



March 23, 2022



# Outlook for the Economy

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# Name That Song

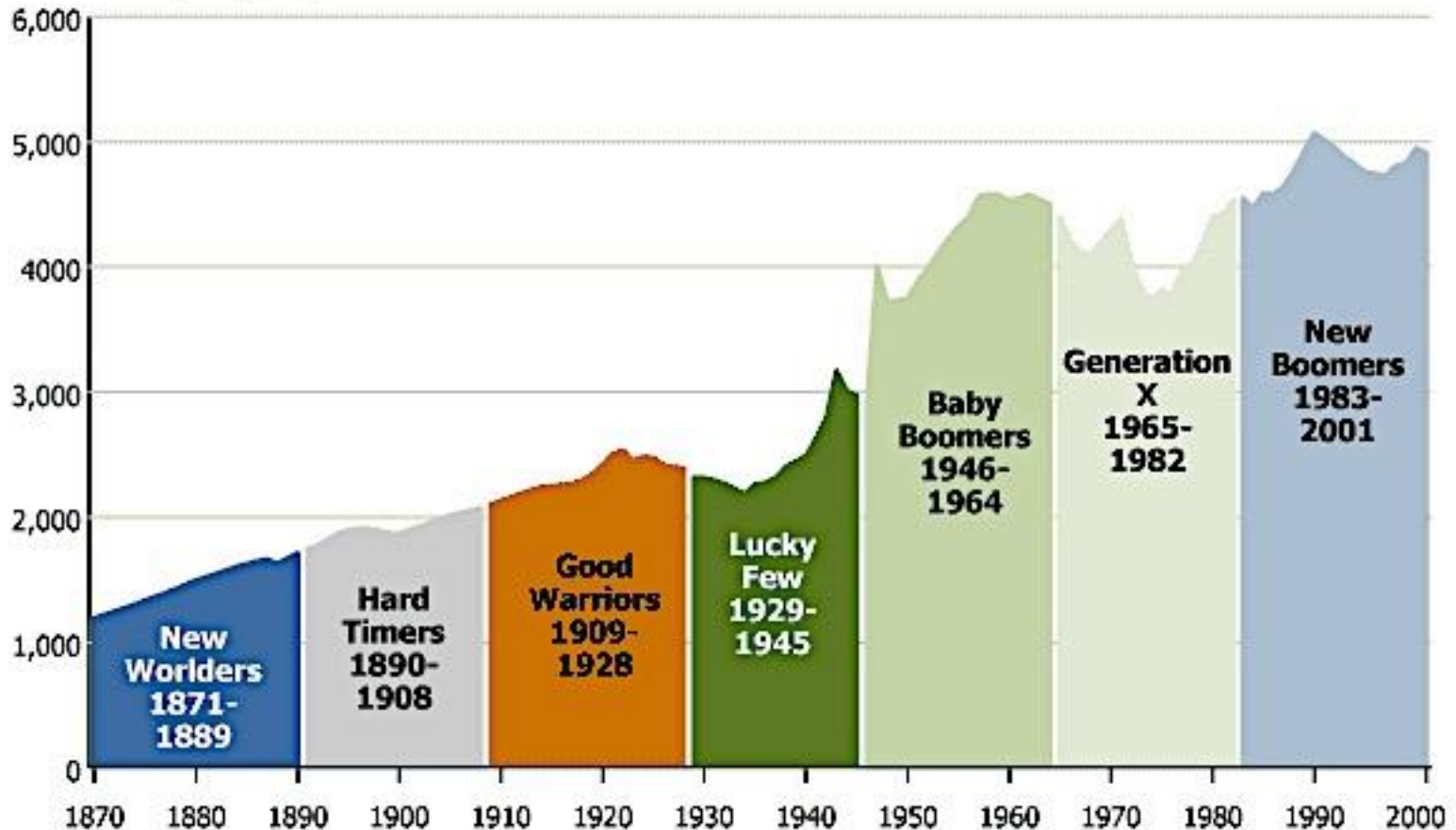




# Generations at Age 30

**U.S. Generations at Age 30 (with projections for births after 1978)**

Thousands of people, by year of birth



Source: U.S. Census Bureau.



