

U.S. Economic Update

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NEED
April 13, 2026



Outline

- U.S. Economy
- Economic Indicators
- Inflation
- Federal Reserve
- Big Picture: Uncertainty




U.S. Economy



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Some Basic Statistics, April 2026

Statistic:	Value
Population	342.5 Million
Labor Force	170.1 Million
Employment	162.8 Million
Gross Domestic Product (GDP)	\$31.4 Trillion
Income per Capita	\$77,354
Ave. Hourly Earnings	\$37.38



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Source: fred.stlouisfed.org

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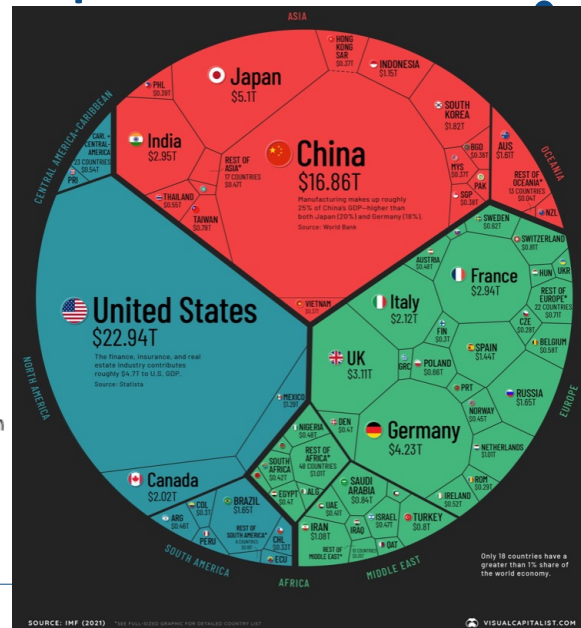
U.S. Economy in Global Perspective

U.S. Nominal GDP:

\$21.9 trillion in 2019-Q4
\$19.9 trillion in 2020-Q2
\$31.4 trillion in 2025-Q4

% Share of the Global Economy

The 173 countries outside the top 20 make up less than a fourth of the total global economy.



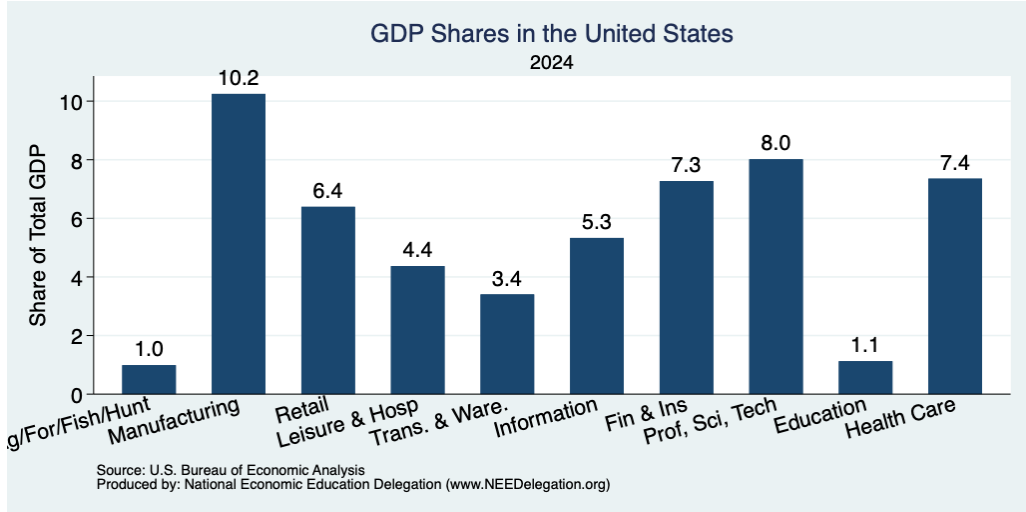
Different Breakdown



Note: State and Local Government comprises 10% of GDP!

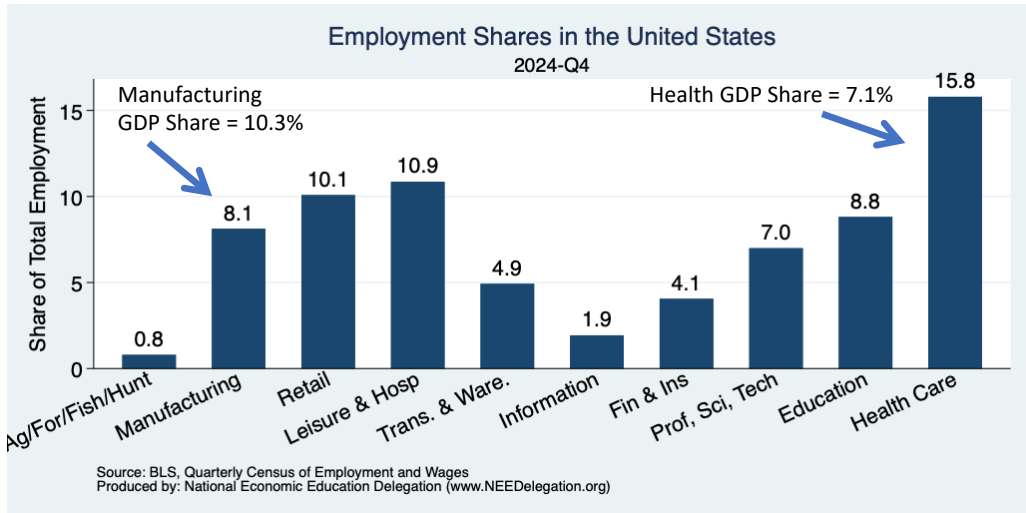


Composition of the U.S. Economy: GDP



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Composition of the U.S. Economy: Employment



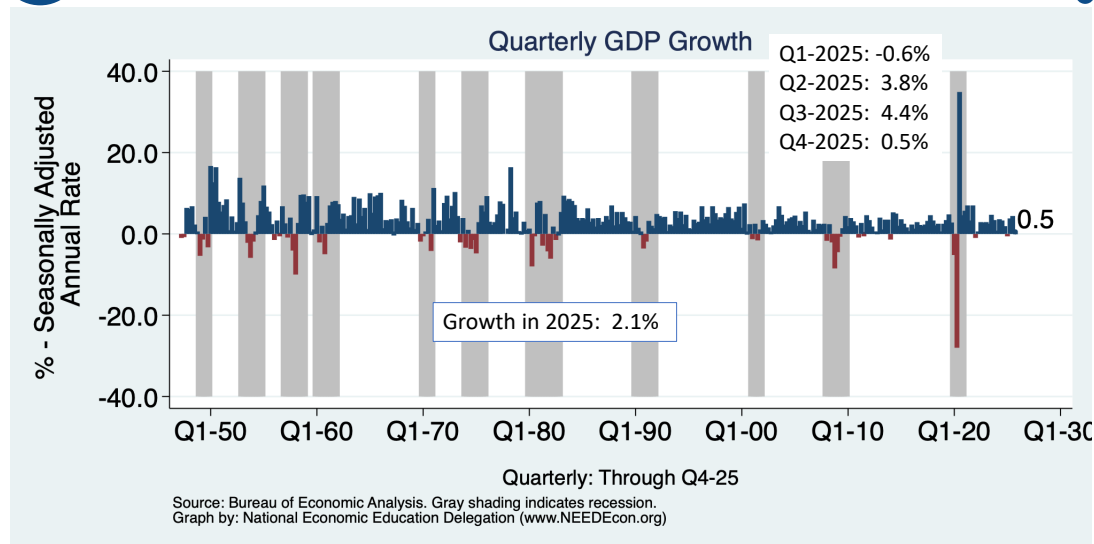
Note: Does not add to 100% because of omitted sectors.

