

Market Outlook:

Uncertain world

I'm hearing a lot of anecdotes, at this time of year, about how investor's psyches are upended and their confidence shot by the myriad tales and tribulations of wars in the Mid East; endless tariff negotiations; Presidential debates; immigration conflicts; global central bank pronouncements; labor strife; volatile stock markets; etc. Many feel as if they are weighed down by an anchor, uncertain about which way to go. It is the rare occasion when we hear about good news in corporate earnings reports.

Uncertainty is so precarious and pervasive that it's becoming tougher to make 5 year and 10 year projections. Curiously, the spike in ambiguity crosses all demographics, all geographies, and all income levels to various degrees. Pricing pressure and job security are the "dynamic duo" nurturing a good majority of our global insecurity.

Despite a decade of economic expansion, consumer savings and spending are still in decline, particularly discretionary spending. Thus, a self-fulfilling spiral develops when a "wait and see" economic paradigm exists. Believe me, the Federal Reserve lowering interest rates, yet again, last week might give the appearance of averting a recession....or runaway expansion (they're not quite clear which!)....but it reminds me of my oft-used proprietary expression, "*you can lead a horse to water, but you can't make him spend*" !!

It is very hard to imagine that we are in an inflation-driven marketplace. Nevertheless, what adds to the market's hesitation is a climb in "stealth inflation" on goods and services that the public employs in every day life, including fuel; travel and leisure; food; education; and healthcare.

So, is everything wrong? Not really. Imperfections and trends in pricing structure are normal and usually allow for corrections, improvements and improvisation to be made concurrently. In fact, some areas of the economy are responsibly thriving. One only needs to look at biotech research, alternative energy developments, and technology advancements for examples of doing good for the public as well as generating profits for their shareholders.

Yes, confidence is inconclusive, but Wall Street is not the ultimate measure of how well a culture is providing for its citizens. Spiritual capital, as well as "money", is what constitutes the wellness of an economy. School teachers, for example, touch the next generation of innovators as deeply as...if not more so than... corporate titans.

This notion of "confidence" is one of the key data points I analyze when implementing a portfolio model, because how we "*feel*" about the economy is as important as the official data generated to portray it.

Waste not

These elements I'm discussing in this missive are not specifically defined by GDP, the Federal Reserve, or financial bourses. It is more closely related to one's attitude about life in general, fair access, and supply and demand of much needed commodities. We are at a time in our existence when we must surely recognize that the value of our connections to others supersedes our own wants and desires. We only have one planet and one chance to get it right.

Whereas Wall Street and traditional finance requires that one have a good working knowledge of physics, government, and economics, the human condition is governed by more ethereal, less-quantifiable, prerequisites. Success in both endeavors, however, requires real study and real effort.

Think about it: next year begins the third decade of the current millennium. Our choices today will reverberate for decades hence.

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