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"What you see is not what others see. We inhabit parallel worlds of perception, bounded by our interests and experience. What is obvious to some is invisible to others."

George Monbiot
-British Writer-

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While the summer Olympics are over, the language circling around the economy these days has a distinctive scent of the gymnastics commentary from Paris last summer. Leading up to the recent fifty basis cut in the U.S. interest rates by the federal reserve, the terms hard, soft, and no landing are tossed around with abandon. With the rate cuts, central bankers are opening musing about "sticking the landing" as though maintaining footing on a financial balance beam. While the Olympic competition happens every four years, the last soft landing (economic slowdown without recession) has not been executed since the mid-1990's. This month we are joined by **Russell Investments**, and they provide a detailed outlook for the fourth quarter both for economies and various asset classes. While they feel that a soft-landing is the most likely outcome in the U.S.A. as inflation has slowed along with the economy, they do share

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concerns that the gearing down could morph into a recession. Exploring the global landscape, they see recovery on the horizon for the U.K. and Eurozone if the U.S. manages to dodge a recession while being less optimistic about Japan and China. Here at home, Canada's pivot to aggressive rate cuts is seen to continue as our homegrown economic numbers would seem to be weaker than initially thought. High population growth has masked a decline in GDP per capita. Seen as a proxy for living standards, we have seen the numbers declining since late 2022. In Russell's predicted financial environment, their asset recommendations favour a balanced approach. They suggest using a sleeve of government bonds as a defensive hedge against a wrong call on the soft landing, given equity markets seem to be pricing in a cheery outcome and would be less than pleased if they are wrong. They point out that declining interest rates should provide a tailwind tor estate and infrastructure assets, but the lofty valuation of gold makes it less likely it will continue to soar. Lastly, the U.S. dollar strength could fade a in soft-landing environment, but this is usually expressed against other reserve currencies. The USD /CAD dance can be a different creature entirely.

MIT has an age lab and Hartford Funds provides an engaging article by Joseph Coughlin, the director of that research group. With most of the major purchases in life, we have a chance to experiment or assess them out before committing. Whether buying a new house, a car or a fancy iPhone, we are able to examine or try them first. The author argues that retirement is the single largest purchase most people make, and very few of us sample that decision ahead of time. Most articles on the topic focus on the financial math that underpins the period after paid work ends but, unlike car purchases, there is no "lemon" warranty on a poor plan that is often decades in the making. The article touches on this and does provide some money-based rules of thumb to consider. Beyond this, however, the emotional and social component of retirement is often given much less analysis in the design. In this research piece, the writer offers nine useful methods that can assist in thinking about and test-piloting the retirement project in advance. Some are strictly financial, such as living on a fixed retirement income for a time. Others are more experiential and help one get a sense of what the next phase of life would feel like. For example, moving to a place with a better climate or a smaller town with a slower pace of life are often mentioned goals, and the author recommends renting a home in that area before retirement and tasting the true flavour of the neighbourhood. If not sure on a destination, pre-retirement is the time to explore locations and live as a retiree for a spell, not as a vacationer with a higher cash burn rate. A hobby or sport may seem enticing, but would it be so fulfilling six or seven days a week? Another pragmatic suggestion is to connect with retirees already living the kind of lifestyle you envision for yourself and see if the reality matches the dream.

Retirement is also a time for re-invention and a piece from **Big Think** provides a discussion of the traits of so-called late bloomers, people who hit their stride later in their workalike or after. Based on the book *Second Act* by Henry Oliver, the author starts with snapshots of an individual whose true talents only came to the fore after a tragedy forced her into the spotlight. A Northwestern University study looked at individuals in science, film, and artist fields and examined those that had an extended streak of high achievement. They discovered a pattern of years of exploration when new ideas are gathered, and this was followed by an exploitation phase when those gestated ideas were forged into impactful work and results. The research showed that the explore or exploit phases were actually less important than transition period between the two. Late bloomers just make that pivot later in life. What is intriguing about these bloomers are three characteristics that recur. The first is persistence, in that interests and ambitions have always been part of their life, and are they unable to let go of them even if circumstances force those interests into the background. Earnestness is the second characteristic, and the late bloomers can sometimes be described as obsessive or eccentric in their interests. As Oliver suggests, “their capability often hides in plain sight.” The final characteristic is quietness, in that their ambitions may be secret, even to themselves, for a long time. These abilities sometimes only flourish when, as the expression goes, *preparedness meets opportunity.*

The parallel between that last sentence about life and career, and the notion of being prepared for opportunity in financial markets is one that may closer than often thought.

Russell Investments: Q4 update Definitely maybe

1990s nostalgia is back with the announcement of a reunion tour by Britpop band Oasis. Investors are hoping for another 1990s throwback in the shape of an economic soft landing: the last time the U.S. economy avoided a recession after aggressive Fed tightening was during the mid-1990s.
The stakes are high. Markets are priced for a soft landing, so even a mild recession is likely to trigger a significant equity-market correction. The economic data supports the soft-landing thesis, but a slowdown consistent with a soft landing could still be the pathway toward a recession.

For now, a soft landing looks the more likely outcome. **Inflation is declining**, growth in wages is moderating, and labor-market pressures are cooling. Importantly, the **Fed has begun easing** before clear signs of economic stress have emerged. We're not yet out of the woods in terms of recession risk, and the slowdown could overshoot into a hard landing if Keyne's paradox of thrift[1] takes hold. This is when jobs weakness makes consumers cautious and they spend less, causing firms to cut back on spending and jobs, which in turn triggers more consumer caution. What seems sensible for individual firms and households becomes calamitous in aggregate.

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Hartford Funds: 9 Ways to Test-Drive Your Retirement

Retirement is likely the biggest decision people make, and most don't get to try it out first.

Shaking his head and looking off to some distant point, a recently retired 62-year-old friend of mine remarks, "It just freaks me out." Somewhat amused, I ask, "What does?" His head whips back around toward me and he exclaims, "Time! I never knew how much time I would have in retirement! I wanted freedom from work, but now finding new stuff to do is a full-time job." A friend of his who was listening simply laughs and remarks, "I'm sure that will be no problem for me." He looks away again and dryly replies, "You just wait."

Whether it's a new car, a new home, or even a new outfit, we usually have the chance to drive it, walk through it, or try it on before making the decision to buy.

However, there is one major purchase in life that's unlike any other: retirement. Yes, despite the language around planning for or preparing for retirement, you're actually buying retirement.

Retirement is arguably the single largest purchase people make, yet very few have an opportunity to sample it beforehand.

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Big Think: 3 Subtle Traits of Successful Late Bloomers

Katherine Graham became the CEO of the Washington Post Company – a major publishing business that owned radio and television stations, as well as Newsweek and the Washington Post – one summer afternoon in 1962, at the age of forty-five, when her husband shot himself. She had no idea what was going to happen. For most of her life, she had been so denigrated and mocked by her mother and husband that she lacked the confidence to dress herself for a party, let alone believe herself capable of running a major corporation. Despite the fact that her father had owned the Post, and nurtured her talent, she believed that running a business was never in her blood. She said that when she bought a house in her late twenties, she did not know the difference between income and capital. She was obsessed by news and politics but bored by advertising and balance sheets. And so, when she woke up from a nap that August afternoon to find her husband – alcoholic, manic depressive, adulterous, verbally abusive – shot dead, Katharine Graham faced a transformative moment. For the six months before Phil Graham died, Katharine had worried that he would take the Post away from her, after he started a bitter-minded legal attempt to take control of the company. In her grief, she faced a challenge. She could either run the business herself or let it go out of the family. She was advised to sell. She declined.

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