

Unlocking Opportunities in a Global Economy

9:00 – 10:00 a.m.



Todd Bucholz

Former White House senior
economic advisor



THE PRICE OF PROSPERITY

Why Rich Nations Fail
and How to Renew Them

TODD G. BUCHHOLZ

Bestselling author of *New Ideas from Dead Economists*



Prosperity Ahead – or Not?

Todd G. Buchholz

www.econTodd.com
@EconTodd



Bill Clinton
January 20, 2017



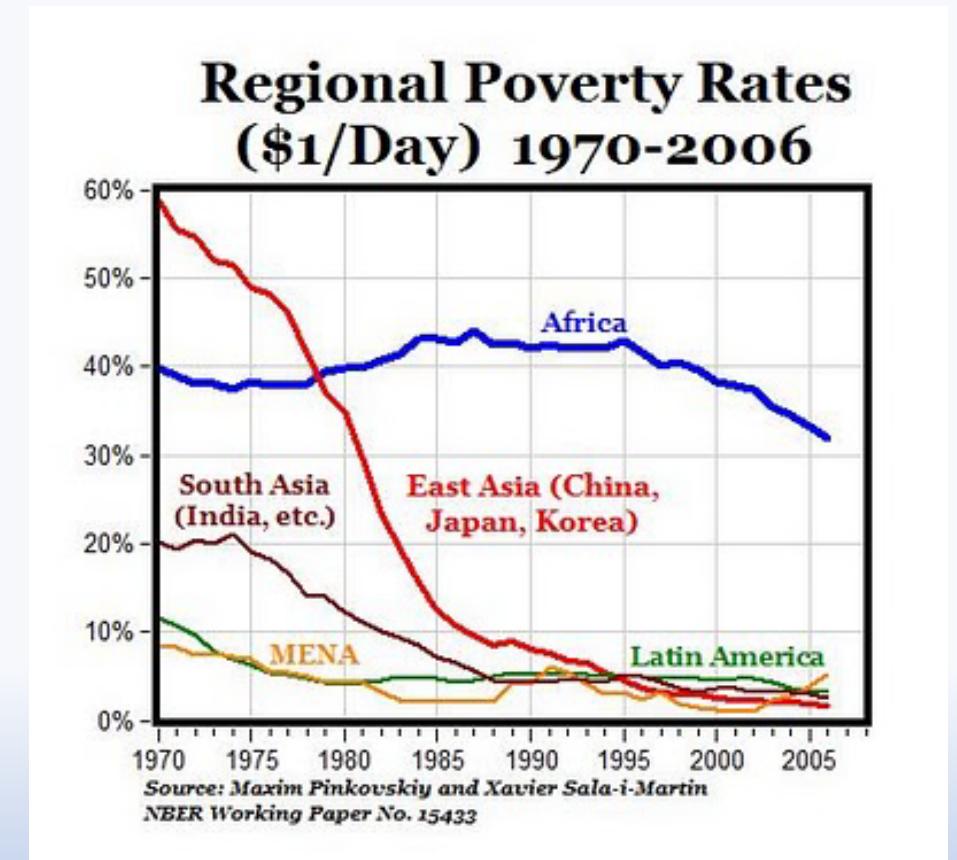
Anything Can
Happen

How Many Hours?

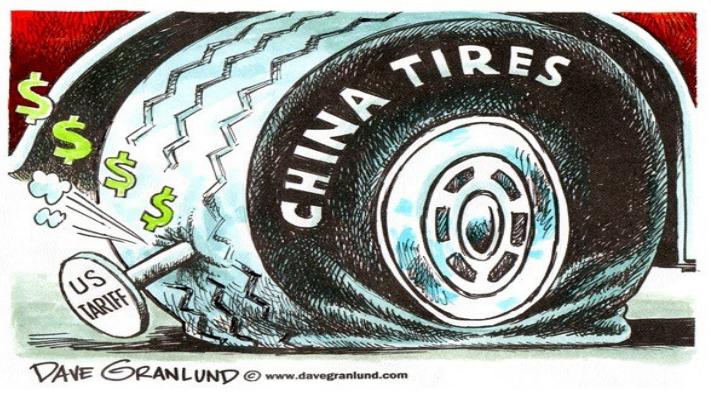
- 1960 took 80hr of labor to buy refrigerator vs. 20hr in 2023
- 1 broiler/hr vs. >3 today
- Life expectancy +10 years greater
- Child poverty 60% since 1993



Miracle of the Market

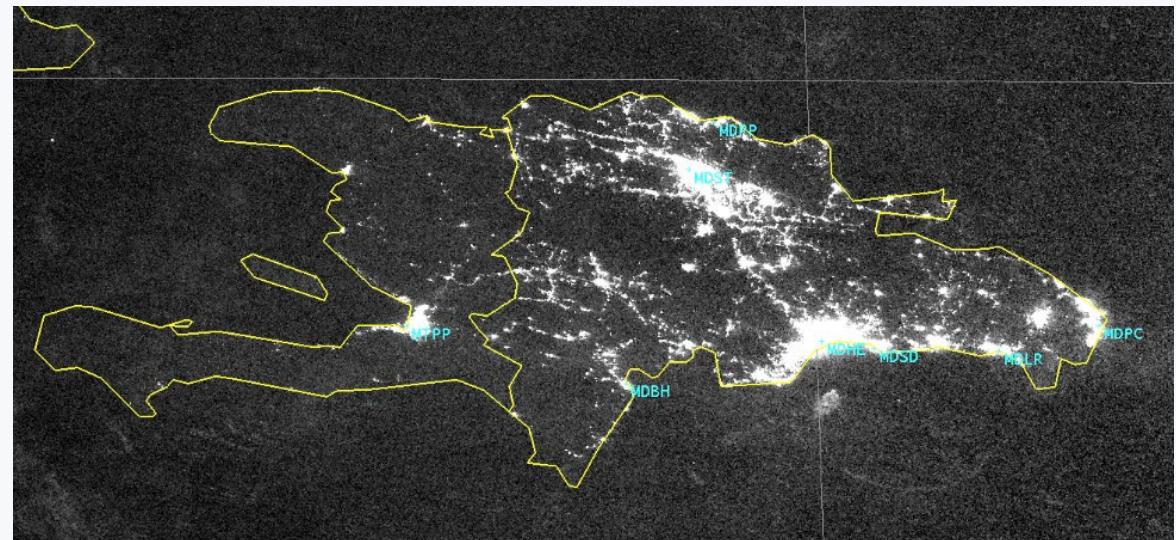


Free Trade Backlash

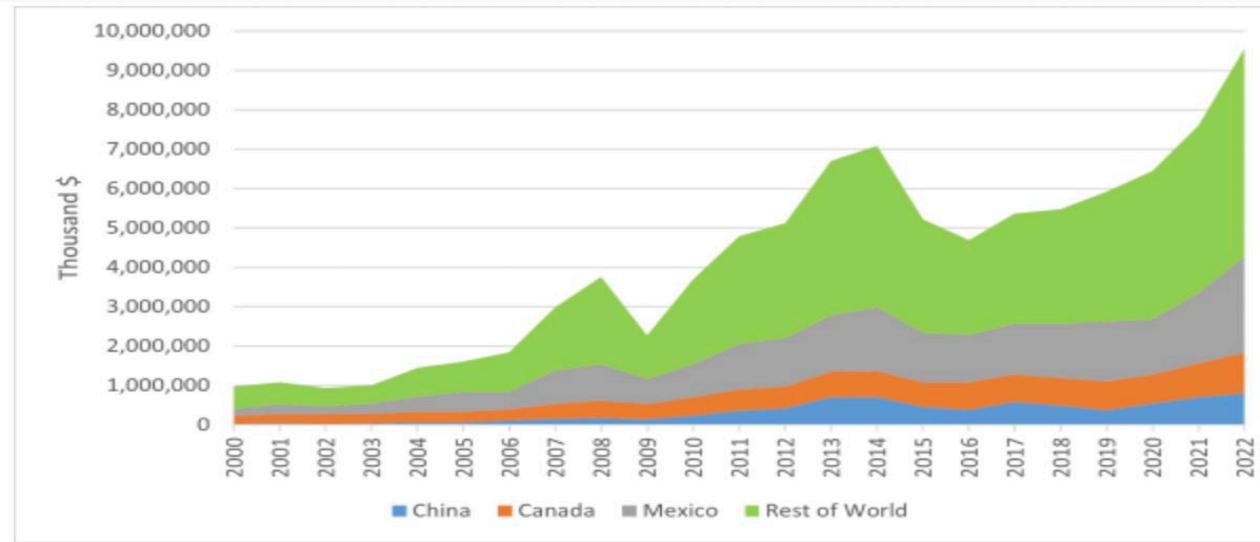


- Dems vs. USMCA
- Trump, Sanders, Warren, Biden
- Canada XL, Lumber, Milk
- “Buy America?”
- EU rum, whiskey, cheese?
- India v. Steel; Russia v. Cars and Chickens; Argentina v. auto parts

