

# The Vision Council

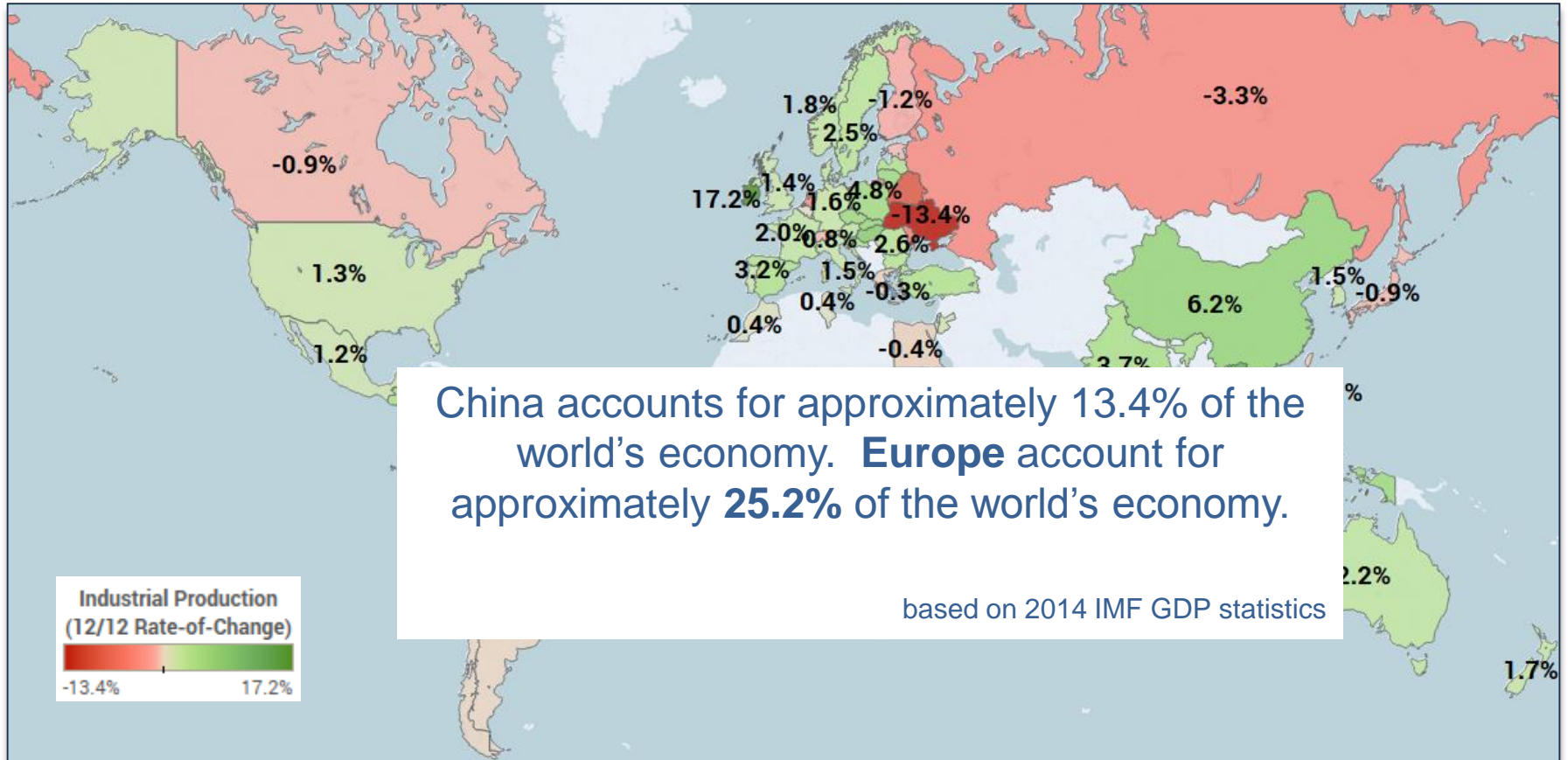


**Prosperity in the  
Age of Decline**

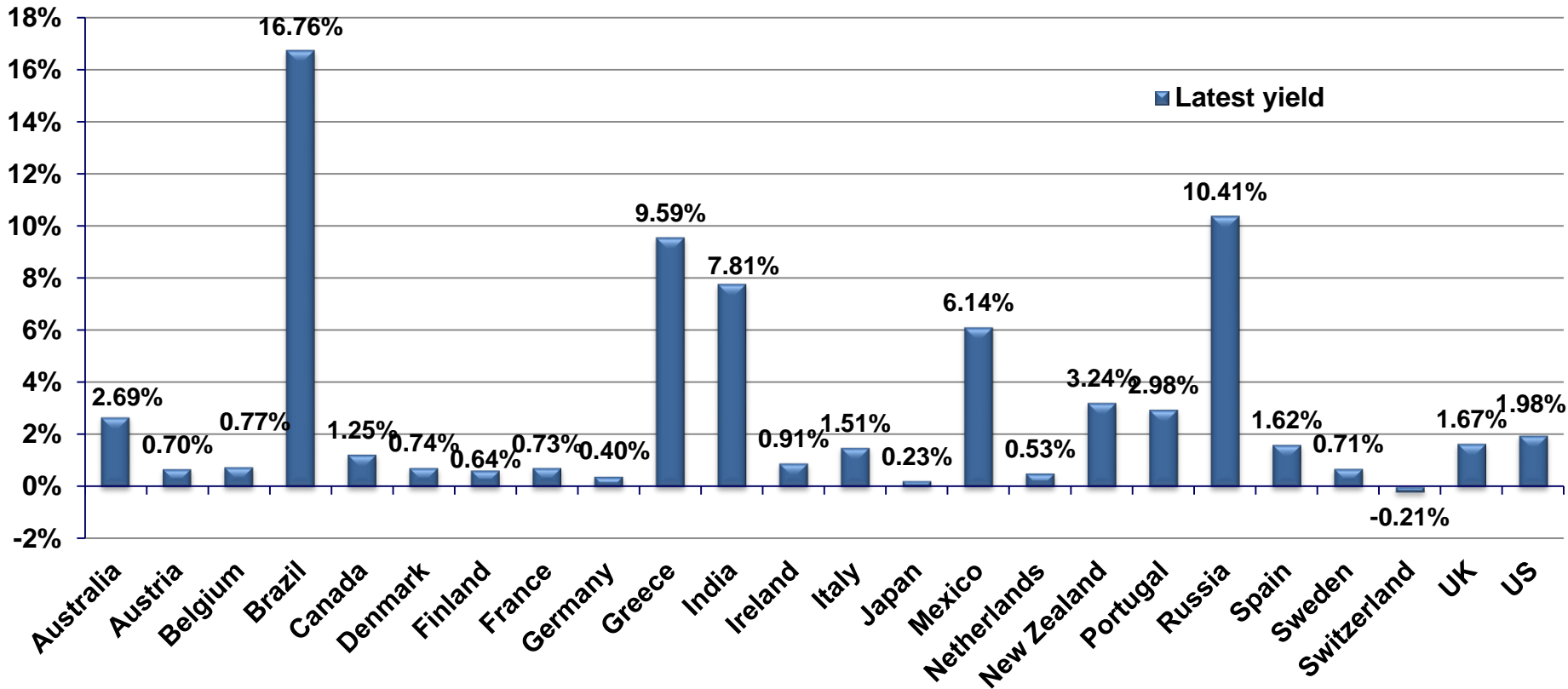
 **ITR ECONOMICS**

**Brian Beaulieu  
CEO**

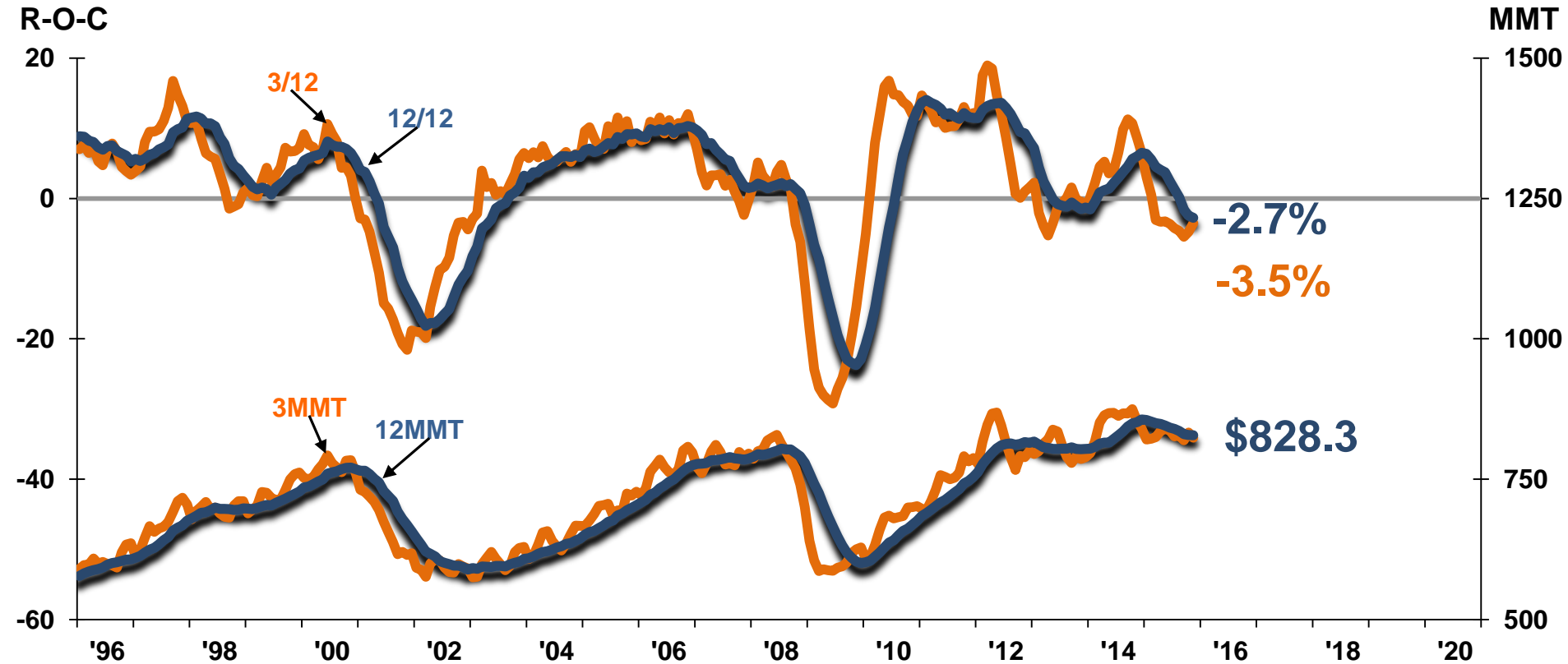
