ECONOMIC OUTLOOK
CHAPTER ONE
LIFE ON THE BRIGHT SIDE
GDP is Higher Than Ever and Continues to Climb

2019Q3: $19.1 trillion, 1.9 percent

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Source: U.S. Bureau of Economic Analysis
GDP is Being Driven Higher by Most Components, But Consumption is King

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Source: U.S. Bureau of Economic Analysis
Private Investment is Holding Flat…

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Source: U.S. Bureau of Economic Analysis
…But Government Spending is On the Rise

Government consumption expenditures and gross investment

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Source: U.S. Bureau of Economic Analysis
Net Exports Represent the Only Downward Pressure on GDP, on a Much Smaller Magnitude Than Other GDP Components.
National Unemployment and Underemployment Remain Low…

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Source: U.S. Bureau of Labor Statistics
...So Low That Job Openings in the U.S. Outnumber People Looking for Work

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Source: U.S. Bureau of Labor Statistics
...Which Is Pushing Household Income Upwards

Real Median Household Income in 2018

Adjusted Dollars

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Sources: FRED, U.S. Census Bureau
The U.S. Is Currently in the Longest-Ever Recovery, but Also the Slowest

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Source: National Bureau for Economic Research
Consumer Sentiment Is Volatile, But Relatively High

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Source: University of Michigan
Housing Starts Recently Hit a 12-Year High
CHAPTER TWO
GOVERNMENT INTERVENTION
Tariffs to Cause Likely Slowdown

• Due to “higher trade barriers” implemented since January 2018, the CBO projects that GDP will be reduced by 0.3 percent by 2020.

• Moody’s Analytics estimates that as of September, 300,000 fewer jobs have been created as a result of the trade war.

• This could rise to 450,000 jobs by the end of 2019 and 900,000 jobs by the end of 2020.
Minimal Benefits from Tax Cuts

• The 2017 Tax Cuts and Jobs Act had “a relatively small (if any) first year effect on the economy.”

• Effective corporate tax rates fell “significantly,” while effective individual tax rates fell “by a small amount.”
Increasing Deficits

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Sources: FRED, U.S. Office of Management and Budget
Lowering Interest Rates
CHAPTER THREE
ENTERING THE UPSIDE DOWN
Income Inequality Continues to Grow in the United States
Exacerbated by Some of Our Most Respected Institutions

Harvard University Admission Rates, 2014-2019

- Legacy: 33.6%
- Non-Legacy: 5.9%
Students Continue to Graduate with Significant Debt

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Sources: National Center for Education Statistics, Financial Planning Association
Federal Bond Rates Suggest Uncertainty About the Future

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Source: U.S. Department of the Treasury
U.S. Manufacturing Has Entered Into a Recession…
...Which Has Affected Employment in Trucking

Monthly Change in Trucking Employment, Seasonally Adjusted

February 2017 to August 2019

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Source: Bureau of Labor Statistics
Germany is On the Brink of Recession

Quarterly Percent Change in Real Gross Domestic Product of Germany

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Sources: FRED, Eurostat
European Interest Rates Are at an All-Time Low

Source: European Central Bank
CHAPTER FOUR
THE MARYLAND ECONOMY
Here in Maryland, our Gross State Product is on the rise.
While Our Job Numbers Fluctuate

Source: Maryland Department of Labor
Household Income is the 2nd Highest in the United States

2018 Median Household Income

- Massachusetts: $86,345
- Maryland: $86,223
- D.C.: $85,750
- New Hampshire: $81,346
- Hawaii: $80,108
- Washington: $79,726
- Virginia: $77,151
- Utah: $77,067
- New Jersey: $74,176

Source: U.S. Census Bureau
But Our Unemployment Rate is Slightly Higher Than the U.S. Average

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Sources: FRED, Bureau of Labor Statistics
Income Inequality in Maryland is Among the Highest in the Country

• Maryland has the **highest** income inequality in the United States, based on 75\textsuperscript{th} percentile income vs 25\textsuperscript{th} percentile income.

• Maryland is ranked **35\textsuperscript{th}** in income inequality when based on top 1 percent vs remaining 99 percent.

• This is due to Maryland’s high median income.

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Sources: Economic Policy Institute, MoneyRates, U.S. Census Bureau
Government Is A Major Part of Maryland’s Overall Economy...

<table>
<thead>
<tr>
<th>State</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maryland</td>
<td>19.47%</td>
</tr>
<tr>
<td>Virginia</td>
<td>17.65%</td>
</tr>
<tr>
<td>Delaware</td>
<td>9.48%</td>
</tr>
<tr>
<td>Pennsylvania</td>
<td>8.96%</td>
</tr>
<tr>
<td>United States</td>
<td>11.49%</td>
</tr>
</tbody>
</table>

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Source: U.S. Bureau of Economic Analysis, RESI
...As Well as the Dominant Source of Employment

