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Decisions, Decisions

It's getting to be time for Americans to make a decision on how the country will be run over the next four years. I am not a political analyst by any stretch of imagination, but I can tell from looking at the stock market that there is uncertainty within the political arena. I focus in on this uncertainty mostly through the process of elimination. You see, there are only so many factors that generally affect the stock market. First and foremost is the economy, which I have said before, is doing just fine. Second in line are corporate earnings, which are also doing just fine. Next we look at overall stability, which is mainly political but includes a bit of psychology, such as how we feel about our current situation. Finally, we have the ever present terrorist problem.

So we can take the two primary direct movers of the stock market out of the game. The economy and corporate earnings are doing very well. We are left then, with two basically political situations. I will share some thoughts on the terrorist situation first. There is no question that a terrorist group could attack us or anyone else in the world at any time. There is also not much question of the great amount of damage they could do. We have all had numerous conversations about the ease with which our water system or electrical grid could be seriously disabled without a lot of work. An interesting analysis of terrorist motives was shared with me the other day. It appears that the terrorists are not motivated by taking our water or electrical systems down and seriously disrupting our day-to-day lives. Rather, they seem to want to take out symbols of our culture; The World Trade Center, Pentagon, White House, etc. Taking out these symbols is more effective in gaining new recruits than is doing serious damage to one of our systems. This logic is an interesting way of thinking about the terrorist motives and may explain why they haven't done some of the things we've all thought would be the next logical steps.

Now, back to the election. The sum total of my political insight comes down to this: It is clear from the actions of the stock market that the outcome of the election is uncertain. We have a decision to make and we will make it, but we haven't done so yet. The situation appears to be somewhat similar to the early '80s when Jimmy Carter was president and Ronald Reagan the nominee. It wasn't until late September that the country finally decided to throw out the old and try something new. Maybe it will be the same scenario this time and maybe it will be different. In any case, we have a couple more months to make up our minds and the sooner we do it the sooner we'll see better results in stock market.

It appears that the summer weather has finally found its way to the Northeast. Enjoy!