

Market predicting in a time of political turmoil

It's difficult to accept that your investments might not be in extreme peril because of the contentious political environment in the United States. I understand the fear, the hesitation, the trepidation.

Many of my clients have been asking lately if they should make some kind of change to their portfolio because of what may — or may not — happen on the domestic or international stage.

I am not downplaying anybody's feelings of fear or anxiety about today's political arena. Emotions definitely impact our life decisions. Many investors believe they are making purely logical choices in their portfolios, and that markets will behave in specific ways in times of political turmoil.

Neither assumption is true. Many financial services spokespeople make compelling arguments about their abilities to forecast recessions and market declines.

Unfortunately, even the most logical-appearing data patterns are not reliable indicators. In fact, one well-known and respected market commentator and fund manager has been predicting a market crash every year since 2011. He still has legions of followers, although his predictions, while based on impressive-sounding data, have been completely wrong.

Investing often is more emotional than rational, and markets don't always respond in ways that seem logical. This might surprise you, but markets have not been unusually volatile recently, although the financial media may have you believing the opposite.

One widely used measure of market volatility is the Chicago Board Options Exchange Volatility Index, generally dubbed the VIX. The VIX is a forward-looking indicator, calculated by options buying and selling. If investors are showing signs they want to exit the market, that's viewed as a gauge of fear. As of this writing, the fear indicators, as measured by the VIX, are well below levels that typically point to an imminent market sell-off.

I am aware that a correction will arrive at some point. Markets and economies move in cycles that have little or nothing to do with who is in office in Washington, or what kind of comments they make publicly or what kind of policies they embrace — even if they seem ill-advised and problematic.

How can you maintain discipline through bull markets, bear markets, political conflicts and controversies, economic instability or whatever crisis is grabbing headlines on any particular day?

I recently interviewed Daniel Crosby, a psychologist who specializes in behavioral finance. His next book, *The Behavioral Investor*, is due out in October.

Crosby emphasizes that volatility is the historical norm in markets and has not been wildly out of control in the current presidential administration, despite perceptions to the contrary.

"It's difficult to bear the ups and downs of the market, but that's how money is made," he explains.

Crosby is not appealing to greed when he points out the advantages of investing in stocks over the long haul. Stocks are an important hedge against inflation. Anybody who is retired or plans to retire needs an inflation hedge, and needs the financial wherewithal to pay for his or her life without a paycheck from work.

While stashing money under the mattress — or the modern equivalent, a bank account or money-market account — sounds like a safe alternative, you are losing future spending power as inflation erodes your net worth. With longevity increasing in the United States, especially among high earners and the well educated, retirees must be cognizant of how inflation will affect spending power over the decades.

Maintaining discipline as an investor is not easy, particularly with financial magazines, websites and TV channels regaling us with "tips" for shuffling our holdings around in reaction to the news of the day. It requires us to examine our own biases. Crosby says four main investor biases are:

Emotion: We are creatures of emotion, despite claims that activities like investing are primarily logic driven.

Attention: Humans have a tendency

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Rents in Santa Fe likely to keep rising

Like comparable cities, job growth fueling local housing shortage, expert says

By Joseph Ditzler
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This smallish city attracts a sizable number of retirees, has a problem keeping its young people and a substantial chunk of its economy relies on tourism.

Myrtle Beach, S.C., shares some of those attributes with Santa Fe and one more: Rents in each city are about the same and getting higher.

Santa Fe, in terms of rent increases and the cost of rental housing, is statistically grouped with cities as disparate as Encinitas, Calif., Webster, Texas, and Meridian, Idaho. All have seen median rent increases in the 6 percent range year over year, according to Apartment List, an online rental marketplace. The company's data showed a 4.6 percent

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Construction has begun on a new apartment complex at the corner of Rodeo and Galisteo roads.

GABRIELA CAMPOS/THE NEW MEXICAN



Dudley and Evans eat lunch at Cowgirl BBQ after their ride last month. Dudley said she founded her 'motowear' startup, Flying Duchess, because 'I wanted to make something that was sexy for a woman, so she could feel that, but not feel like she's sacrificing being protected.'



