



## GORDON T LONG

### Advanced Technical Analysis



**Gordon T Long**  
Global Macro Research |  
Macro-Technical Analysis



**Technical Analysis**  
Market Road Maps | HPTZ  
Methodology



**SII**  
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Market Road Maps

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The background features several interlocking gears in shades of teal and grey. The gears are partially visible, with some showing the words 'Productivity' and 'Innovation' embossed on their surfaces. A bright, glowing light source is positioned near the center-right, casting a strong cyan glow across the scene and highlighting the teeth of the gears.

# US LABOR MARKET IN PRODUCTIVE DECLINE

# A COMPLEX SET OF TRENDS & EVENTS

1. Demographics,
2. Training,
3. Covid & Covid Mandates,
4. Early Retirements
5. A Living Wage,
6. Great Resignation
  1. Pent-Up Resignations,
  2. Burn Out,
  3. Meaning & Contentment,
  4. Freedom & Autonomy
7. Immigration Restrictions & Policy,
8. Generational Attitudes & Priorities,
9. Toxic Work Environments & Low Pay
10. Twin Income Family Child Care ..... **and more!**



# PROFITABILITIES & MARGINS

## OPERATING MARGINS


Before we get to  
15% Minimal Tax,

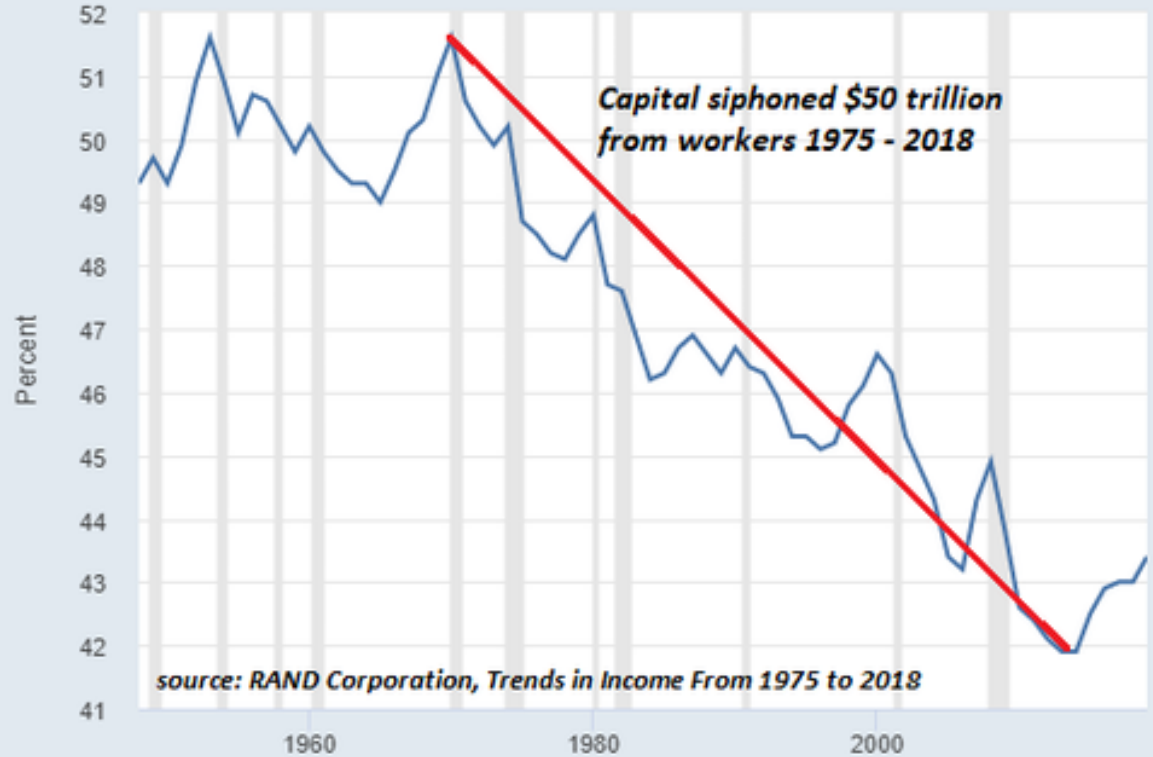
Rising Interest Rates on  
Debt & Leverage



45 years of capital pillaging labor

The asymmetry of capital and labor

**FRED**  — Shares of gross domestic income: Compensation of employees, paid: Wage and salary accruals: Disbursements: to persons



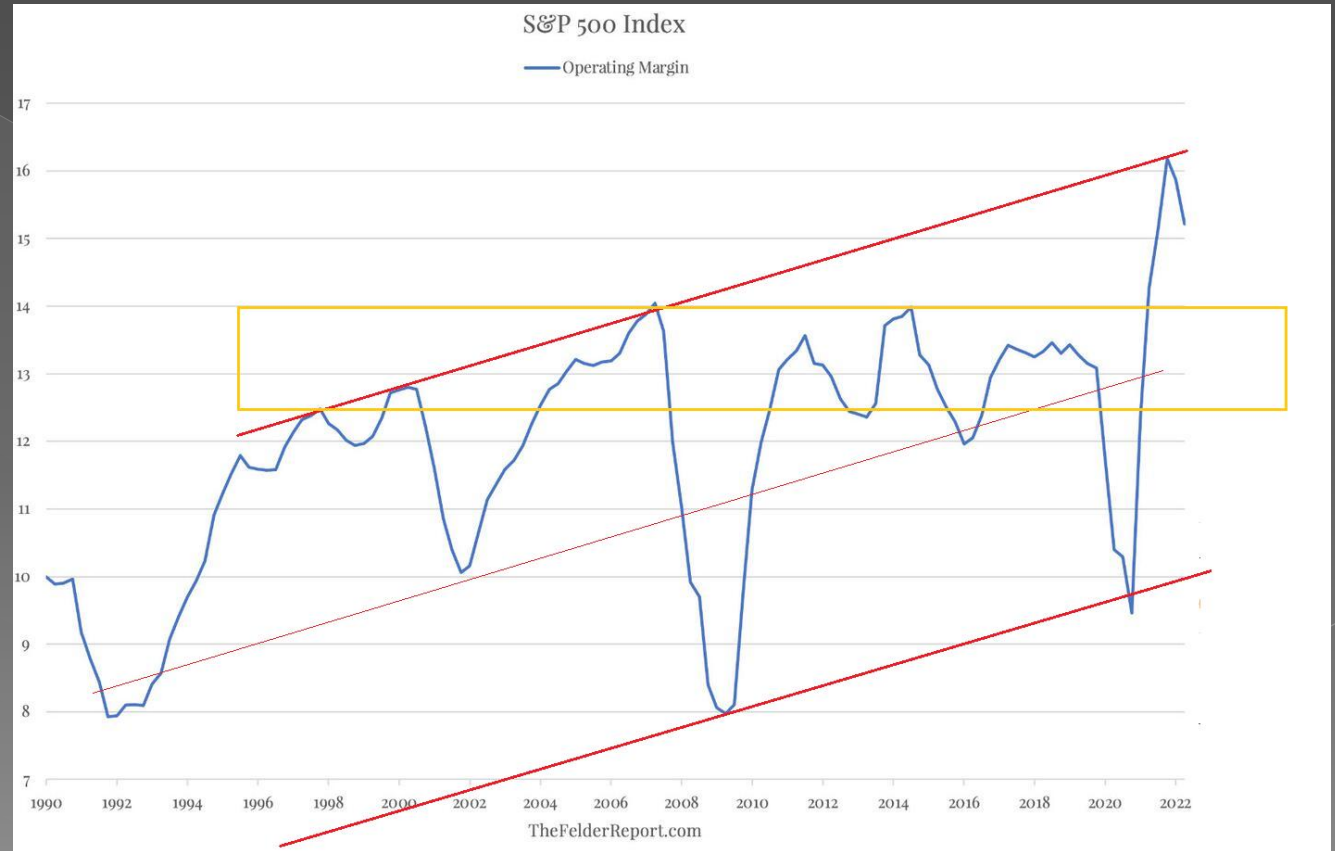
source: RAND Corporation, Trends in Income From 1975 to 2018

