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Navigating the Financial Eddies of the 2030s

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Causal Factors & Macro Outlook Are Unchanged

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1. Demographics
2. Health Care Costs
3. Entitlements
4. Inflation
5. US National Debt

Plan for Economic Expansion Through 2029; Then Decline

Source: BEA

US Real Gross Domestic Product

Quarterly Data Trend (Tril. Chained 2017 $)

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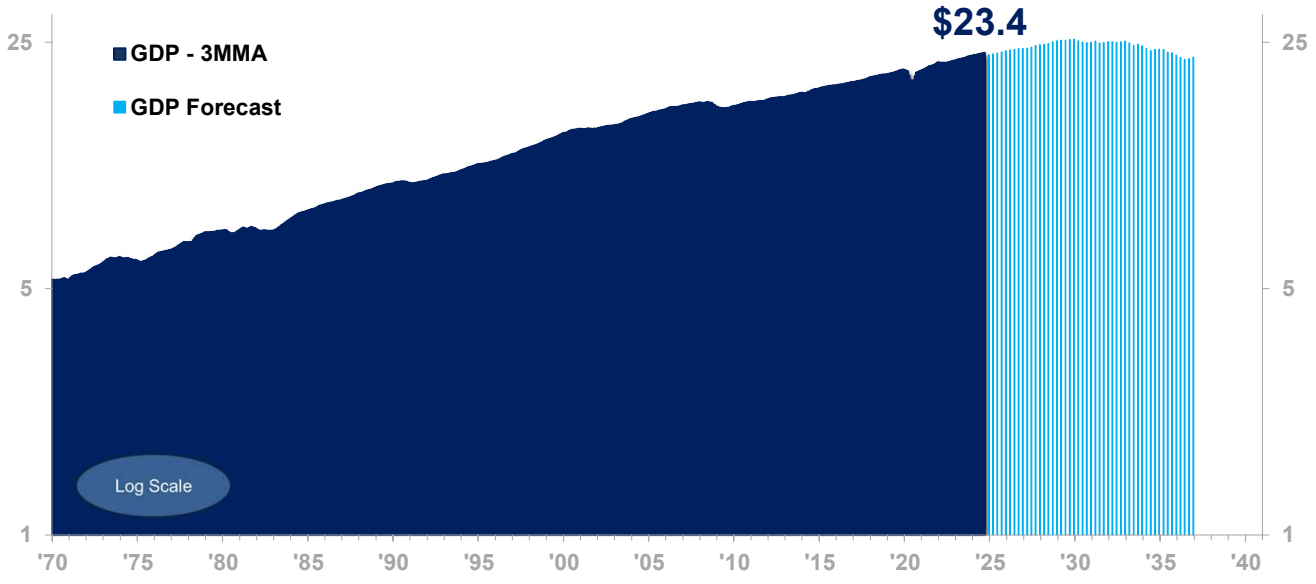

Less Growth; More Decline

Source: FRB

US Industrial Production Index

Annual Data Trend: 2017 = 100

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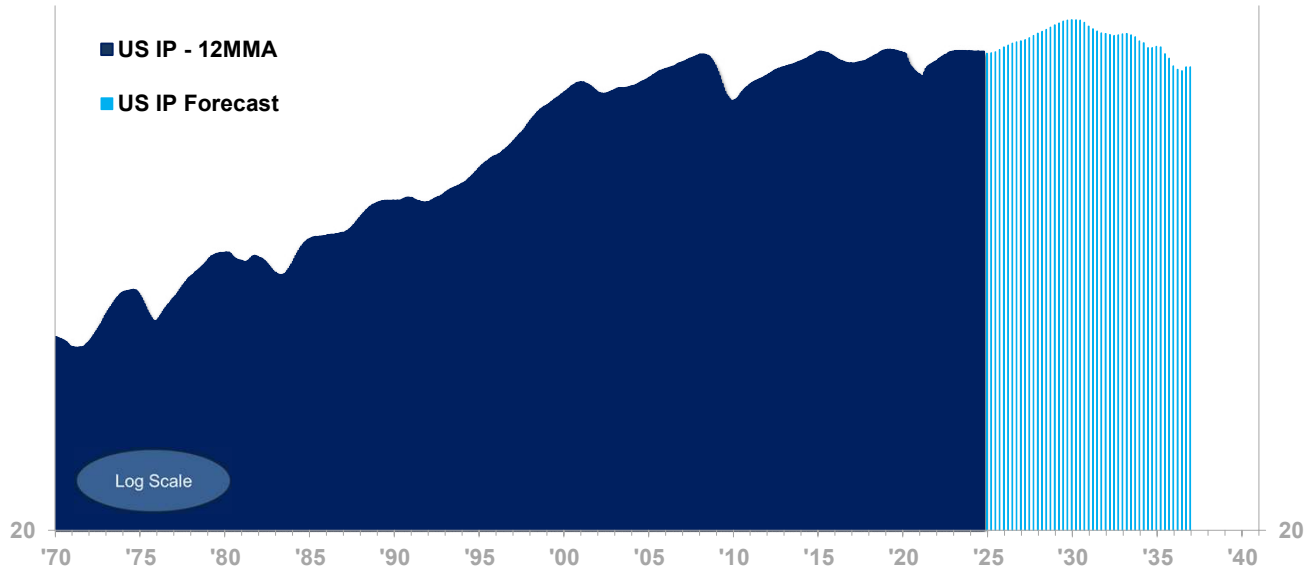

Hard Downturn But No Irrational Behavior Beforehand

Source: US Census Bureau

US Single-Unit Housing Starts

Data Trend: Millions of Units

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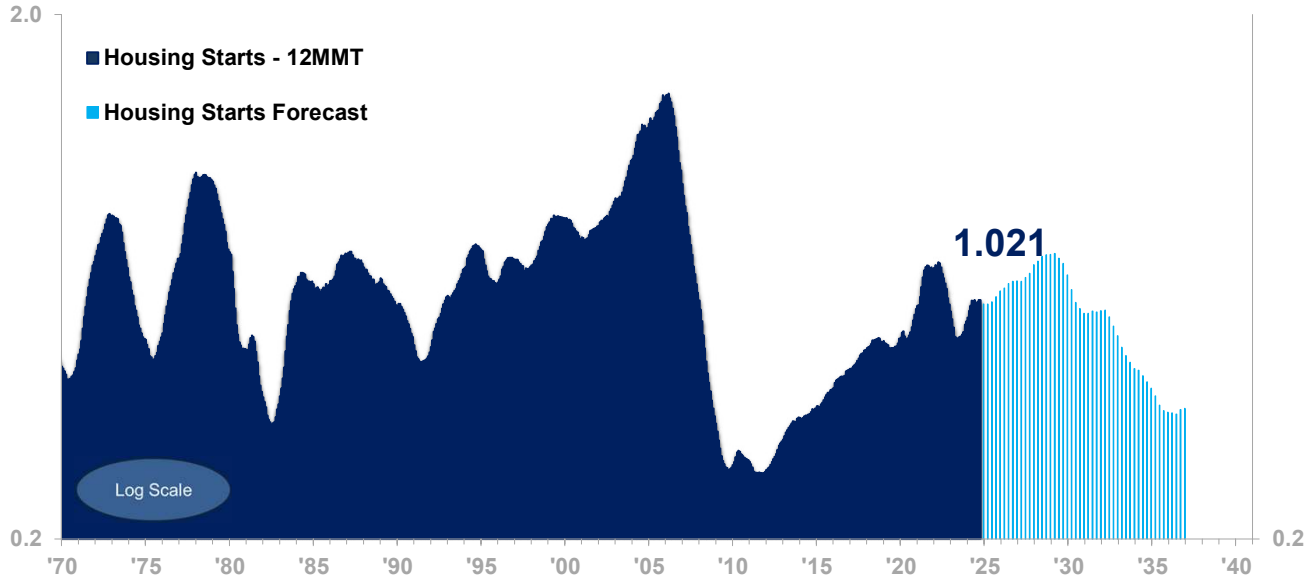

Putting Current Inflation and the 2030s Into Perspective

Sources: BLS

US Consumer Price Index

12/12 Rates-of-Change

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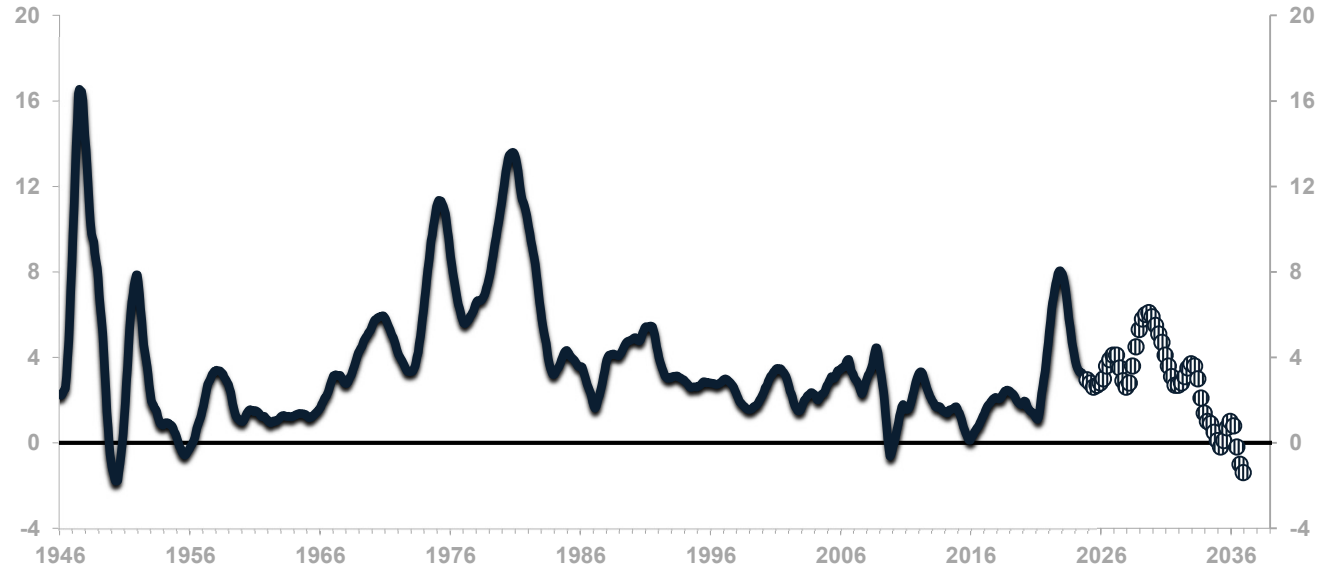

Income & Employment

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Setting the Stage for Growth; Expect a 2030's Reversal

Source: US Census Bureau

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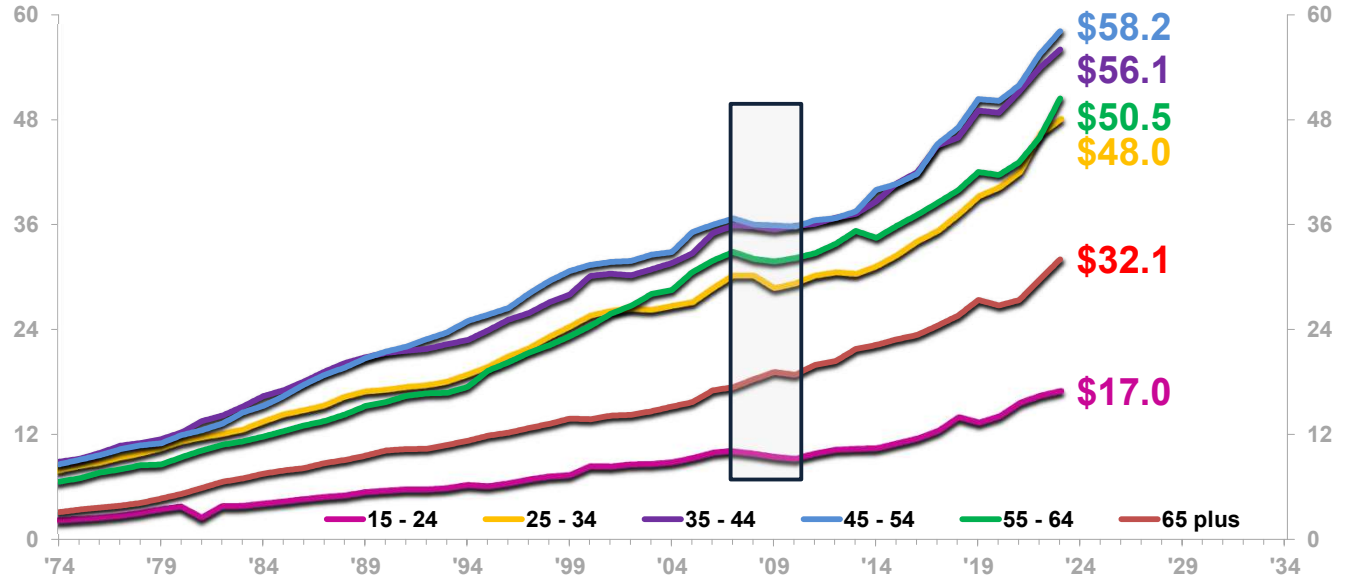
Nominal Median Income by Age

