

# **Economic and Market Outlook**

**Tulsa Estate Planning Forum**

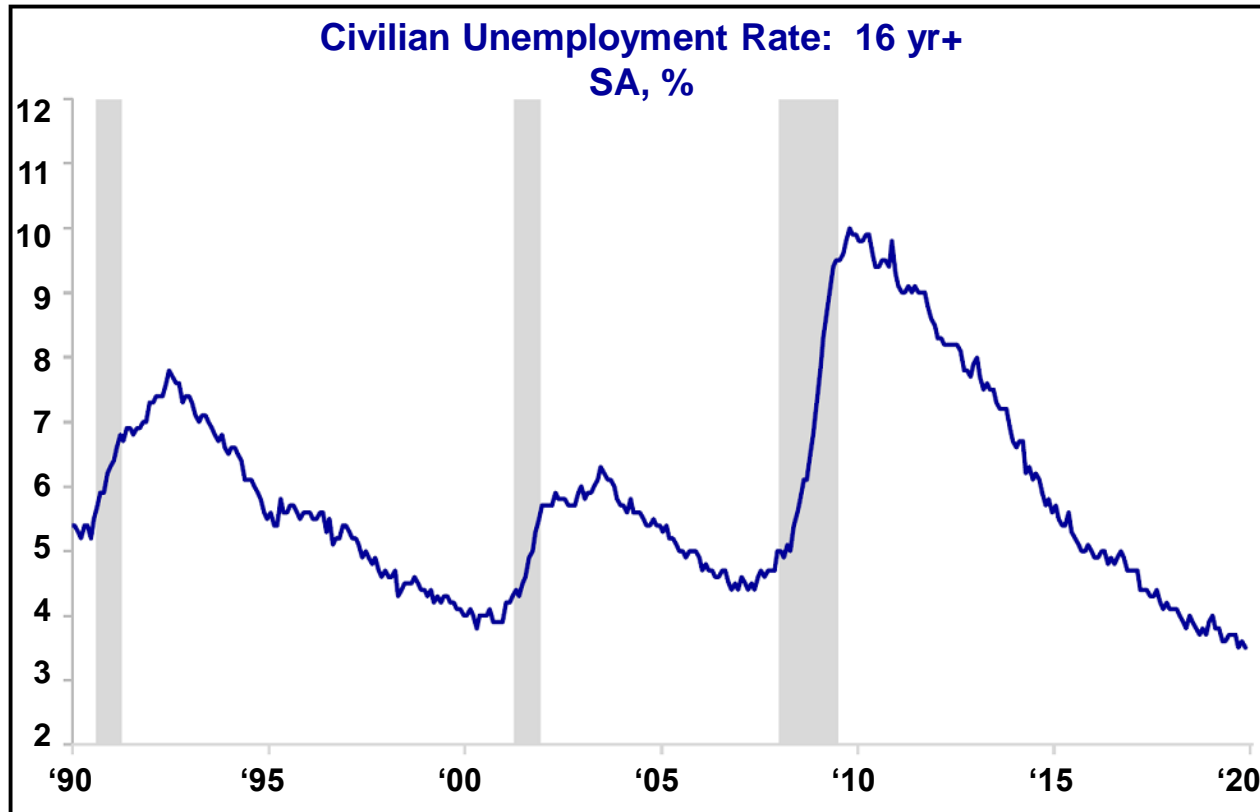
**Summit Club**

**Monday, January 13, 2020**

**Jim Huntzinger, Chief Investment Officer | BOK Financial Corporation**



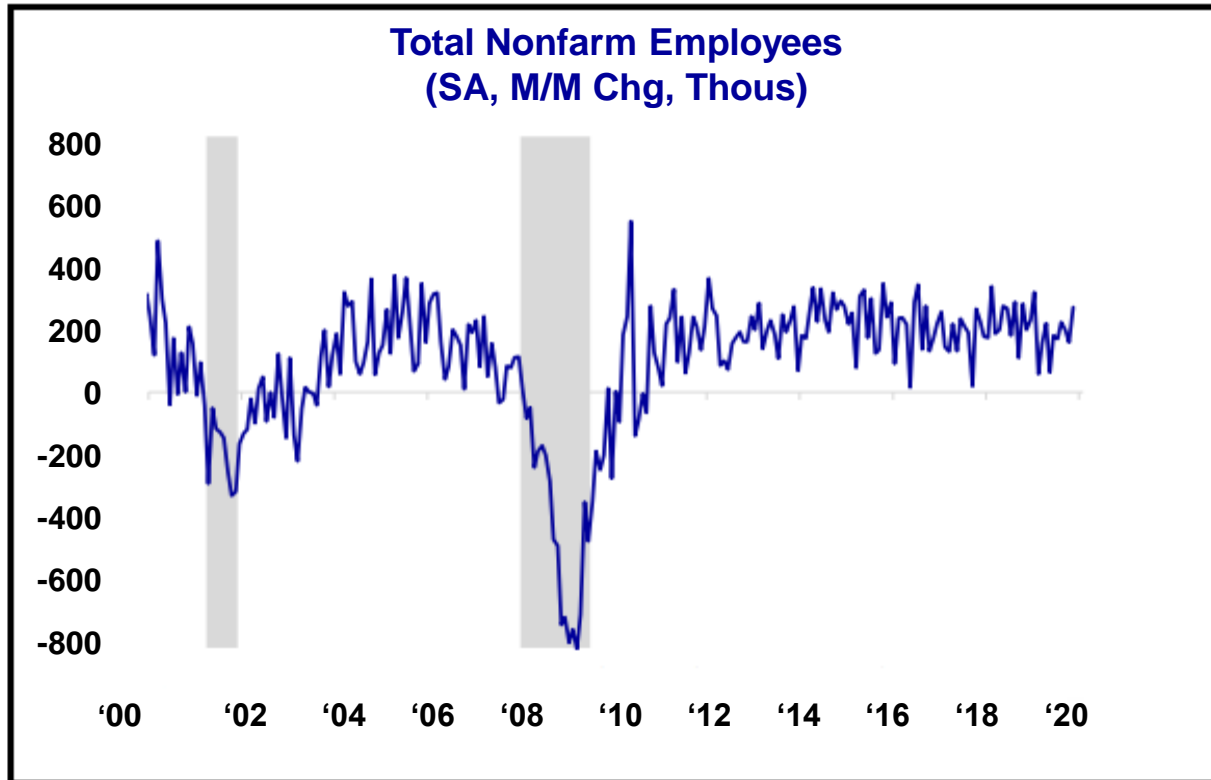
