



“Facts are stubborn things”

Presented by
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“Facts are stubborn things; and whatever may be our wishes, our inclinations, or the dictates of our passions, they cannot alter the state of facts and evidence.”

- John Adams

“Nothing can now be believed which is seen in a newspaper”

- *Thomas Jefferson*

“The fact that a man is a newspaper reporter is evidence of some flaw in character”

- *Lyndon Johnson*

“I look forward to these confrontations with the press to kind of balance up the nice and pleasant things that come to me as president”

- *Jimmy Carter*

“Go into the corner over there, put on the dunce cap and stand with your back to the crowd”

- *Franklin Delano Roosevelt*

“The President of the United States will not stand and be questioned like a chicken thief by men whose names he does not even know”

- *Herbert Hoover*

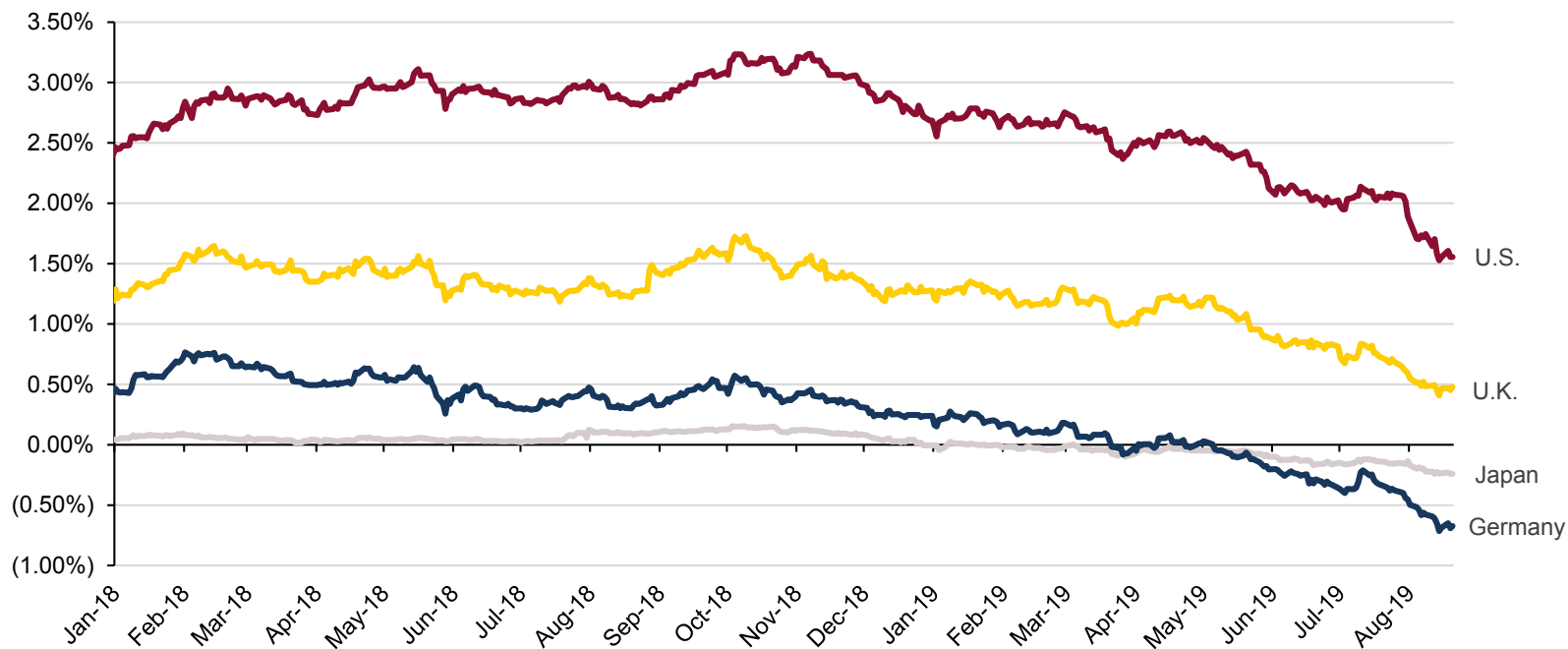


Global 10-Year Government Bond Yields

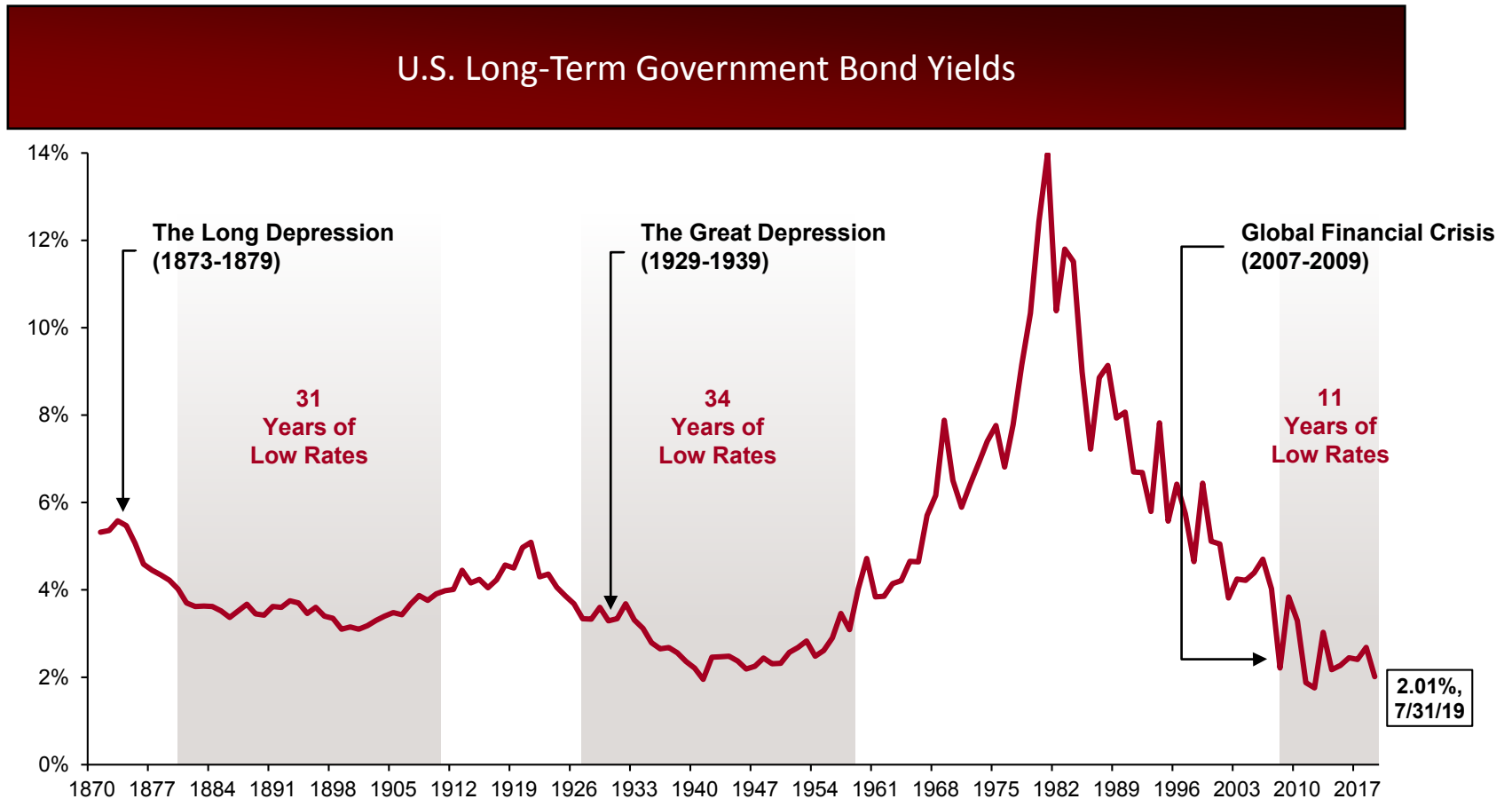
“The function of economic forecasting is to make astrology look respectable”

