Rebalancing a Retirement Portfolio

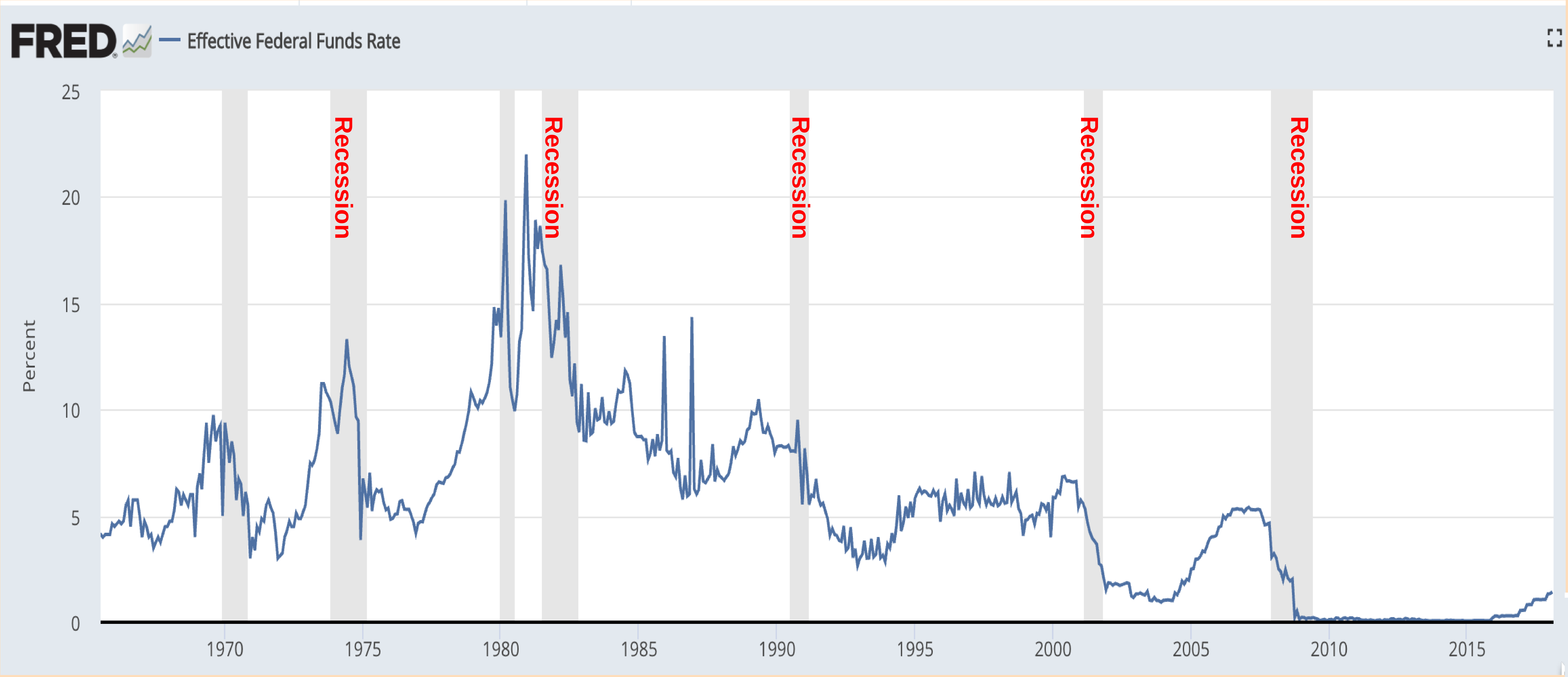
New Canaan Mens Investment Club

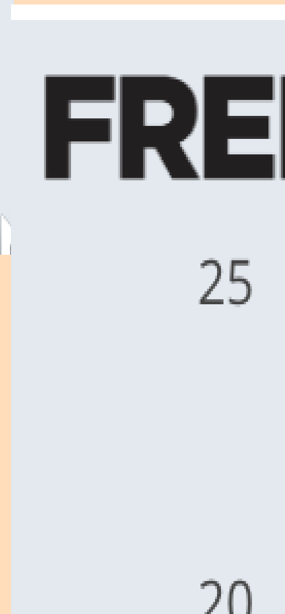
