2024 Delta Track Economic Update

Dr. Charlie Hall
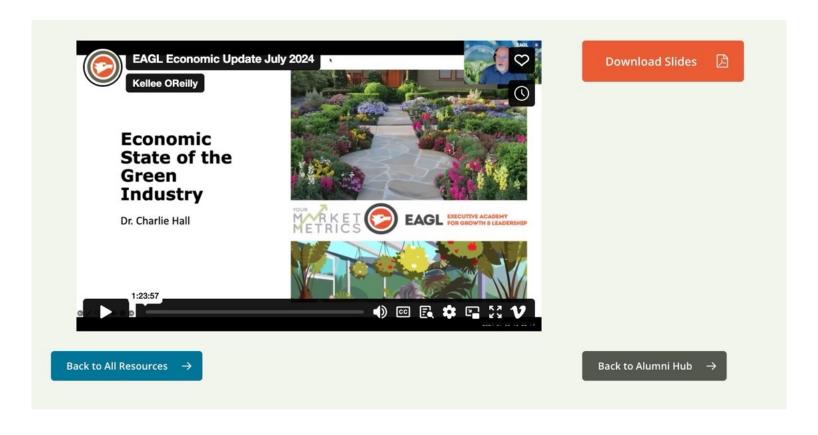
What I if told you
You the read first line wrong
Same the with second line
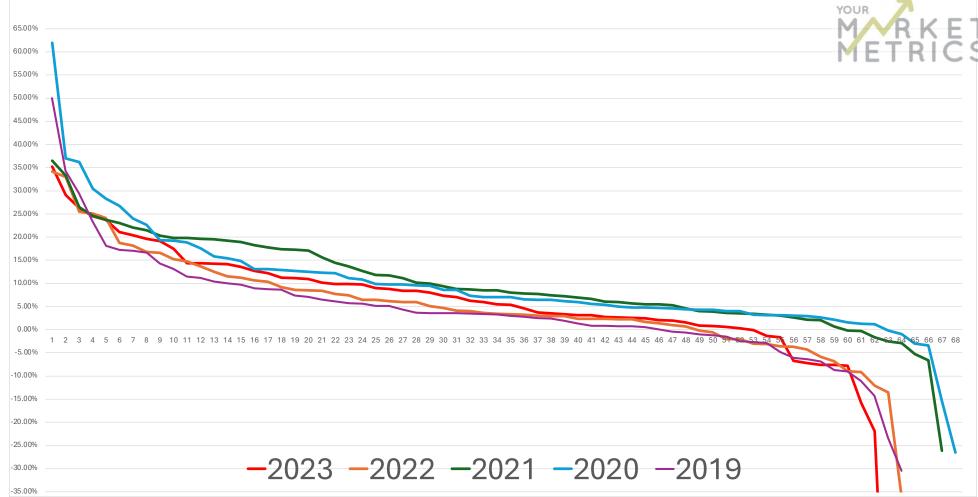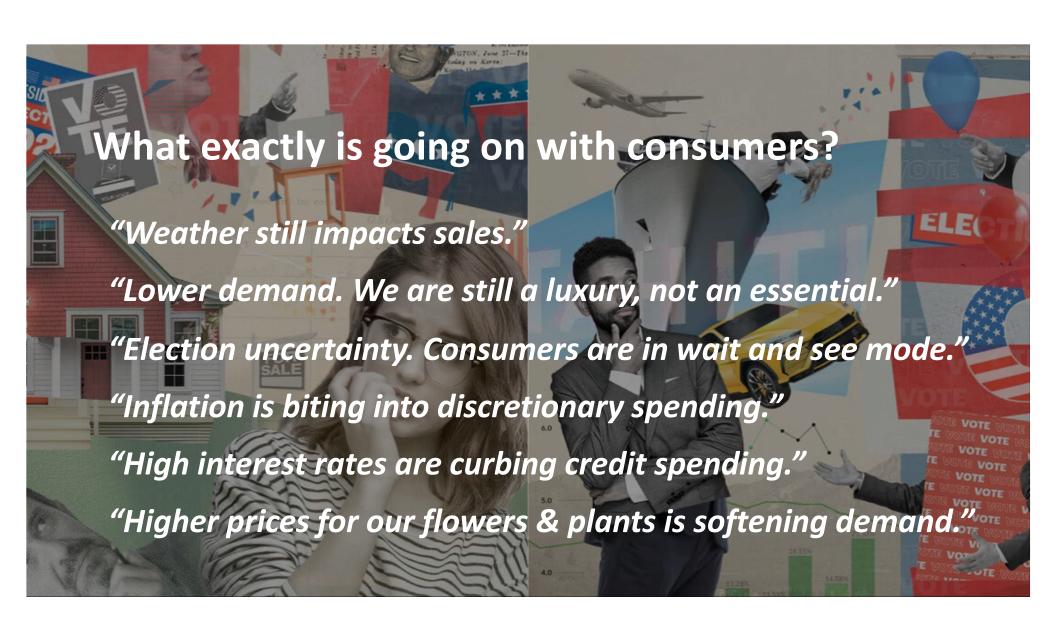**And also the third**

Economy & Finance

Economic Update – Jul 2024

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Range of Net Profit by Year

Growers

EAGL

YOUR MARKET METRICS

—2023 —2022 —2021 —2020 —2019
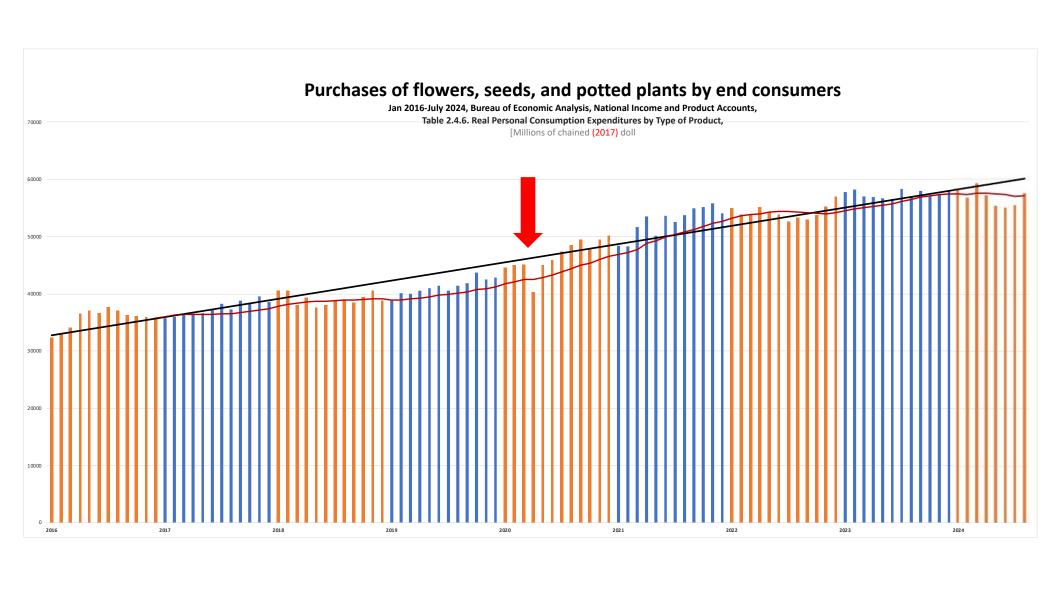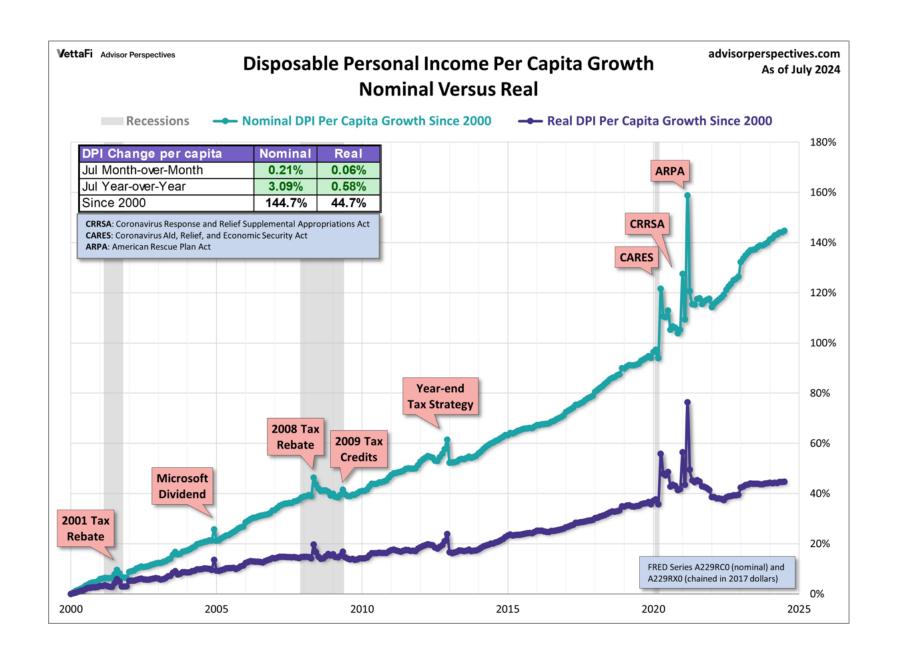
3yr thru 7/1	2022	2023	2024		3 YR CAGR
TOTAL	**(-3.6%)**	**+ 7.6%**	**(- 1.9%)**		**+0.7%**
Alabama	+ 18.7%	+ 17.4%	+ 3.6%		+ 13.3%
Tennessee	+ 2.1%	+ 13.5%	+ 0.1%		+ 5.4%
North Carolina	+ 2.4%	+ 5.1%	+ 0.6%		+ 2.7%
South Carolina	+ 2.2%	+ 5.6%	(- 2.5%)		+1.8%
Georgia	(- 6.1%)	+8.5%	(- 2.9%)		(- 0.2%)
Maryland	(- 8.9%)	+ 12.5%	(- 6.6%)		(- 1.3%)
Delaware	(- 9.2%)	+ 12.4%	(- 6.9%)		(- 1.5%)
Virginia	(- 11.1%)	+ 7.1%	(- 3.2%)		(- 2.5%)
Pennsylvania	(- 11.2%)	+ 2.8%	(- 6.2%)		(- 4.3%)
New Jersey	(- 11.6%)	+ 6.6%	(- 7.1%)		(- 4.5%)
New York	(- 14.2%)	(- 4.6%)	(- 3.9%)		(- 7.1%)
Kansas	(- 6.2%)	+ 13.0%	+ 4.1%		+ 3.4%
Illinois	(- 6.4%)	+16.2%	+ 0.1%		+ 3.3%
Missouri	(- 6.8%)	+ 9.8%	+ 5.0%		+ 2.8%
Ohio	(- 4.1%)	+ 9.0%	+ 0.3%		+ 1.8%
Kentucky	(- 7.8%)	+ 9.9%	(- 1.0%)		+ 0.4%
West Virginia	(- 8.8%)	+ 5.6%	(- 1.5%)		(- 1.9%)

What exactly is going on with consumers?

"Weather still impacts sales."

"Lower demand. We are still a luxury, not an essential."

"Election uncertainty. Consumers are in wait and see mode."

"Inflation is biting into discretionary spending."

"High interest rates are curbing credit spending."

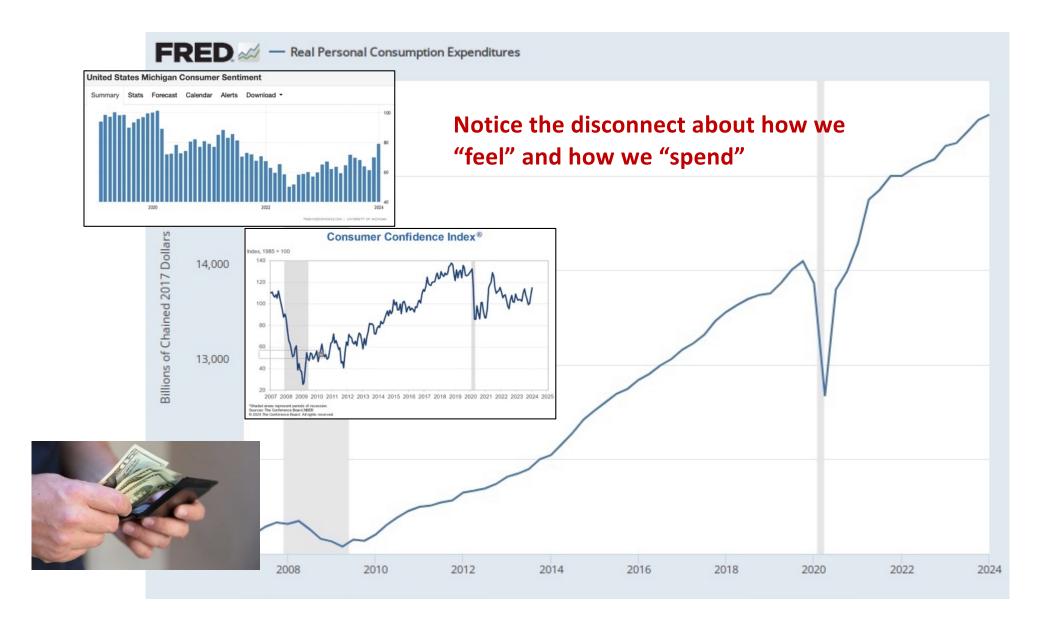*"Higher prices for our flowers & plants is softening demand."*

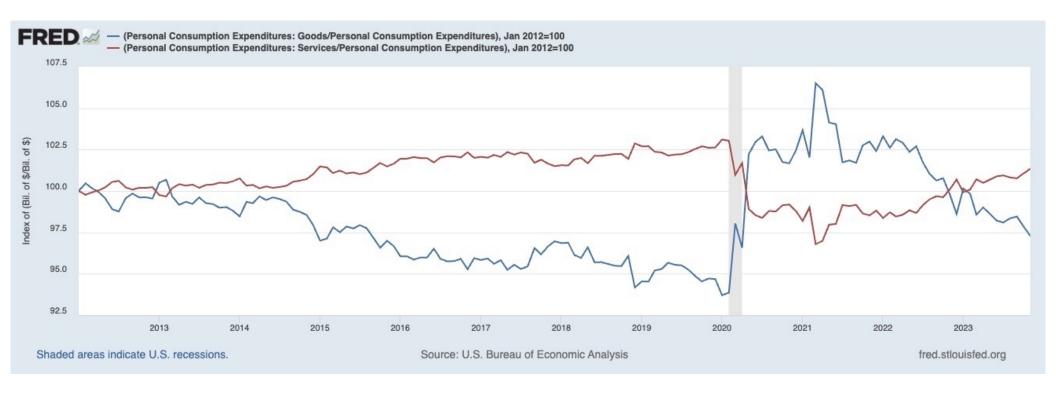Yes, some elements of each of these statements are true, and some of them, like "weather", or "we are a luxury" are long-held tenets of our industry.

But...

