your Update

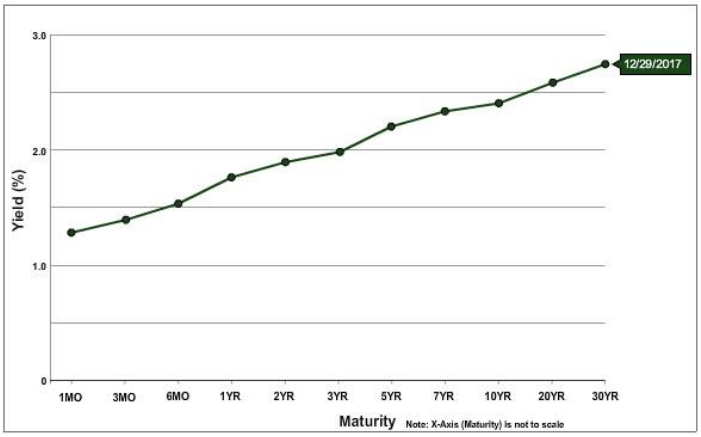
VISION FINANCIAL ADVISORY CORP
DELIVERING FINANCIAL CLARITY

2018: The Yield Curve, Taxes, and Economics

2017 delivered something never before experienced… positive returns for the S&P 500 in every month. This steady increase led to all-time record market highs near the year-end. Cheers!

I see three primary factors influencing returns and investment decision-making in 2018: the yield curve, taxes, and economics.

The yield curve is a line that plots various interest rates with varying maturity dates. Typically, higher rates are paid for longer maturities. When the yield curve "inverts," the economy is at higher risk for recession. The current yield curve slopes upward, and is normal. If the curve shifts to slope downward, we will want to re-evaluate your investment strategy.



The recently passed tax bill is likely to create a tailwind for consumer spending and corporate earnings. Both can prompt more jobs, higher wages, and an acceleration of the speed at which money moves through the economy. Several large companies have already begun to distribute their tax savings to their employees. In addition, the probable repatriation of money held overseas may well be used for expanding production capacity, improving balance sheets, increasing dividends, and more.

Several economic indicators point toward optimism for 2018. Wages are up, unemployment is low, housing is healthy, manufacturing orders are up and inventories are down, and most non-manufacturing economic industries are also reporting growth. Economic growth appears to be sustainable and broad-based.

Corrections to the stock market are normal, even if they have been infrequent and short-lived during this bull market. So, while the overall conditions appear stable, don't panic if we experience a market pullback in 2018. And, if anything changes in your situation to prompt a shift in your risk tolerance, please let us know. As always, thank you for the opportunity to coach you toward your financial dreams.

Sincerely,

John D. VanDyke

2017 end-of-year

John D. VanDyke
Phone: (616) 855-6244
(269) 978-7071
Toll-free (888) 655-9561