WEALTH & WELLNESS
GROUP

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The Year End Is In Sight

U.S. markets finished August on a sour note. For the month, the Dow declined 2.36%, the S&P 500 slid 1.77%, and the Nasdaq posted a monthly loss of 2.17%. It was a volatile month with the S&P 500 suffering its first loss since February, while the Nasdaq logged its first monthly slide since December 2022.

As if the August data wasn't bad enough, September is notoriously the worst month for stocks. Since 1950, the S&P 500 has fallen on average -0.5%, according to the Stock Trader's Almanac. Going one step further, the S&P 500 actually falls -0.8%, on average, in the years ahead of U.S. presidential elections like this one.

Recent data has also muddied the picture. The August jobs report showed the labor market is slowing, there's a looming government shutdown that will continue to dominate headlines, we have ongoing concerns about China's economic growth, and while inflation is slowing, it's still well above the Fed target policy and rate.

One the positive front, consumers continue to spend, supporting forecasts for growth in terms of both GDP and corporate earnings for the third quarter. We do expect the disinflation trend to continue for the remainder of 2023, which should allow the Fed to ideally pause, but one more rate hike isn't out of the question.

Additionally, while the headlines will paint a dire picture of a government shutdown, the stakes are nowhere near the same as addressing the debt ceiling. As a result, we expect congress to punt the debt limit issue to another round of discussions later in December.

As far as China is concerned, those headwinds never seem to go away. The Wall Street consensus is for a slow economic recovery, which is one reason we continue to favor domestic equities as well as defensive sectors in developed nations.

Fortunately, interest rates are on the decline. The yield on the 10-year Treasury Bond has pulled back from multiyear peaks, which combined with higher earnings estimates, could provide the fuel that markets need to finish the year strong. Although, we may not begin to see the markets reverse course until October when companies start reporting and after another Federal Reserve meeting later this month.

Overall, while we aren't expecting much from September, our focus is on positioning portfolios for a slow grind higher in the 4th quarter. We feel the key aspect to the overall returns for the first eight months of the year and the remaining four is the resilient consumer. As a result, we continue to favor consumer staples, healthcare, and technology. Furthermore, fixed income in terms of US Treasuries and investment grade corporate bonds also remain attractive and part of our portfolio design.

Trivia

1) What is the only state in the U.S. that ends in "k"?
2) Who has been around longer: Popeye or Daffy Duck?
3) What psychological exam is commonly known as the Inkblot Test?

Did You Know?
"Cartoon Characters"

Superman was originally incapable of flying in the 1940s; hence the phrase "Able to leap tall buildings in a single bound." The animators of Superman's first cartoon thought it looked silly, so they requested, and were granted, permission to give him the ability to fly.

The Flintstones was the most profitable network cartoon franchise for 30 years before being unseated by The Simpsons.

The place that cartoon characters store things, just to pull out of thin air, is known as "Hammerspace."

The "Betty Boop" character was the subject of a lawsuit by the popular singer Helen Kane, who claimed her singing style had been ripped off. In court, however, it was proven that Kane had herself stolen the style from another singer.

Because Donald Duck does not wear trousers, his comics have been banned in Finland.

Speedy Gonzales has a cousin called Slowpoke Rodriguez that appeared in only two cartoons. Since he cannot move fast enough to defend himself, he carries a gun for protection.

Source: CartoonFcats

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What Goes Into A Retirement Decision?

Retirement is a big decision. There are a lot of factors that can play a role in making the big move from career life to home life. Two of the most popular driving factors are of course, age and assets. Social norms have programmed us to believe that ages like 59 ½, 62, and 65 are key signals that it's time to starting thinking about your next chapter. Furthermore, reaching that half-million to million dollar portfolio or more, fosters feelings that you won't outlive your money and become a burden on your family and friends.

While age and assets are popular decision factors, a number of other things can also play a pivotal role. In fact, many of the same indicators that employers use to gauge employee satisfaction and productivity are used to make a retirement decision. We refer to them as the six P's: Purpose, People, Pay, Professionalism, Perks, and Prestige.

What we have seen is that simultaneous declines in these areas increases a person's interest in retirement. If you think about your own decision or those close to you who have made the plunge into retirement you will likely hear things like:

"Management changes made it impossible to get thigs done or approved"
"My friends at work were retiring, and I like the new people but it wasn't the same"
"I was at the top of the pay scale and felt like they wanted a cheaper alternative"
"I just didn't have it in me to learn another new system"
"The health insurance is getting more expensive and I don't want to return to the office"
"I just couldn't take the shift in corporate policies and politics anymore"

While you or someone you may know may not experience a decline in all six areas, a combined decrease of 2,3, or 4 of these factors paired with attaining a certain age and asset level can be a powerful determinant to when someone exits the workplace. On top of that is the idea that the new retirement isn't actually full-time retirement.

The trend we are seeing here is that while people may use the factors mentioned above to hang up their primary career, it doesn't necessarily mean they are ready to be relegated to a rocking chair. Encore careers as well as volunteer opportunities often give people what they missed the most with their previous employer. Including purpose, a place to use their professional skills, connection with like-minded people, affiliation with a popular movement or niche, sometimes pay to offset lost income, and perks like flexibility.

The key here is to provide people with some framework to process how they are feeling about the transition they have already made or are contemplating. For those already retired, it can provide some closure on your career and validation for your interests ahead. For those considering retirement in the next 1-5 years, you can get a better sense of what factors may be playing a role in how you're feeling and the timing for an exit.

Trivia Answers

1) New York
2) Popeye! He hit the deck in 1929 while Daffy didn't get down until 1937
3) The Rorschach Test

Source: Pub Trivia