

The Economic and Financial Future After COVID

19 April 2021



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Chairman of The Futurist Institute

Good News

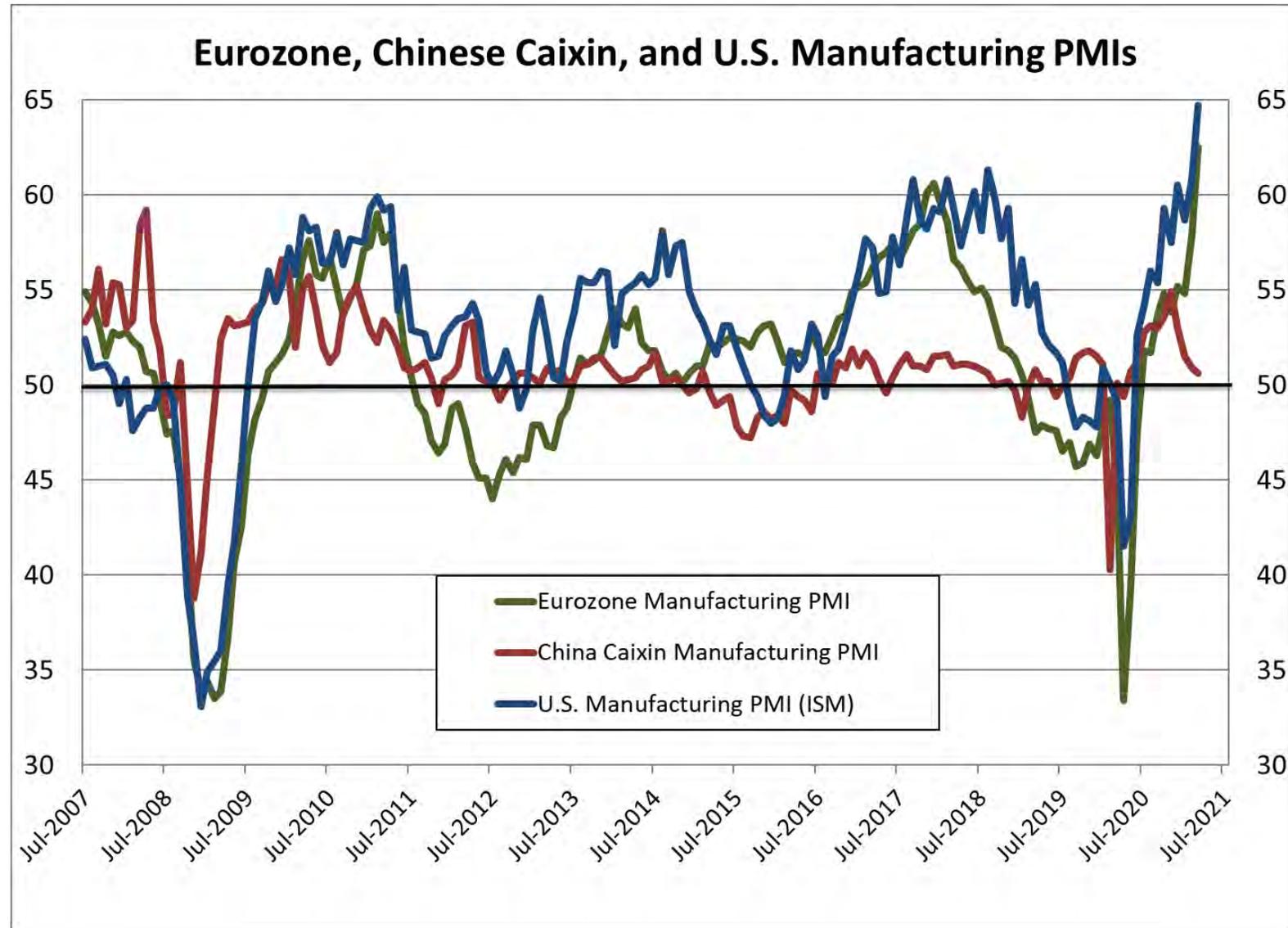
IMF Global Growth Outlook – Global and Advanced Economies

(real GDP, annual percent change)	2020	PROJECTIONS	
		2021	2022
World Output	-3.3	6.0	4.4
Advanced Economies	-4.7	5.1	3.6
United States	-3.5	6.4	3.5
Euro Area	-6.6	4.4	3.8
Germany	-4.9	3.6	3.4
France	-8.2	5.8	4.2
Italy	-8.9	4.2	3.6
Spain	-11.0	6.4	4.7
Japan	-4.8	3.3	2.5
United Kingdom	-9.9	5.3	5.1
Canada	-5.4	5.0	4.7
Other Advanced Economies	-2.1	4.4	3.4

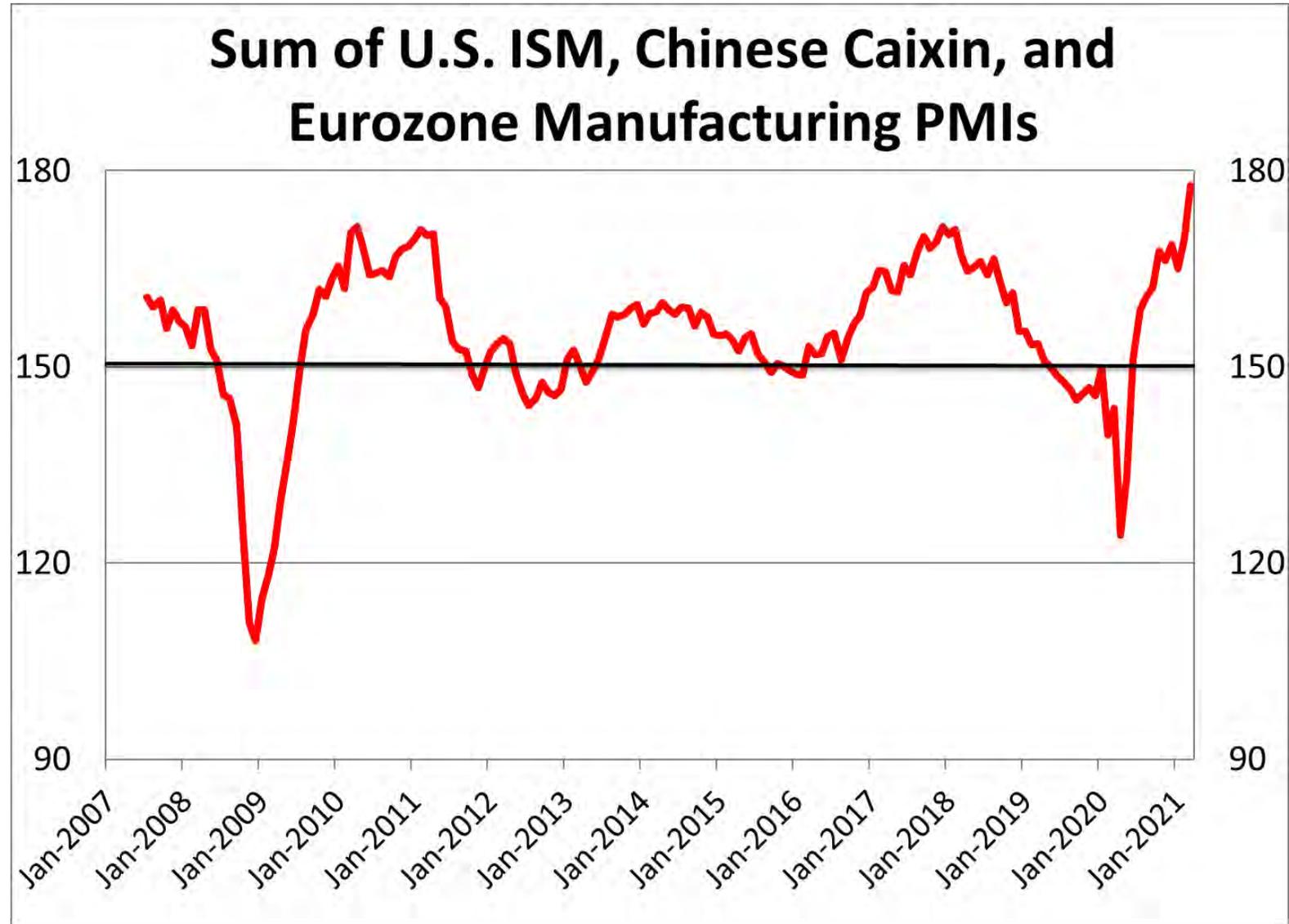
Global Growth Outlook – Emerging and Developing Economies

Emerging Market and Developing Economies	-2.2	6.7	5.0
Emerging and Developing Asia	-1.0	8.6	6.0
China	2.3	8.4	5.6
India	-8.0	12.5	6.9
ASEAN-5	-3.4	4.9	6.1
Emerging and Developing Europe	-2.0	4.4	3.9
Russia	-3.1	3.8	3.8
Latin America and the Caribbean	-7.0	4.6	3.1
Brazil	-4.1	3.7	2.6
Mexico	-8.2	5.0	3.0
Middle East and Central Asia	-2.9	3.7	3.8
Saudi Arabia	-4.1	2.9	4.0
Sub-Saharan Africa	-1.9	3.4	4.0
Nigeria	-1.8	2.5	2.3
South Africa	-7.0	3.1	2.0
<i>Memorandum</i>			
Emerging Market and Middle-Income Economies	-2.4	6.9	5.0
Low-Income Developing Countries	0.0	4.3	5.2