# World Countries Industrial Production



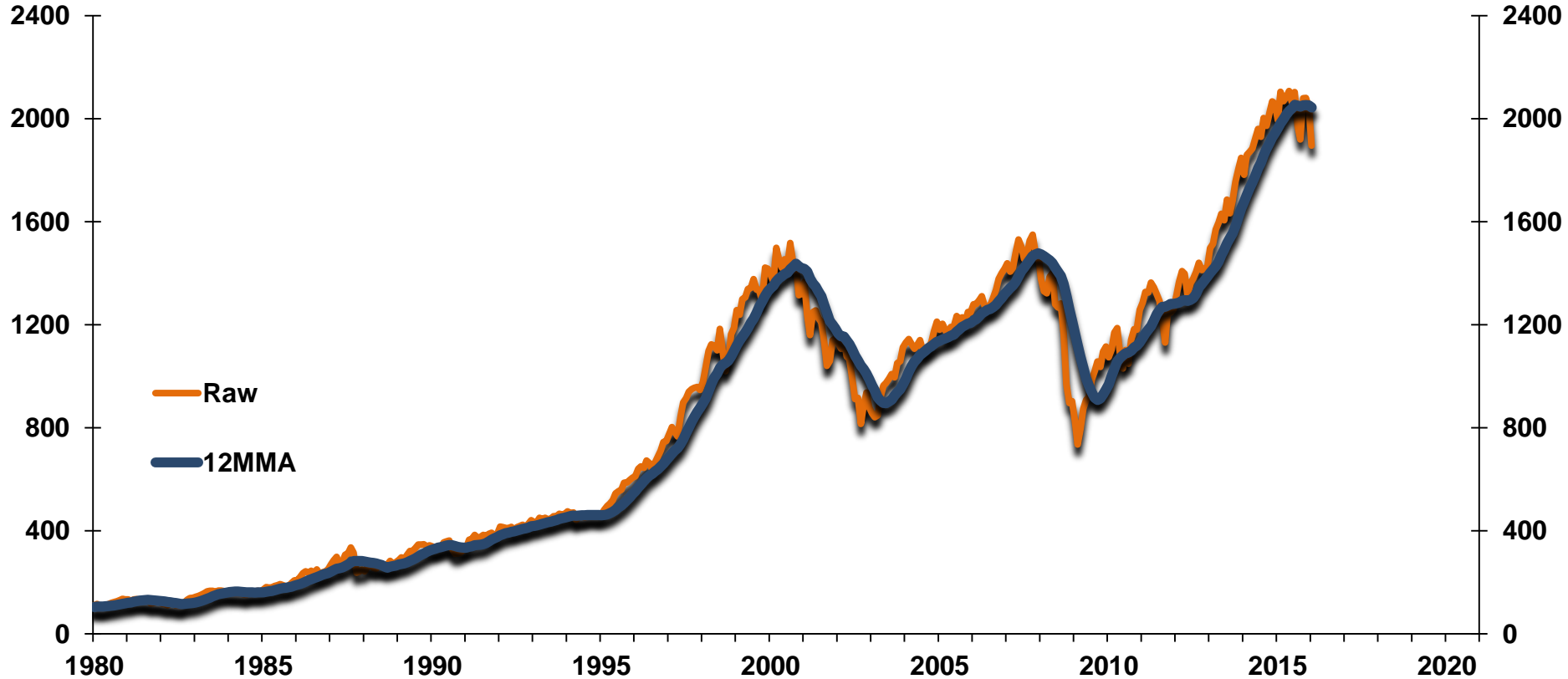
# Interest Rates for Long-Term Government Bonds



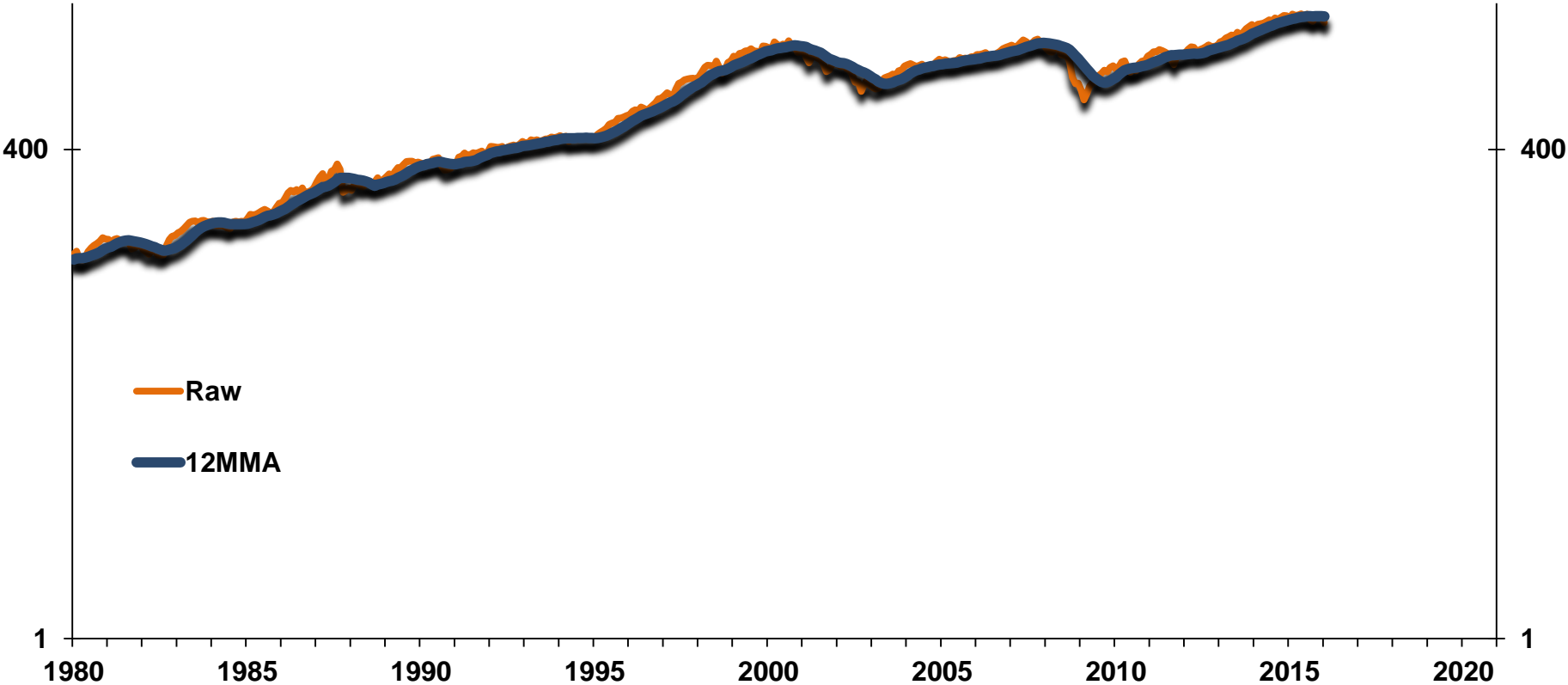
# Nondefense Capital Goods New Orders w/o Aircraft



