

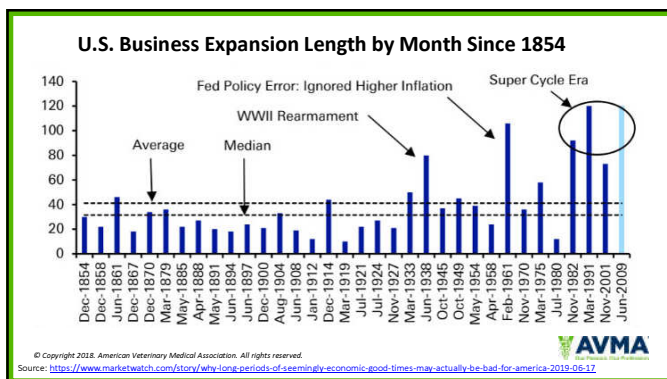
The Economic State of the Veterinary Profession

Drs. Bridgette Bain & Matthew Salois
 AVMA Veterinary Economics Division
 July 19th, 2019



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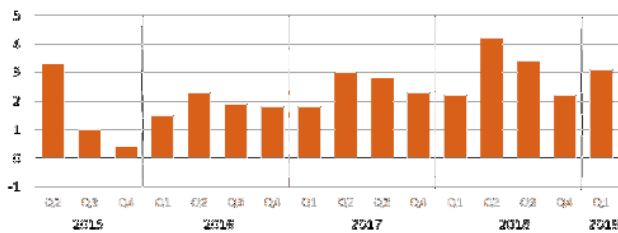
Economic Tailwinds

There are a lot of things about today's economy that are good

1. Domestic GDP Growth
2. Low Unemployment
3. Record Equity Markets
4. Household Income Expanding
5. Low Inflation (but Rising)
6. Spending is Strong (for now)



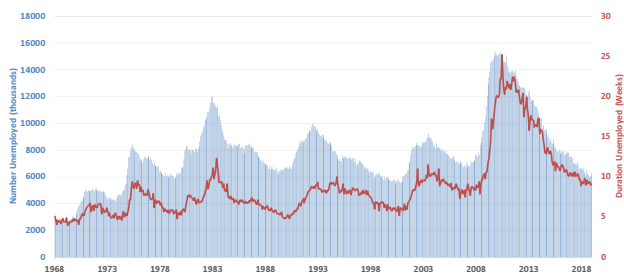
Real GDP: Percent change from preceding quarter



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Source: <https://www.bea.gov/data/gdp/gross-domestic-product>



