



HIGHTOWER

White Pine Wealth Management

May 2023



It is the threshold of a Maine summer, holding back the waves of vacationers. Shingled beach houses swing open their dusty shutters, seasonal clam shacks begin wiping down their oilcloth-covered picnic tables, and snow weary Mainers go about the business of cleaning up branches, filling planters with pansies, and tuning up the lawnmower for the inaugural first grass cutting of the year. It's May in Maine and we are buzzing with excitement.

Tick, tick, tick...



Perhaps the only unpleasant part of being outside in spring, ticks have become more than just a pest. If you've been to the vet recently, you may have been told that your pet should be given flea and tick preventatives year-round now, as [experts are suggesting that ticks are up and at 'em as early as January](#). Your pet may have been given the Lyme vaccine, but they should still be given the flea and tick preventatives as well because they actually help to protect YOU. These preventatives cause your pet to secrete a substance on their skin that, when bitten by a tick, will kill the tick. Finding dead ticks in your house is a lot better than finding live ones. [Prevention of ticks](#) in your outdoor living spaces is key. You can also [prepare yourself](#) if you know you'll be gardening or just rolling round in ticks (we don't recommend rolling around in ticks). Wear light colored clothing, use a [tick-specific bug spray](#), tuck your pant legs into socks (it's not cool, but neither is Lyme disease), and use tea tree oil body wash in the shower after coming inside. If you do all of that and still find a tick on you or inside your home, [this guide will tell you what kind of tick](#) it is so you can freak out with knowledge and accuracy.



It's real estate season, so let's talk about [Housing Ratios](#). Commonly referred to as the 28/36 rule, a Housing Ratio refers to the portion of your annual income that is dedicated to housing costs. The cost of your rent, or your mortgage, interest, taxes, and insurance (and HOA fees, if applicable) should not exceed 28% of your gross monthly income. If you make \$10,000 per month, your total mortgage payment or rent payment should not be more than \$2,800 each month. 36% is the maximum portion of your gross monthly income that should be dedicated to total debt service, so all housing and other debt, such as student loans, credit card debt, personal loans, auto loans, etc. If you're making \$10,000 per month, your total housing and debt service payments should not exceed \$3600. When a mortgage company is assessing your ability to repay a loan, they may use different metrics and can work around individual nuances, but this rule of thumb is a great guide if you're looking to buy a house, or just take an inventory of your financial health. If you find that the math shows you're [using over 43%](#) of your monthly gross income to service debt, you may need to take more decisive action to reduce that debt. White Pine Wealth Management cares about the financial wellbeing of its clients. We're always here to answer questions you have about smart financial choices.

National Older Americans Month



Melissa Duffy has a pillow in her office that says, “Despite the cost of living, it’s still popular”, which seems an apt accessory these days. According to the hamiltonproject.org, “In the past 100 years Americans have enjoyed an overall gain of about 25 years in life expectancy at birth”. According to [this article](#), “The number of retirees in America receiving Social Security benefits reached 47.3 million in 2021” and “About 10,000 baby boomers turn 65 each day, and the entire generation is expected to reach retirement age by 2030”. May is National Older Americans Month and White Pine Wealth Management wants to be the first to celebrate it! Our clients are all at different stages of life, but many of you are retired and we thought it would be helpful to list some of the [agencies and resources in Maine](#) and beyond that can help you live your best (*long*) life possible.

