

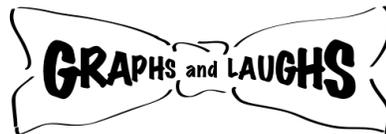
THE ECONOMY IN 2021: GROWING BUT BY HOW MUCH?

Presented by:

Elliot F. Eisenberg, Ph.D.

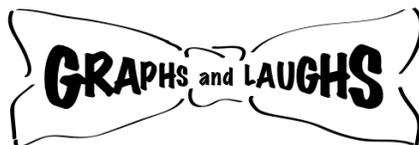
President: GraphsandLaughs, LLC

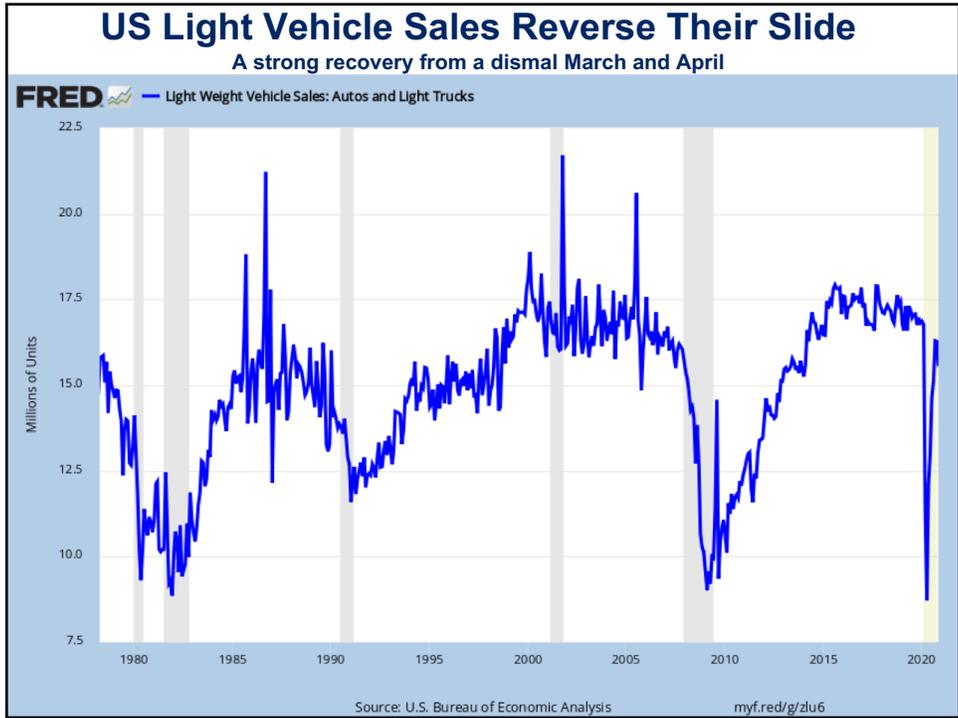
January 8, 2021

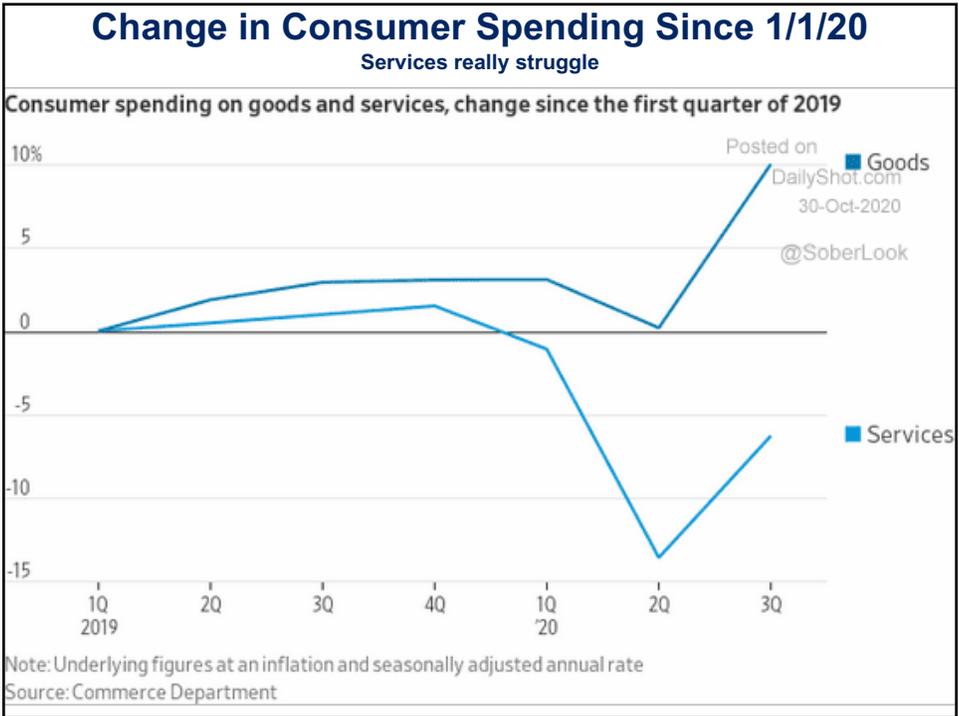


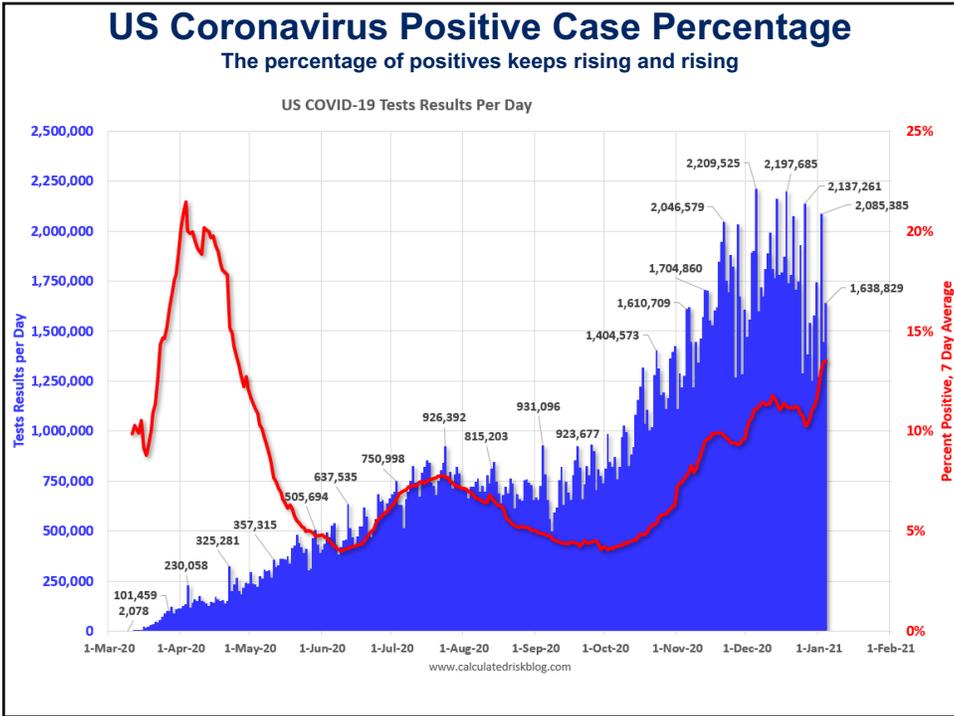
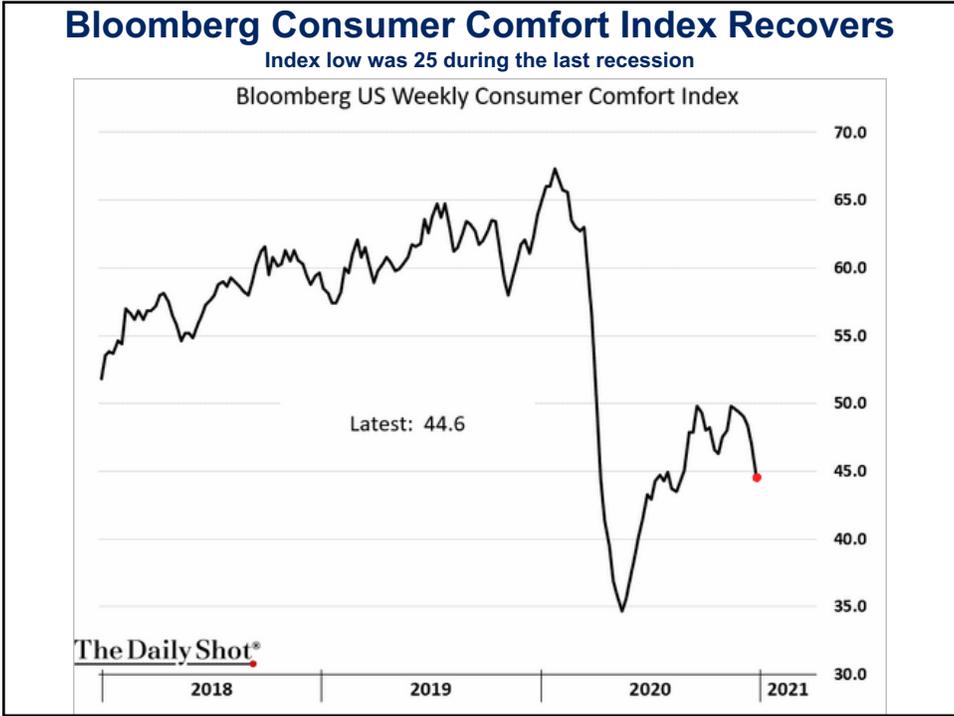
The Economy Bottomed

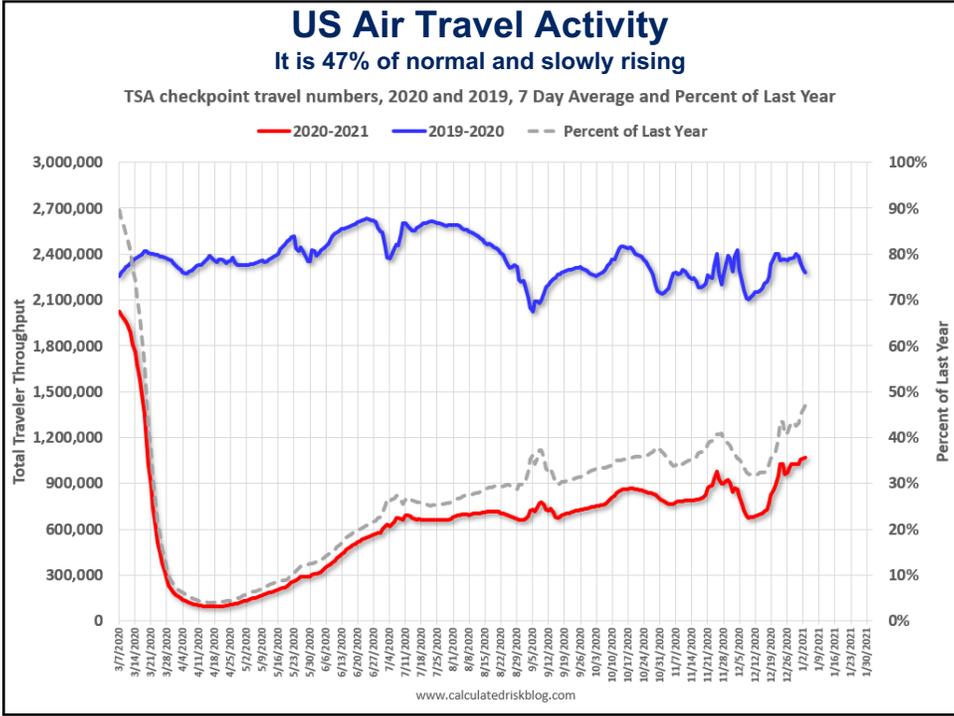
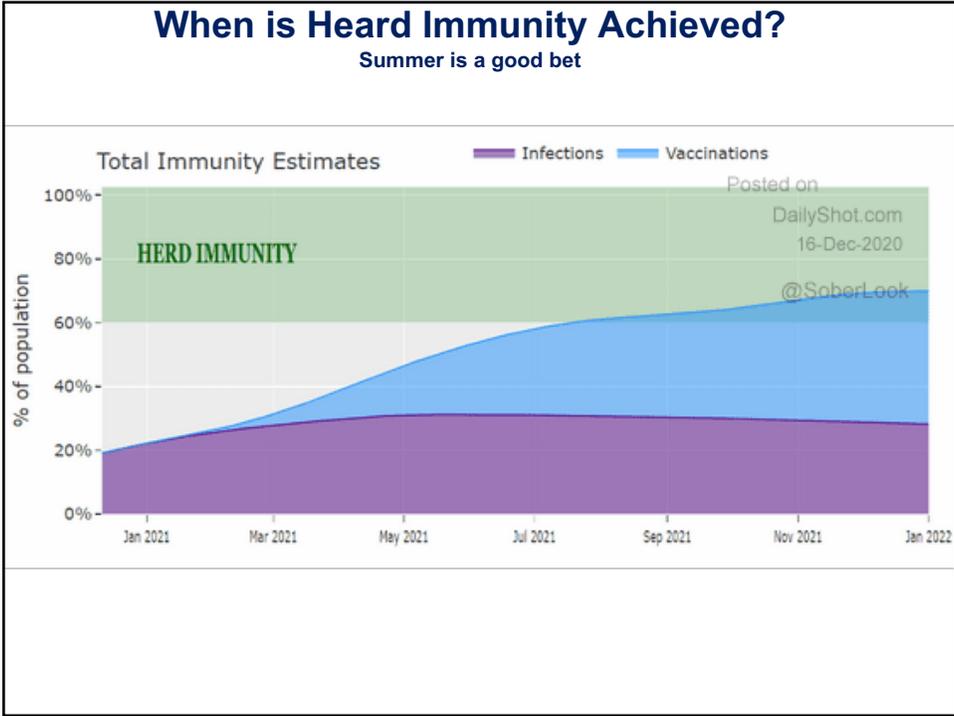
$$\text{GDP} = \text{C} + \text{I} + \text{G} + (\text{X} - \text{M})$$

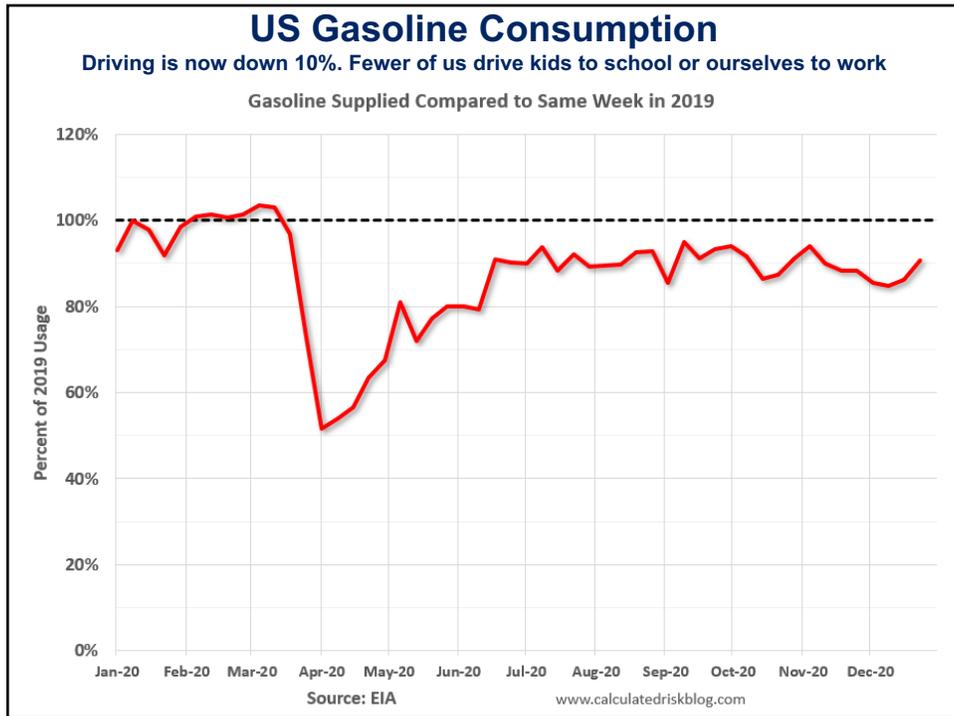
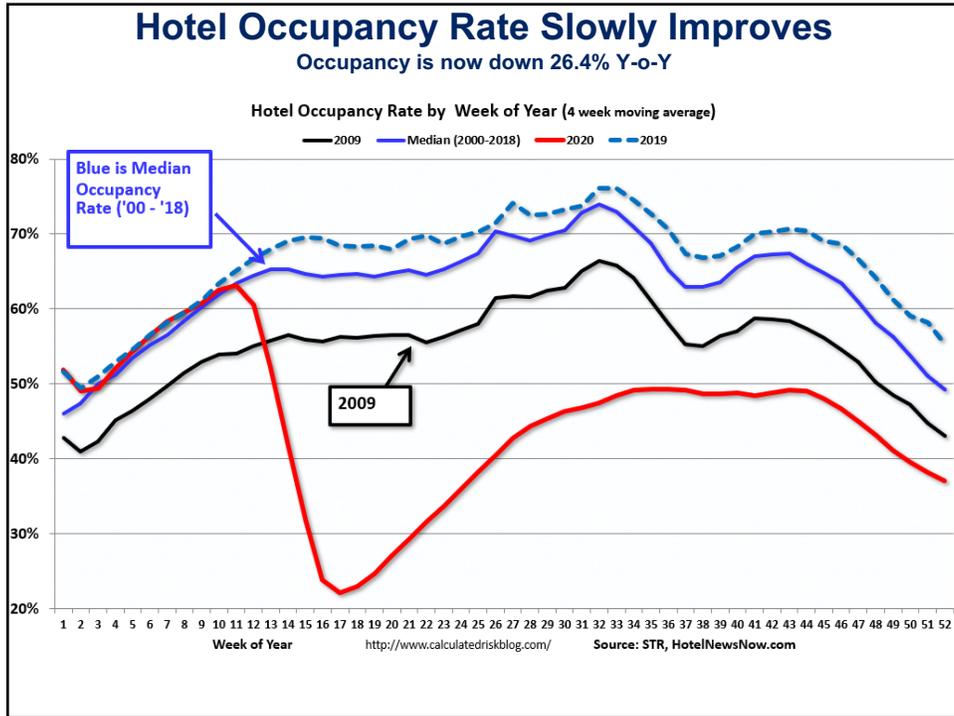


