September 2012

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Are we better off today than we were 4 years ago?

Are we better off today than we were 4 years ago? I am sure this polarizing question will be asked throughout the next few months as we sort through the Presidential Election debate.

Reflecting on the answer causes me to question my own personal financial situation. Yes, my net worth is higher than it was 4 years ago. The stock market is up approximately 18% since September 5, 2008. My largest asset, my business, is thriving and doing well. My home value hasn't done much in the last 4 years. My income is generally the same, perhaps a little higher. My expenses seem to be higher. The rate of inflation always seems to sneak up on me. Gas prices are certainly higher.

It really is a great question. We all need to take our own financial inventory. If your personal financial net worth is lower today than it was 4 years ago, might I suggest something in your monthly income/expense pattern needs to be adjusted.

The question should cause us all to pause and reflect upon our own lives as well as the lives of our friends and neighbors. We are a community of citizens in this great Country – The United States of America.

However, while reflecting on the past four years and taking our own financial inventory is valuable, the more important question for us is, as a group and nation moving forward, are we headed in the right direction? On a personal level, the answer to this may determine whether our net worth is growing and we're reaching our financial goals. On a political scale, the answer will probably influence our decision at the voting booth in November.

With that said, let me recap where the economy is right now. Real GDP in the US has grown 2.3% this year, a mediocre rate of growth. In fact, real GDP in the US has grown 2.2% on average since mid-2009, when the recovery began. This is referred to as the Plow Horse economy. I would expect it to continue plodding along, at least through the remainder of this year.

Low interest rates, relatively low marginal tax rates, and technological advances all support growth. Payrolls are expanding and wages are growing slowly. Private sector payrolls are up 160,000 per month in the past year. Hourly wages are up 1.7% during the same time period.

Consumer financial obligations – recurring payments like mortgages, rent, car loans/leases, student loans, credit cards – are now the smallest share of income since 1993. As a result, consumer spending may have more room to grow. (And it's not just iPads; look at the solid reports on August sales of cars and trucks. Not bad.)

Home building provides a good picture of the economy right now. Housing starts are up more than 20% from a year ago, while other housing related news has turned the corner. The only problem is that residential construction is such a small share of GDP – less than 2.5% of the economy. So, even if housing rebounds, it is only adding a couple of tenths to the growth rate of overall real GDP.

The bottom line right now is that the US economy is still plugging along. We will probably continue this 2% GDP growth with an unemployment rate of 8% unless something dramatic happens. We need much better and more sustained growth to pay off the debt our Country is amassing.

In order to accelerate into the United States economy of the 1980s and 1990s, rather than the mediocre Plow Horse Economy of today, it will take a change in the direction of policy. Tax and regulatory policies need to be made more permanent so businesses can make plans with peace of mind and visibility to hire and expand.

I actually believe both President Obama and Governor Romney's economic plans have merits. To raise taxes a little on the most privileged in our Country would not be the end of the world. To reduce the size and scope of our Government is also necessary. We are kidding ourselves if we think one without the other will pull us out of the deficit spending maze.

Learn from the past, set vivid, detailed goals for the future, and live in the only moment of time over which you have any control: now. – Denis Waitley