

What are the Current Demographic and Economic Trends: Is It Boom or Bust?

CSMFO Annual Conference – Palm Springs

February 20, 2014

Presented by Douglas C. Robinson

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The Immigration Adjusted Birth Index

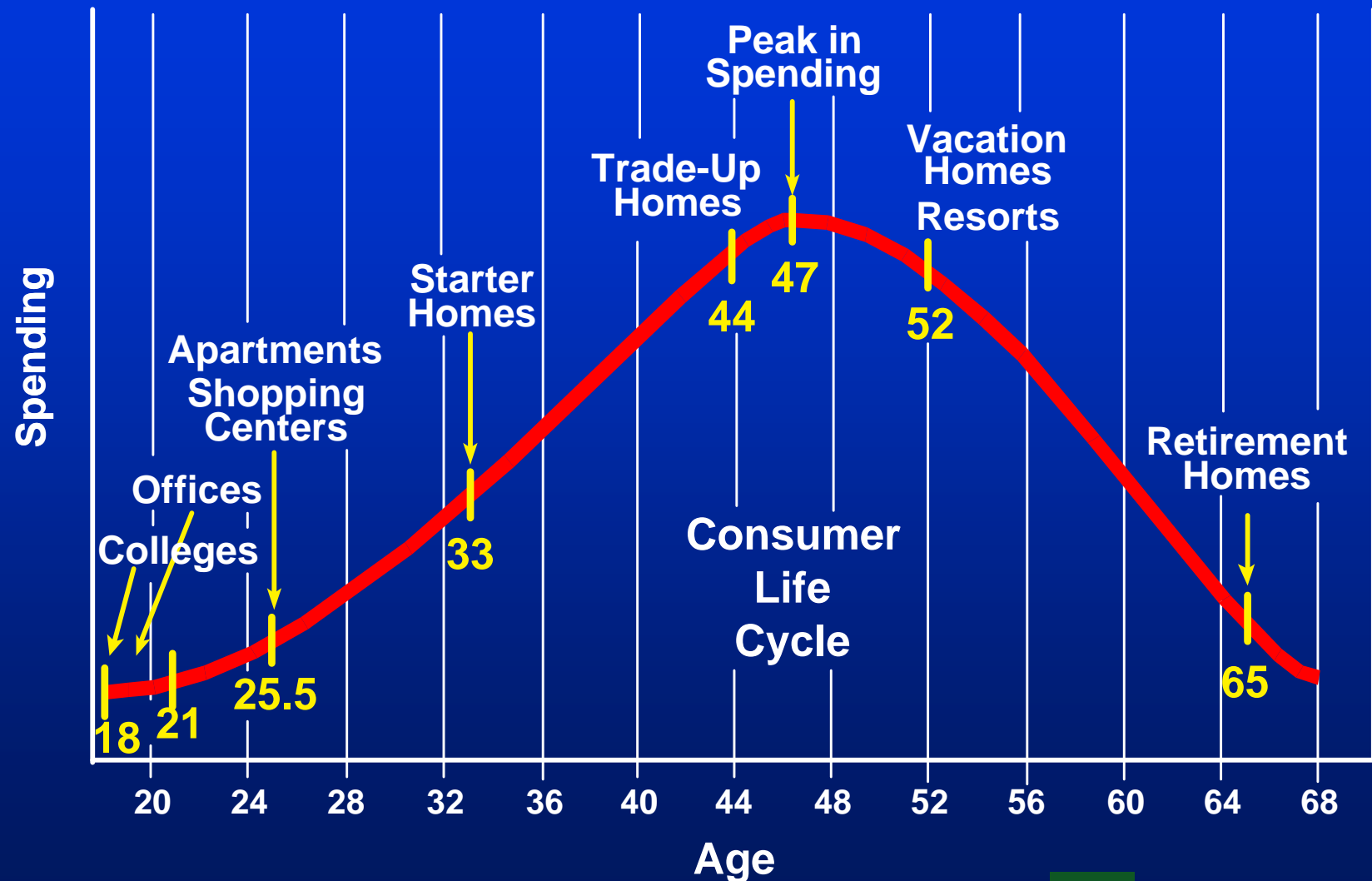


Source: U.S. Department of Justice and Immigration and Naturalization Service, "Immigrants Admitted by Sex and Race"; National Center for Health Statistics, "Live Births, Birth Rates, and Fertility Rates, by Race of Child: United States" 1909-1980 and 1960-2011

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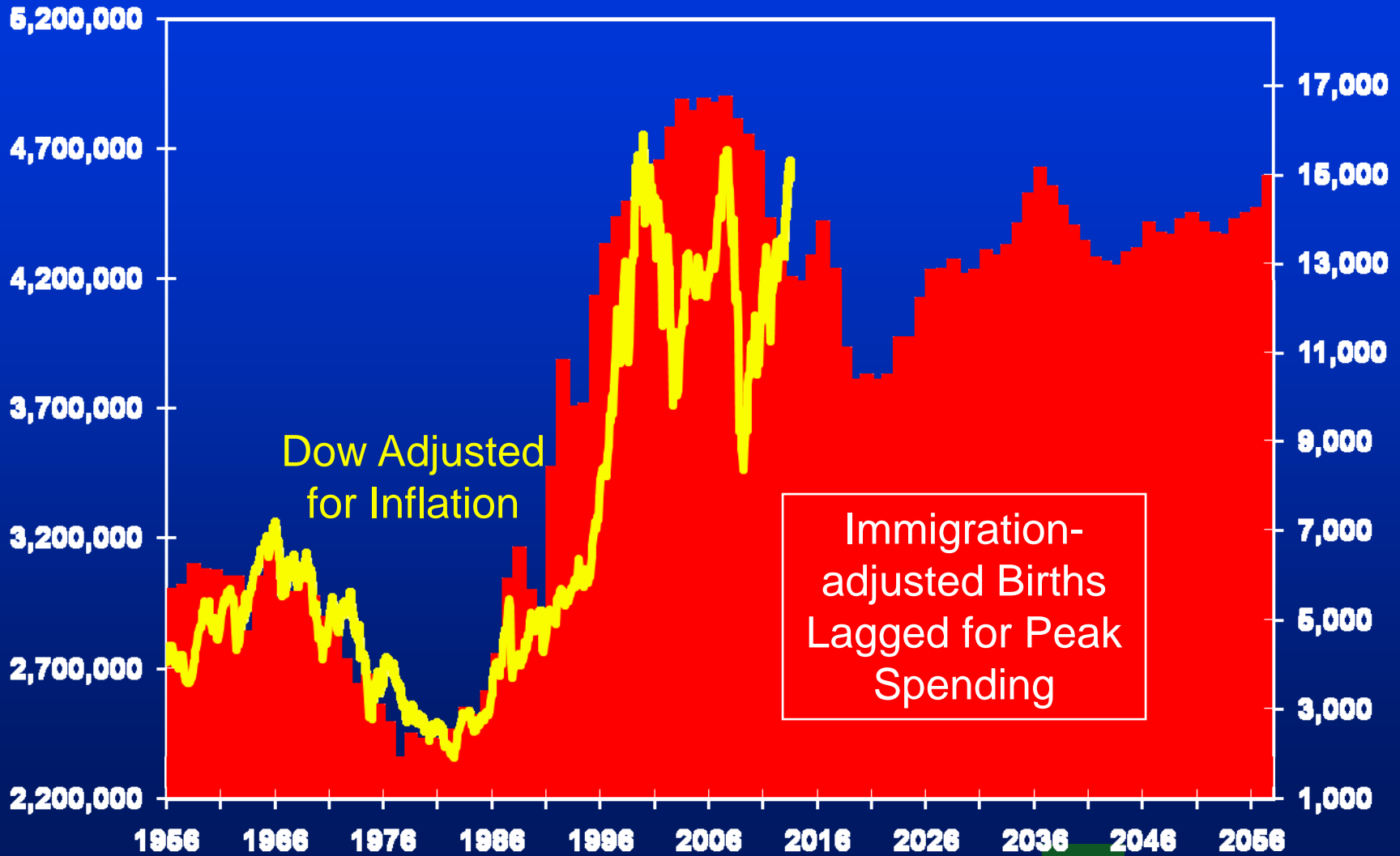
Key Consumer Expenditures/Investments



Source: U.S. Bureau of Labor Statistics, Consumer Expenditure Annual Surveys and Research Memorandum-H.S. Dent

The Spending Wave

Births Lagged for Peak in Family Spending

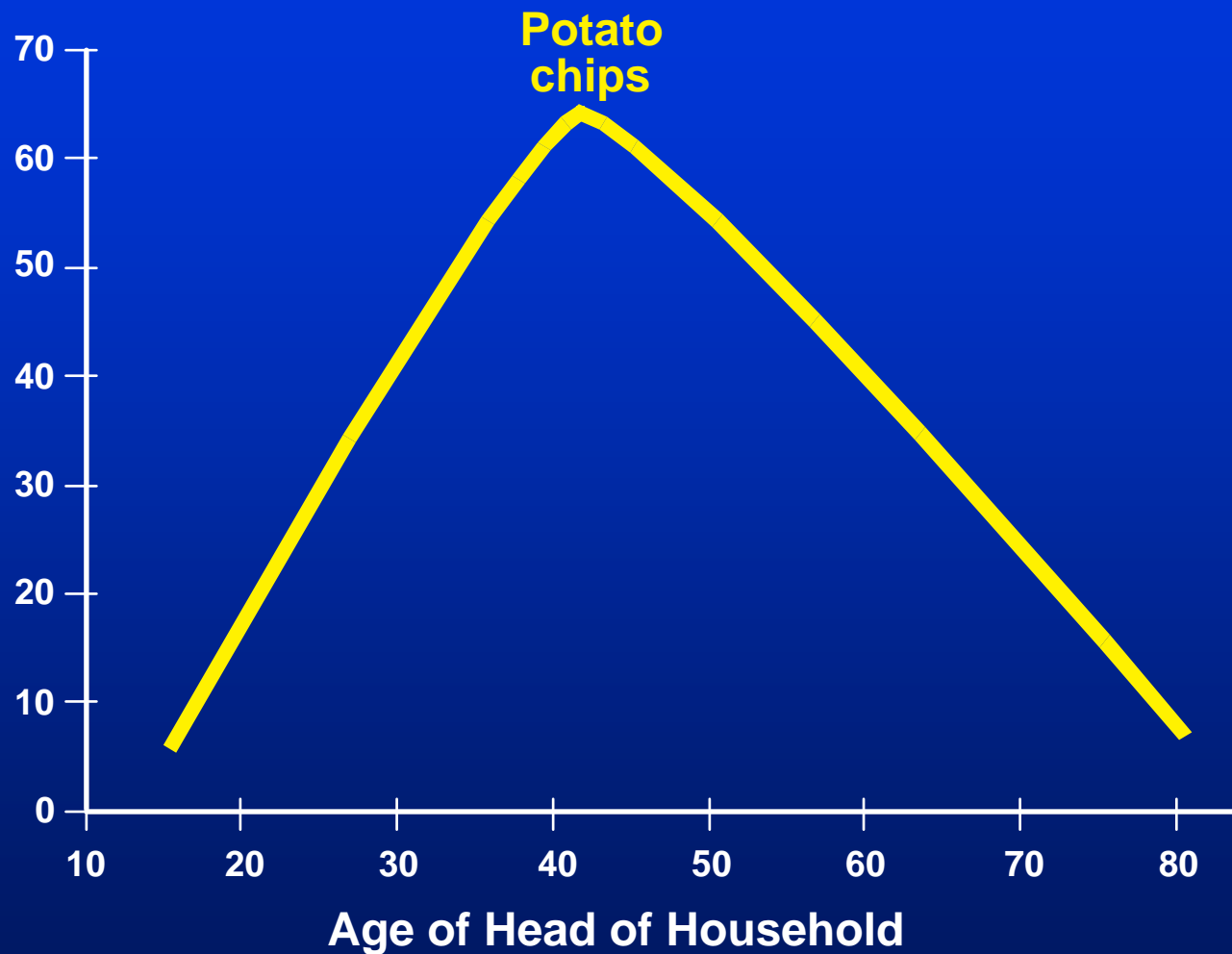


Source: Dent Research

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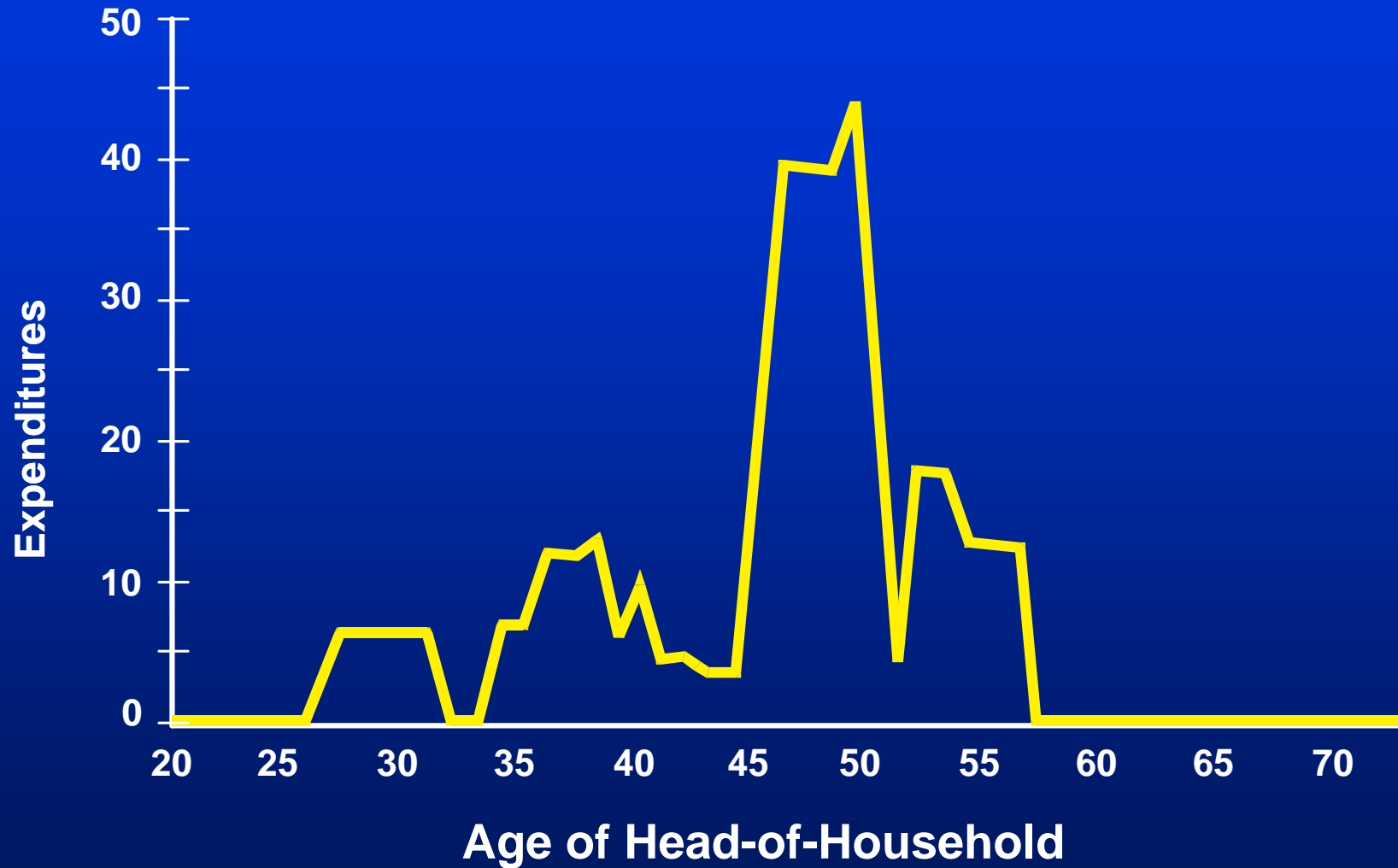
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Salty Snack Purchases vs. Age