Agencies

- [The National Council on Aging](#)
- [Maine Agencies on Aging](#)
- [Maine Council on Aging](#)
- [AARP Maine](#)

- [Maine.Gov Senior Citizen Resources](#)

Health & Healthcare

- [Maine Health Geriatric Care](#)
- [Northern Lights Geriatric Care](#) (the old Mercy Hospital)
- [Silver Sneakers](#) (free gym access with Medicare)
- [211 Maine](#) (Aging & Disability Services)

Downsizing & Assisted Living

- [Beach Glass Transitions](#)
- [Simply Sized Home](#) (Downsizing Assistance)
- [Downeast Magazine Maine Retirement Community Directory](#)

Recreation

- [US National Parks Senior Pass](#)
- [Portland Parks & Recreation Senior Activities](#)
- [Scarborough Senior Programs](#)
- [Saco Parks & Recreation Seniority Programs](#)
- [South Portland Senior Activities](#)
- [Falmouth Activities for Adults & Seniors Brochure](#)
- [Windham Adult & Senior Programs](#)
- [York Parks & Recreation Senior Center](#)
- [Osher Lifelong Learning Institute](#)

Volunteer Opportunities

- [ARLGP](#)
- [Volunteer Maine](#)
- [Maine Health Volunteer Services](#)
- [Southern Maine Agency on Aging Volunteer Opportunities](#)

Technology Assistance

- [SeniorNet.org](#)

Senior Travel



We picture retirement and we imagine traveling hither and yon to the far flung reaches of the earth without a care in the world. No race to get all your work done the week before you head out of town, no task list waiting for you upon return, no out of office replies, just time to take it all in and relax. We picture the freedom, the financial capacity, the experience.... [We do not picture it being harder](#). But there is a lot to consider when you're a senior traveler that will make your trip more enjoyable, and allow you to do all the things you want to do without feeling limited by mobility, endurance, technology, health, and other challenges that can get in the way of otherwise adventurous plans. [Here are some tips for traveling](#) as a senior. If you're planning to travel a good bit, consider getting the [TSA Pre-check](#) so you can skate past the lines and avoid last minutes hassles, unknown delays, and maybe sleep a few minutes longer knowing you're going to get to your gate a little faster than the average traveler. Bon voyage!

Explore Maine - Georgetown



Georgetown is an easily missed island tucked between Popham Beach and Boothbay Harbor, readily accessed from Route 1 in Bath. We got the lowdown skinny scoop from White Pine's Joey Terry on Georgetown's best spots for a great pitstop, day trip, or weekend getaway.

Sleep It:

[Coveside Bed & Breakfast](#)

[Grey Havens Inn](#)

Hike It:

[Josephine Newman Audubon](#)

Beach It:

[Reid State Park](#)

Eat It:

[Five Islands Lobster Company](#)

Drink It: (Great wine and a little nom nom nom pie....)

[The Five Islands Farm](#)

Are you my mother?

