Boomers Flushed with Dough? -- No!

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Post World War 2 -- The last of the good old days when a single paycheck could maintain a typical family in comfort. The economy was booming to make up for the war scarcity of consumer goods, and also because the US was taking good advantage of the massive destruction its economic competitors had suffered.

Baby Boomers are generally described as those born between 1946 and 1964; a period of economic strength which will likely never be seen again by this country. The problem is that even in a relatively good economy saving for retirement is often impossible while dealing with marriage, home and family given that most of the wealth of the country remains in the hands of a few.

According to a Stanford University study 30% of BB's have saved no money in a retirement plan in 2014 when they had reached the age of 58, leaving precious few years to build one by the time they retire. Of those with retirement accounts the median average was $200,000, hardly sufficient for the 20-30 years following retirement.

A survey by the Employee Benefit Research Institute found that found that almost half of Americans approaching retirement age (65) had less than $25,000 saved. 25% of those surveyed didn't even have $1000. To add to this laundry list of difficulties, a third of homeowners over 65 were still paying off their mortgage in 2012, and 2.8 million Americans over 60 were still burdened with a student debt. Finally, the Great Slump that began in 2007 reduced the median Boomer median household net worth from $224,100 in 2007 to $184,200 in 2016.

This is why we have been hearing so much about seniors well into their 70's working for Walmart and Amazon. But when all is said and done, those of the Boomer generation with their Social Security and whatever savings will likely be the most fortunate post WW2 retirees until this system is replaced. No wonder that when Millennials were recently polled the majority said they preferred socialism over capitalism.

Economic Info

-- The markets closed the week on the happy news that the first GDP report for the second quarter was higher than expectations -- that is, instead of 2.0% in came in at 2.35%. The most interesting part of the GDP report were the revisions of previous quarterly GDP determinations. Normally an economy that suffered a slump as serious at that of 2008 would have first recovery growth in the 8-10% range, which would then taper off to a norm. This 'recovery' never even managed a 5% quarter. That gave added significance to the 4th quarter of 2018 which was finalized at 4%. Well, that has been revised down to **1.08%** making the average for the last three quarters about 2.0%. But, no worries here, just recollect a Satchel Paige variant -- *Don't look back because a recession may be gaining on you*.

-- From 1995 to 2005 the the Civilian Non-institutional population grew by 29.7 million. From that total 18 million entered government defined official labor force. From September 2005 to June 2019 the same grew by 32.3 million yet the official labor force added only 13 million. Official excuses like increased BB retirement cannot account for this. The real reason is that the real economy shrunk by 15-20% during the course of our current non-recovered 'recovery.'

-- The US composite PMI fell to 50.0% in July, that's the lowest its been in 118 months (2009). Of that manufacturing output fell to 48.9. IHS Markit.

-- Markit reported German manufacturing PMI fell to 43.1 in July the lowest in 84 months when the country experienced its last recession. The composite PMI for all of Europe fell to 51.5.

-- The National Association of Realtors reported that existing home sales fell 2% last month compared to the previous year. That's the 16th consecutive month of monthly comparison declines.

-- It may surprise many to learn that China is the largest foreign buyer of American homes, and remains so even though purchases over the 12 months to March 2019 declined by 56%, but still totaled $13.4 billion.

-- According to Capgemini Consultants global net worth declined by $2 trillion last year. China was responsible for 25% of the decline.

-- China GDP growth in the second quarter fell to 6.2%; that's the lowest growth rate since records began in March 1992. Many think the real rate is less than the official rate -- perhaps around 5%. The weakening continues even though the central bank has cut commercial bank reserve requirements 6 times in recent months to free up funds for loans. The government has also cut taxes in April and May freeing up $290 billion for spending stimulation.

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