



LONGBOAT KEY
DEMOCRATIC CLUB

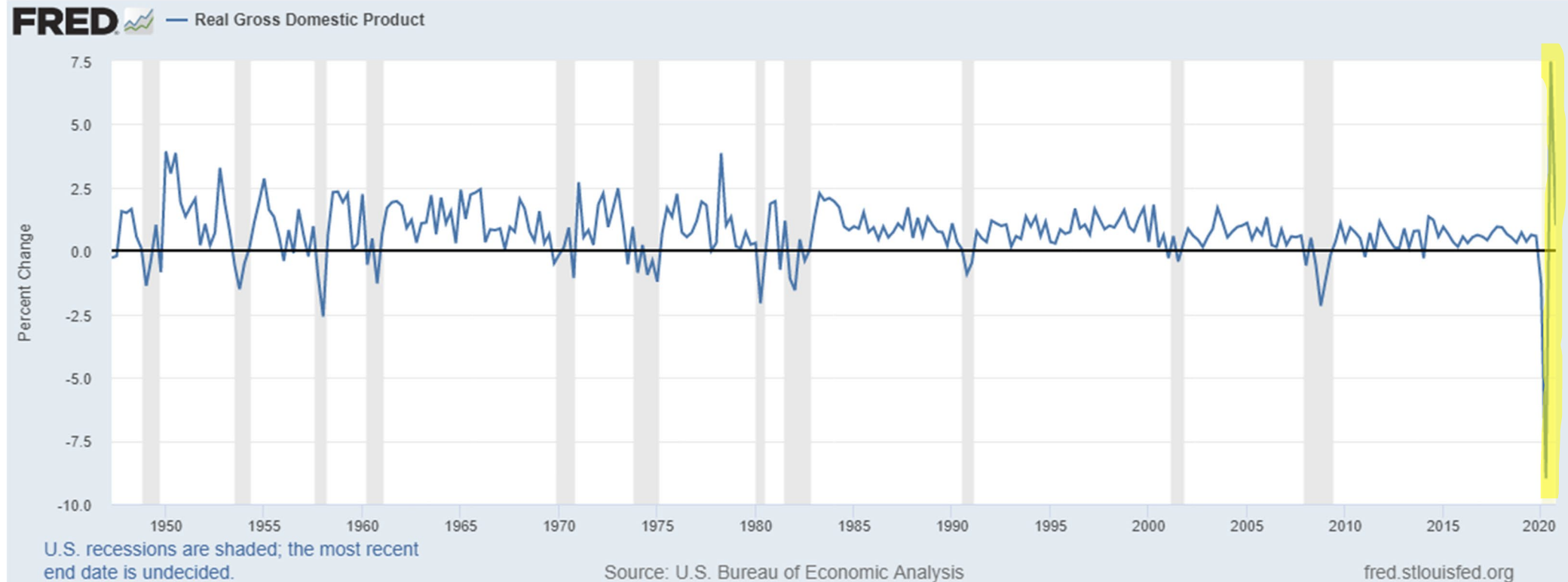
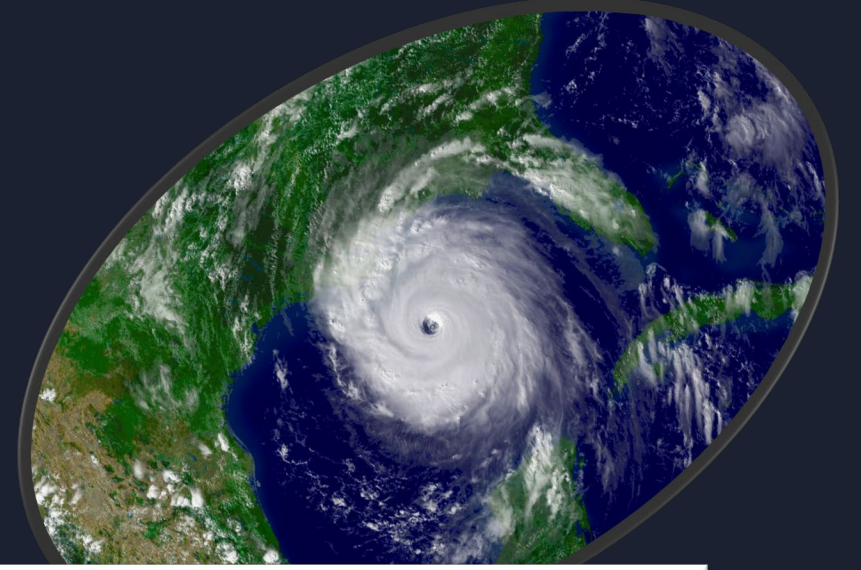
US Economy Recovers