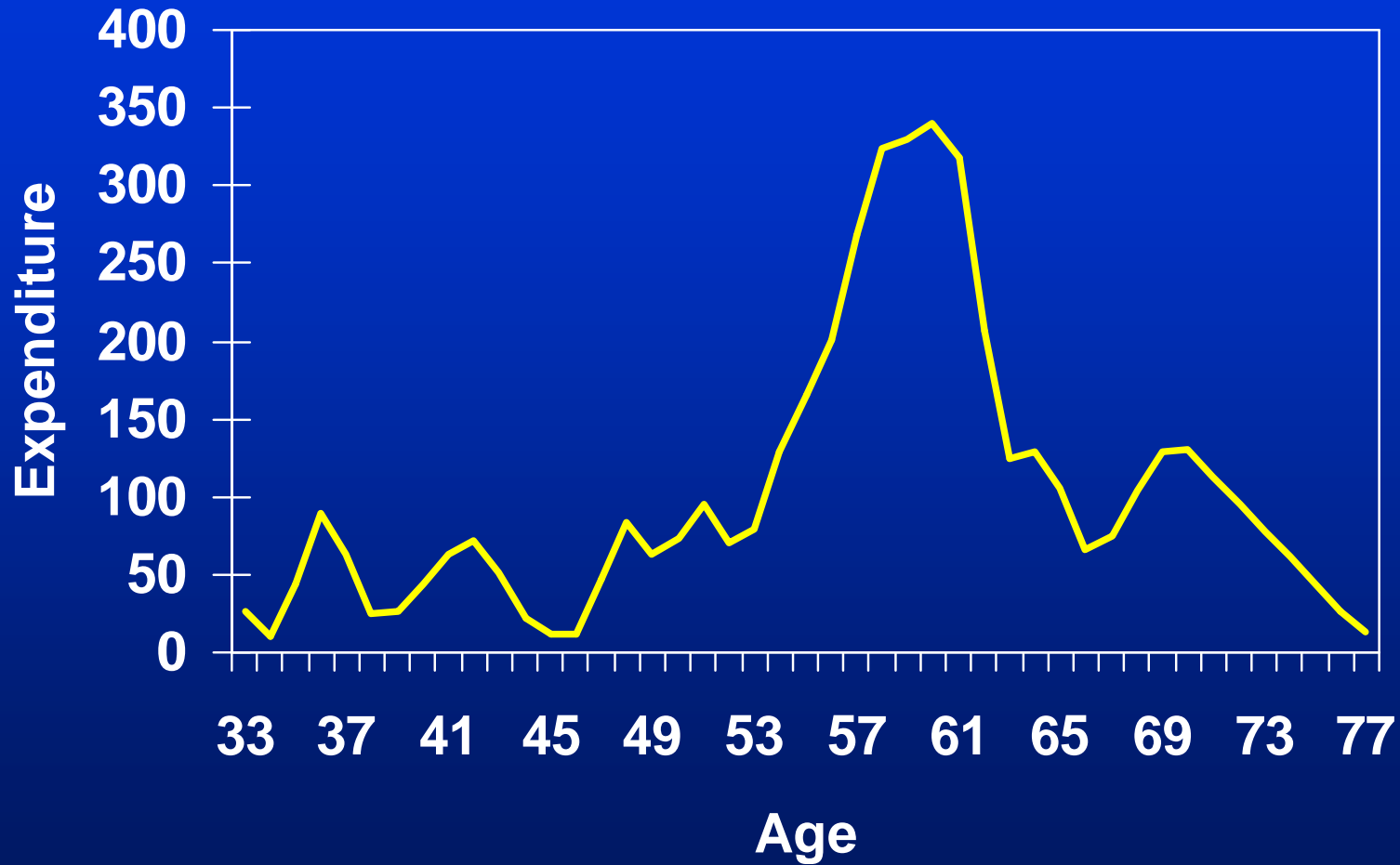
Source: U.S. Bureau of Labor Statistics Consumer Expenditure Annual Surveys, Potato Chips and Other Snacks (UCC 180310)

Motorcycles vs. Age



Source: U.S. Bureau of Labor Statistics Consumer Expenditure Annual Surveys; New Motorcycles (UCC 450220)

RV's vs. Age

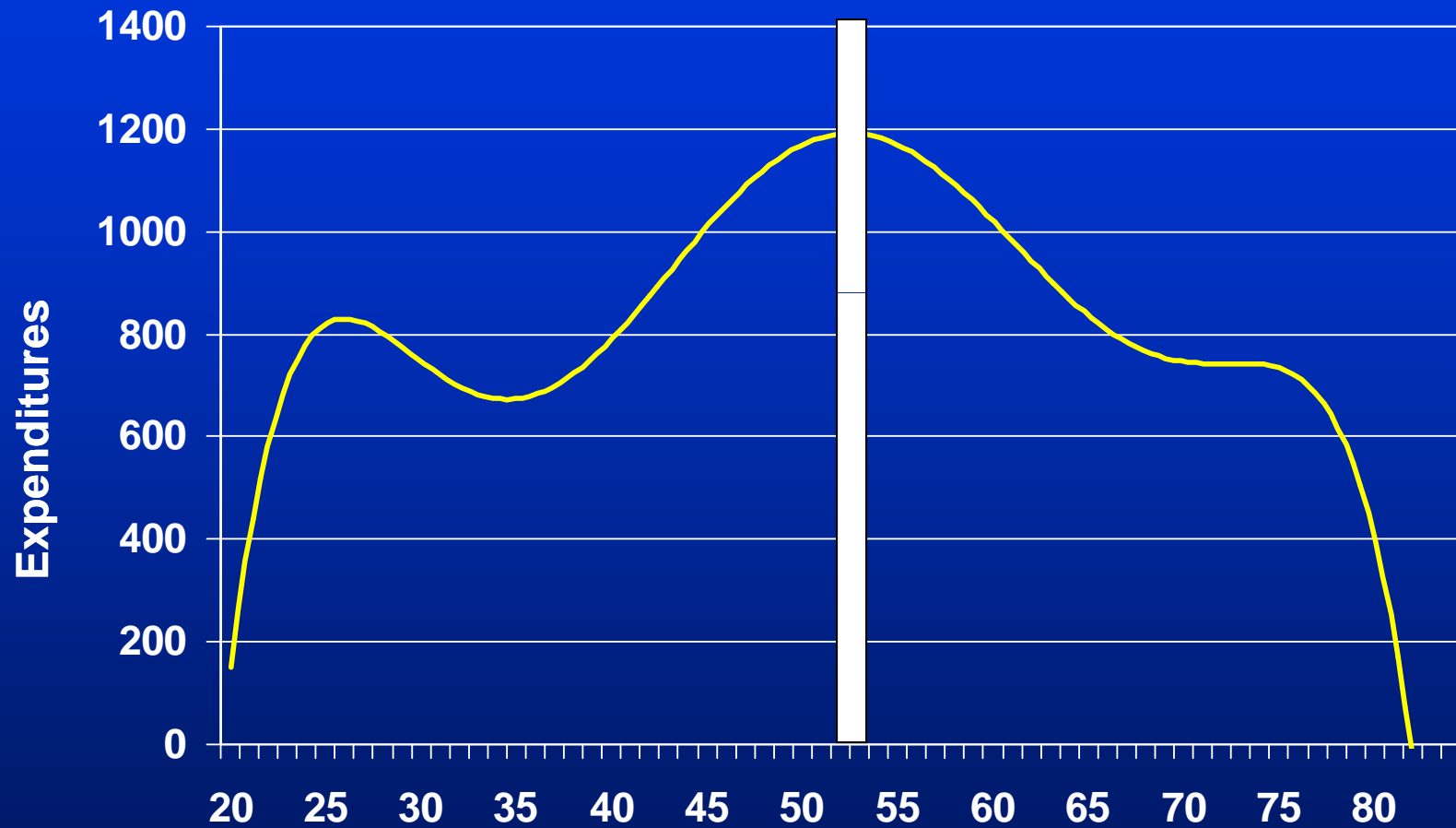


Source: U.S. Bureau of Labor Statistics Consumer Expenditure, H.S. Dent



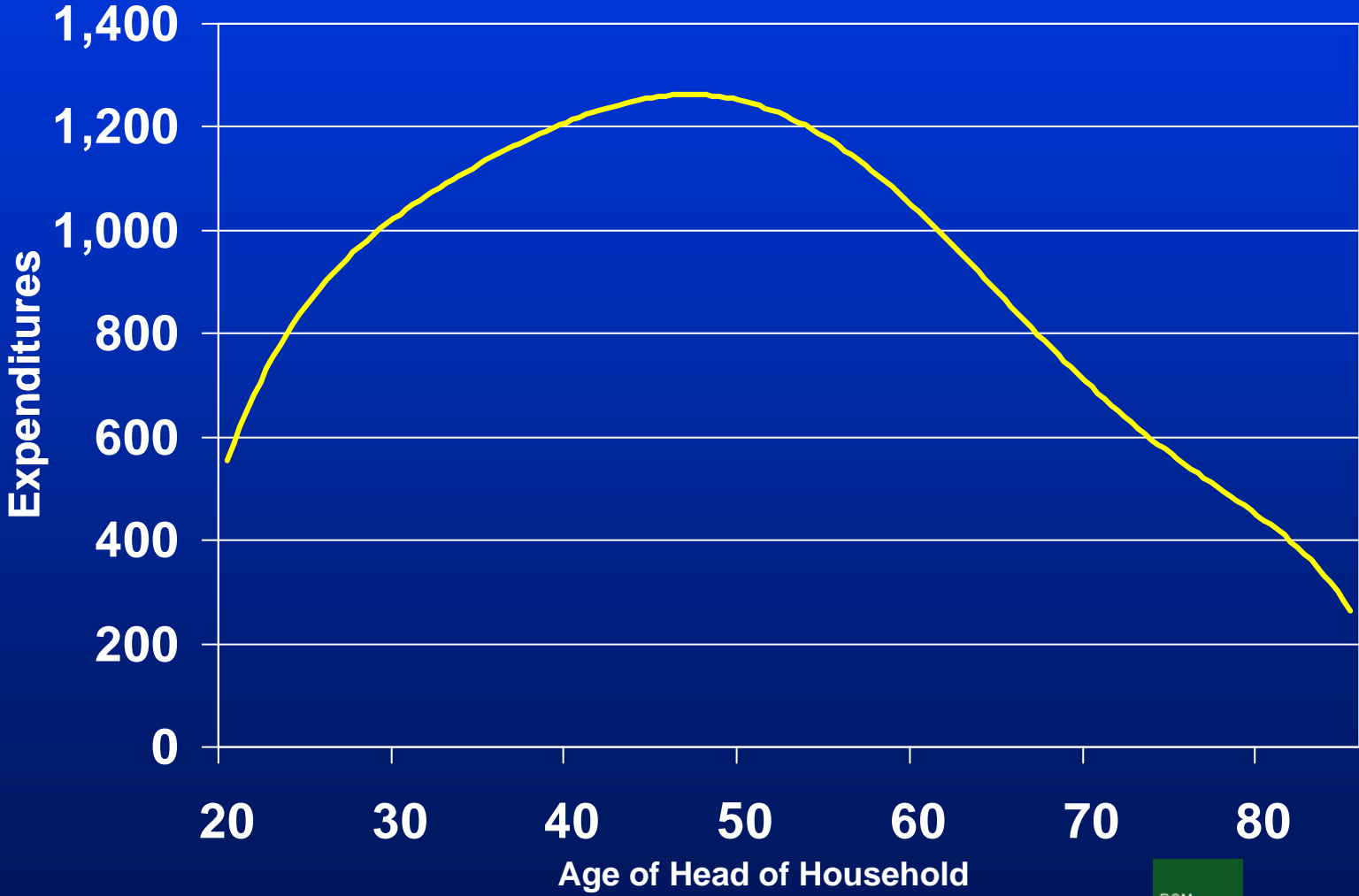
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New Cars vs. Age



Source: U.S. Bureau of Labor Statistics Consumer Expenditure, H.S. Dent

Gasoline

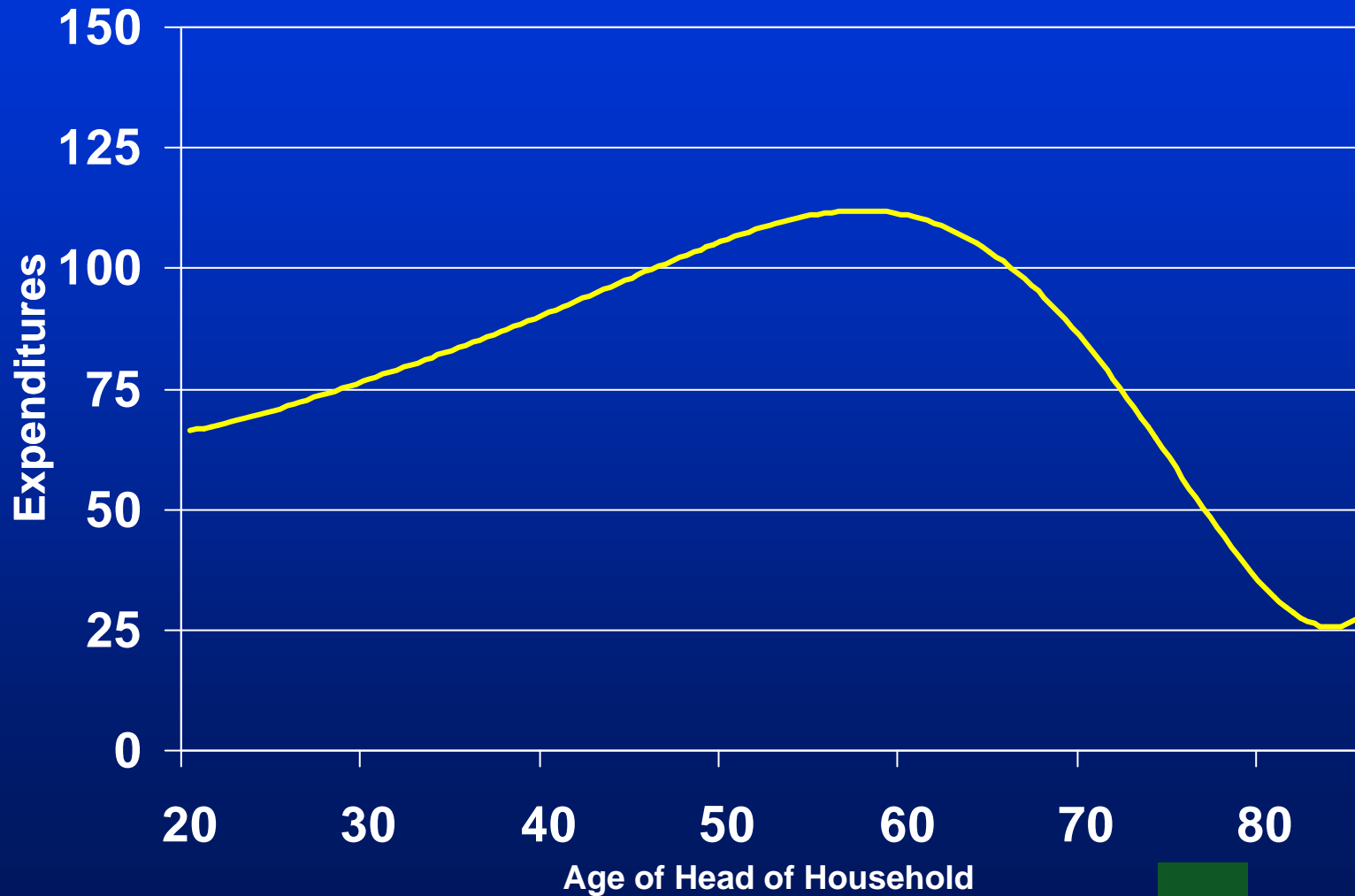


Source: U.S. Bureau of Labor Statistics Consumer Expenditure, H.S. Dent



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Gasoline on out-of-town trips