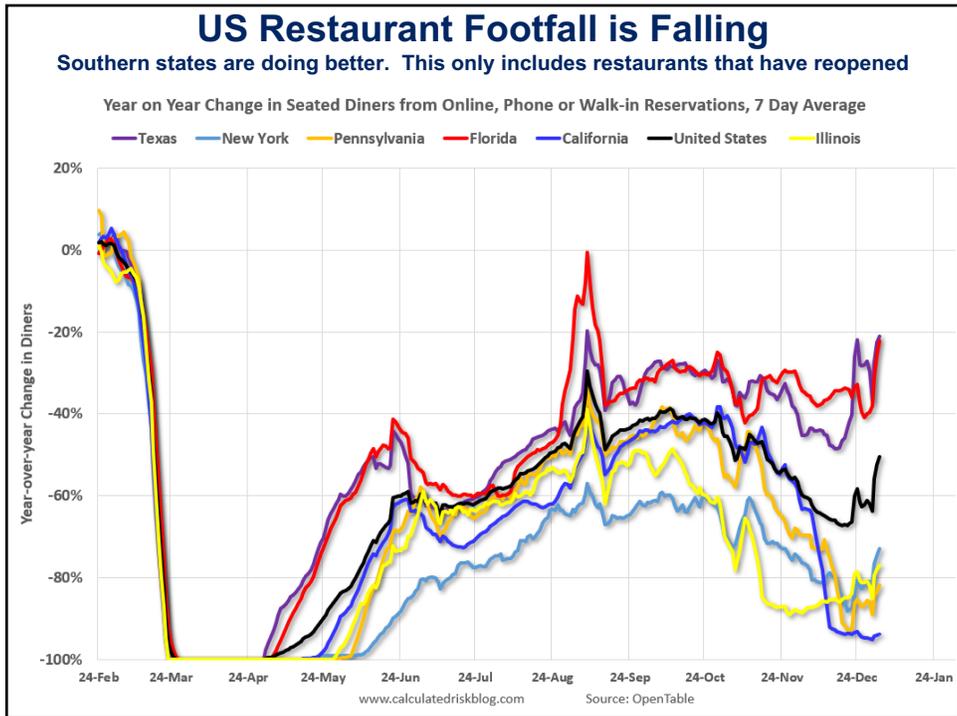
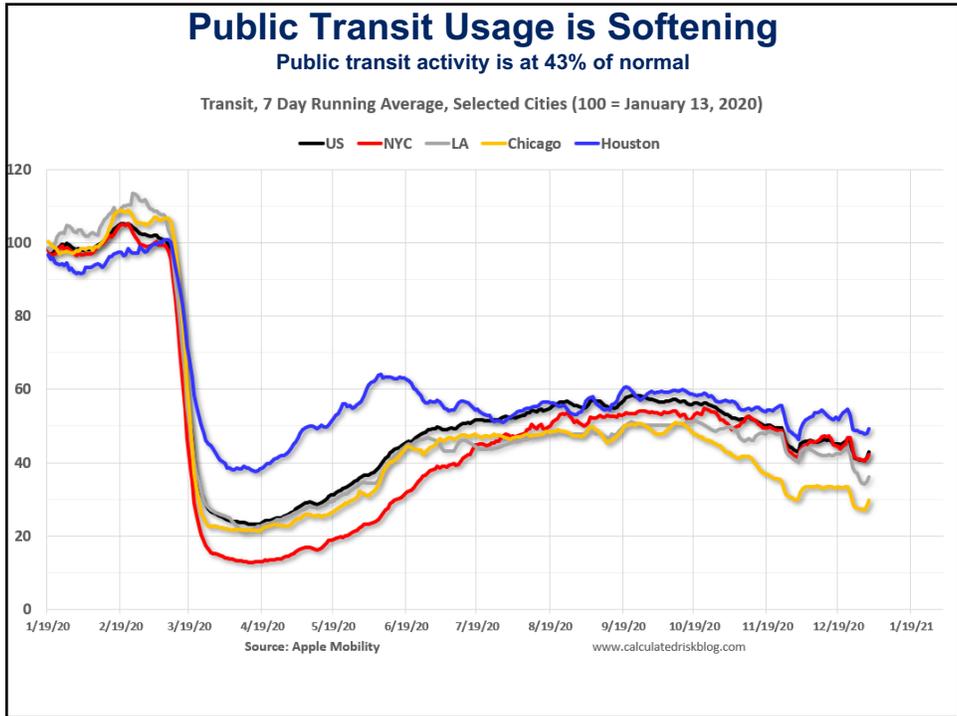


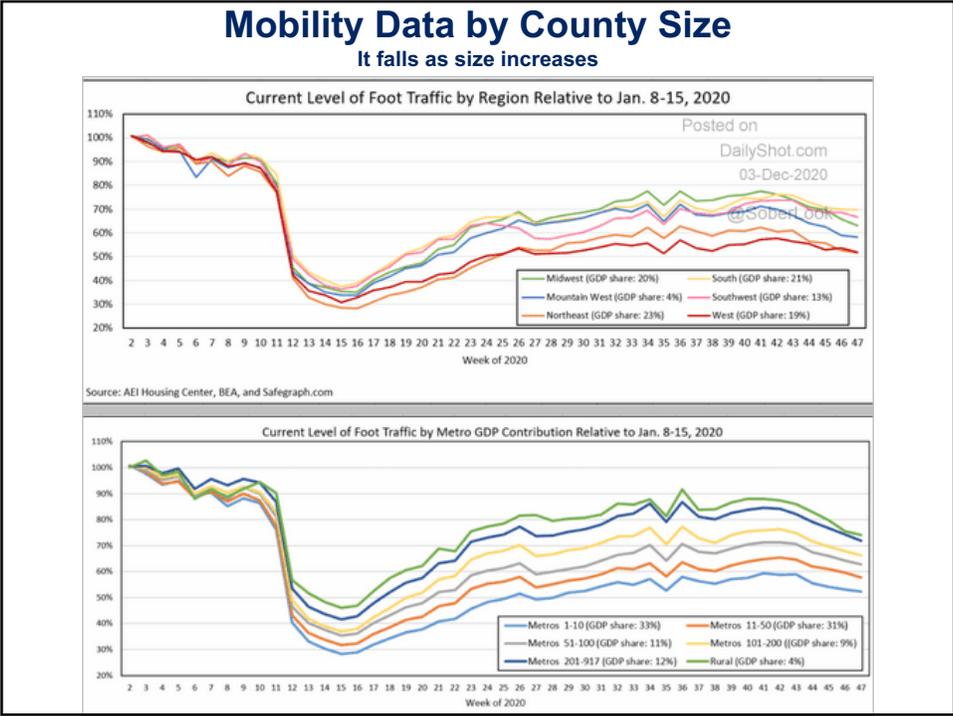
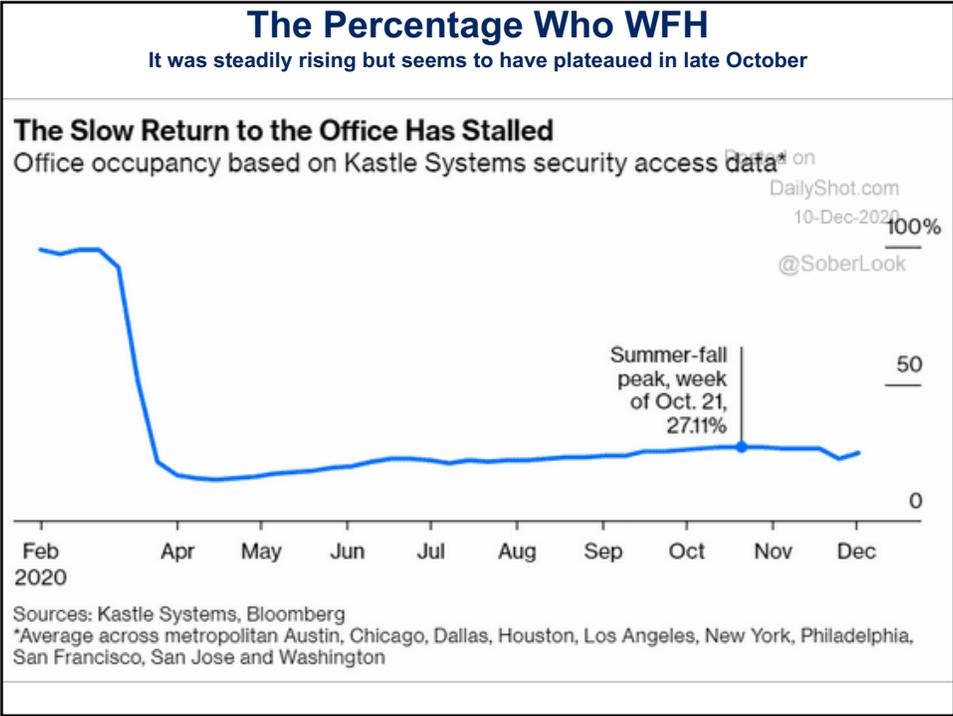


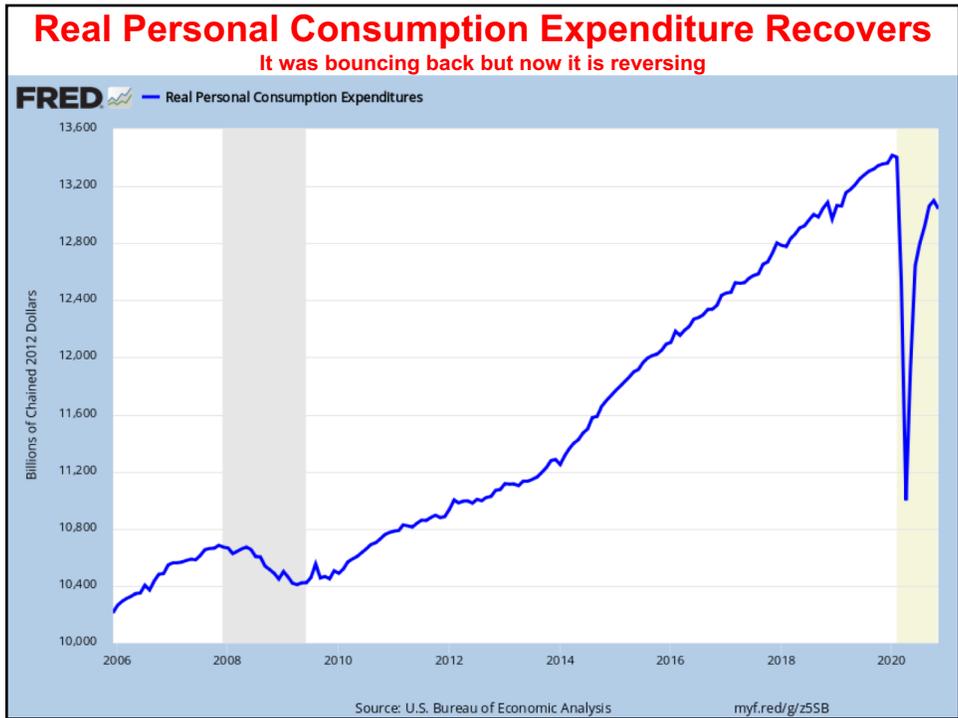


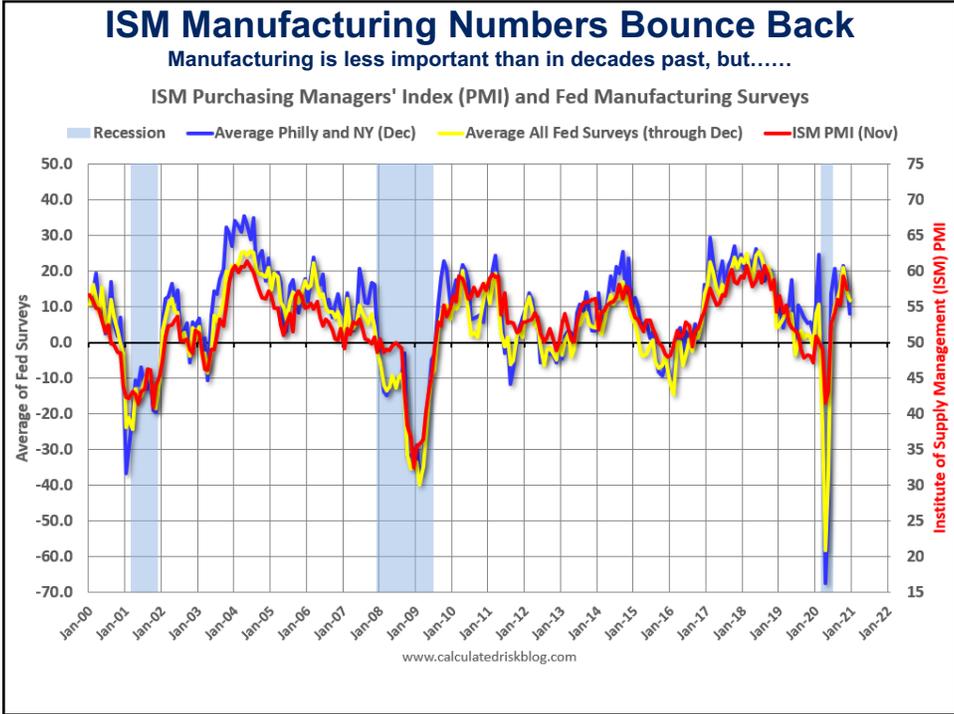
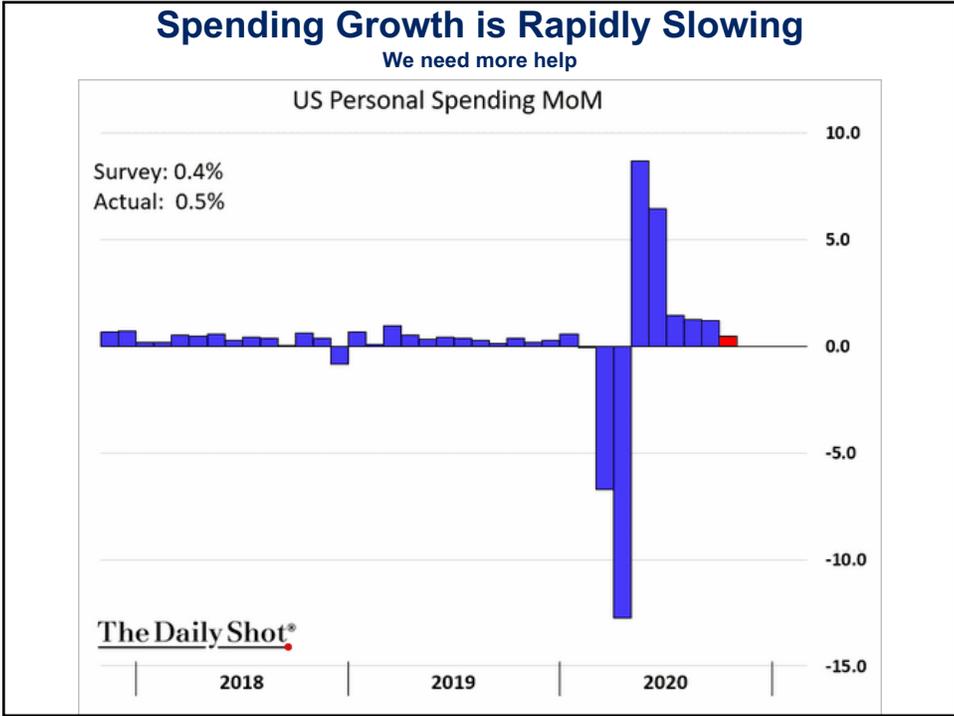