Source: U.S. Bureau of Economic Analysis

note added by charles hugh smith [www.oftwominds.com](http://www.oftwominds.com) July 2021

# NORMALIZATION IS AHEAD

A 50 – 61.8%  
Retracement  
Seems Inline  
(minimally!)



# AGENDA

## US LABOR MARKET IN PRODUCTIVE DECLINE!

### DECLINING US PRODUCTIVITY

- Why is it Falling?
- Paying Workers More to Produce Less!

### LABOR: SITUATIONAL ANALYSIS

- Demographics & a Declining Labor Participation Rate,
- Skills, Training and Cultural Problems,
- The Great Resignation & Covid Mandates,

### GENERATIONAL ATTITUDES & PRIORITIES

- New Social Media Generation Workforce,
- Gen X, Y & Millennials

### THE ZOOM – “WORK-FROM-HOME” CULTURE

- Shortcomings,

### CONCLUSION

- Employment Numbers are Deceptive Sham!
- GDP Is Increasingly An Illusion!



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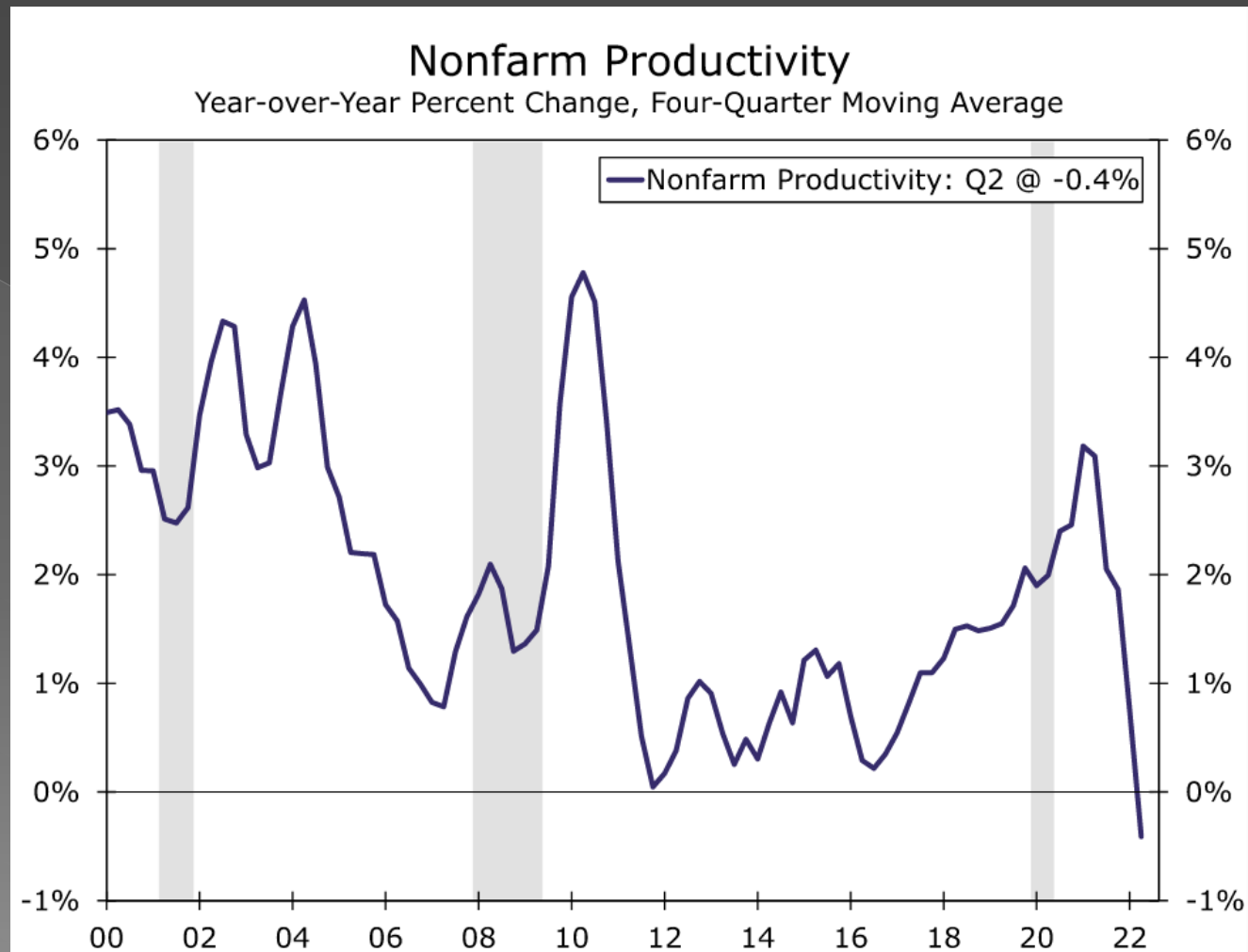
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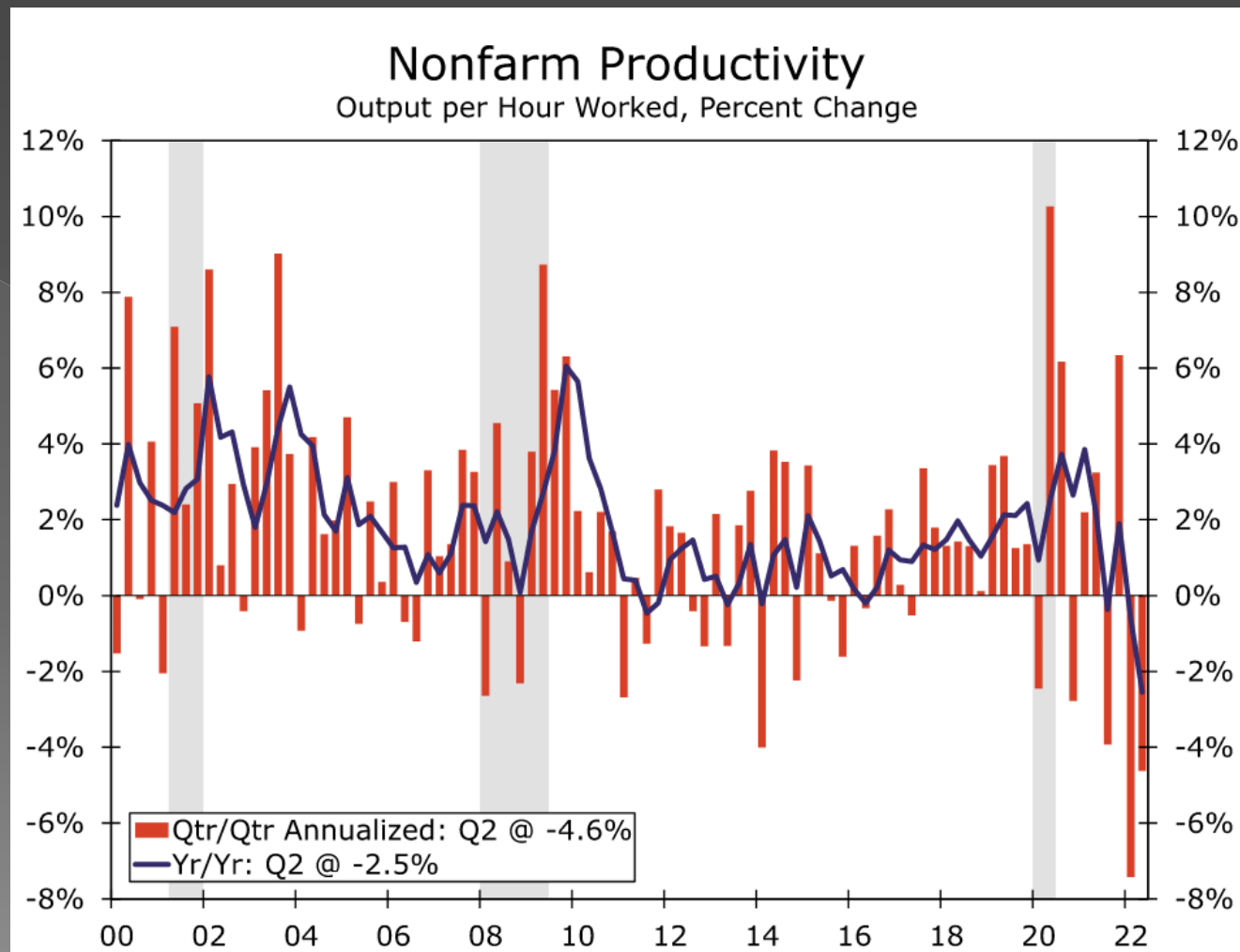
Nonfarm productivity declined at a 4.6% annualized rate in the second quarter, marking the **second consecutive decline**.

