

## Monthly Update: March 2019

### Dear Clients:

According to Charles Dow, *“If a stock advances ten points, it is very likely to have a relapse of 4 points or more.”*

*It was another good month for stocks. Coming off the best January since 1987, stocks continued its pace upwards in February.*

### The Month of February in Brief

We officially have two months of the New Year in the books. It was another good month for stocks. Coming off the best January since 1987, stocks continued its pace upwards in February. Fourth quarter real GDP grew at 2.6%, which put GDP for 2018 growing at its fastest pace since 2005, with a year-over-year gain of 3.1%. The Federal Reserve hinted around that interest rates may stay unchanged, possibly for the entire year.

### Major Index Data

During the month of February both stocks representing the S&P 500 (SPY) and stocks making up the Dow (DIA) were higher from the previous month and both continue to perform stronger than expected. Bonds making up the U.S aggregate index (AGG) were down slightly from the previous month. The “SPY” and “DIA” continues to outperform the “AGG” for the year.

Index	Year 2018
AGG (Bonds)	0.57 %
DIA (Stocks)	11.13 %
SPY (Stocks)	11.42 %

(Source: Bloomberg)<sup>1</sup>

### March Outlook

We continue to see more upside potential for stocks versus bonds this year. However, we think stocks that make up the SPY and DIA indexes are likely to trade sideways to slightly lower short term to allow growth expectations to catchup to prices. We think prices have moved up a little quicker than they likely should have so far. We do not have a crystal ball, so time will tell. However, we still feel a portfolio weighted heavier to quality stocks will outperform a portfolio weighted heavier toward bonds this year. We are keeping our eyes on U.S./China trade talk and the current debt ceiling, which was reached on March 1st as we write this month’s commentary. These are two topics that could be talking points for the news media that will get a good bit of differences of opinion on how they should be handled.

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1 - Source: Bloomberg



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*We recommend strategies such as using fixed and indexed annuities, and short-term bonds as ways to reduce risk and portfolio volatility for more conservative investors.*

We think risk, as usual, will continue to exist in the market this year and volatility is likely to increase. We will continue to monitor this. It is our philosophy not to chase performance which tends to increase risk. We choose to focus on proper asset allocation per any given level of risk tolerance. We recommend strategies such as using fixed and indexed annuities, and short-term bonds as ways to reduce risk and portfolio volatility for more conservative investors. We appreciate the opportunity to serve you. Our goal is building your wealth and controlling your risk!

**Thanks,**

**Jason Sims Paul Marks CFP®, CRPS® Van Sievers CFP®, CPA**

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