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Economic Indicators

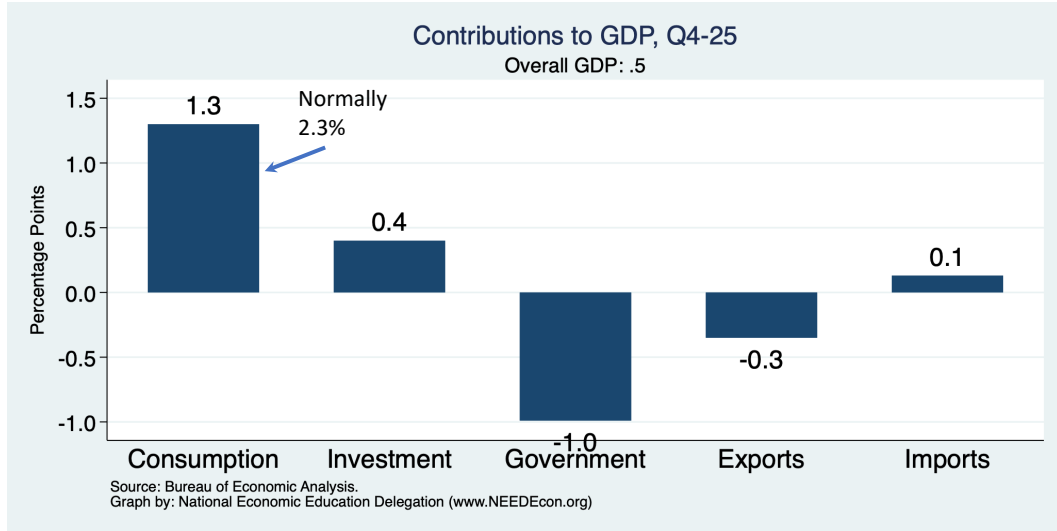
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GDP: Quarterly Growth



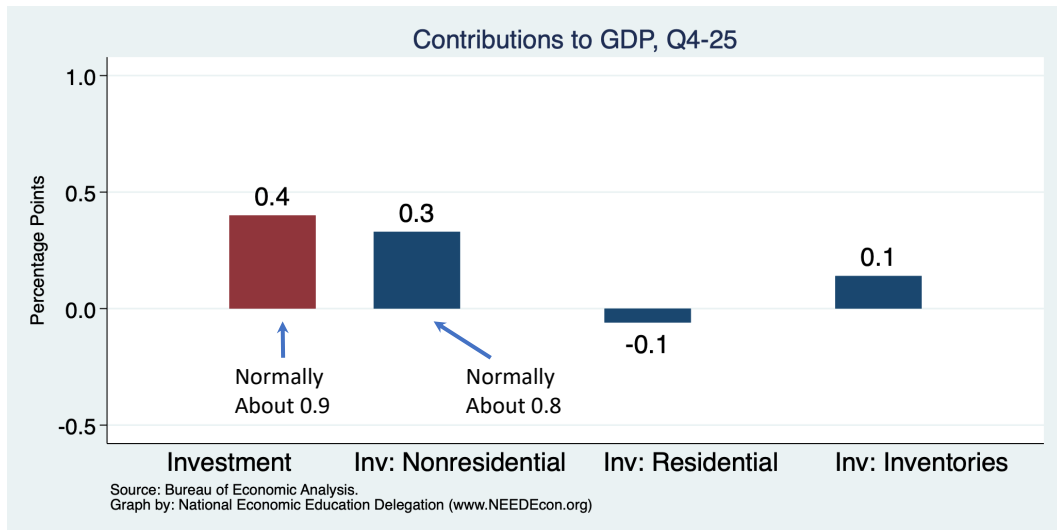
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What Drove GDP Growth?



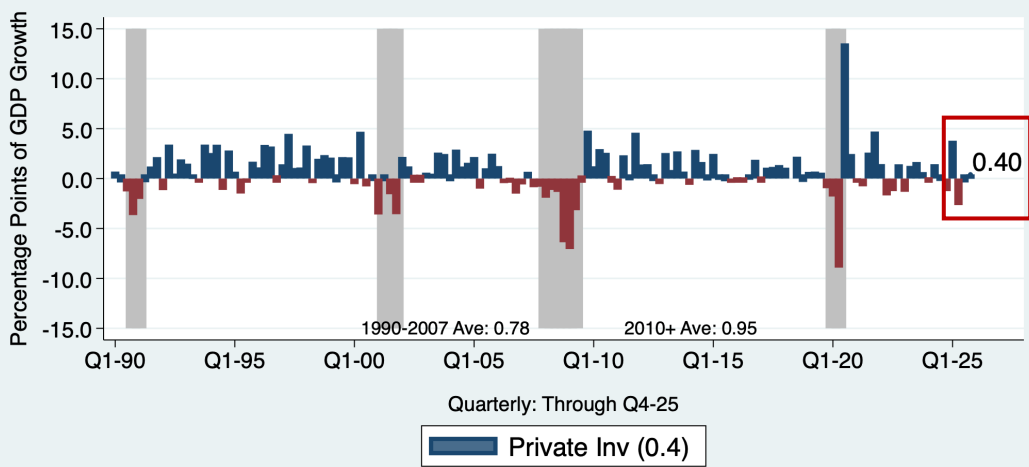
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Investment Levels Are Low



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Investment Levels Are Low



Source: Bureau of Economic Analysis. Gray shading indicates recession.
Graph by: National Economic Education Delegation (www.NEEDecon.org)

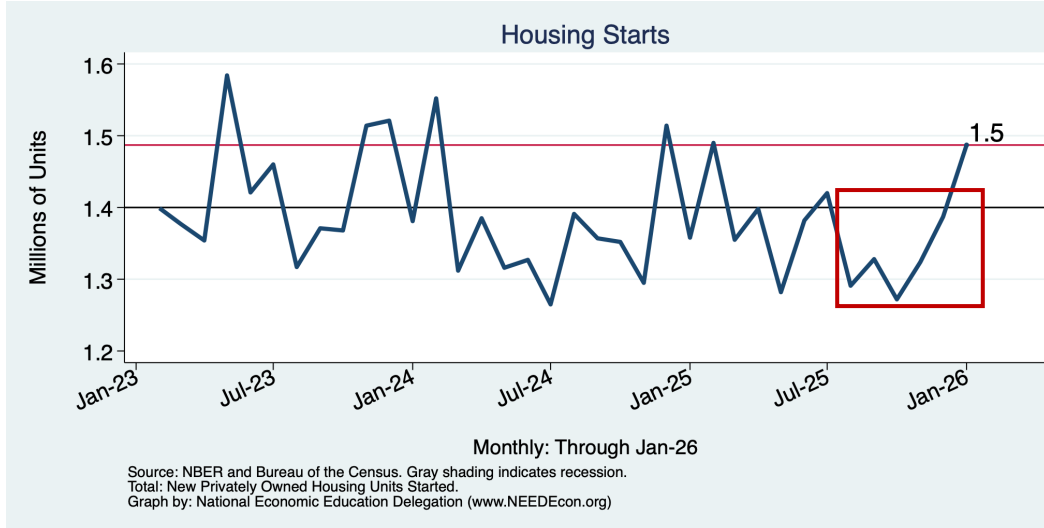


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Housing Starts Were Quite Low



Source: NBER and Bureau of the Census. Gray shading indicates recession.
Total: New Privately Owned Housing Units Started.
Graph by: National Economic Education Delegation (www.NEEDecon.org)

