Weighing the Week Ahead: What Determines the Agenda for Investment News?

May 20, 2019
by Jeff Miller
of NewArc Investments, Inc.

The economic calendar is one of the lightest, and a long holiday weekend impends. How will this news vacuum be filled? Probably with celebrity news, following the latest tweets, analyzing any new Democrats running for President, and interviews with B-level guests. Rather than guessing which of these will dominate – an exercise in futility – I will take the suggestion of a wise reader. He encouraged me to choose what I thought was most important. That was good advice. We should all be asking:

What determines the agenda for investment news?

Last Week Recap

In last week's installment of WTWA, I noted the big economic calendar and the abundance of news. My surprising conclusion was that there was a stalemate on all fronts. The tweeting and news-driven market moves continued, but there was little real change. Briefing.com's "The Big Picture" summarized the week as follows:

> The more things change, the more they stay the same for the stock market

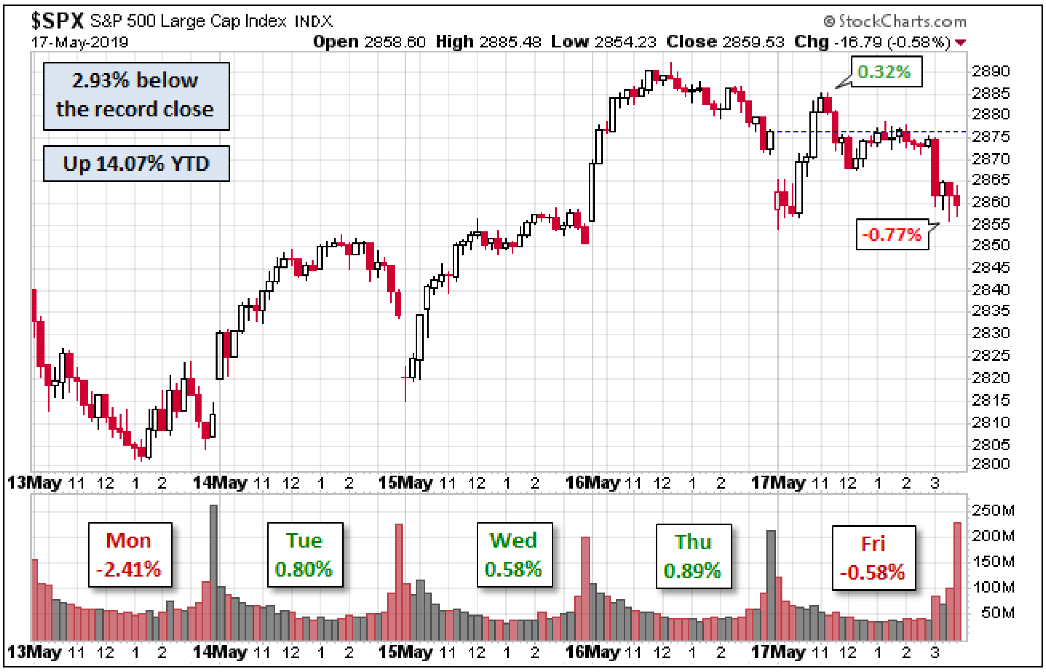
> The week we just had will wear out a person, especially a market analyst like your author who is tasked with analyzing and explaining the daily twists and turns of the stock market. To be sure, there were a lot of twists and turns this week on the same road to nowhere.

> The mounting evidence shows the widespread negative effect of the trade war. This is a real-time lesson in economics for many. I cut through the noise with an investor-oriented summary of the trade situation in a post on Friday. It is a recap of action to date, some of the economic effects, and what to watch for. And of course – your political opinions, no matter how righteous and valid, do not improve your ability for level-headed analysis.

For those who need good background on the story, CFR has agood backgrounder by Andrew Chatzky. There are also links to other current articles. Reading this is a much better use of your time this week than watching financial news!

The Story in One Chart

I always start my personal review of the week by looking at a great chart. This week I am featuringJill Mislinski's picture replacing many words, showing the week and a longer-term perspective.



The chart shows a gain on the week, but that was only after the gap decline in Monday's opening. The week-to-week decline was 0.7%. The trading range for the week was 3.2%. The resulting volatility is recorded, as always, in our weekly indicator snapshot.

Noteworthy

The passing of Alice Rivlin. Heather Boushey (Washington Center for Equitable Growth) posts *Alice Rivlin: An inspiration for generations of women economists*. That is what we bridge players call "an underbid." The statement is correct but inadequate. I was powerfully influenced by her ability to speak truth to power, as were many of my peers regardless of gender. As the first Congressional Budget Office Director, she influenced policy analysis in ways that we cannot begin to count. Boushey writes:

> Serving for more than 8 years, she built the Congressional Budget Office from the ground up and along the way set the tone for an organization that has, for the most part, withstood partisan pressure from both sides of the aisle to be considered the nation's most reliable source of unbiased data and analysis on budgets and legislation.