PMIs Reflect Manufacturing Strength in USA and Eurozone



Sum of Major PMIs Reflect Global Manufacturing Recovery

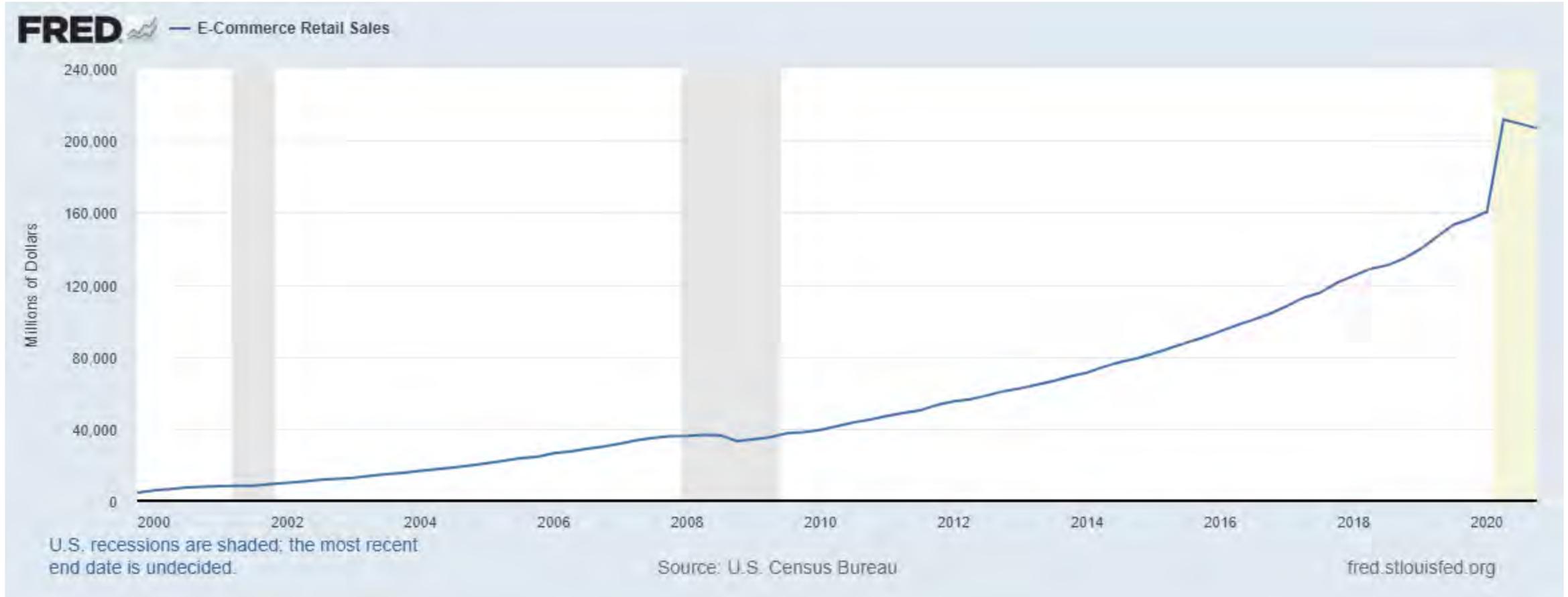


Rising to Face the Challenge of COVID

- **Remote Work**
- **Online Education**
- **E-Commerce**
- **Telehealth**

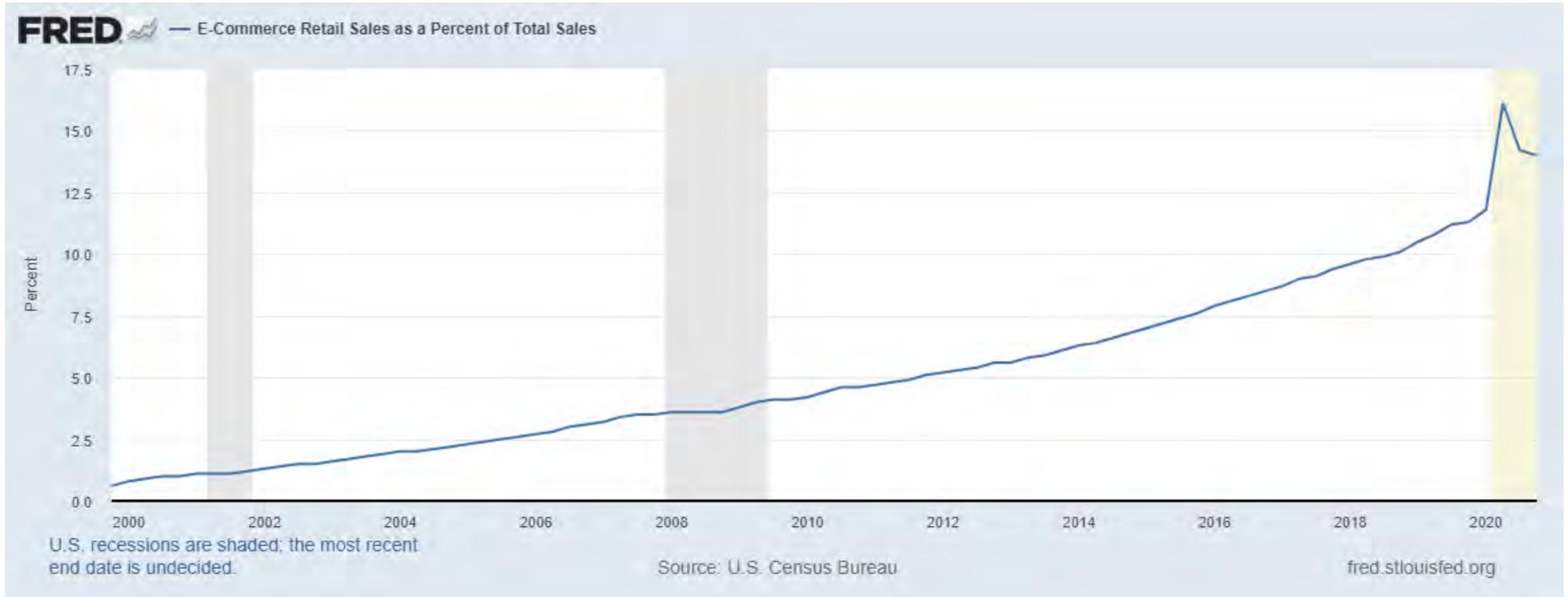
E-Commerce Spend at Record in Q2 2020, Near Record in Q4 2020

E-Commerce Retail Sales almost \$207 Billion in Q4 2020

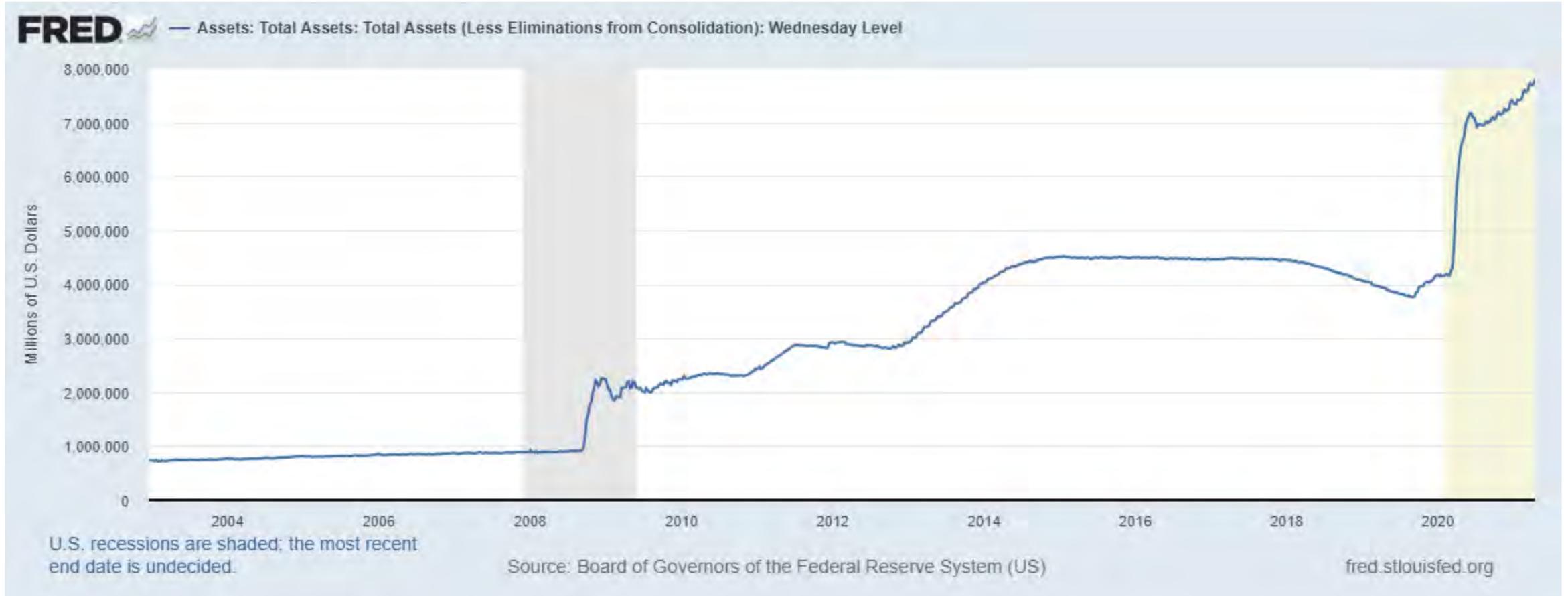


E-Commerce as Percent of Retail Peaked in Q2 2020, but Remains High

E-Commerce Retail Sales at 14.0% in Q4 2020



The Fed Also Helped: Federal Reserve Central Bank Balance Sheet



Housing Starts – Rising Recently on Low Rates



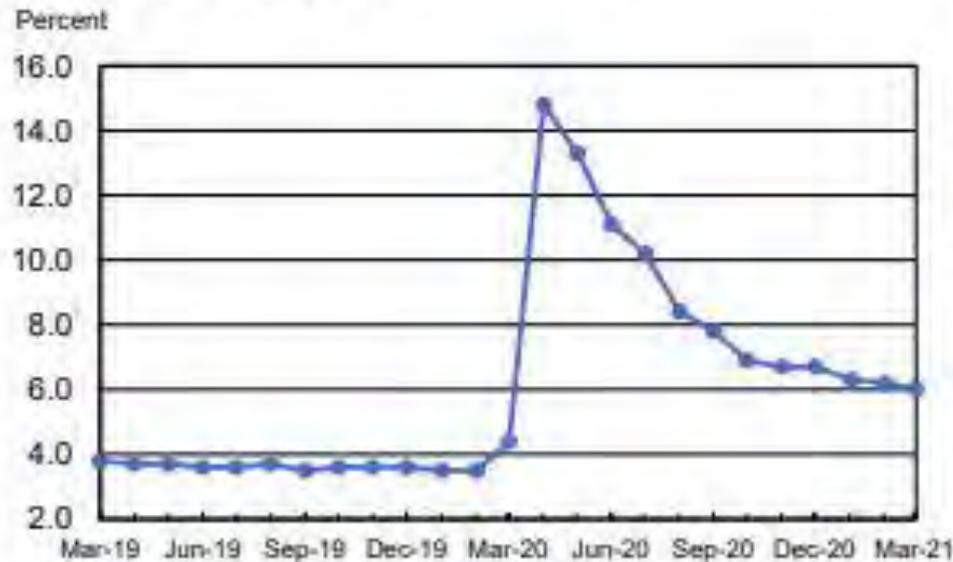
The Big Problem

What is the U.S. Unemployment Rate?

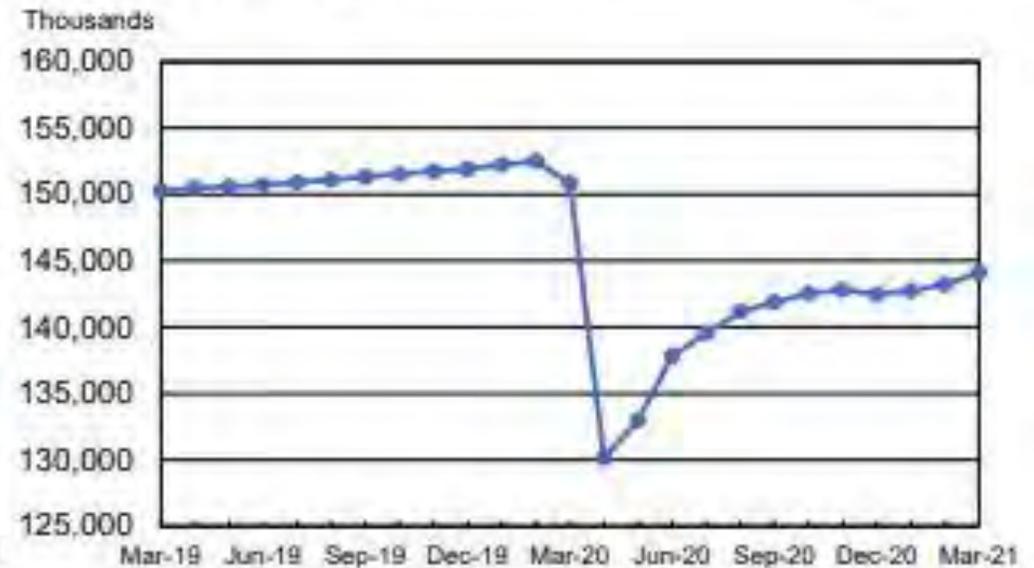
**Rate published
is 6.0%**

**Rate probably
8.6% to 8.7%**

**Chart 1. Unemployment rate, seasonally adjusted,
March 2019 – March 2021**



**Chart 2. Nonfarm payroll employment, seasonally adjusted,
March 2019 – March 2021**



Unemployment Rate Differences

Table 9. Persons not in the labor force who did not look for work in the last 4 weeks because of the coronavirus pandemic
[Numbers in thousands]

Characteristic	March 2021				
	Total not in the labor force	Did not look for work in the last 4 weeks because of the coronavirus pandemic		Other persons not in the labor force	
		Total	Percent of total not in the labor force	Total	Percent of total not in the labor force
Total Total, 16 years and over	100,606	3,719	3.7	96,887	96.3

Labor Force Statistics from the Current Population Survey

Series Id: LNU02096060
 Not Seasonally Adjusted
Series title: (Unadj) Employed - With a job, not at work, Other reasons, not elsewhere classified
Labor force status: Employed
Type of data: Number in thousands
Age: 16 years and over
Reasons with job not at work: Other reasons, not elsewhere classified
Worker status/schedules: With a job not at work

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2011	732	713	736	723	653	947	1191	1116	540	586	596	664
2012	853	683	767	700	637	970	1234	1012	597	631	732	682
2013	918	619	761	603	612	936	1265	993	563	788	530	713
2014	770	607	707	613	533	917	1229	890	506	665	589	629
2015	804	670	678	625	570	821	1125	1024	615	531	543	607
2016	670	700	714	576	594	947	1140	1017	546	614	655	579
2017	781	750	701	718	523	966	1220	984	750	655	563	529
2018	755	630	721	630	593	745	1129	798	541	584	722	636
2019	914	591	650	554	484	921	1201	926	524	510	564	622
2020	773	603	2126	8085	5448	2845	2522	2032	1363	1153	1255	1544
2021	1654	1407	1333									

<https://www.bls.gov/cps/effects-of-the-coronavirus-covid-19-pandemic.htm>

<https://data.bls.gov/timeseries/LNU02096060>

Alternative Measures of Labor Underutilization: U-1 to U-6

HOUSEHOLD DATA

Table A-15. Alternative measures of labor underutilization

[Percent]

Measure	Not seasonally adjusted			Seasonally adjusted					
	Mar. 2020	Feb. 2021	Mar. 2021	Mar. 2020	Nov. 2020	Dec. 2020	Jan. 2021	Feb. 2021	Mar. 2021
U-1 Persons unemployed 15 weeks or longer, as a percent of the civilian labor force	1.4	3.6	3.7	1.2	3.6	3.4	3.4	3.5	3.5
U-2 Job losers and persons who completed temporary jobs, as a percent of the civilian labor force	2.7	4.4	4.0	2.6	4.7	4.5	4.4	4.1	3.9
U-3 Total unemployed, as a percent of the civilian labor force (official unemployment rate)	4.5	6.6	6.2	4.4	6.7	6.7	6.3	6.2	6.0
U-4 Total unemployed plus discouraged workers, as a percent of the civilian labor force plus discouraged workers	4.8	6.9	6.5	4.7	7.1	7.1	6.7	6.5	6.4
U-5 Total unemployed, plus discouraged workers, plus all other persons marginally attached to the labor force, as a percent of the civilian labor force plus all persons marginally attached to the labor force	5.3	7.7	7.2	5.3	7.9	7.9	7.4	7.3	7.1
U-6 Total unemployed, plus all persons marginally attached to the labor force, plus total employed part time for economic reasons, as a percent of the civilian labor force plus all persons marginally attached to the labor force	8.9	11.6	10.9	8.8	12.0	11.7	11.1	11.1	10.7

NOTE: Persons marginally attached to the labor force are those who currently are neither working nor looking for work but indicate that they want and are available for a job and have looked for work sometime in the past 12 months. Discouraged workers, a subset of the marginally attached, have given a job-market related reason for not currently looking for work. Persons employed part time for economic reasons are those who want and are available for full-time work but have had to settle for a part-time schedule. Updated population controls are introduced annually with the release of January data.

