



Market Commentary March 12, 2018

Dear Investors:

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

4100 Embassy Parkway, Suite 100, Akron, Ohio 44333-1783
330-434-2000 / Fax: 330-665-1515
www.symphony-financial.com

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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.

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- **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,

SYMPHONY FINANCIAL SERVICES, INC.

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.

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* Corporate bonds are considered higher risk than government bonds but normally offer a higher yield and are subject to market, interest rate and credit risk as well as additional risks based on the quality of issuer coupon rate, price, yield, maturity, and redemption features.

* The Standard & Poor's 500 (S&P 500) is an unmanaged group of securities considered to be representative of the stock market in general. You cannot invest directly in this index.

* All indexes referenced are unmanaged. Unmanaged index returns do not reflect fees, expenses, or sales charges. Index performance is not indicative of the performance of any investment.

* The Dow Jones Global ex-U.S. Index covers approximately 95% of the market capitalization of the 45 developed and emerging countries included in the Index.

* The 10-year Treasury Note represents debt owed by the United States Treasury to the public. Since the U.S. Government is seen as a risk-free borrower, investors use the 10-year Treasury Note as a benchmark for the long-term bond market.

* Gold represents the afternoon gold price as reported by the London Bullion Market Association. The gold price is set twice daily by the London Gold Fixing Company at 10:30 and 15:00 and is expressed in U.S. dollars per fine troy ounce.

* The Bloomberg Commodity Index is designed to be a highly liquid and diversified benchmark for the commodity futures market. The Index is composed of futures contracts on 19 physical commodities and was launched on July 14, 1998.

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- * The DJ Equity All REIT Total Return Index measures the total return performance of the equity subcategory of the Real Estate Investment Trust (REIT) industry as calculated by Dow Jones.
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