

# 2017 Oklahoma State University Economic Outlook Conference

**Tuesday, December 6, 2016**

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## Labor Market Vastly Improved

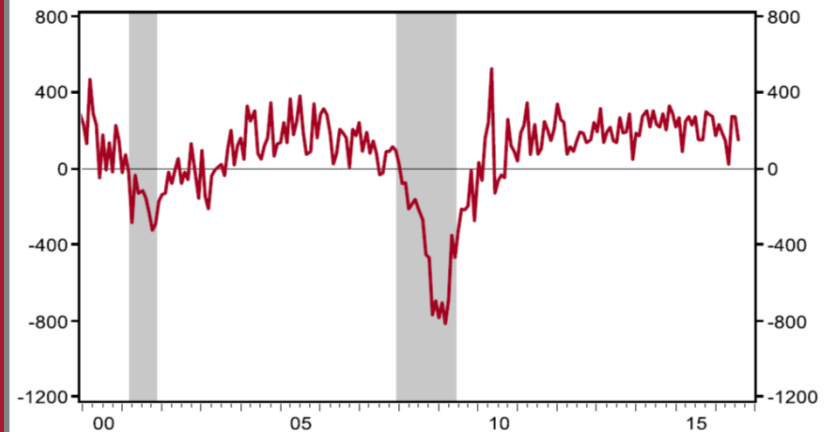
- Unemployment down to 4.9%, but...job growth is clearly slowing.
- Employment okay, but moving sideways.

**Civilian Unemployment Rate: 16 yr. +  
SA, %**



Source: Bureau of Labor Statistics/Haver Analytics

**Change in Total Nonfarm Employment  
SA, Thous.**

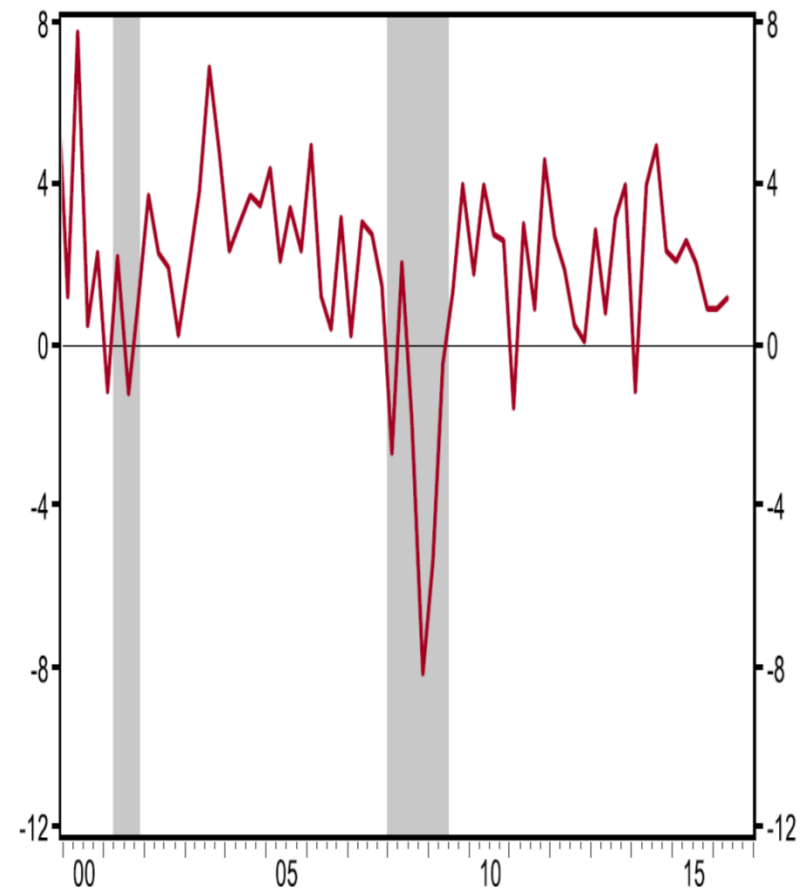


Source: Bureau of Labor Statistics/Haver Analytics

## Gross Domestic Product Positive...but

- U.S. gross domestic product positive... but with little momentum.

