
JEREMY SIEGEL INTERVIEWS JANET YELLEN ON “BEHIND THE MARKETS”

Jeremy Siegel – WisdomTree Senior Economist, Jeremy Schwartz – Global Chief Investment Officer
03/28/2018

Professor Jeremy Siegel had the opportunity to interview Janet Yellen live at the University of Pennsylvania last week, and a recording of their conversation was released on our “Behind the Markets” podcast.

Some observations from their discussion:

Yellen believes we are running out of slack in the labor market and that the U.S. economy cannot continue to have job growth of 180,000 to 200,000 a month without putting more pressure on the labor market. She suggested that there may be a tiny bit of slack in the prime-age male participation rate, but overall, our natural rate of employment growth should be 80,000 to 120,000. Yellen further sees the bounce in the participation rate in last month’s employment report as temporary and unsustainable. This big-picture worldview is what leads to the three to four quarter-point interest [rate hikes](#) that many are factoring in for 2018, and nothing Yellen said suggests any hesitation on the [Federal Reserve \(Fed\)](#) embarking on this course.

Yellen is quite concerned about long-term deficits, and she worries that fiscal spending is out of control. This could be compounded by worries about the Fed running off its [balance sheet](#), which could lead to a spiraling of interest rates.

Regarding productivity, Yellen is not a pessimist in the long run, but she doesn’t know why productivity growth has been so low in recent years.

Siegel asked Yellen about stock prices, and she did think they were high but not unusually so given the low-interest-rate scenario. She did say that commercial real estate is high, but this judgment also ties into the long-run view of the appropriate level of interest rates.

All in all, it was a great conversation and an honor for Professor Siegel to be the first to interview Yellen outside of Washington since she stepped down as chair of the Fed.

You can listen to the full conversation at the podcast link below.

For standardized performance and the most recent month-end performance click [here](#) NOTE, this material is intended for electronic use only. Individuals who intend to print and physically deliver to an investor must print the monthly performance report to accompany this blog.

For more investing insights, check out our [Economic & Market Outlook](#)

View the online version of this article [here](#).

IMPORTANT INFORMATION

U.S. investors only: Click [here](#) to obtain a WisdomTree ETF prospectus which contains investment objectives, risks, charges, expenses, and other information; read and consider carefully before investing.

There are risks involved with investing, including possible loss of principal. Foreign investing involves currency, political and economic risk. Funds focusing on a single country, sector and/or funds that emphasize investments in smaller companies may experience greater price volatility. Investments in emerging markets, currency, fixed income and alternative investments include additional risks. Please see prospectus for discussion of risks.

Past performance is not indicative of future results. This material contains the opinions of the author, which are subject to change, and should not to be considered or interpreted as a recommendation to participate in any particular trading strategy, or deemed to be an offer or sale of any investment product and it should not be relied on as such. There is no guarantee that any strategies discussed will work under all market conditions. This material represents an assessment of the market environment at a specific time and is not intended to be a forecast of future events or a guarantee of future results. This material should not be relied upon as research or investment advice regarding any security in particular. The user of this information assumes the entire risk of any use made of the information provided herein. Neither WisdomTree nor its affiliates, nor Foreside Fund Services, LLC, or its affiliates provide tax or legal advice. Investors seeking tax or legal advice should consult their tax or legal advisor. Unless expressly stated otherwise the opinions, interpretations or findings expressed herein do not necessarily represent the views of WisdomTree or any of its affiliates.

The MSCI information may only be used for your internal use, may not be reproduced or re-disseminated in any form and may not be used as a basis for or component of any financial instruments or products or indexes. None of the MSCI information is intended to constitute investment advice or a recommendation to make (or refrain from making) any kind of investment decision and may not be relied on as such. Historical data and analysis should not be taken as an indication or guarantee of any future performance analysis, forecast or prediction. The MSCI information is provided on an "as is" basis and the user of this information assumes the entire risk of any use made of this information. MSCI, each of its affiliates and each entity involved in compiling, computing or creating any MSCI information (collectively, the "MSCI Parties") expressly disclaims all warranties. With respect to this information, in no event shall any MSCI Party have any liability for any direct, indirect, special, incidental, punitive, consequential (including loss profits) or any other damages (www.msci.com)

Jonathan Steinberg, Jeremy Schwartz, Rick Harper, Christopher Gannatti, Bradley Krom, Tripp Zimmerman, Michael Barrer, Anita Rausch, Kevin Flanagan, Brendan Loftus, Joseph Tenaglia, Jeff Weniger, Matt Wagner, Alejandro Saltiel, Ryan Krystopowicz, Jianing Wu, and Brian Manby are registered representatives of Foreside Fund Services, LLC.

WisdomTree Funds are distributed by Foreside Fund Services, LLC, in the U.S. only. You cannot invest directly in an index.

DEFINITIONS

Rate Hike: refers to an increase in the policy rate set by a central bank. In the U.S., this generally refers to the Federal Funds Target Rate.

Federal Reserve: The Federal Reserve System is the central banking system of the United States.

Balance sheet: refers to the cash and cash equivalents part of the Current Assets on a firm's balance sheet and cash available for purchasing new position.