Fund Assembly

To All The Economists I've Loved Before

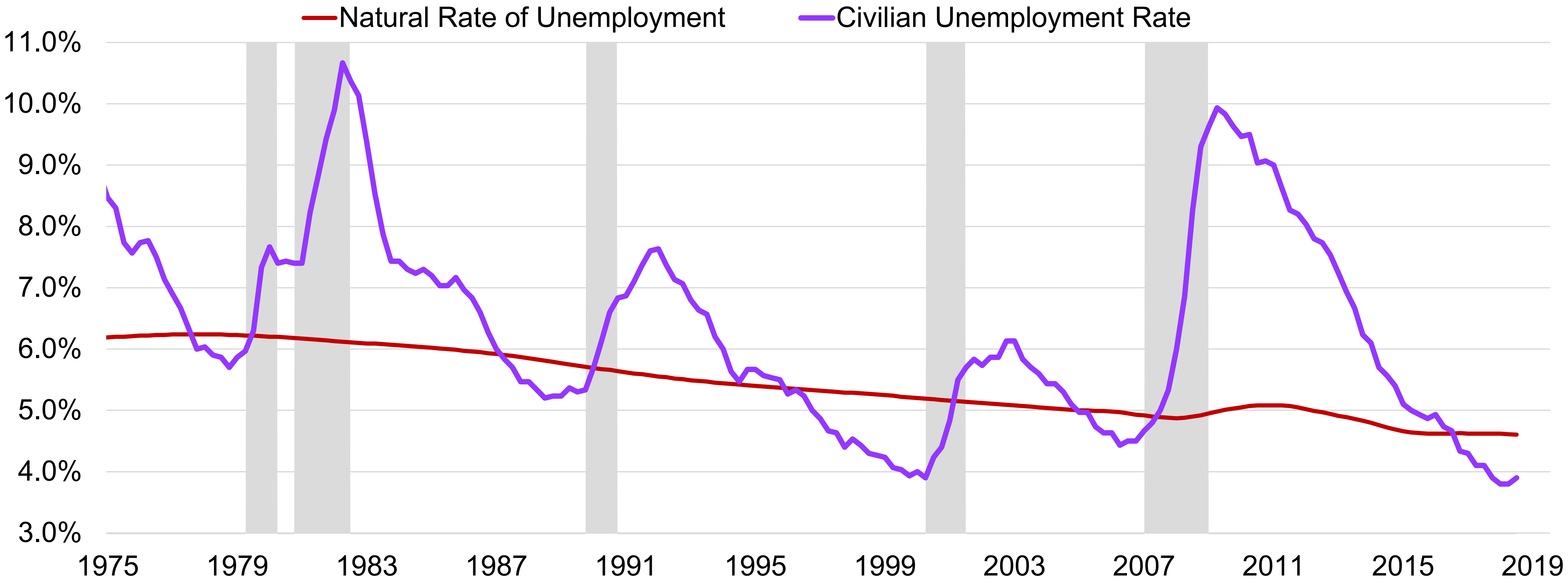
By: Anirban Basu

Sage Policy Group, Inc.

May 10th, 2019

“There is always some chance of recession in any year. But the evidence suggests that expansions don't die of old age.”
–Janet Yellen

U.S. Unemployment & Natural Rate of Unemployment

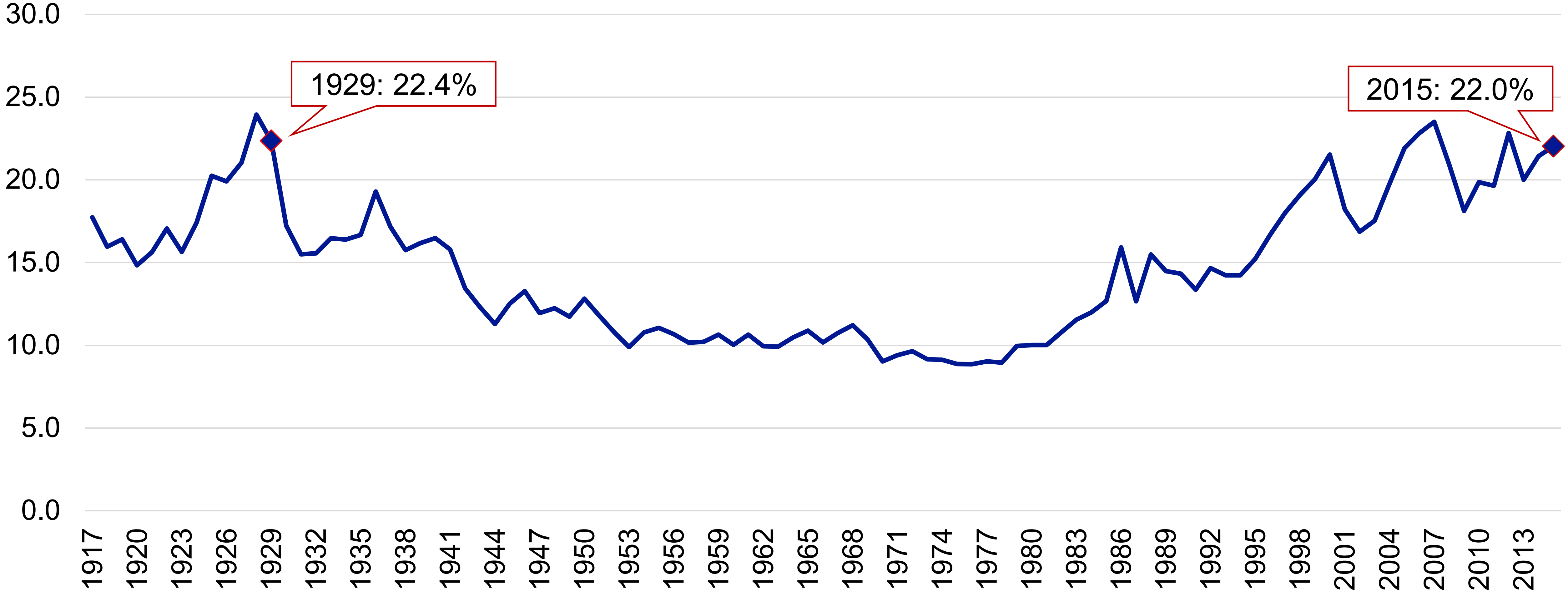


Shaded areas indicate U.S. Recessions

Sources: FRED; Congressional Budget Office, U.S. Bureau of Labor Statistics

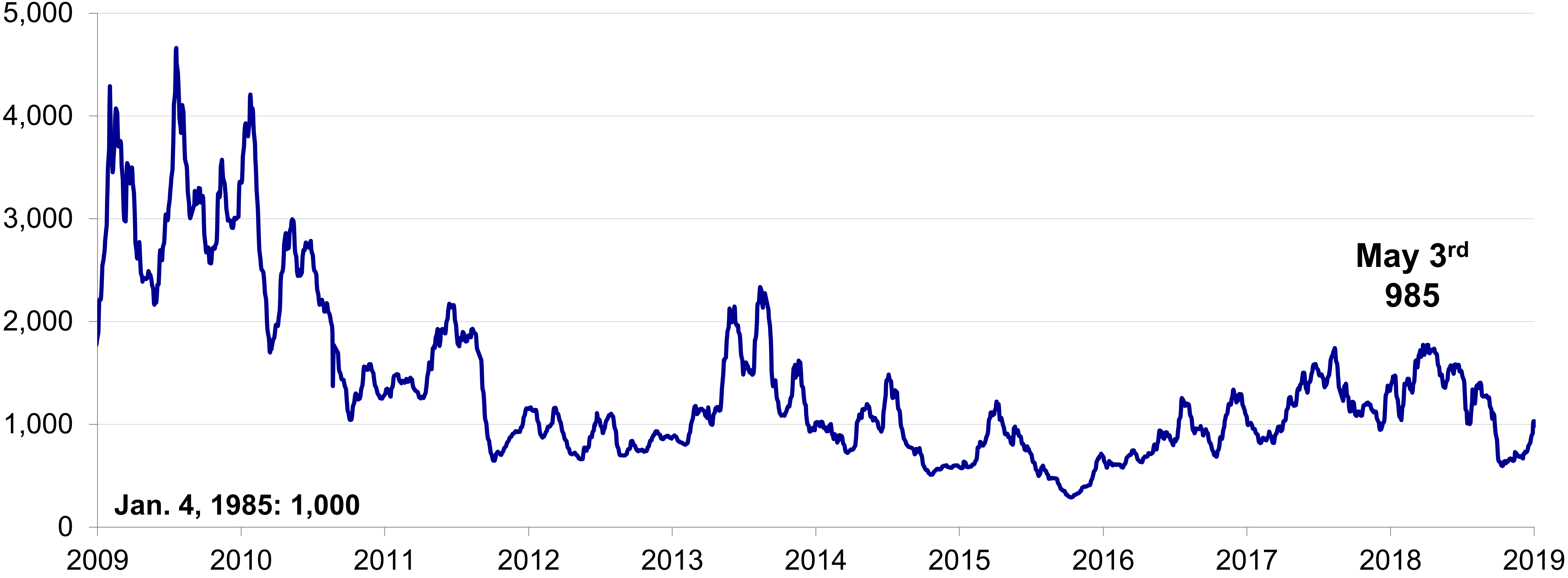
“No society can surely be flourishing and happy, of which the far greater part of the members are poor and miserable.”
–Adam Smith

Share of all Income Held by the Top 1% in the U.S., 1917-2015



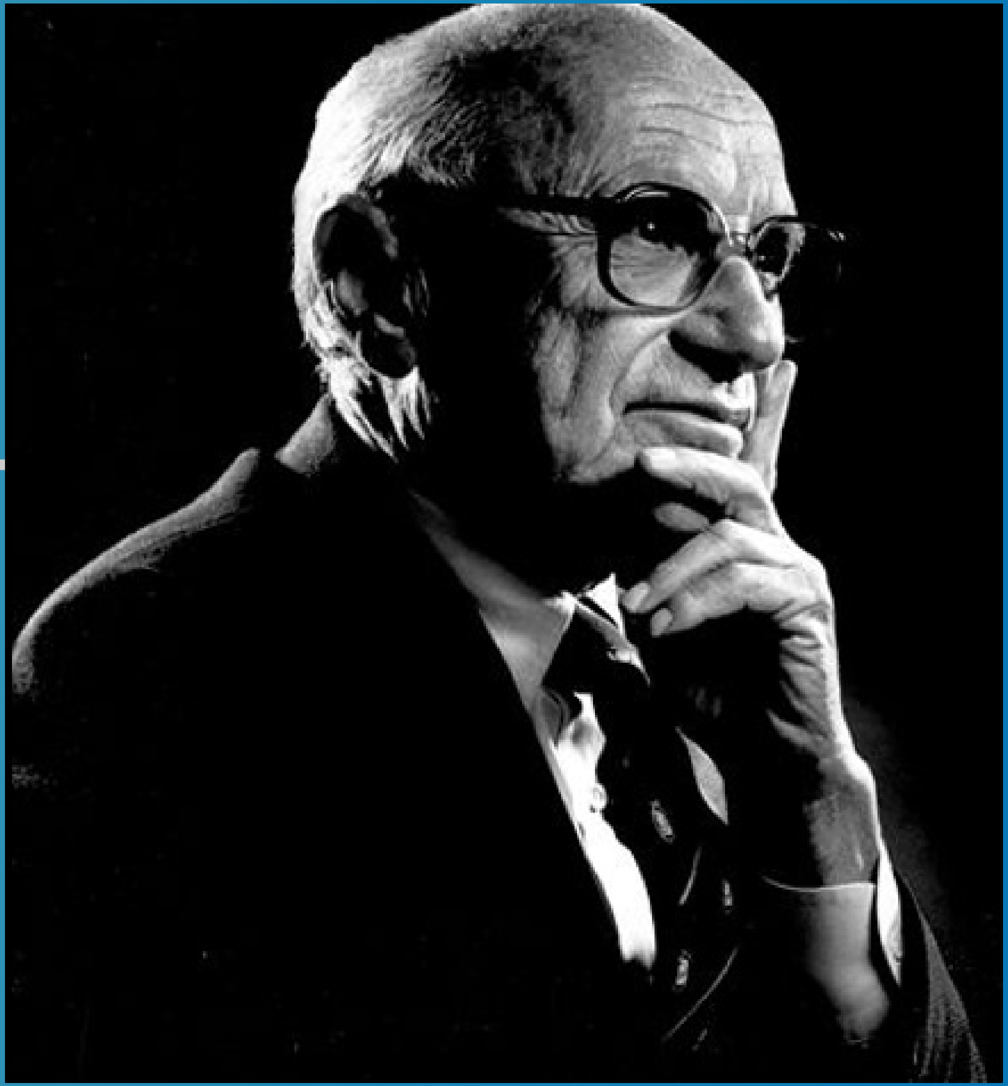
Source: Economic Policy Institute, Authors' analysis of state-level tax data from Sommeiller (2006) extended to 2015 using state-level data from the Internal Revenue Service SOI Tax Stats (various years), and Piketty and Saez (2012). Note: Data are for tax units.

