



31 December 2018

Question: According to MSN: Lifestyle, what are thirty one (31) Good habits you should start on New Year's Day?

China to end the year as world's worst performing stock market – Pg. 1

- A trade dispute with the US and a crackdown on shadow banking made China the world's worst-performing major stock market in 2018, shedding some \$2.3tn in value
- China's benchmark CSI 300 index will finish the year close to 3,000, down more than 25% from where it started 2018...
- The staggering drop outpaced other poor performers: Japan's Nikkei 225 dropped 14%, the US S&P 500 was down 8% and the UK's FTSE 100 fell 13%
- Liquidity in the Chinese market tightened this year, following a regulatory crackdown aimed at combating a years-long build-up in leverage in the financial system. Those reforms have focused largely on so-called shadow banking, which before the clampdown saw lenders channel a significant sum of money to fund managers which then invested it in Chinese stocks
- China's slowing economy is also worrying markets – it grew 6.5% in the third quarter, its slowest quarterly figure in almost a decade

Fed optimistic despite investor fears for global expansion – Pg. 3

- World output growth for this year was projected at a healthy 3.7% by the IMF in October...
- Five advanced economies – Japan, Germany, Italy, Sweden and Switzerland – all experienced contractions in the third quarter of this year...economies affected represent a hefty 15% of the world GDP, ...
- Leading indicators have turned downwards, with the OECD club of mostly rich nations this month noting "easing momentum" across Europe, Canada and now the US. Growth could be set to slow simultaneously in the US, China, Europe and Japan next year compared with this year
- ...global trade has slowed sharply, down to 2.25% growth compared with a long-term average of 4.5%
- The Fed has lifted rates nine times in three years and is set on a balance sheet reduction programme that will contract its asset holdings by hundreds of billions of dollars next year. This will combine with a waning US fiscal stimulus in the second half of next year
-US inflation is quiescent, despite unemployment hovering at half-century lows, meaning the Fed can afford to be patient with policy – and that is a message the central bank is likely to hammer home in the coming weeks
- While Fed policymakers are projecting slower growth in 2019 than this year, their latest median projection is for 2.3% next year – stronger than the economy's longer-term trend.

Unemployment could carry on falling, if they are right, to bottom out at just 3.5%, down from 3.7% now and the lowest in half a century

Making sense of divisive trends – Pg. 5

- Conventional wisdom holds that internet speeds in rural areas are much slower than in towns and cities (Prof Note: Why can I get an internet connection on Nevis and NOT southern Maryland, USA?! Why is internet, at this point, not considered a utility as is electricity with requirements to service everyone?!)

Central bankers refocus on Main Street – Pg. 7

- Several regional Fed governors – including those in Boston, Dallas and Kansas City – are prioritizing another, less well known, function of the central bank: community development
- While the Fed has a mandate to keep unemployment low and inflation stable, it is also empowered to bolster growth in local communities. This includes everything from industrial policy initiatives in the rust belt, to helping immigrants in depressed areas start businesses, pushing educational reforms and encouraging efforts to bring broadband to rural areas
- The past 10 years at the Fed have been all about bolstering markets. In fact, you could argue that the past 40 years have been too, beginning with Alan Greenspan era of lower rates and supply-side thinking. But, regardless of whether the Fed decides to halt rate increases in the next few months, it's clear that the power of monetary policy to support the real economy has diminished.

Answer: (1) Plan your day (Prof Note: I actually do this the night before. This way when I wake I have an idea of how the day will unfold and what will be (or won't) accomplished); (2) Make lists (Prof Note: If you could see my desk it is covered with large-size index cards full of lists.); (3) Read more (Prof Note: There is so much knowledge and pleasure in reading. Also, the luxury of time to actually spend enriching oneself. I am re-reading high school required books as a baseline of societal experience to improve my own writing and relating to people. How many times have classes heard me say, "I have the conch!"); (4) Save your coins; (5) Expand your vocabulary (Prof Note: See note on "Read More"); (6) Recycle; (7) Reuse those bags; (8) Commit to a cause (Prof Note: Be careful with Philanthropy and causes. 2018 was my year to be philanthropic and it turned out to be the year I truly learned about philanthropy. I am finding that direct giving, e.g. scholarships and grants, is a superior method of giving. Organizations want cash without strings but when one provides capital it is for the purpose of a believed and committed agenda. If one gives capital for an event, e.g. highest score on a national examination, one feels good about that forever. If one provides capital to a cause and the cause misuses the gift, one feels, at best, slighted and, at worst, fleeced. The P(Gain) Foundation will focus mostly on directly giving to individual students for accomplishments.); (9) Clean up as you go (Prof Note: In the Caribbean, if you do not clean up immediately, i.e. kitchen, ants will be everywhere); (10) Incorporate exercise (Prof Note: I do feel better after exercising); (11) Eat Healthier (Prof Note: I wish I had read this prior to purchasing the two large bags of BBQ chips on sale); (12) Take a positive approach (Prof Note: In the classroom I work very hard at never using the word "wrong". Instead I use, "Not right" or "Not correct"); (13) Be nicer (Prof Note: Try talking to random people. The experiences are often rewarding. Everyone has a story.); (14) Offer compliments (Prof Note: I will be truthful, societal has become so divisive that pull back from providing compliments in the U.S. other than positive accolades for work product. I do not comment on outfits or physical appearance (as the article suggests)); (15) Follow the news (Prof Note: If you are reading

this...CHECK!); (16) Get outside (Prof Note: Feeling the sun on one's face and breathing fresh air is a joy!); (17) Finish projects (Prof Note: When you plan your day, plan one tangible accomplishment for the day. It can be laundry, just have something done at the conclusion of each day); (18) Take care (Prof Note: This is relating to personal appearance. One does feel better groomed but also take care to not feel the need for 100.0% conforming!); (19) Build a spiritual focus; (20) Live your life (Prof Note: We only get so many sunsets in life. Enjoy more of them! Also, determine what is really important in life and pursue important items.); (21) Do research, for fun; (22) Learn a skill; (23) Job training; (24) Nix the gossip (Prof Note: I have spent far too much of my life in litigation. While I was successful, it taught me that until you know ALL the facts, you have opinions based on known information ("known" can be unsubstantiated). Always think, "Do you want to be someone associated with positive comments or negative comments?"); (25) Clip coupons (Prof Note: Cannot stand coupons. I wish retailers would make it easier and have one low price); (26) Encourage unity (Prof Note: Quality people are wealth! Spend more time with quality people. Yes, Mike C if you are reading this we will be spending more time trading options in 2019!); (27) Incorporate fun (Prof Note: Life is a cycle. We are born children with passive income sources called "parents". We grow through childhood resenting constraints placed by parents for the passive income providing. We then spend the next 40 years working our collective tails off to fiscally recreate what our "resented" parents provided only so we can revert back to childhood which is now called "retirement". I still ride my quads like a teenager only with the permission of a middle-aged male....have fun in 2019!); (28) Laugh more; (29) Be more mindful; (30) Listen closely (Prof Note: You learn most through listening and NOT talking!); (31) Revisit goals (Prof Note: I am going to make progress on the third book this year! Goal is to have it in draft form and to a ghost writer/editor by year's conclusion)

30 December 2018

Question: According to MSN: Money, what four questions should you be able to answer prior to retirement?

Answer: (1) Who will help care for me?; (2) Is good medical care nearby?; (3) How safe is this place?; (4) How will I get around if I cannot drive?

29 December 2018

Question: According to MSN: Lifestyle, what are five (5) ways to actually enjoy a party when you have social anxiety?

Down and out...Wild ride ends turbulent year – Pg. 1

- Global stocks were set for their worst year in a decade after the last full day of trading in 2018, capping a final quarter when global trade fears, political turmoil and the end of economic stimulus had roiled markets and sent shares tumbling

Falling vaccination rates pose a global health risk – Pg. 6

- Anti-vaccination campaigns defy decades of evidence of the indisputable global benefits of immunization. Vaccines have eradicated or brought under control seven major human diseases – smallpox, diphtheria, tetanus, yellow fever, whooping cough, polio, and measles
- If future generations are to be spared the scourges of their ancestors, public health officials, scientists and doctors must sharpen communications. They need to learn to navigate the awkward terrain of social media, to engage with critics and give more weight to credible scientific evidence. Public health urgently needs better defences; the common good needs better advocates

Forecasting the world in 2019 – Pg. 7

- Will the Democrats attempt to impeach President Donald Trump? Yes. Mr Trump will be impeached by a simple majority in the Democratic House. But the Senate, needing a two-thirds majority to convict, will exonerate him. The scene will be set for a “rule of law” presidential election in 2020
- Will there be a new financial crisis? No, if we define a financial crisis as one in which policymakers need to rescue, or resolve, more than one globally significant financial institution at the same time
 - o A reason for optimism is that global financial institutions’ balance sheets have strengthened substantially since the 2008 crisis
 - o Reasons for pessimism are that interest rates remain low, debt levels exceptional and many asset prices high. Vulnerabilities include several emerging markets, China, Brexit-hit Britain, Italian sovereign debt and US stocks
- Will the S&P 500 finish 2019 above 3,000? No. Analysts’ median estimates are for a close above that level, despite turbulence. But the positive factors behind one of the longest Wall Street runs are fading. Earnings growth will be slower and margins compressed. A pause in rate-tightening by the Federal Reserve, capping the dollar’s strength, and stimulus from China should help sentiment. But the cycle is long in the tooth and corporate credit stress is rising. No sector has partied as hard as credit during the era of easy money. As the music fades, the equity market will discover balance sheets matter (Prof Note: Balance Sheets ALWAYS matter in the long-run!)
- Will Brent Crude end 2019 below \$60 a barrel? Yes.
- Will Mark Zuckerberg step down as chairman of Facebook? No.
- Will the US yield curve invert? Yes. The slope formed by Treasury yields of various maturities has inverted – with short-term bond rates higher than longer-term ones – ahead of most recessions, and is now perilously close to another inflection point. The 10-year Treasury yield is unlikely to climb much above 3%, pinned down by forces such as disinflationary demographics and demand for safe assets, while the Fed is still likely to lift rates a few times in 2019. That should, barely, invert the curve – hinting at trouble later on

Answer: (1) Resist the urge to cancel (Prof Note: I ALWAYS have this urge. Yet, every time I go I have a wonderful time. Now I have set “dates” with close friends and make a point of making the time! Quality people are wealth!); (2) Come with conversation starters (Prof Note: I generally start with “Hello”. Also, when I am in Target I will “practice” on those in line. I will say hello and start a conversation. Sometimes it works, sometimes it tanks. But I try and it has gotten easier.); (3) Vow to speak to three new people (Prof Note: Play the numbers game. You can leave after trying to speak with “X” number of people and

failing. Hint: You probably won't fail but the knowledge that you have the out will provide confidence.); (4) Don't drink too much (Prof Note: "Loose Lips Sink Ships". There is such a thing as liquid courage. Perhaps focus on the "too much" and always be aware if you are driving home.); (5) Wait for the anxiety to pass (Prof Note: if you are shut down in a conversation, they are a "jerk". NEXT!!!)

28 December 2018

Question: According to MSN: Money, what are the most overlooked tax breaks for retirees?

European bank stocks have worst year since Eurozone crisis as sector falls 25% - Pg. 1

- ...investors lost faith in the region's lenders amid enduring low profitability, outdated business models, negative rates and Brexit
- ...now valued at about 0.6X their net assets, compared with ratios of 1.1 for the top six US banks and 1 for lenders on the MSCI Emerging Asia Banks index
- Few economists now expect that interest rates – a determinant of bank earnings – will rise above negative territory any time soon.
- Relative to the US banking industry, expenses remain stubbornly high. The average US bank makes a return on equity of 16%. In Europe returns come in at about half that....
- The most drastic fall has been at Deutsche Bank, which ends the year down 53%

China's middle class burnt by shadow banking market – Pg. 3

- Their losses absorbed by middle-class families in a nation famous for its diligent savers have taken a quiet financial and emotional toll
- About 169m Chinese, or about 12% of the population, have invested in wealth management products online, a rise of 66% from two years ago, ...essentially, they are putting money into the shadow banking system

Gender pay gap narrows slightly – Pg. 10

- UK gender pay gap reporting has resulted in only a tiny narrowing of the difference between what men and women are paid, ...
- All employers with 250 or more staff are required to report their gender pay gaps to the government
- Employers are required to report their mean and median gender pay gaps, bonus pay gaps and the proportion of men and women in each pay quartile and receiving a bonus

Answer: (1) Bigger standard deduction; (2) Medicare premiums; (3) Spousal IRA contribution; (4) Timing tax payments; (5) Tax-free profit from a vacation home; (6) Give money to your family; (7) Give money to charity

27 December 2018

Question: According to MSN: Money, what are sixteen (16) commonly missed tax deductions?

Chinese groups rush to list in US despite escalating trade tension – Pg. 1

- The US this year recorded the most initial public offerings for Chinese companies since 2010 in spite of a trade war between the two countries that threatened the cross-border flow of goods and upset financial markets
- The number of US IPOs by Chinese companies was well ahead of 17 in 2017 and the most since 39 listings in 2010
- Equities worldwide have had a punishing end to 2018 as concerns about the US-China trade war and global growth slowdown have prompted selling
- Retail sales in China grew at the slowest pace in 15 years in November, while factory output was the weakest in nearly three years
- Competition for Chinese deals is heating up. The Hong Kong stock exchange in 2018 changed listing standards to allow dual-class shares and opened the doors to biotech businesses that have yet to generate revenue

Trump presides over slowdown in business regulation – Pg. 2

- ...Trump has overseen a sharp slowdown in the pace of new business regulations in his first two years in office...
- ...passed less than half the number of economically significant rules that Barack Obama did in his first two years as president, and 25% less than George W Bush did over the same period
- His administration has also made some progress in taking rules off the books – one of the president’s main campaign pledges – with some studies suggesting it has surpassed Mr Trump’s target of eliminating two existing rules for every new one that comes in

Ecommerce puts warehouses back on the map – Pg. 10

- Rents for industrial real estate – a category that largely comprises warehouses – are rising at double-digit rates in more than a dozen US markets
- Vacancies are at historic lows and new investors are piling into the sector even as other parts of the property sector are softening
- In some ways, the warehouse boom is the flipside of a retail property market blighted by bankruptcies and store closures as shoppers move online. Demand is so intense that in some markets developers have taken the once-unheard-of step of tearing down office properties to convert them to warehouses
- ...companies are now seeking abundant warehouse space to their customers to manage an ever-growing volume of “last mile” deliveries that must be made on ever-tighter deadlines
- Developers built a record 9m sf of new warehouse space in the state in 2017 and will surpass that with 10m sf this year. Rents that averaged just \$5.10/sf in 2012 have since jumped to \$8.47/sf

Answer: (1) Job hunting expenses; (2) Pet moving costs; (3) Self-employment expenses; (4) Child and dependent care costs; (5) Smoking cessation costs; (6) Weight-loss expenses (Prof Note: Paying taxes is a thing of the past for me! ☺); (7) Charitable travel costs; (8) Breast surgery expenses; (9) Pregnancy test expenses; (10) Wig costs; (11) Sales and Income Taxes; (12) Student Loan Interest; (13) College tuition and training costs; (14) Energy-saving home improvements; (15) Mortgage points and remodeling costs; (16) Military reserve travel costs

24 December 2018

Question: According to MSN: Money, what are eight (8) surprising things nobody tells you about retirement?

For the UK homeless this Christmas will be cruel – Pg. 8

- Some 277,000 people overall are considered homeless, ...a figure that has risen 120% since 2010
- This includes those living in temporary accommodation, in hostels or sofa surfing in the houses of friends
- It is not only the unemployed, victims of violent abuse, drug addicts and people with mental health issues who are finding themselves without a roof over their heads. It is also people in work but earning wages that have not kept up with soaring rents
- The problem is at once structural and cyclical. Its roots lie in the 1980s, when the late prime minister Margaret Thatcher pushed the act through parliament that gave tenants the right to buy the municipal housing they rented – at a steep discount....the snag is that the amount the Treasury returned to local councils to restock the supply of housing has been eroding ever since
- The UK has now arrived at the perverse situation where the government will spend....1.1% of national income (on housing benefits)...most of this will go into the pockets of poorly regulated private landlords

The crisis of modern liberalism is down to market forces – Pg. 9

- Smaller companies pay more taxes relative to their income than large multinational corporations
- The economic policies that followed the financial crisis ended up widening income and wealth differences
- ...Margaret Thatcher's successful brand of entrepreneurial capitalism in the UK in the 1980s. Through privatization, she turned ordinary savers into shareholders. Through the sale of council houses, she turned tenants into property owners
- ...household income after housing costs stagnated for the 60% of households towards the bottom of the income distribution between 2002 and 2015
- The main constituency backing the Thatcher revolution in the 1980s was the C2s – the demographic classification for skilled working class people. Thatcher looked after the median household. Her successors first lost the middle classes, and then pretended to be shocked by events such as Brexit
- Any system that leaves behind 60% of households will eventually fail. It is the ultimate irony: liberalism is failing because of market forces

Answer: (1) Housing will remain your biggest expense; (2) Work will not end – it will simply change; (3) If you've never volunteered before, you won't start in retirement (Prof Note: I have always believed this....you are who you are); (4) Retirement can be lonely for single men; (5) Health issues likely will catch you by surprise; (6) As you grow older, you will feel younger; (7) Your early golden years might not gleam as you had hoped (Prof Note: As I discuss with older individuals, this is a true. However, I will also state

that for some, it is better than anticipated but this is a minority); (8) Initial disappointment will give way to later satisfaction

22 December 2018

Question: According to an article on MSN: Lifestyle, “I just turned 55 – and here are 10 life lessons I wish I’d learned a decade ago”, what are the lessons?

Minting money on the Orient Express – Pg. 6

- For the luxury goods companies, experience has emerged as the latest frontier in their battle to win over the hearts and wallets of the wealthy and aspirational
- The first official Orient Express left Paris on October 4, 1883, bound eastward for Constantinople via Munich, Vienna, Budapest and Belgrade

Loan fund withdrawals soar on fears over Fed rate policy and credit quality – Pg. 13

- The asset class had lured investors seeking to benefit as the Fed raised rates, but central bankers and agencies such as the IMF have warned credit quality has declined. Loans are typically to highly leveraged companies, such as those taken private in leveraged buyouts
- The retreat by investors from loan funds is part of the broad move out of risk assets that has characterized the final months of 2018
- Financials are highly sensitive to the trajectory of interest rates. Rising short-term interest rates, which raise their funding costs, and subdued long-term rates, which reflect the income they make from lending, are threatening to squeeze bank profitability

Answer: (1) Take time to pay attention to your health; (2) Be intimidating; (3) No more bad hair days; (4) Dream big and let yourself fail; (5) Take a vacation that has nothing to do with work or family; (6) You’re probably not going to strike it rich; (7) Do something you’re terrible at; (8) Wear great boots; (9) Do a favour you don’t want to do; (10) Say yes more than you say no

21 December 2018

Question: According to MSN: Money, what are five (5) hacks to prevent falling into credit card debt?

Japan considers quitting international whaling body – Pg. 3

- Japan is considering a withdrawal from the International Whaling Commission so it can resume commercial hunts, in a move that would mark a fresh breakdown in international co-operation
- ...IWC’s moratorium on commercial whaling, which has been in place since 1986
- Japan was infuriated in September when anti-whaling nations, including Australia and the US, along with the EU, rejected its proposal for reform of the IWC. The Japanese plan would have created a committed to set catch limits for “sustainable” whaling. Tokyo argues the IWC has departed from its original purpose of managing whale stocks and become solely about conservation
- Japan has used a clause in the IWC moratorium allowing it to conduct so-called “research hunts” in the Southern Ocean and then sell the resulting whale meat

- Norway and Iceland, which catch whales in defiance of the IWC moratorium, are founders of the North Atlantic Marine Mammal Commission, an alternative management body for whaling

Shares slide highlights Fed challenges – Pg. 3

- The resulting stock market slide – the S&P 500 dropped as much as 2.3%, marking the worst fall following a Fed rate rise since 1994 – will have come as unwelcome news to a central bank that has been unwitting contributor to volatility in recent months

Student finance distortions show what is awry with official figures – Pg. 13

- Six years ago, the UK's coalition government revolutionized student finance, shifting the burden of tuition costs dramatically from the state to the individual. Maximum tuition fees were tripled from 3,000 to 9,000 (sterling) and grants to universities were correspondingly cut
- There is no functioning market in degrees since it is almost impossible to know the quality of a course in advance. (Prof Note: Let us publish the balance sheets of finance professors! If one cannot build personal wealth, how can one possibly have the hubris to believe they can teach others?! Students could select professors with the largest personal balance sheets in finance rather than a list of degrees which, unless able to build, protect, and transfer personal wealth to other(s), are meaningless in finance!)
- ...galloping grade inflation has helped student rebellion
- With further education not having the same accounting advantages, it has faced savage cuts, forcing young people too often to choose unsuitable degree courses when a technical qualification would have been better

M&A dives in Q4 as corporate confidence ebbs – Pg. 18

- Dealmaking has decelerated rapidly from the record pace seen at the start of 2018,
- The slowdown follows a turbulent stretch across global stock markets
- Global M&A activity was driven by mega deals in 2018, as corporate boardrooms around the world made big bets in an effort to boost revenue growth and better compete against a new tide of digital disrupters across all industries

Answer: (1) Give yourself a 72-hour rule on big purchases and impulse buys; (2) Pay off charges right away; (3) Don't save your credit card info on shopping sites; (4) Find an alternative when you feel like shopping; (5) Don't finance expense with your credit card

20 December 2018

Question: According to MSN: Lifestyle, removing these 31 things from your life will make you happier and more successful?

Fed makes fourth rate rise of year but signals slower pace in 2019 – Pg. 1

- The US central bank lifted the target range for the federal funds rate by another quarter point to 2.25-2.5%....but it also pared back its forecasts for further increases and indicated that it is less certain about future moves

- ...it is less sure where rates will go next
- Core inflation has also remained tepid, at 1.8%, lessening the pressure for more rises
- The so-called dot plot of rates forecasts by Fed officials now shows two quarter-point increases in short-term rates in 2019, down from three in the prior forecast. Another single rate rise may follow in 2020...leaving the midpoint of the target range at 3.1% - the apparent peak of the rate-rising programme
- The central bank trimmed its forecasts for growth next year to 2.3% from 2.5%, while leaving its unemployment prediction for 2019 unchanged at 3.5%

Investors push for 2030 end to coal-fired generation – Pg. 11

- The world has already warmed by about 1C, largely due to emissions from the burning of fossil fuels. Investor pressure is growing on the energy sector to take responsibility for its contribution to climate change
- Big investors have stepped up their efforts in recent months, underpinned by the belief that institutional shareholders possess the greatest clout in pushing companies to change

Answer: (1) Comparing yourself to others (Prof Note: I do believe this can be healthy, to an extent. For example, professionally in terms of skills and education. Just needs to be done in a healthy manner.); (2) Creating unrealistic expectations of yourself (Prof Note: When I finally accepted I would never dunk a basketball, it was a relief! ☺); (3) Your social media obsession (Prof Note: Never understood this and I am NOT on Facebook); (4) Bad spending habits (Prof Note: I often think, “What am I really getting for this expenditure?!”); (5) Far of the unknown; (6) Living in the past; (7) Putting off a vacation (Prof Note: Travel, in my opinion, opens one’s mind and heart); (8) Your packed schedule (Prof Note: make time for the sunset(s). You only get so many in your life.); (9) Unhealthy relationships (Prof Note: This should be expanded to professional); (10) Waiting for the perfect moment; (11) The need to be in control of everything (Prof Note: I have recently begun working with several HIGHLY qualified and respected individuals in modelling. What has happened?! The pro formas constructed have taken a giant leap forward.); (12) Relying on others to make you feel happy and fulfilled; (13) Avoiding getting out of the house (Prof Note: Sun on one’s face is a happy feeling!); (14) You need to have the best things (Prof Note: Be blessed and happy with what you have. My broken iPhone with the cracked glass works just fine!); (15) Your hesitation to indulge (Prof Note: Sure, I’ll have that shot of vodka!); (16) Feeling sorry for yourself (Prof Note: I think self-reflection is healthy...just do not let it bog you down); (17) Fear of failure (Prof Note: A great skill is learning to get back up!); (18) Grudges (Prof Note: I have debates with my peers about this. I think grudges are healthy as some things, e.g. lying to students, are unforgiveable.); (19) Worrying what others think of you (Prof Note: I stopped cutting my hair when my second book was published to be the “crazy” author. I perceive that I am treated differently, in a good way, in general. People are more open to just starting conversations with me at random.); (20) Your disorganized lifestyle (Prof Note; I find that organization does breed happiness); (21) Controlling others (Prof Note: Embrace others and accept them for who they are. If in a professional setting, state your peace and seek your happiness!); (22) Jealousy (Prof Note: Respect and admiration are healthy. Find happiness in the success(es) of others); (23) Blaming others for your mistakes (Prof Note: Always take responsibility); (24) A yearning to fit in (Prof Note: This is one of the great things about Nevis. Basically everyone is a wack-a-doodle and everyone is embraced for their originality. Be yourself!); (25) Overanalyzing situations; (26) Friends who are not there for you (Prof Note: A close peer that was a Federal Guest of the prison system told me that one of the benefits of going to prison was it separated acquaintances from

true friends.); (27) Resisting change (Prof Note: I will admit that I resist, especially with technology. I still believe, I fear this will bite me in the future, Facebook is a fad!); (28) Being afraid to be yourself (Prof Note: Try talking to absolute strangers in retail establishments and when out. It is amazing the number of nice people that actually talk back. ☺); (29) Holding onto items you do not need (Prof Note: I am NOT getting rid of my sea containers!); (30) Avoiding your problems (Prof Note: I have been blessed with only a few MAJOR problems in my life. However, when they have occurred I ran directly at them, full steam. All were resolved to my benefit but only because I addressed them head on (and dedicated resources to their solutions)); (31) Worrying about missing out (Prof Note: Just because you were not at particular place, does not mean you cannot enjoy the stories about the experience told by friends and family!)

19 December 2018

Question: According to MSN: Money, what are the 15 most important assets for raising your net worth?

Trump raises pressure on Fed before rates decision – Pg. 3

- The Fed will announced its latest rates decision at 2pm Eastern time, and Jay Powell, the central bank's chairman, will discuss the reasoning at a press conference afterwards
- President Donald Trump has repeatedly implored the Fed not to lift rates. Yesterday, he warned it not to make a "mistake" as he cited a Wall Street Journal editorial arguing for a pause
- The US economy is expanding at a brisk 3.5% annualized pace, unemployment remains at its lowest levels since the 1960s at 3.7% and wage growth is accelerating. Dropping plans suddenly for a quarter-point increase could send a panicky signal to markets
- Core inflation has also remained tepid, at 1.8%
- Among other key factors to watch are Fed forecasts for the longer-term interest rate, which stood at a median estimate of 3% in September. If this edges down, it would be taken as a dovish signal, suggesting rates are closer to neutral than previously thought

Southern England's housing crisis – Pg. 8

- There is a shortage of affordable housing for people on lower incomes, particularly in London and the southeast. The Right to Buy policy in the 1980s, which allowed council tenants to purchase their own homes at discounts, reduced the number of properties available to lower-income tenants, and building has not kept pace with demand
- The most common cause of homelessness now, in Tunbridge Wells and nationally, is losing a private tenancy, either because people fall behind on the rent, or because the landlord sells the flat and they cannot afford anywhere

Answer: (1) Owning your primary residence; (2) Second home; (3) Retirement savings; (4) Education; (5) Rental real estate; (6) Health; (7) College savings; (8) Maintaining your home; (9) Investments; (10) Household items; (11) Private lending; (12) Collectibles; (13) Permanent life insurance; (14) Vehicle; (15) Income from an extra job

18 December 2018

Question: According to MSN: Money, what are 40 money habits that can leave you broke?

China economists dare to disagree with Xi's vision – Pg. 3

- Unlike the largely anonymous summer carping about Mr Xi's elimination of term limits in March, which positioned him to be president for life if he chooses, in recent weeks economists have argued publicly whether the president's rapid centralization of power over the past six years would enhance or construct the next phase of development
- Despite the most repressive political culminate in Beijing since the 1989 Tiananmen Square massacre put Deng's reforms on hold for three years, an increasing number of Chinese economists have dared to disagree openly with policies associated with Mr Xi
- Edmund Phelps, a Columbia professor and 2006 Nobel Prize winner for economics, added: "China needs broad innovation from ordinary people with the government can't help much with that"
- Such arguments have seemingly been bolstered by slower economic growth in China and Donald Trump's punitive tariffs on Chinese exports, which have depressed market sentiment and business confidence. As China's stock markets declined a further 8% over the past three months, falling share prices forced many private sector companies to sell shares pledged as collateral against state bank loans

UK's student funding is overdue radical reform – Pg. 8

- The aim of bringing more students into higher education, via loans repaid on future salaries, was sell intentioned. But the poor design of the system has resulted in rising costs and questionable outcomes from some graduates
- The office for National Statistics announced it will put the long-term costs of student loans on to the government's books. That means 12.3bn (sterling) will be added to the annual deficit – wiping out much of the Treasury's fiscal headroom and potentially breaching the chancellor's "fiscal mandate" to keep borrowing under 2%
- Student loans are higher as a percentage of the UK's GDP than in comparable countries, such as Australia
- The ONS will now separate the UK's loan book into two: loans that will be repaid will be counted as genuine government lending, while those to be written off will be counted as government spending. This clarity is welcome, if overdue

US financial stocks slide into bear territory as growth worries intensify – Pg. 17

- The S&P 500 financial sector index fell as much as 0.9% yesterday as volatile trading, leaving it down almost 21% from a late January peak
- Although the US economy has remained in robust shape, the bond market has already begun to anticipate a weaker picture for both growth and inflation. Central to banks' fortunes is the yield curve, which illustrates the differences between short-term and long-term borrowing costs
- The yield on the benchmark 10-year US government bond has fallen from 3.25% in early November to 2.87% while the drop in the yield on the two-year Treasury has been cushioned by expectations that the US Federal Reserve will tomorrow raise its official interest for a fourth time this year
- The gap between two-year and 10-year Treasury yields this month hit its narrowest since 2007

Answer: (1) Your App addiction (Prof Note: small dollars add to large dollars); (2) Not checking your credit report (Prof Note: Look what happens to mortgage rates with lower credit scores); (3) Having wine with dinner (Prof Note: a soft drink is often \$3.00); (4) Leasing your car (Prof Note: There are cases to lease but remember that equity is not being built); (5) Ignoring your 401(k) match (Prof Note: “Free” money); (6) Going out for lunch; (7) Using store credit cards; (8) Overdrawing your account; (9) Keeping your gym membership; (10) Accepting bad checks; (11) Not having health insurance, (12) Ditching your change; (13) Not checking in with your partner; (14) Smoking cigarettes; (15) Signing up for a Premium auto loan; (16) Falling for a bait-and-switch (Prof Note: A 50% sale still means one is spending!); (17) Not using a budget; (18) Making impulse purchases; (19) Carrying credit card debt; (20) Paying yourself last; (21) Drinking fancy coffee; (22) Not keeping an emergency fund; (23) Buying groceries without a list; (24) Not tracking ‘invisible’ expenses; (25) Letting FOMO get the better of you; (26) Paying for monthly subscription services; (27) Splitting lunch with a friend; (28) Not automating your payments (Prof Note: NOOOOO...pay all bills with checks on a set schedule. This way one does not lose track of expenses); (29) Keeping up with the Joneses; (30) Increasing your standard of living (Prof Note: Fight the creep!); (31) Window shopping; (32) Assuming life will always be like it is today; (33) Not keeping track of your cash flow; (34) Not asking for a raise; (35) Your brand loyalty; (36) Going to happy hour (Prof Note When I worked for Booz*Allen my boss came to me one day stating that it would help my career as a “Boozer” if I attended more social functions. I explained to him that while I was happy for the advice, on a \$35,00/year salary, a drink at a bar was at the cost of affording dinner. When he understood the consequences, he never mentioned again and apologized for being insensitive); (37) Using an out-of-network ATM; (38) Not planning for expected needs; (39) Neglecting maintenance; (40) Not allowing yourself some wiggle room

17 December 2018

Question: What is the most expensive zip code in the U.S.? Median Sales Price for a home? Median household income?

US credit markets dry up as rate rises and volatility rattle investors – Pg. 1

- US credit markets are grinding to a halt, with fund managers refusing to bankroll buyouts and investors shunning high-yield bond sales as rising interest rates and market volatility weight on sentiment
- Not a single company has borrowed money through the \$1.2tn US high-yield corporate bond market this month. If that drought persist, it would be the first month since November 2008 – when global credit markets froze up after the collapse of Lehman Brothers – that not a single high-yield bond priced in the market (Prof Note: This is profound...pay attention!)
- A prolonged period of low interest rates since the financial crisis a decade ago has seen companies binge on cheap debt
- As prices in loan market have fallen, banks that were committed to financing highly leveraged buyouts this year have struggled to find investors to back the deals

Wall Street banks to reduce bonuses as tough fourth quarter hits earnings – Pg. 13

-low single-digit increases to their bonus pools

- Investment bank revenues – including sales and trading and advising companies on deals and capital raising – for the top five US banks were up around 8% in the first half of the year, driven by booming equities markets. They rewarded banks with a 16% rise in equities trading revenues and a 20% increase in fees for advising clients on IPOs, ...

US retail shares face sharp sell-off – Pg. 14

- Shares in US retailers are on course for their biggest quarterly sell-off since the financial crisis, putting the sector at the sharp end of Wall Street's mounting concerns about the global economy and President Donald Trump's trade wars
- ...S&P's index of 95 leading listed retailers has dropped 17% so far this quarter
- Concerns include retailers being forced to shed stock at hefty discounts, in part because they have accelerated shipments through ports to avoid being subjected to higher tariffs, which the Trump administration has since put on hold
- The sell-off has erased all gains from earlier this year, when investors drove a rally in retail stocks on signs that a strong US economy and tax cuts were helping bricks and mortar companies deal with the online threat
- Weak economic data from Europe and Asia – figures on Friday showed retail sales in China grew at the slowest pace in 15 years in November – have added to fears about a global downturn
- Amazon shares have dropped 20% for the quarter so far, paring its market capitalization to \$778bn

Answer: 94301, Palo Alto, CA; Median Sales Price: \$3,750,000; Median Household Income: \$146,488

15 December 2018

Question: How many decades must one look back in U.S. history to find an unemployment rate near the current level?

China's woes spook global markets – Pg. 1

- A sharp slowdown in Chinese spending growth and manufacturing has added to the gathering gloom around the international economy, sending financial markets lower around the world at the prospect of global loss of momentum
- The US has remained the bright spot, with robust growth, but the Federal Reserve has sent signals it is rethinking its pace of rate rises as the faltering global economy weighs on US central bankers before next week's year-end meeting
- Markets were less optimistic, with an Asia-led global sell-off sending most big indices lower
- Chinese equities finished down 1.7% while Hong Kong's Hang Seng lost 1.6%
- China's exports have been resilient in the face of US tariffs but weak consumer spending and slowing construction are dragging on the economy

Investors in driving seat as banks flex muscles on leveraged loans – Pg. 11

- Wall Street banks are offloading leveraged loans at discounted prices and demanding that borrowers accept less advantageous terms as they move to protect themselves from rapidly weakening demand in a previously hot corner of the credit market

- The development reflects mounting concern from investors about the quality of loans used to finance private equity deals, following a series of warnings from central bankers this year
- The terms ultimately agreed give the banks the ability to increase the interest rate on the loan and tighten covenants, if needed to attract investors
- Banks can end up facing losses if they cannot sell the loans on the terms they have promised to borrowers
- ...\$1.3tn leveraged loan market

Amazon disrupts explanatory powers of closely watched US economy index – Pg. 11

- The Dow Jones Transportation Average, the less well-known sibling of the DJIA, includes railway operators, airlines and shipping companies whose fortunes are tied closely to economic activity
- The Transports index has fallen more than 9% since the start of December compared with between 3 and 4% for other equity market benchmarks. That is exactly the kind of divergence that gives support to bears, who worry about trade wars and see slowing global growth
- Stock in FedEx, which has the biggest weighting in the index, has lost more than 17% since the start of the month, in part due to concerns about Amazon Air, the ecommerce group's inhouse freight delivery service
- Unlike the S&P 500, an index that reflects the market capitalization of its members, the Dow Jones Transportation and Industrials indices are calculated on the basis of each member's share price, which means a company with a high share price exerts a big influence even if its market cap is small
- FedEx accounts for about a quarter of the month-to-date loss in the Transports index...

Answer: Five decades, i.e. 50 year low

14 December 2018

Question: According to MSN: Lifestyle, what are eight (8) things that happen when you stop drinking alcohol?

Draghi calls time on ECB's 2.6tn (euro) Eurozone stimulus experiment – Pg. 1

- Although the ECB has long signaled it would end new purchases this month, the move marked a milestone for the Eurozone, which will not be left to manage its economy with more traditional tools such as interest rate changes
- The US Federal Reserve, which has been steadily raising interest rates for the past two years, has sent strong signals it may need to slow down after another rate rise this month. The BoE remains in a holding pattern after raising rates twice in the past two year, amid fears that Britain's exit from EU might dent growth

US snubs IMF push to lift permanent reserves – Pg. 3

- The US has come out against an increase to the IMF's permanent reserves, dealing a blow to efforts by Christine Lagarde,to put the institution on a more stable financial footing

- While the US appears to have shut the door on an increase in the IMF's permanent reserves, it appears to have left it open when it comes to US backing for alternative funding mechanisms, such as a renewal of the borrowing facility that pools temporary contributions to the IMF from members
- The Trump administration's decision to shy away from a permanent boost to IMF resources reflects its aversion to multilateral institutions. While an increase for the IMF would have strengthened an institution that has for decades been synonymous with the US-led global economic order, it would have inevitably allowed emerging markets, including China, to wield greater influence within the organization, at a time of high tension between Washington and Beijing
- The US backed this year's IMF bailout of Argentina, the largest in its history, but has been more skeptical of interventions in countries that are big recipients of Chinese investment, like Pakistan

Warburg in China distressed property push – Pg. 15

- Rating agencies have warned that smaller, highly indebted Chinese developers are at risk from the current property slump, with prices in major cities stagnant or falling. Moody's forecasts that nationwide property sales volume will contract by 5% next year
- Foreign investors are cautiously returning to China's distressed debt, after mostly sitting on the sidelines for roughly a decade after the end of the wave of bad debt disposal that began in the late 1990s. Property is the collateral for a large share of distressed debt, meaning the success of such investments is closely tied to property prices

Leveraged loans lose their appeal as investors cut rate rise expectations – Pg. 19

- Investors are pulling away from bonds backed by riskier corporate loans, raising pressure on highly indebted companies that have enjoyed easy access to the \$1.3tn leveraged loan market
- Leveraged loan investments have grown popular because they pay a floating interest rate, positioning buyers to receive higher returns as the Federal Reserve tightens policy

Answer: (1) You'll sleep more soundly (Prof Note: More soundly than a blackout?); (2) You'll eat less at dinner; (3) You might crave sugar; (4) You'll start losing weight; (5) Your skin will clear up; (6) You'll have more money; (7) Your mood might take a hit; (8) Your cancer risk falls, but your heart disease risk might rise

13 December 2018

Question: According to MSN: Money, what are eleven (11) steps to retire at age 50?

Former Trump lawyer Cohen sentenced to 3 years in prison – Pg. 1

- Michael Cohen was sentenced to three years in prison yesterday after a federal judge determined he should face "considerable punishment" for crimes he committed at the direction of Donald Trump, his one-time client and patron
- ...Mr Cohen pleaded guilty, connected to paying hush money to two women who claim to have had affairs....

- “While Mr Cohen was taking steps to mitigate his criminal conduct by pleading guilty and volunteering useful information to prosecutors, that does not wipe the slate clean,” the judge said.
- Standing to address the court, his family seated behind him, Mr Cohen again pointed the finger at the president, saying he had been living “in personal and mental incarceration” ever since going to work for Mr Trump in 2007 (Prof Note: There is much to be said for a simple life. Ask yourself if your morals are “pushed”, “Is it worth it?”, “How much is your freedom worth to you?”)
- Mr Cohen noted the “heavy price” he had paid to turn against “the most powerful man in the world”
- Mr Cohen also admitted to lying to Congress about a Trump Tower project in Moscow

Slowing inflation data bolster Fed’s caution on rate rises – Pg. 4

- US inflation rose at its slowest pace in nine months in November as fuel and energy costs fell, in the latest sign that price pressures are easing after a surge earlier this year
- Headline consumer price growth slowed to 2.2% from a year earlier, ...that is down from the 2.5% recorded in October and in line with economists’ forecasts
- Lower energy costs – thanks to a 22% fall in global crude prices – helped keep a lid on price gains last month.
- Core inflation, which strips out volatile food and energy prices and is of greater interest to the Federal Reserve, edged up to 2.2% year-on-year in November, from 2.1% the previous month
- Fed funds futures are pricing in a 34% chance that the central bank does not touch interest rates next year

US homebuilder stocks under pressure as interest rates bite – Pg. 19

- Having returned more than 70% last year, the sector is down by 30% in 2018 and facing its worst year since the global financial crisis as a combination of higher mortgage rates and lofty home prices raise concerns for the housing market
- ...knocked over \$20bn off the sector’s market value this year
- Such has been the intensity of the sell-off that all 15 members of the S&P super-composite homebuilder index have at one point found themselves in a bear market this year. By contrast, the wider S&P 500 is about flat in 2018
- ...housing has been a weak link in an otherwise strong US economy underscores the impact successive rate rises from the Fed have had on the market’s outlook
- Housing starts and building permits in October were a seasonally adjusted 2.9% and 6% lower, respectively, from a year ago
- Signs of weakening demand came as housebuilders were also squeezed by rising material and labour costs
- The biggest test for the US housing market will come early next year when the key house-selling season kicks off around the time of the Super Bowl, which is set for February 3
- The biggest homebuilders, as a group, are trading at a price to book multiple of 1.3 times, which is round fair to cheap by historical standards, ...

Answer: (1) Start with how much you'll spend in retirement (Prof Note: Remember that once you stop earning passive income you are most likely tied to this level of spending ONLY); (2) Plan for the cost of health care; (3) Calculate how much you need to retire at 50 (Prof Note: While this article clearly means capital amount, what it should and must mean is passive income flow); (4) Save like your retirement depends on it; (5) Keep your expenses low (Prof Note: Do you really need that Starbucks?); (6) Be smart about taxes; (7) Increase your income (Prof Note: Also, diversify income streams); (8) Invest for growth; (9) Plan how you'll spend your time in retirement (Prof Note: This is important. Will expenses go down/up? Will you have expenses travel?); (10) Write your early-retirement plan down; (11) Choose your retirement year wisely (Prof Note: Most importantly, remember retirement is not a concept, it is not a year, it is NOT an age, it is an equation. When Passive Income \geq Active Expense one is retired!)

12 December 2018

Question: What is quantitatively middle class according to the Pew Research Center in terms of 2017 dollars?

China moves to cut US car tariffs in first sign of trade war détente – Pg. 1

- China has agreed to cut tariffs on imported US cars from 40% to 15%, the first concrete sign of a cooling in the trade war between the two largest economies...
- The Chinese concession kicks off talks that come as the US has stepped up the pressure, taking Beijing to task for intellectual property theft, forced technology transfer and complaints about traditional and cyber espionage

Rethink the purpose of the corporation – Pg. 9

- ...Milton Friedman's argument that the purpose of companies is only to make profits, subject to law and (minimal) regulation. Today, this is presented in the obligation to maximize shareholder value
- Profit is not itself a business purpose. Profit is a condition for – and result of – achieving a purpose
- ...legislators allowed incorporation of limited liability companies, they were not thinking of profits, but of the economic possibilities afforded by huge agglomerations of capital, effort and natural resources.
- ...the core theory of the firm is that of the late Ronald Coase, who argued that the market could be a less efficient way of organizing production than a hierarchical organization, because of transaction costs. This is another way of saying that markets are incomplete, especially where long-term commitments are concerned
- Shareholders are least committed, because, unlike employees, dedicated suppliers and the locations in which businesses operate, they can divest themselves of their engagement in the company in an instant. Shareholders are the least knowledgeable, because they are not engaged in the activity of the company

Why women who go to university are winning – Pg. 9

- A team of researchers commissioned by the UK government analyzed education and earnings records for more than a million young people to answer an important question: is it really worth going to university?

- They found that, for women, it is a no-brainer
- By the age of 29, women who went to university were earning 26% more on average than women from similar backgrounds who did equally well at school but did not go
- Only 1% of women took a university degree that had a negligible or negative impact on their pay
- The finding for men were very different. Their earnings were only 6% higher on average than people from similar backgrounds who chose not to go, and about a third of them took degree courses that turned out to have negligible monetary value
- Women who graduated from university are earning roughly 31,000 (sterling) on average by the age of 29, compared with 37,000 (sterling) for their male peers
- ...we know that women who do not go to university tend to have children earlier, and are about twice as likely to be working part-time in their late 20s. Simply put, university seems to take women down a different life-track
- For a class of 17-year-olds making choices today about what to do next, their gender matters, far more than many of us would like to think

Answer: \$40,224 - \$120,672

11 December 2018

Question: According to MSN: Money, what are nine (9) things no one tells you about Social Security?

India central bank governor quits after disputes over independence – Pg. 1

- The head of India's central bank abruptly resigned yesterday in the midst of a bruising battle with the prime minister over the institution's independence and the future direction of the country's financial sector
- Tensions between the RBI and Mr Modi have been building for months over the central bank's hawkish monetary policy, use of its mounting reserves and the tough measures taken to clean up bad loans at India's state-run banks
- India's rupee fell 1.8% against the dollar and analysts warned of a further sell-off unless the government moved quickly to restore faith in the central bank – particularly with three closely watched state elections scheduled for today see as dress rehearsals for next year's general elections

EU refuses to renegotiate Brexit accord – Pg. 2

- EU leaders have told Theresa May they "will not renegotiate" her Brexit deal but are prepared to offer assurances that would help convince the House of Commons to approve the exit treaty
- Negotiators are looking at options for a supplementary declaration from EU27 leaders, including a possible target date, to provide the "further assurances" that the UK prime Minister wants to allay "widespread and deep concern" in Westminster over the backstop plan to avoid a hard border with Ireland

Britain can unilaterally cancel divorce, says bloc's highest court – Pg. 2

- Britain is free to cancel its notification to leave the EU without the consent of other EU states,...
- In one of the most rapid decisions in its 66-year history, the Luxembourg court confirmed that the Article 50 exit clause can be “unilaterally revoked”, allowing a country to reverse its decision to leave the EU during the two-year period for negotiations
- “A member state cannot be forced to leave the European Union against its will”, a summary of the ruling said
- ...the judges did note that a decision to revoke Article 50 should be “unequivocal and unconditional”, suggesting the rescission cannot be used as a tactic in a negotiation about membership terms
- The ruling will mean the British parliament could prevent a no-deal Brexit by ordering the government to revoke Article 50
- The judges said the revocation would be a “sovereign decision” to end the Article 50 process and would leave the member state’s status within the EU unchanged, since they were “neither suspended nor altered by that notification”

Turkey recession on horizon as growth slows – Pg. 3

- Turkish economic growth cooled dramatically in the third quarter after a current crisis fueled record inflation rates and curbed consumer demand, raising the spectre of the country slipping into recession
- The country’s GDP expanded an annual 1.6% between July and September, its slowest rate since 2016, when a bungled military coup hit economic activity
- The construction sector, which makes up as much as a tenth of the economy, contracted 5.3%, and household consumption slumped to only 1.1% growth, compared with 6.4% the previous quarter, ...
- ...inflation remains above 20% and the government could resume stimulus spending ahead of nationwide municipal elections in March
- The central bank lifted its benchmark rate to 24% in September in its biggest single rise in 15 years, helping the lira recover from a record low in August, ...
- Households are feeling the pain of inflation that peaked at 25% in October, driven by price rises in essential items such as food and housing...

Men are still winning 75% of new jobs in boardroom, research finds – Pg. 14

- France had the highest proportion of women on boards, at 42%, compared with less than 6% in Japan, Hungary, Saudi Arabia, South Korea and the UAE
- In the US, the percentage of female directors has risen just 3.2% since 2012. Meanwhile, women make up less than 4% of chief executives, including Norway, Germany and Canada, there were no female CEOs (Prof Note: The best Boss I have had in my career (and I have had many great ones (crappy ones too)) was a woman, Dale R, in construction, Clark Construction. One of my many favourite stories about her was my resignation. I tendered my letter to her personally, she put her pen down and read the letter and asked of my new opportunity. She said, “Roger, as you are aware, we will make extreme attempts to keep great employees and prefer they not leave. We are NOT going to do that in your case!” I stood there and I believe I said something like, “Thank you Dale. Not sure there was a need to say that but I understand the implications.” Then she said with a rare smile, “Roger, it is

not that you are not worth the efforts. It is that we have nothing better to offer you and you need to accept the offer.” (I was leaving to be Managing Director Commodities at Constellation). Then she said, “May I offer one piece of advice?” I said, “Yes, of course.” Then she said, “Take the blame for everything and give all the credit to others.” Dale R was just that type of person!)

BNP Paribas given panda bond license in show of openness by Chinese regulators – Pg. 19

- BNP Paribas received a license to underwrite bond sales by foreign companies in China,
- BNP is the third locally incorporated foreign bank in China to receive a license to underwrite so-called panda bonds,no US bank has yet achieved such a license
- Market participants expected that panda bonds would gradually replace dim sum bonds – the term for notes issues in Hong Kong’s offshore renminbi market – as a primary tool for foreign companies to sell renminbi-denominated debt
- Issuers include the government of Hungary, Malaysian lender Maybank, the Canadian province British Columbia and the government of the Philippines
- Beyond panda bonds, foreign banks have long sought licenses allowing them to underwrite debt by Chinese issuers
- But in China’s fragmented bond market – where different agencies regulate different categories of debt – no single licence enables a bank to underwrite all types of debt
- China is seeking to expand foreign participation in its onshore bond market as investors as well as issuers. A bond connect programme launched last year allowed foreigners to buy mainland bonds through Hong Kong brokers

Answer: (1) You can get a do-over if you file too early; (2) You can collect benefits even if you never worked; (3) Your benefits might be subject to federal taxes; (4) Your home state might tax your benefits; (5) If you’re self-employed, your payroll taxes are doubled; (6) You can collect benefits even when living outside the U.S.; (7) The programme cannot go broke; (8) Your benefits will not become available the moment you file; (9) It is designed to pay the same total lifetime benefit regardless of when you first file

10 December 2018

Question: A peer of mine has a 14 year old daughter. He recently viewed her google history (Prof Note: I did not ask why there was a need or how he was able to access the history). What did he find?

‘Outright recession probable’ in event of disruptive no-deal – Pg. 3

- The UK would struggle to avoid a recession next year if it crashes out of the EU, but the severity of any downturn would depend on choices in Brussels that could ease the fallout...
- ...”disorderly” Brexit scenario outlined last month by the BoE, in which the UK economy would shrink 8% in 2019 and interest rates would rise to 5% to protect sterling and guard against rampant inflation
- ...estimated a disruptive no-deal Brexit – where the UK and the EU do not co-operate – could knock 3% off Britain’s national income by 2020 “with an outright recession probably”
- ...”managed” no-deal scenario – where the two sides seek to minimize disruption in key areas, for example by agreeing arrangements to enable flights between Britain and mainland

Europe – would only involve a pause in economic growth next year and a 1% hit to GDP by 2020

US expected to slow as Asia and Europe falter – Pg. 4

- The US is likely to feel the effects of sharply slowing growth elsewhere in the world, ...in response to signs of a loss of momentum in a broadening range of economies
- ...not expecting a recession in the US, but he expects growth to progressively slow in 2019 and 2020 as the effect of tax cuts and spending increases diminishes
- Worries about declining growth in Asia and Europe have started to bear upon the US policy outlook, as the Federal Reserve prepares for a likely increase in short-term interest rates this month. Although the US unemployment rate is hovering at its lowest level since the 1960s, gauges of manufacturing growth drifted lower in November in countries including Germany, France, Italy, Japan and South Korea – while in China measures of export orders have started to contract
- ...swelling “downside” risks to the largely positive US performance. Among them are the overseas deceleration, turbulent financial markets, and continued fears over the trade war between the US and China

Should the US rein in share buybacks and put an end to the spending spree? – Pg. 11

- US corporations are on a spending spree: they are on track to shell out more than \$1tn on stock buybacks this year. This practice is holding companies, workers and our economy back, and it is time for the SEC to adopt new policies to curb buybacks
- Stock buybacks allow a company to repurchase its own equity on the open market, which has the effect of driving up share prices...it may sound harmless, but the practice enriches executives and those who sell their shares at the expense of the company and our economy
- When companies spend their money on buybacks, that means they are not using it to lower prices for customers, increase wages for workers, or invest in new equipment and innovation (Prof Note: I thought the goal of a company was to increase shareholder value?! Hmmm...I'm confused....)
- Buybacks particularly benefit top corporate leaders, who control the timing of share purchases and can personally profit from buying and selling shares as the stock price rises (Prof Note: In B-school this is referenced under “Agency effect” and is not new...hence vesting...)
- Economists also argue that companies buy back stock only when they have no better use for their capital. This ignores the reality that many companies would benefit from retaining a financial cushion for when inevitable economic downturns strike (Prof Note: I thought this was the purpose of pre-negotiated credit lines which have less expense than holding cash?!)
- The enthusiasm for buybacks also ignores the employees who work hard to create corporate wealth (Prof Note: WHAT???) I thought an employee's salary was compensation for doing their job?! I remember when I had my first year review at Clark Construction. I met with the CFO and had my spreadsheets of quantifiable and provable results to the company. After listening to me, and agreeing with me, she put her hand across the table and said, “And Roger, this is why we would like to invite you back for another year of employment.” I was completely disarmed! The point, I had done my job, I had earned my salary. There was no expectations/promises beyond that. (Note: I LOVED my time at Clark Construction and

learned a lot about business. I consider my position at Clark to be my “break out” role from Analyst to Executive. I am a proud Clark Alumni!))

- The rise of stock buybacks can be traced to an SEC provision known as rule 10b-18, or the “safe harbor” rule. This 1982 rule shields companies buying back their own stock from liability for share price moves, provided they meet certain conditions about the timing and volume of the purchases.

Fewer than 5% of Europe and US CEOs are female – Pg. 18

- ...women held 4.9% of the top roles across 13 countries, with female representation in the chief executive position ranging from 6.9% in the US to zero in Denmark and Italy
- Women’s low representation in leadership roles has attracted growing attention from policymakers, with some countries setting targets to increase their share of female directors

Answer: “What percentage of your paychecks goes to taxes in Maryland?” His daughter wants a car and is starting the calculations to earn one!

8 December 2018

Question: What are the top nine (9) tax deductions for the average American?

Opec output cut defies White House – Pg. 1

- Opec and its oil-producing allies have agreed to cut production by 1.2m barrels a day, defying Donald Trump’s calls to keep output high and sending crude prices rocketing 5% higher
- Opec delegates said the deal was aimed at damping concern over supply glut that has pushed prices 30% lower in the past two months
- One delegate said the 1.2m b/d cut would be split 800,000 b/d for Opec members and 400,000 for countries outside the cartel, including Russia, which have allied with Opec since 2016

US wage growth points to further rate rise – Pg. 3

- US wage growth held firm in November even as hiring dipped, offering evidence the labour market remains robust enough to justify at least one more rise in short-term interest rates by the Federal Reserve this month
- Year-on-Year wage growth was unchanged at 3.1%, equal to the quickest pace since April 2009...
- The US economy remains on a solid footing as companies continue hiring, amid worries over trade relationships with China and a slowing housing market. Traders are expecting a further quarter-point rate rise from the Fed on December 19, which would be the ninth increase in the current cycle
- Monthly payroll gains averaged 212,500 during the first 10 months of the year, the latest figures showed, faster than the 182,000 logged in 2017. Hiring remains strong enough to keep the unemployment rate steady at 3.7%, the lowest level since 1969

- Treasury yields, which move inversely to price, whipsawed. Yield on the benchmark 10-year note initially dropped 2bps to 2.88% but quickly recovered to trade 3bp higher at 2.90%

Bullish US business leaders lose some of their confidence – Pg. 10

- Business confidence in the US has suffered another fall from the record highs it hit at the start of 2018, as Donald Trump's tariff-heavy trade agenda weighs on chief executives' outlook for their companies' sales, investments and hiring plans
- The tax cut turbocharged profits, helping S&P 500 companies report average earnings growth of 28% for their latest quarter, and funded marked increases in capital expenditures, dividends and, most notably, share repurchases

Answer: (9) State and local general sales tax deductions; (8) Charitable Contributions Deductions; (7) Total Standard Deduction; (6) Miscellaneous Deductions after 2% AGI limitation; (5) Interest Paid on Investment Deductions; (4) Medical and Dental expenses after AGI limitation; (3) State and Local Income Tax Deductions; (2) Gambling losses and other unlimited miscellaneous deductions; (1) Casualty and Theft losses deductions

7 December 2018

Question: According to MSN: Lifestyle, what are five (5) holiday nightmares that can break the bank?

Oil prices slide as Opec and its allies struggle to settle on production cuts – Pg. 1

- Oil prices fell as much as 5% yesterday after Saudi Arabia's energy minister said he was "not confident" that a deal to cut crude production could be achieved between Opec and its allies
- Benchmark crude prices have plummeted 30% in the past two months as global supplies have started to outstrip demand, dropping from more than \$86 a barrel in early October to near \$58 a barrel yesterday

Investors cancel US rate rise bets – Pg. 2

- Crumbling hopes for a US trade reproachment with China and worries about sluggish global growth prompted investors to slash their bets on Federal Reserve rate rises yesterday
- Fed funds futures, derivatives contracts that investors use to wager interest rates, show traders still expect the central bank will raise rates this month, but are growing less certain. They are also increasingly skeptical that the Fed will keep raising rates in 2019. The Fed's current overnight rate target is now between 2 and 2.25%
- The market is pricing in only a 63% chance that the Fed raises rates this month – down from over 80% in mid-September.
- ...Fed funds futures are pricing in a nearly 40% chance that the central bank does not touch interest rates again next year, and a 33% possibility it lifts rates only once. Markets are pricing in a mere 2% chance the Fed raises rates by the three times it indicated in September
- The shift in sentiment comes despite strong data on the domestic US economy, including buoyant figures for the services sector

Yield curve offers clues to chances of a recession – Pg. 21

- The yield curve is created by plotting US government bond yields of different maturities on a single graph with the Federal Reserve's overnight interest rate at one end and the 30-year "long" Treasury bond at the other
- Typically, it should cost less to borrow money for one day than one year or a decade and 30 years should be the priciest. This is, in part, because a lot of things can happen to an investment over time – such as inflation that would erode the fixed returns of a bond – which means investors tend to want compensation for taking on that risk
- Therefore, shorter dated Treasury bonds, which are inclined to hew closely to the Fed's interest rates, usually have a lower yield than longer dated ones
- That means the shape of the yield curve tends to slope upwards on a chart over time, from left to right
- If there is a big difference between short- and long-term Treasury yields – that is, if there is a steep upward curve- then it suggests that investors expect inflation and interest rates to rise markedly in the future. The curve can be particularly steep as the US economy is pulling out of a recession
- But as that difference declines – as the curve flattens, as it is doing now – it indicates that investors expect slower inflation and more tepid economic growth in the future
- A yield curve inversion has preceded every recession in the US since the second world war
- The most powerful indicator is the difference between two-year and 10-year Treasury yields. At its post-2008 financial crisis peak, that difference, or spread, was above 290 bps, as the economy pulled out of recession
- US economic growth in the third quarter was strong. Unemployment and wage growth data are still broadly positive
- ...an inverted yield curve is a warning sign precisely because it tells investors about expectations for the future and not necessarily about the state of things right now.
- There are concerns that the economic sugar rush provided by tax cuts this year will soon wear off
- Since 1980, the average time lag between the yield curve inverting and the economy falling into recession is 21 months,and it can take almost three years...
- ...there has been one occasion where the curve has inverted and a recession has not occurred – in the mid-1960s
- Some analysts and Federal Reserve officials, as well as the US central bank's former chairman Ben Bernanke, have also argued that the world is much different now to when the yield curve inverted before the last financial crisis and as such the indicator may not be as reliable

Answer: (1) Your home catches on fire; (2) A guest hurts themselves in your home; (3) Your flight or cruise gets canceled; (4) Your holiday shopping is stolen; (5) Credit card fraud or ID theft

6 December 2018

Answer: According to MSN: Lifestyle, what are nine (9) foolish mistakes that will ruin your next airplane flight?

US and China bolster trade truce message in bid to soothe markets – Pg. 1

- Beijing and Washington yesterday sought to reassure shaken markets that their trade ceasefire could lead to a lasting peace after a global sell-off exposed widespread investor fears that a G20 deal lacked any substantive agreement
- Beijing has insisted it is moving to liberalize its foreign investment rules and crack down on intellectual property theft

Flexibility takes global jobless rate to lowest since 1980 – Pg. 4

- Global unemployment has fallen to its lowest level in almost 40 years, a breakthrough economists attribute to changes including more flexible working practices, lower wages and rock-bottom interest rates
- The worldwide unemployment rate has dropped from 8% of the workforce in 2010 to 5.2% in September, the lowest level since 5% in 1980...
- The survey covered 48 developed and emerging economies which between them account for about 84% of global output
- The IMF has also forecast that the unemployment rate in advanced economies will fall to 5.2% this year, the lowest level since the 1970s
- In only a handful of countries – Greece, Italy, Spain and South Africa – was unemployment more than 2% higher than pre-crisis level of December 2007

Tariff and rate tightening fears return to haunt investors – Pg. 21

- The market reprieve triggered by the US Federal Reserve's perceived dovish turn on rate rises and a tentative Sino-American entente on trade has proven short-lived, setting investors up for a nail-biting end to an already stressful year
- Last week, the US stock market had its best weekly performance since 2011. But the S&P 500 on Tuesday suffered one of its biggest one-day declines of recent years, sliding more than 3% in an unnerving and accelerating sell-off
- Two of the primary bugbears that have plagued financial markets this year remain: fears over rising interest rates and concerns over trade
- The difference between two- and 10-year Treasury yields dropped into single digits for the first time in more than a decade on Tuesday. This is one measure of the US yield curve – the line created by plotting all the interest rates for ascending maturity Treasuries on a graph
- Futures suggest one more increase in 2019 could bring the climb in US interest rates to its summit
- Tomorrow's data on US employment and wage growth will be the next test....

Answer: (1) Failing to dress for the occasion; (2) Not staying hydrated; (3) Not preparing to entertain yourself; (4) Overlooking your airline choices; (5) Forgetting to pack sleep aids; (6) Sitting for too long; (7) Not picking your seats early; (8) Refusing to upgrade; (9) Packing too much

5 December 2018

Question: According to MSN: Money, what are nine (9) IRS audit red flags for retirees?

Opec Meeting – Pg. 7

- The shaleboom has not only transformed rundown towns deep in the west Texas desert; it is increasingly reshaping the landscape of international politics. The emergence of the US as a born-again energy superpower – one of the key factors in the recent fall in oil prices – has led politicians in Washington to weigh how that might reshape some of the country’s oldest alliances, raising uncomfortable questions for the oil producers in the Middle East
- ...how to respond to the 30% fall in oil prices over the past two months to around \$60 a barrel
- Lower oil prices mean cheaper petrol, providing a boost for consumers
- The stakes for Saudi Arabia are higher than just a single decision on output. Its alliance with the US has long been underpinned by oil supplies, with the resultant petrodollars recycled back into the American economy through the purchase of military hardware
- The shale boom is eroding the foundations of one of the pillars of the alliance. US net oil imports, which peaked at about 13m b/d in 2005, have dropped to about 2.4m b/d this year. By the end of next year, they could be running at just 330,000 b/d...
- Legislation that would allow the US to impose criminal penalties on members of Opec and their allies for acting as a cartel has also been making progress. For Saudi Arabia, which has extensive assets in the US including the largest refinery in North America, that legislation is a genuine threat

Flattening yield curve stirs recession fears as traders prepare for Fed chair to react – Pg. 19

- A widely followed bond market barometer of economic sentiment stirred fears of slowing economic growth yesterday as traders braced for the Federal Reserve raising interest rates at its forthcoming meeting this month
- The yield curve – which reflects the difference between shorter- and longer-term US borrowing rates – fell to an 11-year low. When short-term bond yields rise above long-term ones, it is seen by some investors as an indicator that monetary policy is too tight
- The difference between two- and 10-year Treasury yields fell to below 12 bps yesterday, its lowest level since June 2007
- Other measures are also showing warning signs. The spread between three-month and 10-year yields fell more than 10bp yesterday to just 52bp, and the difference between five- and 30-year yields dropped back to below 40bp, having edged higher in recent weeks

Answer: (1) Making a lot of money; (2) Failing to report all taxable income; (3) Taking higher-than-average deductions; (4) Claiming large charitable deductions; (5) Not taking required minimum distributions; (6) Claiming rental losses; (7) Failing to report gambling winnings or claiming big losses; (8) Writing off a loss for a hobby; (9) Neglecting to report a foreign bank account

4 December 2018

Question: According to MSN: Money, what are 10 brilliant ways to reduce your taxes in retirement?

Mnuchin warns Beijing on truce pledges – Pg. 4

- ...warned China to avoid “soft commitments” in a new round of trade talks expected to follow a ceasefire deal reached at the weekend...

- According to the agreement that hit the pause button on the months-long trade war between Washington and Beijing, Mr Trump agreed not to ratchet up tariffs on \$200bn of Chinese imports from 10% to 25% on January 1, as planned.
- In exchange, China agreed to buy US goods to narrow the trade gap between the countries and move ahead with structural changes to its economy to address practices such as intellectual property theft and the forced transfer of technology that the US regards as unfair
- Apart from its main demands, the US has also pressed China to refrain from competitive devaluation of its currency to offset the impact of the tariffs

Dallas Fed chief urges caution on further interest rate rises – Pg. 4

- ...seeing signs of weakness in sectors sensitive to higher interest rates, such as housing, as well as more sluggish growth readings overseas and tepid US inflation data. ...predicted expansion would decelerate over the next two years following a strong performance in 2018
- The boost from higher public spending may have been “masking” some of the effects on the economy from the Fed’s eight quarter-point increases in short-term rates, as well as its balance sheet reduction programme...
- The US monetary policy outlook is becoming murkier as official interest rates get closer to neutral levels that neither stimulate the economy nor hold it back, as the expansion loses some of its shine
- ...possible “downside risks” included the waning impulse from fiscal stimulus, the effects of past rate rises, signs of weakness in the housing sector, decelerating global growth, and the impact of tariffs and trade tensions

Answer: (1) Pick your retirement state carefully; (2) Contribute to or Convert to Roth accounts; (3) Roll over from a traditional IRA to an HAS; (4) Withdraw extra from tax-deferred accounts in low-income years; (5) Make charitable contributions from RMDs; (6) Invest in tax-free bonds; (7) Strategically withdraw from Roth accounts; (8) Harvest Capital losses in High-Income years; (9) Bunch itemized deductions; (10) Cut your expenses

3 December 2018

Question: According to MSN: Money, what are 4 retirement mistakes to avoid in 2019?

Factory demise symbolizes rot at core of Russian manufacturing – Pg. 3

- ...Russia’s \$1.7tn economy, which is crippled by chronic under-investment, long-delayed reforms, widescale state ownership and western sanctions that are slowly squeezing its banking sector
- Expected GDP growth of about 1.7% this year would be far worse without strong oil and gas revenues, suggesting other sectors are stagnant or in retreat
- Real disposable incomes have fallen each year since 2014 and were 11% lower at the end of 2017 compared with four years earlier, ...
- Strong crude prices have largely meant western sanctions against Moscow, levied after the 2014 annexation of Crimea, have failed to paralyse Russia as much as proponents had hoped

Fed eyes murkier messaging after next rate rise – Pg. 5

- ...probably increase on December 19, is how much further they will need to go given tepid inflation and a widening array of risks
- The Fed could, as soon as its next meeting, ditch now familiar guidance telling traders that further “gradual” increases in rates lie ahead
- The move by the Fed away from explicit guidance and towards a more “data dependent” approach has long been in the works. The Fed has already dropped assurances that policy will remain “accommodative”

Inflation indices should add house prices to prevent bubbles – Pg. 9

- Both in 1990s dot-com equity bubble and the 2000s housing bubble saw large, persistent increases in asset prices. And each time, the economic tipping point came from sharp falls in asset prices and the abrupt changes in balance sheets on spending and investment decisions
- This means the Federal Reserve must elevate the goal of maintaining financial stability to a more equal position alongside full employment and stable prices
- ...government statisticians should create a broad transaction-based price index, which would include house prices and serve as a complementary indicator to gauge economy-wide inflation.
- The original consumer price index included house prices. But they were removed in 1983 and replaced with “non-market rents” – an estimate of how much owners could charge to let their homes. Then in 1998, all links to the actual real estate market were severed when we stopped sampling homeowners about rents
- The traditional consumer price index is a hybrid price series that includes both market prices and non-market prices. Within it, the non-market rent component creates two problems: first it is nearly one-quarter of the overall index and therefore it can create the illusion of general price stability, and second, the rent estimate misses important price signals from the real estate market (which have become increasingly correlated with equity prices)
- Accurate measurement of inflation is critical for any central bank whose mandate is to maintain financial stability
- The hallmark of successful monetary policy will always be seen in securing stable inflation rates, but each generation of central bankers must adapt to changes in the economy and finance. Given the increasing role of asset prices, a new challenge will also be acting in a pre-emptive way to prevent bubbles
-three of their mandates: full employment, price stability, and financial stability

Dollar debt sales at lowest in two years – Pg. 12

- The amount of US dollar-denominated debt sold by companies and banks has hit its lowest level in two-and-a-half years as the impact of the currency’s appreciation ripples through the bond markets
- Investors have previously benefited from the favourable arbitrage available by swapping the dollar back into other currencies but the greenback’s strengthening over the course of this year has eroded its relative attractiveness, undermining bond sellers’ incentive to price in dollars
- As a proportion of global issuance in all currencies, dollar-denominated bond sales fell to 45% in the six months to October, down from a high of 53% in February

- Sales of the riskiest type of investment grade debt have dropped sharply as investors' concerns over corporate bond market risks rise

Answer: (1) Not following a budget; (2) Forgetting about taxes; (3) Neglecting your retirement plan; (4) Not taking your RMDs (Required Minimum distributions)

1 December 2018

Question: According to MSN: Lifestyle, what are the top 10 causes of death in American (#'s based on 2017)?

Credit markets set for worst year since 2008 as investors shed corporate debt – Pg. 1

- Investors pulled more than \$5bn from funds investing in corporate bonds in the past week, as the credit market heads for its worst year since the financial crisis a decade ago and concerns mount over the outlook for 2019
- Rising US interest rates, the Federal Reserve shrinking its balance sheet and the ECB ending its bond-buying programme have stirred worries over a new era of “quantitative tightening” that might rattle financial markets
- Corporate debt has emerged as one of the focal concerns...
- US corporate bond yields have been climbing steadily this year, to an eight-year high of 4.36% on Thursday. That has inflicted a 3.9% loss on investors so far in 2018, putting it on track for the worst year since 2008
- Corporate debt as a percentage of US GDP is at a record high...

Fed considers adjustment to keep interest rates on track – Pg. 4

- The US Federal Reserve is preparing the ground for a further tweak to interest rates to ensure it keeps borrowing costs exactly where it wants them – with the change potentially set to happen before its next formal policy meeting
- ...considering a “technical adjustment” to one of the rates that the central bank uses to ensure the federal funds rate remains well within the target range it wants, currently 2% to 2.25%
- The potential change to interest on excess reserves or IOER, would follow a move the Fed made back in June, when it raised it by 20bps, rather than the normal 25bps
- An alternative would be to go back to a system similar to the pre-crisis one, in which a relatively scarce quantity of reserves is held by the banks and the central bank conducts frequent interventions to hold official rates close to its target

Treasuries catch little relief despite dovish Fed – Pg. 11

- Federal Reserve Chairman Jay Powell's more dovish stance helped buoy stocks this week and briefly tipped the 10-year US Treasury yield below the 3% mark for the first time since mid-September
- One of the most notable aspects of the “Red October” sell-off that has continued to echo and fray nerves in November is the lack of a strong rally in Treasuries, the traditional haven asset for investors

- Despite US equities erasing the last of their 2018 gains, the 10-year Treasury yield – the most widely watched interest rate in the global economy – has only grudgingly dipped lower
- The Fed is still widely expected to lift interest rates again later in December...

Answer: (1) Suicide (47,173); (2) Kidney disease (60,633); (3) Influenza and Pneumonia (55,672); (4) Diabetes (83,564); (5) Alzheimer’s Disease (121,404); (6) Stroke (146,383); (7) Chronic Lower Respiratory Diseases (160,201); (8) Accidents/Unintentional Injuries (169,936); (9) Cancer (599,108); (10) Heart Disease (647,457)

30 November 2018

Question: According to MSN, Lifestyle, what are 17 surprising signs your hair will go gray?

Deutsche Bank raided by police probing dirty money allegations – Pg. 1

- ...broad criminal investigation into alleged money laundering
- ...carried out in the bank’s wealth management division...
- The investigation was triggered by documents published in 2013 and 2016 as part of the so-called Panama Papers and “offshore leaks” disclosures, where millions of records detailing use of tax havens to shield wealth were passed to a consortium of journalists

Trump’s former lawyer admits lying – Pg. 2

- ...pleaded guilty yesterday to lying about the work he did for the US president on a Moscow real estate deal...
- (Prof Note: It is never worth it. Prosecutors must get lucky one day to find the guilty, the guilty must get lucky every day that the prosecutors do not find them.)

Australia’s central bank hit by scandal – Pg. 4

- The Reserve Bank of Australia has admitted that two subsidiaries were fined a record A\$22m in 2012 for offering bribes to foreign officials in a decade-long scandal that was the subject of court suppression orders until this week
- Charges linked to the scandal involved conspiracies to bribe officials in Malaysia, Indonesia, Nepal and Vietnam between 1999 and September 2004

Federal Reserve attack is just a distraction – Pg. 9

- When the Fed chair modified his tone – fractionally – on policy, noting that rates were “just below” levels that would be neutral for growth and inflation, the stock markets soared as investors concluded that he was changing course after Mr Trump’s broadside
- ...Fed officials had been saying for a couple of weeks that they find it very hard right now to see where the “neutral rate” should be, and thus how much further rates should rise
- ...risky corporate debt has surged and “highly leveraged borrowers would surely face distress if the economy turned down”. Another was the raging debate about how fast the Fed should reduce its balance sheet. This is receiving little or no public attention...
- Investors should also consider the relative silence around the fact that the US deficit is nearly the \$1tn mark for the first time in history and recent signs that that the US recovery is

softening. Consumer confidence and house sales have declined and US farmers are suffering as soybeans rot in silos, amid the trade war with China

US dividends trail rest of world despite tax cuts – Pg. 12

- Stripping out special dividends and currency swings, payouts rose by an underlying 7.3% in the third quarter of 2018, ...
- The \$120bn returned to shareholders in the period set a record, but the underlying growth rate was lower compared with a global pace of 9.2%, and far behind the 28.2% rise in US earnings...
- Companies have used the largest share of the windfalls from the tax reforms to buy back their own shares.
- Buybacks...increase earnings per share, allow companies to smooth volatility in their stock and send a message that boards think their stock is undervalued...
- US groups also favour buybacks because of their tax treatment: investors pay taxes on dividends in the year they receive them but can defer paying taxes on share gains until they sell

Answer: (1) You're a natural redhead (Prof Note: My hair remains Auburn...War Eagle!); (2) You are Caucasian; (3) You have had chemotherapy; (4) You are constantly stressed; (5) You smoke; (6) You are missing key nutrients in your diet; (7) You have diabetes, pernicious anemia, or thyroid problems; (8) You are failing to care for your scalp; (9) Your parents went gray early; (10) You have vitiligo; (11) You have alopecia areata; (12) You shed hair often (Prof Note: I still remember my freshman year roommate. My date had long blond hair and she was always brushing it (I mean CONSTANTLY). My roommate would then take the hair from my brush, after she left, and put it in an envelope. He would, this is NO joke, take it out when he wore a dark shirt or jacket and throw it on his shoulder. I will admit I thought it a novel idea.); (13) You have heart disease; (14) You are over the age of 50; (15) Your hair is more coarse than before; (16) You have experienced trauma; (17) You spend too much time in the sun)

29 November 2018

Question: What percentage of Americans carry credit card debt from one month to the next?

Powell sparks rally as investors detect signs of slowing rate rises – Pg. 1

- The Federal Reserve chair declared US interest rates were closing in on “neutral” levels, triggering a stock market rally as investors interpreted the comments as a sign the central bank was preparing to slow down its rate-rising programme
- Rates are hovering “just below” estimates of neutral – the level that neither causes growth to accelerate nor slow down -in a possible sign that policymakers may decide they do not need to lift them much further
- The S&P 500 was up 1.6% in afternoon trading, jumping a full percentage point after Mr Powell's speech
- The Dow Jones extended its gains to trade 1.9% higher and the Nasdaq Composite was up 1.9%

Fed flags risks of UK no-deal and Italian debt – Pg. 3

- The Federal Reserve has flagged a hard Brexit and Italian sovereign debt sell-off as near-term risks to the US financial system in a stability assessment
- A no-deal Brexit or an intensification of euro area sovereign debt concerns could trigger market volatility and a “sharp pullback” by investors from riskier assets similar to that seen after the 2016 Brexit vote,...
- The report also highlighted the risk of an escalation of trade tension or geopolitical uncertainty that could erode risk appetite and trigger a “particularly large” drop in asset prices
- Overall vulnerability in household credit were “moderate”, with debt levels contained relative to incomes. Business sector debt was at a “historically high” level relative to GDP, it found, and there were signs of deteriorating rate credit standards
- Leveraged loans have seen by far the quickest expansion among credit classes examined, recording average annual growth of 15% between 1997 and the second quarter of 2018
- Risky business debt, which includes high-yield bonds and leveraged loans, rose 5% in the year ending in the third quarter of 2018 and stands at over \$2tn
- The Fed flagged up elevated asset prices relative to their historical ranges across markets including high-yield corporate bonds, equities, commercial real estate and farmland. Big banks were strongly capitalized and leverage among broker-dealers was far lower than before the crash

US fear gauge higher than European peer in sign of post crisis shake up – Pg. 19

- Europe’s volatility index is trading well below its more famous US counterpart, reversing their usual relationship and highlighting how the post-crisis market dynamics have been upended this year
- But the US stock market has experienced several flashes of turbulence this year, overturning the Vix-Vstox relationship and underscoring why many analysts and investors say markets have undergone a “regime change” in 2018
- So far this year, the average “spread” between the two volatility indices has been close to zero. And it has been negative since the end of the summer. In other words, European volatility has been muted relative to US turbulence
- Volatility indices such as Vix capture the level of stock market turbulence implied by options prices and for the most part simply reflect the actual, “realized” volatility of the equity indices that underpin them

Answer: nearly 40.00% (according to MSN: Money)

28 November 2018

Question: In 2018, how much in student debt did people owe over 50 in the U.S.?

Fed’s Clarida cautious on rates rises – Pg. 3

- The Federal Reserve will need to be especially attuned to fluctuations in economic data as it gauges how much further to lift short-term interest rates,

- Since this summer, the Fed has been stressing how unsure it is about central banking lodestars such as the neutral rate of interest – the rate that keeps the economy on an even keel

Student debt sales make little economic sense – Pg. 8

- Student loans were introduced in the UK in 1990. Unlike regular borrowing, the most recent student loans are income-contingent: graduates pay 9% of earnings above 25,000 (sterling); those earning less do not have to pay until they reach that threshold. After 30 years, any remaining debt is written off
- The average graduate from a three-year degree carries over 50,000 (sterling) of debt and faces high interest rates
- When student loans are sold, net government debt falls by the sale price. The Treasury claims this enables more borrowing, owing to limits on how much debt can be carried by the government. Moreover, despite the substantial amounts of money lost in selling low, no write-offs are recorded
- There are several problems, the most obvious that selling assets to private investors at below face value makes no economic sense. No investor could find the loan book more valuable than the government, since investors cannot borrow at the low rates the government can. Given the income-contingent nature of student loans, the private sector would struggle to run such a scheme effectively. Loans, after all, do not become more “efficient” when sold to private investors
- A second problem is that the accounting rules create a considerable incentive to sell, which weakens the public finances in the long run by depriving the Treasury of billions in future repayments

Microsoft on cusp of seizing top spot from rival Apple – Pg. 13

- The last time Microsoft was the world’s most valuable company, in 1998, Bill Clinton had yet to be impeached, Boris Yeltsin was still president of Russia, and Google was less than a month old
- Apple has been in the top spot for seven years but has faltered in recent weeks on worries the smartphone market has run out of growth
- Apple has lost 25% of its market value from the peak at the start of October...
- Overtaking Apple would cap a five-year run that has seen Microsoft’s share price rise nearly three-fold

Answer: \$260.0bn

27 November 2018

Question: How many people over 60 in the U.S. have student loan debt?

Bitcoin loses three-quarters of value this year as investors face crisis of faith – Pg. 1

- Less than a year after it surged close to \$20,000, bitcoin was down 12% at \$3,720 by the end of the European day, after dropping below the \$4,000 mark on Saturday...

- The fall comes in the wake of a broad cryptocurrency sell-off sparked by disagreements within the coin developer community, persistent concerns over regulatory scrutiny and growing doubts on whether cryptocurrencies will become a secure means of exchange
- Bitcoin is close to a “capitulation moment” when investors lose confidence and bail out,...
- The most recent collapse was sparked by a “hard fork” in bitcoin cash, as bitcoin developers argued over the direction of the cryptocurrency. That prompted a split this month into two separate coins, one called Cash and one called SV

ECB’s corporate exit leaves bond traders on edge – Pg. 19

- The ECB is widely expected to stop making additional purchases under its so-called corporate sector purchase programme, or CSPP, next year – instead, replacing only existing bonds when they mature
- The BoE bought small amounts of corporate bonds in the wake of the financial crisis and briefly resumed the scheme after the Brexit vote. But these purchases paled in comparison to the ECB’s quantitative easing programme, in which the central bank has snapped up a fifth of all eligible euro corporate bonds
- While the BoE steered completely clear of buying in the primary market – when companies are initially raising money – the ECB has actively supported new bond sales
- When placing orders for new bond sales, the ECB explicitly chose not to evaluate the credit quality of a given company, instead simply assessing whether the bond met its technical criteria – including a need to be rated investment grade
- While it tried not to set the price on a sale, the fact the central bank would match the tightest offers in a deal’s order book meant it naturally helped bankers limit the cost of debt for their corporate clients
- A lot of anxiety in the US has focused on the ballooning amount of triple B rated bonds, the lowest rung of the investment grade world

Answer: 2.8m

26 November 2018

Question: According to MSN: Lifestyle, what are ten (10) signs you are about to fall for a bad Airbnb listing?

Bloomberg’s gift opens doors to a top education – Pg. 11

- When the business Johns Hopkins set aside \$7m in the late 19th century to fund the creation of a hospital and a university in his native Baltimore, it was the biggest known philanthropic gift in US history
- Last week...Michael Bloomberg...\$1.8bn donation to Johns Hopkins University far outstrips the original benefactor’s grant, worth an estimated \$140m at today’s prices
- ...already given \$1.5bn ahead of his latest contribution
- ...Mr Bloomberg’s donation reflects a focus not on physical assets but instead a significant practical concern at the heart of contemporary US education debates: the unequal level of access and future opportunities for potential students, in part driven by the high costs – which run to \$72,000/year for undergraduates at Johns Hopkins

- His \$1.8bn donation will be invested alongside the university's existing endowment, which the income generated designed to make applications "needblind" in perpetuity by offering scholarships to encourage more low and middle-income students to apply

Black Friday sets record but store sales drop further – Pg. 13

- Sales in stores during Thanksgiving and Black Friday dropped between 4 and 7% compared with last year, ...
- Footfall was estimated to have declined even more, between 5 and 9%. But those consumers who did show up spent more, driving average transaction values up about 3%
- It was at least the fourth consecutive year of declines in both traffic and sales recorded...
- Black Friday online spending leapt 24% from a year ago to \$6.22bn, ...
- For the first time, online prices on Thanksgiving were as low as they were on Black Friday
- In another threat to stores, consumers are more comfortable buying more expensive items online

Answer: (1) Photos that leave you with more questions than answers; (2) You cannot find any reviews; (3) You are finding only negative reviews; (4) You are not finding photos that match the description; (5) You cannot believe the price; (6) You are finding errors; (7) You are not sure whether it is legal; (8) You booked the first place you found; (9) Your host is taking forever to respond; (10) You feel like it is too good to be true

24 November 2018

Question: According to MSN: Money, what are seven (7) ways retirees can profit from downsizing?

Bank of Italy warns higher bond yields will cost an extra 9bn (euro) a year by 2020 – Pg. 1

- ...could threaten the stability of banks and insurers
- Banks have seen a deterioration in "liquidity and capital adequacy indicators", ...while a further sell-off could have "significant effects on the solvency position of insurers" and "heighten the risk to stability"
- Sovereign debt yields hit their highest levels since 2014 last month as the EU threatened sanctions over Italy's draft budget, reflecting worries over lending to a government with the second-largest debt as a proportion of GDP in the Eurozone after Greece

Eurozone economy set to slow further – Pg. 2

- The so-called PMI data, which ECB officials view as the best indicator of what will happen to growth, are the last before the bank's crucial December vote, when Mario Draghi, president, is set to confirm new plans to rein in its 2.6tn (euro) crisis-era programme of bond purchases, known as quantitative easing
- Eurozone growth has been unexpectedly weak throughout 2018, yet ECB policymakers have held fast to the view that poor data are a blip and should not divert them from plans to halt the expansion of QE at the end of the year
- Italy, the region's third-largest economy, looks likely to enter recession soon

- If an extension of QE is ruled out, the central bank may need to ease monetary policy by making a stronger commitment to carry on reinvesting the proceeds of bonds that have now matured

Global tornado deposits investors in Land of Oz – Pg. 13

- A market tornado that began in the US technology sector broadened into a global stock sell-off this week, transporting investors to an environment that looks very different from the benign and predictable one they have enjoyed since the recovery from the financial crisis
- With rising interest rates and intensifying debate about a tipping point in the global economy, cash is now on track to beat the returns of global stocks, bonds and commodities this year.
- ...another sharp 3.5% decline in the S&P 500 this week...
- The benchmark is now heading for its worst quarter in seven years
- ...other aberrations, such as how highly rated bonds are failing to provide their usual safety

Answer: (1) Unlock equity in your home; (2) Lower your utility bills; (3) Avoid health/safety emergencies; (4) Reduce property taxes; (5) Save on routine travel; (6) Cut down on repairs/maintenance; (7) Pay for fewer services

Thankful: On this Thanksgiving Day in the U.S. I am thankful to all of you for providing me a voice in the world. This list-serve has existed now for over 10 years and I am so thankful I am able to remain in contact with so many quality individuals all making a positive difference in the world.

As some of you are aware, I am even more thankful to this list-serve as in the darkest days of my family's past saga, the list-serve was there to require I do something, i.e. write to all of you each day. If I may encourage everyone, while gathered about a common table, discuss estate planning a bit. Please ask your elders, your siblings, your friends if they have their estate documents, e.g. Wills, Powers of Attorney (Financial and Medical), Trust documents, etc. completed, updated, organized, and secured. In my opinion, it is no one's obligation to share the contents but it is the obligation (my opinion) that loved ones know the location of these documents and/or the attorneys to call should darkness befall a person and/or family. Not knowing this information and/or having this information in an unsecured location is literally a matter of life and death (as was the case with my family).

Ask your parents if they have a Will and its location. Please use this message to start the uncomfortable conversation for many. Again, it is not important that the Will be shared and its contents known, but it is critical that its location be understood and secure. I am Roger III and Roger's I and II are no longer with us due to poor estate planning and evil and greed of others. Disallow darkness, as best one can, from befalling one's family and friends.

I am grateful to you all!

21 November 2018

Question: According to MSN: Lifestyle, what are seven (7) signs you are utterly average?

Global equity markets tumble as tech sell-off wipes \$1tn from 'Faang' stocks – Pg. 1

- The savage US tech sell-off broadened into a global equities markets retreat yesterday, sparked by growing investor fears over trade, economic growth and corporate earnings in the US, Asia and Europe
- ...the Nasdaq remained 1.3% down, almost wiping out its gains for 2018, and the S&P was 1.5% lower by midday in New York,
- The FTSE All-World index declined 1.4% yesterday, taking the benchmark's 2018 losses to more than 7% and setting it on track for its worst annual performance since 2011
- In addition to trade tensions, investors are worried that a global synchronized growth phase that started in 2017 will shift into becoming a broad-based economy slowdown in 2019 as the impact of US corporate tax cuts begins to fade. The additional threat of over-supply sent oil prices down more than 7% in intraday trade yesterday, wiping out gains for the year

Fed governor to head global finance police – Pg. 7

- Randal Quarles, a governor of the Federal Reserve, appointed by Mr Trump, is set to take the chair of the FSB for a three-year term beginning next month, succeeding Mark Carney, the Bank of England governor
- Mr Quarles will be the first US official to head the Basel-based board...
- The FSB was set up in 2009, as the successor to the Financial Stability Forum, to make recommendations to the G20 nations, which make up the vast majority of global GDP, on financial rules and regulations
- One focus is the \$45tn "shadow-banking" sector – those parts of the financial system that perform bank-like functions such as lending but do not have the same safeguards. That will also require co-operation with China, one of the leading centres for shadow banking activities until it led a concerted crackdown

Crypto assets 'panic time' as bitcoin crash puts watchdogs on the spot – Pg. 11

- Pressure is building on regulators to increase scrutiny of cryptocurrencies after a \$15bn crash in bitcoin and irregularities at one of the largest virtual trading platforms
- Cryptocurrencies suffered another battering yesterday, with bitcoin, the most actively traded digital currencies, falling more than 10% to a low of \$4,237

US retailers hit by share sell off ahead of Black Friday – Pg. 14

- Shares in several of the biggest names in US retail sold off heavily yesterday as disappointing earnings reports intensified concerns about the competitive onslaught from Amazon, just ahead of the crucial festive shopping season

Answer: (1) You are not getting as much exercise as you should; (2) You are dealing with impostor syndrome at work; (3) Your net worth is less than six figures; (4) You owe tens of thousands in debt; (5) Your IQ is 100; (6) You have about 6 close friends; (7) You are unhappy

20 November 2018

Question: According to MSN: Lifestyle, what are 15 signs of an unhealthy heart?

Support for Eurozone budget plan grows – Pg. 2

- France and Germany have vowed to press ahead with plans for a common Eurozone budget after a number of governments indicated they were prepared to work on a blueprint drawn up by the two countries
- Some governments would rather see EU spending cut rather than raised, while there are also fears that the budget could reduce the incentive for governments to keep their economic house in order – a concern heightened by Italy’s recent budget stand-off with Brussels

India central bank gives ground to Modi – Pg. 4

- India’s central bank has given ground to government pressure and agreed to reassess its management of reserves and treatment of troubled banks...
- The administration has been pushing the central bank to pay out more of its annual surplus to the government, and to do more to ease a recent liquidity squeeze in the debt market
- ...no mention of a new credit facility for non-bank lenders struggling with tougher funding conditions – something the government had been strongly pushing the RBI to set up
- The government’s continued pressure for further RBI action reflects its focus on growth and its more relaxed view about the risk of liquidity leading to inflation. The government has a “more sanguine reading of inflationary risks’ ...

Taylor Swift signs with Universal after bidding war for pop’s hottest property – Pg. 11

- Taylor Swift has signed a long-term record deal with Universal Music, ending a bidding war over the most commercial successful pop star in the world
- Swift is one of the few artists who still sells millions of albums in the age of Spotify, making her a rare source of stability for the music industry and fueling a frenzy as she became a free agent for the first time in more than a decade
- As part of the deal, Swift will own the rights to her master recordings, a rarity in the music sector

US junk bond sell-off and rise in cost of default cover fuels corporate debt worry – Pg. 19

- Credit markets have signaled growing concern over corporate America’s debt pile as a junk bond sell-off deepened and the cost of insuring against defaults rose to its highest level since 2016
- Exchange Traded funds that track the high-yield bond market have sunk for at least seven consecutive days, with the iShares high-yield bond ETF sliding to its lowest since June 2016
- The cost of protecting against companies defaulting on debt has also soared, with both the investment-grade and high-yield credit default swap indices produced by Markit rising to levels last seen at the end of 2016
- The moves reflect alarm over the effect of rising US interest rates on corporate credit markets, where companies have binged on cheap debt during a prolonged period of low rates that could be ending. The US corporate bond market has swelled to more than \$9tn from \$5.5tn in 2008
- Concerns have also arisen over the leveraged loan market, to which many highly indebted companies have turned to raise cash

- Lower corporate bond issuance this year has meant the total value of bonds outstanding has begun to inch lower, reducing supply in the market and potentially supporting prices

Answer: (1) Coughing; (2) Depression; (3) Dizziness; (4) Erectile Dysfunction; (5) Fatigue; (6) Lack of appetite; (7) Lack of hair on your legs; (8) Migraines; (9) Muscle Cramping; (10) Neck or jaw pain; (11) Shortness of breath; (12) Sleep Apnea; (13) Swollen feet; (14) Swollen or sore gums; (15) Unexplained sweating

19 November 2018

Question: According to MSN: Money, what are 10 things you cannot deduct from your taxes anymore?

Central bankers face a 'world full of uncertainties' – Pg. 2

- Central bankers much as “the ability and agility to manoeuvre though the current world that’s full of uncertainties”
- The most pressing challenge for the ECB emanates from Italy. The government’s plans to run a substantial budget deficit have led to clashes with the commission

US real estate – Pg. 7

- ...Opportunity Zones...in simplest terms, it allows investors to reduce their capital gains by investing in deprived areas
- ...the proposed Opportunity Zones have brought together some unlikely bedfellows, with the backers including Obama progressives...Manhattan allies...and Silicon Valley pioneers
- ...Opportunity Zones may one day come to be seen as the boldest economic development plan for poor areas in a generation. But they could also send up presenting the most generous tax deal to the rich in decades
- The revelation that the new Amazon headquarters in Long Island City is located in one of these Opportunity Zones has only increased the interest in – and scrutiny of – the proposal
- There is a long history of trying to bend the tax code to lift up impoverished areas. It is a matter of wonkish debate whether Opportunity Zones will fare any better than previous efforts
- ...the aim is to shift some of the estimated \$6.1tn of capital gains built up in the US – particularly in the easy-money years that followed the financial crisis – to deprived communities
- The authors of the plan settled on a simple incentive: allow investors to defer capital gains – from the sale of property, stocks, a business, anything – as long as they reinvest the profits in one of 8,700 Opportunity Zones around the country. These are deprived areas chosen by each of the states where the average income is less than 80% of the surrounding area or poverty levels are above 20%
- For those who qualify, their original capital gains tax will be reduced by 10% if they hold the new investment for at least five years. It will be cut by 15% after seven years. After 10 years, there is an added bonus: any profits generated from the Opportunity Zone investment become tax-free
- There is also the fact that real estate developers – renowned for their determination to avoid taxes – are expected to be big users of the funds. At present, their favoured tax vehicle is a

- “1031 exchange”, which allows a developer to defer capital gains by ploughing the proceeds from one property sale into another property investment. Opportunity Zones have been described as a 1031 exchange on steroids
- The great appeal of Opportunity Zones, ... is their flexibility – and the fact that investors can steer as much, or as little, of their capital into worthy projects as they see fit
 - Investors cannot simply park their money in a vacant lot and reap the benefits. They must increase the value of a business or property by 100% before the investment can be sold on. That would be far easier to accomplish in a poor neighbourhood than, for example, an up-and-coming part of Brooklyn
 - (Prof Note: For the past months I have been spending a majority of my time working on Ozone projects. If you are not familiar...GET FAMILIAR!)

Answer: (1) Personal exemptions; (2) Alimony; (3) Non-military job-related moving expenses; (4) Home equity loan interest; (5) Theft Losses; (6) Casualty losses not from a disaster declared by the president; (7) Employee business expenses; (8) Investment expenses; (9) Tax preparation fees; (10) Legal fees paid on an award, judgment or settlement

17 November 2018

Question: According to MSN: Money, what are twenty (20) side hustles that will make your salary soar?

German and US banks drawn into Danske laundering probe – Pg. 10

- Three big US and German banks have become embroiled in the criminal probe of Danske Bank's 200bn (euro) money-laundering scandal as US prosecutors examine their handling of cross-border payments for lenders
- Deutsche Bank, Bank of America and JPMorgan Chase acted as correspondent banks, providing a link to the US financial system for Danske's Estonian branch (Prof Note: The loss of a correspondent bank is extremely problematic for smaller local banks in smaller regions. It can signal “loss of confidence” to much worse for the institution.)
- The worst-case scenario for Danske is if the US Treasury – which has said it is taking an active interest in the matter – designates it “a financial institution of primary money laundering concern”, which would force US banks to stop handing dollar transactions for it (Prof Note: This will also be a HUGE issue for businesses transacting in the region as they must find other means to transact. Western Union is limited to \$2,000.00/day and must be physically transacted. Individuals are legally limited to carrying \$10,000.00 (or less) on airplanes. This can cripple a smaller nation and the businesses operating within.)
- (Prof Note: In some countries we must actually provide contracts and invoices to financial institutions to pay our vendors. This is problematic due to proprietary pricing of some products and pre-negotiated rates. In some cases, when proprietary pricing was an issue, we have had to validate transactions with letters by international U.S. law firms, i.e. increasing the cost of the transaction greatly which is then passed on the payee! International settlement is barely covered in an International Finance class but can destroy a transaction. The worry of financial sanction is so great that we have had local banks drive by our sites to verify receipt of product.)

- (Prof Note: We had a crew walk off one of our jobs this past month due to nonpayment, this after they had had our check for two weeks (the account was overfunded, i.e. the money was there). The local bank would not honour the check due to the size despite assurance from our counsel (international and local) and written statements. Best we were able to determine was there were issues with the subcontractor. Regardless, we (which really means them) had to incur the cost of remobilization and start-up costs.....laundering is real and a global issue)

Digital estate agents battle to build on hype – Pg. 12

- This “i-buyer” business was pioneered by dedicated start-ups such as four-year-old Opendoor. But Redfin entered this market last year with its Redfin Now service, albeit on a small scale. The property listing site Zillow launched its own version, Zillow Offers, in pilot form the same year
- Shares in Redfin have shed 52% of their market value this year....
- “Real estate is very fragmented, there are relatively low barriers to entry to get into the business of selling houses, the products are undifferentiated and there’s no customer loyalty. That leads to this natural fragmentation.” (Prof Note: While I agree with this quotation, I will strongly state one needs to find the highest quality people, especially in residential, and one needs to have loyalty. The issue is that individuals, in my opinion, transact so little in real estate over a lifetime that the average layman cannot develop an expertise in the largest transaction of most people’s lives. I am blessed to be surrounded by some of these high-quality persons and so very happy when I refer them (I do receive a bottle of hooch) to a former student and/or peer and learn of the successes!)
- An even greater change to customer experience comes with the “i-buyer” model, in which companies such as Opendoor take homes on to their balance sheets rather than acting as agents
- Opendoor and rivals, such as OfferPad and Redfin, generate “instant” offers based on data covering homes nearby. They offer completions in as little as three days, buying homes for 95 to 98% of their market cost while charging fees of 6% or more....
- (Prof Note: Real estate is such a relationship business. You have to have relationships and years of knowledge and experience. Be careful when selecting real estate agents/brokers. Always seek a recommendation from a trusted source!)

Answer: (1) Bartender; (2) Brand Ambassador; (3) Data Entry; (4) Event Assistant; (5) Focus Group Participant; (6) Food and Beverage Delivery Driver; (7) Freelancer; (8) Hair salon or spa receptionist; (9) Host or barback; (10) Lawn maintenance worker; (11) Lifeguard (Prof Note: My summer job in High School); (12) Nanny or Caretaker; (13) Park Ranger (Prof Note: I would do this for free! How awesome!); (14) Pet sitter; (15) Retail Sales Associates; (16) Security Guard or Bouncer; (17) Telemarketer; (18) Theater Usher; (19) Tutor (Prof Note: Pays, on average, \$50/hour); (20) Uber or Lyft Driver (Prof Note: I have friends/peers that do some of these jobs. Any honest job is honourable. Just remember, if you see me as the Bouncer at your local watering hole, I am not there to socialize, I am there for business! ☺)

16 November 2018

Question: According to MSN: Lifestyle, what are 27 ways not to get mega-depressed as the days get shorter?

Investors 'price in' rising risk of disorderly rupture from bloc – Pg. 2

- The pound tumbled almost 2% against the dollar for its biggest drop in two years, while sliding 2% against the euro
- The challenge in trying to calibrate the Brexit risks has persuaded many investors simply to steer clear. Sterling, in particular, has been tricky for investors to trade

Tudor Jones warns of 'scary' crisis risks lurking in US corporate credit binge – Pg. 21

- ..."some really scary moments" in the swelling corporate debt market might precipitate another financial crisis
- A prolonged period of low interest rates across the globe has encouraged companies to binge on cheap debt
- Corporate bond issuance in the US alone has been above \$1tn every year since 2010, having only previously surpassed that in 2006 and 2007, ...
- The borrowing binge has almost doubled the size of the US corporate bond market over the past decade, to more than \$9tn, while the so-called leveraged loan market, used by riskier borrowers, has more than doubled since 2012 to vault over the \$1tn mark
- The reduction in corporate tax rates has accelerated US growth this year but encouraged the Federal Reserve to step up its interest rate increases, lifting corporate borrowing costs and leading to some tremors in the bond market...
- The yield on a widely tracked Bank of America Merrill Lynch junk bond index moved above 7% this for the first time since July 2016

Answer: (1) Escape on the weekends (Prof Note: Come join me at the cottage. When you cannot drive any further south in Maryland, the light is ours!); (2) Spend time outdoors (Prof Note: Nothing beats natural sunshine...ok...a roaring fire does come close!); (3) Watch the sunrise (Prof Note: And sunset!); (4) Make a summer vacation Pinterest board; (5) Buy blooms; (6) Start fires (Prof Note: Lov'n the roaring fire!); (7) Let the light in; (8) Think 'South of the Border'; (9) Treat yourself to seasonal staples (Prof Note: I purposely redecorate by season); (10) Go to the spa; (11) Paint your toenails a fun colour (Prof Note: No comment! ☺); (12) Eat carbs unabashedly; (13) But mix in energy-boosting foods; (14) Read escapist summer beach books; (15) Even head to the coast; (16) Start your days with a small accomplishment; (17) Volunteer; (18) Open the windows; (19) Bake ... often (Prof Note: My oven is kerput!); (20) Keep active (Prof Note: I regularly am on the bike and circling the state park); (21) But know when to rest; (22) Dress in colour; (23) Upgrade your loungewear; (24) Get creative; (25) Make S'mores indoors (Prof Note: I tried this last night. What is up with this?! The graham crackers get too hot to put in your mouth, the chocolate runs, the marshmallows are ablaze when not careful, everything ends up in your lap or on the oven mitt needed to hold the S'More in the fire. There has to be a better way!!! Oh....try HOT milk, honey and Kahlua!); (26) Find a new show to binge-watch; (27) Fine, go someplace warm (Prof Note: Can we say "N-eeee-vis"?!)

Update: I reached out to parents and learned the secret to S'mores:

My current favorite method, tested as recently as last month (and stamped with approvals from a 4yo and 5yo), is to SLOWLY heat a marshmallow over the heat source (heat, but far enough away that the process runs 45-90 seconds - the longer it takes to slightly brown the outside, the better. Aim for symmetry when browning), then place on top of chocolate (at ambient temp) which is waiting on top of a graham cracker. That hat-trick of layers should then be topped with another graham cracker. Then give it a minute for the marshmallow's inside to cool, and the chocolate to warm. Much like compound interest, time is your friend when making s'mores.

15 November 2018

Question: According to MSN: Money, what are six (6) things you should do to prepare for the next recession?

Germany's contracting economy sets puzzle for ECB policymakers – Pg. 1

- Germany's economy has shrunk for the first time in more than three years, contracting 0.2% between the second and third quarter on the back of a fall in exports
- Growth in the eurozone's economic powerhouse, which has consistently outperformed the region's other nations, was expected to be weak on the back of delays in German carmakers' compliance with new EU emissions standards
-Germany's economy, which provides almost a third of all Eurozone output, is being badly hit by the global trade war between the US and China

Flurry of new social benchmarks sees market-tracking indices swell to 3.7m – Pg. 1

- The number of indices measuring markets has ballooned by nearly half a million to more than 3.7m in the past year as providers produce a blizzard of bond market, environmental, social and governance benchmarks
- ...the number of indices globally climbed by 438,000, or 12%, to 3.73m in the year to June 2018, ...
- Despite the number of stock market indices dipping 3% to just more than 3m for the year, the bond benchmarking business raced ahead to account for about 16% of all indices
- Fixed income is a focus for many passive investment fund providers such as BlackRock and StateStreet
- The fastest growing corner of the indexing industry is benchmarks that track and weight companies according to their environmental, social and governance (ESG) standards
- ESG has become one of the biggest trends in the global asset management industry, with institutional investors such as pension funds seeking to end or lessen their exposure to companies in controversial fields such as gun-making

Ford to pilot driverless grocery delivery – Pg. 12

- The carmaker announced yesterday that it would set up a pilot programme with Walmart and Postmates, the delivery start-up, to "explore how self-driving vehicles can deliver many everyday goods such as groceries, diapers, pet food and personal care items"
- Ford is using a fleet of what it calls "simulated autonomous vehicles" to deliver pizzas in Miami. The cars are driven by a human whose presence is disguised to make the vehicle appear driverless. The goal is to gather information about how consumers and retail staff interact with the vehicles of the future that lack a human operator

Lagarde urges central banks to address decline of cash by issuing digital money – Pg. 19

- Central banks are split on a response to the rise of electronic payments, which calls into question their status as the monopoly issuers of official currency
- Some, including Sweden's Riksbank, the Bank of Canada and the People's Bank of China, are already considering issuing digital currency to the public
- At present, central banks issue electronic currency only to banks. When consumers swipe a card or pay bills online, they are using money provided by commercial institutions. The BIS warned in March that making such a change would challenge banks' business model and allow for "digital runs" on a central bank of "unprecedented speed and scale"
- A state-backed digital currency could boost competition and offer back-up if private payment fell victim to a cyber attack, bankruptcy or a company's withdrawal from a local market

Answer: (1) Know your investment goals and stay the course; (2) Keep saving for retirement; (3) Get out of debt; (4) Do not base your home-buying decision on the next recession; (5) Save at least 6 months' worth of living expenses; (6) If you cannot save a lot, save a little – it adds up over time

14 November 2018

List-Serve Comment on Millennials (w/ permission): I continue to read your daily communiques with much interest. Re: today's theme of Millennials' pitfalls, I would add the (heretofore unknown) damage caused by energy drinks to the list. During my time on USS [Redacted] (SSN XXX), I was astounded at how the crew guzzled Monsters, Red Bulls, Xyiences, and 5-Hour Energies as if they were "healthy". Then, one Chief who drank four or more a day keeled over from a heart attack during PT one morning, aged 36.

Question: According to MSN: Lifestyle, what are 9 smart questions to ask before getting a tattoo?

Tech giants spend \$115bn on buybacks as investors lap up Trump tax windfall – Pg. 1

- The share buybacks so far this year by Apple, Alphabet, Cisco, Microsoft and Oracle, after the tax change came into force at the end of 2017, are nearly double what the companies spent in the whole of last year, making investors some of the biggest beneficiaries of a plan that was billed as a boost to US jobs
- They increased capital investment by 42% compared with the same period last year,...
- Tech companies had been sitting on some of the largest cash piles, almost all of it stranded offshore, where it escaped an immediate tax. Last year's Tax Cuts and Jobs Act brought these reserves into the tax net but at a reduced rate – freeing companies to use the money rather than leave it to continue to pile up

Investors switch to defensive stocks in swift tech pullback, BofA survey shows – Pg. 19

- Investors have made a speedy retreat from the technology sector after its heavy sell-off in October,a rare stumble for one of the market's most popular trades
- Only a net 18% of investors said they were overweight in global tech in November's survey, down from 25% in the previous month....
- Instead, investors switched into defensive stocks in sectors including healthcare and utilities, ...

- The tech sector played a prominent role in an abrupt tumble in global markets last month
- The impact was global with tech-heavy Taiwanese stocks falling more than 6% in their worst day on record

Answer: (1) Can you tell me about the ingredients in the ink you use for my tattoo?; (2) Can I watch you work?; (3) Are you a licensed tattoo artist? (Prof Note: I had no idea, before this article, there was such a thing); (4) What are the signs that I am having a bad reaction to the tattoo?; (5) Can you perform a patch test?; (6) Am I already vaccinated against hepatitis B?; (7) Do I feel a connection with this tattoo artist?; (8) Will I regret this in 10, 20, 30+ years?; (9) Am I prepared for aftercare? Prof Additions: (10) Am I sober?; (11) Will it fade into a jumbled mess and look awful later?; (12) What will happen to it with weight gain/(loss)?; (13) Is in a place where it can be concealed?; (14) Will this prevent me from future employment (Prof Note: In the mid-2000s we interested a woman (I was not part of the interview process but heard this story) that had “90’s Ho” tattooed on her neck. The head of sales said, jokingly, “We only hire 2000 Hos”.); (15) Will I mind if someone sees it and asks me about it? (Prof Note: My mantra in class, “if I can see it, I can ask about it.”); (16) Am I prepared to live with the decision of having a tattoo for the rest of my life?

13 November 2018

Question: According to MSN: Lifestyle, What are five (5) reasons why Millennials are not as well as they think?

Oil used by cars to peak in 7 years as more electric vehicles hit the road – Pg. 1

- Ever since the first Model T Ford rolled off the production line in 1908, cars and oil have shared a relationship that has transformed the world
- Global oil demand from cars makes up 21.4m barrels a day of the close to 100m b/d the world consumes. This will rise to about 23m b/d in the late 2020s, after which car consumption falls back to current levels by 2040, even as global car numbers increase by 80%
- Total consumption across motor vehicles, aeroplanes, ships, trucks and the petrochemicals sector is set to grow by 2040 at half the rate of the past two decades...
- Companies such as Tesla are leading the fight against oil use, with as many as 300m electric cars forecast to be running by 2040
- ...the bigger impact will come from more economical fuel standards in conventional cars, which will cut consumption by 9m b/d
- The IEA said oil demand would fall sharply in advanced economies, with the EU falling 45% by 2040 and North America 25%

Bond fund bulls confident of picking the low-risk bets – Pg. 21

- The value of triple B bonds in the Bloomberg Barclays index, a widely followed benchmark for corporate debt buyers, has grown from \$670bn at the end of 2008 to \$2.5tn at the end of 2017
- ...Triple B, which now accounts for 49% of investment grade debt, up from a third in 2008 and just 25% in 2000

- The category of triple B sits just one downgrade away from high-yield, or junk, bonds – the poorer but richer-yielding relative that investment-grade funds are not allowed to own much of
- Given triple B debt now makes up a big slice of the major indices investors benchmark their performance against, the fear is that a tougher economic backdrop triggers a wave of downgrades that unleashes forced selling
- ...within the triple B bucket there are subtle differences. At S&P Global, for example, its ratings range from triple B plus to triple B minus while at Moody's they span Baa1 to Baa3

Answer: (1) Mental health (Prof Note: some 70% of millennials surveyed noted that depression undermined their ability to function at full capacity at work....mental health is real. If I can assist anyone, please reach out to me. This "Prof Note" is me reaching out to you to say, "I want to help."); (2) Binge drinking; (3) Sexually Transmitted diseases (STDs) (Prof Note: The article states that "young people" are choosing riskier sex and paying the price. Prof Note1: An STD test is one that you want to FAIL!!!); (4) Colon and rectal cancers; (5) Stroke

12 November 2018

Question: According to MSN: Money, what seven (7) things can you do if you regret retirement?

