

COO Forum, Novato

U.S. Economic Outlook

National Economic Education Delegation

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National Economic Education Delegation

- **Vision**

- One day, the public discussion of policy issues will be grounded in an accurate perception of the underlying economic principles and data.

- **Mission**

- NEED unites the skills and knowledge of a vast network of professional economists to promote understanding of the economics of policy issues in the United States.

- **NEED Presentations**

- Are **nonpartisan** and are intended to reflect the consensus of the economics profession.



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Who Are We?

• Honorary Board: 47 members

- 2 Fed Chairs: Janet Yellen, Ben Bernanke
- 6 Chairs Council of Economic Advisers
 - o Furman (D), Rosen (R), Bernanke (R), Yellen (D), Tyson (D), Goolsbee (D)
- 3 Nobel Prize Winners
 - o Akerlof, Smith, Maskin

• Delegates: 489 members

- At all levels of academia and some in government service
- All have a Ph.D. in economics
- Crowdsource slide decks
- Give presentations

• Global Partners: 45 Ph.D. Economists

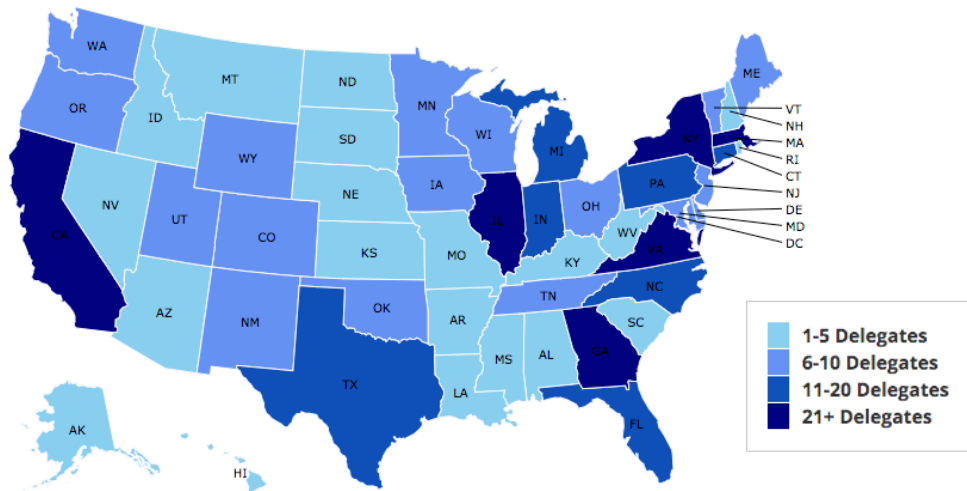
- Aid in slide deck development



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Where Are We?



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NEED Presentation Topics

- US Economic Update
- Trade and Globalization
- Trade Wars
- Climate Change Economics
- Economic Inequality
- Economic Mobility
- Economics of Immigration
- Housing Policy
- Government Budgets and Debt
- Autonomous Vehicles



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Credits and Disclaimer

- **This slide deck was authored by:**
 - Jon Haveman, Executive Director of NEED
 - Allison Roehling, DePauw University
- **This slide deck was reviewed by:**
 - Jeffrey Frankel, Harvard University
 - Scott Baier, Clemson University
 - Rob Eyler, Sonoma State University
- **Disclaimer**
 - NEED presentations are designed to be nonpartisan
 - It is, however, inevitable that the presenter will be asked for and will provide their own views.
 - Such views are those of the presenter and not necessarily those of the National Economic Education Delegation (NEED).



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U.S. Economy in Global Perspective

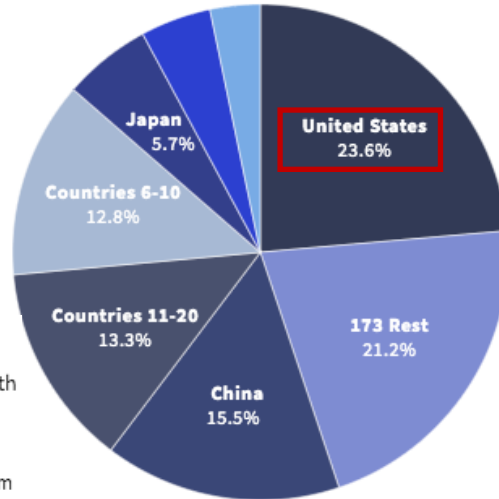
U.S. Nominal GDP:

\$21.734 trillion in 2019-Q4

% Share of the Global Economy

The 173 countries outside the top 20 make up less than a fourth of the total global economy.

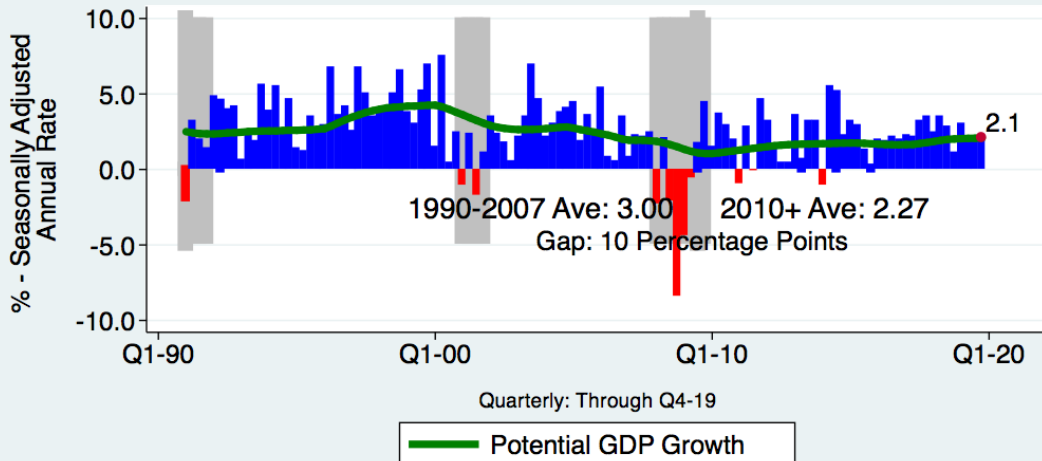
- United States
- 173 Rest
- China
- Countries 11-20
- Countries 6-10
- Japan
- Germany
- United Kingdom