Paul A. Strassmann, March 5, 2017

Findings

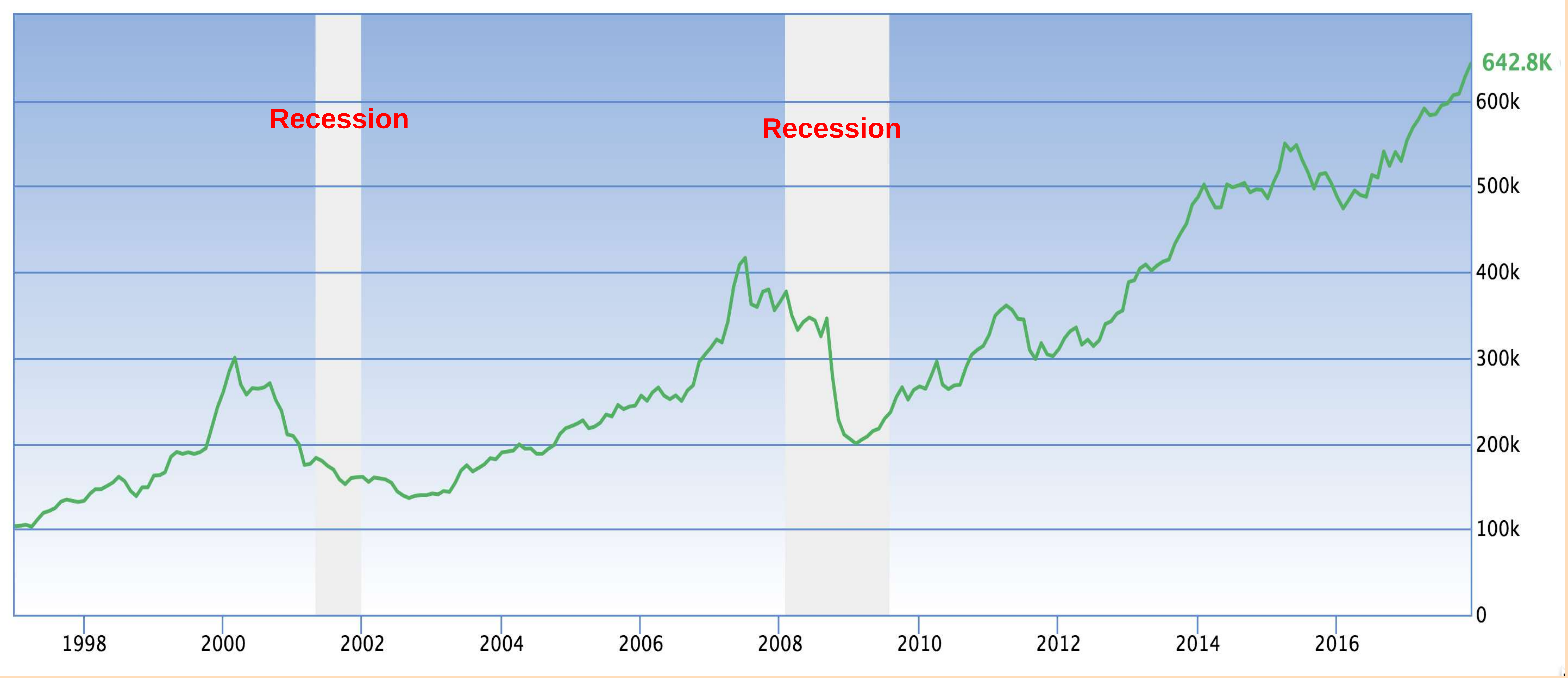
- Rebalance portfolio before recession occurs.
- Indicators can partially predict recessions.