Timothy Taylor has another nice memorial using many of her own words. I often marvel about how apparently unrelated events have important implications. Here is the backstory on her selection as the first CBO director:

> I was the candidate of the Senate. They, rather stupidly, had two separate search processes, one in the Senate and one in the house. I told them they should never do that again, and they haven't. But that left them with two candidates. I was the candidate of the Senate and a very qualified man named Sam Hughes, who had been the deputy at OMB—no, at the Government Accounting Office— was the other candidate. But the chairman of the House Budget Committee was a man named Al Ullman, and Mr. Ullman had said in an off moment, over his dead body was a woman going to get this job. So, there was kind of a standoff, and then it was solved by an accidental event. The chairman of Ways and Means was a powerful congressman from Arkansas named Wilbur Mills, and he was a mover and shaker in the Congress and a very intelligent man. But he had a weakness—he was an alcoholic. And one night he and an exotic dancer named Fanne Fox were proceeding down Capitol Hill toward the Tidal Basin in his car and Fanne leapt out of the car and into the Tidal Basin. She didn't drown in the Tidal Basin—it's quite shallow—but it was a scandal and Wilbur Mills had to resign. And Al Ullman, chairman of the Budget Committee, was ranking member on Ways and Means, so he moved up. And that left a new chairman who wasn't committed to the previous process, Brock Adams, and he said to Senator Muskie, who was my sponsor, if you want Rivlin it's okay with me. So, I owe that job to Fanne Fox.

I seem to recall that Ms. Fox was known as "The Argentine Firecracker." Much changed after this episode, in a day when such dalliances were strictly prohibited – at least when they became public.

The News

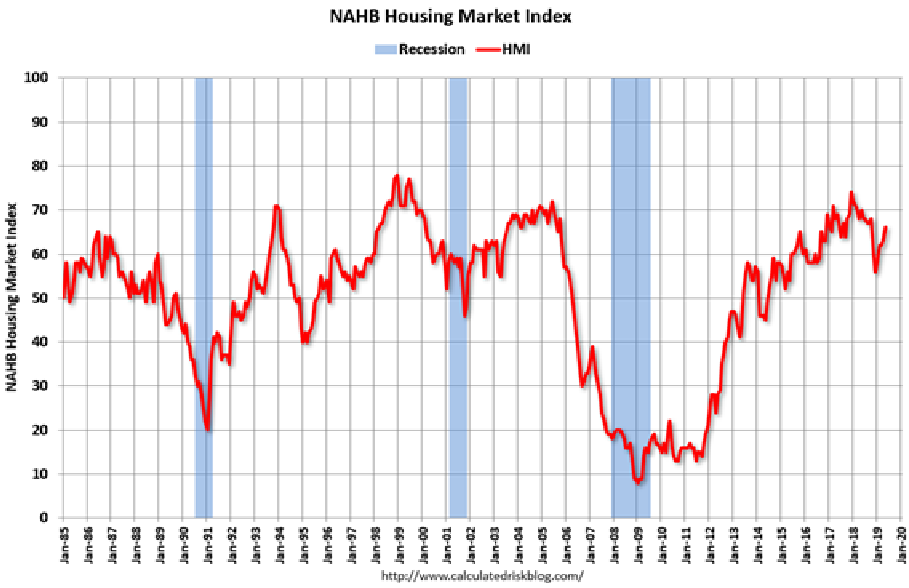
Each week I break down events into good and bad. For our purposes, "good" has two components. The news must be market friendly and better than expectations. I avoid using my personal preferences in evaluating news – *and you should, too!*

When relevant, I include expectations (E) and the prior reading (P).

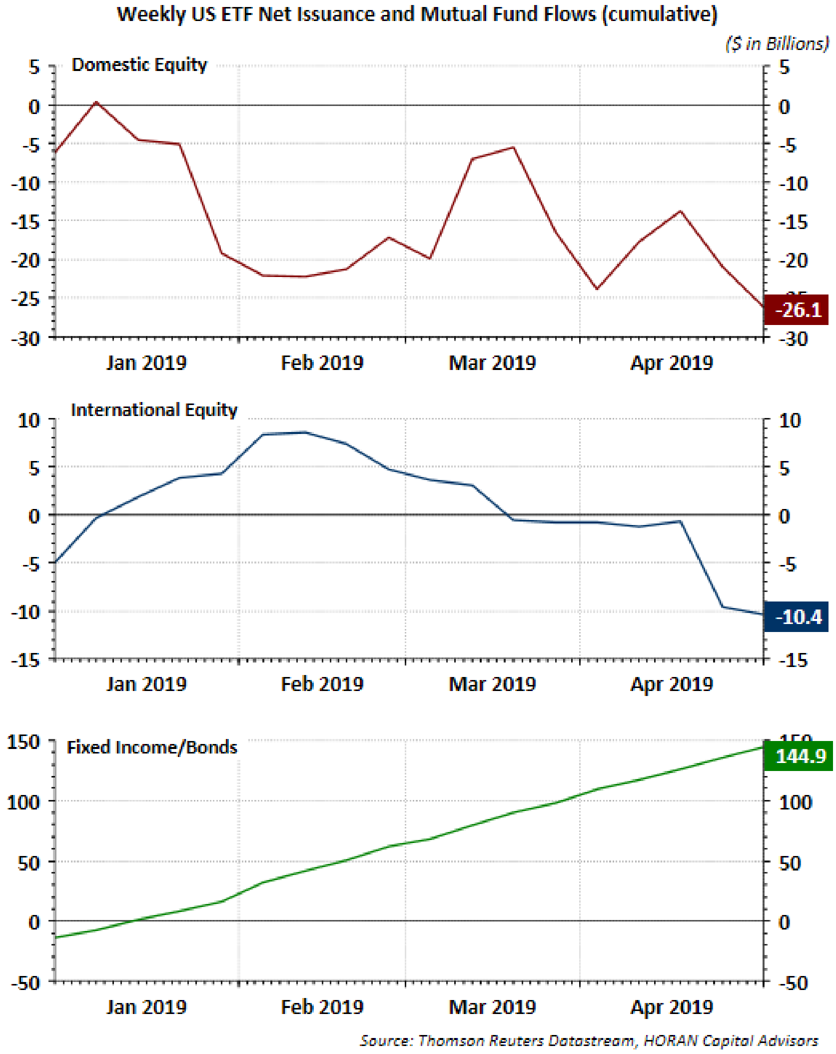
New Deal Democrat's high frequency indicators are an important part of our regular research. In his post this week he reports that indicators in all time frames remain positive. His continuing concern is that the indicators "have been showing effects of political or policy moves, especially tariffs, as well as the recent government shutdown. These moves, for good or ill, can blindside the economy and have immediate effects."