Source: IMF

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GDP Growth During Economic Recovery

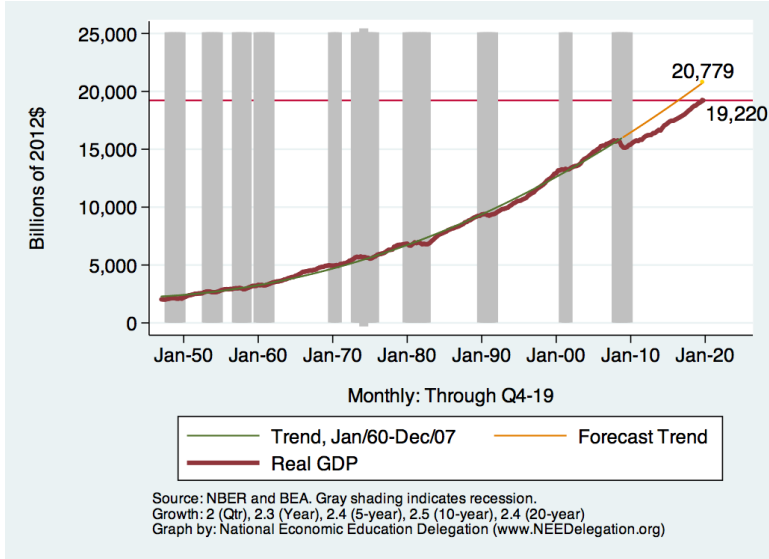


Source: Bureau of Economic Analysis. Gray shading indicates recession.
Graph by: National Economic Education Delegation (www.NEEDelegation.org)



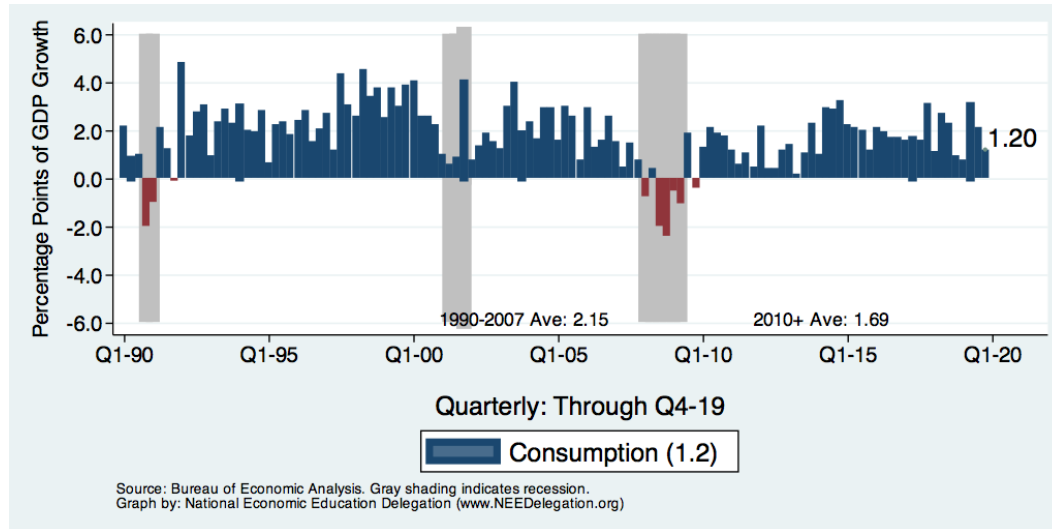
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GDP Relative to Long-Term Trends



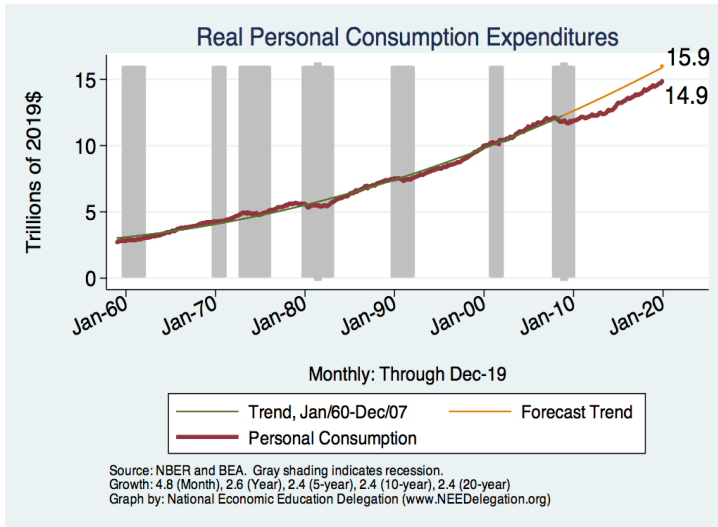
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Contribution to GDP Growth: Consumption



