

Wednesday, February 06, 2019

Good Afternoon,

After a very strong start in January, stocks continue to grind higher as corporate earnings season plays out. Earnings have generally been good and represent one of the potential positive 'surprises' we discussed several weeks ago. The Fed's more dovish posture (holding interest rates steady) has been the real driver of the 2019 rally so far. The next hurdle will be trade agreements. While negotiations with China have bipartisan support, we can't be so sure for the new NAFTA proposals.

Regarding the Fed, despite its continued positive view of the U.S. economy, global and financial market concerns are impacting its overall risk assessment. While the newly dovish tone from the Fed was welcome news to capital markets, it does raise the concern that the Fed knows more than we do, and the strength of the U.S. economy may begin to moderate.

In October, the Boston Red Sox beat the Los Angeles Dodgers in 5 games to win the 2018 World Series. Just 98 days after winning baseball's title, Boston's own New England Patriots defeated the Los Angeles Rams in the Super Bowl on Sunday. What does this have to do with anything? I don't know, but congratulations Boston. Now, go away.

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As always, if you would like to discuss this or anything regarding current market conditions or your portfolio, feel free to contact me at any time.

Have a great week,

Wade

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