



*Sons In Retirement: Group 134, Novato*

# U.S. Economic Outlook

National Economic Education Delegation

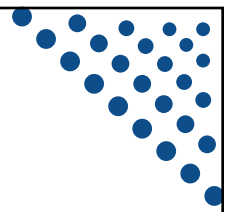
Jon Haveman, Ph.D.

Executive Director, NEED

February 4, 2020



NATIONAL ECONOMIC  
EDUCATION DELEGATION



## 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.



NATIONAL ECONOMIC  
EDUCATION DELEGATION

## 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: 487 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

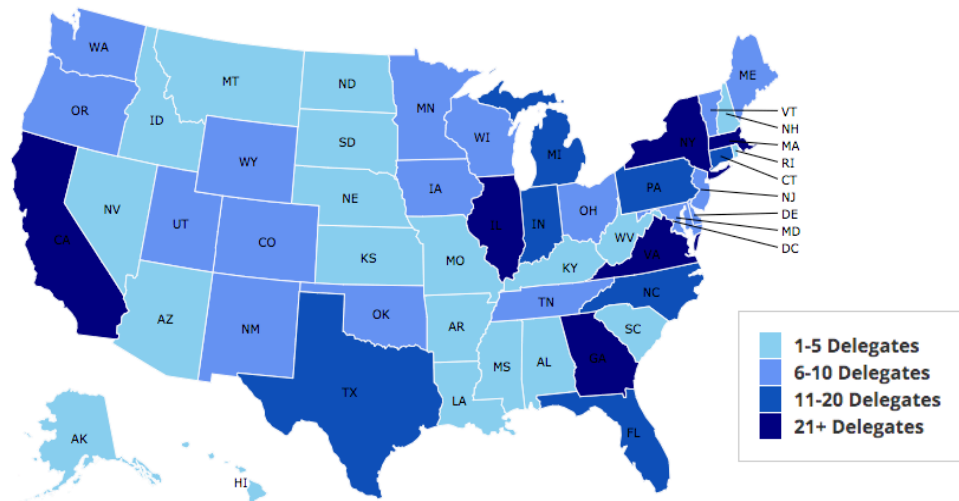


NATIONAL ECONOMIC  
EDUCATION DELEGATION

3

3

## Where Are We?



NATIONAL ECONOMIC  
EDUCATION DELEGATION

4

4

## 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



5

## 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).



6

# Outline – U.S. Economic Outlook

- GDP
- Labor Market
- Other Indicators
- Thing to Worry About
- Summary

7

# U.S. Economy in Global Perspective

U.S. Nominal GDP:

