

Economy USA 2018

with Colorado rankings

Selected key trends, facts and indicators of the post-2008 US economic recovery

February, 2018

The US economy has made a generally positive, but slow recovery. A decades-long decline of the country's standard of living, however, has not been reversed.

compiled by Edward B. Sadowski, MA

Economically 2017 in the United States was characterized by exuberant commentators as frequently "on fire," "healthy," "poised to roar," on one extreme, to lesser-heard cautionary "sluggish," "limping along," "disappointing," at the other, more skeptical end of the analytical spectrum.

The second-longest post-World War II economic recovery in 2017 reached the eighth year. The stock market, at all-time highs, marked the longest bull market in a hundred years, along with sky-high corporate profits.

To outward appearances the economy is bright to many, but the recovery, though largely encouraging, is still spotty and uneven.

Business and economic cycles run a course of boom and bust with relative regularity, with recoveries lasting 8-11 years. Our current long recovery is in its late stage if it follows past recoveries.

This report encapsulates US snapshots of major economic categories, including Colorado sidelights, namely the following:

AGRICULTURE / BUSINESS INVESTMENT / CONSUMER SENTIMENT / CONSUMER SPENDING / CORPORATE PROFITS / DEBT-FISCAL STABILITY / DURABLE GOODS ORDERS / EDUCATION / EMPLOYMENT / ENERGY / FOOD / GDP / HEALTH / HOUSING / INCOME / INFLATION / INFRASTRUCTURE / MANUFACTURING / POVERTY / RECESSION RECOVERY / RECESSION WARNINGS / SERVICE SECTOR / SMALL BUSINESS / STOCK MARKET & FINANCIAL / TAXATION / TRADE

Some positive indicators:

- Record **stock market** levels as well as **corporate profits**.
- The **GDP** has increased by double digits since 2007, with a continuing strong trajectory.
- **Consumer sentiment** indexes posted near post-Great Recession highs.
- **Small business** optimism set an all-time record in 2017.
- **Consumer spending** continued to set record highs.
- **Service sector trade surplus** remains strong.
- Both business and non-business **bankruptcies** have declined steadily in number from 2013 to 2017.
- The **New Energy Economy** is booming.
- The **unemployment rate** is at a 17-year low and the jobs-added streak of consecutive months has

exceeded 7 years.

- In 2016, real **median income** for a typical U.S. household, adjusted for **inflation**, finally regained its 1999 peak.
- **Food stamp** expenditures have decreased to \$65B in 2016, having peaked at \$75B in 2012.
- The **child poverty** rate fell to a record low of 15.6% in 2016.
- **Seniors poverty** rates have improved: from highs of 12% to 15% in the 1980s to 8.8% in 2015, thanks largely to **Social Security**.
- In the bottom half of **income distribution** of the US population, the income of the elderly is rising (in contrast to younger age groups).

Economic outlooks

2017 growth in the world's largest economy was stronger than expected, although a still-strong fourth-quarter GDP of 2.6% fell short of some forecasts for the GDP to continue at 3%. 2018 is on track to be the first year since the financial crisis that the global economy will be operating at or near full capacity.

2018 forecasts: 2018 is seen as a continuation of the US growth trend, further boosted by the Trump tax legislation. The Conference Board Leading Economic Index® (LEI) sees economic growth continuing through the first half of 2018. "America's top economic forecaster," Jim O'Sullivan of High Frequency Economics, sees a 2018 GDP of 2.8%, with unemployment falling even further, and wages continuing to rise. The rosy global economic outlooks for the near-term of 2018-19 have the United States slightly outperforming the OECD nations, but with a 2.15 Real GDP forecast through 2019, according to the Organization for Economic Co-operation (OECD). The IMF (International Monetary Fund) projects a 2.7% Real GDP growth by the US, while Wells Fargo sees an approaching of 3%. Similar near-term optimism is held by other forecasters, such as the World Bank, Oxford Economics, the Conference Board, and Deloitte.

2019 forecasts: Economic expansion is projected to continue in 2018, but might see a leveling off in 2019. Buoyant asset prices and strong business and consumer confidence will support consumption and investment growth. The impact of slowing employment growth on consumption will be partly offset by wage growth acceleration as the labor market tightens further. Still, forecaster O'Sullivan thinks unemployment in 2019 can reach a 50-year low of 3.5%, while the IMF sees a 2.5% 2019 growth. As the expansion cycle gets longer in the tooth, however, 2019 will be increasingly more vulnerable to a recession. Warnings against complacency are commonly echoed by economists in face of the surging good news.

Beyond 2019 forecasts: Labor force participation is likely to improve, but is slowed by lagging demographic growth as Boomers age, stunting the potential growth of the economy. Partial immigration restrictions and deportations might have a marginal effect on the labor force. Deloitte projects growth below 2% by 2021, even with an optimistic view about productivity, because of demographics. The IMF sees the Trump tax cut as beneficial in the short-term, but US growth would likely start weakening after 2022 as temporary spending incentives brought about by the tax cuts began to expire.

Financial markets outlook

US equities are expected to continue their historic bull run in 2018, but Europe, Japan and emerging markets may do better. The bull market could be endangered by failing to raise the country's debt limit and by recession-spurring higher interest rates and rms-steps by the Federal Reserve. The US dollar may lose out to investors in favor of the euro, Japanese yen and British pound currencies. There is danger that additional

policy tightening by the Fed may cause the yield curve to be inverted (long-term debt instruments having a lower yield than short-term instruments), a condition that often precedes recessions. With central bank stimuli loosening, the 10-year US treasury yield may rise near its fair value, or close to three percent, in 2018, but recession fears could push the rates downward. The 10-year Treasury is considered a benchmark sovereign bond for the U.S economy, that helps price all sorts of loans and mortgages.

Economic risks

Beyond the next year or two, a perilous slowdown may be around the corner. The economy can be slowed and dragged down and endangered by any combination of various factors: domestic and global actions and events, economic conditions, and administration and congressional policy decisions:

- an overheated economy and inflation (too-high GDP growth, straining capacity and creating inflationary pressures, especially in combination with full employment)
- GDP growth falls to less than 1.5% over several quarters, and the unemployment rate rises to about 6%
- interest rates remain too low to provide a stimulus in the event of the next recession
- the raising of US Federal Reserve rates to historically-normal levels induces a recession
- congressional inaction on the budget and debt ceiling
- lack of congressional compromise on appropriations
- the administration places significant restrictions on US imports (as opposed to symbolic action on trade), raising costs and disrupting supply chains
- businesses hold back on investments to restructure their supply chains because of uncertainty about future policy
- volatility from divergent interest rate paths
- disconnects between market valuations and real activity

International risk factors impacting the economy:

- risky financial market decisions in the United States, Europe, and China
- inward-looking policies by nations
- Chinese mounting debt and slowdown
- tightening global financing conditions
- reckless borrowing by countries and printing of money resulting in devaluation of currencies
- rising protectionism
- increased geopolitical tensions

- oecd.org/gdp/real-gdp-forecast.htm#indicator-chart
- dx.doi.org/10.1787/eco_outlook-v2017-2-49-en
- bea.gov/newsreleases/national/gdp/gdpnewsrelease.htm
- bloomberg.com/news/articles/2018-01-26/u-s-economy-doing-just-fine-but-3-growth-will-remain-elusive
- cnbc.com/2018/01/19/10-year-treasury-yield-jumps-to-its-highest-level-since-2014.html
- imf.org/en/Publications/WEO/Issues/2018/01/11/world-economic-outlook-update-january-2018
- insight.factset.com/economic-forecasts-for-2017-and-beyond?gclid=EAlaIqobChMI1oXn0LK32AIVSmx-Ch28QgIoEAAyASAAEgJC9fD_BwE
- conference-board.org/data/usforecast.cfm
- conference-board.org/data/bcicountry.cfm?cid=1
- deloitte.com/insights/us/en/economy/us-economic-forecast/2017-q4.html#endnote-3
- deloitte.com/content/dam/insights/us/articles/3765_USEF_Q3-2017/figures/USEF_2017_Q3_Figure7.png
- deloitte.com/us/en/pages/outlooks/industry-outlooks.html
- marketwatch.com/story/unemployment-rate-on-track-to-hit-50-year-low-top-forecaster-osullivan-says-2017-12-07

- russellinvestments.com/us/insights/global-market-outlook
- [wellsfargomedia.com/assets/pdf/commercial/insights/economics/weekly-commentary/weekly-20180119.pdf](https://www.wellsfargo.com/assets/pdf/commercial/insights/economics/weekly-commentary/weekly-20180119.pdf)
- worldbank.org/en/news/press-release/2018/01/09/global-economy-to-edge-up-to-3-1-percent-in-2018-but-future-potential-growth-a-concern
- newsmax.com/finance/peterreagan/experts-global-stagflation-gold/2017/12/29/id/834358
- kansascity.com/news/business/article191980249.html
- brookings.edu/articles/secular-stagnation-even-truer-today-larry-summers-says
- alternet.org/news-amp-politics/paul-krugman-us-economy-far-more-fragile-it-looks
- twincitytelegraph.com/marketwatches-top-economic-forecaster-for-2017-has-won-seven-years-running
- uk.reuters.com/article/uk-imf-economy-outlook/imf-raises-global-growth-forecast-sees-trump-tax-boost-idUKKBN1FB1TX

Colorado: Colorado's overall economy was ranked no. 1 nationally by US News & World Report. State analysts see Colorado's economic growth remaining solid, with broad-based job growth and low unemployment.