Jobless Claims: -79.6 Million in 56 Weeks

Latest Week -576K



All Jobless Claims Programs for Week Ending 27 March 2021

CONTINUED WEEKS CLAIMED FILED FOR UI BENEFITS IN ALL PROGRAMS (UNADJUSTED)

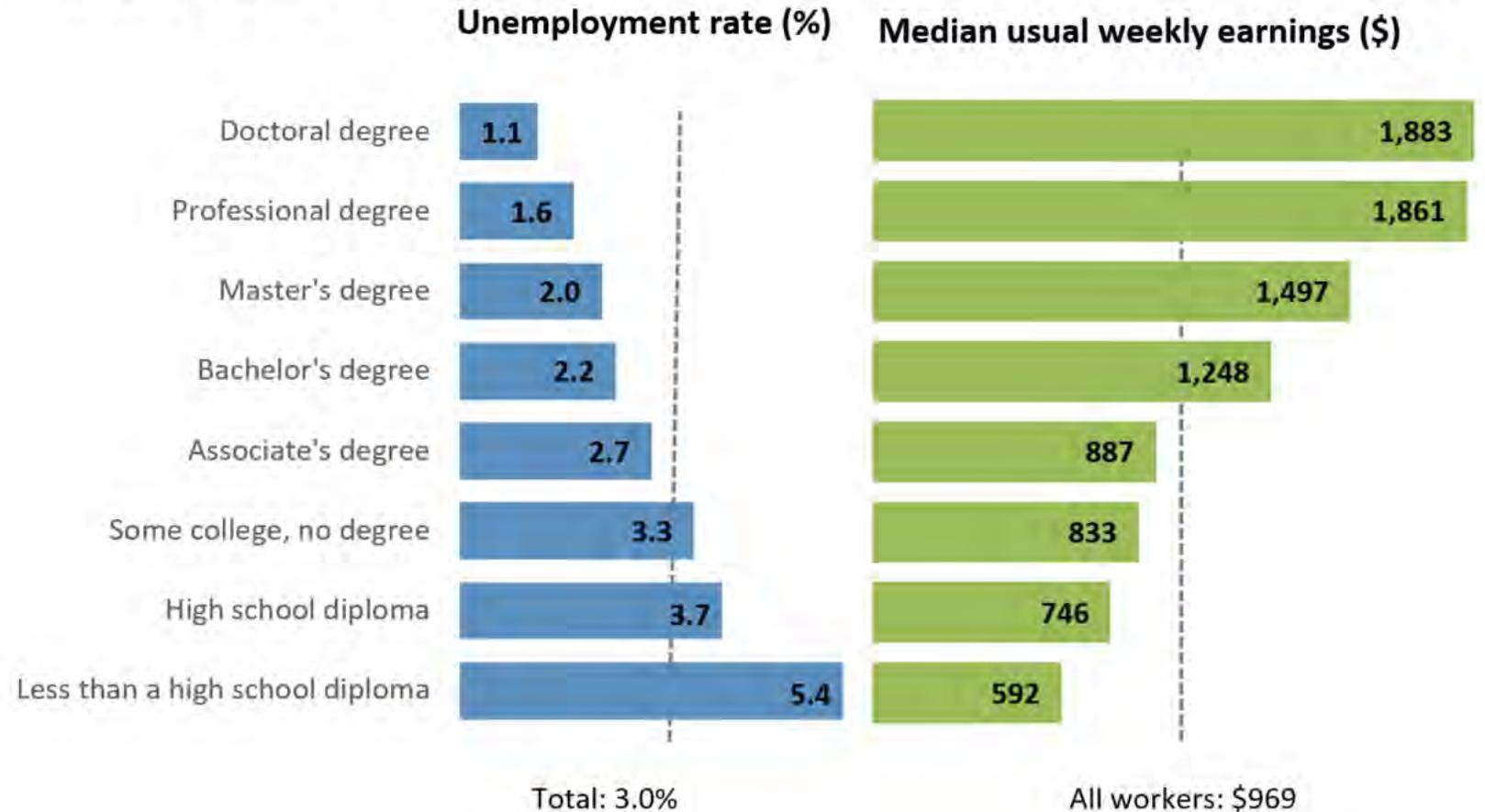
WEEK ENDING	March 27	March 20	Change	Prior Year ¹
Regular State	3,997,037	4,070,892	-73,855	8,147,869
Federal Employees	16,615	17,153	-538	11,043
Newly Discharged Veterans	7,851	7,993	-142	6,343
Pandemic Unemployment Assistance ³	7,053,575	7,554,290	-500,715	NA
Pandemic Emergency UC ⁴	5,160,267	5,634,967	-474,700	NA
Extended Benefits ⁵	612,698	787,113	-174,415	0
State Additional Benefits ⁶	2,154	1,814	+340	5,657
STC / Workshare ⁷	83,864	95,695	-11,831	25,914
TOTAL⁸	16,934,061	18,169,917	-1,235,856	8,196,826

Implied Unemployment Rate: 10.5%

Remote Work and the War for Talent

Education Correlated Earnings, Inverse Correlated with Unemployment

Unemployment rates and earnings by educational attainment, 2019



Pew Research: Low-Wage Occupations with Steepest Job Losses

Low-wage occupations have seen the steepest job losses during the pandemic

Employment by month in 2020 compared with the same month in 2019 (% change)



Note: Estimates refer to workers ages 16 and older, nonseasonally adjusted. Low-wage occupations paid less than \$15 per hour on average, middle-wage occupations paid \$15 to \$45, high-wage occupations paid more than \$45.

Source: Pew Research Center analysis of 2019 OES National Occupational Employment and Wage Estimates and 2020 Current Population Survey monthly files (IPUMS).

PEW RESEARCH CENTER

Remote Work Because of COVID

Table 1. Employed persons who teleworked or worked at home for pay at any time in the last 4 weeks because of the coronavirus
[Numbers in thousands]

Characteristic	March 2021				
	Total employed	Persons who teleworked because of the coronavirus pandemic ¹		Percent distribution	
		Total	Percent of total employed	Total employed	Persons who teleworked because of the coronavirus pandemic ¹
Total, 25 years and over	132,593	30,036	22.7	100.0	100.0
Less than a high school diploma	7,997	260	3.3	6.0	0.9
High school graduates, no college ³	31,902	2,564	8.0	24.1	8.5
Some college or associate degree	33,608	4,995	14.9	25.3	16.6
Bachelor's degree and higher ⁴	59,086	22,217	37.6	44.6	74.0
Bachelor's degree only	36,456	12,324	33.8	27.5	41.0
Advanced degree	22,629	9,893	43.7	17.1	32.9

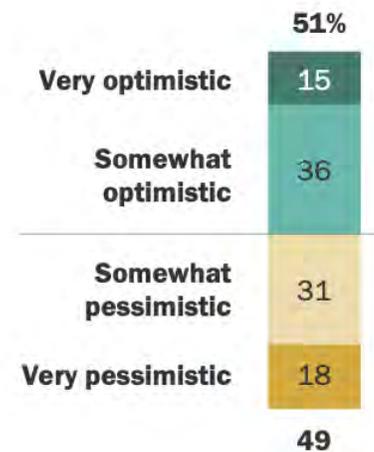
<https://www.bls.gov/cps/effects-of-the-coronavirus-covid-19-pandemic.htm>

Pew Research: 66% of Unemployed Considering Career Change

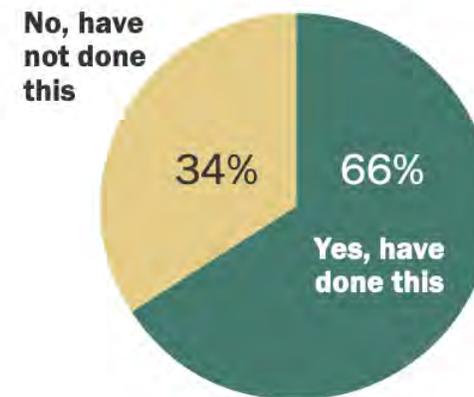
Unemployed adults have mixed views about their future job prospects; most say they've thought seriously about changing their field or occupation

Among unemployed adults, % saying ...

Their current outlook on finding a job in the near future is ...



That, since they have been unemployed, they seriously considered changing their occupation or field of work



Note: Based on adults who are unemployed, furloughed or temporarily laid off and who are currently looking for work. Share of respondents who didn't offer an answer not shown.

Source: Survey of U.S. adults conducted Jan. 19-24, 2021.

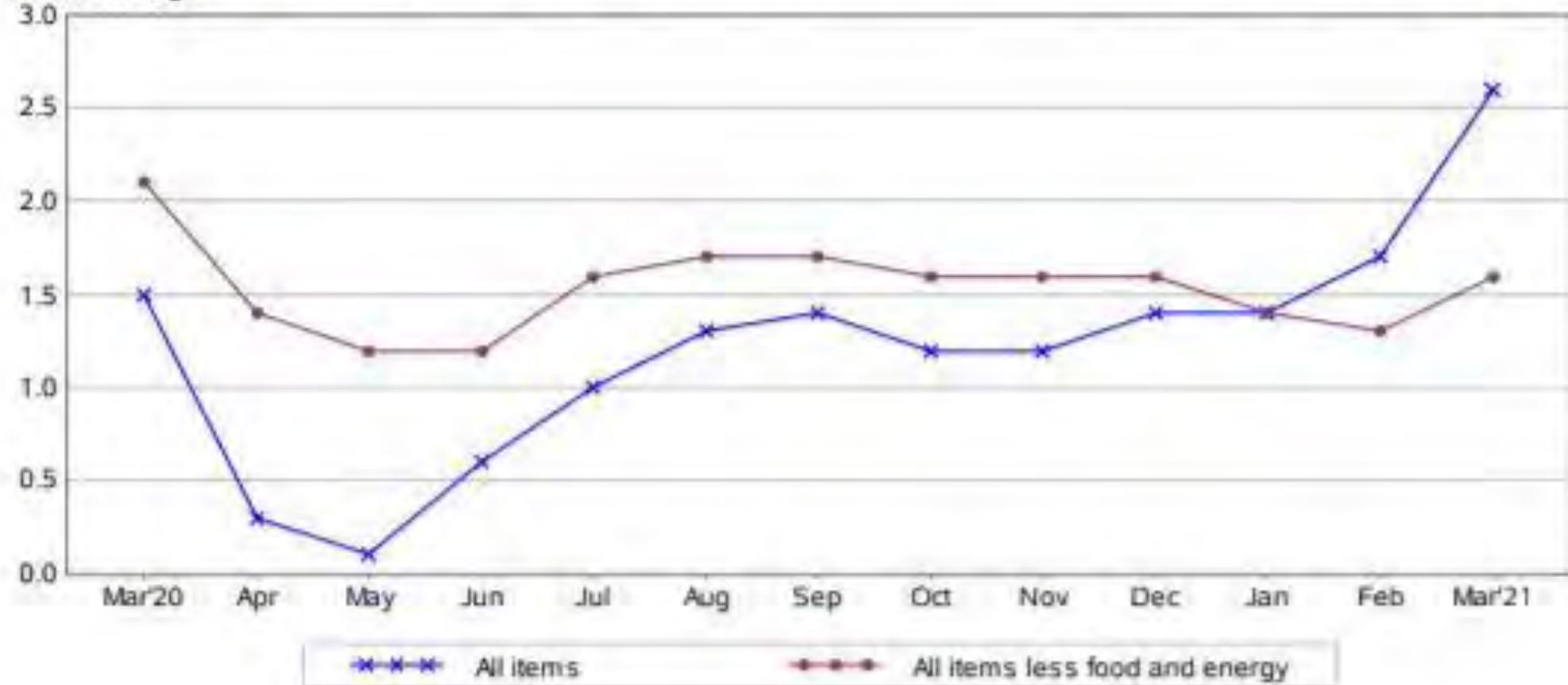
PEW RESEARCH CENTER

Source: PEW, Prestige Economics, LLC

Inflation

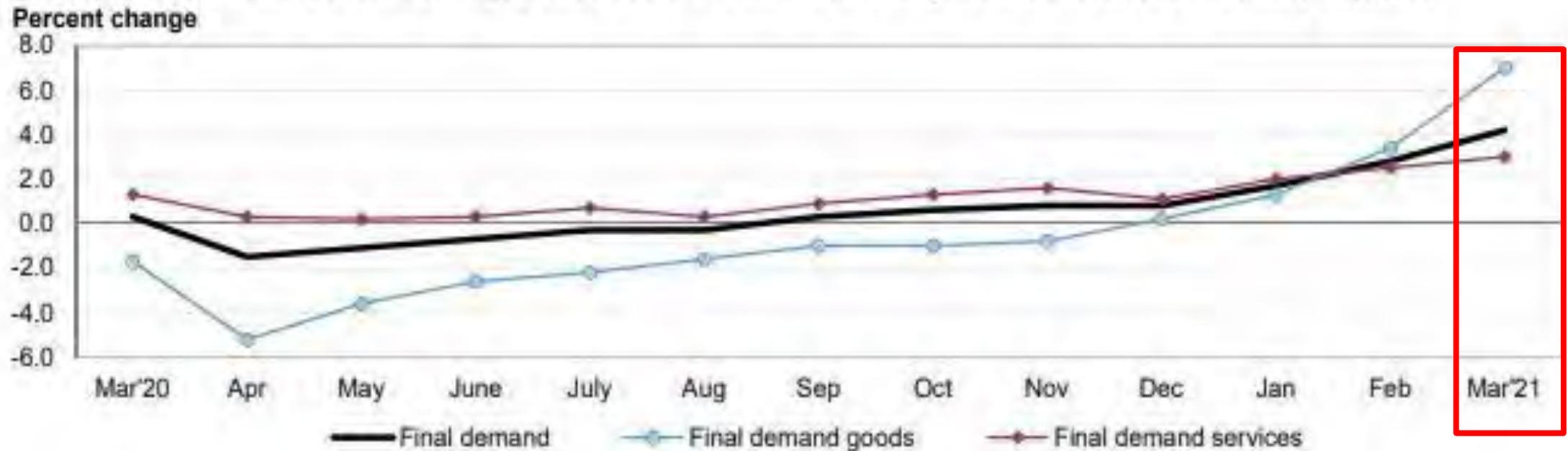
U.S. CPI Year-on-Year Rates +2.6% (Total) and +1.6% (Core) – Mar 2021