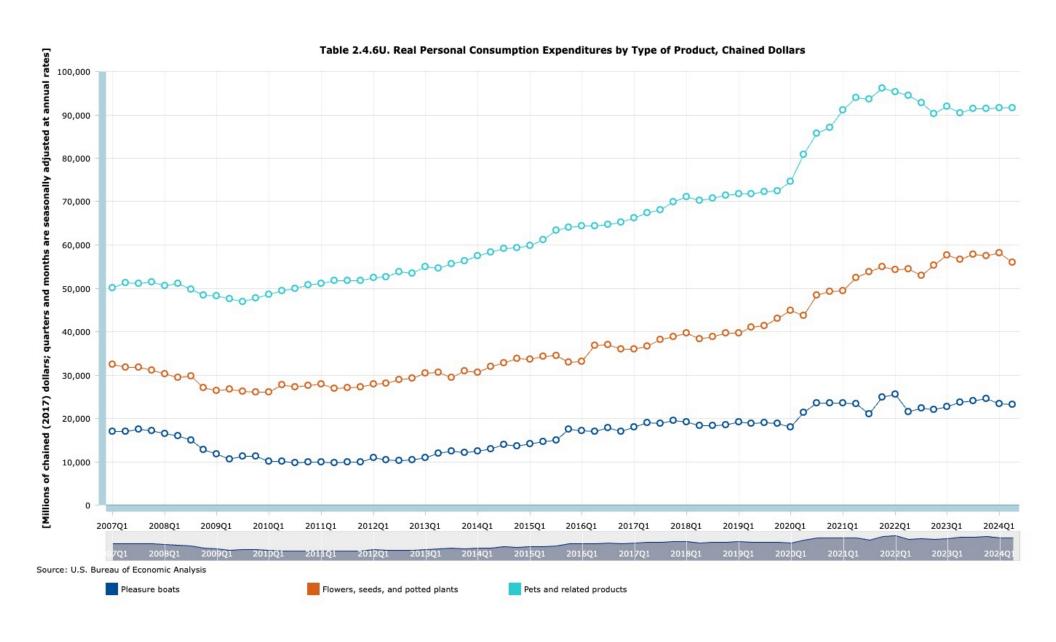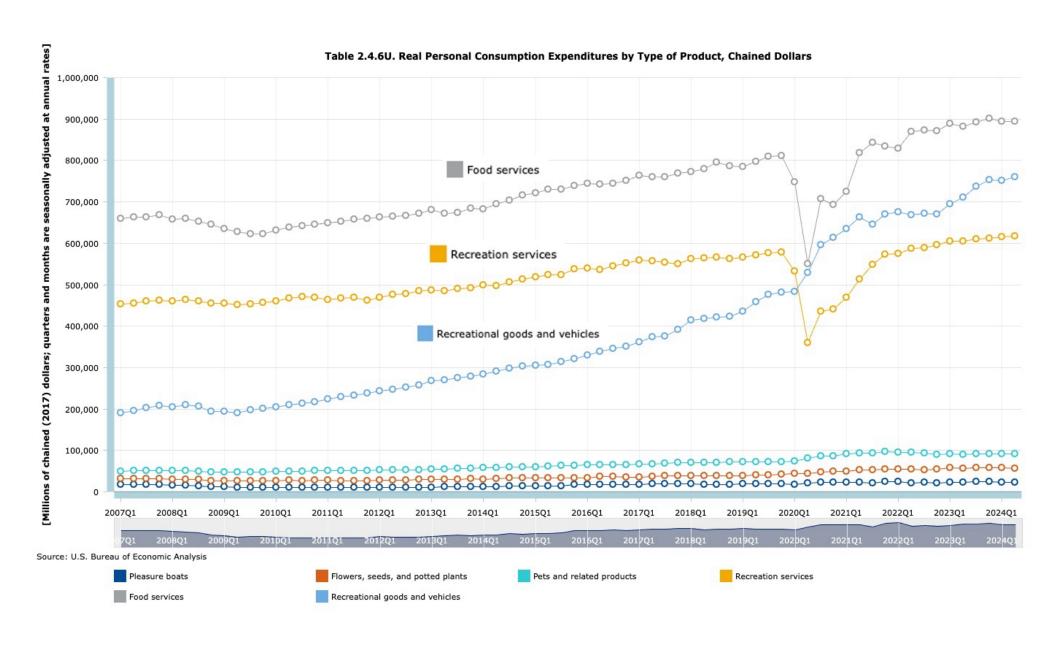# Purchases of flowers, seeds, and potted plants by end consumers

Jan 2016-July 2024, Bureau of Economic Analysis, National Income and Product Accounts,
Table 2.4.6. Real Personal Consumption Expenditures by Type of Product,
[Millions of chained (2017) doll

VettaFi Advisor Perspectives

Disposable Personal Income Per Capita Growth
Nominal Versus Real

advisorperspectives.com
As of July 2024

Recessions ● Nominal DPI Per Capita Growth Since 2000 ● Real DPI Per Capita Growth Since 2000

DPI Change per capita	Nominal	Real
Jul Month-over-Month	0.21%	0.06%
Jul Year-over-Year	3.09%	0.58%
Since 2000	144.7%	44.7%

CRRSA: Coronavirus Response and Relief Supplemental Appropriations Act
CARES: Coronavirus Aid, Relief, and Economic Security Act
ARPA: American Rescue Plan Act

ARPA

CRRSA

CARES

Year-end
Tax Strategy

2008 Tax
Rebate

2009 Tax
Credits

Microsoft
Dividend

2001 Tax
Rebate

FRED Series A229RC0 (nominal) and
A229RX0 (chained in 2017 dollars)

FRED — Real Personal Consumption Expenditures

United States Michigan Consumer Sentiment

Summary Stats Forecast Calendar Alerts Download ▾

Consumer Confidence Index®

Index, 1985 = 100

*Shaded areas represent periods of recession.
Sources: The Conference Board; NBER
© 2024 The Conference Board. All rights reserved.

Billions of Chained 2017 Dollars

14,000

13,000

2008 2010 2012 2014 2016 2018 2020 2022 2024

Notice the disconnect about how we "feel" and how we "spend"

Table 2.4.6U. Real Personal Consumption Expenditures by Type of Product, Chained Dollars

[Millions of chained (2017) dollars; quarters and months are seasonally adjusted at annual rates]

Source: U.S. Bureau of Economic Analysis

Pleasure boats
Flowers, seeds, and potted plants
Pets and related products

Table 2.4.6U. Real Personal Consumption Expenditures by Type of Product, Chained Dollars

[Millions of chained (2017) dollars; quarters and months are seasonally adjusted at annual rates]

Food services

Recreation services

Recreational goods and vehicles

Source: U.S. Bureau of Economic Analysis

- Pleasure boats
- Flowers, seeds, and potted plants
- Pets and related products
- Recreation services
- Food services
- Recreational goods and vehicles

Saving Rate by Income Cohort

Share of Disposable Income, 4-Quarter-Moving-Average, NSA

- <20%: Q4 @ -3.7%
- 20-40%: Q4 @ -2.0%
- 40-60%: Q4 @ -1.1%
- 60-80%: Q4 @ -0.6%
- 80-90%: Q4 @ 4.1%
- >90%: Q4 @ 12.0%
- Total: Q4 @ 6.3%

HH Expectations @ Growth in Spending

Total Debt Balance and its Composition

Trillions of Dollars

2024Q1 Total: $17.69 Trillion
2023Q4 Total: $17.50 Trillion

Legend: Mortgage, HE Revolving, Auto Loan, Credit Card, Student Loan, Other

Right axis labels: (3%), (9%), (6%), (9%), (2%), (70%)

Inset chart: Household Real Estate Value and Household Mortgage Debt as Percent of GDP
— Household Real Estate Value as Percent of GDP — Mortgage Debt as Percent of GDP
http://www.calculatedriskblog.com/   Source: Federal Reserve Flow of Funds

Source: New York Fed Consumer Credit Panel/Equifax

3

Total Balance by Delinquency Status

Percent (left axis, 0 to 14)
Percent (right axis, 0 to 14)

Legend:
- Severely Derogatory (red)
- 120+ days late (orange)
- 90 days late (yellow)
- 60 days late (blue)
- 30 days late (green)

X-axis: 03:Q1, 04:Q1, 05:Q1, 06:Q1, 07:Q1, 08:Q1, 09:Q1, 10:Q1, 11:Q1, 12:Q1, 13:Q1, 14:Q1, 15:Q1, 16:Q1, 17:Q1, 18:Q1, 19:Q1, 20:Q1, 21:Q1, 22:Q1, 23:Q1, 24:Q1

Credit Limit and Balance for Credit Cards and HE Revolving

Trillions of Dollars

Trillions of Dollars

Legend:
- ■ HELOC Balance
- ■ CC Balance
- ■ CC Limit
- ■ HELOC Limit

Source: New York Fed Consumer Credit Panel/Equifax

Purchases of flowers, seeds, and potted plants by end consumers

Jan 2016-July 2024, Bureau of Economic Analysis, National Income and Product Accounts,
Table 2.4.6. Real Personal Consumption Expenditures by Type of Product,
[Millions of chained (2017) doll

Millennial and Gen Z consumers are spending more on health and wellness than older consumers.

US health and wellness purchases, by product/service type and generation,[1]
% of respondents (n = 2,007)

● Gen Z ● Millennials ○ Overall average

Appearance	Health	Fitness	Nutrition	Sleep	Mindfulness
(eg, cosmetic procedures, hair care products, skin care products)	(eg, over-the-counter medications, personal- and home-care products, vitamins)	(eg, fitness club memberships, studio classes, wearable devices)	(eg, food subscription services, food-tracking apps)	(eg, cooling mattresses, gravity blankets, melatonin)	(eg, meditation classes, mindfulness apps, therapy sessions)

[1]Average across all products in each category. Percentage of respondents who purchased at least once in past 12 months.
Source: McKinsey Future of Wellness Survey, Aug 2023

What will impact the green industry going forward?

- Overall growth of the economy
- Supply chain performance
- Cost of inputs
- Labor availability and cost
- Housing market correction
- Inflation outlook
- Likelihood of recession

Just as an FYI

to be best
point of vie
GDP [dʒi: d
Gross Domes
total market

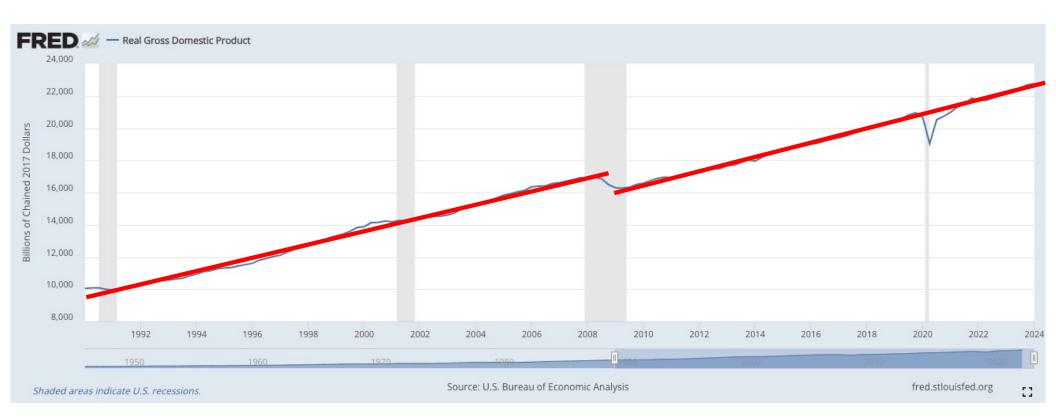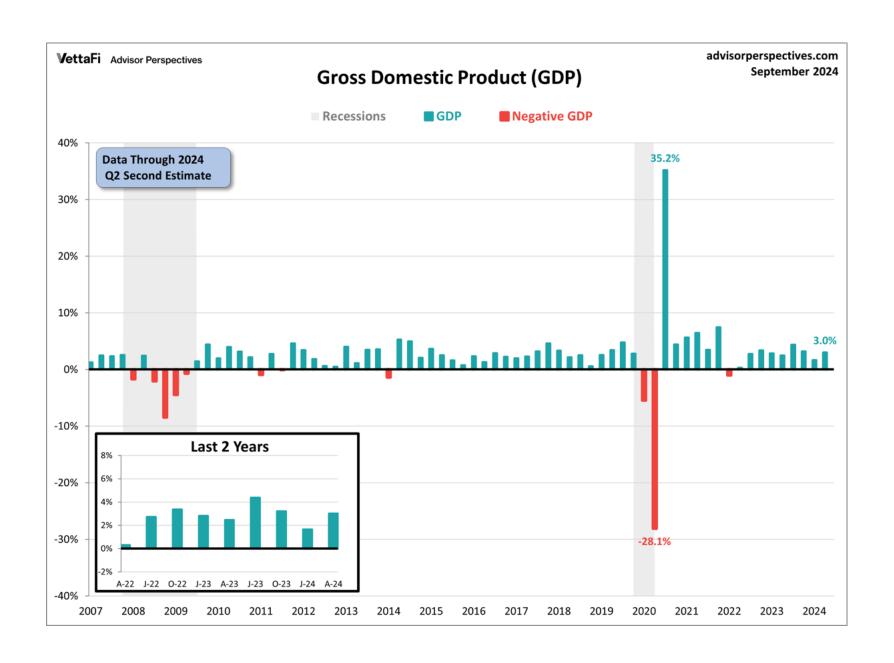## ✦ AI Overview
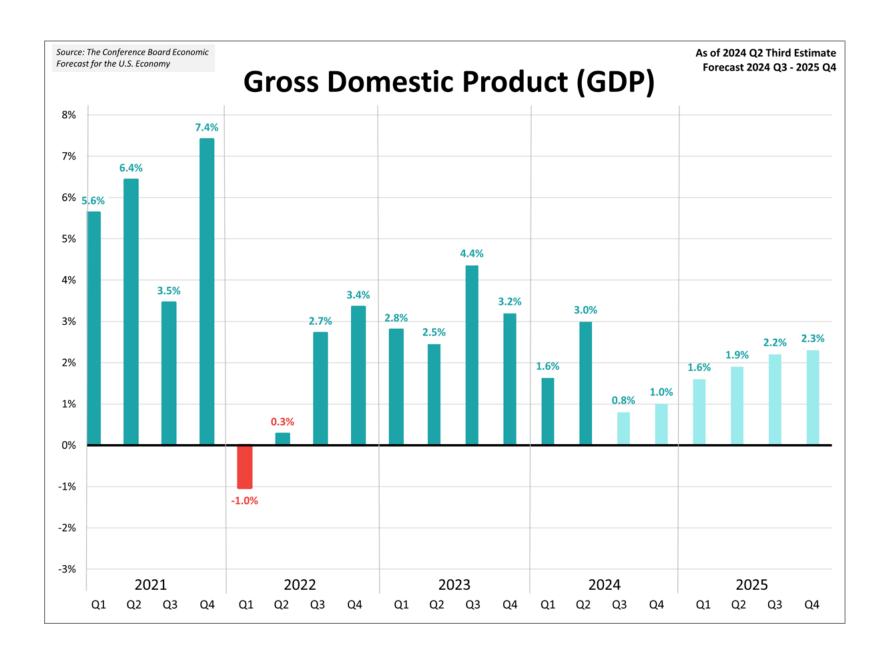
The United States economy is the world's largest, with a **nominal GDP of $28.78 trillion in 2024**. The US economy is also the richest in the world, and has held that position since 1960. 🔗

Here are some other statistics about the US economy: 🔗

- GDP growth: The US economy grew at a rate of 2.7% in 2024. 🔗
- GDP per capita: The US GDP per capita was $85,370 in 2024. 🔗

FRED — Real Gross Domestic Product

Billions of Chained 2017 Dollars

Source: U.S. Bureau of Economic Analysis

fred.stlouisfed.org

Gross Domestic Product (GDP)

■ Recessions   ■ GDP   ■ Negative GDP

Data Through 2024
Q2 Second Estimate

35.2%

3.0%

-28.1%

Last 2 Years

A-22 J-22 O-22 J-23 A-23 J-23 O-23 J-24 A-24

2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021 2022 2023 2024

Gross Domestic Product (GDP)

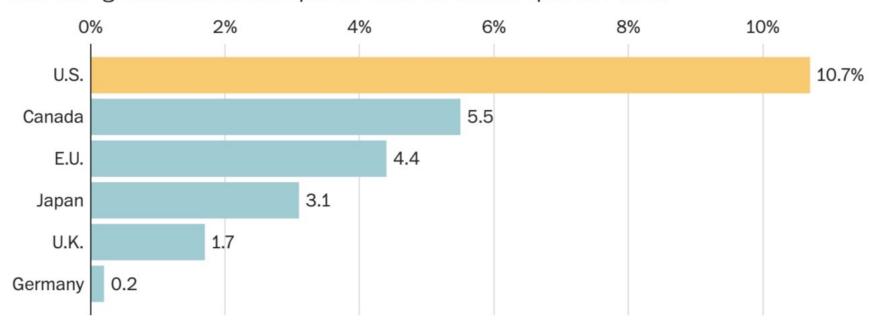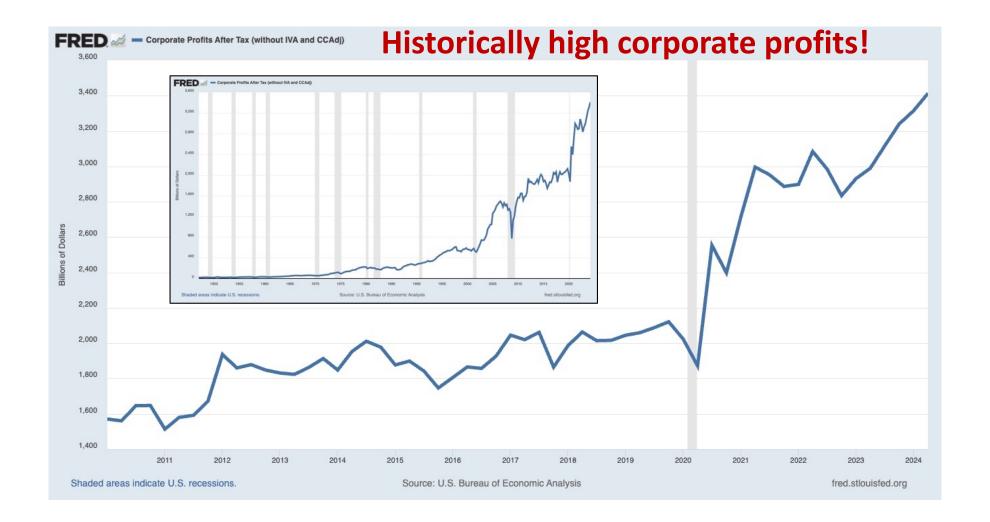| Year	Quarter	GDP
2021	Q1	5.6%
2021	Q2	6.4%
2021	Q3	3.5%
2021	Q4	7.4%
2022	Q1	-1.0%
2022	Q2	0.3%
2022	Q3	2.7%
2022	Q4	3.4%
2023	Q1	2.8%
2023	Q2	2.5%
2023	Q3	4.4%
2023	Q4	3.2%
2024	Q1	1.6%
2024	Q2	3.0%
2024	Q3	0.8%
2024	Q4	1.0%
2025	Q1	1.6%
2025	Q2	1.9%
2025	Q3	2.2%
2025	Q4	2.3%

The United States by far has the fastest growth in the G-7

Real GDP growth from fourth-quarter 2019 to second-quarter 2024.