# U.S. Unemployment Rate



- Unemployment rate at 3.5%.
- Unemployment at historic lows.



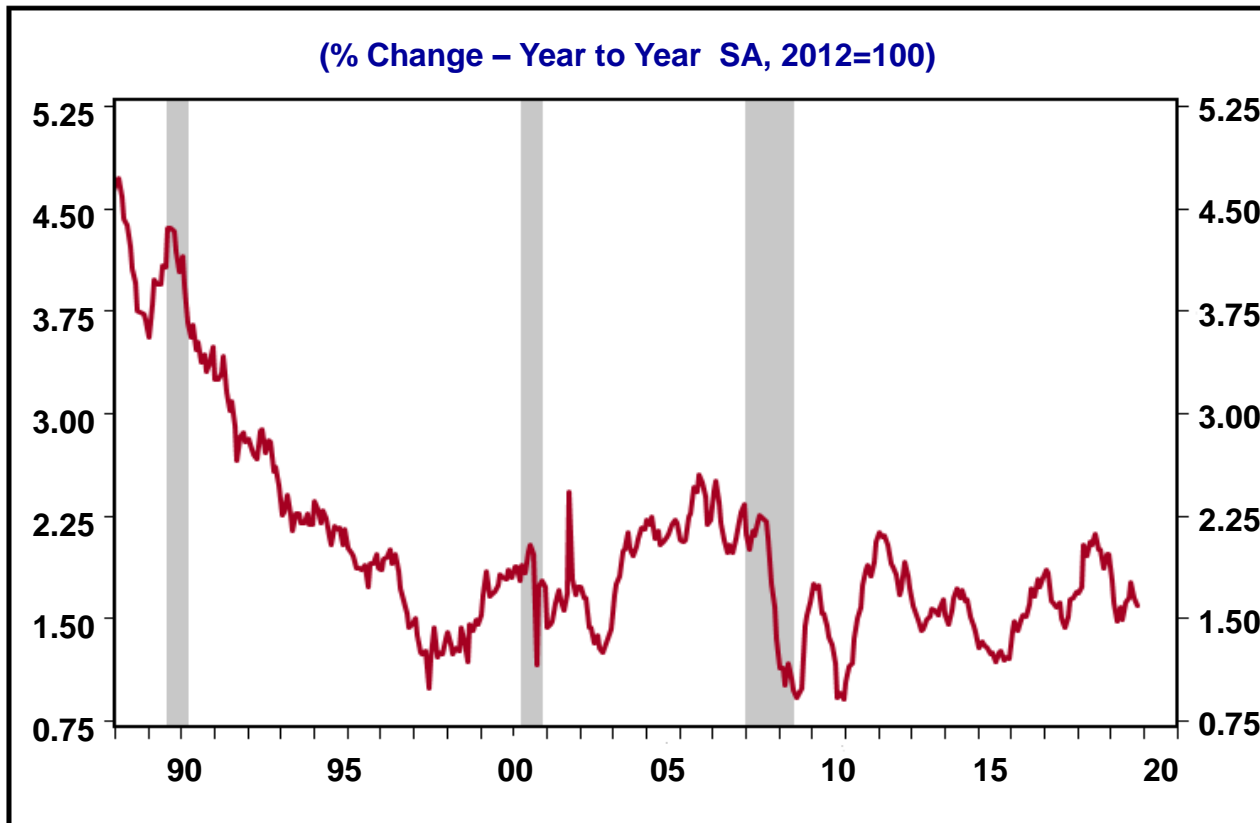
# U.S. Job Market



- Job market strong in U.S.
- More jobs than people looking for jobs.
- This is the cornerstone of a healthy U.S. economy.