The Good

- ***NFIB Small Business Optimism*** remained high (103.8) and improved over March's 101.8. (Calculated Risk).
- ***Homebuilder confidence posted solid gains*** in May – 66 versus April's 63. (Calculated Risk).

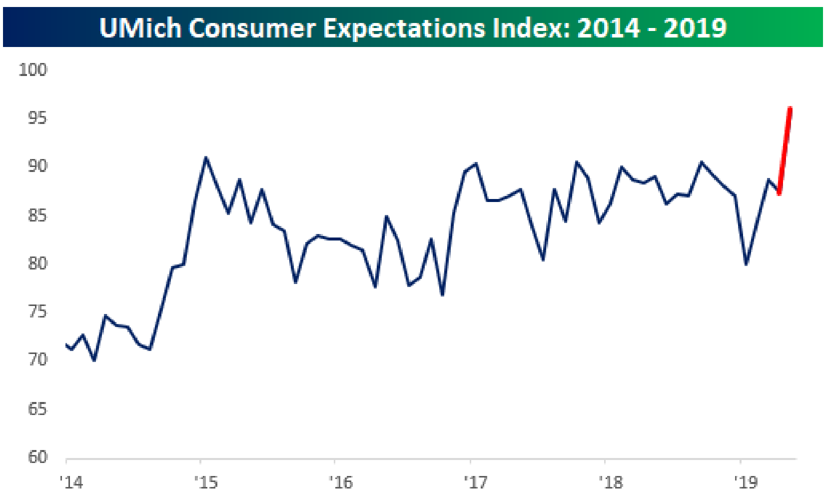


- ***Initial jobless claims*** edged lower to 212K. This beat expectations of 222K and last week's 228K.
- ***Market sentiment is encouraging.*** David Templeton (HORAN) points out that you can look at the AAII survey, 43.1 and higher than the average 38.5, or you can look at the reality of fund flows. He also notes a favorable put/call ratio.



- *Auto tariffs on the EU and Japan* were postponed for six months.
- *Sea container counts continue to grow* albeit slowly. (Steven Hansen, GEI).

- *Housing starts* for April were 1235K (SAAR). This was better than expectations of 1200K and the upwardly revised March result, 1168K. Building permits were slightly better than expectations and the prior month. (First Trust).
- *University of Michigan Consumer Sentiment* spiked to 102.4 from April's 97.2 and expectations of 96.9. This was the preliminary survey and it was taken before the breakdown in trade talks. We'll see how the final data hold up. Bespoke focuses on the consumer expectations portion of the index.



The Bad

- *Industrial production for April* showed a decline of 0.5% badly missing expectations of a 0.1% gain. This compared to March's gain of 0.2% upwardly revised from a loss of -0.1%.
- *US/China trade talks broke down.* The NYT provided analysis of the stakes and the factors behind the collapse of

negotiations. It is a well-sourced analysis providing a better inside look than we see from regular financial media. BTW, these stories appeared on Wednesday and Thursday morning, news everyone knew before Friday's trading.

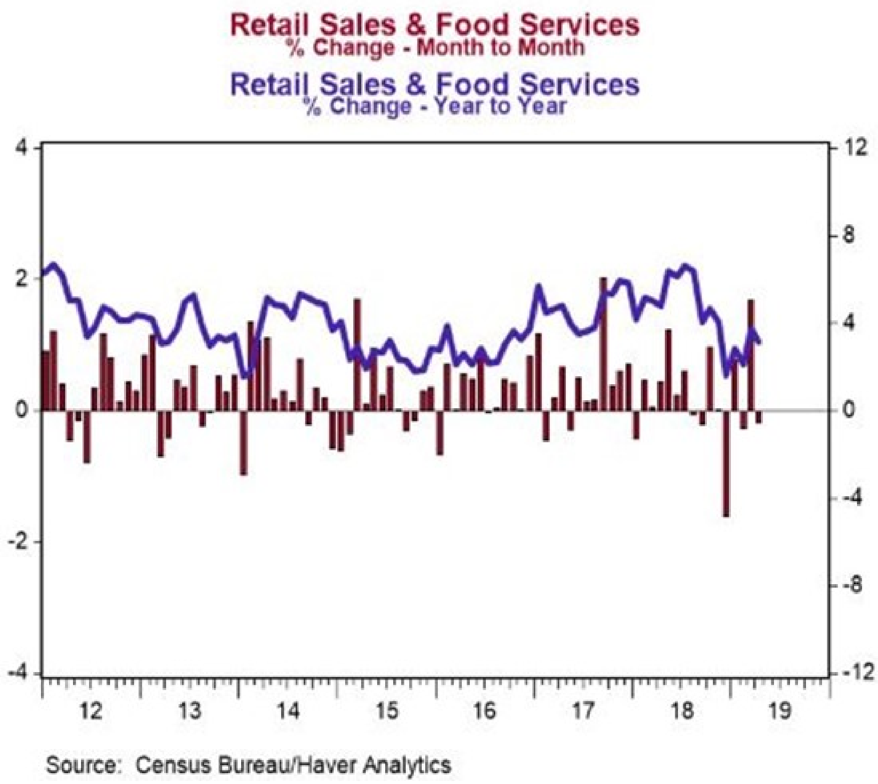
- ***Rail traffic continues to slow.*** Steven Hansen (GEI) has his customary thorough look. It shows a slowing trend over various time frames, from one month to a year.
- ***US action against Huawei*** will spark broad and unpredictable effects. The Heisenberg says it may be a "crossing the Rubicon moment" for the market. He mentions the stocks most affected as part of the Huawei supply change. There is plenty of additional background as well as this interesting matrix of possibilities from BofA. (Contra – The potential for upside was the subject of this WSJ opinion piece).

