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Has the economy turned a corner? For good or bad?

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After the markets hit their high on May 21, 2015, they began a steady decline due to the low price of oil, the weak Chinese economy and the threat of imminent interest rate increases. After a brief uptick in the last two weeks of December, the decline continued into 2016. The start to the New Year was the eighth-worst decline on record and the worst for a new year since 2009. At 10.5 percent off its high, the market appeared to be forecasting a recession.

It is often said that market tops are a process, but bottoms are an event. Was the recent low reached on Feb. 11 a bottom? With the decline cut to just 2 percent for the year recently, it appears for the moment, at least, that we have dodged a recession.

Market signals are definitely mixed, but indicators seem to suggest a bottom has been entered. The Chicago PMI clocked in at 47.6 against an expected 52.8. Consumer confidence in January declined from 97.8 to 92.2. Manufacturing rose to 49.5. Jobless claims rose slightly, but the jobs numbers remained strong by recent standards. Total job growth totaled 242,000, which cheered the Fed. However, overall unemployment remained high, especially among the young and minorities.

It is no wonder that many people feel left behind by our meager growth. For the past 10 years our economy has not grown more than 2.75 percent annually – a first in our nation's history. Working people suffer from meager opportunities and meager wage growth. Democrats turned to mandated wage growth and legislated higher wages. Business, especially small business – the largest provider of new jobs in the nation – will be squeezed. In an effort to revise the laws of economics, the well-intentioned will actually do more damage than good.

Oil appears to be bottoming, but likely will trade in the range it is now. The Chinese have injected massive amounts of money into their economy, but those efforts so far have failed to do much good. Their zombie companies suck up more of the country's resources, as the Chinese government tries to prop up their state-owned companies.

International markets have become concerned about Chinese reserves after 10 months of declines. The Chinese government is supporting its currency at the rate of about \$100 billion a month drawdown in its reserves and the yuan is still under pressure. The Chinese people are moving their money out of China as rapidly as possible. If the Chinese government fails to deliver growth, the country may experience civil strife as happened before in Tiananmen Square.

Unrest in our own country has so far been civil, presidential debates excepted, but because of the moribund economy and lack of wage growth, who knows how ugly it may become.

The current presidential election cycle is a sign of that unrest, with both Bernie Sanders and Donald Trump seizing on voter anxiety to scare and motivate voters. Conspiracies abound in Trump's world and "the others"

are a threat. He frightens people and they are motivated. The markets are just now factoring in the rise of Trump. The markets and money hate uncertainty. Trump is uncertainty personified.

At the present it appears that Trump is the likely Republican nominee, and Hillary Clinton the likely Democrat nominee. A lot can change between now and Election Day, and of course the only poll that counts is the one at the ballot box, but most polls today show that if it is a Trump–Clinton race, Clinton will win. The only question is how big the Republican loss will be. It appears that a Trump nomination could cost the Republicans the presidency, the Senate, the House of Representatives, the Supreme Court and the next generation of elected officials from which the party will produce its future leaders. The Republican Party could be virtually wiped out by a Trump nomination. A Trump election could be even more unsettling.

Recently I had the privilege of attending a concert featuring Pink Martini, a Portland-based musical group. I found this in their program: “we are very much an American band, but we spend a lot of time abroad and therefore have the incredible diplomatic opportunity to represent a broader more inclusive America ... America which remains the most heterogeneously populated country in the world composed of people of every country, every language and every religion.”

Maybe Trump should see more Pink Martini concerts.

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