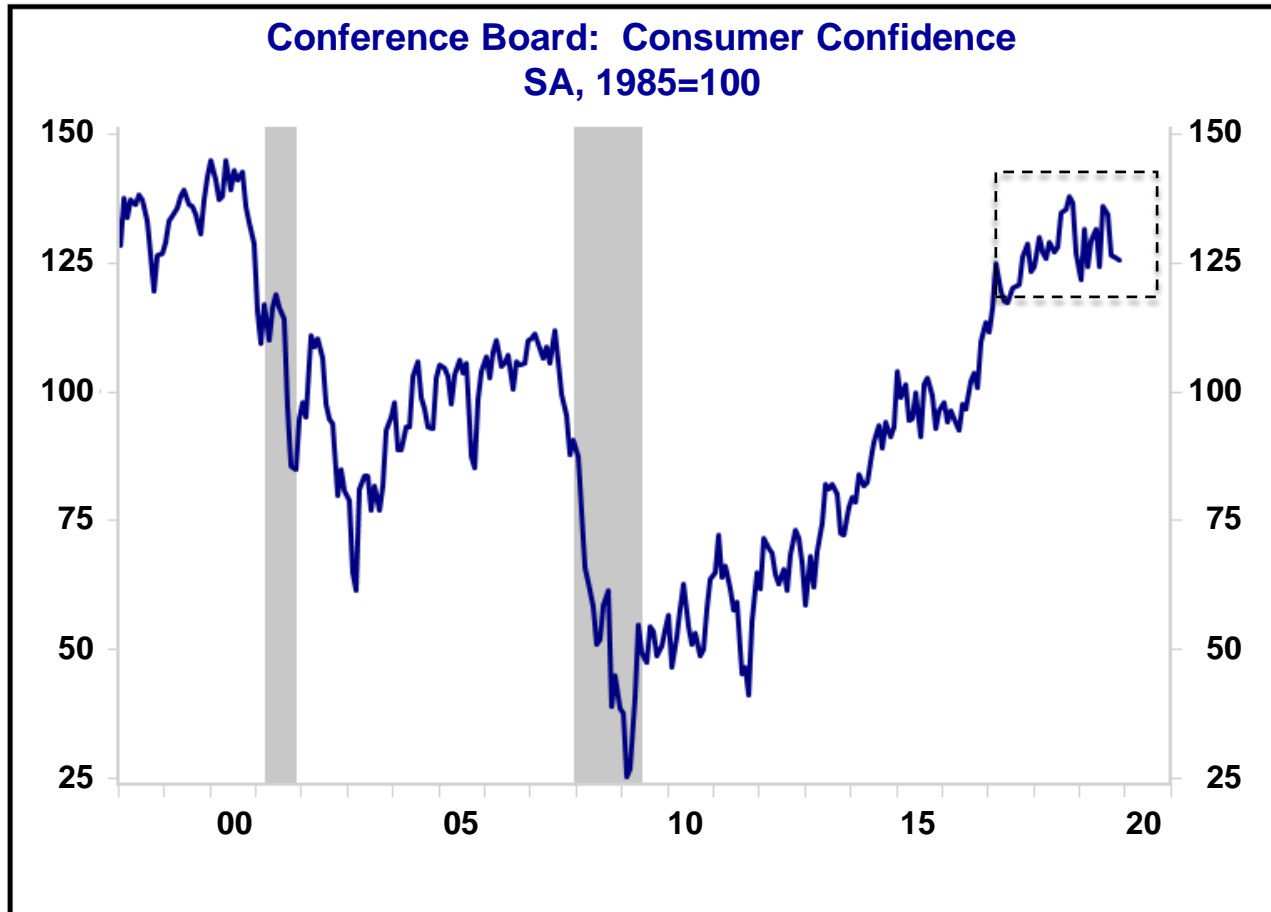
# PCE less Food & Energy



- Slow growth, but also low inflation, giving central banks room to move

Source: Bureau of Economic Analysis

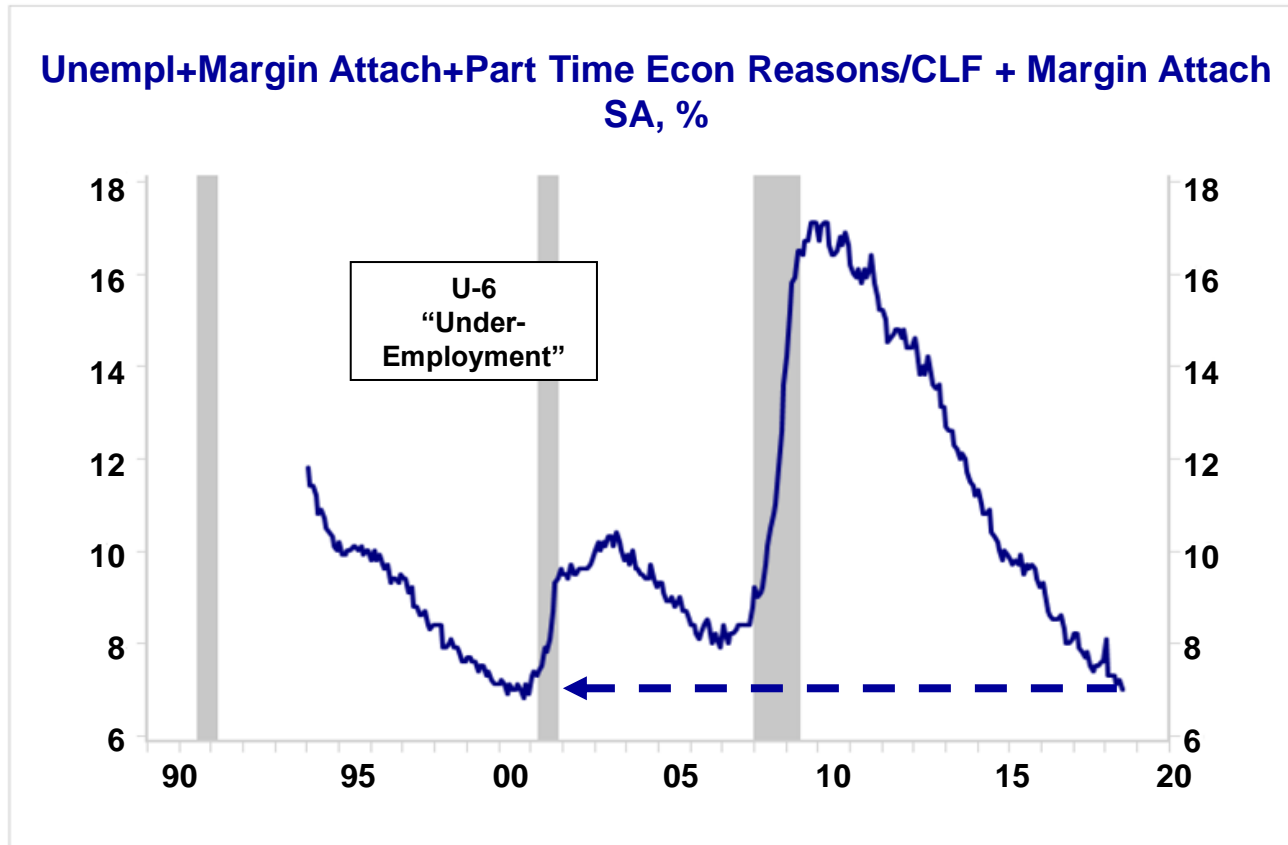
# Consumer Confidence



- U.S. consumer weakening slightly, still elevated.

