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Metro Economies

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US economic growth slightly above 2%

- Favorable financial conditions and federal fiscal stimulus support economic growth slightly above the country’s full-employment potential of about 2%.
- Consumer spending is leading the US expansion, supported by solid gains in employment, real wages, and household wealth.
- Capital spending stalled in 2019, but should pick up in 2020 with a better trade policy environment and a resumption of Boeing 737 MAX aircraft deliveries.
- Diminishing fiscal stimulus, labor-supply constraints, a reversal of monetary easing, and slower gains in household wealth will contribute to a slowdown in real GDP growth after 2020.
- Falling oil prices and dollar appreciation will keep inflation in check in the near term. Core inflation is projected to edge up to about 2.0% in 2021 as low unemployment fuels wage acceleration.
The US economic expansion will continue, with the unemployment rate reaching a low of 3.4% in 2020.
Wage gains are outpacing consumer price inflation

Wages and prices

Source: IHS Markit
US federal budget deficits are increasing as a result of increases in budget authority and 2018 tax cuts.

**US federal budget balance**

- **Unified budget balance (Left scale)**
- **Balance as percent of GDP (Right scale)**

Source: IHS Markit

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Real GMP Growth 2019

Percent
-2.5 to 0.0
0.1 to 1.3
1.4 to 2.0
2.1 to 2.9
3.0 to 11.7
Job Gains Soften Over Next Five Years

Employment Growth, 2020-24, Average Annual Growth Rate

Percent

-0.6 to 0.0
0.1 to 0.2
0.3 to 0.6
0.7 to 1.1
1.2 to 2.2
Population Growth at 100-year low in 2019

Population change by state, 2018-2019

Percent
-0.7 to 0.0
0.1 to 0.5
0.6 to 1.0
1.1 to 1.5
1.6 to 2.1
Net Migration Between the United States and Abroad: 2010 to 2019
(In thousands)

* Data shown for 2019 are projections.
Note: Year represents the annual estimates period ending on June 30. Released data will report 2010 as a quarter year (April 1, 2010–June 30, 2010) instead of a full year.
The 2019 decline was most significant in these states

<table>
<thead>
<tr>
<th>State</th>
<th>Decrease</th>
<th>% of Pop</th>
</tr>
</thead>
<tbody>
<tr>
<td>Florida</td>
<td>88,678</td>
<td>0.42%</td>
</tr>
<tr>
<td>California</td>
<td>74,028</td>
<td>0.19%</td>
</tr>
<tr>
<td>Texas</td>
<td>65,044</td>
<td>0.23%</td>
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<tr>
<td>New York</td>
<td>45,753</td>
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<tr>
<td>Massachusetts</td>
<td>28,426</td>
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<tr>
<td>Washington</td>
<td>24,103</td>
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<tr>
<td>New Jersey</td>
<td>21,284</td>
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<tr>
<td>Pennsylvania</td>
<td>19,532</td>
<td>0.15%</td>
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<td>Illinois</td>
<td>19,209</td>
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<tr>
<td>Georgia</td>
<td>15,053</td>
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<td>Maryland</td>
<td>15,011</td>
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<td>Virginia</td>
<td>14,869</td>
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<td>Michigan</td>
<td>13,146</td>
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<tr>
<td>Connecticut</td>
<td>12,323</td>
<td>0.35%</td>
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</tbody>
</table>
Implications for Labor Force and Economic Growth

• In 2016, over 1 million immigrants entered the US, representing almost 50% of US population gains

• Immigration has slowed dramatically since, to less than 600,000 in 2019

• The current decade will see the baby boomers retire.

• In the 1970s, there were 18 million new native-born workers
  • There were only a half million net additions last decade,
  • And this decade there will be a decline of 7 million as more exit the labor force for retirement than young people enter.

• The resulting slowdown in labor force growth will directly reduce the potential growth rate of GDP.
US Labor Force Growth