

Emerald Connect | watermark2_1.mp4

We're a little worried about the rest of the year. We think the-- this summer would be sell in May and go away as your T said. It would be a perfect-- perfect outcome for this year, perfectly natural, perfectly expected. You've got monetary conditions working in the wrong direction, even though they're still accommodated, they're still working in the wrong direction, and you've got corporate profits that are decelerating clearly.

They're doing OK. The economy's fine. We don't-- we're not expecting a bear market, but we're not expecting 12%, 15%, 18% next year. But we'll be lucky if we get above the water bar.

Joe, your insurance clients are the ones who are concerned about being in bonds.

Right.

They're the ones who are really looking around.

Right. Everything we do is based off of risk, as you can imagine with insurance companies. And it's a challenge.

And it's been 35 years where the bond market was [INAUDIBLE]

You're absolutely right. I think I sent over to your producer a chart on the 10 year. But if you look at the 10 year, most people that are managing money have all been enjoying-- I think you all mentioned it on your show yesterday, actually. It's been a bull market in bonds since September of 1981. Most of the people who manage money have all come into it after that. Not many people have it perspective before.

But if you go back and look at the charts, sited in 1954, it looks very much-- actually you've got it up there. If you look on the blue side, you've got an after inflation. 6% on your money versus, if you go back on the green side over there in 1954 to August of 1981--

Yeah, loss of 1%.

--you're seeing a minus 1%. So the change is, this generation is going to have to find a better way of doing business or they're not going to get the yield.

Well the interesting part about that is it used to not be terribly unusual for stocks, actually, to have a higher yield than bonds. People considered stocks more risky, therefore they actually yielded more than bonds did. That's totally unheard of to your point.

I know my career started in 1983. My cap and gown came off and I walked into the market and interest rates have been coming down ever since. So it is. It really colors and shapes all of our backgrounds and histories. I don't think people really understand what it could be to see interest rates going up. By the way, I don't think that's anytime soon.