Chart 2. 12-month percent change in CPI for All Urban Consumers (CPI-U), not seasonally adjusted, Mar. 2020 - Mar. 2021
Percent change



Final Producer Inflation Year-on-Year Changes in March 2021 +4.2% (Total) and +3.1% (Core)

Chart 2. Twelve-month percent changes in selected PPI final demand price indexes, not seasonally adjusted



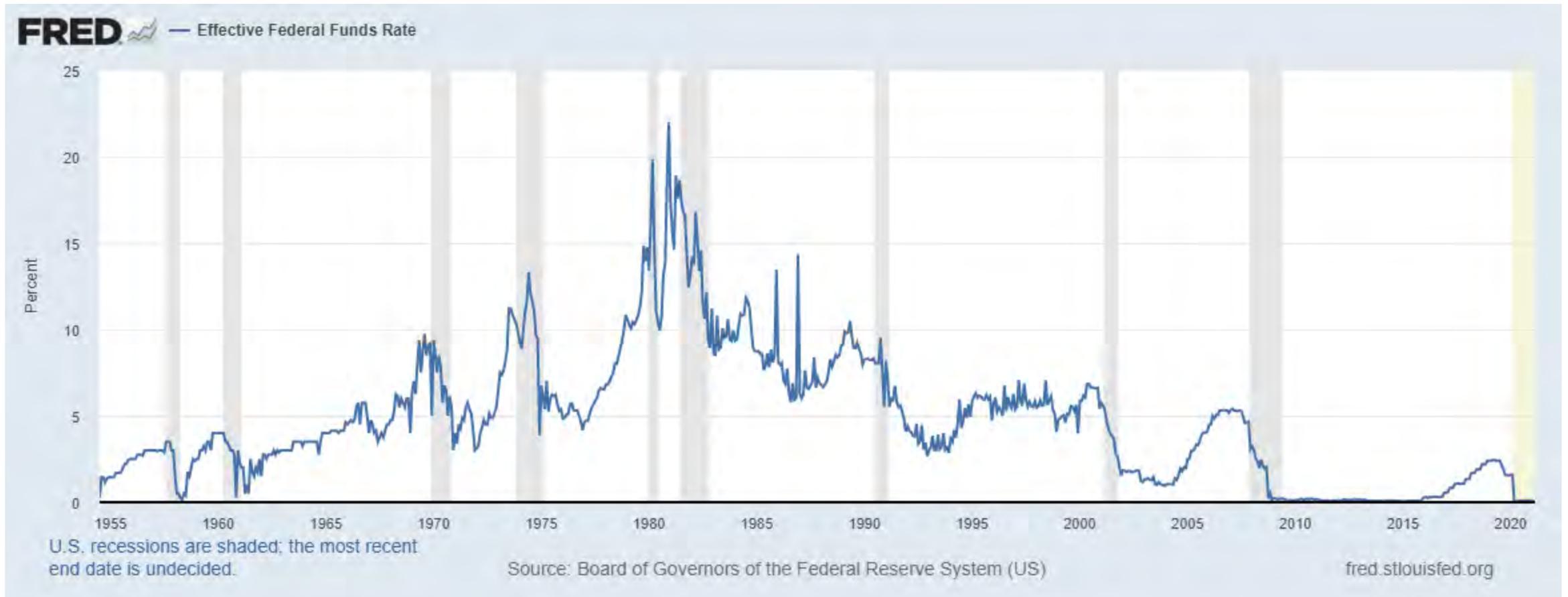
Commodity Prices on the Rise



The Unintended Problem

Effective Federal Funds Rates

FOMC Members Expect Rates Near Zero for Years



10-Year Treasury Yield Near All-Time Lows Back Up to 1.56%



<https://fred.stlouisfed.org/series/DGS10>

PRESTIGE ECONOMICS

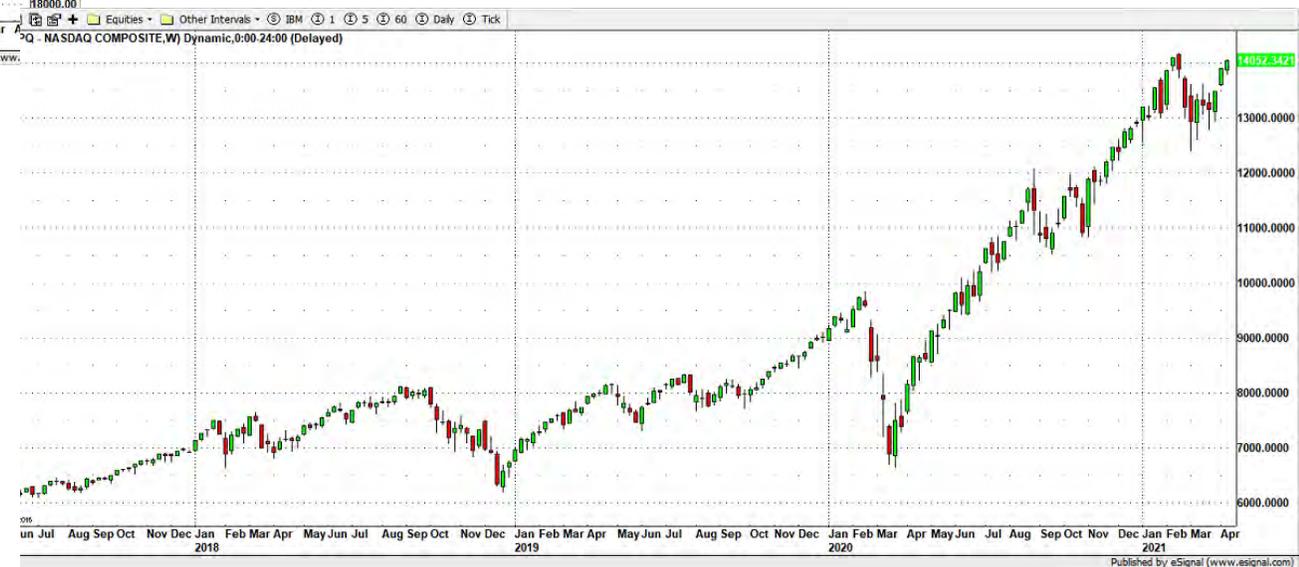
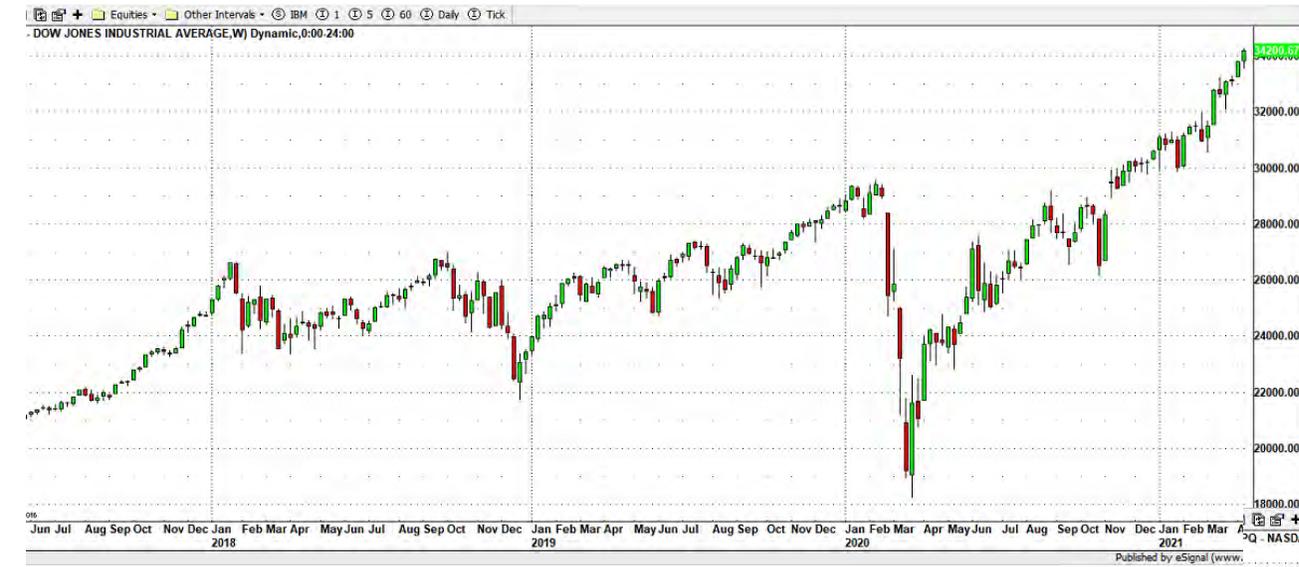
Source: FRED, Fed, Prestige Economics, LLC



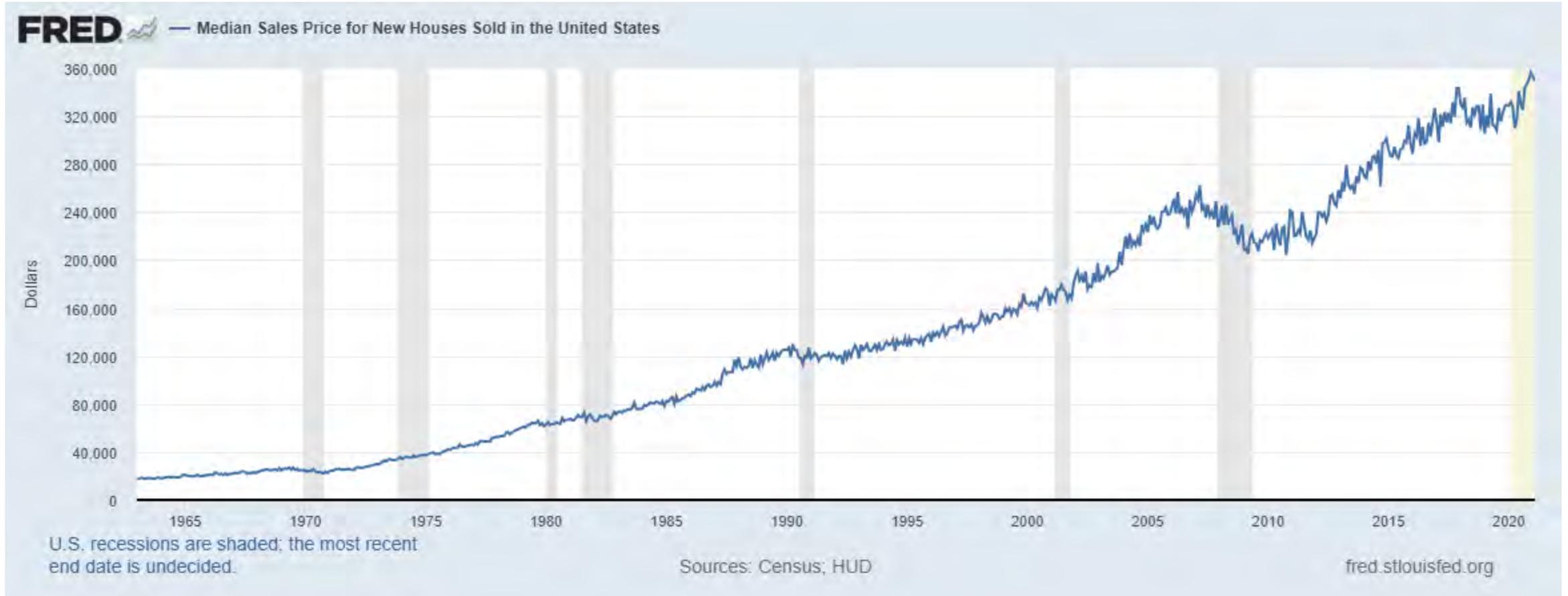
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Equities on the Rise