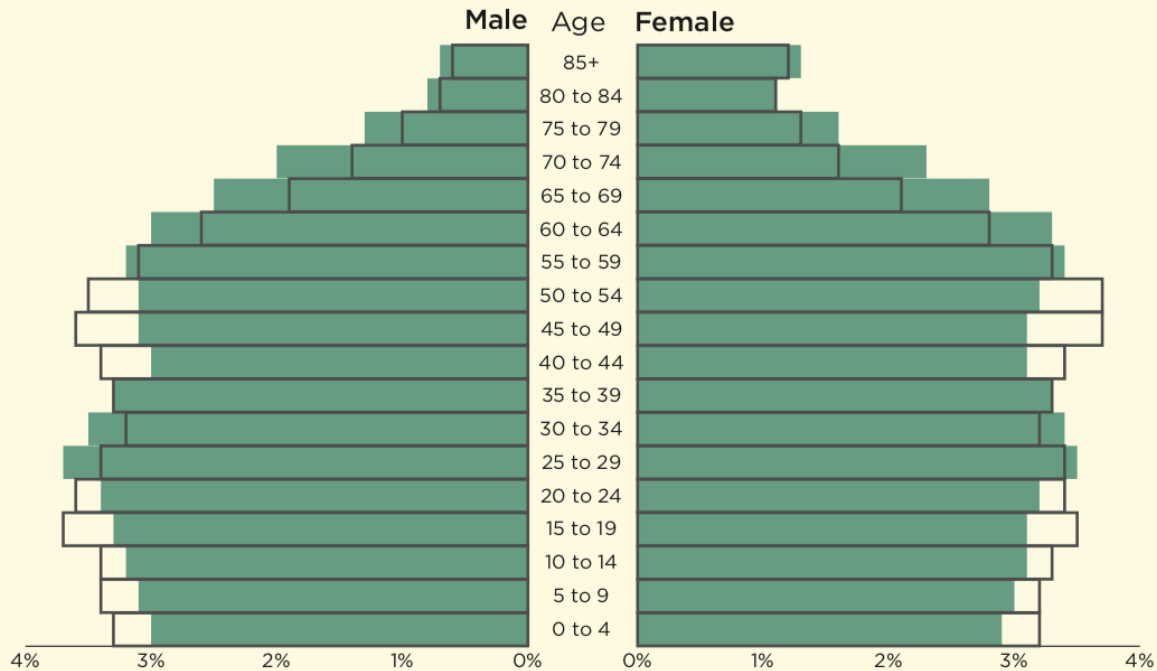
# Generation Chart

## A Wave of Change

Age Structure of the U.S. Resident Population by Sex: 2010 vs. 2019

Percent of Total Population in 2010 and 2019

□ 2010 ■ 2019



# US Media consumption trends

## Social media

Percentage spending 3+ hours per day

Gen Z: 59%  
Millennials: 33%  
Gen X: 26%  
Boomers: 14%



## Live TV

Percentage watching 3+ hours per day

Gen Z: 20%  
Millennials: 35%  
Gen X: 44%  
Boomers: 54%



## Streamed TV

Percentage watching 3+ hours per day

Gen Z: 44%  
Millennials: 43%  
Gen X: 29%  
Boomers: 20%



## Podcasts

Percentage who listen weekly

Gen Z: 37%  
Millennials: 45%  
Gen X: 25%  
Boomers: 15%



## Radio

Percentage who listen daily

Gen Z: 19%  
Millennials: 37%  
Gen X: 41%  
Boomers: 35%



## Streamed music

Percentage who listen daily

Gen Z: 60%  
Millennials: 43%  
Gen X: 29%  
Boomers: 13%



## Newspapers

Percentage who read weekly

Gen Z: 16%  
Millennials: 32%  
Gen X: 23%  
Boomers: 25%



## News websites/apps

Percentage who visit daily

Gen Z: 8%  
Millennials: 24%  
Gen X: 28%  
Boomers: 35%



## Magazines

Percentage who read weekly

Gen Z: 17%  
Millennials: 31%  
Gen X: 21%  
Boomers: 19%



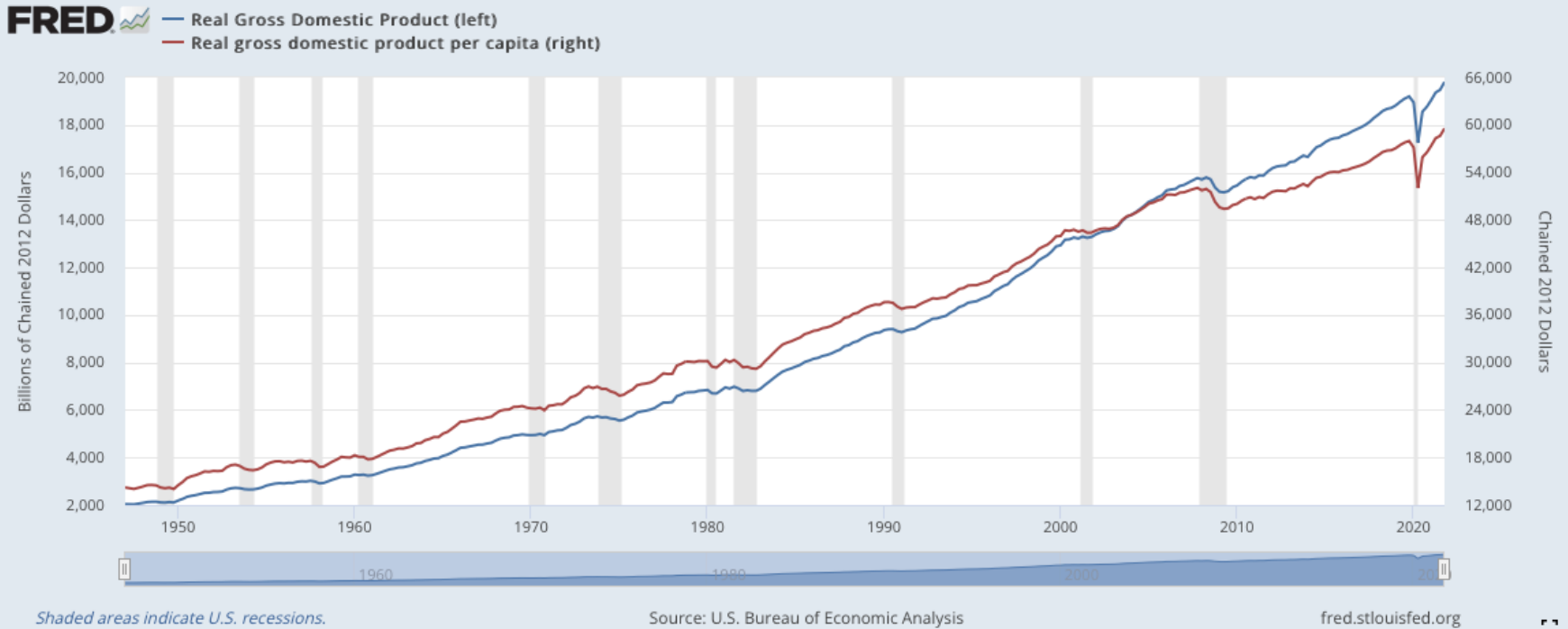
## Gaming

Percentage who play daily

Gen Z: 82%  
Millennials: 81%  
Gen X: 73%  
Boomers: 61%

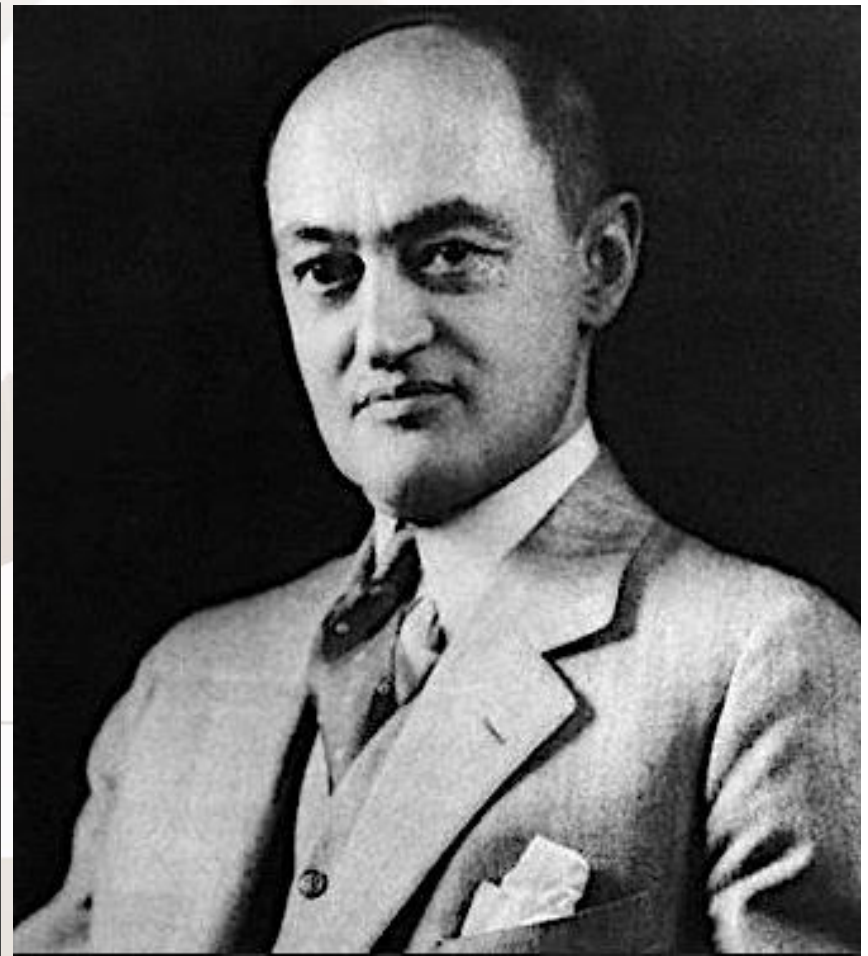


# What is the *Goal* of our economy?





# Joseph Schumpeter (1883-1950)





# Creative Destruction

- Most modern economic theory and policy is viewed as post-WWII
- Why? (This is in terms of prior centuries)
  - Economy is more stable
  - Economy is steadily growing
  - Economy's fluctuations are less frequent with shorter shadows This is changing!
  - One dominant generation and viewpoint
  - This is an oversimplification, but we need to understand the perspective from which the theory and policy originated





# Who Matters Most?

- Households
- Consumers
- Labor
- Wage Workers
- Entrepreneurs
- ??????
- *Silent Generation*
- *Baby Boomers*
- *Gen X*
- *Gen Y or Millennials*
- *Gen Z*

**Who has the wealth?**

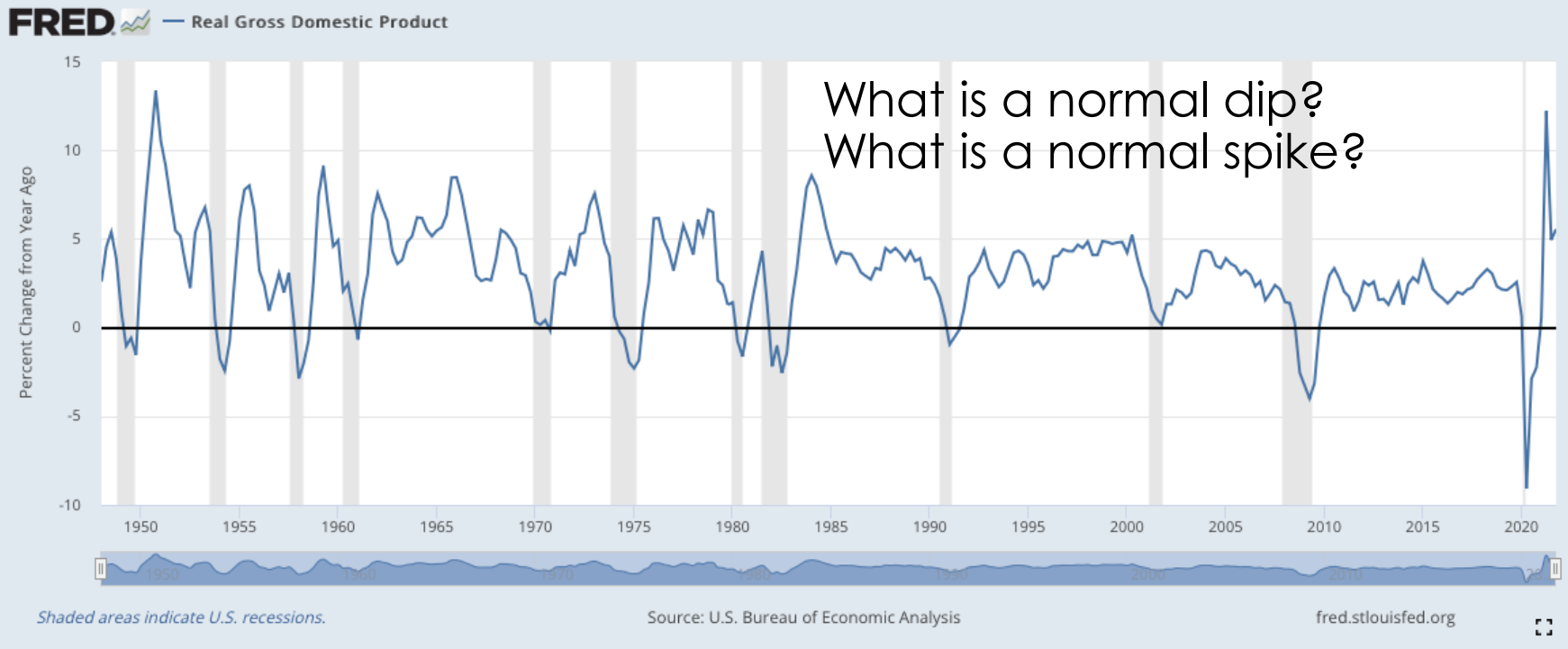
**Who has the managerial power?**

**Who has the consumer power?**

**Who are the workers?**

**Who are creating jobs?**

# Real GDP Percentage Change



Economy is supposed to be more stable with less fluctuations. What do you see with the recent fluctuations?



