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Some of the economic growth engines of the world are slowing. Europe, China, Japan, Russia, Canada, Brazil and others have begun an economic relaxation following the robust growth of the past decade. America also has slowed since the intense period when demand was spurred by energetic investment in real estate. In a universe of economic ebbs and flows it is not surprising that an economic spurt creates financial stresses that have to be undone over a few years. Case in point is the recent federal policy which encouraged home buying with subsidies and financial lubrication.

Demographics are influencing the slowdown. European births have been languishing at 1.5 babies per female but Europe also is attracting a heavy inflow of immigrants from the troubled regions in Africa and the Middle East. The US is experiencing a similar phenomenon, avoiding population decline by virtue of an inflow of people from the populations to our South and elsewhere in the emerging world. The word is out that this is a good place to be. In fact, the Census Bureau reports that white newborns are now a minority in America. Although such transitions may seem a departure from normal, population shifts have been a constant on this continent and everywhere else over the span of human history. Although the inflow could be managed more advantageously by favoring those capable of self support, any sharp curtailment of immigration would eventually bring economic shrinkage because the workforce would become too small to support the population.

Other worries troubling the market are the insolvencies of Greece and Puerto Rico, both having borrowed more than they are willing to repay. We expect the parties to deal with the impasse through a logical process of write-offs and reduced consumption instead of a continuation of the game in which new loans and false new promises are made. One would also hope that the resulting pain will be seen as having been caused by unethical power holders and ignorant, uncaring publics, and that the distress ought to be shared by those who caused it, otherwise they'll never learn not to do that anymore.

It is uncomfortable to note that the US is similarly irresponsible, although we don't run out of money because we print what we need. Even so, we should now assume that all the hip decision makers and mathematicians of the world have become aware that the US will deal with its nonrepayable debts and promises by debasing the US currency. That is the least painful, most politically achievable path. Following that, if we as a nation responsibly curb the government's size and its suppression of economic vitality, our national prosperity would blossom.

We imagine that the world will eventually grasp the realities after watching numerous economic failures where leftist belief systems were in control compared with success wherever ethical, responsible policy held sway. Perhaps the reality is that every society has to stumble into the all the potholes and exhaust all fantasies about how things ought to be before the wisest 40% of the population finally figures it out. Next, we cajole another 11% of the population into joining us, which makes 51%. Then, we take over.

But, the fallow period underway is not all bad for all concerned. Consider the peculiar position of the US as the financial rock of the world, surrounded by higher risk areas in which decision makers are fearful of social disruption, economic hardship and political instability. What does one do to protect liquid wealth? You send it here, to be invested in the spectrum of investment assets. That inflow should continue to be a supportive factor.

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Taking all of the above as the backdrop for current pricing of investment assets, what will influence future prices? There are two good things ahead.

The US withdrawal from the Middle East left a power vacuum which is being resolved by war among Syria, Iran, ISIS, Kurds and a coalition of Sunni forces led by Saudi Arabia. Overlooking are the US, Russia, China, Turkey and Europe. The relevant history is that of British control of the region from the discovery of oil through WWII, followed by America for the next 70 years. The logical outcome is a diversified sharing of resources by neighboring powers and maintaining the normality of oil flowing into world markets at world market prices. As Americans we are truly blessed by having developed enough oil and gas resources to fuel the nation. Just imagine the excruciation if the Iranian mullahs controlled the whole regional output and we could not refuse to pay.

The other is our natural economic fertility including scientific inventions, new products and business ideas, instant communication from affordable devices and the spread of education to an increasing proportion of the world's 7 billion people, some of whom would be vastly enriched merely by having a bicycle. Our economic machinery prospers in that kind of setting, barring interruption by war or government behaviors that suppress healthy commerce. We have been laboring under a sudden expansion of intrusiveness with the government now dictating labor pay rates, controlling medical service delivery and attempting to unify and shape the content of education.

A turning point, however, has been reached, we believe. The more benign US political party has taken control of legislative bodies, both state and federal, and the presidential preliminaries show a host of bright capable people on one side and one dreary power seeker on the other. The outlook is for a reversal toward better economic health. Let's hope I'm right.

Sincerely,

John May