Dow Jones and NASDAQ

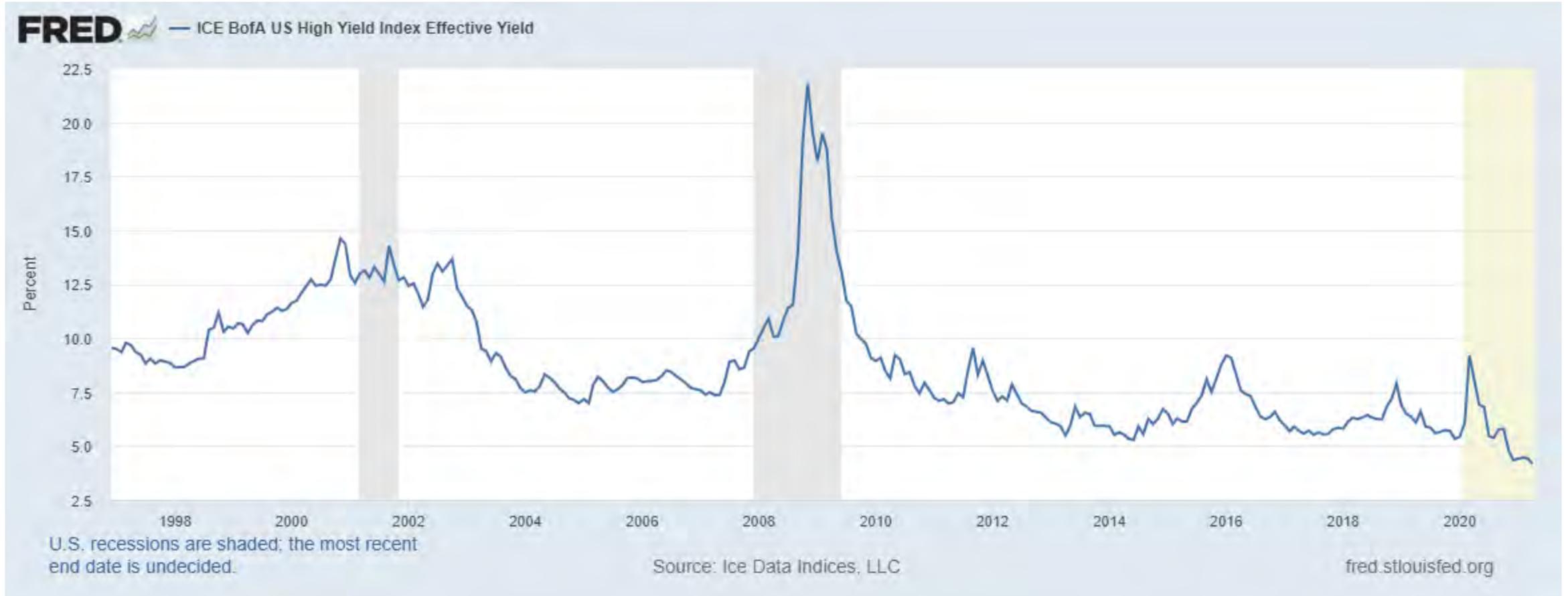


Median Prices of New Home Sales Rising Sharply



ICE BofA High Yield Effective Yield Index

Record Low of 4.08% on 15 Feb, Now 4.16%



<https://fred.stlouisfed.org/series/BAMLH0A0HYM2EY>

PRESTIGE ECONOMICS

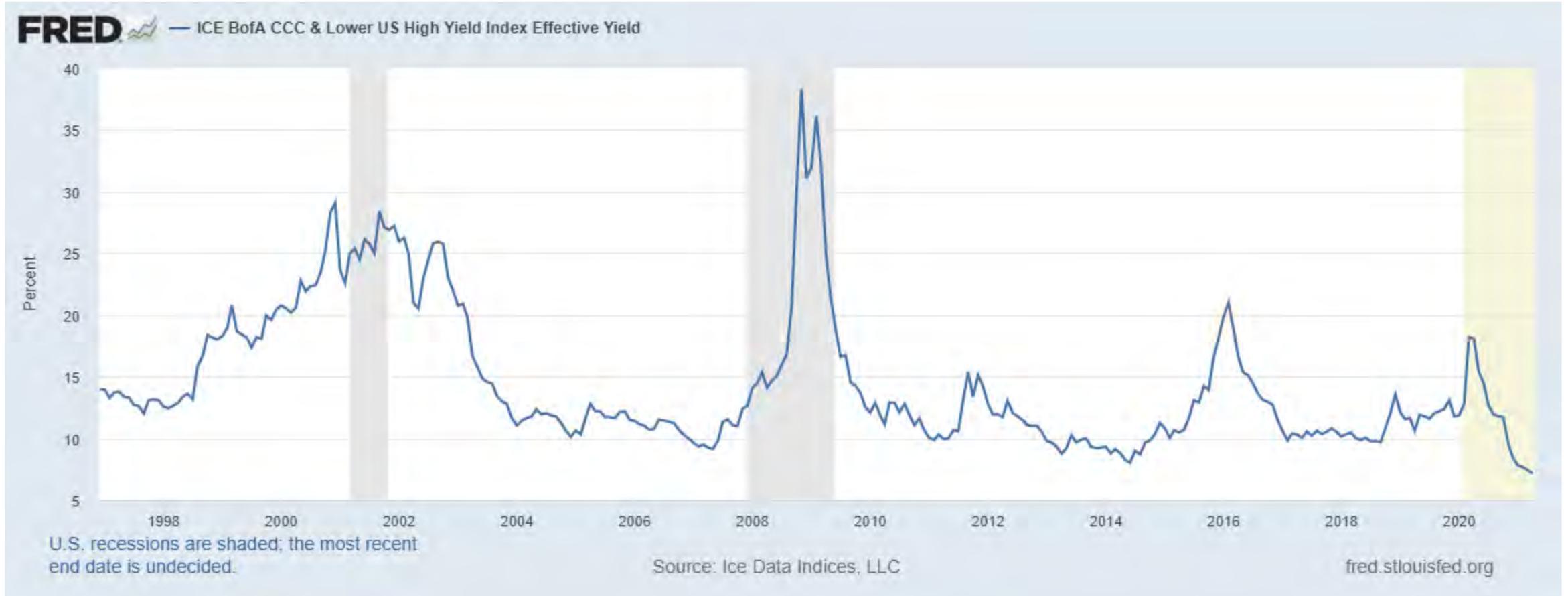
Source: FRED, ICE, Prestige Economics, LLC



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ICE BofA CCC & Lower US High Yield Effective Yield Index

Record Low of 7.09% on 8 Apr, Now at 7.13%



<https://fred.stlouisfed.org/series/BAMLH0A3HYCEY>

PRESTIGE ECONOMICS

Source: FRED, ICE, Prestige Economics, LLC



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Cryptomania - Dogecoin



NFTs - Non-Fungible Tokens



Golden Era of Legal Scams? - NFT

 **Jason Schenker**
Futurist | Economist | 32x Author | 12x Bestseller | 26x #1 Forecaster | 17x Linke...
1w • 

Everything old is new again!

So, what's next?

What "old thing" should be the next "big new thing"?

You can see how people vote. [Learn more](#)

Drop-in morse code telegraph	31%
Etherium Beanie Babies 	35%
Timestamp collecting	34%

131 votes • Poll closed • [Remove vote](#)

   13 • 9 comments

 **jack** 
@jack 

just setting up my twttr

2:50 PM · Mar 21, 2006 

 149.9K  126.1K  Share this Tweet

Want to buy this tweet?

The highest offer is \$2500000 by [@sinaEstavi](#)

\$0.00  0.00000 

Counter-offer must be a minimum increase of \$1 or 10%, whichever is more.

↓ [How](#) does this work?

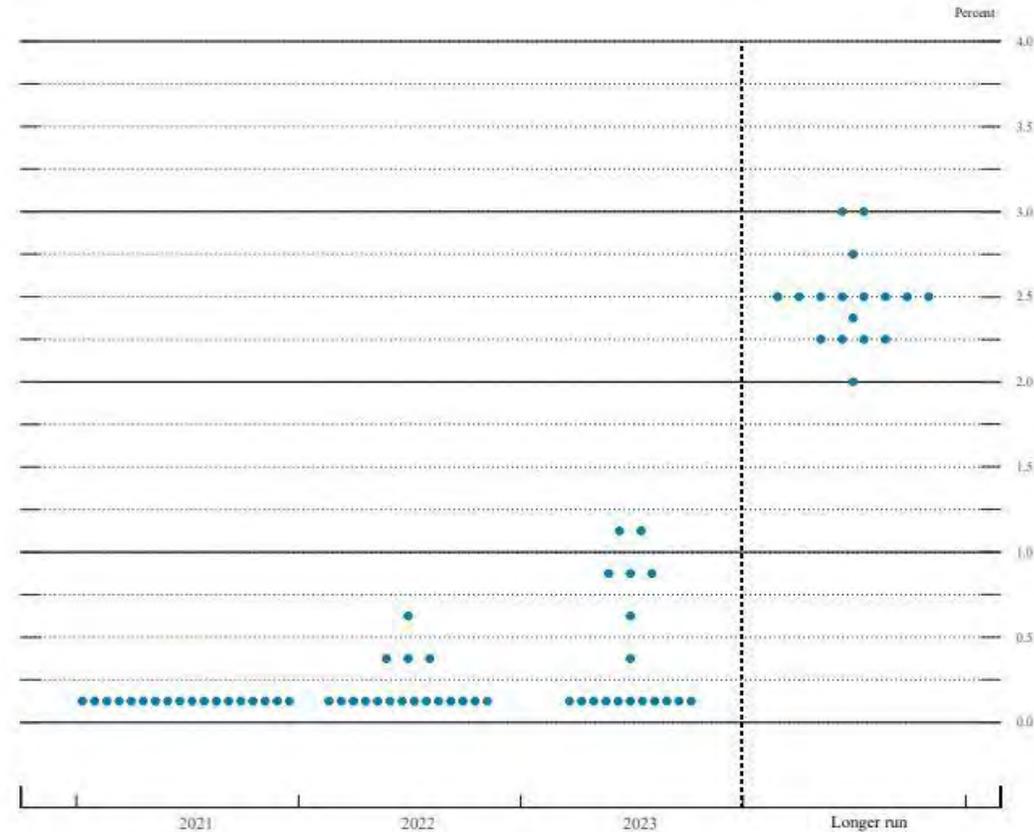
The creator of a tweet decides if they would like to mint it on the blockchain, creating a 1-of-1 autographed version.

Before they accept an offer to mint the tweet, anyone can make a counter-offer on Valuables.

[More info please!](#)

What Next? FOMC Member Forecasts of Rates Near Zero into 2024

Figure 2. FOMC participants' assessments of appropriate monetary policy: Midpoint of target range or target level for the federal funds rate