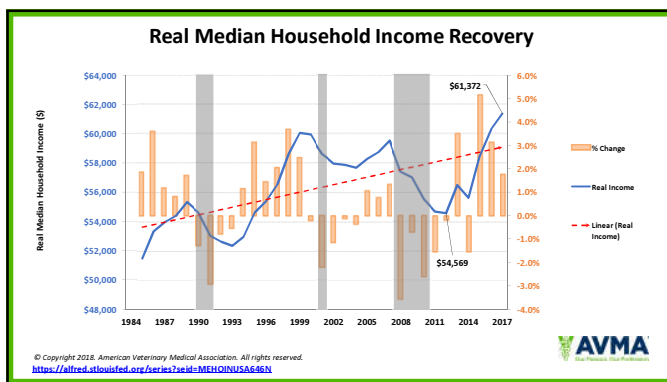
Unemployment Conditions

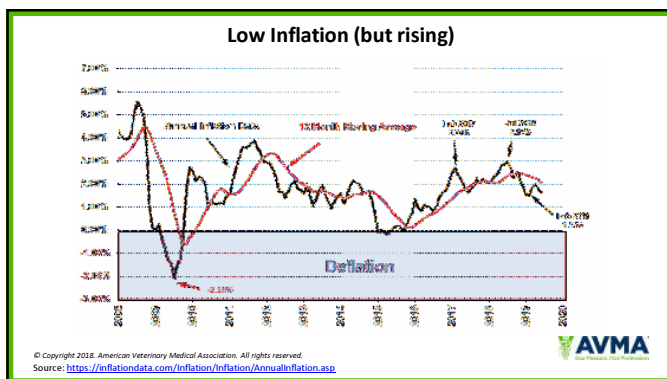


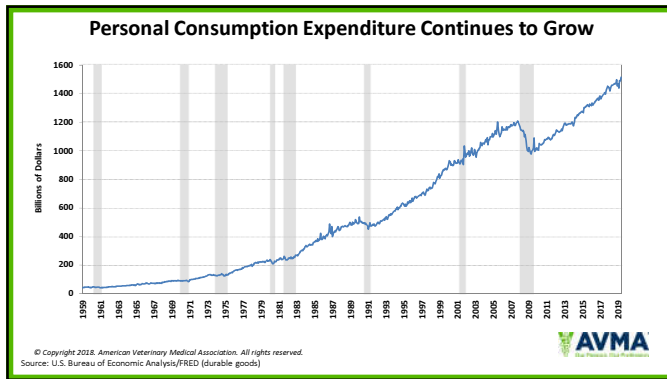
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Source: Federal Reserve Bank of St. Louis/FRED









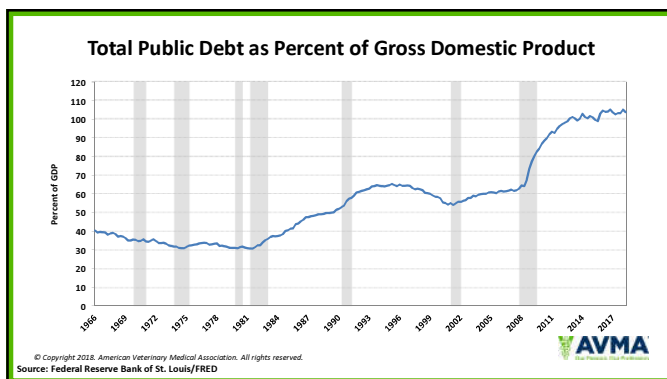


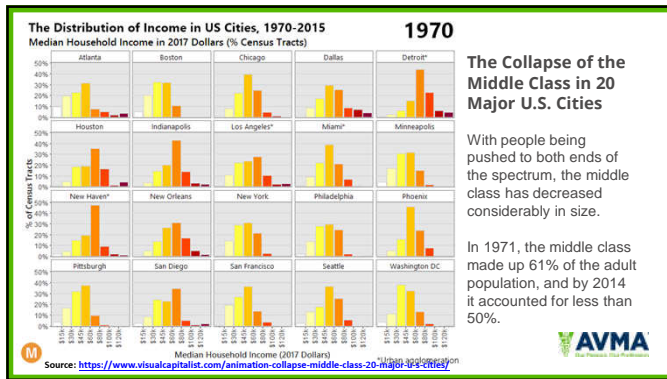
Economic Headwinds

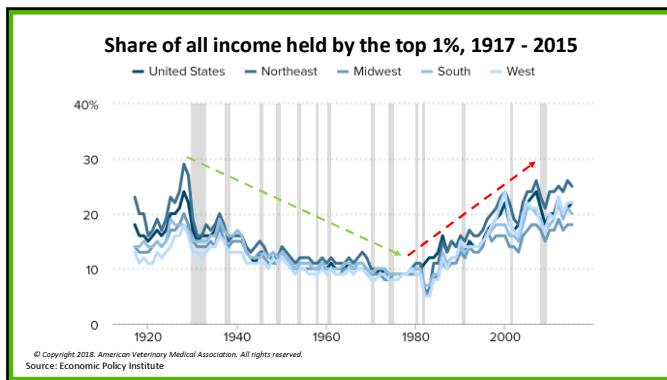
There are a lot of things about today's economy that are not good

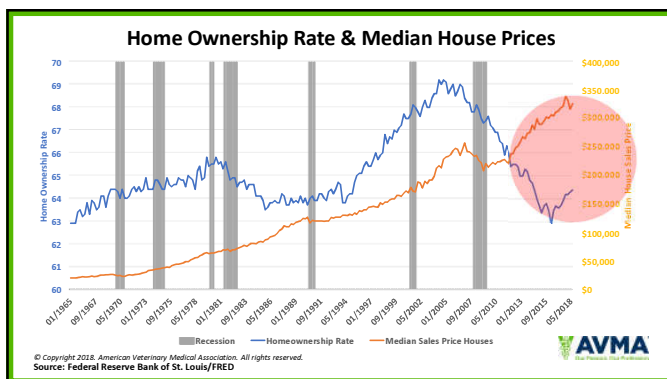
1. Rising U.S. Debt-Income Ratio
2. Dwindling of the Middle Class
3. Growing Income Inequality
4. Homeownership Rates Falling
5. Tech Stocks / Equity Volatility
6. Trade Uncertainty

