

THE US ECONOMY: NOT BOOMING BUT NOT BROKEN

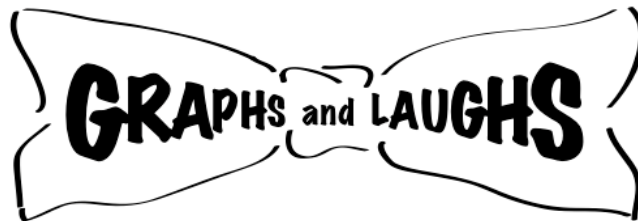
Presented by:

Elliot F. Eisenberg, Ph.D.

President: GraphsandLaughs, LLC

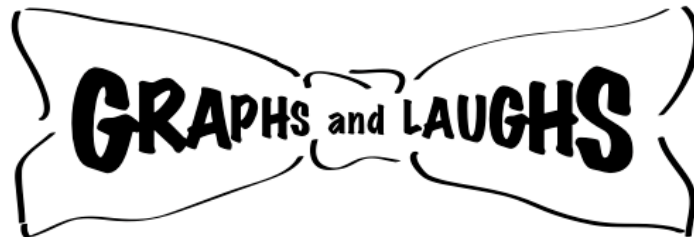
Sandestin, Fl

June 8, 2026



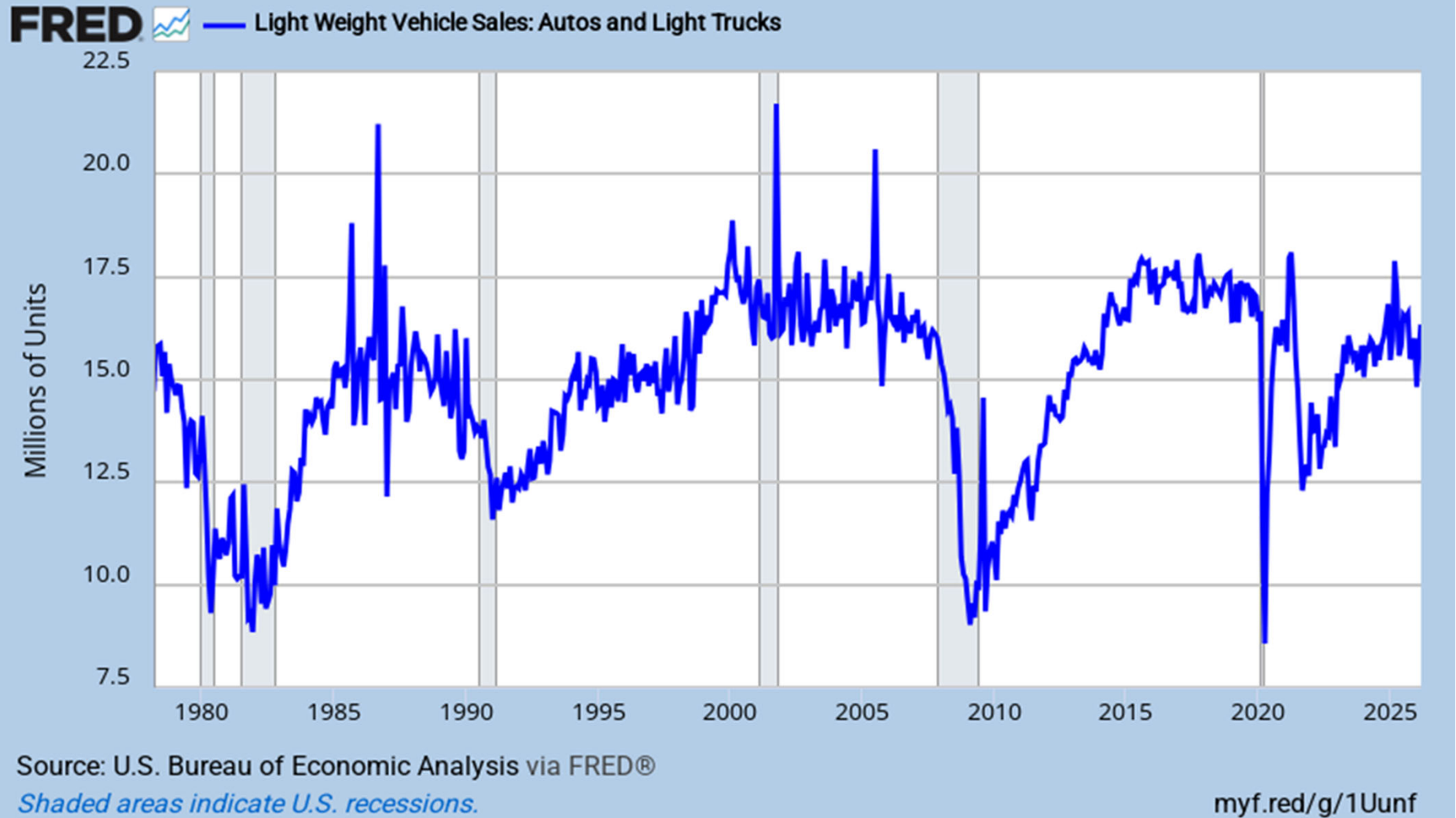
The Economy Surprises

$$\text{GDP} = C + I + G + (X - M)$$



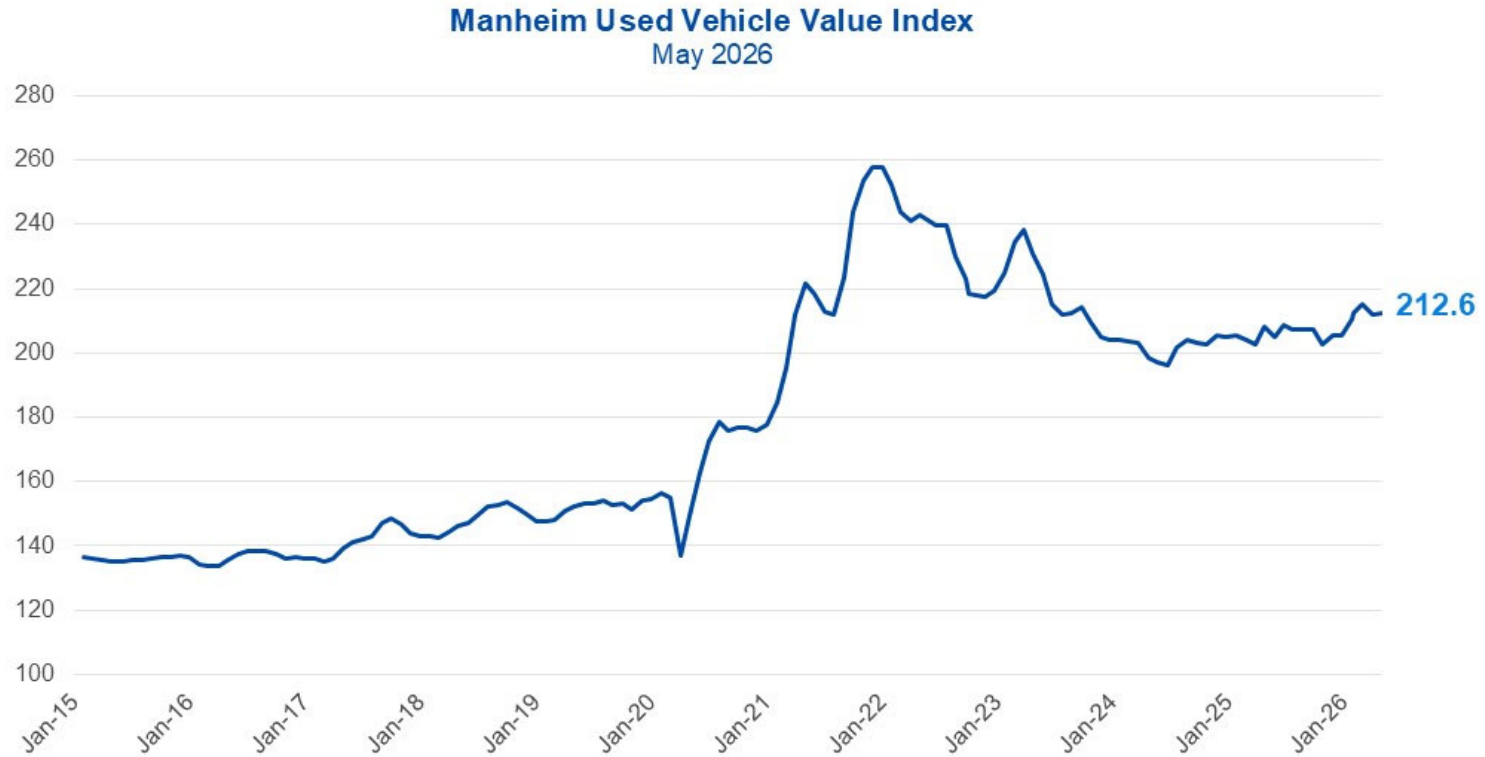
US Light Vehicle Sales

Car sales are slipping. High rates, car prices, gas prices, and no EV tax credits are partly why



Used Cars Prices

They are again rising. Peak was 12/21 at 257.7. Tax refunds and tight inventories are largely why



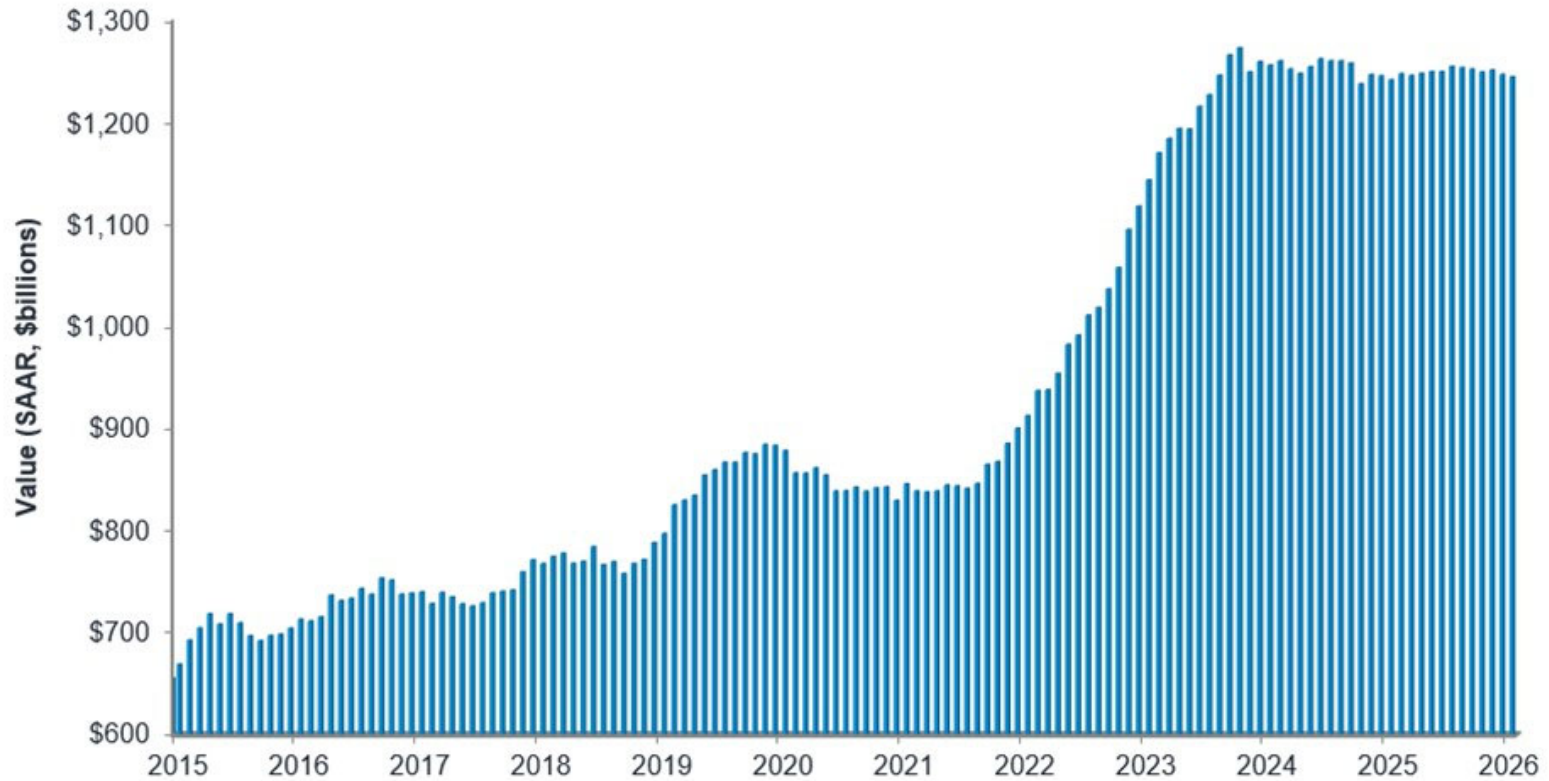
Cox
AUTOMOTIVE

Manheim
by Cox Automotive

Nonresidential Construction Activity

It peaked in December 2023

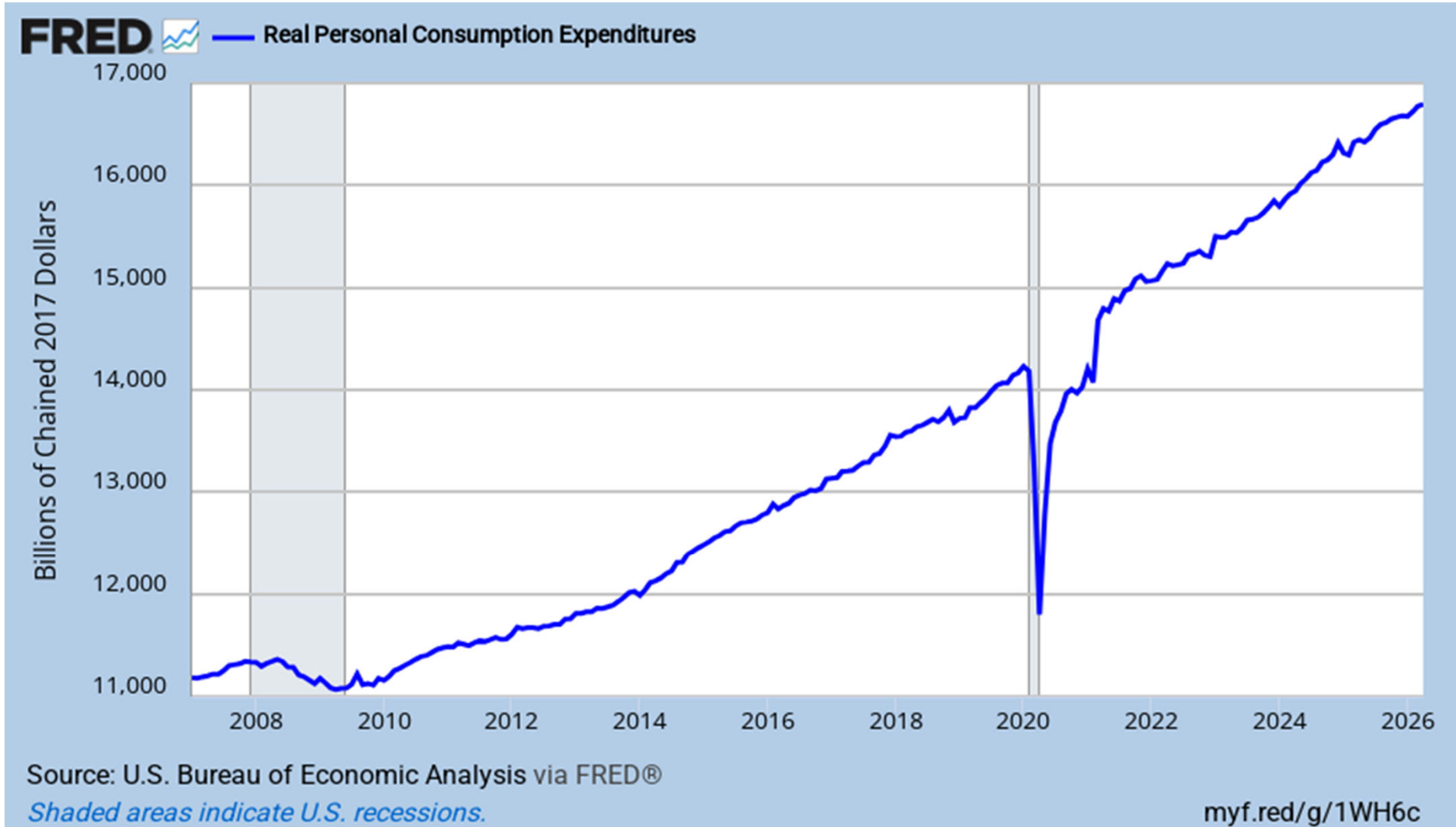
Total Nonresidential Construction Spending
March 2015-March 2026



Source: U.S. Census Bureau, Associated Builders and Contractors

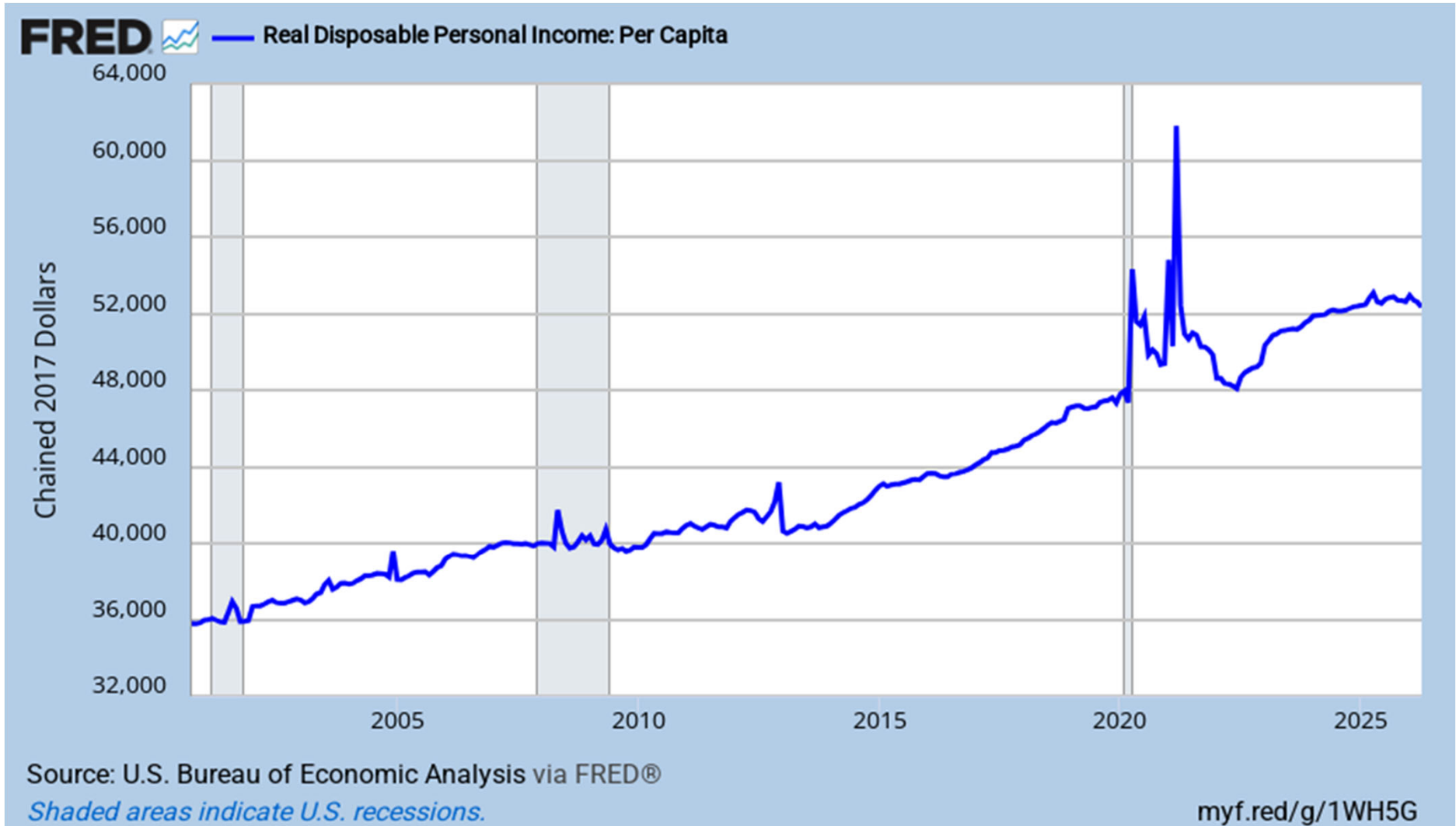
Real Personal Consumption Expenditures

It is OK but is slowing from 3.2% a year ago to 2.2% now



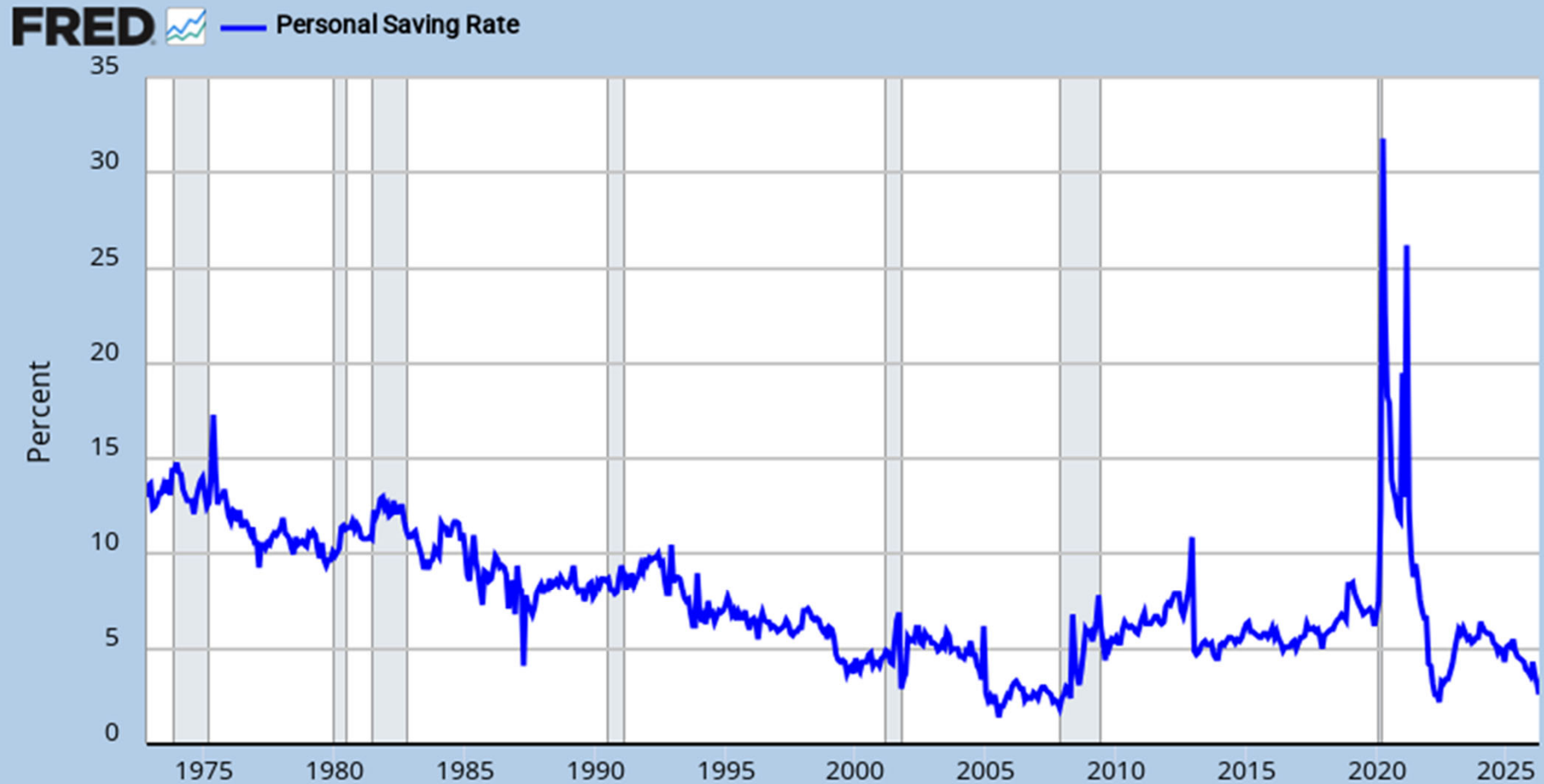
Real Per Capita Disposable Income

Is well below pre-Covid trend growth. Fewer gov't gifts and slowing income growth



Household Savings Rate

It is declining and is profoundly low at 2.6%



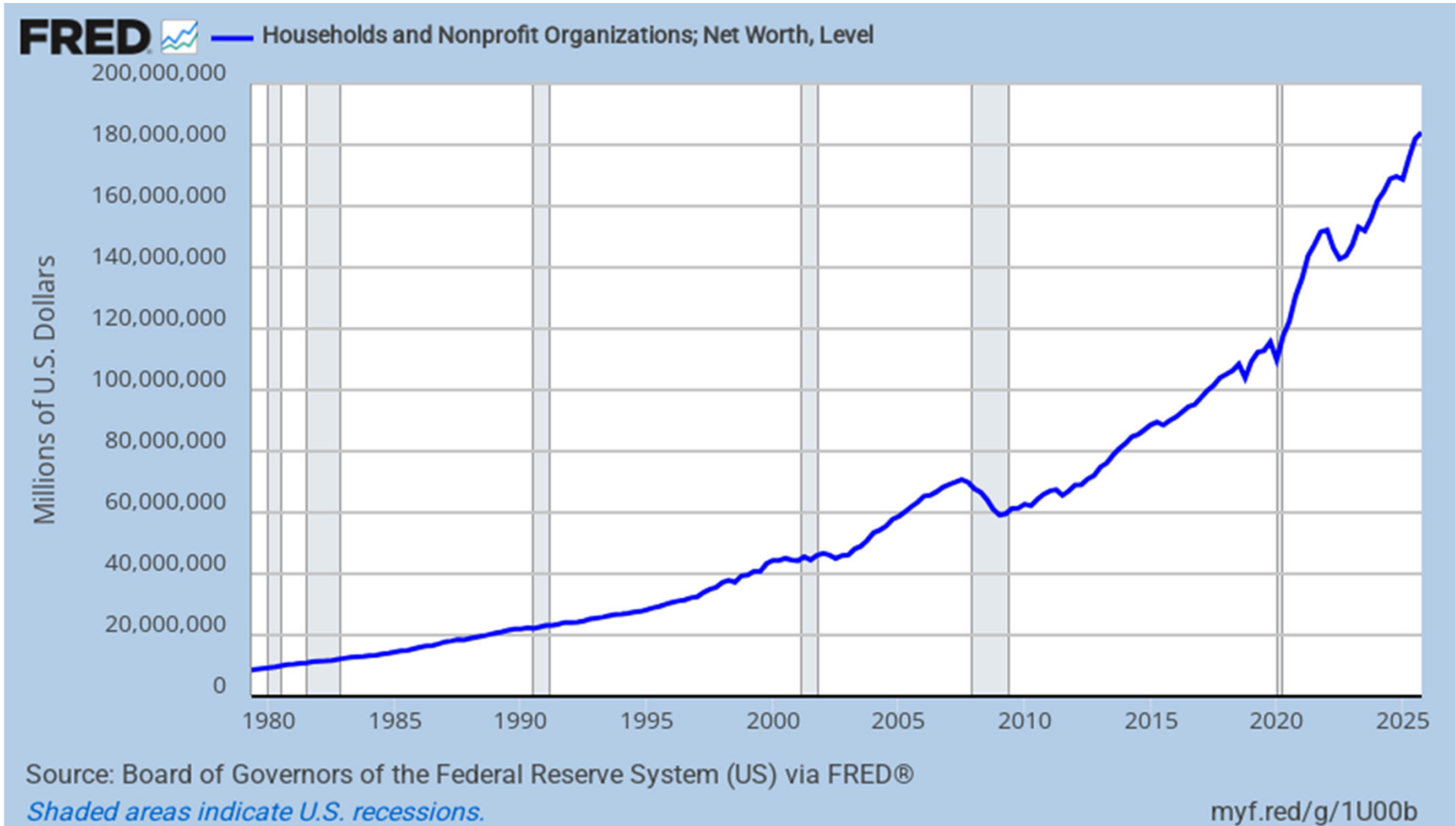
Source: U.S. Bureau of Economic Analysis via FRED®

Shaded areas indicate U.S. recessions.

