

## “Predicting is difficult, especially about the future”

By Tommy Williams, CFP®

Never before could the Group of 7 (G7) Summit have been mistaken for reality TV. Reuters reported that the generally dignified annual meeting of leaders from the United States, Canada, France, Germany, Italy, Japan, and the United Kingdom (along with the heads of the European Commission and European Council) was a lot more contentious than usual.



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Disagreements about trade were the reason for heightened tensions among world leaders. At the end of May, the United States extended tariffs on aluminum and steel imports to U.S. allies. They had previously been exempted. These countries “account for nearly two-thirds of the [United States’] \$3.9 trillion annual merchandise trade,” reported *The Washington Post*.

Retaliation to U.S. sanctions was fast and furious. Mexico implemented “...a 20 percent tariff on U.S. pork legs and shoulders, apples, and potatoes and 20 to 25 percent duties on types of cheeses and bourbon.” In addition, Canada imposed \$16.6 billion in tariffs on U.S exports of “...steel and aluminum in various forms, but also orange juice, maple syrup, whiskey, toilet paper, and a wide variety of other products,” says Reuters.

The European Union has a 10-page list of goods targeted for sanctions, including bourbon and motorcycles, reported *The Washington Post*. Complaints that U.S. tariffs are illegal also are being filed with the World Trade Organization. Difficult relationships with allies are “expected to complicate U.S. efforts to confront China over trade practices that the administration regards as unfair,” reports *The Washington Post*.

Canadian, Mexican, and U.S. stock markets remained unfazed. Major indices in each country moved higher last week. Some American indices reached new highs. European markets fared

less well. Markets were a bit more volatile this week as investors digested the costs and benefits of trade sanctions.

However, the news this week was dominated by the historic meeting between the leaders of the United States and North Korea. For those old enough to remember the Korean War (also known as the forgotten war, as it never officially ended) it was truly amazing to see our nation’s flags flying side by side. We can only hope that a path for a new symbiotic, peaceful era has been established.

In the meantime, let’s focus on something that is undisputed. That’s the impact of the generation we call the Millennials. Millennials are known – and often disparaged – for being innovators and disrupters. According to *Business Insider*, the generation has been credited with ‘killing’ everything from starter homes to napkins. There’s a reason for that. Millennials are the biggest generation and have become the world’s most powerful consumer group, reports *Financial Times*:

*“The coming of age of the world’s 2bn millennials is*

*not only a generational shift, it is one of ethnicity and nationality. Forty-three percent of U.S. millennials are non-white, and millennials in Asia vastly outnumber those in Europe and the U.S. Despite China's former one-child policy, it has 400m millennials, more than five times the U.S. figure (and more than the entire U.S. population) while Morgan Stanley estimates that India's 410m millennials will spend \$330bn annually by 2020."*

Millennials have different buying habits and preferences than previous generations. They opt for access rather than ownership, reports *Goldman Sachs*, which has helped fuel the growth of the gig economy's sharing services. A definition of "the gig economy" is complex enough for an entirely separate commentary. It's about freelancing, sharing (Uber and Lyft, for example). We will tackle that topic later.

As the first digital natives, Millennials also tend to favor brands that offer the greatest convenience at the lowest price. As you would expect, the most successful brands have a strong social media presence.

In closing, we fiercely admire the powerful impact of the "Greatest Generation" – the World

War II era. Then the undeniable shift caused by the Baby Boomers (76 million babies born between 1946 and 1964). Remember The Who singing "talking about my generation"? Now we can hope the millennials will build upon the accomplishments of their parents and grandparents and create a more perfect Union.

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