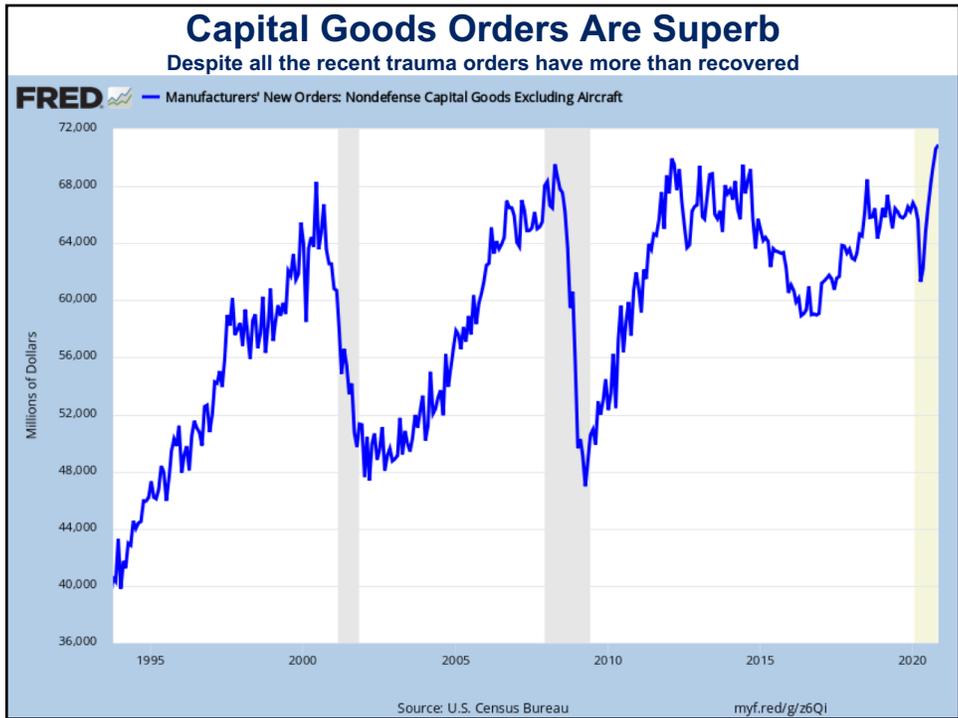
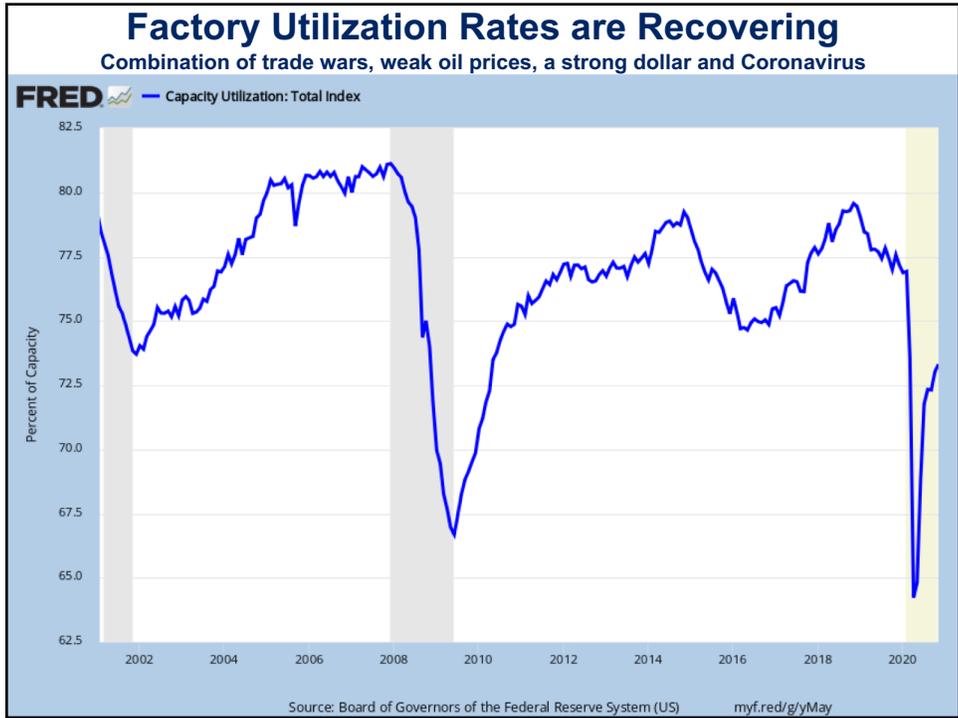


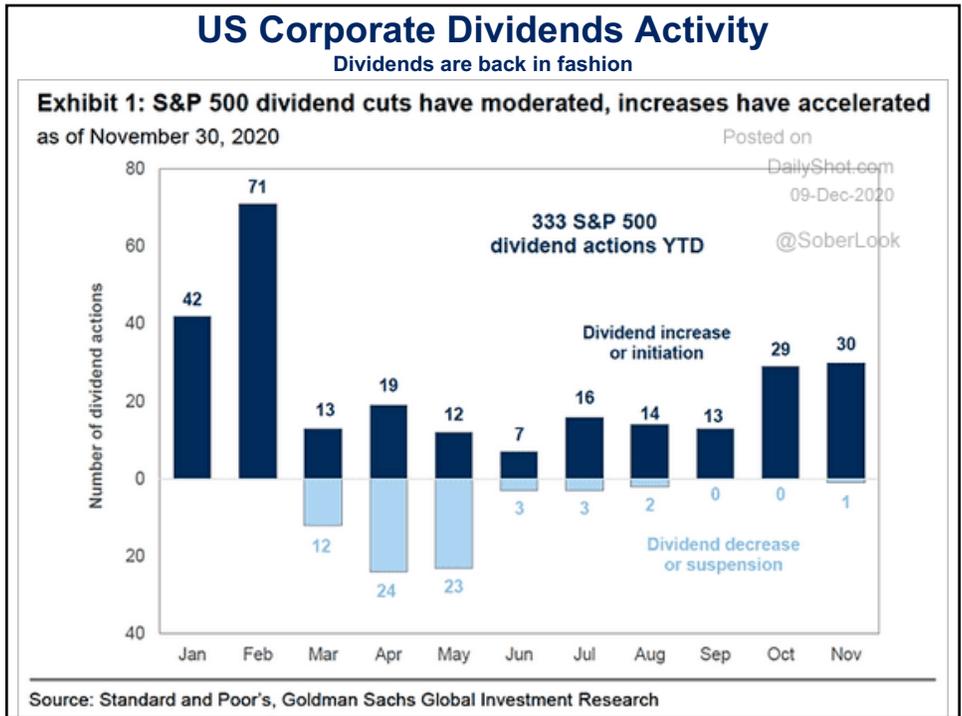
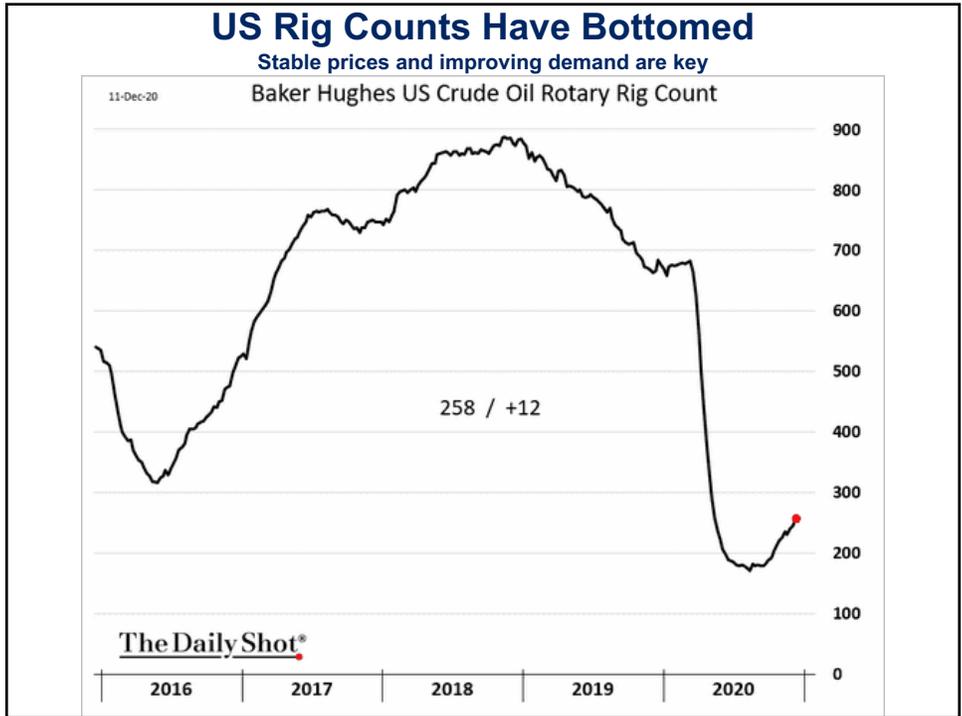




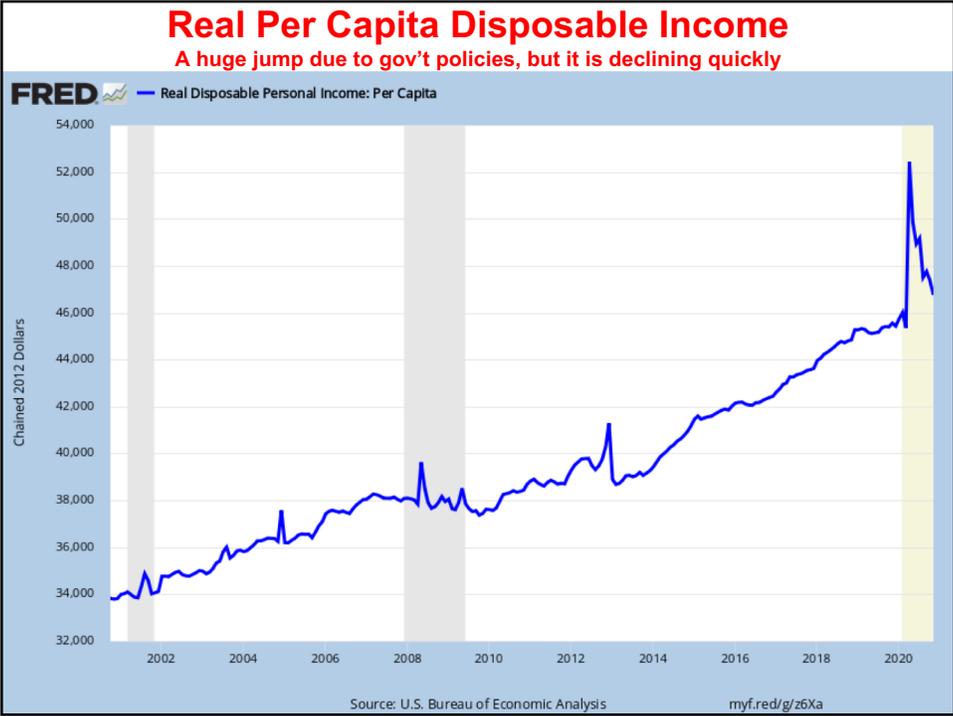


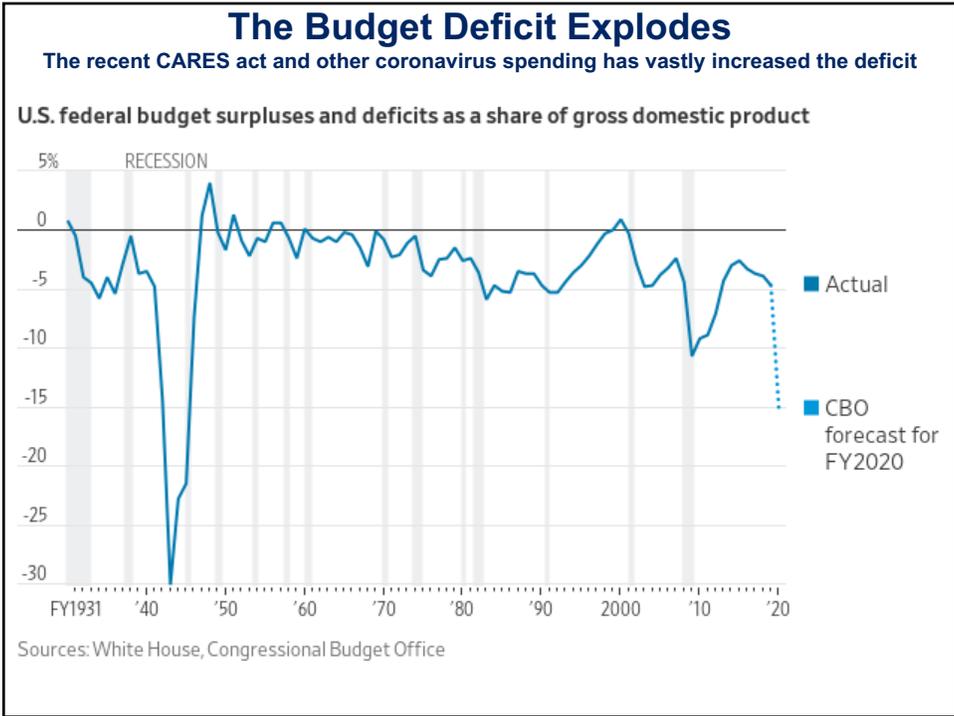
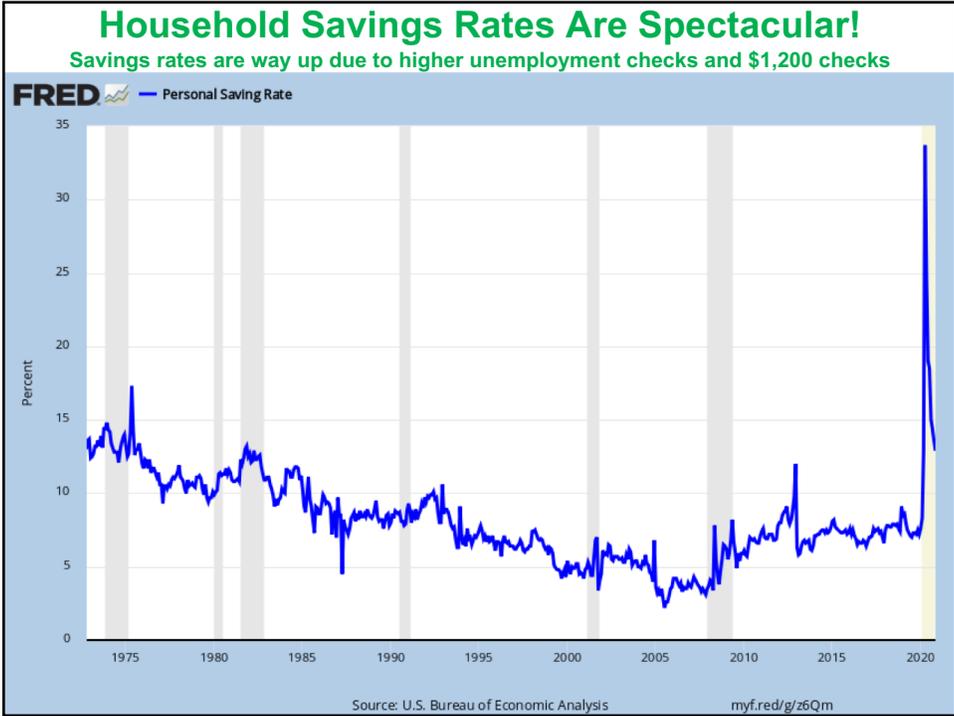