myf.red/g/1WH5u

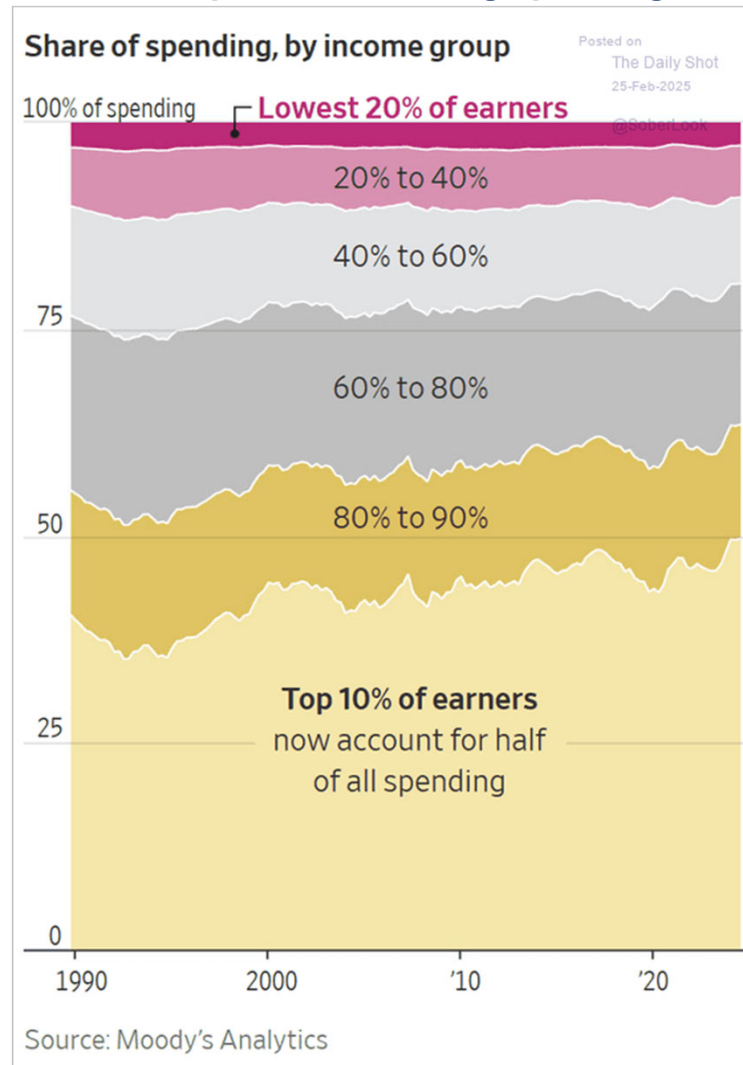
Household Balance Sheets

Growth in net worth has been 59%. Thank generative AI, LLMs, and data centers

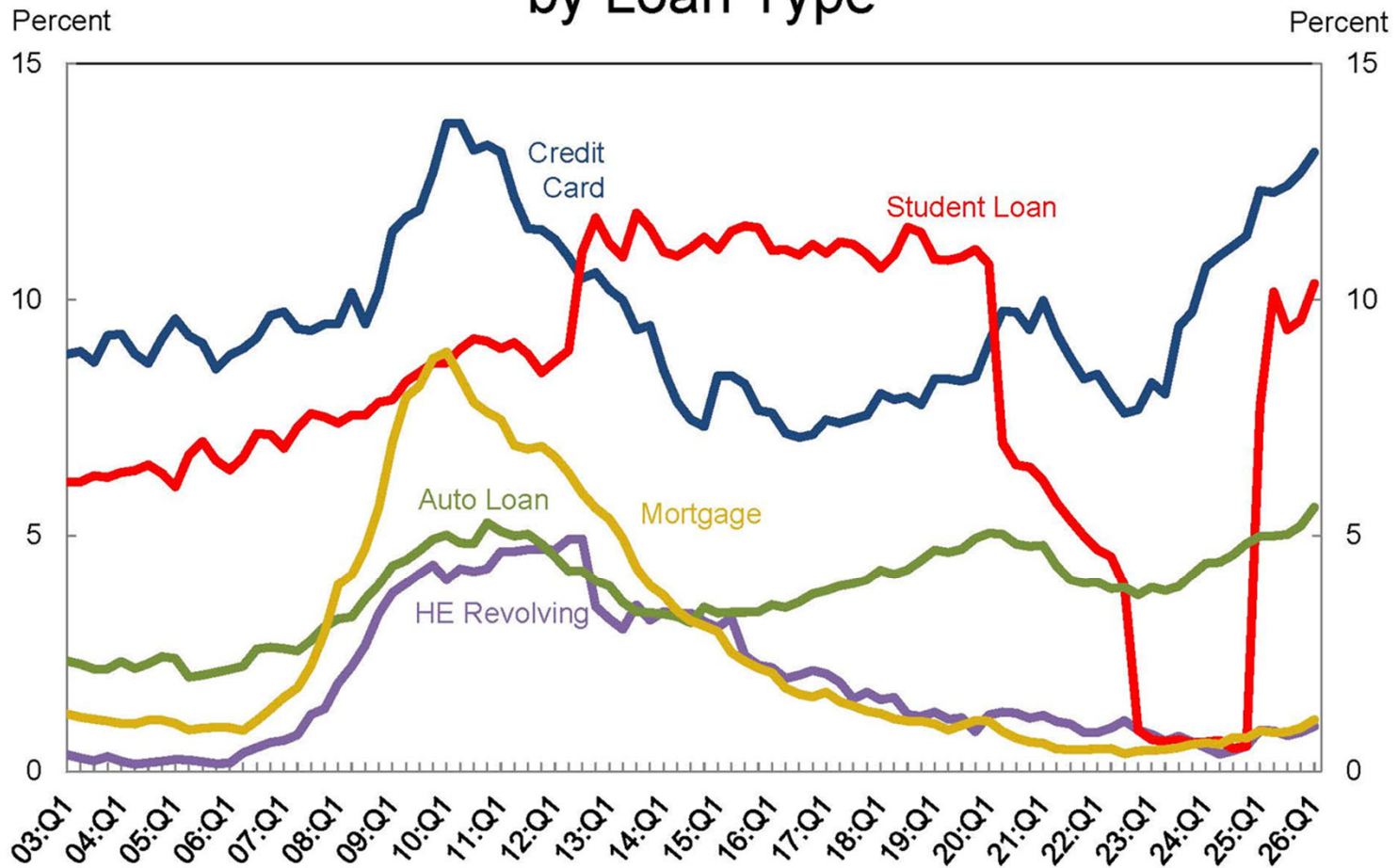


Consumer Spending Since 1990

The top 10% are driving spending



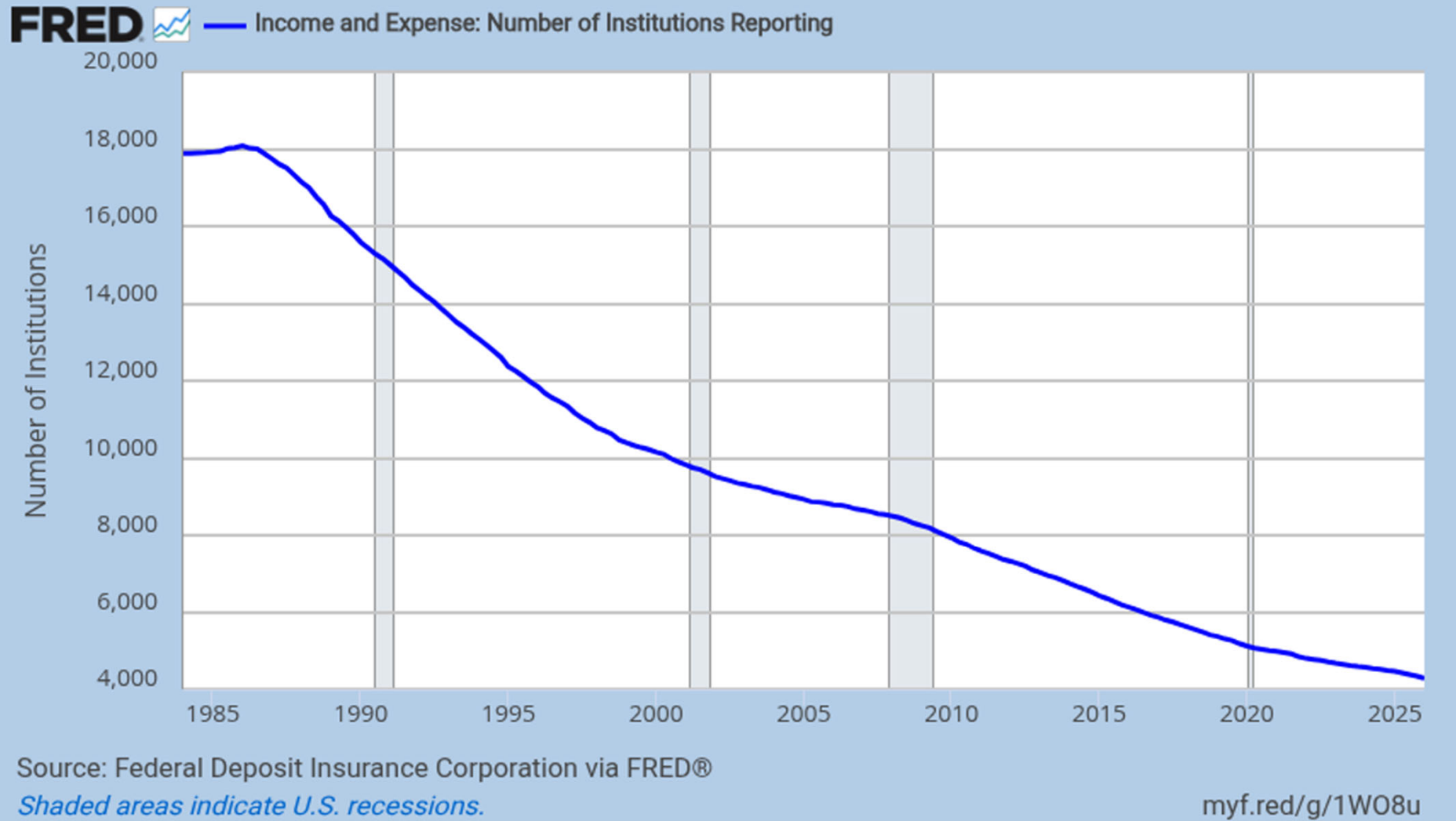
Percent of Balance 90+ Days Delinquent by Loan Type



Source: New York Fed Consumer Credit Panel/Equifax

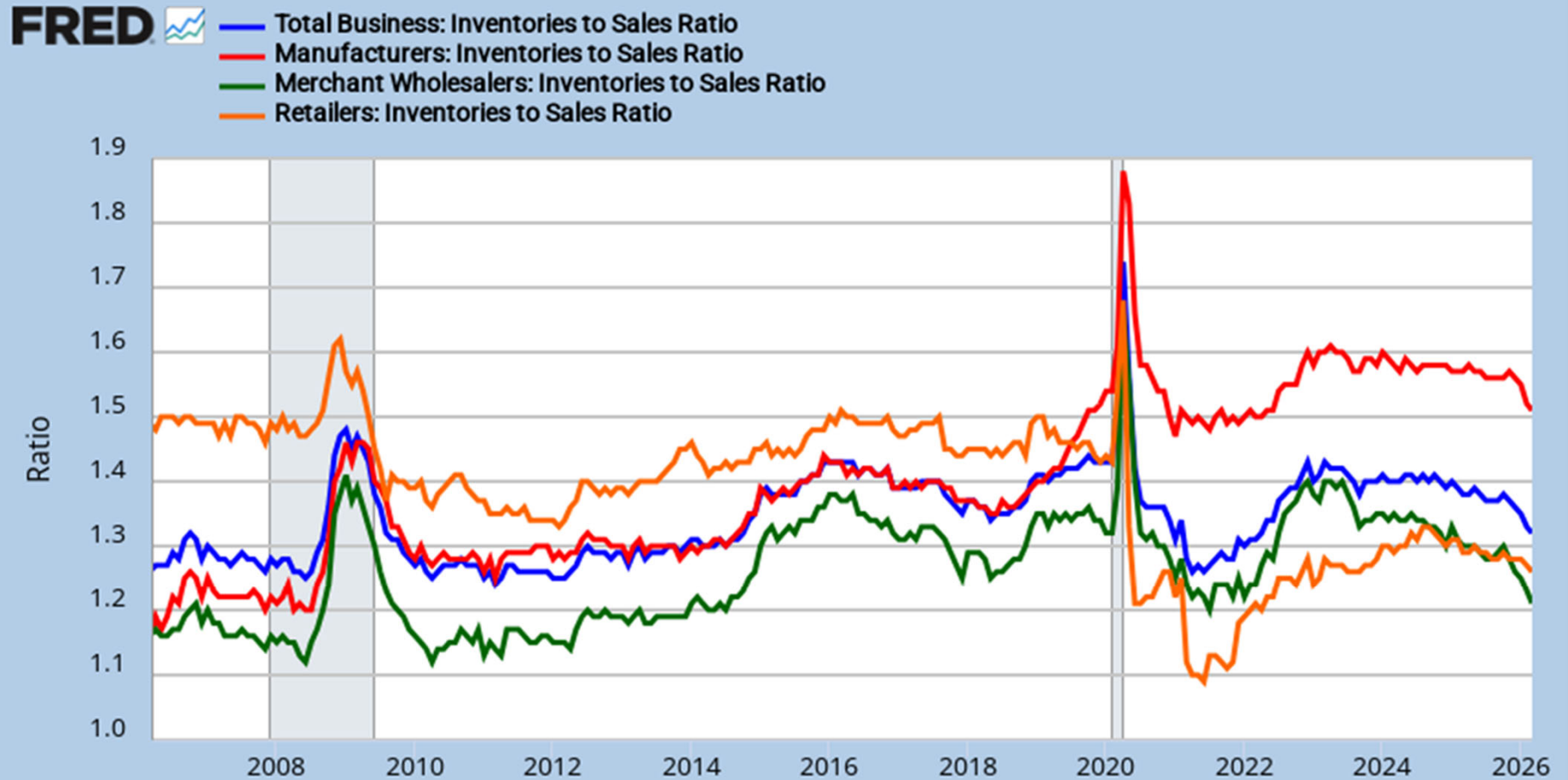
Banks Are Slowly Disappearing

Economies of scale. 60 banks disappeared last quarter, 184 Y-o-Y



Inventory to Sales Ratios

Retail inventories are well below their pre-covid level and generally falling



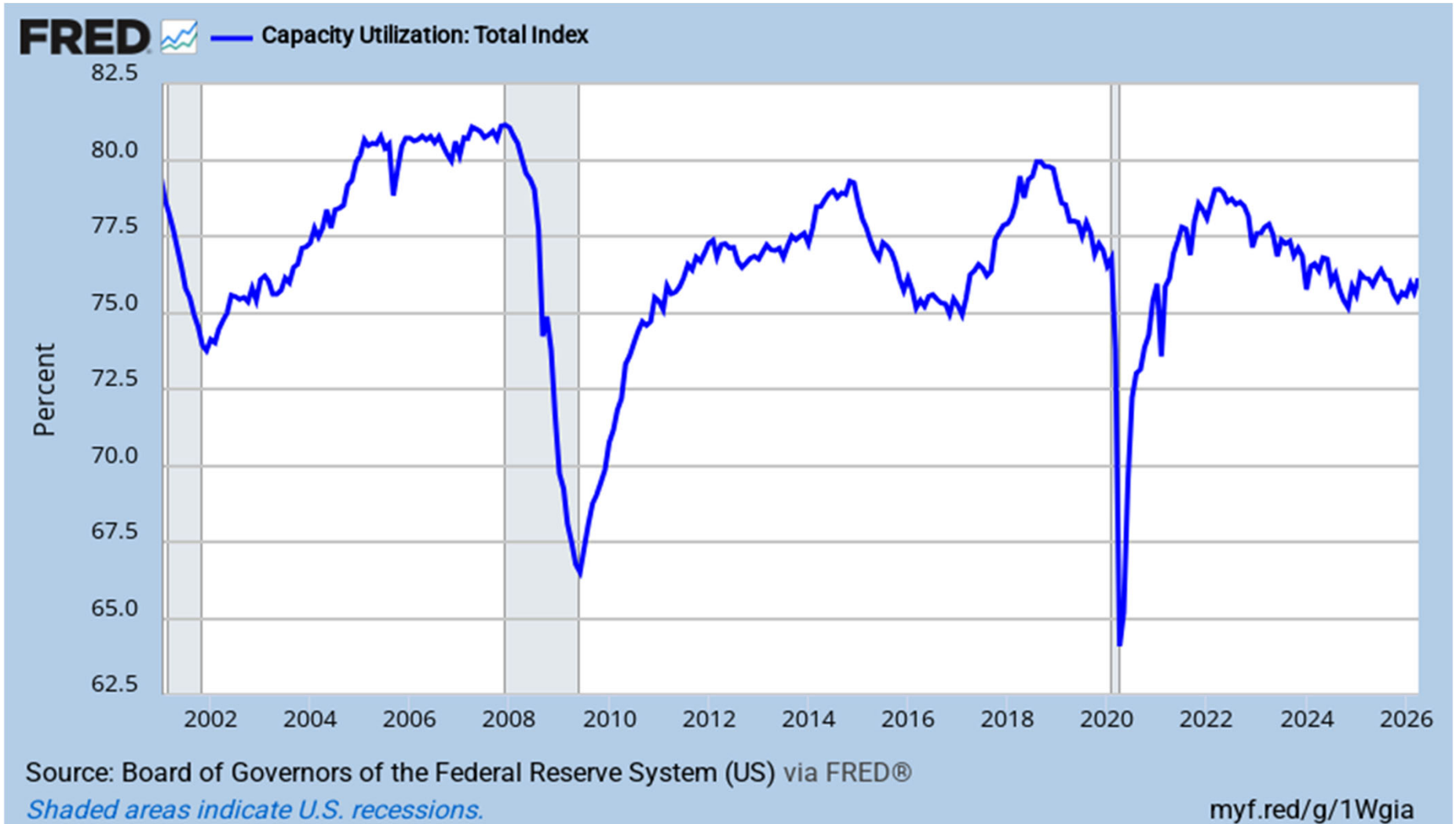
Source: U.S. Census Bureau via FRED®

Shaded areas indicate U.S. recessions.

myf.red/g/1Wext

Capacity Utilization Rates

Flat for 18 months and you would expect too weak to generate much construction of plant

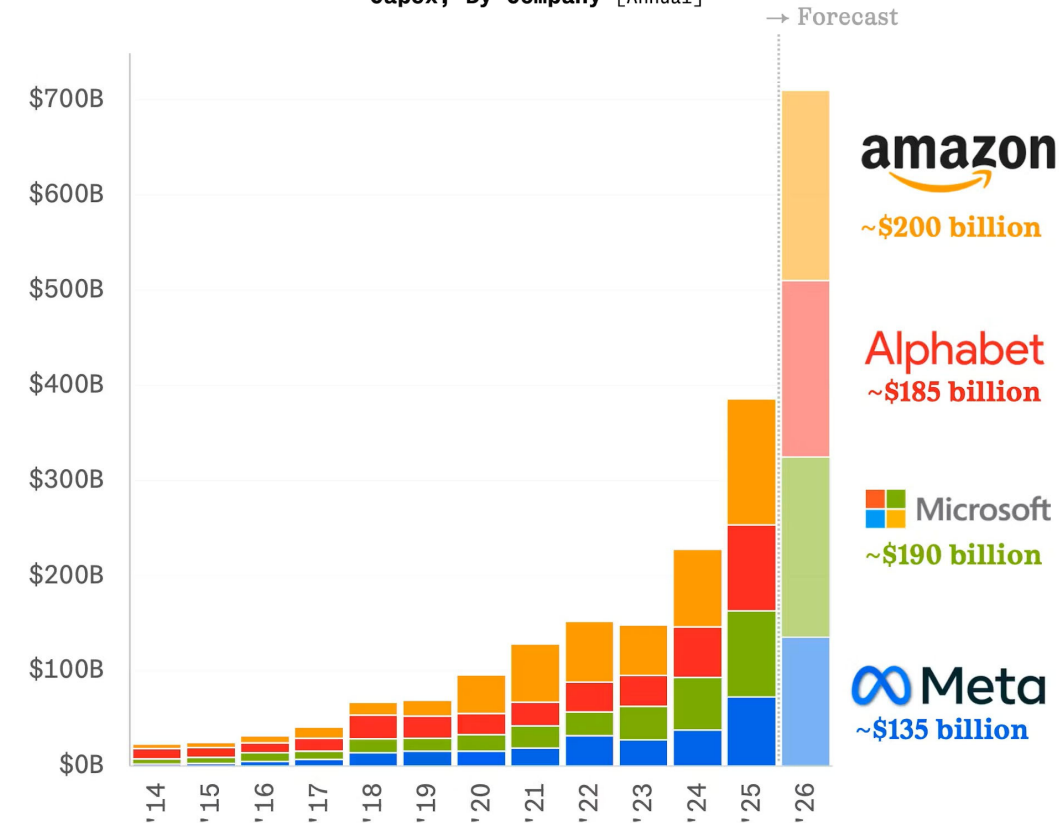


The AI Spending Boom is Real

This is a staggering amount of money

4 Tech Companies Are Planning To Spend \$700+ Billion On Capex This Year

Capex, By Company [Annual]



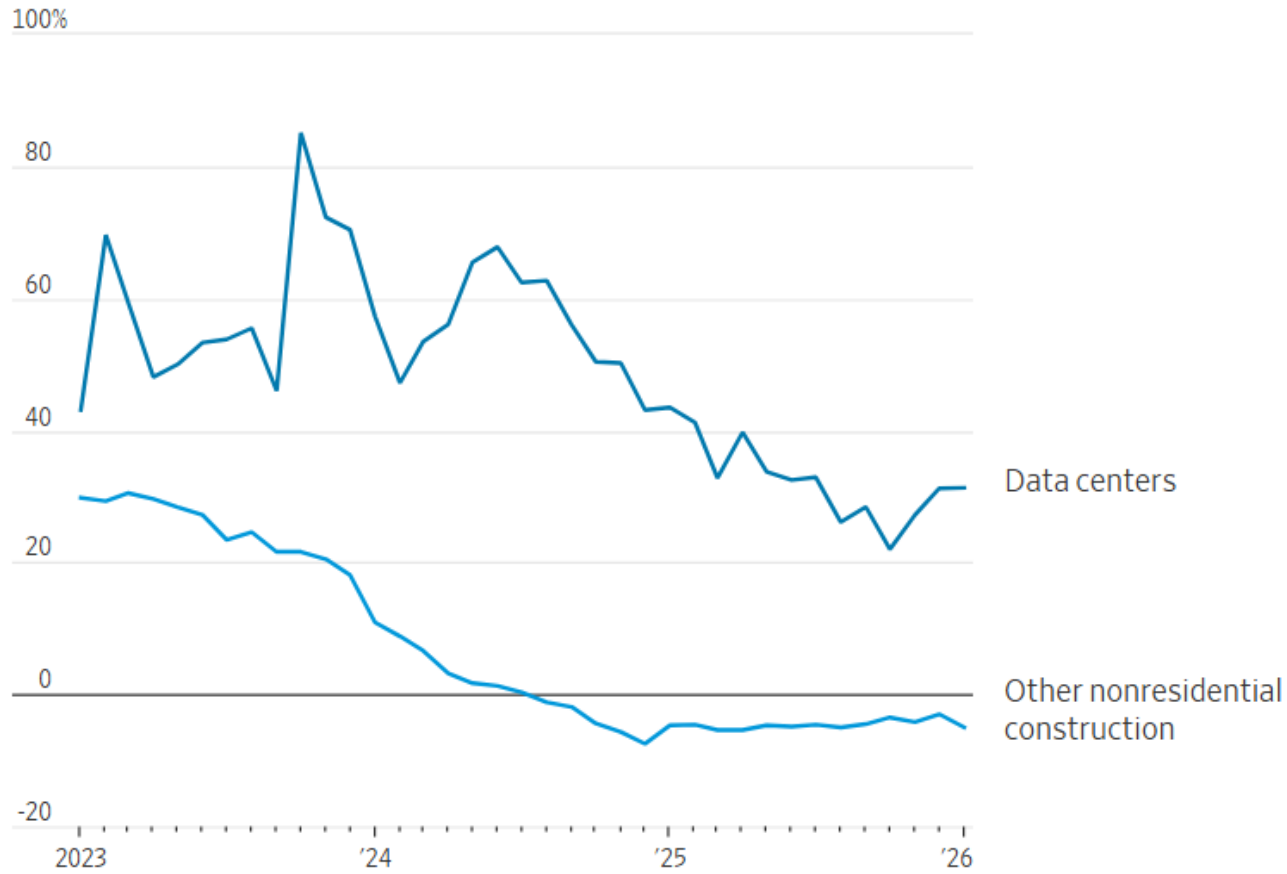
CHART

Source: Companies | 2026 figures are midpoints of ranges

Overview of Nonresidential Construction

Nonresidential is mildly slipping

Private construction spending, change from a year earlier



Note: Seasonally adjusted data

Source: U.S. Census Bureau via Associated General Contractors of America

The AI Spending Boom is Spectacular

This is a staggering amount of money

Spending as percentage of GDP, annual average

Posted on

The Daily Shot

09-Feb-2026

3.0%

Louisiana Purchase (1803)



Projected capital spending for Meta, Amazon, Microsoft and Alphabet in 2026

@RobertLook



U.S. railroads (1850-59)



U.S. interstate highway system (1955-70)*



Apollo space program (1960-73)



*Federal highway spending

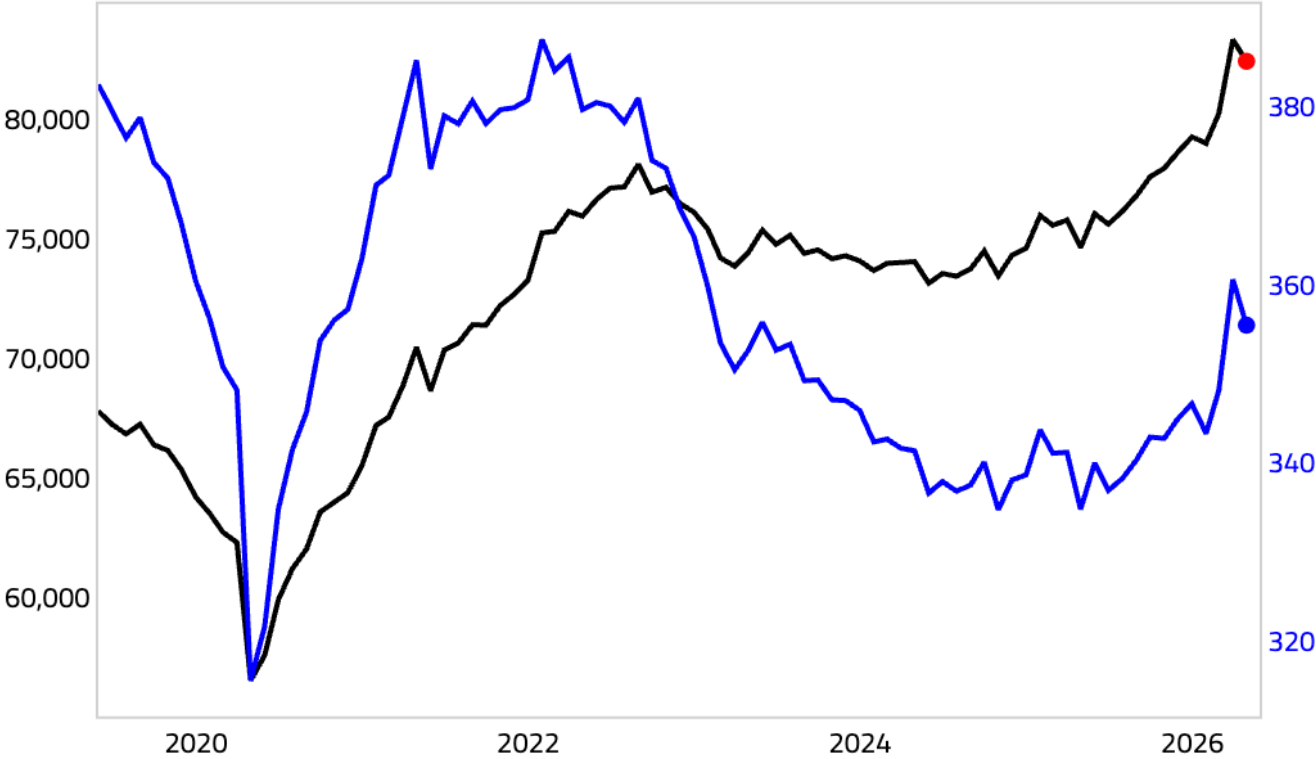
Sources: National Archives and Measuring Worth (Louisiana Purchase); the companies (Tech capital spending); Visible Alpha (projected Microsoft capital spending) Louis P. Cain (U.S. Railroads); Robert Gordon (U.S. interstate highway system); Planetary Society (Apollo); Wall Street Journal calculations (all ratios)

Real Capital Goods Orders

Firms are generally investing more

US Core Capital Goods Orders

— Nominal — Real



Note: The real series is deflated with private capital equipment PPI.

The Daily Shot[®]

Trump is the 47th President

As for his major economic policies...