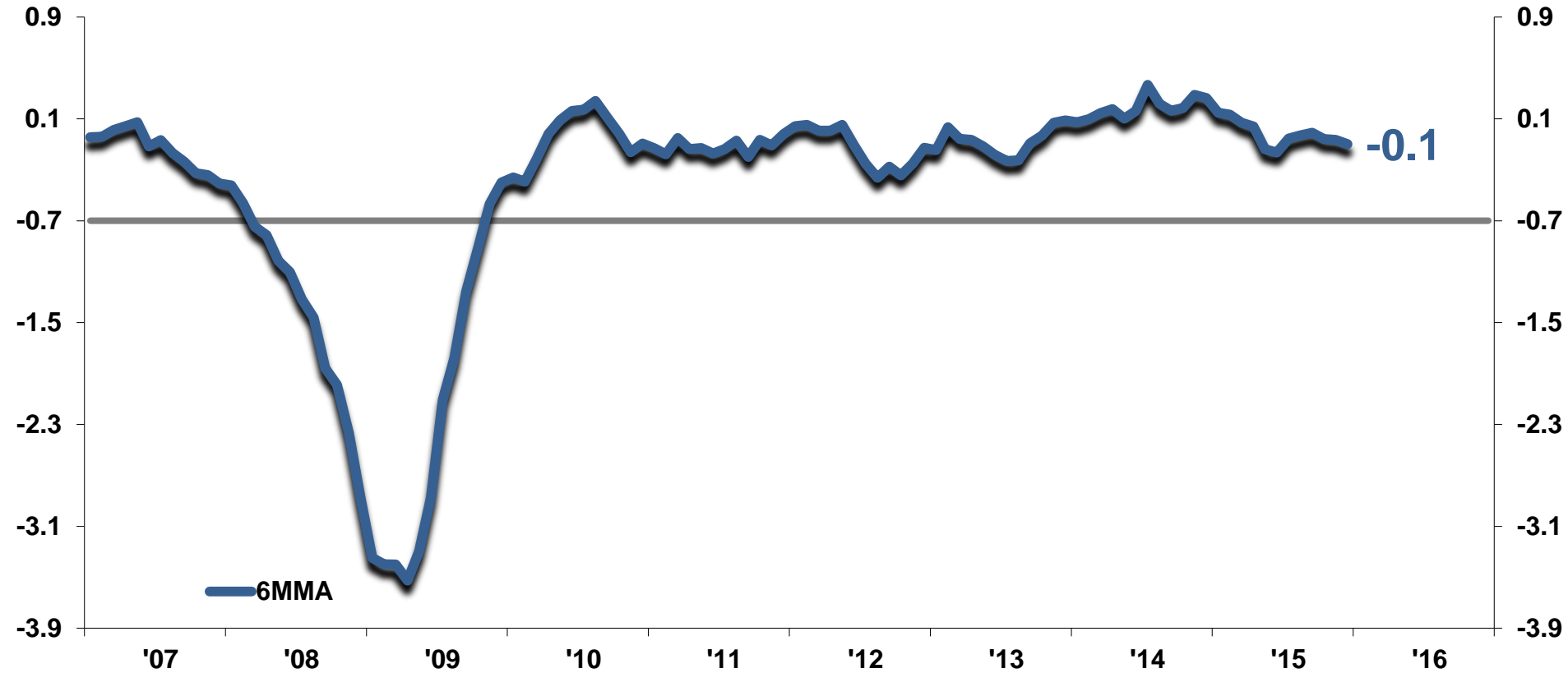
# S&P500 Stock Prices Index



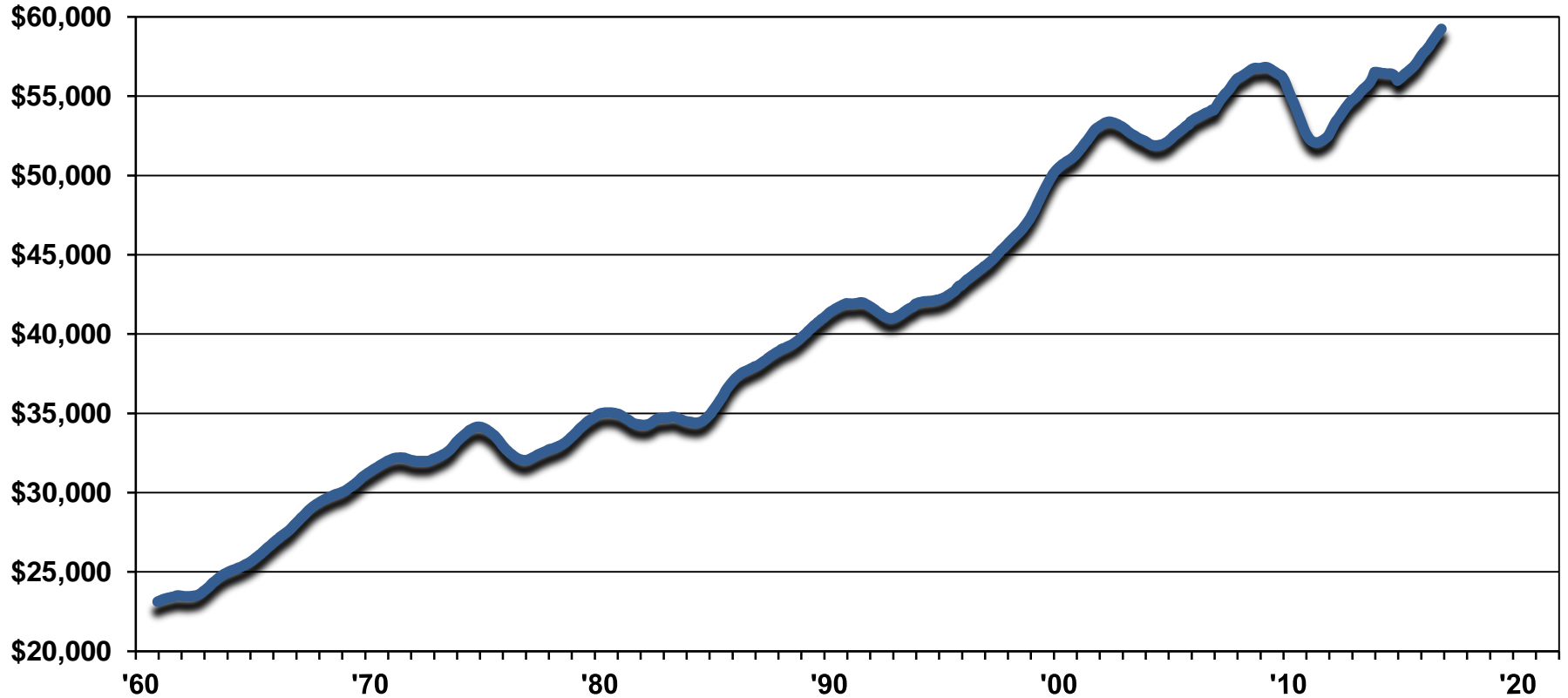
# S&P500 Stock Prices Index



# Chicago Fed National Activity Index

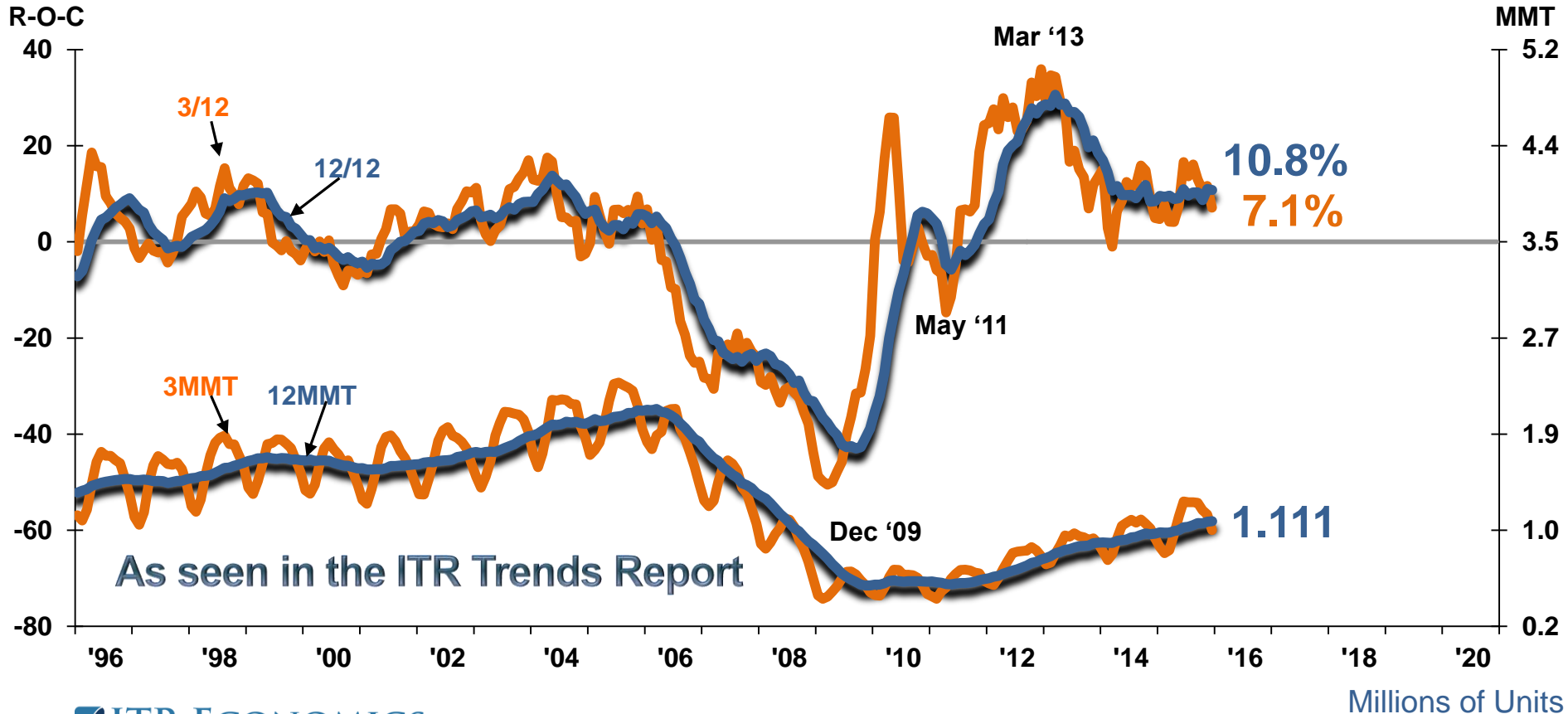


# Real Personal Income Less Transfer Receipts Average per Person Age 18 to 65

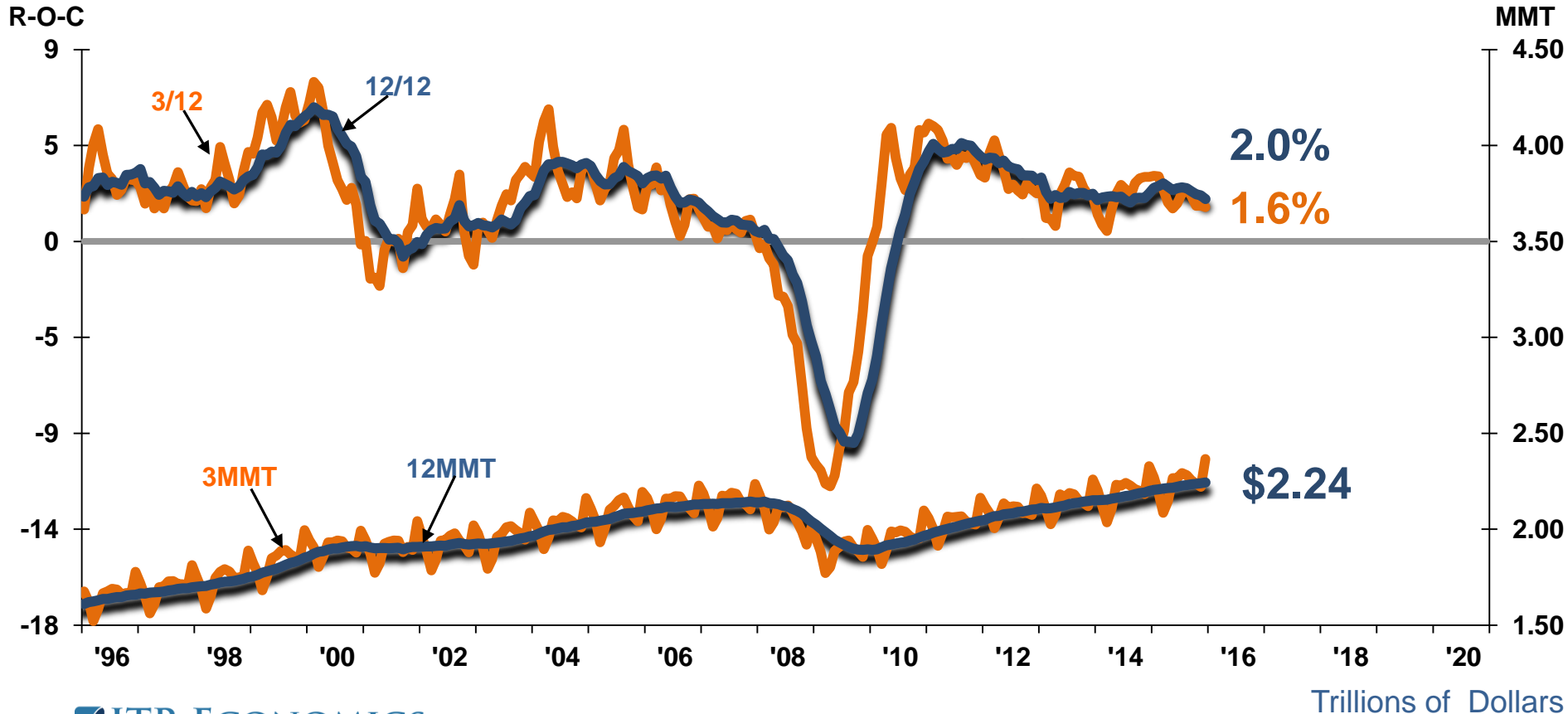




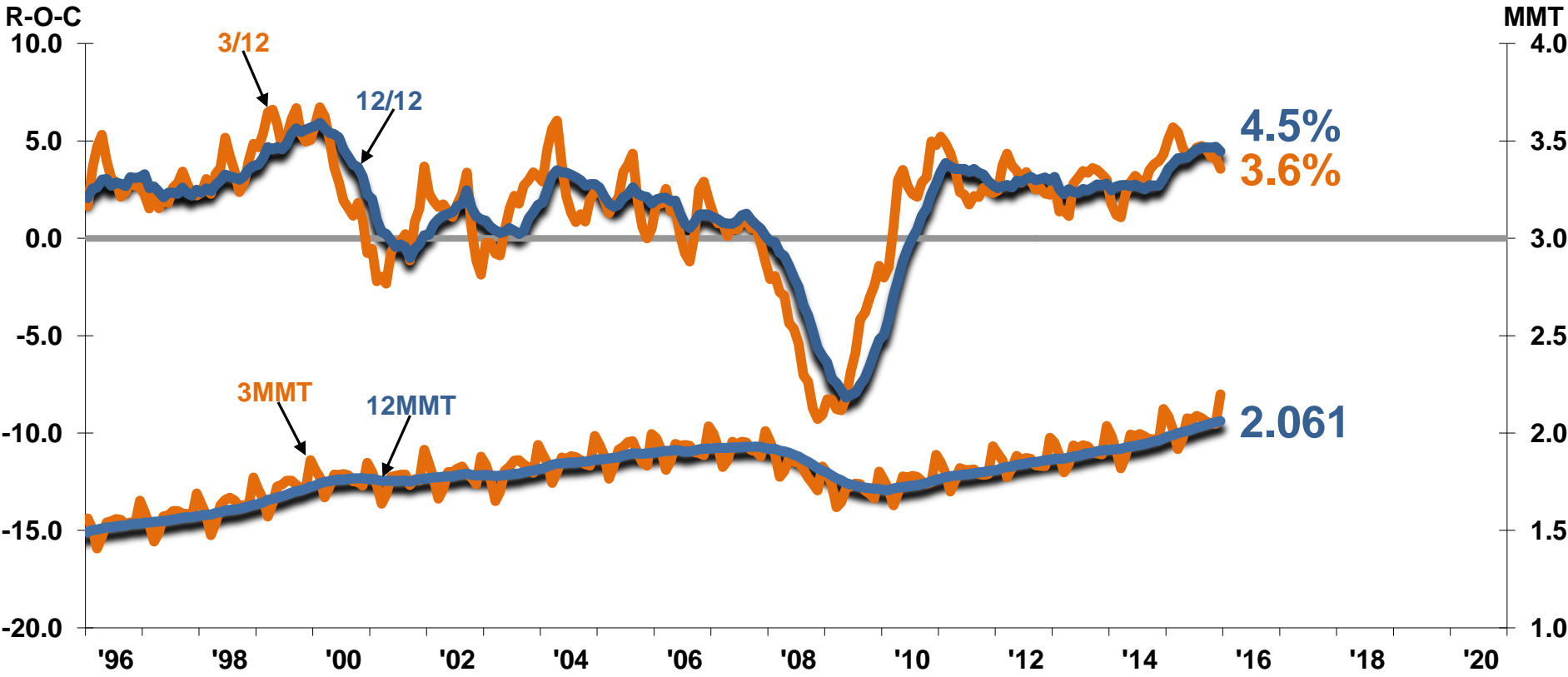
# Housing Starts



# Total Retail Sales (deflated)



# US Retail Sales Excluding