- John Kenneth Galbraith, *Economist and Author*

Global 10-Year Government Bond Yields



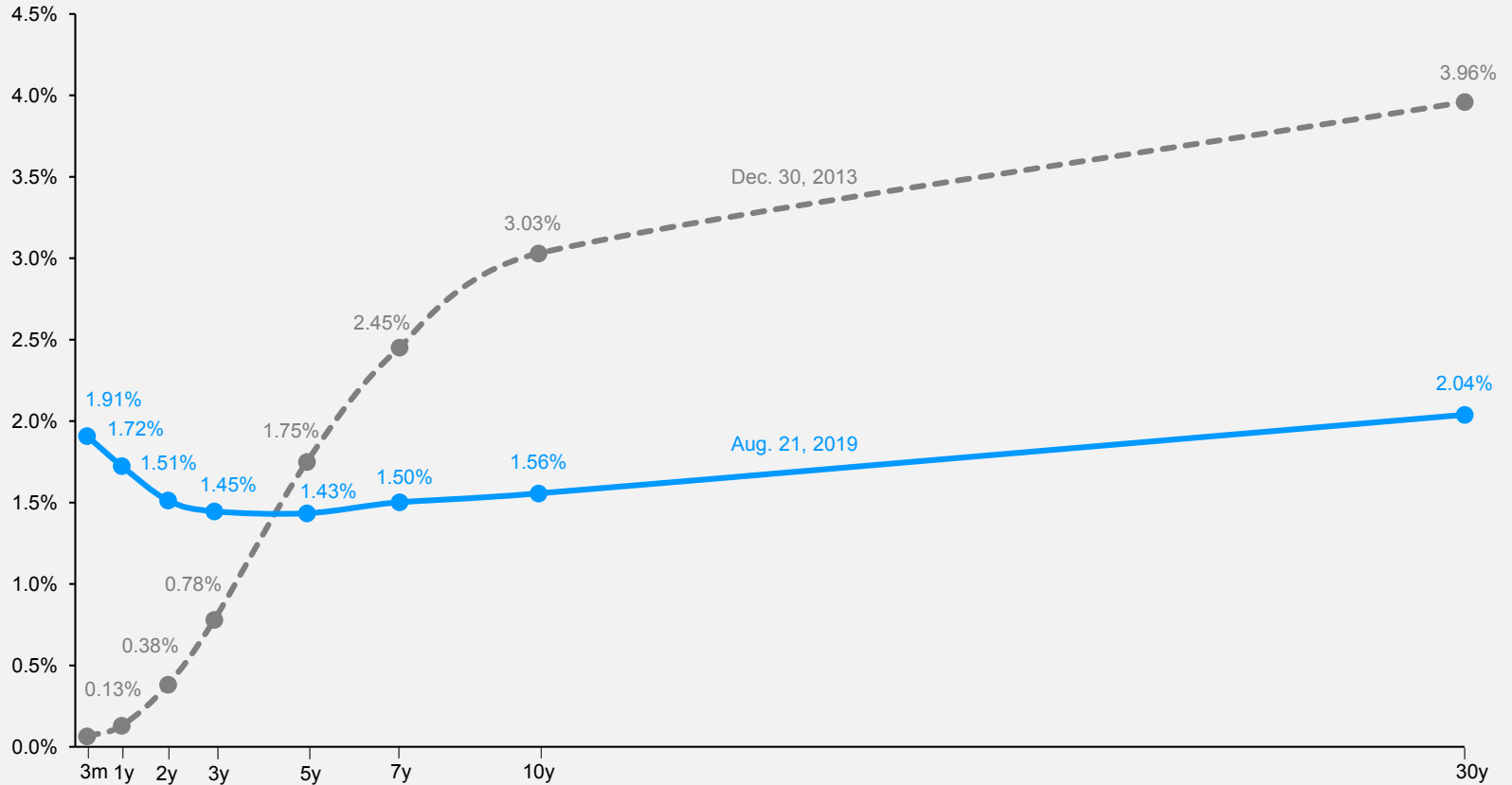
U.S. Long-Term Government Bond Yields



Flat / Inverted Yield Curve

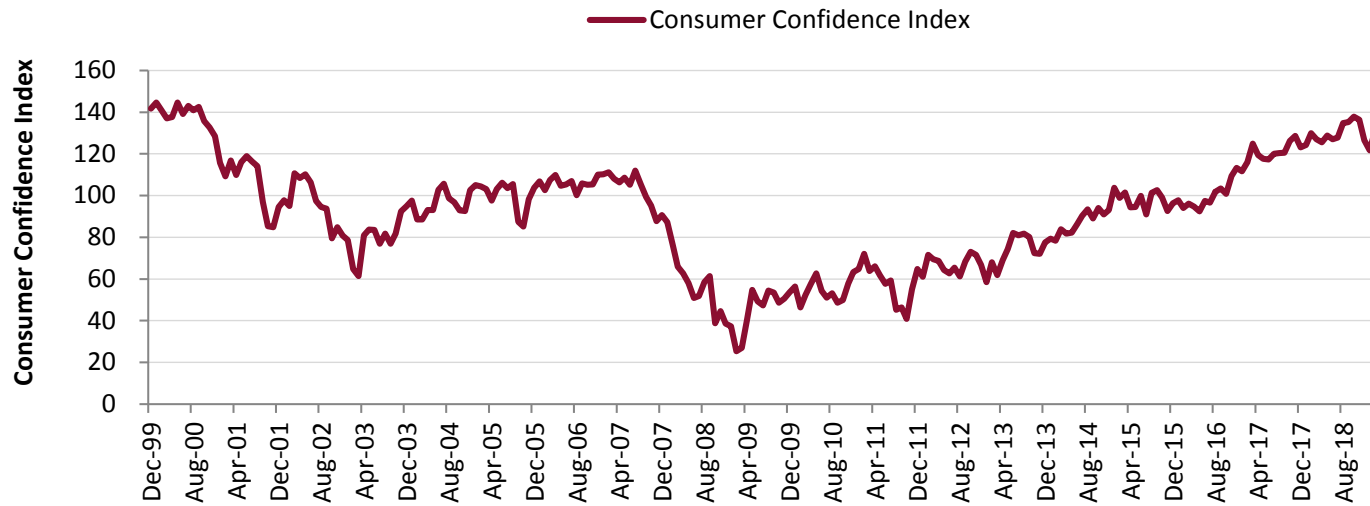
Yield curve

U.S. Treasury yield curve



U.S. Consumer Confidence

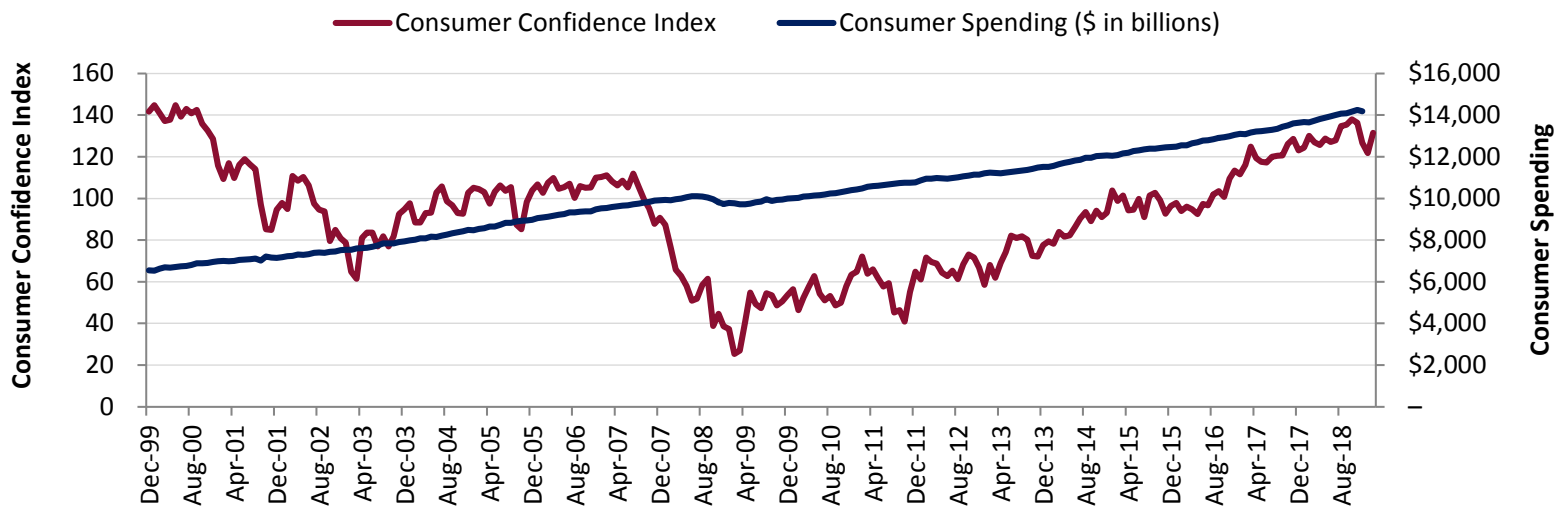
U.S. Consumer Confidence



Consumer confidence climbed near all-time highs in 2018

U.S. Consumer Confidence / U.S. Consumer Spending

U.S. Consumer Confidence / U.S. Consumer Spending

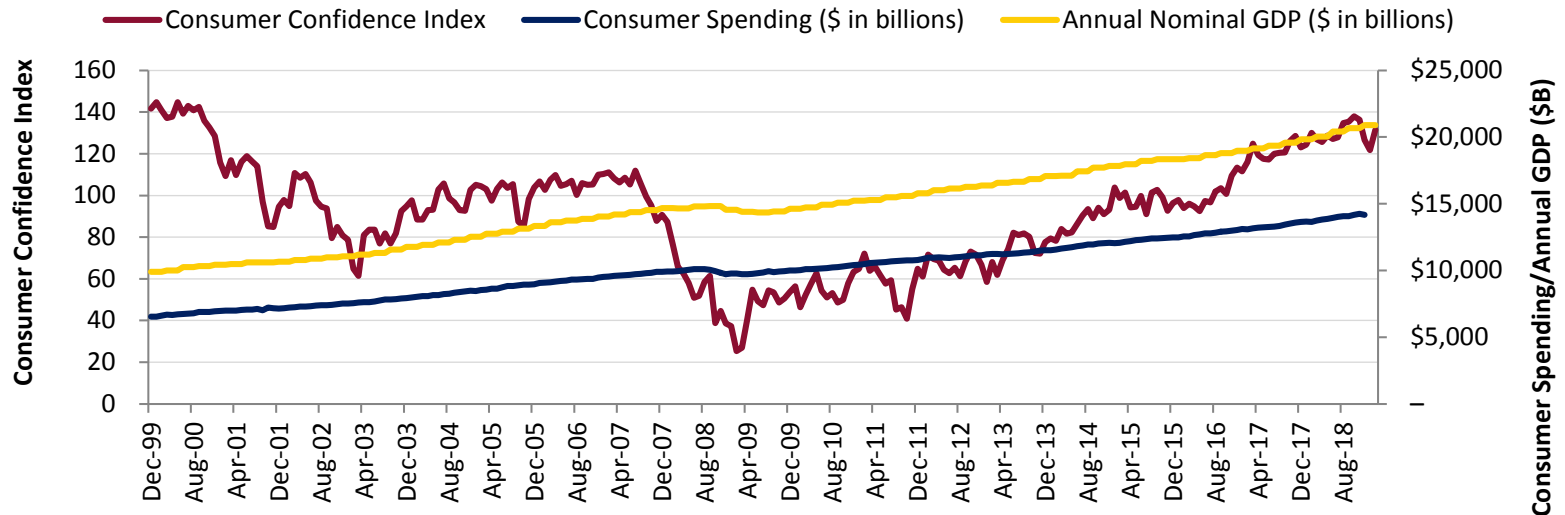