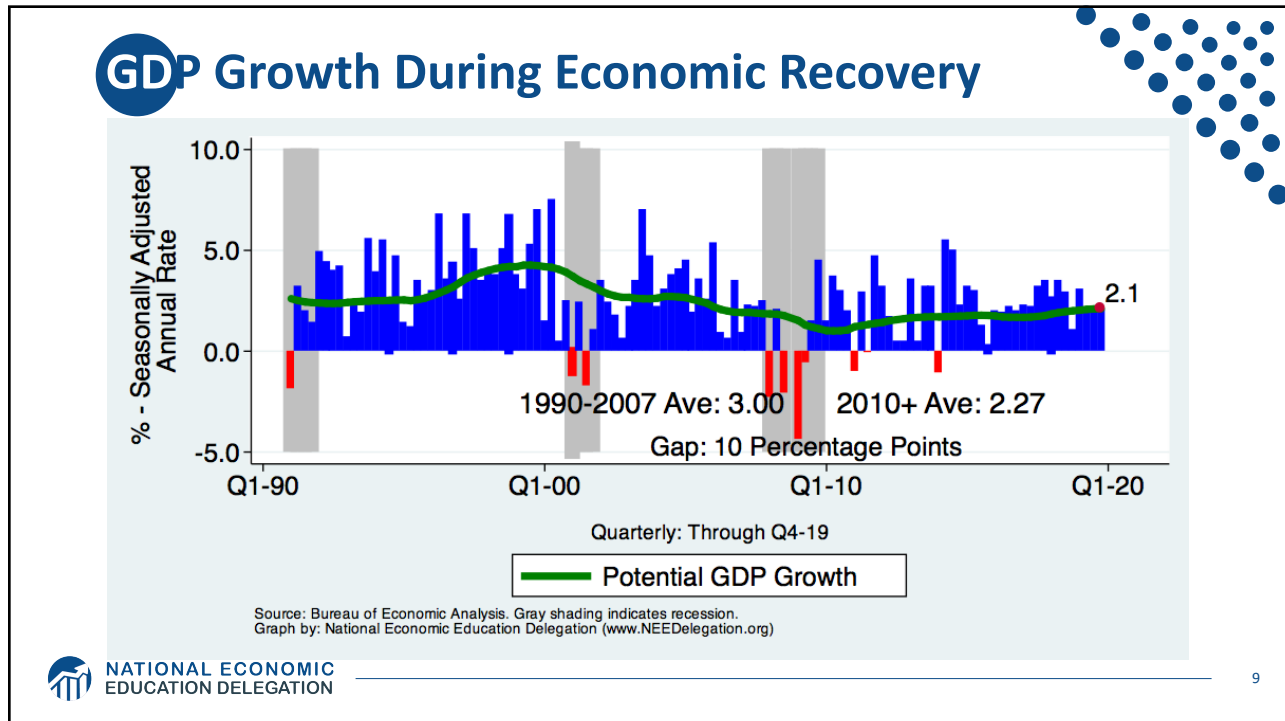
**\$21.734 trillion** in 2019-Q4

## % Share of the Global Economy

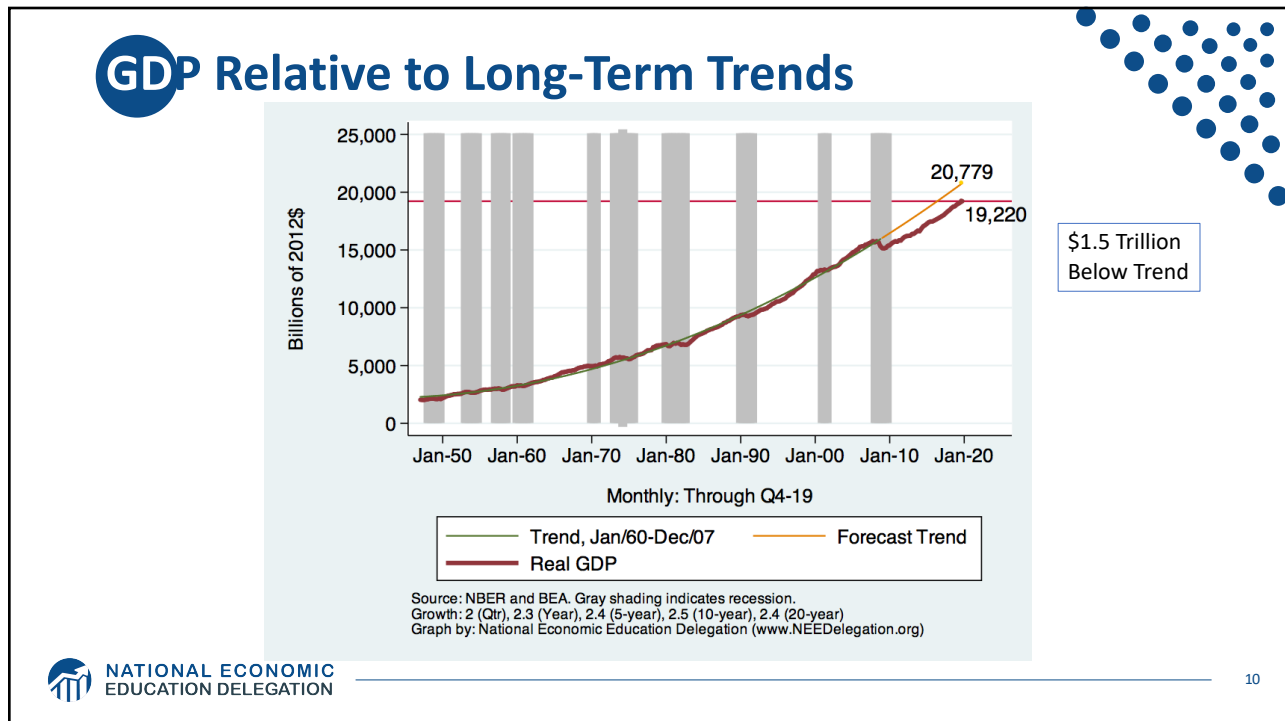
The 173 countries outside the top 20 make up less than a fourth of the total global economy.



