

Political, Economic and Tech Trends That Will Affect You In The Next 3 Years



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Recession Clouds Looming

ECONOMY · Published April 26

Recession is now the ‘most likely’ outcome for the U.S. economy, not a soft landing, Larry Summers says

Last Updated: April 15, 2022 at 11:41 a.m. ET



Brian Sozzi · Anchor, Editor-at-Large

April 18, 2022 · 2 min read

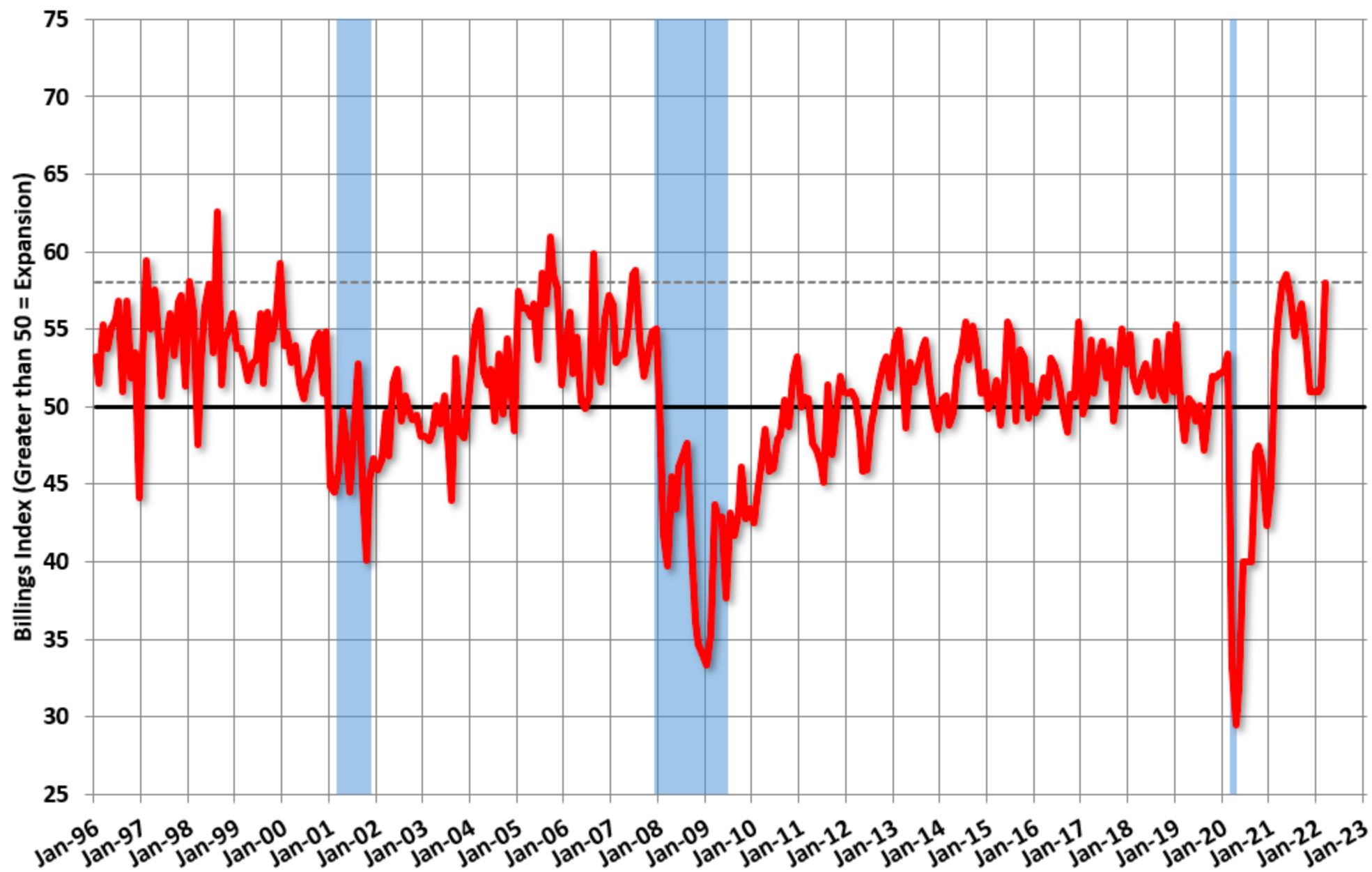
Key Metrics To Follow

Real Estate

AIA Billings Index

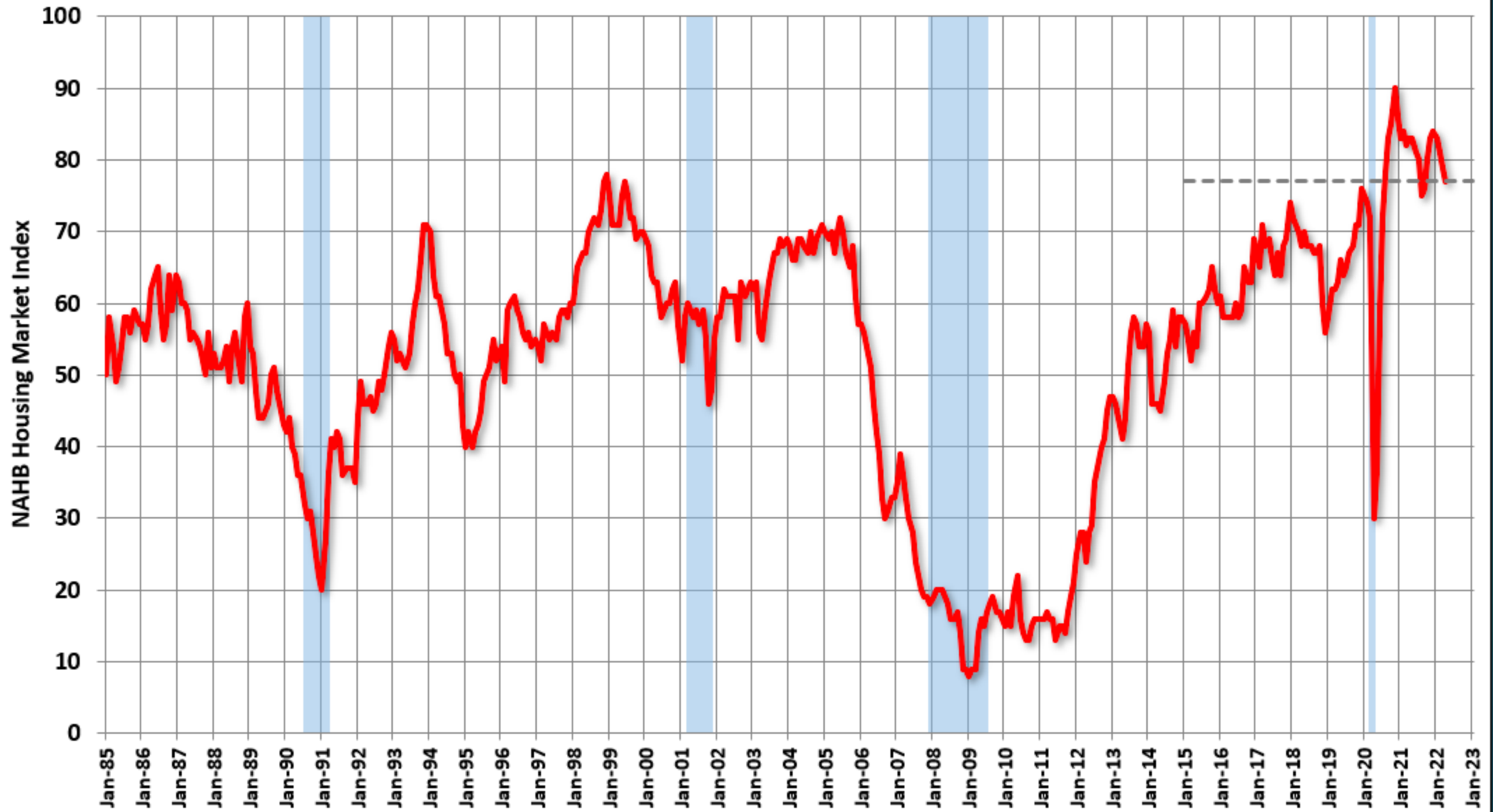
NAHB Sentiment

Architecture Billings Index



NAHB Housing Market Index

Recession HMI Current



Key Metrics To Follow

Real Estate

- AIA Index

- NAHB Sentiment