Table 2: Summary of the China macro impact and policy response by scenario

Scenario	GDP growth	Overall stance	Monetary policy	Fiscal policy	Infrastructure progress	Property policy
Benign	6.4%	Policy easing to abate after the deal	No strong signaling tools (RRR or interest rate cuts) used. Credit regulation remains moderately tight	VAT and social security tax cuts carried out. Consumption subsidy program much diluted	No strong push to accelerate local-government-led infrastructure investment projects	No easing from the central government. Modest relaxation of purchase limit by individual city governments
Brinkmanship	6.1%	Easing in place until after trade deal is reached. Policy stance fine-tuned towards more easing in the short term	RRR cut still likely in the period of trade impasse. Interest rate cut possible. Further credit expansion.	Consumption subsidy to stimulate purchases of autos, white goods and smart phones. Deferred tax payment and other temporary stimulus	Central and local governments to promote faster infrastructure investment approval and progress	Verbal support for property market, combined with modest and gradual relaxation of mortgage conditions
Trade war	5.8%	Policy easing intensifies quickly	Multiple RRR cuts and two interest rate cuts before the end of 2019. Credit regulation eases but capital controls remain tight	Consumption subsidy program + domestic tax payment deferral + expedited export VAT return + employment stabilization incentives	Major infrastructure investment frontloaded into 2019-20, while the State Council requires ministries to support faster investment	All forms of property market controls relaxed. Local governments told to promote property development with autonomy in land sales and various local limits

Source: BofA Merrill Lynch Global Research

- ***Leading indicators for April met expectations*** for a gain of 0.2% but were down slightly from last month's 0.3%.
- ***Retail sales for April*** declined -0.2% worse than expectations of a 0.2% gain and much worse than March's gain of 1.7%. I am scoring this as "bad" because business news featured the headline result, with the impact shown in the Quant Corner. Some skeptics assert that looking at a month-to-month seasonally adjusted change is not the best method. Steven Hansen (GEI) looks at the unadjusted sales and a three-month rolling average. Both approaches showed significant improvement as well as improvement year-over-year. Brian Wesbury also cites the need for smoothing and uses a year-over-year comparison. His concludes, "These numbers are nowhere close to recessionary."



- ***Earnings news*** was weaker. John Butters (FactSet) analyzes the larger-than-normal impact on companies that missed earnings expectations (-3.5% versus -2.5%). Gains from earnings beats were also worse (0.7% versus 1.0%). Finally, negative guidance for Q2 is 80% versus a five-year average of 70%.

The Ugly

Prospects for rural areas. Outmigration of those of prime working ages, technology changes in rural jobs, and a skills gap are behind the undeniable shifts. This leads David Swenson, Associate scientist of economics at Iowa State University, to conclude, *Most of America's Rural Areas Are Doomed to Decline*

The Week Ahead

We would all like to know the direction of the market in advance. Good luck with that! Second best is planning what to look for and how to react.

The Calendar

The calendar is very light. Market participants will be heading for the exits early to enjoy a long holiday weekend. My major interest is in the homes sales data, especially for new homes. Some will closely inspect the Fed minutes to find hints of things not mentioned in the announcement and the press conference.

Briefing.com has a good U.S. economic calendar for the week. Here are the main U.S. releases.

Week of May 20 - May 24

Date	ET	Release	For	Actual	Briefing.com Forecast	Briefing.com Consensus	Prior	Revised From
May 21	10:00	Existing Home Sales	Apr		5.38M	5.35M	5.21M	
May 22	07:00	MBA Mortgage Applications Index	05/18		NA	NA	-0.6%	
May 22	10:30	EIA Crude Oil Inventories	05/18		NA	NA	+5.4M	
May 22	14:00	FOMC Minutes	May		NA	NA	NA	
May 23	08:30	Initial Claims	05/18		214K	218K	212K	
May 23	08:30	Continuing Claims	05/11		NA	NA	1660K	
May 23	10:00	New Home Sales	Apr		680K	665K	692K	
May 23	10:30	EIA Natural Gas Inventories	05/18		NA	NA	+106 bcf	
May 24	08:30	Durable Orders	Apr		-2.5%	-2.0%	2.6%	
May 24	08:30	Durable Goods –ex transportation	Apr		0.2%	0.2%	0.4%	

Next Week's Theme

If you were going to pick a week to ignore financial markets, this would be the one. A dearth of data provides little to discuss on the economic front. A long weekend and the start of Summer beckon. I expect a quiet week that will end quickly for most. Unless, of course, we have some dramatic world event or a new name-calling tweet fight.

To use the time constructively, I suggest an important question at the heart of recent market moves:

What drives the agenda for investment news?

