

AOTW: Millennials are Causing ripples in Consumer Behavior. But are they the Most Important Economic Demographic? May 28, 2021

Good Morning,

In the east we look forward to a return to more summer-like weather this week upcoming, after a couple nights where frost was a threat to gardens everywhere...overall a positive week in marketland as central banks continued their “dovish” stance, showing no intention to raise rates anytime soon. The TSX hit new all time highs twice this week (increasingly the cyclical-heavy makeup of the TSX <think natural resource companies and banks> is making it look more attractive than it has been at any time since the mid-2000s, as a new global economic expansion phase appears to be both under way, and sustainable), and outside the tech-heavy NASDAQ, major US markets closed the week within a hair of their record highs as well.

We have written in these missives before the increasing influence of the millennial generation (born between 1981-1996). Millennials are less motivated by owning material things (houses and cars), more motivated by experiences (think of all the selfie possibilities travel brings about), and they are bringing about a shift in what issues matter at the polls (environment and social issues over fiscal prudence and core services like health care). In fact, millennials and the next Gen “Z” (1997-2012 DOB) now make up a larger voting bloc than the baby boomers and the generation that preceded them, which I learned today is referred to as “the silent generation.” (Dad, you’ve been told, shhh).

OK, so the younger folks matter more at the polls. What about driving economic activity? Not so fast, young whipper snappers.

“And when it comes to money and economic power, our research has concluded that baby boomers, those between the ages of 57-75, have more influence than millennials, Gen X, and Gen Z combined.”

Baby boomers and the “silent” ones somewhat surprisingly are tied with the millennial-Gen X combo in terms of total income, but are miles ahead in net worth and the % of business leaders that come from said generations.

The latter is not shocking, as older folks have had more time to accumulate wealth, and to ascend the corporate ladder. The income piece is surprising, but this aspect is interesting and is perhaps a reason why income equality and economic opportunity are issues that younger adults care deeply about:

“What’s more interesting, however, is the stark difference in wealth trajectories between boomers and younger generations. While boomers entered the workforce in a prosperous post-WWII era, millennials and Gen Z have either started their careers in

the aftermath of the 2008 financial crisis, or in the midst of the COVID-19 pandemic. To put it in perspective, when baby boomers were as old as today's millennials in 1989, they held 21.3% of U.S. wealth. That's more than **four times** higher than what millennials hold now."

What is a data point worth noting here is the far more entrepreneurial spirit of millennials/Gen Z vs their parents and grandparents...they are 188% more likely to create a "side hustle" (aka. Business, a quick translation for our boomer/silent readers), and with younger generations' tech savvy ways, the net worth gap may closer sooner than we think as these young tech hustlers create successful businesses (and most likely sell them to Amazon or Google).

Enjoy the read and have a nice weekend.

<https://www.visualcapitalist.com/which-u-s-generation-wields-the-most-economic-power/>

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