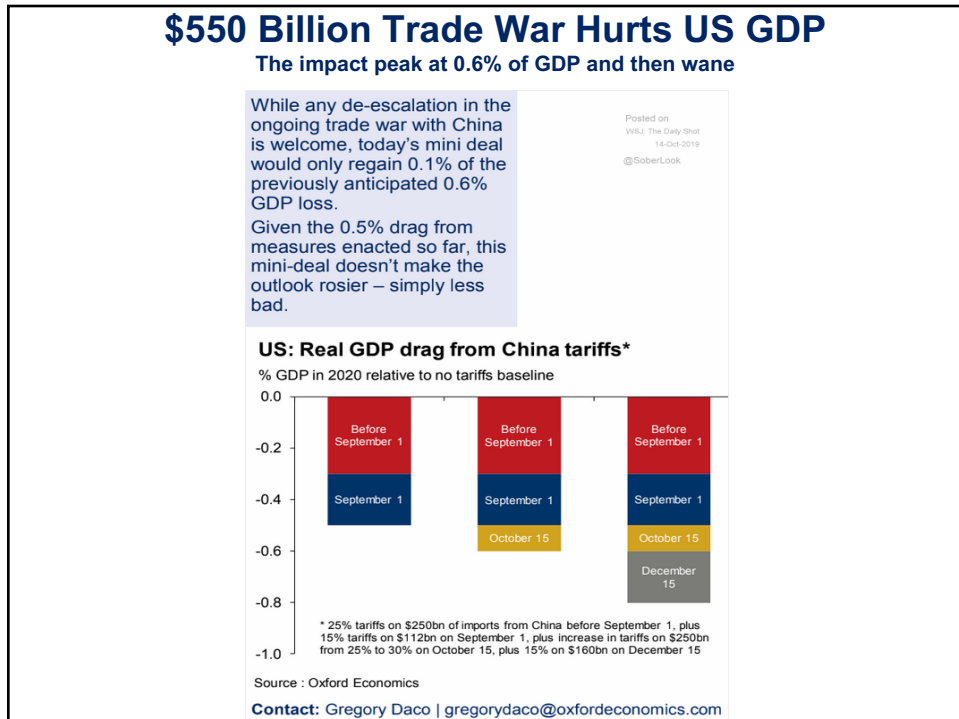
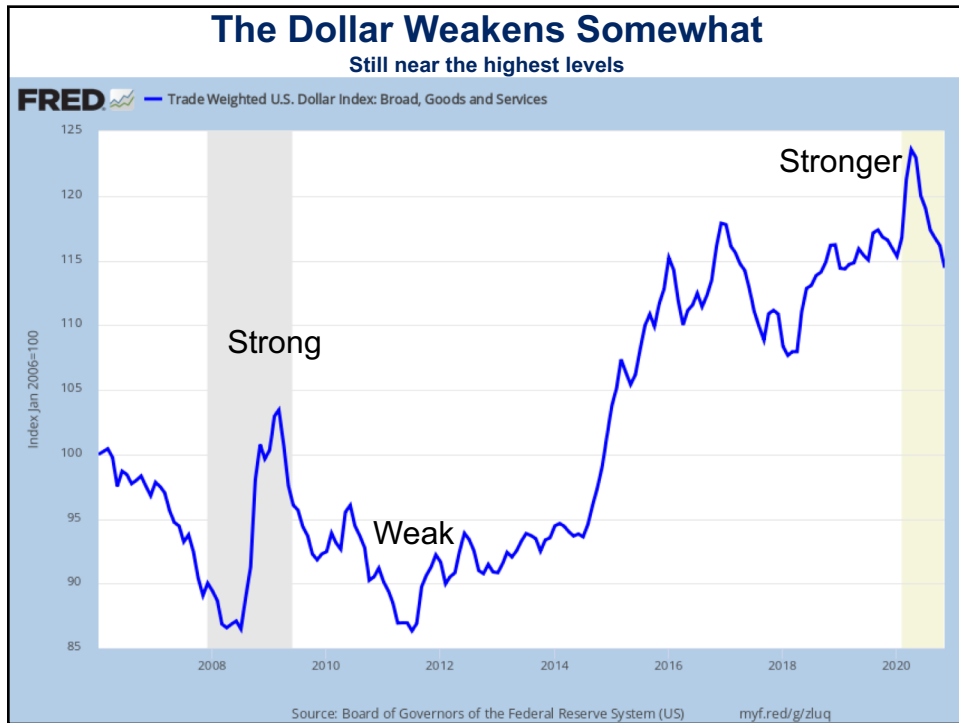


Real Per Capita Disposable Income

A huge jump due to gov't policies, but it is declining quickly







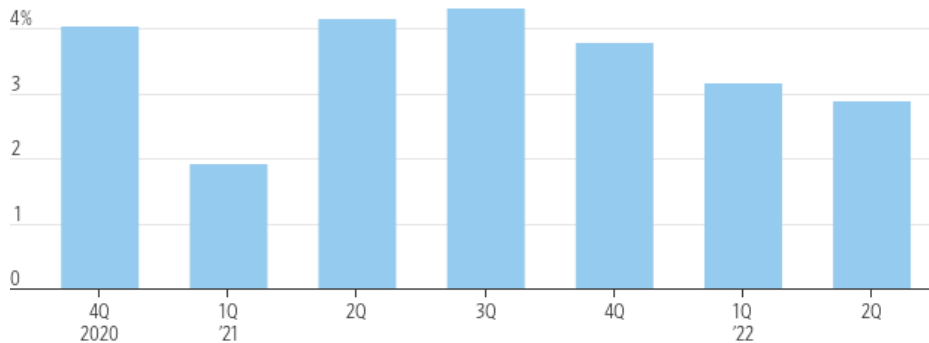
GDP Softens in 21Q1, but by How Much?

Growth in 21Q1 is the real issue

Growth Chart

Economists surveyed by the WSJ expect a lull in growth in the first quarter of 2021

U.S. gross domestic product, change from prior quarter



Note: Inflation and seasonally adjusted annual rate

Source: WSJ survey

GDP Recovery is Check Mark Shaped

Better than L-shaped one

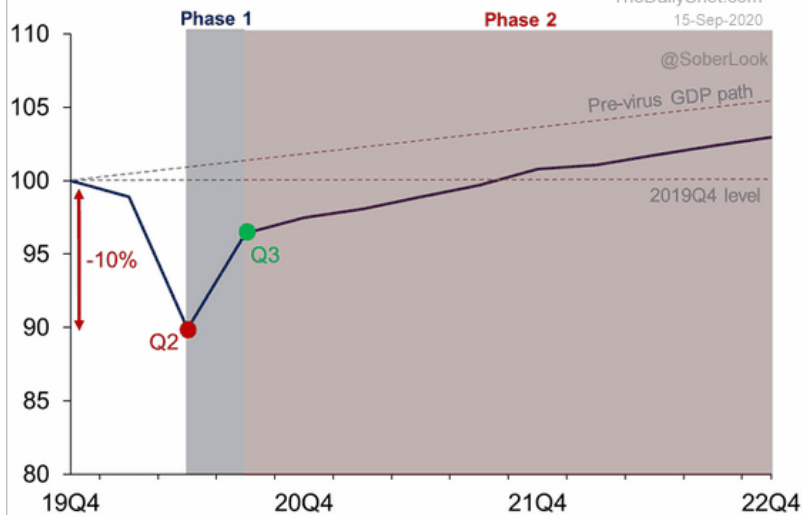
Entering slower & bumpier phase of the recovery