Dr. Sherry Cooper

April 6, 2021

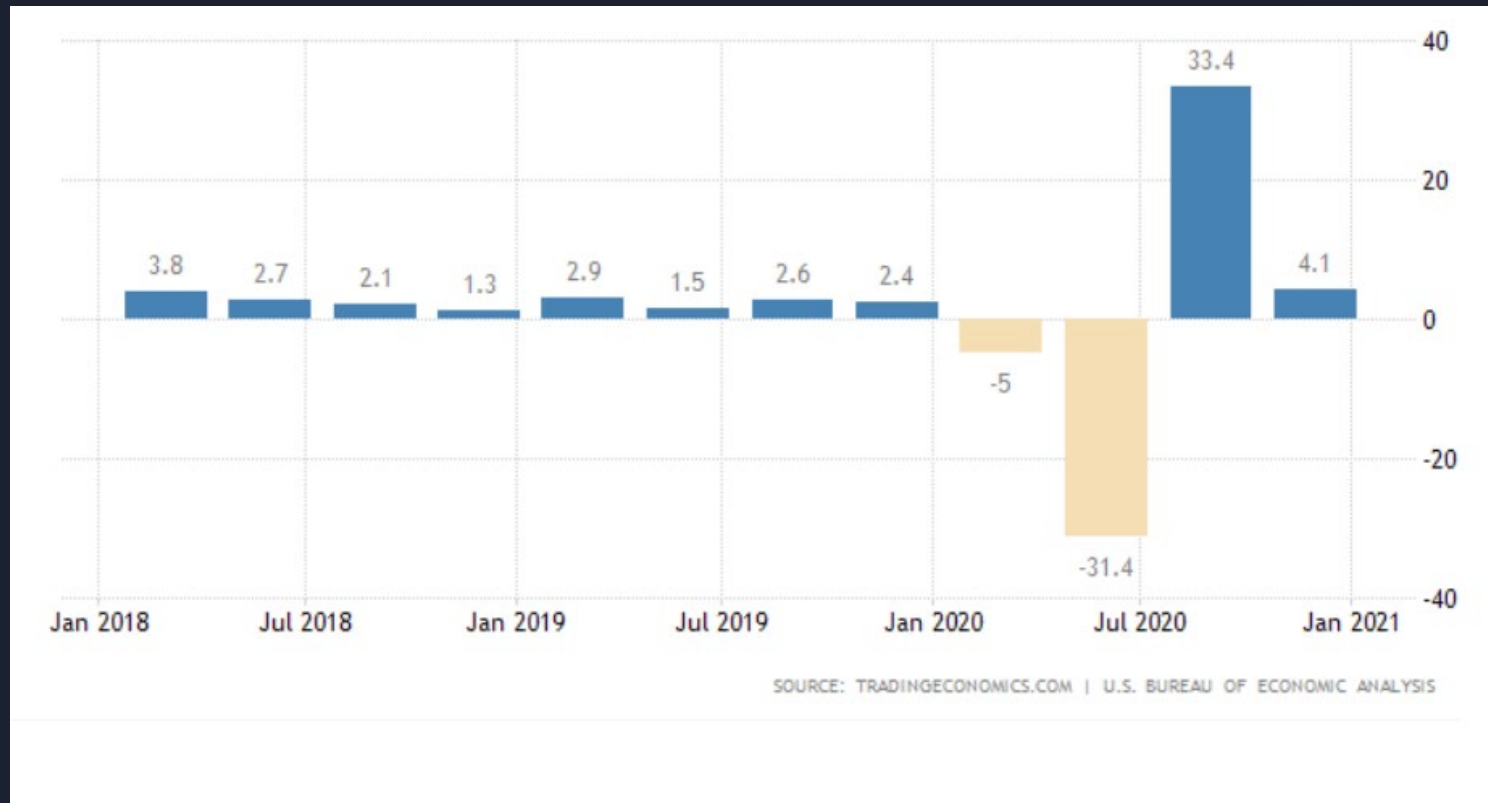


A Natural Disaster—Not A Typical Recession

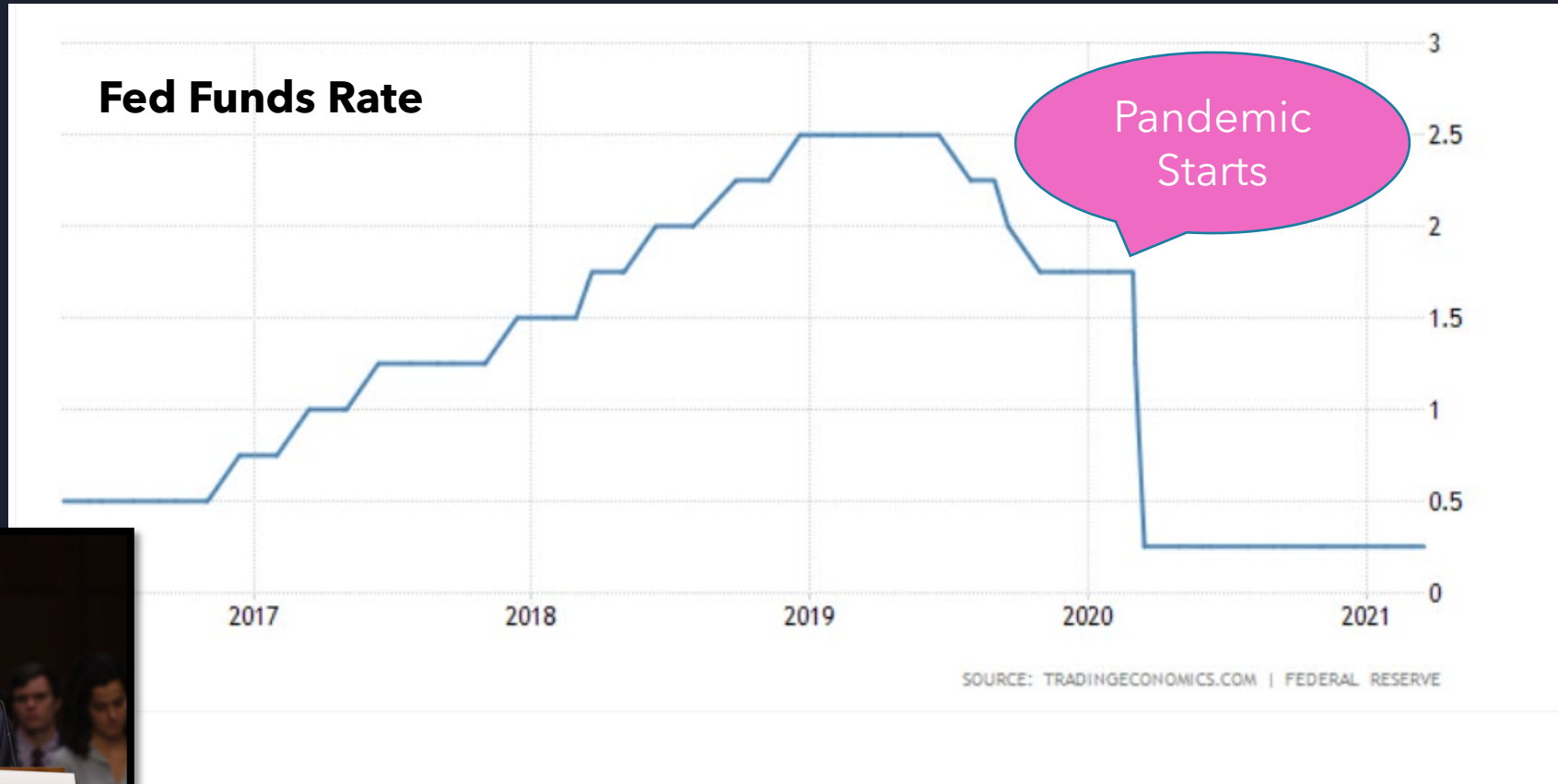


COVID-19

Economy Is In a Medically Induced Coma



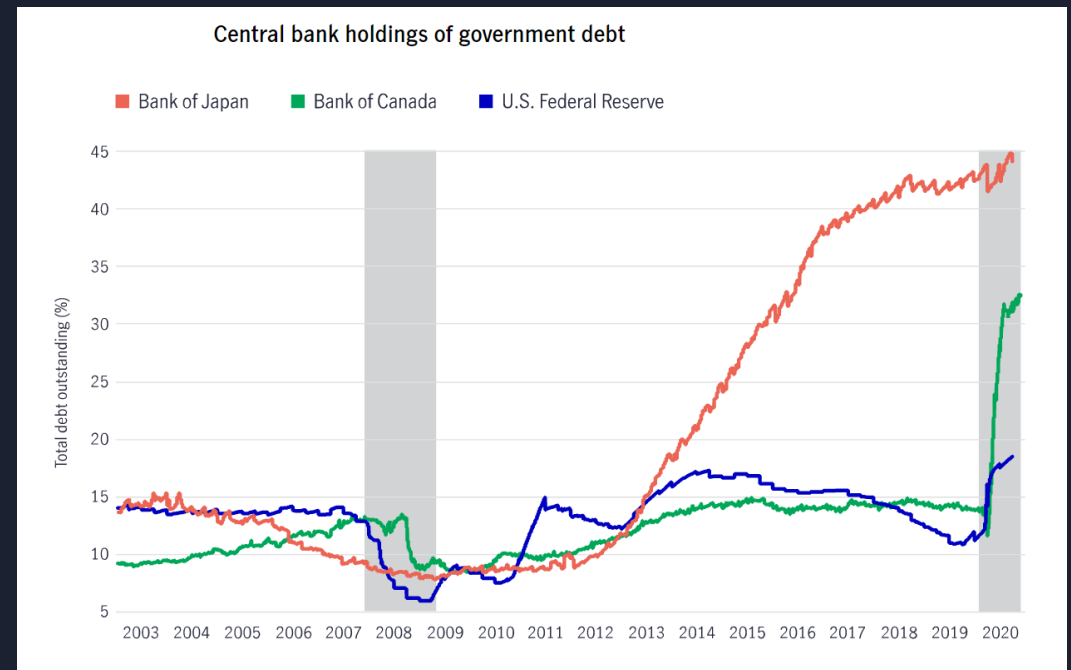
Fed To The Rescue—Cut Overnight Interest Rate to Record Low



Fed Bond-Buying Stimulus



- Fed is buying \$80b in Treasuries and \$40b in Agency Mortgage-Backed Securities per month across the yield curve