Source: The Conference Board

# Real Unemployment Rate

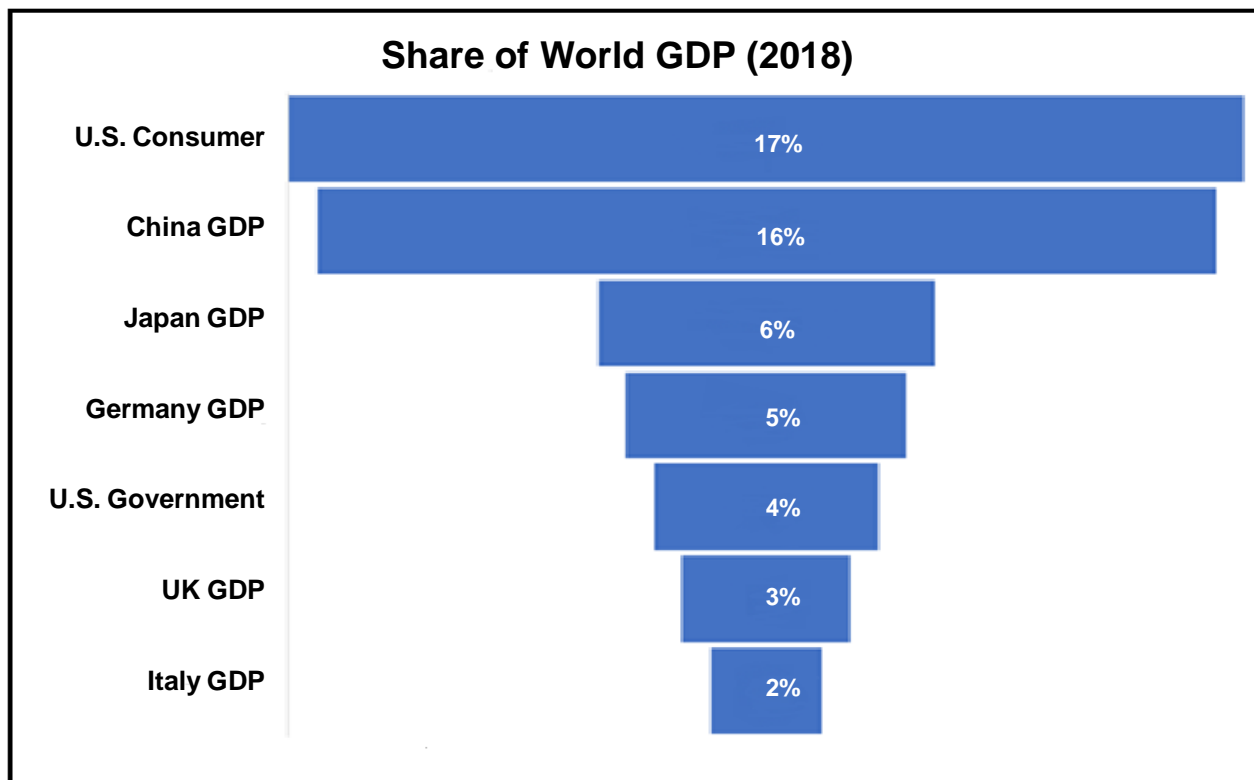


Source: Bureau of Labor Statistics

- U-6 now down to 6.9%



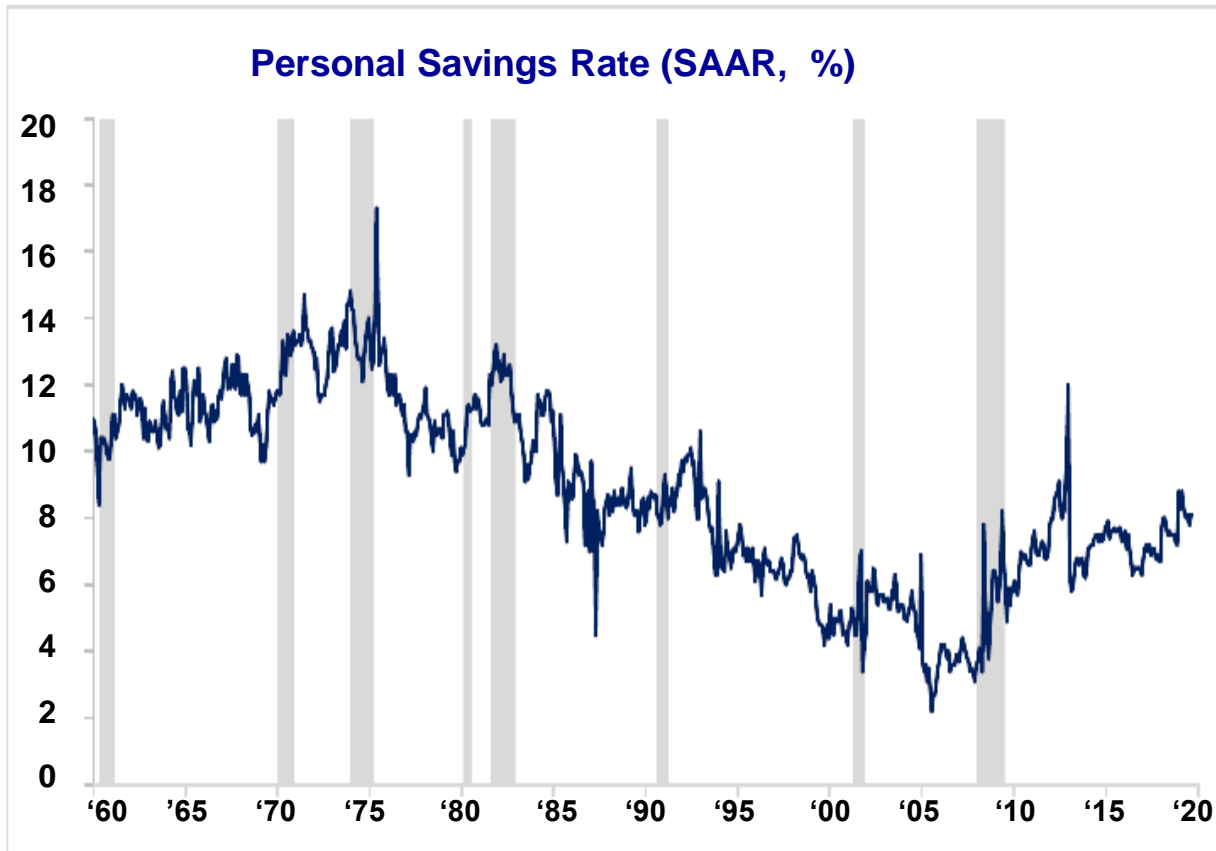