Annual Data Trends, Thousands of Dollars



Both Sides Will See a Downturn in the 2030s Depression

Source: BLS

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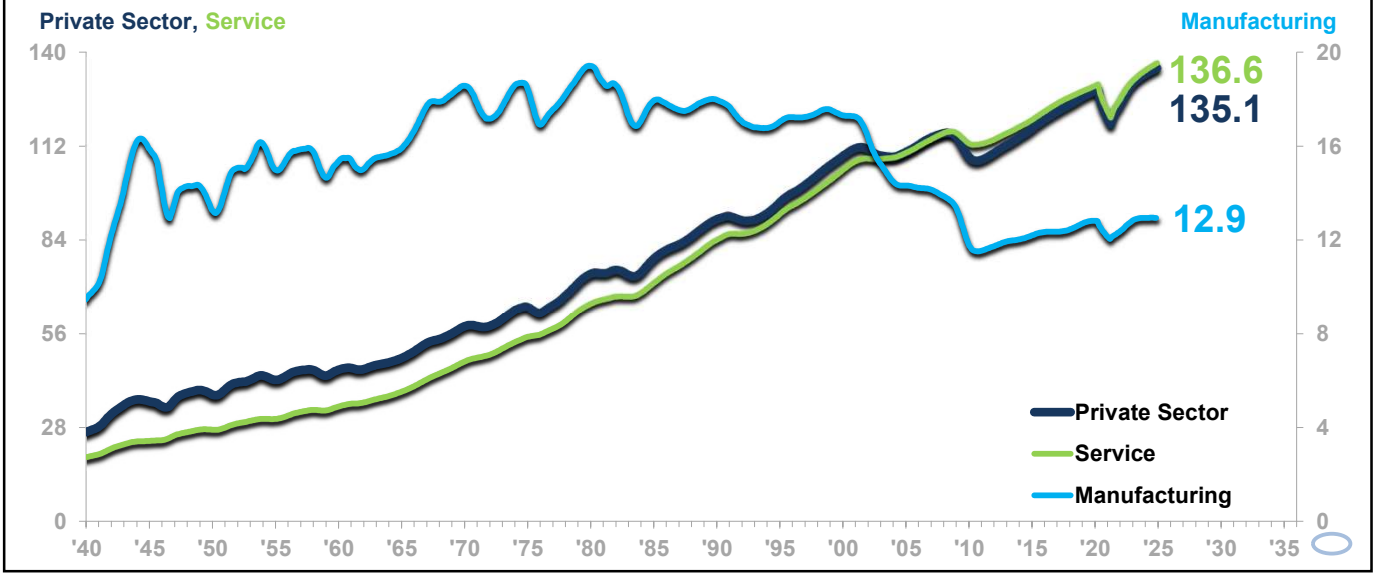
US Private Sector Employment to US Total Manufacturing Employment to US Service Providing Employment

Annual Data Trends: Millions of People



Remarkably Steady Over the Decades

Source: BLS

US Federal Government Employment (does not include military)

Annual Data Trend: Millions of People

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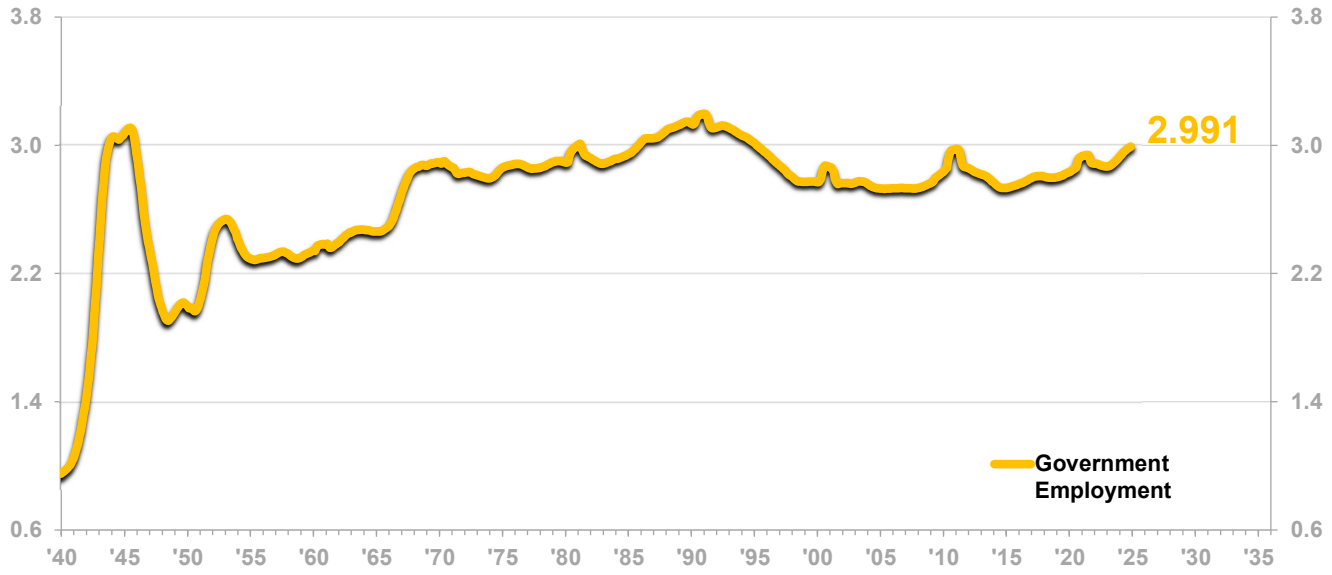

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S&P 500

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Long-Term Trend of the S&P 500

Source: WSJ

S&P 500, Log Scale, 1920 – Present

Raw Data, Index: 1941-43 = 10

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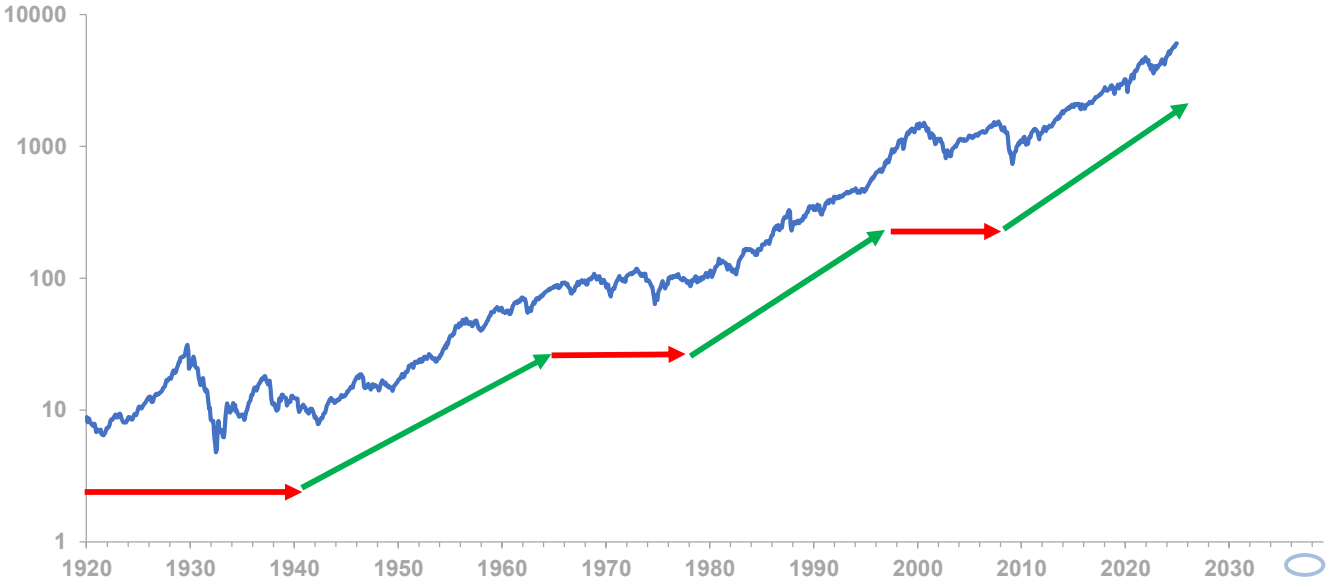

Measuring Extended Periods of Poor Performance and Growth

Source: ITR Economics

High	Recover Complete at End of Ascent	Years	CAGR	
Sep-29 31.30	Sep-54 32.31	23	0.15%	
Apr-42 32.31	Apr-69 103.69	27	**10.0%**	
Apr-69 103.69	Jul-79 103.81	10	0.6%	
Jul-79 103.81	Aug-00 1517.56	21	**13.6%**	
Aug-00 1517.58	Mar-13 1569.19	13	0.3%	
Mar-13 1569.19	Nov-24 6032.38	11	**13.0%**	So Far
2030s…				

Climbing Treasury Issuances Are An Indicator of Rise

Sources: SIFMA, WSJ

US Treasury Gross Issuances to US S&P 500 Stock Prices Index

Annual Data Trend to Raw Data

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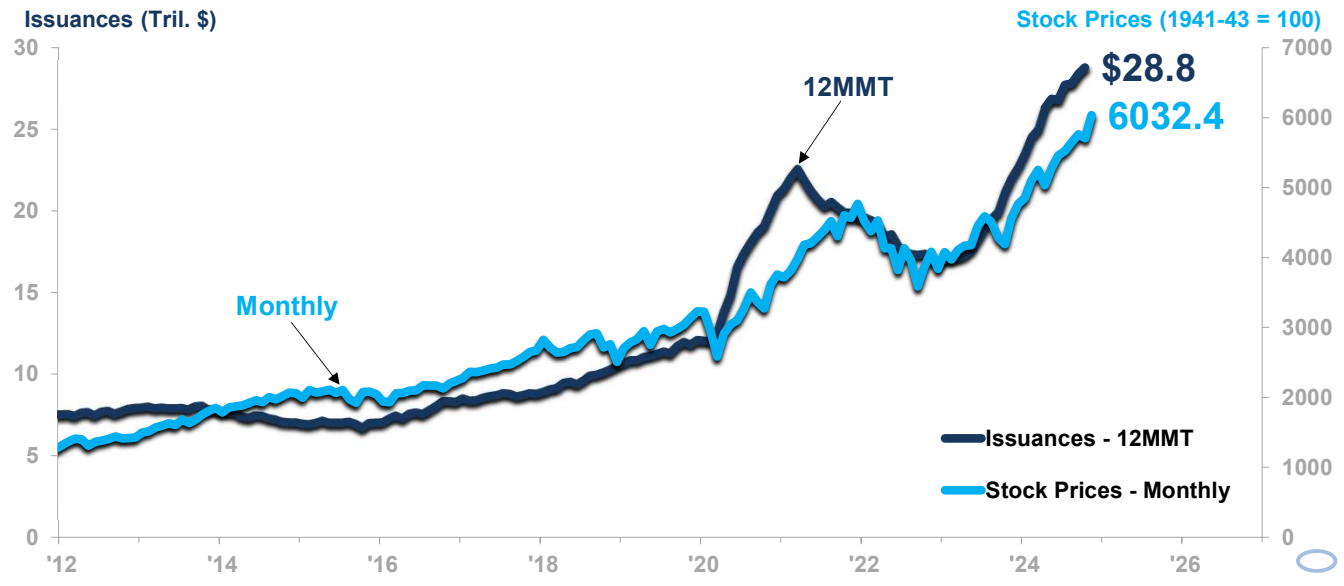