Baltic Dry Index
2009 through 2019



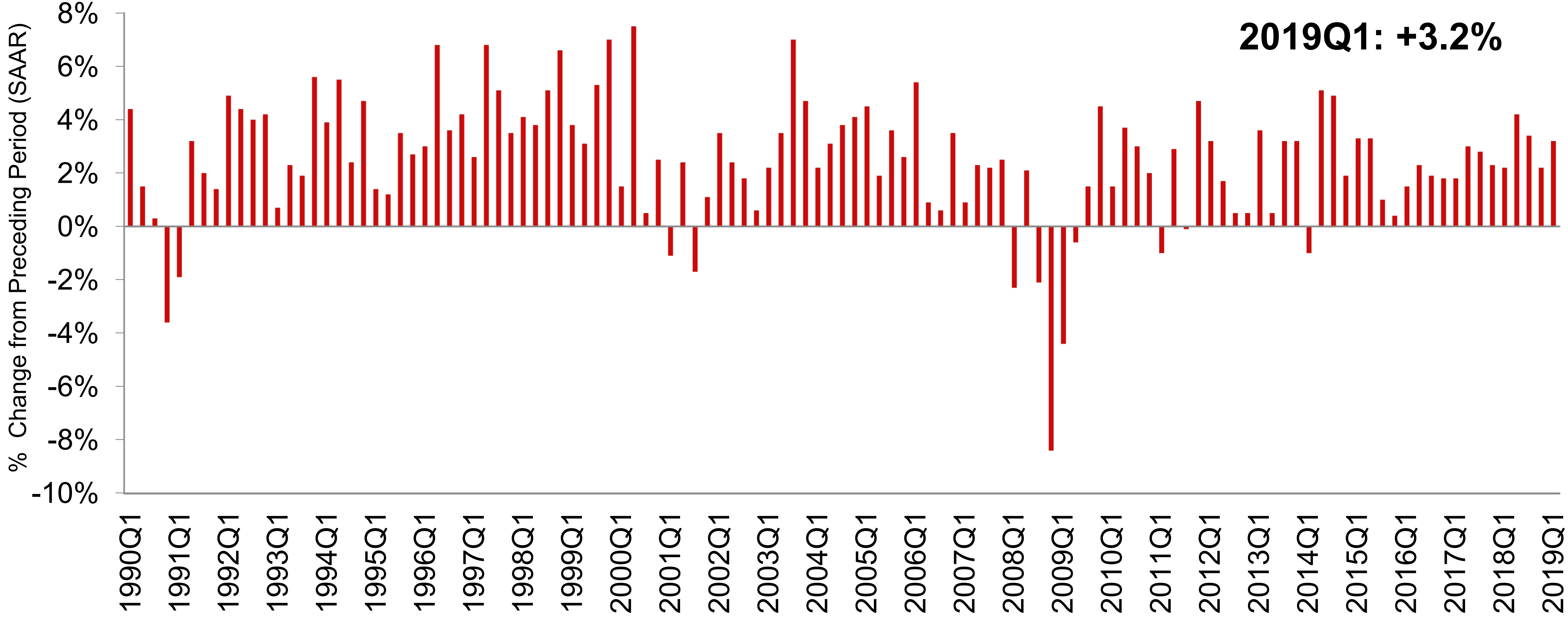
The Baltic Dry Index (BDI) is a measure of the price of shipping major raw materials such as metals, grains, and fossil fuels by sea. The BDI is a composite of 3 sub-indices, each covering a different carrier size: Capesize, Panamax, and Supramax.

Source: Bloomberg



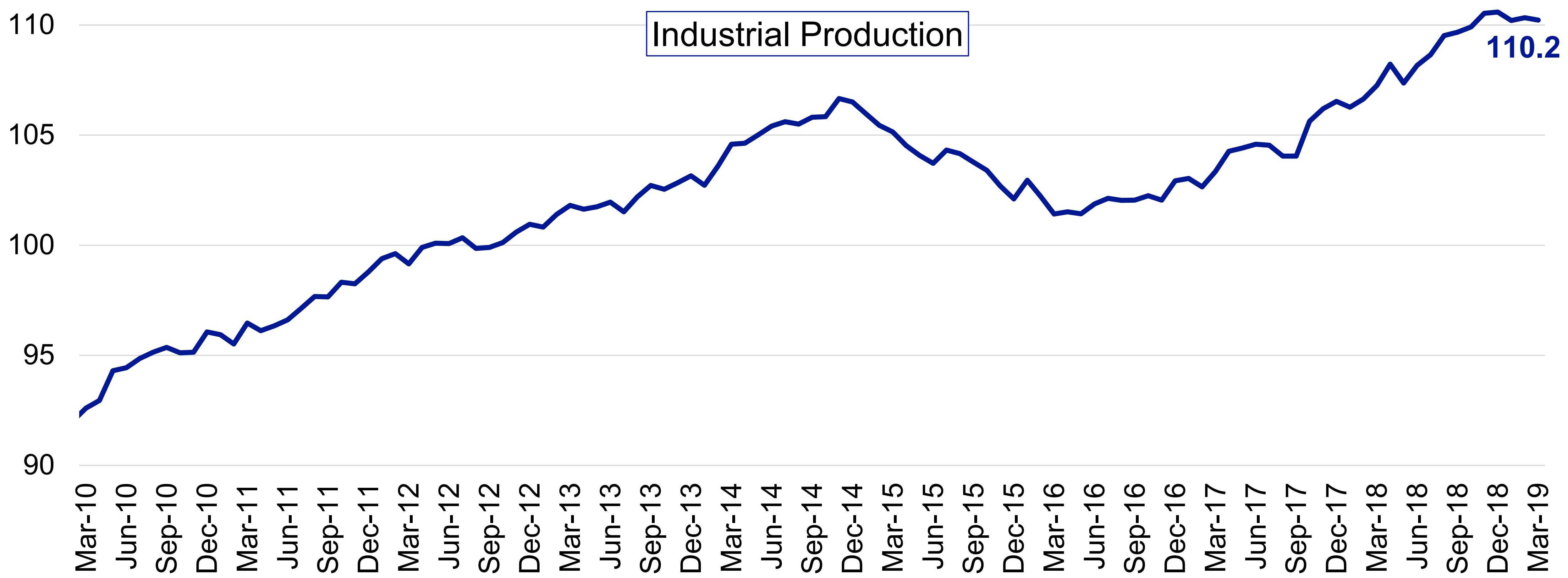
"Inflation is the one form of taxation that can be imposed without legislation."
–Milton Friedman

Gross Domestic Product
1990Q1 through 2019Q1*



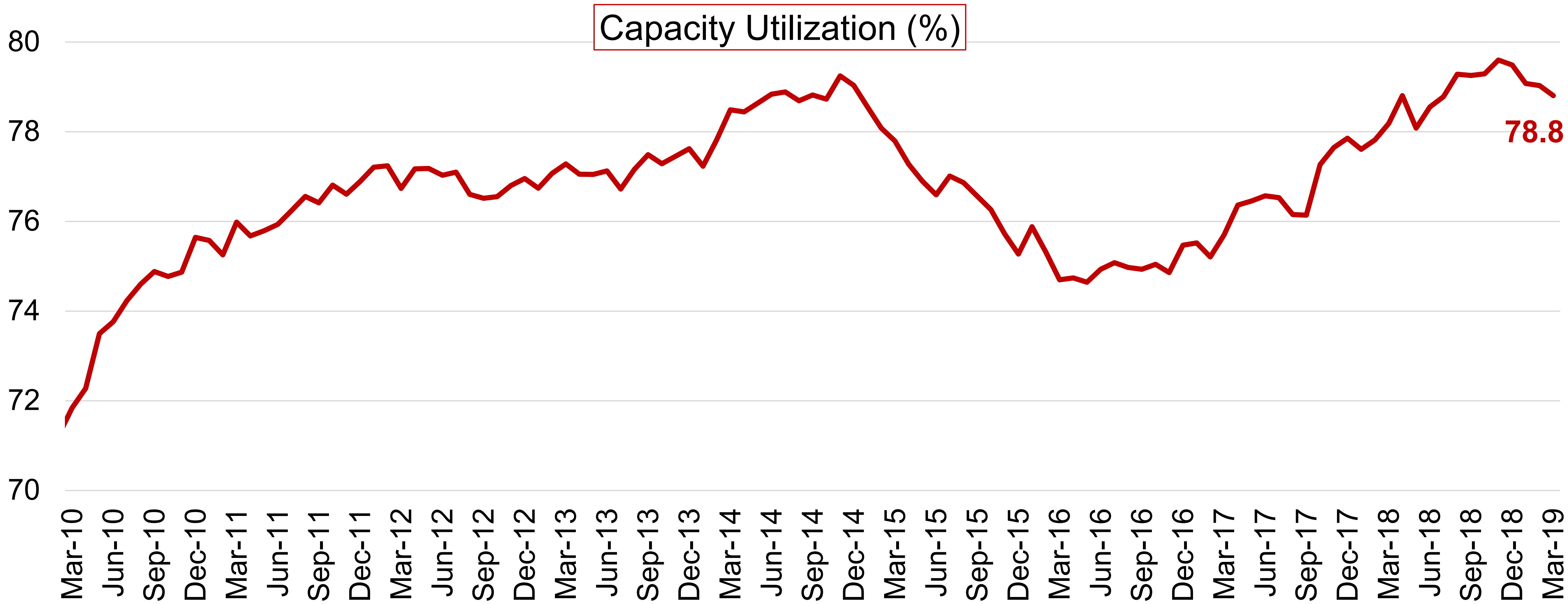
Source: U.S. Bureau of Economic Analysis *1st (Advance) Estimate

U.S. Industrial Production Index
March 2010 – March 2019



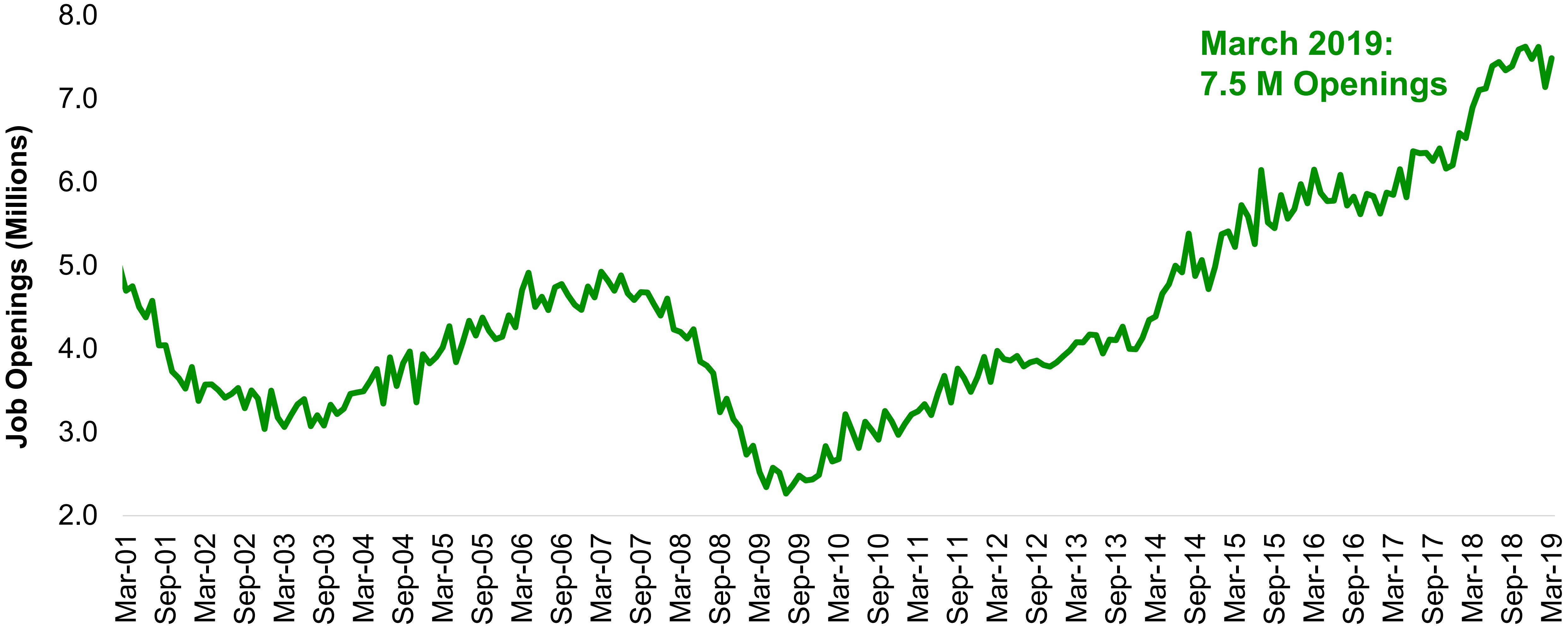
Source: Federal Reserve, G.17 Industrial Production & Capacity Utilization

