

**Spring is here and the optimism of businesses and consumers continues to grow.**

Putting politics aside, let's talk economics. Businesses are hiring, giving raises to employees, and making investments for long term growth. Their revenues and profits are up, and getting an additional boost from the tax cuts. Employees are seeing more net income in their paychecks due to increased deductions and lower tax rates. Consumers and businesses will circulate the additional funds back into the economy where it will benefit them and be used more efficiently. The money will also be used to pay down debt and student loans, take vacations, increase 401k deposits, and so on. Businesses are expected to invest in expansion, increase research, pay dividends to share holders, and increase wages for employees. Corporate cash and profits from overseas will likely return and circulate in our economy, due to the tax incentives.

Tailwinds are blowing and the global economy is growing, especially in Asia. Stock markets around the globe have responded over the last five quarters with 15 straight months of positive returns, with 85 record closes for the S&P500. It's been a smooth ride. In February the market eventually returned to reality with a correction. But, year to date, the market and portfolios have remained positive.

**What goes up must come down?**

When the stock markets go up continuously, as they have, at some point something will reverse the momentum and they will turn south for a period. This past quarter has been financially choppy, a reaction to the risky political situations in North Korea, China, and Russia. Yet, the market continues to focus on the positives. Even with the uncertainty in the world now, optimism and growth potential plow ahead.

As was expected, interest rates and inflation are finally showing signs of increasing. At some point, CDs and individual bonds may pay a decent yield with maturity dates that would be attractive, especially for retirees. But we aren't there yet. For now, we're looking for bond funds that can benefit from the increasing interest rates and inflation.

We continue our information gathering visits and collaborative relationships with top investment research firms. We have repositioned portfolios in line with our current outlook for expanding global growth and increased inflation and interest rates.

As spring blooms forth, please let us know if you'd like to review investment moves, portfolio strategy, or personal objectives. Thank you, as always, for entrusting us with the management of your finances. We appreciate your continued trust. You may reach me, at any time, on my cell at 908-285-5876, or send me a text or email: [rkleiber@compassfmlc.com](mailto:rkleiber@compassfmlc.com). The Compass office number is listed below.

Sincerely,



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