



## Insights and Observations: Second Quarter 2024

The U.S. Surgeon General, Dr. Vivek Murthy, declared a loneliness health epidemic last year, calling attention to the public health crisis of isolation and lack of connection in our country. Consider the following:

- According to a 2023 survey of working parents by Bright Horizons, more than 40% of remote workers go days without leaving the house.
- According to data from real-estate company Cushman & Wakefield, those working in an office spend about a quarter of their day in virtual meetings and only 8% of their time in face-to-face meetings.
- According to data from Microsoft's suite of business software, Americans have tripled their time spent in meetings since 2020.
- Among the 101,000 people using coaching platform BetterUp since 2019, 68% said they knew their co-workers on a personal level ... down from 79% five years ago.
- According to a recent poll of 10,000 adult Americans by Cigna, a health-insurance company, the number of adult Americans who call themselves lonely has increased to 58% from 46% in 2018.
- Cigna estimates that loneliness is costing companies \$154 billion a year in absenteeism alone.

**More Americans are profoundly lonely, and the way they work – more digitally linked but less personally connected – is deepening that sense of isolation. It is a marked shift from even a decade ago, when bonds fostered at work helped compensate for declining participation in church, community groups and other social institutions.**

**Te-Ping Chen – WSJ 5/27/24**



A Pew Research Center poll of 5,200 people found the following:

- About half the people said it was less important to have a four-year degree today than it was 20 years ago.
- Only about one-third of four-year graduates think going to a university is worth the cost.

Research by Strada Education Foundation found that a college degree is worth the money for state-school graduates ... but only if they can make an average salary of at least \$50,000 annually over their first 10 years of employment.

**As long as you're above that \$50,000, even in the most expensive states, you'll still have that positive return on investment.**

**Nichole Torpey-Saboe, Strada Ed. Foundation – WSJ 5/26/24**

According to the Federal Reserve Bank of New York, the median salary last year for bachelor's degree holders (between the ages of 22 and 27) was \$60,000, compared to \$36,000 for those with only a high-school degree.

**At a time when many Americans are questioning the value of a college degree – and some teens and 20-somethings are foregoing higher education for trade work like plumbing, welding and construction – four-year state universities are a bargain compared with their private counterparts and still often provide a path to financial security.**

**Alyssa Lukpat – WSJ 5/26/24**



Many wealthy Chinese, frustrated by oppressive politics and a struggling economy, are leaving the country. It is estimated that 13,500 high-net-worth Chinese people will migrate overseas this year. According to migration trends by Henley & Partners, that makes China the biggest worldwide loser in that category.

Japan, a top destination, had about 822,000 Chinese residents as of the end of last year, up 60,000 alone from the previous year. Not surprisingly, the average price of a new apartment in central Tokyo was up nearly 40% last year to the equivalent of about \$740,000.

**Japan's real estate prices are low for foreigners thanks to a weak yen, and it is fairly easy for them to purchase property. And the Japanese writing system uses Chinese characters in part, so new arrivals can more easily find their way around.**

**Miho Inada – WSJ 5/2/24**

There are two big challenges for Chinese people attempting a move to Japan – getting money into Japan and getting a visa. China has restrictions on the amount of money residents can take out of the country. For a visa, you need to be an investor in a Japanese business or be a *high-level specialist* in business, technology, or academia.



The global fertility rate (GFR) is a measure of the number of babies a woman is expected to have over her lifetime. In 2017, when the GFR stood at 2.5, the United Nations forecasted that the rate would decline slightly to 2.4 by the late 2020s.

By 2021, however, the United Nations found the GFR had already declined to 2.3 ... close to the 2.2 rate that demographers consider to be the *global replacement rate*. While the U.N. has not published rates for 2022 and 2023, national birth registries have been reporting birth rates 10% to 20% below U.N. projections. For example:

- The U.S. had 3.59 million births last year, 4% less than U.N. projections.
- China reported 9 million births last year, 16% less than U.N. projections.

- Other countries reported larger deficits, including Kenya (2022 births down 18%) and Egypt (2023 births down 17%).

*Current estimates put the GFR somewhere between 2.1 and 2.2, which would be below the replacement rate for the first time in human history.*

In 2017, the world population was at 7.6 billion. At that time, the U.N. estimated it would climb to 11.2 billion by 2100. The Institute for Health Metrics and Evaluation at the University of Washington now believes the world population will peak at around 9.5 billion by 2061.

**Fertility is falling almost everywhere, for women across all levels of income, education and labor-force participation. The falling birthrates come with huge implications for the way people live, how economies grow and the standings of the world's superpowers.**

**Some demographers see this as part of a “second demographic transition,” a society-wide reorganization toward individualism that puts less emphasis on marriage and parenthood, and makes fewer or no children more acceptable.**

**Grep Ip/Janet Adamy – WSJ 5/13/24**



Russia's population has been in decline for years, a dilemma that has been exacerbated by the war in Ukraine. The Soviet Union, before its collapse in 1991, had the world's third largest population. Russia's population today is around 146 million, ranking ninth globally ... between Bangladesh and Mexico.

**The country's declining population, particularly those of working age, and its flight of talent are creating a demographic straitjacket. The loss of those human resources is going to compromise Russia's economic future.**

**Nicholas Eberstadt, American Enterprise Institute – WSJ 6/6/24**

Only about 1.26 million births were recorded in Russia last year. That is the lowest number in over two decades. The number of women at reproductive age is expected to decrease 40% by 2030 in comparison to 2010 statistics.



U.S. residential real estate prices are now up approximately 50% since the end of 2019. A Federal Reserve model calculates that homes are now 25% overvalued. Interestingly, a similar measure had homes overvalued by 28% at the market peak in 2007.

Burns Research estimates U.S. demand for homes currently exceeds supply by 2.1 million units. In 2009, supply exceeded demand by 1.96 million units.

**This doesn't mean a collapse or crisis, like in 2008, is in the offing ... but homes are also assets, and overvaluation is a predictor of stagnant, even negative, real returns in coming years, a headwind to anyone counting on real estate as a source of wealth.**

**Greg Ip – WSJ 6/27/24**



The International Energy Agency estimates that oil-demand growth should peak by 2029, reaching just over 105 million barrels a day in 2030. Demand should then start to contract as the use of clean-energy technologies accelerates. On the other hand, global oil-production capacity is scheduled to increase to nearly 114 million barrels a day.

**This would result in levels of spare capacity never seen before other than at the height of the Covid-19 lockdowns in 2020. Such a massive oil production buffer could usher in a lower oil price environment, posing tough challenges for producers in the U.S. shale patch and the OPEC+ bloc.**

**The International Energy Agency – WSJ 6/12/24**



I talk a lot about the world being *awash in debt*. It's not just the U.S. Believe it or not, the U.S. is considered to be the *cleanest shirt in the hamper* when it comes to global debt concerns.

It is China, the U.K., France, Japan, and many others. Even Germany, known to be fiscally cautious, is joining the "debt party." According to Capital Economics, public budget deficits are running a full 3 percentage points above prepandemic levels across major advanced economies.

Debt is generally compared to a country's gross domestic product. For example, the U.S. government will spend about \$7 trillion this year, but only take in about \$5 trillion. The \$2 trillion shortfall is approximately 6.5% of our country's \$30 trillion economy (GDP).

Somehow, the GDP comparison of 6.5% does not do justice to the shortfall. *In reality, the \$2 trillion deficit is 40% more than the \$5 trillion of total government inflows.* That's why it is clearly not sustainable.

**Daniel G. Corrigan, CPA/PFS, CFP®**