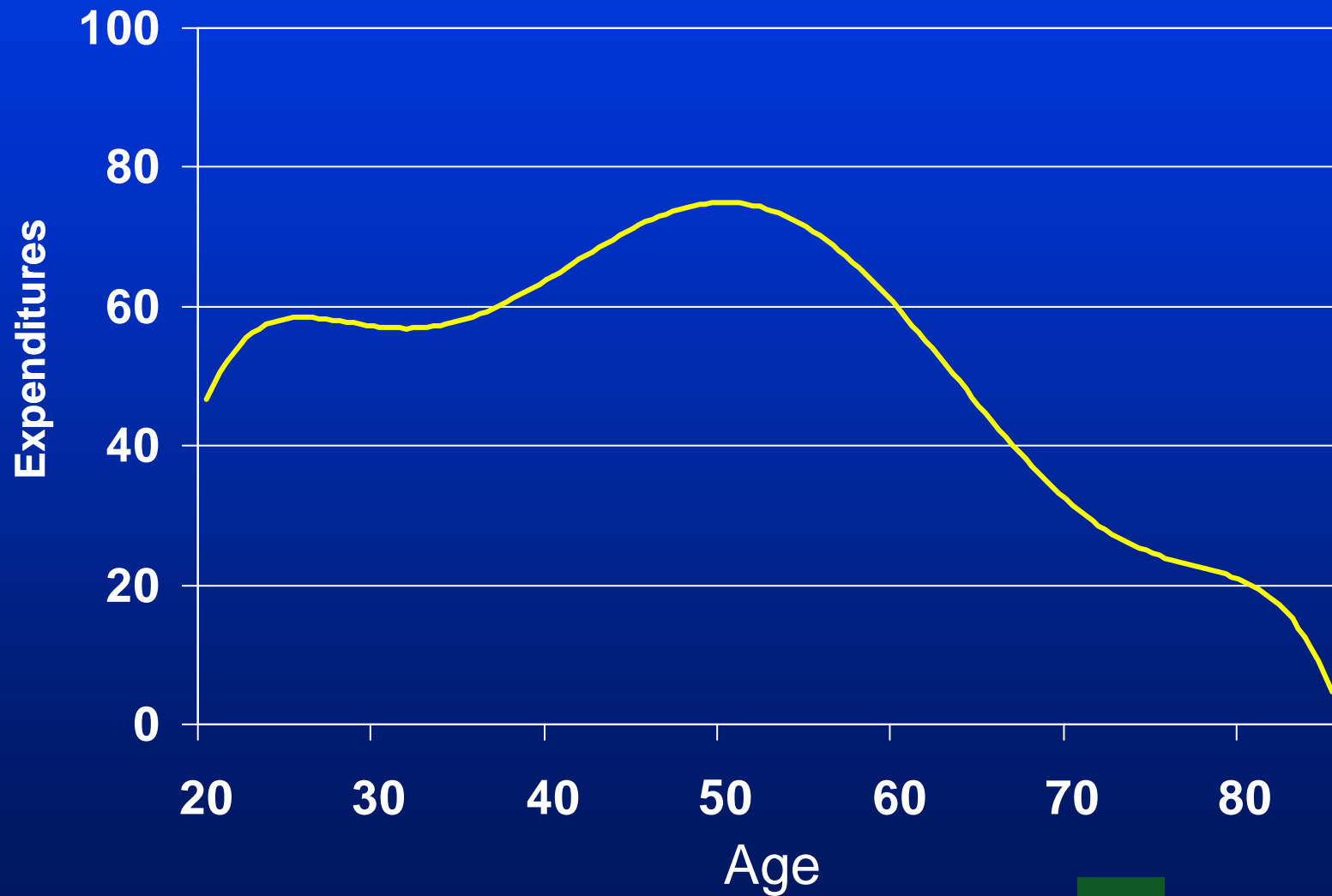


Source: U.S. Bureau of Labor Statistics Consumer Expenditure, H.S. Dent



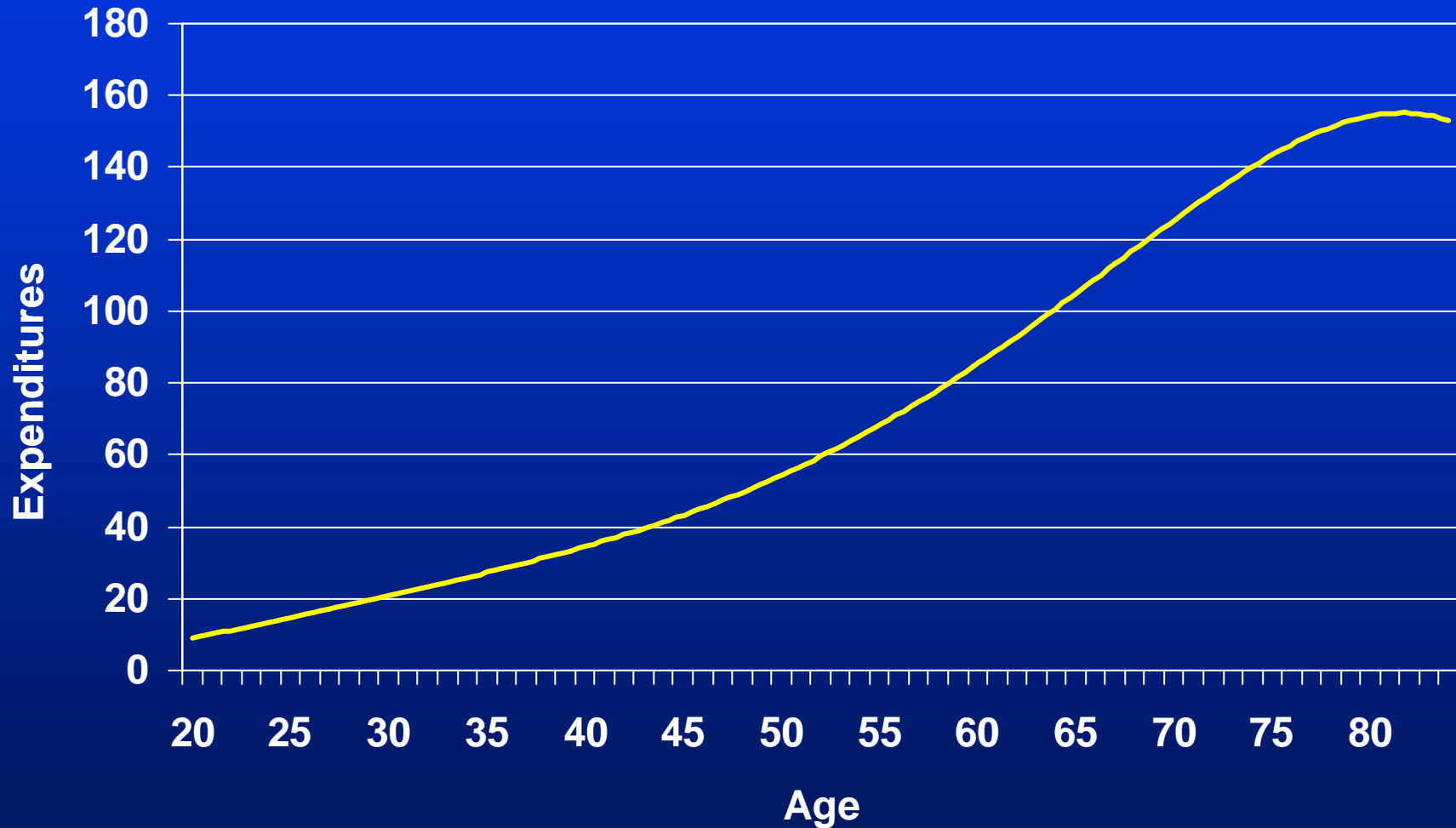
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Men's Shirts



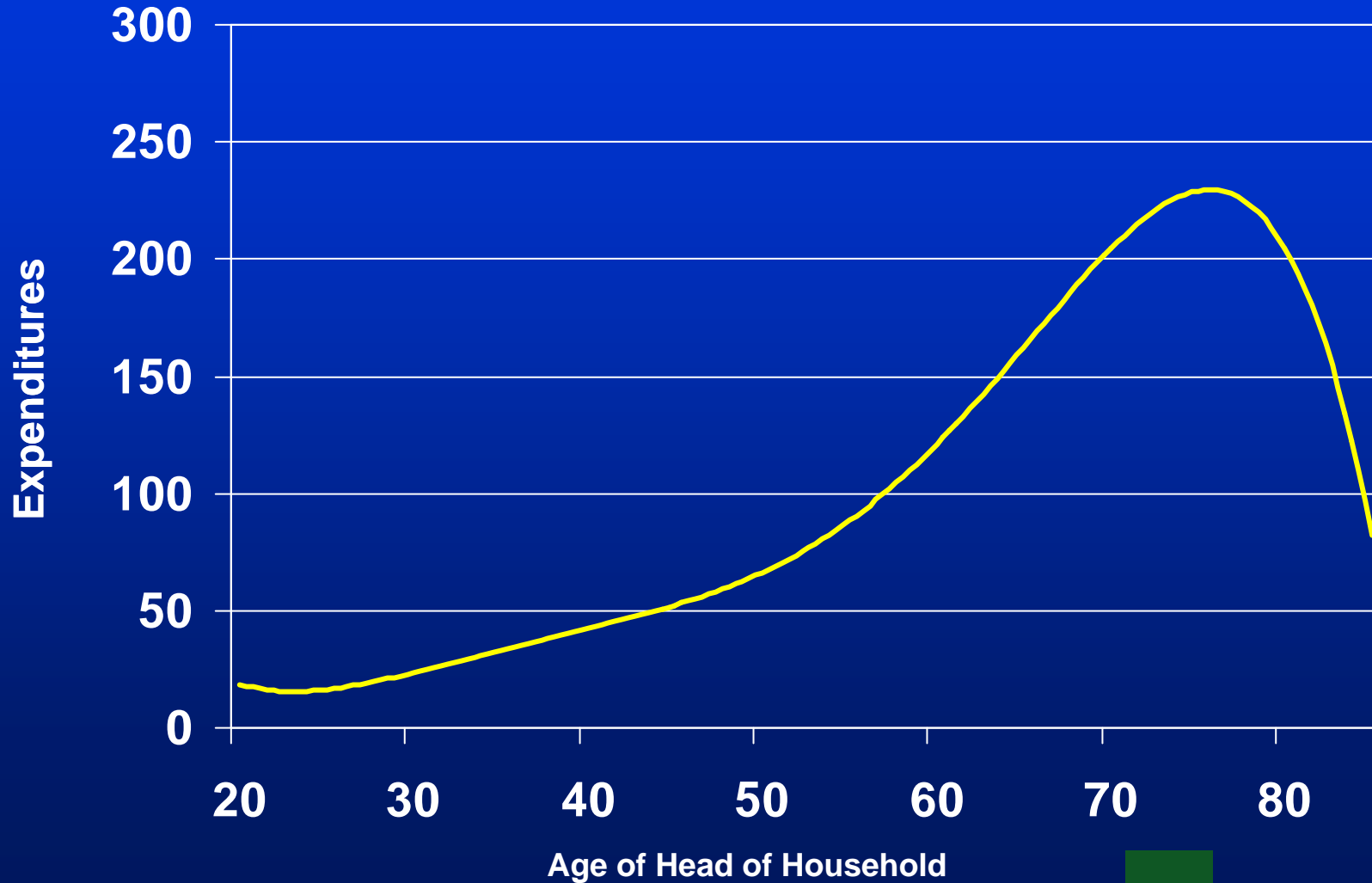
Source: U.S. Bureau of Labor Statistics Consumer Expenditure, H.S. Dent

Spending on Drugs



Source: U.S. Bureau of Labor Statistics Consumer Expenditure, H.S. Dent

Funeral, burial or cremation



Source: U.S. Bureau of Labor Statistics Consumer Expenditure, H.S. Dent

Healthcare Spending Wave Births on a 80-Year Lag

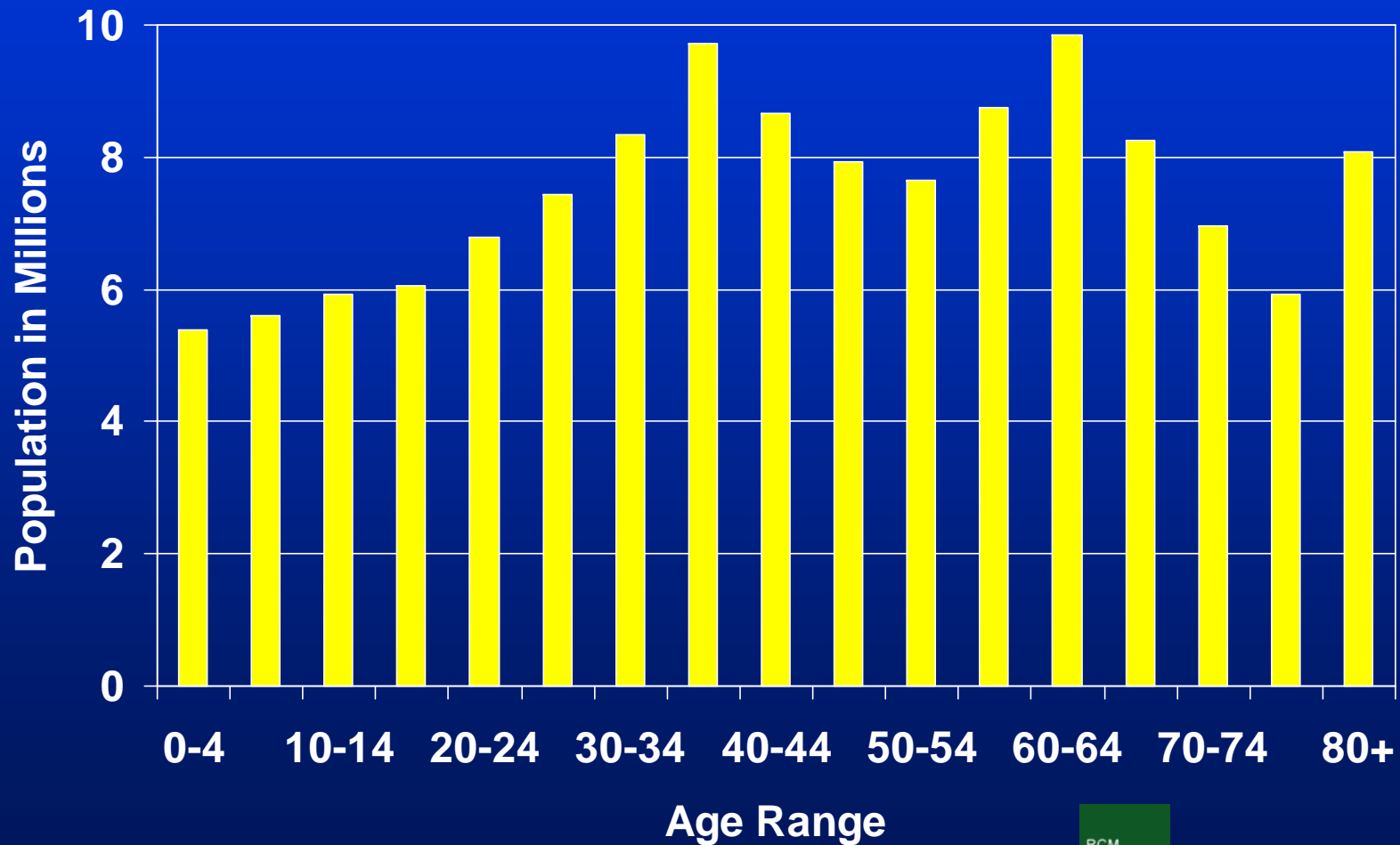


Source: U.S. Bureau of Labor Statistics Consumer Expenditure, H.S. Dent

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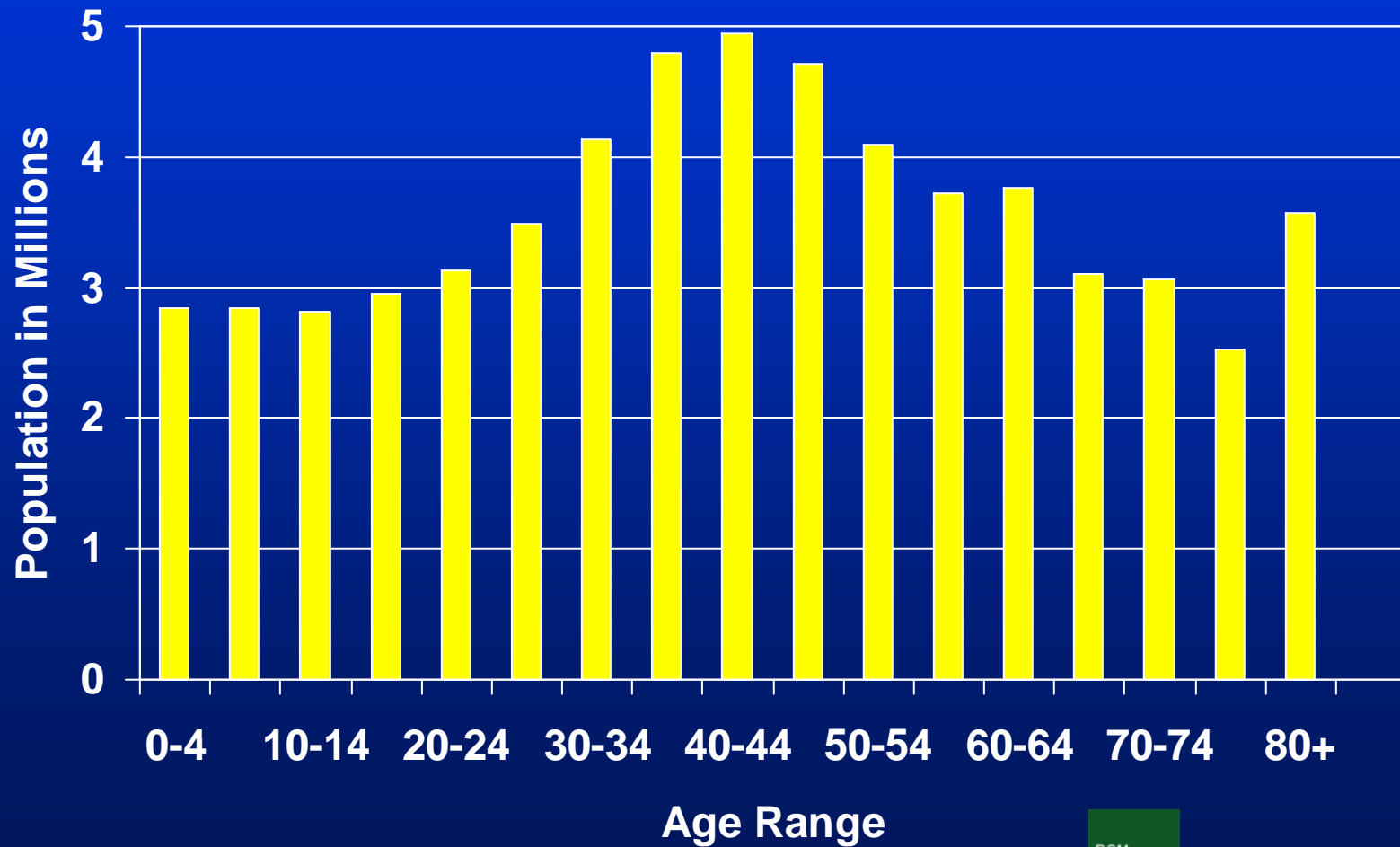
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Japan Population 2010