Gas Stations (deflated)



# Generating the Quantitative Forecast

## Internal Trends



## Leading Economic Indicators



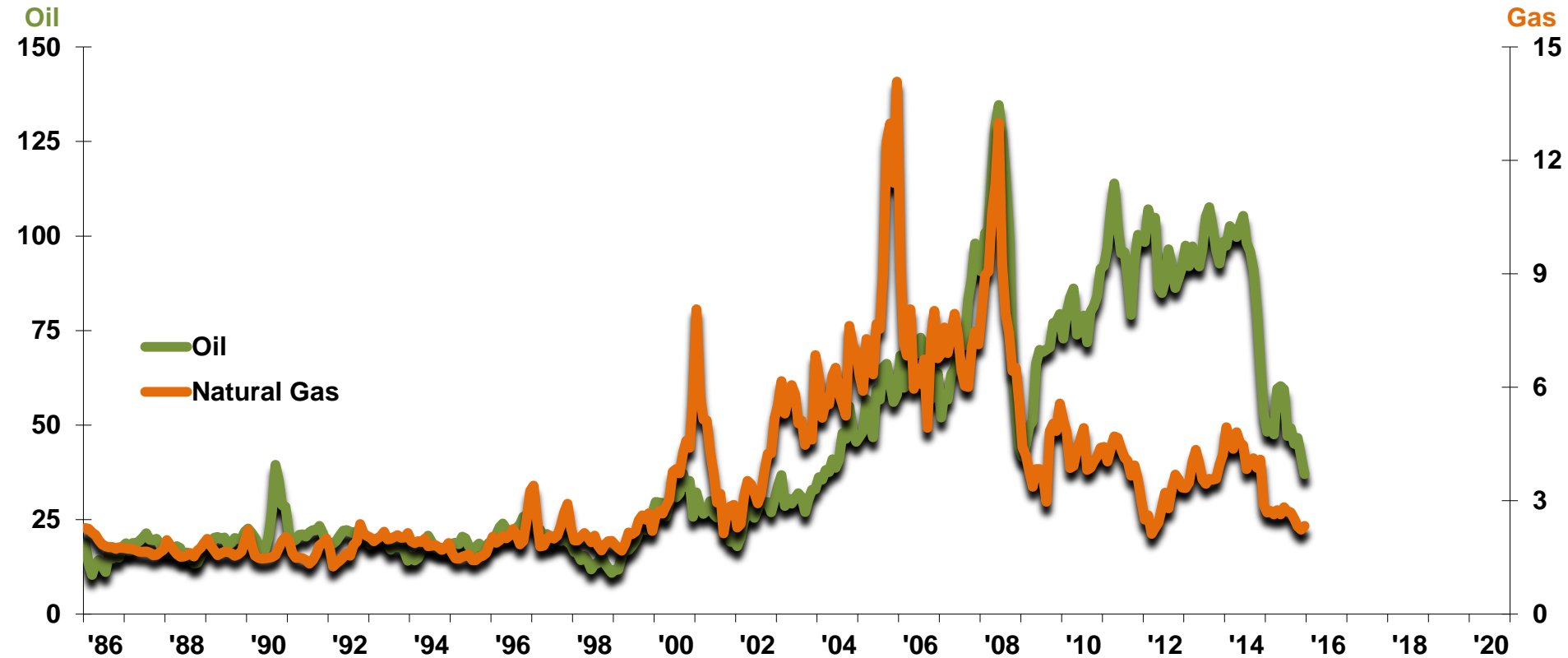
## ITR Long Term Business Cycle Theory



## News and Market Observations



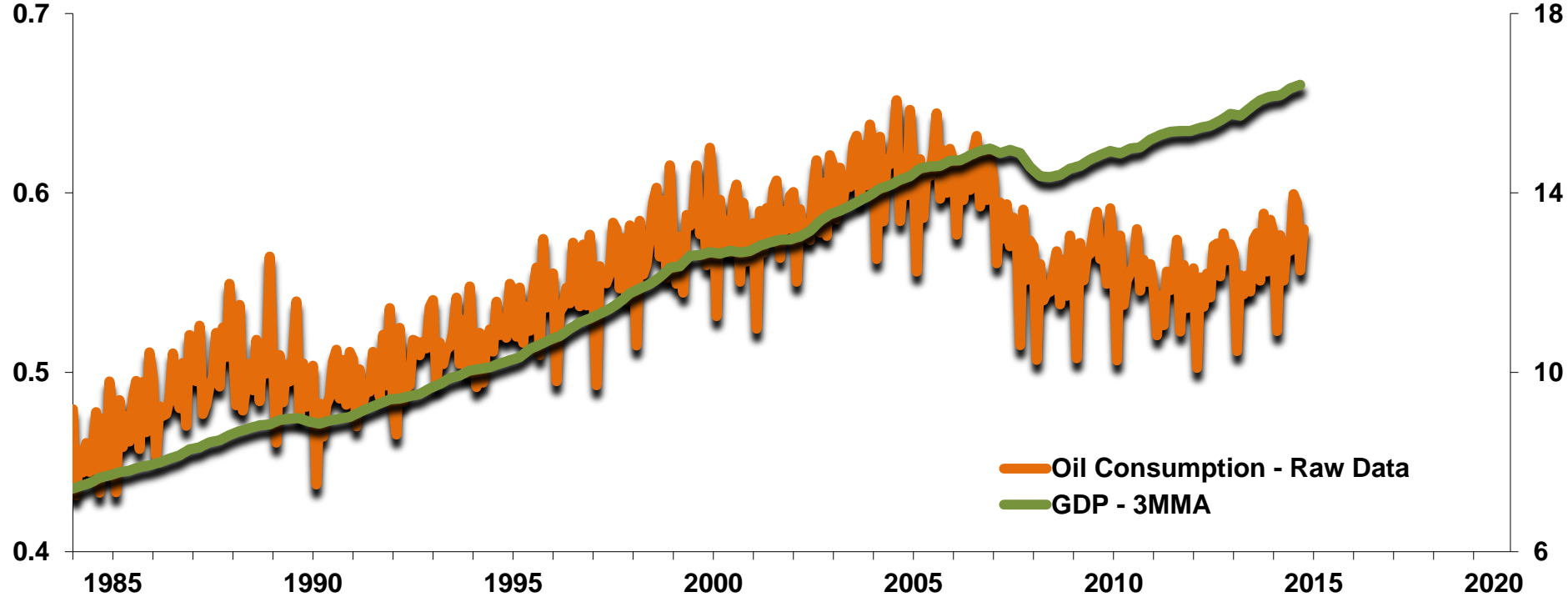
# Crude Oil Futures Prices to Natural Gas Future Prices



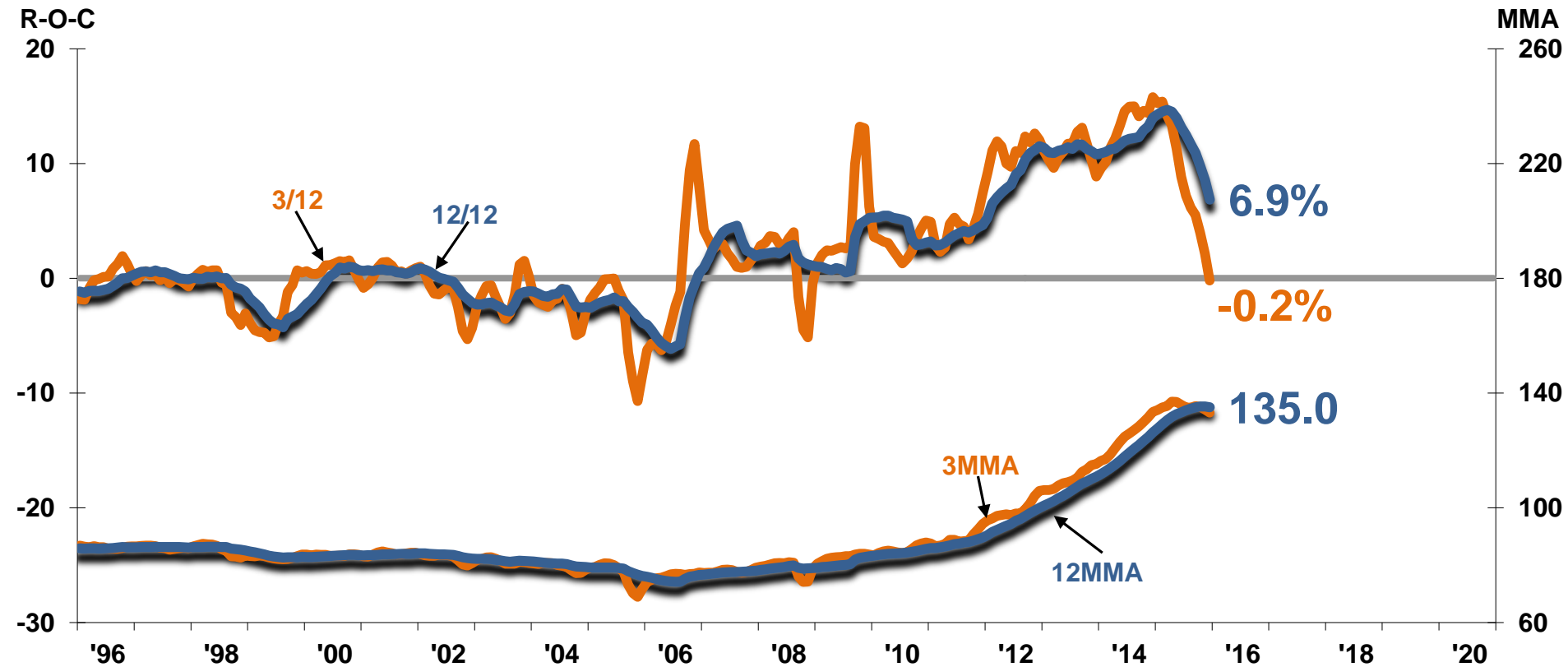
# US Consumption of Crude Oil & Petroleum Products to Real Gross Domestic Product