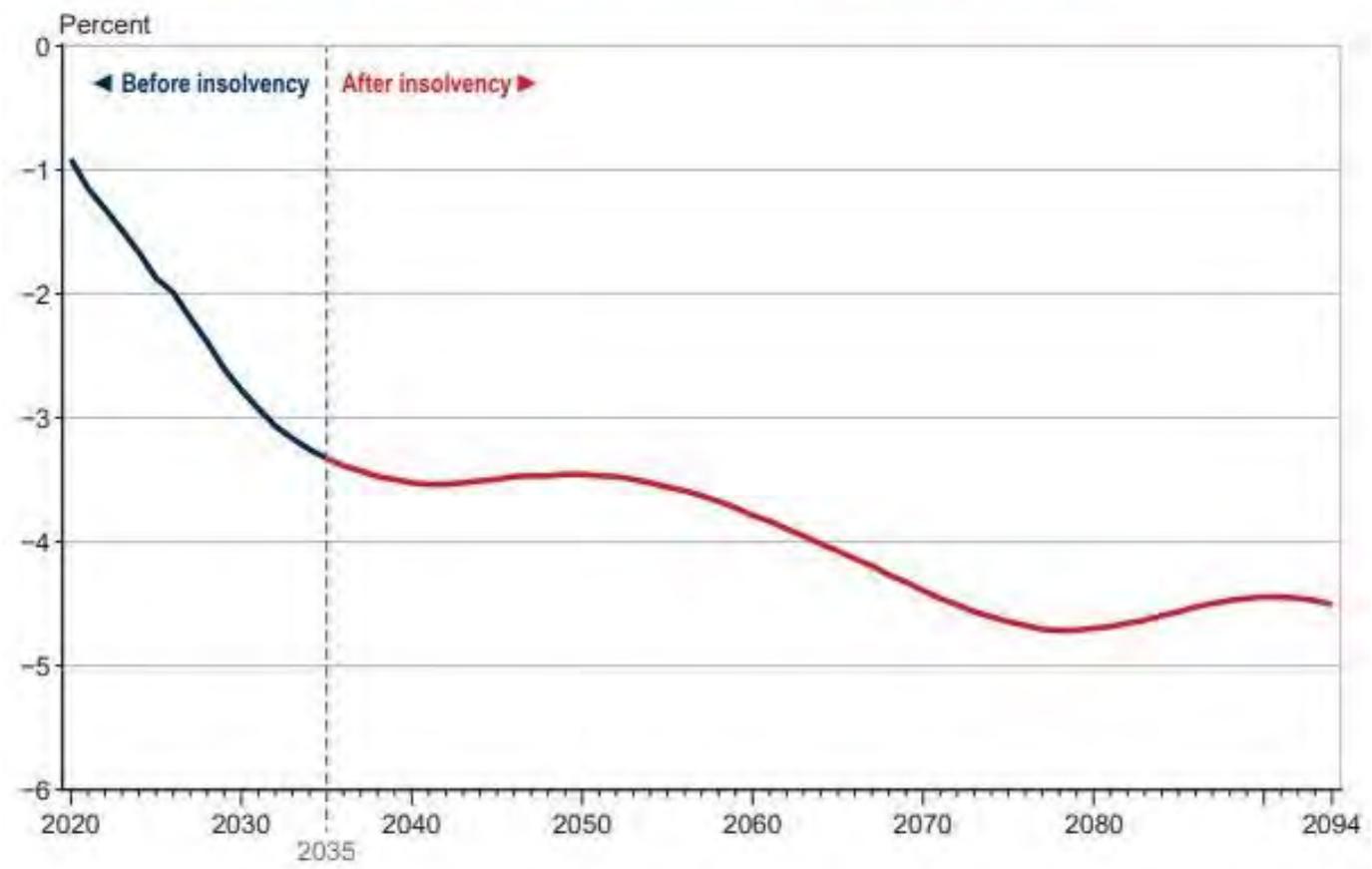
Bigger Risks Ahead

Government Debt Over \$27.7 Trillion in Q4 2020 / Now Close to \$28.2



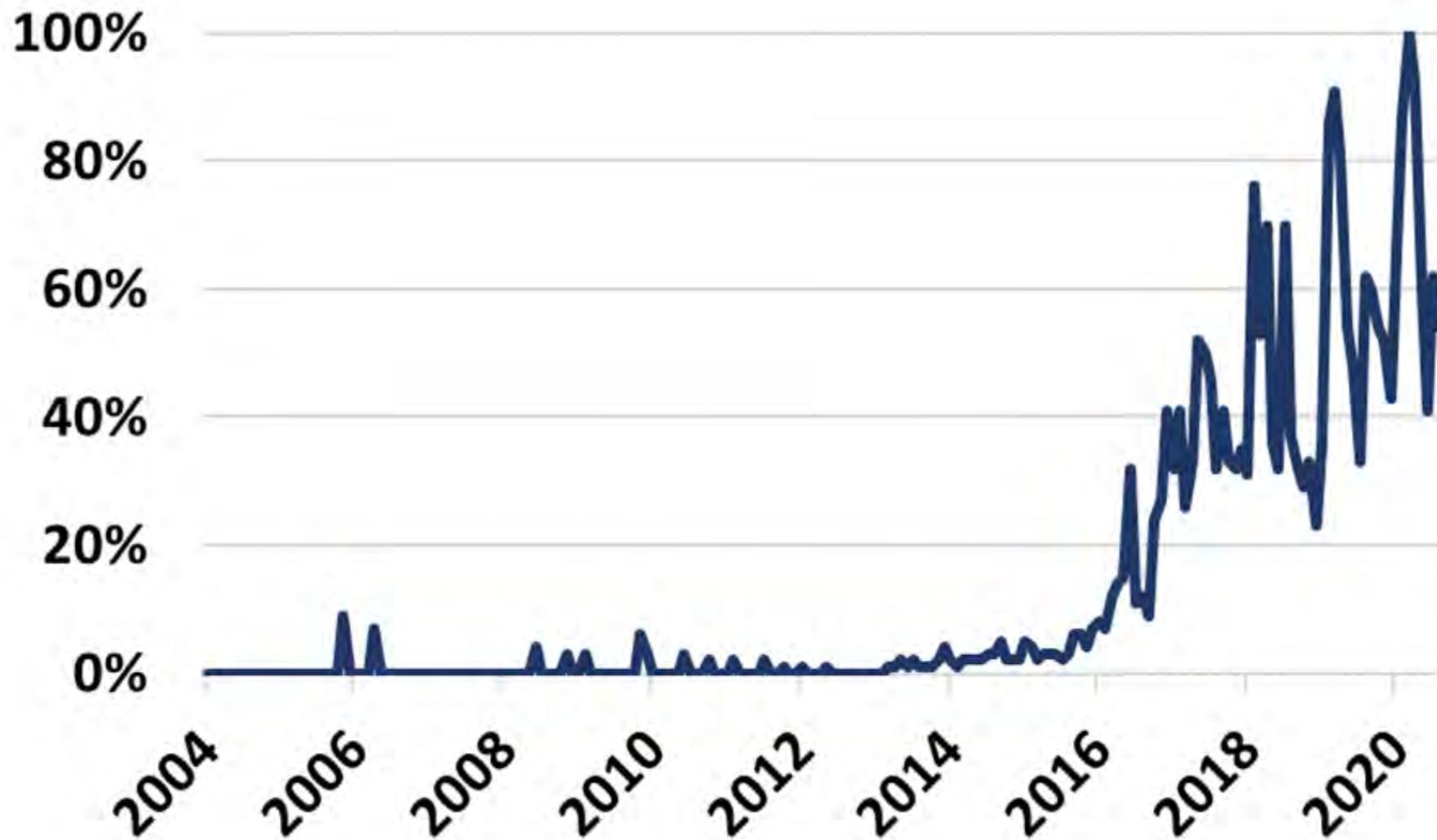
U.S. Social Security Insolvency is Imminent

Social Security income minus costs as a percentage of taxable payroll



SOURCE: 2020 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Disability Insurance Trust Funds, Table IV.B1 (Intermediate assumptions).

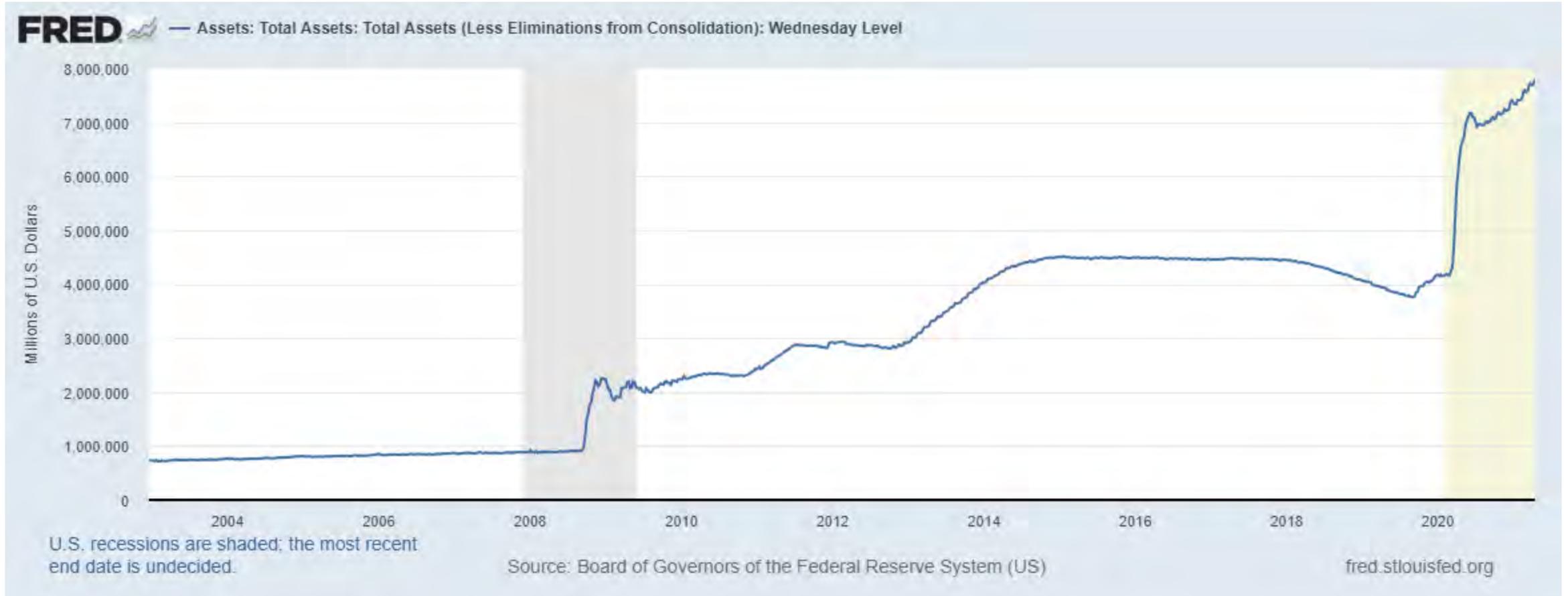
Interest in Universal Basic Income



Tax Policies to Change and Rates to Rise

- **Corporate Tax Rates**
- **Capital Gains Tax**
- **Income Tax**
- **Payroll Tax**
- **Estate Tax Exemptions**
- **Bonus Depreciation**
- **Other Taxes**

Regarding Debt and Fed QE Policy: What Comes Next?



