

Thursday, March 07, 2019

Good Afternoon,

With US stock prices up nearly 20% since late December, it is likely that stocks are overbought and we will see a near-term consolidation period where stocks stay in a range slightly below recent highs. The rally was fueled by three main factors: better-than-expected earnings, a more dovish Federal Reserve and reduced trade tensions. The good news may already be baked into market prices. While we don't see a sharp near-term drop in stocks (like December), we do think markets will be choppy for a few weeks as volatility creeps back into stock prices.

The final reading on fourth quarter 2018 GDP growth came in at a solid 2.6%, bringing full year 2018 growth to 2.9%. Many economists have lower expectations for 2019 growth and few see the US hitting the Trump Administration's 3% target. It remains to be seen if the last year's tax cuts provided a temporary 'sugar high' or longer lasting stimulus for the economy. Soaring budget and trade deficits have skeptics concerned. The US has added about \$900 billion of debt each year since 2000 and that is not sustainable.

As much as I enjoy winter, I'm ready for warmer weather. Punxsutawney Phil predicted an early spring and there's reason to believe he was lying. It was 8 degrees when I got up this morning. Shouldn't Congress look into this rodent?

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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.

Stay warm,

Wade

Wade A. Sarkis, CFP®, AIF®
Managing Partner
Canandaigua Financial Group
45 Ontario Street
Canandaigua, NY 14424
(585) 396-2720

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