Looming maturity of Chinese property debt worth billions triggers default fear – Pg. 1

- A wall of onshore debt worth tens of billions of dollars issued by Chinese property developers is due to mature next year, sparking concerns over defaults at a time of economic slowdown
- China's property market is a bedrock for growth and economists fear that signs of distress in developer debt would send ripples through the financial system just as other problems are mounting
- Property developers have struggled to issue new debt and refinance maturing bonds this year as the Chinese government attempts to control the runaway credit-fuelled growth that has helped power the sector in recent years

Warning over Brazil's 'unsustainable' public finances – Pg. 4

- Successive governments have tried but failed to address Brazil's pensions problem, the main cause of a budget deficit equal to more than 7% of GDP
- The danger of delay was that falling investment and rising borrowing costs, as investors lost confidence in the new government, would tip the country back into recession

Americans need skills, not credentials – Pg. 9

- I cannot think of a market that is more dysfunctional in America right now than education. Total student debt topped \$1.5tn this year and a Brookings study found that nearly 40% of those borrowers are likely to default on their loans by 2023
- The imprimatur of a \$75,000 Harvard degree is in such demand that the school is now being sued by a group of Asian-American students who say more of them should be allowed in on the basis of high test scores
- One recent survey found that 43% of college grads are underemployed

- Ivy League colleges are great for those who can afford them but most education has become completely disconnected from the needs of both students and the labour market (Prof Note: More and more employers are telling me they specifically want “Ivy”. The competition in the world is fierce!)
- There are myriad factors that have created this dysfunctional system, but one that has not been talked about enough is the unfair bias towards schools rather than skills (Prof Note: AMEN!!! How can one teach real estate “online” when so much of it is softer skills? Even worse, the attempt dilutes the value for all students, i.e. online and in classroom)

Answer: (1) Pick up a part-time job; (2) Volunteer for a worthy cause; (3) Get fit; (4) Educate yourself; (5) Purchase a rental property; (6) Adopt a pet; (7) Relocate (Prof Note: Many on the list-serve are familiar with “Nevis News”. Well, it is published from Cat Ghaat, Nevis where my grandparents spent the last 30 years of their lives. In “retirement” my grandfather met tourists on the island coming to play the course and spent his days explaining island history, proudly showing the gardens and clearing new walking trails and paths. My grandparents, from my perspective, had a blessed retirement which was birthed on the salary of a college professor and librarian, i.e. they were not born to wealth nor, while they absolutely were savers, did they achieve large amounts of wealth. They built upon what they earned/had over decades. We still get visitors that remember my grandfather (and grandmother though “Granny”, ever the librarian, rarely left the house and always had a book in hand) on the course. Some will say, “Your grandfather let me play for free” and I will respond, “I am not my grandfather.” ☺ (in truth, the cost of play/admission is honorary))

10 November 2018

Question: According to MSN: Money, what are eight (8) ways to battle rising mortgage rates?

Sell-off drives oil into bear territory after US presses allies to boost output – Pg. 1

- ...Brent crude below \$70 a barrel yesterday, a 20% drop on the four-year highs the international benchmark just hit a month ago
- The sharp sell-off, which pushed oil into bear market territory, has been exacerbated by a White House decision to grant waivers to US sanctions that allow Iran’s largest importers, including China, India and Japan, to continue buying crude from the Islamic republic
- Donald Trump, the US president, has pressed the Saudis and other Gulf producers to pump flat out to help replace Iranian supplies. The falling prices will be taken in Washington as a victory

Amazon HQ2 talks are ‘stamp of approval’ for New York tech scene – Pg. 14

- Although Amazon has not finalized its plans, several people familiar with its deliberations expect Long Island City – along with Crystal City in northern Virginia – to be crowned joint winners as early as this week after an unusual nationwide beauty pageant
- In just a few years, a rustling Queens Manhattan has been transformed: Long Island City has built 16,800 apartment units since 2006 – more than any other US city – and has another 11,700 expected to open by 2020
- Amazon’s arrival would be overwhelming popular with one constituency: New York developers, who stand to reap a windfall

Demand for US debt drives strongest weekly fund inflows in four months – Pg. 15

- Global fixed income funds enjoyed their strongest inflows in four months over the past week, showing how bond investors are tiptoeing back into the market after rising interest rates triggered an exodus in October
- Signs of some tentative stability have begun to lure investors back. The Bloomberg Barclays Aggregate, the biggest US fixed income gauge, is still nursing a 2.5% loss for the year – which would be the biggest annual reversal since 1994 – but has seen a small bound since the beginning of November
- Benchmark US government bond yields remain near multiyear highs – the 10-year Treasury yield stands at 3.23%, the highest since 2011 – but the recent midterm elections have calmed concerns that another republican sweep could trigger more deficit-busting tax cuts
- The Fed held interest rates steady on Thursday but did nothing to dissuade traders from pricing in another rate increase next month. It also continues to shrink its balance sheet

Answer: (1) Make a bigger down payment (Prof Note: Live with parents/in laws or with lots of roommates and save. Forgot consumption. SAVE!); (2) Pay Points; (3) Equity sharing (Prof Note: Do you really want partners?); (4) Switch loan products (Prof Note: This is REALLY dangerous. You MUST understand your loan product completely. I am proud to say, “I wrote the book on Real Estate Financial Modelling”, and I continue to learn every day. I see cost of money differently (slightly) each day. Be careful to understand how/what one is borrowing); (5) Shorter Terms (Prof Note: What I like the most of 15-year CPM mortgages, is that at current rates one is always paying Main Street more than Wall Street); (6) Downsize expectations (Prof Note: Happiness is between the walls of a house. Forgo some size, add some minutes to the commute, all for less stress and increased happiness between the walls); (7) Buy with friends or relatives; (8) Bring a renter (Prof Note: This is dangerous. You must underwrite to no renters and then view the renter as “upside”)

9 November 2018

Question: According to MSN: Money, what are 20 reasons you do not want to live in a tiny house?

Fed readies rate rise next month as it remains bullish on economy – Pg. 1

- The FOMC kept its target range at 2-2.25% yesterday, and gave a bullish verdict on the US economy, noting that unemployment had dropped further as growth in economic activity and household spending remained strong. Investment growth has decelerated compared with earlier this year
- Wage growth has accelerated to its quickest pace in almost a decade, job gains are averaging more than 200,000 a month, unemployment is hovering at multi-decade lows, and the economy has recorded two straight quarters of annualized growth well in excess of 3%
- The Fed has boosted rates eight times in the current cycle, with a further move predicted at the December 18-19 meeting

Voters give strong economy and tax cuts a tepid response – Pg. 3

- The party’s \$1.5tn tax-cutting package, in particular, failed to galvanize many voters, in part because the Democrats successfully branded it as a handout to the rich, ...

- ...while Mr Trump's trade tariffs do not appear to have had an adverse effect on Republican support, they did not trigger a surge in support

Investors start to fret about ballooning US public debt – Pg. 9

- ...US government currently pays \$1.43bn/day to service its public debt – 10 times more than any other G7 country (Italy is a distant second in this grim league)
- ...\$1bn bill has materialized when interest rates are still fairly low by historical standards
- ...America's debt pile swelled above \$15tn
- ...assuming that interest rates rise towards their long-term average of 3.7% and 2.8% for 10-year bonds and three-month bills respectively (or slightly above the current levels of 3.2% and 2.34%)
- ...interest payments will soon become the third largest item on the budget, eclipsing even military spending
- ...US Treasury quietly revealed that the deficit is poised to top \$1tn for the first time in history
- To plug this gap, Steve Mnuchin, the US Treasury secretary plans to sell \$83bn of bonds, which is also a record, eclipsing even the level of bond sales after the global financial crisis. Strikingly, Mr Mnuchin predicts that almost half of this tally – some \$37bn – will have a maturity of just three years. This short maturity makes the debt more prone to rollover risks

Breaking up the Big Four is not the answer to audit problems – Pg. 9

- We propose banning all non-audit services to FTSE 350 and large public interest entity audit clients. As part of this, we need a clear definition of what an audit service is
- We support a UK equivalent of American's Sarbanes-Oxley Act of 2002, which sought to improve the accuracy and reliability of corporate disclosures in the wake of the Enron scandal
- ...Big Four accounting firms (Deloitte, PwC, KPMG and EY)...

Answer: (1) The initial home price can be deceptive; (2) Cost per sf can be significantly higher; (3) Space will be extremely limited and might cramp your lifestyle; (4) Storage costs can quickly add up (Prof Note: Love the Sea Containers...I have four); (5) Land costs can get expensive, even if you move around; (6) Laws might not work in your favour; (7) Utilities could end up costing you just as much; (8) Appliances for tiny homes are often more expensive; (9) Moving a tiny home is not cheap; (10) The logistics for moving a tiny home are complicated; (11) It could take years to see any savings...if you ever do; (12) Insuring a tiny home is difficult and potentially expensive; (13) Mortgages are difficult to get with a tiny home and costly; (14) Shopping can be challenging with limited space; (15) Garbage storage and disposal can get complicated; (16) Having mail delivered can get tricky; (17) Cleaning a tiny home is not easy and has to be done more often; (18) Living in confined space can test your patience; (19) Neighbours can be hostile towards tiny-home owners; (20) The resale value can drop dramatically

8 November 2018

Question: According to MSN: Money, what are 10 things you need for lifelong financial success?

Women and minorities dominate as Goldman picks small cadre of partners – Pg. 1

- ...named 69 new partners yesterday
- The biennial round comes as Goldman is battling one of the most serious reputational crises of its history, with a criminal indictment from the Department of Justice implicating one former and one current partner. Alongside salaries of at least \$950,000 and access to special investment funds, the rank is supposed to guard the bank's standards
- Women...made up 26% of the promoted class, ...while younger "millennial" staff represented 29%
- The class is smaller than the 84 appointed in the last round in 2016...
- Traders also did well, accounting for 28 of the appointees,...

San Francisco backs homelessness tax – Pg. 4

- The levy...was designed to raise between \$250m and \$300m from big businesses with headquarters in the city. The tax would boost city spending on homelessness by as much as 80%
- Some local entrepreneurs and investors argue that the tax, averaging 0.5% on the gross receipts of businesses with revenues of more than \$50m, will be a particular burden on loss-making tech companies as well as those with low-margin business models

Murkier outlook the only certainty of US midterms – Pg. 19

- Initial investor reaction Was sanguine
- ...the outcome sets up a two-year period before the 2020 presidential election that is likely to be less straight-forward for markets than the first two years of the Trump presidency that saw US stocks set new record
- A divided Congress arrives against a backdrop of tighter monetary policy and concerns that economy growth has peaked
- Historically, stocks rally after mid-terms as both investors and policymakers move on from the uncertainty over its outcome. This year's voting followed a bruising period for US stocks – the S&P 500 fell nearly 7% in October for its worst month since 2011
- This time around, investors will take their cue from the US Federal Reserve, trade talks with China and the health of the US economy and corporate America, as a divided Congress diminishes the prospects for further fiscal stimulus
- A drop in corporate tax rates has helped to power back-to-back quarters of earnings growth surpassing 20% in 2018, a hurdle that will be hard to eclipse next year, and economists have trimmed their forecasts for US economic growth in 2019
- The outlook for an infrastructure package is more mixed
- Trade tensions with China remains a major concern for the market and an embattled Trump administration could decide to double down on the electorate-pleasing measures against Beijing – especially as battle lines for the 2020 elections start to firm

Answer: (1) A fee-free checking account (Prof Note: NEVER pay bank fees! I just got off the phone with my bank over a \$72 overdraft fee (they are refunding it). Yes, I absolutely overdrew an account (I have 30+) due to timing of payments BUT the credit line should have kicked in with no fee. Interest is a cost of doing business; a fee is grand larceny! ☺); (2) A debit card (Prof Note: I have NEVER had a debit card in my life. Why have one?!); (3) A high-yield savings account; (4) Health insurance and a health savings

account; (5) Homeowners or renters insurance; (6) Auto insurance; (7) Disability insurance; (8) Life insurance; (9) A retirement fund; (10) A college savings account

7 November 2018

Question: What was/is the percentage of homebuyers in 2018 that had a student loan?

Abe fuels debate on migration taboos – Pg. 4

- At the heart of the controversy are two elements of Mr Abe's plan that have been taboo in Japan. First, it will create a path – however long and difficult – for guest workers to become permanent residents. Second, it will allow some guest workers to bring their families
- The population of foreign workers in Japan has soared in recent years – up 18% in 2017 alone to 1.28m – but majority are students or “trainees” whose visas make it impossible to stay for the long term
- The two fastest-growing nationalities in Japan are Vietnamese and Nepalis

US Foreign Policy – Pg. 7

- The results of the 2018 midterms will be seen all over the world as a crucial test of whether Donald Trump has permanently changed America. The stakes have not been higher in a generation
- If Republicans do well, then many will conclude that “Trumpism” is here to stay. The rest of the world would have to make a long-term adjustment to an America that is highly protectionist and suspicious of treaties on principle – whether they deal with climate change, arms control, refugees or migration
- ...if Democrats prosper in the election, then the US president's foreign critics will cling on to the hope that the Trump years may yet turn out to be an aberration – and that the old American is waiting in the wings to return
- ...Mr Trump is the first ever US president who seems hostile to the very idea of European unity. In part, this is because Mr Trump objects to the trade surplus of more than \$100bn that the EU enjoys with the US
- The US president likes to denounce “globalism” – a term that he and his aides use to describe the encroachment of supranational institutions on national sovereignty
- ...the EU is the world's most successful “globalist” organization, since its organizing principle is the creation of international law that limit the sovereignty of national governments
- Canadians were stung that their country was labelled as a “national security threat” to the US, to justify the imposition of sanctions on steel and aluminium
- ...India, Saudi Arabia and Israel – and each of these governments have their own reasons for looking favourably on the Trump administration
- Losing control of Congress has a significant impact on a president's ability to pass domestic legislation. But it may not change foreign policy all that much
- The main impact of Congress in this area comes through its power to approve or reject trade deals and treaties. But since Mr Trump sees both trade and treaties as manifestations of “globalism” – he is unlikely to be pushing hard in that direction

Answer: 25%

6 November 2018

Question: What are 10 cities where your retirement rent is under \$1,000 a month?

Italy pressed to redraft budget in line with Brussels' rules – Pg. 2

- Under EU rules, Italy has until November 13 to submit revised proposals but figures such as Matteo Salvini, deputy prime minister, have pledged to fight for the existing plans even though they would raise the budget deficit to 2.4% of GDP in 2019

BoJ governor hints at shift to period of monetary tightening – Pg. 4

- ...clearest signal yet that the years of massive monetary stimulus are over and his next move will be towards tighter fiscal policy
- Consumer prices, excluding volatile fresh food and energy, were up by 0.4% compared with a year ago in September
- Japan's economy has enjoyed several years of above trend growth, except for a stumble in 2014-15 when consumption tax rose from 5 to 8%. However, inflation has remained sluggish
- He reiterated his pledge to keep interest rates extremely low for "an extended period of time"

Greece probes Chinese housebuyers – Pg. 4

- Greece's central bank is investigating a series of unusual transactions by Chinese citizens who used their credit cards to buy property in Athens and join the EU country's flourishing "golden visa" scheme
- The golden visa scheme was introduced in 2013 at the height of Greece's financial crisis in a bid to increase tax revenues and stem a dramatic fall in property prices
- The probe comes as the cash-strapped Syriza government debates whether to extend the scheme to other investments such Greek sovereign bonds and companies listed on the Athens stock exchange

Answer: (1) Mesa, AZ (\$880); (2) Pensacola, FL (\$813); (3) Lincoln, Neb (\$810); (4) Rochester, NY (\$775); (5) Detroit, MI (\$650); (6) El Paso, TX (\$634); (7) Tucson, AZ (\$620); (8) Tulsa, OK (\$599); (9) Fort Wayne, Ind (\$500); (10) Toledo, OH (\$475)

5 November 2018

Question: According to MSN: Money, how do you plan financially for the holidays .. and after?

General Electric finance division calls time on commercial paper borrowing – Pg. 1

- GE's financial services division is giving up on using commercial paper, in a landmark moment for a business that was once the largest borrowing in the market
- GE Capital's move away from commercial paper – debt with a maturity of up to 270 days – is likely to increase its cost of financing, which is also under pressure from credit rating downgrades

- Before the 2008 crisis, GE Capital boasted of being the largest borrowing in global commercial paper markets, using them to support operations such as consumer credit, mortgages and industrial lending. At the end of 2008 it accounted for about 4% of all commercial paper outstanding in the US
- The company is instead becoming more reliant on bank lending
- GE's financing costs have also been hit by its worsening credit rating

Buffett's \$1bn buyback points to dearth of attractive deals – Pg. 13

- The buyback, it's the first in six years, represents a tiny fraction of the conglomerate's \$104bn cash pile and comes as Berkshire's takeover drought stretches to nearly a third full year
- Some \$3.5tn of acquisitions have been agreed this year, up more than 30% from a year earlier,...
- If nothing less, the value at which Berkshire repurchased its shares indicates what Mr Buffett and vice-chairman Charlie Munger believe the company's stock is worth. In the third quarter, the average price it paid for its class A shares was \$312,807, ...

Answer: (1) Slow down – Remember that doing less is an option (Prof Note: Is there anything really better than being toasty in front of a roaring fire, with the house decorated for the holidays?!); (2) Budget – Start early (Prof Note: Think Origami! Who does not love origami?!); (3) Adjust spending – Don't go overboard on gifts (Prof Note: It is truly the thought that counts. I love my \$20 Stanley Thermos from my Aunt. I look like a real construction person!); (4) Kids' gifts – Remember that little ones aren't brand snobs; (5) Suggest a family gift exchange; (6) Plan meals well in advance; (7) Artisanal gift – Make things at home (Prof Note: See #2 Prof Note); (8) Use points – Credit card rewards can be used for gifts; (9) Travel cheap – Book flights early; (10) Beware of temptations – Shop for gift, not yourself; (11) Potluck – Cook as a team; (12) Organize group volunteering instead of holiday parties (Prof Note: I remember working at one company and they literally made us repaint a homeless shelter for a day. My fellow analyst and I did the math. We begged to donate our salary to painters (which were 18% of our cost, i.e. they could have two real painters for a week rather than us two chuckleheads for a day) rather than go ourselves. We actually liked our jobs and quantified the benefit of monetary philanthropy! We lost, ended up painting for the day, complained the entire time, and our collective boss said, "Never AGAIN!"); (13) e-cards – Save on postage by using MailChimp (Prof Note: Ohhh...puuullleeezzzz...this is cheap even for me. Splurge on the card and postage. Tell me how much you love me, as I love all of you!); (14) AliExpress – Buy from China; (15) Plan for next year – Open a holiday savings account

3 November 2018

Question: According to MSN: Money, what are 12 signs you are financially ready to quit your job? (Prof Note: Look at this better as what 12 requirements must you have to ensure you are ok with a termination/reduction in force, etc)

Jobs data offer poll boost for Trump – Pg. 1

- Non-farm payrolls rose by 250,000 in October, eclipsing economists' estimates for a gain of 190,000, ...
- Average hourly earnings rose 3.1% year on year, the highest rate since April 2009

- Yesterday's data are likely to strengthen the Federal Reserve's determination to continue lifting interest rates, a policy vociferously opposed by the president. The US central bank is widely expected to raise rates by another quarter-point in December, with further upward moves possible in 2019

US exempts eight countries from Iran sanctions to keep oil prices in check – Pg. 1

- The US will allow eight countries to import limited amounts of Iranian oil even after it reimposes sanctions on Monday, damping fears about a supply shortage and sending crude to its lowest price in three months

Bond funds hit by biggest monthly withdrawals in almost three years – 13

- Bond ETFs have become popular with investors on the lookout for cheap, simple ways to get exposure to fixed income markets. But the deepening bond reversal led to the first monthly outflow in two years, ...
- Bond funds around the world saw \$36bn pulled out in the month to Wednesday, the biggest withdrawal since December 2015,...
- Within the broad bond fund category, US bond funds suffered net outflows of more than \$13bn while political and economic uncertainty helped to drive \$9bn from Europe-focused funds
- The fixed income ETF has now lost almost 8% of its value this year and is on track for its worst year since its inception in 2002

Answer: (1) You have a plan once you quit your job (Prof Note: You should always have a plan for a job loss); (2) You understand the fine print in your job contract (Prof Note: This should have occurred prior to signature); (3) You've prepared your resignation and resume (Prof Note: Resume should be up-to-date ALWAYS); (4) You know the details of your last paycheck (Prof Note: You should know the details of EVERY paycheck); (5) You've saved money for future business endeavors; (6) You're able to travel (Prof Note: The best holidays are those between jobs as least responsibility); (7) Your debt is manageable (Prof Note: Your debt should ALWAYS be manageable); (8) You've addressed issues with your credit score (Prof Note: Negotiate credit lines; mortgages, etc while you have a job (if possible)); (9) You know your monthly expenses (Prof Note: You should ALWAYS know your monthly expenses); (10) You've accounted for costs covered by employer; (11) You have a robust savings (Prof Note: I am not a fan of spending principal. Do the hustle!); (12) You've locked in another source of income (Prof Note: You should always have other income sources unless precluded by corporate policy. And, then, if precluded, the parachute must be substantial enough to accept the risk. Do the hustle!)

2 November 2018

Question: According to MSN: Money, how much do you really take home from a \$100,000 salary in each state?

Scientists launch project to read DNA of all known life – Pg. 2

- International biologists have launched an ambitious project to read all the DNA in each of the world's known animal, plant and fungal species over the next 10 years, sequencing 1.5m different genomes at an estimated cost of \$4.7bn

- They expect to read the full DNA sequence of all the world's eukaryotic species – organisms whose cells have a nucleus enclosed by membranes. These are animals, plants, fungi and protozoa, which encompass all of the life except simple microbes (bacteria and archaea).

Google staff walk out to put focus on harassment response – Pg. 3

- Google has become the latest Silicon Valley company to come under fire for its handling of sexual harassment claims after it emerged that two male executives had left the company with substantial pay packages despite the fact that complaints against them were found to be credible

Answer: (1) Maryland: \$65,541; (2) Pennsylvania: \$67,545; (3) Virginia: \$67,811; (4) New York: \$65,753; (5) Florida: \$73,077; (6) Delaware: \$67,231; (7) California: \$66,157; (8) Alaska: \$73,077

1 November 2018

Question: What is the first test for a potential Social Security recipient?

Global stocks brighten after late rally takes edge off grim October – Pg. 1

- European and Asian stocks ended a grim October on a brighter note, as corporate earnings on both sides of the Atlantic tempted investors back into a market beset by worries over rising interest rates, trade tensions and slowing global economy
- ...All-World index had recovered about 1.6% on the last day of what was the worst month for equities in more than six years
- ...continued health of corporate profits in Europe and Asia went some way to assuage investor nervousness, with many major markets enjoying their first consecutive daily advances in more than a month
- Treasury yields, which move inversely to prices, rose, with benchmark 10-year note up 4bps to 3.16%. Gold fell 0.5%

China factory index signals worst slowdown in 2 years – Pg. 4

- A gauge of Chinese factory output weakened to its lowest level in more than two years in October, a fresh sign that the economy is under pressure even though the impact of US tariffs has yet to appear in trade data
- China has already adopted a series of economic stimulus measures, including accelerated spending on infrastructure and multiple cuts to bank reserve requirements
- China's economy grew at 6.5% in the third quarter, the weakest quarterly expansion since 2009, though still in line with the government's official target of "around 6.5%" for 2018
- The weakening economy has also pressed China's currency, with the renminbi closing at a fresh 10-year low against the dollar yesterday after the greenback hit a 16-month high against a basket of global currencies
- The lack of impact of US tariffs on the economy was reflected in Chinese goods exports growing by a healthy 12.2% through the first three quarters of this year

Private Equity – Pg. 7

- Americans hand over \$200bn a year in annuity premiums every year, usually opting for an insurer that will invest the money in safe bonds and then keep a modest portion of the investment returns
- Apollo has created both a listed \$10bn life insurance company as well as a perpetual stream of fees that account for several billion dollars of its own \$13bn equity value
- Apollo, founded by three former Drexel Burnham Lambert bankers in 1990, made a fortune in insurance investing in its early years
- While annuity contracts promise customers a return of perhaps 2 to 3% a year, a resourceful credit investor such as Apollo could earn perhaps as much as 4% on top of that

Fed set to ease US regional lenders' stress test burden – Pg. 12

- Some of the largest regional banks in the US will no longer have to perform annual stress tests, under plans by regulators to reduce the industry's red tape but which critics say would make another crisis more likely
- Companies such as BB&T and SunTrust will have their balance sheets tested only every two years under proposals by the Federal Reserve
- The Fed's action comes after Congress instructed it earlier this year to lift some of the strictest Dodd-Frank regulations for smaller banks, under the so-called Crapo Act, named after the Republican banking committee chairman Mike Crapo
- Under the new proposals, US banks will be split into four risk categories. Those in the highest two categories, including systemically important global banks such as JPMorgan Chase, Citigroup and Goldman Sachs, will continue to face the same level of regulation
- Smaller regional banks however will face different levels of oversight
- Those in the lowest band, which have assets totaling \$100bn to \$250bn, will face stress tests every two years rather than annually and will avoid altogether a rule which states that banks should have enough liquid assets to operate for 30 days

CBRE takes on WeWork in flexible office space – Pg. 12

- CBRE, the world's largest real estate services company, is launching a flexible office service that will vie with groups such as WeWork and IWG for corporate tenants

Heavy liabilities put GE Capital under growing strain – Pg. 15

- General Electric has warned that it might have to put more capital into its financial services arm than it had previously suggested, reminding investors that what was once a growth engine has become a drag on performance
- GE Capital is facing immediate strains, including its regular assessment of the expected cost of its legacy insurance liabilities from businesses that it offloaded in the mid-2000s
- Jack Welch, chief executive in the 1980s and 1990s, led GE deeper into financial services beyond the original functions of supporting the sales of its products. Under Jeff Immelt, chief executive from 2001 to last year, financial services including consumer credit and mortgage lending at times generated more than half the group's profits
- But while pulling back from financial services may have reduced the risks in GE's portfolio, it has added to pressure on cash flows at a time when its core industrial operations are being dragged down by the crisis in its power equipment division

Answer: Immigration status

Halloween 2018

Question: According to MSN: Money, what are 10 ways to invest in cannabis?

Trump challenges birthright citizenship – Pg. 2

- Under the current interpretation of the US constitution, American law considers people born in the US to be citizens regardless of whether or not their parents were in the country legally
- The constitutional amendment establishing that right was ratified in 1868, and verified by an 1898 Supreme Court decision which declares that a boy, born to Chinese parents, was a citizen, because his parents were residing in the US at that time
- In fact, the US is one of several countries that bestow automatic birthright citizenship. Other countries to do so include Canada and Mexico
- Using the executive order to end birthright would probably spark a constitutional fight, with the Supreme Court serving as the ultimate arbiter on the executive order, and how it relates to the 14th Amendment, which was passed as part of post-civil war legislation that secured the rights of former African-American slaves

Eurozone slowdown clouds ECB easing strategy – Pg. 2

- The Eurozone is growing at its slowest pace for more than four years, raising the pressure on the ECB to reassess whether the bloc's economy has enough fuel in the tank to cope with plans to end the institution's crisis-era stimulus
- Italy, the eurozone's third-largest economy, ground to a halt in the third quarter, while France accelerated to 0.4%, from 0.2% in each of the previous two quarters
- The Eurozone expanded 2.4% in 2017, its fastest pace in a decade and one that the ECB initially believed the single currency union could replicate this year too. The institution has since revised down growth to 2%
- The central bank has so far argued that strong growth in 2017 has created jobs and lifted wages, and that this in turn will boost consumer spending
- With interest rates set to remain on hold at record lows "through the summer" of 2019, and the ECB set to spend 200bn (euro) on bond purchases in the first nine months of the year as part of its reinvestment programme, policymakers have also stressed that monetary policy would remain exceptionally loose by historical standards, and long past the end of QE

Smaller US lenders feel chill despite healthy results – Pg. 16

- The market for small bank stocks in the US has been growing weaker since the summer. Regional bank indices are down 12% in the past four months, compared with a 4% fall for the big national banks and 8% for small-cap stock indices

Answer: (1) Cannabis growers; (2) Royalty streaming companies; (3) Real Estate; (4) Suppliers; (5) Distributors; (6) Retailers and dispensaries; (7) Technology providers; (8) Partners; (9) Cannabinoid-focused biotechs; (10) Exchange-Traded funds (ETFs)

30 October 2018

Question: According to MSN: Money, if you are in your 60s without retirement savings, what three moves should you make today?

India social norms hit women's fight to find work – Pg. 2

- India is being rocked by a #MeToo moment that has revealed sexual harassment in elite, white-collar workplaces, often perpetrated by the powerful men who run them. But the debate over workplace harassment comes as many Indian women are still fighting for the right to work at all
- India has one of the world's lowest rates of female participation in the labour force, with just 27% of all working-age women holding paid jobs outside their home
- Part of the problem is that India has failed to create the large-scale manufacturing jobs that can absorb poorly educated rural women
- But India's social norms – including entrenched beliefs about a woman's place in the home and taboos on interactions with men outside the family – are also barrier to women entering the paid labour force

Business education – Pg. 7

- Many are opting instead for shorter courses that cost less money or decide not to study for an MBA at all
- The first MBA, devised at Harvard Business School as a generalist management degree, dates back to 1908. It combined classes in “quant” subjects, such as finance and accounting, with courses in soft skills, including leadership, entrepreneurship and communication
- The first curriculum was based on Frederic Winslow Taylor's principles of scientific management and quickly gained traction...
- ...for the past four years, interest in the full-time MBA course has been on the decline in the country of its birth
- This year 70% of US schools with full-time MBA degrees reported declines in applications for their two-year programmes...
- That was offset by growth of 8.9% in business school applications in the Asia Pacific region, a 7.7% rise in Canada and a 3.2% increase among institutions in Europe
- The deans of US business schools had blamed previous declines in MBA market overall on a “flight to quality” ...
- ...people now have many ways to gain these skills, either by taking online degrees or specialist business masters qualifications

Systemic risk fears intensify over leveraged loan boom – Pg. 19

- ...the booming \$1.3tn market for leveraged loans – or those extended to highly indebted companies that are then packaged up and sold to investors as bonds....
- Official fears are being amplified by the hollowing out of protections for investors who ultimately end up owning the loans but are attracted to them because their floating rate component offers protection against a Fed that is raising interest rates
- Issuance for US leveraged loans is now on pace to outstrip last year's record high of \$650bn....

- Based on the three-month Libor rate, which has rocketed this year to its highest level since 2008, leveraged loans have returned 4.3% to investors since January...
- Given these weakening standards, Moody's rates 37% of leveraged loans B3 or lower, the lowest rating they say is typically acceptable to investors

Answer: (1) Start maxing out your retirement plan contributions; (2) Claim Social Security as late as possible; (3) Keep working into your 70s

29 October 2018

Question: According to MSN: Money, what are six (6) things you should know about a stock market correction?

Banks urged to ready for no-deal Brexit – Pg. 2

- ...lenders should not expect regulators to help them cope with any upheaval caused by the UK's departure
- ...banks should not expect any leeway in meeting a key regulatory standard set by the agency
- If Britain leaves the EU without an exit deal, bank bonds issued under UK law will no longer be eligible as MREL unless banks insert contractual clauses to make clear that the SRB can wipe out the securities. Failing this, banks could issue extra debt to meet their target

Cornell halts China university ties over student crackdown – Pg. 4

- Cornell University in the US has suspended two academic exchanges and a research programme with China's Renmin University because of concerns over academic freedoms. It is the first time in years that a foreign university has halted a partnership with a Chinese counterpart for such reasons

US retail rents pushed to post-crisis highs – Pg. 16

- Landlords have pushed rents for US retailers to post-crisis highs in spite of the competitive onslaught from Amazon, with asking figures in hotspots rising beyond 10% in the past year
- The 4% average rise, to be disclosed by CBRE, the property broker, this week, is the latest sign that confidence in bricks and mortar stores is recovering, especially in better-off areas, ahead of the Christmas season
- Supply has begun to tighten even in shopping malls, a sector particularly hard hit by closures among anchor tenants such as Macy's and JCPenney
- The proportion of mall units vacant or coming up for lease declined for the first quarter in seven to 5.8%
- Miami breached the \$30 per square foot level in the third quarter, up 14% from a year ago. Average asking prices for retailers rose 13% in booming Oakland, California, and 12% in Jacksonville, an emerging financial centre in Florida
- Nationally, the rate of year-on-year growth cooled from 5% in the second quarter
- Limited new supply is also making it harder for retailers to secure units in popular markets. Fewer than 6m sf of retail space was built in the third quarter, a new post-crisis low and a decline from 42m in the same period in 2007

Answer: (1) Stock market corrections happen often; (2) Stock market corrections rarely last long; (3) We can't predict what will cause a stock market correction; (4) Stock market corrections only matter if you're a short-term trader (Prof Note: Absolutely UNTRUE! For example, if one's portfolio is collateralizing a loan that is callable based on portfolio value, a correction could be very concerning); (5) They're a great time to buy high-quality stocks at a bargain; (6) They're also a good reminder to reassess what you own

27 October 2018

Question: What are 10 costly mistakes real estate investors make?

Tech gloom drags down Wall Street – Pg. 1

- Wall Street is heading for its worst month since the financial crisis after discouraging forecasts from big technology groups triggered a wider sell-off, reigniting fears that the longest bull market has come to an abrupt halt
- ...US economy was still growing at a robust 3.5% annualized rate in the third quarter. The S&P 500 fell as much as 2.9%, wiping out this year's gains
- Investors are concerned that most big central banks will continue to wind down crisis-era stimulus programmes despite signs that economies outside the US are slowing, with mounting trade tensions threatening more damage
- The S&P 500's lows yesterday took its drop from a September 21 peak to more than 10% - the accepted definition of a correction.

Draghi warns on central bank independence – Pg. 4

- In the US, President Donald Trump has assailed the Federal Reserve as "loco" for raising rates, which he blames for recent falls on Wall Street
- Tensions between Italy and the ECB has hit a high over Rome's plans to run a big budget deficit, which have contributed to a rise in the country's borrowing costs

German housing costs leave Merkel party vulnerable – Pg. 4

- The scarcity and cost of housing have become an issue for German voters and politicians alike
- ...concluded that the country needs 1.5m new flats over the next four years
- Analysts say Germany's housing problem has its roots in the years after the turn of the millennium, when policymakers became convinced that the challenge for city planners was the management of population decline. New housing projects fell dramatically. At the same time, local and state governments sold social housing stock and stopped investing in affordable homes

Self-driving cars receive their first fee-paying passengers – Pg. 10

- Waymo has begun charging passengers in Arizona for rides in its autonomous cars, making it the first self-driving car developer to launch commercial services
- (Prof Note: I truly believe that autonomous cars are going to put real estate pricing on its head. No longer will a two-hour commute be a chore. The time can be used productively)

Diversification breaks down with no hiding place for investors – Pg. 13

- ...for the first time in a very long while almost every major asset class has now slumped into negative territory for the year
- The US stock market and US junk bonds were the last two corners to still hold on to narrow gains for 2018 but this month high-flying tech stocks have been pummeled and the last of the S&P 500's advance evaporated this week and left investors facing a sea of red
- A fourth interest rate rise for the year has been considered a foregone conclusion but some doubt is now creeping in
- Fed funds futures – derivatives that allow traders to bet (Prof Note: Or “hedge”) on US interest rates – now imply a 33% chance the central bank will blink and hold steady in December, up from just 19% a week ago
- The biggest danger confronting investors is therefore that the “rolling bear market” – as MS has dubbed the expanding sequence of asset classes suffering losses this year – continues to rumble on and plays havoc with many popular portfolio construction methods. What is so nerve-wracking about this rolling bear market is that it leaves even big diversified investors very few places to hide

Answer: (1) Planning as you go (Prof Note: One must have a plan at the beginning); (2) Thinking you'll get rich quick (Prof Note: I cannot stand those flip shows on tele. Real estate is a long wait game...); (3) Not having the right people around you (Prof Note: The “team” is crucial! I feel blessed with this list-serve and all my peers/friends. Everyone enables me to assemble a class-A team instantaneously.); (4) Paying too much (Prof Note: Sometimes you have to walk away. Patience and cash wins the purchase.); (5) Not doing your homework (Prof Note: Real Estate is asymmetric with the seller typically knowing more. The buyer must close the gap as much as possible.); (6) Ducking due diligence (Prof Note: Much of real estate starts in the office(s) and requires long hours. It concludes in the field and one must be comfortable in both areas.); (7) Misjudging cash flow (Prof Note: One lives and dies by cash flow. Property Taxes, HOA, Association Dues, Maintenance, etc. All must be paid and there must be sufficient reserves, note: credit lines can be considered reserves); (8) Lowering the volume (Prof Note: One must have pipeline. Always be working on deals. You must be in the game.); (9) Not having backup plans (Prof Note: Stress test your portfolio. I always ask younger investors, “If all hell breaks loose, will your family bail you out?” Great if they will, no shame at all and best to have a supportive family. If not, you better grow to a size where a default is the bank's problem and not yours! ☺); (10) Miscalculating estimates (Prof Note: Get several estimates)

26 October 2018

Question: According to MSN: Money, what are the financial benefits of getting remarried?

ECB stands firm on end date for easing – Pg. 2

- The ECB has signaled that market turmoil and mounting risks to the Eurozone economy will not deter it from withdrawing one of the most important parts of its crisis-era stimulus, as it confirmed plans to halt its quantitative easing programme by the end of this year
- The ECB's governing council said still “anticipates” that it would end the expansion of its 2.5tn (euro) quantitative easing programme at the end of this year. The bank is buying 15bn (euro) of mostly government bonds a month

Yellen sounds alarm over plunging loan standards – Pg. 2

- The US needs to deal with a “huge deterioration” in the standards of corporate lending instead of focusing on deregulation,....
- ...particularly alarmed by loosening standards in the \$1.3tn market for leveraged loans, which are offered to companies with weaker credit ratings
- There was a risk that lessons from the crash were being forgotten, as banks embarked on an aggressive lobbying push to water down forms that were put in place at the start of the decade, ...
- Ms Yellen said that while regulators were insisting banks hold appropriate capital against leveraged loans on their balance sheet, much of the debt ended up getting repackaged and sold on elsewhere
- Ms Yellen said the authorities should be doing more to fill in gaps in the regulatory framework. In particular, she was worried about the lack of “macroprudential” tools in the US that regulators could use to rein in risk

Volcker sets a challenge for the next generation – Pg. 9

- As Fed chair in the 1970s he crushed inflation and, after the 2008 financial crisis, he helped craft reforms, as economic adviser to Barack Obama’s White House. His memoir explains in lively detail how he (and others) spend the second half of the 20th century experimenting with different policy tools, to deal with the crumbling postwar Bretton Woods global economic order
- First, he is uneasy about the 21st century central banking fashion – or obsession – for chasing 2% inflation target...he suggests central banks would do better to chase price stability, since deflationary dangers are overstated
- Second, he is uneasy about the risks to the financial system unleashed by the past decade of experimental quantitative easing policies
- ...threat of another crisis is exacerbated by a third point: a decade after the credit crunch, financiers are slipping back into bad habits, he fears, chasing “chicanery” and lobbying to loosen regulation, such as the “Volcker rule” he authored to curb proprietary trading after 2008

Answer: (1) Split the cost of living for more disposable income; (2) Pay less in Taxes; (3) Earn discounts on insurance; (4) Take advantage of your spouse’s work perks; (5) Achieve more success at work; (6) Benefit from a better debt-to-income ratio; (7) Earn more money back from extra deductions

25 October 2018

Question: According to MSN: Lifestyle, what are unexpected benefits of spending time alone?

October a frightful month for global investors – Pg. 19

- ...All World Index’s loss this month so far to a whopping 7.3%, its worst performance since the peak of the Eurozone crisis in 2012
- Of the global equity benchmark’s 3,211 members, almost a third have lost more than 20% of their value this year in dollar terms. Well over half are down at least 10% and, as of the end of Tuesday, only 853 companies are still in positive territory for 2018

- Signs of fading economic momentum led the IMF to knock 0.2% off its forecasts for global growth in 2018 and 2019, to 3.7% in both years
- The Chinese economy has been gradually slowing since 2014 as the authorities try to engineer a soft landing after a long, construction-driven, debt-fuelled growth spurt, and a pivot towards a more consumptive-led model
- The Federal Reserve is expected to lift rates for a fourth time this year in December and is slowly but surely shrinking its balance sheet

Fed faces greater challenge in holding main interest rate within target range – Pg. 19

- The Federal Reserve's main market interest rate has drifted back close to the top of the central bank's target range, highlighting the difficulty of normalizing monetary policy after the biggest central banking experiment in the modern era
- The fed funds rate, which the Fed is attempting to keep in the middle of its target range of 2-2.25%, has risen to 2.20%, hitting what the central bank had hoped would be a technical ceiling
- The Fed pays 2.20% in interest on excess reserves (IOER) that banks hold in their accounts with the Federal Reserve. The fed funds rate is the rate at which banks borrow those reserves
- When the Fed first started raising rates in late 2015, IOER was set in line with the upper bound of the Fed's target range
- But in June, the Fed began setting IOER 5bp below its upper bound, in an attempt to better keep the Fed funds rate in the middle of its band

Answer: (1) It increases empathy; (2) It boosts your intelligence; (3) It could improve your social life; (4) It increases overall energy levels; (5) It boosts productivity; (6) It sparks creativity; (7) It could help you find new interests; (8) It helps you manage stress; (9) It helps increase self-awareness; (10) It promotes mindfulness

24 October 2018

Question: According to MSN: Money, what are six (6) hidden costs of being a homeowner?

Markets sell-off continues after US industrial groups warn over tariffs – Pg. 1

- US industrial companies unnerved investors yesterday with reports of rising prices and costs for products ranging from earthmoving equipment to Post-it notes, raising concerns that tariffs will add to inflationary pressure
-S&P 500 was down 1.4%
- There were also signs of weaker demand in some markets, adding to investors fears of a squeeze on earnings if companies could not pass on costs
- The IMF said this month that it expected the steady expansion in the world economy to continue into 2019, but warned that growth might have peaked in some economies

UN goal of globally affordable internet access rest at 2043 – Pg. 3

- ...more than 2.3bn people, about 30% of the global population, lived in countries where a monthly mobile data allowance of 1GB was unaffordable, costing more than 2% of the average salary
- Growth in the number of internet users has slowed dramatically, in part because of a lack of affordability
- ...almost two-thirds of the 3.4bn living offline are in Asia, with 1.5bn in China and India alone....

European Central Bank faces Rome dilemma over maturing QE bonds – Pg. 19

- The central bank plans to stop buying government bonds from the end of December, but next year will continue to reinvest billions of euros worth of maturing debt it holds back into the eurozone's sovereign bond markets
- As with the QE programme, the purchases will be conducted according to the size of each Eurozone country's economy and population, using a calculation known as the capital key
- The ECB will reveal the new calculations for the capital key at its last meeting of 2018 on December 13, when it will also say whether it intends to adopt the new key – or stick with the old – for the reinvestments
- The capital key methodology originated as a way of balancing the competing priorities of differing Eurozone members
- The solution was found in the capital key, which is used to determine the proportion of capital each of the national central banks must contribute to the ECB, and the portion of the ECB's profits they would receive in return
- Thus the QE programme is linked not to the size of each country's bond market, but to the size of its contribution to the monetary union's economy and population

Answer: (1) Turning your house into a home (Prof Note: The cost of nik-naks, insta-hot, etc); (2) Regular maintenance; (3) Emergencies; (4) (Prof Note: No joke....the article had no #4); (5) Homeowners Insurance; (6) Increases in property taxes (Prof Note: Be very aware of the costs that are uncontrollable, e.g. Home Owners Association, Community Association, Property Taxes, emergencies that must be addressed (roof implosion), Insurance.)

23 October 2018

Question: According to MSN: Lifestyle, what are 21 annoying coffee shop habits you have, according to Starbucks Baristas?

Rome defies Brussels with refusal to pare back spending – Pg. 1

- ...insisting that breaking the EU's fiscal rules would not threaten the currency union's stability
- Rome's refusal to budge marks the first time a member of the currency union has ignored a Brussels reprimand since EU fiscal rules were overhauled at the height of the Eurozone crisis
- It also sets Italy's governing coalition on a collision course with the European Commission, which is expected today to demand that Rome resubmit its 2019 budget, an unprecedented move by Eurozone authorities. If Italy fails to comply, it faces millions of euros in fines

Chinese stocks surge after encouragement from Beijing – Pg. 1

- China stocks had their biggest one-day gain in almost three years yesterday in a dramatic rebound...

US midterms poised for millennial moment – Pg. 3

- Of those motivated millennials and Generation Z post-millennial voters, the majority were “heavily leaning” towards Democratic candidates,...
- This is in contrast to other age groups, which tend to be evenly split between the two parties. If close to 30% of the under-30 voting population does turn out in November, it would be the highest proportion for that demographic in more than three decades
- Millennials, or those born between the early 1980s and the mid-1990s, had been notable as a generation for wanting to improve their community through volunteering or philanthropy,...
- ...while the post-millennial generation had been interested in using the existing political system to improve their community...

Tech trade no longer safe bet for investors – Pg. 19

- On Wall Street, the outlook for tech companies is at the heart of the debate over the health of the wider bull market for US stocks which, by some measures, is the longest on record
- Tech accounts for more than 20% of the market value of the S&P 500 whereas a more than fivefold gain for the information technology sector since equities bottomed in 2009 has helped drive stocks higher
- The bank calculated that the tech companies account for about 30% of the market capitalization of the S&P 500 if you cut across the official sector breakdowns...

Answer: (1) You are totally unprepared; (2) You’re an indecisive Starbucks addict; (3) You ask a million questions; (4) You don’t care about my answers; (5) You refuse to put your phone down; (6) You take your morning stress out on your barista; (7) You don’t have your money ready; (8) You think mobile ordering is instant; (9) You don’t read the large print; (10) You keep pushing for something that’s run out; (11) You act entitled; (12) You have your nose in your phone while waiting; (13) You get impatient waiting for a complicated drink; (14) You don’t trust my judgment; (15) You don’t realize what you’re ordering; (16) You blame me when you order wrong; (17) You think you know better than me; (18) You decide you don’t like it halfway through; (19) You ask for multiple remakes; (20) You leave your trash lying around; (21) You’re messier than you should be (Prof Note: I remember when I worked for the fund. Every day I was in DC (no more than one day a week) I purchased Starbucks for the office. The two analysts would go out armed with my credit card/cash. Finally, one day one of them came to me and said, “Can you talk to the secretary. It is embarrassing. She gets half a squirt of this, 2.5 squirts of that. What is worse, she then calls the store, complains, and they give her a free voucher for another coffee. The Starbucks knows us and hates us now!” I said, “WHAT??? That is MY free voucher!” The result was that I spoke to her later that day and said she had to order directly off the Starbucks menu or no more free coffee. The analysts were not doing anything custom.”)

22 October 2018

Question: According to MSN: Money, what are seven (7) times you don’t need life insurance?

Japan's dying shareholders bury growth hopes as heirs flood market with stock – Pg. 1

- Investors should expect decades of selling pressure on Japanese stocks from the most implacable bears in the market: the recently deceased
- The relentless sell-off, which threatens to intensify until 2040 as the huge, wealthy baby boom generation expires, arises from an estimate that about 80% of inherited shares are immediately sold by heirs

A global trading system under fire – Pg. 7

- The US, for years the dominant power in the world trading system, and its upstart Chinese challenger are at battle stations
- If the need is clear then so is the obvious vehicle for de-escalating the conflict – the World Trade Organization
- The WTO was created in 1995 but its founding treaty, the General Agreement on Tariffs and Trade, dates from 1947. The Geneva-based organization, which now has 164 member countries – China joined only in 2001 – set the basic global rule book for trade and the arbitration of conflicts
- ...several factors inhibit the organization playing a mediating role in the US-China antagonism. One is the rapid escalation by Mr Trump of a long established American uneasiness about the WTO dispute settlement,
- Second, the US and other advanced economies say the WTO's rule book is out of date
- The US says WTO rules do not sufficiently limit Beijing from intervening to subsidize Chinese industry, support state-owned enterprises and discriminate against foreign investors, including the forced transfer of technology
- Major rule changes would require new negotiations, precisely the task that WTO members have struggled to complete for nearly a quarter of a century. One possible model is a "plurilateral" agreement, which brings together a smaller group of countries willing to make a deal among themselves. Such deals already exist, including one on government procurement between nearly 20 countries as well as the EU
- ...Chinese officials insist any deal must be balanced, with the US addressing its own agricultural subsidies. Beijing is still sensitive about the liberalization it had to undertake as a condition of acceding to the WTO

Rebooting careers at any age with an MBA – Pg. 11

- The average age of students across the leading full-time MBA courses in the Financial Times' global business school ranking has been at about 28 for most of the two decades that the list has been compiled.
- The average age of students on the full-time MBA course at Cass has risen from 29 in 2008, when the oldest student was 39, to 32 this year
- (Prof Note: I continue to believe university administrators and professors at business schools miss the mark! Students in business schools, in my opinion, are there to learn to make \$\$\$ NOT become smarter, i.e. pursue a Ph.D. As such, why not publish the historical balance sheets and income statements (and cash flow) of professors and administrators? If they cannot make \$\$\$ for themselves, how can they possibly teach others to make money? Hold Universities accountable! Hold Professors accountable!)

Treasury investors cheer first real return in a decade as Fed rate rises boost yields on short-term debt – Pg. 13

- Federal Reserve interest rate increases have catapulted the yield of three-month Treasury bills – the global finance industry’s closest proxy for hard cash – above all three main measures of US inflation for the first time since the early days of the global financial crisis
- This means that investors can get a real, inflation-adjusted return from cash for the first time in a decade. Treasury yields have also risen well above the S&P 500’s dividend yield, undercutting the post-crisis argument that for many investors “there is no alternative” to investing in equities – a thesis often abbreviated to “Tina”

Answer: (1) You’ve found a better deal; (2) It’s time to cash out your whole life policy; (3) You’ve gone through a divorce; (4) You need long-term-care insurance; (5) Your children are grown; (6) You’re self-insured; (7) You need a smaller policy

20 October 2018

Question: According to MSN: Money, what are seven (7) ways to guarantee you’ll never have enough to retire?

China stocks head for steep decline – Pg. 1

- While volatile in US equities has garnered most investor attention over the past two weeks, the declines in China have been steeper and extend a plunge that has sent the country’s main index down 22% this year
- The sell-off, which also prompted a drop in the Chinese currency towards the Rmb7 level against the dollar, has been sparked by the trade war with Washington, a souring of sentiment on big tech and underlying concern over the health of the Chinese consumer

Trump property tax revamp stirs suburban ire – Pg. 2

- The reform cut tax rates for corporations and individuals. But it also capped at \$10,000 the amount of state and local property tax that households can deduct from their federal income tax
- 96% of any tax cut resulting from repeal would go to the highest 20% of US households by income....the deduction is worth little to people who rent flats

Financial Markets – Pg. 7

- BlackRock, the company he founded in 1988, was comfortably the biggest investment group on the planet, with more than \$6tn of assets under management
- ...BlackRock celebrates its third decade, its vast money-gathering machine has begun to sputter, ...
- The company’s overall assets under management have also been buoyed by rising markets, hitting a record of \$6.44tn in the third quarter...
- ...BlackRock’s shares have been pummeled this year. After hitting a record \$593.26 on January 22 – up more than 500% from their post-crisis nadir in March 2009 – its stock has tumbled over 30%

- The US economic recovery has spurred the Federal Reserve into a series of interest rate rises since 2015, to ward off the danger of overheating. That has echoed through bond markets, and pushed up short-term debt yields to levels not seen since before the financial crisis
- ...investors who have long complained about “Tina” – the idea that There is No Alternative (to buying equities) – now have some other options
- Global growth is weakening, and while the US economy is red-hot at the moment, that has fanned fears that the Fed will have to keep raising interest rates – which could spell more strife for emerging markets in particular
- The global asset management business is facing intensifying pressure from cheap, index-tracking funds, which have been sucked in hundreds of billions of dollars since the financial crisis and contributed to a broader reappraisal by investors of how much they should have to pay
- The average cost of US bond and equity funds has slipped from 0.76% and 0.99% of the investment respectively in 2000 to 0.48% and 0.59% last year,....

#MeToo and the new work rules – L&A 1

- 80% of Americans now think that women not being believed is a problem, and two-thirds (64%) now say that in their workplace the victim is more likely than the accuser to be believed...
- All this makes the reputational damage from a sexual harassment claim much steeper, which has changed companies’ risk assessments
- As of May 2018, nearly 300 high-level US executives had been fired due to sexual improprieties
- Companies now evidently believe that the reputational risk of not parting ways very publicly with sexual harassers is greater than the risk of a successful defamation suit
- Four out of every 10 men (43%) now say that #MeToo has made them reflect on their own behavior...
- Some simple guidance can help allay men’s fears...
- First, if you want to date a colleague, feel free to ask her. But if she says no, that’s your answer
- The second rule is simple: treat male and female colleagues equally
- The third rule concerns the widespread panic about whether a guy can give a girl a compliment...making someone uncomfortable, cease and desist...
- The fourth rule concerns sexual joking
- The final rule concerns touching. Don’t do it!!! (Prof Note: When I was in residential building, the touching was WAY over-the-top. The sales people were the absolute worst! As head of HR and CFO I had to deal with this. I 100.0% believe that the touching was to solicit favours, e.g. needing something done, etc. I also 100.0% believe these touches were occasionally misconstrued leading to my eventual involvement as HR. Personally, I believe the solution to be bodycams on all employees. Now, how practical is that?!)

Answer: (1) Taking social security early; (2) Being too safe with your savings; (3) Banking too much on retirement calculators; (4) Failing to know what your fixed expenses will be in retirement; (5) Spending your savings on optional stuff; (6) Having no plan to cover income gaps; (7) Failing to keep your eye on the ball

19 October 2018

Question: 10 tough but true reasons you're not rich?

Beijing unveils first growth data since US tariffs – Pg. 3

- ...the world's second-largest economy is expected to have grown by an annualized rate of 6.6% in the third quarter, which would mark China's slowest expansion since the depths of the financial crisis in 2009
- China's economy has also doubled since 2009 (from \$5.1tn to \$12.2tn last year), so slower growth is expected

Wary Chinese business cuts investment as trade fears grow – Pg. 3

- China's private entrepreneurs are shifting away from investments in favour of paying down dollar debt and keeping cash at hand to prepare for an economic downturn exacerbated by the Trump administration's trade tariffs
- ...private exporters would focus their cash on repaying dollar debt, as China's loosening policy and the US Federal Reserve's tightening contributed to a weaker renminbi
- Private businesses have borne the brunt of a slowdown in real economic growth in China over the past few years, which has been accompanied by a tightening of state lending and the collapse of shadow financing. Private companies tend to be far more exposed to shadow finance, as both borrowers and lenders
- After decades in which property investment drove the boom, real estate entrepreneurs are turning to asset management rather than placing big bets on land or buildings,...

Lenders aim to plug \$1.5tn gap in global trade finance – Pg. 14

- Several of the world's largest banks plan to build a digital platform that aims to grab an unaddressed \$1.5tn gap in the coverage of global trade finance
- Hong Kong's de facto central bank, the Hong Kong Monetary Authority, has launched a blockchain-backed trade finance platform linked to 21 banks, including HSBC and Standard Chartered
- The system plans to allow trading companies to submit purchase orders and invoices to request trade financing from banks. The information can be verified within the system and will help banks better assess the risks of double financing and fraudulent trade

Answer: (1) You're trusting the wrong investment pros (Prof Note: Make certain they are "pros" afterall, i.e. look at the educational background of Suze Orman); (2) You have an attitude about wealth; (3) You waste a ton of money (Prof Note: Be careful as the Starbucks add up); (4) Your mindset is all wrong; (5) Your networking stinks (Prof Note: Networking is critical. You have to get one's name out); (6) Savings? What savings? (Prof Note: Perhaps a cliché but no less true: It takes money to make money); (7) You're a penny pincher (Prof Note: You have to get in the game! You miss 100.0% of balls when you fail to swing 100.0% of the time); (8) You think working long hours is all it takes (Prof Note: Whoa...have I learned this! Work the long hours ONLY when it is appreciated and they are advancing you. If your boss and/or company is shirking, completely your commitment but change jobs!); (9) You like to keep up with the Joneses (Prof Note: You never know how the "Joneses" have financed anything. Be prudent and find

inward happiness); (10) You're waiting for your big break (Prof Note: Create your own break! I am never happier than when I wear polos with the P(Gain) logo and/or Cat Ghaut logo.)

18 October 2018

Question: According to MSN: Lifestyle, what are 40 of the most important things I learned before turning 40?

US hits EU banks with exchange threat – Pg. 2

- One of the US's top regulators has threatened to stop European banks from using US futures market if the EU refuses to water down post-Brexit plans to oversee clearing houses
- The CME is widely used by banks around the world to hedge their exposures to dollar swaps and US Treasuries. It could also bar US institutions from EU entities such as Deutsche Borse's Eurex, which trades futures pegged to the prices of German government bonds
- The US and UK have a common cause in resisting European plans for extensive oversight, with both sides supporting "deference" to local regulators, with close co-operation

Obamacare's recovery defies the Republican death wish – Pg. 9

- Obamacare still polarizes but, in a reverse of the numbers in 2014, it is now backed by 50% of Americans to 40%. There are super-majorities for some of its features: insurers, for example, cannot refuse people with existing ailments
- Once established, people favour a present good over the theoretical prospect of something better
- When repeal failed in the Senate last year, Republicans could have spent their energies elsewhere. Instead, they gnawed at the various schemes through which Obamacare widened access to healthcare. The least liked of these, which nudged individuals to buy cover on pain of taxation, was cancelled to no great fuss. The fool's errand was to pick other, less winnable fights: against the expansion of Medicaid, against the lavishly popular existing conditions rule

Answer: (1) Keeping your hair dry is not a priority.; (2) Each age has its advantages and its limitations; (3) To that end, life is short; (4) Time is the greatest luxury (Prof Note: When I was younger I could not enjoy a sunset. Always had something to do. Now, I ask, "What is more important than this sunset?"); (5) You absolutely need new bras every year (Prof Note: No comment ☺); (6) Driving is the most dangerous thing we do in a given day (Prof Note: I absolutely pull over if I must respond to a text/email); (7) Be nice to everyone; (8) Money is ephemeral (Prof Note: It is important to note that Paul Allen, who arguably had all the money in the world, could not beat cancer at 65!); (9) That said, get a grip on your finances and line up your grown up documents (Prof Note: Estate planning can never be done too early but often is done far too late); (10) We are not actually in control of every part of our destiny; (11) To that end, know that not everything happens for a reason; (12) Don't wait to travel (Prof Note: When disembarking the ship to get on a zodiac to step on Antarctica the woman ahead of me was in hysterics crying and sobbing. She was not permitted to go to her infirmed status due to age as they were worried about safety. Her sobs were, "I have waited all my life for this..." It was heartbreaking); (13) You absolutely have to wear sunscreen; (14) Sleep is the most therapeutic, healing thing you can do for your body; (15) Dressing your age is boring and largely a total arbitrary construct; (16) You'll only regret the things you didn't do; (17)

That said, regret is not binary; (18) Women who keep essential truths about their life experiences from other women harm themselves, the women in their spheres, and all of us; (19) You always feel better after a workout. Always.; (20) Nothing is permanent; (21) Eschew the dominant and damaging cultural ethos that “good” motherhood means abandoning everything you personally hold dear; (22) Most excuses are totally bogus; (23) Walking is among life’s greatest simple pleasures (Prof Note: Sometimes when I walk on campus, especially in the Fall, I can feel the student tension but also I stop to sit on the bench to watch the colours. It is unfortunate the students cannot enjoy due to the stress); (24) Manifest objectivity; (25) To that end, interpersonal tensions often aren’t about you at all; (26) Jealousy is a complete waste of energy, and usually misguided anyway; (27) Social media lies (Prof note: I do not even read social media); (28) Of course, it’s not just social media that lies... (Prof Note: Unfortunately, as evidenced in the media recently, there is lying at all levels); (29) Everything is fleeting; (30) Don’t hoard; (31) You won’t regret the wedding china you didn’t register for; (32) Appreciate your body before you look back on it and recall that last version so fondly; (33) If you feel like you need to live in New York- or Paris, or Los Angeles, or somewhere else-go do it.; (34) If you’re not sure- and the stakes are high-wear black; (35) That said, when you try to wear clothes meant to conceal what you view as your body’s imperfections, you actually feel way less cute; (36) Trust that when people say “no gift”, they mean it; (37) Fraying relationships only become ever more irreparable as time passes; (38) learn how to listen and give good advice; (39) What you think is unspeakable is not, and you must speak it: Someone has been there-or is there. You are not alone. (Prof Note: I will forever say this, in the darkest and earliest of hours of my family’s darkness I raised my hand to trusted peers and said, “I need help. Please help me.” 100.0% of individuals requested came to my aid all supporting the justice that prevailed!); (40) Your younger self would actually be really freaking impressed.

17 October 2018

Question: According to MSN: Money, when downsizing in retirement, what are four (4) questions to ask first?

China’s building boom sets regions on course for potential \$6tn ‘debt iceberg’ – Pg. 1

- Local governments may have accrued a debt pile hidden off their balance sheet as high as \$6tn following “rampant” growth in borrowing, ...
- The mounting debt in so-called local government financing vehicles, or LGFVs, hit an “alarming” 60% of China’s GDP at the end of last year and was expected to lead to increasing defaults at companies connected to regional authorities

Bezos defends military links – Pg. 3

- ...rebuke at rival Google over its refusal to work with the US military, revealing a sharp divide that has opened between some of the biggest US tech platforms over the issue
- The search company said that part of its reason for withdrawing was that the work might have contravened the guidelines it has set for the ethical use of artificial intelligence, one of which said that its technology should not be used to kill people
- Amazon Web Services and Microsoft, the two biggest cloud computing companies, have been angling for the contract
- Pressure from its workers caused Google to come up with the rules on ethical use of AI that led to back down from the Pentagon contract

Homeowners in China stage protest over falling prices – Pg. 4

- Homeowners in Shanghai and other large cities took to the streets this month to demand refunds on their homes after property developers cut prices on new properties to stimulate sales
- The property sector is estimated to account for 15% of China's GDP, with the total rising closer to 30% if related industries are included
- Other evidence of a downturn is starting to emerge. Sales by floor area dropped 27% year-on-year during the "golden week" national holiday earlier this month, a peak period for house buying in china, ...
- Tightening mortgage restrictions, amid a government drive to deleverage the economy, have caused the recent property market weakness, along with reduced spending on a slum renovation drive that saw the central government fund purchases for relocated residents

Cushman v cleaner puts non-compete deals in focus – Pg. 16

- Last year, Sonia Mercado took an \$18-an-hour cleaning job with Cushman & Wakefield in New Hampshire. When she left to work for a rival, the \$3.4bn real estate services group sued her for breaking a non-compete agreement
- Cushman's lawyers argued that it would be "irreparably harmed, the extent of which cannot be readily calculated", if the non-compete agreement were not enforced
- Cushman, which raised \$765m when it floated earlier this year, operates in 70 countries and has almost 50,000 staff. Created out of the merger of two real estate firms in 2015, it provides services from cleaning to commercial property brokering. Its chief executive, Brett White, was paid \$2.5m last year
- Almost 40% of workers in the US have been subject to non-compete agreements at some point in their careers...
- Cushman & Wakefield declined to discuss Ms Mercado's case specifically, but said the provisions C&W Services, a subsidiary of Cushman & Wakefield, used in its contracts with janitorial staff were not "non-compete" agreements. It said "non-service" agreements were commonly used at C&W Services to prevent janitorial staff from working at the same location if they joined a competing company (Prof Note: More information does shed C&W in better light. Now I see it more clearly from C&W's perspective, was there a "greater good" in the legal pursuit of an \$18/hour worker? Fortunately, not my decision!)
- C&W said her responsibilities included "scheduling personnel, establishing work standards...conducting site evaluations/audits" and "maintaining budget control"
- Ms Mercado signed without reading it... (Prof Note: Most employees do this...very dangerous)
- Non-compete agreements are enforceable in all but three US states, though several more moved to restrict their use. Businesses say the provisions allow them to invest in staff training and protect proprietary information from competitors
- (Prof Note: As former head of HR for a company, I know people just blindly sign the papers put forward. They need the job, want the higher salary, etc. There needs to be a balance. Several years ago, amid my family's estate legal case, I was offered a class at a local university in southern Maryland. I was finally going to be able to bike to class. I even bought the bike with a basket on the front for my laptop. A true dream! Well, when my attorneys

reviewed the HR packet, the small school required unlimited ability to check my background (remember I was in the middle of an awful litigation). I could not agree to this for a single class paying \$3,500. Note: I offered to donate 100.0% of the salary back to the school if we could limit the background check to a single occurrence (unlimited in scope). The dream was dead! ☹ I am not certain what recourse/power an individual employee has. Often policy is policy. Be very careful what rights one give's up and/or limitations one accepts when signing corporate documents.)

Answer: (1) Am I struggling to afford my current home?; (2) Will downsizing actually save me money?; (3) Can I make money hanging on to a larger home?; (4) Will my new space accommodate my physical needs?

16 October 2018

Question: According to MSN: Lifestyle, what are 27 Common Lies People Put on their resumes?

US economy's urban-rural split widens – Pg. 2

- A stark geographical divide in the US economy has been revealed by research that shows four-fifths of rural counties have fewer businesses than they did before the financial crisis, even as big cities prosper
- By 2016, fewer than a quarter of US counties had managed to replace all the businesses they lost to the recession
- ...reflects growing economic rewards from population with high educational achievement,...
- The total number of Americans living in "distressed" postal areas fell between the 2007-2011 and 2012-2016 periods, yet the number of rural Americans living in a distressed zip code increased by almost 1m in the same timeframe,...
- Distressed areas...have a local population with low median income, poorer employment, high levels of poverty and low educational achievement and business formation
- Of the 50m Americans in distressed zip codes, 22.7m lived in rural areas, 17.9m lived in urban areas, and 9.4m in suburban ones

BofA's profit clouded by growth doubts – Pg. 12

- BoA's struggling investment bank and fears over revenue growth overshadowed record quarterly profits at the second-largest US lender
- Investment banking fees fell 18% compared with a 16% decline in the industry's fee pool
- The consumer bank's performance, along with loan reserve releases, falling expenses, a lower tax rate and a 5% drop in the share count pushed earnings per share up 43% from the year before...
- Rising interest rates should support bank revenue but, in the third quarter at BofA and elsewhere, higher rates had a bigger effect on banks' deposit funding costs than on their loan yields (Prof Note: This is a resultant of the flat yield curve)

Answer: (1) Exaggerated Education (Prof Note: I have seen several high profile individuals terminated for this); (2) Employment Dates (Prof Note: I recommend only place years on a resume. Smooths things out and is accurate); (3) Technical Abilities (Prof Note: This is tough as different people have different

perceptions. I once interviewed an individual that had, “cover call” experience on their resume. When I asked about it the response was (no joke), “It sounded good.”); (4) Falsified jobs (Prof Note: Perhaps I need to remove “Federal Reserve Chairperson” from my resume?!); (5) Foreign Language Fluency; (6) Grade Point Average (Prof Note: If you have an issue, refuse to provide it. Ask your university for a written letter demonstrating the classes successfully passed.); (7) Previous Titles (Prof Note: Titles matter. One of the many benefits of working at Clark Construction was it was my break out role from “Analyst”, i.e. my title no longer had “Analyst” in it.); (8) Awards; (9) Graduation Year (Prof Note: The year does not need to be specified on your resume. I know older individuals worry that it will date them); (10) Promotions; (11) Salary (Prof Note: I personally object to new employers learning past salaries. A position and person are worth the amount they are worth. I have always felt past salaries were an anchor to achieving fair worth.); (12) Job Duties; (13) Volunteer work (Prof Note: I am finding that philanthropic activities are being asked more and more); (14) Current Location (Prof Note: What is “current location” in today’s society?); (15) Degree (Prof Note: Falsifying degree achievement is an insult to all of us that have achieved the degree!); (16) College Major (Prof Note: My MAIT degree is technically MA International Transactions. I use to carry on my resume as International “Trade” as I felt it was more descriptive. It was changed back to “Transactions” when I realized, about 15 years ago, that I was technically being inaccurate.); (17) College Minor; (18) References (Prof Note: I cannot stand when I am called, happens rarely, for a reference and have not been notified by the individual. In one case, as I always try and support students, I referenced the student from the wrong university and it was obvious to the reference person I did not remember the individual.); (19) Certifications (Prof Note: Be careful, the time for an employer to learn you actually are not trained in CPR is not when your boss is horizontal from a heart attack); (20) Reasons for leaving; (21) Criminal Records (Prof Note: I struggle with this question. I struggle as I thought jail time was the settlement with society for one’s past deeds. The continued title of “Criminal” carries a negative stigma thus harming an individual whose debt to society has been paid.); (22) Professional Licenses (Prof Note: I remember responding to an attorney, years ago, that had sent me a letter, “Are you aware that presenting yourself as an attorney, when the quality of this letter clearly indicates that you are not, is a crime?!”. The attorney’s reaction was priceless and angry! ☹); (23) Exaggerated Results (Prof Note: Are commas really that important on financial results?!); (24) Military Record (Prof Note: I am so sensitive to this that when I wear military stamped clothing, e.g. USMC hoodie that I was given by a dear friend, and am mistaken as former military I respond, “I was not honoured with military service.” Now, the Willy and I will take all the waves and honks we can get! ☺); (25) College (Prof Note: I once worked with an individual that constantly talked of their time at Harvard. Turned out it was a two week seminar); (26) Interest and Hobbies; (27) Leadership

15 October 2018

Question: According to MSN: Money, what are five (5) reasons you won’t retire on time?

US growth near turning point as tighter policy kicks in, warns Bridgewater chief – Pg. 1

- The US economy faces a looming deceleration as tighter monetary policy starts to weigh on activity and ratchets up pressure on financial markets, ...
- Treasury yields started climbing sharply this month, as a string of healthy US economic data and hawkish comments by Federal Reserve officials forced investors to reassess their sanguine view of how far and how fast the central bank would raise interest rates

- Tax cuts have invigorated the US economy, pushing the jobless rate to its lowest since 1969. The Fed predicts growth to surpass 3% in 2018, leading it to pencil in a fourth rate rise of the year in December, and another three in 2019

Trump shifts blame to Fed as stocks tumble – Pg. 3

- ...Trump described the policies pursued by chairman Jay Powell as “crazy” and “loco”, suggesting misguided rate rises are puncturing equity values
- While just over half of Americans have direct or indirect stock market holdings, more than 90% of those in the top 10% of earners are exposed, ...
- The central bank and its chairmen have been caught in political crossfire before. Officials in the George H W Bush administration put intense pressure on Alan Greenspan to loosen policy in the early 1990s, and the president subsequently argued the Fed was responsible for his defeat to Bill Clinton in 1992. Ben Bernanke came under criticism from both sides in the financial crisis

The new flexible: why employers are rethinking part-time hours – Pg. 10

- In an article this year for Harvard Business Review, the researchers set out the findings of the experiment, which gave employees notice of their timetable two weeks in advance with start and finishing times that stayed the same throughout the fortnight. An app allowed workers to swap shifts without waiting for a supervisor’s approval. Sales increased by 7%, and labour productivity by 5% (Prof Note: Even Universities do not have set schedules. It is difficult for professionals and families to schedule around the unknown.)

Answer: (1) Underestimating how much money you’ll need (Prof Note: I always stress that identifying one’s desired lifestyle is critical. The determining if it is realistic. The reassessment (if necessary)); (2) High living expenses (Prof Note: Determine what is important to one’s family); (3) Overspending on housing (Prof Note: Housing is a huge area where one can generally save. Downsizing); (4) Investing too aggressively or not at all (Prof Note: You have to get in the game and get in early!!!); (5) Not having a plan (Prof Note: One of my many criticisms of higher education is they focus on corporate plans and focus very little, if at all, on personal plans)

13 October 2018

Question: According to MSN: Money, what should you do immediately if your wallet is stolen?

Torrid week puts markets in reverse – Pg. 1

- Shares in the biggest US bank were down more than 1.6% in afternoon trading after rising 2.5% at the opening of the bell. European stocks were equally unable to cling on to early gains
- ...two-day rout on Wednesday and Thursday that sliced more than \$1tn off the S&P 500, the benchmark index struggled to hold onto gains yesterday
- The global sell-off, which gathered speed this week but began at the start of the month, has been blamed on a recent jump in yields on benchmark US Treasuries, which investors fear will lead to a rise in borrowing costs for a wide range of heavily indebted companies

New York tower blocks undergo millennial makeover – Pg. 6

- For decades, corporate real estate decisions were dictated by the wants and needs of chief executives, with proximity to their homes a particular consideration. That is changing now as companies fight to attract young talent with different ideas about how and where they work
- For companies, that means catering to workers who favour public transport and bike sheds over black cars; who require built-in shopping, cafes and fitness centres, as their work and leisure time tend to blend; who revere natural light, delivered by floor-to-ceiling windows, and informal spaces, with must-have features like rooftop terraces

Junk bonds dumped as US rates jump sparks largest outflow since February – Pg. 13

- US stocks and other risk assets have sold off after yields on benchmark government bonds rose to a seven-year high, prompting a reassessment of valuations

Bad news for housebuilding recovery as America loses its free lunch from world – Pg. 14

- ...September 27 and 28. That Thursday and Friday, just before the end of the third quarter, the interbank market's cross-currency "basis swap" for euros to US dollars rose to 30bps and the cost of yen-dollar basis swaps went up by 46bp
- That was the end of foreigners paying for the US economic expansion. It also probably marked the end of the housing recovery
- The effect of those changes in the basis swap rates was to make it uneconomic for European or Japanese investors to buy US Treasury bonds and hedge away the currency risk
- Someone other than currency-hedged foreigners will have to buy those bonds, along with the trillions more to be generated by the growing US deficit
- It seems likely those new buyers, probably US commercial banks, will need higher rates to be tempted to bid at a time the Fed is unwinding its own positions
- ...US homebuilders...they needed years more of low interest rates to meet the demand from millennials
- NAHB..."Affordability is at a 10-year low"
- Housing starts in August reached an annual rate of only 1.282m, far below the pre-crash peak of 2.273m in 2006

Answer: (1) Secure emergency funds; (2) Call the police; (3) Call your bank; (4) Put a freeze on your bank account if needed; (5) Call your creditors; (6) Report your missing government-issued ID cards; (7) Place a fraud alert on your credit file; (8) Report the incident to the Federal Trade Commission; (9) Contact the IRS; (10) Monitor your credit report; (11) Monitor your bank, Credit Card and Health Insurance Statements; (12) Update recurring payments; (13) Make a copy of everything in your wallet (Prof Note: Memorize all important numbers to lock yourself down financially)

12 October 2018

Nevis News: The supply "curve" for finished stone on Nevis is vertical. The top three customers, shifting the demand curve strongly right, are (1) Ann Bass, (2) Four Seasons, and (3) Cat Ghaut. Cat Ghaut is a fighter but struggling for supply against the two Gorillas. Stone pricing, when it can be procured, is up 25% in 5 months.

Hermitage serves afternoon tea at 3:00pm sharp. Lemon grass is grown on site and served with a piece of carrot cake. Quite tasty! Today is Friday which means, "Pizza Night at Hermitage." The stone oven was lit early AM.

Golden Rock's rum punch has been dethroned. Hermitage brews a mixture with sour orange, that is outstanding. It is topped with bitters and nutmeg. Richard, the owner, calls it the second best on the island, the first being what is served on his boat. Golden Rock retains top shelf positioning for lobster sandwiches and sweet fries.

Question: What are 51 hobbies that cost less than \$10?

Trump blames 'out of control' Fed as investors dump equities – Pg. 1

- Global stock markets are heading for their worst week in six months as investors spooked by rising interest rates sold equities worldwide, ...
- Yesterday's sell-off was most pronounced in Asia, where rising borrowing costs combined with mounting trade tensions between the US and China to hit technology stocks particularly hard
- ...yesterday's drop was one of the broadest and most international of the recent turbulence
- Bond market turbulence – which pushed the benchmark US Treasury yield to a seven-year high of 3.26% this week – has unnerved investors and bled into equities....
- Higher interest rate increase the cost of corporate borrowing, raising fears that years of cheap money are ending
- US inflation data for September narrowly missed forecasts, temporarily assuaging fears that the Fed might have to raise rates more quickly

Lagarde defends Fed against Trump – Pg. 2

- ...the IMF managing director called for global leaders not to break the system of international co-operation that she said had served the world well since the second world war, and rejected US complaints that China was engaged in competitive devaluations of the renimbi

IMF braced for emerging market danger signals – Pg. 2

- Inevitably, emerging market stocks yesterday mirrored the US equity declines...
- This year, the IMF has already agreed to its biggest bailout, a \$57bn loan package for Argentina, and is considering a request from Pakistan for a loan estimated at \$7bn
- Optimists point to the fact that since the 1990s, many emerging market countries are in a stronger position, having allowed their currencies to float and having bolstered their foreign exchange reserves

Chinese Finance – Pg. 7

- The country's top financial regulators last year launched a campaign to stop corporations from moving vast quantities of capital offshore – at its peak in 2016, \$220bn was channeled out in foreign direct investment

- The rise and partial fall of the centrally controlled asset management companies illustrates the ways that China's financial sector and its economy have been transformed over the past two decades. The four groups, born out of a Chinese banking crisis, were created by the finance ministry in 1999 to absorb a pile of non-performing loans at the country's four largest commercial banks
- The recapitalization of the financial sector was bankrolled by China's central bank with 10-year bonds maturing in 2009, at which time the AMCs were expected to default and be liquidated, having accomplished their sole task of offloading the bad debt from the banking system
- Emboldened, the "bad banks" rapidly expanded to entrench themselves in China's financial system, picking up licenses for securities broking, insurance, trusts, property development, private equity investments and financial leasing. They also bought commercial banks in China and Hong Kong and employ thousands of people in dozens of separate business units dedicated to high-yielding lending
- Offshore corporate lending by AMCs were often structured to appear like investments rather than loans
- Global markets have felt the ripple of the AMCs pulling back from the high-yield bond market

Answer: (1) Origami (Prof Note: I mentioned giving a girl a dozen origami roses at a talk I gave at UMD rather than spending the \$100+. There were several women in the audience whose faces literally imploded.); (2) Learning to code; (3) Disc Golf (Prof Note: I have considered installing these at Cat Ghaut. We would be the only Disc Golf on both islands); (4) Dancing (Prof Note: Bust a move!); (5) Running (Prof Note: Shoes are \$100+ and you need to protect your knees with good shoes); (6) Whittling (Prof Note: Be careful for your fingers); (7) Learning languages; (8) Geocaching; (9) Meditation; (10) Card tricks (Prof Note: Ok...this is cool!); (11) Hiking (Prof Note: I consider this a death march. It is great going out but ever step forward requires a tired step back); (12) Kitting (Prof Note: Awesome though I would love to quilt...did I just actually publish this statement?! ☺); (13) Rock collecting; (14) Reading books (Prof Note: love reading!!! Expand one's mind); (15) Stargazing (Prof Note: Love it!); (16) Exercising; (17) Coupon; (18) Cross-stitching; (19) Yoga; (20) Blogging; (21) Adult Colouring; (22) Acting; (23) Snorkeling; (24) Juggling (Prof Note: Cool!); (25) Journaling (Prof Note: Be careful about discovery, i.e. keep the journal private); (26) Writing poetry (Prof Note: Awesome!); (27) Fostering animals; (28) Mixing music; (29) Quilling; (30) Chess; (31) Phone Photography; (32) Pencil Drawing; (33) Cooking; (34) Volunteering; (35) Mentoring; (36) Gaming; (37) Solving puzzles; (38) Self-Improvement; (39) Foraging; (40) Insect Collecting; (41) Arrowhead Hunting; (42) Seashell Collecting; (43) Magic Tricks; (44) Movie Watching; (45) Dog Training; (46) Preserving Flowers; (47) Writing Letters to a Pen Pal; (48) Yo-Yoing; (49) Macrame; (50) Beading

11 October 2018

Nevis News: Another beautiful day on Nevis. The island is quiet as it is ultra-low season. The weather is tempered but much more rain though nothing damping the days. ☺ Staying at Hermitage, photo attached, has provided a different perspective. The recently retired stay for several weeks giving Nevis a "test run" for permanent retirement location. Most are from the UK but several from the U.S. When

listening to their conversations it is an elderly 90210 with discussions of “boyfriends” and “girlfriends” with the occasional ex-spouse thrown in the mix.

The evening bar at Hermitage is full of expats with Richard, Hermitage owner, joining the group is comfortable discourse and shared life stories. Everyone appears to be very collegial and happy. Of course, in the morning, the expats bring anxiety of schedules....if they stay and make Nevis their home they will need to learn to lose the anxiety, a person shows up or they do not.

Apparently the crime report has shown 353 murders since January 2000, 70 on Nevis alone. The expats have a private security service in Paradise but that seems to be more of a magnet than a deterrence.

Cat Ghaut renovation is progressing. Architect completed preliminary drawings yesterday and submission expected Monday to planning. The use of local materials is absolutely essential when building. Cat Ghaut will rise from the wood lice and termites being reconstructed in block and concrete with wood exterior and Nevis stone interior.

Technology has progressed to the point that, using the hotspot on the iPhone, computer work can be done anywhere on the island. Of course, the glare on the screen and the heat prevents real work but for day start and end.

Question: According to MSN: Money, how should you teach your kids about personal finance?

Mnuchin warns China over currency devaluation as trade temperature rises – Pg. 1

- The onshore renminbi has weakened 10.9% since March...
- Investors and analysts have raised concerns that the currency is nearly Rmb7 to the dollar, which would be its weakest level since 2008
- The Treasury is due to release its regular report on currency issues this month, which will be watched closely for its analysis of trends in the Chinese currency

WTO head urges action to counter attacks on globalization – Pg. 4

- ...the IMF issued a downward revision of its forecast for global growth on the back of escalation trade disputes between the US and China, which resulted in tit-for-tat tariffs covering \$360bn of products
- The WTO has been undermined by criticism from Donald Trump, US president, who has threatened to pull out of the Geneva-based trade body unless it is reformed, and has resisted appointing new judges to a dispute settlement panel

Scrapping of Libor benchmark leaves \$500bn of bond contracts in limbo – Pg. 11

- More than \$500bn in bonds may need to have their documentation rewritten as a result of the shift away from the Libor benchmark, ...
- Without a new solution, borrowers that have issued floating rate notes or other types of bond hinging on Libor will need to approach all their bondholders to request a switch to a new rate
- Banks are becoming more focused on the pressing need to act in preparation for Libor's demise, especially since the UK's Financial Conduct Authority and the BoE turned up the

heat on senior executives at banks and insurance firms in September to encourage them to prepare for a shift

- Banks and some borrowers are already working to create a new breed of debt using the preferred Sonia benchmark but new bonds are still hitting the market with payments calculated on a rate that will not exist by the time the bonds mature

Answer: (1) Teach kids the difference between wants and needs; (2) Comparison-shop with your kids; (3) Teach them to pay themselves first; (4) Help kids create a “wish list” and a savings plan; (5) Give kids an opportunity to earn money; (6) Open a savings account; (7) Explain compound interest; (8) Explain credit cards and debt; (9) Let kids buy stock, literally or using a simulator; (10) Talk to your kids about taxes; (11) Let your children make money mistakes; (12) Be transparent about what it costs to run the household; (13) Consider enrolling your child in a financial literacy programme; (14) Teach kids to think critically about branding and advertising; (15) Encourage kids to start a small business or side hustle; (16) Meet kids halfway on larger purchases; (17) Teach kids to think critically about social comparison; (18) Talk about online shopping, banking and data protection; (19) Teach kids that giving back is just as important as spending and saving; (20) Model good financial habits

10 October 2018

Nevis News: The islands never changed. Landed and the person at immigration said, “hello and welcome back”. A quick trip to the docks for Shipwreck (\$15.00/bottle...love Vanilla and Coffee rum) and then to the ferry. While waiting for the ferry a couple approaches, after seeing my shirt, to express their love and appreciation for Cat Ghaut (they do not play but walk the gardens and grounds). It is just this type of place. A 40 minute ferry ride to Charlestown and on island.

This trip we are staying at Hermitage, where Sports Illustrated photographed their models, as Cat Ghaut is being renovated. We arrive (George M, U.S. Contractor) at Hermitage and are offered two villas as they have space. The villas are absolutely lovely. They are fashioned after original Nevisian homes with estate furniture throughout. Absolutely lovely and providing the true Nevisian experience. I highly recommend staying at Hermitage.

The dinner menu was one sheet. Three entrées were offered: (1) Grouper, (2) Jerk Chicken, and (3) Vegetable pasta. Two rum punches later (the waitress proudly said they were best on the island) and it was time to retire. The rum punches were so good last night that a trip to Golden Rock will be required to ensure the list is credible. (Today the Golden Rock opens back up for the season. Many establishments on Nevis close late summer for several months)

Woke and returned to Cat Ghaut. The men were chasing donkeys as the gate had been left open all night. Part of my day was spent shoveling donkey manure from the course (the amount produced by a single donkey is mind-boggling!). Ahhhh...another day on Nevis!

Question: According to MSN: Money, what are 10 Money Tips you wish you could give to your younger self?

- The BoE said yesterday that clearing houses would have to tell European members such as banks to move business, or risk falling foul of European law
- The BoE estimates that EU-based companies have over-the-counter derivative contracts with a notional value of 69tn (sterling) at UK clearing houses
- Clearing houses must give members three months' notice to move their business, which is costly and complicated. This means that the EC must make an announcement about derivatives before Christmas, or clearing houses will have to start giving notice to their members
- The BoE has consistently warned about Brexit posing legal uncertainty to vast amounts of financial contracts from insurance policies to derivatives, over the past year
- The problem turns on EU law, which states that members such as banks must use authorized central counterparties to clear derivatives and interest rate swaps

How to avoid the next financial crisis – Pg. 9

- It brings out two big points: the impacts have been long lasting and have spread far beyond the countries that suffered banking crises
- The IMF notes that “91 economies, representing two-thirds” of global gross domestic product in purchasing-power-parity terms, experienced a decline in output in 2009. This was the biggest negative shock in the postwar era. Moreover, the bigger the losses in the short run, the bigger they were in the long run, too. Countries with large immediately falls in output also showed larger increases in income inequality, relative to pre-crisis averages
- ...output also remains below pre-crisis trends in 60% of countries that did not suffer banking crises
- On average, countries that experienced banking crises suffered a four percentage point bigger loss in output by 2011-13 than ones that did not
- The first task is that of monetary policy normalization in a world that has so much debt
- A second task is how to respond to another big recession, when the policy space is so diminished
- The final task is coping with the political aftermath of the crises

Answer: (1) Start saving for retirement ASAP; (2) Don't treat yourself so much; (3) Be careful with credit cards; (4) Make paying all bills a priority; (5) Turn savings into a source of income; (6) Don't ignore life insurance; (7) Learn to cook for yourself; (8) Always try for a lower price; (9) Tune out the financial noise; (10) Never stop learning about money

9 October 2018

Question: According to [MSN:Money](#), what are 9 things you'll regret keeping in a safe deposit box?

US due share Nobel Prize for economics – Pg. 2

- US economists William Nordhaus and Paul Romer have jointly won this year's Nobel Prize in Economics Sciences for their work on climate change and innovation
- Mr Nordhaus, a professor at Yale, won recognition for his pioneering work integrating climate change into long-run macroeconomic analysis

- ...first to create a quantitative model describing the global interplay between the economy and climate
- Paul Romer, a professor at New York University's Stern School of Business – and former chief economist at the World Bank – has been recognized for work that laid the foundations of endogenous growth theory, which argues knowledge and innovation can spur growth
- One of his first big contributions was to show that “ideas” were the missing ingredients of economic growth, contributing as much as the traditional inputs of labour, skills and physical capital – and that this could help explain the big variation in growth and living standards between otherwise similar countries

Wooing a sceptic (America and the IMF) – Pg. 7

- In recent months, the US has supported the biggest IMF loan in history, a \$50bn aid package for Argentina to try to stabilize the debt-stricken Latin American nation. After the initial effort bailed to reassure markets, the total was bumped up to \$57bn – with US approval
- Other countries – including EU members – are waiting for the US to make a first move in order to stake out their own positions
- The IMF is a profitmaking institution that does not dispense outright aid but attaches fiscal, monetary and other conditions to its lending – sometimes, as in the case of Greece, controversially – to recuperate its money
- It has about \$1tn in resources to tackle any new financial distress around the world. But about \$450bn comes from its permanent “quota” – based resources, which are drawn from countries based on the size of their economy and reflected in weighted representation on the IMF board. The most influential countries, including the US, China and Germany, have single seats, but others have to share with economically and geographically similar nations
- The rest comes from special borrowing arrangements with individual countries, and pools of countries, which are due to expire between 2019 and 2022
- High levels of indebtedness in many advanced economies may mean there is less space for fiscal stimulus. New regulatory space for fiscal stimulus. New regulatory regimes around bank rescues are untested and could lack political support, creating chaos in the markets
- Signs of trouble in emerging markets and even in advanced economies such as Italy – where the new government is bent on defying EU rules on fiscal discipline, triggering a sell-off in the country's debt – have not yet been enough to create a sense of urgency around the issue

Answer: (1) Cash (Prof Note: Banks typically keep a small amount of cash on hand. Soooo...if you believe you may need \$10,000 or more in a hurry...best to keep in safety deposit box); (2) Passport (Prof Note: Great place to keep but remember to plan. Can only access when bank is open.); (3) Original copy of your will (Prof Note: Completely disagree! Though a good place for the original is with your attorney); (4) Letters of Instruction (Prof Note: Again, keep copy with your attorney); (5) Durable Power of Attorney (POA) (Prof Note: Again, keep copy with your attorney); (6) Advance Directives for health care (Prof Note: Again, keep copy with your attorney); (7) Uninsured Jewelry and Collectibles (Prof Note: Just remember if they are to go to different individuals as per Letters of Instruction, remember there will probably just be one person accessing the safety deposit box after death. How do you know this person will do the correct thing? How do you prove they were even there?); (8) Spare Keys; (9) Illegal or dangerous items (Prof Note: You walk across a bank lobby to place a firearm in your safety deposit box. You trip and the firearm's presence is known. Welcome to jail!)

8 October 2018

Question: According to [MSN:Money](#), what 6 things should one stop doing if they hope to be rich?

China eases rules on banks' reserves to unlock cash and lifting slowing economy – Pg. 1

- China's central bank has moved to inject more cash into the financial system by cutting reserve requirement ratios for most commercial banks...
- The easing measure...follows weak investment and manufacturing data, and comes as a deepening trade war with the US raises pressure on the world's second-largest economy
- Christine Lagarde, managing director of the IMF, warned last week that the global economic outlook was turning for the worse...
- China's foreign exchange reserves fell \$22.7bn in September from the previous month to \$3.09tn...
- Growth in China's manufacturing sector stalled in September after more than a year of expansion, ...
- China's economy expanded by an annualized 6.7% in the second quarter, its slowest pace since 2016...

US to open more funding for the IMF as expiry dates loom – Pg. 2

- ...some of the IMF's funding would expire between 2020 and 2022 -
- The IMF...is hoping to convince its members to increase the fund's permanent reserves – in tandem with an upgrade in governance – next year, with initial conversations to gather pace among officials this week on the margins of the meetings
- The IMF has about \$11tn in available reserves for lending, but more than half of that is due to expire in 2022
- The experience has down US officials that the IMF can be helpful in stabilizing countries in the western hemisphere that have friendly relations with Washington,
- For now, the US is suggesting it would not support any new IMF interventions in advanced economies, particularly in Europe, where Eurozone countries have set up a separate bailout fund to deal with crises in the single currency

Strong global growth fragility in emerging markets – Pg. 3

- Momentum in the global economy remains strong, if weaker than hoped at the start of the year, but severe strains have already been seen in Argentina and Turkey and these are starting to ripple out to other emerging economies
- The Tiger index, which tracks a wide range of official economic data, financial market prices and confidence indicators and compares them with historical values for the largest economies, suggests global growth has come a little off the boil
- With the US economy notably strong, pushing unemployment to its lowest level in almost 50 years, and other advanced economies still growing faster than long-term sustainable rates, the short-term concern in the global economy is centred on emerging economies
- In advanced economies, the long upswing has been welcome in lowering unemployment to pre-crisis levels in most economies, but that has not repaired all the damage of the crisis, leaving them vulnerable to a new shock

Dark clouds gather over US housing – Pg. 9

- Nationwide, sales and building permits are down. Several once soaring markets, including New York City, the San Francisco area, and Denver, have been softening. Construction activity has been slowing too, which is a concern given the disproportionate role that home building plays in the US economic growth
- The problem is, ironically, the growth of the housing market itself, which has been bifurcated and has outpaced the ability of most consumers to pay for shelter
- A wider fall in house prices is not expected to cause a 2008-style systemic collapse, because most mortgages are now lent at fixed rates and borrowers are required to show more evidence they can repay their lenders
- That has reduced the risk of mass foreclosures, but it has also meant that much of the investment gains from housing in the past decade have flowed to the oldest, richest buyers. Younger people have an average of \$30,000 in student loans and have come of age in a weak employment market
- Asset growth, rather than income, has driven so much of the US economy in recent years
- Four decades ago, a 20% decline in house prices would have created negative home equity equivalent to about 1% of the aggregate income. Today, the same drop would amount to 5%, or roughly \$600bn in negative equity

Answer: (1) Blowing through a budget (Prof Note: When you make the budget, one must be true to one's self (note...there are times, e.g. medical issues, where budget be damned!)); (2) Waking up too late (Prof Note: One of the blessings I give myself is non-use of alarms. I still am at my desk by 8:00am. Of course my commute is about 10' ☺); (3) Ignoring that book on your side table (Prof Note: Reading is such a joy. As I age I realize it is an ultimate luxury as one must have the time); (4) Hating a job (Prof Note: If you are looking at the holiday calendar to learn when your boss is on holiday as you do not want to coincide holidays AS when you boss is out it is a HOLIDAY....you need to change jobs! ☺); (5) Shying away from investment opportunities (Prof Note: Get in the game. You cannot win if you are not playing!); (6) Neglecting body and mind (Prof Note: Exercise and travel...better body and mind)

6 October 2018

Question: According to [MSN:Money](#), what are 6 silly tidbits of Money Advice that will make you poorer?

US jobless rate at lowest since 1969 – Pg. 1

- The US unemployment rate has fallen to its lowest level since 1969, underscoring the strength of the country's economic growth and giving fresh fuel to a week-long bond-market sell-off
- US Treasury yields hit multiyear highs yesterday as investors predicted a hardening of the Federal Reserve's determination to push through further rises in short-term rates after another quarter-point increase last month, with the next move widely expected in December
- The 10-year Treasury yield, which had been climbing earlier this week, rose nearly 5bps to 3.24% - the highest since 2011

- The jobless rate dropped to 3.7% in September, slightly lower than forecasts of a 3.8% rate. Non-farm payrolls rose by 134,000 in September...

US business – Pg. 8

- ...GE's only strategic mis-step....emblematic of two of the company's flaws: a weakness for dealmaking, and an inability to respond effectively to a changing market
- ...original member of the DJIA at its creation in 1896, has lost more than 80% of its market capitalizations since 2000

Italy's deficit plans push sovereign yields higher – Pg. 15

- The government's plan targets a budget deficit of 2.4% of GDP in 2019, to be gradually reduced to 2.1% in 2020 and 1.8% in 2021, ...

Answer: (1) Credit cards are evil (Prof Note: Used responsibly they can provide rewards, e.g. flights); (2) Following a rigid spending plan will set you free (Prof Note: You have to live....a little!); (3) sign up for life insurance – or else (Prof Note: you are more likely to be disabled during your career than to die!); (4) 10% is the sweet spot for retirement contributions (Prof Note: 10% is a good target but must be focused); (5) You should buy a house because it is a good investment (Prof Note: What I do like about traditional mortgages is that they are forced savings vehicles); (6) Home equity loans are a great way to get out of a hole (Prof Note: Be smart and understand what one is doing! I am a huge proponent of home equity line usage but ONLY AFTER paying off the house. Then, using the HELOC's for capital improvements, etc. Remember: \$1.00 must produce \$1.00+ or you are going backwards!)

5 October 2018

Question: According to [MSN:Money](#), what are 6 things other governments provide that Americans still have to pay for?

Sovereign bond sell-off fans out across world as belief in US economy builds – Pg. 1

- A US economy turbo-charged by fiscal stimulus has strengthened the conviction of some investors that 2018 will mark the end of a 30-year bond bull run
- ...economists forecast will show the economy added 185,000 jobs last month and delivered workers wage growth of close to 3%
- ...the yield on the 10-year Treasury touched as high as 3.23%,
- ...US economy, which expanded 4.1% in the second quarter, has been one of the defining features of markets this year and helped suck money from emerging markets

Republican women back Kavanaugh as gender politics shape midterms – Pg. 3

- While several women said they believed something had happened 36 years ago to Christine Blasey Ford, Mr Kavanaugh's accuser, they were not sure just what – only that it did not rise to the level of rape. At the same time, they seemed convinced that a man with an impeccable record had been wronged, and that the men in their own lives might also be at risk
- (Prof Note: The world is changing. Statements (note: I am not saying "True/False" statements, only "Statements"), are extremely difficult to prove/disprove without FACT. In

- my family's estate case, the forger and witnesses LIED! This was proven by a jury, i.e. the finder of fact in the U.S. judicial system. How was I able to prove this? First, it took hundreds of thousands of dollars for experts. Second, I had the dream team for estate litigation from the local attorneys to K&L Gates driving ALL legal strategy and research (up to five law firms at once). Third, I had the seven figures required to finance this injustice and the resolve to see this to the end. It is important to note that when asked if I would have pursued had I had a family to support I worry the answer would have been "no" as it was such a huge financial undertaking and I probably would not have placed family finances at such risk. Fourth, I was able to identify and hire the BEST experts in forensic documentation analysis, meteorology, and computer forensics (thank you K&L Gates!). YES, the forger and witnesses were proven to have lied. For example, in deposition testimony they noted a beautiful day of happiness and family BBQ when, in fact, it had been a hurricane. Hello Doppler Radar!!! I mention this as I worry individuals are convicted in today's society on statements rather than a jury (or court) verdict. I worry today that most individuals lack the resources to prove truths and facts. (This is NO statement on Ford and/or her statements being truthful or not, only that the statements have not been proven in a court of law by a jury and/or judge.) In my case, I was labeled the ungrateful and angry son that could not accept his father's decisions until the jury verdict. I do not know what happened 36 years ago with Ford, I only feel that Kavanaugh has been convicted without the benefit of a trial.)
- While Republican women worry about sexual assault, for example, many worry about the danger of it being unfairly "weaponized" by their political opponents. (Prof Note: That is my fear, i.e. that Statements are now weapons. What happened to "Innocent until proven guilty.?"?)

Listed companies are less short-termist than was thought – Pg. 11

- ...listings are often unpopular: "short-termism"
- ...IRS data, which covered 2.7m "firm-years", suggest that listed groups actually invested 48.1% more – not less – than private ones, after adjusting for sector and size
- ...when the Fed team analyzed what happened when privately held companies went public, their R&D-to-physical-asset ratios increased by 34.5%, and their "R&D-to-total investment shares by 17.1%"
- When publicly listed companies went private, however, there was "a reduction in R&D investments"
- The research notes that listed companies from "industries that are more sensitive to earnings announcements pull back their investments in long-term physical assets and innovation" when share prices swing too wildly, investing in short-term projects instead

Answer: (1) College; (2) Healthcare; (3) Vacation; (4) Parental Leave; (5) Baby items; (6) Daycare

4 October 2018

Question: According to [MSN:Lifestyle](#), what are 12 little things you're doing when traveling that could be putting you in danger?

US services and jobs growth points to strong final quarter – Pg. 2

- A record level of expansion in the services sector and a spurt in private sector job creation drove a sell-off in bonds and set the US economy on course for a strong final quarter of the year
- ...services sector, which makes up about 80% of US GDP,

Greek banks riled by bad debt worries – Pg. 15

- Some of Greece's biggest banks suffered steep share price falls yesterday as investors worried they may not have enough capital to meet fresh targets on reducing their large portfolios of bad debts
- Investors have also been spooked by plans the Greek banks have submitted in the past week to the ECB for reducing their non-performing exposures, which currently make up almost 40% of their loan books
- If the banks sell bad debts below their book value it could trigger losses that eat into their equity buffers and require fresh capital raisings

Eurozone investors reduce US debt holdings for first time since late 2013 – Pg. 21

-move which suggests the ECB's winding down of its quantitative easing programme has begun to ripple through to other markets
- Investors in the Eurozone have been steady buyers of US debt securities since the ECB embarked on QE, which analysts said was in part due to capital being displaced from European markets as the central bank has hoovered up assets
- Net purchases of US equities also dipped slightly
- The ECB has bought 2.5tn (euro) of Eurozone debt securities under a QE programme that is set to stop at the end of this year.
- The US credit market has boomed in recent years with corporate debt levels reaching a record
- ...the quality of the US investment grade debt market has deteriorated sharply, fueling fears that any weakening in the economic outlook could trigger a swath of downgrades, leaving investors holding junk-rated paper

Answer: (1) You post your vacation photos before getting home; (2) You don't have someone pick up your mail; (3) You get very drunk; (4) You leave your drink unattended; (5) You don't dress like the locals; (6) You carry your passport with you everywhere; (7) You're not aware of your surroundings; (8) You ask directions from strangers; (9) You have oversized luggage or too many bags; (10) You don't check the weather report; (11) You try to bribe officials (Prof Note: I have no idea what the 12th is...only 11 were listed)

3 October 2018

ENRON! Correction, every 50 minutes during the four-hour examination I was walked around the building for 10 minutes, i.e. I was given 50 minutes to model, interrupted for 10 minutes, then another 50 minutes to model, etc. Also, the salary offered was \$80,000/yr with a \$10,000 signing bonus payable in 30 days of start of employment. Also, I was asked by several to comment on Enron's hubris. I am not

about to say I did not have “confidence/ego” at that point in my life. However, I have learned, and continue to learn, that being humble is best for many reasons.

Question: According to [MSN:Money](#), the elimination of what 15 expenses will save you \$9,955.94/year?

Trump considered blanket ban on all China student visas over spying fears – Pg. 1

- ...proposal was shelved over concern for its economic and diplomatic impact (Prof Note: Consider the U.S. Universities that would have literally imploded over night! I love the Panda!!!)
- US officials in Beijing made a broader economic argument that most US states enjoyed service-sector trade surpluses with China because of spending by Chinese students

Fed chief defends caution on rate rises despite wage growth – Pg. 2

- Jay Powell cited the experience of the 1990s as he argued an acceleration of wage growth need not trigger too much inflation. The link between tight labour markets and inflation has been “greatly reduced”, although not eliminated, in recent decades...
- Fed officials have been picking up increasing anecdotal evidence of shortages of available workers as US unemployment hovers at 3.9%, with further declines predicted in the coming months.
- Wage growth has accelerated to its quickest pace in nine years while the economy expanded at an annualized pace of more than 4% in the second quarter
- ...assess whether there was a danger of the “revenge of the Phillips curve”, but he suggested those risks were limited

Customers’ tips leave workers waiting for fairer pay – Pg. 9

- This week, the UK government said it would ban restaurants from keeping any of the tips that customers pay by card
- Customers may also be swayed by racial and gender biases (or simply their mood). Employers can be biased too, but at least when that is the case, the employee has some legal redress
- Moreover, plenty of customers do not want to have this management function thrust upon them at the end of a meal. There is nothing enjoyable about the quick mental arithmetic, the fumble for spare cash and the worry you have not been generous enough (Prof Note: I am a proud member the Army/Navy Club in DC. Of the many things I enjoy, one of the top is that when my guests and I are finished we simply leave. We are not held hostage waiting for a bill (have signed when seated) nor worried about the staff remembering the gratuity level I, or anyone, leaves. We are all equal.)
- In many states, employers are legally allowed to pay measly hourly sums to “tipped staff” like waiters and barmen

Fed’s Quarles outlines plan to cut lenders’ rules burden – Pg. 14

- The Federal Reserve plans to lighten the regulatory burden on large US banks, ...but big foreign banks operating in the US that had also hoped for relief will not see changes anytime soon

- Congress has already ordered the Fed to lift some of the strictest provisions of the Dodd-Frank regulations for banks with between \$100bn and \$250bn in assets, under legislation earlier this year known as the Crapo Act...
- ...G-SIBS [globally systematically important banks]
- G-SIBS face the highest capital and liquidity requirements because of their critical role in the world financial system. US banks that have more than \$250bn in assets but which are not on the Financial Stability Board's list of G-SIBS include US Bankcorp, TD Bank, PNC and SunTrust

Answer: (1) Streaming Services (Prof Note: If you got rid of cable this may be your baseline...like it is mine...love Netflix!); (2) Phone games; (3) Newspaper subscription; (4) Satellite Radio; (5) Designer Coffee; (6) Life Insurance; (7) Brokerage Commissions; (8) Investment Costs; (9) Cable TV; (10) Premium Gas; (11) Warehouse Club Memberships; (12) Bank Fees; (13) Bottled Water, (14) Gym memberships; (15) Cigarettes

2 October 2018

ENRON! (Bet that got your attention! :) In August 1999 I interviewed, and was offered, a position with Enron. The position was Manager of Model Development, i.e. pro forma development, for Asia, Africa, and Australia. I turned down the position due to salary. However, I just found, see attached, the modeling examination I was provided in Houston as part of the interview process. The modeling test was four hours and every 10 minutes, I am NOT joking, you were interrupted and walked around the building. Enron's thought was that one never gets an uninterrupted 4 hours to model. My response when told this was, "Who will interrupt me between 2am and 6am." They did not comment. Within the four hours the entire model was completed WITH US GAAP compliant financial statements, i.e. Income, Statement of Cash Flow, Balance Sheet (which incorporated the Statement of Retained Earnings), Depreciation and Tax pages. I provide this as, I just found it while cleaning my office, an example of where, I believe, new graduates should be regarding their modelling skills. Enjoy!

Question: According to MSN: Money, what are five suggestions that can earn more money so one can get on the path to true wealth?

IMF picks its first female chief economist – Pg. 2

- A US and Indian citizen, Ms Gopinath grew up in India, received her Ph.D. from Princeton University and worked at the University of Chicago before moving to Harvard
- She is best known for her work on exchange rates, writing recently that the gains to flexible exchange rates “are less that you think” – a view that will be challenging to the IMF, which traditionally supports the policy
- ...her research has shown that currency depreciations are ineffective in stimulating exports in most countries because goods are overwhelmingly invoiced in dollars. With a “dominant currency”, export prices do not fall when the exchange rate changes and so export flows are quite unresponsive to exchange rates. Imports often fall due to a lack of purchasing power in dollars

The US must hold firm on bank capital rules – Pg. 9

- Few things are more complex than rules designed to constrain excessive borrowing by large “systemic” financial institutions. There are “leverage ratios” – relatively simple metrics that require a bank to hold a minimum amount of equity relative to total assets – and “risk-weighted ratios” that specify equity minimums based on the perceived riskiness of a bank’s holdings
- Tough capital rules are a competitive advantage, not weakness
- Thick capital buffers keep the banking system functioning through economic cycles. Every dollar reduction in bank capital weakens the public’s protection against big failures
- The fed should be free from political influence in the exercise of both monetary and regulatory policy. The Federal Reserve Board has autonomous funding and lengthy terms so that its members can withstand the destructive animal spirits of politicians up for re-election

Answer: (1) Negotiate your salary; (2) Take on a side hustle; (3) Improve your skills (Prof Note: Personally, raise your skills to the level that your employer worries you will leave rather than you worrying they will eliminate your position!); (4) Invest in income-producing assets (Prof Note: Can you say, “Real Estate”?)

1 October 2018

Question: According to MSN: Money, what are 7 costly problems a home inspection probably won’t catch?

Italy pledges debt cut despite spending rise – Pg. 2

- Italy’s government bond yields jumped last week as investors took fright at the fiscal plans of the coalition...
- Italy has the second largest debt as a percentage of GDP in the Eurozone

Fall in demand for MBAs driven by US decline – Pg. 3

- Global demand for business masters degrees has fallen for the first time since the financial crises...
- Global applications for places on courses that started last month were down just 0.02% year-on-year. But this was driven by a fall of nearly 7% in the US, birthplace of the MBA
- Demand for business school courses in the US has been falling for five years. But previously this had been offset by strong growth in the fast growing Asia Pacific region and Europe, where courses are generally shorter and less expensive
- Degree courses in Asia Pacific had an 8.9% increase in applications, demand in Europe rose 3.2% and in Canada growth was 7.7%, ..

US business schools lose their lustre as overseas applicants fall away – Pg. 10

- Nearly 60% of US programmes reported a decline in applications
- Decline in the US market is blamed by schools on a combination of an improving jobs market at home that raises the opportunity cost of returning to college, and increased competition from cheaper overseas institutions, many of which have risen in global rankings
- Many US course heads are most worried by a decline in overseas applications
- The lack of overseas students is not a problem in Asia because domestic demand is booming

ICE closes in on \$15tn US mortgage market – Pg. 14

- ...99% of mortgage documents are still on paper, ...
- The arrival of ICE into the mortgage industry has parked intrigue as to its plans. Founded in 2000 as an energy trading platform, it is now the world's second-most valuable exchange group
- What ICE intends to do is make it faster and easier to track who has issued home loans and who has purchased them. Improved technology could hasten the adoption of digital mortgages and facilitate the process of securitization, in which home loans are bundled for sale to big investors

Answer: (1) The previous owner was a smoker (Prof Note: Rent to smokers and charge a premium); (2) The ground beneath your home is unstable; (3) The roof is in rough shape (Prof Note: Just put a new room on a Falls Church townhome. Total Cost: \$3,000); (4) The swimming pool needs repair; (5) There's an issue with the septic system; (6) The chimney is a safety hazard (Prof Note: I just put in a new cast iron insert in my chimney. Total cost: \$5,300); (7) The walls are full of toxins (Prof Note: Cat Ghaut was infested with wood lice and termites. Total home renovation!)

29 September 2018

Question: According to [MSN:Money](#), what are 8 creative ways to shrink your credit card debt?

Tesla tumbles as SEC accuses Musk of fraud – Pg. 1

- More than \$6bn was wiped off the value of Tesla after US regulators accused Elon Musk of lying to investors, sparking fears on Wall Street that the electric car maker's maverick chief executive will be forced to step down
- ...Mr Musk made "false and misleading statements" when he said he had "funding secured" to take the company private at \$420/share in August
-cost of insuring against a default in its debt rising to a record high yesterday

Global M&A tally topples pre-crisis record – Pg. 14

- Global merger and acquisition activity in the first nine months of 2018 set a record, eclipsing a previous high reached on the eve of the financial crisis more than a decade ago
- Deals worth nearly \$3.3tn have been agreed so far this year, a 39% jump from 2017, as companies race to remake themselves in the face of sweeping technological change
- The total has been bolstered by a string of mega-deals, defined as takeovers worth more than \$5bn
- The blitz of energy takeovers was accelerated by an investor revolt against complex corporate structures and by changes to the US tax code
- Only twice before has M&A exceeded the \$4tn mark

Answer: (1) Look for rebates and rewards; (2) Put your extra space to work for you!; (3) Negotiate everything; (4) Sell your stuff; (5) Consolidate your debt; (6) Automate your payments (and savings) (Prof Note: I do not agree with this. I do not automate any of my payments. This way I stay on top of everything every month. Savings...yes!); (7) Watch your credit closely; (8) Get a side gig (Prof Note: Do the hustle...the side hustle!!!)

28 September 2018

Question: According to [MSN:Money](#), what are 6 things other governments provide that Americans still have to pay for?

Kavanaugh's accuser stands by her allegations in gripping testimony – Pg. 1

- ...recounted a 36-year-old ordeal...
- (Prof Note: How does one prove/disprove an event that occurred 36 years in the past without documentation?! Contemporaneous notes!!!)

Chinese household debt rise compounds fears for growth – Pg. 2

- The country's ratio of household debt to GDP hit a high of 49.1% in 2017, marking an increase of nearly 20% over the past five years...
- The report comes amid concern over the extraordinary rise in Chinese debt since the 2008 global financial crisis
- ...steep rises in house prices have led to an increase in mortgage debt, which, combined with the rapid rise of online consumer lending – which barely existed four years ago – have caused a sharp rise in household debt in the past two years
- Household consumption as a share of GDP remains low by international standards at 39.1%. In the US and EU, the same ratio is 68.4 and 55.6%, respectively
- Rising debt and slower growth of household income are causing concern at the impact on consumption and growth

Fed faces questions on whether gentle tightening is at odds with booming economy – Pg. 4

- The latest quarter-point increase leaves policy closer to neutral settings, but, as Mr Powell stressed, rates are still low enough to support growth
- ...the Fed envisages an expansion running above 3% this year, as strong household spending and fiscal stimulus more than outweigh a drag from Mr Trump's trade wars
- The Fed's median forecast sees rates plateauing at 3.4% in 2020 and 2021, which is above its forecast for longer-run levels
- That suggests policy will become restrictive the year after next, but only marginally...
- Inflation is forecast to stick obediently close to the Fed's 2% target – even as unemployment tumbles to just 3.5% - far below the Fed's best guess of its sustainable rate

Answer: (1) College; (2) Healthcare; (3) Vacation; (4) Parental Leave; (5) Baby items; (6) Daycare

27 September 2018

Question: According to [MSN:Lifestyle](#), what are habits of extremely likeable people?