Source: FRED, Fed, Prestige Economics, LLC

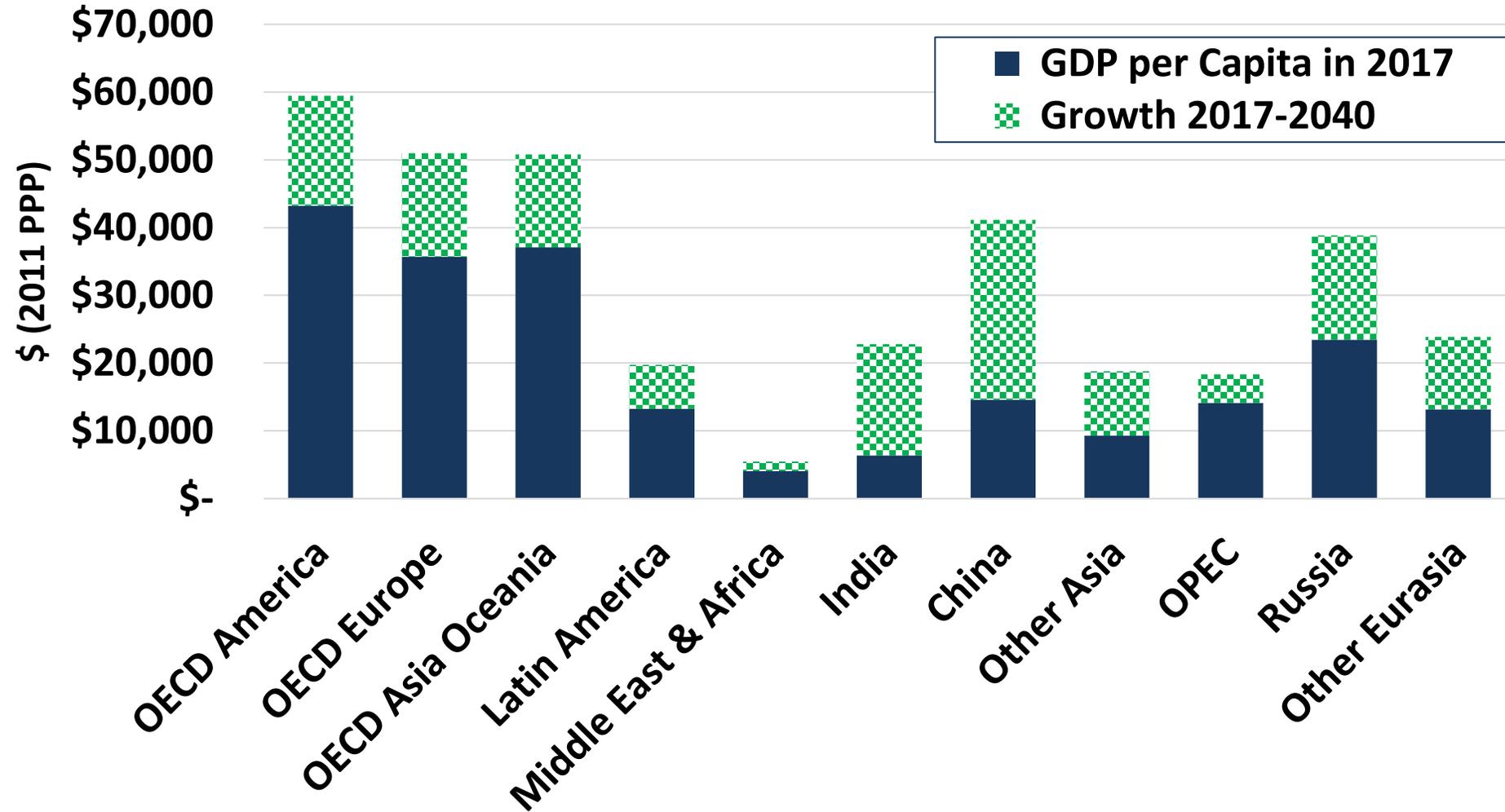
Demographics and Energy

Population is Rising

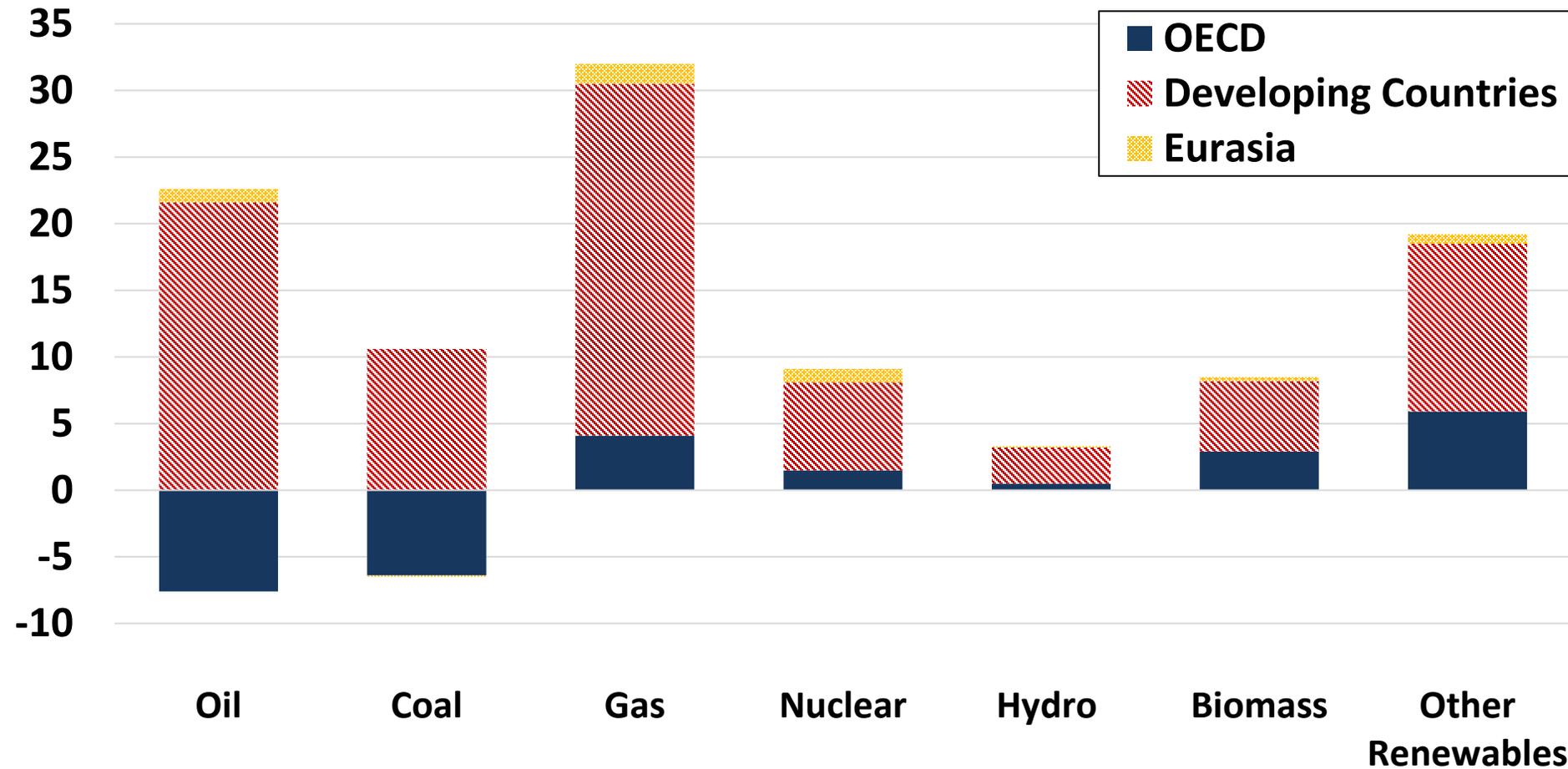
Country Name	2020	2030	2040	2050	2020 to 2050
Europe & Central Asia	922	929	927	920	-2
Least Development Countries	1,074	1,334	1,619	1,917	843
OECD Members	1,319	1,367	1,397	1,413	94
World	7,770	8,516	9,172	9,734	1,963

Source: Worldbank

Wealth is Increasing

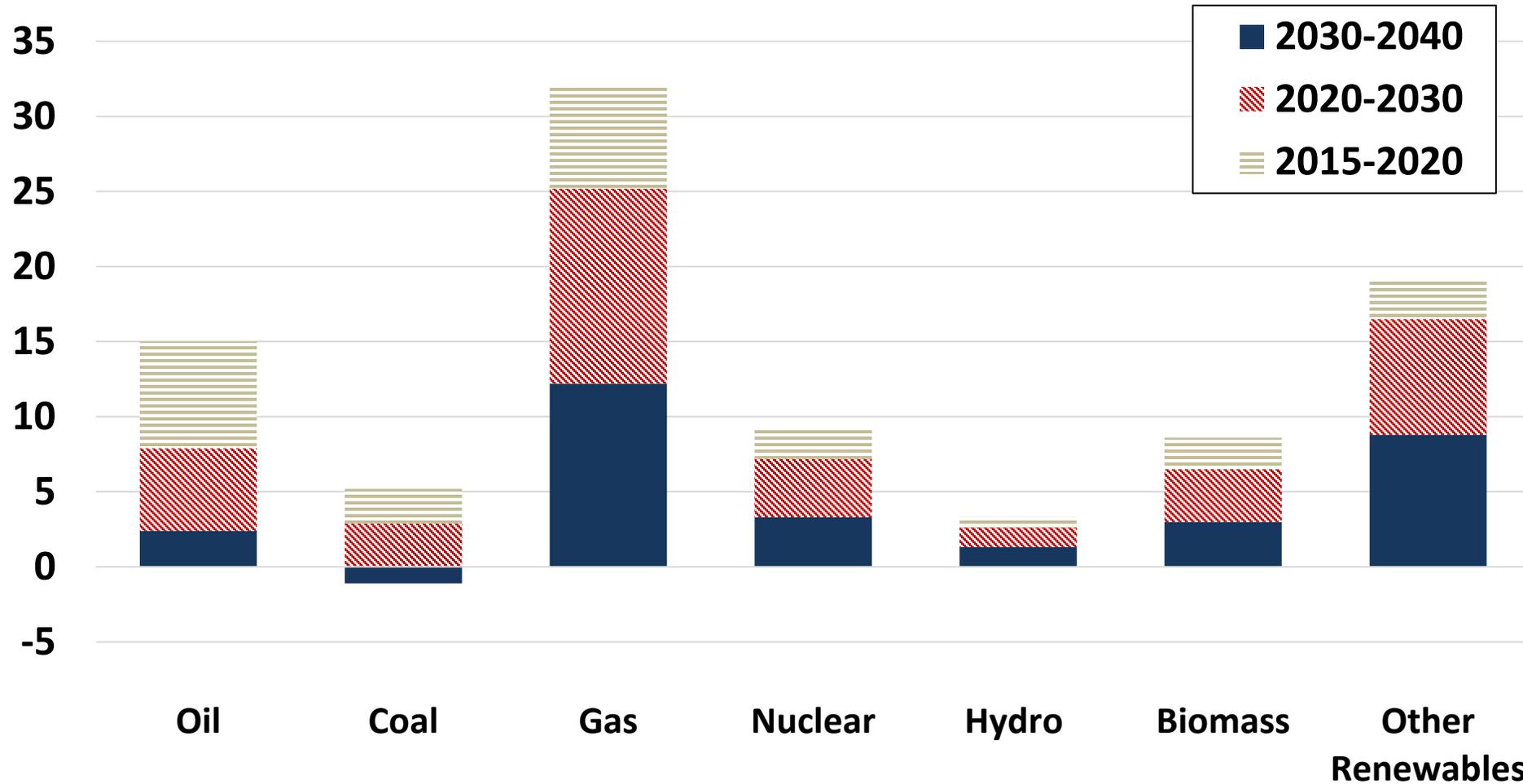


Growth in Energy Type by Region (mboe/d)



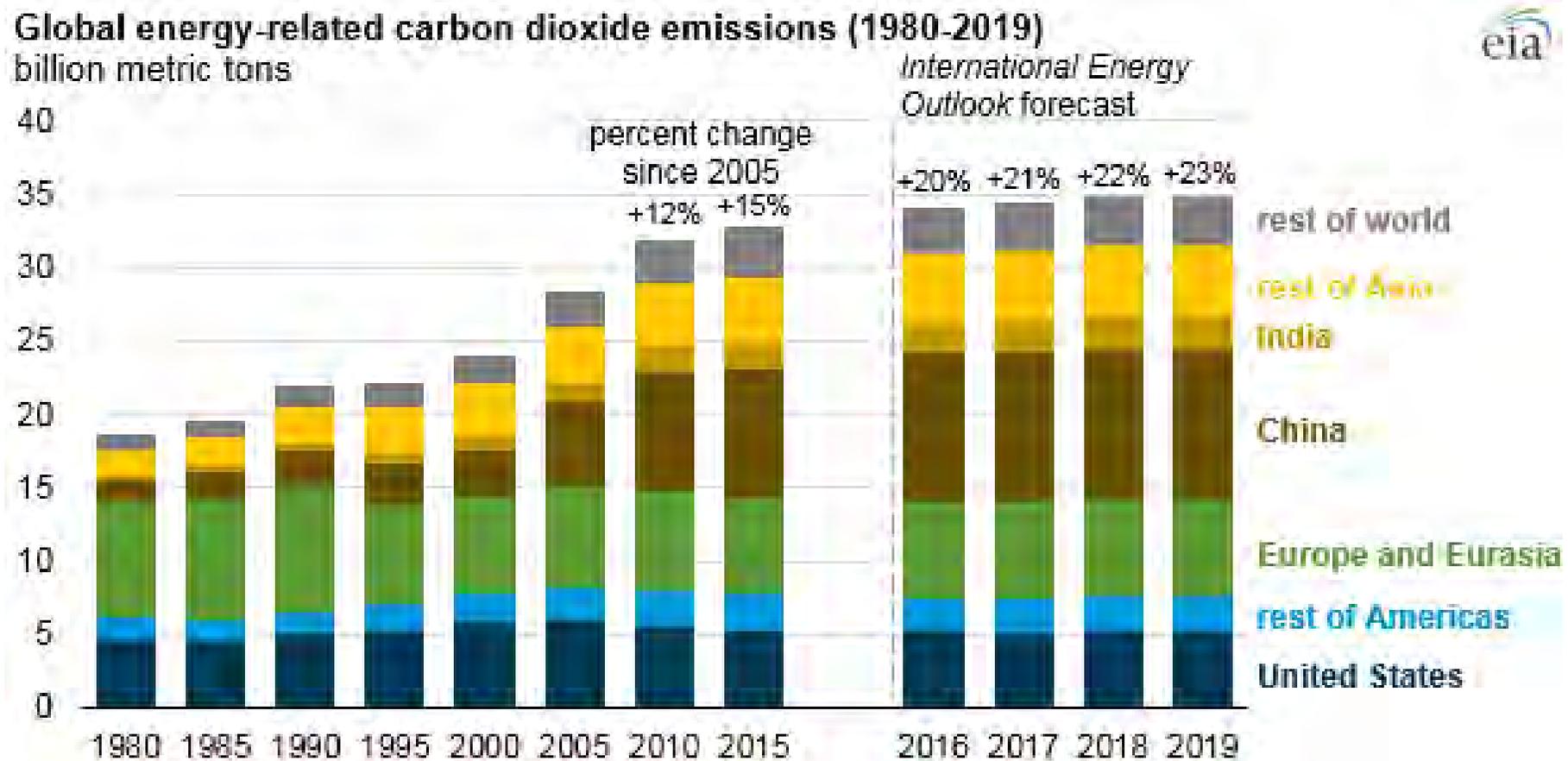
SOURCE: OPEC

Growth in Energy Demand by Fuel Type (mboe/d)



