

Market Outlook:

How it might look....

The markets serenely started last week to look something like the post-pandemic recovery we have all been waiting for, as a secular rebalancing took shape, looking nothing like the era which preceded it. Instead, investment rewards appear more so to be deriving from private and public partnerships that focus upon streamlining solutions in healthcare and other segments which deal in the welfare of the public at large. In our view, these deliberate changes in the investment tapestry will be significant.

There is no deviation, however, from traditional definitions which underpin an effective economic marketplace: strong earnings, high yield, and long term planning. Simply trading on "value stocks" is not sufficient to tackle the problems of our times.

The globe is facing undeniable challenges, including but not limited to hunger, poverty, social and economic injustice, an aging population, depletion of natural resources, and a scarcity of potable water. *The real issue, though, is that we have a massive inefficiency in delivering these scarce resources to regions that need them the most.*

The price tag of rebuilding that collective infrastructure will be massive. But, as many have pointed out, the cost of inaction today, of failing to confront the social quandaries of our time, will make the expense much later even more prohibitive. Right here in the US the devastation upon infrastructure wrought by last week's winter storms is incalculable. It only makes sense that our best efforts be manifest today to confront the moral, political, and investment issues that face us tomorrow.

What if the budget were unlimited...hypothetically? Would that change the calculus for getting to work?

...not a drop to drink

Water...for example....covers nearly two-thirds the expanse of our planet. Yet, a similar percentage of the population suffers from a lack of dependable access to this precious commodity. The situation will not "self correct", nor improve without capital initiatives. The crisis derives from many known sources, such as overpopulation, climate change, population migration, and industrialization. This missive is not comprehensive enough in time nor expertise to elaborate upon all the permutations of and possible solutions to the issue. But we do know that money, itself, is not the only pathway to improvement. When tackling comprehensive problems there are two measuring sticks: the systems we put in place to deal with the structural problem; and the final solution as measured by the number of people helped by those efforts. Each can only be as good as the other.

During the past several decades ArlingtonEconometrics has blended quantitative analysis with economic fundamentals, composing portfolios which epitomize companies engaged to the global water crisis. By superimposing our criteria for *earnings acceleration, price performance, algorithmic trend analysis, and long term sustainability*, we have vigilantly crafted a complex of equities that echo worldwide projects in desalinization, hydroelectric power, purification, transportation systems, and other components of delivering potable water to the underserved.

The capital markets are, and always have been the engine of our future. Many institutions and high net worth individuals have long recognized that integrating silo-specific, highly targeted, sector oriented investing, particularly in areas of socially responsible subject matter, can be extremely effective in identifying probabilities of capital gains that complement the overall framework of balancing risk within their portfolio. Money efficiently applied to these specific needs always moves the needle closer to achieving basic human rights and strengthening human values, morality, and hope. These things, and others, may seem like a lot of money being cavalierly spent. But when an investment produces returns for shareholders as well as providing for the common good the expense is worth it. The biggest commitment is the mental one. Is there the courage and self-belief that making a difference for the future of the planet is the right thing to do....

Arlington Econometrics is a quantitative market tool. Utilizing proprietary algorithmic equations, AE offers solutions for market-timing, asset allocation, and macro economic analysis. Using historical time-series measurements, Arlington Econometrics optimizes the analytical process and forecasting coefficients to make economic forecasting more objective.

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