



2019 Outlook

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2019 Outlook

- The Economy
- The Markets
- Themes and Strategies for 2019
- Key Potential Risks
- Psychology and Behavior
- *invest right, live right™*



The Economy

- Current Expansion
- Low Unemployment and Slowly Rising Inflation
- Fed Dual Mandate
- Stock Valuations



The Markets

- Strong Dollar
- Slowing Earnings
- Rising Corporate Debt



Themes and Strategies for 2019

- Rates have stabilized and even fallen somewhat, so a laddering strategy is critical for bonds and CD's
- Keen focus on company earnings and watch for even the slightest pause in growth rates or inconsistency
- Be prepared for more frequent rebalancing to prepare for slowing earnings
- Maintain the amount of liquidity you need to get through any short-term market dips



Key Potential Risks

- Trade restrictions – currently running deficit (we import more than we export), if shifts to surplus could lead to inflation and subsequent recession
- Surprises from The Fed – some Fed watchers are predicting their next move might actually be *to cut* interest rates
- Several countries currently have negative interest rates, limiting their ability to take action to stimulate their economies



Psychology and Behavior

- Goal = portfolio life > biological life
- Stock returns going forward will be lower
- The Stanford Marshmallow Study
- Katy Milkman of Wharton – don't make important decisions too close to when they will take effect
- Good investment performance is a by-product of consistency of process



“Being entirely honest with oneself
is a good exercise.”

-Sigmund Freud



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