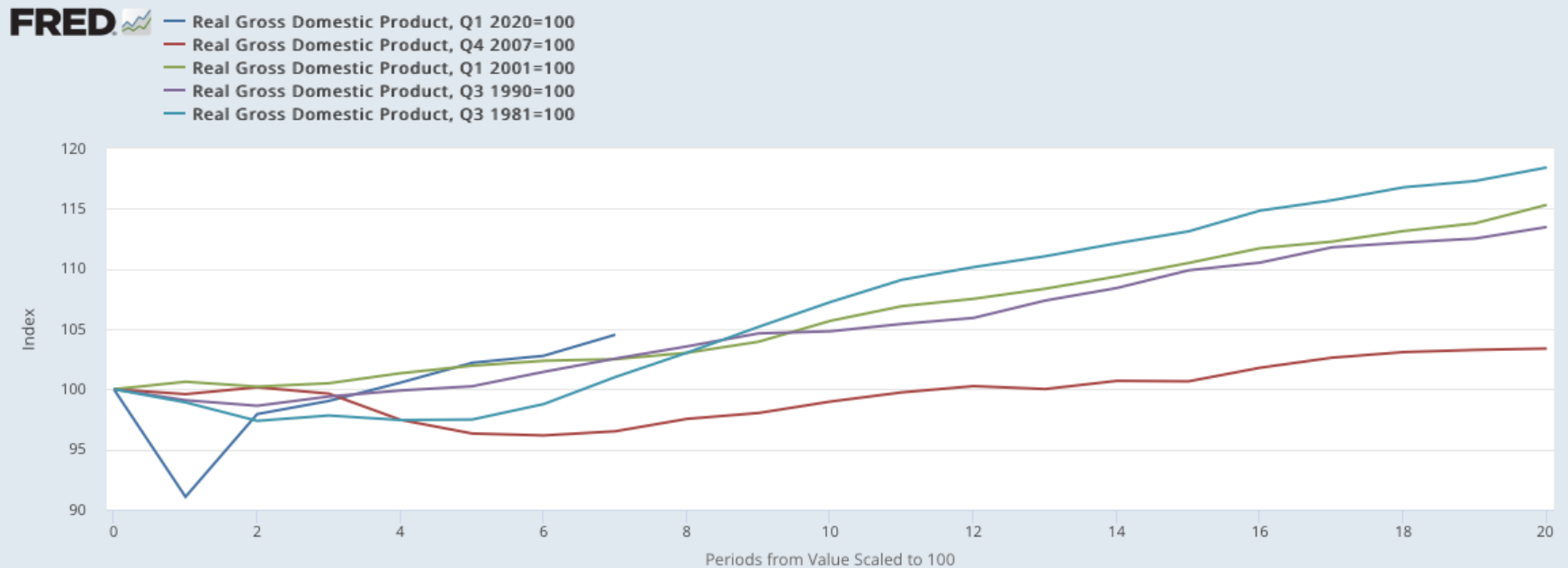
# Recession

- Long and deep
  - <http://www.nber.org/cycles.html>
  - February 2020 to April 2020 – 2 months
  - December 2007 to June 2009 – 18 months
  - March 2001 – November 2001 – 8 months
  - July 1990– March 1991 – 8 months
  - July 1981 – November 1982 – 16 months

*Side point for a different discussion: Recession from October 1873 to March 1879 lasted 65 months and the next recession started in March 1882. Between October 1873 and December 1900, the economy spent 197 months in recession and 147 in expansion*



# Real GDP-post recessions



Source: U.S. Bureau of Economic Analysis

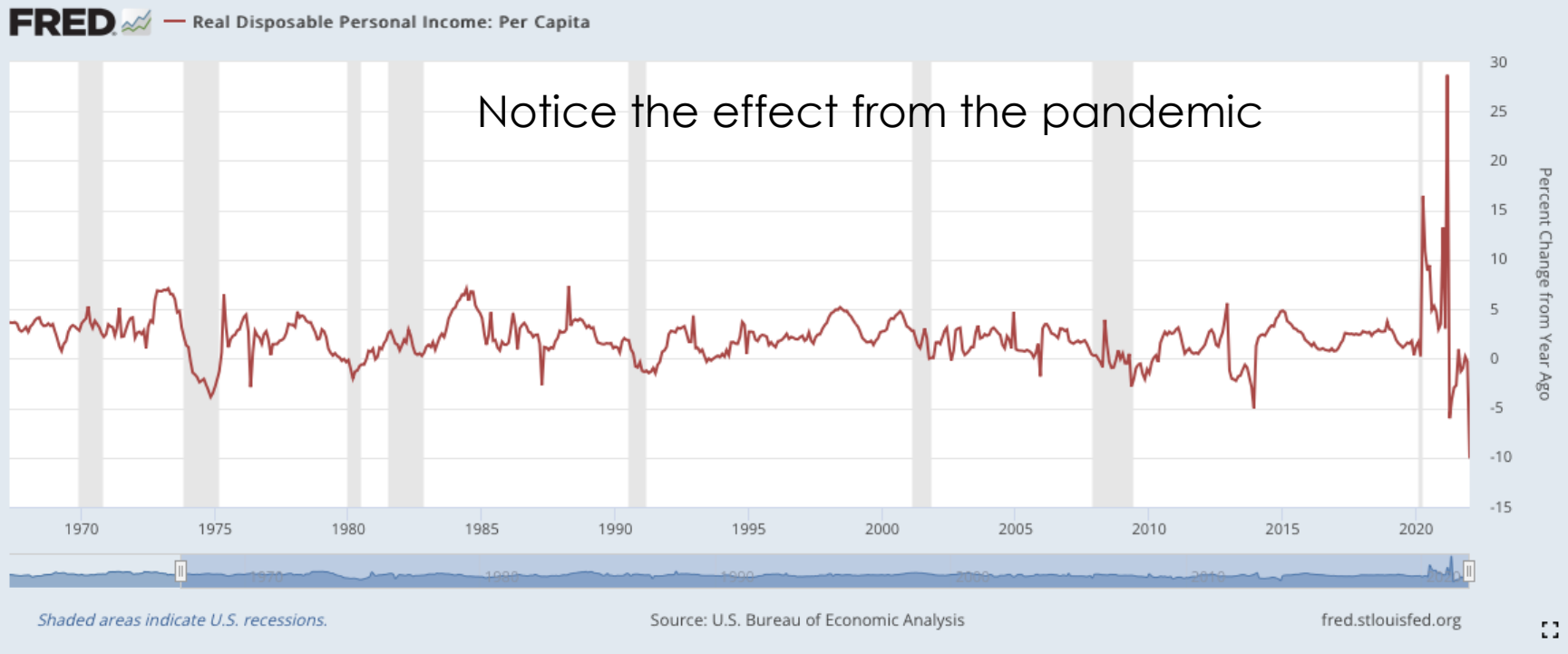
fred.stlouisfed.org



Is Wealth lost forever after 2008-09?



# Income Growth



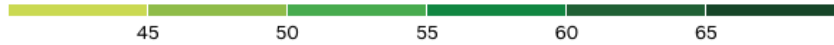
Redistribution of Income?  
Which generation gained?





