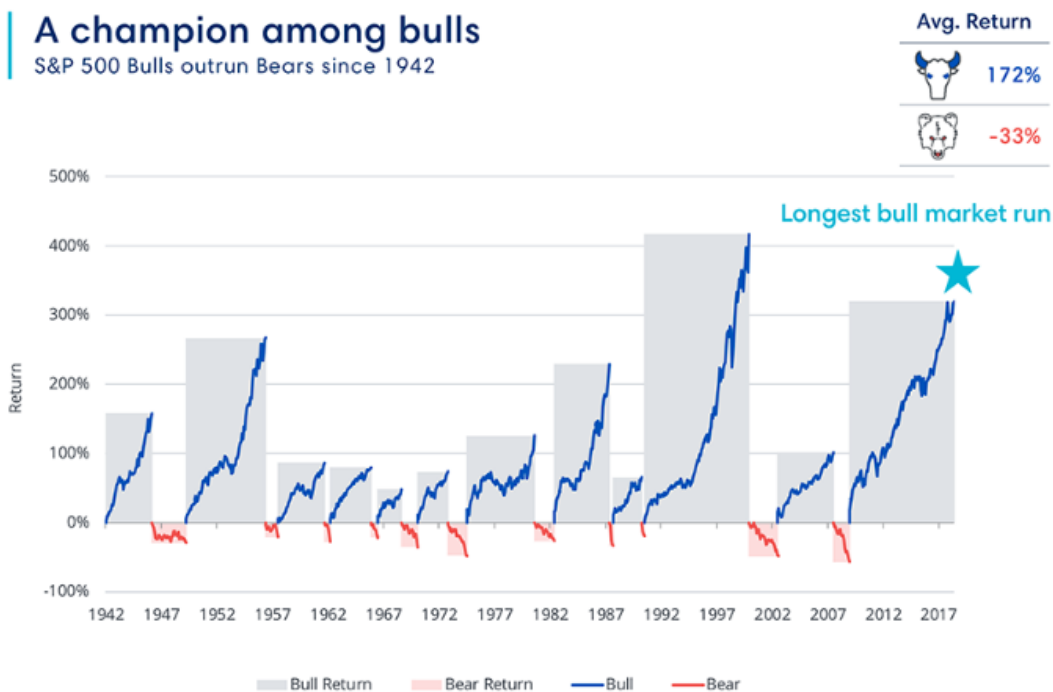


Market Watch With RMH

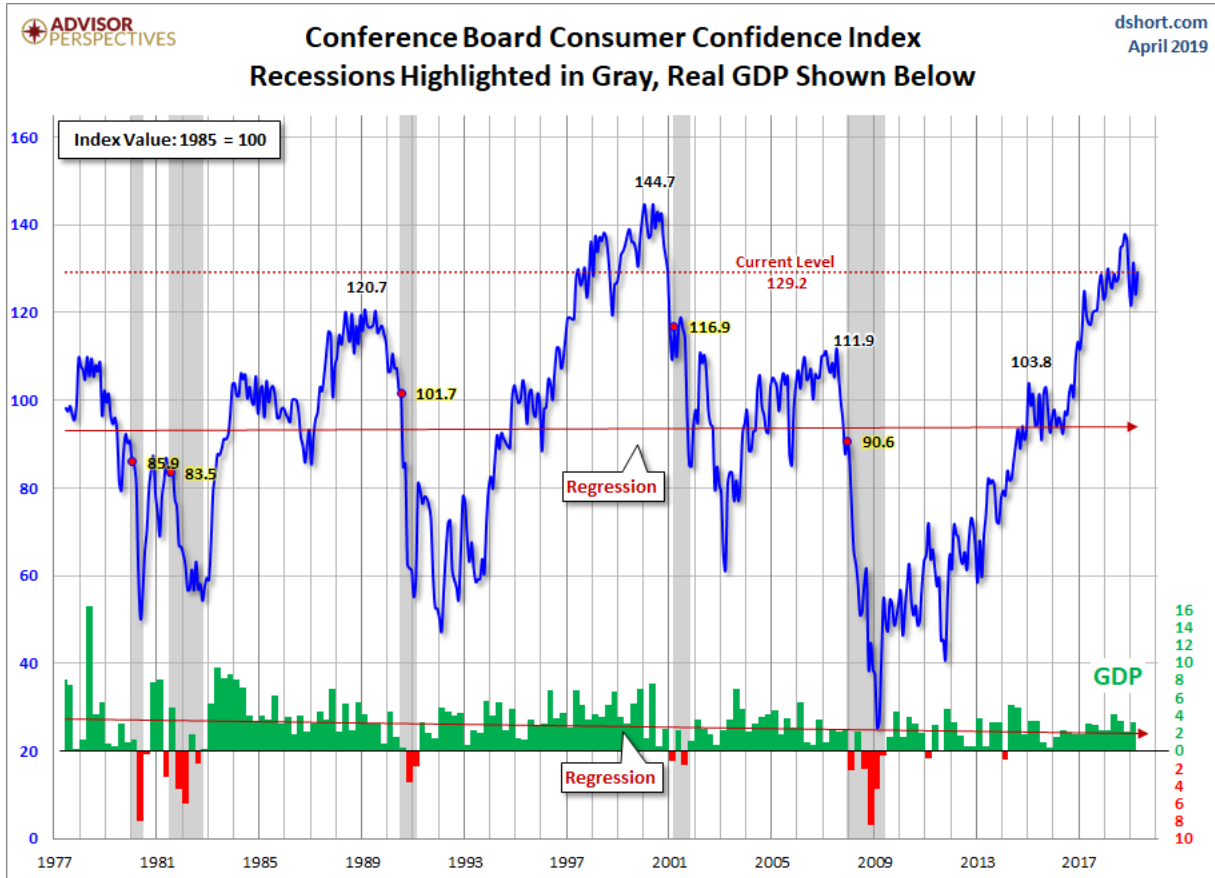
May 2019

While thinking of where we are in the business cycle, it comes to us as no surprise, that we are in the late innings of a record expansion as shown below. Investors count on the long run of stock price gains; however, in the short term, they are hard to forecast. Charles Ellis, author, **Investment Policy – How to win the loser’s game**, sums it up best when he states the