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Economic Outlook for the Rest of the Year

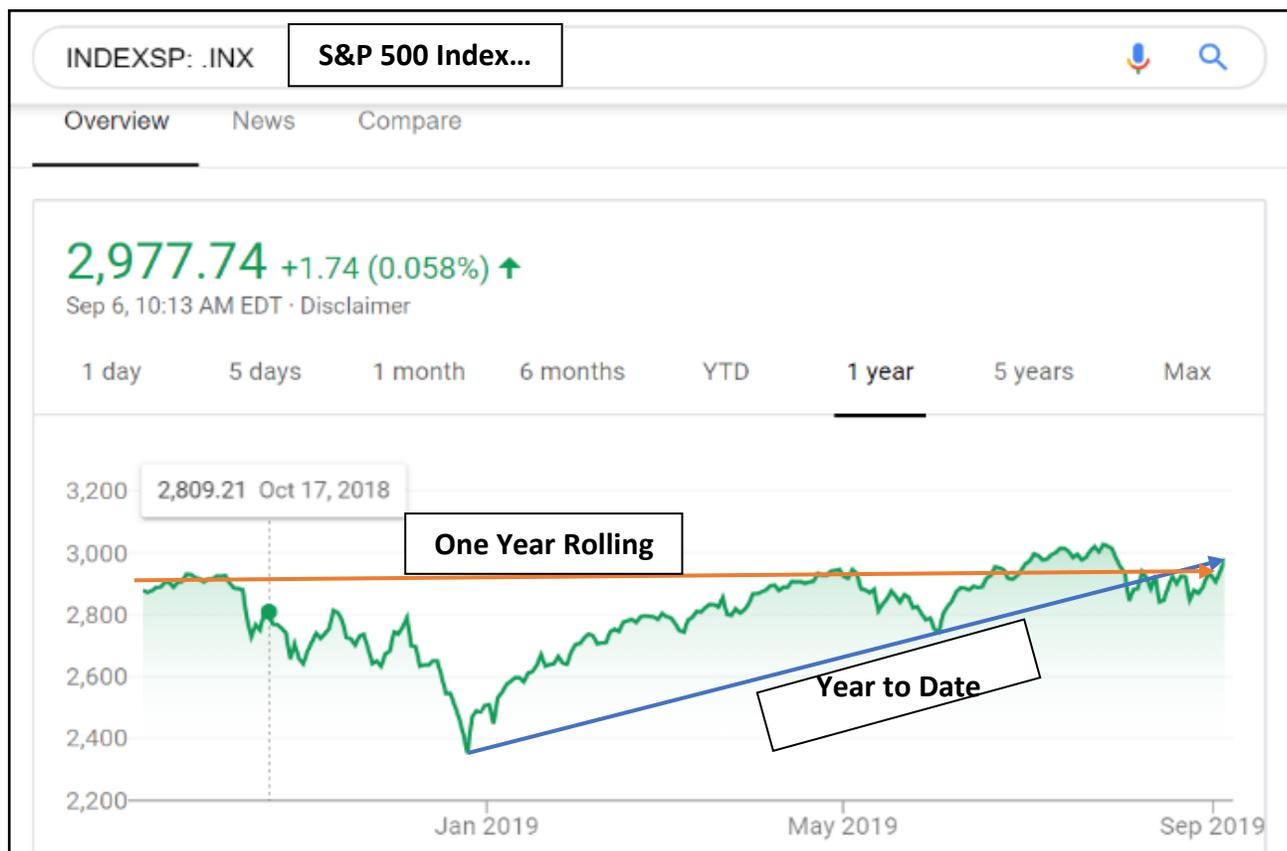
Financial Advice in a Language You Can Understand®

With Labor Day in the rearview mirror, the kids are back at school, and those who make their livelihood in the financial markets have returned from summer vacation. It's a time where trading volume increases, corporate budget meetings ensue, and year-end planning occurs at a frantic pace. It's a recipe for increased volatility, political posturing, and outrageous predictions.

Despite what the headlines suggest, the stock market, as measured by the S&P 500 is not struggling this year. In fact, the index that represents the 500 largest companies in the US is up over 20% as of 9/5/19. Many other major indices are delivering positive year-to-date returns including international and emerging market indexes.

How quickly we forget! It was less than one year ago – the 4th quarter of 2018 - when economic sentiment was challenging. The S&P 500 dropped close to 20% in less than three months. But almost as quickly as the markets dropped, so too did it recover. It's not surprising that investors are uncomfortable with short term performance.

Source: Google Finance



Market Challenges: Yes, there are some global challenges. They include uncertain trade tariffs with China, a slowdown in Europe, and the indeterminant direction of interest rates. The stock market doesn't like uncertainty. In fact, it's among the primary factors that drive its daily movement. However, each time we've experienced a sharp market decline, it has staged a quick recovery. It's a wonderful reminder that you should keep your eye on the horizon, not the ripples of the ocean.

Continued Good News: Consumer spending (what you and I spend money on) represents 68% of the US economy. Americans are spending money like crazy. We're paying for convenience so that we can have more time for experiences. (Thank you, Amazon!) Unemployment continues to hover at an all-time low. In fact, some studies suggest that there are more jobs available than there are people who can fill them. Declining interest rates have lowered the cost of borrowing money for a mortgage or business loan. And lastly, productivity in America is up. Way up.

When it comes to global financial policies, we can point to even more optimism. The Federal Reserve in the US and the European Central Bank have both been very clear that they will pursue policies that will continue to promote economic growth. All of this bodes well for the stock market; and your overall portfolio.

Market volatility is as normal as the New England seasons. They are expected, but sometimes they sneak in with periodic climate surprise. Your portfolio is positioned to weather market cycles. We continue to monitor the investments in your accounts with consideration for the impact they have on your overall financial plan.

We remain very optimistic about the long-term success of our economy and your portfolio. As always, if you have questions, please reach out to us.

Sincerely,

Marc & Marion

The Standard & Poor's 500 Index is a capitalization weighted index of 500 stocks designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries.

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