



Special Economic Edition

CRF's Annual Focus on the Economy for 2020 Projections from Leading Economists

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The New Normal is Now Normal: So, What Are We Waiting For?

**By: Steven C. Isberg, Ph.D.
Senior Research Fellow
Credit Research Foundation**

Context

The U.S. economy has experienced what may be called a long period of realignment, including major restructuring of its manufacturing industries beginning in the 1970s and the business process reengineering movement of the 1990s. Both in between and following those periods, the economy has continued to consolidate into more highly concentrated and less competitive industries; this consolidation has been fueled by interest rates which fell steadily from the early 1980s to the low levels at which they currently reside. The broadening of global trade, particularly since the opening of China in the mid-1990s has led to a persistent U.S. trade deficit. Low interest rates have also enabled borrowing by the federal government to the point where the accumulated debt level is as high, if not higher, than the GDP.

As we begin yet another year (either the end of one decade or the beginning of another, depending on how you choose to measure a decade), we find ourselves asking once again: Is this the year in which the economy will really bust out and grow? Or: Is this the year in which we will have another recession? A brief check on our current status indicates...

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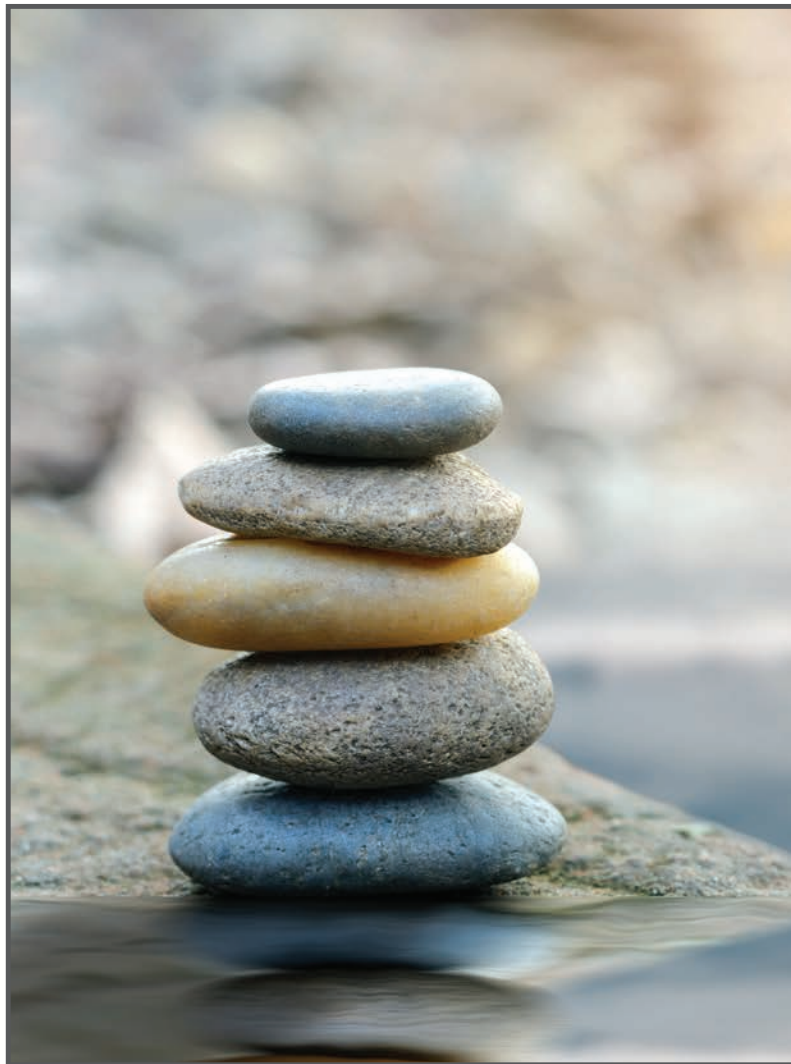
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He has over 25 publications in academic and professional journals and has served as a professional business consultant to a variety of firms. He frequently appears or is quoted in television, radio, and print media on financial and economic issues.

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What Awaits in 2020? Does the Party Continue or is the Hangover Due?

By: Chris Kuehl
Managing Director
Armada Corporate Intelligence

A new year has dawned and for no apparent reason this annual event takes on all kinds of economic implications despite the fact there is not all that much that matters about going from one year to another. There are not many companies that even match their fiscal years to the calendar year these days. Nevertheless, the forecasts are coming out along with all those resolutions. In the weeks to come we will forget what we resolved to do or not do, and the forecasts will be altered.

By most measures it would appear the US is in good economic condition and the threat of a recession would seem to be quite distant. The problem is that the same can't be said for the rest of the world, and one burning question is whether the US will be infected in some way by the...

