POTOMAC WEALTH ADVISORS, LLC

Here's To Your Wealth

There have been a lot of headlines, and a lot of wild stock market activity, but for the most part, stock prices are little changed thus far in 2018. Maybe there is a lesson here for those who look at market moves on a daily or even hourly basis. In any event, we remain modestly optimistic for 2018 although as noted below, valuations are near historical norms and we need the U.S. and global economies to continue to grow to justify further stock price increases. Below is a summary of some key issues facing the market and a recent clip from CNBC's Worldwide Exchange where I discuss the global economy, corporate earnings and other market drivers:

- Markets have been volatile but relatively unchanged for the year. Growth stocks continue to outperform Value thus far in 2018 but overall the market has been choppy and unable to continue the strong gains from 2017.
- Valuations seem to be a concern as even strong Q1 earnings weren't enough to propel stocks higher. Expectations were so high that even Financials, which turned in strong earnings,

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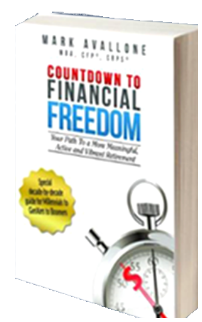

Potomac Wealth Advisors has been Recognized by:

The Washington Post as a Greater Washington DC Region Five Star Wealth Manager (2012, 2015, 2016, 2017) struggled to benefit from robust earnings reports. On a positive note, when earnings are strong and the market is flat, that helps with valuations.

- At this point, it looks like 2017 borrowed from some of the hoped-for 2018 gains, but with strong economic growth, increasing corporate earnings and the consumer benefiting from rising wages, low debt levels, and the tax cuts, the U.S. economy should continue on its upward trajectory.

- Global growth should also continue to be strong, which will be positive for stocks. The [IMF April 2018 World Economic Outlook] expects growth to be just short of 4%. They cite: strong momentum, favorable market sentiment, accommodative financial conditions, and the domestic and international repercussions of expansionary fiscal policy in the United States.

- The recent firming of commodity prices is something that usually helps emerging economies and commodity exporters.

- Risks to our positive outlook are largely in 2019 and include the possibility of financial tightening, growing trade tensions and the risks of protectionism and geopolitical events. We also are concerned that the impact of the Tax Act to bottom line earnings will have less of an effect as we move into the second half of 2019.

- The Fed continues to provide upbeat economic forecasts. But they also are sticking to a structured schedule of rate hikes. Chairman Powell's comments are a de facto endorsement of current economic policies and how they can stimulate growth.

- Historically, interest rates at current levels (a 10 year note in the 3% range) have not been a headwind to stock prices, but aggressive action by the Fed could awaken the bears and lead to the end of this historic bull market.

DC Magazine as a Five Star Wealth Manager, Washington, D.C. Metropolitan Region (2012)

As always, it is imperative to take a long term perspective when looking at investment portfolios. Corrections and even bear markets are to be expected. The key is to be well positioned in advance of those moves and to not react emotionally when bad news strikes.

Please call us if you would like to discuss your specific situation.

Thank You From The Entire Potomac Wealth Advisors, LLC Team

Feel free to forward this commentary to family, friends, or colleagues. If you would like us to add them to the list, please reply to this e-mail with their e-mail address and we will ask for their permission to be added.

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