**Real Gross Domestic Product**  
% Change – Annual Rate SAAR, Bil. Chn. 2009\$

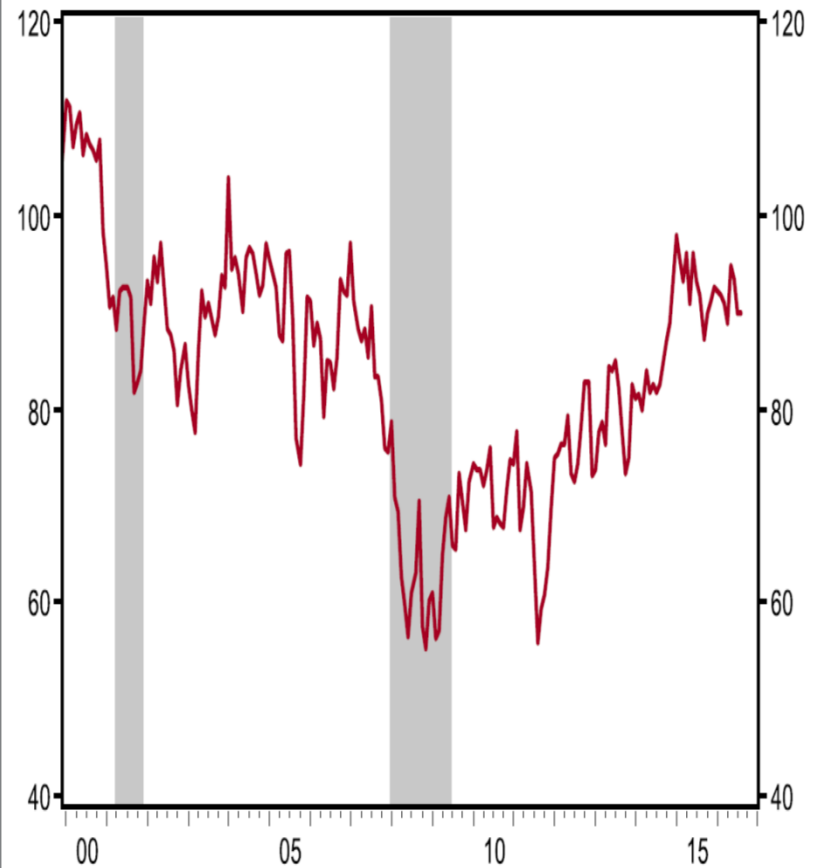


Source: Bureau of Labor Statistics/Haver Analytics

## Consumer Confidence

- Consumer confidence overall solid.

**University of Michigan:  
Consumer Sentiment  
NSA, Q1-66=100**



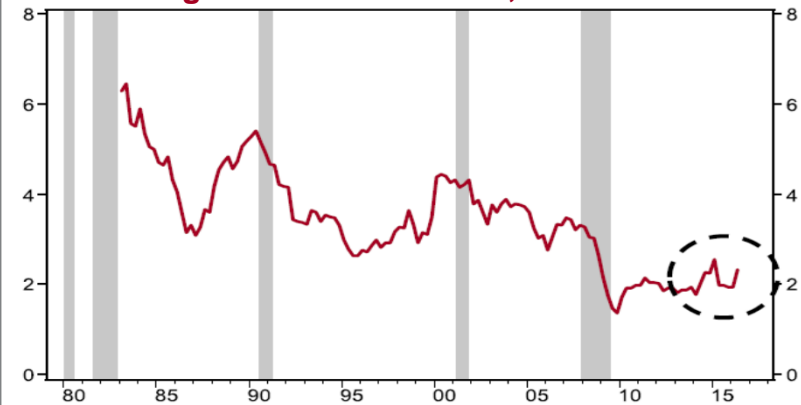
Source: University of Michigan/Haver Analytics

## Wage Pressure Modestly Moves Up

- Economy at full employment. Wage pressure developing and could help the case for inflation.
- ECI measures wage inflation and employer paid benefits.
- Average hourly earnings finally moving up.

