
GOLDBLOCKS ECONOMY AND THE FUTURE OF ADVICE

Jeremy Schwartz – Global Chief Investment Officer
04/09/2019

In last week's "Behind the Markets" podcast, Liqian Ren and I were joined by two guests to discuss all things [Federal Reserve \(Fed\)](#) and the implications (or lack thereof) for the markets, and investment strategy and financial advice.

Timothy Duy, economics professor at the University of Oregon, discussed his views on the impact that current Fed policy is having on the economy.

In the second half, Josh Brown, CEO of Ritholtz Wealth Management, talked about investment strategy and financial advice.

Tim Duy sees no signs of our record economic expansion easing; you may have had fears of [recession](#) at the end of last year, but he sees no signs of it. He described the batch of economic data released this past Friday as a "goldilocks" report, marked by solid job growth, wage growth and steady unemployment.

Duy is not overly concerned about the inverted [yield curve](#), saying it only becomes particularly worrisome when the inversion occurs alongside a policy of *continual* Fed [rate hikes](#). Given that the Fed has telegraphed a pause in the rate-hiking cycle, Duy doesn't think the recent inversion is the beginning of the end.

Although he believes the Fed shouldn't have carried out the December rate hike, Duy thinks that 25 [basis points](#) is not a substantial factor and one that can be recovered from.

Changing focus to Trump's recent nominees for the Federal Reserve's board of governors, Duy sees the potential for a disturbing shift toward partisan appointments. He noted that traditionally, these positions have been filled by neutral and qualified candidates regardless of the White House administration. Duy fears that Herman Cain could simply be a Trump spokesman and might not bring any objectivity to the Fed during a pivotal point for the U.S. economy. Duy added that he believed anyone arguing for a return to the [gold standard](#) should not be appointed to the Fed.

Turning to Financial Advice

Josh Brown recently started a new video series with CNBC as well as partnership with Acorns that aims at helping younger people understand the core principles and mindsets behind investing.

Brown also reflected on fintech startups, such as Acorns and Robinhood, that allow young

investors to trade small amounts of money at relatively high frequencies. While they may have non-traditional ways of charging fees (e.g., Robinhood) or charge high amounts for low balance savings in terms of pure AUM, Brown believes these businesses are providing a great service for their clients and that their fees are appropriate. He asked what the alternative might be—would it be better that people not save than use an app like Acorns?

Brown made a great point that, in financial services there are no winner-take-all monopolies. If you do not like the services of these new businesses, you're free to go somewhere else.

Discussing Ritholtz, Brown emphasized the firm's focus on building globally diversified portfolios that exclude any sector focus or speculation on individual stocks.

Brown believes a critical testament to Ritholtz's process is that the firm "eats its own cooking" and the models available to employees in their 401(k) plans are the same asset allocation strategies that the firm offers to clients.

Ritholtz continues to build out its advisory team across the country, and I asked what cities are next in expansion plans. While they are mostly looking for the right people, rather than the best city, Brown admitted that Houston, Dallas and Washington, D.C., are on his wish list for those advisors who see the world like the Ritholtz team does.

These were two great conversations; please to listen to the full podcast 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

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

Recession: two consecutive quarters of negative GDP growth, characterized generally by a slowing economy and higher unemployment.

Yield curve: Graphical Depiction of interest rates on government bonds, with the current yield on the vertical axis and the years to maturity on the horizontal axis.

Basis point: 1/100th of 1 percent.

Gold standard: A monetary system where the value of a country's currency is directly linked to gold. This system was abandoned by the U.S. during the mid-20th century and replaced with the complete use of fiat money.