

➤ The Investment Perspective – May 2024



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“Neither the investing method nor the fundamentals of the business are right or wrong because the mood of the market is favourable or unfavourable toward the “stock”. That is because when you really think about it, “stocks” (shares) are all about the financials and the trading price, the share price...the cash up value. What matters more is the economics of the business.”

-Peter Flannery

Careful

Which facts?

Investing successfully long term is not easy.

Successful investors generally use a fundamental methodology that makes sense to them. And they stay with it.



The graph above shows the increase in US interest payments on the growing pile of debt.

The US is allocating more, almost every year to servicing debt.

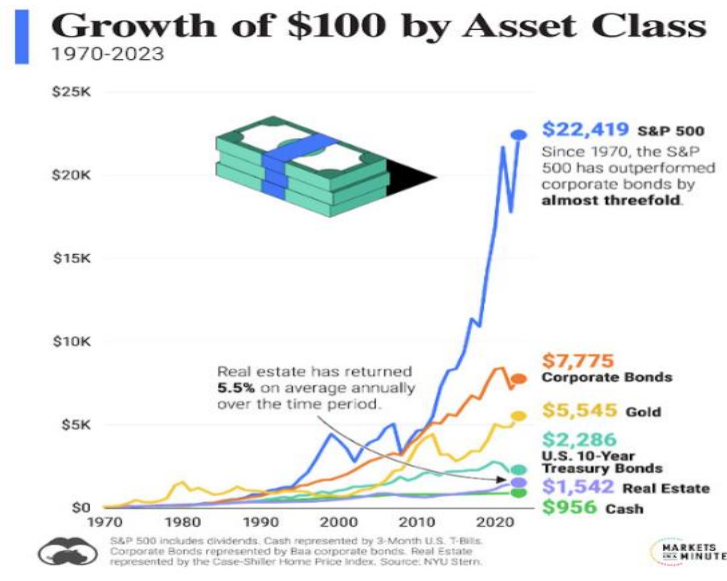
Looking at the graph above can make people start to wonder where it all ends up? Surely this cannot continue!

In very simple terms, some of the accumulated debt is due to insufficient productivity over several decades. That is not good and could need serious action by the US Government at some point.

Some of the accumulated debt is from specific events (e.g. The GFC, COVID response, the mini-banking crisis in early 2023). These are one-offs and significant but not near as potentially damaging as constant topping up because of a fundamental budget deficit driven by insufficient productivity over many years.

Despite this, it is difficult to see a global economic and market meltdown as some predict. I have seen these types of predictions for over 40 years. Ever wonder why anyone makes that sort of prediction anyway?

In short, I suggest we let the US Government (I know!!), the US Fed and markets continue to work it all through. You and I cannot change it but then we don't need to.



The graph above shows the growth of \$100 since 1970.

Cutting to it, we can still progress and develop financial security, regardless of the fiscal position of governments. They have a number of levers they can pull anyway. For example, freeing up banking restrictions (China likes this lever), adding capital (the US and Europe like this lever), and raising or lowering interest rates. There are many more. For example, cutting health care benefits, retirement benefits and the like are other options that governments have. They have levers and options.

Be careful.

Let's be careful about who and what we listen to, what we believe, and therefore what we do and don't do. This applies to financial planning, investing and our lives.

The US dollar has declined in real value by ca. 90% over the last 100 years or so. The 'melting ice cube'.

Still, next to China (they have the most) who have been around a lot longer and have three times the population, America has a similar number of billionaires. People are getting ahead and doing well, regardless of the melting ice cube.

Let's be selective about who / what we 'let in'.

Let's be discerning about what we believe because it will determine what we do and don't do with our money and our life.

"I have had a lot of worries in my life, most of which never happened"

-Mark Twain

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