- usnews.com/news/best-states/colorado
- sites.google.com/a/state.co.us/ospb-live/live-form
- drive.google.com/file/d/1rp6DEhsPg6Guq1hE09Sk4SBT9bf9IYh/view

Misery Index: The two most watched economic indicators are inflation and unemployment. In a healthy economy, unemployment and inflation are in balance. The Misery Index is a measure that equals unemployment rate plus inflation rate. The Misery Index is at its best level in decades. The Index achieved its best level since 1953 at 5.40 in 2015, held on at 6.13 in 2016, and was at 6.3 in Nov. 2017.

miseryindex.us

ShadowStats: A somewhat controversial alternative to the mainstream view, economist John Williams' unorthodox ShadowStats, "exposes and analyzes flaws in current US government economic data and reporting, as well as in certain private-sector numbers, and provides an assessment of underlying economic and financial conditions, net of financial-market and political hype."

shadowstats.com

Dangers of "secular stagnation"

Some skeptics of an improved economy adhere to the theory of "secular stagnation." The concept of secular stagnation, first proposed by economist Alvin Hansen in the 1930s, who feared an extended stunting of the economy resulting from the Great Depression of the early 1930s. Secular stagnation is a condition of extended negligible or absence of economic growth no longer in cyclical or short-term patterns, suggesting a change of fundamental dynamics. Since mid-2011, US government bond rates (and also those in Europe) have been extremely low: 10-year treasury yields have been under 3% during this time, reflecting market expectations of long-term low inflation and interest rates. One of the explanations offered for this stagnation is the predominance of savings over investment, causing a drag on economic expansion. This low-interest climate of stagnation is foreseen as fixed for the future, similar to that experienced in Japan for over two decades. It is argued by some economists that secular stagnation is not cured by monetary policy, but by fiscal policy.

- wiki2.org/en/Secular_stagnation_theory
- larrysummers.com/2016/02/17/the-age-of-secular-stagnation
- fred.stlouisfed.org/series/DGS10

AGRICULTURE

Colorado's **Rural Mainstreet Index (RMI)** jumped to a positive 50.3 in December, 2017 from 44.8 in November, ranking third in a 10-state midwestern region, where seven of the states remained in negative mode.

creighton.edu/economicoutlook/midamericaneconomy

An oversupply of **agricultural products** amid increasing foreign competition and **NAFTA** trade uncertainty are troublesome clouds for **agriculture**. Since peaking in early 2008, agricultural companies, as reflected by the stock market, have been in an extended bear market, with most **commodities** at historic lows. Farm sector profits, unlike agriculture equities, peaked in 2013, and have been in decline since, but showed signs of stabilization in 2017, albeit at lower levels than in previous years.

investors.com/politics/commentary/time-of-uncertainty-for-u-s-agriculture

ers.usda.gov/topics/farm-economy/farm-sector-income-finances/highlights-from-the-farm-income-forecast

theindependent.com/agriculture/as-winter-looms-ag-outlook-remains-cloudy-for/article_d36c7b4e-f8d7-11e7-a90d-5ff318665070.html

fb.org/issues

The American Farm Bureau Federation ("the Voice of Agriculture") positions on agricultural issues include the following. **Worker shortage** is especially problematic in the farm economy, where every year US agriculture faces a critical shortage of workers. Farm work is challenging, often seasonal and transitory, and it's not easy to find American workers to take on these jobs. Part of the solution is immigration reform that addresses agricultural employment issues. **Regulatory overload**: "All Americans need a regulatory system that is fair, transparent, adheres to the will of Congress, takes economic impacts into account and respects our freedoms."

heritage.org/taxes/commentary/3-ways-the-house-republican-tax-plan-good-farmers

foxnews.com/us/2018/01/12/usda-launches-program-to-help-military-veterans-become-farmers.html

fedshirevets.gov/BLOG/FHVNews/2017/6/26/USDAs-Veterans-in-Agriculture-Initiative

The **tax cut legislation** of 2017 is seen by many as beneficial to agriculture, including the following provisions: estate tax repeal, full expensing and a more generous section 179, pass-through tax rate reduction.

In 2017, Agriculture Secretary Sonny Perdue introduced **The Vets in Agriculture Initiative** to connect veterans across the country with jobs in the agriculture industry. Almost half of military recruits come from rural areas. The 2014 Farm Bill authorized the establishment of the position of Military Veterans Agricultural Liaison within the U.S. Department of Agriculture. Since then USDA has proactively identified and engaged in opportunities to inform and educate transitioning service members and

**BUSINESS
INVESTMENT**

Veterans about the “3 Es” in agriculture: Employment, Education and Entrepreneurship.

////////////////////////////////////

Colorado: 103,200 jobs in the state are supported by majority foreign-owned affiliates, ranking in the middle of all US states.

US private domestic business net **business investment** since 1960 hit an all-time low in 2009, rebounded to an all-time high in 2015, then declined in 2017 to a level lower than the second-highest peak in 2000. Business investment is one of the four components of **GDP**, along with consumer spending, government spending, and net exports.

The biggest overhaul of the **US tax code** in 30 years in December of 2017 is fueling optimism of at least a near-term boost to business investment and hiring.

Business investment growth may not actually receive the lift expected after the Trump tax cut, according to The Economic Cycle Research Institute (ECRI). The ECRI points out that the amount of business investment growth has steadily declined in the year after tax cuts since the 1960s -- from Johnson, Reagan, and George W. Bush.

Business fixed investment weakened in 2015 and 2016 as oil prices dropped. In the 4th quarter of 2017, business equipment investment grew at the fastest pace in three years, indicating strong domestic economic momentum, in contrast to a more persistent trade weakness. Nonresidential fixed investment -- which includes spending on equipment, structures such as office buildings and factories, and intellectual property -- increased 6.8% and added 0.84 percentage point to GDP growth.

The US is home to the largest amount of **Foreign Direct Investment** in the world, continuing to grow yearly in the face of increasing competition around the world. CEOs from around the world continue to rate the US as the best place to invest. The Commerce Dept. touts the US strengths as being "home to skilled and productive workforce, unmatched institutions of higher education, strong intellectual property protections, a commitment to

fred.stlouisfed.org/series/W790RC1Q027SBEA

selectusa.gov/FDI-in-the-US

commerce.gov/news/blog/2015/10/open-business-strengthening-us-manufacturing-and-increasing-investment-united

scmp.com/business/global-economy/article/2127807/trust-deficit-keeping-us-approving-investment-chinese

fred.stlouisfed.org/tags/series?t=bea%3Bequipment%3Binvestment

businesscycle.com/ecri-news-events/news-details/economic-cycle-research-ecri-lakshman-achuthan-trumps-tax-cuts-wont-offset-the-impending-slowdown

xinhuanet.com/english/2018-01/11/c_136887601.htm

reuters.com/article/us-usa-bonds-inflation-analysis/bets-on-u-s-inflation-heat-up-in-bond-market-idUSKBN1EZ2EB

innovation, an abundant and stable energy supply, and access to millions of global consumers through high-quality free trade agreements." At the same time, China has expressed concern about a US "trust deficit," where American security concerns are restricting and harming Chinese companies' investments in the US.



CONSUMER SENTIMENT

The **Michigan Consumer Sentiment Index** full-year average for 2017 was the highest since 2000. In October, it hit its highest point since the Great Recession, at 100.7, then fell to a 3-mo. low in Dec. to 95.9. The all-time record is 112 in Jan. 2000, during Clinton's second term.

The **Bloomberg Consumer Comfort Index** was at 52.3 in Dec., just below Aug. 16-year high of 53.3; the record was 69, under Clinton in Jan. 2000. The index also had higher readings under Reagan, peaking at 54 in May 1986.

The **Conference Board's Consumer Confidence** Index rose to 129.5 in Nov., short of its record high of 144.7 in 2000, under Clinton. The index also had higher readings under Democrat Johnson, peaking at 142.3 in October 1968 and under Republican Nixon, peaking at 137.9 in June 1969.

At year-end 2017, about three-fourths of Republicans expected a stronger economy in the long term, while the same share of Democrats expected a downturn, similar to party-affiliation opinions of the Trump tax legislation passed in December.



CONSUMER SPENDING

Consumer spending--nearly 70% of **GDP**, one of the pivotal factors driving the economy--continued to set record highs in 2017. Spending jumped 3.8% in the 4th quarter, the quickest pace in 3 years.

Consumer spending was buoyed by a hot stock market, gradual wage acceleration, improved employment, rising consumer confidence and modest inflation.

U.S. **retail sales**, that included strong numbers for big-ticket items, rose for an extremely impressive fourth straight month in December, in great part due to a 5.9%

- fred.stlouisfed.org/series/UMCSENT
- bloomberg.com/news/articles/2017-12-22/u-s-consumer-sentiment-falls-more-than-estimated-on-outlook
- bloomberg.com/news/articles/2017-12-12/trump-tweets-consumer-confidence-is-at-record-high-but-it-s-not

fred.stlouisfed.org/series/PCEC96, December 25, 2017

tradingeconomics.com/united-states/consumer-spending

nasdaq.com/article/retail-sales-rise-again-a-sector-to-bet-on-in-18-cm906030

kiplinger.com/article/business/T019-C000-S010-retail-sales-consumer-spending-forecast.html

multichannelmerchant.com/ecommerce/ecommerce-sales-sees-13-growth-over-2016

surge of holiday sales (with a 13% gain of ecommerce sales over 2016), the best season since 2005.

Michigan Consumer Sentiment data indicate that real personal consumption expenditures will expand by 2.6% in 2018, according to the survey's director.

[bloomberg.com/news/articles/2017-12-22/u-s-consumer-sentiment-falls-more-than-estimated-on-outlook](https://www.bloomberg.com/news/articles/2017-12-22/u-s-consumer-sentiment-falls-more-than-estimated-on-outlook)

[conference-board.org/data/usforecast.cfm](https://www.conference-board.org/data/usforecast.cfm)

The Conference Board sees consumer spending increasing 2.8% in 2018 and 2.6% in 2019, impacted by the Trump tax cut as follows: "For consumers, lower tax bills should vault already strong spending numbers even higher. History indicates that consumers will spend much, though not all, additional money they take home. The increase in disposable income though will be partially offset by falling home prices due to changes in the mortgage interest deduction. Repatriation of business profits will raise dividend payments, some of which will also end up as consumption. Expect spending to grow by an additional 0.3 percent because of these measures."



