

# Working Through Recession Fears

Markets in Motion Series



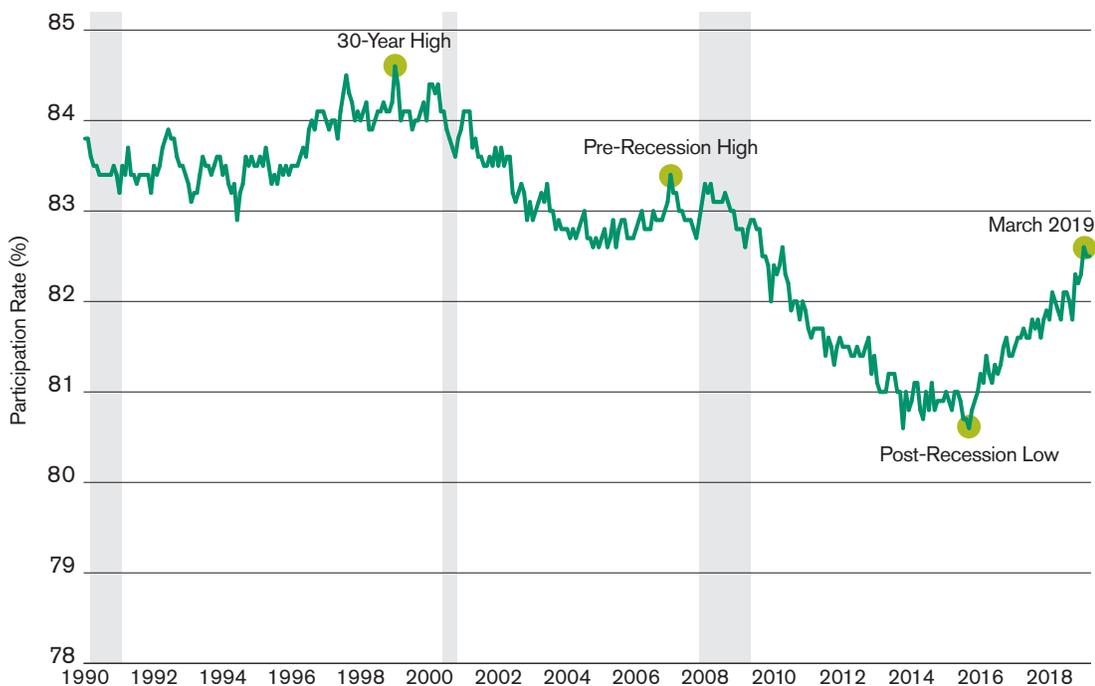
FINANCIAL FYI

## More Jobs Today Keep Recession at Bay

If a recession is looming, it seems no one told millennials and Generation X. More of them are working today than three years ago—and that's good news for all of us.

Employment growth is one way the economy expands, and a key piece of data shows that a steady stream of new jobs is drawing more people into the labor force. The participation rate, which considers people who are currently working and those who are actively looking for work, has been on the rise since fall 2015.

### More People Working, Paying Taxes and Helping the Economy Grow



In March 2019, the percentage of Americans in their prime working years with a job or looking for a job reached the highest level since April 2010.

A recession causes the participation rate to decline as companies cut jobs and people become discouraged enough to stop searching for work.

Data as of 4/5/2019. Source: FRED® Economic Data, Federal Reserve Bank of St. Louis and U.S. Bureau of Labor Statistics. Shaded areas indicate U.S. recessions.

## Off the Low, How Long Does It Go?

While the participation rate has recovered from lows, it hasn't reached 2007 levels. Reaching those levels means new workers could fuel the economy for another year. If the rate soars to the all-time highs seen in the late 1990s, it could result in another three years of economic gains.

Whether a recession happens in one, three or even five years, it will happen at some point—it's part of the normal ups and downs of an economic cycle. Reviewing and potentially adjusting your investment mix may help limit a downturn's impact on your portfolio.

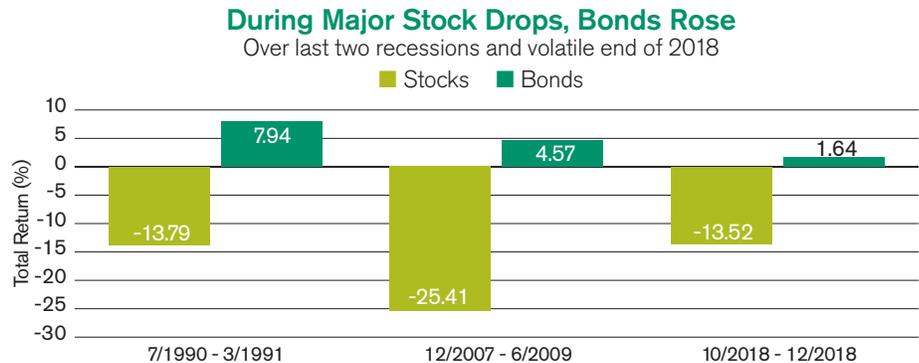
## Hope for the Best but Prepare for the Test

Even if the economy continues to grow for the next few years, you can take steps to help prepare your portfolio for a recession. What you do depends on your goals, risk tolerance and when you expect to begin withdrawing your money.

### Bonds

The closer you are to your financial goal, the more you may want to seek to preserve your savings.

As shown in the chart to the right, high quality bonds have helped mitigate losses from stocks.



Source: Morningstar Direct. Data as of 12/31/2018. Periods over one year are annualized. Stocks represented by the S&P 500 Index. Bonds represented by the Bloomberg Barclays US Aggregate Bond Index. The indices do not reflect fees, brokerage commissions, taxes or other expenses of investment. Investors cannot invest directly in an index. **Past performance is no guarantee of future results.**

### Stocks

Keeping a portion of your portfolio in stocks may help keep it growing and potentially outpacing inflation over time.

At this point in the economic cycle, consider mutual funds that seek companies whose earnings are driven by durable, long-term trends.

### Enduring Long-Term Trends



#### Health Care Companies Consolidating

There's been a wave of health care company mergers over the past few years. Size and scale have competitive advantages, and acquisitions can be an efficient way to identify and acquire new drugs and devices that can help drive future growth.



#### Advertising Going Digital

Digital advertising makes up over 25% of total ad spending and is expected to grow. This trend has bolstered ad-supported online gaming, social media and news content sites. Moreover, ads targeting people using their mobile phones to access social media apps is surging.



#### Mobile Payments Thriving

Digital wallets, mobile acceptance of credit cards, and crowdsourced fundraising have exploded along with the growth of the mobile internet. More consumers are expecting businesses to accept payments from phones, boosting companies that support the technology.

Source: American Century Investments.

## Looking Ahead Without Dread

The U.S. economy is currently on track to be the longest expansion on record—but it can't continue forever. You can face the future with confidence by talking with your advisor about strategies that help keep you on course with your long-term plans.

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Rebalancing allows you to keep your asset allocation in line with your goals. It does not guarantee investment returns and does not eliminate risk.

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