Oil  
Bils Barrels

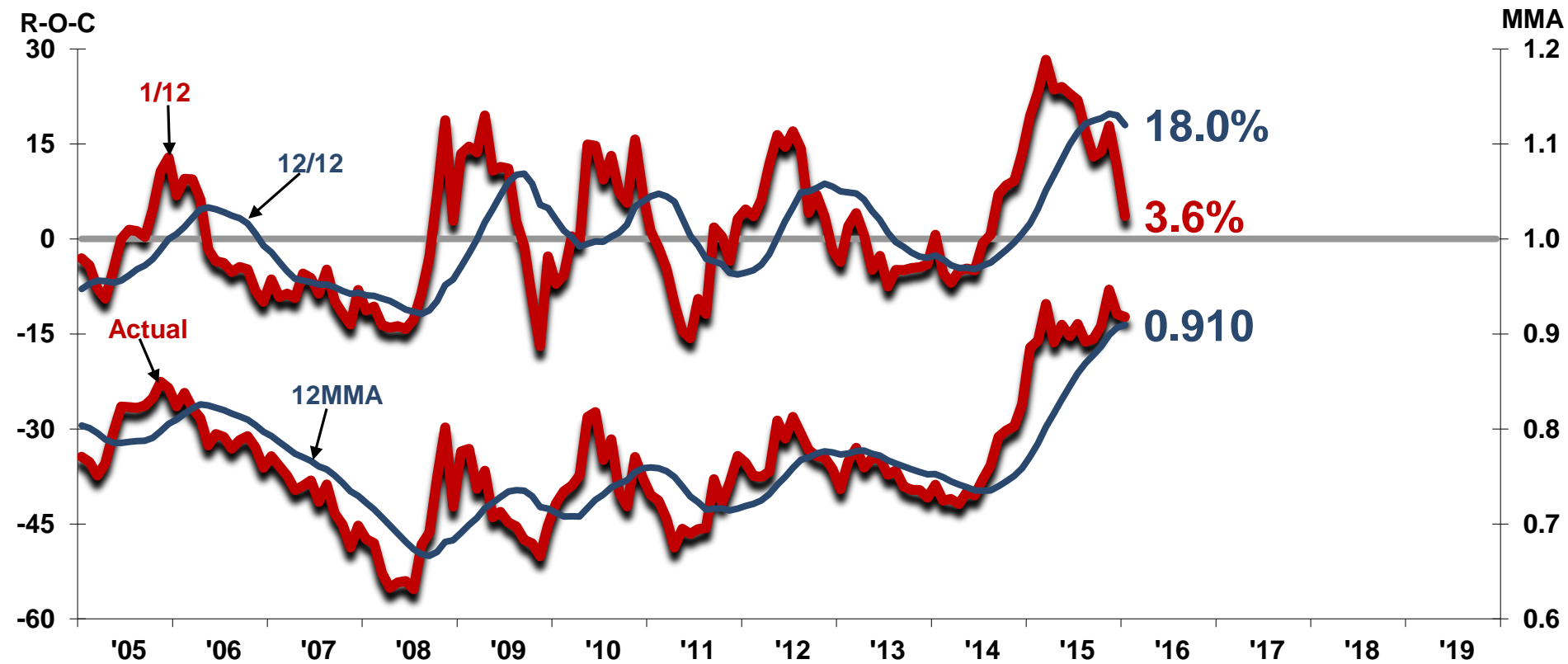
GDP  
Trils C2009\$



# U.S. Oil & Gas Extraction Production Index

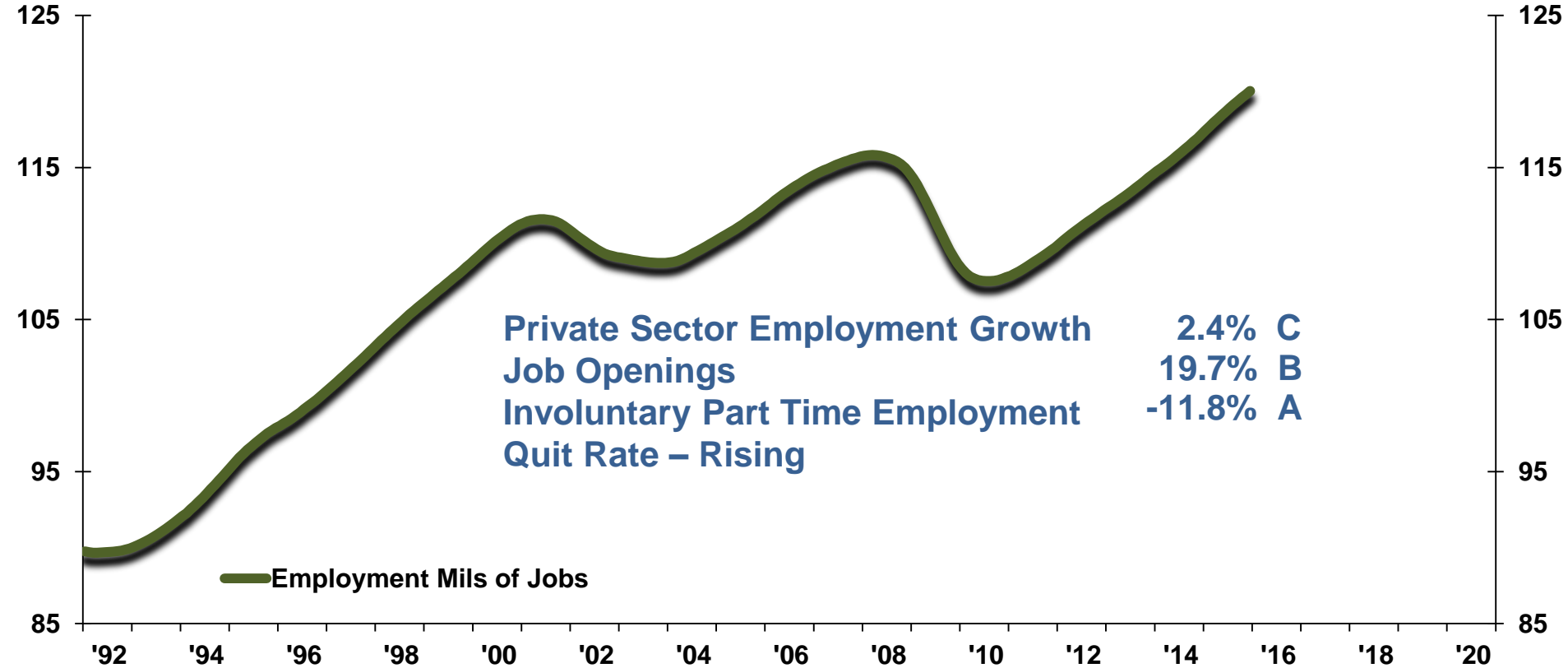


# Euros per US Dollar

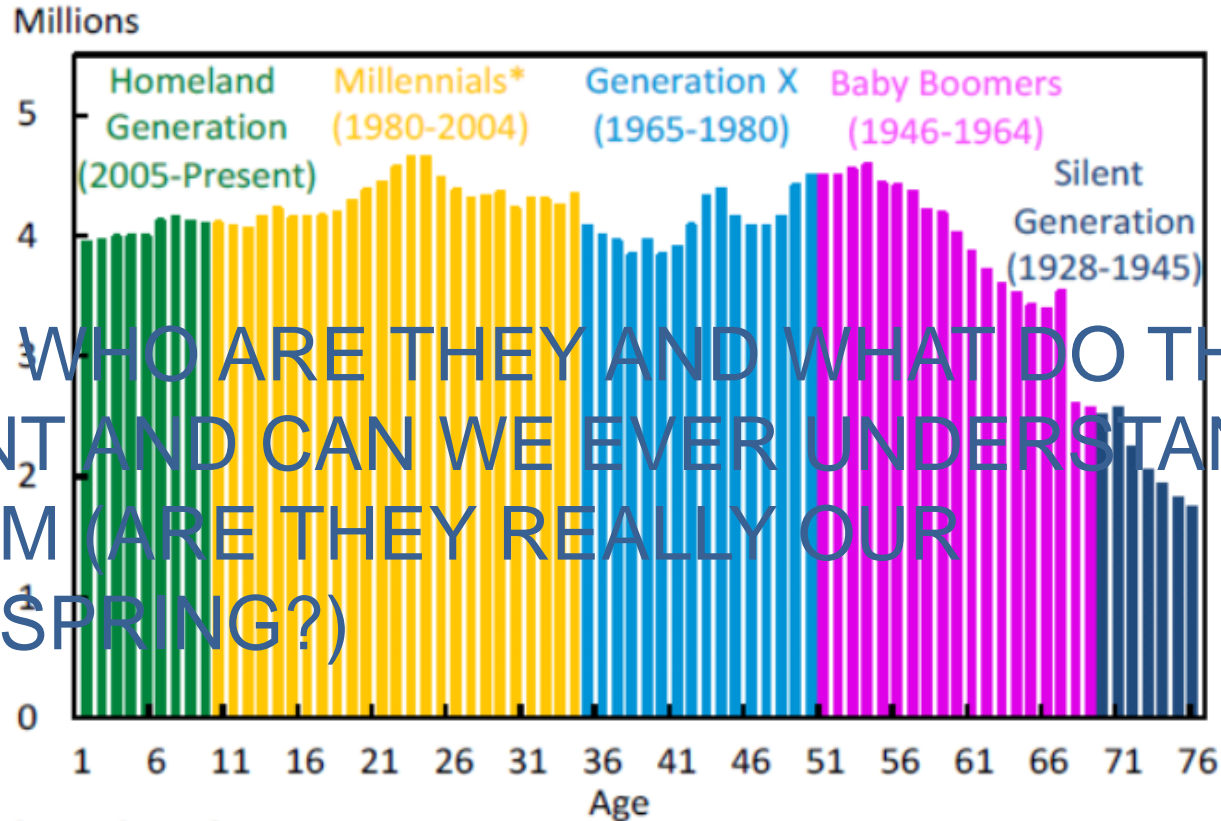




# Employment – Private Sector



# Millennials: US Population Distribution by Age, 2013



BUT WHO ARE THEY AND WHAT DO THEY WANT AND CAN WE EVER UNDERSTAND THEM (ARE THEY REALLY OUR OFFSPRING?)

Source: Census Bureau.

**They are:**

**CONFIDENT**

**VALUE TRANSPARENCY**

**CONNECTED**

**WANT TO FIND A BETTER WAY**

**NOT MUCH MONEY**

# Born 1980 – mid 2000's

Approximately 80 million people

- 25% of US population
- Larger than the baby boomers

Spend \$300 bils annually

**49% of workforce by 2020**

## **Subject to peer “influence”**

Don't enjoy feeling taken for granted

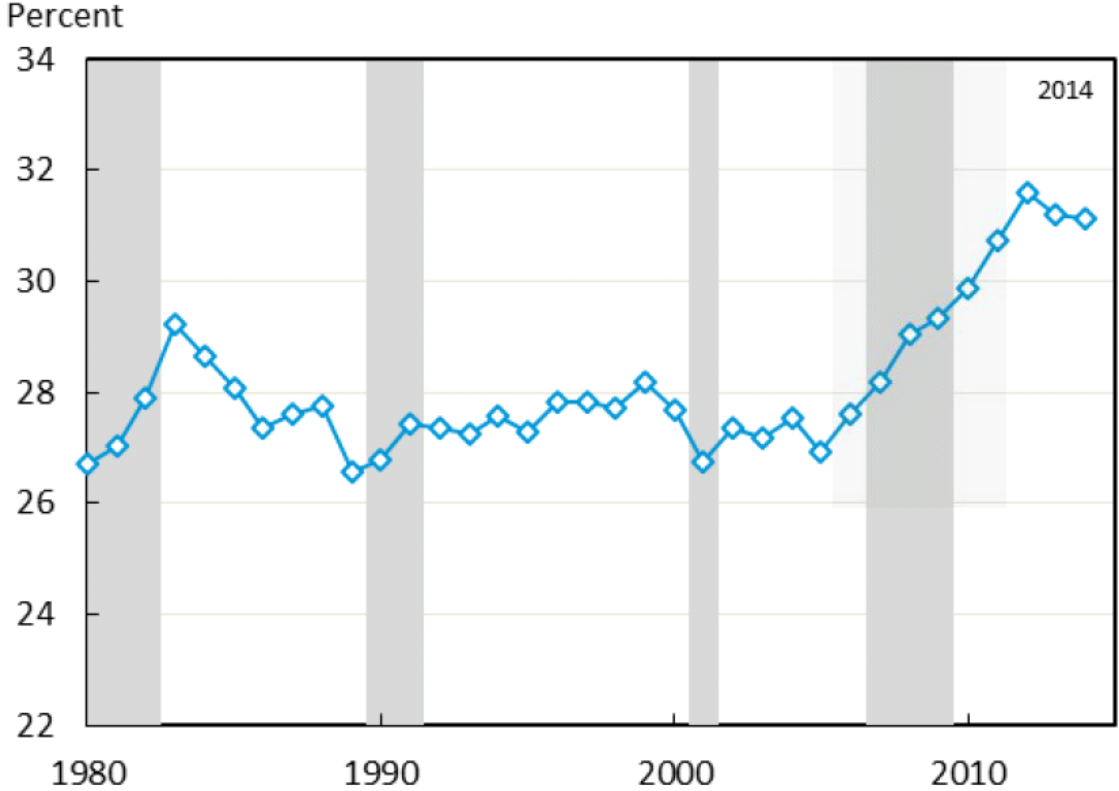
Want important leadership roles even though  
they can't contribute financially

**Need a continuum re: utilizing their professional skills**

Equally important: Time = Money = Assets

**Do-Gooders**

# Share of 18 to 34 Year-Olds Living With Parents

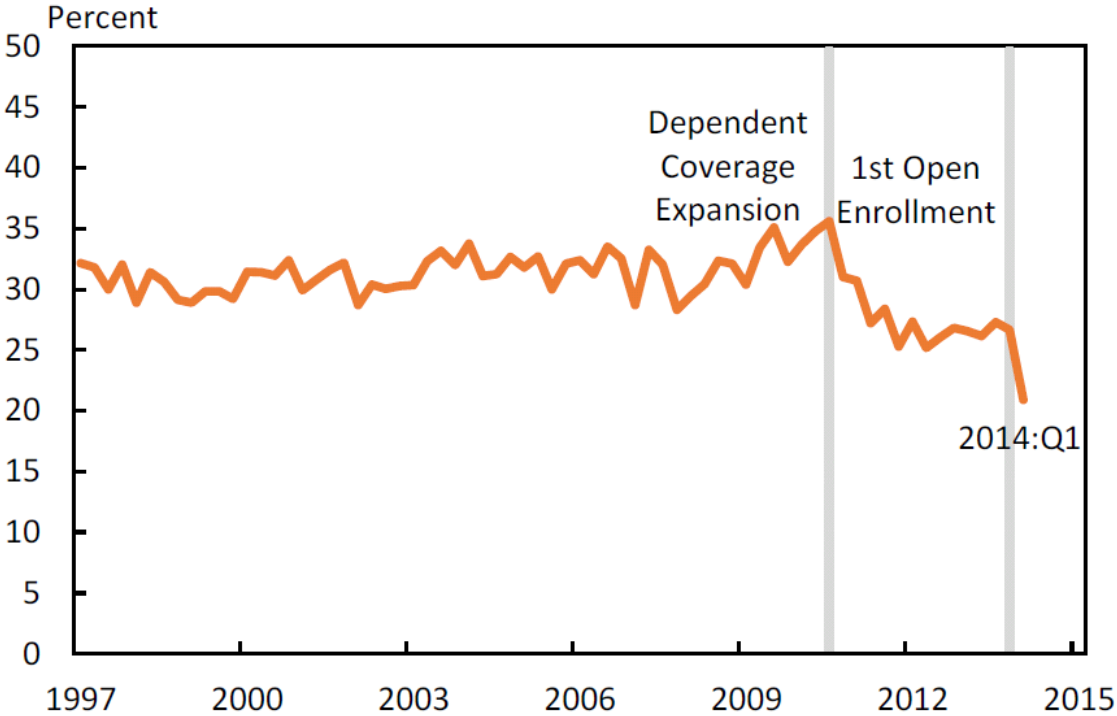


Source: Bureau of Labor Statistics; CEA calculations.

