
GLOBAL MARKETS AND A NEW WAY OF FINANCIAL PLANNING

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On last week's episode of the "Behind the Markets" podcast, Liqian Ren and I were joined by Steve Cordasco, CEO of Cordasco Financial Network, and Srinivas Thiruvadhanthai, director of research for the Jerome Levy Forecasting Center. We engaged in a wide-ranging discussion focused on global investment opportunities.

Srinivas Thiruvadhanthai on Global Markets

Thiruvadhanthai responded to Professor Jeremy Siegel's opening macro comments by saying he has a rather [bearish](#) outlook on the global economy and for international markets in particular. He finds high global debt levels, low [interest rates](#) and the inability to stimulate demand as the main reasons for concern. He also sees many countries as buoys in the ocean, bounced around by what is happening in the U.S. or China.

Thiruvadhanthai has a more positive view on Japan, however, encouraged by an improving picture for corporate debt, citing lower net debt than was outstanding in 1970. Further, Japan's domestic economy has beaten expectations and has pent up demand for [capital expenditures](#), while any weakness has been fully driven by exporters.

Later, Thiruvadhanthai discussed the philosophy of the Jerome Levy Forecasting Center. It follows a macro-level [flow of funds](#) framework that looks at corporate profits in aggregate. The Center evaluates how movements in balance sheets translate to private sector profits and underlying growth.

He also discussed CEO David Levy's strategy of being [bullish](#) on bonds for much of the last 30 years, based on the belief that as global balance sheets continue to get bigger, interest rates will continue to be lowered. However, Thiruvadhanthai also noted that we are getting to the point in the cycle where less upside potential remains on the trade, and we are beginning to see asymmetric payout structures mitigate that opportunity.

Steve Cordasco on Effective Financial Planning

Cordasco began by explaining his firm's financial planning roots. As financial planners first and foremost, Cordasco's team members spend time educating clients and helping them through understanding the complex discourse of markets.

Cordasco discussed two contrasting mindsets: the "fast money mind" and the "slow money mind." The fast money mind is the impulsive response a person has to news, advice or decisions. The slow money mind involves more strategic decision-making, when one has the time to consider the entire situation in order to determine if what one is contemplating

makes practical sense. Cordasco Financial Network measures how you respond to various questions to see how both your fast money mind and slow money mind work to better help develop financial plans.

Cordasco emphasized truly getting to know clients beyond their general interests and occupation because more personalized service is instrumental in helping them reach their financial goals.

It was a great conversation; please listen to the full discussion below.

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DEFINITIONS

Bear market: A sustained downturn in market prices, increasing the chances of negative portfolio returns.

Interest rates: The rate at which interest is paid by a borrower for the use of money.

Capital expenditures: Spending by a company typically made to enhance longer-term productive capacity.

Flow of funds: A set of accounts that is used to follow the flow of money within various sectors of an economy. Specifically, the account analyzes economic data on borrowing, lending and investment throughout the economic sectors.

Bullish: a position that benefits when asset prices rise.