### Employment Cost Index: Civilian Workers

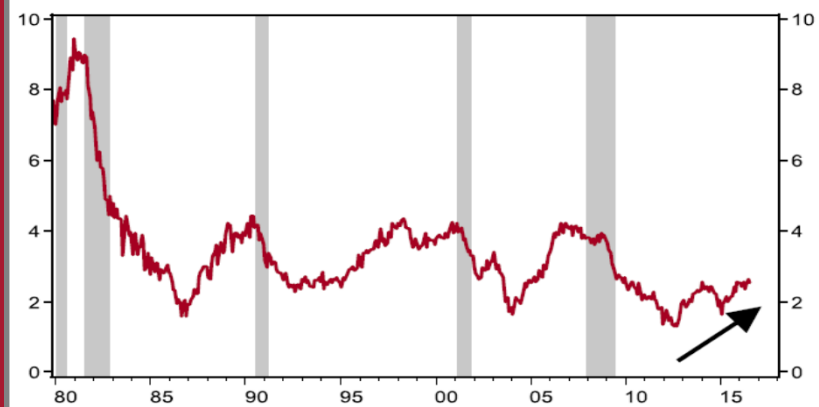
% Change – Year to Year SA, Dec-05=100



Source: Bureau of Labor Statistics/Haver Analytics

### Avg. Hourly Earnings: Prod & Nonsupervisory: Total Private Industries

% Change – Year to Year SA, \$/Hour

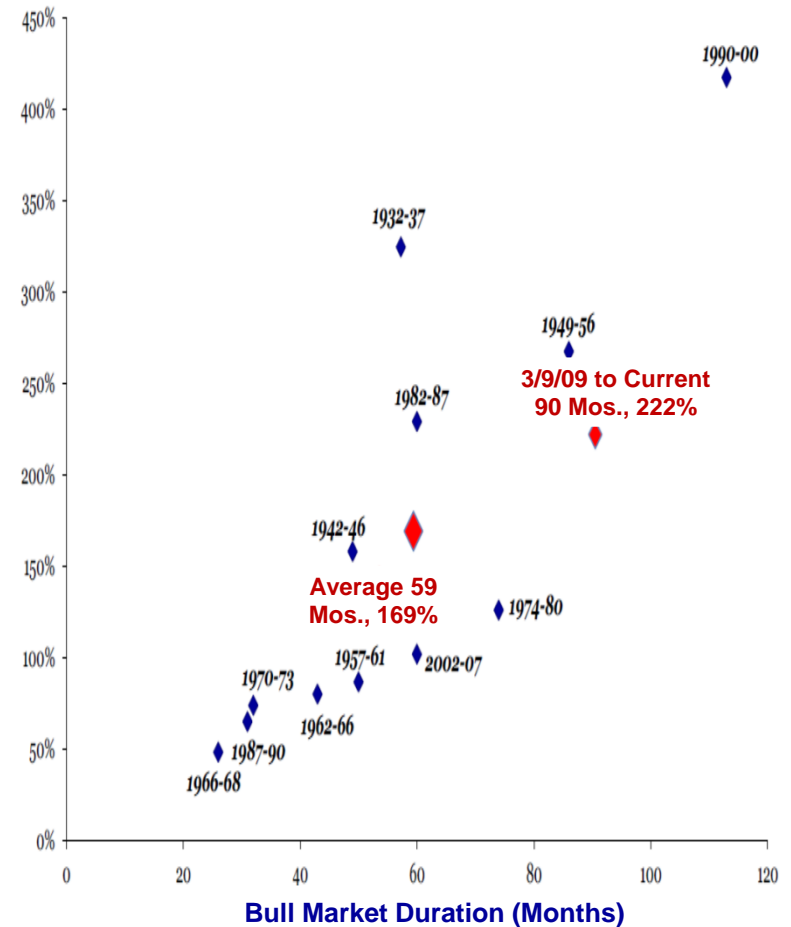


Source: Bureau of Labor Statistics/Haver Analytics

## Bull Markets

- Second longest lasting bull market.
- Fourth best performing bull market.

### S&P 500 Historical Bull Markets 1928 to Present



Source: Strategies Research Partners, LLC

## Investment Flows Since End Of Recession

- Few signs of speculative excess in domestic equities.

Net Flows into Mutual Funds + ETFs (\$BN)

Year	Equity		Bond	Money Mkt
	Domestic	International		
2009	3.3	69.2	417.2	-539.1
2010	-34.4	98.2	262.0	-525.1
2011	-86.0	28.3	163.7	-124.1
2012	-78.2	58.3	358.5	-0.2
2013	122.2	204.2	-59.0	15.0
2014	81.4	132.0	94.5	6.2
2015	-105.5	203.6	29.5	21.5
2016 YTD	-51.0	6.7	148.8	-47.1
<b>TOTAL</b>	<b>-148.2</b>	<b>800.5</b>	<b>1415.2</b>	<b>-1192.9</b>

Source: Strategies Research Partners, LLC

## Disruptors Become The Disrupted

- One of the great challenges for the U.S. in the 21<sup>st</sup> century will be the ability to balance the country's technological prowess with the need to “create job.”
- A country reliant upon services (about 85% of the economy) and consumption (about 70%) presents a challenge for workers without high value-added skills to prosper and thrive.
- This tension could indeed be the question of our times.



Source: Strategies Research Partners, LLC



## Central Bank Centric

- Over last eight years, central banks have taken center stage, replacing the private economy.

***“If you put the federal government in charge of the Sahara desert, in five years, there’d be a shortage of sand.”***

**- Milton Friedman**



# Big Potential Upside & Downside Risks With Trump

## Potential Upside

- Cut tax rates and reform tax code.
- Regulatory freeze and rollback.
- Repatriation.
- Infrastructure/Efficiencies.
- Pro-business climate.

## Potential Risks

- Trade/Tariffs/Protectionism.
- Unsustainable Deficits.
- Geopolitical risk.

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