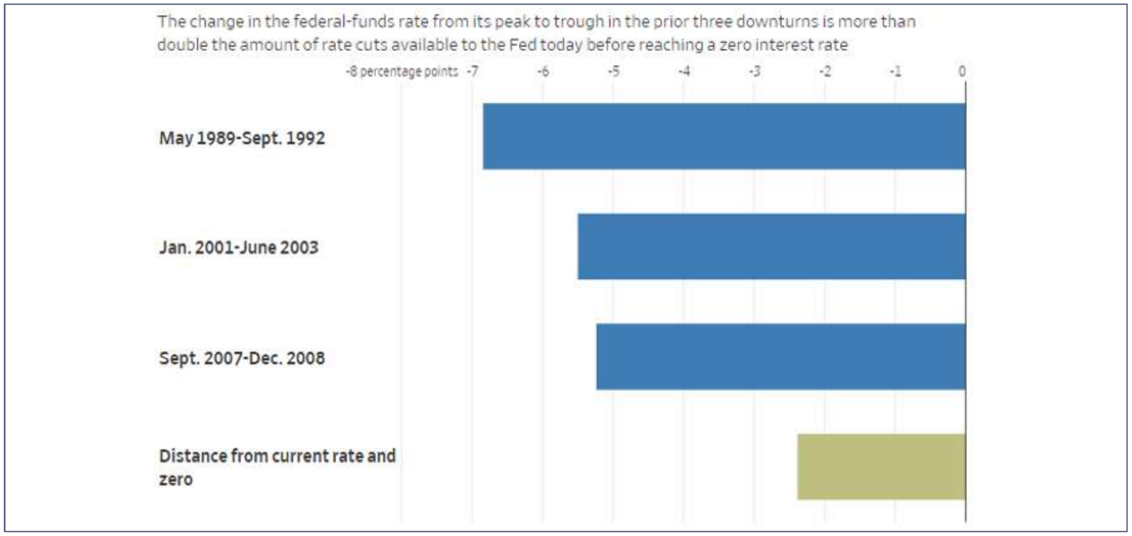
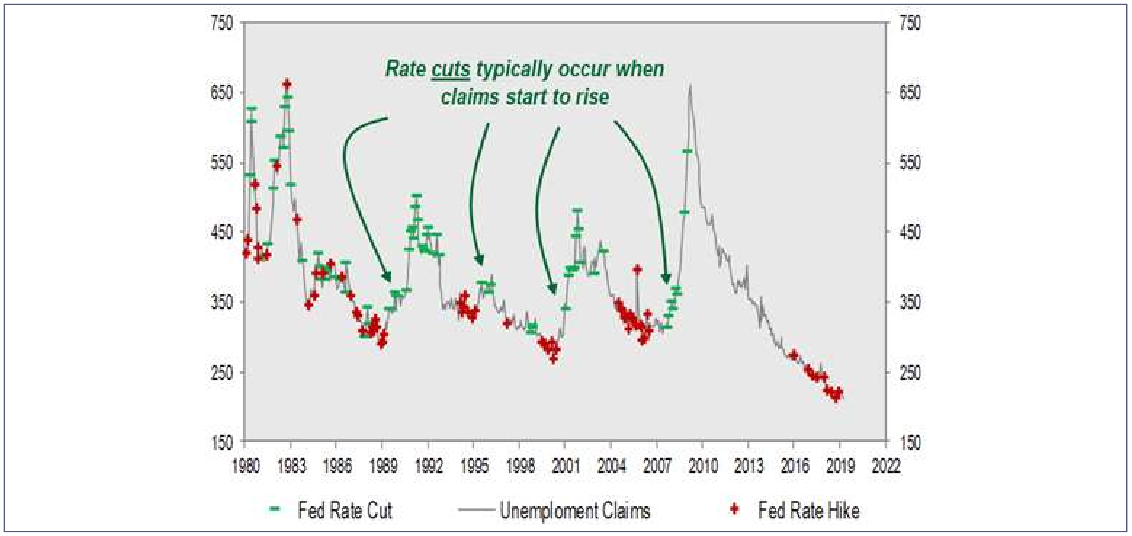
Market Recap

Limited Dry Powder



Source: Wall Street Journal

Has the Employment Cycle Peaked?



Source: Cornerstone Macro

In each of the past three U.S. recessions, the Fed has lowered the federal funds rate more than five percentage points in its efforts to help the economy bounce back on its feet. With the federal funds rate hovering at just 2.5% today, the Fed may not have enough dry powder for the next recession. As such, they may need to get creative and turn to more unconventional monetary policy approaches, such as quantitative easing (QE). QE is the process of the Fed flooding the market with liquidity via purchases of government securities. Given that the strategy theoretically triggers inflation, it poses a risk of ballooning inflation. In such a scenario, the Fed could eventually be forced to raise rates to keep inflation in check, further complicating the economic environment at a sensitive time in the business cycle.

