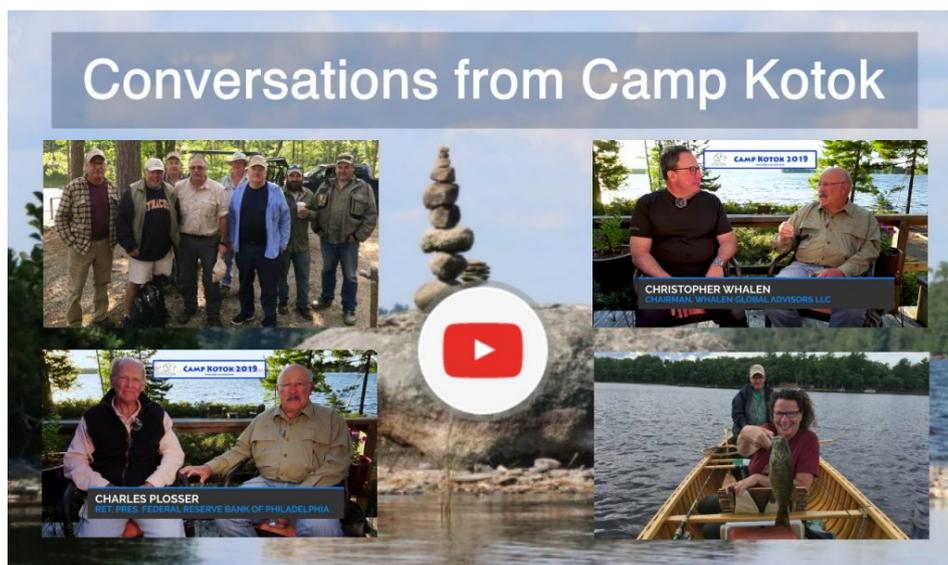


# Cumberland Advisors Market Commentary – Central Banks, Capital Markets, Debt/Deflation, Real Income Growth, Interest Rates & Housing

We wrapped up our Labor Day Camp Kotok with a round of excellent on-the-record discussions that we're happy to share with you here.



David Kotok and Charles Plosser at Camp Kotok: The Challenges Facing Central Banks

David Kotok and Christopher Whalen at Camp Kotok: Capital Markets, Debt and Deflation

David Kotok and Doug Duncan at Camp Kotok: Real Income Growth, Interest Rates and Housing

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## **David Kotok and Charles Plosser at Camp Kotok: The Challenges Facing Central Banks**

Long-time friends David Kotok, Chairman and Chief Investment Advisor of Cumberland Advisors, and Charles Plosser, Retired President of The Federal Reserve Bank of Philadelphia, take a moment on Labor Day Weekend at Camp Kotok to chat about the role of central banks looking towards the future. Plosser encourages current governments and economic policy makers to be realistic in their expectations of the power of Central Banks to solve all problems.

Central banks are not a panacea, Plosser warns, adding, political pressure is undermining the independence of central banks around the world and their ability to focus on long-term solutions. He cautions that the reliance on central banks to be problem solvers can lead to unconventional policies resulting in unintended consequences—that can be difficult to unwind. Plosser remains optimistic about the remarkable resiliency of the American system of government and our free market economy.

Charles Plosser served as president and CEO of the Federal Reserve Bank of Philadelphia from 2006-2015 when he retired. He is a visiting fellow at the Hoover Institution at Stanford University.

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## **David Kotok and Christopher Whalen at Camp Kotok: Capital Markets, Debt and Deflation**

David Kotok, Chairman and Chief Investment Advisor of Cumberland Advisors interviews Christopher Whalen.

“I have confidence in America’s capital markets,” Whalen said. At the same time, he expressed concern about debt and related

deflation in Europe and Asia focusing on the central banks unsuccessful attempts to fix the continuing 10-year crisis. Discussion covers negative interest rates in Europe, America's ability to heal the crisis in non-bank markets, fishing and French Bordeaux.

Richard Christopher Whalen is an investment banker and author who lives in New York City. He is Chairman of Whalen Global Advisors LLC and focuses on the financial services, mortgage finance and technology sectors.

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### **David Kotok and Doug Duncan at Camp Kotok: Real Income Growth, Interest Rates and Housing**

David Kotok, Chairman and Chief Investment Advisor of Cumberland Advisors interviews Doug Duncan Fannie Mae's senior vice president and chief economist about his outlook for housing. Duncan acknowledges strong labor force participation noting that new additions to employment are gradually slowing. New jobs are needed to keep unemployment numbers down. Real income growth in the lower tier is rising and low interest rates are fueling refinancing. Duncan is concerned about the impact of tariffs and trade discussions curbing incentives for companies to invest in a global economy. He explains that, "Investment is the driver of productivity gains, and productivity gains are the driver of real income growth, and if people are going to buy a house, real income matters."

Kotok asks if America might see the negative interest rates that are in Europe now. Duncan responds. "I am hopeful that the fact that the US is still growing, at about 2% growth, is going to be sustained long enough to lead the rest of globe back to ...a rational view of interest rates." Kotok and Duncan remain optimistic about the US economy, fishing, friendship and good wine.

Doug Duncan is responsible for providing all forecasts and analyses on the economy, housing, and mortgage markets for Fannie Mae. Duncan also oversees corporate strategy and is responsible for strategic research regarding external factors and their potential impact on the company and the housing industry.

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