



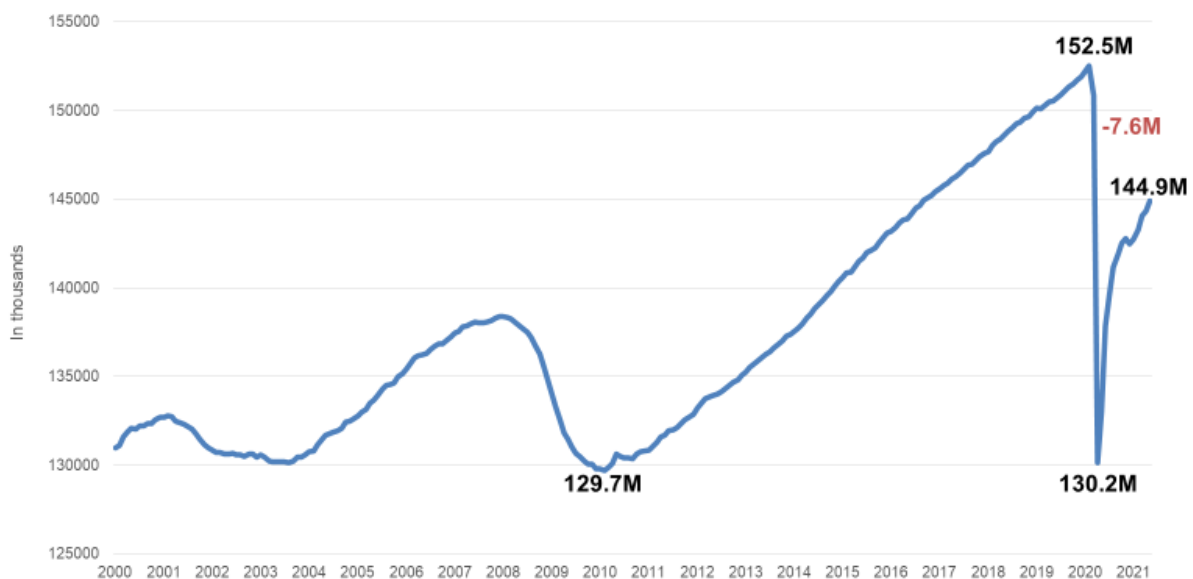
Harry's Take

June 8, 2021

Jobs Still Down 5% From Before COVID: 2 Million Older Boomers Never Came Back

If you look at the stock market, you would think that the economy is better than ever: in fact, way better. The S&P 500 is 25% higher than its pre-COVID peak in February 2020. Real GDP dropped from \$19.3T to \$17.3T, or by 10.4%, and it now is back to \$19.1T, down only 1.3% from the peak. But even in the slower-growth environment we've had since 2009, it would have been up by 2%–3% by now. Massive government spending and stimulus have had a lot to do with the V-shaped GDP recovery, which clearly is not sustainable.

After Losing 22.3M Jobs, We're Still 7.6M (5%) Short vs. Pre-COVID



Source: U.S. Bureau of Labor Statistics, All Employees, Total Nonfarm [PAYEMS], retrieved from FRED, Federal Reserve Bank of St. Louis; <https://fred.stlouisfed.org/series/PAYEMS>

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The real story comes in the employment numbers, which peaked at 152.5M and then dropped 14.6%, to 130.2M. The rebound there has come back up only to 144.9M, or still down 5.0% from the top. If businesses were as optimistic as the stock market “on crack,” they would be hiring more and faster, but they are not!

Twenty-six percent of that 7.6-million-job deficit has come simply because older Baby Boomers retired early, as this chart shows.

3.9M Workers Ages 55+ Exit, 2.0M Never Came Back: They Retired Early!



Source: <https://www.bloomberquint.com/markets/early-retirement-surge-exacerbates-u-s-baby-boomer-inequalities>

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Two million people—1.4% of the total workforce—are NEVER coming back? So, how do we get back to “better than ever,” especially with workforce growth expected to be near zero or lower for many years to come and with the Spending Wave for the U.S. continuing to scrape bottom into 2023 before turning upward with the Millennials again?

We don't!

So, it's the stock market that has to come back in line with reality after this historic, crack-like surge, which has been going on since March 2020.

According to data from my current megaphone pattern (see the June *HS Dent Forecast*) and from typical first major bubble crashes over the last hundred years, that first crash will be near 50%!

When that happens, central banks finally will lose credibility for their cowardly, something-for-nothing solutions to the greatest bubble in history, which they largely created! That crash will make it harder to come up with a new, even-larger-than-ever stimulus plan, after the last monumental one failed so quickly.

Do you still want to hold out for the last vestiges of a stock market that is already struggling currently to make new highs after the most massive monetary and fiscal stimulus program in all of modern history?

Harry

Got a question or comment? You can reach us at info@hsdent.com.