Manufacturing and Services

- ISM MFG Index

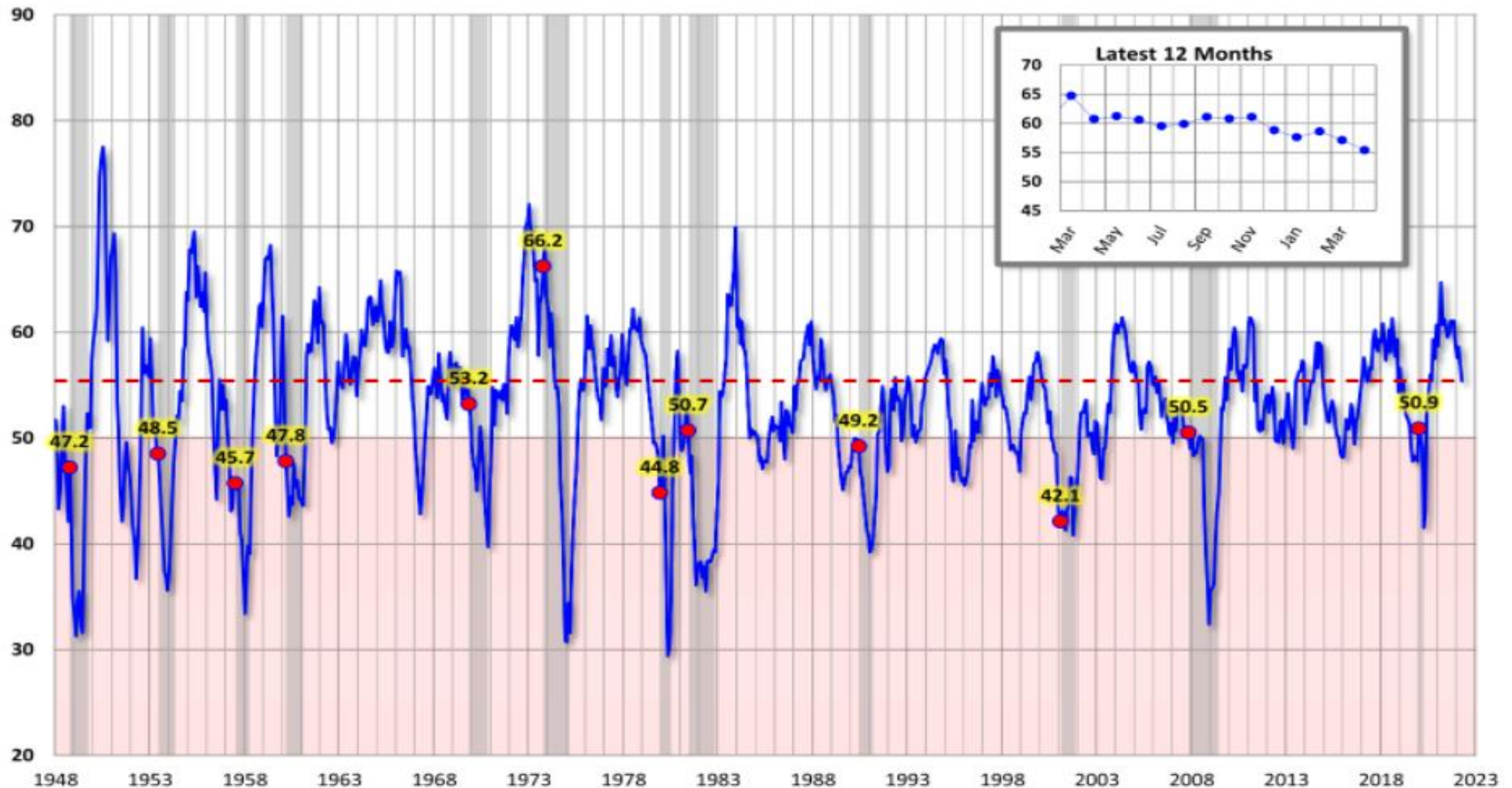
- Texas Fed Mfg Activity

- ISM Services Index

ISM Manufacturing: PMI Composite Index

Monthly Series with Recessions Highlighted

Dashed line shows the current level, Dots highlight the month before a recession

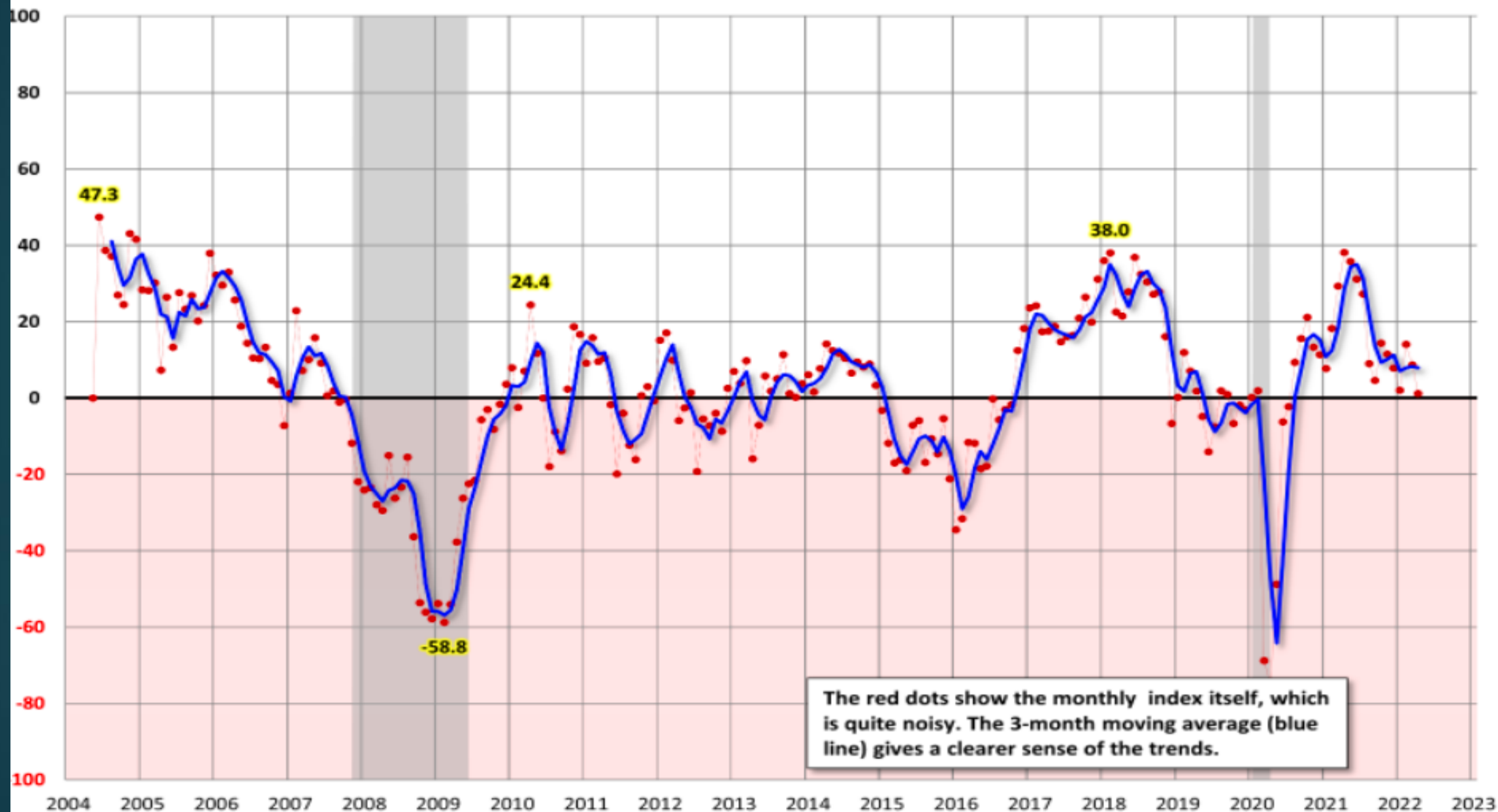


Texas Manufacturing General Business Activity

Recessions

General Activity = 1.1

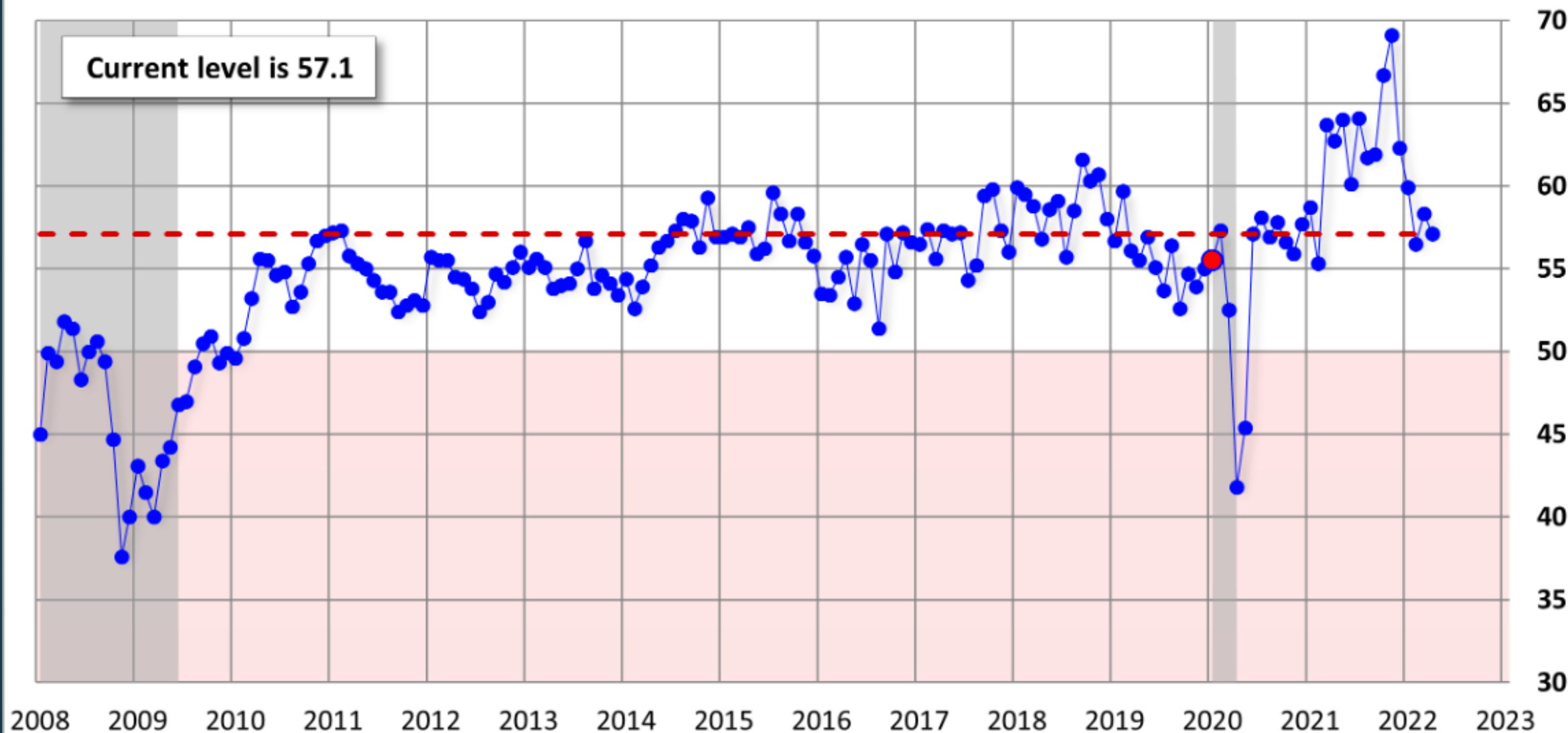
3-Month Moving Average = -7.6



ISM Services: Composite Index

Monthly Series with Recessions Highlighted

Dashed line shows the current level



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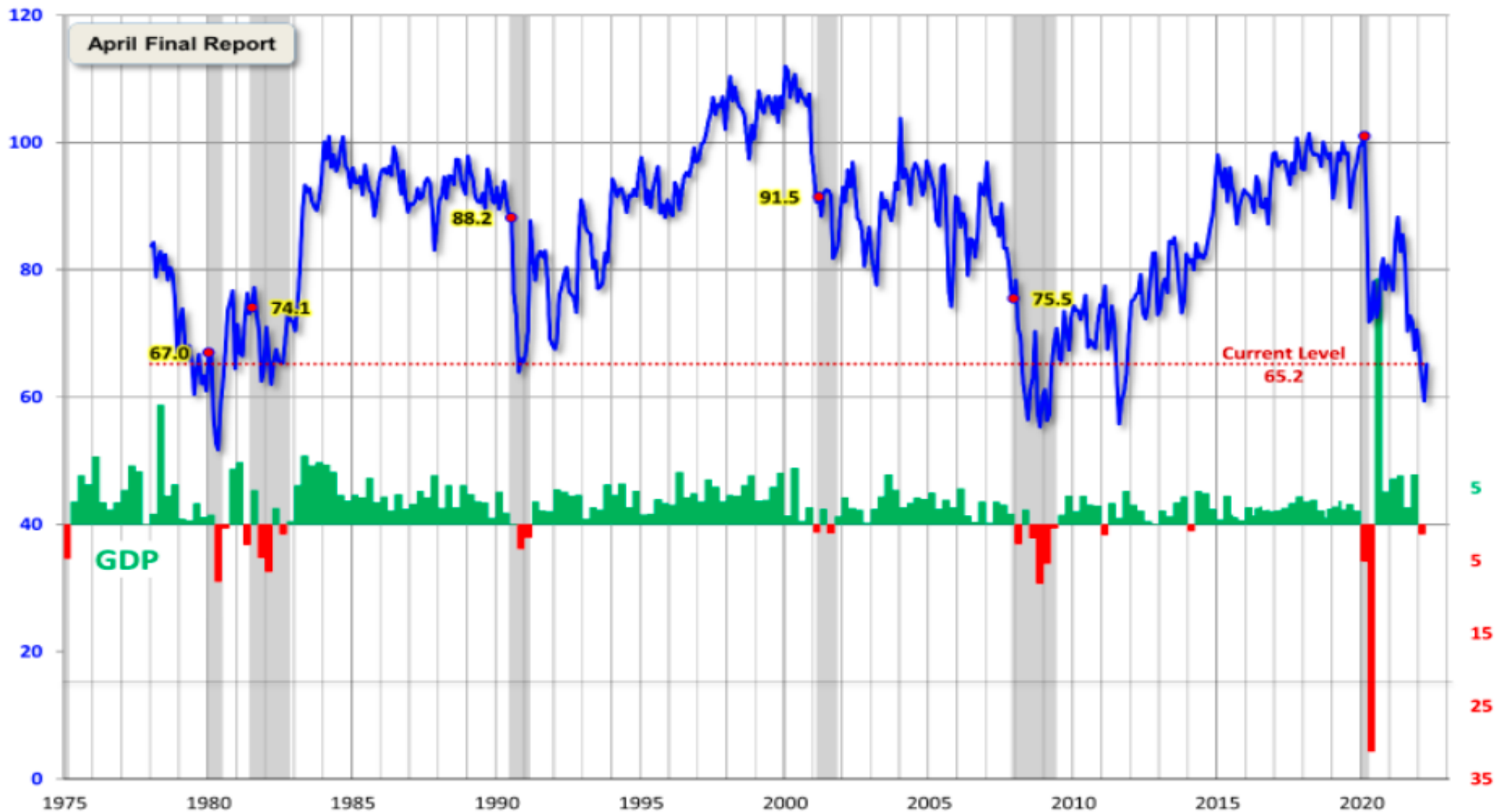
Consumers/Small Businesses