- Government: 511.5
- Health Care and Social Assistance: 389.9
- Retail Trade: 278.1
- Professional, Scientific, and Technical Services: 257.6
- Accommodation and Food Services: 240
- Administrative and Support and Waste Management and Remediation...: 171.3
- Mining, Logging, and Construction: 164.9
- Financial Activities: 140.9
- Other Services: 116
- Transportation and Utilities: 99.6
- Educational Services: 97
- Finance and Insurance: 93.6
- Wholesale Trade: 85.3
- Durable Goods: 55.3
- Non-Durable Goods: 52.7
- Real Estate and Rental and Leasing: 47.3
- Arts, Entertainment, and Recreation: 44
- Management of Companies and Enterprises: 27

Source: Bureau of Labor Statistics© Towson University, Division of Strategic Partnerships and Applied Research
Computers and Healthcare Lead
Current Job Openings in Maryland

- Computer and Mathematical Occupations: 22,267
- Healthcare Practitioners and Technical Occupations: 20,346
- Management Occupations: 14,289
- Office and Administrative Support: 10,106
- Architecture and Engineering: 9,427
- Sales and Related: 8,064
- Business and Financial Operations: 7,266
- Food Preparation and Serving: 5,610
- Transportation and Material Moving: 5,014
- Installation, Maintenance, and Repair: 3,714
- Healthcare Support Occupations: 3,426
- Arts, Design, Entertainment, Sports, and Media: 3,424
- Production Occupations: 3,218
- Education, Training, and Library: 3,023
- Community and Social Services: 2,404
- Life, Physical, and Social Science: 2,253
- Protective Service: 2,063
- Personal Care and Service: 1,657
- Building & Grounds Cleaning & Maintenance: 1,411
- Construction and Extraction: 1,411
- Legal Occupations: 554
- Military: 153
- Farming, Fishing, and Forestry: 120

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Source: Maryland Workforce Exchange
CHAPTER FIVE
THE ECONOMIC FORECAST AND PROM
Forecasted Private Nonfarm Employment

<table>
<thead>
<tr>
<th>Year</th>
<th>Employment</th>
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<tbody>
<tr>
<td>2015</td>
<td>3,000,000</td>
</tr>
<tr>
<td>2016</td>
<td>3,050,000</td>
</tr>
<tr>
<td>2017</td>
<td>3,100,000</td>
</tr>
<tr>
<td>2018</td>
<td>3,150,000</td>
</tr>
<tr>
<td>2019</td>
<td>3,200,000</td>
</tr>
<tr>
<td>2020</td>
<td>3,250,000</td>
</tr>
<tr>
<td>2021</td>
<td>3,300,000</td>
</tr>
<tr>
<td>2022</td>
<td>3,350,000</td>
</tr>
</tbody>
</table>
Forecasted Total New Job Openings in Maryland by Region
Forecasted Total Job Growth in Maryland by Region

- 4,482
- 4,260
- 279
- 288
- 553
Forecasted Maryland Job Growth by Year

- **2020**: 33,281
- **2021**: 8
- **2022**: (3,702)
## Forecasted Annual Employment Growth by Occupation Group, 2020-2022

<table>
<thead>
<tr>
<th>Occupation Group</th>
<th>Employment Growth 2020-2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personal Care and Service</td>
<td>-3,346</td>
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<tr>
<td>Food Preparation and Serving Related</td>
<td>-698</td>
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<tr>
<td>Computer and Mathematical</td>
<td>-186</td>
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<tr>
<td>Education, Training, and Library</td>
<td>-9</td>
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<tr>
<td>Management</td>
<td>21</td>
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<tr>
<td>Business and Financial Operations</td>
<td>35</td>
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<tr>
<td>Healthcare Support</td>
<td>137</td>
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<tr>
<td>Building and Grounds Cleaning and Maintenance</td>
<td>155</td>
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<tr>
<td>Healthcare Practitioners and Technical</td>
<td>194</td>
</tr>
<tr>
<td>Transportation and Material Moving</td>
<td>235</td>
</tr>
<tr>
<td>Community and Social Service</td>
<td>277</td>
</tr>
<tr>
<td>Legal</td>
<td>356</td>
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<tr>
<td>Installation, Maintenance, and Repair</td>
<td>562</td>
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<tr>
<td>Arts, Design, Entertainment, Sports, and Media</td>
<td>760</td>
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<tr>
<td>Life, Physical, and Social Science</td>
<td>951</td>
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<tr>
<td>Construction and Extraction</td>
<td>1,054</td>
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<tr>
<td>Protective Service</td>
<td>1,084</td>
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<tr>
<td>Architecture and Engineering</td>
<td>1,203</td>
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<tr>
<td>Farming, Fishing, and Forestry</td>
<td>1,272</td>
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<tr>
<td>Sales and Related</td>
<td>1,541</td>
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<tr>
<td>Production</td>
<td>1,880</td>
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<tr>
<td>Office and Administrative Support</td>
<td>2,163</td>
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</tbody>
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Forecasted Annual Total Job Growth by Zone, 2020-2022

<table>
<thead>
<tr>
<th>Job Zone</th>
<th>Little or No Preparation</th>
<th>Extensive Preparation</th>
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<tbody>
<tr>
<td>1</td>
<td>1,768</td>
<td>1,524</td>
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<tr>
<td>2</td>
<td>1,094</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>1,200</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td></td>
<td>4,277</td>
</tr>
<tr>
<td>5</td>
<td></td>
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</tr>
</tbody>
</table>
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