GDP Q4 2019 = 100

Posted on

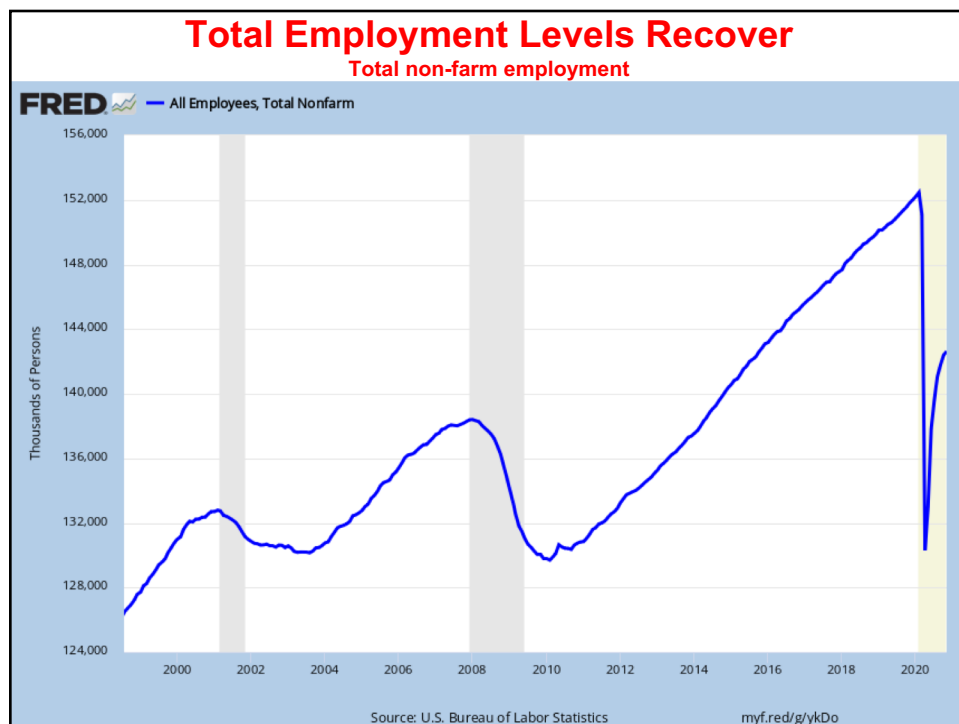
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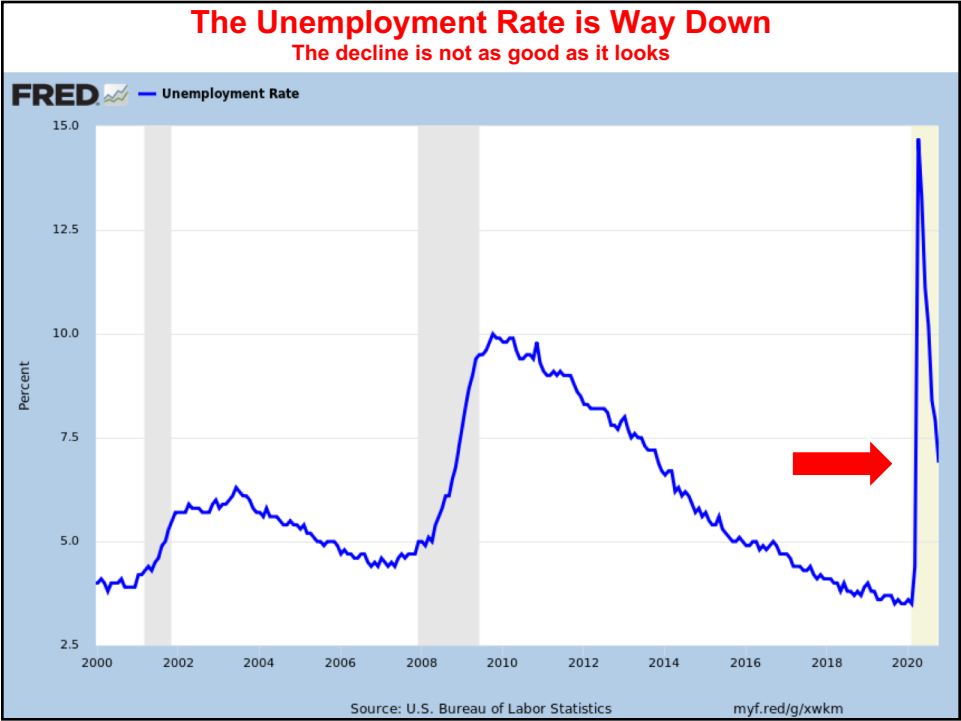
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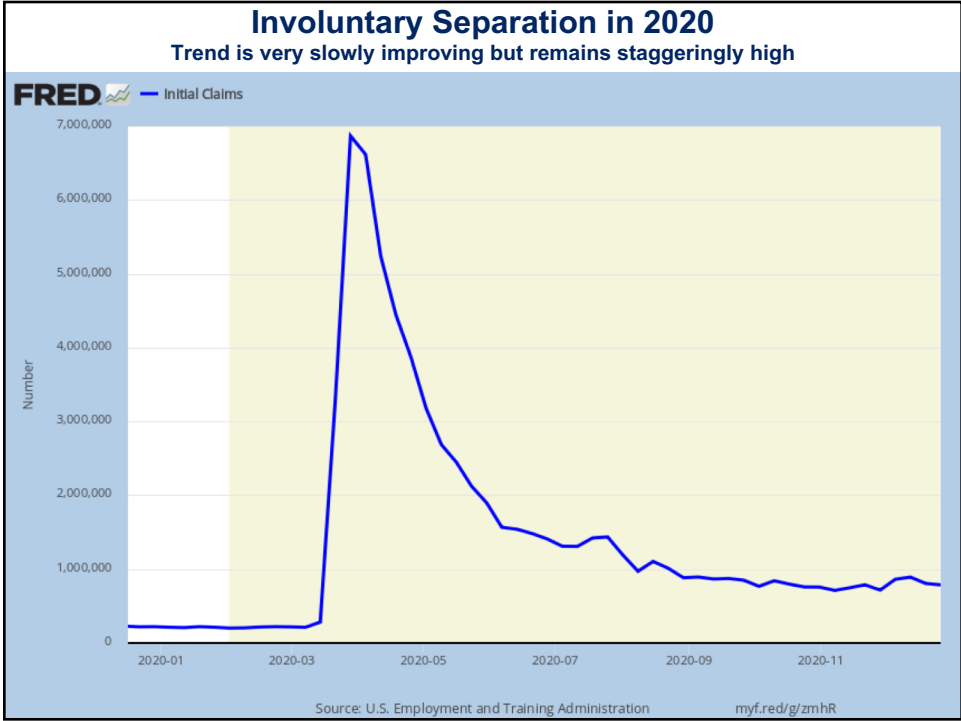
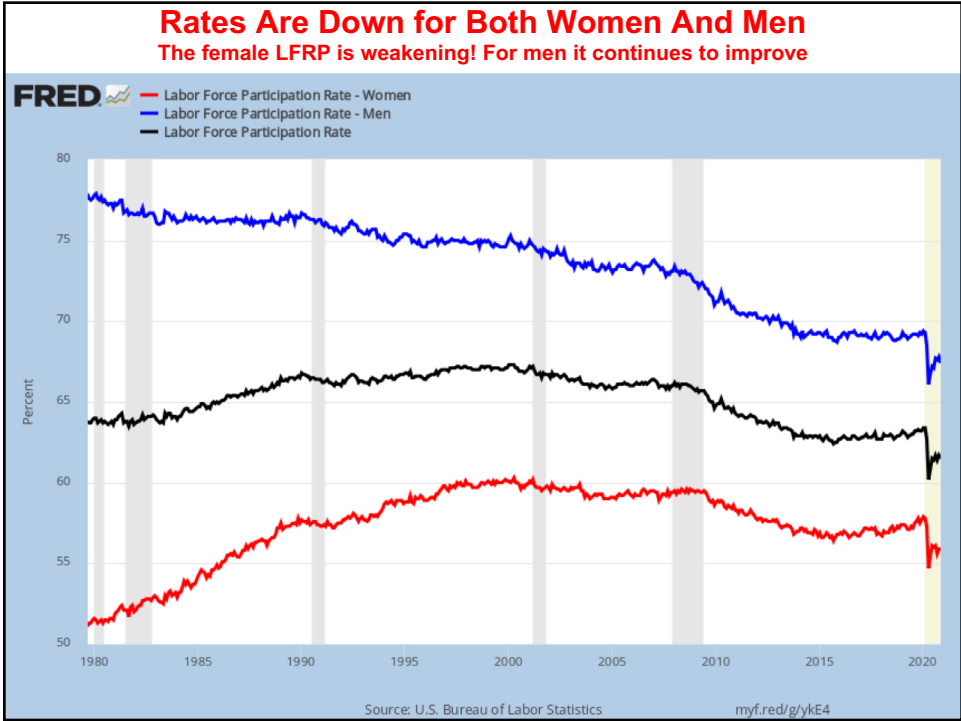


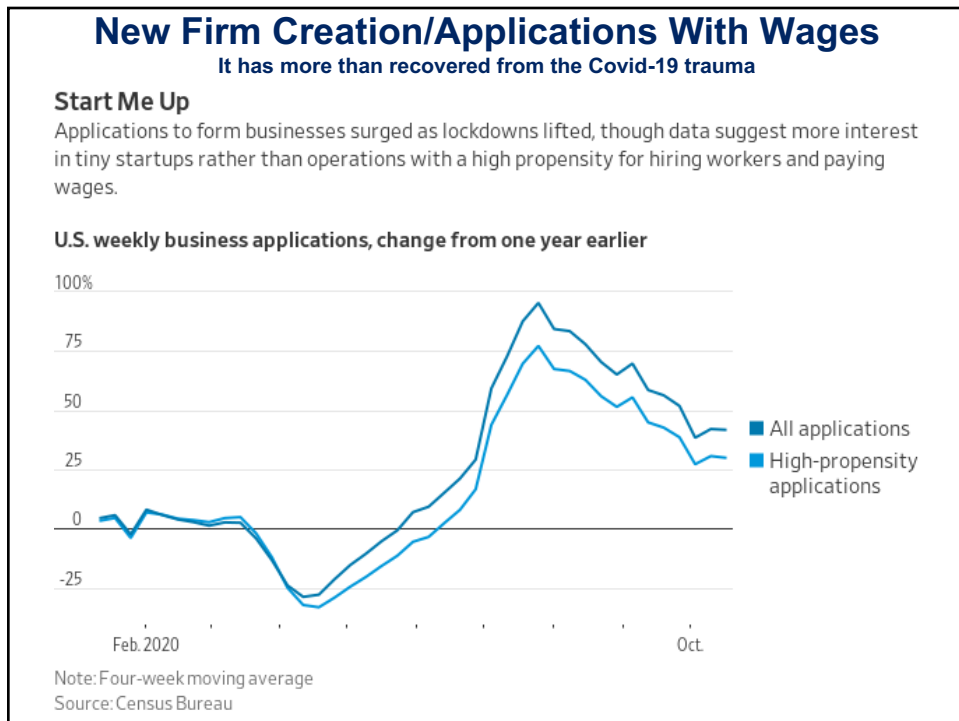
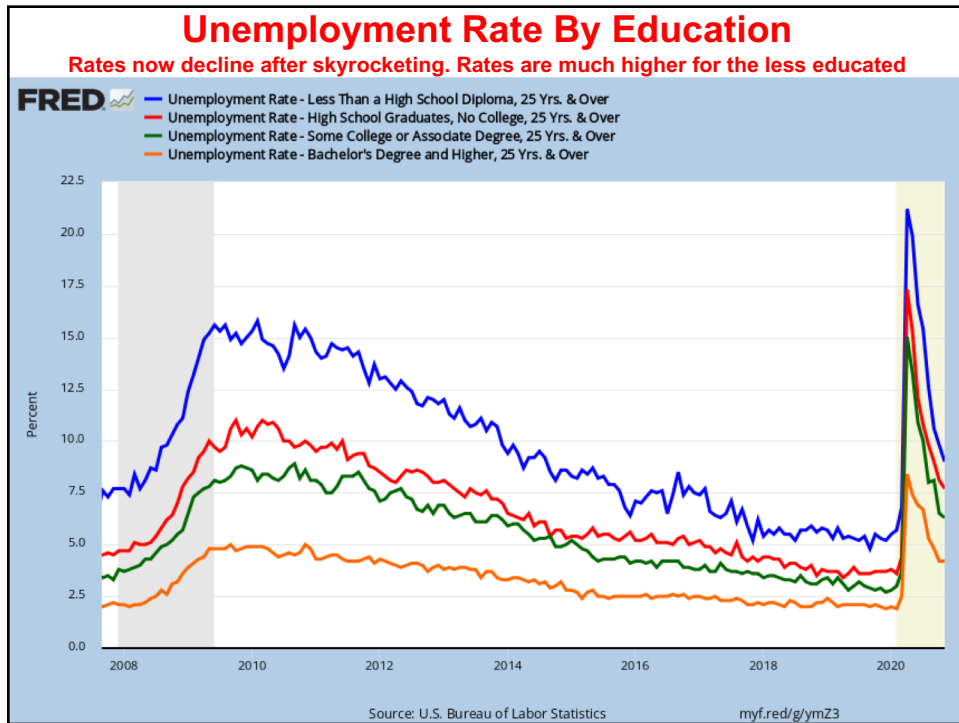
Source : Oxford Economics