- Univ Michigan Sentiment

- NFIB Optimism

University of Michigan Consumer Sentiment Index

GDP and Recessions



NFIB Small Business Optimism Index

..... Current Level is now at 93.2

● Recession Starts

Small Business Optimism Index: 1986=100

Dotted Line = NFIB Current Level

Recessions Highlighted in Gray



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Travel/Business Activity

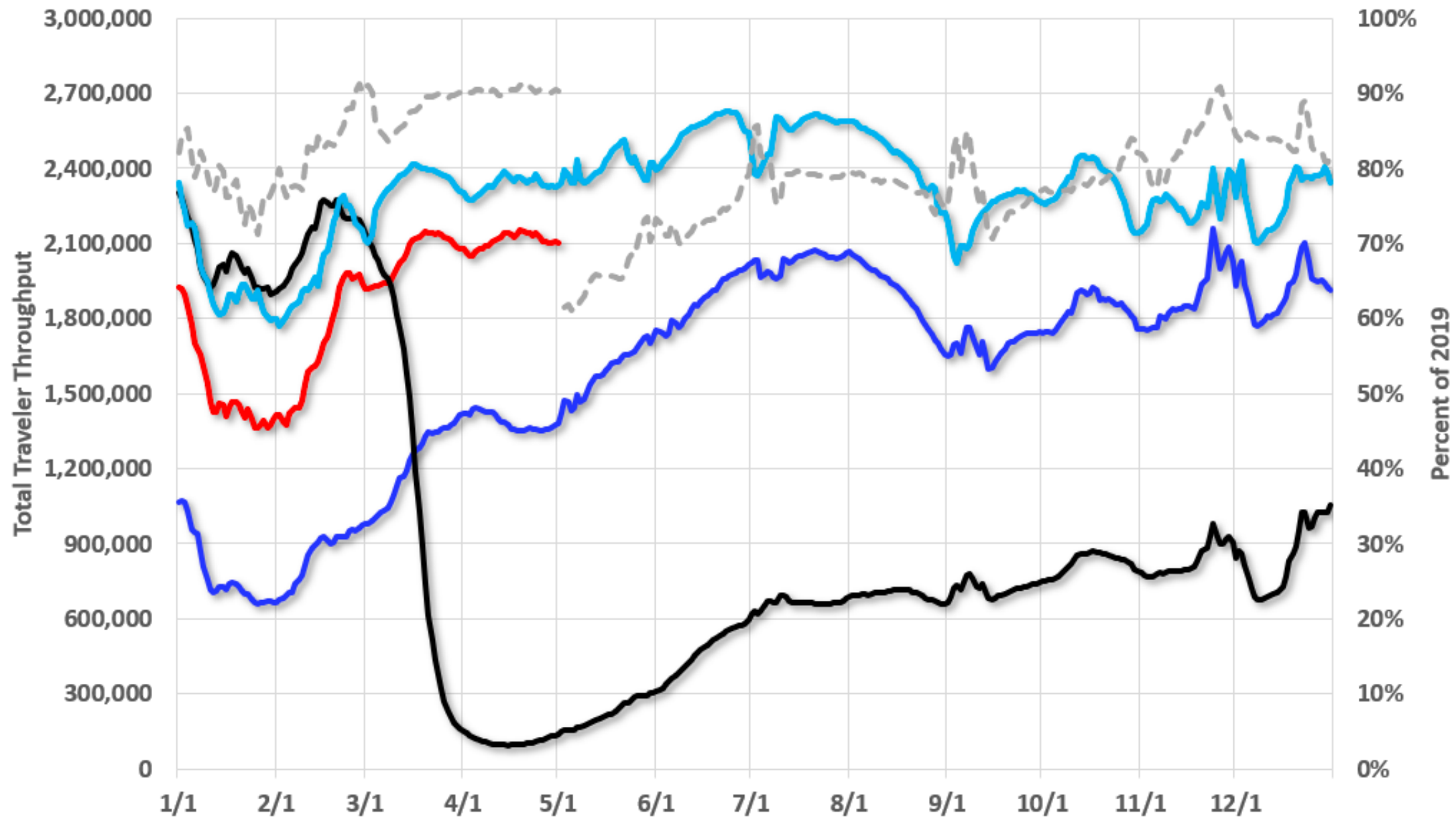
- TSA Travelers

- Hotel Occupancy

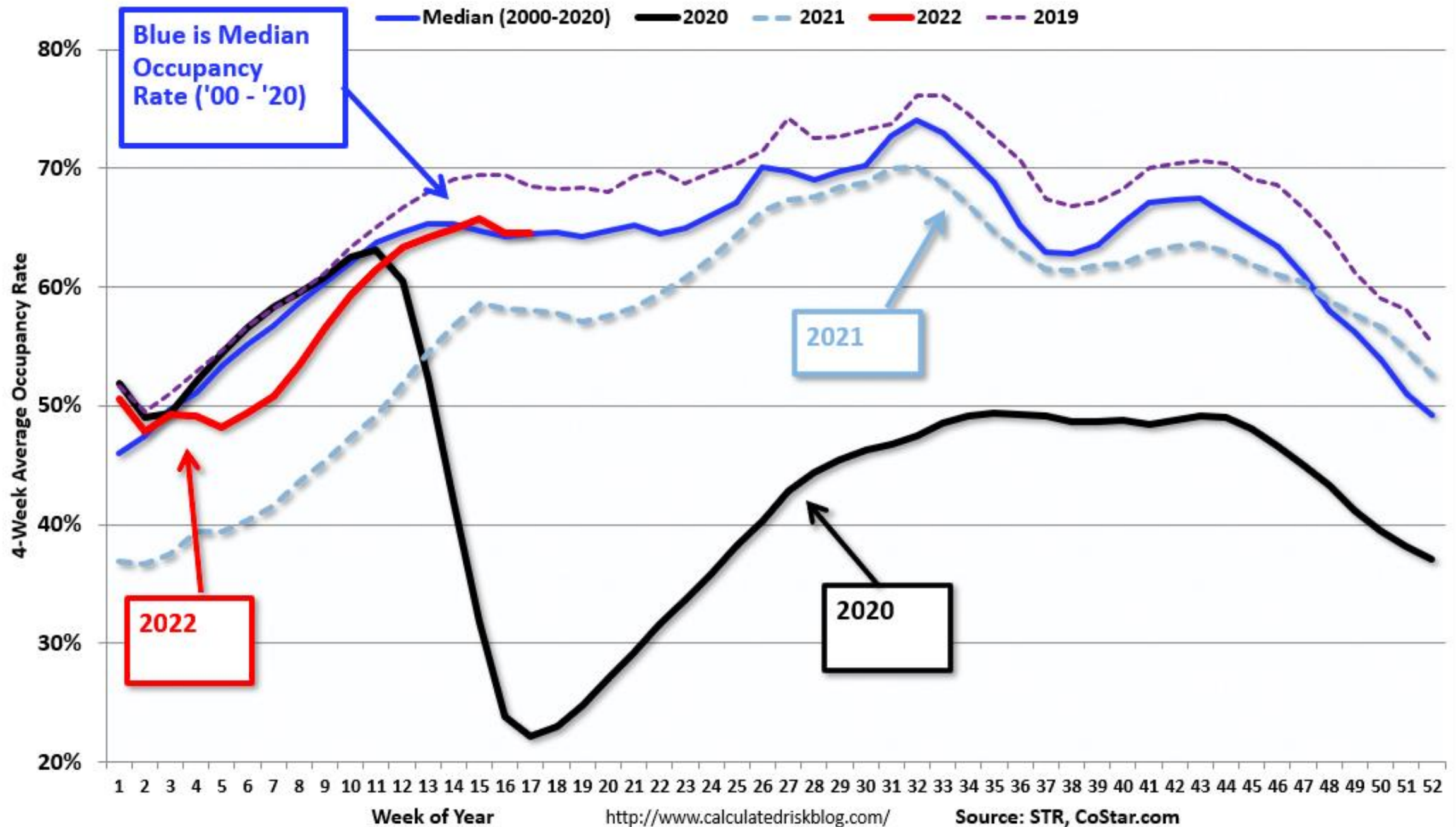
- Vegas Visitors

TSA Checkpoint Travel Numbers, 7 Day Average

2022 2021 2020 2019 -- Percent of 2019

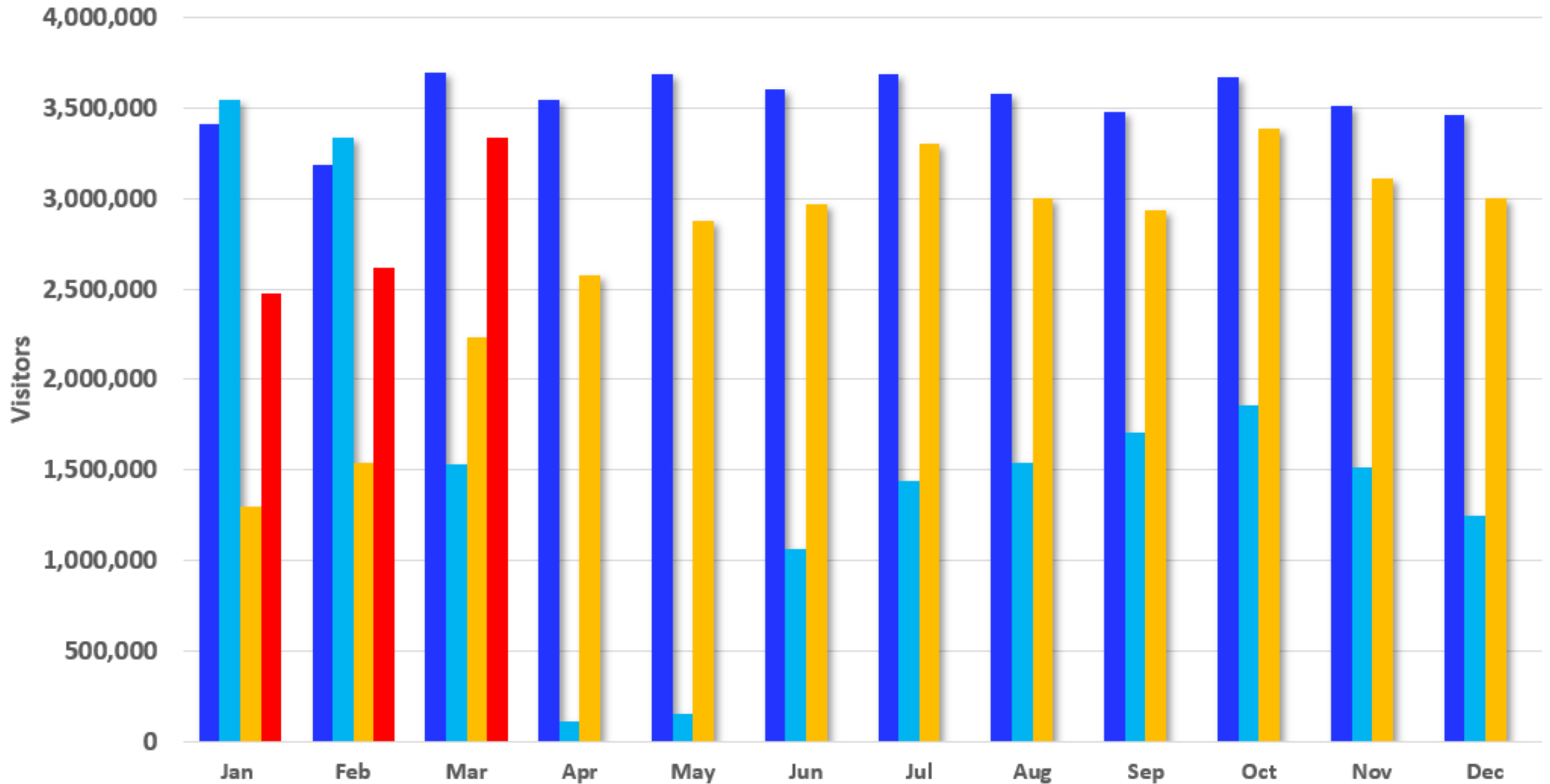


Hotel Occupancy Rate by Week of Year (4 week moving average)