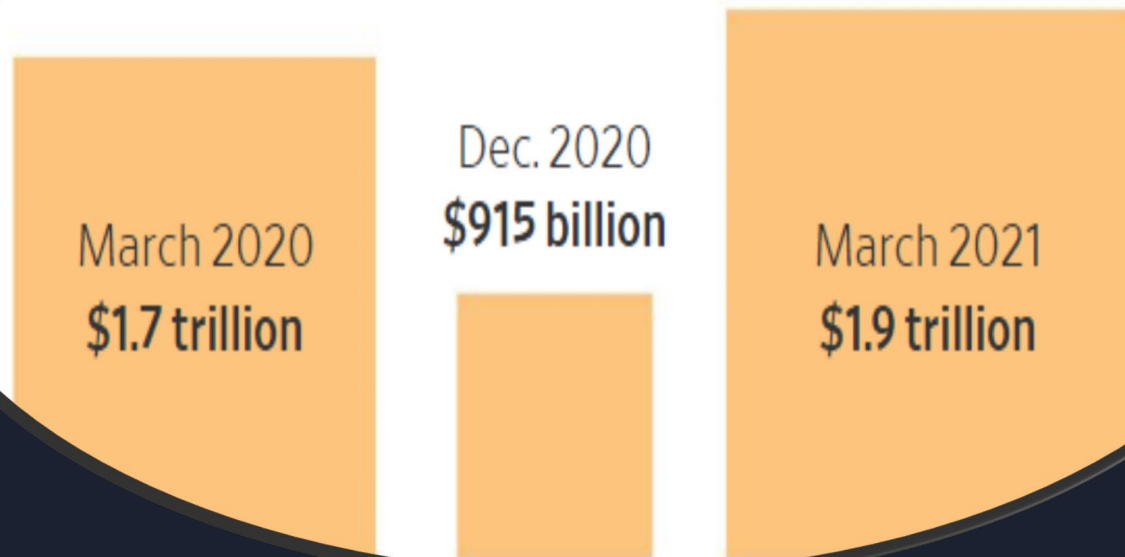


Quantitative Easing

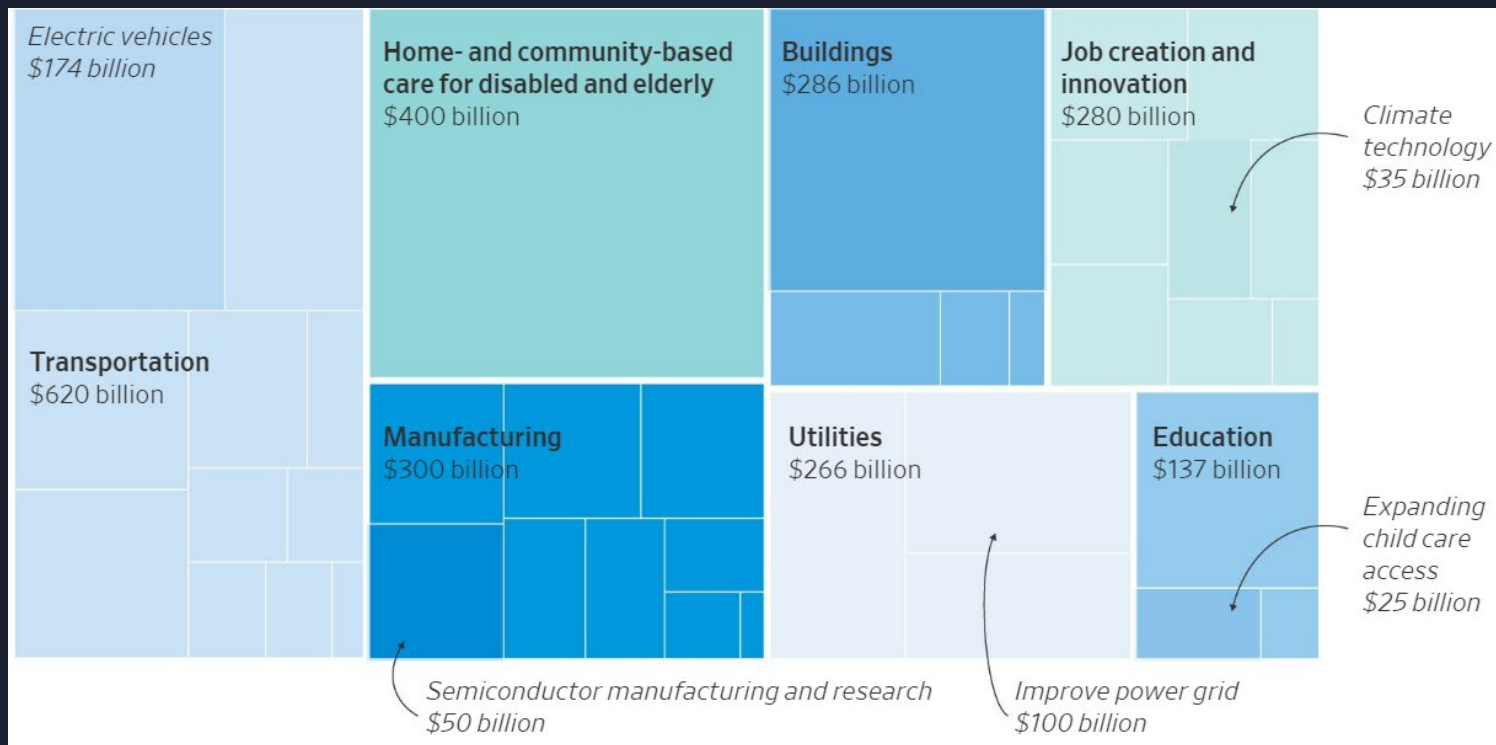
Fiscal Stimulus In Three Shots



Total bill amount, by iteration



Biden's \$2.3 Trillion Infrastructure Plan



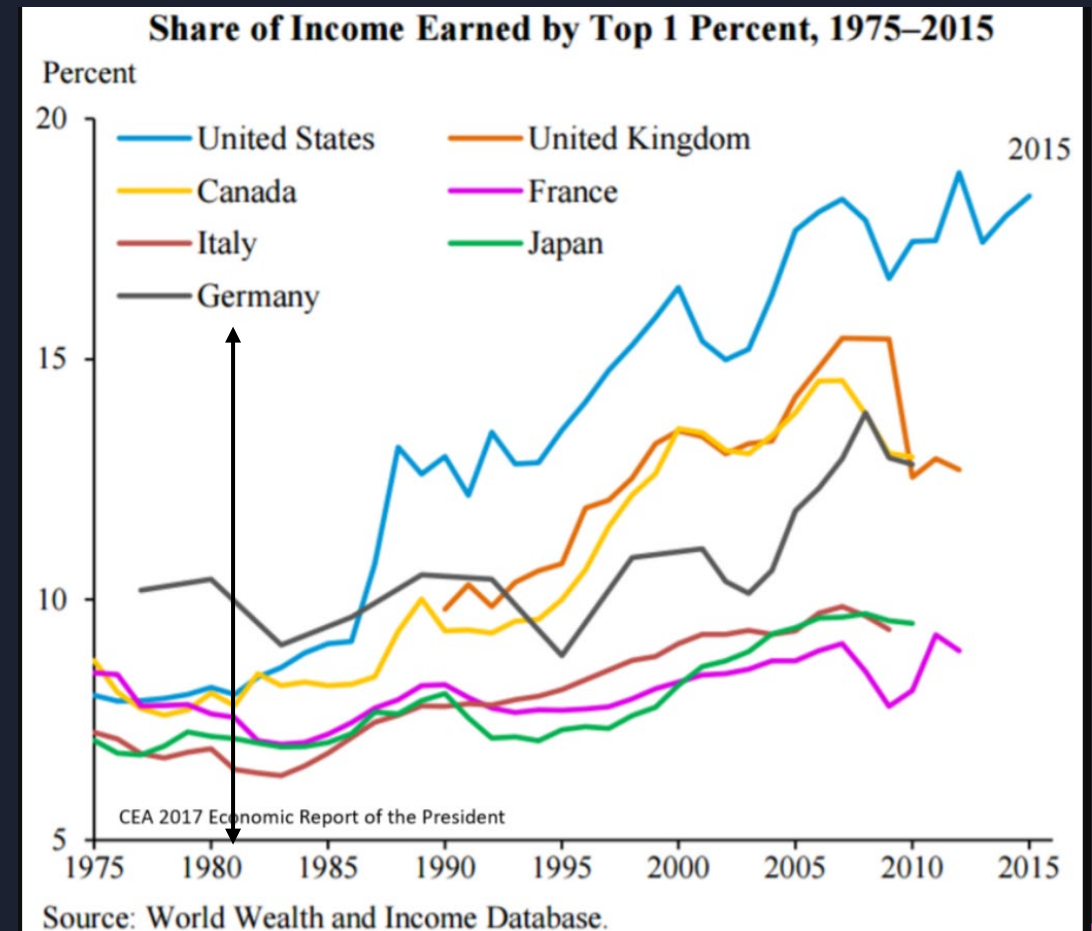
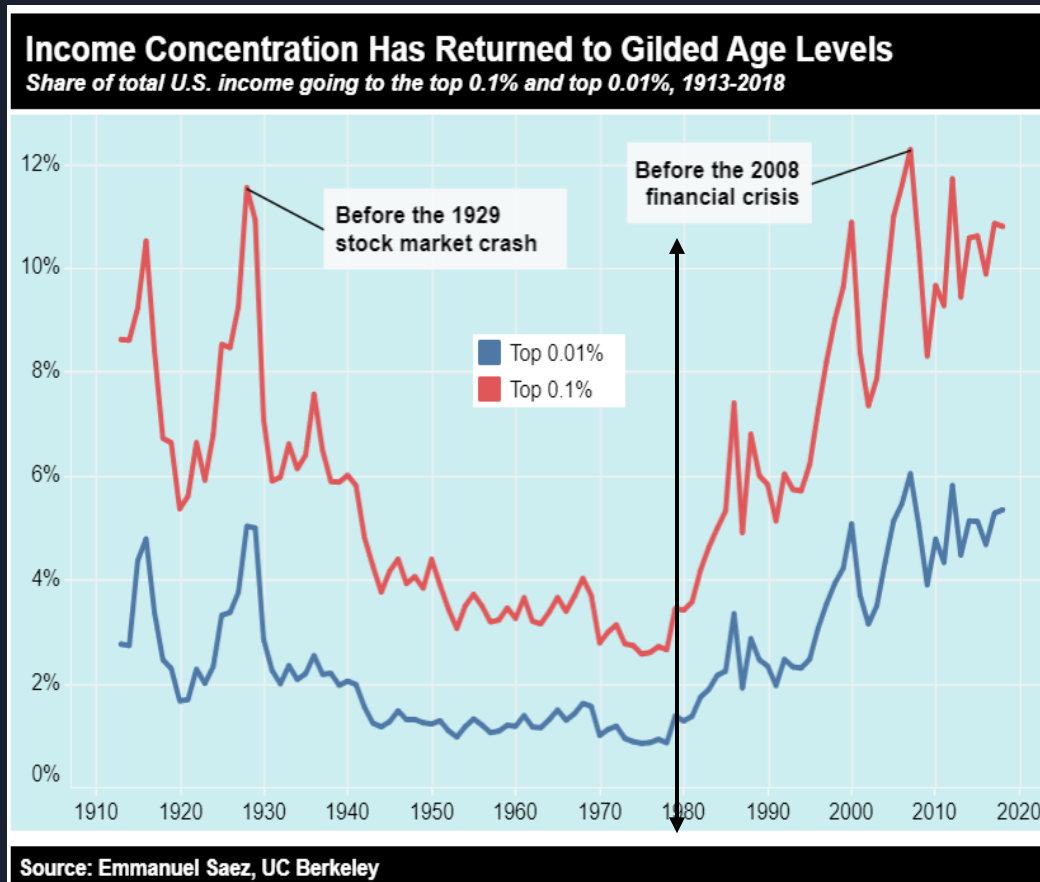
Paid For by Corporate Tax Increases