# World GDP



- U.S. Consumer a **World Class** heavy weight

Source: C.J. Lawrence-Strategas

# Savings Rate



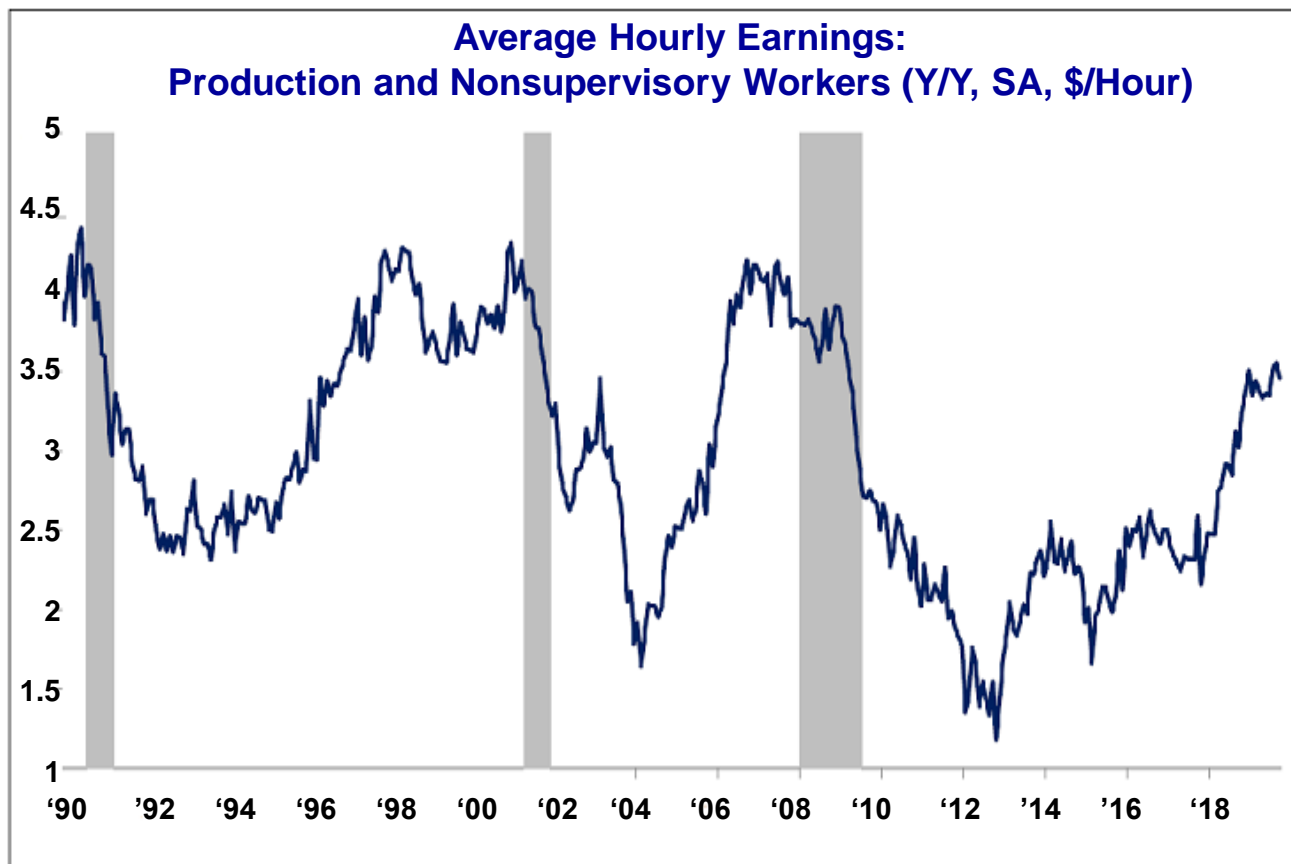
Source: Strategas

