

Market Outlook:

Sweat-based profits

In case you haven't noticed, pounding rain storms and scorching summer temperatures are becoming more fierce more frequently. While no one is ready to predict the apocalypse just yet, we are becoming increasingly concerned from a markets' perspective that the paradigm of our story is shifting. Just who *does* benefit from a change in crop patterns, population and geography shifts, and seasonal dislocations?

This missive is not about solving the scientific debate being waged by political parties or other interested parties. Rather, it is about who is helped by...or hurt by...industrial shifts that have shaped our social and business evolution since fire was discovered and factories replaced hand-made goods.

Let us begin with a small concession: that the last two centuries on planet Earth have seen a technological alteration in the way things are manufactured and delivered. There need not be any further agreement than that the odds favor additional changes for corporations.

Fine. Then even a small change has the potential to dissolve business patterns and create new ones...from healthcare, agriculture, technology, energy, and transportation. Surely Wall Street will be paying attention, if they aren't already.

Investors whose portfolios reflect, or anticipate, these changes should be handsomely positioned for profit potential.

At any given point in time there is always a flavor-of-the-month-type approach banking on the future. But I chose to focus on a flavor-of-the *decade* methodology and structure. If not properly diversified, portfolio returns might seriously be underperforming or underprepared.

One cannot pin all hope for profit potential upon solving all the issues, all the time, at any given moment. In contrast, profit in a changing realm is about *neutralizing downside exposure while creating a harmonious balance amongst the myriad number of opportunities before us*.

For example, what the Federal Reserve does today, or did last week, is of very little immediate consequence to a secular obligation that money borrowed and spent goes into appropriate social, moral, and business baskets. We can debate *ad nauseum* about the rate cut's effect upon the stock market. But in the end, trends are not defined by a 24 hour news cycle.

Imagination

The Earth is not crumbling, the seas are not shrinking, the skies are not tumbling.....it only seems that way sometimes. Sure enough, though, there are granular shifts in climate that require more hours when the air conditioner is on. Modern conveniences can address that for us.

One can be nearly certain that we eventually will need to factor in other modifications, as well. Once again, this is *not* about scientific deliberation over climate change. It is, instead, about what we observe with the naked eye and how prepared we are to address ourselves and our fellow citizens to relieve their discomfort. The history of mankind is really about how we explore the boundaries of our control; to move those limits beyond conventional wisdom; and to develop the systems and philosophies that enable progress to be made. This has historically been true in medicine, science, technology, education, agriculture, energy, and elsewhere....and will continue to be so.

In this era of stand-by, instantaneous news it requires vision, courage, and innovation to set new standards of examination and leadership.

To be fair, the skeptics have their right to deny. We are not easily going to reconcile two opposing points of view. But ever since we evolved from bonfires to smokestacks, smokestacks to nuclear energy, nuclear to solar and wind, there hasn't been an investment opportunity missed by educated traders and savvy investors to profit from the change.

Why should we stop now?

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