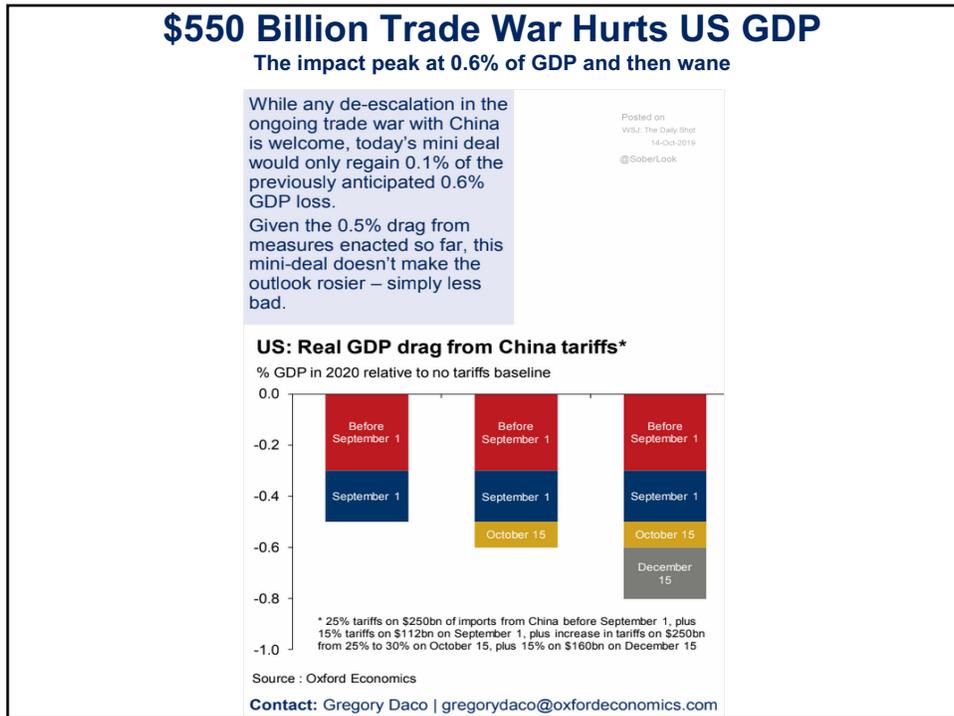
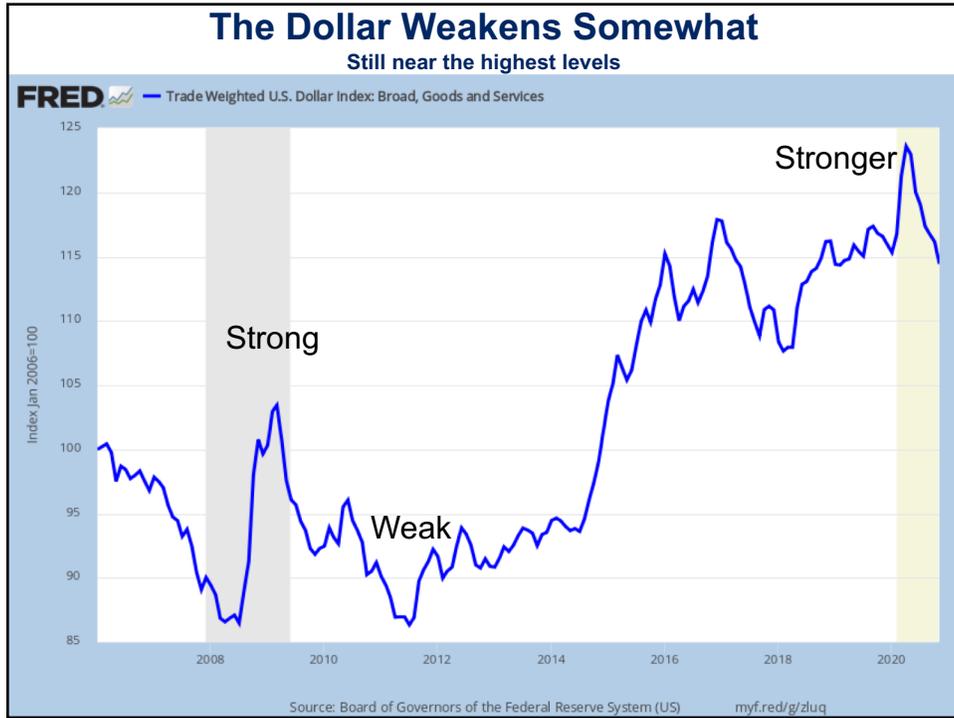




HEROES ACT Is Important
Prevents us from even slower growth







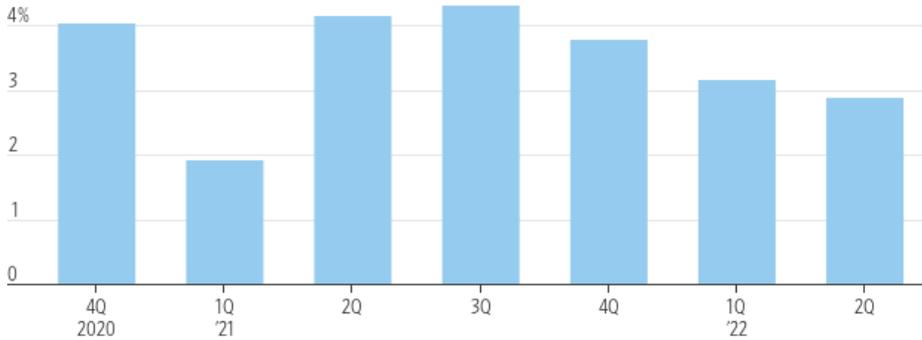
GDP Softens in 21Q1, but by How Much?

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

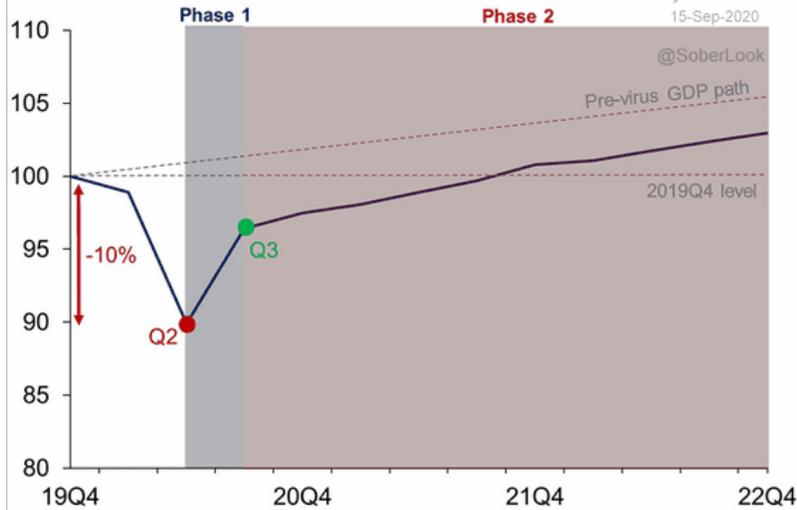
GDP Recovery is Check Mark Shaped

Better than L-shaped one

Entering slower & bumpier phase of the recovery

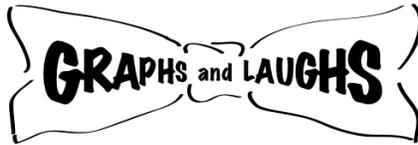
GDP Q4 2019 = 100

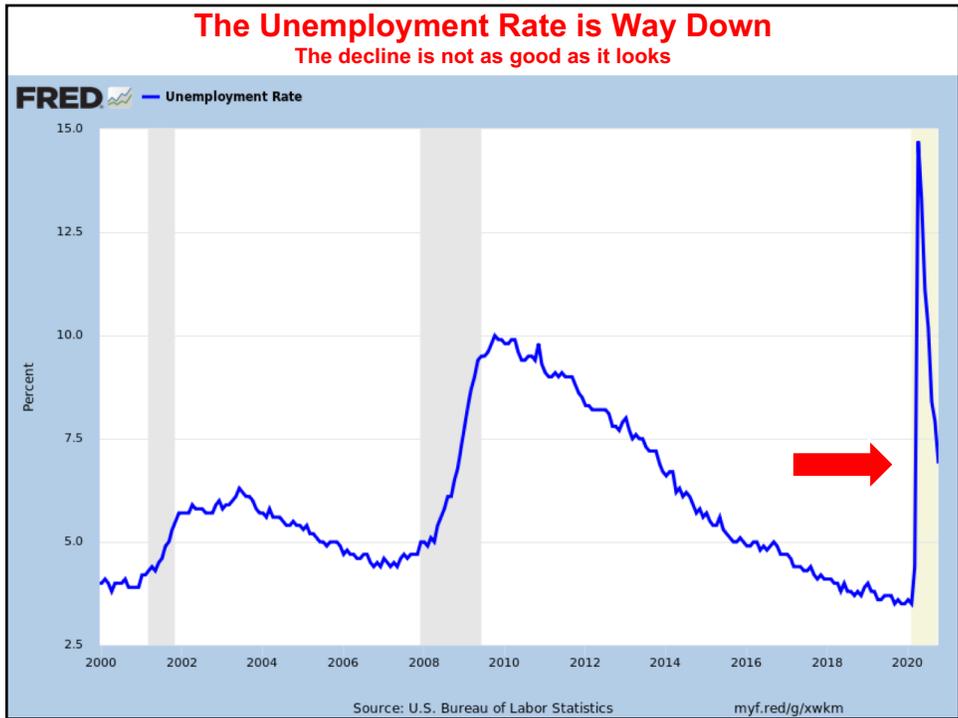
Posted on
TheDailyShot.com
15-Sep-2020

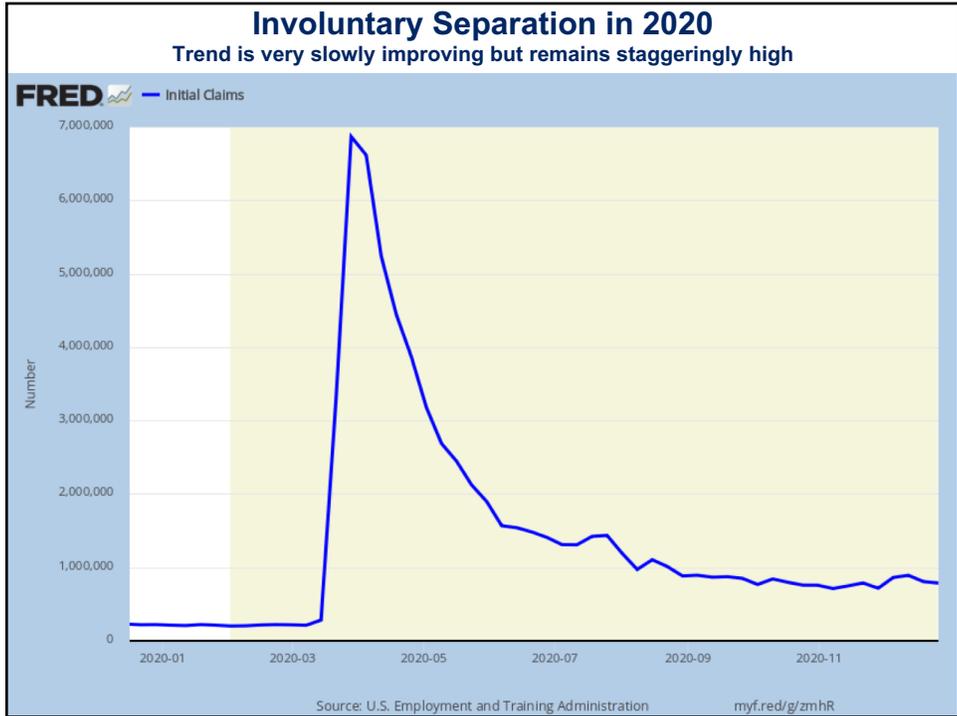
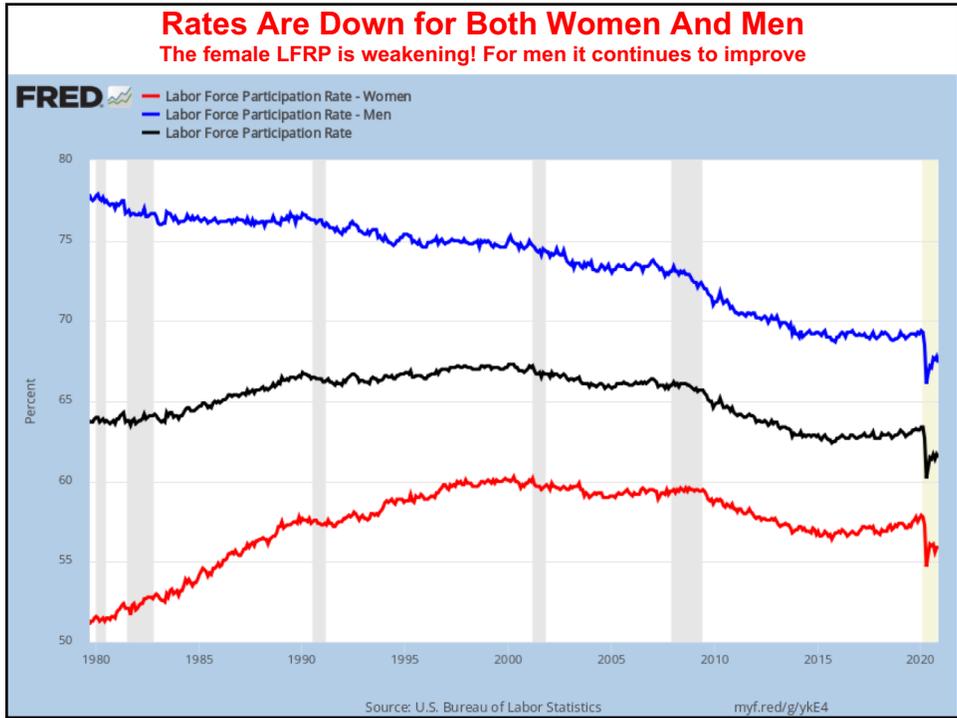


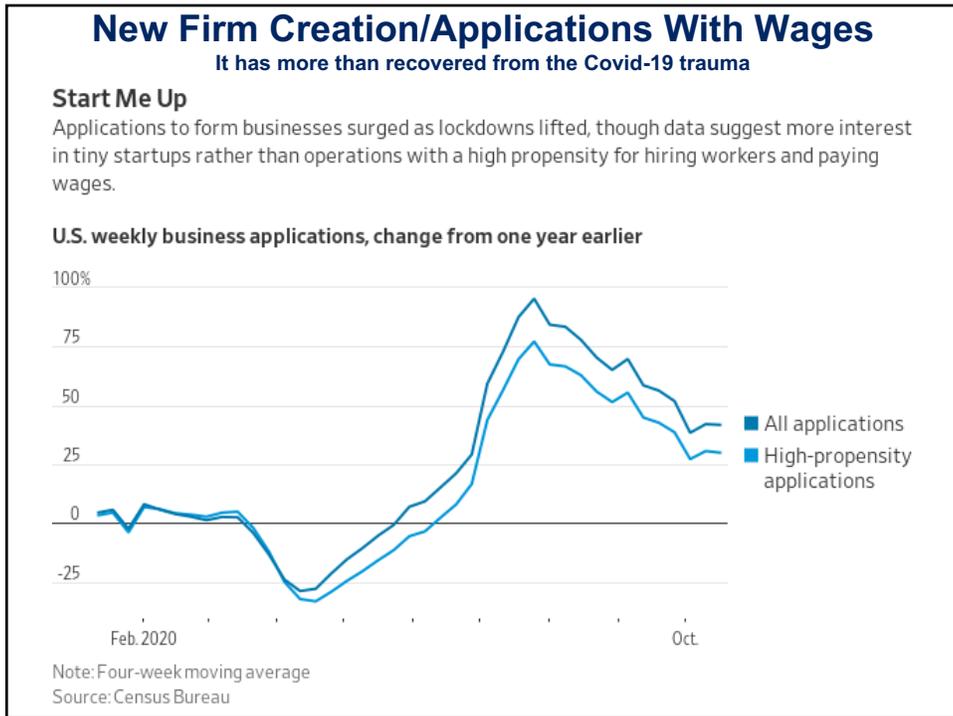
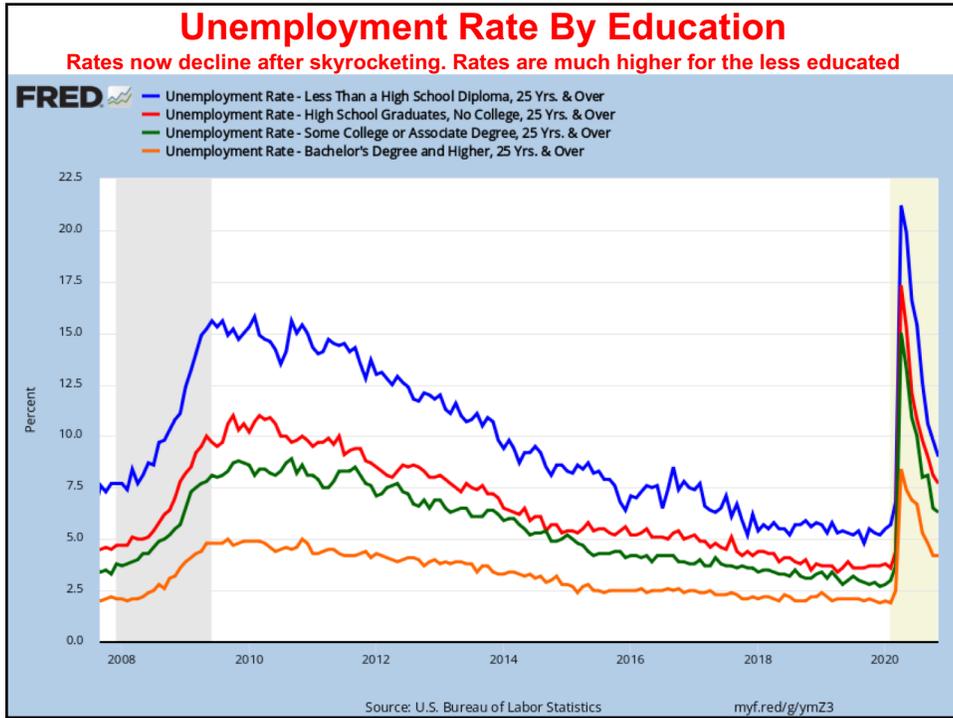
Source : Oxford Economics