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About the Author:

Chris Kuehl is the co-founder (with Keith Prather) and Managing Director of Armada Corporate Intelligence, a company created in 1999 to provide strategy foundation, competitive intelligence, business analysis and economic forecasting for corporate clients.

Armada's clients include YRC Worldwide, TranSystems, Spencer Fane Britt and Browne, KPMG, Hallmark International, Weitz Industrial among others.



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2019 Was a Good Year and Provided a Good Hand-off to 2020

By: Dan North
Economist
Euler Hermes

Despite some bumps along the way, 2019 was a solid year all around for the economy, for business, for the consumer, and for the financial markets. For 2020 however, while we expect positive growth, it will be markedly slower. We may even experience a quarter of flat or negative growth, but the odds of a recession are waning.

One of the major supports for the economy for the entire recovery has been somewhat overlooked because it has become the "new normal", and that is low interest rates and low inflation. It's hard to imagine now in a world of stable 2% inflation, but in 1974 inflation was running at 12% y/y and in 1984 it reached 15%. Mortgage rates, which are now...

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About the Author:

Dan North is an Economist with Euler Hermes, North America. Mr. North has been with Euler Hermes North America since 1996. He has appeared on CNBC, Fox Business News, France 24, and Bloomberg Radio and Television. He has been quoted by Barron's, Business Week, Paris Le Monde, Tokyo Nikkei, the New York Times and the Wall Street Journal. After having predicted the 2008/2009 recession and its implications accurately, he was ranked 4th on Bloomberg's list of the 65 top economic forecasters in 2010.



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Economic Outlook Symposium: Summary of 2019 Results and 2020 Forecasts

**By: William A. Strauss, Senior Economist and Economic Advisor
and and Kelley Sarussi, Research Assistant
Federal Reserve Bank of Chicago**

According to participants in the Chicago Fed's annual Economic Outlook Symposium (EOS), the U.S. economy is forecasted to expand at a pace in 2020 near the long-term average, with inflation ticking up and the unemployment rate remaining low.

The Federal Reserve Bank of Chicago held its 33rd annual Economic Outlook Symposium on December 13, 2019. More than 140 economists and analysts from business, academia, and government attended the conference. This *Chicago Fed Letter* reviews the forecasts for 2019 from the previous EOS...

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About the Author:

William Strauss is the Senior Economist and Economic Advisor in the Economic Research Department at the Federal Reserve Bank of Chicago. His chief responsibilities include analyzing the current performance of both the Midwest economy and the manufacturing sector for use in monetary policy.

He produces the monthly Chicago Fed Midwest Manufacturing Index and organizes the Bank's Economic Outlook Symposium and Automotive Outlook Symposium. In addition, he conducts several economic workshops and industrial roundtables throughout the year.

His research papers include analysis of the manufacturing sector, the automotive sector, the Midwest regional economy, the trade-weighted dollar, business cycles, and Federal Reserve payments operations.

Mr. Strauss has been interviewed on numerous television and radio shows and quoted in the major business magazines and newspapers. He has also provided testimony concerning manufacturing issues to the U.S. Senate.



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U.S. Macro Outlook: Two Economies

How Americans perceive the economy's performance and prospects varies significantly according to whether they are Republican or Democrat.

**By: Mark Zandi
Chief Economist
Moody's Analytics**

Overview

- Democrats and Republicans believe they are living in different economies.
- In reality the economy has performed much the same in the three years of the Trump administration as it did in the final three years of the Obama administration.
- Meanwhile, the differences in economic policy between Trump and any of his potential Democratic rivals are stark.
- Perceptions about the economy are so tied up in peoples' political identities that uncertainty over the 2020 election outcome may have an outsize impact on consumer and business behavior.

U.S. real [GDP](#) growth has been slowing for more than a year and is ending 2019 at just below the economy's 2% growth potential. [Job gains](#) have moderated commensurately and, after accounting for upcoming benchmark revisions to the employment data, are averaging close to an estimated 150,000 per month. Unemployment is low and stable near 3.5% but will begin to rise if GDP growth does not pick up soon.

Strong cross-currents are buffeting the economy's growth. Consumers, particularly middle-income households, are the principal tailwind. Home sales and housing construction also have...

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About the Author:

Mark M. Zandi is Chief Economist of Moody's Analytics, where he directs economic research. Moody's Analytics, a subsidiary of Moody's Corp., is a leading provider of economic research, data and analytical tools. Dr. Zandi is co-founder of Economy.com, which Moody's purchased in 2005.

Dr. Zandi conducts regular briefings on the economy for corporate boards, trade associations, and policymakers at all levels. He is often quoted in national and global publications and interviewed by major news media outlets, and is a frequent guest on CNBC, NPR, CNN, Meet the Press, and various other national networks and news programs.

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