US Fed raises interest rates and remains bullish despite trade war – Pg. 1

- The Federal Reserve has raised short-term interest rates for the third time this year and signaled it would forge ahead with plans to tighten policy even as central bankers face White House pressure to keep down borrowing costs

- The FOMC boosted the target range for its key rate by another quarter point to 2% - 2.25%, in the eighth increase of the current cycle, while teeing up another increase in December
- Median forecasts released by the Fed's policymakers pointed to one more rate rise this year, followed by three in 2019 and another in 2020 – in line with expectations
- ...bullish update on the economy, which it expects to grow more than 3% this year, ...
- The median of the latest forecasts suggest the middle of the Fed's target range for interest rates would peak at 3.5% in 2020, remaining at that level in 2021

Arab women face backlash over inheritance reform – Pg. 4

- The Koran spells out in detail how legacies are to be divided, dictating that brothers receive twice the share of sisters
- It has underlined the difficulty of upending a centuries-old status quo that shapes the contours of power and wealth across the Arab world
- Equalizing inheritance rules would mark an epochal change
- Inheritance laws are part of a broader web of legal and social barriers that perpetuate gender inequality in the Arab world. The proportion of women who earn a salary is held down by a combination of early marriage, traditions that require women to be homemakers, and laws designed to protect females in the workplace that restrict the kinds of jobs and hours they can work
- Only one in four women in the Middle East and north Africa is employed or looking for work, ...
- Only 27% of women in the Arab world have a bank or mobile money account...
- Inheritance is often about land. The proportion of real estate in the Arab world registered in the name of women is probably much lower than 10%,...
- Egypt passed legislation earlier this year that imposes jail terms and fines on anyone who deprives another of inheritance rights (Prof Note: In the U.S. some states have a Tort: Intentional Interference with Inheritance. In 1999 this Tort was introduced to Maryland, *Geduldig v. Posner*, but the courts refused to recognize it. However, in their opinion they stated that a case having a series of defined attributes, and they listed these attributes, would require reconsideration of introduction of the Tort. Go Egypt, GOOOOO!!!)

After the Crisis – Pg. 8-9

- (Prof Note: Read entire two pages...)

Record US valuation gap prompts hunt for opportunity overseas – Pg. 21

- A record-breaking divergence between US equities and the rest of the world has spurred some investors to tiptoe away from Wall Street in search of bargains in Europe and the developing world
- While the S&P 500 has bounded from one all-time high to the next, and is now up 9% this year, international stocks remain in the doldrums
- On book value, the S&P 500 now trades at a historic two-times premium versus the rest of the world, and on a price/earnings ratio, the US equity benchmark trades around a record premium to the MSCI World once the US is excluded
- US consumer confidence is at a 17-year high, manufacturing activity rose to the highest level in 14 years in August and the economy grew at an annualized pace of 4% last quarter

- ...consumer confidence in the Eurozone tumbled to its lowest level in more than a year in September, and economic growth in emerging markets is near a seven-month low...

Answer: (1) They greet the world with a smile on their face; (2) They ask questions; (3) They are consistent; (4) They put the phone away; (5) They keep an open mind and don't pass judgement; (6) They are authentic; (7) They are kind and generous; (8) They're accountable for their mistakes; (9) They send thank you notes

26 September 2018

Question: According to [MSN:Lifestyle](#), how do you repair a broken relationship with your parents?

Argentina crisis deepens as bank chief quits after 3 months in post – Pg. 1

- Argentina has been at the centre of a broadening sell-off in emerging markets, with investors becoming worried that governments and companies in the developing world will be unable to pay billions in dollar-denominated debts as the US currency rallies
- Argentina has been the most aggressive emerging market in seeking to stop a run on its currency, which has lost half its value this year,...
- Although the IMF provides emergency support for countries facing market attacks, it frowns on using reserves to shore up currencies, which can quickly burn through bailout cash
- The yield on Argentina's benchmark century bond, a measure of risk, rose more than 20bps to 9.33% yesterday...

Finance – Pg. 9

- Secondary deals can often be more vulnerable when conditions change, either because they have higher debt levels or because more money has already been taken out of the business by previous owners
- Secondary deals often increase the incentives for private equity owners to load more debt on to a business

Banks and insurers slow to switch on as nightfall approaches for Libor – Pg. 21

- UK financial authorities have given a clear message to banks and insurers: we are not kidding about the death of Libor, and you must be ready (Prof Note: When I was pursuing my MS Finance I considered a Ph.D. I remember thinking, "What would I do my dissertation on? It has all be written." I could not have been more WRONG!)
- About \$170tn of derivative contracts depend on the benchmark rate....
- Authorities appear to have run out of patience with these unco-ordinated approaches
- Regulators' urgency has been driven not just by the manipulation scandal that has landed traders in prison, but also by the evolution of markets after the financial crisis
- Libor measures the cost of unsecured borrowing between banks for a specific period, usually over one, three or six months. It remains embedded in everything from mortgages to banks' regulatory capital, with more than \$370tn of deals tied to it, ...
- To aid the daily calculation of Libor, banks have to submit estimates that rely on "expert judgment" rather than real activity

- The amount of contracts that reference Libor, but mature after 2021, meanwhile, continues to grow (Prof Note: ???)
- Without Libor, thousands of contracts lose the reference rate that forms the basis of their value
- For all its faults, Libor allowed borrowers to know their cost of fund for a period of their choice. As banks transition, they may have two books – one for Libor business, one for alternative rates

Answer: (1) Try to start the dialogue with warmth; (2) Avoid hot button issues – at first; (3) Don't be afraid to seek professional help

25 September 2018

Question: According to [MSN:Money](#), what are 15 ways your life is better when you have good credit?

Buoyant American groups drive \$50bn global dealmaking spree – Pg. 1

- Boardroom confidence, cheap debt and record stock prices have spurred a wave of activity that left global dealmaking at a record high of \$3.2tn in 2018
- Global mergers and acquisitions totaled \$3.24tn so far this year, 40% higher than the same time a year ago and ahead of the record pace set in 2007,
- A rally in global stock indices has assuaged concerns that the intensifying trade dispute between the US and China would dent economic activity and, in turn, dealmaking. The S&P 500 has climbed 16.5% over the past 12 months, while the DJIA rose by 19%, and both sat near record territory yesterday

Machines are coming for property valuers now – Pg. 9

- The pioneers of big data are promising to revolutionise the property valuation business, nudging it further along the spectrum from art towards science.
- At present, about 82,000 appraisers are employed in the US property valuation business, which is worth about \$12bn a year
- Commercial properties are inherently harder to value because of the lack of transparency over lease terms and income streams. A property owner's own financial condition and access to capital can also be critical determinants of price

Investors buckle up for longer Fed tightening cycle – Pg. 19

- The US central bank is set to raise rates for a third time this year tomorrow, with another increase in December widely expected. But investors are also beginning to gird themselves for the possibility that Fed policymakers will not sit still in 2019 either, as many had until recently expected. And that reappraisal has rattled the market
- This month the 10-year Treasury yield rose cleanly above the 3% market for the first time since May, and at 3.07% it is currently within a whisker of hitting a new seven-year high. The 30-year Treasury yield, known as the long bond, has also climbed sharply this month, to a four-month high of 3.22%
- Should the 10-year and 30-year Treasury yields both close above 3% and 3.25%, it will signal a "game changer" for markets

Answer: (1) You can more easily qualify for loans; (2) You pay lower interest rates on your loans; (3) You can access better credit card rewards; (4) You can live where you want to; (5) You can get better auto insurance rates; (6) You are often pre-qualified for credit offers; (7) You might get more job offers; (8) You are less likely to need security deposits; (9) You have more negotiation power; (10) You can refinance your mortgage; (11) You can access low-cost cash in an emergency; (12) You have higher loan limits; (13) You are not beholden to others; (14) You may have a better love life; (15) You feel more in control of your finances

24 September 2018

Question: According to [MSN:Lifestyle](#), what four (4) major signs, according to Wedding Planners, reveal a marriage won't last?

Peking University's Marxism society faces closure as students back workers – Pg. 1

- China's most prestigious university has threatened to close its student Marxist society amid a police crackdown on students supporting workers in a trade union dispute
- Under China's Communist party, Marxism has been part of the compulsory university curriculum for decades. But universities are under pressure to embrace "Xi Jinping thought" as the president strengthens his ideological control over the nation
- The threat to close the society follows a summer of student and worker unrest in the Chinese manufacturing hub of Shenzhen

Global Economy – Pg. 7

- After overtaking Germany as the world's top exporter of goods in 2009, Chinese exports have grown at an average of 5% a year to \$2.26tn in 2017, compared with annual global export growth below 2%
- China's share of manufacturing exports expanded from 12 to 18% during the past decade – adding to gains made after China's 2001 entry to the WTO which accelerated the decline of manufacturing employment in developed countries
- China is the dominant producer in medium high-tech industries, with global share nearly tripling in the past decade to 32%, ...
- Most of that growth has come from privately owned Chinese companies...
- China's share of the global capital goods market rose from 5% to 20% between 2007 and 2016, ...
- Average wages in China's manufacturing sector have more than tripled in the past decade, putting them above Brazil and Mexico and forcing companies to increase productivity
- There has also been technology transfer by developed-world companies and technology theft
- In the past, one of the consolations of China's export machine was the huge volume of components made in developed economies that it required. China was a final-assembly point for components made elsewhere, known as the "processing" trade
- Probably the most threatened by China's move into mid-tech sectors are China's east Asian neighbours

Women are missing from MBA case studies – Pg. 11

- ...Instead ...the cohort was an almost equal split between male and female students
- The case method of teaching originated at law school – hence the name – but has been used by leading MBA programmes for decades
- Leading business schools are under pressure to improve their performance in terms of providing teaching relevant to a more diverse student audience
- ...gender balance among MBA student intakes is already measured by rankings such as those compiled by the Financial Times. The average percentage of women on MBA courses run by members of the Forte Foundation has grown from 28% to 38% in the 14 years since the non-profit body was founded

Answer: (1) The couple gets hammered at the wedding; (2) One partner embarrasses the other; (3) They don't take their spouse's needs or wants into account; (4) An ex is still hanging around

22 September 2018

Question: According to [MSN:Money](#), what are the 30 greatest threats to your retirement?

US Politics – Pg. 8

- If confirmed, Mr Kavanaugh would likely become the swing voter on the court the next time it examines abortion rights
- #MeToo has already had a tangible effect on US politics, motivating more women to become politically active
- A total of 524 women ran for Congress this year – a new record. Even more notably, nearly half of those women won their primaries, with 255 women advancing to their general election
- (Prof Note: Regardless of the outcome, I find the important lesson that actions, even alleged actions, no matter how old, can be brought back, decades later, for accountability. Live a noble life!)

Wall St hits record highs on \$14.5bn funds inflow – Pg. 15

- The US stock market's march to record highs this week was driven by a \$14.5bn inflow to US equity funds
- Investors have welcomed clarity on the next round of trade tariffs between the US and China and responded positively that the levies imposed by the Trump administration – and by Beijing in retaliation – were less severe than some had expected
- The US economy also received a boost from recent data that showed wages grew at their fastest pace in nine years during August. Average hourly earnings grew 2.9% from the previous year, the quickest rate of growth since June 2009

Answer: (1) Grown kids siphoning off your retirement money; (2) Keeping too much house; (3) Having a mortgage in retirement; (4) Giving too much away, too early; (5) Medical expenses; (6) Long-Term care expenses; (7) Being part of the sandwich generation; (8) Unexpected major expenses; (9) Defined contribution retirement plans in the military; (10) Defined contribution retirement plans in the private sector; (11) The Pension crises across the nation; (12) The myth of spending less in retirement; (13)

Taking 401(k) loans; (14) Contributing only your company's default minimum to your 401(k); (15) Investing too conservatively for retirement; (16) Withdrawing your 401(k) money when leaving a job; (17) Not saving enough for retirement; (18) Retiring too early; (19) Not getting full employer matching contributions; (20) Investing too heavily in company stock (Prof Note: Can you say, "Enron"?!); (21) Having inadequate life insurance; (22) Not having disability coverage; (23) Saving for college instead of retirement; (24) Ignoring the impact of inflation; (25) Faulty decision-making; (26) Poor asset allocation; (27) Boredom; (28) Neglecting your own needs; (29) An unexpected layoff; (30) Lifestyle inflation

21 September 2018

Question: According to MSN, what are four (4) retirement planning mistakes you probably don't even realize you're making?

Markets at record high as boom in US drives investor confidence – Pg. 1

- The S&P 500 index climbed 0.8% by midday in New York, led by technology stocks that have powered much of this year's equity market rally as well as economy-sensitive sectors such as materials and banks
- The DJIA also rose 1% to hit a new high, ...
- ...domestic economy has received a big fillup from the Trump administration's swingeing tax cuts
- Investors now believe the US central bank will continue to raise interest rates in 2019, pushing the yield on the 10-year US government bond to a high of 3.09% yesterday, within touching distance of a seven-year high

OECD warns of chilling effect of trade conflicts – Pg. 4

- The forecasts expect the world economy to grow 3.7% this year and next, a healthy rate compared with the early years of this decade. But the OECD has cut its growth expectations from its May forecast by 0.1% in 2018 and 0.2% in 2019
- The OECD's forecast for UK growth was downgraded by 0.1% both this year and next, leaving the projections showing a sluggish 1.3% growth rate this year and 1.2% in 2019
- The OECD expected jobs growth to remain strong in its largely rich country members

Trump threatens Beijing over global postal rates – Pg. 4

- Mr Trump has threatened to take action if the Universal Postal Union, a UN body, does not change rules that make it cheaper to ship small items from China to the US than within the US itself. ...forces the US Postal Service to subsidize mail from China and other countries, damaging US retailers
- If the US does take action, it could prompt other countries to increase the prices the US pays to ship packages internationally
- The UPU sets terminal dues, which dictate how much national post offices must pay their counterparts for handling international mail. China is classed among the least developed countries, so it pays only a fraction of what developed country post offices do
- The USPS lost more than \$125m handling inbound mail from across the world in 2016. While a US business pays \$7-\$9 to send a 1lb package from Los Angeles to New York using priority

mail retail rates, the USPS receives only \$2.50 for a similar package originating in China and travelling the same route

- Terminal dues, which apply to packages up to 4.4lbs were set before the ecommerce explosion, which has connected US shoppers directly with retailers around the world through sites such as Amazon, Alibaba and Ebay

Answer: (1) Relying too heavily on Social Security (Prof Note: Be realistic early about the lifestyle desired in retirement and plan for it); (2) Assuming your living costs will drop drastically (Prof Note: I talk to a lot of expats on Nevis. The general theme is that their costs went up in retirement, as their interests increased); (3) Not taking advantage of catch-up contributions; (4) Forgetting about taxes

20 September 2018

Question: According to MSN: Money, what are three (3) milestones everyone should reach by age 30?

Financial Crisis – Pg. 7

- Until the financial crisis, private equity investors hewed closely to the “buyout” playbook pioneered by Henry Kravis and George Roberts when they founded KKR in the 1970s. Acquiring companies whole, they would cut costs and load them up with huge amounts of debt while paying the bank back at a low interest rate
- Now the biggest firms have all but privoted from private equity to private debt, joining a new breed of lightly regulated asset managers that have filled the voice as banks are forced to retreat from risky deals
- Unlike banks, which are dependent on deposits and other short-term funding, these funds raise money from long-term investors such as insurance companies and pension funds. Many of the companies they lend to are owned by other private equity investors. The funds provide a crucial source of credit for companies that cannot tap the bond markets, ...
- Ten years after the crisis, the rapid expansion in private credit raises the question of whether risks have simply been transferred to a different, less regulators part of the market
- ...\$12tn global nonfinancial corporate bond market which now accounts for one-fifth of borrowing by companies other than banks. There, too, credit quality has been deteriorating; most of the growth in bond issuance has involved companies that are either on the lowest rung of the investment grade ratings or else firmly in junk territory
- Three of the four biggest US private equity firms now manage more money in credit funds than in their private equity arms
- Strong covenants were attached to fewer than 30% of the leveraged loans written in the US last year...leaving creditors with little power to intervene if management teams behave recklessly or a company’s profit heads south
- ..the differences between banks and asset managers are subtle. Funds that raise their money from public pension funds are capable of inflicting losses on powerful political constituencies, even if they cannot bring down the banking system. And while asset managers are usually far less leveraged than banks – typically matching a dollar of equity with every dollar or two of debt, compared with the \$20 or \$30 that banks were borrowing ahead of the crisis – they often have far fewer safe assets such as US government bonds

UK regulators put pressure on bank chiefs over plans to shift from Libor – Pg. 19

- UK authorities have stepped up efforts to wean markets off the tarnished Libor interest rate benchmark, asking chief executives of major banks and insurers for detailed plans to move to alternative rates
- City regulators are trying to gradually push the financial system off Libor, an interest rate underpinning about \$170tn in interest rate swaps, mortgages, consumer loans and credit card rates but which in recent years has been tarnished by a series of manipulation scandals
- ...the FCA will no longer require banks to submit rates that are used in compiling Libor after 2021, it is leaving it up to banks and their customers to move to a new interest rate benchmark rate rather than mandating them to do so
- In April, the UK began publishing an alternative sterling benchmark that has a reformation of an overnight rate called Sonia; it is based on transactions

Woman in Business – FT Special Report

Answer: (1) Have a fully loaded emergency fund; (2) Start building a nest egg; (3) Get free of credit card debt

19 September 2018

Question: According to [MSN:Lifestyle](#), what are seven (7) signs you may have clogged arteries?

China hits back at trump tariffs by targeting \$60bn of US goods – Pg. 1

- Beijing retaliated against Donald Trump's decision to impose duties on more than half of all Chinese imports by slapping new tariffs on \$60n of American goods and scolding the US president for a lack of "good faith" in bilateral trade negotiations
- R Trump continued to give few signs he is willing to compromise, warning on Twitter that he was willing to impose another round of duties if China targeted US farmers or blue-collar workers
- Beijing is targeting fewer goods than Washington because China imports less from the US than vice versa. US exports to China last year totaled about \$130bn, compared to Chinese exports to the US valued at more than \$500bn

Wall Street shake-up scatters US technology groups – Pg. 19

- Tech investors are braced for what some have called a "de-Fannging" of the sector – a reference to a handful of big US tech companies that have led Wall Street to record highs in recent years
- From next week, Facebook and Alphabet will move from information technology into communication services, a revamped sector whose creation is the most striking change in a shake-up of the widely tracked classification system that investors use to help navigate the world's biggest stock market
- When the dust has settle, seven tech stocks that represent roughly a fifth of the S&P500 information technology sector will be reclassified as communication services...

- Some 16 stocks, including Netflix, whose combined market cap accounts for about 22% of the consumer discretionary sector, will also join the renamed sector that is home to just three companies including Verizon and AT&T
- As a rough estimate, ...the entire sector reclassification will drive about \$20bn in trading volume. The changes mean that the tech sector, which has swelled to account for about a quarter of the total market value of the S&P 500, thanks, in part, to the meteoric rise of the Fanngs, will shrink to about a fifth
- The revamp of what is currently called the telecoms services sector will force investors to rethink what has been considered a defensive part of the market with a high dividend yield
- The proposed changes will also effect valuations. The telecoms sector trades at a low forward price-to-earnings ratio of 10.2 Times, ...while the forward P/E of the communication services to 18.6 times

Answer: (1) Erectile dysfunction (ED); (2) Baldness; (3) Ear Crease; (4) Calf pain when you walk; (5) A tight jaw; (6) Lower back pain; (7) A smoking habit

18 September 2018

Question: According to [MSN:Money](#), what are 15 signs your employer wants you to retire?

Fed official eyes rate rise to balance jobs market risk – Pg. 4

- US financial stability could be threatened if the Federal Reserve keeps borrowing costs too low and allows an overheating jobs market to encourage excessive risk-taking...
- Concerns that America's economic boom could lead to hazardous risk-taking in financial markets have begun to feature more prominently in Fed discussions, as the US experiences above-trend growth at a time when tax cuts and public spending rises are fueling the economy
- The Fed is gearing up for a further rise in short-term interest rates from the current range of 1.75-2.00% in its September 25-26 meeting, with more tightening possible in December and next year as unemployment hovers well below Fed estimates of sustainable levels
- Trade tension could add to those inflation pressures,...
- Among the areas in the Fed's spotlight are commercial real estate and sections of corporate debt

USA Inc faces growing threat from activist debt investors – Pg. 13

- US companies are facing an escalating threat from activist debt investors, who want to push them into default to make a profit from bearish bets on their bonds
- The corporate defence law firm Wachtell Lipton has labelled the practice "net-short debt activism". In such cases, a hedge fund buys a meaningful enough position in a company's bonds to agitate for the company to be declared in default – and an even larger position in a company's credit default swaps, which pay compensation when that default is confirmed
- The practice of so-called "manufactured" defaults has sparked controversy, thanks to the case of Hovnanian, a US builder, which agreed to default on some of its bonds in return for new low-cost financing from a hedge fund, Blackstone's GSO. Blackstone stood to gain from the subsequent CDS payout

- Lawyers and analysts say that the benign US economy and low corporate default rate means distressed debt funds, which normally invest in troubled companies, are looking at otherwise healthy companies to generate trading opportunities

Answer: (1) They stop assigning long-term projects; (2) You're given projects that don't require strategizing; (3) They stop investing in you; (4) Your salary and career growth has halted; (5) They try and make your role redundant; (6) Rude comments about your age; (7) Your supervisor becomes more hands-on; (8) You're treated differently than younger colleagues; (9) Disciplinary Action is taken for no reason; (10) Your retirement becomes a topic of conversation; (11) A lot of talk about cost-cutting measures; (12) An incentive is thrown your way; (13) Your work hours are reduced; (14) You're isolated from the group; (15) You're not given the proper resources (Prof Note: I have seen all of these utilized to push someone out, i.e. not just for retirement)

17 September 2018

Question: According to MSN, what is the daily cost of living like a billionaire?

Argentina aims to reassure IMF with austerity budget – Pg. 1

- Mr Marci's government and the IMF are negotiating over Argentina's request to reinforce a \$50bn bailout package announced in June.
- ...spending cuts of about 1.4% of GDP, and revenue measures, including new export taxes that will raise 1% of GDP, should enable the government to balance the federal primary budget next year

What I wish I had known at 18 – and advice for university students – Pg. 10

- First, if you go out to parties or bars make sure you drink as many glasses of water as alcohol. Secondly, be friendly with everybody because you never know where they will end up. Third, follow your passions
- The first people you meet are not necessarily going to be your best friends – don't worry about it. Don't get too caught up in trying to go to the parties everyone's expected to go to. Try to find people with whom you can forge close connections and who will be with you decades afterwards
- If you make a mistake today [picking a major and going to University] and want to switch courses, there are financial consequences. The other thing I wish I'd known is how valuable it is to get work experience, especially early on when the academic pressures are slightly less
- The thing I regret most is spending too much time in college bar with other people moaning about stuff. It's the time in your life when you're free to absorb interesting stuff. I wish I had listened better to my peers and to academics. Learn to listen before you go
- What matters is developing a wide network. The thing that catches people is they go deep far too early, get stuck in one profession and don't have any connections outside that area
- I wish I had taken more classes that had nothing to do with my major, and relaxed and enjoyed it
- The lesson I wish I'd learnt, and I still haven't, is the ability to shut up

- I wish I'd known is that it didn't matter what precise grade I got. What mattered was that I understood what I was interested in and focused on that in a way that was useful for the jobs Market
- (Prof Note: (1) Being right is not often not enough; (2) Relationships and network are meaningful in so many ways, i.e. personal and professional; (3) Question the status quo....always!; (4) A sunset is better when shared)

MBA applications fall at top US business schools – Pg. 11

- Business schools blame the decline on conditions in the US market, where a combination of fast-rising tuition fees and a lack of employers willing to fund student places has pushed candidates to target only a few elite institutions
- ...applications to Harvard, are down by 4.5% on the previous year to its two-year full-time MBA course
- The decline in US demand is down to a mix of US immigration curbs, a growing number of alternative and cyclical movements in demand for full-time study...
- A perception that overseas students are unwelcome in the US...
- More damaging have been the tightening of immigration restrictions over many years, a rise in the quality of business schools in Europe and Asia and the expectation that business education should be obtainable whenever and wherever students want it in an age of online delivery...

Answer: (1) Mansion Costs: Varies, But can top over \$15,000/day; (2) Fancy car costs: \$411+/day; (3) Luxury Yacht Costs: Up to \$5,890/day; (4) Entertaining Costs: Up to \$82,191; (5) Personal Trainer Fees: \$1,340/day for one hour; (6) Personal Chef Costs: \$515/day; (7) Nanny Fees: \$220/day; (8) Butler Costs: \$272/day; (9) Cleaning Service Costs: \$267/day; (10) Outdoor Home Maintenance Costs: \$125/day; (11) Personal Security Costs: \$21,370/day; (12) Personal Assistant Costs: \$246/day; (13) Lawyers and Legal Fees: \$1,500/billable hour; (14) Vacation Home Costs: \$3,000+/day (Prof Note: My personal advice: weekend home and rent the holiday home. When I run the numbers, this makes the most economic sense. However, can one put a price on personal pride? Do what makes you happy (and that you can afford)); (15) Private Jet Costs: \$2,254+/day (Prof Note: Every time I look at NetJet to Nevis the calculations are clear, American Cattle (Economy) class wins every time!); (16) Total Cost to live like a billionaire: \$134,601+/day

15 September 2018

Question: What are 15 Ways to be more attractive, according to science (Prof Note: The article appears to be about males)?

A post-crisis cure that has stored up economic pain – Pg. 11

- Today most agree that the final response to the crisis – bank bailouts, endless quantitative easing and a dose of fiscal stimulus – was the correct one
- ...wave of experts now insisting another crisis is just around the corner (Prof Note: Including ME!)
- Thin about what QE and super-low interest rates have done. The idea was that they would prevent corporate and personal bankruptcies but also – as explained by the US Federal

Reserve and the BoE – push up asset prices so that the wealth effect (the idea that if you feel richer you spend more) would drive consumption and hence recovery

- The wealthy, and those in a position to borrow and take risks, have become wealthier

Asia resilient in EM crisis but dangers await – Pg. 15

- Emerging economies are being challenged by a strengthening US dollar and the scaling down of ultra-loose monetary policy in developed markets but parts of Asia are proving more resilient
- Among the most exposed emerging economies are those with current account deficits that rely on foreign capital. When US rates rise, attracting foreign capital into developing economies is a harder feat
- Many Asian economies have built current account surpluses with the exception of Indonesia, India and the Phillipines, which last year had respective current account deficits of 1.7% of GDP, 1.5% and 0.8%
- Some highlight the big change from Asia's financial crisis in 1997 that was sparked by an increase in US rates that sucked capital out of the region
- China's debt levels are eye-wateringly high, amounting to 299% of GDP in the first quarter, a risk that has deterred some investors

Question: (1) Travel with an entourage (Prof Note: I never go anywhere without my posse!); (2) Befriend a baby (Prof Note: I once had a peer that was recently divorced with a young baby tell me, "Babies are "chick" magnets!); (3) Walk your dog (Prof Note: I actually had another peer purchase a dog just to meet "the ladies"); (4) Give your razor a break (5) Lend a helping hand (Prof Note: This is just about being a good/great person); (6) Master your gait; (7) Craft your online dating bio wisely; (8) Steer clear of selfies; (9) Smile (but, like, slowly); (10) Stay strong, but not too strong; (11) Flaunt your battle scars (Prof Note: I often say to peers, the older you get, the more scars are expected on your face); (12) Carry a guitar (Prof Note: I had a student that rode a motorcycle. Handsome bloke. The first day of class he swaggered in with his helmet and the woman looked. I took the opportunity to say, "Now why do you carry a helmet when I saw you riding the bus?" He took the comment in great stride! ☺); (13) Ditch the corny pickup line ; (14) Manspreading can be a good thing; (15) Buy a bouquet

14 September 2018

Question: According to [MSN:Lifestyle](#), what are 11 of the Most Important Qualities Women look for in a guy?

Trader's lost bet blows hole in post-crisis safety net – Pg. 1

- Authorities singled out clearing houses as pillars of global market stability to withstand the next financial crisis. They stand between two parties in a trade to help prevent the fallout from defaults rippling through the market
- Nasdaq said the size of Mr Aas's positions blew through several layers of safeguards designed to protect the clearing house from hefty losses

Wall Street panic aggravated financial crash, says Bernanke – Pg. 2

- The real estate bust was not the primary reason for the plunge in US economic fortunes in the financial crisis, Ben Bernanke...
- ...panic in the funding and securitization markets was the main reason for the severity of the crisis. Its early stages would have been “significantly less severe” without the collapse in confidence on Wall Street
- ...adds intensity to the debate over whether the US central bank and other authorities put too much public money into rescuing Wall Street from 2007-09, and whether they were negligent in failing to tackle the hazards building in the property market
- ...reversal of a surge in borrowing that, combined with a house price collapse, depressed household spending and sparked intense deleveraging
- The other source was the fragility of the financial system, in which mortgage-related losses triggered Wall Street panic, including runs by wholesale funds and fire sales of securitized assets
- The two drivers imply different policy responses, Mr Bernanke said. If household debt was the main problem, it would imply the focus should be on stabilizing housing markets and modifying troubled mortgages. The markets-focused driver implied the “policy imperative” was to end panic in the financial sector – putting the focus on interruptions to the supply of credit, not demand for it
- This week marks the 10th anniversary of the collapse of Lehman Brothers, which triggered the most intense phase of the panic

Emerging market turmoil makes the case for a stronger IMF – Pg. 9

- Before the financial crisis, the fund had less than \$300bn available to support troubled countries. However, after the European sovereign debt crises that arsenal rose to \$1tn
- In 1997 Asian financial crisis, by contrast, the potential hole was about \$500bn, then twice what the IMF had in reserve
- About a quarter of the IMF’s arsenal is cash, or money permanently deposited by members in so-called quotas. Another quarter comes from multilateral borrowing arrangements, or credit lines, which are due to expire in 2022. The rest is bilateral borrowing agreements, and those credit lines start to expire from 2019
- ...nobody knows what the Trump administration will do. And the US has a veto

Answer: (1) Chemistry; (2) Vulnerability; (3) Stability; (4) Equality; (5) Awareness; (6) Emotional Presence; (7) Curiosity (About Her!); (8) Protectiveness; (9) Acceptance; (10) Assertiveness; (11) Red Hair

13 September 2018

Question: According to MSN, what three (3) traits do happy people have in common?

Oil heads towards 4-year high as hurricane heightens supply fears – Pg. 1

- Oil prices rose to more than \$80 a barrel yesterday, nearly a four-year high as traders braced themselves for a series of tropical storms barreling towards the US, which are coinciding with the mounting concerns about a global supply shortfall

- A second tropical storm, Isaac, is also being watched as it may have a bigger impact on the oil sector if it heads towards the Gulf of Mexico – a hub for production and refining operations
- The start of the US storm season has coincided with other jolts to the oil market, including an expected hit on exports from Iran as US sanctions come into effect in November, which is likely to create a squeeze despite Mr Trump's calling on other producers to lift output
- Big Asian consumers, such as India and China, have begun to reduce their purchases of Iranian oil while South Korea has already dropped imports to zero on the orders of the White House
- Saudi Arabia and allies inside and outside Opec, such as Russia, have pledged to raise output but the increase has been slower than expected, helping propel prices

Incomes at pre-crisis level after 3 years' growth – Pg. 3

- Incomes in the US have returned to their levels before the recession after growing for a third consecutive year in 2017, as strong growth and hiring improve the fortunes of middle-class households
- Median household income rose by an inflation-adjusted 1.8%, putting it at \$61,372 in 2017
- The share of the population lacking health insurance also stagnated at 8.8%, or 28.5m people
- Male workers saw a 3% increase in incomes from 2016, while the change in median earnings for female workers was not statistically significant,...

China steps up collection of payroll taxes – Pg. 4

- ...the move to increase the collection of social security contributions is rubbing against an effort to cut corporate taxes to support a slowing economy. Strict enforcement of social security requirement would cut corporate profits 2.5% and nominal growth in GDP 0.6%...
- China's employer-side payroll taxes for social insurance – including pension, medical insurance, unemployment insurance and workers' compensation – are high. The average rate in China was 29% of payroll in 2015, compared with 8% in the US,...
- China's public pension system is facing a big shortfall because of an ageing population and shrinking labour force
- Now, as part of a broader overhaul of its personal income tax system, China is transferring authority for collecting such contributions from local social security bureau to local tax authorities, which have stronger enforcement capabilities. The change takes effect at the beginning of 2019

Financial Crisis – Pg. 7

- ...JPMorgan...one of the biggest banks in the world, with a market capitalization of \$382bn...
- Mr Dimon will become the last surviving pre-crisis chief executive on Wall Street when Lloyd Blankfein steps down from Goldman Sachs this month
- The bank's four main rivals – BofA, Citigroup, Goldman Sachs, and Morgan Stanley....
- ...even the best Wall Street returns on equity of about 14%...
- The result is a behemoth of a bank. With assets of \$2.6tn and more than a quarter of a million staff, only China's Big Four lenders and HSBC are larger

Answer: (1) They don't let what they cannot control affect what they can; (2) They live and die by their values; (3) They believe that life is a learning process

12 September 2018

List-Serve Story: Regarding tattoos, I have a story.

Many years ago I crossed the Atlantic on a combination cargo/passenger boat. One of the sailors, who was in his late 40s/early 50s, had a large tattoo down his chest and belly which he had gotten in his youth. Well, with his belly having expanded in the meantime, the mermaid looked pregnant!

We all laughed every time we saw him shirtless working on the boat.

Question: According to [MSN:Lifestyle](#), what are 10 signs everyone thinks you're insensitive?

US-China stand-off poses risk to developing world, warns Lagarde – Pg. 1

- ...comments came as President Donald Trump prepares new US tariffs on \$200bn of Chinese imports, sharply ratcheting up the trade war with Beijing
- Thus far, the developing world crisis has focused on Argentina and Turkey, both of which have specific fiscal or political issues that have raised investor concern. But countries as diverse as South Africa, Indonesia and Brazil have in recent weeks seen outflows, raising the risk of a broader crisis

Carney to stay at BoE until 2020 to ease Brexit fears – Pg. 3

- ...scheduled date for Britain's exit from the bloc of March 29 next year
- If there is a withdrawal deal between the UK and EU, Britain will have entered a standstill transition period where all EU rules apply domestically and would be engaged in seeking a permanent new trading relationship with the EU
- One of the early tasks for the new governor would be to help set out Britain's desired relationship with Brussels on financial services

Pushing back on China – Pg. 7

- ...unusual trilateral forum that brings together trade officials from the US, EU and Japan
- Their mission: to combat the allegedly unfair trading practices by unspecified "third countries"
- ...a potential co-ordinated assault by the Trump administration, EU and Japan on their unique model of Chinese "state capitalism" that has been integral to the country's economic success over the past 40 years
- Whether the Chinese leadership is ultimately confronted by the US alone, or by the US, EU and Japan, is important for Beijing, especially as it continues a campaign against risky financial practices that have slowed investment and economic growth. Yet the Chinese have also begun to conclude that there is much more to Mr Trump's trade threats than empty bluster
- Mr Trump is now poised to authorize a third round of tariffs that will take the total value of affected Chinese goods to \$250bn – about half of Beijing's total annual exports to the US

- Others argue that Mr Trump's ideal outcome is in fact no deal at all, so he can implement long-term tariffs on all Chinese exports to the US in a bid to bring about a radical overhaul of global supply chains

Answer: (1) You don't pay attention to body language; (2) You raise your voice; (3) You aren't open to other opinions; (4) You get defensive; (5) You can't remember people's names; (6) You don't think (days) before you speak; (7) You ignore the 'Golden Rule'; (8) You don't notice the faces around you; (9) You can't control your attitude; (10) You don't act present

11 September 2018

List-Serve Question: Does anyone know where to find a schedule showing, for new construction, what is useful life broken out by cost category, e.g. HVAC, painting, hardware, etc. Underwriting depreciation on a residential apartment new construction deal. All I can find is a general summary put out by the IRS.

(Answer at bottom of email)

Question: According to MSN, what are 50 easy things you should do to save money?

ECJ to rule on limits of 'right to be forgotten' by Google – Pg. 2

- Europe's top judges are being asked to decide the limits of the "right to be forgotten" – a person's ability to demand that internet search engines hide incorrect, out-of-date or potentially embarrassing information about them
- ...European Court of Justice will today consider two cases involving Google: one on the type of information that should be delisted from its index after a search for someone's name, and the other on whether such a delisting, if agreed to, should apply worldwide
- The ECJ's eventual ruling will not only affect Google but all other search engines, and is likely to have implications for social media platforms
- The cases follow on from a landmark decision in 2014 when a Spaniard, who had his property repossessed and auctioned off in 1998 to recover social security debts, fought to have newspaper articles about the case removed from Google's search results
- The ECJ ruled in his favour and said the material should be delisted if it was "inaccurate, inadequate, irrelevant or excessive" – a ruling that created what is commonly known as the right to be forgotten
- The first concerns whether sensitive personal data, such as political beliefs, health information, criminal records and sexual orientation, should be automatically removed from search engine results on request – regardless of public interest
- Whether search engines must delete links globally or only in the EU, as is currently the practice, is the second question the ECJ will consider
- Authorities and courts in Canada, India, Columbia and Brazil, among others, are considering similar right to be forgotten cases but are coming to different conclusions, illustrating the difficulty in establishing a general rule

US Drug Epidemic – Pg. 7

- There are more than 1,000 lawsuits brought by states and local governments in the US alleging the drugmaker's marketing practices ignited and then fueled the opioid crisis, which claimed more than 42,000 lives in 2016
- (Prof Note: US Drug Epidemic?! Last week I had a tooth extracted. The dentist prescribed Oxy. I take my prescriptions to Walmart, low cost provider of a commodity, what could go wrong?, and Walmart refuses to fill my prescription. I am a first time customers and the prescriptions, according to Walmart, provide too much narcotics. Blood is running down my chin, the novacaine is wearing off, I am becoming desperate . I say, " I need my Oxy." Walmart says, "No...policy". I say, "give me back my prescription." Walmart says, "No, you'll just go to CVS." I say, "Damn straight! Now give me back my prescription!" Walmart says, "No...policy". I say, "Call the police. I have done nothing wrong." Walmart calms down. I say, "this is insane! The more I complain the more I look like an addict. If I do not complain you will not give me my Oxy!" Walmart says, "quite the conundrum." I leave without my Oxy but with my prescription. How are people getting these pills???! I had a legitimate prescription, blood streaming down my face, and I could not get them! Arrrggggg....)

Fed's balance sheet shrinking has big implications for banks – Pg. 19

- ...as the reduction in the balance sheet accelerates into 2019, the market is looking for much clearer signs from the Fed on its future framework for steering the economy. Some analysts worry that the Fed risks shrinking its balance sheet too much
- The Fed confronts two major, intertwined decisions. Does it want to stick with its current system for setting interest rates or revert to something similar to the framework it used before the financial crisis? And how big a balance sheet is it willing to carry in order to execute monetary policy?
- Fitch said that, after basically stabilizing in 2017, the Fed balance sheet will shrink by around \$315bn this year and \$437bn in 2019 as it allows assets it has been holding to mature
- Opting to keep the current system would be necessity mean keeping a lot more reserves in the system than under the pre-crisis toolkit, thus limiting the extent to which the Fed shrinks the assets on its balance sheet
- This so-called floor system, which the Fed currently uses, involves it setting an interest rate on excess bank reserves and another rate on an overnight reverse repurchase facility to steer market rates.
- The imposition of regulations requiring banks to hold big buffers of high-quality liquid assets, coupled with changes in banks' preferences, suggest the sector will want to hold prodigious quantities of reserves for the foreseeable future
- Another option is to go back to a so-called corridor system, like one used before the crisis, in which a relatively scarce quantity of reserves is held by the banks and the central bank conducts frequent interventions to hold official rates close to its target

Answer: (1) Buy off-season; (2) Listen to more music; (3) Maintain your stuff (Prof Note: This also goes for your health. Repair is generally cheaper than replace.); (4) Learn to say, "No"; (5) Find a hobby; (6) Get enough sleep; (7) Buy refurbished electronics (Prof Note: I will absolutely admit I stay away from refurbished electronics); (8) Play social director (Prof Note: Beers at Buzzys in SoMD are \$2.00); (9) Wait 24 hours (Prof Note: Someone told me that when considering purchasing a Porsche, test drive and wait a week. It takes that long to get the "Porsche Feel" out of your body and head and you can then make a

rational decision); (10) Walk more; (11) Travel more; (12) Brown-bag it to work; (13) Eat more veggies; (14) Stretch every morning (Prof Note: What is up with this Yoga craze?!); (15) Live below your means (Prof Note: I cannot stress this enough. Of course I love McMansions but every expense must have a revenue off-set...rule to live by!); (16) Floss every day (Prof Note: Cost of a tooth removal in Waldorf, MD: \$205); (17) Dress up with Craigslist; (18) Get a massage (Prof Note: Look for deals, i.e. \$40 or less); (19) Laugh more (Prof Note: No issue if hang'n with me...I truly am hilarious!); (20) Meditate every day; (21) Eat more slowly; (22) Wake up earlier; (23) Gossip more (Prof Note: Whoa...I work hard at not gossiping and work even harder to make every statement positive); (24) Watch less TV (Prof Note: Whoa...I love my tele); (25) Use your credit card less (Prof Note: No, use it more for required purchases..rack up those points); (26) Drive a smaller car; (27) Don't compare yourself to others (Prof Note: It took me YEARS to achieve this body greatness. Just love yourself as I love all of you!); (28) Subscribe; (29) Think positive (Prof Note: ...and be positive); (30) Plant a garden; (31) Be a good Samaritan; (32) Cherish your friendships; (33) Spend on experiences (Prof Note: But make them experiences worth having, e.g. Gorky Park in the winter!); (34) Volunteer (Prof Note: I have mixed emotions over this. If you love your job, do your job and donate \$\$\$ for your cause. It is a more efficient way of being a good Samaritan. Of course, it is your time so your choice. Just my opinion.); (35) Spend less on haircuts (Prof Note: I have not had a haircut this year!); (36) Make it yourself; (37) Make a life goals list (Prof Note: Absolutely but ensure the goals are achievable); (38) Read a good novel (Prof Note: I just received new reading glasses. Oh how I missed reading...I am back at it!); (39) Don't pay full price; (40) Budget your happiness; (41) Quite the gym; (42) Quit smoking; (43) Use a discount cell service; (44) Entertain more; (45) Spend time with your kids; (46) Trade your books; (47) Use your library; (48) Buy generic; (49) Ask about company benefits; (50) Find free entertainment (Prof Note: Sunsets are free. There is an adirondack chair on the other side of the fire pit with your name on it for us to watch the sunset over Virginia. Just like the Price is Right, "Come on down!" You know where to find me and all are welcome!)

List-serve Responses:

#1 -

Try this:

https://www.fanniemae.com/content/guide_form/4099f.pdf

#2 -

In my limited experience cost segregation is a challenging topic and one that the IRS is particularly sensitive. Best practice would probably be to not mess around and engage a specialist such as kpkg. The accelerated deductions that can be achieved could more than offset the cost of service. If anyone does reply with an off the shelf schedule I would be interested in seeing it, but would be cautious to implement without expert review.

#3-

Marshall Valuation Service

#4 -

sent to legal team...

For it to stick with the IRS you have to actually have a cost segregation study done - which then yields accelerated and bonus depreciation. Otherwise it's audit failure

#5 -

I think, but am not positive, that RS Means costing books also include depreciation. I may have a 3+ year old one I can send you, when I'm in front of my computer. Otherwise, you can order current info from below. Hope this helps.

<https://www.rsmeans.com/>

#6 -

Marshall & Swift – Marshall Valuation Service should have a breakdown for depreciation. A commercial appraiser should be able to assist (the copy I have is not digitized and hasn't been updated in about eight years). I also wonder if a Cost Segregation expert would be able to help. They specialize in tax savings by formulating depreciation.

#7 -

Just wanted to respond to your comment regarding federal tax depreciation rates for investment properties. I specialize in fixed asset management for real estate companies with a focus on cost segregation studies (among other ways to take the most taxpayer favorable treatment of your investments). The IRS recommends specific software that can be utilized to support component values but the tax lives assigned to those assets are from the Internal Revenue Code, Treasury regulations, IRS guidance, and court decisions. It is always recommended to get assistance from a specialist in this area as the IRS will challenge studies that do not follow the proper methodology.

You can read more at the following:

<https://www.irs.gov/businesses/cost-segregation-audit-techniques-guide-table-of-contents>

#8 -

There's also this: <https://www.nachi.org/life-expectancy.htm>. NAHB also used to have a similar resource, but it may be behind a pay/membership wall. Latest one that turns up in Google is 2007 (<https://www.interstatebrick.com/sites/default/files/library/nahb20study20of20life20expectancy20of20home20components.pdf>), which is still probably fine.

#9 -

https://www.hud.gov/program_offices/housing/mfh/CNA

Here is EVERYTHING you need for this.... review this website, download the spreadsheet (i've attached it), utilize the web portal for submission and reports generation... there are 6 training videos.

This was created by KPMG for HUD and embeds all the EULs (estimated useful life) of components of buildings. This is a housing based spreadsheet but you will get the idea. It then allows you to project capital needs into the future of 20 years. If something expires - say a cabinet's EUL is 10 years, then you use the duration tool to spread it so that you are forecasting replacement around that year - rather than all the cabinets

fall off the walls at the precise time... then the financial part of the tool allows you to 'step' the interest rates for costs over time projected

10 September 2018

List-Serve Experience: Just a quick commentary on US Banks and high house prices noted below:

1. I live on the south shore of ----- New York. It is the middle of the middle class.
2. Houses on my street currently go for \$450K - \$550K (outrageous but that's a different discussion).
3. After years of low construction/renovation activity, several neighbors have built up and out.
4. An example - A young family down the street have recently demolished their house to the first floor studs, added a big room to the back, and constructed a full second story. Effectively a new house with 50% more SF.
5. Their old house was worth at least \$450K as it was, and they just spent another \$250K (minimum) on the "new" house. So this young family just "paid" \$700K for a new house, on a block that has never had a house sell for more than \$550K.
6. The last time we saw this kind of residential "investment" activity - 2006.

Question: According to [MSN:Lifestyle](#), what are 7 ways you can help a loved one with depression, according to experts?

Bank scandals spur EU to ramp up fight against cross-border crime – Pg. 1

- Brussels will seek to toughen the powers of EU agencies to crack down on money laundering and terrorist financing after high-profile scandals shone a light on Europe's deficiencies in tackling criminal cross-border money flows
- Many of the EU's largest banks are directly supervised by the ECB but the policing of antimoney laundering rules is not covered by that system
- Instead, the responsibility for making sure that banks carry out customer background checks and other measures required by EU law lies largely with national watchdogs
- (Prof Note: Watch 'Ozark' on Netflix. If Breaking Bad did not have you cooking Meth, Ozark will have you laundering funds.)

Policymakers call for more firepower to fight next recession – Pg. 2

- In particular, they stepped up calls to increase the resilience of the banking sector – which helped spawn the crisis a decade ago – amid fears that institutions and individuals could enter the next downturn in a financially vulnerable state
- ...many economists claim central bankers around the world will have to cut borrowing costs back down to near-zero levels when growth eventually stalls
- Some Fed officials argue that the property involved may be valued too high, raising questions about the quality of the banks' collateral
- Mr Summers, now a Harvard University professor, lambasted recent stress tests by the Fed as "comically absurd" for concluding that no big banks would be deficit in capital when tested for their resilience against a brutal slump

Why the Fed should care about finance – Pg. 9

- Central banks can create asset bubbles, of course, but they cannot change the wage-suppressing effects of globalization, technology-driven deflation, and an increasing concentration of corporate power that makes it impossible for workers in rich countries to have any real bargaining power
- When 10% of the US population owns 84% of the shares, asset price increases do not create inflation, but inequality
- "Inflation may no longer be the first or best indicator of a tight labour market"...
- ...academic research shows that most recessions since the second world war followed stock market collapses
- What metrics might the Fed and other central banks look at? I suggest three. First, the pace of run-up in debt, always the biggest predictor of market trouble. It has been growing more rapidly than GDP for a number of years. The growth of financial assets relative to GDP is also near record levels. Margin debt, ditto

Lessons from the bankers who worked at Lehman Brothers – Pg. 10

- (Prof Note: Read the article especially if younger! Talks about young people at Lehman and what the collapse meant for their career. What I will say is that I only work with people with whom I believe. I am blessed that I am able to pick and choose but am careful that I must believe in the individuals.)

Wall Street cuts profit outlook for US retailers – Pg. 16

- Projected profits for the current quarter have been reduced for 52 – almost three-fifths – of the 89 companies in S&P's retail index over the past three months, ...
- After months of store closures, job losses and bankruptcies, several listed retailers are now producing some of their best financial results in a decade, spurring hopes that well-run, bricks-and-mortar chains can succeed in the age of Amazon (Prof Note: I have found that if you do not know what you want Amazon is overwhelming. I then order directly from a merchant out of frustration)
- The steepest cuts have been endured by companies that are seen to be struggling, such as department store operator JC Penny and Victoria's Secret- owner L Brands

Answer: (1) Remember four important, undeniable facts, i.e. (a) Your loved one's illness is not your fault (or your loved one's fault), (b) You can't make your loved one well, but you can offer support, understanding, and hope, (c) Each person experiences a mood disorder differently, with different symptoms, and (d) the best way to find out what your loved one needs from you is by asking direct questions; (2) Don't try to fix your loved one's problem on your own; (3) Don't ask them to "snap out of it"; (4) Learn the symptoms of depression; (5) Practice the following sayings: (a) "I'm here for you.", (b) "I care", (c) "I may not understand your pain, but I can offer my support", (d) You are a worthwhile person and you mean a lot to me", (e) "Your brain mislaying to you right now, and tha tis part of your illness", (f) "Don't give up. You can get through this."; (6) Encourage treatment; (7) Take care of yourself (Prof Note: I have ZERO training in this area so the following are just my life experiences...Location matters with happiness. The warm sun on one's cheek is happiness. Also, this is just my advice, NEVER say you understand another's pain. Let them own it. You can understand they are struggling and you are there to offer support. I remember an RBC bank rep telling me they understood my pain, as they were being combative with regard to my family situation, and I am still amazed at the fury I unleashed. Words

matter. One of my favourite expressions, “Words are like bullets, you cannot call them back.” Be careful.)

8 September 2018

List-Serve Question: Does anyone know where to find a schedule showing, for new construction, what is useful life broken out by cost category, e.g. HVAC, painting, hardware, etc. Underwriting depreciation on a residential apartment new construction deal. All I can find is a general summary put out by the IRS.

Question: What percentage of persons have tattoos, i.e. are “inked”, between the ages of 18 and 35?

Surge in US wage growth keeps Fed on track for two more rate rises this year – Pg. 1

- US wages have risen at their quickest pace in nine years as employers boosted pay to attract and retain workers in a tightening labour market
- Average hourly earnings rose 2.9% in August from a year ago, the fastest rate since June 2009...
- The data also further strengthened the dollar, which jumped 0.3% after the figures were released
- The strengthening US currency has been one of the leading causes of the rising jitters in emerging markets, which have seen sharp sell-offs as investors question whether they can pay back billions in dollar-denominated debt (Prof Note: Can we all say, “Tesobonos”?)
- Yesterday’s figures showed the labour market added 201,000 jobs last month, from a revised 147,000 in July, adding a record-breaking streak of uninterrupted job growth

Emerging Markets – Pg. 5

- Argentina’s extreme market stress raises multiple issues. The first is financial: does it represent the beginning of an emerging market collapse of a like not seen since a series of crises rolled from Russia to Asia to South America at the end of last century?
- The second is philosophical: if Mr Macri’s technocratic government, which heads the G20 and has followed economic orthodoxy while also enjoying full international support, cannot ride out fickle markets, who can?
- The BI, the central bank’s central bank, warned in June of “financial vulnerabilities [that] have been building up, in their usual gradual and persistent way”
- The most obvious symptom is the doubling since 2008 of dollar loans to emerging markets to \$3.6tn
- ...as US interest rates rise and the dollar strengthens, those easy-money debts have become harder to service, especially for countries with large current account deficits – notably Argentina, Turkey and South Africa
- US protectionism has hurt Asian countries, whose current account surpluses might otherwise protect them from rising rates. But the US threat of \$200bn – worth of tariffs against China has sent them into a tailspin too
- The worst drought in three decades shrank Argentina’s key agricultural sector by half this year. Tensions in the Middle East have also pushed up oil prices, making Argentine energy imports more expensive

- Scarred by eight debt defaults, two bouts of hyperinflation, 20 IMF-supported programmes in 60 years and multiple currency crises, they no longer have faith in the peso, which has lost more than half its value this year

Corporate debt funds hit by jolt of outflows – Pg. 11

- Investors yanked more money out of corporate debt last week, withdrawing the most out of investment grade bond funds in nearly three months and extending this year's outflows from junk bond vehicles....
- After years of steady returns and roaring inflows, US corporate debt has lost 2.1% this year,

Answer: 47% (Aye Caramba!)

7 September 2018

Question: According to MSN, what are 30 things that can mess up your credit score?

South Africa's central bank chief seeks to fend off emerging market contagion – Pg. 1

- ...acknowledged that new threats to central bank independence were emerging, in part because of proposals by the ruling African National Congress to nationalize its shares. The Reserve Bank is unusual among peers in having private shareholders

End of Australia housing boom sparks fear of disorderly crash – Pg. 2

- ...Sydney prices have fallen 5.6% in the past year while the national market has slipped 2%
- It marks the end of a five-year expansion, which saw prices in Australia's biggest city rise 70% and household debt surge above 120% of GDP – one of the highest levels in the developed world
- ...property markets from London to Toronto are seeing price declines as central banks begin to unwind record-low interest rates, consumers balk at paying record high prices and regulators or banks impose tougher lending criteria on consumers
- Australia is becoming a test case of whether regulators can manage a soft landing rather than a disorderly crash
- ...forecast that house prices in Australia would fall 12% over four years, which would likely cause slower economic growth
-20% chance of a recession in the country and a 10% chance of a financial crisis over the next five years
- At the height of the property boom in 2015, investors accounted for more than 40% of mortgages ...

Hedge funds and Wall St banks ride wave of carbon credit revival – Pg. 21

- Carbon credits, introduced by the EU to curb pollution by companies in the trading area, have soared almost fourfold in the past year to over 20 (euro) per tonne of Co2 after legislative changes designed to get the scheme working

- Companies that produce pollution in excess of the carbon allowances they are assigned need to buy extra in the market while those that use less – by switching to clearer fuels or using less energy – are free to sell them

Answer: (1) You never check your credit report; (2) You pay your bills late; (3) You have too many credit cards; (4) You carry high balances on your credit cards; (5) You don't have any credit cards; (6) You close old or inactive credit cards; (7) You ask for a higher credit limit; (8) You consolidate debt onto one card; (9) You pay off all your cards at once; (10) You use the wrong credit card; (11) You co-sign on debt; (12) You have an off-balance credit mix; (13) You pay down the wrong debt first; (14) You don't fix credit report mistakes; (15) You make too many credit inquiries; (16) You have negative records; (17) You have unpaid parking tickets; (18) You have overdue library fines; (19) You have court judgments; (20) You pay your rent late; (21) You carry medical debt; (22) You don't pay your taxes; (23) You fail to build your own credit after marriage; (24) You think a divorce decree eliminates your debt; (25) You let debt go to collections; (26) You have charge-offs on your report; (27) The bank forecloses on your home; (28) You file for bankruptcy; (29) You rent a car with a debit card; (30) You don't pay child support

6 September 2018

List-Serve Comment (w/ permission): I am around this golden age of 40 and I cannot adequately describe the impact numbers 8, 9, and 17 have had on my life and well being. I've spent many hours (and dollars) in therapy battling anxiety and self-loathing. It is a never ending battle, but right now I'm winning it. If you don't mind, please remind your readers that asking for help does not imply weakness. Rather, doing so is a sign of maturity and self love.

(Prof Note: We all have demons and darkness. If I can assist anyone, I am here. There is always room at the table for another plate(s). All are welcome at the house and I do not need to know specifics. If I can assist, I will assist. If you do not want to be alone, just like motel 6, I'll keep the light on for you!)

Question: According to MSN, what 10 essential steps should one take prior to connecting to public Wi-Fi?

Investors shed emerging market stocks on fears of deeper crisis – Pg. 1

- The emerging market sell-off sparked by Turkey and Argentina's twin currency crises worsened yesterday...
- Indonesia's rupiah traded close to its weakest level since the 1998 Asian financial crisis, while South African rand slipped to a record low after data on Tuesday showed that the country's economy had contracted for the first time since 2009
- The rise of the US dollar since April has exacerbated troubles in several emerging economies, where the amount of dollar-denominated debt has more than doubled to \$3.7tn over the past decade, ...
- Climbing US interest rates and the Federal Reserve slowly trimming its balance sheet of bonds acquired after the financial crisis has supported the dollar and increased pressures on emerging markets...

The story of a house – Pg. 7

- Pension funds in California, Maine, Nevada, Vermont and Washington State all sued the new owner of Countrywide, claiming that its sales documents were insufficiently forthcoming about the risks. Bank of America, which bought Countrywide in January 2008 for \$4bn, has paid more than \$20bn to settle these and other Countrywide-related cases (Prof Note: For the record, at the time, I made a prediction here that BoA would NOT complete the Countrywide purchase. If only they had thought as I thought!)
- As a result of losses on credit default swaps, AIG was forced to accept a US government bailout and taxpayers' money immediately flowed through the banks
- ...7.8m families who have lost their homes since the beginning of the financial crisis
- ...company called Invitation Homes that floated on the stock market last year. Today it is worth \$21.6bn including debt. It owns 12,000 homes in Atlanta alone

US social media face new line of attack – Pg. 12

- The US justice department has signaled that it intends to pursue technology companies over competition and free speech issues,...
- ...Facebook and Twitter pushed back against a suggestion that they should be legally liable if illegal drug dealers showed off their wares on their websites. The two companies currently are not liable for almost all user-generated content, under section 230 of the US Communications Decency Act
- Congress passed legislation last year removing the exemption for content that promoted sex-trafficking...

US banks feel stifling effect of high house prices – Pg. 14

- Wells Fargo decided to lay off 638 workers from its home mortgage division last month
- "House price appreciation has been running at four times the long-term average for several years" (Prof Note: So at least I am not the only one noticing this!)
- The Case-Shiller 20-City Home price index surpassed its housing bubble peak in January, and has continued to rise since
- The number of existing home sales in July fell 1.5% from the prior year, the fifth month in a row showing a decline...
- Consumer confidence is at an 18-year high, growth is strong and unemployment is low
- Applications for new mortgages, excluding refinancing, have been flat for the past year and three years of steady increases, and have declined sharply in the past month...
- Basic economics suggests that high house prices would encourage more supply, something that could free up the market and revive banks' fortunes. Paradoxically, however, a short-term effect of the strong economy has been lower supply. Seeing few affordable properties to move to, potential sellers are not putting their own homes on the market
- Homebuilders are struggling to find staff and manage higher costs
- ...total home sales will fall this year, and grow only slightly in 2019, while prices continue to rise at a mid-single digit rate

Answer: (1) Choose a secure network; (2) HTTPS is best; (3) Ask before you connect; (4) Hide your passwords; (5) Inoculate your devices; (6) Put up a digital security fence (Prof Note: I cannot recommend this enough. I use a secure server and never sign on to public wifi, instead using my phone hot spot. If I do sign on to public wifi, e.g. Netflix downloads, I do NOT sign into my server but doing everything on the

“dummy” machine, i.e. laptop); (7) Beware of your phone’s auto settings; (8) Vet your apps; (9) Surf with care (Prof Note: I would NEVER sign into my emails over a public Wi-Fi. Also, and GWU can attest, I do not even sign into the school computers with my user name. I request a one-day log-in. GWU has the login the same as email. Compliment: GWU’s IT department has always graciously provided me a one-day login); (10) Make your own hotspot (Prof Note: YES)

5 September 2018

Question: According to MSN, what are 40 things no one told you about turning 40?

Japan eyes highest retirement age to curb damage from population decline – Pg. 1

- ...wanted to raise Japan’s retirement age beyond 65, and allow people to defer their pension beyond 70
- Advocates believe keeping people in the workforce will boost the economy and save money for Japan’s cash-strapped social security system
- Mr Abe was elected in 2012 on a promise to revive Japan’s economy and end 20 years of on-and-off deflation. He has delivered six years of solid growth but inflation is still stuck close to zero
- His comments suggest he wants to use the next three years to address the fiscal problems caused by the rapid ageing of Japan’s population. The native Japanese population is falling by 300,000 people a year, with the decline set to accelerate
- Working longer will not only mean less time receiving a pension, but social scientists have found it often sustains good health and keeps important skills in the economy

S Africa in recession for first time in 9 years – Pg. 4

- Output in sub-Saharan Africa’s most industrialized nation fell by 0.7% in the second quarter, on top of a 2.6% contraction during the first three months of 2018, ...
- The South African rand fell more than 2% against the US dollar, hitting its lowest level since early 2016
- South Africa’s economy has failed to grow more than 2% a year since 2013, and faces serious structural obstacles such as unemployment of more than 27%. Rising fuel prices have recently increased the pressure on South African consumers
- Planned land reform – a controversial move to alter the constitution to allow expropriation without compensation – also risks souring South Africa’s investment environment
- The bank is forecasting 4.8% inflation this year, around the middle of its target band

Why so little has changed since the crisis – Pg. 9

- The chief aim of post-crisis policymaking was rescue: stabilize the financial system and restore demand. This was delivered by putting sovereign balance sheets behind the collapsing financial system, cutting interest rates, allowing fiscal deficits to soar in the short run while limiting discretionary fiscal expansion, and introducing complex new financial regulations. This prevented economic collapse, unlike in the 1930s, and brought a (weak) recovery
- The financial system is much as before, albeit with somewhat lower leverage, higher liquidity requirements and tighter regulation

- Beyond finance, it seems ever clearer that protection of intellectual property has gone too far. Also, why not shift taxation on to land? Why are we letting the taxation of capital collapse? And why are we not trying to revitalize antitrust?

Answer: (1) Being 40 doesn't feel especially Old (Prof Note: Accept when asked/need to do manual labour!); (2) You feel more comfortable in your skin; (3) You don't care as much about being cool (Prof Note: Due to the realization that I truly am the yardstick from which "cool" is defined! ☺); (4) You regret the friends you let slip away (Prof Note: But you also cherish those that have not and make greater efforts to get together); (5) You're more acutely aware that time is precious (Prof Note: "Time" the most valuable commodity!); (6) Hair is a luxury (Prof Note: As a redhead that has retained my red hair today, I see it as my personal miracle!); (7) You start making weird noises; (8) You're finally able to tell your inner critic to can it; (9) You ask for help when you need it (Prof Note: Many that have been on this list-serve for years know the dark history of my family. I was successful in court and justice as I asked for help. I was in trouble, put my hand up and said, "I need help." Every peer/friend/acquaintance helped me including organizations, e.g. ULI and Hopkins.); (10) You're more discerning; (11) You understand now that success never walks a straight path (Prof Note: Also the definition of success is "happiness" but not singular but plural); (12) Your sex life is the best it's ever been; (13) You stop freaking out about what you're going to be when you "grow up" (Prof Note: I have learned and believed the ultimate titles are Friend, Peer, Husband, Wife, Philanthropist, Wife, Father, Grandparent, etc.); (14) You're quicker to give up on toxic relationships; (15) You stop making decisions based on guilt; (16) You stop taking your health for granted (Prof Note: I just had a tooth removed and am reviewing a total treatment plan for my dentistry. On a different note, getting narcotics at Walmart WITH a prescription is an experience. They limit what they provided despite the doctor's prescriptions and THEN one has to fight to get the written prescription back to take to another pharmacy. Positive comment: Walmart did catch an allergy that the doctor did not. The doctor LOVED me tracking him down at home to call in another prescription.); (17) You realize that most of your concerns aren't the end of the world; (18) You realize you should have traveled more when you were younger (Prof Note: What have I been telling everyone?!); (19) You wish you'd put more away in savings; (20) It's easier to say no (Prof Note: I still struggle when asked if I want to see the dessert menu!); (21) Nobody condescends to you anymore because they think you're too young; (22) You're not afraid to ask for what you want; (23) You wear what you want (Prof Note: One of the greatest compliments was when a younger person in DC, with whom I was meeting, asked how he purchased a Cat Ghaat Golf shirt!); (24) You can no longer pull off a convincing fist bump (Prof Note: I have ALWAYS felt ridiculous doing fist bumps. I also get confused when someone puts it out there.); (25) You have a paunch; (26) Your favourite music becomes "classic rock" (Prof Note: I will admit to being a closet Tae Tae fan); (27) Even if you get eight hours of sleep, you still wake up exhausted (Prof Note: Not really though eight hours is a bit of a stretch for me); (28) Your opinions have more gravitas (Prof Note: I notice I express my opinions much more infrequently (but for here on the list-serve).); (29) You trade the bikini for more conservative digs; (30) You start forgetting things more often (Prof Note: Absolutely though I often wonder if it is that I have so many more things to consider...write lists!); (31) Your lower back is kind of a jerk; (32) Laugh lines and crow's feet are charming; (33) You no longer have to pretend like you know something; (34) Public speaking doesn't feel so much like torture; (35) Gravity is no longer your friend; (36) Everybody in their 20s looks like they're ten; (37) You kinda wish you had taken more racy selfies when you were younger; (38) You find the right balance between work and life (Prof Note: I would say, at least for me, one finds the best type of work that is life. So many hours are spent at "work" that it is essential to be something one loves); (39) Reading the fine print is dang near impossible (Prof Note: Last month I had my vision checked and new reading glasses. It was a miracle, I can now see again and have started reading books again, i.e. not just on readers where I can blow up font to 100); (40)

You're not susceptible to peer pressure anymore (Prof Note: In truth, peer pressure was never something that guided my actions)

4 September 2018

Comment from List-serve participation (w/ permission): Viewing a home for sale.

The neighborhood! Loved your earlier recommendation to check it out during off-times – like late at night during the work week.

Purchased my home when the community was new and thriving. Everything was perfect. Now, not so much. The neighborhood is a hot mess of an abandoned property, renters who don't take care of anything because they can't or don't have/want to, drug-addicted family (told to me personally, not just conjecture) with 8+ children who think screaming outside the home at all hours is normal., people with an extraordinary amount of junk in their backyard..... If I was selling my house, I probably wouldn't mention any of these things. Why would I? And I'm not sure any potential buyer would notice it. They'd be too busy looking at the kitchen cabinets or the garage. The neighborhood is extremely important!

Question: According to MSN: Health & Fitness, what 20 things should be packed in a first-aid kit?

Brazil mourns lost treasures after museum blaze – Pg. 3

- Among the millions of items on display were the fossil of the first known Brazilian woman, known as Luzia; Egyptian mummies and Etruscan vases; imperial archives; and native Indian artefacts. It was to Brazil what the British Museum is to the UK or the Smithsonian to the US
- The government costs as much to run a developed country, without delivering the same quality of services in education, security and health
- The failing public services, corruption and slow economic recovery are fueling the rise of political radicalism, ...
- The museum was established 200 years ago by King Dom Joao VI. The collection, which was partly assembled by the Brazilian royal family, included an extensive dinosaur fossil exhibit
- (Prof Note: Such a loss to the global community)

Technology – Pg. 7

- ...board game Go, ...enthralled by the 2016 contest between the world's top player and a computer – a milestone in the history of artificial intelligence
- People are limited in the range of possibilities they can perceive and analyze, forcing them to think inside "boxes"....
- Humans rely on a mix of experience and intuition when tackling a problem too complex for them to analyze completely...
- Quantum machines, which tap into the weirdness of quantum mechanics – a branch of physics that deals with the behavior of sub-atomic particles – are a long-held dream in the tech world. By harnessing properties that extend beyond the limits of classical Newtonian physics, they hold the promise of exponential gains in computing power
- Quantum machines are particularly well suited to certain types of probabilistic algorithms, ...calculations that don't proceed through a logical sequence of steps, like those carried out by today's so-called classical computers, but instead rely on a certain element of chance to alight on the best result
- A third area of focus involves complex optimization problems that have too many variables for today's computers

NJ state fund feels heat over Toys R Us – Pg. 12

- At a meeting this month, ex-workers plan to urge state officials to reconsider New Jersey's relationship with Solus Alternative Asset Management if the hedge fund fails to provide hardship money for workers who lost their jobs
- Solus, which has managed \$300m for the New Jersey State Investment Council since 2014, was among creditors that forced Toys R Us into liquidation. That fell hard on New Jersey, leading to 1,000 job losses at the chain's HQ in the state and hundreds more at a nearby distribution centre and 25 stores
- When Toys R Us filed for bankruptcy in September 2017, Solus was among creditors that provided "debtor-in-possession" financing, allowing the retailer to run while executives sought a buy (Prof Note: DiP financing is a super-senior form of debt, i.e. Solus has minimal risk or not receiving the funds back)
- (Prof Note: This is huge, in my opinion. My opinion is still being formed on this issue re: worker's rights.)

Answer: (1) Hand sanitizer; (2) Latex-free gloves; (3) Nonstick adhesive pads; (4) Gauze pads; (5) Assorted self-stick bandages; (6) Butterfly Closures; (7) Cloth tape; (8) Self-adhesive gauze; (9) Irrigation syringe; (10) Antiseptic; (11) Antibiotic ointment; (12) Itch reliever; (13) Instant cold compress; (14) Digital thermometer; (15) OTC pain relievers; (16) Oral Antihistamines; (17) Stomach meds; (18) Scissors; (19) Tweezers; (20) Cotton scarf

3 September 2018

Question: According to [MSN:News](#), what 10 purchases should you not put on a credit card?

Bond market big names battered by deepening Argentina turmoil – Pg. 1

- US investment group Franklin Templeton's losses have underlined how the crisis has wrongfooted many of the market's best-known names and left investors wary of diving back in,
- Franklin Templeton funds have lost \$1.23bn in the past two weeks on just three of its biggest Argentine positions...
- ...flagship \$36.8bn Global Bond Fund lost 4.2% in August...while ...\$5.4bn Global Total Return Fund dropped 4.3% - the worst month for both funds in nearly four years
- Argentina, which last week increased rates by 15% to 60%, emerged as one of the hottest stories in emerging markets two years ago after the centre-right reformist Mauricio Macri came to power

Turkey braced for turmoil as inflation rises – Pg. 2

- Rising prices have fueled the devaluation of the lira, triggering a string of announcements by companies about cash flow problems and missed debt payments
- ...predicted that annual inflation would top 17% in August – higher than the previous month's figure of 15.85% and far above the central bank's official 5% target
- The lira, which has lost around 40% of its value this year, has suffered extreme swings in recent weeks

- Turkey's central bank stunned investors by refusing to raise rates even as the lira lost nearly a quarter of its value against the dollar in August alone

China: Xi's other grand plan – Pg. 7

- The 36km bridge connecting Hong Kong with Macau with the city of Zhuhai in mainland China is one of the most ambitious engineering projects ever undertaken, at least 15 years in the making, and coming in at a cost of nearly \$20bn
- The megaproject, scheduled to open to road traffic in the next few months,
- Alongside a new \$11bn rail link that will plug Hong Kong into China's vast high-speed rail network, it is a crucial element in Beijing's plan to integrate the semi-autonomous regions of Hong Kong and Macau with nine neighbouring urban areas – including the mega-cities of Shenzhen and Guangzhou
- Beijing wants to fashion them into what it calls a "Greater Bay Area" to rival San Francisco, New York and Tokyo as a powerhouse of innovation and economic growth
- The Greater Bay project covers an area containing nearly 70m people with a \$1.5tn economy, bigger than G20 countries including Australia, Indonesia and Mexico
- The idea behind the Greater Bay Area plan is to capitalize on the region's impressive infrastructure and expertise in finance, manufacturing and technology by dropping trade barriers, promoting cross-border business and eventually creating a single market
- The cities of the Greater Bay Area were at the heart of modern China's first economic revolution, when Hong Kong money spurred the rapid growth of the manufacturing industry in Shenzhen after Deng Xiaoping, China's then paramount leader, made it the nation's first special economic zone in 1980
- The toughest challenge is how to integrate Hong Kong, a free port with its own customs system, into mainland China,...
- Beijing has said it will abolish work permit requirements for Hong Kongers in the mainland, and give them access to state healthcare and education

What employers want from MBAs – Pg. 10

- Soft skills are the most important
- Some employers are questioning the value of MBAs
- Big data matters
- Employers find it increasingly difficult to hire graduates with the right skills
- Most important skills: top five
 - o Ability to work in a team
 - o Ability to work with a wide variety of people
 - o Ability to solve complex problems
 - o Ability to build, sustain and expand network of people
 - o Time management and ability to prioritize

Answer: (1) Household bills; (2) Cars; (3) Student Loans; (4) Retail therapy; (5) Medical bills; (6) A night on the town; (7) Big-ticket items you can't pay off immediately; (8) Credit card payments; (9) "Sale" items; (10) Unsecured online purchases

1 September 2018

Question: According to [MSN:Money](#), what are six (6) signs the next recession might be closer than we realize?

IMF haunted by past Argentine mistakes – Pg. 2

- Memories of the fund's involvement in Argentina in the lead-up to the 2001 economic collapse run bitter and deep in the country, making the current involvement of the IMF, led by its managing director, hugely sensitive
- Yesterday, the peso found its footing but only after a 12% plunge against the US dollar on Thursday which came despite the central bank's decision to jack up interest rates by 15% to 60%. Argentines, who have long preferred to save in dollars, have been on edge since the run on the peso began

Catholic Church – Pg. 5

- Conservatives have regrouped to fight Pope Francis's relaxation of old doctrinal anathemas, which he sees as vital to the spiritual renewal of a two-millennia-old institution serving a notional 1.2bn Catholics around the world. Shortly after taking over from Pope Benedict XVI – who took the almost unheard of step of resigning in circumstances the Vatican has never explained – he said the Church had to find “a new balance” or it would collapse “like a house of cards”
- Conservatives in the Church, who had things pretty much their own way for half a century but especially under popes John Paul II and Benedict XVI, are desperate to discredit Francis
- Cardinals nominated by Francis, who will be 82 in December, are now thought to be close to a majority in the electoral college for the next pope
- Famously, or infamously from a traditionalist standpoint, he has called for an inclusive, non-judgmental tolerance towards homosexuality
- Francis has not changed core doctrine. But he has cast orthodoxy in a new light
- While this power battle may do immense damage to the Church, it will also prolong the anguish of abuse victims, who are already angry at Francis's hesitant attempts to deliver them justice
- (Prof Note: I remain aghast that the Pope has not visited PA)

California to be first US state to impose female quota for boards – Pg. 8

- A bill requiring at least one woman on every public company board by next year, and two women for every board of five members and three for boards of six by 2021, passed the California legislature this week and was sent to the governor to sign into law
- Women comprised 19.8% of board seats on Fortune 1000 companies in the US last year, ...
- In California women make up 20.8% of directors of Fortune 1000 companies. The state ranks eighth overall among US states for the percentage of women on boards, although it still only has an average of 1.65 women per board, ...the national average is 1.75 women per board
- Although this would be the first government-mandated quota for women on company boards in the US, there is precedent for doing so in European countries. Norway, Iceland, Finland and Sweden all have government-mandated quotas for the number of women on boards
- In the second quarter of 2018, almost 35% of new director seats went to women...

Answer: (1) The unemployment rate will struggle to push lower; (2) The yield curve is flattening; (3) Inflation has begun picking up; (4) Home sales are beginning to decline in key markets; (5) Credit card debt and late payments are on the rise; (6) The economic cycle suggests a contraction

31 August 2018

Question: According to MSN.com, what are 10 things most people forget to check when viewing a home for sale?

Argentina raises rates to 60% in drastic bid to arrest peso's slide – Pg. 1

- Argentina ratcheted up interest rates to 60% yesterday, a 15% point increase aimed at arresting a plunge in the peso that has threatened the credibility of its three-year-old reformist government

Harvard discriminates against Asian-Americans, says DOJ – Pg. 3

- Harvard University's admissions process "significantly disadvantages" Asian-Americans, the US DOJ said yesterday...
- ...Harvard's use of a "personal rating" harmed the chances of Asian-Americans compared with other ethnic groups and alleged the "value" metric "may be infected with racial bias"
- The justice department's civil division is separately investigating the college's admissions policies
- In July, the justice department rescinded Obama-era guidelines that encouraged universities to promote diversity and instead reissued a document from George W Bush's administration that called on colleges to use "race-neutral" application criteria
- Harvard has acknowledged using race as a factor in its admissions decisions in order to boost campus diversity but has denied discrimination

Director resigns over MoviePass governance – Pg. 12

- ...stepped down...saying a lack of communication between management and the board, meant his "ability to effectively discharge my duties as a director has been compromised beyond repair"
- The average cost of a cinema ticket in the US was \$9.38 in the second quarter of 2018, ...

Spate of female hires at top Valley start-up funder – Pg. 14

- After almost a decade as an all-male preserve, the senior ranks of venture capital firm Andreessen Horowitz have been opened a bit further to admit a third woman in just over two months
- One problem has been a shortage of experienced female entrepreneurs ready to switch to VC, a traditional path taken by new start-up investors
- ...40% of all investors came from just two elite university – Harvard and Stanford

Hunt for yield drives stronger demand for riskier slices of US mortgage securities – Pg. 17

- Investors are stomaching the lowest premium in over a decade for taking on more risk in the US commercial property market as a humming American economy encourages money managers to reach for higher returns
- The difference between the return on the safest slices of commercial mortgage-backed securities – a pool of mortgage bundled into a bond – and the riskier slices has dropped to its lowest level since the build-up to the financial crisis,...
- CMBS bundle pools of mortgages on commercial buildings such as offices and malls into a single bond, with the interest paid by the mortgage repayments of borrowers
- The debt is sliced into tranches with higher returns offered to those prepared to absorb potential losses on the underlying mortgages first
- As the US Federal Reserve has tightened monetary policy, higher quality fixed-rate investments such as the triple-A tranches of CMBS have fallen in price, prompting investors to seek out floating rate assets like company loans, or take more credit risk to boost returns

Answer: (1) The neighbourhood; (2) Cell Signal; (3) Your commute; (4) Noise; (5) Association fees and rules; (6) Resale value; (7) Neighbours; (8) Water pressure; (9) Bedroom-to-Bathroom ratio; (10) Is there room to expand? (Prof Note: One final item, rental rate, i.e. will the home rent and will the rental rate cover the mortgage?)

30 August 2018

Question: According to [MSN:Money](#), what are five (5) things to do now so you can retire before age 40?

Fed chiefs face political backlash over push to bolster bank buffers – Pg. 1

- Jay Powell faces an intensifying debate within the Federal Reserve over calls for it to boost big lenders' capital requirements to rein in financial risks – a move that would trigger fierce blowback from Republicans eager to ease regulation
- ...the decision rests with the Fed's board, chaired by Mr Powell, who insisted in June there was no current need to lift the buffer because financial stability risks were under control
- The buffer – which is part of the post-financial crisis regime and has never been imposed – would require banks to build an extra margin of capital over a period of up to a year, giving them extra scope to support lending in a downturn

Argentina requests early release of IMF bailout funds – Pg. 2

- The turmoil in emerging markets has called into question how Argentina will meet its \$82bn financing needs for this year and next, while navigating a looming recession and high inflation before a presidential election next year
- The peso has weakened by 10% against the dollar since the start of the month – and 40% this year – cementing its position as one of the biggest losers in the broader emerging market rout triggered by the fall in the Turkish lira
- Argentina's short-term debt obligations mean that it has roughly \$50bn of peso and dollar-denominated debt coming due by the end of next year. The bulk are peso-denominated Lebac's, or fixed-rate bills issued by the central bank with interest rates as high as 52%

Japan 'womennomics' hindered by ambiguity over gender equality – Pg. 3

- Mr Abe's government has focused heavily on impediments to work, such as lack of childcare, and achieved some success. Compared with 2012, there are 2m more women in the workforce. With female employment rates matching many European countries, the surge in working women has been an important factor in the recent run of strong economic growth
- Scholars say this ambiguity about gender equality has deep roots. In 1947, when US occupiers drafted its constitution, Japan became one of the first developed countries to outlaw gender discrimination
- A sexual division of labour helped deliver rapid growth in the 1960s and 1970s: the wages of salaried men rose in line with long working hours but women stayed at home to care for children or do poorly paid part-time jobs

Auditing in crisis – Pg. 7

- The idea that a company's reported figures should give a "true and fair" representation of its assets, liabilities, financial position and profit or loss has a long pedigree. It dates back to the first audits in the 19th century and was written into law in Britain after the second world war. In the 1970s, it was transposed into European legislation. If there is a foundational principle underpinning the assurance offered by audits, this is it
- ...the accounts should not overstate profit or performance so that the directors (and shareholders) can rely on them as a basis for determining that any dividends are not paid out of capital. It is a view that requires auditorial judgment
- ...means sticking to a mechanical interpretation of the accounting rules, irrespective of whether the financial results that they produce is at all representative of the company's real position
- One of the ideas underpinning fair value accounting was to eliminate the capacity of bosses to squirrel away profits through "big bath" provisions. This was to stop them "smoothing" their results in ways that made it difficult for external investors to discern the underlying performances of the business
- Not only did the application of the key standard on fair value accounting for financial instruments – IAS 39 – enable banks to conceal vast losses before the financial crisis, paying fat bonuses to managers on the fictitious profits they conjured, it also made it harder to throw off the post-crisis hangover
- The [Big Four] have an overwhelming grip on the listed company market in Britain and the US, auditing 98% of the FTSE 350 and 99% of the S&P 500 respectively
- No less importantly they dominate the counsels of the profession
- One of the key auditing judgments is about whether the profits made by company are legally "realized" (meaning either turned to cash or as near as makes no difference) and consequently available to be distributed to shareholders. In 2005, the FRC proposed abolishing this statutory link, describing it as "rigid" and an "unnecessary obstacle" to meaningful accounts
- Its solution was to remove any legal requirements whatsoever, making it potentially easier for companies to pay dividends out of shareholders' own capital and disadvantaging creditors – something the very first audits were designed to stop

Grosvenor eyes 30,000-home portfolio – Pg. 12

- The property company that owns much of central London's wealthiest areas has unveiled plans to expand into large-scale residential development
- Grosvenor said yesterday that under its new plans, it would aim to work as "master developer", orchestrating the planning, design and build of large housing schemes, typically of between 2,000 and 5,000 homes, along with associated infrastructure
- Grosvenor would identify the development sites on greenfield or brownfield land, shepherd them through the design and planning process, and then pass individual parts of them on to housebuilders

Answer: (1) Save each month until it hurts (Prof Note: What have I been saying???!); (2) Determine which type of passive income suits you best (Prof Note: Fixed Income, Equity, Real Estate, etc); (3) Determine your passive income's purpose (Prof Note: You must know your lifestyle and the cost of that lifestyle); (4) Hold yourself accountable; (5) Don't make withdrawals

29 August 2018

List-Serve Comment (w/ permission): In addition to your excellent Prof Notes, I offer my own experience.

As a student, in order to save on living expenses, I was a "mother's helper:" in exchange for room and board, I lived with various families and worked 15 hours a week, which included eating dinner with them. Hours varied, depending on family needs and structure: some needed help around dinner time during the week and babysitting on weekends, others wanted me to make dinner and wash dishes every day, etc. I did some yard work as well, mostly because I enjoyed it. Experiences ranged from awful to wonderful, so much so that I am friends with one family now 40 years later and we exchange visits even though we live on opposite coasts.

Years later the roles were reversed. When our children were small, my husband and I employed young women in the same role. Again, the experiences ranged from awful to wonderful. One young woman even stayed with us after college while she took a full time position so that she could pay down her school debt. We have stayed in touch with her. She lives in another state and has stayed us with her family many years later.

Men can live in and help with chores, home maintenance, etc. Finding an agreeable situation for both parties is challenging, and both sides have to be flexible and up front about their expectations. But, can you imagine how much one can save by not paying for room and board for 3-4 years?

While this may not be for everyone, people should consider it.

Question: According to Woman's Day on MSN, what are 6 Heart Attack warning signs?

Job security Rules aim to restore Detroit's fortunes and benefit steel mills – Pg. 4

- ...75% of the parts used in US and Mexican-assembled vehicles must come from North America. The current level is 62.5%, far lower than the 85% figure the US originally pursued in the talks

- Between 40 and 45% of the content of the vehicle must be made by workers earning \$16 an hour or more
- The rule will affect the supply chain companies far more, as less than 10% of the value of a vehicle is in the assembly
- Another clause will require manufacturers to buy steel and aluminum from inside North America, with the aim of increasing output at US mills
- Factories have until 2020 to comply
- Cars that fail to pass the rules allowing unfettered access will be subject to tariffs of 2.5% under the WTO's most favoured nation status

Hostility to high pay grows as big UK groups see shareholder revolts double – Pg. 11

- Shareholder rebellions over executive pay at the UK's biggest companies have doubled this year,
- High pay has risen up the agenda for investors in the face of sustained public anger and criticism from politicians over big payouts for corporate bosses

Tumbling peso adds to Argentine obstacle course – Pg. 17

- Argentina may have reluctantly fallen back in the embrace of the IMF but the biggest aid package in history has not managed to inoculate the country from an onslaught of market pain
- Many investors felt reassured when Argentina received a \$50bn credit line from the IMF in June....
- Argentina's currency has weakened more than 9% against the dollar since the start of the month, cementing its position as one of the biggest losers in the broader EM rout triggered by the Turkish Lira's tumble
- In July, consumer prices rose 3.1%, bringing the 12-month inflation rate to 31.2%, about 10% above the IMF's 2019 target
- By year-end....forecast that Argentina's debt will exceed 71% of its annual economic output

Answer: (1) Dizziness; (2) Upper body pain; (3) Fatigue; (4) Sweating; (5) Nausea; (6) Shortness of breath

28 August 2018

Question: According to CNBC, what are four (4) things extreme savers refuse to spend money on?

US and Mexico in breakthrough on restructured trade agreement – Pg. 1

- The US and Mexico have reached a breakthrough in efforts to revamp the Nafta trade agreement, potentially ending an acrimonious impasse in relations between the countries since Donald Trump took office
- It was unclear whether Canada...would sign up to the deal
- The two sides agreed to stricter rules for Mexican car exports to the US, including requirements that 75% of the content be made in North America, and that 40 – 45% of the content be made with workers earning at least \$16/hour – a measure aimed at discouraging manufacturers from relocating to Mexico

- The deal keeps tariff-free trade for farm products, but with new measures on health standards

European Economy – Running out of steam – Pg. 7

- Yet the labour shortages rippling through central Europe are the result of demographic decline and economic success. Having peaked in the late 1990s, the region's population is now shrinking, wizened by emigration and tumbling birth rates
- ..the combined population of Poland, Hungary, the Czech Republic and Slovakia – known as the Visegrad Four, or V4 – will fall from about 64m in 2017 to just 55.6m by 2050, or about 13%
- ...economies are set to expand by around 4% this year

Higher yielding trades hit by macro pain – Pg. 18

- ...four key areas: Emerging market local currency denominated debt, Eurozone bank shares, high-yield corporate paper and Italian government bonds....
- ...dominant market trend is the surging US dollar and an increasing sense that, in growth and interest rates policy terms, the US is moving ahead of other countries
- ..US equities have recovered from February's volatility shock with the S&P 500 back in record territory
- The divergence in economic outlook between US and other countries has injected greater discernment into the market – European and Asian junk bond indices have suffered while the US is up 1.7% on the year

Answer: (1) Excess living space; (2) Lunch and dinner everyday; (3) Things that aren't important to them; (4) Excessive car payments

27 August 2018

Question: According to [MSN:Money](#), what 8-step plan do financial planners recommend for paying off credit card debt?

Price of Trump's tariff war likely to be paid by consumers, warn Fed chiefs – Pg. 1

- Moves by US companies to shift the cost of President Donald Trump's tariffs to their customers risk complicating monetary policy decisions as the Federal Reserve seeks to keep inflation steady,...

Tinkering at the edges will not deliver a stronger euro – Pg. 9

- ...idea of establishing a competitor to the Society for Worldwide Interbank Financial Telecommunication – the global payments and financial information system better known as Swift
- Since it began operating in 1977, Swift has provided a vastly more efficient cross-border payment infrastructure than the previous system based on communication by telegraph messages. A modern competitor to Swift may or may not be useful, ...
- The Russian central bank has already set up an alternative, for domestic use mainly

- The reason why European companies are vulnerable to US sanctions has nothing to do with Swift
- Swift is based in Belgium and subject to Belgian law. The US exercises no formal control over its governance
- ...the true source of US power lies in the global role of the US dollar and the predominance of the American financial system
- The Trump administration is also in the position to cut foreigners out of US financial markets, or stop them from travelling to the US if they continue to do business with Iran. These are known as secondary sanctions...
- The euro is the world's second largest currency, but is trailing the dollar on all important metrics by wide margins: for central reserves, cross-border payments and investments; for foreign exchange; and in debt and loan markets
- It does not seem possible for the euro to strengthen its global role without a single safe asset – a Eurobond. Modern financial markets require the presence of risk-free securities to function effectively

Burden of knowledge/US student debt surges – Pg. 13

- The US student loan burden has swelled past \$1.5tn, despite lending volumes falling for more than half a decade, as graduates fall behind on payment plans and debt relief programmes fail to offer sufficient succor
- The overall size of US student loan debt has grown by \$500bn since the 2010-11 academic year, ...but the credit rating agency notes that loan origination has declined every year since then
- The student loan delinquency rate – how many loan balances are overdue by 30 days or more that were not delinquent the previous quarter – fell to a 12-year low of 8.8% in the second quarter of 2018,...
- The unemployment rate for graduates with a bachelors degree or higher stands at just 2.2%, compared with 5.1% for those with less than a high-school degree. Nonetheless, student debt remains the worst-performing area of consumer credit
- (Prof Note: How can young people possibly understand the ramifications and consequences of this crushing debt when I (sorry if this is perceived as arrogant...not meant to be) when my own thoughts (I am well into my 40s) are still maturing on amortization and debt?! One thing I say in class, "Debt <> Debt". That is true but also very complicated to understand and I am still maturing in my understanding and defining.)

Answer: (1) Change your spending patterns (Prof Note: Track Starbucks to the penny); (2) Figure out what you owe (Prof Note: Identify, Quantify, Fix); (3) Roll your balances into a new form, such as a lower APR card; (4) Tap into your assets (Prof Note: Be careful with tax consequences when selling the bonds Aunt Ida left you in her estate. Be prudent); (5) Choose your debt payoff strategy (Prof Note: Speak with several advisors/experts. You must learn!); (6) Focus on one card at a time (Prof Note: Small battles, lead to bigger, lead to winning the war); (7) Break down big paying-off-debt goals into smaller ones (Prof Note: I call this making it palatable. Get a calendar, build an income statement with budget, and plan. I still do this with projects today. It is never as scary when written down with a plan.); (8) Promise yourself to never carry a credit card balance again (Prof Note: I learned from attorneys to never make "absolute" statements. Promise yourself that without a medical emergency, etc, you will never...)

25 August 2018

Question: According to [MSN:Money](#), what are 10 things you'll spend less on in retirement?

Fed chief shrugs off inflation fears – Pg. 1

- The Federal Reserve does not see risks of the US economy overheating....
- The Fed has signaled it will lift rates again next month, with a December move also widely expected. But prospects get murkier in 2019 as rates close in on current estimates of neutral rates – broadly defined as the interest rate that keeps the economy on an even keel
- ...Fed was attempting to navigate between twin risks – moving too quickly and needlessly shortening the economic expansion, and conversely lifting rates too slowly and risking a “destabilizing overheating”
- Mr Powell's dovish tone...

At a record high, the US market is still shrinking – Pg. 6

- The US stock market this week reached twin landmarks: an all-time high, and the longest bull run in history
- The tally of listed domestic companies in the US has almost halved from 8,090 in 1996 to 4,336 last years, ...
- Total US market capitalization is more than 130% of GDP, against 105% in 1996. But companies are on average older and bigger than they were two decades ago
- Mergers and acquisitions have brought consolidation in industries from oil and gas to beer
- IPOs are running at half their annual average level of the 1980s and 1990s

Answer: (1) Transportation; (2) Clothing; (3) Groceries; (4) Entertainment; (5) Mortgage; (6) Education; (7) Insurance; (8) Alcohol and Tobacco Products; (9) Pets and Pet Supplies; (10) Taxes

24 August 2018

Question: According to [MSN:Money](#), what are 10 things you'll spend more on in retirement?

Banks to lend Riyadh \$11bn as Aramco listing stalls – Pg. 1

- Saudi Arabia's sovereign wealth fund is primed to choose international banks to lend it \$11bn, filling the hole left by the delayed listing of state energy group Saudi Aramco and providing financing for crown prince....
- The loans are particularly important for the fun after plans to list Saudi Aramco, from which it was due to receive proceeds, were postponed indefinitely
- Syndicated loans to sovereign wealth funds are unusual, with large Middle Eastern funds, such as the Qatar Investment Authority, typically borrowing against specific investments instead. As many as 15 banks are expected to participate in the loan
- The sale, which moves money from one state coffer to another, will have implications for league table rankings that banks use to measure their performance against rivals

Pope faces call to open Vatican archives on clerical child abuse – Pg. 2

- (Prof Note: I am intentionally not wading into this abyss. However, and perhaps this is wading, can anyone provide a reasonable explanation as to why the Pope is not in Pennsylvania right now?)

Trump fate hangs on definition of hush money – Pg. 4

- Michael Cohen, Donald Trump's longtime personal lawyer, dropped a bombshell this week as he confessed to paying hush money to two women to influence the 2016 election and said Mr Trump told him to do it
- ...Mr Cohen's admission to two criminal violations of campaign finance law does not leave the president defenseless
- The bar for criminal prosecutions of campaign finance law is a high one, and it requires prosecutors to show that a person willfully and knowingly violated the law
- ...need to provide evidence that indicated that Mr Trump knew the payments were illegal, but ordered them anyway
- A civil case brought by the Federal Election Commission would not need to show a violation was willful or knowing,...
- The highest bar to any criminal prosecution, however, is Mr Trump's status as president. Although the constitution does not explicitly rule out an indictment of a sitting president, some scholars have argued that impeachment is the proper course for holding a president to account. The Department of Justice endorsed this view in 1973 and again in 2000, when the Office of Legal Counsel issued an opinion arguing that "the indictment or criminal prosecution of a sitting president would impermissibly undermine the capacity of the executive branch to perform its constitutionally assigned functions"

Land reform will sow the seeds of a fairer South Africa – Pg. 9

- It is nearly 25 years since South Africa became a democracy...
- One of the areas where this disparity is most devastating is in the ownership of and access to land
- ...the current distribution of land is the second-biggest constraint on poverty reduction and shared prosperity
- The "land question" goes back more than a century to the 1913 Natives Land Act, which gave legislative form to a process of dispossession that had been under way since colonial times. It limited the country's African population to slightly more than 10% of the land, reserving the rest for the white minority
- Even now, the dispossession of land continues to determine the prospects of millions of South Africans. And it holds back economic development. By restricting the ownership of land to a small minority, the apartheid regime ensured that one of the country's most valuable economic resources would be severely underused
- ...individuals, companies and trusts own 90% of land in South Africa, and the state 10%. Of this 90%, individuals own 39%, trusts 31%, companies 25%, and community-based organizations 4%, with co-ownership at 1%
- The audit also found that 97% of total agricultural holdings are owned by 7% of landowners.
- The proposal on expropriation without compensation is one element of a broader programme of land reform that seeks to ensure that all citizens can have their land rights recognized

US student debt: Sallie cum laude – Pg. 10

- ...now the gross US student debt balance is tottering \$1.5tn or more
- Only \$100bn of that figure was originated by the private sector. The main lender here, Sallie Mae...
- Sallie's annualized default rate is under 3%. Its return on equity was a whopping 19% in the most recent quarter

Stronger economy gives Powell room for manoeuvre at Jackson Hole – Pg. 17

- The Atlanta Fed estimates real GDP growth is running at 4.3% for the third quarter, wage pressures are rising, inflation is on target and unemployment is below 4%
- ...the 10-year Treasury yield remains well below 3%, an influence on the cost of US home loans and longer term company borrowing

Answer: (1) Travel; (2) health Care; (3) Utilities; (4) Moving and relocating; (5) Fitness; (6) Day-to-day expenses; (7) Debt; (8) Charitable giving; (9) Reading; (10) Financial Planning

23 August 2018

Question: According to MSN: Money, what are the downsides of retirement that nobody talks about?

Trump lashes out at Cohen as prosecutors close on inner circle – Pg. 1

- ...Paul Manafort, the former campaign boss found guilty of tax evasion, bank fraud and hiding foreign bank accounts
- (Prof Note: Just a comment but, I believe, Mr. Manafort's personal spending habits were on trial. I have no conclusion but I will be thinking twice about how I make any luxury purchases (I make very few, if any) in the future. Are points on a credit card worth the loss of privacy? I must ponder.)

Manafort faces years in prison after dramatic fall from grace – Pg. 3

- The jury found Mr Manafort guilty of eight of the 18 charges levied against him by the US government: five counts of tax fraud, one count of hiding foreign bank account and two counts of bank fraud
- A business law graduate of Georgetown University...
- ...Mr Manafort failed to pay tax on at least \$16.5m
- Next month, Mr Manafort will stand trial again – this time in Washington – as he confronts a separate set of charges...
- (Prof Note:

Mortgage bond investors warm to retail sector after reversal of 'big short' trade – Pg. 17

- Commercial mortgages of US retail properties are making up an increasing percentage of the loans that are bundled together in bonds for sale to investors, reflecting a thawing of sentiment towards the sector

- The percentage of retail mortgages in new, so-called conduit commercial mortgage-backed securities, where multiple loans are combined for sale, have risen to 32% since the start of July, after almost two years of weak interest among investors
- The figure so far this quarter compares with 24% in the second quarter and a low of 22% in the first – and with 24% for 2017 as a whole, ...
- Investors have worried about the ability of shopping mall owners to make mortgage payments and repay loans in an age where ecommerce is taking a toll on traditional retailers
- Many bricks and mortar retail chains have pulled out of second-tier malls as they cut store numbers and lay off staff
- The newly issued CMBS appear to include a narrower range of loans from the retail sector, excluding many of the regional malls most reliant on big-name “anchor” tenants to draw shoppers and focusing instead on top-tier properties

Answer: (1) Your net worth becomes meaningless when you retire (Prof Note: What have I been saying???! Passive Income Baby, Passive Income!!!); (2) Taxes can take a big bite out of retirement income; (3) Inflation can impact your retirement income needs (Prof Note: Did you really need those two Starbucks a week for 20 years?); (4) You might outlive your savings (Prof Note: Passive Income Baby, Not principal); (5) Long-term care costs could wipe out your savings (Prof Note: Look at family history, if possible); (6) You might not be prepared for high healthcare costs; (7) Living on social security alone will be challenging; (8) You might become bored; (9) You may have to keep working (Prof Note: Peter D, “Do what you love and you never work again!”); (10) You might have to move in with your kids (Prof Note: Ask yourself, would you child have rather you paid for their University or be self-sufficient in retirement?); (11) You might feel guilty about spending your savings; (12) You may be forced to withdraw retirement money you don’t need; (13) Moving might be a bad idea; (14) Keeping up with your friends may be harder (Prof Note: Friendships and relationships become more and more important to me as I age. People are what matter!)

22 August 2018

Question: According to [MSN:Money](#) Opinion: What are the 10 commandments of retirement?

All-time high puts US stocks on brink of history’s longest bull run – Pg. 1

- US stocks hit an all-time high yesterday as the market moved a day away from setting the record for the longest-ever bull run, with investors cheered by strong company earnings and Donald Trump’s corporate tax cuts
- ...set the stage for making the post-financial crisis rally the longest stretch of rising prices without a 20% drop, the level typically associated with a bear market
- It has been aided by unprecedented central bank stimulation of the economy and a burgeoning debt pile globally, raising fears that the equity boom is a bubble fueled by years of cheap money
- The duration of the rally – which by the end of trading today will clock up 3,453 days to top the 1990-2000 bull run fueled by first tech boom – reflects the low base from which it started. Markets plunged after the global financial system nearly collapsed in 2008, weighted down by bad bets on toxic mortgage debt and excess leverage

- On an annualized basis, the gain would be about 16.5%, compared with a historical average of 22% for bull markets
- The biggest-gaining rally on an annualized basis came in the wake of its most storied collapse: a 35.5% rise from 1932-1937, the years after the October 1929 drop that preceded the Great Depression
- The Fed has raised US interest rates seven times since 2015, and another two increases are penciled in this years, with some hawks urging more increases, given the rise in economic growth and asset prices in recent months

Fed chief knows risks are acute as he heads for Jackson Hole – Pg. 3

- The US consumer is resurgent, economic growth is running at an annualized pace of more than 4%, joblessness is hovering near 50-year lows, and fiscal policy is set to deliver a further boost in the second half of the year
- Among the main questions are: where is the so-called neutral level of interest rates that neither suppresses nor propels growth; do rates need to be lifted into restrictive territory; how should the Fed factor in the threat of financial excesses; and when should the central bank stop shrinking its multi-trillion-dollar balance sheet
- The flattening of the yield curve, which is regarded by some as a possible harbinger of slowing growth, could be providing warning signs...
- The economy is on track to grow at 4.3% annual rate in the third quarter, ...
- The personal savings rate in the first quarter was revised upwards to 7.2% from a previously reported 3.3%, indicating households are less financially stretched than economist has thought. With unemployment at just 3.9% and the Fed's favoured measure of core inflation hovering at 1.9%, analysts have started to discuss how far inflation may overshoot the Fed's 2% target

Answer: (1) If your preretirement lifestyle is set with a view to what you can sustain after you quit the workforce, you're likely on track; (2) Remember that social security is designed to replace no more than 40% of preretirement income; (3) Have a financial and estate plan that provides for your spouse and any others who depend on you financially...; (4) Never forget the nonfinancial aspects of your retirement are important, too.; (5) Pay attention to communications from your employer, Social Security, Medicare, personal advisers and others; (6) Put retirement savings ahead of other goals, like college or a vacation home; (7) Save as much as possible as soon as possible; (8) Recognize that your taxes may not be lower in retirement; (9) Place health care high on your list of fixed expenses; (10) Invest in ways that will provide steady income stream in retirement

21 August 2018

Question: According to [MSN:Money](#), what are items that no man over 40 should have in his home?

Venezuela devalues currency by 95% in effort to save off collapse – Pg. 1

- Venezuela resorted to desperate measures to arrest economic collapse yesterday, lopping five zeros off the bolivar, devaluing it by 95% and tying it to an obscure state-run cryptocurrency

- As it tries to curb hyperinflation – by some measurements, the worst in Latin American history – the government is also slashing fuel subsidies and raising the minimum wage by 3,000%
- Annual inflation is running at more than 80,000%, and the IMF has predicted it will hit 1m% this year. Prices are doubling every four weeks, making life desperately hard for millions of poor Venezuelans, many of whom are going hungry or fleeing
- The massive rise in the minimum wage is to compensate workers for the dizzying price rises and comes into force next month. It will take the monthly minimum wage from less than a dollar to about \$30. Business owners say it will have a devastating impact on employment

Germany to record world's largest surplus for third years – Pg. 2

- Germany is on course to have the world's largest current account surplus for the third year in a row – a situation likely to bring further international pressure on Berlin to rebalance its economy
- ...7.8% of the country's GDP, in 2018. The figure is only slightly below the 7.9% recorded for 2017
- The size of Germany's surplus partly reflects its competitive companies and years of wage restraint, and the eurozone's largest economy has also benefited from a relatively weak single currency
- The US was set to record the biggest deficit at almost \$420bn...

US banks tap the brakes on consumer credit – Pg. 12

- ...at the beginning of last year, household debt surpassed its last peak, in 2008, many pundits speculated about the possibility of a new financial crisis. But US household debt – all \$13.3tn of it, according to the New York Fed – is much lower, relative to both GDP and disposable income, than it was in the run-up to 2008
- Quarterly write-offs of bad credit card debt at US banks peaked at nearly \$19bn in the first quarter of 2010 and bottomed at below \$5bn in 2015, ... since then they have crept back above \$8bn

Answer: (1) Figurines in boxes; (2) Posters without frames; (3) A condiment drawer; (4) Frozen dinner or snacks; (5) Instant coffee; (6) Sugary treats; (7) Soft drinks (Prof Note: GUILTY!); (8) Bar Décor; (9) Sports trophies; (10) Fake foliage; (11) Plastic shelves; (12) A futon; (13) A recliner with built-in cup holders; (14) Threadbare sheets and towels; (15) Clutter; (16) Sheets used as curtains; (17) A beer can or bottle collection; (18) A mattress with no frame; (19) Mismatched dishes; (20) A Bean Bag chair; (21) Sports paraphernalia; (22) DJ equipment; (23) Christmas lights as decoration; (24) A video game station (Prof Note: I just placed NES and SNES in my houses and was just playing MarioKart Saturday night. Perhaps I should not admit to this!); (25) Novelty anything; (26) Glassware with Logos (Prof Note: I do have my Hopkins mugs!); (27) A grilled cheese maker; (28) Blankets as clothing; (29) A flimsy knife set; (30) Huge speakers; (31) Mounted weaponry; (32) Socks with holes; (33) Cheap cologne or body spray; (34) Ill-fitting clothing; (35) Wire or plastic hangers; (36) Fluorescent bulbs; (37) Bowling shirts; (38) A mess (Prof Note: I did very well on this one!)

20 August 2018

Question: According to [MSN:Money](#), what are three (3) reasons you're not making more money at work?

Beijing orders banks to support exporters as trade war fears rise – Pg. 1

- China's banking regulator has ordered banks to boost lending to infrastructure projects and exporters as Beijing seeks to counter mounting concerns about the intensifying trade war between the world's two biggest economies
- ...disrupting US banks' plans to expand in mainland China. US lenders fear the dispute will hamper their scramble to take advantage of new rules allowing them full control of their mainland Chinese subsidiaries
- China's currency and stock markets have fallen since then, reflecting investor nervousness about slowing growth and the impact of the trade war
- Pressure has been building on the renminbi, which fell almost 7% against the dollar....on August 15
- So far about 10% of China's annual exports to the US have faced punitive tariffs, ...
- (Prof Note: I do worry about this trade war. In the last five years I feel as if much of the US educational system has been based on Chinese students. If the students stop coming to the U.S., I am convinced many U.S. educational systems will implode!)

Mental health – Pg. 14

- I could not have imagined how bad it would be for my self-esteem to be the only man in the school parents' groups – recipient of emails routinely addressed to "Girls!"
- He [the accountant] said he had done worth 25,000 (sterling), but had written off 50%. (Prof Note: You MUST stay on top of bills and play experts off each other, e.g. How long should "X" have taken. This is why, and I do realize this takes \$\$\$, I always run legal bills through other counsel. It is also easier to negotiate when one is on top of the bills. I have found VERY unscrupulous lawyers and accountants that absolutely place their thumb on the scale when weighing their smelly fish!)
- Nobody had seen this coming, because I had hidden my struggles from everyone
- I resolved to do everything possible to get better: group therapy, cognitive behavioural therapy, drama therapy and art therapy, yoga and qigong
- Being self-employed had been wonderful for several years, and in adversity I lost focus and felt alone
- Sharing financial difficulties was excruciating, but I have learnt that if I need help I should have the humility to ask for it
- (Prof Note: Mental health is important. It is real and it is serious. When my family was murdered and my five-year saga began the first thing I did was take my own, very difficult to take, advice. I raised my hand, phoned trusted peers, and said, "I am in trouble, I need help." Without exception each provided me that help. Some agreed to take payment as I insisted I needed to be a priority in their lives (I was/am blessed). Occasionally I am blasted by a list-serve member, that is summarily deleted, for pushing everyone to earn and build and protect wealth. Just as in this case, please read the entire article, assistance, the best assistance, often must be purchased. Build your war chest, protect your war chest, it may be your recovery, your justice, your medical care, and can lead, in my opinion, to your finding happiness. Just my opinion.)

How AI can spot exam cheats and raise standards – Pg. 11

- Technology is being deployed by those who set and mark exams to reduce that fraud – which remains overall a small problem – and to create far greater efficiencies in preparation and marking, and to help improve teaching and studying
- Coursera has patented a system to take images of students and verify their identify against scanned documents
- Online publishers in some subjects, such as mathematics and finance, create unique questions by randomly changing the numerical variables used in exam questions
- Isabelle Bajeux-Besnainou, dean of McGill University’s Desautels Faculty of Management, says algorithms can be used to update tests (Prof Note: I MISS ISABELLE! How we let her go at GWU is a mystery! How many GWU finance professors/deans have been featured in the FT? This is the second time for Isabelle! Go Isabelle, GO!!!)

Answer: (1) You’re not boosting your skills (Prof Note: I am a huge proponent of increasing skills so that employers fear one leaving rather than the employee fears being made redundant, etc.); (2) You don’t take initiative (Prof Note: Be strategic in the initiatives taken. Does this advance both the corporation and my personal skill set(s)? If you spend 5 years learning a proprietary system whose skills are non-transferable, have you placed your career and family finances at risk?); (3) You haven’t actually asked for a raise (Prof Note: I do not agree with this either. I think the employer needs to be aware of market value and skills value. Annual compensation should be reviewed and discussed and adjusted, as necessary. Employees are the best asset!)

18 August 2018

Question: According to [MSN:Money](#), what are 15 hidden fees to watch out for in retirement?

Scrap quarterly reports, says Trump – Pg. 1

- President Donald Trump has asked the SEC to consider scrapping the demand that public companies in the US report their earnings every three months, weighing in on a practice many blame for corporate short-termism
- Critics of the quarterly system have argued that the longstanding tradition is costly, distracts companies from focusing on longer-term goals, and may deter companies from going public
- Its defenders say it improves transparency and argue that longer intervals between financial disclosures create more incentive for insider trading (Prof Note: The short the periods, the more seasonality investors can understand. In my opinion, critical to investing, especially when layering macro-economic trends atop)
- US companies are not obliged to provide such forecasts but most do, running the risk of being punished by investors if they miss their targets

US grocers scramble for position in ecommerce battleground – Pg. 8

- Does the future of grocery shopping depend on driverless cars, meal kits or automated warehouses....Kroger, one of America’s largest grocers, is betting on all of the above
- Walmart is rolling out same-day delivery across the US and testing robots to assemble “click and collect” orders, where shoppers order items online and pick them up at stores

- The escalating competition was underscored by Amazon's announcement this month that subscribers to its Prime service in two small cities could order groceries from Whole Foods via a mobile app for roadside pick-up 30 minutes later
- The proliferation of options is allowing customers to spend less time in stores and divide their shopping among multiple retailers, making it hard for any one company to corner the market,...
- While online food shopping has become even more common across Europe and Asia, Americans have remained stubbornly loyal to physical grocery stores. Online sales accounted for about 2% of the \$800bn in US grocery market last year, compared with more than 5% in France, more than 7% in the UK and nearly 17% in South Korea...

Global markets shrink as buybacks surge – Pg. 11

- The global equity market is shrinking at the fastest pace in at least two decades, as a wave of corporate share buybacks swamps the overall volume of companies going public, issuing new stock or selling convertible debt
- US companies have been particularly hyperactive buyers of their own stock, thanks to the earnings boost delivered by tax cuts and the robust economy
- ...recasts that the overall volume of US buybacks will reach a record-breaking \$1tn in 2018
- The overall value of the global equity market is still increasing, thanks largely to rising stock prices – something that is partly attributable to buybacks. The total market capitalization of the FTSE All-World index has climbed from about \$35tn a decade ago to \$57tn on Wednesday

Subprime mortgages: say a little prayer – Pg. 16

- The non-QM [Qualified Mortgage] segment is still a tiny fraction of America's \$1.7tn mortgage market – a total of some \$12bn in origination this year

Answer: (1) Advisory fees; (2) 401(k) Ratios; (3) 12b-1 fees; (4) Annuity Fees; (5) Yearly fees; (6) Loads (Prof Note: Front- and Back-end fees); (7) Taxes; (8) Retirement Plan Early-Withdrawal Penalties; (9) Trading Fees; (10) Penalties for failing to take required distributions; (11) Annuity Rollover fees; (12) Surrender Fees; (13) Inactivity Fees; (14) 401(k) Administrative Fees; (15) Beneficiary Fees

17 August 2018

Question: According to [MSN:Money](#), what are 50 mindless ways you're burning through your paycheck?

Walmart basks in US economic glow – Pg. 11

- Walmart unveils its strongest US sales growth in more than a decade yesterday as the number of visitors to its stores climbed and ecommerce accelerated
- ...Walmart shares up almost 10%, established the company as one of the winners from a US economy characterized this year by low unemployment and robust consumer spending
- The retailer said comparable store sales in the US rose 4.5% in the quarter that ended in July, driven by groceries, clothing and seasonal items like air conditioners and paddling pools
- DIY retailer Home Depot, a housing market bellwether, said low employment, rising home prices and wages pushed consumer confidence to record highs, supporting its business

- ...US consumer spending has accelerated
- (Prof Note: Last week after my flight from Nevis I stopped in a Walmart for groceries around 2am. I saw one of the ugliest scenes in a retail store. Two young girls, 20s, were berating the cashier for not offering a price they saw but the cashier was holding to the price as marked. I still remember them saying, "That is why you work at Walmart." (they said other things but I will spare everyone the ugliness) I remember thinking at the moment, as both parties looked to me in line to support their position, "Just do not drag me into this. I am too tired for a battle. I do not want to be involved." The young women stormed out and I settled my transaction and departed telling the cashier, "There is honour in working at Walmart!". However, I still wonder if I should have engaged on behalf of the cashier. I remember thinking, "There is honour is working at Walmart at 2:00am." However, I just felt exhausted. I wonder if I did the right thing. Perhaps I should have risen...only so many battles one can fight in life. However, my point, there is honour in working all jobs!)