Labor Markets: They Were Tight but Are No Longer

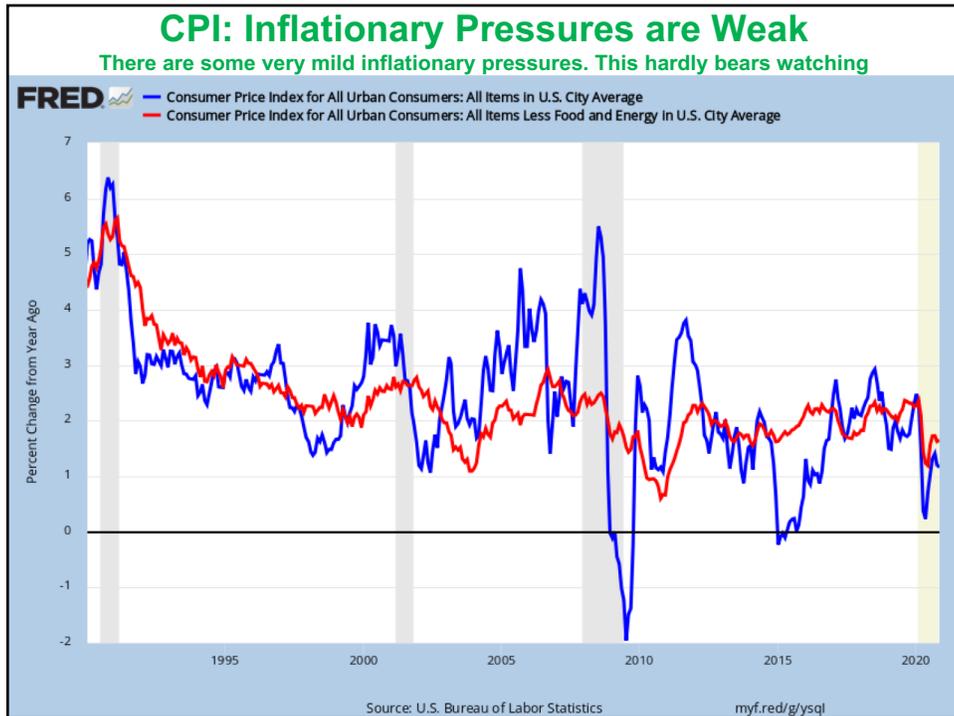
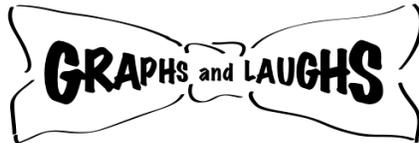


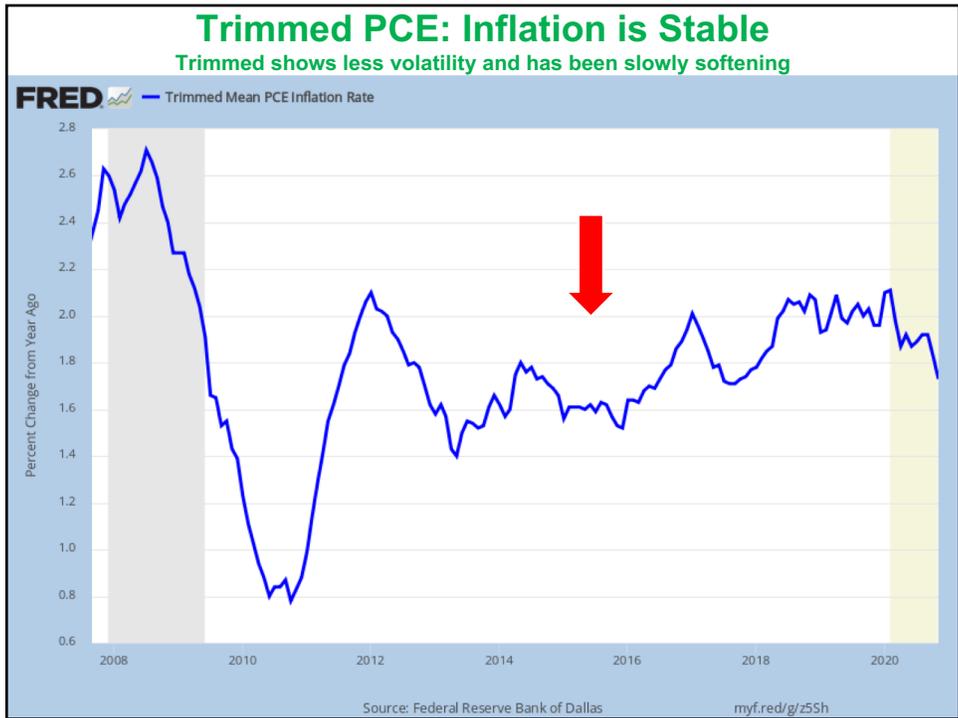
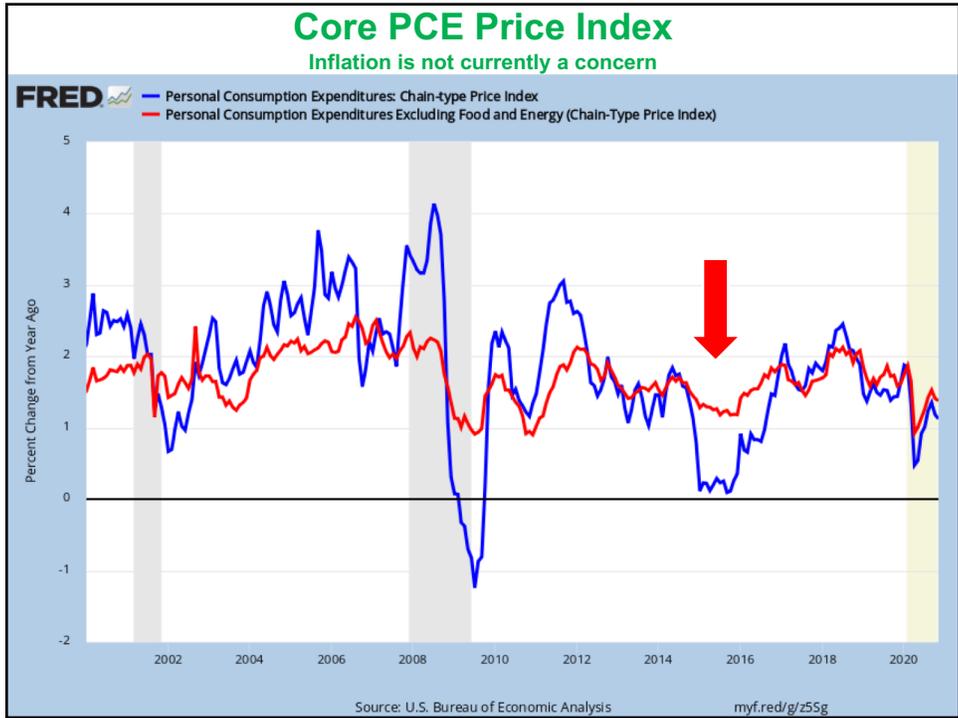


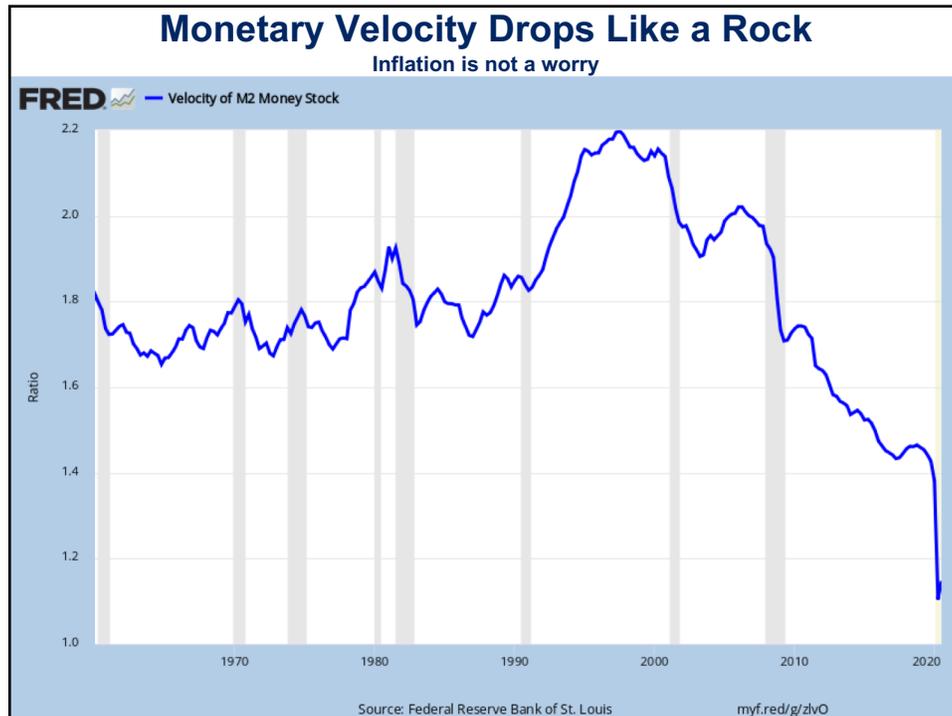




Inflation? What Inflation?







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%

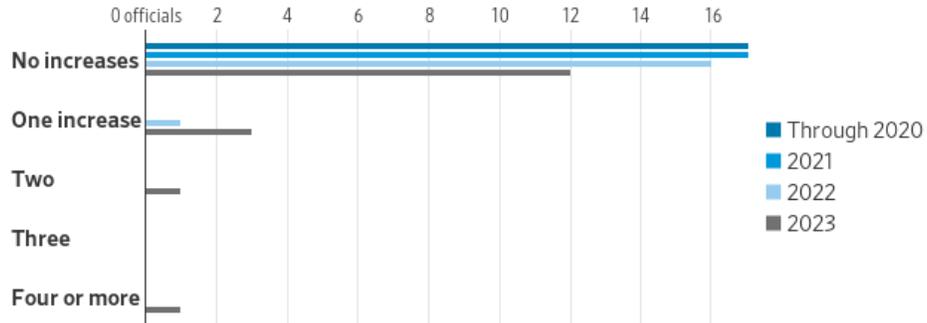
Federal Reserve Is All In

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

No Raise in Sight

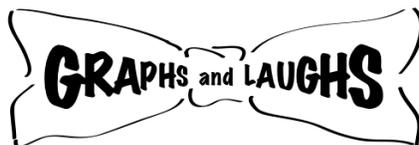
With most Federal Reserve officials projecting inflation to remain below the 2% target through 2023, they do not see raising interest rates for years.

Projected end-of-year target rate



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

Now For Politics!

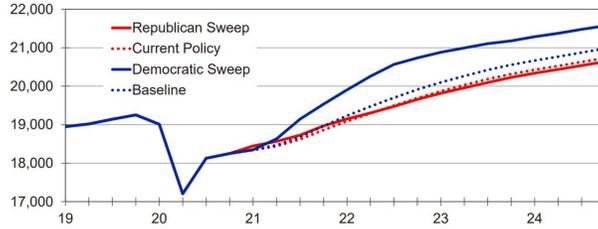


Election Outcomes

Biden will on net boost spending and employment

Chart 2: Real GDP Under Different Election Scenarios

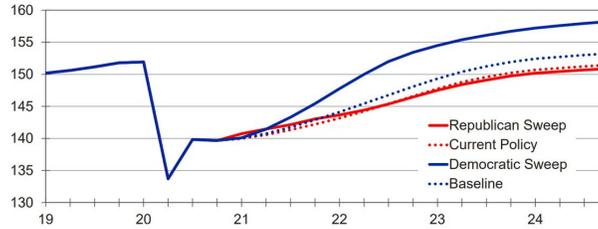
Real GDP, 2012\$ bil



Sources: BEA, Moody's Analytics

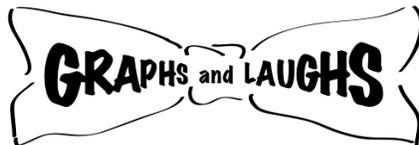
Chart 3: Jobs Under Different Election Scenarios

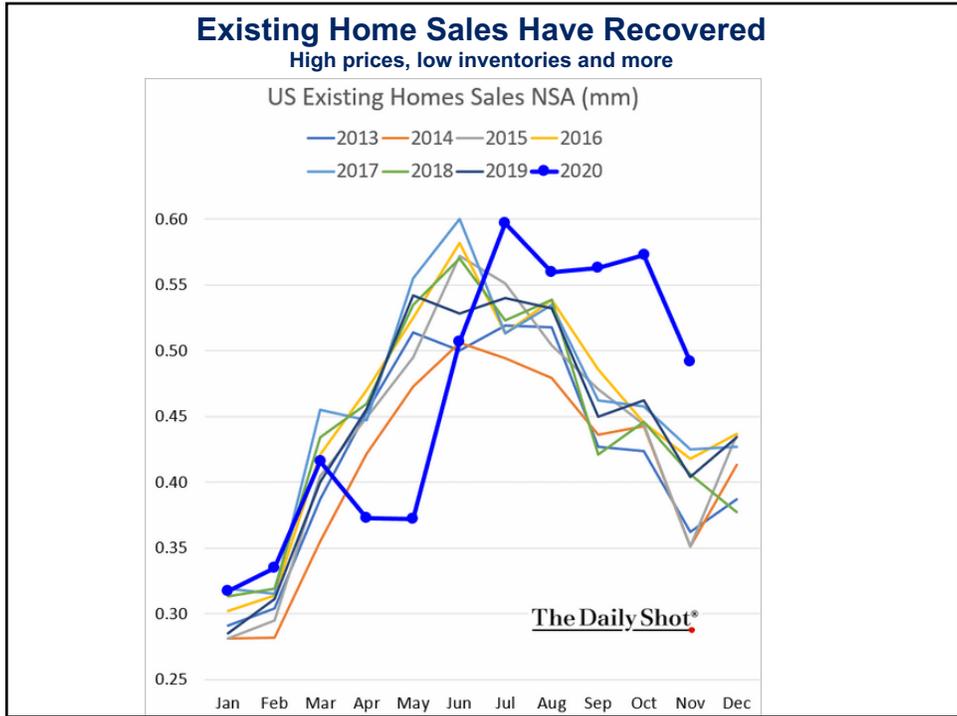
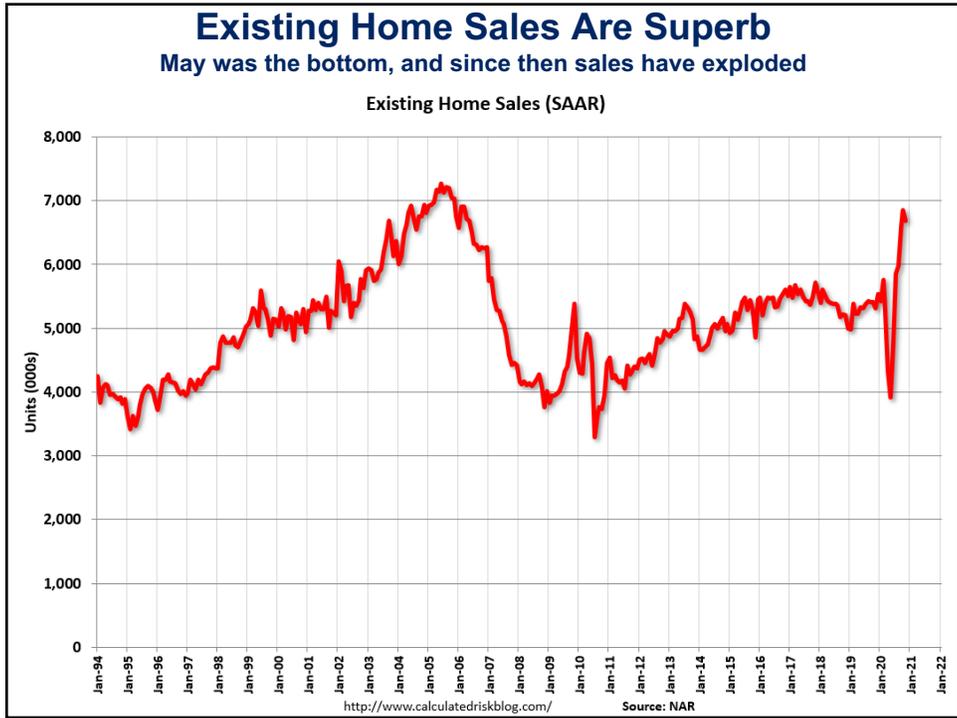
Nonfarm employment, mil