CORPORATE PROFITS

2008 to 2016 experienced slow GDP growth where **corporate profits** as a percentage of GDP climbed from 9.4% to 11.5%, but wages and salaries as a share of GDP dropped from 44.5% to 43.5%.

fred.stlouisfed.org/tags/series?t=corporate+profits

seekingalpha.com/article/4134515-2018-looking-like-another-solid-economic-year

Corporate profits dropped in 2014 due to oil market contraction, but have risen strongly since 2015, and expected to continue upward. This rise in profits has been attributed to strong fundamental strength of companies both domestically and globally as well as energy sector strength. Specifically, S&P 500 earnings per share jumped close to 10% in 2017, the fastest pace since 2011.

money.cnn.com/2017/12/22/investing/corporate-profits-2017-wall-street/index.html

creighton.edu/fileadmin/user/EconomicInstitute/Mainstreet_Economy/MSE_Jan18_01.pdf

It is anticipated that the easing of regulations and new tax legislation will result in long-term gains for corporations.

Corporate profits--used to re-invest in a business, raise financing, or pay dividends to shareholders--drive business investment, boost the economy and help create jobs.



DEBT/FISCAL STABILITY

Colo. overall Fiscal Stability rank: 24
Colo. Government Budget Balancing rank: 19
Colo. Budget Transparency rank: 11
Colo. Credit Rating rank: 16
Colo. Pension Fund Liability rank: 32
Colo. Personal Bankruptcy rank: 17
(341 per 100,000 population)

Colorado legislators began the 2018 General Assembly with projections of 2018-19 surplus of more than \$1 billion.

The **US national debt** was over \$20 trillion in January, 2018, with the **US Federal Budget Deficit Gap** of almost \$6 trillion.

Government debt to GDP is the highest since the year after WWII, the 3rd-highest among G20 nations: The US recorded a national debt equivalent to 106.10% of the country's Gross Domestic Product in 2016. A sharp rise was seen of 41% in 2008 to 74% in 2016. (This compares to a rise from 47% to 70% in Europe, and from 95% to 126% in Japan during the same period.) Historically, US Government Debt to GDP averaged 61.14% from 1940 until 2016, reaching an all-time high of 118.9% in 1946 and a record low of 31.7% in 1981.

Household debt of \$13 trillion is highest at any time from 2008 onward for the United States, a potential economic warning sign. Debt which has surpassed pre-2008 levels includes **housing, credit card, and student loan debt**.

From 1900 to 1950, personal bankruptcies were rarities. An all-time high was reached in 2005 as more bankruptcy cases were filed than ever before. In that year, one of every 55 U.S. households went bankrupt. Federal bankruptcy laws were overhauled in 2005 (The Bankruptcy Abuse Prevention and Consumer Protection Act). The number of filings increased to over one million each year from 2008 to 2011, and have since declined. 2013 to 2017 bankruptcies declined as follows: 36,061 to 23,443 for business (35% decrease), 1,137,978 to 796,037 (30% decrease), the smallest number since pre-recession days. The typical American who files for bankruptcy is 38 years old, a high school graduate heading a lower-middle income household.

[usnews.com/news/best-states/colorado](https://www.usnews.com/news/best-states/colorado)

uscourts.gov/news/2017/07/21/june-2017-bankruptcy-filings-down-28-percent

[gazette.com/editorial-use-big-surplus-for-transportation/article/1618734](https://www.gazette.com/editorial-use-big-surplus-for-transportation/article/1618734)

[usdebtclock.org](https://www.usdebtclock.org)

tradingeconomics.com/united-states/government-debt-to-gdp

larrysummers.com/2016/02/17/the-age-of-secular-stagnation

geopoliticalfutures.com/next-us-recession-worse-last

[usatoday.com/story/money/2018/01/08/credit-card-debt-hits-new-record-raising-warning-sign/1014921001](https://www.usatoday.com/story/money/2018/01/08/credit-card-debt-hits-new-record-raising-warning-sign/1014921001)

[nbkrc.com](https://www.nbkrc.com)

uscourts.gov/news/2017/07/21/june-2017-bankruptcy-filings-down-28-percent

[worldatlas.com/articles/highest-personal-bankruptcy-rates-in-the-us-by-state.html](https://www.worldatlas.com/articles/highest-personal-bankruptcy-rates-in-the-us-by-state.html)

[debt.org/bankruptcy/statistics](https://www.debt.org/bankruptcy/statistics)

[nerdwallet.com/blog/credit-cards/highest-bankruptcy-rates-states-counties](https://www.nerdwallet.com/blog/credit-cards/highest-bankruptcy-rates-states-counties)

[consumerreports.org/personal-bankruptcy/how-the-aca-drove-down-personal-bankruptcy](https://www.consumerreports.org/personal-bankruptcy/how-the-aca-drove-down-personal-bankruptcy)

Personal bankruptcies decreased 50% from 2010--when the **ACA (Obamacare)** was enacted--to 2016.



DURABLE GOODS ORDERS

Durable goods orders were one of the bright spots for the 4th quarter of 2017, with sales of large, factory-made items rising by 8.2%, the biggest quarterly gain in 14 years.

fred.stlouisfed.org/series/DGORDER

investopedia.com/terms/d/durable-goods-orders.asp

Durable goods (consumer and industrial) orders crashed during the **Great Recession** of 2008, recovered to an all-time peak in 2014, plunged in 2016 and now have recovered to near the 2007 peak, but is still substantially below the 2014 level.

Durable goods orders (aka **capital goods**) is an economic indicator released monthly by the Bureau of Census that reflects new **orders** placed with domestic manufacturers for delivery of factory hard goods (durable goods) in the near term or future.



EDUCATION

COLORADO

- Higher Education rank: 8
- Low Debt at Graduation rank: 12
- Pre-K rank: 30
- High School Graduation rank: 41
- School Finance grade: D+
- Equity grade: B+
- Spending grade: F
- Chance for Success grade: B

usnews.com/news/best-states/colorado

edweek.org/ew/qc/2017/2017-state-education-grades-map.html?intc=EW-QC17-LFTNAV

The Trump-proposed **federal budget** has deep cuts to **education**, slashing student aid, teacher training, public service student loan forgiveness, an after-school program, literacy program, and simplifying student loan repayments. A Dec. 2017 Republican bill proposes to cut **federal aid** to education and public service loan forgiveness.

forbes.com/sites/zackfriedman/.../ho-use-bill-student-loan-forgiveness

npr.org/sections/ed/2017/05/22/529534031/president-trumps-budget-proposal-calls-for-deep-cuts-to-education

Student loan debt has risen to crisis proportions: now the second highest consumer debt category - behind only mortgage debt - and higher than both credit cards and auto loans. Student loan debt has exploded to \$1.5 trillion,

forbes.com/sites/zackfriedman/2017/02/21/student-loan-debt-statistics-2017/#68ac7bff5dab

pewresearch.org/fact-tank/2017/08/24/5-facts-about-

owed by 44 million people. Student indebtedness rose by 170% between 2006 and 2016, and more than a quarter of students who left college in 2010 and 2011 have defaulted on their student loans – up from 19% in 2005 and 2006.

[student-loans](#)

[/bigthink.com/stephen-johnson/what-kind-of-student-is-most-likely-to-default-on-loan-debt](http://bigthink.com/stephen-johnson/what-kind-of-student-is-most-likely-to-default-on-loan-debt)

High-priority education program goals requiring federal, state and local support include the following, as part of the National Education Technology Plan: Correcting the student and school digital use divide: many low-income students, especially in urban and rural areas, lack internet access at home to complete their digital homework assignments and other learning activities. Many schools still need to meet high-speed connectivity infrastructure goals. Few schools have adopted approaches for using technology to support informal learning experiences aligned with formal learning goals.

manufacturingusa.com/sites/prod/files/Manufacturing%20USA-Annual%20Report-FY%202016-web.pdf

blogs.edweek.org/edweek/high_school_and_beyond/2018/01/training_for_middle_skills_jobs_new_guidelines_proposed.html?cmp=RSS-FEED

tech.ed.gov/files/2017/01/NETP17.pdf

Acceleration of the development of an advanced-manufacturing **skilled workforce**. Programs to train young people for middle-skill jobs must avoid tracking, and should carefully balance industry-specific preparation with more generalizable skills to equip students for a changing workplace.



EMPLOYMENT

COLORADO

Colo. Unemployment Rate (ranking for 10, 5, 3, and 1-yr. periods respectively): **17/18/13/2**

colorado.edu/business/business-research-division/brd-publications/colorado-business-economic-outlook

Colo. Employment Growth (ranking for 10, 5, 3, and 1-yr. periods respectively): **4/5/10/13**

Colo. Labor Force Growth (ranking for 10, 5, 3, and 1-yr. periods respectively): **4/4/4/1**

usnews.com/news/best-states/colorado

Colo. Job Growth rank: 2

Colo. Labor Force Participation rank: 10

Colo. Employment Equality by Race rank: 13

brookings.edu/wp-content/uploads/2017/11/mpp_2017_nov15_digitalization_append.pdf

Digitalization and the American workforce, Colorado state ranking and cities rankings: Colorado tied for second ranking with 10 other states. Among cities, Denver and Colorado Springs tied for 5th with a number of other large metro areas. Rankings refer to concentrations of high digital skill jobs.

The US **unemployment rate** is at a 17-year low of 4.1%, down from the Great Recession-wracked 10 percent in 2009.

[bloomberg.com/news/articles/2018-01-04/job-market-delivered-for-trump-in-2017-but-2018-may-be-tougher](https://www.bloomberg.com/news/articles/2018-01-04/job-market-delivered-for-trump-in-2017-but-2018-may-be-tougher)

Employers have added jobs for 88 straight months through Jan. 2018, a record streak. January's 234,000 non-farm, private-sector jobs added marked a strong start to 2018, on track to be the 8th straight year of over 2 million new jobs. Finding workers to fill all the open positions will be the greatest challenge for a positive-looking 2018.

