



Just in case it matters to you:

CLIENT / CONTACT BULLETIN 10-27

- NEXT WEEKEND'S FIREWORKS DISPLAYS will cause around 10,000 injuries (40% to children under 15) and transfer over \$700M from cash-strapped localities to five companies which control 75% of the market. Since the big shows can cost over a half-million dollars to produce plus security and cleanup, the trend this year is for shorter shows – typically around 20 minutes “often digitally synchronized with music, thanks to software that enables complex sequences.” But a new concern comes from the Environmental Protection Agency since “many fireworks contain a salt called perchlorate...which can make its way into the environment, spiking water concentration up to 1000 times above normal for up to 80 days...and may impair physical development in fetuses and infants, plus contaminate drinking water.” *Happy 4th of July!* [SMART MONEY – July 10]
- ANOTHER PERSPECTIVE ON GENERATIONAL DIVIDE IN THE WORKPLACE: **Silent:** born 1925-45, age 65-85; Adaptive and avoid confrontation; Listening Filter - *"Let's not get locked into extreme positions and work out a compromise that takes the best ideas from each."* **Baby Boomers:** born 1946-64, age 46-64; Idealist and unlikely to compromise when values are involved; Listening Filter - *"What I believe is right is most important; I can't compromise my values or principles."* **Gen X:** born 1965-81, age 29-45; Reactive and reject what came before; Listening Filter - *"I'm on my own. I don't trust what you are saying."* **Millennials:** born 1982-2003, age 7-28; Civic, upbeat, optimistic, and group-oriented; Listening Filter - *"The group is smarter than any one individual. Let's improve the world together."* [FRONTIER ASSOCIATES INQUIRY – June 10]



- INVESTORS SABOTAGE THEMSELVES. “The average investor is over-confident, short-sighted and far more likely to snap up a stock at the worst possible moment... lacking any understanding of the innate disadvantages they face... Contrary to the preaching of classical economics, individual investors tend to be anything but rational, self-interested profit maximizers. Their ‘own worst enemies’ would be a more apt description.” Behavioral research studies at U.C.-Berkeley found (1) men, in particular, “seem to be hardwired to expect success, and to regard themselves as above average.” Reality is that trading patterns of 35,000 households over five years show men trading excessively, 67% more frequently, and underperforming women by 1.5% yearly. (2) “Like children fighting over the same toy, investors are often attracted to stocks because others want them... After a stock ranks among top performers, 2/3 of all trades by individual investors are ‘buys’; institutions, by contrast, tend to wait for dips in prices and trading volume.” [FORBES – June 28, 10]
- THE SUBPRIME MORTGAGE BAILOUT COULD REACH \$1 TRILLION, assuming only a 20% loss on more than \$5 trillion guaranteed by Fannie Mae and Freddie Mac, “similar to what other big mortgage companies like Countrywide have suffered.” This is over six times the loss estimate from our White House Office of Management & Budget, over four times the projection from Barclays Capital (“based on defaults doubling and losses averaging 50% on each loan”), and over 2-1/2 times the forecast from Congressional Budget Office. Fannie and Freddie are quasi-governmental organizations, 80%-owned and funded by taxpayers from an unlimited government line of credit. What a system. [BLOOMBERG BUSINESSWEEK – June 21, 10]
- THOUGHTS FOR THE WEEK: *“Most people are other people. Their thoughts are someone else’s opinions, their lives a mimicry, their passions a quotation... One’s real life is often the life that one does not lead.”* – Oscar Wilde

“It is well to remember that the entire population of the universe, with one trifling exception, is composed of others.”