



The Shantz Mantione Group – Saturday Note

From: Shantz, Andrew on Behalf of The Shantz Mantione Group

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Subject: A Saturday Note...

The Saturday Note: The purpose of these notes is to filter the news, provide perspective, and keep things real for you.

The (M)arch of the seasons continues, and though perhaps a bit early, lawns in Fairfield, Connecticut, are covered in crocus blooms, as this sign of spring has, well, sprung. Unlike the weather, equity markets had a volatile week, but ultimately ended roughly where they started. Federal Reserve Chairman Jay Powell spoke before Congress, where he reiterated his stance that he expects to cut interest rates later this year. When we add in the Friday economic reports that showed how the February jobs numbers exceeded expectations—though the January numbers were revised down sharply—and average hourly earnings numbers cooled, the data support the idea that inflation continues to decline toward the Fed’s target. We have started to hear talk from institutional investors that there’s a non-zero chance that the Fed doesn’t lower rates this year, instead waiting to see how much things slow down before they intervene. While there was some movement in interest rates, the market right now still seems to be pricing in three rate cuts this year. If everyone is thinking three cuts, it could take a while to get to pricing in zero cuts. Right now, the best idea is to stay on course with your long-term plan.

Friday was International Women’s Day, a day to focus on the issues impacting women globally. The latest UBS CIO report, “Women and Investing: Achieving Your Lifetime Goals,” examines the importance of a strong investment strategy. Not surprisingly, the report points out that a comfortable retirement is a key concern for women globally. When faced with gender pay gaps, a higher probability of retiring earlier, and living longer than men, proper planning and investment are key to alleviating the fear of outliving financial resources. The attached report examines these topics in deeper detail and provides a wealth of data on the subject. We are fortunate that our partner, Jill Faherty Lloyd, who is a thought leader in women’s financial issues, helps us remain on the cutting edge of providing solutions. In fact, next week, Jill will be sending out her latest “F3 – Female Forward Finance” note. Please let us know whether you would like to receive Jill’s latest thoughts.

Some readers of the Saturday Note may have read or heard us talk about the meteoric rise in certain tech stocks and the comparisons with two 1990s periods in some circles. On one hand, some market watchers view this tech-led rally as reminiscent of the days just before the tech bubble burst in 2000, and on the other, some see a similarity to the period in 1995 after the Federal Reserve ended an aggressive series of rate hikes, heralding the beginning of the bull market preceding the bursting bubble. Fortunately for us, the Global Macro Strategy team at UBS Evidence Lab has written the attached report, “15 Essential Charts: Parallels With the 1990s: From Tipping Point to Bubble,” which examines this very question. So, which is it? Well, neither, kind of. While some metrics—such as sector patterns, rally narrowness, and valuations—are similar, there are differences in other metrics, such as realized margins, earnings, and free cash flow (which are now better than they were during the first bubble). So, there’s probably no bubble to pop. On the other hand, the factors that might lead to a sustained bull market—such as productivity growth, globalization, and where we are in the cycle—seem to make the case for a strong bull run more difficult. I encourage you to check out the really cool charts over that second cup of coffee and see what conclusions you draw.



I know you've heard this a thousand times by now, but it's time to throw an hour of sleep away when we set the clocks forward tonight. However, as Tom noted, we got a whole extra day last month, so this year, I can't complain. Also, I know two Labrador retrievers who tell time using the food bowl method, and while they may be surprised, they won't turn down an earlier meal.

Be well!

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