General Ascent Into 2029 Before the Decline Hits

Source: WSJ

US S&P 500 Stock Prices Index

Stock Price: 1941-43=10

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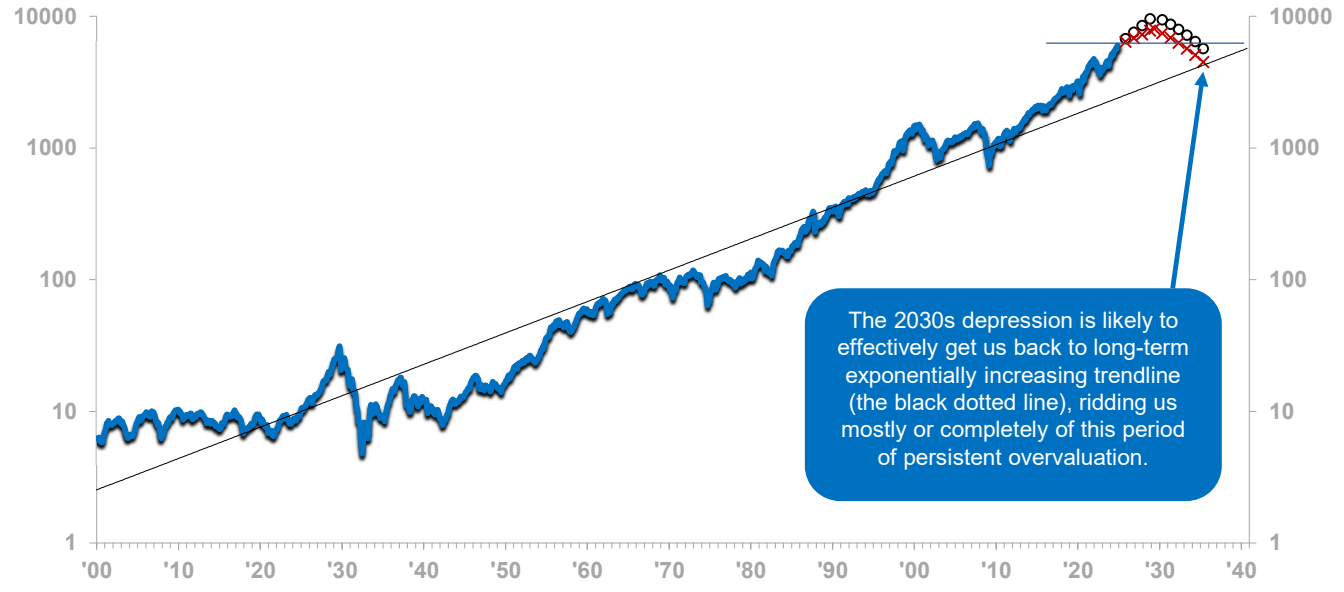

What the Trends Potentially Mean in $$$

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$1,000,000 invested in the S&P 500 at the end of November 2024
is on trend to grow to $1.3 mils (6.7% conservative CAGR estimate based on the last 100 years) to $1.7 mils (12.4% aggressive CAGR based on "green periods"). *

Assuming a 44% decline in the S&P 500 over the course of the Depression:

- $1.7 mils falls to ~$.95 mils (slightly below Nov 2024 portfolio value)
- $1.3 mils fall to < $.800 mils (20+% below Nov 2024 portfolio value)

Following the estimated Depression low, it takes approximately 11 years (mid 2040s) for the S&P 500 to regain everything they lost.
Total years out of the money ~ 14 to 18 years
UNLESS YOU DO SOMETHING ABOUT IT

Steel yourself to be a BUYER when conditions are at their worst.
Prepare to be patient and don't give in to emotion.

* Past performance is not indicative of future results

The US Is the Clear Outperformer

Sources: WSJ, The Economist

Stock Markets

Raw Data, Indexed to Apr 1994 = 100

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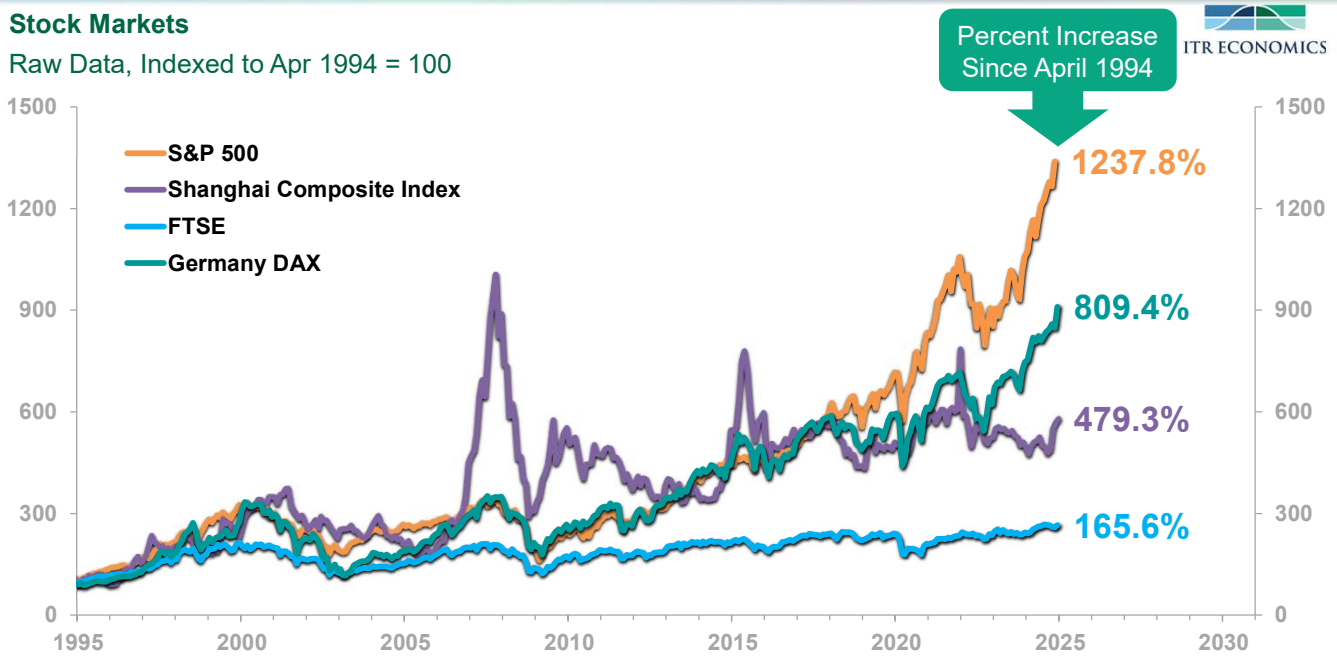

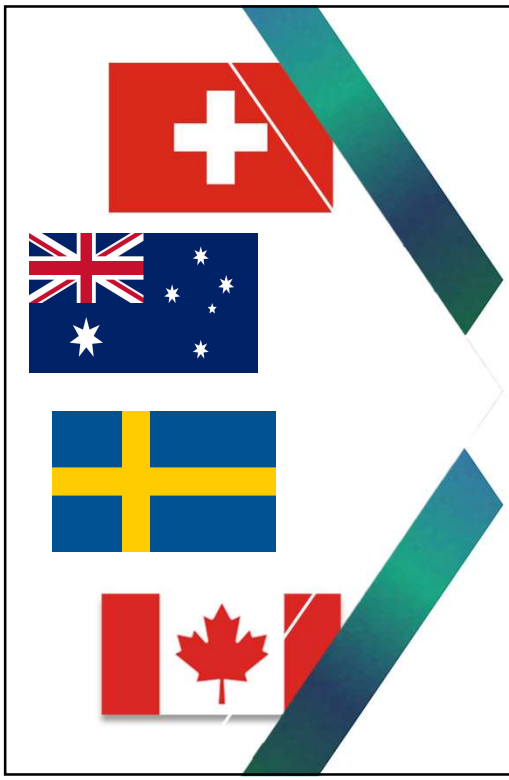

Government Bonds

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Explosive Spending & Debt Growth

Source: BEA

US Federal Government Receipts and Payments

Billions of Dollars

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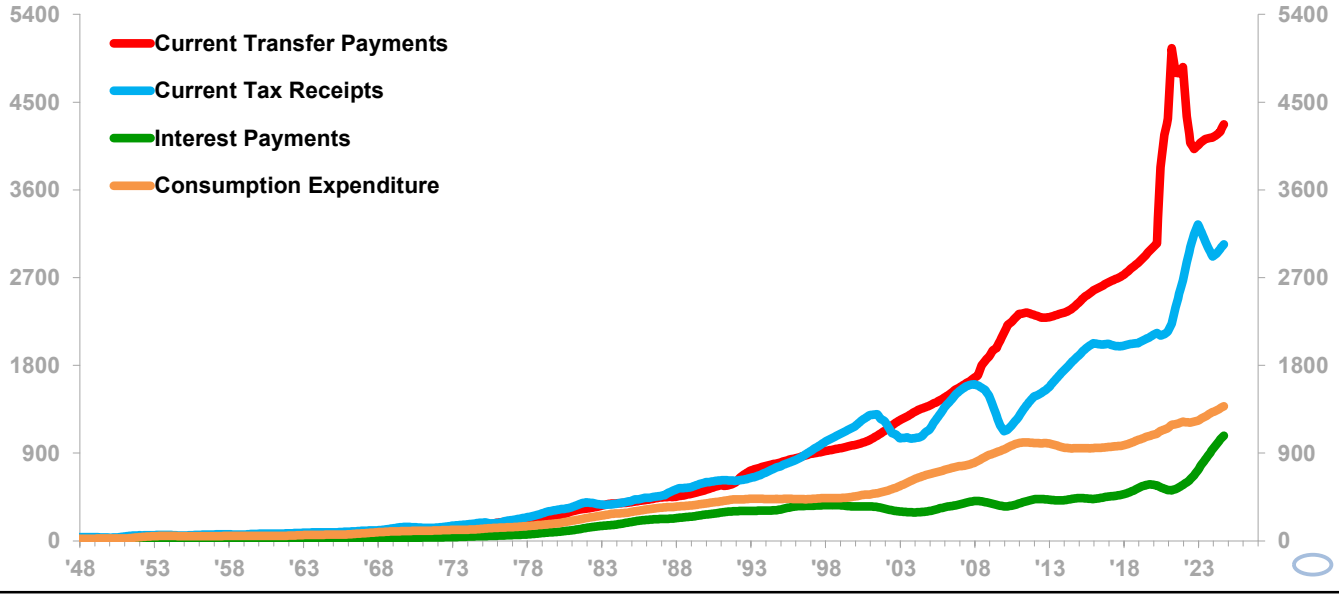

Inflation Likely to Translate More Quickly Into Higher Rates

Sources: FRB, BLS

US Government Long-Term Bond Yields to
US Producer Price Index Final Demand – Finished Goods
Annual Data Trends

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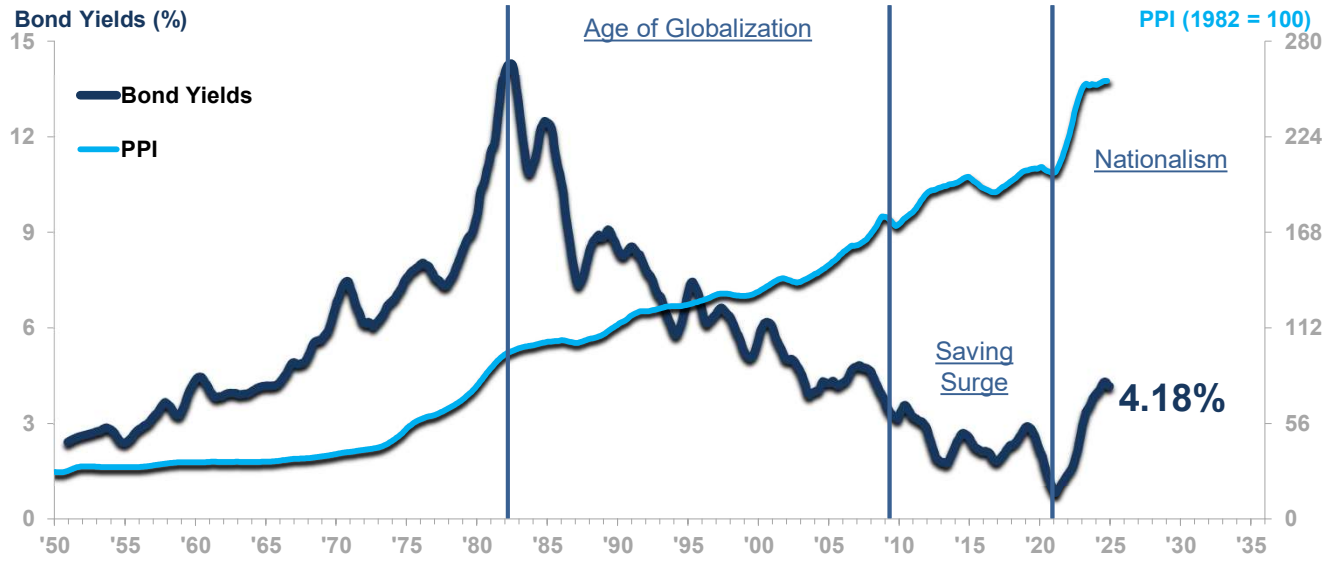