U.S. Capacity Utilization Index
March 2010 – March 2019



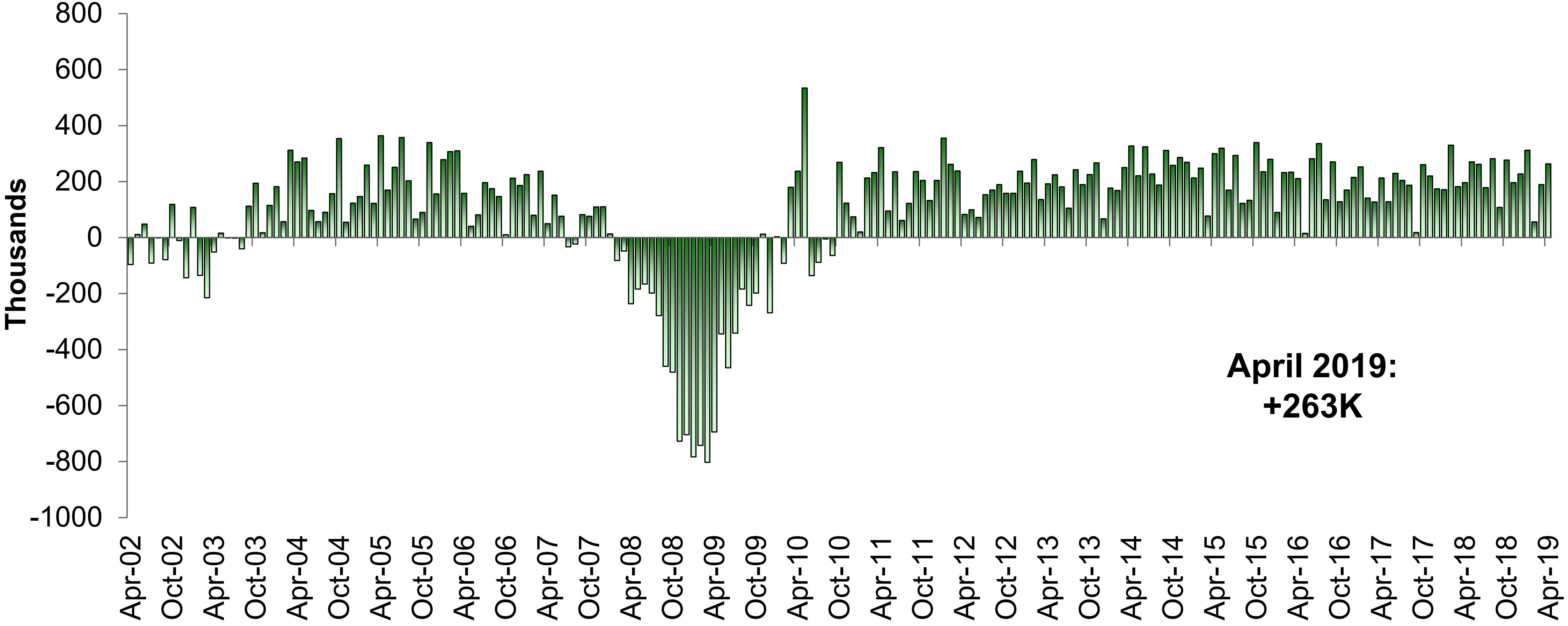
Source: Federal Reserve, G.17 Industrial Production & Capacity Utilization

U.S. Job Openings
March 2001 through March 2019



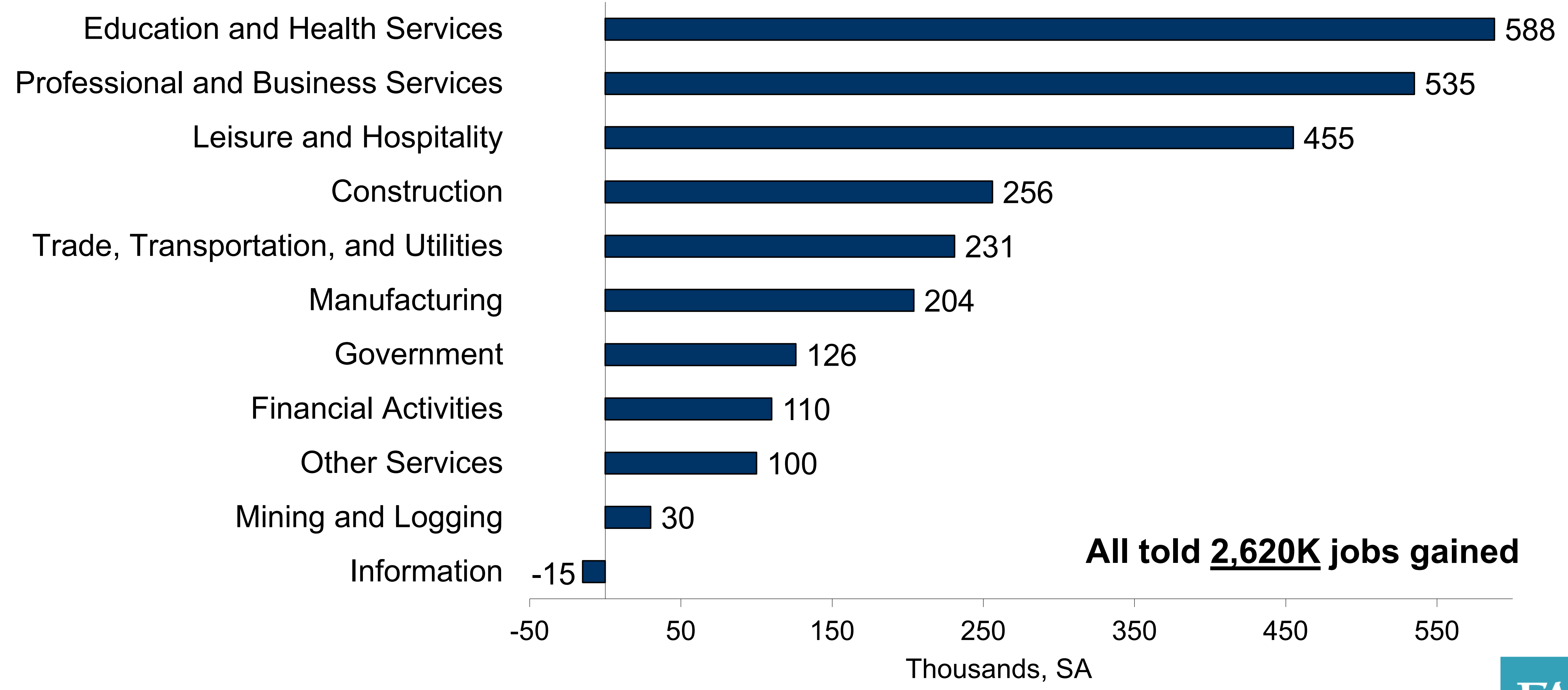
Source: U.S. Bureau of Labor Statistics

Net Change in U.S. Jobs
April 2002 through April 2019



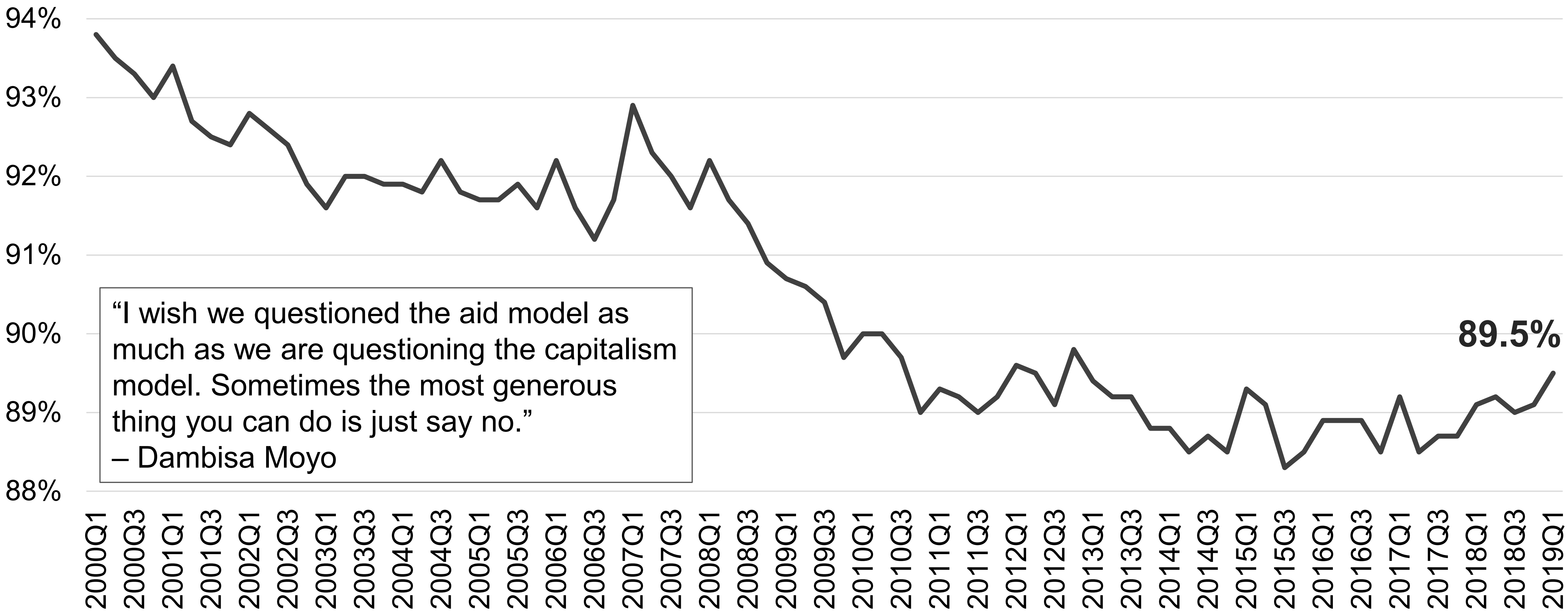
Source: U.S. Bureau of Labor Statistics

National Nonfarm Employment
by Industry Sector, April 2018 v. April 2019



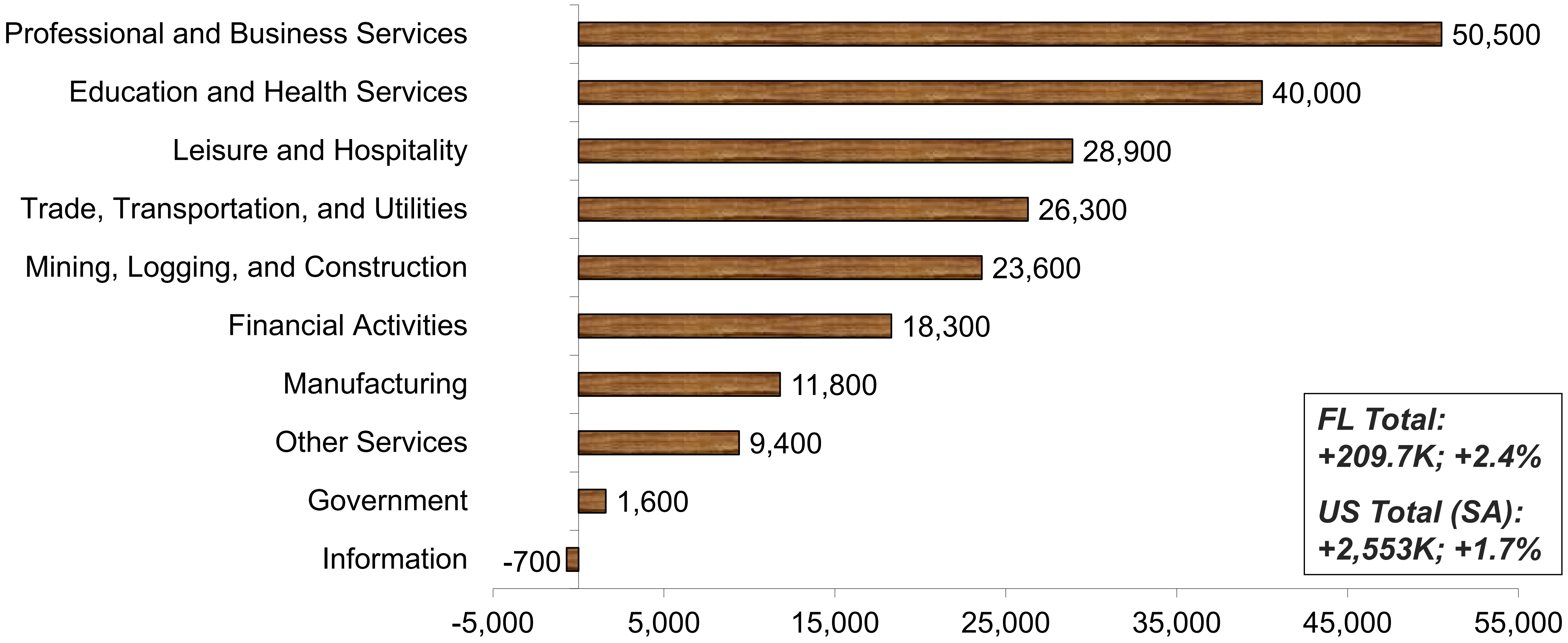
Source: U.S. Bureau of Labor Statistics

U.S. Labor Force Participation: Men Ages 25-34
2000 – 2019



Source: U.S. Bureau of Labor Statistics, Current Population Survey

Florida Nonfarm Employment
by Industry Sector Groups (NSA)
March 2018 v. March 2019 Absolute Change



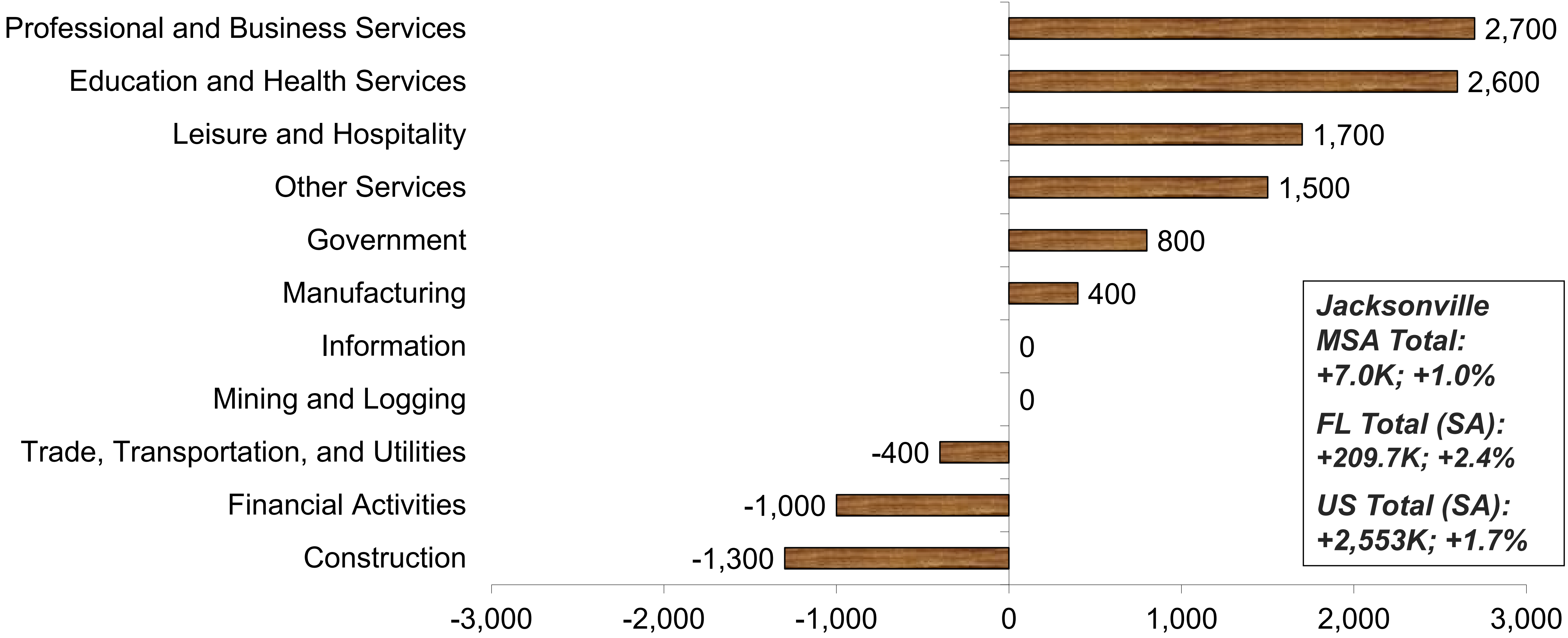
*According to the Local Area Unemployment Statistics (LAUS) series FL added 187,689 jobs between March 2018 and March 2019.