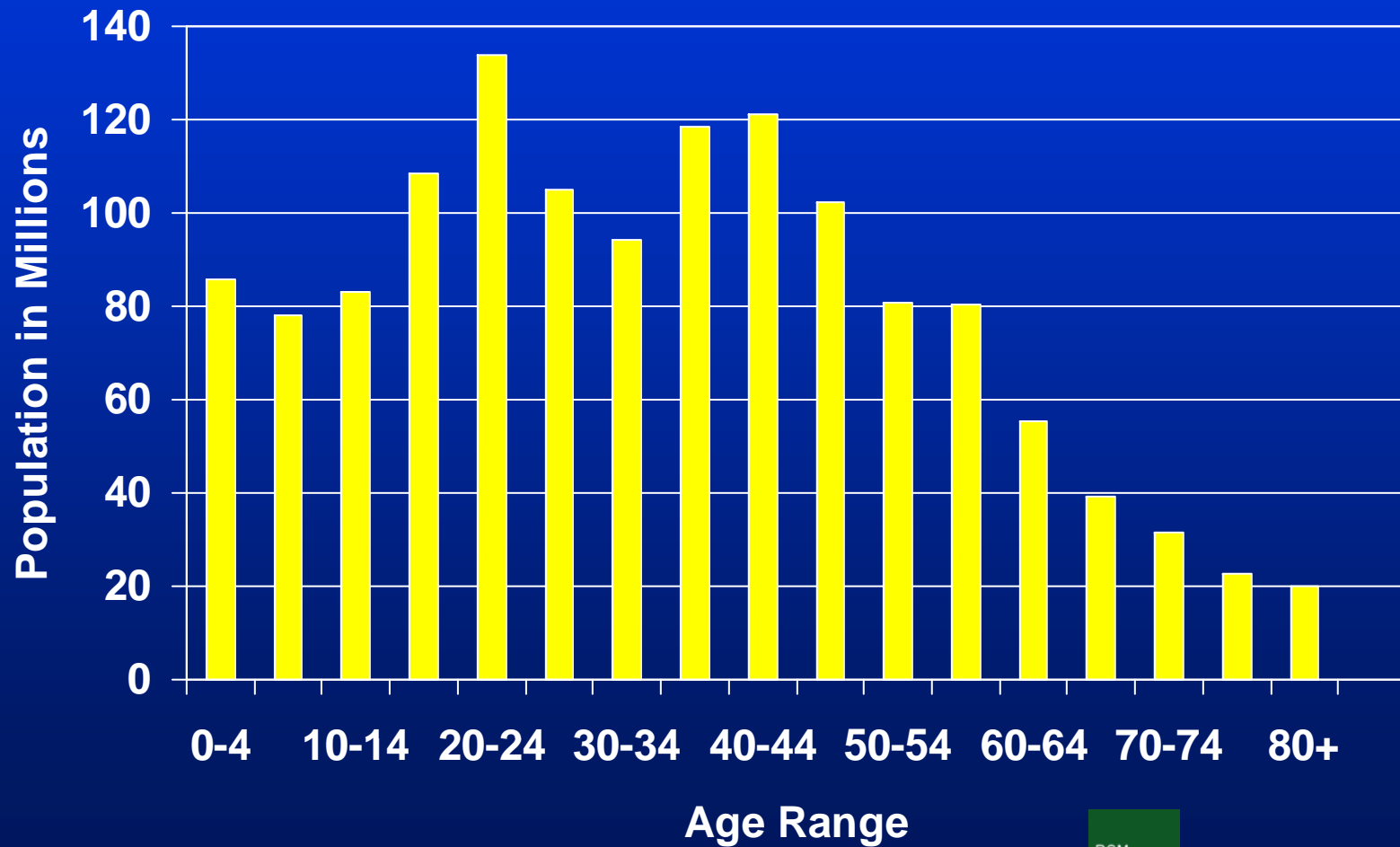
Source: United Nations, Total pop. 127,352,800

Italy Population 2010



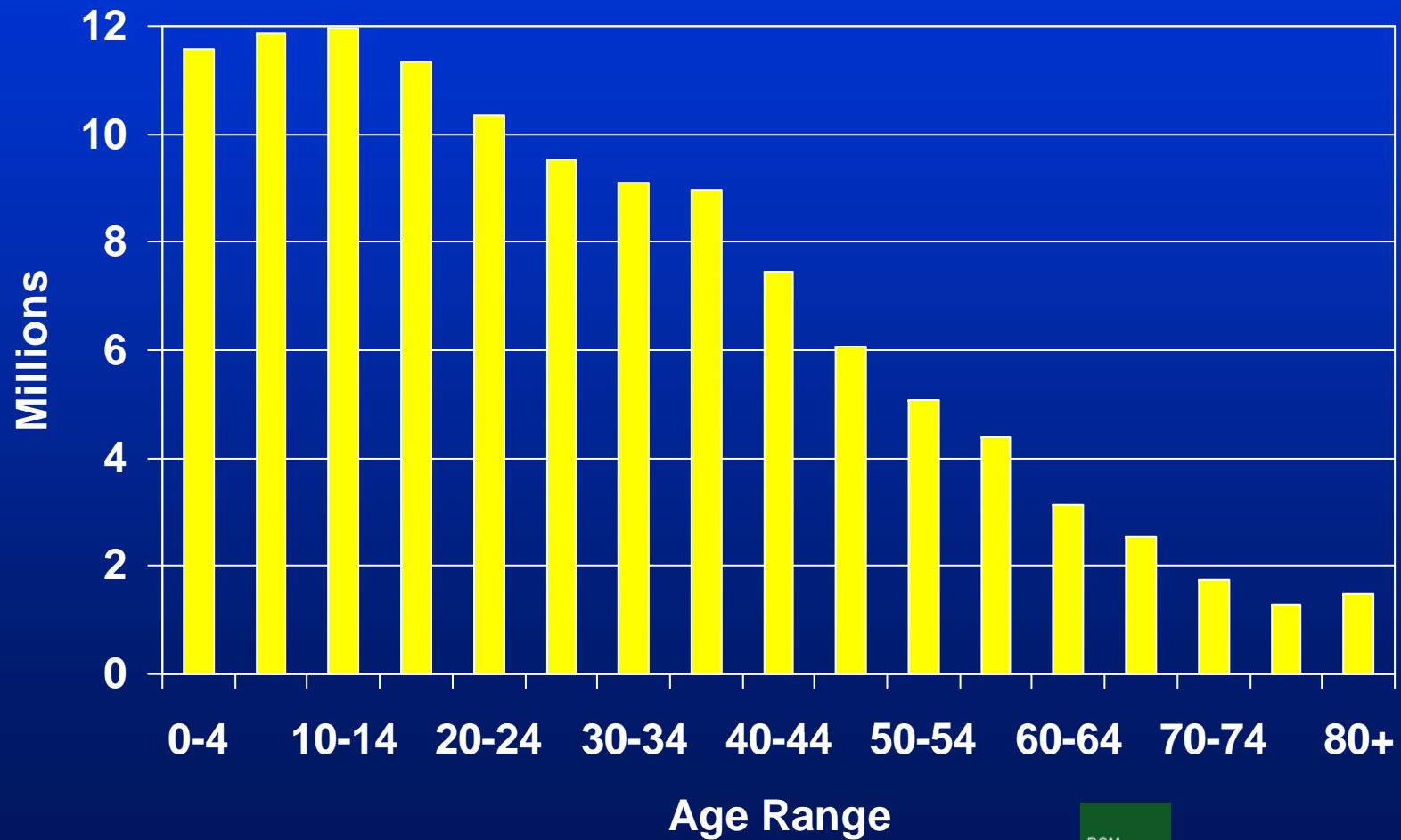
Source: United Nations, Total pop. 60,508,980

China Population 2010



Source: United Nations, Total pop. 1,359,821

Mexico Population 2010

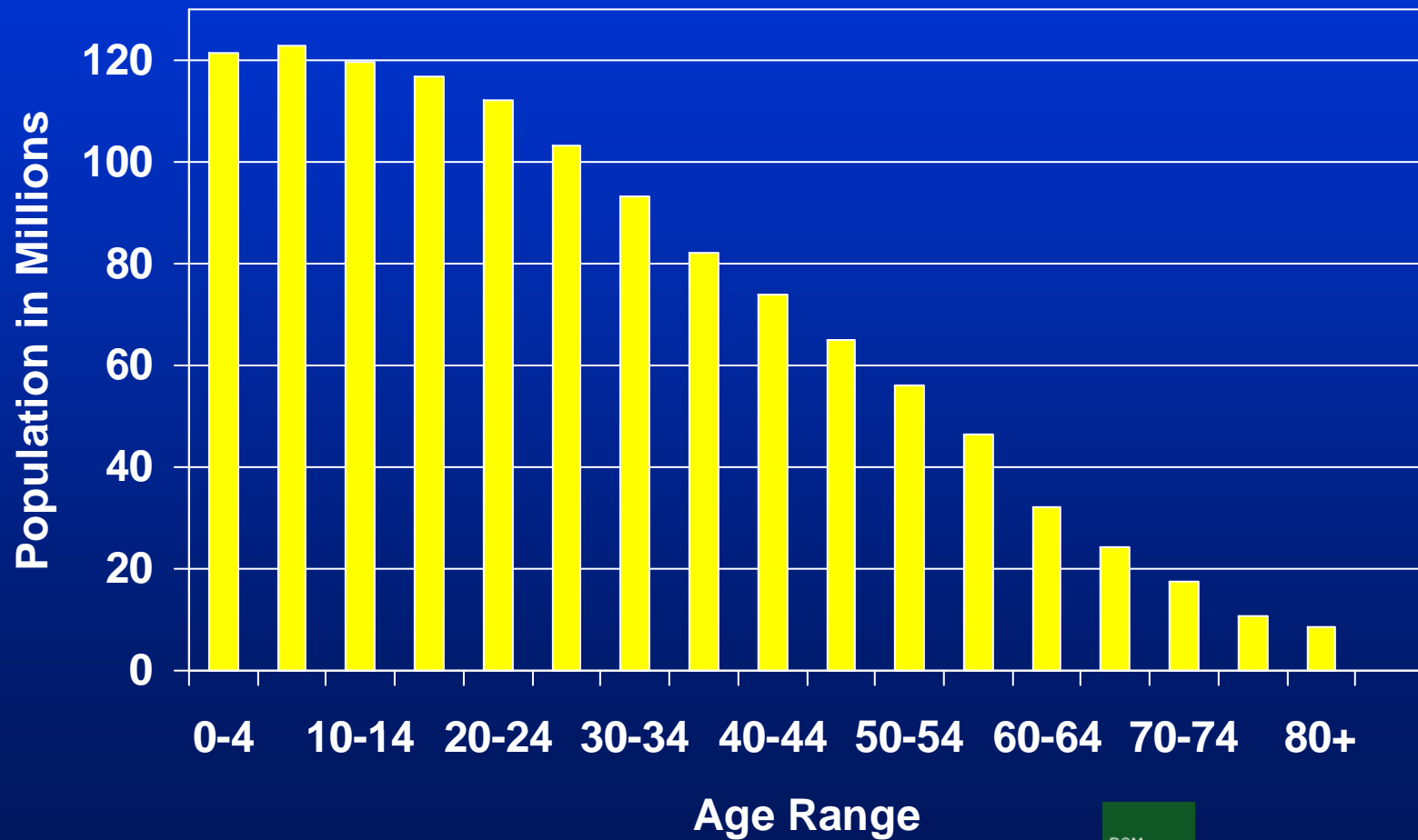


Source: United Nations, Total pop. 117,886,400



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India Population 2010



Source: United Nations, Total pop. 1,205,625,000

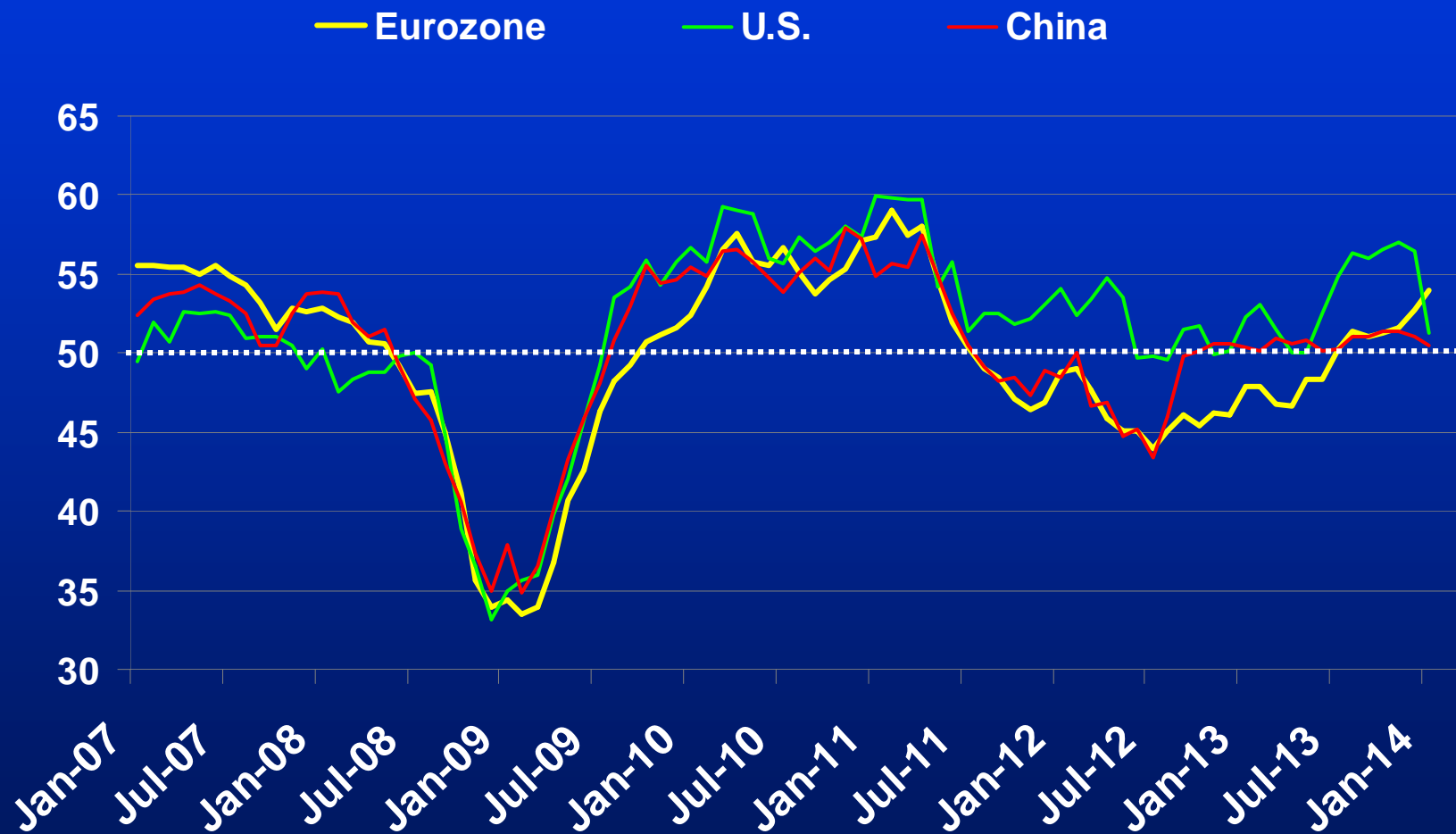
U.S. versus European Bank Leverage

	Assets (Billions)	Equity (Billions)	Ratio
B of A	\$2,102	\$232.7	9.0X
Citigroup	\$1,880	\$206.3	9.1X
JPMorgan	\$2,416	\$211.2	11.4X
Wells Fargo	\$1,527	\$171.1	8.9X
Deutsche Bank	€2,012	€54.4	37.0X
UBS	Fr1,259	Fr50.2	25.1X
Credit Swiss	Fr924	Fr42.3	21.9X
BNP Paribas	€1,907	€94	20.2X
Barclays	£1,488	£59.9	24.8X