Labor Markets: They Were Tight but Are No Longer



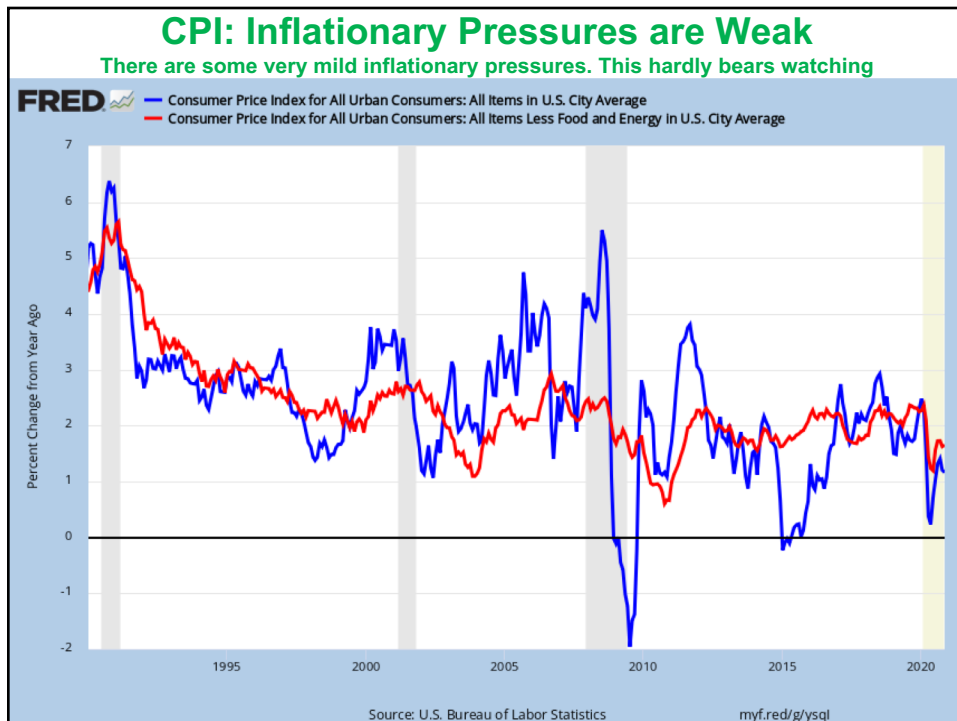


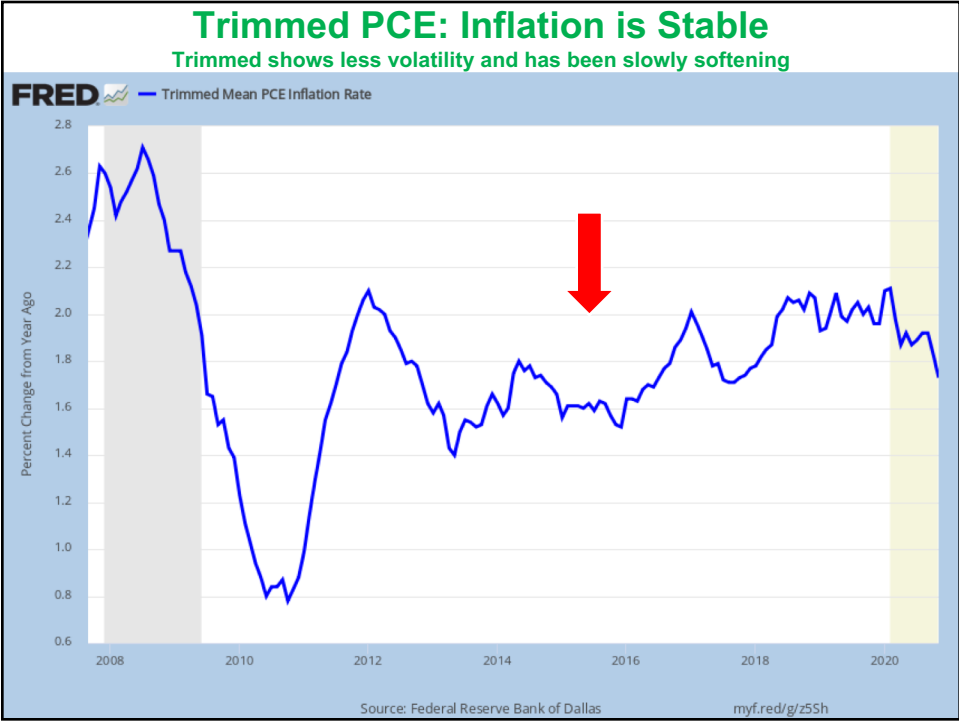
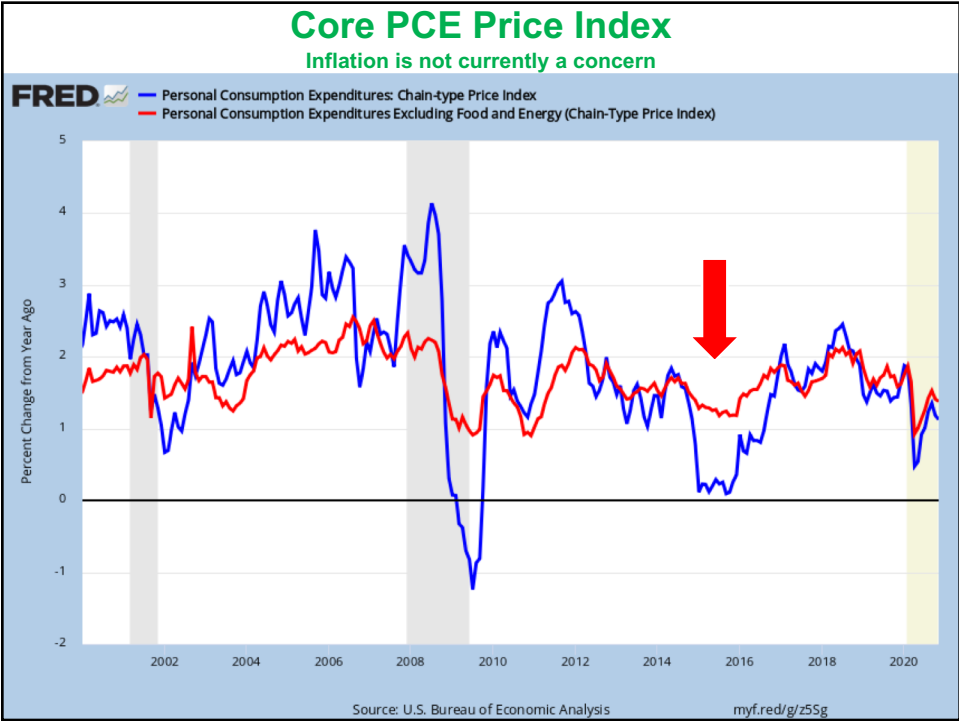


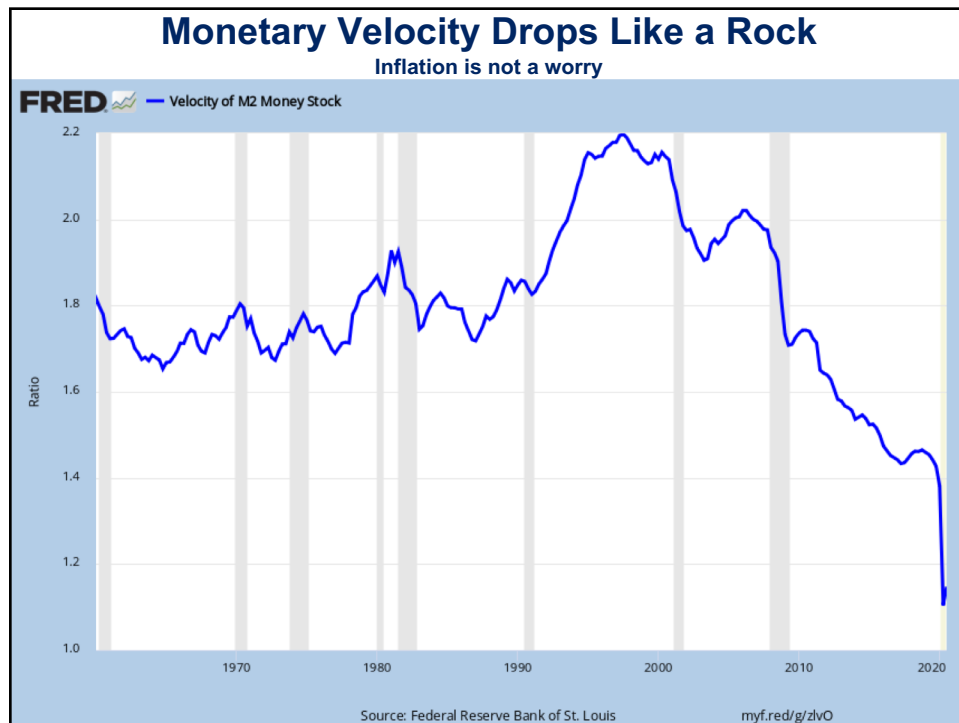


Inflation?

What Inflation?







Federal Reserve Behavior

Best Case Scenario

- Fed funds is currently 0.125%
- 12/31/20: 0.125% 10-yr Treasury @ 0.85%
- 12/31/21: 0.125% 10-yr Treasury @ 1.25%
- 12/31/22: 0.375% 10-yr Treasury @ 1.45%

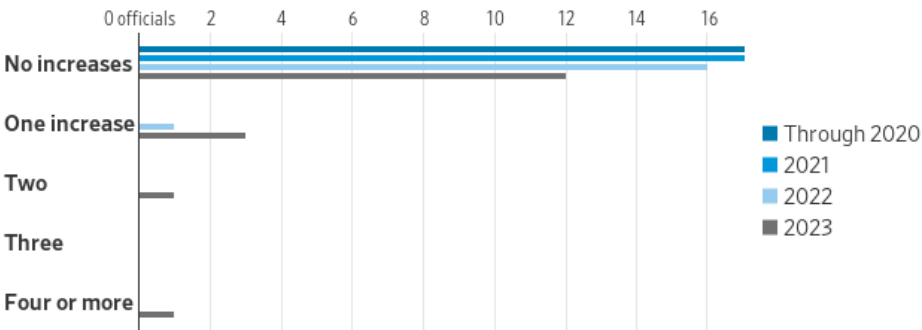
Federal Reserve Is All In

Over \$4 trillion in central bank lending, wow!

No Raise in Sight

With most Federal Reserve officials projecting inflation to remain below the 2% target through 2023, they do not see raising interest rates for years.

Projected end-of-year target rate



Note: Based on quarter-percentage-point rate increases
Source: Federal Reserve

Now For Politics!