The market rallied late last week following a disappointing jobs number, as the weaker than expected data increased investors' conviction that the Fed is likely to implement a rate cut sooner rather than later. Trends in weekly unemployment claims are a leading indicator of the broader economy and contain useful information for policy makers. The recent slowdown in job growth is likely attributable to a trade-related pullback in business confidence (rather than a textbook late cycle slowdown), but cyclical dynamics shouldn't be entirely dismissed. Although this isn't the first slowdown in payroll growth that we've seen this cycle, history suggests that unemployment claims do tend to spike at the end of a Fed rate hike cycle (and most investors now believe that the Fed is likely done for the current cycle).

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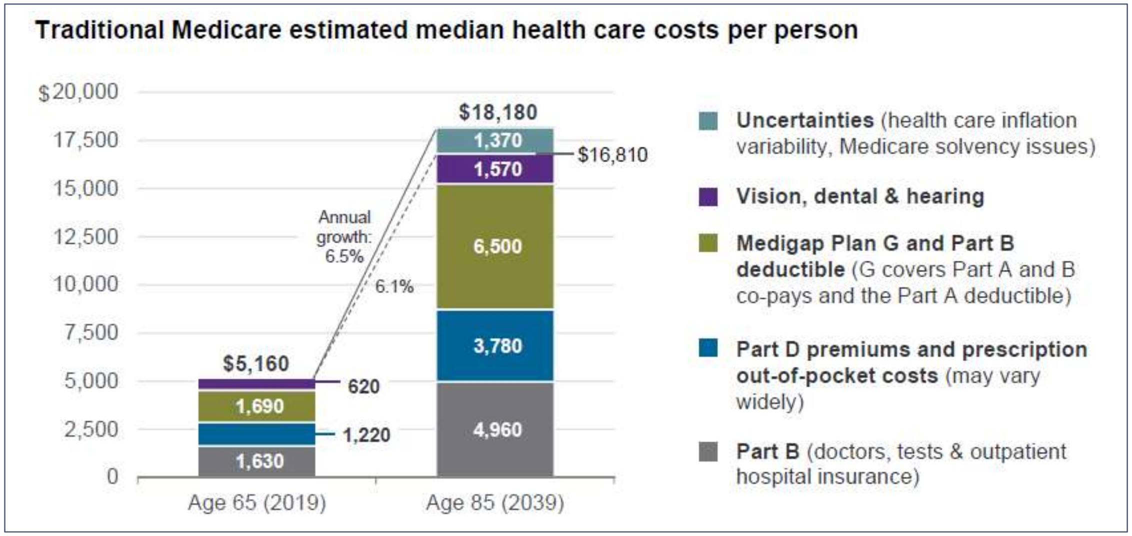
Health Care Costs in Retirement



Source: J.P. Morgan

For most Americans, health care is one of the largest expenses in retirement. With health care costs continuing to rise faster than overall inflation, and as younger generations are living longer, retirees need to be prepared for rising health care costs in retirement. Not only is health care inflation growing at an annual rate of 6.5%, but health care expenses naturally tend to eat up a greater share of household budgets as individuals age. While every person's circumstances are unique, catch-up contributions to 401(k) plans and health savings accounts can be useful tactics in buffering the transition into retirement.

The Sustainable Tasty Burger

Meat burger | Plant-based burger

BURGER	CAL.	FAT (g)	SAT. FAT (g)	CHOL. (mg)	CARB. (g)	SODIUM (mg)	PROTEIN (g)
Beyond Burger patty	270	20	5	0	5	**380**	20
Impossible Burger patty	240	14	8	0	**9**	370	19
Burger King beef patty	240	18	8	80	0	230	20
Bubba Burger original patty	**420**	**35**	**15**	**110**	0	85	**25**

Source: Business Insider, Barclays Research

The classic hamburger is facing new competition from plant-based patties, which attempt to replicate both the texture and taste of eating meat. A handful of companies have brought such meatless burgers to market—Beyond Meat and Impossible Foods are among the most popular. Despite general consumer perceptions, the burgers stack up rather evenly from a nutritional standpoint. A key advantage of plant-based burgers over their meaty brethren is that they are perhaps better for the environment. A quarter-pound Beyond Burger uses 99% less water, 93% less land, and 47% less energy than a comparable beef burger. In fact, studies suggest that a plot of arable land can produce 15 times as many plant-based burgers for every old-fashioned burger.

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