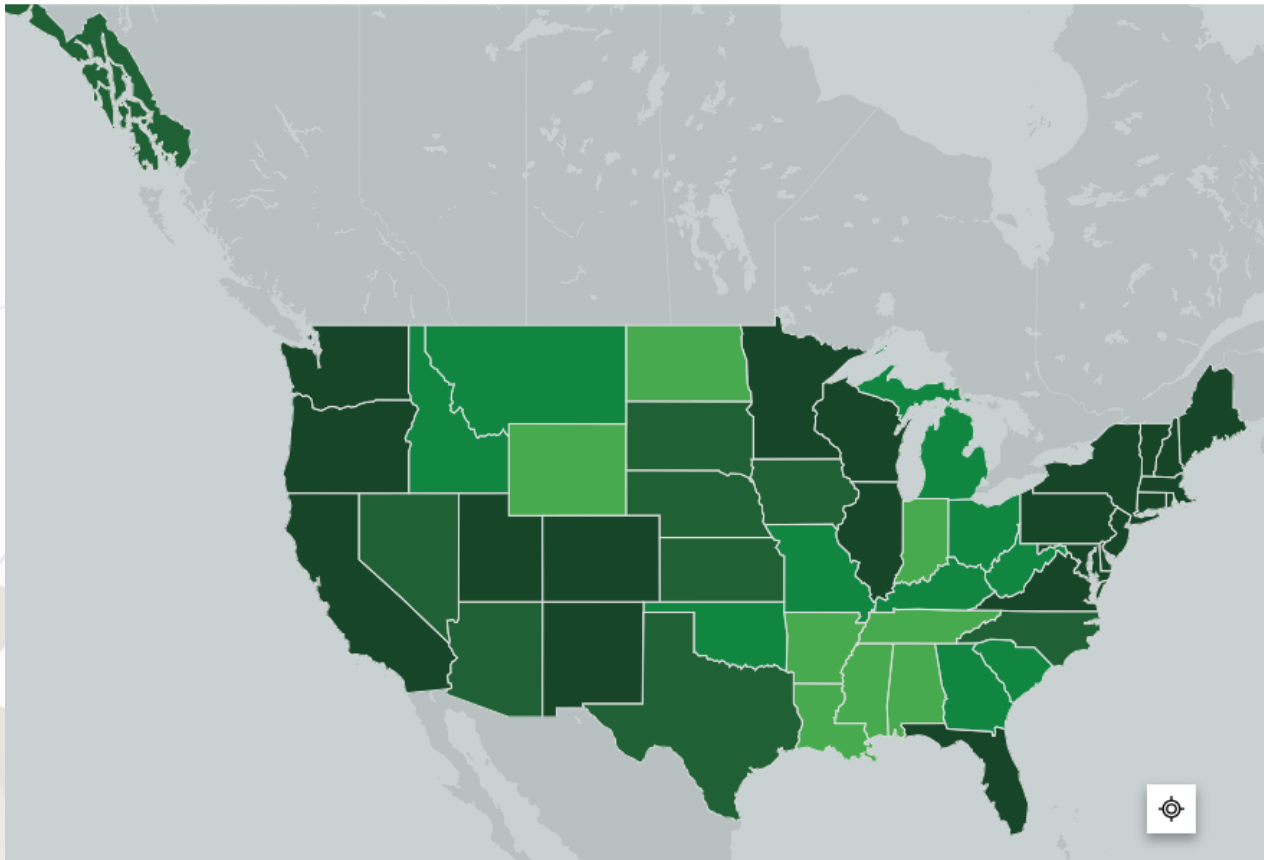
# COVID

Percentage of state population vaccinated



● Fully vaccinated

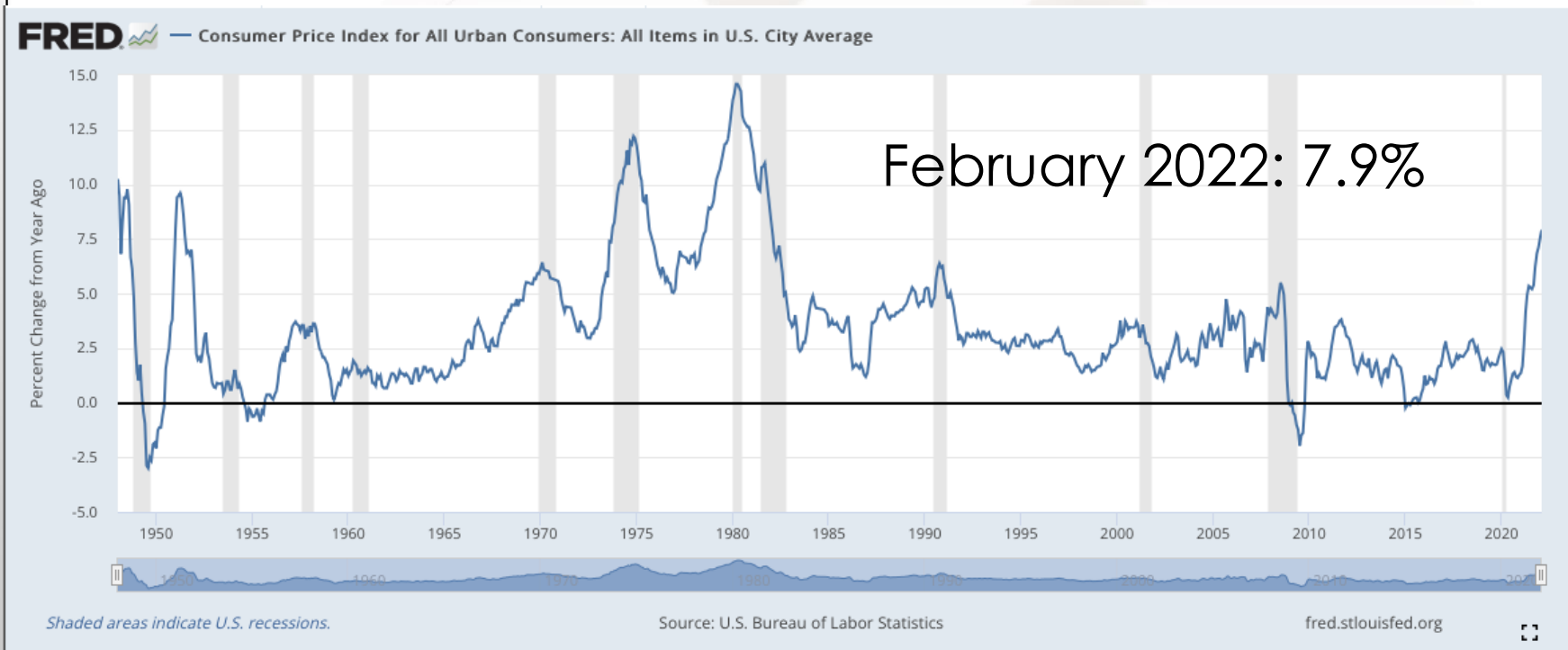
○ At least 1 dose





# Inflation

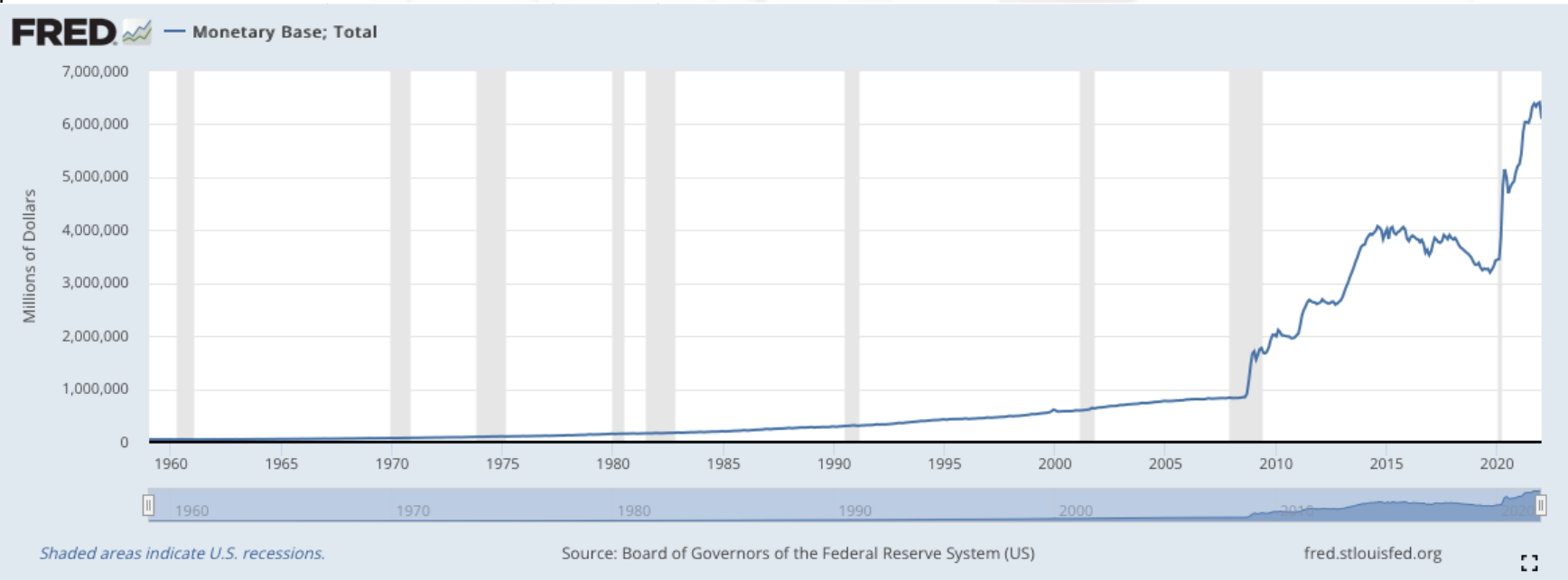
Temporary or Lasting?