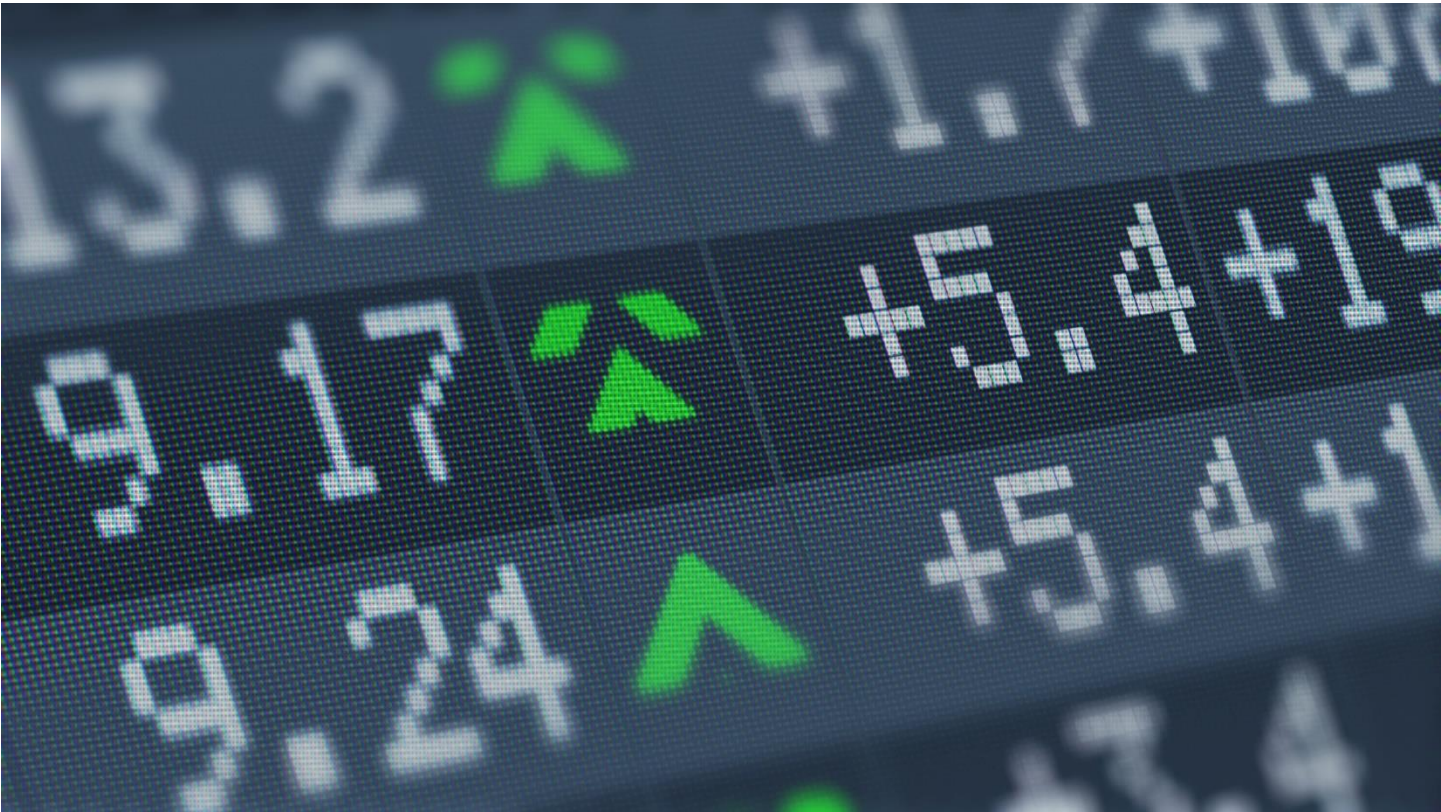


She's the only person who calls to tell you a storm is coming. How else would you know? She worries when you have a big presentation at work because she was there when you botched the monologue in your 8th grade play. She clicks everything she sees on Facebook and now it says "Phyllis is attending the Lithuanian Asparagus Growers Association Biennial Conference". She's the only one you trust to get a splinter out of your hand with a needle, the only one who can make your favorite sandwich, the only one who remembers you don't like [Ding Dongs, you like Ring Dings](#). She loved you when you weren't exactly hitting on all cylinders, and she loves you now when you're, obviously, perfected. She's your mom. Mother's Day is May 14th. Can you guess whose mother is whose below? Hover over each picture and Click to reveal!





Market Commentary



1st Quarter Review

- After a tumultuous 2022 saw the S&P 500 index down by nearly -19.5%, and the tech-heavy Nasdaq-100 down -32.6%, the markets rallied to start 2023. The S&P 500 finished the 1st quarter up +7.5%, according to Hightower's Stephanie Link. Under the surface, "growth" stocks outperformed "value" stocks during the quarter, with the S&P 500 Growth Index up 9.6% versus +5.2% for the S&P Value. Generally, the stocks that were hit the hardest in 2022 were the best performers during the first three months of 2023, though for many stocks, recent rebounds have generally not been large enough to reclaim the prior year's losses.

“...coupon interest will likely account for a greater proportion of the total return for bond portfolios than it has for a very long time...”

