THE DANA VIEWPOINT

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Turkey Day

Hard to believe that Benjamin Franklin once wanted our national bird to be the turkey. Hunters will tell you that wild turkeys are very smart, but can you imagine sitting down for Thanksgiving dinner and eating our national bird? Fortunately others overruled Mr. Franklin and now the turkey can take its rightful place at our Thanksgiving dinner table. It’s that time of year again, but this year retailers seem to be glossing over Thanksgiving as Christmas decorations are up in many places. This year, perhaps more than ever, we need to give thanks for all of our blessings, especially here in the United States of America. With all of the turmoil going on in the rest of the world, with thousands (perhaps millions) of people being displaced from their homes and their possessions, we are extremely fortunate to have escaped the terrorism permeating the Middle East in particular and more recently France. Whatever your spiritual beliefs, we should all pray for those less fortunate this season.

Another Friday, another jobs report. After September’s lackluster report, October came in with 271,000 new nonfarm payrolls. A good report, but it would be nicer to see that number over 300,000 on a consistent basis. At this point investors are somewhat numb to the numbers, being discouraged one month and hopeful the next. It’s best to average out the monthly numbers over a period of time to avoid the emotional whipsaws. By now it should be abundantly clear that we are in a slow economic recovery that could carry on for some time yet. The unemployment rate is at 5%, which used to be considered full employment. The Fed now says 4.8% unemployment is considered full employment. If the data doesn’t fit your projections, change the metric.

Much has been made by analysts recently about the poor employment in the manufacturing sector. Two factors are at play in this sector. First, we are still outsourcing jobs because of cheaper labor overseas. Second, like in most other industries, technology is replacing workers as companies strive to maintain profit margins. The good news is that when one door closes, another opens. At the end of the 19th century, more than 80% of workers labored on farms. As the Industrial Revolution took hold with new technology (tractors, combines, etc), many of these workers were displaced. However, a new door opened as these new machines needed workers to build and service them, and we were off and running on a whole new economy. Today’s loss of manufacturing jobs has opened a new door as the new

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technologies need workers to build and service them. Unlike the new jobs opening up in the early 20th century, today's new job openings require more skill and training, especially in servicing. This works fine for the young generation who has grown up with technology in their everyday life. It is the older workers who find this a challenge. They represent the workers who want to work, but have given up looking for work. The jobs they are qualified for often are the ones being replaced by new technology and they do not have the appropriate skills to qualify for those jobs. Many surveys continue to show that employers have jobs available, but can't find qualified personnel. This gap will eventually be closed, but it is unfortunate for those caught in the middle. Technology, consumer service, and health care appear to be areas of strong growth for young workers entering the work force.

What would a market letter be without mentioning the Federal Reserve? October passed and no rate increase by the Fed. The porridge is either too hot or too cold. It never seems to be just right, and the stock market can't make up its mind whether a rate increase is good or bad. The Fed finally used stronger words about a potential rate increase at their final meeting this year in December. A rate increase could be a welcome Christmas present as it would eliminate all the emotional uncertainty every time the Fed speaks. In addition, a quarter point rise in short rates will not stop our economy. Financial stocks rose on indications of a rate increase. This would give them a little more leverage on their cost of funds and the return on what they can charge businesses or individuals. Some might even see it as an economic vote of confidence from the Fed.

The Treasury issued some short-term paper two weeks ago at 0% interest. It was oversubscribed as financial institutions need to hold a certain amount of Treasuries in their reserves. It's time for the Fed to take the bull by the horns and stop waffling.

The government is giving retired people a lump of coal for Christmas. There will be no increase in social security benefits in 2016.

Happy Thanksgiving to all!

Random Thought for November 2015 "All great things are simple, and many can be expressed in single words: freedom, justice, honor, duty, mercy, hope."

-Winston Churchill

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