



Comprehensive Global Management Consulting Services

Commentaries and Insights from Allawos & Company

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“The Road Ahead”

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If we only had a crystal ball for the road ahead! World Affairs, The office of the President, Congress and the Federal Reserve are competing for their idealism, position and legacy that continuously keeps the markets confused but with mixed optimism.

We are seeing the housing market that has grown substantially over the past years mainly fueled by investments from the Asian markets with signs of slowing do to a China slowdown in growth. But with housing inventories low, this should have a moderate effect on home prices over the next year.

With the US Dollar still being strong globally and a safe haven for funds, our goods and services will be stressed to stay competitive globally. Adding to the equation, the devaluation of the Chinese currency and general slowdown, will continue to add sales pressure on the US capital exports. US interest rates have been near zero for some time and our forecast is that interest rates will continue to remain near zero for the balance of 2015 and quite possible for all of 2016. It is predicted by some economists that interest rates will not change until 2018. We feel that there are several reasons for this position:

- 1) The employment numbers are still low when counting the under employed, unemployed and those that have dropped out of the labor market.
- 2) It is cheaper for the wealthy to borrow funds instead of using their own funds
- 3) The decrease in oil prices (this is predicted to rebound in the 1st quarter of 2016)

- 4) The rise in interest rates will have a negative impact on the servicing of debt in the US.
- 5) And finally, political pressure to maintain interest rates near zero to help stimulate the economy.

The uncertainty in the rate employment and inflation expectations for the next year will add to the Federal Reserve's challenge when focusing on monetary policy. Competitive devaluation, possible recession in Europe, the China credit and growth slowdown, widespread geopolitical concerns and sensitivities, and lower energy prices will help restrain inflationary trends; the Fed's current year forecasts tend to be more reality based.

The Affordable Healthcare Act will still place a large burden on individuals and small businesses which will hinder job growth. On the flip side, businesses are finding it increasingly difficult in finding qualified help which is adding to the job opportunities of well-educated and qualified individuals.

The silver lining for the 2016 economy will be the election of the new US President. Typically the US government pumps in added funds into the economy as seen in by the latest budget deal passed by Congress.

The usual result of an election will be the energizing of the economy based on an increase in related advertising, travel and events. This is a plus for the economy and is a catalyst for growth.

The quantum growth in new technological advancements will also add to an economic growth as well as continued globalization where country boundaries are blurred as far as employment and business development is concerned.

The main asset for the US economy still remains the philosophy of "can-do", an atmosphere of creativity, entrepreneurialism and multiculturalism.

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Allawos & Company is a comprehensive global management business-consulting firm, tuned to enable organizations to identify and exploit opportunities through creative engagement built on a foundation of decades of senior management experience.

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