Rising rates and China slowdown imperil Hong Kong property sector – Pg. 17

- As a revitalized US dollar hits the highest level in more than a year, it is not simply emerging markets that are grappling with the fallout. A booming Hong Kong property market is at risk
- The Hong Kong Monetary Authority was forced to intervene and buy the local currency this week for the first time since May to prevent the breaking of a peg with the US dollar that has been in place since the 1980s
- ...spaces as small as 117 sf have been sold for \$290,000 this year
- Shares in large Hong Kong-focused developers have fallen this year,

Growing cost of US companies' junk debt raises doubts about length of expansion – Pg. 17

- Companies with speculative grade credit ratings are spending a growing portion of profits on interest payments as debt costs rise, causing concern as investors and economists debate the durability of the US expansion
- The deterioration in riskier company balance sheets comes after a surge in borrowing by groups, boosting their reliance on floating rate debt as they take advantage of low funding costs and a hefty appetite for their obligations by lenders
- ...nearly \$3tn of loans are outstanding from junk-rated groups. Most are pegged to a floating rate such as Libor. Three-month Libor has risen more than 60bps this year to 2.3%, lifting floating rate loans higher alongside it
- Coverage ratios on all new loans tracked by S&P Global Market Intelligence's LCD this year have fallen to the lowest levels since 2008 but have yet to collapse to the troughs seen during the dotcom boom and bust and financial crisis

Answer: (1) Paying too much on housing (Prof Note: Yes, a commute is generally not pleasant but you are actually paying yourself during that time if traveling to less expensive housing option(s)); (2) Pending too much on car costs (Prof Note: Compare car insurance rates); (3) Wasting Energy (Prof Note: Motion sensors and timers); (4) Buying movie theater popcorn (Prof Note: Can you say, "Monopolistic pricing?!"); (5) Not planning meals ahead of time (Prof Note: Planning does save \$\$\$); (6) Grocery shopping without a list (Prof Note: Just this AM I was purchasing a gallon of milk, ONLY a gallon of milk, when the man behind me in line was there with two containers of bleach. As he was waiting he grabbed a box of donuts...clearly an impulse purchase); (7) Buying coffee (Prof Note: we all know my views of

Starbucks and the associated costs!); (8) Paying for cable (Prof Note: I cut the cord over a year ago, if not longer); (9) Buying brand-name products; (10) Not changing the thermostat (Prof Note: I have actually gone to window units and A/C smaller spaces); (11) Ignoring your phone bill (Prof Note: Read EVERY bill carefully); (12) Drinking bottled water (Prof Note: Those silver things against walls actually dispense free water....amazing); (13) Using regular lightbulbs (Prof Note: Daylight LEDs); (14) Smoking cigarettes (Prof Note: Do people even still do this?!); (15) Buying lunch at work (Prof Note: Do the math...brown bag it!); (16) Eating out for dinner (Prof Note Do the math...AGAIN!); (17) Grabbing fast food; (18) Ordering Appetizers (Prof Note: Hands off my Nachos!); (19) Shopping online (Prof Note: What??? Pay attention in class? Blasphemous!); (20) Requesting faster shipping; (21) Paying ATM fees; (22) Withdrawing Money at the ATM (Prof Note: Do people still use money?); (23) Putting your money in a high-fee checking account (Prof Note: Now this is just silly!); (24) Paying unnecessary bank fees (Prof Note: I am not joking when I tell you I told my bank, "You must FEAR me if I get a fee!"); (25) Putting your paycheck in a regular bank account; (26) Carrying credit card debt (Prof Note: Unless for emergencies...true emergencies); (27) Using a credit card with a high annual fee (Prof Note: This actually reminds me that I need to check this); (28) Paying unnecessary fees, in general; (29) Collecting stuff you don't need (Prof Note: I NEED the original Buddy L Steam Shovel!); (30) Spending too much on snacks; (31) Signing up for a gym membership (Prof Note: I did not develop my washboard abs by going to a gym!); (32) Throwing your child a huge birthday party; (33) Shopping impulsively; (34) Buying books (Prof Note: But for Foundations of Real Estate Financial Modelling, Second Edition, Routledge, 2018. In fact, purchase extras for gifts to family and friends); (35) Not using coupons (Prof Note: I have walked out, more than once, from a Bed, Bath and Beyond, over a manager not providing me the 20% coupon!); (36) Buying new instead of used; (37) Skipping breakfast; (38) Paying multiple student loans; (39) Ignoring your credit reports (Prof Note: Again...silliness!); (40) Not using your benefits package; (41) Driving around with flat tires; (42) Manually paying your bills (Prof Note: I 100.0% do NOT agree with this at ALL!!!! Manually pay ALL your bills. Set a scheduled and review and pay everything manually. It takes me about 8 – 10 hours a month to pay everything but I know where every penny goes!); (43) Hitting the bars (Prof Note: At least take a shot or two prior to entering! Also, take Uber home!); (44) Throwing out leftovers; (45) Buying basic items at the grocery store; (46) Paying too much for car insurance; (47) Gambling (Prof Note: I actually think gambling, in moderation, is a great business tool to just judge other's risk tolerances. Plus, the drinks are free.); (48) Paying too much in 401(k) fees; (49) Shopping at the wrong retailers (Prof Note: In southern, Maryland there are only two stores open 24 hours, i.e. Walmart and Harris Teeter. There is \$1 difference in a single bag of lettuce and the Walmart lettuce is bigger!); (50) Paying too much in taxes (Prof Note: Hire the experts BUT they must know they are being watched and scrutinized. Two years ago my accountants and I had a blowout of biblical proportion over losses, i.e. passive or active. Classification matters and knowledge is power and CASH in your pocket!)

16 August 2018

Question: With 12 of the 13 tax liens redeemed for the investment within a partnership made in 2017 for Baltimore City Tax Liens, what is the currently Portfolio Return?

Spooked investors push emerging market stocks into bear territory – Pg. 1

- Emerging markets fell by the most in six months yesterday, tumbling into a bear market as investors were spooked by a commodity price rout, currency turmoil and disappointing results from one of China's technology giants

- Emerging markets have faced mounting pressure over recent months, led by concerns over escalating trade disputes between Washington and Beijing. Rising US interest rates and the dollar's renaissance have also dented emerging markets, fueling crises in more vulnerable countries dependent on capital inflows, such as Argentina and Turkey

New Zealand property ban slams the door to wealthy foreign 'survivalists' – Pg. 1

- New Zealand has banned foreigners from buying existing residential property in a blow to the global super-rich, who have snapped up scores of luxury estates in recent years to use as holiday homes and provide a "bolt-hole" in case of global catastrophe
- Last year the New Yorker pinpointed New Zealand as a favoured destination for rich "survivalists" preparing for apocalypse
- The law follows a 60% surge in house prices during the past decade that has driven local home ownership levels down to their lowest in almost 70 years. Immigration, a shortage of affordable homes and high rents have placed housing at the top of the political agenda

Convertible debt outperforms amid rally for US tech stocks and rising interest rates – Pg. 17

- US corporate bonds that convert to stock at a given price have generated a return of 6% this year...
- In contrast, investment grade rated corporate debt has lost 5.8% and high-yield bonds have dropped 2.4% in 2018
- Higher interest rates also encourage issuance because convertibles can typically offer lower coupons than other bonds. This has become increasingly advantageous given Changes to the US tax code, which limit the amount of interest payments companies can deduct from their adjusted income

Answer: 9.44% (Prof Note: I am learning about tax lien investing. It is not as straight-forward as I once thought and the partnership, in which I invest, almost ended up owning a "Jerk Chicken" restaurant. It is fascinating as there is not YtC but rather YtR, i.e. Yield-to-Redemption. So far I would classify this as a high return given the risk, however, one must have the appetite for "Jerk Chicken" ownership!)

15 August 2018

Question: According to [MSN:Money](#), what are three (3) times you should not use your credit card?

German shoppers spur Eurozone growth but trade war fears linger – Pg. 1

- A jump in spending in Germany boosted Eurozone growth in higher levels than initially indicated in the second quarter, easing concerns over an export-led slowdown
- Estimated growth in GDP in the second quarter was 0.4%, in line with the previous three months...
- ...eurozone growth remains much lower than last year – when the economy expanded 0.7% in each quarter – with the trade war denting business-confidence and foreign sales
- Record-low unemployment and better pay rises are expected to keep German shoppers spending
- The eurozone's fifth-biggest economy, the Netherlands, saw GDP growth expand 0.7% because of better figures for trade and investment. Consumer spending was also strong

Bridge collapse leaves dozens dead in Genoa – Pg. 2

- The 80-metre section of the viaduct that collapsed stood about 45 metres above the Polcevera river, railway tracks and an industrial and retail estate, which includes an Ikea store and other outlets, which would normally have been packed with shoppers on a rainy day
- (Prof Note The most coveted professional designation to me personally, the Professional Engineer designation (PE), I never pursued due to advice from my father, a PE. He said, “Do not get the PE designation as you could be pressed to stamping drawings you do not understand at an early stage in your career.” He was right. Also, there are criminal implications for bad workmanship by engineers and architects. Are both professions compensated enough for the risk accepted? Compare both professions to finance careers, and re-ask the question. Something to consider...)

Student loan woes ease amid US jobs growth – Pg. 3

- Student loans are going soar at the slowest rate since before the financial crisis as America’s steadily strengthening economy offers more job opportunities to graduates, ...
- About 8.8% of up-to-date student loan balances went overdue by 30 days or more in the second quarter, the lowest share since early 2006, ...
- Student debt remains a big US policy concern as individuals struggle to keep up with their commitments, and the legacy of indebtedness impairs their ability to buy a home or start a business. Student loans surpassed credit cards in 2012 as having the worst delinquency rates in consumer credit
- ...\$1.41tn at the end of June, well over twice the level 10 years ago
- ...mortgage debt stood at just under \$9tn
- A flashpoint in the student loan debate is the high prevalence of repayment problems at corporate-owned, for-profit colleges – run as businesses to make money for owners and shareholders – which have aggressively courted lower-income students
- (Prof Note: There needs to be more understanding on the front-end by students of what debt means. I literally wrote the book on real estate financial modelling (I say this proudly), but my point is, I am still learning about debt and my thoughts are maturing on the subject. How can an 18 year old, with no perspective, possibly grasp the HUGE financial implications of a large debt load and/or the complex debt structures provided?!)

Planning rules are driving the housing crisis – Pg. 9

- ...the cause of those high costs has become more widely understood: restrictive planning and zoning rules lead to a chronic lack of supply in the places where people want to live
- In Britain, where house prices have soared to nearly eight times average earnings, ...economics argue that there is no shortage even in London
- The number of dwellings is not supply: it ignores location, quality, size, age, tenure, transportation links, amenities and everything else that matters to a house
- ...number of households is not demand
- Imagine a house that had become very expensive. Now you either have to find a rich buyer or get planning permission to convert it to flats. Both take time, so the house sits empty

Majority of fund managers say profit outlook in US is brightest of all regions – Pg. 17

- Investors' growing preference for the US at the expense of the rest of the world has spurred them to take the biggest overweight positions in US equities since the start of 2015, with record high sentiment about the outlook for US profits, ...
- The most crowded trade, for the seventh straight month, was in the Fannq (Facebook, Amazon, Apple, Netflix and Alphabet) and Bat (Baidu, Alibaba and Tencent) stocks. Shorting US Treasuries was the third most crowded trade, offering further evidence of the widespread anticipation in the markets of a positive US growth narrative
- In addition to shorting bonds, investors are moving into bank stocks, and believe the US Federal Reserve's monetary policy tightening will continue
- ...investors are holding 5% of their portfolios in cash, p from 4.7% in July – above the 10-year average of 4.5%

Answer: (1) If there is a fee; (2) If you are approaching your credit limit; (3) If you cannot afford your purchase

14 August 2018

Question: According to [MSN:Money](#), what are four (4) mistakes millennials are making?

Turkey central bank fails to prop up lira – Pg. 2

- The Turkish lira fell further yesterday despite central bank moves to shore up the system...
- The currency slid 11% to a record low of TL7.2362 against the US dollar in Asia trading, before rallying to take about 8% down
- The lira has been rocked by a dispute between Ankara and Washington which has added to concerns about Turkey's high inflation and hits hefty current account deficit, as well as corporates' foreign currency debt and the direction of economic policy under Mr Erdogan
- The currency has lost 24% of its value against the dollar since August 6, and 46% so far this year

US scrambles to curb spread of 3D-printed guns after blueprint posted online – Pg. 4

- US lawmakers are grappling with how to regulate 3D-printed guns and other home-made firearms, as cheap technology opens a new front in the country's war over gun control
- A California law to force the registration of home-made firearms went into force this summer...
- Defense Distributed has turned its focus on the market for "ghost guns", the term for an operational and unregistered firearm made from assembled parts. It created a spin-off, Ghost Gunner, selling computer-automated machine tools that allow its owner to turn \$700 worth of lawfully-bought, untraceable parts into an AR-15 assault rifle
- The business aims to exploit US laws that consider only a completed "lower receiver" to be a firearm while parts such as barrels, stocks and magazines are unregulated accessories. Hobbyists can buy complete AR-15 kits and 10-packs of unfinished receivers from websites and apply the finishing touches
- (Prof Note: I just wonder if the only way to address is through education? Legalize, regulate and educate!)

Answer: (1) Not preparing for the unexpected; (2) Avoiding credit; (3) Not saving enough for retirement; (4) Spending frivolously (Prof Note: I see so many iced coffee drinks and Starbucks in the classroom. GWU's IT department now knows me well as I discovered free coffee in their offices which is on the same floor at my classroom, i.e. I do not to use departmental coffee on the other side of the building three floors up)

13 August 2018

List-Serve Comment (Divorce) - Regarding financial settlement when separating from spouse or partner: In addition to all of the above, I would recommend that a couple talk openly before they move in together. It is a difficult conversation, but perhaps a good one to test the relationship up front. List each other's assets and liabilities and agree on how they would be dealt with "in case our relationship does not work out." This is especially important if there is a significant difference between the individuals' career moves away from the current town, spending priorities (house, cars, clothes, vacations, fishing gear, ...), assets, liabilities and current + future earnings streams. I can imagine how hard it is to engage in such a conversation - we did not discuss it in our 20s, but we got lucky because we are still married after four decades, having overcome some big spending and savings decision differences.



I am speaking from having observed other people's misery.

But, since most millennials who are getting married/live together are mostly in their 30s and 40s now, they bring much more into the union: assets, liabilities, children, established careers, better defined aspirations, ... In cases of very different financial profiles, a detailed prenuptial agreement should help. Again, if someone asked me to do that **all those years ago**, I would have balked because when you are in love, you hate to spoil your feelings by parsing out potential separation of assets and liabilities. Looking back, it helped that our aspirations and assets/liabilities/future incomes balanced out (I did not say they were equal - they balanced out).

I would like to add that, both my husband and I are saddened by the current trend in the western world where young people live together but are not getting married. A trial living together arrangement is OK short term for some people to see if you are compatible. From the limited sample of my relatives' and friends' children in their 30s and 40s, I can say that it is mostly the men who do not want to be married, even when they have children. The women in those situations generally feel that, while they would prefer to be married, the current situation is the best they can get. That means that these women feel somewhat insecure, and that has a negative impact on their children.

Question: According to [MSN:Money](#), what are five habits that will prevent you from getting rich?

Moscow plans to cut down on US assets – Pg. 2

- Russia is trying to reduce its dependence on the dollar by cutting US securities holdings and settling more trade payments in other currencies
- ...Russia's holdings fell from \$96bn to just under \$15bn...

US profit margins look close to peak – Pg. 13

- Profit margins at US companies have risen to their highest level in at least a decade, raising questions over whether the most recent quarterly results are at a peak

- Companies have been shaving costs for years, while more recently they have enjoyed the benefits of the corporate tax cut agreed in December. Revenues in the second quarter also grew by nearly 10% year on year, the biggest rise since 2011
- The US dollar was up 4.6% in the year to date against a basket of other currencies
- Oil prices were up 8.9% in the same period

Record caseload for UK financial regulator – Pg. 14

- The caseload includes 86 suspected financial crime and another 75 of suspected insider dealing, which the FCA has the power to criminally prosecute
- Under new accountability rules called the Senior Managers and Certification Regime, the FCA frequently opens a parallel case into top brass with particular responsibility for an issue under investigation. The increase in cases is also due to an explicitly push to open more investigations and sooner

Answer: (1) Not following a budget (Prof Note: Make a plan and stick to it! Identify costs in two categories, i.e. Fixed and variable. Adjust variable in real time to hit plan); (2) Living paycheck to paycheck (Prof Note: It is tough but consider lower one's standard of living. Perhaps not living on Foxhall but rather Main Street. I have personally reviewed a lot of personal balance sheets for Foxhall residences and they are more levered than one may think!); (3) Giving to impulse buys (Prof Note: A large coke at McDonalds is \$1.06. The coke at the register at most stores is smaller and \$1.75. Be aware.); (4) Borrowing too much (Prof Note: Be care how you borrow and for what reasons. Is there a revenue off set? Every loan I have is paid by a third-party, i.e. there is a revenue off set. Be careful how you borrow, the amounts, and structure.); (5) Choosing only safe investments (Prof Note: This really depends upon where you are age wise and risk tolerances. If you are going to me in ultra safe investments, then consider more side hustles.)

11 August 2018

Question: According to [MSN:Money](#), what are 6 money mistakes that can lead to divorce?

China's trade war with US poses threat to global oil demand, says energy body – Pg. 1

- A growing US-China trade spat could hurt oil demand growth this year and next if the global economy takes a hit...
- Saudia Arabia and Russia have been raising oil output in advance of November but that has spurred fears that global spare capacity is at very low levels
- The IEA said Saudi Arabia's production was just below 10.4m b/d, a fall from June and in line with the lower numbers circulated by Saudi officials in the market

US core inflation records fastest rate of increase in a decade – Pg. 2

- Core inflation, which strips out volatile energy and food prices and is closely followed by the Fed, rose at a year-on-year pace of 2.4% in July, up from 2.3% in June. That is the fastest annual pace of core inflation since September 2008, and topped market forecasts for 2.3%
- Growth in headline consumer prices held steady at 2.9% year on year in July from a year ago,
- ...

- The Fed has raised interest rates twice this year, and is expected next month to pull the trigger on the first of two additional rate rises forecast for the remainder of 2018

Equities – Pg. 5

- ...on August 22, the US stock market will officially have enjoyed its longest-ever bull run
- US equities have returned more than 400% over the nine years since the financial crisis nadir in March 2009
- The recent resilience of US stocks might come as something of a surprise. After all, there are myriad reasons to worry: fears of a trade war; rising US interest rates; political uncertainty around US midterm elections in November; a slowdown in Europe; and questions about the growth prospects of the technology behemoths that have helped power the US equity rally
- The S&P 500 has clawed back almost all of this spring's losses and is once again close to a record high. There are three major, interlinked factors that have helped assuage concerns and propelled US stocks higher again: strong-economic growth, dazzling corporate earnings and a wave of share buybacks
- US GDP expanded 4.1% in the second quarter, the fastest rate of growth since 2014, and swingeing tax cuts have juiced up corporate profits
- Almost four-fifths of S&P 500 companies beat earnings expectations in the second quarter - ...
- The Federal Reserve has raised US interest rates seven times since 2015, and another two increases are penciled in this year. At the same time, the Fed's balance sheet shrinkage is accelerating.
- With 90% of companies having reported, US corporate earnings rose 24.6% year on year in the second quarter. That is the second-biggest gain in nearly eight years after the 24.8% rise in the first quarter,...
- Profit margins are clocking in at a record 11.8%, and top-line sales growth – which is not flattered by a lower corporate tax – has also been strong. Revenues for S&P 500 companies rose 9.9% in the three months through June, the best showing since 2011. Some 72% of companies surpassed revenue forecasts, above the five-year average of 58%
- ...Robert Shiller...argues that corporate earnings have been goosed by the Trump administration's "spending spree economy" rather than a fundamental improvement. Meanwhile, investors are ignoring the elephant in the White House

Answer: (1) Keeping bank accounts separate; (2) Using separate credit cards; (3) Waiting too long to talk about money; (4) Not talking about money at all; (5) Arguing about money too often ; (6) Keeping financial secrets (Prof Note: Transparency in finances is critical. Perhaps set a discretionary monthly allowance for each of you. Over which \$\$\$ must be discussed. Do not consider it a permission issue but rather a committee approval requirement which we all face in our positions/jobs/corporations)

10 August 2018

Question: According to [MSN:Money](#), the article *How my husband's layoff changed the way we spend money*, references what methods?

ECB fears rise of protectionist measures hitting eurozone growth – Pg. 2

- The ECB has warned that US tariffs are in danger of reaching their highest levels for half a century as its fears mount over the impact of President Donald Trump's trade policy on Eurozone growth
- The US introduced its first tariffs on imports from china on July 6. Since then, the world's two largest economies have unveiled tit-for-tat measures that cover \$100bn in bilateral trade.
- The central bank indicated it was especially worried that a US investigation into whether it should impose tariffs on imports of cars and car parts would lead to new barriers to trade

Argentine senators throw out bill to legalize abortion in strongly Catholic country – Pg. 4

- Argentina's Senate rejected a bill to legalize abortion yesterday, the biggest nation in largely Catholic Latin America to take on the issue
- The bill, which narrowly passed the lower house in June, called for legalizing the termination of a pregnancy in the first 14 weeks. Under current law, abortion is allowed only in cases of rape or if the woman's health is in peril
- In Latin America, elective abortions are allowed only in Cuba, Guyana, Mexico City and Uruguay, while they are banned in the Dominican Republic
- (Prof Note: I await the stance of the US Supreme Court on abortion in the U.S. with the new pick.)

End of pension fund tax break looms over Treasuries market and long-dated buying – Pg. 17

- US Treasury traders are bracing for the end of a tax break that they say has encouraged companies to funnel billions of dollars into their pension funds and helped keep a lid on long-term interest rates
- Companies have raced to top up their pensions ahead of the expiry of the tax break on September 15 and their pension funds have in turn been significant buyers of long-dated Treasuries
- Demand for long-term Treasuries has kept yields low, even as short-term rates have risen, leading to a flat yield curve and intense debate over what that signals for the economy
- Under reforms introduced at the end of last year, the US cut the corporate tax rate from 35% to 21% but companies have been allowed to deduct pension contributions at the old, higher rate for most of this year. The grace period was designed to encourage companies to deal with pension fund deficits
- The longest maturity Treasury bond lasting 30 years has seen its yield rise by less than shorter dated yields this year, flattening the yield curve and raising fears of a slowdown in the economy. Short-dated yields have risen above longer dated yields before every US recession of the past 50 years

Answer: (1) You don't need nearly as much as you think you do; (2) 'Thrifty' became our new slogan; (3) Coupons became our best friend

9 August 2018

Question: According to [MSN:Money](#), what are 10 things to do if you've been a victim of identify theft?

China slaps duties on \$16bn of US goods – Pg. 1

- China to impose 25% duties on \$16bn of US goods including oil products, steel and cars, ...
- The announcements mean that \$100bn worth of bilateral trade will be subjected to duties, since the two sides imposed tariffs on \$34bn of each other's goods last month
- The US says its own latest tariffs are part of its response to "China's unfair trade practices related to the forced transfer of American technology and intellectual property"
- The tit-for-tat has done little to curb Americans' appetite for Chinese goods. The dollar value of China's exports to the US rose 12.2% in July compared with a year earlier, ...
- Beijing's trade surplus with the US fell only slightly in July to \$28.09bn from a record \$28.97bn in June, largely due to a 27.3% jump in Chinese imports from the US

Ageing societies – Pg. 7

- ...The *100-Year Life* first appeared in mid-2016, the book about longevity and societal change sold only modestly in the west
- [Japan]...where 27% of the population is over 65, half is over 50 and deaths have exceeded births for more than a decade,
- ...Japan has embraced the idea of the 100-year life as an overarching policy directive
- In 2017, consumption expenditure rose most strongly in the over-59 group
- ...by 2025, when the immediate postwar baby boomers turn 75, social security expenditures will surge under a scheme in which patients become responsible for a smaller ratio of their medical costs as they get older
- Fifty years ago Japan had just 327 centenarians; in 2017 it had 67,824, and the largest per capita ratio of them in the world
- (Prof Note: Outliving one's wealth is a SERIOUS problem/consideration. When I was talking with Bill Hudnut about his wealth planning, he was 25+ years older than his wife, and he wanted to provide for his wife it was difficult. He lived a long life to 80+ but then needed his wealth to last another 25 – 40 years. It was/is difficult!)

Answer: (1) Pick up the phone (Prof Note: Notify your bank(s)); (2) Inform the credit bureaus; (3) Find all inaccuracies; (4) Get the Federal Trade Commission involved; (5) Get back-up; (6) Close all accounts you did not create; (7) Repair your credit report; (8) Keep the watch dogs out longer; (9) Fix the breach; (10) Stay on top

8 August 2018

Question: According to [MSN:Money](#), what are 10 reasons people aren't buying houses?

Japan medical school admits favouring men – Pg. 3

- A prestigious Japanese medical school has confessed to systematically rigging its entrance exams against women in a scandal that has highlighted the nation's deep problem with gender discrimination
- ...more than a decade subtracted marks from female applicants in a deliberate effort to produce more male doctors, and falsified exams to help specific individuals
- They show an ingrained culture of sexism in Japan, which is stuck at 114 out of 144 on the World Economic Forum's rankings of gender inequality...

- The manipulation at Tokyo Medical University came to light only after prosecutors began a corruption investigation against the school's officials for allegedly admitting the son of a bureaucrat in return for government grants to the university
- For the crucial essay section of this year's entrance exam, the university first subtracted 20% from all marks. Then it gave 20 bonus marks to men who had taken the exam three times or less. So if a woman and a man had both scored 70 out of 100, the woman was given a score of 56 while the man was given a score of 76
- The proportion of women admitted to Japanese medical schools rose steadily until 2003 when it peaked at 33.8% and has remained broadly stable
- Whereas Japanese women have a higher pass rate on entrance exams for almost every other university subject, including physics and engineering, in medicine the pass rate is 6.85% for men and 5.91% for women
- People connected to Tokyo Medical University told local media the reason the exams were rigged was that women were more likely to quit the profession when they had children

Financial Services – Pg. 7

- Higher expectations are not the only problem the insurers are facing. IN many parts of the world, their core markets are mature, competitive and barely growing at all. And since the financial crisis they have had to grapple with low interest rates and new capital rules, both of which have dented their traditional business models
- Technology has made it easier for insurance companies to monitor what their customers are doing
- Reinsurance companies, which help traditional insurers to reduce their own risks, are also getting into the act. Their business model has involved taking on risks in return for a premium, much as any insurer would

Answer: (1) Interest rates are on the rise (Prof Note: Every 1bp rise on a 30-year loan costs the borrower \$1,000. So, a 100bp increase cost the borrower \$100,000 over 30 years); (2) Student credit scores are feeling the pressure (Prof Note: Average student debt is \$37,000); (3) People are looking to avoid any additional risk (Prof Note: Houses need to get back to forced savings vehicles. HELOCs need to be more regulated); (4) Millennials are opting for a new lifestyle (Prof Note: I talk to a LOT of millennials. They are not "opting" they are being pushed. Who does not want a house?!); (5) A 20% down payment is hard to come by (Prof Note: Do the hustle, i.e. the side hustle and save!); (6) Supply is low; (7) Houses aren't being built; (8) Renting is more attractive (Prof Note: The millennials did teach me something in Baltimore. It is not \$/sf that is the important metric but rather \$/bedroom. Millennials will sleep in spaces smaller than my closets!); (9) Baby boomers aren't selling; (10) People live in fear of another crisis (Prof Note: My prediction: 15 months!)

7 August 2018

Question: According to [MSN:Money](#), what are 40 secrets only divorce lawyers know?

Chinese police lock down financial district – Pg. 4

- Investors who had lost money in the recent collapse of P2P platforms had organized a protest in Beijing yesterday,

- China's online P2P lending market is the biggest in the world, with \$175bn in loans outstanding at the end of last year, ...
- But over the past two months a wave of defaults shocked families who believed their investments were safe

Renminbi decline overwhelms central bank intervention as Chinese stocks slide – Pg. 17

- The renminbi resumed its drop yesterday as the downward pressure on the Chinese currency overwhelmed the first effort from the country's central bank to temper its four-month slide
- In contrast to notable renminbi drops in 2015 and 2016, the currency's 9% slide against the US dollar since April has yet to alarm global investors, who believe it is in the crosshairs of both the trade war and attempts by Beijing policymakers to reverse a recent tightening in monetary policy as the economy slows
- Some \$2.3tn has been wiped off the value of Chinese stocks since their high in January

Answer: (1) Don't let emotions dictate your financial decisions (Prof Note: I remember a student calling me with a problem. It started like this, "Prof, I did what you say do not do, I bought a house with my gf." I said, "Great, now marry her!" He said, "Welllllll, she's not my girlfriend anymore." I said, "Ok, talk to me..." He said, I have this spreadsheet showing I have contributed 91.7% to the household expenses you would be proud!" I said, "I am proud. Now give her half, move on with your life and listen to me from the beginning!" ☺), (2) Everything is fair game (Prof Note: Make certain you know what "everything" is!); (3) Make big purchases before filing; (4) Keep track of your spouse's spending (Prof Note: The devil is in the details); (5) Gather key evidence before filing (Prof Note: I have advised so many, female and male, on this. Everyone wants to confront the other person. Get your ship ready to sail first!); (6) Get property appraised before you part ways; (7) Don't hide assets (Prof Note: Be transparent but also be strategic); (8) You can write off alimony payments on your taxes (Prof Note: I thought, but am not a tax accountant, this was negated with the tax changes); (9) If you receive alimony, you must report it; (10) Watch out for Hidden Tax Implications; (11) Get job training or update your education before filing (Prof Note: A spouse that works at home for the family has value! Replacing the person that cooks, cleans, drives carpools, loves on everyone when they are sick, is priceless...remember this!); (12) Familiarize yourself with your finances before you split (Prof Note: I recommend both spouses understand the finances. In fact, part of my estate plan explains my finances); (13) Consider mediating your divorce (Prof Note: One of my good friends is a divorce mediator. The few people I have sent his way have spoke highly of him and the services provided); (14) Know what your biggest asset is; (15) If your lawyer recommends a PI, hire one (Prof Note: In my family saga I hired two PIs. What a joke! All they did was google search. I would have been better off hiring two 12 year olds!); (16) The most expensive lawyer isn't always the best (Prof Note: It is important to have benchstrength. Single practioners are just that, single. Benchstrength baby!); (17) Understand debt obligations; (18) Don't forget about beneficiary designations (Prof Note: Change your Will!); (19) Pay court-ordered attorney fees; (20) Consider your income before asking for all deductible items; (21) Take advantage of free legal advice (Prof Note: Remember, you generally get what you pay for); (22) Be mindful of the date when initiating divorce; (23) Design a joint parenting arrangement wisely; (24) Plan finances for after the divorce; (25) Have a paper trail; (26) Division of property can be complex; (27) Retirement accounts are not worth the balance; (28) Division of property depends on where you live; (29) Some states are better for getting a divorce; (30) Be mindful of the worst states for divorce (Prof Note: Remember, the most important finance decision one makes in life is

their spouse! Also remember the greatest destroyer of wealth is NOT a financial crisis but rather....DIVORCE!!!)

6 August 2018

Nevis News: Material costs are crippling on Nevis. Even worse, read the Marshmallow Experiment conducted by Stanford, pricing is based on immediate gratification rather than longevity of business. A full day was spent negotiating/renegotiating material costs for a savings of 60% off initially quoted pricing. Also, and I will leave this to your imagination, it matters who was negotiating, i.e. one tactic used was to send different people in (Jeffers, General Contractor, George, or me) and a HUGE variance in pricing occurred. Very disappointing but it eventually worked out.

A common theme of frustration stated by Nevisians is the CBI (Citizenship by Investment) programme has little to no filtering other than payment. There is concern that Nevis is taking the unwanted from elsewhere, e.g. pedophiles, etc. This was the first I had heard of this issue.

This trip has been interesting seeing George M's, GC from U.S. in charge of Cat Ghaut renovations, perspective of the island. He has been down three times in under two months. First trip he enjoyed, i.e. Caribbean island...who does not like a Caribbean island?! Second trip, I did not attend, his excitement was palpable and noticeable in emails and all communication. Third trip, this trip which I am here, he is literally in love with the island. The staff completely ignores me but for Olive, in a respectful manner, and goes directly to George. In fact, the local onsite GC, came to me and said, "Where's George?". I said, "I do not know. Can I help you?" He said, "No!". Then backed off and started to explain the issue as he was embarrassed and was clearly just trying to make progress...all was good and I truly get it. (in truth, I could not have helped him.) ☺ Now when we go out everyday it is like Cheers, e.g. someone will say, "George!!!" George is even known at both hardware stores, i.e. TDC and Horsfords. George has experienced/is experiencing the true beauty of Nevis!

Well, as Jeffers and Olive pointed out, success has been achieved. In the morning I wake and fix my cup of Joe, grab my man-purse of work stuff, get in my car (golf cart), drive 25 yards to my office, park and am at work (I even had a parking space made outside of my new office lined with Nevisian stone). Other than the tree roots which jostled my coffee, the commute is uneventful. Also, I now realize that a home office, if avoidable, should be avoided. Having a physical separation between office and home is mentally liberating. I had no idea. Another beautiful day on Nevis!

Question: What are the top three languages on the globe?

Finance world warns ending reliance on discredited Libor is harder than Brexit – Pg. 1

- ...Libor remains at the heart of global finance, underpinning payments on at least \$420tn of derivatives, corporate loans and mortgages
- One of the main concerns is that Libor might cease to exist before a full transition is complete

China's young consumers drive sharp rise in borrowing – Pg. 3

- Combined with a rapid growth in mortgage household debt, consumer loans pushed household borrowing to Rmb33tn by the end of 2017, equivalent of 40% of GDP. The ratio has more than doubled since 2011
- The surge in consumer credit has so far helped Beijing to achieve its aim of making consumption the main driver of economic growth
- Consumer loan growth has been accelerated by the emergence of hundreds of online peer-to-peer lenders who collect money from retail investors and dispense small loans to consumers without collateral
- With average mortgage maturity about 16 years, a more realistic worry, ...is that mortgage repayment will crimp consumption. Households use nearly 17% of monthly income to repay debt...up from 11% in 2013. For low-income households, it is 47%

BlackRock and Pimco accused of speeding US foreclosures – Pg. 13

- Pimco and BlackRock have been accused of accelerating foreclosure action against struggling US subprime borrowers in the aftermath of the financial crisis
- Pimco and BlackRock, with combined assets under management of about \$8tn, are big investors in US mortgage-backed securities

Ratner deal signals fall of NY real estate families – Pg. 14

- Many of the legendary families of New York real estate were giving ground to companies like Brookfield, Blackstone and The Related Companies, backed by pensions, endowments and sovereign wealth funds looking for higher yields than could be found in the bond markets

Answer: (1) Chinese (1.3bn first-language speakers); (2) Spanish (440.0m first-language speakers); (3) English (372.0m first-language speakers)

4 August 2018

Nevis News: Another beautiful day on Nevis. This is low season and many of the establishments, hotel and restaurant, are closing towards the end of the month through November. While the grass is a bit brown, it is not that hot and there remains a pleasant breeze all day. The day started with Jason flagging down the honking Nevis Bakery truck for breakfast. I told him we are a GOOD TASTE Bakery establishment ONLY! ☺

The young couple from CT whom I met on the plane showed up this morning. They took a cab directly from the ferry. Unfortunately, given the kitchen renovation, I was unable to share my Main but gave them pastries from Good Taste and introduced them to everyone during a tour. Towards the end of the tour they asked me where an ATM was located as the drivers only took cash. I chuckled and said, "There are ATMs on Nevis?" (there are but few and far between) I gave them plenty of cash for a day of taxis and museums on the island (the restaurants all take credit cards). Then, later in the day, I am negotiating for my wooden pineapples with Kennedy, the local wood carver, when a taxi (I am on the other side of the island) screeches to a halt and the young couple yells out, "Roger!". The driver looks at me and says, "You Staiger's grandson!" The island is literally that small.

As kitchen renovations are underway and Olive is unable to cook my main I have been taking George M, Developer, to dinner at local restaurants. Bananas, the local tourist favourite and most recommended by Four Seasons, was an absolute bust! It is nicely landscaped and the food is tasty but very rich AND expensive. However, it felt like what it is, i.e. a Four Seasons extension. The main difference was at Four Seasons everyone is accommodating. At Bananas the owner defined snooty. So much so that I will not be returning! Top four island dining experiences, in order of my opinion: Cat Ghaut with Olive (sorry, could not resist), Golden Rock, Indian Summers (Motto: No worry, Eat curry), and Hermitage. Honourable mention for MountPelier whom I have not tried for dinner but have had good experiences. Dining experiences: Wednesday Night: Pig Roast Hermitage and Thursday Night: Nisbetts BBQ, both are excellent. So, if staying Saturday to Saturday my humble dining recommendation(s) for Nevis: Sat (stay at respective hotel); Sun (Golden Rock); Mon (Indian Summers); Tue (Tough call...island bar...Turtle Time or Sunshines); Wed (Hermitage Pig Roast); Thursday (Nisbett BBQ); Friday (Probably will want to return to Golden Rock).

Question: According to MSN|Money, CNBC, how does one avoid becoming a human ATM?

Static US wage growth adds to argument for rate rise caution – Pg. 4

- Solid hiring by US employers failed to boost the annual rate of wage growth in July, fuelling arguments for the Federal Reserve to tread carefully as it raises rates
- Unemployment dropped to 3.9%. a broader measure of labour market strength that includes people who are in part-time work but want a full-time position was just 7.5%, a full point below where it was a year earlier and its lowest level since 2001
- ...wage growth flatlines at 2.7%
- The Fed is widely expected to move rates up by another quarter-point next month as it continues its gradual process towards tighter policy

Trial paints Manafort as big spender – Pg. 4

- The prosecution has sought to paint Mr Manafort as a man who lied to dodge taxes when times were good and lied to obtain bank loans when times were bad
- Mr Manafort is the first person to be tried in Mr Mueller's investigation into alleged links between the Trump campaign and the Russian government (Prof Note: How is Mr Manafort involved with the Russians? How are these charges related to Mueller's investigation? I am NOT saying Mr Manafort is guilty/not guilty, I just do not see the connection!)
- The allegations concern some \$60m Mr Manafort earned between 2005 and 2014 in Ukraine...

Answer: (1) Ask what it is for (Prof Note: If someone asks you for \$\$\$, be certain you understand the need. Do not be frightened to pay the bill directly. Also, be certain the money is not being used to buoy an unsustainable lifestyle); (2) Feel free to say no; (3) Set terms; (4) Accept that you might never get it back (Prof Note: While not for everyone, consider funding a Foundation. This way your philanthropic goals are met and you can address the ask with, "Please contact my Foundation for a donation.")

3 August 2018

Question: According to MSN|Money, Motley Food, what are four times when diversifying your portfolio may not make sense?

Apple becomes first company to break through \$1tn value barrier – Pg. 1

- ...beating old foes such as Microsoft and younger tech rivals Amazon and Alphabet to the milestone
- Tracking Apple's rise to the \$1tn milestone has been complicated by the company's enormous share buybacks, including \$20bn in the past quarter alone. The company's latest regulatory filing showed a share count of 4.83bn shares as of July 20
- Market capitalization is only one measure of a company's success. Amazon's enterprise value, which takes into account debt, is already ahead of Apple's by about \$50bn
- ...11-year-old iPhone, which still accounts for about two-thirds of annual revenues....
- The company's share price rally in recent months has been attributed, at least in part, to its plan to repatriate overseas profits and return most of its more than \$100bn in net cash to shareholders, under new US tax rules

White House push to cut taxes for rich faces thorny obstacles – Pg. 2

- The hurdles would include challenges to the legality of the move, on top of political criticism and doubts over the economy benefits
- The Treasury has been examining the merits of adjusting capital gains taxes for inflation – in effect a tax cut that would confer large benefits on well-off Americans
- ...as much as 90% of the benefits would go to the top 1% of households
- Presently, when assets are sold the tax is calculated on the nominal difference between the initial cost and sale price
- ...the Treasury could redefine what is meant by "cost" without the need for new legislation, meaning only returns in excess of inflation would be subject to tax

German government debt falls below \$2tn – Pg. 4

- Debt fell last year by 2.1%...
- The debt ratio is expected to fall to 58.25%, down from 61% this year. As recently as 2012 it was at 81% of GDP
- Germany passed another important symbolic milestone in January when its "debt clock" started running backwards for the first time in more than 20 years

BoE interest rate increase to 0.75% is highest level in nine years – Pg. 4

- The BoE raised interest rates to their highest level in almost a decade yesterday, ...
- ...central bank's benchmark interest rate to 0.75% - the highest level since 2009 in the aftermath of the financial crisis
- The BoE is the third major central bank to meet this week, and has joined the US Federal Reserve in signaling further interest rate rises are on the way

Passive investing is storing up trouble – Pg. 9

- A fundamental shift in market structure towards rules-based, passive investing over the past decade means a lot of trading is no longer based on fundamentals
- ...only about 10% of US equity investment is now done by traditional, discretionary traders

- Passive investments, such as ETFs and index funds, similarly ignore fundamentals. Often set up to mimic an index, ETFs have to buy more of equities rising in price, sending those stock prices even higher

Answer: (1) If you're investing with a relatively small amount of money (Prof Note: A MAJOR criticism I have with academia is that it prepares everyone to manage someone else's \$100.0m portfolio and not their own \$500,000 retirement savings.); (2) If you'd have to dip into margin in order to diversify; (3) If you're struggling to keep up with the headlines of what you already own; (4) If it reduces the quality of your investment holdings

2 August 2018

Nevis News: Another beautiful day on Nevis. Despite it being low-seasons and August, the temperature is quite bearable and the water in the pool heats by 2:00pm to a very comfortable warm bath. Very little haze during the days though St. Barts remains unseen at the moment (St. Barts can be seen from Nevis on the clearest of days).

A new septic tank has been dug and not purchased. On Nevis they are not purchased but rather built. So the tank will be fiberglass and literally built within the hole. A new experience. A purchased tank is a 3X multiple of fiberglass.

The Four Seasons is apparently full and there is spillover to the villas. Last night at Golden Rock (picture attached) only one room was occupied and we had the dining area to ourselves. The lobster sandwich, signature dish, for dinner (after some instance/begging with the chef) and rum punches around. Golden Rock has proven to be as nice for dinner as it is for lunch. HIGHLY recommended!

Comment on Crime: I feel absolutely safe on Nevis. The murders are generally local-on-local and not random. While I have no information, including no island gossip, my gut tells me the three expat robberies were not random, i.e. the expats were ugly to a local in some fashion. I am NOT justifying the robberies, only expressing my gut. Tourists remain the lifeblood of Nevis and are to Nevis what the panda is to China.

Question: According to [MSN:Money](#), what are 15 things men get wrong about women and money?

Fed stays on course for September rate rise after bullish review of US economy – Pg. 1

- The Federal Reserve stayed on course for a further increase in short-term interest rates as soon as next month as it highlighted the strength of the US economic expansion alongside inflation that is hovering close to target
- The central bank held the target range for the federal funds rate at 1.75% to 2.00%, as widely expected....
- It gave a bullish assessment of the economy following its latest two-day meeting, describing a range of economic indicators as "strong"
- ...the ECB is penciling in an end to its quantitative easing programme at the end of the year, while the BoE is poised for another rate increase

- The BoJ stood as the exception this week, pledging to maintain extremely low rates, although it also jolted bond traders by introducing extra flexibility into its stimulus programme
- Having raised rates twice, the Fed's median forecast is for a total of four rises this year, with three in 2019. That could push rates towards "neutral" levels – at which growth is at its trend rate and inflation stable – as soon as next year

China eases war on debt in hunt for short-term growth – Pg. 4

- China's leadership has signaled a shift towards supporting short-term economic growth after battling excessive debt for nearly two years, just as a trade war with the US also threatens the economy
- China's economy expanded at its weakest pace since 2016 in the second quarter, and most economists expect further deceleration.
- Overall lending growth from banks and off-balance-sheet sources hit record lows for four consecutive months to June, ...

Auditing in crisis – Pg. 7

- The word audit means to survey or check. Ferreting after facts was once the auditors' main vocation: certifying information to assure investors that a company's numbers were "true and fair"
- In the UK in the past three decades, standards setters have progressively dismantled the system of historical cost accounting, replacing it with one based on the idea that the primary purpose of accounts is to present information that is "useful to users". The process allows managers to pull forward anticipated profits and unrealized gains, and write them up as today's surpluses
- Modern auditing in Britain sprang from a great failure; the collapse in 1878 of the City of Glasgow Bank
- Their purpose was to assure investors that companies' capital was not being abused by over-optimistic or fraudulent managers.
- The idea that accounts should be primarily "useful" springs from the same source as the so-called efficient markets hypothesis. Indeed, it is an adjunct to that now somewhat discredited theory
- Fair value accounting has been firmly shunned by the US SEC for contributing to the losses of the 1929 crash
- Soaring inflation in the 1970s made historical cost balance sheets seem misleadingly out of whack with property values, leading to asset stripping. American's savings and loan crisis in the 1980s was partly blamed on these institutions having out-of-date books
- From the 1990s, fair values started to supplant historical cost numbers in the balance sheet, first in the US and then, with the advent of IFRS accounting standards in 2005, across the EU. Banking assets held for trading started to be reassessed regularly at market valuations. Contracts were increasingly valued as discounted streams of income, stretching seamlessly into the future
- Between 1992 and 2014, equity-based pay at S&P 500 firms rose from 25% to 60% of their total remuneration, ...

- “The problem with fair value accounting is that it’s very hard to differentiate between mark-to-market, mark-to-model and mark-to-myth”
- Until the turn of the century there was a general convention that when one company bought another, goodwill was an effective cost of the transaction that needed to be amortized – or written down annually against group profits
- ...standards setters softened the rules on goodwill in 2000
- Since 2007, the total goodwill on the balance sheets of S&P 500 companies had rocketed from \$1.8tn to \$2.9tn by 2016,...
- From a Big Eight in 1987, the industry consolidated to a BigFive in 1998
- ...collapse of Arthur Anderson in 2002....”it makes the Big Four too big to fail”
- There is also the perception that the dominant Big Four, which are now profit-hungry professional services conglomerates, are not that worried about audit quality anyway

Answer: (1) Myth: woman have worse credit scores; (2) Myth: Women are not good investors; (3) Myth: Women are more likely to make impulse purchases; (4) Myth: Women are more interested in getting married; (5) Myth: Women don’t make successful entrepreneurs; (6) Myth: there is no glass ceiling; (7) Myth: Women do all the grocery shopping; (8) Myth: Women have lower salaries because they don’t negotiate; (9) Myth: Women don’t know how to save money; (10) Myth: Women aren’t interested in learning about investing; (11) Myth: woman are born to shop; (12) Myth: women aren’t nature leaders; (13) Myth: Woemn are naturally bad at math (Prof Note: My 24 years of lecturing has proven to me that women are actually superior in math. Women are more likely to state the problem and prove the solution. Men are more like to write a single number and be at the bar in time for happy hour); (14) Myth: women can’t manage money; (15) Myth: The general pay gap doesn’t really exist (Prof Note: Overall comment, in my 24 years of University lecture I have noticed no intellectual gap between any group of individuals. What I have noticed is a difference in maturity, i.e. woman are more mature, especially at younger ages than men. Also, woman with professional and familial responsibilities that have NO time, tend to be the best students, in general, in graduate school....because their children/family need them!)

1 August 2018

Nevis News: Crime continues to increase on the island. 17 total murders to date this year: 5 on Nevis, 12 on St. Kitts. This year three expat couples were robbed at Paradise Estates and the island is full of activists. Apparently the crime has caught the attention of authorities.

All beautiful days on Nevis with few rain drops. It is dry as it is July and the grass is a slight brown but all is well. A night photograph is attached with the full moon.

The humourous story thus far is arrival at St. Kitts. In Miami I was trying to arrange fresh pastries at the house for George M., developer from states redeveloping Cat Ghaut. I told Atahlia, Jeffers daughter, “I will die if they are not there. Nothing else is acceptable.” Well, when I arrived on St. Kitts several people came up to me asking, “What is it you must have or you will die?” I said, “The raison scones and coconut cookies from Good Taste bakery.”

This is the third trip for George M to Nevis. It is interesting seeing and hearing him experience the island. The first trip he enjoyed the island. The second trip he fell in love with the island (I was not with him for this trip). This third trip, each time we go anywhere someone says, "George!!!" ☺ It is just that kind of island. I think the third trip makes it "home". The restaurants for this trip have been Yachtsman Grille (Ehhhhhh...forgettable); Turtle Time (Highly recommended for the Millennials looking to meet other Millennials...that's all I am saying....food....ehhhhh); and Indian Summer (unexpected hit for Indian food...excellent. Local hang out and we bumped into owner of Bananas and Jeffer's daughter. P.S. Going back to George: Trip 1: new clothing and Four Seasons Worthy; Trip 2: was not here; Trip 3: Old clothing, fits right in! ☺

Question: According to [MSN:Money](#), what are the two factors that determine the amount necessary to retire early? (Prof Note: In actuality, to retire at all)

BoJ bucks central bank trend to stick with 'extremely low' rates – Pg. 1

- The BoJ announce yesterday it would maintain "extremely low" interest rates for an extended period, making clear it would not join other big central banks in rolling back crisis-era stimulus policies
- ...strengthening the framework for "continuous powerful monetary easing"

Eurozone grows at weakest rate in two years – Pg. 2

- Concerns over a slowdown in the eurozone rose yesterday after quarterly figures showed growth in the bloc hit its weakest rate in two years in the second quarter
- GDP expanded 0.3% from the first to second quarter, ...
- The news comes amid fears that the bloc is in the midst a soft patch after a blockbuster 2017 and supports the view held by the region's senior monetary policymakers that the central bank must be patient in easing its crisis-era support
- Higher oil prices have weighed on businesses in the region this year, but the fear is that growing tensions between the US and the rest of the world on trade barriers will unsettle businesses, leading to sluggish investment and fewer exports
- ...unemployment remained at 8.3% in June, its lowest level since December 2008

Jury selection starts in Manafort fraud case – Pg. 3

- ...accused of tax and bank fraud in the eastern district of Virginia
- A conviction would complete the downfall of Mr Manafort...
- If he is acquitted, it would deal a blow to the credibility of Mr Mueller's investigation, which is under daily attack from the president as part of a public relations campaign designed to sow doubt among voters about the Russia probe (Prof Note: I still remain unclear what Manafort has to do with the Russian probe!)
- Mr Manafort is accused of hiding at least \$30m of that money from US tax authorities in offshore bank accounts in Cyprus, Saint Vincent and the Grenadines and the Seychelles
- The US government claimed that he misrepresented his income and that his consulting company, and failed to disclose existing loans on his properties when seeking additional mortgages

British universities face a crisis of over-ambitious expansion – Pg. 9

- For most graduates, the economic return on their investment of time and money is good, but it gets harder and harder to make a beneficial choice; there is now an enormous range of places and courses to study
- Higher education is now a mess. Two-thirds of UK students will never pay off their loan debt

Answer: (1) Your cost of living (Prof Note: Basically your monthly active expense in your retirement years); (2) The potential for investment growth and passive income (Prof Note: Basically your monthly passive income)

31 July 2018

Question: According to [MSN:Money](#), what are three things you should do if in your 40s without any savings?

Fall in Chinese home sales signals growth slowdown – Pg. 3

- China's housing sales suffered a broad-based decline in July in a further sign that growth in the second-largest economy is ebbing just as the US-China trade war appears set to escalate
- Real estate is a driver of the Chinese economy, so slackening property sales can have broader implications for GDP growth
- China's GDP grew by 6.8% in the first half of this year, but signs of a mild slowdown are spreading as the US-China trade war bites and Beijing gets tough on the unruly shadow finance sector
- Investment in residential and commercial real estate rose 8.4% in June, down from a 9.8% rise a month earlier, ...

Designers drive trend for sharing on home front - Pg. 4

- A new frontier for Space10 is "co-living". Such housing shared by two or more people who are not related is seeing a revamp, driven by young urban professionals, who may be more digitally linked yet feel lonelier than ever
- You get shorter, flexible leases and the flat monthly fee includes rent, utility bills and cleaning, access to fully-furnished smaller private bedrooms and shared kitchens, office and recreational spaces
- Grasping these issues is vital not only as millennials dictate consumer trends, but also as the global population swells, house prices rise and incomes fail to keep up
- Collective living has been practiced across cultures throughout history, but the modern concept of co-living was pioneered in Denmark in the 1960s. Denmark has since become home to more realistic models (Prof Note: No less than three construction crews were on Cat Ghat today. Many brought their families including young children to golf, swim, run, and play. It was amazing how vibrant everything was with the laughter of children, backhoe digging, stone being chiseled and boards cut. I understand the attraction but also know I was in my A/C office watching everything and smiling.)

Lending to the limit – Pg. 7

- Over the past 18 months, regulators have unleashed a "windstorm" against Chinese banks, with rules to prevent out-of-control lending growth and risky funding practices that are especially prevalent among regional players

- Several regional banks have already gone bankrupt in all but name before being bailed out and restructured by local authorities. Others have become piggy banks for local governments or politically-connected tycoons with an outsized influence over local banks
- Problems at small banks matter because their role in China's financial system is growing. The country last year surpassed the Eurozone to become the world's largest banking system by assets. Meanwhile, small and mid-sized banks have more than doubled their share of total Chinese banking assets to 43% in the past decade
- In china, regional banks struggle to attract deposits because regulators rarely allow them to open branches outside their home provinces
- With modest deposit growth unable to satisfy their appetites for balance-sheet expansion, small banks turned to volatile, wholesale borrowing from other banks

Answer: (1) Lower some major living costs; (2) Get a side job (Prof Note: I was so honoured when a younger person called me on a recommendation from another saying, "I understand you are an expert in side hustles." I said, "Not quite but I am an advocate!" ☺); (3) Take steps to advance your career

30 July 2018

Question: What are the seven types of financial misconduct?

Asset Management – Pg. 7

- Asset managers play a critical role in the global economy, such as investing the retirement savings of hundreds of millions of workers. But while their influence has grown, the industry is undergoing profound changes that threaten the way they do business
- Fees are under pressure as customers move to cheaper products and costs are rising because of new regulatory burdens.
- ..unlike the largest US managers, which invested heavily in developing passive funds over the past two decades, Europe's managers have tended to focus on more traditional pricier products such as actively managed funds
- European asset managers are being forced to pull out of markets and lay off staff
- M&A strategies have become less about market domination and more about survival
- One of the main drags has been the continual downward pressure on fees that began in the US and has spared to Europe
- Over the past two years, the amount of new investor money flowing into passive funds increased their total assets by 19%, while active funds grew by just 1%...
- Since the financial crisis, the fund industry has been hit by an avalanche of regulation resulting in increased operational spending
- Lower fees and higher costs result in squeezed profits

Seven sins of financial world stuck on repeat, study finds – Pg. 16

- The seven broad types of financial misconduct it identified were: price manipulation, inside information, circular trading, reference price influence, collusion and information sharing, improper order handling and misleading customers
- In the field of price manipulation, the research found that the media by which false information was published had changed, but the techniques remained the same

US lenders face M&A skepticism – Pg. 16

- US regional bankers face rising shareholder disapproval over dealmaking in the sector, clouding the prospects for further consolidation between the country's 5,600 lenders
- US bank deals worth \$21bn have been announced so far this year....compared with \$26bn for the whole of 2017

Answer: (1) Price manipulation, (2) Inside information, (3) Circular Trading, (4) Reference price influence, (5) Collusion and information sharing, (6) Improper ordering handling, and (7) Misleading customers

28 July 2018

Question: According to CNBC what are the 5 things to do if you hit the \$512m Mega Millions jackpot?

Twitter figures rattle Wall Street – Pg. 1

- The social networks have been dented by concerns over the limits of their users' attention and the fallout from cleaning up their acts after scandals
- Twitter's stock dropped 19%, a day after Facebook's shares shed 19% in the biggest one-day loss of value in US stock market history (Prof Note: I have never sent nor received a "Tweet" nor do I have a FaceBook page. However, Cat Ghaut has one and we have five friends! ☺)

Statistics review shows Americans saving more than thought – Pg. 4

- The data show the average savings rate at 7% between 2013 and 2017, up from the previous figure of 5%
- The bureau also revised down GDP growth for 2017 from 2.3 to 2.2%, with much of the reduction falling in the second half of the year
- The personal savings rate in the US has been on a long decline since the 1970s, a trend that began to reverse after the financial crisis. The figure is calculated by comparing the difference between disposable incomes and personal expenditures

BoJ steps in for second time this week after benchmark bond yield hits 18-month high – Pg. 13

- Japan's central bank has made its second intervention in a week to support the domestic bond market after the yield on 10-year government debt hit its highest in 18 months
- The BoJ yesterday launched a special bond-buying operation to suppress yield, which moves inversely to price, back below 0.1%
- In a rare move, the BoJ offered to buy unlimited amounts of the 10-year notes at a yield of 0.1%, 1 bp lower than its operation on Monday at 0.11%. The yield on the 10-year note closed a basis point higher at 0.09%
- Japan's central bank faces pressure to rein in its ultra-loose monetary policy, which has failed to boost inflation to its targeted level, while weighing heavily on bank profits
- The yield curve control policy was introduced in late 2016 in part as a measure to offset some of the pain of the negative interest rate policy that it introduced earlier that year

Answer: (1) Chill (Prof Note: I have some clients with whom that I work that go through a business and/or entity sale. My first piece of advice is to take things slowly and calmly. Find the team and hire them. Also, depending upon the size of the sale, consider two teams for opposing advice.....yes, I do this with attorneys all

the time); (2) Protect your ticket; (3) Keep quiet (Prof Note: When the world believes you have money, it is like having a giant target on your back. Remain anonymous.); (4) Weight the payment options (Prof Note: Lump sum or payment over time. Review options with tax accounting AND financial advisor. You may not want to be a creditor if the entity paying you does not work out); (5) Take a deep breath (Prof Note: I generally advise one (1) toy! Right now I am working with a person and the toy is a watch!)

27 July 2018

Question: According to [MSN:Money](#), what things should you do to boost your net worth?

Facebook sheds \$120bn in value as ‘bombshells’ spark record sell-off – Pg. 1

- The share price plunge of more than 19% marked the biggest one-day value destruction of a listed company in US history, almost equal to the entire value of McDonald’s and Nike, and larger than the likes of General Electric, Goldman Sachs, BlackRock and the entire Argentine stock market
- ...came less than two weeks after investors inflicted similar punishment on Netflix...

The next crisis is brewing in pension funds, not banks – Pg. 9

- Risk has been gently and painlessly excised from the US banking system over the past 10 years. On any sensible measure, US banks are far safer now
- It grows ever clearer that risk has been moved, primarily to the pension system. This means that the long-term dangers in the financial system have become more insidious: easier to ignore but ultimately even more dangerous
- Pension funds have been the principal losers from quantitative easing, the main tool used to bail out the banks. QE bond purchases pushed down bond yields. This created pain for pension funds, which buy bonds to offer their members a guaranteed income. The lower the yield on bonds, the more expensive it becomes for them to fund any given guarantee. This problem has created a true crisis among US public sector pensions. Many are looking for ways out of the guarantees made to their members, only to find that courts – rightly – defend the members
- In the US, pension deficits – the gap between assets and the notional costs of funding the guarantees – widened sharply after the financial crisis
- ...comp[anise in the S&P 1500 index currently face a pension deficit of \$229bn, or 11% of their assets
- With bonds barely offering an income, many funds have resorted in taking greater risks. That has meant buying into funds and strategies that go under the umbrella term of “alternative assets”, many of which rely on leverage for their returns
- Unlike a banking crisis, a pensions crisis has no one month of critical danger. Its ill effects settle in over time, and there is opportunity to fix them

Answer: (1) Start with cutting out unnecessary expenses (Prof Note: Stop with the Starbucks!); (2) Take Risks (Prof Note: Calculated and quantifiable risks); (3) Know what you want in life (Prof Note: This is absolutely critical. I still ponder this thought. Great people is a consistent answer.); (4) Believe that you can be rich (Prof Note: I cannot stand this word “rich”! What does it mean?! What one really wants is Passive Income exceeding active expenses!); (5) Now to build net worth (Prof Note: this is SOOOO WRONG!!! Net worth is nothing! A high net worth can be created by an asset requiring significant

feeding! What is really desired is Low-risk passive income); (6) Diversify your assets (Prof Note: This single employer system is dangerous....diversify one's income); (7) Have specific financial goals (Prof Note: Know the passive income required to live the life that you desire!); (8) Do something you love (Prof Note: Absolutely! I love development as I love creating. Also, see the value is creating something from nothing. Creating jobs, raising standards of living, etc.); (9) Learn how to invest smartly; (10) Build your net worth over time (Prof Note: I am going to flip OUT! NOOOO...build your passive income streams over time.); (11) Increase your contributions each year; (12) Raise your bottom line; (13) Consistently invest your income; (14) Invest in yourself (Prof Note: While this is absolutely true, be cognizant of the return. If you go to No-name business school, is the return really going to be there for the money spent? Of course the return could be personal satisfaction, which is priceless. However, enter with eyes wide open!)

26 July 2018

Question: According to Nerdwallet, what are three (3) money tasks you shouldn't tackle on your own?

Draghi expects grilling over mixed ECB messages on rates – Pg. 2

- ...vital issue on when interest rates will rise from their record lows
- ...bank said it expected to keep interest rates on hold until “at least through the summer of 2019”. The markets interpreted this phrase as meaning interest rates would stay at their current levels until September next year – longer than previously expected

Chinese economy – Pg. 7

- ...how it started [debt boom]...the trigger was the global financial crisis. Between early 2004 and the late 2008, Chinese gross debt was stable at between 170 and 180% of GDP. This was higher than in other emerging countries, but was not much higher
- Then, in 2008, came the meltdown of the western financial system and subsequent deep recession in high-income countries. China responded with a huge investment programme, amounting to some 12.5% of GDP, probably the biggest ever peacetime stimulus
- The challenge confronting Beijing was to offset the impact on demand of a fall in China's net exports of 6% of GDP between 2007 and 2011. In 2007, net exports had been close to 9% of GDP. Since this was neither economically nor politically sustainable, the fall was permanent
- Such a decline in net external demand needed a permanent offset
- ...the share of gross investment in GDP soared from an already extremely high 41% of GDP in 2007 to 48% in 2010
-between the fourth quarter of 2008 and the first quarter of 2018 China's gross debt exploded from 171 to 299% of GDP
- A simple measure of the efficiency of the investment is the incremental capital output ratio, which measures the ratio of the investment rate to the growth rate. Until the crisis, the ICOR had not exceeded four for any sustained period. Ever since 2011, it has been close to six
- It was as though the high-income countries has passed the credit baton to china. For Beijing, this response to the financial crisis has an additional drawback – distracting it away from a necessary rebalancing of its economy

- By 2017, net exports were back down to 2% of GDP: that did represent a rebalancing. But investment was still higher than in 2007, at 44% of GDP, private and public consumption was still only 54% of GDP and debt had soared to three times GDP. In sum, the rebalancing of China's external accounts came at the cost of still greater domestic imbalances
- So what happens now? There are four conceivable possibilities: a crisis, followed by lower growth; a crisis, not followed by lower growth; no crisis, but reduced growth; and no crisis and no reduction of growth
- The salient characteristics of a system liable to a crisis are high leverage, maturity mismatches, credit risk and opacity

Answer: (1) Deciding when to retire (Prof Note: The question is best asked, "When do you want the option to retire?" Remember retirement is NOT an age but an option, i.e. Passive Income \geq Active Expense.); (2) Handling an IRS audit (Prof Note: Everyone runs to hire a CPA...I recommend hiring an attorney that has a CPA); (3) Filing for bankruptcy if you have anything to lose (Prof Note: This is a complicated process and not one to be taken lightly)

25 July 2018

Question: According to US News & World Report, what are 9 habits that can get you out of a deep debt hole?

Venezuela heading for 1,000,000% inflation warns IMF – Pg. 4

- The figure would compare with levels seen in the Weimar Republic in Germany in the 1920s and Zimbabwe a decade ago, and was the likely outcome if Venezuela continued to print bank notes in response to its economic crisis,...
- ...expected the economy to contract 18% this year – the third consecutive year of double-digit contractions – and that the worsening social crisis "will lead to intensifying spillover effects on neighbouring countries", which have already taken in thousands of poor Venezuelan immigrants
- Prices have consistently risen at more than 50% per month – usually considered the threshold for hyperinflation
- If the IMF's prediction proves correct, it will put Venezuela on par with the Weimar Republic, where people carried virtually worthless bank notes around in wheelbarrows. Thankfully for Venezuelans, they can generally use debt cards to make purchases, even for small items
- Most cases of hyperinflation do not last long, although in Greece during the second world war and in Nicaragua during the late 1980s, prices rose by more than 50% per month for several years
- At the heart of Venezuela's economic collapse lies a dramatic fall in oil production, which accounts for virtually all the country's export revenue
- Output has more than halved since the start of the century and is at its lowest level for decades

Its time for millennials to fight for our rights – Pg. 9

- ...people born between 1981 and 1996 make up the generation that shrugs "yolo" as they hop in an Uber instead of the bus, sip their artisanal gin and plan their next mini-break

- On the other, they are the generation that came of age in the middle of the global financial crisis: they drink less, smoke less and study harder. They cling to job security and worry that they will never own homes
- Millennials say: we are paying a price for a global crash we did not cause
- Boomers say: it's hard to take you seriously when you're frittering away your salary on smashed avocado on toast (Prof Note: I was in a Silver Diner this week and they had Avocado on toast on the menu)
- ...young people are on average more austere, not less
- In 2001, 25- to 34-year-olds spent roughly the same amount of money as 55- to 64-year-olds on goods and services other than housing. Now, the younger group spends 15% less
- ...the vital building blocks of a life – housing and education – have become vastly more expensive
- ...millennials in the UK are half as likely to own a home at age 30 as baby boomers were
- Home ownership rates for young people have been declining for decades as house prices have detached from incomes
- ...in an effort to make the financial system safer, regulators limited how much banks could lend to housebuyers. Suddenly, many young people needed far bigger deposits to buy their first home, effectively locking them out of the market
- It would be better to build more houses in areas of high demand, including more social housing; take measures to boost productivity so incomes rise; and rebalance the rights of tenants versus landlords to make the UK more like Germany. There, the alternative to home ownership is not poor quality housing with no security

Answer: (1) Learn how to shift your spending habits (Prof Note: Rarely do I get a drink anymore at restaurants. \$3 for a coke when a 1 litre is 99 cents...no thank you!); (2) Set up an automatic savings account (Prof Note: Forget the auto "anything"...do it manually. Pay yourself first!); (3) Have an emergency fund (Prof Note: ONLY for familial health issues. You should have a standard side hustle!); (4) Don't automatically use an unexpected windfall to pay off your debt (Prof Note: Absolutely true BUT if you have no discipline you may want to reconsider); (5) Pay off smaller debts first (Prof Note: NOOOOO!!! Pay off the high-interest debts first!); (6) Pay your debts on time (Prof Note: Absolutely!!!); (7) Use cash as much as possible (Prof Note: NOOOOO...then you loose points on credit cards! Learn credit card discipline and be responsible! ORRRRRR...as soon as you make a credit card purchase go to the smart phone and transfer from checking to the credit card); (8) Measure your debt (Prof Note: One cannot eliminate what one cannot quantify!); (9) Dine in (Prof Note: There is always room at my table for anyone on the list-serve. On Nevis, the main is served at 1:00pm promptly! Olive always makes too much as she never wants me to go hungry! ☺); (10) Continually monitor your budget (Prof Note: Yes, this is 10 but the question had "9"...I noticed this as well and double checked. As for budget, stay true to your budget.)

24 July 2018

Question: According to [MSN:Money](#), Cutting what 10 costs can make you rich?

Beijing's \$74bn banking boost increases risk of currency war – Pg. 1

- China's central bank injected \$74bn into its financial system yesterday to help fortify a weakening domestic economy against the impact of an escalating trade war with the US and growing friction with Washington over its falling currency
- It follows a renewed threat by Donald Trump, the US president, late last week to impose tariffs on all of China's \$500bn in exports to the US
- Raising the risk that the US-China trade war could turn into a currency war, Mr Trump has accused Beijing of manipulating the renminbi, which on Friday reached its lowest point for a year against the US dollar and has fallen 5% since the start of last month
- The injection was the People's Bank of China's biggest ever using its Medium-term Lending Facility, a policy tool created in 2014 to provide loans to commercial banks for three to 12 months
- The loans come on top of other recent PBoC easing moves, including a cash injection of about Rmb700bn in late June, when it cut the share of deposits that banks must hold on reserve at the central bank, where they are unavailable for lending and investment
- The extra liquidity shows that Beijing is moving to support growth as a slowdown in housing and infrastructure adds to pressure from the US trade war. China's economy grew at 6.7% in the second quarter,
- Financial stress is rising among cash-strapped borrowers: 150 peer-to-peer lending platforms have collapsed since the start of June amid a wave of defaults

ECB decision to end easing faces first statistical verdict – Pg. 2

- After a surprisingly strong 2017, the eurozone's economy has begun to stagger
- The question hanging over the ECB is whether the eurozone's rocky first quarter was a blip or a harbinger of a more serious downturn
- If growth remains lackluster the ECB will face questions on whether it was wise to declare an end to a policy widely credited with reviving the region's economic fortunes, before being able to make a proper call on how severe the slowdown will be

Sales of US homes fall again as 'severe' shortage lifts prices – Pg. 4

- Sales of previously owned US homes fell for the third consecutive month in June and prices struck a record high amid a "severe housing shortage"...
- Existing home sales fell 0.6% last month to an annualized rate of 5.38m units...the key gauge of the US housing market was down 2.2% from the same month in 2017
- The lack of supply and robust demand sent the median price of an existing home to \$276,900 in June, up 5.2% year-on-year, setting a new high
- It forecast a 2.5% rise this year in total home sales, which includes existing homes and newly built ones, with prices rising 6.7%
- Demand in the sector has been lifted by a labour market and broader economy that are firing on all cylinders. The jobless rate was 4% in June, close to an 18-year low...

Technology and society – Pg. 7

- Digital distraction has been blamed for a range of ills, from ruining dinnertable conversation and disrupting sleep patterns, to interfering with children's education and contributing to an increase in anxiety and depression – even putting young people at higher risk of suicide

- In June the WHO created a new classification of “gaming disorder”, to describe people whose personal or professional lives have seen “significant impairment” due to excessive video gaming (Prof Note: This has been around since the late 90s. I still remember a very good friend of mine in trouble at college as he played too much Nintendo.)
- Serious legal threats or class action lawsuits have not yet emerged around smartphone addiction
- (Prof Note: The way I lecture has changed. I use to ride the students to pay attention. Now, I simply say, “It is in your best interest to pay attention. Please note I get paid the same regardless of if you pay attention.” I found that if I tried to reach the students by engaging them in class my evaluations were harmed. “No good deed goes unpunished.”)
- Faced with this onslaught of new technology, parents are struggling even to answer questions about how much time on technology is “too much” and at what age it should be limited (Prof Note: I am finding I am putting technology down around 8pm at night. On Nevis I see the families chowing down on a \$300 lunch with all four people on smart devices not talking to each other. When families come to play the course, the children all have their smart devices and their heads are down. It makes my heart heavy for what they are missing. The message(s) will still be there in the evening.)

Trump’s Fed broadside puts investors on notice – Pg. 17

- Two more quarter-point increases this year are still largely expected, bringing the interest rate corridor to 2.25-2.5%
- While the bond market expects the Fed will stop tightening later next year, the US current stands out among leading economies regarding growth and interest rate expectations. That has helped boost the dollar and short-term borrowing rates

Answer: (1) Checking account Fees (Prof Note: Literally, my bank FEARS giving me a fee. I will absolutely pay interest, when appropriate, but fees send me into orbit, i.e. I start letter writing campaigns); (2) Landline phone service (Prof Note: What is a landline?); (3) Cable TV (Prof Note: Cut the cord over a year ago); (4) Restaurant meals (Prof Note: I had local crab cakes and local first-of-season corn last night for dinner...spectacular!); (5) Soda (Prof Note: Guilty! There are three 2-litre bottles in my fridge currently BUT purchased at Dollar General for \$1.50/2-litre); (6) Bottled Water; (7) Subscription Boxes (Prof Note: Had to learn what these are when I read the article); (8) Alcohol (Prof Note: I did purchase hard ice tea to have with my lemon vodka at dinner last night. Very refreshing!); (9) Tobacco; (10) Daily Latte (Prof Note: Stop making Starbucks wealthy!)

23 July 2018

Question: According to MoneyTalksNews, what are 7 great reasons not to move after you retire?

China’s 25-year housing boom set for downturn – Pg. 3

- Housing sales in China will peak this year and then begin a long-term decline, an inflection point that will drag on growth in the construction-heavy economy and hit global commodity demand.....
- China’s economy has reduced its dependence on property in recent years, but construction remains a crucial growth pillar, employing 27m workers and fueling demand for steel, copper

and cement. Growth of housing sales has also been remarkably consistent, with only two annual declines since data began in 1992

- Housing sales totaled 1.4bn sm in 2017, an annual increase of 5%
- ...housing sales peaked last year and expects a 2.2% decline this year, after a 3% rise in the first half
- ...urban home ownership rate of 89% by 2014, ...China's housing sales have been driven by urbanization of rural residents and demand from existing urbanites for better homes
- Millions of homes bought as investment also lie empty....29% of Chinese urban households owned at least one vacant property in the second quarter this year
- Local governments have relied on land sales to property developers for fiscal revenue, but most prime land near urban centres is now largely developed – including slum areas that were demolished and redeveloped. This shift has increased local government support for taxing property buildings

Investing – Pg. 7

- ..."Factor investing", which in theory breaks down market returns into their basic components, researching what drives them and trying to systematically exploit their characteristics
- Factor investing is part of a broader world of computer-powered "quantitative" finance
- Financial academics argue that a lot of what asset managers do is take advantage of these well-known patterns, anomalies and inefficiencies. But if one can do so systematically and cheaply, why pay for an expensive fund manager?
- Think of factors as the basic ingredients of a solid meal. By deconstructing and finding the healthiest components, fans say they can reassembled into a better-balanced, tastier diet. In other words, a more diversified, robust and cheaper investment portfolio than one built with traditional, blunt asset classes like stocks and bonds
- In 1992 Eugene Fama and Kenneth French, two professors at the University of Chicago Booth School of Business, published a paper that showed how investors could beat the stock market's returns – the "beta" in finance jargon – by taking advantage of two simple factors: the tendency of small or cheap companies to outperform over time
- Factors are often called risk premia because they represent the extra compensation investors receive for taking on some specific risk
- ...Prof Fama is the father of the "efficient market hypothesis", which argues that investors cannot consistently beat the market

US lenders warn on rising trade fears – Pg. 14

- Overall business lending in the US has picked up after a protracted stagnation. Industry-wide Federal Reserve data show it accelerated from a seasonally adjusted rate of 2.9% in the first quarter to 7.7% in the second

Answer: (1) It's cheaper to stay put; (2) You'll be closer to family and friends; (3) Your current doctors know you well; (4) You won't have to face the unexpected alone; (5) You might pay less in taxes; (6) You'll keep your network intact; (7) There is no place like home sweet home

21 July 2018

Question: According to Business Insider on [MSN:Lifestyle](#), what are 20 things to master before you turn 40?

Full-scale trade war looms larger – Pg. 1

- ...Angela Merkel warned of the economic damage of US tariffs as Donald Trump said he was ready to impose duties on \$500bn of Chinese imports
- The imposition by the US of tariffs on EU car exports may contravene World Trade Organization rules, ...
- She added that the world would not have overcome the financial crisis of 2008 if countries had acted unilaterally the way the US administration is now

North Korea economy suffers worst contraction for 20 years – Pg. 3

- North Korea's economy shrank at the sharpest rate in 20 years last year, according to estimates from South Korea's central bank, as tougher international sanctions imposed over Pyongyang's nuclear programmes began to bite
- GDP in the impoverished communist state contracted 3.5% in 2017 from the previous year, when North Korean economy reported 3.9% growth. The reversal in North Korea's economy was the biggest since a 6.5% contraction in 1997 when the country was hit by a devastating famine
- In addition, China, its biggest trading partner, became stricter in enforcing sanctions in the latter half of 2017. North Korea's annual per-capita income stood at just \$1,300 compared with the \$29,600 earned by South Koreans

Trump rates blast raises fears over Fed autonomy – Pg. 11

- US presidents have avoided commenting on Federal Reserve policy since the early 1990s, emphasizing the independence of the central bank and giving it room to implement policies that might be politically unpopular
- This week, Donald Trump publicly criticized the Fed's recent interest rate rises,
- The Fed began raising overnight rates in late 2015, and did so again last month against a backdrop of low unemployment, strong economic growth, and inflation approaching its target.
- The Fed's target rate for overnight borrowing stands at 1.75% to 2%

Answer: (1) Negotiating (Prof Note: I know there are negotiating classes but I think this is a softer skill that one best learns from mentors. Also, take lessons from the 5 – 7 year old boys in Suks in the Middle East. I still remember asking about Pistachios and the boy responding immediately, "Buying or selling?"); (2) Establishing a regular sleep schedule; (3) Making small talk at parties (Prof Note: I cannot stand this probably because I am not very good at it! You will see me float, stay the obligatory time required and disappear!); (4) Finding and sticking to an exercise routine you enjoy; (5) Finding your career 'sweet spot' (Prof Note: This is difficult. I would say I spent the first 10 years learning what I did not like. Now, each year enhances what I do enjoy); (6) Saving for retirement; (7) Investing in relationships; (8) Saying 'no' to people (Prof Note ;Knowing boundaries is very important. However, also saying "yes" at the right times); (9) Keeping a clutter-free home (Prof Note: Fight the clutter); (10) Practicing hobbies; (11) Making new friends; (12) Failing – and getting back up again (Prof Note: The ability to get back up is critical but also the willingness to fall down. Be willing to take positions that define your beliefs rather than supporting mainstream); (13) Managing stress (Prof Note: In my opinion, there will always be stress. However control the type of stress. One of my favourite expressions, "It is a problem worth having."); (14) Lifelong learning (Prof Note: There is so much knowledge is books. Plus, there is so much enjoyment. Get lost in a book, under a tree, with a light breeze); (15) Time management (Prof Note: Yet another skill that differs men and woman. In my experience, in life, Woman are much better at time management than men); (16) Cooking (Prof Note: A skill I do not possess though I can open a can, heat, and serve with the best of them!); (17) Knowing your personal values (Prof Note: Embrace your personal values. These are YOURS. You own them! Sure, sometimes they may make one unpopular but they define who you are as a person); (18) Selling yourself (Prof Note: Absolutely. BUY Foundations of Real Estate Financial Modelling, Second Edition, Routledge, 2018); (19) Being happy with what you have (Prof Note: This has been a turning point in my personal life. I do not seek "more" (other than investments, etc) but rather seek to improve what I have); (20) Forgiving yourself for your mistakes (Prof Note: In personal traits, intentions matter. Be pure in your intentions and forgiving yourself becomes much easier.)

20 July 2018

Question: According to [MSN:Money](#), what are lessons you need to learn from today's retirees?

Decade High – Pg. 11

- The 2% club has a new member. The yield on the three-month US Treasury bill passed that milestone for the first time in more than a decade as the Federal Reserve remained on course to keep raising interest rates
- The relentless rise in bill yields reflects a steady tightening of interest rate policy by the Fed, while the US Treasury has substantially boosted sales of short-term debt to help finance a worsening budget deficit
- Since the 1960s, periods when three-month bill yields have been greater than the dividend yield of the S&P500 have been relatively rare and have certainly not lasted for as long as the past decade. The most recent period stems from the Fed's decision during the financial crisis to cut interest rates towards zero and conduct several rounds of bond purchases, known as quantitative easing
- A further climb in bill yields beckons as the central bank expects to deliver two more 25bps interest rate rises in 2018

Jail terms for ex-traders in Euribor case – Pg. 12

- Two former derivatives traders, including one described by a judge as “perhaps the best in the world”, have been given prison sentences for their roles in a conspiracy to rig the Euribor interbank lending rate
- Christian Bittar, 46, who pleaded guilty to conspiracy to defraud shortly before the Euribor trial began, was sentenced to five years and four months... (Prof Note: Whoa!)
- At one point he earned 47m (sterling) in a year in commission on top of his 130,000 (sterling) basic salary, prompting his bank to renegotiate the terms of his employment
- Euribor is a benchmark interest rate determined by daily submissions from several “panel banks”. It is tied to trillions of euros of products such as loans and mortgages and was described by an expert witness in the trial as “one of the most globally significant numbers in finance”
- ...”greed alone does not provide a full answer” to Bittar’s actions. He had been motivated at least in part “by the satisfaction of being able to beat the system undetected for so many years”
- (Prof Note: I am often asked by students why I left trading. I really do miss the “high”. My group earned 2cents/share in 11 months for Constellation so we were highly successful. The simple answer, upon reflection, I did not like the person I was becoming/had become. Of course later I was a fund manager. It is absolutely possible to get drunk on power and the judge was/is correct, money is not the only motivating factor. I’ll take a sunset any day over those days though I do miss the euphoric highs. I can remember one Christmas Eve spent at the office at Constellation. It was H, K, and me. H was our biller extraordinaire and all around supporter. K was head of Gas and I was MD. We had a supplier default the day prior. I was suppose to be on a plane to Budapest but could not leave with the outstanding issue. H was rescheduling my flights by the hour to get me on a plane as every hour we thought we had the situation resolved. K had two young children at home and a wonderfully supportive wife that kept calling him to remind him he was missing his young children’s Christmas Eve. To the credit of H and K, they would not leave me! At one point the head of risk at Constellation was yelling at me on the phone, reminding me what day and time it was. I then proceed to scream over him that I was aware and that WE were all still at the office and for him to do his F’n job! Oh, what a night that was! It all turned out well and Constellation/Excelon remains in retail gas to this day. My MD job no longer exists today due to regulation, i.e. I was in charge of front AND back office. They do not put events like that supplier default and the corresponding results in text books! (there are many stories like this....similar but also different...every day was exciting!)
- (Prof Note: Sorry...trip down memory lane. So, prior to this supplier default, K and I head to Constellation Power Source (It was then CPS) to negotiate quantitative support and potentially a supplier agreement as we had wholesale and retail risk, i.e. the whole enchilada. So K and I are

on the trading floor, looking out to at least 100 traders and analysts, in this massive glass conference room with bagels, coffee, juice, donuts, etc. We sit down and I explain that we are here for support, potentially a wholesale gas delivery agreement, etc. The head of CPS looks at me, i.e. my counterpart, and says, "We do not have the resources to assist you!" I look at him and say, "Are you F'n kidding me! You are looking at our resources, i.e. 1 K and ½ of me as I also have to manage the Electric business." He says, "Then you better start working harder!" Work hard we did! That business, as mentioned was turned around in 11 months and made 2 cents a share. I miss those days...I am too old for that level of stress now but I do miss that world!

Answer: (1) Plan for the retirement you want (Prof Note: What have I been saying for years! Understand the expense in today's dollars and plan for passive income, after-tax, that will provide that retirement); (2) Review Employer matching contributions (Prof Note: At least invest to the match to get the free money); (3) Social Security won't pay for everything (Prof Note: Understand this!); (4) Pay off high-interest credit card debt (Prof Note: This is debt that, barring a medical emergency, really should not even exist); (5) Don't put your investments on autopilot (Prof Note: Also see the advice of experts. Do NOT be scared or hesitant to ask someone their credentials. Would you taking sailing advice from an English major that never has seen the water?); (6) Costs of living in retirement can vary dramatically; (7) Start saving early (Prof Note: At birth!); (8) Consider investment returns before paying off debt (Prof Note: I CANNOT stand this statement!!! If you payoff your mortgage at 4.5% that is risk-free return! You may, MAY, earn the historical average of 8.00% in the S&P...MAY!); (9) Borrow from your 401(k) only as a last resort (Prof Note: No McFly! Get yourself a finance degree! Many 401(k) plans allow borrowing as an option with a stated interest rate, i.e. 6 or 8%. If that money goes back to you, which it often does, and the money was taking from a money market or ultra-low risk bond fund, where are you better served? It is a question worth understanding the answer!); (10) Execute Powers of Attorney (Prof Note: I have been ranting about this for years. However, it is NOT enough to have PoAs executed. My bank still will NOT recognize my financial power of attorney drafted by K&L Gates! It is not always textbook. The bank insists that I execute there PoA...ridiculous!); (11) Create an Estate Plan (Prof Note: YES!); (12) Don't forget beneficiary designations (Prof Note: You need to consider if the recipient can handle the inflow of cash...very important); (13) Retirees value people over activities (Prof Note: I am truly blessed with some of the best people in life...thank you all!); (14) Don't sacrifice your retirement savings to pay for college (Prof Note: Remember children have a great ability to pay it back. Also, in your estate plan you can leave wealth to your children to pay off their debt or reimburse them for having to pay for it initially); (15) Don't assume everything will go right (Prof Note: Little Willy is down AGAIN! I continue to get water in the fuel. Never did I think I would become a Little Willy expert but I am getting there.); (16) You might not spend less in retirement (Prof Note: What kind of life do you want to live in retirement. I still remember a story on Nevis. A hard-charging expat female came ramming through the gates at Cat Ghaut. Trust me, as a mischievous redhead, I know when an older adult woman is angry and this one was furious. I was ready! Turns out the ire was not directed at me, thank god, and she was furious at a local bank as she had not gotten a check and was unable to pay her contractors in a few days. Never could she have expected that. I offered to help, she accepted and paid me back immediately when check cleared. Moral of story: the unexpected does happen.); (17) Talk to your children about money (Prof Note: Or possibly take a class together. I am amazed at how few people truly understand money); (18) Live a healthy lifestyle (Prof Note: just back in from a 4.5 mile jog. However, sadly, scale said I was up!); (19) Income Roth accounts in retirement planning; (20) Personal connections matter more as you get older (Prof Note: Friends, especially long-term friends, are the best. I just had dinner with Margot R from Hopkins. We talked all about Mike A!); (21) Don't ignore investment fees (Prof Note: Do not ignore fees of any kind!); (22) Take advantage of catch-up contributions; (23) Gray divorce is increasing (Prof Note: Divorce among people age 50 and older increased by over 100.0-% between 1990 and 2015); (24) Consider long-term care policies; (25) Social Security benefits might be taxable; (26) Keep your home in good condition (Prof Note: All my home renovations on Nevis are being completed in stone. Yes, it absolutely looks wonderful but also my motto: one and done!); (27) Your ability to borrow is based on income (Prof Note: Not quite true but largely so. I get so angry over this! Income does not equal cash. Also, higher income equals higher taxes. So it is best to target optimal income. This is a moving target largely not discussed in the classroom but lived day-to-day by many!); (28) Health savings accounts have multiple uses; (29) Don't try to time the market (Prof Note: While I absolutely agree with this for the average investor, I will admit my powder is dry at the moment); (30) People will ask you for money (Prof Note: Sadly, this is VERY

true! The main reason for the P(Gain) Foundation is absolutely to give back. However, an added benefit is that it shields me from individual support requests.); (31) You might still have student loan debt; (32) Be prepared for changes

19 July 2018

Question: According to CNN:Money, what are 4 financial goals you need to meet by age 40?

China curbs foreign university tie-ups – Pg. 4

- Chinese regulators have closed more than a fifth of partnerships between local and foreign universities in the past year as the Communist party tightens its grip on mainland tertiary education
- Reasons cited for the closures include poor quality, lack of enrollment and financial mismanagement
- Six of the partnerships closed this year were with Peking and Tsinghua universities, China's most prestigious...
- In the early 2000s, China attracted western universities seeking revenue streams abroad, and the ministry announced in 2003 that it would allow independent joint-venture colleges
- ...approvals for undergraduate programmes where the student spends two years on the Chinese campus and two years at the partner institutions have all but stopped
- Officials have to keep students in China for three, if not all four years, and institutions must charge lower tuition fees, meaning margins are narrower and quality control more difficult

Fed's steady tightening may be taking it too far – Pg. 8

- Headline consumer price inflation hit 2.9% in the 12 months to June, the highest rate since February 2012. But the measure has temporarily been boosted by the rise in fuel costs. The Fed's preferred measure, the deflator for personal consumption spending excluding volatile food and energy price, has only just managed to crawl up to the Fed's 2% target after six years of undershooting
- ...nominal wages have risen modestly, they have failed to do more than keep pace with consumer price inflation. Real wages are essentially unchanged over the past year
- Wage inflation has undershot expectations so consistently over the past decade that it would be reckless automatically to assume that a wage-price spiral will take off
- The yield curve has flattened, traditionally a harbinger of economic slowdown, pushing the spread between 2-year and 10-year Treasury bond yields down to its lowest since 2007

Powell downplays recession fears that yield curve is said to signal – Pg. 19

- In late 2005 Alan Greenspan assured Congress that the bond market's ability to predict recession was not what it used to be
- ...\$14tn US government bond market
- ...Mr Powell, who has been at the helm of the Fed for six months, was that the economy was robust enough and inflation firming sufficiently for the central bank to continue to raise interest rates

- ...the difference between two-year and 10-year Treasury yields – a widely watched metric – has narrowed aggressively. It stood at 25bps yesterday, its lowest level since 2007 and down from 100bp a year ago
- The Fed chief spent two decades at private equity firm Carlyle and is seen as more closely attuned to markets than his academic predecessors
- Global demand for US Treasuries remains strong given their status as a haven from tumultuous geopolitics and the low level of yields available in other developed bond markets
- The reliability of an inverted yield curve as an indicator of recession was called into question this week by former Fed chair Ben Bernanke, who introduced the central bank's bond-buying programme during the financial crisis. He pointed to "regulatory changes and quantitative easing in other jurisdictions" as factors muddying the picture
- Although the yield curve inverted a matter of weeks after Mr Greenspan's testified to Congress, the Fed continued to raise interest rates until June 2006, which was their final peak before the financial crisis and subsequent recession

Answer: (1) Have a fully loaded emergency fund (Prof Note: NOOOOO...have access to capital in case of emergency. This could be a HELOC. This could be Mom!. This could be an asset with liquidity. Also, this could be a side hustle that could/can be ramped up in time of need. I remember a peer telling me that it took him and his wife 6+ years to build their Emergency Fund and it was gone in 7 months of unemployment.); (2) Have three times your salary saved for retirement (Prof Note: This Capital amount is antiquated thinking! Have a percentage of retirement monthly expensive identified using a passive source, e.g. a rental unit that will be paid off in retirement. Stop thinking one needs X amount to retire....NO....one needs to fund the lifestyle they desire in retirement and that means passive income.); (3) Have no debt other than your mortgage and vehicle payment (Prof Note: This could NOT be more wrong! Hello, McFly, what about leverage?! I think they mean have no debt without a revenue offset...); (4) Have a Will (Prof Note: This is so simple I worry it is wrong! Yes, it is correct, one needs a will BUT one also needs Powers of Attorney (Medical and Financial) and a wealth management/estate plan.)

18 July 2018

Question: According to MSN:Lifestyle...you may be under the spell of a narcissist if the person you love has what five personality traits,

Chinese signal readiness to boycott US goods during tariff war – Pg. 2

- The survey found that 54% of 2,000 respondents in 300 cities across China would "probably" or "definitely" stop buying US-branded goods "in the event of a trade war". Only 13% said they would not (Prof Note: For whatever reason, and probably due to the US press, I had the impression the Chinese students had minimal national pride. Then, one day in class I asked about the disputed islands with Japan and the class said in unison, "OURS"! My knowledge

comes mostly from the Chinese students in classrooms but they have deep pride for their nation and home. The U.S. needs to be careful about poking the Panda!

- China has avoided calling for any boycott of US goods
- Japanese car exports also tumbled 32% in the 12 months after China launched a boycott over disputed islands in September 2012

China drives cashless revolution – Pg. 3

- The mobile payments revolution in China has happened with breathtaking speed and scale
- Almost half the world's digital payments in 2017 were made in China, through apps such as Alipay and WeChat
- This transformation has been spearheaded by Millennials, who were the early adopters of mobile payments, but it has rapidly spread across generations. Millennials' parents – the 40 – 60 age group – have adapted to the technology, especially in big cities, although they tend to use it for fewer purposes
- ...by blending social, ecommerce and payment functions into single apps, customers could manage their finances at the same time as managing their social lives (Prof Note: This really concerns me a bit. I track expenses to the penny and manually log each one. It helps keep me abreast of all the businesses and I have fought using back-office support for fear of loss of knowledge (not loss of control but knowledge). Be careful!)
- Familiarity with mobile payments had also made people more comfortable with other innovations such as peer-to-peer lending, investing in money market funds and consumer loans
- Savings rather than borrowings are how Chinese people typically pay for big purchases
- ...Millennials have become surprisingly adept at handling their money, despite being stereotyped as the least financially savvy generation (Prof Note: My students absolutely understand \$\$\$\$. My issue is they are saddled with too much education debt and there has been too little wage growth)

Powell warns trade tensions are threat to growth – Pg. 4

- Jay Powell warned that rising trade tensions could hit growth if they resulted in higher tariffs over the longer term, ...
- The US job market has continued to strengthen and that “for now” the central bank believed it was best “to keep gradually raising” interest rates
- Growth had accelerated in the second quarter, boosted by “robust job gains, rising after-tax incomes and optimism among households”. An average of 215,000 net new jobs were created each month in the first half of the year

How we lost America to greed and envy – Pg. 9

- In the postwar world, US policy has four attractive features: it had appealing core values; it was loyal to allies who shared those values; it believed in open and competitive markets; and it underpinned those markets with institutionalized rules. This system was always incomplete and imperfect
- The striking feature of the US economy is that, despite its unique virtues, it has recently served the majority of its people so ill. The distribution of income is exceptionally unequal. Labour force participation rates of prime-aged adults are exceptionally low. Real median

household disposable incomes are the same as they were two decades ago, while mean incomes are much higher. Uniquely, mortality rates of middle-aged white adults have risen since 2000 in the US

- ...in 2016, there were just 5,000 murders in the EU, a rate of one per 100,000 people. There were 17,250 murders in the US, a rate five times greater
- (Prof Note: No matter the opinion of politics in the U.S., one can still enter a brokerage house with \$300.00 and establish an account. Nothing limits this individual from turning the \$300.00 into \$300,000,000.00. Yes, knowledge but many of the pedigree universities place lectures online which can be accessed through public libraries. We are not perfect, but I still believe we offer great dreams that can become reality!)

Answer: (1) Hypersensitive; (2) Attention hungry; (3) Excessively Needy; (4) Energy Consuming; (5) Obsessed with social media

17 July 2018

Question: According to [MSN:Money](#), what are five (5) ways to invest in 2018 in five (5) minutes or less?

ECB banking watchdog seeks new chief – Pg. 2

- The ECB has started the hunt to fill one of the most important jobs in Eurozone finance – bank supervisor-in-chief
- ...successor will have much to do to build the standing of a young institution whose reputation has been marred by squabbles with Eurozone member states
- As well as grappling with cross-border regulation after Brexit, the successful candidate will have to deal with legacies of the Eurozone crisis, particularly in Italy, one of the region's biggest banking markets, where sour loans remain a problem and the SSM's image has been tarnished by clashes with Rome
- The ECB posted its job advertisement on its website yesterday. The successful candidate must be an EU citizen who can speak English and other European language, with "recognized standing and experience in banking and financial matters"

Trump tariffs threaten to lop 0.5% off growth – Pg. 3

- Donald Trump's imposition of tariffs threatens to knock 0.5% off global growth by 2020, the IMF warned...
- The IMF thinks the global economy is set to expand at a rate of 3.8% in 2020
- Blackrock's quarterly earnings indicated a sharp slowdown in investor inflows
- The IMF expressed hope the forecasts of a trade war would shift attitudes in the largest economies, starting with the US, back to a path of co-operation
- The IMF cut its European growth estimated by 0.2% in 2018 to reflect a disappointing first quarter, but left its global forecast unchanged
- ...little sign that US tariffs would reduce its trade deficit in the months ahead and, instead, thought that there was likely to be a wider US current account deficit over the next few years, reflecting strong demand resulting from tax cuts and public spending increases

Tax cuts help put US economy on course for bumper quarter – Pg. 3

- The US appeared to have closed out a bumper quarter of growth, after the latest reading of consumer spending showed a fifth straight month of expansion in June and suggested GDP figures due soon would show a sharp acceleration in the largest economy
- Strong sales at motor vehicle and parts dealers, health and personal care stores and online retailers were high-lights of the numbers
- So-called control sales, which strip out more volatile items like food services, energy, cars and building materials, were flat, month-on-month, versus expectations for a 0.4% increase...
- That measure was dragged down by sporting goods, music and bookstore sales, which fell 3.2%, as well as a 2.5% drop in sales at clothing stores (Prof Note: One aspect of book sales that has surprised me is the number of online book reader sales for my text book. Personally, but I am old school, I would have the book in hard format next to me while modeling. However, there are a significant number of reader sales globally.)
- Sluggish household spending had curbed economic growth in the first three months of the year but Americans have begun to spend more freely again in the wake of tax cuts pushed through by Republicans late last year
- ...consumer spending is still expected to help boost growth in the second quarter following a soft start to the year

China growth slips amid drive to curb debt – Pg. 4

- China's economy expanded by 6.7% in the second quarter, its slowest pace since 2016, as the impact of an aggressive deleveraging campaign curtailed investment in infrastructure
- A campaign to tackle excessive debt and financial risk that began early last year, following almost a decade of heavy credit stimulus, has weighed on fixed-asset investment, a pillar of overall growth. Such spending grew only 6% in the first half of the year, ...

BofA delivers 33% jump in net income – Pg. 12

- BofA's chief executive has extolled its pool of consumer checking accounts as cheap source of funds for the group, saying interest rates on billions of dollars worth of deposits were increasing "very slowly"
- The yield curve has flattened in 2018, meaning the rising interest rates that banks are paying for funds may not be matched by higher lending yields

BlackRock hit by 'huge churn' after investor inflows tumble to two-year low – Pg. 12

- BlackRock's money gathering machine has started to splutter as rising concerns over global trade tensions spooked investors and pushed the asset manager's inflows to a two-year low in the second quarter
- BlackRock, the world's biggest investment group and one of the fastest growing asset managers globally over the past two decades, has been buoyed by a series of astute acquisitions, such as snapping up Barclays' iShares exchanged traded fund business in 2009

Answer: (1) Boost your 401(k) contributions (Prof Note: One should already be at the match amount. Consider the boost as it is a reduction in liquidity and we just had tax rates lowered, i.e. the effect is reduced); (2) Invest your spare change (Prof Note: I just put my spare change from years in the bank. It was about \$500); (3) 'Hire' a robo-adviser or digital broker (Prof Note: Keep your investing in your hands

and your knowledge. If the “robo” adviser was that good they would be trading exclusively on their own personal accounts); (4) Open an IRA online; (5) Open an online high-yield savings account (Prof Note: Absolutely...shift the money to higher yield, it is free and an education will result from the movement of money) (Prof Note: While the name of the question is catchy, spend more than 5 minutes on these decisions. I often say, we work out an hour a day; spend an hour a day on your finances.)

16 July 2018

List-Serve Sage Advice/Comment: “This time I have to disagree with you and MSN on the "leave" advice. Most women after 40 and men after 50 have a difficult time finding another job that pays the same or more than their existing one. Period, end of story. I was let go from XYZ together with the tens of thousands of superfluous "people (who) are our greatest asset." In many subsequent interviews I was looked over by the hiring managers and either not offered a position or offered 50% of what I was making before. A few lucky people can find jobs later in career if they have friends who can help them out, but most suffer the effects of ageism”

I would add: If you cannot find another job before you leave your current one, reward your self-respect by becoming the best you can be in your current job, be helpful to those around you and ask yourself if you have learned everything you can at your current job. Also, remember that your job can change suddenly if your boss/coworkers leave, your duties are changed, etc.

Question: According to [MSN:Money](#) what are 9 money myths debunked?

Chinese banks seek more foreign partners – Pg. 4

- China’s development banks – the biggest lenders in the sector worldwide – are ramping up co-operation with overseas financial institutions after a series of problems afflicted their international investment projects
- The China Development Bank (CDB) and the Export-Import Bank of China (Ex-Im Bank) are seeking to spread the burden of funding international projects...
- CDB is considering combining its lending efforts with western financial institutions that require adherence to “international standards” – including open, competitive tenders for project contracts as well as public studies on environmental and social impacts
- By the end of 2014, the two Chinese policy banks, CDB and Ex-Im Bank, had outstanding loans to foreign borrowers of nearly \$700bn, much the same as the total outstanding lending of the World Bank and the five leading regional development banks combined...
- China’s policy banks eschew “international standards” when lending to infrastructure projects overseas, preferring to select contractors from a charmed circle of state-owned Chinese construction and engineering companies

Argentines learn to live with inflation as peso’s slide sends prices higher – Pg. 4

- Prices could rise by as much as 30% this year -...
- With the exception of a currency board experiment in the 1990s that ended with a disastrous financial crash in 2001, Argentines have lived with punishingly high inflation for longer than most can remember
- Whether it is identifying the best moment to buy a product because it is relatively cheap, purchasing goods in as many instalments as possible since they get cheaper over time, or

simply saving in dollars given inflation's destructive impact on the peso, such practices are second nature to Argentines

- Note only is the economy being hit by the contractionary effects of the devaluation, but the farming powerhouse has also suffered the worst drought in decades this year

Oil forecast to hit peak demand by 2036 – Pg. 14

- ...peak within 20 years, as a “tectonic” shift in the transport sector towards electric cars and autonomous vehicles gathers pace
- In the next 10 years the biggest impact on slowing global oil demand growth – which is expected to hit 100m barrels a day for the first time this year – would be fuel efficiency
- While the growing US supply, especially from shale, is expected to turn the US into the biggest oil producer by far by the middle of the next decade, output from other countries outside Opec is expected to slow around 2023, leading to more reliance on the cartel

Investors move in on Ireland's property surge – Pg. 15

- ...the residential market is struggling to keep pace with an economy forecast to grow 5.6% this year and 4% in 2019. Employment has passed pre-crash levels, driving office and residential markets as local companies recover and global companies take advantage of a low corporate tax rate
- Double-digit price and rent increases for housing....
- The hottest sector is private rented housing, with developers selling entire apartment blocks to institutional investors instead of individual buyers
- The IMF has said that house prices appear “modestly overvalued” by some measures. The OECD warned of “another property bubble” arising from a cycle of strong price rises, increasing construction activity and rising credit growth
- The number of new dwellings – 14,446 in 2017, and 3,526 in the first quarter of 2018 – is far below the 35,000 per year needed to sustain demand

US banks warn on commercial real estate – Pg. 15

- ...putting the brakes on loans for office buildings, hotels and shopping malls
- ...competition from insurers, government-sponsored enterprises such as Fannie Mae and Freddie Mac and other non-banks
- The concerns about CRE underwriting standards are being voiced as investors in US banks become more jittery about the effects of rising interest rates

Answer: (1) Bankruptcy is a clean slate (Prof Note: Cannot discharge student debt, child support and/or alimony + tax liabilities); (2) All debt is bad (Prof Note: High interest debt on non-revenue producing items, e.g. credit cards, is “bad”. Mortgage debt, at low rates, on revenue producing properties is/are good.); (3) Credit cards can only cause financial trouble (Prof Note: Use them responsibly.); (4) You must carry a credit card balance to improve your credit score (Prof Note: It helps but not required); (5) Only high earners can achieve good credit (Prof Note: My credit score is about 720...due to the number of inquiries only); (6) You're too young to save for retirement (Prof Note: You are never too young to save for retirement. However, is “saving” even the right strategy? I ponder! Build a business that provides income to death and beyond.); (7) Your life insurance policy should cover 10-times your income (Prof Note: It is not about capital, it is about risk-free or risk-low passive income); (8) Your partner managers

the money so you don't have to worry about your financial health (Prof Note: Both partners need to be aware of all the finances of the unit); (9) Millennials are bad with money (Prof Note: I do not believe this. I believe Millennials are burdened with excessive student debt)

14 July 2018

List-Serve Story: This came from a daily report in construction regarding labor. "2 more subcontractor employees lost to....Lost one because he was told by his foreman he could not drink his Pepsi in the building. Employee said he would just quit then and did. YOU GOTTA BE KIDDING ME!" (Prof Note: You have to stand for something in life. Not certain the freedom of drinking a Pepsi in a building is the right issue for which to stand, but kudos for believing in something.)

Question: According to CNBC, what are 5 money mistakes that can destroy a marriage?

New York's Flatiron building set to be landmark for flexible office revolution – Pg. 1

- The \$20bn office space start-up WeWork is vying with Blackstone-backed rival to take over the lease of Manhattan's Flatiron Building, potentially turning the century-old skyscraper into the flexible office sector's most recognizable property
- The potential takeover of a landmark such as the Flatiron, completed in 1902 with a distinctive triangular shape, has attracted high-level attention from potential tenants, including Blackstone, which bought a majority stake in Office Group last year
- The stylish building is one of Manhattan's best-known skyscrapers and has lent its name to the surrounding Flatiron District. But its wedge layout also gives rise to challenges for tenants, including an unusually small footprint,
- Class A office in the area carry asking rents of \$77/sf/yr
- Much of the growth in the flexible office sector has been propelled by WeWork...

JPMorgan and Citi shares slip on fears over higher US rates – Pg. 10

- ...concerns that the Federal Reserve's interest rate rises will squeeze profit margins as the industry is forced to pay more for deposits
- ...WellsFargo, whose revenues and profits declined as it grapples with compliance problems
- Wells, which is struggling to shake off the impact of a series of scandals, dropped as much as 4.3%

Rising debt leaves Ems at epicenter of worries as conditions tighten – Pg. 13

- The amount of debt in the world increased by almost \$25tn in the year to the end of March and by more than \$8tn in the first quarter of 2018 alone....
- Global debts also grew in relation to GDP, to more than 318%, the first such increase since the third quarter of 2016...
- The size and the pace of change raise fresh concerns over the dangers posed to a global financial system already struggling to deal with rising US interest rates, a stronger dollar and widening risk premiums for borrowers, alongside the worry that world growth is slowing
- For emerging markets, the dangers may be particularly acute. The ultra-loose monetary policies pursued by the US Federal Reserve and others in the decade since the global financial crisis have pumped money into emerging assets on a gigantic scale

- ...world's real debt problem is in mature economies and that emerging economies are much better prepared than previously to deal with their relatively small debt loads. EM government debt, particularly, seems manageable at the equivalent of 48% of GDP on average, compared with 110% in mature markets
- ...many EMs have improved their public finances and found other means of funding than relying on international lenders

Answer: (1) Hiding money (Prof Note: While I do very little counseling and what I do is for the cost of my meal(s) I always recommend both partners be actively involved and understand where all the money goes.); (2) Hiding debt (Prof Note: I have heard several horror stories of older couples where the man passed and the woman was left with debt for which she was unaware. Thomas Jefferson did this to his daughter Martha! Some founding "father"!); (3) Overspending (Prof Note: I know I keep saying it but a sunset is free. Retail therapy is dangerous.); (4) Underspending (Prof Note: There needs to be a balance. When I was younger I worried about not spending enough. Now, it is sort of like eating, I am comfortable not eating the full amount on my plate. I am comfortable not spending the money and/or declining an expensive restaurant due to cost. Personal note, I am generally not a fan of expensive restaurants. Why make others wealthy. Come to the cottage, we will throw some first-of-season corn on the grill with local crab cakes and have a feast. The fire pit is ready and I know just when to hope for the green flash); (5) Financial abuse

13 July 2018

Question: According to [MSN:Money](#) and The Motley Fool, what are 10 signs you need to quite your job?

China and the world – Pg. 9

- ...the Communist party decided last year to abolish presidential term limits, thus allowing Xi Jinping to remain as head of state for life,
- Using third-party outlets to mask party content has become such a common tactic that party officials have even given it a name – “borrowing boats to go to sea”, meaning to use another's resources to fulfil one's goals (Prof Note: Sort of like Western finance's method of doing a deal with no money?)
- China News Service is controlled by the Overseas Chinese Affairs Office, a key organization behind the Communist party's influence operations abroad
- Since 2003, China News Service has hosted annual conferences in China to which hundreds of editors from overseas media organizations in print, television and radio are invited
- Independent Chinese-language writers find it increasingly difficult to publish work not sanctioned by party-backed media...
- Beijing's increased global economic clout has put additional pressure on Chinese-language media abroad
- In some cases, the threats against reporters for non-compliance are less than subtle

Morningstar targets \$19tn market – Pg. 13

- Morningstar is to go to battle with its clients for a greater slice of the \$19tn US mutual fund market as the investment research and ratings provider prepares to launch a range of in-house products

- The group's "managed portfolio service", which enables financial advisers to outsource investment decisions to Morningstar, already has \$44bn of assets mostly overseen by external fund managers
- Instead of Morningstar selecting external funds to include in its managed portfolio, it will rely on the in-house mutual funds as the building blocks
- Morningstar said its mutual funds would not be qualitatively rated by its analysts but they would be eligible for an in-house, algorithmically assigned star rating after a three-year performance record,
- Having started life as a boutique research provider that compiled data on 400 mutual funds three decades ago, Morningstar now employs 5,000 staff and oversees more than \$200bn of assets, while publishing data on 233,000 mutual funds

Global regulators demand banks must abandon reliance on scandal-hit Libor – Pg. 21

- Global markets regulators issued stern warnings yesterday that banks must speed up their plans to abandon Libor in favour of "risk-free" reference floating interest rates
- ...authorities raise pressure on banks to find an alternative to Libor, which sets the cost of unsecured borrowing for a variety of periods, usually over one, three, and six months
- Authorities argue the four-decades-old benchmark no longer reflects actual bank funding activity and are also seeking to restore public trust after a series of manipulation scandals. After 2021, banks will no longer be required to submit rates that are used in compiling Libor
- Around \$170tn in interest rate swaps are based on Libor

Answer: (1) You're overwhelmingly bored (Prof Note: Come on...find something to do and build those resume bullet points for the next job!); (2) You're underappreciated (Prof Note: Find appreciation and meaning in family and friends! It is dangerous and very Western to find it at a job that could be gone tomorrow!); (3) Your manager isn't helpful (Prof Note: Grow up! Build your resume and leave!); (4) Your coworkers aren't supportive (Prof Note: Figure out if it is them or you. If you, time to go!); (5) Your work-life balance is nonexistent (Prof Note: There better be a GREAT reason you are missing sunsets!); (6) You don't like the company culture; (7) Your health is suffering (Prof Note: Unless it is your company, it simply is not risk loss of health!); (8) You're in a dead-end position (Prof Note: Then...do the hustle!); (9) Your compensation stinks (Prof Note: I cannot stand it when people say this! Then why did you accept the position?! When you outgrow the position, and you are not recognized, leave!); (10) You no longer care about your performance (Prof Note: This means your self-esteem is gone or has been taken. Time to go) (Prof Note: I heard an expression on the radio from a very disgruntled employee that apparently quit in a "colourful" manner. His quote, that I absolutely loved (I am not saying to resign in colourful ways...only that I LOVE the quote), "Let the burning bridges light my way!" An instant Classic!!! ☺)

List-Serve Story: I have always wondered what happens at an airport when caught with a gun in your bag. Well, see below. Now we know... (Experience from a list-serve reader)

Pgh Airport

Today while waiting in the TSA Pre-Check line a man, a few individuals in front of me, had a gun in his luggage. Then the gun was discovered the man was quite "vocal" about his rights and that TSA had no authority to take his weapon. Almost instantly two PA state police officers with "large" rifles appeared (seemingly from nowhere

too).The man was promptly “lifted” in the air (from my vantage point) and escorted to a further security checkpoint After the delay, at the TSA pre-check, following that incident it appeared from my novice gun user (pro Second Amendment though) that the hand gun was completely taken apart. One could see pieces of the gun strewn throughout the security table - and so the July 4th travels began (not my definition of “Independence” Day)

12 July 2018

Question: According to CNBC, what are three phrases that a boss uses when they want to fire you?

Corporate America feels trade war heat – Pg. 2

- ...US multinationals warned its impact would outweigh the benefits of tax cuts and some Republicans voiced fears about the political fallout
- ...planned implementation of tariffs on a further \$200bn of imports from China....
- The prospect of a sustained trade war also shook commodities markets, ...

Media fare badly in US sexual harassment study – Pg. 4

- More than four in 10 women and one in five men working in US media have been sexually harassed by a colleague, ...higher portion than in white-collar workplaces overall
- ...across all occupations 34% of women and 13% of men had been harassed at work. Nearly three quarters of women and 59% of men were harassed by someone more senior
- The incidence of harassment in media – which includes art and design, public relations and advertising, broadcasting, entertainment and publishing – is much higher than in the US finance and legal sectors. In finance and insurance, 26% of women and 7% of men reported having been harassed, and in legal services 22% of women and 11% of men
- The second and third highest incidence of harassment of women were reported by workers in technology – which has experienced its own series of harassment scandals, including at Uber – and in consulting and management
- (Prof Note: My experience in corporate America is that I support these numbers anecdotally as I have not work in some of these industries. However, my experience and observation is that these harassments are caused by a few individuals that are protected and/or tolerated by senior management)

Eurozone banks trapped in bear market territory amid anxiety over profitability – Pg. 21

- Eurozone bank stocks are firmly trapped in bear market territory with investors concerned about the impact of escalating global trade tensions and anxiety over the sector’s profitability
- All but three of the 27 members of the Euro Stoxx banks list, which lost 1.7% yesterday, were in negative territory
- Europe’s bank index has fallen 22% from its January high and, with an average price-to-book ratio of 0.7, high-lighted the scale of investor concern over the health of balance sheets

Answer: (1) Could you put that in writing?; (2) I think we should bring HR into this; (3) You’re not a good fit

11 July 2018

Question: According to MSN Money, what are 50 ways that you are throwing money away?