Partially Reverses 2017 Tax Cut:

- Up to 28% from 21%
- Still Below Pre-2017 Rate of 35%

Historic Gamble That Americans Are tired of Austerity in Govt Investments in America

Since Reagan, Republican Orthodoxy Is “Tax Cuts Boost Economic Growth”



Upward
Thrust of
Wealth
Notable
During
Pandemic

Billionaires Added more than \$1 Trillion To Wealth

As Poverty Rate Rose the Fastest In Over 50 Years

By Jan 2021, Combined Wealth of 660 Billionaires Rose 38%

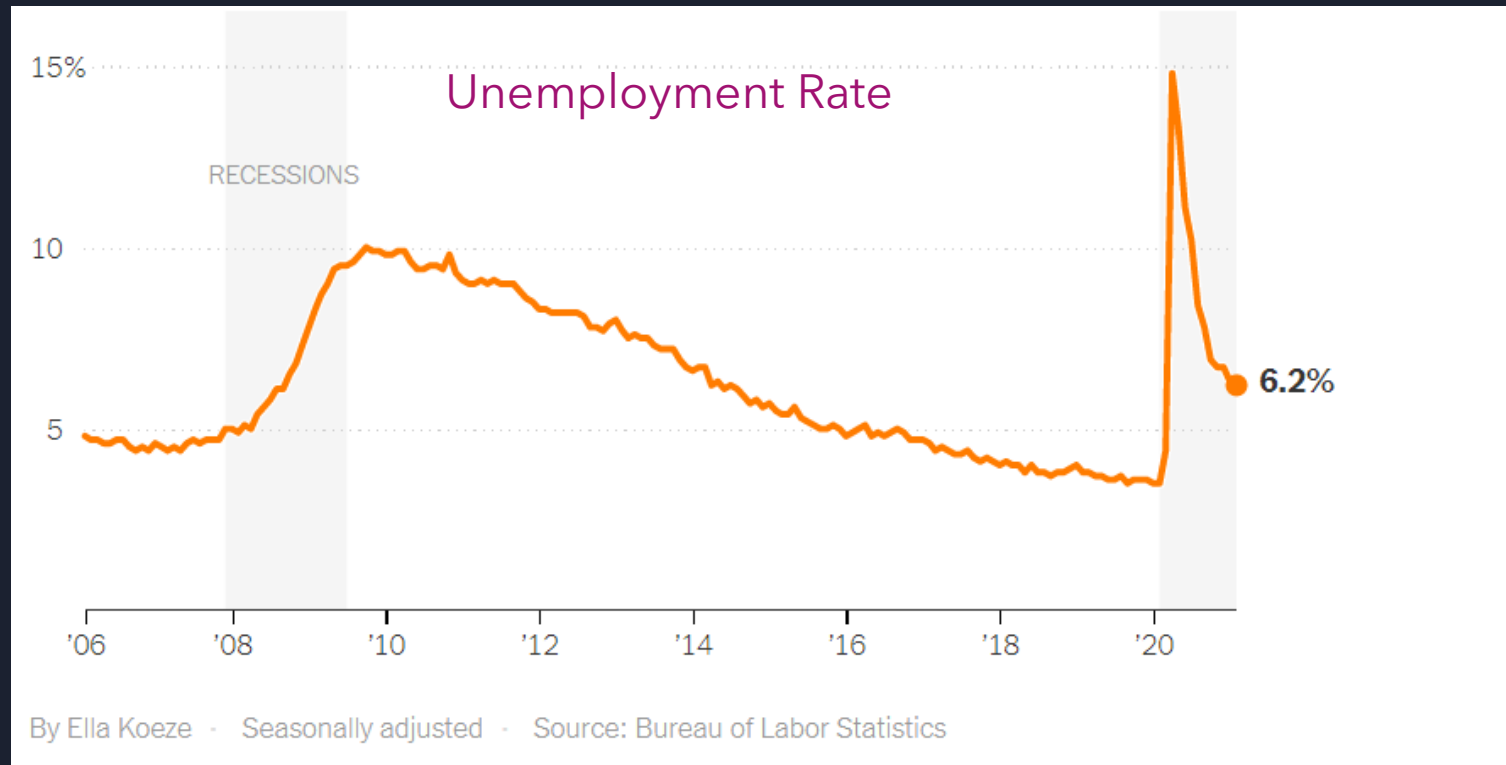
Fortunes of Top 15 Billionaires Rose 58%

