The First Tee...

Middle-Class Mayhem...despite unemployment trending at a five-decade low, the quality of jobs has eroded over the past twenty years (expanding the inequality among workers):

- Loss of manufacturing positions due to globalization is a key factor in job deterioration:
  - Job quality has declined as lower-wage and more hazardous work has become a greater share of the labor force compared with higher quality positions...that are characterized by higher wages and longer hours worked.
- Pay Purgatory...of the 158 million working Americans, 53 million are in low-wage jobs:
  - The median pay in the low-wage group is $10.22 per hour, with an annual salary of $17,950:
    - Low wage workers are defined as those who earn less than two-thirds of the median wage for full time workers adjusted for the regional cost of living...despite the record expansion, almost half the working population is not able to move out of their pay class.
  - According to a Brookings Institution report, workers who make $10 to $15 an hour have a 52% probability of remaining in that wage bracket when switching jobs...for those earning $19 to $24, a 46% chance of switching jobs will result in lower pay.
  - Demographics of low wage workers encompasses race, gender and geography...women and minorities more likely to earn low wages:
    - Nearly half of low-wage workers are concentrated in just ten occupations...including retail sales, cleaners, cooks and construction.
- Job Fair...the Bureau of Labor Statistics projects job growth of .5% over next ten years:
  - More than half of employment growth is expected to be in health-care, social assistance, private education and construction...the largest gains in home health-aide and personal care, jobs that pay a median wage of $24,200 or less:
  - The aging population and rising number of individuals with chronic conditions are driving the growth in health jobs.
- Job Jeopardy...many occupations will significantly shrink in size over the next decade:
  - Many positions in the lower end of the pay scale will be replaced by automation or artificial intel:
    - Sectors expecting declining jobs includes retail & wholesale trade, utilities, manufacturing and federal government
    - The Bureau of Labor Statistics has put out a list of the most vulnerable U.S. employment sectors through 2028:
      - Here is the not so auspicious Top 10 List of fields forecast to experience the largest job contractions over the next ten years:
        - #10. Mine shuttle care operators...a 25.3% projected employment decrease...Median Salary: $56,340
        - #9. Postmasters and Mail Superintendents...a 27.5% projected employment decrease...Median Salary: $75,970
        - #8. Hand Cutters and Trimmers...a 28.4% projected employment decrease...Median Salary: $29,390
        - #7. Telephone Operators...a 28.4% projected employment decrease...Median Salary: $37,240
        - #6. Electronic Equipment Installers and Repairers, includes Motor Vehicles...28.6% projected employment decrease...Median Salary: $35,590
        - #5. Watch Repairers...29.6% projected employment decrease...Median Salary: $39,910
        - #4. Word Processors and Typists...33.8% projected employment decrease...Median Salary: $39,750
        - #3. Parking Enforcement Workers...36.7% projected employment decrease...Median Salary: $39,840
        - #2. Respiratory Therapy Technicians...57.3% projected employment decrease...Median Salary: $51,210
        - #1. Locomotive Firers...68.3% projected employment decrease...Median Salary: $63,820
      - If you know anyone working in these fields, you might recommend they start updating their resume!
- Plugged Promotion Pipeline...retirement age workers are not retiring (Grey Panthers rise again!):
  - Advancement opportunities for younger workers are more limited (as older experienced workers stay on the job):
    - The percentage of retirement age individuals in the workforce has more than doubled in the past 30 years to 20%:
      - According to a survey by Transamerica for Retirement Studies, more than half of all U.S. workers plan to work past age 65 or not retire at all...continuing to work for either financial reasons or personal fulfillment their jobs provide:
        - The labor force participation rate for workers 65 and older is expected to increase to 23.3% by 2028...while the labor participation rate for younger workers 16 to 24 is projected to fall to 51.7% (attributed to older workers filling jobs historically held by younger workers).
        - This is the first time in history when five generations are in the workforce (working with great great grandfather and grandmother).
      - It is estimated 45% of Millennials (and 30% of all working adults) who are having difficulty moving-up in their jobs is due to Baby Boomers waiting to retire...over 20% of Americans who are 65 and older are working or looking for jobs, up from 12.4% in 1999:
        - In a recent survey, 61% of the recipients ranked career growth opportunities as the main factor for seeking a new job.
    - Workers 55 years and over have comprised 56% of all new job gains so far this year, with those workers over 65 years old comprising a majority of these new jobs (giving new meaning to a “senior moment”).

At the turn...
Honey, they shrunk the market...contracting supply of issuers and shares are overlooked underlying factors helping to drive decade-long record stock rally:

- Equity indexes (as well as stock investors) have enjoyed outsized gains since 2009...Dow: +328%, S&P 500: +362%, NASDAQ: +575%, Russell 2000: +366% (the bulge in the NASDAQ evidenced the huge rise of the technology sector):
  - Factors influencing the stock run includes the longest economic expansion in U.S. history, record low bond rates, ultra-accommodative central bank, strong corporate earnings, foreign investment:
    - The low interest rates pushed retirement accounts towards stocks in search of return, while the low cost to borrow money created a large expansion in margin accounts as investors leveraged the bull market.
- The number of publicly traded companies has been reduced by almost half during the past 20 years, declining from about 7,000 to 3,500 (evidence of the expanding private placement sector):
  - The reduction of the number of listed companies, combined with the large amount of corporate share buy-backs, has reduced shares outstanding in the Dow by 15% and S&P by 8.4% (over past 10 years):
    - Supply and demand are key factors driving the market, there is more money chasing fewer shares.
- Stocks are on pace this year to deliver their best annual performance since 2013:
  - Despite the S&P 500 being up 24.5% so far this year, there has been an additional $450 billion in deposits invested into money market mutual funds...the most since the financial crisis in 2008:
    - Factors driving the investors to money funds include the extended trade war, concerns of a global economic recession, the inverted yield-curve and hedging against the possibility of another stock correction.

Eating the profits...restaurant industry’s record debt threatens to choke franchisees:

- Restaurants have followed the pattern of many industries, taking advantage of record low interest rates to leverage-up borrowing for expansion and remodeling:
  - Debt loads to earnings are at record high levels for firms in the Russell 2000 Restaurants Index:
    - Restaurant industry sales are forecast to grow 1.6% this year...down from the 3.4% average gain seen the past five years:
      - Debt loads have been made worse by new accounting rules requiring more leases to be added to companies balance sheets.
    - The ability for franchisors to provide relief to franchisees has become restricted (as franchisors also have heavy debt loads).
- Standard & Poor’s is preparing for restaurant location closures and defaults to intensify.

19th Hole...

Getting fired is nature’s way of telling you that you had the wrong job in the first place.

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