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Economics & Politics

Any social gathering of recent memory has almost always included politics for subject, no matter how brief...or how long.

So, let's jump in the deep-end and polarize half of everybody by talking about; Keynes, Smith, Marx, Friedman, Fisher, Schiller, El Erian, Krugman, Becker, Stiglitz, Minsky and I know I'm forgetting a few but these are the names you here at cocktail parties, right?

In the most recent 18 months I have (as well as you) been witness to some of the craziest stuff in the world. These events would have normally triggered a massive liquidity sell off. Today is the first day after a 3-country led attack against Syria (and by proxy Russia) and the stock market is in positive territory by .58% on the S&P 500?

Well of course the answer is in Bank of America's earnings report today. - What?

It's the Economy!

It's not just one bank's earnings. But Bank of America's earnings review reflect a US Economy that is benefiting from recent tax legislation, full employment, and a growth of 5% in their loan portfolio. I am a fervent believer in Economic Liquidity and Earnings Growth. "Loans act as a lubricant to any healthy economy and those borrowers deemed favorable for payback should have access to market affordable rates and terms".

My eye is squarely on the US and global economy when it comes to sitting in this investor's chair for advice. We have a world that is inter-connected by commerce like no time in history, a world that is more aware of each other's inter-dependence, so the laws of economics say we are "in it together".

- Un-employment rate at 4% = wage inflation, or more disruptive to the workforce is automation.
- Interest rates have moved-up and continue based on Fed guidance and public comments.
- US National debt rising along with many other nations.
- Asset appreciation is at an all-time high for most American's housing.
- Companies are reporting strong earnings numbers with positive viewpoints forward.

Short-term is very hard to predict hence the Warren Buffet often quoted Graham reprise "In the short run the stock market is a voting machine but in the long-run it is a weighing machine".

Long-term I see numerous positive factors but here are some major concerns economically

1. National debt repayment and the stability of a fiat currency.
2. The interconnected nature of mankind via technology improvement.
3. Sheer volume of humans and resources and how we evolve into an Eco-economy.

I consider long-term because I am a futurist and enjoy the knowledge of a world connected by high-speed mobile satellite and low cost eco-energy. I am not fraught with danger but endless possibilities for mankind and business. For **business** and **economics** will be there every step of the way.

As much as a futurist, I am also a realist, and in my opinion today's market is getting stretched and to use a baseball metaphor, "I believe this current market has entered the 7th inning". With this opinion we have been preparing to make additional portfolio adjustments.



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