following: “The average long term experience in investing is never surprising, but the short term experience is always surprising.” Currently, we have a 335% gain from the March 2009 lows, and our expansion is longer than any of the 12 expansions we see below.



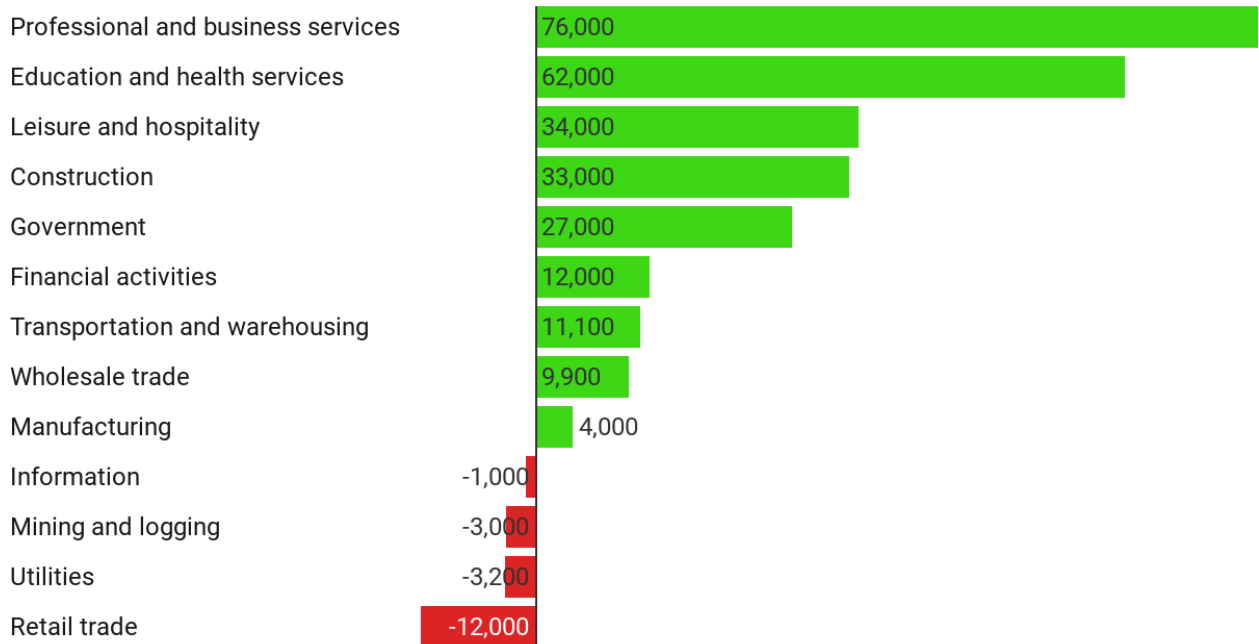
Source: Bloomberg. Local currency. Calendar year, price only returns. For the purposes of this illustration, a bull (bear) market is defined as a positive (negative) move greater than 20%.

