



Economics. Explained.

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BACKGROUND & PROFILE

When I look back on my career, I realize that while I worked hard and was good at what I did, I also benefitted from considerable good luck throughout my career. I grew up in the Washington, D.C. area and did my undergraduate work at the University of Maryland. When it came time to graduate I was offered a job at the Board of Governors of the Fed. Little did I know at the time that a position at the Fed was regarded as the Holy Grail of economics and, somehow, I managed to get hired. I was just at the right place at the right time.

Not only that, the job I was offered was to forecast money supply and provide those forecasts to the Board. So, once again fate stepped in, and gave me a position that was right at the heart of monetary policy. I was one of the team of economists that briefed the Board each week and then, knowing everything that they knew, I could watch how they responded. That experience was invaluable to me for the rest of my career. I was basically able to get into the head of Fed governors and figure out how they were likely to respond to any given situation.

In 1979, the Fed Chairman at the time, Paul Volcker, decided to change the rules of the game. Previously, the Fed had been targeting interest rates. But as inflation continued to climb, it became apparent that interest rates needed to go a lot higher to truly slow the economy. If you are targeting interest rates and rates go a lot higher, guess who is the bad guy? You are! So Volcker decided to change the rules and target growth in the money supply instead of interest rates. Nobody in the markets had any idea what these new rules meant and, indeed, it took the Fed a while to refine its procedure. But I knew what was happening – it was my job! Once again, because of my unique position, fate stepped in and provided me with experience that no economist outside of the Federal Reserve system had.

Not long thereafter I was offered an opportunity to go to Wall Street. While I truly loved my job at the Fed, after a decade it was perhaps time to try something new. After a brief stop at Chase Manhattan Bank, I found my way to the fixed income trading desk at Lehman Brothers. My job there was to forecast the U.S. economy – GDP growth, inflation, the unemployment rate, and interest rates. I also had to come up with projections of those various economic indicators that are released on an almost daily basis. I had never done any of this before, so it was truly a challenge and somehow I succeeded.

What I found was that in the early 1980's, the traders, sales people, and our clients really did not know how to interpret those economic indicators and relate them to the overall economy. That led to my first book, the *Atlas of Economic Indicators: A Visual Guide to Market Forces*

and the Federal Reserve, and later *By the Numbers: A Survival Guide to Economic Indicators* both of which I wrote jointly with a colleague at Lehman by the name of Stan Carnes.

As time went on I began to work with a bigger and bigger group within Lehman. It started out with the bond world, then on to equities, and eventually investment banking. In the process Lehman decided to make me their Chief U.S. Economist. In that role I worked with our teams of economists in London and Tokyo, and we came up with our global economic forecast. I have to say that I have never worked with a finer group of individuals.

During those 23 years at Lehman I thoroughly enjoyed the fast action on the trading floor, and the instant analysis of the various economic indicators. That was truly exciting. You win! You lose! You're a hero! You're a goat! That experience clearly provided a daily adrenalin rush!

The other part I loved was the travel. How fortunate can one person be to be able to travel to Europe and Asia a couple of times a year, with occasional trips to South America and Australia thrown in? My job on all those trips was to tell our story about the U.S. economy. No matter where you are on the globe, what happens in the U.S. is critical to what is going to happen to your own country. During those journeys, both overseas and around the U.S., I found that I truly loved the interaction with clients, and they seemed to enjoy coming to my presentations – because they were understandable. I can't tell you how many people came up to me afterwards and told me how much they enjoyed being there because I managed to break economic jargon down into terms they could understand. That was perhaps the greatest compliment an economist could ever receive.

Then, along came 9/11 and the world changed. Needless to say I will remember that day for the rest of my life. But amongst the obvious sadness associated with that event, it was a period in which I was very proud of our economics team, of Lehman Brothers as a firm, and of Wall Street firms generally. The World Trade Towers collapsed on a Tuesday. With considerable help from our economist colleagues in London and Tokyo, we put out our weekly economic newsletter right on time that Friday despite the trying conditions. Furthermore, Wall Street was open and ready for business the following Monday. To this day I find that amazing.

But eventually all good things come to an end, and at the end of 2003 I decided to retire, and my wife and I moved to Charleston, S.C. This is a great place and we love it. The weather is great, the food is better, the beach is outstanding, and the golf is frustrating. I did all of the usual retirement things and got actively involved with and took Board positions on a couple of different charitable organizations. But once an economist, always an economist, and I continued to do many of the same forecasts I had done at Lehman simply because I loved the analysis and the intellectual challenge of trying to figure out where the economy was headed next.

But then, fate stepped in once again as the economy faltered in 2007. Suddenly as the world panicked, people wanted to know what I thought, and I was asked to speak in front of all sorts of different groups. I discovered that all those years of experience, and my ability to present economic ideas in terms that people could understand, gave me a gift that would be of value to fund managers, financial institutions, investors, and corporations. NumberNomics was born.

At NumberNomics I have one goal – to present economic ideas in terms that people can understand. Economics. Explained. I would love to share those ideas with you.