

## Utilities, Stock-Market Stars of Early 2016, Are Back Again

(Published on the Wall Street Journal's print edition on May 26, 2017. Since the article wasn't updated online, please see the full article below.)

Shares of utilities companies are leading gains in the S&P 500 this week, the latest sign that hopes of supercharged economic growth under President Donald Trump have moderated.

The S&P 500's utilities sector posted its seventh consecutive session of gains on Thursday, its longest winning streak in more than a year. The sector has climbed 2.5% so far this week, making it the best performer of the index's 11 major groups and outpacing the S&P 500's gain of 1.4%.

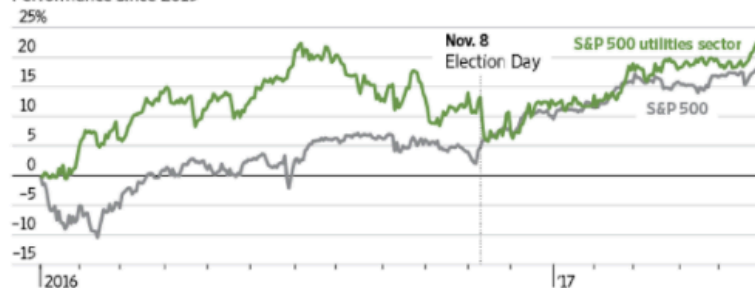
### Powering Up

Shares of companies that provide electricity, water, natural gas and sewage services have outperformed the broader market recently, reflecting how investors have dialed back their expectations for economic growth since the election.

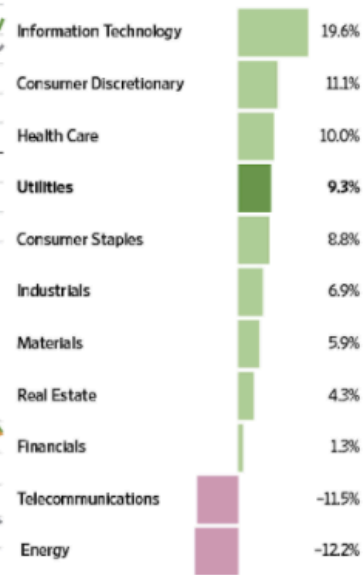
Investors often view the assets as bond proxies, and piled into them early last year when markets stumbled amid concerns about the global economy.

The sector is one of the best performers in the S&P 500 so far this year.

Performance since 2015



Performance since 2016



U.S. government bonds have strengthened this year, sending yields lower.

Yield on the 10-year Treasury note



Low rates tend to boost stocks that offer relatively high dividend yields.

Dividend yield, last 12 months\*



\*Data through May 24  
Sources: FactSet (S&P 500, dividends); Ryan ALM (yield)

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Investors tend to buy utilities stocks when they're concerned about other parts of the market or are seeking the sector's relatively hefty dividends in a low-rate environment. While U.S. economic data points to continued expansion, bond yields have declined, in part reflecting investors' tempered expectations for sharply higher growth and inflation.

The economic data is "showing that rates can come up, but at a slow, gradual pace," said Jay Rhame, portfolio manager at Reaves Asset Management, which specializes in utilities investments. "Nobody's getting worried about inflation rising out of control."

Investors sold utilities and U.S. government bonds after the election, but both have gained this year amid concerns about Mr. Trump's ability to enact policies like tax cuts, deregulation and infrastructure spending. The yield on the 10-year Treasury note was 2.254% Thursday, compared with 2.446% at the end of 2016, according to Tradeweb. Yields fall as bond prices rise.

The utilities sector is up 9.3% in 2017 versus the S&P 500's 7.9% gain.

At the same time, investors are also scooping up technology shares, sending the sector up 20% this year. Tech stocks are prized for their growth potential and have generally offered better-than-average returns since the financial crisis.

"What's in favor is what I call the barbell," said Russ Koesterich, co-portfolio manager of BlackRock's Global Allocation Fund. "At one end you have the safe yield plays, at the other have the secular growth plays--the stuff investors feel that good or bad economy, these are fast rippers."

Early last year, worries about a global economic slowdown drove investors into utilities stocks, sending the sector up [more than 20%](#) in the first half of 2016 and pushing its 12-month trailing price-to-earnings ratio above the S&P 500's.

The S&P 500 utilities sector got a boost last week, as [turmoil in Washington](#) cast [further doubt](#) on Mr. Trump's ability to push for policy changes. On May 17, utilities rose 0.2% as the S&P 500 fell 1.8%.

Investors and analysts say that utilities are attractive during broader market turbulence because demand for electricity, water, natural gas and sewage services tends to be stable. The sector includes shares of companies like DTE Energy Co., a Detroit, Mich.-based energy company, and Consolidated Edison Inc., which provides electric service to parts of metropolitan New York.

Some say the recent gains could be fleeting. According to minutes from the Federal Reserve's May meeting released Wednesday, some officials expressed concern about recent softness in inflation, but not enough for them to scrap plans to [raise rates two more times](#) this year.

"Overall, the economy's momentum is firm, and the hype around the latest Washington news will dissipate gradually," said Alan Gayle, director of asset allocation at RidgeWorth Investments.

In the long run, Mr. Gayle said he still expects rates to move higher and utilities to retreat.

## Crain's annual ranking of privately held companies is growing, and so are top lines

*(I wrote this summary based on my research on more than 300 private companies across the Chicago area. It was published by the Crain's Chicago Business on April 15, 17)*

This year, 347 companies made it onto the Crain's Chicago Business annual ranking of Chicago's largest private companies. As a group, these companies have combined revenues of roughly \$342.8 billion and employ more than 162,000 people in the metro area. The average revenue growth rate for all of the companies on this list was 10.9 percent.