Either way – it is still real and creates uncertainty  
How do we slow it?

# Monetary Base

Temporary or Lasting?

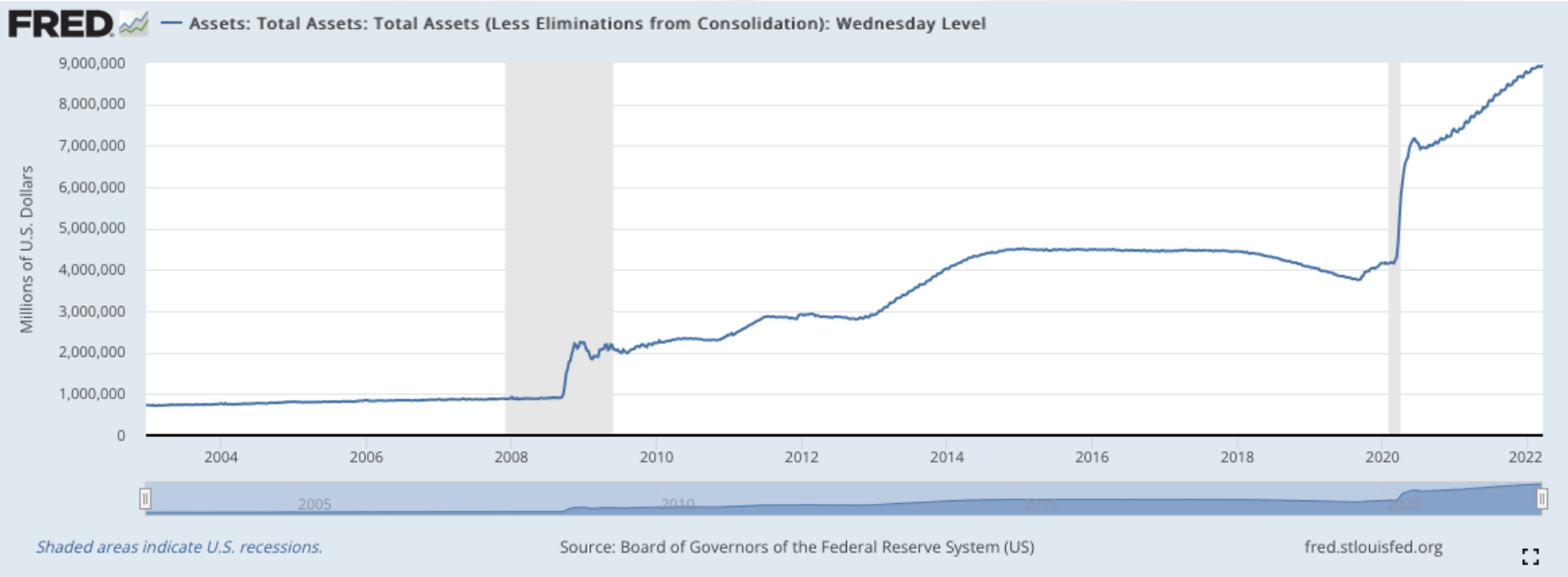


What is the correct size of the Monetary Base?

Example: October 2020-2021: 28.8% change year-over-year

# Federal Reserve Balance Sheet

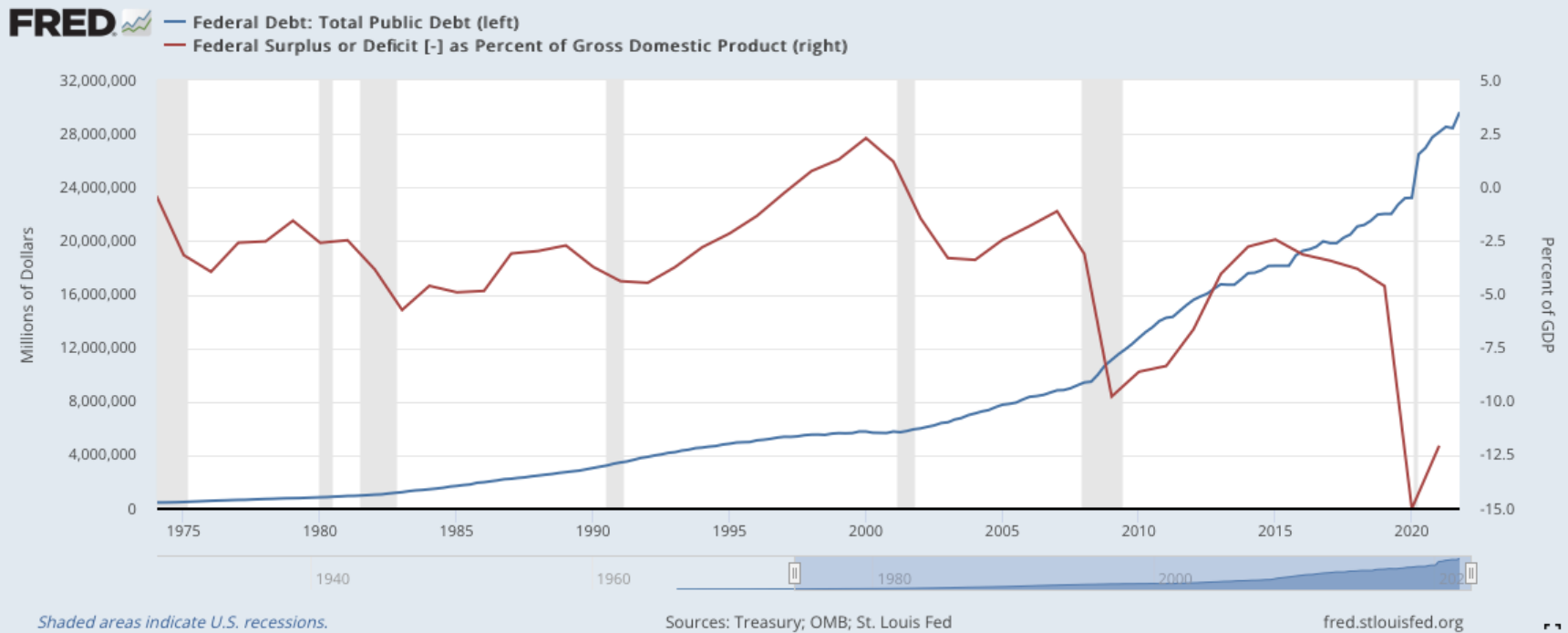
## Fed's Total Assets



At approximately \$9 trillion

# Government Debt and Deficit

Temporary or Lasting?



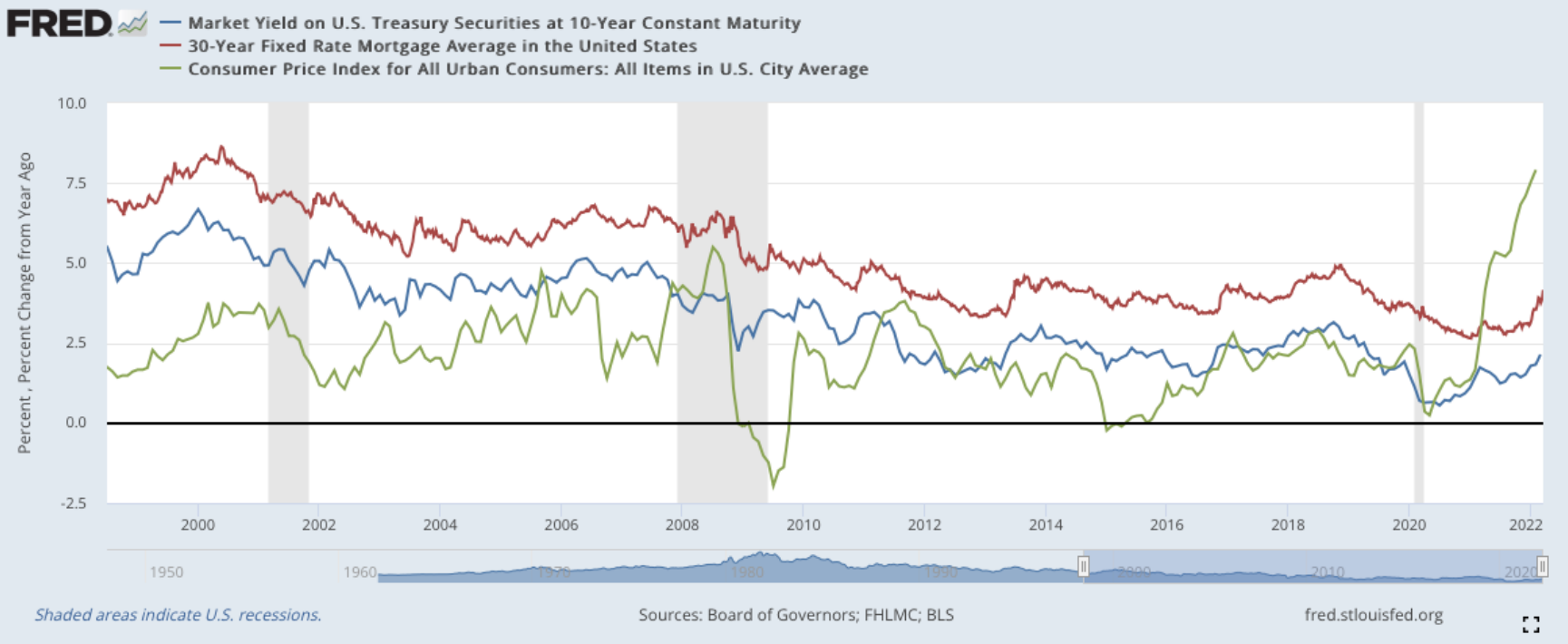
We also have had fiscal policy injections

