Truth vs Myth

Why what you hear about the economy is only partially true.

Setting the rules for honesty

• 1. “We must take care, less borne away by a torrent of passion, we make shipwreck of conscience.” John Adams, the second President of the United States

• 2. “It’s easy to lie with statistics, but it’s hard to tell the truth without them.” Swedish mathematician, Andre Dunkels

SO -
As a general rule of thumb, refrain from drawing the bulls-eye around the arrow. (Which is exactly what is happening now)
Stock Market Gains/Losses Since Jan. 20, 2017

Markets
Actually, the Stock Market Has Barely Moved the Last Two Years Under Trump

By Sarah Porzak, Yichuan Hao, and Molly Smith
October 2, 2019, 3:01 PM CST

Trump, Who Can’t Stop Tweeting About Stock Market: ‘I Don’t Watch The Stock Market’

The president’s claim came after markets plunged, apparently in response to Trump’s remarks that his trade war with China may persist.
Stock Market Gains/Losses last ten years

Click and drag in the plot area or select dates: YTD | 6 Months | 1 Year | 3 Years | 5 Years | All Years

Click and drag in the plot area or select dates: 5 Years | 10 Years | 20 Years | 30 Years | All Years
Trump's market vs. the average
S&P 500 under Trump vs. the average presidential cycle

Avg: 5.7%
Trump: 19.4%

Avg: 4.5%
Trump: -6.2%

Avg: 12.8%
Trump: 28.6%

Avg: 5.7%

Year of Presidential Cycle

Percent Change


Trump stock market rally is far outpacing past US presidents

Trump's stock market performance still lags Clinton and Obama
Dow Jones industrial average gain (or loss) from inauguration to end of December of the third year of the president's first term.

<table>
<thead>
<tr>
<th>President</th>
<th>Gain/Loss</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clinton</td>
<td>57.2%</td>
</tr>
<tr>
<td>Obama</td>
<td>52.9%</td>
</tr>
<tr>
<td>Trump</td>
<td>44.6%</td>
</tr>
<tr>
<td>H.W. Bush</td>
<td>38.7%</td>
</tr>
<tr>
<td>Reagan</td>
<td>32.9%</td>
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<tr>
<td>W. Bush</td>
<td>2.5%</td>
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<tr>
<td>Carter</td>
<td>-12.5%</td>
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</tbody>
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The Washington Post
1/9/2020
So what is the truth?

• The truth is that you can prove almost anything depending on where you start the graph.

AND

• The truth varies depending on who says it and what point they wish to make.

“After years of wage stagnation, we are finally seeing rising wages. ... This is our new American moment. There has never been a better time to start living the American Dream.”

President Donald J. Trump

Bernie Sanders says real wages rose 1.1%. He’s right
And one more...

“Working family incomes have stagnated almost my entire life. Meanwhile, most of our economic growth goes to a smaller and smaller slice of the wealthiest Americans – a dangerous level of inequality that not only threatens our economic security, but also tears at the very fabric of our democracy and our society.”

• Pete Buttigieg 2020 Presidential Candidate

Wage growth and pay gap

Blue line is the lowest 25% of earners

Red line is the highest 25% of earners

Source: Federal Reserve Bank Atlanta
What you believe is often determined by where you sit.

Here, Obama is sounding a bit Tea Partyish.

“It is a sign that we now depend on ongoing financial assistance from foreign countries to finance our government’s reckless fiscal policies. Over the past five years, our federal debt has increased by $3.5 trillion to $8.6 trillion. That is “trillion” with a “T.” That is money that we have borrowed from the Social Security trust fund, borrowed from China and Japan, borrowed from American taxpayers.”
The National Debt has doubled every ten years. The annual deficit has doubled since 2015.

True or False?

- Politicians of both parties have decried the senseless wars in the middle east as being the primary driver of the debt. Elizabeth Warren, Bernie Sanders and Donald Trump have all claimed that the cost has been $7 trillion and climbing. Is it really that much money?
As of May 2018 the total spending was.

The economy is smoking hot right now and the U.S. is producing more jobs than at anytime in history.
Month-to-month increase in employment, 2011-2017

Blue indicates Obama presidency, red indicates Trump presidency
Source: Bureau of Labor Statistics

New U.S. jobs between Jan. 2017 and Jan. 2019 versus same period to Jan. of recent prior years

True or False?

• The number of undocumented workers continues to increase as more and more people seek to come to the United States.

False – The undocumented workforce has fallen by more than 500,000 workers
True or False?

"Some of the best economic numbers our country has ever experienced are happening right now," President Trump tweeted earlier this month.
So how do you find the truth?

1. Recognize your own bias. Everyone wants to believe their own preconceptions are true. Sometimes they aren’t.

2. Follow the data rather than politicians or others trying to convince you.

3. Step out of your comfort zone and read and watch opposing views.

4. Recognize that this trend of misleading and misdirection is likely to get worse before getting better.

So after reviewing the data where is this economy headed?

- Absent a war, the economy should continue to grow during 2020 at the current levels of around 1.5% - 2%.
- New construction will remain strong throughout the first three quarters – this is especially true in residential construction.
- As far as roofing goes, manufacturing/distribution will struggle growing due to a declining work force at the construction level. New growth will likely come from taking jobs from others or consolidation.
- Roofing companies will also struggle growing due to limited work force and will seek alternative labor.
So after reviewing the data where is this economy headed?

- Nearly 320,000 roofing workers will retire during the next decade.
- That’s 32,000 per year, every year for the next ten years.
- That’s why NRCA is working so hard at changing the false narrative that the roofing industry only offers:
  - Low paying jobs
  - Dirty jobs
  - No career path

Consider how your company can get involved in promoting the roofing industry as the place to build your future.

How can manufacturer’s better engage in programs like ProCertification?

How can we collectively work together to make sure that the future of the U.S. roofing industry is secured?

I want to hear from you! rribble@nrca.net