Weiss Wealth Management Group
of
RAYMOND JAMES®

THE WEISS REPORT
SMART AND STEADY

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DJIA: 23,932 | NASDAQ: 6,915

A Look Inside the Toolbox

For years we have written about what we see from "economic indicators". Generally we use these indicators to give a signal as to what is going to happen in stock markets. While no indicator is foolproof, this economic data is of vital importance to those who want to keep track of the health of the economy. Rather than relying on various media outlets who may, or may not, understand the true importance of some of these items, we'd rather our readers understand on their own. For that reason this edition of The Weiss Report will be a peek inside our tool box – an opportunity to see exactly what we're looking at when we talk about the health of the economy.

Certainly there are more data points than is possible to share in any publication. With that in mind we've chosen to focus on a few of the reports that came out in February and March 2018.

The first indicator we would like to discuss is one of the most often reported. The quarterly jobs report from the Bureau of Labor Statistics helps shed light on the status of employment in the country. Job growth is widely considered the genesis of economic growth. Businesses, specifically small businesses, add jobs when they have confidence in the economy. This February, the economy created 313,000 new jobs – with employment at an all-time high. Generally speaking, if the number of people working rises, businesses are expecting more profit and individuals have more money to spend. Conversely if the number working starts to decrease, we would expect to see business contraction and a reduction in consumer spending.

The next indicator we'd like to discuss is Consumer Confidence as reported by The Conference Board. This report measures how the average consumer feels about their job security and spending habits. Currently, consumer confidence is at its highest level since 2000. So what does that really mean? It generally means that consumers are likely to spend, rather than save, their money at this time. If we were to see a multi-month drop in consumer confidence we would expect to see a slowdown in the economy.

The next indicator to discuss is the Small Business Optimism Index. The National Federation of Independent Business (NFIB) produces this index, which is a leading indicator of future growth, to help keep tabs on the health of the lifeblood of our economy – small business. In 2014 and 2015, this index showed a disturbing status check for small business as more closed than opened for the first time in recorded history. Currently, the index shows much better health as 2017 provided a sharp rise.

Industrial production is often discussed as a cornerstone of the U.S. economy. To track this, we look to the report titled "Industrial Production" produced by the U.S. Department of the Treasury. While the other indicators discussed in this edition are somewhat broad, this is a measure of something specific - how much "stuff" is being produced in the country. This is important because production jobs tend to be the highest per hour jobs available without a graduate degree. While there are exceptions to this, specialists in production jobs tend to lead in earnings compared to others without a graduate degree. This allows us to see how the economy is doing in a deeper way.

The first cousin to the Industrial Production report is the Purchasing Managers Manufacturing Index. The two are actually in the same report produced by the Department of the Treasury and monitor very similar things. While Industrial Production numbers tell us what has been produced, the Manufacturing Index tells us what is likely to be produced in the near future by reading the levels of new orders.

A multi-month decline in either Industrial Production or the Manufacturing Index may give an indication that the economy is starting to level off or is in decline.

The last indicator we'd like to discuss is perhaps the most widely reported – inflation. Reported as part of the regular release from the Bureau of Labor Statistics, inflation is often talked about, but rarely understood. Most consumers see inflation represented as rising prices for goods and services. While this happens as a result of inflation, the technical definition is that inflation debases the value of the currency.

The most recent inflation report stated that year over year inflation was up 2.2%. When that is adjusted to remove food and energy fluctuation, we see inflation at 1.8% year over year.

While we want robust economic growth, sometimes a byproduct of rapid growth is inflation. The most effective way of controlling excess inflation is to keep interest rates close to current GDP growth.

Certainly the first quarter of 2018 was one of increased volatility in the stock markets. It provided many opportunities to be scared, or enthusiastic, depending on the day. We believe that using the tools outlined above, investors are able to keep themselves focused on reality rather than on the story of the day.

Portfolios:

In portfolios that we manage with discretion, we made very few changes in our allocations in 2017. We thought that the names in our holdings were fine and did normal rebalancing every six months. We do the rebalancing in the months of February and August.

In the first quarter of 2018, we not only rebalanced accounts to our desired percentages, we also made some changes in asset allocation.