Long-Range Forecast U.S. Government 10-Year Bond Yields

Source: FRB

US Government Long-Term Bond Yields
Annual Data Trend, Percent

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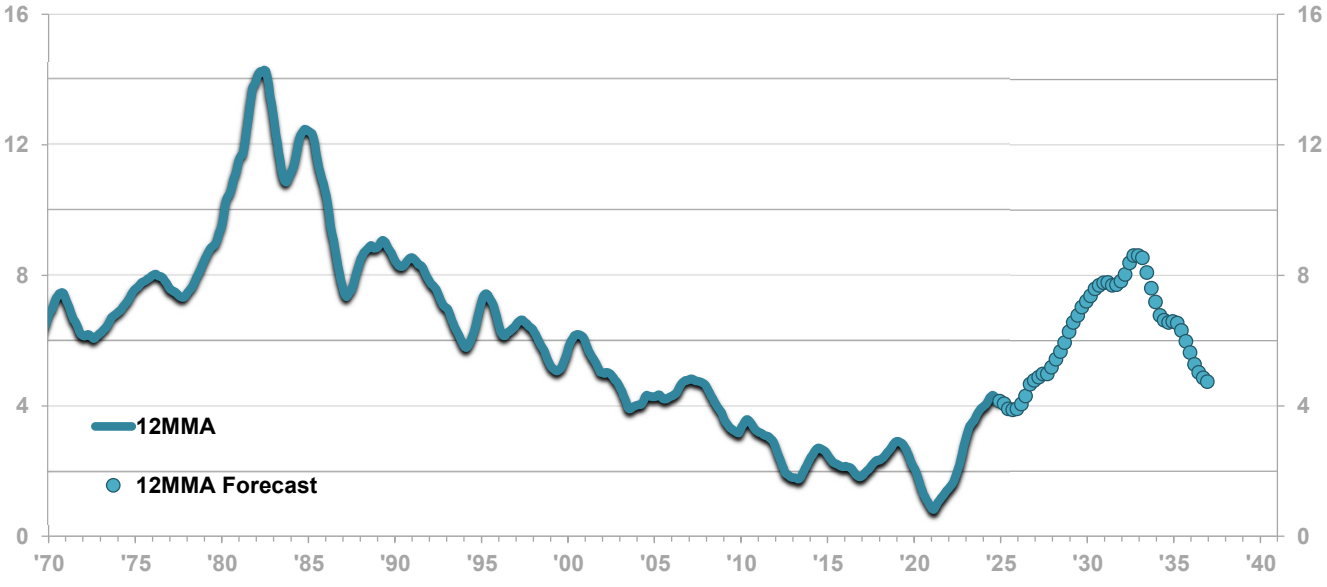


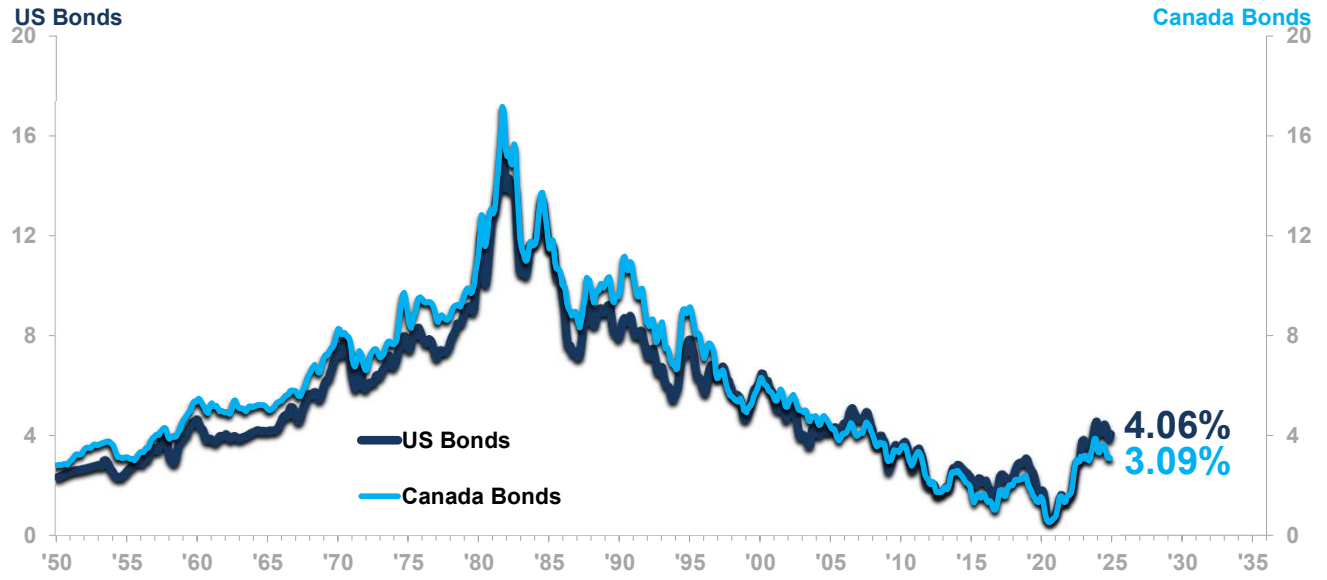
Likely Trade Off Some Yield For Safety

Sources: FRB, Macrobond

US Government Long-Term Bond Yields to Canada Long-Term Government Bond Yields

Quarterly Data Trends: Percentages

ITR ECONOMICS



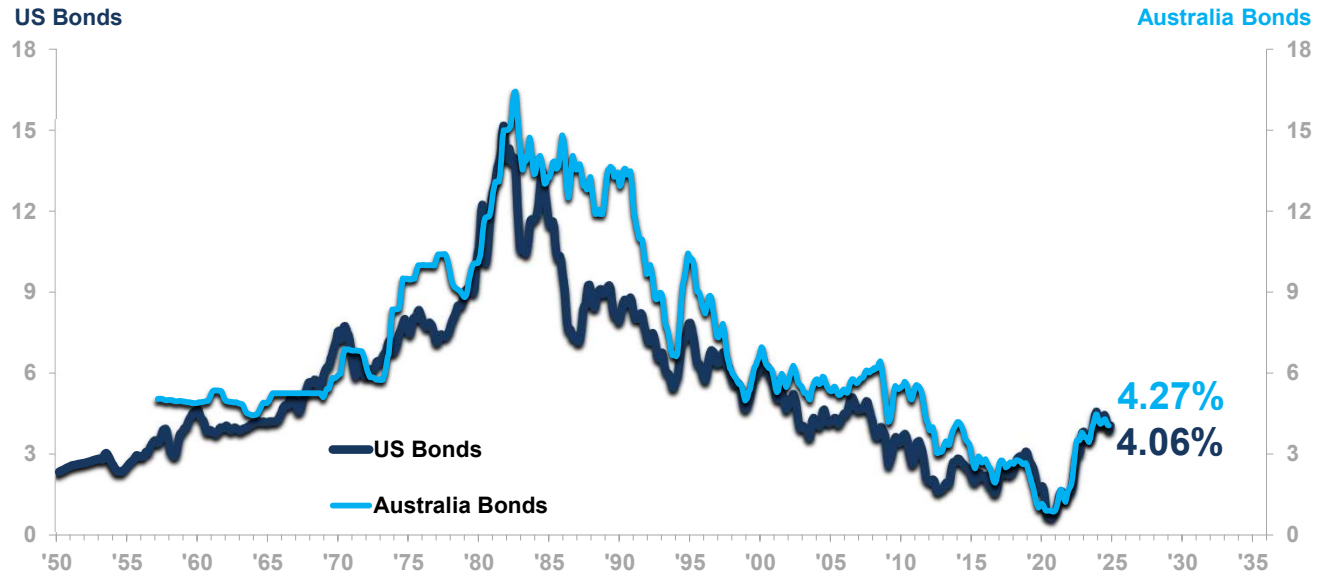
Australia: One of Favorites With Potentially Less Trade Off

Sources: FRB, Macrobond

US Government Long-Term Bond Yields to Australia Long-Term Government Bond Yields

Quarterly Data Trends: Percentages

ITR ECONOMICS



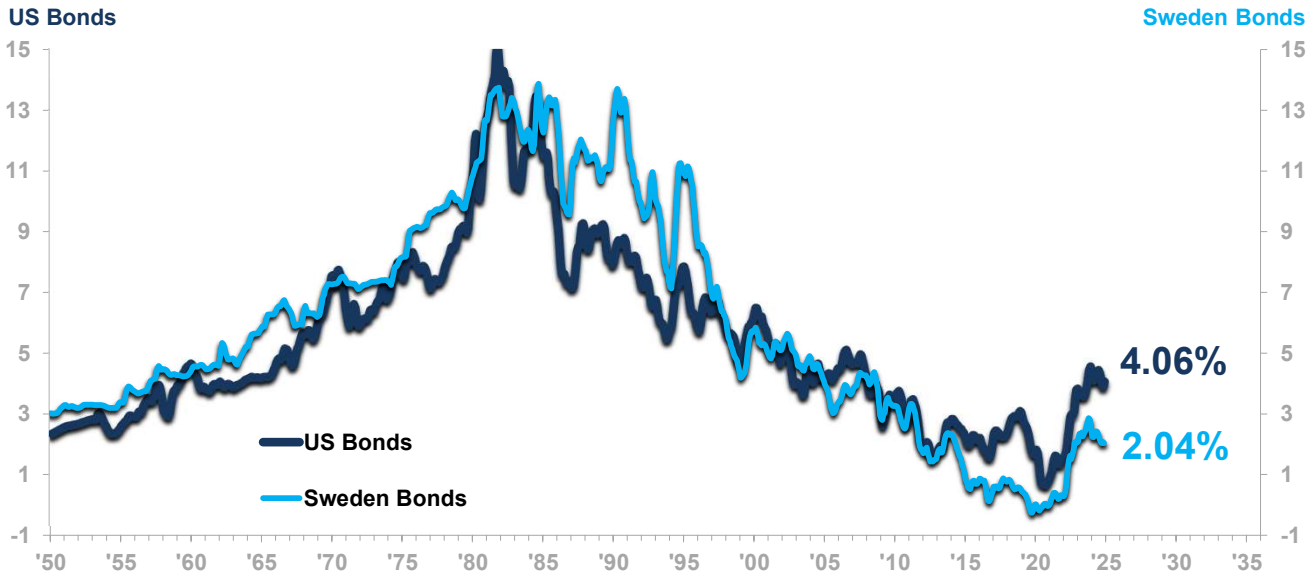
Sweden: Potentially More of a Trade Off For Safety