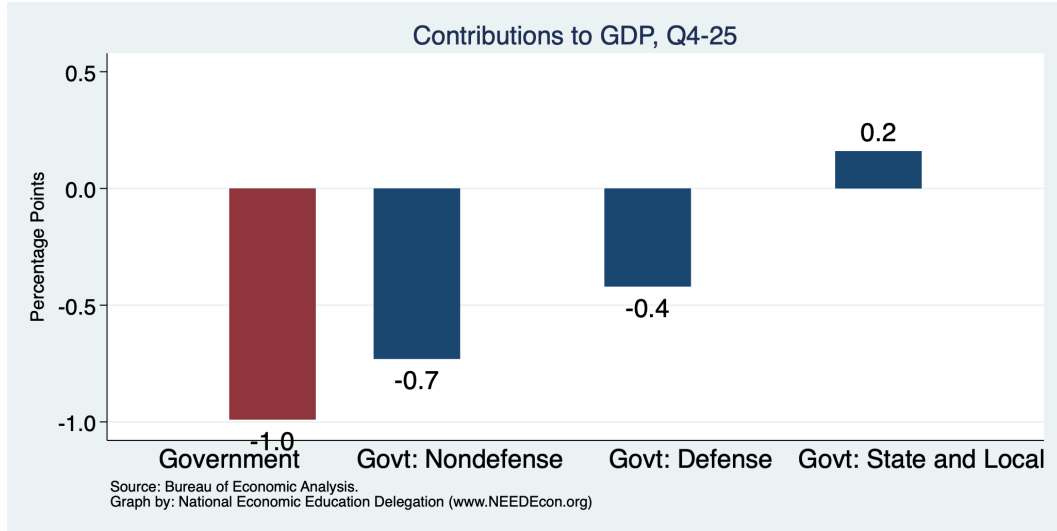


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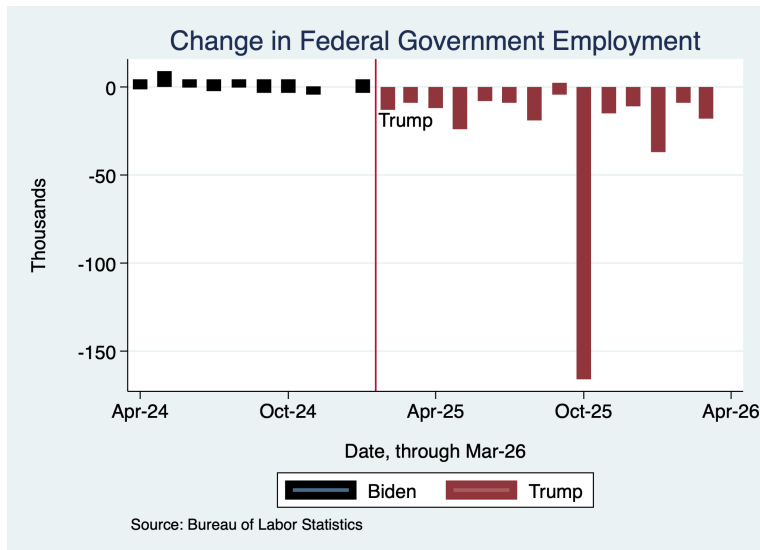
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Government Spending Didn't Help



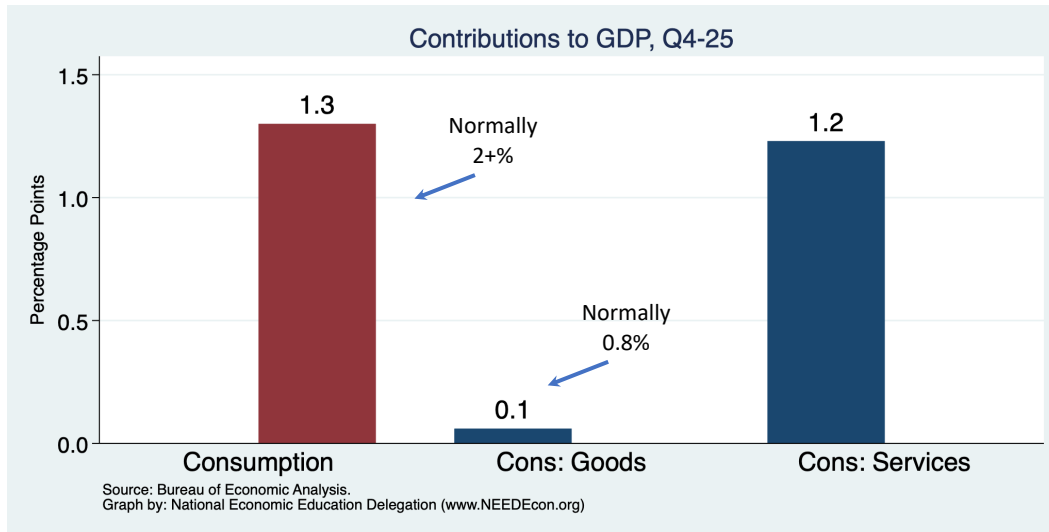
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Monthly Changes in Federal Gov't Employment



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Consumers Also Tightened

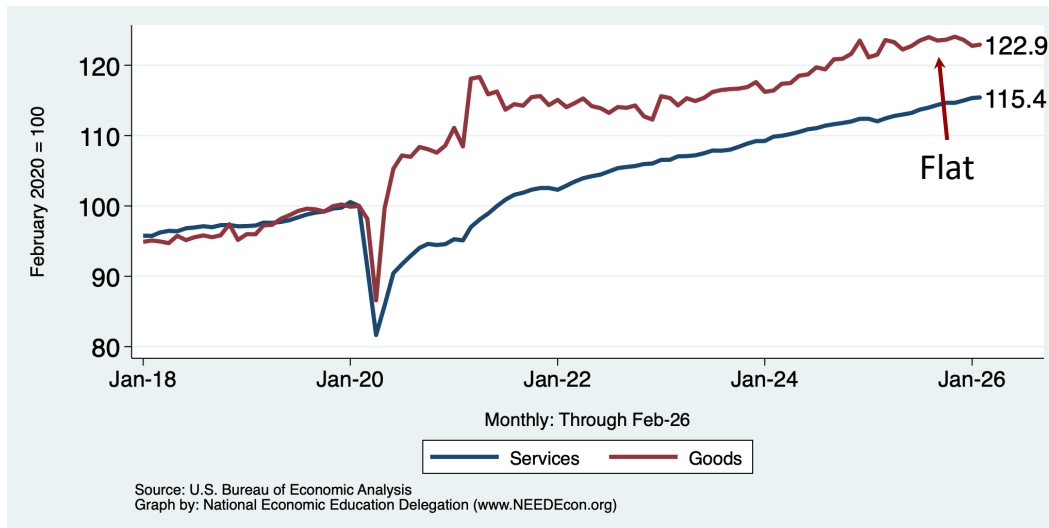


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Consumers Spending Less on Goods