The first change was to reduce the amount of fixed income holdings. It is no secret that interest rates have begun to rise, and while rates rise, bond prices usually sag until their stated maturities. We also increased our allocations in international equities. It is apparent to us and many strategists that we have entered a period of global economic growth. By increasing our holdings in international equities we stay true to the strategic move we made in 2016. At that time, we called it "widening the sail". The addition of international equities should allow more of the trends' winds to fill our sails.

These changes are not only timely in our view, but it absolutely increases the amount of diversification in our portfolios.

We believe we are now best positioned to benefit from a worldwide trend to rising economic growth.

Enclosures:

For our first enclosure, we have provided a pamphlet produced by Raymond James titled Keeping Your Account and Personal Information Secure. It discusses some of the methods the firm uses to keep client information secure. Perhaps most importantly, it puts, in writing, the firm's commitment to reimburse Raymond James accounts for actual losses due to unauthorized access to a Raymond James system that occurs through no fault of your own. Please see the pamphlet for details.

Our second enclosure is an article from CNBC that discusses the job market for workers over the age of 50. Contrary to popular belief, there is a hot market for seasoned employees. This article discusses some of the reasons why there has been such a shift. It also discusses some of the recruiting tactics used by companies to entice older workers to accept positions.

Our third enclosure comes from Raymond James and provides a quick look at what the firm is thinking. Called the Investment Strategy Quarterly, we try to include this as an enclosure in each Weiss Report. It allows readers to see a snapshot of themes, economic expectations, and tactical outlook.

The enclosures are being provided for informational purposes only. They do not necessarily reflect the opinion of Raymond James & Associates or its employees. Raymond James & Associates does not render legal advice on tax or legal matters. You should consult with a qualified tax advisor prior to making any investments decision.

Past performance does not guarantee future results. There is no assurance the trends mentioned will continue. No investment strategy, including diversification and asset allocation, can guarantee a profit or protect against loss in a declining market. Dividends are not guaranteed and will fluctuate. This analysis does not include transaction costs and tax considerations. If included these costs would reduce an investor's return.

The authors' opinions are subject to change without notice.

Gross Domestic Product (GDP) is the annual market value of all goods and services produced domestically by the US.

It is not possible to invest directly in an index. The S&P 500 is an unmanaged index of 500 widely held stocks. The Dow Jones Industrial Average is an unmanaged index of 30 widely held securities. The NASDAQ Composite Index is an unmanaged index of all stocks traded on the NASDAQ over-the-counter market. Past performance may not be indicative of future results.

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RAYMOND JAMES

“The culture here is simple. It’s trust, integrity and long-term conservative growth. Clients come first.”

— Paul Reilly
CEO of Raymond James Financial

Raymond James Financial, Inc. is the parent corporation of Raymond James & Associates, Inc., and Raymond James Financial Services, Inc.

Your security is our priority

At Raymond James, we believe that putting clients' needs first – including their need for security – is the best way to ensure their success and, in turn, the success of the firm. Our guiding principles have led us to over 118 quarters of continuous profitability.[1] The integrity, strength and stability at the foundation of our firm offer the most important protection for your accounts. And we back our efforts with a pledge you can believe in.

OUR PROMISE

We want you to have the highest level of confidence in doing business with us. That's why we offer you this assurance:

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Maintaining your security is a partnership. With a few preventive measures, including promptly reviewing your statements for any unauthorized account activity, you can help secure your assets and personal information.

- KEEP YOUR EQUIPMENT UP TO DATE. Install the latest updates and patches for your computers and mobile devices and use security software including antivirus, firewalls and encryption. And before selling or disposing of computers and mobile devices, wipe them of data.
- USE PUBLIC WIRELESS NETWORKS WITH CAUTION. Avoid visiting sensitive websites when away from home.
- USE COMPLEX AND UNIQUE PASSWORDS. These contain a combination of upper and lowercase letters, numbers and special characters. Do not share your passwords.
- BE ALERT TO RISKS ONLINE. Never open attachments or click on links in suspicious emails or from senders you don't recognize, and limit the personal information you share on social media websites.
- PRACTICE SENSIBLE DATA MANAGEMENT. Shred sensitive documents when disposing of them.