Source: U.S. Bureau of Labor Statistics.

Jacksonville MSA Nonfarm Employment

by Industry Sector Groups (NSA)

March 2018 v. March 2019 Absolute Change



Jacksonville MSA Total: +7.0K; +1.0%

FL Total (SA): +209.7K; +2.4%

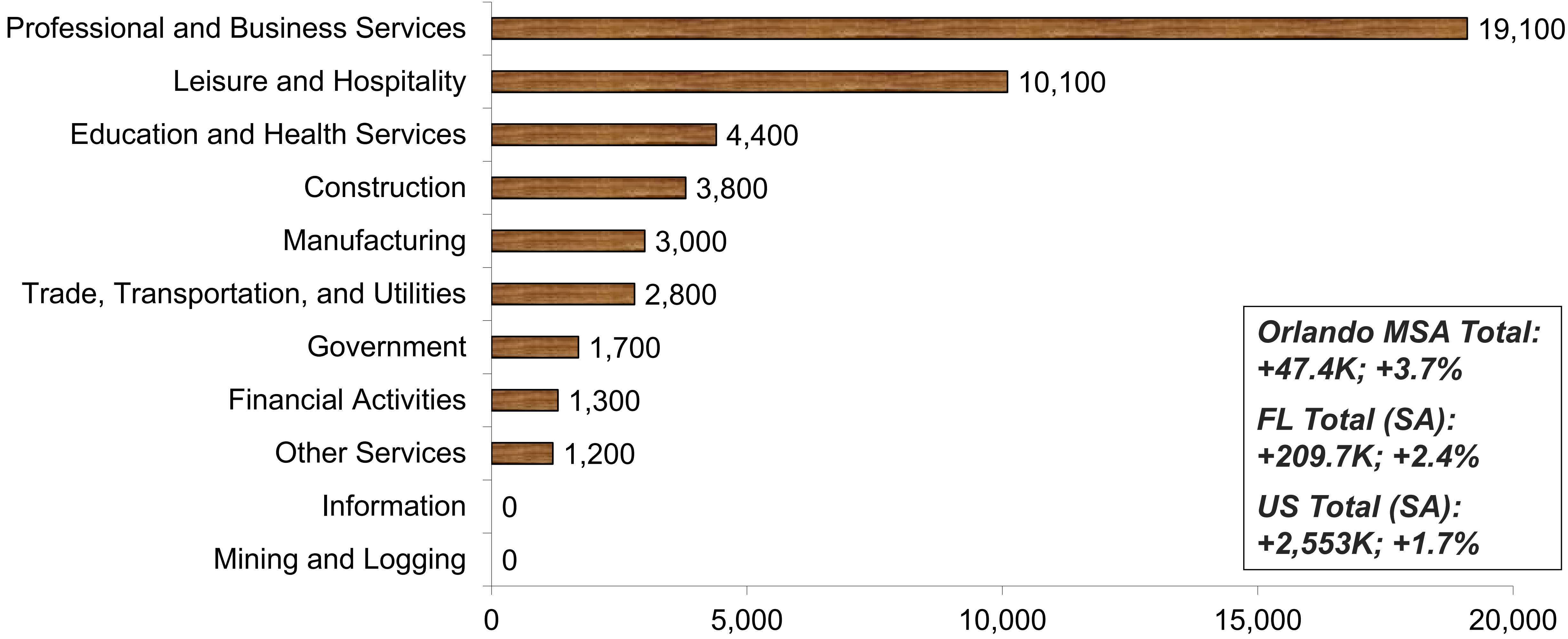
US Total (SA): +2,553K; +1.7%

Source: U.S. Bureau of Labor Statistics

Orlando-Kissimmee-Sanford MSA Nonfarm Employment

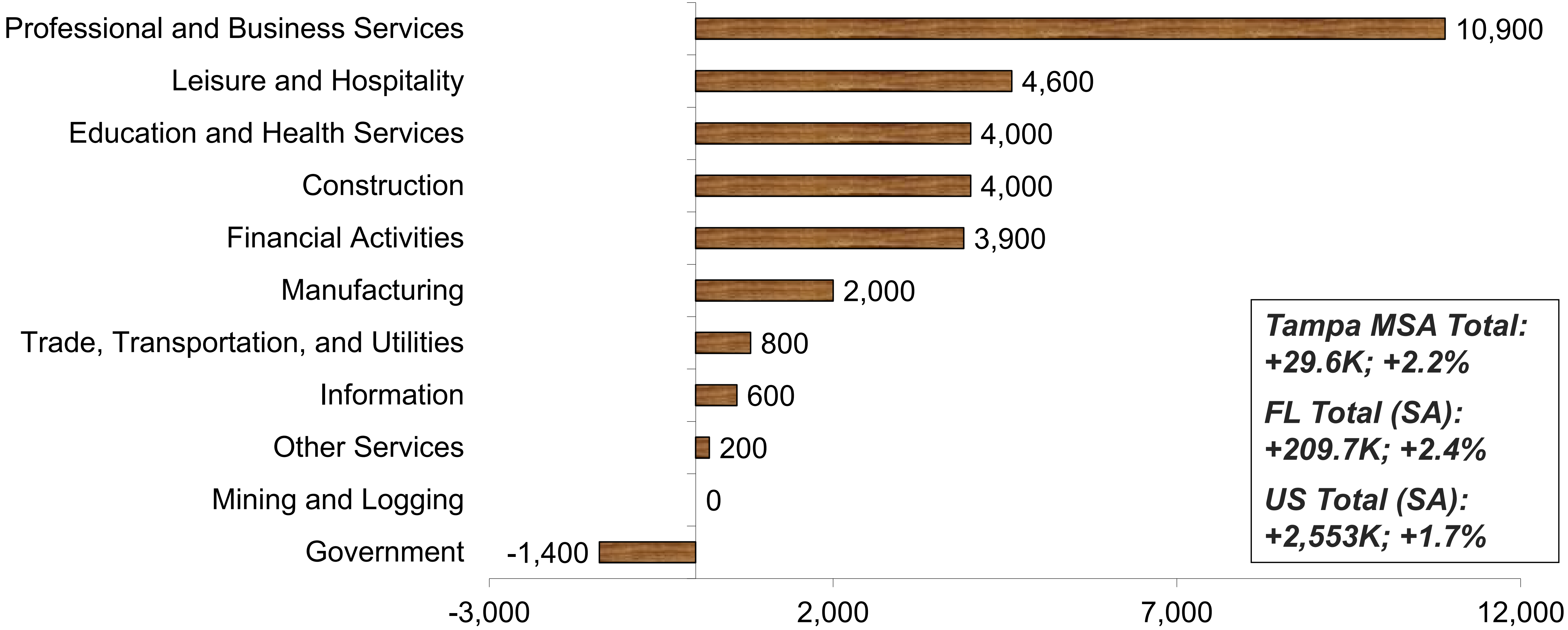
by Industry Sector Groups (NSA)

March 2018 v. March 2019 Absolute Change



Source: U.S. Bureau of Labor Statistics

Tampa-St. Petersburg-Clearwater MSA Nonfarm Employment
by Industry Sector Groups (NSA)
March 2018 v. March 2019 Absolute Change



Tampa MSA Total: +29.6K; +2.2%

FL Total (SA): +209.7K; +2.4%

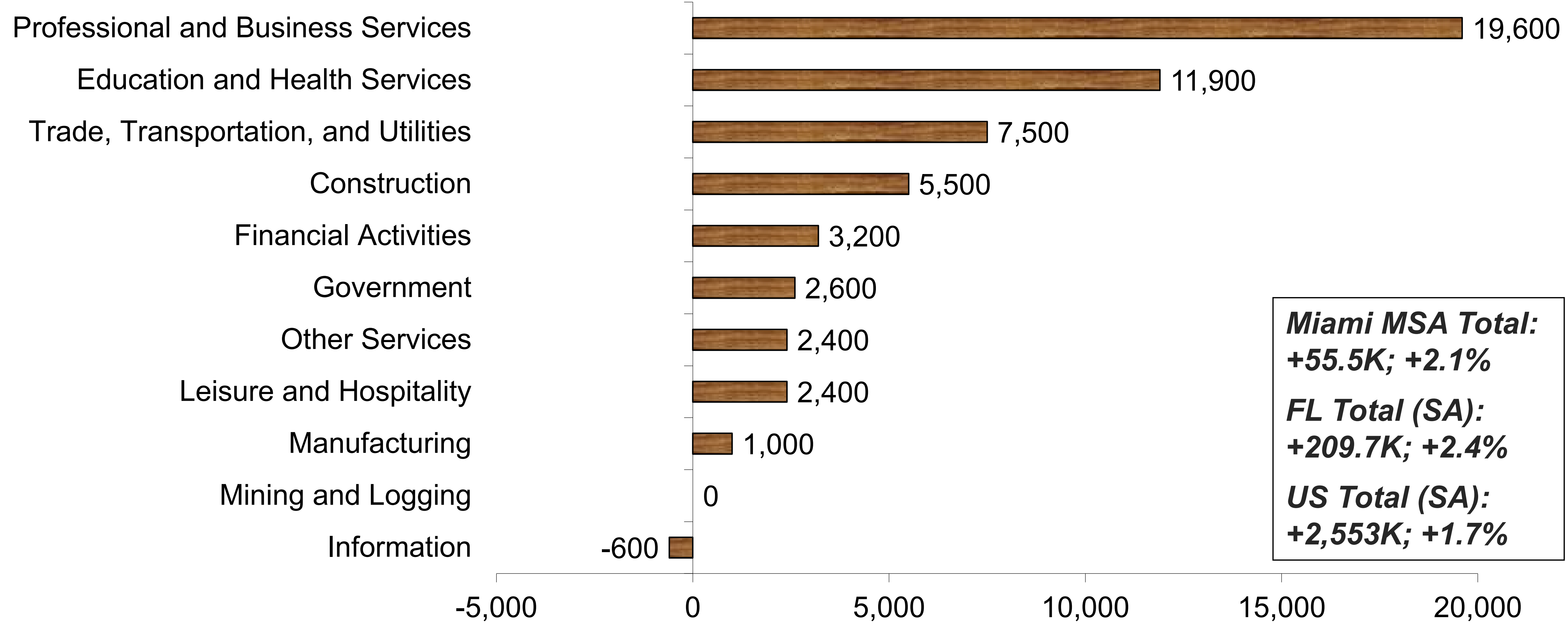
US Total (SA): +2,553K; +1.7%

Source: U.S. Bureau of Labor Statistics

Miami-Fort Lauderdale-West Palm Beach MSA Nonfarm Employment

by Industry Sector Groups (NSA)

March 2018 v. March 2019 Absolute Change



Miami MSA Total: +55.5K; +2.1%

FL Total (SA): +209.7K; +2.4%

US Total (SA): +2,553K; +1.7%

Source: U.S. Bureau of Labor Statistics

Employment Growth, U.S. States (SA)

March 2018 v. March 2019 Percent Change

RANK	STATE	%	RANK	STATE	%	RANK	STATE	%
1	NEVADA	3.4	16	SOUTH CAROLINA	1.4	35	MARYLAND	0.6
2	UTAH	3.0	19	INDIANA	1.3	35	MICHIGAN	0.6
3	IDAHO	2.7	20	NEW MEXICO	1.2	37	DISTRICT OF COLUMBIA	0.5
3	WEST VIRGINIA	2.7	21	NEW HAMPSHIRE	1.1	37	MAINE	0.5
5	**FLORIDA**	**2.4**	21	NEW JERSEY	1.1	37	OKLAHOMA	0.5
5	WASHINGTON	2.4	21	NEW YORK	1.1	40	CONNECTICUT	0.4
7	ARIZONA	2.3	24	DELAWARE	1.0	40	KANSAS	0.4
8	TEXAS	2.2	25	ALASKA	0.9	40	MISSOURI	0.4
9	SOUTH DAKOTA	2.0	25	ARKANSAS	0.9	43	MINNESOTA	0.3
10	GEORGIA	1.9	25	KENTUCKY	0.9	43	VERMONT	0.3
11	COLORADO	1.7	25	MONTANA	0.9	43	WISCONSIN	0.3
11	OREGON	1.7	25	VIRGINIA	0.9	46	HAWAII	0.2
11	WYOMING	1.7	30	ILLINOIS	0.8	46	IOWA	0.2
14	ALABAMA	1.6	30	MASSACHUSETTS	0.8	46	NORTH DAKOTA	0.2
14	TENNESSEE	1.6	30	PENNSYLVANIA	0.8	49	LOUISIANA	0.0
16	CALIFORNIA	1.4	33	MISSISSIPPI	0.7	49	NEBRASKA	0.0
16	NORTH CAROLINA	1.4	33	OHIO	0.7	51	RHODE ISLAND	-0.2

