VISION FINANCIAL ADVISORY CORP

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PERSPECTIVE

VOLATILITY & CORRECTION

The first half of 2018 has been a reality check for investors, especially in the wake of an untroubled 2017. We entered correction territory in February, volatility has returned, and market trajectories have been mostly sideways after falling from all-time highs in January.

While it's hard to be enthused about a market that is essentially flat YTD, it can be encouraging to remember that our current level of volatility is well within a normal range, and that corrections occurred in 22 of the last 40 years. In contrast, 2017 market volatility was only 42% of the post-1977 average! That is extraordinarily low, and while we all enjoyed the relative tranquility, we must remember that it was an anomaly. And, we need to remember that corrections are not anomalies, but rather normal features of market investing.

Along with volatility and market valuations, we are monitoring several indicators that point toward taking less risk… a flattening yield curve, higher interest rates, a stronger dollar, rising oil prices, restricted trade policies and the associated heated rhetoric.

We are balancing our analysis with other more favorable facts… a low-GDP bull market that seems more sustainable than typical bull markets; strong reports for corporate earnings, housing prices, and job growth; tax reform providing tailwind for business and consumers alike; moderate and expected interest rate increases.

We will continue to monitor your investments, and alert you to any adjustments we deem appropriate. In the meantime, thank you for the continued opportunity to serve you.

Sincerely,

John

John D. VanDyke