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New York City Council Says the Future Still Involves Cash

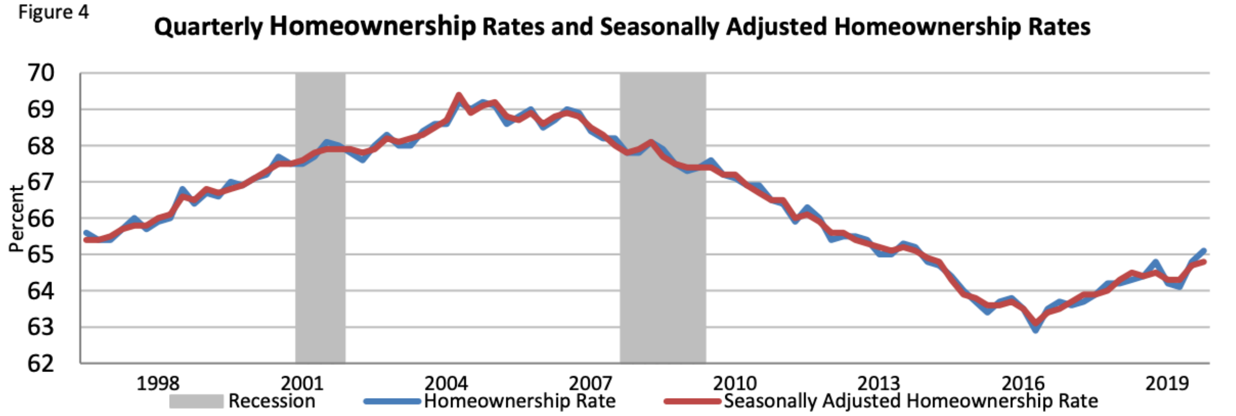
A New York City Council vote made national headlines this month when they voted to ensure stores must accept cash. While personal banking has evolved to a digital landscape, The New York City Department of Consumer and Worker Protection says that some 11% of people do not bank online or at a bank at all.

The decision is important, according to analysts, because it likely shows a national trend. Some cities are considering allowing stores to accept cards or digital payment only. The NYC council voted and ruled that this discriminates against consumers without banks. Of those 11% found in the consumer study, banking proved to be a luxury unavailable to low income and minority populations. Experts think a NYC dismissal of cashless retail stores sets a precedent for other cities and states.

Property Sales Rise as Mortgage Rates Drop, Healthiest U.S. Homeownership Rate in 7 Years

Experts say the very thing that crashed the U.S. economy in 2008 is showing continued signs of progress. The Census Bureau announced in January that U.S. homeownership rates are higher than they've been since 2013. The number of Americans who own their homes was 65.1% in the fourth quarter of 2019. The housing rate held strong in January, yet below the all-time high of 69.2% in June 2004. All major regions of the United States, the South, Northeast, West, and Midwest, also experienced a lower rate of vacancies. The numbers hovered between 1.2% and 1.6%.

Figure 4



Source: U.S. Census Bureau, Current Population Survey/Housing Vacancy Survey, January 30, 2020, Recession data: National Bureau of Economic Research, <www.nber.org>

Census Bureau officials believe the growth is a healthy sign for the housing sector. Not to mention, stable vacancy rates across the U.S. mean no lopsided statistics skewing success in one region of the country to cover for another. The homeownership rate is the proportion of households that is owner-occupied. These rates do not account for people renting their home to another tenant. As seen in Figure 4 from the report above, the upturn is a welcome sign after the 2008 housing crisis.