[usatoday.com/story/money/2018/01/31/adp-businesses-added-234-000-jobs-january-showing-strong-start-2018/1071000001](https://www.usatoday.com/story/money/2018/01/31/adp-businesses-added-234-000-jobs-january-showing-strong-start-2018/1071000001)

The 2.1 million new jobs of 2017, however, was the smallest gain since 2011 and a continuation of a downward trend from the 3 million yearly peak in 2014, with growth to slow down, as **full employment** has been more or less reached. The 4.1% is not considered to be sustainable, according to the **Federal Reserve**.

Employment-Population Ratio - 25-54 yrs. old: at 79.0 on Jan. 2017 has not recovered to pre-recession rate of 80.3 in Jan. 2007, but has recovered from a low of 75.0 in Dec. 2010.

data.bls.gov/timeseries/LNS12300060

The Alternate Unemployment Rate that includes "discouraged workers" for November 2017: 21.7%.

- shadowstats.com/alternate_data/unemployment-charts
- [bls.gov/news.release/empsit.nr0.htm](https://www.bls.gov/news.release/empsit.nr0.htm)
- [nnytimes.com/2018/01/05/business/economy/jobs-report.html](https://www.nytimes.com/2018/01/05/business/economy/jobs-report.html)

Participation rates (62.7% in Dec. 2017) in the labor force have not changed since 2015, partly due to baby boomers retirements, suggesting that there are still people who haven't come back into the work force following the recession, or that they've tried but have been unsuccessful.

A record 6 million US **job vacancies**, a problem mismatch of employers and unemployed workers, a lack of qualified workers for manufacturing and other jobs, is hindering the expansion of the economy. Worker shortage is especially problematic in the farm economy, where every year US agriculture faces a critical shortage of workers. Farm work is challenging, often seasonal and transitory, and it's not easy to find American workers to take on these jobs. Part of the solution is immigration reform that addresses agricultural employment issues.

[jec.senate.gov/public/index.cfm/hearings-calendar?ID=FF0CEBFA-AEC1-463F-9448-C3D82DABF2FB](https://www.jec.senate.gov/public/index.cfm/hearings-calendar?ID=FF0CEBFA-AEC1-463F-9448-C3D82DABF2FB)

[fb.org/issues](https://www.facebook.com/issues)

The four-week moving average of initial **unemployment claims** are near their lowest level since the early 1970s. Unemployment in red states is higher than in blue states.

fred.stlouisfed.org/series/IC4WSA

outsidethebeltway.com/93-of-americas-counties-still-havent-recovered-from-great-recession

American **wages** rose a sluggish 2.5% in 2017, the same rate as under President Obama. Historically, wages have grown more than 3.5 percent in a typical economic recovery and upturn, but that hasn't happened in this expansion. Wages and salaries as a share of GDP dropped from 44.5% to 43.5%, but corporate profits as a percentage of GDP climbed from 9.4% to 11.5%.

washingtonpost.com/news/wonk/wp/2018/01/05/in-trumps-first-year-stocks-soar-for-rich-but-wages-stay-flat/?utm_term=.497ab38538dc

theglobeandmail.com/report-on-business/economy/solid-us-job-growth-expected-in-december-wages-seen-rising/article37511308

Wage growth should be boosted with full employment and with a further drop in jobless rate to 3.5%, as employers compete for workers. Economists are optimistic that annual wage growth will top 3% by the end of 2018.

creighton.edu/fileadmin/user/EconomicInstitute/Mainstreet_Economy/MSE_Jan18_01.pdf

This wage growth could translate into a much stronger increase in inflation than currently anticipated, resulting in four interest increases in 2018 instead of the three planned ones. The interest rates were raised three times in 2017.

////////////////////////////////////

ENERGY

COLORADO Colo. Energy rank: 16

usnews.com/news/best-states/colorado

Recent robust US **crude oil production** is one factor demonstrating a healthy US **manufacturing sector**. U.S. crude oil production rose above 10 million barrels per day in November (to 10.038 million barrels) for the first time in nearly 50 years. The rise of **oil prices** pushed US **oil production** in 2017, with government projections for the highest annual average growth in history in 2018, from 9.3M barrels per day in 2017 to 10.3M. The number of US oil rigs has climbed by one-quarter from 2017 to Jan. 2018. Exxon made a blockbuster announcement that it is investing \$50 billion in the US, expecting to triple shale oil production by 2025 in the booming West Texas Permian Basin. Parts of the Permian are expected to increase production five-fold. Exxon is crediting the Dec. tax

macrotrends.net/1369/crude-oil-price-history-chart

frbsf.org/education/publications/doc-tor-econ/2007/november/oil-prices-impact-economy

bcse.org/sustainableenergyfactbook

huffingtonpost.com/marcelo-giugale/cheap-oil-and-the-poor_b_6443150.html

investopedia.com/articles/investing/032515/how-oil-prices-impact-us-economy.asp

marketwatch.com/story/think-oil-is-

overhaul for spurring this expansion.

Oil, namely the heavier crude **West Texas Intermediate (WTI)** futures, peaked in 2008 at \$157.73 a barrel (the highest price since the 19th century), plunged to a low of \$29.64 in 2016, and has since rebounded, reaching \$66 in late Jan. 2018. Also in Jan. 2018, the sweet **Brent crude** hit \$71 a barrel for the first time since Dec. 2014. The wide price spreads between WTI and Brent allow refiners to increase their profits. Higher crude prices have been sustained despite rising inventories, in part due to the dwindling oil production chaos in Venezuela. (Interestingly, both WTI and Brent had risen together with the global stock markets in the last several months of 2017, then plunged with the markets in the first week of Feb. 2018.)

Whether and how high or low prices are best for the economy is debated. Oil prices may have variable effects, both positive and negative, depending on the sector of the economy and geographically.

Oil price increases may increase **inflation** and reduce **economic growth**. On the other hand, high oil prices can drive job creation and investment as it becomes economically viable for oil companies to exploit higher-cost **shale oil** deposits. However, high oil prices also hit **business** and **consumers** with higher transportation and manufacturing costs, hurting consumers' buying power. Lower oil prices hurt the unconventional oil activity, but benefits manufacturing and other sectors where fuel costs are a primary concern. Low oil prices may benefit rich countries, while hurt developing countries.

The Trump administration is pushing increased oil and gas drilling as a boost for jobs and the economy. This greater conventional energy development is supported by sectors such as agriculture, where it is believed tight oil and gas supplies and high energy prices negatively impact agricultural production costs. The administration has opened vast areas of land and offshore to oil drilling, including Alaska and the Arctic National Wildlife Refuge. The recent opening of Alaskan land for oil drilling has received a very small response in terms of bidding, reflecting the current state of low oil and gas prices as not

[cheap-look-at-prices-going-back-to-1861-2016-01-27](#)

theguardian.com/business/2018/jan/10/oil-price-hits-three-year-high-petrol-prices-uk

eia.gov/outlooks/steo

fb.org/issues

time.com/5093950/donald-trump-oil-drilling-energy

marketwatch.com/story/exxon-to-triple-its-west-texas-permian-basin-production-expand-infrastructure-2018-01-30

seekingalpha.com/article/4143415-correction-begun-long-will-last

conducive to investment in drilling.

The **New Energy Economy**, a 21st-century-born buzzword for **renewable energy** that includes **wind** and **solar**, is burgeoning, driven by consumer demand and winning over **nonrenewables** such as **coal**.

The cost-effectiveness debate involving factors such as tax credits and government subsidies has increasingly leaned in favor of solar energy. In fact, a report by the International Renewable Energy Agency (IRENA), states that by 2020, all forms of renewable electricity will be consistently cheaper than power produced by burning fossil fuels.

Political conservatives are increasingly "**going green**," with the majority of Republicans supporting renewable options. Utility-scale solar power has grown by 72% from 2010 to 2016, faster than any other fuel source, and its market is expected to triple within the next five years. Wind and solar technologies are continually improving and their cost is dropping dramatically. Renewable energy has become the hottest electricity-producing commodity.

Coal-fired electricity market share has dropped from 50% to 30% from 2007 to 2016, and electricity prices have dropped 3% since 2015, impacted greatly by cleaner and cheaper **natural gas**.

Renewables' generation of utility electricity is 15%, of which wind is 5.6% and solar is 0.9%, in contrast to other developed nations, e.g., double that of Germany's wind and solar, where electricity prices are skyrocketing.

President Trump has imposed tariffs aimed against Asian imports of solar panels, a move widely opposed by industry groups. It is expected that the World Trade Organization (WTO) will make a ruling on the matter.

greentechmedia.com/articles/read/us-consumers-are-spending-less-on-energy-as-clean-energy-booms-and-the-ec#gs.TLpTS14

forbes.com/sites/kensilverstein/2018/01/01/despite-efforts-to-trip-it-up-new-energy-economy-remains-on-sound-footing/#782812965a52

eia.gov/todayinenergy/detail.php?id=28252
irena.org/-/media/Files/IRENA/Agency/Publication/2018/Jan/IRENA_2017_Power_Costs_2018.pdf

canadafreepress.com/article/german-failing-energy-policy

cnbc.com/2015/04/21/the-big-energy-debate-that-solar-power-has-finally-won.html

insideclimatenews.org/news/25072017/conservatives-for-clean-energy-climate-change-action-reluctant-support

fortune.com/2017/10/09/trump-climate-change-solar-power-tariffs

thehill.com/policy/energy-environment/370171-trump-imposes-30-tariffs-on-solar-panel-imports



FOOD

COLORADO

Colo. Low Food Insecurity rank: 12

usnews.com/news/best-states/colorado

US Food stamp (Federal Supplemental Nutritional Assistance Program, **SNAP**) expenditures have decreased to \$65B in 2016, having peaked at \$75B in 2012. As of

fred.stlouisfed.org/series/TRP6001A027NBEA
fns-

July, 2017, 42.6 million Americans were receiving SNAP benefits during the current fiscal year, down from 44.2 million in 2016. The 2017 figure is the lowest since 2010, when 40.3 million people were on food stamps. The number peaked in 2013, at 47.6 million.

prod.azureedge.net/sites/default/files/pd/34SNAPmonthly.pdf

newsweek.com/people-food-stamps-snap-decline-participation-640500

Food stamp expenditures went from \$0.25B in 1969 to a peak of \$75B in 2012, decreasing to \$65B in 2016. (The largest decreases were in the Clinton and Obama administrations, most increases were in Republican administrations.)

