

August 2018

Fall is near and consumers and business remain optimistic.

The economy continues to shine with the recent Gross Domestic Product (GDP) increasing to 4.2%, nearly twice its growth 21 months ago. The unemployment rate remains near record lows of 4%, corporate profits are strong, capital spending is improving, repatriation of corporate cash from overseas is beginning to appear. Consumers are confident with employment opportunities and businesses remain optimistic about future growth.

Tariff negotiations should improve.

Stocks sold off last February after fifteen months of positive market returns and now a gradual yet choppy recovery is underway. Tariff talk and possible trade wars have increased this volatility as markets around the world are nervous. There has been a flight to quality, meaning to US securities, as international stocks have suffered during the recent tariff talk. Time will tell if the trade tensions continue. Any improvement in negotiations should rally the international emerging markets which have suffered the most. Our Asian funds were affected, but that is where the most growth is and should continue to improve as tensions in the area subside. We also attribute concerns to higher interest rates, credit tightening, China, Korea, Russia, and the Mueller investigation.

Volatile periods like this are normal.

Since the volatile decline of 2007 market performance has only been 5.4% average per year and the economy performed much slower over that period compared to recent economic growth. This is compared to the average stock market return of 7% since 1960. Interest rates are still low even though increases seem to continue at a slow pace. At some point down the road rates will be attractive for bonds and cd's. Until then, it still makes sense to have a diversified portfolio of stocks, bonds and money markets both US and international as market disruptions come quickly and without warning. Growing diversified portfolios over a long period of time reduces the potential of massive portfolio volatility.


We continue to research.

We continue our information gathering and meetings with top investment firms. Our portfolios are positioned in line with our current outlook for continued global growth while waiting to see how the tariff and trade negotiations evolve.

As summer turns to fall, please let me know if you would like to review your portfolio strategy and personal objectives. Thank you, as always, for entrusting us with the management of your finances. You may reach me at any time on my cell at 908-285-5876 or send me a text or email :

rkleiber@compassfmllc.com. The Compass office number is listed below.

Sincerely,


Robert C. Kleiber CFP