- Personal savings rate remains relatively high.





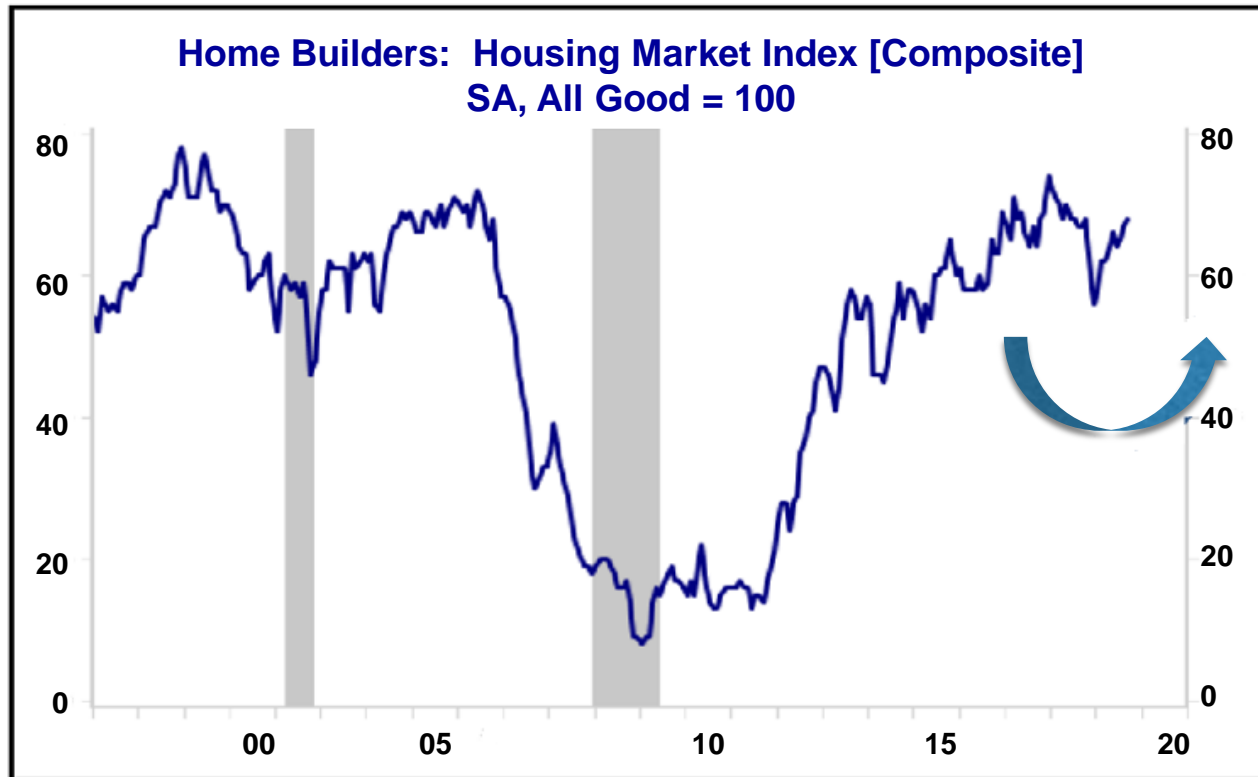
# Average Hourly Earnings



- Elevated wage numbers supportive for Consumer.