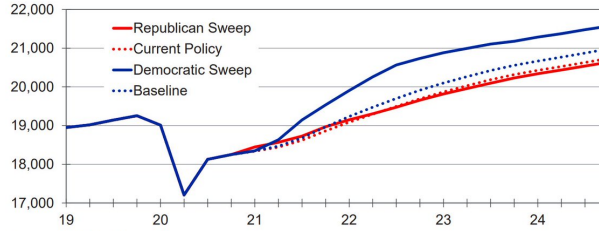


Election Outcomes

Biden will on net boost spending and employment

Chart 2: Real GDP Under Different Election Scenarios

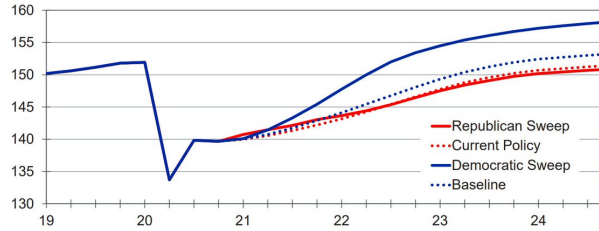
Real GDP, 2012\$ bil



Sources: BEA, Moody's Analytics

Chart 3: Jobs Under Different Election Scenarios

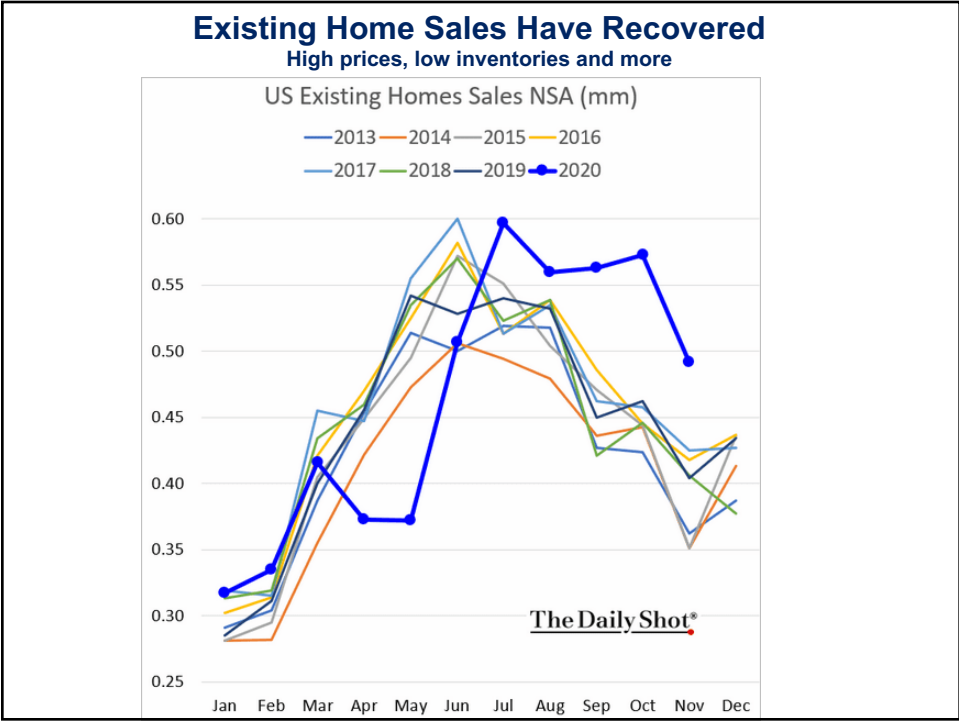
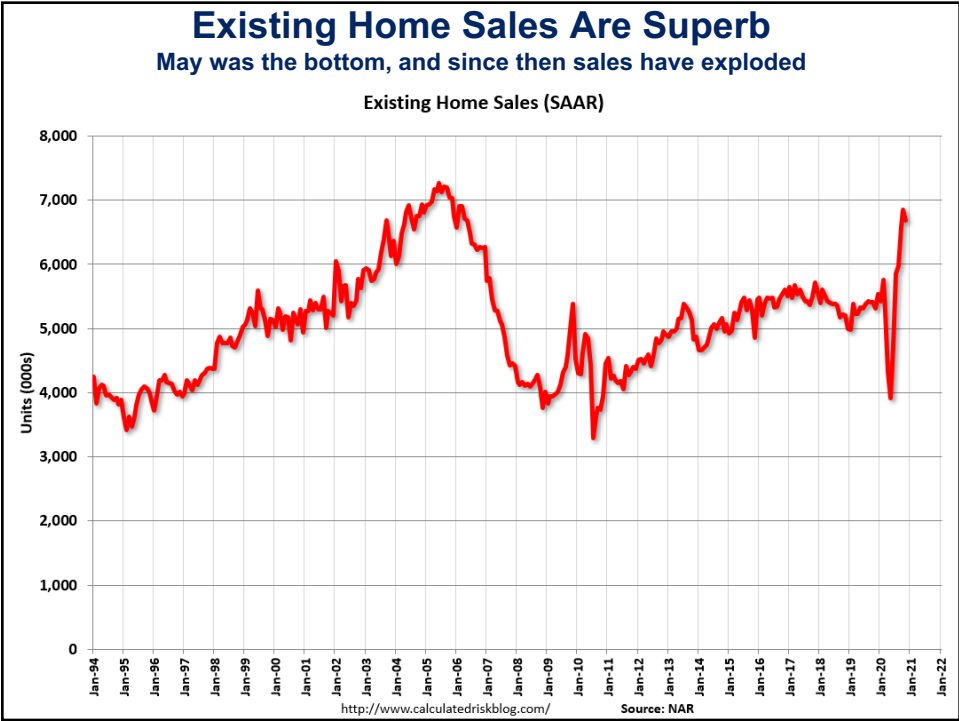
Nonfarm employment, mil

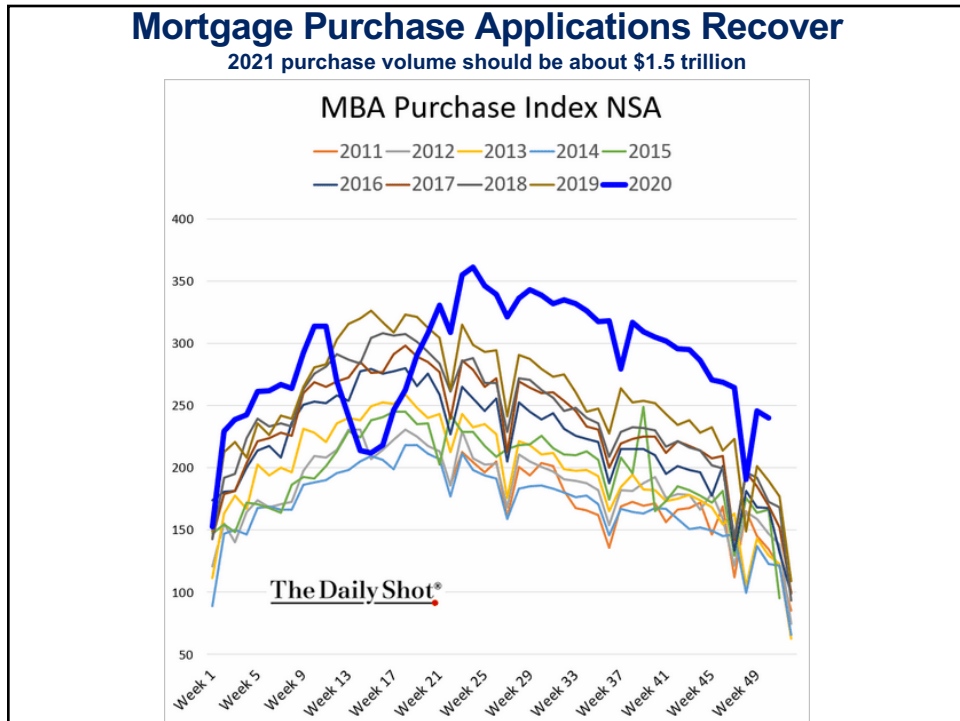
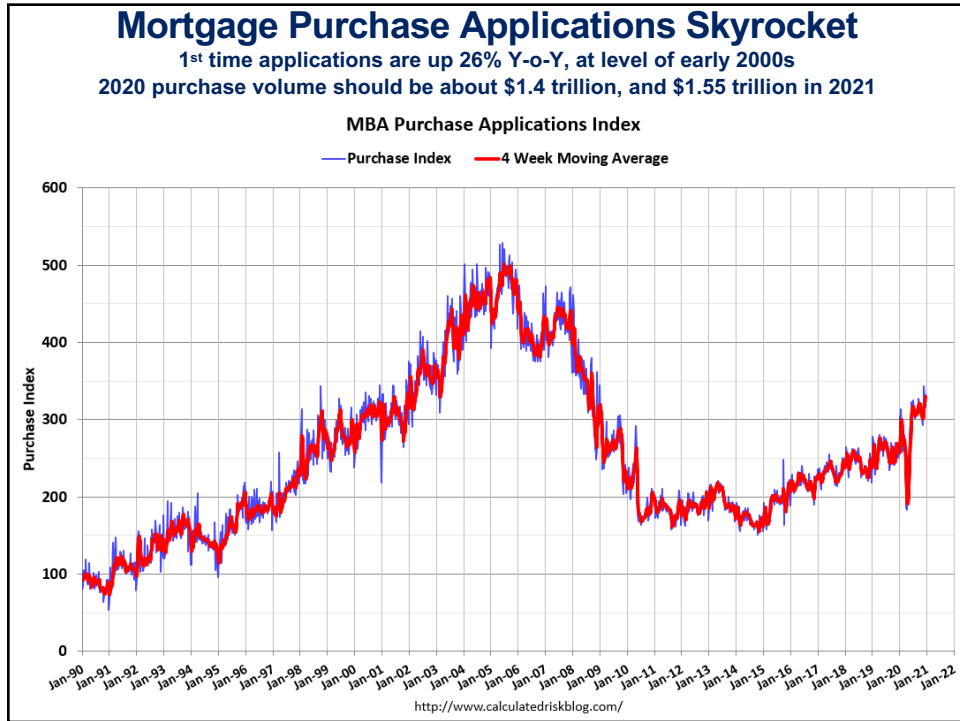


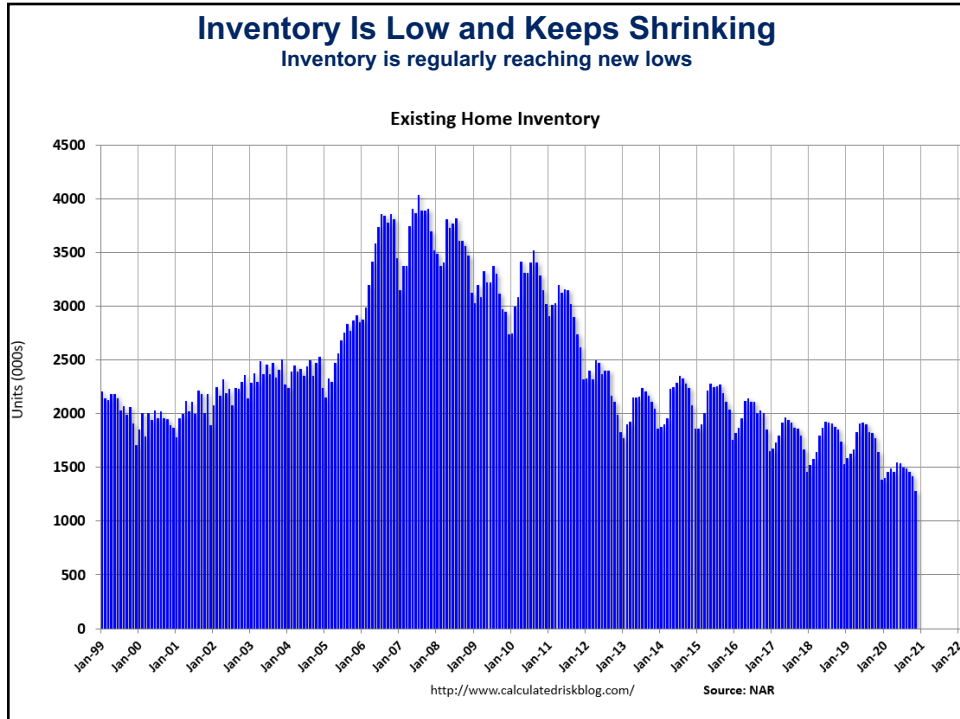
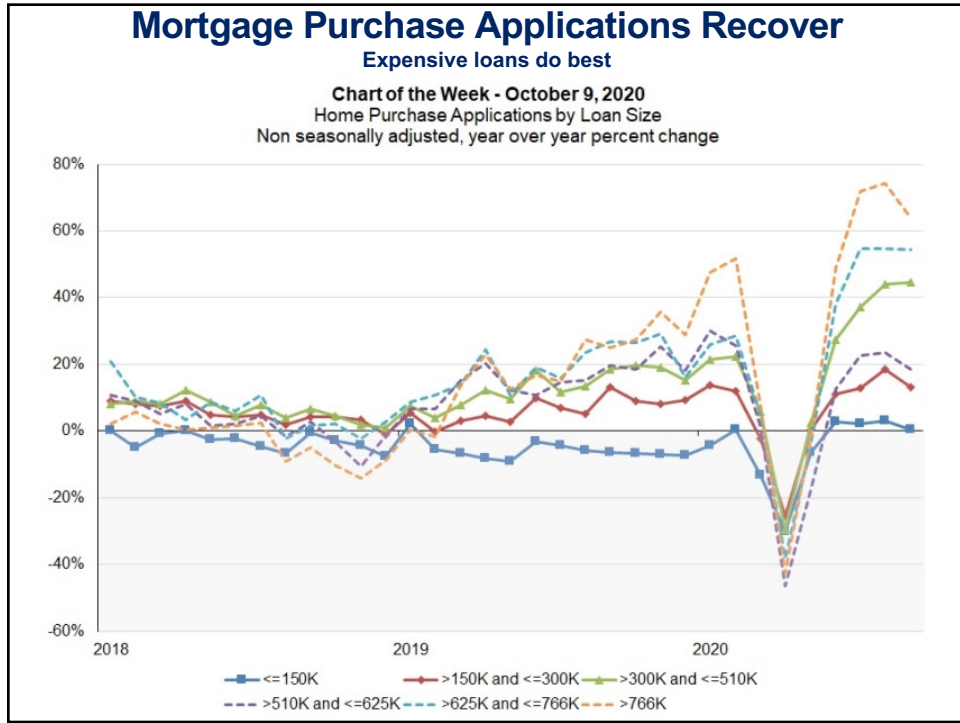
Sources: BEA, Moody's Analytics