U.S. Year-over-year Percent Change

March: +1.7%   April: +1.8%

Source: U.S. Bureau of Labor Statistics

Employment Growth, 25 Largest Metros (NSA)
March 2018 v. March 2019 Percent Change

Rank	MSA	%
1	**Orlando-Kissimmee-Sanford, FL**	**3.7**
2	Dallas-Fort Worth-Arlington, TX	3.0
3	Phoenix-Mesa-Scottsdale, AZ	2.8
4	San Francisco-Oakland-Hayward, CA	2.6
4	Seattle-Tacoma-Bellevue, WA	2.6
6	Charlotte-Concord-Gastonia, NC-SC	2.4
7	Atlanta-Sandy Springs-Roswell, GA	2.2
7	Houston-The Woodlands-Sugar Land, TX	2.2
7	**Tampa-St. Petersburg-Clearwater, FL**	**2.2**
10	**Miami-Fort Lauderdale-West Palm Beach, FL**	**2.1**
10	San Antonio-New Braunfels, TX	2.1
12	Portland-Vancouver-Hillsboro, OR-WA	1.8
13	Denver-Aurora-Lakewood, CO	1.6

Rank	MSA	%
14	Riverside-San Bernardino-Ontario, CA	1.4
14	San Diego-Carlsbad, CA	1.4
16	Baltimore-Columbia-Towson, MD	1.3
16	New York-Newark-Jersey City, NY-NJ-PA	1.3
16	Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	1.3
19	Chicago-Naperville-Elgin, IL-IN-WI	0.9
19	St. Louis, MO-IL	0.9
19	Washington-Arlington-Alexandria, DC-VA-MD-WV	0.9
22	Los Angeles-Long Beach-Anaheim, CA	0.8
23	Detroit-Warren-Dearborn, MI	0.6
24	Boston-Cambridge-Nashua, MA-NH	0.5
25	Minneapolis-St. Paul-Bloomington, MN-WI	0.0

Source: U.S. Bureau of Labor Statistics, Current Employment Statistics (CES) Survey

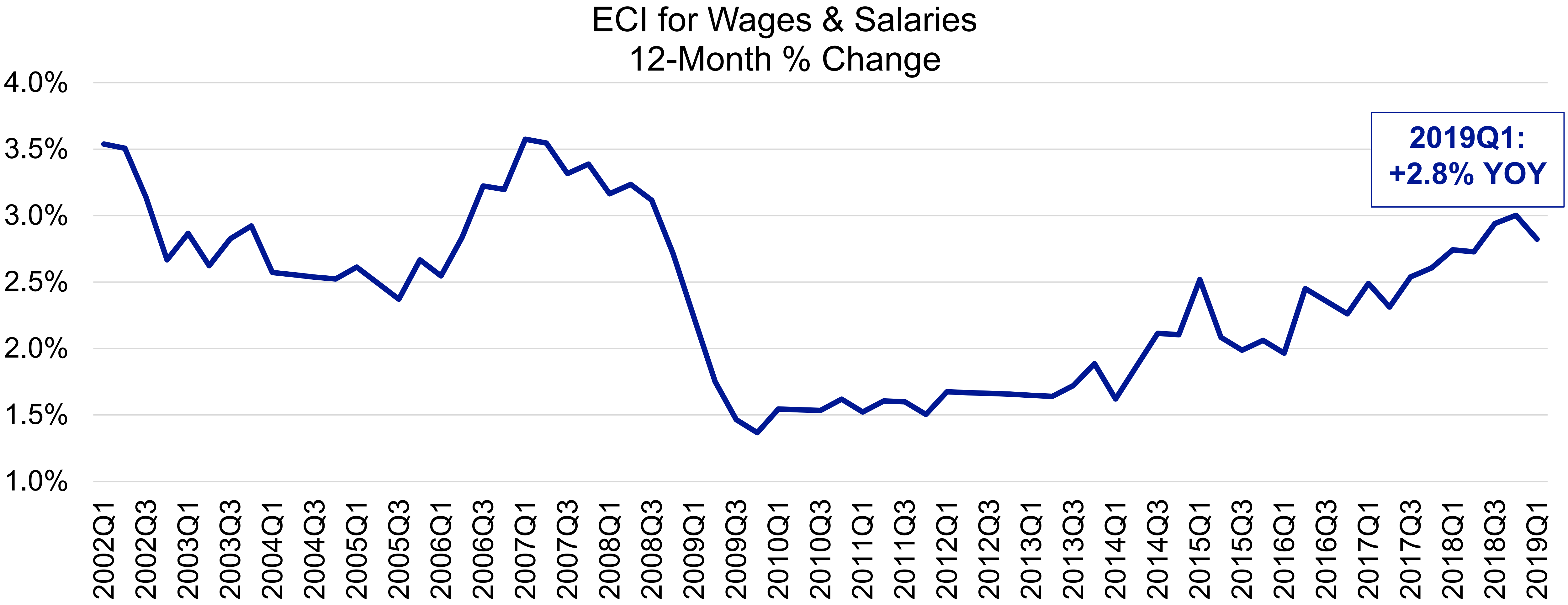
Unemployment Rates, 25 Largest Metros (NSA)
March 2019

Rank	MSA	UR	Rank	MSA	UR
1	Boston-Cambridge-Nashua, MA-NH	2.7	12	Houston-The Woodlands-Sugar Land, TX	3.7
2	Denver-Aurora-Lakewood, CO	2.9	12	Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	3.7
3	**Orlando-Kissimmee-Sanford, FL**	**3.0**	12	San Diego-Carlsbad, CA	3.7
3	San Francisco-Oakland-Hayward, CA	3.0	16	Baltimore-Columbia-Towson, MD	3.9
5	San Antonio-New Braunfels, TX	3.1	16	New York-Newark-Jersey City, NY-NJ-PA	3.9
6	Dallas-Fort Worth-Arlington, TX	3.3	18	St. Louis, MO-IL (1)	4.0
6	**Miami-Fort Lauderdale-West Palm Beach, FL**	**3.3**	19	Chicago-Naperville-Elgin, IL-IN-WI	4.1
6	**Tampa-St. Petersburg-Clearwater, FL**	**3.3**	19	Los Angeles-Long Beach-Anaheim, CA	4.1
6	Washington-Arlington-Alexandria, DC-VA-MD-WV	3.3	19	Phoenix-Mesa-Scottsdale, AZ	4.1
			19	Seattle-Tacoma-Bellevue, WA	4.1
10	Atlanta-Sandy Springs-Roswell, GA	3.6	23	Portland-Vancouver-Hillsboro, OR-WA	4.2
10	Minneapolis-St. Paul-Bloomington, MN-WI	3.6	24	Detroit-Warren-Dearborn, MI	4.4
12	Charlotte-Concord-Gastonia, NC-SC	3.7	25	Riverside-San Bernardino-Ontario, CA	4.5

U.S. Unemployment Rate
March: 3.8%   April: 3.6%

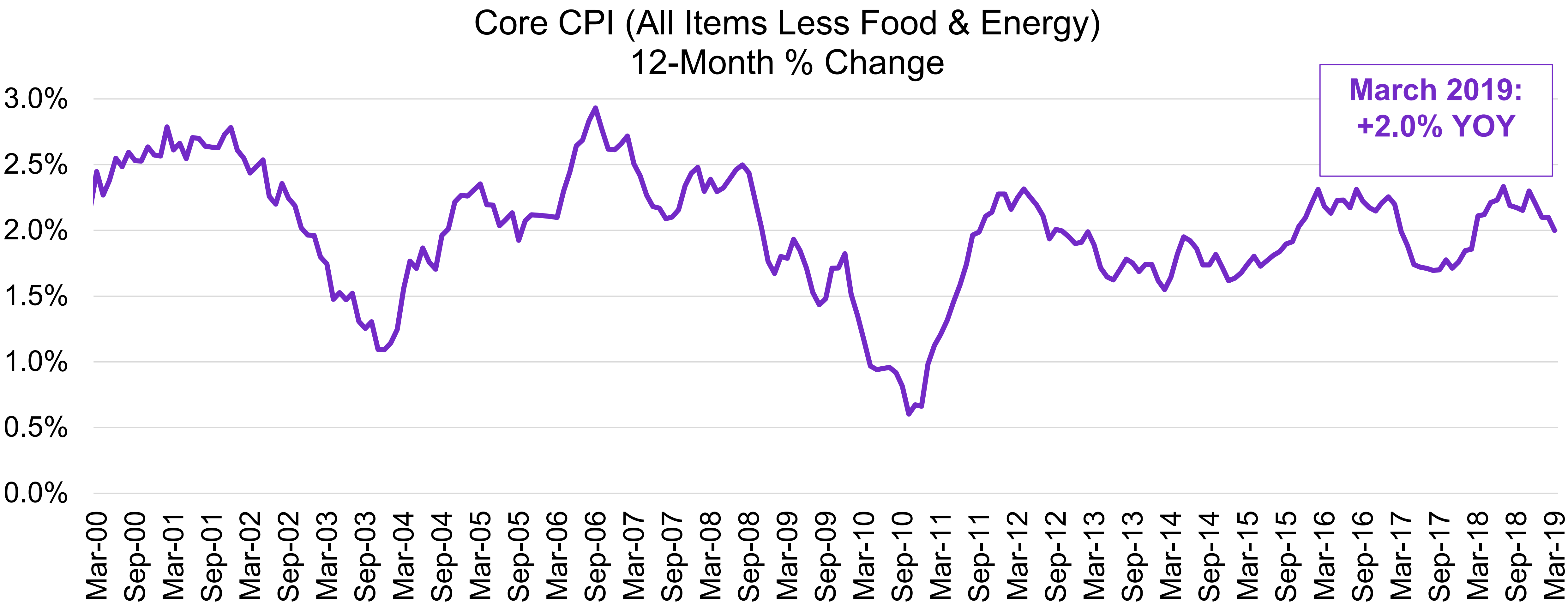
Source: U.S. Bureau of Labor Statistics, Current Employment Statistics (CES) Survey. Note: 1. Area boundaries do not reflect official OMB definitions.

Growth in Wages & Salaries
Employment Cost Index (ECI), 2002Q1-2019Q1



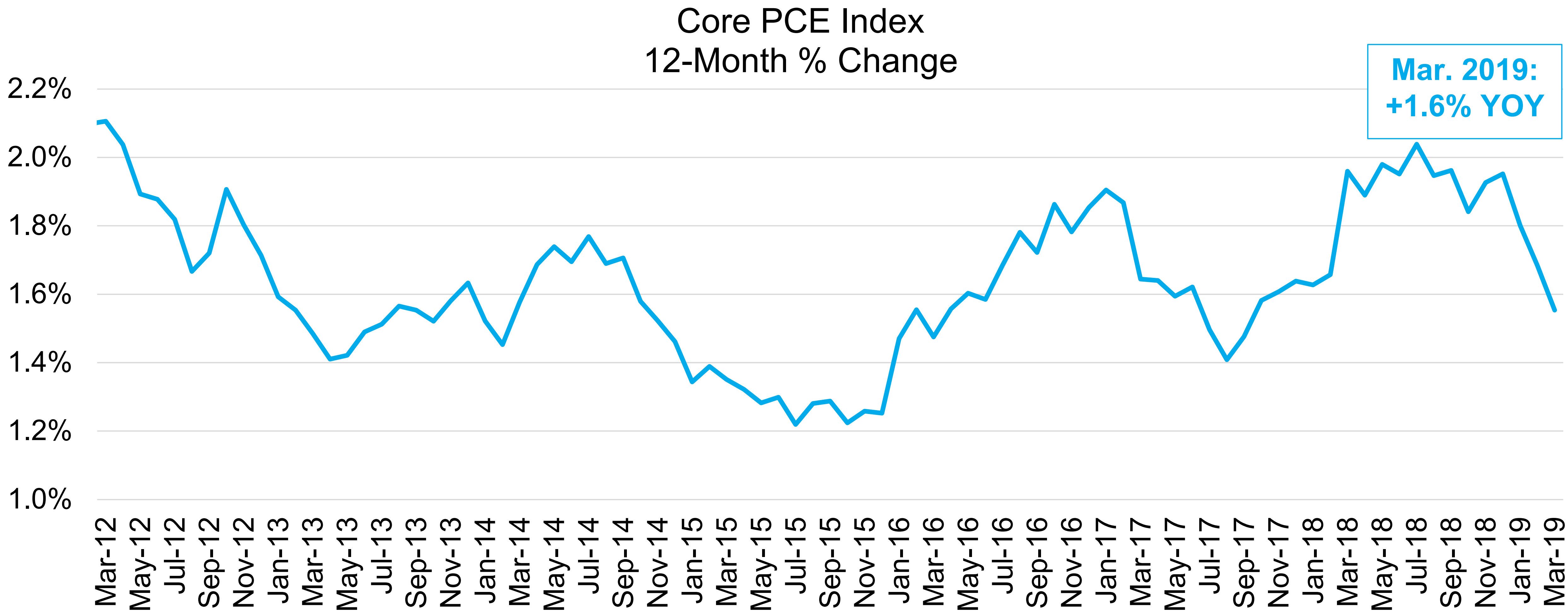
Source: U.S. Bureau of Labor Statistics *All Civilian Workers

