

CHARTING with KARIM



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Here are this week's featured market charts:

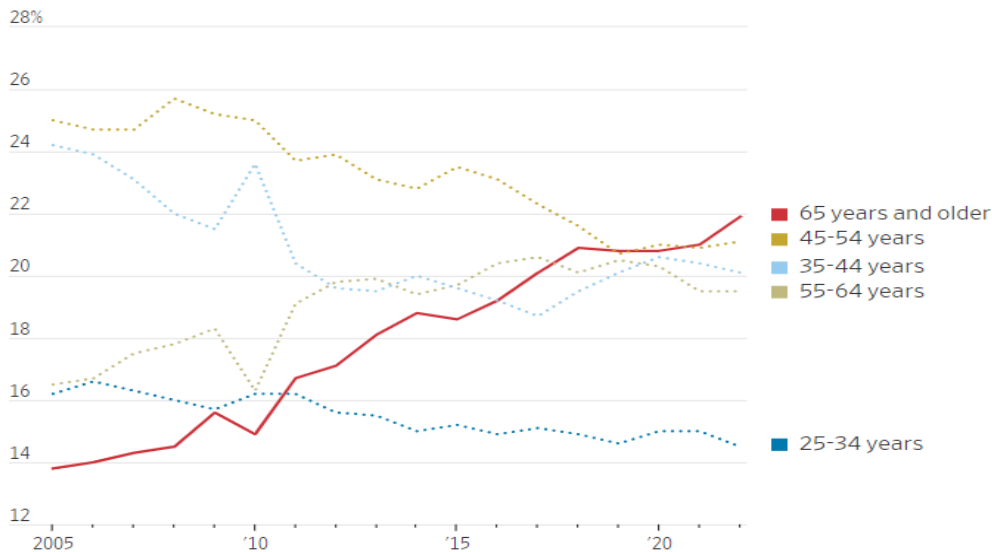
Welcome to "Charting with Karim" - a weekly document that showcases a collection of interesting and informative charts. In this weekly report, I aim to provide readers with a collection of charts on the markets and the economy that I hope you will find engaging and informative. Whether you are a seasoned investor, a market enthusiast, or simply interested in staying up to date with the latest data and trends, "Charting with Karim" has something for everyone. So, sit back, relax, and join us on a journey through the week's most fascinating chart. I welcome any suggestions or feedback you have.

ONE:

U.S. Economy's Secret Weapon: Seniors (see chart below from the [Wall Street Journal](#)): "Why has consumer spending been so strong in spite of higher rates? One reason is consumers are getting older and spending. As the chart shows, **US population was sixty-five or older, has almost doubled since 2005 while population between 25 – 34 has dropped during this time.**

Americans over sixty-five accounted for 22% of spending last year, the highest since 1972.

Share of consumer spending, by age group



Source: Labor Department

TWO:

American seniors have a lot of wealth to spend (see chart below from the [Wall Street Journal](#)): Not only the population over 65 is growing, they are wealthy. This has made the elderly a spending force to be reckoned with. Americans over seventy now hold 26% of household wealth. Baby boomers alone have now amassed \$77.1 trillion in wealth. Retirees also received an 8.7% cost-of-living-adjustment bump to Social Security payments in January, the largest single-year increase since 1981, and an automatic adjustment to offset last year's 9.1% inflation peak. These factors (plus other seniors discounts) have cushioned seniors from inflation and high interest rates."

Share of household wealth held by adults 70 years and up



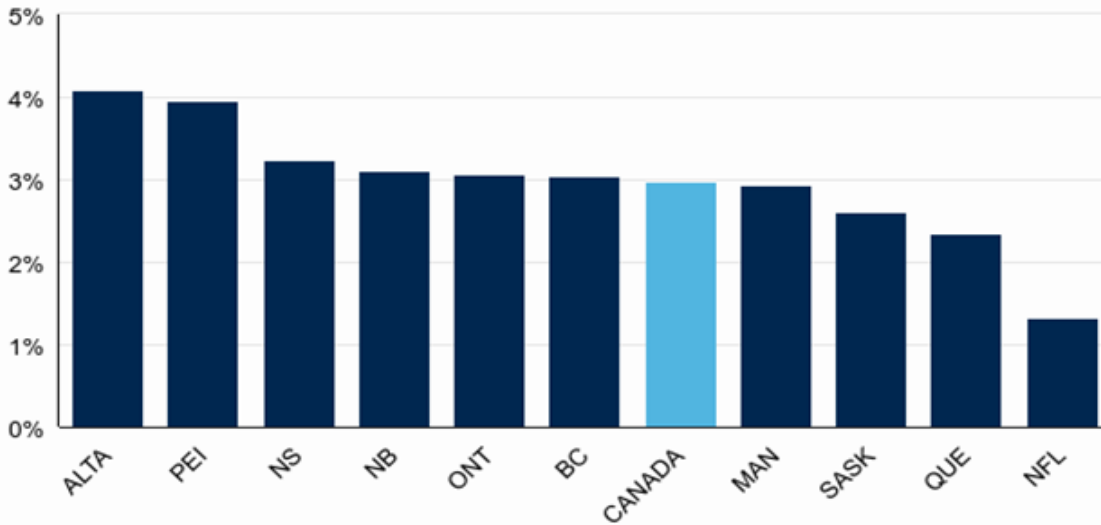
Source: Federal Reserve Board of Governors

THREE:

As you can see from this chart from RBC economics, there has been some migration into provinces with lower housing costs. Population growth in provinces like Alberta and PEI and Nova Scotia has outpaced average growth in Canada. One main reason I believe is housing.