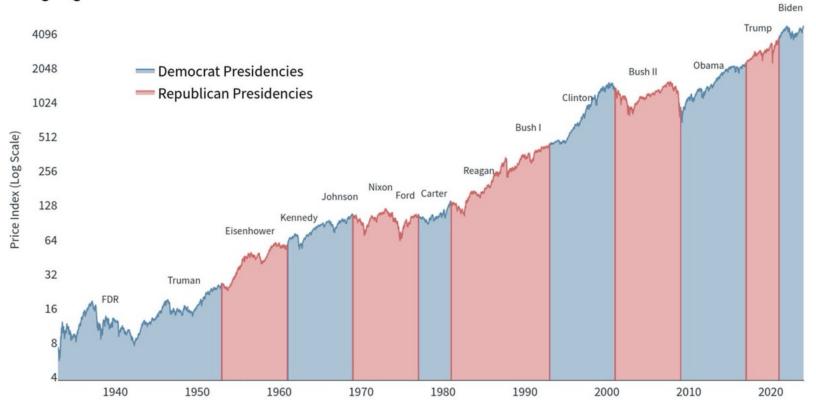| Country	Growth
U.S.	10.7%
Canada	5.5
E.U.	4.4
Japan	3.1
U.K.	1.7
Germany	0.2

United Kingdom data through Q1 2024.

The Stock Market and Presidencies

S&P 500 price returns on a log scale with presidents and their parties highlighted since 1933

Legend:
- Democrat Presidencies
- Republican Presidencies

Y-axis: Price Index (Log Scale) — 4, 8, 16, 32, 64, 128, 256, 512, 1024, 2048, 4096

X-axis: 1940, 1950, 1960, 1970, 1980, 1990, 2000, 2010, 2020

Presidents labeled: FDR, Truman, Eisenhower, Kennedy, Johnson, Nixon, Ford, Carter, Reagan, Bush I, Clinton, Bush II, Obama, Trump, Biden
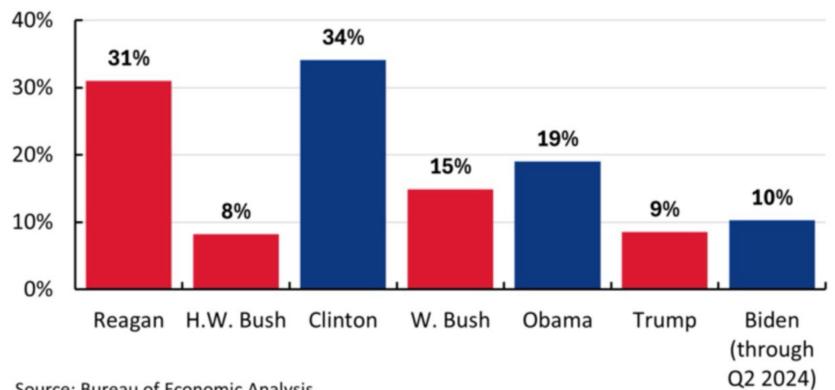
Latest data point is Dec 31, 2023

Wages have grown faster than inflation for most Americans

Percent change from February 2020 to September 2024.

	Inflation	Wages
	21.4%	23.9%

Change in real gross domestic product by president, chained dollars, 1981-present

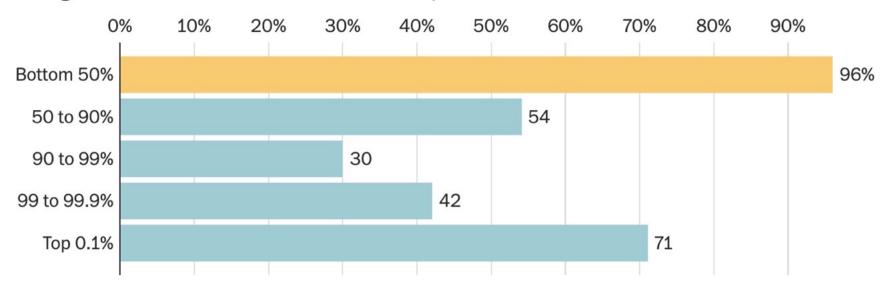| President	Change
Reagan	31%
H.W. Bush	8%
Clinton	34%
W. Bush	15%
Obama	19%
Trump	9%
Biden (through Q2 2024)	10%

Source: Bureau of Economic Analysis
Note: Data show GDP in billions of chained 2017 dollars.
Data for the Biden administration go through Q2 2024.

JEC

The bottom 50% have seen their wealth nearly double in recent years

Change in Americans' wealth since fourth-quarter 2019.

Group	Change
Bottom 50%	96%
50 to 90%	54
90 to 99%	30
99 to 99.9%	42
Top 0.1%	71
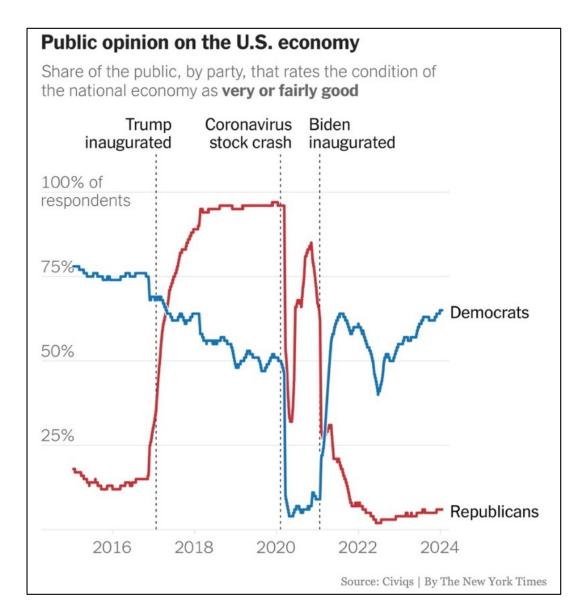
Opinion | This is a great economy. Why can't we celebrate it?

2024 is shaping up to be one of the best economic years of many Americans' lifetimes.

🎧 4 min ↪ 🔖 💬 2226

Public opinion on the U.S. economy

Share of the public, by party, that rates the condition of the national economy as **very or fairly good**

Trump inaugurated

Coronavirus stock crash

Biden inaugurated

100% of respondents

75%

50%

25%

Democrats

Republicans

2016   2018   2020   2022   2024

Source: Civiqs | By The New York Times

PUBLIC OPINION

WALTER LIPPMANN

With consumers in a better mood, is the "vibecession" turning a corner?
Marketplace

MORE FROM THIS SHOW

With consumers in a better mood, is the "vibecession" turning a corner?

Matt Levin   Sep 2, 2024

Heard on: **MARKETPLACE**®

▶ LISTEN NOW

Consumer sentiment improved last month, driven largely by higher-earning Americans who can comfortably absorb price increases, said Joanne Hsu at the University of Michigan. Frederic J. Brown/AFP via Getty Images

PERSONAL FINANCE

The 'vibecession' is ending as the U.S. economy nails a soft landing, economists say

PUBLISHED MON, SEP 9 2024·1:52 PM EDT | UPDATED MON, SEP 9 2024·3:30 PM EDT

Jessica Dickler
@JDICKLER

SHARE f X in ✉

KEY POINTS

- For months, there's been a "vibecession." That's a disconnect between how well the economy is doing and how people feel about their financial standing.

- Now, recent economic data and consumer sentiment are more in line, some experts say.

- "The problem with the recessionistas is, of course, they will always at some point be right," says Brett House, economics professor at Columbia Business School.

Bloomberg Opinion Today
8,933 subscribers

THE VIBECESSION
— "IN MY FEELINGS"
AN ECONOMIC ERA, FINALLY AT PEACE

JUNE 30, 2022 - JULY 14, 2023

RIP to the vibecession, a victim of its internal contradictions. Created using codepen.io

Farewell, Vibecession, We Hardly Knew Ye

Global Supply Chain Pressure Index (GSCPI)

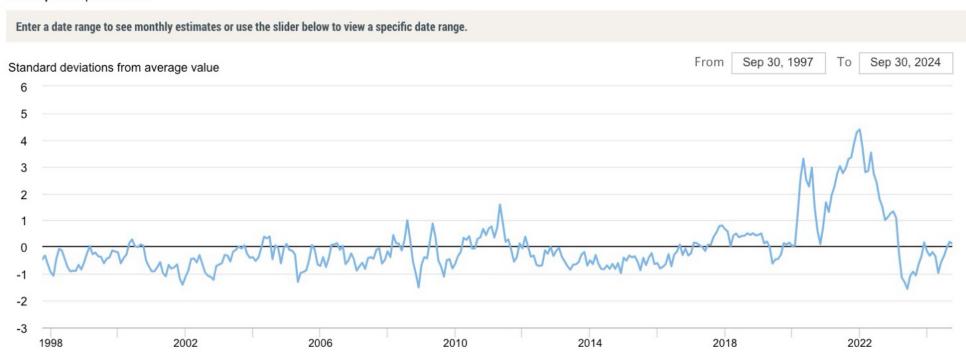## Estimates for September 2024

- The GSCPI fell to .13 in September, down from .20 in August (unrevised from an initial reading of .20). GSCPI readings measure standard deviations from the index's historical average.

Latest Update September 2024

Enter a date range to see monthly estimates or use the slider below to view a specific date range.

Standard deviations from average value

From   Sep 30, 1997   To   Sep 30, 2024

Projected input cost increases

Index of Prices Paid by Growers in the Green Industry (2007=100)

| Cost category	Weight	2007	2018	2019	2020	2021	2022	2023	2024f	2025p
Containers & other plastics	8.90%	100.0	126.9	127.3	126.4	143.5	166.8	166.7	166.5	167.3
Media (soilless mixes)	4.37%	100.0	117.3	120.5	122.0	135.8	140.1	160.1	161.7	166.6
Propagative materials	18.97%	100.0	121.8	128.3	136.8	142.1	141.8	142.7	145.6	148.5
Plant protection products	1.629%	100.0	112.9	109.8	107.0	115.1	175.0	153.3	141.5	142.2
Fertilizers	1.626%	100.0	106.9	109.5	103.5	138.6	225.8	178.4	162.8	163.6
Labor	42.99%	100.0	136.7	144.2	149.6	158.1	169.8	179.1	183.5	192.7
Fuel & energy	4.57%	100.0	97.9	93.3	79.3	105.6	152.7	126.2	130.9	134.8
Supplies & repairs	2.95%	100.0	124.1	127.6	129.6	138.9	154.7	160.3	162.1	162.9
Freight & trucking	14.00%	100.0	130.0	130.5	124.9	138.9	151.1	136.1	130.9	132.2
Weighted index (2007=100)		100.0	128.2	132.8	135.2	146.1	160.1	160.8	162.4	167.6
YOY increase/decrease		---	5.7%	3.6%	1.8%	8.1%	9.5%	0.5%	1.0%	3.2%
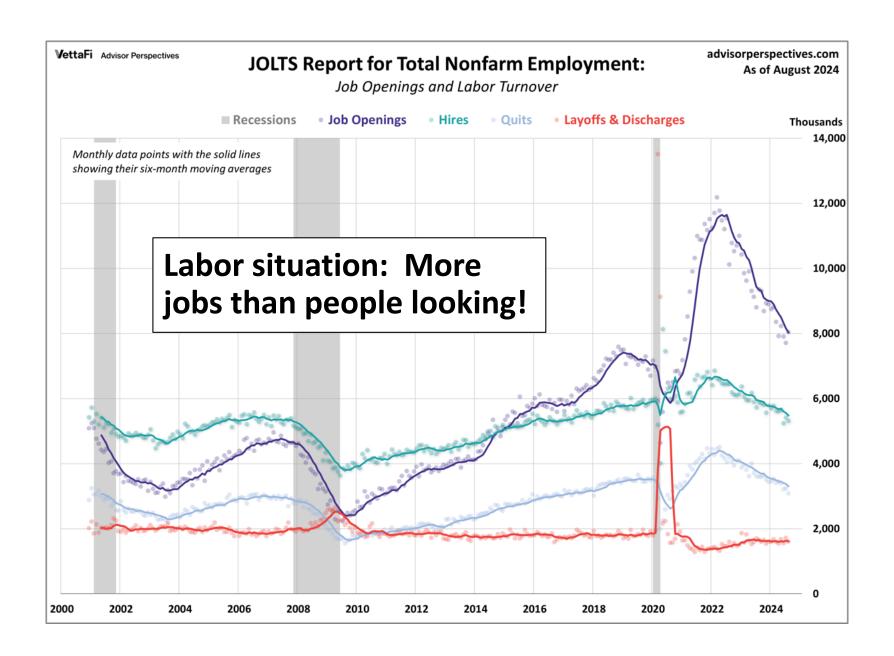
f=EOY forecast; p=preliminary

49.9% since 2007
20.9% since 2019
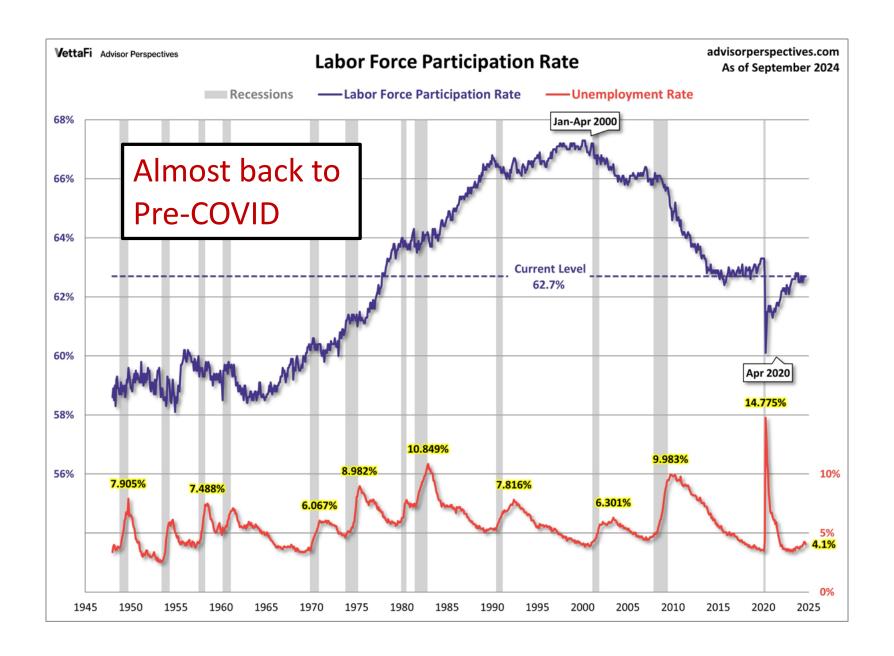
LABOR
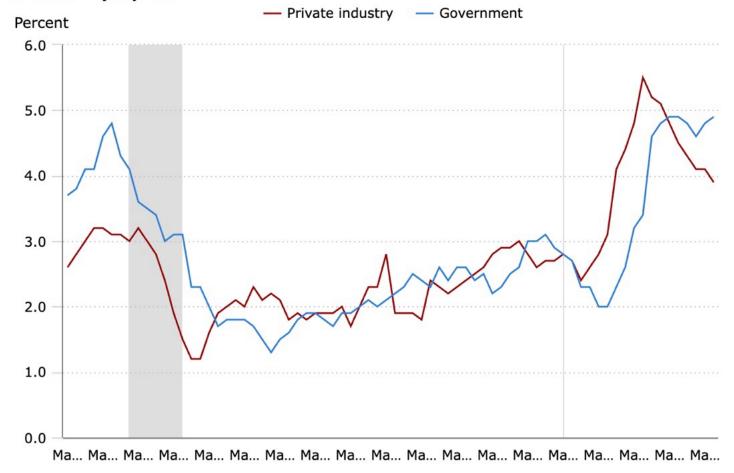
Average Hourly Earning of all Private Employees, Year-over-year Change

YOY growth in wages is declining.

http://www.calculatedriskblog.com
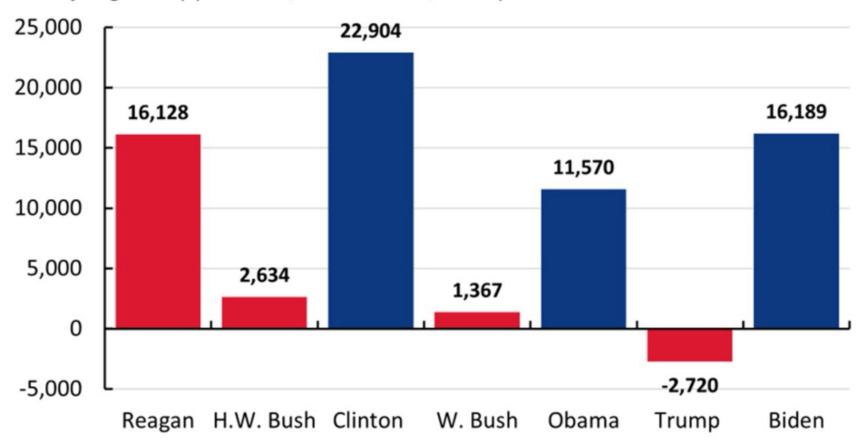
Compensation in private industry and state and local government, 12-month percent change, not seasonally adjusted

Percent

— Private industry   — Government

Source: U.S. Bureau of Labor Statistics.

