

#OptimisticInvesting
 Affordability of Life and Our “Great Recession”
 June 2017

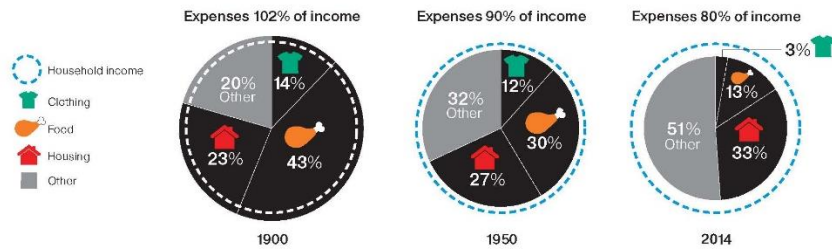
For the average American, the price of goods has fallen relative to income. This radical reduction in the cost of goods and services has had a profound effect on discretionary income since 1900.

- Basically, in 1900 80% of our income went to the classic food, shelter and clothing.
- Even by 1950 it wasn't much better, with close to 70% still going to the big three.
- But look what's happened since then! Only half of our income goes to necessities, which leaves the other half available for things of much higher purpose, comfort and/or fun.

Affordability of Life

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U.S. Composite of Expenditures as a % of Income



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 Source: BIA, 2015. (2015 inflation Adjusted US\$).

But, didn't the world just live through its version of the Great Depression? Comparing the 2008 financial crisis to the Great Depression is the height of hyperbolic rhetoric.

Our “Great Recession” ...Like the Great Depression?

	Length of Economic Contraction	Drop in Industrial Production	Peak Unemployment Rate	Change in Consumer Price Index	Number of Bank Failures	Drop in Dow Jones Industrial Average
The Great Depression	43 months	51.7%	24.8%	-27.2%	9,096 (50% of banks)	89.2%
The Great Recession	18 months	14.9%	9.9%	+1.5%	57 (0.6% of banks)	53.8%

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 Sources: Bureau of Labor Statistics, FIC, Bureau of Economic Analysis, Bloomberg, and U.S. Federal Reserve, as of 12/31/14. For illustrative purposes only. Index definitions can be found on page 85. Past performance does not guarantee future results.