



Soundings

What's New - September 2024

Quote of the month:

"The world is a tragedy to those who feel, but a comedy to those who think." Horace Walpole

Every day people tell us the world is going to Hell in a Handbasket (more on that to follow). I believe our quote-smith above had it figured out, way back in the mid 1700's. We humans are emotion-driven machines, often ruled by our feelings. Those feelings are fed continually by our devices, hand-held, or wall mounted, which pump out messages designed to give us the dopamine-hits that we crave. A solution? Read more, particularly material that promotes thinking. Spiritual, philosophical, biographical, especially if the subject is someone who's deeds and actions benefited others, against all odds and nay-sayers. Interestingly, you'll find that many of them, as Mr. Wallace noted above, had a keen sense of humor.

It's been quite a year by all measures. Despite threats to the contrary, the economy continues to chug along, with GDP growing at an annualized 3.0% clip according to the latest read from the Bureau of Economic Analysis. The soft-landing scenario is gaining steam and inflation has come down enough that there is a near certain likelihood of a Fed rate cut in September. That said, we aren't without warning signs. Consumer debt is on the rise, unemployment is creeping up, and inflation, though coming down, has still outpaced wage growth, leaving many sectors of the economy, housing in particular, a rough spot for many.

Back to our opening paragraph. What's with everyone? Maybe it's the never-ending election cycle with its continual doom-peddling, but folks just seem so pessimistic. Is it really that bad out there? In this month's *Market & Economic Commentary*, I've placed a piece from the WSJ columnist, Elizabeth Bernstein, who found that when applying objective criteria, it's just not the case. It's a great read, nicely sourced and well worth your time. First, the numbers...

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7552 Navarre Parkway, Suite 35, Navarre, FL 32566
850.936.6686 866.936.8816 Fax Toll-Free 866.936.6686
www.jonkagan.com jon.kagan@raymondjames.com

Market Update - Year to Date Returns

Major Indexes

As of September 1st

Dow Jones Industrials	10.3%
S&P 500 Index	18.4%
NASDAQ	18.0%
MSCI EAFE (International)	10.1%
Russell 2000 (small cap index)	9.4%
Bloomberg Capital Aggregate Index (Bonds)	3.1%
XAU (gold/silver)	22.5%

D.A.L.I. Signals - 09/01/2024

U.S. Equities	Int'l Equities	Commodities	Cash	Currencies	Fixed Income
324	241	229	123	90	82
29.8%	22.1%	21.0%	11.3%	8.3%	7.5%

Source: Nasdaq Dorsey Wright

- Inclusion of these indexes is for illustrative purposes only. Keep in mind that individuals cannot invest directly in any index, and index performance does not include transaction costs or other fees, which will affect investment performance. Individual investor's results will vary. The Dow Jones Industrial Average (DJIA), commonly known as the "Dow", is an index representing 30 stocks of companies maintained and reviewed by the editors of the Wall Street Journal. The S&P 500 is an unmanaged index of 500 widely held stocks that's generally considered representative of the US stock market. The NASDAQ Composite is an unmanaged index of securities traded on the NASDAQ market. The MSCI EAFE (Europe, Australasia and Far East) index is an unmanaged index that is generally considered representative of the international stock market. The Russell 2000 index is an unmanaged index of small cap which generally involve greater risks. The Philadelphia Gold and Silver Index (XAU) is an index of sixteen precious metal mining companies that is traded on the Philadelphia Stock Exchange.
- The Bloomberg Barclays Capital Aggregate Index is a broad-based flagship benchmark that measures the investment grade, U.S. dollar-denominated, fixed-rate taxable bond market.
- DALI is a proprietary matrix created by Dorsey Wright & Associates, an independent 3rd party. It presents the relative strength relationship of six broad asset classes or "teams", domestic equities, international equities, commodities, fixed income, cash, and currencies. Each are represented by an equal number of ETFs. Each team play against each member of the other teams, with net victories tallied in an effort to rank each asset class team by order of overall strength. Raymond James is not affiliated with and does not authorize or sponsor any of the listed websites or their respective sponsors. Raymond James is not responsible for the content of any website or the collection or use of information regarding any website's users and/or members.
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www.jonkagan.com jon.kagan@raymondjames.com

