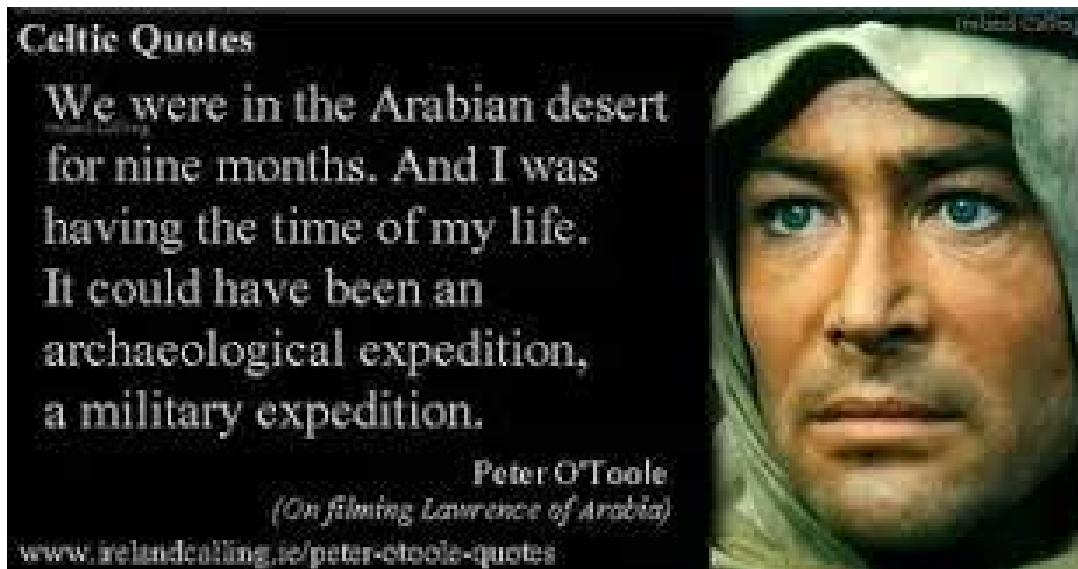


# RETIREMENT PLANS THAT “CLEARLY” WORK FOR YOU.



Prizant Group



## BEYOND THE PALE: Outside the bounds of acceptable behavior.

*Firstly, let's get the spelling clear here. It's 'beyond the pale' and not 'beyond the pail' - the phrase has nothing to do with buckets.*

*The everyday use of the word 'pale' is as an adjective meaning whitish and light in colour (used to that effect by Procol Harum).*

*\_ However, there is another meaning of 'pale' - 'a stake or pointed piece of wood'. This meaning is now virtually obsolete except as used in this phrase. A variant of it - 'paling', is still in use, as in paling fence and 'impale' (as in Dracula movies).*

The paling fence is significant as the term 'pale' came to mean the area enclosed by such a fence and later just figuratively 'the area that is enclosed and safe'. So to be 'beyond the pale' was to be outside the area accepted as 'home'.\_

*Catherine the Great created the Pale of Settlement in Russia in 1791. This was the name given to the western border region of the country, in which Jews were allowed to live. The motivation behind this was to restrict trade between Jews and native Russians. Some Jews were allowed to live, as a concession, 'beyond the pale'.*

*Pales were enforced in various other European countries for similar political reasons, notably in Ireland (the Pale of Dublin) and France (the Pale of Calais, which was formed as early as 1360).*

\_The phrase itself originated later than that. \_

*The first printed reference comes from 1657 in John Harington's lyric poem *The History of Polindor and Flostella*. In that work, the character Ortheris withdraws with his beloved to a country lodge for 'quiet, calm and ease', but they later venture further:*

*"Both Dove-like roved forth beyond the pale to planted Myrtle-walk".*

*Such recklessness rarely meets with a good end in 17th century verse and before long the lovers are attacked by armed men with 'many a dire killing thrust'. The message is clear - 'if there is a pale, decent people stay inside it', which conveys exactly the figurative meaning of the phrase as it is used today.*

[Pale](#)



We would like to think that after two World Wars and a multitude of bloody, regional conflicts (along with several genocides); that the nations of the world would realize the error of their ways. It appears that the hoped for evolutionary

advances of mankind will take more time than originally thought. The systematic, wholesale destruction of major Ukrainian cities with the additional targeted killings of innocent civilians; proves how little we have changed in the last 10,000 years. An estimated 75 million people died in World War II alone [WWII](#)

We are suppose to **"NEVER FORGET,"** but amnesia keeps creeping in!



The "Bond Market" is a sleepy, backwater to the "thrills and spills" of the stock market. It gets very little journalistic coverage and bonds are considered the purview of pensions, institutions, insurance companies, widows and orphans. Nothing could be farther from the truth and the below blog focuses on the ultimate importance of the debt sector.

*The Bond Market is More Important than the Stock Market*  
by Terri Z Campbell, CFA | January 2, 2019

### *Bonds Are Just REALLY Large Loans*

*The stock market gets all of the news headlines but the bond market is nearly twice as big and more important to the health of our economy. It is a good sign when the bond market is not in the news. We want it to be boring and functioning smoothly. Disruption in the bond market is what can get the economy in trouble.*

*Just as individuals get a mortgage to buy a house, or a car loan to buy a vehicle, or use credit cards, corporations use debt to build factories, buy inventory, and finance acquisitions. Governments use debt to build infrastructure and to pay obligations when tax revenues fluctuate. Loans help to keep the economy running efficiently.*

*Whenever the size of the loan is too large for a bank to handle, companies and governments go to the bond market to finance their debt. The purpose of the bond market is to enable large amounts of money to be borrowed.*

### *The Media Rarely Talks About Bonds -- Stocks Are More Exciting*

*If you don't have a job related to finance, there is little opportunity to learn about the bond market, especially since it is rarely in the news. Here are a few things to keep in mind. Like the stock market, the bond market is made up of investors*

trading with other investors. The original company that received the money and is responsible for paying back the money, is not involved in the day-to-day trading. The market value of bonds can fluctuate daily due to changes in inflation, interest rates, and fickleness of investors. One day investors like the bond, and the next, they like something else more.