Background

Unless you are a specialist in political science or mass communications, you probably do not even think about the agenda-setting process. That makes it an effective stealth process, happening without any real notice. When I was doing PhD studies, the sparse literature featured the power of political leaders in this realm. In years since, scholars have looked at the effect of the media in prompting political leaders. The next step was considering which came first.

In the social media era, many new possibilities have arisen. Let's start with a few illustrations.

Agenda Setting Power

Whenever I try to analyze an important concept for investors, and it involves political actors, some readers rush to the defense of their heroes. Their motives cannot be impure! And I am not suggesting that they are. I am identifying a political skill in reaching objectives. It has nothing to do with the value of their policies, but it does affect what investors see.

- Tariffs were originally justified as national security measures. Against Canada? Congress abdicated its traditional power on trade policy.
- Trump has successfully framed the trade issue as a matter of lost jobs and decades of unfairness.
- The President is happy to claim credit for economic strength and quick to blame someone if the data signal any faltering. Did you notice how the story shifted from the economy to the failings of the Fed? ***That is agenda setting in action.*** Everyone started talking about Fed Chairman Powell.
- Market declines are frequently interrupted with a tweet expressing sentiment rather than fact. Saying that he is confident about China prospects or has a warm relationship with a foreign leader are great examples. The market usually reacts in the desired way.
- Democrats use House control to conduct investigations, issue subpoenas, and pass bills for consideration of the Senate and possible veto.
- Republicans use Senate control to block measures from even reaching the floor. They also regularly reject legislation from the House.

- Most of the ideas, especially from the liberal wing of the party, have no chance of becoming law before 2021, and little chance after that. Despite this fact, the mere discussion of something like "Medicare for all" or a wealth tax sends some into a tizzy.
- This process is important, poorly crafted for fairness, and mostly irrelevant for current investor analysis.

- Social media create issues, forcing MSM and political leaders to respond.
  - Who is selected as a guest?
  - Is the anchor or interviewer fair and objective?
  - And most importantly, what are the featured items?

Quant Corner and Risk Analysis

I have a rule for my investment clients. ***Think first about your risk. Only then should you consider possible rewards*** I monitor many quantitative reports and highlight the best methods in this weekly update, featuring the Indicator Snapshot.

Risk Indicator	This Week	Last Week	Last Month	Last Quarter	Interpretation
Valuation					
Ten-year note yield	2.39%	2.47%	2.56%	2.66%	
S&P 500	2,860	2,881	2,905	2,776	
S&P Forward Earnings	172	172	172	169	
S&P Earnings yield	6.01%	5.96%	5.92%	6.08%	
Equity Risk Premium	3.62%	3.49%	3.36%	3.42%	Very High
Economy					
C-Score	316	317	309	396	9 MoRecession Prob about 34%
*Leading SuperIndex**	3.87%	4.09%	5.43%	7.80%	3-4 MoRecession Prob
BCIp	97.3	99.1	100.0	93.6	No recession indicated
SLFSI	-1.263	-1.353	-1.311	-1.073	Extremely Low Risk
Anticipated Inflation	1.83%	1.85%	1.94%	1.85%	
VIX	15.29%	19.10%	12.60%	16.22%	
Historical S&P Volatility					
Last Five Days	22.25%	14.82%	5.33%	9.35%	
Last Twenty Days	13.41%	9.06%	9.96%	12.14%	
Technical Health					
Short-term	1	1	1	1	Extremely Bullish
Long-term	1	1	1	4	Extremely Bullish
Overall Outlook	Bullish	Bullish	Bullish	Bullish	
Sources: Stlouisfed.org, RecessionAlert.com, iMarket Signals, fundamentalis.com, and NewArc Investments, Inc. ©2019					
	*SuperIndex is the public value, delayed one month				

Short-term and long-term technical conditions both continue at the most favorable level. Our fundamental indicators have remained bullish throughout the December decline and rebound. The C-Score has stabilized despite a flatter yield curve and increases in headline inflation. I continue to watch this closely, analyzing signs of possible confirmation of higher recession odds. Our methods give us an early warning, helping us to avoid costly "false positives."

The Featured Sources:

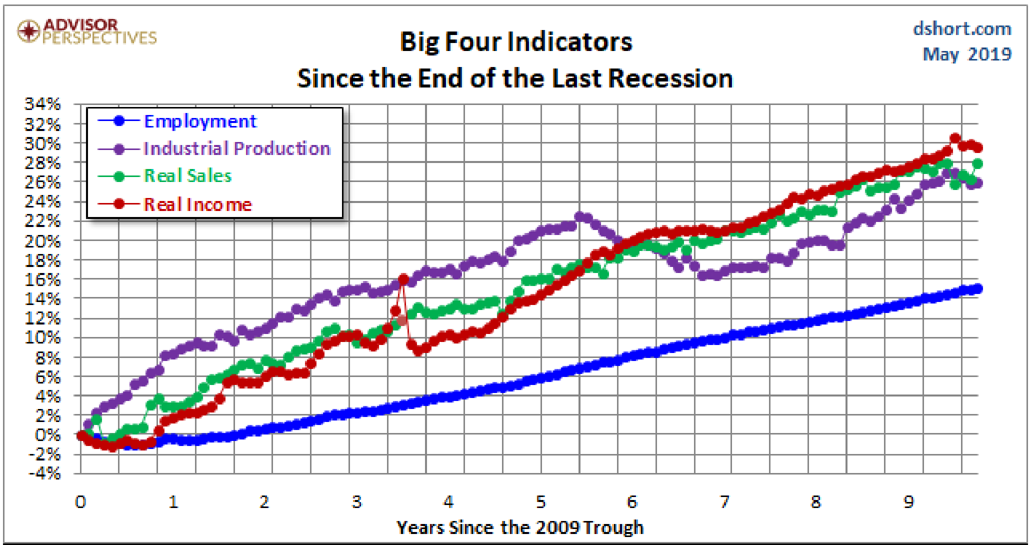
Bob Dieli: Business cycle analysis via the "C Score.

