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Sometimes a book comes along I have to mention. A friend and client told me about a book I read over a weekend. The name is **10 Costly Medicare Mistakes You Cannot Afford to Make** by Danielle Kunkle Roberts (Roselane Publishing-2020- ISBN 978-1-7353786-1-9). Some of you at 25 to 30 years old may be thinking what does this have to do with me? Nothing right now. However, it might be helpful to your parents or grandparents who are approaching age 65. People ask me what to do about Medicare. I had some idea, but I am no expert in it. And yet, it can be a very significant part of your retirement planning so you want to choose your options wisely. Medicare is a very confusing subject and this book outlines it in a simple and straightforward way. Please consider buying this book, reading it, and consider working with an insurance broker who specializes in Medicare. The book can save you a lot of time and maybe even costly mistakes. Thanks for the book recommendation, Mark! I didn't realize until reading this book how some Medicare decisions made cannot be changed very easily (if at all), so be sure you read the book and talk to an expert at least 3-6 months before you turn 65!

So, what is going on?

The future still remains uncertain due to Covid-19. The country's economic recovery is continuing but, unevenly with some continued lockdowns, infection flare-ups, and critical supply shortages such as semi-conductor chips. It is especially painful if you have lost someone or someone is sick or if you have lost your job or your business. I certainly don't know what is going to happen but do know the future is uncertain, the past is over, and all we have is the present to live in, so that is what we should do while planning for an uncertain future. I had two clients born two centuries ago (that is, the 1800's). Listening to older people, I have always been struck with how uncertain things were for them (1918 Pandemic, WWI, 1929-1938, WWII, 1973-1982, etc.) but all worked out over time and I suspect it will for us as well. However, your guess is as good as mine on how and when it will work out for us. This is significant because we have to plan and invest and try to reach our goals knowing the future is uncertain.

We still have significantly higher than normal new unemployment claims. On April 1st 2021, the Wall Street Journal reported 719,000 initial jobless claims (WSJ-April 1,2021 "New Jobless claims Remain Near Lowest Level Since Covid-19's Onset" by Amara Omeokwe). The article also mentions the unemployment rate ticked down in March to 6% from 6.2% in February. So, we are making progress considering the unemployment rate end of March, 2020. We have a long way to go to get back to pre-pandemic rates of unemployment. The US still has several million less jobs than it did last year at the same time. If you are interested, the United States

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Department of Labor issued their labor market report on April 1st, 2021 for the first quarter of this year which is a key indicator of economic activity. For more information, please see the United States Department of Labor website.

The Federal Reserve's Monetary Policy designed to keep interest rates low and liquidity high combined with another stimulus package passed by Congress/signed by the President hopefully will keep the economy improving as vaccines are distributed and supply chain disruptions lessen.

The hope is that mass vaccinations, reopening of the economy and business rehiring, increased production of goods and services (especially semiconductor chips) and demand will lead to stronger economic growth and less need for monetary and fiscal stimulus.

Will it work?

My guess is that it will. The strong federal response last year combined with continued federal support this year seems to be helping the US economy grow more quickly than many parts of the world who took a more cautious approach. China seemed to have done the same as well somewhat ahead of the US.

What could go wrong?

Many are worried that inflation due to the unprecedented level of federal and state government debt or if the Federal Reserve raises interest rates too quickly may cause the economy to slow (or decline) as people and businesses can't borrow due to the government debt "crowding out effect". While that has happened in the past, it may take a while to manifest as the economy is not at full capacity yet. Some economists (see Federal Reserve-WSJ, March 17, 2021- "Fed is Likely to Brighten Outlook, Reassure on Rates by Paul Kiernan) believe a possible economic slowdown won't be an issue until 2022 or 2023, at the earliest. I am not sure when it will happen, but I am watching the economic data to see if inflation is heading up significantly. I have observed some commodity prices rising and they will eventually be passed onto consumers. The question is when. One consumer products company announced they will start passing on rising commodity prices this year (WSJ -April 1st, 2021).

Another worry is that if interest rates rise from inflationary fears; and restrictions are lifted on legal actions mortgage/rent non payments, that the hot real estate market may cool significantly. My guess is that unless the Federal Reserve raises rates quickly, the millennial demand for houses, limited housing supply, and household formation will continue to help the housing market, although I suspect it won't grow as fast as it has been. According to the WSJ (Page 1-March 31st, 2021) the home price surge hit a 15-year high. Many people who were considering selling are doing so now hoping to get out in a strong seller's market. If it makes sense for you, then consider your options and always feel free to call us to discuss your goals and objectives.