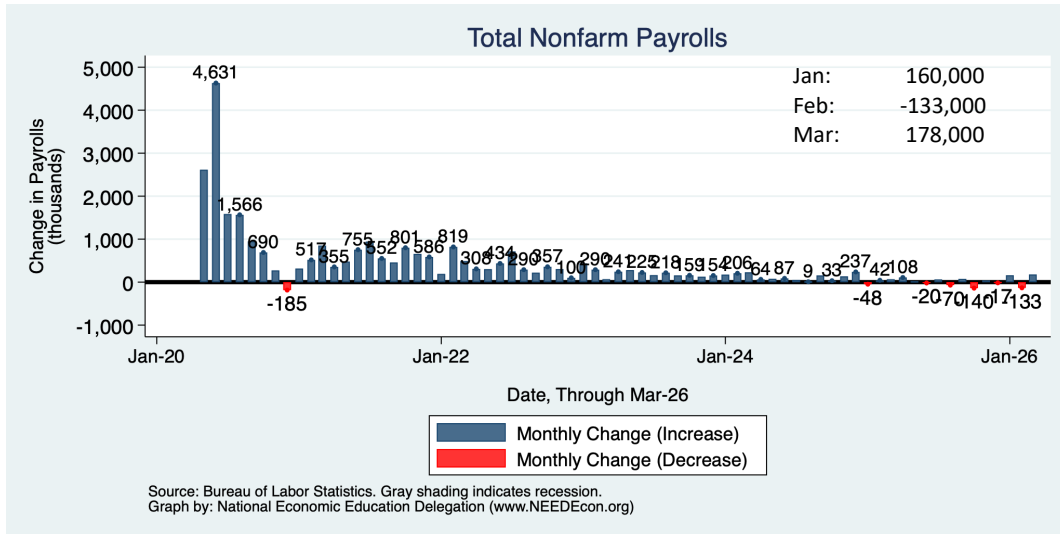


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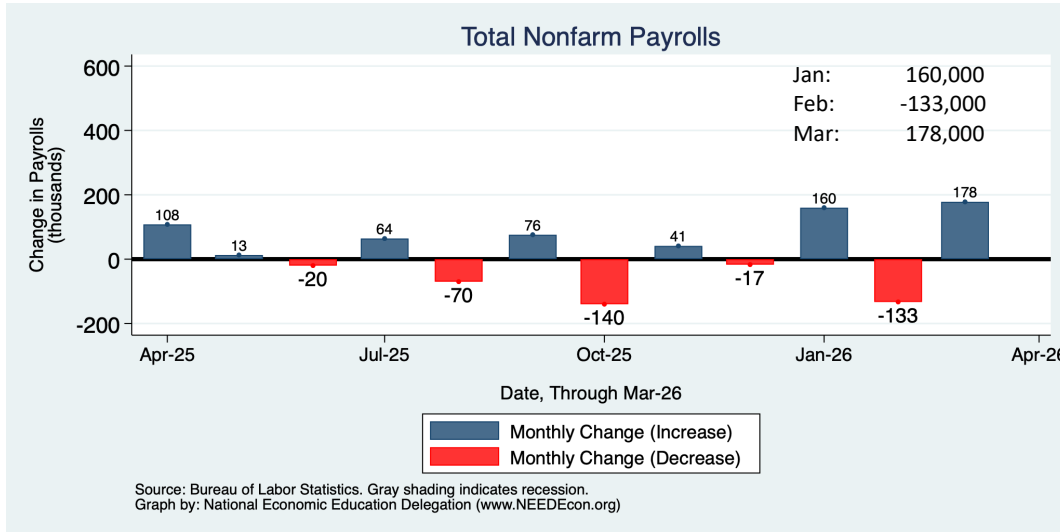
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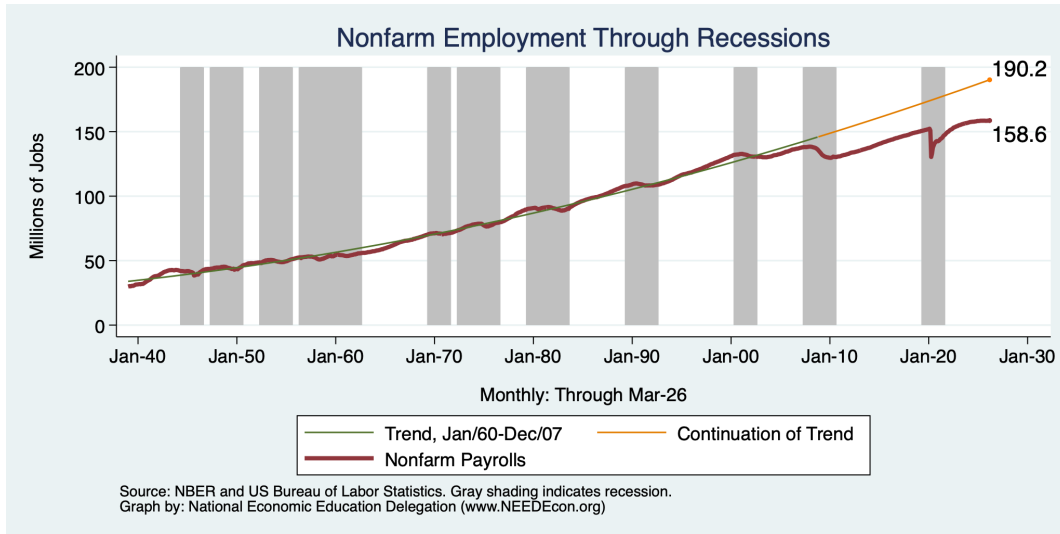
Monthly Changes in Nonfarm Employment