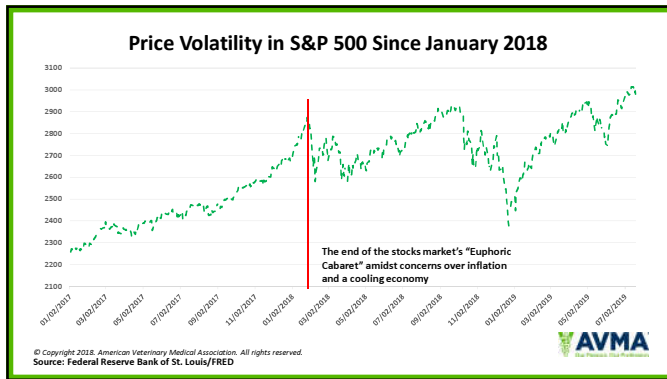
AVMA
Our Passion. Our Profession.

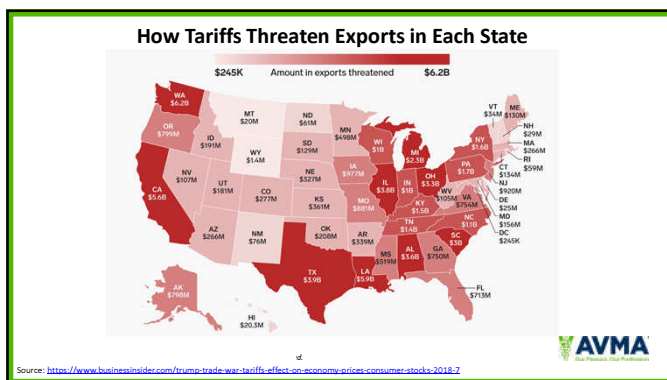










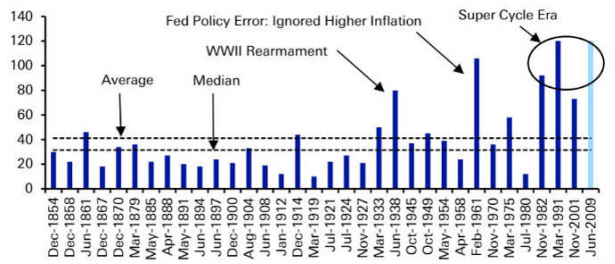


So, when is the next recession?

And how bad is it going to be?

AVMA

Why don't we feel better about our growing economy?



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Source: <https://www.marketwatch.com/story/why-long-periods-of-seemingly-economic-good-times-may-actually-be-bad-for-america-2019-06-17>

The longest & also the most tepid economic expansion in history

U.S. GDP Growth During the First 39 Quarters of Expansion

Q1 1991 to Q4 2000: 43%

Q2 2009 to Q1 2019: 22%



Source: <https://www.bloomberg.com/news/articles/2019-05-23/almost-40-of-americans-would-struggle-to-cover-a-400-emergency>

Q Search

Bloomberg

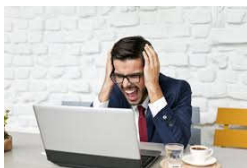
Markets

Almost 40% of Americans Would Struggle to Cover a \$400 Emergency

By Matthew Bosler

May 23, 2019, 12:13 PM EDT

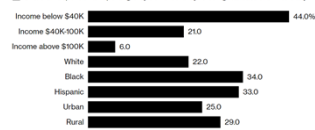
- Annual Fed survey shows ongoing household financial fragility
- Black and Hispanic Americans lagging behind white counterparts