What is the good news?

Consumer debt is relatively low as people are more prudent, can't buy what they want, and not traveling. When things start moving, the pent-up demand, lower debt levels, and cash holdings may help sustain a more prolonged period of increasing economic activity as people hopefully can and will increase spending.

As I have mentioned previously, the medical knowledge that comes from Covid Vaccines and treatment research may lead to innovations in the medical field similar to the inventions that came from the Space program in the 1960's (aluminum and plastics in WWII). Telemedicine and Zoom may be the start of a new world as profound as the internet was in the late 1990s.

Another trend that seems to be gaining momentum and has been growing for the last 20 years is energy and internal combustion engine autos. A trend towards electric cars, busses, and trucks took off with innovations in lithium car batteries and electric car ranges (my little son's car could only make it to the end of the block and back). Combine these technological advances with consumer acceptance, government tax credits, emissions standards and concern for global warming, a paradigm shift in thinking about transportation seems to be in the works. This doesn't end carbon emissions however; it reduces them so government policies on carbon emissions may propel electric car acceptance especially in California and Japan. This trend MAY accelerate and MAY lead to major changes to the economy as car companies re-tool and produce more electric cars. I must say that I was hesitant to buy an electric car at one point due to charging issues, but did buy one with a 363-mile range last year and have not had any charging problems so far (although I live in the Northeast where charging stations are plentiful).

This change MAY be as significant as the change from whale oil to in-ground oil that started in the US in 1859 in PA (China as early as AD 347 according to the internet). Some oil companies have already begun to diversify away from oil. My OPINION is that this trend will take a while but will continue and perhaps accelerate and may significantly impact the economy and long-term stock and bond markets.

This switch to electric cars is part of a broader and longer-term trend which was in place before climate change became a significant issue. That is, solar and alternative energy. Christa and I put solar panels on our house over 15 years ago and I am amazed how many people are now doing the same as they are now less costly and more efficient.

One of the fastest areas of job creation in the country for several years is in solar panel installers. When I ride my bike passed Bucks County farms, I have always marveled at just how many crops of solar fields are placed within the corn, soy beans, alfalfa, and cows.

The President has outlined plans for offshore wind and wave energy plants off the East coast of the US; and has outlined more incentives for alternative energy production. IF successful, some believe it could propel the economy towards a more prosperous and cleaner future. I hope they are right. I believe technological advances, market incentives with government tax credits and flexible planning may help this trend bear fruition. One Non-Profit organization working in this area which I have been following since 1982 is the Rocky Mountain Institute (<https://rmi.org/>). Check them out on the web if you get a chance.

Another energy area that I have been following since 1977 that has been barely mentioned is the use of solar panels to collect energy in space and beam it down to the earth as microwaves. First proposed by Princeton Physicist Gerald O'Neill in his 1976 book, *The High Frontier: Human Colonies in Space* in which he suggested that this almost unlimited clean energy source could be built and successfully produce energy 24 hours a day 365 days a year with space colonies shaped as cylinders utilizing materials extracted from the moon and asteroids. Now, you may say that is a little far-fetched. However, a little-publicized experiment on a rocket was tested last year on solar power beamed to earth harmlessly as microwaves. (sent up one week before the privately owned, but publicly subsidized, Space-X rocket that took the astronauts to the space station). Victor Hugo said "Nothing is as powerful as an idea whose time has come" Is now the time?

Please see:

https://www.nasa.gov/vision/universe/roboticexplorers/catch_a_microwave.html

I don't know what is going to happen in the future. I do know that I am watching carefully and tracking key economic indicators to ascertain the direction of the economy and ultimately the investment markets. The Down Jones Industrial Average outperformed the S&P 500 and some tech Indexes in the first quarter so the shift towards value over growth may be occurring as the economy opens up but I am not sure that these trends will continue. Parts of the markets may be overpriced while others may be fairly price or even underpriced. I anxiously research it every day. Call us with any questions and know that I continue to pray and plan for your health and prosperity.

Sincerely Yours,



Steve Wetzel

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