Source: Strategas

# Home Builders Index

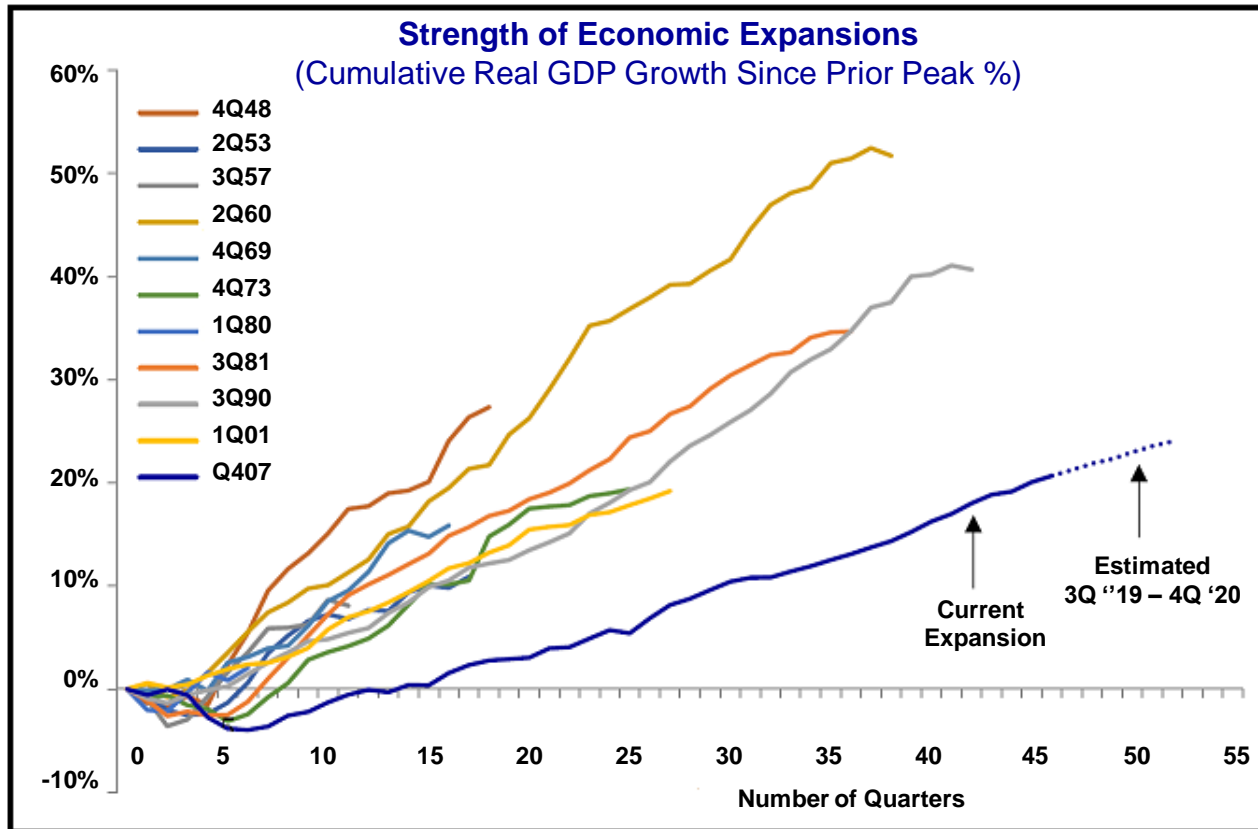


Source: National Association of Home Builders

- U.S. Housing continues to look interesting



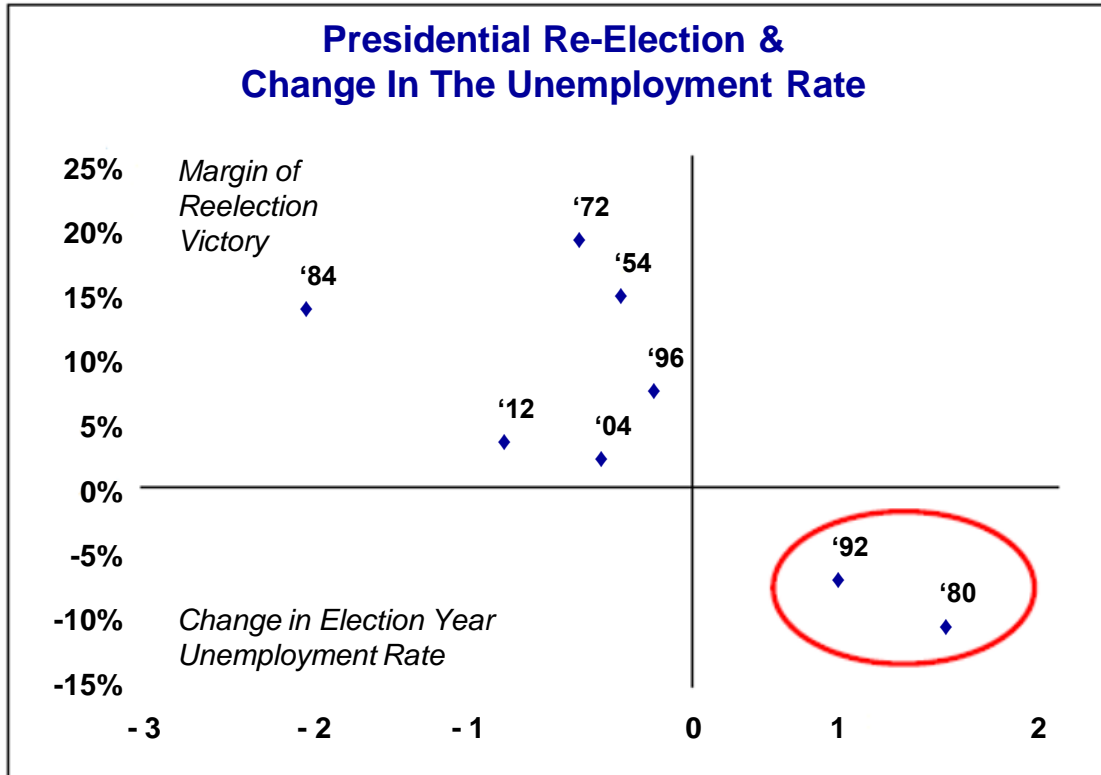
# U.S. Expansions Since 1948



Source: Strategas

- It's now the **longest** and **slowest** U.S. expansion ever.