Annual Deficit is now 112% of GDP



# Interest rates

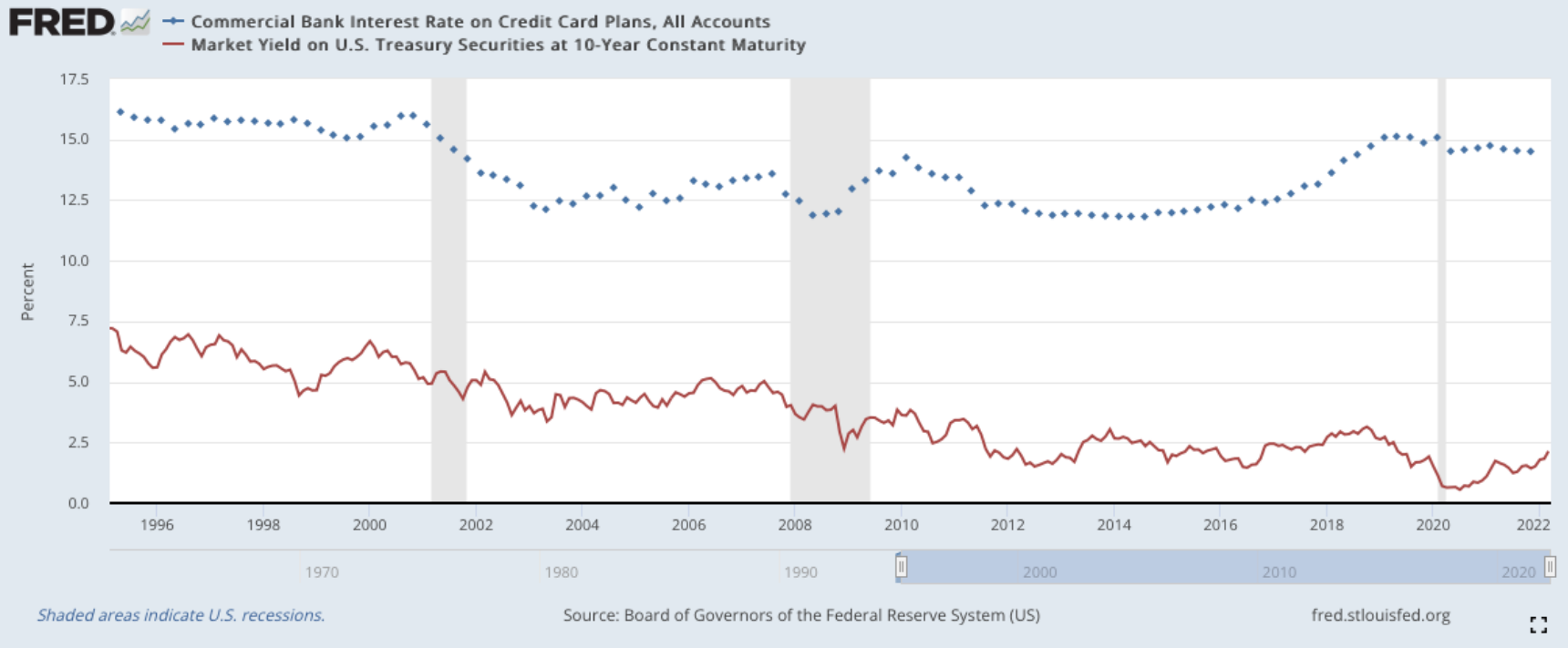
Notice the negative real rates of return



What is the effect on HHs of the low interest rates on savings accounts?  
First, these HH lost to low interest rates. Now they lose to inflation.

# Mortgage & Credit Card rates

More redistribution





# Inflation Effects

## Redistribution

- Inflation creates uncertainty (another name for risk)
- Slows transactions
- Create environment for errors with transactions
- Families redistribute funds to food and gasoline
  - Appliances and other durable purchases delayed
  - Clothing not affected as much – fast fashion and casual workplaces (dress jeans)
- Employees start looking for new jobs or consistently renegotiating salary in order to keep up with cost of living



# Fed Reaction

What type of recession will we have?

- Fed will have to continue to raise rates
  - But will most likely be slower in raising rates until after the midterm elections
  - Raise rates now and then slow and then speed up in late 2022 and early 2023, depending on how the inflation numbers change
- Oil prices vs oil policy could lead to instability in oil prices
  - Travel demand may fall which will offset some of the current upward pressure on oil prices and all prices
  - Transportation is a fundamental part of our Internet economy
- Ukraine – Russia – unknown trajectory of war creates more instability



# Amarillo's Goal

- How can Amarillo **win** in this economic environment?
  - Which industries?
  - Which generation?
  - Which source of wealth?





# Work From Home

How long with the trend last?

Will the trend increase or decrease?

- What does WFH mean for productivity? Creativity?
- Innovation is what moves the needle
  - The middle employees have innovation ideas and upper management promotes and funds the best ideas
  - Watercooler ideas?
    - This creativity process does not work well on Zoom
- What about career mentoring?

Have Millennials made the jump from a *job produces income for me* to *my job needs to produce revenue for the firm*?

  - Do you ride for the brand?



# WFH is HR dream

- For many firms, firing or laying off employees is difficult
  - Was the worker warned in the annual evaluation?
  - Were there two write-ups?
  - Were the write-ups from different people?
- With WFH, I can be in CA and fire TX employee
- Employees are substitutes
- No long-run commitment
  - This can be true on either side
- WFH and Zoom creates distance that reduces job security



# What do the people moving here want?

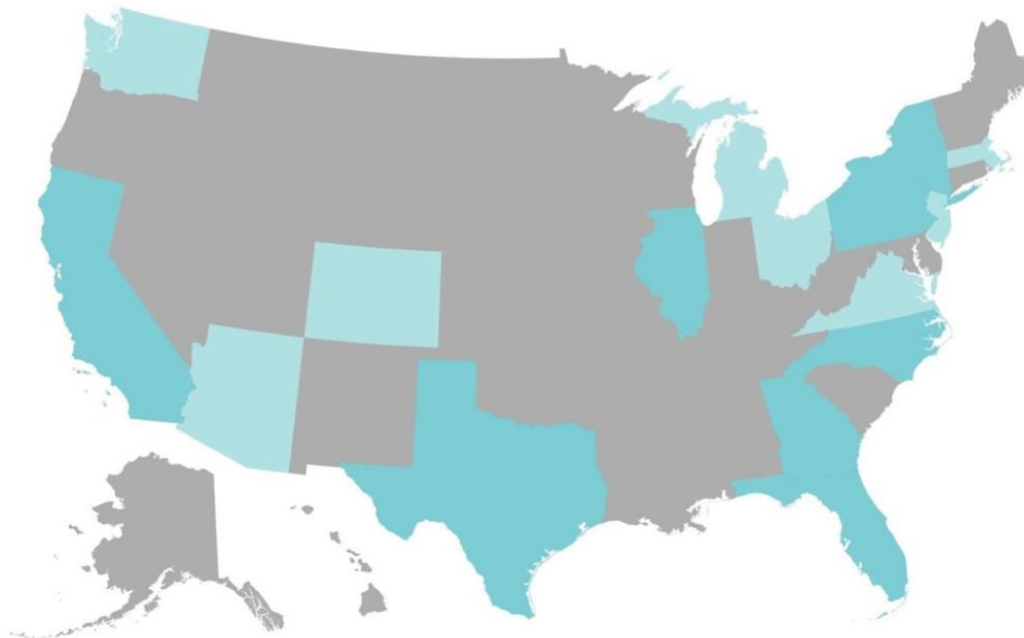
- It might not be what we are used to
  - With the influx of people moving to Texas goes the shift in political power and tax money.
- Are we getting the people who live in Amarillo but work for a firm elsewhere?
  - Colorado?
  - Austin?
  - Main Technology firm or a firm that serves the main firm?
- Are we getting the salaries but not the business creation?
- Need the flights to Denver and Austin to keep these workers.
- How do we get the high-value transplants?