Taking practical steps like these complements our comprehensive efforts to safeguard your information.

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The Weiss Report
Volume 21 Number 2
Enclosure #2

The suddenly hot job market for workers over 50

Julie Halpert | @julhalps

Published, 20 March 2018

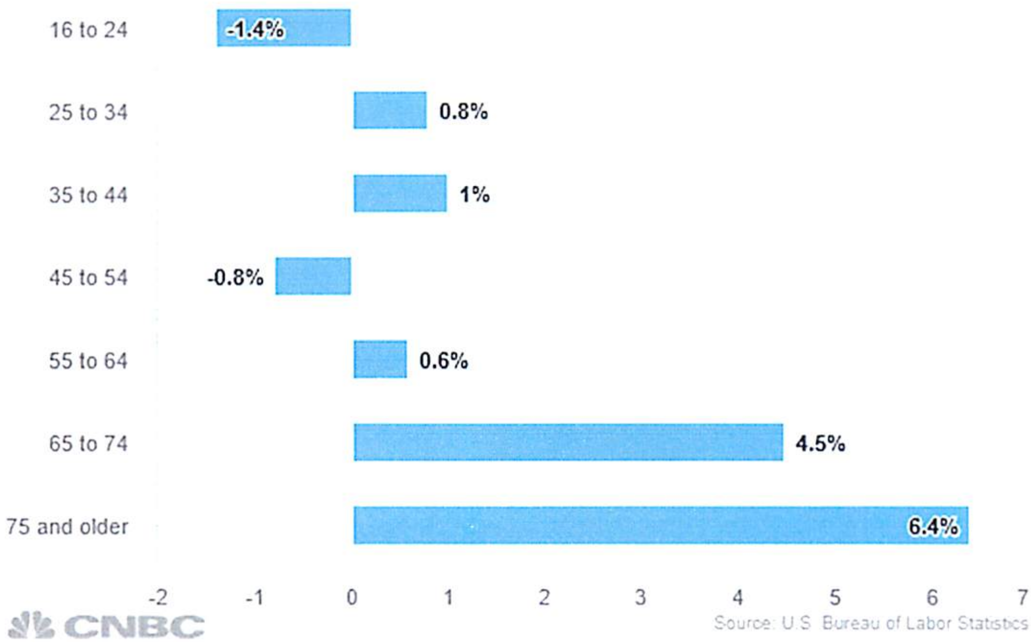
Michele Meagher, age 66, appreciates the way she's treated as an older worker by her employer, Tufts Health Plan, a nonprofit health insurance organization in Watertown, Massachusetts.

A corporate communications specialist, she was hired when she was 61. She's able to telecommute three days a week. She participates in a weekly "Fit Over 60" exercise class at the office. Her employer has allowed her to take classes to learn new skills. Meagher said that when she previously worked at a high-tech public relations firm, she was one of the oldest workers. But at Tufts "I see me everywhere. I'm not a minority," she said.

Indeed, Meagher is part of a fast-growing segment of those remaining in the workplace well into their golden years. According to the Bureau of Labor Statistics, the unemployment rate for those ages 55 and over is just 3.2 percent as of February 2018. That's lower than the current unemployment rate of 4.1 percent for the entire U.S. population and a steep 14.4 percent for teens. Now, as the job market lurches back to life while the demographic of aging workers grows, companies in all types of industries — from banking and health care to insurance — are wooing the silver set with a variety of programs.

Two decades ago less than a third of people ages 55 and over were employed or looking for work. Today the share is 40 percent, according to the St. Louis Federal Reserve, up 10 percent from 1990. "There are a lot of those ages 55 to 70, and each of them is more likely to work now than in previous generations," said Matt Rutledge, a research economist for The Center for Retirement Research at Boston College.

Annual growth rate in labor force by age, projected 2014–24 (percent)



He says that many boomers — facing longer live expectancies — feel they don't have enough savings to retire at age 65. That's in part due to the dwindling number of companies providing defined benefits; lack of pensions have caused many to hang in longer, said Amanda Sonnega, an associate research scientist with the University of Michigan Health and Retirement Study. Rutledge says boomers also are better educated and these types of workers tend to stay in the workforce longer because they usually enjoy their jobs.