Source: OPEC

Global CO2 Emissions Continue to Rise



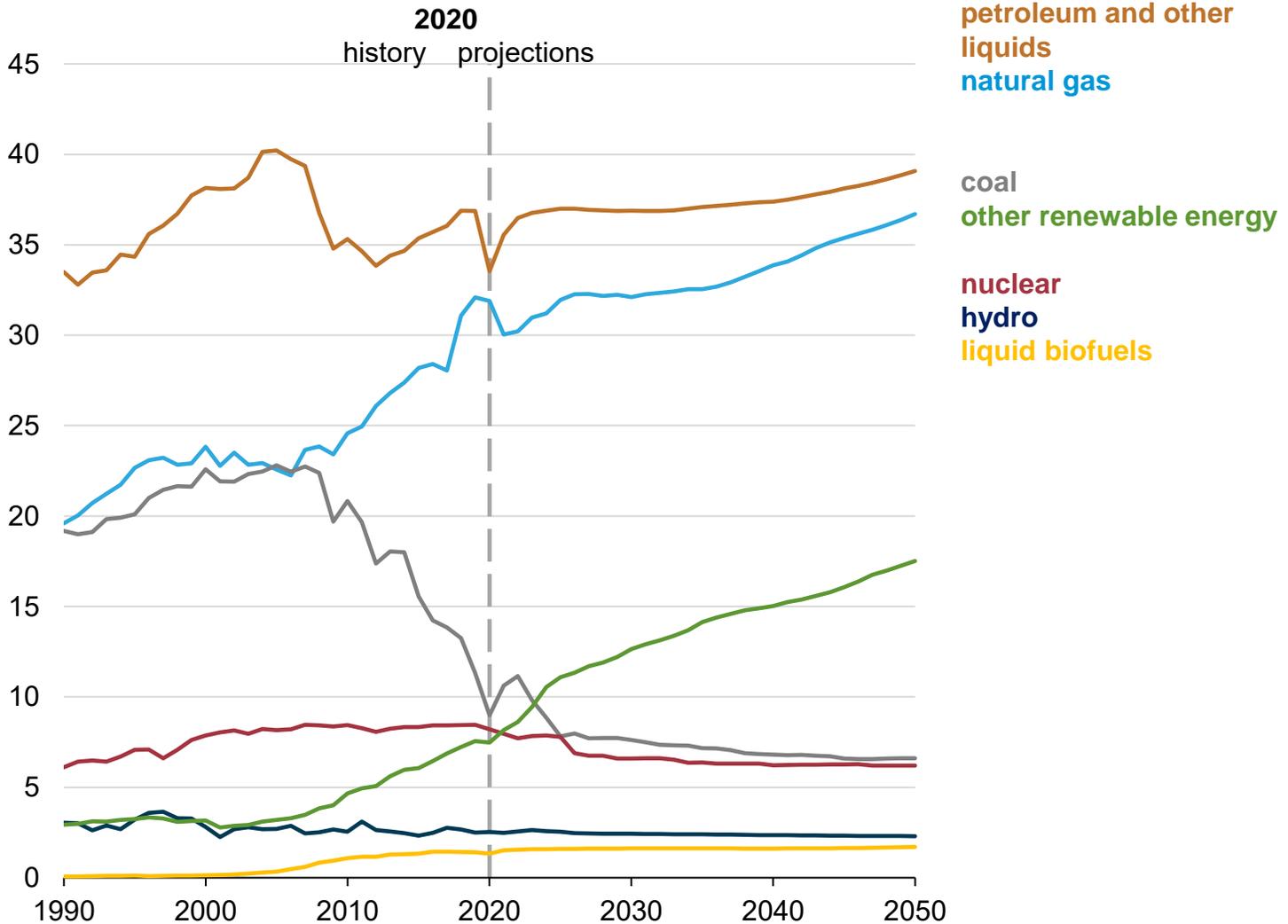
Renewables

U.S. Energy Consumption Mix

Energy consumption by fuel

AEO2021 Reference case

quadrillion British thermal units

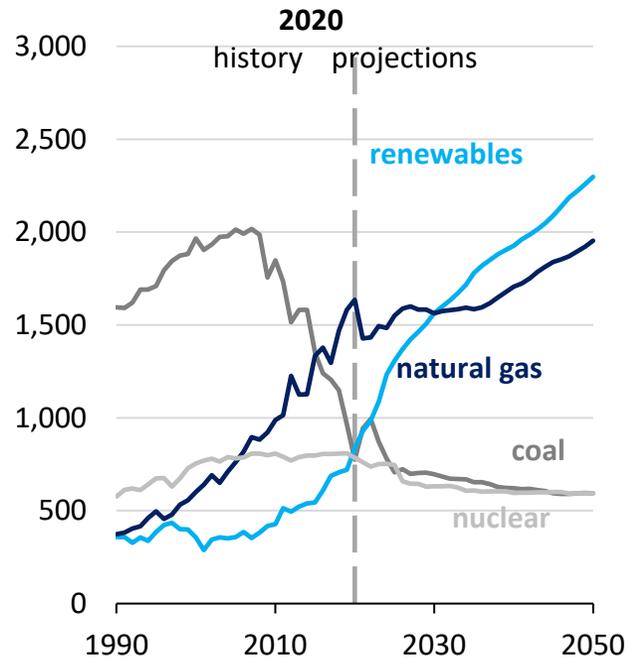


U.S. Electricity Generation from Power Sources

U.S. electricity generation, AEO2021 oil and gas supply cases

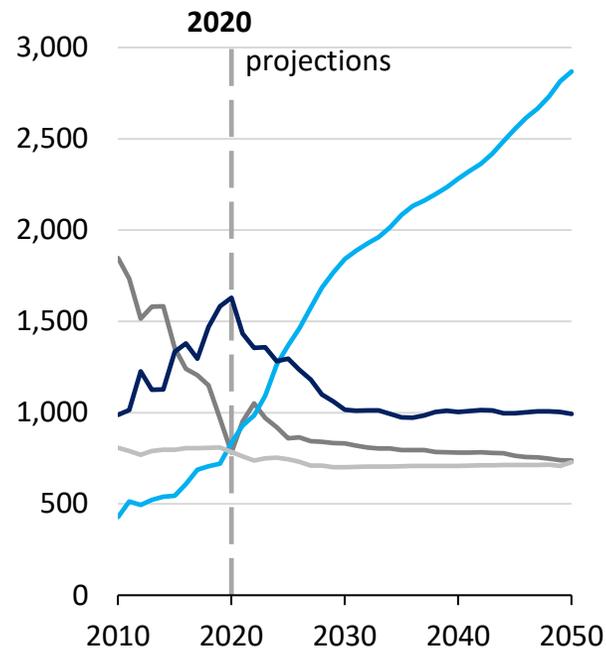
Reference case

billion kilowatthours



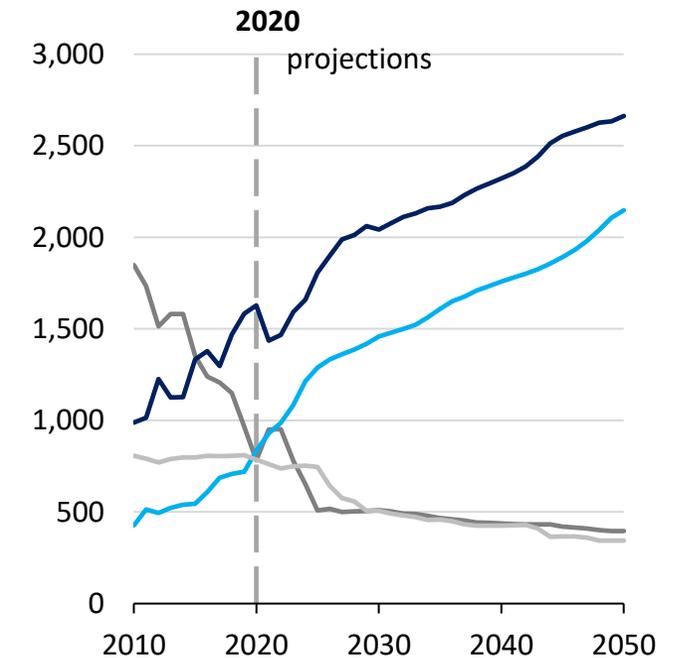
Low Oil and Gas Supply case

billion kilowatthours



High Oil and Gas Supply case

billion kilowatthours



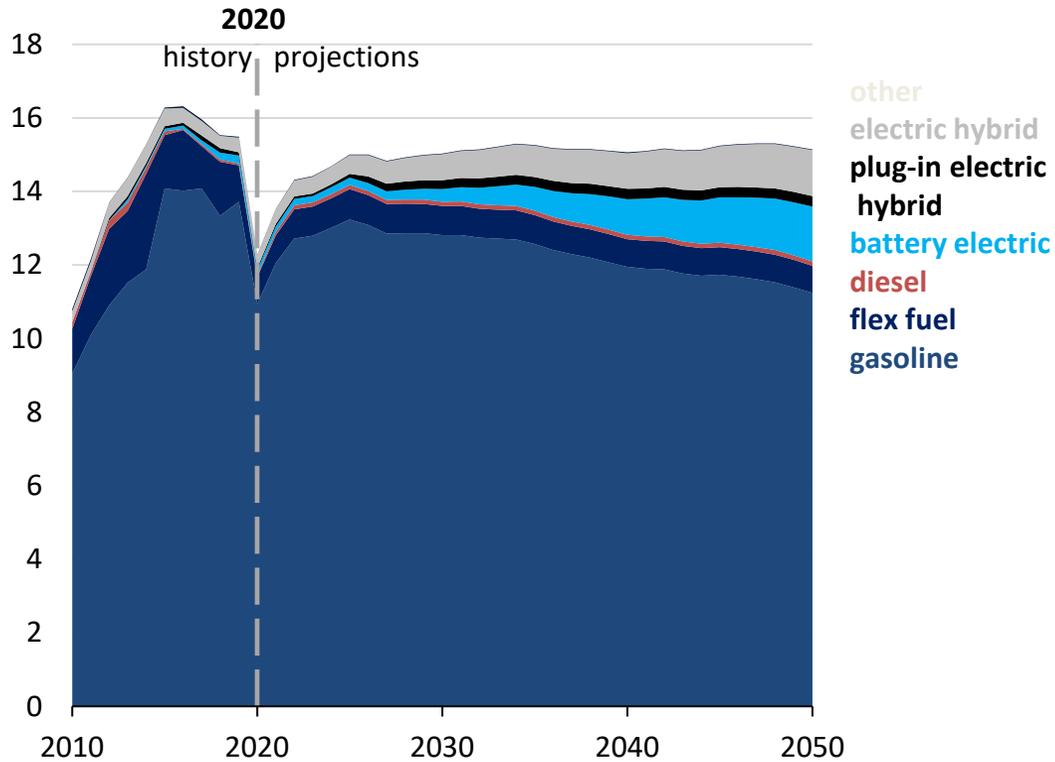
- Note: Renewables category includes electricity generation from wind, solar, hydroelectric, geothermal, wood, and other biomass sources.

Traditional Petroleum Vehicles 80%+ of Yearly New Sales Through 2050

Light-duty vehicle sales by technology/fuel

AEO2021 Reference case

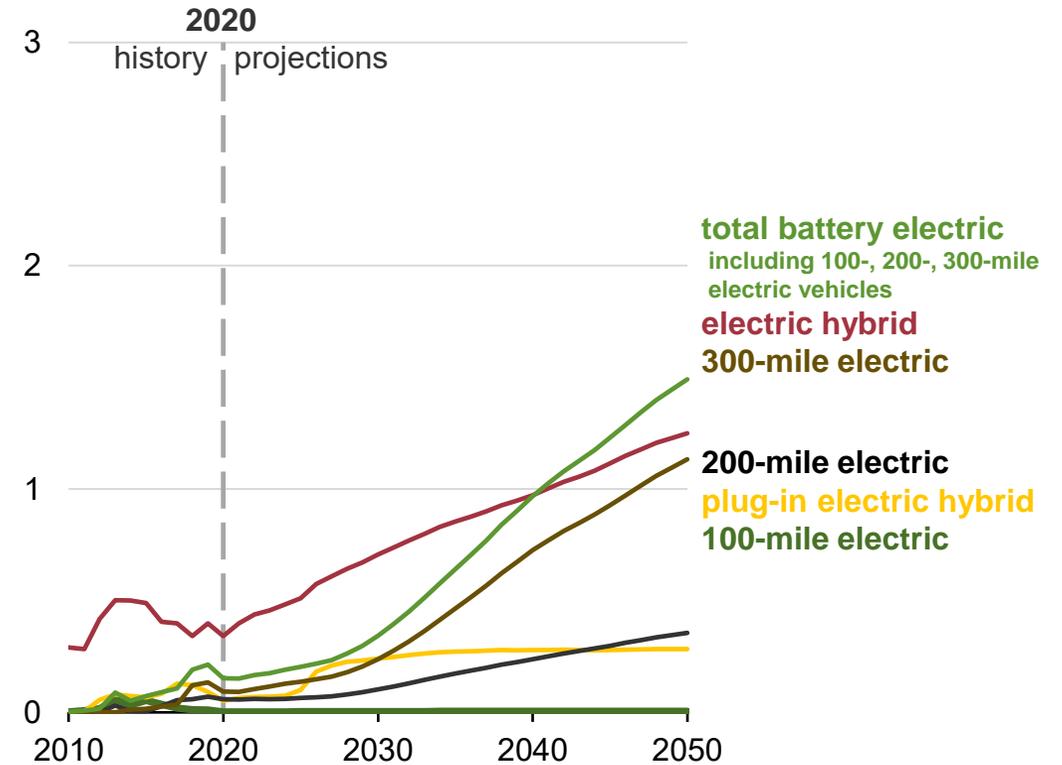
millions of vehicles



New vehicle sales of battery-powered vehicles

AEO2021 Reference case

millions of vehicles



Source: U.S. Energy Information Administration

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