Eurozone house price pressure builds – Pg. 2

- House prices across the Eurozone are rising at the fastest rate since before the global financial crisis, forcing the region's banks to squeeze the supply of credit to would-be mortgage holders
- ...house prices in the 19-member currency area rose 4.5% in the year to the first quarter of 2018 – a level last seen in early 2007
- Prices increased by double digits in Latvia, Slovenia, Ireland, Portugal and Slovakia
- With the ECB almost certain to keep its benchmark interest rate at a record low of zero for at least another year, authorities across the region have had to introduce other measures to tighten bank lending
- In Ireland, where prices have risen 12.3% over the past year, the central bank at the beginning of 2018 imposed a stricter cap on the size of loans banks can make based on borrowers' incomes
- In Portugal, where prices are up 12.2%, the central bank will from July introduce a series of caps based on people's incomes and the value of a property in proportion to the borrower's deposit

Kavanaugh faces confirmation bruising – Pg. 2

- Mr Kavanaugh was born in the nation's capital in 1965
- ...Yale University and Yale law school
-solid conservative who has ruled against government departments such as the EPA and said the structure of the Consumer Financial Protection Bureau was unconstitutional, as it restricted the president's ability to fire the director
- He is known as a defender of presidential authority, with a broad view of the government's power to detain suspected terrorists and prosecute them in military commissions as opposed to federal courts

Thai children rescued from flooded cave in 'mission impossible' – Pg. 4

- (Prof Note: I am happy that no harm came to the children. However, the rescue did cause one fatality. What I want to learn is the fate of the adult that lead the children into harm's way and caused a death!)

Chinese policymakers keep debt investors guessing on property developer issuance – Pg. 19

- China's top economic planning commission is giving global fixed income investors a headache on property developer debt
- Some \$24bn of Chinese property developer debt will mature in 2019, up from \$6.5bn this year, ...

Answer: (1) Running up balances on high-interest credit cards; (2) Throwing money away on layaway; (3) Trying to time the stock market (Prof Note: dollar cost average!); (4) Ignoring refurbished goods (Prof Note: I do this...I do not want someone else's problem(s)); (5) Closing the box on 'Open Box' savings; (6) Forgetting your company's employee stock purchase plan (Prof Note: Yes, there can be advantages if able

to purchase at a discount BUT this ignores diversification); (7) Paying full price for gas (Prof Note: I keep a spreadsheet of gas costs!); (8) Paying full price for anything; (9) Paying sales tax; (10) Not having a shopping accountability partner (Prof Note: ???); (11) Not shopping ahead for next year (Prof Note: Look for me in the stores AFTER holidays...I am the big buyer!); (12) Impulse shopping; (13) Missing out on matching contributions (Prof Note: Never give up free money); (14) Lacking a clearly defined plan (Prof Note: Fail to plan; plan to fail?); (15) Tapping your retirement fund for extra cash; (16) Spending too much while eating out (Prof Note: water instead of the \$3.00 ice tea); (17) Not inflating your tires properly; (18) Confusing needs and wants; (19) Giving to wasteful charities (Prof Note: My Foundations specifically focuses on educational pursuits); (20) Gambling; (21) Neglecting new customer specials; (22) Skipping happy hour specials; (23) Not clipping grocery coupons; (24) Skipping the car warranty; (25) Leaving unused electronics plugged in; (26) Grocery shopping when you're hungry; (27) Ignoring in-store savings apps (Prof Note: Did not even know these existed); (28) Making pricey credit card balance transfers; (29) Overlooking generics; (30) Stocking up on bottled water; (31) Paying high shipping fees; (32) Paying checking account fees (Prof Note: My bank FEARS me when it comes to fees!); (33) Neglecting your gym membership; (34) Missing Post-holiday sales (Prof Note: Not me...I am there!); (35) Buying gift cards at a store or restaurant; (36) Not signing up for email offers; (37) Doing last-minute grocery shopping; (38) Not suing all your warehouse club benefits; (39) Missing bill payments; (40) Choosing valet parking to save time (Prof Note: I cannot stand a lack of parking and avoid restaurants without an easy lot to park); (41) Buying food at sporting events (Prof Note: How about attending sporting events? Ridiculous costs!); (42) Paying gym signup or initiation fees; (43) Parking at hotel restaurants (Prof Note: I remember pulling up to a Trump hotel and the valet parking was \$50. I was on an expense account. I flipped out and asked where the closest parking garage was located. They valet said, "Give me \$20. I will park it right here in front and it will wait for you." I gave him \$20); (44) Skipping the dentist; (45) Skipping your annual doctor visit; (46) Not shopping around to fill your prescription; (47) Not taking advantage of company wellness benefits; (48) Buying products at the salon or spa; (49) Ignoring rebate offers; (50) (Prof Note: I missed one...sorry)

10 July 2018

List-Serve Good Story: Often the stories are negative but this one was/is positive. I was in South Beach looking at real estate and left my laptop in my hotel room at The Betsy. When I arrived at the airport and it was not in my bag I was 100.0% convinced it had been stolen. Never in my life had I forgotten my laptop anywhere. Two positive results: (1) When the panic subsided I realized the laptop was nothing but a hunk of plastic. Two years ago I had had my IT Manager centrally locate all data/information on a remote server making my laptops/desktops (yes, I still have desktops) dummy machines. All my data was safe, i.e. no panic was necessary. (2) After calling the hotel, I discovered The Betsy had my laptop and FedExed it back to me the next day. Great customer service. What did I learn? I learned the importance of not carrying data and having it not just backed-up to a server but located on a server. While I realize there is expense involved with owning and maintaining and backing up servers, it is/was worth the expense at that very moment and going forward.

Question: What are 10 tips to manage your finances while you job hunt, according to credit.com?

Macron pledges improvements in welfare – Pg. 4

- ...plans to merge 40 different retirement schemes into one by 2019

- He defended his decision to slash taxes for the wealthy and entrepreneurs at the beginning of his term, ...

UK Economy – Pg. 7

- In 2016, output per British worker lagged behind every G7 country except Japan. The gap with the US stood at 27.3%. The parallel often used is that a French or German worker could knock off on a Thursday having churned out as much as his or her UK counterpart would manage to produce in a full working week
- ...UK productivity fell in the first three months of 2018 from the previous quarter
- One hypothesis for the lag is that UK managers are under-trained and under-valued
- ...when Harvard Business School...surveyed how well or poorly companies were run, they concluded that US companies were “the best managed in the world”. US managers were “ruthless at rapidly rewarding and promoting good employees and retraining or firing bad employees”...
- The most effective management tools....include “continuous improvement”, a way of standardizing and streamlining work processes that many big western companies started copying from efficient Japanese manufacturers as long ago as the 1980s
- Other simple techniques that could help companies produce more from what they put in include setting goals and encouraging workers to meet them, conducting performance reviews or sending more people for training

CIC posts record profits but reins in deals – Pg. 16

- The sovereign wealth fund China Investment Corporation posted record-high profits for 2017 yesterday, but new data show it has slowed its acquisition activities in 2018 after spending tens of billions of dollars overseas during the past two years
- CIC, China’s top state investment vehicle, was launched by the central government in 2007 to put to work the country’s rapidly growing foreign reserves. It has quickly become one of China’s largest investors with \$941bn in total assets at the end of last year and major holdings in overseas equities and direct investments in companies
- The profits were boosted by a 17.6% net annual return on overseas investments, nearly trebling the return in 2016
- CIC’s global portfolio was composed of 43.6% publicly traded equities at the end of last year, of which 52% were based in the US
- About 39% of the portfolio was in alternative assets, such as hedge funds, private equity, real estate and direct investments into companies. Fixed-income investments accounted for another 16% of the portfolio
- Over the past two years the US has made it more difficult for Chinese companies to invest in technology and financial companies

Answer: (1) Figure out your current financial situation (Prof Note: This is critical to understand at all times); (2) Create a budget (Prof Note: One must always have a budget, else expenses will become unbridled); (3) Stick to your budget (Prof Note: Why else have a budget?); (4) Separate your wants from your needs (Prof Note: This is often difficult. More discipline will mean more \$\$\$); (5) Shop cheap (Prof Note: Look for me in Ridge and you will find me at Dollar General!); (6) Use credit cards with caution (Prof Note: Yes, use discipline but also use point-providing cards for everything); (7) Find things to do

that are fun and free (Prof Note: Absolutely! Willy, 1962 Little Willy, and I love our trips to the dump and to town. Sunsets, cool breezes, slow jog, etc. All are free and enjoyable); (8) Consider rent free living (Prof Note: Economize); (9) Explore freelance work opportunities (Prof Note: a.k.a. side hustle); (10) Don't get desperate (Prof Note: Be selective and do not take less than what you believe you are worth. However, be realistic and seek advice from senior people and listen to them on what they believe you are worth in the marketplace.)

9 July 2018

Question: According to Insider on MSN:Money , what are 9 things that lose their value as soon as you buy them?

Italy's migrant stand raises pension worries – Pg. 2

- ...further pension spending could make it harder for Italy to tackle high unemployment among young people, which has prompted many to look abroad for work
- Seeking to be friendlier to older workers, the government's collation agreement pledged to let people leave work if the sum of their age and years of contribution equal to 100 – allowing, for example, a 6-year-old to retire if they had paid into the system for 40 years
- (Prof Note: I hope that everyone on this list-serve has retirement funding as a top concern. How one finances retirement, in an age of less-and-less pensions is critical)

China backs away from homebuyer subsidies – Pg. 4

- China is retreating from a policy that has channeled about \$1tn in subsidies to homebuyers since 2016, a reversal that has sent tremors through the residential property market amid broader concerns about a housing bubble
- Property investment and home sales have remained strong in recent months despite a broader growth slowdown, but analysts say the withdrawal of subsidies will damp property demand, leading to reduced construction activity

US economy – Pg. 7

- If the US economy – growing at about 2% a year – is approaching maximum velocity, the trucking industry is a force governing its speed. Trucks move 70% of goods in the country by tonnage, but fleets are nearing full capacity. The constraint is not equipment; it is a lack of drivers
- ...carriers report a shortfall of 51,000 drivers
- The national average rate for hiring a “dry van” box trailer increased 30% in the year to June to \$2.32 per mile, the highest on record
- Wages are also pushing upward....median per-mile pay increased 8.2% to 39.8 cents...
- The median salary for drivers hauling fully loaded trucks on irregular routes across the US was \$53,000....relatively good pay for a job that does not require a university degree
- ...1.29m truck drivers
- It is not the first time drivers have been scarce. In 1999, at the height of dotcom bubble, the FT reported an “acute” shortage during the festive season rush. The squeeze reappeared during the housing bubble of the early 2000s

- Not just anyone can walk in to a job. Big-rig drivers need to earn a Class A commercial driver's license after a training course that can take six weeks and cost several thousand dollars. To cross state lines a driver must be at least 21 years old, putting long-haul routes off limits to recent school graduates and dropouts as they start their careers
- New drivers must also pass drub tests, a significant hurdle as companies dip deeper into the labour pool
- Only 4% of drivers are aged under 25...
- (Prof Note: One position I had early in my career was that of bus driver. There were days I prayed for miles of open road and silence! ☺)

Answer: (1) Cars depreciate in value by about 11% the minute you drive them off the lot (Prof Note: Only purchase cars through businesses where the depreciation can be captured); (2) Phones can depreciate as much as 78% in a year; (3) Wedding dress, 50% off day after wearing; (4) Video game stores offer you close to nothing for used games, and then sell them at a significant markup (Prof Note: I just purchased the SNES and NEX classic systems! If I do not pick up when you call, now you know why! ☺); (5) Books; (6) Timeshare; (7) Used diamonds' (8) Electronics (Prof Note: My IT manager purchases all my audio equipment and each time I upgrade little to no value/price is lost.); (9) Secondhand clothing

7 July 2018

Question: According to BestLife, what are 15 signs you're old fashioned?

China takes on 'trade bully' Trump – Pg. 1

- Beijing accused Donald Trump of "trade bullying" as it imposed retaliatory tariffs against new US duties on \$34bn of Chinese imports yesterday in the biggest escalation so far of a trade war between the two largest economies
- The consequences of a dispute that could threaten global supply chains have alarmed governments and multinational corporations
- ...China is targeting US farm and energy exports, including soyabeans, ...
- The US added 213,000 jobs in June, including 36,000 jobs in the manufacturing sector at the heart of Mr Trump's trade efforts. It also saw 600,000 people rejoin the labour force

US labour market draws 600,000 new jobseekers – Pg. 4

- Participation in the US labour market surged as workers who had been sidelined from employment stated looking for a job again
- ...the percentage of the US population in work or looking for work rising 0.2% to 62.9%. The rise in the supply of workers helped to push the unemployment rate back up to 4%, marking the first increase in the number in almost a year following May's 18-year low of 3.8%. It also weighed on wage growth...which rose 2.7% from a year ago, below expectations

Lawsuits alone will not stop the US opioid epidemic – Pg. 9

- States, counties and cities have filed lawsuits accusing the industry of masking the risks of opioid painkillers while using aggressive tactics to boost their sales
- ...OxyContin...known as “heroin of pill” ...
- The sad fact about smokers who develop lung cancer is that many die quickly, so their impact on public finances falls to zero
- ...42,200 died from overdoses in 2016 – but many of the 2.6m Americans with opioid abuse disorders will cycle in and out of addiction for decades, which will put long-term strain on public services
- A recent report estimate that the crisis is costing Ohio up to \$8.8bn a year – more than its annual budget for primary and secondary education combined
- ...many people suffering from opioid addiction have since progressed from prescription painkillers to heroin
- When President Donald Trump declared a public health emergency last year instead of a national emergency, the subtle difference meant there was no release of federal funds

Calls for Fed to rethink monetary policy framework as it unwinds balance sheet – Pg. 13

- The Federal Reserve needs to reassess the technical implementation of monetary policy “before too long”, ...
- The interest on excess reserves (IOER) acts as a ceiling for the fed funds rate and policymakers deemed it necessary to lower the ceiling in response to the effective fed funds rate rising close to the top of the target range
- The US Treasury has been selling more short-term debt into the market as the Fed has withdrawn as a buyer

Answer: (1) You dress to the nines when you go out (Prof Note: No issue here); (2) Your house is covered in doilies (Prof Note: Nope); (3) You address everyone as either “sir” or “ma’am” (Prof Note: Nope); (4) Every piece of art in your house is a portrait of a dead relative (Prof Note: Only on Nevis and that is a single piece of art dedicating the house to my grandfather who built it); (5) Walks are your primary form of entertainment (Prof Note: I do enjoy my afternoon constitutional on Nevis); (6) You ask people out for dates in person (Prof Note: What? No swipe?! ☺); (7) You use words like “jalopy” and “keen” (Prof Note: Guilty); (8) Your grooming routine involves a lot of oils and wax (Prof Note: What grooming routine?!); (9) Your sleepwear covers most of your body (Prof Note: No comment); (10) Your preferred cooking methods don’t require fancy technology (Prof Note: Open a can, pour, heat, done); (11) You regularly handwrite letters (Prof Note: I am working hard on doing this more often); (12) Every sickness is treated with extreme heat; (13) A deck of cards can keep you busy all night; (14) You wear a different hat for every occasion (Prof Note: I do wear hats all winter...but my head gets cold otherwise); (15) Modern movies aren’t to your liking (Prof Note: Agree!) (Prof Note: It appears I am “hip”!)

6 July 2018

Question: According to [MSN:Money](#) and Moving Guide, what are the 10 Best Ways to save money on a move?

BoE’s Carney warns of hit to global growth from all-out trade war – Pg. 2

- An all-out trade war could drag down global growth by far more than the direct economic impact of higher tariffs....
- ...a 10% increase in duties by the US and its trading partners could, in a worst-case scenario, slow US output by as much as 5% over three years
- The BoE calculates that the tariffs already announced by the US, EU, China, Canada, and Mexico would, if implemented, double average bilateral tariffs and raise average US tariffs to their highest level for more than 50 years, to about 4.5% for imports from China and 6.2% for imports from the EU
- ...BOE's models suggest that a larger increase in tariffs of 10% between the US and all its trading partners could take 2.5% off US output and 1% off global output through trade channels alone
- ...the UK economy had grown up to 2% less than the BoE would otherwise have expected, given the strong global backdrop and fiscal policy...
- Over the longer term, these losses would be aggravated because a loss of trade openness would be likely to drag on productivity growth...

Credit Suisse fined in US over jobs for princelings – Pg. 12

- Credit Suisse has been fined \$77m by US authorities for hiring the friends and family of Chinese government officials as part of a "corrupt scheme" to win banking business
- ...settle charges that between 2007 and 2013 its Hong Kong investment bank tried to win contracts with Chinese state-owned entities by hiring people with close links to government officials
- The fines are the latest fallout from the scandal surrounding the hiring of so-called princelings in China by US and European banks
- The justice department said Credit Suisse maintained spreadsheets for so-called "relationship hires", which identified in at least three instances the specific deals that the recruitment allowed the bank to win
- In one email quoted by the DoJ, a Credit Suisse employee explained that "relationship hires have to translate to \$" or "the relationship is worthless to our organization"

Fed needs to wake up and admit the US is overheat – Pg. 20

- The unemployment rate declined to 3.75%, a 48-year low and three-quarters of a percentage point below the Fed's median estimate of its long-run sustainable rate. Consumer prices rose 2.3% in May from a year earlier. Excluding volatile food and energy categories, core personal consumption expenditures inflation moved up to 2%, matching the Fed's target for the first time in more than six years
- With the latest increase in the federal funds rate to a range of 1.75 to 2.00%, the Fed has finally brought real interest rates to about zero (Prof Note: "Real" indicates inflation adjusted)
- Given the gradual pace outlined by the Fed, monetary policy would eventually become modestly restrictive some time in 2019 or later
- ...theory teaches that interest rates need to be restrictive before the economy overheats
- International financial markets are responding to the prospect of tighter US monetary policy by bidding up the value of the dollar against other currencies. In the past, this has been a key catalyst for international financial crises

- With the Fed raising rates and the People's Bank of China cutting reserve requirements in June, the renminbi slid more than 3% against the dollar, its largest ever monthly drop. Continued depreciation risks a replay of the destabilizing capital outflows seen in 2015 when US and Chinese monetary policies also diverged. Then, a mild financial panic that played out into early 2016 stoked fears of global recession
- ...Indonesia surprised market by hiking rates 50bps last month. Mexico is raising rates to defend its currency and some observers think the next move in Brazil will have to be a hike too
- ...history teaches that the Fed has never successfully managed a soft landing with the current sets of macroeconomic conditions. In every case when the Fed tightened policy by enough to raise the unemployment rate by more than four-tenths of a percentage point, it caused a recession

Answer: (1) Tax deductions; (2) Find free boxes (Prof Note: I keep all old boxes so no issue); (3) Use old newspaper for packing; (4) Don't rent blankets (Prof Note: Rent...somehow I have assembled about half a dozen, at least, moving blankets); (5) Compare prices with portable storage units (Prof Note: While not feasible for many, I have four sea containers...legos for adults!); (6) Ship books and other items (Prof Note: Keep your copy of *Foundations of Real Estate Financial Modelling* close to you at all times!); (7) Use original packaging for electronics (Prof Note: I always keep the boxes for electronics for this reason and for when my IT manager upgrades my home system and we sell the old stuff); (8) Find cleaning supplies at a Dollar Store; (9) Plan out utility shut off dates; (10) Declutter (Prof Note: This is a great time clean out that clutter!) (Prof Note: I just moved last month. Also, remember that there comes an age when your friends should not be assisting, or at least assisting in a less labour intensive manor. I hired movers but still need the Great Anton S to assist. Halfway through I was done and Anton had hurt his back. Even the great Anton S is mortal!)

5 July 2018

Question: According to [MSN:Money](#), what are 8 common mistakes parents make with their kids?

Israeli entrepreneurs fight to lure foreign talent – Pg. 3

- ...skills shortage squeezes Israeli high-tech groups and pushes up salaries...
- The tech sector has been one of Israel's fastest-growing industries and an object of national pride as it has become an incubator for brands such as Waze, the GPS app sold to Google for about \$1bn in 2013
- Indian and Chinese engineers, who make up the bulk of tech-industry immigration to the US and UK, rarely consider Israel as an option, turned off by the difficult visa process, safety perceptions or salaries that lag behind western standards, ...
- Average annual wages across the sector have gone up from \$61,000 in 2012 to \$72,000...
- The shortage is most acute when it comes to senior engineers...

Eurozone wages climb steadily as workers feel financial benefits of regional recovery – Pg. 4

- While the eurozone's recovery has been under way for several years and unemployment fell into single digits in the summer of 2016, workers across the 19 member states have been slow to benefit

- But hourly wage costs rose by 2% between the first quarter of last year and the first quarter of 2018, the biggest increase since the start of 2013,...

It is a mystery why bankers earn so much – Pg. 9

- Goldman Sachs will be paid \$58m by 21st Century Fox for its advice on Fox's planned \$71bn asset sale to Walt Disney (and the bank stands to gain another \$47m for financing the remainder of Fox)
- ..today's dealmaking boom is the most rewarding time in history to be a global M&A banker. It is especially lucrative for those in the top league of advisers who run many auctions
- The secret to a bulging "success fee" is less to obtain the best possible deal than to make the chief executive and the board believe they got it
- The M&A adviser's job has three qualities that put its practitioners in a powerful bargaining position over their own pay. First, the stakes are very high. Second, advisers are paid with other people's money. Third, M&A advice is a black box. The last is the most valuable
- Deals can be brilliantly executed at the time without adding to a company's long-term value and many are unwound - ...

Answer: (1) They don't plan for unpaid maternity leave (Prof Note: While the amount of time necessary to be off is a variable, the amount of time paid-off should be a known. Am I missing something?); (2) They spend money on unnecessary things (Prof Note: My friend's mother, growing up, always would tell us, "Oh, we have that in the basement. Go and look when we get home." There was NEVER anything in the basement!); (3) They set a bad example (Prof Note: As the article acknowledges, my own father use to say, "Do as I say, not as a do." Not the best example. When he passed (Naval Captain and Wharton MBA) I discovered a train wreck called his financials. In order to set a positive example one must understand. I truly wonder, if my father (using him as an example of all others) truly understood personal finance and estate planning); (4) They spend what they don't have (Prof Note: I was just in South Beach looking at condos this past weekend. Talk about excessive spending!); (5) They avoid talking about money (Prof Note: So few families, for which I am familiar, discuss finances. I get that revenue can be a personal number, but how are children to learn? I often say if blessed with a child(ren) I would pay them monthly to be my child(ren). From the monthly stipend I would deduct rent, utilities, Insurance, etc. Also, they would NOT be paid for household chores though I would encourage a side hustle at the appropriate age(s)); (6) They don't change their pre-baby habits (Prof Note: The article discusses reducing expenses now that there is a child); (7) They pay for chores that should be expected (Prof Note: Bravo! Are children not free labour?!); (8) They let their kids know how much they worry (Prof Note: Childhood is a special time. It seems to me that, ideally, childhood should be free of financial worry. Just like the goal of retirement.)

3 July 2018

Question: According to MoneyTalksNews, what are 20 purchases that buyers nearly always regret?

Japan labour shortages to drive big automation outlays – Pg. 3

- Japanese companies are signaling a sharp rise in capital spending this year as industry eyes robots, IT and factory automation to offset worker shortages and the tightest labour market in four decades

Ecommerce and overcapacity stall mall projects in China – Pg.

- Chinese retail real estate construction – for years the world’s largest – has peaked and is expected to decline during the next few years as developers struggle with overcapacity and the rise of ecommerce
- Retail supply in 17 large cities ...grew last year with the completion of almost 10m sq m of new space – equivalent to 14,000 football pitches. That will fall 16% to 7.9m sq m this year
- Mall developers...have faced vacancy rates above 20% in some cities, may welcome the news as they are able to push up rents
- Rental costs at malls have been stagnant for years but will increase modestly this year as tenancy rises,
- Chinese retail sales growth is among the world’s fastest, at about 10% year-on-year, but an increasing proportion of that spending is going to ecommerce. Online shopping accounted for 20% of total retail spending last year, up from 4% in 2010
- The number of malls with gross floor area of more than 10,000 sq m in the 30 largest cities is expected to increase from about 1,000 to more than 1,400 by 2019, ...

Answer: (1) Boat (Prof Note: I have looked into purchasing seadoos so many times and the numbers and hassle never work for me. I cannot even imagine a boat!); (2) Timeshare (Prof Note: I did more research at the Four Seasons Nevis and there villas, many of them, have fractional ownership. No one could explain how it worked. Roughly, as best I could figure, for \$500,000 one purchased 1/10 ownership of a Villa which entitled them to four weeks. However, it was unclear if it was the same 4 weeks AND you could not leave your stuff so it was really like prepaying for a 4 week holiday); (3) Extended Warranties (Prof Note: One cannot put a price on piece of mind...); (4) Desktop Computers (Prof Note: Most of my computers are desktop..love them!); (5) DVDs (Prof Note: \$5.00 bin at Walmart!); (6) Giant tent or other expensive camping equipment (Prof Note: I thought Millennials were into “Glamping”?! I’ll be at the Marriott...thank you very much!); (7) Camcorder (Prof Note: Can you say, “iPhone”?); (8) Home printer (Prof Note: I just purchased one for Nevis with NO regrets!); (9) Pedometer (Prof Note: What the heck is this anyway?); (10) Home exercise equipment (Prof Note: A lawfirm was moving and I purchased their entire gym for under \$500. Yes, I am buff!); (11) One-use kitchen gadgets; (12) Pools and hot tubs (Prof Note: Guilty!!! I built one and purchased the other. Guilty pleasure!); (13) Piano (Prof Note: If I could play, I would proudly display a piano. Until that point, a keyboard it is!); (14) Fine China (Prof Note: I hope when I am invited I am not expected to eat from paper plates! ☺); (15) Extravagant wedding (Prof Note: One of my favourite wedding stories was when I was talking with a very successful developer whose son was getting married. He was paying for part of the wedding. So, nosy me, asks how that occurred. He said, “The bride’s father asked if I could contribute.” I said, “Please, please tell me how this occurred. Where did he ask this of you?” The groom’s father said, “well, we were at his weekend house...” I said, “What??? Did you say, ‘his weekend house’?” He looked at me and said, “Roger, my son means...the world to me. The location was not lost on me. However, I want the best for my son.” Great man!); (16) Pricey engagement rings (Prof Note: Read my published article, attached, on pricing an engagement ring. You gotta pay what she’s worth!); (17) Collectibles; (18) Baby gadgets (Prof Note: With the notable exception of a LugBug! I never leave home without my LugBug! I use it on all my suitcases. www.lugbug.com); (19) Giant desserts (Prof Note: If you want to look like me, don’t pass up the giant dessert); (20) Putting standard items on credit (Prof Note: This is ridiculous! Put EVERYTHING on the credit card for the free points!)

2 July 2018

Question: According to “The Motley Fool”, what are 4 things you must do before you retire?

MBA's opt for a full-time job and a start-up on the side – Pg. 10

- Many top business schools on the FT's annual global MBA ranking list have reported a dip in start-up activity this year, particularly in the US
- A rise in the number of students setting up businesses as a side project...(Prof Note: The Hustle is a four count. It is danced in a line and can be syncopated for that added flare! However, hitch kicks are a no-no...too Latin! Straight hips with minimal rolling, balls of feet firmly planted, ladies right hand near waist with elbow firmly at side. Dare I say it, I DARE! The man leads! Do the hustle!!!)
- At many schools, there is growing interest in studying entrepreneurship as a discipline

Renminbi's sharp decline stokes currency war fears – Pg. 13

- China's currency suffered its largest monthly fall against the dollar in June, sparking concern that Beijing is prepared to use devaluation as a weapon in an escalating trade war with the US
- ...the renminbi weakened 3.3% against the dollar in June, the worst single-month decline since China established its foreign exchange market in 1994
- The renminbi had been an island of strength earlier this year, even as the dollar strengthened. The declines were partly a catch-up effect....

First 'integrity rating' agency launches – Pg. 15

- A former US government counter-terrorism expert and an emerging markets healthcare lawyer are to launch a rating agency for conduct risk, as the world's banks struggle to avoid doing business with terrorists, drug dealers and other organized criminals
- Sigma uses artificial intelligence to sift data from a range of public information and synthesise it into a zero-to-100 score, which translates into a business integrity rating from AAA down to C, similar to the scale used by the credit rating agencies

Answer: (1) Create a new budget (Prof Note: I will work with retirees and always suggest that married couples have three budgets, i.e. one together, one for spouse A (Spouse B has passed), and one for Spouse B (Spouse A has passed)); (2) Assess your savings (Prof Note: Assess quantity, quality, and risk profiles); (3) Understand your healthcare needs (Prof Note: Do a realistic assessment); (4) Figure out how you'll spend your time (Prof Note: Remember that retirement is an equation and NOT an age, i.e. Passive Income >= Active Expense. Retirement allows one to be the person they want rather than the person they must be to survive. On Nevis the expats have a bridge club, they play the course weekly, they gripe about politics, etc. Most, despite the griping, are very happy. Also consider where you want to spend your retirement....location matters!)

30 June 2018

Question: According to [MSN:Lifestyle](#), what are 61 of the Best Things in Life that aren't available to buy?

Rothschilds discover what's in a name as family ends legal fight over moniker – Pg. 1

- Yesterday's agreement between Rothschild & Co, the Anglo-French parent of Rothschild & Cle, and Edmond de Rothschild would bar both groups from using the Rothschild name by itself in branding. Instead, they will use their full names to build future business and both vowed to "work together to protect the family name in the banking sector"
- (Prof Note: Family name is important! It can take generations to build a "brand" and moments to destroy it. The greatest gift a family can provide the next generation, in my opinion, is a positive family name.)

Bond markets send signals of a looming recession – Pg. 9

- Interest rates on two-year Treasury bills, known as the yield, have been climbing since late 2016. But the yield on the 10-year has increased far less
- As a result, the difference between the two, known as the term spread, has compressed to less than 40bps. In trader parlance, that means "the yield curve has been flattening", which has previously been a strong predictor of recessions
- US inflation is running at around the Fed's 2% target, labour shortages are emerging, some fiscal stimulus is still in the pipeline, and Fed policymakers have been quite clear that market volatility will not divert them from their plans
- Given the strong Fed signals, why aren't long-term rates rising well?
-ECB and the BoJ are continuing their quantitative easing
- What then are the possible sources of an adverse hit to growth?....Fed over-tightening....tightening liquidity....
- ...\$10tn of corporate debt will come due in the next five years
- ...talk of a full blown trade war might be another reason investors fear a recession
- American grievances include state aid to Chinese companies, pressure by the state on overseas companies to share technology if they want access to Chinese markets, and the state condoning, if not aiding, intellectual property theft
- China is cleaning up its financial system, an immensely complicated task given the debt that has built up. Growth has slowed, the cost of riskier loans has been rising as have defaults. The Chinese authorities are working to spread losses across the system, but this needs to be managed carefully to avoid panic. If China is caught in a trade war while it is still restructuring its financial system, its difficulties could spread abroad

Dow shake-up results in contrasting fates for GE and Walgreens – Pg. 11

- Since joining the Dow, Walgreens shares have fallen 11.2%. GE, on the other hand, has gained 8.5% and the Dow has slipped 0.2% over the same period

Answer: (1) Taking your shoes off after a long day; (2) Dancing to a song you love; (3) Having friends that are always there for you; (4) Finding something you thought you had lost; (5) Sleeping in; (6) Swinging (Prof Note: I have "Gulliver" benches all about Nevis...made for napping. These are swinging benches, 7' long and 3' wide with a built-in cup holder); (7) Being home for the holidays; (8) A warm summer day (Prof Note: just pray you are not in southern Maryland where the Deer flies are the size of a small car!); (9) Listening to public radio (Prof Note: Gotta love original thought!); (10) Smelling flowers (Prof Note: Is anything so sweet?!); (11) Lazy Sunday mornings; (12) Staying true to yourself (Prof Note: Find your happy place; the place that allows you to be YOU); (13) The smell of fresh-baked cookies; (14) Using a library card; (15) Singing along to your favourite song; (16)

Kisses; (17) The smell of clean sheets; (18) Wearing your favourite pair of shoes (Prof Note: or none at all!); (19) The sound of rain (Prof Note: I can actually watch the storms approach from VA across the Potomac. Then they thunder and pound when they arrive in MD); (20) Falling in love; (21) Writing a journal (Prof Note: Thank all of you for my voice!); (22) Playing in the snow; (23) Letting go of your grudges; (24) Feeling the breeze out of the car window (Prof Note: Willy and I are SO into the jeep wave!); (25) Exploring a place you have never been to; (26) Believing in yourself (Prof Note: "You is kind. You is smart. You is important."); (27) Watching a sunset (Prof Note: Almost every night I am waiting for the green flash); (28) Jumping into a lake; (29) Rearranging your furniture; (30) Going for a great run; (31) Feeling the ocean on your feet (Prof Note: I won't tell you where but I will show you where I sit for sunsets on Nevis in a warm pool of ocean water within rocks. Come join me!); (32) Looking at your old pictures; (33) Seeing the leaves turn colours in the Fall; (34) Laying in the sand; (35) Knowing that someone supports your dreams (Prof Note: I support all of your dreams. I LOVE hearing of your successes...thank you for sharing!); (36) Going for a walk; (37) Feeling healthy; (38) Getting excited for a coming event; (39) Stargazing (Prof Note: Come join me in So MD. If you can brave the Deer flies we can sit by the fire and gaze upon the constellations); (40) Holding hands; (41) Reuniting with an old friend; (42) Hugs; (43) Getting recognized for good work at your job; (44) Feeling love and support from your family (Prof Note: This should be unconditional); (45) Overcoming a challenge; (46) Time flying by because you're enjoying yourself; (47) Laughter; (48) Doing outdoor yoga; (49) Knowing you can trust someone; (50) Feeling the breeze in your hair; (51) Sunbathing (Prof Note: the warm sun upon your face just forces a smile! ☺); (52) Funny memories from your younger days; (53) Riding a bike (Prof Note: Just yesterday I switched out the pedals on my bike); (54) Completing your New Year's resolutions; (55) The sound of a book being cracked open; (56) Discovering a hobby you're passionate about; (57) Surprising someone you love; (58) Organizing a messy space; (59) Swimming until your toes get wrinkly; (60) Celebrating an anniversary; (61) Living life to the fullest. (Prof Note: One of the aspects I am learning in life is that the best things are truly free, e.g. friendships, sunsets, experiences, storytelling, etc. It took me most of my life to realize this. I had to achieve financial and career goals before I allowed myself to just enjoy life. The sooner one learns to appreciate the simple things in life, the more sunsets, friendships and experiences one can have!)

29 June 2018

Question: According to Business Insider on MSN, what are 6 things people who are good with money always splurge on?

Slowing domestic demand puts Beijing to the test – Pg. 2

- China exports have remained strong this year despite the rhetoric, increasing 13% in the year to May against 8% growth in 2017
- But fixed-asset investment – a drier of China growth that includes spending on new buildings, machinery and infrastructure – grew at its slowest annual pace since at least 1995 in the first five months of this year. Retail sales rose at their slowest pace since 2003
- ...Shanghai Composite has dropped 10% in June
- China's leadership has committed to prioritizing risk control and growth quality over short-term stimulus, after increasingly shrill warnings from watchdogs such as the IMF and party leaders about the risks of rising debt and wasteful investment

Big deals drive M&A to \$2.5tn high – Pg. 11

- Global dealmaking has reached \$2.5tn in the first half of 2018, breaking the all-time high for the period and underscoring the intensity of mergers and acquisitions activity in spite of increasingly bitter geopolitical tensions
- The record-breaking pace of dealmaking stands in contrast to a looming trade war sparked by President Donald Trump of the US against China and renewed fears of political instability in the Eurozone, particularly in Italy and Spain, that have shaken markets
- Globally, companies signed 79 deals above \$5bn, surpassing the previous year to date record set in 2007, and a record 35 deals above \$10bn

Answer: (1) Products that earn you more money (Prof Note: The example is a computer and I acknowledge I spend a lot on IT equipment, including computers. Recently I have begun purchasing difficult-to-find data); (2) Services that save you time (Prof Note: This is only accurate if you have a revenue off-set for your time.); (3) High-value rewards cards (Prof Note: Guilty! The platinum AMEX is \$500 a year BUT provides me access to lounge in Miami. It pays for itself through free meals that I would be purchasing in airport); (4) High-quality cookware and kitchen appliances (Prof Note: I am not really a “cooker” BUT my blenders for making crushed ice drinks on Nevis could chew up a 2 X 4); (5) Experiences (Prof Note: Absolutely); (6) A few select things that bring you pleasure (Prof Note: This is really individual and must be balanced)

28 June 2018

Question: What are the 16 most important assets that will increase your net worth?

Millennial moment – Pg. 7

- ...the strongest growth in America’s millennial population between 2010 and 2015 was not in coastal cities such as New York and LA, but in smaller ones in the south and west
- The double-digit increase in 10 large metro areas, from Colorado Springs and Denver to San Antonio and Austin, contrasts with Mid-western cities such as Chicago and St. Louis, whose millennial populations rose by less than 1%
- This millennial migration is largely being driven by affordability (Prof Note: I absolutely believe location and happiness are highly correlated!)
- Denver’s population has jumped by 100,000 to 704,000 since 2010....
- Denver’s residential property prices are 50% above their pre-crisis peak, dividing the city into those who bought and have watched their assets appreciate and those wondering if they will ever get on the housing ladder
- Millennials represent America’s most diverse group: 54% are non-white....

China’s bear market woes run deeper than trade war with Trump – Pg. 19

- Blame for the sell-off of China’s stock market has been levelled at the Sino-US trade war but Beijing’s problems have been evident for some time and run much deeper
- China’s key stock market index, the Shanghai Composite, has now tumbled into bear market territory – a downswing of 20% - for the first time in more than two years, falling another 1.1% yesterday
- The last major sell-off at the start of 2016 was driven by a clutch of bad economic indicators. This time....mounting trade war with the US and failing overseas projects, to tighter credit and a pullback from institutional investors....
- Banks have been forced to recognize many off balance sheet assets. This has led to a tightening of liquidity in shadow lending channeled through asset management companies

Answer: (1) Owning your primary residence (Prof Note: Provided the loan product is CPM and it amortizes over time and the equity is consumed through financial devices, e.g. HELOC); (2) Education (Prof Note: I worry that education is no longer a value. Education comes in many forms and as I age, the more I respect Trades); (3) Vacation homes (Prof Note: Help me Rhonda! NO!!!! Unless this is really a rental unit.); (4) Retirement savings; (5) College savings (Prof Note: I believe more care must be placed in majors, i.e. pick the major with a reasonable ROI unless your family is wealthy); (6) Rental real estate; (7) Health; (8) Expertise; (9) Investments; (10) Household items (Prof Note: The article was referencing

considering longevity, maintenance and operational costs); (11) Private lending (Prof Note: Do not agree. Underwriting is not a simple task); (12) Collectibles (Prof Note: Buy smart. Hess trucks, nice but no value; Buddy L Trains...Amen brother!); (13) Permanent life insurance; (14) Vehicle; (15) Boat (Prof Note: I do not even know how to respond to this!); (16) Private jet (Prof Note: WHAT???) I have looked into NetJet for trips to Nevis. Note, after doing the research I continue to find myself in the coach section of American Airlines)

27 June 2018

Question: According to US News & World Report, what are 9 habits that can get you out of a deep debt hole?

GE takes stride towards break-up by spinning off two of largest units – Pg. 1

- ...divest GE's healthcare division and its stake in oil services company Baker Hughes reverses decades of acquisitions....
- The latest divisions being spun off accounted for 30% of the group's revenue and 25% of its industrial segment profit last year. Shares in GE, which had fallen nearly 50% since Mr Flannery took over, rose 8% to \$13.78 in midday trading after the plan was unveiled yesterday
- GE will now confine its business to three divisions: equipment for the electricity industry, renewable energy, and aero engines and other aircraft parts
- GE is likely to cut its dividend after it completes the spin-off of the healthcare unit within 18 months....the dividend was cut last year for only the second time since 1938

Berlin pencils in 4% minimum wage rise – Pg. 4

- Germany is set to raise the minimum wage by 4% to 9.19 (euro) an hour next year,
- The introduction of a minimum wage was one of the central demands of Germany's Social Democrats in their previous coalition government...it finally took effect in January 2015....
- The minimum wage commission, which brings together employers, trade union officials and academics, said there was no evidence so far that the reform had hurt the economy

Minimum wage laws still fall short for those on the bottom – Pg. 9

- Wage inequality fell in Germany in 2015 more than in any other country in the EU. The minimum wage has narrowed geographical pay inequality between rich areas such as Bavaria and poor ones such as Mecklenburg-Vorpommern
- ...studies found there was no damage to people's employment prospects
- More importantly, low pay is not the only problem for people at the bottom of the economic scale. Higher hourly wages do not help with unpredictable shifts or fluctuating incomes

Gulf's influence grows in flagship emerging market stocks index – Pg. 19

- Saudi Arabia's entry last week to the MSCI Emerging Markets equity index – used to underpin about \$1.5tn of assets globally – has reinforced the rising importance of the Gulf region

- ...the Gulf could conceivably account for about 7% of the index by 2020, more than index stalwarts South Africa, Brazil and Russia and behind only China, South Korea, Taiwan and India
- The impact of this will be magnified further by the fact that foreign ownership of Gulf stock markets is very low; ...it accounts for just 1.9% in Saudi Arabia versus 35 – 65% in other big emerging markets
- Saudi Arabia is the biggest new entrant to the MSCI EM equity index since Malaysia was readmitted in 2000
- Qatar and the UAE were both admitted in 2014 and are likely to have combined weight of 1.4% after the ascent of Saudi Arabia, alongside Argentina, which will reappear next year after a 10-year absence
- Kuwait is next in the queue...expecting it to join in 2020

Answer: (1) Learn how to shift your spending habits (Prof Note: Rarely do I get a drink anymore at restaurants. \$3 for a coke when a 1 litre is 99 cents...no thank you!); (2) Set up an automatic savings account (Prof Note: Forget the auto “anything”...do it manually. Pay yourself first!); (3) Have an emergency fund (Prof Note: ONLY for familial health issues. You should have a standard side hustle!); (4) Don’t automatically use an unexpected windfall to pay off your debt (Prof Note: Absolutely true BUT if you have no discipline you may want to reconsider); (5) Pay off smaller debts first (Prof Note: NOOOOO!!! Pay off the high-interest debts first!); (6) Pay your debts on time (Prof Note: Absolutely!!!); (7) Use cash as much as possible (Prof Note: NOOOOO...then you loose points on credit cards! Learn credit card discipline and be responsible! ORRRRRR...as soon as you make a credit card purchase go to the smart phone and transfer from checking to the credit card); (8) Measure your debt (Prof Note: One cannot eliminate what one cannot quantify!); (9) Dine in (Prof Note: There is always room at my table for anyone on the list-serve. On Nevis, the main is served at 1:00pm promptly!); (10) Continually monitor your budget (Prof Note: Yes, this is 10 but the question had “9”...I noticed this as well and double checked. As for budget, stay true to your budget.)

26 June 2018

Question: According to MSN: Money, what are 8 steps to quit living paycheck to paycheck?

The US census counts on having all the data – Pg. 8

- ...constitutional requirement to count “the whole number of free persons” every 10 years, achieved since 1790 by a census. Who, though, should count as a “free person”?
- In March, the US government reintroduced a question about citizenship status, not asked since 1950, to the 2020 census.
- In 1999 the Supreme Court described the census as the “linchpin of the federal statistical system”
- But courts have upheld that apportionment be done by total rather than citizen population. The 14th Amendment makes no distinction between citizen and non-citizen: representation shall be based on “counting the whole number of persons in each state”

Amex wins legal battle over merchants – Pg. 12

- ...the US Supreme Court said that it could block them from steering customers to use cheaper credit card payment methods
- American Express is a two-sided platform, where the company deals with merchants on one side and consumers on the other. The ruling could require antitrust enforcers to prove that increased prices on one side of a market were not outweighed by benefits on the other side

Answer: (1) Know where your money goes (Prof Note: I literally have rebuilt my own Quicken in MS Excel. I track every expense, categorize, and reconcile (credit card and bank statements). I realize Quicken has many fans but I highly recommend building your own system, capturing every receipt image, etc.); (2) Make saving painless (Prof Note: NOOOO...saving, in my opinion, should be painful. What I mean is that it should not be automatic, it should be physical, i.e. at the start of the month physically transfer \$X to savings.); (3) Live on less than you earn (Prof Note: While the list-serve has been around for 11 years and I will readily admit my blessings occurred about that time, prior I drove 10+ year old cars, rarely went out to eat, stayed in cheap hotels, etc. Now I love having guests to the house (I am a horrible griller), etc which is most fun and much cheaper); (4) Get comfortable saying “no” to the kids; (5) Cut your housing costs (Prof Note: My personal residences are small and my investment properties actually have the tenants living in nicer digs than me....MUCH nicer. However, fixed operating costs are omnipresent in my mind and I am always attempting to reduce them); (6) Drive a used car (Prof Note: I do not agree! Purchase cars through your LLC and depreciate them...remember....you better be doing the hustle!); (7) Learn to cook (Prof Note: I am not much of a cook though I can make a thick burger and purchase high-quality meat. It is about the company); (8) Forge an independent spirit (Prof Note: Learn to enjoy things that do not cost \$\$\$\$. If you try and email/call me at sunset it is unlikely I will respond until after the sun has dipped below the horizon. We only get so many sunsets in our lives and I am going to enjoy as many as possible! If you have not seen it, check out the Green Flash!)

25 June 2018

Question: According to money.cnn.com what are four financial goals you need to meet by age 40?

Beijing eases capital reserve rules to soften impact of US trade war – Pg. 1

- China is cutting the amount of reserves the country's banks are required to keep on deposit at the central bank, freeing up more than \$110bn to help cushion a slowing economy and the impact of a potential trade war with the US
- ...cuts are scheduled to take effect on July 5
- This month, Donald Trump, US president, announced his administration would impose punitive tariffs on \$34bn worth of Chinese industrial exports in retaliation for alleged intellectual property theft. The first round of tariffs is scheduled to take effect on July 6, with a second round hitting another \$16bn worth of Chinese exports
- The US administration is also taking further steps to escalate a trade war with plans to restrict Chinese investment in US companies in sectors ranging from aerospace to robotics and railways

US set to use emergency act against Beijing – Pg. 2

- The Trump administration has decided to restrict Chinese investment in US companies and start-ups in sectors from aerospace to robotics as it prepares to deploy its latest weapon in the escalating trade war with Beijing
- ...Chinese foreign direct investment in the US plunged more than 90% to just \$1.8bn in the first half of 2018 compared with the same period last year. In 2016 Chinese companies made a record \$46bn in foreign direct investment in the US

Road opens up for Saudi women as driving ban is lifted – Pg. 3

- Women drivers in Saudi Arabia took to the roads for the first time yesterday as a decades-long ban was lifted
- The plan also aims to spur growth in the private sector and create jobs for young Saudis

KKR faces ire over Toys R Us workers – Pg. 14

- The retailer's 30,000 employees face joblessness, many without the severance benefits they expected, after the creditors who are now in control decided to liquidate the business in the wake of disappointing Christmas trading. Toys R Us employees last week made emotional pleas to the investment committee at the California public employees pension fund Calpers, the largest pension fund in the US
- (Prof Note: This is an interesting conundrum! CALPERS has a fiduciary duty to its investors which, ignoring social benefits, benefits from paying Toys R Us employees less. I dare say it, "Do the hustle!")

Answer: (1) Have a fully loaded emergency fund (Prof Note: NO!!!! This implies that in emergency you burn down principal. Yes, absolutely in the case of familial health crisis, etc. However NOT for job losses. Do The Hustle! Have a side business, even if waiting tables at Cheesecake Factory, so that familial wealth is not decreased. Side Hustles!!!); (2) Have three times your salary saved for retirement (Prof Note: This is a BS number! Where did it come from? Have investments that provide passive income sourcing which can replace income at retirement/illness. Cash can be gone, assets/businesses providing income are true "gold"); (3) Have no debt other than your mortgage and vehicle payment (Prof Note: This could NOT be MORE WRONG!!! Mature leverage but disciplined leverage! If starting at zero (0) one of the only ways to build wealth is the proper and mature use of leverage. Build a real estate portfolio with mature leverage that naturally amortizes over one's working life.); (4) Have a will (Prof Note: This is so simplistic it sickens me! Yes, it is accurate. However, one needs to consider how assets are owned. Assets in a trust transfer outside of a Will. How does one own the assets? Yes, a will is necessary BUT as important are powers of attorney (medical and financial), living wills, home inventory, property use of insurance, etc. Stating "Have a will" is over simplifying a very complex and necessary requirement)

23 June 2018

Question: According to BestLife on MSN.com, what are 20 social etiquette mistakes you should stop making by age 40?

The General Electric-free Dow is the index we deserve – Pg. 7

- The avatar of American agglomeration is now slimming down its aviation, healthcare and power businesses.
- ...struggles to reverse the third steep slide in GE's shares since the start of the century, one challenge he faces is that its brand is freighted with misconceptions (Prof Note: Brand and identify, whether to a company or person are critical. When earning my MBA I considered the two least important classes to be Human Resources and Marketing. Now, my greatest worry with businesses and my personal identity are addressed by both. Personally, I believe they are taught by the wrong individuals. Business owners should be teaching these classes, not executives in the field. How both of these, critically important, affect company and persons is critical to understand. My businesses are ramping up marketing expenditures daily. Brand and identify are critical, especially today!)
- GE was the sole survivor of the Dow's starting line-up, but the US economy has changed since 1896,
- Today it is no longer even the US's most valuable industrial group
- For many Americans, the Dow is almost synonymous with its economy
- Investment sophisticates find this something of a joke. The Dow tracks a mere 30 stocks, compared to the S&P's 500; the points moves get increasingly meaningless as markets rise, and with no Facebook, Amazon, Netflix or Google it is missing most of the market-moving Faangs. Worse, the Dow is weighted by stock prices rather than market capitalization, which can make its reshuffles look mathematically baffling

GE decline symbolized by group's fall from Dow Jones – Pg. 9

- After more than a century, General Electric's run on the Dow Jones Industrial Average has come to an end. The industrial group will be replaced on the index by pharmacy chain Walgreens
- In the 1990s GE was the largest US company by market capitalization and, as recently as 2009, was one of the five largest listed groups in the world

Answer: (1) Interrupting (Prof Note: My standard line when I recognize I have interrupted an individual, "I am sorry. I interrupted you." Then I wait for them to continue.); (2) Passing just the sale; (3) Leaving your hat on inside (Prof Note: This is sooo a Millennial thing! However, be careful and sensitive. I would never ask for a hat to be removed as the true reason of leaving it on is unknown.); (4) Not following up after interviews (Prof Note: Hmmmmm...this must be done appropriately and changes by personal preference); (5) Leaving on Read Receipts; (6) Using the Wrong Utensils (Prof Note: Just use the utensil the host(ess) uses and you will never go wrong. "As little ships go out to sea, I push my spoon away from me!"); (7) Not saying, "Excuse me" when trying to get past someone; (8) Being on your phone while ordering; (9) Not holding the door; (10) Answering the phone with something other than "Hello" (Prof Note: Ridiculous! I answer, "This is Roger Staiger"); (11) Eating with your Elbows on the table (Prof Note: As I age and it becomes more difficult for me to hear about background news, I lean over the table, placing elbows upon. I am aware but the alternative is I cannot hear the conversation.); (12) Shushing someone; (13) Leaving your sound on; (14) Using the last of something without replacing it; (15) Reaching across the table; (16) Grooming in Public; (17) Talking in movie theatres; (18) Not walking single-file on a crowded sidewalk; (19) Not putting your napkin on your lap (Prof Note: I actually tuck the top of the napkin into my belt as mine tends to fall on the floor); (20) Putting your bag or feet on seats

(Prof Note: This is a general note, manners have greatly regressed over the years to a more relaxed state. I love having people over for meals and much prefer home cooking to restaurants. Personally, I consider restaurants a “treat” rather than a staple.)

22 June 2018

Question: According to money.cnn.com what percentage of Americans have no emergency savings at all?

Intel chief forced to step down for non-disclosure of employee affair – Pg. 1

- ..forced to resign after it emerged that he did not disclose an affair with an employee, which was against company policy at the world’s largest chipmaker
- (Prof Note: Come on people! I get passions of the heart and passions of other things but really???!!! Disclose or do not disrobe! Mr Krzanich, was it really worth it?!)
- It was unclear whether Mr Krzanich would miss out on a payment of more than \$45m that he would otherwise have been entitled to, ...

US shops triumph in court over online rivals – Pg. 2

- Bricks-and-mortar retailers secured a big win over online rivals yesterday as the US Supreme Court overturned a ruling that had enabled many ecommerce groups to avoid collecting sales tax from customers
- In a case with profound implications for the consumer economy, they justices ruled by 5-4 that US states had the right to levy tax on online sales even if the retailer did not have a store or warehouse in their territory
- ...Supreme Court ruled that a requirement that sales tax be tied to a retailer having a “physical presence” in a state was outdated and “unsound”
- The rule, which overturned a 1992 judgment, was quickly celebrated by the representatives of traditional retailers such as Walmart and sent the shares of online stores lower

Answer: 25%

21 June 2018

Question: According to CNN:Money, when is it okay to splurge?

US consumers expect higher prices because of trade dispute – Pg. 3

- Mr Trump has made reducing the US’s \$375bn annual trade deficit with China a primary goal of his trade policy. The problem facing him is that much of what the US imports from China is in the form of goods that consumers want and may not like paying more for
- More than \$100bn of the \$505bn in merchandise that the US imported from China last year was in two categories – mobile phones and computers. The top 15 products by value from China accounted for \$350bn of imports, and 10 of those were consumer goods

Berkeley [Housebuilder] warns of 30% fall in profits as London house prices begin to subside – Pg. 11

- ...would return to “more normal levels” for the financial year ending in 2019 and were expected to be 30% lower
- Last year, house prices in London dropped for the first time since 2009 as Brexit-related uncertainty and slow wage growth took their toll

Low gilt yields pave way for higher UK public spending – Pg. 19

- The special relationship between the US and UK does not extend to their respective debt markets - ...
- The UK 10-year gilt has been trading in a yield range of between 1 and 1.5% since autumn 2016, while during that period the equivalent US Treasury yield has nearly doubled from 1.6% to 3%. As a result the gap between long-dated gilts and Treasuries stands at its widest for more than three decades
- Britain’s low yields have kept a lid on debt servicing costs; combined with sustained investors demand for UK debt, that has added fuel to the national debate on public spending. The Treasury still has some room to sell more gilts without sending prices sharply lower...
- Demand from pension funds and other institutional investors for ultra long-dated UK debt has resulted in an inverted yield curve, with 50-year paper yielding less than 30-year bonds. Such a backdrop suggests the UK Debt Management Office can increase sales of ultra-long maturity bonds

Answer: The following questions should be considered when answering this question...(1) Do you have adequate savings?; (2) Can you afford the splurge; (3) Will it derail other savings goals and plans; (4) Will it give you long-term pleasure; (5) Have you done your research? (Prof Note: A peer purchased a hot tub for \$6,500...life time goal. After purchase it was realized the service to his house was only 100amps an he needed 60 amps alone for the hot tub (\$4,500 upgrade (included more than hot tub but total expense outlay)). Platform needed to be constructed for hot tub: \$1,500. Area where hot tub was to sit needed to be landscaped and grated: \$1,500. Total cost (which excludes operating cost of hot tub: \$6,500 + \$4,500 + \$1,500 + \$1,500 = \$14,000. Be careful!); (6) Have you done your research?; (7) Will you be able to rein it in again?

20 June 2018

Question: According to [MSN:Lifestyle](#), what can you and can you not steal from hotels, planes & cruise ships?

Corporate America denounces migrant separations – Pg. 2

- US business leaders condemned the Trump administration’s policy of forcibly separating children from Migrant families crossing the country’s southern border illegally, ... (Prof Note: Why is there a need by Corporate America and/or individuals to express an opinion publicly? (rhetorical question). Is not our vote(s) our opinion? Is expressing an opinion in an open and public forum, could it harm one later if the winds of culture and ethics change direction? Just thoughts I ponder. No stated opinion here!)

US tax reforms said to drain more dollars globally than Fed – Pg. 3

- US companies repatriating profits drained more dollars from global markets in the first quarter than did the Federal Reserve's actions to shrink its balance sheet,
- The Fed reduced its stockpile of bonds, amassed under quantitative easing, by an annual \$160bn in the first three months of the year as it continued its crisis-era stimulus
- ...foreign earnings held by companies broad fell at a much steeper annual rate of \$633bn in the same period, after rising by \$235bn in 2017
- The Trump administration's tax changes impose a one-off levy on past profits held offshore and are intended to make companies bring cash stashed overseas back to the US. As well as the one-off effect of repatriation, the new law reduces incentives for multinationals to overpay for goods they import from foreign subsidiaries. Transferring profits to overseas subsidiaries has been a common form of tax avoidance
- The Fed's actions to phase out and reverse quantitative easing have worried emerging markets investors for years – notable in the “taper tantrum” of 2013 when Ben Bernanke, Fed chair at the time, outlined initial plans to halt asset purchases
- Now, after 10 years of stimulus that quadrupled the size of its balance sheet, the central bank is gradually reversing the process by letting bonds mature rather than reinvesting them

Millennials seek to slake thirst for authenticity – Pg. 13

- A wind of change is ripping through the consumer industries. For decades, big meant better, consumers trusted brands they knew and convenience food was a novelty. No longer
- Millennial consumers – those aged 22 to 37, ...are in general more healthy-conscious than their parents were at the same age. They are drinking less alcohol, at least in developed markets
- They are more environmentally aware – 61% feel they can make a difference to the world through their choices...
- One of those preferences, for millennials who can afford it, is food that is healthy, fresher and has natural ingredients. Sales for food claiming to be organic grew 10% last year in the US

Answer: Cannot Steal: Full-sized products, bathrobes, bed linen, headphones, books, proper cutlery, wine that is not given to you, mugs and glassware, plant pots; **Can Steal:** slippers, postcards, all the snacks, plastic tumblers, welcome flowers

19 June 2018

List-Serve Comment (related to 18 June 2018 Question): Add: vision exams 1/year + teeth cleaning is recommended every 6 months, but most of us benefit from every 3 months even though insurance does not pay for the extras. To reduce the cost, you need teeth cleaning only, not dentist's exam, in the extra months. Low level infections around the gums reduce stress on your heart.

CONGRATS ON SHEDDING THE EXTRA WEIGHT!

Question: According to [MSN:Lifestyle](#), what are 13 things I wish someone had told me before I had a second baby?

Accounting – Pg. 7

- Goodwill is defined as the amount one company pays for another over and above the appraised value of the target's assets, less any assumed liabilities
- ...it represents "the conjectural future profits that an acquiring manager hopes to realize through an acquisition"
- Thanks to the long M&A boom and recent accounting changes, this "hope" value have become significant part of corporate balance sheets
- In the UK, companies used to amortize goodwill – meaning they took an annual charge against their profits, with a view of writing off the whole amount over a fixed period – generally about 20 years. But since 2005, they have been able to treat it as a permanent asset, only writing it down if it is deemed "impaired" by the company and its auditors. This is established by an annual impairment test
- First, there is the question of whether goodwill has much status as an asset. It cannot be sold and, in the event of bankruptcy, almost certainly has no value
- ...it allows companies to overstate the success of deals because it does not factor in the amount laid out to achieve the additional sales and profits. That encourages managers to push through marginal or even wasteful combinations
- Bosses then produce business plans and cash flow forecasts for these units, from which they compute net present values, and thus test whether the underlying assets are worth more than the goodwill written up against them
- Not only does this process minimize the change of an impairment, it depends heavily on the willingness of auditors to challenge the numbers plucked out by management
- "of course, goodwill matters because it's a measure of capital allocation"
- Under UK law, companies can only make distributions if they have sufficient "distributable reserves" – or accumulated and realized profits – to do so
- Paying dividends out of capital is illegal, as it can disadvantage other creditors, and can lead the directors to have to repay any illegitimate distributions they make
- Impairing goodwill means writing down the carry value of a subsidiary and hence reduces shareholders' funds – and the distributable reserves the parent company has available

Distressed debt tempts investors in anticipation of the next downturn – Pg. 19

- A growing number of US hedge funds specializing in distressed debt are rising money in anticipation that the next economic downturn will punish companies that have borrowed record amounts since the financial crisis
- Distressed debt investors make money buying assets they believe have fallen too sharply in price, typically during periods of economic stress
- US corporate bond sales have run at more than \$1tn annually since 2009, prompting warnings that such reliance on debt will help trigger the next downturn

Answer: (1) It's actually easier than you think; (2) You will 'wing' it a lot more than you did with your first child; (3) Your firstborn might revert to baby behavior to get attention; (4) delivery hurts like hell the second time; (5) Doing 'all the right things' seems less important; (6) The baby book still won't get done; (7) Breastfeeding issues do not magically disappear; (8) You will be OK with your kids eating the food in the car; (9) Even in your worst moments, you will still love being a parent; (10) You need your family and extended family more than ever; (11) Time with your partner becomes more important; (12) Kids forgive and forget; (13) Siblings can love each other fiercely and it's a beautiful thing

18 June 2018

Question: According to MSN, why will you age better than your parents?

White House under fire over financial watchdog nomination – Pg. 2

- Donald Trump plans to nominate a little-known White House official to head a financial watchdog meant to protect consumers in the latest sign of his administration embracing low-profile approach to tackling bank regulation
- The CFPB was created by the Dodd-Frank reforms after the 2008 financial crisis and was reviled by bankers and Republicans, who blamed it for stifling the financial sector
- Mr Mulvaney has made big strides in styming some of the CFPB's former work, temporarily freezing new regulations and reviewing proposed rules, including those on payday lenders

Argentina finance minister defends bailout – Pg. 4

- Argentina's Treasury and finance minister insisted that the government would meet tough new targets for lowering the fiscal deficit next year, as he defended the country's decision to seek a \$50bn bailout from the IMF
- Mr Dujovne pointed to innovative clauses in the deal proposed by Argentina that would allow the government to increase spending on social programmes and relax deficit targets, if necessary, which the fund "welcomed warmly"
- Such socially sensitive terms contrast with past IMF programmes, not least the fund's last standby arrangement with Argentina that ended with 2001-02 financial crisis that had grievous consequences and tarnished the multilateral lender's reputation

Insurance – Pg. 7

- ...after over a decade of crisis AIG is a shadow of its former self, having sold off large chunks of its business
- ...in January it spent \$5.6bn on its first purchase in a decade, with a hint of more deals to come, and has used the past 12 months...to recruit a new management team and shake up the way it operates
- The insurer has been under sustained pressure for most of the past 15 years. It lurched from Eliot Spitzer's accounting investigation that resulted in a \$1.6bn settlement in 2006 to needing a \$185bn government rescue two years ago later just to survive at the height of the financial crisis
- It has repaid the taxpayer bailout, partly via asset sales. At its peak, the insurer was worth \$240bn and had a triple A credit rating. It is now worth about a fifth of that and Fitch rates it A-, six notches lower
- Regulators restricted the company's growth because they deemed it a "systemically important" financial institution. But last autumn, as part of the Trump administration's deregulatory agenda, it rescinded AIG's "too big to fail" status
- Part of the reason for the share price fall may be the scaling back of share buybacks, but there are more fundamental problems. AIG has long avoided the kinds of financial products, such as credit default swaps, that turned toxic in 2008 and led to its bailout. Today, it is the

traditional property and casualty insurance business, which accounts for almost two-thirds of revenues, that is the group's big anxiety

- ...AIG has struggled to generate a profit from business insurance in the US. It covers a wide range of commercial risks, from workplace injury claims to clean-up costs from environmental damage...
- Problematic policies sold by AIG, such as professional liability and workers' compensation, are known in industry jargon as "long-tail", leaving the insurer on the hook for potential liabilities years into the future

Meet Canada's business school trailblazers – Pg. 11

- Isabelle Bajoux-Besnainou of McGill University says enlightened maternity and paternity rules have helped women forge senior careers in Canada (Prof Note: I took a class with Isabelle at GWU. Huge loss for the school!)

Answer: (1) More exercise (Prof Note: I am down 20lbs and feeling great. Still obese by U.S. government standards but pushing forward under my own power! ☺); (2) Better joint replacement; (3) A new attitude toward growing older (Prof Note: I will absolutely tell you that my 40s are better than my 30s which were better than my 20s); (4) Improved cartilage solutions; (5) More plant-based food; (6) Greater understanding of which foods are bad for us (Prof Note: Probably could have done without the gelato last night!); (7) More effective exercise; (8) Making cells young again; (9) Greater understanding of inflammation; (10) More sharing of health data; (11) 3d printing; (12) Tissue engineering; (13) Falling smoking rates; (14) Greater awareness of environmental factors; (15) Fitness trackers; (16) Digital pathology; (17) Greater focus on keeping minds sharper; (18) More interest in healthy foods; (19) Better food production and labeling; (20) HPV vaccination; (21) More cancer-fighting vaccines; (22) Better hygiene; (23) Improved dental hygiene; (24) Smart phone apps; (25) More socializing later in life; (26) Socializing online; (27) Better blood pressure control; (28) The sequencing of the human genome; (29) Genetic screening; (30) Gene editing and therapy; (31) Targeted cancer therapies; (32) Newer antibiotics; (33) New stroke treatment tool; (34) Clearer ultrasounds; (35) Greater use of meditation; (36) More minimally invasive surgery; (37) Robotic surgery; (38) Natural orifice surgery; (39) Telesurgery; (40) Telehealth; (41) More research on gut bacteria; (42) Better understanding of the role of stress (Prof Note: I actively work to reduce my stress); (43) Wearable health sensors; (44) More personal tech innovation; (45) New ideas about 'nursing' homes; (46) More senior living options; (47) More volunteering, more health benefits; (48) Greater understanding of social determinants of health; (49) Recognizing the importance of mental health as we age; (50) Big Data

16 June 2018

Question: According to MSN, what is the most expensive hotel in Maryland?

Ex-Trump campaign chief Manafort jailed for alleged witness tampering – Pg. 1

- The judge noted that her earlier instruction not to commit crimes while on bail was "printed in bold, all caps" (Prof Note: There is much to be said for a quiet, anonymous life)

Central banks correctly go their separate ways – Pg. 8

- The Fed raised rates and signaled future increases, as expected; the ECB gave details of its impending exit from quantitative easing, while emphasizing that monetary policy would remain loose; the BoJ did nothing
- Of the three, the BoJ had the easiest task, though not for pleasant reasons. Inflation in Japan continues heavily to undershoot its target; showing that the tightening in the labour market is a long way from feeding through adequately into pricing power
- The Fed, having clearly signaled a quarter-point rise in rates, duly delivered
- ...Jay Powell...was wise to try to dispel notions that he would take a more hawkish approach than Janet Yellen, his predecessor
- The Fed needs to be alert to the possibility that its tightening will cause significant financial disruption, notably in emerging economies. But the wildest card is the possibility of an escalation of trade conflict among the big economies, driven by Donald Trump, the US president
- ...the most difficult decision was that the ECB, which faced the delicate task of preparing financial markets for its exit from quantitative easing
- It seems quite likely that equilibrium long-term interest rates have fallen. Moreover, this already very old recovery could run out of steam, or be subject to adverse shocks, at any time. Still, consumers, investors and businesses should take some comfort that the central banks of the world's biggest market economies have roughly the right analysis of where they are and how they might react in a downturn

Law firm's near \$200,000 offer kicks off US pay war – Pg. 10

- US law firms have launched an expensive bidding war for young legal talent after New York-based Millbank Tweed Hadley & McCloy raised the salary it was offering first-year lawyers to \$190,000, forcing their competitors to follow suit
- ...raised salaries for those just below partner level to \$330,000, took effect this month
- (Prof Note: Students are always surprised when I state that attorneys rates are negotiable. You can and should negotiate their fees. Also, track their time and negotiate the bills when they are received. I often use two law firms on my bigger issues and have each check the other's invoices. REFUSE to pay for the \$25 copy! REFUSE to pay for the 2 minute phone call confirming the meeting. Note the firm most likely rounded the 2 minute call to 6 minutes and then billed you.)

Halcyon days recede as ECB and Fed step back – Pg. 13

- The withdrawal from fixed income was broad based as investors adapted to a world in which two key central banks were providing less support. European bond funds were particularly hit, losing \$2.4bn, the biggest outflow in over a year. Emerging market bond funds suffered their eighth straight week of outflows, the longest negative streak since 2014
- Pressure on emerging markets has been exacerbated by investors shifting cash from EM into the US, where rates are becoming more attractive. The returns on short-term 12-month Treasury bills – essentially the equivalent of cash – have climbed to a 10-year high of 2.3% thanks to the Fed's tightening and a big increase in US government borrowing following tax reform

Answer: Four Seasons, Baltimore

15 June 2018

Question: According to MoneyTalksNews, what are 19 things you should make your kids pay for?

ECB moves to pull plug on 2.4tn (euro) stimulus scheme by end of year – Pg. 1

- The ECB has declared an end to its three-year 2.4tn (euro) stimulus programme, announcing it will wrap up the historic scheme credited with reviving a crisis-wracked Eurozone economy at the end of the year
- The decision to end the billions of euros in monthly bond purchases, ..was balanced by leaving interest rates at record lows and signaling they were unlikely to rise before September 2019 – later than some analysts had thought
- The dovish message on rates sent the euro falling sharply, off 1% against the dollar to \$1.1672
- The ECB will gradually taper the stimulus programme through the rest of the year, cutting its monthly asset purchases in half to 15bn (euro) after September before phasing them out entirely
- The ECB's move, taken at a meeting in Riga, brings it closer to the US Federal Reserve and the BoE, which have not only ended quantitative easing but also started raising rates

Powell keeps his hawkish side on a leash – Pg. 4

-new chairman vowed to speak in plain English and hold more regular press conferences as he fosters "a public conversation" about what the US central bank is up to
- ...it was clear from the Fed chair's post-meeting press conference on Wednesday that US rates would continue to be lifted gingerly, but that the Fed's ultimate destination was uncertain
- Unemployment is now on tract to drop to only 3.5%, the lowest since the 1960s, even as inflation remains close to the central bank's 2% target
- Growth this year is tipped to come in at 2.8%, above the Fed's 2.1% median prediction a year ago
- The median forecast from Fed officials puts rates at 3.4% in 2020, well above their estimate for which neutral rate in the longer term, which remained at 2.9%

Fed tweak hints at limits to shrinking balance sheet – Pg. 19

- ...officials raised an interest rate by just 20bps to 1.95%, rather than the customary 25bp increment
- The change, while technical, might signal that the US central bank will not be able to shrink its balance sheet as much as commonly expected
- The rate that was tweaked, known as the IOER, or "interest on excess reserves", is the interest the Fed pays on money held at the central bank, and has until now acted as the upper level of its corridor, while the "overnight reverse repo programme", or RRP, has been the defacto floor of the Fed funds range
- The Fed funds rate has been nudged higher by the central bank, slowly draining "excess reserves" from the financial system, which has started to have a bigger than expected impact on short-term money markets

- The Fed has historically controlled the Fed funds rate by controlling how much money sloshed around in the Fed Funds market. If it wanted to lift interest rates, the central bank sucked funds out by selling Treasuries it has in storage to commercial banks, and taking money out of their accounts at the Fed. When it lowered interest rates, it pushed money into the market by buying Treasuries from the banks
- But the Fed's crisis-fighting quantitative programme entailed buying massive amounts of bonds from banks and crediting their accounts at the Fed with new money – flooding the financial system with surplus Fed funds and forcing the central bank to start using IOER and RRP to control the Fed funds rate
- ...the total assets held by the Fed has slowly dipped from about \$4.5tn to \$4.32tn as of this week

US tightening heaps pressure on Hong Kong mortgage rates – Pg. 19

- Short-term interest rates in Hong Kong are rising at a lively pace and reviving concerns among analysts that tightening financial conditions will challenge the highly valued local property market
- The relentless rise in borrowing costs has stoked concerns about pressure on borrowers as most mortgages in Hong Kong are tied to the floating rate Hibor

Answer: (1) Movies and TV; (2) Designer clothing and accessories; (3) Candy, gum, and other sweet treats; (4) College; (5) Toys and games; (6) Pets and pet supplies; (7) Gifts for friends and family; (8) Cosmetics and beauty supplies; (9) Any items freely available elsewhere; (10) Replacements for items they broke; (11) Donations to charity; (12) Snacks between meals; (13) School events; (14) Phone data plans; (15) Late fees and finance charges; (16) Unnecessary school supplies; (17) Their own rainy-day fund; (18) Yearbooks and spirit wear; (19) Cosmetic piercings and tattoos

14 June 2018

Question: What are 10 financial scams to look out for in retirement (according to US News)?

Hawkish Fed lifts rates as Trump tax cuts fuel economic expansion – Pg. 1

- The Federal Reserve lifted interest rates by a quarter point and signaled that two more increases were likely in 2018 as policymakers gave bullish assessment of the US economy amid accelerating growth and rapid job creation
- ...raised the target range for the federal funds rate to 1.75% to 2%, in the seventh increase of the current cycle
-interest-rate forecasts....pointed to a total of four rate rises in 2018, followed by another three in 2019
- The US stock market dipped 0.2% on the news of the intention to raise rates another two times this year, on top of the two that came in March and yesterday
- The 10-year Treasury yield jumped 3pbs to 2.97%
- The republicans' \$1.5tn tax cutting package and \$300bn federal spending increase have fueled a further pick-up in the US economy, overshadowing global hazards, including the risk of a Trump-induced trade war

- The rate rise was widely predicted by financial markets given the recent fall in unemployment to just 3.8% and signs that inflation is moving closer to the Fed's target

Gig workers need better employment protection – Pg. 10

- ...contractual arrangements can be employment contracts in the eye of the law even if they nominally set up a self-employment relationship
- Who is responsible for the unavoidable risks relating to varying business conditions, accidents and health when work is structured in a flexible way? This is an increasingly pressing question as self-employment grows in importance
- Since 2001, the share of self-employment in total work has grown from about 12 to more than 15%
- The function of these three components of policy – clarifying, modernizing, and enforcing the law – is not just to strike the right balance between protecting the vulnerable and facilitating flexible work
- The rising use of flexible work contracts – and the technology facilitating them – has not only put pressure on labour standards. It also undermines the government's ability to collect the taxes normally imposed on both sides of more conventional contracts

Foreign lenders urge Fed to relax rules – Pg. 16

- Foreign banks in the US are stepping up a flight for regulatory relief, complaining they have been unfairly hit by super-charged standards on capital developed under the Obama administration
- At issue is the topic of "ringfencing", or the requirement that non-US banks operating in America set up standalone subsidiaries with dedicated capital and liquidity inside them
- The idea is that such structures would make a troubled bank easier to wind down without burdening taxpayers, while stopping contagion spilling into the rest of the financial system
- The Basel-based Financial Stability Board has recommended banks have total loss-absorbing capital (TLAC) in their overseas holding companies of at least 75% of what is required in their home country

Answer: (1) Medical scams; (2) IRS phone calls; (3) The grandparent scheme; (4) Fake prescription drugs; (5) Rogue movers; (6) Lottery scams; (7) Investment schemes; (8) Deceptive family members; (9) Spontaneous repair offers; (10) Misuse of your funds

13 June 2018

Question: According to [MSN:Money](#), what is the average rate for a credit card interest?

US Fed Low-rates guidance shuffles towards retirement – Pg. 2

- Accelerating growth and blockbuster hiring numbers will keep the US Federal Reserve on a steady path towards tighter monetary policy this week despite global risks including the threat of a Donald Trump-induced trade war and emerging market strains
- The target range for the federal funds rate is likely to be lifted by another quarter point, bringing rates to 1.75-2.00%, in the seventh rise of the current cycle

- One or two further increases will be signaled for the remainder of the year, with more to come in 2019
- ...could start phasing out the low-rates guidance the central bank deployed during the crisis
- Unemployment has fallen to 3.8%, far below the Fed's 4.5% estimate of its sustainable level. Core inflation is getting nearer to target after repeated disappointments last year
- Adding zest to the rebound is a fiscal stimulus package that twins \$1.5tn of tax cuts with a \$300bn rise in federal spending, boosting the growth rate of real GDP by about 0.75% this year and next
- The most recent set of forecasts from the Fed put the federal funds rate at 3.4% in 2020, above the estimated long-run level of 2.9%
- The central bank has also been signaling it will be comfortable if inflation overshoots its inflation target for a while
- Trade is among the threats on the Fed's radar, given the danger of further tit-for-tat escalation...
- Emerging market vulnerabilities are another, given the possibility of capital flight driven by tightening monetary policy in the US and euro area

Fund managers worry about corporate debt and rekindle interest in US stocks – Pg. 19

- Fund managers are growing increasingly nervous about the amount of corporate debt, and want companies to improve their balance sheets
- The IMF has repeatedly raised concerns that the climate of easy monetary policy has led to an excessive allocation of credit to companies. S&P global warned that the proportion of highly leveraged corporates had risen from 32% in 2007 to 37% ten years later, a risk that was marked by the low rate of defaults
- Nearly two-thirds of respondents say the US is the best region for offering a return on profit
- If the US is in vogue, alongside defensive stocks, out of favour are banks, emerging markets and Eurozone stocks
- Commodity allocations are at their highest in eight years, and tech stocks are still strongly favoured for the fifth month in succession
- Fund managers were confident in the Fed's rate policy but thought a fall in US inflation would be the most likely reason for the central bank to stop tightening. They also believed the S&P 500 would peak at 3040 – a 9% premium to current levels – and did not expect a recession until the first half of 2020
- They considered the biggest risks to be a trade war, a central bank policy mistake, and a euro or emerging market debt crisis

Answer: 17%

12 June 2018

Question: 20 Expert-backed ways to improve your mental health everyday?

Stark warning from Citi over automation of bank jobs – Pg. 1

- Citigroup's investment bank head has suggested that it will shed up to half its 20,000 technology and operations staff in the next five years, as machines supplant humans at a growing pace
- If replicated across the industry, the potential job losses would represent a steeper rate of cuts than in 2007-17, when almost 60,000 jobs were slashed from eight of the world's top-10 investment banks...

Financials – Pg. 9

- At JPMorgan, the world's biggest investment bank by revenue every year since 2010, investment bank head Daniel Pinto sees global growth driving revenue higher in the coming years, while big banks like his deploy technology to cut costs and win clients
- Investment banks have spent much of the decade under a shadow since the meltdown of the US mortgage market. They have watched private equity firms and hedge funds take their place at the top of the finance food chain
- Investment banks have also regained their cachet among ambitious graduates
- ...investment banks have to navigate a very different environment. Regulations have in effect banned them from once-lucrative activities such as trading stocks on their own behalf and co-investing in funds with clients
- Europe's investment banks have fallen out of the world's top five since 2015 after a series of strategic exits from Asia, the US and continental Europe

Answer: (1) Plan your day more efficiently; (2) Use the buddy system; (3) Call a time-out; (4) Know how to say "no"; (5) Develop a healthy arrogance; (6) Prioritize you; (7) Delegate ruthlessly; (8) Respect the unexpected; (9) Generate a solution that you can implement immediately; (10) Be comfortable with discomfort; (11) The bend over backwards; (12) Focus on somebody other than yourself; (13) Turn trouble into transformation; (14) Pick the low hanging fruit; (15) Relieve the past to face the future; (16) Use a spotter; (17) Create a three-legged life (home, work, self); (18) Recognize the power of your imagination; (19) Stop comparing yourself; (20) Call someone (National Suicide Prevention Lifeline, (800) 273-8255)

11 June 2018

Question: According to [MSN:Lifestyle](#), what are 11 signs someone is lying to you?

Argentine businesses battle to survive 40% interest rates – Pg. 2

- ...Argentina's \$50bn deal last week with the IMF has made clear that high interest rates are set to stay. The standby agreement demands greater independence for the central bank and makes fighting inflation a priority
- That makes day-to-day life intensely difficult for the businesses that the government and the IMF hope can bring the Argentine economy back to health
- Real estate companies will suffer from higher interest rates because of the impact on Argentina's nascent mortgage sector

Big Bank profits beat pre-Lehman levels – Pg. 14

- Leading investment banks made more money in 2017 than in the year before the collapse of Lehman Brothers, highlighting the industry's resilience to a crisis that threatened to overwhelm it

- The solid profitability shows investment banks have emerged from a decade of change in much better shape than many people would have predicted, despite the impact of tougher regulation and new competitors offering online sales and trading at wafer thin margins
- While net income is up, return on equity is still well below the high-teen and low-20s levels enjoyed before the crisis, after regulation forced the banks to increase their shareholders' equity by 60% over the decade to 2017
- Revenues in some parts of the investment banks have shrunk significantly since 2007, particularly equities, where they fell 36% in the decade across the eight banks that disclosed the data
- Fixed-income revenues were more resilient but only because 2008 was a low point for some banks...
- Low volatility hampered trading revenues for much of 2017, before a spike in volatility in February delivered bumper results for the first quarter this year. Since then, markets have been calmer and banks have flagged poorer trading in the current quarter

Small US banks push for further deregulation – Pg. 16

- Shares in smaller banks have been boosted as a result, with the Russell 2000 banks index outperforming the S&P banks by about 10% since the turn of the year
- The Economic Growth, Regulatory Relief, and Consumer Protection Act contains a number of provisions related to capital, mortgage lending and data collection, mostly targeted at banks deemed too small to present a serious risk to the US financial system

Answer: (1) They change their head position quickly; (2) Their breathing changes; (3) They stand very still; (4) They repeat words or phrases; (5) They provide too much information; (6) They touch or cover their mouth; (7) They instinctively cover vulnerable body parts; (8) They shuffle their feet; (9) It becomes difficult for them to speak; (10) They stare at you without blinking much; (11) They tend to point a lot

9 June 2018

Question: According to [MSN:BestLife](#), what are suicide warning signs hidden in plain sight?

'Bitcoin whales' control a third of market with holdings of \$37.5bn – Pg. 1

- A mysterious cluster of 1,600 investors known as "bitcoin whales" collectively hold \$37.5bn of the cryptocurrency, or close to a third of the available total, revealing the extent to which wealth is concentrated in the nascent market
- That the bitcoin market is so tightly held stands at odds with bitcoin's mission to democratize finance by setting up an alternative monetary system free of central bank control and open to all. It also brings risks for smaller speculators
- Bitcoin, the most popular cryptocurrency, enjoyed a dramatic bull run last year as retail investors rushed to try to cash in on its rise. Its price rose more than 1,000% in 2017, peaking at about \$20,000 in mid-December, but it has since fallen back to trade at around \$7,500 as regulators begin to circle the freewheeling sector

Chef who built global media franchise found dead in Paris – Pg. 6

- The 61-year-old was found dead in his hotel room in Paris yesterday morning...Anthony Bourdain....cause of death was suicide
- Bourdain sometimes struggled with his success. In the Sardinia episode of *Parts Unknown*, he asked in a voiceover: “What do you do after your dreams come true?”
- (Prof Note: It seems we have had two high profile suicides, i.e. Kate Spade and Anthony Bourdain, in as many days. These have shaken me as they, at least from my external perspective, seem to have occurred to two individuals that had the world by the tail. I do not understand mental health but wonder if we, as a society, should be doing more. Why are people who are seemingly at the pinnacles of careers, offering the world so much, leaving us so early? Are these losses symptoms of a much larger issue(s)? Personally, I believe every person has much to offer. I am saddened by all of these losses.)

Investors risk missing out on US small-cap rally if they back wrong index – Pg. 14

- Small companies are setting a record pace on Wall Street this year, but many investors are missing out on the cream thanks to a divergence between the two main benchmarks that define the sector
- US small companies tend to be more domestically focused than their larger counterparts, bringing a host of benefits in the current economic and fiscal climate
- This year’s corporate tax cuts and strengthening US economic recovery are hefty tailwinds for smaller companies, in contrast to the outlook for multinationals...
- The result is that small-cap equity benchmarks have set fresh all-time highs and have left the S&P 500’s performance well behind so far this year: the S&P 500’s 3.5% rise pales when compared with 10.6% for the S&P 600 index and 8.6% for the Russell 2000, the two main indices tracking small-caps
- ...more money tracks the Russell 2000 - \$1.6tn versus the S&P 600’s \$89bn, including money in index funds and mutual funds whose managers use the indices as a benchmark,...
- Proponents of the Russell index say it is indicative of the broad universality of small companies, but critics argue that the quality of its constituents – it contains 1,966 companies, of which one-third are unprofitable – makes it easy for fund managers to beat
- In contrast, the smaller S&P 600 contains companies that need to meet certain performance requirements....its members must have turned a profit in the aggregate over the past four quarters and in the previous quarter,...
- The S&P 600 is more heavily weighted to areas benefiting from the brightening outlook, such as industrials and consumer discretionary sectors...
- Other notable variations between the indices relate to biotech, which has been underperforming sector this year. Biotech companies have a 7.3% weight of the Russell 2000, but 2.4% of the S&P 600
- It trades [S&P 600] at 18.9 times forward earnings versus the Russell’s 24.3 times, ...

Answer: (1) They talk more frequently about “The Meaning of Life”; (2) They are perfectionists to a fault; (3) They spend too much time with technology; (4) They complain of physical pain; (5) They’re partying more; (6) They obsess about their figure; (7) They are becoming increasingly hostile; (8) They suffer from a mental disorder; (9) They have nightmares; (10) They’ve stopped hanging out with friends; (11) They’ve slashed their calorie intake; (12) They suffer from insomnia (National Suicide Prevention Lifeline, (800) 273-8255)

8 June 2018

Nevis News: A Blue Jay landed on Cat Ghaut, see attachment. The Blue Jay is actually there to visit the medical school (Prof Note: Hopkins, you better up your game! Medical University of America is capturing the attention of our students and the professors all play Cat Ghaut each Sunday morning!) The world could not have been smaller as the student was in the taxi on Nevis and said, “The taxi driver has known Dr. Staiger since the seventies. I knew/know exactly who was driving him around! Comments from the student were that everyone on both islands could not have been nicer. The student (sorry...GRADUATE) loved the Park Hyatt!

Question: According to [MSN:Lifestyle](#), what are 11 signs someone is lying to you?

Turkish lira up 2% after central bank raises rates to keep inflation in check – Pg. 1

- The lira rallied sharply after the central bank raised its benchmark interest rate by 125bps to 17.75%. The currency gained 2% against the dollar after the increase
- Investors have been clamouring for higher rates to help curb annual consumer inflation of 12.15% and to stem the currency’s slide
- The lira went into freefall last month as investors worried about inflationary government spending pledges ahead of the pools...
- The central bank raised its late liquidity rate by 300bp after an emergency meeting on May 23, a move that investors warned had come too late

Power – Pg. 7

- In Laos, in Brazil, in central Africa and most of all in China, ultra high-voltage cable technology that allows power to be commercially transported over vast distances with lower costs and increased load in justifying the construction of massive power projects
- UHV allowed china to binge on dam building in its mountainous hinterland, then transport the power thousands of kilometres to its wealthy, industrial east coast
- It is no coincidence that this would resolve the problem of “trapped” power resulting from some of China’s mega construction projects in countries like Laos that lack a big enough domestic market
- Some western observers see a geopolitical strategy on part with China’s Belt and Road Initiative, a grand design that seeks to boost Chinese-led infrastructure investment in more than 80 countries
- The first stage, set to run until 2020, involves investment in domestic grid assets within other countries. The second phase would see the kitting together of some of those grids and that generation capacity
- The ambition is huge, envisaging linking up more than 100 countries. But china has considerable organizational, financial and technological firepower
- The state-owned power companies that are hitting the acquisition trail overseas rank as global heavyweights. State Grid is ranked as the world’s second-largest company after Walmart in the 2017 Fortune 500 list

Watch the Fed’s balance sheet, not interest rates – Pg. 9

- ...Fed’s balance sheet unwinding is quietly contributing to the current turmoil in emerging markets

- ...worries that President Donald Trump's subsequent tax cuts have caused the US deficit to widen unexpectedly, sparking higher-than-projected issuance of US debt. Indeed, some \$2.34tn of Treasuries will be sold in the next two years
- Global investors will need dollars to buy those bonds. However, the rub is that the Fed's unwinding is sucking dollars out of the system, currently at a pace of \$20bn a month, which is slated to rise to \$50bn next or (or a cumulative \$1tn of liquidity by December 2019). That creates a dollar liquidity squeeze...

Answer: (1) They change their head position quickly; (2) Their breathing changes; (3) They stand very still; (4) They repeat words or phrases; (5) They provide too much information; (6) They touch or cover their mouth; (7) They instinctively cover vulnerable body parts; (8) They shuffle their feet; (9) It becomes difficult for them to speak; (10) They stare at you without blinking much; (11) They tend to point a lot

7 June 2018

Question: According to USA Today, what are 5 tips to keep Alexa from peering into your life?

Investors shed Eurozone debt as bloc's economy bolsters case for ending QE – Pg. 1

- European markets took a fresh hit after top policymakers delivered confident remarks on the Eurozone economy, bolstering expectations that the ECB will halt its bond-buying programme this year
- Many in the markets expect government debt yields to continue to gyrate in the coming weeks,...
- The ECB is likely to end quantitative easing as planned in December despite the increased uncertainty in Italy, but investors will be watching data on Italian business and consumer confidence, in particular, for many signs of weakness

India lifts interest rate to curb price pressures – Pg. 4

- The Reserve Bank of India raised its benchmark interest rate yesterday for the first time in four and a half years, citing growing inflationary pressures stemming from rising oil prices and global financial turmoil
- The central bank's monetary policy committee voted unanimously to raise its benchmark repo rate by 25bps to 6.25%, saying "inflation has hardened sharply" and been persistently sticky in the last six months
- The rupee has depreciated by 3% in the same period, making it one of Asia's worst performing currencies

Millennial moment – Pg. 7

- ...millennials as the 73m Americans aged between 22 and 37, who will next year overtake boomers in number
- The coming of age of the world's 2bn millennials is not only a generational shift: it is one of ethnicity and nationality. Forty three percent of US millennials are non-white, and millennials in Asia vastly outnumber those in Europe and the US. Despite China's former one-child policy, it has 400m millennials, more than five times the US figures (and more than

- the entire US population) while Morgan Stanley estimates that India's 410m millennials will spend \$330bn annually by 2020
- Millennials have reached what the bank calls "the most important age range for economic activity", when households are formed, babies are born and money is spent not just on going out but on settling down
 - ...it is placing immense strain on institutions that once thrived on mass marketing through television advertising
 - In the US and Europe, many millennials are disenchanted with their lot as they attain maturity
 - They are highly educated: 39% of British 25 to 39-year-olds are graduates, compared with 23% of those between 55 and 64. But their sophistication and ambition is not matched by security
 - This is largely an accident of history. Older millennials entered the workforce in the mid-2000s, and many lost jobs after the 2008 crisis. They were also caught by rapid inflation in house prices as interest rates fell and remained low. The milestones of leaving home, getting a job, marrying and having children have been delayed – 45% of 18 to 34-year-old Americans had done all four in 1975, but only 24% had in 2015
 - ...2014 study...only 19% of millennials believed that others could be trusted, compared with 40% of boomers and 31% of the generation Xers born between 1965 and 1980
 - Millennial faith in institutions is also low (Prof Note: As is mine...hence, "Do the hustle!")

Answer: (1) Change your wake word. You're not married to Alexa; (2) Say no to contacts; (3) Turn it off; (4) No voice purchases; (5) Don't drop in

6 June 2018

Question: According to [MSN:Lifestyle](#), what are 11 signs someone is lying to you?

Barbados braced for tough measures to clear debt burden – Pg. 3

- Barbados faces a painful journey back to financial and economic health under radical plans to tackle the world's fourth-biggest debt burden,...
- The Caribbean island has been told by Mia Mottley, the prime minister, of previously undisclosed liabilities that lifted overall debt from 137% of GDP to more than 175% - the highest debt-to-GDP ratio after Japan, Greece and Sudan
- With central bank reserves down to \$220m, or seven weeks of imports, debt payments due this month and the hurricane season approaching (Prof Note: The hurricane season is a real concern in the island. We have crews working 7 days a week to finish projects as a caution to weather.)
- Barbados is the latest Caribbean statelet to suffer financial distress. Since 2010 St Kitts and Nevis, Antigua and Barbuda, Belize, Grenada and Jamaica – twice – have had to default on an restructure debts, in what Moody's in 2016 called a "silent debt crisis".
- Its slide into insolvency has been a long time coming. Barbados was long one of the better-run countries in the region, helping per capita GDP rise to about \$17,000 in 2016. But fiscal discipline started eroding after the global financial crisis, when the economy was hit by

- a tourism drought (Prof Note: Yes! The world woke to the beauty of Nevis and the rum on St. Kitts!)
- Annual economic output is about \$5bn, which means Barbado's overall bonds, loans and other liabilities stand at almost \$9bn. More than two-thirds is owed to local investors and banks, raising concerns a tough package could imperil the domestic financial system
 - ...means that much of the debt relief Barbados is seeking will have to come out of international creditors, which would also slow the drain of dollars from central bank coffers
 - State payments to SOEs, subsidies and on retirement benefits have been rising despite an austerity programme, and last year reached almost \$600m in a country of 280,000 people (Prof Note: Nevis (12,000 people + ME); St. Kitts (42,000 people))

Designer Spade found dead in her apartment – Pg. 12

- Kate Valentine, the designer behind the namesake Kate Spade fashion line, aged 55, was found dead in her Manhattan apartment yesterday morning
- (Prof Note: Apparently she committed suicide. One of my dreams for Cat Ghaut, www.catghaut.com, is that it be a retreat for those in recovery. One of the many beauties of Nevis is that the world is "away". When you are on island you are "on island". I have no mental health background and my personality still tracks that of an engineer. However, if I can assist anyone, I will. Life can have low moments but each day the sun will always rise from the East. Each evening, it sets in the West and if you are lucky, you can watch the Green Flash. While not easy, please consider a life do-over as the extreme solution. Rather than leave the world, perhaps consider a re-birth with a new identity and life. Just my thought(s)...but I truly believe everyone has something to offer and that the world is better off with great people! I/we want to help!)

Ruptions in emerging markets and Europe put Fed under pressure – Pg. 19

- The US Federal Reserve is often buffeted by cross-currents but investors caution that balancing the strong domestic economy and increasingly choppy waters in emerging markets – and now Europe – will require a particularly adept hand at the tiller this year
- ...US economy continues to expand at a robust clip, exemplified by unemployment numbers and manufacturing data released Friday. That double dose of strong data prompted traders to lift Treasury yields higher again to end the week – and it improved the odds of the Fed staying on its path of monetary tightening this year
- The implied probability of the Fed raising rates only once more this year, after the March increase, jumped from 13% on May 22 to almost 40% at the peak of Italy's turmoil but has since slid back below 20%
- The Treasury market has also see-sawed with the 10-year Treasury yield bounding from a low of 2.76% on May 29 to 2.92% on Monday
- The Fed itself has indicated it plans to raise rates twice more this year
- The 10-year "break-even" rate, a market measure of investors' inflation expectations, remains above the Fed's target 2% at 2.07%, despite recent declines, and inflation is expected to continue to accelerate into the summer

Answer: (1) They change their head position quickly; (2) Their breathing changes; (3) They stand very still; (4) They repeat words or phrases; (5) They provide too much information; (6) They touch or cover their mouth; (7)

They instinctively cover vulnerable body parts; (8) They shuffle their feet; (9) It becomes difficult for them to speak; (10) They stare at you without blinking much; (11) They tend to point a lot

5 June 2018

Announcement: *Foundations of Real Estate Financial Modelling*, 2nd Edition, Routledge, 2018, is officially published!!! Global sales for the 1st Edition warranted a second edition. This text will replace the standard Real Estate Finance textbooks covering Real Estate Finance basics as well as advanced concepts and modelling utilizing stochastic processes and optimization. The text is first to publish Optimization for physical real estate products within a single asset and portfolio (Prof Note: Can you see my pride?!)

While I would love to take all the glory and the pride of my name on the cover is unending, this was a work of many! The text is 70% larger than the first edition and includes problem sets as well as case studies written by graduate students. Many tirelessly edited the text over months, accepting no payment, but committed to broadening the world of Real Estate Financial Modelling.

The major outgrowth of both editions is the development of the new financial metric, P(Gain). This metric, utilizing a normal distribution, z-score, and efficiency, addresses the most fundamental question, and least addressed, in finance, i.e. "What is the probability of Return OF Capital?". From this a new company has been formed, P(Gain), LLC, and over the next few months this list-serve will be transitioned to a new email address, i.e. rstaiger@pgainllc.com. Please note that the list-serve's purpose, goals, and structure will not change. The list-serve will continue to provide daily capital market summaries, employment opportunities from participants and readers, and will still be subject to my "Prof Note", i.e. occasional rant! ☺)

Question: What financial metric quantifies the probability of Return OF Capital?

Finance – Pg. 7

- ...\$10tn market for credit default swaps
- The credit default swap, a financial instrument intimately associated with the losses incurred by the banks during the US subprime mortgage crisis, is most commonly used to either hedge against a company falling into trouble and possibly not paying off its debts, or as a tool of outright speculation over whether a default will occur
- It is the debt equivalent of a controlled explosion: offering a company favourable financing, such as low interest loans, to convince it to intentionally default in a way that will trigger payouts on CDS contracts, but without bringing down the whole company
- When the India-born and Cambridge educated
- But experts believe the damage to the market is already done, as the run of trades from GSO have exposed how easy it is for big players to alter outcomes in the very markets they are betting on

Commodities trading booms as new kind of strategy emerges – Pg. 19

- A class of investors who have put tens of billions of dollars into commodities over the past few years do not care whether the prices of oil, wheat, cattle and the rest go up or down
- Risk premia investing, a strategy borrowed from equities markets that weights factors other than price, has caused a boom in trading volumes on exchanges and resuscitated revenue for banks bleary from a sluggish decade in their commodities divisions
- Risk premia strategies have attracted about \$20bn to commodities markets over the past two years...
- Instead of trying to predict whether commodities prices will rise or fall, risk premia investors systematically place bets based on so-called factors such as momentum, volatility and a pattern of prices for future delivery

- This stands in contrast to traditional commodities investing, which involves tracking an index such as the S&P GSCI or placing money with hedge fund managers claiming expert knowledge of the commodities they trade
- Risk premia attempts to isolate the factors responsible for outperformance and feed them into an algorithm that selects which commodities to buy or sell. In theory they are more transparent and cheaper than a hedge fund and at least somewhat insulated from indices' pitfalls
- The strategies differ from "enhanced" strategies, an earlier innovation built to deal with flaws in commodity index investing. Enhanced strategies hold bullish, or long, positions. Risk premia strategies might instead have long and short positions
- One simple risk premia strategy follows momentum: in a basket of commodity futures, the investor buys the ones that have performed better in the past year and shorts those that have done worse, based on the belief that markets digest new information gradually
- Another might involve liquidity: by purchasing a corn contract for delivery next December and hedging it with the more actively traded spot month contract, a risk premia fund could be paid a premium for its willingness to own a thinly traded contract
- A third might involve buying commodities where the spot price is highest relative to futures
- Risk premia strategies do not rely on counting barrels or bushels, having privileged contacts among physical traders and processors, or keeping up with geopolitical events – the stock in trade of traditional commodities funds
- (Prof Note: This is precisely why I was/am blessed with an engineering background and finance graduate studies. Never did anyone express the power (read: financial opportunities in trading) of mathematics when I was an engineer. It was only 10 years into my career when I realized, while MD for a Commodity division, the true blessing(s). The ability to trade on developed relationships and profit is what makes Western Finance so great! There are basically no barriers to entry. With \$300 one can open a brokerage account and start trading utilizing their mathematics skills! We need to stress this in classrooms. Regressions for the sake of regressions are boring (there, I said it!). However, a simple univariate regression equation, personally developed in 2007, relating commercial and residential pricing changed my life! Understanding these products, understanding the mathematics, understanding the markets and how to structure and execute is a blessing! Math is SEXY!!!)

Answer: P(Gain)

4 June 2018

List-Serve Comment: I received a huge response to the 2Jun18 *50 most common regrets people have in their 50s*. One common theme that was replied to me as a surprise it was not in the list was, 'Not asking for assistance when it was needed or in times of struggle.' As commentary to this reply (which I agree 100.0%), I want to add that at the beginning of my 5-year legal battle which began with the killing of by my namesakes, i.e. Roger I and Roger II, and forged estate documents, I sought assistance from many people. Everyone I asked provided assistance in the form they could. From Bob R checking in every few weeks, "Roger, are you ok?" to clients and organizations providing more work to allow me to finance the Dream Team for Estate Cases from cash flow rather than savings. One person I would like to call out at this moment was "Shirley". Her son was murdered by his wife and his estate documents forged. Shirley spent her life savings fighting for justice for her son and eventually the former wife and witnesses wore orange to the ball. I found Shirley on the internet as she is an avid blogger and asked for help. Help she did! She guided me through the process, understanding the emotion, understanding the lies I was being told by some lawyers (YES, LIES!), guiding me to not take the poor advice by my local counsel. Shirley accepted no payment, all she wants(ed) was/is justice in the world and, of course, her son back. The

point of the list-serve, which I 100.0% support, ask for assistance when you need it. Life is hard enough, there are people that want to assist! I want to assist!!!

A suggested book from a list-serve member whom I greatly respect is below. I have not read the book but value this persons opinion highly.

“Roger, suggested reading for those who are unhappy with their life. The Subtle Art Of Not Giving A Fuck by Mark Manson. This follows my own experience of Not Giving A Fuck and find life more fulfilling.”

Question: According to BestLife on MSN, What does one wish they had known prior to cheating on their spouse?

Genetic test can spare breast cancer sufferers the trauma of chemotherapy – Pg. 1

- Hundreds of thousands of women with early-stage breast cancer are set to be spared chemotherapy, following the publication of a groundbreaking study showing that they derive no benefit from the grueling treatment
- They can be treated solely with a milder hormone therapy
- The breakthrough is the latest example of how “precision medicine” is transforming the treatment of cancer, as doctors use sophisticated genetic testing to match patients with the appropriate drugs tor to spare them the pain of unpleasant therapies altogether

Stanford to add ethics to its technology teaching – Pg. 4

- Stanford alumni have created some of the world’s most powerful technology companies, such as Google, Cisco and Sun Microsystems, many of which are founded and still operate from near its campus in Palo Alto, CA
- While university courses including medicine and business offer ethics as part of their curricula, engineering and computer science remain focused on technical issues

China’s surge into London property slows to a trickle – Pg. 13

- Chinese investment into central London real estate has dropped to its lowest level in two and a half years as an influx of cash from mainland China and Hong Kong slows to a trickle
- “Trophy” office-building acquisition in the UK were among those in Chinese regulators’ sights, ...which predicted that investment volumes form the country into the UK would halve in 2018 compared with last year

Answer: (1) You have to get married for the right reasons; (2) Staying for the kids doesn’t help anyone; (3) The longer you wait to confess, the worst things get; (4) Cheating doesn’t necessarily break up the family; (5) It’s better to leave before anyone gets hurt

2 June 2018

Question: According to MSN, what are the 50 most common regrets people have in their 50s?

Global markets rally as US jobs rise calms volatile trading week – Pg. 1

- Global markets rallied yesterday as a robust increase in US employment helped calm a week of volatile trading triggered by renewed fear of a transatlantic trade war and political instability in Europe
- The US economy reached its lowest unemployment rate in 18 years....

Renminbi resilience lets central bank loosen grip – Pg. 11

- With emerging markets currencies in turmoil, China's renminbi has been a bastion of strength
- Despite the People's Bank of China's loosening of the renminbi's peg to the dollar, the currency tracks the greenback's movements more closely than other emerging market currencies
- Trade-weighted strength explains why the People's Bank of China has maintained a hands-off approach this year
- The first pressure is China's deteriorating current account, where a \$28bn deficit in the first quarter was the first since 2001. A current account deficit indicates that trade is creating net outflows of foreign exchange
- While a full-year deficit is unlikely, the OECD forecasts a surplus of 0.9% of GDP this year, which would be the smallest since 1995
- Second, the yield gap between renminbi and dollar assets has narrowed substantially this year, as subtle easing moves by the PBoC have contrasted with Fed policy tightening.
- While China capital controls had historically made cross-border carry trades – in which investors seek to profit from interest-rate differentials – difficult, this yield gap had shown high correlation with the renminbi's exchange rate against the dollar, ...
- Lower interest rates in renminbi relative to other currencies tend to make China's currency less attractive, as capital flows to where returns are highest
- With China's capital markets more open to foreign investment, such correlation should only increase

Answer: (1) Ending relationships with people you loved; (2) Not being adventurous enough; (3) Wasting time hating your body; (4) Trying to live up to your parents' expectations; (5) Not eating healthier (Prof Note: After securing your financial future, you want to enjoy it! I remember disembarking to Antarctica and an older woman was sobbing as the crew would not allow her on the zodiac as she was too infirmed. She had saved all her life only to not be able to realize her dream. She literally could see the continent!); (6) Taking life too seriously; (7) Not traveling more (Prof Note: Traveling opens one mind and ones heart! There are good/great people everywhere! I remember an evening spent in Cairo with the mother of a former student. She was a professor of Islamic culture in Egypt. I wish everyone could spend an evening with her. While I always respected Islam, I saw the wisdom and beauty through her eyes and those of her family); (8) Holding onto grudges (Prof Note: Respected peers disagree with me but I feel, in many cases, we are far to forgiving. Somethings, especially acts as an adult with knowledge, should not be forgotten and/or forgiven); (9) Not standing up for yourself; (10) Worrying about other people's opinions (Prof Note: Life is too short...live the dream!); (11) Prioritizing practicality over fun; (12) Not attending to your health; (13) Quitting school; (14) Not accomplishing more; (15) Working too much (Prof Note: Ask yourself, if revenue were hit, would the company/employer fight to keep me? If the answer is "no", think hard about your commitment); (16) Not telling people you love them (Prof Note: I need to express my high opinion of peers, friends, and colleagues more often. I admire people that do this more and it is so meaningful to hear!); (17) Ignoring your instincts (Prof Note: Always go with your gut, how often is it actually wrong?); (18) Being an inattentive partner; (19) Not taking vacations (Prof Note: Create memories and vacations are memories! Trust me, if you pass (and I hope you do not) your job will get done!); (20) Getting divorced; (21) Letting friendships fizzle out (Prof Note: I am working harder and harder to maintain the wonderful gaggle of friends...life is too short!); (22) Missing out on the little moments; (23) Not saving more (Prof Note: I ask people ALL the time that are successful in retirements if they saved too much. I have never heard the answer, "yes"); (24) Not trying to land that dream job (Prof Note: You miss 100.0% of the opportunities not sought); (25) Being unkind (Prof Note: I am working harder and harder on kindness and basically doing the right thing.) (26) Not doing more for others (Prof Note: Acts of kindness are rewarded handsomely); (27) Not seeing someone before they died (Prof Note: Julian J pushed me to see the Great Bill Hudnut more as he was waning. Julian was right and some

of the best memories I have with Bill are during his past few months. I loved Bill's sense of humour and the fact that well into his eighties, he loved the ladies! ☺); (28) Not appreciating your youth; (29) Not being more romantic; (30) Muting your real personality (Prof Note: One of my expressions about wealth; the absence of wealth requires one to be the person they must be, the existence of wealth allows one to be the person they want to be!); (31) Not spending more time with your kids; (32) Missing out on investment opportunities; (33) Not admitting your feelings for someone (Prof Note: I love all of you!!! Love the comments! Love the bandy of ideas! Love when you share your successes!!!); (34) Being ungrateful; (35) Not asking that person out; (36) Setting aside your passions (Prof Note: If you are passionate, why are you doing it?); (37) Not being more present; (38) Not appreciating your body (Prof Note: Yes, I truly am "HOT"!); (39) Spending too much time worrying; (40) Being inattentive to your kids; (41) Not getting to know people better (Prof Note: True wealth is relationships. Just two months ago Mike A and Laurie were on Nevis with evenings spent on the patio, under the stars, conversing. Those are the best of times!); (42) Letting the passion die; (43) Not standing up for other people (Prof Note: Never had this problem, even when it harms me personally; however, it is about doing the right thing!); (44) Spending too little time with your parents; (45) Acting your age; (46) Forcing your opinions on your children; (47) Not being more spontaneous; (48) Not apologizing more; (49) Ignoring your personal happiness; (50) Not leaving a legacy (Prof Note: While a legacy is different for different people, I am blessed with the legacy my grandfather left me on Nevis!)

1 June 2018

Question: According to "BestLife" on MSN, what is the biggest regret in life most people have?

Deutsche's woes mount as US unit is added to federal list of 'problem banks' – Pg. 1

- ...weaknesses serious enough to threaten their survival, a black mark that threatens efforts by its new chief executive to turn around the struggling German lender
- The FDIC's "problem banks" are those with financial, managerial or operational weaknesses that endanger their financial viability.
- Germany's largest bank has struggled to recover from an aggressive expansion just before the global financial crisis, as a combination of tougher regulation and a legacy of crisis-era scandals have made its core business uneconomic

Volcker change promises trading boost – Pg. 12

- Big Wall Street banks will be given a change to rebuild their trading arsenals under a softened version of the "Volcker rule" on risk-taking, but they are expected to stop short of the kind of buccaneering bets they routinely made a decade ago
- The new approach would replace a regime under which the burden of proof is on banks to demonstrate that they are not engaged in proprietary trading, which is banned, and are only facilitating client trading as market makers
- The banks with the biggest inventories of assets held for trading are JPMorgan Chase, BoA, Morgan Stanley, Citigroup and Goldman Sachs, ...
- Many banks have spent much of the post-crisis period winnowing down their holdings of stocks, bonds and derivatives, partly because they feared that regulators would take a dim view of any position that appeared to represent a proprietary bet on the direction of prices.

There is contested evidence that their decisions have contributed to a drop in market liquidity

Answer: 76% of participants in the survey said it was not fulfilling their ideal self.

31 May 2018

Question: According to [MSN:Money](#), what are 5 critical moves to make before your 40s are over?

OECD bullish on global growth but warns of looming risks – Pg. 2

- The global economy is still set to strengthen this year, but risks are looming and growth is increasingly reliant on support from governments
- It trimmed its previous forecast for global growth in 2018, from 3.9% to 3.8%, to reflect the soft patch in the Eurozone and Japan in particular, but is still expected growth to tick up to 3.9% in 2019
- ...cut unemployment across the OECD to its lowest level since 1980, igniting wage growth and leading to nascent labour shortages in Germany, Japan, the US and elsewhere
- Other risks are more immediate. The OECD acknowledged that the disappointing first quarter was not only a matter of one-off strikes or extreme winter weather. It said fears of disruption to trade could already have led companies to postpone investments, while higher oil prices could have filtered through to cramp consumer spending

Company investment data signal rate rises – Pg. 4

- Strengthening investment by businesses helped sustain steady overall economic growth in the first quarter, countering a weak showing by American consumers and leaving the US Federal Reserve on track for further increases in interest rates
- The figures contributed to overall GDP growth of 2.2% in the opening quarter of the year, marginally weaker than the 2.3% previously reported for the period
- The GDP numbers revealed further weakness in household spending, with consumers increasing outlays at an annual 1% pace, far short of the 4% growth seen at the end of last year

Surging dollar poses profit challenge for US blue-chips – Pg. 19

- The dollar has gained more than 7% against the euro since the single currency peaked at \$1.25 in early February. As the political crisis in Italy has deepened this week the euro fell below \$1.15 – its lowest level since July 2017
- “A rising US dollar translates into a negative currency headwind for so many of the companies in the S&P 500”
- A surge in US corporate profit growth in the wake of tax cuts, estimated at about 25% year on year, has failed to drive the S&P 500 back to its record peak set in late January
- The S&P 500 US Revenue Exposure index, which measures the performance of companies in the index with higher than average revenue exposure to the US, is down for the year, whereas an index that measures companies with a higher than average revenue exposure outside the US is up almost 3%

- The dollar's ascent helps to explain why the shares of small companies, which tend to generate most of their revenue at home, have outperformed the S&P 500
- The domestic focus also insulates small-caps from the trade tensions that have emerged this year and makes them a bigger beneficiary of cuts in the corporate tax rate and a stronger economy

Answer: (1) Save to avoid a retirement emergency (Prof Note: Get rich slowly. If an unexpected expense results disallowing saving, "Do the hustle!"); (2) Prioritize retirement over college (Prof Note: I do not have children BUT I believe your children will be better served if the parents are financially stable in retirement. Remember children are better able to shoulder the debt given the future years of work. Also, the payment of college could occur upon your death.); (3) Prepare for the worst (Prof Note: I am always stress-testing my portfolio. I know exactly how many years I can go prior to eating into principal.); (4) Invest, even if you think you can't (Prof Note: It is always possible to pull the belt tighter!); (5) Think – and talk – about end of life (Prof Note: Holy Cow...YES!!!; Everyone needs an estate plan which includes Wills, PoAs, Living Will(s), etc. The more information provided to heirs, the less pain they will suffer at your passing.)