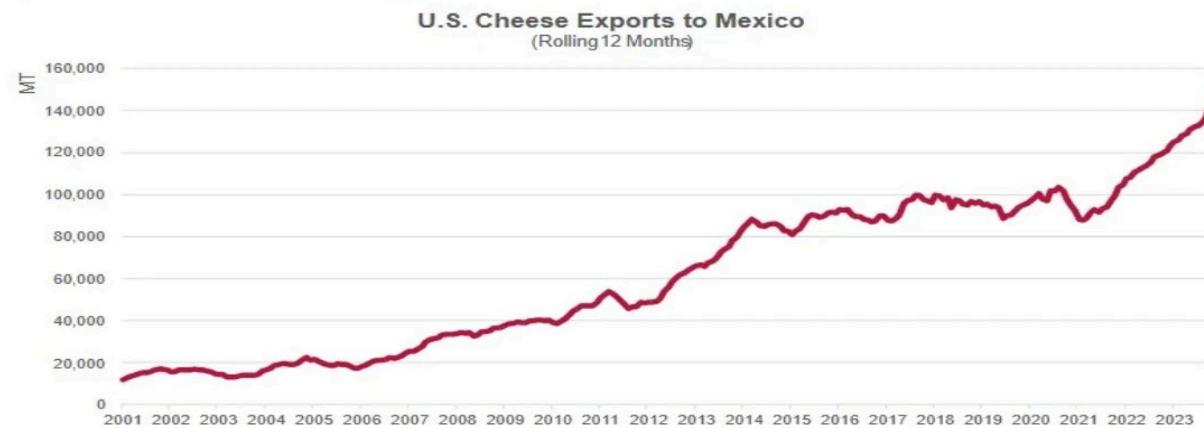
Light and Dark



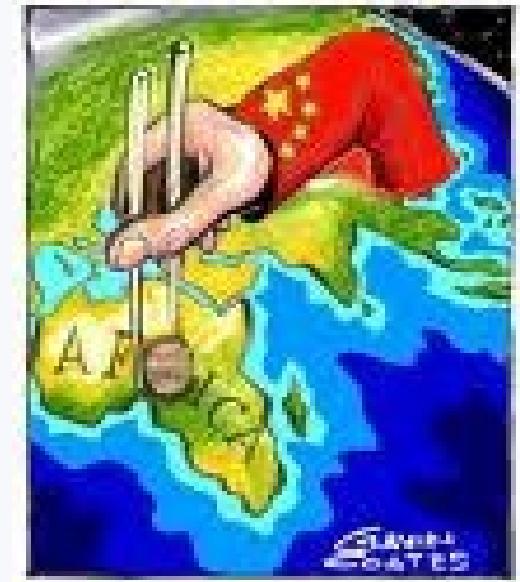
Dairy Export Success



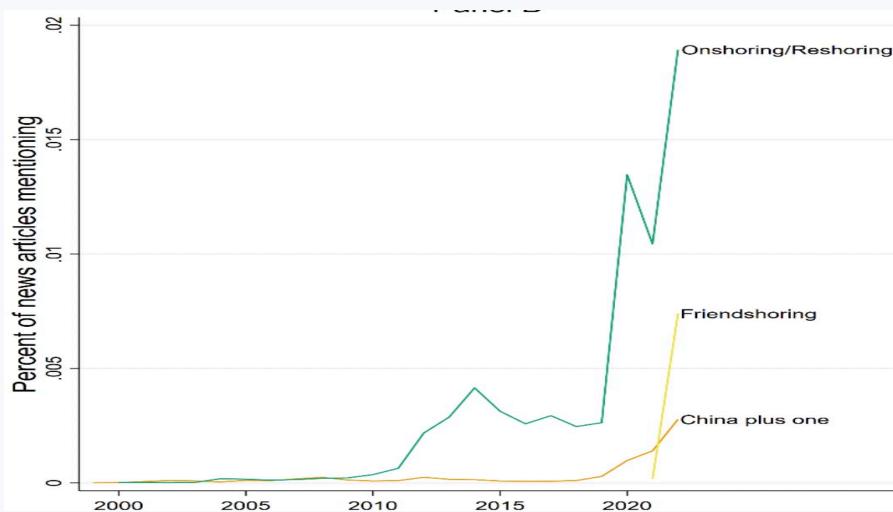
U.S. Cheese Exports to Mexico



New Silk Routes: Made in China



Reduce Risk: Friendshoring + Vertical Integration



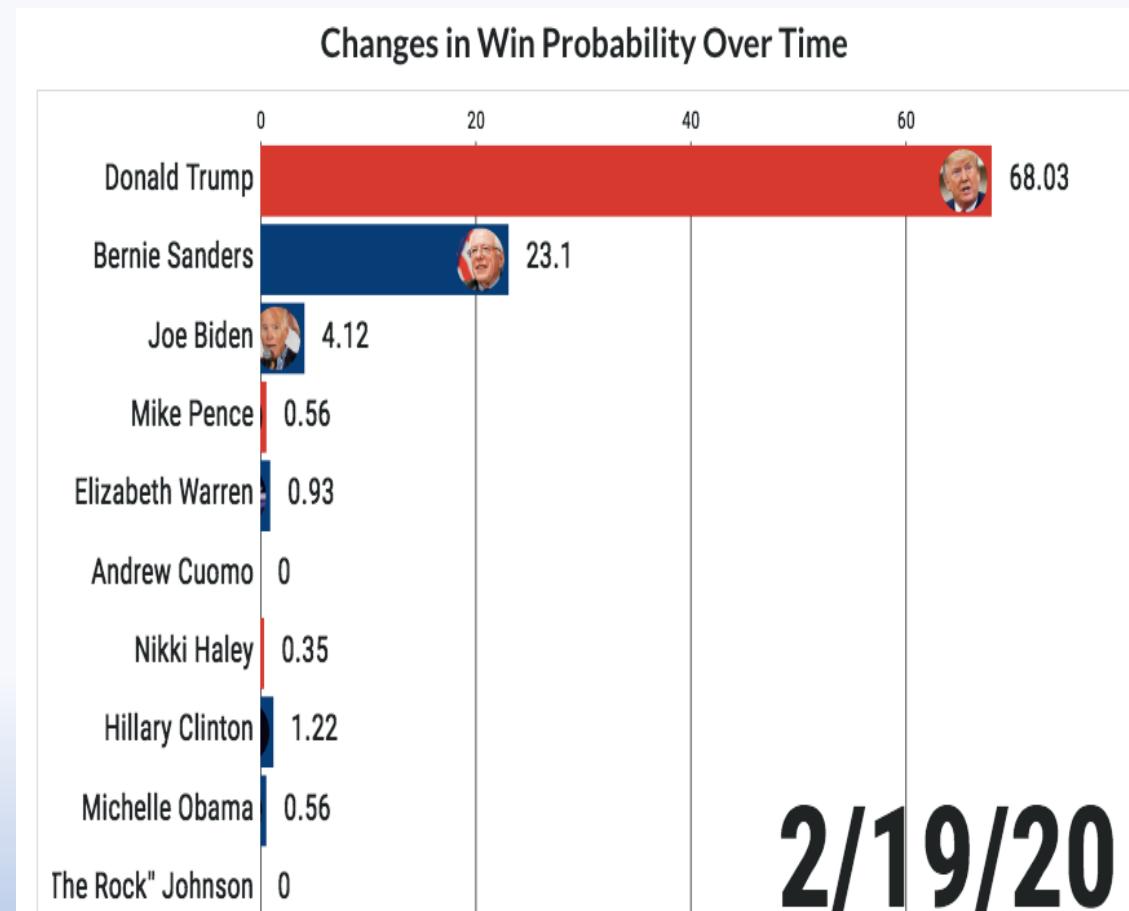
Turkey: graphite, chromium
South Africa: graphite, tin

Africa loses out on US/EU supply chain
'friend-shoring'



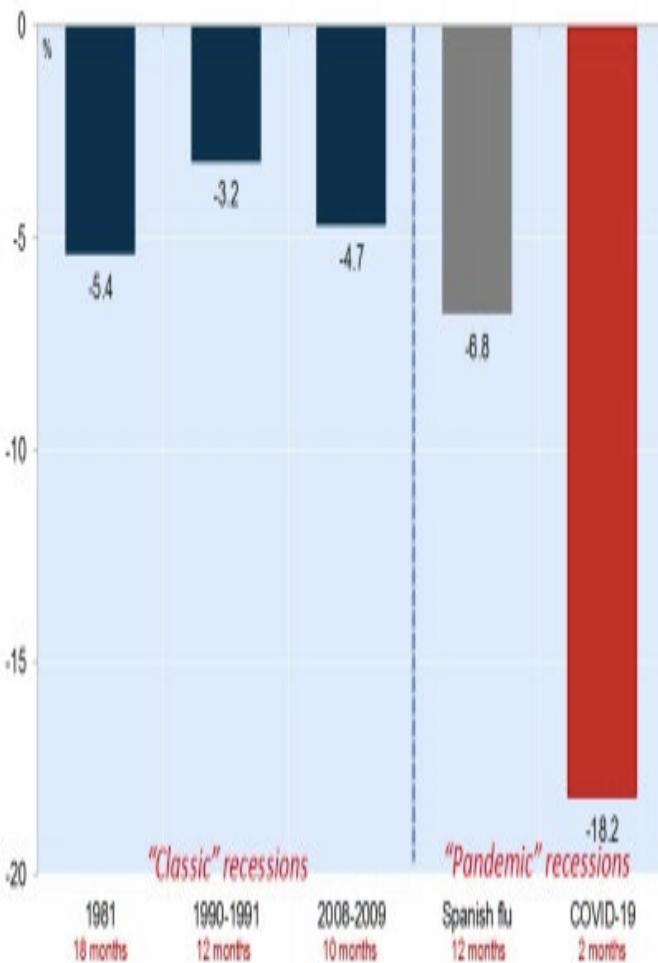
2020 Was Ready to Take Off

- Jobless rate 3.5%
- Stocks +33% Inflation 0.1%
- Misery Index:
- 3.6% all-time low

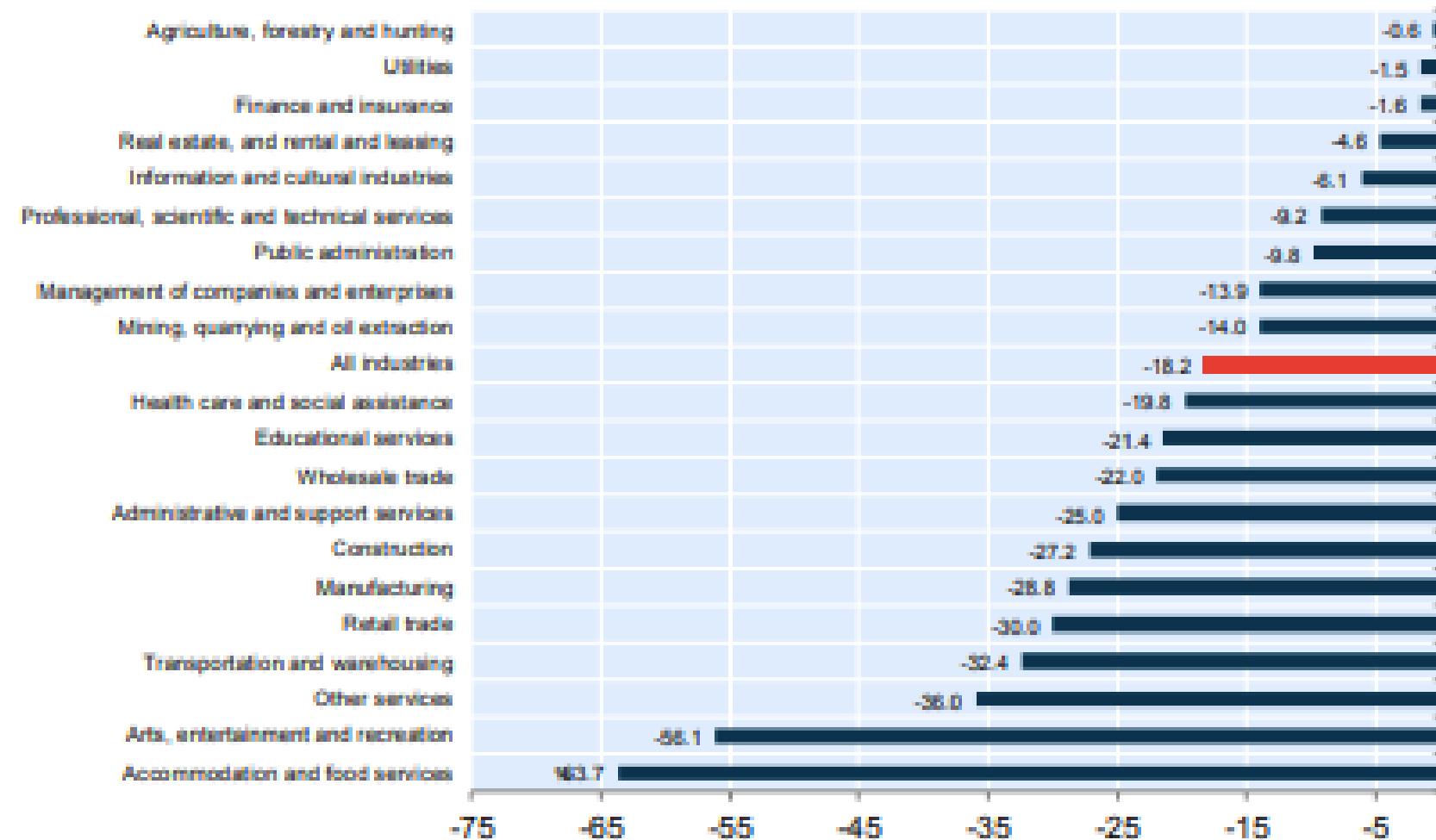


The Great Cession!

Decline of GDP from previous peak (monthly data except for 1918-1919)



% change in GDP by sector, February to April 2020





Critical Levers: ROT

- *Rates*: Central Banks' New World
 - Sparks risky schemes?
- *Oil* and Gravity
- *Trade* pressures



Who Haunts Jay Powell?



Jay Powell Cuts 1.50% to 0.25%

- QE: \$3 trillion!
 - \$20b govt bonds/wk
 - \$750b corp bonds
 - 800 companies
 - Main Street lending



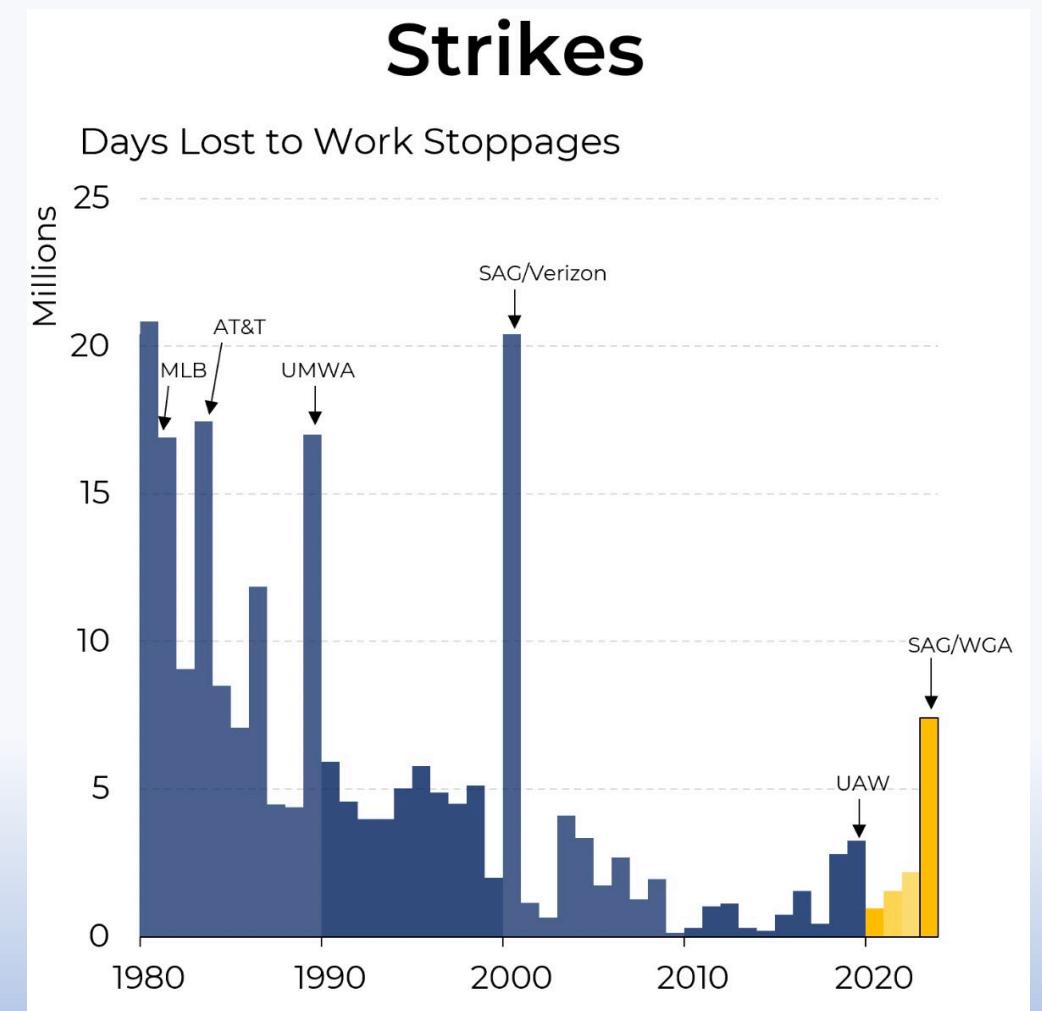
Stayin' Alive Fiscal Policy

- \$1,200 adult, \$500 child
- Paycheck protection Additional \$600/wk unemployment (\$300)
- Suspend student loan repay, rent
- Dec 27 '20 \$900b
- Mar 11 '21 \$1.9tr



