

# Will We Party Like It's 1999?

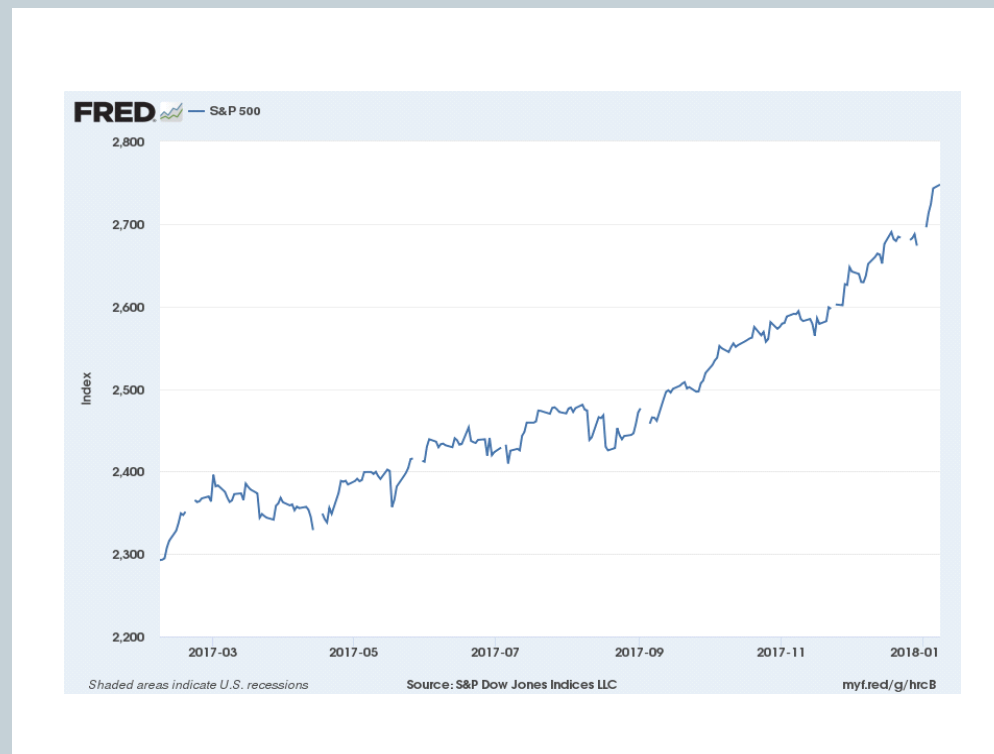


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APICS – JANUARY 2018**

# The Best of Times – A Comparison

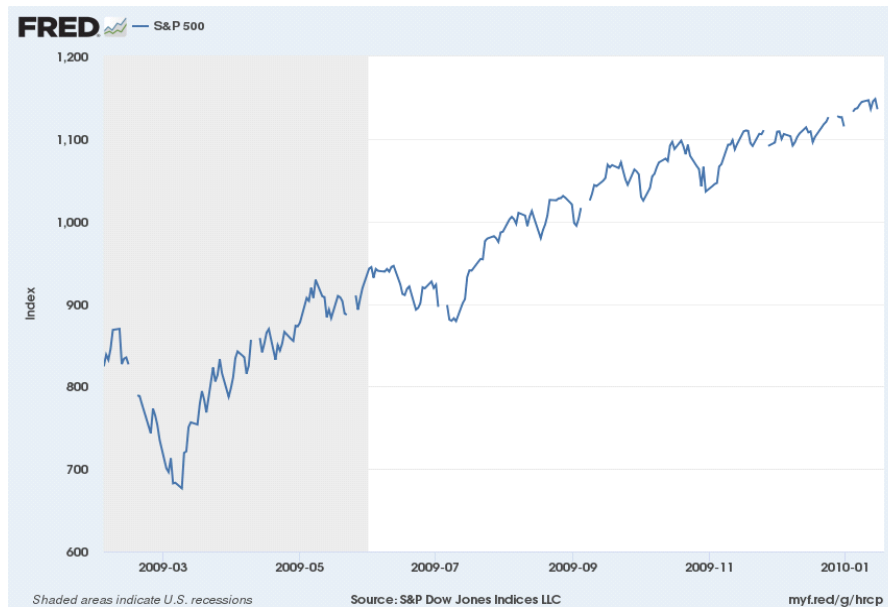


- The Trump Boom.





- The Obama Boom.



# Whose Boom is Bigger?



- % Change 6 Feb 2017 to 8 Jan 2018  
S&P – 19.85%
- % Change 2 Feb 2009 – 8 Jan 2010  
S&P – 38.71%

# The Current Boom



- 1. A Growth Story?
- 2. A Distribution Story?
- 3. Irrational Exuberance?

# The Distribution Story – An Example



- “The economy is continuing to create more of our core customer.”

Todd Vasos, CEO of Dollar General.

“...doesn’t look at her pantry or her refrigerator and say, ‘You know, I’m going to be out of ketchup in the next few days. I’m going to order a few bottles.’ The core customer uses the last bit of ketchup at the table the night prior, and either on her way to work or on her way home picks up one bottle.”