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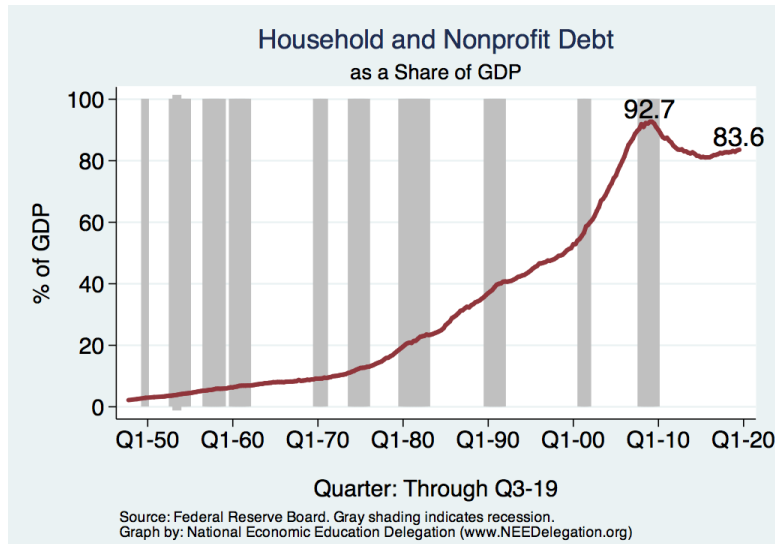
Personal Consumption Expenditures



\$1.1 Trillion Below Trend

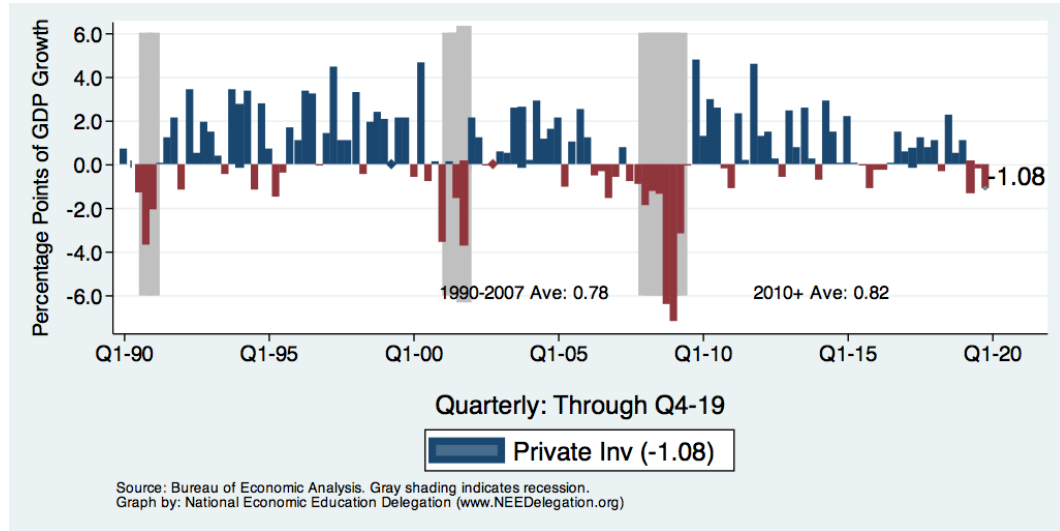
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Household Debt as a Share of GDP



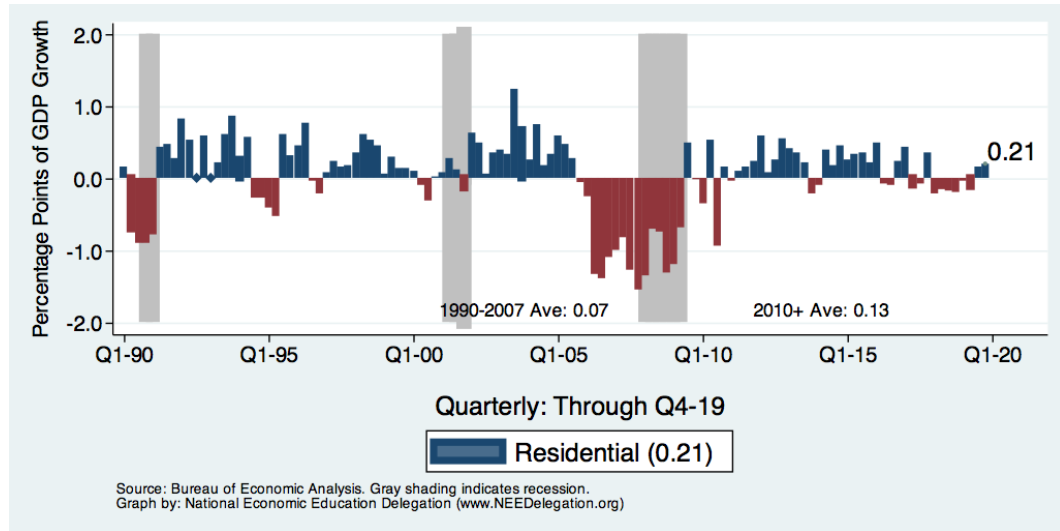
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Contributions to GDP: Private Investment