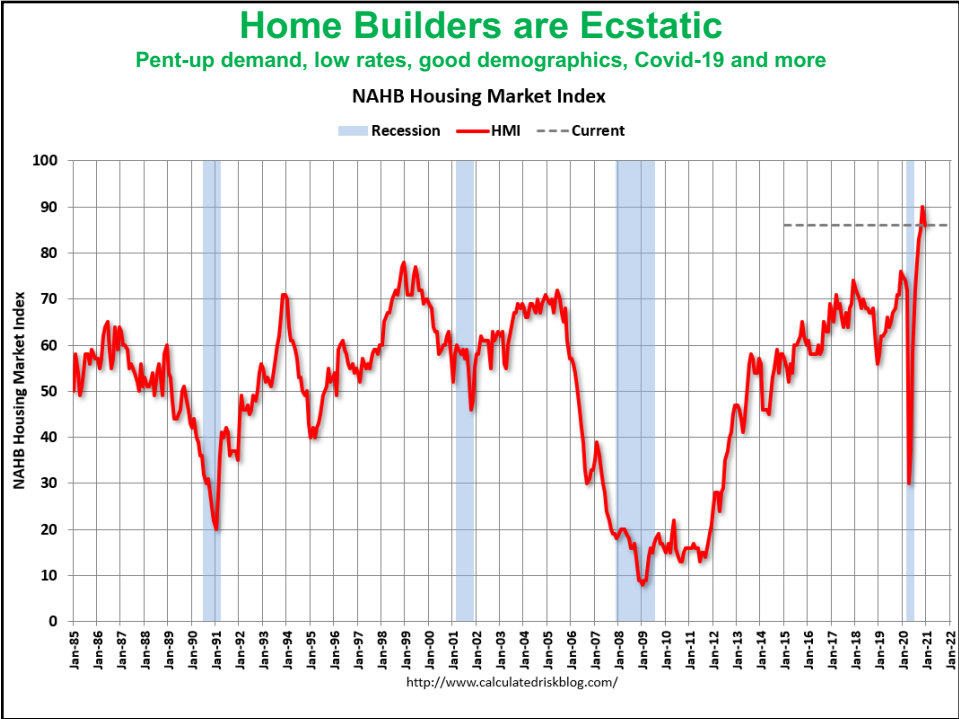
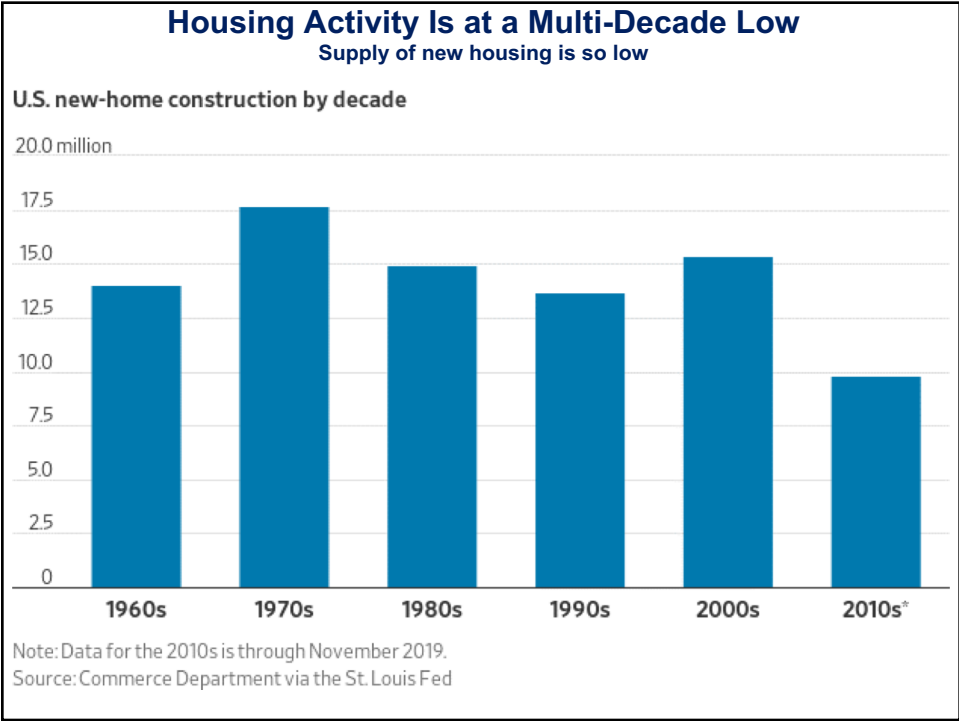
How About Housing?

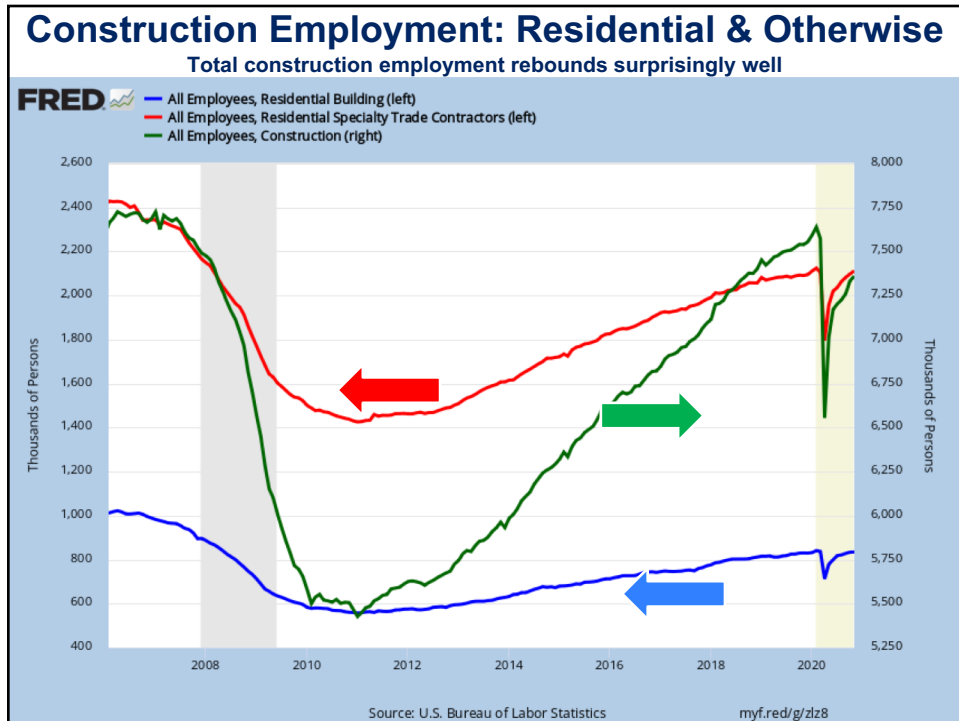
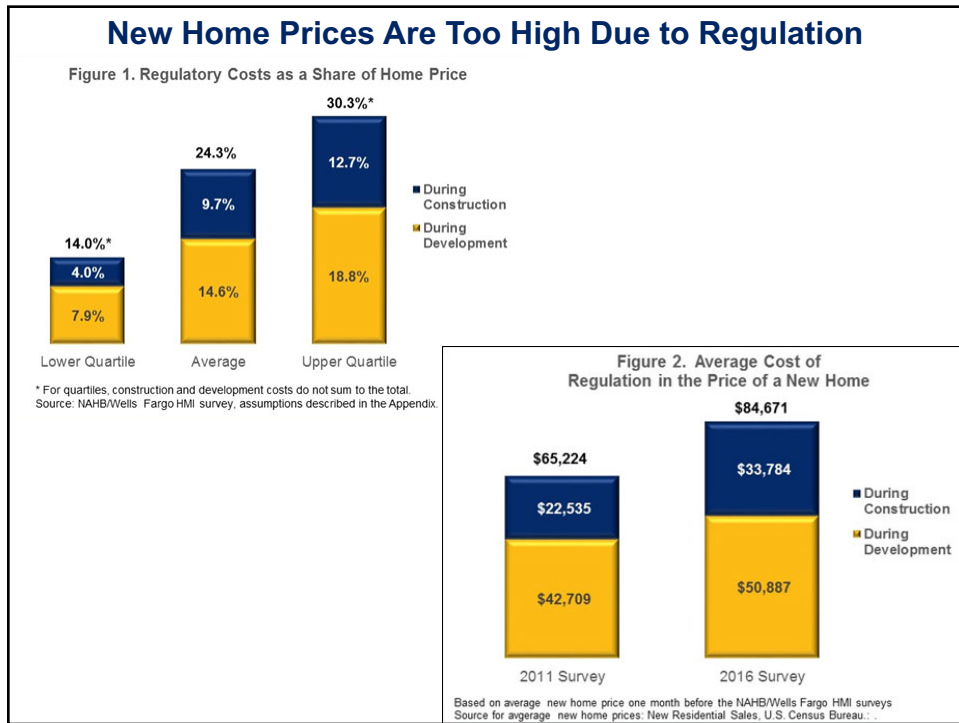