**3.9% unemployment rate for 20-32 year olds with BS/BA degree**

**32% still live at home**

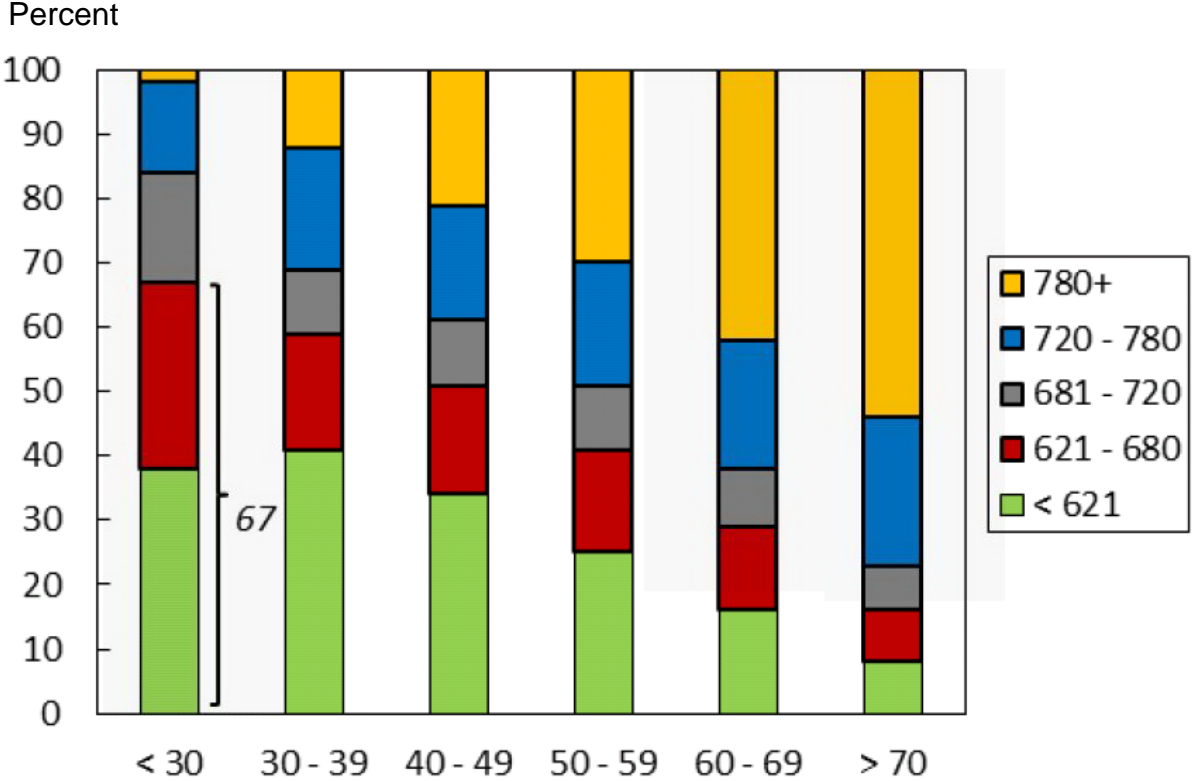
# Uninsurance Rate Among 19 to 25 Year-Olds



Source: National Health Interview Survey; CEA calculations.

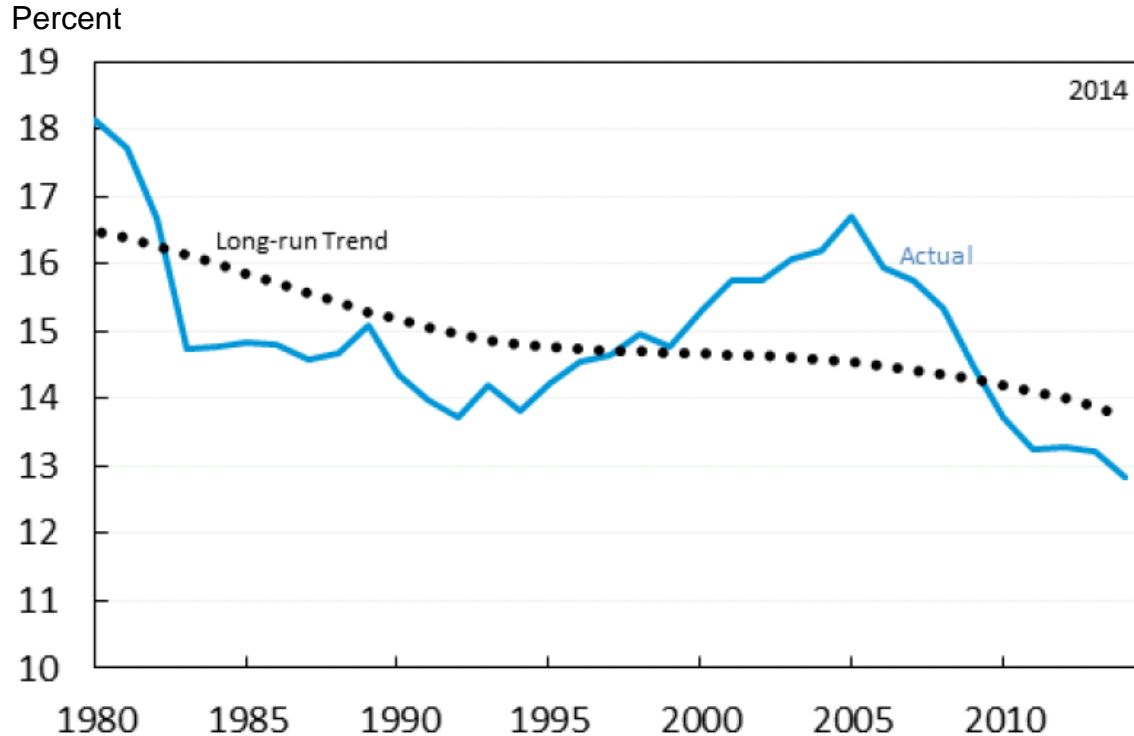


# Bad Credit: FICO Distribution of Individuals by Age Group in 2013



Source: Federal Reserve Bank of New York.

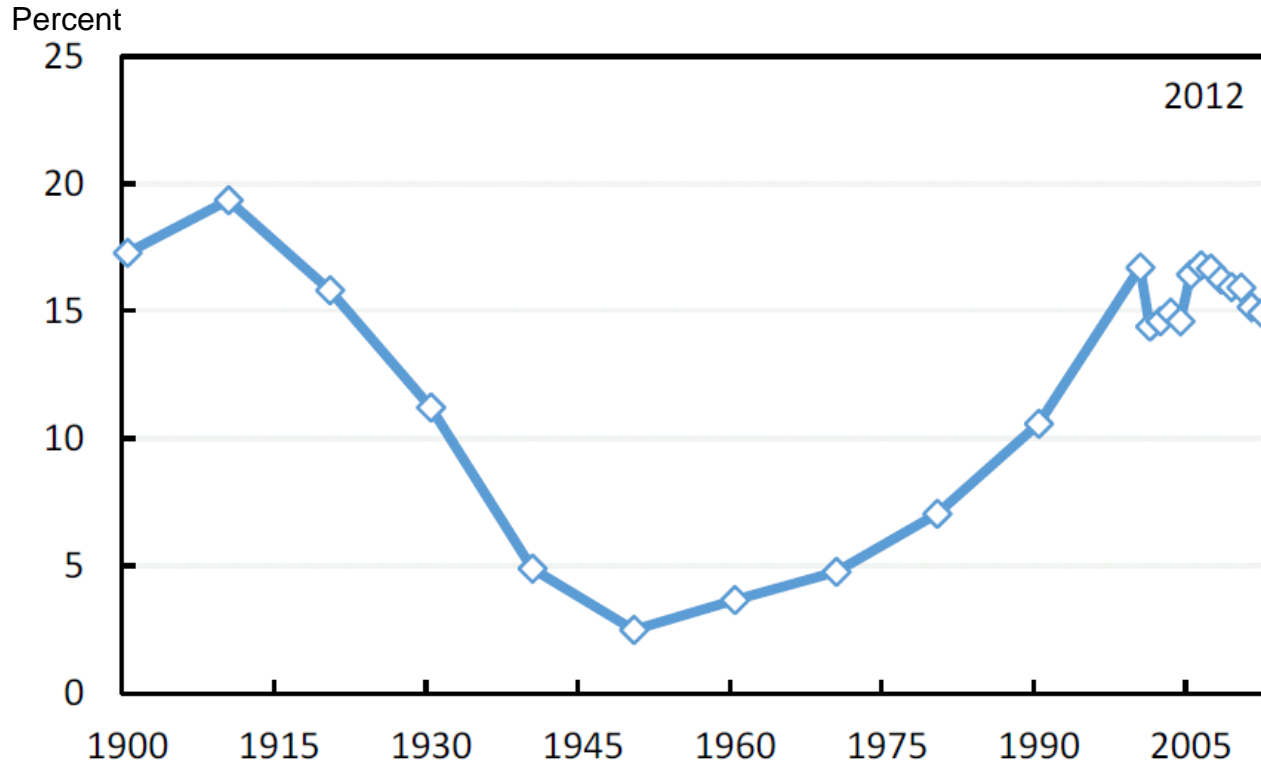
# Probability of Owning a Home for 18 to 34 Year-Olds



Source: Bureau of Labor Statistics; CEA calculations.

Note: Long-run trends are estimated using a smoothed weighted average over a 15-year moving window.

# Foreign-Born Share of Population Aged 20 to 34



Source: Decennial Censuses and American Community Survey; CEA calculations.