Total job gains by president, in thousands, 1981-present
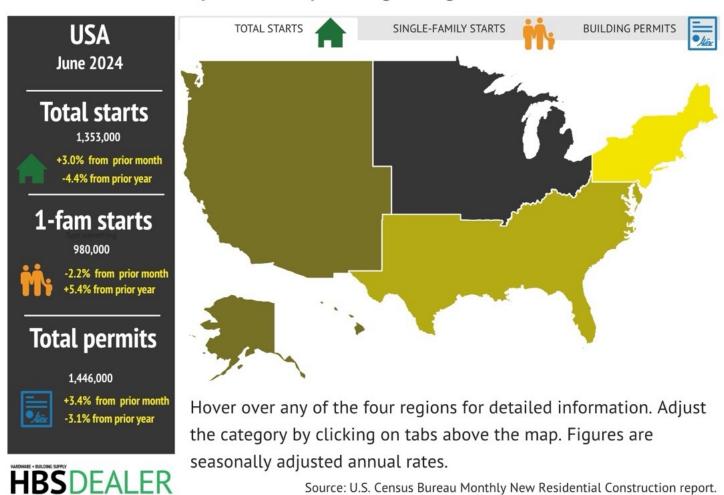
Source: Bureau of Labor Statistics
Note: Total for Biden goes through September 2024.
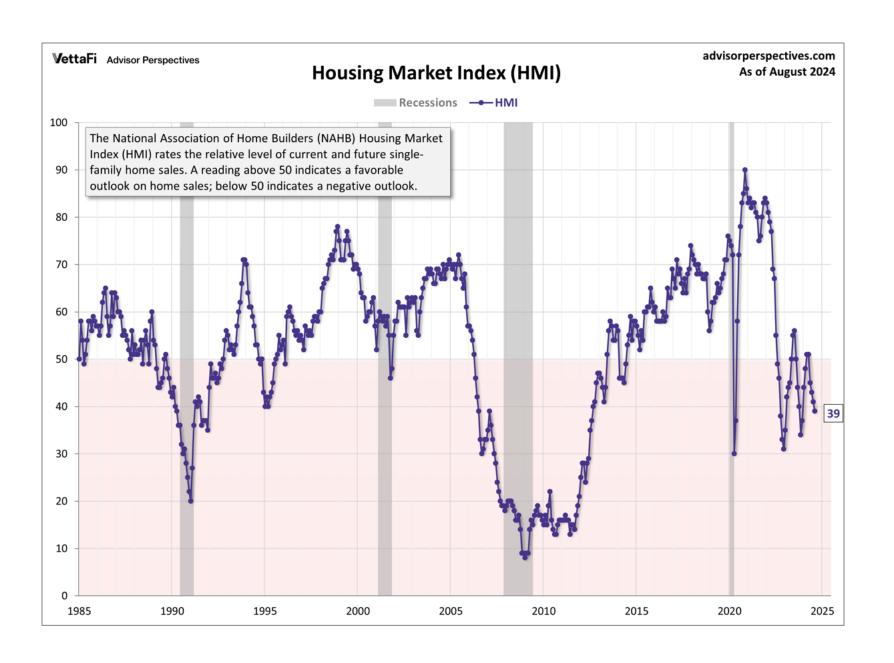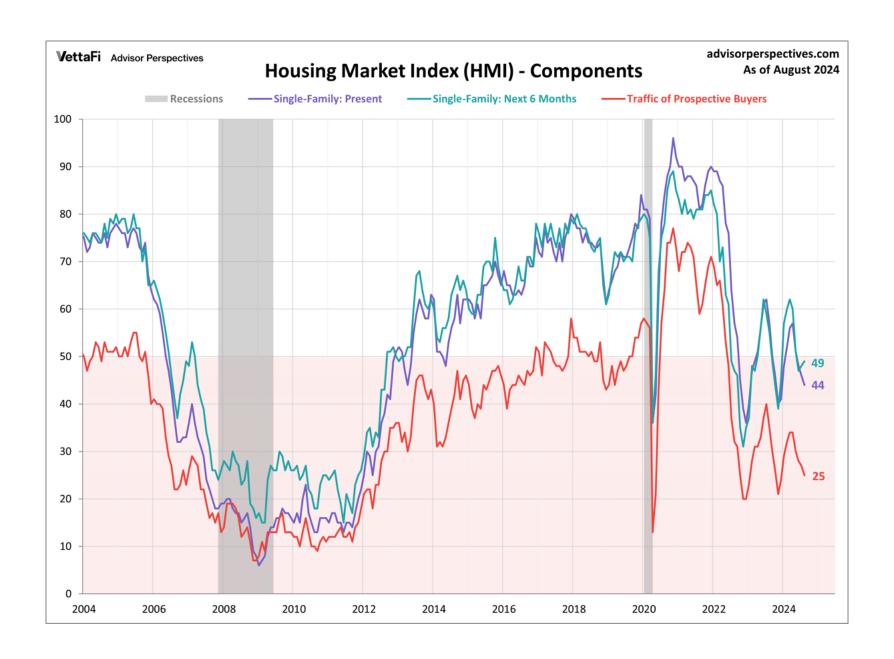
Residential Construction by Region

Monthly and annual percentage changes for June 2024

USA
June 2024

Total starts
1,353,000
+3.0% from prior month
-4.4% from prior year

1-fam starts
Type something
980,000
-2.2% from prior month
+5.4% from prior year

Total permits
1,446,000
+3.4% from prior month
-3.1% from prior year

TOTAL STARTS | SINGLE-FAMILY STARTS | BUILDING PERMITS

Hover over any of the four regions for detailed information. Adjust the category by clicking on tabs above the map. Figures are seasonally adjusted annual rates.

Source: U.S. Census Bureau Monthly New Residential Construction report.

HARDWARE + BUILDING SUPPLY
HBSDEALER

Housing Market Index (HMI)

Recessions —•—HMI

The National Association of Home Builders (NAHB) Housing Market Index (HMI) rates the relative level of current and future single-family home sales. A reading above 50 indicates a favorable outlook on home sales; below 50 indicates a negative outlook.

39

Housing Market Index (HMI) - Components

VettaFi   Advisor Perspectives

advisorperspectives.com
As of August 2024

Recessions   — Single-Family: Present   — Single-Family: Next 6 Months   — Traffic of Prospective Buyers

New Home Sales

Legend: ● Northeast ● Midwest ● South ● West

New Home Sales vs Supply

Zoom 1YR 5YR **10YR** MAX

Mar 1, 2014 → Mar 1, 2024

New Home Sales   New Homes for Sale   Months Supply

New Home Sales vs Existing Home Sales

Zoom 1YR 5YR **10YR** MAX

Mar 1, 2014 → Mar 1, 2024

# of Homes Sold

4M

2M

1M

400k

200k

2015 2016 2017 2018 2019 2020 2021 2022 2023 2024

1980 2000 2020

III

● **New Home Sales** —— **Existing Home Sales**

New Home Sales vs. vs. 30 YR Fixed Rate Mortgage

Zoom 1YR 5YR **10YR** MAX

Oct 24, 2014 → Oct 24, 2024

● New Home Sales — 30 YR Fixed Mortgage Rate

Existing Home Sales

Zoom 1YR 5YR 15YR **MAX**   Type | Stacked Area ⌄ | Nov 30, 1980 → Feb 1, 2024

- 6M
- 4M
- 2M
- 0

1984   1989   1994   1999   2004   2009   2014   2019   2024

1990   2000   2010   2020

● **Total**

Existing Home Sales

Zoom 1YR 5YR **MAX**   Type [Stacked Area ▾]   Jan 31, 2007 → Feb 1, 2024

Jan '08   Jan '10   Jan '12   Jan '14   Jan '16   Jan '18   Jan '20   Jan '22   Jan '24

6M
4M
2M
0

● Northeast   ● Midwest   ● South   ● West

Existing Home Sales vs Supply

Feb 1, 2014 → Feb 1, 2024
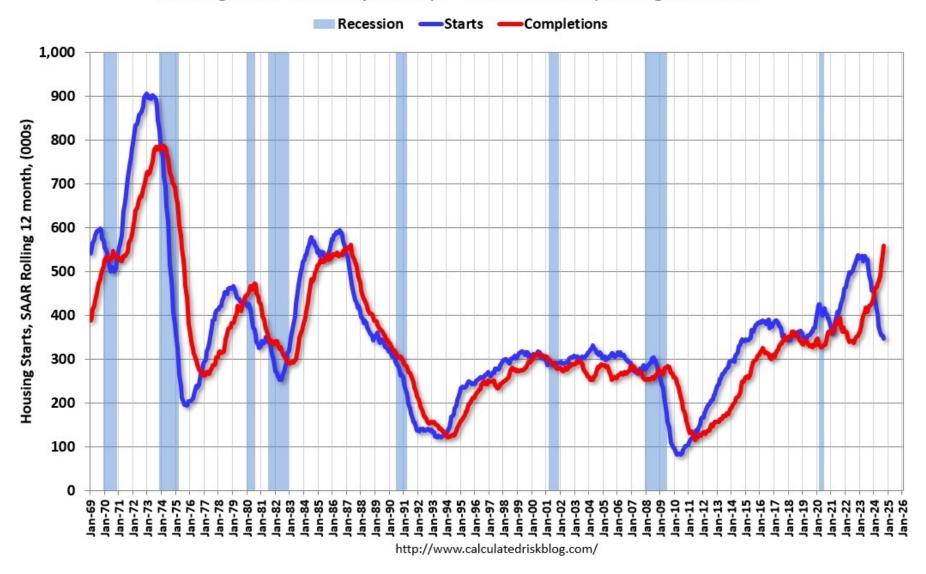
Existing Home Sales — Existing Homes for Sale — Months Supply

Existing Home Sales vs. vs. 30 YR Fixed Rate Mortgage

Zoom 1YR 5YR **10YR** MAX

Oct 24, 2014 → Oct 24, 2024
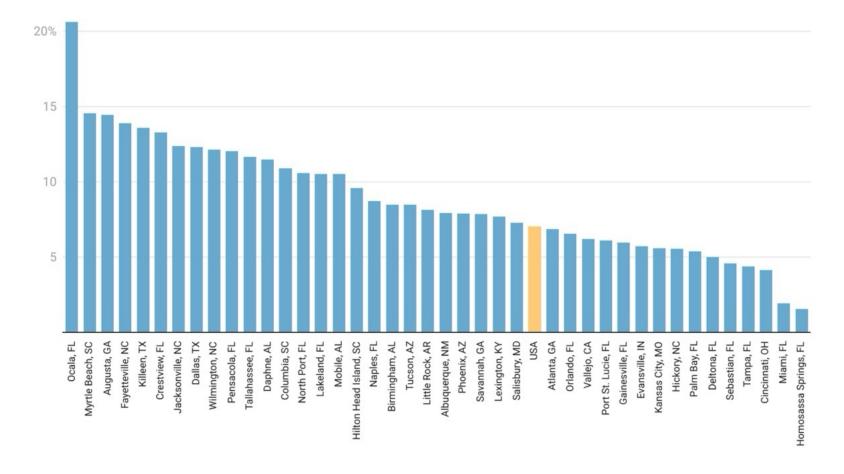
Existing Home Sales   — 30 YR Fixed Mortgage Rate

Housing Starts and Completions, 5+ Unit Structures, Rolling 12 months

Recession ■ Starts ── Completions ──

Housing Starts, SAAR Rolling 12 month, (000s)

http://www.calculatedriskblog.com/

Parcl Labs: Percentage of active listings that are newly built homes

June 2024

ResiClub

Household Real Estate Value and Household Mortgage Debt as Percent of GDP

— Household Real Estate Value as Percent of GDP   — Mortgage Debt as Percent of GDP