I don't recall seeing Productivity going **NEGATIVE!?**



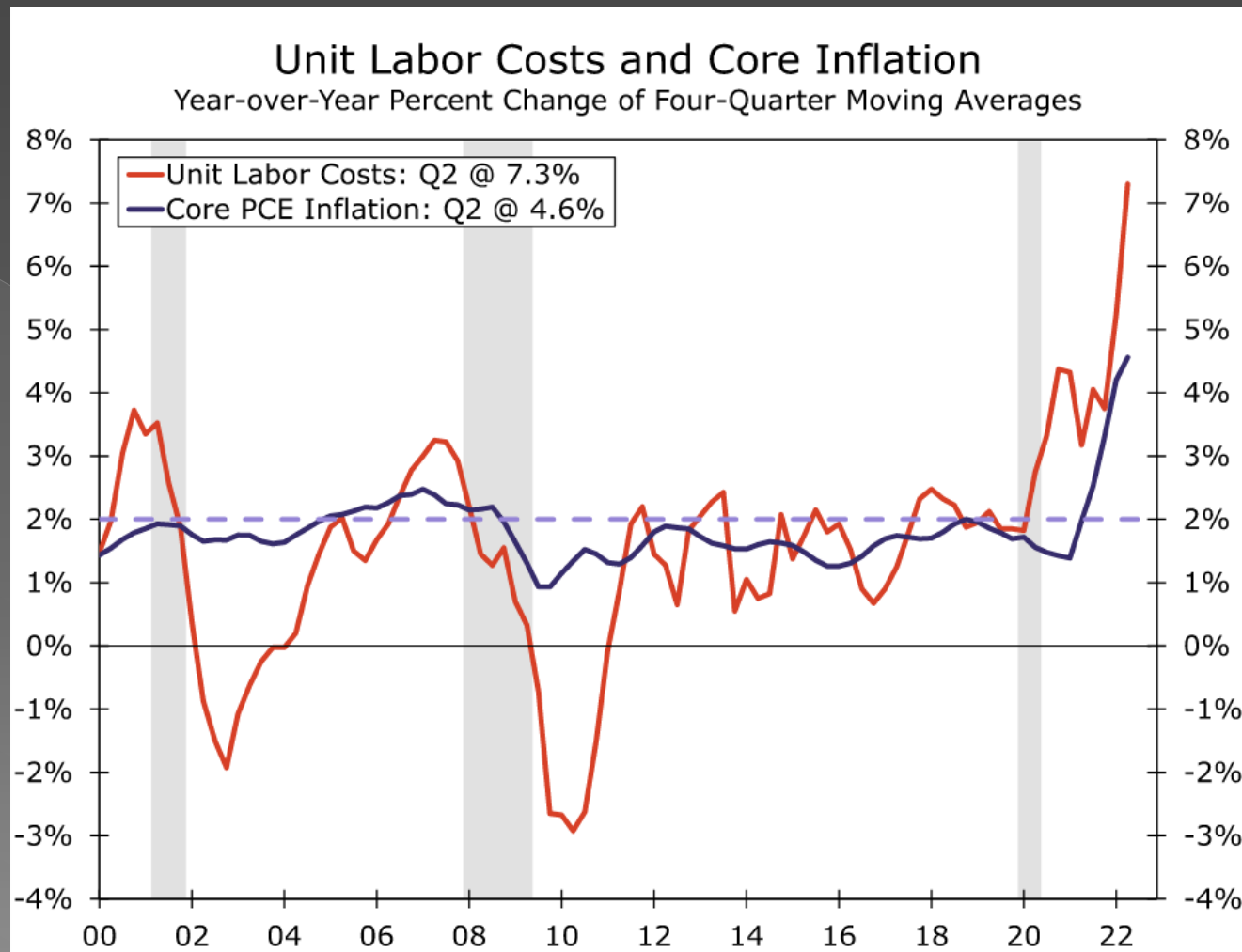
With Labor Productivity decreasing 4.6% in the second quarter of 2022 Output decreased 2.1% while hours worked increased 2.6 %.