Sources: FRB, Macrobond

US Government Long-Term Bond Yields to Sweden Long-Term Government Bond Yields

Quarterly Data Trends: Percentages

ITR ECONOMICS



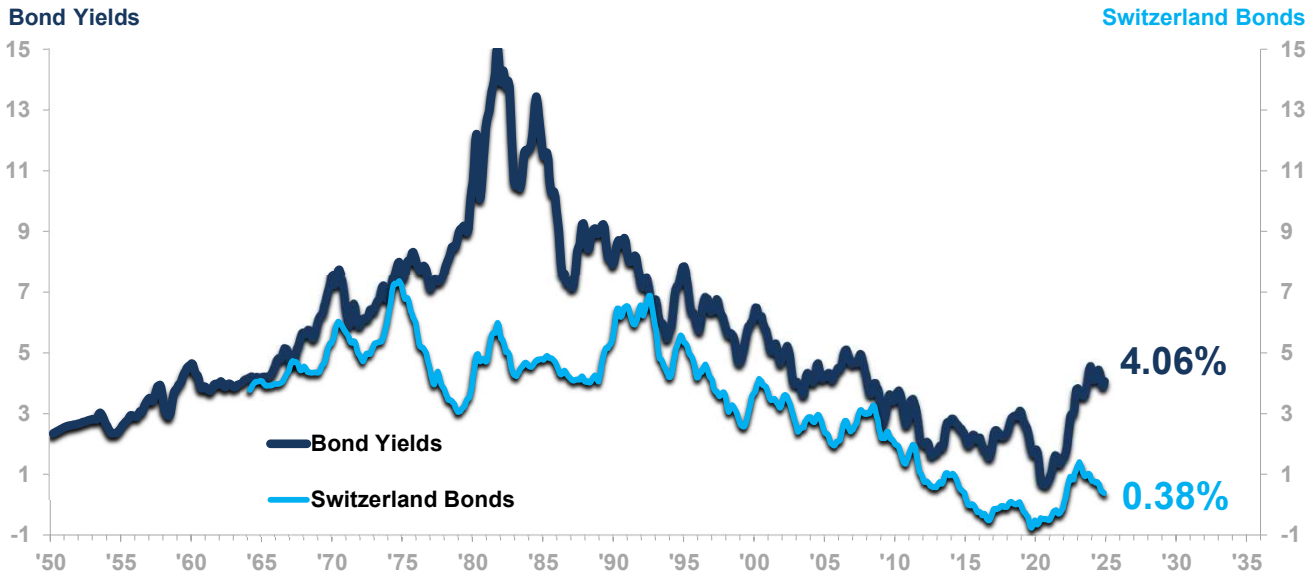
Switzerland: Very Safe But At a Cost

Sources: FRB, Macrobond

US Government Long-Term Bond Yields to Switzerland Long-Term Government Bond Yields

Quarterly Data Trends: Percentages

ITR ECONOMICS



Interest Earned Comparison: US and Foreign Bonds*

Source: ITR Economics

Country of Origin	Rate Purchase 4Q29	Per Annum Interest Income 2030	2031	2032	Total Interest Income
USA	7.54%	$22,620	$22,620	$22,620	$67,860
Australia	7.63%	$22,890	$22,890	$22,890	$68,670
Canada	6.45%	$19,350	$19,350	$19,350	$58,050
Sweden	5.40%	$16,200	$16,200	$16,200	$48,600
Switzerland	3.74%	$11,220	$11,220	$11,220	$33,660
Country of Origin	Purchase 4Q30				
USA	7.85%		$23,550	$23,550	$47,100
Australia	8.75%		$26,250	$26,250	$52,500
Canada	6.41%		$19,230	$19,230	$38,460
Sweden	5.71%		$17,130	$17,130	$34,260
Switzerland	4.05%		$12,150	$12,150	$24,300
Country of Origin	Purchased 4Q31				
USA	8.29%			$24,870	$24,870
Australia	9.19%			$27,570	$27,570
Canada	7.20%			$21,600	$21,600
Sweden	6.15%			$18,450	$18,450
Switzerland	4.49%			$13,470	$13,470

assuming $300,000 tranches per annum and choosing a country

Total Interest Income 2030 thru 2032	
USA	$139,830
Australia	$148,740
Canada	$118,110
Sweden	$101,310
Switzerland	$71,430

Total Interest Income thru 2036	
USA	$423,990
Australia	$455,580
Canada	$358,830
Sweden	$308,430
Switzerland	$218,790

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* Interest projections are for illustrative purposes only. The actual interest earned will be subject to the coupons paid at the time the bonds are purchases. Currency fluctuations may impact results.

Exchange Rate Risk Assessment

Source: IMF

Percent of World Allocated Reserves in US Dollars

Annual Data Trend: Percent

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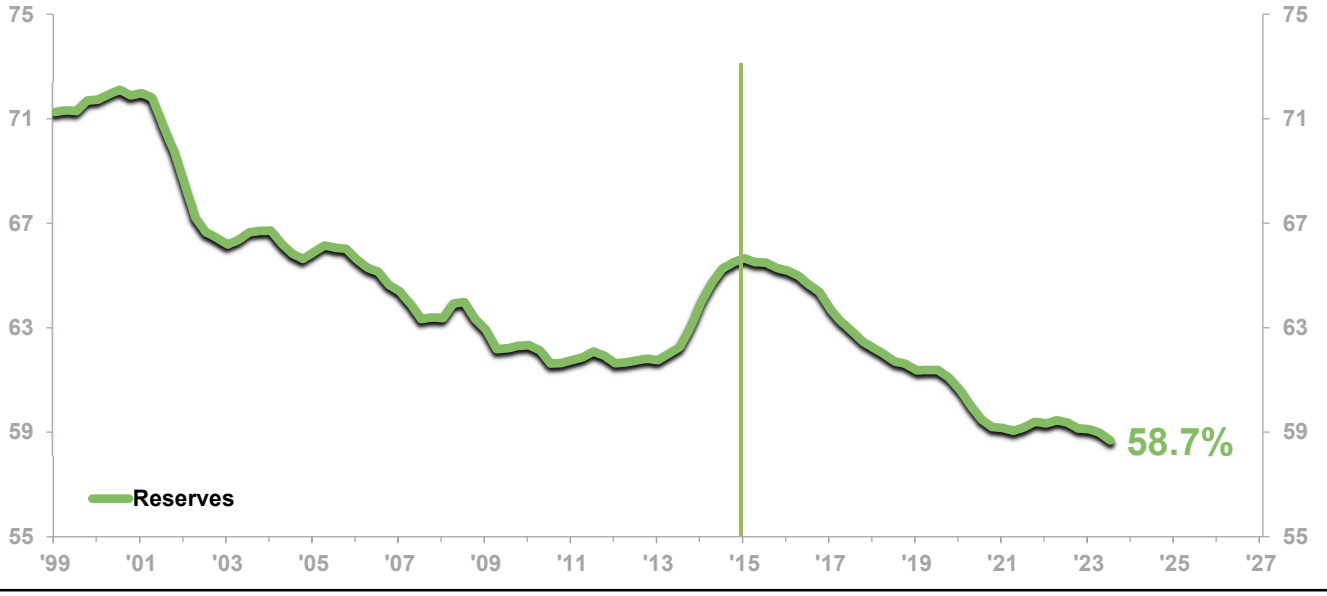

Exchange Rate Risk Assessment

Source: FRB

US Dollar Broad Real Trade Weighted Exchange Rate Index

Quarterly Data Trend: 2006 = 100

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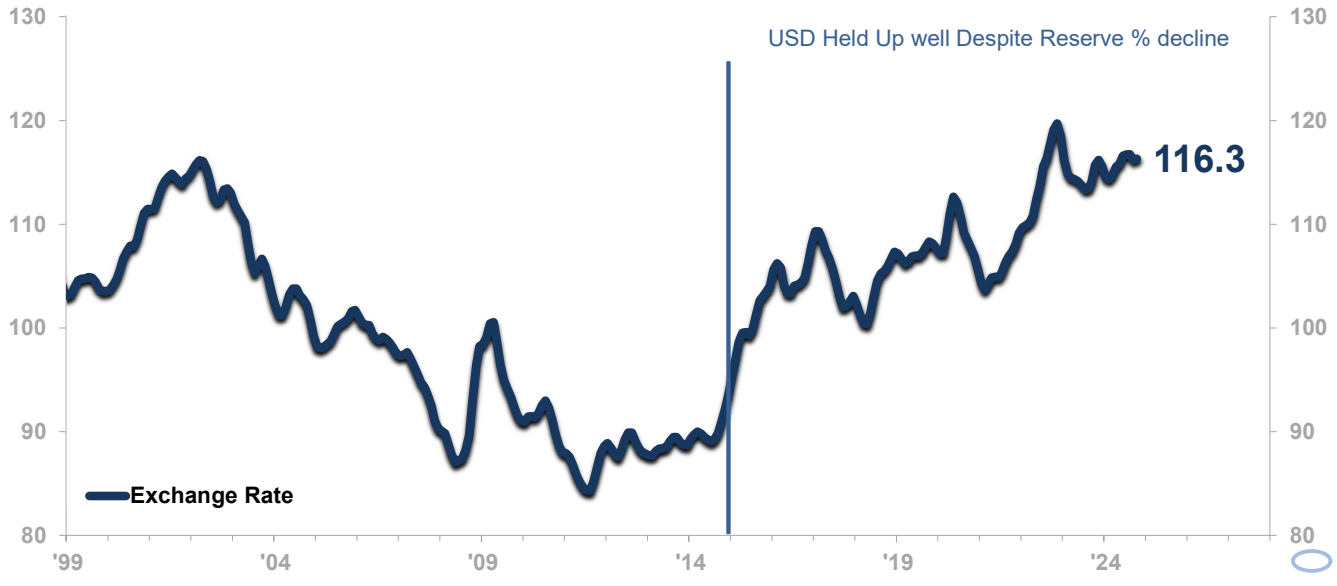

Exchange Rate Risk Assessment

Source: FRB

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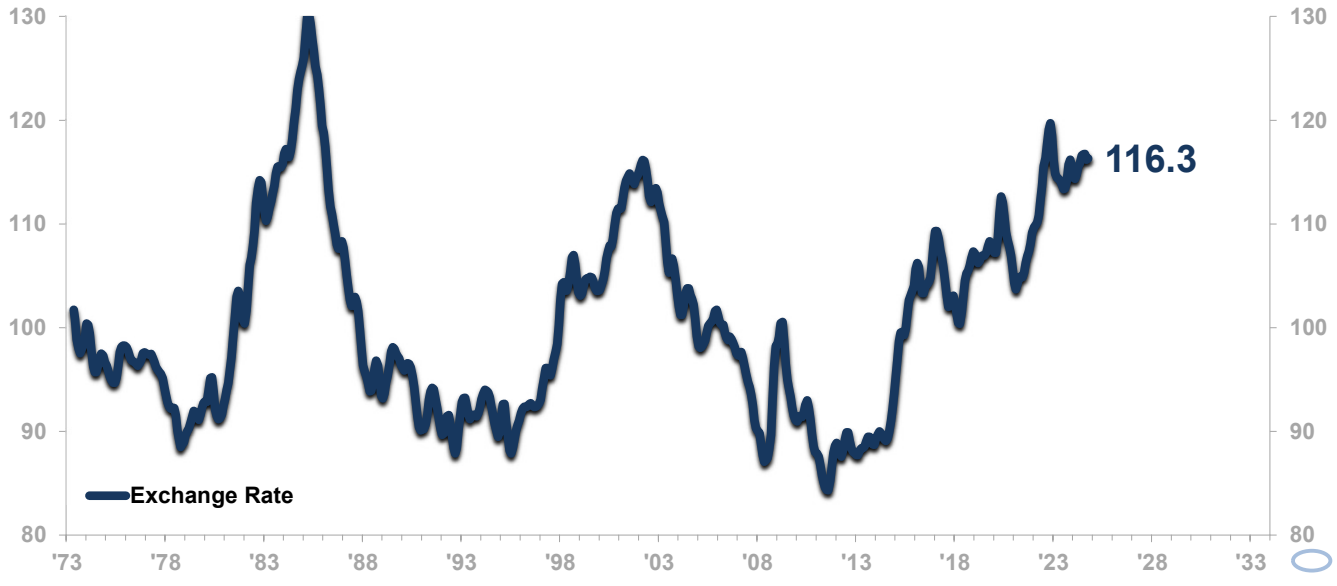

Mortgage Rates

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Current Spread Is Not Sustainable