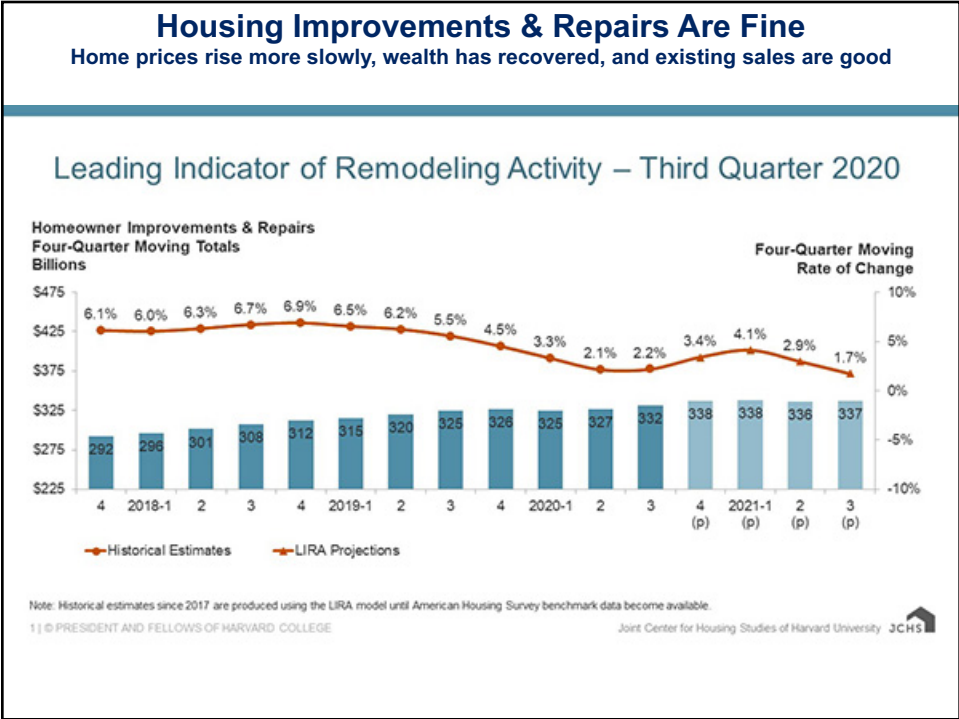
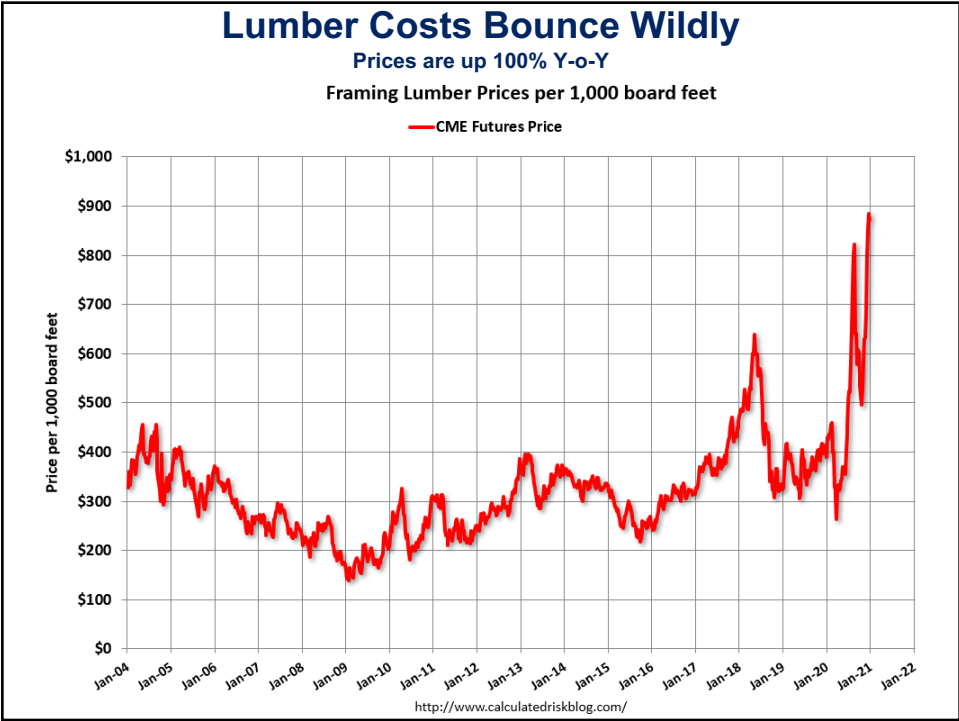


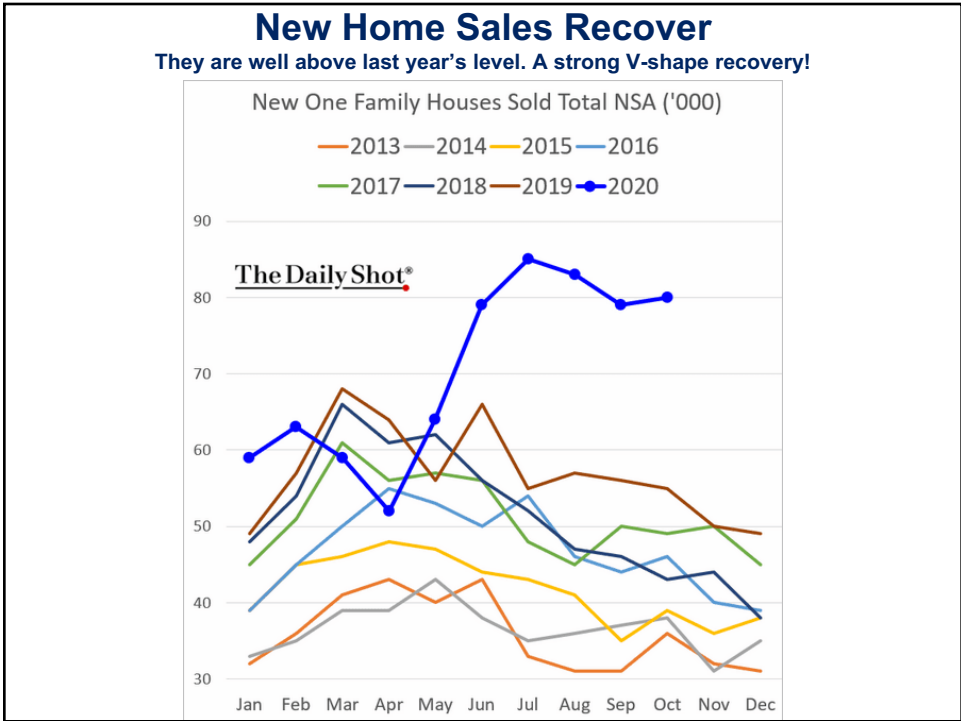
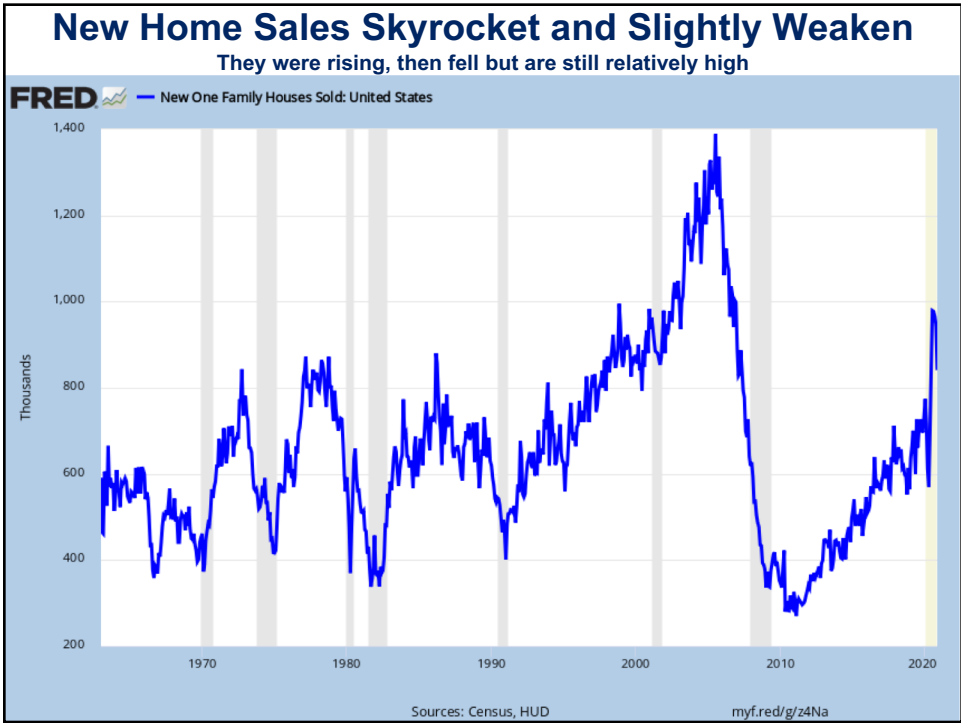


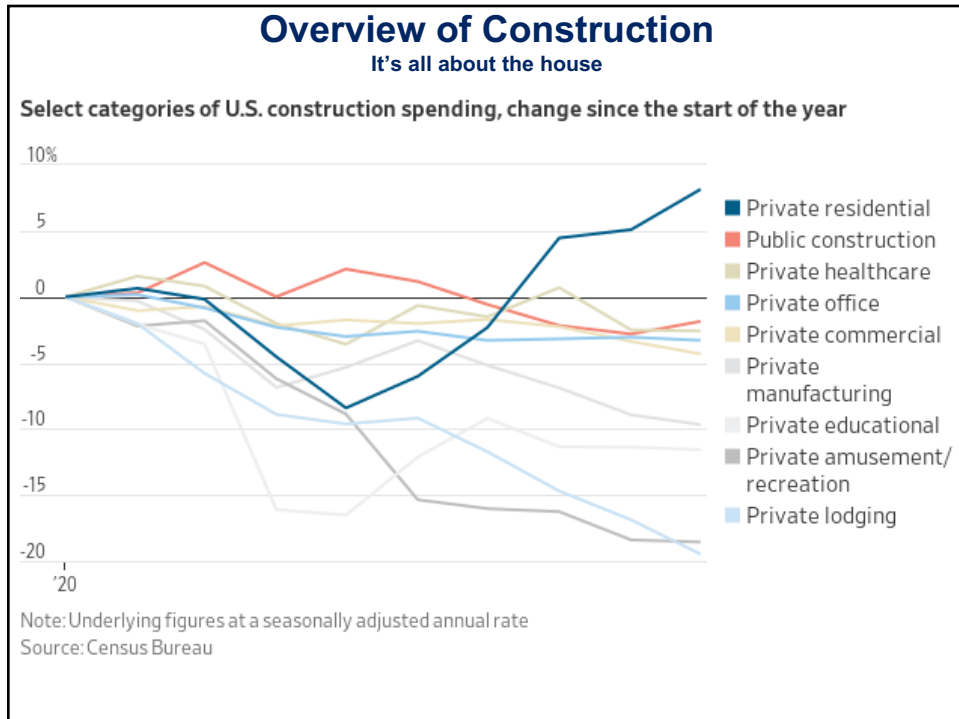
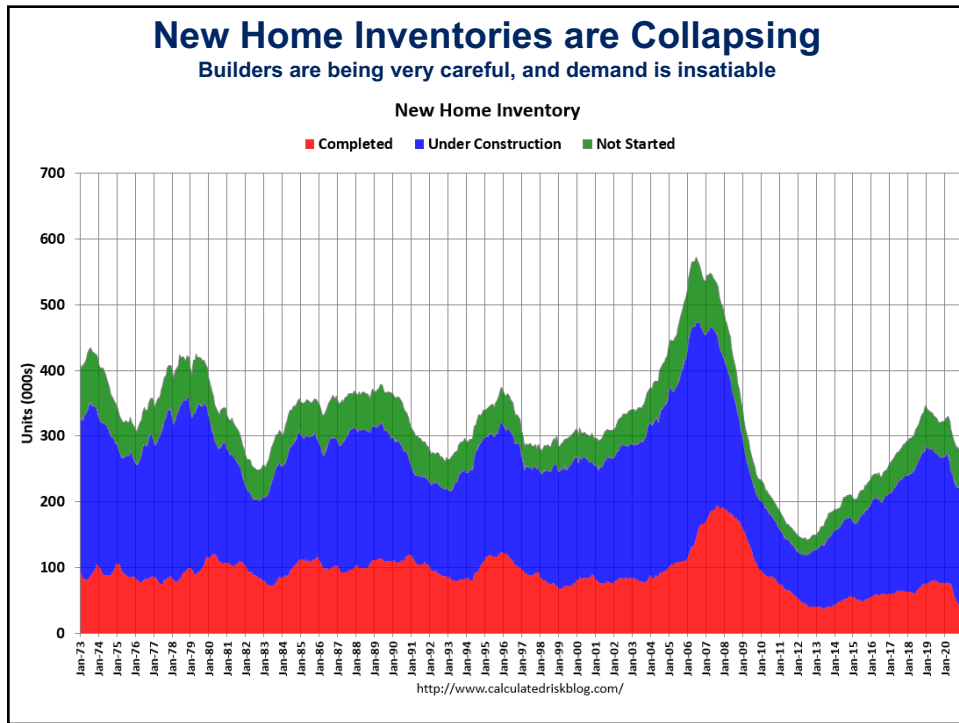