Energy, (drill maybe drill)

Deregulation

Tax cuts/FY2027 budget

Immigration reform

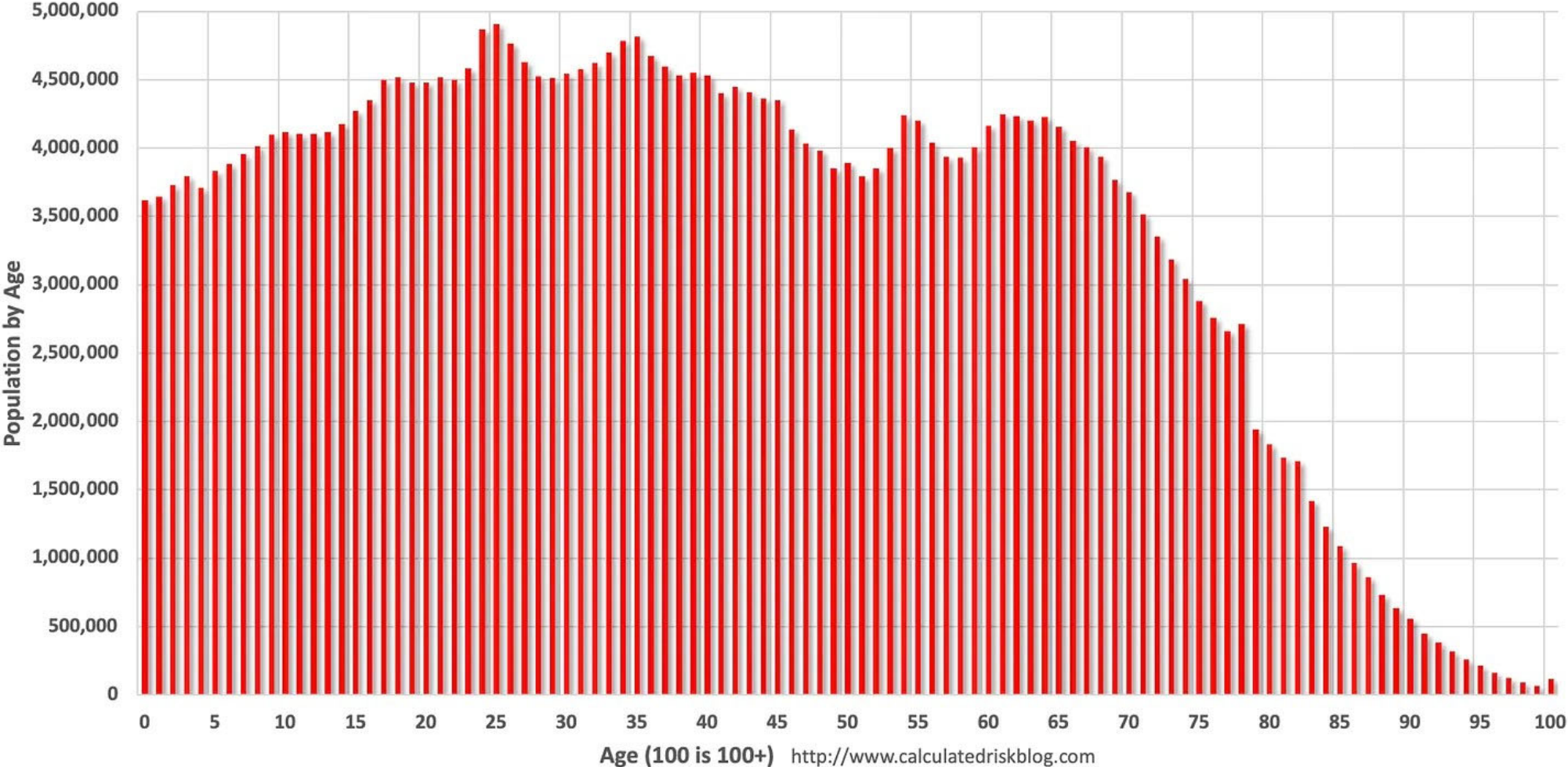
Tariffs / Trade policy

(The Federal Reserve)

Demographics

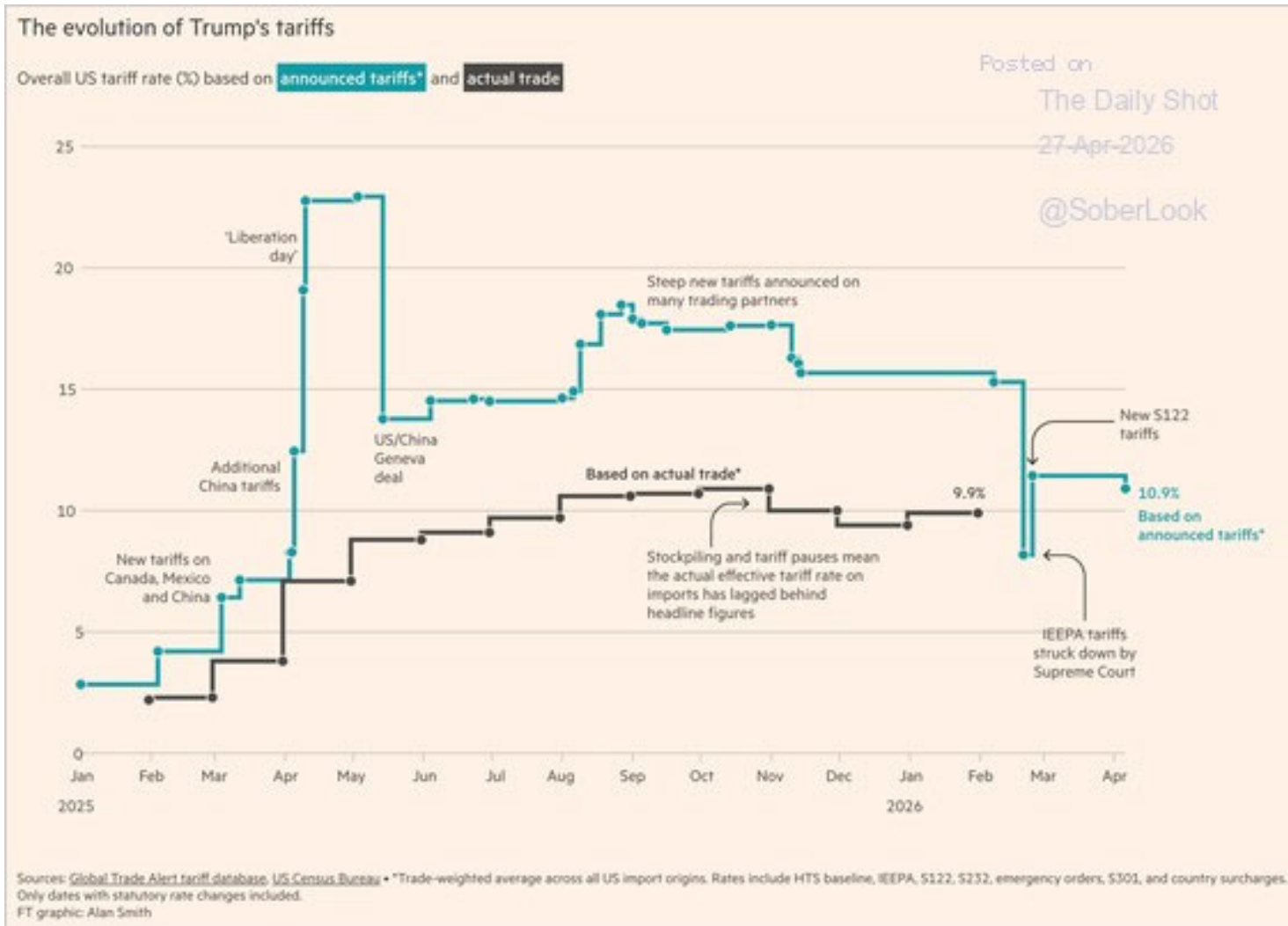
Demand growth will begin to weaken

U.S. Population by Age, 2025 Census Estimate



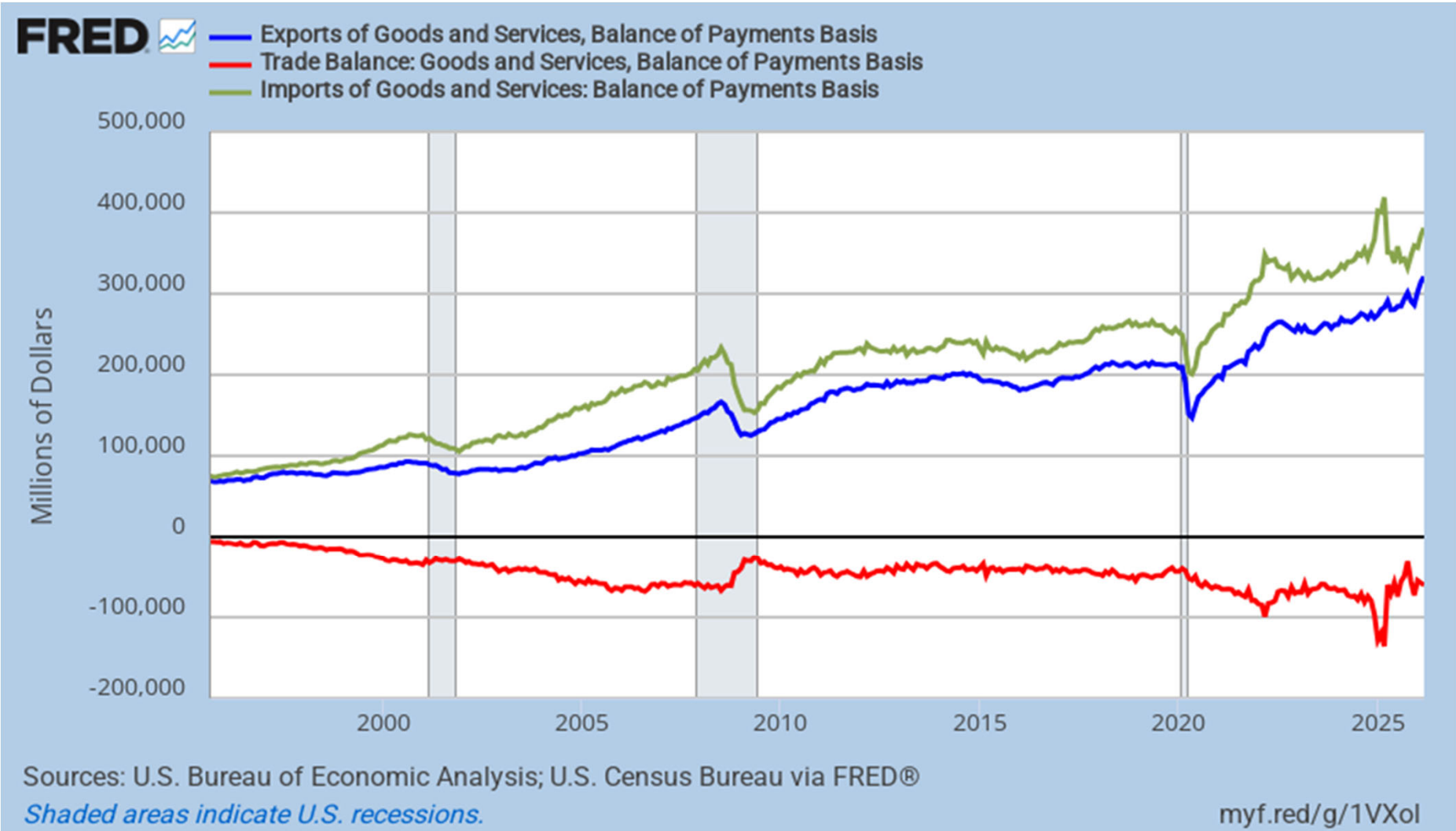
Effective Tariff Rate on US Imported Goods

Statutory rates are high, but falling, and actual rates are lower



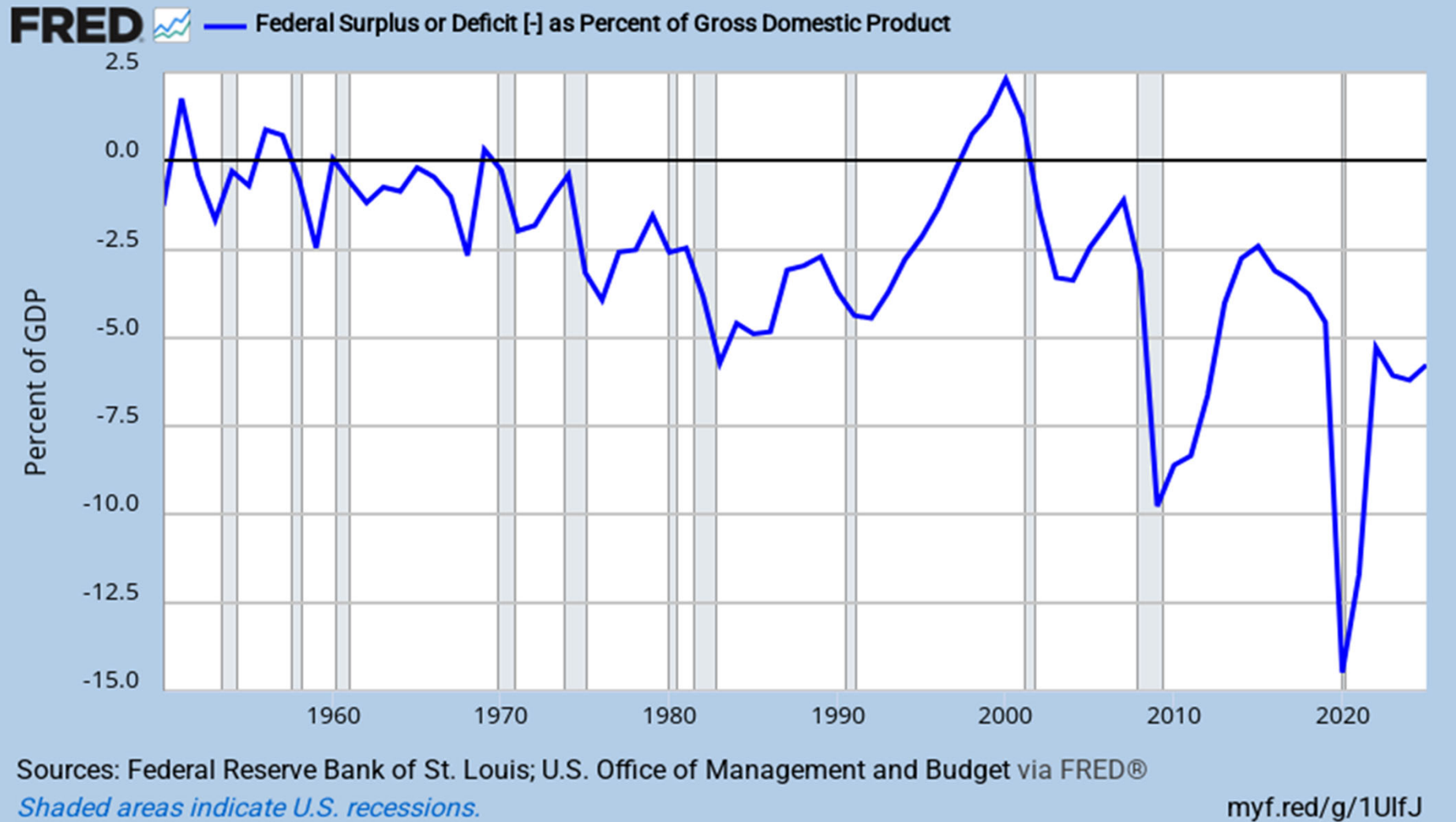
The Trade Deficit

Tariffs have made the data confusing. Exports have done very well



Deficit to GDP Ratio is Getting Worse, Much Worse

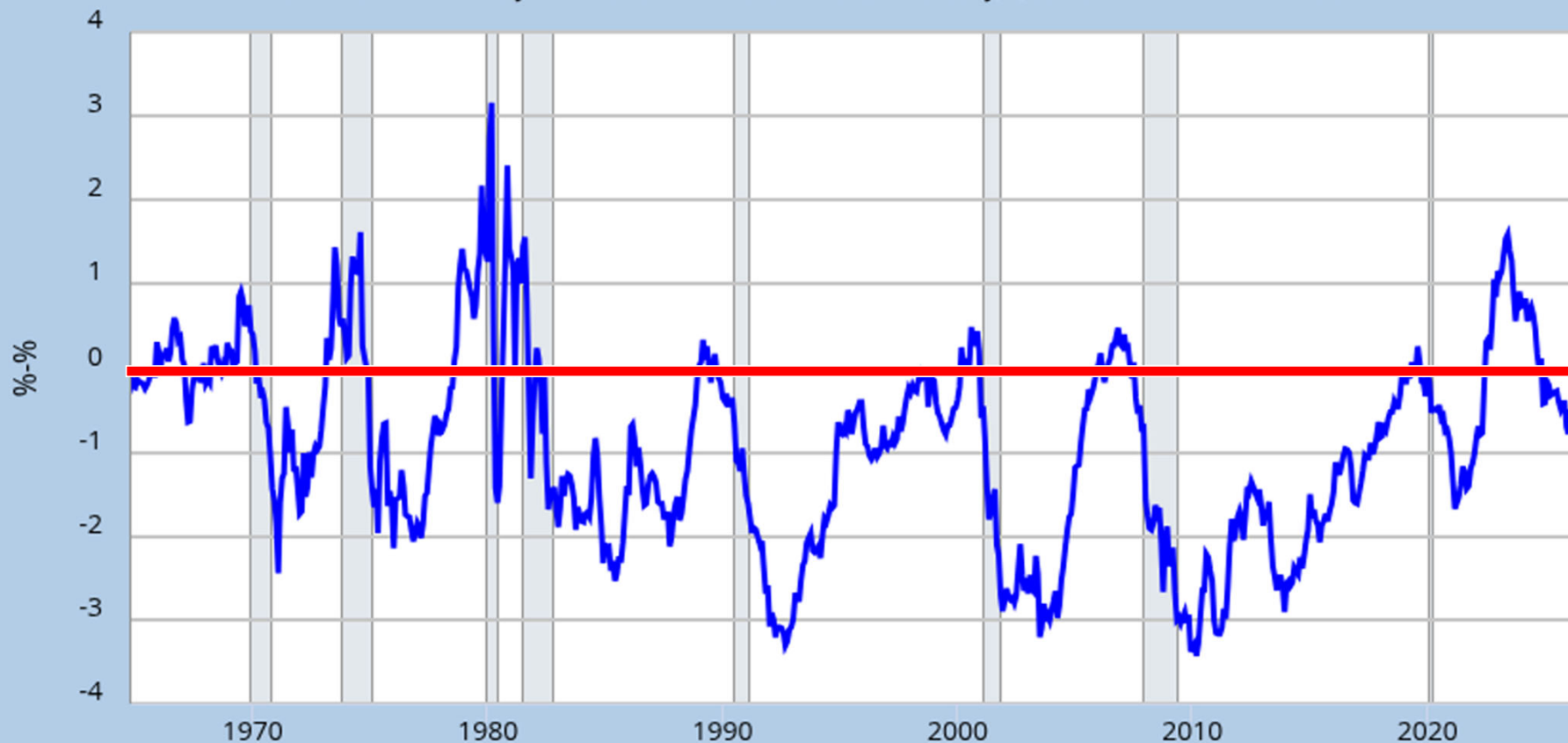
It steadily worsens



The Yield Curve is Normalizing

1-Year Treasury Yield – 10-Year Treasury Yield. 1yr should fall more

FRED  — Market Yield on U.S. Treasury Securities at 1-Year Constant Maturity, Quoted on an Investment Basis—Market Yield on U.S. Treasury Securities at 10-Year Constant Maturity, Quoted on an Investment Basis



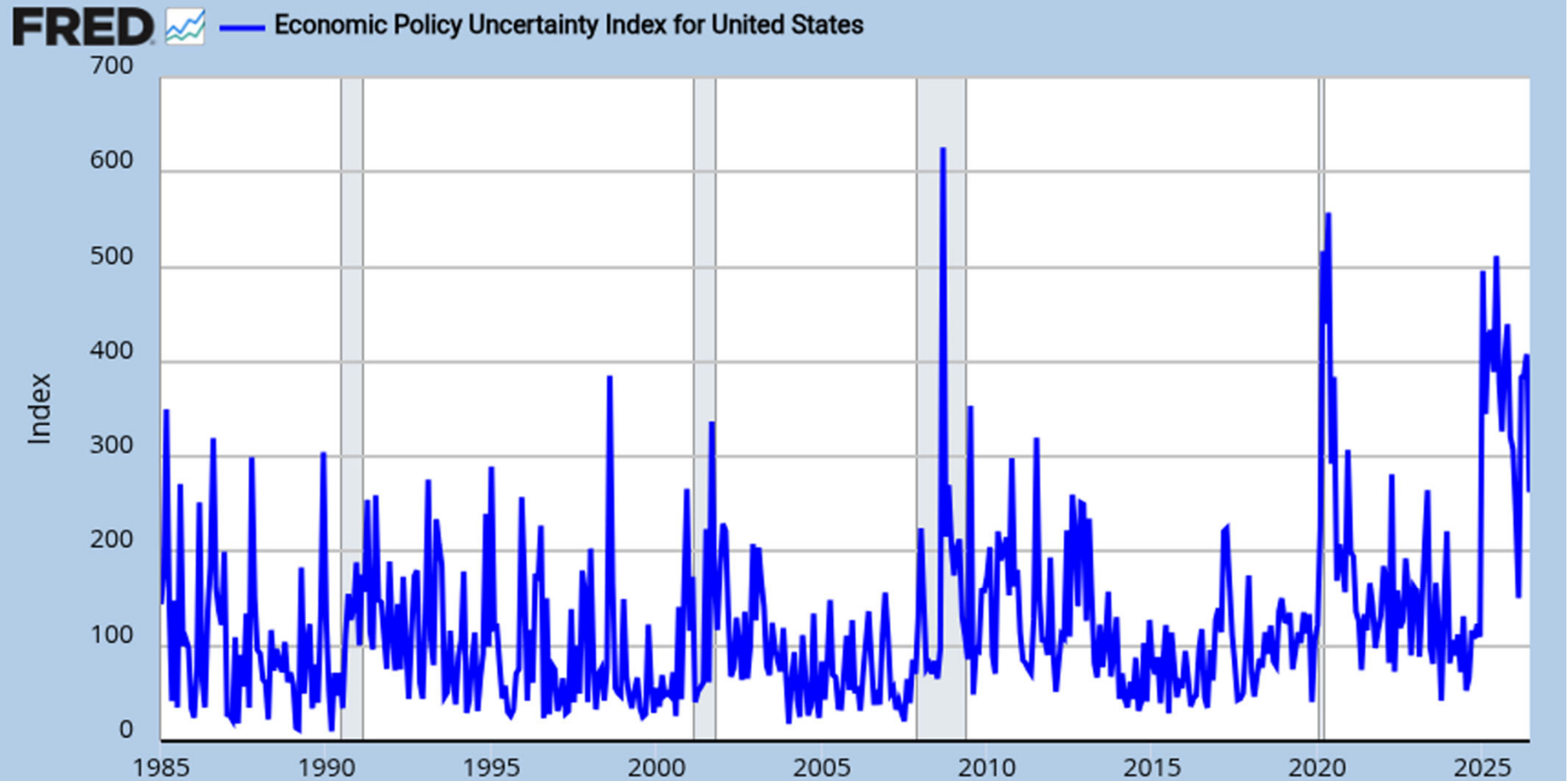
Source: Board of Governors of the Federal Reserve System (US) via FRED®

Shaded areas indicate U.S. recessions.

myf.red/g/1WO9A

US Economic Policy Uncertainty

It's been elevated recently



Sources: Baker, Scott R.; Bloom, Nick; Davis, Steven J. via FRED®

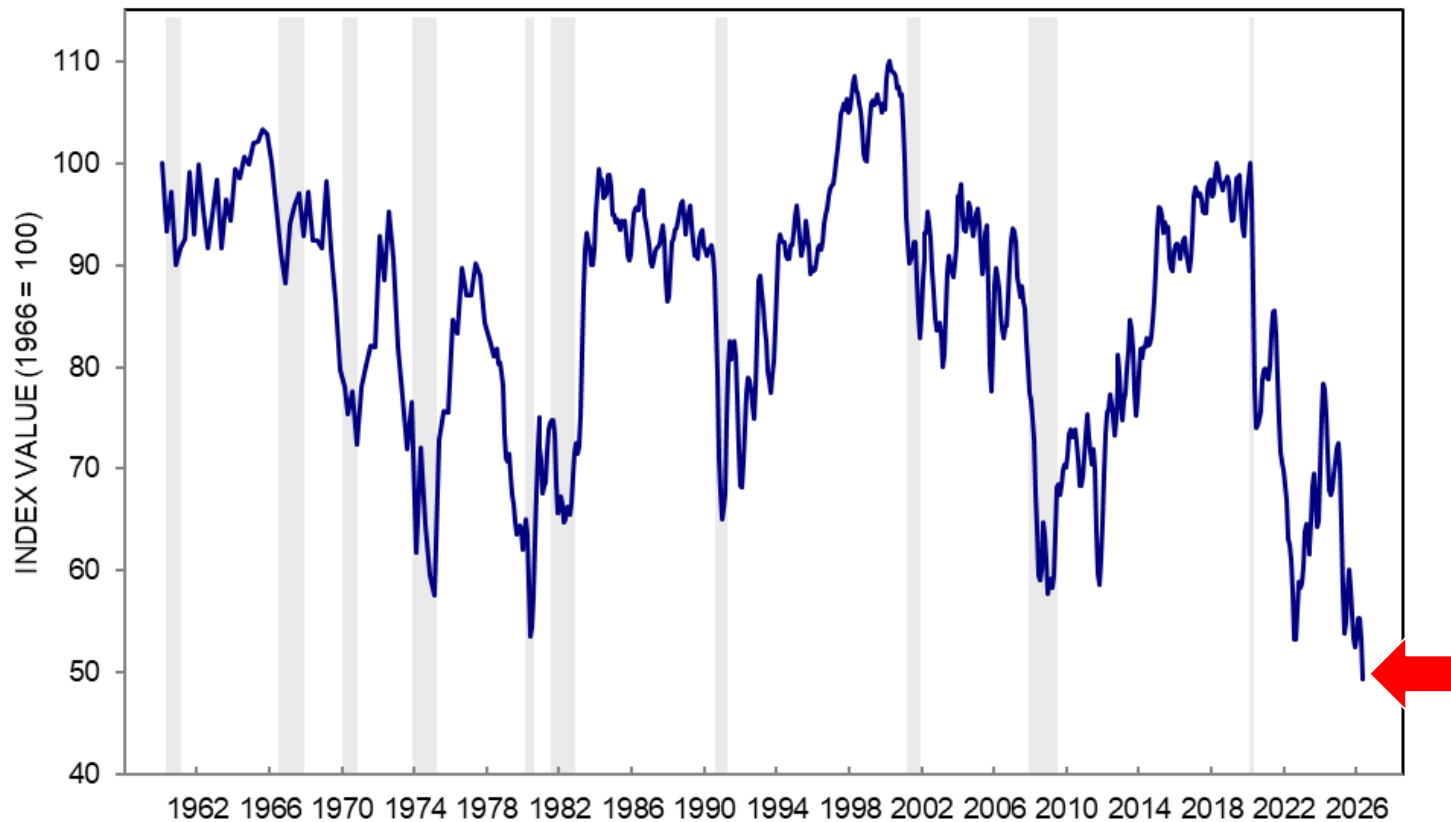
Shaded areas indicate U.S. recessions.

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University of Michigan Index 1960-2025

The index has fallen badly of late

THE INDEX OF CONSUMER SENTIMENT

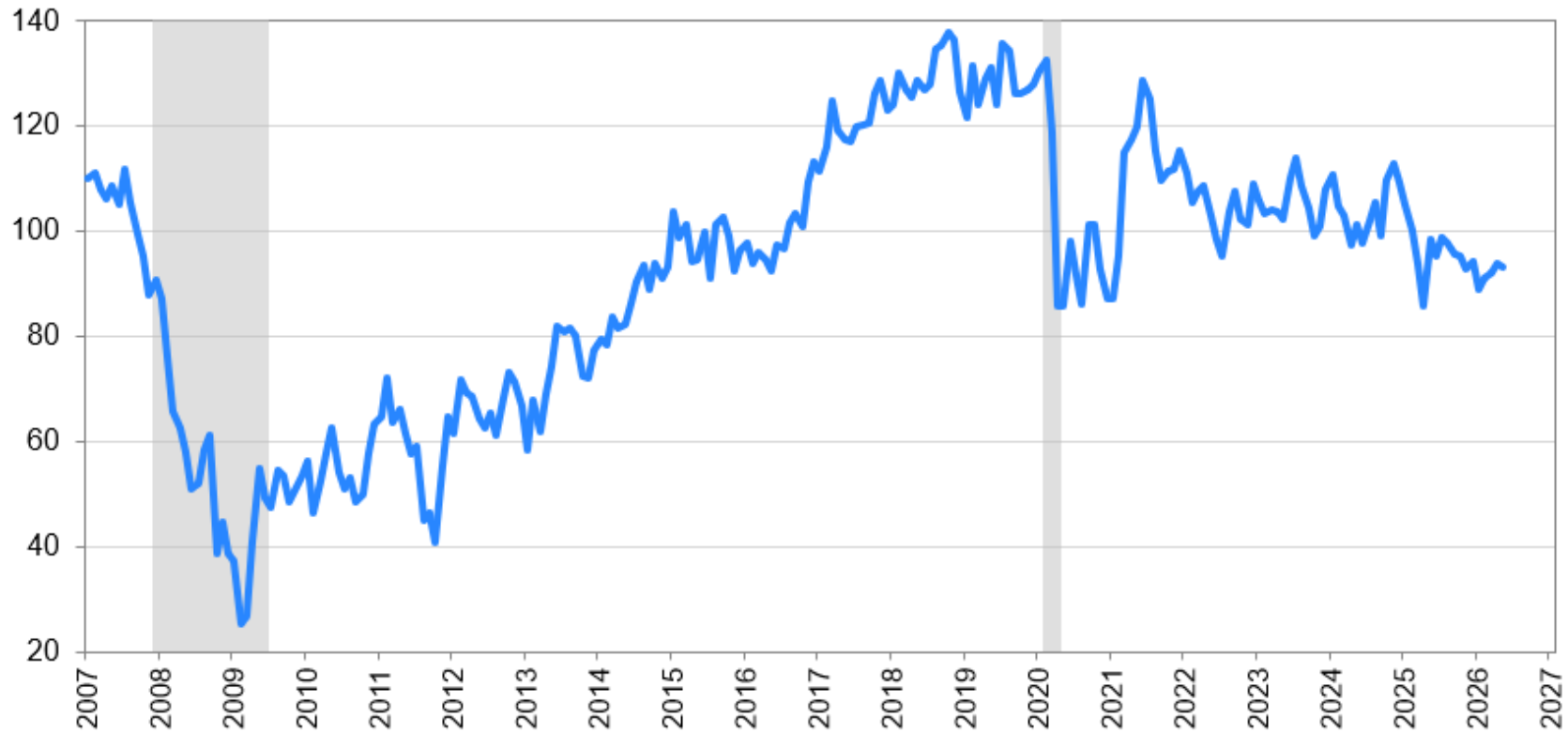


Conference Board Consumer Confidence Survey

Confidence has steadily and slowly declined

Consumer Confidence Index®

Index, 1985 = 100



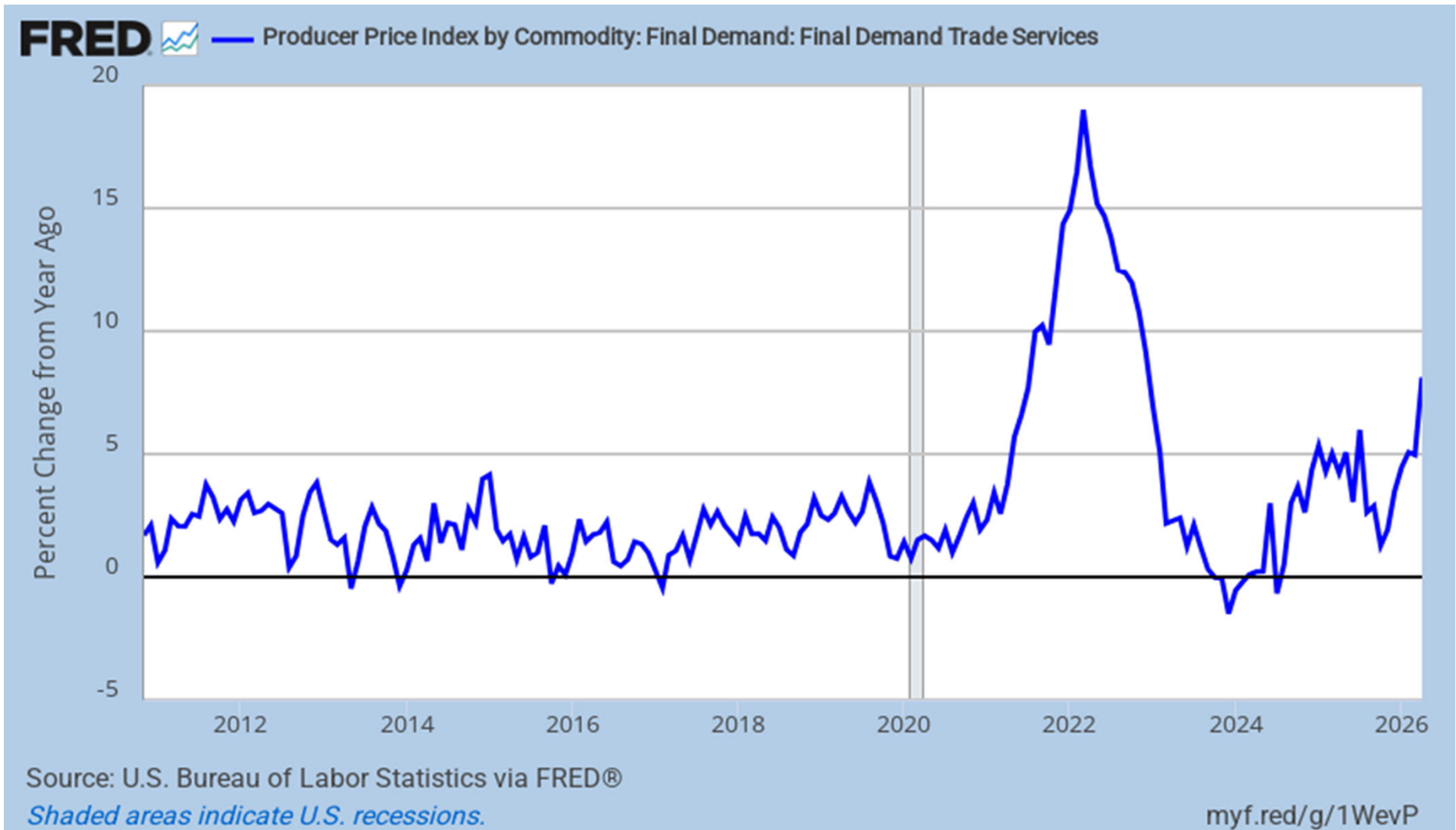
*Shaded areas represent periods of recession.

