Like all languages, English is constantly evolving. Merriam-Webster's website tells us, "It has been estimated that the vocabulary of English includes roughly 1 million words….". In September of 2023 alone, Merriam-Webster announced they had "Added 690 New Words to the dictionary…".

A few of the words Merriam-Webster felt the English language could not do without:

<u>Slang & Informal</u>

"Zhush – noun – a small improvement, adjustment or addition that completes the overall look or taste, etc. of something; verb: to improve in flavor or appearance by way of a small improvement, adjustment, or addition." I hope Wordle does not put this word into the rotation. Although it would certainly be big points in Scrabble.

<u>The Analog World</u>

"Jorts – plural. Noun: Shorts made of denim or jean: jean shorts." Even Microsoft word has not caught up to this one, but it does recognize "cutoffs."

The Digital World

“Smishing - noun: the practice of sending text messages to someone in order to trick the person into revealing personal or confidential information which can then be used for criminal purposes.”

> ***“The language of Wall Street is constantly evolving as well. Some of this is necessary and inevitable, as participants and observers hustle to keep up with a field so heavily impacted by innovation and our changing environments. Most of the changes and evolutions seem straightforward and sensible.”***
>
> ***-Robert D. Reich, Jr.***

However, on other occasions, language shifts seem intended to massage a worrisome message, rather than to clarify the meaning. When we see this type of linguistic tweak, our radar goes on high alert. As is true in many other disciplines, in the fields of economic analysis and investment/portfolio managements, employing less than conventional language can be used as a strategic tool to mitigate the perceived severity of certain circumstances.

Two of our favorite examples of this:

“Transitory Inflation” – According to an article that appeared in Forbes’s Advisor Column on August 22, 2022, “***Transitory inflation is a term that was widely used in 2021 by Federal Reserve and Biden administration officials to describe higher-than-normal prices that emerged during the Covid-19 economic crisis.***” This concept of “transitory inflation” has existed in academia and economic research for some time and was quickly put to use by administration and Fed officials, apparently in an effort to minimize public concern about the severity and potential consequences of the situation.

Rather than straightforwardly acknowledging that inflation is inflation, some policymakers and economists opted for the term "transitory inflation" to downplay the potential impact and assuage public concerns. This word choice introduced an element of impermanence, implying that the surge in prices was unusually temporary and would naturally subside over time. This did not turn out to be the case, as 2022 and early 2023 saw equity, fixed income, and real estate investments post some of the worst returns in decades.

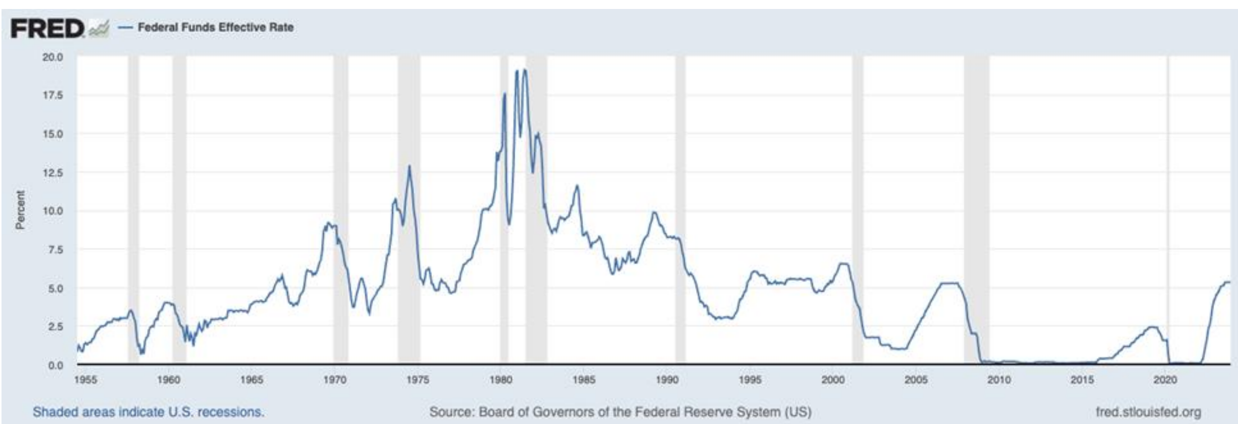
“Hard Landing/Soft Landing” – “No Landing” – For the first 30+ years of my career, we defined recessions in only two ways, but this year one term was used a new way, and we learned about a third kind of recession.

· ***Hard Landing*** – This historically meant we were going to have a recession.

· ***Soft Landing*** – This typically meant there would be no recession. Now, however, the phrase is used to imply a recession that is benign because it is relatively shallow and/or short-lived.

· ***No Landing*** – This newest phrase seems to suggest a “non-recession recession,” meaning no recession where we’d expect to see one. If such a thing exists, for the first time in history a Fed tightening cycle will not result with the US economy entering recession.

The ***“No Landing”*** is a scenario many wall street veterans like me have a hard time accepting. We’ve spent our careers hearing, “you cannot fight the Fed.” As the attached chart from the St Louis Fed’s database “FRED” illustrates, every recession since 1955 has been preceded by a Fed tightening cycle.



So, the “No Landing” camp not only is inventing a new phrase, but also is predicting a departure from the known established economic reality. We acknowledge “there is a first time for everything.” Certainly there is. But we can say confidently, we are not betting on this.

In our next piece entitled “A First Time for Everything,” we’ll share more on why we resist the “No Landing” scenario, how our views differ from some other market participants, and also share our focus on some emerging opportunities.

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