Source: Bloomberg, January 2014

Global and Euro PMI

2007- 2014

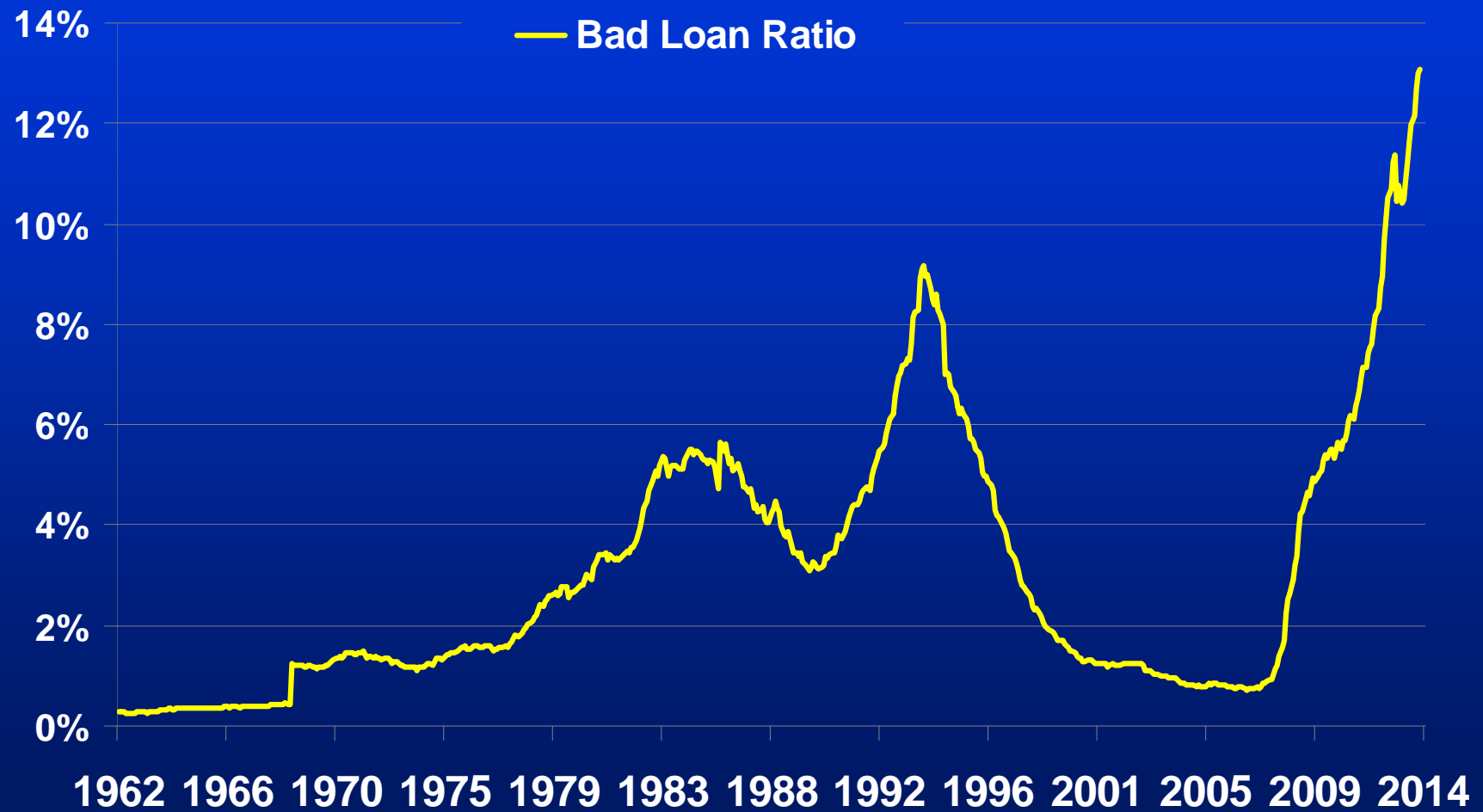


Data Source: Bloomberg, 2014

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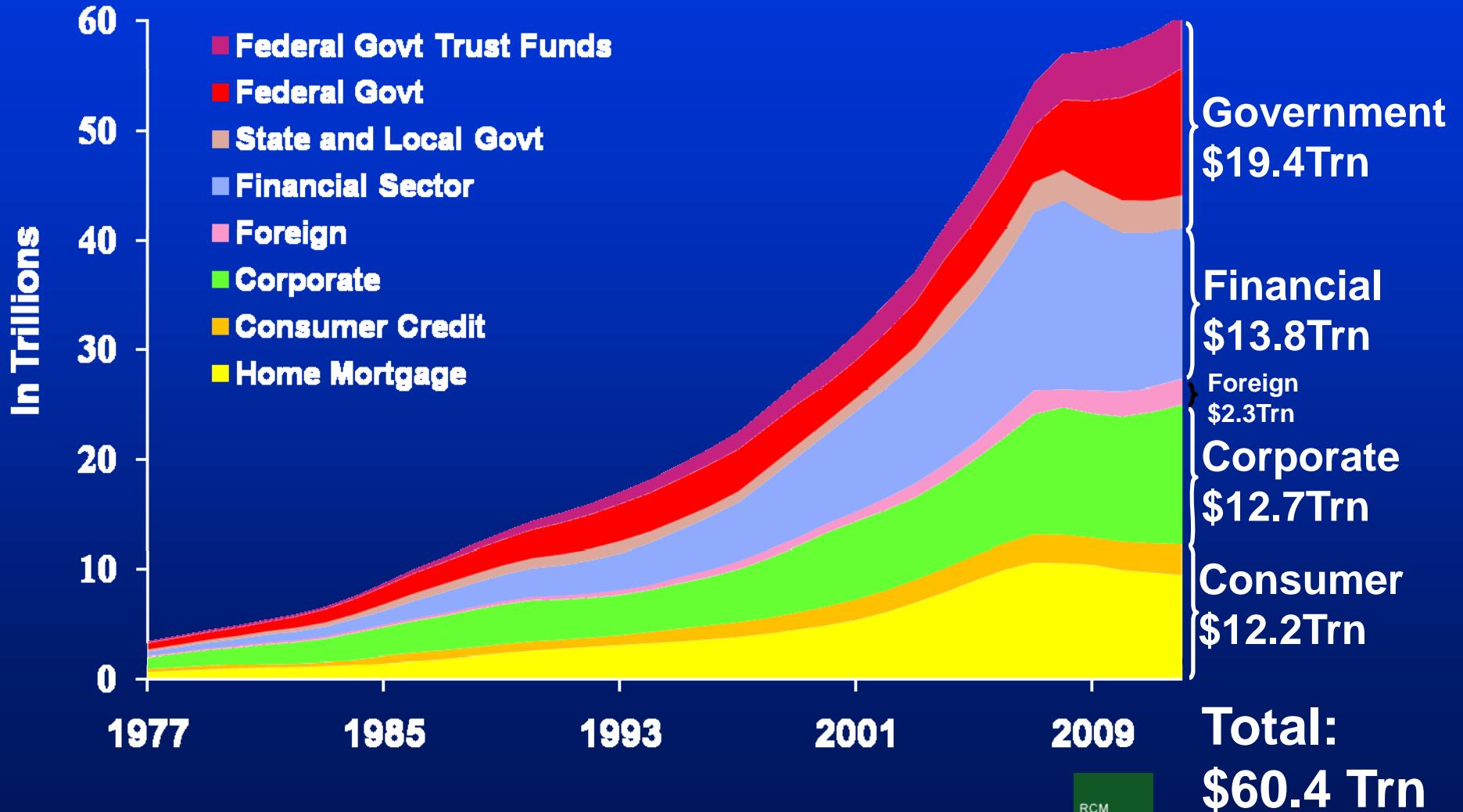
Spain, Bad Loan Ratio



Data Source: Bloomberg, as of 11/30/13
192 billion euros of non-performing loans

Total U.S. Debt Outstanding

1977-2012

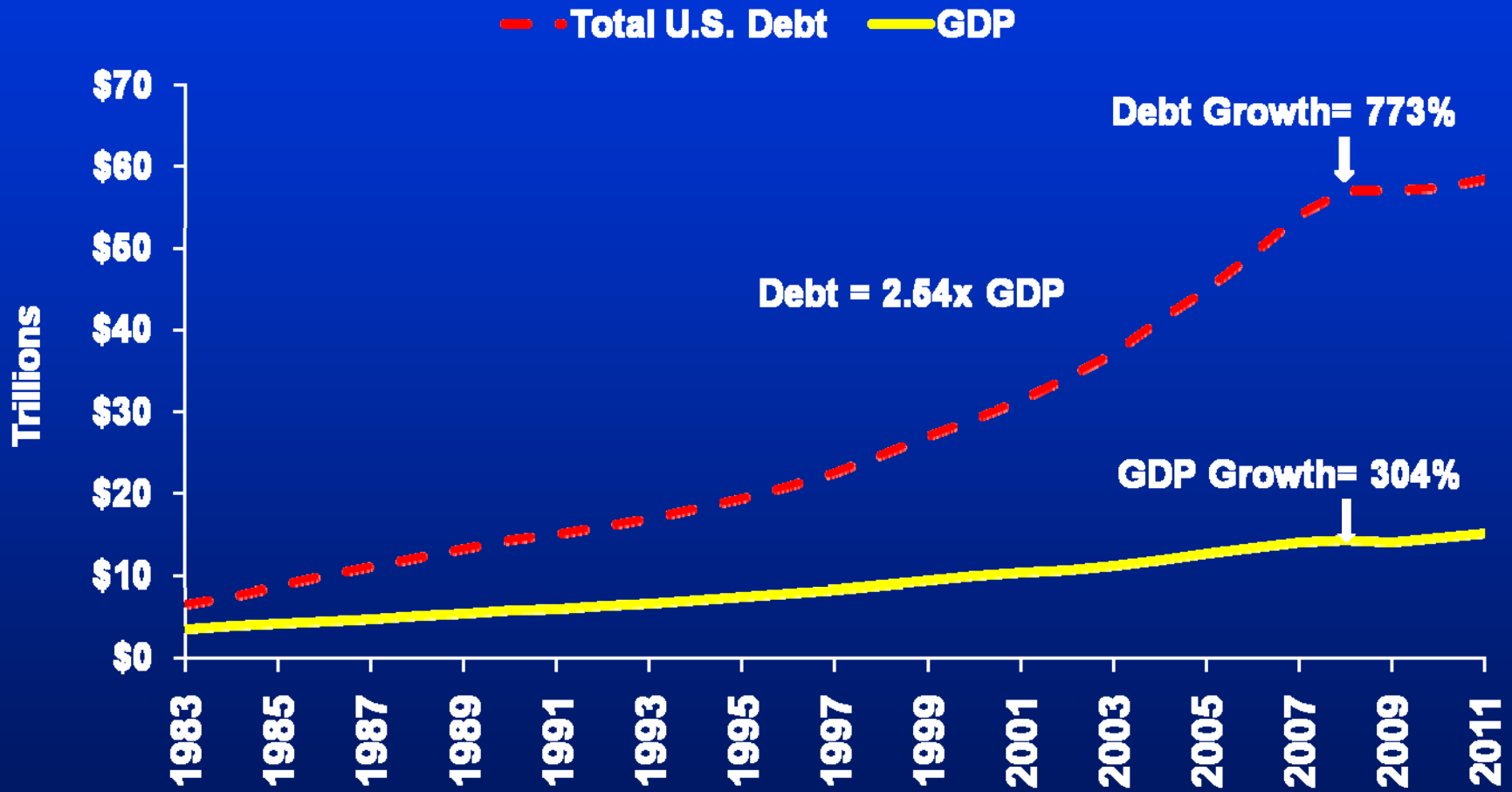


Data Source: Federal Reserve Flow of Funds Report, Treasury Direct, 2013

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Total U.S. Debt Growth vs. GDP



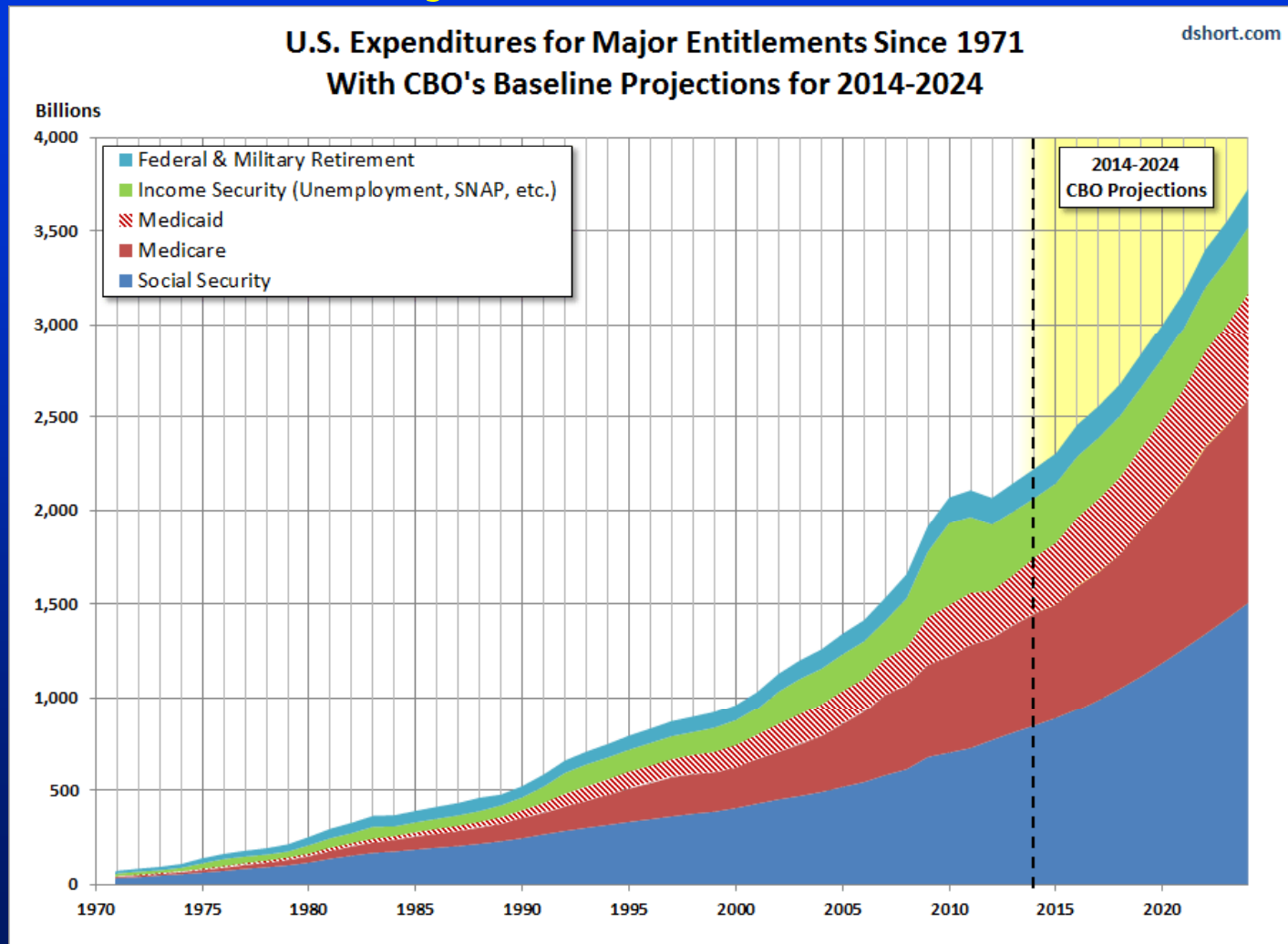
Data Source: St. Louis Federal Reserve, Treasury Direct, Dent Research ,2013