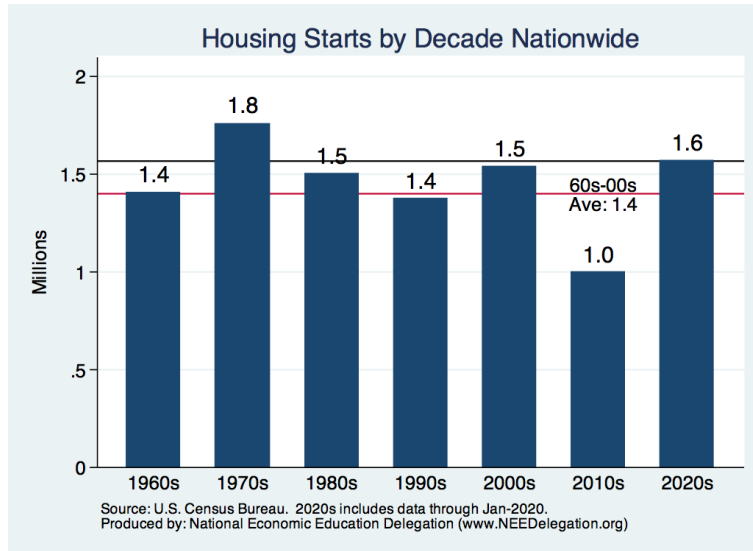
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Contributions to GDP: Residential Investment



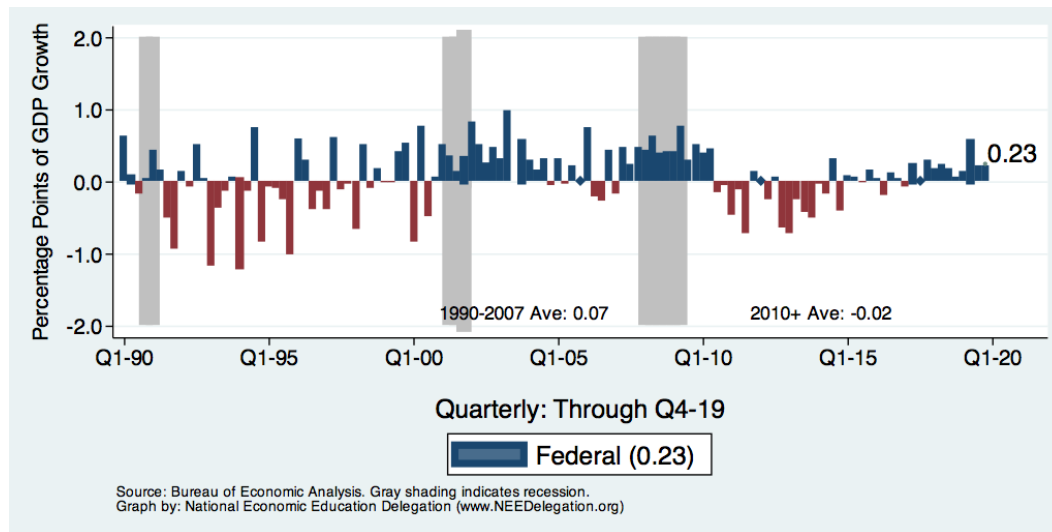
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Recent Housing Growth Has Been Slow



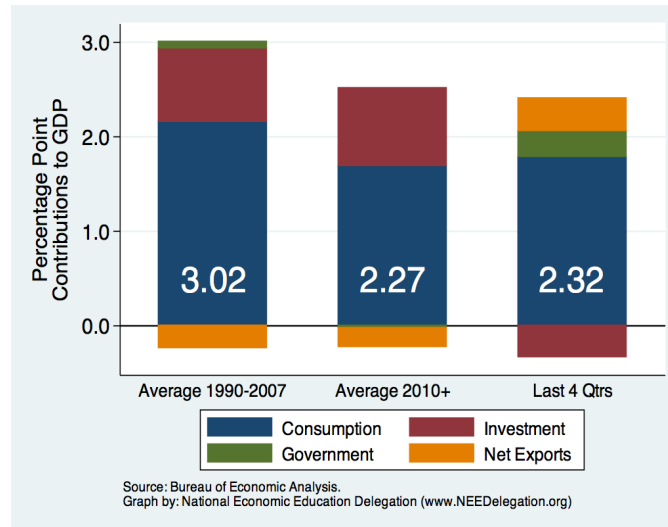
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Contributions to GDP: Government



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Expenditure Summary



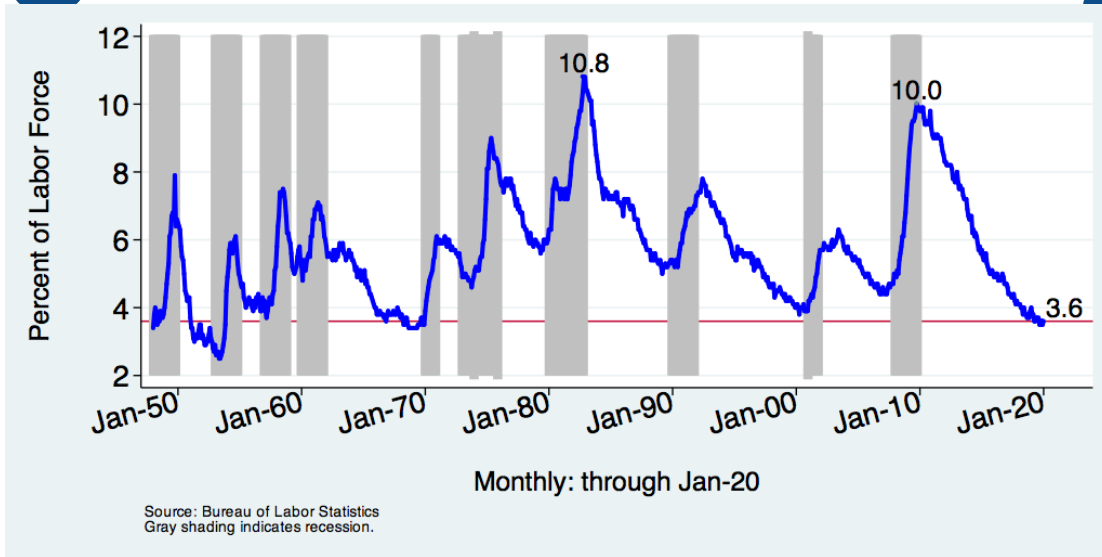
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Labor Market Conditions