30 May 2018

Question: According to MSN, what are five things that your parents allowed you to do but you would not do with your children today?

Italy crisis spreads as central bank chief warns investor trust is fading – Pg. 1

- The sell-off came as Italy's political class struggled to steer a steady path to new elections...
- The market disarray was most evident in Italy's two-year bond, which is sensitive to political risk. Its yield broke 2% for the first time since 2013, reaching as high as 2.69% - a gain of 1.8 points from Monday's close (Prof Note: Recall that the last Financial Crisis began in France!)

Australia's tougher rules spark fall in Chinese property inflows – Pg. 3

- The level of government approvals for Chinese investment in Australian property has halved following the imposition of tougher rules, fees and higher taxes over fears that foreign investors were pushing up house prices
- Australia is one of the growing number of countries tightening foreign investment rules in response to record levels of Chinese inflows over recent years, particularly in residential and commercial property.
- Vancouver in Canada has imposed a 15% tax on foreign homebuyers and New Zealand is drawing up legislation to ban foreigners buying existing properties
- House prices in Sydney and Melbourne surged 70 and 50% respectively in the five years to October 31 2017, prompting authorities to introduce fees and taxes on foreign buyers.
- The decline in government approvals for Chinese investors has occurred as tension rises between China and Australia, prompting some business leaders to warn it could hit the economy

Financial Reform – Pg. 7

- The campaigners' proposals would ban commercial banks from "creating" money through their lending to businesses and consumers
- The Swiss campaign has taken on even greater relevance because it coincides with the rise of cryptocurrencies – digital forms of payment, such as bitcoin, which use blockchain technologies – whose supporters have often echoed many of the same themes

- Like notes and coins, cryptocurrancies could be backed by the central bank and supporters say their virtual format would allow them to circulate much more widely and to potentially replace ordinary bank accounts
- Switzerland has an outsized financial sector – despite its small size, it is the world’s biggest centre for managing cross border wealth. But it has become a test ground for such a radical proposal because, under its system of direct democracy, just 100,000 signatures are required to force a referendum
- ...basic idea is to abolish “fractional reserve banking” – the basis for financial systems around the world. Under fractional reserve banking only a proportion of deposits held by banks on behalf of customers are backed by “central bank money”, comprising of notes and coins, or the deposits that banks hold at the central bank. The result is that when banks issue new loans to businesses or individuals, they are often creating new money in the economy
- Under Vollgeld, the amount of money injected into the economy would be overseen by the central bank – rather than profit-maximizing banks – which, supporters say, would help prevent credit-fuelled boom and bust cycles
- ...research paper published in 2014 by the BoE which pointed out that – contrary to popular understanding – most money in a modern economy was created electronically by commercial banks. In the UK, it is about 97%, in Switzerland about 90%...

Deutsche deluged with applications for graduate jobs – Pg.

- About 110,000 students applied for Deutsche Bank’s graduate scheme this year in the most stroking example of millennials’ appetite for bank careers
- Graduate hiring has been a vexed topic since the financial crisis, with banking steadily falling in popularity among the Ivy League and Oxbridge pools from which banks traditionally filled their benches
- (Prof Note: One concern I have always had with investment banking and corporate positions is the transference of skill sets. As I approach 50 I am blessed that I worked hard to always have my skill sets transferable to personal wealth creation. One theme I mentioned in yesterday’s wealth management class was just this issue. Ask yourself, “If my job went away today and I was unable to find other employment in this field/position, how would I earn \$\$\$?” Personally, from what my peers have told me, age 50+ is the death zone where it is difficult to find positions at an equivalent salary if one is lost. As Scouts BSA say, formerly known as “Boy Scouts”, Be Prepared!)

Answer: (Note: all comments are based without the benefit of having children) (1) I spent a month in Europe at age 14 ... without my parents (Prof Note: oh pulllezzzzzz...I think this is about exposure and maturity.); (2) I drove alone starting the day I got my license (Prof Note: I believe that I did this but would also allow it today...based on maturity level. However, I would ABSOLUTLEY place a governor in the cars and a tracking system!); (3) I played with fire...literally (Prof Note: Not certain what this is referencing but we made charcoal on Nevis....something was always burning.); (4) I used technology without supervision (Prof Note: There was no technology for me); (5) I stayed home alone (Prof Note: Of course...again based on maturity level which, I believe, parents GREATLY contribute)

29 May 2018

Nevis News: Two sources on the island believe this will be a worse hurricane season than last year. Jeffers is convinced it is going to be worse! Construction schedules have been advanced given the upcoming hurricane season as less work can be done due to weather issues.

Current projects underway are kitchen renovation, Bathroom’mahal, and entrance features to including lining the entry driveway with foxtail palms. With these the entire course and house will have been renovated 2014 – 2018. Future projects include: New garage with in-law suite, fire pit, life-size chessboard, and mahogany nursery.

The most hilarious episode of this trip occurred at security at St. Kitts. I get so frustrated by the shoes, belt, laptop fiasco that I purchased a pair of pants 8" to large. I wear shorts underneath. So I just loosen the belt and the pants fall off (so much easier). The female security guard told me to remove my belt so I just undid it and pushed my pants down. She just about had a heart attack and yelled, "put your pants on, put your pants back on." I just stood there in my red athletic shorts smiling! (gotta enjoy the small victories in life!)

I miss Nevis when I am not there. I really enjoy running around the island and returning to childhood on Nevis, only now with a few coins in my pocket. At Oualie Beach, as George M. and I were leaving an old salt ensconced in his chair, due to rum intake prior to noon, yells out, "Are you "Tiger"?" I said, "Yes, I am!" ☺ I am more and more convinced that life is a cycle, the first 20 years your parents are financially passive income sources, then you spend the next 40+ years recreating the passive sourcing of your parents, and then retirement is a return to childhood part deux.

The next installment of Nevis News will occur at the end of June or early July. I will miss a house filled with Olive's singing, Jeffers reply to every question I pose, "...by god's grace", and the ability to pick up random people at the stops on the road to save them taxi fare (to name a few).

Question: What is hurricane season?

Japan's elderly care bill soaks up worker pay rises – Pg. 4

- The rise in health and care costs helps to explain why moderate wage growth, after five years of economic stimulus...is doing so little to boost consumption
- It poses a conundrum for the BoJ, which is relying on spending pressure to push inflation towards its 2% objective
- In 2000, the country brought in a national funding scheme to ensure equal access to care. When care is needed the system pays 90% of the cost, or 80% for those with higher incomes
- One quarter of the funding comes from national taxation, a quarter from local taxation, 28% from contributions by workers aged 40 – 64 and the rest from contributions by pensioners
- The required contributions rise automatically as more people need care
- Income transferred to the elderly in this way does get spent. But rather than meals out, cars and holidays it goes on medical procedures and social care, which are bought at strictly regulated prices and rationed by the available budget. As a result, the extra demand does less to push up inflation
- Recent government figures suggest that by 2040 social insurance costs will rise another 2.5% to 24% of GDP

Munich Re expects 'average' hurricane season – Pg. 12

- Munich Re, the world's second-largest reinsurer, is expecting fewer intense tropical storms than last year as the hurricane season approaches
- The reinsurer said that about three large hurricanes seemed likely this year, compared with six in 2017.
- The global insurance industry faced record costs last year, ...racking up a total insurance bill of \$135bn from hurricanes, earthquakes and other natural catastrophes. The financial burden was almost three times the 10-year average
- ...NOAA....puts the probability that the Atlantic hurricane season will be near or below normal at 65%

Answer: June 1 – November 30

26 May 2018

Nevis News: Apparently there is a movement on Nevis to legalize marijuana. The government is clearly opposed and the older expats (read "Hippies", not meant as derogatory, only explanatory) want

legalization. There are two types of marijuana on Nevis: Yardi (Jamaican) and Homey (Nevisian). The local cost of a joint is 10 EC\$ but I was told that it doubles and triples for expats. This is roughly \$3.50/joint (I have no idea the price point in the U.S. to provide a comparison). Nevis 5-0 is limited on its ability to research this area for fear that sellers will show up at the house.

Four local gifts have been identified on the island, including St. Kitts. As Cat Ghaut pursues the purchase of a retail store in Charlestown, yes going Bricks and Mortar, for sales to tourist the four leading local items, in no particular order, are Wood Carvings, Pottery, Batik, and Rum. Currently there are supply constraints on Nevis for carvings and pottery but, finally, I have secured items that, I believe, people will want to purchase. The Batik factory on St. Kitts has already figured out production so the goal is to be a reseller. The Rum is "Shipwreck" and distilled on St. Kitts. It is actually quite good. The liquor, Coconut Cream, is divine. The rum has four flavours: Coffee, Vanilla, Mango, and Lime. Coffee/Vanilla are excellent, Mango a bit sweet, and the lime tastes medicinal.

New fact about Nevis, apparently we have peacocks! I had to slam the breaks on the 96' Suzuki to avoid hitting one. I had no idea they were on the island. Apparently there are deer on St. Kitts but until I see them, that will remain rumour. Nevis 5-0 must confirm.

A further note on culture, I received emails from several people concerned over my responsiveness over email and text. This seems to be a regular issue while I am on Nevis. It is NOT technical, i.e. I am receiving all information/communication in real time. Location matters! All work and communications on Nevis are done in person, unlike the states where email/text are prevalent. Therefore, the ability to multitask is greatly reduced on the island. Given this and the fact that all house renovations are being done by moonlighting Four Seasons contractors working after hours, i.e. at night, there is limited ability for me to respond. This is mentioned as I remain amazed at how my own business behavior adjusts with location. I find this interesting!

Question: What is home ownership for individuals younger than 35 in 2017 vs 1982 (according to MSN Money)?

Even great perks rarely beat more money on your payslip – Pg. 7

- ...the share of income going to labour has been falling across G20 economies since the 1990s
- An aside for employees: if you are scared of the way Facebook uses your data, you might want to visit the personal Group "Hapi Hub" to check on what your bosses will do with the usage data from such services. Employers can monitor which kinds of problems "are causing most distress to employees" and where" their employees may need some additional support" Scary stuff
- ...paternalism-lite: staff effectively agree to put up with flattish real wages in exchange for non-monetary benefits
- In the end nothing feels as good as real money. Staff shortages are beginning to bite across the UK and the US and more employers report that they are struggling to fill vacancies
- Strikes are starting among airline pilots and schoolteachers

Fitch and S&P seek licences to rate domestic corporate bonds in China – Pg. 11

- ...a move that could draw greater foreign participation into the world's third-largest bond market
- S&P intended to establish a locally incorporated subsidiary, ...
- Fitch is also planning to seek an onshore China license, ...following the group's sale of its 49% stake in China Lianhe Credit Rating to Singaporean sovereign wealth fund GIC in January
- Moody's Investors Service, another major international rating agency, has not committed to establishing an independent China presence
- China has taken a series of steps in recent years to attract foreign investment into its \$12tn bond market, notably by allowing foreign institutions to buy in without prior approval or quota limitations

Highly leveraged states will struggle to pay their way once a downturn strikes – Pg. 12

- If Puerto Rico is America's "Greece" then which state will be its "Italy?" ...Illinois, New Jersey...California
- ...which state governments pose a systemic risk to the \$3.8tn municipal bond market, or even US stability
- Like the Eurozone countries, the sovereign US states cannot just monetize their debts. Law and market practice mean they have stricter borrowing limits but their budgets are not subject to federal approval
- The states have a chronic problem with the ability of their taxable citizens to move to lower-cost jurisdictions
- During the previous recession, much of the Obama administration's "stimulus" money was transferred to state and local governments. With budget shuffling, increased borrowing and deferral of pension fund payments, they kept their workforce and notional solvency
- The willingness of the federal government to share those burdens has declined sharply. Next year, state income taxes will not be deductible against federal taxes, which will hit hardest in more unionized, high-tax states
- A map of unfunded state pension obligations has a close correlation with the Democratic shade of the red-state, blue-state divide

Answer: 35% (2017); 41% (1982)

25 May 2018

Nevis News: It was not "overcast" but Washington DC standards but it rained yesterday on Nevis. Just short spurts but there were clouds. The island needs the rain so that was a good thing.

This was a working day at the Ghaut. Planning all new projects for the summer, finally installed Barnyard doors in the house (huge space saver and extremely attractive), and finalized designs for new bathroom, i.e. spa'mahal, fire pit, and my life-size chess board. ☺

Holy cow, there are bakery wars on Nevis! Nevis bakery is taking over and actually drives a van all over the island daily honking their horn to sell their goods. It is the Nevisian version of an ice cream truck. Jeffers family bakery, "Good Taste Bakery", is in fierce competition. Good Taste holds the contract with MUA. Jeffers and I are talking about Cat Ghaut recapitalizing Good Taste (I HATE losing!). As Jeffers was

not suppose to work today but came to discuss summer projects, the men purchased from the Nevis Bakery van...sacrilege!

Late lunch at Golden Rock. Enjoyed their signature lobster sandwich (pictured attached for you foodies). Apparently the Rum punches are only \$9.00/rum punch. Hmmmm...I have the receipt demonstrating the first night they were \$10.00/rum punch.

Did not realize that Cat Ghaut has so many Mahogany trees. There are five mature trees right next to the house and basically they line the course on the other side of the ghaut. This summer I will have them trimmed back (this needed to be done for years) and use the limbs to have Kennedy, local carver, make local items for the house from our trees.

HIT RESET for another beautiful day on Nevis tomorrow...

Question: According to MSN Money: At what rate have home and rent prices in the U.S. increased since 2000? What has been the wage increase for Millennials over the same period?

Who owns Antarctica – Pg. 9

- Antarctica is a continent with no government
- ...thorniest issues - ...what happens when countries violate the treaty rules
- The greatest areas of tension are those that touch on the growing economic and strategic interests in Antarctica, such as tourism and fishing (mining is banned). Signatories to the treaty, which dates back to 1959, agree to set aside their territorial claims, and use the continent only for peaceful purposes
- However, the growing number of signatories has made the system unwieldy: In 1980 there were just 13 countries that has “consultative” status to make the key decisions on treaty matters – that number has risen to 29...
- The continent is covered in an ice sheet up to a mile thick and represents a window into how the planet is changing
- For most tourists – who pay between \$10,000 and \$100,000 for a trip – visiting Antarctica involves stepping at just a handful of regulated landing sites (Prof Note: Visited the continent in 2010...unbelievable experience. When I visited it cost me \$4.16/second while stepping on the continent.)

New York property jitters herald declines elsewhere – Pg. 11

- ...median price per square foot was 18% lower than a year earlier,...
- ...last month the IMF published its first comprehensive analysis of global property and this suggests that real estate is becoming prone to synchronization too. Two decades ago, only 10% of property price movements could be blamed on global – not local – factors. Now it is 30%
- This is still lower than for equities, where global correlations run at 70%
- ...the market capitalization of the real estate investment trust sector has tripled in the past 15 years, and large asset managers allocate on average 11% of their portfolios to property
- One unwelcome consequence of synchronization is that domestic policy makers have become less powerful

- ...no sign of this liquidity squeeze actually happening. Although the US Federal Reserve has raised rates six times in the past three years, this has notably not tightened financial conditions yet because policy at other central banks remains so loose

Answer: Home Increase (73%) and rent increase (61%); however, Millennial wage increase since 2000 is 31%

24 May 2018

Nevis News: Another beautiful day on Nevis. Spent the day touring developing sites on St. Kitts. First stop, Park Hyatt by Reggae Beach. Park Hyatt has 126 rooms with 70 occupied currently. The prices started at \$400/night and went to \$1,000/night (did not view Presidential suite). The top suites had infinity plunge pools as part of the room (very nice). There is also a day-pass for \$150/day which allows one to use the facilities and includes a two-course lunch. The Park Hyatt also has its own water taxi and offers excursions to the outer islands: Montserrat (1.5 hours); St. Maarten (3.0 hours); St. Barts (2.5 hours); and shoreline cruises in the evening of St. Kitts and Nevis.

Drove to the far end, northern end, of St. Kitts to view a new development, 2014, Kittitian Hill. On the way stopped that the Batik factory for fabrics for quilts. Cat Ghaut is being furnished with all local items for a Caribbean feel. Afterwards arrived at Kittitian Hill which is over 400 acres with 42 rooms + 10 villas and was 22.0% occupied. In a word(s), BLOWN AWAY by Kittitian Village. This is the premier hotel on both island and is the best value with prices starting at \$250.00/night. Local pricing reduces this to \$183/night and I am already looking at dates of my next visit to stay here for two nights...BLOWN AWAY!

Kittitian Hill actually did not want to provide a tour of the facility as we arrived unannounced. A quick discussion with the manager while waving my faculty ID from Johns Hopkins and security moved aside. I "may" have announced myself as head of the real estate programme doing research for my next book so, please forgive a slight stretching of facts! Attached is a picture of the main pool with hot tub showing Statia in the background. I was humbled by the pool(s) and views, i.e. they were superior to Cat Ghaut. This resort is clearly the best, in my humble opinion, on the two islands. The Park Hyatt is a close second.

On the way back to the water taxi stopped at Dufry for local run. Shipwreck is the local run to St. Kitts and picked up Coconut Cream (liquor), and two flavored rums (Coffee and Vanilla). Great hooch!

Back to Nevis and Cat Ghaut where Olive was waiting with fish soup paired with sweet potatoes, bananas, carrots, etc from her garden. After the meal George M, developer, and I discussed potential opportunities on the island. It was/is interesting how we see the different developments differently (we were focused on hospitality). With 100.0% consistency every major hotel on the islands make a consistent mistake. I saw it but George did not (not a slight to George, he saw many things I did not); what was it you ask/ponder? The beds! Not a single was canopy. One cannot sleep without netting or risk bites and bats. Netting is one's last defense when sleeping!

Question: According to [MSN:Money](#), what are 7 lessons 401(k) millionaires can teach you?

Deutsche to cut as many as 10,000 jobs in investment banking retreat – Pg. 1

- ...heaviest losses falling in its struggling investment banking division in the US and UK, as part of the global restructuring plans to revive Germany's largest lender
- ...10% of Deutsche's workforce
- The bank said job losses would be needed to meet its 2018 target for cost cuts after pre-tax income in the corporate investment bank collapsed 74% in the first quarter

Consolidation looms among US's 5,600 banks – Pg. 15

- US banks have largely sat out the M&A wave of recent years....small and mid-sized banks – 5,607 of them at the last count
- Last year the Federal Reserve made it easier for banks to merge by lifting the combined size threshold that would trigger a deeper probe, from \$25bn in assets to \$100bn
- ...the Fed is considering a change to the way it grades management teams, moving from a five-point to a four-point scale
- Another spur to consolidation comes with the bank relief bill passed on Tuesday by Congress, which is set to free small and mid-sized lenders from many of the restraints that apply to the likes of JPMorganChase and Bank of America
- ...regional banks in the \$50bn to \$100bn assets bracket....these were freed from the Fed's tougher capital and liquidity requirements, leverage and lending limits, mandatory risk committees and resolution plans, and the annual stress test

Answer: (1) They save for a long time; (2) They trust the market; (3) They put money to work at all times; (4) They keep fees low; (5) They also invest in an IRA; (6) They diversify their investments; (7) They never quit

23 May 2018

Nevis News: Another beautiful day on Nevis. Yesterday was spent in the financial sector of Nevis, i.e. three retail banks in a row in Charlestown, completing all banking manually. Apparently the Bank of Nevis International is being sold to a buyer from Africa. After 2.75 hours to shift money from Euro to USD and Euro to GBP; then to deposit USD in EC\$ checking (Prof Note: This would have been done in the states both online and phone and taken no more than 10 minutes, however, many processes are manual on Nevis), it was back to the house where Olive was waiting with lunch (Red Snapper, rice, corn, broccoli, and carrots).

After the Main, ok...after the nap after the Main, it was off to Four Seasons on a due diligence run. Despite bringing a developer and a cash buyer for a Four Seasons Villa, there was no one in the sales office to who us villas. As such we headed to the bar to rate the final rum punch. The Four Seasons was refreshing but had minimal alcohol content and was served in a plastic glass. The price: \$16.00/rum punch WITH gratuity already added to the bill, i.e. \$21.00/rum punch. George M. and I agreed that four Seasons rum punches ties with Nisbets.

Finally I located a childhood friend that knew Julie, i.e. Olive's daughter, and off we went to view the villas. The new villas are priced at \$4.95m and offer 10% "fractional ownership" only. We were unable to figure out if that meant one purchased a designated 5-6 weeks a year for this or how it work(ed)s. Up

in the hills we viewed a few holiday villas (\$5m - \$7m) and while impressed with the construction quality, there seemed to be design mishaps, e.g. minimal landscape lighting and/nor personal entrance features. Oh, monthly (there is no typo) fees paid to Four Seasons for the villas....approximately \$6,000.00 USD/mo. The most important piece of information garnered on this trip was the Four Seasons opened in 1991. Why is this important???! It makes Cat Ghaut the oldest Golf Course on Nevis! Hello Trip Advisor! Hello Website and Marketing!!! (I am embarrassed I had not put that fun fact together)

This is the second trip the Four Seasons and I continue to be disappointed. For the money there appears to be little value. Had I not had personal relationships, the service received would have been far below.

Question: What is the oldest golf course on Nevis?

Irish abortion debate grows more bitter on eve of vote – Pg. 3

- ...Ireland's constitutional ban on abortion...
- Ireland voted to legalize gay marriage in 2015, becoming the first country to do so by referendum. But abortion is much more divisive
- Irish women seeking abortion have traditionally gone to the UK

UK tries to open 90-year-old piggy bank to pay down debt – Pg. 4

- The 500,000 (sterling) donation made in 1928 came with the express instructions that it was to be used to pay off the entire national debt.
- The value of the fund's assets has grown to 400m (sterling), but Britain's national debt has also swelled, to 1.6tn (sterling)
- The 500,000 (sterling) donation was one of many made to the government after Stanley Baldwin, when financial secretary to the Treasury in 1917, called on the rich to help pay off the UK's debt
- While the cash value of Britain's debt has increased substantially since the 500,000 (sterling) donation was made, total borrowing as a proportion of national income has fallen from 165% in 1928 to 88% in 2017

M&A splurge adds to fears that post-crisis peak is in sight – Pg. 19

- The volume of mergers and acquisitions globally has reached nearly \$2tn this year, ...on track to beat the post-crisis high of 2015
- ...M&A splurges tend to be a classic late-cycle harbinger
- The acquisitions boom has already left US companies with a record amount of debt on their balance sheets and the quality of that debt – whether measured by the credit ratings or the legal protections they offer lenders – has deteriorated recently
- Bearish investors point to the recent rise in short-term US borrowing costs - ...

Answer: Cat Ghaut! Open 24/7 offering gardens, walking trails, and one helluva handsome host! ☺

22 May 2018

Nevis News: Completed a market study of the island. Top five hotels (in no particular order): Four Seasons (196 Rooms + 95 villas; A/C; Beach (Pinney's beach, best on island!)); Golden Rock (11 rooms;

100% occupancy; no A/C but high on mountain; no beach); Hermitage (13 rooms; 4 occupied; no A/C; no beach); MontPelier (21 rooms; 7 occupied; A/C; private beach w/ shuttle); Nisbet Plantation (36 rooms; 14 occupied; A/C; Beach). **Rum punch ranking:** (1) Golden Rock (\$10/drink); (2) Hermitage (\$10/drink); (3) MontPelier (\$11/drink; by far STRONGEST, i.e. knock you on your butt after one!); (4) Nisbet Plantation (\$11/drink; only plastic glass, rest were glass). Note: did not rank/test Four Seasons. Important Note: Hire a driver when ranking rum punches, in a single day, on Nevis. (Prof Note: Business Opportunity, i.e. the Rum Punch crawl on Nevis!) **Pool ranking:** (1) Cat Ghaut (truly amazing!); (2) Golden Rock; (3) MontPelier (2/3 tie); (4) Nisbet; (5) Hermitage (site of Sports Illustrated photoshoot 2018). Note: Cat Ghaut is in discussions with other magazines for photo shoots!

Finally tracked down the best wood carver on Nevis. He has been elusive but Nevis 5-0 caught up with him at an undisclosed location near Gingerland. He is deaf and mute so communication is a challenge but 5-0 was/am determined. The goal is to set up a Nevis export business and fill the empty suitcases brought back to the states from Nevis each trip with Nevisian items for sale in U.S. markets. The first order are sets of wooden pineapples, 8", 6" and 4" high with the top bored out to hold candles. I am definitely paying tourist retail pricing for these which is fine. Negotiations begin once proof of concept and U.S. market sale(s) commence.

Lunch at Hermitage...Oh my Gosh was it GREAT! Pumpkin Soup, Caribbean Roti, and Guinness Ice Cream. As the list-serve is aware, I am a Scotch drinker and not a beer drinker. The ice cream literally tasted like Guinness beer. Unbelievable! The pumpkin soup was decadent and the Caribbean Roti served with a Mango chutney was off-the-charts. Literally ate in the restaurant with George M., developer, alone. (see attached picture from table)

Met an Ambassador to a first world nation at one of the hotels. Discussed island living and global economics. Introduced Ambassador to Nevis and addressed questions of economics, etc. Nevis is apparently trying to enter the world market for medical grade marijuana and sell it to foreign nations.

The island was on holiday today as it is Whit Monday, i.e. Monday of the Holy Spirit. This holiday, which was/is new to me, is celebrated the day after Pentecost, a moveable feast in the Christian calendar. The date is moveable as it is determined by the date of Easter. Happy Whit Monday!!!

Overall, another beautiful day on Nevis. Hitting "reset" and will do it all over again tomorrow!

Question: According to MSN News, what are the ten most common lures used by child abductors?

UAE relaxes rules on company ownership – Pg. 4

- The United Arab Emirates has set out plans to strengthen foreign ownership and residency rights as it seeks to pull itself out of the economic doldrums
- The changes, which would allow foreign control of businesses in many sectors and provide longer visas for expatriates, were approved on Sunday....
- Oil-rich Abu Dhabi and the commercial centre of Dubai have fallen on hard times in recent years after a 2014 collapse in oil prices
- Abu Dhabi's economy shrank last year as Open lowered crude output, while Dubai grew by less than 3%, compared with an annual rate of almost 20% a decade ago

- Foreign investors can own only 49% of Emirati businesses, except in special economic zones, where market access can be more difficult and government fees higher
- The cabinet also agreed to introduce visas for 10 years rather than the current two for investors and professionals in areas such as science, medicine and engineering, as well as for their families
- Students, who at the moment need to reapply for residence every year, will also be able to apply for five-year visas

Slow wage growth holds the US economy back from its full potential – Pg. 9

- Despite the tight US jobs market, total pay is only growing at 2.7% annually, compared with 3.5% before the crisis
- ...inflation has reached the FOMC's target of 2%, after undershooting it for the past six years
- The headline US unemployment rate captures only those who are actively looking for work
- Apparently, the Great Recession was so traumatic that it pushed many Americans out of the labour force altogether
- A better measure of labour market tightness appears to be the employment-to-population ratio of prime age workers, those aged 25 to 54 years old. By focusing on prime-age adults, this measure of how many people are actually working helps adjust for demographic trends such as ageing. Today US prime-age employment to population ratio is 79.2%, down from 80% in 2007
- The percentage of prime-age Americans who are working has been declining during the past few decades, while the same ratio has climbed to new highs in the UK, Canada and Germany
- Economists offer various theories to explain this. Some are specific to the US: many Americans are addicted to drugs; too many have criminal records; workers do not have the skills needed for the available jobs

Libor phase-out forced global derivatives body to begin devising contingency plan – Pg. 19

- The global derivatives association is devising an emergency contingency plan as companies and traders scramble to prepare for the demise of the scandal-plagued interest benchmark Libor, which is traced by some \$370tn of financial products worldwide
- The prices of financial products around the world ranging from mortgages to complex derivatives are based on Libor or variations of that benchmark, which is the rate at which large global banks lend to each other
- In the UK, sterling Libor contracts total more than \$30tn – 11 times the size of the UK economy
- ...a key issue with switching to a different so-called risk-free rate was that these generally had an overnight term, while the Libor benchmarks spanned at least a few months
- Another crucial issue is that Libor, as the rate at which banks lend to each other, entails credit risk, whereas overnight rates do not
- The “key challenge” for ISDA and regulators, ...is “to agree on standard methodology for calculating credit and term spreads that can be added to the risk-free rate to construct a fallback for Libor”

Answer: (1) Help lure; (2) Gift lure; (3) Game lure; (4) Name lure; (5) Authority lure; (6) Threat lure; (7) Compliments lure; (8) Emergency lure; (9) Job lure; (10) Famous lure

21 May 2018

Nevis News: Arrived two days ago and Reggae Beach, St. Kitts, was Rock'n with Ross students. The bathing suits, while still in existence, are getting smaller...that's all I am going to say about that! (picture attached) Note to students: one Ross student was so inebriated she was floating, barely conscious, holding onto a Sea Doo. It was not until I unloaded on a Ross security guard that something was actually done. Be careful!!!

Time remains on hold on the island. Went up the Golden Rock guest suites (11 rooms in total) and lurked around. The pool is 50' and older style but the more I see of the gardens, the more I respect the owners/artists vision....truly remarkable. The Four Seasons is 50% occupied (196 rooms). The professors from MUA did not play golf yesterday as I suspect they are off-island due to end of semester.

The new office was completed. I am still laughing as it is apparently the #MeToo movement has not arrived on Nevis. The contractor placed a bed in my office. Why? I suppose because every office needs a bed! ☺ (Prof Note: The bed is being removed) Everything in my office is reversed and must be corrected, i.e. the windows open into the monitors rendering them useless. All will be corrected and global HQ will be up and running next time. ☺

Nevis 5-0 has confirmed that crime is up on the islands. There was a policeman shot on St. Kitts and one stabbed on Nevis. Further, Oualie's was robbed (Oualie's is the beach on Nevis from which the water taxi operates between the two islands).

This past Friday cattle charged the Ghaut's fence line. All hands were called up to address the bovine crisis. Note: no golfers were hurt and no cattle were harmed in the removal process.

Today is a holiday on Nevis. It is the Whit Holiday. Happy Whit Day!

Question: According to MSN Money, what are 15 money traps that keep you living paycheck to paycheck?

US puts trade war 'on hold' after China pledge to increase imports – Pg. 1

- The US has stepped back from the brink of a trade war with China after Washington halted plans to impose tariffs on up to \$150bn of imports,...
- ...Beijing promised to "significantly increase" its purchases of US agriculture and energy exports and both sides said they would continue talking over the summer

Warning to retailers: adapt or die – FT1

- The picture in the US appears similar, with the demise of Toys R Us the most prominent of the retail failures that have left holes in malls and shopping strips
- ...a business model disrupted by the rise of cheaper and easier alternatives available online, not least on Amazon's popular website

- Often the cost is borne by the landlords, forced to accept the financial terms of rescue deals or outright collapse that leave them saddled with empty properties in some of the worst locations

Smart locks raise insurer concerns over hacking – FT2

- ...smart lock, these can be opened remotely via a mobile phone and are often monitored by a camera and sensors
- One of the aims of the new technology is to allow people to receive deliveries even when they are not at home
- (Prof Note: One thing I have noticed with my homes is there is always activity within, regardless of my location. I keep my “valuables” in safes at each location and have a detailed inventory. If things are gone, they are just replaced with insurance. The only real risk are family memories, e.g. quilts and trains, which I hope would not be desired by a thief. Note: detailed inventories are CRITICAL!!!)

Answer: (1) Optimism; (2) Overestimating your self-control (Prof Note: Why I do not believe in having a HELOC but for dedicated purposes); (3) Lifestyle creep (Prof Note Fight to keep those bonuses and raises in your pockets.); (4) Loss aversion; (5) Spending emotionally (Prof Note: This is also true, in my opinion, to weight gain.); (6) Trying to impress others (Prof Note: Personally I think this is a maturity issue. At an earlier age I was guilty of this. Now, I just really do not care.); (7) Confusing wants with needs; (8) Believing that money concerns are superficial (Prof Note: Have a budget and be realistic. I am in personal/corporate accounts for several hours, on average, each day); (9) FOMO; (10) Scarcity mindset; (11) “I deserve it” thinking (Prof Note: Be realistic); (12) Money shame; (13) Thinking things will never change; (14) Instant gratification (Prof Note: Same as food and weight); (15) Financial enabling (Prof Note: this is an issue I have with what few family I have. My favourite expression, “You are not asking for help, you are asking for cash. Cash you will not receive. Now, how can I “help” you?”

19 May 2018

Question: According to MSN Money, what ratio of Americans do not have enough food due to lack of money?

Saudis arrest women driver campaigners – Pg. 4

- ...weeks before the kingdom prepares to allow female motorists behind the wheel
- The kingdom said in September that it would finally lift its decades-long ban on women driving in the summer, a decision that was widely welcomed by activists and human rights groups
- ...in the country, where women are segregated in many facets of public life
- Riyadh has in recent months limited the power of the feared religious police, who impose strict codes on dress and public behavior, and allowed cinemas to be reopened

China’s corporate bond defaults shoot up after borrowing curbs hinder refinancing – Pg. 11

- China is experiencing a rise in mainland companies defaulting on their bonds as authorities clamp down on excessive borrowing and the murky shadow banking sector

- China has targeted shadow banking – a form of lending and borrowing that sits outside of the regulated banking sector – after it fueled higher levels of leverage in the economy
- Credit rating agency Moody's estimates that during 2017, shadow banking assets increased at one-tenth of the amount of the previous year, ...

Loan funds enjoy biggest inflows in a year as rising rates hit fixed-interest securities – Pg. 11

- Investors put more money into bank loan funds in the past week than at any time in more than a year, as rising interest rates increased the attraction of floating-rate asset over traditional bonds
- Loans typically pay a floating rate, which increases along with underlying rates. By contrast, rising rates erode the value of fixed-rate securities
- US three-month Libor has risen to 2.33% from 1.45% at this time last year. Interest on bank loans is typically tied to Libor
- Bank loans tend to be senior to other forms of borrowing, putting them high in the pecking order of payments if the company defaults
- The value of the US leveraged loan market passed the \$1tn mark for the first time in recent weeks, sparking concern in some quarters

Answer: 1 in 8. I learned this month that The George Washington University has a food bank for students without enough \$\$\$ for food. (Prof Note: While I have made no decisions, it is making me think of how I give back to the University, i.e. my alma mater.)

(15 – 19 May on Viseo)

14 May 2018

List-Serve Comment...

While I was off of work, I listened to tons of side hustle related podcasts. Of course, I have not tried any ideas yet, but your other list members might want to have these resources since you cannot individually counsel everyone... for what their worth - I liked these two:

Side Hustle School: <https://sidehustleschool.com/> (short podcast every day)

Side Hustle Nation: <https://www.sidehustlenation.com/side-hustle-show/> (about once a week)

These sound the same but come at the SH issue in different ways... maybe this is helpful... YOU SHOULD DO A PODCAST! (Prof Note: On my list)

Question: According to MSN: Lifestyle, what are the 21 least visited countries in the world?

Oslo warms to UK taking 'Norway option' after it leaves EU – Pg. 2

- Norway is open to the UK joining the European Economic Area, its prime minister has said, signaling a thawing in Oslo's attitude to Britain taking the "Norway option" – outside the UE but inside the single market

- The so-called Norwegian model is playing an increasingly significant role in Britain's debate over its future
- One of the reasons Mrs May opposes single-market membership is because long-term free movement of EU nationals is seen as politically unacceptable
- Norway has not received the temporary exemption from US tariffs on steel and aluminium that the EU has, and policymakers in Oslo said they had concerns about counter-measures from the EU

Double your MBA chances by sitting rival exams – Pg. 11

- The standard pan-business school entrance exam has for decades been the GMAT. However, in recent years it has faced increasing competition from another standardized test, GRE
- Although the GRE was designed for those seeking entrance to generalist graduate schools, more than 1,200 MBA programmes now accept it in applications
- The rivalry between the two exam administrators intensified last month with the decision by the GMAT council to shorten its exam by 30 minutes
- ...the change made the GMAT nearly 40 minutes shorter than the GRE, which lasts three hours and 45 minutes
- Exam length is a problem, ...which claims that a fifth of MBA applicants are so averse to exams that they will only apply to schools where they do not have to take a formal entrance test (Prof Note: I have been lecturing for 22 years. In the last five years I have seen more and more accommodations for students with exams, i.e. requiring additional time. Are we, as educators, evaluating students correctly? Are we harming through examinations? I have no answers but I do ponder these questions. What I will say is that more and more students are challenging grades. As such, it is pushing me to standardize my evaluations in the form of multiple choice answers. From an educator's perspective, it is the most defensible....but is it fair?! What have we (I) become if I am worried about defense over fairness and quality?!)
- Despite increased acceptance of the GRE, the GMAT may give MBA applicants an edge
- Some schools have made it harder for GRE-takers to apply

Answer: (1) Grenada (135,000); (2) Moldova (121,000); (3) St. Kitts and Nevis (114,000) (Prof Note: What is sad about this number, my guess is 90% of this number comes aboard cruise ships. When the cruise ships are in St. Kitts is overwhelmed. The tourists do not experience the true "beauty" of the islands. Sitting on a porch, watching the sun fall, enjoying conversation with great people with a drink in one's hand, and eventually heating up dinner left by Olive when the shadow of the chair leg hits side of the porch....that is Nevis!); (4) New Caledonia (105,000); (5) Vanuatu (95,000); (6) Saint Vincent and the Grenadines (79,000); (7) Anguilla (79,000); (8) Dominica (78,000); (9) Timor-Leste (72,000); (10) Liechtenstein (69,000); (11) Tonga (61,000); (12) San Marino (60,000); (13) Sierra Leone (54,000); (14) Micronesia (24,000); (15) Solomon Islands (22,000); (16) American Samoa (20,000); (17) Marshall Islands (10,000); (18) Montserrat (9,000) (Prof Note: One can see Montserrat from Nevis. Once my holiday villas are all constructed I plan to offer day trips to Montserrat from Nevis on an individual family level.); (19) Niue (8,000); (20) Kiribati (5,000); (21) Tuvalu (2,000)

12 May 2018

Question: According to MSN: Lifestyle, what are 5 obvious signs of dementia?

US foreign policy – Pg. 5

- In pulling the US out of the Iran nuclear deal, Mr Trump has rejected personal entreaties from the leaders of France, Germany and the UK
- Last June, Mr Trump withdrew the US from another big international agreement – the Paris accord on climate change

- Next week, the US will take a symbolic step of relocating its embassy in Israel to Jerusalem – a move that has been rejected by all its major allies
- American unilateralism will have direct consequences in the Middle East. It will also have indirect consequences for the wider world
- America's economic power goes well beyond market access. In extremis, European executives who continue to do business in Iran could become subject to arrest if they travel to the US. And European banks that do business with Iran could find themselves shut out of the US financial system or subject to prosecution and massive fines in America
- All of this reflects the role of the US dollar as the world's reserve currency – something that was labelled as an “exorbitant privilege” ...
- It is the dollar, as much as American military might, that allows the US to coerce its allies – as well as its adversaries
- The power of American sanctions and the reach of the US judicial system has been demonstrated in recent years
- America's central role in the global financial system hands any US administration an immensely powerful economic weapon
- ...the euro is still a relatively new currency, the Chinese renminbi is not fully convertible and the rouble is not a plausible challenger
- German chancellor Angela Merkel has made it clear she believes the US “is fundamentally abdicating its global leadership role” ...
- It is not feasible for America to respond to every challenge through the use of military might or economic sanctions. In normal times, the US relies on “rules-based international order” – a network of laws and institutions that it allies have largely shaped over many decades
- But for a rules-based order to work, the US has to be able to demonstrate that it is willing, on occasion, to be constrained by the rules – by accepting unwelcome judgments at the WTO, for example, or provisions in the Iran nuclear agreement that are not ideal

UK banks' debt sales near decade high as regulations tighten and cheap funding ends – Pg. 11

- UK banks are raising debt at the fastest pace since the aftermath of the financial crisis, as lenders prepare for tighter regulatory capital requirements and scramble to replace cheap funding that, until last month, was supplied by the BoE
- The uptick in banks' capital market activity contrasts with UK non-financial companies, which have seen a steady level of net issuance since early 2015

Answer: (1) Constantly misplacing her keys and cell phone; (2) Asking for the same information repeatedly; (3) Avoiding social interactions; (4) Never getting the lay of the land; (5) Unexplained weight loss

11 May 2018

Question: According to MSN, what are 9 things retirees should never keep in their wallets?

Argentina and IMF start talks in bid for stability – Pg. 3

- Argentina began formal talks with the IMF yesterday as it sought emergency financial support to stabilize its economy, a controversial move in a country with painful memories of involvement with the multilateral lender
- Argentina is once again seeking IMF aid after a series of drastic interest rate rises failed to stop the slide in the peso, in a blow for a country that was taking steps to restore its credibility after years as a financial pariah
- Initial reports indicated Argentina was seeking an IMF flexible credit line (FCL), ...
- Under its more traditional SBA programme, the IMF offers a precautionary credit line that can be tapped as needed, or where bailout funds are paid in tranches. SBAs are conditional on a country adhering to pre-agreed policy conditions and fiscal discipline, and the IMF monitors adherence
- Last week....cut the target for the primary fiscal deficit for 2018 from 3.2 to 2.7% to calm investors. It has raised interest rates to 40% to defend the peso

UK central bank plays down soft patch – Pg. 3

- ...voted to hold interest rates at 0.5% in case activity failed to pick up in the second half of the year
- ...inflation projected to return to central bank's 2% target within two years and remain on track...
- The weak first quarter forced the BoE to cut its growth forecast for 2018 from 1.8% to 1.4%, but the majority of the committee thought poor data reflected just a temporary soft patch

Answer: (1) Social Security Card; (2) Password cheat sheet (Prof Note: The keys to my castle are on my computer in a password protected file. My attorney/estate has the password and my IT manager can locate the file/cheat sheet and assist my estate if I am infirmed or dead); (3) Spare keys (Prof Note: I keep keys, labeled, in my safe); (4) Paper checks; (5) Passport (Prof Note: I keep passport in a waterproof container in my safe. The waterproof is essential as if there is a fire, the pressured water could seep into the safe.); (6) Multiple credit cards (Prof Note: Guilty!); (7) Birth Certificate (Prof Note: Kept with passport); (8) Multiple Receipts (Prof Note: Guilty!); (9) Medicare Card

10 May 2018

List-Serve Comment on Ph.D. vs DBA:

Quick thought on your comment about earning a PhD because it's a credential for academia. In my (limited) experience, you need something motivating you to do a PhD beyond getting the degree. I say this more for others than for you because you have a great deal of intellectual curiosity, but there are a lot of ridiculous hoops to jump through when earning a PhD and it is definitely not for everyone. If you do want to pursue a doctorate, particularly for the purposes of teaching or for the credential aspect, have you thought of a DBA? DBA's are generally less research-oriented, completed in a shorter time period, and are useful for getting one's foot in the door of academia.

Also, why do you never leave home without your Lugbug? I wish I'd known about that product about 10 months ago! (Prof Note: Everyone needs a LugBug (or two, or three). I use them when traveling on my luggage. In fact, on Nevis as I was arriving a woman yelled out, "Is that a LugBug? I have seen them but never purchased one." I gave it to her on the spot! LugBug is an ergonomic carrier that attaches to handles. A close personal friend literally invented it. The most amazing aspect, it was invented by a real estate guy that wanted something better for his wife and family! 100.0% of R&D, inventory, marketing, etc was funded by him personally AND, this is the kicker, he is one heck of a nice person! The type of person that after each call you think, "Holy cow, I am proud to call him my friend!" Great product...www.lugbug.com)

Hope you're well! Are you offering autographed copies of the new book? (Prof Note: Of course....so honoured!)

(Prof Note: Response to my question if I could share response?)

Sure! Let me add some context?

DBAs and PhDs in business administration are similar in that both are terminal degrees, both require the completion of original research culminating in a dissertation defense, and both require specialization in a topic (e.g., economics, accounting, organizational behavior, or strategy). The distinction between the two degrees most often lies in reason for pursuing the degree. Students who pursue a PhD want to develop and extend current theory as it applies to the business world and most likely want to remain in academia

pursuing tenure-track employment. Students who pursue a DBA are more focused on applied research that may be used by industry executives and they tend to return to industry in leadership or consulting roles. A final distinction is in the research pursued for the dissertation. A PhD candidate's dissertation will either develop new theory or extend/reorient our understanding of a current theory. A DBA candidate's dissertation combines theory with important problems in the workplace. As such, DBA curriculum tends to be less rigorous in the areas of theory and statistics than PhD curriculum, but more practical and experiential.

There are plenty of other nuances to consider with the two degrees, but these are the main similarities and differences. I'm happy to discuss my experiences in a PhD program and why I'm pursuing one if anyone is interested. It's been the best professional decision of my life, not to mention a pretty great personal one, too.

Question: According to MSN, what are 10 things you're doing that will get you kicked off an airplane?

CIA pick vows not to restart torture policy – Pg. 3

- (Prof Note: I am not comfortable summarizing this article. Torture is such an emotional topic and I do not want to be seen as expressing an opinion/bias in either way. This article was enlightening to me as, for me, for the first time I believe it was clear documentation/admission of U.S. governmental torture known at the highest levels. The article is worth an intellectual read.)

[REDACTED]

The Future of Trading – Pg. 7

- ...\$50tn fixed income market
- There is still skepticism that bonds can ever trade in a similar fashion to equities. Doubters point out that a company might only have issued one stock, but dozens of unique bonds. IN fact, there are only 43,000 stocks in the world, but there are millions of bonds, each with their own legal and financial idiosyncrasies
- ...broadly speaking, liquidity is how easy it is to trade a financial asset without significantly moving its price

BofA faces class-action lawsuit over appraisals – Pg. 12

- According to the suit, Landsafe routinely inflated appraisals by cherry-picking appraisers, withholding certain information, and otherwise ignoring professional standards in order to

help its parent quickly close on loans it then flipped to Wall Street investors (Prof Note: We read about teachers striking, what about appraisers? They are all dying off! They are underpaid, grossly underpaid, in my opinion. Many times, in a transaction they hold the most knowledge. They are critical to all sides of a transaction. At each appraisal group where I speak I always encourage them to form a collective bargaining unit and strike! \$450 for a residential appraisal when BOTH realtors pull in \$15,000 + is disgusting. Who is more important to the buyer, the realtor or the appraiser?!)

- Appraisals are supposed to be accurate and objective opinions of a property's value
- (Prof Note: I am embarrassed to say that when I was CFO for a homebuilder, it was well known which appraisers had higher values and which would take data provided rather than research on their own. Personally, I believe MAI needs to loosen its 5-year requirement for indentured servitude. How can one justify an MAI when they could have a Ph.D. in the same time period? This is something RICS does well, i.e. recognize professional excellence.)

Answer: (1) Dressing overly sexy (Prof Note: Interesting. No one has ever said anything to me!); (2) Going barefoot (Prof Note: Did not realize this was an option!); (3) Appearing Sick; (4) "A Maodorous Condition"; (5) Appearing intoxicated (Prof Note: Two flights ago there was a guy across the aisle from me. Drunk as a skunk. He was trying to talk to the two attractive girls right in front of him. When this failed he tried to talk to me and I pulled out my two semesters of American sign language and feigned being deaf! He went back to the girls....the look they gave me had daggers! Age and wisdom, age and wisdom!); (6) Being too big (Prof Note: With 100.0% certainty and experience, the lap belts on US carriers are longer than Asian carriers); (7) Trying to break the plane; (8) Trying to break other people's stuff (Prof Note: I had several students, at the end of a flight, trying to five-finger discount my Duty Free. They thought I would not have a tantrum, oh did I have a tantrum. Suddenly the Duty Free appeared!); (9) Beijing a jerk (Prof Note: I would not know what this involves given my level head and calming persona); (10) Joining the mile-high club

9 May 2018

List-Serve Comment...

While I was off of work, I listened to tons of side hustle related podcasts. Of course, I have not tried any ideas yet, but your other list members might want to have these resources since you cannot individually counsel everyone... for what their worth - I liked these two:

Side Hustle School: <https://sidehustleschool.com/> (short podcast every day)

Side Hustle Nation: <https://www.sidehustlenation.com/side-hustle-show/> (about once a week)

These sound the same but come at the SH issue in different ways... maybe this is helpful... YOU SHOULD DO A PODCAST! (Prof Note: I do intend to do podcasts and capital market updates. The new book is launched 16 May, i.e. one week from today. This is all in the plan...thank you)

Question: According to MSN, what are five (5) signs you need to clean up your finance?

Argentine slide towards crisis forced Macri to call on the IMF – Pg. 1

- Argentina is seeking IMF aid after a series of drastic interest rate rises failed to stop the slide in the peso, pushing a country that only recently restored its credibility with investors back towards a financial crisis
- ...discussed a precautionary credit line Buenos Aires could access to shore up its currency and stabilize debt markets
- Argentina's problems have been exacerbated by a surge in the US dollar, which has risen as investors increasingly believe the US economy is growing faster than the rest of the world's

US job openings hit a high as wage growth remains sluggish – Pg. 3

- Employers had 6.6m posts available at the end of March, the highest since records began at the start of the century and up from 5.6m a year earlier, ...
- The increase in openings was driven by a surge of vacancies among professional and business services companies, construction and transport and warehousing firms. The rate at which people were voluntarily quitting their jobs matched its recent highs, confirming individuals' confidence in their ability to find a new job on leaving a position, while lay-offs hovered near recent lows. There was exactly one job opening for every unemployed individual in March
- The Fed has signaled it is not expecting a sudden breakout in pay and price growth and it is willing to tread a careful path towards tighter policy as it gauges how low it can safely push unemployment without overheating the economy
- Complicating the picture for the Fed is the outbreak of geopolitical tensions as US president toys with a trade war with leading partners including China

Argentina's fortunes in balance after drastic policy shift – Pg. 19

- Renewed selling dominated as markets opened yesterday, with the peso tumbling to a record low, while the price of the country's 100-year bond fell back below 85 cents....
- The declines suggested last week's moves by authorities – the country's central bank lifted interest rates by an unprecedented 12.75% to 40% in a matter of days – was becoming a distant memory
- For Argentina, investors says troubles began with a policy error in December. The central bank revised its inflation target to 15%, up from the previous goal of 8 – 12%, rising inflation expectations in the market and sending the peso lower
- As the central bank persevered with its policy, lowering interest rates by 1.5% in January, investors led by hedge funds, began to question its credibility
-

Answer: (1) You're living paycheck to paycheck; (2) You're not saving for retirement; (3) You're carrying credit card debt; (4) You have no idea what your credit report looks like; (5) You don't have a budget in place

8 May 2018

Question: According to MSN, what are 31 things that are not worth the money?

Consumer Goods – Pg. 7

- It is no secret that retail is being reshaped by the internet. In the past year the US has endured record high rates of bankruptcies and the closure of thousands of stores
- Meanwhile an American obsession with “wellness” – valued at \$3.7tn by the Global Wellness Institute and including segments such as nutrition, fitness and personalized medicine – has made make-up and skincare even more en vogue
- ...beauty is “Amazon-proof”
- Growth in the beauty market is being fueled, at least partly, by an influx of savvy YouTube personalities offering advice to millennial shoppers, who tend to trust the vloggers over big corporations. Beauty is second only to gaming as the most viewed topic on YouTube
- Realizing the opportunity offered by influencer-driven products, two companies have emerged as the primary vehicle for these brands: Sephora and Ulta

US borrowers’ struggles pose test for private credit funds – Pg. 13

- ...even some of those responsible for crafting the deals worry that an insidious build-up of risk, abetted by policymakers and all but invisible while the economy is still growing, could again erupt in a downturn
- Lenders say they have curbed risky activity, rarely offering more than six times a company’s stated earnings before interest, tax, depreciation and amortization. (Crisis-era regulators imposed the same limit on US banks, although the Trump administration has in effect repudiated the cap)
- ...measures of loan quality are deteriorating, as an influx of capital forces lenders to compromise on pricing and trade away protections they once deemed non-negotiable
- The IMF recons that strong covenants were attached to fewer than 30% of the leveraged loans issued in the US last year. That compares with 70% during the covenant-lite lending frenzy that many viewed as an aberration in 2007
- Defaults on business loans are hovering about 2%, less than one-quarter of the rate in 2009, and well below the level....expects to see if the US economy stalls

Answer: (1) Designer handbags; (2) Purebred dogs (Prof Note: perhaps I know little of pets but do you not get the same love from a mutt?); (3) Cable (Prof Note: I cut my cord!); (4) ATM fees; (5) Lottery Tickets (Prof Note: Do the math! Though I will admit I ALWAYS participated in lottery groups while in corporate America. I was so paranoid they would win and I would be left!); (6) Hardcover Books (Prof Note: I am CERTAIN they mean hardcover books but for the second edition, Foundations of Real Estate Financial Modelling, Roger Staiger, 2018 on pre-order current at Amazon.com!); (7) Going out to lunch; (8) Bottled water (Prof Note: What a scam!); (9) Luxury Cars (Prof Note: Guilty!); (10) Pricey Hotel Rooms (Prof Note: I do like a nice hotel room but not to exceed \$250.00/night); (11) DVDs and Blu-Ray (Prof Note: Do the math! A two-day RedBox rental is \$5....go to the \$5 bin at Walmart/Target); (12) Bottles of Wine at Restaurants (Prof Note: Do the math...get drunk prior to the meal at home!); (13) Brand-Name drugs; (14) High-end Gym memberships (Prof Note: You can look like me with a lot of work and no gym membership!); (15) Department store mascara; (16) Premium Gas (Prof Note: it is required for my vehicle); (17) Coffee at Starbucks (Prof Note: So I am not the only one that realizes this?!); (18) Brand-name cleaning supplies; (19) Certain Organic Foods; (20) Fancy Hair Salons (Prof Note: Again, you can look like me without a fancy hair salon!); (21) Expensive Watches (Prof Note: I have a watch collection for which I am proud. However, when I hired a jury consultant they told me to lose the watch. They were concerned I would look at it during trial and provide the jury the impression I had some place

better to be. I have not worn a watch since.); (22) Trendy fashion items (Prof Note: I remember last year I had a student with \$800 sneakers! They were nice sneakers, though!); (23) Super Pricey skincare products; (24) Buying magazines at a newsstand; (25) Unnecessary baby products (Prof Note: A necessary baby product: www.lugbug.com. I NEVER travel without my Lugbug!!!); (26) Thousand-dollar headphones; (27) Premium rental cars (Prof Note: Guilty! I like my larger cars!); (28) Separate laundry detergent for dark clothes (Prof Note: Prior to right now, I did not know such a thing existed!); (29) Cheap paper towels; (30) 100-calorie pack snacks; (31) Homeopathic Remedies (Prof Note: What the heck are these?!)

7 May 2018

Question: According to MSN, what are 15 in-demand jobs for seniors?

UK rates on hold as the recovery weakens – Pg. 8

- ...estimated likelihood has now collapsed to below 20%. Investors are very probably right that the BoE will keep rates on hold
- The biggest price of bad news that should keep rates unchanged was a strikingly weak performance for GDP in the first quarter, rising by just 0.2%
- Last year the UK recorded the lowest annual expansion since 2013, and it has slid down the growth league table of advanced economies

LGBT employees face hurdles home and abroad – Pg. 11

- An article in Harvard Business Review about employees' international experience found that those who have worked overseas "are better problem solvers and display more creativity" and are "more likely to create new businesses and products and to be promoted"
- "Sexual acts between people of the same sex are criminalized in more than 70 countries and only a small minority of states recognize same-sex partnerships, ..."
- Additionally, it says, in more than half the world, LGBT people may have no protection from discrimination by workplace law

Fannie and Freddie expand rental presence – Pg. 16

- Fannie Mae and Freddie Mac have continued to increase their presence in the commercial real estate market, reviving complaints that the US government-backed mortgage financiers "squeeze out" private capital and subsidize luxury rentals (Prof Note: S&L Crisis? Is this not what occurred to the S&Ls, i.e. they expanded into new markets without expertise and failed!)
- The pair funded a combined 306,000 units in "multi-family" rental complexes during the first three months of the year
- The figures come amid a debate in Washington about the role Fannie and Freddie should be playing in US housing. The groups, which were bailed out during the financial crisis almost a decade ago, still have private sector shareholders but pay most of their profits to the Treasury
- Some banks, life insurance and investors that also provide mortgage financing for rental developments complain that taxpayer backing of Fannie and Freddie allows the pair to offer better terms to borrowers

- Critics are particularly concerned that the groups are funding higher-end apartments

Answer: (1) Teaching in retirement; (2) College Instructor jobs; (3) Administrative Assistant Roles for Seniors, (4) Nursing jobs in Retirement; (5) A second career as a real estate agent; (6) Sales jobs for retirees; (7) Driver jobs; (8) Joining the clergy; (9) Providing child care; (10) Taking on a Management Role before retirement; (11) Management Consultant; (12) Financial Services Jobs; (13) Becoming a writer; (14) Engineering positions for older workers; (15) Musician Gigs (Prof Note: Consider the credentials necessary. I will probably earn a Ph.D. for the simple reason, it is the credential in academia.)

Cinco de May 2018

Question: According to the Financial Times, what are the top 10 MBAs for careers in Finance?

US tells China to slash trade deficit – Pg. 1

- The Trump administration has presented China with a list of hardline trade demands, including requiring Beijing to cut its trade surplus with the US by \$200bn, in a sign that the White House intends to escalate its brinkmanship despite rising global fears of a trade war
- The demands....included opening China to US investment and a removal of its foreign ownership caps....
- The US demands amount to a call for unilateral disarmament ahead of a potential trade war and for Beijing to abandon key elements of its industrial policy, which have made Washington wary of China as a long-term rival
- Washington insists intellectual property theft, forced technology transfers and joint ventures requirements amount to a systematic effort to erode US leadership in strategic sectors

Argentina raises interest rate to 40% - Pg. 2

- Argentina's central bank stunned markets yesterday by raising its key borrowing rate to 40%, in a move that boosted the battered peso as emerging market currencies were hit by waves of selling
- It remains down 15% this year against the dollar and hit a record low of 22.24 per dollar on Thursday after rates were raised by 300 bps
- This week, Argentina's official borrowing rate rose from 27.25% to 40%, as the central bank sought to bolster the peso, having already spent \$5bn of foreign exchange reserves
- Argentina is in the vanguard of a number of EM currencies experiencing acute selling pressure and capital flight from higher US interest rates and a resurgent dollar
- The dollar rally has tracked signs of faltering economic growth outside the US and focused attention on a rapid rise of debt across developing world economies in recent years. That leaves EM as an asset class looking vulnerable to a broader reappraisal by investors

US unemployment tumbles to lowest level for 18 years – Pg. 2

- The US unemployment rate has fallen below 4% for the first time since Bill Clinton was president, leaving the Federal Reserve on track for a further increase in short-term interest rates this summer
- The jobless rate sank to 3.9% in April....

- ...the drop in unemployment was caused partly by the departure of 236,000 people from the labour force, which pushed the participation rate down a shade to 62.8%

Gibson left to fret as millennials turn their back on rock music – Pg. 12

- The children who turned 13 in 1994 were the first millennials, a generation that is being blamed for turning its back on rock...

Answer: (1) Stanford, (2) University of Pennsylvania: Wharton, (3) University of Chicago: Booth, (4) Harvard, (5) New York University: Stern, (6) MIT: Sloan, (7) Insead, (8) University of Cambridge: Judge, (9) Celbs, (10) Columbia Business School (Prof Note: I attended GWU's MBA....what does that mean for me?!
©)

4 May 2018

List-Serve Commentary: Paying off debt...

Re paying off credit card debt: We did this (twice!), each time by refinancing our home mortgage or drawing on a home HELOC, in both cases with interest rates far below the usurious rates charged by the credit card companies. The second time we had to do this, we vowed to *always* to pay every credit card *in full each month*. We have done this now religiously for 35 years. Carrying credit card balances is only one step up from borrowing from your local street corner loan shark. Voice of experience. Feel free to share, in the hope that others can learn from the stupidity of one's elders!

Question: According to MSN Money, what are 5 tips to live in retirement like this famous 98-year-old?

'Dangerous' US policies threaten EU growth – Pg. 2

- ...the commission pointed to risks from a "dangerous nexus" of US policies – where fiscal stimulus, Higher Federal Reserve interest rates and the prospect of a trade war were likely to spook markets and European businesses
- The UK is expected to be the worst-performing EU economy, matched only by Italy, as it exits the EU next month. UK growth is forecast to decelerate to an annual pace of 1.5% this year and 1.2% in 2019
- After years of austerity, 2018 is set to be the first year when all 19 eurozone member states meet Brussels' demand that their public spending deficits do not exceed 3% of GDP
- France and Spain were the final two countries to bring their deficits below the ceiling, cutting them to 2.3% and 2.6% respectively in 2017
- Germany's debt-to-GDP ratio will also come under the EU's 60% ceiling in 2019, falling from 60.2% this year to 56.3% in 2019

US Society – Pg. 7

- The median price for homes in San Francisco Bay Area hit a record \$820,000 in March, up nearly 15% on the year....Rents in many parts of the Bay average upwards of \$4,000 a month
- The deeper problem is not simply housing supply but income inequality, ...emphasizing the need for other policies to bolster earnings and educational achievement
- The median house sale there [Palo Alto] was valued at \$2.6m in 2017

- (Prof Note: I know I am oversimplifying but is this not basic economics? The issue is wage inequality. When the lower-wage individuals leave, i.e. supply shifts left, prices go up. When one is not paid enough at a job, one leaves...simple! If you cannot afford to live in Palo Alto...leave!)

Liquidity ousts leverage as the big worry for investors – Pg. 19

- Leverage – whether through debt or derivatives – is historically the tinder that can light a big fire. Since the financial crisis, regulatory changes have aimed to purge leverage, primarily by curtailing the role banks have traditionally played in providing it, or how easily an investor can buy a security without moving the price sharply
- Take the S&P 500. Its market cap grew to nearly \$24tn last year, but the value of shares traded has not just failed to match its rise. But declines over the past two years.
- The broad, global balance sheet curtailment also reflects persistent regulatory pressures on banks to limit leverage and risk-taking, meaning lenders are unlikely to return to the dominant roles they played before the crisis

Answer: (1) Enter retirement with a plan (Prof Note: Plan to fail, Fail to plan?!); (2) Go in debt-free; (3) Get the right advice (Prof Note: However, be your own quarterback and cheerleader...watch what you pay for and be certain you understand resources available to you for free); (4) Know what you'll have to pay for (Prof Note: I absolutely understand the differences between U.S. healthcare and Nevisian healthcare. I will be careful to use the correct one at the correct times.); (5) Think about side hustles (Prof Note: That is literally what is says! ☺ I received a phone call from an undergraduate a few weeks ago. It was a new introduction and they had questions. The student started the conversation saying, "I understand you are an 'expert' in the side hustle." I responded, "I would characterize myself as a strong believer but have no issue with that label! ☺")

3 May 2018

List-serve Comments (Home Repair) -

1. **Not scheduling your own (often free) foundation inspection prior to purchase, especially if moving into an older home or a home on a slope. Foundation repair is pricey.**
2. **Not understanding the status of the HVAC and mechanical systems - google HVAC repair in your area, call the first few and see if the home has been serviced by those companies (or look for a sticker on the machine), often owners have put off major mechanical equipment repair (or made shady repairs) for years. It's almost guaranteed those systems will break within your first year of ownership.**
3. **Open and close the doors, do they stick? Do the windows open? Do the floorboards and trim meet? Do all the faucets have good water pressure? Does the basement smell musty? You really need to be your own inspector (even during an open house!) - inspectors want you to buy the house!**
4. **Don't ignore the condition of the homes on either side of you. There is only so much good landscaping and fencing can do. Drop by the home on a Saturday night and see how quiet (or not) the neighborhood is.**
5. **Check the cell service in areas of the house while you walk thru. You don't want to move into a dead zone.**
6. **Have a contingency fund for the first year. Systems will break, the roof may leak, you need to be prepared to clean up after the previous owner's negligence no matter how pretty the property appears.**

I'd love to save others from the headaches I've had. Also, if you can help it don't have a baby the first year you live in the house. Lack of sleep certainly does not make dealing with home maintenance and repair "discoveries" any easier.

Question: According to CNN, what milestone did the US economy just hit?

Eurozone slowdown stokes concern over resilience of post-crisis recovery – Pg. 1

- New signs of European economic weakness emerged yesterday as the Eurozone recorded its slowest growth in 18 months, heightening fears that the currency union's post-crisis recovery is petering out
- ...sharp slowing
- ...the growth rate of the currency area fell to just 0.4% in the opening three months of the year, down from 0.7% for the final quarter of 2017

Economic ills drive Russia to cut armed forces budget – Pg. 2

- Russian military spending fell by a fifth in 2017 compared with a year earlier, the first cut in real terms since 1998 as sanctions and economic stagnation force a redistribution of scarce funds
- Moscow spent 66.35bn or 4.3% of GDP on the military last year, down from 5.5% of GDP in 2016...
- The fall in spending means Russia has been overtaken by Saudi Arabia as the world's third-largest military spender
- After recession in 2015 and 2016, real household incomes continued to fall until this year

Blankfein tackles consumer loan fears – Pg. 13

- Goldman has got off to a bright start in 2018, recording its best quarterly return on equity for more than five years after standout performance from its trading arm

Extended car-loan terms of eight years put US lenders at greater risk of default – Pg. 19

- Lenders in America's \$1.2tn car-loan market are extending terms for as long as eight years, putting lenders at greater risk of defaults and meagre recovery values
- ...monthly repayments for borrowers have hit an all-time high...
- The average term on a new car loans stood at 67 months – or five-and-a-half years – at the end of 2017...having steadily risen since 2008 (Prof Note: Extension of terms of a deteriorating asset?!)
- For subprime car loans bundled into asset-backed securities the average term has reached a post-financial crisis high of 68.6 months...
- The longer the loan term, the greater the risk that borrowers find themselves in financial trouble, unable to pay it back
- The rating agency expects overall car sales to dip this year, to 16.8m from 17.1m last year, meaning that many lenders may feel pressure to loosen credit standards further to preserve their market share

Answer: "The recession ended in June 2009, which means the recovery is 106 months old through April this year. That matches the expansion from 1961 to 1969, an era of big government spending under President John F. Kennedy and then President Lyndon Johnson's Great Society."

2 May 2018

Comment from list-serve: Paying off student debt...

I would caution your readers that paying off student loans can actually hurt one's credit score - I know this from personal experience. I liquidated savings bonds to make a lump payment to pay off the remainder of my student loans. My credit score suffered for it - dramatically. In the following months, I watched my credit score plummet 10-20 points each month. Aside from my student loans, I had no other form of debt. I am currently debt-free. Despite arguing with the major credit reporting agencies, I was told that since the loan repayment had a schedule, there was confusion in the system as to why my scheduled payments were not being made (since I had paid off the remaining balance). I am including a screenshot below of some boilerplate text regarding insufficient information about my loans. Slowly, my credit score is increasing again.

Question: According to MSN Money, what are 5 ways you can erase your credit card debt?

Dollar rises sharply as Fed debates rates – Pg. 1

- The dollar rose near its highs for the year against a basket of major currencies yesterday as the Federal Reserve's policymaking OMC gathered in Washington for today's decision on interest rates

German inheritance wave stokes fears over inequality – Pg. 3

- "Inheriting gives you the chance to do things and create things that other people can't. But it also defines you in a negative way." "People say that all you did was to inherit, that you never had to make an effort. But you want to be respected for what you did, not for what you were given." (Prof Note: Protecting and growing wealth is a skill! Inheritance of assets can be a curse, if not provided the skills or if inheriting assets without passive income and/or knowledge can be destructive. In my own personal situation, I "inherited" through a seven-figure litigation (self-financed) which resulted in cash requiring assets with no liquidity. Had I not had personal successes and wealth, it would have been a curse and an unrealized "inheritance". Wealth transfer and estate planning is critical. I recommend hiring a reputable law firm to develop the estate plan and corresponding documents. Then hire a litigation firm to review the documents and identify any issues which could develop.)
- Stories like hers used to be rare in Germany, a country where millions saw their wealth wiped out by war, displacement and inflation in 1945. Today, however, they are told with growing frequency
- After seven decades of political stability and economic expansion, Germany is in the midst of a vast transfer of wealth from the dead to the living
- One fear is that inherited wealth is entrenching social divisions and financial privilege at a time of growing concern about inequality
- "The top 1% own one-third of all [net] wealth, the top 10% own two-thirds while the bottom half owns nothing. These structures are kept in place through inheritance. Wealth stays at the top"

Five factors driving crude's rally and where it will go next – Pg. 19

- Oil prices have risen as high as \$75 a barrel for the first time in four years
- Supply and demand

- Opec and Russia
- Geopolitical risks
- Hedge funds
- US shale

Answer: (1) Attack the debt with all your resources (Prof Note: ...and with new resources, e.g. Side Hustle); (2) Use a balance-transfer card; (3) Apply for a credit card consolidation loan; (4) Enroll in a debt management plan (Prof Note: Utilize all available resources prior to paying an advisor. I have always found that when a hand is in the air; there are many great people that want and will assist); (5) declare bankruptcy (Prof Note: This should not be considered lightly. Bankruptcy is a drastic measure.)

1 May 2018

Question: What are 5 topics, according to MSN Money, that you should discuss with your kid before co-signing a student loan?

Fed ponders more rate rises as inflation gathers pace – Pg. 4

- US prices climbed closer to the Federal Reserve's target in March, leaving policymakers on track for further rises in short-term interest rates, after the central bank's preferred inflation measure reached its quickest pace in over a year
- Household spending grew 0.4% in March on a month earlier, pointing to a pick-up in outlays after a slow start to the year, while the personal savings rate dropped to 3.1% from 3.3% in February
- With unemployment forecast to fall below 4% this year, the Fed is trying to prevent the economy from overheating by moving rates slowly upwards, with rates forecast to peak above 3% in 2020. The central bank's key rate is 1.5-1.75%
- Its median forecast is for core inflation to edge above its target to 2.1% in 2019 and 2020 – an indication that officials are comfortable with a modest overshoot to the target

'Portfolio wrecker' correlation spreads investor concern – Pg. 19

- Investors are starting to see a pattern in the bond-equity relationship that could have profound and worrying implications for their portfolios
- The rate combination of equity and bond prices falling at the same time has become more frequent of late
- Since 2000 there have only been 57 trading days where the S&P 500 lost 0.5% or more and the 30-year US Treasury bond yield also rose by 3bps or more....there were a handful of such days last month
- Accelerating inflation eats into fixed income returns and threatens the bond market by spurring central banks to raise interest rates more aggressively
- Rising yields harm companies by lifting borrowing costs, and make their stocks look relatively less attractive compared to owning safer securities. It also risks damping debt-financed share buybacks, while wage pressures crimp profit margins
- The rolling five-year correlations of the S&P 500 and 10-year Treasury yields were positive from 1970 to 1998, but have been almost entirely negative since the late 1990s

- ...the rise in correlations is already beginning to weigh on some popular investment strategies. The volatility of a typical “balanced” portfolio made up of 60% global equities and 40% bonds has picked up lately as both bonds and equities have become more sensitive to any data points that indicate inflation could pick up...
- Risk parity funds invest in a variety of markets according to their mathematical volatility, using leverage to ensure that all asset classes contribute equally and to enhance returns. That usually means leveraging up the fixed income investments, but this has worried some analysts, who fret that risk parity funds forced to deleverage their bond investments could worsen the headwinds
- Risk parity funds also invest in commodities and other inflation-linked securities, which should help offset fixed income losses in an inflationary environment

Answer: (1) How co-signing a student loan affects your credit (Prof Note: Understand the meaning of “contingent liability”); (2) Figure out who is responsible for repayment; (3) Calculate future monthly payments and interest (Prof Note: Understanding amortization should be taught and understood in middle school); (4) Consider the benefits of making payments during school; (5) Discuss expectations before co-signing a student loan (Prof Note: Consider a term life insurance policy for your child. While a horrible thought, the loss of child could result in more than horror and heartache, it could result in a student loan payment to the grieving co-signer.)

30 April 2018

Question: What are five things, according to MSN, that are 5 Money Lessons learned since having kids?

China eases curbs on foreign investment – Pg. 4

- China has announced new regulations that allow foreign investors to take majority control of local securities firms after President Xi Jinping called for more financial reforms in the midst of a bitter trade row with the US
- After years of complaints about Beijing blocking foreign access to its fast-growing financial markets, the China Securities Regulatory Commission at the weekend published rules which raise the cap on foreign ownership of stockbroking firms from 49% to 51%, effective immediately
- The CSRC also said that foreign fund managers were now free to apply for majority control of Chinese fund management groups, with a cap of 51% ownership

An answer to America’s schools crisis – Pg. 9

- Teachers are striking across the US right now
- These cuts have left them under-paid, overworked and using their own money to supplement minuscule budgets that result in books held together with duct tape and rain pouring into classrooms through ceiling holes (Prof Note: I have commented on this before with mixed comments back. I do not agree with teachers striking over wages. If they are unhappy they resign at the end of the school year. However, I do not agree with lashing out and harming the students. I have been unhappy with administrations and vocalized my issues here. However, I have not brought my issues into the active classroom. I just do not agree with this.)

- While the US will probably have created about 15m new jobs in the decade leading up to 2020, 65% will require post-secondary education and training beyond high school. Meanwhile, only 54% of Americans who enter tertiary education receive a degree within six years, a rate that reflects both cost inflation and the lack of preparedness with which many of them enter degree programmes
- Education is mainly funded by state and local governments
- State funding for education hit a peak in the 1980s, and has been falling ever since, a decline that has of course created a huge class and skills gap
- While the cost of a degree has risen for everyone, it has hit families in the lower quartile of the socio-economic spectrum the hardest. They paid 44.6% of their income for a degree in 1990, compared with 84% today
- ...US education has not been retooled in decades and does not churn out graduates equipped to compete in the digital economy, means that there is a large class of under-employed and under-skilled American workers
- ...in the US the system is so broken that the quest for education is itself leading to rising inequality, and a \$1.3tn student debt pile
- (Prof Note: I learned this week that Universities, including the George Washington University, offer free food banks to students unable to afford to eat due to tuition. I felt naïve and ignorant and socially blind. Now I ponder if “giving back” is best measured in meals served rather than scholarships and grants provided.)
- (Prof Note: I have been lecturing for 23 years. To me it feels like students are now customers rather than students. I struggle with providing what students need, potentially to my own detriment on evaluations, versus what they want, to increase evaluation ratios. Further, administrators who have never spent years in a classroom should not be the ones evaluating the educators. It is not about profit and student happiness, it is about effectiveness and student learning. Tough love!!!)

Answer: (1) Saving for the future is crucial; (2) It's OK to splurge (Prof Note: Provided it is done in a fiscally disciplined manner); (3) It's OK to think differently about money; (4) Toys are Usually a Waste (Prof Note: It is interesting, the toys of my grandfather's generation, including his 1929 Christmas gift, decorate my home. Toys today are not made from pressed steel and intended to last.); (5) Most Things Kids Want Are Free

28 April 2018

List-serve comment on Big Four: But, I am responding regarding the Big Four summary. <redacted but provides support for expertise>, I have to say that the underlying major issues were not covered.

1. Banks compete for loan business, often by NOT requiring audited statements. Unaudited (reviewed or compiled) statements are of limited value because the CPA is not required to dig deep and is not on the hook. I occasionally received statements that did not balance, footnotes were minuscule or contradictory, or ...

2. CPA firms compete for business, and are forced to skimp on due diligence to remain profitable. Together, they race to the bottom.

3. Staff turnover is high due to 80+ hour weeks during the busy season (January through May), and low probability of making it to the top of the increasingly flat pyramids.

4. Companies pay for audits, rather than banks or other 3rd parties, which, in case of aggressive clients, makes auditors conflicted between telling it like it is and losing the client, and keeping the client. Resolving a similar conflict with appraisals, banks ordered and reviewed appraisals, which made the process less prone to MAI (made as instructed) syndrome.

5. Splitting audit from consulting removes some of the synergies that benefits both sides financially and professionally.

(Prof Note: Understanding accounting statements, their creation and the story(ies) they tell is one of the most important skills in business. Accounting (and statistics) is the language of finance. Also, remember motivations, i.e. accounts want to avoid audits. The customer wants, presumably, as much free cash flow per period. The two are opposing goals! Remember what I tell students when they ask, “What is important?” My response, “EVERYTHING!!!”)

Question: What is the current homeownership rate in the U.S.?

US wages in steepest climb since 2008 – Pg. 2

- Official figures showed a 2.9% growth in private sector wages and salaries in the first three months of the year compared with the same period a year earlier, ...
- The figures came as the US economy continued to grow above its trend rate in the first quarter, albeit at a slower pace than in the final quarter of 2017
- GDP expanded at an annual rate of 2.3%, the BEA said separately, down from 2.9% at the end of 2017
- The Fed meets on Wednesday next week and is expected to keep rates unchanged at 1.5-1.75%
- The first-quarter deceleration in GDP growth reflected slower consumer spending on cars, clothing and footwear, coupled with softer residential investment

Japan drops deadline for inflation target – Pg. 4

- The BoJ has abandoned a pledge to hit its 2% inflation target “around fiscal 2019” in a belated recognition that prices are less sensitive to monetary policy than it once believed
- Japan’s central bank did not change its inflation forecast, continuing to predict price rises of 1.8% in the year to March 2020, but it scrapped the written timeframe it has kept in place since the start of its massive monetary stimulus in 2013
- Policy stayed on hold, with overnight interest rates kept at minus 0.1%, 10-year bond yields capped at around 0.0% and the BoJ buying assets at an official pace of around ¥80tn (\$730bn) a year
- At the start of his stimulus in 2013, Mr Kuroda promised to hit 2% inflation in about two years, but he has been forced to postpone the timeframe six times since then
- Inflation in Japan remains subdued with prices, excluding fresh food and energy, up 0.5% on a year ago in May
- It expects inflation of 1.3% in the year to March 2019 and 1.8% in the year after that, excluding the effects of a planned rise in consumption tax

- Despite slow progress on inflation, economic activity remains robust, with the ratio of open jobs to applicants hitting a fresh 44-year high of 1.54 times. The unemployment rate held steady at 2.5%. The BoJ hopes that tight labour markets will ultimately lead to upward pressure on wages, higher consumption and faster increases in prices

Energy – Pg. 5

- The benchmark Brent crude hit \$75 a barrel this week for the first time since 2014. The 65% surge in oil prices since last June has been one of the more striking features of the global economy – and could also play a role in an important election year in the US
- For the US, which is the world’s second-largest crude producer as well as its largest oil consumer, rising oil prices bring both positives and negatives. A higher prices does not necessarily mean lower growth, but it does mean a redistribution of spending power from American motorists to workers and investors in the booming shale oil industries of Texas and North Dakota
- For Americans in the bottom 40% of in the income distribution, the loss from higher fuel costs since 2016 has on average already exceeded the benefit from the tax cuts passed by Congress at the end of last year
- For the global economy, the impact on rising oil prices depends largely on the cause: growing demand reflects rising prosperity, while price rises caused by restrictions in supply can be a threat to growth.
- ...world oil consumption to rise by 1.5m barrels a day this year, to 99.3m b/d
- US oil production is indeed growing fast, and Opec expects an increase of 1.5m b/d this year, roughly equal to the entire increase in global consumption
- Higher crude prices have put the shale industry on a much firmer footing, too: it appears to be generating net cash, for the first time in its 10-year history

Answer: 64.2%

27 April 2018

List Serve Comment: I completely agree with this over 40 comment, and was thinking of saying the same thing. A fat retirement does not make up for a miserable work life. First, you have NO way of knowing if you'll make 50, 60, or 70 and have a retirement at all. You still have to plan, but you have to balance. And remember that past a fairly modest level, under or around \$70,000 to \$100,000, study after study show more money does not bring more happiness, odd as that may seem. So at this stage of life, it is a really good time to figure out what you are good, what you love, and what your heart calls on you to do. Finally, my experience is that unless you feel you are providing a product or service that benefits others, that contributes to the common well being, you won't truly enjoy your work. (Free to pass on to your wonderful community on the listserv. I love it as a listserv is so old fashioned - no Facebook or Google private groups for you! Thank you!)

Question: What percentage of Ireland are gingers, i.e. redheads? (Total of world population?)

Eurozone momentum slows, says ECB – Pg. 3

- ...overall assessment was one of “caution tempered by an unchanged confidence” of moving towards the ECB’s inflation target of just below 2%

- The ECB's benchmark refinancing rate is zero, while there is an interest rate of minus 0.4% on a portion of lenders' deposits held at central banks
- The eurozone's central bank lags behind its counterparts in the US and the UK, with both the Federal Reserve and the Bank of England expected to raise borrowing costs this year

US Housing – Pg. 7

- Last summer, Freddie Mac, the home loans guarantor propped up by US taxpayers a decade ago after the subprime housing crisis, backed a \$550m loan to the building's owners – Moinian Group, among New York's largest private landlords, and SL Green Realty, an S&P 500-listed real estate investment trust
- It was the latest in a series of deals to support top-end commercial property developments by Freddie Mac and its counterpart Fannie Mae...
- Established to make mortgages more affordable and expand US home ownership – Fannie during the Great Depression and Freddie in 1970 – the Treasury propped them up with about \$188bn in bailout funds after the housing market meltdown. While Fannie and Freddie have private shareholders, they send most of their profits to the Treasury
- Fannie and Freddie are best known for their principal role as the leading source of financing for owner-occupied mortgages. But for decades they have played another role in supporting the market for rental housing, by helping finance property companies that acquire or refinance investments in apartment blocks. This second, lower profile, part of their business has boomed since the crisis
- By the end of last year the pair had a financial interest in almost \$500bn of commercial mortgages, equivalent to 38% of the total outstanding across the US. That compares with almost \$200bn, or 25% of the market, a decade ago
- In keeping with their mission to support "workforce" housing, most of the apartments that Fannie and Freddie finance are designed to be affordable to tenants on low and moderate incomes
- Overall, more than four in five of the units that Fannie and Freddie funded last year had rents that cost less than 30% of the local area's median monthly income, a widely used measure of affordability
- Fannie and Freddie do not lend directly to apartment investors. Instead, they shoulder financial risks on loans that are underwritten by commercial mortgage companies. In a process known as securitization, the agencies buy the loans, package them up and sell them on to investors. If borrowers default, Fannie and Freddie potentially have to cover big chunks of the losses
- The investors pay cheaper rates because of the federal insurance afforded by Fannie and Freddie...
- Mortgages on rental apartments are on average about a tenth less expensive than those for other types of commercial real estate, such as offices and shopping malls
- Last year, almost one in five units in which Fannie acquired a financial interest had rents that cost more than 30% of the areas median income. In 2006, little more than one in 10 were so expensive
- Shortly before she stepped down as chair of the Federal Reserve this year, Janet Yellen sounded the alarm about US commercial property. High valuations, she said, were "a source of some concern", adding that "prices are quite high relative to rents" (Prof Note: One of the

first case studies I provide to students is to value a Georgetown townhome based on cash flows ONLY. Typically 2 or 3 students email the night before it is due in a panic. "The model is broken!!!" The model is not broken, people are broken! Typically a \$1.5m Georgetown townhome has a cash flow value of around \$850k.)

- Demand has risen in part because millennials have put off starting families, making them more likely to rent downtown than settle in the suburbs
- Fannie and Freddie's difficulties in 2008 were caused not be rental properties but owner-occupied mortgages, in which their interests are far bigger

Answer: 9% (1 – 2% of world's population is redhead)

26 April 2018

In regards to the drinking too much answer. There is a big distinction between "drinking too much" and being an alcoholic. The key sign is #3 in the list provided. If a person cannot stop drinking after one or two drinks, they are very likely an alcoholic. I was surprised to find this to be the case, but alcoholics all share this trait. The other items on the list are likely to be present in the life of an alcoholic and can be viewed as symptoms of alcoholism. Many people think of a homeless person on the street when they think about an alcoholic. The truth is that many alcoholics can and do function well in life...until it eventually crashes down hard on them. I say all that to share my first-hand experience with others who may be struggling with this affliction. Alcoholism is a disease and there are ways to treat it. Feel free to share anonymously if it can be beneficial to others.

Question: According to MSN, what are 9 things retirees should never keep in their wallets?

EU plans buffer for future economic shocks – Pg. 2

- Brussels is proposing to raise the maximum cap on the EU budget, creating a buffer to protect the union's AAA credit rating as it expands its lending capacity
- The EC wants to give enough spending power to the EU budget to give the bloc more scope to underwrite cheap loans to Eurozone countries hit by future economic shocks that do not require a full-blown bailout
- ...EU officials have discussed raising the so-called "own resource ceiling" – the maximum amount of money the union can raise from member states in a year – from 1.2 to 1.3% of gross national income
- The gap between actual spending – currently about 1% of GNI – and the maximum ceiling is an important factor for credit rating agencies assessing the creditworthiness of the union
- The EU, which is itself not allowed to borrow to run a budget deficit, has provided loans to support countries in financial difficulty

Weak Eurozone figures raise prospect of long goodbye for QE – Pg. 2

- ...as the ECB's monetary policymakers meet in Frankfurt today, they must consider whether signs of a more disappointing 2018 will force them to reassess their calculations
- A lack of progress in ending QE, the measure at the heart of its efforts to heal the Eurozone economy, poses risks for the ECB. It already lags behind both the Federal Reserve and the Bank of England in staring to raise interest rates. If the ECB is unable to make much progress this year, then some fear it will have too little ammunition to fight the next downturn
- The ECB expects Eurozone growth of 2.4% this year.

House prices boom in West Bank settlements – Pg. 4

- ...trend that reflects a growing belief among Israelis that most of the settlements that dot the West Bank, especially those closest to Jerusalem, such as Efrat, are de facto permanent
- The price of an average four-room apartment in the main settlements has jumped 60% in the past decade, ...
- Their existence galls Palestinians, who see them as an illegal land grab, and violence between settlers and their Palestinian neighbours is common. In theory, the settlements could come under Palestinian rule if Israel and the Palestinians agree on a two-state solution
- The rise in settlement property prices has outstripped increases in Israeli cities, where a strong economy has pushed the prices of apartments up by 50% over the same 10 years,...

Millennial heirs have to show their worth – Pg. 9

- ...although companies overseen by families often outperform those with a thorough separation between investors and managers, the verdict on next generation chief executives is brutal
- First, be humble
- Second, be prepared. Family heirs will fail if they lack the credibility in both education and experience of the professional executives with whom they are compared. This means not only having a good degree, even an MBA, but working their way up within the family business
- Last, know your strength. Heirs have an advantage over other executives from growing up in the business
- (Prof Note: In my opinion, the greatest “gift”, other than family and health, one can provide to a child(ren) is a reputable family name and an operating business (with the knowledge to run the business). While I understood the importance of reputation at an early age, I did not realize the importance of family name until the last five years. On Nevis my family name, due to my grandfather’s benevolence, carries pride. In Southern Maryland, due to my father’s behavior, not so much. On Nevis my family name provides a welcoming door to most, including meetings with the Premier. In southern Maryland I have experienced individuals physically recoiling when I state my name and I have to explain I am Roger III NOT Roger Jr.)

Swiss franc weakness stirs debate on central bank’s next move – Pg. 19

- The Swiss franc has fallen to its cheapest level against the euro since January 2015, when the Swiss National Bank stunned markets by abandoning a cap that limited the currencies strength
- A weaker “Swissie” helps the economy, and at some point could see the central bank begin to talk publicly about reversing negative interest rates and normalizing a monetary policy that has seen it buy everything from German Bunds to US shares

Answer: (1) Social Security Card; (2) Password cheat sheet (Prof Note: The keys to my castle are on my computer in a password protected file. My attorney/estate has the password and my IT manager can locate the file/cheat sheet and assist my estate if I am infirmed or dead); (3) Spare keys (Prof Note: I keep keys, labeled, in my safe); (4) Paper checks; (5) Passport (Prof Note: I keep passport in a waterproof

container in my safe. The waterproof is essential as if there is a fire, the pressured water could seep into the safe.); (6) Multiple credit cards (Prof Note: Guilty!); (7) Birth Certificate (Prof Note: Kept with passport); (8) Multiple Receipts (Prof Note: Guilty!); (9) Medicare Card

25 April 2018

Question: What percentage, according to MSN, of current and future social security recipients believe the social security payment will be their “primary source” or retirement income?

Saudi official raises alarm on unemployment – Pg. 3

- Unemployment rose from 11.6% in the third quarter of 2016 to 12.8% in the same period last year as the economy was battered by a prolonged period of subdued oil prices
- Two-thirds of Saudis are employed by the state, while expatriates account for about 90% of private sector jobs
- Recent austerity measures, including cuts to fuel subsidies, the introduction of value added tax and a levy on expatriates, have made the country less attractive for low-paid foreign workers but the process of replacing departing expatriates with Saudi nationals will take time

Anger at sexual assaults sparks China student protests – Pg. 4

- Students are demanding greater transparency over the handling of sexual assault cases, despite facing harsh censorship as leaders try to quell discontent
- Nearly a third of university students have been harassed or assaulted by staff or others, ... (Prof note: Give us body cams...I will 100.0% wear one 100.0% of the time on campus.)

University reputations risk being tarnished by collaboration – Pg. 9

- ...pressure has built on higher education to secure even more attention-grabbing research: that’s how they receive funding and it is how they improve in the rankings to attract students and staff
- To survive and progress, researches need to publish, and to choose topics amenable to plentiful citations and media headlines (Prof Note: Professors need to be held more accountable! How many professors lecture from textbooks written by others? If they are such experts, especially in finance where ALL the rules have changed since 2008, why are they not lecturing from textbooks they have authored AND why are they not wealthy?! In a business school, are the professors writing for journals, i.e. other professors, or for students and businesses to increase shareholder wealth? Why, WHY would a professor not want to author their own textbook and teach the world their, hopefully, unique perspective and add to global knowledge?! Hold professors accountable!!! If they are “experts” in finance they should have their own textbook AND be wealthy!!!)

‘Liquidity smirk’ prompts calls for shorter US trading period – Pg. 19

- The increasing concentration of the buying and selling of US stocks in the final 30 minutes of the day has some investors calling for a shorter trading period to help limit the market’s growing operational risk

- A seismic shift towards exchange traded funds and other index-tracking investment vehicles has heightened the importance of the last half-hour of the US trading day from 3:30-4:00pm, when these passive funds typically conduct most of their activity to accurately match their benchmarks
- ...what traders refer to as the “liquidity smile” formed by the patten of trading volumes has recently become more pronounced and turned it into a “liquidity smirk” because of the lopsided importance of the 3:30 – 4:00pm trading window
- Sucking more liquidity away from midday trading heightens the risk of making markets more prone to volatility around lunchtime
- The share of US stock trading that has happened between noon and 2:00pm has dipped from more than 23% a decade ago to about 20%, ...
- The first and last half-hour of the US trading day now accounts for 39.6% of all volumes, up from 31.5% a decade ago,...

Answer: Half of current retirees and 42% of future retirees say Social Security “is or will be” their “primary source” of retirement income...

24 April 2018

Question: According to MSN, what are Warren Buffett’s advice for a stock market crash?

Sears break-up plan seeks to extend billionaire Lampert’s bet on US retail – Pg. 1

- Eddie Lampert, the billionaire who controls Sears Holdings, is offering to purchase some of its best assets in his latest attempt to buy time for a contrarian bet on US retail that has been unravelling since the financial crisis
- Mr Lampert is Sears’ biggest shareholder, with just over 30%, and controls big portion of its debt.
- The company was a pioneer from the 19th century catalogue era to the rise of the malls, and was still the biggest US retailer 30 years ago
- (Prof Note: Last night I drove to the cottage. I elected not to stop at Harris Teeter (24 hours) and instead stopped at Walmart as I was unaware if Harris Teeter had a RedBox (turns out it does). Generally I shop at Target and Harris Teeter. The stores are bright, really bright, with colours and are welcoming. Walmart was dark and felt dirty (it was a feeling of dirt, I did not actually see any). Personally, I think retail needs to focus on the experience. I suspect had I stopped at Harris Teeter my bill would have exceeded \$100 (as per norm). At Walmart, it was just under \$15.00 as I wanted to leave. The few times I have walked into Sears, mostly out of academic curiosity, I have been greeted with a smile BUT the stores are dark and unwelcoming. This causes me to not want to come back.)

A \$5tn market that balances precariously on outdated rules – Pg. 9

- In 2016, seven of the 10 most actively traded US securities were ETFs. But the sector is a regulatory backwater
- ...the US has neither a dedicated system of regulation nor even a workable, comprehensive legal definition of what constitutes an ETF

- The ETF's closest cousin is the mutual fund, which is about 70 years older. Both securities offer investors collective exposures to portfolios of stocks, bonds and other assets
- Shares in either can usually be bought and sold "at cost"; that is, at or near the value of the portion of the fund's assets that corresponds to each share, which is also known as the net asset value
- While the prices of mutual funds are set once a day, ETF prices change constantly as the value of their underlying assets fluctuate. The funds also offer a dazzling array of investment possibilities: from plain vanilla equity trackers to exotic mixes of long, short and leveraged exposures
- The integrity of an ETF's price is only as good as the models and contracts that link everything together, which are collectively known as the "arbitrage mechanism". In times of stress, this mechanism has sometimes failed dramatically
- ...the disclosure rules, which are rooted in a system designed for mutual funds, fail to address the potential for significant problems with the arbitrage mechanism

YouTube purges 8.3m videos in quarter – Pg. 13

- YouTube has faced a backlash over the past year following a string of controversies over the publication of terrorist content, hate speech and sexually explicit videos of children ...(Prof Note: I worry our freedoms are being trampled and, potentially, our thoughts molded by the few. Sexually explicit videos of children is an easy call, i.e. must be taken down. However, what constitutes "hate speech"? While I do not agree with most negative views of the U.S., I certainly want to be exposed to them. If only to challenge my current thinking and constantly breed reevaluation. I do not have a solution. I only have worry!)

BoE takes charge of preferred successor to tainted Libor in overhaul of benchmarks – Pg. 19

- A regulatory push to wean London markets off the scandal-hit Libor interest rate benchmark entered a new era yesterday after the BoE assumed responsibility for overseeing its preferred alternative
- Earlier this month, US regulators begin publishing alternative reference rates to dollar Libor for companies, banks and consumers to use as a benchmark to underpin the payments of thousands of derivatives deals and loans. Sterling Libor deals have a notional volume of up to \$30tn...
- ...total notional exposure to Libor is around \$240tn, in the form of mortgages, consumer loans, credit card rates, derivatives and bonds
- Before the financial crisis, Libor benchmarks evolved as rates that reflected the cost of unsecured borrowing for a specific period, usually over one, three and six months. A small increment in basis points was added to the rate to reflect the then unlikely event that one bank defaulted on payment
-most daily Libor submissions are estimates based on "expert judgment". The new rates are anchored in actual transactions
- The three-month contract is the main reference benchmark for swaps and futures deals

Answer: (1) Stocks can fall far – and they can fall fast; (2) Avoiding leverage will give you greater clarity (Prof Note: Remember that leverage magnifies gains in a rising market AND magnifies losses in a falling market); (3) Don't try and time the market (Prof Note: As I age and mature, I am not certain I agree with

this, especially with real estate); (4) Don't view stocks as ticker symbols (Prof Note: I have held my position in GE due to this...only time will tell if I am correct); (5) Stay invested (Prof Note: do not make rash and hasty decisions); (6) Go shopping (Prof Note: Buy at the bottom but this requires dry powder); (7) Stay focused on the long haul (Prof Note: Be prudent and disciplined); (8) In a nutshell: remain calm and be patient (Prof Note: If you cannot take volatility and risk, perhaps the capital markets are not for you. Be honest with yourself and choose investments that best fit your risk tolerances)

23 April 2018

Question: According to MSN, what are five (5) warning signs you may be burned out at work?

US demands IMF action on trade surpluses – Pg. 4

- ...US telling the fund it “must step up to the plate” in its role to reduce large surpluses in countries such as China and Germany
- Steven Mnuchin, the US Treasury secretary, put the blame for trade tension in the court of countries running persistent trade surpluses and, as the IMF's largest shareholder, he told Christine Lagarde and the fund's management they needed to take firmer action
- The last time the IMF tried to take action to reduce current account imbalances was in 2006 when it launched “multilateral consultations” in a failed attempt to balance trade flows
- The IMF is sensitive about criticizing its largest shareholder but thinks that the US tax cuts will suck in more imports and raise its trade deficit. In a barely disguised reference to the US, the IMF governing committee communique said fiscal policies in member countries need to “avoid procyclicality...and ensure that public debt as a share of GDP is on a sustainable path”

Corporate America weighs impact of tax rejig – Pg. 16

- While investors and commentators have focused on the long-term boost to business from the act's steep cut in headline corporate tax rates, most of America's biggest corporations have first had to record one-off charges – and the question of what happens next is not straightforward
- ...the SEC has given companies a year to finalize the accounting adjustments, as they work through the implications of a complex and ambiguous new law
- The legislation was rushed through in December after heavy lobbying from corporate America. The act bundled several important changes with the cut to the headline corporate rate from 35% to 21%. One reform that could increase tax bills for some companies is the new levy on global intangible low-taxed income, the so-called GILTI tax, which is likely to increase the rate paid by companies with high foreign earnings in low-tax jurisdictions
- There is also a one-off levy on past profits held offshore, which its many multinationals with large cash pools abroad.
- The most significant adjustments reflect a revaluation of deferred tax balances under the new, lower headline rate. A company that had deferred taxes on past profits would record a gain because it will now pay the new lower rate; conversely, a group carrying forward prior losses to offset against future tax bills will book a hit to its value
- The list of companies with the largest tax expenses is dominated by those with big offshore cash piles

Answer: (1) Lack of control; (2) A perception of unfairness (Prof Note: Ohhh ppuullllleeezzzz...unless you own the company, there should be no expectation of fairness. Justice, ethics and morality...YES...fairness NO! I call it the 'shoulder tap'...I have seen in many companies where if you are not tapped on the shoulder you will never truly advance. This could be many reasons but often it is not a merit based tap....just my experiences/opinion!); (3) Physical changes (Prof Note: Jobs, unfortunately, play such an important role in life. If your body deteriorates, as a result, and your family finances allow it, quit!); (4) Attitude changes (Prof Note: I have heard so many stories of horrible jobs and upon losing/quitting the person is instantaneously happier. It just is not worth it (unless it is worth it, i.e. salary \$500,000+/year (you get my point)) or dependents that require the health care, etc.); (5) Loss of confidence (Prof Note: Believe in yourself and never let anyone, either in a corporate setting or personal, take your confidence and self-worth. I have been working tirelessly at rebranding and stepping away from any/all third-party corporate identity. Why? To define my own destiny and persona. I simply can never see a future where my Foundation, scholarships and grants will never be desired. Believe in yourself. For what it is worth, I believe in everyone here and am blessed that you have provided me a voice!)

Clarification: When I stated the best hours of one's life was spent at work. This was intended to be that the best hours of the day are 8:00am – 5:00pm. Best to spend it happy. It was not meant to state that hours spent with family/friends are not the best hours of one's life.

Appliances from List-serve (shared with permission)

"One more note for appliances. My uncle sells appliances to big box stores on the wholesale side. He says to buy appliances in November and December as all manufacturers have deals during those timeframes, which can save you 25-50%. He also recommends not going for all the bells and whistles as they actually don't improve the cleaning of your clothes, but do cost more!" (Prof Note: I already asked...he will not sell retail, i.e. to me! ☺)

21 April 2018

Question: What are signs, according to MSN, that you may be drinking too much?

GE held back by crisis-era woes – Pg. 1

- ...the company booked a provision of \$1.5bn relating to the US Department of Justice investigation into WMC Mortgage, a subprime lender that GE bought in 2004 and shut down as the housing crisis blew up just three years later
- The charge was yet another sign of how GE Capital, the group's once-sprawling financial services division, continues to cast a shadow over the company's performance
- GE shares have dropped by 53% over the past 12 months, but were up 5% at \$14.70 in afternoon trading yesterday

US society – Pg. 7

- Starbucks' actions – responding quickly, making its chief executive visible, engaging widely and pledging action – were a "textbook case study on how to handle a crisis"...

- And then there is the human factor. “Companies don’t have diversity problems. They have people problems, and we have to be held accountable as people”, argues Ms Grant. “Some people are just jerks.”

The signal and the noise in the flat yield curve – Pg. 8

- The yield on the two-year bond, the short-term rate investors watch most closely, was flat on its back at 1% or below. Meanwhile, the 10-year yield drifted sleepily from 4% to 2
- There is nothing mysterious about the higher short rates. The Federal Reserve has signaled its intention to keep raising its target rate, effectively forcing the matter. The question is why the 10-year yield has stayed stubbornly below 3%, even as, in recent weeks, the two-year yield has kept climbing
- The last time the difference between long and short yields was so small was before the financial crisis. An inverted yield curve – short rates higher than long – is not far away. In the past, this has been a recession indicator
- Several interpretations are possible. The bond market could be saying that the Fed will keep tightening policy in the short term, but that the Trump administration’s economy policy will not work as promised. Long-term inflation expectations are above 2%. That and a sub-3% 10-year yield suggests real growth of about 1% - the “new normal” of low growth and sedate inflation that was expected before Donald Trump came along
- Alternatively, it could be that a stronger growth is on the way, but the Fed is going to bungle it by tightening too quickly and stalling the economy
- There is a third possibility. The scale of intervention in the rates market in the past decade has been unprecedented. It may have rendered the yield curve less useful as an indicator of market expectations
- Prices provide information. The US and other governments have intervened to change the price of money. It would hardly be surprising, then, if the information that price conveys has changed, too

BoE pullback on rates fuels stocks and debt demand – Pg. 13

- Sharp falls for the pound after comments from the BoE’s governor that cast doubt on the pace of interest rate rises have sparked a rally for government debt and London-listed stocks
- A string of economic data release has shaken confidence with UK retail sales falling more than expected and a bigger than anticipated decline in inflation. There was also renewed concern about the potential impact on the Brexit process of a dispute over the UK’s land border with the Republic of Ireland

Answer: (1) Always hung over the next morning (Prof Note: I am blessed with a body that never gets hung over. Just a bit slothy but at this age, would anyone really notice?); (2) Drink every day (Prof Note: Economically....that is expensive); (3) Can’t stop after one or two drinks; (4) If it often makes you sick; (5) Experienced symptoms of withdrawal; (6) Hallucinated during or after drinking; (7) Experience gaps in memory; (8) Feel anxious when you can’t drink; (9) Keep a bottle stashed away (Prof Note: When I was CFO during the downturn, my boss brought me a bottle. Each down after the employees left, we would break it out. He would drive home and I would keep working. One day I caught myself looking at the clock wondering who long until people left and I could drink. The bottom was poured out that night and I never kept a bottle in my desk again.); (10) Sometimes lose consciousness after drinking; (11) someone

has confronted you about your alcohol consumption; (12) Frequently drink alone (Prof Note: I am definitely a social drinker. I never have the desire, but for the story above, to drink alone...probably a good thing); (13) If you have a beer belly (Prof Note: Surprisingly I am not a beer drinker. Never have been.)

20 April 2018

Question: What is the second most common language spoken in Europe?

Fed criticism at White House risks market stability – Pg. 2

- The administrations of Bill Clinton, George W Bush and Barack Obama steered clear of opining publicly on monetary policy, judging that it would be better for investor confidence if they respected the central bank's independence
- During the campaign, Mr Trump lashed out at Janet Yellen for keeping rates low, but he abruptly ceased his criticism after he came into office, calming markets
- What makes the situation sensitive is the Trump administration's predilection for hitching its fortunes to the stock market

Spain overtakes debt-ridden Italy in Eurozone wealth stakes – Pg. 2

- Spaniards have become richer than Italians – a heartening indication of Spain's economic revival but a worrying sign for Italy, the eurozone's third-largest economy
- Spain's per capital GDP exceeded that of Italy in 2017...
- The IMF also forecast that Spain would become 7% richer than Italy over the next five years. A decade ago Italy was 10% richer on the same basis
- ...Spain is now one of the fastest growing countries in the EU...
- At the end of the 1990s, Italy – which now has almost 15m more people than Spain – had an economy twice as large as that of Spain. It is now only 50% larger and the difference is expected to shrink even further in the next five years
- Separate data from the OECD show that Italy is one of the few big economies that has not yet regained its pre-crisis levels – with a rapidly ageing population, lagging productivity, a cumbersome bureaucracy and high state debt contributing to its poor long-term performance

Return of correlations proves painful for US active fund managers after strong 2017 – Pg. 21

- Stockpickers may have started 2018 in an ebullient mood after their strongest performance in eight years, but a dramatic snapback in equity market correlations has once again soured the environment for traditional, active fund managers
- Almost half of US large-cap equity fund managers surpassed their benchmarks last year....
- ...the three-month correlation of stocks in the S&P 500 index has now rocketed from a low of 9% in January to 52% - the largest and fastest change on record aside from the turmoil triggered by the Black Monday crash of 1987, ...
- The return of correlations has been driven by the turbulence of markets in February and March – stocks tend to move in unison when investors are more nervous – and the ongoing investors shift towards cheaper, passive funds that buy all the stocks in the index they are tracking

Answer: German

19 April 2018

Question: What is the most spoken language in Europe?

IMF warns on world's \$164tn debt pile and urges US to reverse tax reductions – Pg. 1

- The world's \$164tn debt pile is bigger than at the height of the financial crisis a decade ago...sounding the alarm on excessive global borrowing
- The fund said the private and public sectors urgently needed to cut debt levels to improve the resilience of the global economy and provide greater firefighting capability in case things went wrong
- ...singled out the US for criticism, saying it was the only advanced country not planning to reduce its debt pile while tax cuts were keeping public borrowing high
- Worldwide borrowing is more than twice the size of the value of goods and services produced every year and, at 225% of global GDP, is 12% higher than during the peak of the previous financial crisis in 2009
- Half of the \$164tn was accounted for by three countries: the US, Japan and China
- The fund was concerned that "an abrupt deleveraging process" in the private sector could trigger another financial crisis as borrowers tightened their belts simultaneously
- The debt problem is not limited to advanced economies: middle-income countries are also racking up borrowing at a higher level than they did during the debt crises of the 1980s

Big US lenders sharpen focus on Main Street – Pg. 13

- By the end of last year, household debt balances were \$473bn higher than at the previous peak of \$12.7tn in 2008, ...
- Parts of the bank portfolios are deteriorating: credit card net charge-off – or writedown – rates at BoA, for instance, rose to 3.01% from 2.74% a year ago
- Meanwhile, the proportion of US credit card balances on which the borrower is at least three months behind repayments "has been increasing notably from the last year", ...according to the NY Fed
- A slowdown in mortgage lending may also tempt banks to push deeper into other types of consumer credit. Higher interest rates have led to a lump in demand for home loan refinancing.

Answer: Russian

18 April 2018

Question: According to MSN, what are two huge retirement expenses that are often overlooked?

Oil rebound hits US consumers in pocket – Pg. 2

- Americans are expected to spend an average of \$400 per household more on fuel this year than in 2016, ...

- By contrast, middle-income US households will on average gain \$930 each from the tax cut bill passed at the end of last year,...
- The average price of petrol in the US was about \$2.75/gallon last week...

The American classroom is the latest theatre of rebellion – Pg. 9

- ...education is also seen as the key to unlocking the door to the American dream, so it is not altogether surprising that in an age of crushing student debt, school massacres and chronically underfunded public education, the latest theatre of rebellion is the classroom
- The teachers are, in the first instance, angry about their pay, which averaged \$44,700 in West Virginia in 2016. (Prof Note: Did pay suddenly drop for teachers? Was the low pay not known when teachers started their pursuit of a teaching career? When do teachers accept responsibility for choosing careers with low pay? Am I missing something? If the supply of teachers were to shift left, i.e. less people entered the field, would the price not go up (salary) for existing teachers? I remember a University and I had a tiff last year over fair payment. My solution, I simply will not teach. They stepped up and during the process I learned the class had literally requested that I, specifically, lecture them (I was honoured). The University said, we will pay you X more, I said that knowing the students requested me, I will lecture the semester for \$1.00 as I deserve something. (it ended up being an interesting discussion) One does not teach for the \$\$\$, one teaches for the public good. Personally, I think there are far too many administrators and not enough teachers. So, if I am providing the content in the classroom and I am providing the student's job opportunities through this list serve, other than providing the diploma and scheduling services, what exactly do all the administrators do??? (Please note that I am NOT advocating for increase in payment, i.e. to me or other teachers/lecturers, if anything, I am advocating for lower tuition and education costs to students and their families.)

Swiss central bank dovishness weakens franc against the euro – Pg. 19

- The Swiss franc, traditionally a financial haven at times of geopolitical uncertainty, has fallen to its weakest level against the euro since Switzerland's central bank abolished its cap to the single currency more than three years ago
- The threat of a global trade war and last weekend's western military strikes against sites in Syria have failed to halt the franc dropping significantly below lows seen in January against the euro

Answer: (1) Medical (Prof Note: Be prepared); (2) Taxes (Prof Note: They are not going away)

17 April 2018

Question: According to MSN, what are X lifestyle habits of millionaires that everyone should adopt?

BofA investor return hits double digits – Pg. 12

- Lower taxes and higher interest rates helped the second-biggest US bank by assets produce a return on common equity – a closely watched measure of profitability – of 10.8% during the first three months of 2018

- It marks the first time since the third quarter of 2011 – when profits were supported by one-time gains - ...
- BofA is regarded as among the biggest potential beneficiaries of higher interest rates because of its particular mix of assets and liabilities
- Executives have also expanded the loan book – balances for residential mortgages, credit cards and US commercial lending balances each rose between 4 and 6% - although the level of increase disappointed some analysts...

WeWork continues London real estate push – Pg. 12

- WeWork, the office-sharing start-up valued at \$20bn, ...
- WeWork, which this year became the largest corporate office occupier in central London...
- WeWork, started out in 2010 offering shared office space on a flexible, short-term basis that was focused on tech start-ups

Answer: (1) Love what you do (Prof Note: The best hours/years of your life are NOT spent with loved ones but rather at work) (2) Exercise (Prof Note: I am down 10 lbs in 3.5 weeks...yeah baby!!!); (3) Stay focused (Prof Note: Have a stated goal and achieve that goal(s)); (4) Cherish your health (Prof Note: Had a routine medical appointment Monday...I am getting back on track!); (5) Read a lot (Prof Note: There is so much wisdom out there in books. Also so much pleasure to get lost in another's thoughts.); (6) Save and Invest; (7) Say "no" (Prof Note: Do not be swayed when one does not understand)

16 April 2018

Question: According to MSN, what expenses should you not place on a credit card?

China set for fewer World Bank loans as part of \$13bn US fundraising deal – Pg. 1

- The World Bank is set to change its lending model so that China will receive fewer loans as part of a deal with the Trump administration to secure Washington's backing for a \$13bn capital increase at the bank
- The bank has committed to lending to poorer economies in exchange for US backing for a plan by which shareholders would inject \$7.5bn in the International Bank for Reconstruction and Development, the World Bank's main unit, and a further \$5.5bn into the International Finance Corporation, its private sector arm. Countries such as China would enter a new lending band charging higher rates for loans
- China was the IBRD's top borrower last year ... with \$2.4bn in funds committed. That was 11% of the IBRD's lending and more than it committed to education and health programmes worldwide
- The US is concerned about the World Bank lending to a rival power that has been sitting on trillions of dollars in foreign currency reserves...

Central banks fear rising interest rates' effect on asset portfolios – Pg. 4

- Officials responsible for managing central banks' vast asset portfolios fear exposure to steep losses as they policymaking counterparts tighten interest rates on the back of a global economic expansion

- The US Federal Reserve is expected to raise rates three times this year, and the ECB set to follow suite around mid-2019. Rates are at or close to historic lows, a legacy of central banks' response to the financial crisis in 2008 that left global markets teetering
- Higher rates are expected to push up yields on government bonds and other relatively safe assets. With yields moving in the opposite direction to price, that would lower the value of the sort of assets that central banks tend to own
- Assets bought by banks under quantitative easing are not included as central banks' reserves, as policymakers are not expected to hold on to these over the longer term
- Reserves are usually amassed through central banks' attempts to control the value of their currency through purchases of the main global reserve currencies such as dollars or euros
- Central banks tend to invest their reserves in safe government or corporate bonds, as well as gold, though some invest in equities
- Central banks hold reserves worth \$10.8tn...Asian central banks are responsible for the biggest reserve stockpiles

Signs of pick-up as US businesses take on more debt – Pg. 16

- US banks have finally reopened the lending taps to corporate America, expanding their loan books at the fastest pace since Donald Trump's election...
- Commercial loan volumes have been among the biggest concerns to investors in US banks, who are otherwise upbeat about a profit-boosting mix of higher interest rates and financial deregulation

Answer: (1) Taxes (Prof Note: If you have no other solution for paying your taxes, I see no issue with this); (2) College Tuition (Prof Note: This can be a short-term solution which I support. Do not carry the tuition on your credit cards. However, I have seen students banned from classrooms as tuition is not paid. Get in the classroom, learn the material, graduate, and pay everything off. Note, student loan rates are lower than traditional credit card interest, so be smart); (3) Mortgage Payment (Prof Note: Probably would have to take a cash advance. However, weigh option of a late payment to mortgage provider.); (4) Big-ticket items you can't really afford; (5) Medical bills (Prof Note: Negotiate a payment plan with the health care provider, if possible); (6) Stock and other investments (Prof Note: Talk about high leverage)

14 April 2018

Question: According to MSN, what are 13 simple ways to make early retirement easier?