In a tight labor market, creating a climate attractive to older workers is essential, says Lydia Greene, chief human resources officer for Tufts Health Plan. The company's 401(k) program includes a supplemental match of 3 percent each year on top of the standard 4 percent match for employees contributing 6 percent or more of their income. Individuals ages 50 and over make up 34 percent of the company's workforce. They're hired at all levels, from physicians to clinical-care managers and administrative assistants. "They bring so much experience to the table," Greene said. "They're very stable and very reliable and help us develop and mentor our younger workers."

Goldman Sachs' Returnship program allows the company access to a new type of talent pool: mature workers, said spokeswoman Leslie Shribman. It provides a 10-week training and mentoring program for those who have taken a career break of more than two years, equipping employees with skills to reenter the workplace. Of the 350 people who have completed the program, roughly half have returned to work at Goldman.

At FCCI, a Sarasota, Florida-based company that provides commercial property and casualty insurance through independent agents, 34 percent of the workforce is age 50 and older. Lisa Krouse, the chief HR officer, said that with the insurance industry losing many of its mature workers over the ensuing years, there's merit in bringing on older workers. Their seasoned perspective serves the company well in both evaluating risks and building relationships, a fundamental tenant of the insurance business.

She said FCCI fosters a culture of wellness and pays 80 percent of all employees' health insurance and 100 percent of short- and long-term disability. The company offers its 825 workers technology coaching and hosts sessions on such issues as caregiving for aging parents and Social Security 101 and retirement planning.

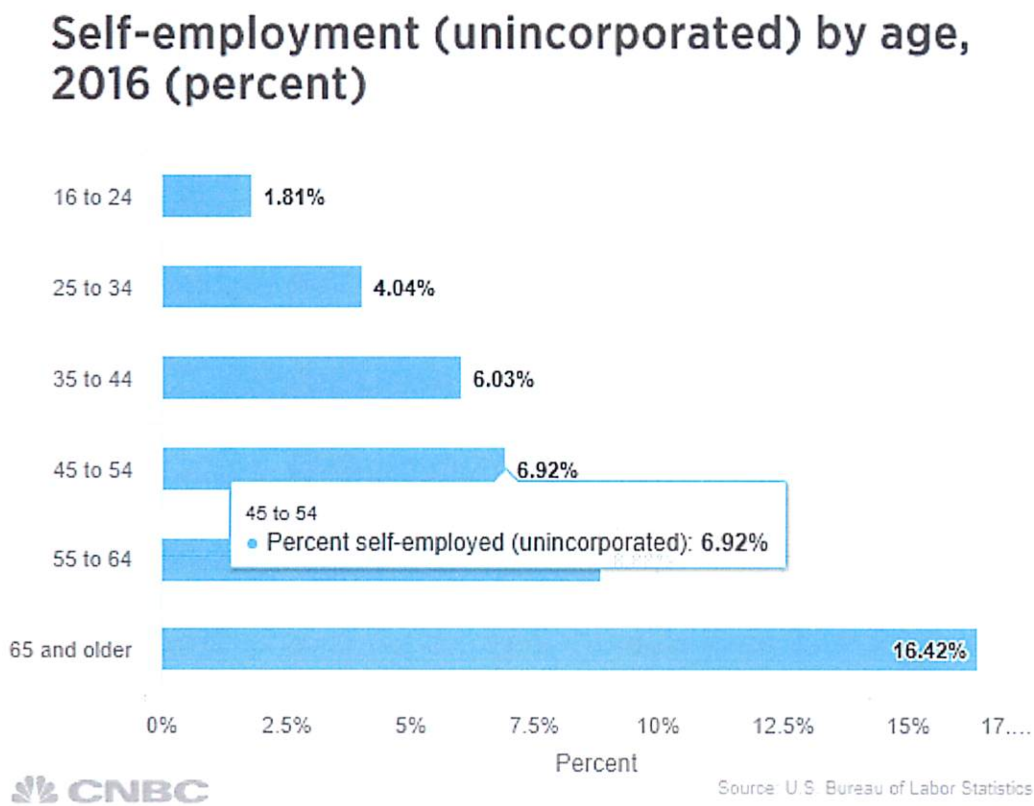
Massachusetts General Hospital in Boston regularly recruits from a local organization called Operation A.B.L.E., which provides job opportunities for older individuals. Megan Bradley, the director of recruitment services, said snowbird retirees can pick up work when they return in the spring through a temporary agency owned by the hospital, BulFinch Temporary Services. A retiree medical plan allows eligible employees a more affordable way of paying the cost of medical coverage after retirement. The company provides a small financial subsidy and access to a private Medicare exchange, which has brokers who work individually with employees to find the most affordable Medicare plan that meets their medical needs.