**Trump extends
unemployment benefits,
defers payroll tax**

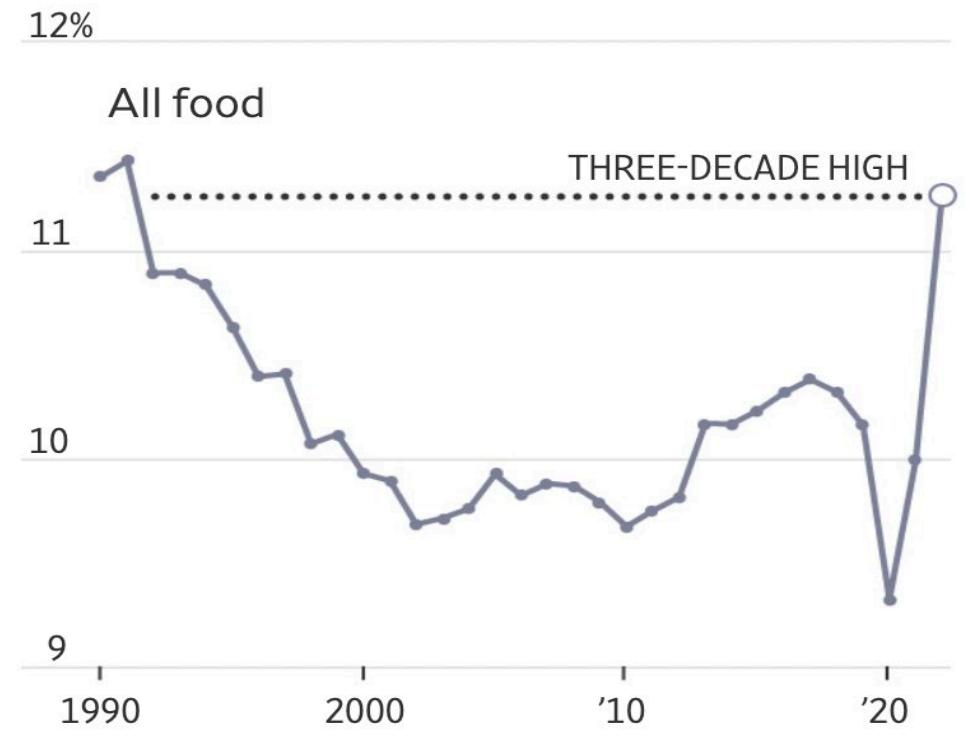
Inflation Breeds Strikes



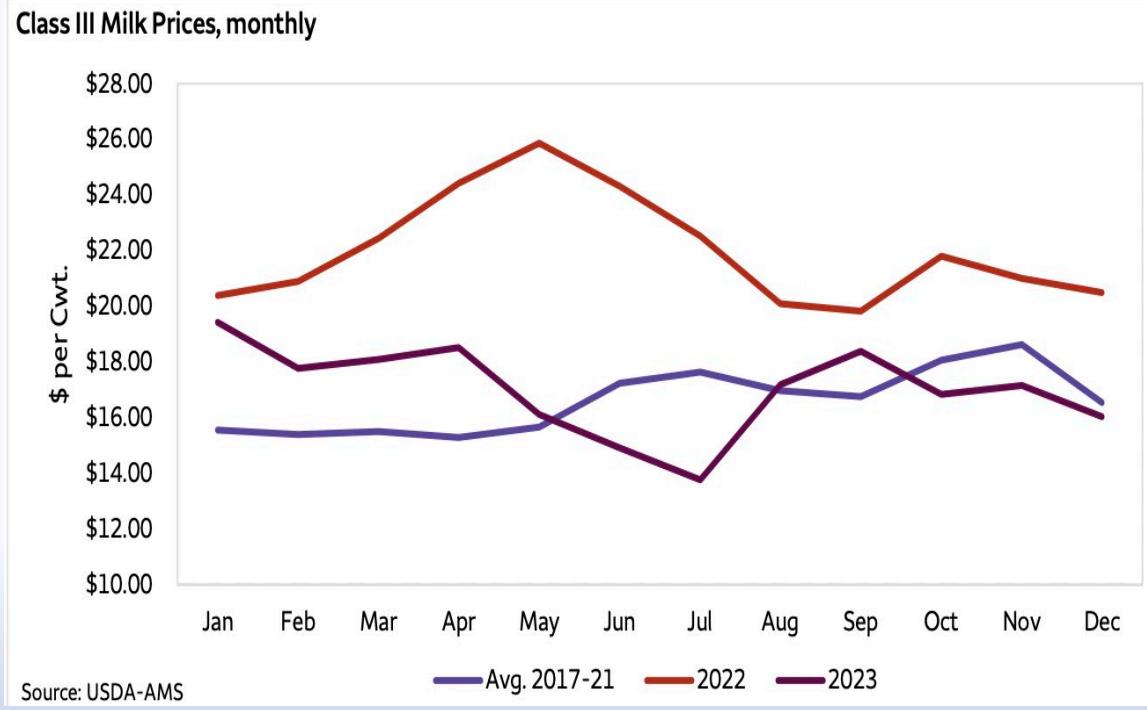
Hungry?



Food spending's share of disposable income



Thirsty?



Homebody Economy Drops

- Whirlpool
- Kitchens
- Decks
- Japanese toilets

WORKING REMOTELY BEFORE, DURING AND AFTER THE PANDEMIC

Proportion of businesses that reported that 10% or more of their workforce was working remotely

Prior to February 1, 2020

16.6%

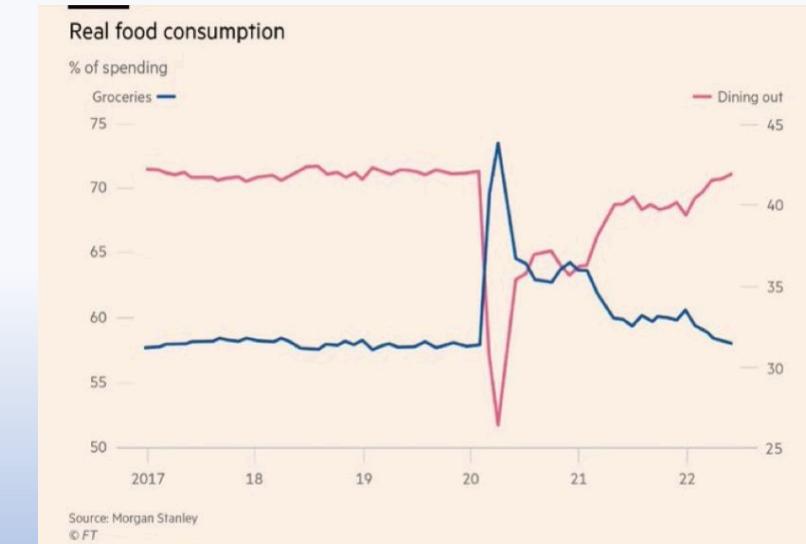
On May 29, 2020

32.6%



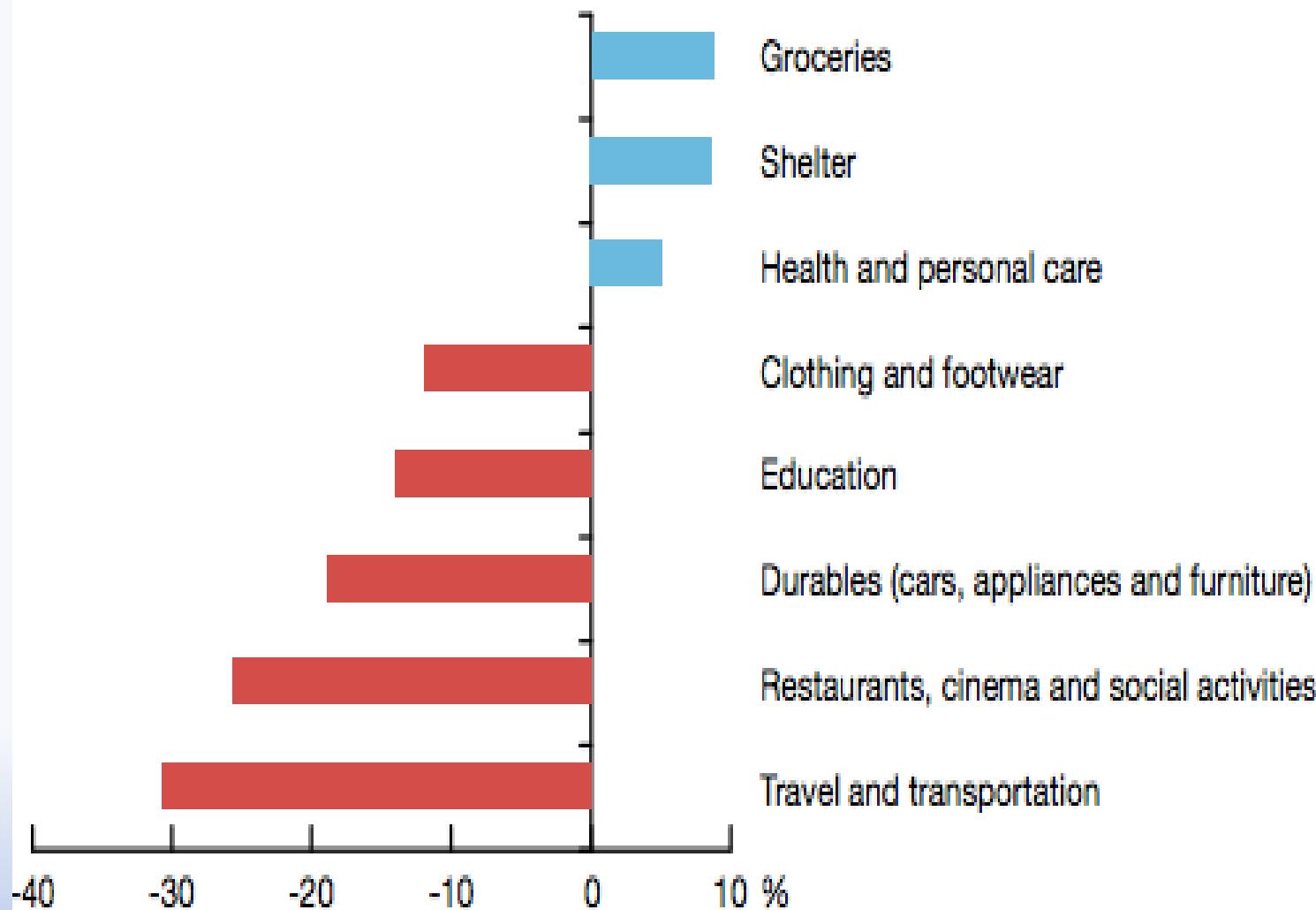
22.5%

of businesses expect that 10 % or more of their workforce will continue to work remotely once the pandemic is over.



Household spending patterns are changing

Balance of opinion,* percent



Q4 2020 Same-Store Sales

Home Depot: 24.1% (US Only: 25.0%)

Lowe's: 28.1% (US Only: 28.6%)

Home Improvement Retail Sales

Q4 2020: 17.5%

Building Materials, Garden Equipment and Supplies Dealers

Retail Sales - U.S. Census Bureau



Source: U.S. Census Bureau, Company Reports



Tale of Two Leisures



Royal Caribbean Group



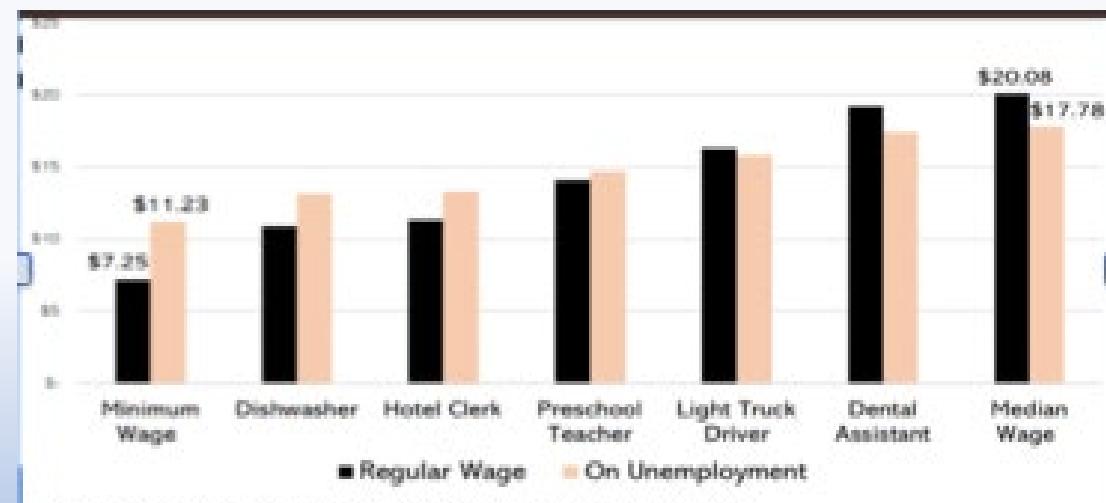
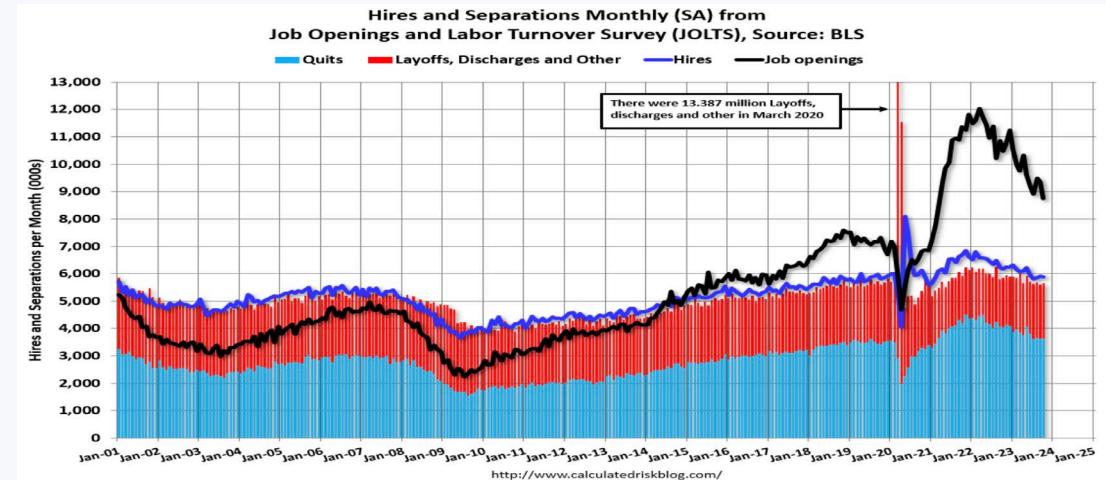
Peloton Interactive Inc.



Strong Job Market

A FEW GOOD WIENERS WANTED!!! Hiring New Drivers

 14.8K   23 1/7/2020 6:56 AM PT



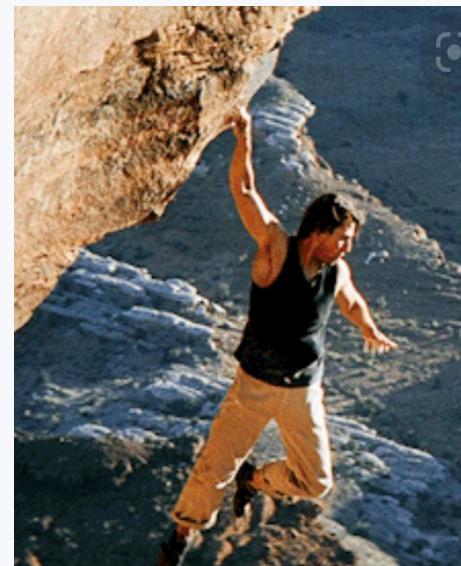
Supply-Side Labor Reforms



- 20m 25-54yr-olds “do not want a job right now”
- Lathe operators vs. choreographers
- For seniors – end penalties/payroll taxes after 45 yrs
- $\frac{1}{4}$ jobs require govt license
- Summer jobs for teens drops 40% since 2000.
- Give young people extra SS credit for early work

Can Consumers Hang On?

