



**Financial
Services**
LOCATED AT CLACKAMAS COUNTY BANK

*Semi Annual
August 2020
Vol. 13, Issue 1*

T.I.N.A.

By Bob Rockwell, CFP®, MS (503) 668-2530 www.ccbfinancialservices.com 38975 Proctor Blvd, Sandy OR 97055

Guess what? I am not going to talk about the Coronavirus. Rather, I am going to talk about T.I.N.A. as in "There Is No Alternative" which seems to be the main reason the stock market keeps rising. If you have money to invest what are your choices? You could just leave it in the bank and wait for an attractive opportunity. There is approximately five trillion dollars sitting in banks and short-term safe investments essentially earning nothing and waiting for an attractive opportunity.

So, what is an attractive opportunity? Here comes the "sticker shock". I have many clients that just want to keep their money safe and earn a little interest. For many of these clients we have a laddered maturity of investments in safe FDIC insured Certificates of Deposit (CD) that mature usually on an annual basis. When I call you to see if you want to reinvest your money upon a maturity, I must tell you the five-year rate is only 0.50%. Sticker shock!

Now you want to talk about the alternatives! So, do we buy Gold, Bitcoin, Real Estate, Life Insurance, Annuities, Private Equities, Farmland, Oil, Art, or Collectables? The list goes on and on, and I can sell you any of these if you want. Right now, I think there is no better alternative than investing in well run businesses that can find a way to make money even in this uncertain world.

So even though our economy is devastated, and company profits are being wiped out, the strong will survive and emerge even stronger. I have no idea how this will turn out but there will be a lot of energy expended predicting the future, heck for all I know it may cost \$100 for a Big Mac in the future, but I have confidence in the availability of a Big Mac even if it's plant based. Additionally, many companies pay over a 2% dividend yield currently and have long track records of raising their dividends and finding a way to make profit in many different economic environments.

Again, I have no idea of what the future holds but I must make decisions anyway. My "feeling" is that I don't think it will take this long, but we should prepare for it to take three years to get back to "normal". So, based on that "feeling" I think people who don't want to take any chances might want to invest in something that will allow them to change in three years.

You should ALWAYS keep your money working for you even if you don't like the interest rate "it is what it is". If you have \$100,000 sitting in the bank account and stubbornly just let it sit there because you think you deserve a better interest rate than you might be offered on a bank Certificate of Deposit, then you would lose \$1,508 in the three years that you are essentially protesting about not getting paid enough assuming a 0.50% interest rate which is easily available today at essentially no risk. How would you feel if someone stole \$1,508 from you? Don't steal from yourself. Don't be stubborn and just let your money sit idle because even a little bit adds up over time and you have nothing to lose if you do it right.

How long can interest rates stay this low? No one knows, but in my "Goldilocks Theory", two years would be too short, four years would be too long, but three years would be just right. So, what happens in three years? The government has increased the money supply by 25% over the last year, 45% just in the last three months. This should be causing massive inflation but it's not. Why? Well, in order to have inflation businesses must be able to raise their prices. After all that's what inflation is: prices going up. With worldwide competition for your business it is difficult to raise prices and not lose business. In addition, people are hunkering down and only buying what they must. But just wait until we have this virus under control. That five trillion dollars sitting in banks may unleash a buying frenzy when people feel safe to get back to normal spending habits. I think this could cause inflation to increase 3% to 5% along with interest rates in a similar amount.

So, what should you invest in? It doesn't matter to me because I don't receive commissions and simply get paid a salary. I just like helping people and I think I can help most people do a little better and some a lot better. Just call me, I am always available by phone at (503) 668-2530.

Your Friend,
Bob

This newsletter is for informational purposes only and should not be construed as individualized investment advice.

Securities products offered are: NOT FDIC INSURED * MAY LOSE VALUE * NO BANK GUARANTEE

Securities offered through Cambridge Investment Research, Inc. Member FINRA/SIPC, Advisory Services offered through Cambridge Investment Research Advisors Inc, a Registered Investment Advisor. Cambridge is not affiliated with CCB Financial Services or Clackamas County Bank.