Market & Economic Commentary

A lot about the world feels dark right now. We're reeling from a turbulent presidential race. Processing an attempted assassination. Divided by protests—and a barrage of images on social media that feeds our anxieties. Sometimes, it seems as though we're living in the worst of times. The truth is, we're really not. I realize that might seem hard to believe. And, indeed, a robust study shows that most people think that society is declining morally—steadily becoming ruder, greedier and less kind. Yet the study also concludes that people are just as good as they've ever been. The researchers examined decades of studies, some dating as far back as the 1940s, measuring things like empathy, kindness, respect and generosity. They found that although people have been decrying a moral decline for generations, their behavior toward one another really hasn't changed. "People think the world has gone to hell in a handbasket," says Adam Mastroianni, an experimental psychologist and lead author on the study. "But as far as we can tell it's just the same as it always was." The title of the study: "The Illusion of Moral Decline."

Human beings have been complaining about a moral decline since, well, forever. Jeremiah in the Old Testament, Cicero in ancient Rome, Machiavelli in Renaissance Italy and Cotton Mather in Puritan New England all griped about it, according to Richard Eibach, an associate professor of psychology at the University of Waterloo in Ontario, Canada. Mastroianni and a colleague, Harvard psychology professor Daniel Gilbert, tried to assess whether people think morality is declining, and then whether it actually is. First, they examined research going back decades from 60 countries, asking people whether they thought others were less friendly, honest, kind or good than they used to be. Then they looked at research probing how people behave toward one another. The studies asked people whether, for instance, they had recently been treated with respect, done something nice for someone else or donated to charity.

A remarkably consistent portion of people over the years—around 60%—have believed that people are less good now than they were in the past. They also have believed that the moral decline began in their lifetime. Yet when the researchers looked at actual behaviors over time, they found something different. Year after year, people reported that others do nice things for them. And they do nice things for others. They also consistently said that their own friends and family members behave better than ever. (Don't be so surprised. "We ignore their flaws to sustain the relationships," says Waterloo's Eibach.) Why do we believe that society is worse than it is? It's partly the way our brains pay attention. We have a negativity bias. We pay much more attention to bad events or emotions than good ones. This is a survival instinct; we need to detect threats. Memory might play a part, too. We often remember the past more fondly than is perhaps warranted. That is because the emotional power of a positive experience stays with us longer than the emotional power of a negative one. Psychologists call this the Fading Affect Bias and say it makes life more tolerable by helping us defang our bad experiences over time and cherish the good ones. "You remember what happened, but it doesn't feel as negative compared to how you felt at first," says Grant Shields, an assistant professor in the department of psychological science at the University of Arkansas who studies memory.

Getting older might change our perceptions, too. People often see the world as more dangerous and riskier during life transitions such as becoming an adult or a parent, studies show. "Being in a role of responsibility makes people hyper-responsive to misconduct," says Waterloo's Eibach, who conducted the research. "And we don't realize that the world didn't change—we did." There's a danger to believing that people are getting worse when that's not really true. That belief distracts us from real problems that need to be solved. It makes us susceptible to people in power who want us to believe the worst so they can claim to be the only one who can fix it. And it keeps us from connecting with each other. "If we believe the worst in people, we treat them in terrible ways," says Jamil Zaki, a professor of psychology at Stanford University, who has a book coming out on cynicism. "And then we bring out the worst in them." His advice: Fact-check your assumptions about others. Talk more about the positive things people do, a practice he calls "positive gossip." And take a leap of faith on someone: Ask a neighbor for help, give an employee more responsibility, talk to a stranger. "We're walking around with a pair of mud-colored glasses on," says Zaki. "We need to take them off and see each other more clearly." Elizabeth Bernstein, "The World Isn't Actually Going to Hell in a Handbasket" *The Wall Street Journal*, August 11, 2024.