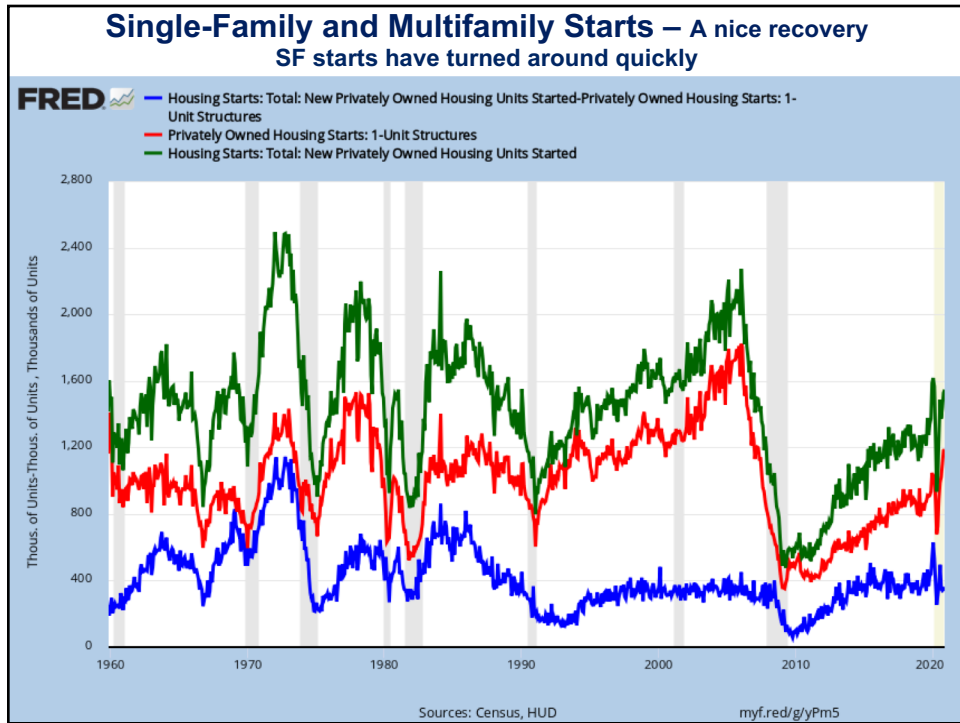
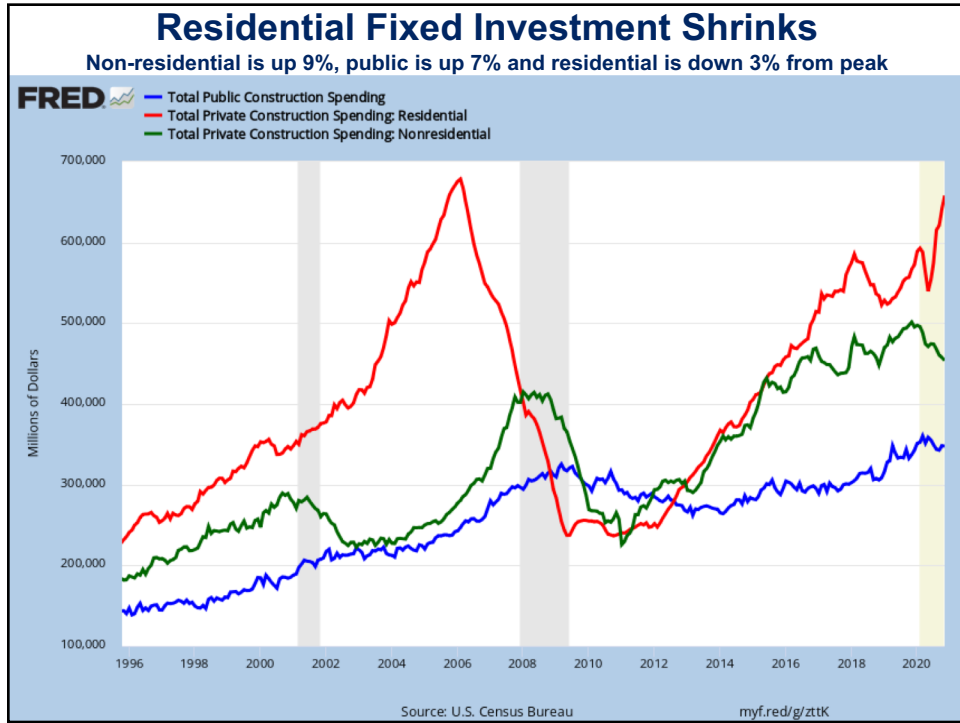








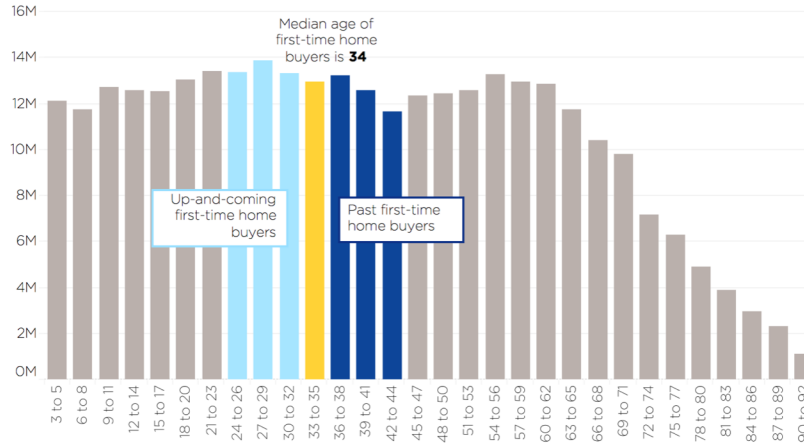




Millennials Will Keep This Issue Front and Center Beginning to approach Peak Millennial

Coming soon: An even bigger wave of potential buyers

Age distribution of the United States

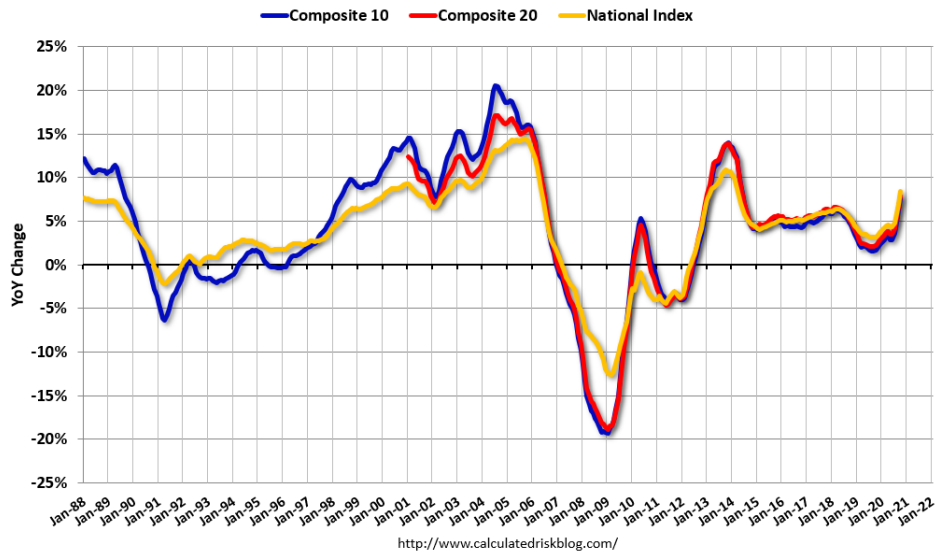


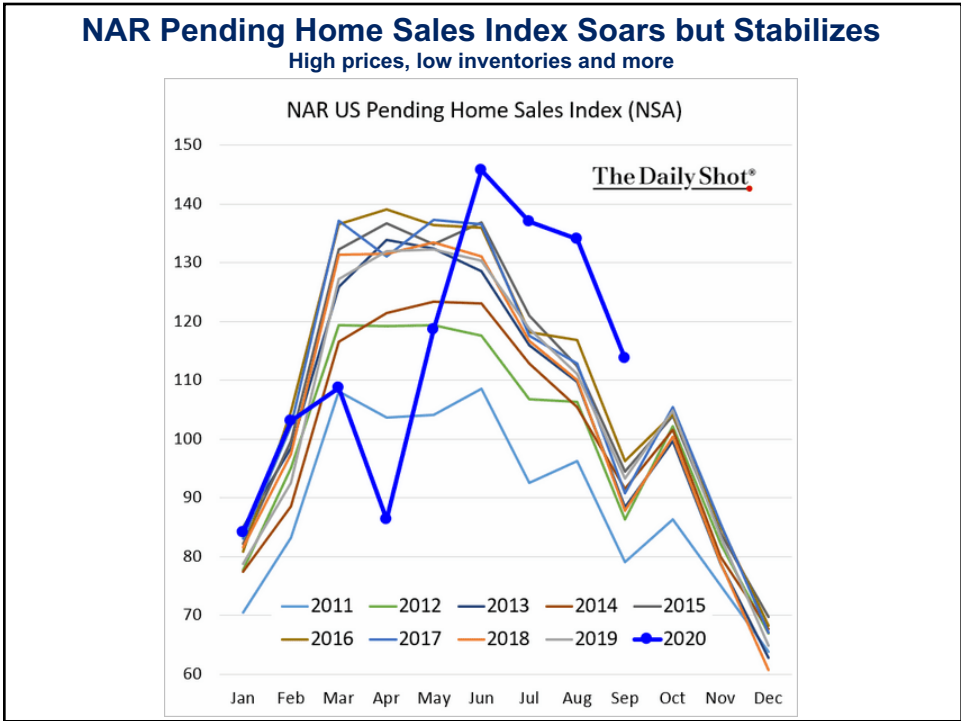
Zillow Economic Research | Source: Population counts by age and metro was pulled from one-year 2017-ACS data made available by IPUMS - USA. Ages of individuals were bumped up one year to coincide with our source for median age of first time buyer, the 2018 Zillow Group housing trends report. That survey was boosted in five metro areas, allowing for metro level median first-time home buyer ages in Phoenix (34.5 years), San Francisco (37 years), Atlanta (37 years), Chicago (34 years) and Washington, D.C. (34 years).