# Does political power matter?

## Population distribution in 2040

2016 analysis by Demographics Research Group, Weldon Cooper Center for Public Service, University of Virginia.

■ STATES MAKING UP HALF POPULATION   ■ NEXT 20 PERCENT   ■ 30 PERCENT OF POPULATION



The House and the Senate will be weighted to two largely different Americas.



# Is the spouse happy?

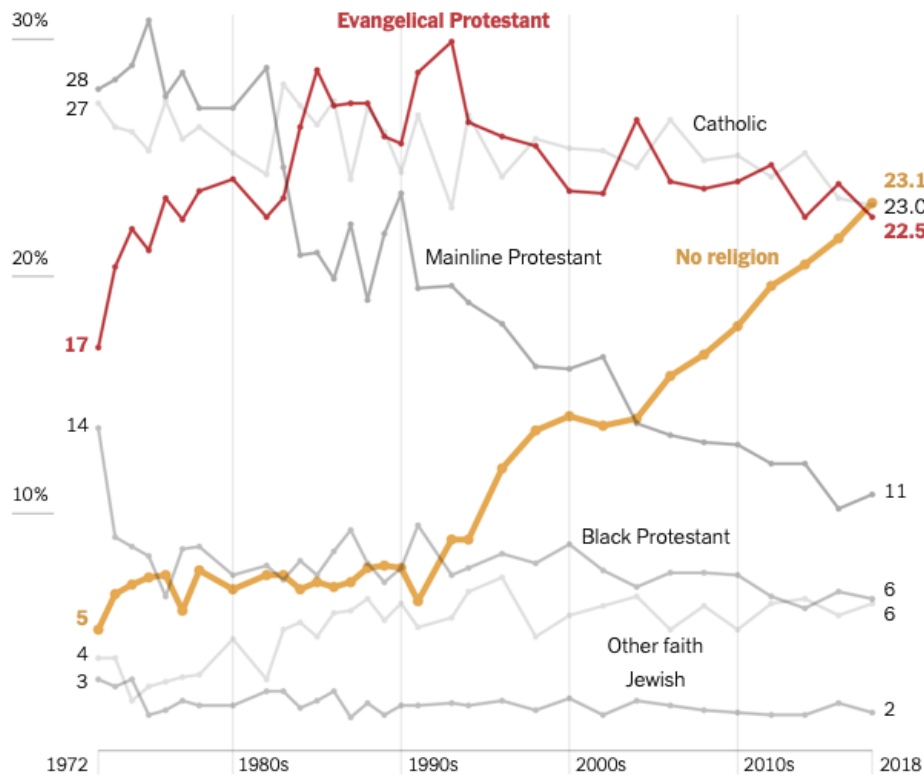
- Belief that cities need to provide amenities to entice the spouse to want to stay
- Flights to get away for weekend
- Activities for
  - Singles
  - Couples
  - Children
- Activities?
  - Sports
  - eSports
  - Arts/Culture
  - Public/Private/Homeschooling
  - Parks and outdoor activities/Nature

Who is your target market?

# Does religious background matter?

## The Rise of 'No Religion'

Percentage of Americans by religious affiliation, or lack of one.

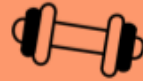


By The New York Times | Source: analysis of General Social Survey data by Ryan P. Burge, Eastern Illinois University; figures do not add up to 100 percent because the surveys did not classify some respondents.

# The 2022 consumer



37% favor online shopping for non-food products



47% are trying to improve their fitness



30.5% are saving up for a holiday



36% want brands to take action on poverty



65% of the working population WFH at least one day a week



19% got a new pet during the pandemic but only 7% are having/recently had a baby



57% want to hear humorous messaging from brands



We used our US trends data to visualize what's top of mind for the 2022 consumer...

Note: this survey was before inflation increased dramatically





# Functional Loner

You do not have to interact with other people in your daily life

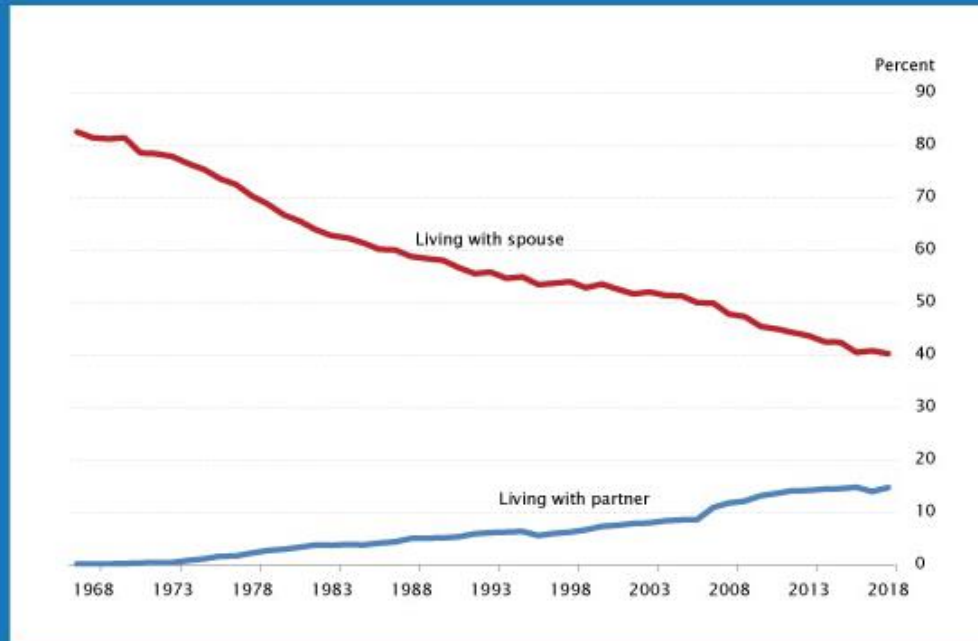


- Average age to marry?
  - Male: 30.4
  - Female: 28.6
- In 1960, single-person HH was 13% of all HH. Now it is 28%.
  - Old and young
- 29% of 18- to 34-year-olds were married in 2018 vs. 59% in 1978
  - Living together is not the only reason why

# Who Picks You Up From the Airport?

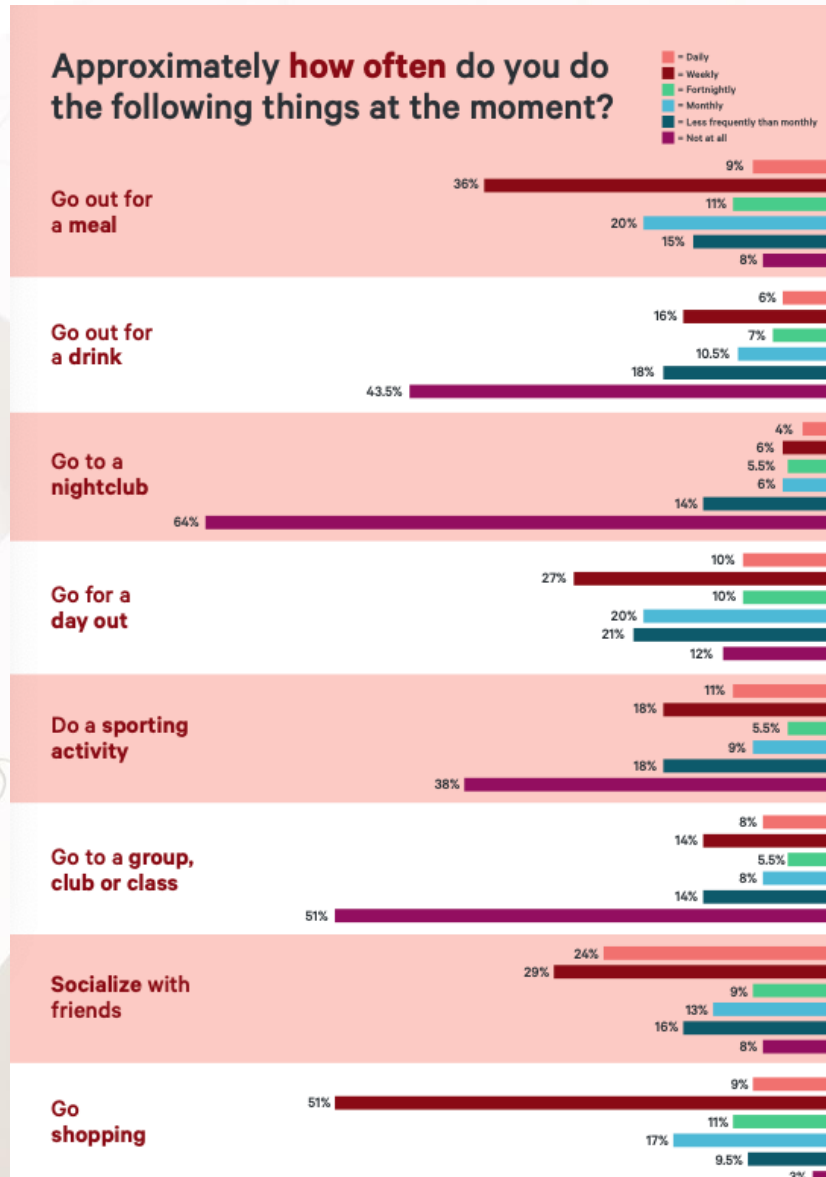
Getting close to 50% alone at this age range