Consumer spending continues to grow at a steady clip: +4%/year since 2000

U.S. Consumer Confidence / U.S. Consumer Spending / U.S. Gross Domestic Product

- 70+% of U.S. GDP (+3.1% 2018) is driven by consumption:
 - Job Growth (155+ million workers)* / Consumer Confidence (highest since 2000) / Wage Growth (median household income \$61,372 (+10.4% over last three years – hours worked rising))
 - GDP also driven by Investment / Net Exports / Government Spending

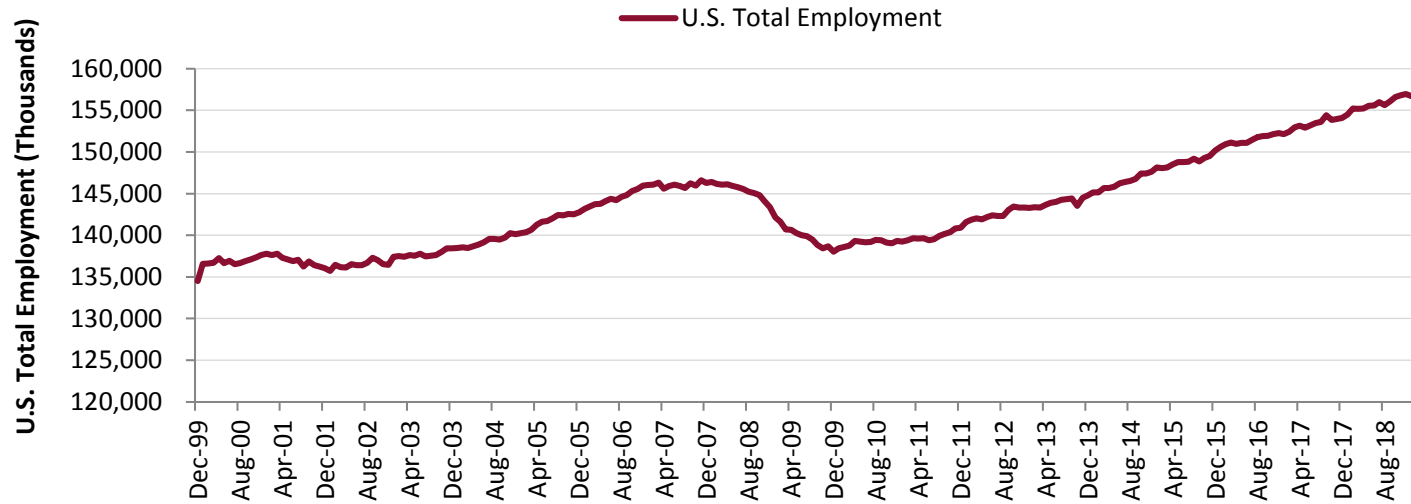
U.S. Consumer Confidence / Consumer Spending / GDP