Forty-two newcomers joined the ranking this year. Some grew into the list, while others reported revenue or were estimated by Crain's for the first time. Meanwhile, the list said goodbye to US Foods and five other companies. The Rosemont-based food distributor, ranked fourth in 2016, went public last May. The other five companies dropped off the list because their revenues fell below the \$75 million threshold.

About three-fourths of the companies on the list posted revenue growth. Among them, three companies stand out with fastest growth rates. Meal-kit delivery service Home Chef reported an almost ninefold revenue jump to \$99.5 million, which was primarily fueled by outside funding and geographic expansion. The firm raised \$10 million last April and then \$40 million from private-equity firm L Catterton Partners in September. St. Charles-based dealership Windy City Motorcycle Company more than tripled its revenue after acquiring DeKalb Harley-Davidson Motorcycle and Milwaukee Harley-Davidson Motorcycle. Chicago-based Epstein had a fruitful year, growing 158 percent. The construction and design firm undertook multiple projects, including a \$19 million design project for New York City's Jacob K. Javits Convention Center, a \$54 million project for a bacon facility in St. Joseph, Mo., and a \$302 million project for a pork facility in Sioux City, Iowa.

There are no new faces at the top. Bloomington-based State Farm Mutual Automobile Insurance Co. saw record car insurance losses last year, but the company easily continues to top the list with revenue of \$76.1 billion. Health Care Service Corp. and Reyes Holdings LLC come in at No. 2 and No. 3, respectively, for the sixth year in a row.

Some industries fared better than others. Manufacturers took 53 spots, the most of any single industry. The chief gainer in this sector was Pregis Corp., with a 25 percent increase in revenue over 2015. In comparison, the biggest loser is Amsted Industries Inc. whose revenue fell by 19 percent. Companies in the health care sector created 30.6 percent more jobs for locals, more than any other industry, and experienced about a 31.1 percent revenue increase.



Crain's list of privately held companies is the most comprehensive available list of private companies in the Chicago area. It is ranked by 2016 revenue and includes only firms with revenue greater than \$75 million. Most information is voluntarily disclosed by the companies. Figures estimated by Crain's are derived from various outside sources. The list includes firms in the seven-county region: Cook, DuPage, Kane, Lake, Lake (Ind.), McHenry and Will. It also includes headcounts, top executives and more analysis of industries, fastest-growing companies and job creators.

To get the full ranking of Chicago's privately held companies, go to [ChicagoBusiness.com/Private](http://ChicagoBusiness.com/Private). The Excel version of the list includes contacts and an additional 40 companies with 2015 revenues between \$50 million and \$75 million. To find our newest Book of Lists, go to [ChicagoBusiness.com/2017BOL](http://ChicagoBusiness.com/2017BOL).

## **Touched by changing subsidies and markets, cotton farmers feel growing uncertainty**

*(Published by the Missouri Business Alert on August 5, 2016. Please click the headline to read the full story.)*

Last summer, I was a commodity beat reporter at Missouri Business Alert. During a farmer's conference, I overheard a few cotton growers complain about the low subsidies offered by a newly established one-time payment program, Cotton Ginning Cost Share program. I later learned from my research that Missouri cotton farmers had been suffering from continuous price declines while the state government hadn't worked out a solution to the problem. As the harvest season approached, I was curious how these farmers were holding up. I talked my editor into letting me drive five hours down to Missouri Bootheel region where most Missouri cotton grows. I spent a day there, speaking to farmers, taking pictures and visiting warehouses. I'm quite proud of the story I came back with. About a week after the story was published, Chris Porter, the president of Cotton Producers of Missouri, told me his fellow farmers were very pleased that their concerns were heard and told by the press.

## **More public universities recruit affluent out-of-state students at expense of poorer, in-state ones**

*(Published by Columbia Missourian on July 13, 2015. Please click the headline to read the story.)*

This is my first data-driven story. I wrote it shortly after I took a data reporting course where I learned how to analyze data with Excel fusion table and MySQL. This story came as the result of an extensive report, which found that public institutions tend to recruit more wealthy, smart students from out of state at the expense of less affluent in-state students. I immediately thought about localizing these findings, because 1) I wanted to apply data skills I learned in the class. 2) Higher education has always been a rich topic that concerns people across generations. It's important to inform the local public of how public universities might have compromised some of them for higher revenues and rankings. I read through dozens of pages of data and mined trends behind the numbers. This story won the first place in investigative reporting in Missouri Press Association's 2016 Better Newspaper Contest.

## The gig economy project

*(The project was published by Missouri Business Alert through the fall of 2016. Please click the bold words to read the stories.)*

In the fall of 2016, I spent four months delving into the gig economy, a rising economic phenomenon characterized by independent or contract-based work. This whole project consists of a **bi-weekly blog** that explores the news, numbers and individuals at the heart of the economy, and four stand-alone stories that illustrate this economic phenomenon in terms of **labor market**, **public policy**, **people** and **higher education**. I traveled to more than a dozen cities in Missouri and spoke to scores of people doing various types of gigs. I interviewed Missouri gubernatorial candidates, educators, researchers, labor union officials, etc. This is one of the longest and most enlightening projects I have ever done. Through all the reporting, I was able to explain to the public what the gig economy is and why it matters. I also used multimedia components such as videos and infographics to make my coverage more engaging.