

Market Watch with RMH

November 2019

What is the difference between a million / billion / trillion? I bring this up for several reasons. **Numbers** are being put forth by all sorts of people as a way to define themselves as they campaign, or the press and government just report these figures without any understanding of what they mean when you compare them to something we **ALL** know. For example:

- 1 second is 1 second
- 1 million seconds is **12 days** (Interesting)
- 1 billion seconds is **30 years** (Wow, that's a lot)
- 1 trillion seconds is **30,000 years**

A trillion is a million times a million, a hard number to visualize. Or look at it this way:

- 1 millimeter is 1 mm (pretty tiny)
- 1 million mm is a kilometer (down the street)
- 1 billion mm is a 1000 km (600 miles — partway across the country)
- 1 trillion mm is 1,000,000 km (Going around the world 25 times, almost as wide as the Sun)

Finally, when we talk about health care proposals or other spending of truly massive sums, this what \$20 Trillion means:

- \$60,700 for every person in the US (329m million)
- \$2,774 for every person in the world (7.21 billion)
- \$16,670 for every car in the world (1.2 billion).

In summary let's try and be careful and do a little thinking when we hear about these numbers, and ask ourselves did the authors do any thinking before we take the numbers as gospel..

Noise, a problem I/we face every day. From Investopedia, “In a broad analytical context, noise refers to information or activity that confuses or misrepresents genuine underlying trends. “

I try to do the following to avoid getting consumed:

- 1 Unusable: if my actions or behavior will not be altered, then likely noise. If it will not affect my long term strategy, then ignore.
- 2 Untimely: if I can't use the information, or it is likely to change by the time I wish to use it, then it is noise.
- 3 Hypothetical: probably the most common, one hears this all the time on the radio/TV.
- 4 Distracting: noise is anything that distracts you from your long term goal.

In summary the information we listen to or look at affects our outlook and eventually our actions. We are wired in our brains for negativity, and we are three times as likely to listen for negative news. Just try to lower the amount of negativity one hears in a day. It has been said that lowering the negativity by as little as 5% will be a great start.

Thanksgiving/Christmas, maybe it is me, however seems to be starting very early this year! On Sunday, I went to Home Goods with Kathy, and the place was packed, same for Costco. What is causing this? Real Personal Disposable Income, the amount left to spend after paying taxes was up 3.48% for the month of September, and is the highest reading since December 2018. At the same time, Real Consumer Spending, this is the inflation adjusted amount of money spent by households in the US Economy was up 2.58%. Increased income and the willingness to spend suggest a good Thanksgiving/Christmas season.

While the rate of wage growth and spending are important, it is also good to note that the number of hiring announcements is also up 1.082 million, a 9.7% gain from this point last year.

In summary, Hafeez Esmail of Main Management comments as follows, “with over 1 million additional people hired and receiving paychecks relative to 2018, there appears to be a greater absolute number of people with incomes to spend. If the increased number of hires is paired with sharply lower layoffs for the past two months, the scenario further improves. The National Retail Federation spending

forecast for November and December 2019 appears to underscore this assessment. As a result, the odds of a green Christmas continue to improve.”

Figure 1. US Holiday Sales (USD Bil.)



In the past, and today as well, we have our eye on Hong Kong. Seems the press has forgotten what is happening here. The link if you wish to see the latest comes from Interesting Engineering, and it seems the protests are moving into a more serious stage.

- https://interestingengineering.com/engineers-are-building-catapults-slingshots-and-barricades-in-hong-kong-protests?_source=newsletter&_campaign=YqN5dY3r3bJLA&_uid=5xe73Ejre7&_h=b29db9fca052202d67015abfdddfe851830b77ee&utm_source=newsletter&utm_medium=mailing&utm_campaign=Newsletter-15-11-2019
- <https://www.bbc.com/news/world-asia-china-50455727>

Finally, from the Economist, ...”Hong Kong “one country, two systems” is officially due to expire in 2047. On current form its system is likely to be much like the rest of China’s long before then. That is why Hong Kong’s protesters are

so desperate, and why the harmony Mr Xi talks so blithely of creating in China will elude him.”

We thank you all for taking the time and reading “Market Watch.” It is meant as an educational piece on the always evolving markets. It is something we plan on providing every month, and your feedback is very important to us. Please feel free to always reach out with questions, thoughts, or comments. If there are ever any topics you wish us to explore, please share.

On a personal note, RMH is now in the position to bring on new clients and please be sure to share this informational letter with whomever you wish. RMH’s focus is on the customizable investment needs of individuals, families, and foundations. We enjoy working with our clients to better understand their goals, values, and passions for what is important in their lives. In expanding our client base, we look forward to working with people who share these same desires

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Sources include the following:

<https://betterexplained.com/articles/how-to-develop-a-sense-of-scale/>

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