Federal Funds Interest Rate is Cyclical and Anticipates Recession

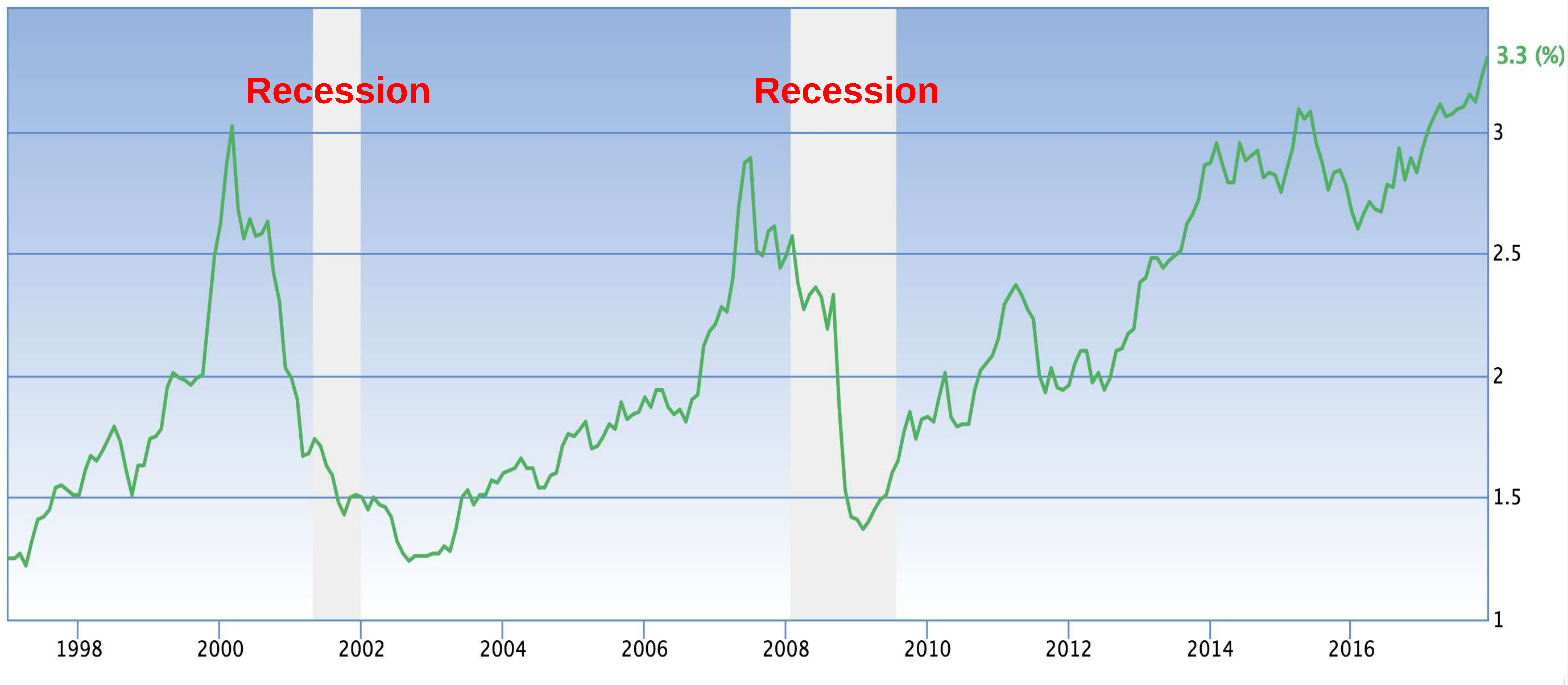




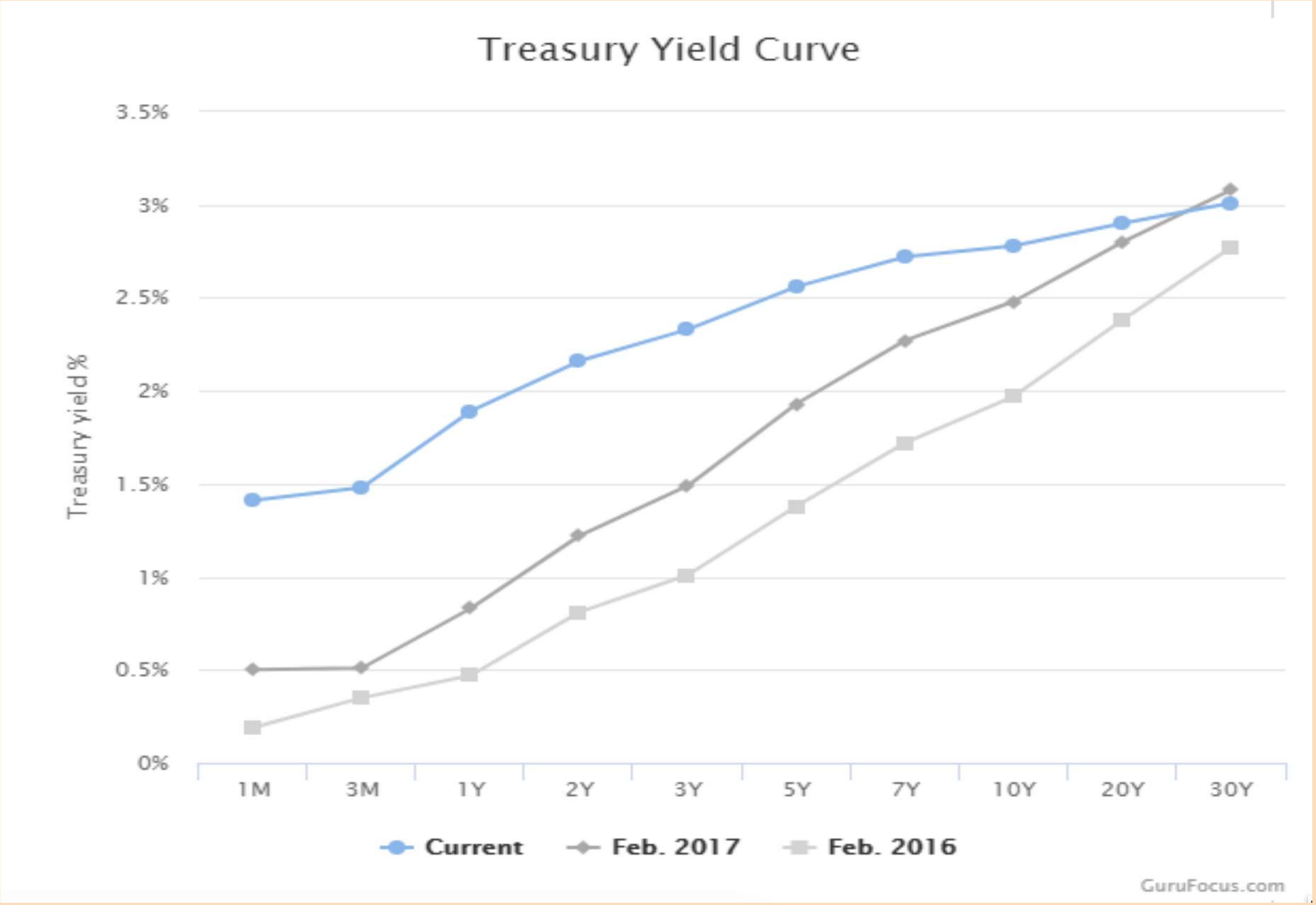