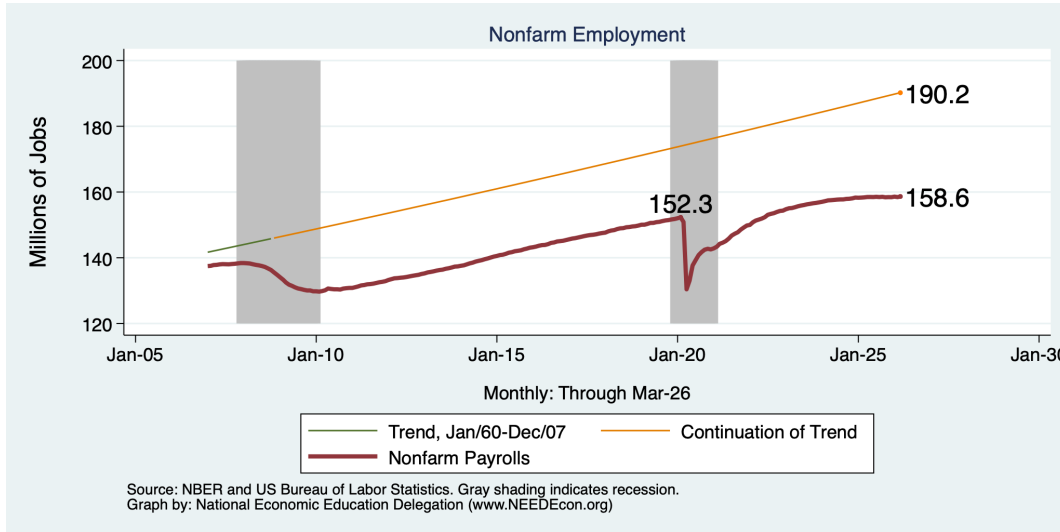
Monthly Changes in Nonfarm Employment



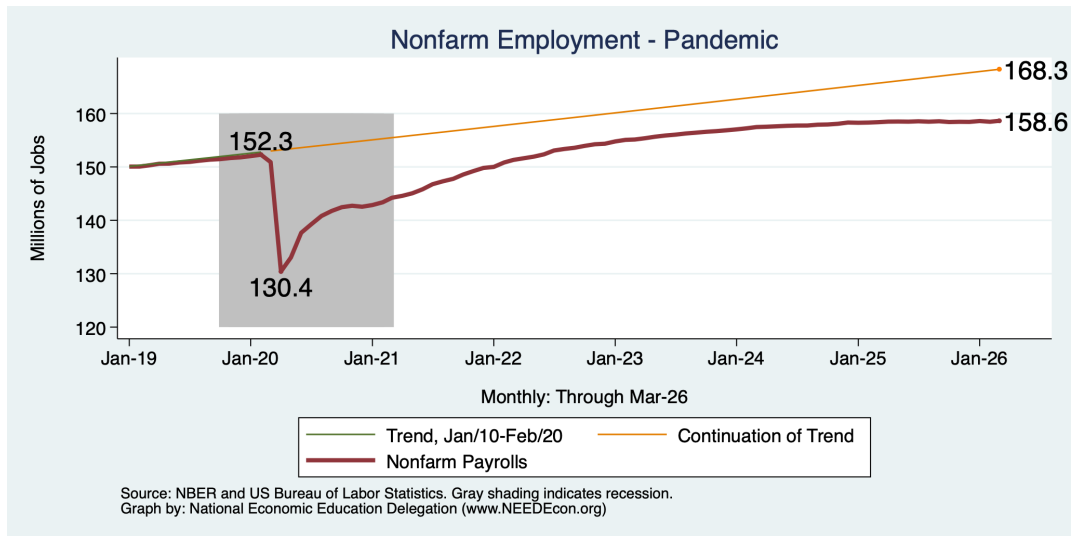
Monthly Changes in Nonfarm Employment



Monthly Changes in Nonfarm Employment

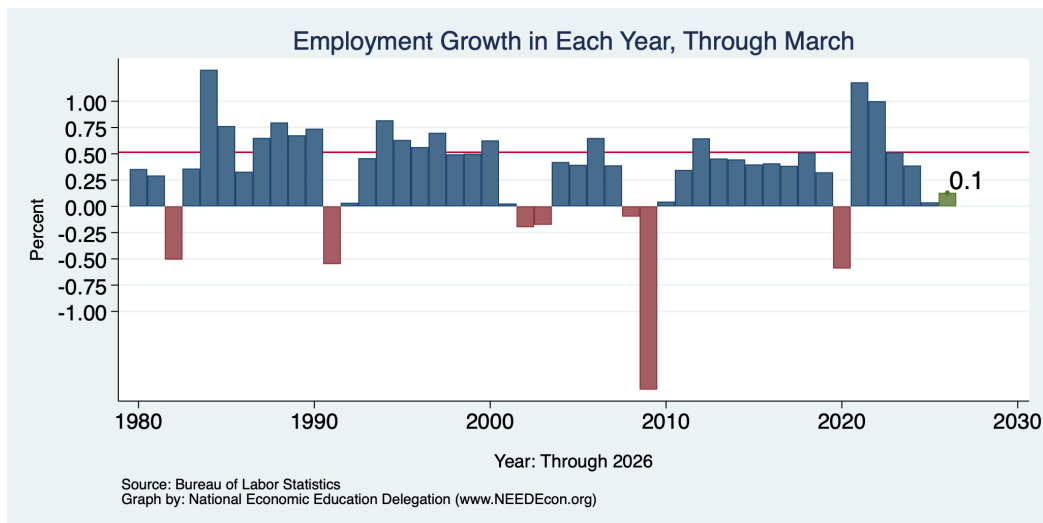


Monthly Changes in Nonfarm Employment



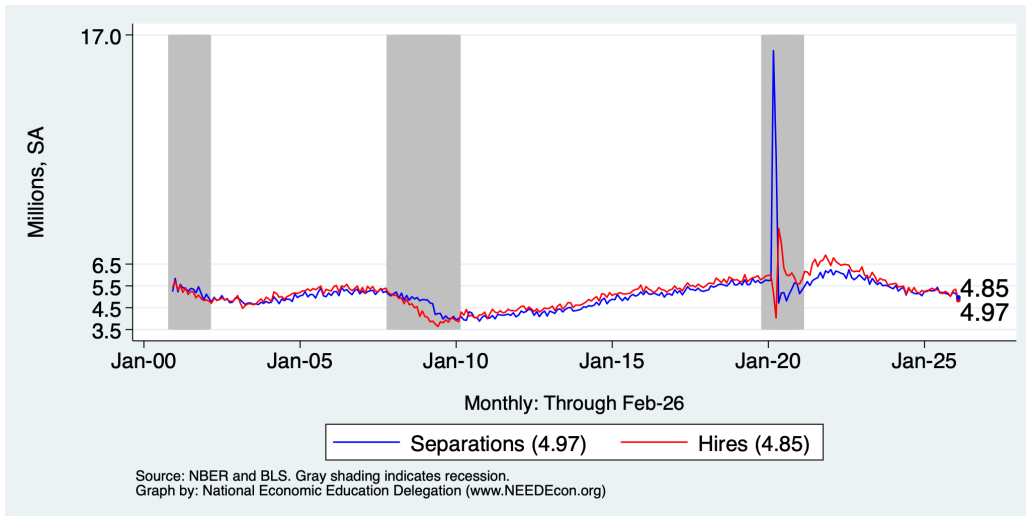
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Annual Changes in Nonfarm Employment



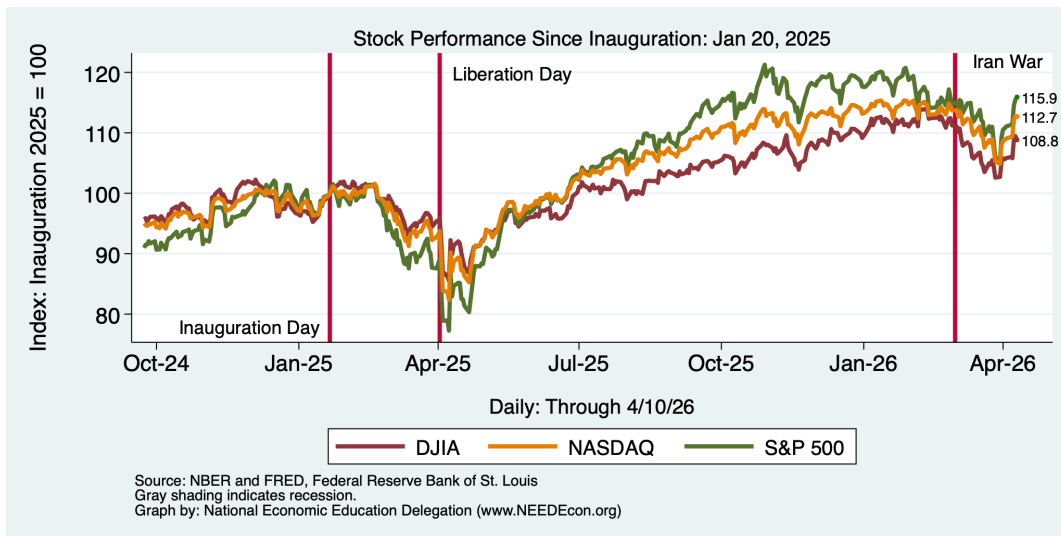
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Great Hesitation



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And Stocks?



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Inflation



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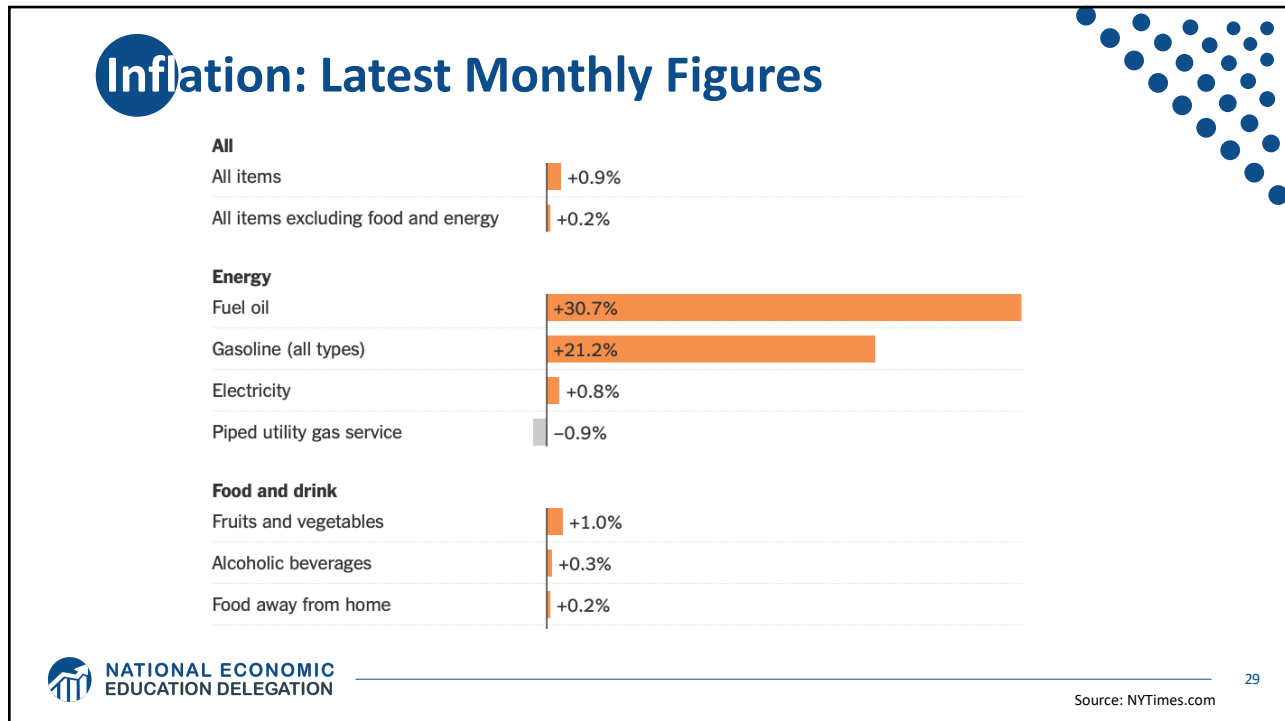
Inflation: Latest Figures