The number of Americans classified as “food insecure” remained 5 million higher than in 2007, before the recession. **Food insecurity** percentage of over 12% American households remained essentially unchanged from 2015 to 2016. This is ironic in view of the fact that the cost of food is cheaper in America than almost anywhere else, that 50% of the country's produce is wasted, thrown away, amounting to one-third of all foodstuffs.

ers.usda.gov/publications/pub-details/?pubid=84972

theatlantic.com/business/archive/2016/07/american-food-waste/491513



GDP

COLORADO

Colo. Real GDP Growth (ranking for 10, 5, 3, and 1-yr. periods respectively): 7/5/9/3

colorado.edu/business/business-research-division/brd-publications/colorado-business-economic-outlook

The **GDP (Gross Domestic Product)** has grown by double digits since 2007. The GDP broke above 3% in the 2nd and 3rd quarters of 2017, the first time since the 1st quarter of 2015. The GDP for the fourth quarter of 2017 was 2.6%, boosted by consumer spending, home buying, and business investments. All in all, 2017's 2.3% saw faster growth than in 2016's 1.5%, but far below President Trump's 3% goal.

bea.gov/newsreleases/national/gdp/gdp_glance.htm

bea.gov/newsreleases/national/gdp/gdpnewsrelease.htm

thebalance.com/what-is-the-ideal-gdp-growth-rate-3306017

bloomberg.com/news/articles/2018-01-26/u-s-economy-doing-just-fine-but-3-growth-will-remain-elusive

Most simply put, there are four components of GDP: consumer spending (almost 70% of total US economic output), business spending, government spending, and net exports.

More precisely put, GDP is calculated from personal consumption expenditures (PCE), nonresidential fixed investment, exports, residential fixed investment, state and local government spending, and federal government spending that were partly offset by a negative

contribution from private inventory investment. Imports, which are a subtraction in the calculation of GDP, increased.

The GDP had recently peaked to 4 and 5% in 2013 and 2014, with quarterly low points of minus 1% in 2015 and 2016 and negative GDP in a 2014. Economists see as healthy GDP growth in the 2-3% range, with a concern that in excess of that could engender asset bubbles and a recession. The four components of GDP are consumer spending (70%), business investment, government spending, and net exports.

US GDP of \$18.56 trillion, is \$57,300 per capita (GDP divided by total population), the most popular measure of the standard of living. This ranks 20th in the world, and is lower than Norway and Switzerland.

cia.gov/library/publications/the-world-factbook/rankorder/2004rank.html#us

GDP fell 2015-16 in seven states and was also very poor, under 0.5%, in four other states.

naco.org/resources/county-economies-2016-widespread-recovery-slower-growth

The **SGS-Alternate GDP** has been negative since 2005 and currently is -2%. This reflects inflation-adjusted, or real, year-to-year GDP change, adjusted for distortions in government inflation usage and methodological changes that have resulted in a built-in upside bias to official reporting.

shadowstats.com/alternate_data/gross-domestic-product-charts



HEALTH

COLORADO

Colo. overall Healthcare rank: 11

usnews.com/news/best-states/colorado

Colo. Healthcare Quality: 5

Colo. Medicare Quality: 10

cdc.gov/drugoverdose/data/statedeaths.html

Colo. Mental Health rank: 47

Colo. Lowest Obesity Rate rank: 1

colorado.gov/pacific/cdphe/news/obesity-rate-increase

Colo. Health Spending Per Capita rank: 47

Colo. Drug Overdose Deaths rank: 32

kff.org/interactive/medicaid-state-fact-sheets

Colorado spent the most out-of-pocket on healthcare in 2016--\$916--out of 23 states studied.

cpr.org/news/story/colorado-heroin-and-opioid-deaths-rise-ever-more-dramatically

Colorado is in the bottom 10 states for health insurance costs.

huffingtonpost.com/gobankingrates/10-best-and-worst-

Colo. drug overdose deaths in 2016 were a record 912 people: 300 from opioid overdose and 228 from heroin,

HOUSING

influenza caused an inordinate number of deaths. In 1993, there was a one-year drop during the worst of the AIDS epidemic.

The **life expectancy** of the wealthiest Americans now exceeds that of the poorest by 10–15 years.

For individuals with **private health insurance**, rising premiums and cost sharing have undermined **wage gains** and driven many households into **debt** and even **bankruptcy**. Meanwhile, the **share of healthcare resources** devoted to care of the wealthy has risen.

[thelancet.com/journals/lancet/article/PIIS0140-6736\(17\)30398-7/abstract](http://thelancet.com/journals/lancet/article/PIIS0140-6736(17)30398-7/abstract)

fred.stlouisfed.org/series/HLTHSCPCSCSA



COLORADO

Colo. FHFA Home Price Index (ranking for 10, 5, 3, and 1-yr. periods respectively): 1/3/1/2

colorado.edu/business/business-research-division/brd-publications/colorado-business-economic-outlook

- US **home ownership** rates reached a 50-year low in 2016 of 64%.
- Home ownership aged 65+ was 80% 4thQ 2016.
- Black home ownership, at a near-50 year low of 42%, has fallen almost yearly since 2004, with a widening gap with other racial groups, lower than Hispanics (46%) and non-Hispanic whites (72%).
- **Housing starts** have been in a decline since the peak in 1972 and are the lowest since 1993.
- The cost of a home, apartment, or car relative to a family’s annual income is the highest it’s been since the 1950s.

fred.stlouisfed.org/series/HOUST

census.gov/housing/hvs/files/current/hvspress.pdf

census.gov/newsroom/facts-for-features/2017/cb17-ff08.html

wsj.com/podcasts/realtors-housing-inventory-lowest-since-1999/84FAB82A-D4EF-42FF-A4CD-1654FF8BA786.html

Housing supply in Jan. 2017 was the lowest since 1999, while existing home sales in 2016 were the best in a decade.

In the 4th quarter of 2017, the economy got a boost from housing for the first time in three quarters. **Residential construction** increased at a 11.6 percent annualized rate, contributing 0.42 percentage point to GDP growth.

Multifamily vs. single-family home construction: In 2015, the percentage of multifamily building permits was at its

axiometrics.com/resources/axio-media/newsletters/august-2017-

INCOME

highest level since the early 1970s. Single-family permitting peaked in 2006, bottomed in 2008 and has recovered only slightly. Multifamily housing starts bottomed in 2010, but have recovered to their 2007 pre-Recession levels. Recent upticks are due to hurricane-damage activity. Currently 35% of total permits are multifamily.

[construction-report](#)

kansascityfed.org/publicat/econrev/pdf/13q4Rappaport.pdf



COLORADO

Colo. Gini Index (income inequality) rank: 19

Colo. Household Income rank: 11

Colo. Racial Gap in Income rank: 39

usnews.com/news/best-states/colorado

Colorado Personal Income Growth (ranking for 10, 5, 3, and 1-yr. periods respectively): 5/2/16/7

colorado.edu/business/business-research-division/brd-publications/colorado-business-economic-outlook

Colorado Per Capital Personal Income (ranking for 10, 5, 3, and 1-yr. periods respectively) 14/19/14/15

Colorado Per Capital Personal Income Growth (ranking for 10, 5, 3, and 1-yr. periods respectively) NA/2/36/27

Colorado Average Annual Pay (ranking for 10, 5, 3, and 1-yr. periods respectively) 10/13/13/10

Colorado Average Annual Pay Growth (ranking for 10, 5, 3, and 1-yr. periods respectively) 26/25/26/35

Paradoxically, Americans' **household income** has shown strong gains along with disappointing **wage growth** of hourly earnings of only slightly more than inflation. Improved household income, particularly for poorer households, reflects increased employment and hours of employment.

nytimes.com/2017/12/08/business/economy/jobs-report.html

65 percent of Americans who live in urban areas — defined as cities with populations above 65,000 — live in places where the typical household income is still below its 1999 level.

geopoliticalfutures.com/next-us-recession-worse-last

In the last ten years after the recession median household income in the 100 largest metro areas actually fell 2.7 percent, on average. Income has risen quite a bit in a few metros, and the income gap between the 10 richest and 10 poorest metro areas has widened in the past decade.

Median income is a deceptive measure and not good for comparing historical years. In the 1950s, in most households (70%) the husband was the single breadwinner. By 2012 the majority of households (60%) were dual income--in other words the number of dual-income households had doubled since the 1950s, but the purchasing power of median income for households had not increased commensurately, thus the real median income has decreased, despite the appearance of growth.