Consumer Price Index: All Items Less Food & Energy
March 2000 – March 2019

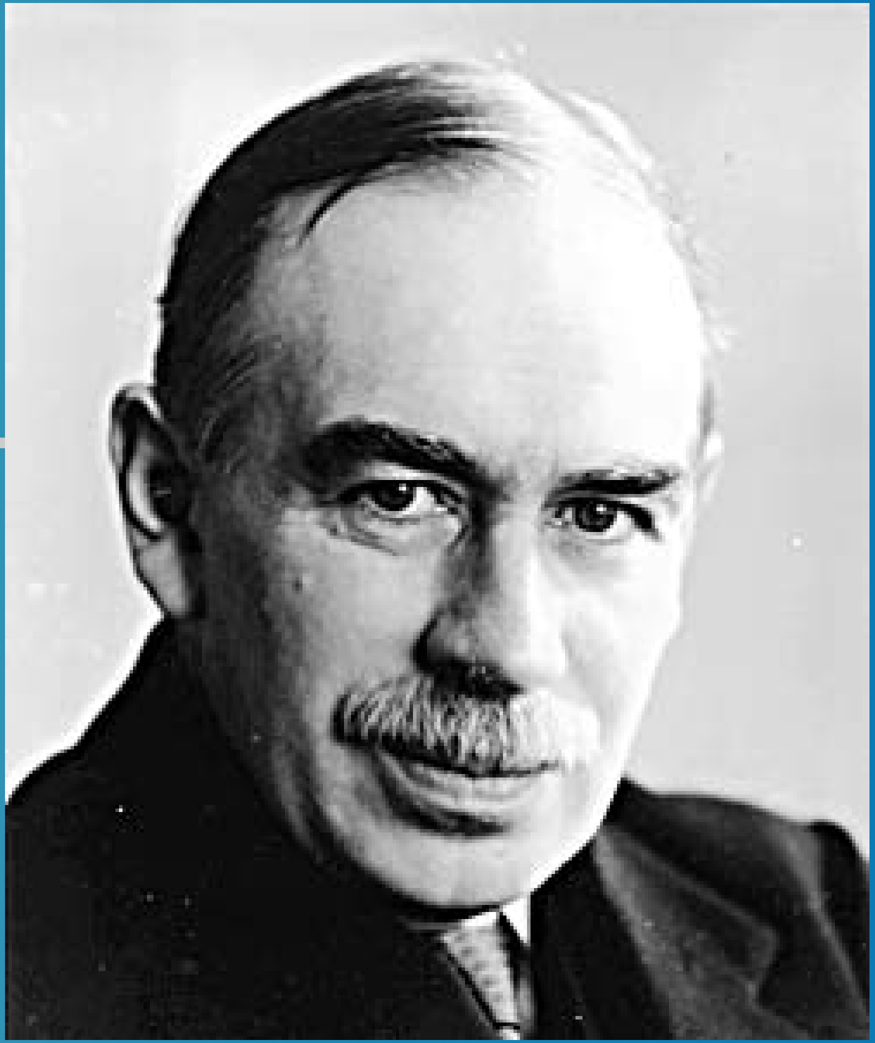


Source: U.S. Bureau of Labor Statistics

Core PCE Deflator
March 2012 through March 2019



Source: Bureau of Economic Analysis (BEA)   Core PCE: Personal Consumption Expenditures excluding food and energy (chain-type price index)



"Most men love money and security more, and creation and construction less, as they get older."
–John Maynard Keynes

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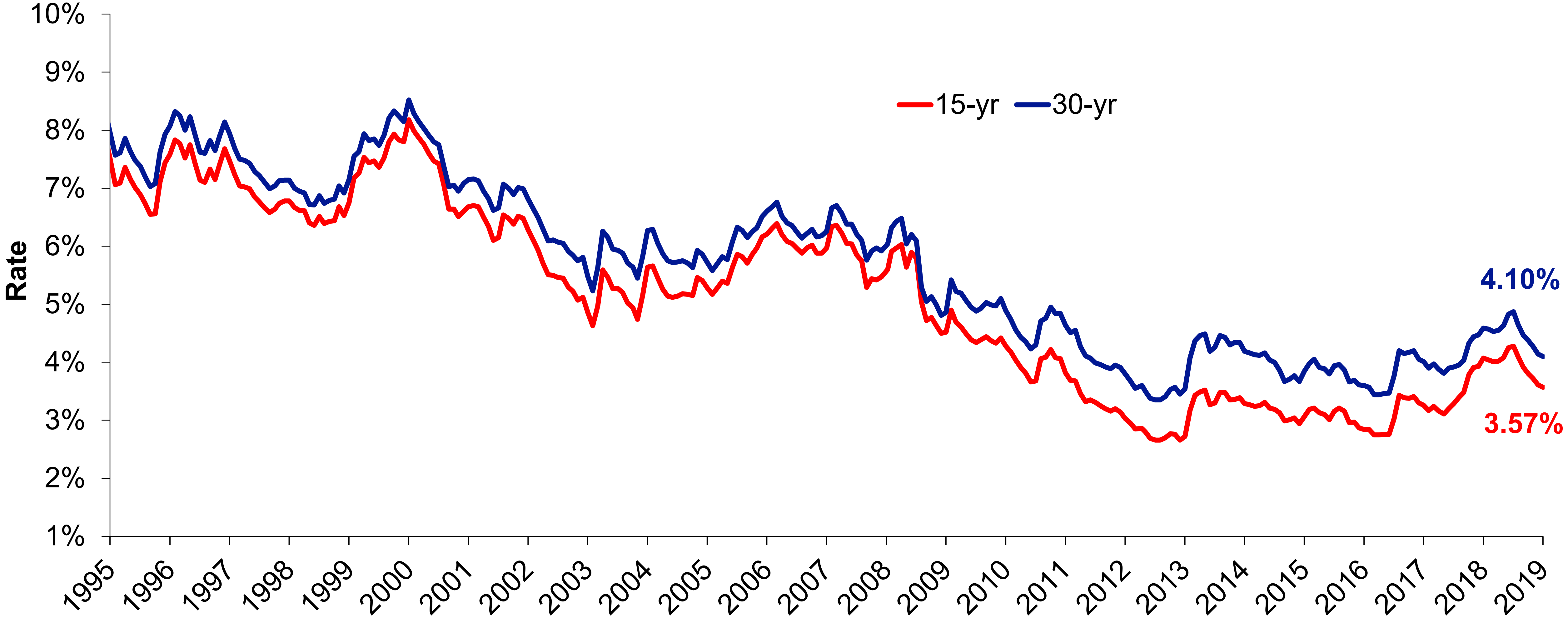
15-Year & 30-Year Fixed Mortgage Rates
May 1995 through May 2019*

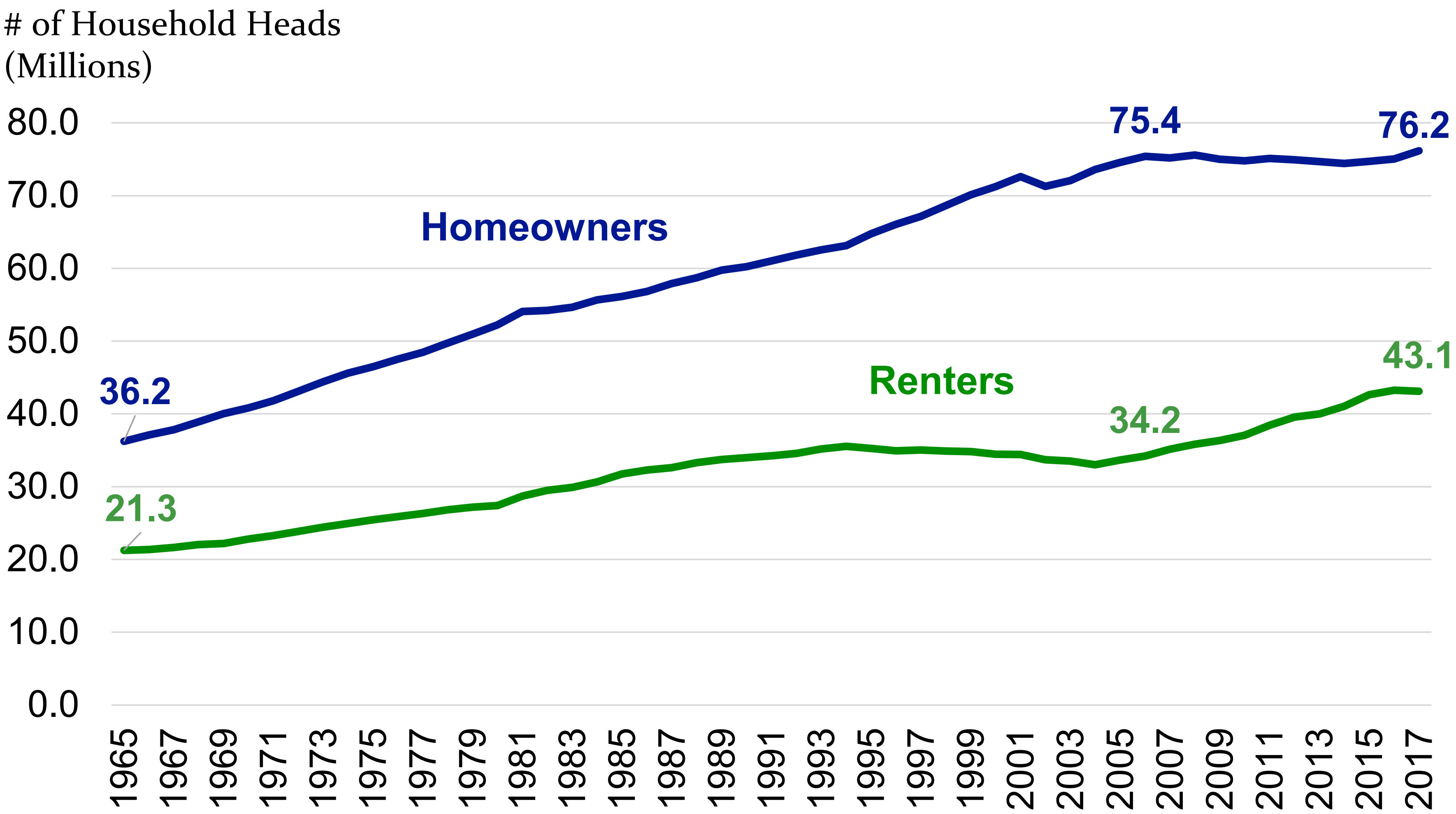


Source: Freddie Mac

*Week ending 5/9/2019

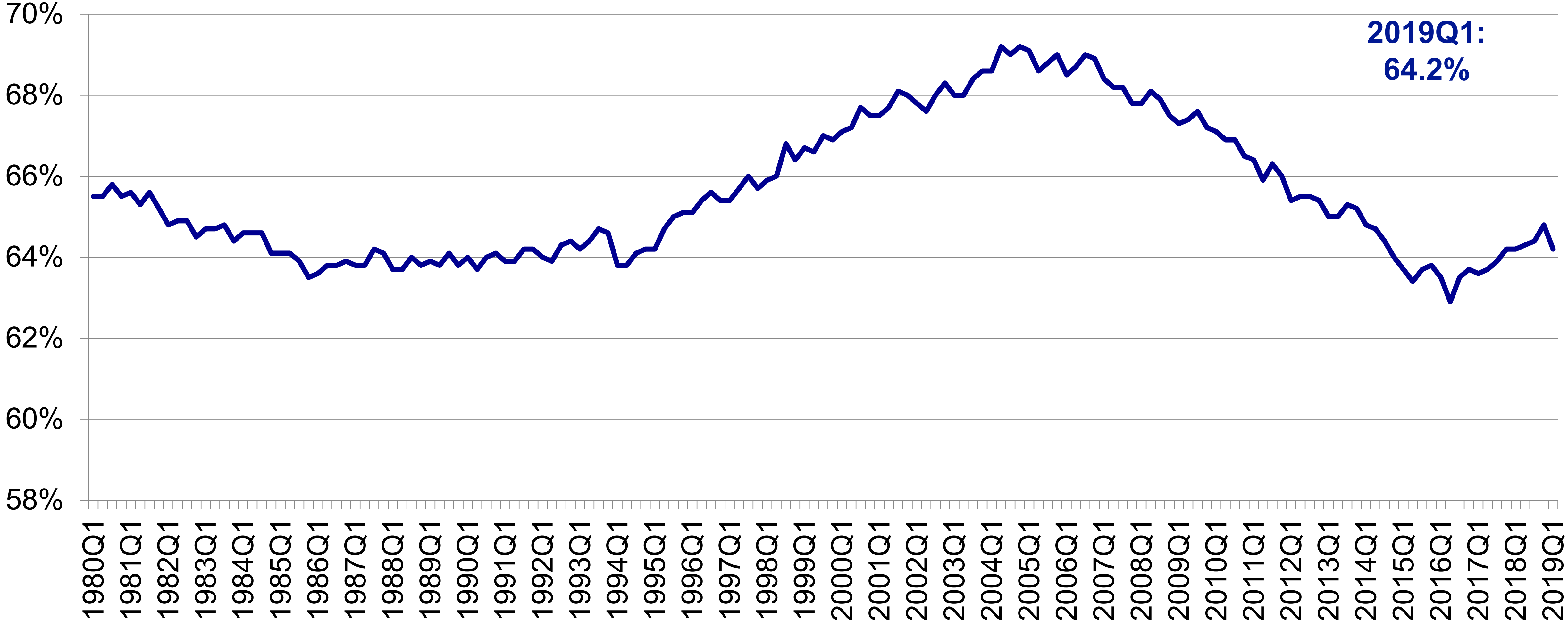
U.S. Households: Owner v. Renter Occupied, 1965-2017

- From 2006-2017 the number of households headed by owners remained relatively flat.
- At the same time, the number of households renting their home increased significantly (+26%).
- The share of renter households also increased—from 31.2% of households in 2006 to 36.1% in 2017.