Sources: The Conference Board; NBER

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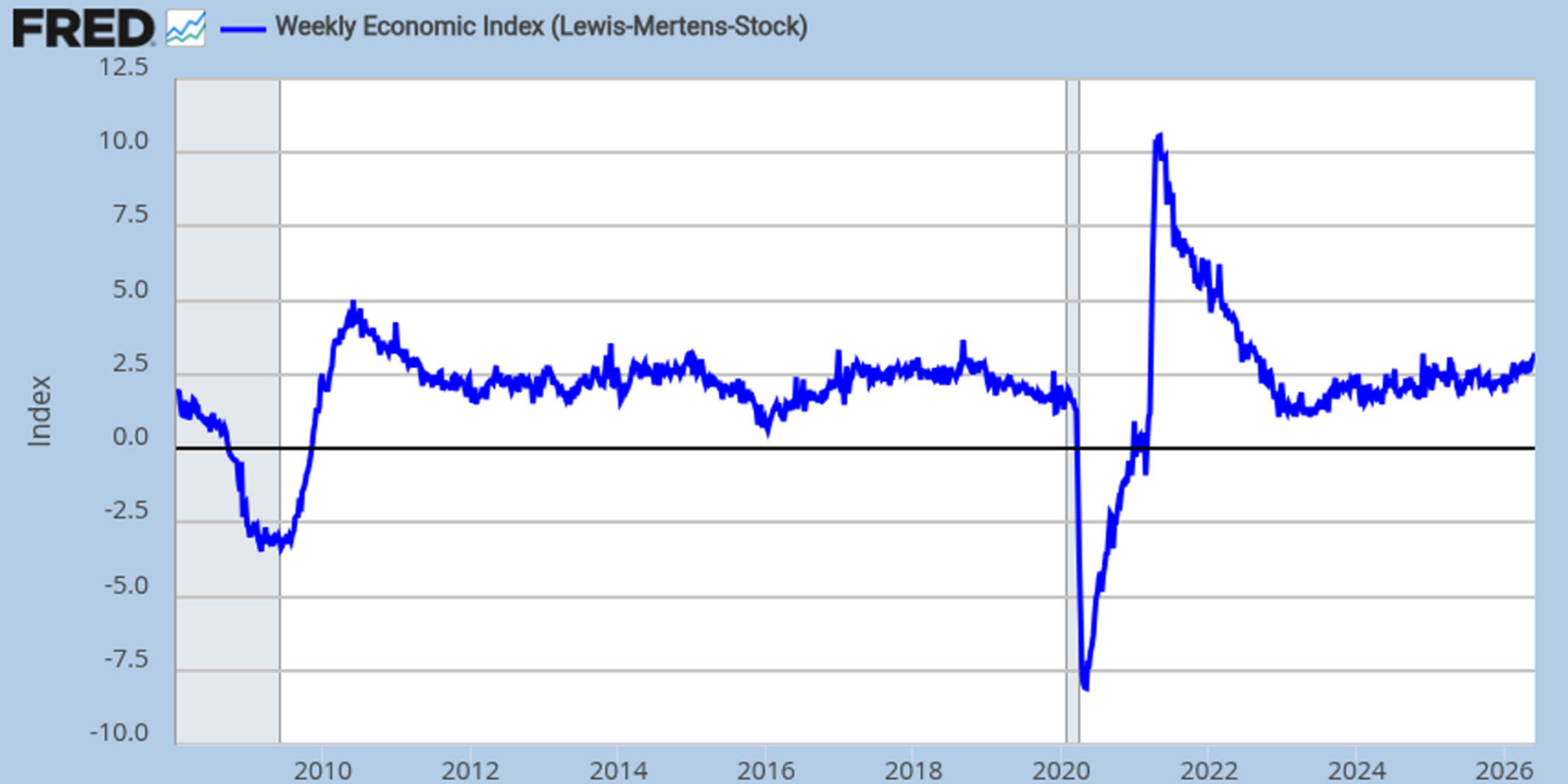
Trade Services = Business Markups

Corporate margins rose dramatically and are now rising again



Economic Conditions Are OK

Ten daily and weekly high-frequency relevant variables



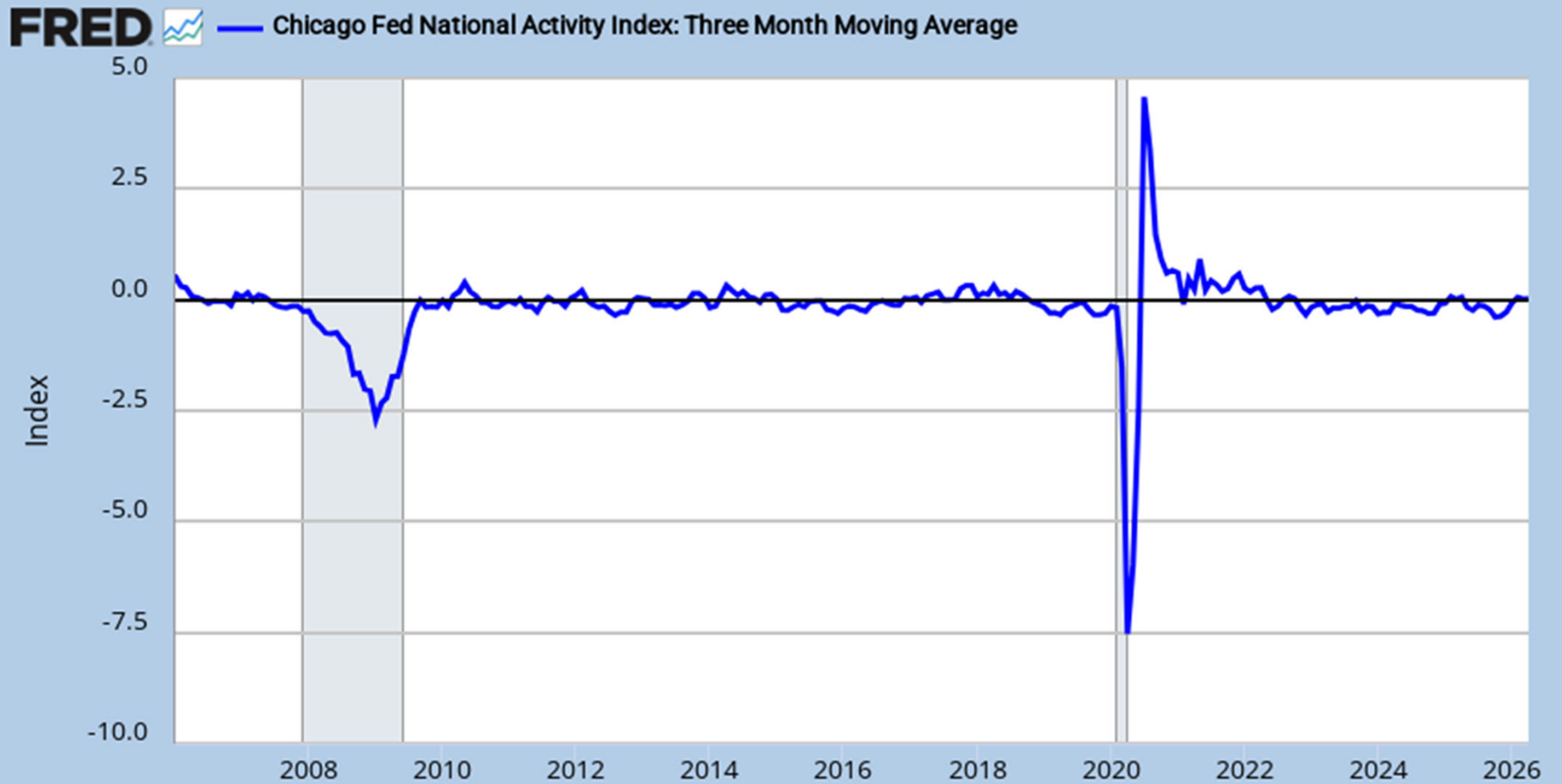
Sources: Lewis, Daniel J.; Mertens, Karel; Stock, James H. via FRED®

Shaded areas indicate U.S. recessions.

myf.red/g/1WMI0

Nat'l Production, Consumption, Employment & Sales

Coincident Index: Zero = trend growth. Subzero = slow growth & weak expected inflation

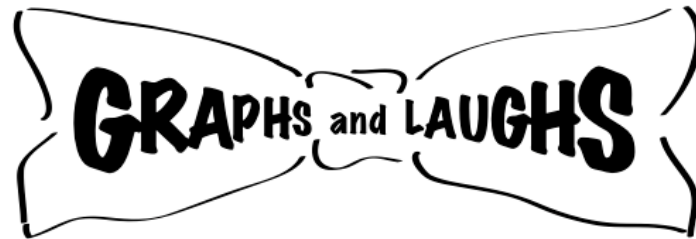


Source: Federal Reserve Bank of Chicago via FRED®

Shaded areas indicate U.S. recessions.

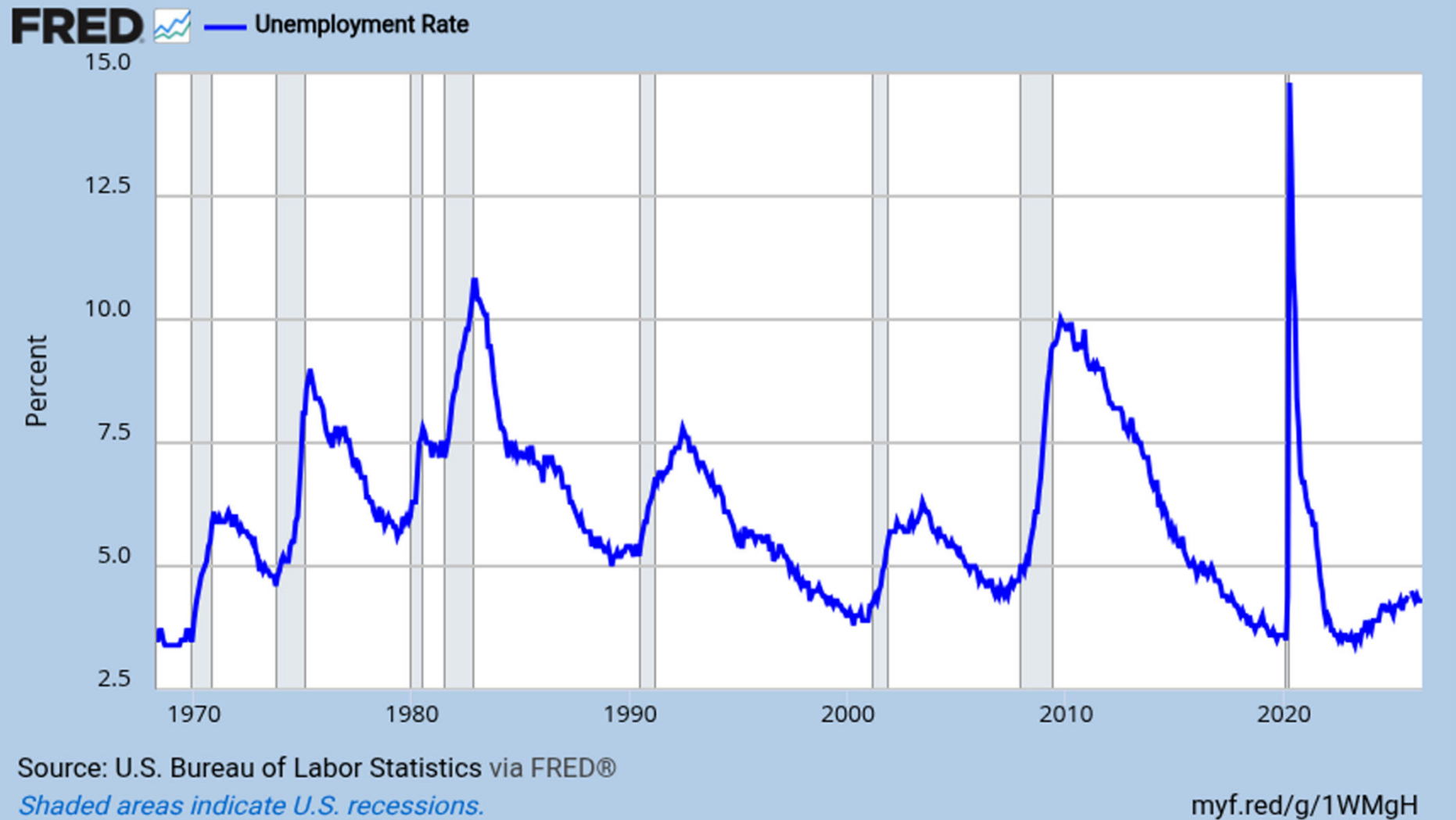
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Labor Market: Weird & Weak



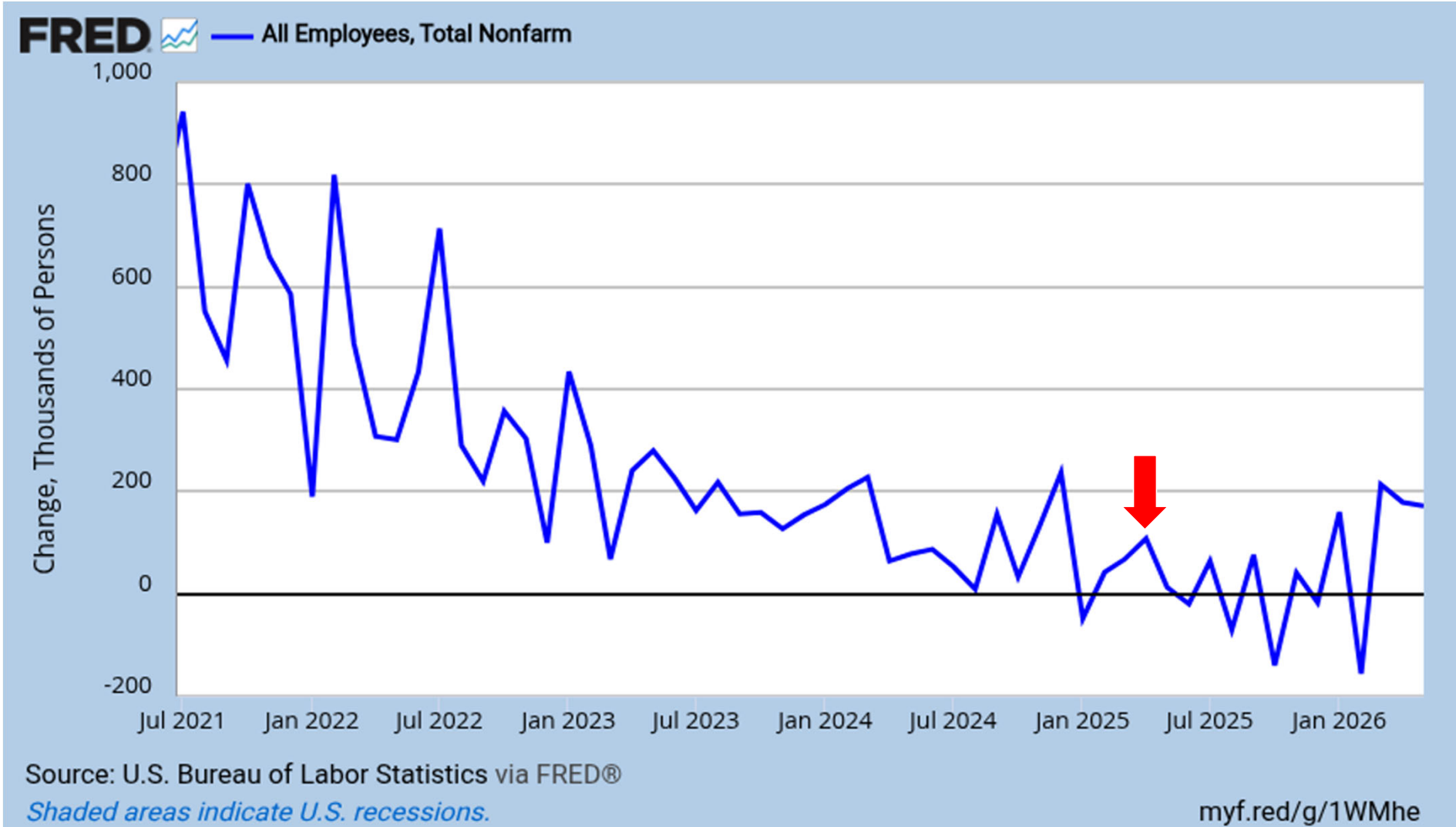
The Unemployment Rate

The rate is low at 4.3%, and is pleasantly stabilizing



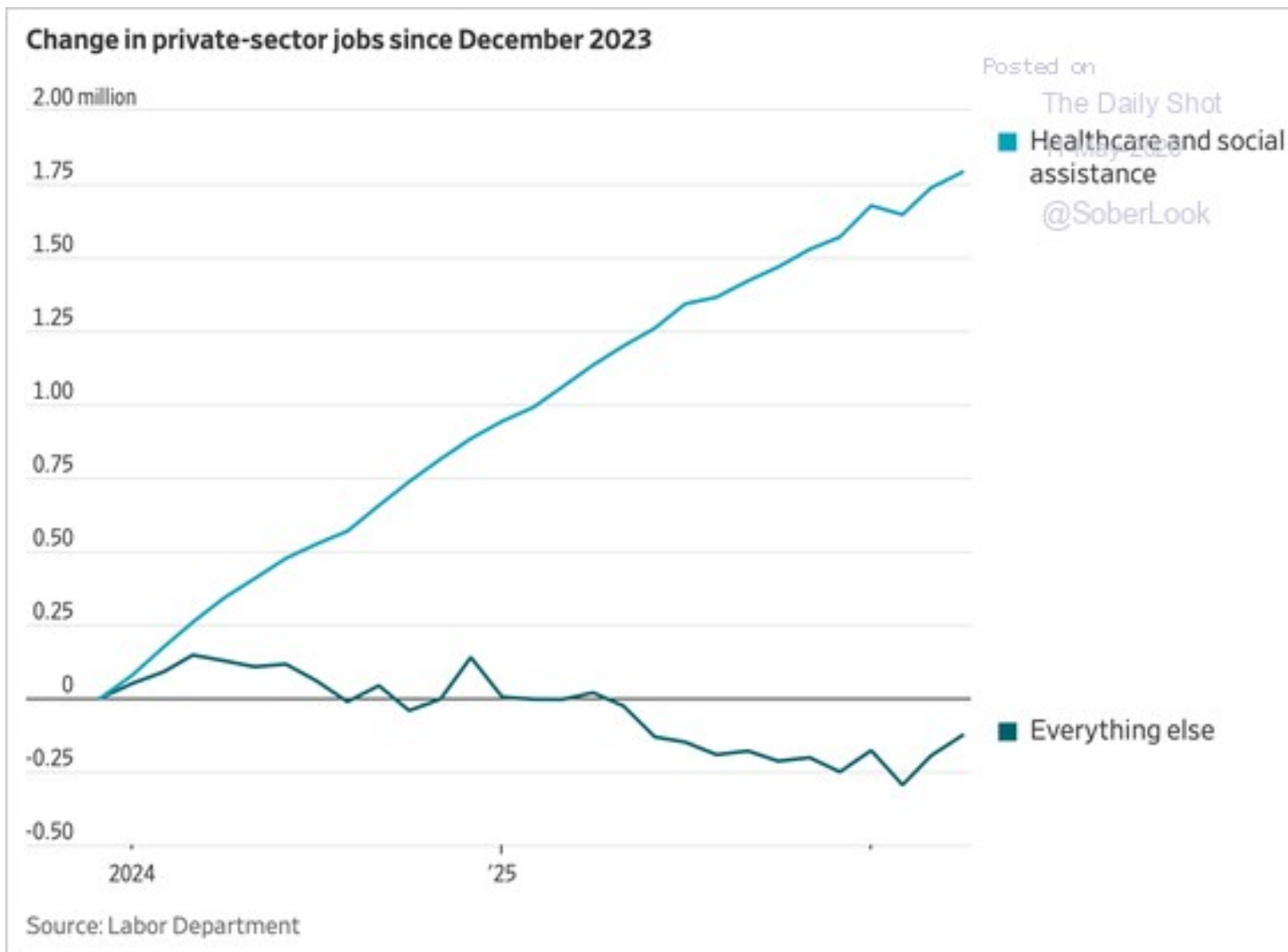
Historical Job Growth

Growth was much lower starting 5/25 (red arrow). But it is much better of late



Historical Job Growth

Outside of Healthcare there has been no growth



The Labor Force Participation Rate

Is rapidly declining. Aging workforce, folks giving up, no immigration etc.



Source: U.S. Bureau of Labor Statistics via FRED®

Shaded areas indicate U.S. recessions.

myf.red/g/1WMgf

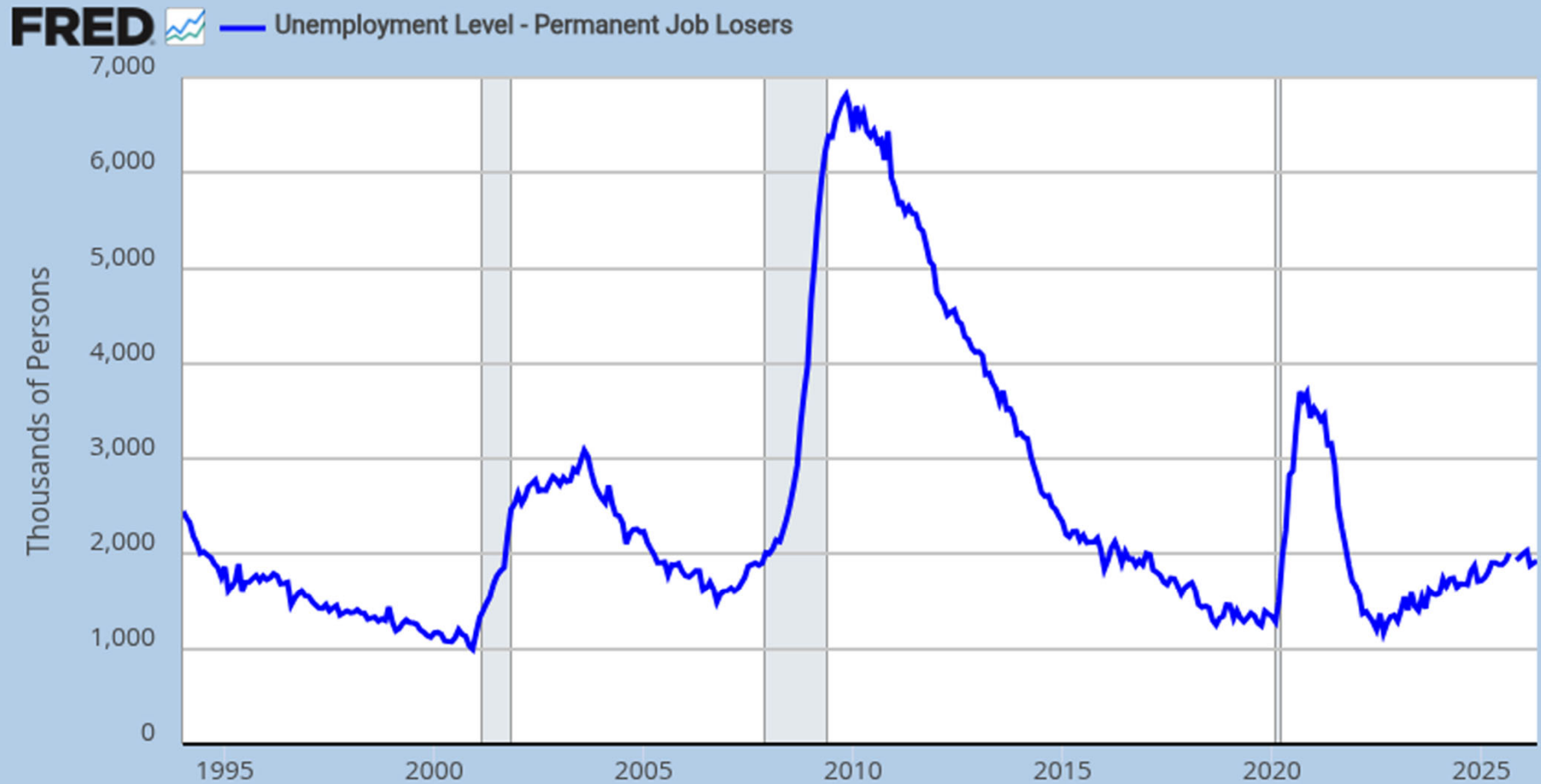
Working Part Time and Unhappy About It!

It is slowly rising



The Number of Permanent Job Losses

It is clearly rising



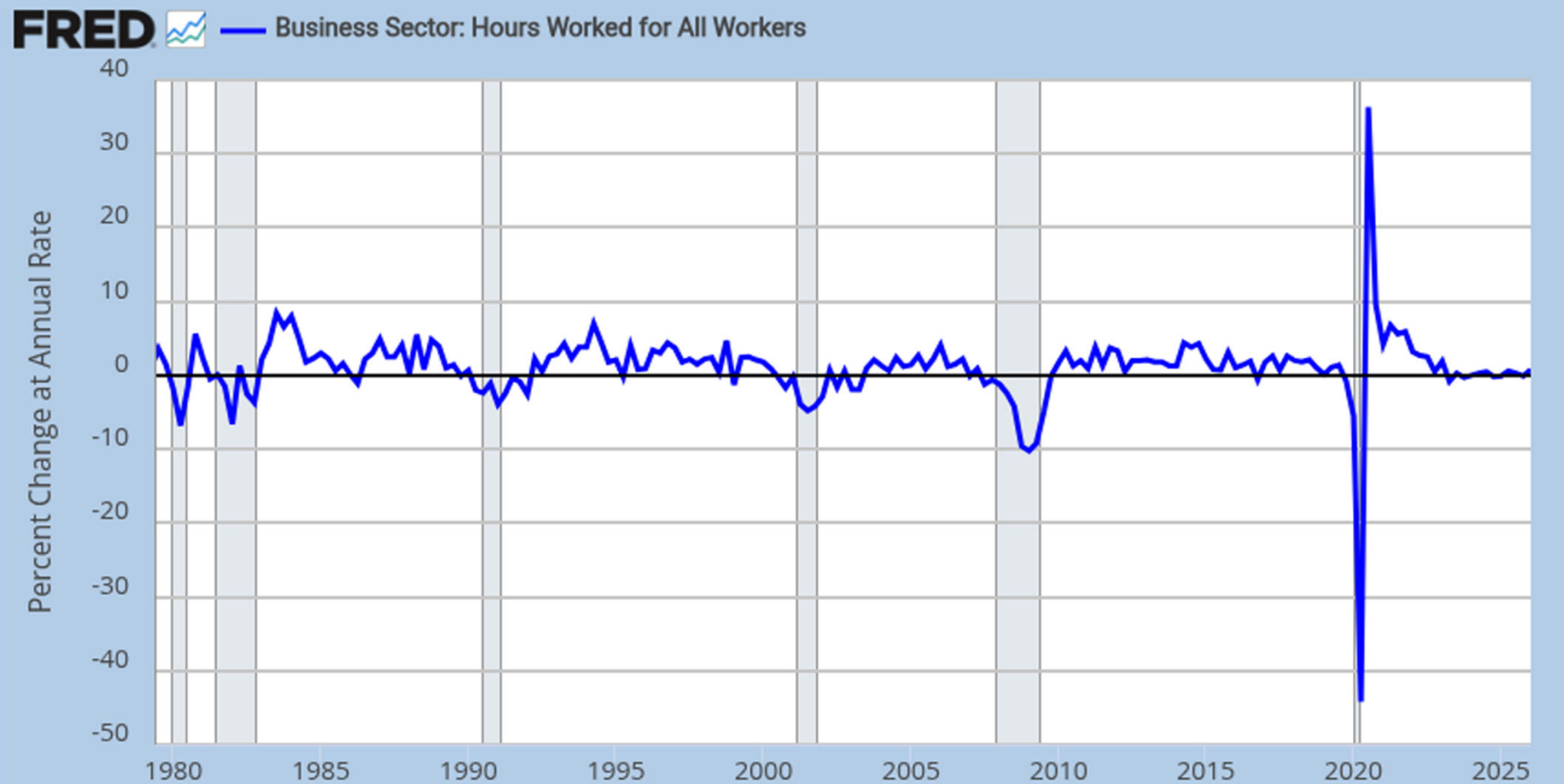
Source: U.S. Bureau of Labor Statistics via FRED®

Shaded areas indicate U.S. recessions.