8

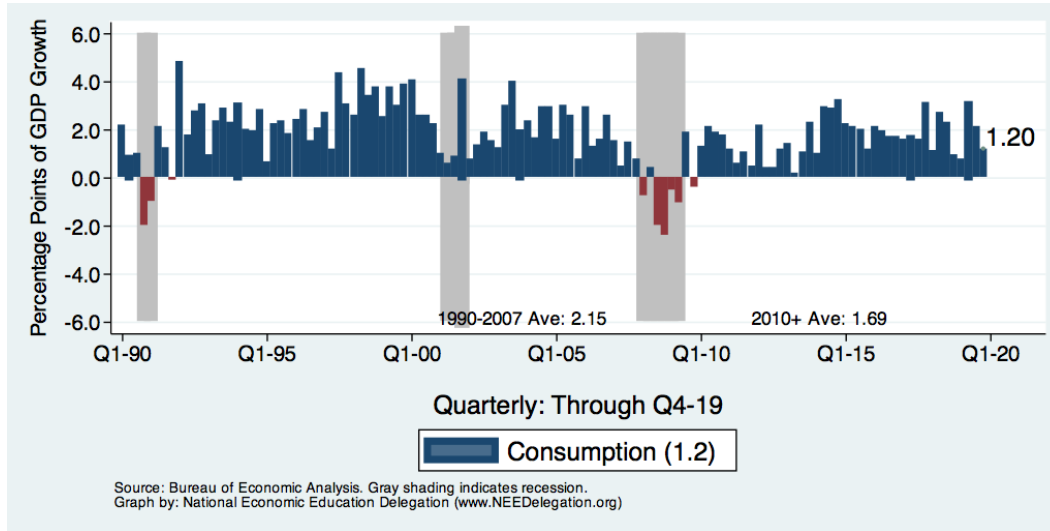


9



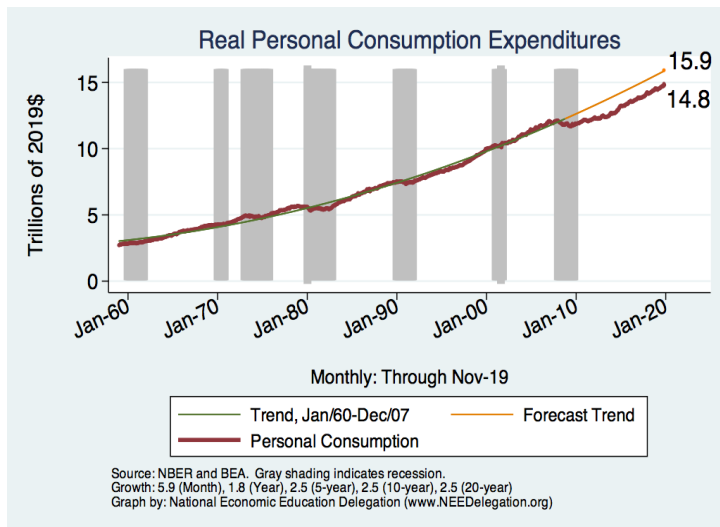
10

## Contribution to GDP Growth: Consumption



11

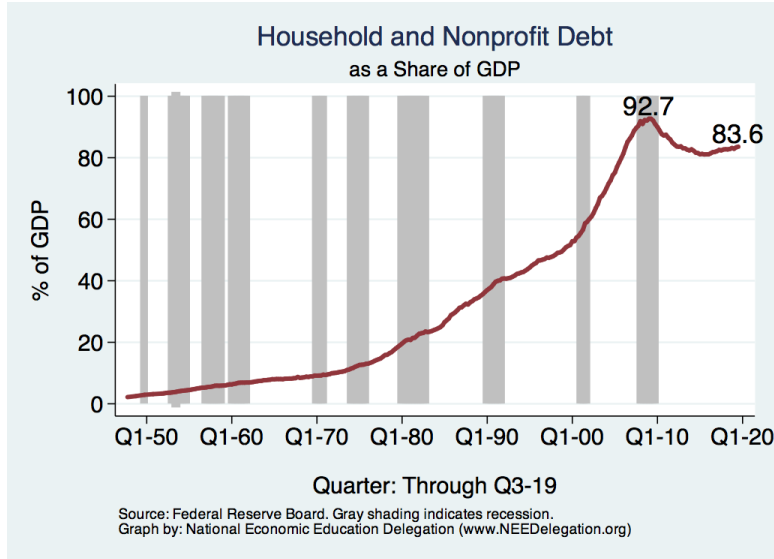
## Personal Consumption Expenditures



\$1.1 Trillion Below Trend

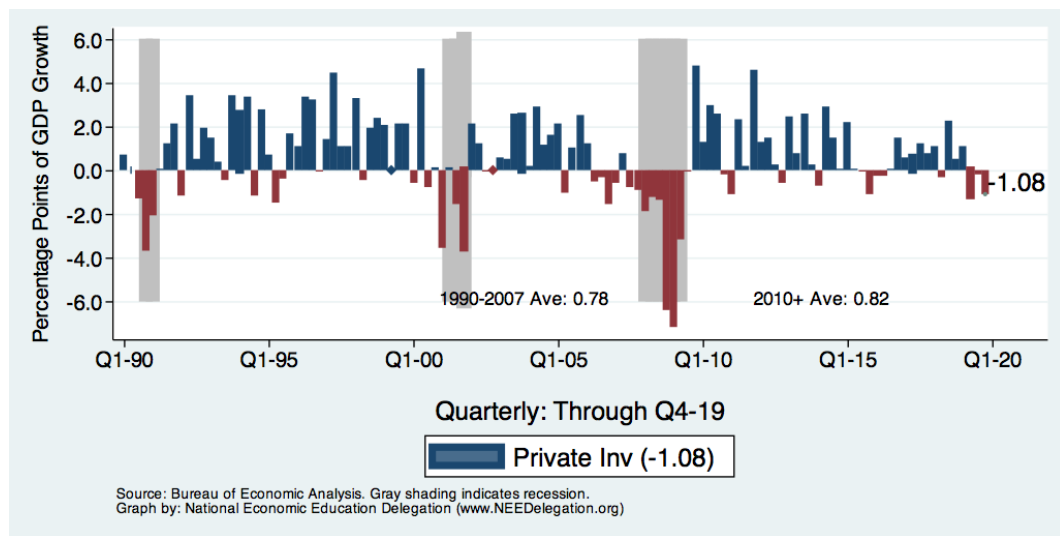
12

# Household Debt as a Share of GDP



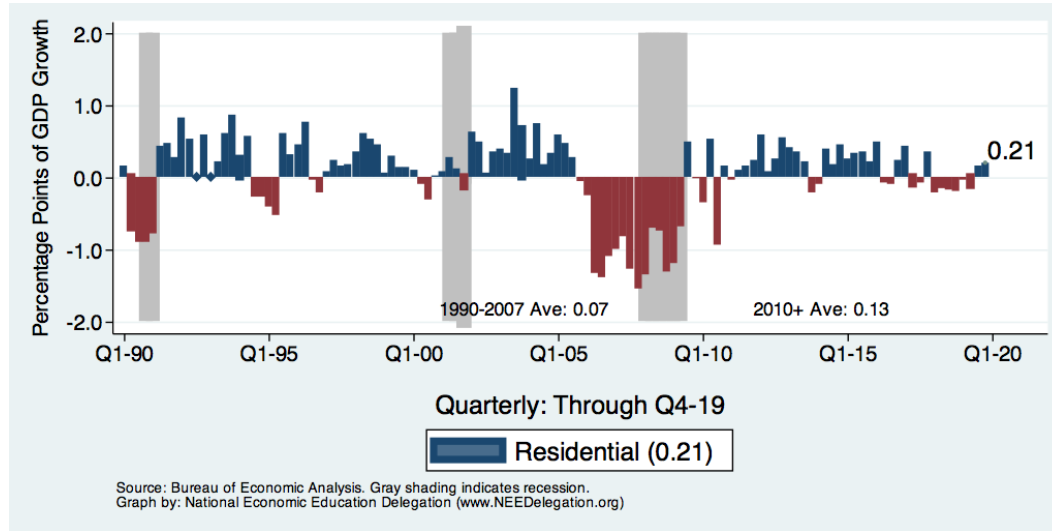