- The most prominent economic news in the 1st quarter was the failure of Silicon Valley Bank and Signature Bank, and the near failure of others. Fortunately, the bank failures in mid-March did not spark a wider "contagion" of bank runs, as no other financial institutions have failed since the SVB weekend. However, we view the demise of these banks as a symptom of the transition from a near-zero interest rate world to one where interest rates have significance again.
- Bonds found some footing in the first quarter of 2023 after they, too, produced significant losses in 2022, due to sharply rising interest rates. After dropping -13% in 2022, the Bloomberg Aggregate Bond Index rose +2.96% in the 1st quarter, according to data provided by Black Diamond. Now that the transition of a 0.25% Fed Funds rate to a 5.0% Fed Funds rate is already behind us, coupon interest will likely account for a greater proportion of the total return for bond portfolios than it has for a very long time. This could help to reduce the correlation between bonds and stocks, making bonds a more effective tool for mitigating portfolio volatility than they recently have been.
- While still higher than the 1980's, inflation started to decline modestly near the end of 1Q23, after peaking at a rate of more than 9% in June of 2022. According to the U.S. Bureau of Labor Statistics Inflation report, the consumer price index was 5% at the end of March, on a year-over-year basis, down from 6% in February. Though softening inflation is a welcome sign, the mechanisms that were necessary to bring about this reduction will likely present challenges to investors moving forward.

“...it is important to stay flexible and heed a variety of data.”

2nd Quarter Outlook

We believe that one of the most important disciplines for an investor to practice is to not become so married to one's opinions that new and contradictory data gets discounted. In other words, it is important to stay flexible and heed a variety of data. That said, the data that has been coming through lately has been frequently contradictory, but taken in aggregate, has left us leaning toward caution, while remaining open to positive developments.

What follows are the main topics we're focusing on, as well as some of the contradictory data we referred to.

- **Inflation, the Fed...:** No one wants to see bank failures, but the SVB collapse has largely been viewed as a disinflationary event, aiding the Federal Reserve in its fight against inflation. To wit, some analysts, including Strategas' Chief Economist Don Rismiller, believe the Fed has already concluded its tightening in this cycle. While it may seem counterintuitive that the Fed might halt their rate increases with the Consumer Price Index still sitting at 5%, it helps to remember that it is not the interest rates themselves that extinguish inflation, but the reduction in economic activity brought about by those rate increases that does the job, and there tends to be a lag between the two.
- **...And the economy:** A question that is top of mind for many investors and allocators: Will there be a recession and what does that mean for my portfolio? We find ourselves at a point where strong cases can be made for both positive and negative investment environments for the rest of 2023.

With such a wide variety of potential future outcomes, investors will do well to maintain balance in their portfolios and remain receptive to new data as it flows in. Steadfast opinions can be very hazardous in the complex and fluid world of investing. Accordingly, what follows are some data points and historical parallels that, taken together, imply that caution is warranted, but there are some very key pieces of data points that serve to contradict that sentiment that should not be ignored.

- **The yield curve remains inverted.** This event is perhaps the most famous precursor of recessions. In fact, in March, the spread between 10-year and 2-year yields reached its deepest inversion since 1981.

- **Credit Tightening:** In the immediate aftermath of the aforementioned bank failures in mid-March, many investors surmised that credit availability would become depressed. The thinking was that smaller banks, spooked by the failures of Silicon Valley Bank and others, might curtail lending by tightening their lending standards. The NFIB Small business report on April 11th appears to have confirmed this as it indicated that the availability of loans, compared to 3 months ago, has turned down sharply, data courtesy of NFIB and Strategas.

“...No recession has occurred without a rise in unemployment and unemployment remains (for now) at historically low levels...”