Las Vegas Visitors

■ 2019 Visitors ■ 2020 Visitors ■ 2021 Visitor ■ 2022 Visitors



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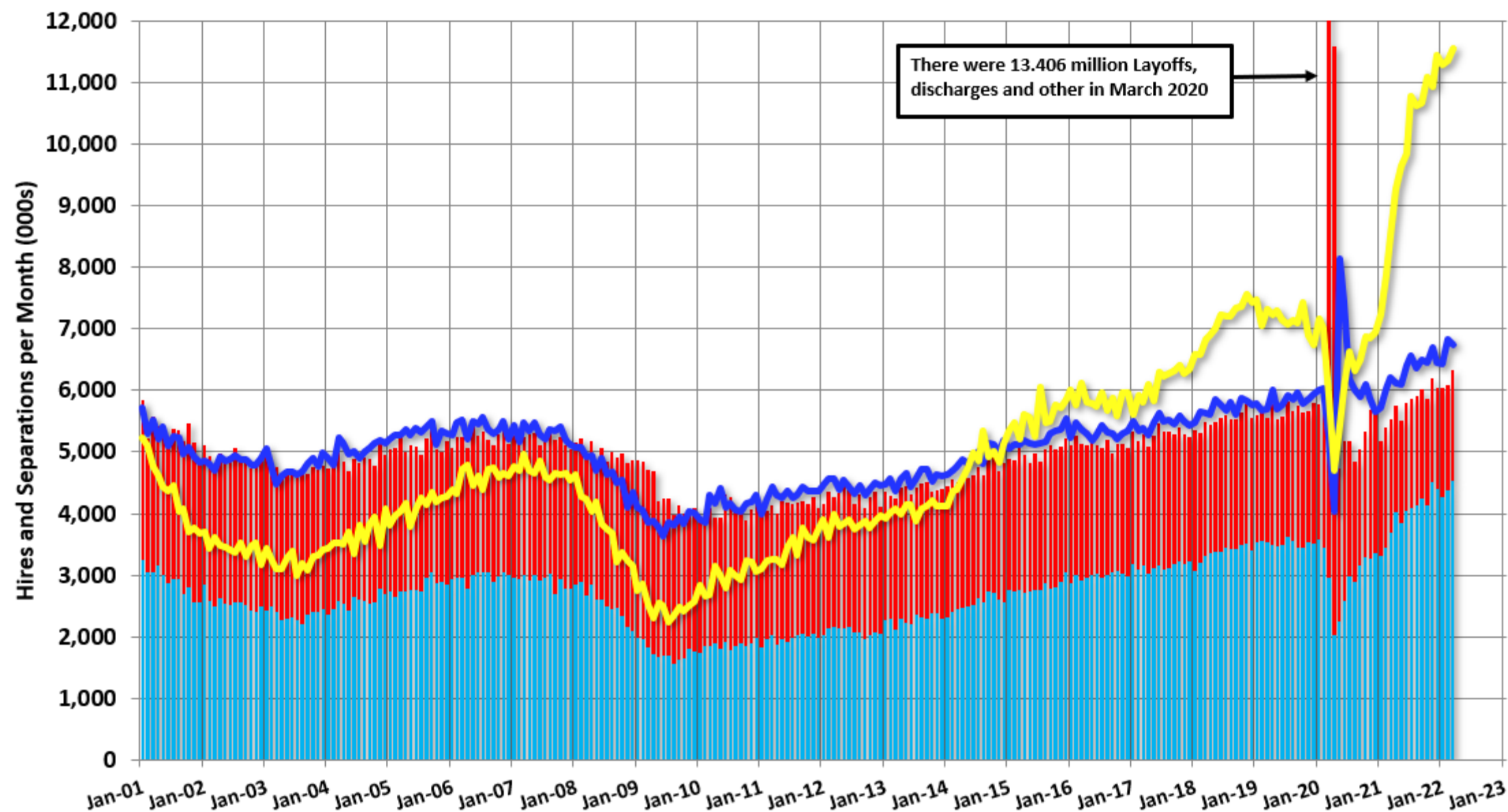
- Vegas Visitors

Labor

- Jolts

Hires and Separations Monthly (SA) from Job Openings and Labor Turnover Survey (JOLTS), Source: BLS

Quits Layoffs, Discharges and Other Hires Job openings



There were 13.406 million Layoffs, discharges and other in March 2020

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Labor

- Jolts

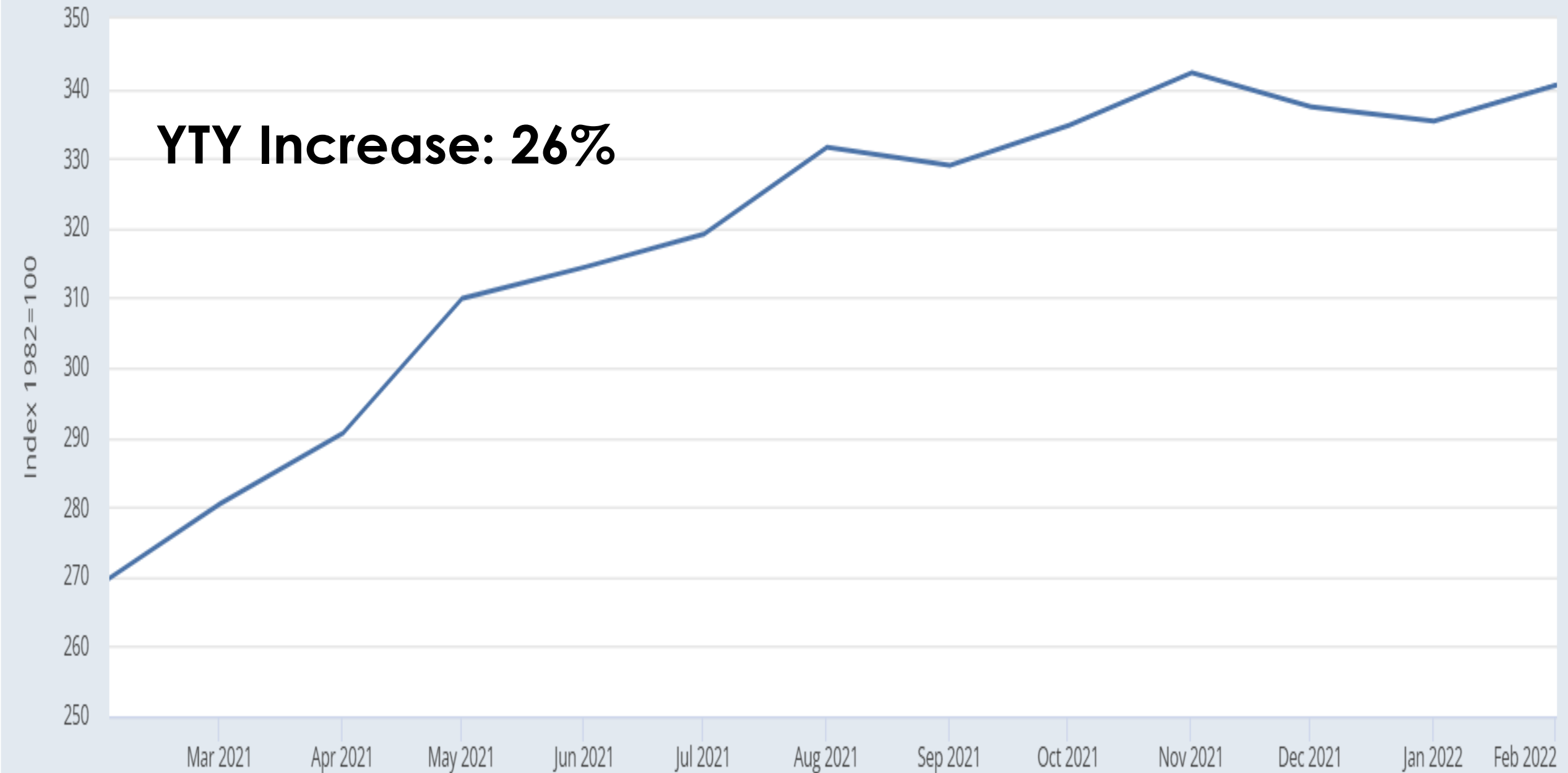
Who I Follow:

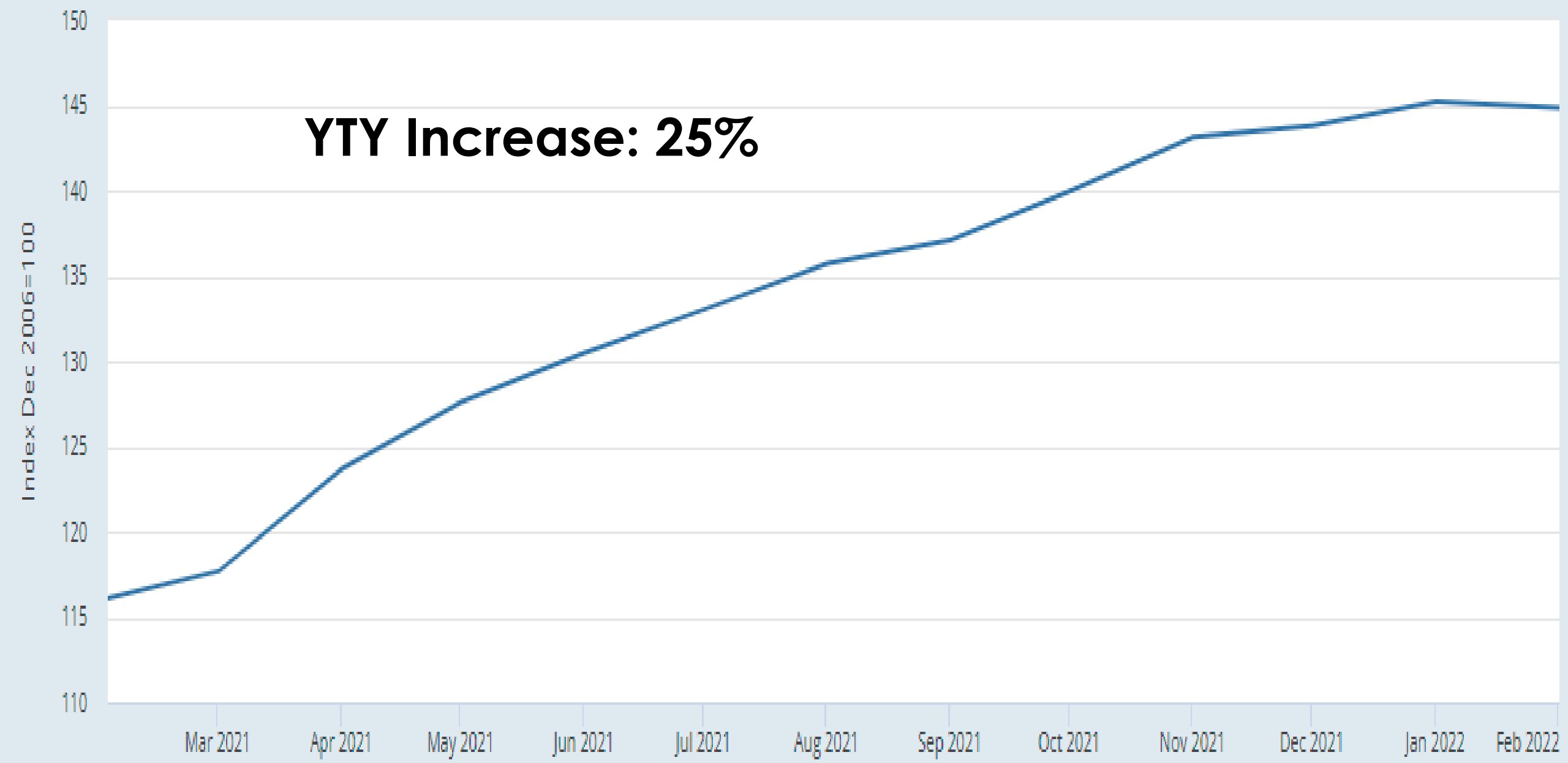
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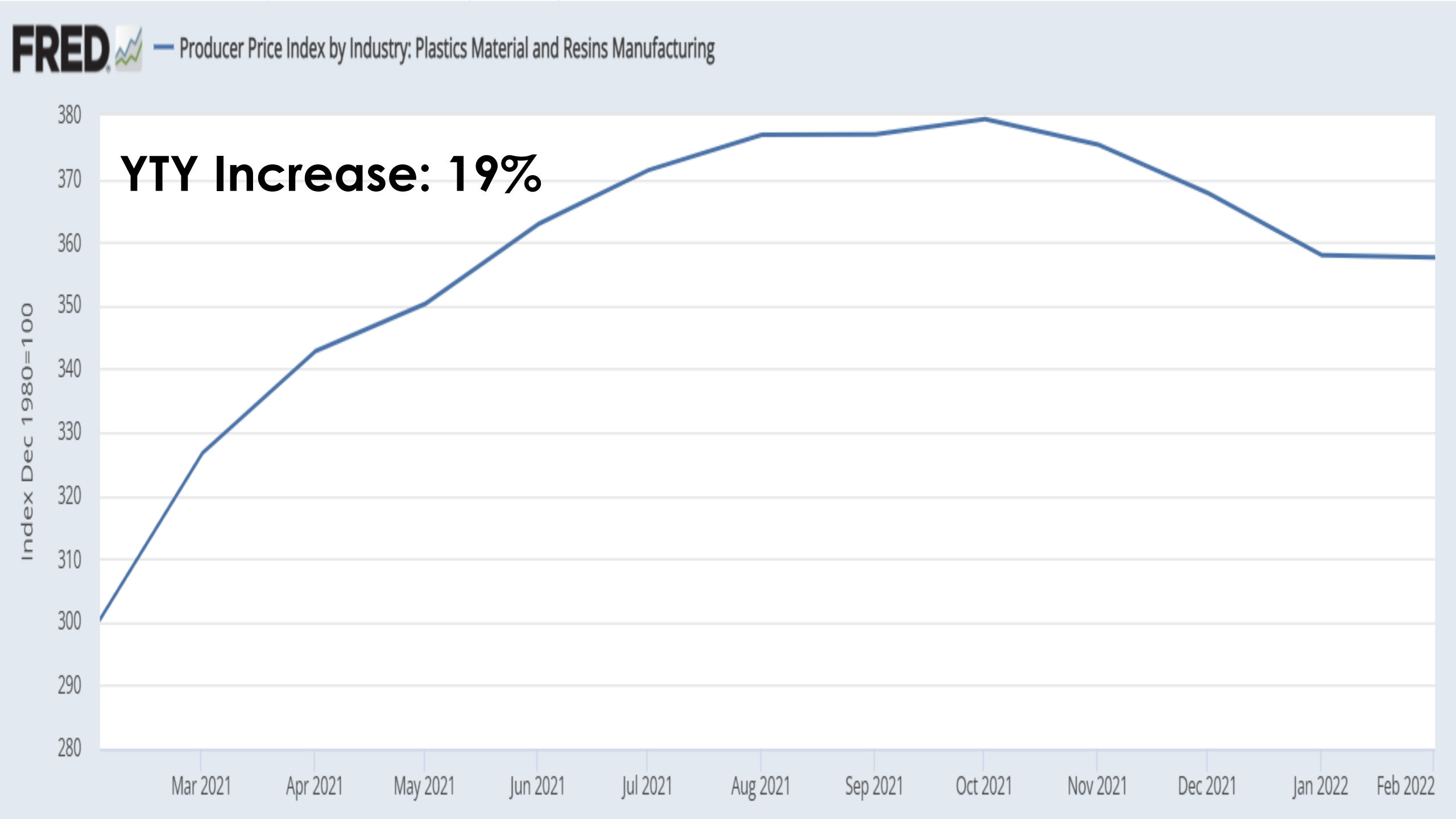
Inflation surges to 8.5%, highest in over 40 years

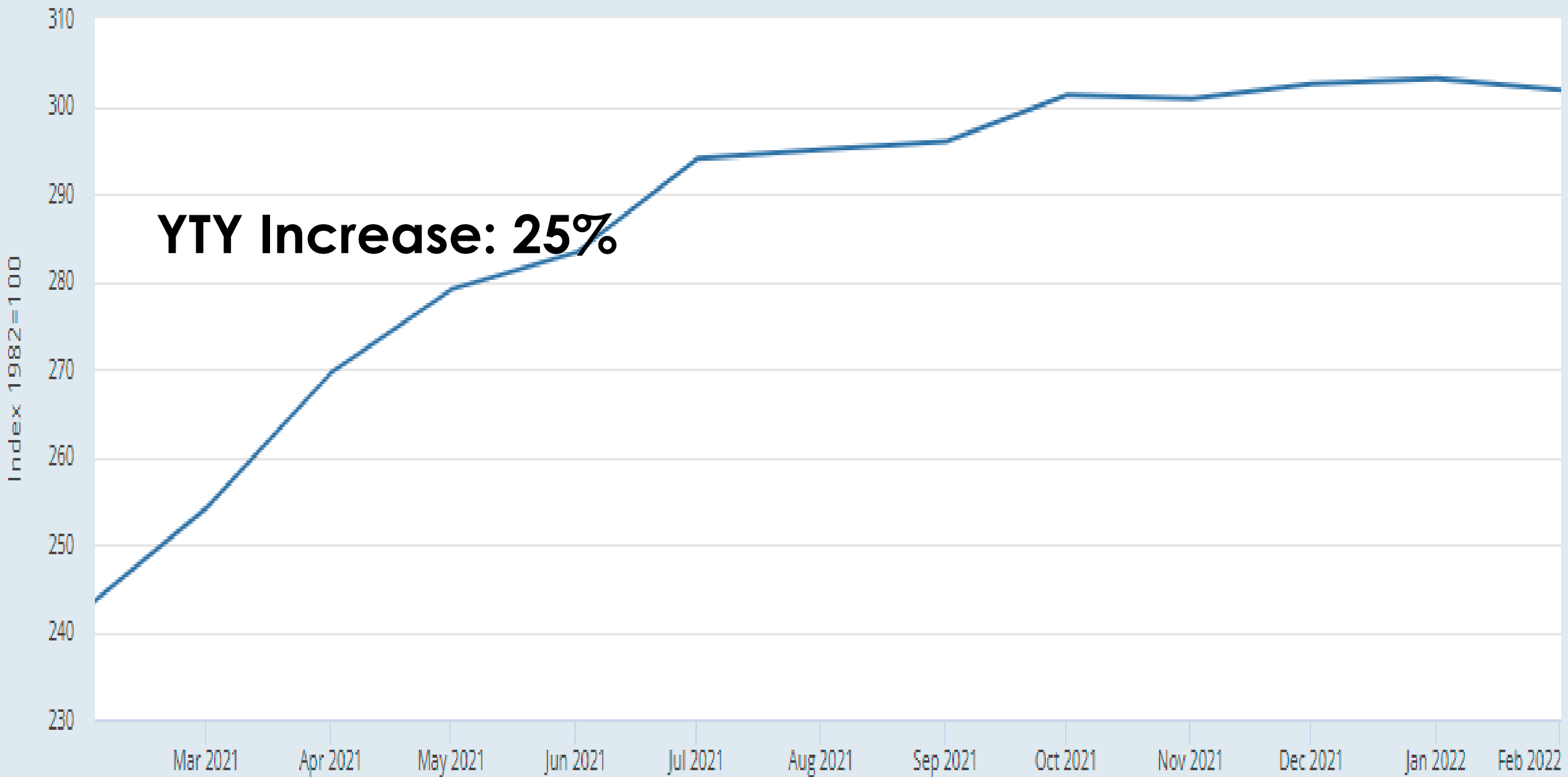
U.S. Producer Prices Jump 11.2% From a Year Ago, the Most on Record

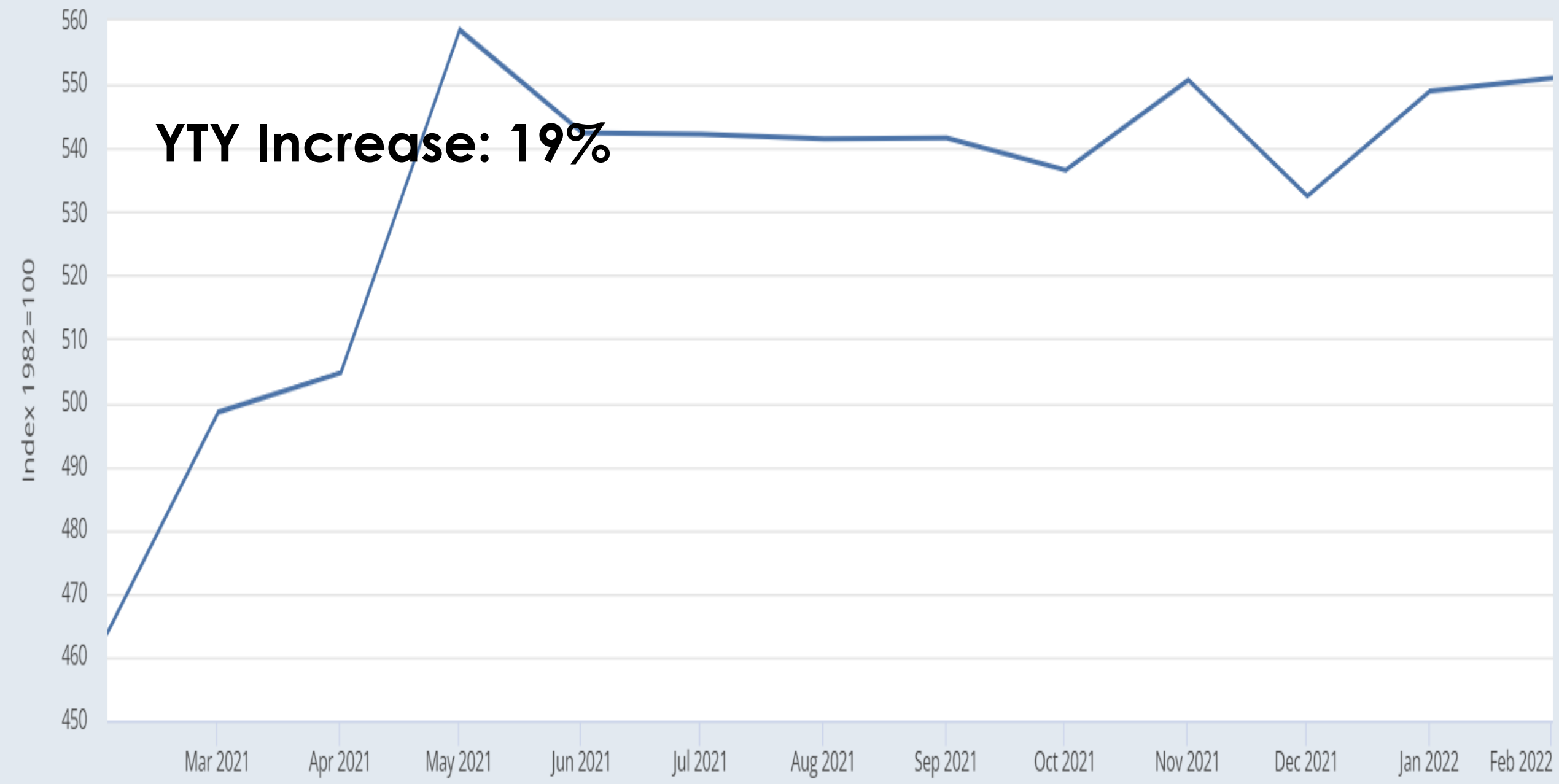
- PPI for final demand rose 11.2% in March from a year earlier
- Monthly increase was broad-based, included higher oil costs