- **Unemployment rate is low, 3.6%, a level not seen since the 1960s.**
- **Natural rate of unemployment is estimated to be 4.5% - 5.5%.**
- **Monthly employment gains have averaged 206,000 jobs over the last six months.**
 - This measure has been declining throughout 2019.
- **Recent Labor Market Concerns:**
 - Low employment-to-population ratio
 - Low labor force participation
 - Slow wage growth

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Unemployment Rate

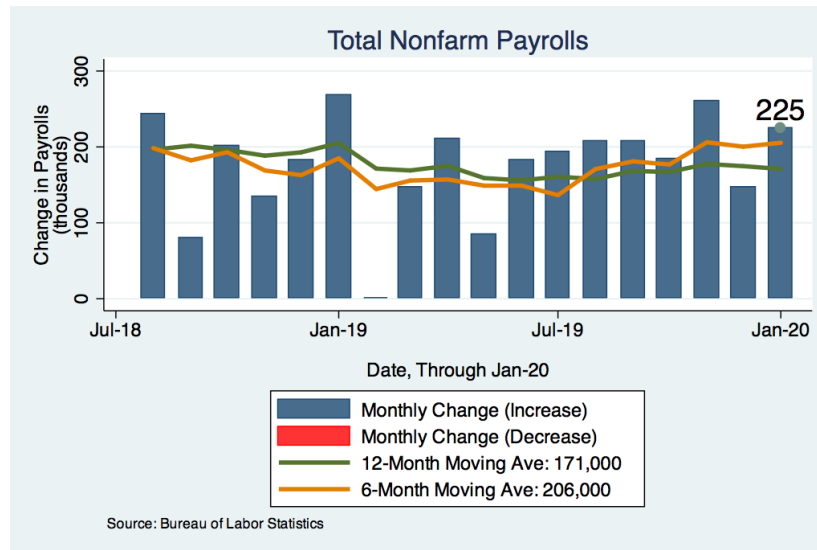


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Monthly Changes in Nonfarm Employment

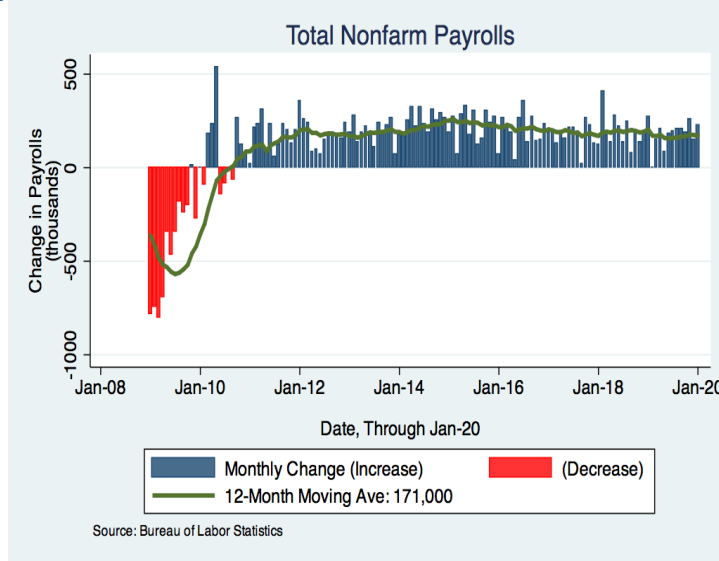


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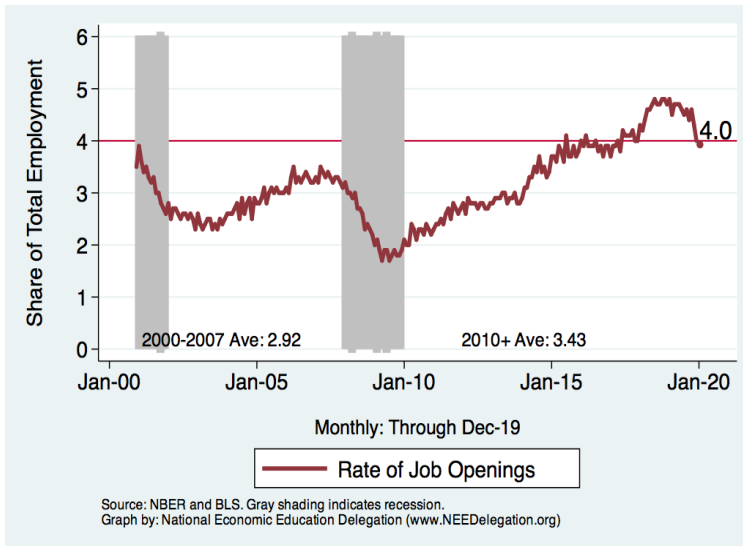
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Monthly Changes in Nonfarm Employment