# Are We Close to a Minsky Moment?

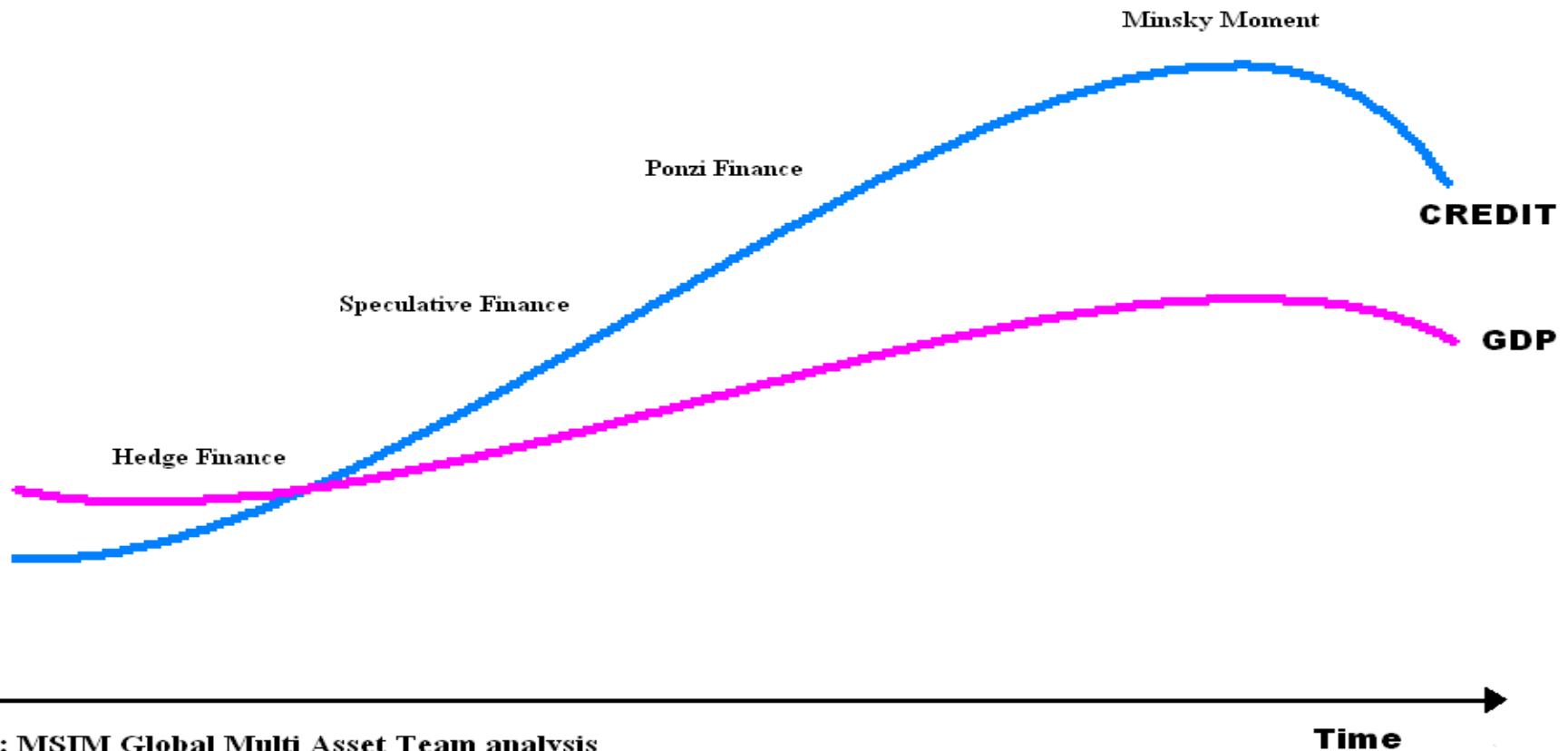


- “Zhou Xiaochuan, the central bank governor, has warned that China faced a possible “Minsky Moment”
- Financial Times. 22 January 2018.

# The Minsky Sequence



## *Stylized "Minsky Cycle"*



Source: MSIM Global Multi Asset Team analysis

Time



# What Could Derail The Current Boom?



- 1. Interest Rate Risks.
  - A. Rising Public Debt Levels.
  - B. Rising Private-Consumer Debt Levels.
  
- 2. World Geo-Political Shock.
  - ✦ Kim Jong Un and Dennis Rodman.
  
- 3. Sanders-Warren Democratic Landslide 2018.

# Suggestions for further reading



- 1. “Stabilizing An Unstable Economy” Hyman P. Minsky. McGraw-Hill. 2008.
- 2. “Misbehaving: The Making of Behavioral Economics” Richard Thaler. W.W. Norton. 2015.
- 3. “The Undoing Project: A Friendship That Changed Our Minds” Michael Lewis. W.W. Norton. 2017.
- 4. “Thinking, Fast and Slow” Daniel Kahneman. Farrar, Straus, and Giroux. 2013.

# Capitalism vs. Socialism

## Comparative Economic Systems



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15 APRIL 2018