13

# Contributions to GDP: Private Investment



14

## Contributions to GDP: Residential Investment

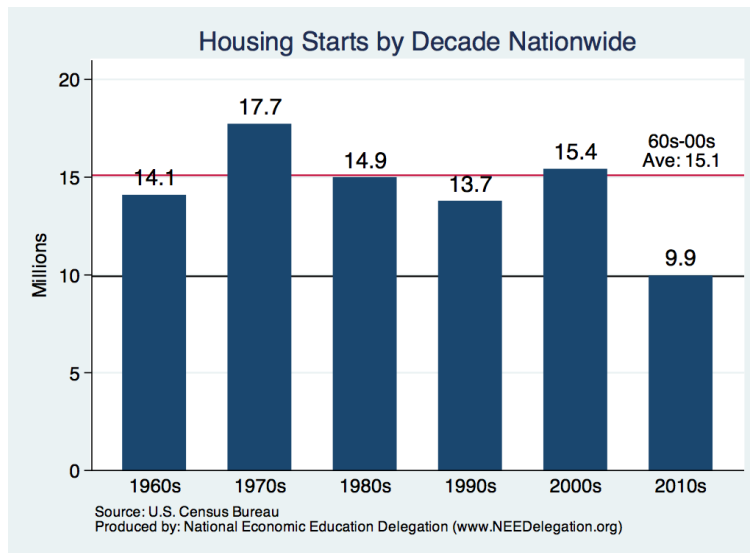


NATIONAL ECONOMIC EDUCATION DELEGATION

15

15

## Recent Housing Growth Has Been Slow



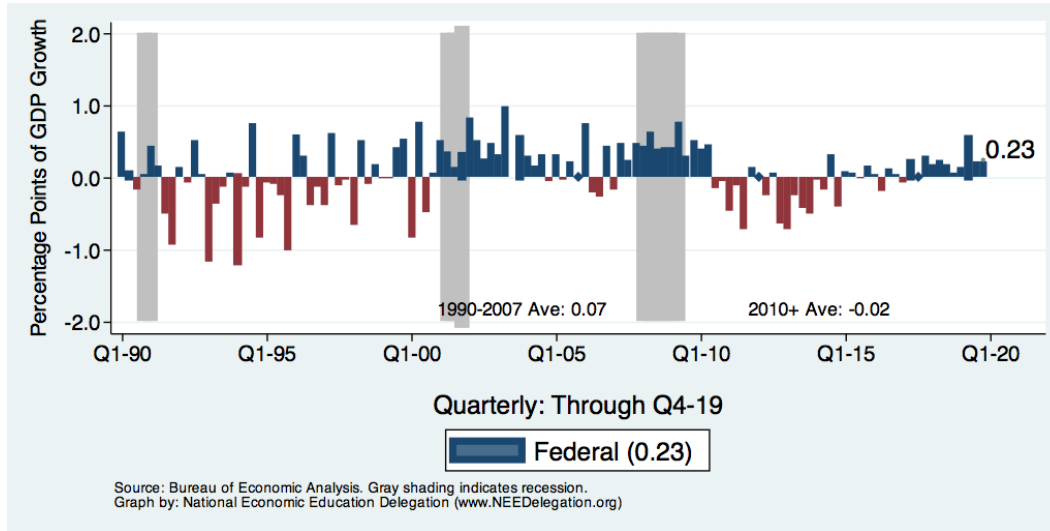
NATIONAL ECONOMIC EDUCATION DELEGATION

16

16

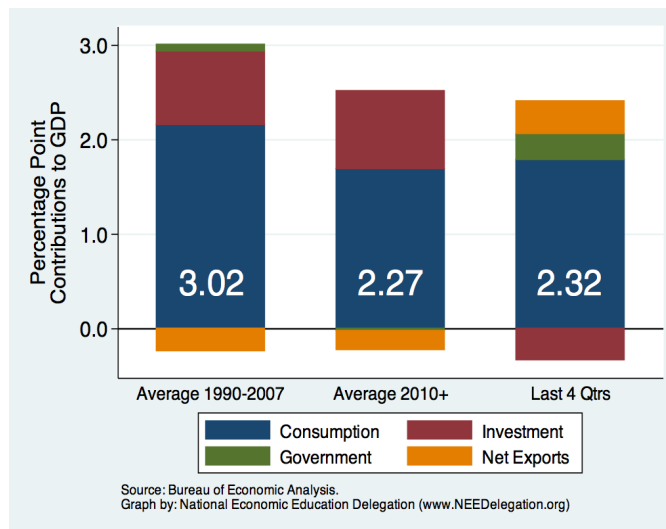


