



NHCO Week in Review February 24, 2014

NHCO Weekly Market Update

As investors we should be constantly looking for new and sustainable trends in our world. Our eyes should focus on not only the newest and latest developments but on bigger, lasting impacts known in the science world as "paradigm shifts." Historically it was these shifts that created vast new opportunities and the accompanying wealth that followed. From the industrial revolution, to the expansion of our railroads, to the creation of the production line, to the invention of the microprocessor technology, to the use social media, our world has been uprooted, displaced and replaced by the next new thing. Each breakthrough created significant opportunity for investors. Another demographic shift coming our way in its infancy today is how the baby boomers will transition as consumers over the next several decades. The ability to understand the idea and concept of "the new old" generation will be a profound shift. Let's call it the "Growth Market of Maturing" because we never want to be referred to as old.

Old today isn't the way old use to be. Be it defined as over 50, over 60, over 70, over 80 and beyond this demographic in the U.S. should be looked at as a new growth market. Living much longer than previous generations and living much better from a physical capability perspective, marketing types are trying to tap into this new potential. There is currently a tremendous amount of money being spent on researching the aging Baby Boomers and the results are startling. We don't want to be and refuse to act as what had been defined as "old." Baby Boomer workers, either out of desire or necessity are staying in the workforce longer. They are entering and exiting the workforce at different times. It surprised me to find out that most new businesses in the U.S. are now started by entrepreneurs over the age of 50. Also fueling this opportunity is a massive transfer of wealth from the Greatest Generation (the parents of the Baby Boomers) to the Baby Boomers. Wealth is now moving from the greatest savers of our time to the greatest consumers we have ever witnessed. I think you can each see how and why a growth market develops.

The New York Times has an email newsletter called "Booming" with observations and articles on this new growth market. I recently read an article called "The End of Old" that estimated the products consumed by the over 50 population is valued at \$7.1 trillion and is projected to grow to \$13.5 trillion by 2032. That would represent more than half of the U.S.'s GDP! Perhaps advertisers should change their focus from the 18 -39 year olds and turn their attention on the group with not only the cash to spend but a proven history and willingness to actually spend it. The aging of the U.S. and the World is projected to be the single largest demographic shift for the 21st century. Investing is about identifying good themes that will drive companies, economies, and consumers over long periods of time. Think how the production line and technology changed how we invested. Your homework for the week is to help me understand where and how the Baby Boomers will live as we "mature." Something tells me this demographic isn't headed to the traditional retirement homes that we are familiar with today.

Carl Gambrell

	2/21/2014	% Wk Chg	% Yr Chg
DJIA	16,103.30	-0.32%	-2.86%
S & P 500	1,836.25	-0.13%	-0.66%
Nasdaq	4,263.41	0.46%	2.08%
EAFE	1,924.84	1.50%	0.48%
Emerging Mkts	959.26	0.20%	-4.33%
Hang Seng	22,568.24	1.21%	-3.17%
NIKKEI	14,865.67	3.86%	-8.75%
FTSE	6,838.06	2.62%	1.32%
CRB Index	301.58	2.84%	7.64%
Dow Jones Utility	523.47	0.76%	6.71%
TIPS Index	111.69	-0.13%	1.63%
VIX Index	14.68	8.18%	7.00%
OIL	109.85	0.71%	-0.86%
Gold	1,324.25	0.42%	10.49%
Euro	1.37	0.39%	-0.12%
Yen	102.51	0.70%	-2.71%
Sterling	1.66	-0.78%	0.50%
High Yield	5.77%	-1.87%	-3.03%
Investment Grade	3.68%	0.27%	-4.91%
2 Year Gov't	0.31%	0.00%	-18.42%
5 Year Gov't	1.53%	0.66%	-12.07%
10 Year Gov't	2.73%	-0.36%	-9.90%
30 year Gov't	3.69%	-0.27%	-7.05%
2 Year Muni	0.36%	2.86%	9.09%
5 Year Muni	1.18%	0.00%	2.61%
10 Year Muni	2.60%	-1.89%	-6.14%
30 Year Muni	3.93%	-0.76%	-7.09%
3m LIBOR	0.23%	-4.17%	-8.00%
Fed Funds	0.07%	16.67%	75.00%
Prime	3.25%	0.00%	0.00%
Money Market	0.49%	0.00%	22.50%
12m CD	0.67%	0.00%	0.00%
30 Year Mortgage	4.35%	1.87%	-4.19%
15 Year Mortgage	3.37%	2.74%	-5.07%

Data: Bloomberg