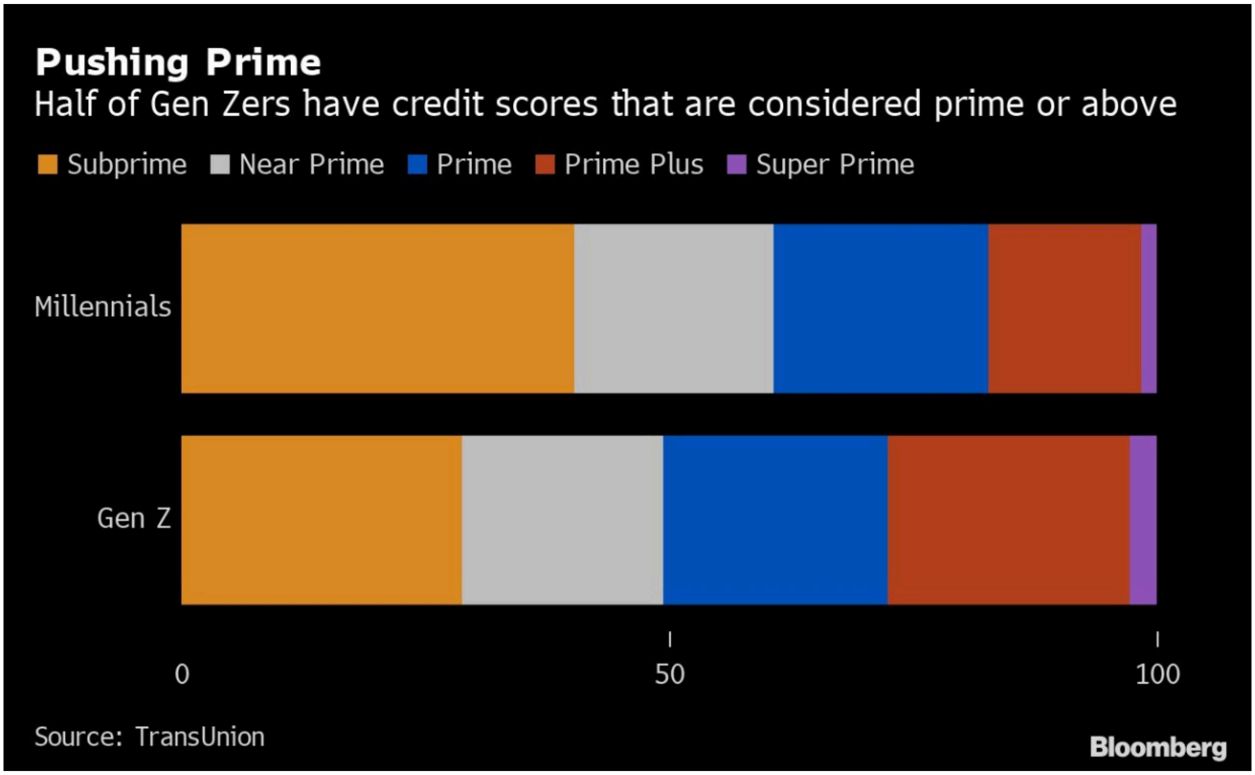
GDP and National Debt Expected to Rise in the Next Decade, Per Federal Report

U.S. production is a direct influence on the country's GDP. The latest Congressional Budget Office Study believes the U.S. GDP is set for another decade of growth. The report also cited that between 2020 and 2030, the U.S. national debt is expected to reach 98% of the country's total GDP. The report grimly points out that "other than a six-year period during and immediately after World War II, the deficit over the past century has not exceeded 4.0 percent for more than five consecutive years." The study doesn't go so far to call the data cause for major concern, but a few experts voiced worries following the report's release.

Richard Rubin at the Wall Street Journal postulated a few reasons why the exponential growth of the U.S. national debt total could cause problems in the next decade. For one, paying back debt to foreign nations involves interest. Like any consumer debt, the ability to pay back debt with interest hinders economic growth and stability. Should other nations in debt to foreign economies also fail to pay back debts, nations all over the globe could experience an economic slowdown and recession. CBO director Philip Swagel, in the face of the report, believes "consumer spending, spurred by rising wages and household wealth, will remain strong for the foreseeable future."

Credit Card Ownership and Debt is a Gen Z Epidemic

Bloomberg released a study showing Generation Z using and hurting from credit card far more than millennials. The report finds that Gen Z, those born between the mid 90's or later, use credit cards and own more credit cards than their Millennial predecessors. The study reports that "about 41 per cent of eligible Gen Zers had a credit card last year, compared to 34 percent of Millennials reaching the same age in 2012, according to TransUnion statistics. It's not just ownership that has Gen Z ahead of Millennials, it's also credit card debt.



The study found that “the average 24-year-old last year, for example, owed about US$2,000 on their credit card, about a third more than millennials at that age.” Analysts are surprised, considering credit card debt really harmed Millennials, many of whom entered the workforce during the Great Recession of 2008. Experts point to credit card debt as one of the largest deterrents from personal wealth growth, investments, and stability.

Streaming Services Eating Large Chunk Out of Personal Spending

Nearly every household with a disposable income subscribes to at least one paid streaming service, according to a very interesting New York Times study. Author Brian Chen writes that while a $9 Netflix account doesn’t break the bank, it’s a compilation of multiple streaming services which starts to cut into a person’s budget. On average, the report finds that Americans spend $640 on streaming services like Hulu, Disney+, and Prime Video. The study interviewed analysts who point to a common trope of unnecessary spending. At first, the $9 Netflix fee and $12.99 for a Disney+ bundle doesn't seem like much. Suddenly, multiple costs for things like Spotify, news subscriptions, and more add up. In a way, the move to cut cable subscriptions to save money is backfiring in a unique way. Chen and his guest contributors point out that the best way to keep your streaming service bill in check is to cut what you don’t need. Or, cycle through services as you catch up on your favorite shows when they release.