## Contributions to GDP: Government



17

## Expenditure Summary



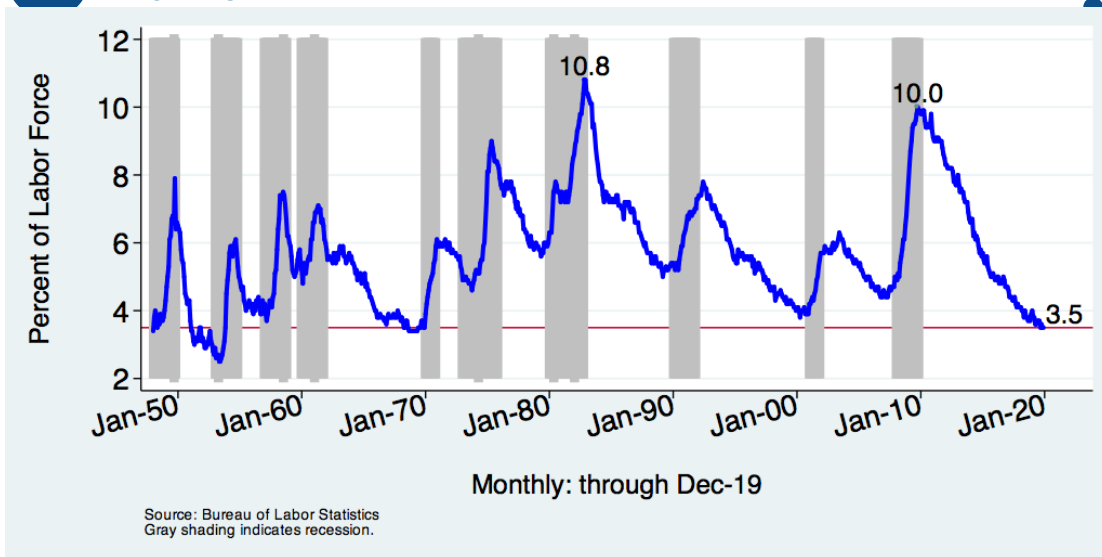
18

## Labor Market Conditions

- Unemployment rate is low, 3.5%, a level not seen since the 1960s.
- Natural rate of unemployment is estimated to be 4.5% - 5.5%.
- Monthly employment gains have averaged 189,000 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