Zuckerberg's sense of 'something bad' kicks up stink for Cambridge academics – Pg. 1

- On top of its university work, this team of a dozen or so academics, post-graduate students and software engineers also regularly wins contracts from business, 10 a year on average. These include developing research and software to help target advertising and bring in additional funding, typically a five-figure sum per contract. In many cases, its business development director, who has a law degree, helps negotiate these agreements
- (Prof Note: Yesterday I had the opportunity to speak with one of the first responders at the school shooting in Southern, MD. When I asked about the incident, one of the most shocking revelations he mentioned was the FBI and law enforcement on site and their COMPLETE access to personal information

on FaceBook. He stated NOTHING is truly private on FaceBook. (note: I have no FaceBook account, never have and probably never will))

Insults fly as salacious leads from Comey memoir draw angry response from president – Pg. 3

- President Donald Trump denounced the former head of the FBI as an “untruthful slime ball”, called for this prosecution, and declared: “It was my great honour to fire James Comey!”
- The long anticipated memoir describes the president as “unethical, and untethered to truth and institutional values” and compares him to a mob boss, with “the silent circle of assent. The boss in complete control. The loyalty oaths. The us-versus-them worldview.”
- Mr Comey, a Republican who served as a prosecutor for three decades until his dismissal by Mr Trump last year, became a controversial figure during the election and was accused of sinking Mrs Clinton’s campaign
- He was criticized for deviating from normal justice department practice by announcing the closure of the investigation into Mrs Clinton’s emails in a press conference in July 2016 where he said she had been “extremely careless”, and drew criticism again when he publicly reopened the probe days before the polls opened
- (Prof Note: I am fascinated with the Comey/Trump feud. I have seen unjust firings in the workplace. I have seen terminations due to personality conflicts rather than performance. I encourage everyone to follow this as it is an extreme case of a terminated employee, i.e. Comey, not signing an NDA and not being quiet. Please note, I am not saying I agree or do not agree with Comey, only that I am watching how this changes my opinion of Comey. Interestingly, this spat has not and I suspect will not move my opinion in the least regarding Trump. Fascinating!!!)

Answer: (1) Focus on the goal, but appreciate the present (Prof Note: It is so important to enjoy the present. Remember, sunsets are free...); (2) Maintain relentless optimism (Prof Note: The past few years I have been pushing myself to say more and more complimentary comments. It truly makes a difference! When one says positives, one feels positive.); (3) Ignore the hate (Prof Note: See #2); (4) Destroy as many debts as possible before retiring (Prof Note: Debt does not equal Debt. However, lowering the debt load is critical); (5) Find something to do (Prof Note: As readers here have probably figured out, I retired a few years ago. Now, I work just has many hours but mentally I know I am always just doing what I want to do. It is a mindset.); (6) Don’t rely on discipline to save – automate instead (Prof Note: Hence why I like real estate. Tenants amortize the loan for you!); (7) Pay yourself first (Prof Note: This means “saving”.); (8) Forget the experts and focus on your goals (Prof Note: This does not mean you should not hear the advice but make your own informed decisions.); (9) Don’t worry about being a ‘minimalist’ (Prof Note: Some of my close peers and I were comparing taxable income for 2017. The winner was actually the “loser”, i.e. the person with the least income. Love those business expenses!!!); (10) Talk about the future....all the time (Prof Note: Keep focused but also enjoy the present. A bus could literally be around the corner to hit you (I hope not)); (11) You cannot – repeat, CANNOT – compare yourself to others (Prof Note: Find happiness in yourself and family. I love hearing of the successes of others!); (12) Have a plan if it all falls apart (Prof Note: Just as large banks stress test, you should also stress test yourself. What happens if you lose your position? I am NOT a fan of drawing on savings...ramp up that side hustle! I had a younger peer tell me a few years back, “It took us 4 years to build our savings and it was gone in seven months.” Do the hustle...); (13) Draft your own ‘I Quit’ letter (Prof Note: Perhaps if it is cathartic. Perhaps if it helps you identify why this job/career is not for you.)

Advice from List-serve: I would like to share (anonymously) with your readers a tip on repairing major appliances:

1. If your purchased home has an older and less efficient appliance and the repair person suggests that purchasing a more efficient replacement is "better," consider the payback. I calculated that my inefficient heating boiler's replacement would pay back in 10 - 20 years, depending on my assumption of the cost of natural gas. In my book, any payback of 10+ years is a "no go." Add to that an inevitable "unforeseen" need to adapt pipes to the new equipment, and you are only helping the HVAC company and its salesman. As to the cost to the environment, the salespeople do not include the entire life cycle of the equipment which includes the manufacture of the new and the disposal cost of the old.

2. If your appliance is expensive to repair, it may still be cheaper than replacing it. I have a matching clothes washer and dryer. When the ball bearings in the washer had to be replaced at a cost of \$350, I had it done, although the repairman suggested buying a new one that would have cost about \$700. However, the new one would not have matched the dryer in height and the aesthetics, so that was a "no go" for me either. After the repair was done, the repairman said that these washers were very good, and he would buy it from us if we decided to replace it! Three years later, they both still work well.

3. Appliance insurance is worthless. Just set aside an annual appliance sinking fund in your budget, so when the time comes to pay for repair or a real need for a new one, psychologically it will not hurt as much!

13 April 2018

Question: According to MSN, what is the worst corruption scandal in Virginia?

Lagarde warns China over debt burden on Belt and Road nations – Pg. 1

- ...warned China against financing unneeded and unsustainable projects in countries with heavy debt burdens
- Beijing's multibillion-dollar initiative, seen as the underpinning of a new Silk Road linking China to the world, has provided welcome finance to countries from east and central Asia to Europe and Africa for roads and other projects.
- Some western countries, such as the US, question whether the development effort masks a push by China to gain influence in Eurasia and Africa
- China has agreed to contribute \$50m over five years to an IMF effort to train officials in China and in several other countries, including many in Africa

US tariffs beginning to chill global trade, says WTO – Pg. 4

- In its latest forecast the WTO said it expected global trade volumes to expand 4.4% in 2018 after last year growing 4.7% in the best performance seen in six years
- The IMF, which in January forecast 3.9% growth for the global economy this year, is expected to release its latest estimates at the fund and World Bank's spring meetings in Washington next week
- The WTO said risks for the global economy and trade this year were "tilted to the downside" as a result of the brewing protectionism. It also warned that an acceleration in monetary policy tightening by central banks, including the US Federal Reserve, "could trigger fluctuations in exchange rates and capital flows that could be equally disruptive to trade"

Why weak wage growth matters for monetary policy – Pg. 9

- Real wages are still sufficiently below their 2008 peak that they are not set to reach that level until the mid-2020s

- ...explains the dismal performance of living standards and public dissatisfaction with British capitalism
- ...rising salaries are the best indicator of future inflation
- Some of the decline in wage growth must also relate to the auto enrollment of employees into pension schemes with mandatory and increasing employer contributions. Employment costs are therefore rising faster than salaries (Prof Note: Something I did not understand when much younger. The employee views his/her salary as \$100,000/year. The employer views the cost of the employee as \$125,000/year as this is total cost to employer which includes benefits, etc.)

S&P warns of risks in leveraged loan sector as private equity deals surge – Pg. 19

- S&P Global has warned investors in the \$1tn leveraged loan market that weak lending terms pose a risk as the credit cycle approaches a peak and dealmaking has surged in recent months
-leverage was approaching or exceeding levels reached before the financial crisis in the US and Europe, and that companies and private equity firms were willing to pay more to clinch deals than at any time since at least 2003 in the US
- ...\$8.8tn US corporate bond market,

Answer: Ex-Gov. Bob McDonnell convicted of taking bribes, year 2014. Over the years, McDonnell and his wife had accepted \$177,000 in different forms, from personal loans to gifts, including golf equipment, designer clothes, and vacations just to name a few. McDonnell also accumulated \$27 million in legal bills and was initially slapped with a two-year prison sentence

12 April 2018

Question: According to MSN, what is the worst corruption scandal in Maryland?

Global warming to give colder winters and hotter summers – Pg. 4

- Global warming is weakening the circulation of the North Atlantic Ocean, which plays a crucial role in the world's climate, including keeping winters in the western Europe relatively mild
- Atlantic Meridional Overturning Circulation or Amoc is losing strength
- Amoc's strength has declined by 15% since the mid-19th century and is at its weakest since the end of the last big Ice Age 11,500 years ago
- If the weakening continues, the impact on Europe and the US east coast could be serious. Winter weather is likely to become less stable, with more outbursts of extremely cold air from the Arctic
- It could have the opposite effect in the summer
- Amoc is a powerful heat transport system that carries water from tropics north-west in the Gulf Stream to temperate and polar regions, where it releases energy

America's long goodbye to the Middle East – Pg. 9

- Mr Trump is a symptom, not a cause, of US global fatigue. Its key Middle Eastern turning point came at two moments at the start of this century. The first was when Bill Clinton unsuccessfully attempted to broker a deal between Israel and the Palestinians
- The second was the September 11 2001 terror attacks. US policy has been bent out of shape ever since
- ...Mr Trump...espoused three specific Middle East policies in his campaign. The first was to solve the Israel-Palistine problem based on art-of-the-deal vanity rather than any grasp of the odds...the second was to pull out of Mr Obama's Iran nuclear agreement...the third was to "stamp out Isis" then pull out of Syria

Answer: Maryland prison contraband conspiracy, year 2016. Federal authorities indicted 80 people in an alleged conspiracy to sneak contraband into Eastern Correctional Institution in Westover

11 April 2018

Question: According to MSN, what are 10 things you should know about autism?

#MeToo helps drive surge in female candidates – Pg. 2

- Since November 2016, more than 34,000 women have told EMILY's List, which finances Democratic female candidates, that they are interested in running for office, compared with 920 women in the previous election cycle,...
- ...#MeToo movement, which took off six months ago in response to high-profile accounts of sexual harassment
- Historians and social scientists have compared this election with that in 1992, one year after the hearings into Anita Hill's allegations of sexual harassment against US Supreme Court nominee Clarence Thomas. In that year, new women won seats in the US House of Representatives, the highest number in a single election

UK Housebuilding – Pg. 7

- Many young professionals in London on decent salaries cannot afford to buy a home. The number of homeowners under 45 in England has dropped from 4.46m in 2010 to 3.56m in 2015-16
- Under pressure from the government, councils are designating swaths of greenbelt land for housebuilding
- ...only 11% of Britain's land mass is currently developed. Even if 250,000 homes a year were built for 20 years in the countryside that figure would only rise to 13%...
-

Answer: (1) Its more common than you might think (1 in 68 children); (2) We still do not know exactly what causes it; (3) It does not discriminate; (4) It actually does discriminate (4.5X greater for boys than girls); (5) Autism looks different in different kids; (6) There's so much misinformation out there; (7) Kids with autism are still deeply misunderstood; (8) The fear of autism can have serious public health effects; (9) Kids with autism become adults with autism; (10) We learn something new about autism every day

10 April 2018

Question: According to MSN, what are the 18 worst things to do with your tax refund?

Law firms – Pg. 7

- Lawyers are hardly poorly paid at Cravath: first-year juniors reportedly start at \$180,000 a year while the equity partners earn an average of about \$4m a year, depending upon business flow
- ...top lawyers are now able to command the kind of annual salaries associated with leading investment bankers, hedge fund managers and even top athletes
- The defections threaten the cradle-to-grave culture at venerable firms, such as Cravath and its peers in the US as well as firms like Slaughter and May in Britain. Behind each of these is a payment system known as the lockstep. The system is intended to guarantee collegiality among partners. For instance, if a takeover specialist has a client who is looking for a lawyer to deal with an antitrust issue, that partner is more likely to recommend a colleague who is better versed in the subject if his or her profits will not be affected
- The antitheses of this approach is a model evocatively branded “eat what you kill”: after sharing certain costs, partners keep most of all of what they have generated themselves. IN between the two is the “modified lockstep” – profits are shared partly according to seniority but with some way of rewarding partners who are the best performers and the most valuable to the firm, both financial and reputationally
- The origins of lockstep compensation, which several elite law firms have adopted at one time or another over the past two centuries, stem from the Cravath system created by Paul Cravath, who in 1883 represented George Westinghouse against Thomas Edison over the patent of the lightbulb
- Every summer a large group of top law students is hired to support Cravath’s senior partners. Fewer than 10% will make the partnership, perhaps after eight or nine years
- Working up to 100 hours a week (Prof Note: This is NO joke....)
- “For lockstep to work you need three things: first, it must be really hard to make partner; second, partners who are not producing need to go; and third, everyone needs to be making enough money”
- (Prof Note: Compensating younger, performing talent, is critical. Underperforming senior individuals need to be held accountable. Why stop at law firms? Why not universities? Should an older professor that is considered an expert not be lecturing from a textbook (s)he authored? Accountability! Please note, human considerations need to be factored, e.g. health issues should be considered/family issues as well for a lack of short- to medium-term inefficiencies.)

Answer: (1) Investing in a hot stock (Prof Note: Do your research...get rich quick plans are generally a bad idea); (2) Stuffing the money under the mattress (Prof Note: Not certain I agree with a recession just around the corner!); (3) Keeping funds attached to your debit card (Prof Note: Not certain I agree...financial discipline is critical); (4) Blowing a refund on luxuries with no real value (Prof Note: One does need to treat oneself, just be careful of excesses); (5) Spending every dime on a vacation (Prof Note: Again, not certain I agree. I believe I am the person I am today due to significant global travel.); (6) Making loans to family and friends (Prof Note: These are NOT loans...they are gifts...just recognize them for what they are!); (7) Showing off your refund check; (8) Putting your cash on a gift card (Prof Note:

Can we say, “Toys R Us”?); (9) Buying lottery tickets or hitting the blackjack table (Prof Note: Invest some, enjoy some, everything in moderation); (10) Turning your backyard into a tropical oasis (Prof Note: Be smart with home improvements, do not overbuild); (11) Forking over a down payment for a car; (12) Buying a new boat (Prof Note: Be smart); (13) Attending a get rich quick seminar (Prof Note: Look at the credentials of these speakers? RARELY am I impressed. In fact, I remember being at the Waikik Marriott when I was in fund management. There was a two-day real estate seminar. I stopped in on my way out, curious, and asked if I could see the material. They graciously handed it to me asking if I wanted to sign up. I reviewed the material and asked if I could speak with the speaker. They said he was busy and asked why. I said, “The material is factually incorrect. I just want to explain to him why.” They ripped the material from my hands and told me to LEAVE. Those signing in started to ask me, “What, what, what is wrong?” I said, “I am just a professor of Real Estate Finance, what do I know?!”; (14) Spending the money without a plan (Prof Note: Love the expression, “Plan to fail, or fail to plan!”); (15) Spending the money before it’s in your hands; (16) Buying an expensive TV (Prof Note: This is sort of like mattresses where you spend 1/3 of your life. If you are spending several hours a day in front of tele, why not be happy. Also, in my opinion, the tele experience is more in expensive audio than tele...just my opinion.); (17) Calling a tax refund “free money” (Prof Note: It is all about perspective); (18) Spending more than you can afford (Prof Note: I have several “texting peers” and we literally cry to each other about spending habits, i.e. outflows, we cannot control. It is GREAT to have friends!)

9 April 2018

Question: According to MSN Money, what are 10 things you should never buy?

Central banks sound warning over risks of climate change – Pg. 2

- Central bank governors from the UK, France and the Netherlands are considering increasing regulatory oversight to address climate-related risks to the financial system, including carbon stress tests for banks
- Following the Paris climate agreement in 2015, European financial supervisors have been increasingly scrutinizing the banking and insurance sectors to understand their exposure to climate risks and their preparedness for a transition to a low-carbon energy system

Lenders battle for US customer deposits – Pg. 16

- Competition between US banks for customer deposits is heating up, threatening the ability of the country’s biggest lenders to continue paying next to nothing for their funds while pushing up rates for borrowers
- The most aggressive attempt to woo savers has been launched by Popular, a \$44bn-in-assets lender based in Puerto Rico, which is offering a 2% annual rate on an online instant access account
- Despite the Federal Reserve’s successive rate increases, the largest US retail bank have managed to avoid passing on much of the benefit to consumers, a phenomenon known in the industry as low deposit “beta”. BoA ... paid an average 0.01% on US savings accounts in the final three months of last year
- Unlike “high-yield checking” accounts, which promise higher interest rates but are subject to various restrictions, Popular will pay 2% on an unlimited amount of funds

Answer: (1) Cars (Prof Note: It states this is due to depreciation. Form a company, depreciate the vehicle, and receive a 25% discount from Uncle Sam (all averages). Remember that LLCs cannot be formed, i.e. it is fraud, for the singular purpose of burying expenses.); (2) Big toys like boats, motorcycles and RVs (Prof Note: If it has an engine, it is going to cost you. I have a few “toys”, i.e. quads and a Little Willy, all purchased second hand and they bring me huge joy. Just be smart.); (3) Houses (Prof Note: Not certain I agree. However, Mike A, former head of Hopkins real estate has yet to purchase real estate despite being an expert in the field. He ran the numbers. There is validity in his strategy.); (4) Timeshares (Prof Note: I have limited experience and understanding. However, what I do understand is when I looked at this, they seemed perfect for a family always desirous of going to the same location. Again, I know very little. Also, I had an experience long ago. My attorney and I were at a timeshare sale location. Long story but they annoyed us and we started negotiating. After two hours we had gone from one week at the “base” location to three weeks at the “premier” location only open to current members for less money. It pays to negotiate...we did not purchase but took the gift offered.); (5) Books (Prof Note: I think they mean, all books other than *Foundations of Real Estate Financial Modelling*, Routledge, 2018.); (6) Movies and Music (Prof Note: Intellectual property is still property. The artists performed a service for which they deserve to be paid.); (7) Sports gear (Prof Note: I am not the best to comment on this. Though I have an awesome gym in my home that holds drying clothing really well!); (8) Musical Instruments (Prof Note: I believe you can rent these but have no experience); (9) Jewelry (Prof Note: One of my former students was a divisional sales person for a well known retailer. The mark-ups were incredible!!!); (10) Pets (Prof Note: The article discusses that a \$50 pound pooch provides as much love as a \$500 pedigree. This is a judgment call. Jumbo, the Cat of Cat Ghaut, was an island cat whom I miss. He would rub your leg and loved being picked up by the tail (he actually enjoyed it). His cost: \$0.00. He had heart and Nevis 5-0 misses his deputy!)

7 April 2018

Question: According to MSN Money, what are the top five (5) alternates to investing in the stock market?

‘Patient’ Powell signals Fed in no hurry to up the pace of interest rate increases – Pg. 1

- ...subdued wage growth suggests the US labour market is not “excessively tight” and there may be scope to pull more individuals off the sidelines of the economy into the active labour force. Participation among of those aged 25-54 is still not back to its pre-recession levels, ...
- ...US economy is facing a number of “important longer-run challenges”, as he highlighted Fed forecasts suggesting the trend growth rate is likely to remain stuck at just 1.8%
- The Fed chairman’s words suggest the central bank remains cautious on America’s longer-term outlook, which could limit how high it is ultimately able to lift short-term interest rates
- US hiring cooled in March....while wage growth rose at a year-on-year pace of 2.7% compared with 2.6% the prior month
- Mr Powell said a number of the job market indicators point to an economy that is in the neighbourhood of full employment

Big rise in London murders puzzles police and politicians – Pg. 4

- London, which prides itself on being less violent than other global cities, has come close to passing the murder rate in New York, where 48 people were killed in the first three months of the year, compared with 44 in the British capital

Driverless car companies reassess hazards of the road after Arizona fatality – Pg. 10

- The incident [death] highlighted a profound challenge: autonomous driving technology is good enough to lull a car's occupants into a false sense of security but not yet sufficiently reliable to be widely deployed without a human back-up driver (Prof Note: I notice a profound issue with my driving on Nevis. In the states when I put the car in reverse I look at the video screen, listen for the alarms from the radar and slowly and cautiously back up. I do not turn my head, I look at the cameras that provide a 360 view around the car and in back. However, on Nevis, I have no such technology. I have found myself starting to back up blindly. Technology changes behavior.)

Answer: (1) Peer-to-Peer lending; (2) Real Estate; (3) Gold; (4) Owning your own Business; (5) Equity Crowdfunding

6 April 2018

Question: According to MSN Money, what are the worst school districts in Maryland and Virginia?

Dimon fears need for 'drastic action' by Fed to quell overheating economy – Pg. 1

- "Many people underestimate the possibility of higher inflation and wages, which means they might be underestimating the chance that the Federal Reserve may have to raise rates faster than we think"..."We have to deal with the possibility that, at one point, the Federal Reserve...may have to take more drastic action than they currently anticipate"
- Prices of Fed funds futures suggest few expect the Fed to raise rates by more than three times this year, ...
- Longer-term measures also indicate that investors expect inflation and bond yields to remain subdued for years to come
- ...bond markets have suffered a reversal in recent months on concern that US tax cuts and increased government spending might accelerate inflation. A full-blown resurgence could prove painful for financial markets

The case for an alternative pensions model – Pg. 9

- What should have been done long ago was to introduce to the scheme explicit rules on how the burden would be shared among retirees, contributors and sponsors, in the event that returns look likely to be inadequate
- This has three elements: a division between base and ancillary benefits; robust stress tests; and, crucially, a pre-specified set of rules governing actions in the event of any projected shortfall.

Answer: Baltimore City Public Schools (Prof Note: I have several rental units here...so much for what I know!) and Petersburg City Public Schools (Prof Note: Where is this exact???)!!!)

5 April 2018

Question: According to MSN, what does the average household earn in DC, Maryland and Virginia?

Eurozone joblessness nears 10-year low amid inflation lull – Pg. 2

- ...stubbornly weak inflation means the ECB will be slow to withdraw its stimulus aid
- Eurozone unemployment hit 8.5% in February, down from 8.6% in January and the lowest level since December 2008, ...
- ...inflation is still well below the ECB target of just under 2%
- ...prices rose 1.4% in the year to March, up from 1.1% in the year to February
- Most of the rise in headline inflation was down to higher food prices...
- The bank has promised to buy 30bn (euro) worth of assets a month until September as part of its 2.4tn (euro) quantitative easing programme. After that it is likely to buy bonds to smaller quantities until the end of 2018

Academics warn of killer robots arms race – Pg. 4

- The US, China, Russia, Israel and South Korea are among nations developing autonomous weapons with the capability to compose and select courses of action without relying on a human controller
- The laboratory said it was developing four main projects: AI-based command and decision systems; navigation algorithms for unmanned undersea vehicles; AI-based smart aircraft training systems; and AI-based smart object racing and recognition technology

All methods to cut the US current account deficit are risky – Pg. 9

- ...it is “unfair” that America has a current account deficit with many countries, who are passengers riding coat-tails of US demand, using it as the consumer of last resort
- Current account balances are an accounting identity, not a morality tale
- The current account balance, though usually described in terms of trade balances and money flows, is better thought of as the difference between national savings (both public and private) and domestic investment. If national savings are greater than domestic investment, you get a current account surplus. If domestic investment is greater than national savings, you get a deficit...it is a definition
- So how does the US get rid of its pesky current account deficit if not with trade barriers? The only way is to address the US's internal imbalances by lowering domestic investment or raising national savings
- It would be difficult for the US to reduce its domestic investment given that the dollar is the global reserve currency and a safe haven for investments – there is an insatiable appetite for dollar-denominated assets
- First, the government could try to boost public savings, having spent more than its income for decades
- Private consumption accounts for about 70% of US GDP growth, so this would be a drag on the US economy
- All the ways to effectively address the US current account deficit would drag significantly on economic performance

China's threat of tit-for-tat trade tariffs prompts stock jitters in US and Europe – Pg. 19

- Shares of European tyre manufacturers were among the hardest hit after China threatened to impose tariffs on US car imports, underlining the complexity of modern supply chains
- While European carmakers and parts suppliers are not directly targeted by Beijing's move, many have manufacturing plants in the US, and supply American carmakers
- Beijing's plan to impose 25% tariffs on 106 US products, ranging from soybeans to cars, immediately rattled European equities when it was announced early yesterday

Answer: (1) DC: \$110,614 (Highest in Nation); (2) Maryland: \$100,071 (4th Highest in Nation); (3) Virginia: \$90,881 (9th highest in Nation)

4 April 2018

Question: According to MSN, what does the average household earn in DC, Maryland and Virginia?

Secret memo reveals Mueller authority for Manafort inquiry – Pg. 2

- The memo by Rod Rosenstein, deputy attorney-general, also disclosed allegations that the former campaign official, Paul Manafort, “committed a crime or crimes by colluding with Russian government officials” in relation to the 2016 presidential election
- The disclosure came before Alex van der Zwaan, a former Skadden lawyer based in London, was sentenced yesterday to 30 days in prison after pleading guilty to lying to the special counsel's prosecutors (Prof Note: I find it difficult to believe that the muckedy mucks at Skadden were non-the-wiser. While I do believe Alex was guilty, i.e. he admitted it, I just find it hard to believe he acted alone and/or without knowledge of the Skadden management team)
- Mr Manafort is accused of money laundering, acting as an unregistered agent of a foreign government and making false statements in relation to his lobbying work in Ukraine before his involvement in the Trump campaign
- The former Skadden lawyer was interviewed in relation to the special counsel's investigation last year and lied about his contacts in 2016 with Mr Gates and a suspected former Russian spy who worked with Mr Gates and Mr Manafort in Ukraine (Prof Note: He must have had counsel in the interview, most likely, provided by Skadden. How could this have happened without other senior attorney's at Skadden knowing???)
- Mr Gates has pleaded guilty to conspiracy against the US and making a false statement (Prof Note: A close friend of mine was convicted of making a false statement. I always wondered why he did not please guilty to avoid jail time. I now understand why! Further, while my peers/friends always have my highest respect, the respect now comes with greater understanding. Sometimes the harder road, is the best road!)

Staiger named as New York Fed president – Pg. 4

- Roger Staiger has been appointed president of the Federal Reserve Bank of New York, propelling an economist who has spent his career within the Fed system into one of the most powerful posts in global central banking

- The move marks a promotion for an economist who has sometimes been willing to espouse unconventional policy views, including advocating a change in the Fed's inflation-targeting regime
- Mr Staiger, who has a Ph.D. in economics from Stanford University, has been at the Fed for almost 25 years and has served at the helm of the San Francisco Fed since 2011
- (Prof Note: Albeit four days late, April Fools! Replace "Roger Staiger" with "John Williams". The rest of the summary is accurate)

US tax reform fuels demand for new vehicles – Pg. 12

- The big three Detroit automakers reported stronger than expected new vehicle sales in the US for March, as tax reform and the strong jobs market fueled strong consumer demand after a slow start to the year

Answer: (1) DC: \$110,614 (Highest in Nation); (2) Maryland: \$100,071 (4th Highest in Nation); (3) Virginia: \$90,881 (9th highest in Nation)

3 April 2018

Question: According to MSN, what are four (4) retirement rules to live by?

Japan growth remains on track despite business sentiment dip – Pg. 4

- The Tankan index for large manufacturers fell 2 points to 24 compared with a median forecast of 25. For all companies across all industries the figure rose slightly from 16 to 17
- The dip suggests that a recent rise in the yen to Y106 against the dollar has taken the shine off the outlook for large manufacturers
- Produced quarterly by the BoJ, the Tankan survey is turned into indices ranging from minus 100 to plus 100 by subtracting companies reporting bad business conditions from those reporting good
- The BoJ relies heavily on the survey because it has a higher response rate than the surveys behind other statistics, such as GDP
- Labour shortages have also continued to deepen with the employment conditions index for all companies falling from minus 32 to minus 34

Carmakers change gear in a driverless world – Pg. 13

- The advent of self-driving vehicles will force manufacturers to make a choice: do they want control of their vehicles as they become service providers to consumers directly or are they happy to become a supplier to tomorrow's robo-taxi operators?
- (Prof Note: I continue to be amazed by the dearth of writings on real estate valuation with regard to driverless cars. Parking garages in the CBD will be devastated as cars will park themselves in lower-cost areas...just to name one example of what I believe will occur.)

Answer: (1) Don't spend your savings too quickly (Prof Note: My retirement is structured to support my standard of living without the use of payment. My entire focus is on investments that create passive incomes beyond my grave. Spending principal, I imagine, would be a scary proposition as one ages.); (2)

Always take your Required Minimum Distributions; (3) Know how you'll cover health care costs; (4) Be prepared to need long-term care (see #1)

2 April 2018

Question: What are the best school districts in Maryland and Virginia?

Far fewer jobs at risk from robots than previously feared, says OECD study – Pg. 1

- About 14% of jobs in the OECD countries are “highly automatable”,
- ...research found that most jobs will be difficult to automate as they require the capacity to negotiate social relationships, creativity and complex reasoning or the ability to carry out physical tasks in an unstructured work environment
- While the proportion of jobs at risk was far lower than other published estimates, it was still a large number of people – about 66m across the 32 countries that participated in the study. For the US alone 13m jobs could be lost, ...

China revives long-stalled property tax – Pg. 2

- House prices in large Chinese cities are among the highest in the world in terms of price-to-income ratios, with speculative demand from Chinese investors – who see few other good places to park their savings – as a major driver
- The result is an estimated 50m empty homes...
- Concerns over housing affordability are also prompting policies to improve the rental housing market, including the rollout of residential real estate investment trusts
- (Prof Note: The two large Chinese projects on Nevis have both failed. One is completely done and met the horns of Nevis's only billionaire. The second, is a broken project in a questionable location, that never seems to make progress. The shells are built but stalled at that point.)

Three ways companies can close their gender pay gaps – Pg. 9

- ...three out of four British public entities and companies pay their male staff more than their female staff,
- Companies are more likely to succeed if they use data, often their own, to diagnose what is broken and design processes proven to work to remedy the ills
- Data for the UK and other western countries show the three most important explanations for the gender pay gap today are within-occupation segregation, with men occupying more senior and women more junior roles; across-occupation segregation, with men and women in different types of jobs; and a “residual” that economists attribute to gender differences in time on the job as well as bias in pay negotiations and discriminations
- (Prof Note: About 10 years ago I published an article about woman/men pay (in)efficiencies. While it was largely intended just to induce thought, it viewed pay not just as an absolute number but as an efficiency, i.e. risk of job loss and compensation. The analysis utilized 2007/08 data which, across all industries, supported that men were 4X more likely to lose their position than woman. It also, going by my memory, stated

woman made, on average, 80% of their male counterparts salary. When viewed by efficiency, woman were over paid by a very large amount. Do not interpret what I just wrote as staying woman make too much money already. But rather, is pay the correct metric to determine inequality and/or gender gap?)

Answer: Howard County and Falls Church, respectively (Prof personal punch in the arm note: Rental units owned in both counties and purchased prior to major price escalation!)

31 March 2018

Comment form List-serve:

You said: "Sooooo...start with accumulating a small residential portfolio, i.e. move from one to the other. This creates passive income in retirement (pick carefully)." Wise advice. But what to buy and where? Some thoughts:

There is a scale of risk, that begins with poorer, run down neighborhoods with a possibility of gentrification (high risk) all the way to upscale neighborhoods likely to appreciate more slowly but hold their value even in hard times (low risk). No, house and apartment values do not always rise, as was demonstrated painfully in 2008, but they do recover over time. So decide on your risk tolerance when looking for residential real estate, and as you get older, and have more assets, I would reduce risk and look more for quality neighborhoods.

Best to have a property at the lower range of values in a good neighborhood than at the very top of any neighborhood. Think of what size units are most likely to hold value, whether rental or ownership. Don't buy in neighborhoods you don't know, or haven't studied well. Get a good broker but don't rely fully on them. Walk the streets, rent an Airbnb for a few days, read the RE reports. And expect to hold for at least 5 years if not 10 - RE is not a highly liquid investment so don't put all your liquid funds into it as you may need to time a sale to the market, and a good sale may take time. Lot's more to say, and it is a great way to build for retirement, but only if you learn more than the basics. Good luck!

Question: What are 10 types of retirement income?

Fed chief tested by diversity concerns – Pg. 2

- The probable elevation of San Francisco Fed president John Williams to be president of the New York Fed has been criticized by progressives who want to see greater diversity in the central bank's senior echelons
- The New York Fed president is one of the most powerful positions in central banking, carrying a permanent seat in setting interest rates as well as control of US monetary policy implementation from the heart of Wall Street
- Mr Powell needs an experienced monetary policy specialist in the post as he presides over a three-strong board in Washington that is badly under-staffed. Of the three, only one – Lael Brainard – is an economist
- Lawmakers have no ability to dictate the outcome of the New York Fed appointment, leaving the final say in the hands of the bank's board and the governors, led by Mr Powell

Gates Foundation will not exist in 100 years – Pg. 10

- Our Trustees, Bill, Melinda and Warren Buffett, have committed to closing the foundation 20 years after the death of lasting founding trustee
- This strategy aims to ensure that the kinds of urgent missions we pursue – like defeating polio or ending extreme poverty – are funded with a similar intensity

A monetary remedy for the midlife crisis – Pg. 11

- The introduction of higher university tuition fees in the UK – thanks in part to Mr Willetts himself – was designed to fund the expansion of universities at the expense of those who benefited from them
- Then there is housing: tight planning restrictions from San Francisco to London help to squeeze house prices higher. That benefits people who already have houses, and they tend to be older than those who rent
- Low interest rates cut both ways, pushing the price of assets higher, but making it harder for retirees to live off their accumulated savings
- A new research paper from Angus Deaton, Nobel Laureate in economics, also finds that we are all persistently disappointed in life
- ...finds that the people who would have their wellbeing most improved by a cash injection are the middle-aged, people between their forties and sixties.

US subprime mortgage bonds back in fashion with \$1.3bn of deals in first quarter of 2018 – Pg. 15

- Issuance of securities backed by riskier US mortgages roughly doubled in the first quarter from a year earlier, as investors lapped up assets blamed for bringing the global financial system to the brink of collapse a decade ago
- ...they are not eligible to be bought by Fannie Mae or Freddie Mac...or to be insured by the Federal Housing Administration, which supports first-time buyers
- Under Dodd-Frank reforms that took effect in 2015, sponsors of riskier mortgage-backed securities deals have to retain at least a 5% interest in the loan they offer

Answer: (1) Traditional IRAs, 401(k)s, and 403(B)s; (2) Roth IRAs; (3) Social Security; (4) Pensions; (5) Stocks, Bonds and Mutual Funds; (6) Annuities; (7) Life Insurance; (8) Dividends; (9) Municipal Bond Interest; (10) CDS, Savings accounts and Money market accounts

Sent 29 March 2018

Subject: Cover letters and Resumes/CVs

All – I have received feedback from a few employers regarding submissions over the past year. In general employers are impressed with the response rate and quality of respondents. The number of respondents that provide a cover letter is approximately 50% and the employers were impressed. My reaction...50%??? We should be at 100.0%! I realize that one may feel a sense of familiarity given the position comes through the list-serve and everyone knows my high opinion of everyone. However, in my opinion, this is your chance to demonstrate your excellence. A cover letter is an absolute MUST when applying to a position.

Attached is a cover letter I used 10 or 15 years ago for a position. I stole it (with permission) from Chuck S....thank you Chuck. (wish I could claim it as my own). In the last year it has been used by a few individuals to apply to top five companies, as measured by market capitalization. The consistent response is that the cover letters are the best they have seen. Therefore, “steal” this from me and improve. The cover letter clearly demonstrates a high level of interest in the position as it clearly took time to create, format, and present. I highly recommend submitting a cover letter. Also, I consider the cover letter more important than the actual resume, though both are truly needed/required.

Additional comments from employers were that some individuals applied to other positions or expressed interest in different positions. I would say that employers viewed this as negative. I am sheepish as I tend to believe you take a chance as the company is hiring. However, I wanted to share the feedback and acknowledge my view was not largely held by employers.

Finally, your competition is fierce. As it should be given the quality of talent from the list-serve. I wish I could express the pride I felt/feel when the employers express gratitude to me for the large talent pool.

Bravo...now...DO NOT FORGET THE COVER LETTERS! LET US GET TO 100.0%!!!

Roger

29 March 2018

Question: According to MSN, what percentage of Millennials between the ages of 21 and 32 have absolutely nothing saved?

Gender Pay – Pg. 7

- More than three out of four UK companies pay their male staff more than their female staff, and in seven out of 18 sectors in the economy, men earn 10% or more on average than women
- ...just days to go before the deadline for all employers in Britain with at least 250 staff to report difference between what they pay their male and female employees....
- The clearest finding from the data is that women are overwhelmingly likely to work for an employer where, overall, men are paid more, and that the main explanation for the gap is the presence of more senior men than women
- 1% report no pay gap at all. The average, measured by the median, is 10%
- The highest gender pay gap recorded so far is 88%....
- The gender pay gap nationally stands at 18.4% for full-time and part-time workers...
- Only 11.2% of women work for a company that pays them equally or better
- Construction employers pay their male staff 23% more, finance and insurance employers 22% more, while education employers – predominantly academy trusts and universities – have a gap of 20%

Answer: 66% and the reasons provided: (1) Focused on student debt; (2) Saving without a 401(k); (3) "I've consciously decided not to"; (4) Finishing graduate school

Comment from list-serve

Look I'm 34, live in Northern, VA with a 2.5 year old and wife and have another on the way. Because of you - we moved to refinance the house in October prior to interest rates climbing and opted for a 15-year mortgage, always tried to max out the 401(k) and ROTH, and have always encouraged to put off that \$4 cup of coffee today because it'll cost you \$60 of retirement spending tomorrow. Your advice is invaluable and has encouraged me in many ways. But I think many of us in the younger phases of life (early part of career, first kid, etc.) would value your input on where to put \$. Would an S&P 500 index fund be best? Would you buy dividend paying stocks? What about your thoughts on financial advisers? When is it time to start thinking about that?

Just a suggestion with the market being so haywire and the seemingly never ensign bull market run starting to gas out.

Professor Comments:

Prior to addressing the question above, I think it is important to note the major sources of my wealth: (1) 2007/8 Market downfall and (2) Litigation victory (I take *&% from no one!). It is unlikely I could have accomplished either with dependents for the simple reason these were HIGHLY risky ventures and I most likely would not have pursued either, at least to the degree I did, if I had individuals to support. In my opinion, wealth comes in chunks and is lumpy. Like a venture capitalist, you have to be out there to so the 1 in 15 carries you to the top. I recognize this is more difficult with a family and dependents. (note: I am not advocating for no families, only providing perspective)

First, focus on expenses. How can these be reduced? One can always reduce and forgoing the \$4.00 coffee is a great start. (Note: I met with two individuals this morning, I insisted we purchase small coffees are refills are free, and when we left I filled my "To-go" cup with expensive creamer which I will use at home. Every little bit helps!)

Second, focus on revenue. Everyone knows my love for the side hustle.

Now, as to location of surplus funds. (note: my lawyer requires me to indicate I am not an investment advisor and am only expressing an opinion and not actual advice.) The most important is that you are "in the game." The greatest subsidy the government provides in interest deduction on debt for primary residences. I believe one is allowed 5 or 6 Freddie/Fannie products outstanding. Sooooo...start with accumulating a small residential portfolio, i.e. move from one to the other. This creates passive income in retirement (pick carefully). Then as one is maturing, watch the equity/fixed income markets and learn/understand. Max your 401(k)/403(b) at least to the matching and probably to the maximum. Build, Build, BUILD...

I am a fan of passive investing, personally. Just my opinion. As for financial advisors, I am less a fan of FAs and more a fan of Wealth Managers. You should have advice to estate structure, e.g. Wills, PoAs, Trusts, Insurance products, etc. Be certain you have Personal Financial Statements and have pro forma statements. Run yourself like a business and ensure the ratios you want to hit next year are hit! Apply what is learned in academia to real-world life.

Finally, the time to start thinking of all of this is yesterday! You cannot think about it soon enough.

Just my opinion and thought(s)....

28 March 2018

Question: How much self-storage, i.e. # of facilities, and amount of sf, exists in the U.S.?

Brazil boosted by inflation dip and record low rates – Pg. 3

- The subdued inflation has emboldened the central bank to slash interest rates to record lows, fostering hope among analysts that Brazil's economy may be entering a prolonged burst of growth without overheating

- ...Brazil – Latin America’s largest economy has traditionally struggled with inflation, which in the early 1990s reached rates of nearly 5,000% a year
- Since peaking at nearly 11% in early 2016, the month-end IPCA index fell to 2.84% year-on-year in February – below the bottom of the central bank’s target band of 4.5%, plus or minus 1.5%
- This has enabled the central bank to cut its benchmark Selic interest rate 12 times in less than 18 months

Rating agency refuses to end S Africa junk status but doubles growth forecast – Pg. 4

- S&P has doubled its growth forecast for South Africa this year but the rating agency warned that it was a long way from lifting the continent’s most industrialized nation out of junk status
- ...economy would expand 2% in 2018 as investor confidence had improved
- ...blighted by 27% unemployment and widespread poverty
- S&P and Fitch downgraded South Africa to junk status last year....
- The economy grew 1.3% last year as it exited its second recession in almost a decade
- Moody’s, the last remaining of the main three credit rating agencies to retain South Africa above junk, said last week it would maintain its rating, and raised its outlook for the country to stable. A downgrade by Moody’s would have pushed South Africa’s bonds out of widely-followed investment indices, raising its borrowing costs

Answer: 50,000 facilities and 2.311 billion sf (Prof Note: I own four sea containers. They are like legos for adults! A 40’ highboy is about \$2,200/delivered in/around DC. I actually think I am going to keep my house renovations small and line the perimeter with zombie-proof sea containers. Each will have a different purpose, e.g. storage, gym, theatre (this will be a 20’ highboy), etc. Purchase your own self-storage. Mine have already paid for themselves.)

27 March 2018

Question: According to MSN Money, how much do Millennials spend on rent by age 30?

Fed faces diversity criticism over likely job changes – Pg. 2

- John Williams, the San Francisco Fed president, is the most likely person to succeed Bill Dudley in the powerful role of New York Fed president, ... (Prof Note: Good thing I kept my day job, oh wait, I do not have a day job! Looks like Ramen is on the menu!)
- Mr Powell has fully embraced the policies he inherited from Janet Yellen, among them pursuit of a gradual path of rate rises, as he emphasizes his desire to maintain continuity
- Mr Williams is a centrist among Fed rate-setters, and both he and Mr Clarida have championed the view that rates may remain stuck at relatively low levels because of the longer-term forces dragging on the economy
- The probably choice of Mr Williams suggests the New York Fed, in consultation with the Washington-based board, wanted to beef up experience of monetary economics at the summit of the Fed system given Mr Powell is not a trained economists

- Mr Williams is noted for his work on the neutral rate of interest – the rate that neither propels growth nor holds it back – and he has been calling for a rethink of the Fed’s inflation targeting framework given the risk that rates will stay depressed in the longer term

Gerrymandering is a business mold for politics in the Trump era – Pg. 9

- ...82% believe people under the age of 21 should not be able to buy any sort of firearm...some polls up to 97% support background checks for all gun sales instead of the patchwork system now in place (Prof Note: Again, no discussion of the 18 year old Draft age. How can we send our children to war at 18 and/or sign up for the Draft, i.e. ask our children to short an option, without providing them full rights in our Nation?!)
 - US politicians have done something no company could ever get away with: they have reduced their clientele to the barest minimum needed to stay in business. Gerrymandered districts make this approach profitable
 - Legislatures draw their own electoral districts, often in ways that guarantee partisan advantage
 - By one measure, close to 45% of the US population lives in gerrymandered states
 - Because fewer than 20% of voters generally show up for primaries, a small number of intensely dedicated NRA members can make all the difference

Answer: \$93,000

26 March 2018

Question: 7 reasons you shouldn’t work in retirement?

Republicans silent on gun control protests – Pg. 4

- The protesters’ demands included a ban on the sale of assault-style rifles and high-capacity magazines, and the closing of background check loopholes
- The White House also highlighted the issuance on Friday of a rule to ban so-called bump stocks – devices that in effect turn semi-automatic rifles into fully automatic weapons

MBA recruits under pressure to justify their pay – Pg. 11

- Business schools must do more to promote the return on investment of an MBA for companies...
- ...worries that big-tech employers will set up their own leadership training companies if business schools do not prove the worth of MBA graduates
- The best proof of the return on investment for employers hiring an MBA graduate is a willingness to return to campus to hire more, ...
- (Prof Note: Demand more of schools. Are the finance professors, i.e. the “experts” wealthy? If not, why are they lecturing. Oh, they have a Ph.D....did they author a textbook used in business or do they lecture using another’s words? Hold academia accountable!!!)

Risk executives adjust to fresh fears – Pg. SP1

- ...risk managers at big financial companies say that there is no shortage of things to fret about. Top of the list are changing financial risks

- Interest rates have remained low since the financial crisis – they are currently between -0.1 and 1.75% across Japan, the Eurozone, the UK and the US – and so far central banks around the world have been slow to raise them
- That has led to high asset prices. Higher interest rates could lead to more volatile markets,...
- For banks and life insurance companies, higher interest rates are generally a good thing overall. Margins at banks tend to be healthier when interest rates are higher, while life insurance companies find it easier to meet the guarantees they have made to their customers

Answer: (1) You may already have enough money (Prof Note: Income/cash coming in is far more important than capital/money); (2) You will spend less than you think (Prof Note: Be certain the dreams of a Parisian flat are over); (3) Working might not pay off (Prof Note: Social security could be reduced); (4) You don't need the stress; (5) Continuing to work could strain your relationships; (6) Try something new; (7) Its ok to do nothing (Prof Note: Sitting on the porch listening to donkeys whinny and watching goats race up the road is not "nothing" ☺) (Prof Note: As all know, I was honoured to host Mike A and Laurie at Cat Ghaut last week. Both are successful in retirement. I have hosted several successful retirees and the common theme is that they are relaxed. I think I was stressing them constantly asking if there was something they wanted to see, do, experience. It was such a joy to sit at Montpelier and Golden Rock drinking and having intellectual conversation. As I told them, sitting on a porch with drink and conversation is "Nevis". The tourist sites are great for checking-of-the-box but doing "nothing" can be the greatest experience. However, the ability to do "nothing" is a long process and must be earned.)

24 March 2018

Nevis News: This was St. Kitts day! While we did not see much of the island we did get to Basseterre. The island has really grown up. There are modern retail shops at the heart of the cruise dock. While inside the area it felt just like any retail establishment in the U.S. Amazing!!!

Mike A and I were unable to do much recon on this island. The Park Hyatt will have to wait!

Question: What number of Americans under 65 were uninsured in 2016?

China ready to hit back with tariffs – Pg. 1

- ...proposing levies on 128 American imports that heightened market fears of a trade war between the world's largest economies
- ...planning tariffs on about \$3bn in imports, including a 15% tariff on US steel pipes, fresh fruit and wine, and a 25% tariff on pork and recycled aluminum
- Fears over a tit-for-tat campaign of escalating tariffs between Beijing and Washington rippled through global financial markets, prompting a sharp sell-off in Asia where Japan's Nikkei index dropped 4.5%, and a more modest drop in Europe, where Germany's Dax was down 1.8%

Facebook loses Tesla and SpaceX after Musk quits platform over data scandal – Pg. 1

- ...reeling from revelations that political consultant Cambridge Analytica had accessed data from 50m Facebook profiles without user consent

- One reason for the general inaction is the addiction that many corporate marketing departments have to the very Facebook data that has been at the centre of this week's scandal (Prof Note: I have never had a Facebook page...never trusted it!)

Shutdown averted at the eleventh hour after Trump agrees budget – Pg. 6

- Donald Trump ended a last-minute panic over a possible government shutdown by approving a \$1.3tn spending bill that he had toyed with vetoing hours before funding was due to expire
- It includes an \$80bn increase in defence spending as well as more money for border security, infrastructure and school safety

Facebook – Pg. 7

- He now faces a more fundamental challenge: to restore trust in the social network
- Cambridge Analytica recognized that Facebook's power lay in its data, its scale and its ability to target individuals with precision
- It used the data to compile psychographic profiles that classify people by personality type, so it could target them with the political messages most likely to hit home
- ...choices Mr Zuckerberg made during Facebook's early years that have helped shape the business: his lack of attention to privacy, his rush to open up to developers, his pursuit of a business model based on targeted advertising
- Facebook was built on the idea that "sharing" was natural to a new generation
- If regulators did create stricter rules for data collection or targeting, it could cost Facebook which generated \$16bn in net income last year

Answer: 27.5 million

23 March 2018

Nevis News: Mike A and I completed our recon of Four Seasons. 196 total rooms with 70 villas (more being constructed and not all 70 are for rental). 74% occupied currently with minimum room rate \$935/night + 24% island tax + \$27 USD (environmental levy). Please note for the approximate \$1,250 the room has a mountain view, i.e. NOT water. Ocean view is \$1,085 and Ocean side is \$1,035 (remember these are base rates NOT including taxes, levy, etc). Additional products: Suite: \$1,705/night; Ocean Suite: \$1,905; and Luxury suite (FS has 2 and both were occupied): \$4,200/night.

Mike A wanted to know about the Beach Huts, i.e. cabanas by the beach. These are rented from 8:00am – 6:00pm and come in three flavours: (1) Beach Hut: Chairs and towels only (\$350/day); (2) Liming: add'l Waiter/waitress + Minibar (\$550/day); (3) Lavish Liming: add'l Massage, lunch, and fruit bowl (\$850/day). Mike refused to spring for the Lavish Liming for Laurie...outrageous!

Overall, we were horribly disappointed in the Four Seasons. We had the obligatory lunch and while the food was typical island lunch, the service was beyond bad! It was so awful we called the manager who comped the drinks. Mike A's quote was completely on point, "We would have been happier having two rounds and paying for them (minimum \$90 for the three of us, i.e. \$45/round) delivered timely than one free round delivered with lunch."

The Four Seasons was just disappointing. It felt rushed, people were complaining at other tables, etc. Yes, it was beautiful but it felt rushed and we did not feel "special" being at the Four Seasons. I truly wonder what one is receiving for the stratospheric price.

Next, we headed to Botanical Gardens (picture attached). Worth doing but I am partial to Cat Ghaut's gardens. Next was Hermitage. My family has been close with the owners for generations. Richard was not there but we were provided a tour of a room. Beautiful traditional furniture and large rooms (no A/C). 14 total rooms and 5 were occupied. \$355/night which includes breakfast and ALL taxes and fees...a bargain. Laurie's comment, "I would rather stay at Hermitage over Four Seasons."

Back to the Ghaut for a quick recharge prior to heading to Nisbetts for Thursday BBQ. Tim and Tina, General Managers, were greeting everyone and we were reacquainted, i.e. both knew my grandfather well and I refused to unconfuse Tim by continuing to say, "No, I AM Roger Staiger!" (technically I am Roger III). It was wonderful sharing the good will of my family and relationships with Mike A and Laurie. If nothing else, it provided us unlimited rum punches and wine. The food was delicious, all fresh grilled seafood and choice meats. You know where I will be every Thursday on Nevis going forward. The best quote of the trip came this evening from Mike A, "I think I have had too much to drink." At one point I was double fisting rum punches and later Mike was making tall G&Ts back on the porch. Mike A has been retired for two years but I strongly suggest everyone lobby Hopkins to bring him back...the wisdom is limitless (plus he and Laurie are GREAT drinking buddies!!!).

Question: What percentage of the U.S. Congress has student loan's outstanding?

Top economists back cryptocurrency free of bitcoin's criminal undertones – Pg. 1

- The Saga token aims to avoid the wild price swings of many cryptocurrencies by tethering itself to reserves deposited in a basket of fiat currencies at commercial banks. Holders of Saga will be able to claim their money back by cashing in the cryptocurrency.
- Saga will also reject the anonymity of bitcoin, which stirs regulators' concern over potential for financial crime. Saga will require owners to pass anti-money laundering checks and allow authorities to verify their identities when required.
- Deposits will be made in the IMF's special drawing basket of currencies, which is heavily weighted in US dollars.

Powell plays it safe in Federal Reserve debut – Pg. 2

- ...played down the importance of the Fed's higher median interest rate forecasts, stressing the uncertainties surrounding the outlook.
- Markets were left largely unmoved by the Fed decision and Mr Powell had every incentive to avoid excitement.
- The Fed is journeying into perilous political waters. While Mr Powell insisted the risk of White House hostility to higher rates did not cause him to lose any sleep, political blowback remains a hazard.
- The US central bank is set to lift rates at a quicker pace
- That will potentially put the central bank into opposition with politicians who have no desire to see the recovery reined in.

- Mr Powell's style provided a number of notable breaks from that of Ms Yellen. He was less detailed and informative in his analysis of the economy than the former chair, offering relatively brief responses on topics such as the neutral rate of interest...
- Fed forecasts were simply a collection of individual views, ...and the FOMC could easily change its mind about the economic prospects
- ...unemployment is set to fall to 3.6% in the next two years, the lowest since the late 1960s and nearly 1% below the Fed's estimate of the longer run jobless rate
- By 2020, the midpoint of the Fed's target range will now reach 3.4%. This is notably higher than the central bank's 2.9% estimate of the neutral rate, ...

Fears of US-China trade war intensify after tariff decision – Pg. 3

- ...rolling out plans for new tariffs on up to \$60bn in Chinese imports and other sanctions against Beijing
- There will be tariffs on up to \$60bn in Chinese imports
 - o The 10 sectors identified in that plan are: advanced IT products; automated machine tools and robotics; aerospace and aeronautical equipment; maritime equipment; modern rail equipment; electric and other "new energy" vehicles; power equipment; agricultural equipment; "new materials"; and biopharmaceutical and other advanced medical products
- The US Treasury will be drafting investment restrictions
- The US plans to take China to the WTO over technology licensing
- China is likely to retaliate (Prof Note: Do you think???! If they shut off the facet of students coming to the U.S. to study, U.S. academia will literally be brought to its knees!)

Ageing populations could disrupt monetary policy convergence – Pg. 20

- But one structural pressure on inflation is not getting enough attention. It is not technology or globalization, through these are important. Instead, it is the fact that both Europe and Japan are rapidly ageing. And pensioners do not like inflation
- In Japan, 27% of the population is older than 65....
- ...by 2050 almost 40% of the population will be of pensionable age, and the dependency rate is expected to be four pensioners for each five people working
- If I am right and ageing populations will resist rising inflation, then there are numerous market implications
- In fixed income markets, we should be skeptical about a great monetary policy convergence.
- In currency markets, the ECB and BoJ will resist euro and yen appreciation as strong currencies will only intensify dis-inflationary pressures

Answer: 10%

(Fill in from NEVIS)

15 March 2018

Question: What is total outstanding U.S. student debt and what percentage is held by women?

Fed clamps down on China's ICBC – Pg. 15

- The US Federal Reserve has ordered Industrial & Commercial Bank of China to overhaul its anti-money laundering protections after finding “serious deficiencies”
- ICBC, the world's largest lender by assets, must offer a written plan within 60 days detailing how it will strengthen mechanisms to flag and report suspicious transactions, including those involving “politically exposed persons”
- As part of the order, ICBC must also hire an independent party approved by the Fed within 30 days to audit the bank's dollar clearing transaction activity during the final six months of 2016
- With a market capitalization of \$351bn and branches in more than 40 countries ICBC is the most globalized of China's banks. Its New York branch opened in 2008, and the bank rents space in Manhattan's Trump Tower
- Long term, China is hoping to bypass the Fed altogether. In 2015, it launched an international renminbi payments system to encourage global use of the Chinese currency. If widely adopted, the system would allow China to send money globally in renminbi, without the need for US dollar clearance, which would subject it to Fed oversight

Warning signal for US borrowing costs points to shift towards higher rates – Pg. 19

- A market measure that has become associated with stress in the banking system is flashing amber again – but this time traders say there are new reasons for the elevated cost of borrowing, and the result could be persistently tighter financial conditions for some groups of borrowers
- The spread between the US's three-month Libor rate, and the comparable Overnight Index Swap rate is at its widest since the Eurozone crisis in early 2012, ...
- The rise in three-month Libor has been driven by factors including a shift in the investment portfolios of US multinationals companies after the Trump administration's tax reform, and by an increase in short-term Treasury bill supply...
- ...Libor itself is still the reference rate for several trillion dollars' worth of loans and floating-rate debt, and \$200tn of interest-rate derivatives
- The Libor/OIS spread was historically considered a gauge of bank creditworthiness, since it measures the cost of unsecured bank borrowing relative to interest-rate expectations
- Bank in late 2011 and early 2012, for example, spreads widened as concerns about the exposure of banks to Eurozone peripheral countries drove Libor higher while interest-rate expectations remained low. The gauge was also an early indicator of the global credit crisis a decade ago
- US tax reform is expected to have permanent effects on the way companies manage their cash

Answer: \$1.5tn; 67% held by women

14 March 2018

Question: What percentage of working Americans are not saving?

OECD warns on barriers to trade after US steel tariffs – Pg. 2

- The implication of its forecast was that a rise in tariffs between the US and its trading partners would snuff out the positive effects on US growth of the Trump tax cuts
- “Trade protectionism remains a key risk that would negatively affect confidence, investment and jobs”
- There is no sign yet that a slide into a trade war is undermining the global outlook
- ...2019 with the global economy also expanding 3.9%, a level similar to pre-crisis normal rates
- The UK was singled out with the lowest projected performance among the leading advanced and emerging economies across 2018 and 2019, with only 1.3% growth forecast this year and 1.1% next year

Chinese investment – Pg. 7

- In the US, a bill working its way through congress would significantly increase scrutiny of inbound investment, particularly in “critical” technologies such as artificial intelligence or robotics that are part of the Made in China 2025 strategy
- ...last year Berlin tightened its law on overseas investment, enhancing ministers’ powers to block foreign acquisitions of 25% or more of companies operating in “critical infrastructure”
- Germany’s protectionist drive moved up a gear a year ago when it teamed up with France and Italy on a joint initiative to introduce more rigorous screening of foreign takeovers of EU companies, especially those with suspected state backing
- Berlin’s new coolness towards Chinese investment has led to a marked drop-off in deal activity

Hotels branch out amid record demand – Pg. 14

- The world’s biggest hotel companies are in the midst of rapid expansion as an industry boom has lasted far longer than many had predicted, bolstered by record demand
- The ascendancy of digital upstart such as Airbnb had led to dire predictions of home-sharing eating into hotel revenues
- Yet travel industry....says that in key markets, such as London, Airbnb takes just 4% of total accommodation revenue
- The previous upturn in a notoriously cyclical industry was ended by the 2008 financial crisis, leading large hoteliers to adopt an “asset-light” model, concentrating on hotel management and franchising rather than ownership

Answer: 20%

13 March 2018

Question: What are total U.S. mortgage loans?

Bankers need higher standards to regain trust – Pg. 9

- For many in the UK, the nationalization of lender Northern Rock 10 years ago provided the first indication of the global banking system's weaknesses
- The commission identified a lack of basic standards of professionalism as part of the problem
- ...requires practitioners to act honestly, competently and with integrity. If they do not they may lose their certificate, equivalent to a doctor's license to practice
- But unlike the professions of medicine, accountancy or the law, there is no general requirement or expectation for those covered by senior managers regime to hold a specific qualification
- That is largely because banking brings together different skill sets, disciplines and knowledge, with a range of qualifications and professional bodies
- To strengthen professionalism we need to look at the attitudes, judgment and standards of behavior, knowledge and skills of everyone who works in banking in whatever role
- We are also encouraging sustained investment in formal training and professional development and strong relationships with professional bodies
- (Prof Note: I continue to believe individuals behave to the best of their wallets (in general). I think compensation plans need to be reviewed.)

Treasury under pressure to introduce two-month bill as US deficit swells – Pg. 19

- Bond investors are pushing the US to introduce a new Treasury bill in a move that would allow the government to tap demand for shorter-dated debt and fund the country's growing deficit
- The Treasury, which is already selling record amounts of debt, has been urged to introduce a two-month bill, adding to a line-up of one-, three-, six- and 12-month instruments that are a staple of money market funds
- ...estimate the Treasury's total net borrowing could reach \$1tn in 2018, up from \$550bn last year
- As interest rates have risen, the return of bills has become more attractive, and money market funds that buy government assets note an increase in money flowing in front investors

China's buyers defy the law to satisfy thirst for foreign homes – SP1

- For Chinese citizens, it is theoretically illegal for them to move money out of the country to buy property
- The country introduced tighter capital controls in late 2016 in an attempt to halt the depreciation of the renminbi. For the past year banks have made currency-exchange customers sign a pledge that they will use their money only for officially sanctioned purposes – buying property is ruled out
- ...Chinese households spent about \$40bn on residential property overseas in 2017, ...
- ...makes 2017 one of China's top three years for such investment
- The acquisition of foreign real estate is an abiding ambition for rich people in China, partly because they consider it a route out of the country and not just an economic return

High housing prices signal a danger of reckoning to come – SP4

- The 35% collapse in US house prices that followed the financing crisis was reflected in similar booms and busts elsewhere in the world – notably in Ireland, Spain and parts of the UK – as banks curbed easy lending conditions and borrowers and property developers found themselves squeezed by recession
- Hong Kong and London are the cities that have gone most deeply into the bubble zone
- Possibly the biggest inflationary driver has been the programme of quantitative easing conducted in a coordinated way by central banks across the US, Europe and Japan. Bond-buying programmes by the Fed, the ECB, the BoE and the BoJ have held back yields available on government bonds and other high-quality debt, pushing investors en masse into riskier asset classes
- Total outstanding US mortgage loans are now back at nearly \$15tn, the same as at the 2008 peak. In the UK, the average London house price at the end of last year 484,500 (sterling), nearly two-thirds higher than at the pre-crisis peak
- If Ben Bernanke will be remembered as the Fed chair who pioneered post-crisis QE, and Janet Yellen will go down as the woman who began to taper it, Mr Powell has the most daunting task of all: to ensure a normalization of monetary policy without causing another housing bust

Answer: \$15 trillion

12 March 2018

Question: What was U.S. household debt in 2008?

Fed official warns rate rises threaten recovery – Pg. 4

- The Federal Reserve risks dragging down the US's recovery by increasing interest rates while cutting back on its own multi-trillion dollar balance sheet, ...
- ...lifting rates four times in 2018 could drive down inflation – especially when the central bank's programme of reducing its asset holdings is becoming "more and more forceful"
- The Fed began gradually unwinding its \$4.5tn balance sheet in October last year

Universities risk their reputations by failing to value teaching staff – Pg. 9

- Lecturers have accepted relatively low pay and pretty poor working conditions in exchange for significant autonomy and relatively secure jobs and pensions. But, over the past decade, without negotiation, every aspect of that deal has been eroded
- Autonomy has given way to increased teaching responsibilities, larger classes, more time spent grading and heavier management duties (Prof Note: Last semester I lectured three classes at GWU. Note that I am a 2X alumni of GWU (MBA + MS Finance). The finance department provided ZERO office space and I had to have students reserve space, under their own name, in the library for me to provide six hours of office hours per week. Note that GWU students pay \$5,000/class!)
- While university leaders have awarded themselves huge pay increases, they allowed academic pay and standards of living to decline steadily
- Under successive governments, students have been re-defined as customers. They are served, so to speak, by academic staff who work on the frontline of the main product:

student experience. This has shifted strategic focus from the pursuit of knowledge to the pursuit of teaching scores and student survey results (Prof Note: At one University my evaluations were suffering. I was told (very nicely) to improve them. I said, "Is my job to give the students what they want or what they need?" I was told to improve my scores. I said, "Easy, I will cut the work load in half." There was no comment. My scores all went up! Who won here? NOT me despite doing half the work. NOT the students despite being happier as they receive half the knowledge. The high-paid administrators!)

- US universities make the same mistake. Much teaching is devolved to dedicated adjuncts, part-timers who are trying to unionize to protest against such low pay they struggle with homelessness or depend on additional, often unsavoury, sources of extra income (Prof Note: I am one of these "part-timers" and lecture for enjoyment and fulfillment. My beef is that despite my credentials being greater, i.e. more education than a Ph.D., published textbooks, used globally, in my area of expertise, and successful multinational businesses, I am paid less than a full-time Ph.D....this BURNS me! Universities should be meritocracies!)

Answer: \$12.68tn

10 March 2018

Question: What was household U.S. debt in May 2017?

US employment surge gives green light to Fed rate rises – Pg. 4

- Payrolls grew by 313,000, the most since July 2016, defying predictions from many economists that hiring will cool as the economy passes full employment
- That left the unemployment rate unchanged at 4.1%, the lowest since the tech boom, as strong demand for labor prompts some people to rejoin the workforce
- Year-on-year wage growth fell to 2.6% from the previous month's 2.8%, ...
- Jay Powell...hinted the central bank might push through four increases in interest rates this year...
- Hiring was led by the country's construction sector, where employers took on 61,000 workers in January, the biggest monthly total since 2007; employment in the industry is up by more than 250,000 in the past year. Retail employment rose by 50,000 on the month, while manufacturers added 31,000
-10-year Treasury yield rose as much as 4.6bps to 2.921%
- The participation rate, which measures people in work or looking for a job, rose to 63% from 62.7% the prior month, suggesting more people are coming off the sidelines into the labor force, which grew by 806,000 on the month. The participation rate has been relatively steady for four years, defying demographic changes as the population ages and more baby boomers retire

Answer: \$12.96tn

9 March 2018

Question: What was U.S. credit card debt in December 2007?

ECB drops emergency bond-buying vow in move towards end of stimulus – Pg. 1

- As is often the case with the ECB, the important policy shift was couched in a minor change in wording in its post-governing council meeting statement yesterday, where it took out a vow to intervene more aggressively in bond markets should growth disappoint
- It also comes amid a global effort by central banks to return to pre-crisis policymaking, a shift that has unnerved financial markets accustomed to years of massive emergency stimulus from the ECB, US Federal Reserve and BoJ
- The ECB is expected to call time on buying new bonds under the 2.3tn (euro) programme this year, possibly in September though more likely in December

Fed research points to risk from non-banks – Pg. 2

- Rapidly expanding US non-bank mortgage lenders are poorly equipped to weather financial shocks and present mounting risks to taxpayers, ...
- ...non-banks, which originated half of US residential home loans in 2016, are vulnerable to the kind of liquidity pressures that caused several to fail during the financial crisis
- The US residential mortgage market changed dramatically after the subprime disaster and subsequent regulatory crackdown forced banks to retreat. Alternative groups that make loans but do not take deposits from savers have rushed to fill the gap
- ...the typical non-bank lender is exposed to shocks such as a jump in interest rates, a rise in defaults or a withdrawal of credit they tap from traditional commercial banks
- Unlike large banks, it notes, the non-banks cannot tap liquidity facilities in a crisis from bodies such as the Federal Reserve. They are also subject to liquidity risks because they have to advance funds to mortgage investors even when borrowers fall behind on payments
-mortgages originated by non-banks are of a lower credit quality than those from banks – making them more vulnerable to defaults or declines in house prices

Answer: \$1.001tn

8 March 2018

Question: What is U.S. credit card debt as of November 2017?

Cohn's exit raises protectionism fears and stokes business turmoil – Pg. 1

- The resignation of Donald Trump's top economic adviser sent a shudder through markets and prompted alarm among corporate leaders yesterday as business braced for the White House to pursue more protectionist measures
- The S&P 500 fell as much as 1% in the morning before recovering

Beijing waters down rules on bank loans – Pg. 14

- China's banking regulator has softened rules requiring lenders to set aside provisions against losses on bad loans, to encourage banks to provide more trustworthy assessments to their health
- The move suggests that even as regulators pursue a "regulatory windstorm" to curbe excess in the banking system, they are calibrating their efforts to ensure lenders are providing enough credit to keep the economy humming
-the China Banking Regulatory Commission (CBRC) has enforced among the highest requirements for loan-loss provisions of any large economy. The rules required commercial lenders to set aside provisions equal to 150% of NPLs and 2.5% of loans
- Under new rules sent to banks last month, the CBRC will allow province-level bank regulators to ease the ratios to as low as 120% and 1.5%, ...
- The new rules bring China closer to international standards. Most countries force banks to set aside provisions equal to between 50% and 100% of NPLs...

Millennials reveal scope of sexual harassment – Pg. 18

- Young women working in finance say they are still being discriminated against, demeaned and objectified because of their gender, even though they experience fewer instances of overt sexual harassment than their predecessors

Answer: \$1.022tn

7 March 2018

Question: What is Bill Gates net worth?

Congress starts debate on rolling back banking regulations – Pg. 2

- The US Congress took a step towards the biggest rollback of banking regulation since the financial crisis as lawmakers began debating legislation that critics say is a gift to Wall Street even as supporters sell it as relief for small banks
- ...considering a bill that would water down parts of the Dodd-Frank post-crisis reforms
- The bill would help mid-sized institutions by lifting the threshold at which banks face closer Federal Reserve oversight to \$250bn in assets from the current \$50bn
- The legislation would also loosen mortgage underwriting standards for small banks with less than \$10bn in assets and exempt the same banks from the requirements of the Volcker rule, which bans lenders from placing market bets with their own money
- ...enable them to reclassify municipal bonds as "high quality liquid assets", in effect the same as cash and Treasury bonds, making it easier for banks that like to hold them to meet a requirement known as the liquidity coverage ratio
- The other provision is a relaxation of capital rules for banks specializing in custody, or keeping financial assets safe

Markets – Pg. 9

- Now that period is nearing its end, and as the US continues its "normalization" of monetary policy – with a further three or four interest rate rises expected this year – several analysts have questioned whether the emerging world's debt pile is sustainable

- Among a group of 21 developed markets monitored by the IIF, the combined outstanding debt of households, governments, corporations and financial institutions rose from the equivalent of about 290% of their combined GDP at the end of the 1990s, to 380% at the end of 2008. Since then, it is broadly unchanged
- In China, it rose from 171% of GDP at the end of 2008 to 295% at the end of last September. The combined debts of a group of 26 large emerging markets monitored by the IIF rose from 148% of GDP at the end of 2008 to 211% last September
- Causes of instability in the past, such as big current account deficits, have largely been erased
- With the BoJ and the ECB yet to join the US Federal Reserve in starting to tighten, global monetary conditions remain loose, meaning emerging markets are likely to remain popular place to invest
- Yet the amount of debt issued in foreign currencies, while it has fallen as a share of the total, has continued to rise in relation to emerging market GDP and now stands at about 30%

Earning more is not a simple choice – Pg. 11

- Is the gender pay gap caused by discrimination, or the different choices men and women make in the labour market?
- The researchers' conclusion? Even in the "gender-blind" gig economy, women earn less because of their "gender-based preferences" about where, how much and how fast to drive. In other words, women earn less because of the choices they make (Prof Note: Fascinating)
- Sometimes women's choices are freely made. But sometimes they are shaped by societal constraints that an employer might be able to address (Prof Note: This is absolutely fascinating. Hypothetical...man gets a pay raise as he is seen working longer hours at work. The woman does not get the pay raise but still works as many hours. However, the woman works from home as she feels less safe at the office after hours, i.e. in reality has worked the same number of hours as the man. Fascinating!!! Great article!!!)

Norway fund warns of potential losses – Pg. 14

- More than \$420bn might be wiped off the value of the largest sovereign wealth fund in the next big market downturn,
- The \$1tn fund said it might lose more than 40% of its value in a single year because of a combination of a plunge in stock markets and a potential strengthening of the Norwegian krone
- The oil fund, one of the few sovereign wealth funds in a democracy, lost 23% of its value in 2008 during the financial crisis, sparking big questions and changes in its strategy

Answer: \$90billion

6 March 2018

Question: What is Jeff Bezos net worth?

US offers UK airlines worse deal after Brexit as ownership clouds Open Skies – Pg. 1

- The talks were cut short after US negotiators offered only a standard bilateral deal. Such deals require airlines to be majority-owned and control-led by parties from their country of origin. Such limits would be problematic for British carriers as they have large foreign shareholders
- Negotiators are confident of an eventual deal to keep open the busy UK-US routes, which account for more than a third of transatlantic flight traffic
- The biggest sticking point is Washington's standard ownership clause. London's three main British-based transatlantic carriers – IAG, Virgin Atlantic and Norwegian UK – all fall short of the eligibility criteria

Lender Kabbage to restrict loans for gunmakers – Pg. 18

- One of the biggest online lenders to small businesses in the US has cut off funding to companies that manufacture assault-style weapons or sell guns and ammunition to people under the age of 21
- Kabbage, which has raised almost \$500m from backers including ING and SoftBank, said it would not fund any existing or new customers which it identified as selling firearms and ammunition to under-21s or selling or manufacturing assault-style weapons
- Since the February 14 shooting, retailers from Dick's Sporting Goods to Walmart have ended sales of guns to people under 21, and companies including MetLife and Avis have stopped offering discounts to the 5m-strong membership of the National Rifle Association (Prof Note: Our Draft age is 18. I am not forgetting the lives lost but how can we ask our 18 year olds to sign up for the draft to protect our freedoms when then do not share all of them?!)

Answer: \$112bn

List-serve comment (provided with permission): Just an optimistic note to the man/woman who says that the family expenses do not leave anything for investments.

While our children were in school, we were not able to save either. But, after they were out of the nest, we used 100% of what we were spending on them, and increases in our salaries and applied them to investments. Assuming they can hold onto their jobs, they may be able to invest in the future.

5 March 2018

Question: What are 7 things you need to understand about your 401(k)?

Trump steel tariffs prompt Fed anxiety – Pg. 4

- Mr Trump intensified his attacks on US trading partners on Friday and, over the weekend, claimed on Twitter that trade wars were "easy to win" and vowed to slap tariffs on cars made by European producers, many of which have huge manufacturing operations in the US
- Most economists say the adverse effects of the steel and aluminium tariffs on growth and inflation are in themselves likely to be modest, but if there is a broader breakdown of trade relations, that would be a more important threat to the recovery

- Mr Trump's moves have promoted concerns among Republicans that the economic boost from the \$1.5tn tax reduction package passed in December may be curtailed. The escalating hostilities have also revived fears about the future of talks over the NAFTA

US Healthcare- Pg. 7

- ...broader crisis in the American healthcare system, which is reliant on small groups of for-profit companies – and sometimes a single company – for some of the most essential supplies. In the absence of a medical regulator that controls prices and marketing practices, such companies enjoy power that is unparalleled elsewhere in the world
- Some critics blame that power for the paradox of healthcare in the US, which spends more per capita than any other developed nation, but still ranks bottom out of the 12 wealthiest industrialized nations when it comes to life expectancy,

Currency markets send a warning to the US economy – Pg. 9

- ...weak performance of the US dollar, which has fallen by close to 10% on a trade weighted basis and by more than 10% against the euro
- US 10-year interest rates are about 230bps above German rates and about 280bp above Japanese rates. This implies that markets expect depreciation of the dollar by more than 25% against its major competitors over the next decade
- If dollar depreciation of this magnitude was not expected, investors would prefer dollar assets to foreign assets, given the interest rate differentials
- Given the movement in interest rates in the past year along with the dollar's fall it is reasonable to estimate that expectations of exchange rates of the dollar against the euro 10 years from now have fallen by perhaps 15%. Information on real yields suggests that much of this move reflects expected declines in real exchange rates
- Exchange rates are relative prices and to understand dollar fluctuations one has to look at what has happened in the US as well as other countries
- The pattern of higher interest rates and a weakening currency suggests that on multiple dimensions US assets now have to be put on sale to convince foreigners to hold them or induce Americans not to diversify into overseas assets
- The fact that declines in the aggregate US stock markets were about 100 times as much as the gains for steel and aluminium companies illustrates that because the steel using sector dwarfs the steel producing sector, the net effect of the tariff policy is to reduce US competitiveness even before considering foreign retaliation
- Currency markets are sending a signal that the US is not on a healthy path

The backlash against shareholder value – Pg. 9

- The calls for companies to be judged on something more than share price have been growing for some time
- ...judging companies only by share performance does not work because it engenders short-termism – research and development as a percentage of revenue has declined since the 1980s, in part because the share price usually suffers when companies announce this kind of spending
- ...two-thirds of Americans believe that corporations have a responsibility to address key social and political issues

- (Prof Note: I still hold that companies must focus on maximization of value. Perhaps the issue is that we need a longer-term perspective)

Salaries, promotion and prospects: the best MBAs for women – Pg. 10

- ...women are a minority on prestigious business school courses
- The average cost of an MBA is \$100,000 plus an average opportunity cost, or the income lost from not working, of \$103,000, ...
- ...women's salaries on average were 91% of their male peers before joining MBA programmes...
- ...there is evidence to suggest that an MBA exaggerates the gender pay gap: three years after graduation women on average made 86% of their male peer's pay, ...
- (Prof Note: This information always fascinates me. In my 22 years of lecturing, I have NEVER found any intellectual difference between any demographic and/or groups. However, I have found woman, in general, to be more mature than men. Woman study and focus on methodology of solution. Woman's assignments are better presented. This Fall I lectured three undergraduate classes. I had six hours of office hours. It was rare a male attended office hours. However, the woman that attended produced graduate-level results!)

Answer: (1) 401(k) plans are tax havens, (2) Annual contributions are limited, (3) Employer matches are free money, (4) Your investment options are flexible, (5) 401(k) plans aren't free, (6) There are specific rules for withdrawals, (7) Your 401(k) can follow you from job to job

NEED TO ADD FROM COTTAGE

1 March 2018

List-Serve comment on dates over 40 years old (Provided with permission):

"I would say ppl after 40 should follow their own hearts, like for real. as life is short, if u haven't started yet, 40 is not too late to be a good start. And I personally don't believe these textbook 'what you should do at certain age/scenario' theories, with all lessons have learned from book, how many ppl can live a perfect life as in book? each scenario, each individual is different."

Have a nice one,

Question: According to MSN, what are the five things smart investors do before retiring?

US retailer halts assault weapon sales – Pg. 1

- Dick's Sport Goods, one of the largest retailers of guns in the US, announced yesterday it would stop selling assault weapons and end sales of guns to those under 21
- (Prof Note: Ok, I am wading in...I think it is important to note that DRAFT age in the U.S. is 18. Personally, and yes the horror of the school shooting is not lost on me, if the DRAFT age remains 18 it should be unconscionable, in my opinion, to age restrict anything above DRAFT age. Just my opinion)

US consumers struggle to repay credit card debt – Pg. 3

- Overdue US credit card debt has reached a seven-year high, underlining the difficulties faced by many consumers in spite of the strong performance of the economy
- More Americans are also falling behind on their mortgages, for which problematic debt levels rose 5.2% over the same period....
- ...parts of middle America are missing out and are relying on credit cards to get by
- Banks have pursued consumers with air miles, cash-back offers and sign-up bonuses. Late payers are hit with penalty interest rates that can exceed 30%
- While credit cards made up less than 9% of the US banking industry's total \$17.4tn balance sheet at the end of the year, they accounted for 59% of all loans written off as uncollectable during the fourth quarter
- The credit card charge-off rate rose from 3.46% in the previous quarter to 3.77% but remains far short of crisis-era levels
- Household wealth and unemployment metrics were solid but poorer families had failed to benefit from inflated asset prices, and income trends were weak
- Overall, debts on which borrowers were more than 90 days past the due repayment date, or had a "non accrual" status – meaning the lender had stopped charging interest – ticked up 1.3%

Low supply sees home sales retreat even as economy thrives – Pg. 3

- Pending home sales, or signed contracts for homes where transactions have not yet closed, fell 4.7% in January....
- GDP grew by an annualized 2.5% in the final three months of last year,...
- ...pending US home sales showed a decline across the country in the absence of a robust supply
- The lower end of the housing market continues to feel the burden from the tight supply and affordability issues,...

Big buyers of US corporate paper show signs of pulling back – Pg. 19

- Some of the biggest international buyers of US corporate debt are showing signs of stepping back from this \$8.8tn market, reflecting expectations of a bigger shift: the retreat of central banks from the era of easy money
- The shift into the US market accelerated when aggressive monetary policy pulled European and Japanese government bond yields well into negative territory
- Foreign-based selling of US debt also underlines the weak dollar trend that has continued into 2018 and occurred in spite of rising bond yields

Answer: (1) Make a budget (Prof Note: I am constantly forecasting and reforecasting projects and budgets. Prior to making a large purchase I am always thinking, "What is the revenue offset?"); (2) Figure out your true income (Prof Note: Be realistic as you suffer if incorrect. Also, consider variable sources. When I was in litigation I called on all my friends for help. Every single one offered their personal wallet (it was heart warming). It was not loans I wanted but rather work. Each one "worked" to find me work and I was able to largely finance the litigation out of cash flow. This was important as had I not been victorious I did not want a mountain of debt as the final blow.); (3) Eliminate debt on time (Prof Note: This is a MAJOR theme in my classes, i.e. time. Due to my age I may layer investments using

15-year money. The younger folk can use longer amortizations due to age! Be smart!); (4) Save more now (Prof Note: Be smart about this. I chide students (parents you should praise me ☺) daily about the cost of Starbucks and investment opportunity lost by drinking the expensive cup of Joe. For example, if you stay in on a Friday/Saturday when planning to go out cut a check to reduce your student loans for the amount you would have spent.); (5) Invest appropriately (Prof Note: Absolutely but, I believe, one of the worst things one can do is wait. Get out there and continually invest.)

28 February 2018

Question: Since the beginning of the financial crisis, how much have banks been fined?

Powell hints at faster pace of rate rises – Pg. 2

- Jap Powell gave a markedly bullish assessment of the US economic outlook
- ...economy had been stronger this year than he expected in December as he vowed to forge ahead with gradual increases in interest rates to avoid an “overheated economy”
- ...lifting the 10-year Treasury yield above the 2.9% mark...
- The economy grew at a 3% annual pace over the second half of last year, and it is about to receive additional stimulus from tax cuts and higher federal spending approved by Congress in recent months
- The Fed is widely expected to lift rates next month....

California gives green light to allow fully driverless cars – Pg. 15

- California has approved broad new rules allowing driverless cars that do not require a human operator to sit behind the wheel,
- The new rules – have been in development for more than three years and have been eagerly anticipated by Silicon Valley, where the law has often been seen as holding back technological innovation
- ...local residents could be taking rides in driverless vehicles within a few months
- For the first time in Silicon Valley neighbourhoods, vehicle designers will be able to deploy cars without a steering wheel, brake or accelerator pedal, as long as they can demonstrate compliance with safety standards
- Robot cars will require constant supervision and any vehicle without a human driver must have a “remote operator” that can take over using a wireless connection to talk to the car’s occupants
- Companies must also provide a “law enforcement interaction plan” explain how they will respond if their car is pulled over by the police, even if empty

Answer: \$243 billion (BoA: \$76.1; JPMorgan Chase: \$43.7; Citigroup: \$19; Deutsche Bank: \$14; Wells Fargo: \$11.8)

27 February 2018

Question: According to MSN, what are the 40 best date ideas for people over 40?

Buying back the family silver – Pg. 7

- Refinancing all their equity and debt capital with public borrowings would reduce those costs by 2.3bn (sterling) a year, the research estimates, by eliminating dividends and cutting debt service costs
- Labour officials point to the 2009 nationalization of Northern Rock, the British Retail Bank that collapsed during the financial crisis. Then the courts agreed that shareholders were not entitled to compensation...
- "EU law entitles investors to fair compensation at the time of dispossession. That should mean market value, or some fair value based on assets and revenues if that market value is unduly depressed"

GE cuts board in turnaround push – Pg. 11

- General Electric is making sweeping changes to its board, with eight of its 17 directors set to leave, as the group attempts to turn around its performance
- ...cut the board size to 12...
- GE, one of the largest US industrial groups, has been hit hard by problems in its power and oil and gas divisions, while cash flow was squeezed by the sale of the bulk of its lucrative financial services division in 2015-16
- ...new accounting standard which has hit GE's revenues
- The company revealed in its annual 10-k filing to the SEC at the end of last week that it was planning to restate its earnings for the past two years to comply with the rule
- GE shares fell as much as 3% yesterday morning....

Answer: (1) Visit a dark sky park (Prof Note: I have recently started re-learning the constellations...pretty neat!); (2) Shoot some pool (Prof Note: Oh, that's it, look like the old pervy guy in the bar!); (3) Take in some live music (Prof Note: My hearing is going already....add background and I am deaf!); (4) Go to the beach in the wintertime (Prof Note: absolutely...way to economize); (5) Go on a photo booth scavenger hunt (Prof Note: ???); (6) Get Lost (Prof Note: With iPhones and Car Nav...good luck!); (7) Hit up a roadside attraction (Prof Note: I love Diners!); (8) Go berry picking at a local farm (Prof Note: Hmmm); (9) Head up into the sky (Prof Note: This is referencing ballooning..something I have never done but how do you get back?); (10) Go on a long hike together (Prof Note: A long hike can be a death march. What if you do not bring enough water, food, etc. Then, when you get to the end, you are only 50% done.); (11) Try indoor skydiving (Prof Note: EXPENSIVE and the last thing you need is an injury); (12) Take a brewery tour (Prof Note: Watch the drinking and driving!); (13) Learn each other's origin stories; (14) Screen a movie in your yard (Prof Note: My IT Manager is already sourcing a projector for me on Nevis!); (15) Take part in a colour run (Prof Note: Again...injury?!); (16) Go to a popular brunch spot and eat pancakes for dinner; (17) Head to the rink (Prof Note: Ok...roller skating...pretty cool. For you Millenials, that is when you have four wheels attached to the soles of specially designed shoes.); (18) Get up to greet the rising sun (Prof Note: Take in as many sunsets/sunrises as possible...we only have so many in a lifetime); (19) Go horseback riding at a local far (Prof Note: Do NOT go and learn, if you cannot do this, DO NOT do this!); (20) Develop your own sense of fun; (21) Take in a free outdoor concert (Prof Note: Again with the hearing issue(s)); (22) Take a yoga class together (Prof Note: Oh, way to look "NOT" cool!); (23) Recreate your first date; (24) Get creative at the farmer's market; (25) Head to a weird museum; (26) Check out a gallery opening; (27) Start a fire (Prof Note: We ALL love fires! ☺); (28) Be a tourist in your own town

(Prof Note: I admit that I have always wanted to do the tour of DC on one of those buses); (29) Host a DIY Pizza night (Prof Note: Can you say, "Messy"?); (30) Attend a talk; (31) Sing Karaoke together (Prof Note: No comment!); (32) Do something a little bad; (33) Learn to dance; (34) Spend a day at a spa (Prof Note: Talk about \$\$\$); (35) Take a helicopter tour (Prof Note: Prepare to drop \$500 minimum for an hour); (36) Hire a yacht (Prof Note: This is ridiculous! There goes retirement!); (37) Rent your dream car (Prof Note: If it brings happiness...sure); (38) Meet at a restaurant; (39) Make planning a date a date; (40) Experience zero G (Prof Note: Expensive)....Prof Suggestions: Weekend getaway hiring a cook for the home you rent; head to the airport and hop the "next" flight and figure it out when you get there...regardless....have fun!

26 February 2018

Question: According to MSN, what are 20 secrets your divorce lawyer won't tell you?

US lawmakers push to toughen rules on disclosure for foreign companies – Pg. 1

- US lawmakers are pushing legislation that would force foreign business leaders to divulge sensitive information about their contracts with US government officials in a crackdown on lobbying spurred by concern over Russian political meddling
-bill causing angst among non-US multinationals. It could classify their employees as "foreign agents" subject to stringent US disclosure requirements that could put them at a disadvantage to US rivals
- The bill would strengthen a 1930s law aimed at Nazi propagandists
- Lawyers say the new legislation, which would modify the 1938 Foreign Agents Registration Act, would heap new disclosure requirements on: the staff of any non-US company meeting federal officials; American lobbyists providing services to foreign companies; and US businesses lobbying for their own foreign affiliates

'Neutral rate' in focus at Federal Reserve – Pg. 2

- The neutral interest rate is an elusive concept which is estimated from economic models, but it has enormous sway in central banking. In recent years the Fed has pulled down its estimates of the longer-run neutral rate as it became more pessimistic about the economy
- The Fed's median estimate of the longer-run level of the federal funds rate, its key tool for steering the economy, stood at just 2.75% as of the Fed's most recent forecasts in December. Back 2012 the estimate stood at 4.25%

Decline in pregnancies signals economic contractions – Pg. 2

- Looking for evidence that a recession is coming? Count how many women are pregnant
- Research shows that, ahead of the past three recessions, the number of conceptions began to fall at least six months before the economy started to contract
-fertility declines are a leading indicator for recessions
- The number of conceptions in the US rose slightly between the first half of 2006 and the first half of 2007. But the year-on-year growth rate turned negative in the third quarter of that year, when US stock indices were still hitting all-time highs and six months before a similar decline in economic output

- The team found that falls in conceptions predicted recessions as well as far in advance – if not more so- than many commonly used indicators such as consumer confidence, measures of uncertainty, and purchases of big-ticket items such as washing machines and cars
- (Prof Note: It is these types of relationships, i.e. leading indicators, that yields wealth. It was the discovery of Residential data as a leading indicator of commercial that brought me my initial successes. Find what you know better than anyone else; quantify that it is a leading indicator; then trade on your proven relationship! Belief in yourself!)

Worker shortages force Japan to review visa rules – Pg. 4

- Japan plans a review of visa rules by the summer as it seeks more skilled foreign workers to overcome increasingly severe labour shortages
- The main target is technology professionals but it will also look at sectors with severe labour shortages such as care, construction, transport and agriculture
- The number for foreign workers in Japan has surged during the past five years as a strong economic recovery boosts demand for labour and an ageing native workforce reduces supply. Japan's unemployment rate is down 2.8%% and the ratio of open jobs to applicant is 1.59, the highest since the early 1970s
- Japan has struggled to attract highly skilled foreign workers given steep barriers of language and culture as well as a difficult path to permanent residency or citizenship

Answer: (1) It's going to cost more than you bargained for (Prof Note: I have never been married so my comments are NOT related to any divorce. That said, I have spent much time in litigation. I once had attorneys estimate a cost for going to trial. I went to trial. The bill was 100.0% higher. Yes I won and yes the bill was adjusted in my favour! Also, watch attorney bills like a hawk!); (2) That legal costs may compel you to live very frugally (Prof Note: Litigation is EXPENSIVE! If you are sued, or plan to sue, consider it a \$10,000 invoice immediately!); (3) that you may have to accept responsibility for the divorce; (4) That you'll save money and heartache being organized (Prof Note: Send those files/documents to you attorney. Do NOT create a roadmap to your demise, send to your attorney so it is privileged!); (5) That you should be wary of hearing too much "yes" too soon; (6) That solo practitioners may not be able to give you the level of attention you expect from them (Prof Note: SURGE!!! Solo practitioners, no matter how good, are "solo". Yes, perhaps they are used as the front-firm to lower costs as they also may be local and have the best relationships, however, they should never be used singularly. Large law firms provide infinite legal resources which are, on occasion, necessary. I attribute my successes in litigation to the use of large, global firms with these resources. In one instance my legal team overwhelmed a single-practitioner! At one point in a mediation I had more attorneys than the three people I was suing! It did not go unnoticed by the mediator! OVERWHELMING force!!!); (7) That attorneys' fees are usually negotiable (Prof Note: Heck yeah! Corporations pay a fraction of the posted rack rate! Also, bills are 100.0% negotiable. Law firms can bluster all they want but I still remember an attorney telling me, "The quickest way for a law firm to go bankrupt is to sue clients!" This is another reason to have two firms on retainer, you can have them negotiate against each other!); (8) That you can perform much of your divorce pro se (Prof Note: Be careful, get advice when necessary. Pay for advice, expert advice, early on. When my friends, men and woman, come to me with a failing marriage my first response is to tell them to hire an attorney prior to any/all confrontations. Find a great lawyer and take their advice!); (9) That it may be beneficial to come to an agreement with your spouse (Prof Note: Typically it is cheaper to solve issues outside of a courtroom); (10) That mediation can be a

game-changer (Prof Note: The last three mediators I used were, in a single-word, “pathetic”. The final one was more worried about how his \$450/hour fee was being paid than the results. I had refused to pay for the mediator as I was opting for litigation!); (11) That they are hoping you won’t be pouring over the details of their invoices (Prof Note: Read every invoice carefully and completely.); (12) That the divorce process should never be used for vengeance (Prof Note: Personally I view it, though I have never been married, as the nuclear option. Where did the love go? Why is it needed?! Avoid if possible, however, everyone deserves to be happy and everyone should be happy.); (13) That he or she is more available than you’re led to believe (Prof Note: When you are paying \$1,050/hour they better darn well pick up their cell phone and/or have a service. This is what you are paying for!!!); (14) That “rock bottom” retainers can lead to more expenses; (15) That aggressive attorneys can cost you more (Prof Note: One thing I have learned, you need an attorney that compliments your personality.); (16) That you should meet with other attorneys (Prof Note: Costs as much to have an in-office meeting as conference call); (17) That you can change your lawyer at any time (Prof Note: Be careful about this, however. This could send a ‘signal’. Also, the one time I fired counsel prior to a court appearance I had had two other firms running in parallel behind the scenes with the direction that they could take over. When I fired counsel the transition was literally seamless, immediate, and was a devastating blow to the other side.); (18) That flat-rate divorce fees can cost you dearly; (19) That you should stay single (Prof Note: This relates to dating prior to divorce finalization); (20) That they may ask you to change your appearance for court (Prof Note: Always, ALWAYS hire a jury consultant. Also, an image consult, if necessary. Notice I do not wear watches and/or cuff links anymore?! One of my jury consultants took my watch prior to trial saying, “if the jury sees you look at your watch as if you have someplace better to be, it will NOT be good.” Also, I was advised against French cuff shirts as it created an air of elitism (so said the consultant))

24 February 2018

Question: According to MSN, what are 40 life changes you should make after 40?

Federal Reserve plays down fears of labour shortages – Pg. 2

- Hiring has “continued apace” despite reports employers are finding it harder to bring on qualified workers, ...
- Speculation that the US labour market is getting tight enough to trigger higher inflationary pressure has driven speculation in financial markets that the Fed is preparing to accelerate its programme of rate increases. However, if the Fed sees scope for further strengthening in the jobs market, it will remain reluctant to stand in the way by tightening policy too aggressively
- ...the Fed found that the labour market was near or a little beyond full employment, but it noted that even industries where hiring had slowed because workers were harder to find, such as transportation and hospitality, wage growth had remained steady or slowed
- ...the Fed said that the fact that a number of advanced economies were experiencing low inflation could suggest “more persistent factors” might be restraining price growth
- One possibility is a natural rate of unemployment – at which the jobs market neither pushes up inflation nor holds it back – it could be lower in some countries than many economists think

- ...slowing price growth in the medical sector is having a material effect on US inflation, even if it is not possible to predict how long this will persist
- Technological changes – including the increased prevalence of internet shopping, which allows easy price comparison – could be holding back pricing power in many industries, ...

#NeverAgain students take control of US gun laws debate – Pg. 3

- The president said he would work to improve background checks for gun purchases and consider raising the age to buy some weapons (Prof Note: This makes me SO angry! If our draft age is 18 then individuals of draft age should have ALL the rights of a citizen...PERIOD!!!)
- Mr Kasky kept pressing and Mr Rubio admitted he would continue to take money from the gun rights group (Prof Note: I read articles where the students were derided for heckling. Well, Mr Rubio should be derided for not answer a direct question until pressed and making all attempts to spindoctor his answer!)
- (Prof Note: This gun debate has an interesting twist for me. There was an armed security guard and deputy that was on scene and, “took up a defensive position”, for four of the six minute shooting. This is a complex issue and I am going to make a simple statement but...it seems to me the issue is human beings not guns. Having an armed deputy did zero. The last thing I want is a gun in my classroom but I will absolutely admit I notice if the door opens inward or outward!)

Britain’s charitable giving model undermines democracy – Pg. 9

- Most countries offer tax credits of some sort for charitable giving. But the UK is remarkably lenient. We put very few limits on Gift Aid (even the US limits it to 50% of earned income), we refuse very few applications for charitable status, and we do little to regulate existing charities
- About one-third of US charitable donations go to religious organizations. In the UK is it about 20%. Is the taxpayer happy to support religion on this scale?
- The existence of Gift Aid means the wealthy have more say over how our scarce resources are allocated than the less well-off – the more you give, the more tax you are able to hypothecate (Prof Note: Since starting my foundation and scholarships I noticed I have a voice. The first 25 years of my career no organization cared how hard I worked or what I did to advance knowledge or my effectiveness on the students. What people care about most is how much \$\$\$ I give. \$\$\$ is the voice I never had.)

Concerns over rate rises drive US equity fund outflows despite share price rebound – Pg. 13

- The benchmark 10-year Treasury yield touched a new high for the year on Wednesday, hitting 2.95% - its highest level in four years

Answer: (1) Get up earlier (Prof Note: I am 47 and HOLY COW...if I have work to do I would sooner stop at 9:00pm and get up at 4:00am then work through the night.), (2) Develop a hobby (Prof Note: E’nuff of this quality of life stuff...develop a side hustle, pay down your debts and think retirement), (3) Ditch your debt (Prof Note: See #2), (4) Be more assertive at work (Prof Note: I just entered the “death zone”, i.e. no one wants to hire a 47+ year old unemployed male...be careful), (5) Find a fitness routine you love (Prof Note: Agreed), (6) Add weight training to your exercise plan (7) Use sunscreen every single day, (8)

Embrace your optimistic side (Prof Note: While I attribute this to my greater happiness, I love the “Good day” to everyone!), (9) Stick to a single drink when you go out (Prof Note: Who can afford more?!), (10) Get those aches and pains looked at (Prof Note: Medical and financial health are critical), (11) Take the right supplement, (12) Give back (Prof Note: Arrrgggggggg...not at the expense of one’s family! It is 100.0% fine to give back through one’s estate planning and NOT in one’s lifetime. While my foundation and fund give back, this did not start until I was financially stable. Also, a check IS giving back!), (13) Stop comparing yourself to others (Prof Note: Embrace yourself, if you do not, who will?!), (14) Have your clothes tailored (Prof Note: When I was at the fund all my clothes were tailored...ahhhhhh...however, read #2, financial health first!), (15) Develop a skincare routine that works for you, (16) Read regularly (Prof Note: Also, write...part of giving back the knowledge you have accumulated. The wisdom of comments provided by this list-serve back to me is unmatched.), (17) Stop pretending to like things you don’t (Prof Note: ABSOLUTELY!!!), (18) And don’t be shy about the things you are into (Prof Note: I love Taylor Swift, ok, the older Taylor prior to “Reputation”), (19) Learn to de-stress naturally (Prof Note: Find your “happy places”. Location matters!), (20) Get confident about your looks, (21) Take your oral health seriously, (22) Keep a journal (Prof Note: OMG...a journal is discoverable! Be careful!!!), (23) Remove toxic people from your life (Prof Note: I have done this with certain family members. I finally just realized that I did not like the person I was around them so, without blame on them, they have been removed (love the “block feature on the iPhone”) from my life), (24) Get regular cancer screenings, (25) Drink water all day long, (26) Travel whenever and wherever (Prof Note: While I agree with this and have done this, focus on #2), (27) Stay out of office drama, (28) Move on from your own mistakes (Prof Note: Also, be willing to change your opinion with new data. Also, withhold an opinion until you have real facts. At the very least, qualify an opinion with, “Given the following, this is why I believe this...”), (29) Let go of grudges (Prof Note: Are you joking! Embrace the grudge!!! That is what financial certainty allows! Financial certainty allows/provides one to embrace emotions! Of course this is focused on less-than-ethical people...I think there is too much forgiveness), (30) Increase your protein intake, (31) Lost 5% of your body weight, (32) Spend more time with your friends (Prof Note: YES!!! Wealth and success are really about quality people in one’s own life. Early in my career, as an engineer, I considered people a commodity. I was wrong and age has provided me perspective. Next month I am spending time with Mike A, long-term friend, peer and mentor. I still remember leaving him a voicemail in Doha, “Do NOT leave the airport. I am in a white van, the seats are covered in plastic, I am going to die!!!” All was fine but it was touch and go there for awhile.), (33) Flirt with your partner, (34) Make decisions about what happens to your money, (35) Switch up your makeup routine, (36) Give yourself some alone time, (37) Stop sitting all day, (38) Use all of your vacation days (Prof Note: I truly believe that travel has made me a better person!), (39) Get a regular physical, (40) Commit to getting enough sleep

23 February 2018

Question: According to an article on MSN, “I’m a millennial millionaire. Here’s how I got so rich.” How did the individual get rich?

Rising tide of sovereign debt to hit rich nation budgets, warns OECD – Pg. 1

- Low interest rates have helped sustain high levels of government debt and budget deficits since the financial crisis, ...but the “relatively favourable” sovereign funding environment “may not be a permanent feature of financial markets”

- The total stock of OECD countries' sovereign debt has increased from \$25tn in 2008 to more than \$45tn this year. Debt to GDP ratios across the OECD averaged 73% last year, and its members are set to borrow 10.5tn from the markets this year
- Many countries' credit ratings have fallen as their debt levels have risen, diminishing the attractiveness of some sovereign debt for investors looking for high-quality credit
- The US is issuing significantly more debt to finance recent tax reforms, with the additional supply of Treasuries prompting some investors to forecast further rises in bond yields
- A sustained rise in yields would mean that governments would face higher costs to refinance existing debt and issue new bonds

US growth gathering momentum, says Fed policymaker – Pg. 4

- ...unemployment was at its lowest levels since the 1960s apart from a brief period during 1999-2000
- One reason for further rate increases is the added fiscal stimulus being injected into an economy that is already at full employment
- Extra public spending is set to add to stimulus, potentially driving annual budget deficits beyond \$1tn by next year

The expensive truth about high-quality healthcare – Pg. 11

- ...UK overall spending was 9.7% of GDP in 2016
- The starting point for any sane discussion of health spending is that it will tend to rise relative to GDP

Answer: (1) Find the ideal 'side hustle' (Prof Note: Hmmm..where have you heard that before?!); (2) Want it more than anything else; (3) Value your time. It is money...; (4) ...and make money by adding value; (5) 'Work to invest, not to spend' (Prof Note: Absolutely. I purchase large capital items which can attract future incomes, even if luxury items and it is fictional)

22 February 2018

Question: One of the more "seasoned" readers added a home renovation for the new retired. They considered it the most important. What was/is it?

US proposes 'Chapter 14' bankruptcy plan to reform 'too big to fail' regime – Pg. 1

- The Trump administration is proposing to recast a central pillar of post-crisis US financial regulation with a new "Chapter 14" bankruptcy process designated to eliminate the risk that taxpayers will have to pick up the cost of bank failure
- ...the Treasury recommended a new bankruptcy process for financial companies, dubbed Chapter 14, which should become "the resolution method of first resort"
- Orderly liquidation authority gives regulators the power to seize and liquidate troubled institutions whose disorderly failure could threaten the stability of the financial system

US banks applaud Trump's shift in tone on regulation – Pg. 4

- No major new regulations have been imposed on banks since Mr Trump took office, which is a form of relief following an avalanche of Obama-era directives

- ...the administration's Treasury department has outlined its vision for financial regulation in a series of reports focused on cutting burdens on industry. They are blueprints for Trump-appointed officials at agencies such as the Federal Reserve, who have considerable leeway to write and rewrite detailed regulations mandated by law
-day-to-day supervision has become less abrasive, as the new breed of regulatory chiefs enforces existing rules differently
- On the Volcker rule, for example, a Dodd-Frank provision that banned banks from making market bets using their own money, ...
- One is interpreting the Community Reinvestment Act, a law to ensure insured banks meet the credit needs of the communities in which they are chartered
- The OCC has also taken aim at its own guidance on "deposit advance" products, a form of short-term, small-dollar consumer lending

Answer: First-floor master suite

21 February 2018

Question: According to MSN, what are five home improvement renovations to make prior to retirement?

US special counsel charges lawyer with lying to FBI – Pg. 4

- Mr Mueller indicted Alex van der Zwaan for concealing the existence of a conversation with Rick Gates, the former deputy manager of Donald Trump's presidential campaign. Mr Gates was previously charged with money laundering and tax fraud along with Paul Manafort, who was campaign chairman
- Mr van der Zwaan was expected to plead guilty yesterday. He was also charged with deleting emails sent to an unnamed "Person A" that he did not hand over to investigators. Skadden Arps said it fired the lawyer last year and was "co-operating with authorities in connection with this matter"
- US media have reported that Mr Gates was also preparing to plead guilty, in a move that would potentially help Mr Mueller pressure Mr Manafort, who has pleaded not guilty
- (Prof Note: What is wrong with these people and lying?! Are there more lies today or is technology allowing more people to get caught? I am sickened by those in "power" with no integrity!)

US economy – Pg. 7

- ...if companies start increasing investment, it could give a recovery now in its ninth year further staying power, preventing the recent cyclical upswing from fading out
- Even before Congress passed the recent tax cuts, the US saw two successive quarters of double-digit annualized growth in corporate spending on equipment
- ...US productivity this year on course to grow 1.3% - below rates seen before the crisis but the fastest pace since early this decade
- GDP in the first quarter is on track to rise by an annualized 3.2%, ...while wage growth accelerated to 2.9% in January from 12 months earlier
- ...Congress is pouring fuel into the US economy by cutting taxes and lifting spending

- The Federal Reserve in December put the longer-term trend at just 1.8% even after the tax cuts – similar to the CBO’s estimate
- One part of the problem is demographics: absent big changes in immigration patterns, the ageing population will mean slow workforce growth

Millennial insecurity is reshaping the UK economy – Pg. 9

- This week has brought a barrage of bad news for millennials in the UK. Their home ownership rates have collapsed. Their wages have dropped. Their degrees are wildly expensive
- The big picture: shifts in pensions, housing and employment have transferred more risk and instability on to the shoulders of young people
- Not owning a home in your thirties or forties feels more nerve-racking when you have no idea how much income you will have in retirement to pay for rent or a mortgage
- ...young people have become more risk averse in the jobs market than previous generations. They switch from one employer to another less frequently and are less willing to uproot themselves geographically for a new job
- ...remarkable given that more of this generation are graduates and renters – characteristically that typically encourage ease of movement
- ...if your work schedule or your housing situation is unpredictable, it helps to stay near your family support networks
- Less fluidity in the job market means fewer people moving to where they can be most productive
- The irony is that millennials have many new opportunities; they are the best-educated generation ever; they can start companies from their bedrooms. But people are more likely to take risks when they have something to fall back on. It should be no surprise that the UK’s self-employed are more likely to be homeowners than renters, and much more likely to own homes worth more than 500,000 (sterling)
- Less than half of millennials who do not own homes have parents who are homeowners. And more than 80% of millennials who already own their home have homeowner parents
-

Answer: (1) Garage Door Replacement; (2) Minor kitchen remodel; (3) Bathroom remodel; (4) Master Suite Addition; (5) Roof replacement

20 February 2018

Question: For 90% of Americans 65 and older that receive Social Security benefits, what percentage does social security represent of their income?

Scandals shake ‘banking capital of the east’ – Pg. 2

- Not only was Ilmars Rimsevics, the long-serving central bank governor, facing allegations of soliciting a bribe, but ABLV Bank, the country’s third-biggest lender, was facing mounting problems after the US accused it last week of sanctions-busting and money-laundering
- Since the Soviet Union collapsed in 1991, the 2m-strong republic, which joined the EU in 2004, has built itself into a banking centre for citizens from other former Soviet states

- Non-resident deposits grew rapidly, eventually almost matching domestic deposits
- Determined to keep its currency pegged to the euro and its dreams of joining the single currency zone, Latvia was forced to undergo a brutal “internal” devaluation, lowering prices and wages. In 2009 its economy shrank 18%, one of the largest contractions ever seen in peacetime
- Since the economy recovered Swedish banks have dominated the domestic banking market, but some Latvian and other foreign-owned banks have specialized in the non-resident market
- Latvian banks were a conduit for part of the proceeds of a \$230m fraud by Russian officials and an organized crime group against the Russian Treasury, uncovered by Sergei Magnitsky, a tax lawyer who later died in a Russian jail

Answer: 90%

19 February 2018

Question: How many Baby Boomers turn 65 per day currently?

Questions raised after head of Latvia central bank detained – Pg. 2

- Latvia’s central bank governor has been detained by the country’s anti-corruption agency, prompting further questions about the financial system of the Eurozone market
-member of the ECB’s governing council and governor of the Bank of Latvia for the past 16 years, was questioned for eight hours on Saturday
- The detention follows a report last week by the US Treasury into what it called “institutionalized money-laundering” at Latvia’s third-largest bank, including transactions related to North Korea
- There has long been concerns about Latvia’s financial system. Worries about the level and source of deposits from non-residents, mostly from Russia and other former Soviet states, caused some countries such as France to press for a delay in Latvia joining the euro. It joined on schedule in 2014

Cost of electric cars ‘to match petrol by 2025’ – Pg. 14

- Electric cars will remain more expensive than petrol or diesel until the middle of the next decade,
- ...electric cars account for less than 1% of global sales, with the cost of the vehicle a principal reason.
- Battery vehicles are cheaper to run and maintain than traditional cars, with electricity cheaper than petrol and a fraction of the number of moving parts. UBS has calculated there are 35 moving parts inside a Chevrolet Bolt, an all-electric car from GM, compared with 167 in a Volkswagen Golf

Answer: 10,000

17 February 2018

Question: What are the seven “most” important birthdays to consider when nearing retirement age, according to MSN?

BoJ chief stays in post as Abe signals resolve to defeat deflation – Pg. 5

- Japan is set to sustain its monetary stimulus for another five years after Haruhiko Kuroda was renominated as governor of the Bank of Japan, with a noted dove for one of his deputies
- The reappointment would make Mr Kuroda the first person to serve a second term at the BoJ since 1961. By giving the architect of Japan’s monetary stimulus another five years, Mr Abe has signaled a renewed commitment to an escape from deflation
- ...recommits the central bank to stimulus at a time when the US Federal Reserve is raising interest rates
- Mr Kuroda launched the world’s most aggressive programme of monetary easing in April 2013 with a promise to buy (\$472bn) of government bonds every year as well as equities and real estate investment trusts

Answer: (1) Age 59 ½: You’re exempt from the 10% federal penalty tax for IRA and 401(k) withdrawals; (2) Age 62: You’re eligible for Social Security – at reduced benefits; (3) Age 64 ¾: Consider enrolling in Medicare; (4) Age 65: Consider signing up for Medigap; (5) Age 66-67: You’re eligible for full Social Security; (6) Age 70: File for Social Security if you haven’t already; (7) Age 70 ½: Begin taking required minimum distributions (RMDs)

16 February 2018

Question: What are 16 things, according to MSN, that all smart homeowners do once a year?

How to read the regime change at the Fed – Pg. 9

- Last week, equity markets were rocked by news that US hourly earnings rose 2.9% in January, the highest level since 2009. This week, inflation data delivered another surprise: the headline US consumer price index was 2.1% in January, above predictions
- Should investors worry? Not in relation to the “real” economy; these numbers are low by the standards of economic history (Prof Note: This week I went “All in”, i.e. all cash is expended and in passive ETFs)
- ...none of the recent chairs – Janet Yellen, Ben Bernanke or Alan Greenspan – ever admitted there was a Fed put, since the central bank is supposed to target CPI and employment, not asset prices. But in practical terms the Fed has often stepped in or, more accurately, sat on its hands and not raised rates when markets were weak. The China shock three years ago was a case in point
- ...Mr Powell does not seem a natural dove: he has previously said that he is concerned that loose monetary policy has created bubbles in fixed income, and last year stressed that it is “not the Fed’s job to stop people from losing money”
- It is also important to note that the staff of the mighty Fed – who appear to be rising in power now, since Mr Powell is not an economist – are determined to keep the institution immune from political pressure. Every time President Donald Trump tweets about the stock market, this determination rises

- The key point is that 10 years after the Great Financial Shock, a regime change is now under way, in terms of the intellectual framework of the Fed. It would be a mistake to presume that Mr Powell will ride to the rescue if share prices do slide. Even (or especially) in an era when Mr Trump has made stock prices a bellwether of his success

Answer: (1) Drain your hot water heater, (2) Check your ductwork connections, (3) Clean out the dryer vent duct, (4) Update your home inventory (Prof Note: Personally I think this should be a daily and ongoing process), (5) Review your homeowner's insurance policy, (6) Inspect your roof, (7) Clean your gutters, (8) Check your foundation, (9) Look for water damage, (10) Clean out your garage, (11) Check your pipes and sewage outflow, (12) Monitor trees and landscaping, (13) Check windows for gaps, (14) Check decking, porches, and steps, (15) Empty your pantry, (16) Purge personal products and medications

15 February 2018

Question: What are the biggest financial deal breaker for couples in DC, Maryland, Pennsylvania and Virginia?

Stirring inflation fuels fears that US economy is poised to overheat – Pg. 1

- Investor fears that the American economy may overheat intensified yesterday after the US government reported that prices rose faster in January than economists had expected, the latest sign long-dormant inflation is on the rise
- ...10-year Treasuries, sending yields above 2.9% to a four-year high
- ...annual rate of headline inflation hit 2.1% in January, stronger than the consensus forecast of 1.9% and in line with the rise seen in December
- The core gauge of consumer prices, which excludes energy and food, stayed steady at 1.8%, defying forecast to slip to 1.7%

Congress looks into Oval Office aide's resignation – Pg. 3

- ...why Mr Porter was allowed to keep his security clearance to serve as staff secretary...
- The crisis escalated after John Kelly, the White House chief of staff, said that he fired Mr Porter 40 minutes after learning about the abuse allegations
- ...FBI director, on Tuesday said the agency told the white House three times about the status of the probe
- Porter...earns (earned) the highest salary level in the White House -- \$179,700...Porter id dating White House communications director Hope Hicks
- Porter's first ex-wife...provided an image to the Daily Mail showing her with a black eye...
- ...emergency protective order [second wife] filed on June 23, 2010, in Arlington General District Court after Porter allegedly violated their separation agreement, refused to leave the Northern Virginia apartment and punched out the glass on the door... (Prof Note: This guy is a NUT JOB!)
- Mr Porter has denied the allegations (Prof Note: This guy sickens me!!! What I fear is the message sent is the White House condones domestic violence and it is only disagreeable when made public!)