## Living Arrangements of Adults Ages 25-34



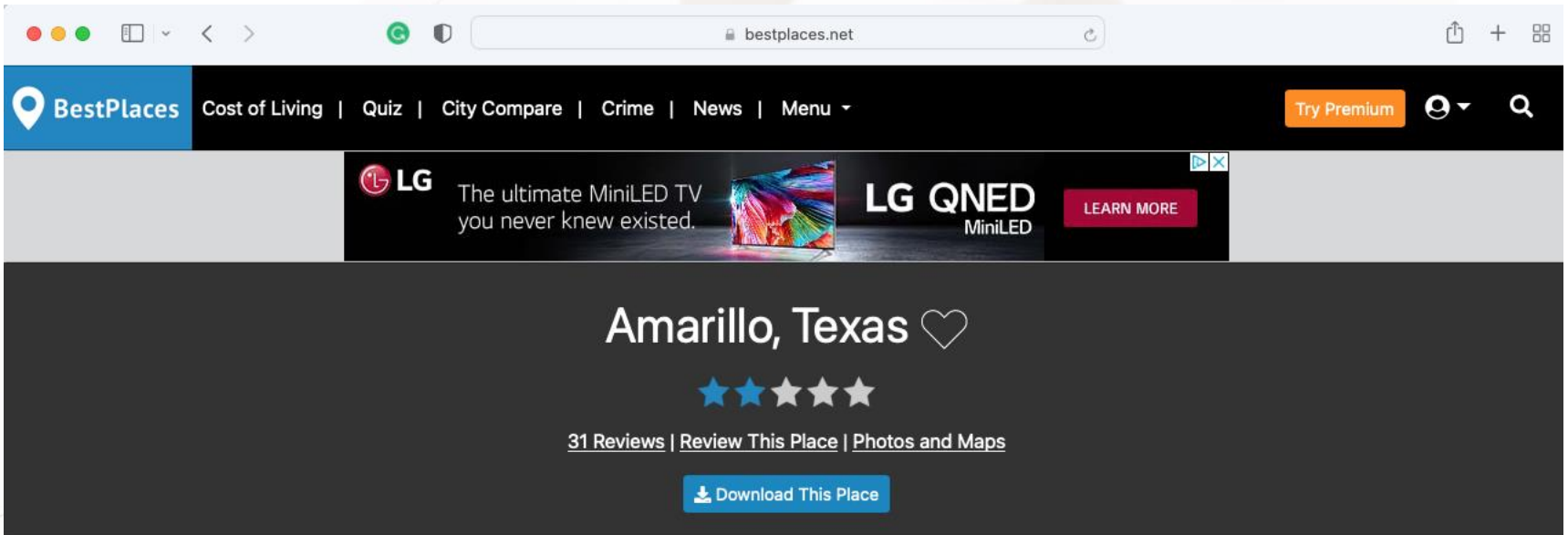
# What does Amarillo Need To Do?

Provide the  
**Lifestyle**  
Millennials  
and Gen Z  
want



# What Does Amarillo Need To Do?

Manage our reputation/brand



The screenshot shows a web browser at bestplaces.net. The navigation bar includes 'BestPlaces' with a location pin icon, and links for 'Cost of Living', 'Quiz', 'City Compare', 'Crime', 'News', and 'Menu'. There is a 'Try Premium' button and search icons. A banner for LG QNED MiniLED TV is visible. The main content area is for 'Amarillo, Texas' with a heart icon, a 4.5-star rating, and 31 reviews. A 'Download This Place' button is present.

[United States](#) / [Texas](#) / [Amarillo Metro Area](#) / [Potter County](#) / [Amarillo](#) / [Zip Codes](#)

- CATEGORIES
- Overview
- Real Estate
- Cost of Living
- Interactive Map
- Job Market
- Crime
- Climate
- Weather

## Amarillo, Texas Reviews

★★★★☆ based on 31 Reviews

Get to know Amarillo with the latest comments and reviews from people who live in or have visited Amarillo

★★★★☆

[Quite possibly worse than Hell itself](#) - 4/5/2020

## COMPARE COST OF LIVING

Compare **Amarillo, Texas** to any other place in the USA.

Compare Now





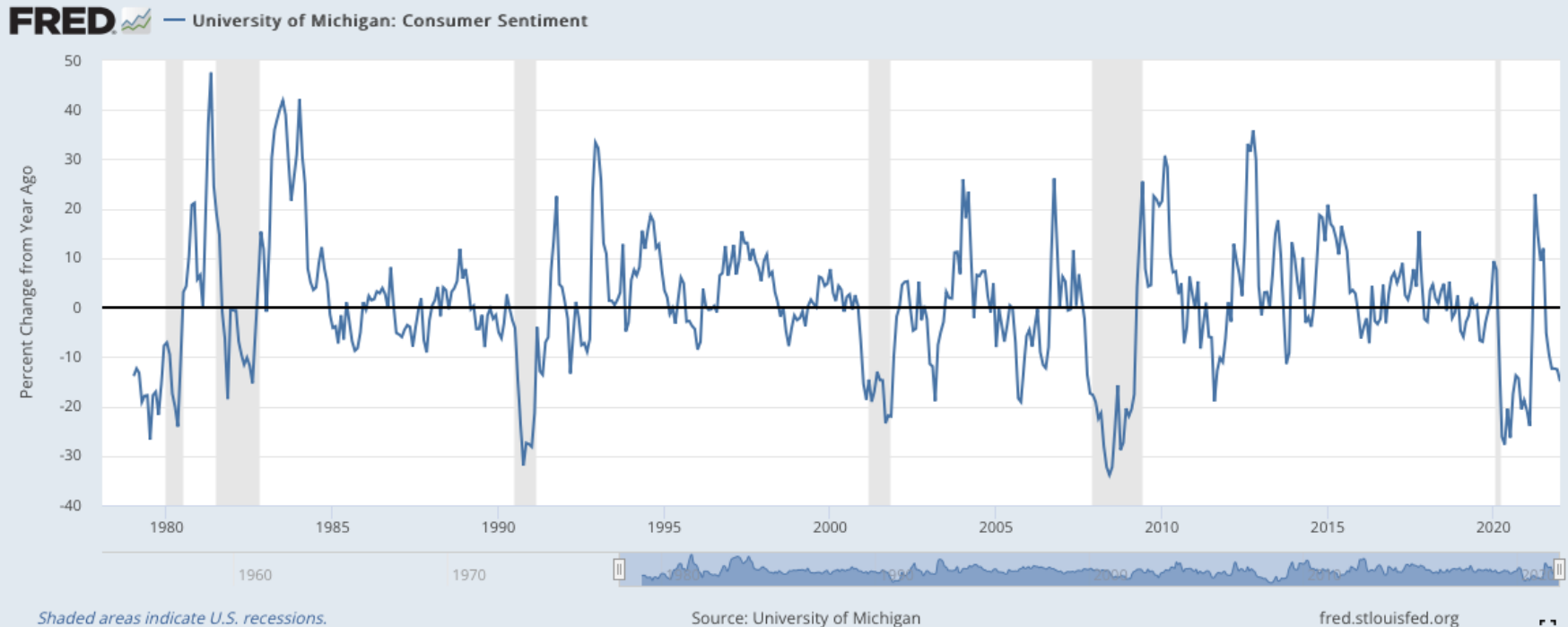
# Conclusion

How happy are we?



# Consumer Confidence

January 2022: -15%



Are we happy in Amarillo?



# Paul & Virginia Engler College of Business







**Thank you for the donation to my scholarship fund!!!**

**THANK YOU**

**AMACY@WTAMU.EDU**