Investor Margin Debt Indicates Possible Recession



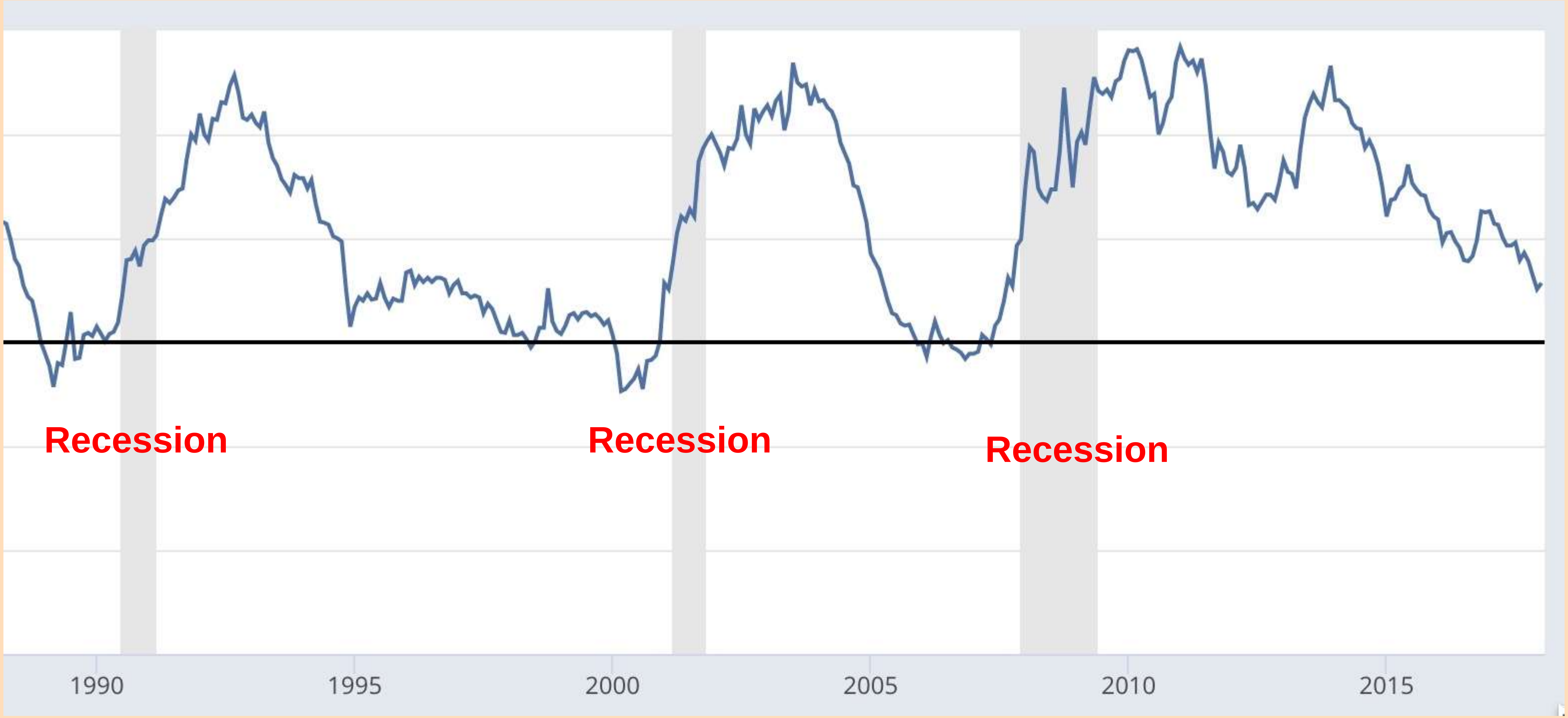
% of GDP Margin Debt is Cyclical and Indicates Possible Recession



