Weekly Market Commentary
March 12, 2018

The Markets

It's a bird…It's a plane…It's a labor shortage!

There is little doubt the Millennial generation has been reshaping our world. One of the most remarkable aspects of this demographic group is a preference for experiences over consumer goods. "Three out of four millennials would rather spend their money on an experience than buy something desirable. This "experience generation" is now a third of the U.S. population," reported *Eventbrite*.

Well, a new experience has arrived – a labor shortage in the United States.

Last week, *Barron's* reported, "Across the nation, in industries as varied as trucking, construction, retailing, fast food, oil drilling, technology, and manufacturing, it's becoming increasingly difficult to find good help. And, with the economy in its ninth year of growth and another baby boomer retiring every nine seconds, the labor crunch is about to get much worse…This, of course, is how a labor market works: Production rises, workers get scarce, and employers raise wages to attract employees."

Currently, the population of the United States is growing faster than the U.S. workforce, reported *Barron's*. It's a state of affairs that occurred twice during the last century (1948 through 1967 and 1991 through 1999) and was accompanied by labor shortages both times. This time, Baby Boomers' retirements may exacerbate the situation. Some estimates suggest the current labor shortage could last through 2050.

Despite low unemployment and high demand for workers, wage growth slowed in February.

There is a wild card in play, however. Many Americans prefer to participate in the workforce through the Gig economy. Gig workers have temporary jobs or freelance rather than working for an employer. *MBO Partners* reported, "Independents are the nearly 41 million adult Americans of all ages, skill, and income levels – consultants, freelancers, contractors, temporary, or on-call workers – who work independently to build businesses, develop their careers, pursue passions, and/or to supplement their incomes."

The government has yet to figure out how to measure the Gig economy. When it does, a clearer employment and wage picture may emerge.

Data as of 3/9/18	1-Week	Y-T-D	1-Year	3-Year	5-Year	10-Year
Standard & Poor's 500 (Domestic Stocks)	3.5%	4.2%	17.8%	10.3%	12.4%	8.2%
Dow Jones Global ex-U.S.	1.8	0.5	19.6	5.2	4.1	1.1
10-year Treasury Note (Yield Only)	2.9	NA	2.6	2.2	2.1	3.4
Gold (per ounce)	-0.1	1.9	9.5	4.2	-3.5	3.1
Bloomberg Commodity Index	-0.2	-0.2	4.0	-4.3	-8.5	-8.6
DJ Equity All REIT Total Return Index	3.3	-7.5	1.5	4.0	6.9	7.8

S&P 500, Dow Jones Global ex-US, Gold, Bloomberg Commodity Index returns exclude reinvested dividends (gold does not pay a dividend) and the three-, five-, and 10-year returns are annualized; the DJ Equity All REIT Total Return Index does include reinvested dividends and the three-, five-, and 10-year returns are annualized; and the 10-year Treasury Note is simply the yield at the close of the day on each of the historical time periods.
Sources: Yahoo! Finance, Barron's, djindexes.com, London Bullion Market Association.
Past performance is no guarantee of future results. Indices are unmanaged and cannot be invested into directly. N/A means not applicable.

IT'S NOT JUST FOR MILLENNIALS! While the emergence of the Gig economy often is attributed to Millennials, *MBO Partners'* 2017 survey found the full-time Gig workforce is a generational mash-up. It includes:

- 38 percent Millennials (ages 21 to 37)
- 27 percent Gen Xers (ages 38 to 52)
- 35 percent Baby Boomers (ages 53 to 72) and Matures (ages 72 and older)

Full-time independents work at least 15 hours per week and average 35 hours per week.

While the term 'Gig economy' may conjure images of ride-sharing drivers and homeowners who rent to vacationers, it includes a much broader swath of careers and many people who earn six figures. So, what do Gig economy jobs look like? According to *Entrepreneur.com* and *Forbes*, some of the top gigs include:

- **Deep learning professionals.** Facilitating machines learning by developing neural networks similar to those of the human brain.
- **Robotics designers and programmers.** Responsible for building and designing mechanical elements and machinery to streamline operations.
- **Ethical hackers.** 'White hats' help companies evaluate systems for security vulnerabilities.
- **Virtual reality freelancers.** They develop algorithms and have 3D modeling and scanning skills.
- **Social media marketers.** Understand platform algorithms and create engaging content to help companies develop their brands and market their products on a platform.
- **Multimedia artists.** Employ technology to create designs and special effects for digital media.
- **Broadcast and sound engineering technicians.** Sound is a vital part of radio programs, television broadcasts, concerts, and movies.
- **Carpenters.** Demand for carpenters is expected to grow by 6 percent through 2024.
- **Delivery truck drivers.** This may change with the debut of self-driving delivery trucks.

If you're a risk taker looking for a flexible career or a retiree looking to supplement your income, a job in the Gig economy may be just the ticket.

Weekly Focus – Think About It

"You don't concentrate on risks. You concentrate on results. No risk is too great to prevent the necessary job from getting done."

--*Chuck Yeager, retired United States Air Force officer, flying ace, and test pilot*

Best regards,

A.J.

P.S. Please feel free to forward this commentary to family, friends, or colleagues. If you would like us to add them to the list, please reply to this email with their email address and we will ask for their permission to be added.

* Opinions expressed are subject to change without notice and are not intended as investment advice or to predict future performance.

* Economic forecasts set forth may not develop as predicted and there can be no guarantee that strategies promoted will be successful.

* Past performance does not guarantee future results. Investing involves risk, including loss of principal.

* You cannot invest directly in an index.

* Stock investing involves risk including loss of principal.

* Consult your financial professional before making any investment decision.

Sources:
https://www.eventbrite.com/blog/experience-economy-ds00/
https://www.barrons.com/articles/the-great-labor-crunch-1520655014 (*or go to* https://s3-us-west-2.amazonaws.com/peakcontent/+Peak+Commentary/03-12-18_Barrons-The_Great_Labor_Crunch-Footnote_2.pdf)
https://www.bls.gov/news.release/jec.nr0.htm
https://dictionary.cambridge.org/us/dictionary/english/gig-economy
https://www.mbopartners.com/uploads/files/state-of-independence-reports/StateofIndependence-2017-Final.pdf
https://www.bls.gov/careeroutlook/2016/article/what-is-the-gig-economy.htm
https://www.entrepreneur.com/slideshow/309958#1
https://www.forbes.com/pictures/58c0595f31358e1a35aca769/10-great-gig-economy-jobs/#45b1e497622e
https://study.com/articles/Multimedia_Artist_Job_Description_Duties_and_Requirements.html
http://money.cnn.com/2018/03/08/technology/starsky-self-driving-truck-florida/index.html
https://www.gobankingrates.com/making-money/side-gigs-can-make-rich/#1
https://www.riskology.co/99-risk-quotes/

A.J. Amato Wealth Management
www.ajamatowealth.com
4 Springhurst Drive, Suite 212
East Greenbush, New York 12061
Ph: (518) 479-4600
Fax: (518) 479-4603

Please feel free to connect with me/us on LinkedIn and Facebook!