

## Fixed Income – Falling Expectations

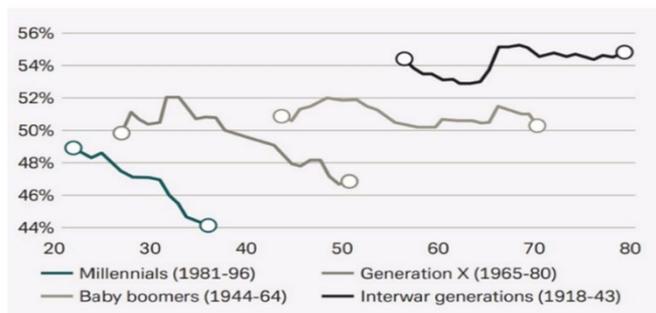
Global expectations for future inflation continue to fall, even as hopeful news about a COVID-19 vaccine dominates the headlines. The average inflation rate has remained below inflation expectations almost continually since late 2012, with only a brief period in 2018 where it actual rose above expected inflation levels. What has been truly historic is how the 10-year Treasury yield has been able to remain at or below inflation expectations for more than a decade. Prior to 2010, the 10-year Treasury yield was typically 2-3% above inflation expectations. What remains unknown today is the long-term impact that trillions in stimulus responding to the pandemic will have on inflation. The risk that too many dollars chase too few goods and services driving prices higher may be offset by the deflationary impact of high debt levels. This is a tug-o-war that only time will answer.



## Technical – Losing a Generation?

Technical analysis is all about interpreting and understanding charts and data. It is often difficult to detect patterns or inflection points that suggest changes need to be made to your portfolio. This chart needs no explanation. An alarming 56% of Millennials state that they are not satisfied with Democracy. This may be because they did not study history enough to know the carnage of other forms of government or because they wrongly attribute the world's problems to Democracy instead of poor leadership or governance. Regardless, this chart has tremendous future implications if the trend continues, because the oldest generation listed on the chart will not be voting for much longer. That is also the generation that experienced firsthand the devastation of leadership opposed to Democracy. Let's hope future generations do not have to learn the hard and deadly lessons the World War generations were forced to learn.

Global satisfaction with democracy by age



Source: Centre for the Future of Democracy, University of Cambridge, Deutsche Bank