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Federal Spending

Major Entitlements



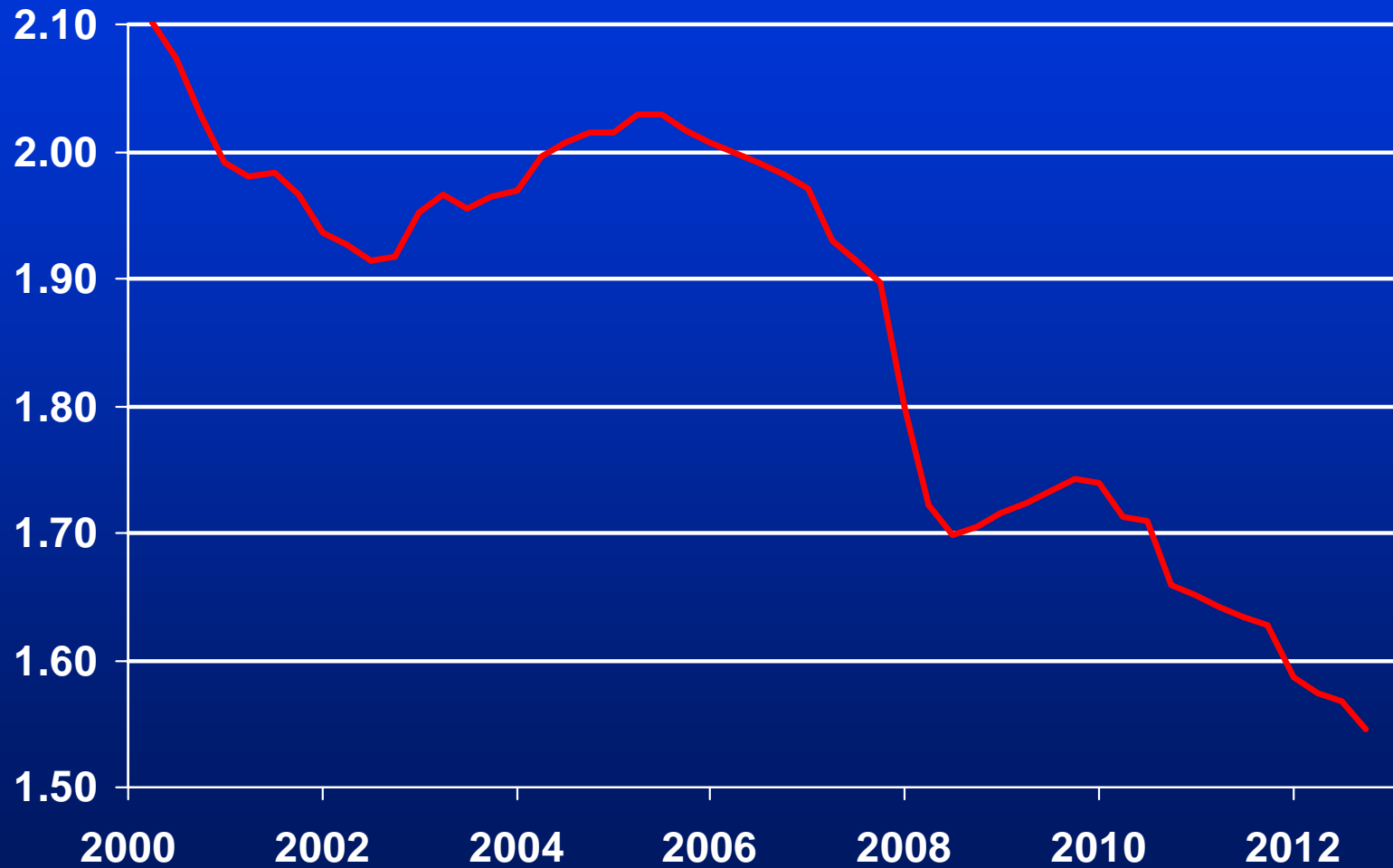
Data Source: Congressional Budget Office,
"Budget and Economic Outlook: 2014 to 2024", Advisor Perspectives – Doug Short, 2014

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The Velocity of Money

GDP divided by M2 Money Supply



Source: Bloomberg, 2014

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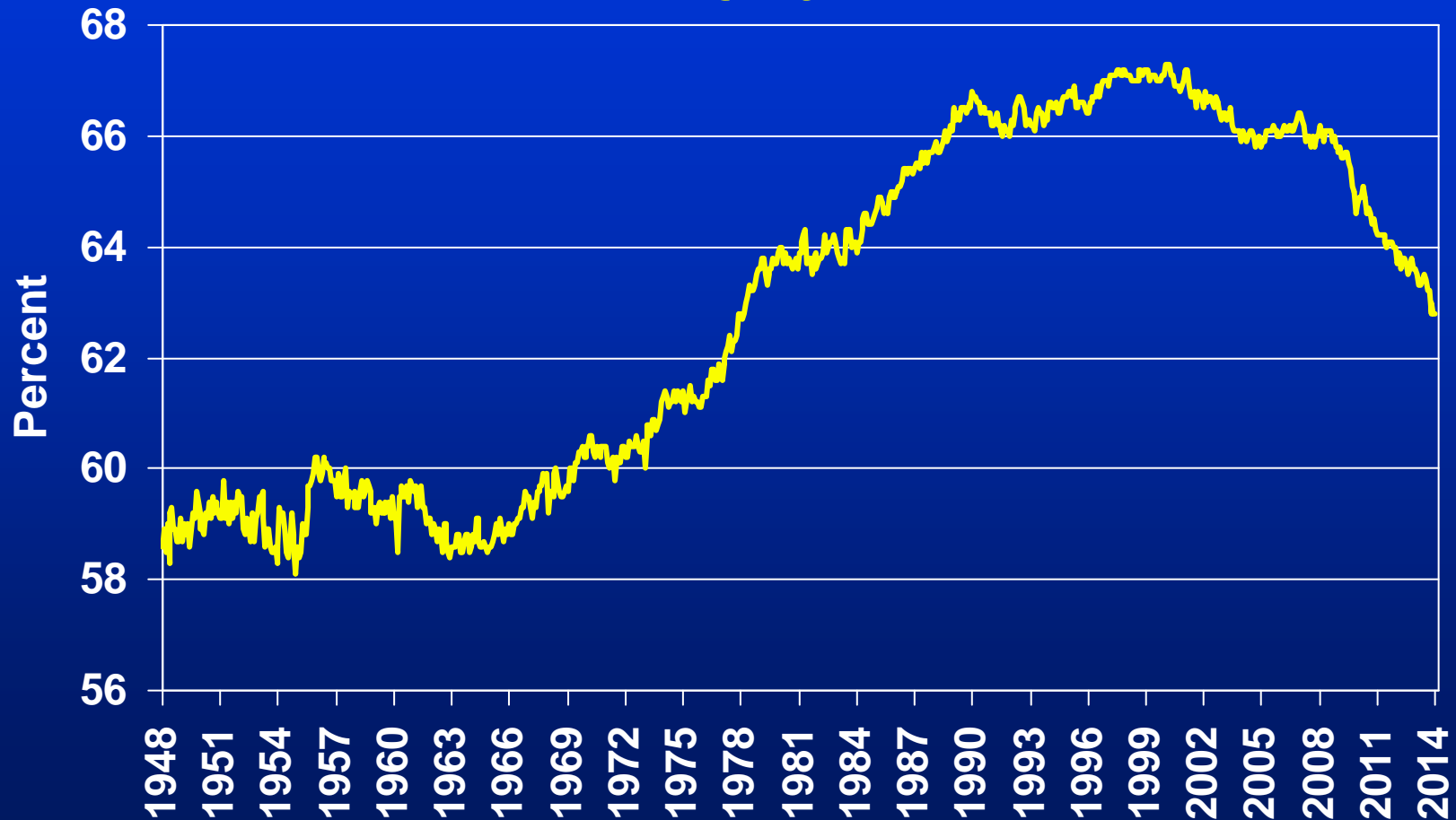
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U.S. Bank Deposits vs. Loans 2000-2014



Data Source: St. Louis Federal Reserve, 2014

US Labor Force Participation Rate Total

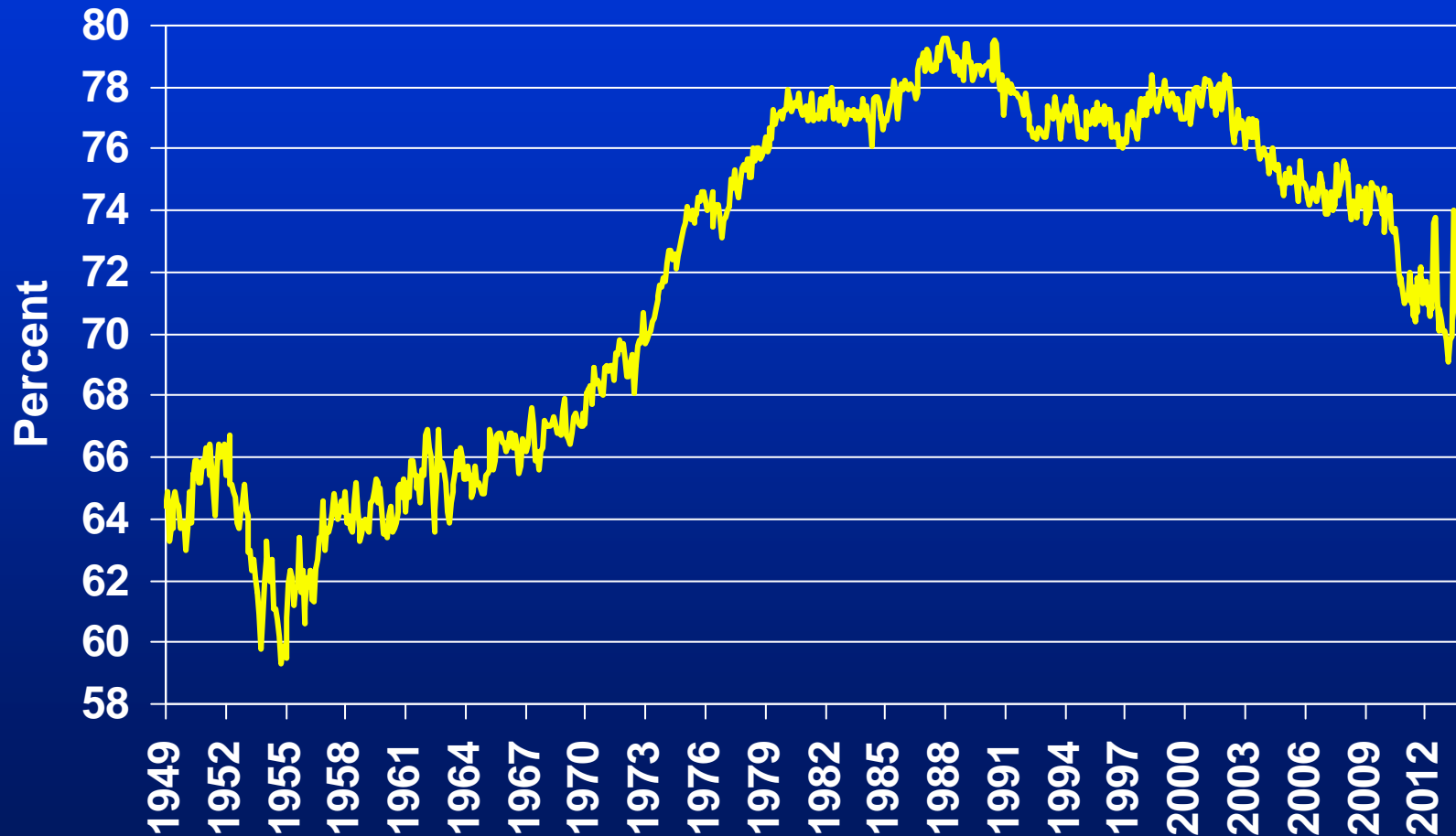


Source: Bureau of Labor Statistics, Bloomberg, 2014

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US Labor Force Participation Rate Age 20 to 24

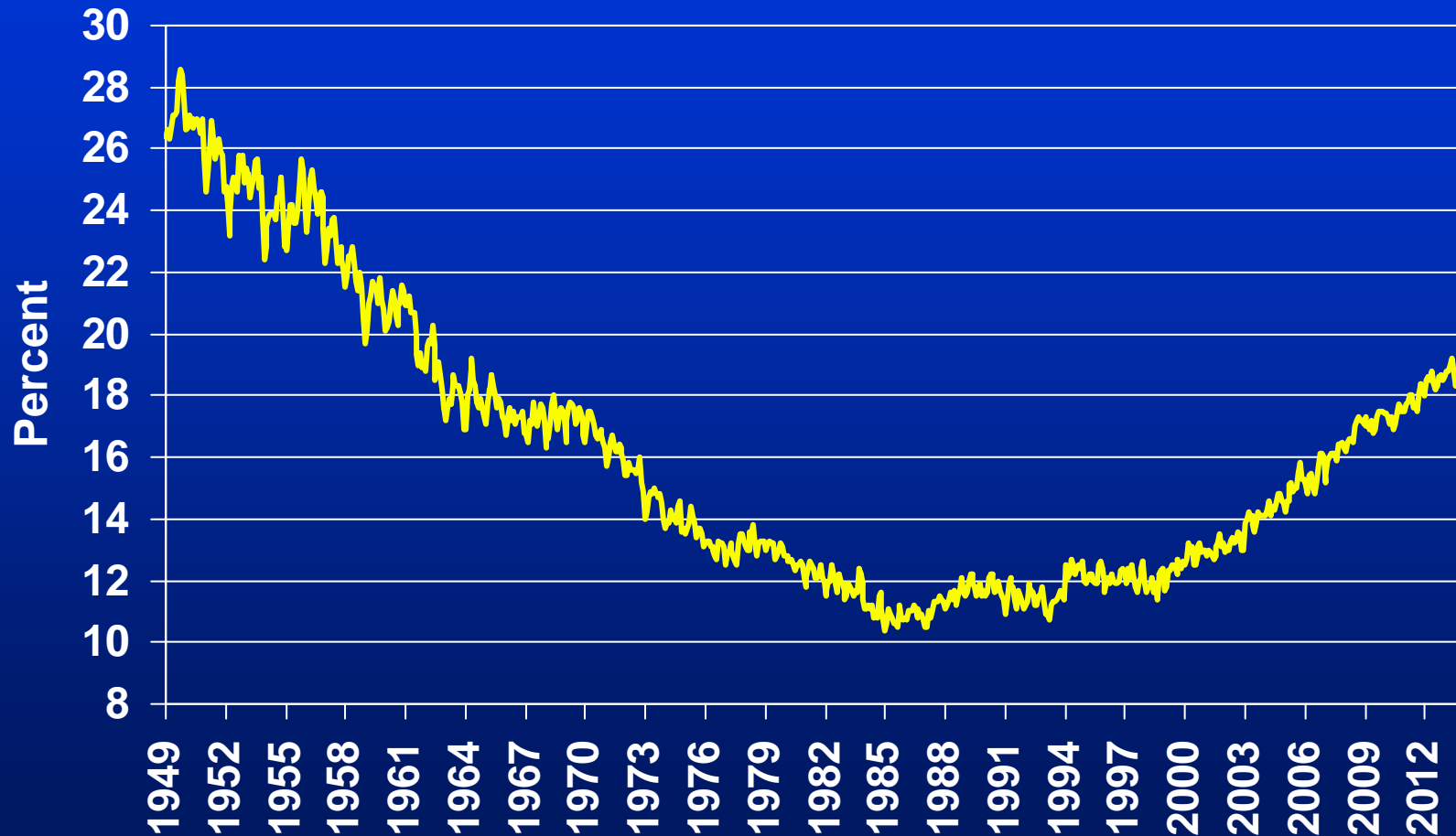


Source: Bureau of Labor Statistics, Bloomberg, 2014

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US Labor Force Participation Rate Age 65 & Over



