



THE US ECONOMY: IN REVIEW

We're checking the pulse of the US economy post elections, rate cuts, and a burst of economic indicators that show a mixed bag of opportunity.

ECONOMIC INDICATORS

Data gathered from YCharts¹

- 
Fed Funds Rate: 4.75% - 5.00%
 Target Federal Funds Rate Upper Limit
 - The fed decided to trim rates another 25bps
- 
US Consumer Price Index YOY: 2.60%
 General Inflation Gauge for US Economy
 - A 6.45% MoM increase, down 19.85% YoY
- 
US Unemployment Rate: 4.10%
 % of Total US Employees Without a Job
 - This stayed steady MoM but up 7.89% YoY
- 
US Existing Home Sales: 3.84M Units
 Total Unit Sales of Homes That Are Already Built
 - A 1.35% MoM decrease, down 3.52% YoY
 - In Nov. '08 unit sales hit a trough of 3.77M
- 
S&P 500 (^SPX): \$5,892.58
 Index of 500 Largest Public Companies in the US
 - November saw record highs, \$6,017.31 on 11.11.24
- 
US ISM Manufacturing PMI: 46.50
 Survey by the Institute of Supply Management
 - October saw decrease of 1.50% MoM
 - < 50 implies a shrinking manufacturing economy
- 
US Industrial Production MoM: -0.26%
 Measurement of Output by Industrial Sector
 - Up from last month's -0.48% & up from -0.71% YoY

DONALD TRUMP'S ECONOMIC IMPACT

AREAS OF HIGHEST POTENTIAL IMPACT

- Corporate Tax Rates:** President Trump proposes lessening the corporate tax rates to 15% from 21%⁴
 - Impact: More attractive economic conditions for current & potential businesses, lessen potential blow of tariffs, aid GDP growth, potentially inflationary
- Tariffs:** ~10-20% universal tariff & 60% on Chinese imports⁵
 - Impact: Suade US businesses to stay & foreign to migrate here, increased prices to consumers in short-term, US manufacturers likely see increased profits
- Immigration:** Goldman Sach's Economists estimate 300,000-2.1M deportations in 2025 alone²
 - Impact: Focus directed to highly educated & legal migration, short term wage inflation, short term labor shortages in trades/cheaper labor heavy sectors
- DOGE:** Department of Government Efficiency co-head, Elon Musk, aims to cut \$2T from US federal budget³
 - Impact: Slow the further indebtedness of US & potential for bankruptcy, increase US financial stability & attractiveness of US gov't securities, potentially lesser regulation with drops in entire departments possible

1 - YCharts, 11/18/2024, 2 - Scott McIntyre, NYT, 10.11.2024, 3 - Daniel Payne, POLITICO, 11.06.2024
4 - McBride, York, Watson, Tax Foundation, 11.13.2024, 5 - Ethan Karp, Forbes, 11.18.2024



- Leading Economic Indicator



- Coincident Economic Indicator



- Lagging Economic Indicator

TAKEAWAY

There are current economic struggles but general outlook is positive by consumers and investors alike. Consumer sentiment increased 3.6% MoM in November and ~20% YoY. The market, which prices in future events/expectations, is glaringly positive for what is to come. Yet, manufacturing and industrial production indicators lag and US existing home sales are quite low historically. The outlook likely stems from fed funds rate cuts and perceptions of a Trump presidency that will be pro-economic output, lower taxes and a looser regulatory environment to spur growth.

Disclosure:

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