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Y-o-Y Pct. Change in Hours Worked

It's been barely positive for the last 36 months



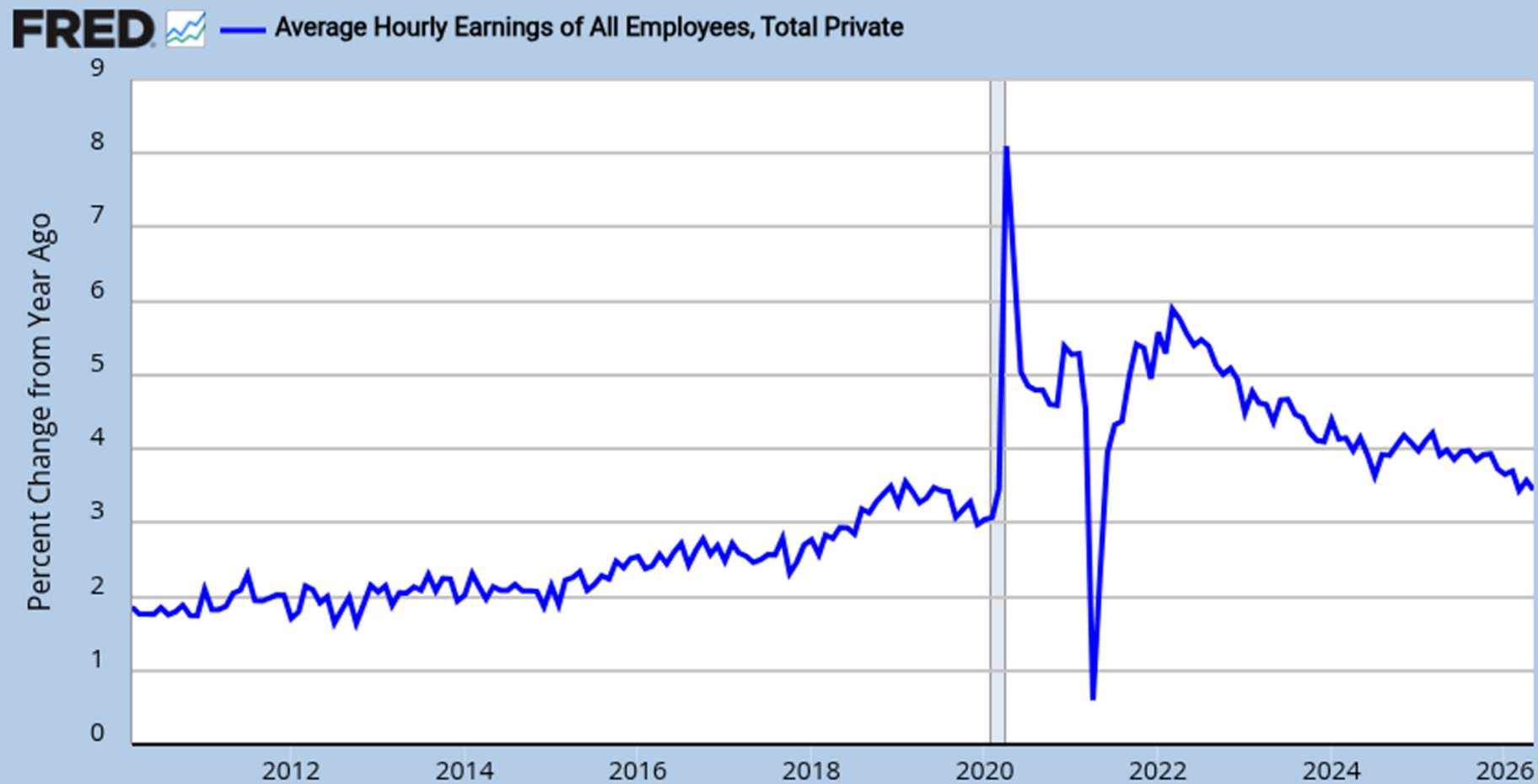
Source: U.S. Bureau of Labor Statistics via FRED®

Shaded areas indicate U.S. recessions.

myf.red/g/1WLxD

Y-o-Y Percent Change in Hourly Earnings

Wage growth is clearly weakening, not a strong labor market



Source: U.S. Bureau of Labor Statistics via FRED®

Shaded areas indicate U.S. recessions.

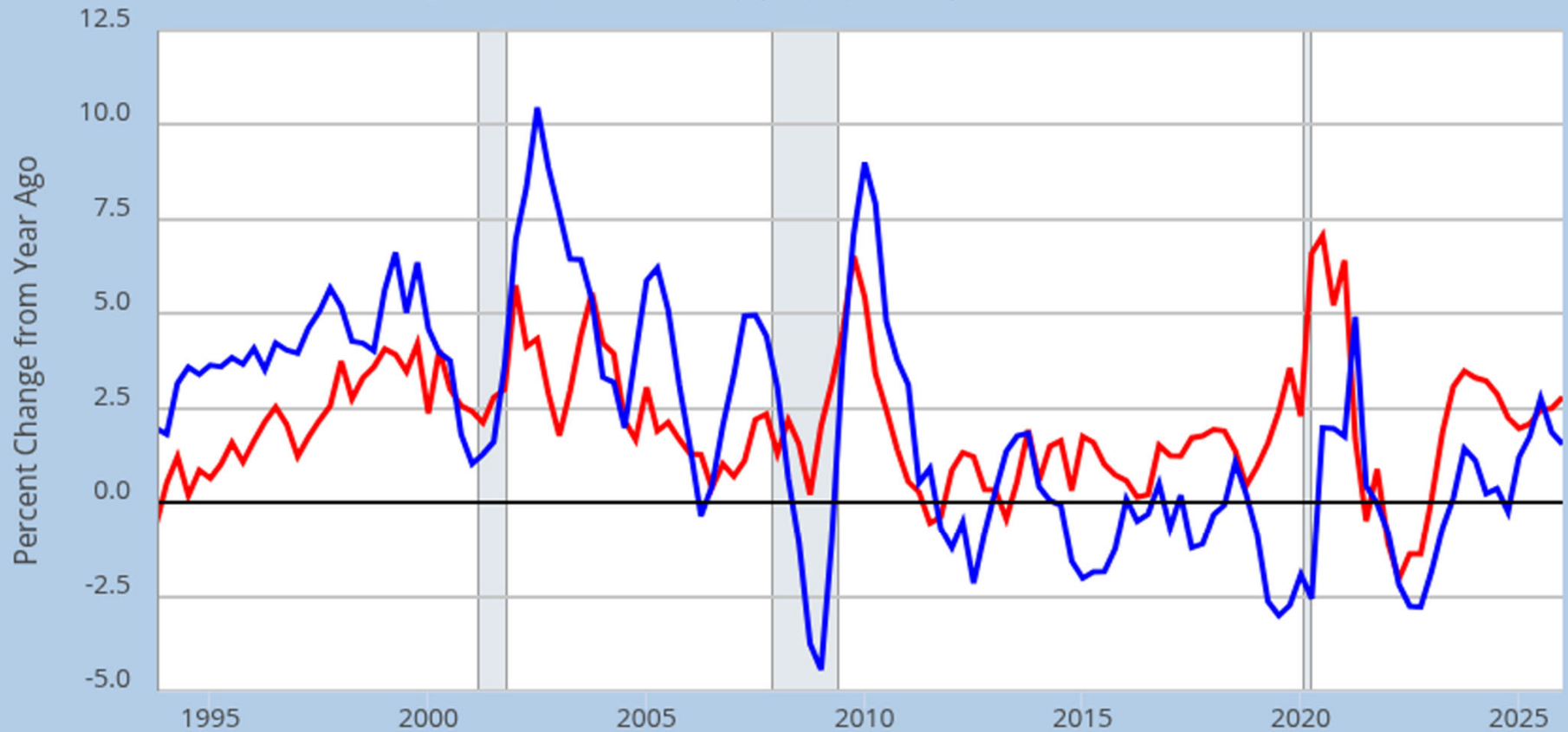
myf.red/g/1WMgw

Labor Productivity Growth

It is now better than it has been in decades

FRED 

- Nonfarm Business Sector: Labor Productivity (Output per Hour) for All Workers
- Manufacturing Sector: Labor Productivity (Output per Hour) for All Workers



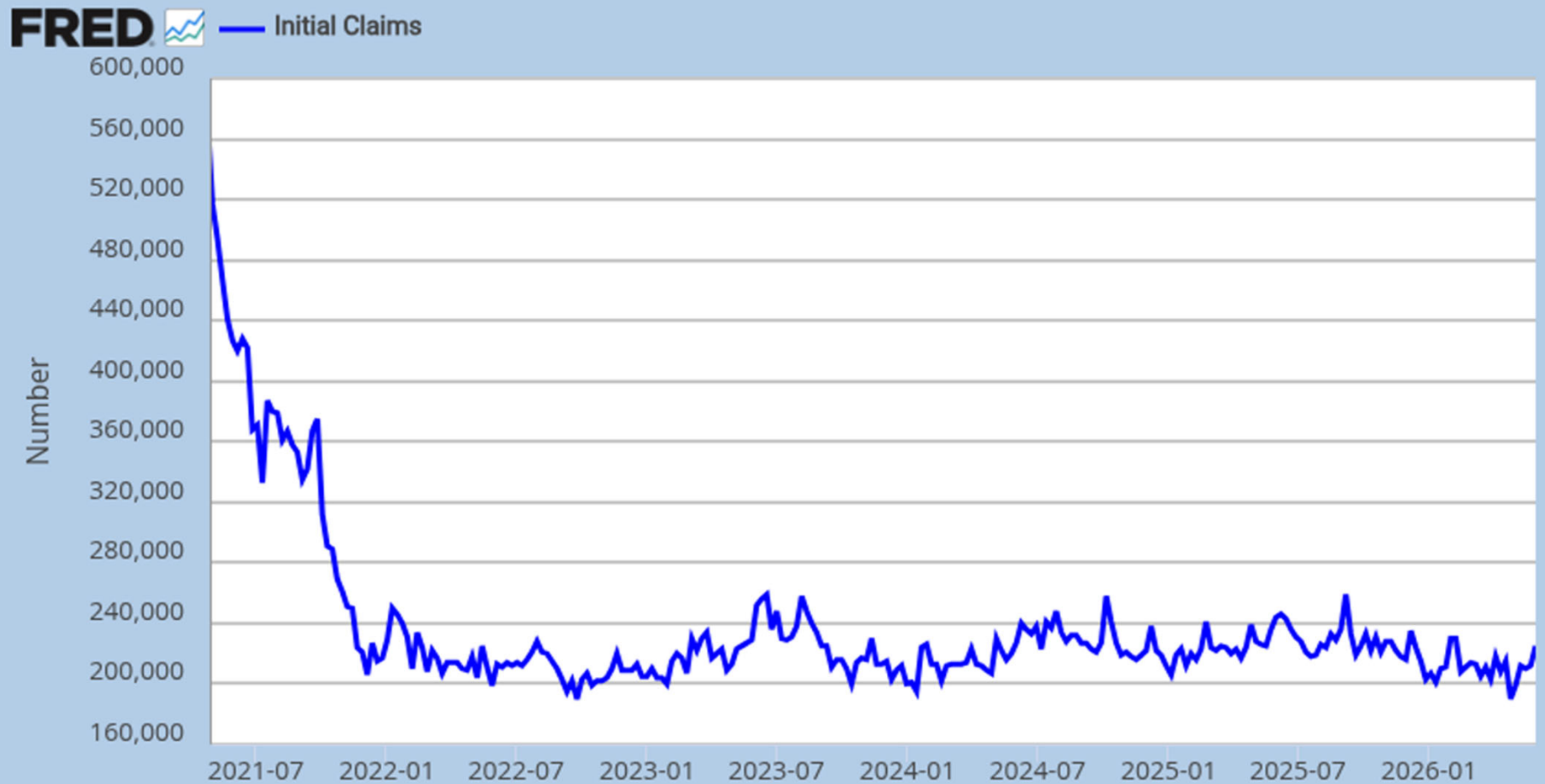
Source: U.S. Bureau of Labor Statistics via FRED®

Shaded areas indicate U.S. recessions.

myf.red/g/1WLxz

Involuntary Separations: NO FIRE

Claims are very low



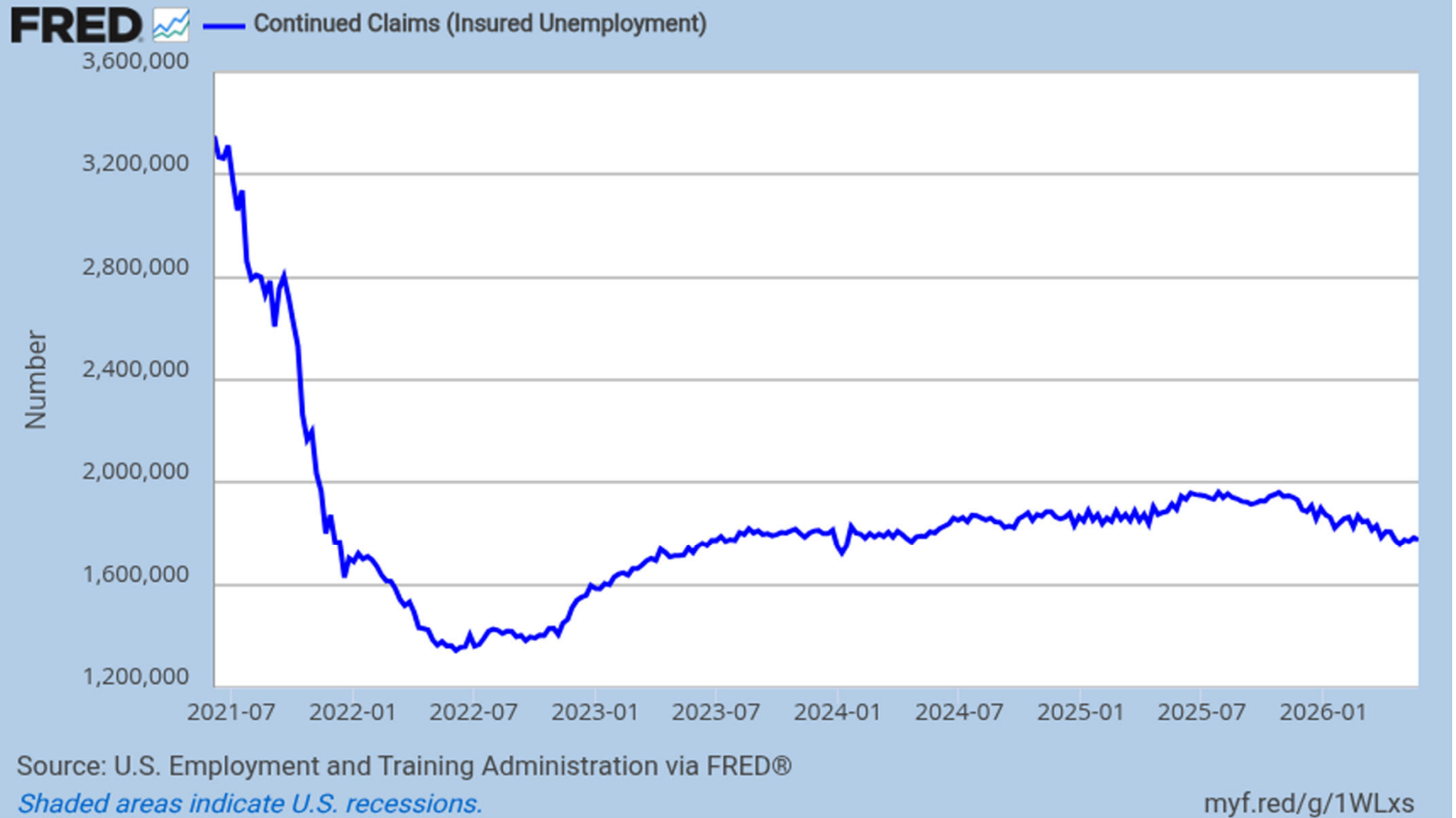
Source: U.S. Employment and Training Administration via FRED®

Shaded areas indicate U.S. recessions.

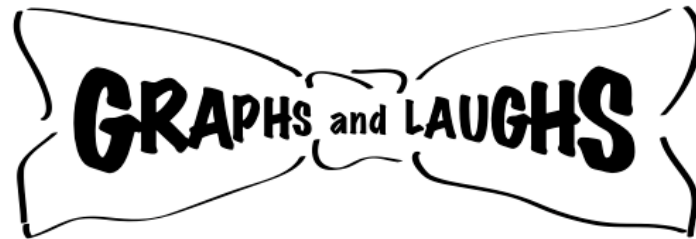
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Continuing Unemployment Claims: NO HIRE

This suggests folks are running out of benefits, or taking part-time jobs



Inflation: A Passing Problem





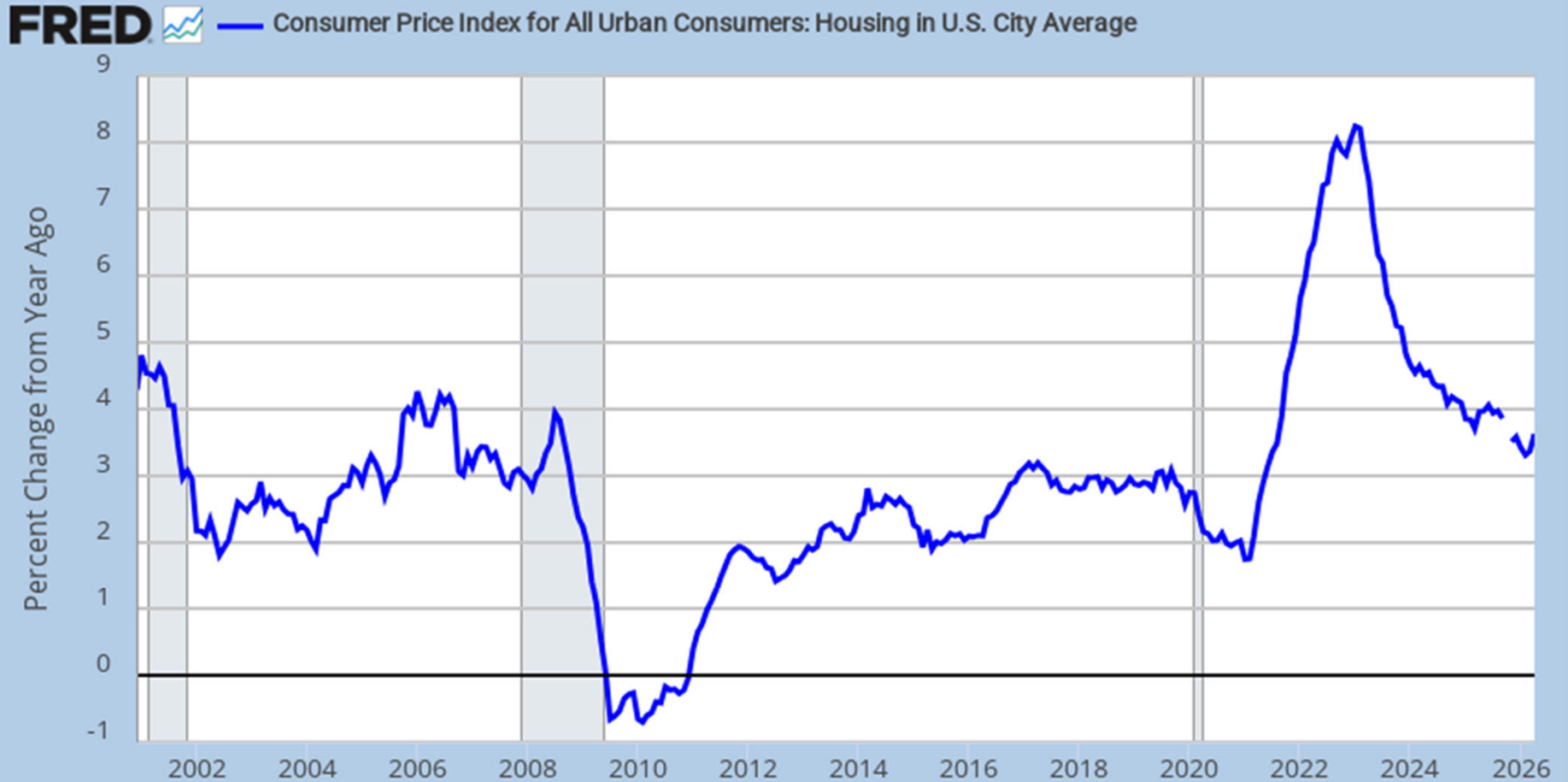
INFLATION? WHAT INFLATION?

THE ATLAS SOCIETY

**A PACK OF GROUND BEEF IS THE
SAME PRICE AS LAST MONTH**

Housing Inflation

Had been growing at 3% pre-Covid. Now at 3.6% but will fall again



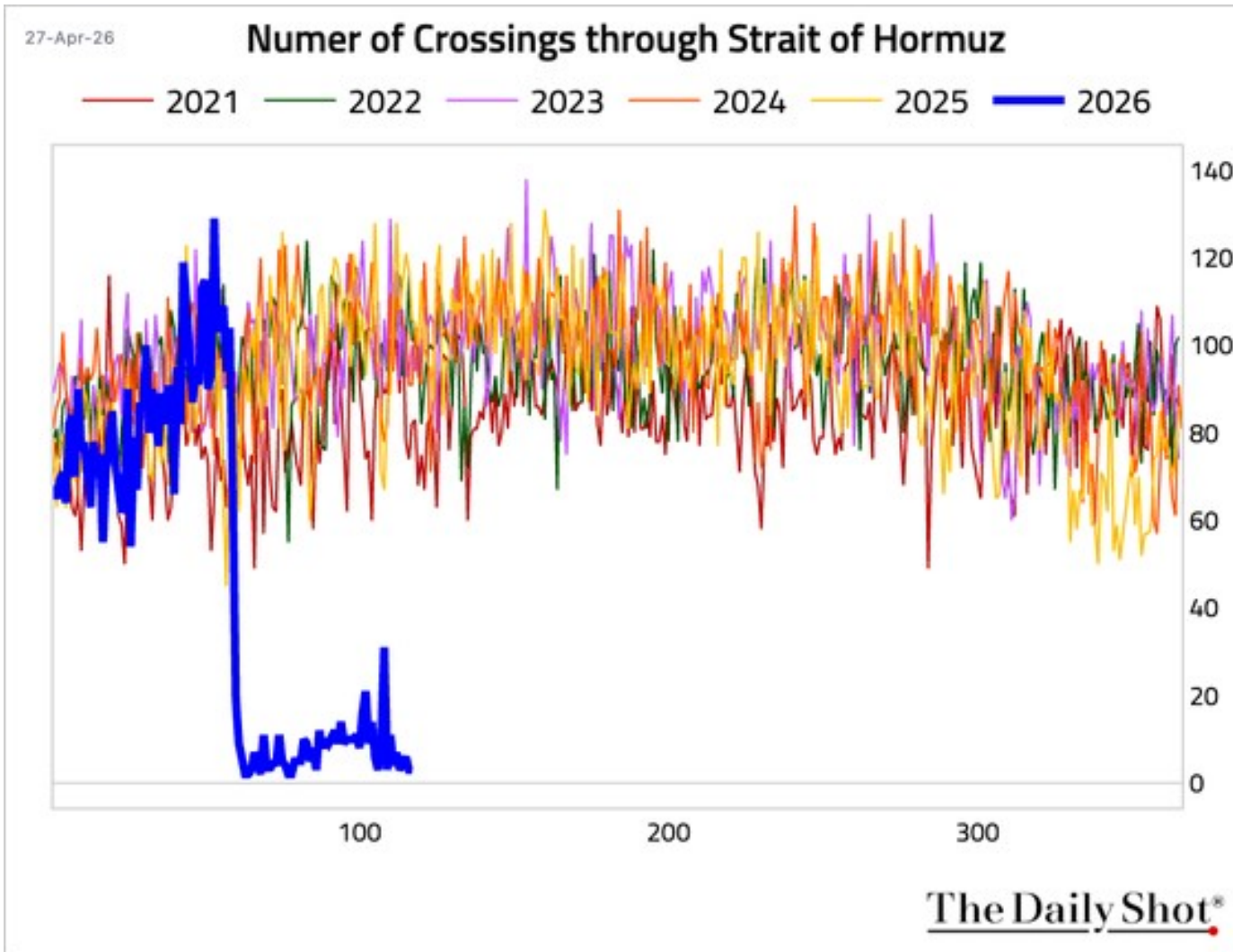
Source: U.S. Bureau of Labor Statistics via FRED®

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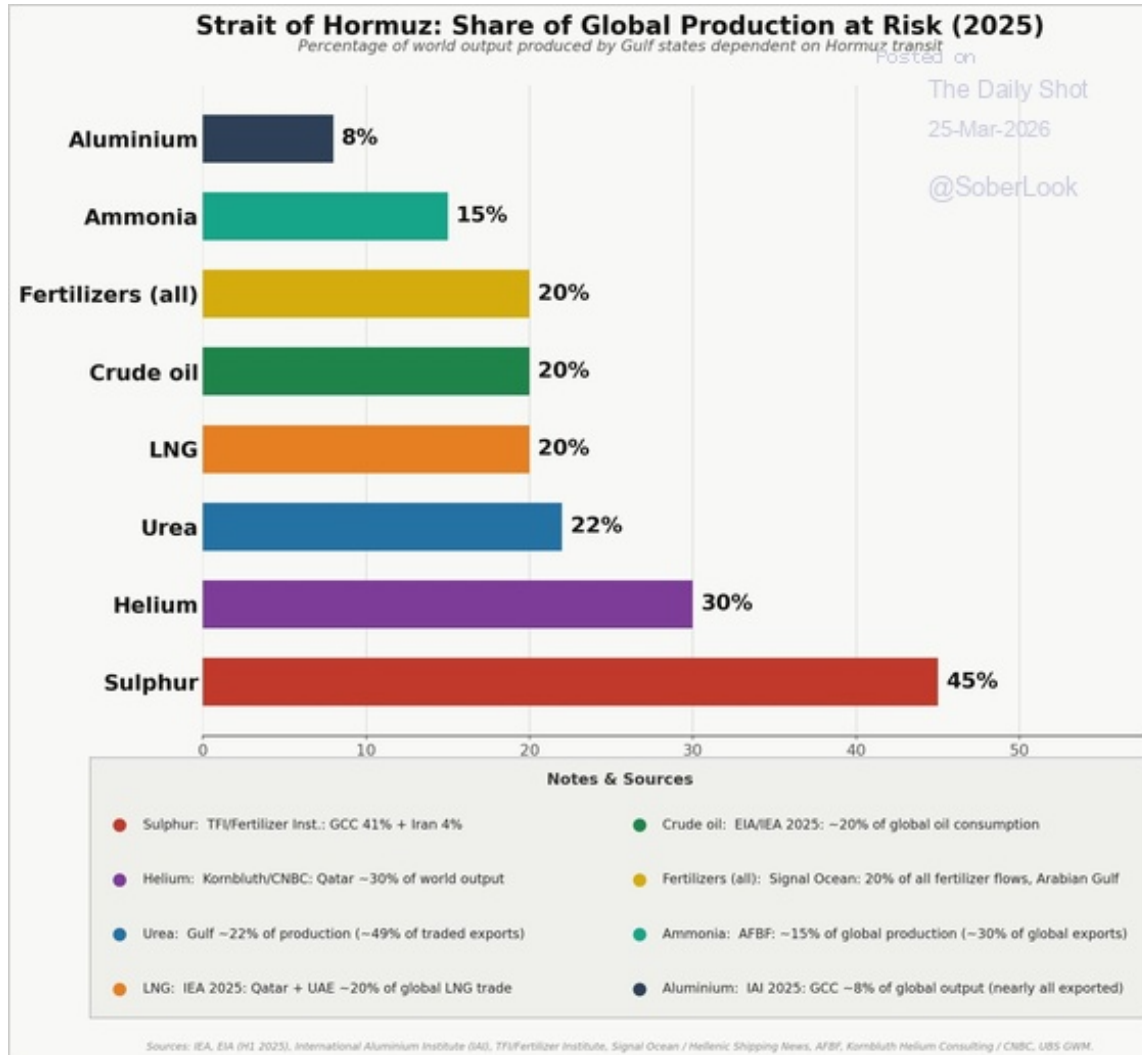
Strait Traffic