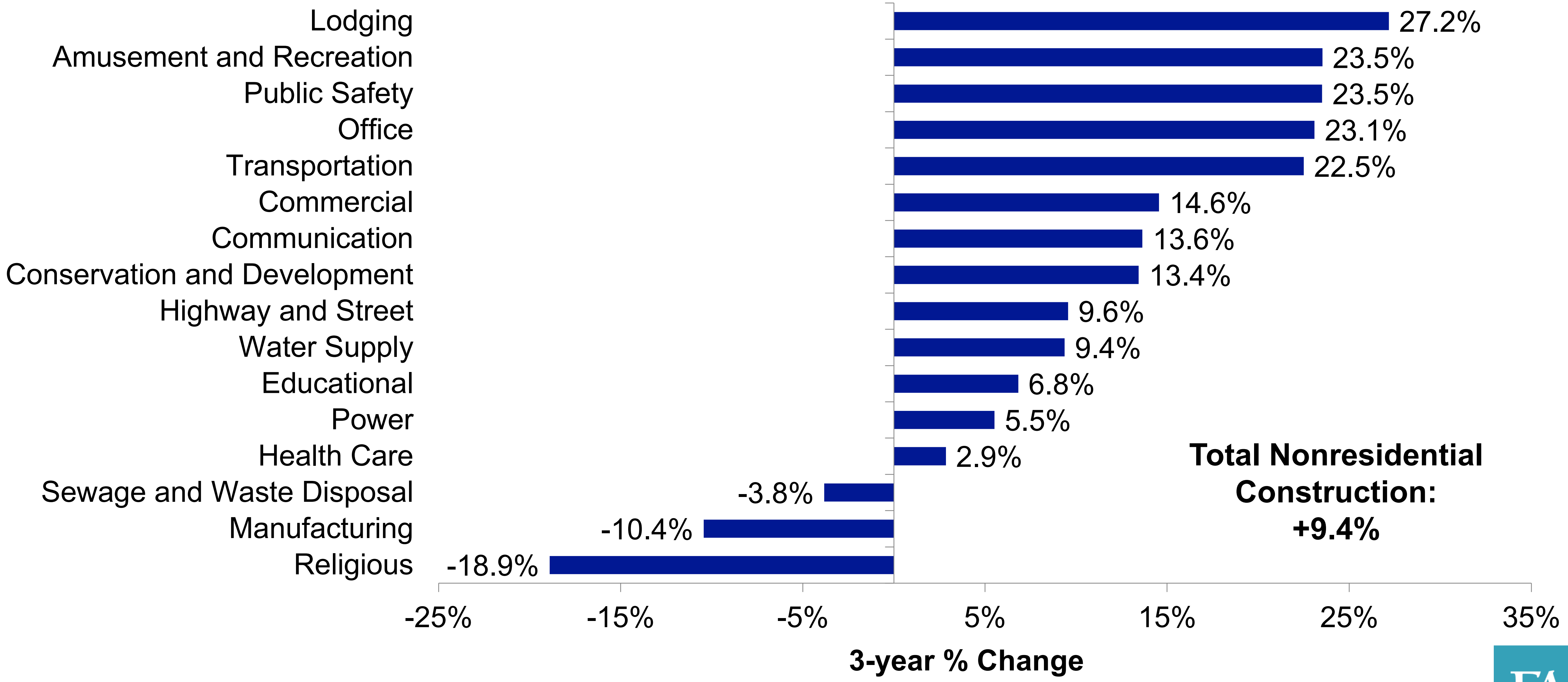
Source: U.S. Census Bureau; Pew Research Center

U.S. Homeownership (NSA)
1980Q1-2019Q1



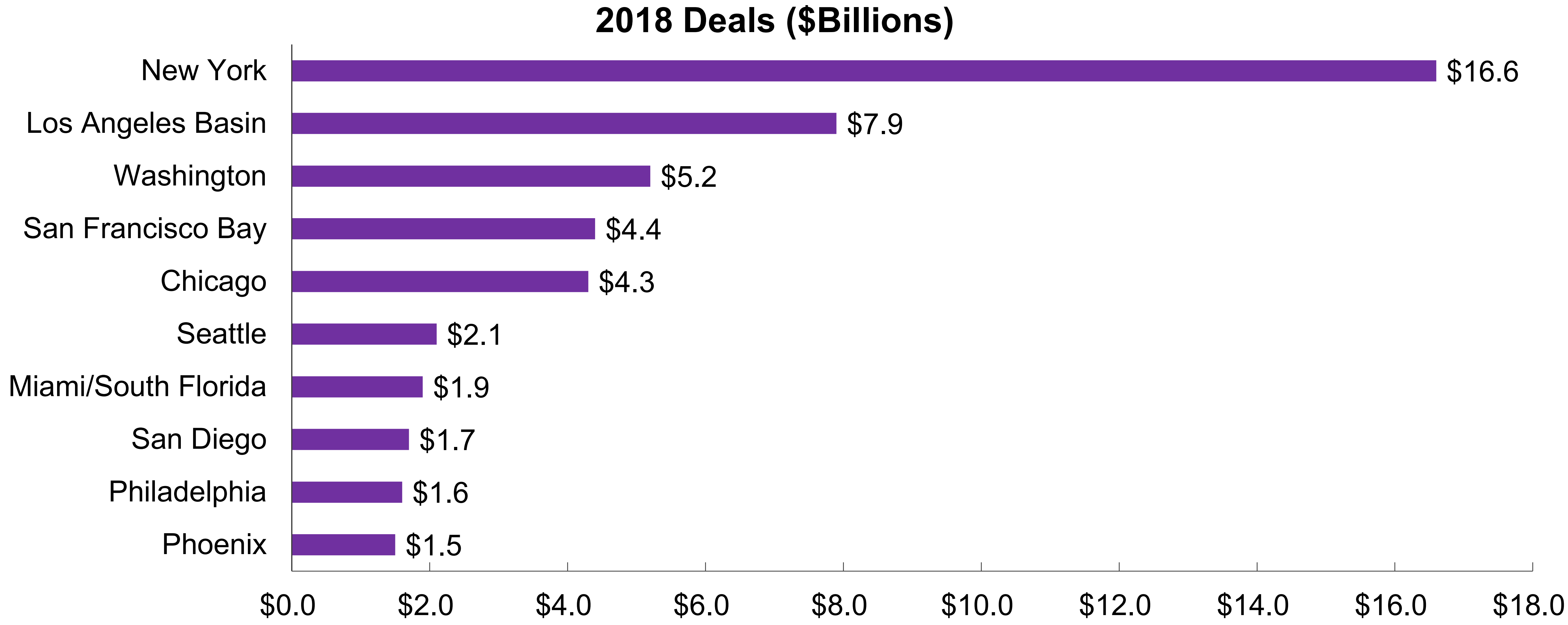
Source: U.S. Census Bureau *NSA: not seasonally adjusted

National Nonresidential Construction Spending by Subsector
March 2016 v. March 2019



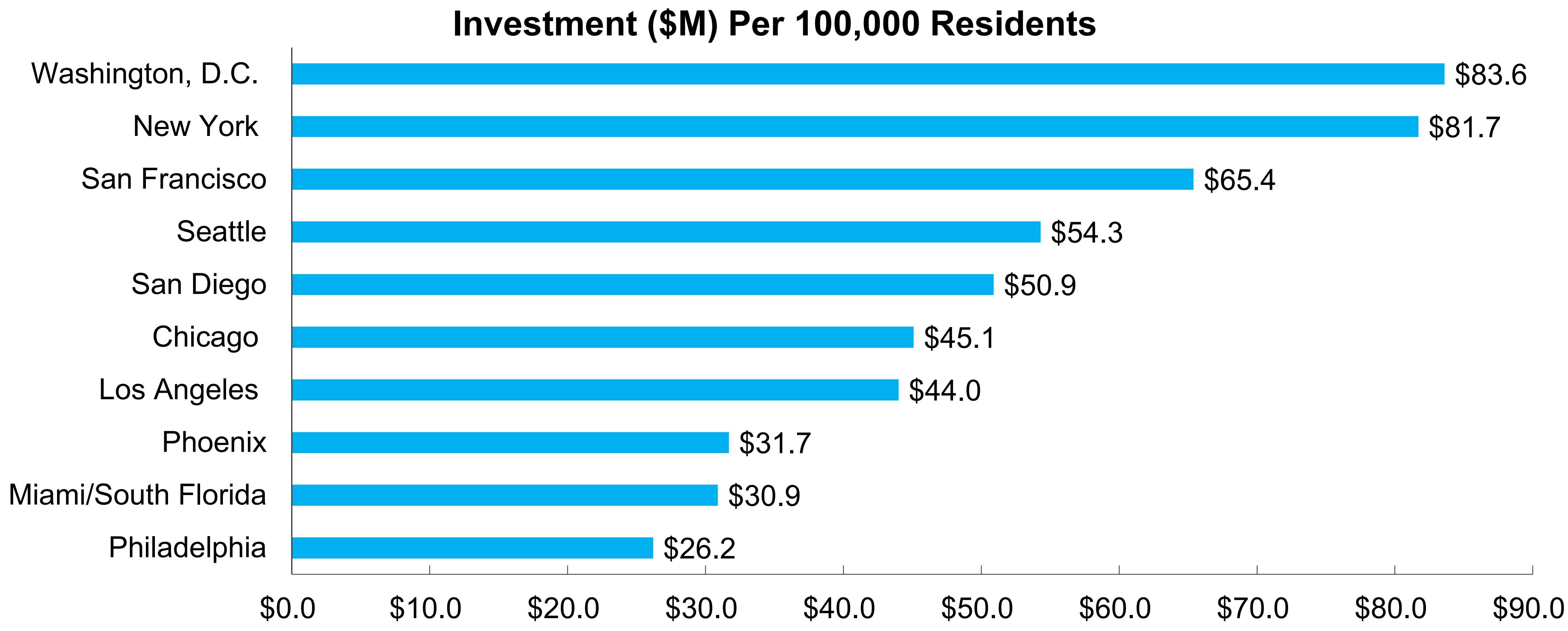
Source: U.S. Census Bureau

Foreign Investment in U.S. Commercial Real Estate
Top Destination Markets, 2018



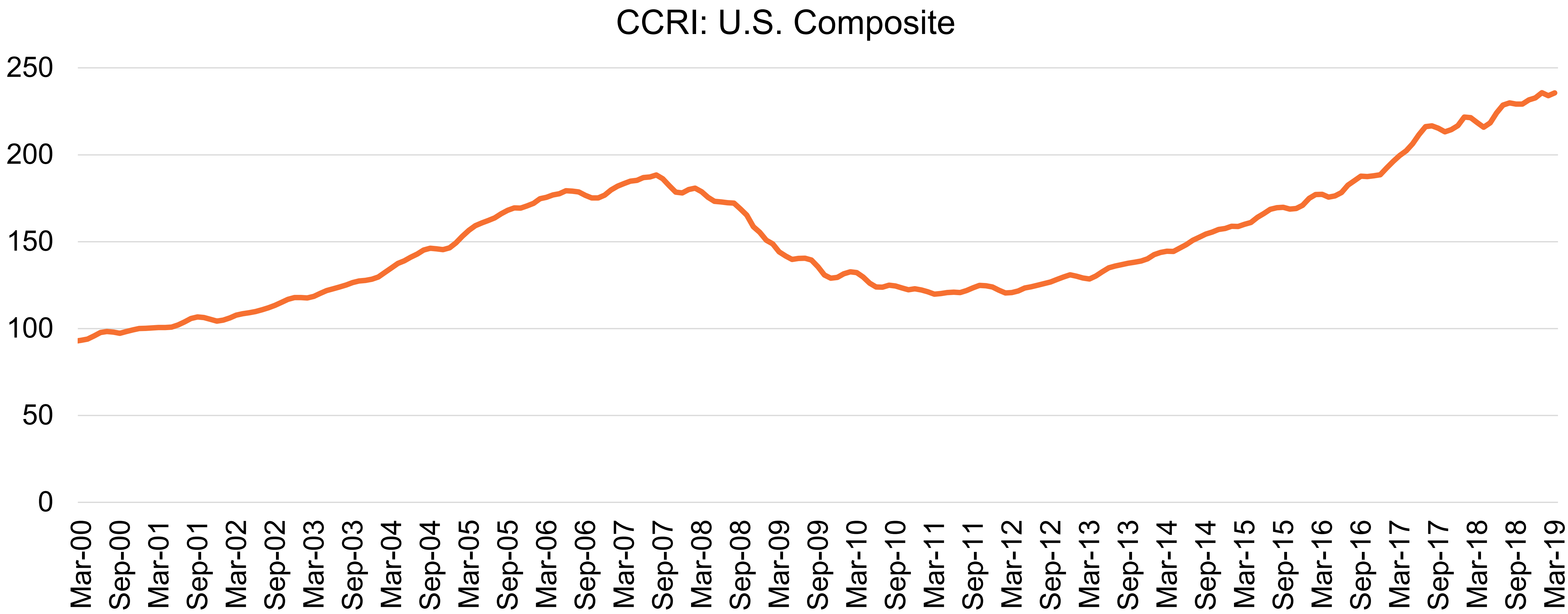
Source: Real Capital Analytics

Foreign Investment in U.S. Commercial Real Estate Per 100,000 Residents
Top Destination Markets, 2018