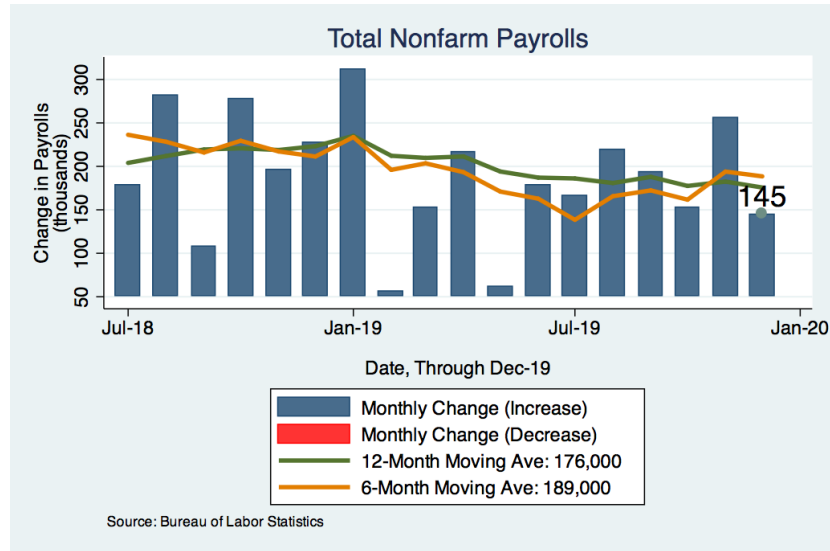
19

## Unemployment Rate



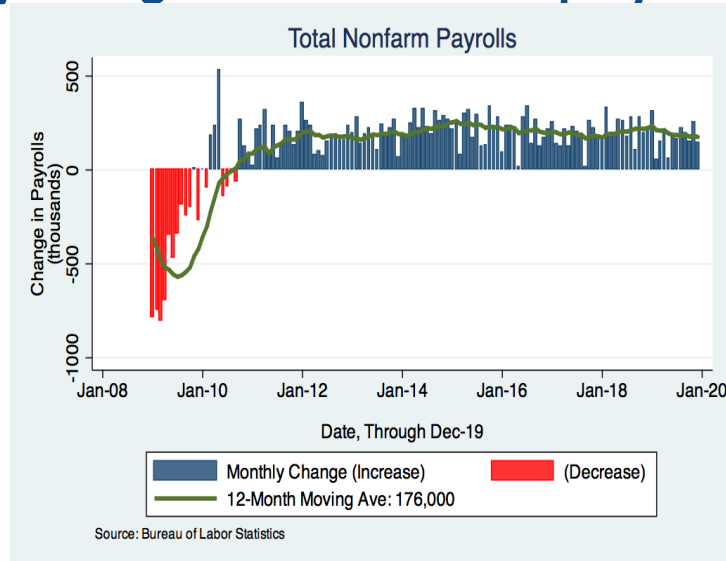
20

# Monthly Changes in Nonfarm Employment



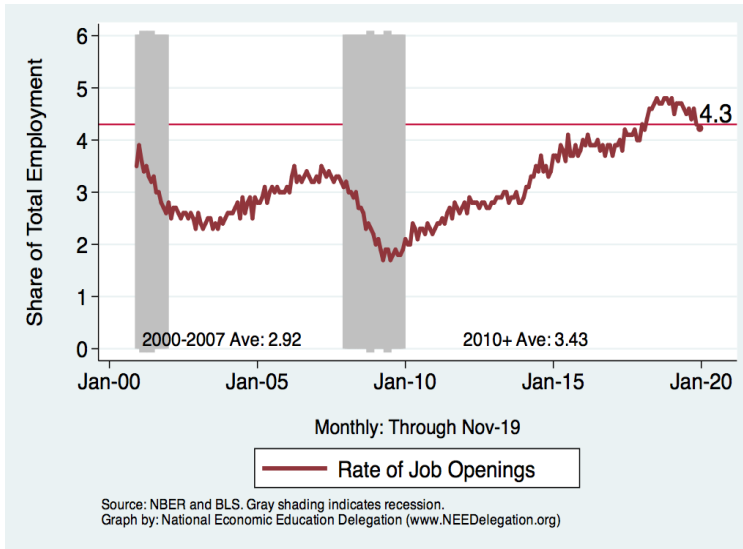
21

# Monthly Changes in Nonfarm Employment



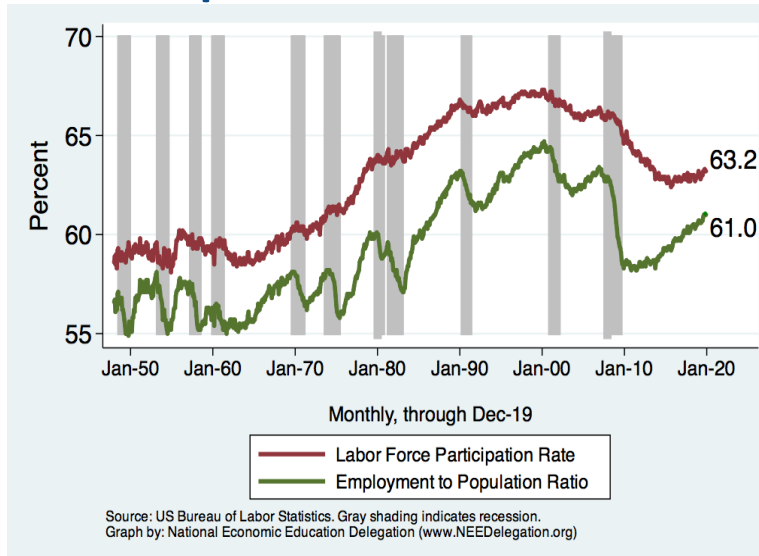
22

## Job Openings: Share of Total Employment



23

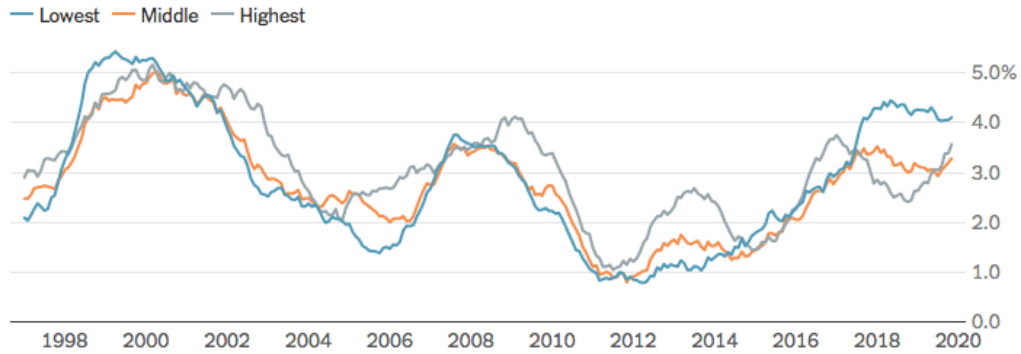
## Labor Force Dropouts



24

## 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

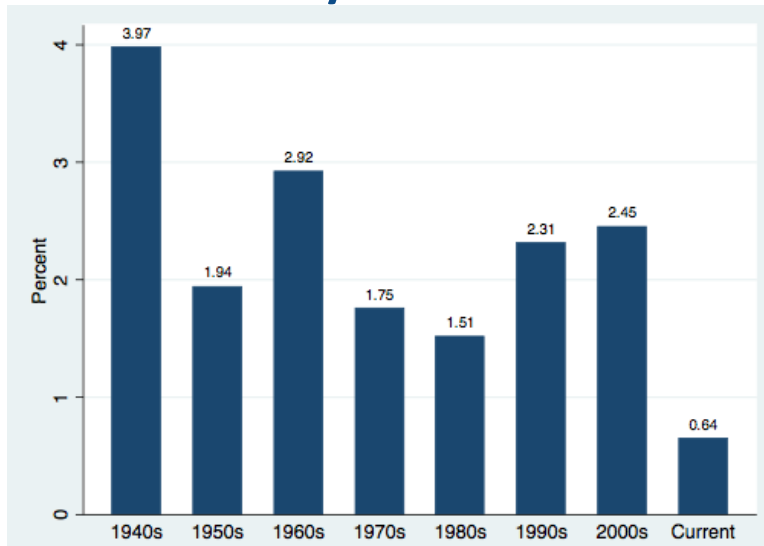


NATIONAL ECONOMIC  
EDUCATION DELEGATION

25

25

## History of Productivity Growth



NATIONAL ECONOMIC  
EDUCATION DELEGATION

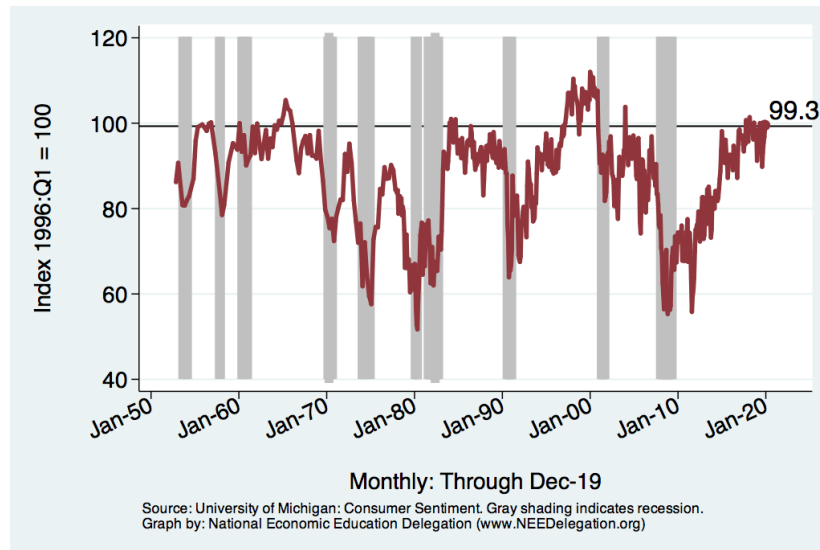
26

26

# Other Indicators

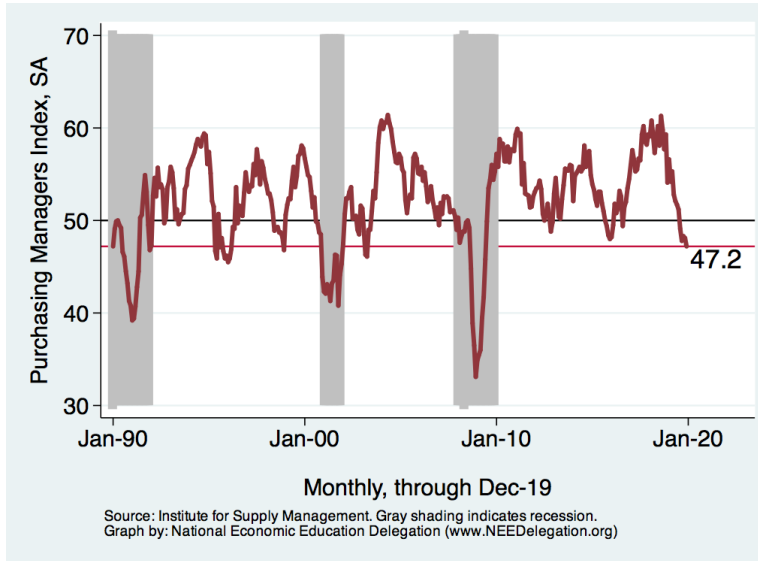