Ally Financial Inc.

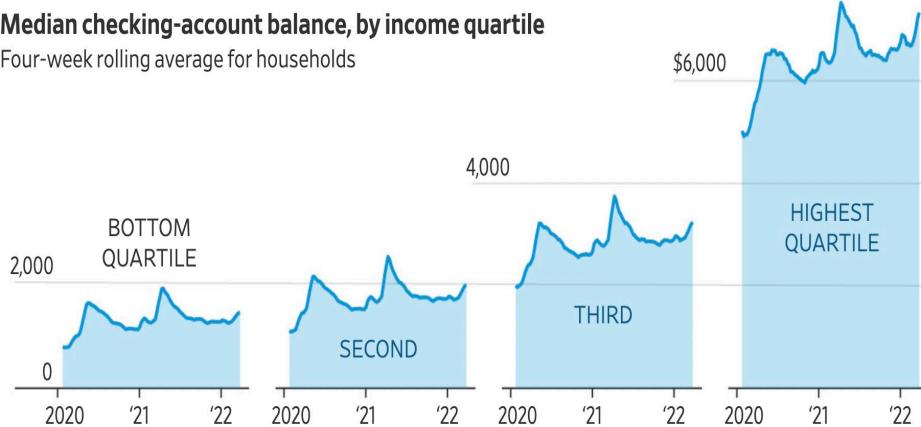


Capital One Financial Corp.



Median checking-account balance, by income quartile

Four-week rolling average for households



Source: JPMorgan Chase Institute



Financial-obligations ratio



Note: Monthly rent, car, mortgage and other fixed payments as a share of disposable income.
Source: Federal Reserve

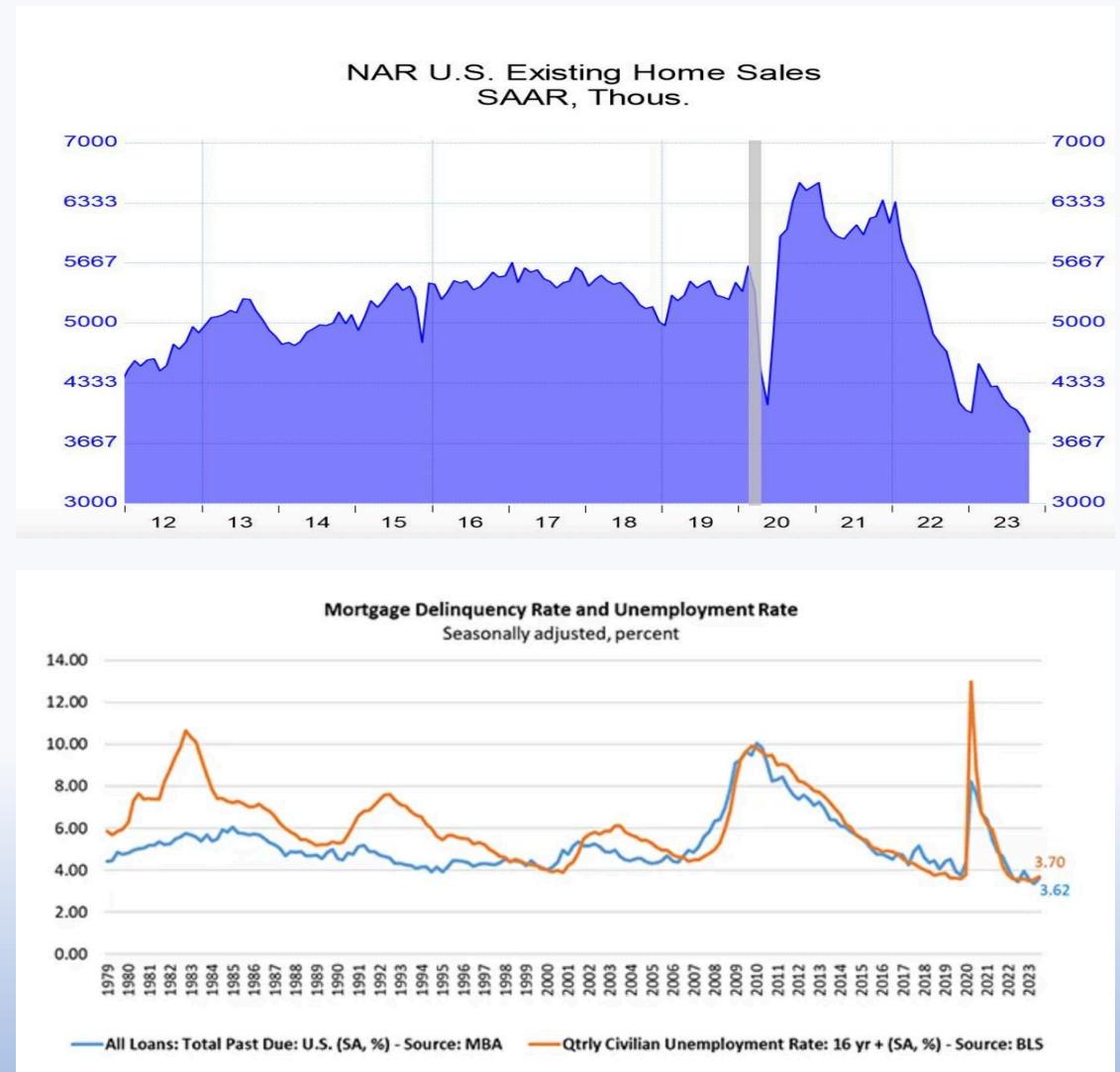
Survivors Ball?

- “Surprise, Delight, Immerse”
 - IKEA maze, Ulta
 - Online Intercourse
 - Opening a brick store increases area online sales by 29%



Home, Sweet Home?

- Affordability
 - Rates 3% to 7.5%
 - prices +11%
 - 20% cut prices
 - Median new price \$428k vs. \$458k in 2023
- Labor
- Materials



Experience Econ, Travel Boom?

- Pent-up demand
 - WFH makes travel more desirable?
- Savings rate
- Gov't stimulus
- Low borrowing rates/high FICO
- Hotel ADR +8% vs 2019



Peak Cars, Food, Beer?

- Big 4: shoes, drinks, clothes, cars
- Choose beer: 40% vs 70% in 1990
- Choose liquor: 30% vs 13% 1990
- Ozempic and lunch?
 - 15% weight; fewer devices
- Driver licenses 65% vs 90%
- 75-year-old more likely to own car
- EVs use more aluminum



Can MOO Smile?

VanEck Agribusiness ETF

ADD TO WATCHLIST

CREATE AN ALERT

 CLOSED

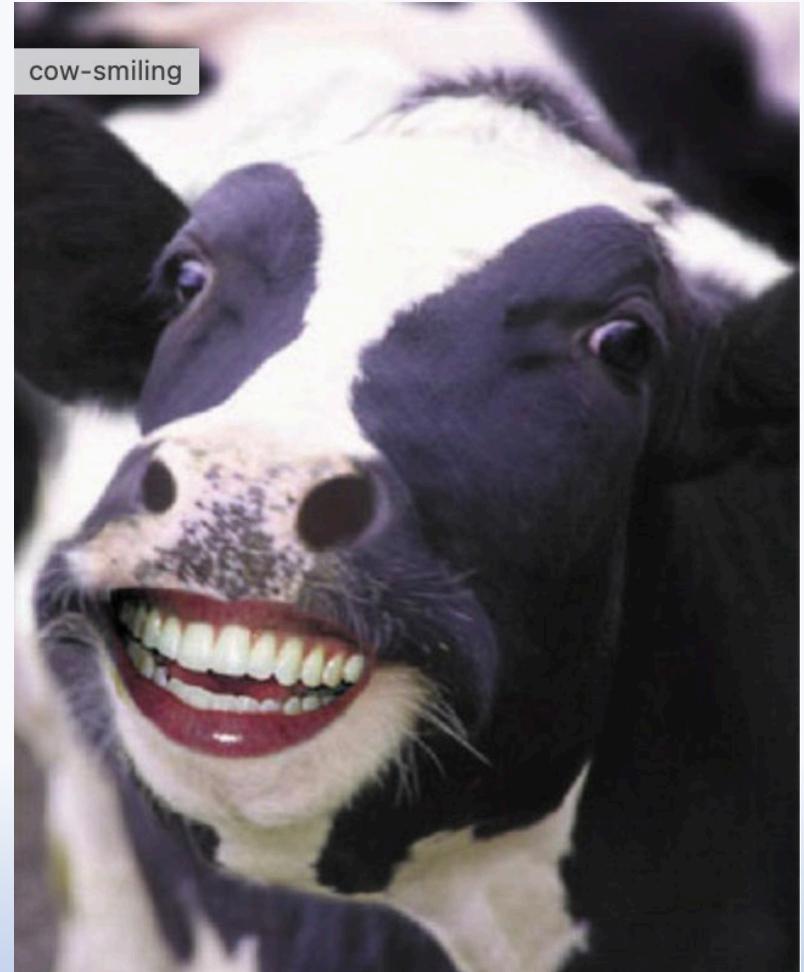
\$71.97

▼-2.28 -3.07%

Last Updated: Apr 12, 2024 4:10 p.m. EDT
- Delayed quote

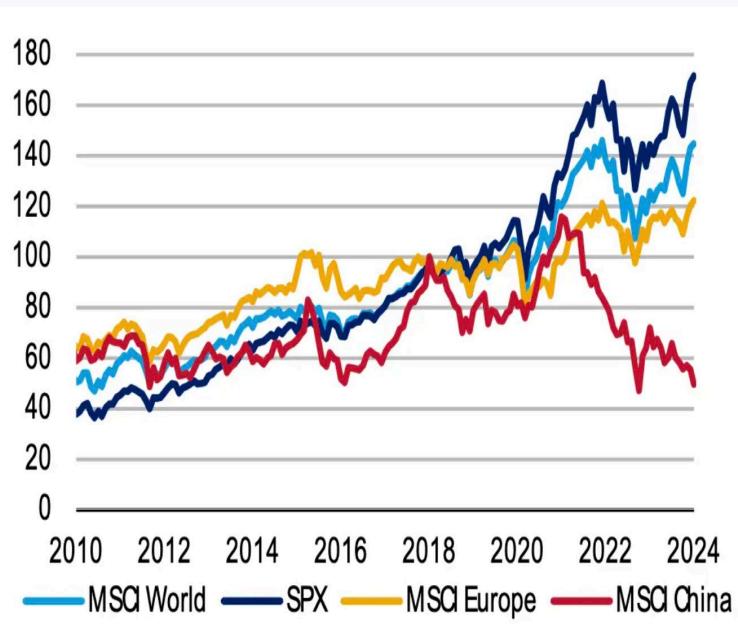
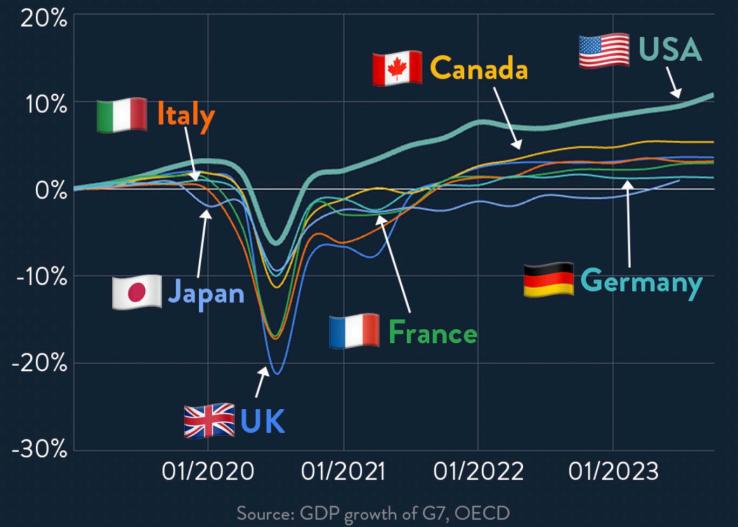
PREVIOUS CLOSE

\$74.25

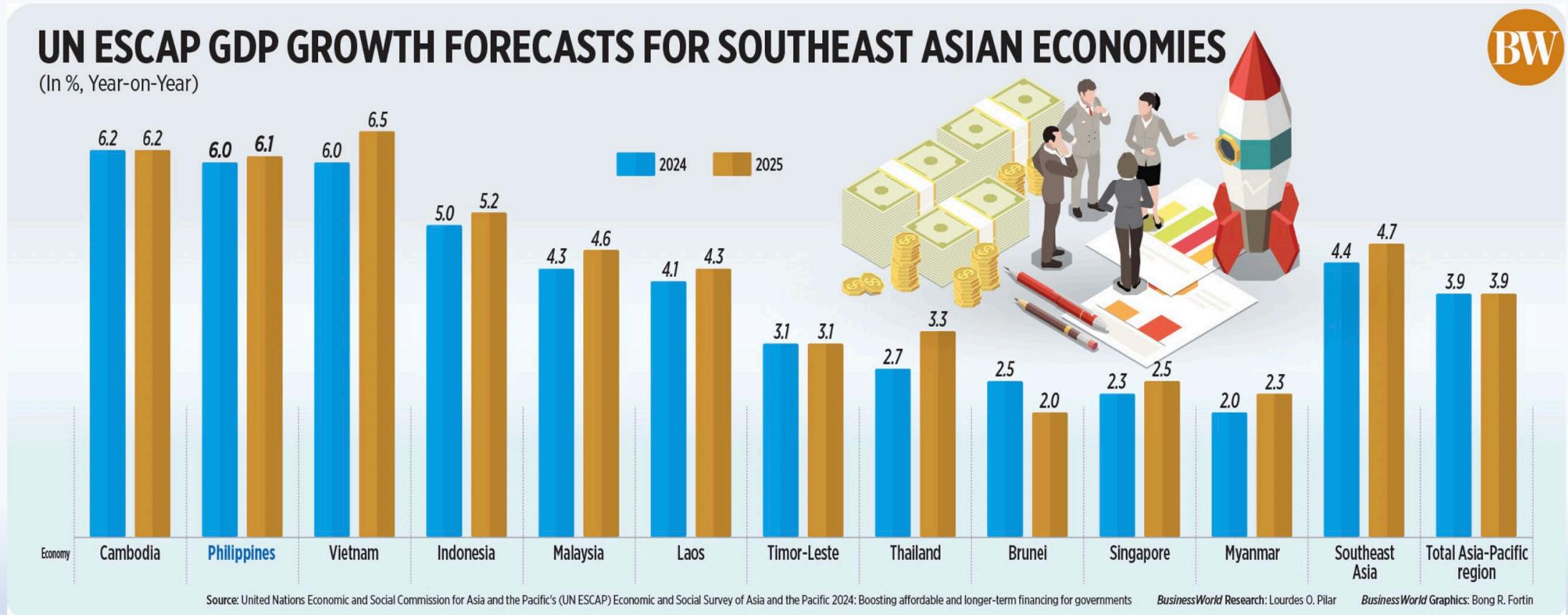


US VS THE WORLD

The **US economy** is stronger than you might think and has been **growing faster** than its peers.