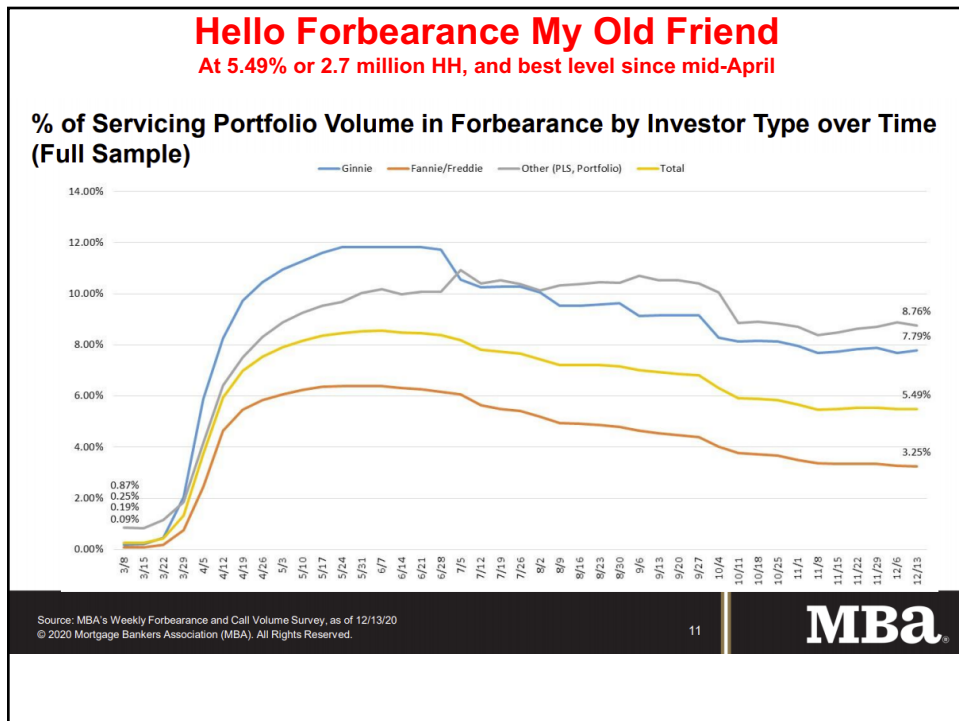
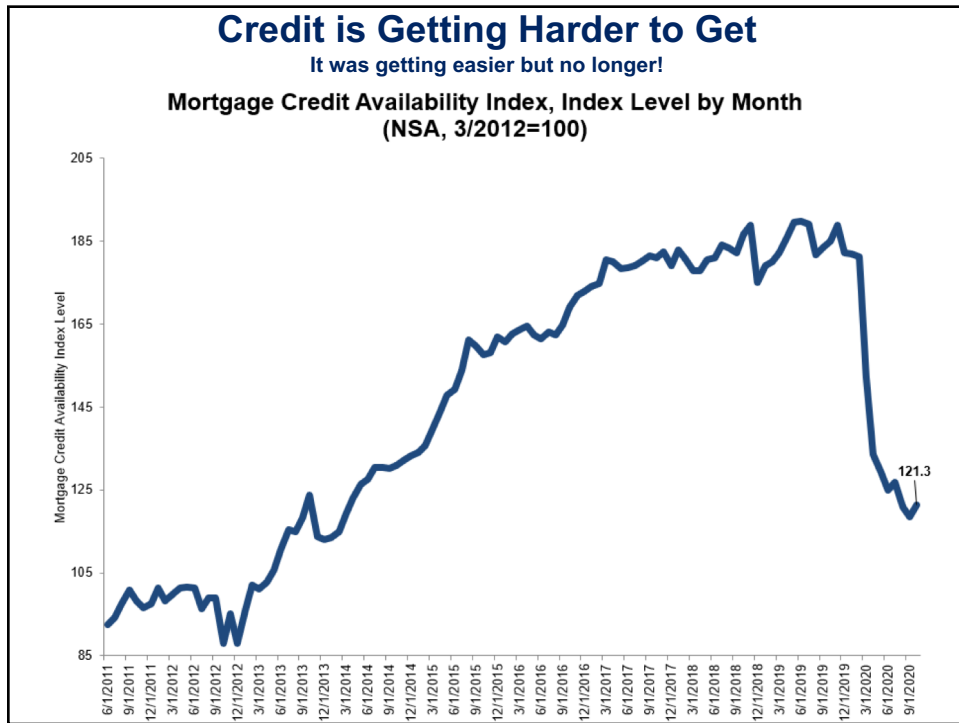
Prices Keep Rising but More Slowly

Prices in '90 and '00 didn't collapse. Y-o-Y prices are up 7.9%, 6.6% or 8.4%

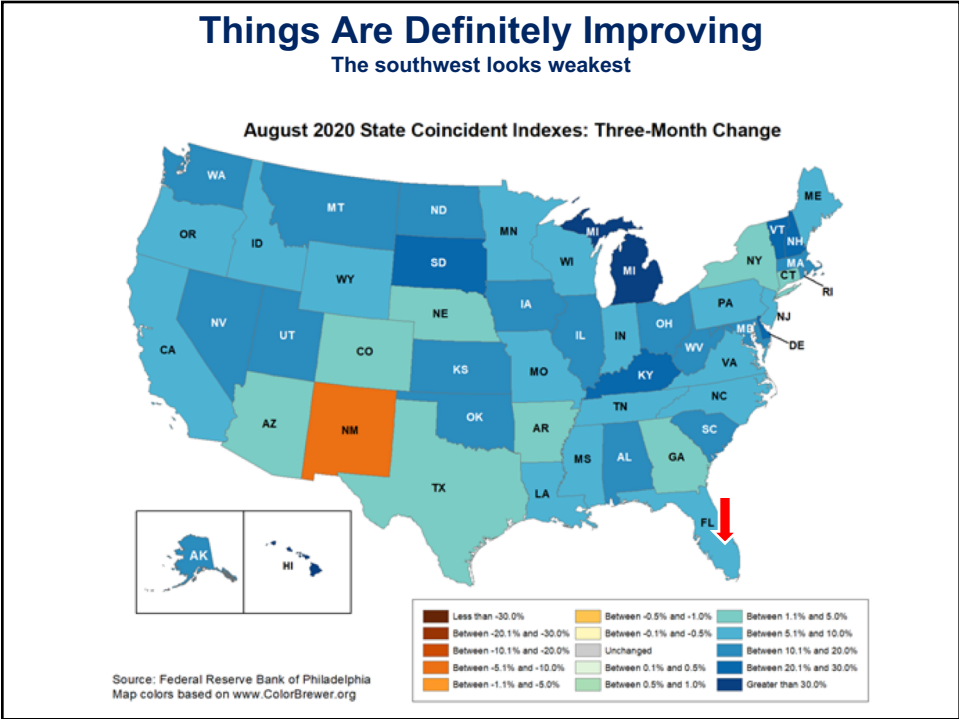
Case-Shiller National and Composite Indices SA, Year-over-year Change

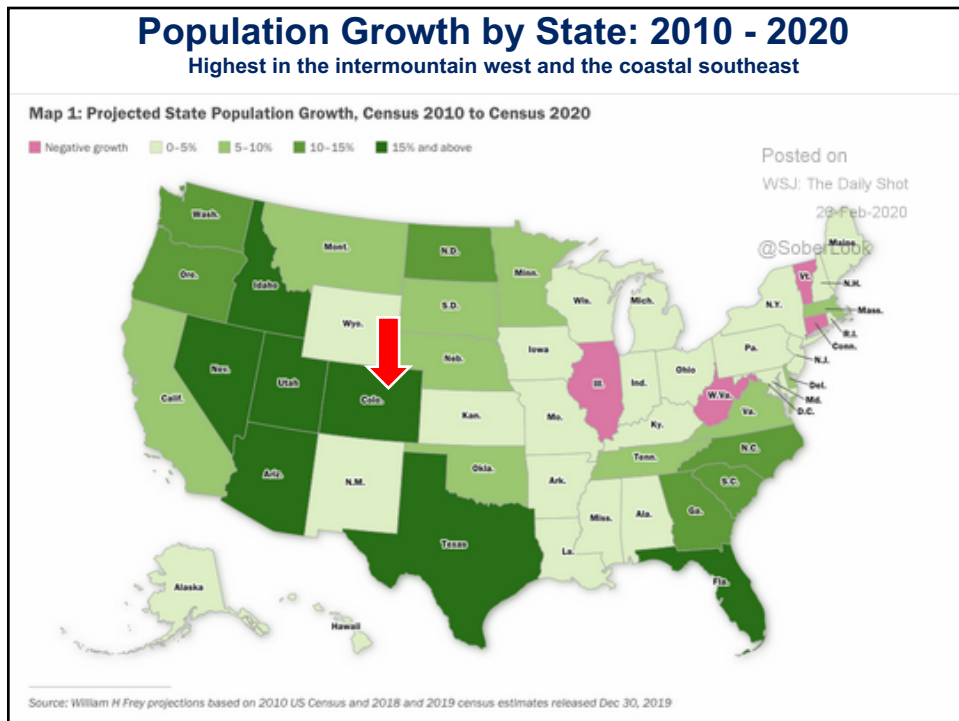
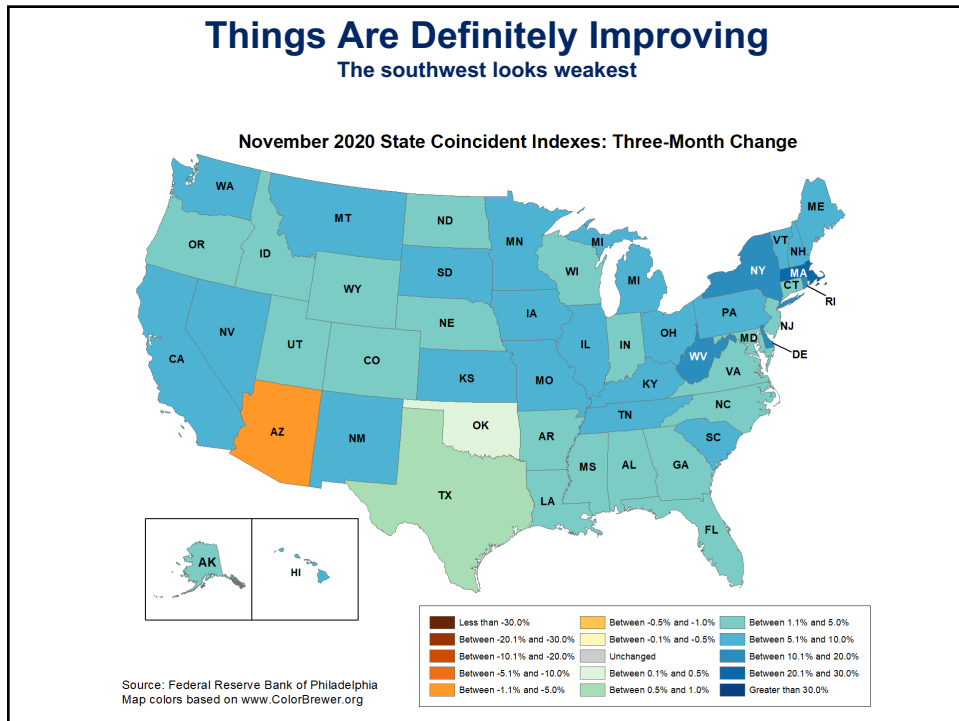






What About Things Here?







ANY QUESTIONS?

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