

NEWS FROM THE PEAK

In this issue:

- Purpose
- World In Review
- New For 2019
- Long Term

Purpose

While reflecting on the drama we have seen in recent months, I have come to the conclusion that our clients might appreciate some periodic commentary. With this in mind, It is my goal to share with you some of the topics I am actively following, what new trends we are seeing and what concerns keep me up at night. I will conclude with a fun long term idea that I think can have a dramatic world impact but isn't ready for market yet.

World In Review

As we enter 2019, global strife dominates the news. In contrast; earnings from U.S companies continue to skew positive. Despite the fearful headlines gushing from many a news channel, historically low unemployment, still low interest rates, and strong corporate earnings paint a brighter reality. That said, there are some current events that warrant continued observation:

Central Bank Tightening - Jerome Powell's Federal Reserve is the focus of many around the world as it continues monetary tightening. Even in the unlikely event the FED does not raise their target rate at all this year, the balance sheet run off is set to continue. This reduced demand for treasuries (all else equal) has the effect of upward pressure on rates as well.

Brexit - A 'hard landing' is becoming more likely by the day. Each day closer to March 29th we get, the reality of a 'No deal Brexit,' becomes more real. While not likely to cause significant turmoil in the U.S, this is likely to cause significant uncertainty throughout Europe as each country figures out the potential effect on their economy.

Trade War with China - A continued trade war has the potential to do measurable damage to both economies. This is something we are watching closely as it can affect both consumers (through higher prices) and corporations looking to grow (or already entrenched) in the China market. If anything, the silver lining is that it hurts us both to keep tariffs going and it benefits us both to bring them to an end.

Venezuela Russia and North Korea - Tension is high with what I'll call "The Dictator Countries." From Venezuela's complete collapse to Russia's alleged meddling to North Korea's continued nuclear weapons testing, these nations continue to try world patience.



New Themes in 2019

5G:

With the Internet of Things (IoT) launching in earnest this year, 5G has the potential to dramatically alter how we live. We will soon have the option of refrigerators that re-order ingredients when out, driverless cars, or surgeons operating on us from another continent. Once fully rolled out, the opportunities in 5G are staggering. There is still a significant amount of infrastructure needed to realize the full potential of this, but 2019 brings a true beginning.

“Great minds discuss ideas; average minds discuss events, small minds discuss people...”

-Eleanor Roosevelt

Streaming:

Netflix introduced us all to streaming media in 2007; since then, a plethora of streaming services have become available. Near year end, Disney is entering the streaming business. With arguably one of the best content portfolios, Disney has the potential to make waves. As cable and satellite companies continue to struggle, a successful service from Disney, especially one that includes ESPN, could pave the way for a drastic shakeup in the media industry.

Rise of Electric:

81%... That is the percentage increase in electric car sales from 2017 to 2018. With the cost decreasing and range increasing, electric cars are becoming a viable alternative for many. The other car makers are fervently trying to catch up to Tesla who has jumped out to an early lead in the space. But there is stiff competition on the horizon. Porsche is planning to release an all electric sports car by 2020 and VW has partnered with Ford on all future electric car R&D. With an electric version of the classic VW bus due by 2022, we are on the cusp of big changes in this sector.

3D Printing:

Another game changing technology, 3D printing is starting to come into its own. This has wide ranging implications from 3D bioprinting in the medical field to advanced metal printing, the later potentially altering the landscape for manufacturing and design.

Camp Fire :

On a more somber note, the most destructive fire in CA history has caused the largest utility company in the US to file for bankruptcy. This could have a significant impact on both future utility rates and perceived utility company liability across the country.

To Infinity & Beyond

July 20th will mark the 50th anniversary of Apollo 11's moon landing. This year, for the first time since the last space shuttle flight in 2011, the U.S will be sending astronauts to space once again. Through innovation, most notably re-usable rockets, private companies have taken the reigns in the new space frontier.

Space-X, (Elon Musk) has placed Mars as the companies ultimate goal while Blue Origins (Jeff Bezos) and Virgin Galactic (Richard Branson) are trying to create a market for space tourism. They have made remarkable progress in a short time and both Blue Origins and Virgin plan to launch commercial flights to space by the end of 2020. From tourism and exploration to asteroid mining, the opportunities in space are quite literally endless.



In conclusion, I'll leave you with this. The moon landing was a momentous accomplishment during a time in history the country was bitterly divided. A nation reeling from the assassination of Martin Luther King, Bobby Kennedy and the Vietnam War united for the advancement of science, knowledge and humanity. This is scheduled to be a dramatic year for space innovation and is the 50th anniversary marking one of mankind's greatest accomplishments. Could going to Mars have the same effect on America as the moon landings did half a century ago?