your Update

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Bull Market Rationale

Six months into the Trump administration, we still are hearing about the so-called "Trump Effect." While Trump continues to make news and impact policy, it's worth looking at some other substantial factors fueling what is now the second longest running bull market in stock market history.

Wages have been increasing as unemployment has fallen. In fact, wages in the U.S. increased nearly 3% in May 2017 over the same month in the previous year, and have been steadily increasing since early 2010.* With the unemployment rate under 5%, upward pressure on wages remains.

Inflation often sounds like a bad word, but higher wages prompt higher consumer demand, causing higher prices, or inflation. This process has, in part, spurred a bit of "healthy inflation." Higher prices can mean higher corporate earnings, a positive for stocks, and thus for investment values.

Global growth is making a comeback. China and Europe have both demonstrated some economic strength, along with Germany, France, and even Spain. Solid global growth provides a welcome backdrop for pro-U.S. policies and the subsequent effect on domestic holdings.

Challenges and unknowns certainly remain. We can easily point to healthcare and tax reform as two factors which could impact this bull market and investment decisions in the future. While we can't predict the future, we will continue to monitor the investment landscape, and suggest adjustments as we analyze your situation and the available options to meet your financial needs.

Sincerely,

John

John D. VanDyke

* Tradingeconomics.com, U.S. Bureau of Economic Analysis

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