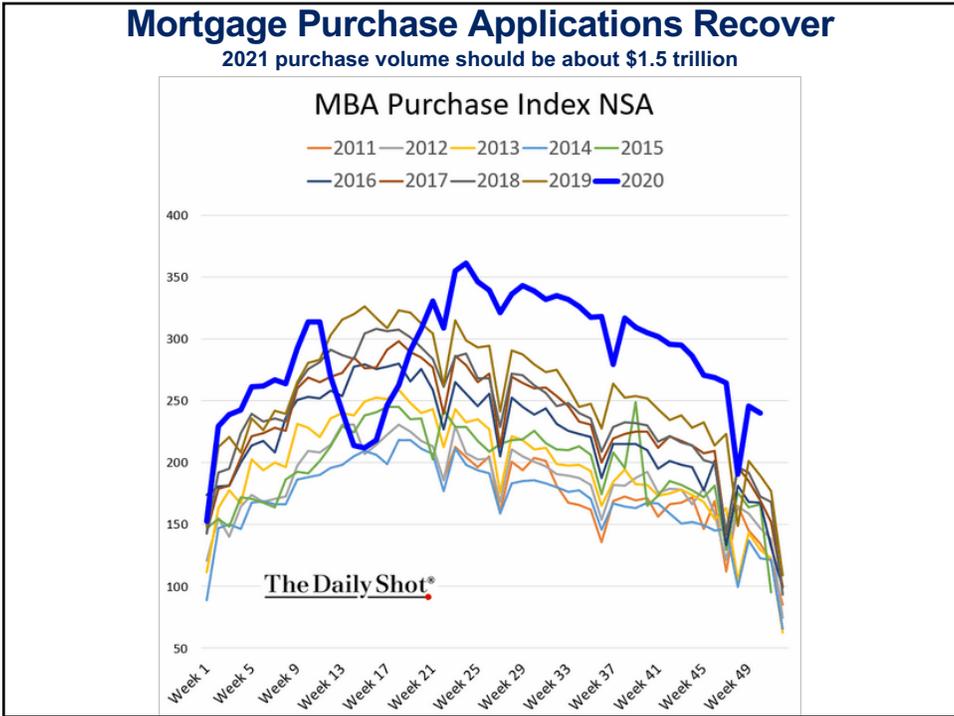
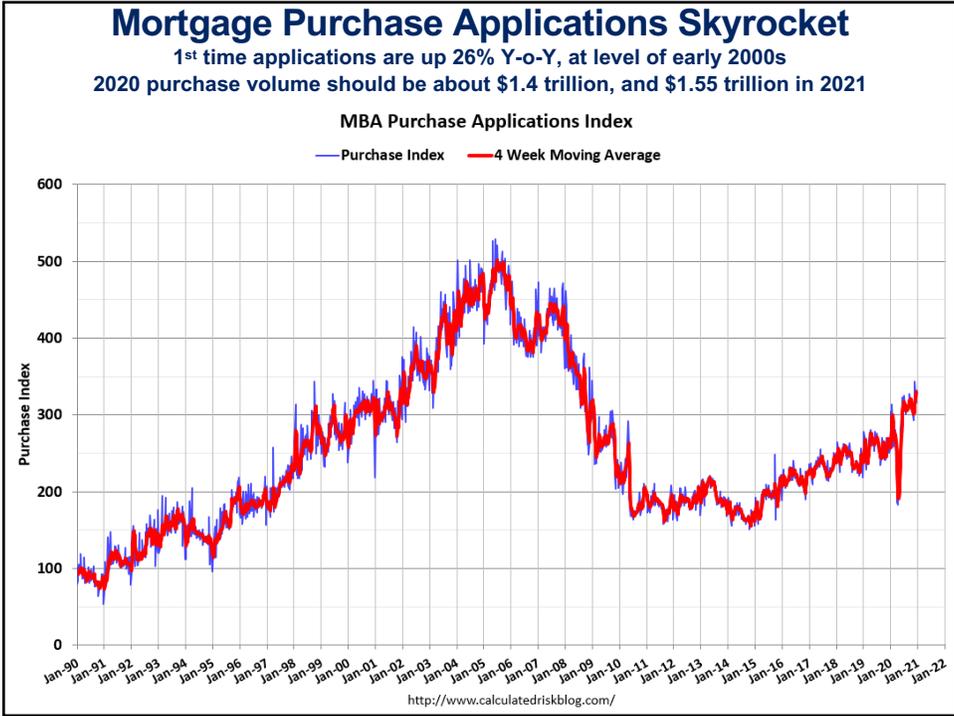


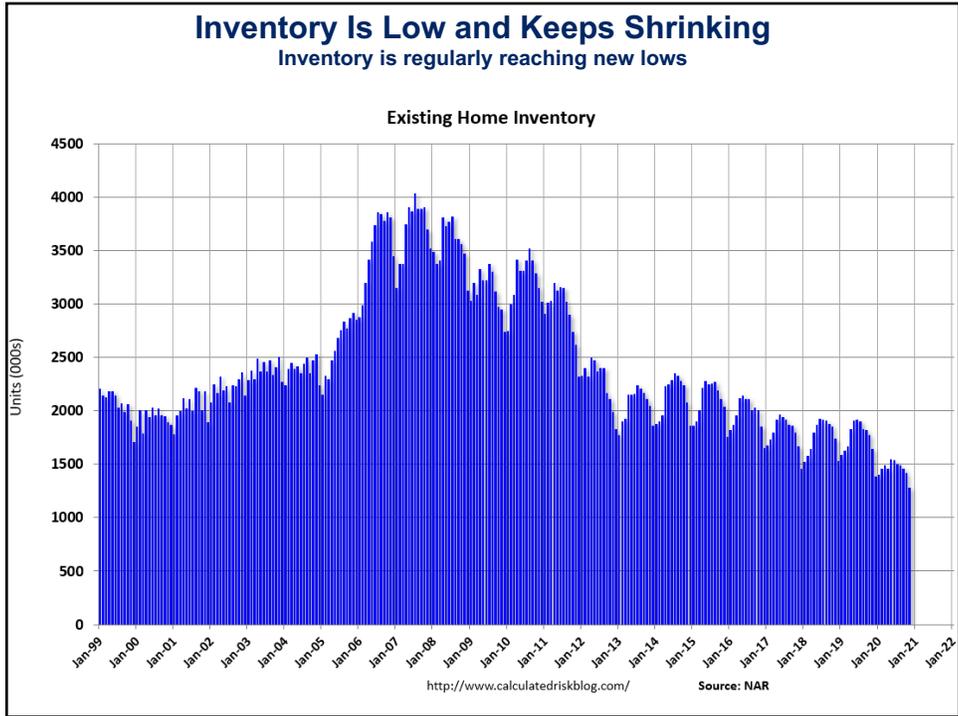
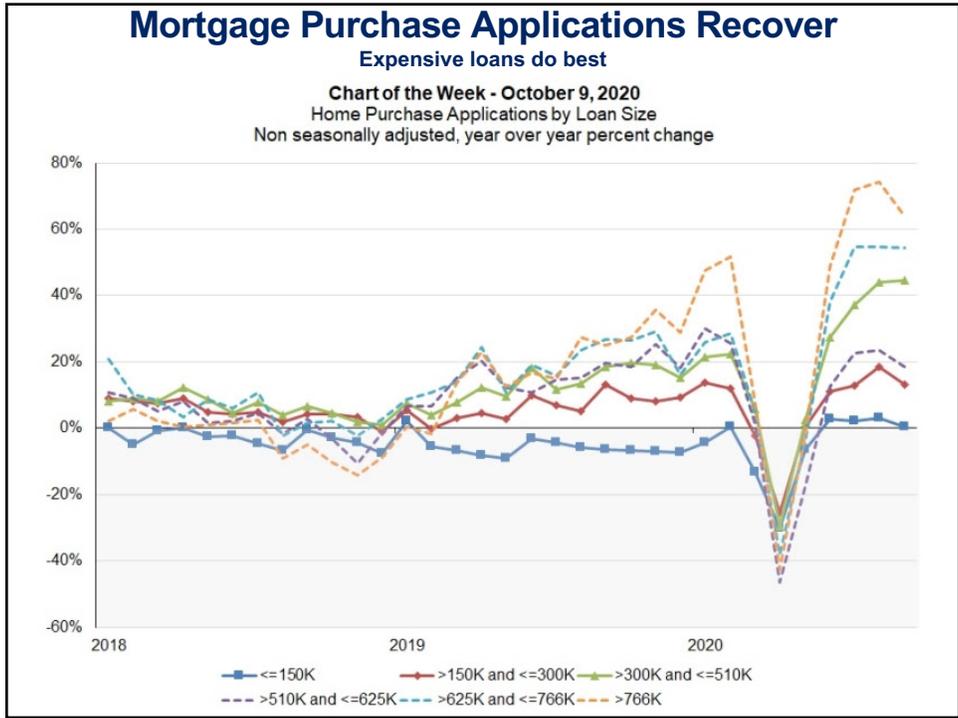
Sources: BEA, Moody's Analytics

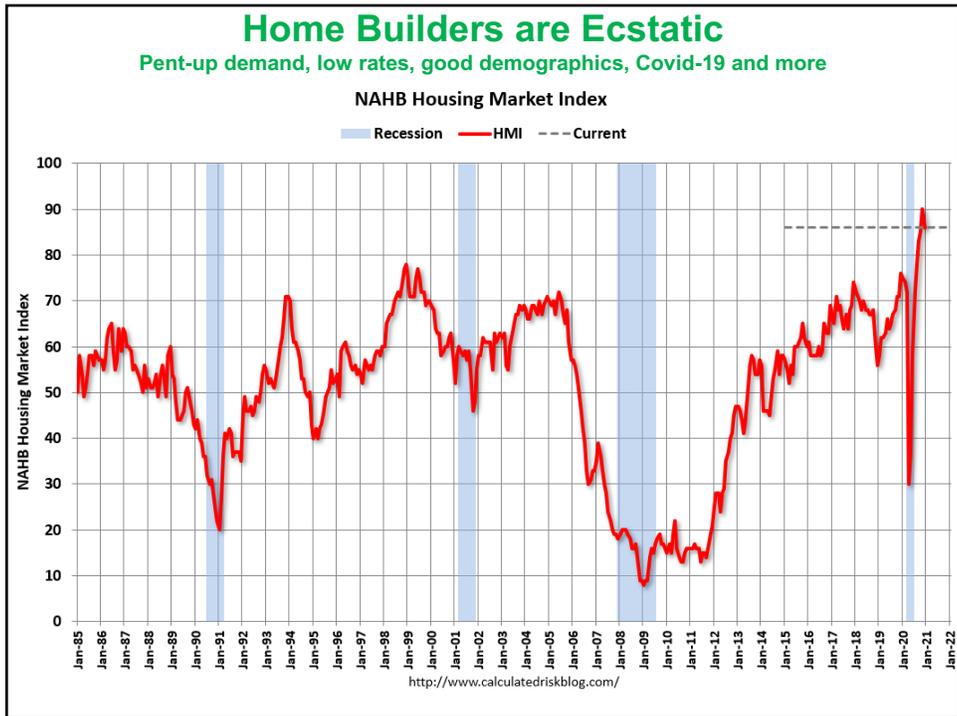
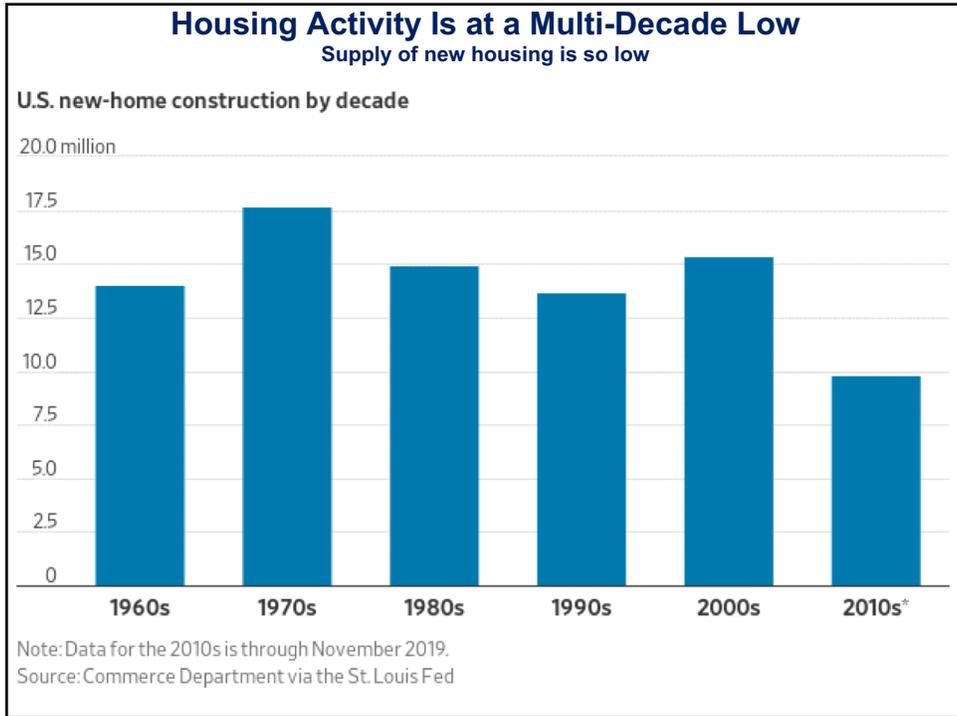
How About Housing?

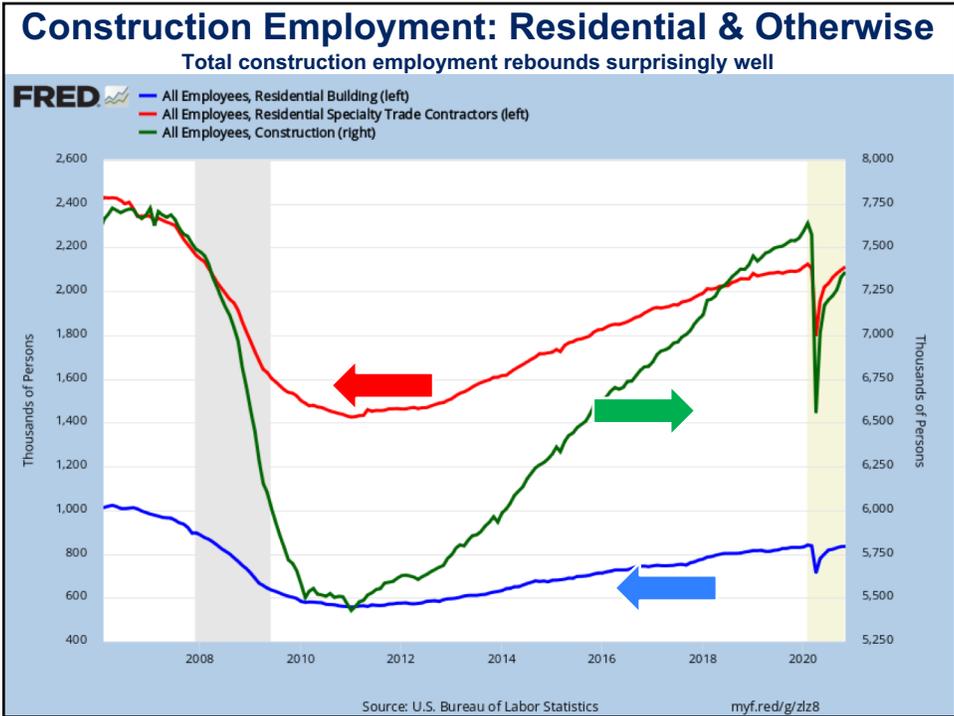
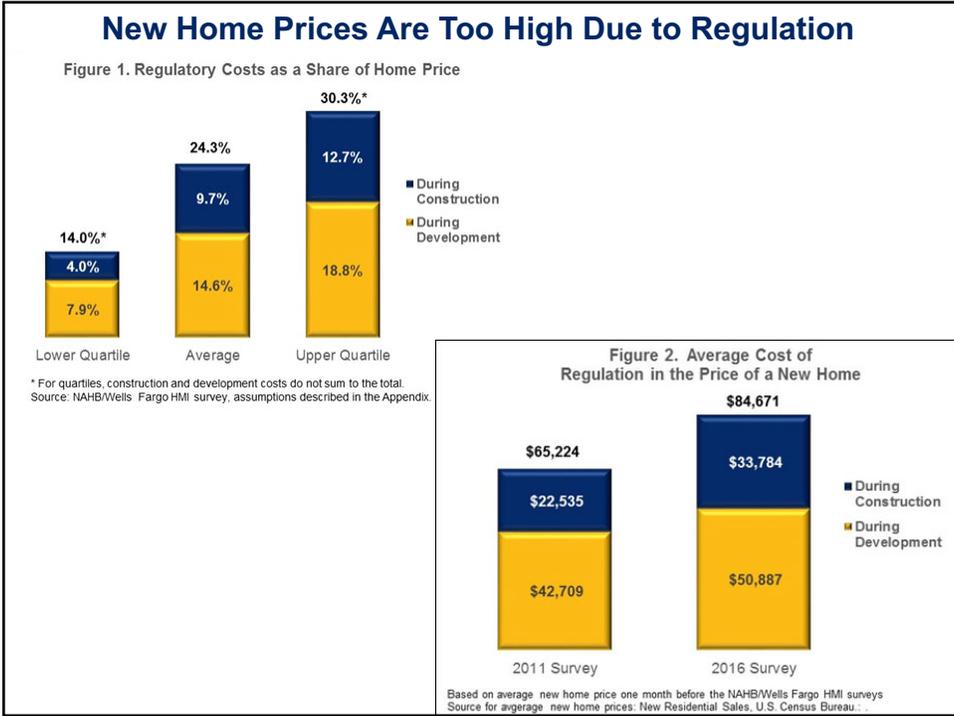