GDP has grown in lock-step with consumer spending in the new millennium

U. S. Employment

U.S. Total Employment

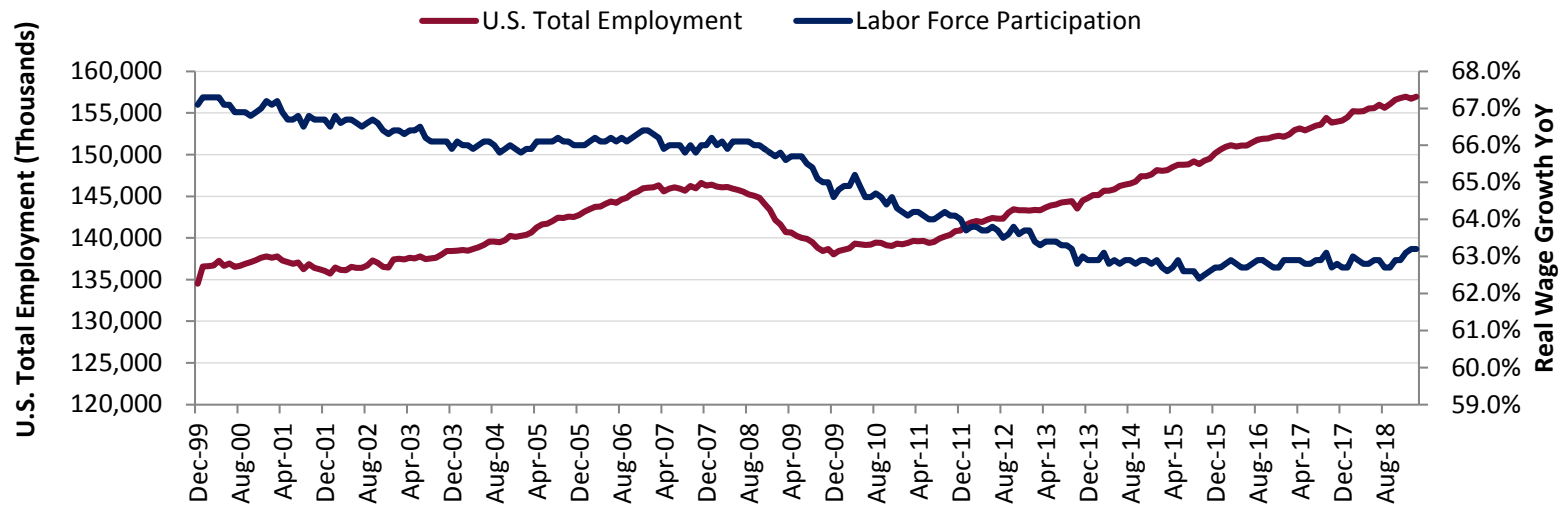


U.S. Total Employment surpassed 155 million in 2018, growing 1.4% per year since bottoming in 2009

U.S. Employment / Labor Force Participation

Is the U.S. running out of workers?

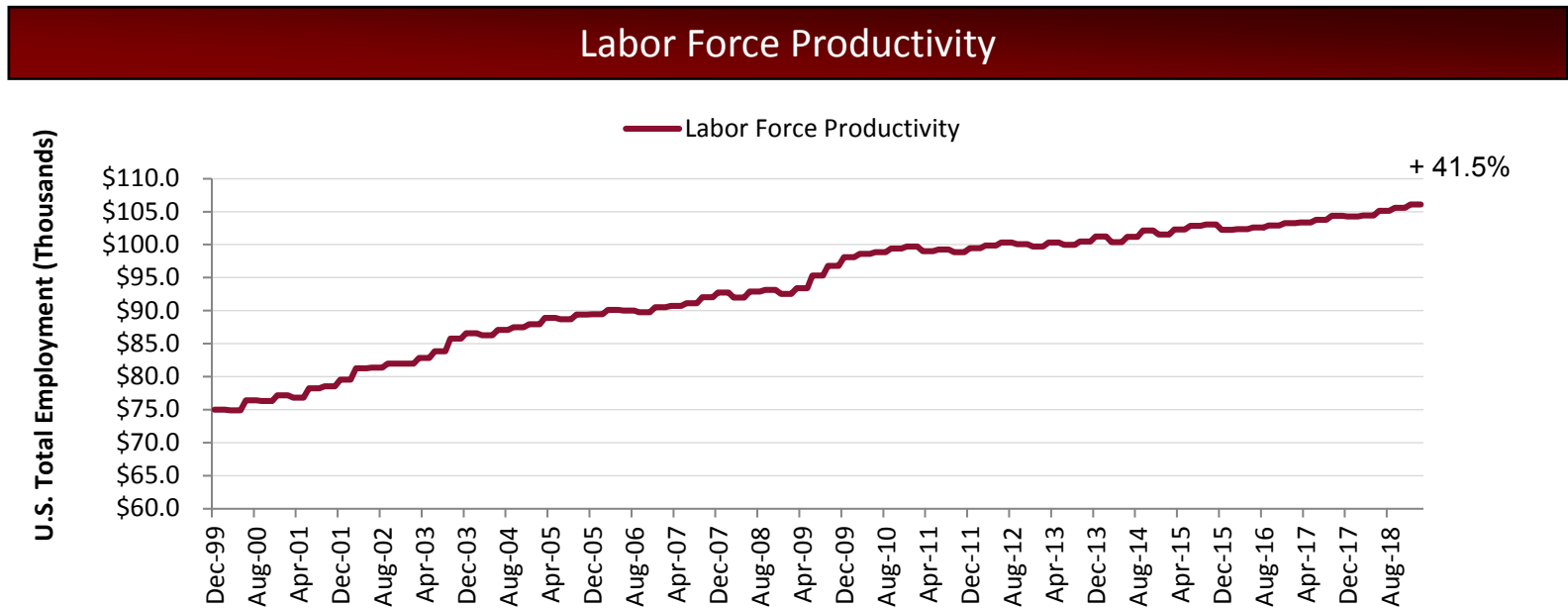
U.S. Total Employment / Labor Force Participation



Labor force participation had bottomed at lows unseen since 1978

U.S. Labor Force Productivity

Labor productivity is a measure of economic performance that compares the amount of goods and services produced (output) with the number of hours worked to produce those goods and services



Average annual growth of 1.8% since 2000

“A people... who are possessed of the spirit of commerce, who see and who will pursue their advantages may achieve almost anything.”

“Perseverance and spirit have done wonders in all ages”

- *George Washington*

What makes the U.S. economy exceptional

- The Atlantic & Pacific Oceans
- Natural Harbors & River Transportation
- Abundant Farmland
- Raw Materials