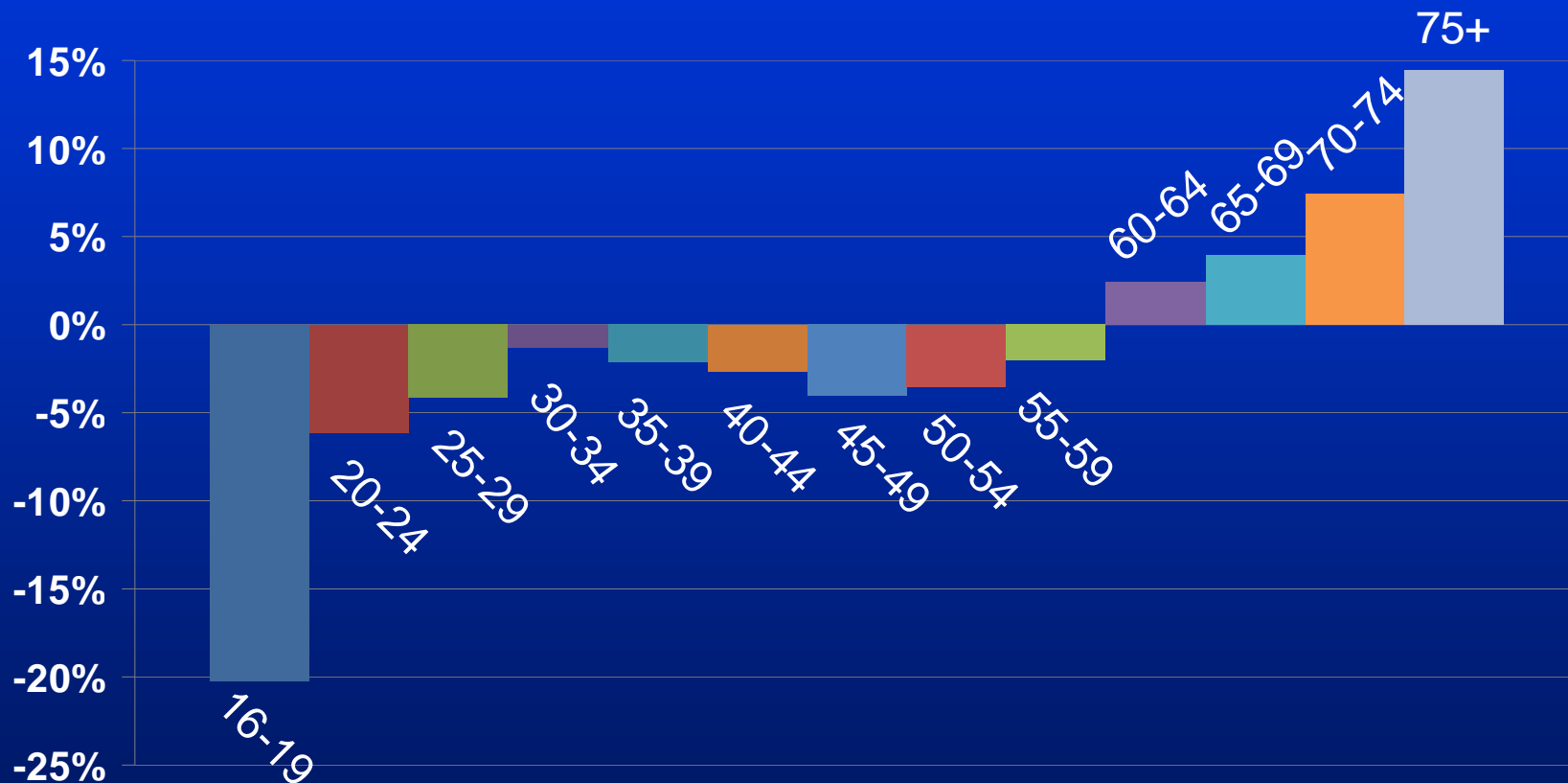
Source: Bureau of Labor Statistics, Bloomberg, 2014

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The Great Shift in Labor Force Participation

Change in Participation Rate From Peak Employment in November 2007 to Current



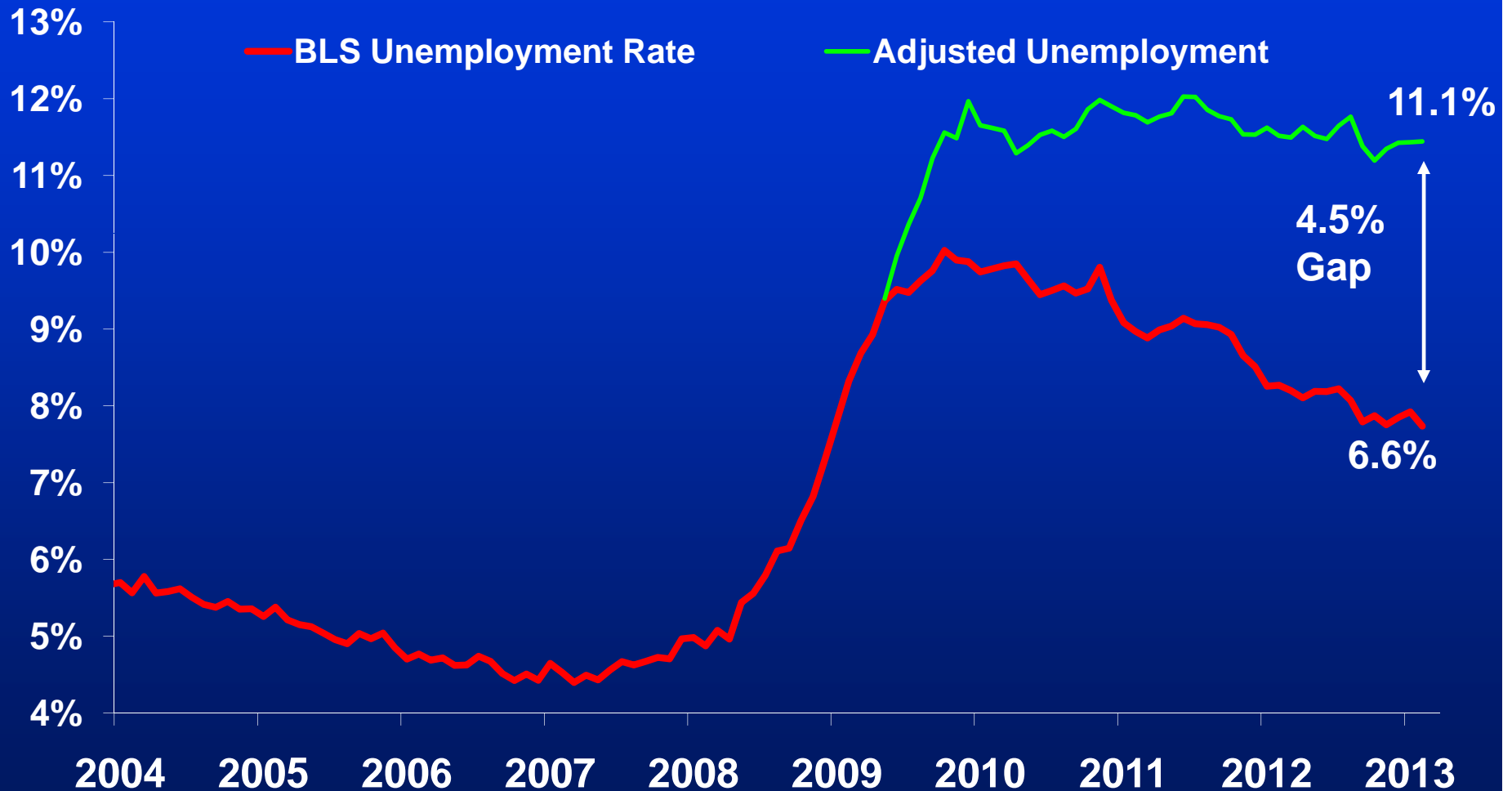
Percent Change by Age Group

Data Source: Bureau of Labor Statistics, Dent Research, 2014



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Unemployment Rate Adjusted for Workforce Decline, 2004-2013



Data Source: St. Louis Federal Reserve, Dent Research, 2014



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Median (Real) Household Income Declines from Peak Year

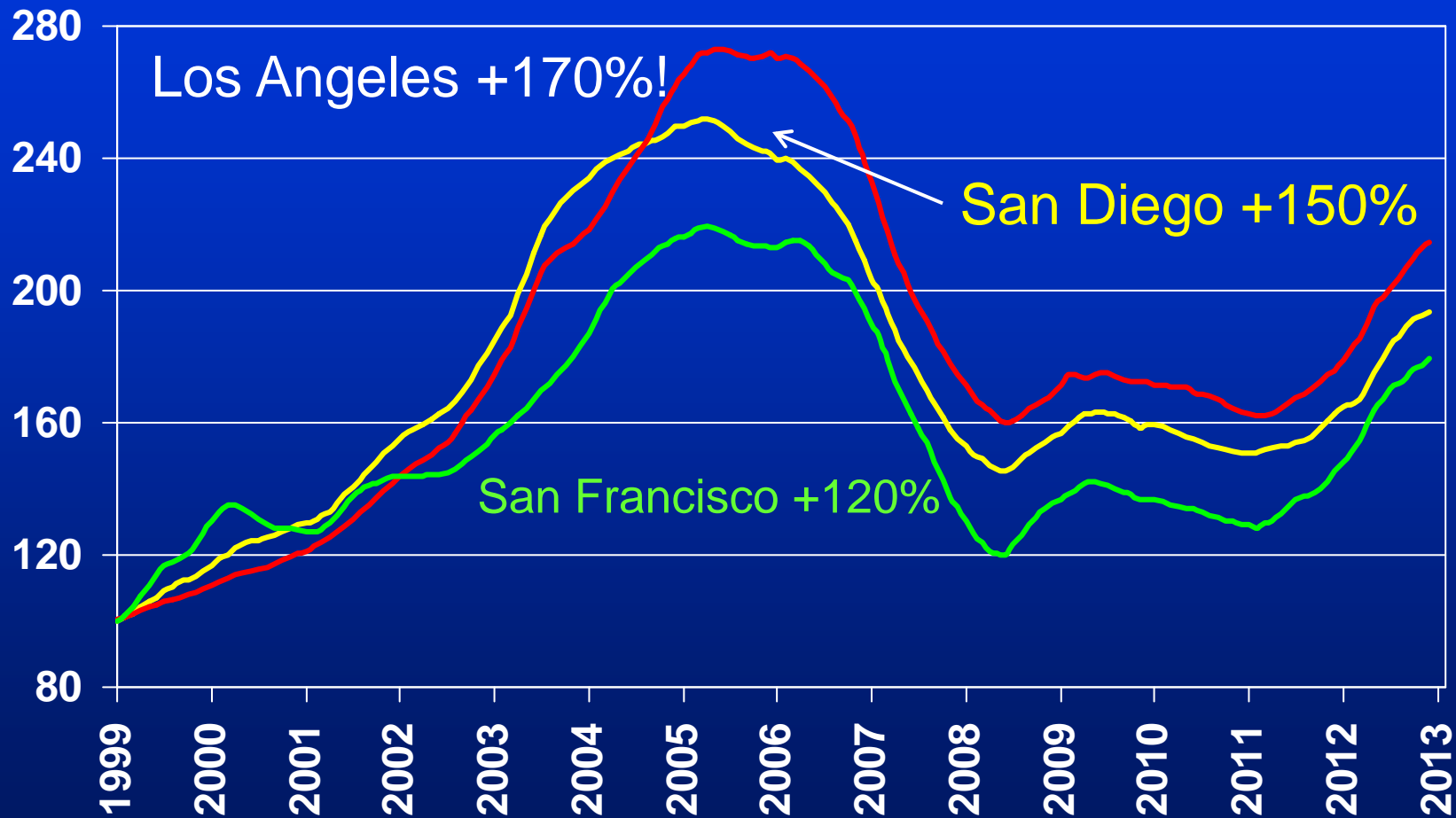
Age Bracket of Head of Household	Peak Year	Peak Income	2012 Income	Percent Change
15 to 24	2000	\$37,129	\$30,604	-17.6%
25 to 34	2000	\$59,219	\$51,381	-13.2%
35 to 44	2000	\$71,683	\$63,629	-11.2%
45 to 54	1999	\$78,410	\$66,411	-15.3%
55 to 64	2007	\$63,549	\$58,626	-7.7%
65 and older	2012	\$33,484	\$33,848	0.0%

Source: Bureau of Labor Statistics, Bloomberg, Chained in 2012 dollars
Advisor Perspectives – Doug Short, 2013



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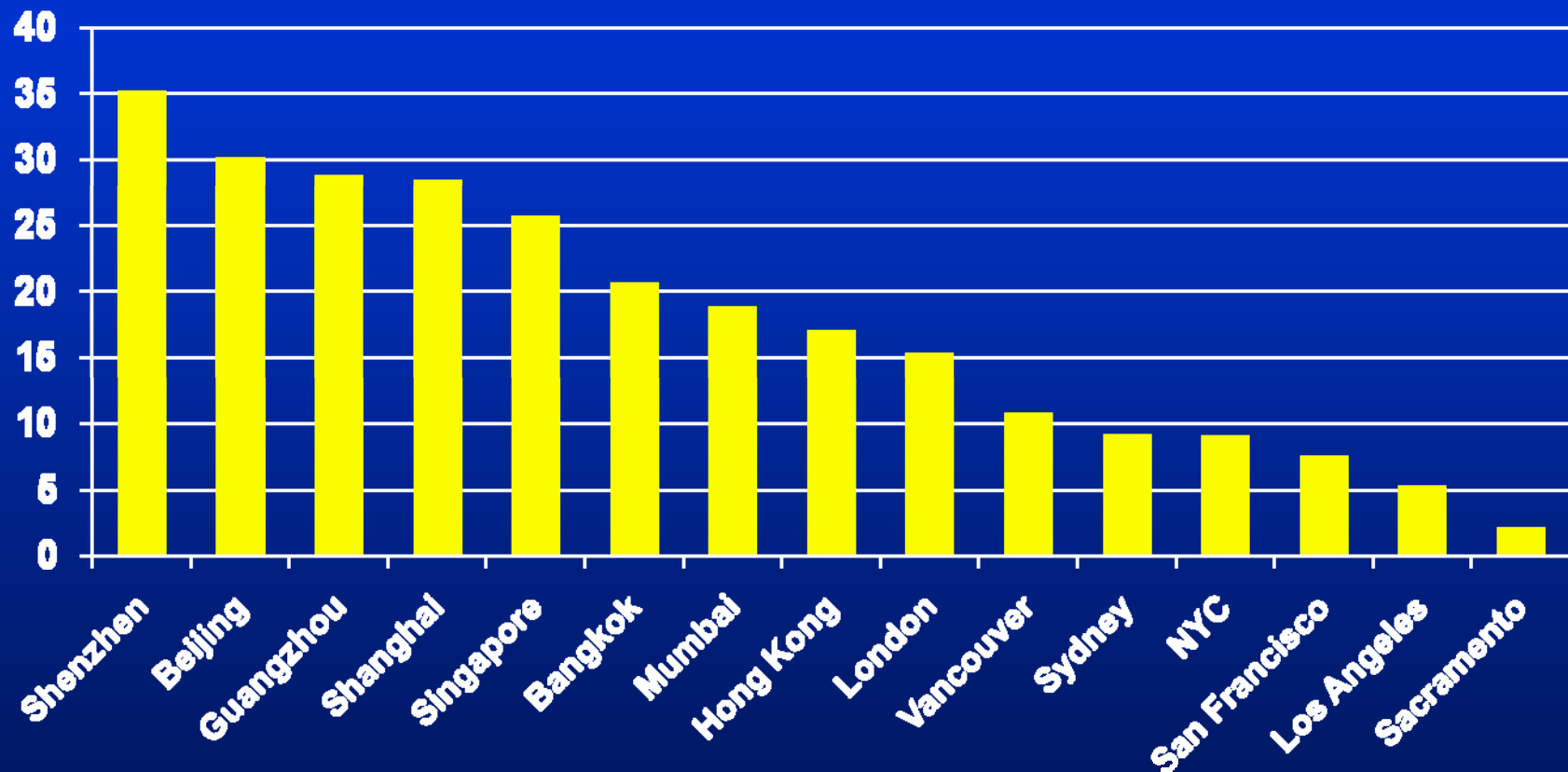
Los Angeles, San Francisco and San Diego House Price Index