Bradley believes being viewed as age friendly will serve the hospital well as it competes for future workers.

Some organizations are helping boomers wishing to change careers. A survey conducted last year of 2,078 adults by The Workplace Group, a recruitment firm in Florham Park, New Jersey, along with Lyon College and Rutgers University, found that 34 percent of those ages 53 and older defined themselves as being in the early or mid-career stage. "This suggests they're switching professions or starting new careers, doing something they maybe always wanted to do," said Steve Lindner, The WorkPlace Group's executive officer.

The Encore Fellowship offers a six-month to one-year opportunity for those ages 50 and older to work at a nonprofit for $20,000 to $25,000. It's provided more than 1,600 fellowships to date, including 957 in 2016 and 2017. Roughly half of the fellows go on to work in the nonprofit sector.

Anne Kirwan, the fellowship's managing director, says nonprofits are under-resourced. Fellowships allow these organizations "to get an experienced person who would [ordinarily] command a high salary but who wants to create meaning and purpose in their work life." Fellows, in return, learn about the nonprofit world.



After more than two decades working as a top executive for major banks, including J.P. Morgan Chase and Deutsche Bank, Sefi Shliselberg, now 61, wanted to devote her time to a pursuit that contributed more to society. She became a fellow with the Girl Scouts of America in New York in October 2016 as director of business development. "It was a remarkable opportunity to have an impact and really transfer my for-profit skills into a nonprofit in a big way," she said.

This month she'll start working at Change For Kids, a nonprofit that provides resources to underserved New York City elementary schools. Katrina Huffman, Change for Kids' executive director, said Encore fellows "have such an archive and wealth of information that nonprofits like ours can leverage. They can bring those skills to us and avoid pitfalls."

But there are still obstacles for some older workers. Laurie McCann, senior attorney at AARP Foundation Litigation, which represents low-income older individuals, said that while there are some "enlightened" companies that recognize the value of experience, age discrimination is still rampant. She points to 18,376 age discrimination complaints filed with The Equal Employment Opportunity Commission in 2017. "We haven't done enough to challenge those stereotypes," that older people won't stay long before they want to retire and don't want to learn new technology. "Until we do, age discrimination is not going to go away."

Despite that hurdle, The Bureau of Labor Statistics projects that those ages 65 and over will experience the fastest rates of labor force growth by 2024. Meagher expects to be one of those workers. "I love my job. I'm getting better every year, and my writing skills have improved. I could do this well into my seventies."

INVESTMENT STRATEGY QUARTERLY QUICKVIEW

APRIL 2018

THEMES

Frenetic February & Manic March

By some measures, 2017 was the least volatile year for stocks in the history of the market. But at some point, the party had to end. We believe the February correction was more of a trading event, not the kind of recessionary or systemic breakdown that has generally caused more significant declines in market history. The odds do favor further bouts of 'episodic volatility,' though we continue to believe these should be viewed as opportunities within an ongoing secular bull market rather than a reason for significant concern.

The Bond Market: A Tug of War

The bond market has not experienced volatility to the extent that the stock market has in recent months. Instead, it appears to be suspended in a tug of war between competing forces: balancing healthy economic data and uncertainty of the future fiscal landscape. Interest rates are not likely to be pulled dramatically in either direction. Rather, rates will likely be range bound, albeit in a slightly higher range of 2.65%-3.45%.

Q&A: Regulatory Reform

The push against financial regulations has been cast as a driver of economic growth, a position that many congressional Republicans avoided in the immediate aftermath of the financial crisis. Tightening will shift away from regulation to normalization of the fed funds rate. This could represent a multi-pronged win for the banking industry, normalized interest rates, expanded regulatory relief, increased business activity, and lower regulatory expenses. We are keeping our eyes on actions related to trade and the mid-term elections this November.