- Government Stability

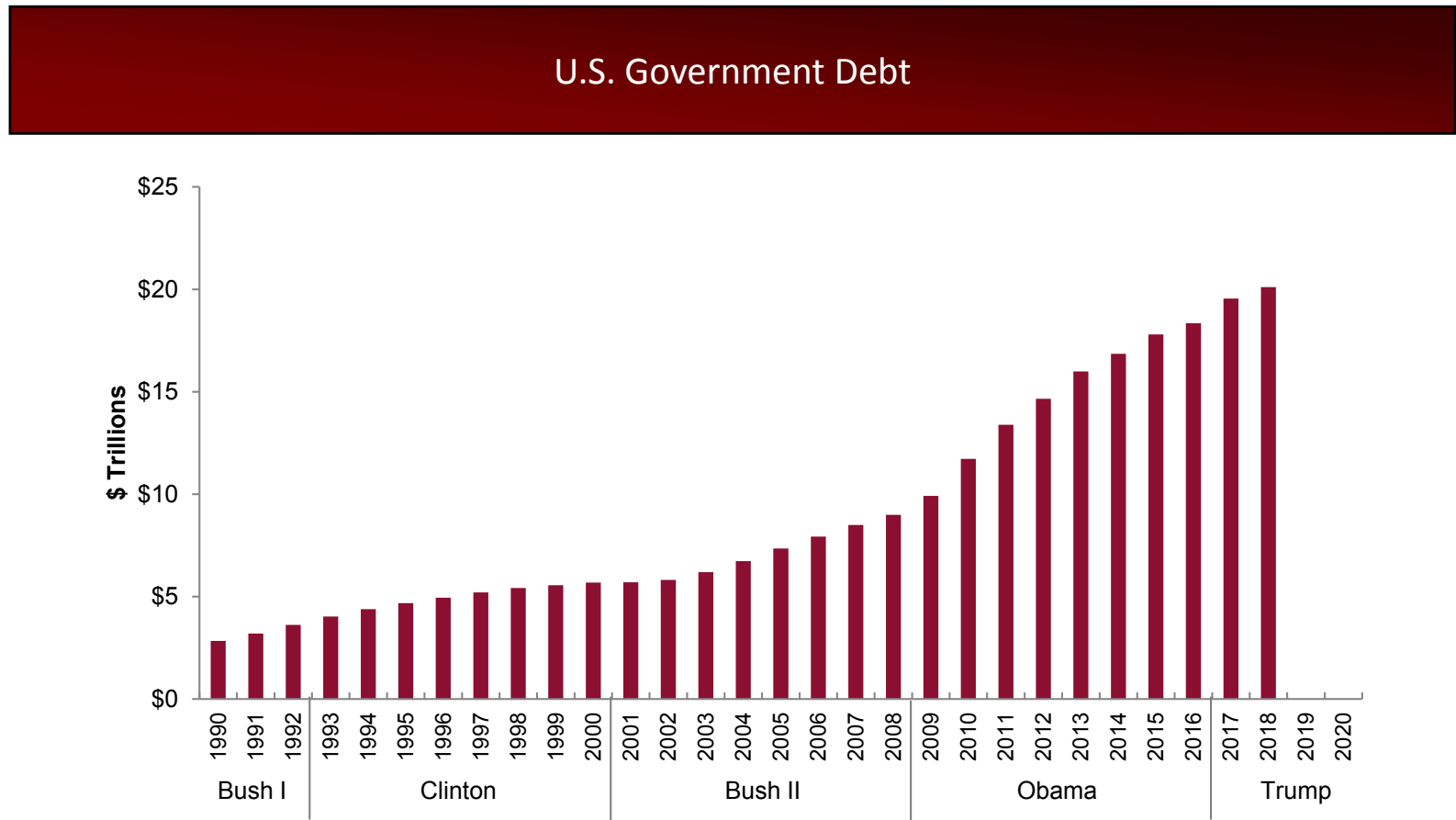
- World War II / United States Navy
- Transportation Infrastructure
- Education Opportunities
- Energy – U.S. is the worlds' largest oil and natural gas producer

“If you put the government in charge of the Sahara Desert in five years there would be a shortage of sand.”