## NOT LIKE US?

More diverse: 42% identify as “other than non-Hispanic white”  
(vs. Boomers 21%)

61% have attended college (46% for Boomers)

Relative to Boomers, Millennials are more likely to study:

**Communication**

**Criminal Justice**

**Library Science**

**Culinary Arts**

# Relative to Boomers, Millennials are *less* likely to study:

**Business**

**STEM Fields**

**Education**

**Health**

**Computers/Info Services**

## Student Debt

**Over \$1 trils outstanding as of 2014**

**Second largest category of household debt**

**Millennials are less likely to work while in school**

**Originations are down since 2012**

# Worth the Debt?

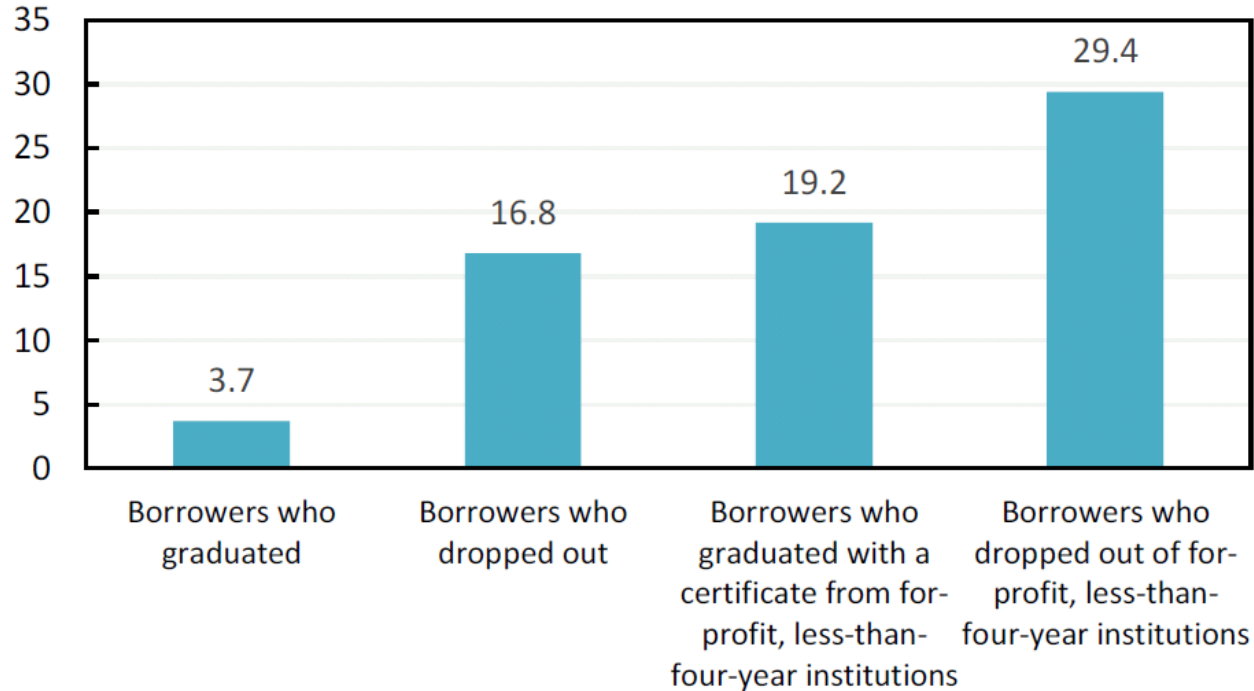
4 year degree = \$570,000 more in lifetime earnings  
on average

2 year degree = \$170,000 more in lifetime earnings  
on average



# Percentage of Borrowers Who Defaulted on Their Loans up to Six Years after Initial Post-Secondary Enrollment

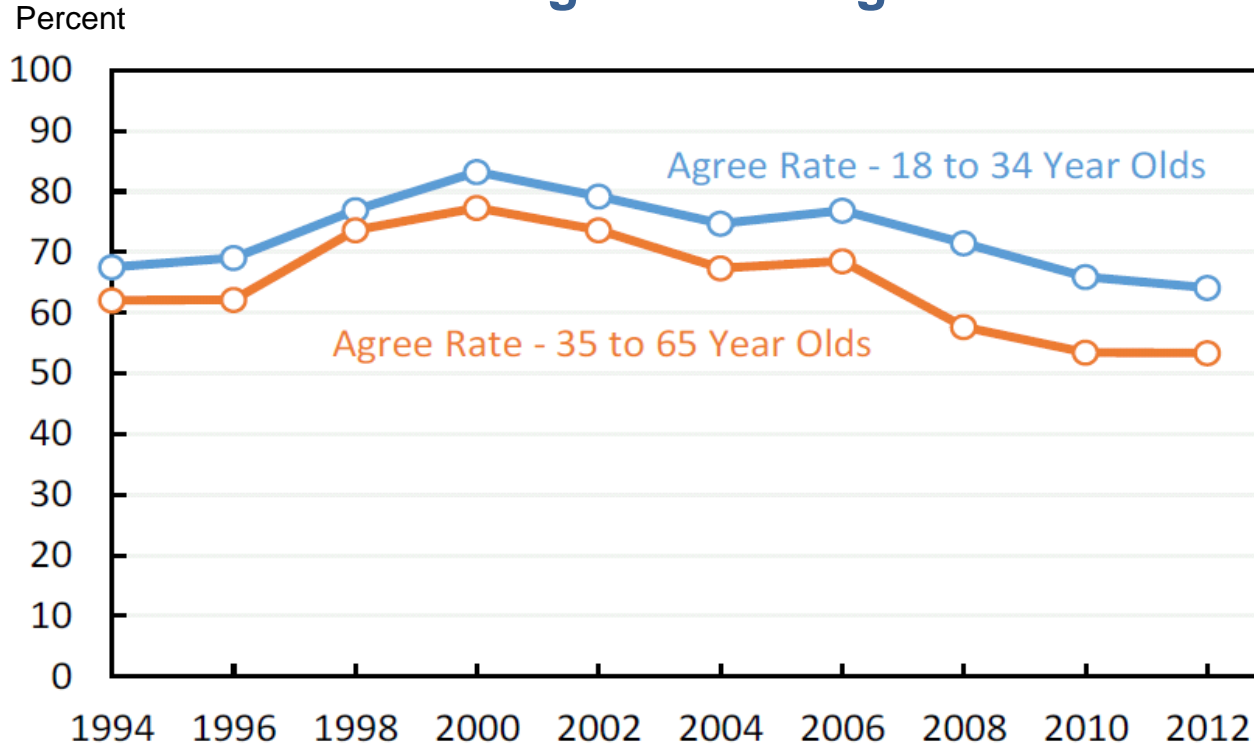
Percent



Source: Beginning Postsecondary Students, BPS: 2004/2009; CEA calculations.

# The Way Things are in America, People Like Me and My Family Have a Good Chance of Improving Our Standard of Living: Do You Agree or Disagree?

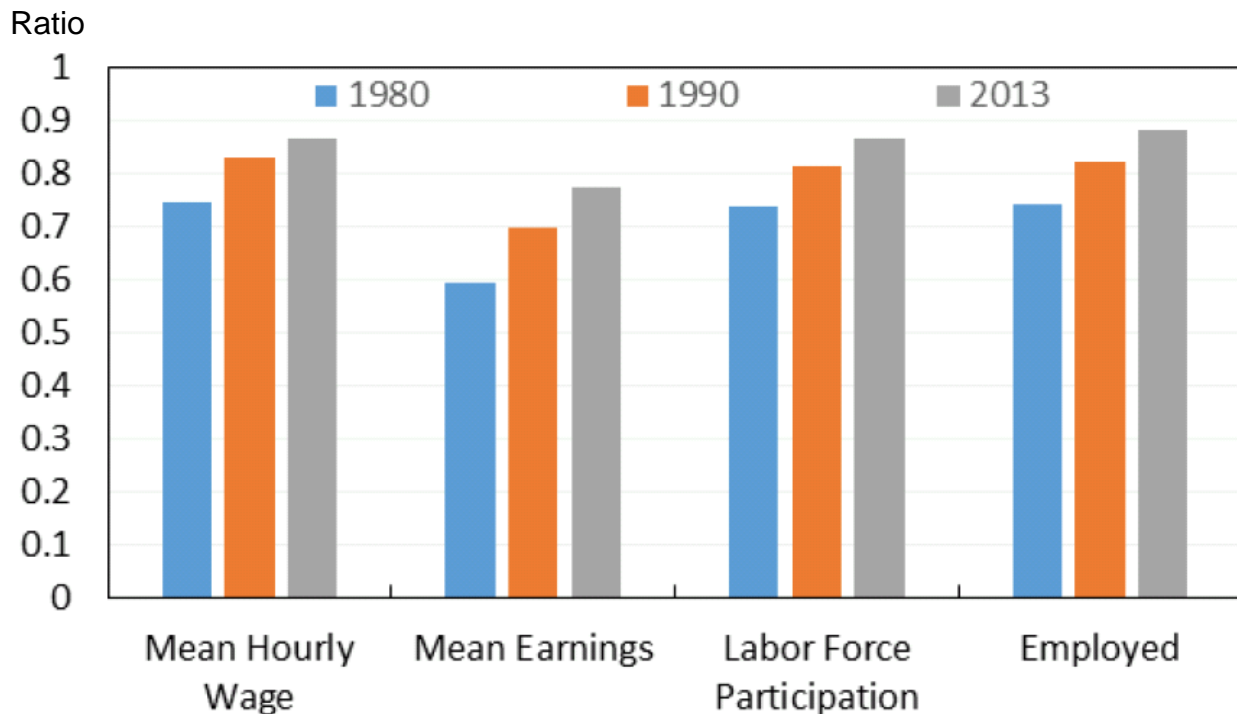
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Source: General Social Survey, 1994-2012; CEA calculations.

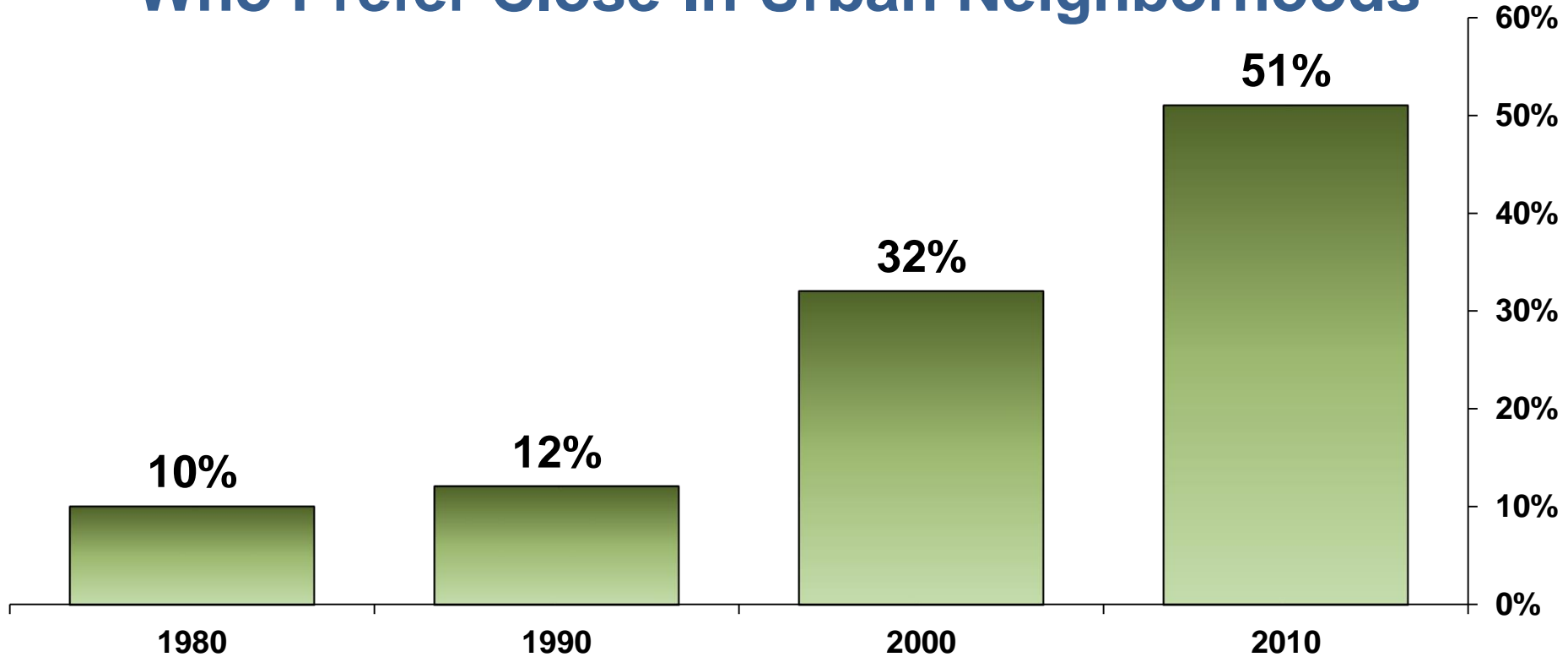
# Ratio of Women's Labor Market Outcomes to Men's by Decade, Ages 18 to 34



Source: Current Population Survey March Supplement, 1981, 1991, 2013, 2014; CEA calculations.