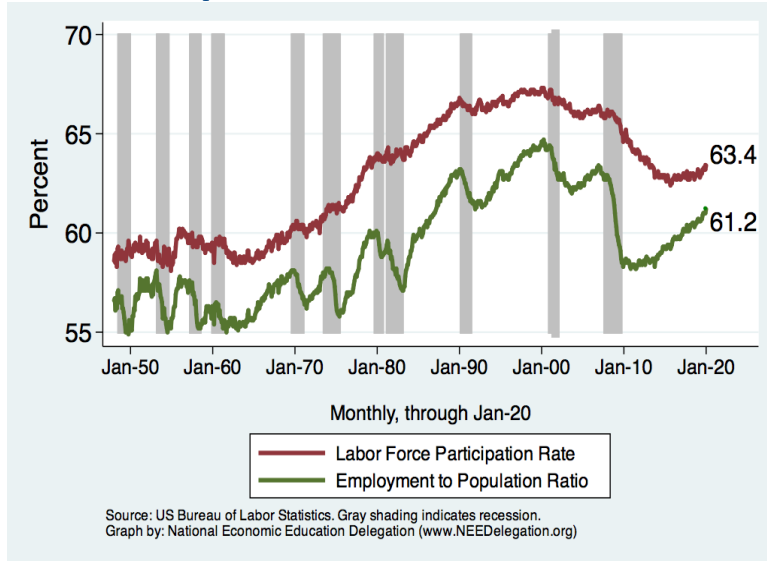
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Job Openings: Share of Total Employment



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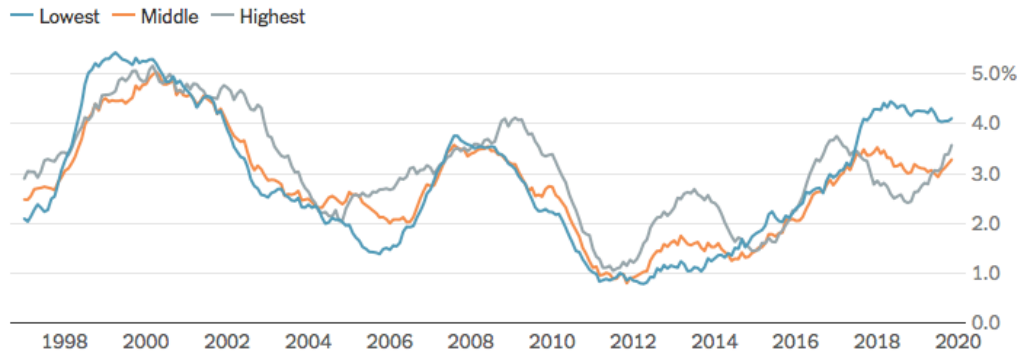
Labor Force Dropouts



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But Wage Growth at the Bottom

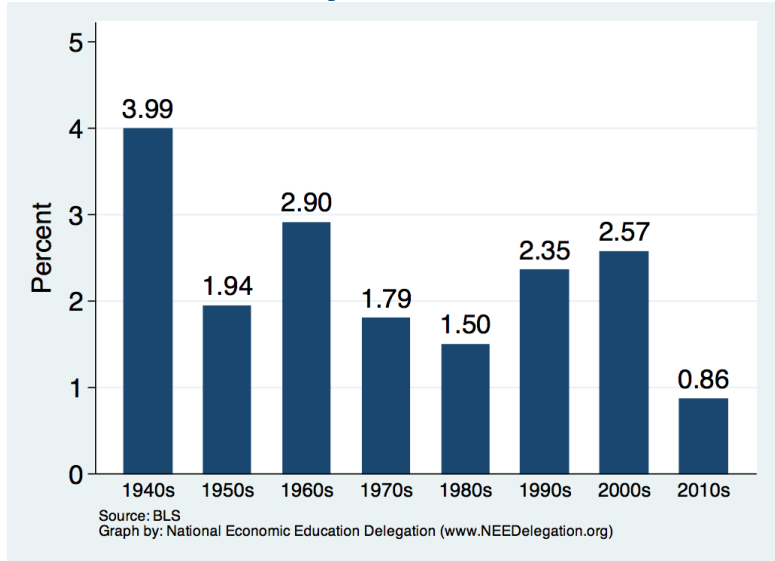
Growth in average hourly earnings for private nonfarm wage and salary workers in the Current Population Survey, by wage tercile.



Year-on-year percent growth, 24-month moving average
Source: Author's analysis of the Current Population Survey • By The New York Times

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History of Productivity Growth

