



# NORTH FLORIDA WEALTH ADVISORS

CERTIFIED FINANCIAL PLANNER™ PROFESSIONALS

## 2019 Market Musing

### *If Santa Claus should fail to call, Bears may come to Broad & Wall*

#### Market Axiom

As Christmas day approached, we had the worst pre-Christmas sell off in history. In lieu of coal in investor's stockings, it felt like a 55 gallon drum of nuclear waste. The reasons for the volatility continue to be: Trump, Republicans, Democrats, China, Brexit, Partial government shutdown, a perceived aggressive Federal Reserve Board and the kitchen sink. Perhaps it is a confluence of the above (not the kitchen sink) but I sense it is something different.

Thankfully the market rebounded with the largest single point rally and appears to be trying to find its footing. It is hard not to be impressed by a +1,000 point day in the Dow; however, vicious rebounds tend to occur in bear markets. While I am not stating that we are in a bear market, it sure feels like there is one nearby - hopefully we will hide from it. As I continue to stay invested (we do not time the market), I am also maintaining a prudent approach before investing new dollars into this market.

The 2018 returns below indicate a difficult market to navigate, at times it became almost depressing to watch the market slip and slide downwards. Below are the total returns of various exchange traded funds which represent many popular indexes. The total return numbers include the dividends earned by the funds. (Courtesy Bespoke)

ETF	Description	December	Q4	YTD 2018
DIA	Dow Jones Industrial Average	-8.48	-11.29	-3.74
SPY	Standard & Poors 500	-8.79	-13.52	-4.56
EAFE	International Equities	-5.35	-12.62	-13.81
EEM	Emerging Markets	-3.50	-7.64	-15.31
BND	Total Bond Market	1.87	1.64	-0.11

And for fun:

ASHR	China	-5.19	-12.40	-28.44
EWG	Germany	-5.55	-14.76	-21.37

It was a synchronized global swoon.

The younger you are and if you are actively contributing (dollar cost averaging) to your 401(k) or other retirement plan, this volatility should be considered a buying opportunity. **This type of volatility and even more serious swoons will occur frequently in your investing lifetime and should be expected and exploited by you.**

My retired and pre-retired clients may be inclined to look at this volatility as frightening because you see the downward volatility of your capital. We do enjoy upward volatility of capital. **Please recall the reason we invest and stay invested is to maintain our purchasing power i.e. keeping up with inflation.** We look for managers who invest in companies which have a history of investing in companies which raise their dividends.

Looking out to 2019 there are positives and negatives. While strong, I think the economy's rate of growth spurts is slowing. The same for high quality companies, earnings continue to grow but at a slower rate. There is also talk of an impending recession in late 2019 or early 2020. While I certainly cannot discount that possibility, the general rationale is that we will have a recession because we have not had one lately. If my doctor told me I will get the flu soon because I have not had it recently, I might look for another doctor.

As I start my 34th year in the financial services industry, I thought it might be interesting to look back at the performance of the Dow Jones: (source Yahoo Finance)

December 31, 1985	1,546.22
December 31, 1995	5,115.70
December 31, 2005	10,718.30
December 31, 2015	17,405.48
December 31, 2018	23,327.46

As you look at the growth, think about what occurred during these periods: wars, recessions, global health scares (Ebola), crashes etc. It is really hard not to be myopically focused on your account values. I hope the above helps you look at the longer term picture.

Vapid volatility is disconcerting but more should be expected. It may seem trite but embrace the fact that investing is a lifelong process. I would remind you that we want to

stay patiently invested in a globally diversified, multi asset portfolio. I am inclined to remain cautious until several of the geopolitical clouds dissipate.

***Thank you for the opportunity to work with you & I wish you a very happy new year in 2019.***

Chris

Christopher J. Conner CFP® Charles "Al" Cockrell CFP®  
Kristopher Cotton John "Trip" Hargraves

## ***North Florida Wealth Advisors***

2727 NW 43rd Street, Ste.1 Gainesville, FL. 32643  
352-225-3132

**[www.nfwealthadvisors.com](http://www.nfwealthadvisors.com)**