Southeast Asia Opportunity



video.foxbusiness.com/v/3418293666001/oil-headed-for-50-a-barrel/?#sp

Search

Will Star... FAQs -... Annual... Jason Sc... to Star in... Sproglit -... X head... price apr... One on... Jeanette... > +

OIL CRUDE (SWEET) (CL/)

3 YEAR 100.76 ▼ 0.82 (-0.81 %)

TODAY'S CHANGE

HIGH 4/29/11 | LOW 9/30/11

12 13 14

OPENING BELL CRUDE OIL ▼ ON CHINA FACTORY DATA, CRISIS IN UKRAINE

FOX

00:44 / 04:22

Shrink player

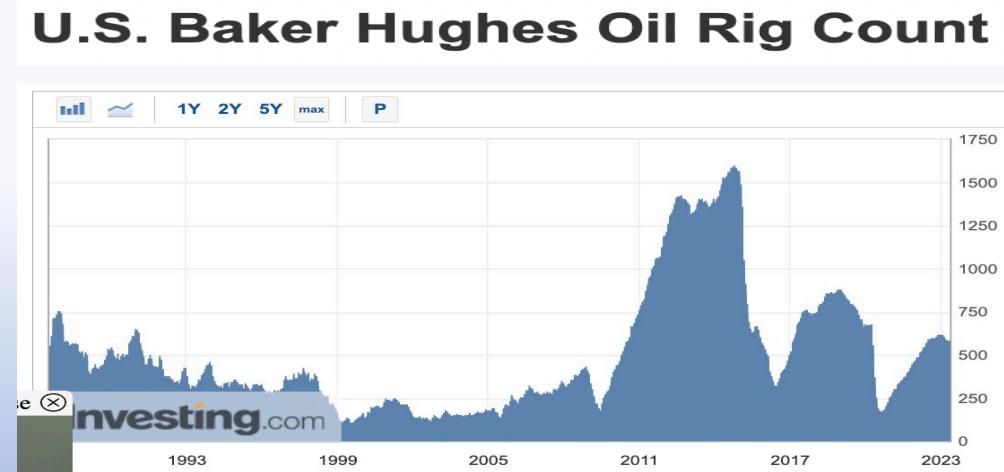
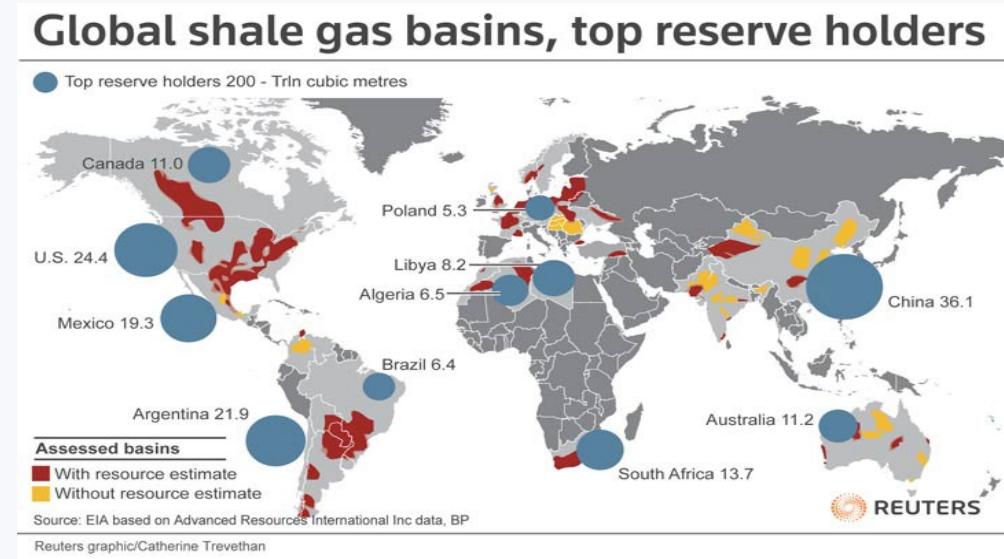
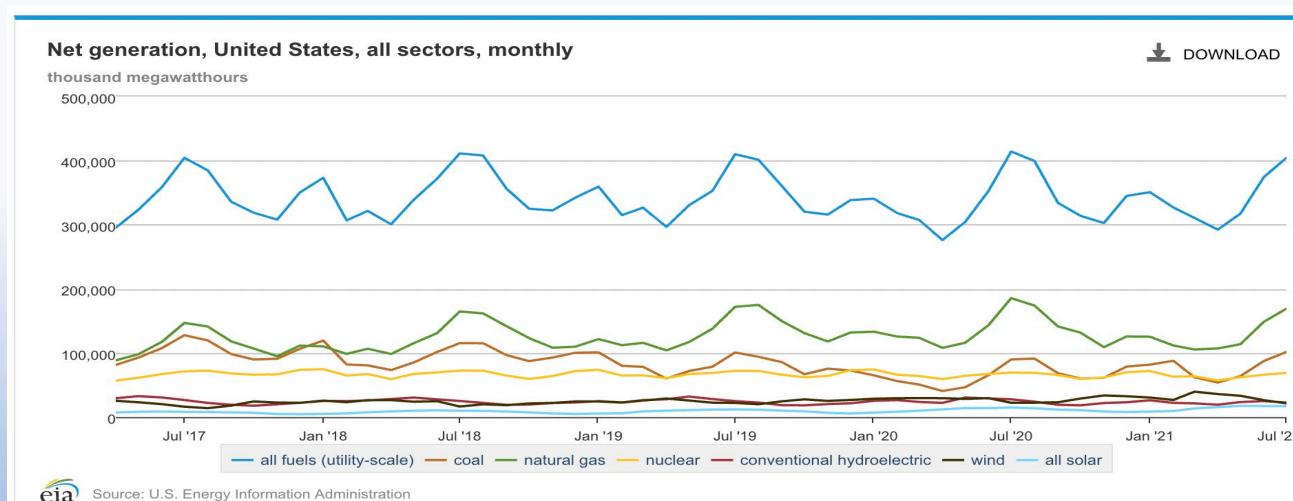
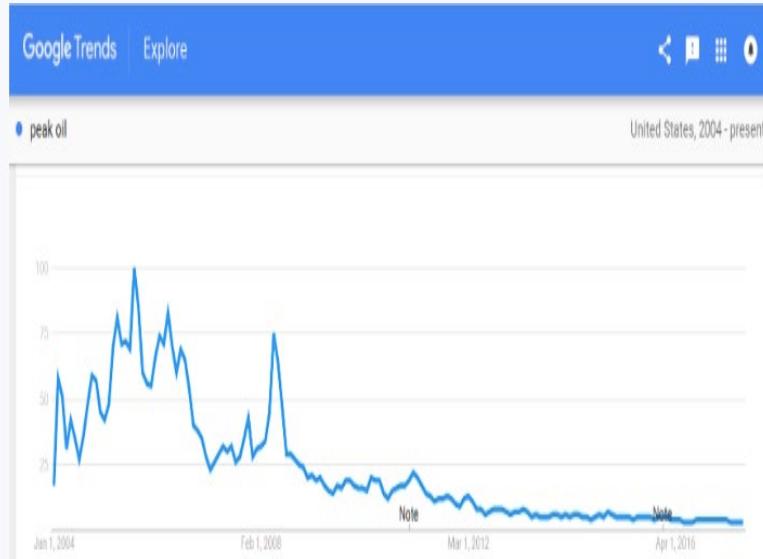
Oil headed for \$50 a barrel?

Apr. 01, 2014 - 4:22 - Former White House economic policy director Todd Buchholz gives his outlook for oil and energy.



FOX BUSINESS

Peak Oil? Oil Comes Down



Inflation: Blame Turkeys?



Robert Reich

@RBReich · [Follow](#)

Egg prices are up 60%. That's absurd. People are paying up upwards of \$6 and \$7 for a dozen eggs.

Why? Corporate greed.



Supply Chain Mess



INSIDER

Book sellers struggle with supply chain disruptions



Reuters

Homebuilder D.R. Horton cuts annual forecast on supply chain disruptions

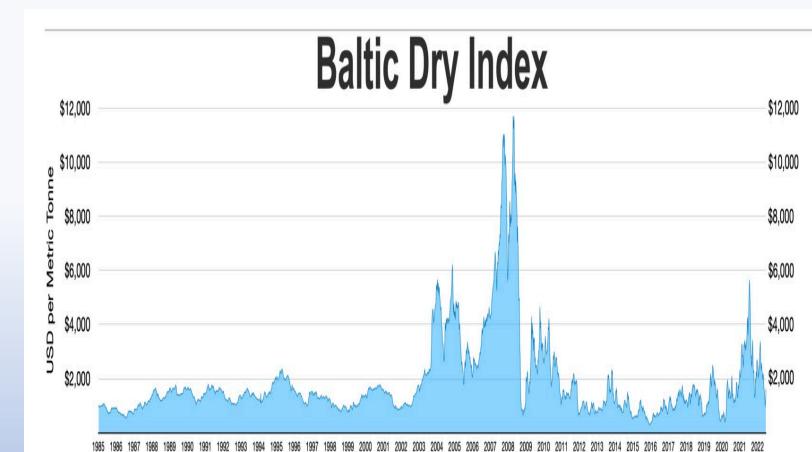


USA TODAY

Pennsylvania enforces 2-bottle limit on some booze due to supply chain disruptions



Southern California's Container-Ship Backlog Moves Farther Out to Sea



The New Supply Side & the Gig

WSJ | OPINION

Home World U.S. Politics Economy Business Tech Markets **Opinion** Life & Arts Real Estate

OPINION | COMMENTARY

Airbnb Helps Slay Inflation

Tech gets more out of economic resources, bringing prices down.

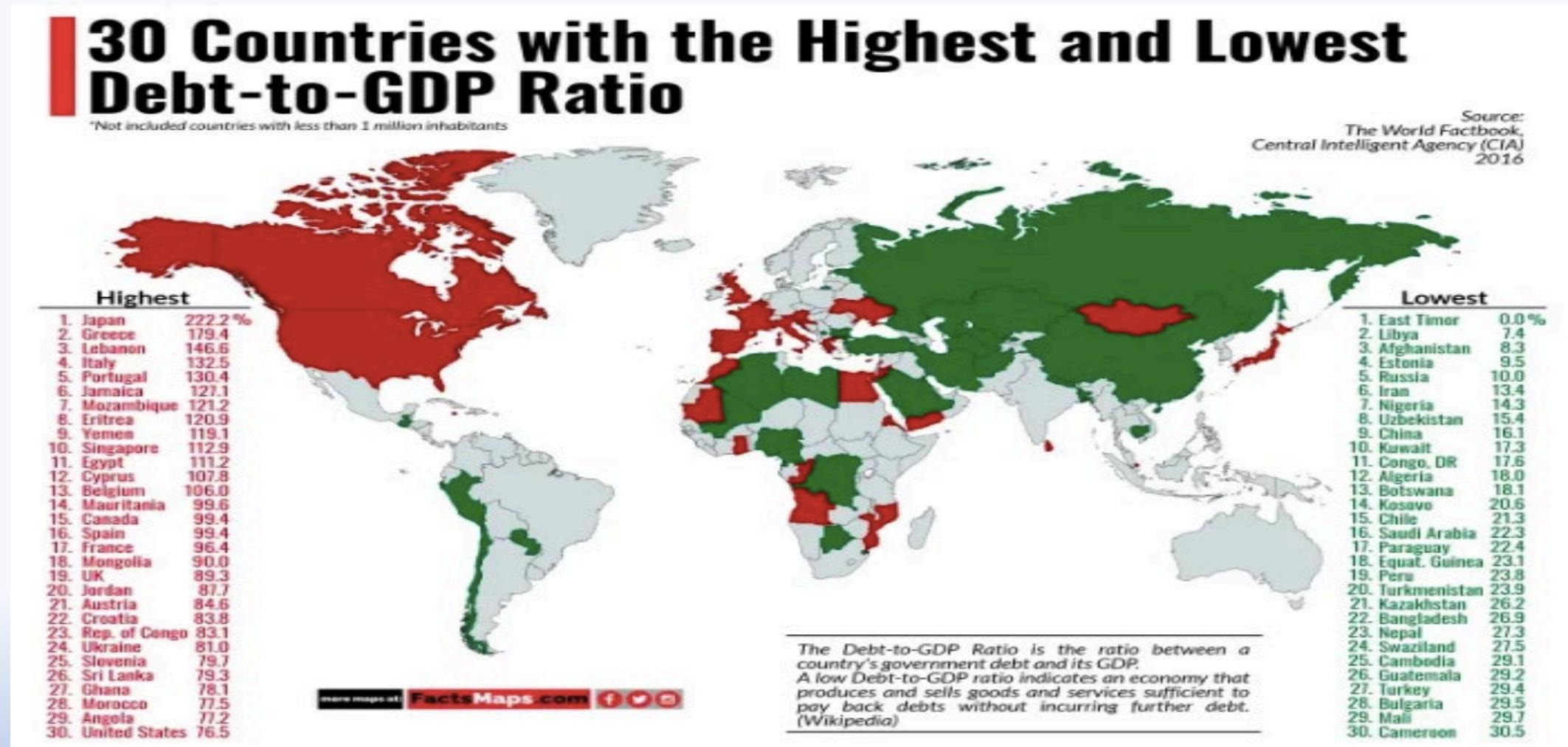
By Todd Buchholz
Updated May 8, 2019 7:08 pm ET