Very low activity due to dual Iranian and US blockades



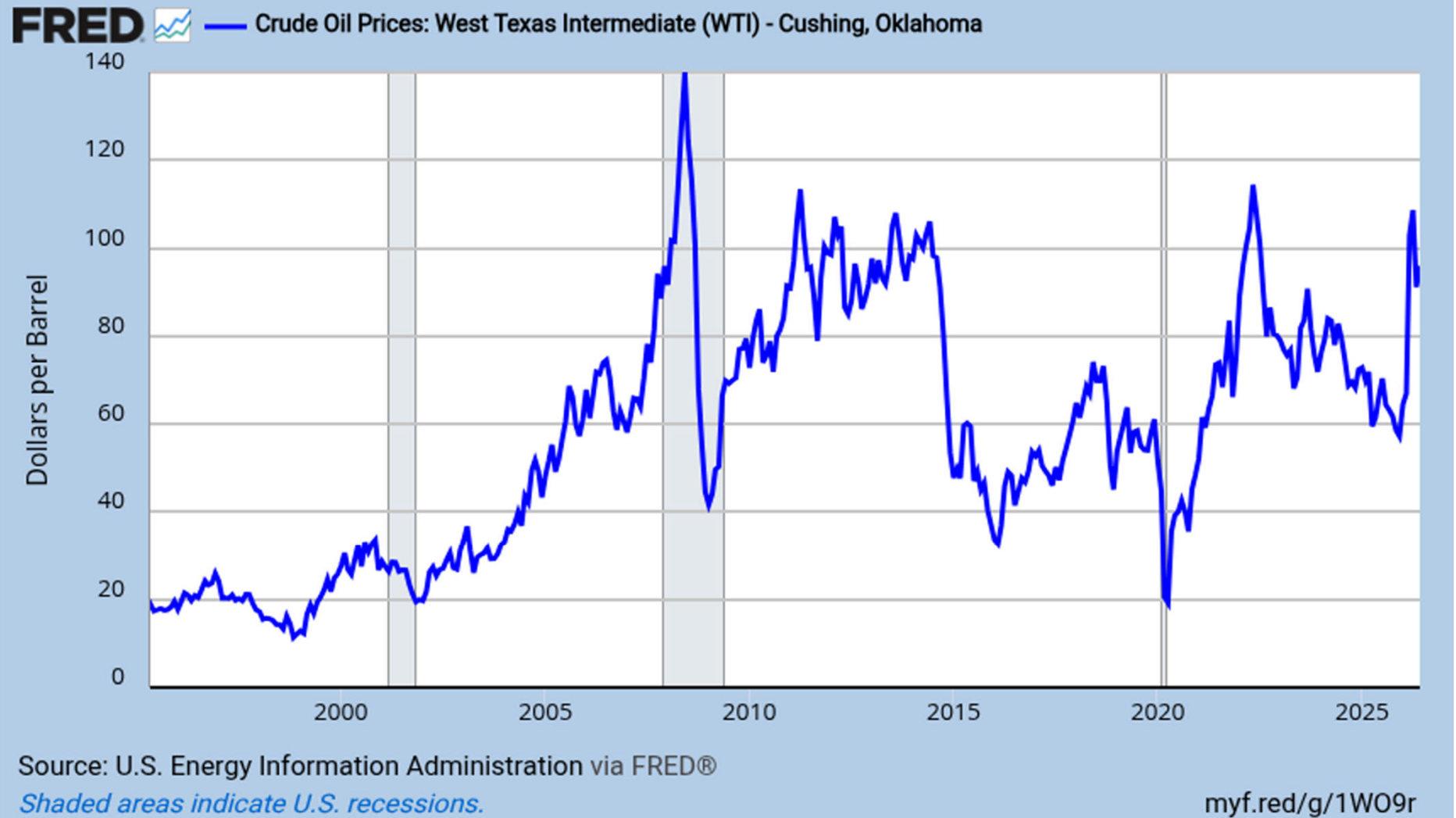
Strait Traffic

Lots beyond just oil and natural gas



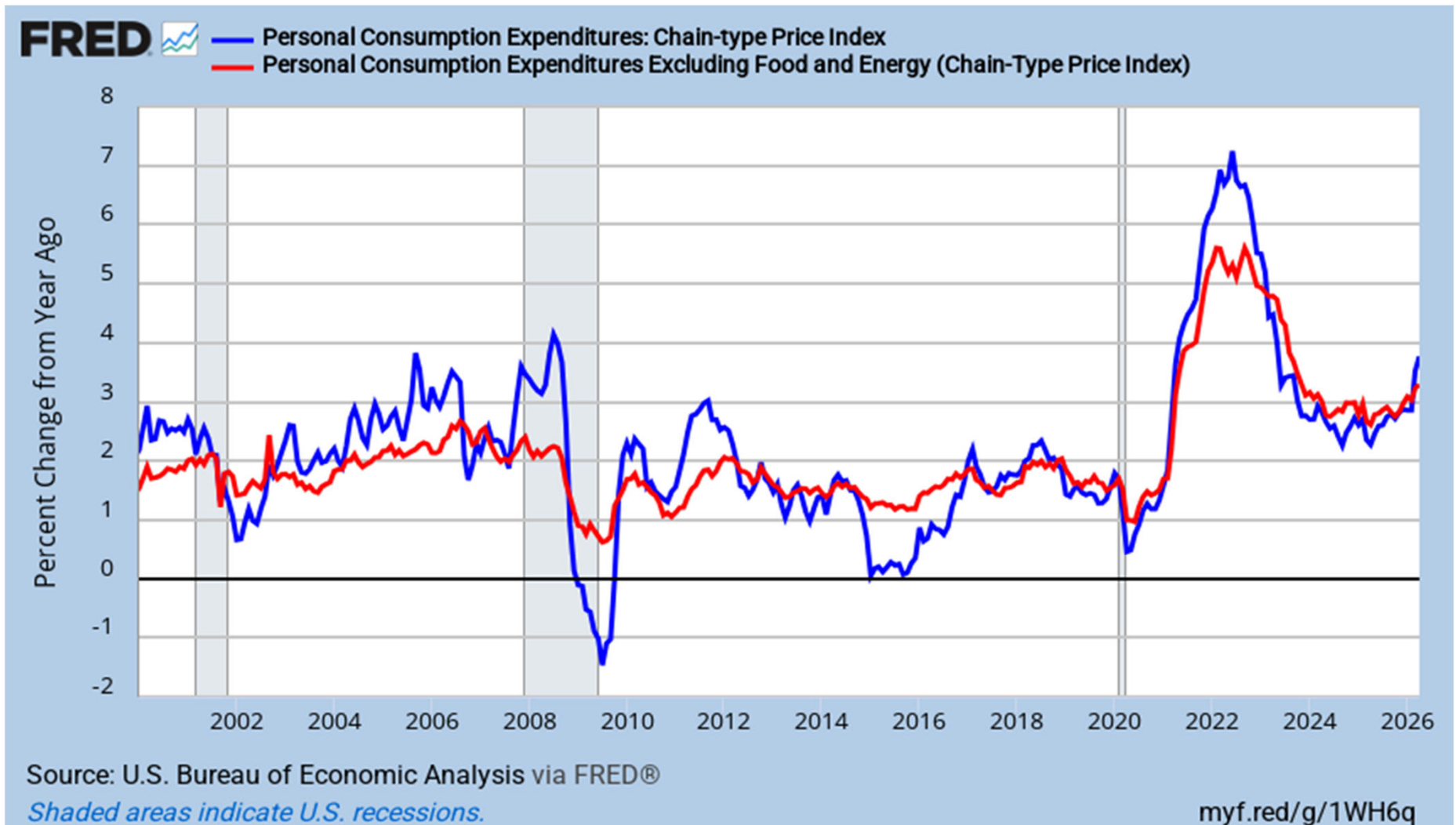
Oil Prices Rise

The Iran War matters



PCE and Core PCE Price Index

Both are now clearly rising



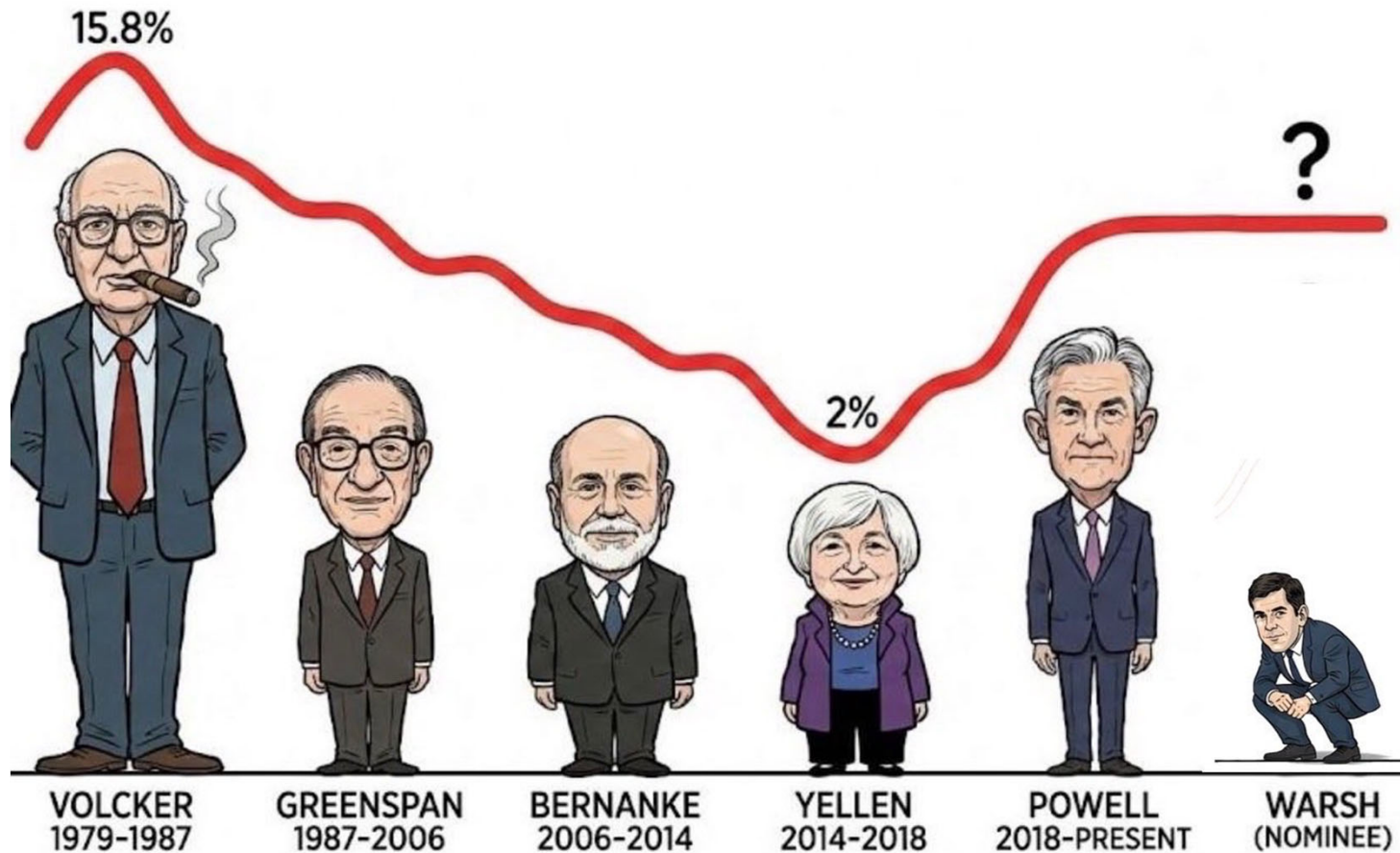
Federal Reserve Behavior

Most likely scenario

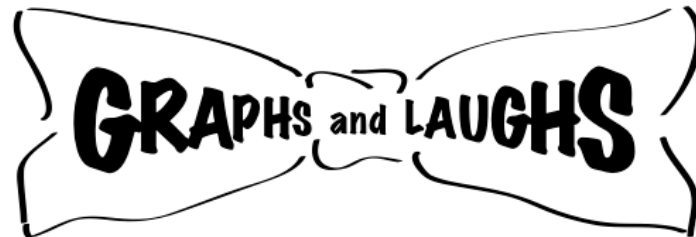
- On 12/18/24 it surprisingly fell to 4.375%
- On 9/17/25 it finally fell to 4.125%!!!!
- On 10/29/25 it fell to 3.875%
- On 12/10/25 it came down to 3.625%
- I expect one $\frac{1}{4}$ point cut in '26!

Taller Fed Chair, Higher Rates?

Warsh will have to work hard to get rate down



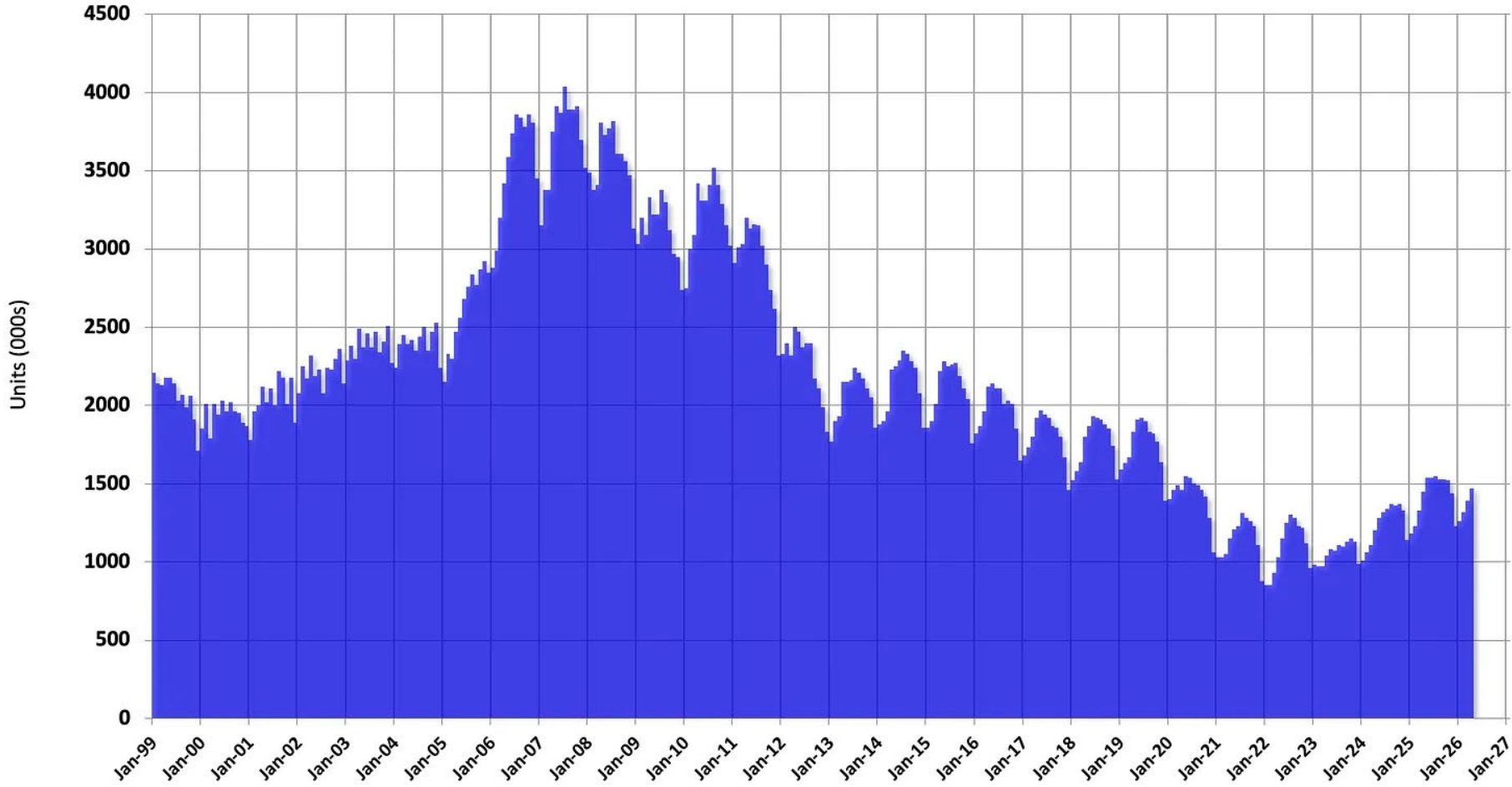
How About Housing? Don't Ask



Housing Inventory is Suddenly Not So Low

It's been rising for three years. Still well below pre-Covid levels

Existing Home Inventory



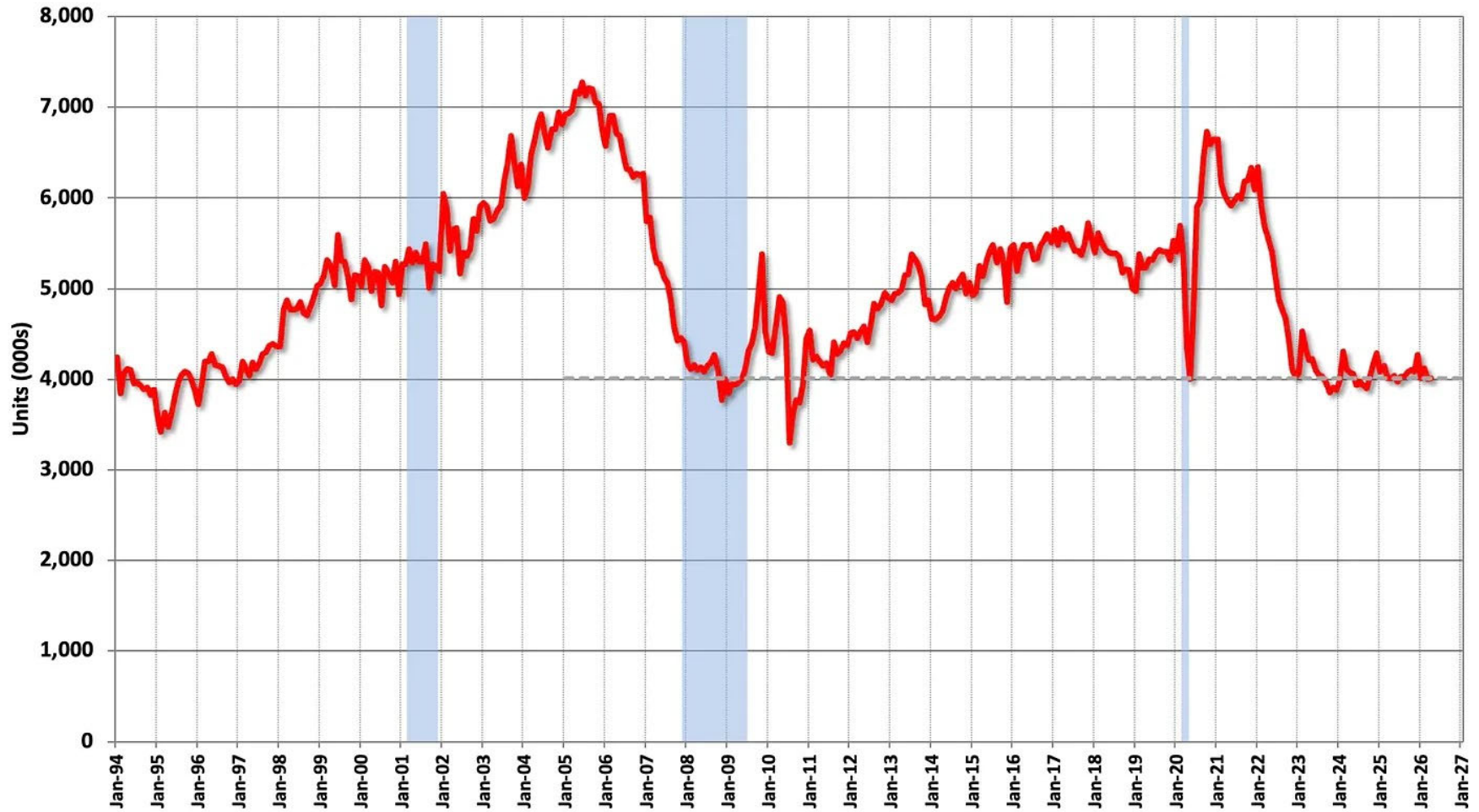
<http://www.calculatedriskblog.com/>

Source: NAR

Existing Home Sales Are Soft

2026 does not look like The Year things sales turn around

Existing Home Sales (SAAR)



<http://www.calculatedriskblog.com/>

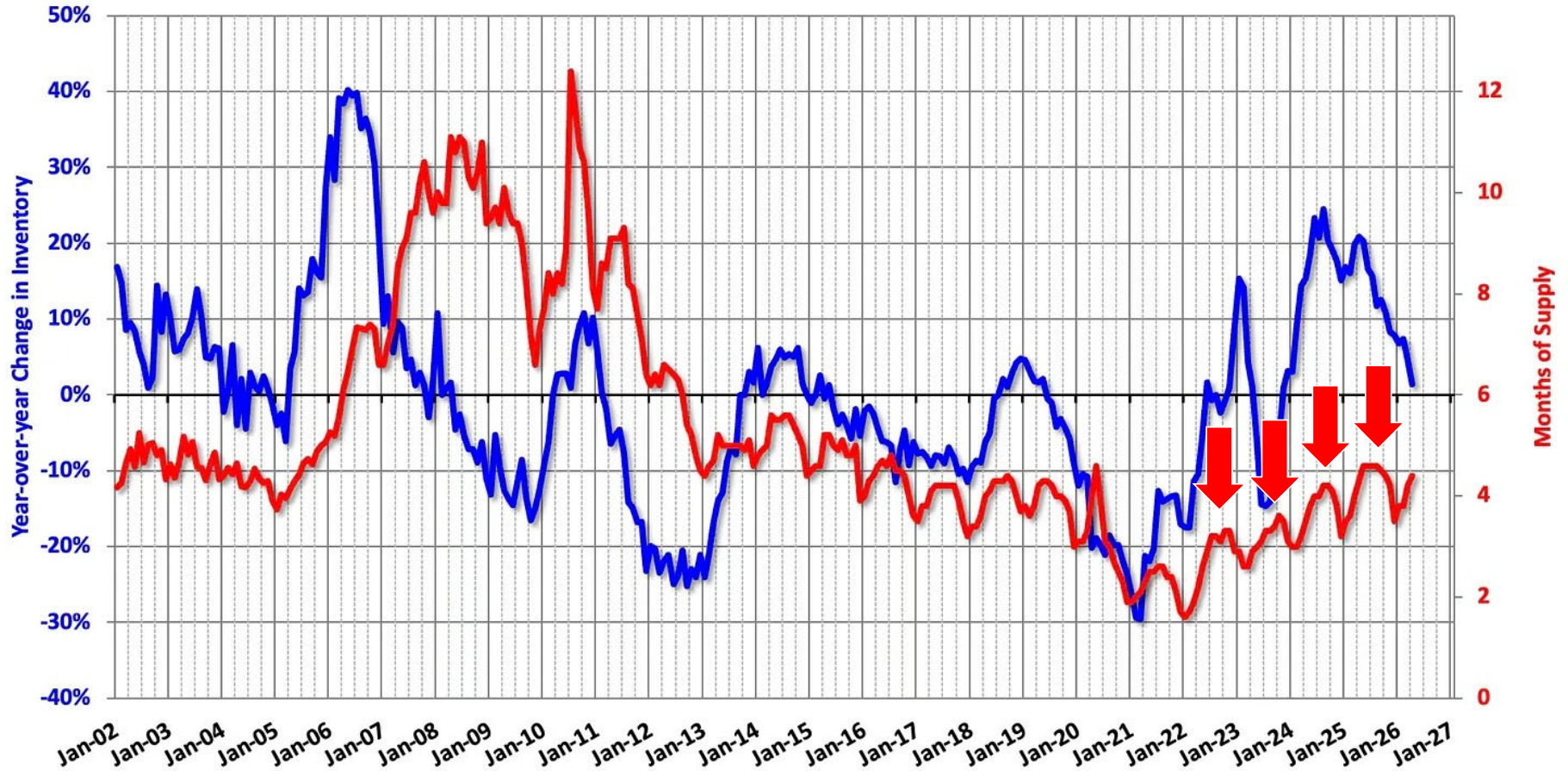
Source: NAR

Existing Home Inventories

Inventory is growing and reducing home price appreciation

Existing Home Year-over-year Inventory

— YoY Change in Inventory (left axis) — Months of Supply (right axis)



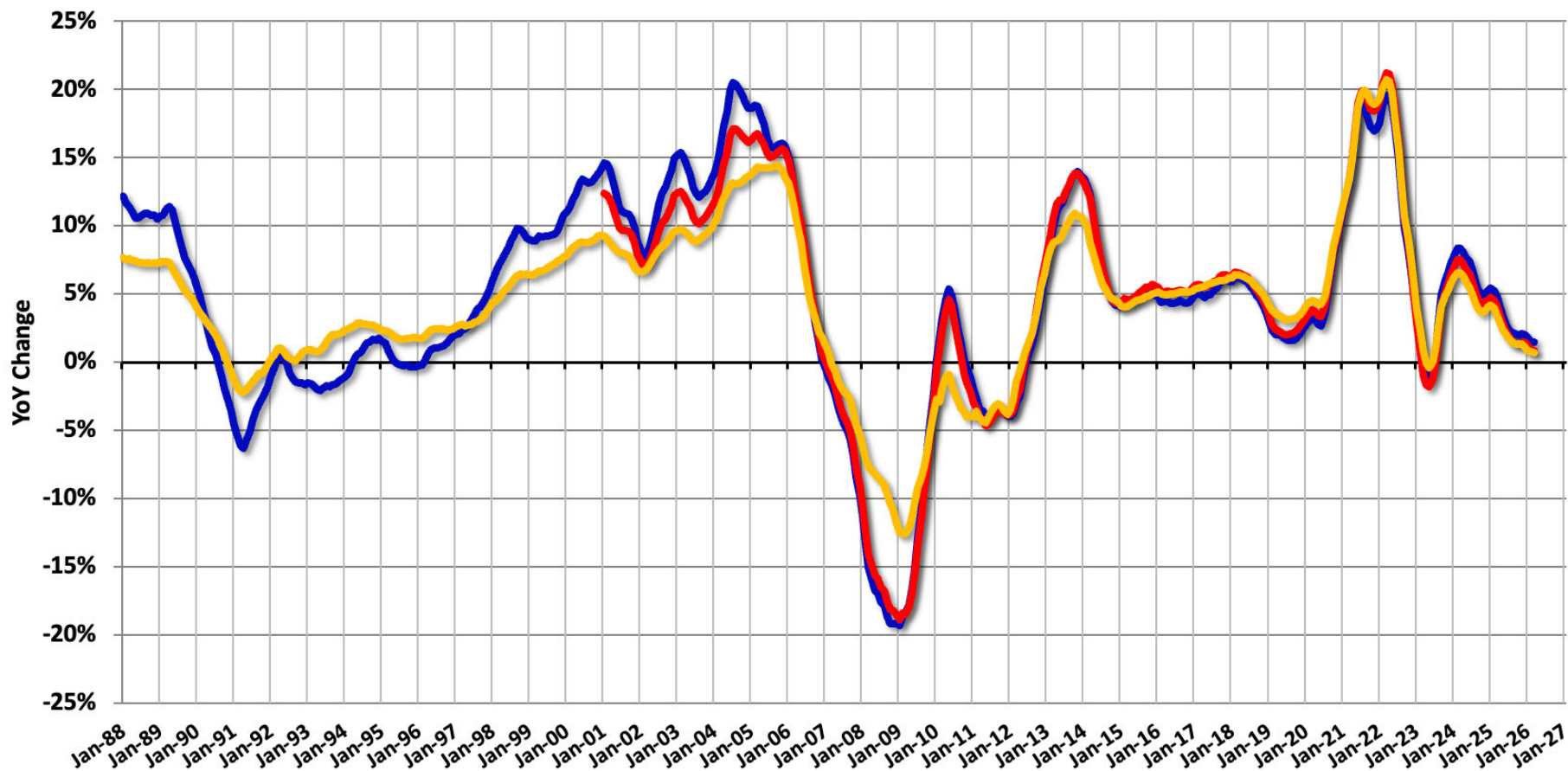
<http://www.calculatedriskblog.com/> Source: NAR

Annual Price Appreciation Keeps Slowing

Is barely positive at 0.7% Y-o-Y and well below the rate of inflation

Case-Shiller National and Composite Indices SA, Year-over-year Change

— Composite 10 — Composite 20 — National Index



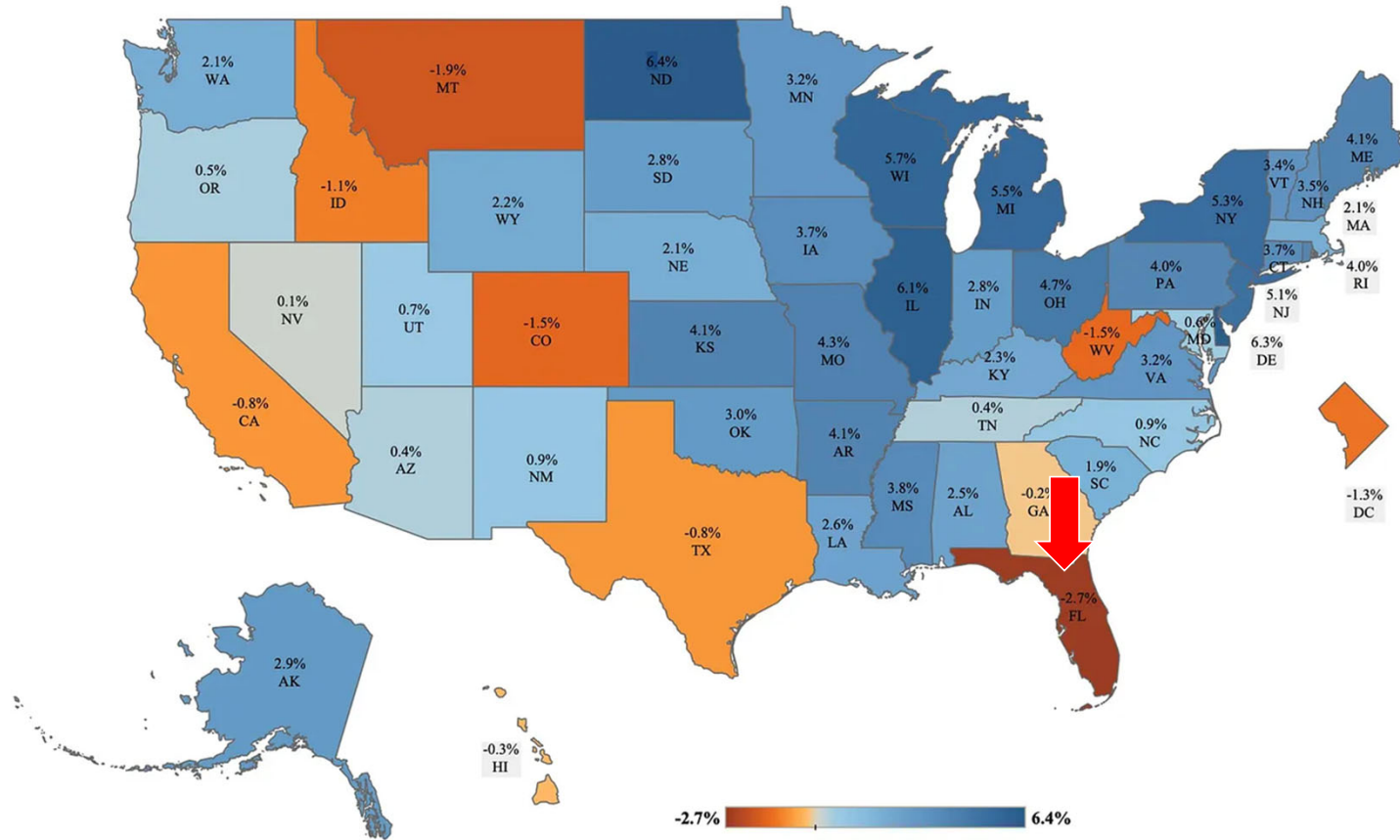
The West is Weakest

CA, FL and TX are 30% of the US population

Four-Quarter House Price Change by State

Purchase-Only FHFA HPI® (Seasonally Adjusted, Nominal)