Republicans Blast Infrastructure Plan As Anti-Business

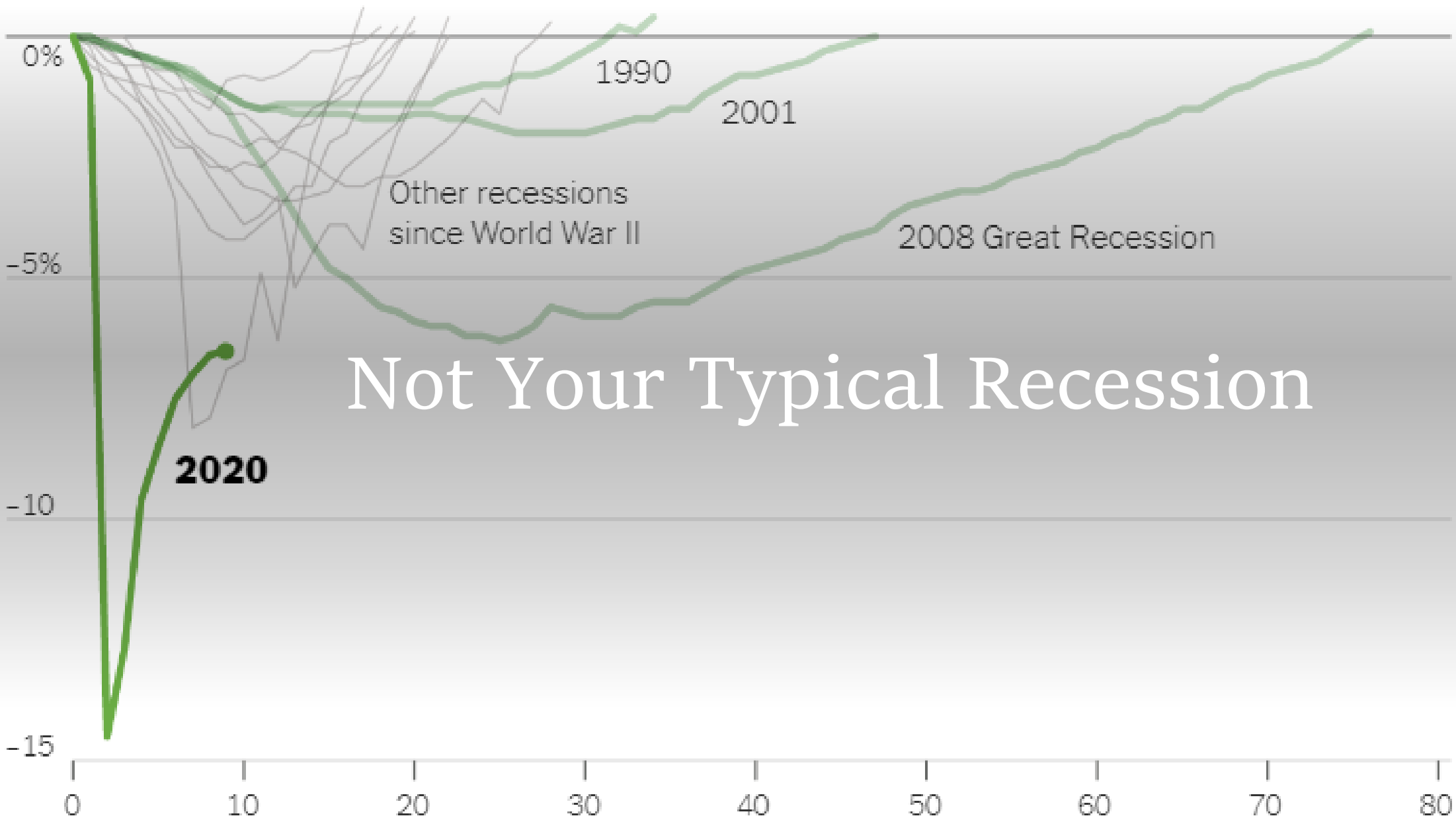
Unemployment Rate Surges to 15% And Falls 6.2%

Headed for 4.0-to-4.5%
By Yearend

Pre-Pandemic Level of 3.5%



Percentage change from peak employment in economic downturns



Not Your Typical Recession

2020

Months since employment peak

The Jobs Moving Toward Greater Promise and Peril

The 10 industries in which the "strong-impact scenario" differs most from the original projection, both positively and negatively.

Epidemiologists	+25.3%
Medical scientists, except epidemiologists	+23.2%
Web developers and digital interface designers	+10.5%
Biochemists and biophysicists	+10.0%
Network and computer systems administrators	+9.8%
Computer network architects	+9.7%
Information security analysts	+9.0%
Microbiologists	+8.6%
Biological technicians	+5.6%
Database administrators and architects	+5.4%
Hosts and hostesses, restaurant, lounge and coffee shop	-24.2%
Bartenders	-18.6%
Reservation and transportation ticket agents and travel clerks	-16.7%
Hotel, motel and resort desk clerks	-16.2%
Waiters and waitresses	-16.0%
Receptionists and information clerks	-13.5%
Cashiers	-13.5%
Flight attendants	-11.7%
Subway and streetcar operators	-11.5%
Bus drivers, transit and intercity	-10.9%

Source: B.L.S. • By The New York Times

Hardest Hit Are Lower Income, Especially Women



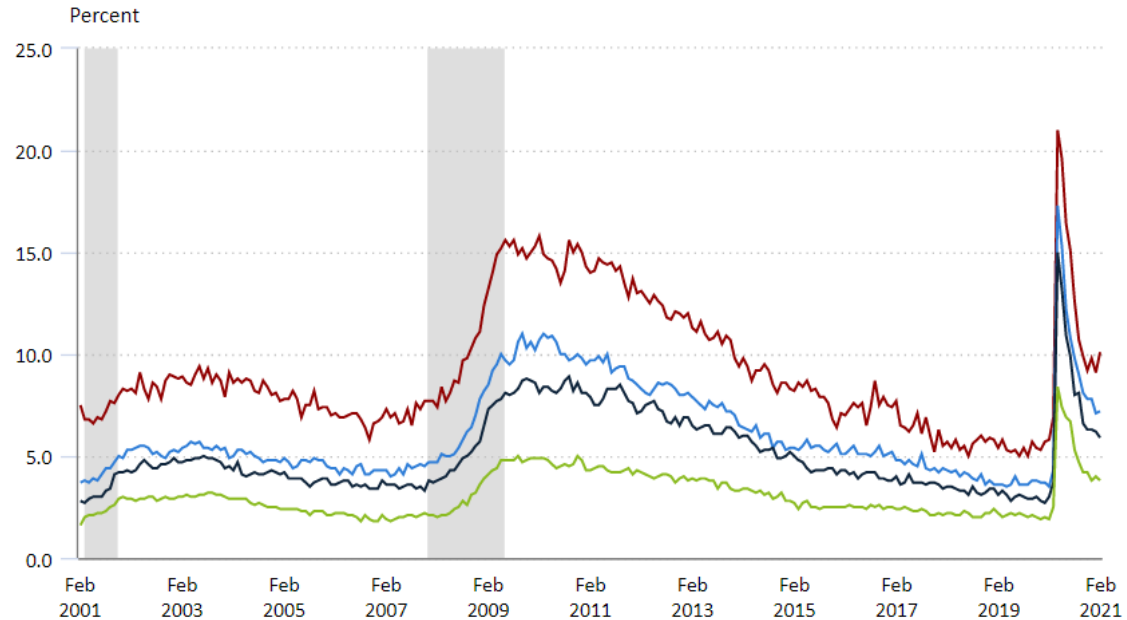
Higher Educated Suffered the Least

BA degree and higher,
Jobless Rate at 3.8%, Up
from 1.9%

Unemployment rates for persons 25 years and older by educational attainment, seasonally adjusted

Click and drag within the chart to zoom in on time periods

— Less than a high school diploma — High school graduates, no college — Some college or associate degree
— Bachelor's degree and higher



Hover over chart to view data.

Note: Shaded area represents recession, as determined by the National Bureau of Economic Research.