From Toasters to S&P

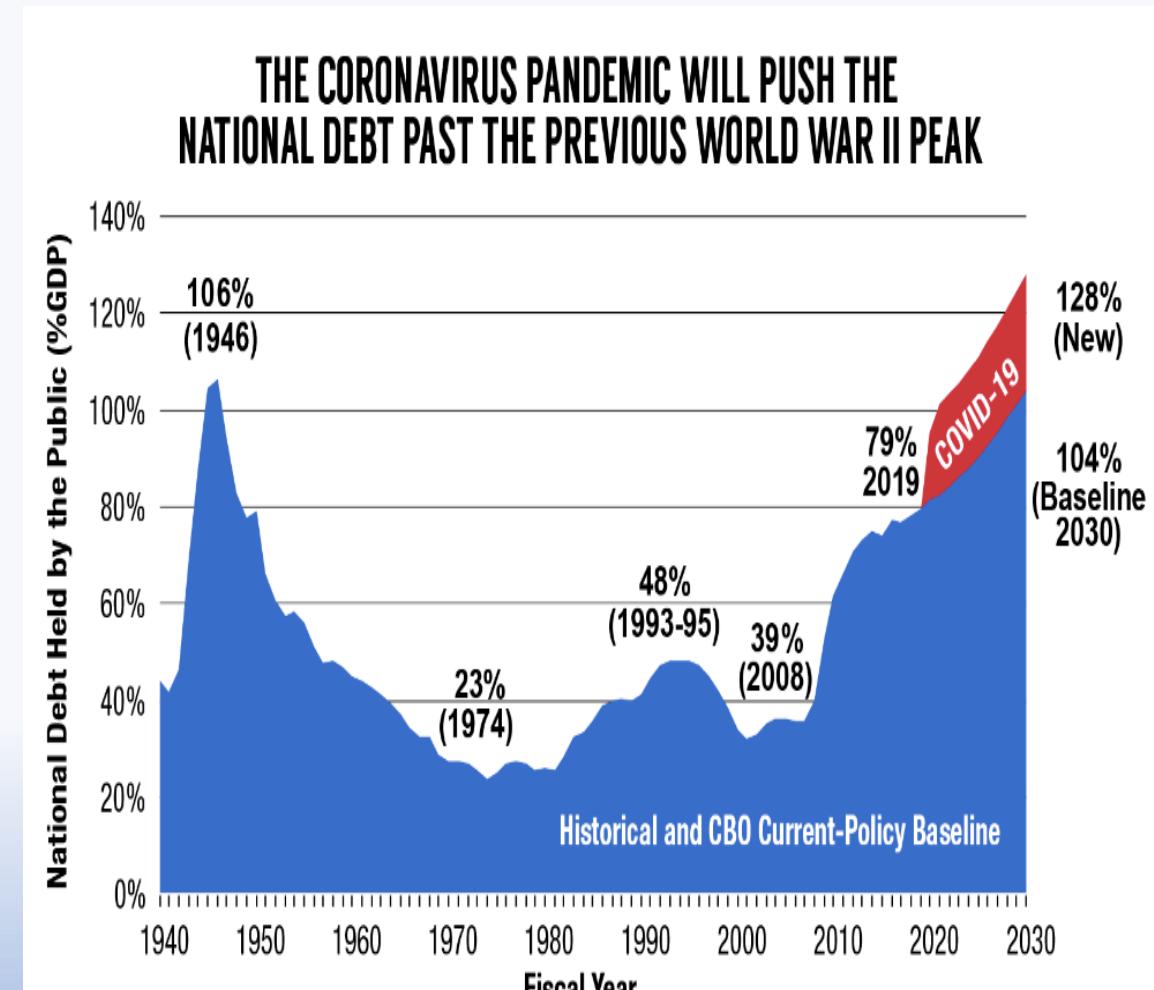


Part III: Debt and Demographics



Money Isn't Free

- Debt-to-GDP leaps past WW2 levels





One of the Great Moments of your life... *His First Day At School*

Why it's one of the most important times to see your life insurance agent.

Do you remember how he looked? Eager...and scared. Proud, too. Remember how you felt...such a little boy taking such a big step. Both your lives changed that day—yours with the responsibility to see him through high school...and per-

haps college. His with the hope of the future. Great changes in your life, like these, are times when you should see your Massachusetts Mutual Agent...for he's been especially trained to help you get the extra security and protection you may need.

It does not necessarily mean that you must buy more life insurance. Perhaps all you need to do is reprogram your present

life insurance, so that it has a flexibility planned for your son's education.

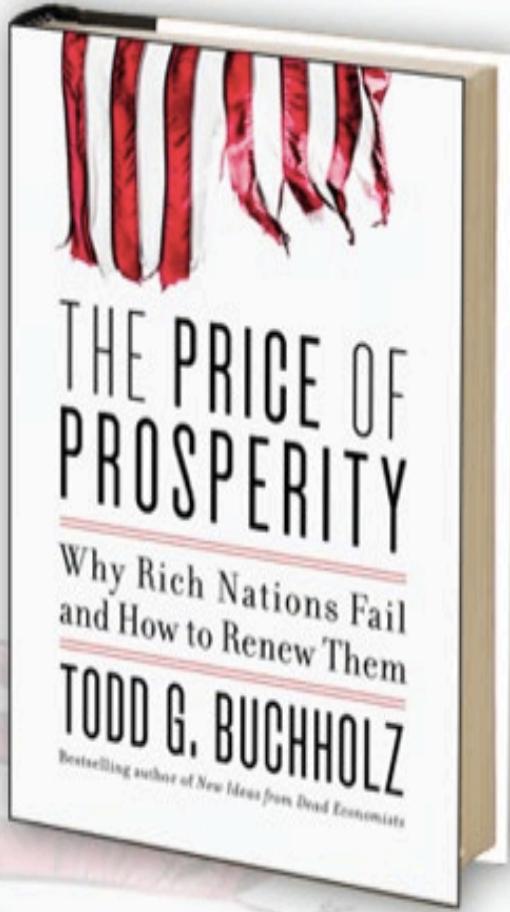
Providing life insurance programs of "planned flexibility" to meet changing insurance needs has been our job for almost one hundred years...another good reason why, at the great moments of your life, you should talk over your plans with your Massachusetts Mutual Agent.

Massachusetts Mutual Life Insurance Company

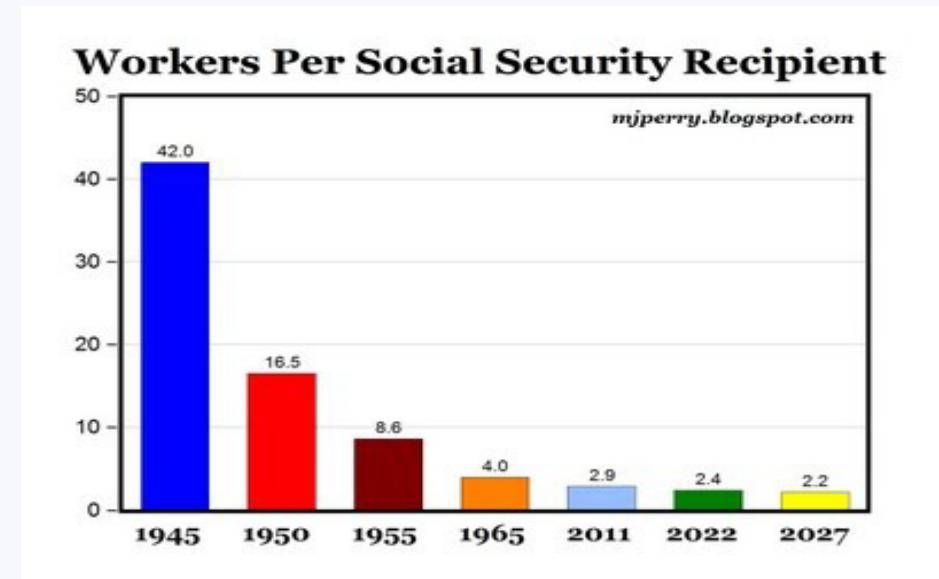
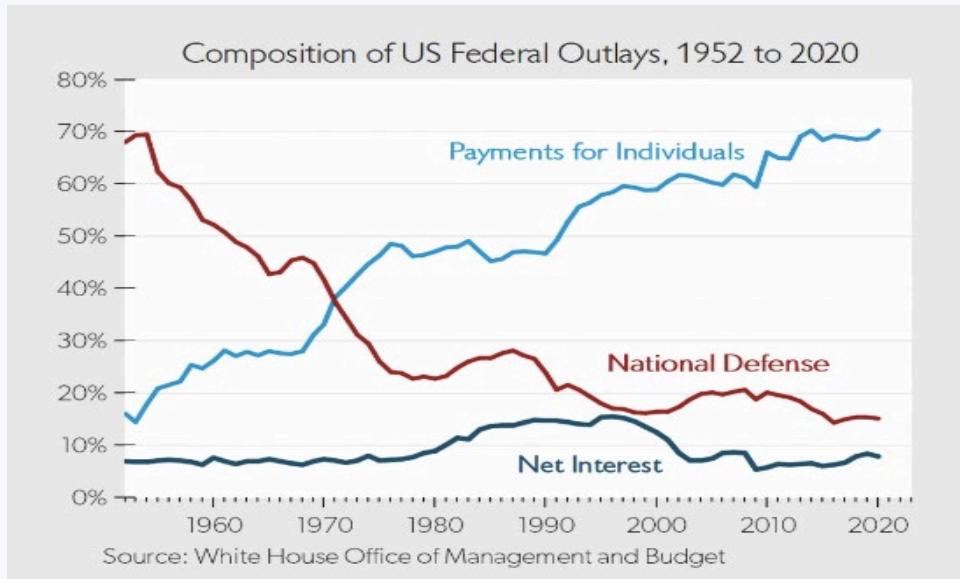
SPRINGFIELD, MASS.

For nearly 100 years...a great name in life insurance.

We used to size up a man by counting his children. Now we count Rolex watches, six-pack abs, and Twitter followers.



Taking from Peter...



1970
2015
2050



Old-age Dependency Ratios, 2010 and 2050

Number of people older than 64 per 100 people of working age (ages 15 to 64)

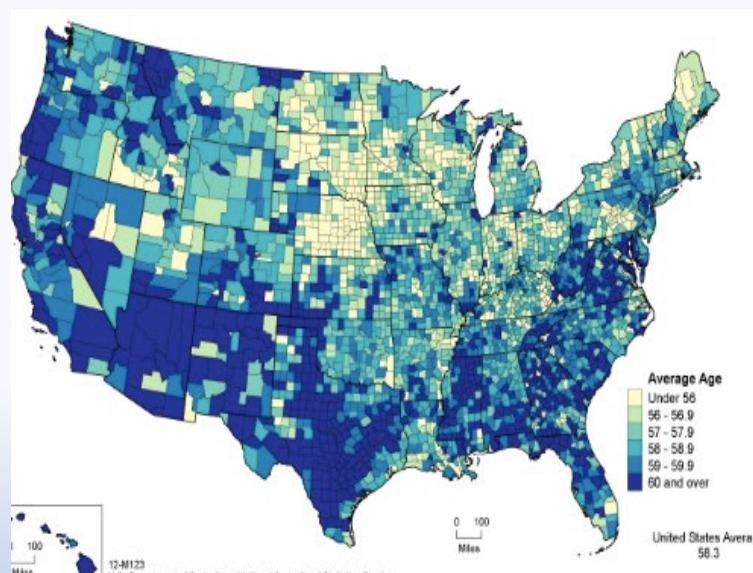
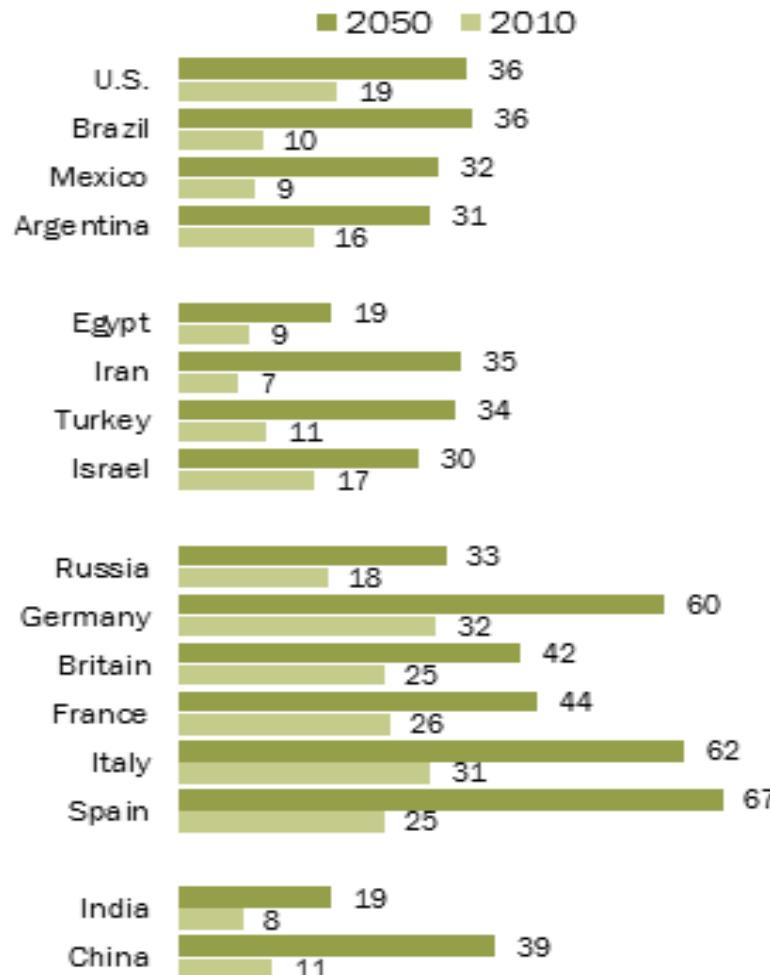
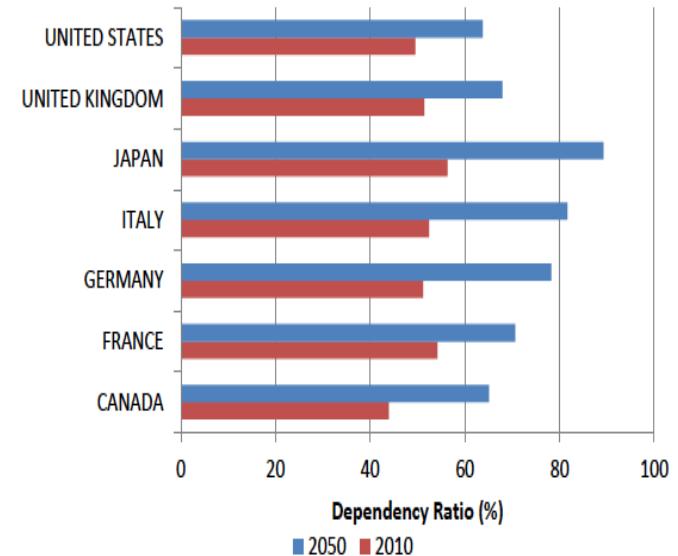


