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IMPROVING TREND

- American banks have repossessed 318,000 homes YTD through 10/31/16. Banks repossessed 450,000 homes in 2015 and 671,000 homes in 2012 (source: RealtyTrac).

COLLEGE FOOTBALL UPSETS -

On Saturday 10/19/85, AP # 2 ranked Michigan lost to Iowa, # 3 ranked Oklahoma lost to Miami and # 4 ranked Arkansas lost to Texas. On Saturday 11/12/16, AP # 2 ranked Michigan lost to Iowa, # 3 ranked Clemson lost to Pitt and # 4 ranked Washington lost to USC. Jim Harbaugh was the Michigan QB in 1985 and the Michigan head coach in 2016 (source: CBS Sports).

These are the views of James Steen & Jason Pearson. No independent analysis has been performed and the material should not be construed as investment advice.

Investment decisions should not be based on this material since the information contained here is a singular update, and prudent investment decisions require the analysis of a much broader collection of facts and context. All information is believed to be from reliable sources; however, we make no representation as to its completeness or accuracy.

The fall season is well underway and around the country the leaves have moved from changing their hue to falling from the trees. Halloween has come and gone, and the storefronts around town have already taken this opportunity to transition their displays from fall apparel to full on holiday scenes. Perhaps more important to some, the college football season is nearing crunch time, as some teams battle to stay on top, preserving the work and record they've logged throughout the season, while other teams battle to salvage seasons that haven't quite gone their way. In the world of college football, the teams at the top are battling it out for a spot in the college playoffs, and the teams' coaches are working behind the scenes to make sure that their lineups reflect the group of individuals most likely to lead their team to success. Such players are selected based on their physical health, as well as their performance in previous games. Those who perform the best continue to earn their spot in the starting line-up, and those teams that have performed the best so far this season may find themselves in the playoff conversation. This idea seems very logical, but often times investors do not translate this thought process to the investment world. Emotions, especially when it comes to investing, are hard to overcome, and it is for this reason that it is so important to have an investment discipline that doesn't rely solely on fundamental data like earnings, the latest headline, or even the prevailing economic news. Like a player that moves from the back-up position to the starting line-up, asset classes, sectors, and stocks rotate in and out of favor, and we've witnessed some of these changes following the election.

Prior to Election Day, stocks saw some selling pressure, yet Domestic Equity as a group continues to outperform other asset classes like Fixed Income, Commodities, and International Equities. Interest rates have been moving higher, so we will be keeping a close eye on Fixed Income allocations within the portfolio. On a U.S. sector level, Industrials and Financials have contributed to the rise we recently saw in the major market indexes like the S&P 500 and Dow, while the Utilities and Consumer Staples sectors have lagged. The U.S. Dollar continues to show improvement, and recently exceeded its December 2015 highs. The month of November also marks the start of what has generally been the "seasonally strong" period of the market, a period which continues through the month of April and has a historical bias toward producing stronger returns than the period of May through October. While this bias is by no means foolproof, it does mean that paired with the recent positive changes we have seen in our market indicators, there is reason to be cautiously optimistic. However, just like a coach monitors the health and performance of his players, we will be ready to change our starting line-up and the positioning of your portfolio as our market indicators change.

If you would like to become more familiar with my investment process and the tools I use to identify market leadership across major asset classes and within asset classes, please contact me at your convenience. Otherwise, enjoy the fall season!

Thank you for your business and support.

P.S. If you think this type of information would be of benefit to anyone you know, please share this communication with them.

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