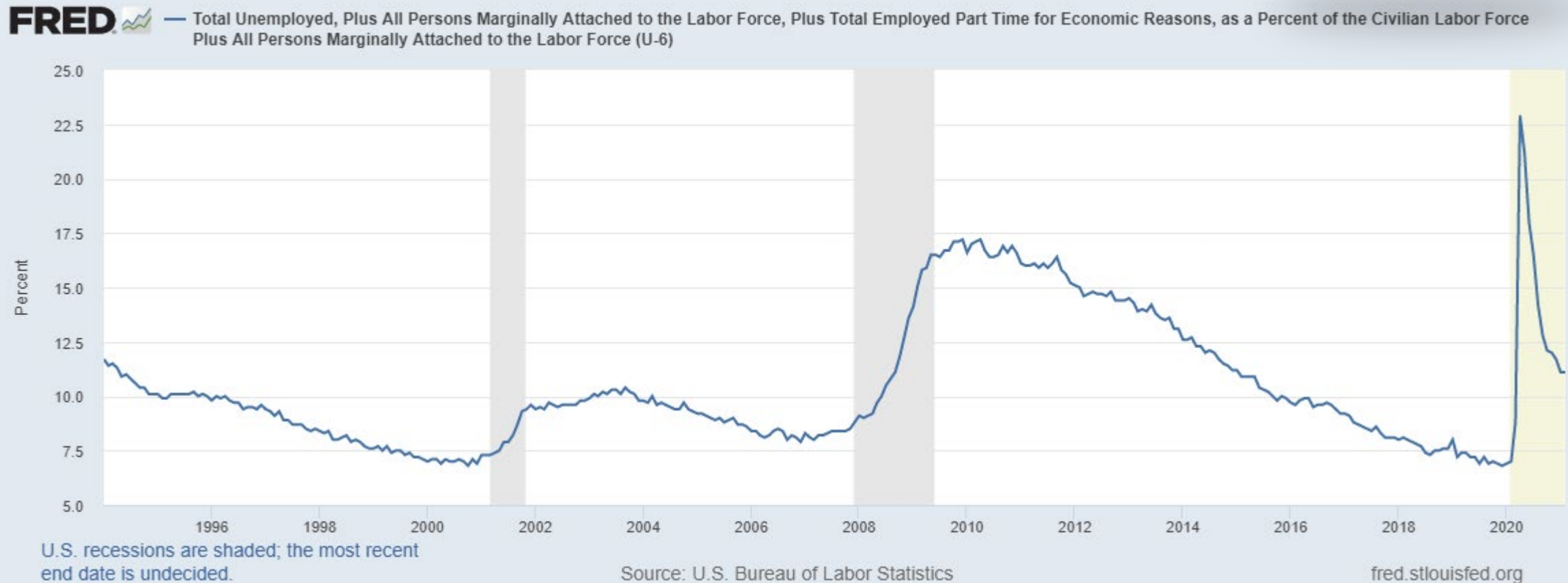
Source: U.S. Bureau of Labor Statistics.



Existing Home Sales Strong



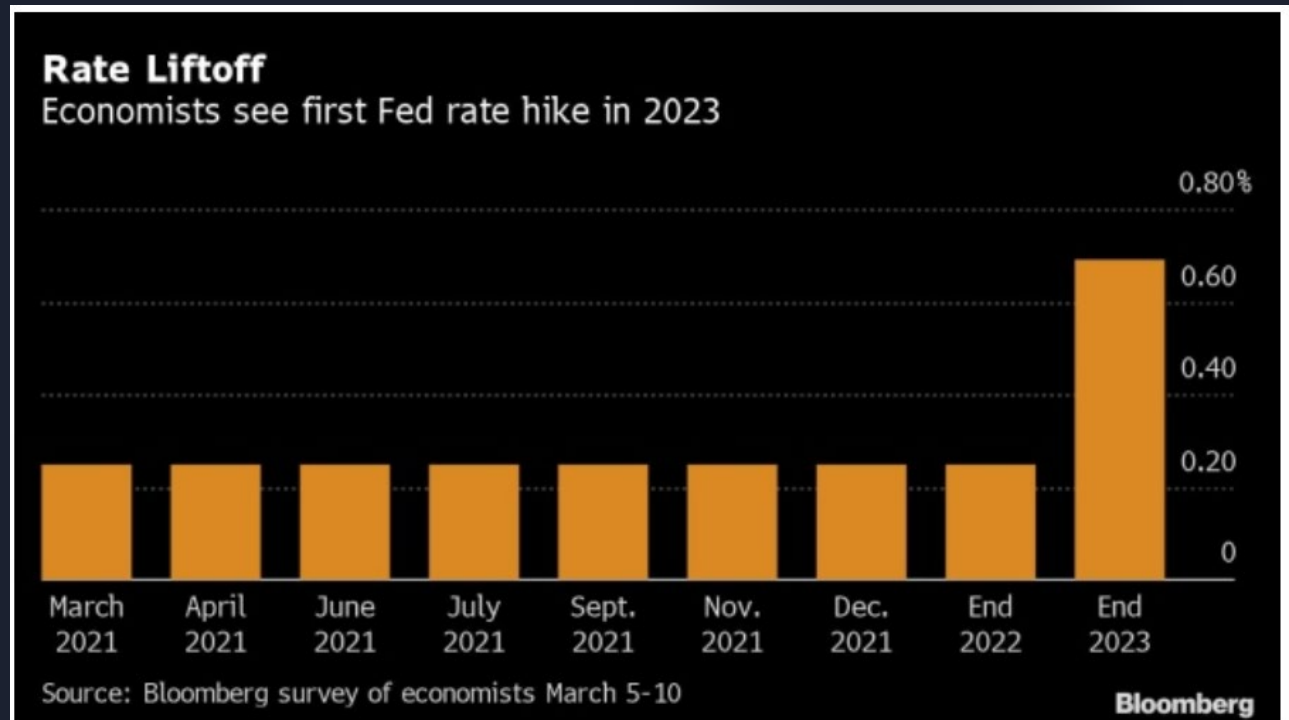
10 Million People Under-Employed



Fed Goal is Maximum
Employment at Sustainable
2% Inflation



Fed Expected To Hold Rates Near Zero Until 2023



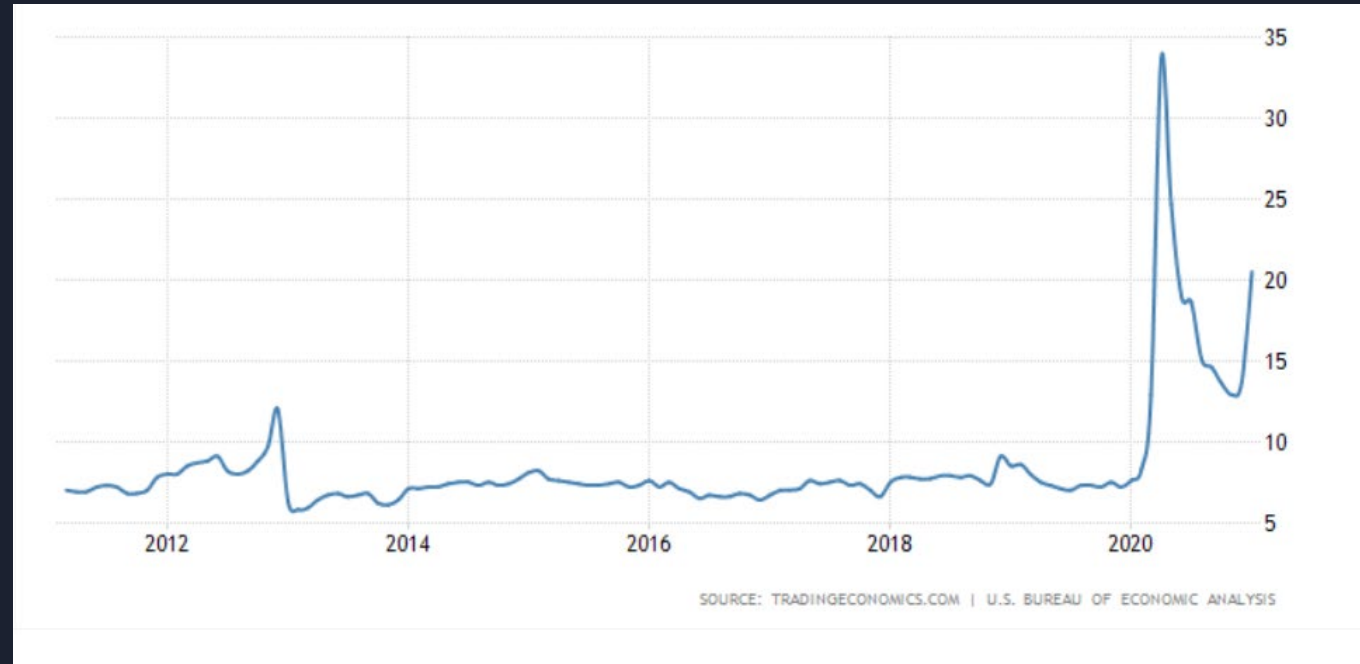
Pent-Up Demand

Personal saving as a % of disposable income



• Socking It Away

- Americans have been saving their government stimulus checks instead of spending money