The nation's **wealth gap** continues to widen: since 1971 **middle-income** adults in the population have decreased from 61 to 50%, and increased for low-income from 16 to 20%, while high-incomers have increased from 4 to 9%. This measure is a truer barometer of economic well-being than income levels. This wealth gap includes an increasing **income disparity** between wealthy and not-so-wealthy cities.

inequality.org/facts/income-inequality

equitablegrowth.org/research-analysis/economic-growth-in-the-united-states-a-tale-of-two-countries

For the past 40 years in the US, **income inequality** has seen the rich have been getting richer, the poor have been getting poorer, and the middle class has been shrinking. For the bottom half of the working-age population (adults below 65), income has actually fallen, in contrast to other high-income countries, such as France. In the bottom half of the distribution, only the income of the elderly is rising.

equitablegrowth.org/research-analysis/economic-growth-in-the-united-states-a-tale-of-two-countries

The top one percent own more of country's wealth than any time in last 50 years.

washingtonpost.com/news/wonk/wp/2017/12/06/the-richest-1-percent-now-owns-more-of-the-countrys-wealth-than-at-any-time-in-the-past-50-years/?utm_term=.48d665c29601

The number of billionaires in Asia has surpassed the number in the United States for the first time. China is projected to be the world's **largest economy** by 2032. Together with India and Japan, three of the world's four largest economies will be Asian.

washingtonpost.com/news/worldviews/wp/2017/12/27/the-worlds-500-wealthiest-people-got-1-trillion-richer-in-2017/?utm_term=.88af47311a73
washingtonexaminer.com/china-to-overtake-us-economy-by-2032-report/article/2644363

Income inequality peaked prior to the United States' two most severe **economic crises** – the **Great Depression** and the **Great Recession**.

jec.senate.gov/public/_cache/files/91975589-257c-403b-8093-8f3b584a088c/income-inequality-brief-fall-2010-cmb-and-ces.pdf

According to a survey nearly 8 out of 10 American workers live paycheck to paycheck. Americans are saving at the lowest pace in nearly 10 years. The savings rate in September fell to 3.1%, according to Commerce Department data, the weakest level since December 2007.

usatoday.com/story/money/personal-finance/2017/10/31/savings-rate-hits-lowest-point-since-financial-crisis-americans-take-more-risk/815642001

The US gender wage gap is low among developed countries, around 64%. For comparison, Denmark's gender wage gap is only 15%.

The **gender gap** in pay has narrowed since 1980, particularly among younger workers, but it still persists. In 2015, women earned 83% of what men earned, according to a a Pew Research Center analysis of median hourly earnings of both full- and part-time U.S. workers.

businessinsider.com/the-top-countries-to-live-in-2015-12?r=UK&IR=T/#5-the-netherlands--this-country-has-one-of-the-lowest-rates-of-income-inequality-in-the-world-and-its-been-continually-decreasing-since-the-mid-1990s-6
pewresearch.org/fact-tank/2017/04/03/gender-pay-gap-facts



INFLATION/COST OF LIVING

COLORADO

Colo. Cost of Living rank: 33

Colo. Housing Affordability rank: 48

The **Consumer Price Index**, a reliable **inflation** gauge, rose the most in 11 months in January, 2017. But since late 2014 inflation (per the Consumer Price Index) has stayed consistently below 2%, a worrisome depressed level for economic health, especially in view of the steadily expanding economy and employment levels. Not meeting a target 2% inflation rate has been a factor in the **Federal Reserve's** maintaining historically low interest rates.

Inflation was expected to move up in 2018 and stabilize near the 2% target, according to a statement of a January meeting, the last one under Chair Janet Yellen, to be succeeded by Trump appointee Jerome Powell. (In terms of stock market performance, Yellen has been the most successful Fed chair since the Great Depression (and second in history), with an average annual gain of 17%.)

usnews.com/news/best-states/colorado

fred.stlouisfed.org/series/T10YIE

cnbc.com/2018/01/26/why-interest-rates-could-be-the-fly-in-the-ointment-for-the-market.html

federalreserve.gov/monetarypolicy/files/FOMC_RulesAuthPamphlet_201701.pdf#page=4



INFRASTRUCTURE

COLORADO

Colo. Infrastructure rank: 7

American Society of Civil Engineers: Driving on roads in need of repair in Colorado costs each driver \$580 per year, and 5.7% of bridges are rated structurally deficient. Drinking water needs in Colorado are an estimated \$7.1 billion, and wastewater needs total \$4.69 billion. 407 dams are considered to be high-hazard potential. The

usnews.com/news/best-states/colorado

infrastructurereportcard.org/state-item/colorado

state's schools have an estimated capital expenditure gap of \$640 million.

This deteriorating infrastructure impedes Colorado's ability to compete in an increasingly global marketplace. Success in a 21st century economy requires serious, sustained leadership on infrastructure investment at all levels of government. Delaying these investments only escalates the cost and risks of an aging infrastructure system, an option that the country, Colorado, and families can no longer afford.

A competitive economy requires modern highways, bridges, airports, ports, public transit systems, and water systems. Along with the inconvenience to the public, the aging and inadequately maintained infrastructure has diminished U.S. business productivity and competitiveness. The extent of the underinvestment is well documented by the **American Society of Civil Engineers**. However, Congress will be challenged to find funding and ways to incentivize state, local, and private entities to partner with the federal government.

sandiegouniontribune.com/business/growth-development/sd-fieconometer0105-story.html

Current ASCE grade for US infrastructure: D+
ASCE grades started in 1988, with a grade of C.

infrastructurereportcard.org

Every four years, the **American Society of Civil Engineers'** Report Card for America's Infrastructure depicts the condition and performance of American infrastructure in the familiar form of a school report card—assigning letter grades based on the physical condition and needed investments for improvement.



MANUFACTURING

COLORADO

Colorado manufacturing growth is in the top ten nationally. Manufacturing in Colorado totals \$23 billion, about 7% of the state's GDP or the value of all goods and services produced in the state in 2016. Colorado was home to more than 5,700 manufacturing establishments employing 144,000 workers in 2017, 5.4% of total employment in the state, a slight uptick in total employment year-over-year, with 1.1% growth forecast for 2018.

colorado.edu/business/business-research-division/brd-publications/colorado-business-economic-outlook

areadevelopment.com/skilled-workforce-STEM/Q4-2017/manufacturing-jobs-an-economic-driver.shtml

Colorado's total oil production was valued just above \$5.5 billion in 2017. The value of state's natural gas production is estimated to be around \$5 billion. This represents a 15.3 percent increase in gross value of oil and gas from 2016. Assuming energy prices see a modest improvement in 2017, Colorado natural gas and crude oil are expected to have a 6 percent to 9 percent increase in valuation in 2018.

Colorado ranks just behind California in terms of its aerospace economy, with 400 aerospace companies and over 25,000 workers.

Beverage manufacturing jobs increased 36% from 2014 to 2017. Colorado is second nationally for craft beer sales and production, with approximately 334 craft breweries, second nationally, and third in breweries per capita (8.4).

Colorado has been in the top ten for percentage of job gains in the plastic products sector over the last several years.

After decades of growth in manufacturing, US production hits its historical peak in Dec. 2007, at the very beginning of the Great Recession. In 2008 manufacturing took a huge plunge, then started a recovery in 2009 and has now (Dec. 2017) regained its highest reading since early 2008 (based on the Industrial Production: Manufacturing NAICS index from the Board of Governors, Federal Reserve System).

The Manufacturing Purchasing Manager's Index from the Institute for Supply Management climbed to 59.7 in Dec. 2017, the highest reading since 2004. Of 10 components, 8 had gains, and particularly strong were new orders, production, and backlogs, suggesting a continued positive outlook for manufacturing.

This was the 16th month in a row above the neutral 50 level and the second-highest reading, behind a 60.8 result in Sept., since 2011. Readings above 50 suggest expansion in manufacturing and readings below 50 suggest contraction. Typically, the PMI ranges between 45 and 65. Historically, readings above 43.3 suggest expansion for the overall economy. Dec. was the 103rd month in a row above 43.3.

fred.stlouisfed.org/series/IPMAN

areadevelopment.com/skilled-workforce-STEM/Q4-2017/manufacturing-jobs-an-economic-driver.shtml

aier.org/blog/ism-manufacturing-new-orders-index-hits-highest-level-2004

investors.com/news/economy/ism-manufacturing-index-shows-factory-growth-accelerated-

manufacturingusa.com/sites/prod/files/Manufacturing%20USA-Annual%20Report-FY%202016-web.pdf

fred.stlouisfed.org/series/OUTMS

US manufacturers contributed \$2.18 trillion to the economy in 2016, amounting to 12% of the national GDP. However, the trade deficit in manufacturing looms large at approximately \$750 billion -- including a deficit of more than \$90 billion in advanced technology products. This deficit in advanced manufacturing is historically unprecedented for a nation which leads the world in science and technology research. Beginning in 2002 and every year since, the U.S. has become a net importer of advanced technology products.

There are nearly 12.5 million manufacturing workers in the US, accounting for 8.5% of the workforce, and since the end of the Great Recession, manufacturers have hired more than one million workers. Manufacturing employment fell by one-third between 2000 to 2010 and rose only 8% since then. Manufacturing has the highest multiplier effect of any sector, with each manufacturing job generating four elsewhere in the economy.

It's projected that over the next decade, nearly 3.5 million manufacturing jobs will be created -- two million of which will go unfilled because employers won't be able to find workers with the required skills. Currently 80 percent of manufacturers report a moderate or serious shortage of qualified applicants for skilled and highly skilled production positions.



POVERTY

COLORADO

Colo. Low Poverty Rate rank: 14

Colorado's homeless population rose almost 4% from 2016, compared to 0.7% nationally, spurred in part by escalating housing costs.

usnews.com/news/best-states/colorado

hud.gov/press/press_releases_media_advisories/2017/HUDNo_17-109

hudexchange.info/resource/reportmanagement/published/CoC_PopSub_NatlTerrDC_2017.pdf

The US **poverty rate** has been increasing since 1971's 11.1% to 12.7% in 2016. The poverty rate is lower than the recent peaks of 15.1% in 1993 and 2010.

poverty.ucdavis.edu/faq/what-current-poverty-rate-united-states
census.gov/topics/income-poverty/poverty.html
statista.com/statistics/200463/us-poverty-rate-since-1990

RECESSION
RECOVERY

The **relative poverty rate** (relative to median income) is 17%, always higher than the official poverty rate, and the **poverty gap** rank close to the worst of developed nations.

peoplespolicyproject.org/2017/11/19/relative-poverty-rate-increased-by-1-3-points-in-2016

data.oecd.org/inequality/poverty-rate.htm

oecd.org/inequality/poverty-gap.htm#indicator-chart

The **child-poverty** rate declined to a record low of 15.6% in 2016, down from a post-recession high of 18.1% in 2012 and from 28.4 % in 1967. According to analysts, the near-halving of the child-poverty rate over the past half-century is due to government policies, not expansion of the economy. Specific policies cited: the expansion of the safety net—in particular through the food-stamp program and provisions like the Earned Income Tax Credit and the Child Tax Credit.

theatlantic.com/business/archive/2017/10/child-poverty-rate-record-low/542058

Seniors poverty rates have improved: from highs of 12% to 15% in the 1980s to 8.8% in 2015, thanks largely to **Social Security**.

time.com/money/4489827/poverty-among-seniors-has-dropped

hudexchange.info/resources/documents/2017-AHAR-Part-1.pdf

Homelessness nationally was up 1% from 2016 to 2017, even as it saw a decrease in 30 states and the District of Columbia. Homelessness among families with children declined 5.4%, but increased among other groups: veterans and persons with long-term disabling conditions and long-term chronic homelessness. Escalating housing costs contributed to homelessness in some major cities.



