Looking for Three-Lane Wealth Creation on a Two-Lane Road

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The 2014 Economy

- Slow. One lane closed
- What’s Holding Us Back
- Reasons for Optimism
- Complicating Factors
- Bootleggers & Baptists Ride Again
Real GDP Growth
1Q2000 - 2Q2014 (2nd. est.)
(4-Quarter Moving Average)
Real GDP Growth
1Q2000 - 2Q2014
(4-Quarter Moving Average)

3.14%
### U.S. GDP GROWTH
Recent Forecasts

<table>
<thead>
<tr>
<th>Source</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Conference Board</td>
<td>1.5%</td>
<td>2.9%</td>
</tr>
<tr>
<td>Congressional Budget Office</td>
<td>1.5%</td>
<td>3.4%</td>
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<tr>
<td>IMF</td>
<td>1.7</td>
<td>3.0</td>
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<tr>
<td>Kiplinger</td>
<td>1.5</td>
<td>3.0</td>
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<tr>
<td>Wells Fargo</td>
<td>1.4</td>
<td>2.9</td>
</tr>
<tr>
<td>White House</td>
<td>2.6</td>
<td></td>
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<tr>
<td>Livingston Survey</td>
<td>2.2</td>
<td>3.0</td>
</tr>
</tbody>
</table>
What’s holding us back?
Feeling Over-Regulated These Days?

What about the Evidence?

Three Components: News, Tax Code Expirations, Variation in GDP Forecasts
Reasons for Optimism
The Hemline Index of Stock Prices

- 50 Year Dow-Jones Industrial Average
- Hemline in Inches Off the Floor
Complicating Factors
Looking for 8.3 Million Waldos
Participation Rate by Educational Attainment
For those 25 or Older
August 2014

Overall Participation Rate: 62.8%

Less than High School, 45.0%
High School, 54.5%
Less than Bachelor's, 66.9%
Bachelor's or more, 74.6%
UNDERGROUND MONEY & MONETARY POLICY
VALUE OF CURRENCY IN CIRCULATION
(Billions of dollars, as of December 31 of each year)

Includes Federal Reserve notes, U.S. notes, and currency no longer issued.
Excludes the dollar value of denominations larger than the $100 note.
Labor Force Participation and Currency in Circulation

Billions
1/2000 - 9/2013

Rate

1/2000

9/2013

$400 $500 $600 $700 $800 $900 $1,000 $1,100 $1,200 $1,300

y = -0.0062x + 70.677

R² = 0.9551
The Sharing Economy
The Geographic Imprint
State Real GDP Growth
Compounded Annual Rate,
2009 - 2013

- 2.48% - 11.56%
- 1.81% - 2.17%
- 1.24% - 1.80%
- 0.42% - 1.23%

U.S. = 2.0%
Unemployment rates by state, seasonally adjusted, August 2014

(U.S. rate = 6.1 percent)

SOURCE: Bureau of Labor Statistics
Local Area Unemployment Statistics
Bootleggers & Baptists Ride Again
Baptist churches join liquor stores to fight supermarket wine  March 4, 2009.  WATE Knoxville.

"Most of our business comes from wine sales so the legislation would definitely hurt smaller businesses like this," says Ryan Hollencamp, University Liquor.

"We don't see that alcohol is bringing a lot to the table that's benefiting our culture, but we are seeing a lot of damage," says Dr. Dan Riley, at Calvary Baptist Church.

Mr. Putin and Hydraulic Fracturing

Speaking to a 2013 London economic conference, Russian President Vladimir Putin sounded a green alarm about the use of hydraulic fracturing for recovering natural gas: “If you frack, black stuff comes out of the tap.” A host of environmentalists would likely endorse Putin’s concern for drinking water purity. As stated on the Sierra Club’s web site: “Fracking for natural gas damages the land, pollutes water and air, and causes illness in surrounding communities. It is also a major threat to our climate...We need to move beyond natural gas.”
The dirtiest coal in the U.S. is becoming the most popular, thanks to tightening emission standards forcing power plants to reduce pollutants.

Demand for the fuel from the Illinois Basin in President Barack Obama’s home state climbed last year to the highest level since 1990 as sales of nearby Appalachian coal dipped and consumption of the product from Powder River Basin mines in Wyoming grew at a slower pace.
QUESTIONS?