Note: Earnings ratio is the ratio of mean wage and salary income of all workers. Hourly wage

# Percent of People Aged 25-34 Who Prefer Close-In Urban Neighborhoods



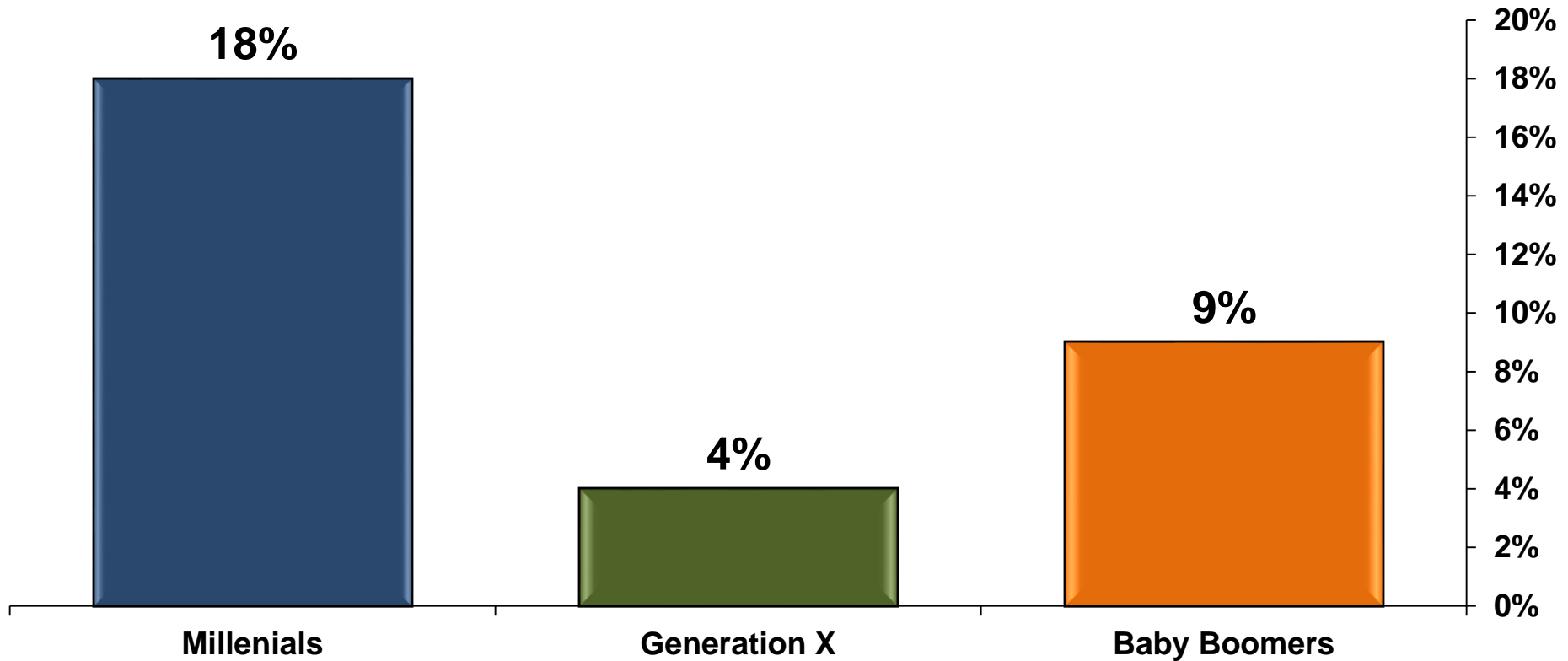
Millennials prefer urban living by a higher percentage

More so for the highly educated

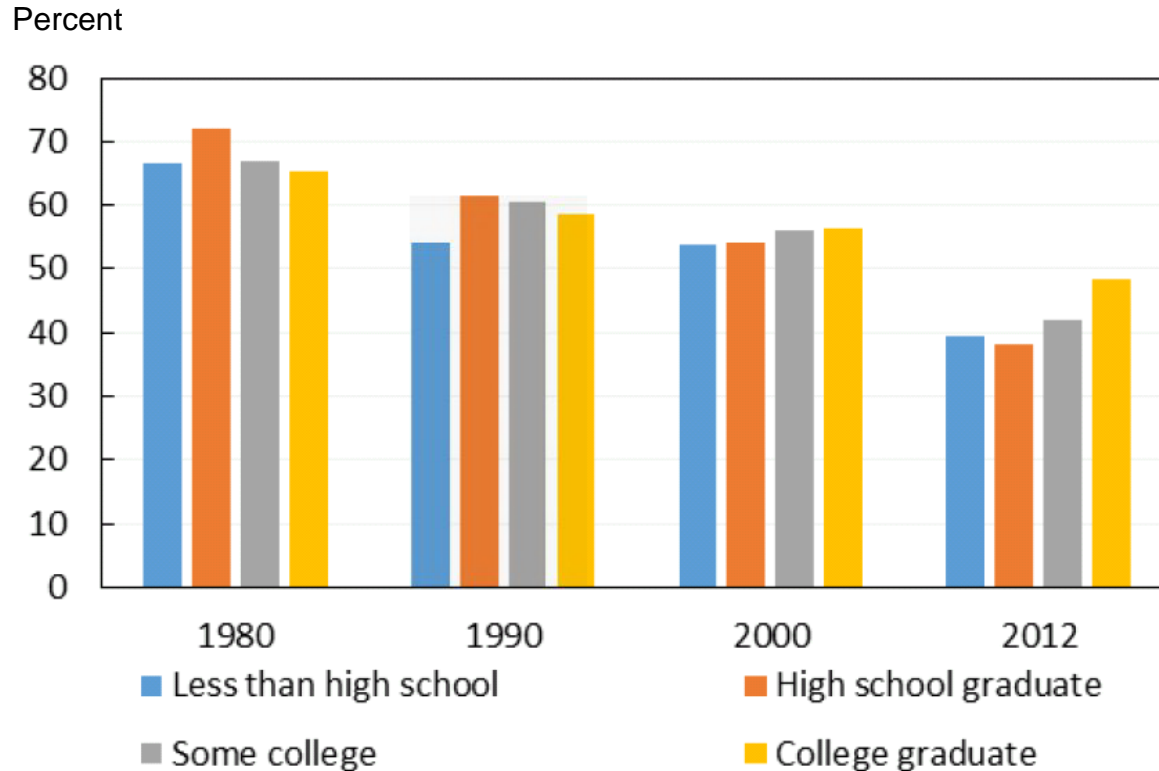
Creating “High-Skill” Cities and “Low-Skill” Cities

State	Pop. % Chge	Mils of People
TX	9.2	27.5
CO	8.5	5.5
UT	8.4	3.0
FL	7.8	20.3
NV	7.0	2.9
AZ	6.8	6.8
WA	6.6	7.2
SC	5.9	4.9
GA	5.4	10.2
NC	5.3	10.0
OR	5.2	4.0
CA	5.1	39.1
VA	4.8	8.4
OK	4.3	3.9
AK	4.0	3.0
MD	4.0	6.0
TN	4.0	6.6
MA	3.8	6.8
NE	3.8	1.9

# Public Transportation Use by Generation



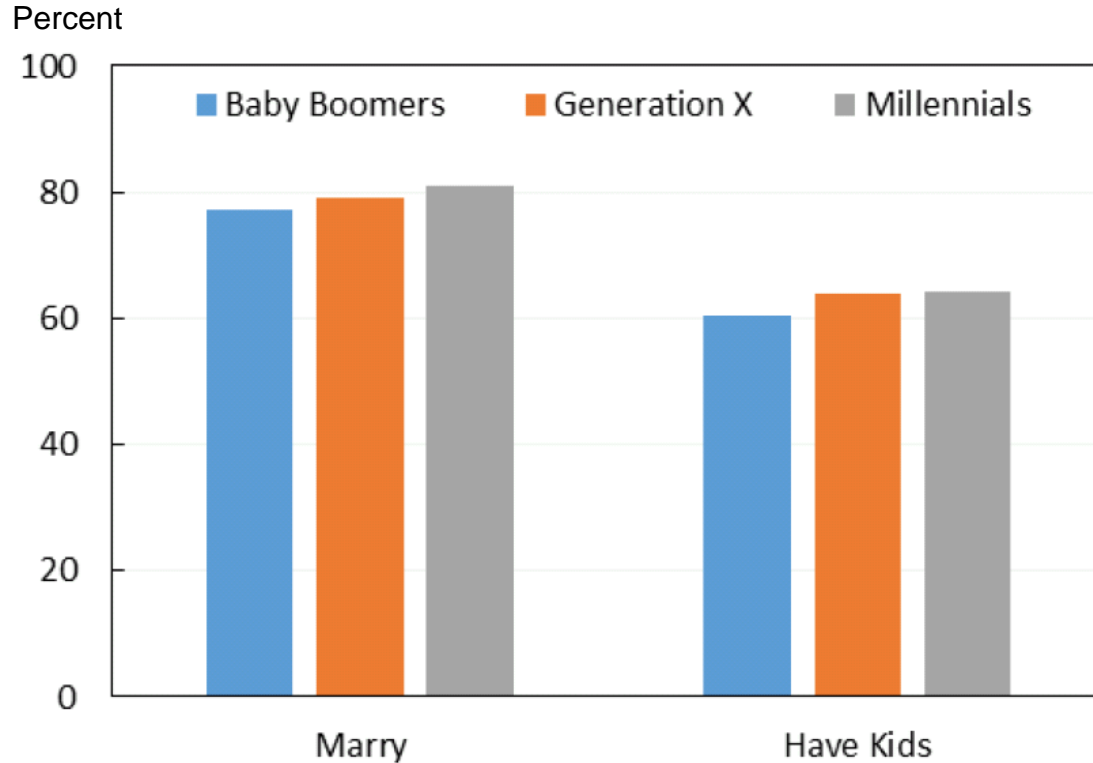
# Percent Currently Married Among 25 to 34 Year-Olds



Source: Current Population Survey; CEA calculations.

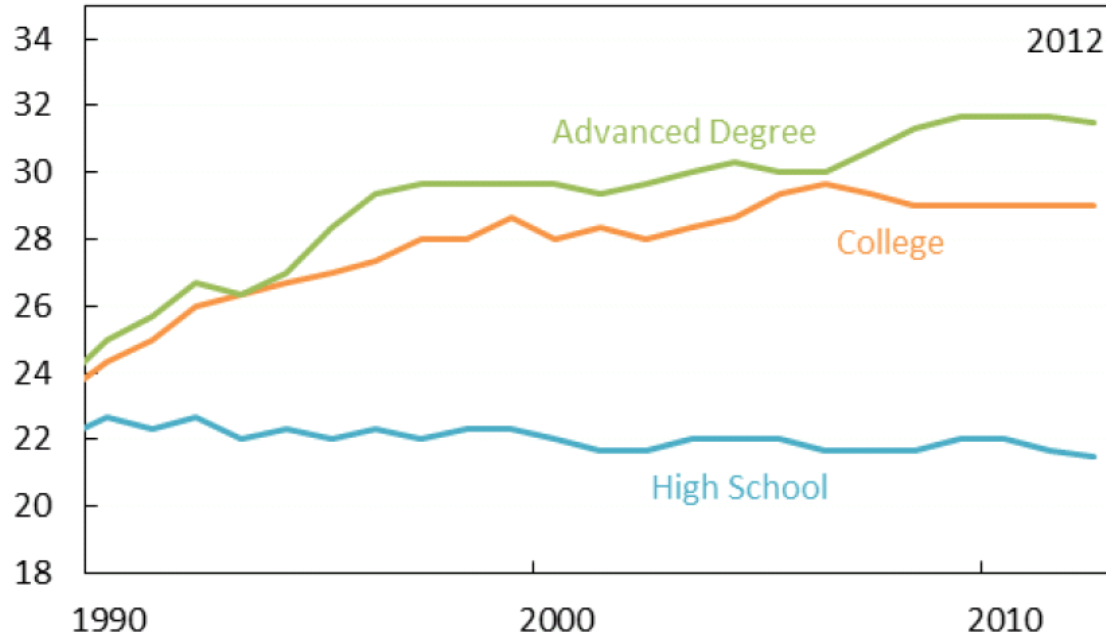


# Percent Who Think They Will Marry and Have Kids



Source: Monitoring the Future, 1976-2011; CEA calculations.

# Median Age at First Birth by Birth Year of First Child and Educational Attainment



Source: Current Population Survey Fertility and Marital History Supplement, 2012; CEA calculations.

Note: Three-year centered moving averages.

## Make Your Move

1. Do your homework on rising wages
2. Feed Them
3. Reduce price sensitivity
4. Become even better at recruiting, training, and retaining
5. What's the plan for beating the next downturn
6. Monitor the leading indicators
7. Buy more real estate
8. Focus on wealth accumulation not preservation



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receive monthly updates on the economy

