

## Various Trends on the Horizon



Over the past several months, I attended several financial seminars and conferences. I have highlighted a few of the trends that we need to at least be made aware of as we look forward.

### Domestic to International

A rising tide lifts all ships. We had enjoyed all-time highs in the U.S. stock market daily. From a valuation and future opportunity standpoint; there is a school of thought that there may be more opportunities for growth with investments abroad. They have lagged our markets and are now subject to the easing of monetary policy, while in the U.S. we will begin to tighten monetary policy. U.S. personal saving rates have historically been low and beginning to rise; which means lower consumption. People overseas have higher savings rates (above 40% in China); yet are beginning to spend more which will increase consumption.

### Technology Revolution



As common as the Toyota Hybrid Prius is today; self-driving cars are here and the growth will explode in the near term. Even though we haven't seen anything through Artificial Intelligence yet, major countries are now picking a future date and abandoning the gasoline/diesel engine. These cars will become obsolete in the next 10 -15 years in certain well known cities. I just received notice; that all of my office computers have to be encrypted to protect against the ever-increasing cybercrimes. The cloud is not a buzz word, but a fixture as far as where we will store much of our information going forward. Education is slowly or in some cases quickly moving OUT of the classroom with online learning. From what I have seen and heard, this migration is not helping the quality of our education system. The U.S. educational system is also not adapting fast enough to the changes that are coming our way. This technology revolution is just beginning so hang on!

### Things to Experiences

*Keeping up with the Jones* has been replaced with *Keeping up with the Griswalds*. For years it was trying to buy a better car, lawn, TV, or house than your peer. Those days are not gone, but Generation X (larger than the Boomers) are not into these "things". They are investing in experiences and travel. Yes, you can order an item that will be at your doorstep the same day you order, or you can book a trip that is an amazing deal with a gathering of friend or family. History repeats itself in some ways and in many ways, it does not. Spending patterns are changing quickly.

### Smaller Housing Footprint

ATTN: Baby Boomers. Your kid does not want your house. They don't want to buy it, they don't want what is in it, they don't want to clean it, and they certainly don't want to maintain it. Real Estate has had a very nice recovery since the depth of the financial crisis back in 2008/2009. With general population growth, some of the housing inventory will be absorbed and even expanded, but at some point, the downsizing may have a problem in certain parts of the country. Much have our growth has been fueled by the artificially low interest rates created by our FED. Cheap money fuels growth.



### Low Unemployment to Lower Unemployment

There are “For Hire” signs are all over the positions. There are massive vacancies in education, cyber security, data science, retail, plumbing/electrical, and government. This will attract more workers. The downside to higher components of inflation which may be around the corner and make life more expensive for everyone.



country, for skilled and unskilled construction, healthcare, financial, transportation, eventually lead to higher wages to wages is that can be one of the

### Low to High Interest Rates

Politicians from all parties would love to take credit for our economic growth since the financial crisis. When you have low interest rates; it allows customers AND business to do more and grow more (quickly) than they would otherwise. The FED is very conscience in what they created and are promising to be very slow on increasing rates. This will hopefully not slow our growth too much or impact fixed income investments in ways that previous rate hikes have. Historically, rising rates can be beneficial to certain parts of the economy and detrimental to other parts. We learn from the past, yet history doesn't always “exactly” repeat itself through varying market cycles.

### Inflation is here



Despite what pundits say, I have been a proponent of the FED's policies since the depth of the financial crisis. We have enjoyed relatively low inflation for the better part of the last decade and even a small hint of stagflation which doesn't help an economy. Since I work with individuals, both working and retired, I firmly believe inflation is here. We have seen prices rise steadily in healthcare, energy, dining out, grocery/drug stores, as well as domestic and international travel. The FED is acting very slowly as they don't want the economy to slip into a recession or at the same time grow too fast that may spark full blown inflation. The FED is systematically reducing their 4 trillion-dollar balance sheet, while edging rates up at a rate that hopefully won't slow the economic progress that has been made. Most economists do not think this “unwinding” will have much of a negative effect, but no one can be certain as this unwinding is unprecedented. There are two ways to combat inflation; reduce spending and/or improve your balance sheet (save more to eventually spend more in the future).

Sincerely,

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President