Sources: Freddie Mac, FRB

US 30-Year Conventional Mortgage Rate to US Government Long-Term Bond Yields

Quarterly Data Trends: Percentages

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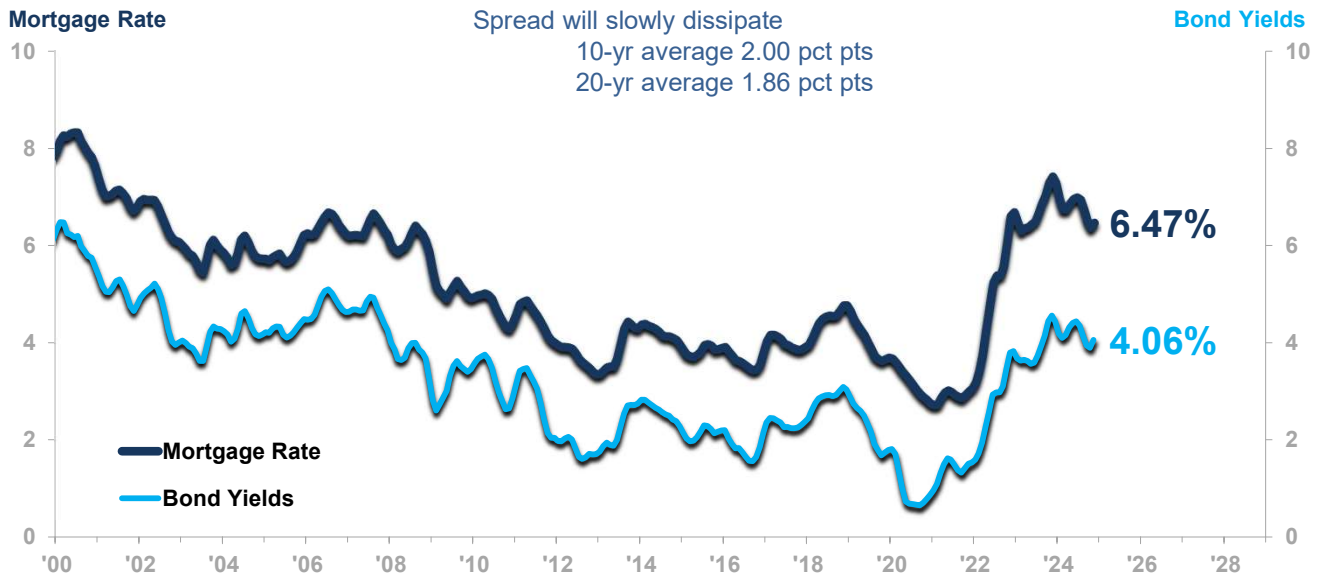

Corporate Yields Poised for Future Ascent Also

Sources: Freddie Mac, FRB

US 30-Year Conventional Mortgage Rate to US Corporate AAA Bond Yields

Annual Data Trends: Percentages

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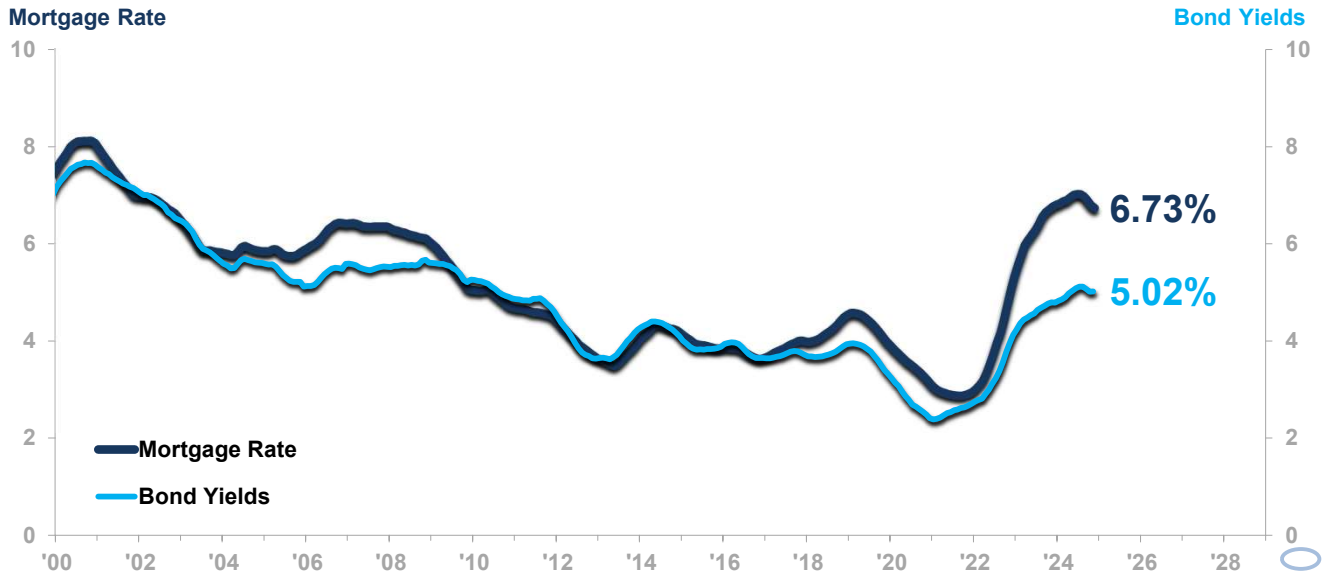

Mortgage Rate Forecast Through 2036

Source: Freddie Mac

US 30-Year Conventional Mortgage Rate

Annual Data Trend: Percent

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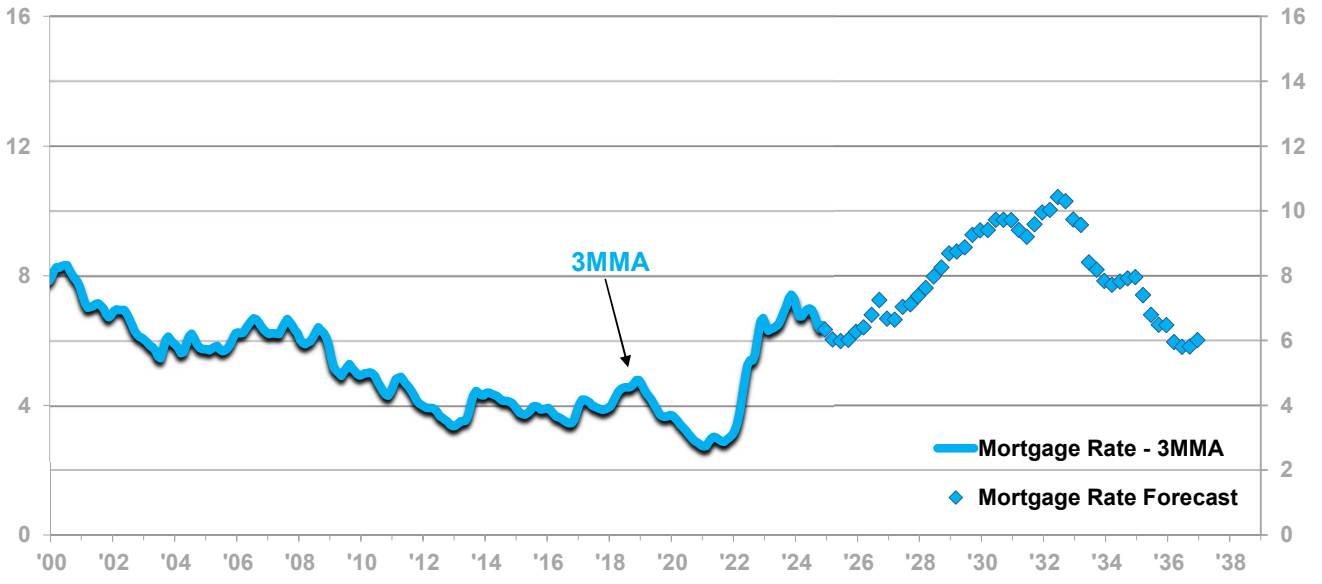

Real Estate

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New Home Analysis

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If you bought a NEW median priced home in **2019**	If you buy a NEW median priced home in **2025**	If you buy a NEW median priced home in **2029**
• 2019: $319,267	• 2025: $448,331	• 2029: $553,050
• 2029: $553,060	• 2029: $555,400	• 2036: $418,110
• 2036: $416,340	• 2036: $418,110	
• **Always in the green**	• **Recover ~ 2041**	• **Recover ~ 2045**

Existing Home Analysis

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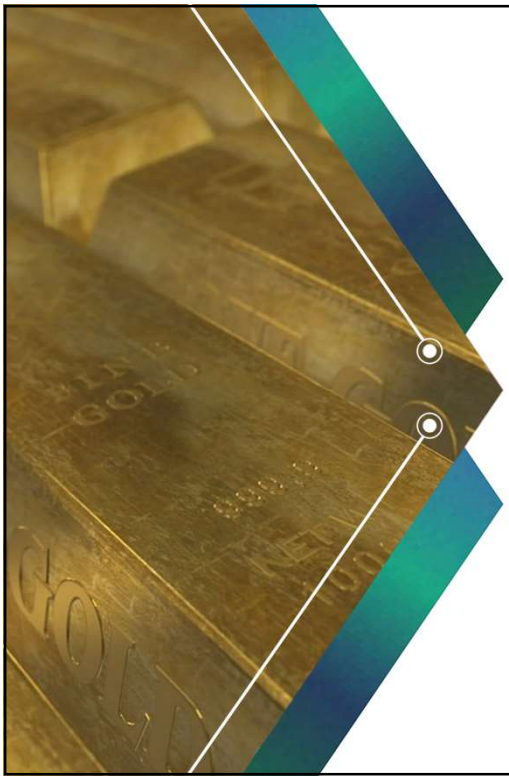
If you bought an EXISTING median priced home in **2019**	If you buy an EXISTING median priced home in **2025**	If you buy an EXISTING median priced home in **2029**
• 2019: $272,350	• 2025: $418,310	• 2029: $503,650
• 2029: $507,530	• 2029: $503,650	• 2036: $375,530
• 2036: $375,570	• 2036: $372,700	
• **Always in the green**	• **Recover ~ 2040**	• **Recover ~ 2044**



Gold

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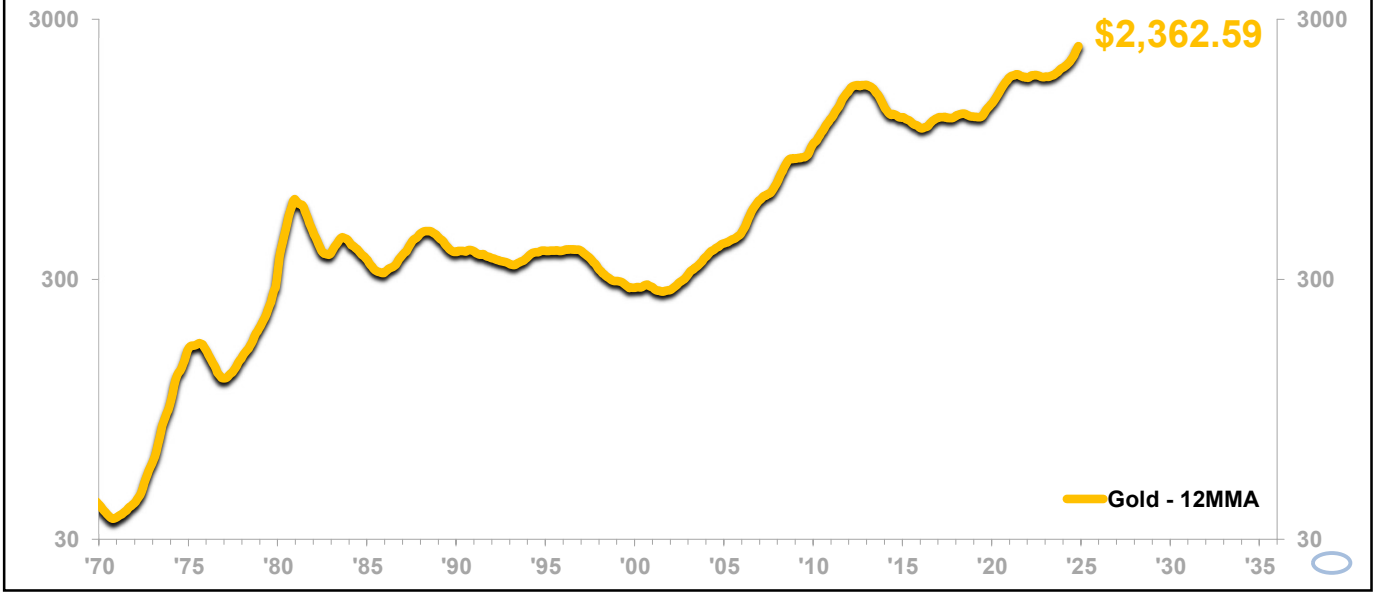
Long-Term Trend in Gold