Investing – Pg. 7

- The number of public boardroom battles between activists and companies in the US, known as proxy fights, fell to a five-year low in 2017,....

Universities are the new global brands – Pg. 9

- College attendance of at least two years has grown from 10% of the world's school-leavers in 1971 to 33% in 2013,
- This makes admission to world-ranked universities especially desirable...

Answer: DC: Overspending, Maryland: Overspending, Pennsylvania: Secretive about finances, Virginia: Overspending (Virginia is one of the states with the highest percentage of residents with empty savings accounts)

14 February 2018

Question: According to MSN, what are ten steps Employees can take to adapt to the new tax law?

Norway fund steps up excessive pay fight – Pg. 14

- Norway's \$1tn oil fund voted against pay proposals at Alphabet, JPMorgan and Volkswagen last year as it stepped up its fight against excessive and complex executive remuneration
- The fund, which on average owns 1.4% of every listed company, first wet out its thoughts on pay last year, railing especially against long-term incentive plans for chief executives and asking companies to name a ceiling for possible pay
- It voted against the management pay plans at companies such as drugmaker AstraZeneca, JPMorgan and VW (Prof Note: While not my idea, I HIGHLY support pay ratio, e.g. CEO earns 20X mailroom clerk, etc. I thought, "A rising tide raises all boats!" Apparently not in corporate's pay structures!)

Answer: (1) Hire an accountant (Prof Note: Hire a good accountant; I personally favour CPAs that have MS Finance degrees), (2) Run a projection (Prof Note: You should be doing this already...hello!), (3) Update your withholdings, (4) Rethink buying or selling your home, (5) Don't count on deducting your moving expenses, (6) Assess your retirement situation (Prof Note: Hello, McFly, you should be doing this monthly!), (7) Reconsider taking out a home equity loan (Prof Note: HELOCs should be meant for true emergencies and capital improvements that add greater value than expense. I absolutely draw on my HELOC and used it to fund two real estate purchases in December. However, I do NOT use it to fund operations, i.e. dinners, cars, etc), (8) Don't rely on a salt deduction, (9) Double-check on your commuter benefits, (10) Assess your financial situation holistically (Prof Note: I had dinner with someone I high respect last night and we were discussing familial finances. It really had me reflect that "risk" is more than a number and is truly an individual value. You do need to know the number but the meaning of the number is absolutely personal....fascinating!!!)

13 February 2018

Question: According to MSN, how do you survive if living paycheck-to-paycheck?

European shares stage rebound as markets shrug off week of turmoil – Pg. 1

- European equities staged a vigorous recovery yesterday after their worst week in two years, with investors offering a bullish assessment of the continent's economic and corporate earnings prospects
- ...fourth-quarter earnings reports have been "coming out strong", with year-on-year earnings per share growth of about 15% across major regions

Emerging problem...Debt danger on the rise – Pg. 11

- ...there is much less EM debt today than there was in the crisis years of 1980s and 1990s. But, since the global financial crisis of 2008-09, EM debt has been on the rise. In dollar terms, debt in 21 EM countries...quintupled from \$12tn in March 2005 to \$60tn in September last year. IN relation to GDP, debt rose from 146% to 217%
- Significantly, the amount of debt owed in foreign currencies has also risen, both in absolute terms and as a share of GDP

US inflation figures to set tone after week of turmoil – Pg. 19

- ...the initial trigger came when the US jobs report for January showed that American workers had the most robust wage growth since 2009. US inflation figures due tomorrow could therefore prove decisive in setting the tone for the rest of February
- ...January's figures will show headline US inflation easing to 1.9% from 2.1% in December, while the "core" rate – stripped of volatile components such as energy and food prices – will dip from 1.8% to 1.7%
- While faster inflation would typically be good for stocks, lifting companies' pricing power and suggesting economic growth is accelerating, the risk is that a violent reaction in the bond market rocks the equity market. That, in turn, could sharpen the appeal of bonds over equities

Answer: (1) Sell things you don't need, (2) Get a side hustle (Prof Note: I am ALL ABOUT the side hustle. While Van McCoy may have been a 70s artist, his wisdom lives on in the 21st century! "ahhhhhh...ahhhhhhhh.ahhhhhh...Do the Hustle!!!" WE LOVE DISCO!!!), (3) Learn to cook and meal plan (Prof Note: Stop spending on expensive drinks when dining out!), (4) Eliminate nonessential expenses, (5) Get help paying the rent, (6) Downsize

12 February 2018

Question: According to MSN, why shouldn't you assume you are to receive a tax refund?

New era of volatility dawning on markets, says biggest hedge fund – Pg. 1

- Markets were thrown into a tailspin last week when rising bond yields triggered a sell-off in stocks that was exacerbated by the collapse of several complex volatility-linked funds and algorithmic trading strategies also tied to the level of stock market choppiness
- The sell-off pushed all major international equity indices into negative territory for 2018...
- The improving health of the global economy has sparked concern that long-dormant inflationary pressures will finally emerge, forcing central banks to reduce bond-buying programmes and raise interest rates more aggressively than expected

Trump asks states to help out with funding of \$1.5tn infrastructure plan – Pg. 4

- Donald Trump aims to fund his long-delayed infrastructure plans with cuts in parts of the federal budget including some transport investment, as his administration urges state and local governments to shoulder more costs
- ...with the administration facing federal budget deficits of at least \$1tn next year due to tax cuts, the White House is relying heavily on other sources of finance to meet its ambitions
- As expected, the Trump plan would involve \$200bn of federal funds being used to underpin \$1.5tn of projects – a heady multiplier that some specialists have said is unrealistic
- The need for re-energized investment in US infrastructure is not contested across party lines

America's balancing act on debt grows trickier – Pg. 8

- The self-imposed debt ceiling was raised, spending on military and domestic programmes increased
- In any case, the crucial driver of US indebtedness is not military or discretionary domestic spending. It is the spending on “mandatory” entitlements, primarily social security payments for pensioners and healthcare programmes for the elderly and the poor. Along with interest on the nation's debt, these make up more than two-thirds of federal spending, a proportion that is expected to grow
- The country is headed, by all accounts, for deficits of at least \$1tn a year, which amounts to 5% or more of GDP. The total stock of US debt, now standing at 80% of GDP, will pass 100% before a decade is out if current policies are sustained (Prof Note: What is so difficult about “Revenues must exceed Expenses”? I understand short-term deficit spending, e.g. draw on HELOC to improve house, which increases value and attracts greater rents. However, I do not see “greater rents” being attracted!)
- A debt load that might be sustainable over the medium term will quickly become a short-term problem if an inflation scare forced monetary policy to tighten, rates rise and the air is sucked out of asset prices, slowing the economy (Prof Note: Diversity, diversify, diversity)

The parents who pay for their child's MBA – Pg. 11

- Parental involvement in children's business school studies has been increasing. The proportion of financial support that business school students receive from parents climbed from 15% in 2009 to a high of 22% in 2014....it has since slipped but was still up on pre-financial crisis levels, at 18%...
- Employer assistance also fell during this period, from about 12% to 8%
- Parental help to pay business school costs is highest among students from East and Southeast Asia,
- Just over one in 10 American business school students receive financial help from their parents, ...
- (Prof Note: When I first entered the work force and was close to 22 years old, I overheard a conversation. It was about a resume received at the office from a male that had studied ancient Greek something, i.e NOTHING related to the businesses we were in (I was an engineer). I remember the SVP's response to the resume, “Give “Biff” an interview, he did

go to Harvard.” His name was not “Biff”. The impression left on me was the importance of name over matter at this company.... (please note: this is NOTHING against Harvard or the study of Greek something....merely a relayed story that made an impression.)

Answer: (1) You didn't have enough taxes withheld, (2) You didn't pay enough in estimated taxes, (3) You didn't have health coverage, (4) Your healthcare tax credit was too big (5) You tapped a retirement account before retirement

10 February 2018

Question: According to MSN Money, “To hang on to more cash, let go of these in 2018” What are “these”?

Trump signs two-year budget deal – Pg. 1

- ...puts the US on course for trillion-dollar deficits for years to come, as Republicans jettisoned their traditional fiscal prudence to back legislation increasing military spending and suspending the debt limit until next year
- It provides \$300bn in new spending for the Pentagon and other priorities over the next two years
- Rising government spending and falling revenues following recent tax cuts have helped unnerve the financial markets, which sent US borrowing costs to four-year highs this week. The 10-year Treasury yield hit 2.88 this week amid fears that fiscal policy could over-stimulate the economy and renew inflation

Markets – Pg. 5

- The catalyst for the volatility surge came at 8:30am last Friday when the US government employment report showed a surprisingly strong rise in wages, prompting bond yields to shoot upwards and the price of those bonds to fall. Within hours, the losses in the \$14tn Treasury market had spread to stocks, setting the stage for Wall Street's worst week in six years
- By Thursday, US equities had entered what is known as a correction – a fall of at least 10% (Prof Note: I invested 50% of my dry powder this morning in a DJ spider)
- The question investors are trying to answer is whether the sharp drop in share prices has largely been a technical reaction driven by a much-hyped niche in the market that best on volatility, or whether it is part of a broader adjustment to a different economic reality
- By the end of last Friday, yields on benchmark 10-year US Treasuries had hurdled to 2.8% for the first time in nearly four years
- Monday morning in the US added a new source of uncertainty with the swearing in of Jay Powell as the chairman of the Federal Reserve, bringing a relatively little-known face to lead the central bank

Answer: (1) Delivery app (Prof Note: I have downloaded one app in my life, i.e. Netflix. Students have downloaded the rest that I have (perhaps 6 others)), (2) Store Loyalty (Prof Note: I keep a spreadsheet of unit costs and am loyal to my wallet!), (3) Impulse buys (Prof Note: Everything in moderation. When on Holiday...splurge a little. Notice I am drinking water at all meals...I am NOT paying \$3.00 for a drink.), (4)

Physical Products (Prof Note: The article is attacked holiday cards. Perhaps my age but a real card with real handwriting is a very nice gesture. YES, I do notice when it is one spouse that always writes and sends!), (5) Budgeting Tools (Prof Note: One comment I have about Millennials, and I just hired one to complete my DVD inventory, they always start searching for products to assist which cost \$\$\$\$. Hello, M\$Excel?!), (6) A 'not-ever' mindset (Prof Note: Agreed...see my comment on impulse spending while on holiday.)

9 February 2018

Question: According to MSN Money, what are 9 reasons to stay in the stock market?

BoE signals quicker rare rises to stem inflation as renewed slide hits markets – Pg. 1

- The BoE said yesterday it was likely to raise interest rates earlier and faster than previously expected to damp the effects of a stronger global economy on UK inflation
- It was the first policy statement by a major central bank since the turbulence on global markets last week, sparked by the return of inflation worries
- The S&P 500 fell more than 2% by early afternoon

Property – Pg. 7

- Canada is in the grip of a housing crisis more severe, by some measures, than anywhere else in the world. Household debt amounts to more than 100% of the country's GDP, ...one of the highest of any developed nation
- House prices have raced ahead of wages for years, boosted by loose lending, low interest rates and lax controls on foreign money
- For now, the number of home loans in arrears across Canada is still very low, suggesting that people are finding ways to cope with ever-larger debts. But rising interest rates are beginning to bite, while a new stress test for mortgages issued by regulated banks has tightened the supply of credit
- ...every homebuyer with a down payment of less than 20% of the purchase price has to buy insurance against default. That has the effect of flattering the banks' books but shifts the risk of default to insurers such as the state-backed Canada Mortgage and Housing Corporation
- Uninsured buyers made up about three-quarters of new loans at federally regulated banks in 2017, up from two-thirds in 2014...
- More strains could emerge. With interest rates rising – three increases in the central bank's policy rate since July has left it at 1.25% - many borrowers may be facing a struggle to refinance in a market where almost all mortgages are renewed every five years or less
- Anecdotal evidence suggests tougher rules on underwriting are also beginning to curb lending

The corporate debt problem refuses to recede – Pg. 9

- The financial world faces at least three key issues, with echoes of the past: cheap money has fueled a rise in leverage; low rates have also fostered financial engineering; and regulators are finding it hard to keep track of the risks, partly because they are so fragmented
- The debt issue is the easiest to understand. When the financial crisis exploded a decade ago, the trigger was excess borrowing among American consumers and financial institutions.

- ...highlights the second point: financial engineering has proliferated in the low-rate era. A decade ago, investors tried to manufacture higher returns with products like collateralized debt obligations, or CDOs

Answer: (1) This is not a crash; (2) Besides the past 10 days, stocks look great; (3) Corporate earnings are strong; (4) Consumer metrics are great; (5) Housing is still humming along; (6) The labour market is superb; (7) Global growth is looking up; (8) Stocks are still your best bet; (9) Investing is about patience

8 February 2018

Question: According to MSN Money, what are 10 tips to secure the Best interest rate on your mortgage?

Vix vexations – Pg. 11

- Cboe Global Markets endured another day of selling yesterday after two banks cut their ratings on the exchange operator on concern that this week's demise of a popular volatility strategy would cause a decline in an important revenue driver
- Vix, introduced by Cboe in 1993, is a measure of expected market volatility based on options written on the S&P 500. It has become a reference point for the exchange's own futures and options products and for instruments created under license by fund managers

Wynn resorts founder quits amid sex claims – Pg. 12

- Steve Wynn, who helped transform Las Vegas and Macau into booming gambling centres, has resigned as chairman and chief executive of Wynn Resorts after sexual harassment allegations against him (Prof Note: What is most concerning about all of this is they are "accusations"! I am 100.0% removal of guilty persons but we are a nation of due process!)
- Last month, The Wall Street Journal reported that Mr Wynn had engaged in a pattern of sexual misconduct
- Mr Wynn gave up a place at Yale Law School in the 1960s to take over his family's bingo parlours before moving to Las Vegas to invest in his first casino (Prof Note: Wynn gave up Yale Law, Gates gave up Harvard, Zuckerberg gave up Harvard...interesting!)
- But the bigger challenge is to the group's operations and plans, given uncertainty over how managers will fare and what will happen to the 21% stake in Wynn Resorts owned by Mr Wynn and his ex-wife

Answer: (1) Make the biggest possible down payment, (2) Make sure your credit is in excellent shape, (3) Pay for points, (4) Have a long employment history, (5) Prove income stability, (6) Lower your debt-to-income ratio, (7) Build up cash reserves, (8) Shop around, (9) Close on your loan as quickly as possible, (10) Choose between a fixed or adjustable rate mortgages

7 February 2018

Question: According to MSN Money, what are 10 things to know about the cost of a house?

Shutdown fear hangs over US budget talks – Pg. 2

- Democratic lawmakers have refused to pass an increase to military spending without an agreement to also increase the budget for other domestic areas
- A large increase in spending would probably meet resistance from Republican fiscal hawks
- A lack of clarity on the Dreamers' future was one reason Democrats cited when voting against a short-term spending bill last month, prompting the three-day government shutdown

Powell given rough welcome by markets – Pg. 2

- ...the S&P 500 index remains at levels seen as recently as December
- The US market wavered between gains and losses yesterday after Monday's rout, in which the DJIA lost more than 1,100 points
- The Fed's staff began formally warning about high asset values back in July of last year, saying vulnerabilities associated with the gains had risen from "notable to elevated"
- Janet Yellen, former Fed chair, flagged up high asset prices on her last day in the post last week, describing values as "elevated" while declining to talk of bubbles
- ...the central bank has also argued that post-crisis reforms have made the financial system – and in particular the banks – far more resilient than they were during the 2007-09 financial crisis, when tumbling asset values led to a total breakdown in the functioning of the financial system

Answer: (1) Know the comparables (Prof Note: You need to look at "For Sold", NOT "For Sale"), (2) Compare square footage (Prof Note: Be certain you compare the correct metric. It may not be sf, it may be # of bedrooms), (3) Be prepared for additional closing costs (Prof Note: Read the HuD-1 carefully and understand each number. Do NOT be scared to throw a tantrum....they actually work, especially when you are correct!), (4) How the prices show up in searches, (5) What appraisers are looking at (Prof Note: Appraisers are often the smartest in a transaction. It pays to hire your own appraisal to understand value/price), (6) What can boost an appraisal (Prof Note: Understand how appraisals are calculated), (7) Know the return on remodeling projects (Prof Note: While I may deride realtors as a profession, some of my greatest friends are realtors. Their knowledge is priceless to this question!), (8) Speak up (Prof Note: When it is your \$\$\$, do NOT be silent!), (9) Location, location, location (Prof Note: While true, also, Timing, timing, timing. Our company purchases are generally executed in fourth quarter), (10) Inspection Report (Prof Note: Priceless!!! Get to know the home inspector. They have discovered things I would have never thought to consider but yet were critical! Remember, they are working for YOU!)

6 February 2018

Question: According to MSN, what are the 15 survival tips for the next recession?

Sudden turn in markets fuels debate on trigger for correction – Pg. 3

- The catalyst for the shift was Friday's US jobs figures, which showed wages growing faster than expected, raising the possibility of rising US inflation, higher interest rates on safe assets and therefore less value in risky ones
- The question is whether the outlook in the US and globally has changed sufficiently to justify weaker financial prices, or whether the correction has come without a definitive trigger,...

- ...US labour market figures showed hourly wage growth of 2.9% in January, the highest annual rise since 2009 and significantly exceeding expectations of a 2.7% increase
- ...the IMF last month upgraded its growth forecast for 2018 to 3.9%, citing the “broadest synchronized global growth upsurge since 2010”...
- ...world economy is growing at 4.5% a year with advanced economies expanding far above their sustainable rates
- If true, higher than expected inflation in the US would be the sign of things to come in other economies as unemployment falls rapidly
- Central banks already expected a slow money printing in 2018, would begin to tighten monetary policy, market interest rates would rise and downward pressure on bond and equity prices would occur
- If global economic prospects improve faster than expectations of higher interest rates, high valuations for equities would still be justified
- Few economists see the likelihood that the underlying growth potential in advanced economies has improved yet, which is necessary for a sustained pick-up in productivity growth and higher long-term interest rates

Fed's Wells rap 'puts fear of God' into bank boardrooms – Pg. 14

- The Federal Reserve's move against the board of scandal-hit Wells Fargo would put pressure on directors of other banks to step up efforts to combat corporate malfeasance, ...
- Four Wells directors who survived a shareholder rebellion last year to be show the door after regulators accused the board of failing to prevent “widespread consumer abuses”
- Hours before Janet Yellen's term as chair expired over the weekend, the central bank said it would bar the bank from expanding until officials are satisfied Wells has improved its governance
- ...Fed's actions should tell board members at large and complex financial institutions they have “a different category of responsibility” to directors of regular companies
- Fed officials made clear that they believed the board should be held accountable

M&A boom heightens fear of credit cycle nearing peak – Pg. 21

- While this debt offers a juicier rate of return than most fixed-income products, the question for investors is whether there is adequate compensation for the risk
- Spreads – a measure of the premium investors demand to purchase a security against a US Treasury – have fallen to the lowest level since 2007 for both investment-grade and junk-rated US corporate bonds this year

Answer: (1) Track your spending now (Prof Note: You should have several years of history...it is too late now but it is ALWAYS a good time to start!); (2) Minimize debt when possible (Prof Note: Be smart with debt; depends upon type of debt); (3) Maximize your value to your employer (Prof Note: Game over now...you should have been doing this all along while hustling on the side); (4) Build an emergency fund (Prof Note: Yes, you should have investments but in a recession/job loss, live off the hustle. The worst case should be invest less and NOT draw on savings. Drawing on savings is cutting into bone!); (5) Prepare with an emergency budget (Prof Note: Absolutely. Stress test your own balance sheet AND income statement. Be prepared); (6) Consider a career change (Prof Note: Are you joking?! Hunker down and do what you do well even better! Last hired, first fired!); (7) Improve or preserve your credit

score (Prof Note: This should be a constant focus); (8) Rebalance your portfolio to reflect your risk tolerance (Prof Note: This should be a quarterly focus); (9) Exercise caution before borrowing (Prof Note: Absolutely! Be smart!); (10) Adjust your income tax withholding; (11) Don't give up on your investment strategy (Prof Note: Long-term investment strategy); (12) Jump from renting to buying (Prof Note: Perhaps at the bottom when prices, if prices, have adjusted); (13) Review your insurance coverage (Prof Note: I have historically done this poorly but this should be annual if not quarterly); (14) Start a side hustle (Prof Note: Hello...what have I been saying forever!); (15) Cut your unnecessary expenses (Prof Note: This should have been done already...the winners in a recession are those with cash...and lots of it!)

5 February 2018

Question: What is the average amount of a car payment in the U.S.?

Americans abroad hit by Trump's new repatriation tax rules – Pg. 2

- Expatriate Americans face unexpected tax bills on their overseas business interest under repatriation rules Congress designed to persuade the likes of Apple and Google to bring back to the US profits they had accumulated in lower-taxed countries
- The Tax Cuts and Jobs Act imposes a one-time “deemed repatriation tax” of 15.5% on the profits businesses have accumulated overseas, whether or not they choose to repatriate them as Apple has with its pledge to bring \$38bn back to the US
- Any individual US citizen or green card holder owning more than 10% of a “controlled foreign corporation” , or CFC, will be forced to pay this tax within eight years,...
- The state department estimated last year that 9m US citizens lived abroad,
- Many self-employed Americans abroad created foreign corporations to avoid paying US social security...

Exchanges see signs of trading rebound after busy January – Pg. 13

- The busiest January on global markets in years in raising hopes among exchanges that 2018 will spark a long-awaited rebound in trading revenues
- Volatility on foreign exchange markets has surged after comments from the US Treasury secretary on the weakness of the dollar sent the greenback tumbling and volumes rising
- Investors have also seen the 10-year Treasury yield – which sets the cost of money for the world – rise its furthest in more than a year amid fears that inflation may be returning. Stock markets have dipped recently after rising on data showing strong growth in many of the world's biggest economies
- ...the Vix jumped nearly 30% on Friday to its highest level since November 2016

Wells Fargo set to turn away deposits – Pg. 14

- Wells Fargo expected to turn away billions of dollars of deposits as the US bank grapples with the effects of an asset freeze imposed by the Federal Reserve after years of wrongdoing
- ...the Fed has prevented Wells from expanding its overall balance sheet – the third biggest in the country – beyond \$2tn without prior regulatory approval”widespread consumer abuses”...

Quicken's Rocket home loans take flight – Pg. 14

- American's, it promises, can be approved for home loan on their mobile phone in as few as eight minutes
- As a non-bank lender Quicken does not take deposits. Instead of retaining mortgages on its books, the privately owned company sells them to the government guarantors known as Fannie Mae, Freddie Mac and Ginnie Mae
- Jack Micenko, banks analyst at Susquehanna Financial Group, says the business models were geared more towards refinancing than purchases, which are costlier and more time-consuming

Answer: Over \$500

3 February 2018

Question: What is the ratio of time spent on social media to personal finance?

Pay surge adds weight to US recovery – Pg. 2

- Wage growth in the US last month accelerated to its quickest pace since 2009, as quicker economic growth and a tightening jobs market forced more employers to pay up to attract scarcer labour
- January's 2.9% year-on-year increase in average hourly earnings prompted speculation that the lowest jobless rate since the dotcom boom is starting to stoke inflationary pressures in the US economy
- Wage growth has been the key missing piece of the US recovery, convincing some policymakers that there remains hidden slack in the jobs market that argues against tightening policy too quickly
- January's rise followed up upwardly revised 2.7% pay gain in December. Some 200,000 jobs were added this month, ...beating ...expectations
- The unemployment rate held steady at 4.1% as hiring expanded in sectors including construction, manufacturing, restaurants and healthcare
- Among the factors contributing to pay growth was the introduction of higher minimum wages in 18 states in January, which affected about 4.5m workers
- The length of the average working week fell from 34.5 to 34.3 hours, which could point to slightly weaker labour demand than the headline readings
- An alternative measure of job market slack that measures people working part-time because they cannot find a full-time post increased to 8.2% from 9.1% in December

New Zealand records rise in migrants from UK and US – Pg. 4

- The number of US and UK residents choosing to live in New Zealand has risen sharply since the election of Donald Trump and the UK's Brexit vote, ...
- Net migration to New Zealand by US residents rose 65% in 2017,...

Answer: 2x (Prof Note: Much lower than I expected)

2 February 2018

Question: What is the current price of Bitcoin?

HBO's record subscriber growth blows fresh hole in cable TV model – Pg. 1

- **Time Warner's HBO and rival Netflix have reported record subscriber growth in 2017, meeting even Wall Street's most optimistic forecasts and raising new questions about the viability of the traditional cable television model**
- **The record growth from streaming comes as ratings have dropped across most traditional TV networks**

US looks set for largest deficits outside of recession and war – Pg. 3

- **The US is heading into some of its biggest budget deficits outside of wars and recessions as Congress debates increasing ceilings on federal spending on top of December's trillion-dollar tax cuts**
- **With the Federal Reserve reducing its holdings of US Treasuries and inflation readings starting to flicker, some investors think bond yields could start to rise further in response to the heavy borrowing. Already this year, yields on 10-year Treasuries have climbed 33bps to 2.74%, a three-year high. That has inflicted losses on investors in the debt, with returns on a range of Treasury maturities falling to minus 1.4% this year,trailing the near 6% gain by US stocks**
- **The level of the deficit will depend on many factors, including the impact of the tax cuts, the strength of the economic rebound this year, the level of emergency spending related to recent hurricanes and, crucially, the congressional discussion over how to handle the so-called sequester, which is due to bite on defence and non-defense spending**

Yellen's exemplary record on inflation and employment will be hard to replicate – Pg. 18

- **In terms of the Federal Reserve's dual mandate of maintaining stable inflation and full employment, it is impossible to complain about the past four years**
- **The S&P 500 has had a great four years, it has far outstripped the rise in the gold price (so this cannot be attributed to currency debasement), and it has far outstripped the growth of other countries' stock markets (so something specific to the US is going right)**
- **Judged by stock market returns on their watch, Ms Yellen ranks third among those to chair the Fed since it regained its independence after the war – behind Paul Volcker (rewarded with strong stock returns despite his sharply hawkish policy), and William Miller, his predecessor in the job who has largely been derided as a failed Fed chair**
- **One final point in Ms Yellen's favour is that she ended the QE regime of asset purchases, and even raised target rates as many as five times, without scaring the equity markets**

Answer: 8,742

1 February 2018

Question: What are 40 things that every man should know by the age of 40?

Fed poised for March rise as Yellen departs – Pg. 1

- Janet Yellen kept the Federal Reserve on course for a further interest rate rise as soon as March in her final meeting as chair of the central bank, as inflation outlook strengthened and the US jobs market continued to heat up
- The FOMC held its target range for the federal funds rate unchanged at 1.25% to 1.5%, as widely expected, while giving an upbeat assessment of the economy's recent performance
- Ms Yellen's four-year tenure saw her gradually reverse most of the US central bank's financial crisis-era stimulus measures. She departs with the US experiencing record-low unemployment, tame inflation and solid, if unspectacular, growth

Dimon and the dangers of overstaying – Pg. 9

- Succession planning has been on-off topic for Wall Street's longest-serving chief for years.
- ...impressive the individual, long tenures can create big headaches. The need for potentially destabilizing purges, as layers of frustrated senior managers pile up at the top of the organization, is just one problem. Longstanding bosses, particularly successful ones, can spill over from confident into arrogant and disengaged
- Overstaying is a common error – as demonstrated by JPMorgan adviser Tony Blair who spent a decade as UK prime minister, or by Jeff Immelt at General Electric, which is unravelling only months after the end of his 16-year stint in charge

US Treasury to increase bond sales as tax cuts push up borrowing needs – Pg. 18

- The US Treasury announced larger sales of government debt via its regular auctions with dealers and investors yesterday, with the focus on boosting short-dated borrowing as a rising budget deficit looms
- The Treasury announced a \$2bn increase each in the size of two- and three-year auctions per month. The Treasury also announced increases of \$1bn in the auctions of five-, seven-, 10- and 30-year benchmarks, in line with expectations
- As the Fed continued to taper reinvestment flows of its balance sheet, alongside deficit increases resulting from tax reform and the potential for infrastructure spending, analysts say the Treasury will probably need to increase debt issuance

Answer: (1) You should never try solo karaoke; (2) You are no longer welcome in Top Man (Prof Note: What is "Top Man"?); (3) Carrying on drinking is ALWAYS a bad idea (Prof Note: Watch the drinking in work situations!); (4) Carrying on sleeping is ALWAYS good idea (Prof Note: Note the nap!!!); (5) Sheds make a fine getaway (Prof Note: Absolutely...find your happiness place(s)); (6) Your "career" is a fluid concept (Prof Note: Absolutely....build your

own portfolio and work it); (7) You almost definitely won't make it as a professional sportman; (8) Your friendship circle should never reach double figures (Prof Note: Not sure I agree with this...why limit quality people.); (9) Only certain trainers will do; (10) Pus serve other drinks that aren't beer; (11) Emblazoned T-shirts aren't for you; (12) You definitely don't know any slang (Prof Note: Exactly...); (13) Fusion cooking doesn't come naturally (Prof Note: What is "Fusion"?); (14) You're not going to out-succeed your parents (Prof Note: Pulllllezzzz...I fight my mother wanting to live with me!); (15) There's no place in your life for hairstyles (Prof Note: It is all I can do to get haircuts...); (16) There's little room for reading fiction (Prof Note: I think there needs to be a place for books); (17) A greeting is only as awkward as you make it; (18) You need to eat better (Prof Note: True!); (19) Exercise is absolutely essential (Prof Note: I just finished my walk); (20) You will never be 100% secure in anything; (21) Sex is great in moderation, and one traditionally (Prof Note: I am not comfortable commenting here #MeToo); (22) 98% of the time, hot girls don't fancy you (Prof note: Focus on the 2%); (23) For some reason, younger people think you've acquired wisdom; (24) You cant convincingly execute a fist bump; (25) Only certain people can carry off calling a stranger "darling"; (26) You absolutely have to stop dancing; (27) You will never learn a new language fluently; (28) Crosswords are fun and cardigans are comfy; (29) There's no such thing as a "relaxed kickabout"; (30) The explanations next to paintings still aren't interesting (Prof Note: I actually like reading the explanations); (31) Drugs are for other people; (32) Foreign language films have a higher chance of nudity (Prof Note: Did not know this!); (33) You can confidently open a bottom of fizz; (34) You need a torch somewhere in the house; (35) Happiness comes from being calm, not busy; (36) You have one type of underwear that suits you; (37) Not being invited can be better than missing out; (38) Mother isn't always right; (39) Over-confidence can mask uncertainty; (40) True love feels love

31 January 2018

A few more home items not to miss in purchase from List-serve (provided with permission):

1. Not scheduling your own (often free) foundation inspection prior to purchase, especially if moving into an older home or a home on a slope. Foundation repair is pricey.
2. Not understanding the status of the HVAC and mechanical systems - google HVAC repair in your area, call the first few and see if the home has been serviced by those companies (or look for a sticker on the machine), often owners have put off major mechanical equipment repair (or made shady repairs) for years. It's almost guaranteed those systems will break within your first year of ownership.
3. Open and close the doors, do they stick? Do the windows open? Do the floorboards and trim meet? Do all the faucets have good water pressure? Does the basement smell musty? You really need to be your own inspector (even during an open house!) - inspectors want you to buy the house!
4. Don't ignore the condition of the homes on either side of you. There is only so much good landscaping and fencing can do. Drop by the home on a Saturday night and see how quiet (or not) the neighborhood is.
5. Check the cell service in areas of the house while you walk thru. You don't want to move into a dead zone.

6. Have a contingency fund for the first year. Systems will break, the roof may leak, you need to be prepared to clean up after the previous owner's negligence no matter how pretty the property appears.

I'd love to save others from the headaches I've had. Also, if you can help it don't have a baby the first year you live in the house. Lack of sleep certainly does not make dealing with home maintenance and repair "discoveries" any easier.

Question: According to MSN, what is the #1 American retirement saving mistake?

Eurozone's fastest growth in a decade fuels talk of steeper cuts to stimulus – Pg. 1

- ...currency area's output grew 0.6% between the third and fourth quarter of 2017. The annual growth rate for 2017 was 2.5% - the highest since 2007, and up from 1.8% the previous year. The US expanded 2.3% and the UK 1.8% last year

Equities – Pg. 7

- S&P 500 companies have spent \$1.1tn on share repurchase programmes over the past two years, as executives struggled to turn modest economic growth into higher earnings. Lacking opportunities to invest, or at least shareholder support to do so, companies have spent money buying their own stock, which provides a boost to the size of profits reported per share
- Fresh records for buybacks are likely to be set, with changes to the US tax regime expected to trigger a repatriation of profits that have been held off-shore for years
- ...the proportion of sales spent on research and development at S&P 500 companies is still yet to recover to pre-2008 levels
- Companies are run on behalf of a diverse range of investors often with competing interests. Calls for buybacks can sometimes be seen as a response to a lack of trust from some investors that managers will spend the cash wisely
- Today, the announcement of a buy-back can be a signal that shares are cheap, or a response to discontent with profits or strategy
- Unlike a dividend paid at regular intervals, executives usually have authority to buy back stock at their own discretion
- In 1982, however, the US Securities and Exchange Commission outlined a legal "safe harbor" for buybacks
- Only about a third of boards use EPS to determine pay awards
- The only year in the past 14 when big US companies spent less on buybacks than dividends was 2009, when the S&P 500 index hit rock bottom
- Three of the most dangerous words in the English language are "debt is cheap". Low interest rates have encouraged corporate borrowing to buy back stock and boost earnings per share
- Last April the IMF calculated that \$7.8tn had been added to the liabilities of US companies since 2010. Median net debt of S&P 500 companies was close to a record high of 1.5X earnings

Bonds are about to demonstrate exactly where the lines of resistance lie – Pg. 18

- US Treasury yields this week broke through what had long been billed as an important point of resistance, at 2.66%, and have risen above 2.7%. That appeared to break the fabled long-term downtrend in 10-year Treasury yields
- The two previous high points in the trend line are the Friday before Black Monday in 1987, and early June 2007, just before the bottom fell out of the credit market. On both occasions, good reasons to buy safe haven assets were right around the corner
- In terms of standard deviations from the trend, we are yet to reach two standard deviations from the norm, although this does look like the biggest deviation from the trend in decades

Answer: Not receiving the employer's matching contribution to a retirement savings plan.

30 January 2018

Question: What is the U.S. budget deficit to top \$1tn in 2019 according to budget experts?

Eurozone task force outlines conditions for 'safe asset' market – Pg. 2

- A central bank task force has said the eurozone's financial rules need to change if a mooted and politically charged "safe asset" to strengthen the single currency area's banking system is to work
- The lack of a Eurozone "safe asset" akin to US Treasuries emerged as a serious problem for the single currency area during the financial crisis
- A Eurozone safe asset would be an attempt to break this cycle because it would be backed by all 19 member states
- Germany – see as the strongest Eurozone member state with the lowest borrowing costs – opposes the idea of being seen to in effect bail out weaker members
- Because sovereign debt is considered almost risk-free, banks can buy it without having to set aside capital as insurance against a default
- The task force suggested that any Eurozone safe asset could be divided into tranches carrying different risks for investors

America rejects the world it made – Pg. 9

- The "global rules-based order" is a yawn-inducing phrase but it means something important. All countries in the world, bar a few rogue states, deal with each other according to an agreed set of legal, economic and military rules
- Tension between the US and South Korea, or within the Nato alliance, could easily surface this year – raising questions about America's commitment to the rules that govern world security
- Broadly speaking, there are four possibilities. The first is that America succeeds in getting the changes it wants and the system survives, in a modified form, with the US still the clear global leader
- Option two is that a new system emerges, with the rest of the world operating under multilateral rules and ignoring unilateralist America, as far as possible
- The third possibility is that the withdrawal of US leads to a collapse in the rules-based order – and general chaos

- Option four is that the US is satisfied with essentially cosmetic changes, and the system continues much as it is now
- If the US withdrew its security guarantees in the Pacific, for example, the combined efforts of Japan, India, and Australia would not fill the gap. And neither the euro nor the renminbi is ready to serve as the world's reserve currency, even if America's management of the dollar becomes irresponsible

Answer: \$1tn

29 January 2018

Few more ways to get out of speeding ticks from List-serve (shared with permission):

I was written up for an HOV violation in Oct. (I forgot to switch over my EZ-Pass.) Would've been \$200+costs. But my lawyer challenged it. She would've had it dismissed by the Commonwealth Attorney, but the trooper was being a [expletive removed]. So it was negotiated down to "defective equipment." \$25 and no points, as it's a nonmoving violation. No impact on insurance.

Yes, get a lawyer. Prosecutors will negotiate with counsel, knowing he/she could tie up time asking for a trial. But they generally don't negotiate with the defendants themselves. They have no reason to.

More (experienced) ways to get out of speeding ticket:

(Permission to share if you like)

- 1) Keep and maintain a private school/college id. When asked for identification, show one of these while "looking for license"
- 2) Always maintain professional attitude towards officer NO MATTER WHAT. "Yes sir/mam/officer, etc."
- 3) Always schedule a trial for officer to show and then ALWAYS postpone that trial about a week before original date. Odds are about 65% the officer will not show.
- 4) Always plea not guilty regardless of guilt. Can still start any explanation saying made a mistake and explain why
- 5) The term to use in court (if officer present) is "pecuniary issues" to lower the fine/court costs

Question: According to Fidelity and T.Rowe Price, how much savings should a person earning \$75,000/year have at ages 40 and 45?

Finland puts 'money for nothing' policy to the test – Pg. 4

- The two-year Finnish trial is at its halfway stage and there is already anecdotal evidence that basic income has helped to reduce stress among participants by easing the requirements of benefits bureaucracy. But there are also increasing doubts about the trial itself and whether it offers a viable example of how basic income could work
- The ideal of giving citizens money for nothing has a long heritage with supports including Martin Luther King and Milton Friedman

US mortgage slowdown poses threat to jobs – Pg. 16

- Thousands of jobs in the US mortgage sector have been put at risk as lenders prepare for the weakest year for refinancings since the turn of the century

- The drip in demand comes as interest rates rise and threaten to squeeze a sector that employs an estimated 450,000 people across the country at banks and specialist lenders
- When rates were falling, millions of Americans were able to lock in cheaper mortgages by rigging borrowing terms....but rising rates mean dwindling numbers of homeowners can benefit
- The warnings are a reminder that higher interest rates are not positive for all corners of the financial services industry

MBA graduates shun entrepreneurial path for high-paid posts – Pg. 16

- Entrepreneurial activity among the high flyers from the world's top business schools has fallen to its lowest level in eight years, suggesting a peak in interest in start-ups among MBA graduates
- Up until this year, about a fifth of former MBA students surveyed for the Financial Time's annual global ranking of business schools had started a business within three years of graduating
- From 2015 to 2018, average remuneration has risen by just under 10% to \$146,000, significantly better than the 4% pay increase achieved between 2008 and 2014, in the wake of the financial crisis
- Stanford GSB is back in the top spot for the first time in six years

Answer: 40 (Fidelity): 3X/\$225,000; 40 (T. Rowe Price): 2X/\$150,000; 45 (Fidelity): 4X/\$300,000; 45 (T. Rowe Price): 4X/\$300,000

Older person's perspective...

Yes, certainly, please feel free to share. And let them know I'm now 74, fully retired, and enjoying the hell out of it, even though I never thought I'd a) retire, and b) enjoy it if I did. You might let them know, that in my experience, each decade has been better, each in different ways, and the 70's are the best yet (despite an aging body). Good health, which I and my wife have, does make a huge difference, so maybe the other advice to pass on is: Take really good care of your body, it's the only one you get this time around, so a good diet, exercise and a positive and grateful outlook on life are even more important than money.

One thought I'd like to suggest for those wondering how and when they might retire. This is not for a Millennial necessarily, but certainly anyone in their 50's on (that's when I created mine). This is simply a personal pro forma, with income, investment, and expense projections for the years ahead. Like all proformas, the one thing you know is that whatever it shows won't occur, and that GIGO does rule. All that being said, setting your assumptions conservatively - inflation, investment return, savings, income and income growth, and living expenses - gives a sense of the impact of today's decisions on your future. I update this July 1 and December 31 (more and I go crazy, less and I lose touch with what is actually happening against my projections. I've done this now for 20 years, and it has encouraged me to a) save, b) watch my budget monthly and match it to my projections yearly, helping to avoid over or under-spending, and c) told me when I could retire before I realized I could. I know, all I really need to know are: a) how long my wife and I will live, b) how healthy we will be, c) what inflation will be, and d) how the markets (stock, bond, real estate) will perform. Oh, and whether there will be Black Swans flying in. Still, it has been a very useful tool as long as I keep reminding myself that it is only a tool, and to keep reality checking it.

27 January 2018

Question: According to MSN, what are 14 money lessons rich parents teach their kids?

US consumers drive growth surge – Pg. 1

- The return of the US consumer, whose spending grew at its quickest paced in a year and a half in the run-up to Christmas, helped extend a multiyear expansion that stands to gain further traction from recent Republican tax cuts
- GDP grew an annualized 2.6% in the final quarter of 2017, ...
- Consumers were the key driver of growth in the period lifting their spending 3.8% (Prof Note: Fight the spend...invest...)
- That consumption has been stimulated by a rising stock market and signs of firming wages
- Among the drags on growth were inventories and trade; imports climbed at double the rate of exports. But personal consumption grew 3.8% in the quarter, while fixed investment advanced 7.9%
- The median Fed policymaker estimate foresees growth of 2.5% this year,...

US and global economy – Pg. 5

- After years of miserable growth, the rebound in the global economy is looking more promising than at any other time since the financial crisis, with the IMF upgrading global forecasts for 2017, 2018, and 2019, world trade growth accelerating and corporate leaders basking in more effervescent business conditions
- The administration has made it clear it plans to take action against China on intellectual property theft
- Still alive too is Mr Trump's threat to withdraw from NAFTA
- While US growth figures undershot analysts expectations on Friday, with GDP expanding at an annualized rate of 2.6%, big companies have much to be thankful for: stock prices are at an all-time high, Mr Trump has cut US companies' tax rates, and regulations are being stripped away
- The dollar fell around 13% last year against a basket of major currencies, driven in part by improved prospects overseas. It has dropped another 3.5% this year
- The US has raised the prospect of new unilateral action by the US, including tariffs against Chinese imports and a crackdown on investment

Real Estate faces reality check after Presidents Club – Pg. 9

- This is a male-dominated culture that has been preserved in the airless atmosphere of high-end restaurants and discrete private members' clubs in Mayfair
- The excuses that participants churned out – all were consenting adults and the party raised money for charity – only go to show the lack of understanding that comes with being wealthy and operating with the shroud of secrecy that comes with shell companies and private accounts (Prof Note: This could not be MORE wrong! As summarized in a previous article, the event was forward transparent, i.e. the women were told how to dress and, presumably, what to expect. Further, no one has alleged, that I have read, they were held/kept against their wills. While I would not attend a function, as mentioned, I see nothing wrong with consenting adults doing so!)
- Property's cultural issues run deeper than a single event. It is a very social industry, necessarily and often welcomingly so

- (Prof Note: In my opinion, people are people! Do not vilify real estate. I know many honourable men and woman in real estate. Yes, the stories of model homes used as brothels at night are entertaining. However, I have more stories of respectable married men and woman being propositioned and turning down the opportunities. These stories are short and boring but they are more numerous! I am proud to be in real estate. It is the one industry that embraces true original thought and my quirky personality!)

Mortgage servicing rights are cheap way to hedge against or profit from rate rise – Pg. 12

- ...mortgage servicing rights...are one of the cheapest ways to hedge against, or profit from, a rise in US interest rates
- MSR are not simple, and I strongly suggest you take the bond market equivalent of an Explosive Ordinance Disposal course before you participate
- ...a MSR is the right to earn fees by “servicing” a bundle of US mortgages. That means collecting the payments, mailing out the paperwork, and, if necessary, putting them through the foreclosure process and at least temporarily covering those costs. That will earn the MSR holder around 25bp on the outstanding principal of the mortgage. The principal and interest payments go to the owners of mortgage-backed securities
- The servicing rights come to an end when a mortgage is refinanced, most often in a period of falling interest rates. That means that the stream of income from the MSRs typically becomes shorter in a falling rate environment, and longer in a rising rate environment
- This “negative convexity” makes MSRs a good thing to own when rates go up

Answer: (1) Success is not free, i.e. it takes work (Prof Note: Those that knew me during my “build” years know that I spent every weekend at the office. At Clark I would take a cab home at 4:00am, it would wait for me outside the apartment, I would shower, shave, redress, and back to work.); (2) Get rich solving problems; (3) Expect to make it (Prof Note: First, one needs to quantitatively define “making it” but I often thought corporate America was a death march but I was determined to die or “make it”); (4) Surround yourself with successful people (Prof Note: Holy Toledo....YES!!! Plus successful people are incredibly interesting and provide innovative solutions); (5) Fall in love with your work (Prof note: My friend Peter D once said, “Love what you do and you never work again.” He was/is correct.); (6) Money solves most problems (Prof Note: Absolutely it does! However, be self-aware. Money can also make one a bully and work hard at not being that “bully”. Always try and step back and do what is right rather than what you can do!); (7) Invest (Prof Note: Stop the consumption. Starbucks is killing our balance sheets!); (8) Spent smart (Prof Note: I still run my operating accounts as close to zero each month as possible by investing surplus. Also, purchases are large capital items that will produce or buoy revenue. This week’s hot tub purchase makes the cottage that much more rentable (at least that is what I am telling myself!)); (9) You deserve to make it (Prof Note: The U.S. is a great country. With \$300 you can walk into a discount brokerage and start investing. Focus and make it...no one is stopping you though the finance world is absolutely against the capital-thin person!); (10) Money and opportunities are limitless; (11) Choose prosperity over entertainment (Prof Note: These weekend “tough mudders” are ridiculous! Spend your time building your career rather than nose down in dirt...come on people!!!); (12) Focus on earning (Prof Note: I am in my businesses’ financial statements, regardless of global location, at least 2 hours each day. Focus!); (13) Rich people are not always smarter (Prof Note: Heck yes!!! Think of the

dumb developer (I am now a developer so feel I can say this without reproach) that is literally too dumb to realize the risk they are taking. They hit the market correctly via timing and they “make it”. Does not mean they were smart, though they will claim this, they could just be lucky!); (14) Wealth creates freedom (Prof Note: 100.0% Take speech for instance, it is not free, one must have the money to defend and suffer consequences of speech not accepted by the masses. I would not have been able to call out Dean Kelly Otter, Georgetown, and Cindy Chance, Asst Provost, Georgetown, for their lies to students had I needed the money from Georgetown. Money allows for one to be ethical. Money allows for one to be the person they want to be rather than the person they need to be!)

26 January 2018

Question: As more and more banks are eliminating free checking, what are solutions for individuals?

Delegates cautious despite economic upswing – Pg. 3

- The world economy is stronger than at any time since the start of the decade. Business leaders have hailed the US administration’s tax cuts and the brighter economic outlook at a time of rapid technological progress
- Forecast global growth of 3.9% this year and next would be the first sustained and broad-based expansion since before the start of the financial crisis
- The target of many of these criticisms of the global world order was the US, although rarely did other leaders mention the US or President Donald Trump by name. Yet the concern was palpable at Davos that the US was about to rip up the international order in a way that would undermine global economic confidence and growth

A sliding greenback ought to flash red for Trump – Pg. 9

- In normal, non-Trumpian circumstances, investors have always presumed that when a country has a surging economy and rising interest rates, its currency should strengthen too. And right now, the US appears to have both
- ...the IMF raised its 2018 forecast for US growth from 2.3 to 2.7%. Meanwhile, the 10-year bond yield recently rose above 2.6%, and the Federal Reserve raised rates five times under the tenure of Janet Yellen
- The unease has arisen partly because nobody quite knows why the currency is weakening
- Monetary policy is another possible factor: some investors suspect that the Fed is likely to turn more dovish this year. But this “explanation” seems somewhat feeble too. After all, in relative terms the Fed is actually more hawkish than most other central banks
- ...as long as the “America first” language keeps tumbling out of Washington, and Davos, investors should keep a keen eye on that pesky dollar

Fears of price war as US airlines raise capacity – Pg. 12

- (Prof Note: I just was approved for Barclays Mastercard for AA. 60,000 free miles and a \$95 annual fee. I will cancel another card with the same fee, i.e. two free tickets to Nevis. Jump on it...offer expires 31Jan18 but, of course, there will be others)

Answer: Smaller and smaller banks and credit unions.

25 January 2018

Question: What is the median home value in the U.S.?

Trump tariffs stoke fears of long-term job losses – Pg. 4

- Both of his immediate predecessors made similar tariff decisions early in their presidencies and came to regret them: Barack Obama with Chinese tyres and George W Bush with steel. Studies have shown they probably caused the loss of more jobs than they saved
- Both presidents also made the move only once
- Solar industry groups argue that in the name of temporarily helping 1,000 workers employed by small foreign-owned but US-based manufacturers, Mr Trump is putting at risk more than 20,000 jobs in a thriving industry that has benefited from cheap imports

Satellite Technology – Pg. 7

- Rocket Lab is part of a wave of innovators driving a new space race. ...it is focused on developing commercial rather than military technologies
- The race is being fueled by a new generation of miniature satellites, so-called nanosatellites or Cubesats, which are typically no larger than a shoebox, cheaper to build and easier to deploy than traditional bus-sized versions
- ...estimates the space market – ranging from the manufacture and use of infrastructure, to space-enabled applications such as satellite phones and weather services – is worth \$339bn. It predicts this will grow eightfold due to the boom in satellite deployment, ancillary services and launch capabilities by 2045 to \$2.7tn and produce “more advances in the next few decades than throughout human history”
- Another risk factor is that companies are not making money on space...difficult to achieve due to the high levels of capital expenditure required to access the industry...
- New Zealand’s remote location on the edge of the Pacific Ocean and lighter air traffic make it idea for regular rocket launches, requiring fewer airspace closures than in US skies

Gold price rallies on weaker US dollar – Pg. 18

- Gold rose as high as \$1,355 a troy ounce in London trading....
- The metal has rallied 9% since mid-December on the back of a weaker dollar, which makes gold more attractive for overseas buyers
- Earlier this month the precious metal notched up its longest winning streak since the end of the gold standard in 1971 – admittedly on the strength of a fairly shallow rally – building on a 13% gain during last year

Answer: \$205,000

24 January 2018

Question: What is the median income level in the U.S.?

Men only: the elite charity dinner where hostesses are put on show – Pg. 1

- All the women were told to wear skimpy black outfits with matching underwear and high heels. At an after-party, the hostesses were groped, sexually harassed and propositioned
- The event has a laudable fundraising aim, with prestigious prizes offered at auction. Over the three decades the Presidents Club has been running, it has raised more than 20m (pounds) for charity
- (Prof Note: This sort of thing makes me furious! "The women were told...", i.e. the women understood what was being asked. Why are the men being vilified when they were transparent? My knowledge is 100.0% from this article but this should be a non-event. Women were asked to be there, not held against their will, and were subjected to (what I consider) offensive behavior. However, they had prior knowledge, stayed and accepted payment. I fail to see what anyone did wrong! Are the woman not just as guilty as the men?! This was not work place harassment, it was a job where this was basically in the job description. Personally, I would not attend an event like this as it goes against my morals BUT I hold no ill-will toward the men OR women that were there.)
- (Prof Note: For the record, if the woman were NOT told prior and were disallowed from leaving my view changes 180 degrees)

Private Equity – Pg. 7

- The prices being paid are in some cases well over the multiples being paid a decade ago
- The biggest drivers of today's buyout boom are the same ones that fueled the sector before 2008: cheap debt and a huge wall of cash
- The massive rounds of bond-buying by central banks, which have kept rates down, have also given powerful boost to private equity.
- In the US alone, there are roughly 7,500 private equity-owned companies, employing 11m people. In the UK there are 2,980
- The levels of leverage used in US buyouts are nearing the peaks seen before the crisis, with debt 5.8X a target company's earnings in transactions last year, ...
- This is very close to six-times threshold set by regulators in the US, who warned that anything over that amount "raises concerns" that deals are taking on too much risk and could lead to companies unable to repay or reduce its debt

Pound hits \$1.40 post-Brexit-vote high – Pg. 18

- The pound rose above \$1.40 for the first time since the UK's vote for Brexit, establishing the currency as one of the strongest performers so far in 2018 against the limp dollar (Prof Note: Go Baby, Go!!! During the Trump-bump I filled my sterling and euro accounts. Now, time to reverse!)
- In the modern ear of floating currencies, the pound has rarely spent much time below \$1.40 (Prof Note: Exactly....mean reversion!!! Low-hanging fruit on FX over the past year!)

Answer: \$59,000

23 January 2018

Question: According to MSN, what is the greatest financial fear?

Republican pledge to debate law on 'Dreamers' ends US shutdown – Pg. 1

- ...ending a three-day impasse over immigration policy that kept 750,000 federal workers at home and marred the first anniversary of the Trump administration
- Although the shutdown caused political rancor in Washington, it barely registered in financial markets

IMF hails 'broadest' upsurge in growth – Pg. 2

- Considering the troubles of the past decade to history, the upgraded IMF forecasts signaled the strongest global outlook since the start of 2010
- The IMF upgraded its forecasts for world economic growth for 2017, 2018, and 2019. The world economy was likely to grow 3.9% this year and next, the fund said, up 0.2% for both years on the back of a better outlook in the US and Eurozone
- ...the IMF raised the US growth forecast for 2018 from 2.5% to 2.7% and added a 0.6% upgrade to its 2019 US forecast, lifting it to 2.5%
- By 2020, ...the total effect of the corporate tax cuts was likely to boost the US economy 1.2%, although there would be some payback in subsequent years as the nation had to restore its public finances
- Only the UK received a growth downgrade for 2019, down 0.1% to 1.5%, ...

Privatization revisited – Pg. 7

- ...regulatory system was supposed to substitute for competition, giving consumers a fair price while also offering private owners incentives to innovate and find efficiencies. Charges were set to give operators a reasonable return on their capital assets, indexed for inflation (the retail price index) less a certain amount each year (x) to spur them to drive productivity
- ...regulators have paid too little attention to the way companies structure their finances. Finance costs are a key factor watchdogs weigh when setting prices. Yet they have consistently overestimated these expenses during a long period of falling interest rates
- Few developed countries have copied the British model in selling off whole utility networks to private entities. In Europe the model has generally been to separate asset ownership from service provision and to grant private companies the right to operate concessions
- Other structural options involve introducing more competition by separating network ownership from the services, and auctioning limited concessions. The snag is that this would be extraordinarily expensive requiring the state both to buy out the existing owners and then retender the operations

Answer: Retirement

22 January 2018

Question: For the four largest credit card issuing banks, what % increase occurred year-over-year for credit card defaults?

US shutdown Parties locked in blame game – Pg. 1

- The shutdown is only the fourth in 25 years and the first to occur with one party – The Republicans in this case – controlling both houses of Congress and the White House

- ...most of the US military is exempt from the shutdown
- ...the Democrats want to protect the 800,000 so-called Dreamers – the children of illegal immigrants – from deportation rather than open the floodgates to new arrivals
- ...Republicans control both houses of Congress and the White House
- The key turning point probably came last week when Mr Trump described Africa and Caribbean countries as “shitholes” – or “shithouses”, ... (Prof Note: Olive made mention of this in passing. I did not quite hear what she said but it was something like her wondering why he [Trump] did not like us [Caribbeans]. I feigned not hearing her comment/question and it was dropped.)
- Mr Trump will only agree to protect the Dreamers if Democrats sign on to fund a border wall with Mexico

Regional Fed president eyes top central bank role – Pg. 2

- The Trump administration is looking for an economist to offer backing to Mr Powell, who succeeds Janet Yellen next month
- Mr Williams has served as president of the San Francisco Fed since 2011, having previously worked under Ms Yellen at the bank as its chief economist. He is a voter on monetary policy this year, and gave an upbeat view of the economic prospects in the telephone interview
- ...US growth was still being held back over the longer term due to , factors including weak productivity gains and an ageing population. This is holding down interest rates, and limiting the central bank’s firepower when it comes to fighting the next recession

First for space race as satellites lift off from private launch pad – Pg. 4

- A US company has blasted three small satellites into orbit from its own launch pad in New Zealand, in a move heralded as a world first that should greatly cut the cost of accessing space
- Each launch costs about \$5m, compared with \$62m for SpaceX,

Credit card losses at large US banks fuel growth fears – Pg. 13

- The big four US retail banks sustained a near 20% jump in losses from credit cards last year, raising doubts about the ability of consumers to fuel economic expansion
- Banks have ramped up lending, wooing customers with air miles, cashback and other offers (Prof Note: Barclays is offering 60,000 miles to open an American Airline card, i.e. two roundtrip tickets to St. Kitts!)
- Credit cards remain highly profitable, with a return on assets of almost 4% compared with 1.4% for retail banking

Answer: 20.0%

Nevis News: Holy cow, see picture. I took a picture of Raggae Beach on St. Kitts. It was a scene from the movies. I absolutely admit I rarely leave Cat Ghaut and never leave Nevis! I knew St. Kitts was better known for nightlife and parties but this was incredible. Loud music, jet skis zipping up and back, alcohol flowing, everyone moving to the music, holy cow. One thing about being older is that the younger “folk” ignore you. So, I am standing on the pier watching everything in amazement. Time and again, woman

exited the water but it was not really an “exit” it was more a strut. The men would, of course, watch intently. Then, as soon as the woman was out of the water she would fix her bathing suit and casually look about to notice who noticed her. However, as soon as she looked the men all took drinks from their solo cups and/or beers (as if they had not noticed! ☺). This entire scene played again, and again, and again. ☺ The people were apparently students from Ross, the veterinary school on St. Kitts. Everyone looked so happy and, of course, inebriated!

20 January 2018

Question: As of December 2017, what is the national average rent paid in buildings over 50 units in the U.S.?

US stocks shrug off looming federal shutdown to set record – Pg. 1

- The US stock market capped Donald Trump’s first year in office by setting a record for the longest streak of tranquility, disregarding a potential US government shutdown in much the same way it has shrugged off political tumult throughout his presidency
- ...extended its streak of trading says without suffering a 5% reversal to 395, the longest since the index launched in 1927
- Democrats have objected to a short-term funding deal until it includes a plan to protect 800,000 “Dreamers” – immigrants brought to the US illegally as children
- The US equities’ records this week, took the S&P 500 rally for the past 12 months since Mr Trump’s inauguration to nearly 24% - slightly below the rally in global stocks in the past year
- The Trump ear has been less kind to the dollar, which has fallen against every major currency since his inauguration, and US government debt, which the 10-year Treasury yield climbing to 2.64% yesterday

Deadline looms to avert US shutdown – Pg. 2

- While the House passed a stopgap bill on Thursday to maintain funding for four more weeks, it faces a steep climb in the Senate where Democrats have more leverage to obstruct a vote because the Republicans have only a wafer-thin majority of 51-49
- A shutdown would close most agencies and stop the payment of federal employees, although law enforcement, airport security and other vital services would continue

The case for ending Amazon’s dominance – Pg. 9

- ...there aren’t more companies like it. It’s unique, and an increasingly terrifying force in online commerce.
- Regulators have a tendency to slip into the role of protecting incumbents with surprising ease
- One is to focus on consumers’ interest in quality, variety and price. This has been the standard approach in US antitrust policy for several decades
- Since Amazon makes slim profits and charges low prices, it raises few antitrust questions
- The alternative view – which harks back to an earlier era of antitrust during which Standard Oil and later AT&T were broken up – argues that competition is inherently good even if it is hard to quantify a benefit to consumers and that society should be wary of large or dominant companies even if their behavior seems benign

- Antitrust authorities face a difficult balancing act. Regulate Amazon and you may snuff out the innovation that we all say we want more of. Punish it for success and you send a strange message to entrepreneurs and investors. Ignore it and you risk leaving vital services in the hands of an invincible monopolist

Answer: \$1,359

19 January 2018

Nevis News: The island is quiet. Yesterday there was little rain and the sun shone all day (enough to actually enjoy the pool). Real estate is dropping like a stone with prices down from elusive asking prices by 50, 60, 70, and even 80%. Much of this is gentrification, i.e. the older generation dying and the younger generation wanting to cash in the billions. The issue is that the properties are held too long and they physically deteriorate so the best price cannot be achieved at time of transfer. Also, property taxes are so low that it does not force a sale. The same thing would have happened to Cat Ghaut but I have taken the roof off and stripped it to studs to renovate. The actual value of some of these homes, which once were Tony, is the land value less razing costs. However, people do not see it. There are buying opportunities on the island.

The neighbours came over for dinner last night and we shared bread. Perhaps I am not invited but I think the dinner party is dead and it is a shame. It is so nice to just have dinner, conversation, and relax at one's own pace. After dinner relax to the parlor, i.e. patio by the pool, the conversation shifts to constellation and weather patterns throughout the Caribbean. The food is great as we heat up what Olive already prepared (I need to find an evening Olive). As for cost, it is a fraction of what would have been spent at a local restaurant. I know I love when students come to the cottage (former students and now peers...no ethical issues) for meals. Just so relaxing!

Last night's discussion over dinner was Nevis speed limit and incarceration. No one can remember anyone incarcerated for a DUI. It was agreed that the only time one is charged with DUI is if one crashes. As for speed limit, we agreed the highest posted sign is 40 MPH on the island. Of course all the dials but fuel are broken in my 94' Samurai so I never have any idea of my speed.

I have Bill Gates Balls!!! I put word out on the island that I was none too happy about the loss of my balls and, while I cannot say they are my original balls, I can say balls have been returned. Personally, it makes little sense to me that Four Seasons would be buying used balls but what do I really know!

I know I keep saying this but it remains true. There is a reason this is considered high-season. The temperature is dewy sweet. Yesterday I turned off all A/C units and opened the entire house. There were points during the day when it was a bit chilly even. It was absolutely so pleasant and nice. If you have the ability to carve out a week in January, I recommend it.

Question: What is the current price of Bitcoin?

Chinese growth rate hits 2-year record – Pg. 2

- China's economy grew at 6.9% in 2017, the fastest pace in two years, despite policymakers making headway towards curbing financial risk from excessive debt
- The 6.8% growth for the fourth quarter locked in China's first yearly GDP acceleration since 2010. That annual figure overshoot the government's original full-year target of "around 6.5%" and outpaced growth of 6.7% in 2016
- In purchasing power parity terms, growth in 2017 alone equaled the size of Canada's entire economy...
- ...after years in which economists have warned about risks building from aggressive credit stimulus....China's ratio of debt to GDP fell for the first time since 2011 in the first half by some estimates

Fed policymaker urges review of inflation target – Pg. 3

- ...US central bank should revisit its 2% inflation target, which it adopted at his [Bernanke] instigation in 2012. The target may prevent the Fed from raising interest rates very far during the current expansion and leave it with little capacity to cut borrowing costs if another recession strikes
- The added stimulus from tax cuts was raising the risk in 2019 or 2020 that the economy overheats as rising inflation fails to stop at 2%, 2.1% or 2.2%...

Five dangers that lurk for investors in 2018 – Pg. 18

- Markets have begun the year with equities extending their record-breaking pace while Treasuries and the dollar have come under pressure
- Treasury yields fall
- The dollar regains its vim
- The US enjoys an economic boom
 - o ...could eventually be bad news for markets. Inflation above the 3% level has historically proven a "toggle switch" for US bonds and equities, with losses starting to get serious above that mark,...
- China's economy splutters again
- Trumpian trade wars

Answer: 11,776 (**Prof Note:** As I have been telling all students; feels like 99'/00' dot.com all over with this "currency")

18 January 2018

Nevis News: Nothing wakes one up faster than the smell of fire when sleeping in a wooden house. The smells of Nevis are different. The men are having a burn, which I realized upon searching the house for an inferno. I am awake!

Went to a local bank to inquire about blending local capital with future projects. Rates were/are about 100bps higher than in the states and leverage lower. What was interesting as the structures were less rigid. What the bank wanted most was a clear proposal for the funds (very reasonable). However, I left with an opaque understanding of desired structures on the island, e.g. 30-year amortization with 10-year balloon, etc. What the banker was most interested in was introducing me to another client selling villas...interesting.

18 January 2018

Question: What is the share of taxpayers that will itemize their tax returns (pre- and post-Trump tax change)?

Sweden to send 'if war comes' booklet to every household – Pg. 2

- Sweden is preparing to send a pamphlet to 4.7m households warning them for the first time in more than half a century of what they should do if war breaks out
- The booklet will deal with issues such a show members of the public can take part in “total defence” during a war and how to secure access to basic needs such as water, food and heating
- The booklet, which has the working title *If Crisis of War Comes*, will be published in May...
- Such a document was last given out to households in 1961, ...
- Since 2014 Sweden has increased military spending, reintroduced conscription and placed permanent troops on the Baltic Sea island of Gotland for the first time in a decade

China infrastructure projects fall foul of debt fears – Pg. 4

- China is set to announce today that its economy grew 6.9% last year, compared with 6.7% in 2016, the first year-on-year increase in seven years
- Projects that were once encouraged because they would boost growth are being subjected to greater scrutiny, especially in regions struggling with high debt burdens

Is our kids' iPhone addiction Apple's problem? – Pg. 8

- Suicide rates, especially among teen girls, were skyrocketing, emergency room admissions for self-harm were soaring and the amount of time teenagers spent with friends dripped off a cliff
- ...teenagers who spent five hours or more a day on electronic devices were 66% more likely to have a risk factor for suicide than those who spent less than an hour
- (Prof Note: The amount of these stories that I hear from peers is staggering to me. Part of it is my age and the age of my peer's children but this screen addiction appears real. In classes students cannot stop looking at their phones. On Nevis I now leave the phone in the office and only rarely remove it. I have no answers, but I do know there is a world beyond the iPhone (smart phones in general))

Dollar weakness rattles central banks – Pg. 18

- The persistent weakness of the US dollar is forcing global central bankers to step up their efforts in warning about the cost of currency appreciation on their economies
- The decline in the global reserve currency matters greatly for other economies that have rebounded thanks to stronger exports, such as Europe and Japan
- G10 central banks are preparing for policy shifts as global trade powers up their economies and strengthens the case for monetary tightening
- The yield on two-year Treasury notes is above 2% for the first time since 2008

Answer: 44% (pre-Trump); 14% (post-Trump)

17 January 2018

Nevis News: Another beautiful day on Nevis. It is obvious, to me, why this is high-season, the temperature is absolutely dewy sweet with a light breeze. However, it is raining a lot. While the rain only lasts short bursts if you are caught you are immediately drenched and then, when it stops, uncomfortable due to the humidity.

I stopped by Nisbets yesterday and they are at 50% occupancy with minimum room rate \$415 + 22% government tax. I suspect if you went in with two US C-notes the rate would fall immediately. Personally I think Nisbets needs a total renovation but that is just my view.

So far today the sun has been shining without interruption. It is a beautiful day and I am heading into town for banking business. Not much online work gets done here.

Attached is a picture of a Nevisian Native. I have been going out at night and spotting them in the water traps. Their eyes glow more than deer and it is absolutely like a movie when shining the light and seeing all the reflections of eyes. Quite amazing actually. They are about the size of your hand and some are the size of your foot.

17 January 2018

Question: According to MSN Money, what are 5 ways to get richer this year?

China's fake economic figures mask true extent of recovery – Pg. 3

- China's economy is booming. Foreign executives report strong growth, and luxury cars from long lines outside top hotels in cities where coal is king
- China's GDP grew 6.9% last year...
- His estimate is higher than the 6.7% growth reported in 2016 but the real recovery has been sharper
- National statisticians regularly discount local data to correct for local officials' habit of inflating figures to look good. This "smoothing" masks fluctuations in China's economic cycles and reduces the utility of publishing statistics in the first place

- The main factor masking the recovery is a slump in northern China from 2012 to 2016 that was never fully recognized. These regions admit to faking some statistics in 2016...
- ...China is on course to become the world's largest economy by any measure...

How to fix university economic courses – Pg. 9

- Insufficient attention, ...is given to contrasting schools of thought – Keynes versus the monetarists, Marx versus the Neoclassicals – and to the lessons of history and other social sciences
- We should distinguish between two variants of pluralism. In one, pluralism by juxtaposition, differing approaches are contrasted, with students encouraged to see the study of economics as a kind of paradigm tournament. But pluralism can also be advanced by marshalling the insights of differing schools of thought and academic disciplines into a common paradigm. Call this pluralism by integration

Allocation to stocks hits two-year high – Pg. 18

- Optimism about stock markets is spurring a rotation of money out of bonds and into equities and cyclical sectors, ...
- Investors' near'-term expectations for stocks are strongly positive. The net proportion of fund managers saying they have taken out protection against a sharp fall in equities in the next three months has eased to its lowest level since 2013
- The majority of investors do not expect equity markets to peak until 2019 or later, a notable recent extension of their timescale forecasts; ...
- Inflation and a crash in bond markets topped investors' list of tail risks; the second most popular risk scenario was a policy mistake by the Federal Reserve or ECB
- Average cash balances are at 4.4%, slightly below the 10-year average of 4.5% and well above BofA's 3.5% "sell" signal

Bank of Japan spooks nervous bond investors – Pg. 20

- ...the disclosure that the BoJ had trimmed the volume of longer bonds it purchased was seized upon as the trigger for a move higher in yields...

Answer: (1) Contribute to your retirement (Prof Note: Forgo the consumption, perhaps less going out to eat and less win and more savings!); (2) Get your student loans under control (Prof Note: Even if your rate is advantageous, Get'r done!); (3) Automate your savings (Prof Note: This could be done with rental units where the tenants amortize the loans!); (4) Create a budget (Prof Note: Absolutely and stick to it!); (5) Make more money (Prof Note: Do the hustle!!! The "side" hustle...that is!!!)

Nevis News: I wake to a woman yelling, "Do you have any balls? You have no balls!" I cannot make this stuff up! Nevis 5-0 is on the job, i.e. "where are my balls?" Apparently, word on the island, is they are being sold to the Four Seasons. Yes, we are supplementing Bill Gates income. I suppose this is payback for using his contractors.

The planes to the island were full which was surprising given the low cost of the airfare. Arriving Sunday night it was great as the course parking lot was filled to capacity, i.e. five cars. The course was about as full as it gets and I now have a yoga class of female students from the Medical School doing yoga near the eighth hole. Yes I did feel the need to go and introduce myself and offer my yoga expertise and assistance with yoga poses (No one does the table top like I do the table top!)! Oddly it was not accepted!

When I landed on St. Kitts Sunday there were eight private jets and three on Nevis. Not many yachts in Christophe Harbour. The island is hopping with tourists. Town feels alive but is not crowded. It is nice being back and seeing everyone. It starts after customs with a fist bump from "my guy". Then picked up by Dayeson's group and whisked to boat where the Captain, knowing my beverage choice, cracks a cold Ting for me. Finally it is Tetris in the Samurai with the bags and back to the house.

Day 1 of Nevis, i.e. yesterday, is always the same. Starts at Island water for, you guessed it, water. Then the bank for some businesses. A tap on counsel's door to let them know to expect me and finally a trip to Rams for groceries. Olive arrived this morning to ensure I will be well fed. 😊

All employees were provided a 3.00% year-on-year raise. This is down from 4.00% last year. No games or BS, as always it is an across-the-board pay increase. Year-end bonuses were one month pay. All employees earn U.S. wages despite being on Nevis. Further, there is NO gender pay gap, i.e. household staff earns equivalent of course crews, based on seniority. For the record: My personal rate when consulting has not changed in several years and rental rates were lowered last year, despite market increases, to reduce roll-over and share societal benefit of capital markets increases.

16 January 2017

Question: According to MSN, what are 38 items no man over 40 should have in his home?

Citi bows to investor pressure and discloses gender pay data – Pg. 1

- The disclosure was selective, including only employees in the US, UK and Germany. It adjusted for factors including job function, level and geography
- The new figures showed the gender pay gap at Citi in the US, the UK and Germany was just 1%. The bank's ethnic minorities in the US earned 99% of what their white peers did
- But Citibank has yet to reveal its separate gender gap number for the UK as required this year under new British government rules which do not allow for the same

adjustments made in yesterday's figures. The average median pay gap across the US financial sector for those, mostly smaller institutions, that have reported so far is 24%

ECB official warns against hard Brexit – pg. 4

- The UK struck a divorce deal with the bloc last month, but negotiations are set to become more complicated this year, with Britain seeking to agree the terms of a standstill transition of “about two years” by the end of March, and a longer-term accord on future ties by the autumn
- All three elements would form part of a package that would need to be ratified by the time Britain leaves the bloc by March 29 2019 to avoid a “cliff-edge” Brexit in which the UK exits without a transition deal

UK contractor Carillion collapses – Pg. 11

- Carillion, one of the UK government's biggest contractors, collapsed yesterday, threatening the jobs of more than 43,000 staff as well as hundreds of sub-contractors and smaller businesses
- Construction experts have warned that the collapse could hit thousands of subcontractors wowed money by the group and that hundreds of smaller businesses could collapse

Payment-in-kind paper proves alluring – Pg. 18

- PIK refers to bonds or loans that can pay their interest with further debt rather than cash. This means the size of the debt can balloon quickly and leave lenders with steep losses if the underlying company is not able to handle the growing burden

Answer: (1) Figurines in Boxes; (2) Posters without frames; (3) A condiment drawer; (4) Frozen dinner or snacks; (5) Instant Coffee; (6) Sugary Treats; (7) Soft Drinks (Prof Note: GUILTY); (8) Bar Décor; (9) Sports trophies; (10) Fake Foliage; (11) Plastic Shelves; (12) A futon; (13) A recliner with built-in cup holders; (14) Threadbare sheets and towels; (15) Clutter; (16) Sheets used as curtains; (17) A beer can or bottle collection; (18) A mattress with no frame; (19) Mismatched dishes; (20) A bean bag chair; (21) Sports paraphernalia; (22) DJ equipment; (23) Christmas lights as decoration; (24) A video game station (Prof Note: I am on the hunt for a SNES Classic...as-soon-as-possible GUILTY); (25) Novelty anything; (26) Glassware with logos (Prof Note: GUILTY though these are mostly university related); (27) A grilled cheese maker (Prof Note: I never knew this even existed); (28) Blankets as clothing (Prof Note: What??); (29) A flimsy knife set; (30) Huge speakers; (31) Mounted weaponry (Prof Note: GUILTY); (32) Socks with holes; (33) Cheap cologne or body spray; (34) Ill-Fitting clothing (Prof Note: GUILTY though I do not wear them); (35) Wire or plastic hangars; (36) Fluorescent bulbs; (37) Bowling shirts; (38) A mess

13 January 2017

Question: According to MSN Money, what are three (3) serious problems with the 4% retirement rule?

US data raise prospect of four rate increases – Pg. 4

- US inflation strengthened at the end of last year, lifting expectations that the Federal Reserve will raise rates as soon as March as rapid growth and low unemployment promise to boost prices
- Core US consumer prices climbed at their quickest pace in nearly a year, increasing 0.3% in December...prices excluding food and energy were up 1.8% from a year earlier, compared with 1.7% the previous month
- Fed officials have penciled in three rate increases this year, but several analysts see the prospect of four rises, given the strength of the economy and the added short-term impetus from deficit-expanding tax cuts
- The yield on the policy-sensitive two-year Treasury climbed above 2% for the first time since the financial crisis, while the benchmark 10-year yield rose 5.6bps at 2.58%
- Surging asset values have left financial conditions no tighter than they were when the Fed started its rate-raising campaign in late 2015

Fear of normality – Pg. 5

- ..the slow but sure collapse in bond yields over the past three decades. The financial crisis supercharged the grate bond bull rally, but spurring more than 700 central bank interest rate cuts across the world and multitrillion-dollar bond-buying programmes
- A sell-off across government bond markets this week and warnings from two of the investment industry's biggest names that we are entering a new era...
- The bond market is arguably the most important cog of the global financial system (Prof Note: Then why is less than one class dedicated to Fixed Income in MBA programmes and 1 or less in MS Finance programmes?) and if it stutters entire regions can feel the impact
- Central banks bought \$1.5tn of bonds last year, up from an annual average of \$1.25tn between 2011 and 2016,...
- ...the Japanese central bank will still buy as many bonds as needed to keep the 10-year government pinned at zero, ...
- The 10-year "break-even" rate, a measure of inflation expectations derived from comparing the yields of conventional and inflation-insured Treasuries, has climbed above the 2% mark this year, for the first time since March 2017
- Ageing demographics is pushing a global savings glut into safer fixed income and helping keep inflationary forces at bay, aided by technology that is proving to be a deflationary force across a range of global industries
- Derivatives contracts indicate that investors believe the 10-year Treasury yield will be below the 3% market in two, five and even 10 years' time

BlackRock pulled in \$1.4bn per working day for 2017 – Pg. 8

- BlackRock reported 12% revenue growth and a 15% increase in operating income

- Vanguard surpassed the \$5tn assets under management barrier last year. BlackRock has more than two-thirds of its assets under management in higher-priced active products

Answer: (1) it makes assumptions about your investment risk; (2) Its outdated; (3) it might cause you to sell your retirement lifestyle short

12 January 2018

Question: According to MSN, what are 17 Red Flags for IRS Auditors?

ECB hint on faster cut to stimulus echoes confidence in global growth – Pg. 1

- The ECB indicated it was preparing to cut its crisis-era stimulus programme faster than anticipated, joining rate-setters in most developed economies in expressing increased confidence in the global recovery
- The ECB's language was characteristically subtle; instead of discussing the eurozone's continued "recovery", it referred to the bloc's "expansion".
- At the December meeting, the ECB's staff upgraded forecasts for growth to 2.4% in 2017 and 2.3% in 2018 – the most significant in the history of the bank's quarterly projections
- Both the US and the Eurozone economies entered 2018 growing at pre-crisis levels

Italy's struggling property sector puts feelgood factor on hold – Pg. 2

- Falling property prices make Italy's market a notable EU outlier, as its ruling Democratic party touts an improving economy in its appeal to voters ahead of elections on March 4
- ...in a country where more than 72% of households own their home, this feeds economic discontent
- Italy was the only EU country in which house prices contracted in the second quarter of last year, ...
- In real terms, Italy's house prices have fallen consistently since 2007 and are now 23% lower – a drop that has brought the construction and property sectors to their knees
- Construction has almost halved from its pre-crisis level. In 2016, 4.4% of construction companies went bust, down from 5.5% in 2013, but still much higher than the 2.6% average across the industry, ...
- The number of property-related loans turning bad has been twice as high as in the manufacturing sector, ...
- ...banks' sales of repossessed property is also adding to the prolonged price contraction. The number of real estate units sold via auction – the sale method for banks – rose 25% in the past two years

Watch the bond market, not equities – Pg. 9

- But it is the behavior of bond prices that is more remarkable. A decade ago, popular investing wisdom posited that bond prices should fall when equities rise, especially if central banks were raising rates. But although the US Federal Reserve under the tenure of Janet Yellen has raised rates five times, and is likely to do so three times this year, bond prices have stayed sky-high, keeping long-term yields ultra low (prices and yields move inversely)
- That means the US yield curve (or the gap between long and short rates) has flattened. It also means that financial conditions in the markets “are extremely accommodative”, ...
- ...long era of ultra-low interest rates has lulled many institutions into complacency. Investors have been reaching for yield, that is taking additional credit risks, on the presumption that rates will stay low, and using derivatives to magnify their bets.
- The CBO calculated that costs on US federal debt will rise from \$270bn to \$712bn over the next decade if 10-year yields rise from 1.8% to 3.6% (excluding the Trump tax cuts).

Housebuilder’s debt deal sparks outcry – Pg. 18

- Derivatives traders are crying foul over a Blackstone-led refinancing deal for the US housebuilder Hovnanian, saying the controversial arrangement threatens to further undermine the shrinking market for CDS
- Hovnanian, which is based in New Jersey and is one of America’s largest homebuilders, has agreed with Blackstone-owned hedge fund GSO to refinance up to \$320m of its debt – but the deal has a catch
- In order to secure the funds from GSO, Hovnanian has agreed to skip a payment on some of its existing bonds, triggering a technical default and a big payday for the hedge fund, which placed bets on a default in the CDS market
- While legal, traders say the arrangement makes a mockery of a market designed to be used to hedge the risk of real defaults at companies in genuine financial distress (Prof Note: Whoa Mama....never say a move like this coming!)

Answer: (1) Making a lot of money; (2) Failing to report all taxable income (Prof Note: Money comes with strings. Even cash! You do not know if the issuer of the cash reported the transaction!); (3) Taking higher-than-average deductions; (4) Running a business; (5) Taking large charitable deductions; (6) Claiming rental losses; (7) Taking an alimony deduction; (8) Writing off a loss for a hobby; (9) Deducting business meals, travel and entertainment; (10) Failing to report a foreign bank account (Prof Note: Holy Toledo...be VERY careful with this. I actually send letters to my foreign banks to have them confirm, in writing, the number of accounts to ensure NOTHING was missed!); (11) Claiming 100% business use of a vehicle (Prof Note: I do this but have a personal vehicle); (12) Taking an early payout from an IRA or 401(k) account; (13) Claiming Day-trading losses on Schedule C; (14) Failing to report gambling winnings or claiming big gambling losses; (15) Claiming the home office deduction; (16)

Engaging in currency transactions (Prof Note: It helps to have businesses operating in the currencies traded); (17) Claiming the foreign earned income exclusion

11 January 2018

Question: Why is this day so important to central bankers?

US bond sell-off as investors fear faster retreat from crisis stimulus – Pg. 1

- **The US bond market has suffered a fierce sell-off as investors fret that central banks will move more aggressively than expected to end their crisis-era economic stimulus programmes, with some high-profile debt investors declaring a new era for fixed income**
- **The yield of 10-year Treasuries yesterday approached levels not seen since the “Trumpflation” retreat nearly a year ago, hitting a nine-month high of nearly 2.6% amid expectations that cash freed up by the recent US tax cut will finally help spark higher inflation**
- **The global government bond market has started 2018 on the back foot, and yields rose sharply on Tuesday after data showed the BoJ slowed some of its long-dated bond purchases**
- **The sell-off deepened yesterday amid market speculation that Chinese authorities viewed US government bonds as less attractive. The sense that the three-decade bond market was coming to a close was reinforced by Bill Gross, the so-called “Bond King”, who declared he had shorted US Treasuries**

Flashing red metrics should alert the Fed to take action – Pg. 9

- **Equities have added to last year’s 20% gains and already broken records. The recent interest in bitcoin is reminiscent of the kind of investor mania that often precedes a financial crisis. The cyclically adjusted price/earnings ratio currently exceeds the peak seen on the eve of the stock market crash of 1929 and is approaching the all-time high seen during the tech bubble in 2000**
- **Credit valuations are similarly high despite a flood of issuance**
- **In the \$1tn leveraged loans market, 75% of new issuance is defined as covenant-lite, a sure sign investors are reaching for yield**
- **Given that the two most recent recessions were caused by financial market excesses rather than macroeconomic ones, it is worth asking what role monetary policy should play**
- **The conventional wisdom among economists is that credit bubbles are more dangerous than equity ones**
- **The Fed is unable to respond as much it typically would during a downturn because policy is constrained by the zero lower bound on nominal interest rates**
- **The recently passed tax reform takes away \$1.5tn of the fiscal space that would normally be used to stimulate the economy in recession**

Five factors to watch as US lenders report – Pg. 14

- How will the banks react to tax reform?
- How grim is trading?
- What happened to loan growth?
- How does regulatory relief play?
- How much 'kitchen sinking' will we see?

Answer: Alexander Hamilton was born in Charlestown, Nevis! (Prof Note: Thank you Elliot E. for the reminder!)

10 January 2018

Question: What does the average indebted college graduate owe on their student loans?

Eurozone jobless rate at its lowest for nine years – Pg. 3

- ...jobless rate in the single currency area fell to 8.7% in November,...this was down from 8.8% the previous month and the lowest level since January 2009
- In Germany and Malta just 3.6% of the labour force is without work
- Germany is due to announce tomorrow how much the economy grew in 2017. The upgrade brings the government closer to consensus private sector estimates of 2.5% growth. The country accounts for about a third of all Eurozone output

Global growth potential 'limited', says World Bank – Pg. 4

- Global growth appears to have peaked, with demographics, a lack of investment, a slowing in productivity gains and tightening monetary policy placing limits on economic expansion,...
- The World's economic output grew 3% last year as more than half of the economies accelerated thanks to a rebound in investment, manufacturing activity and trade,...
- Advanced economies are expected to slow in the coming years as they run up against full employment and as central bankers raise rates to contain inflation,....
- ...expected growth in advanced economies to slow from 2.3% last year to 2.2% this year and 1.7% by 2020
- But emerging and developing economies, which grew 4.3% as a group last year, are also likely to hit ceilings and contribute less to global growth
- Among the risks is a sudden rise in the low borrowing costs that have helped fuel much of the recovery, either from quicker than expected rate rises from central banks, or because of growing concerns about soaring capital markets

Answer: \$30,000

9 January 2018

Question: According to MSN, what are 15 money habits that one should end in 2018?

US seeks depth in the listings pool – Pg. 7

- Last year the S&P 500 recorded its first ever perfect calendar year of monthly total returns.
- In the 1980s, the US averaged more than 200 IPOs a year, and during the dotcom boom – when the focus was on going public quickly on a prospective of ideas and enthusiasm rather than a record of success – US markets saw 547 listings in 1999 and 439 in 2000. Now companies seem to delay going public indefinitely, rather than list too soon
- There are plenty of reasons to want to avoid the frenzy of the dotcom bubble, when more than two-thirds of all tech IPOs went bust within five years of listings,...
- The broad pool of US listed companies is in long-term decline. After peaking at nearly 7,500 in 1997, the number of public companies fell to about 3,600 at the end of 2017, the lowest level since the early 1970s, ...
- The same act removed one of the main reasons for companies to bring forward their IPOs – the rule that forced them to publish financial information once they had more than 500 shareholders. Spared that requirement, which helped trigger both the Google and Facebook IPOs, the latest tech stars have been freer to stay private longer
- The most often cited reason for the drop in tech deals is the increasing availability of private capital

US stocks did better under Obama than Trump, but neither can claim credit – Pg. 18

- Using a better and more robust index, such as the S&P 500 shows that the advantage of the first Obama term grows stronger, and even the start of the second term overtakes the start of the Trump term
- Stock market performance depends much more on the starting price or valuation (very low when Mr Obama took office, and very high when George W Bush took over) than on anything else, and in any case the actions of the central bankers are far more important to stock markets than the actions of presidents
- ...with deregulation and the tax cut, he has set policies in motion that may well have a real effect on the economy and people's wellbeing in the months and years to come

Answer: (1) Using out-of-network ATMS (Prof Note: Why use an ATM at all? It has been at least 10 years since I used one!...who does not take the U.S. Greenback?!); (2) Not checking your bank statement (Prof Note: Amen Brother! I reconcile monthly! Do NOT trust that 80-year-old white haired teller that asks oh, so nicely, "Can I make that transfer for you?" Translation: \$4 fee!); (3) Buying coffee every day (Prof Note: Amen Sister! I am all over students that bring the \$5.00 latte to class. I go through the actual cost at their retirement in today's purchasing power and that latte is \$60.00...aye caramba!); (4) Not having a budget (Prof Note: Pumping fist....you must challenge yourself...I 100.0% have a budget and forecast!); (5) Putting everyone on credit – and not paying it off (Prof Note: Credit Card credit is and should be for emergencies. However, fiscal discipline! I have not purchased an airline ticket in years due to miles earned!); (6) Only paying credit card minimums (Prof Note: Can you say "usury interest" at 22%?!); (7) Seldom dining in (Prof Note: Holy capers batman...I love hosting and dining in! Come to the cottage and I'll throw a southern Maryland crab on the Barbie!); (8) Smoking daily; (9) Diving everywhere solo; (10) Paying for unused services (Prof Note: I cut the cable with cable television at a savings of \$225/mo); (11) Frequent Drinking (Prof Note: Why, why do people go out to bars and drink at restaurants?! It is too expensive...I even drink water at restaurants as I will not pay \$3.00 for a beverage that costs 5 cents); (12) Not shopping around for the best deals (Prof Note: I am not embarrassed to say that I track gas prices and unit costs of groceries for the best deals.); (13) Having too little savings (Prof Note: Have the

“right” kind of savings); (14) Not investing; (15) Giving up after a mistake (Prof Note: Oh please, never give up. Find your passion! One things I have learned, when success is achieved, all the failures are forgiven!)

8 January 2018

Scotland, MD News: Talk about a 180 from Nevis! Sunday was spent cinderblocking (is this even a word?) the crawl space to reduce drafts. Then the blower was brought in, fueled and the bottom of the house was heated. After 16 hours I woke with fear of drowning as all the facets started to gush. It was a rough/day night but all resolved.

This was a huge life lesson for me as it demonstrated knowledge I clearly did not have yet more critical than the equation for risk:

1. How many gallons of water does it take to fill the toilet reservoir to fully evacuate toilet?
2. How many gallons of water must be kept on site, i.e. minimum daily flushes, etc.
3. How long does it take to thaw frozen pipes?
4. How much fuel is required to keep the blower running, i.e. how long must the blower run to thaw pipes?
5. How much fuel is required to keep the kerosene heater running?
6. How much wood is needed to keep the fireplace running?
7. How long does it take SMOil to arrive when tank is bone dry (Prof Note: The driver remembered me from two years ago. I provided enough gratuity to him that next time this happens I will be placed as high on the list as possible. ☺)
8. How do you connect the generator to the house as back-up power?
9. How much fuel does the generator require and what are the systems to run for power, in order of importance, when limited?

This is the stuff you do not get at school. I know I have used my business model in class to demonstrate counter-cyclical revenue flow as the properties have as close to a negative one correlation coefficient as possible. What you do not learn in class? Yes, this is 100.0% accurate but where is the owner, i.e. equity holder? Well, crawling through mice turds and snow, beneath a crawl space on the coldest days of winter protecting the asset. Why? Who else will do it?!

I highly recommend manuals for your home(s). In corporate America we develop “Disaster Plans”, why not have one for our own lives? What is most important?

Question: According to MSN Money, what are 10 things people regret when purchasing a home?

Bannon sorry for ‘Fire and Fury’ comments – Pg. 1

- ...expressed regret for comments he made to the author about the US president and his family
- “Now I have to put up with a Fake Book, written by a totally discredited author.”
- The apology was released after Stephen Miller, a current Trump policy adviser, railed against what he called “grotesque” comments from Mr Bannon in the book

- (Prof Note: I do not know enough of Mr. Bannon's comments to truly comment. However, I will say that we, as a society in my opinion, are too forgiving. There are acts, e.g. Kathy Griffin's and the sexual harassers (provided they are truthful), that are unforgivable.)

Three trends to move markets in 2018 – Pg. 9

- First and foremost, wages...but it has been too little too late and, for the most part, too concentrated at the extreme ends of the spectrum. Lower-level workers (in home healthcare, hospitality and retail) and superstars in high wage fields (such as the financial services industry) have seen gains, but most of the rest of us have not
- In the US, baby-boomers and millennials are now the single largest cohorts in the workplace. I cannot quite imagine the 50-plus crowd, worried about ageism and being replaced by technology they do not understand, being quick to ask for a raise, even in a tightening job market. Most of them just want to hang on to their current positions until retirement
- ...last week's US Federal Reserve minutes noted that many employers are giving out additional benefits or non-traditional working arrangements rather than raises, even with 3% growth and the tailwind of the largest tax cut in 30 years about to kick in
- Finally, if a correction comes by the end of the year, where does it come from? On that score, and many others, I will be watching the tech sector. It has been the main driver of global equities over the past year, yet its business model is based on light tough regulation, something that looks likely to change

Wells Fargo profits lag behind peers as scandal legacy persists – Pg. 16

- ...figures from Wells are expected to show how long it is taking to recover after thousands of its staff created 3.5m bank and credit card accounts for customers without their permission
- Wells has also made a series of management changes and shaken up the way employees are paid as it moves away from the "cross-selling" culture blamed for fueling the staff misconduct (Prof Note: BB&T just changed its policies and now views the total relationship rather than individual account balances. You may not remember but a few months ago I "ranted" here about fees being theft and was in the process of going to the bank commissioners over BB&T's fee policies? (please note I do like BB&T but I do get emotional at times over perceived and real injustices) Well, they completely reversed their policies. What bothered me the most is that I was right. I specifically told BB&T that the requirement of minimum balances placed undo burden on my businesses. Working capital accounts should be driven as close to zero as possible. Deposit accounts should be physically separated and unused. By requiring me to combine operating and deposit accounts it changed, as I predicted, my behavior. I was beginning to use deposit monies as working capital (a HUGE no-no in business). Banks need to be partners, there is much truth in this!)
- The bank has already acknowledged it may have mis-sold insurance to about 570,000 customers, and the Office of the Comptroller of the Currency has warned of possible enforcement action (Prof Note: I get these "forced insurance policies" letters from BB&T. Document everything!!!)
- (Prof Note: While I love to complain about BB&T, please note that I am generally very happy with them. One of my favourite BB&T quotes by a senior member saying this in frustration, i.e. not in compliment, was "Roger, the issue is you want everything for free." My response,

“We now understand each other! ☺” In truth I believe, and this is a general comment, fees are thievery and interest is a cost of doing business.)

Answer: (1) Future Development, (2) Forgetting pre-approval, (3) Ignoring Old Paint, (4) Skipping the final walk-through, (5) The commute is too long, (6) Roof leaks, (7) Wiring, (8) Not saving enough (Prof Note: Want to see my head explode?! See my reaction when a realtor professes that one can afford this house? That should be 100.0% illegal for them to state!), (9) Not doing enough research, (10) Wrong size home, (11) (Prof Note: Buying at the bottom of the hill. If Sun Tzu taught us nothing we must remember to attack from the high ground with the sun at our back!)

6 January 2018

Scotland, MD News: As a supplement to “Nevis News”. It is bitterly cold down here, i.e. single digits, at the a\$\$ end of Maryland (southernmost point of MD). Pipes are all completely frozen. Oil just ran out and thermostat in house just past 60 and falling. Emergency call was placed to SMOil and help is on the way! On the plus side, electricity is running. As soon as the oil arrives (and I have a scotch or two) I will spend the afternoon/evening chasing deer on the quad (do not worry, I have yet to actually ever catch one!).

(Bit of background, I am trying to learn to farm down here. It is not going well, i.e. Farmer Roger, but I am learning what not to do which is knowledge, I suppose. Picture of front-yard attached for perspective. Across the Potomac is Virginia.)

Question: According to MSN, what are the six best ways to get out of a speeding ticket?

New year adds fizz to market rally – Pg. 1

- Shares across the world have made a powerful start to the year as economic data from three continents buoyed hopes that faster global growth will push stock markets to new highs
- US jobs and wages data showed average earnings growth at 2.5% in December, as expected. But a miss for headline job creation was shrugged off by the market as unemployment remained steady at 4.1% - a level last seen 17 years ago
- But not all investors have embraced the idea that soaring equity valuations are justified by data.

Commodities make flying start to 2018 – Pg. 11

- ...rising to a three-year high as the global economy enjoys its best growth since the financial crisis
- Crude rose above \$68 a barrel for the first time since 2015 ...
- Brent has rallied more than 50% since June, with strong demand combining with Opec and Russia's production cuts to tighten the market
- Then there is China. Tighter monetary conditions are set to reduce credit growth there, which will hit activity in commodity-intensive industries such as construction and manufacturing

US 'melt-up' raises hopes for longer bull run – Pg. 11

- ...there remains concern that the focus could ultimately switch to plans by the Federal Reserve and the ECB to dial back their stimulus
- Alongside the still benign global economic backdrop, the cut in the corporate tax rate from 35% to 21% has helped propel expectations for corporate profits higher...
- On a price/sales basis, the S&P 500 is nearly peaks reached in the dotcom bubble, while the cyclically adjusted P/E ratio ...is at levels topped only by the heights hit before the dotcom bubble burst in 2000 and the Great Crash of 1929
- This bull run has been dubbed “the most hated” because of the role of central banks in fueling it through the vast stimulus plans introduced since 2009

Growth outlook prompts flood of money into inflation-protected funds – Pg. 11

- Investors are pouring money into funds that help protect their portfolios against higher inflation as they position themselves for a period of faster growth
- US-focused funds account for the biggest chunk of cash flowing into inflation-protected bonds, ...
- The 10-year US break-even rate, a market measure of investor inflation expectations derived from comparing the yields of conventional and inflation-protected Treasuries, has risen 13bps to 2.01% since the start of December. The break-even has not sat above 2% since March

Answer: (1) Respect the Officer (Prof Note: One of the most troubling aspects, to me, regarding law enforcement/TSA is the absolute power they have at the moment of issue. What a 24-year-old could rarely understand is the action they take can have dire consequences on the recipient’s life.); (2) Sit down with the law (Prof Note: Read the law and understand it. Just last year I sat down with a detective over an issue. The detective pushed back on me spouting the law. I pushed back harder with facts and, this probably did not help my cause, cited the law and stated (again, ire got the better of me) that criminal justice classes do not make one an attorney!); (3) Offer a bribe (Prof Note: I am not joking...the article stated to offer the judge that you will make a charitable donation! What are we being extorted by our criminal justice system now?!); (4) Beg (Prof Note: Whatever works!); (5) Just show up

5 January 2018

Question: According to MSN, what are seven surprising reasons marriages fail that no one talks about?

Trump lawyers attempt to ban tell-all book – Pg. 4

- Lawyers for Donald Trump sought yesterday to stop publication of a tell-all book that has already precipitated a bitter public break-up between the US president and former senior adviser Steve Bannon (Prof Note: Oh puulleezzzzz...this is nothing more than a free advertisement campaign. I truly believe this!)
- “We are investigating numerous false and/or baseless statements that you have made about Mr Trump in your upcoming book”...
- “Your publication of the false/baseless statements about Mr Trump gives rise to, among other claims, defamation by libel, defamation by libel per se, false light invasion of privacy,

- tortious interference with contractual relations, and inducement of breach of contract.” (Prof Note: Whoa mama! I am saving this sentence for my next poison pen letter!!!)
- (Prof Note: Take this as a warning when using Social Media, etc. Written words can harm, i.e. you can be sued for words written. When expressing a thought(s) be certain to express as an opinion (you have constitutional protection). When expressing an unflattering view of a person and/or organization be certain it is based in fact. How one expresses oneself matters. For example, (I have spent way too much time prepping for depositions) use qualifiers, i.e. “I perceive..., I felt..., I believed...”. Avoid absolute statements! Also, remember (and this comes from personal experience) being right is not necessarily enough! Having a voice is a honour and privilege, be careful (thank all of you for providing me a voice))
 - (Prof Note: “Freedom of Speech” is a misnomer. Speech is not free and “Free Speech” can be costly. Be VERY careful with written expression, especially on Social Media.)

Equities keep up record start to year with Dow topping 25,000 – Pg. 19

- ...optimism about the prospects for the world economy showed little sign of abating
- The S&P 500 was up 0.5% at 2,726 putting it on course for a third successive record close, ...
- There were encouraging signs from US labour market data ahead of today’s non-farm payrolls report
- ADP, the private payrolls processor, said 250,000 jobs were created last month, well ahead of market expectations and up from 185,000 in November
- The euro was up 0.5% at \$1.2069, having earlier hit a four-month high of \$1.2089, while the pound was 0.2% firmer at \$1.3543.

Five factors that will shape Brent’s future – Pg. 20

- Iran and rising geopolitical risks
- US shale and non-Opec supply
- Demand and the world economy
- Opec and Russia strategy
- Hedge funds

Answer: (1) A lack of eye contact, (2) Not fighting over the dishes, (3) Dwindling passion and intimacy, (4) Social Media Addiction, (5) A case of wanderlust, (6) A loss of individuality, (7) Out-of-Control kids

4 January 2017

Question: 1 January 2007 Warren Buffett placed a \$1.0m bet that a passive S&P500 index fund would outperform a portfolio of at least 5 hedge funds over a 10-year period, i.e. ending 31 December 2017. What was the result?

German joblessness hits record low – Pg. 4

- Germany unemployment has reached a record low as the upswing in Europe’s largest economy continues to gather pace
- The unemployment rate stood at 5.5%, the same as in November and the lowest since German reunification in 1990

- The workforce grew last year to a record 4.4m, ...
- Germany's GDP grew by 2.3% in 2017, up from 1.9% in 2016, and the government expects growth of 2.2% this year
- The downside is that companies increasingly complain of a shortage of skilled workers

Buoyant UK banks rush to tap debt – Pg. 20

- UK banks and businesses are tapping debt markets at the fastest rate for eight years, and bankers expect the rush to continue this quarter
- Almost three-quarters of November's debt-raising came from banks and other financial institutions, with the rest of the private sector making up the remainder

Weak dollar and prospects of higher inflation help gold hit three-month high – Pg. 20

- Gold has defied interest rate rises and record equity markets to rally to its highest level in more than three months
- The precious metal has jumped more than 6% since early December to reach \$1,316 a troy ounce, its highest level since September 15
- The short-term boost to gold has come from a weaker dollar, which makes the metal cheaper in foreign currencies. The dollar was the worst G10 currency of 2017, dipping nearly 10% over the year on this trade-weighted basis
- The move is gold's best straight run since 2011, a year when the metal hit a record of more than \$1,900 a troy ounce before collapsing to trade close to \$1,000 in 2015
- Also key to gold's performance is the timing of any pick-up in inflation and the reaction of the US central bank
- Over the past few years gold has had a close relationship to US real rates, or the interest rate after taking into account inflation. Gold, which provides no yield, has tended to rise when US real yields fall, and vice versa

Looser rules and rising rates set to lift US banks – Pg. 22

- ...ability to earn more on assets, while capping the cost of liabilities to depositors, should keep the shareholders of US banks happy this year
- In 2017 the likes of JPMorgan, BoA and Citi shrugged off years of sluggish post-crisis returns, beating benchmarks, boosted by prospects of higher interest rates, lower taxes and lighter regulation under the regime of President Donald Trump

Answer: S&P 500: 7.1% annualized gain; Hedge-Funds: 2.2% annualized gain

Divorce comments to a past listing from a list-serve member. I saved this for after the holidays.

Please do (both share and remove my name).

Also, I'm heavily involved in 50-50 shared custody/parental alienation prevention/father's rights movements. If you have a specific individual on the list-serv who reaches out for additional info, you are welcome to send my contact info to them directly.

I was one of your students nearly XX years ago but still read your emails faithfully. Thank you for all the time spent writing and sharing your thoughts and wisdom (admittedly, if I'm particularly busy I'll skim the email for a Professor note in search of your ideas).

Best to you and yours this holiday season!

Roger,

I think the tips for saving \$\$\$ during divorce was so critical for you to send out to the list-serv. I agree whole-heartedly with the list and am glad you are sending this out for mass consumption!

When I was going through my own divorce one of the things which was a guiding force was your advice not to skimp on good legal counsel or tax services (or something to that effect). I also recall your advice that a marriage was like a portfolio. Truer words were never spoken.

A few kindly additions/elaboration on what you already listed (in case another student asks/seeks advice).

16. SIGN NOTHING unless your LAWYER reviews it - divorce is highly emotional and turbulent, especially if the other spouse is the one who filed (as was in my case). I made foolish errors straight out of the gate and signed things in an effort to "make the pain go away" which later down the road were costly to try and fight or repair. The judge did NOT care that I was deceived into signing papers, didn't have counsel, etc. Even if someone is pro se, do NOT rely on a friend/loved one/religious individual to review. It is worth the money to have a family law attorney and review it for an hour or so with you and digest it. Third party eyes are worth every penny!

17. You touched on this with 13, but to elaborate - Go into your attorney with a laundry list and an agenda. When I show up at my attorney's office (even though my case is dormant) I have several copies of all documents I need to discuss as well as topics, and questions.

18. Related to #11 - If your case is being litigated - prepare NOW for discovery. Begin to compile all your financials, and review and index them yourself. I have heard horror stories from my attorney how individuals simply press print on their documents and give it over to their lawyer for organization, index, and review. That costs \$\$\$\$\$. Far better in a family law setting to do all of that your self and be able to say "See here on June 12, 2017, I paid XXXX toward child expenses", etc. It will help you familiarize yourself with the ins and outs of the details of your case and help you direct your attorney to the most critical parts. (Prof Note: Consider where you keep your documents/backups. If you fear or are concerned about discovery requests, if the files are not in your possession or at a location not under your control clearly you cannot produce them. Consider file server locations out of country.)

19. To elaborate on #10 - Do NOT be afraid to demand free consultation, and interview, interview, interview the lawyers. I went through six attorneys before I finally settled on who I have today. Shoring up with the first lawyer you visit or the friend-of-a-friend recommendation may very well not be the best attorney to handle your case.

20. Finally - be VERY honest with yourself about what type of posture your soon-to-be-former spouse is taking in the case. Do not bury your head in the sand if they want to litigate. I wasted a fair amount of money attempting settlement conferences when I should have saved the money for courtroom litigation. Especially where child custody is concerned, there is only virtue in extending the olive branch to the other side if the other side wants it. (Prof Note: Amen!!! Find an attorney with a similar personality to your own as well. Do NOT hire settlers when litigation is on the horizon! Also, in a street fight, there is NO 'above the waist' rule! I remember my attorneys pushing back on me during some litigation as they did not want to go after the professional designations and licenses of the counter-parties. I viewed it as a street fight and I was NOT above kicking, scratching, biting, i.e. it was a brawl! Well, the aggression and threat of loss of professional licenses due to fraud and perjury broke the backs of the counter-parties! The attorneys literally looked at me and said, "Well Roger, you were right!")

Lastly - it is not considered dissipation in the state of Maryland (though judges don't particularly like it) when you liquidate joint marital assets to finance incurred attorney fees (example: retirement accounts). My soon-to-be-former spouse was due a very large portion of my retirement, however we were fighting exclusively over custody. In my opinion (and this may make you and other shudder), I made a sober and calculated move to liquidate much of my retirement, paid early withdrawal fees and taxes and gave the rest to my attorney in pursuit of the custody they deserved. Many people are unaware that this is an option - though one with grave financial implications. (Prof Note: Just be careful! Be certain you are within the law!)

Happy Holidays and I hope this email finds you in great health, good spirits, and plenty of holiday cheer.

3 January 2018

Question: According to MSN, what are three secrets for a better retirement in 2018?

Eurozone manufacturing sector grows at fastest pace on record – Pg. 1

- Businesses in Germany, Ireland and Austria all reported record growth, while Greece enjoyed its best results for nearly a decade
- Europe's economy consistently beat expectations throughout 2017, leading economists and policymakers to increase their growth forecasts substantially. The ECB now expects Eurozone economy to have expanded 2.4% in 2017, compared with estimates of just 1.7% at the start of the year
- Inflation in the Eurozone has fallen back in recent months after briefly hitting the ECB's target of close to 2%

Congress pressed to pass spending bill – Pg. 2

- A government shutdown deadline looms on January 19. To avoid it, Congress must pass the bill – something it failed to do in December – or another temporary continuation to keep short-term spending at the current levels
- In the coming weeks Congress must come up with a long-term solution for funding the Children's Health Insurance Programme, which provides medical coverage for 9m underprivileged children in the US. It will also need to hammer out a disaster relief package for areas of the country hit by storms Harvey, Irma and Maria, as well as California, which faced devastating wildfires at the close of 2017

Social media use fuels rise in sexual harassment – Pg. 12

- Technology is fueling a new wave of workplace sexual harassment as social media provides intimate details of workers' personal lives, and systems deployed by some companies allow would-be stalkers to track their colleagues' location in real time (Prof Note: Hence why I have never been on Facebook!)
- Workplace – which keeps user accounts separate from personal Facebook pages – says that individuals cannot block colleagues but that companies administer their own portals and have the option of blocking or deactivating specific users
- There is an upside to high tech sexual harassment through social networks, though "it gives a great paper trail of the abuse should a person choose to report it" (Prof Note: It is not as simple, I know, as saying "Always Report", but, to the extent circumstances permit, "Always Report!")

Asset managers face a 'disruptive period' – Pg. 20

- The investment industry is facing a “hyper competitive and hyper disruptive period” as the rising tide of passive investing piles pressure on fees and technology reshapes every aspect of asset management, ...
- ...the shares of US asset managers outperformed the broader market last year, climbing more than 26% on average
- ...money continues to gush out of equity funds in particular
- The strain on fees is considerable. The average net expense ratio of US equity mutual funds fell to 1.13% last year, from 1.44% in 2000, while the expense ratio of US bond funds has slipped to 0.91% from 1.14% over the same period, ...
- It is still a lucrative industry – the average profit margin of listed US asset managers at over 23%, the highest since 2013 and almost double the S&P 500's 13.2% average – but assets under management and thus profits have been flattered by buoyant markets...

Answer: (1) Check spending (Prof Note: There needs to be a balance but youth must understand that forgone consumption allows more years of compounded growth of their savings!); (2) Take that big trip (Prof Note: When I went to Antarctica, the ship had shore excursions on zodiacs. When we reached the continent one of the woman was sobbing hysterically as the crew would not allow her on the zodiac to step foot on the continent. She was crying that this was her life-long dream and she had paid for it. The crew sighted safety concerns given her frailty. The scene made an impression on me. Do not wait too long to realize those life-long dreams!); (3) Make some good friends (Prof Note: I personally would rather have a scotch or a meal with friends at their home or mine over a restaurant where we are making others wealthier. Quality people are what matter!)

2 January 2018

Question: As stated by MSN.com, what are 11 New Year's Resolutions Successful People Make Every Year?

US considers mortgage credit check shake-up – Pg. 12

- Fannie Mae and Freddie Mac, the government-controlled groups that guarantee US mortgages, have for years required lenders to use a system developed by analytics software company FICO to determine the creditworthiness of prospective borrowers
- Almost 4.5m people do not have a regular credit score,
- The review poses another potential challenge to FICO's dominance of US consumer credit ratings. Its algorithm aims to predict how likely consumers are to repay their debts by examining factors such as payment history
- FICO is still used in most credit decisions....

PwC 'fell short' on averting significant US bank collapse – Pg. 14

- PwC should have done more to avert one of the biggest bank collapses in US history, ...at the end of a case that shone new light on the responsibility of auditors to detect fraud
- The World's second-biggest professional services firm by annual revenues had been accused of failing to catch a multi billion-dollar conspiracy between executives at Taylor, Bean &

- Whitaker, a defunct mortgage firm, and counterparts at Colonial, an Alabama-based lender that supplied TBW with loans
- ...professional standards...the firm failed to perform adequate checks that Colonial's financial statements were fairly stated
 - ...now consider separately whether damages should be imposed on PwC, and how much. One pre-trial document put a figure as high as \$2.1bn
 - The suit brought by the FDIC is one of the number of high-profile actions arising from the financial crisis and its aftermath, which have put auditors in the dock
 - The verdict comes more than a year after PwC settled a \$5.5bn case brought against it by the bankruptcy trustee of TBW, in the biggest accounting negligence lawsuit ever to go to trial. The decision to settle – for a confidential sum – came four weeks into proceedings in a state court in Miami

Answer: (1) Master a new skill (Prof Note: Ba hum bug! Young people should master the skill of their career first!); (2) Strike a better work-life balance (Prof Note: Ba hum bug! Young people need to learn that weekends are two days where one can work nonstop, without interruption, in the office!); (3) Get Organized (Prof Note: You can never be too organized! In fact, I have spent the entire day, i.e. Tuesday 2 Jan 18, financially organizing and planning out 2018); (4) Stop caring about what others think (Prof Note: Try as you must but you simply will never wear a pair of Crocs like I wear a pair of Crocs! ☺ Seriously though, if you work for someone else, you MUST care about what others think! I am a huge believer that corporate America is NOT a meritocracy and is actually a popularity contest...for the most part. It matters what others think when working for others!); (5) Manage Time Well; (6) Make Healthy Lifestyle Changes (Prof Note: 2018 is my year to get healthy.); (7) Create your 2018 'Sinking Funds'; (8) Find a mentor or accountability partner (Prof Note: While I absolutely had/have positive inspiration from individuals during my career, I lacked a mentor. My only real comments are to believe in yourself. This is something I lacked, i.e. self-belief!); (9) Start one thing you've always meant to start (Prof Note: See comment for #2. Young people should focus on developing the skills of their career. Later in life these softer skills can be learned.); (10) Be grateful (Prof Note: Absolutely!!! Any success(es) anyone attributes to me was done with the help of others! I remember my friend Bob and I learned we were competing for the same client years ago. Bob called me and said, "Roger, I am dropping out. We are friends." I said, "Bob, you could never beat me in anything as I will simply enjoy your victory with you!" I forget what happened with the client but, knowing how we work, I am sure we split the fee! ☺); (11) Increase your net worth (Prof Note: NOOOOOOOOOO focus on increasing passive income sourcing for retirement. The largest single asset in my portfolio costs me over \$100,000/year to maintain...thanks for nuth'n! ☺)