Source: Case-Shiller Home Price Index, Bloomberg, 2014

Home Price to Income Ratios Around the World

■ Home Price to Income Ratio, 2013



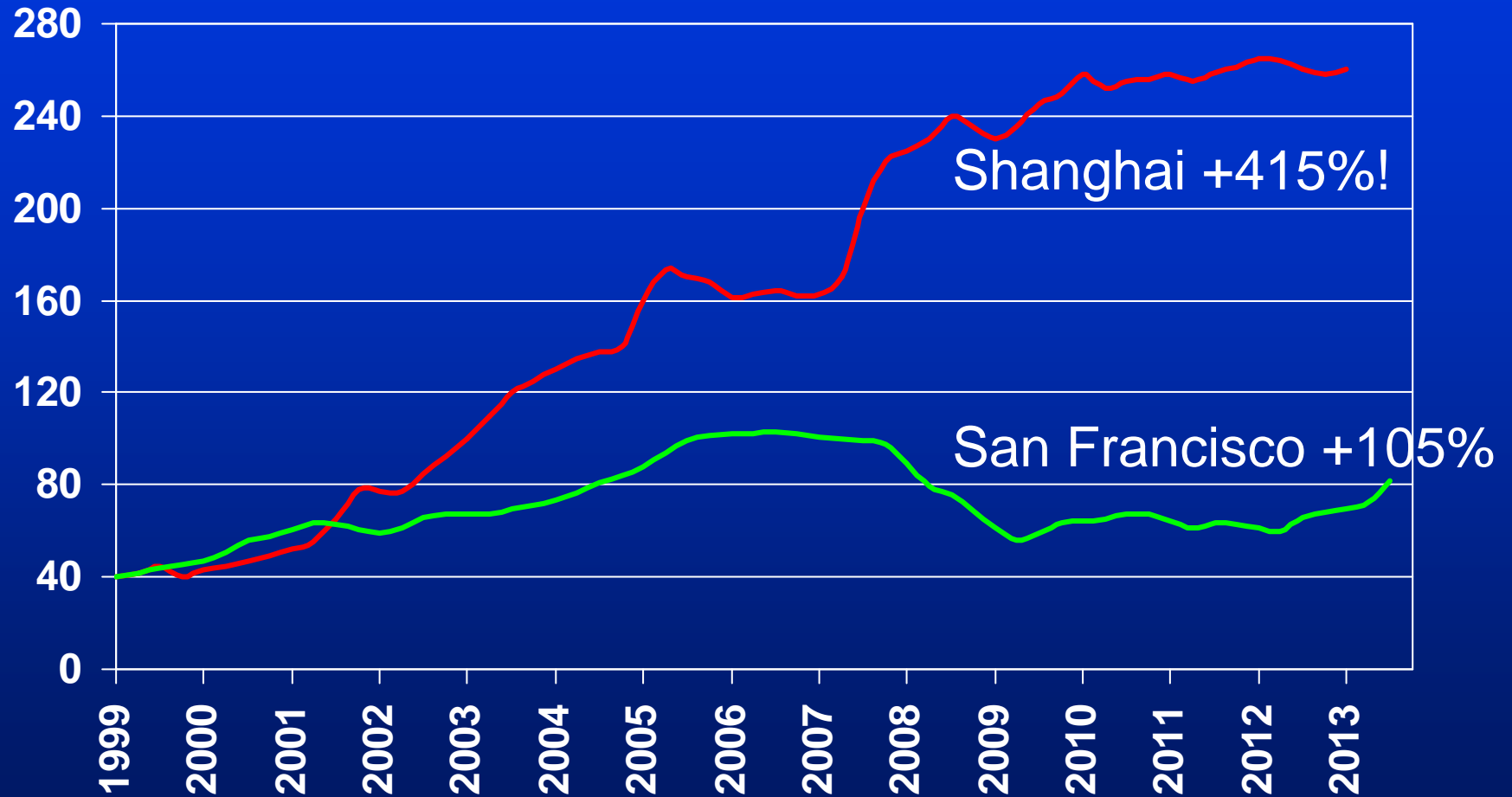
Data Source: Numbeo.com, Dent Research 2013



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Shanghai vs. San Francisco

House Price Index



Source: Global Property Guide, Case-Shiller Home Price Index, Dent Research, Bloomberg, 2013



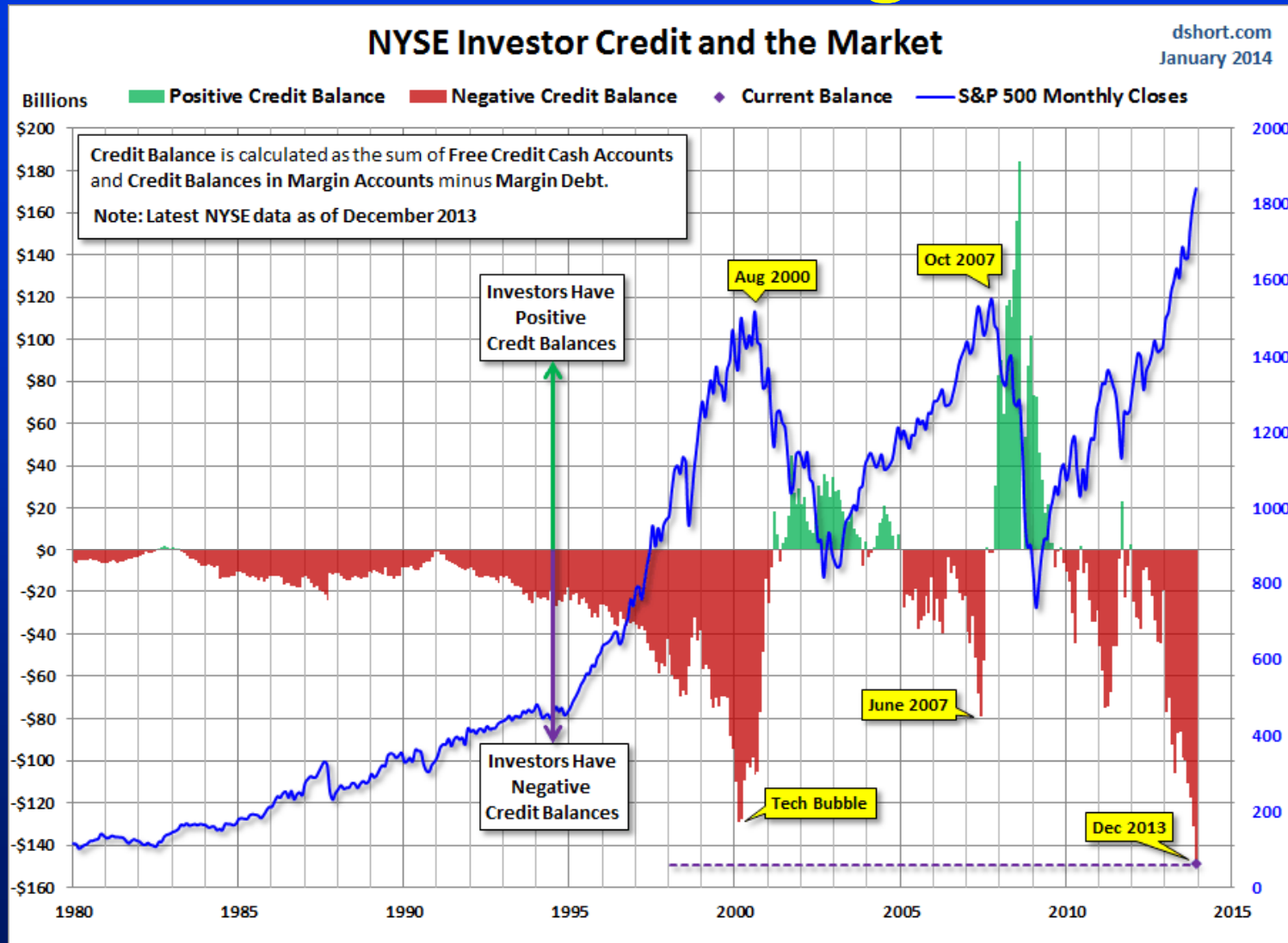
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5 Year Treasury Channel 1980-Present



Source: Bloomberg, 2014

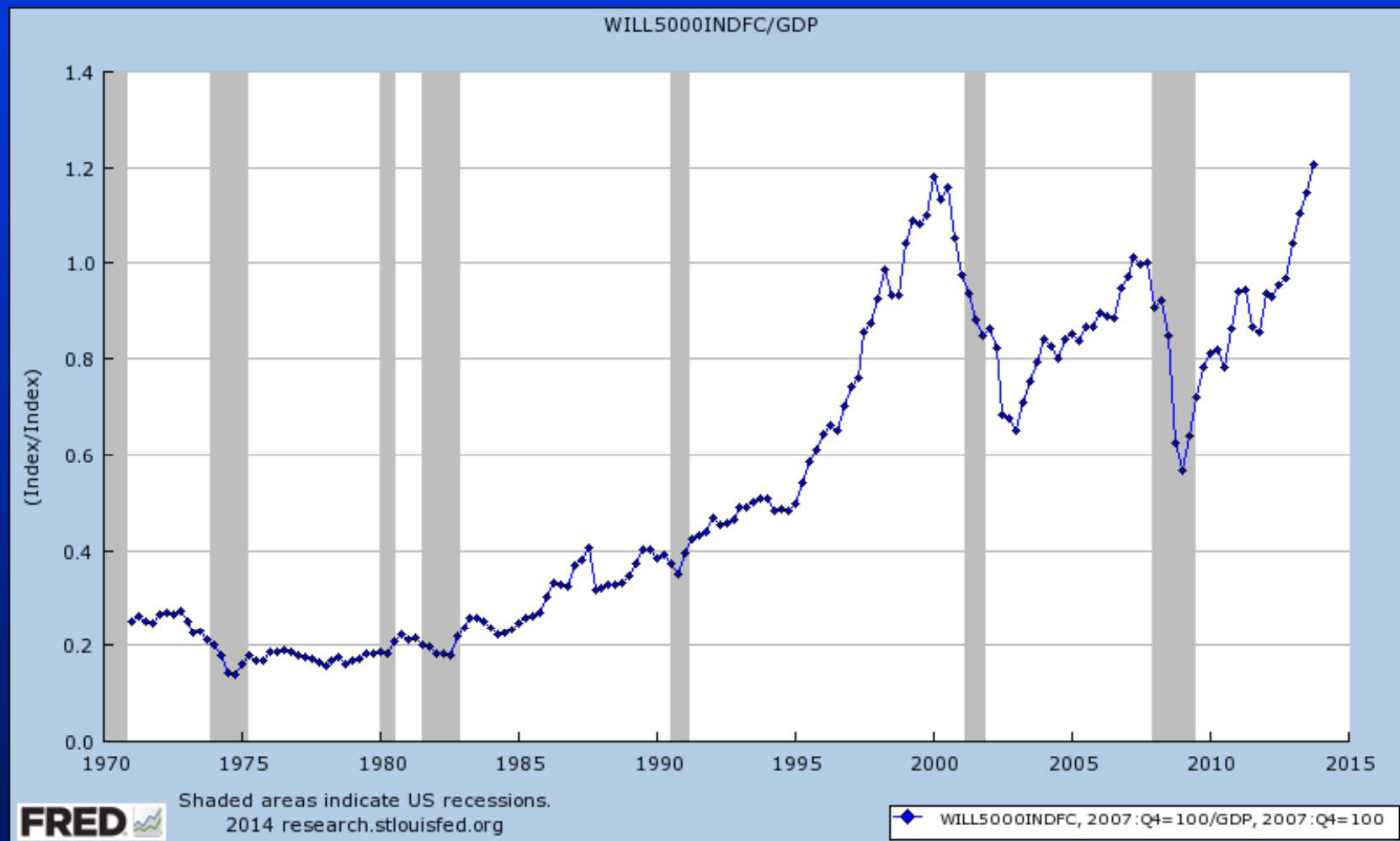
Record NYSE Margin Debt



Source: NYSE, Bloomberg, Advisor Perspectives – Doug Short, 2014

Record Market Valuation

Wilshire 5000 to GDP



Source: Federal Reserve Bank of St. Louis,
Advisor Perspectives – Doug Short, 2014

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S&P Index 'Wide Channel'

1916-2045



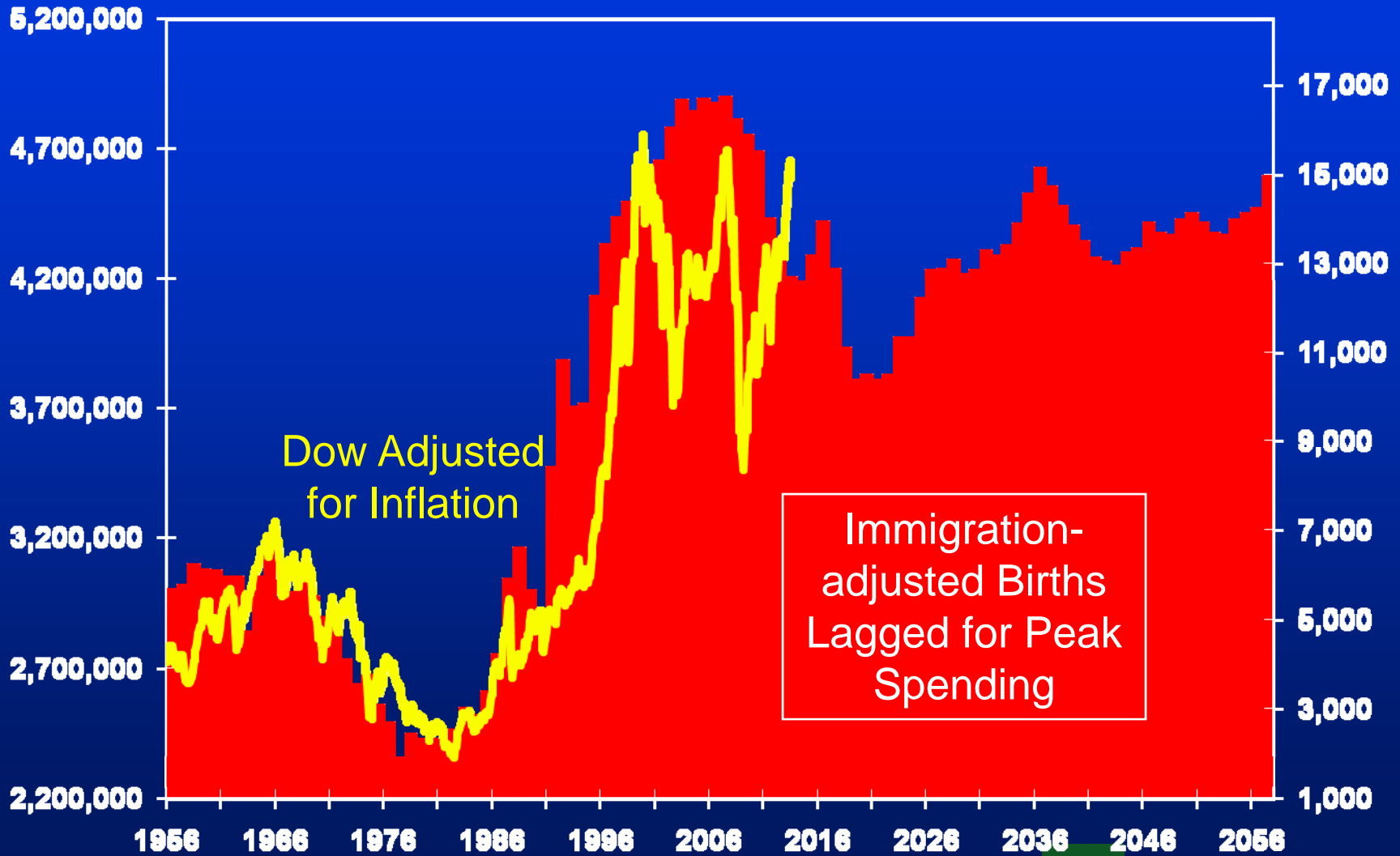
Source: Bloomberg, 2014, Projection channels assume continuation of 4.52 slope rate. Regression rate is 4.95. Future return assumptions are only the opinions of RCM Robinson Capital Management LLC and are not guaranteed.

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The Spending Wave

Births Lagged for Peak in Family Spending

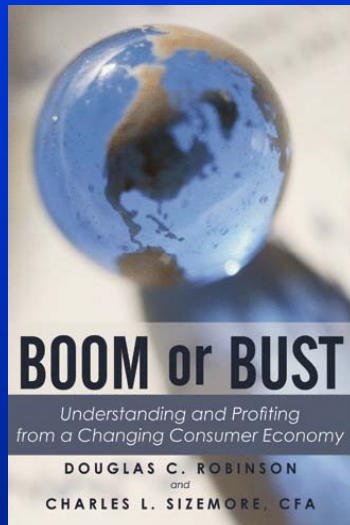


Source: Dent Research

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Questions?



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Douglas C. Robinson – Independent Registered Investment Advisor

Doug Robinson is the principal of RCM Robinson Capital Management, an SEC registered investment advisory and management firm specializing in institutional fixed income management and OPEB trust asset allocation strategies. Doug is a frequent guest speaker and long-time member of the California Municipal Treasurers Association. With over thirty years in the investment industry, he is the editor of robinsoncapital.com, an educational web site providing investors with information on institutional fixed income, GASB 45 mitigation strategies and portfolio management. Doug is also a Branch Manager and Registered Principal with Foothill Securities.

Doug received his Bachelors of Science degree in Economics from University of Missouri-Columbia and is co-author of “Boom or Bust - Understanding and Profiting from a Changing Consumer Economy”.

www.robinsoncapital.com/fi_main.htm

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