This marked **the sharpest decline in labor productivity since 1948 – roughly 74 years ago.**



Unit labor costs (ULC), i.e., the productivity adjusted cost of labor, rose at a 10.8% annualized pace in Q2.

This marks the second consecutive quarter of double-digit gains and suggests **businesses continued to pay workers more to produce less.**



# BAD MONETARY, FISCAL & PUBLIC POLICY

The Fed simply can't get to 2% inflation with this sort of productivity and wage growth!

The reasons labor productivity has collapsed range far and wide. But they all come back to a few critical elements:

1. **Over Regulation,**
2. **Over Taxation,**
3. **Monetary Expansion,**
4. **Credit Market Manipulation and,**
5. **A near total intervention of economic and business life by a grossly out of control "Tax & Spend" Regulatory State.**

*Remember, production determines consumption. Production has collapsed. An extended period of economic decline will follow.*

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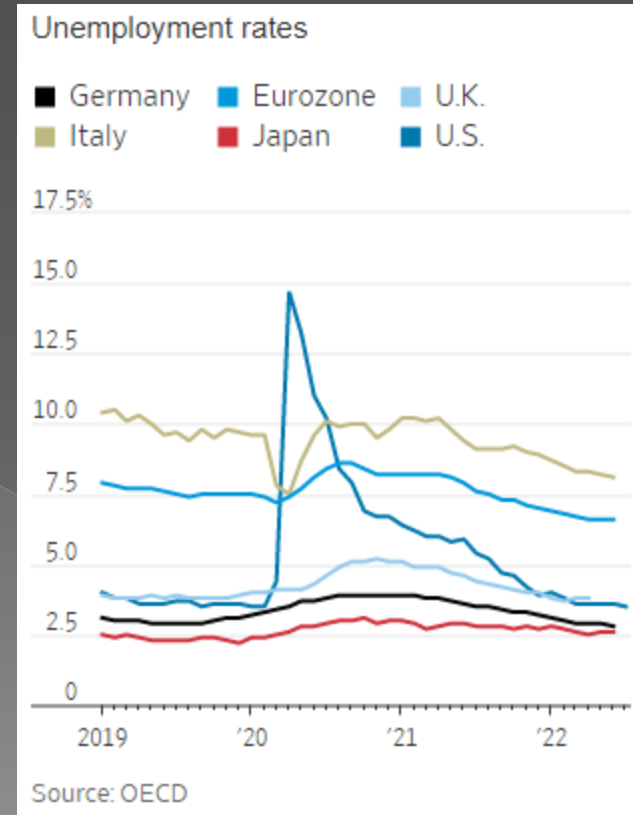
# GLOBALLY TIGHT LABOR MARKETS

1. Aging Populations,
2. Relatively Low Level of Immigration.

Features that have become more pronounced in other advanced economies during the pandemic.

NOTE: Immigrant refugee / asylum movements lacked;

- Education, Skills or Training,
- Communications Abilities or
- Desire for Cultural adaption



# LABOR SHORTAGE

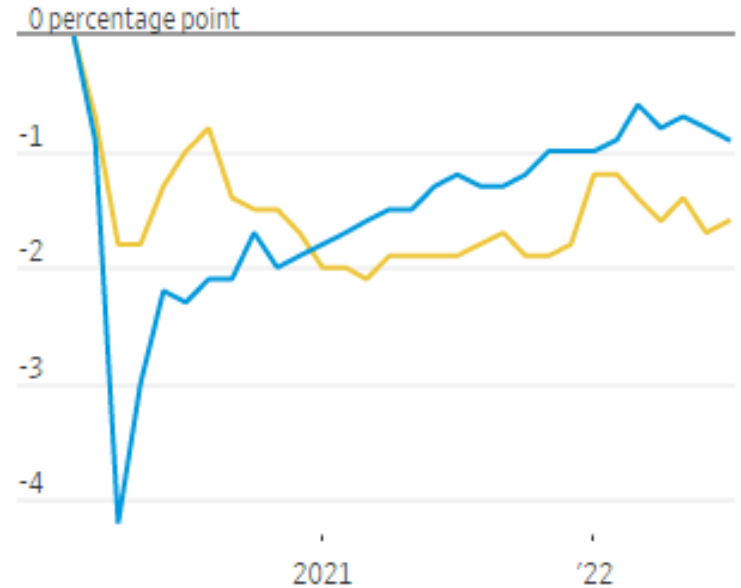
Wages and salaries for private-sector workers [rose 5.7% in the second quarter](#) from a year earlier.

The swiftest pace since records began in 2001, and wage growth accelerated again in July

To ease wage pressures *without having to reduce employment* outright requires more workers to fill open job demand.

Share of U.S. population working or looking for work, percentage-point change since February 2020

■ Ages 16 to 54 ■ Ages 55 and up



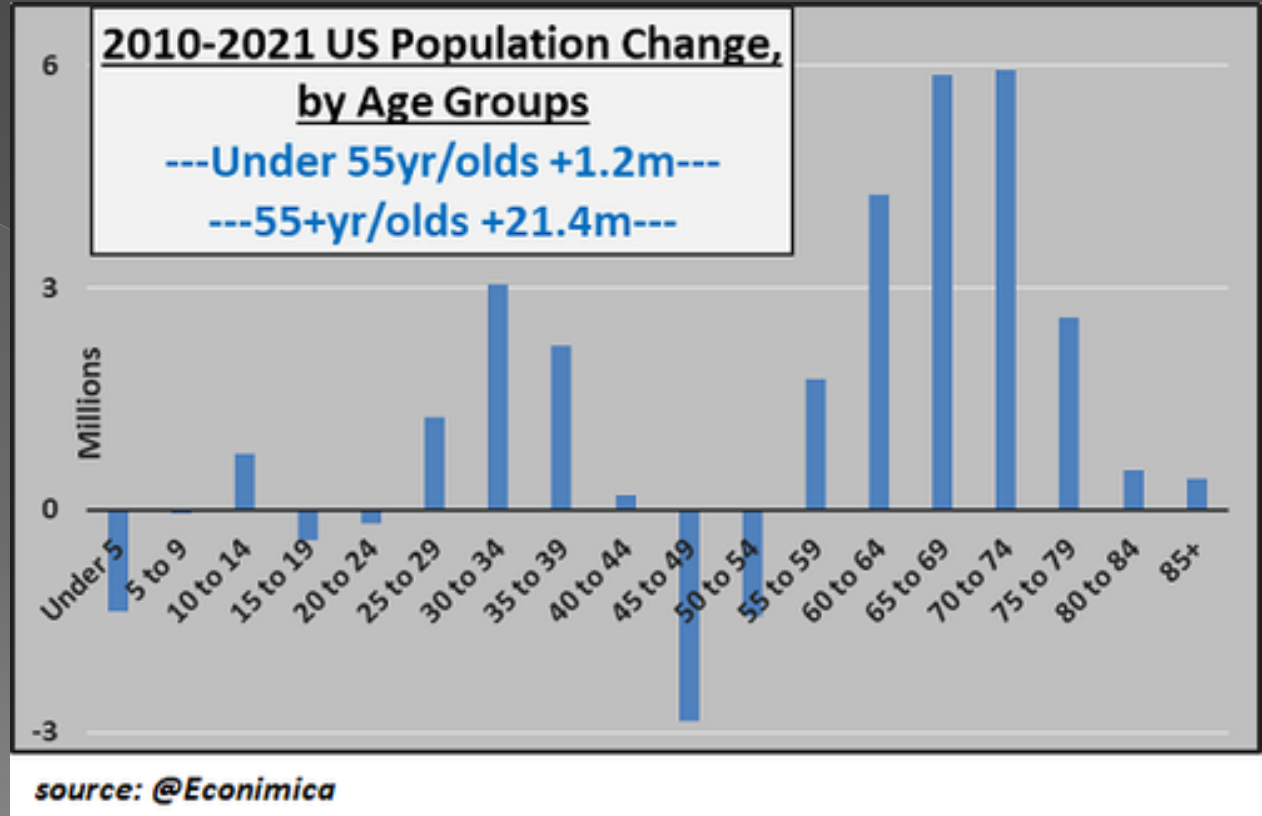
Note: Seasonally adjusted.  
Source: Labor Department