The current **economic recovery** will be 9 years old in March, the fourth-longest since 1854, and, if it reaches June 2019, has a chance of breaking the all-time record of 120 straight months of recovery from 1991-2001. The recovery has also been the slowest since World War II, well below the annual 3.6% expansion of the 1990s.

marketwatch.com/story/current-us-economic-recovery-may-end-up-as-longest-ever-2016-07-18

More than two-thirds of county economies recovered from the **Great Recession** on at least three of four Indicators (total employment, the unemployment rate, size of the economy and home values) by 2016. The reality is slowing population growth and industry shifts mean some parts of the country will likely never fully recover.

naco.org/resources/county-economies-2016-widespread-recovery-slower-growth

Regional disparities have worsened: many Southern and Midwestern cities have not recovered from the Great

apnews.com/14f3537216974d64b292138206620270

Recession warnings

Recession, with fewer jobs and lower household incomes than before the downturn.

A first in recent history: a persistent spread between inflation in different areas of the country: 3% in the Western states, and 1.5% in the Midwest and New England

Nobel laureate economist Paul Krugman sees the present recovery being in a fragile state, with interest rates too low to provide a stimulus in the event of the next recession, and the raising of rates to historically-normal levels being recession-inducing.

alternet.org/news-amp-politics/paul-krugman-us-economy-far-more-fragile-it-looks

"Boom and bust" as a norm for business and economic cycles may have been replaced by the controversial concept of "secular stagnation," a condition of long-term slow-growth or negligible or non-growth economy, caused in great part by technology, lower population growth and lesser inclinations to invest. Evidence cited for this is our recent slow economic growth, persistent low inflation and interest rates. Critics say 2017's economic resurgence has invalidated this theory.

time.com/4269733/secular-stagnation-larry-summers
brookings.edu/articles/secular-stagnation-even-truer-today-larry-summers-says

////////////////////////////////////

Recessions are part of the inevitable ceasing of business cycle expansions, turning into a phase of contractions. During the 20th century, there were 20 recessions, or one every five years on average. Expansions in the old age of an overextended economy become vulnerable to negative economic events, succumbing to them, enumerated as follows:
a hot labor market creating inflation concerns; a subsequent cooling of the hot labor markets, with growth in hours falling faster than pay growth, an employment reversal with a softening of demand, business investment and net job creation, with a resulting upturn of unemployment; nervous Fed belated rapid tightening of credit (interest rate hikes), or having been overly-cautious and too lax prior to taking action; weak, stalling credit growth, languishing bank credit; declining retail sales and consumer spending; dropping asset valuations; an equities bull market experiencing a marked decline in the stock market; spiking bond yields, with the spread between stock market equities earnings and bond yields narrowing; a flattening yield curve that becomes inverted.

guggenheiminvestments.com/perspectives/macroeconomic-research/forecasting-the-next-recession

bloomberg.com/news/articles/2018-02-04/how-spiking-bond-yields-really-could-topple-a-stock-market-rally

marketwatch.com/story/current-us-economic-recovery-may-end-up-as-longest-ever-2016-07-18
cnbc.com/2016/02/04/can-the-markets-predict-recessions-what-we-found-out.html

reuters.com/article/usa-bonds-fed/treasuries-u-s-yield-curve-flattens-to-decade-low-after-fed-statement-idUSL2N1PQ7VX

businesscycle.com

conference-board.org/data/usforecast.cfm

conference-board.org/data/bcicountry.cfm?cid=1

SERVICE SECTOR

Recession forecasts

The Conference Board’s **Leading Economic Index** is considered one of the best predictors of changes to business cycles. The January LEI report signals no risk of a recession in the US economy in the near term, with economic growth continuing through the first half of 2018.

The Guggenheim Investments' predictive model of multiple indicators points to a recession in late 2019 or 2020.

guggenheiminvestments.com/perspectives/macroeconomic-research/forecasting-the-next-recession

US **services industries** set a 12-year high in October, 2017 and are expected to expand in 2018, though perhaps at a slower pace, not as much as manufacturing. In 2017, for the first time, healthcare surpassed manufacturing and retail to become the largest source of jobs in the US.

theatlantic.com/business/archive/2018/01/health-care-america-jobs/550079

reuters.com/article/us-usa-economy-services/u-s-services-sector-on-track-for-growth-in-2018-isms-nieves-idUSKBN1EU1KL

3 out of 4 jobs are in the service sector, which are not involved with producing goods.



SMALL BUSINESS

Colorado

- Colo. Business Environment rank: 4
- Colo. Entrepreneurship rank: 6
- Colo. Patent Creation rank: 10

usnews.com/news/best-states/colorado

Small business surveys were mostly positive in 2017. The NFIB (National Federation of Independent Business) Index of Small Business Optimism hit a 45-year record level. As a result of Trump administration regulatory relief and Congress' massive tax cut, NFIB expects very strong **job growth** and **higher pay** for Americans to follow.

nfib.com/surveys/small-business-economic-trends

wellsfargoworks.com/insights/press-release/more-small-businesses-plan-to-hire-but-face-challenges-finding-staff

The Wells Fargo/Gallup Small Business Index saw its largest increase in a decade in 2017, holding steady through the end of the year, with businesses' finances being at the highest level since before the 2008 recession. The greatest concern of the respondents was the challenge of hiring and retaining quality staff in the face of tight labor market, the highest reading on this measure since the question was added to the survey in 2013.

uschamber.com/sbindex/index-summary.html

STOCK MARKET
& FINANCIAL
MARKETS

Substantial numbers of respondents said their business revenue had been increasing over the last year, with somewhat or good cash flow and ease of obtaining credit.

The Metlife and US Chamber of Commerce Small Business Index was strong for 2017, although, on the negative side, "the gulf is widening between the national and local economic outlook. The increasingly rosy local economic outlook stands in contrast to worsening national sentiment, highlighting a growing divergence in perception between what entrepreneurs see countrywide compared to what they observe in their own backyard."



The US **stock market** in 2017 was up \$7 trillion, a record-setting year, carried over to January 2018, the best performance since 2013, part of the longest **bull market** since the **Great Depression** and second-longest in 100 years.

In the US, the stock market's foremost benchmark, the S&P 500, topped 2,670, rising more than 400 points or about 19% over the year, and continued further up in the new year. In January, 2018, the Dow broke above 26,000 for the first time.

World markets also boomed. Japan's Nikkei gained nearly 20%, the UK's FTSE indexes hit record highs, ending the year more than 7% ahead.

The current euphoria of investors in the market may be a warning sign of the nearing of the end of this bull market. Despite the widespread enthusiasm for the market, currently slightly more than half of Americans are in the stock market, compared to two-thirds prior to the Great Recession.

Only 52% of Americans are in the stock market, down from two-thirds before 2008. Only one of three millennials are in the stock market. The biggest reason given for not investing is that they can't afford to. Other reasons are a lack of understanding of the stock market, the belief that stocks are too risky and a lack of trust of stockbrokers and financial advisors.

businessinsider.com/why-so-few-millennials-invest-in-the-stock-market-2016-7

fred.stlouisfed.org/series/DGS10

reuters.com/article/usa-bonds-fed/treasuries-u-s-yield-curve-flattens-to-decade-low-after-fed-statement-idUSL2N1PQ7VX

US Dollar: 2017 marked the worst year for the U.S. dollar in more than a decade with the Dollar Index falling over 9%, including a 3-year low against the euro. The last time it faced such difficult times was in 2003 when it lost 14.6% of its value. Many forecasts see weakness in the dollar to continue through 2018, which would make foreign-made goods more expensive in the United States.

A contrasting view foresees a recovery for the greenback in 2018, with a 5% appreciation, but not above 100 in the Dollar Index or not a return to 120 in the USD/JPY. This dollar bounceback would be engendered by a hawkish Federal Reserve continuing to raise interest rates in the range of 50 to 100 basis points, in combination with ultra-low unemployment, tax cuts, and consumer and business confidence.

Treasury yields have risen steadily to the start of 2018, becoming increasingly attractive to investors. In early 2018, the 10-year Treasury yield hit its highest level since mid-2014; the 2- and 5-year Treasury yields have hit their highest levels since 2008 and 2010, respectively.

Historically, 10-year Treasury yields peaked in Sept. 1981 at 15.41% and have been on a downward trend ever since.

On Jan. 31, the U.S. **yield curve** flattened to levels not seen in over decade as traders sold more short-dated Treasuries in anticipation the Federal Reserve may raise rates faster to combat an expected acceleration in domestic inflation in 2018. The spread between five-year and 30-year Treasury yields was last at 42.6 basis points after touching 42.0 basis points, which was last seen in Aug. 2007. A flattening yield curve is a much-watched trend that could lead to an **inverted yield curve** (long-term debt instruments having a lower yield than short-term debt instruments of the same credit quality) -- an indicator that has predicted recessions since 1970.