The consumer remains the beating heart for the United States Economy, and Consumer Confidence remains a key data point moving forward. Currently, Consumer Confidence rebounded from the recent pullback we saw take play at the start of 2019. A major factor has been the robust jobs market that continues to surprise to the upside. April's jobs data showed the U.S. economy added 263,00 jobs last month, which is more than the 190,000-increase expected by economists polled by Refinitiv. As the jobs market remains strong, inflation staying low, and wages slowly rising, the probability of a U.S. based recession is limited.



Taking a closer look at the job's numbers from April in the chart below, it is important to note one of the biggest areas of growth was seen in Professional and Business Services. These are usually higher paying jobs which directly results in giving the consumer more capital to spend or invest. The more capital the consumer has, the higher the impact it will have on GDP. Remember 68% of GDP in the United States is based on consumer spending. This is a very healthy trend to see as lower paying jobs move out of the job pool. If we can see a continued trend in positive job growth, followed by higher paying jobs, the longest Bull market in history, could have a few more innings. The key to when that trend changes will be in the data and that is something we are keeping a close eye on.

April jobs one-month net change



Source: Bureau of Labor Statistics • [Get the data](#) • Created with [Datawrapper](#)

“Neuromorphic Computing is a new trillion-dollar industry in the making. How to invest.” Is a headline that caught our eye from one of our favorite research reads, 13D Global Strategy Research.

While not a math’s and science geek, we have always wondered when we would run up against Moore’s Law. Moore’s law for those not familiar is the “observation that the number of transistors in dense integrated circuit doubles about every two years” (Wikipedia). This doubling of transistors doubles the speed at which computers make calculations. “The limitation which exists is that once transistors can be created as small as atomic particles, then there will be no more room for growth in the central processing unit (CPU) market where speeds are concerned.” (www.moorelaw.org)

Neuromorphic computing uses computer chips (chips) based on the design of the human brain, that could ultimately replace the CPU, while conventional computing is rules-based, powered by chips that process the information in a sequence. Neuromorphic chips excel at pattern recognition, absorb new information while carrying out a task, adjust in real time to changing input, learn from mistakes tolerate errors, and run at a fraction of the power consumption of a traditional computer chip.

What does this mean for investors, the Artificial Intelligence chip market will be in excess of \$60 Billion by 2025. Energy efficiency can be several thousand times less than a traditional chip, with greater scalability, from one chip to an array of a million chips. Currently several of the leading public companies are underpriced to historical averages, Qualcomm, Samsung, Hewlett Packard Enterprise.

We thank you all for taking the time and reading “Market Watch.” It is meant as an educational piece on the always evolving markets. It is something we plan on providing every month, and your feedback is very important to us. Please feel free to always reach out with questions, thoughts, or comments. If there are ever any topics you wish us to explore, please share. April 2019

On a personal note, RMH is now in the position to bring on new clients and please be sure to share this informational letter with whomever you wish. RMH’s focus is on the customizable investment needs of individuals, families, and foundations. We enjoy working with our clients to better understand their goals, values, and passions for what is important in their lives. In expanding our client base, we look forward to working with people who share these same desires

Richard Munding, CFA

Edwin Hopper