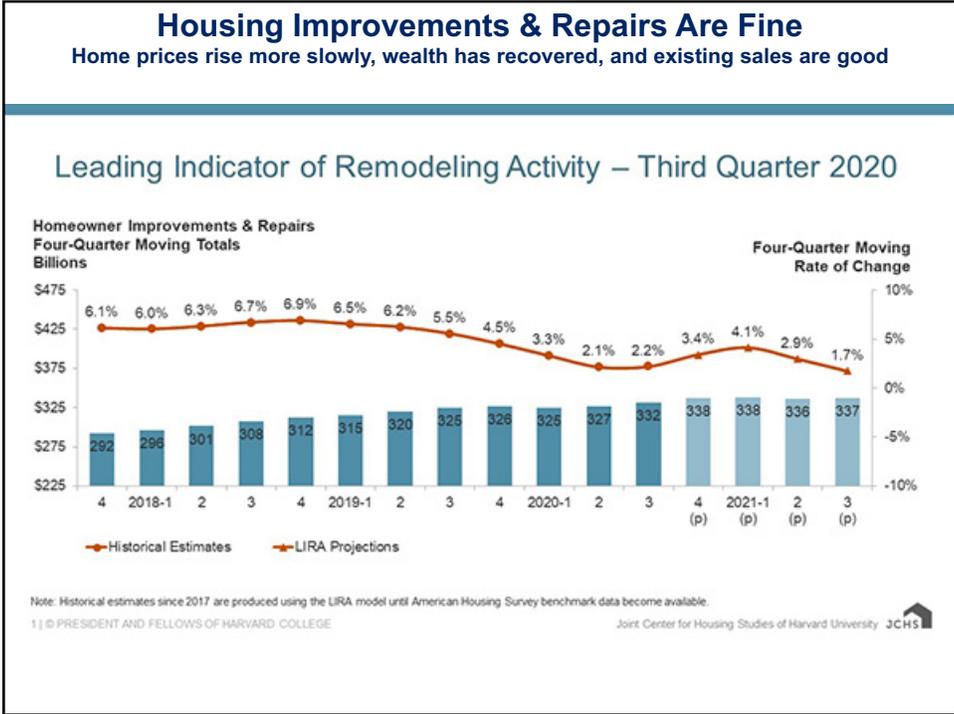
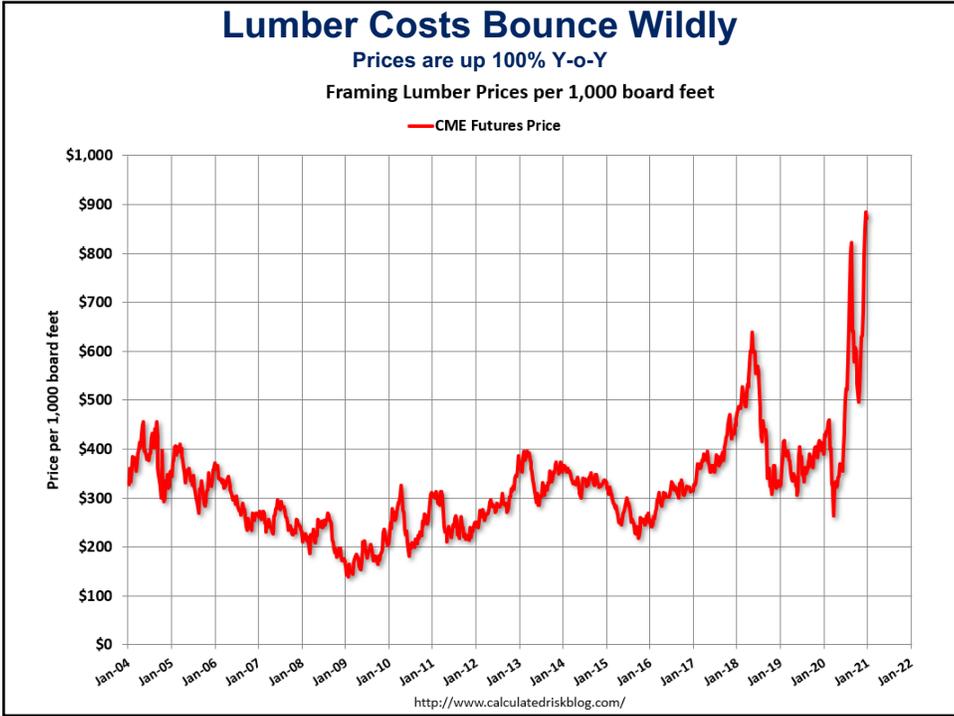


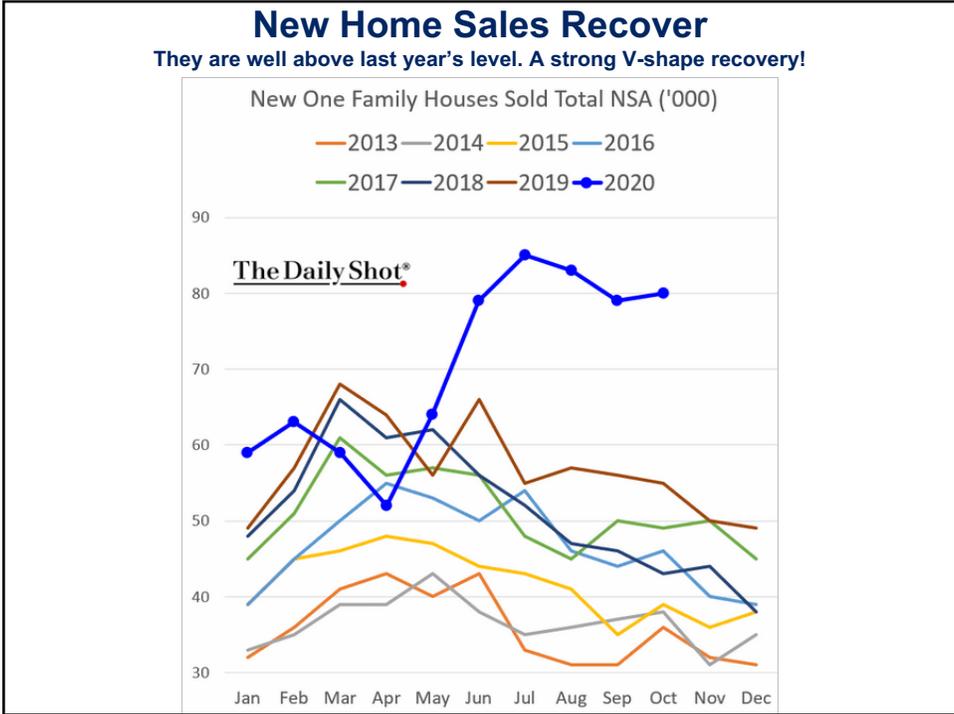
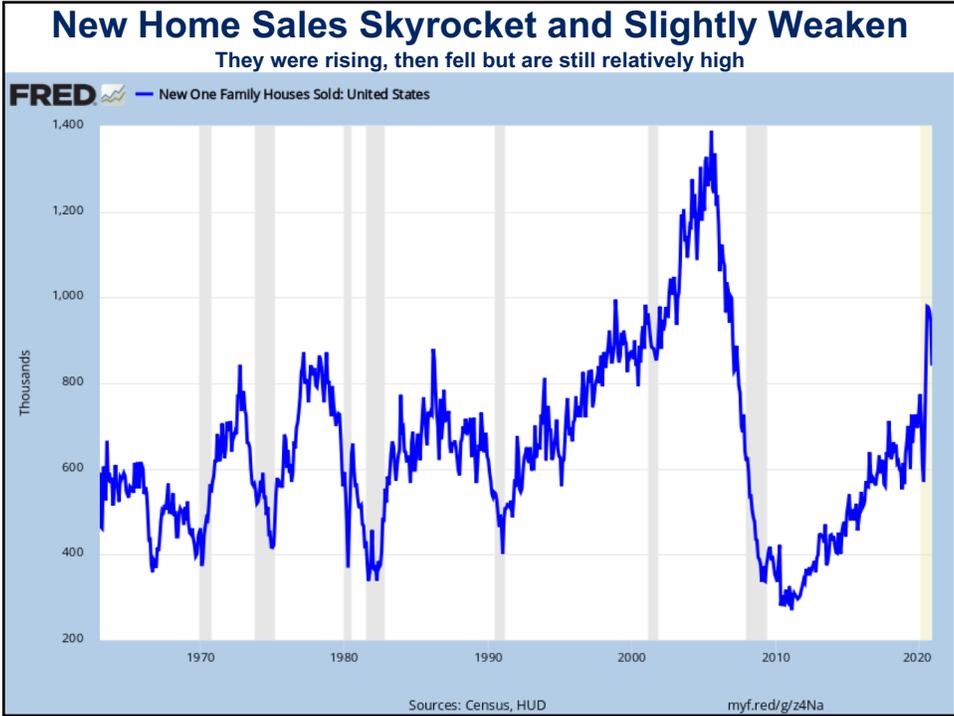


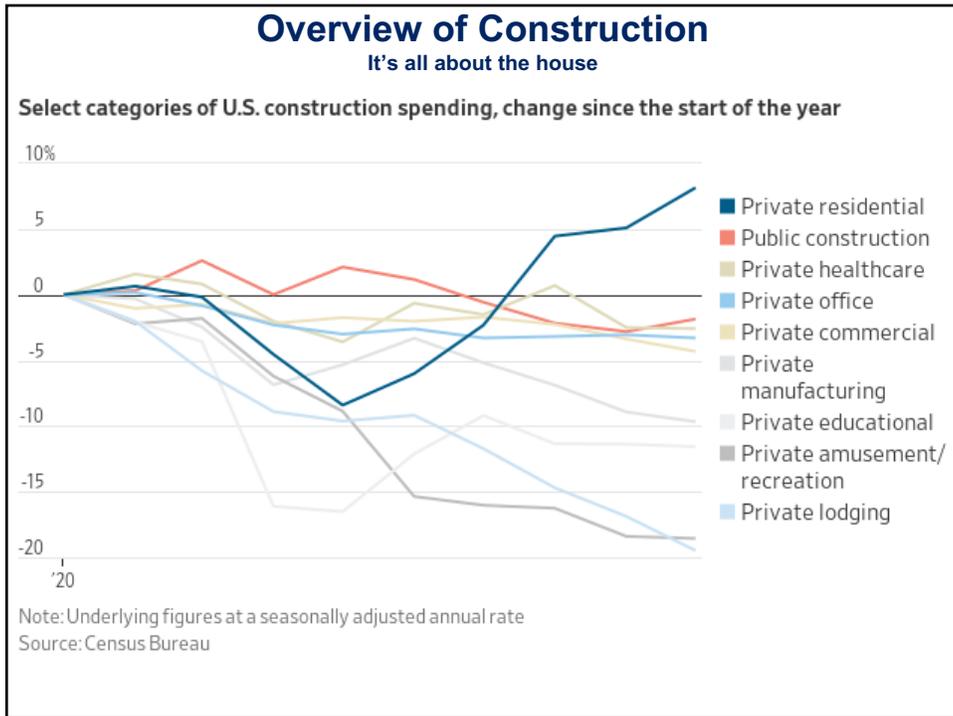
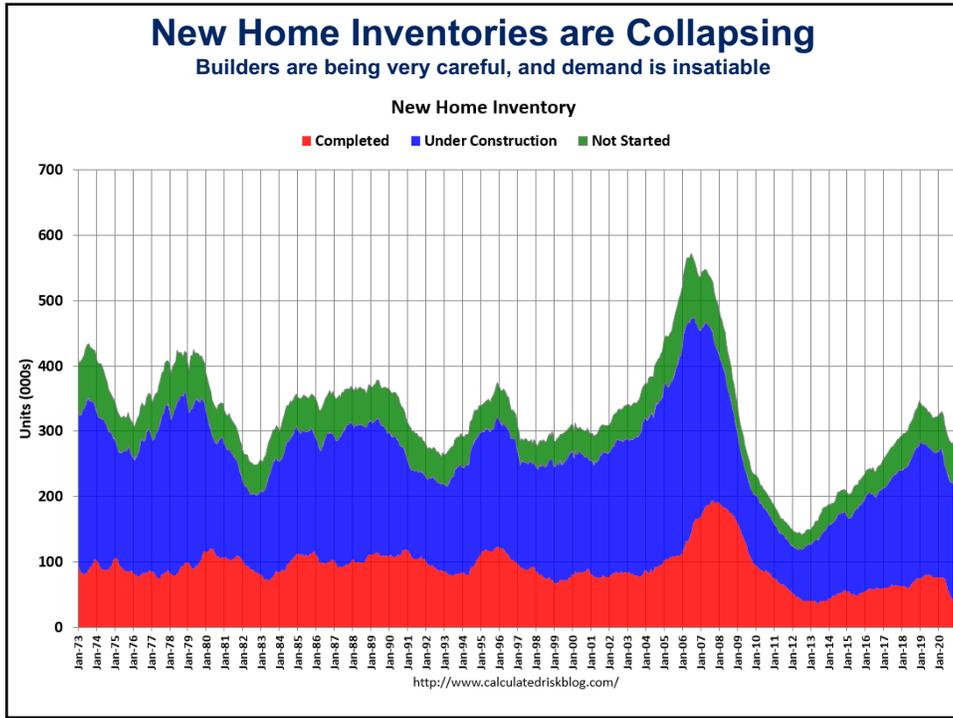


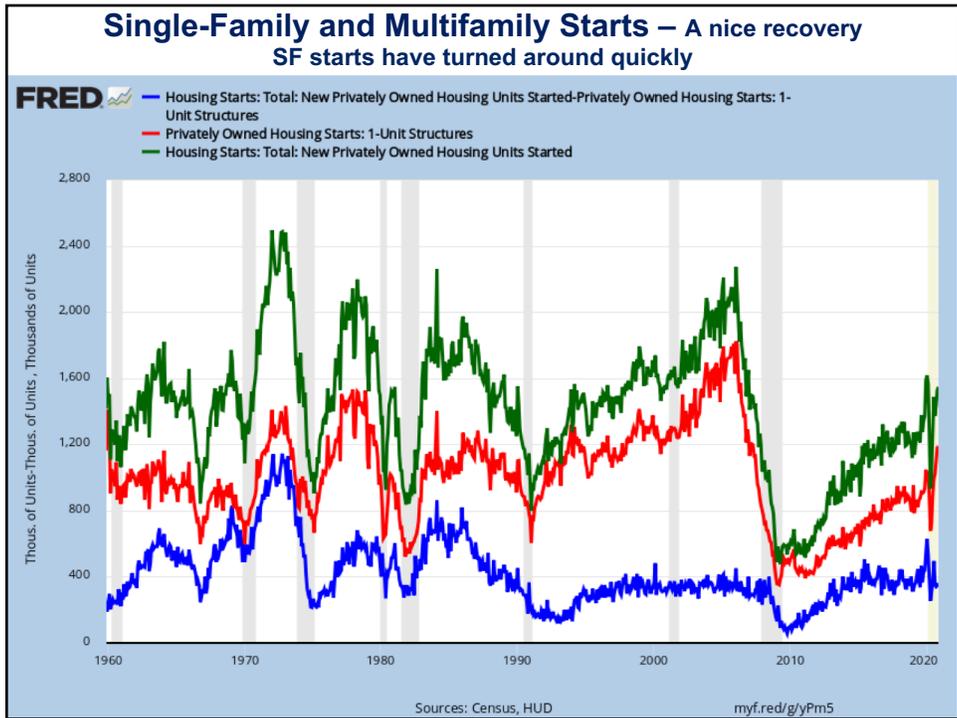
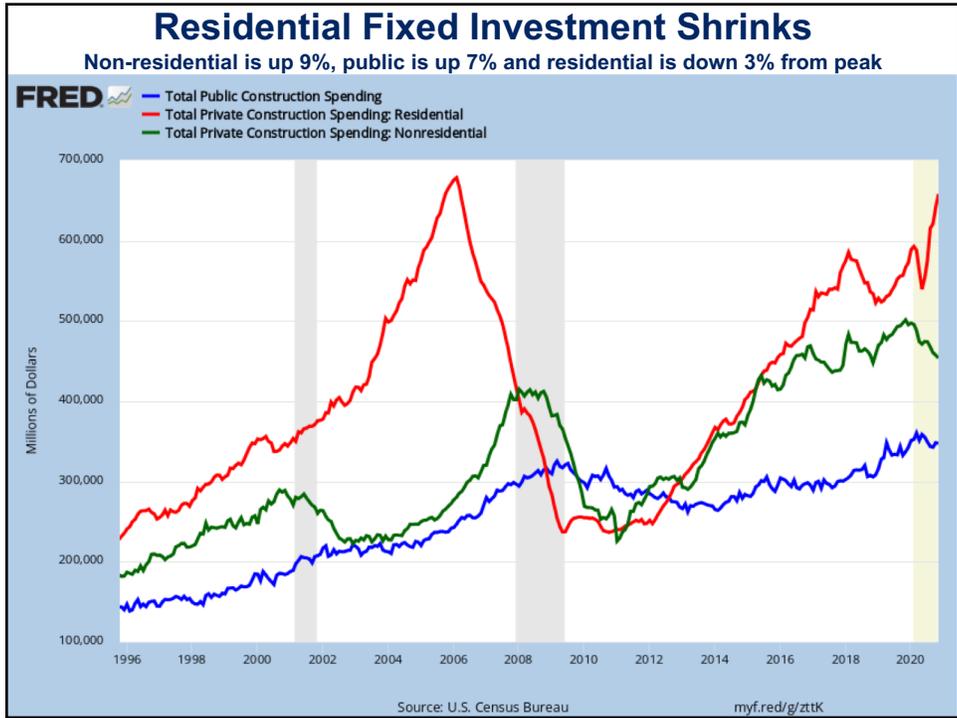