# DEMOGRAPHICS

The population of the U.S. changed between 2010 and 2020. (Chart courtesy of @Econimica).

America's population expanded by 22.5 million, but of this net increase only +1.2 million were under the age of 55; the vast majority of 21.4 million were 55 or older.



# WORK ENVIRONMENT HAS BECOME MORE DIFFICULT

## **Work Environment:**

- Unscheduled Multiple shifts because of workers shortages,
- Caustic culture and aggressive behavior amongst fellow workers.

## **People Interaction:**

- Has made work itself more risky and unpleasant
- From demanding, abusive and irate customers,
- To lack of training, staff turnover, workload levels,

*“We are having to do more and more with less and less!  
Soon we will be doing everything with nothing!”*

*“There not paying enough to put up with this!”*

*Posted in a work area I was recently in*

# TRAINING

- Thirteen years ago, TV personality Mike Rowe (mikeroweWORKS Foundation) began a campaign to bring awareness about the 2.3 million skilled jobs that were open across the country. *“Today, that number is approaching 11 million,” [said](#) Rowe on Facebook. “Of note — most of those open jobs do not require a four-year degree; they require training.”*
- How can we be surprised by the nearly 11 million open jobs and labor shortage when there’s a massive skills gap and has been for years?

***“It’s a reflection of what we value. Unfortunately, many Americans don’t value skilled labor,”*** Rowe said.

***“If you’re not grateful to the people who bring you affordable energy, plentiful food, smooth roads, heating, air-conditioning, steel production, or indoor plumbing, you probably won’t encourage your kids to explore careers in those fields. So why then, would anyone be surprised, when millions of people choose to accept money from the government, instead of exploring ways to get the training they need to fill any of those open positions?”***

# TRAINING FAILURE: *Education is not Training!*

- Corporations Are Not Investing in Job Training,
  - Companies used to invest in training as “apprenticeship programs”,
  - Let me tell you what it was like 50 years ago to give a clear contrast!
- Youth / Parents Are Not Investing In Job Training
  - Academic Schooling in the vast majority of instances is Not Training,
  - It is Education which only prepares you to be more readily trainable,

AS TRAINED WORKERS RETIRE INSUFFICIENT TRAINED BACKFILLS ARE BEING PREPARED!

Rowe is afraid:

- “things must sometimes go ‘splat’ before the masses wake up.”
- Rowe is not certain what “splat” will look like, but if he were to guess, he said *“it will involve a **serious spike in the cost of food, energy, and construction; a lot of packages are not going to be delivered on time.**”*

# COVID

## TEMPORARY (Situational)

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Enhanced Unemployment Benefits  
Fear of COVID,  
Lack of child care.

## PERMANENT (Structural)

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Retirement\*

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RETIREMENT: According to calculations made by the Dallas Fed (Kaplan et al. 2021) in addition to 4.1 million joining the unemployed since February 2020 there were 4.4 million not currently actively looking for work: 1.3 million because of care giving and 2.6 million because of retirement.

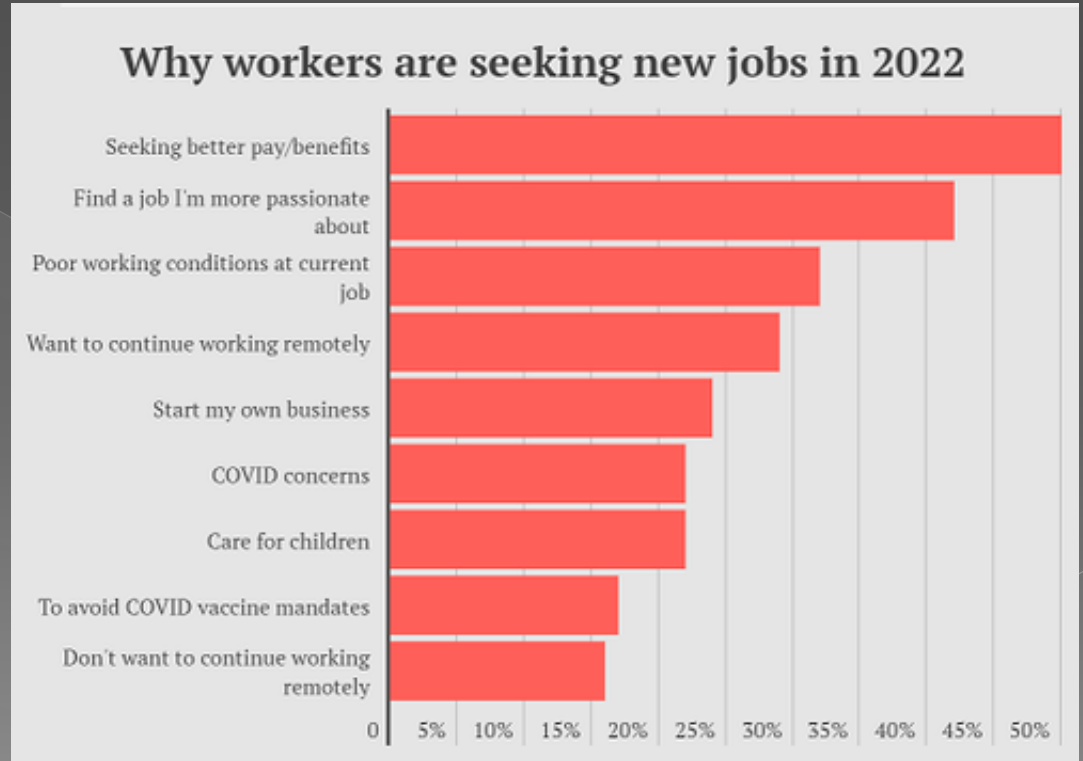
NOTE: Don't forget that many had already delayed retirement during the tight labor market of 2018-2019.



