



faith . discipline . patience



According to the nerds at the National Bureau of Economic Research, the official arbiter of recessions and economic expansions, the current expansion began 10 years ago in July 2009, matching the 1990s record of a 120 month expansion. It has been the slowest expansion since at least WWII, according to data from the St. Louis Federal Reserve. Many find such records unnerving, worried that the end is near...but slow and steady might prolong this cycle. Earlier in June, the *Wall Street Journal* highlighted, “Australia is enjoying its 28th straight year of growth. Canada, the U.K., Spain and Sweden had expansions that reached 15 years and beyond between the early 1990s and 2008. Without the Sept. 11, 2001 terrorist attacks, the U.S. might have, too.” (Records are made to be broken, as I proved over the 4th of July—shattering the family NC BBQ eating mark!)

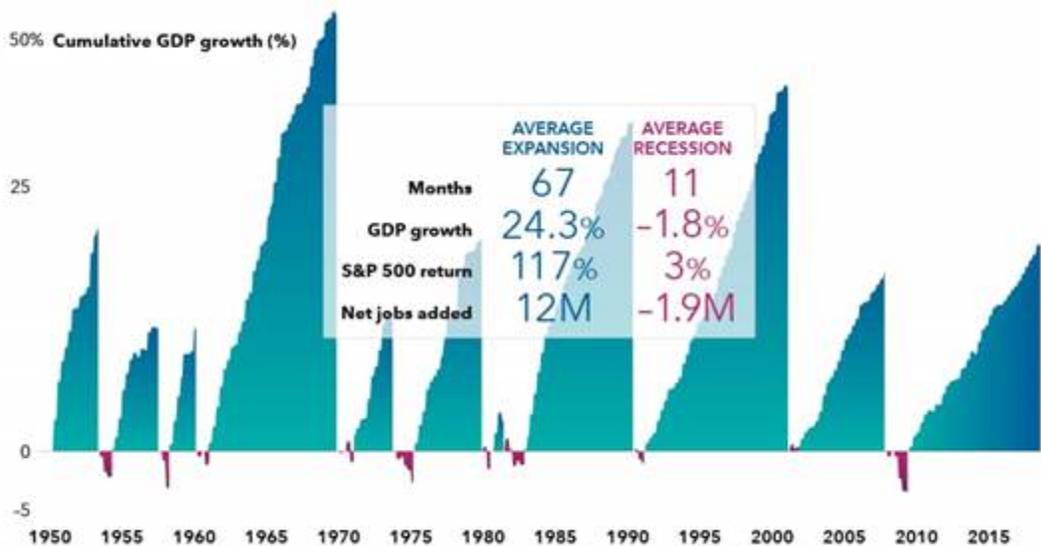


While recessions can be worrisome, keep in mind they are routine, some would argue they are necessary...and as a matter of perspective....”speed bumps” when compared to expansions:



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Recessions are painful but expansions have been powerful



Sources: Capital Group, National Bureau of Economic Research, Thomson Reuters. As of 9/30/18. Since NBER announces recession start and end months rather than exact dates, we have used month-end dates as a proxy for calculations of S&P 500 returns and jobs added. Nearest quarter-end values used for GDP growth rates. GDP growth shown on a logarithmic scale.



25 years ago this week, Jeff Bezos filed paperwork to create “Cadabra Inc”. (Yes, as in cheesy magic phrase “abra...”) A few months later, he changed the name to “Amazon”, because Cadabra sound like “cadaver”—not a good name for a business. Particularly one struggling to stay alive! Remember, initially it just sold books-- “*There’s a big, new bookstore in town, and there’s a catch — you won’t find it on any Seattle street map. So if you want to wander down its aisles and peruse the selection, you’ll have to hook up to the Internet,*” Seattle Times, 1995. The story of Amazon really is one of **faith, discipline and patience.....**“*Despite its size, Amazon, as a retailer, was not a wildly profitable company. It survived early skepticism, the 2000 dot-com bust, and didn’t turn an annual profit until 2003. For many years thereafter its profit margins were slim or nonexistent. Bezos has always taken a long-term approach to building the company, and often chose to invest cash into growing new business lines. For the most part, shareholders and analysts proved patient.*” Today the company worth has been estimated to be nearly 1 trillion, employing nearly 700,000.



The Seattle Times story that introduced Amazon in 1995 estimated “*around 2-13 million people using the internet*”...today nearly 4 billion are online. (source: internetworldstats.com).



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As always, I'm honored and humbled you have given me the opportunity to serve as your financial advisor. —MHK

FAITH

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