http://www.calculatedriskblog.com/   **Source: Federal Reserve Flow of Funds**

Mortgage Originations by Credit Score*

Billions of Dollars

Billions of Dollars

Legend: ■ <620 ■ 620-659 ▨ 660-719 ▨ 720-759 ▨ 760+

Y-axis (left and right): 0, 200, 400, 600, 800, 1,000, 1,200, 1,400

X-axis: 03:Q1, 04:Q1, 05:Q1, 06:Q1, 07:Q1, 08:Q1, 09:Q1, 10:Q1, 11:Q1, 12:Q1, 13:Q1, 14:Q1, 15:Q1, 16:Q1, 17:Q1, 18:Q1, 19:Q1, 20:Q1, 21:Q1, 22:Q1, 23:Q1, 24:Q1
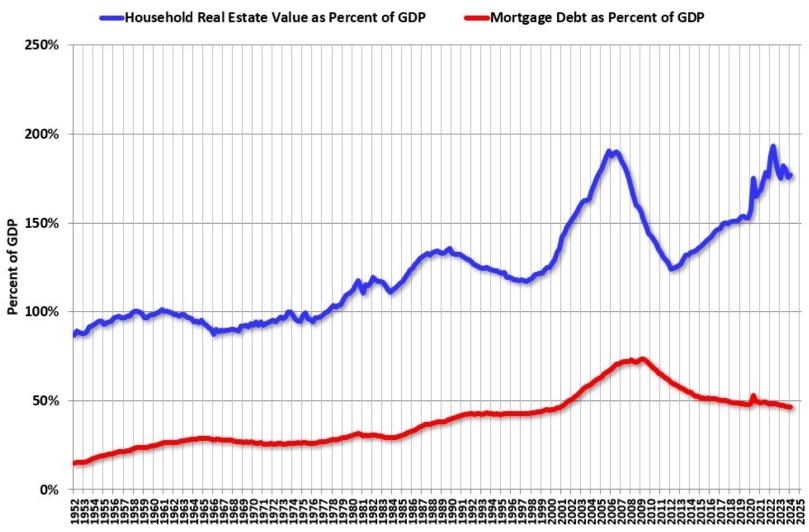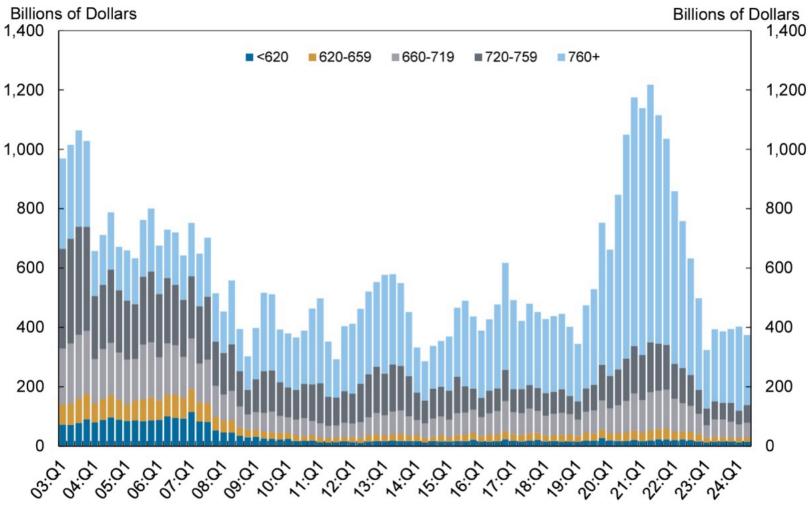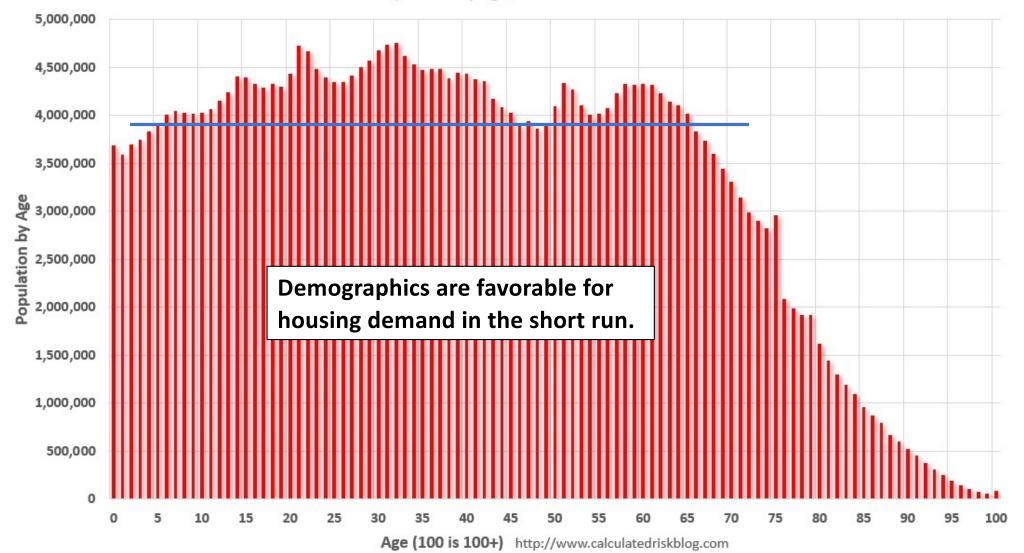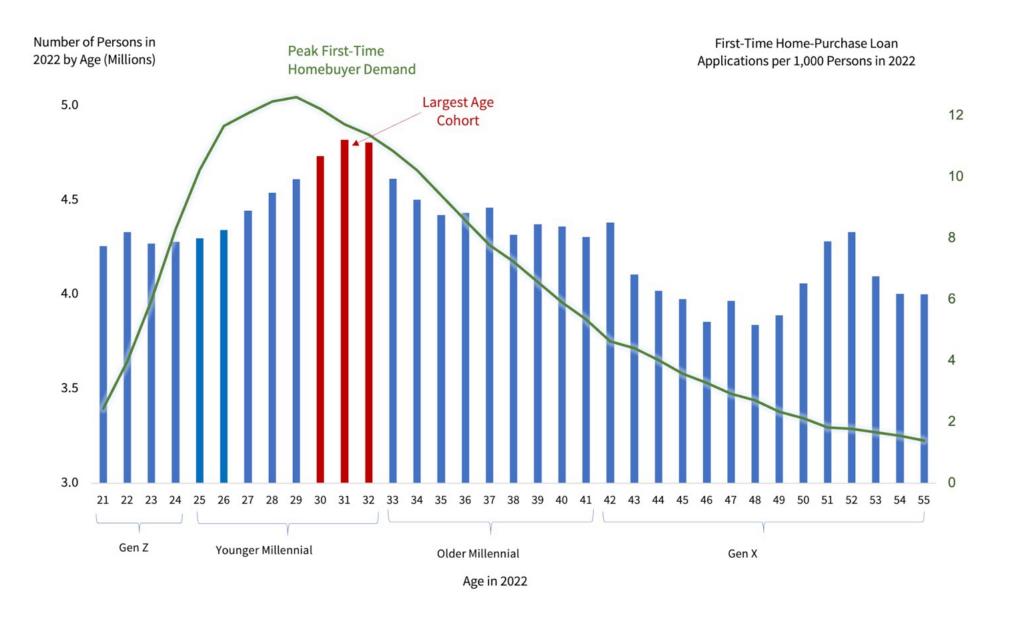
Source: New York Fed Consumer Credit Panel/Equifax
* Credit Score is Equifax Riskscore 3.0
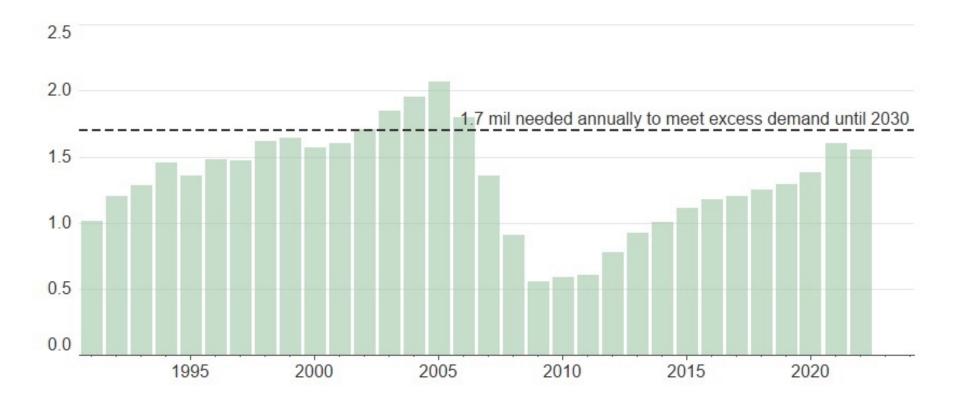
U.S. Population by Age, 2022 Census Estimate

Demographics are favorable for housing demand in the short run.

Age (100 is 100+)   http://www.calculatedriskblog.com

Number of Persons in 2022 by Age (Millions)

Peak First-Time Homebuyer Demand

Largest Age Cohort

First-Time Home-Purchase Loan Applications per 1,000 Persons in 2022

Age in 2022

Gen Z

Younger Millennial

Older Millennial

Gen X
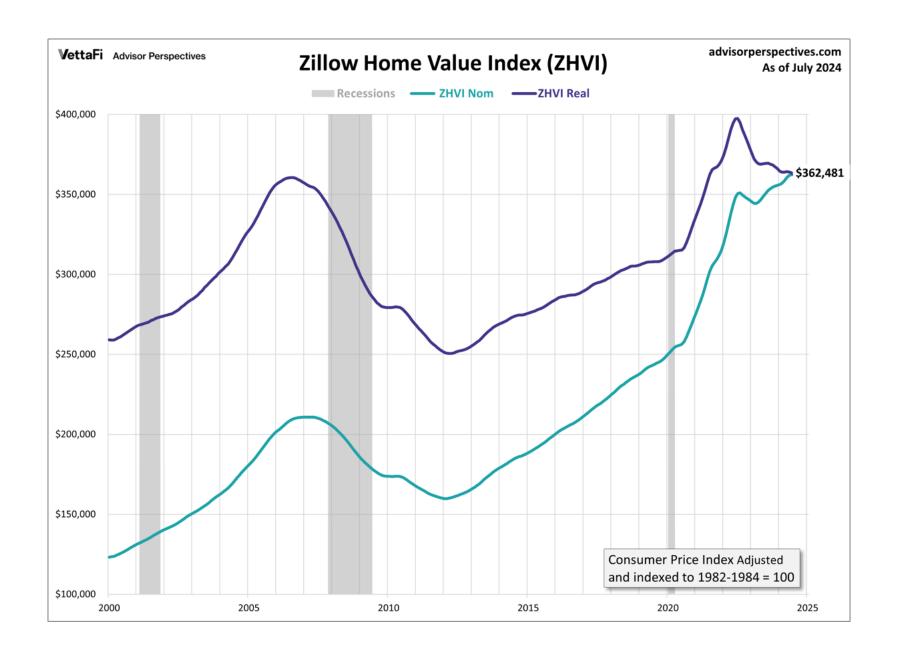
U.S. housing starts, annually

Millions

1.7 mil needed annually to meet excess demand until 2030

Source: Census Bureau, RSM US

Zillow Home Value Index (ZHVI)

VettaFi Advisor Perspectives

advisorperspectives.com
As of July 2024

Recessions   ZHVI Nom   ZHVI Real

$362,481

Consumer Price Index Adjusted
and indexed to 1982-1984 = 100

Affordability	Drivers	Affordability Gap	Cost Breakdown

United States
Affordability Index
(Toggle between Affordability Index & Homeownership Cost as a Percent Share of Median Income)
Share of Median Income Greater than 30% OR Index less than 100 = Unaffordable
Source: Federal Reserve Bank of Atlanta

Select Parameter >>>
Affordability Index

Affordability Threshold

August 2024
United States
Affordability Index = 71

Median Household Income: **$85,255**
Median Home Price: **$392,500**
Interest Rate: **6.5%**
Median Monthly Principal & Interest Payment: **$2,233**
Median Monthly Total Payment (P&I, Tax, Insurance, PMI): **$2,997**

67.31   132.69

| Affordability | Drivers | Affordability Gap | Cost Breakdown |

United States
Affordability Drivers Decomposition
(Directional Impact of Variables on Affordability)
Source: Federal Reserve Bank of Atlanta

Select Affordbility Drivers
(3 Month Moving Average)
- Taxes
- Property Insurance
- Mortgage Rate
- Median Sales Price
- Median Household Income

Unffordable <------> Affordable
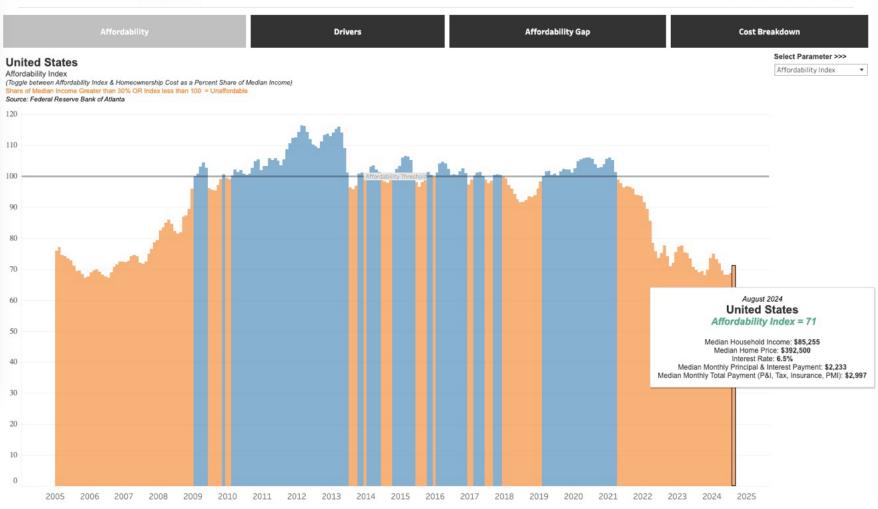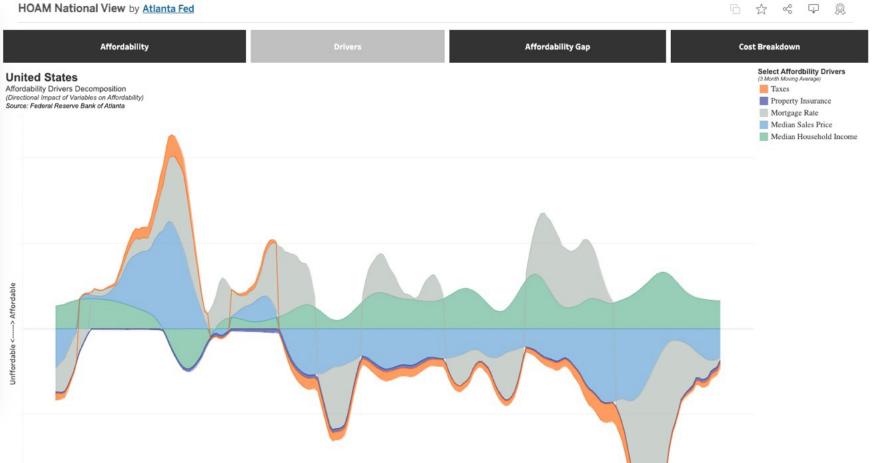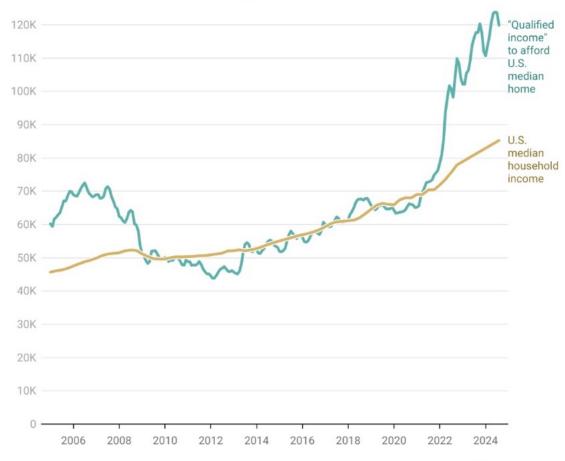
During the Pandemic Housing Boom, *housing demand surged* rapidly amid ultralow interest rates, stimulus, and the remote work boom. *Federal Reserve researchers estimate* "new construction would have had to increase by roughly 300% to absorb the pandemic-era surge in demand."

Unlike housing demand, *housing supply isn't as elastic* and can't quickly ramp up. As a result, the heightened demand drained the market of active inventory and overheated home prices, with *U.S. home prices* in July 2024 a staggering 53.4% above January 2020 levels.

==A borrower's income would've needed to rise by over 86% since January 2020 to keep pace with the increase in the cost of owning a median-priced U.S. home.==

Housing affordability is strained

The Atlanta Fed's 'qualified income' metric estimates the household income needed to afford a median-priced U.S. home without spending more than 30% of annual income. In simpler terms, it represents the income level to "afford" a typical U.S. home.