TAXATION



State-Local Tax Burdens by State, Fiscal Year 2012 Colo. rank: 35, 8.9% (range 6.5% to 12.7%, US avg. 9.9%)

taxfoundation.org/publications/state-local-tax-burden-rankings

State business tax climate index (ranking of 1 is best, 50 is worst) for Colorado. Overall: 18; Corporate tax: 18; individual income tax: 15; sales tax: 30; unemployment

taxfoundation.org/publications/state-business-tax-climate-index

insurance tax: 35; property tax: 14

State and local general revenue ranking per capita, 2015.
Own source revenue: 17; tax collection: 23.

Internet sales tax: In 2017 a new Colorado regulation requires remote/online sellers (out-of-state sellers that lack in-state physical presence) with "factor presence" (key requirements, such as minimum annual sales of \$100,000) to report sales/use tax to the state revenue dept. or to customers, the first state to enact a such a law upheld by the courts.

The **Republican Congress** in 2017 passed the most significant overhaul of the **US tax code** in a generation, The **Tax Cuts and Jobs Act**, signed into law by President Trump on December 22. Proponents have hailed the 2017 tax cut law as a needed boost for the economy, and a boost to corporations, small business, agriculture, and individual taxpayers. The IMF sees the Trump tax cut as beneficial in the short-term, but US growth would likely start weakening after 2022 as temporary spending incentives brought about by the tax cuts began to expire.

Many economists warn the Trump tax cut could backfire by overheating and pushing an already expanding economy too much, with near-term solid GDP growth followed by "fiscal hangover," increasing chances of a recession. The fiscal stimulus could fade fast as the Federal Reserve steps up rate hikes to keep a lid on an overheating economy.

Guggenheim Investments projects that the tax cut will provide a 0.2 to 0.5% boost to real GDP. The Economic Cycle Research Institute (ECRI) sees only a short-term boost to the economy from the tax cuts in the face of an impending slowdown. ECRI sees a cyclical economic slowdown for the US in late 2018, with a drop in GDP, and questions whether the tax cuts can offset this downturn.

The Conference Board views the Trump tax cut as a stimulant to an economy already operating at near-full capacity, which may overburden capacity, creating large new debt obligations and triggering faster inflation--likely resulting in the Federal Reserve tightening monetary policy more quickly, muting the intended effects of the tax measures.

taxpolicycenter.org/statistics/rankings-state-and-local-capita-general-revenue

taxfoundation.org/trends-state-tax-policy-2018

claconnect.com/resources/articles/2017/july-1-colorado-will-require-remote-sellers-to-report-use-tax

milesconsultinggroup.com/blog/2017/03/28/fascinating-ramifications-of-colorados-new-online-sales-tax

cbpp.org/research/state-budget-and-tax/states-should-adopt-a-version-of-colorados-remote-sales-tax-law

colorado.gov/pacific/tax/usetax

governing.com/topics/health-human-services/gov-social-service-nonprofits-report-financial-government.html

governing.com/topics/health-human-services/gov-nonprofits-tax-law-charitable-giving-human-services.html

governing.com/topics/finance/gov-trump-gop-property-taxes-home-values-lc.html

businesscycle.com/ecri-news-events/news-details/economic-cycle-research-ecri-lakshman-achuthan-trumps-tax-cuts-wont-offset-the-impending-slowdown

kansascity.com/news/business/article191980249.html

businesscycle.com/ecri-news-events/news-details/economic-cycle-research-ecri-lakshman-achuthan-trumps-tax-cuts-wont-offset-the-impending-slowdown

marketwatch.com/story/jim-osullivan-is-top-economic-forecaster-for-seventh-year-in-a-row-2018-01-11

newsmax.com/finance/streettalk/larry-summers-donald-trump-gop-barack-obama/2017/12/11/id/831118

uk.reuters.com/article/uk-imf-

TRADE DEFICITS AND POLICIES

Other concerns about negative effects of Trump tax cut include the following: Charitable giving to nonprofits may be reduced by up to \$13.1 billion a year, \$1 billion loss to nonprofit-run social services. Home values and property tax revenues may drop, forcing cities new ways to raise money or to cut spending.

US taxes as percentage of GDP are near the bottom of **OECD nations** at 26%, compared with an average of 34% of GDP for the 34 member countries of the **Organization for Economic Co-operation and Development (OECD)**.

Among OECD countries, only Korea, Chile, Mexico, and Ireland collected less than the United States as a percentage of GDP. In many European countries, taxes exceeded 40% of GDP. But those countries generally provide more extensive government services than the United States does.



2017's \$50 billion-plus trade gap was the highest level since Jan. 2012. The US all-time widest **trade deficit** was in 2006. The US has had a **trade imbalance** every year since 1976, just a year after its largest **surplus** (in 1975) since 1960. Since 2013, when the deficit had narrowed, the imbalance has increasingly become negative, widening steadily. A bigger trade deficit during the 4th quarter of 2017 reflected imports rising at double the pace of exports. (In contrast, the US **services sector** has a trade surplus, \$263.5 billion in 2016.)

Both **imports** and **exports** have trended up since the **Great Recession**, with imports hitting a record in 2017. Exports had a good 4th quarter in 2017 as the US dollar continued to weaken, gaining 12.6% to the prior quarter, the largest jump in four years. But imports, which subtract from GDP, rose an even faster 13.9%, the largest quarterly increase in more than seven years.

Trade deficits are not inherently bad and should not be used as barometers of economic well-being, as is the case with President Trump's assertions. A country's trade balance moves toward surplus during recessions and toward deficit during periods of economic growth, e.g., the United States had a trade surplus in the 1930s and an unemployment rate of 25%.

economy-outlook/imf-raises-global-growth-forecast-sees-trump-tax-boost-idUKKBN1FB1TX

theglobeandmail.com/report-on-business/economy/solid-us-job-growth-expected-in-december-wages-seen-rising/article37511308

guggenheiminvestments.com/perspectives/macroeconomic-research/forecasting-the-next-recession

conference-board.org/data/usforecast.cfm

taxpolicycenter.org/briefing-book/how-do-us-taxes-compare-internationally

bea.gov/newsreleases/international/trade/2018/trad1117.htm

census.gov/foreign-trade/statistics/historical/gands.pdf

usitc.gov/publications/332/pub4643.pdf

bloomberg.com/news/articles/2017-12-05/u-s-trade-deficit-is-widest-since-january-on-record-imports

reuters.com/article/us-usa-bonds-inflation-analysis/bets-on-u-s-inflation-heat-up-in-bond-market-idUSKBN1EZ2EB

forbes.com/sites/johnbrinkley/2017/10/10/trade-deficits-are-irrelevant/#596c3a857d8c

fb.org/issues/trade/nafta

wiki2.org/en/North_American_Free_Trade_Agreement

axios.com/trump-softens-on-nafta-1515969352-841775cc-6a83-44a3-85b4-cb5beea01c2f.html

ft.com/content/344bb47a-e631-11e7-8b99-0191e45377ec

wiki2.org/en/Trans-

Many forecasts see weakness in the **US dollar** to continue through 2018, which would make foreign-made goods more expensive in the United States, strengthen exports and widen the trade imbalance.

NAFTA: In August, 2017, American, Mexican and Canadian negotiators initiated ongoing rounds of talks about improving NAFTA ("renegotiations") amid Trump threats to withdraw from the agreement (although he has softened on his position since), which has been in force since 1994.

Most economic analyses indicate that NAFTA has been beneficial to the North American economies and the average citizen. Among the groups fearing an abandonment of NAFTA is the American Farm Bureau, which has benefitted from the removal of barriers to American agricultural trade with its two neighbors, where farm exports from the US to Canada and Mexico increased from \$8.9 billion in 1993 to \$381 billion in 2016. In contrast, only 22% of supply managers surveyed in the 9-state Mid-America rural region expect a canceling of NAFTA to negatively affect their companies. Almost half of the supply managers viewed increasing foreign competition as the their biggest threat.

Trans-Pacific Partnership (TPP): President Trump withdrew the US from the TPP trade deal with Pacific Rim nations in January, 2017, counter to most economists' judgments, but had bipartisan support in Congress. It's been estimated that TPP, by slashing import and export tariffs, would have added \$4.4 billion annual income to US farmers. Retaining TPP would also have benefited American services exports and areas of key strength for the U.S., like Silicon Valley.

President Trump has imposed tariffs aimed against Asian imports of solar panels and washing machines, and attempted to do the same with Korean steel.

[Pacific Partnership](#)

[washingtonexaminer.com/democrats-wont-give-trump-credit-for-tpp-withdrawal/article/2612692](http://www.washingtonexaminer.com/democrats-wont-give-trump-credit-for-tpp-withdrawal/article/2612692)

[bloomberg.com/news/articles/2017-03-01/trump-trade-friction-overlooks-america-s-huge-surplus-in-services](http://www.bloomberg.com/news/articles/2017-03-01/trump-trade-friction-overlooks-america-s-huge-surplus-in-services)

[nasdaq.com/article/why-2018-could-be-a-good-year-for-the-dollar-cm898426](http://www.nasdaq.com/article/why-2018-could-be-a-good-year-for-the-dollar-cm898426)

[investors.com/politics/commentary/time-of-uncertainty-for-u-s-agriculture](http://www.investors.com/politics/commentary/time-of-uncertainty-for-u-s-agriculture)

[creighton.edu/economicoutlook/midamericaneconomy](http://www.creighton.edu/economicoutlook/midamericaneconomy)

[steelguru.com/steel/us-starts-move-to-slap-tariffs-on-korean-steel/500343](http://www.steelguru.com/steel/us-starts-move-to-slap-tariffs-on-korean-steel/500343)

[thehill.com/policy/energy-environment/370171-trump-imposes-30-tariffs-on-solar-panel-imports](http://www.thehill.com/policy/energy-environment/370171-trump-imposes-30-tariffs-on-solar-panel-imports)