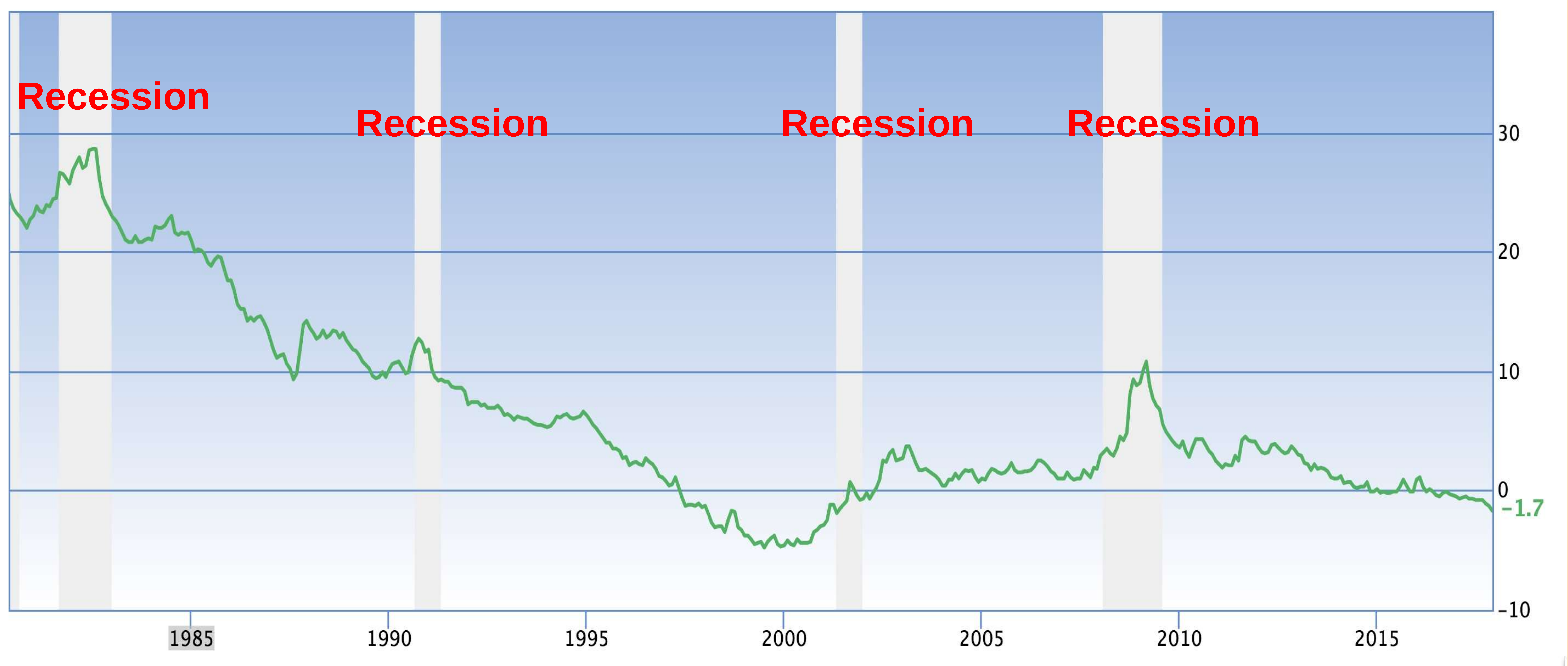
Decreasing Spread in Treasury Yield Suggests Incoming Recession