Source: Real Capital Analytics

CoStar Commercial Repeat Sales Index
March 2000 through March 2019

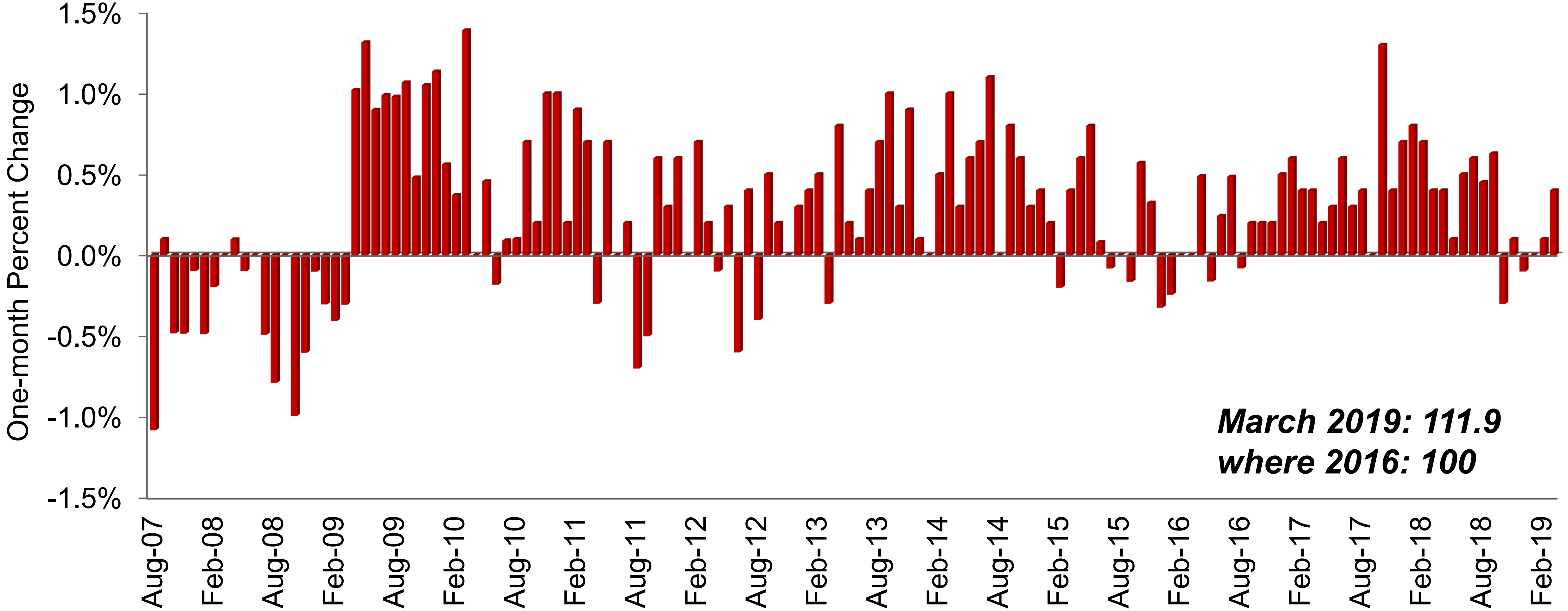


*Based on 1,157 repeat sale pairs in the month of March 2019 and more than 208,000 repeat sales since 1996.

Source: Costar

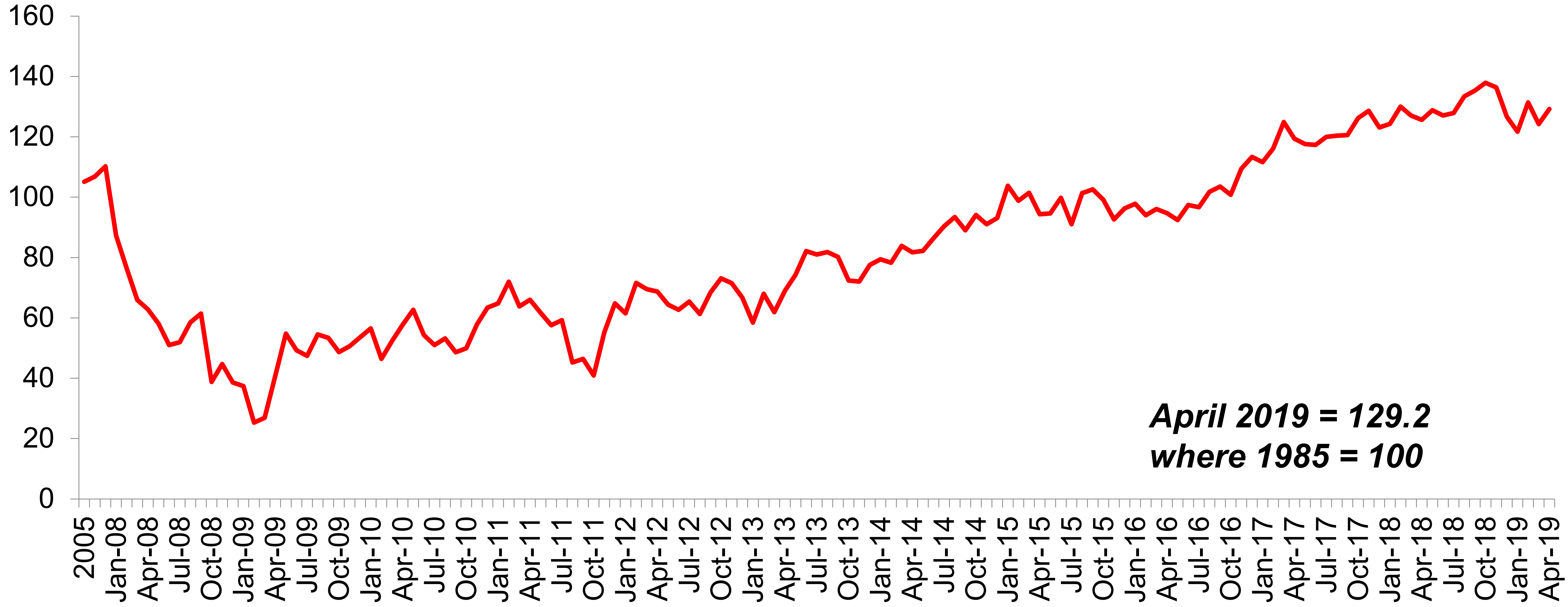
"An economist is an expert who will know tomorrow why the things he predicted yesterday didn't happen today."
–Laurence J. Peter

Conference Board Leading Economic Indicators Index
August 2007 through March 2019



Source: Conference Board

Conference Board Consumer Confidence Index
2005 – April 2019

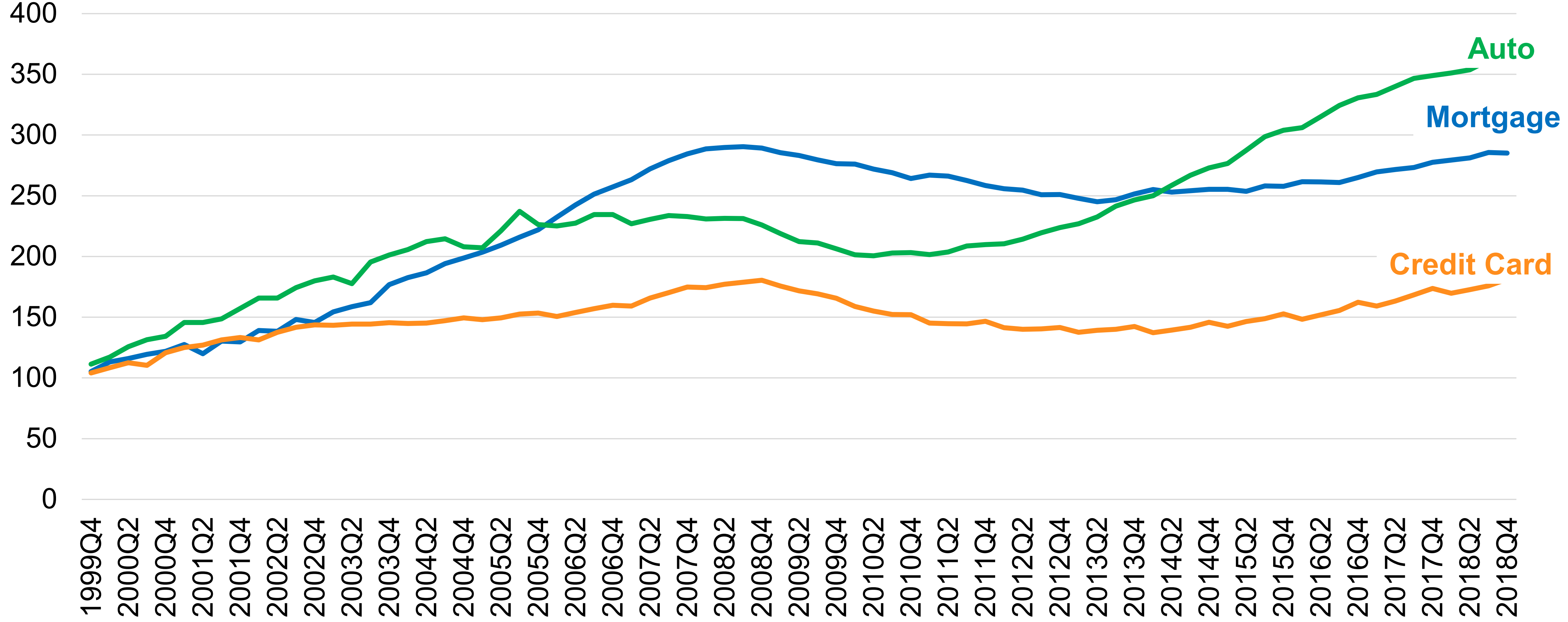


Source: Conference Board

NFIB Index of Small Business Optimism: Good Time to Expand
1986-2019

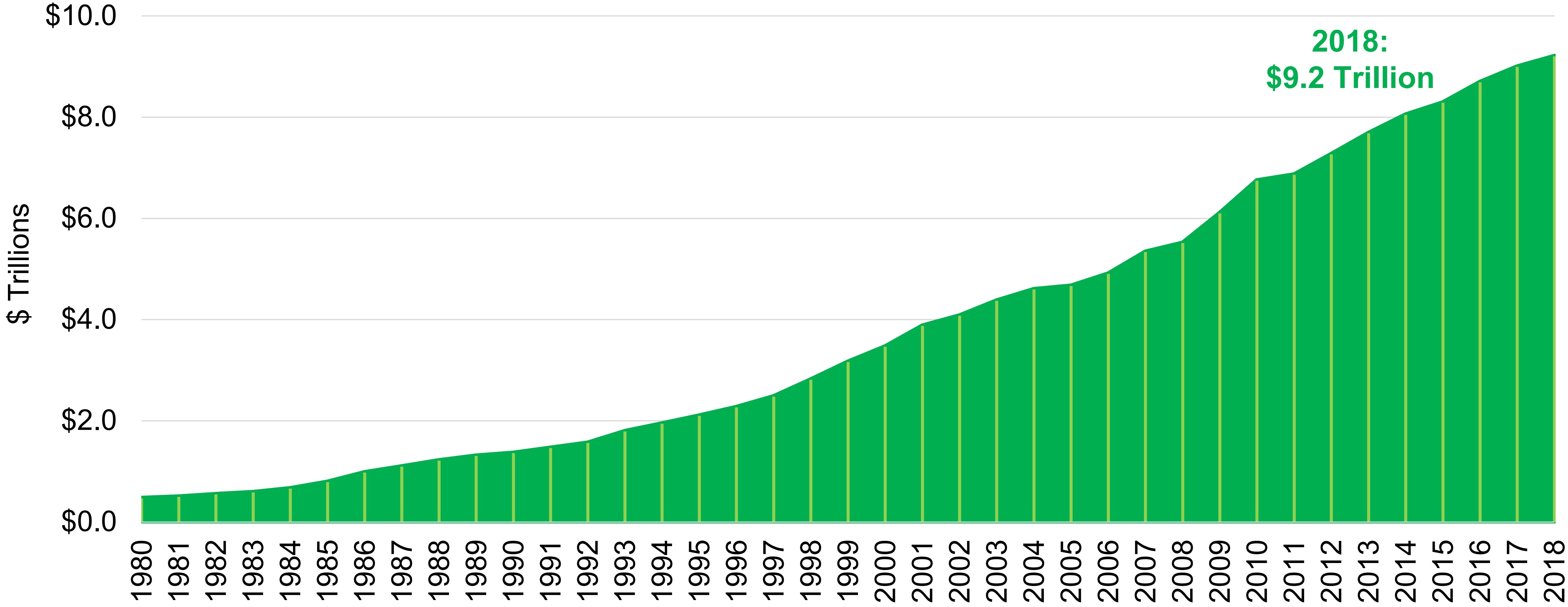
Source: National Federation of Independent Business (NFIB)

Total U.S. Debt Volume by Select Loan Types
Index 1999Q1=100



Source: New York Fed Consumer Credit Panel/Equifax

U.S. Corporate Bond Debt Outstanding, 1980-2018



Source: Securities Industry and Financial Markets Association (SIFMA); Federal Reserve

Global Debt Reaches All Time Highs (IIF)

- According to the International Institute of Finance (IIF), global debt reached an record high of $248 trillion in 2018Q1;

- At **$243.2 trillion** as of 2018Q4, global debt—including household, government, and corporate—now represents **317% of global GDP**;

- In 2016 the IMF warned of risks to the global economy:
  - *“sheer size of debt could set the stage for an unprecedented private deleveraging process that could thwart the fragile economic recovery”*

Sources: 1. Institute of International Finance (IFF), Global Debt Monitor. 2. Business Insider. 3. The Telegraph. 4. Reuters.

Economists do it with Models

- Much of the negativity reflected in forecasts and in financial market volatility relates to things people believe will happen;
- But important parts of the U.S. economy continue to perform well – e.g. consumer, corporate earnings, construction.

- What's more, there is significant upside risk. What if the following happens?
  - Trade deal with China;
  - Infrastructure spending plan with revenue sources identified;
  - Elimination of tariffs on steel, aluminum, etc. &
  - Fed stops tightening!!!!
- Hypothesis - 2019 will be decent year for economy, especially the first half.

Thank You

Please follow me on Twitter -- @sageanirban

Please look for updates of information at www.sagepolicy.com.

Please contact us when you require economic research & policy analysis.

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Thank You!

for attending