StraightTalk
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As I write this, in the month that I turn 50 years old, I am compelled even more than usual to try and take the *long view* of events all around me. As always, this effort is impeded by the minute-to-minute nature of "news" in today's fast-paced, competing-for-your-attention world. Nowhere is this more prevalent than in the news coverage of all things Washington by virtually every news source available to the citizens of this great land. It has become increasingly more difficult to find a news source, at least on television, that reports the things that are truly important, instead of the things that are truly sensational. This begs the question, where does one go for information that really matters?

Since most Americans flip on the TV during their morning ritual of getting started for the day, a brief discussion of news choices is warranted. In my opinion, Fox News is completely unwatchable in the morning - the bleach blonde bobble-headed and spray tanned "anchors" are lightweights in virtually every category other than today's weather, and are so far in the tank for the current administration they lack credibility. On the other hand, MSNBC and CNN suffer so badly from Trump Derangement Syndrome that they cover almost no other news topic than the antics in the West Wing of the White House. The degree to which they paint all things Trump in a negative light brings to mind an old joke. If President Trump had the occasion to be in a boat fishing on the Potomac River, and proceeded to hop overboard and walk on the water - these two networks would run blinking red banners that said "Trump can't swim." Then they would bring in a panel of experts that would opine that 70-year old men who cannot swim almost always have inappropriate relationships with covert Russian operatives. Flipping the channel to the big three networks does not offer any relief - in between cooking and fashion segments, they also hammer all things negative about the administration, leaving viewers despondent about their 401(k)s, their investment portfolios, and the outlook for the country in the near future.

So, what to do? My answer is to stick to the financial news channels in the morning. CNBC, Bloomberg, and Fox Business channels still do what the others once did; report the facts, rather than their opinions. And the facts are quite clear, that despite the public relations dumpster fire in the White House, this economy is growing, companies are hiring, as well as earning record profits, and the stock market remains in a bullish upswing. A recent research report from the Capital Group confirms this with actual facts, not supposition about who was behind the firing of the latest cartoon character serving as the White House Press Secretary. The report details that corporate earnings have recovered from the oil shock of eighteen months ago, and have surged 13.7% so far this year. Additionally, strengthening wage growth and a 4.5% growth in retail sales both point towards a good second half of this year. The report further picks up on a theme that Maria Bartiromo has been reporting on *Mornings with Maria*, namely that although this stock market recovery is now longer than average, the growth rate thus far has been below average. The Capital Group report lists the average expansion as lasting 64 months, with 24% cumulative growth of the economy. The current expansion is older, at 95 months, but weaker, at only 17% in total growth of GDP. (I might add that many economists and investment managers mark the start of this bull market in 2012, rather than 2009, making this bull only 68 months old…)

However, the prevailing negativity of coverage weighs on our collective psyche, such that, virtually every day I get the "Yes, but…" comment from many of you. When presented with data points that show the strength of corporate America's balance sheet, the robust recovery in earnings, the still ultra-low cost of capital, the lack of inflation, or the incredible pace of technological innovation, I get "Yes, but….surely this market will crash any day now, right?" It is important to remember that bull markets do not end when the average investor remains fearful, any more than the economy stops expanding because we have passed the length of the average cycle. Stock prices stop rising in the short-run for one of two reasons. Either the investing public becomes overly optimistic and speculative, creating an unsustainable bubble in prices, or the economy slows down and earnings stop growing, or even swing to losses. If both conditions happen simultaneously, you get a larger than garden variety price pullback. It is worth pointing out that neither condition appears to be on the immediate horizon; in other words, as far as the "age" of this bull market goes, it is much like my friends are saying to me these days….age is just a number!

Speaking of numbers, there is a synchronized global recovery afoot that may offer market worriers a shot of additional courage. Bloomberg reports that through the end of May, the industrial recovery has led to increased manufacturing activity all over the world. Manufacturing expansions are now occurring in the U.S., Germany, France, Canada, Japan, the U.K. and China. A year ago, the major news outlets spent two full months speculating about "Brexit," but I can't find the improved manufacturing news quite as easily on those same channels today.

And, as has been widely and accurately reported, China's economy is increasingly important for global growth and our stock market here at home. China represents the largest consumer market by a wide margin, and even though their economy is only growing at 6.6%, the nature of their economy has undergone a significant change. Just in the last decade, China was tasking the government to grow the economy by building cities in anticipation of population shifts into modern urban living. It turns out that the leaders in China now understand somewhat that John Maynard Keynes was a smart guy, but his theory that a government can spend an economy into prosperity just doesn't work. The shift that is underway in China's economy is very important, as they move to a consumption based model. This means that their citizens are indulging in everyday activities like buying cars, ordering takeout, and upgrading their smart phone. And next year, China will celebrate a full decade of being the world's largest manufacturer of solar panels. Not only is a strengthening Chinese economy a help for international investment markets, it also presents a massive opportunity for our domestic companies to expand their sales to almost one billion consumers.

Dr. David Kelly, the Chief Global Strategist for J.P. Morgan recently pointed out the improving international conditions in an interview on Bloomberg TV. He detailed that since the bottom of our stock market in 2009, the MSCI World Index has only risen 106%, compared to a 258% gain for our S&P 500, both through the end of June this year. His commentary included the fact that today, the U.S. makes up just 22% of global GDP, a number that continues to fall as the rest of the world joins the modern global economy. As a point of reference, when I entered this business in 1993, the U.S. was over half of the world's output.

So, even if the White House continues to hire and fire people every seven days, and no one takes the President's Twitter account away - the big picture is that the world is expanding together for the first time since the early 1990s. Yes, there are problems in the world, there are problems in this country, and there are even problems in the White House, but try to treat that "news reporting" as the sideshow that it is. Instead, stay focused on the *long view* and the trends that are in place. As we all enjoy the waning days of summer, I will close with a few numbers that underscore that long term trendline.

Earlier this summer, I came across an old Time Magazine insert while cleaning up some of my father's papers. In 1967, the year of my birth, a new car cost just $2,724, a new house was $14,425, a loaf of bread cost 22 cents, a gallon of gas was 33 cents, and the Dow Jones Average was around 800. Those nostalgic numbers underscore the point that neither a loose cannon President, nor a horribly biased news apparatus can stop long-term progress…

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