U.S. Four-Quarter Appreciation = 1.8% (2024Q4-2025Q4)

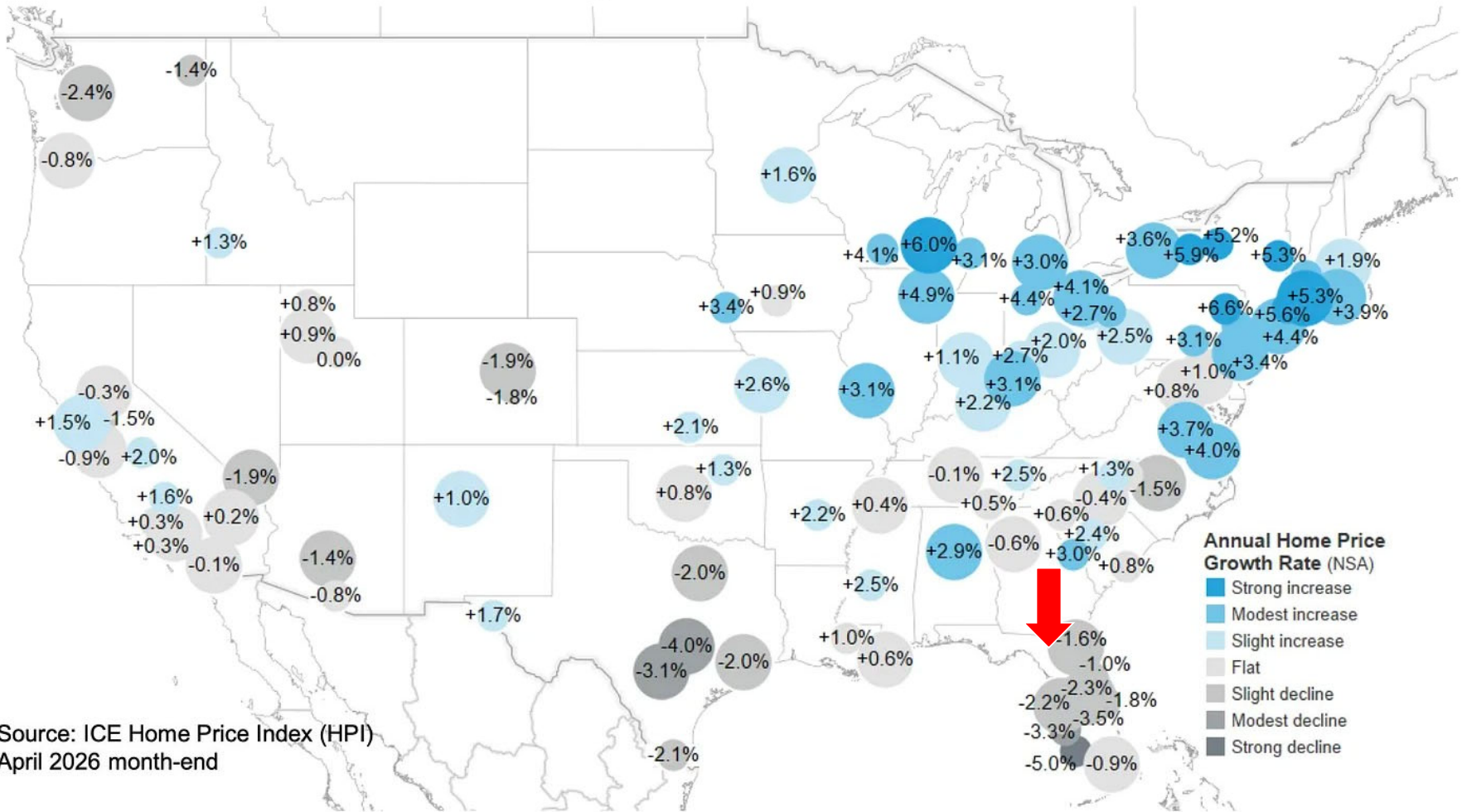


Source: FHFA

Home Hotness - April 2026

Massive role reversal between South and West vs. Northeast and Midwest

Annual Home Price Growth Rate – April 2026



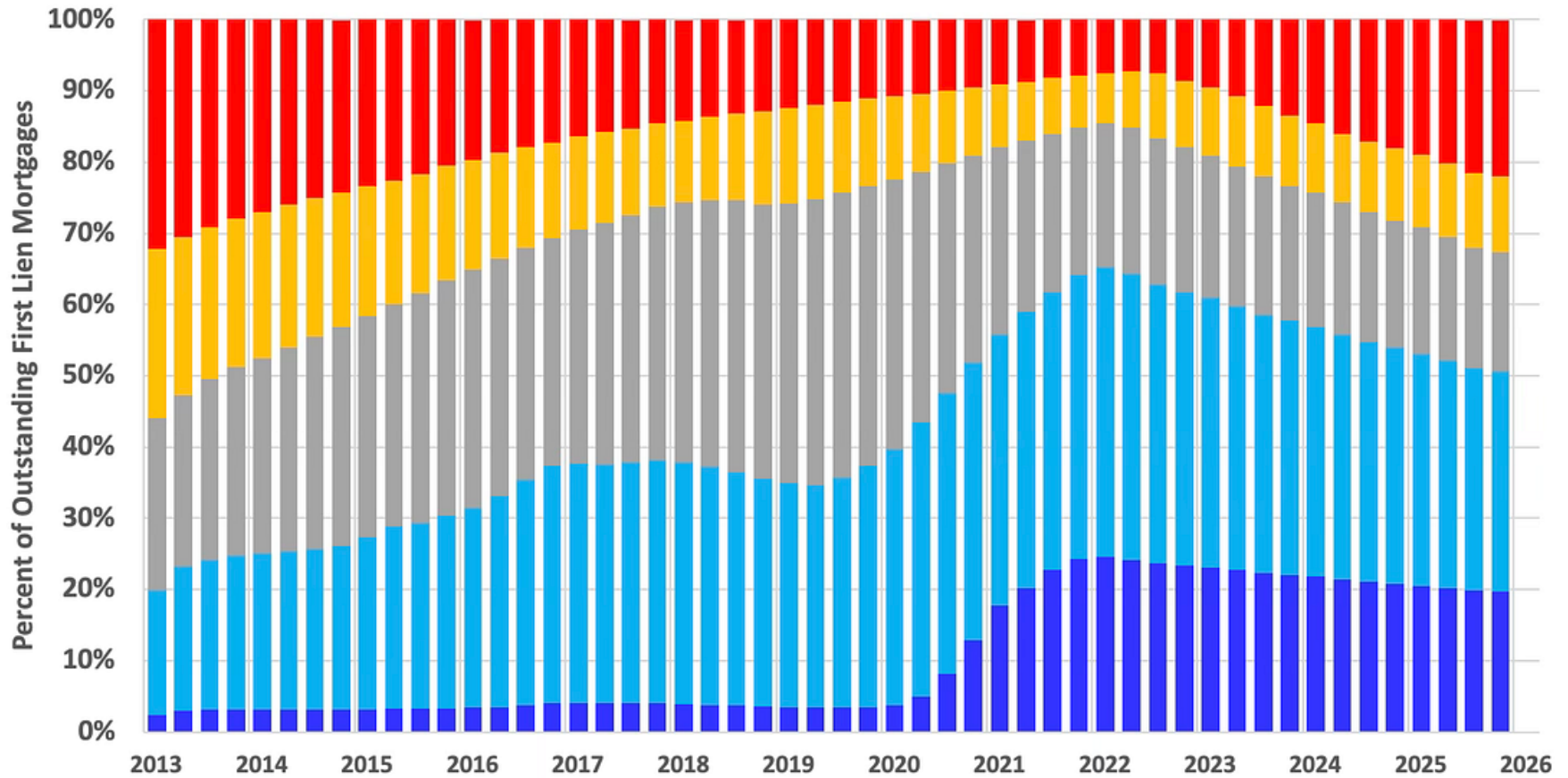
Source: ICE Home Price Index (HPI)
April 2026 month-end

Mortgage Rates by Interest Rate

Those with rate above 6% are rising

Percent of Closed-End, First-Lien Mortgages Outstanding by Interest Rate

■ <3% ■ 3% to <4% ■ 4% to 5% ■ 5% to 6% ■ >6%



Average Homeowner Mortgage Rate

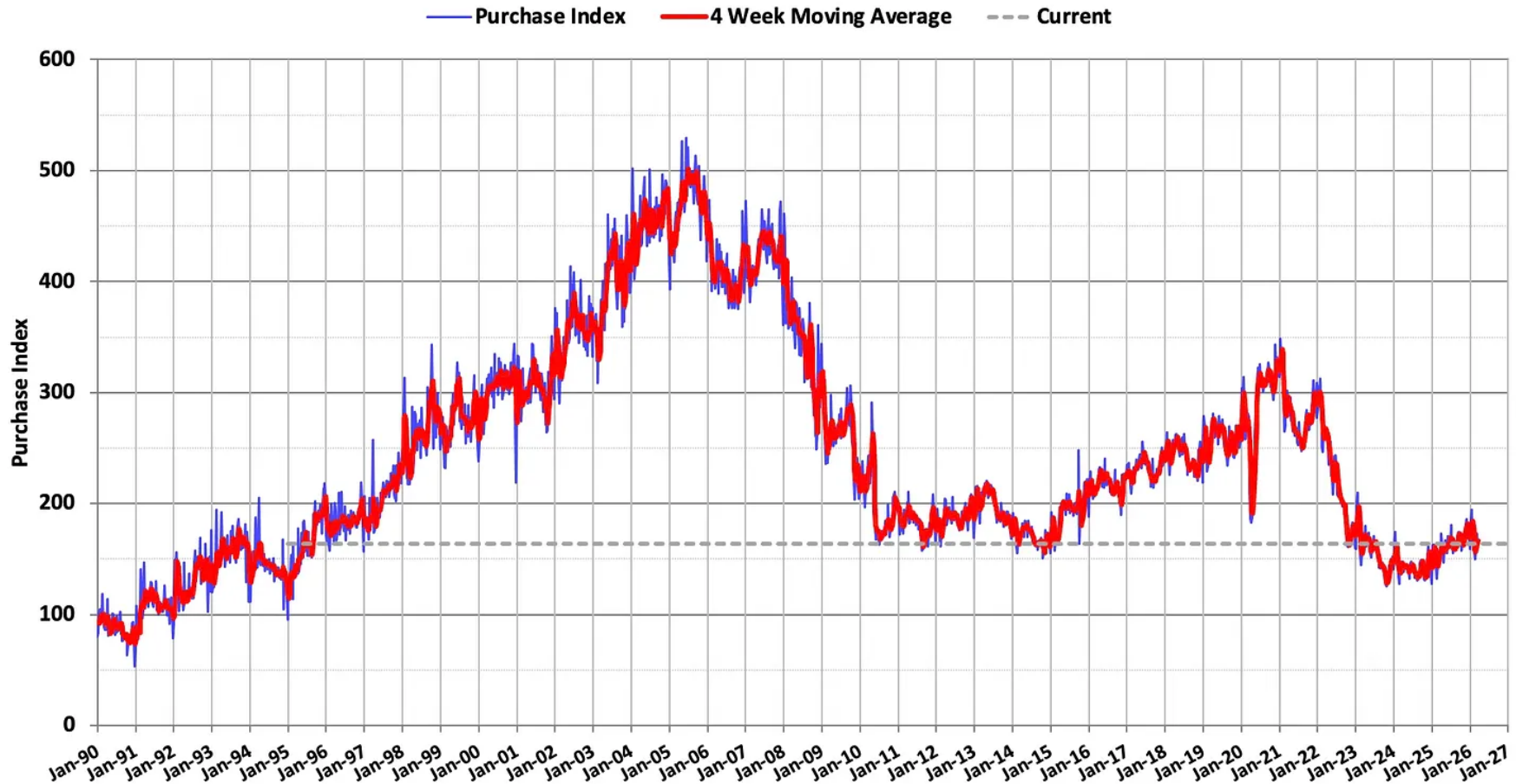
The mortgage rate on all existing mortgages is drifting up



Mortgage Purchase Applications Level

1st time applications are at levels last seen in the mid-1990s
Purchase volume was \$1.4 trillion in '25, probably hits \$1.5 trillion in '26

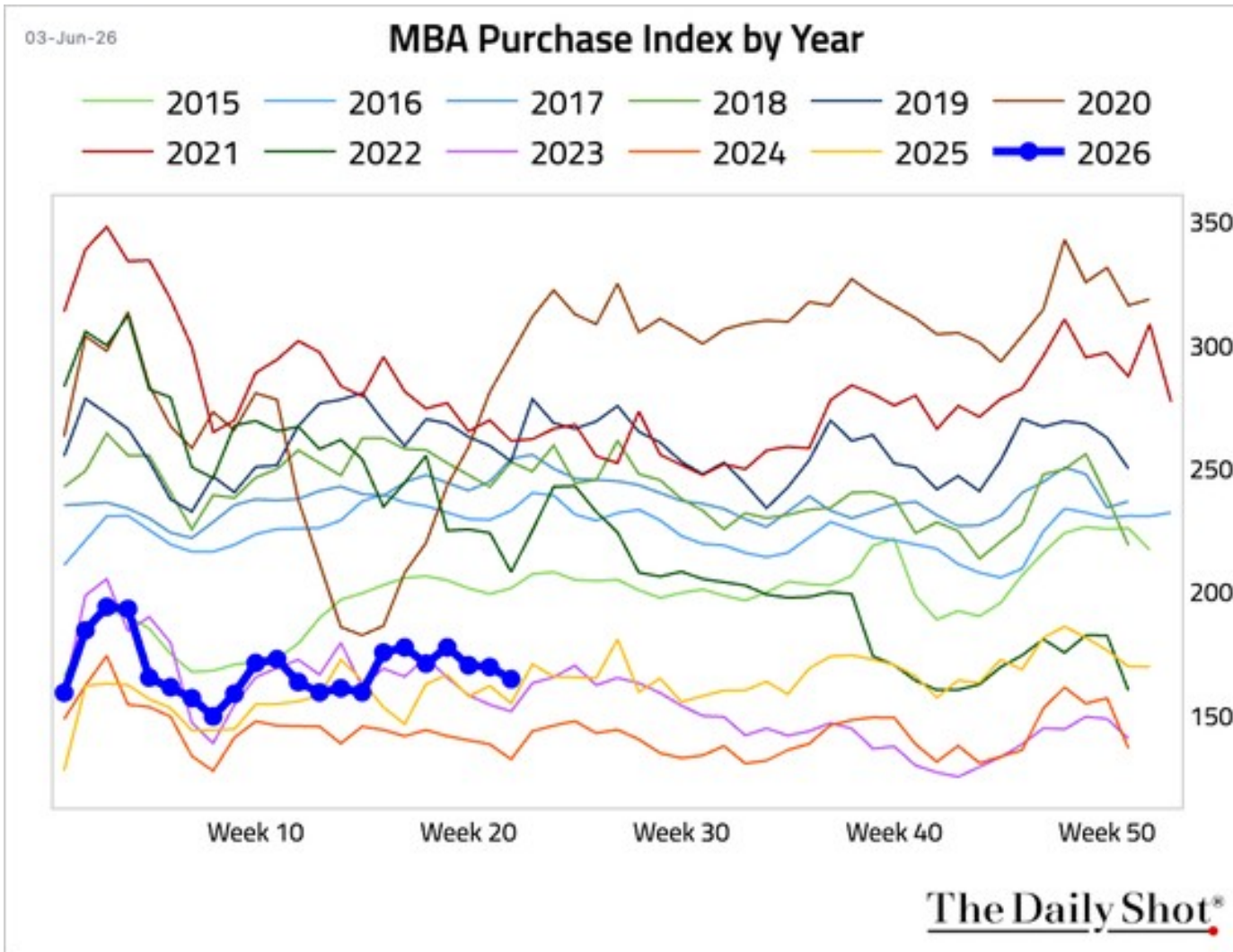
MBA Purchase Applications Index



<http://www.calculatedriskblog.com/>

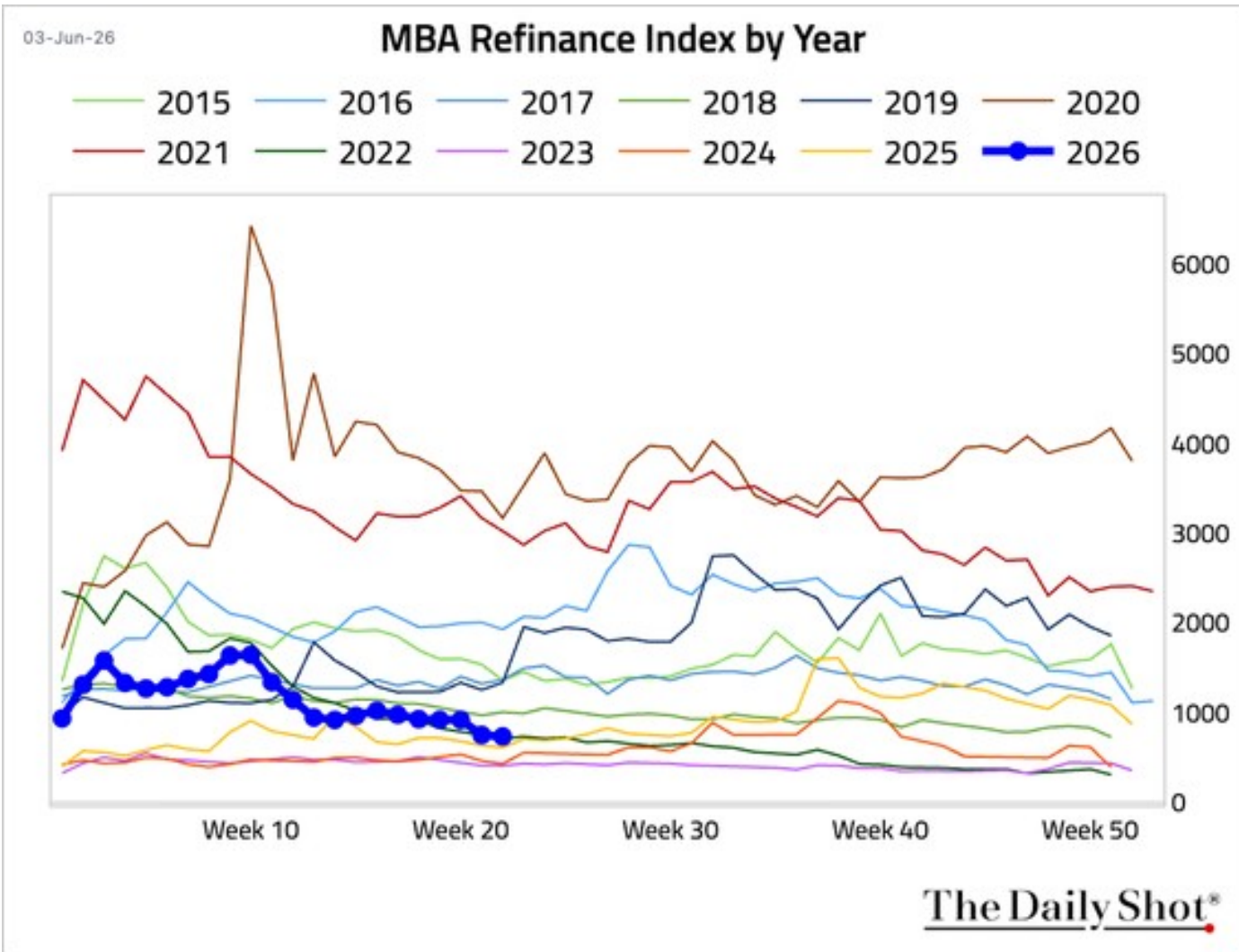
Mortgage Purchase Applications

Purchase volume remains very low



Refinance Activity

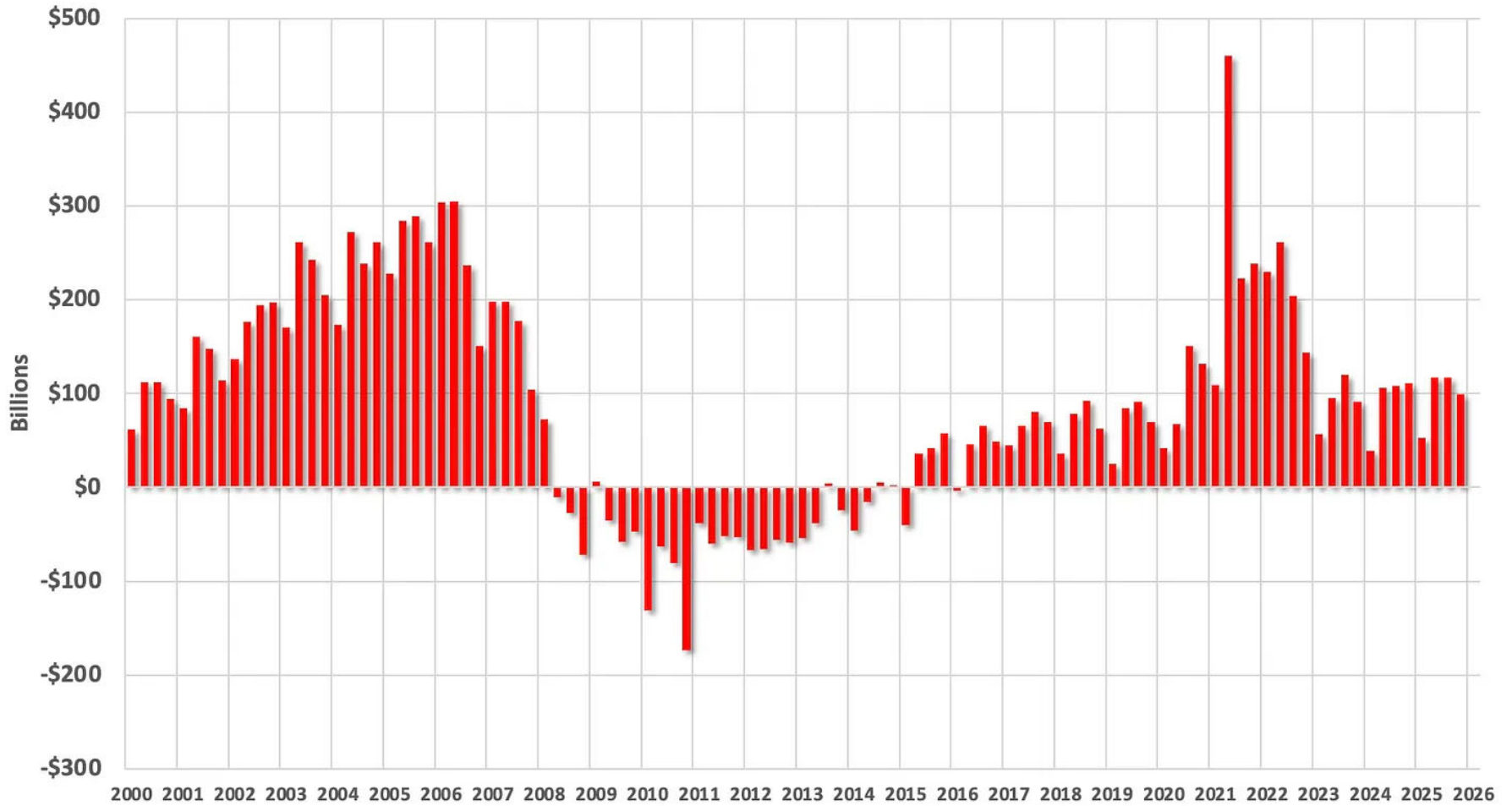
It has nosedived due to higher rates



Change in Mortgage Debt

As rates rose mortgage debt growth slowed

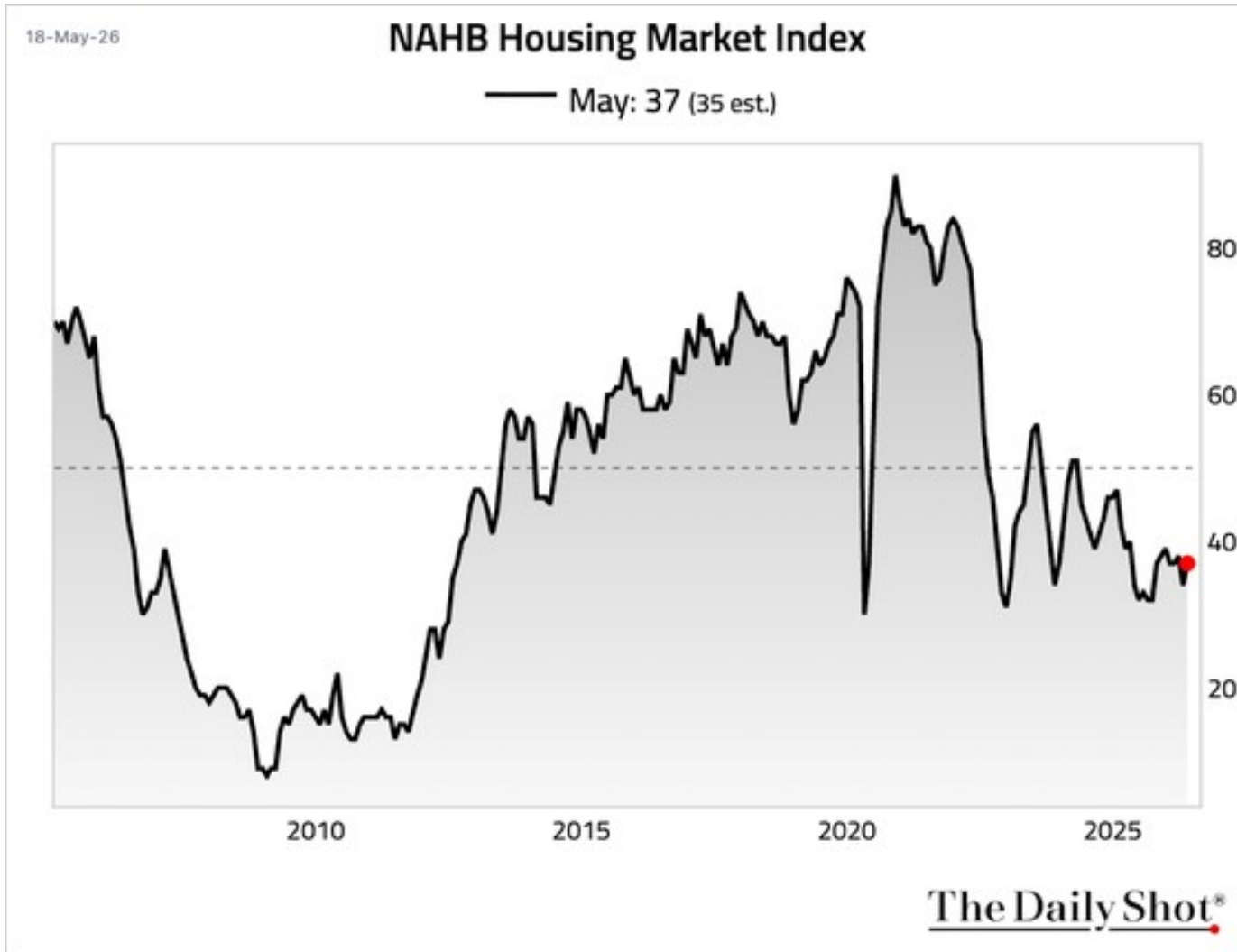
Quarterly Change in Total Mortgage Debt



www.calculatedriskblog.com Source: Federal Reserve, Financial Accounts of the United States

