

Wednesday, June 26, 2019

Good Afternoon,

Stocks finished last week on a positive note as investors welcomed the Fed's updated message on interest rates. That led to higher prices for both stocks and bonds and the yield on the Ten-Year US Treasury briefly dropped below 2%. Low interest rates, low inflation and strong employment provide a solid foundation for stocks.

However, we remain a bit cautious on stocks for several reasons. Investors may have already priced in a Fed rate cut and will be disappointed if that does not happen at the July Fed meeting. While there has been some potential progress in US/China trade talks, we don't expect a final agreement will be made at the upcoming G20 talks and rhetoric may elevate. Lastly, we are seeing some economic data that may be troubling. A sharp drop in consumer confidence and a decline in manufacturing output are two important examples.

Global economies seem to be looking to central banks for help – just as the US is looking to the Fed. While the Fed has some capacity to ease rates, most other central banks are at or close to zero-rate policies. In fact, the Ten-Year German Bund currently has a *negative* .32% interest rate. That means investors are paying the German government to hold their money – a guaranteed loss if held to maturity! (Kind of like being a Reds fan.)

Please visit our website at www.canfg.com or the link below for the last Market Update from Commonwealth Financial Network® – the broker/dealer that supports us in helping you manage your financial life.

http://www.commonwealth.com/RepSiteContent/weekly_comm/commentary_redirect.htm

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 wonderful week,

Wade

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