Brian Gilmartin: All things earnings, for the overall market as well as many individual companies.

RecessionAlert: Strong quantitative indicators for both economic and market analysis.

Georg Vrba: Business cycle indicator and market timing tools. The most recent update of Georg's business cycle index does not signal recession.

Doug Short and Jill Mislinski: Regular updating of an array of indicators. Great charts and analysis, especially the Big Four economic indicators watched by the NBER recession daters. Here is the most recent update, including the weak retail sales data.



Big Four Indicators Month-over-Month												
Indicator	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Employment	0.18%	0.18%	0.12%	0.19%	0.07%	0.19%	0.13%	0.15%	0.21%	0.04%	0.13%	0.17%
Industrial Production	-0.79%	0.75%	0.44%	0.80%	0.14%	0.22%	0.54%	0.05%	-0.44%	-0.45%	0.15%	-0.51%
Real Sales	0.95%	0.05%	0.42%	-0.18%	-0.27%	0.65%	0.01%	-1.60%	0.79%	-0.45%	1.27%	-0.51%
Real Income	0.09%	0.26%	0.25%	0.37%	0.02%	0.30%	0.30%	1.06%	-0.61%	0.05%	-0.20%	

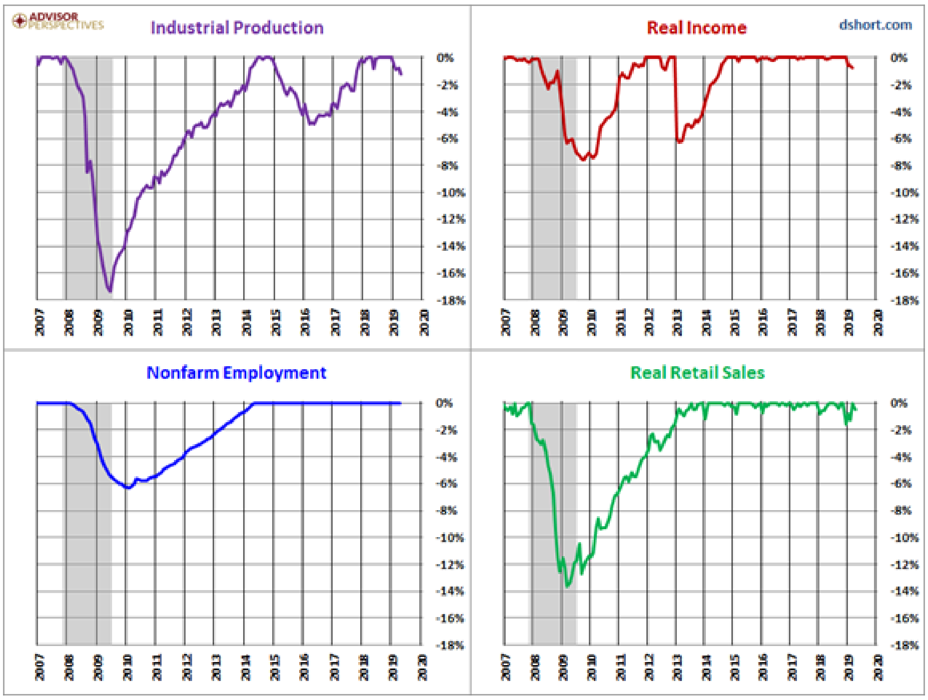
Employment is released the first week of the month, Income the last week, Industrial Production and Sales mid-month.

The downtick in three of the indicatorsconcerns Eric Basmajian, whose methodology is quite different. He prefers to look at changes in growth on a year-over-year basis. The result is a focus on the change in acceleration or deceleration. It is very sensitive to potential turning points. He believes that employment will soon follow the other series.

The Big Four chart shows some decline from the peak in three of the series. Will these indicate the start of a recession? In my resource page on recession forecasting, I cite the NBER criteria:

> "A recession is a significant decline in economic activity spread across the economy, lasting more than a few months, normally visible in real GDP, real income, employment, industrial production, and wholesale-retail sales. A recession begins just after the economy reaches a peak of activity and ends as the economy reaches its trough. Between trough and peak, the economy is in an expansion. Expansion is the normal state of the economy; most recessions are brief and they have been rare in recent decades."

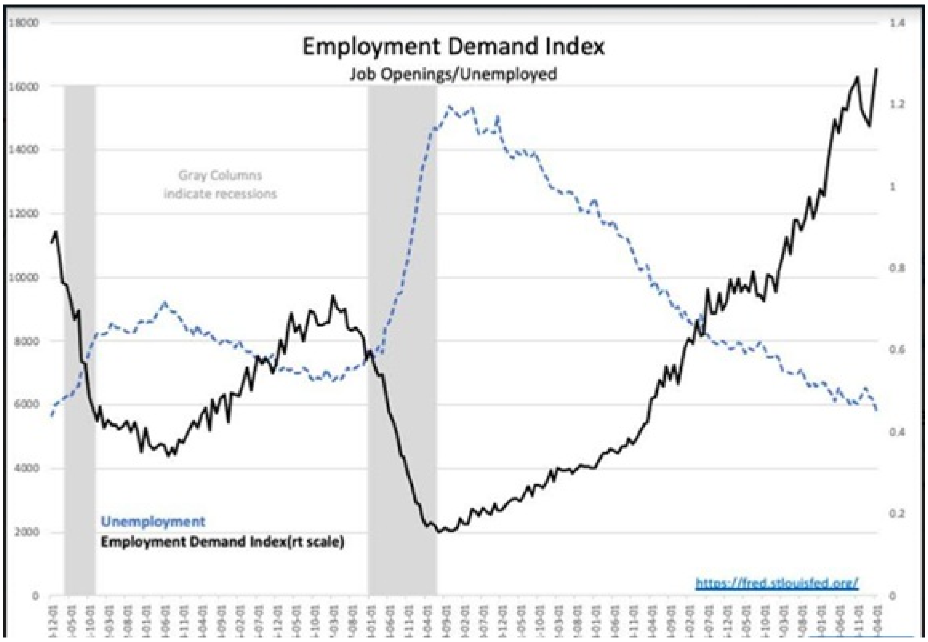
Jill Mislinski provides another chart that helps us with this question.



