

HUDSON VALLEY PATTERN *for* PROGRESS

The PULSE of the ECONOMY

EDITION 19 | OCTOBER 23RD, 2020

Debt.

Let's see, there is student debt. There is credit card debt. There is your mortgage. Then there is your car – maybe you lease or buy, but you have payments. These are the most common. You work hard to manage it.

But Pulse, this week, wants to look at the National Debt. Last week, we learned, it is mountainous. (see charts) You know that too much debt and you are underwater. But national debt – well – is it a good thing to have so much debt? Someday, someone will have to pay. But now, without another federal stimulus bill, thousands of businesses- small and large – will be, well, underwater or down. And there are millions of people that need an injection of cash going into the winter. Then there are state and local governments that need help.

So expect that mountain of national debt to keep growing and hopefully, for some, it keeps your debt from getting worse.

STOCK MARKET-DOW JONES

28,570 **28,409** **↓ 161**
 OCTOBER 16 OCTOBER 23

"Looking ahead, the Hudson Valley continues to see growth and opportunity in the business and residential sectors, and energy will play a large factor in the way we live and work. O&R is committed to supporting our region's growth by continuing to invest in a reliable and resilient grid. At the same time, we're proud to be driving change in the industry through clean energy initiatives such as solar, battery storage, and electric vehicle chargers; and energy efficiency programs for our customers."

Robert Sanchez
President & CEO
Orange & Rockland Utilities



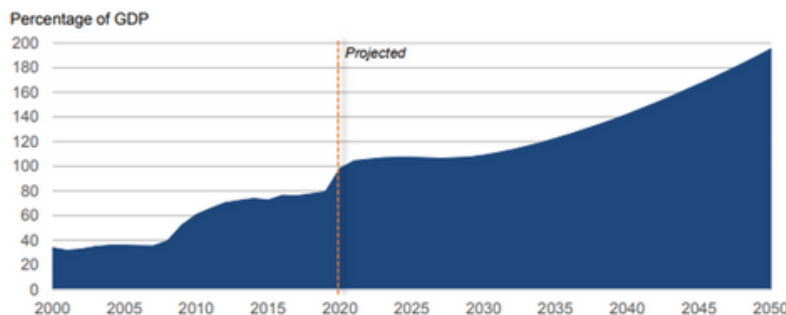
FEDERAL DEBT, HELD BY THE PUBLIC - 1900-2020



What's the difference between debt and deficit?

The federal debt is the stock of outstanding borrowing—how much the government owes in total. The deficit is the change in that stock in a given year, or the amount of additional government borrowing. It is the difference between what the government takes in (revenues) and what it sends out (outlays, or spending).

PROJECTIONS OF FEDERAL DEBT



Source: Congressional Budget Office.

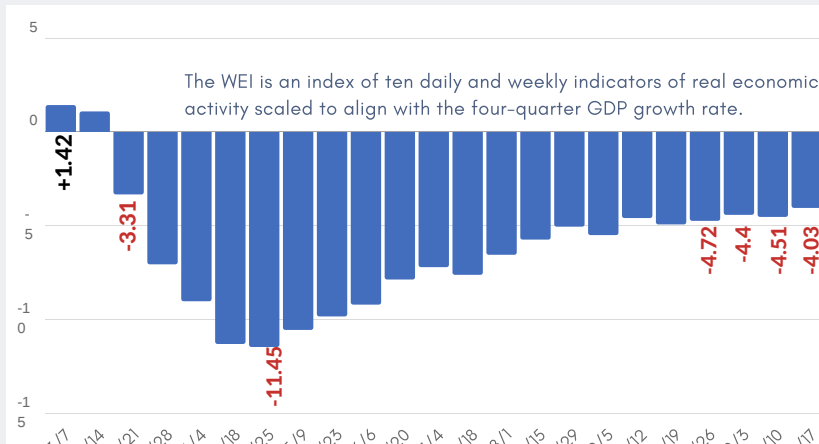
What is driving these changes?

There are three main factors responsible for rising debt over the next few decades.

1. Population Aging
2. Rising Health Spending
3. Large pre-COVID deficits

WEEKLY ECONOMIC INDEX (WEI)

Over Recent Months | Percent (GDP Growth Units)



Source: Authors calculations based on data from Haver Analytics, Redbook Research, Rasmussen Reports, The American Association Railroads and Booth Financial Consulting