



Play, Pause, Fast-forward, or Rewind

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Did You Know? “Umbrellas”

Umbrellas weren't created for protecting people from rain. They were used to shade noblemen in ancient China. This is why the origin of the name is related to a shadow, and not rain.

In fact, the name ‘umbrella’ comes from the Latin word ‘umbra’ which means shade or shadow. The Japanese word for umbrella has an interesting story. Their term for umbrella is *Kasa* and means: A person under shelter.

In ancient Egypt, the umbrella was a symbol of power. Back then, not everyone could afford a parasol. Only the powerful could shield themselves from the sun and Gods. During this time, umbrellas were often unusual, exotic, and beautifully decorated.

In the book, Robinson Crusoe, the protagonist creating his own umbrella based on one he'd seen in Brazil. From this, the umbrella was referred to as a ‘Robinson’ for many years before it slowly phased out.

The first working “folding umbrella” was introduced in 1969 by Bradford Philips.

Over 33 million umbrellas are sold annually in the U.S.

Source: Breobox.com



Stocks finished July on a positive note, with the S&P climbing 3.1%, its fifth consecutive month of gains. The Dow jumped 3.4% after experiencing a 13-day rally, its longest since 1987. But while monthly returns seem similar, year-to-date returns, are uncommonly different, with the S&P up over 20%, and the Dow up just 8.5%

Cooling inflation, a strong labor market, and positive trends in second quarter corporate earnings have all been providing support to market sentiment. In fact, more than half of the companies in the S&P 500 have reported earnings with 82% topping earnings expectations, according to FactSet. The market optimism has also extended to commodities since the forecast for continuing economic activity raises demand for the raw input needed to keep the world moving. To that point, Aluminum and Zinc rose 2.7% last month and Copper rose 6.2% for its best month since January.

As a result, investors are growing more accepting of the idea of a soft landing, where inflation cools as the U.S. economy, labor market, and corporate earnings continue growing. However, despite the rosy sentiment, history and other factors suggest it may be time for a pause in the current market trajectory.

Since 1950, the average monthly August return has been just 0.01%, making it one of the slowest months for the stock market. When stocks do fall in August, the average draw-down is 3.2%. The August retreat averages nearly 3.5% if the S&P 500 has gained more than 15%, through July 31st (like we have seen this year). Seasonally, September is ranked as the worst month of the year for stocks. We don't suggest trying to time this market seasonality, but rather note its place on the calendar of stock market ups and downs.

History aside, several factors are posing near-term headwinds. To start, some experts feel that markets are currently overvalued. The 25-year average P/E for the S&P 500 is 16.8, which is almost a full point below the current forward estimate of 17.7. The spreads between U.S. treasuries remain inverted, which simply means that the shorter-term 2-year US bonds are yielding more than longer term 10-year bonds. The end of July marked 13 straight months for this ominous inversion.

We also can't ignore the fact that benchmark interest rates jumped to a 2023 high of 4.12% after rating agency Fitch downgraded the US government's credit rating. The Standard & Poors Agency issued a similar downgrade, several years ago. Both downgrades should serve as a rap across the knuckles of a dysfunctional government, but neither politicians, voters, nor the investment markets seem to have taken note, yet.

We continue to remain cautious and conservative in our equity allocations, and still see value to be had in the fixed income arena, as we expect rates to remain elevated. So far, consumers have controlled the “soft landing” narrative by spending their way past an official recession. BUT, if/when that spending slows, so too, might the economy.

Trivia

- 1) Are there more red or white stripes on the U.S. Flag?
- 2) On what day is Superman's birthday?
- 3) What's the name of the top-hatted man in the Monopoly board game?

What's our Plan for....

Charles Schwab?

Regular readers of this section know we try to get YOU thinking about important topics. But this month, we thought we'd turn the tables and let you know what WE'RE thinking.

From email to snail-mail, clients have gotten lots of updates, as the marriage between TD Ameritrade and Charles Schwab nears the September wedding bells. The "engagement" actually began in 2019. So, this is no shotgun wedding.

Advisory firms, such as ours, are required to have client assets held by a qualified custodian. And advisory firms, like us, are able to choose which one we feel best supports the clients we serve, and the services we deliver. Since 2021, we've been using the Schwab platform, and know that Schwab gives us the backroom efficiency, and the software interfaces needed to meet your advice & investing needs

Thanks for enduring the transition from one platform to another. So, "What's OUR Plan?" for Schwab? - to leverage the top tools for the best clients an advisor could hope to serve. (yes, we mean you!)



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WHAT CAN HAPPEN TO CO-WORKERS AFTER RETIREMENT?

It happens all the time. A client retires and assumes that decades of camaraderie, conversation, and work collaboration will foster an ongoing relationship once they leave the workplace. But no matter if it's three, six, or twelve months later, the calls, lunch invitations, and emails trail off for what appears to be no reason.

It's a situation that can be hard to understand and disheartening for many people. But, it's all part of the psychology of retirement that isn't often discussed let alone planned for... and in many cases can be avoided with some intentionality.

Two of the primary reasons why work relationships can fall by the wayside after retirement is because of proximity and the loss of shared experiences, in particular, "shared frustrations." Proximity is easy to understand. Being in a shared space with the same people for years makes developing a relationship natural. As you might imagine, not having easy, regular access to friends means someone has to put in additional effort to stay connected.

The loss of shared experiences can challenge relationships in multiple ways. First, since you're no longer in daily communication with these people, you're not in the "know." In other words, every time you get together it can feel like you're walking into a movie thirty minutes late and asking to get caught up, and thus disrupt the flow of the conversation. Second, as both life and work situations evolve, you'll be less involved simply because you're not there on the front end of the excitement or challenges that can arise with a big project or family milestone for example.

A final factor that surprises some people centers around the loss of shared frustrations. Whether it was a bad boss, the third new accounting system that management brought in, or requests to work more since the department is short-handed, the things that rub you the wrong way at work is a key factor that helps bond you and your co-workers together.

As you might expect, when someone leaves that environment, the initial conversations may still center around previously shared frustrations, but the recently retired person doesn't have the same skin in the game. In fact, they may celebrate the fact that they are glad they don't have to deal with such and such or be subject to this or that.

While co-workers may express a desire to be in a similar boat, the combination of less proximity, being out of the "know" and diminishing shared frustrations, there is less to talk about and less connection. This is one reason why I suggest that if people want to maintain relationships with co-workers, that they find additional points of connection, including shared areas of interest as well as frustrations.

In other words, to be more intentional about where and how you spend your time with people you want to stay connected to in retirement. That can mean a myriad of things depending on your taste and preferences. It may mean inviting a co-worker to a car show, sporting event, fishing trip, Bible study, charitable event, concert in the park, garden tour, knitting class, or regularly scheduled coffee chat. Finding time outside of work can lead to a more in-depth conversation and help maintain some proximity, keep you in the loop, and replace shared work frustrations.

Trivia Answers

- 1) Red wins 7-6
- 2) February 29th
- 3) Rich Uncle Pennybags

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