Home Builder Sentiment

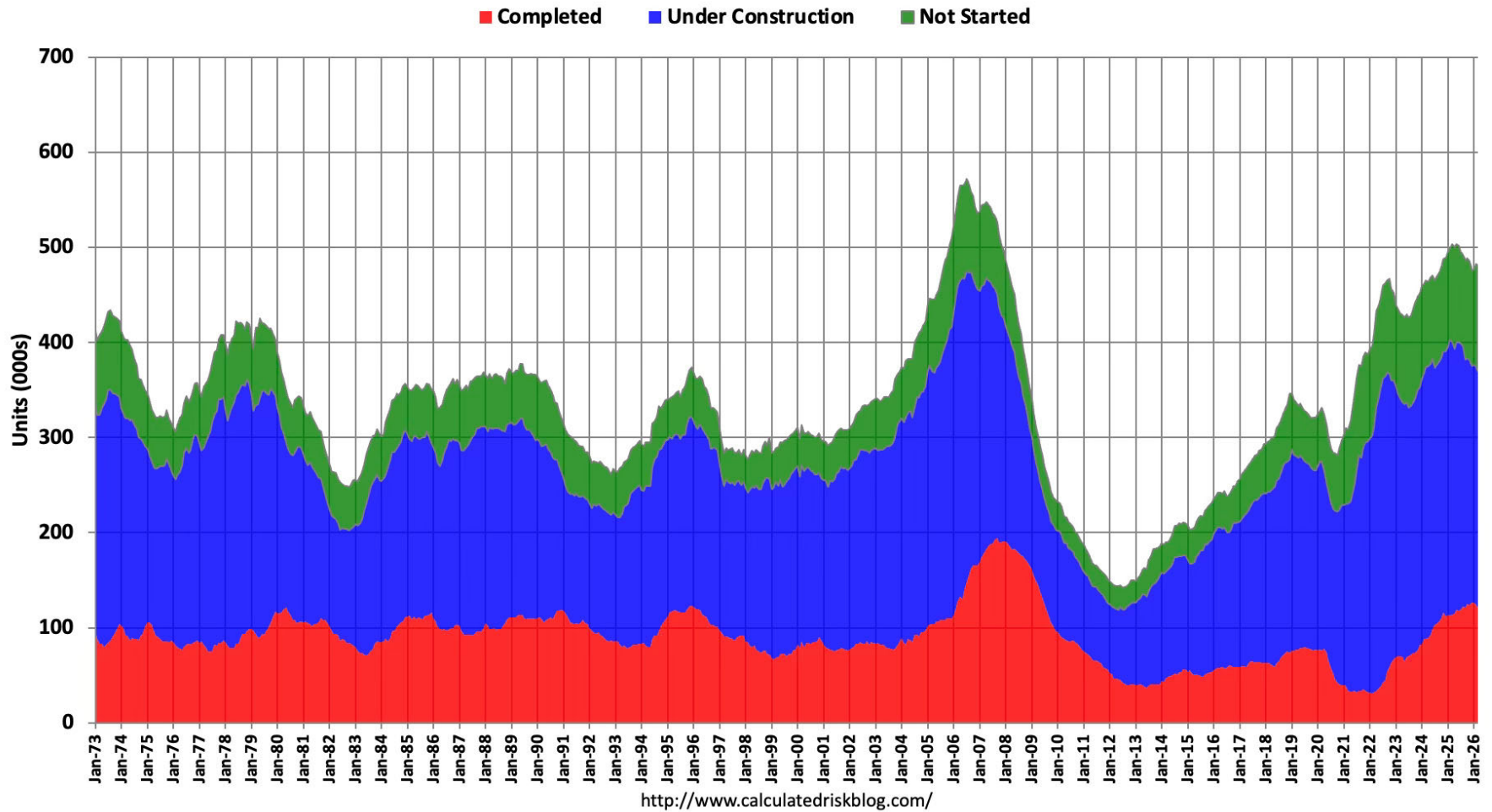
High rates and rising new and existing inventories hurt. Sentiment is consistently under 50



New Home Inventory

It is very high but peaked in early 2025

New Home Inventory

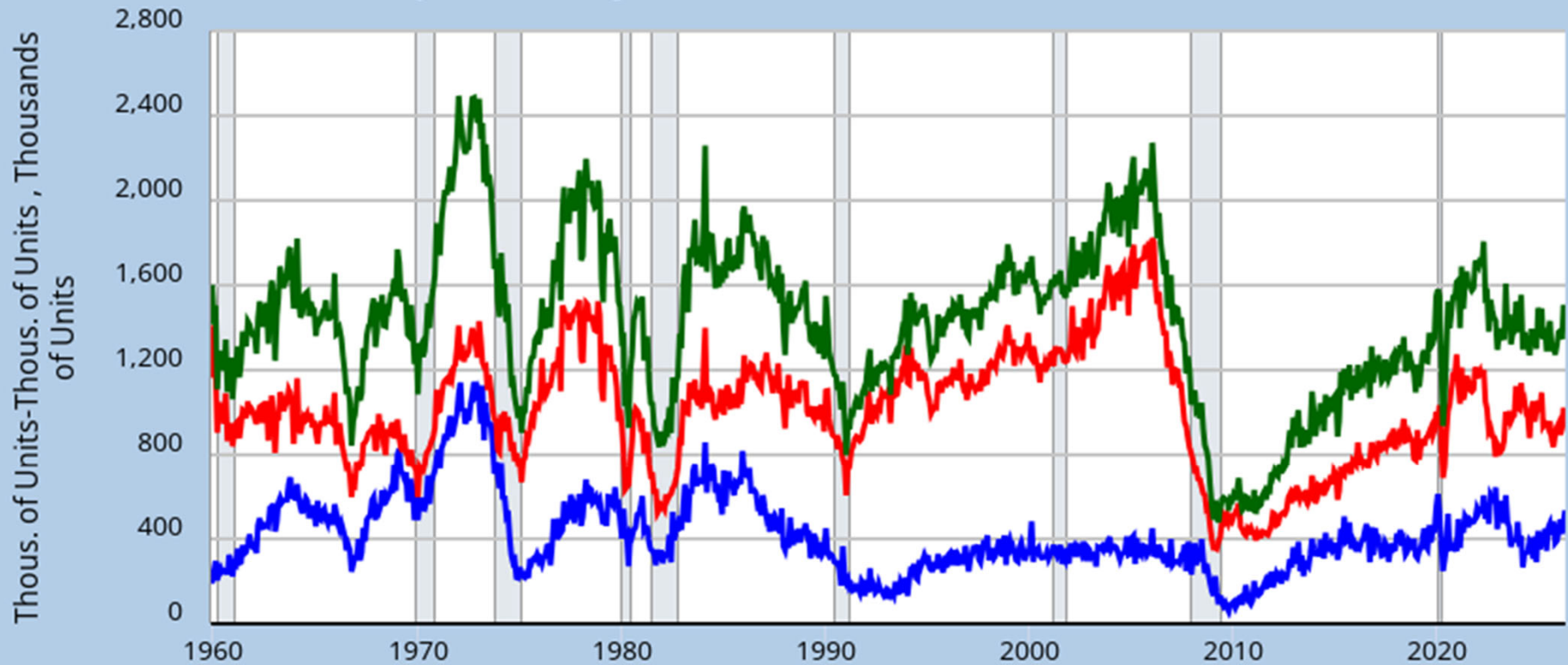


Single-Family and Multifamily Starts

SF starts weaken; MF starts oddly improve



- New Privately-Owned Housing Units Started: Total Units-New Privately-Owned Housing Units Started: Single-Family Units
- New Privately-Owned Housing Units Started: Single-Family Units
- New Privately-Owned Housing Units Started: Total Units



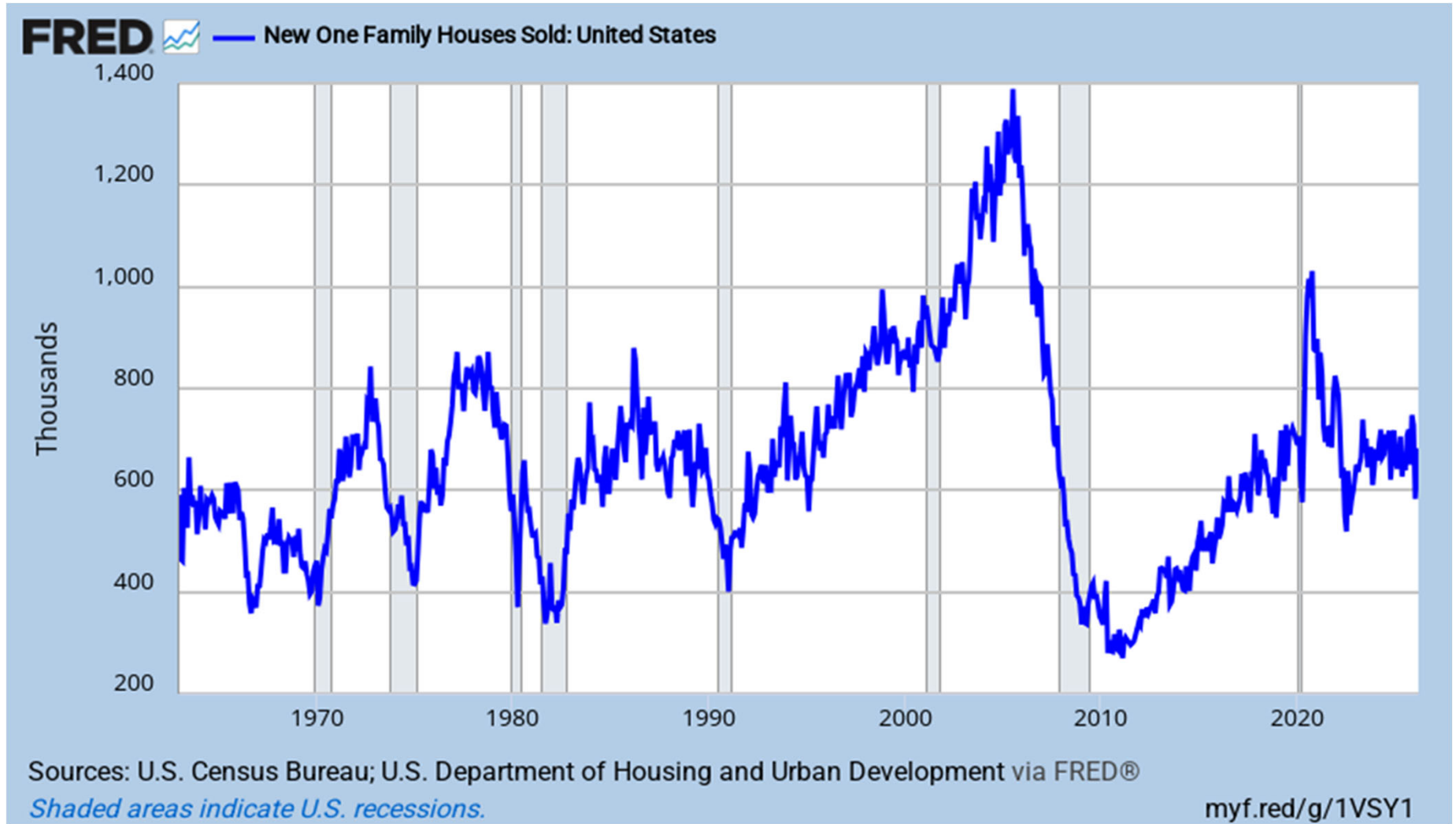
Sources: U.S. Census Bureau; U.S. Department of Housing and Urban Development via FRED®

Shaded areas indicate U.S. recessions.

myf.red/g/1Wxpq

New Home Sales

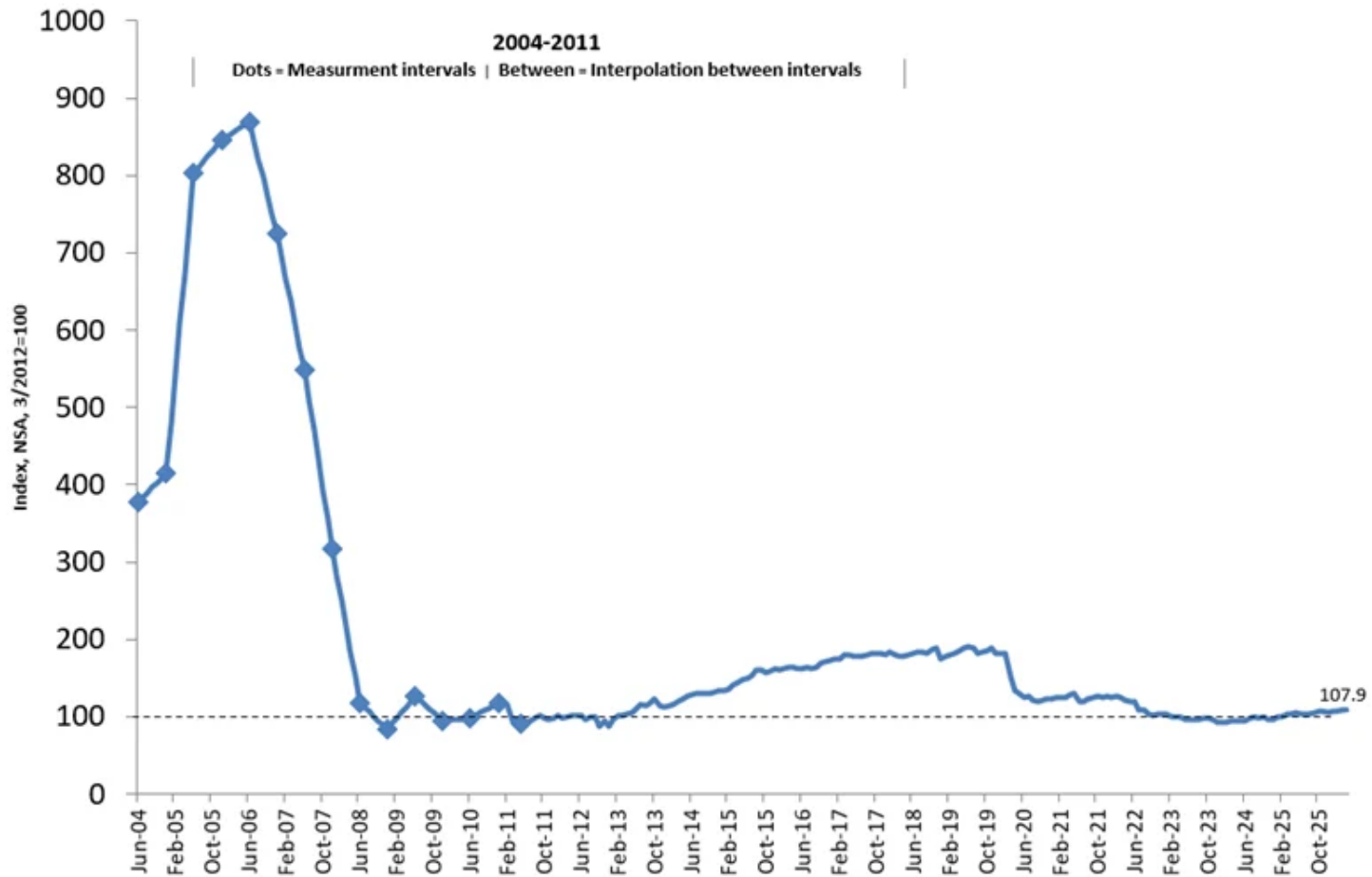
High rates, and prices hurt, but sales are stable



Credit is Generally Hard to Get

It was getting easier, but Covid stopped that!

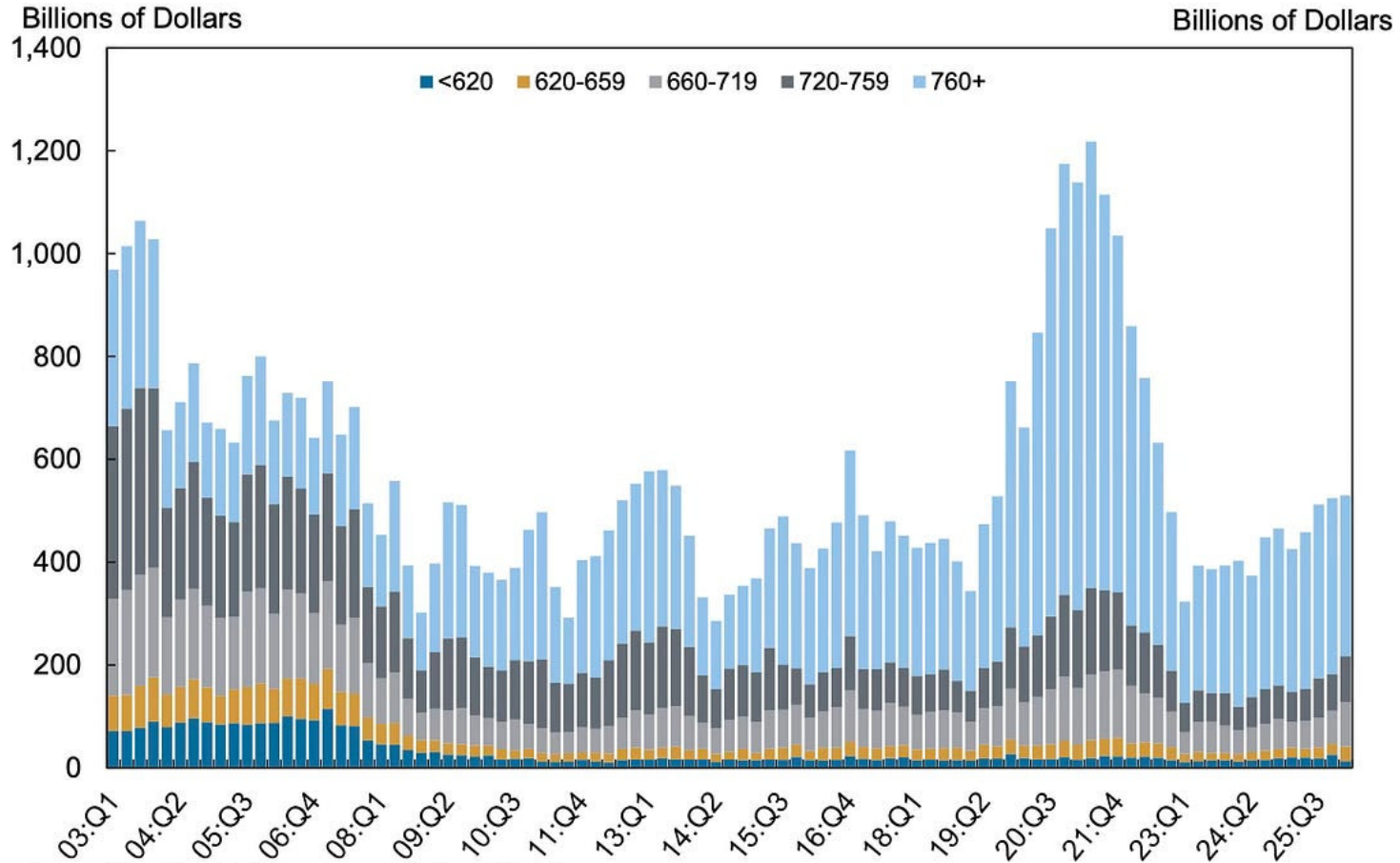
Mortgage Credit Availability Index (NSA, 3/2012 = 100)
Expanded Historical Series



Mortgage Quality

It has meaningfully improved and remains high

Mortgage Originations by Credit Score*

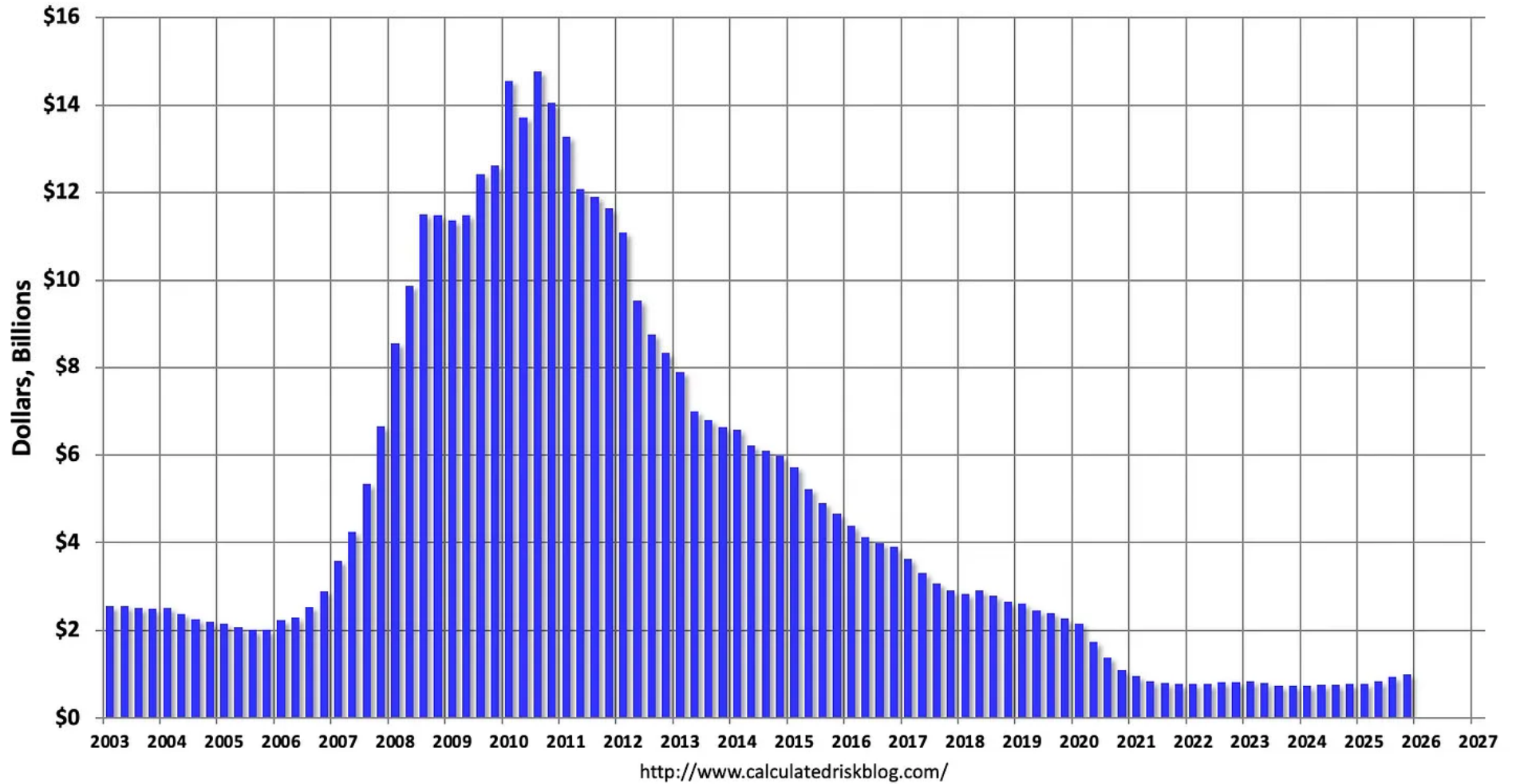


Source: New York Fed Consumer Credit Panel/Equifax

* Credit Score: VantageScore 4.0 (2026Q1+); Equifax Riskscore 3.0 (prior)

REO Inventory Held By Banks

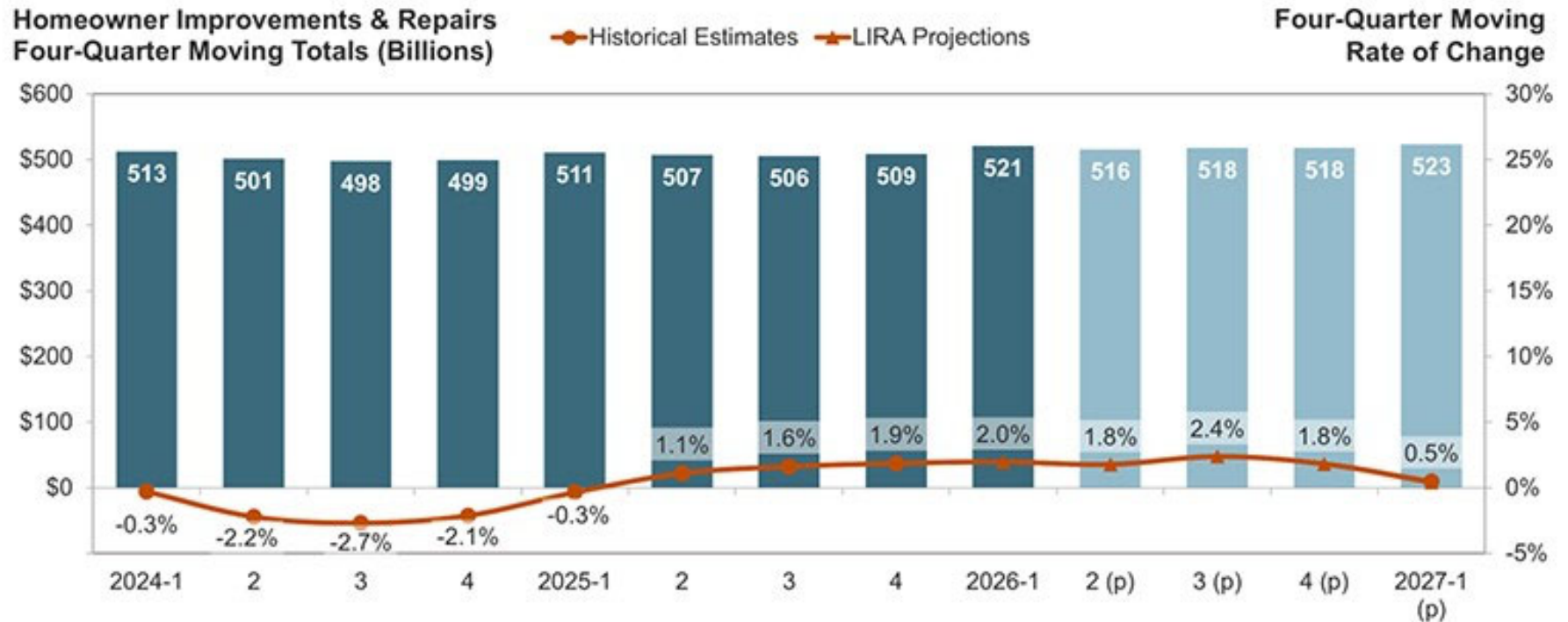
It is very low. Earlier rapid price appreciation is largely why
Real Estate Owned: 1-4 Family Residential, FDIC Insured Institutions



Housing Improvements & Repairs

Slower price appreciation, and high rates weaken sales which hurts remodeling

Leading Indicator of Remodeling Activity - First Quarter 2026

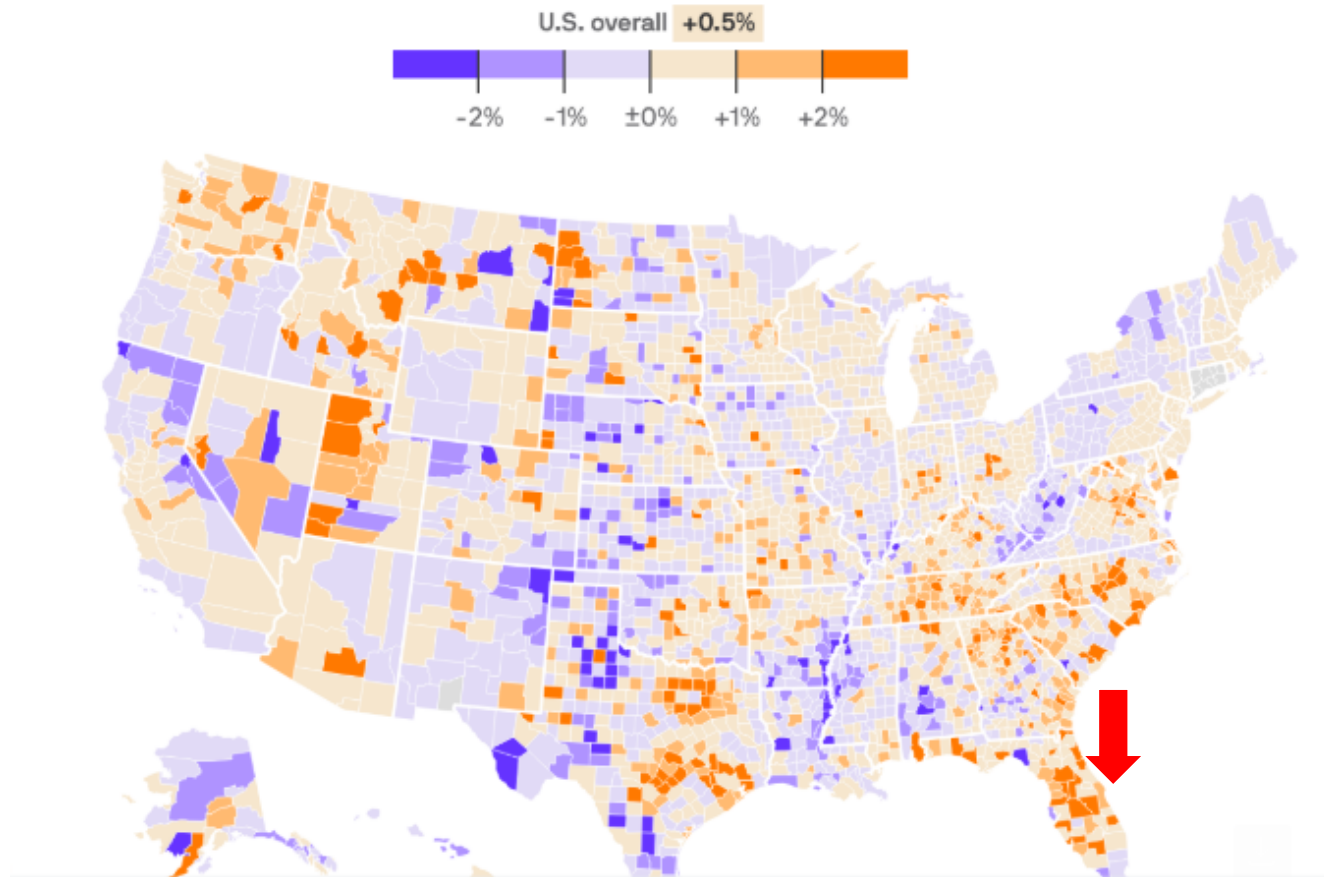


Notes: Improvements include remodels, replacements, additions, and structural alterations that increase the value of homes. Routine maintenance and repairs preserve the current quality of homes. Historical estimates since 2023 are produced using the LIRA model until American Housing Survey benchmark data become available.

Population Growth by County: 2024-2025

Best in the South, Texas, and the inter-mountain West

Estimated population change, July 2024 to 2025



KEY TAKEAWAYS

- 1) 2026 will probably be a decent year
- 2) The Fed probably cuts rates
- 3) Job growth hopefully picks up
- 4) Inflation should (eventually) decline
- 5) Watch inflation and unemployment

ANY QUESTIONS?

Elliot F. Eisenberg, Ph.D.

Cell: 202.306.2731

elliott@graphsandlaughs.net

www.econ70.com

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