

## Stagflation—seeing three car warning lights at the same time



The last time we had stagflation—a malfunctioning economy with soaring prices and stalling or shrinking growth—was 50 years ago, in the early '70s, when bell-bottom jeans and disco music were all the rage. Like in the '70s, today we are experiencing skyrocketing oil prices that have propelled other prices higher, resulting in product supply and demand imbalances.

Think of stagflation as a rare case of having your check engine light, oil level indicator and tire pressure light flash on at the same time.

The lights themselves don't mean the car is undrivable, but if the underlying problems are not addressed, engine damage could result.

Even worse, if the check engine light starts flashing, that is a sign the engine is already in trouble—and we may have already entered a recession. In a recession, the economic engine has already lost power. At that point, policy makers' emphasis should be on repairing the engine quickly, before there is extensive damage that could result in a total shut-down.

Specifically, preventing a stagnating environment from turning into a severe economic recession will, in our view, require the

government and Federal Reserve to work together to repair the economic engine and bring product supply and demand into balance:

- Government policies can primarily impact the supply side by changing regulations and/or creating incentives to encourage companies to produce more products to meet demand.
- Federal Reserve policies can impact the demand side by increasing interest rates to cool the economy and bring down inflationary pressures.



Unfortunately, there are risks to both policies. Too much government stimulus can lead to higher inflation while higher interest rates can result in a severe economic slowdown. The big question is whether implementation of their various policies will bring supply and demand into balance.

Historically, economic slowdowns have been temporary and tend to be good buying opportunities in the stock market. The key is not to ignore the warning signals but rather be prepared to take advantage of discounted stock prices as repairs are made.



## SUCCESSFUL *entrepreneur*



### Daymond John



Daymond John, born in 1969, grew up in Queens, New York in a single-parent household headed by his mother. She encouraged and supported him as he began working at the

age of 10, handing out flyers, selling pencils and becoming an electrician's apprentice.

In high school, Daymond excelled in math and science, but due to his dyslexia, he struggled with reading and spelling. That led him to skip college and start his own business.

In 1992, Daymond had the idea of creating an apparel company for young men. He started the business in his mother's basement, where he created a collection of wool ski hats he sold at concerts and festivals. Sensing potential, he extended his product line to include hockey jerseys, T-shirts and baseball caps. He launched his own apparel line called FUBU, an acronym for "For us, by us." To promote the brand, he convinced various hip-hop rappers to wear and display the FUBU brand on music videos, propelling it to big brand status. FUBU eventually became a global brand, earning more than \$6 billion in sales.

In 2009, Daymond was offered a spot on the business reality show Shark Tank. The show gives entrepreneurs the opportunity to pitch their businesses to five investors, called "Sharks." Daymond invested more than \$8 million of his own money in different ventures including the successful Bombas Sock Company.

He attributes his success to his mother, who said, "It takes the same energy to think small as it does to think big." Daymond followed the business philosophy, "To dream big and think bigger," emphasizing that your business shouldn't be focused on you, but rather on what you can give to others.



### THAT REMINDS ME OF A *story...*

A young man applied for a new job. He passed all interviews and then met with the director, who would make the final decision. The director asked, "How did you pay for your school tuition?"

The young man said, "I had no scholarships. My dad passed away, and my mother paid for my tuition." "What does your mother do?" asked the director. "She cleans houses," he said. "Did you ever help your mother?" "Never," said the young man. "My mother always wanted me to study and get good grades."

The director said, "I have a request. When you go home today, clean your mother's hands. Then come see me tomorrow morning."

Excited, he went home and asked his mother if he could clean her hands. As he slowly cleaned her hands, he noticed how wrinkled, chapped and bruised they were. He saw the pain she felt when cleaning them. His eyes began to tear up, realizing for the first time what his mother sacrificed to put him through school. He said, "Oh, Mom, why didn't you let me help?"

The next morning, he met with the director and with teary eyes and heartfelt gratitude said, "Thank you for making me appreciate what my mother did for me. I'll never forget this."

"I'm sure you won't," the director said. "When can you start?"

Moral of story: **Empathy comes from seeing the world from someone else's perspective.**



## Should Online Reviews be included in your “Circle of Trust”?

Most of us use online ratings and reviews to help evaluate a product or service. Ratings tend to be an accepted way to distinguish a great product or service from a dud. But what if the information we’re relying on is fake? In 2020, Google’s fraud division blocked 55 million fake reviews, and over 61% of all Amazon reviews were deemed as “fake.”

In the movie *Meet the Parents*, Jack (played by Robert DeNiro) uses a polygraph machine on Greg (Ben Stiller) to gauge Greg’s honesty before allowing him into his “Circle of Trust.” In the movie, Jack determines if Greg’s answers are true by asking specific questions and watching Greg’s reaction.

Following in Jack’s footsteps when evaluating online ratings, be sure to evaluate reviews with a wary eye, use careful observation, and determine if a review makes sense. Here are some suggestions:

- Actually read the reviews. Don’t just rely on the rating.
- Sort the reviews by date, which will give you a sense if reviews are changing.
- Observe if there is a large number of reviews posted in a short time frame. This suggests these are “bot” or paid group postings.
- Look for reviews with pros and cons — No product is perfect.
- Dismiss reviews with generic comments or those that use similar language, as these are likely fake.
- Use free review analysis sites such as Fakespot and ReviewMeta. Although not foolproof, they help determine authenticity.

Before you allow a rating or review to enter your Circle of Trust, follow Jack’s lead: point two fingers from your eyes and then to the reviewer and say, “I’ll be watching you.”

## LAUGH *studio*

How does Darth Vader like his toast?

On the dark side!

What has two legs but can’t walk?

A pair of pants!

How do you know that Santa is good at karate?

He has a black belt!

What do you call an old snowman?

Water!

Why did the tree go to the dentist?

It needed a root canal!



**KIDS:** If you have a joke you’d like to share, please send it to [info@monetta.com](mailto:info@monetta.com). If we use your joke, we’ll send you a special prize!

## YOUNG *investors*

### GUESS WHO – FIND THE MYSTERY CHARACTER TO WIN!

BATMAN	ANGRY BIRD	CAP.AMERICA	CHARLES CHAPLIN	DARTH VADER	EVE
FURBY	MINION	MUSHROOM	PACMAN	POKEBALL	R2D2
SCREAM	SPONGE BOB	TAMAGOTCHI	TELE TUBBY	WALL-E	SUPER MARIO
NINJA TURTLE	YODA	PINOCCHIO	LITTLE RED RIDING HOOD	BIG BAD WOLF	LITTLE MERMALD

Eliminate the characters with the following features until only one is left.

1. Have Shields
2. Live in the Ocean
3. Wear Capes
4. Eat Pellets and Ghosts
5. Wear Red
6. Are Machines
7. Live in the Sewers
8. Wear Hats
9. Scare People
10. Have Pointy Ears

Email the character name to [info@monetta.com](mailto:info@monetta.com) or submit it online at [www.kidsnewsletters.com](http://www.kidsnewsletters.com) and be entered in a drawing to win a \$10 Target Gift Card! (Entries must be received by December 1, 2022).