# THE GREAT RESIGNATION

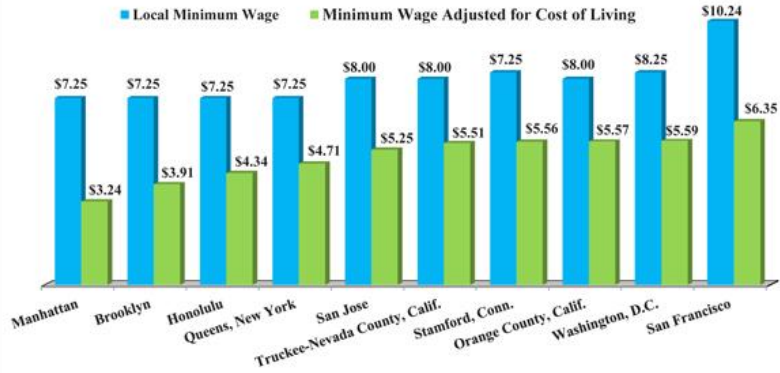
## BEHIND THE SURVEYS:

1. Pent-Up Resignations,
2. Burn Out,
3. Meaning & Contentment,
4. Freedom & Autonomy



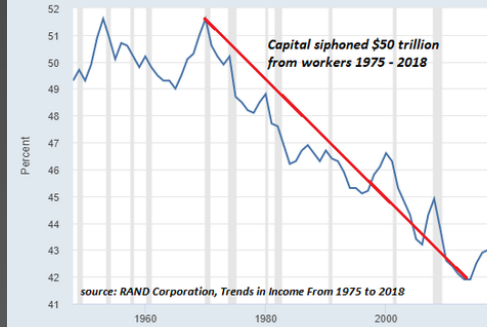
# A LIVING WAGE

Figure 1  
Value of Minimum Wage in 10 Highest Cost of Living Areas



Source: "COLI, 3rd Quarter 2011," Council for Community and Economic Research and author's calculations.

FRED — Shares of gross domestic income: Compensation of employees, paid: Wage and salary accruals: Disbursements: to persons



source: RAND Corporation, Trends in Income from 1975 to 2018

Source: U.S. Bureau of Economic Analysis

note added by charles hugh smith www.oftwominds.com July 2021





# DOING MORE & MORE FOR LESS & LESS

“ No business which depends for existence on paying less than living wages to its workers has any right to continue in this country. By living wages I mean more than a bare subsistence level - I mean the wages of decent living. ”

- Franklin D. Roosevelt



@chucklasker

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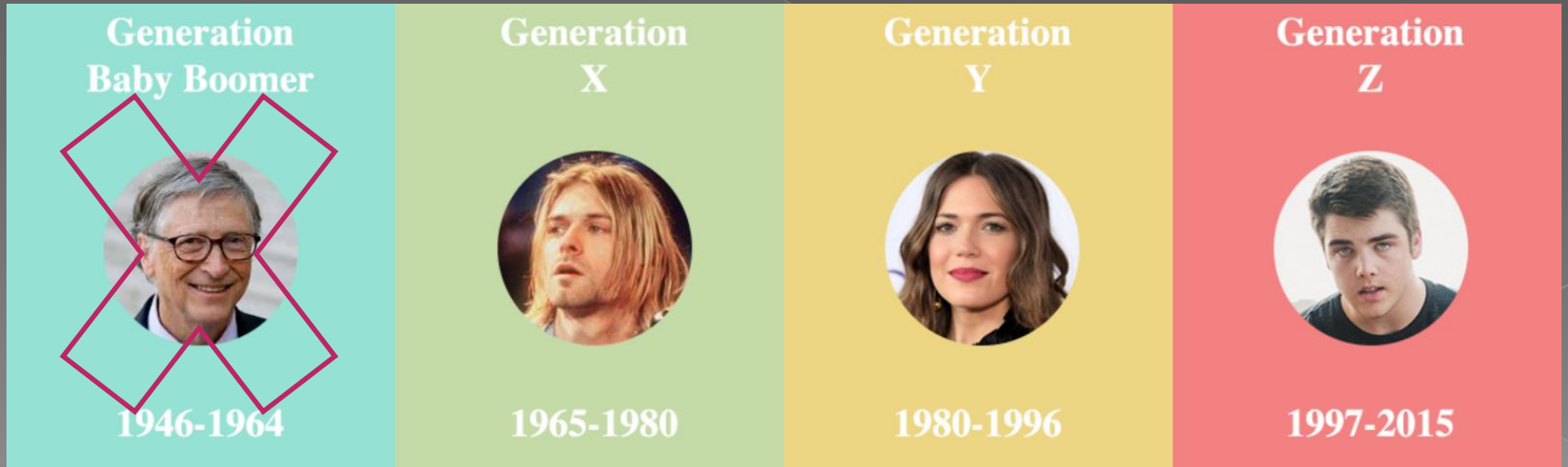
## Tesla CEO Elon Musk said earlier this year

*“Americans try to avoid going to work at all” as opposed to Chinese workers, who “won’t just be burning the midnight oil but will be burning the 3 a.m. oil.”*

- Millions upon millions of Americans were happy to sit at home and do nothing for almost two years while collecting government payouts and living rent free.
- Some have even tried to start an anti-work movement, demanding even more money and more respect for no-skill labor.

# BOOMERS

- Baby boomers were born between 1946 and 1964.
- The oldest boomer is age 75, The youngest boomer is now age 57. By 2030, every boomer will be of retirement age.
- The propensity of boomers to work will rapidly decline from here.



# GENERATIONAL ATTITUDES

<b>Baby Boomer</b> Boomer II	1955-1964	58-67	73 Million
<b>Gen X</b>	1965-1980	42-57	65.2 Million
<b>Gen Y (Millennials)</b>	1981-1996	26-41	72.2 Million
<b>Gen Z (Zoomers)</b>	1997-2012	10-25	72.0 Million
<b>Gen Alpha</b>	2013-	11-	First Gen Born in 21 <sup>st</sup> Century

# GENERATIONAL ATTITUDES

## Gen X

- Gen Xs are beginning to fill the leadership roles as baby boomers retire.
- Where boomers have the experience, Gen Xs also have the qualifications,
- They are the first generation to use computers in their homes and schools. Brought up in an era of technological and social change, they're tech-savvy and open to change.
- They thrive on diversity, challenge, responsibility, honesty, and having creative input.
- As an adaptable and fiercely independent generation, Gen Xs are **more peer-oriented than previous generations striving hard for a balanced work and family life.**

# GENERATIONAL ATTITUDES

## Gen X

- Self-sufficient, results-oriented and hard-working with a tendency to be quiet achievers.
- Entrepreneurial, educated and independent thinkers.
- Value diversity, challenges, and responsibility.
- Enjoy creative input and resourceful.
- Embrace technology and social media.
  