Stylish & secure

Eldorado entrepreneur making motorcycle jackets for women that are sexy, safe — and beyond black



Alexis Dudley, left, and her friend, Mary Evans, stop for lunch last month after a morning ride on their motorcycles. They are wearing leather jackets from Dudley's new line of 'motowear' for women, Flying Duchess, which is accepting preorders for the jackets. PHOTOS BY MELANIE METZ/ FOR THE NEW MEXICAN

By Olivia Harlow
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Ideas are born in a variety of ways, in a variety of places. For Alexis Dudley, the lightbulb went off while she was perched on the seat of a 2003 Triumph motorcycle.

A self-taught fashion designer in Eldorado, Dudley is in the midst of launching Flying Duchess, a "motowear" company that targets the growing number of female motorcyclists nationwide, while filling what she calls an "obvious void."

Her designs, she says, combine fashion with safety, a fusion she

believes is rarely available.

"Every time I looked for jackets that were fashionable ... the leather was really thin, they had no armor, the back was not covered, so if you fell, you were not going to be protected at all. You were just kind of like a trophy," Dudley said. "You could either look darling on your bike or look like you borrowed something from your uncle that had everything you need to be safe."

With more women showing interest in motorcycling and major companies "starting to address women riding," Dudley says the timing of her enterprise couldn't be better. Though

ON THE WEB

◆ For more information on Flying Duchess and preorders, visit fdmotowear.com

she isn't sure of the business's official launch date, Dudley said she's accepting preorders. But for now, she's focusing on the company's initial launch.

A report from the Motorcycle Industry Council states the percentage of female riders has risen from 8 percent to over 14 percent since 1998, and of 30 million-plus Americans who rode a bike at least once in 2014, a quarter of them were women.

Dudley said the market has shifted accordingly in the past couple of years, and she hopes Flying Duchess will play a role in its continued progress.

"I wanted to make something that was sexy for a woman, so she could feel that, but not feel like she's sacrificing being protected," Dudley said. "Why not make something that's super cool that will make you want to wear your jacket with protection?"

"You could go clubbing in it," laughed Dawn Bacon, a fashion designer in Santa Fe, who taught Dudley in a pattern-making class at Santa

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New Mexico steel company plans expansion

According to Amfabsteel, 75,000-square-foot addition to Bernalillo plant will create 40 jobs

By Joseph Ditzler
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Amfabsteel Inc. has announced plans to add another 75,000 square feet to its manufacturing plant in Bernalillo.

The 35-year-old company makes steel beams and columns for use in building schools, casinos and hospitals, among other projects, said Denise Tally, the company's special projects coordinator.

Locally, the company supplied steel to build the Presbyterian Santa Fe Medical Center nearing completion on the city's south side and also the steel for Buf-

falo Thunder Resort & Casino, which opened in 2008.

Amfabsteel's expansion will create another 40 jobs for a total of 113 employees, Tally said. The company is hiring for the expansion and already employs Santa Fe residents, she said.

The company plans to seek Local Economic Development Act funds from the state, she said. LEDA funding allows private businesses access to public money for limited purposes, including job creation. The grants are contingent upon the company meeting performance targets, said Steve Jenkins, president and CEO of the Sandoval Economic Alliance.

"They're in a major expansion mode and LEDA funds would be essential for their expansion," Jenkins said Monday. "Otherwise, they would consider expanding in another state."

The company announced its plans last week, although the funding application is in early stages. "That's still up in the air," Tally said. "We have to

secure this piece of property before we can move forward with how we're going to design and build" the expansion.

Protective tariffs of 25 percent imposed in February on imported steel by the Trump administration did not factor into the expansion plans, Tally said, quoting the company president, Mark Mosher. The tariffs benefit domestic steel makers, generally, but the price of all steel rose as customers rushed to lock in prices.

Tally said the addition, although announced recently, was part of broader, long-range goals. "Developers are going to develop, regardless of the extra costs," she said about rising steel prices. "The costs are pushed through us, and the developers aren't concerned at this point."

Most of Amfabsteel's business is out of state, with much of it in California, Arizona and Nevada, Tally said. "We just have the potential to do and sell a lot more work than we're producing right now," she said.