Year-End 2018

A year with wild swings….In both directions.

2018 saw significant swings in the world stock markets. The year started with the first 3 weeks in January moving significantly higher and pushing the stock market indexes to all time highs. Shortly there after, in the first week of February the markets sold off mostly due to a sharp rise in Treasury Bond yields. The markets made a short-term bottom in late March and started a steady progression upward until late September when again a sharp rise in Treasury Bond Yields coupled with China Trade war fears caused the beginnings of a market decline that lasted through year-end. December was the focal point for the market decline with the stock market indexes having significant volatility with several multi percent drops and the biggest single day point increase in the DOW Jones Industrial Average

So where do we go from here? The list of worries for the market for 2018 has not changed much as we head into 2019. The trade war fears with China are still front and center and the Fed is forecasting 2 additional rate hikes. In addition, slowing economies in China and Europe are bringing about fears for a global recession and major central banks around the world are removing the accommodative monetary policy that has been in place since the 2008 crisis time frame. There is no shortage of things to worry about at the present time. It is important to note that for the most part the economic data in the United States while showing some signs of a slowdown is not showing signs of recession.

Lastly, keeping in mind that this has been the first down year for stocks in quite some time, year-end statements in most cases will show declines. We know this can be unsettling. During times like this it is helpful to take a longer-term view and not focus on the immediate past. We hope you had a great Holiday Season. Looking forward to 2019!

Investments in securities do not offer a fix rate of return. Principal, yield and/or share price will fluctuate with changes in market conditions and, when sold or redeemed, you may receive more or less than originally invested. No system of financial planning strategy can guarantee future results. Investors cannot directly invest in indices. Past performance does not guarantee future results.

"Bull markets are born on pessimism, grow on skepticism, mature on optimism and die on euphoria."- John Templeton

Long story short, most stock market indexes were down in the 7% range for the year and international stocks were down more than that. Bonds also experienced flat to slightly negative returns due to the Federal Reserve raising interest rates 4 times during the year. With most asset classes in negative territory for the year it was very difficult to find positive returns in almost all portfolios including conservative allocations and balanced funds. This was the toughest environment since 2008 and while returns were no where near as bad as that time frame, it was still a very unsettling year for investors.

All of the mentioned events lead to a general lack of confidence. Sentiment (how investors feel about the markets prospects) are at low points not seen since the 2008 financial crisis. All the uncertainty creates headwinds that steer investors away from growth investments and risk taking in general. This "crisis" of confidence will eventually change. What has yet to be determined as we head into 2019 is will the emotions effect the economics and corporate profits which are the main drivers of stock prices.

***The Dow Jones Industrial Average is a price-weighted average of 30 significant stocks traded on the New York Stock Exchange and the NASDAQ. The DJIA was invented by Charles Dow back in 1896.**

Fairview Park Location
22730 Fairview Park Center Drive, #150
Fairview Park, OH 44126

Lakewood Location
14650 Detroit Avenue, #120
Lakewood, OH 44107

www.rockportwealth.com
Phone: 216-226-4560

Rockport Wealth Advisors
Joe Kovach, CFP®,AIF®
Ted Calabrese CLU®,AIF®
Adam Stalnaker, AIF®
Investment Advisor Representative *
Registered Representative *

ROCKPORT WEALTH ADVISORS