Not Everyone Feeling Good

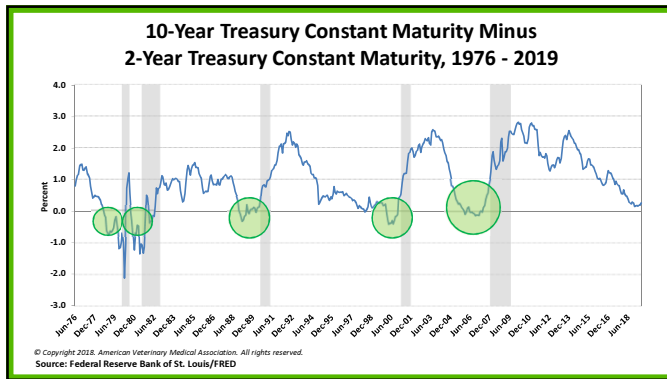
Fed's survey of U.S. household economic well-being reveals ongoing disparities

■ Share of respondents reporting they don't feel they're doing "at least OK" financially



Source: Federal Reserve Board of Governors
Note: Based on survey of 10,000 adults in October and November, 2018

Source: <https://www.bloomberg.com/news/articles/2019-05-23/almost-40-of-americans-would-struggle-to-cover-a-400-emergency>



When is the next recession hitting?

BUSINESS INSIDER

A jarring new survey shows CEOs think a recession could strike as soon as year-end 2019

Just Club Dec 17, 2018, 10:19 AM

Readers / Andrew Burton

• Economists and investors alike have been sounding the alarm for months on an economic recession.

Bloomberg @bloomberg

Two-thirds of U.S. business economists expect a recession by the end of 2020 bloom.bg/2NG5RHD
11:54 PM - Sep 30, 2018

Two-Thirds of U.S. Business Economists See Recession by E...
Two-thirds of business economists in the U.S. expect a recession to begin by the end of 2020, while a plurality of respondents say trade bloomberg.com

131 181 people are talking about this

Source: <https://time.com/money/5411430/when-is-the-next-recession-economists/>
<https://www.bloomberg.com/news/articles/2018-10-05/the-next-u-s-recession-is-moving-further-away>

What to watch for...

- The unraveling trade war
- UK economy & Brexit
- China economic performance
- FAANG stock earnings
- Balance of corporate debt vs profit

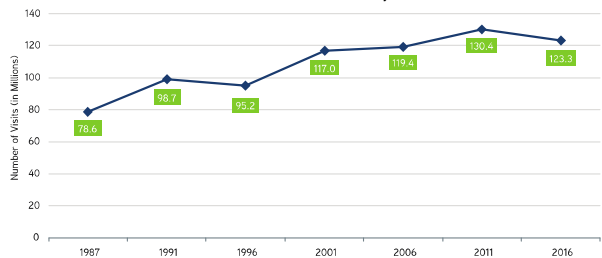
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Now What?

How does this relate to the veterinary profession
and what action am I suppose to take?



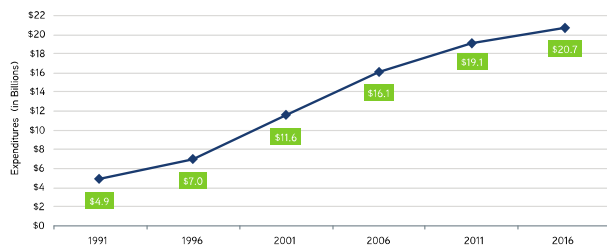
**NUMBER OF VISITS TO A VETERINARY CLINIC OR HOSPITAL BY
DOG-OWNING HOUSEHOLDS, 1987–2016**



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Source: Pet Demographic and Ownership Sourcebook