# Polls are unreliable... What then?



- Two Presidents have lost reelection since WWII; the only two with rising unemployment rates... Jimmy Carter and George H.W. Bush.



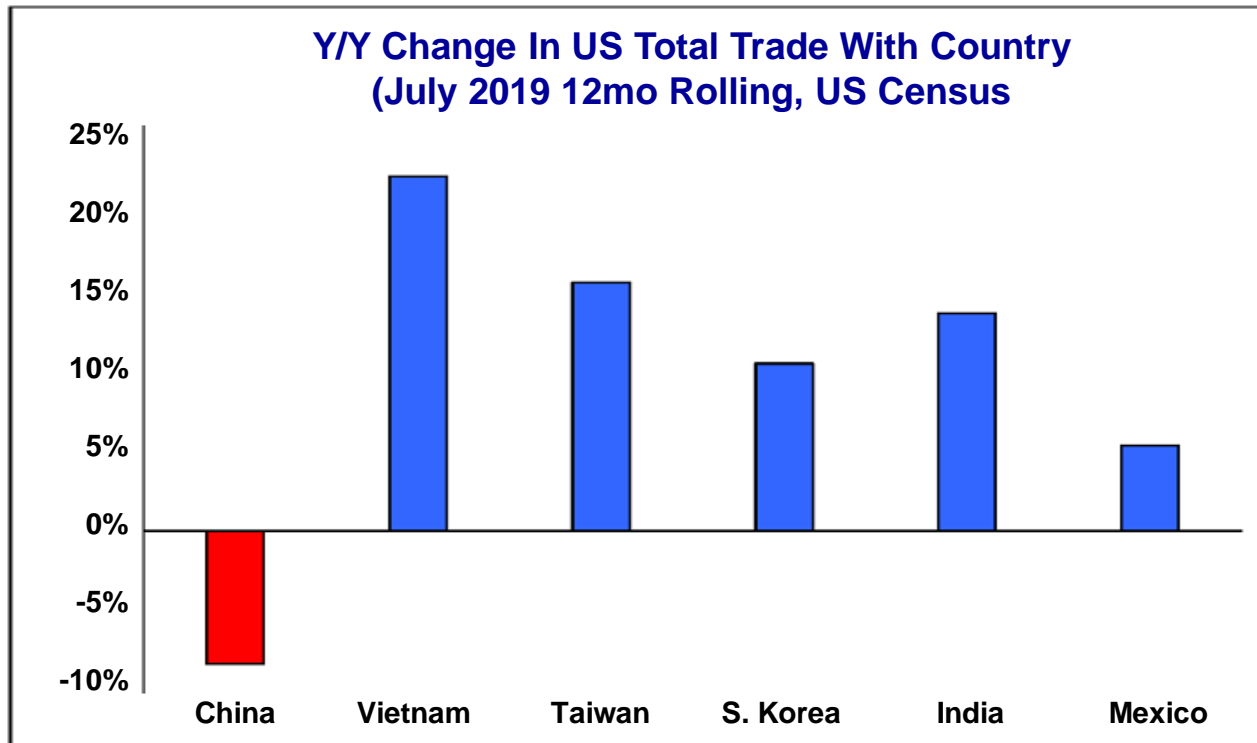
# Polls are unreliable... What then?

S&P 500 Performance 3 Months Prior To Presidential Election			
Year	S&P 500 Price Returns	Incumbent Party	
'28	14.91%	Won	✓
'32	-2.56%	Lost	✓
'36	7.92%	Won	✓
'40	8.56%	Won	✓
'44	2.29%	Won	✓
'48	5.36%	Won	✓
'52	-3.26%	Lost	✗
'56	-2.58%	Won	✓
'60	-0.74%	Lost	✓
'64	2.63%	Won	✗
'68	6.45%	Lost	✓
'72	6.91%	Won	✓
'76	-0.09%	Lost	✗
'80	6.73%	Lost	✓
'84	4.80%	Won	✓
'88	1.91%	Won	✓
'92	-1.22%	Lost	✓
'96	8.17%	Won	✓
'00	-3.21%	Lost	✓
'04	2.16%	Won	✓
'08	-19.48%	Lost	✓
'12	2.45%	Won	✓
'16	-1.90%	Lost	✓

- Stocks have predicted the presidential election winner 87 percent of the time.
- In the 3 months prior to a presidential election, if the S&P 500 has positive returns, it has been indicative that the incumbent party will win in 20 of the past 23 presidential elections.



# Year over Year Changes in Trade



Source: Strategas

- China is feeling the economic pressure from the increase in tariffs.



# Key Themes

## U.S. Economy

- Economic news still modest, but positive 2020 GDP growth around 2%.
- U.S. manufacturing feeling pressure from tariffs.
- U.S. Consumer strong and carrying growth.

## Federal Reserve

- Three rate cuts in 2019...want to pause now.

## International

- Growth has been slow or non existent
- However; modest recent improvement in implies slightly positive growth in 2020.

## Markets

- Rates: move slightly higher in 2020.
- Equities: positive, but modest single digit return for 2020.
- Impeachment + trade + election = volatile environment.



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