

# Wall Street to Mt Juliet

**Wilson Bank Investment Center**  
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## We Must Invest!

Despite European tensions during the last weeks of this quarter the domestic equity markets still managed to end on a positive note. Two of the three major indices finished in positive territory and the NASDAQ is essentially flat year-to-date. Investors are looking for the silver lining amidst all the chaos and in the newsletter I will suggest that there are a few. The least of which is the fact that in spite of all the bad news domestic stocks appear to be stable... when stocks ignore bad news that's the good news! For the quarterly results the numbers are as follows:

	06/30/16	03/31/16	Change	Gain/Loss
DJIA	17,929.99	17,685.09	+244.90	+1.39%
NASDAQ	4,842.67	4,869.85	-27.18	-.56%
S&P 500	2,098.86	2,059.74	+39.12	+1.90%
MSCI EAFE	1,593.67	1,652.04	-58.37	-3.53%

\*\*Performance reflects price returns as of 4:15pm EST, June 30,2016

First, lets address the dark cloud: Markets don't like uncertainty - globally we have more questions than answers and only time will shed light on those answers. The pound fell sharply on the Brexit vote, long term rates fell due to this flight to safety. At this point, it appears the Brexit vote will damage the UK economy and result in the slower global growth. The UK will elect a new PM that is expected to work to limit the impact of Brexit to the economy. Markets will most likely provide continued volatility as investors were caught off guard by the fall. Investors will have their sights set on the economy as this seems to be a data driven market for now. Short term influences rarely change the secular trend of markets and in the midst of the volatility sometimes the best reaction is no reaction.

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Ultimately the only way to guarantee nothing is to invest nothing... so we must invest! I have said in these letters for the past several years that I believe investors must embrace risk in this environment. Conservative investments just will not meet the earnings requirements most of us have within our financial plans, leaving one no choice but to invest! There is always a place for safety and predictability in a portfolio just as there is always a place for risk based assets.

So, on to the silver lining(s) I promised: The direct impact of Brexit on the US economy should be small. The US economy still appears to be in good shape led by a rebound in consumer spending this quarter. Housing continues to improve and low rates will continue to stimulate the sector. Speaking to interest rates, they should remain low for longer than most believe providing plenty of economic liquidity. Business fixed investment remains relatively soft and the dollar has strengthened. Fuel costs and low energy costs should continue to provide relief to the consumer and the transportation industry as a whole. The Fed is less likely to raise rates after Brexit and as stated these decisions seem to be data dependent. Jobs continue to improve and wages are on the rise. As mentioned the upward trend of US markets is still intact in spite of recent pressure and that's a positive. Investor sentiment is very negative and you can read that as bullish! It was Warren Buffet who said "Be greedy when others are fearful and be fearful when others are greedy" Which do you feel describes the current sentiment? As always, we shall see... but the silver lining is there for those who wish to see. We Must Invest!

As always we appreciate your business and trust!

**Jim**

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The Dow Jones Industrial Average (DJIA), commonly known as "The Dow", is an index representing 30 stocks of companies maintained and reviewed by the editors of the Wall Street Journal. The NASDAQ composite is an unmanaged index of 500 widely held stocks that's generally considered representative of the US stock market. The EAFE index is an unmanaged index that is generally considered representative of the international stock market. These international securities involve additional risks including currency fluctuations, differing financial accounting standards, and possible political and economic volatility. The Dow Jones Transportation Average is a price-weighted average of 20 transportation stocks traded in the United States. Inclusion of these indexes is for illustrative purposes only. Keep in mind that individuals cannot invest in any index, and index performance does not include transaction costs or other fees, which will affect actual investment performance. Individual investor's results will vary