- **The Consumer:** Individual consumption continues to be the powerhouse of the U.S. economy. As of 4Q22, consumer spending was by far the largest component of nominal GDP, at 67.9%. Government spending, for context, was the second-largest component, at 17.5%, according to JP Morgan Asset Management. Given its influence, any analysis of the state of the economy must consider the state of the consumer, and data still suggests strength. The unemployment rate as of the end of March stood at 3.5%, which is just slightly higher than the 53-year low of 3.4%, set in January, according to the associated press. No recession has occurred without a rise in unemployment and unemployment remains (for now) at historically low levels.
- **Relative leadership in bellwether relationships suggest a slowdown:** Chris Veronne of Strategas noted on April 10th the strength of Discretionary vs. Consumer Staples, Transports vs. Utilities, Small Caps vs. Large Caps, Copper vs. Gold, High Beta vs. Low Beta, are all meaningfully softer today than they were earlier this year.
- **7 of the last 9 Federal Reserve rate-hiking cycles have resulted in a recession**, according to Strategas.
- **Lastly**, on April 12th, the Conference Board pegged the likelihood of a recession in the next 12 months at 99%.

To conclude, it appears that a recession is likely but might be mitigated by sustained strength in consumer spending. Stay tuned!

[Matt Emery](#) is our Director of Research & Portfolio Management.

Annual Shred Event



Beginning the week of June 12th, we will be hosting our annual Shred Event. If you have paperwork and documents that contain confidential, [personally identifying information](#) that you don't need anymore, bring it to our office during the times below and we'll take the confidential destruction from there! Whether it's boxes or just a few files, we're happy to help you keep your information secure and confidential! Be on the lookout in late May/Early June for the invitation in your email with instructions about how to drop off your shred.

| | |
|----------------------|-------------------|
| Monday, June 12th | 9:00 am - 4:00 pm |
| Tuesday, June 13th | 9:00 am - 4:00 pm |
| Wednesday, June 14th | 9:00 am - 4:00 pm |
| Thursday, June 15th | 9:00 am - 3:30 pm |
| Friday, June 16th | 9:00 am - 3:30 pm |

Summer Hours and Out of Office

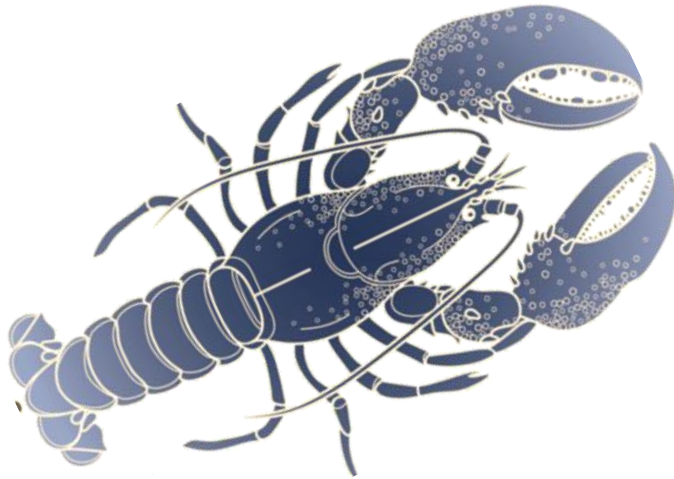


Memorial Day kicks off our summer hours through Labor Day. Summer hours are Monday through Wednesday 8:30-4:30 and Thursdays and Fridays 8:30 to 4pm. Please note that our office will be closed Monday May 29th in observance of [Memorial Day](#), a NYSE holiday. We will resume regular business hours Tuesday May 30th at 8:30am. White Pine Wealth Management is grateful for the ultimate sacrifices made by friends, family, clients, and strangers for the gift of our freedom. There are not words sufficient.

See you in June



Memorial Day will usher in the beginning of summer in Maine, but until then, we are going to bask in the beauty of quiet beaches, short lines, and the early hum of summer-to-come in our charming little state. Wherever your first lobster roll of the season finds you, White Pine Wealth Management is honored to help you ~~eat it~~ (oops!) get there.



Find White Pine Wealth Management on social media



Connect with us!