- First generation to use computers in their homes and schools.
- **Big spenders and possess purchasing power** when it comes to the higher-end purchases.
- More **diverse** than any previous generation as a result of immigration and **a growing female workforce.**
- Tech-savvy, having built the bridge from analogue to digital. They've developed some of today's most influential websites, which have revolutionized how the world operates and where we source information, for example YouTube, Amazon, Wikipedia, and Google.
- In the prime of their working lives and highly invested in their jobs.

# GENERATIONAL ATTITUDES

## Gen Y (Millennials):

- Millennials are the most educated generation in Western history.
- 34% of 25 to 29 year-olds Americans held a bachelor's degree, master's degree, professional degree, or doctoral degree last year – **a higher share than in any year in data going back to 1968**, according to Matthew Chingos, a senior fellow at Brookings. The share will probably increase as Millennials, usually described as those born after 1980, mature.
- The Millennial women are outperforming the Millennial men in the classroom. Overall, Millennial girls tend to outperform boys in elementary and secondary school, getting higher grades, pursuing tougher academic programs, and participating in advanced placement classes at higher rates.
- Additionally, **57% of today's undergraduates are women**, and women are now earning **170,000 more bachelor's degrees** each year than men.



# GENERATIONAL ATTITUDES

## Gen Y (Millennials)

Mainstream media has drawn a picture of Millennials as **lazy, narcissistic, and entitled selfie-lovers.**

- The Most Educated Generation in Western History,
- Technologically Savvy,
- **Civic-Oriented,**
- Conscious,
- **Global Citizens,**
- Entrepreneurial,
- Flexible,
- Pragmatic Idealists,
- Authentic,
- Transparent,
- **Progressive,**
- **Liberal,**
- Confident,
- **Diverse,**
- Practical and Results-Oriented,
- Team-Oriented,
- Non-religious,
- Multi-Taskers
- Nomadic,
- **Impatient,**
- Adventurous
- Frugal,
- **Compassionate,**

# GEN X & Y

## **BOTH GENERATIONS:**

1. More Diverse (Minorities & Single Parents)
2. Computer Communications Oriented,
3. Witnessed Women Emerging To 50%+ of Labor Force & Career Oriented,
4. More Left Leaning, Liberal, Progressive and Collectivism Oriented,
5. More Focused on Work-Personal Balance,
6. More Highly Educated (but Less Trained)
7. More Indebted at the Beginnings of their Careers,
8. More Status Conscious,
9. Less Loyal (Companies Less Loyal) & Portable

# GEN X & Y

## ATTITUDES THAT IMPACT LABOR & PRODUCTIVITY:

1. Jobs are only an Indicator of Success not the Measure,
2. Diversity, Inclusion and Equality is their signature hallmark,
3. Their Labor Must Offer More than Wages,
4. Intolerant of Formality & Restrictive Rules,
5. A Different Moral Code: “Everything is Fair in “Love & War”

*Companies Have Changed and This Change will Accelerate!*

# APPLE COMPUTER

- “This uniform mandate from senior leadership does not consider the unique demands of each job role nor the diversity of individuals,”
- Reasons that include "disabilities (visible or not); family care; safety, health, and environmental concerns; financial considerations; to just plain being happier and more productive."
- The workers **demand** that Apple "allows each of us to work directly with our immediate manager to figure out what kind of flexible work arrangements are best for each of us and for Apple,"
- "These work arrangements should not require higher level approvals, complex procedures, or providing private information."
- The employees circulating the latest petition want Apple to "encourage, not prohibit, flexible work to build a more diverse and successful company where we can feel comfortable to “think different” together."



## APPLE'S ATTEMPTS AT BLENDING THE NEW ZOOM ECONOMY



## ATTITUDES

In terms of numbers, Millennials and Zoomers, about 72 million each, outnumber Gen X at 62 million.

M+Z = 144 million vs 62 million Gen X.

Most Gen Z cannot yet vote, but that changes dramatically over the next decade.

One key point is the priorities and attitudes of Zoomers and Millennials are similar.

According to [Generation Z News](#), almost half of Gen Zs are minorities, compared to 22% of Baby Boomers.

The majority of Gen Z supports social movements such as Black Lives Matter, transgender rights, and feminism.

Like it or not, the Ms and Zs will set policy. Gen X will be the forgotten generation.

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# THE ZOOM – “WORK-FROM-HOME” CULTURE

JPMorgan Chase CEO Jamie Dimon blasted working from home and Zoom as “management by *Hollywood Squares*”: “Remote work creates a working environment that’s less honest and more prone to procrastination”.

- Doesn’t work for people who want to **Hustle**,
- Doesn’t work for **Culture**,
- Doesn’t work for an **Apprenticeship Program**,
- Doesn’t work for **Spontaneous Stuff**,
- Doesn’t work for **Idea Generation**.

JPMorgan is [reportedly](#) tracking ID card swipes in order to ensure compliance with the new policy and monitoring the time employees spend on [Zoom](#) and email in order to better measure productivity.



# THE ZOOM – “WORK-FROM-HOME” CULTURE

Dimon argues in his battle against working from home: that it damages the U.S. drive for diversity. Dimon called the office a “Rainbow Room” and said that workers who stayed home were denying themselves “opportunities to meet other people --- if you live in certain parts of our country and go eat out there, it is all white,” meaning remote workers may end up having a more uniform experience than if they traveled into work.

April study from the U.S. Centers for Disease Control and Prevention [found](#) that those engaged in telework were:

- 38% Asian workers  
(US educated & foreign nationals who stayed)
- 24% White workers,
- 19% Black workers.
- 14% Hispanic workers,



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# PRODUCTIVITY & PROFITABILITY

