your Update

VISION FINANCIAL ADVISORY CORP
DELIVERING FINANCIAL CLARITY

Historic Politics, Optimism, Caution

2016 will undoubtedly be remembered for the surprising Donald Trump election victory, and the Cubs’ comeback World Series triumph. Brexit, now seemingly a distant memory, also grabbed headlines for weeks. Stocks began 2016 with a correction that roiled market outlooks and had many pundits forecasting a dismal future, especially as the Chinese stock market plummeted. But, by mid-year, equities had recovered, and later surged to new highs following the presidential election.

The “Trump Effect” will continue to play out over the next few months, and we’ll gain sharper focus on policy impact after his first 100 days in office. Interest rates were increased last month based on some favorable economic news, particularly regarding labor and expanding economic activity. Additional rate increases are possible in 2017, which could represent headwinds for the bond market. We are also keeping a tighter rein overall on international exposure, in light of the dollar’s recent strength, and the forecast for more U.S.-centric policy coming out of Washington.

While many economic forecasts are positive in light of promised tax cuts and deregulation, combined with low interest rates and a general pro-business political environment, we must remember that the average bull market lasts five years. The current bull market, having started in March 2009, is second in length only to the bull market of the 1990’s. Because of the relatively slow pace of economic recovery coming off the Great Recession, this bull market has seemed more ponderous than others, and yet the Dow is up 140% in the past eight years.

We are optimistic about future opportunities, but are hedging some of those bets with realistic caution and an eye toward the “Law of Averages” regarding this bull market’s longevity. The world keeps changing, and so we keep evaluating and adjusting, always hunting for efficiency as we manage your portfolio.

Sincerely,

John

John D. VanDyke

2016 year end

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