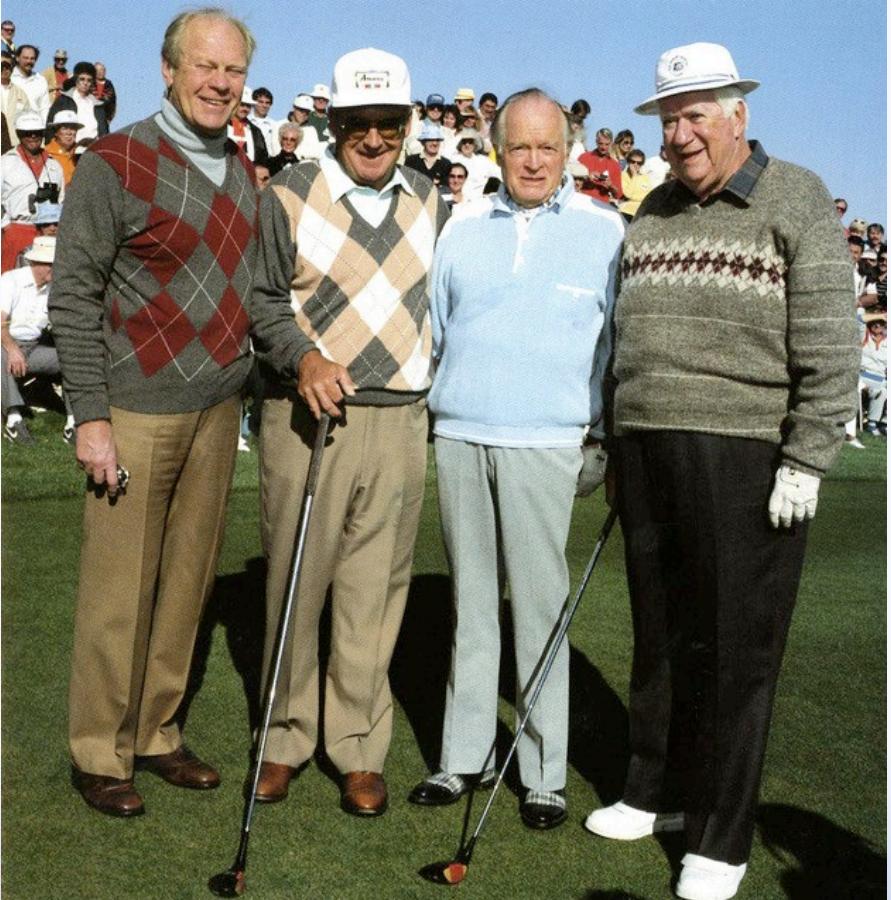
Chart 4.1 – G7 Dependency Ratios



Note: Dependency ratio here is defined as the ratio of dependents – people younger than 15 and older than 64 – to the working age population – those aged 15-64, expressed as a percentage.

Source: World Bank

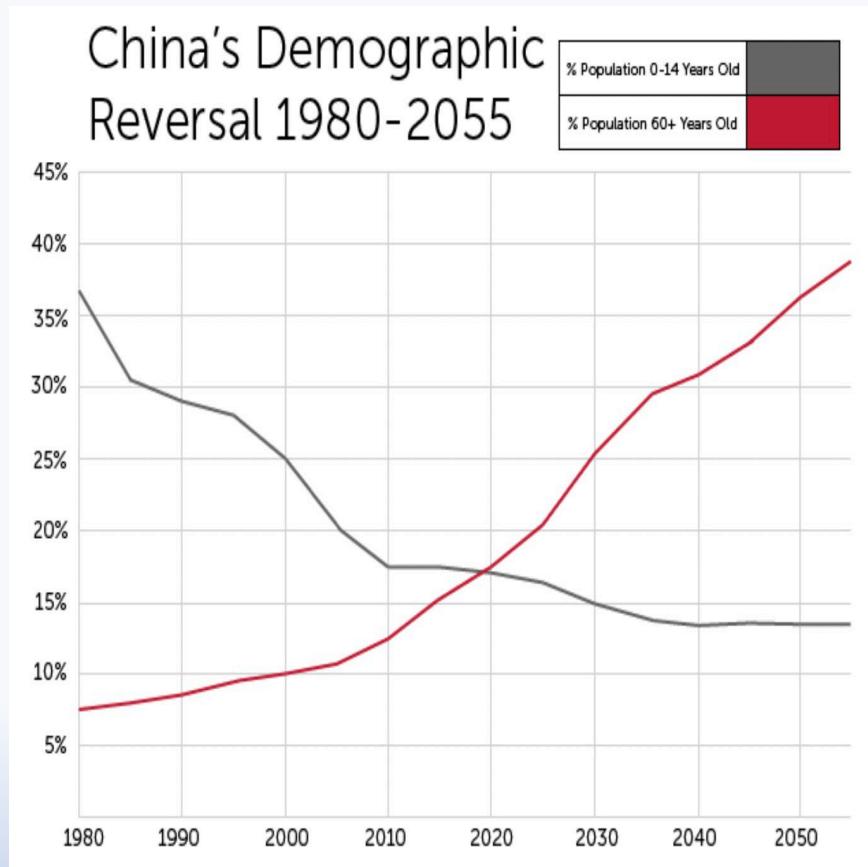
Golf or Golden Arches?



Does China Take Over?



China Aging



Friends, Foes, & Fiends





iPad 100%

time.com/3824928/doctor-zhivago-vladimir-putins-russia/ Search

5:36 AM

A Glory... Dr Zhivag... Econom... SCHOOLI... Chris Chr... Three Da... Tony No... StayCon... Slide 1 Forme... +

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1 0 THE 100 MOST INFLUENTIAL PEOPLE IN THE WORLD SEE LIST

LATEST MAGAZINE VIDEOS

Former White House Adviser: What Vladimir Putin Could Learn From 'Doctor Zhivago'

Todd G. Buchholz @rushbook | April 19, 2015 ✉ f t g+ in

IDEAS Todd G. Buchholz is a former White House economic adviser and recipient of the Allyn Young Teaching Prize at Harvard. He is co-writer of the new musical about the Italian Resistance against Fascism "Glory Ride."

This is the First Image from the Next Pirates Of The Caribbean

The San Francisco Giants Could Become the First MLB Team to Ban Chewing Tobacco

Watch the 2015 TIME 100 Gala in Two Minutes

See Striking and Colorful Fields of Dutch Tulips

Watch the Stars of the 2015 TIME 100 Walk the Red Carpet

SCROLL TO SEE MORE

Matthew Murphy—Poli and Co. Kelli Barrett as Lara and Tam Mutu as Doctor Zhivago.

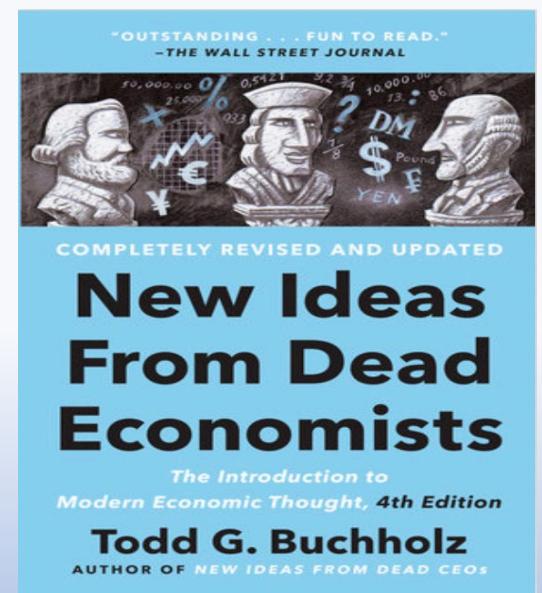
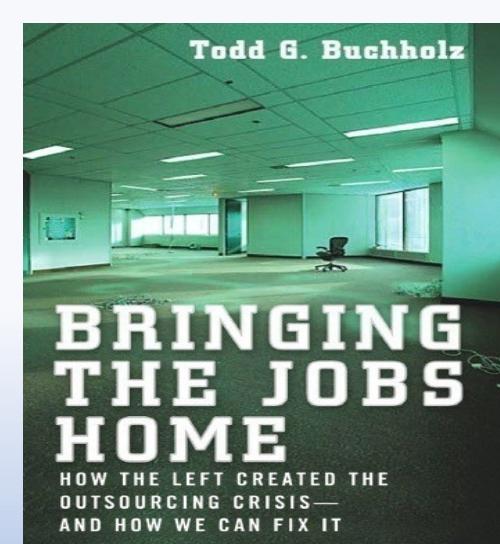
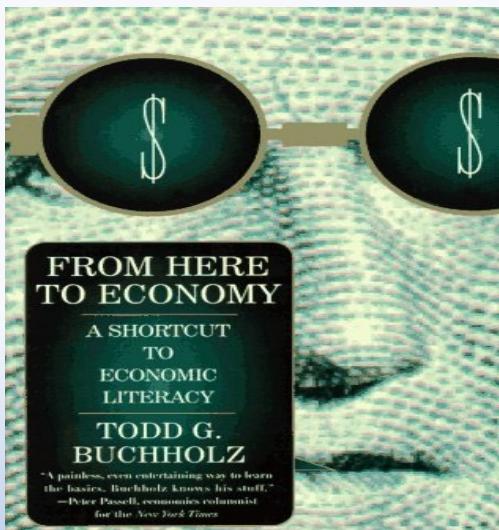
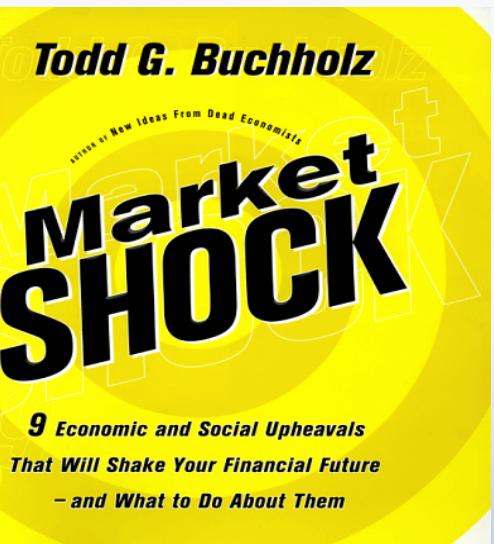
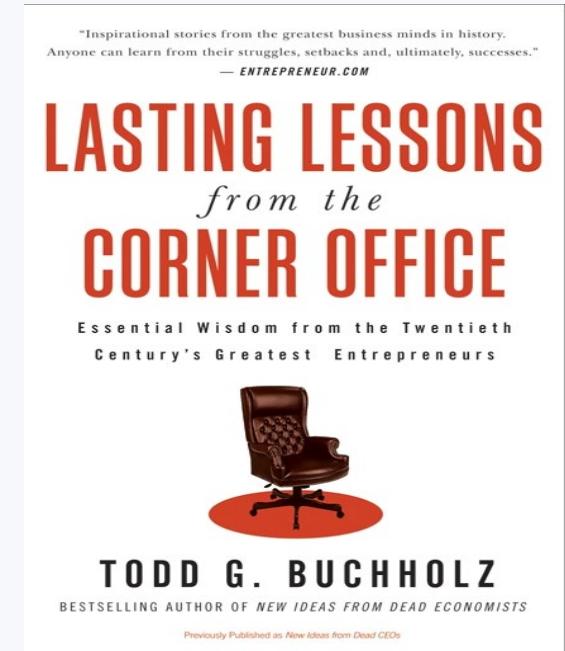
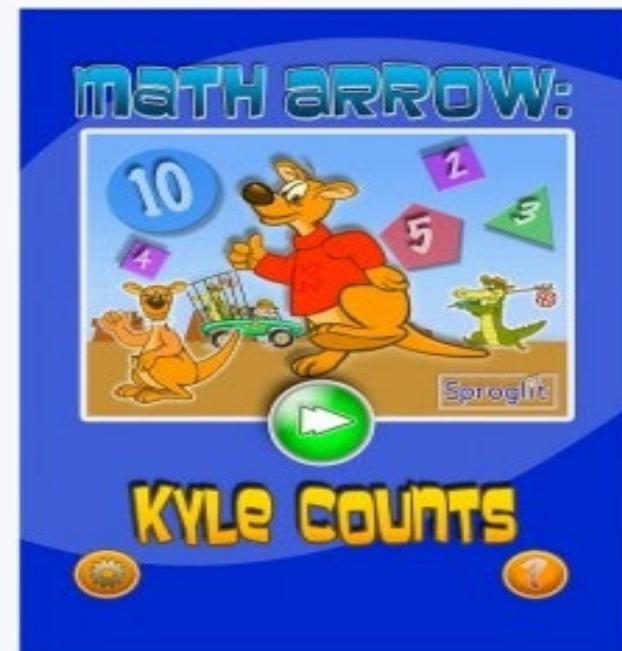
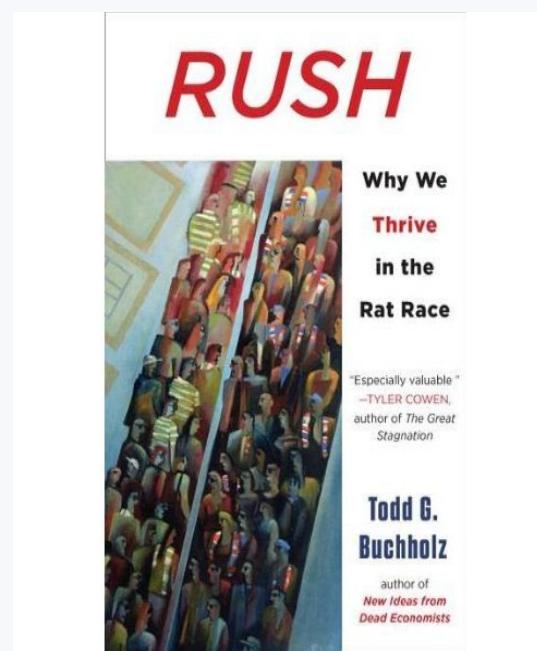
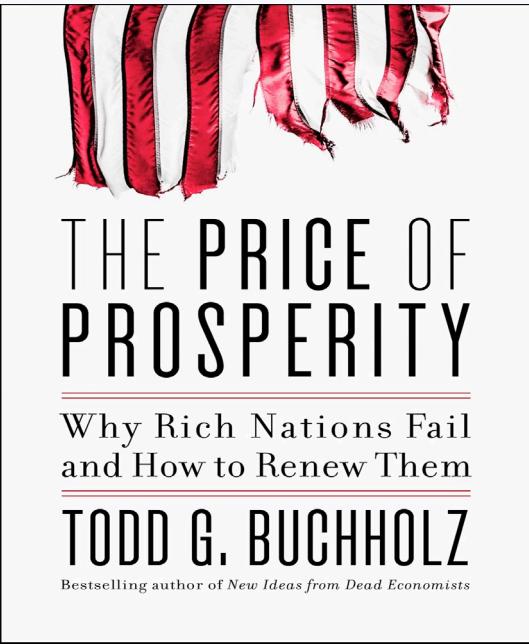
One Man, One Country