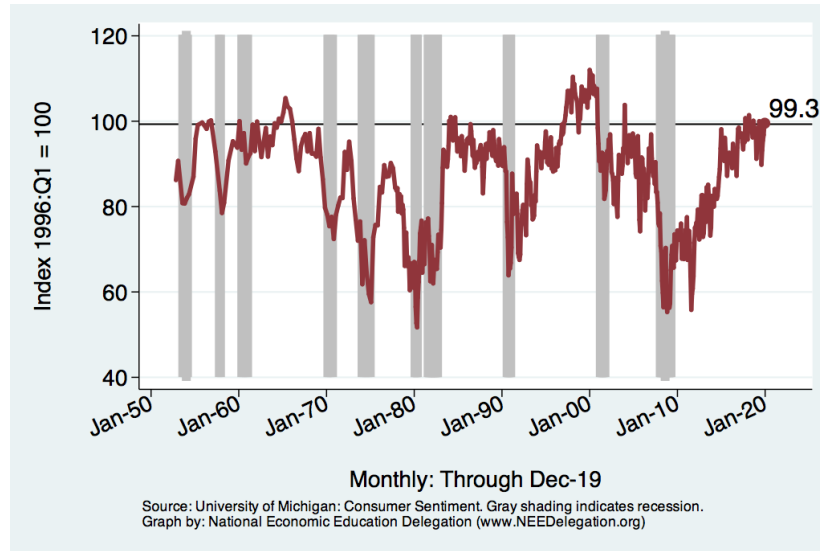


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Other Indicators

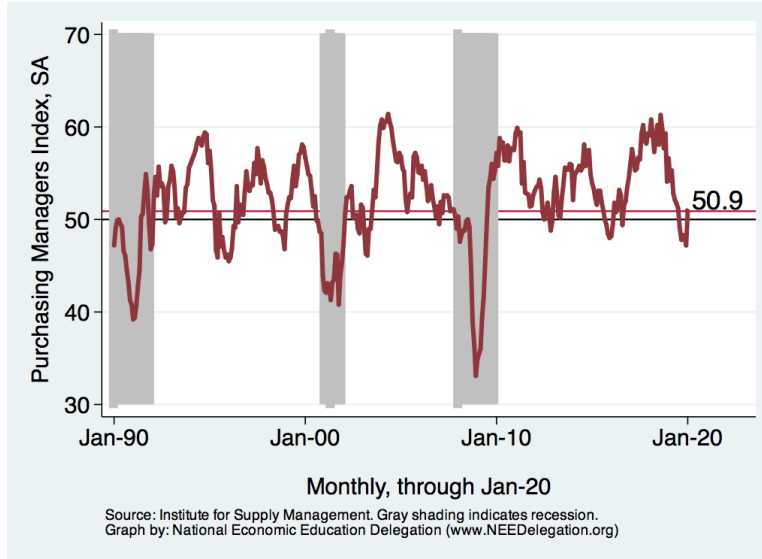
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Consumer Confidence: Waning?



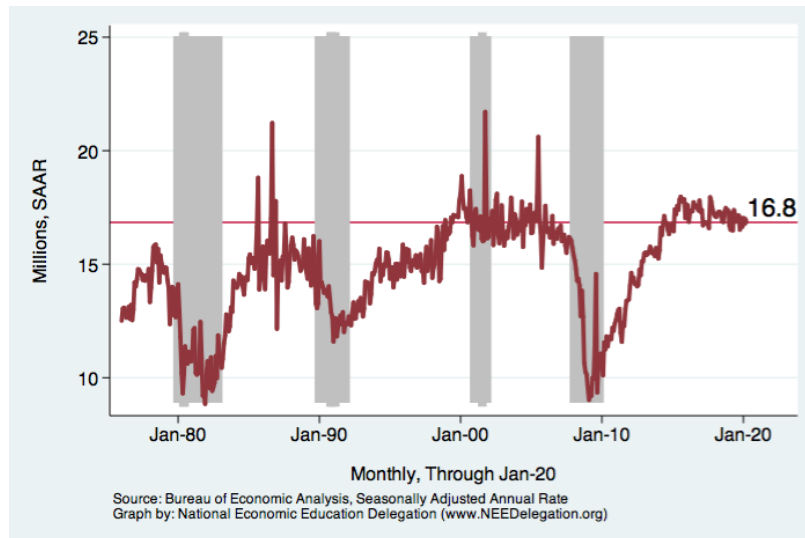
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Producer Confidence: Not What it Used to be!



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Automobile and Light Truck Sales



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Summary

• Behavior of GDP

- Slow growth...and slowing?
- Consumption is contributing less to GDP, slowing the recovery.
- In contrast, investment expenditures are contributing more, but are slowing.
- Housing ... not a contributor to growth.

• Labor Market

- Unemployment is low, labor force participation is growing too slowly.
- Real wages may be starting to grow.

• Productivity

- Growing very slowly.

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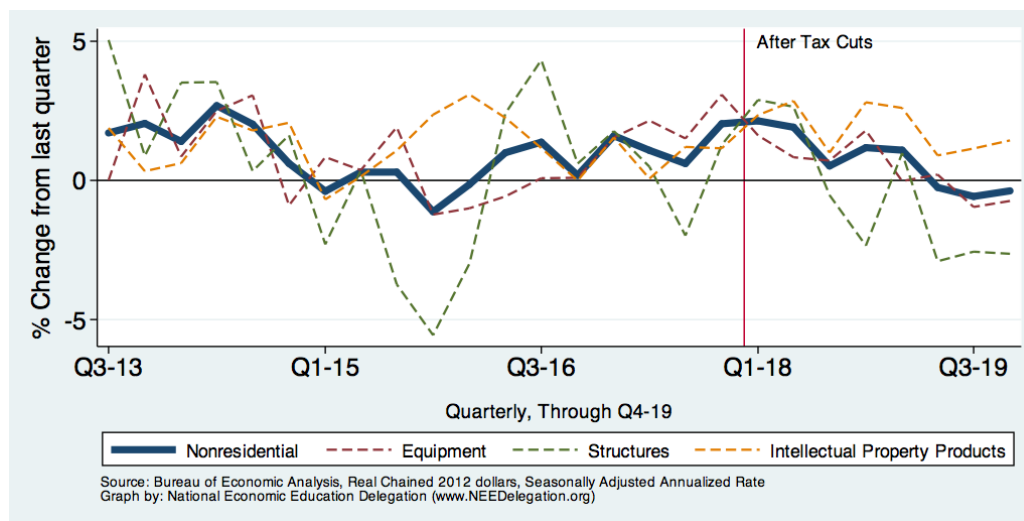
Things to Be Worried About