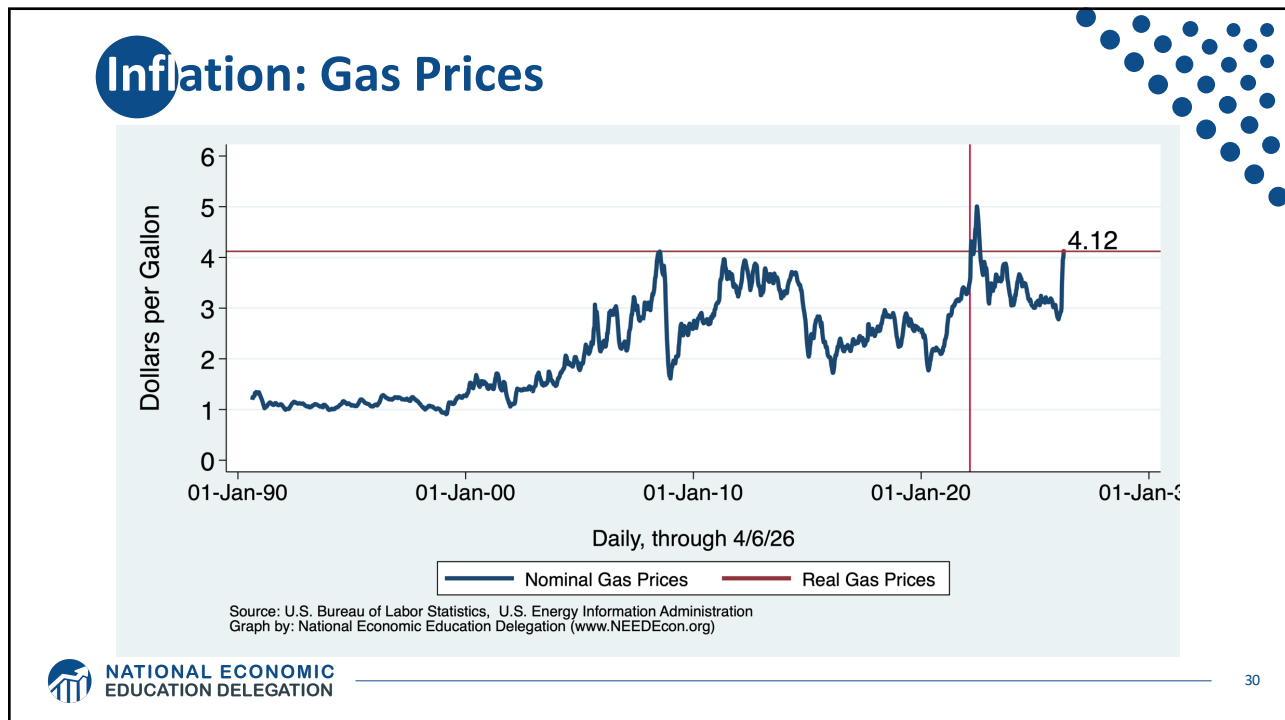
Note: Data is seasonally adjusted year-over-year change in the Consumer Price Index. October 2025 is missing because of the government shutdown. Source: Bureau of Labor Statistics. By The New York Times



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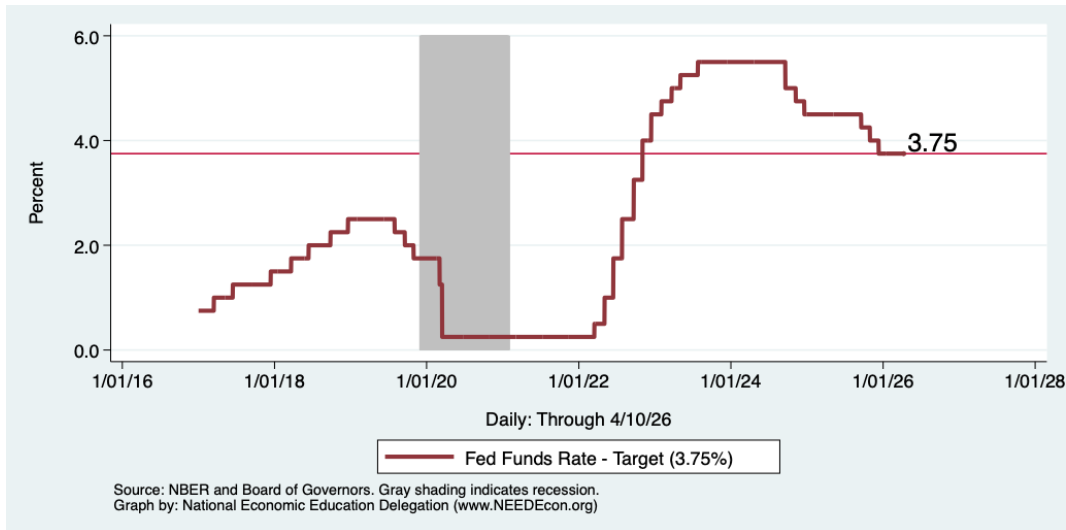


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The Fed: Going to Sit Tight

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Federal Funds Rate



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Takeaways

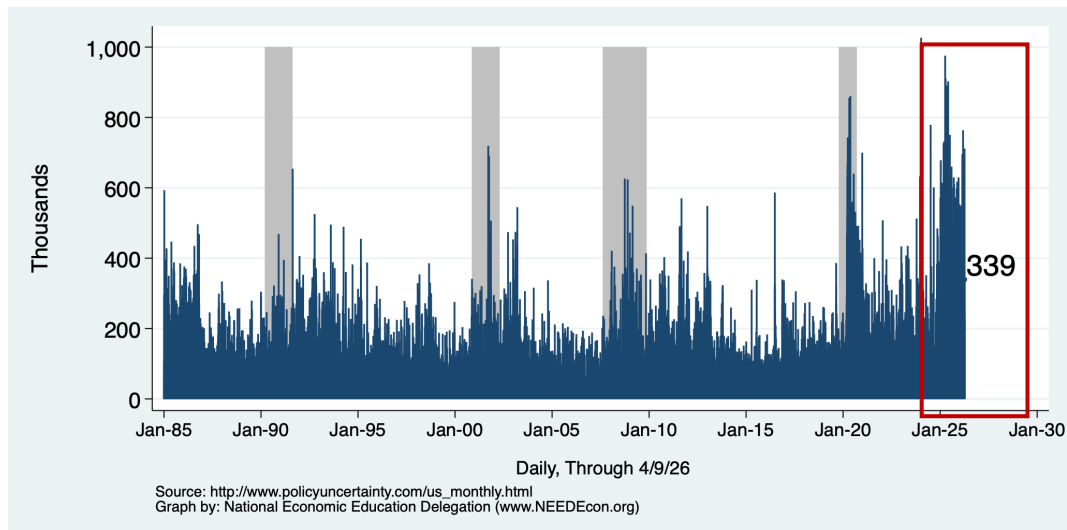
- **Is a recession on the horizon?**
 - I wouldn't be surprised, but not betting on it.
 - Jobs growth is slow.
 - GDP growth is slow – but that was artificial.
 - Inflation has ticked up.
- **Stagflation likely on the horizon.**
- **The problem?**
 - Uncertainties abound!