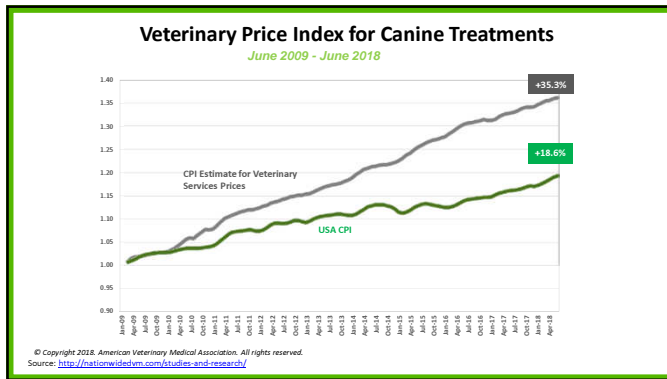


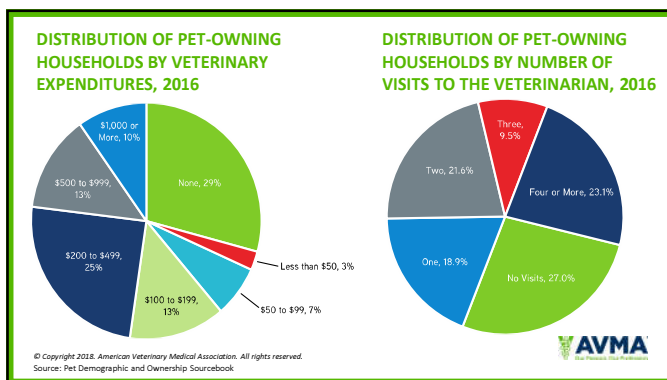
**TOTAL VETERINARY EXPENDITURES BY DOG-OWNING
HOUSEHOLDS, 1991–2016**

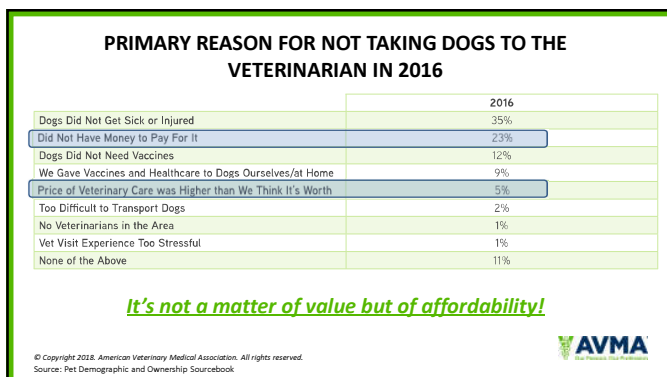


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Source: Pet Demographic and Ownership Sourcebook









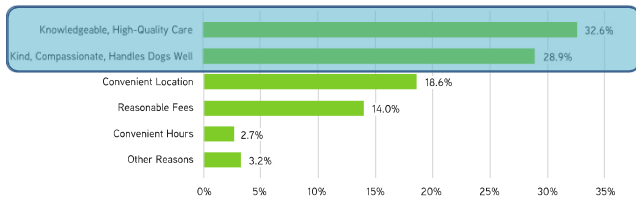
REASON FOR CHOICE OF VETERINARIAN BY DOG-OWNING HOUSEHOLDS FOR MOST RECENT VISIT TO A VETERINARIAN

	Have a "Regular Veterinarian"	Don't Have a "Regular Veterinarian"
Convenient Location	16.0%	27.0%
Reasonable Fees	19.0%	27.0%
Recommendation or Reputation for High-Quality Care	13.0%	13.0%
Convenient Hours	9.0%	5.0%
Internet or Website	3.0%	4.0%
Specialist	10.0%	1.0%
Their Sign from Street	3.0%	1.0%
Yellow Pages	4.0%	1.0%
Print Advertisement (Not Internet)	1.0%	0.0%

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Source: Pet Demographic and Ownership Sourcebook



MAIN REASON DOG OWNERS GO TO THEIR "REGULAR" VETERINARIAN, 2016



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Source: Pet Demographic and Ownership Sourcebook



Build and foster a regular relationship with your clients

What should you be doing to be ready?
Examine both your personal and business financial circumstances and make appropriate adjustments

1. Watch the indicators carefully and read the market news daily
2. Don't overreact to negative or positive news and/or fluctuations
3. Adjust your investments to the balance of risk and return that is right for you and your financial objectives
4. Pay off debt and accumulate a healthy level of savings
5. If you're contemplating changing jobs, accelerate the shift
6. If you're planning on applying for a line of credit, do so now
7. Build a backlog of business to keep you busy through the recession

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SAVE THE DATE
2019 AVMA Economic Summit
October 22 - 23, 2019
Marriott Chicago O'Hare



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THANK YOU



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