



INVESTMENT INSIGHTS

A Gary Goldberg Financial Services Newsletter



WHAT IS IN THIS ISSUE

- 2018 review
- Major finished the year in negative territory
- The Fed may be committed to monetary policy
- U.S. Equities & more

Quarter in Review

By The GGFS Investment Committee

In many ways, 2018 was a difficult year. While we have been cautioning our clients of the return of market volatility, few expected the pick up in the later part of the year to be so dramatic. Major U.S. stock indices finished the year in negative territory and only three of the 11 S&P sectors were positive for the year: Health Care, Utilities and Consumer Discretionary. On a style basis, we saw value stocks get hit the hardest, greatly underperforming growth stocks.

There were many factors contributing to this volatility: the on-going trade tensions, geopolitical concerns with North Korea, interest rate hikes, and unrest in Washington. However, at the end of the day, we must look at the facts. As financial professionals, we are committed to a data-dependent approach in dictating and defining our investment decisions. While the late year sell-off created a lot of unease for investors, it is our firm's belief that investors have good reason to be optimistic in 2019.



Considering the economic landscape, the numbers seem encouraging.

The Federal Reserve may be committed to the monetary policy that it has adopted but they have taken a much more dovish stance in recent communications. Fed Chairman Jerome Powell stated that the central bank “will be patient” in considering future rate hikes in light of low inflation and the recent stock market volatility. Also, the recent unemployment numbers continue to suggest a healthy labor market, mitigating worries of an economic slowdown.

We remain optimistic for U.S. equities. While we believe stocks will perform well this year we expect the volatility to continue. The sell-off in 2018 has brought valuations down to more attractive levels. Coupled with slower-yet-robust growth in earnings, we expect that this should prove beneficial to stock performance. Having said that, headwinds still remain including a stronger U.S. dollar, the ongoing trade war with China, and future rate hikes from the Fed. However, we believe these headwinds to be temporary and we look forward to their resolution.

We hope you and your families had a fantastic holiday season. As always, we encourage you to schedule a review with your advisor. Given the dramatic end to the year, there might be some opportunities to make adjustments to your portfolio.

We look forward to the opportunities that present themselves in the year to come and we wish you a happy, healthy and prosperous 2019.

Sincerely,

The Gary Goldberg Financial Services Investment Committee

Don't forget to schedule your quarterly review:

Visit www.ggfs.com to schedule your review or contact your Investor Services Representative or Investment Consultant.