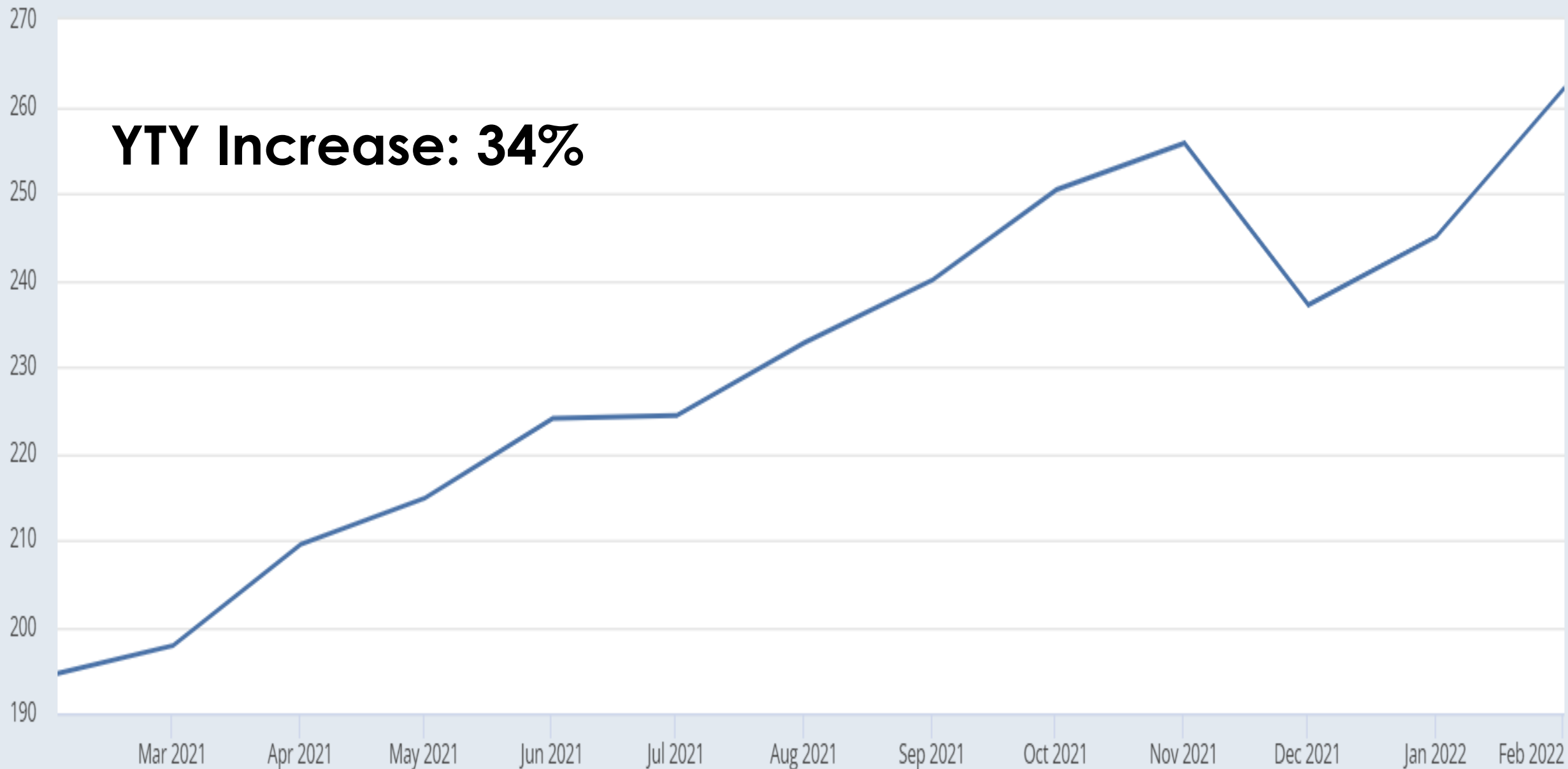


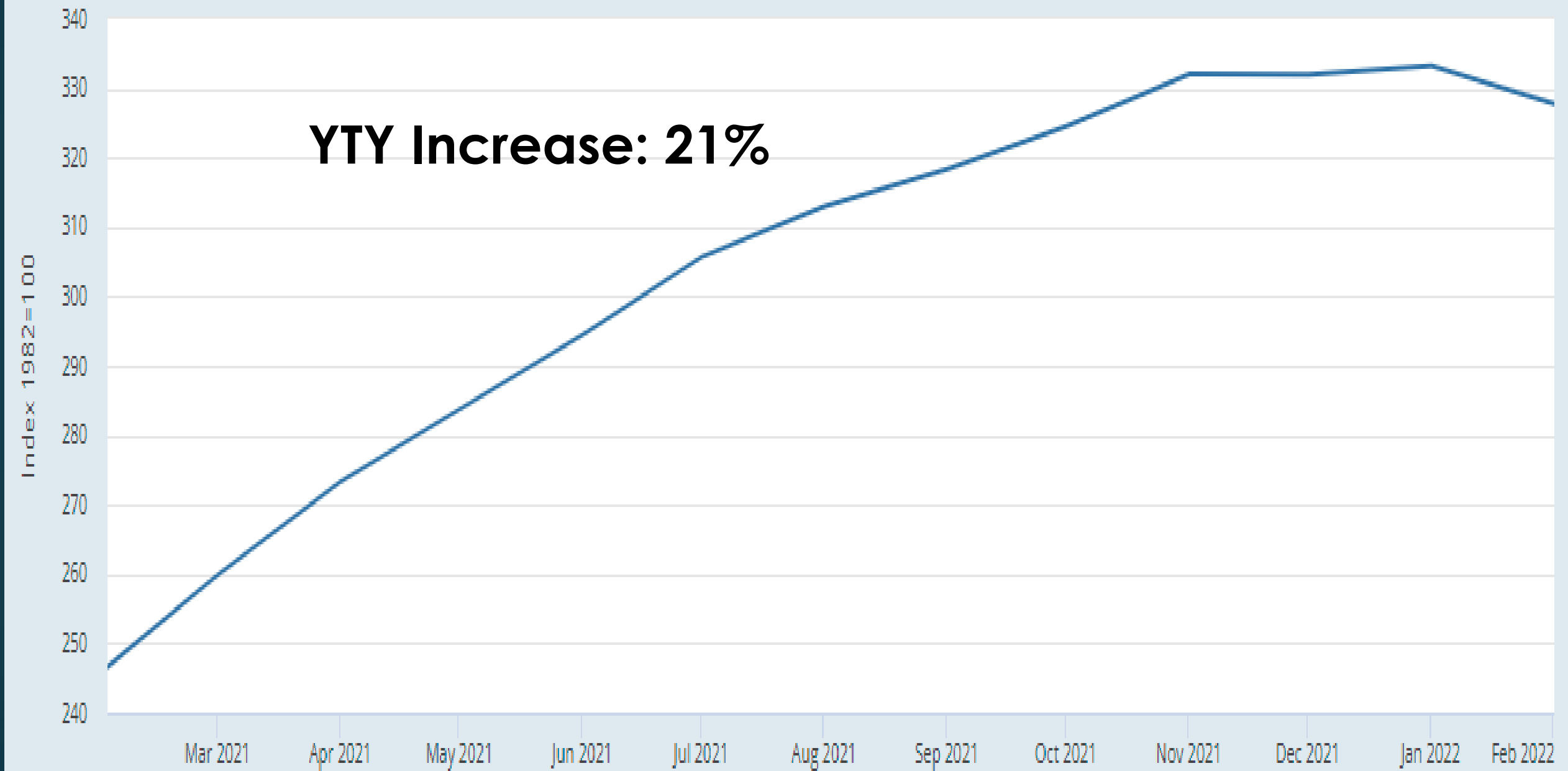


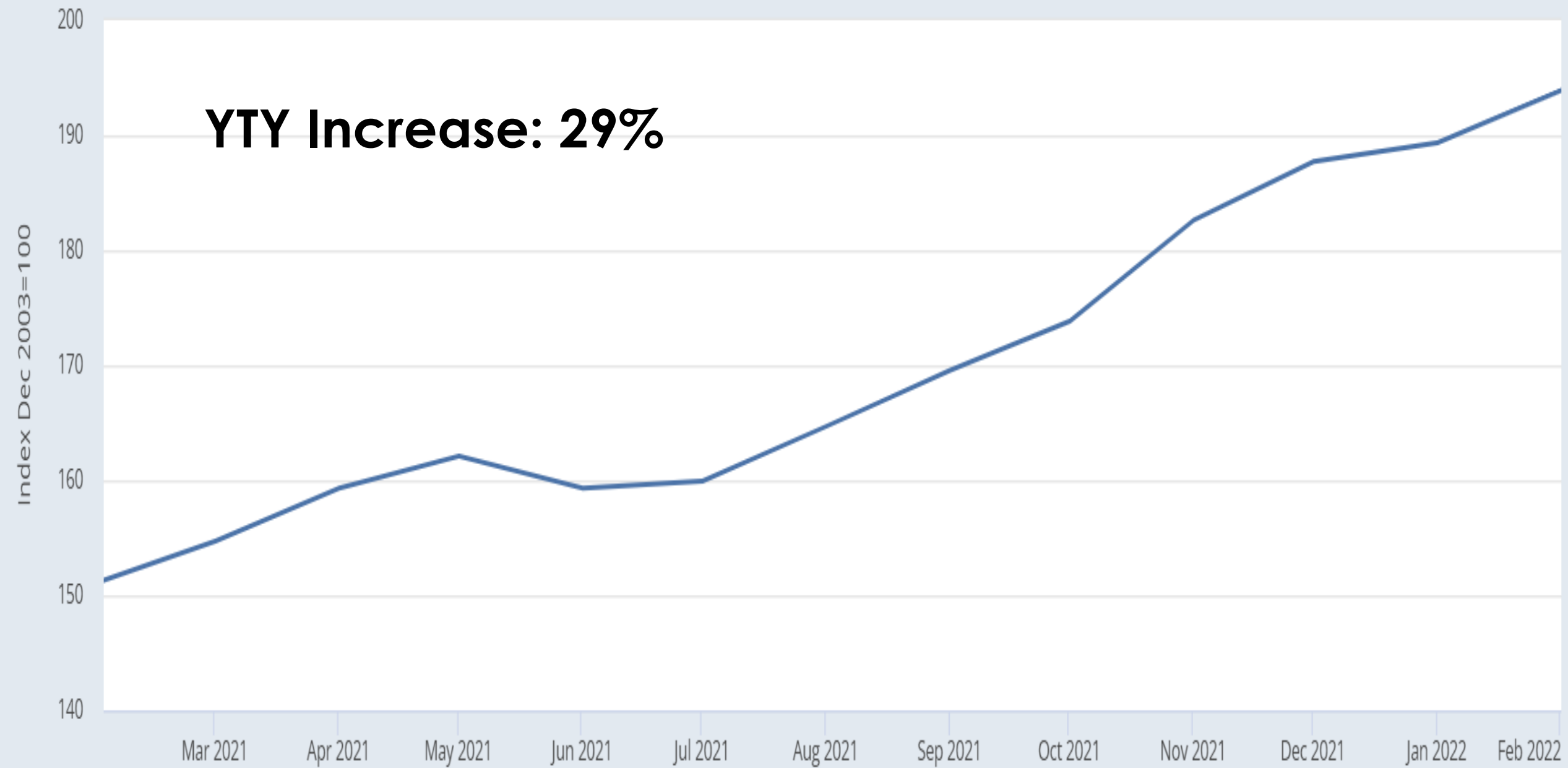


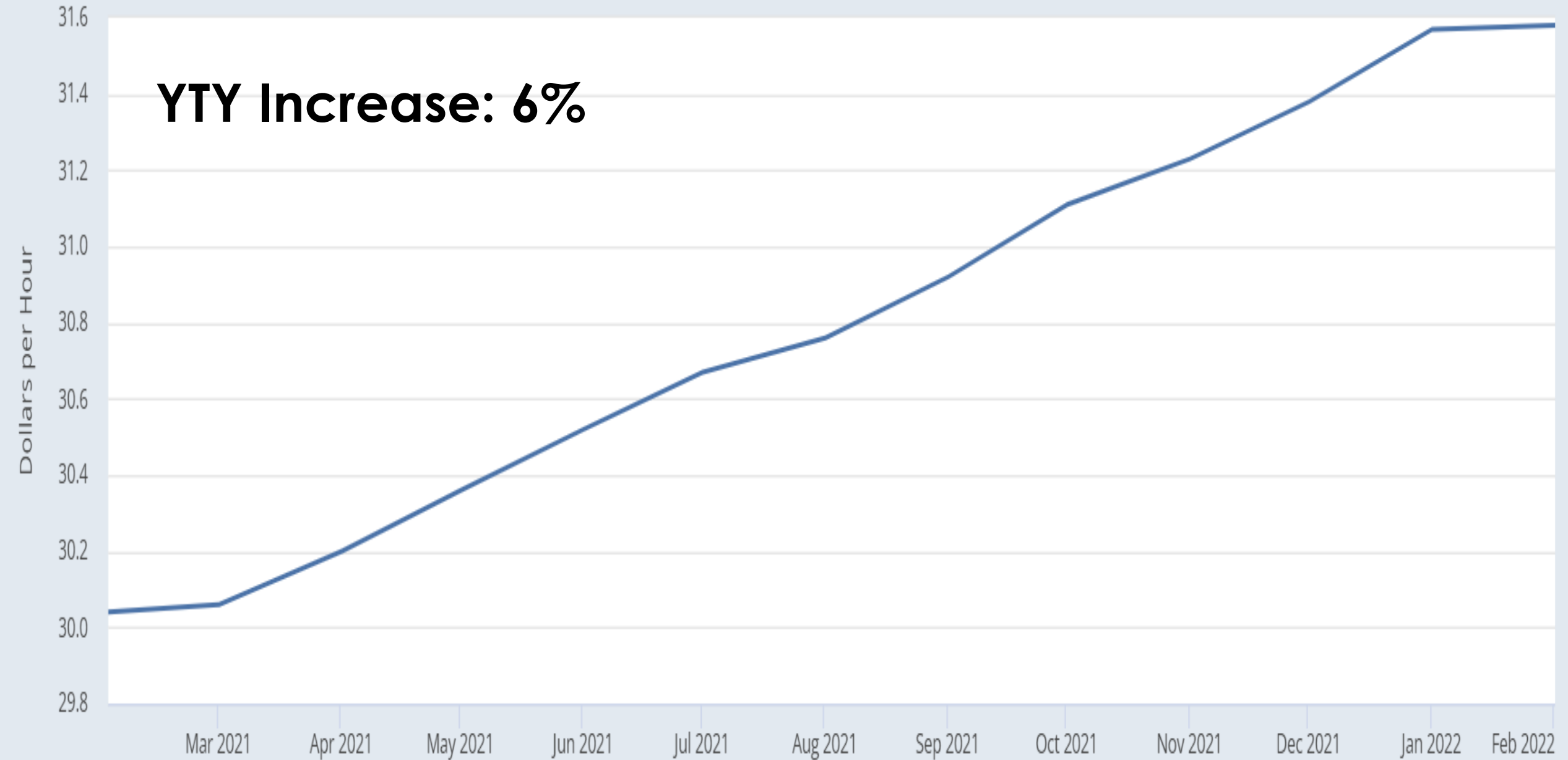
Index Jun 1981=100

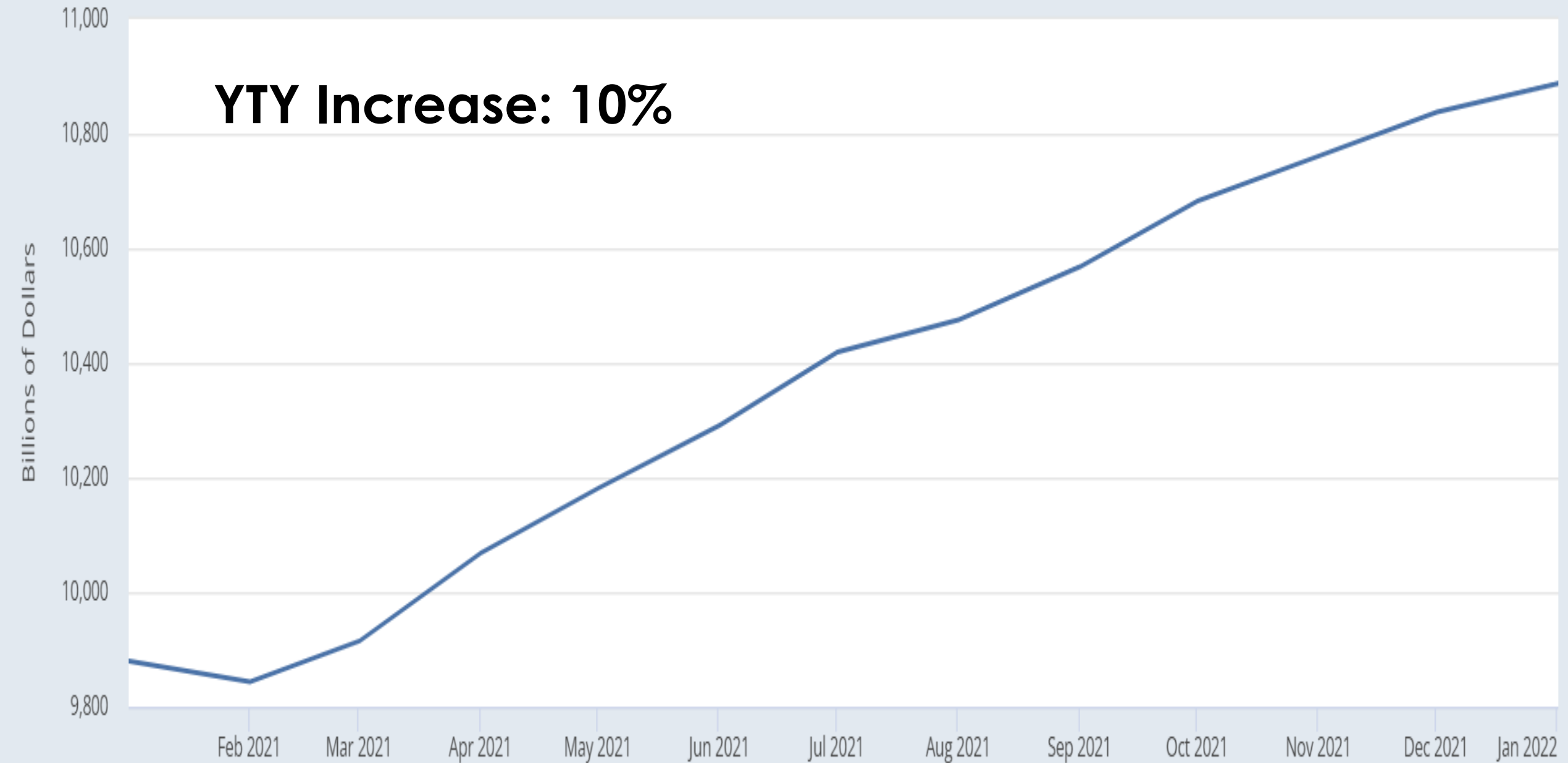
YTY Increase: 34%



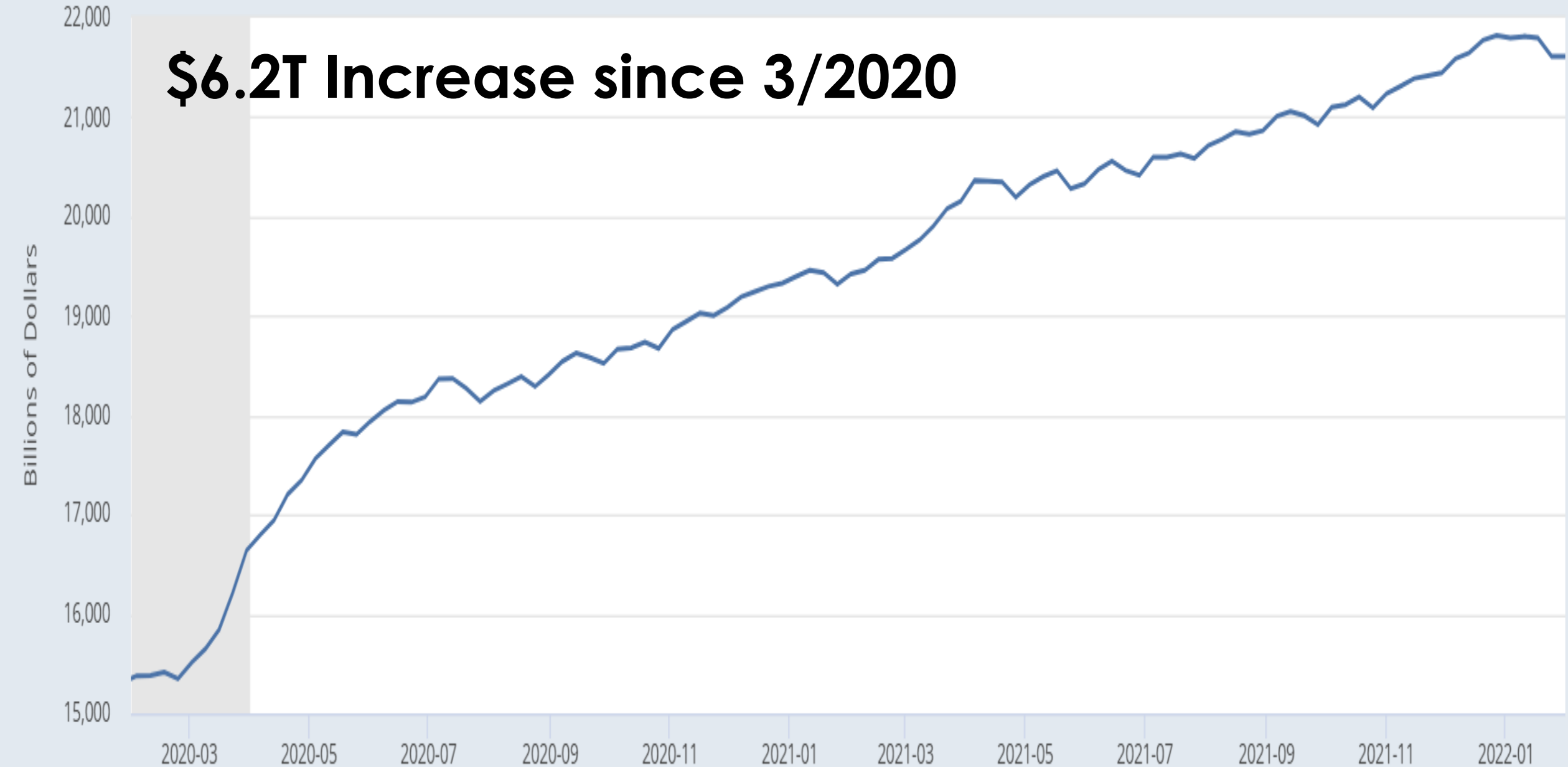








\$6.2T Increase since 3/2020



Inflation Strategies

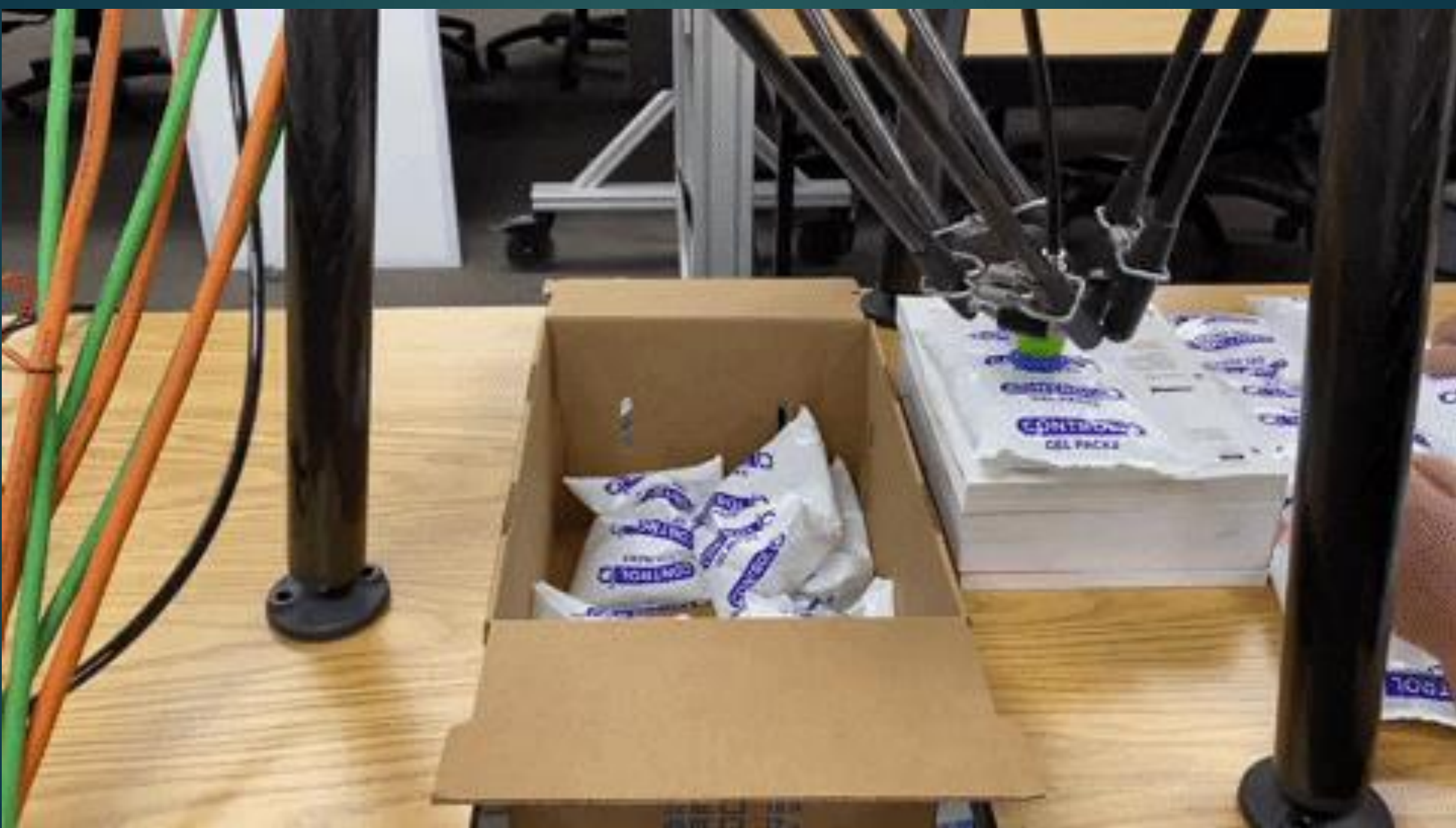
- Revisit pricing, customers, product lines, margins
- Tighten up communications
- Practice shrinkflation

Charmin toilet paper originally had 650 sheets per roll. It now only contains around half of that – and even its "Mega Rolls" and "Super Mega Rolls" don't have as many sheets as the original. The sheets have reportedly gotten smaller, too.



Inflation Actions

- Revisit pricing, customers, product lines, margins
- Tighten up communications
- Practice shrinkflation
- Refinance debt, mortgages
- Sweep excess cash to interest bearing accounts
- Re-visit your portfolio: equities, commodities, utilities, T-bills
- Consider TIPS (Treasury Inflation Protected Securities)
- Buy property, equipment, inventory
- Invest in technology





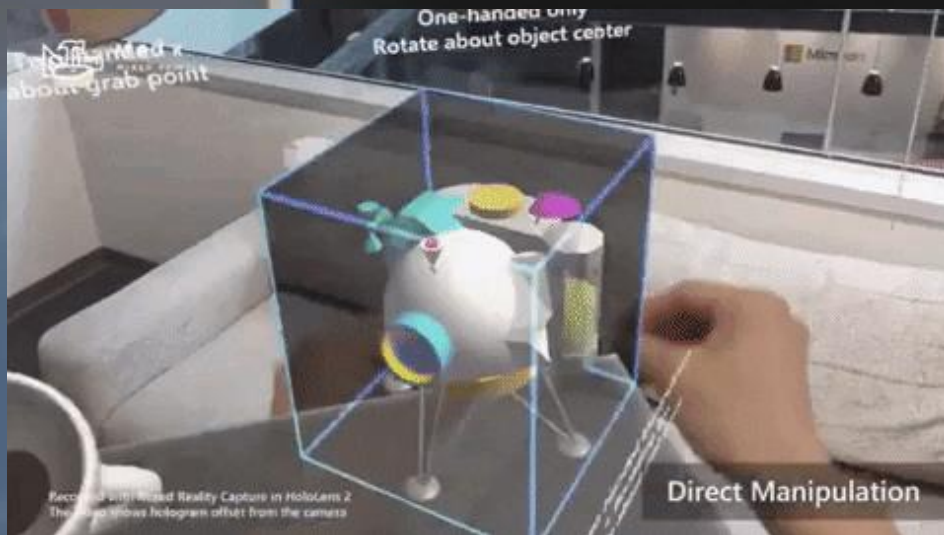


1,024 × 683





BostonD



What Have We Learned

- A recession potentially looms by Q4-2022 or Q1-2023.
- Higher inflation and interest rates will continue through 2023.

2022 Midterms...What To Expect

Up For Grabs:

435 House Seats