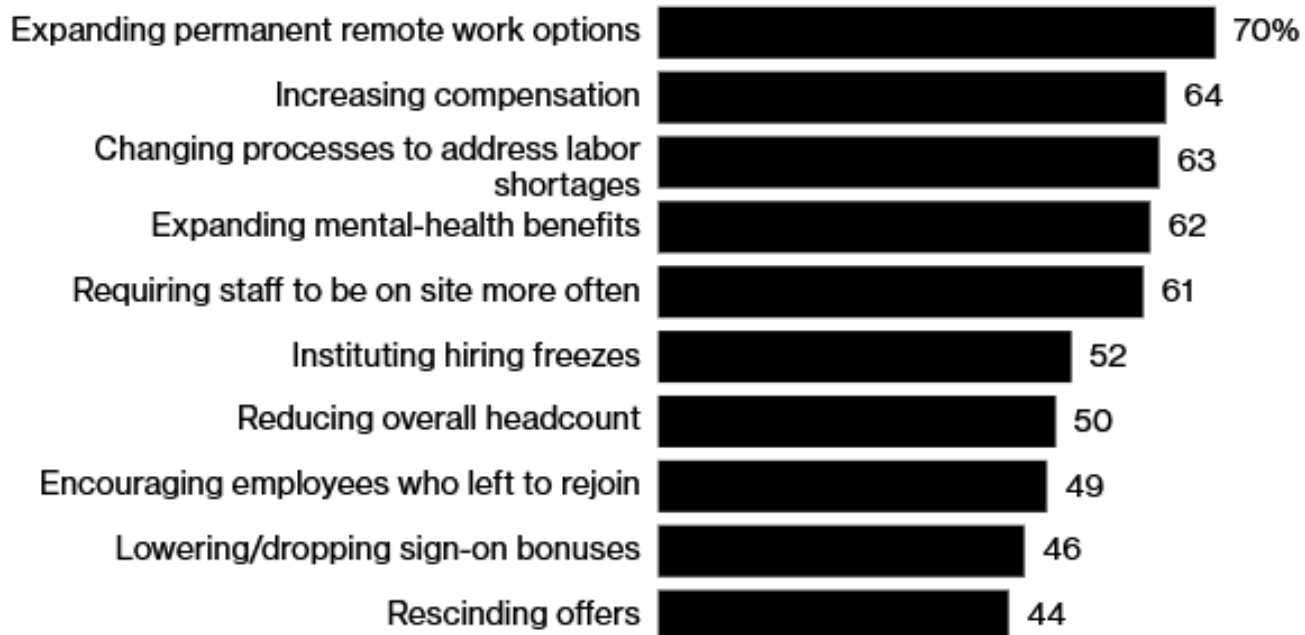
- I. CORPORATIONS MUST ENDORSE & EMBRACE THE NEW ATTITUDES,
- II. 45 YEARS OF LABOR “CAPITAL GRAB” FOR PROFITABILITY ARE OVER,
- III. PROGRAMS & RESTRICTIONS WILL PLACE PRESSURES ON MARGINS,
- IV. PRODUCTIVITY & PROFITABILITY WILL BE UNDER SIGNIFICANT PRESSURE!
- V. AI ROBOTICS ARE A CENTRAL SOLUTION TO “LABOR” PRODUCTIVITY.



## Work It Out

Firms are pursuing a range of workforce strategies including layoffs

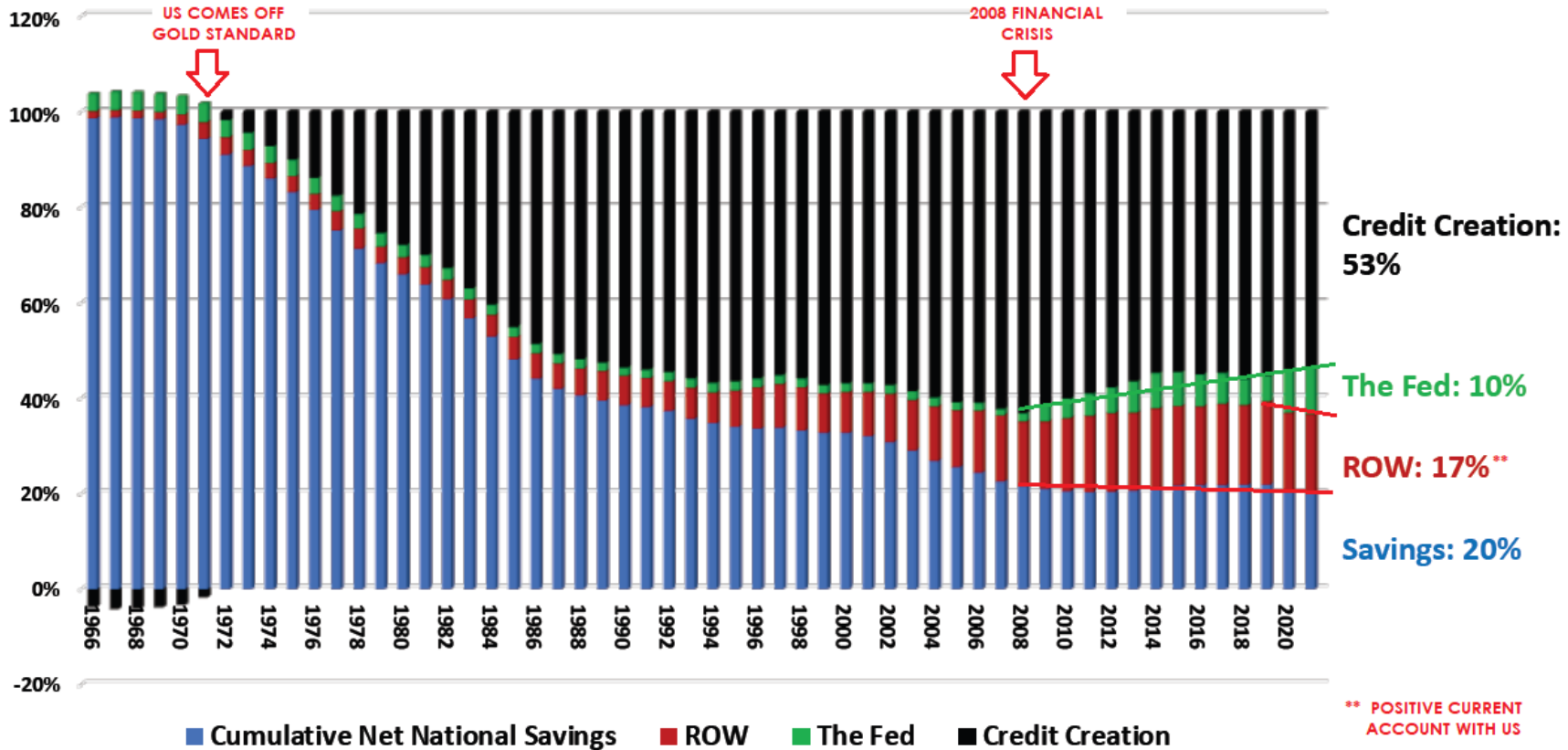
■ Respondents who have done so or plan to



Source: PwC Pulse Survey

# Where Does The Money Come From To Fund The Debt?

## Source Of Funding, % Breakdown from 1966 to 2021



Source: The Fed's Financial Accounts Of The United States; and the Bureau Of Economic Analysis

# A REDUCED US STANDARD OF LIVING

Household Net Worth as a Percentage of  
Disposable Personal Income



MACRO ANALYTICS & TECHNICAL ANALYSIS

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STRATEGIC INVESTMENT INSIGHTS

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# S&P 500 CFD

Monthly



DOTCOM BUBBLE

2 CONTROLLERS:  
RESISTANCE ABOVE  
& SUPPORT BELOW

COVID CRISIS

LOST DECADE

3270

3899.37

18d 10h

3270.00

"W" BOTTO

1.21

256.87

**ADMINISTRATIONS CHANGE – BUT THE PRINTING NEVER DOES ...**

**DON'T WORRY, THEY WILL PRINT THE MONEY!**

**EVERYONE IS NOW IN PLACE & READY!!**





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