- Ask not if the economy will prosper; ask how you can win regardless
- Watch commodities, credit, changing tastes
- Inflation must behave! ROT
- Pursue export opportunities despite US policy
- Populism >> More Regulation, Slower Growth
- Stay in touch: @EconTodd

www.econTodd.com



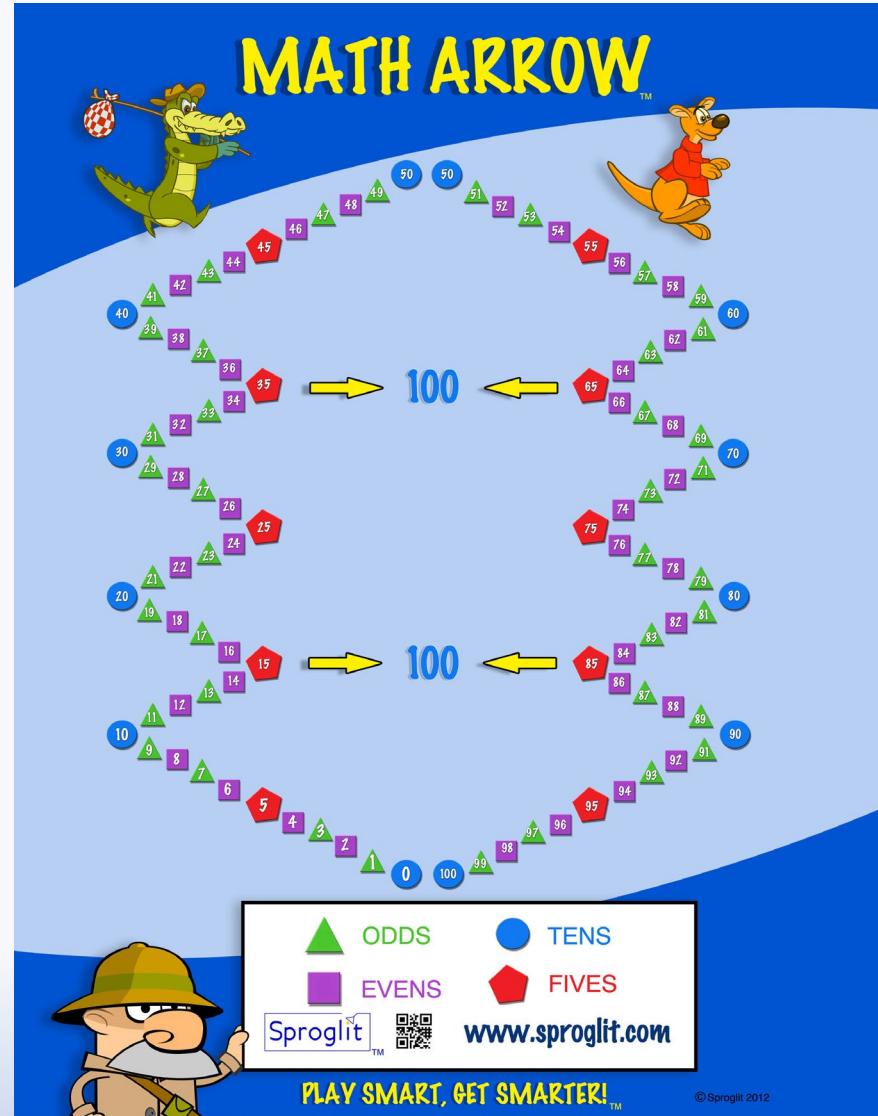
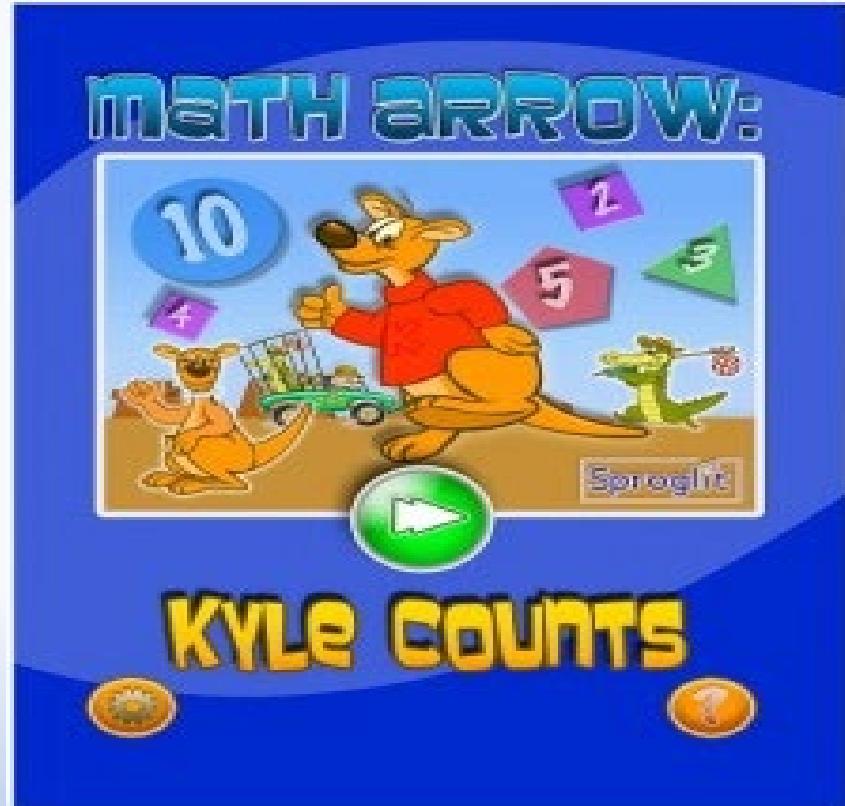
[@EconTodd](http://www.toddbuchholz.com)

The Race for IQ Points

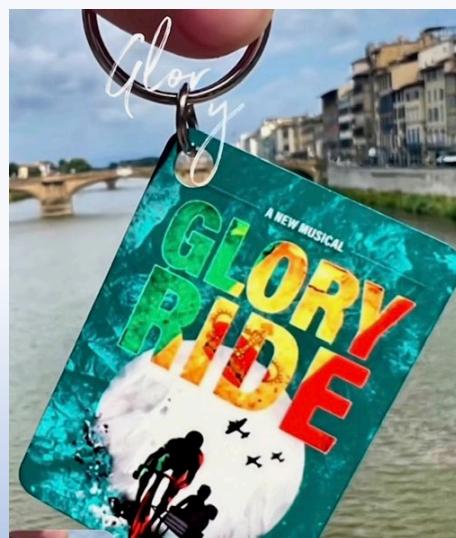
- Stevedores -17%
- Timber -32%
- Farm -20%
- Sewing -50%
- Typesetters -62%
- Elect. Engineers +28%
- Med. Scientists +33%
- Architects +44%
- Legal Assistants +66%
- Fin. Services +78%



Kids, Math & You!



Showbiz Merch



There's No Place Like Home: Calling Young People

- Appoint Ambassadors
 - Colleges stay in touch w alums (70% leave WY)
 - High school boosters
- Celebrate Trades! Parades!
 - More Choreographers?
- Great Guidance Counselors: job expos hands-on w tools
- Who's an Exporter? Kid in basement collecting fees



Watch Dr. Copper and Lumber

Copper Futures **3.7542** **+0.0019** **(+0.05%)**



Lumber Futures **488.00** **-6.50** **(-1.31%)**



iShares S&P GSCI Commodity-Indexed Trust



Fed Squeeze and Adverts

- Pivot to ads that stress cost-saving
- Discount retailers
- Shift to to store brands
 - Premium brands must spend more

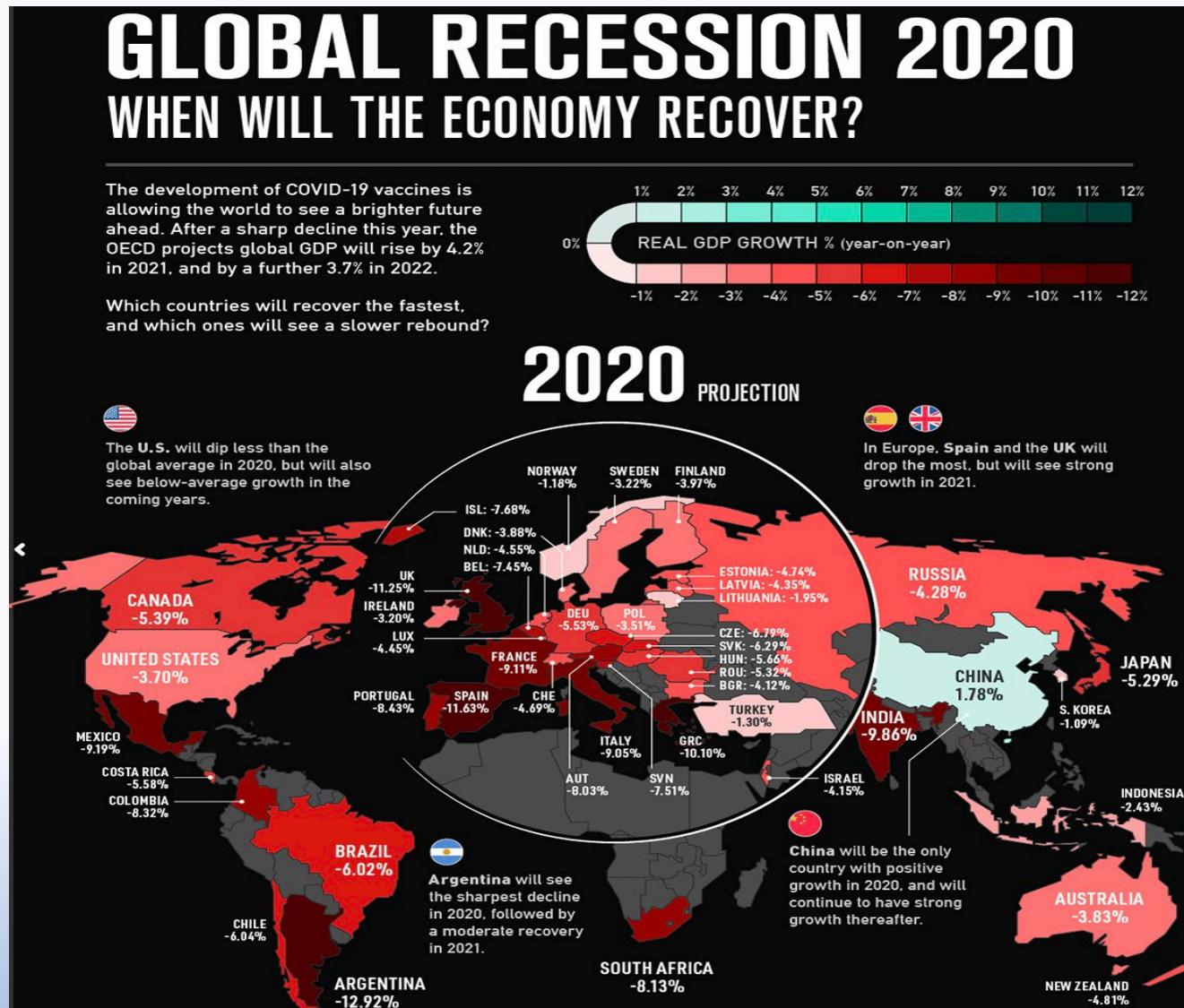


In tough times, BAP!

- Ad rates fall,
health/necessities should
pounce
- Borrow
 - low rates
- Acquire
 - lower p/e
- Poach
 - more talent



The Great Cession!





- Ask not if the economy will prosper; ask how your clients can win regardless
 - “Value” and “cost-savings” in a slowdown
- Watch commodities, credit, changing tastes
- Inflation must behave! ROT
- Populism >> More Regulation, Slower Growth
- Stay in touch: @EconTodd

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