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On a Personal Note

We went out to the beach to celebrate, among other things, Kathleen's 61st birthday. The event was hosted by cousin Karen & Matt at their beautiful Pensacola Beach home, and the uniform of the day for the under 30 crowd was bathing suits. I was a bit shocked when I first saw their handsome son, Luke, a recent high school grad, sporting a suit that would have fit in perfectly on the beaches of St. Tropez. Me being me, I had to comment but fought my initial instincts to say something that could have potentially been misconstrued as "mean." I grew up in Massachusetts and they don't call us Mass-holes for nothing. Instead, I landed on something like, "Luke, you son of a gun, I have that EXACT same bathing suit and WAS planning on wearing it today but now I'm going to have to go with plan B." We all laughed, the ultimate goal, and I learned a great lesson in thinking before speaking...better late than never.

And now, something from guest "columnist" Alex: My first real taste of freedom came around 20 years ago, when my parents started letting me ride my bike to friends' houses on my own. This newfound independence quickly became a key part of both mine and Collin's childhoods. Summers were spent riding miles and miles around the Gulf Breeze area, from our house out to Fort Pickens, Holly Navarre, and anywhere else our bikes could take us. Those experiences really set the tone for biking in my life. If I'm on two wheels, I'm happy. If I'm on two wheels with people I love, I'm on cloud nine. This can be seen in the motorcycle trips I take with my dad, and more recently a bike trip that Collin and I were lucky to do together (sans motors). Earlier this August, Collin and Jackie flew out to Colorado to spend a couple days with me and Claire. We drove out to Steamboat Springs in the northern part of the state, a beautiful oasis on a river surrounded by lush farm land and the Rocky Mountains. The motivation behind the trip was the SBT GRVL bike race, which is quickly becoming one of the larger gravel bike races in the country. Collin and I had been trying to do the race together for a couple years now and we were both super excited to finally line up at the starting line. Collin is someone that I really admire and look up to. He knows who he is, stands by his values, is connected to his emotions, and is truly just an excellent person. Riding bikes together always gets my emotions flowing and brings out my sentimental side, which is something I cherish about it. I tend to hold my feelings close to my chest, but Collin is one of the few people that I can completely open up to, sometimes I just need a little something to get the conversation started. Biking together breaks down any of the walls that I might have built and lets us dig into life. SBT GRVL was no different. Surrounded by the beauty of Colorado and thousands of other cyclists, I got to spend a couple of hours with one of my favorite people on the planet. The only thing that could, and did, make it better was beating him in a sprint to the finish line. With my soft side out in full force, I have to remind him I'm the older brother somehow!

Counterpoint, from "little" brother, Collin: Alex and I had been signed up for a gravel bike race in Steamboat Springs, Colorado for the last few years, but have been too busy to actually pull it off until this year. It was a short weekend filled with a lot of sleep-deprived moments, but Alex, Claire, Jackie, and I had an amazing time. Alex and I have always had a typical brother-brother relationship, and whether he knows it or not, I credit him for a lot of the ways I am today. As you've read in these pages, Alex is the natural stoic in our family, and uses his accounting brain to make real life decisions on a binary scale, whereas my "lizard brain" takes me on an emotional rollercoaster when deciding what socks to wear for the day. Alex is not a shiny object chaser; he sticks to his craft, and becomes a complete expert. For example, I was trying to figure out the best way to fly my bike out for the race, when Alex suggested he could just build a bike for me instead. He bought every part individually and crafted an awesome racing machine in just two weeks, under budget of course. (Future note: I will repay the favor but we'll swap biking for hiking). Alex and I had never really done a trip with just us, as adults. Just as our relationship with our parents change when we leave the nest, Alex and I have become even closer. This short weekend was the first of many adventures we will share down the road. I can't wait to drag him on an overnight camping trip in the mountains this fall. Fingers crossed the backpack I'm making for him is as solid as the bike he built for me!

Until next month, with warmest regards, *Jon, Collin & Sandy*

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