Chart: Lance Lambert · Source: The Federal Reserve Bank of Atlanta's Home Ownership Affordability Monitor · Created with Datawrapper
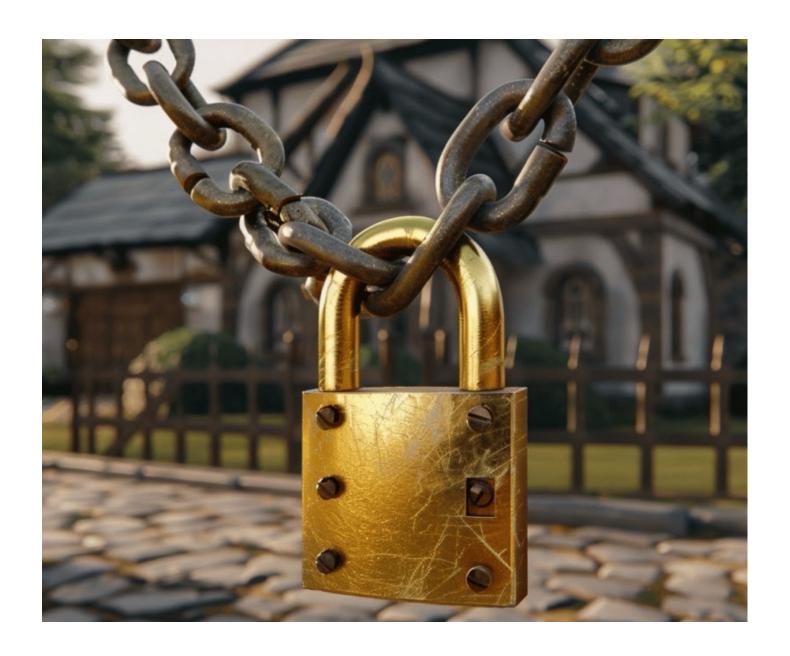
ResiClub

Home price shifts in America's 800 largest metro area housing markets

Pulled from the Lance Lambert House Price Tracker

SizeRank ▲	Metro area housing market	MoM	YTD	YoY	Shift since 2022 peak	Down from peak	Since March 2020
0	United States	−0.2%	3.7%	2.4%	2.9%	−0.3%	45.0%
1	New York, NY	0.3%	6.8%	7.1%	9.1%	0.0%	35.0%
2	Los Angeles, CA	−0.3%	5.5%	5.1%	3.9%	−0.6%	41.1%
3	Chicago, IL	−0.2%	6.4%	4.9%	8.1%	−0.2%	37.5%
4	Dallas, TX	−0.5%	1.8%	−0.3%	−4.4%	−4.4%	44.1%
5	Houston, TX	−0.4%	2.2%	0.4%	−1.9%	−1.9%	37.3%
6	Washington, DC	−0.0%	4.5%	3.5%	3.1%	−0.3%	29.6%
7	Philadelphia, PA	−0.1%	5.3%	4.5%	9.6%	−0.1%	44.5%
8	Miami, FL	−0.3%	2.3%	3.2%	8.8%	−0.4%	60.8%
9	Atlanta, GA	−0.5%	2.4%	1.6%	1.4%	−0.8%	54.5%
10	Boston, MA	−0.3%	6.2%	5.2%	8.0%	−0.5%	42.4%

Mortgage Purchase Application Index

Seasonally adjusted

138.4

ResiClub

John Burns Research and Consulting: The highest mortgage rate homeowners say they'd accept on their next home purchase

Bar chart showing the highest mortgage rate homeowners say they'd accept:
- Under 3.0%: 100%
- 3.0% - 3.49%: 95%
- 3.5% - 3.99%: 85%
- 4.0% - 4.49%: 71%
- 4.5% - 4.99%: 57%
- 5.0% - 5.49%: 47% ("Magic mortgage rate")
- 5.5% - 5.99%: 29%
- 6.0% - 6.49%: 21%
- 6.5% - 6.99%: 13% (Today's average 30-year fixed mortgage rate (6.62%))
- 7.0% - 7.49%: 9%
- 7.5% - 7.99%: 5%
- 8.0%+: 3%

ResiClub

Mortgage Refinance Index

Seasonally adjusted

734.6

ResiClub

HOAM National View by Atlanta Fed

United States
Monthly Cost Breakdown
(Select Cost Components in the legend, Hover for Values)
Source: Federal Reserve Bank of Atlanta

Select Component >>>
- Property Taxes
- Private Mortgage Insurance
- Property Insurance
- Principal and Interest
- Total Monthly Payment

Data labels on the Total Monthly Payment line (approximate, left to right): $1,505, $1,554, $1,631, $1,713, $1,723, $1,796, $1,714, $1,725, $1,710, $1,633, $1,551, $1,606, $1,504, $1,341, $1,302, $1,303, $1,254, $1,234, $1,251, $1,233, $1,220, $1,222, $1,130, $1,098, $1,184, $1,149, $1,143, $1,290, $1,364, $1,324, $1,351, $1,383, $1,348, $1,376, $1,451, $1,422, $1,434, $1,446, $1,517, $1,510, $1,557, $1,539, $1,627, $1,687, $1,683, $1,672, $1,640, $1,632, $1,631, $1,636, $1,640, $1,777, $1,825, $1,888, $2,026, $2,136, $2,347, $2,543, $2,457, $2,603, $2,746, $2,735, $2,943, $3,008, $3,018, $3,097, $2,997

Moody's: Estimated U.S. property damage caused by hurricanes Helene and Milton

Low estimate: Hurricane Helene 31B, Hurricane Milton 40B

High estimate: Hurricane Helene 49B, Hurricane Milton 70B

Hurricane Helene made landfall on September 26, 2024. Hurricane Milton made landfall on October 9, 2024

ResiClub

Month-to-Month Home Prices Changes Through July
Monthly House Price Trends by Index ($ Thousands)

CoreLogic Case-Shiller 20-City Index

CoreLogic (Excluding Distressed Sales)

FHFA Purchase-Only Index

Sources: Standard & Poor's, Federal Housing Finance Agency, CoreLogic, and HUD.
See Note 1, Sources and Methodology.

Sales Fell for New and Existing Homes
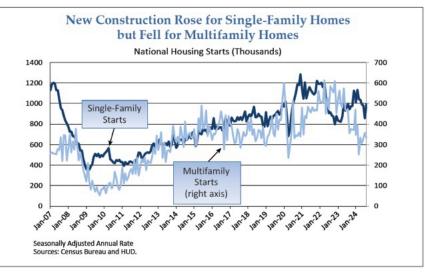### Monthly Sales (Thousands)

Existing Home Sales

New Home Sales (right axis)

Seasonally Adjusted Annual Rate
Sources: National Association of REALTORS®, Census Bureau, and HUD.
See Note 2, Sources and Methodology.

Months' Supply of Homes for Sale Rose for New and Existing Homes
National Months' Supply of New and Existing Homes (Months)

Existing Homes Months' Supply

New Homes Months' Supply

Historic Average

Sources: Census Bureau, National Association of REALTORS®, and HUD.

New Construction Rose for Single-Family Homes but Fell for Multifamily Homes
National Housing Starts (Thousands)

Single-Family Starts

Multifamily Starts (right axis)

Seasonally Adjusted Annual Rate
Sources: Census Bureau and HUD.

Homeownership Affordability Remains Below Historic Norm, Mortgage Rates Up Markedly from Near Record Lows
Percentage Rates and Index Values

30-Yr Fixed Mortgage Rate

NAR Housing Affordability Index (right axis)

Affordability Index Historic Norm

The historic norm of 130 is the median value of NAR's housing affordability index since 1989.
Sources: Freddie Mac and National Association of REALTORS®.

Rental Affordability Remains a Challenge Due to Rising Rents
Rental and Homeownership Index Values

HUD Rental Affordability Index (RAI)

NAR Homeownership Affordability Index (HAI)

NOTE: The Q2 2020 - Q2 2021 rental prices underlying the RAI are partially based on CPS/HVS surveys conducted under COVID-19 restrictions and should be viewed with caution. Normal data collection resumed starting Q3 2021. The RAI is partially based on annual ACS rental prices of recent movers which were also affected by COVID-19. The HAI and RAI reflect quarterly seasonal changes in prices. See Note 3 and Section C.
Sources: Census ACS, BLS, CPS, HUD, and NAR®.

Foreclosure Filings Remain Low
Monthly Foreclosure Actions (Thousands)
(Includes Investor, Second Home, and Jumbo Properties)

Foreclosure Starts

Foreclosure Completions

Foreclosure starts are default notices or scheduled foreclosure auctions, depending on the state.
Source: ATTOM Data Solutions.
See Note 4, Sources and Methodology.

Homeowners' Equity Reached a New Peak in the Second Quarter of 2024
Owners' Equity in Household Real Estate at End of Period ($ Trillions)

Source: Federal Reserve Board.

The National Homeownership Rate Stayed the Same in the Second Quarter*

National Homeownership Rate (Percent)

Nation

Historic National Norm

FHA Mortgage Lending

FHA as Share of Quarterly Mortgage Originations by Type (Percent)

Purchase Refinance Combined

Housing Insecurity

Share of Renter and Homeowner Households Behind on Housing Payments (Percent)

Renters Behind on Lease Payments

Homeowners Behind on Mortgage Payments

Households Fearful of Losing Their Homes

Share of Renter and Homeowner Households Viewing Loss of Home as Imminent (Percent)

Renters Fearful Eviction Is Imminent

Homeowners Fearful Foreclosure Is Imminent

- Rate cuts will boost housing in 2025, though it's too late to help boost figures in any meaningful way in 2024.
- A surge in net immigration (+3.6 million) is fueling increased labor market participation.
- Immigration created 700,000 more households (roughly 600,000 renter households and 100,000 owner households) over the past three years.
- There's currently a housing shortfall of approximately 1,500,000 throughout the U.S.
- Most major U.S. markets are undersupplied with housing.
- Homeowners have near record levels of equity right now (an average of $402,000 per home as of Q2 2024).
- New homes represent 26 percent of the total for-sale single family inventory.
- Publicly traded companies comprise 55 percent of new home sales (DR Horton and Lennar capture a quarter of the market.)

- Mortgage rate buydowns (26 percent) and closing costs (20 percent) remain the most common incentives homebuilders are offering.
- Single-family homes are now smaller than at anytime since 2011.
- Yet they're more expensive, as building materials are up 3 percent YOY.
- On that note: Affordability is the dark cloud looming over the entire industry.
- To help reduce costs, builders are pursuing simpler floor plans.
- Consumer uncertainty (23 percent of respondents) is the biggest obstacle to big-ticket remodels right now, followed by skilled labor shortage (22 percent).
- Many homes are entering "prime remodeling years." Twenty-four million homes will be 20 to 39 years old in 2027.
- People born before 1970 now control $107 trillion in wealth. A huge wealth transfer is imminent.
- Despite the challenges of 2024, 2025 is setting up nicely for new construction and R&R. A boost in demand from "all customer segments" is forecast.
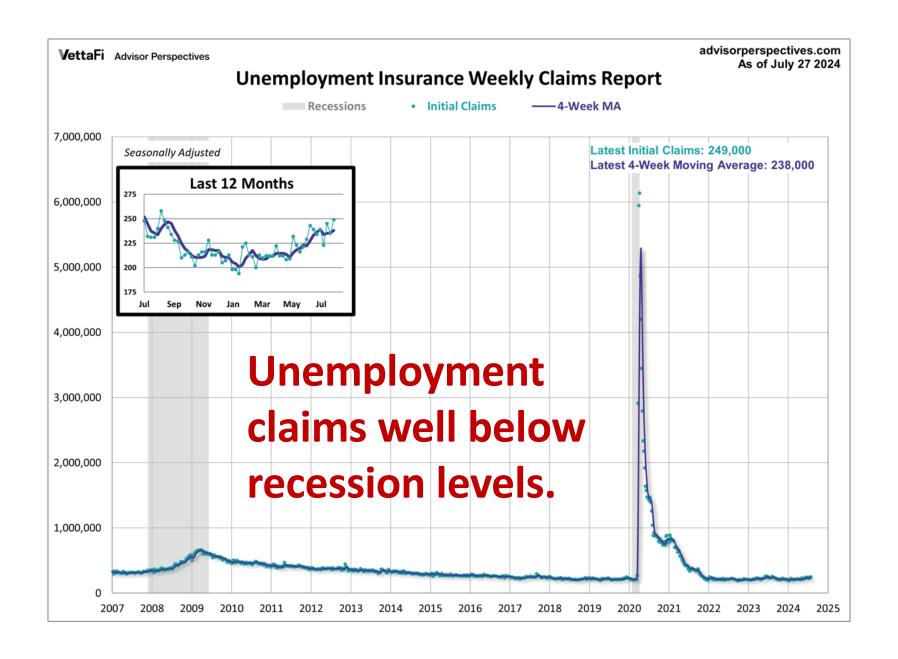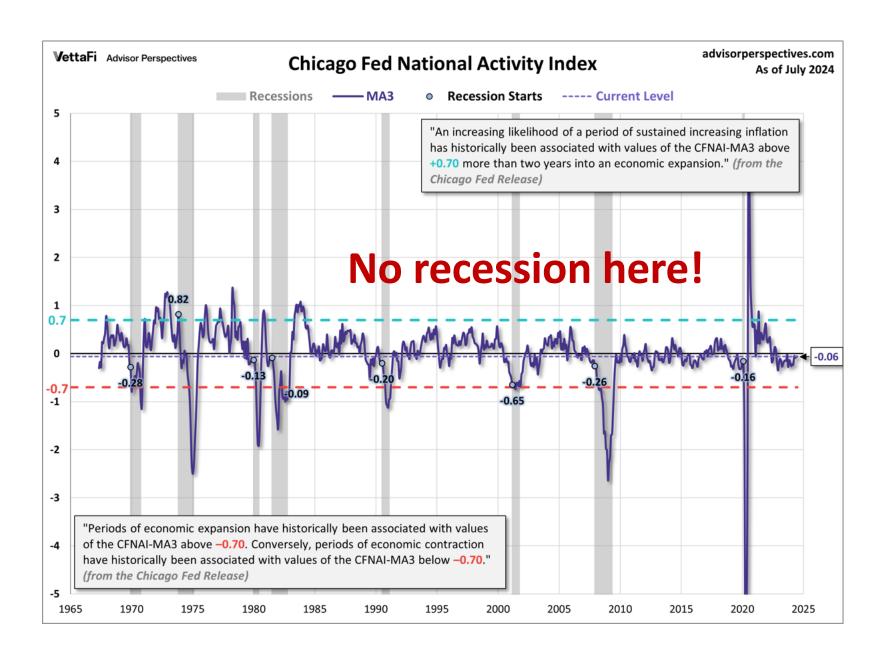
Inflation?

Consumer Price Index: Year-Over-Year

VettaFi Advisor Perspectives

advisorperspectives.com
As of September 2024

Recessions   Headline CPI = 2.4%   Core CPI = 3.3%

2% Target

Not seasonally adjusted

TWO MEASURES OF INFLATION

PCE Price Index

Core: 2.7%   **Headline = 2.2%**

Consumer Price Index

Core: 3.2%   **Headline: 2.5%**

VettaFi Advisor Perspectives

PCE & CPI Through August

| Variable | Median[1] | | | | |
	2024	2025	2026	2027	Longer run
Change in real GDP	2.0	2.0	2.0	2.0	1.8
June projection	2.1	2.0	2.0		1.8
Unemployment rate	4.4	4.4	4.3	4.2	4.2
June projection	4.0	4.2	4.1		4.2
PCE inflation	2.3	2.1	2.0	2.0	2.0
June projection	2.6	2.3	2.0		2.0
Core PCE inflation[4]	2.6	2.2	2.0	2.0	
June projection	2.8	2.3	2.0		
Memo: Projected appropriate policy path					
Federal funds rate	4.4	3.4	2.9	2.9	2.9
June projection	5.1	4.1	3.1		2.8
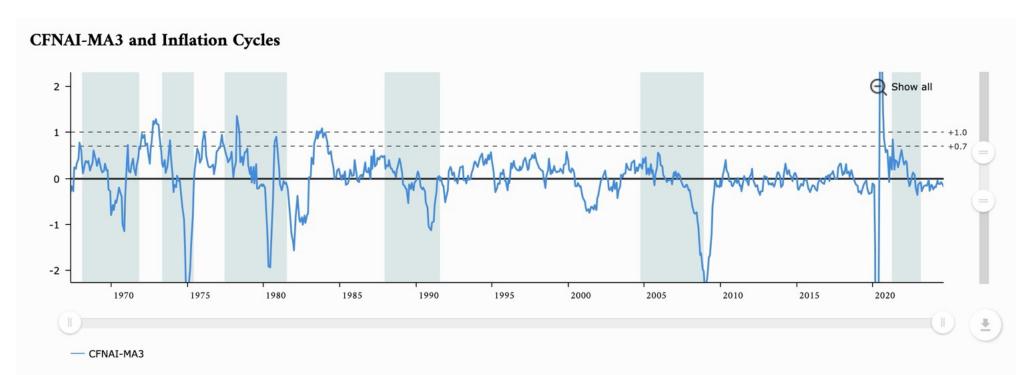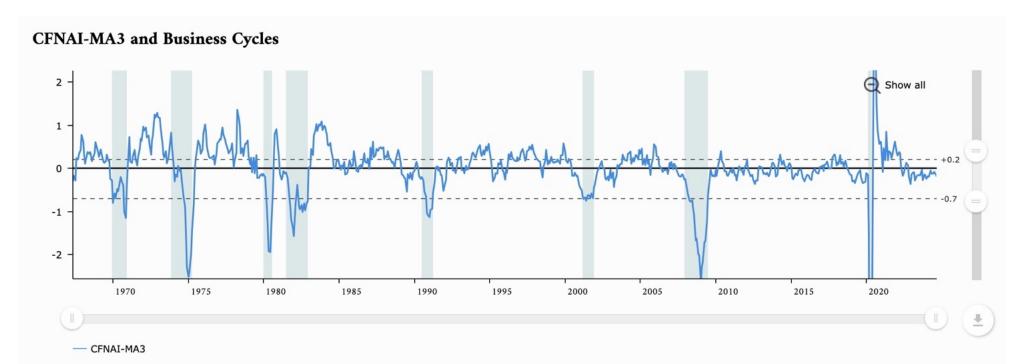
Historically low financial risk

Unemployment Insurance Weekly Claims Report

VettaFi Advisor Perspectives

advisorperspectives.com
As of July 27 2024

Recessions   • Initial Claims   ──4-Week MA

Latest Initial Claims: 249,000
Latest 4-Week Moving Average: 238,000

Seasonally Adjusted

Last 12 Months

Unemployment claims well below recession levels.