For more information, refer to the full *Investment Strategy Quarterly.*

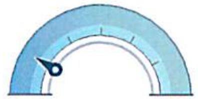
ECONOMIC SNAPSHOT

ECONOMIC INDICATOR

FAVORABLE	GROWTH
	EMPLOYMENT
	BUSINESS INVESTMENT
	MANUFACTURING
	HOUSING AND CONSTRUCTION
	REST OF THE WORLD
NEUTRAL	CONSUMER SPENDING
	INFLATION
	MONETARY POLICY
	LONG-TERM INTEREST RATES
	FISCAL POLICY
	THE DOLLAR

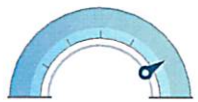
From Scott Brown, Ph.D., Chief Economist, Equity Research

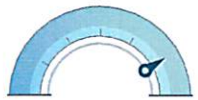
TACTICAL OUTLOOK (6-12 months)

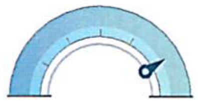
EQUITY  FIXED INCOME

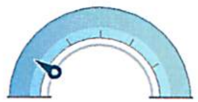
U.S. EQUITY  NON-U.S. EQUITY

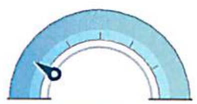
LARGE-CAP EQUITY  SMALL-CAP EQUITY

NON-U.S. DEVELOPED MARKET EQUITY  EMERGING MARKET EQUITY

VALUE-ORIENTED EQUITY  GROWTH-ORIENTED EQUITY

LONG-MATURITY FIXED INCOME  SHORT-MATURITY FIXED INCOME

INVESTMENT GRADE FIXED INCOME  NON-INVESTMENT GRADE FIXED INCOME

U.S. DOLLAR FIXED INCOME  NON-U.S. DOLLAR FIXED INCOME

The tactical asset allocation outlook above reflects the Raymond James Investment Strategy Committee's recommendations for current positioning. Your financial advisor can help you interpret each recommendation within this material relative to your individual asset allocation policy, risk tolerance and investment objectives.

RAYMOND JAMES®

INVESTMENT STRATEGY QUARTERLY QUICKVIEW

APRIL 2018

CAPITAL MARKETS SNAPSHOT

EQUITY	AS OF 3/29/2018*	1Q 2018 RETURN**	12-MONTH RETURN
Dow Jones Industrial Average	24,103.11	-3.00%	18.30%
S&P 500 Index	2,640.87	-2.11%	12.55%
NASDAQ Composite Index	7,063.45	0.93%	18.98%
MSCI EAFE Index	2,005.67	-1.74%	14.69%
RATES	**AS OF 3/31/2018**	**AS OF 12/30/2017**	**AS OF 3/31/2017**
Fed Funds Target Range	1.50 - 1.75	1.25 - 1.50	0.75-1.00
3-Month LIBOR	2.29	1.69	1.15
2-Year Treasury	2.27	1.89	1.28
10-Year Treasury	2.74	2.41	2.42
30-Year Mortgage	4.27	3.91	4.30
Prime Rate	4.75	4.50	4.00
COMMODITIES	**AS OF 3/31/2018***	**1Q 2018 RETURN****	**12-MONTH RETURN**
Gold	$1,323.85	1.55%	7.10%
Crude Oil	$64.94	6.64%	27.49%

*Price Level
**Total Return

SECTOR SNAPSHOT

	SECTOR	S&P WEIGHT
OVERWEIGHT	INFORMATION TECHNOLOGY	24.9%
	FINANCIALS	14.6%
	HEALTH CARE	13.7%
	INDUSTRIALS	10.2%
	ENERGY	5.8%
EQUAL WEIGHT	CONSUMER DISCRETIONARY	12.8%
	MATERIALS	2.9%
UNDERWEIGHT	CONSUMER STAPLES	7.5%
	UTILITIES	2.8%
	REAL ESTATE	2.7%
	TELECOM	1.9%

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