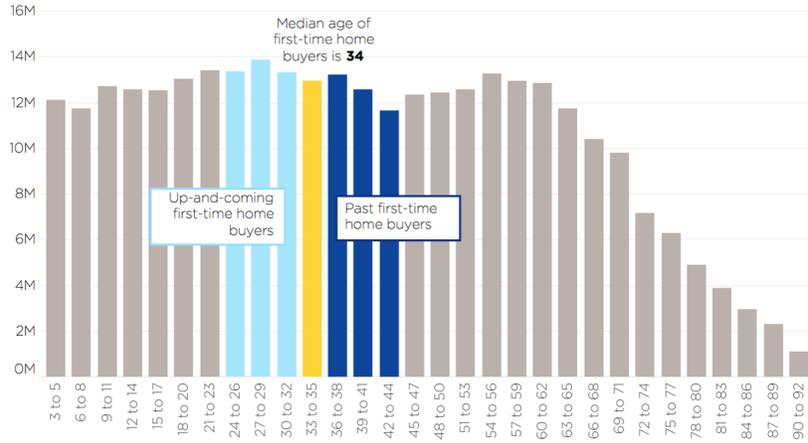




Millennials Will Keep This Issue Front and Center Beginning to approach Peak Millennial

Coming soon: An even bigger wave of potential buyers

Age distribution of the United States

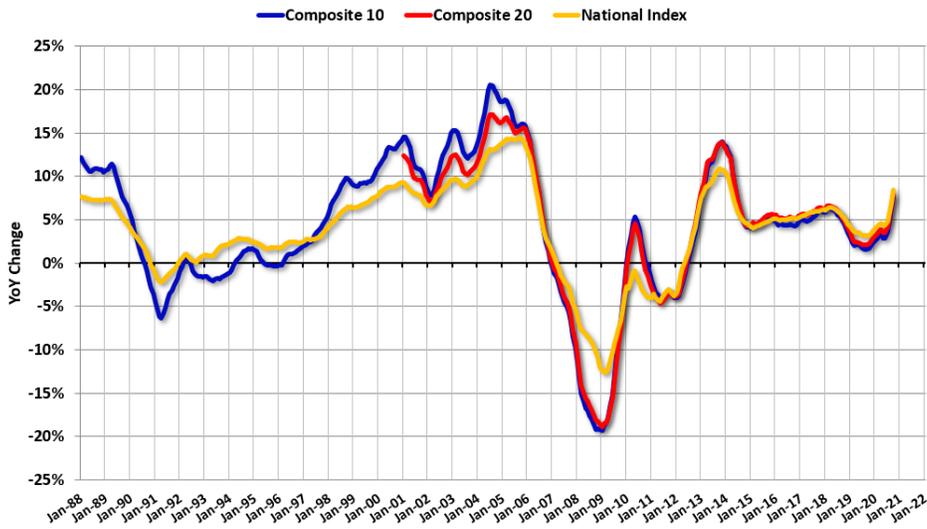


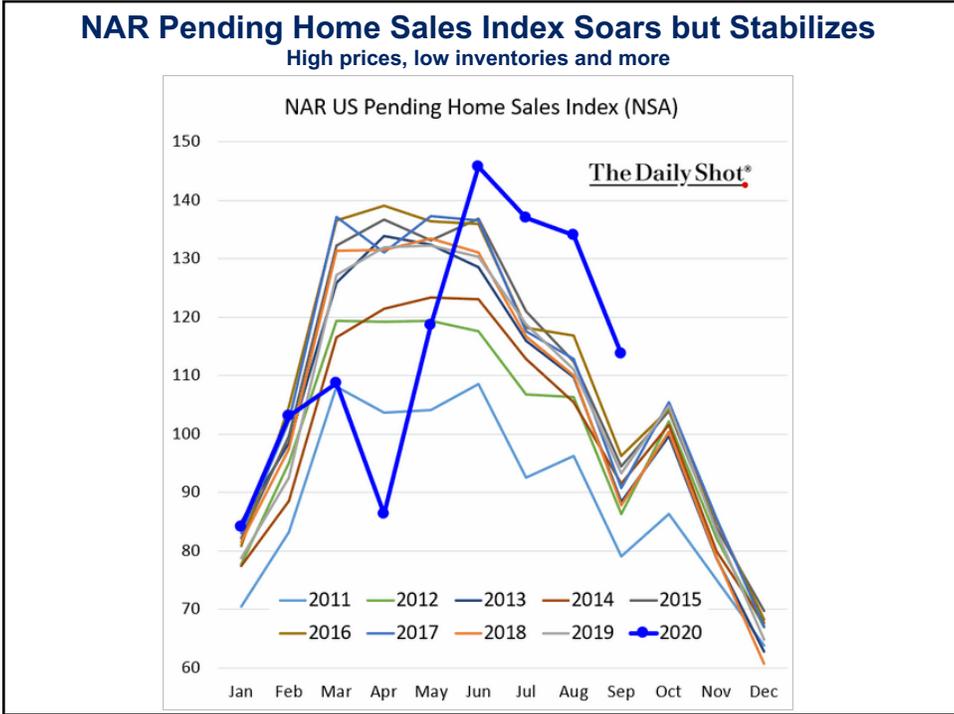
Zillow Economic Research | Source: Population counts by age and metro was pulled from one-year 2017-ACS data made available by IPUMS - USA. Ages of individuals were bumped up one year to coincide with our source for median age of first time buyer, the 2018 Zillow Group housing trends report. That survey 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).

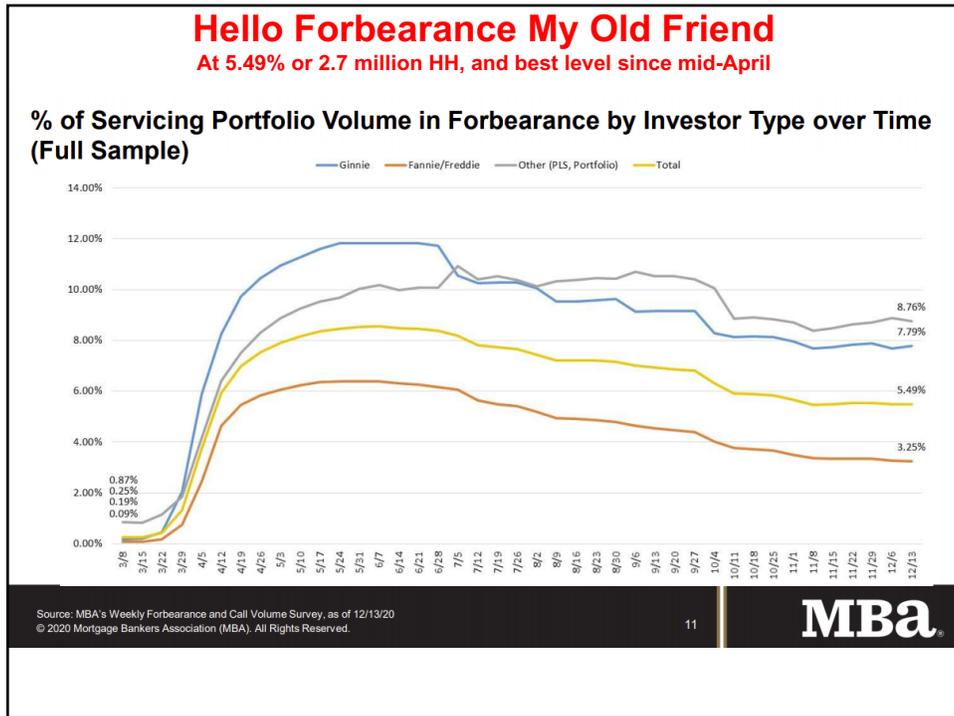
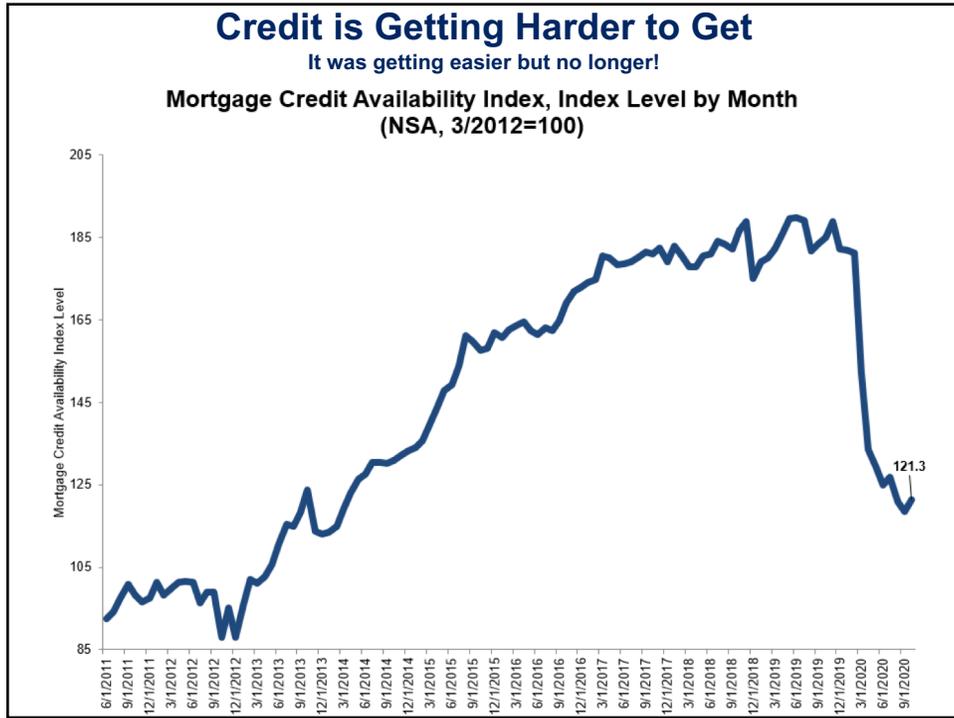
Prices Keep Rising but More Slowly

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



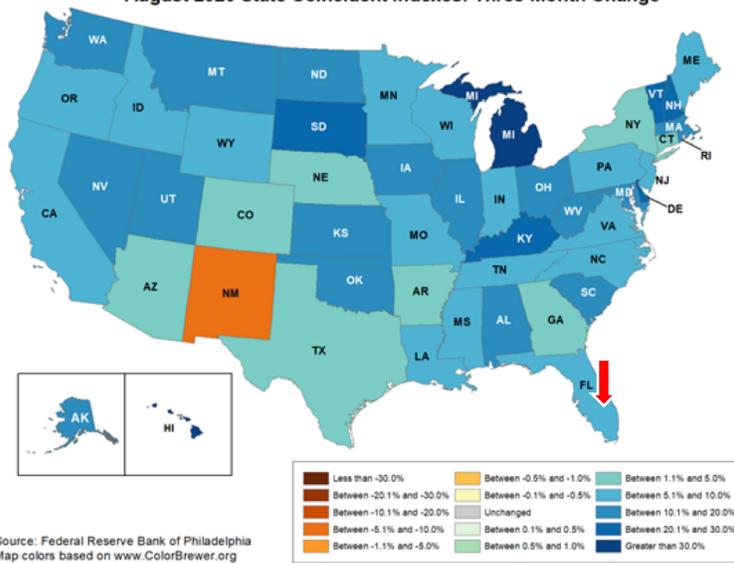




What About Things Here?

Things Are Definitely Improving The southwest looks weakest

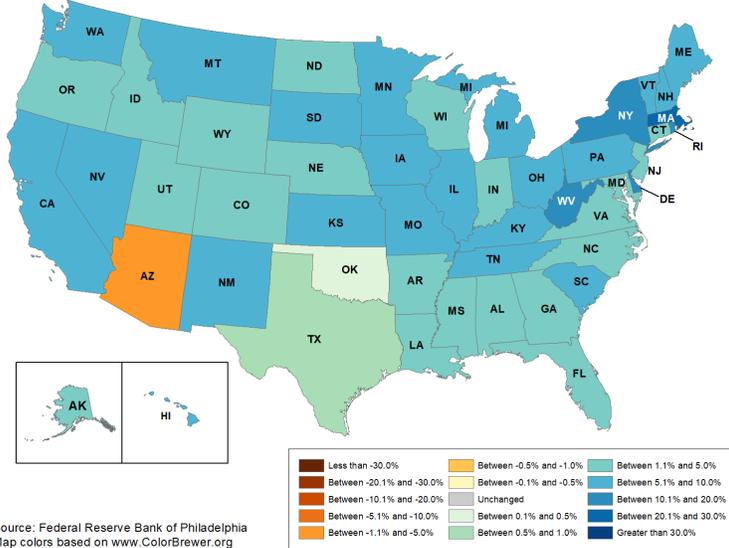
August 2020 State Coincident Indexes: Three-Month Change



Things Are Definitely Improving

The southwest looks weakest

November 2020 State Coincident Indexes: Three-Month Change



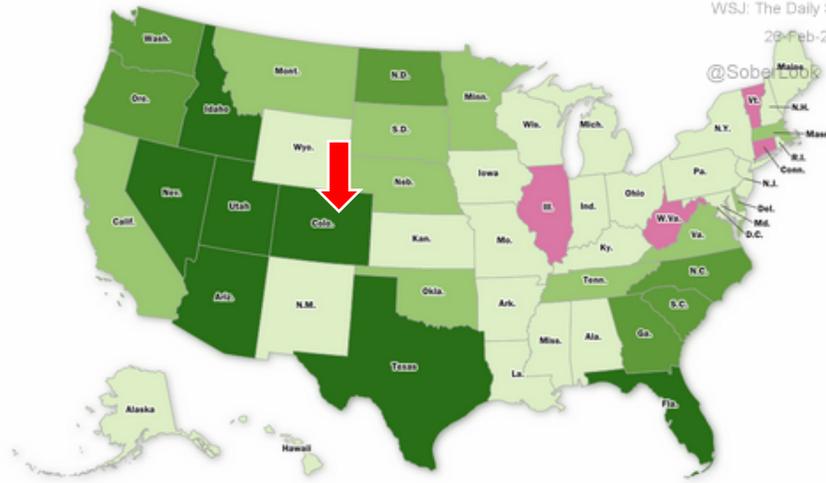
Source: Federal Reserve Bank of Philadelphia
Map colors based on www.ColorBrewer.org

Population Growth by State: 2010 - 2020

Highest in the intermountain west and the coastal southeast

Map 1: Projected State Population Growth, Census 2010 to Census 2020

Legend: Negative growth (pink), 0-5% (light green), 5-10% (medium green), 10-15% (dark green), 15% and above (darkest green)



Posted on
WSJ: The Daily Shot
28 Feb-2020

@SobeLobk

Source: William H Frey projections based on 2010 US Census and 2018 and 2019 census estimates released Dec 30, 2019



ANY QUESTIONS?

Elliot F. Eisenberg, Ph.D.

Cell: 202.306.2731

elliott@graphsandlaughs.net

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