

## **“Getting Better, Feeling Worse”**

The economy has added jobs for 75 straight months, homes are selling at an annual rate of over 6 million, and the stock market is in one of the longest bull runs in history. So why are so many people embittered? Consumer confidence is tepid, 3 of 4 of Americans say our morals are getting worse, and 46% think things were better in the 1960s than they are now. What gives?? Here are a few thoughts on that score.

- **Job Creation’s a Plus:** Gallup’s “Good Jobs” report (the percent of the U.S. population working 30+ hours a week for a steady paycheck) is back at pre-recession highs (45.9%); unemployment is less than half of what it was during the recession; and more people are working than at any time in our history.
- **Uncertainty About the Presidential Election Hurts:** A Wells Fargo report shows how the S&P 500 Index\* performed in the 4<sup>th</sup> year of a presidential cycle. When the incumbent ran, the index was up 9.7%; yet, when we had an “open” election the returns were just 1.2% on average. Uncertainty plagues markets and investors, and this election is one of the most unsettling in history.
- **Housing Has Been a Big Help:** Since the recession, housing has had an amazing resurgence, with new home starts setting a record (National Association of Home Builders), and home sales hovering at a 6 million annual rate. It’s estimated that every two home sales create a job, and every sale at the median price generates \$72,000 more in economic benefit that gets recycled back into the economy (moving costs, new furniture, remodeling, commissions, etc.).
- **But Voters Think U.S. Prestige is in Decline:** In a recent Pew poll, 57% of Americans think we should deal with our own problems and do less elsewhere in the world; 46% think we are less powerful in the world than we were 10 years ago.
- **Better Wage Growth’s a Bright Spot:** After declining for 4 years, wage growth has been trending upward since 2012 (Bureau of Labor Statistics). Higher wages historically mean more spending, and more spending usually creates more jobs. Wage growth is one of the key trends economists follow.
- **Are They All Liars?** According to the non-partisan website Politifact, misinformation, deception, and perhaps outright lying to the public is par for the course with our politicians. Reviewing statements made by presidential candidates this campaign season, the site categorizes statements as “true, mostly true, half true, mostly false, false, and pants-on-fire”. Hillary Clinton’s statements are 28% mostly false or worse; Bernie Sanders’ have been 30% mostly false or

worse; and Donald Trump's statements are mostly false, false, or pants-on-fire an astounding 77% of the time. Sadly, in a world of sound-bites, few of us question the veracity of what we hear, nor will we research to find some truth.

- **On Paper . . . Things are Better:** Our life span today is 10 years longer than in the 1960s (Centers for Disease Control); personal median income is up 55% (adjusted for inflation; U.S. Census Bureau); the S&P 500 Index\* is up 3,400% since 1960 (Morningstar); and we spend less on food and housing and far more on leisure activities than at any time in our past.
- **Yet, People Feel . . . :** Muddled. Large numbers say things were much better 50 years ago, that they cannot trust our politicians, that civility is wanting, and the country is in a state of moral decline.

**That so many people feel so discouraged is palpable.** Reasons for this disconnect between what is fairly buoyant economic news . . . and the malaise of the American public . . . are varied. Changing societal norms and demographics challenge the long held beliefs of many. But, we'd also point out that –during this election- the discordant, coarse, and false notes struck by candidates trying to carve out an electoral niche has resulted in many Americans feeling we are on the brink of . . . well, something very bad.

***It's unlikely that we can change anyone's feelings*** about fluid and fast social and demographic changes. But what we can do is help you separate these feelings from what are the economic realities of where we are, where we're going and how to live the life you want. This we can do, and perhaps we can calm the waters of uncertainty in so doing.

\*The S & P 500 Index is unmanaged and investors cannot actually invest directly into it. Unlike investments, indices do not incur management fees, charges, or expenses. Past performance does not guarantee future results.

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*Craig Pulliam and Michael Comstock are CERTIFIED FINANCIAL PLANNER™ professionals practicing at 112 Westwood Place, Suite 310, Brentwood, TN. They own Premier Asset Management and are registered representatives and investment adviser representatives with/and offer securities and advisory services through Commonwealth Financial Network: A Registered Investment Adviser, Member FINRA, SIPC. Fixed Insurance products and services offered by Premier Asset Management are separate and unrelated to Commonwealth.*

*We can be reached at 615-777-2125.*

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