- **Policy Uncertainty**
 - Trade and immigration policy, especially
- **Business investment**
- **Yield Curve**
- **Government Debt**
- **Income and Wealth Inequality**
- **Ammunition for fighting the next recession**
- **Coronavirus**



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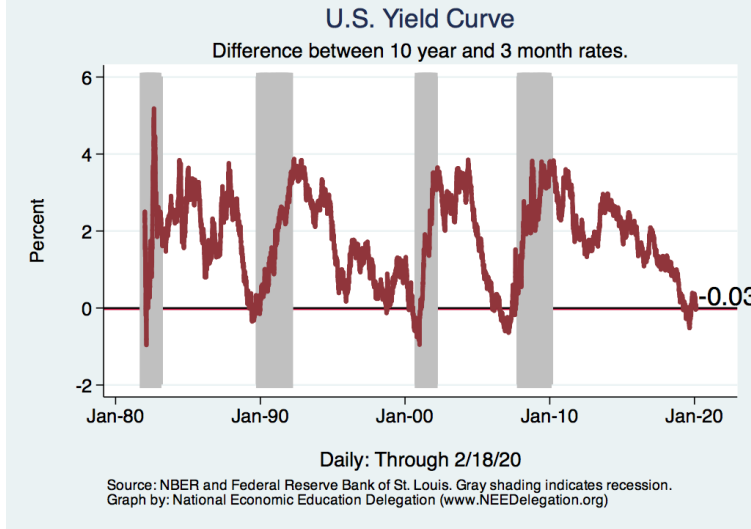
Nonresidential Investment and Subcomponents



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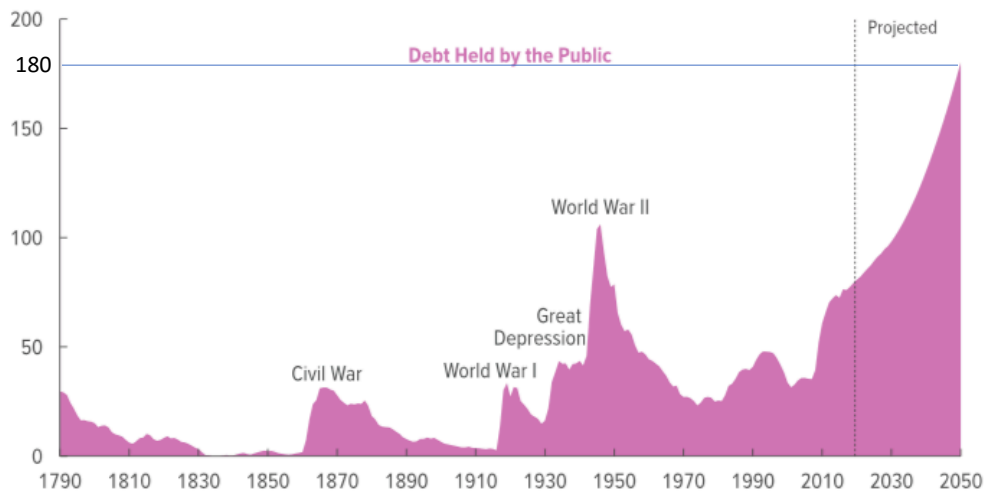
Alarming Compression of Interest Rates

Inverted Yield Curves (negative values) Have Projected Recent Recessions

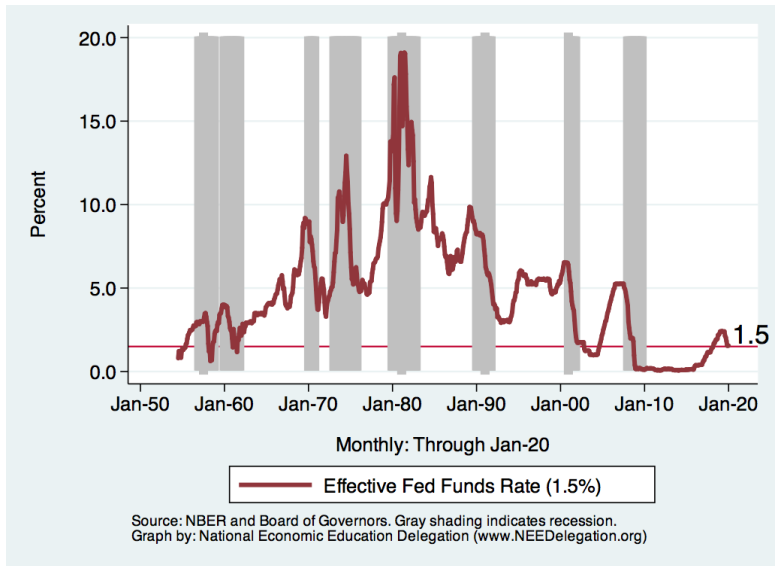


Record Levels of Debt are Forecast

Percentage of Gross Domestic Product



Federal Funds Rate



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Thank you!

Any Questions?

www.NEEDelegation.org

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