- Milton Friedman

U. S. Government Debt

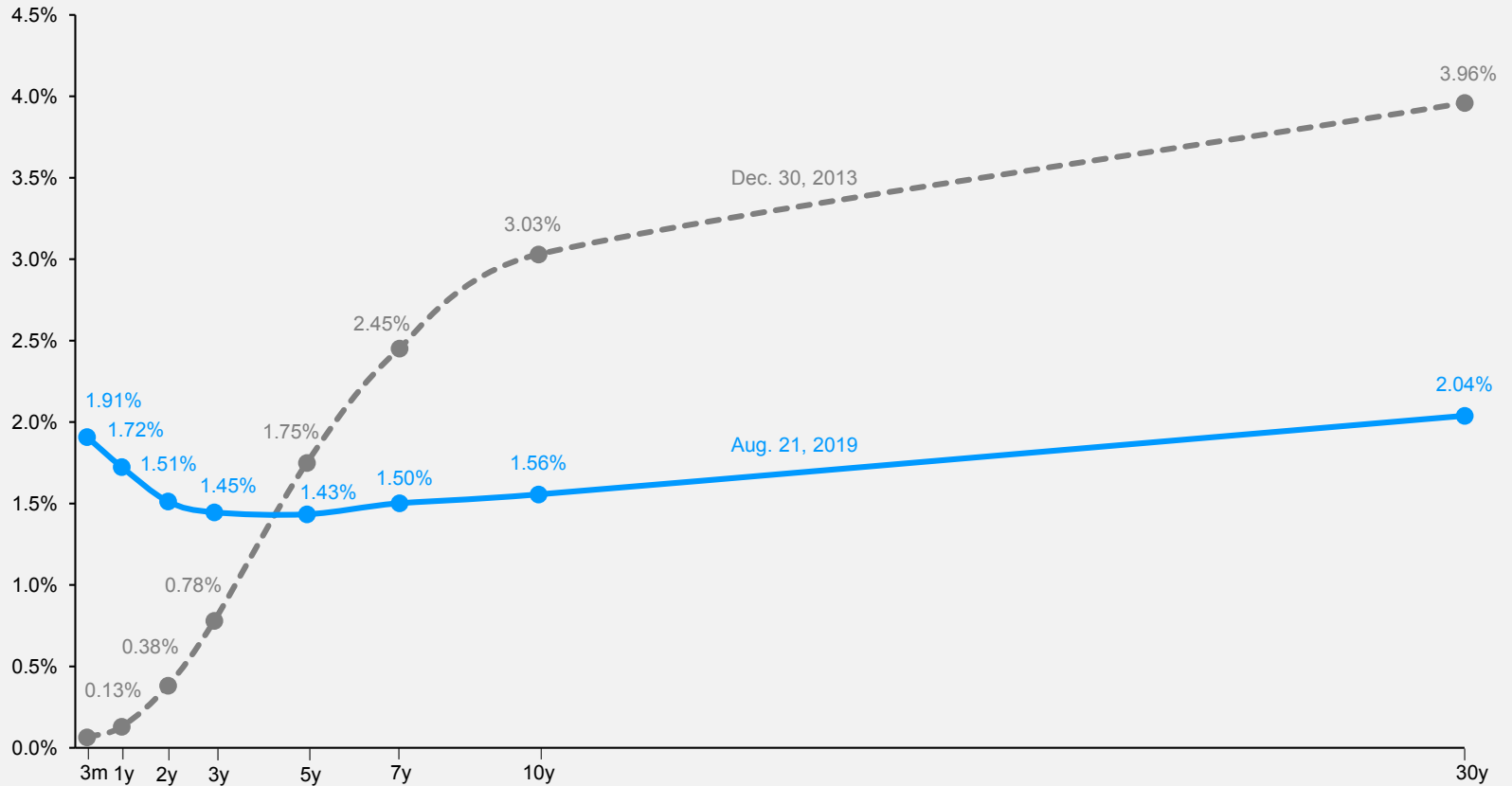
2018 Debt Increased by \$651 billion



Flat / Inverted Yield Curve

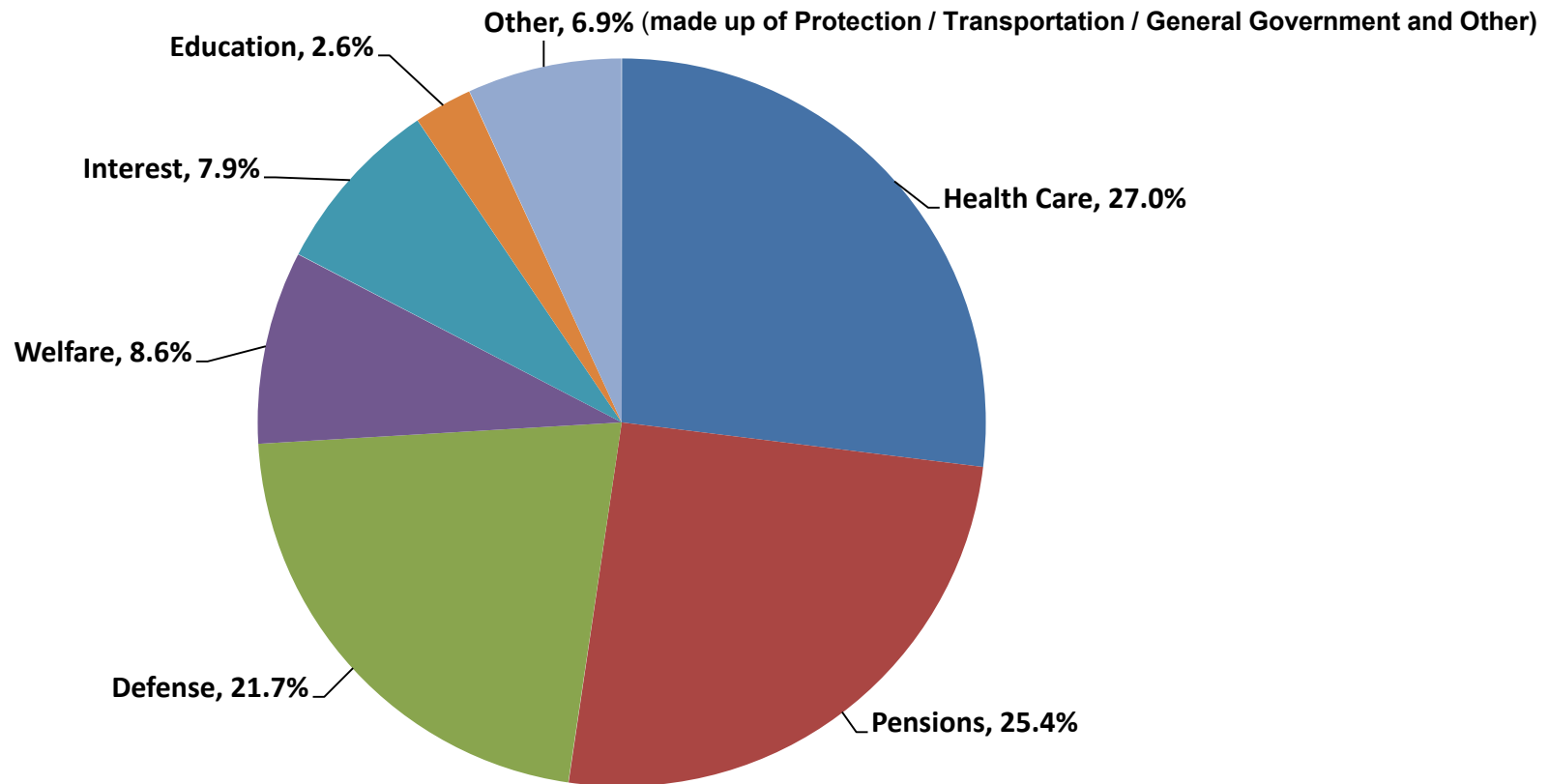
Yield curve

U.S. Treasury yield curve



U.S. Government Spending

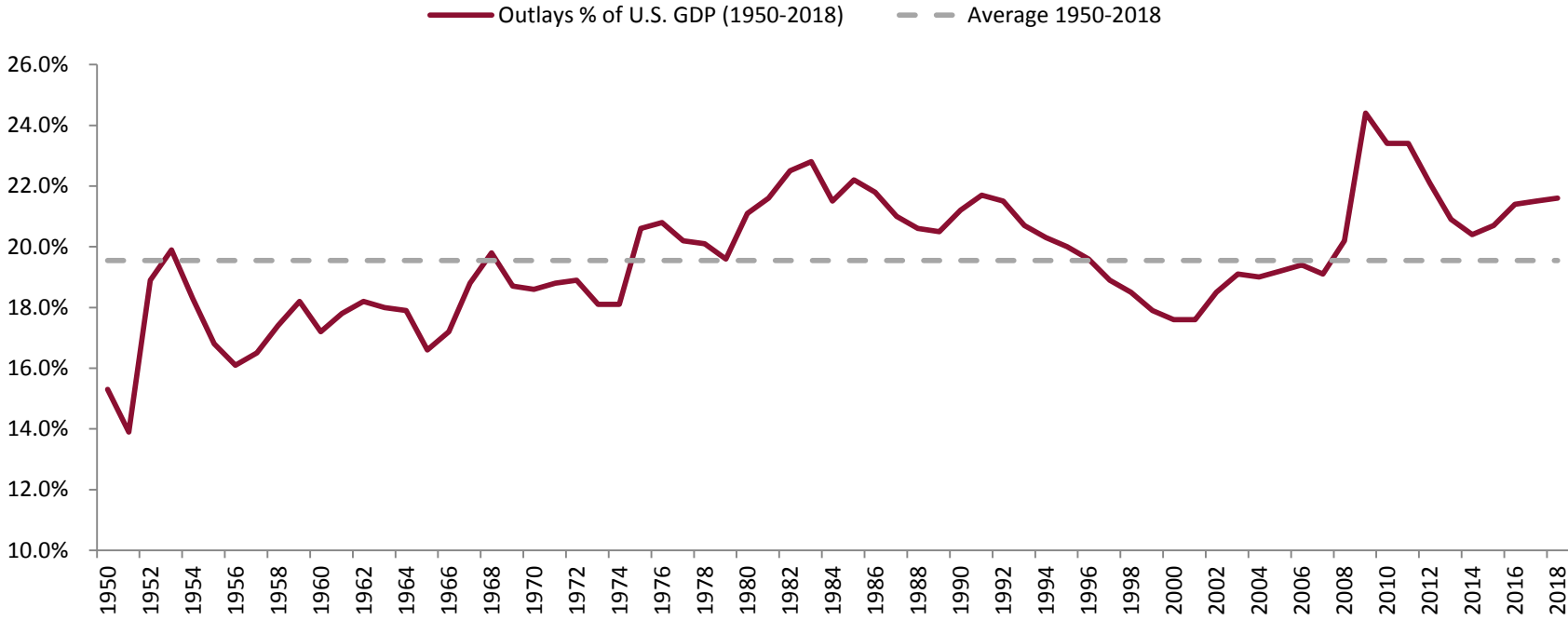
Government Spending by Category (2018)



U. S. Government Outlays

2018 Government Spending was \$3.96 Trillion

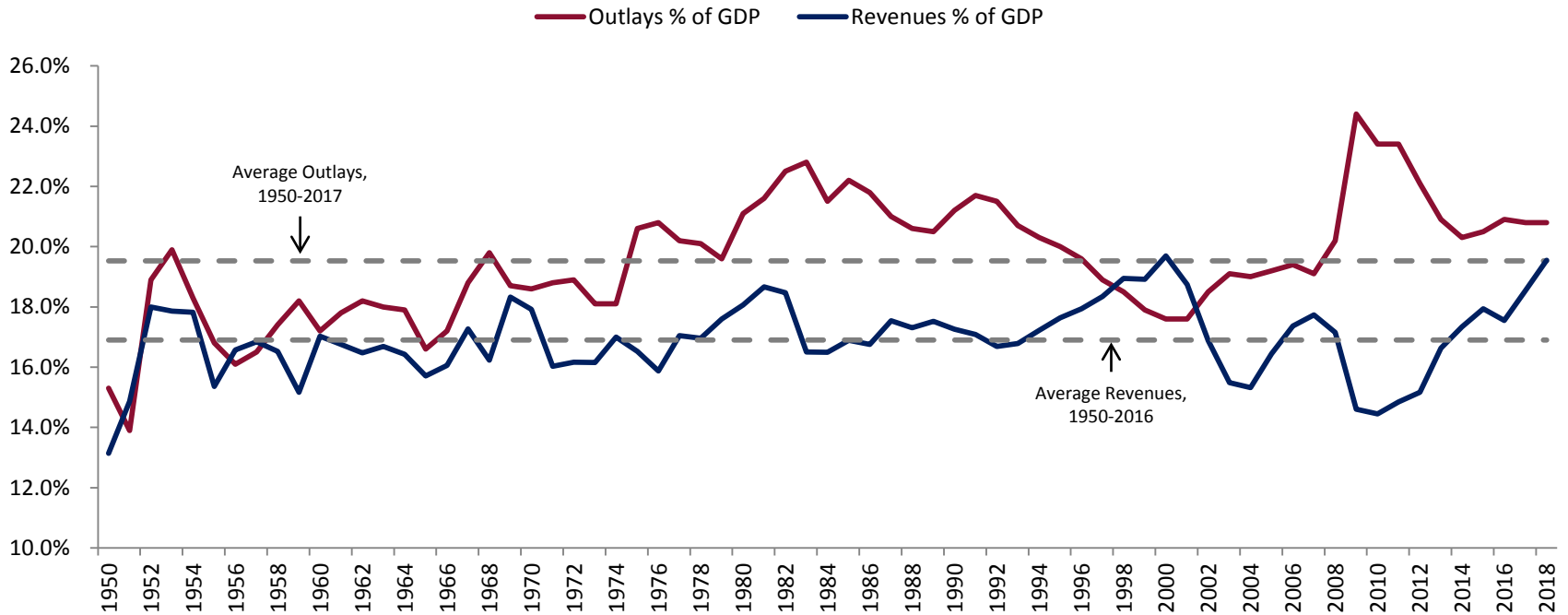
Total U.S. Government Outlays as a % of GDP