Source: WSJ

US Gold Commodity Prices

Annual Data Trend : Dollars per Troy Ounce

ITR ECONOMICS



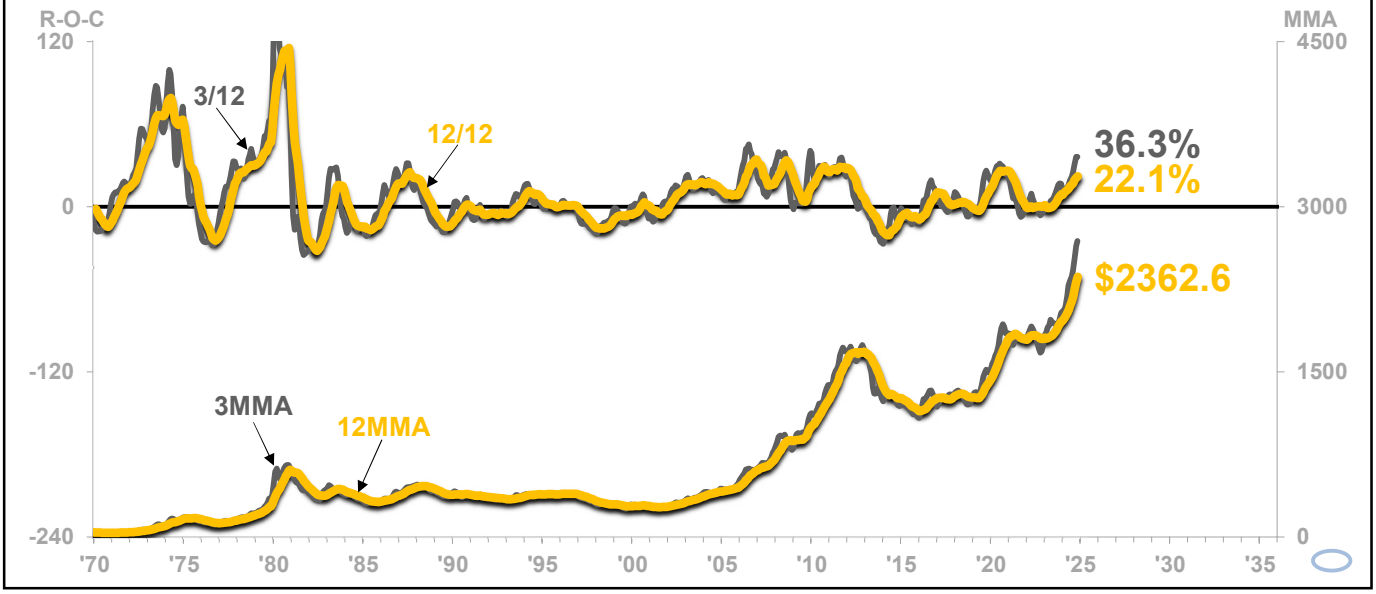
Additional Short-Term Rise Indicated

Source: WSJ

US Gold Commodity Prices

Dollars per Troy Ounce

ITR ECONOMICS



Strong Driver For Gold Prices

Source: World Gold Council

World Amount of Reserves in Gold

Annual Data Trend: Thousands of Metric Tons

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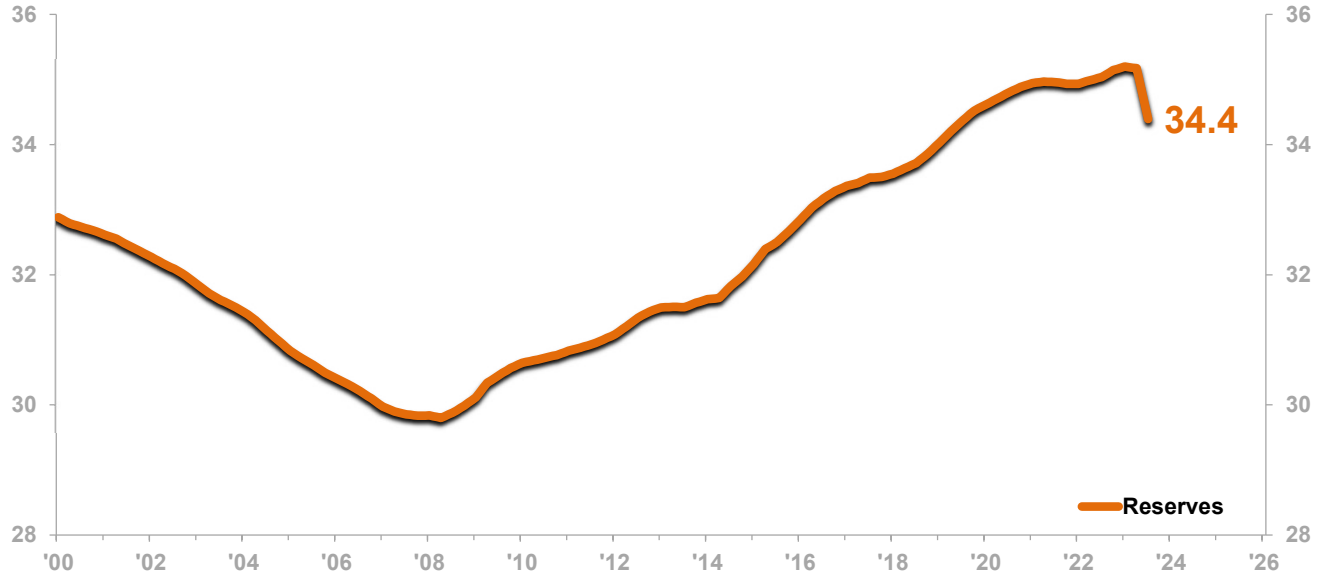


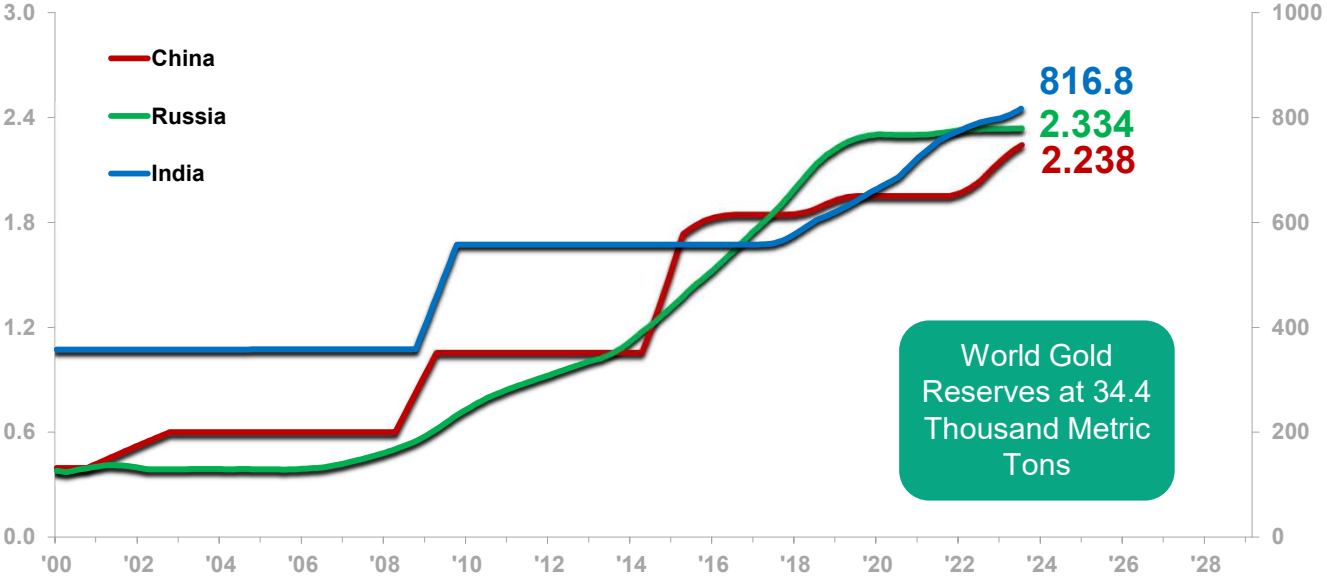
BRICS: Driving the Change in Terms of Magnitude of Change

Source: BLS

Amount of Reserves in Gold

Annual Data Trends: Metric Tons

ITR ECONOMICS



Source: World Gold Council

Gold Reserves by Country November 2024

Metric Tons

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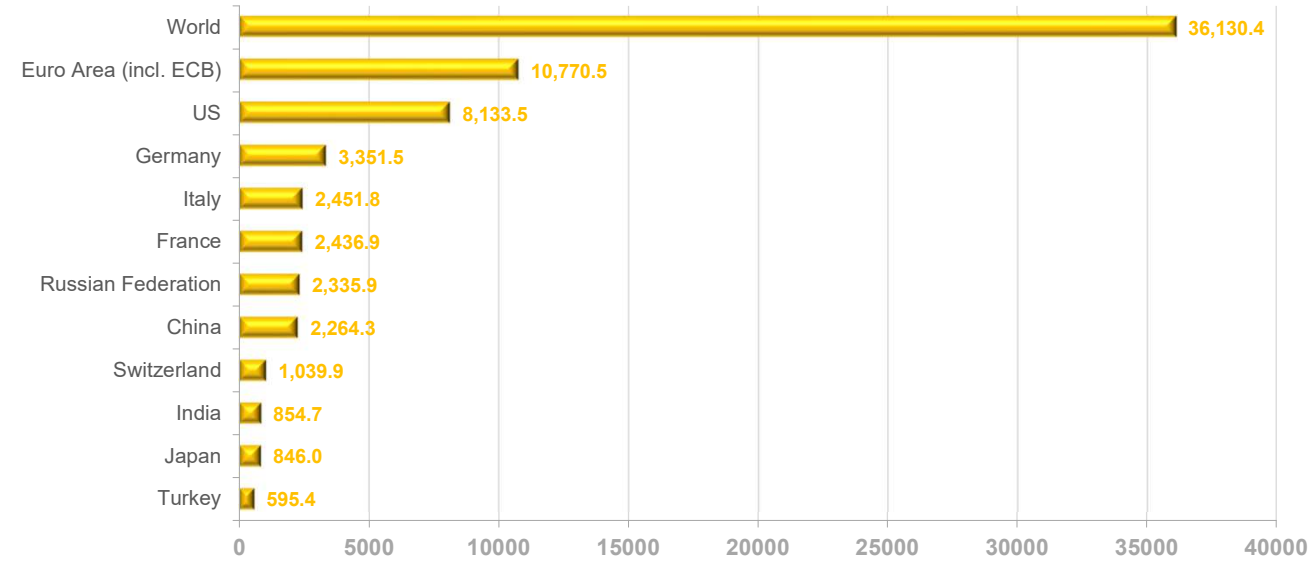
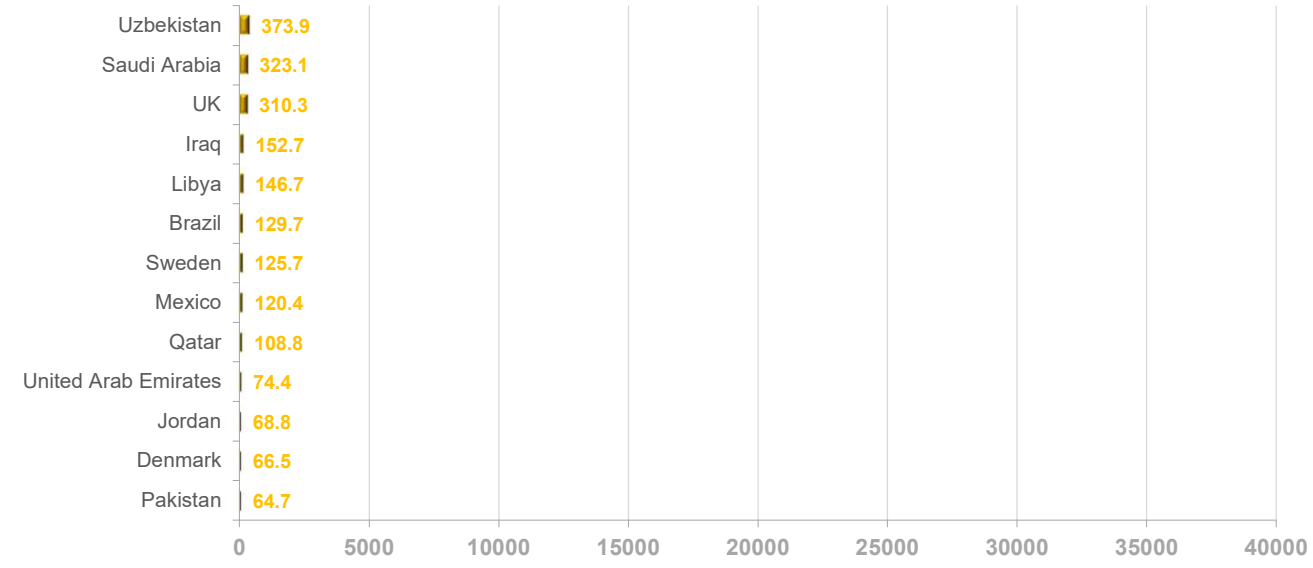