So far, it does not seem like a significant decline. It is worth watching.

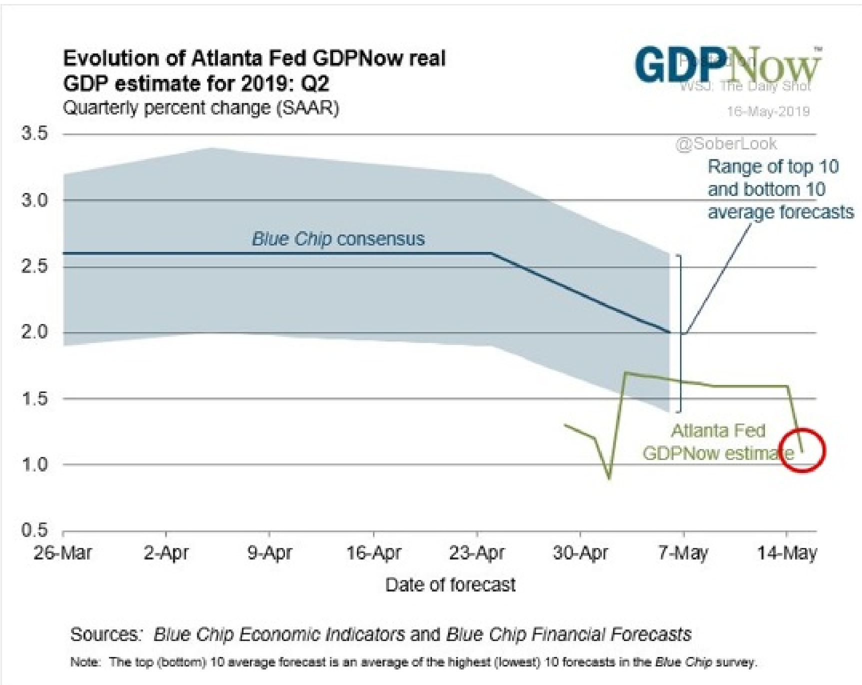
Guest Commentary

“Davidson” (via Todd Sullivan) considers a wide array of indicators. His focus is on what works and the potential for recession. The Employment Demand Index has a short history but is quite interesting, nonetheless. He writes, “The current recession fears are diametrically opposed to economic fundamentals making today’s market a good buying opportunity.”



James Picerno considers the question, *Is The Fed Losing Control Of Inflation?*
The post is a helpful synthesis of recent data, the thinking of some Fed participants, and the conclusions from Fed observers. It also addresses the current divergence between trading markets (weaker economy, lower rates coming) and the Fed (watchful and waiting).

Nowcast GDP estimates are lower.



Insight for Traders

Our weekly “Stock Exchange” did not appear last week due to some key absences on our team. I am planning a special issue this week, featuring an interview with our model developer, Vince Castelli.

Insight for Investors

Investors should embrace volatility. They should join my delight in a well-documented list of worries. As the worries are addressed or even resolved, the investor who looks beyond the obvious can collect handsomely.

Best of the Week

If I had to recommend a single, must-read article for this week, it would be Lyn Alden Schwartzer's *Put Discover Financial Services On Your Radar*. While she does a great job of analyzing Discover (DFS), the article includes some great general advice. One concept is the ability to engage in second-level thinking. She writes:

> One of the most important things to get right when it comes to investing is second-level thinking. If you are going to outperform the market on a risk-adjusted basis, then in addition to being right, you have to be more right than others, and thus different.

She then quotes Howard Marks with some great examples.

Her next theme is the long-term advantage of the small investor – a longer time horizon. This contrasts sharply with advisors and fund managers who are often measured by short-term market comparisons.

> In particular, small investors get to separate volatility from risk. In financial circles, risk and volatility are often thought of as the same thing. However, another way to define risk is the probability of permanent capital loss, which is separate from mere volatility. A company can be volatile but not too risky, or it can risky without being volatile, when thought of in this way. The two concepts are correlated but not identical.

This concept is especially important in the current market environment.

Stock Ideas

Chuck Carnevale sees 3M Company (MMM) "a sound investment today based on quality and valuation." He notes that this moves it to his watch list, not an immediate buy. As always, you get a careful analysis of the investment thesis, the business, and the elements of valuation.

In Permian Focused Oil Stocks to Buy Now, Kirk Spano describes the catalysts for rising oil prices in the near term. Then he turns to a list of companies that are solid on fundamentals and have takeover potential in the wake of the competition to buy Andarko. The fundamental forces for this viewpoint are supported by Andy Hecht's *While Oil Prices Weaken, Geopolitics Scream Higher.*

Is it time to consider retail? Andrew Bary (Barron's) makes the case for Nordstrom (JWN) "a can't miss bargain."