Chicago Fed National Activity Index

advisorperspectives.com
As of July 2024

VettaFi Advisor Perspectives

Legend: Recessions | MA3 | Recession Starts | Current Level

"An increasing likelihood of a period of sustained increasing inflation has historically been associated with values of the CFNAI-MA3 above +0.70 more than two years into an economic expansion." *(from the Chicago Fed Release)*
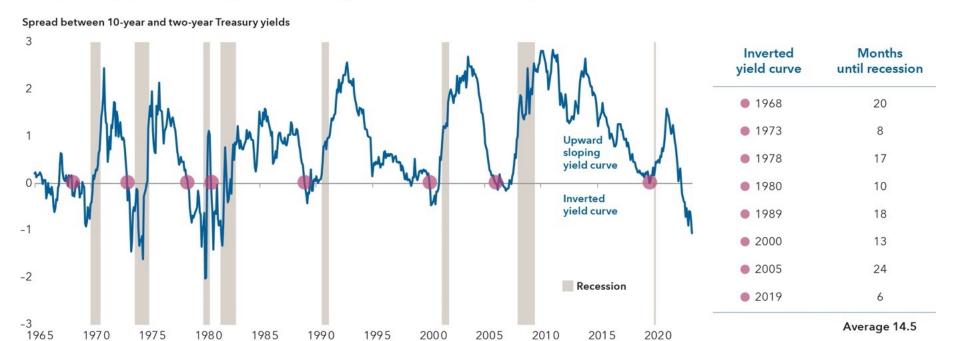
No recession here!

"Periods of economic expansion have historically been associated with values of the CFNAI-MA3 above –0.70. Conversely, periods of economic contraction have historically been associated with values of the CFNAI-MA3 below –0.70." *(from the Chicago Fed Release)*

Data labels: 0.82, -0.28, -0.13, -0.09, -0.20, -0.65, -0.26, -0.16, -0.06

Y-axis values: 5, 4, 3, 2, 1, 0.7, 0, -0.7, -1, -2, -3, -4, -5

X-axis: 1965, 1970, 1975, 1980, 1985, 1990, 1995, 2000, 2005, 2010, 2015, 2020, 2025

CFNAI-MA3 and Inflation Cycles

2	
1	+1.0
	+0.7
0	
-1	
-2	

1970   1975   1980   1985   1990   1995   2000   2005   2010   2015   2020

— CFNAI-MA3

Notes: Shading represents periods of sustained increasing inflation. For details on the timing of these periods based on readings of core inflation (which excludes food and energy prices), see pp. 4–5 of the background information document. An increasing likelihood of a period of sustained increasing inflation has historically been associated with values of the CFNAI-MA3 above +0.70 more than two years into an economic expansion. Similarly, a substantial likelihood of a period of sustained increasing inflation has historically been associated with values of the CFNAI-MA3 above +1.00 more than two years into an economic expansion.

CFNAI-MA3 and Business Cycles

Notes: Shading indicates official periods of recession as identified by the National Bureau of Economic Research. Following a period of economic expansion, an increasing likelihood of a recession has historically been associated with a CFNAI-MA3 value below −0.70. Conversely, following a period of economic contraction, an increasing likelihood of an expansion has historically been associated with a CFNAI-MA3 value above −0.70 and a significant likelihood of an expansion has historically been associated with a CFNAI-MA3 value above +0.20.

CFNAI Diffusion Index

Notes: Shading indicates official periods of recession as identified by the National Bureau of Economic Research. The CFNAI Diffusion Index represents the three-month moving average of the sum of the absolute values of the weights for the underlying indicators whose contribution to the CFNAI is positive in a given month less the sum of the absolute values of the weights for those indicators whose contribution is negative or neutral in a given month. Periods of economic expansion have historically been associated with values of the CFNAI Diffusion Index above −0.35.
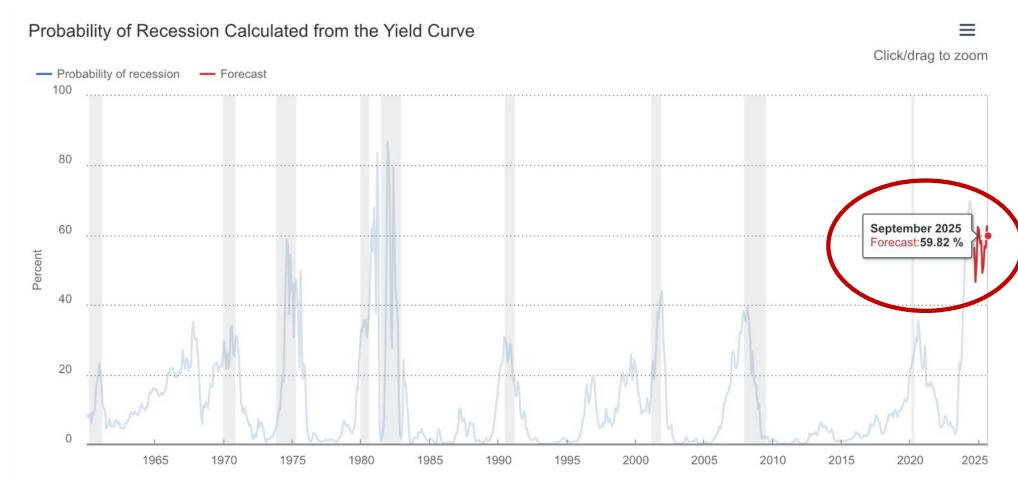
An inverted yield curve has preceded every recession in the last 50 years

Spread between 10-year and two-year Treasury yields

Upward sloping yield curve

Inverted yield curve

Recession

Inverted yield curve	Months until recession
1968	20
1973	8
1978	17
1980	10
1989	18
2000	13
2005	24
2019	6
	Average 14.5

Sources: Capital Group, Refinitiv Datastream. As of 6/30/23. One-year rates used instead of two-year rates prior to 6/30/76. When a brief yield curve inversion (less than two consecutive months) occurred before a more sustained inversion, the sustained period is listed as the starting date in the table. Shaded bars represent U.S. recessions as defined by the National Bureau of Economic Research.
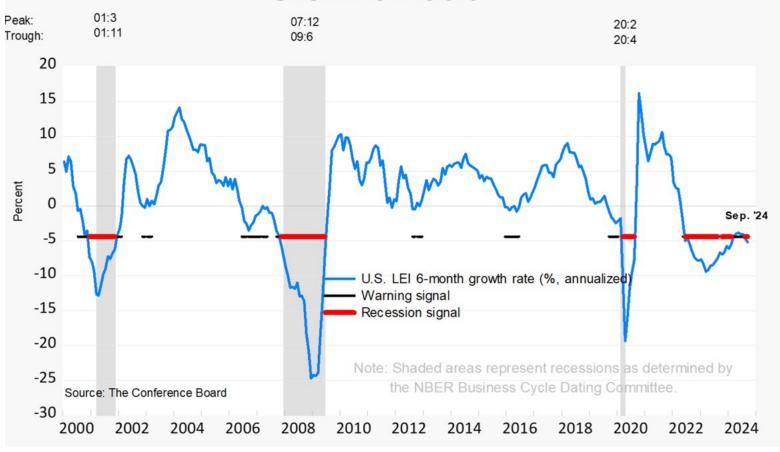
NY Fed model = 57.06% probability

Cleveland Fed model = 59.82% probability

Treasury Term Spread: 10 Year Bond Rate - 3 Month Bill Rate

Percentage points (monthy average)

Sep 2024
-1.12%

Probability of U.S. Recession, Twelve Months Ahead of Term Spread Readings

Percent (monthy average)

Sep 2025
57.06%

Probability of Recession Calculated from the Yield Curve

— Probability of recession   — Forecast

September 2025
Forecast: **59.82 %**

Source: Federal Reserve Board, Federal Reserve Bank of Cleveland, Haver Analytics. Note: Shaded bars indicate recessions.
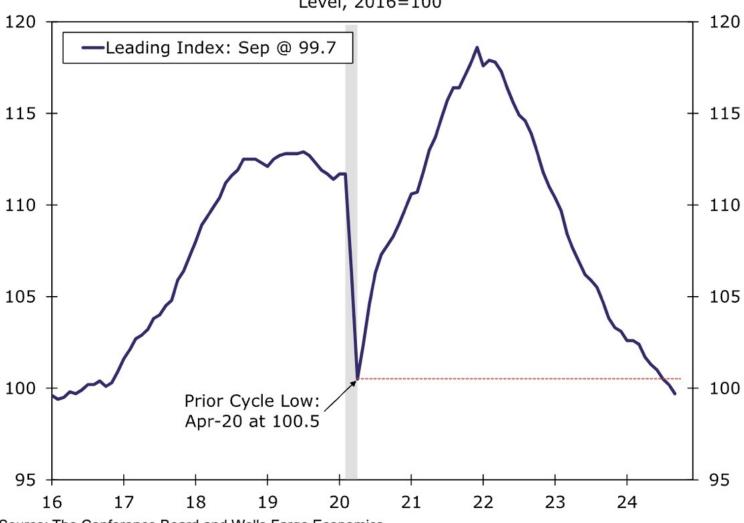
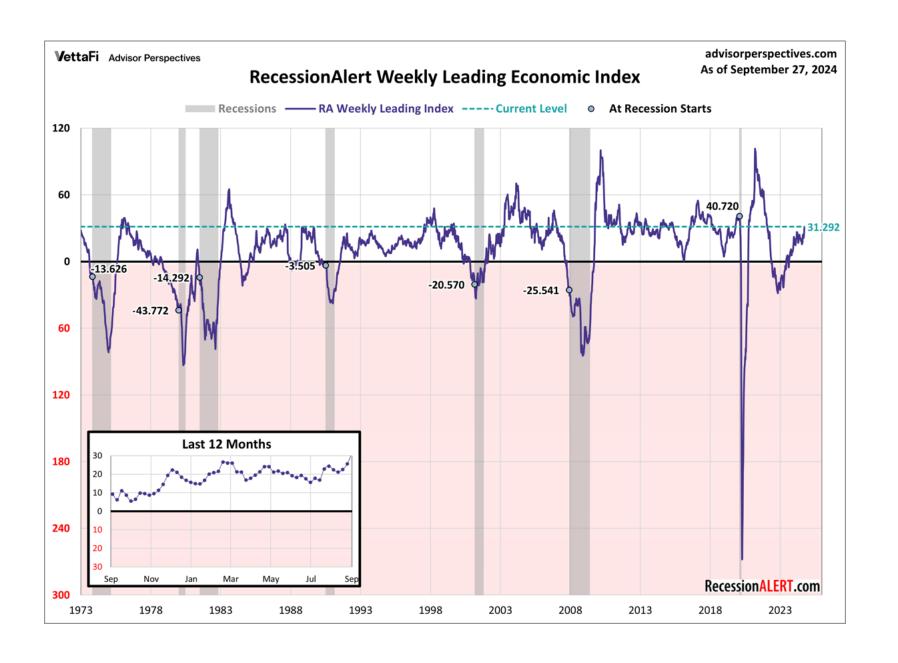# The US LEI signaled recession again in September, but the economy may only slow ahead

Peak: 01:3   07:12   20:2
Trough: 01:11   09:6   20:4

Sep. '24

— U.S. LEI 6-month growth rate (%, annualized)
— Warning signal
— Recession signal

Source: The Conference Board

Note: Shaded areas represent recessions as determined by the NBER Business Cycle Dating Committee.
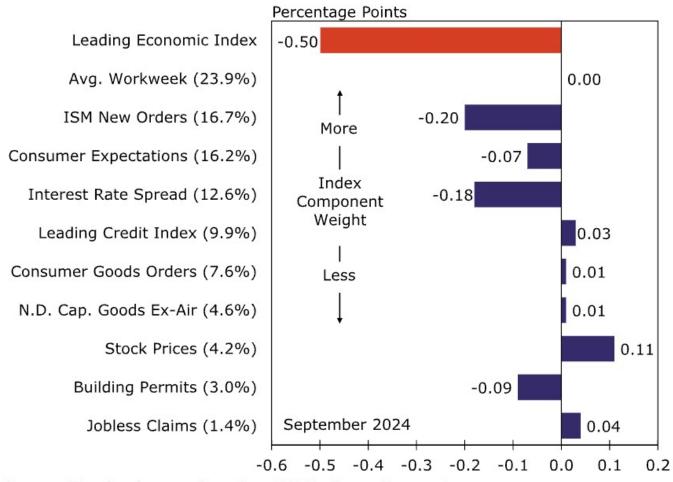
Leading Economic Index

Level, 2016=100

Leading Index: Sep @ 99.7

Prior Cycle Low:
Apr-20 at 100.5

Source: The Conference Board and Wells Fargo Economics

Net Contributions to LEI

Percentage Points

Leading Economic Index	-0.50
Avg. Workweek (23.9%)	0.00
ISM New Orders (16.7%)	-0.20
Consumer Expectations (16.2%)	-0.07
Interest Rate Spread (12.6%)	-0.18
Leading Credit Index (9.9%)	0.03
Consumer Goods Orders (7.6%)	0.01
N.D. Cap. Goods Ex-Air (4.6%)	0.01
Stock Prices (4.2%)	0.11
Building Permits (3.0%)	-0.09
Jobless Claims (1.4%)	0.04

More
↑
Index
Component
Weight
|
Less
↓

September 2024

-0.6   -0.5   -0.4   -0.3   -0.2   -0.1   0.0   0.1   0.2
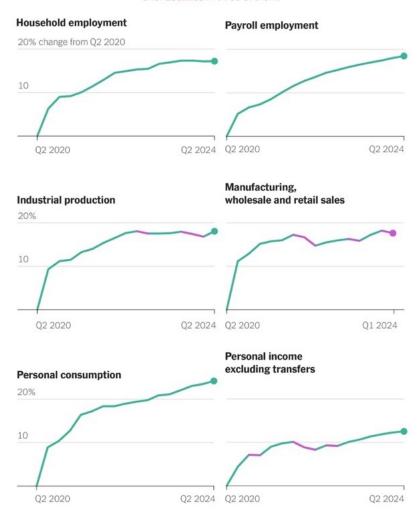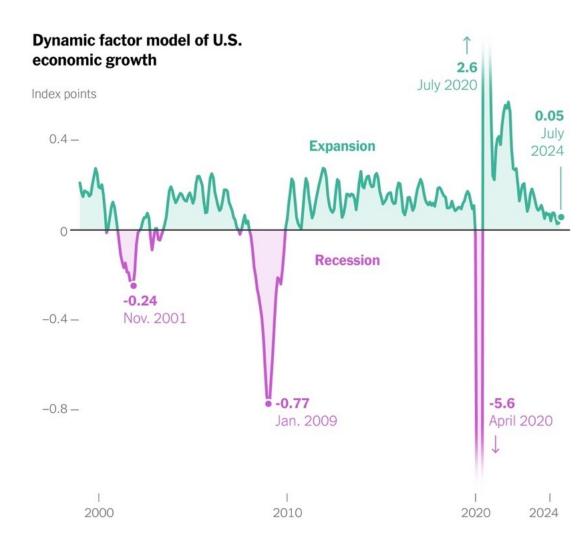
Source: The Conference Board and Wells Fargo Economics

RecessionAlert Weekly Leading Economic Index

advisorperspectives.com
As of September 27, 2024

VettaFi Advisor Perspectives

Recessions — RA Weekly Leading Index - - - - Current Level ○ At Recession Starts

-13.626
-14.292
-43.772
-3.505
-20.570
-25.541
40.720
31.292

Last 12 Months

RecessionALERT.com

Recession markers

All six of the main economic indicators that the National Bureau of Research tracks have continued trending upward, although there have been brief **declines** in three of them.