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Policy Uncertainty Index

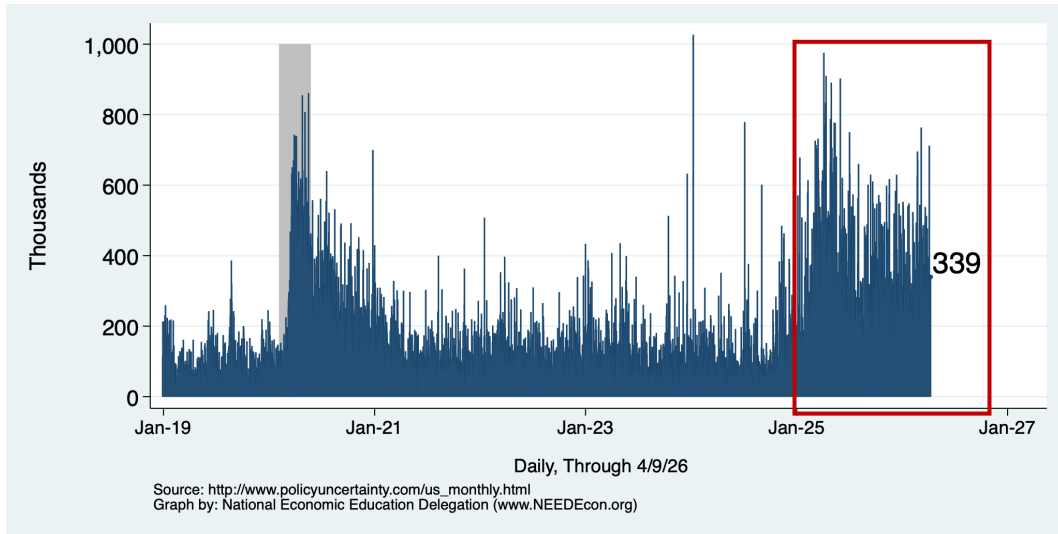


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Policy Uncertainty Index – Last 10 Years

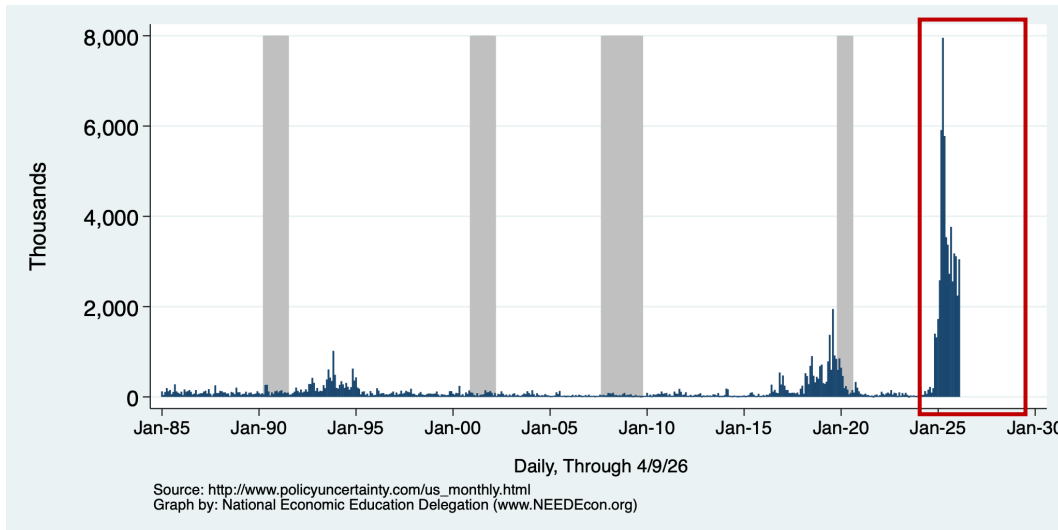


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Policy Uncertainty Index – Trade



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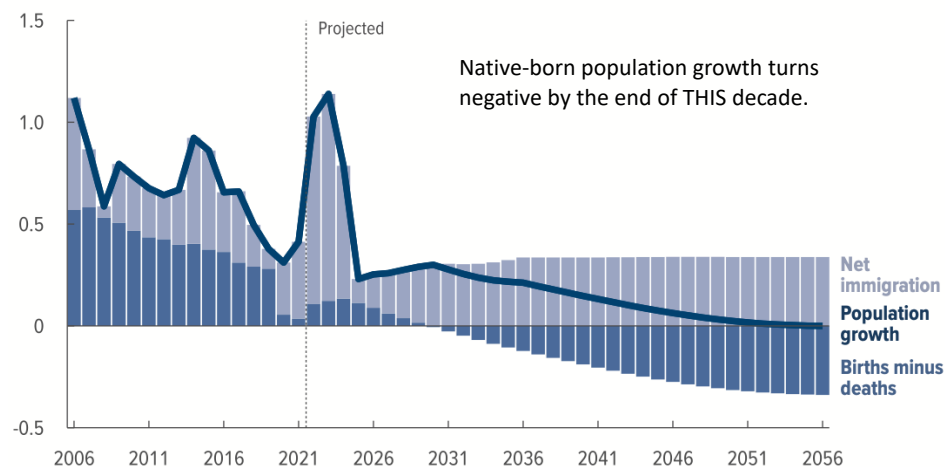
Uncertainties

- **What effect will continued deportations have?**
- **Will AI continue to drive growth?**
- **Will tariffs continue to drive inflation?**
 - Fed says that ALL of the inflation above 2% is from tariffs, until...
- **Will the war drive inflation beyond fuel prices?**
 - It is clear in fuel prices, but every other sector of the economy depends on fuel. Higher fuel prices drive prices in the rest of the economy up.
- **Will consumers continue to hold up?**
 - Evidence that spending is in decline.
- **What happens to Fed policy once Jerome Powell is gone?**

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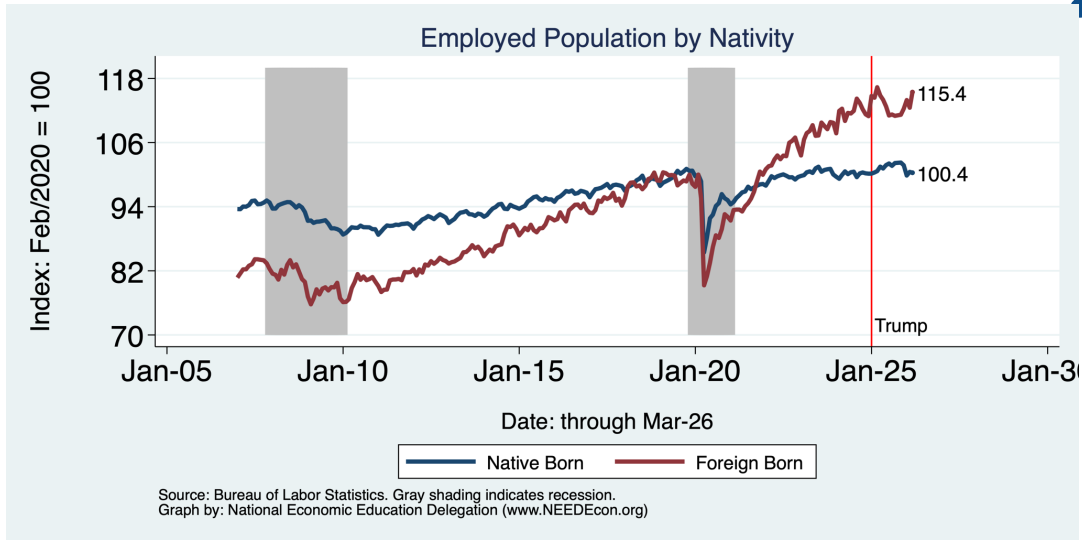
Is Immigration Saving the Day?