Source: World Gold Council

Gold Reserves by Country November 2024

Metric Tons

ITR ECONOMICS



Top 3 Mining Countries: China, Australia, Russia

Sources: WSJ, U.S. Geological Survey

US Gold Commodity Prices to World Mining and Quarrying of Gold

Annual Data Trends

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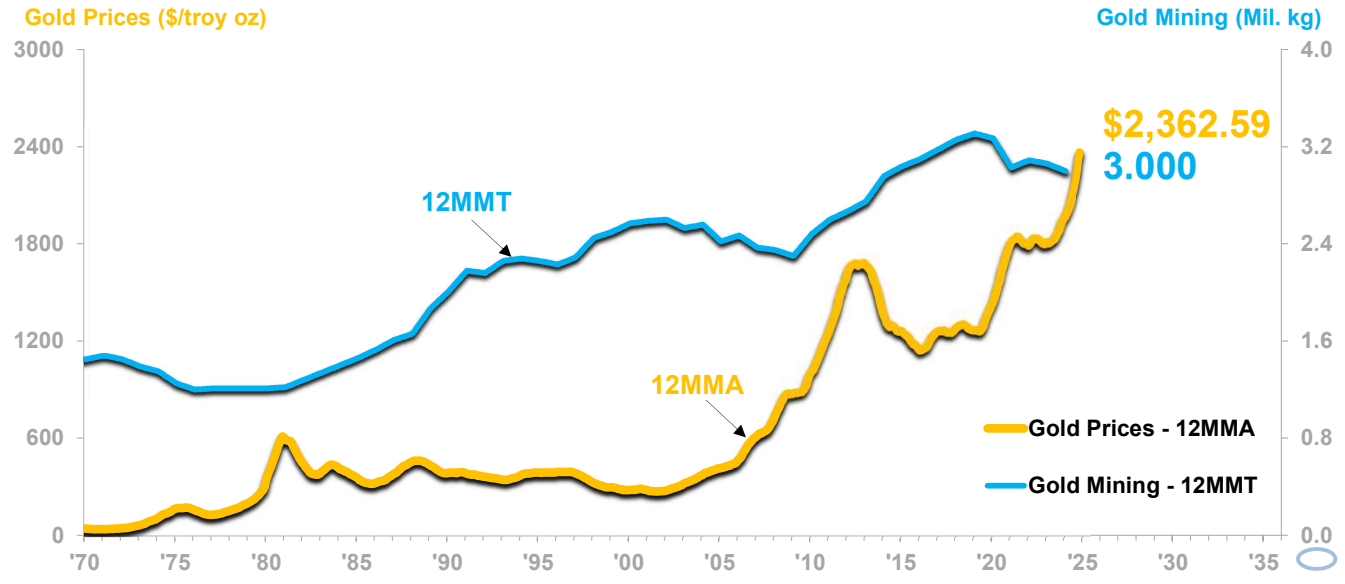

The Influence of War Through Time

Source: WSJ

US Gold Commodity Prices

Annual Data Trend : Dollars per Troy Ounce

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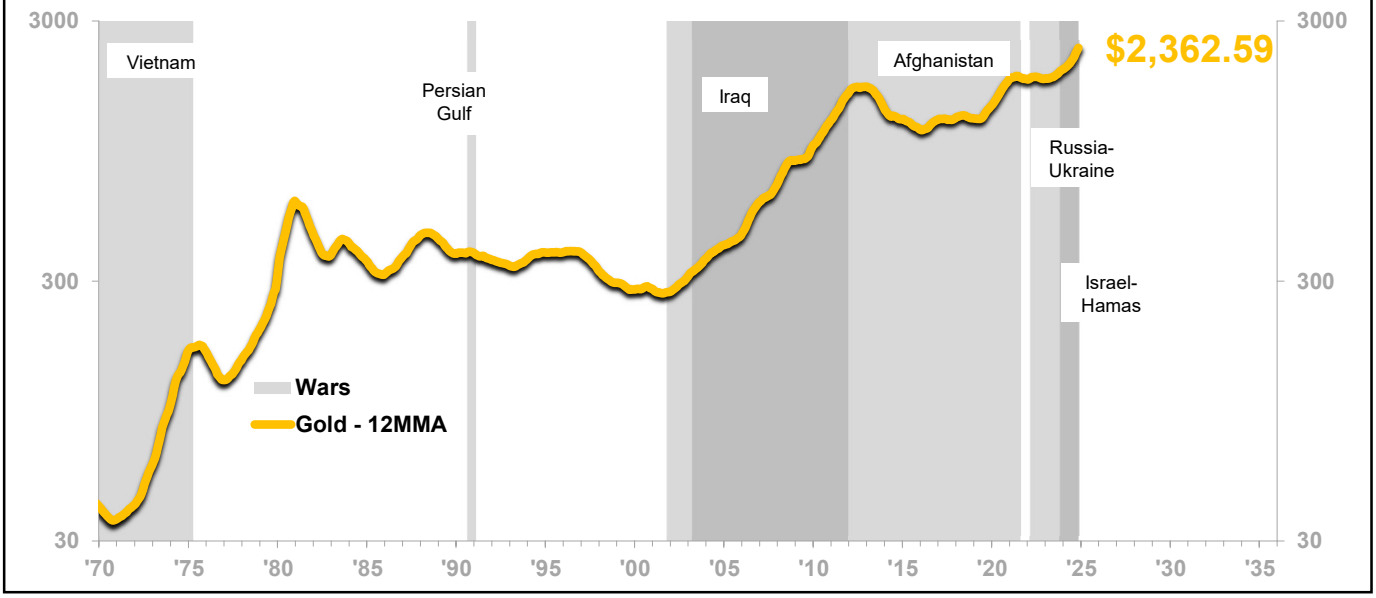

Looking Like a Worthwhile Alternative to Consider

Sources: WSJ, FRED

US Gold Commodity Prices to US S&P 500 Stock Prices Index

Annual Data Trends

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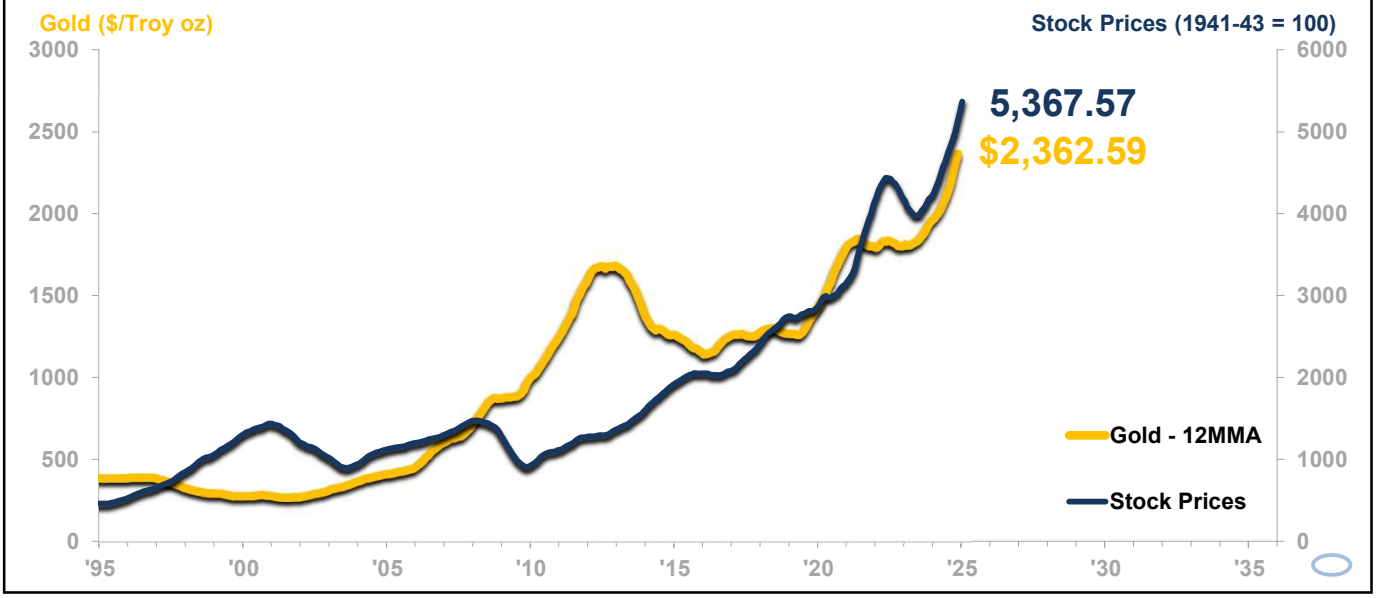

There is Always Silver to Consider

Source: WSJ

US Gold Commodity Prices to US Engelhard Industrial Silver Cash Prices

Annual Data Trends: Dollars per Troy Ounce

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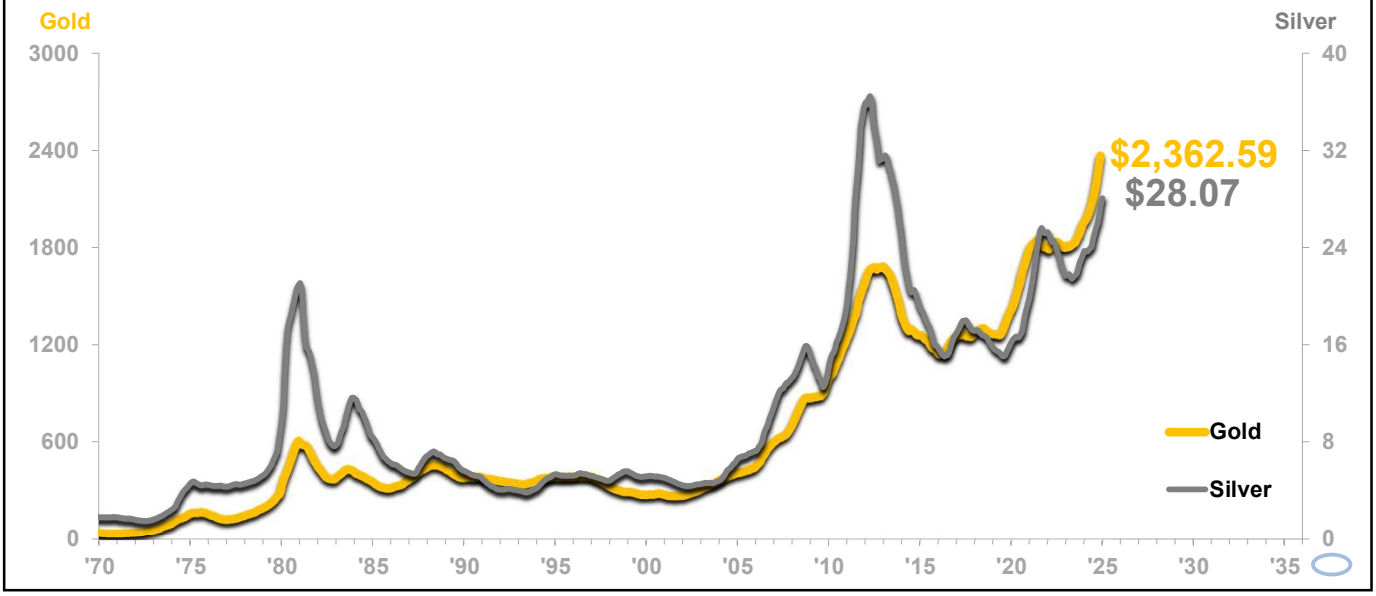

Any questions?

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Now part of Crowe

Is your business facing these questions and concerns as we move toward the 2030s?

- *Interest rate sensitivity*
- *Price sensitivity*
- *Dependence upon a demand-pull market dynamic that will be hard hit in the 2030s*
- *Worth of your business positively correlated to the financial markets*
- *Reliant upon market activity that is largely non-discretionary*

Financial Resilience: Your Blueprint to the 2030s

Extended forecast and custom roadmap

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