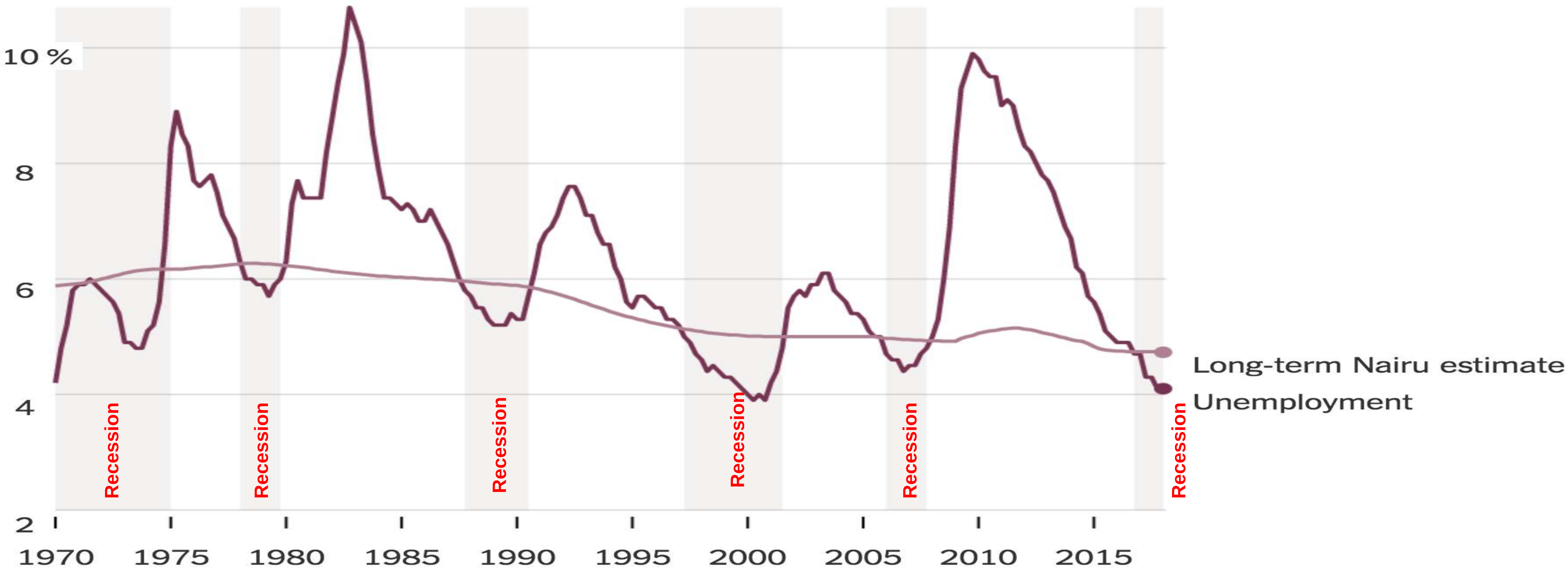
Decreased Spread in Treasury Yield Indicates Recession Prospect



Shiller Stock Market Margins Gains Precede Recessions



Unemployment Levels Coincide With Recessions



Gray areas indicate times actual unemployment was below C.B.O. long-term estimate of the non-accelerating inflation rate of unemployment.

By The New York Times | Source: Bureau of Labor Statistics, Congressional Budget Office

Conclusions

- The Stock Market is Significantly Overvalued.
- Likely to return of -1.7%/year in the future.
- Portfolio Rebalancing Reduces Losses.
- Timing of Recessions Possible.