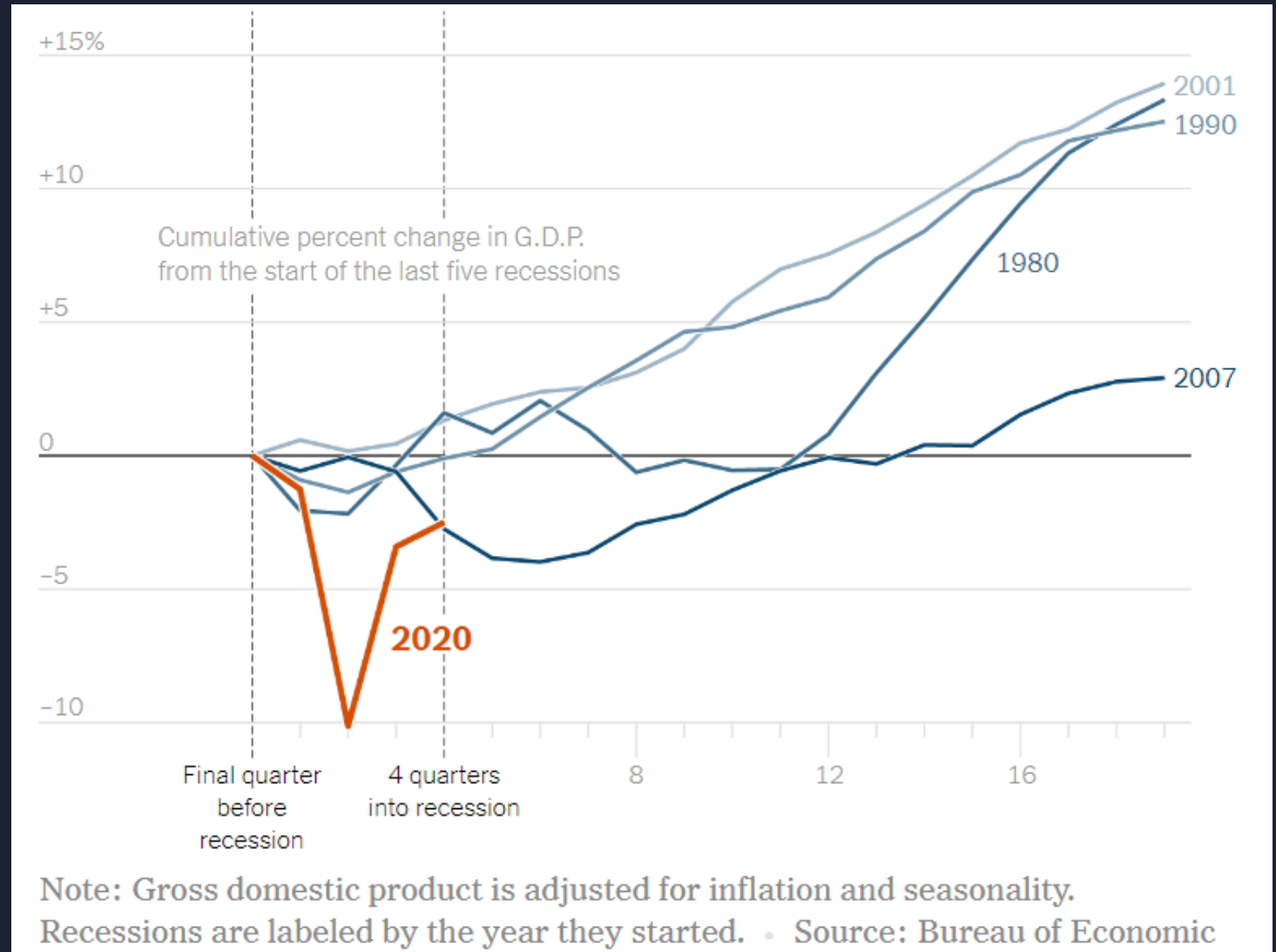




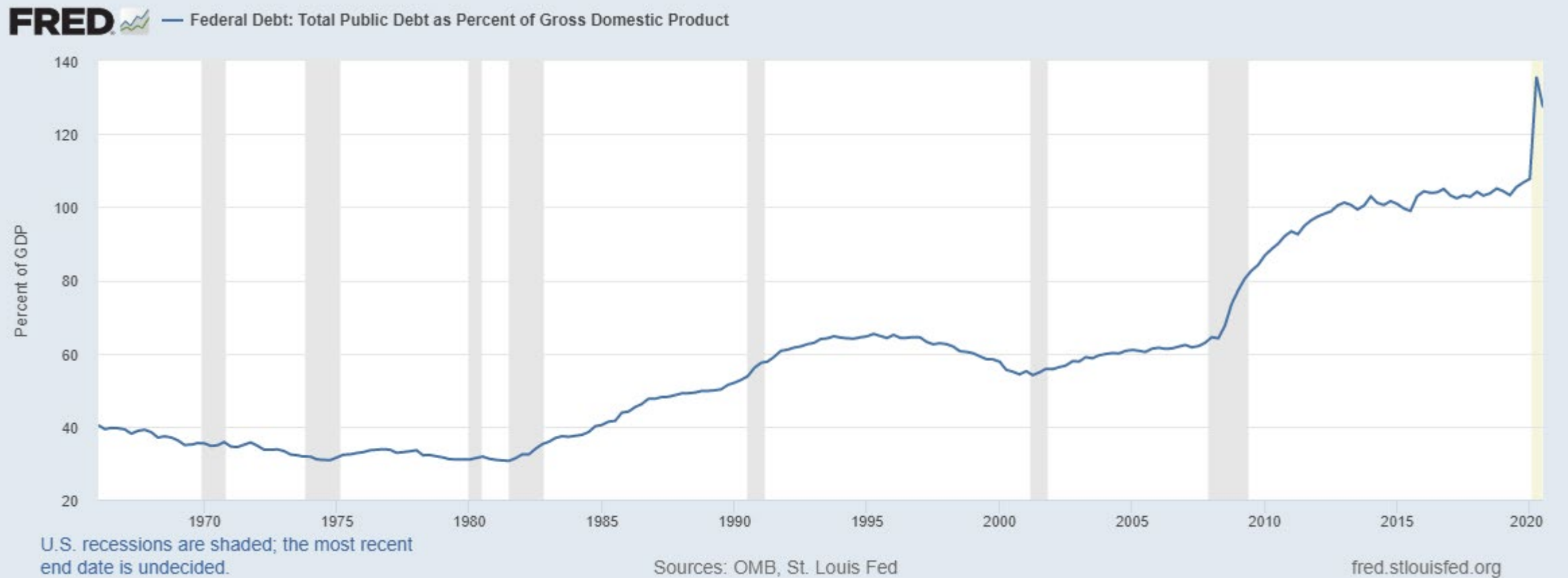
COVID-19 VACCINE BREAKTHROUGH

Vaccine Success
Turned Sentiment

US Economy Rebounding Faster than the Great Recession



Federal Govt Debt to GDP Surges



Money Supply Surge Triggers Inflation Fear



Core Inflation Peaked 40 Years Ago



Interest Rates Trend Downward for 40 Years, Real Rates Still Negative

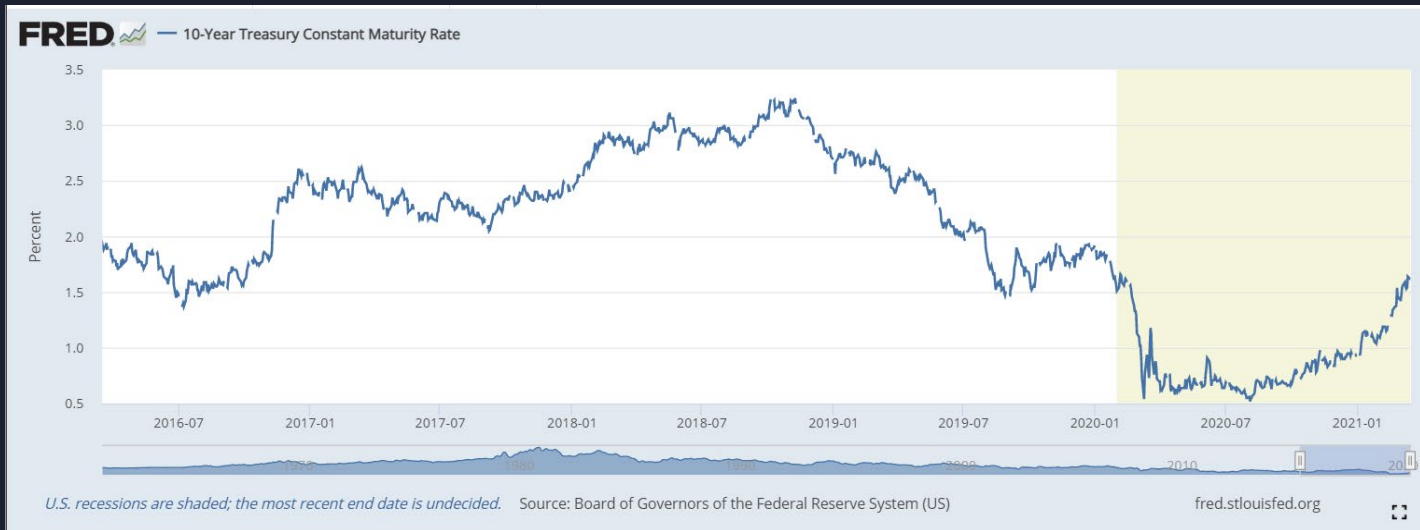
10-Yr at 1.68%--Top of Trend is 2.8%