Population Growth and Contributing Factors
Percent



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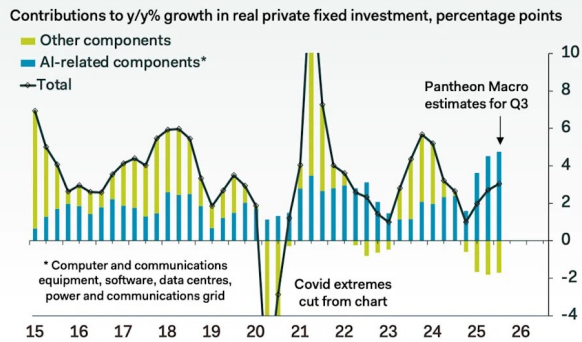
Immigrants to the Rescue?



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AI and Investment

AI-RELATED CAPEX PROBABLY OFFSET WEAKNESS ELSEWHERE

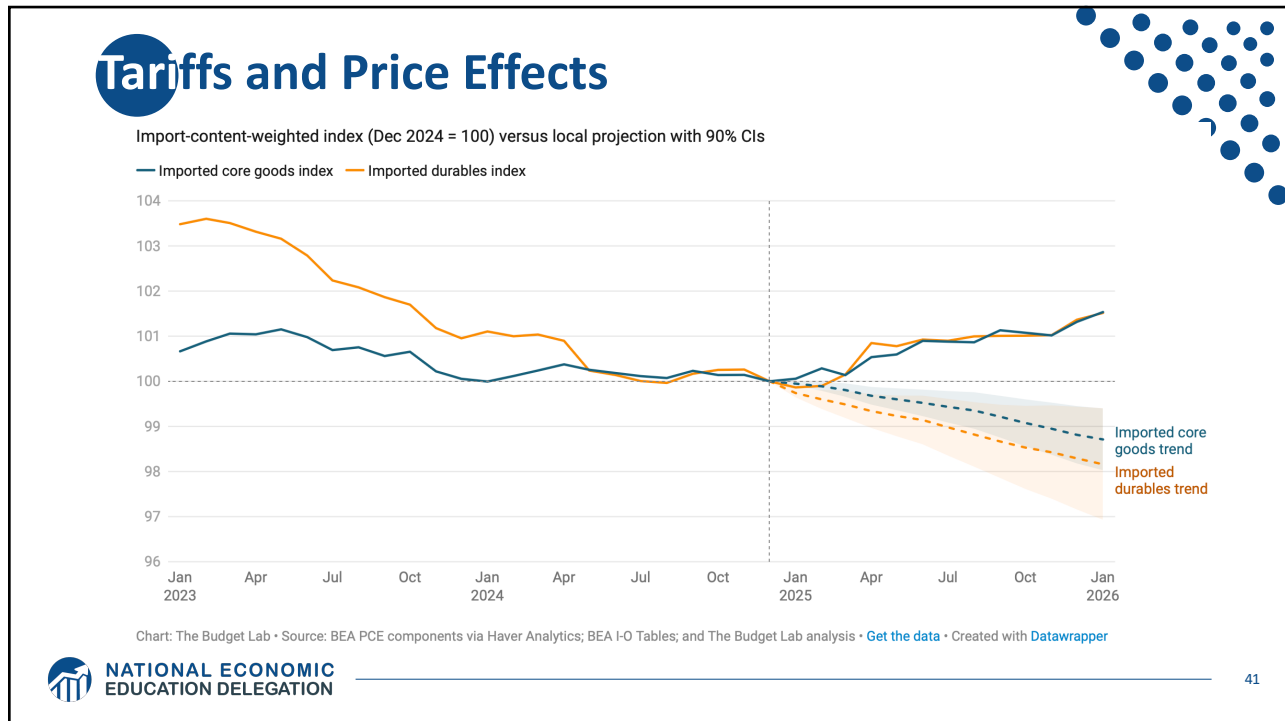


Source Parthenon: Macroeconomics

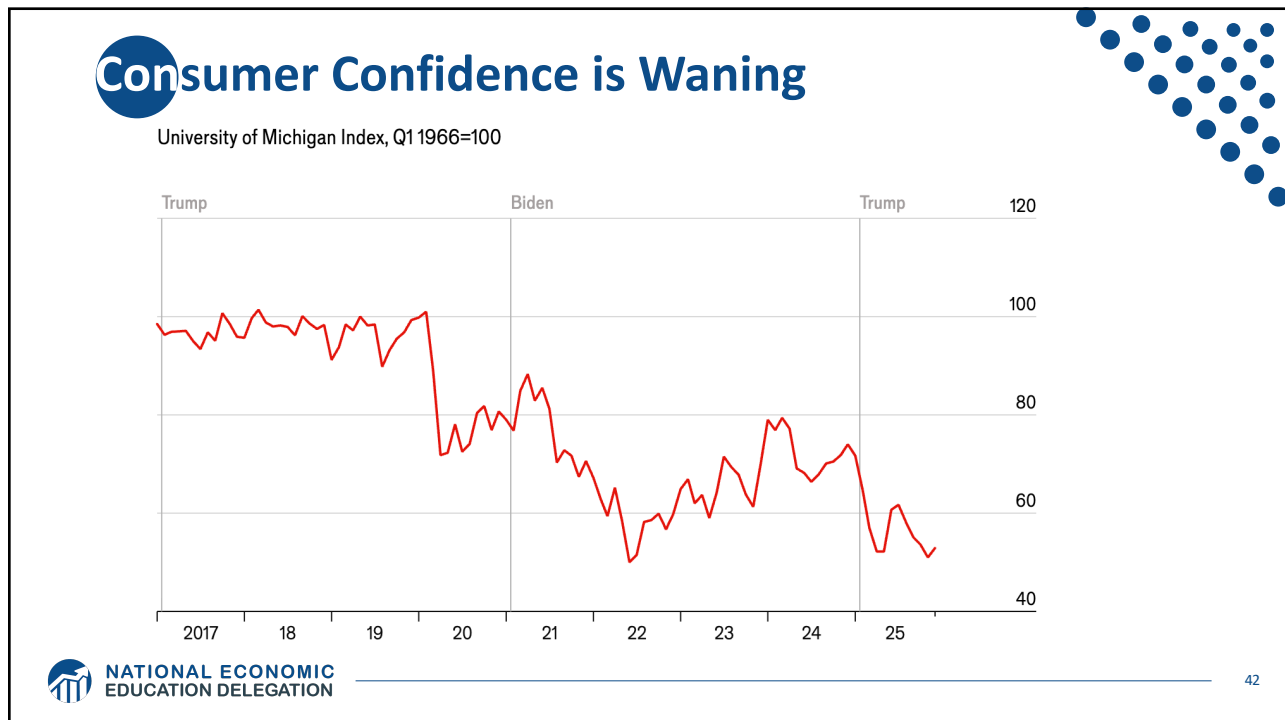
AI Investment & GDP Growth			
Period	GDP Growth	AI Contribution	Difference
25Q1	2.0 percent	1.3 percent	0.7 percent
25Q2	2.1	1.2	0.9
25Q3	2.3	0.5	1.8

Source: BEA & <https://www.stlouisfed.org/on-the-economy/2026/jan/tracking-ai-contribution-gdp-growth>

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Monetary Policy after Jerome Powell?



Kevin Warsh: Trump Nominee to replace Jerome Powell as the Chair of the Fed in May

Bigger Picture

Summary

- **Inflation: was getting close to Fed's 2% target.**
 - But is now going in the wrong direction
- **Current immigration and trade policies will exacerbate inflation.**
- **Immigration: deportations tax the economy and are expensive.**
 - Many, MANY ag workers are unauthorized immigrants. (50% of Central Valley)
- **Tariffs: are a tax.**
 - Taxes raise prices. Period. Full Stop.
 - Taxes often cost jobs. Tariffs likely will.
- **The war is going to drive up prices and uncertainty.**
 - Nobody invests into uncertainty.
- **What if the AI bubble bursts?**



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Are We Headed for A Recession?

- **Uncertain.**
- **Forecasts are all over the place.**
 - IMF forecasting 2.4% in 2026.
 - 30-50% chance of a recession by some models.
- **A slowdown in economic growth seems inevitable.**
- **A bout of stagflation unlikely, but possible.**



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Thank you!

Any Questions?

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