

MARKET COMMENTARY – NOVEMBER 1, 2019

***Beware lest you lose the substance  
By grasping at the shadow. ~ Aesop***

*And...*

***Much outcry, little outcome. ~ Aesop***

As the years in our pasts accumulate, many of us come to value experience, insight, and wisdom more than bustling action. The sensible among us might even be able to find lessons in nearly all aspects of daily life, from reading to recreation or roaming. But it is only the truly sagacious members of the human race who dare attempt putting such dearly collected wisdom into practice.

There are several versions of Aesop's life. If he even lived at all, he was a writer of fables in Sixth Century B.C. that dealt primarily with animals bearing the attributes of people – think *The Lion and the Mouse* or *The Tortoise and the Hare*. From his tales, of course, the listener could acquire important proverbial understanding. We find it quite astonishing that what was considered sage advice over 2,500 years ago may still ring true in modernity.

The first moral above is gleaned from a fable of Aesop's called *The Dog and the Shadow*. It struck us as particularly significant recently as we struggled with ever greater amounts of information or, worse yet, volumes of raw data. It is part of our role to sift and sort this into meaningful, actionable intelligence for our clients. What data point is salient? Which is a mere shadow? Should we focus on a few indices that might be signaling difficulties in manufacturing? Or, are those that show a stabilizing environment the true, substantive findings?

We like to believe we have begun honing in on the substance. Corporate fundamentals remain robust. So far, as third quarter results come in, 80% of companies have beaten earnings outlooks. And 64% of big companies have beaten topline revenue expectations. Revenue growth, one of the most essential indicators of broad economic growth, looks as if it was a solid 2.8% over the year ago period. The earnings and revenue numbers are especially good when we consider that they are compared to the surge that followed corporate tax cuts.

And interest rate policy remains supportive of risk-based assets. The third intra-cycle cut that came just this week has helped normalize the shape of the yield curve. The graph remains flat historically. But a flat curve portends neither recession nor expansion. It is somewhat of a non-indicator in its current form.

The second reference to Aesop's work above comes from *The Mountains in Labor*. People, it seems, have been people since Creation. In Aesop's time they must have squawked and jabbered about all sorts of things. And if they were anything like modern men and women, oftentimes, the issues that received the loudest outpouring of words, received the least significant of outcomes.

This insight accurately describes our current view of the biggest political issues of the day. Trade and impeachment.

We need not make any politically charged statement to observe that the administration makes a lot of noise about trade negotiation progress. For example, back in April a comprehensive deal was supposed to be days away. Most recently, a Phase I deal is going to be signed. While such an outcome would be welcomed by all, we view any genuine agreement on trade to be many months away. Much outcry, little outcome.

Likewise, the President's political opponents have driven hard toward finding an impeachable offense in any of a number of his actions. They finally had the confidence to move ahead with closed-door inquiries in the past month. While a lot of noise surrounds this issue, with every talk show personality and guest feeling free to weigh in with an opinion, we believe that the evidence thus presented will be hard-pressed to embolden the House to impeach and the Senate to convict. Much outcry, little outcome.

In closing, let us vow to learn from our collective pasts and to focus our newfound wisdom on beneficial subjects for our brighter futures.

Stirling Bridge Wealth Partners, LLC is fortunate to count many of you as clients. In the good times and bad, we remain committed to providing customized investment solutions and robust financial planning wrapped in a package of exceptional service. We thank each of you for your dedication to us and for your trust.

Sincerely

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President