5-Year Real Yields Falling, 10-year Rising



Interest Rates Are Rising

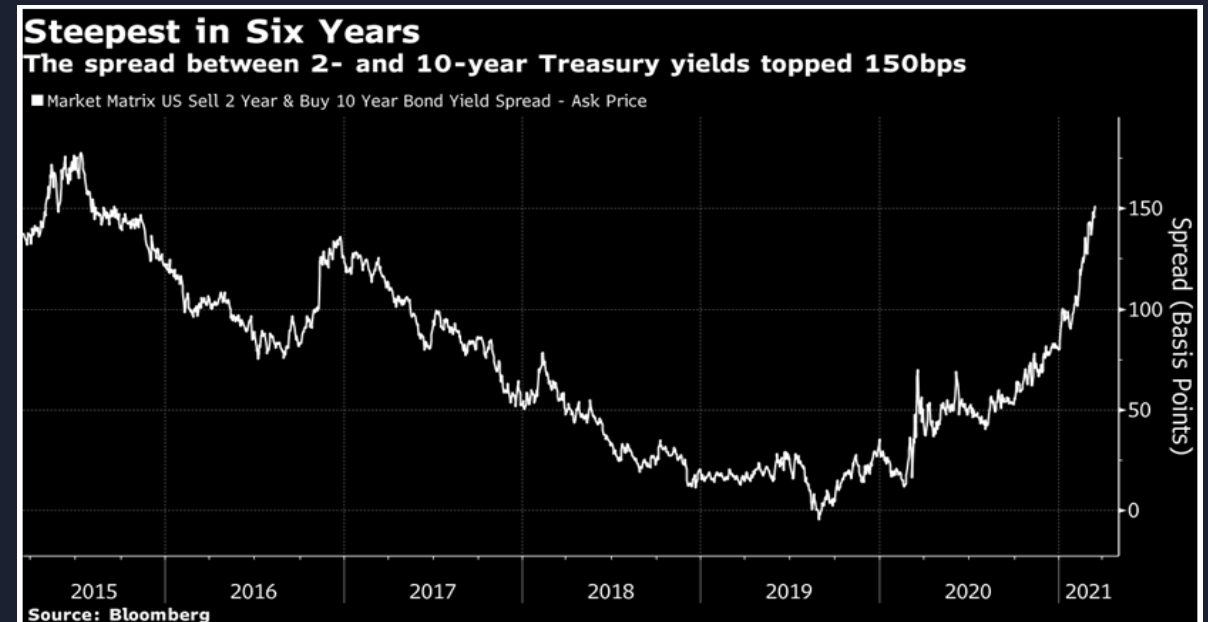


Expected Reflation

Clear Sign of Economic Optimism

Bond Market Sells Off, While Fed On Hold

Yield Curve Steepens



Mortgage Rates Rising



Current Core Inflation Rate Below Fed Target

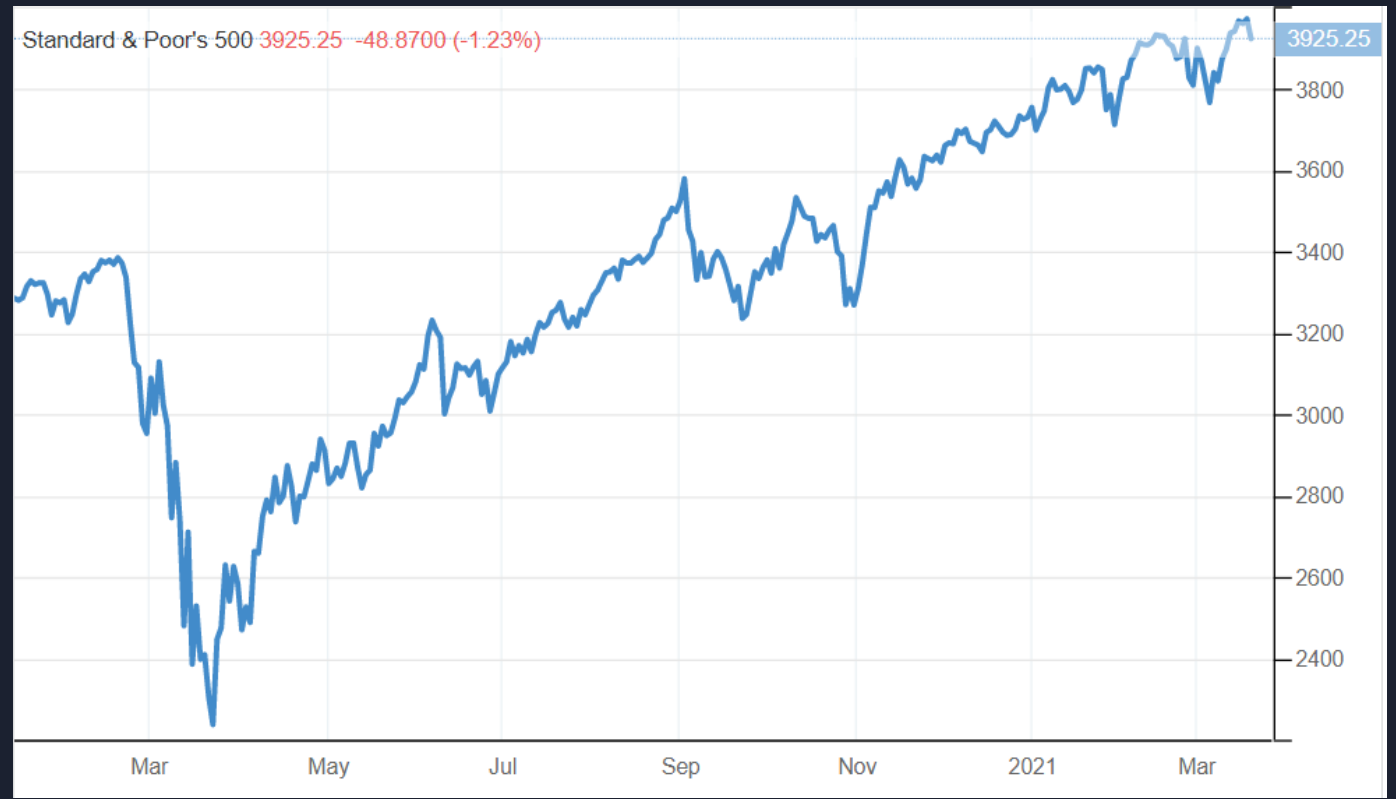


Fed Is Willing to Let
Inflation Rise Above 2%
to Maximize Employment

Stock Market Happy



Cost of Capital for Business Falls



CEO Confidence Is At A 17-Year High