Household employment

20% change from Q2 2020

10

Q2 2020 — Q2 2024

Payroll employment

Q2 2020 — Q2 2024

Industrial production

20%

10

Q2 2020 — Q2 2024

Manufacturing, wholesale and retail sales

Q2 2020 — Q1 2024

Personal consumption

20%

10

Q2 2020 — Q2 2024

Personal income excluding transfers

Q2 2020 — Q2 2024

Dynamic factor model of U.S. economic growth

Index points

0.4 —

0 —

−0.4 —

−0.8 —

Expansion

Recession

2.6
July 2020

0.05
July 2024

-0.24
Nov. 2001

-0.77
Jan. 2009

-5.6
April 2020

2000   2010   2020   2024

Top 5 Causes of the 2030s Great Depression

By **ITR Economics** on May 20, 2022

Demographics

Health care costs

Entitlements

Inflation

US national debt
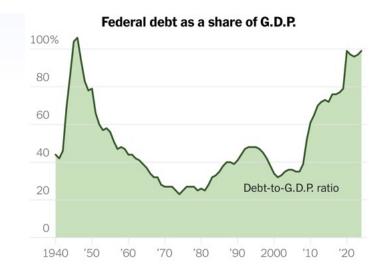
As of October 1, 2024, the U.S. national debt was **$35.7 trillion**. This is equivalent to:
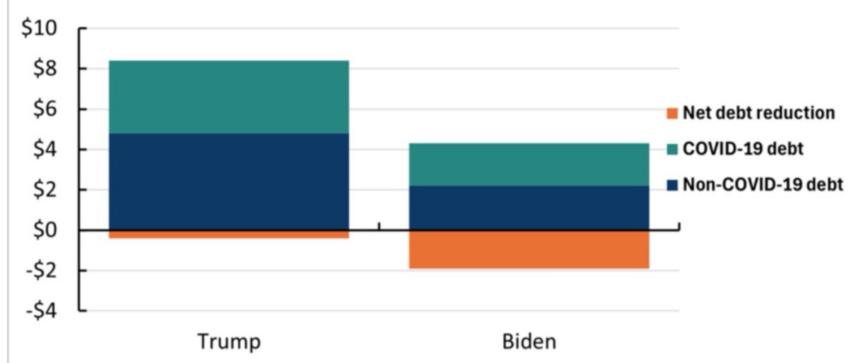
- $105,780 per person in the U.S.
- $271,383 per household in the U.S.
- 7.1 times the annual federal revenue
- 125% of the annual U.S. economic output (GDP) 🔗

The national debt is the total amount of debt the government owes to others and itself. It includes debt held by the public and debt held by federal trust funds and other government accounts. 🔗

The national debt can increase due to tax cuts, stimulus programs, and increased government spending on defense. The debt-to-gross-national-product ratio is a way to measure whether a country can pay back its debt. 🔗

Federal debt as a share of G.D.P.

Debt-to-G.D.P. ratio

Net amount added to the debt or debt reduction by president, trillions of $

Legend:
- Net debt reduction (orange)
- COVID-19 debt (teal)
- Non-COVID-19 debt (dark blue)

JEC

Federal Government Budget Balance
Trillions of USD; As a Percentage of GDP

Note: FY 2024 Is WF Economics Forecast

- Deficit or Surplus (LHS): 2024 @ -$1.9T
- % of GDP (RHS): 2024 @ -6.5%

Source: U.S. Dept. of Commerce, U.S. Dept. of the Treasury and Wells Fargo Economics

The Fiscal Cost of Extending the TCJA
Deficit under Full Extension; % of GDP; CBO Estimates

- Debt Service Costs
- Policy Impact (Ex. Debt Service)
- Baseline Deficit Projection
- 1973-2023 Average Deficit

Source: Congressional Budget Office and Wells Fargo Economics

2024 Presidential Election: A Comprehensive Policy Comparison

As of 10/25/2024

American Century Investments®

POLICY TOPICS	Harris's Priorities	Executive Action Required	Legislative Action Required	No Action Required	Trump's Priorities	Executive Action Required	Legislative Action Required	No Action Required
TAXES	**CORPORATE**				**CORPORATE**			
	Raise top corporate tax rate to 28% from 21%.		●		Reduce corporate tax rate to 20% from 21% (15% for companies manufacturing their products in the U.S.)		●	
	Increase corporate alternative minimum tax (CAMT) to 21% from 15%.		●		Permanently extend quicker capital expenditure depreciation rules enacted in the 2017 Tax Cuts and Jobs Act.		●	
	Increase tax on stock buybacks to 4% from 1%.		●					
	Increase deduction for new business startups to $50,000.		●					
	INDIVIDUAL				**INDIVIDUAL**			
	Permanently extend tax rates established in the Tax Cuts and Jobs Act to all individuals except those earning more than $400,000.		●		Permanently extend tax rates established in the Tax Cuts and Jobs Act.		●	
	Permanently extend expanded Affordable Care Act (ACA) health insurance tax subsidies.		●		Allow expanded Affordable Care Act (ACA) health insurance tax subsidies to lapse.			●
	Eliminate income taxes on tips for individuals making less than $75,000.		●		Eliminate income taxes on tips, overtime pay and Social Security benefits.		●	
	Reduce estate and gift tax exemptions to pre-2018 levels.			●	Reinstate deduction for local and state income taxes.		●	
	Decrease standard deductions to pre-2018 levels.			●	Make auto loan interest tax-deductible.		●	
	Impose a wealth tax of 25% on incomes higher than $100 million.		●					
	Raise top capital gains tax rate to 33% from 22.4% on incomes exceeding $1 million (28% on long-term capital gains and net investment income tax of 5%).		●					
	Raise child tax credit to $6,000 for families with children less than a year old.		●		Expand child tax credit to $5,000.		●	
	Provide $25,000 tax credit for first-time homebuyers over four years.		●					
	Provide new federal funding to spur housing construction.		●					
	Expand Earned Income Tax Credit (EITC) for low-income families.		●					

POLICY TOPICS	Harris's Priorities	Executive Action Required	Legislative Action Required	No Action Required	Trump's Priorities	Executive Action Required	Legislative Action Required	No Action Required
TRADE	**CHINA**				**CHINA**			
	Target tariffs at industry/geopolitical rivals, including Chinese technology products.	●			Implement a 60% tariff on goods from China.	●		
	Increase investment restrictions in key Chinese sectors tied to national security.	●			Increase investment restrictions on key Chinese sectors tied to national security.	●		
					Increase restrictions on semiconductor exports to China.	●		
					Revoke China's most favored nation trade status.		●	
					Phase out imports of essential Chinese goods.	●		
					OTHER			
					Implement 10-20% across-the-board tariffs.	●		
					Reinstitute tariffs on European Union (EU) steel and aluminum.	●		
					Consider removing the U.S. from the World Trade Organization.		●	
					Pass the "Trump Reciprocal Trade Act".		●	
REGULATORY/OTHER	Raise the federal minimum wage to $15/hour from $7.25.		●		Reduce/roll back actions on consumer fees and other Consumer Financial Protection Bureau activities.	●		
	Expand student debt relief.		●		Challenge pending Basel III bank regulations.	●		
	Ban "price-gouging" in the grocery industry.		●		Cut regulations substantially across the board.	●		
	Expand antitrust initiatives/enforcement.		●		Categorize more civil workers as political appointees rather than employees.	●		
					Reduce barriers and long approval times for mergers/acquisitions.	●		
					Eliminate regulations targeting energy-inefficient appliances and products.	●		
					Eliminate U.S. Department of Education		●	

POLICY TOPICS	Harris's Priorities	Executive Action Required	Legislative Action Required	No Action Required	Trump's Priorities	Executive Action Required	Legislative Action Required	No Action Required
FEDERAL RESERVE	Preserve the Fed's traditional political independence and likely keep Jerome Powell as chair.			●	Consider challenging the Fed's political independence.		●	
					Favor easy-money policies and low interest rates; consider replacing Jerome Powell as chair.		●	
HEALTH CARE	Reduce drug prices.		●		Reduce drug prices.		●	
	Expand the $2,000 cap on out-of-pocket Medicare prescription costs to all Americans.	●			Accelerate efforts to privatize Medicare and reduce payments to hospitals for outpatient care.		●	
	Expand the number of drugs subject to new Medicare price negotiations.		●		Reduce Medicare Advantage payments to insurers.		●	
	Extend Medicare inflation cap to private-sector drugs.	●			Reduce Medicaid spending and implement work requirements.		●	
	Work with state entities to cancel $7 billion in medical debt for 3 million qualifying Americans.	●						
	Broaden Medicare benefits cover home health care.		●					
ENERGY / RENEWABLES	Extend electrical vehicle incentives to commercial transportation.		●		Offer tax incentives for oil and gas drilling.		●	
	Expand carbon capture credits.		●		Expand carbon capture credits.		●	
					Eliminate the $7,500 electric vehicle tax credit.		●	
					Attempt to roll back green energy tax incentives in the 2022 Inflation Reduction Act (IRA).		●	
					Reduce/roll back fuel efficiency requirements.		●	
DEFENSE / FOREIGN AID	Increase spending on national defense.		●		Increase spending on national defense.		●	
	Maintain financial/arms support of Ukraine.		●		Reduce or eliminate financial/arms support of Ukraine.		●	
	Push for cease-fire in Israel/Hamas war.	●			Emphasize US support of Israel.	●		
	Reiterate full support of NATO.			●	Pressure NATO members to spend at least 2% of their GDP on defense.	●		

POLICY TOPICS	Harris's Priorities	Executive Action Required	Legislative Action Required	No Action Required	Trump's Priorities	Executive Action Required	Legislative Action Required	No Action Required
TECHNOLOGY	Provide additional subsidies/incentives for U.S. semiconductor suppliers and domestic production.		●		Apply pressure on social media companies about free speech, antitrust and national security concerns.	●		
	Maintain U.S. engagement in Organization for Economic Co-operation and Development (OECD) global tax discussions, keeping current suspension of digital services taxes in place.			●	Seek to exit the Organization for Economic Co-operation and Development (OECD) tax discussions, threatening reimposition of suspended digital services taxes.	●		
INDUSTRIALS	Provide additional tax incentives/subsidies for onshoring efforts to increase domestic industrial production and secure supply chains.		●		Support onshoring efforts to increase domestic industrial production.	●		
	Support tax credits sending $100 billion to U.S. manufacturers		●		Reduce spending on projects for public transit and pollution control.		●	
IMMIGRATION	Implement enhanced border enforcement on asylum seekers.	●			Increase deportation of undocumented individuals.	●		
	Support bipartisan border security bill that includes funding for additional border agents and technology to intercept drugs like fentanyl.		●		Implement substantially more restrictive immigration rules, including avenues for legal work and student visas.	●		
					Restore funding for the wall on the U.S./Mexico border.		●	

MOODY'S

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Assessing the Macroeconomic Consequences of Harris vs. Trump

Vice President Kamala Harris and former President Donald Trump will pursue very different economic policies if elected president. Each has put forward a wide range of proposals to change the tax code, government spending, and trade, immigration and regulatory policies that could have significant effects on the economy's performance. In this analysis we assess the macroeconomic consequences of the policies proposed by the candidates.

Chart 1: 2024 Presidential Election Scenarios

Ordered from most likely to least likely

1

Harris & Divided Congress Scenario

45% probability

It is challenging for Harris and Democrats to implement a significant economic agenda. This scenario is thus mostly consistent with the status quo. The exception is an agreement extending current lower tax rates for individuals making less than $400,000 per year.

Harris aggressively uses executive orders, but there is legislative stagnation.

2

Republican Sweep Scenario

35% probability

Trump makes permanent the individual tax cuts from the TCJA. He imposes higher tariffs on China and many other nations and imposes much more restrictive immigration policies, including more deportations. His deregulatory banking, energy and climate policy agenda is reinvigorated.

3

Trump & Divided Congress Scenario

15% probability

Trump pursues most of his economic policies, including making permanent the tax cuts for individuals. Other policies concerning tariffs, immigration and regulations are implemented via executive orders. Many of his policy moves are challenged in the courts, but this does little to dissuade his policies.

4

Democrat Sweep Scenario

5% probability

The Biden-Harris administration's fiscal 2025 budget is fully implemented. Tax cuts are extended for individuals earning less than $400,000 per year, but higher-income earners see their taxes rise. Corporate taxes increase, with the statutory rate rising from 21% to 28%, among other novel reforms. Certain tax credits aimed at low- and middle-income individuals are expanded.

Spending is focused on redistributing new tax revenues to low- and middle-income households.

Table 3: Economic Outlook Under Various Scenarios

	2024	2025	2026	2027	2028	2016-2020	2020-2024	2024-2028
Real GDP							**Avg annual growth**	
Baseline, 2017$	22,942.0	23,342.2	23,786.8	24,309.5	24,883.5			
% change	2.5	1.7	1.9	2.2	2.4	1.4	3.2	2.1
Republican Sweep, 2017$	22,942.0	23,033.4	23,052.1	23,496.7	24,157.8			
% change	2.5	0.4	0.1	1.9	2.8	1.4	3.2	1.3
Difference from baseline, %	0.0	-1.3	-3.1	-3.3	-2.9			**-$2.3 trillion**
Trump & Divided Congress, 2017$	22,942.0	23,203.3	23,420.3	23,877.9	24,477.7			
% change	2.5	1.1	0.9	2.0	2.5	1.4	3.2	1.6
Difference from baseline, %	0.0	-0.6	-1.5	-1.8	-1.6			**-$1.5 trillion**
Democrat Sweep, 2017$	22,942.0	23,471.7	23,984.1	24,527.7	25,077.2			
% change	2.5	2.3	2.2	2.3	2.2	1.4	3.2	2.2
Difference from baseline, %	0.0	0.6	0.8	0.9	0.8			

The Fiscal Impact of the Harris and Trump Campaign Plans

OCT 7, 2024 | US BUDGET WATCH 2024

Fig. 1: Fiscal Impact of the Harris and Trump Campaign Plans (trillions, 2026-2035)

These are eye-catching figures, to be sure. They're also completely <u>worthless</u> for assessing the **true economic effects** of the candidates' proposals, for several reasons.

One is the committee's single-minded — indeed, simple-minded — focus on the direct effects of the proposals on the federal deficit and national debt.

The committee cobbled together their purported platforms from written policy statements, social media posts and dubious other sources and then absurdly claimed that its effort helped to "clarify the policy details."

The worst shortcoming of the CRFB's analysis is that it's hopelessly narrow. Its focus is on the first-order effects of the individual proposals on federal income and spending, without paying much attention to the dynamic economic effects of those policies. Would the policy spur more growth over time, or less?

Uncertainties about the details of the candidates' proposals resulted in laughably wide ranges in the committee's fiscal estimates.

Despite all that, the CRFB analysis showed up on the morning web pages of major newspapers and other media coast to coast, as though its conclusions were credible, solid and bankable.

BUSINESS

Column: A conservative think tank says Trump policies would crater the economy — but it's being kind

Vice President Kamala Harris and former President Trump: Whose economic policies are better for you? (Charles Rex Arbogast / Associated Press)

23 Nobel Prize-winning economists call Harris' economic plan 'vastly superior' to Trump's

By Phil Mattingly, CNN

5 minute read · Updated 2:34 PM EDT, Wed October 23, 2024

Follow: (Donald Trump +)   See your latest updates

Donald Trump and Kamala Harris. Getty Images

Twenty-Three Nobel Economists Sign Letter Saying Harris Agenda Vastly Better For U.S. Economy

We, the undersigned, believe that Kamala Harris would be a far better steward of our economy than Donald Trump and we support her candidacy.

The details of the presidential candidates' economic programs are not fully laid out yet, but what they've said, combined with what they've done in the past, gives us a clear picture of alternative economic visions, policies, and practices.

While each of us has different views on the particulars of various economic policies, we believe that, overall, ==Harris's economic agenda will improve our nation's health, investment, sustainability, resilience, employment opportunities, and fairness and be vastly superior to the counterproductive economic agenda of Donald Trump.==

His policies, including high tariffs even on goods from our friends and allies and regressive tax cuts for corporations and individuals, will lead to higher prices, larger deficits, and greater inequality. Among the most important determinants of economic success are the rule of law and economic and political certainty, and Trump threatens all of these.

By contrast, Harris has emphasized policies that strengthen the middle class, enhance competition, and promote entrepreneurship. On issue after issue, Harris's economic agenda will do far more than Donald Trump's to increase the economic strength and well-being of our nation and its people.

==Simply put, Harris's policies will result in a stronger economic performance, with economic growth that is more robust, more sustainable, and more equitable.==

Signed,

Daron Acemoglu (2024)
George A. Akerlof (2001)
Abhijit Banerjee (2019)
Sir Angus Deaton (2015)
Peter A. Diamond (2010)
Douglas Diamond (2022)
Esther Duflo (2019)
Robert F. Engle III (2003)
Claudia Goldin (2023)
Sir Oliver Hart (2016)
Guido W. Imbens (2021)
Simon Johnson (2024)
Eric S. Maskin (2007)
Daniel L. McFadden (2000)
Robert C. Merton (1997)
Roger B. Myerson (2007)
William D. Nordhaus (2018)
Edmund S. Phelps (2006)
Paul M. Romer (2018)
Alvin E. Roth (2012)
Robert J. Shiller (2013)
Joseph E. Stiglitz (2001)
Richard H. Thaler (2017)

Take-home points

- **Mixed performance. Consumers slowing down but still spending. Stock market ≠ real economy.**

- **TO-DO list:**
  - **Customer analytics / VOTC.**
  - **SKU rationalization.**
  - **Lead with value proposition.**
  - **Manage working capital.**
  - **Election homework.**