But regardless of those day-to-day price changes, when the bond reaches its maturity date, the company who issued the bond is responsible for paying back the original amount to whomever owns the bond at that time. The legal obligation to pay back the amount due on the bond is what gives the bond market its stability.

## Bonds



**INVERTED YIELD CURVE** – About 6 ½ months ago (10/01/2021), the yield on the 10-year US Treasury note (1.48%) was 1.21 percentage points higher than the yield on the 2-year US Treasury note (0.27%). Last Monday (4/04/2022), the yield on the 10-year Treasury note (2.42%) had slipped under that of the yield on the 2-year Treasury note (2.43%). The last time the yield on the 2-year note exceeded that of the 10-year note was on 8/29/2019, 6 months before a recession began in the USA (source: National Bureau of Economic Research).

Is the "Inverted Yield Curve" infallible in its ability to predict a recession?[Inverted Yield Curve](#) Of course not, as there can be many reasons why the short-term rates are higher than long term on any given day. Are "rising" interest rates good for the stock market? Historically, as interest rates rise, the stock market has a tendency to fall short-term but.... [Interest Rates/Stock Market](#)

No discussion about bond yields can be considered intelligent without mentioned the ever-present "**Bond Vigilantes**" who abhor prolific government spending that will surely ruin the economy. Keynesians they are **NOT** [John Maynard Keynes](#)

## Bond Vigilante



**A bond vigilante is a bond market investor who protests against monetary or fiscal policies considered inflationary by selling bonds, thus increasing yields.**

**In the bond market, prices move inversely to yields. When investors perceive that inflation risk or credit risk is rising they demand higher yields to compensate for the added risk. As a result, bond prices fall and yields rise, which increases the net cost of borrowing. The term refers to the ability of the bond market to serve as a restraint on the government's ability to over-spend and over-borrow.**

Bottomline, the tradeable U.S. bond market is larger than the stock market. The strength or weakness of the bond market is a factor in the overall health of the U.S. economy.

### Bond Market



We, at **The Prizant Group** obtained our first mortgage loan in 1985 at a stratospheric rate of 16% (6 month fixed!) In 2022, we purchased a new house and secured a 10 year fixed rate at 3.125%. So, we look at the current 30 year 5% mortgage rate and have to chuckle at the howls of indignation by the younger generation (though we readily admit that "low interest rates" is all they have ever known). Interest rates have needed to rise to tamp down speculative excesses and give the more conservative investor a reasonable rate of return. As an advisor to retirement plan participants and a keen observer of the debt market, we can provide the information necessary for a knowledgeable decision-making process. One cannot predict the fluctuations in interest rates and i harken back to an old baseball saying: **YOU WIN SOME, YOU LOSE SOME, AND SOME ARE JUST RAINED OUT.**

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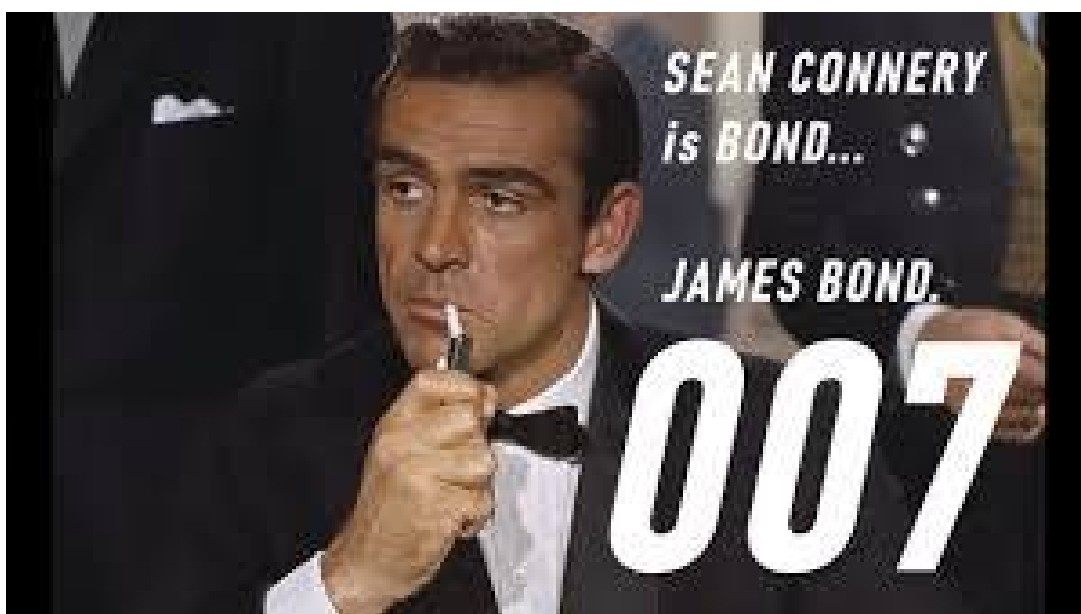
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