U. S. Government Revenue

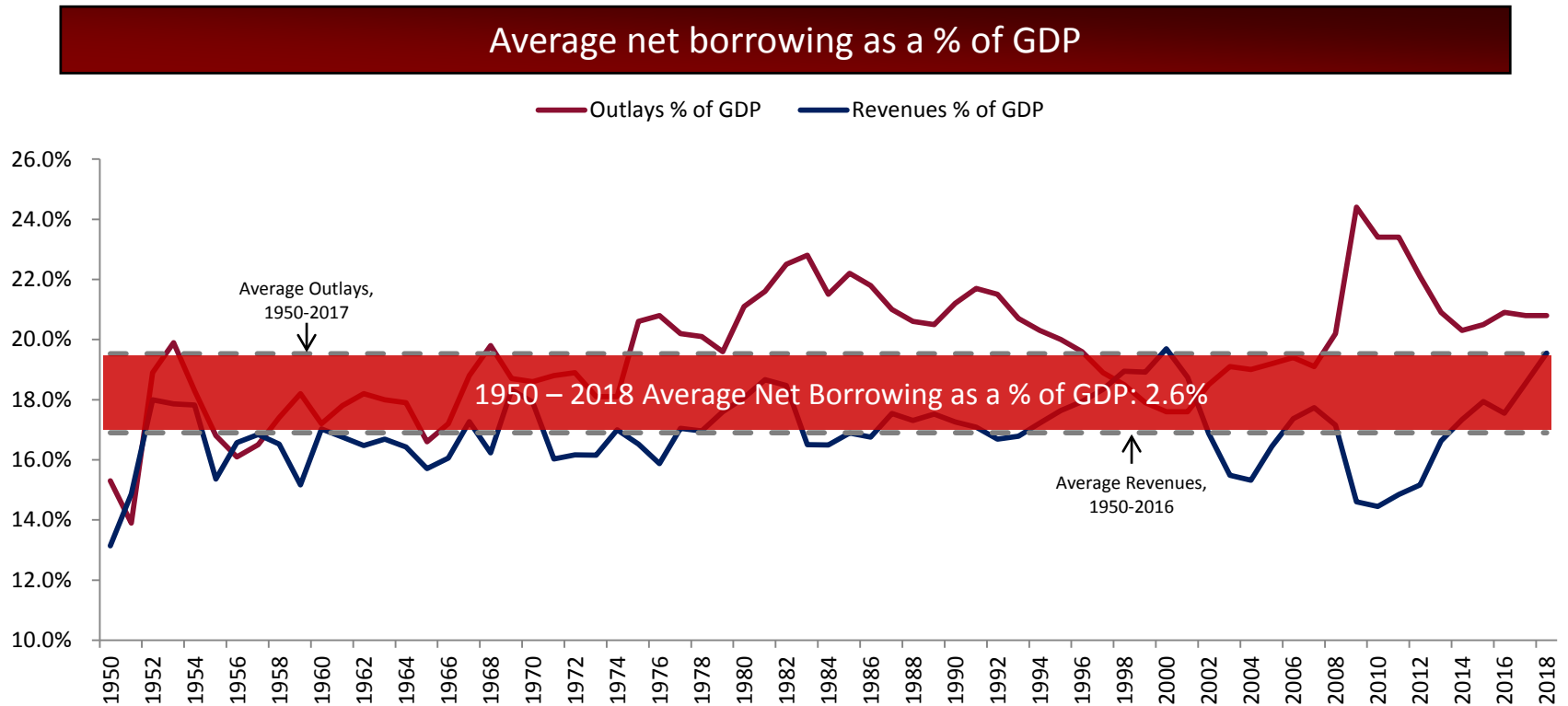
2018 U.S. Government Revenue was \$3.31 Trillion

Total U.S. Government Outlays and Revenues as a % of GDP



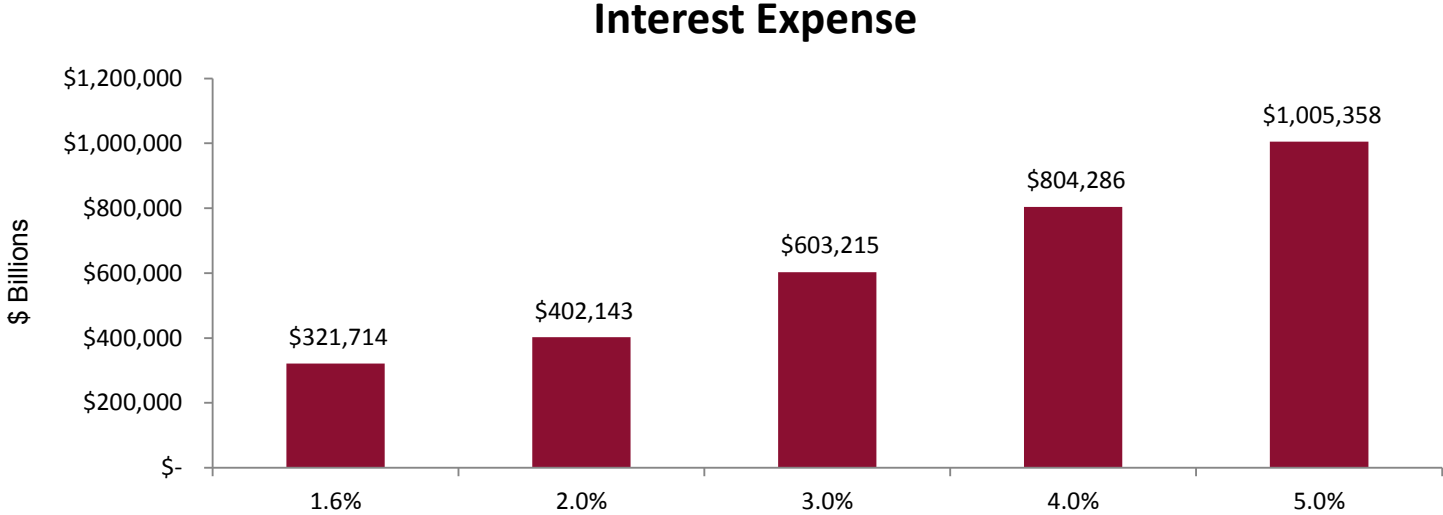
U.S. Government Borrowing

- The 1950 to 2005 average deficit was \$75 billion; the 2006 to 2018 average deficit was **\$738 billion**
- Since the end of World War II federal tax revenue has grown 15% faster than national income – while federal spending has grown 50% faster*



U.S. Government Interest Expense

Annual Interest Expense at Increasing Rates



“The most terrifying words in the English language are: I'm from the government and I'm here to help.”