Alberta leads Canada in Q2 population growth

Annual change in population growth at Q2 2023, %

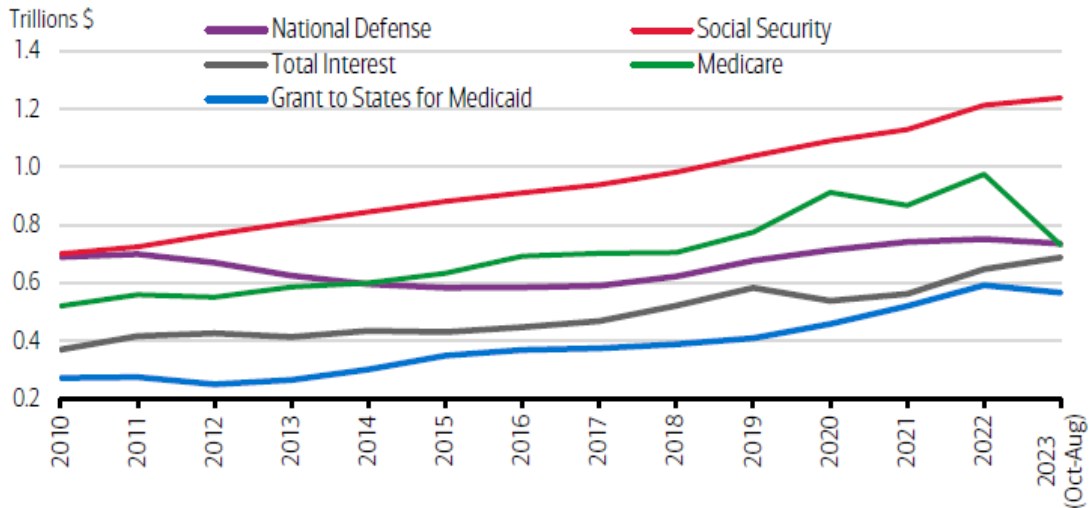


Source: Statistics Canada, RBC Economics

FOUR:

U.S. government spending: the five massive government spending commitments that consumed 72% are shown in a chart below. All of them have grown since 2010. Defense spending is a growth industry. **Through the first eleven months of FY 2023, national defense spending consumed 13.4% of federal outlays.**

Exhibit 2: The Formidable Five: U.S. Federal Outlays for Social Security, Medicare, Medicaid, Defense and Gross Interest Payments.



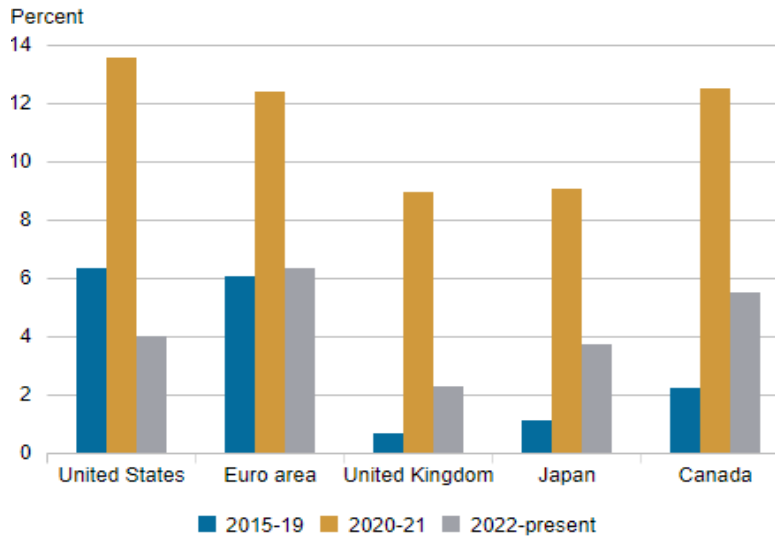
Sources: Congressional Budget Office; Bureau of Economic Analysis; Haver Analytics. Data as of 2023 (2023 data as of October 2022 through August 2023 period).

FIVE:

Savings - U.S. vs. peers (see chart below from [Liberty Street Economics](#)): “A report from the New York Fed highlighted that U.S. savings behavior from that of other countries. They noted that since 2022, the U.S. savings rate dropped below its pre-pandemic average—while savings rates elsewhere have remained higher than they were in the before times.

Household Saving Rates Above Pre-Pandemic Levels Outside the U.S.

Household Saving as a Percent of Disposable Income



Sources: U.S. Bureau of Economic Analysis, Integrated Macroeconomic Accounts; Eurostat; UK National Statistical Office; Japanese Cabinet Office; Statistics Canada; authors' calculations.

Note: Data are through the second quarter of 2023 for the U.S., euro area, UK, and Canada, and through the first quarter of 2023 for Japan.

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Thank you,

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