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Normal, or Something Like It

By Nancy Lottridge Anderson

Normal. That was the word of the evening at our 20th CFA Forecast Dinner.

Normal GDP of 2% as we come out of our spending frenzy post-pandemic. Normal inflation by year-end in the 2% range, with 80% of inflation pressure coming from housing and auto insurance. Consumer spending normalizing as we revert to homebodies and spend less on things like entertainment and travel. And even normal mortgage rates in the 6% range—because those 3% rates of the last decade were definitely NOT normal.

Getting back to normal means we are still dealing with some of the same old issues. The US has $34 Trillion in public debt. That is growing by $1.7 Trillion per year as Congress reverts to normal stagnation on the really important issues. Each year, 400,000 Baby Boomers retire expecting their Social Security and Medicare. Our growing debt is a function of these long-ago promises and an aging population. As a member of this generation, I have the same expectations, but I also know the peril of ignoring the trend line. Who will have the political will to address our budget problems?

Peter Strzalkowski of Curasset Capital Management says the US is not alone. Most countries around the world are operating at deficits. Only some of the Scandinavian countries and Sweden live within their means. Despite our predicament, Strzalkowski expressed confidence that the US will sort things out and be "the winner."

While some things never change, others have changed dramatically. China is no longer growing at double digit rates, as they double down on their political system and hold onto power. China is not a capitalistic country and has no desire to be. Youth unemployment is soaring, and they are experiencing a stubborn crisis in real estate.

Meanwhile, Mexico is booming. The pandemic showed companies and countries the danger of dependence on trading partners that are remote and volatile. Manufacturing is coming home and closer to home. Choosing production sites now includes the cost of tangled supply lines.

And our newest "normal?" Artificial Intelligence (AI). It is bleeding into every industry, resulting in a productivity boom that could fuel us for years to come. The ramifications are unknown and full of pitfalls, but this is our new normal.

With all the options for investing in this normal growth, Dana Martin of WallachBeth Capital says, "It's the best time to be an investor."

If you'd like to see the entire presentation with all their opinions and full forecast, we'll send a link in our next e-newsletter.

Twenty years and we're still facing forward, looking to the future. Normal seems like a good place in which to find ourselves.

"No one is normal. Everyone is just pretending to be normal."—Alessandre Torre

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