- Ronald Reagan

U.S. Tax Policy

- Corporate Taxes – globally competitive
 - Tax inversion stopped?
- The top one-tenth of 1% of individual taxpayers pay 20% of federal income taxes / the top 1% pay 43.6%*
 - Taxpayer Flight?

“There’s plenty of money in this city. It’s just in the wrong hands”

- NYC Mayor Bill de Blasio

- In the latest fiscal year “Wall Street” paid 7% of NYC taxes**

U.S. Tax Policy

- Between 2012 and 2015 (the most recent data)*:
 - \$13.6 billion in adjusted gross income left Illinois
 - \$8.5 billion in adjusted gross income left New Jersey
 - \$6.2 billion in adjusted gross income left Connecticut
 - \$39.3 billion in adjusted gross income moved to Florida
- Over the past decade 3.5 million Americans have relocated from high tax states to low tax states**:
 - 2.2 million have left New York and California
 - 2.25 million have moved to Texas and Florida

“For a nation to try and tax itself into prosperity is like someone standing in a bucket and trying to lift themselves up by the handle.”

- Winston Churchill

U.S. Trade Policy

In 2018 the U.S. trade deficit was \$810 billion, \$375 billion (46%) was with China; The next largest deficits were with Mexico, Japan and Germany, \$205 billion total (25%)*

“The real significance of the revised trade agreement with Canada and Mexico is what comes next. The U.S. should now follow this template with its Asia-Pacific trading partners, to revive the dream of building a new, rules based trading block to counter China.”

- Aaron Back, WSJ Heard on the Street

“For the only way in which a durable peace can be created is by world-wide restoration of economic activity and international trade.”

- James Forrestal

“Some calamities - the 1929 stock market crash, Pearl Harbor, 9/11 - have come like summer lightning, as bolts from the blue. The looming crisis of America's Ponzi entitlement structure is different. Driven by the demographics of an aging population, its causes, timing and scope are known”.

- George Will

U.S. Government Programs

- Social Security
 - In 1900 there were 10 people under 18 for every 1 over 65. Today that number is 1.6 and will go under 1 in 2042.* Social Security utilized the trust fund in 2018 to pay benefits, and the trust fund is projected to run out in 2034**
- Student Lending
 - \$1.5 trillion in student debt / 10.7% default rate*** A majority of borrowers who left school owing over \$50,000 had failed to repay any of the debt after four years.**** After a steady increase in supply and pricing power, US demographics are causing pricing power to decrease, signaling a decline in the real cost of college at many schools.

U.S. Government Programs

- Mass Transit*
 - In 1964 Congress created incentives for government to get involved, and in 10 years mass transit ceased to exist as a profit-making business. Today, the use of mass transit has declined from 287 trips per urban resident in 1920 to 38 in 2017 while the cost of subsidies has risen to \$50 billion from \$2 billion in 1970.
- Healthcare**
 - The United States spends twice as much per capita as the average OECD country, \$10,224. 8.5% of GDP in Government Spending and 8.8% of GDP in private spending (17.3% total). According to the Central Intelligence Agency*** U.S. life expectancy ranks 43rd in the world, right behind Turks & Caicos.

2020 Election / Global Economy

- USSR / Japan / China

“The inherent vice of capitalism is the unequal sharing of blessings; the inherent virtue of socialism is the equal sharing of miseries”
- *Winston Churchill*

“The problem with socialism is you eventually run out of other people’s money”
- *Margaret Thatcher*

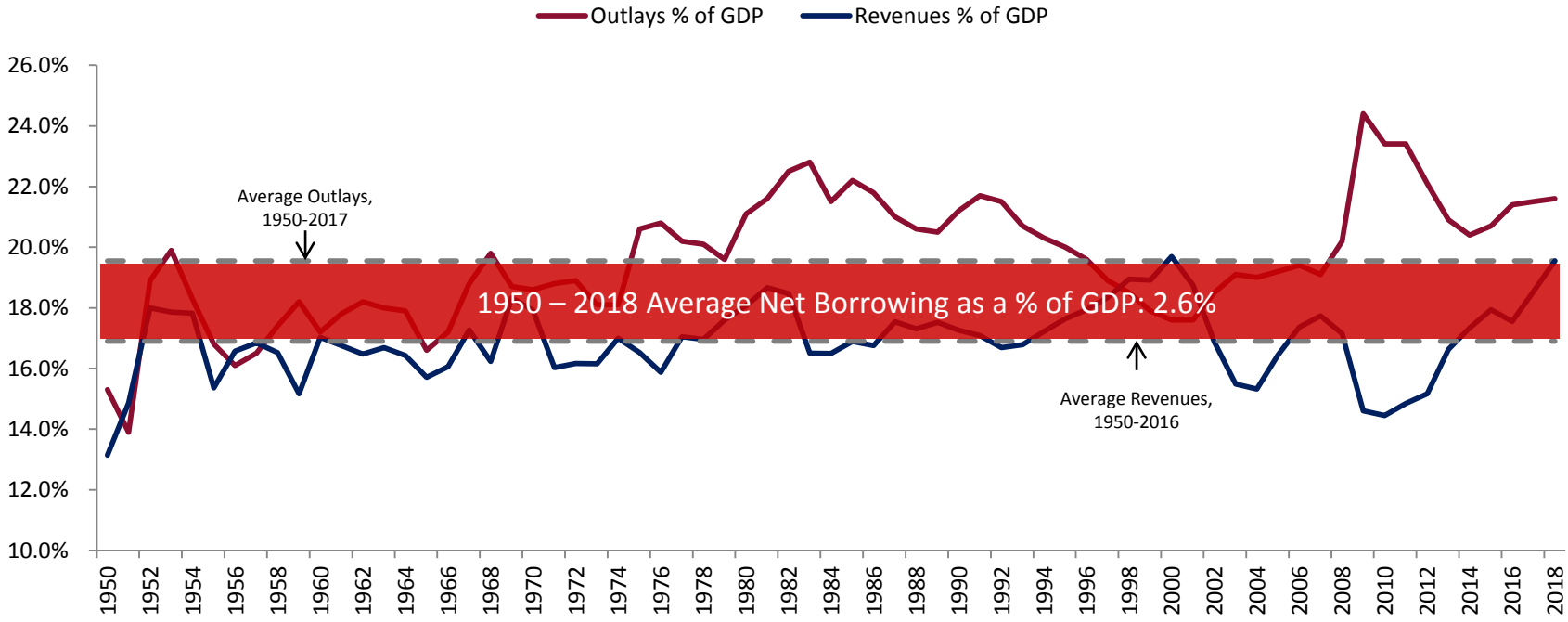
- Never underestimate the “Invisible Hand” – Adam Smith and the “Wealth of Nations”

**“Those who refuse to learn from history
are doomed to repeat it.”**

- George Santayana

U.S. Government Borrowing

Average net borrowing as a % of GDP



Global Economy

- The United States is back on top as the most competitive country in the world according to the World Economic Forum*:
 - Strengths – Competitive Labor Market / Entrepreneurial Culture / Higher Education / Market Size / Innovation / Technological Capabilities / Financial System
 - Threats – Trade War / Healthy Lifestyle / Technology Penetration

“The problems of the world cannot possibly be solved by skeptics or cynics, whose horizons are limited by the obvious realities. We need men (and women) who can dream of things that never were, and ask why not.”

- John F. Kennedy

Success starts here.