27

## Consumer Confidence: Waning?

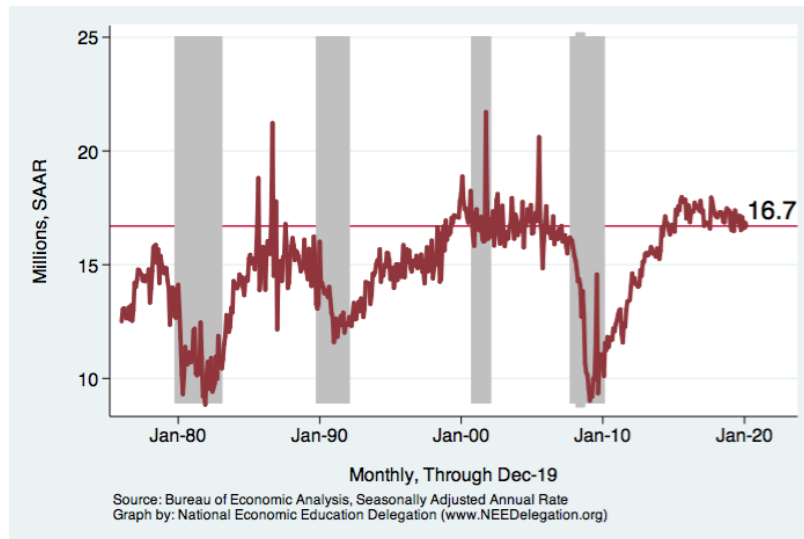


28

## Producer Confidence: Not What it Used to be!



## Automobile and Light Truck Sales



## 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.



## Things to Be Worried About

- **Policy Uncertainty**

- Trade and immigration policy, especially

- **Business investment**

- **Yield Curve**

- **Government Debt**

- **Income and Wealth Inequality**

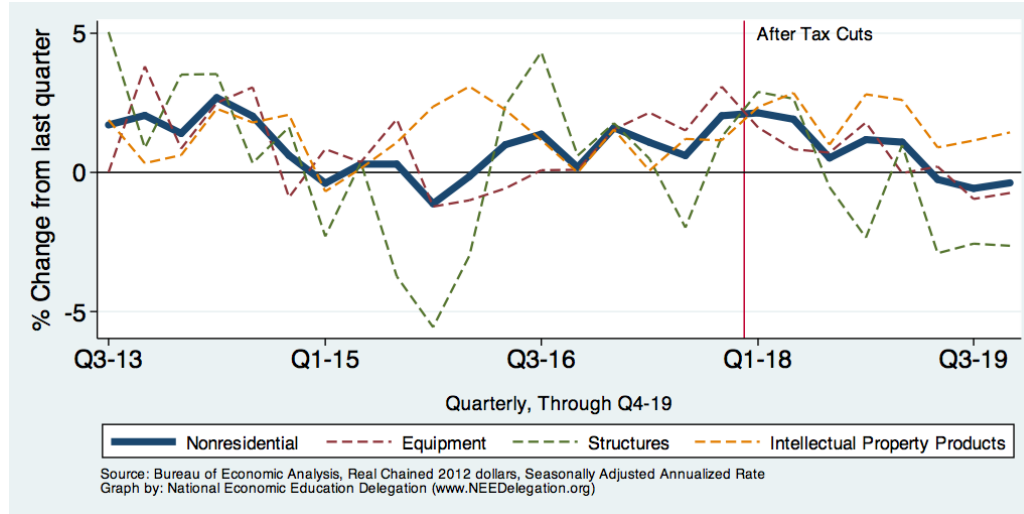
- **Ammunition for fighting the next recession**

- **Coronavirus**



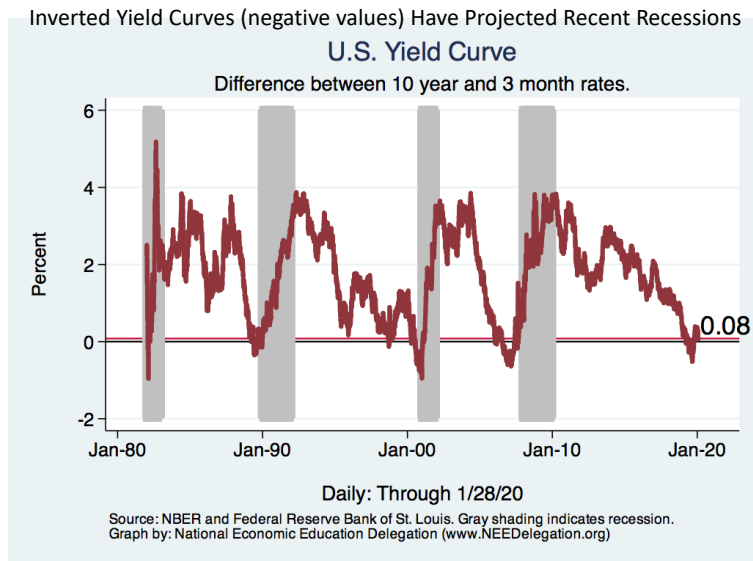


## Nonresidential Investment and Subcomponents



33

## Alarming Compression of Interest Rates



34

# Record Levels of Debt are Forecast



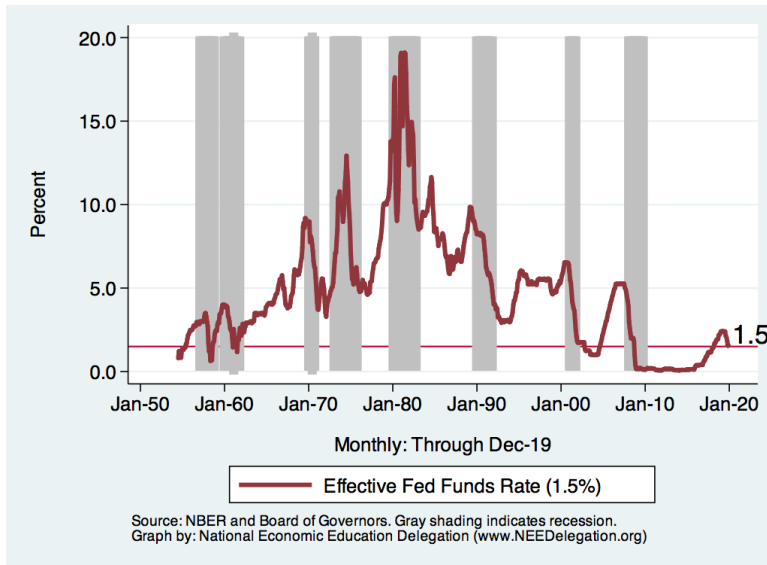
NATIONAL ECONOMIC EDUCATION DELEGATION

Source: Congressional Budget Office, The Budget and Economic Outlook: 2020 to 2030

35

35

# Federal Funds Rate



Source: NBER and Board of Governors. Gray shading indicates recession. Graph by: National Economic Education Delegation (www.NEEDelegation.org)

NATIONAL ECONOMIC EDUCATION DELEGATION

36

36

**Thank you!**

# Any Questions?

[www.NEEDelegation.org](http://www.NEEDelegation.org)

Jon D. Haveman, Ph.D.

Jon@NEEDelegation.org

Contact NEED: [Info@NEEDelegation@gmail.com](mailto:Info@NEEDelegation@gmail.com)

Submit a testimonial: [www.NEEDelegation.org/testimonials.php](http://www.NEEDelegation.org/testimonials.php)



NATIONAL ECONOMIC  
EDUCATION DELEGATION