Bhavneesh Sharma continues his investigation of the Allogeneic CAR-T space, Atara Bio (ATRA). Read the full post for a discussion of the pipeline, clinical results, and company financials.

Want to trade REITs on your own? Here are 10 things you need to know.

Barron's has *5 Cheap Stocks to Ride Out the Trade War*. Read the full article to see the reasoning behind these interesting choices.

Tense Over Trade? Take Five.

Company/ Ticker	Recent Price	52-Wk Change	NTM P/E	5-Yr Avg P/E	Market Val (bil)
Applied Materials / AMAT	$42.70	-21%	12.3	13.6	$40.5
BorgWarner / BWA	36.26	-31	8.4	12.1	7.5
Charles Schwab / SCHW	43.21	-27	15.2	22.1	58.1
Regeneron Pharmaceuticals / REGN	304.94	-1	13.6	27.5	33.4
Tapestry / TPR	30.78	-31	11.0	17.0	8.9

NTM=Next 12 months
Source: FactSet

24/7 Wall St. suggests 13 “dirt cheap dividend stocks.” [Jeff – We own some of these, especially in our “Enhanced Yield” program where we do near-term covered calls. This program does not require an immediate upside catalyst – just a safe platform for generating income.]

Lyn Alden Schwartzer takes a close look at investing in Thailand via the iShares MSCI ETF (THD). She has a nice historical description as well as an analysis of investment fundamentals.

Personal Finance

Abnormal Returns always provides interesting ideas on a wide variety of topics. I am a subscriber, and I read it daily. Each Wednesday’s edition includes a post focused on personal finance. This week I found Mike Piper’s (Oblivious Investor) post, *Social Security: It is an Asset, But Not a Bond* to be especially valuable. This is a question I consider with many clients who are approaching retirement. Here is his basic conclusion, but please read the entire post for a complete analysis.

> Social Security is an asset. It’s true that it is not a liquid asset (i.e., you cannot sell it). But even illiquid assets show up on balance sheets. Same goes for lifetime annuities. They are assets, even if they are not liquid.

> And yes, Social Security is a fixed-income asset. So it’s more bond-like than stock-like.

> But it’s definitely not a bond.

Gil Weinreich’s series on Seeking Alpha (SA for FA’s) is ostensibly geared to financial advisors. The analysis is much broader than that. Most DIY investors will find it quite useful. This week I especially enjoyed the post, *U.S. – China Prisoner’s Dilemma*. Gil effectively builds upon my “stalemate” theme from last week, including a take from Lok Sang Ho:

> Donald Trump does not understand the implications of his dangerous game of brinkmanship and the precarious state of the US economy. Let me explain.

And from Neuberger Berman:

> Still, an escalation of tariffs does not necessarily mean an end to negotiations and any hope of a deal. Indeed, our view is that this is very unlikely. Both sides can make space to climb down into, but it will take more than a couple of days and it will likely be done against a background of higher tariffs.

Gil pulls this all together using the game theory classic, the Prisoner’s Dilemma.

Watch out for…

Companies with the highest trade war exposure.24/7 Wall St. has a list to consider.

Also, Chinese stocks where the trade issue is but one challenge.24/7 Wall St. observes that the Baidu Inc. (BIDU) business has become almost impossible to track. There is a danger in reacting to phrases like "the Google of China."

Final Thought

Most importantly, investors should set their own agenda!

Do not get caught up in what others feature as important. It is usually not. I am working on a deeper analysis of how we can handle this issue, but here is the basic concept. We should focus on information that meets three tests:

- Importance
- Urgency
- Actionability

We should avoid information that is sensational, bombastic, or lacking in evidence.

How does this work in practice?

- Many important issues like worldwide debt are neither urgent nor actionable for the investor. The same is true for geopolitical stress.
- Recessions are important and actionable. The urgency depends on where you are in the warning range.
- The trade war is important and urgent. It is partly actionable if you know the sectors affected and how to interpret developments.
- Your own financial preparations meet all three tests. If you do not have a plan in place, it is urgent.
- Gossip, accusations, and threats grab headlines, but have little relevance for our investment plans.
- Political debates are important for an eventual decision, but they do not raise matters of urgency or actionability.

I am still working on the framework and examples. Comments and suggestions are most welcome. My WTWA objective is to meet these criteria.

Another current project is the syllabus for a course in investment management. No one has hired me for this (and Mrs. OldProf doesn't want me to keep adding new projects), but a question from a young colleague about what to read sparked my interest. I asked the question, "If I were teaching a new course next fall, what would I include?" I also welcome suggestions on that front. The resulting list is already looking much different from those of people who have a list of "classics."

And that is how I will spend the week ahead.***Join me in doing something you find useful, setting your own agenda!***

And also, some longer-term items on my radar

I'm more worried about:

- Potential conflict with Iran. (The Economist). And also the discussion (The Hill) with Gen. Joseph Dunford, chairman of the Joint Chiefs of Staff.
- Short-term corporate debt held by low-rated firms. Investors face danger if they reach for yield with these companies. This is not a matter of aggregate debt, especially that held long-term at low rates. (Barron's).

I'm less worried about

- Corporate earnings. The earnings season has mostly confirmed expected future earnings, despite the cautions about outlook. That is the key driver for stocks.
- Recession odds. We are closely watching the yield curve and other indicators, but not yet seeing the usual confirming signals. There is also no warning from the SLFSI.