Dems currently hold 12 seat advantage

Likely Republican control

34 Senate Seats

50-50 split

Leaning Republican control

36 Governor Seats

Likely 50/50 split

2022 Midterms...What To Expect

Democrat Talking Points:

Build Back Better

Roe vs. Wade

Russia/Ukraine

Trump/Jan 6/Voting Rights

Childcare/Education/Student Loans

Corporate/Banking Regs

Wealth and Corporate Taxes

Republican Talking Points:

Inflation/Economy/Deficits

Progressive/Woke Issues

Afghanistan

Gun Control/Abortion

Biden Leadership

Mandates

Defense Spending

The Pentagon is seeking \$813 billion for fiscal 2023.

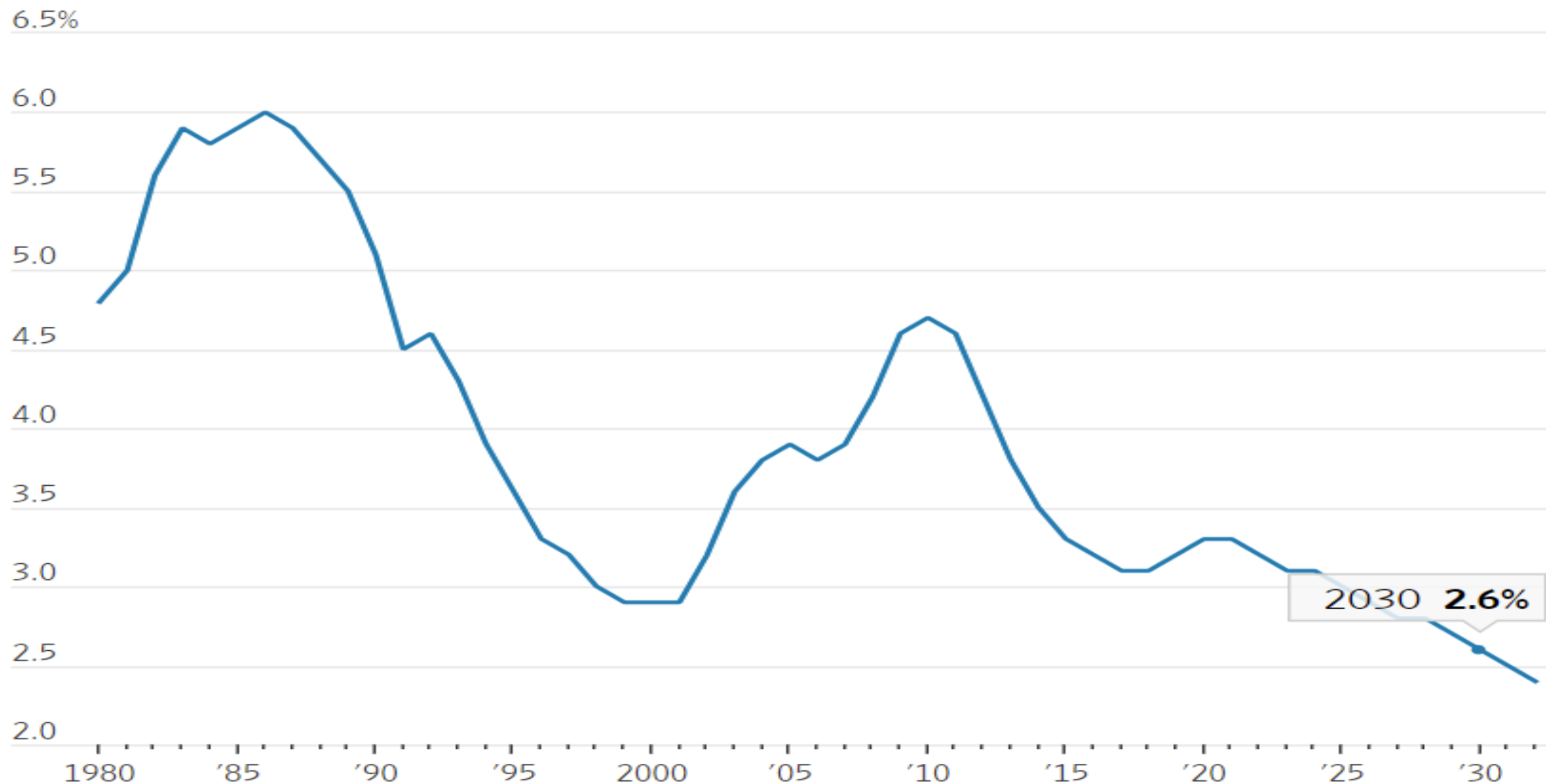
1.5% increase in real spending.

Represents 3.1% of GDP, a post-cold war low

“To this end, the 298-ship U.S. Navy would buy only nine ships next year while retiring 24. The fleet would shrink to 280 ships in 2027, even as the Navy says it needs a fleet of 500 to defeat China in a conflict.”

Wall Street Journal, March 29, 2022

Defense outlays as a share of GDP, 1980-2032



Note: 2022-2032 figures are estimated

Source: Office of Management and Budget

2022 Midterms...What If?

Democrats Control Congress

- Build Back Better
- Declining spending on defense
- Pro Act
- Minimum wages
- Supreme court packing
- Filibuster reform
- Student loan forgiveness
- Corporate/Banking Regs
- Wealth and Corporate Taxes

Republicans Control Congress

- Legislative stalemate
- Biden family investigations
- Increased defense spending
- Filibuster survives
- Immigration reform

A Few Thoughts On Taxes....

Max out your retirement savings

(\$20,500, with a \$6,500 additional contribution, if the plan allows, for taxpayers who are 50 and over)

Put money into after-tax plans

Roth or 529

Max out your Health Savings Accounts

(\$3,650 for self-only and \$7,300 for families)

Fund Charitable Giving in 2022 with Appreciated Stock

If you make charitable contributions, consider gifting highly appreciated stock in lieu of cash. A gift of appreciated stock is an itemized tax deduction, and the charitable organization will not have to pay tax on the capital gain. You can then repurchase the stock with the cash you would have otherwise donated as an effective way to raise the cost basis in your portfolio.

Tech: Two Things To Know This Year

1. Security

- Password Manager (Keeper)
- Security Software (Malware Bytes)
- Get a VPN (TunnelBear)
- Upgrade your OS
- Change your router password

2. The Metaverse is Coming....



What Have We Learned

- A recession potentially looms by Q4-2022 or Q1-2023.
- Higher inflation and interest rates will continue through 2023.
- The GOP is likely to win control of Congress this fall.
- Do your tax planning now
- Pay attention to your tech security
- Start learning about the metaverse and blockchain

THANK YOU

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