

July 31, 2019

Dear Fellow Investors,

We work to improve our family, our community and ourselves. Our goal must always be to create something that someone else needs. It is a circle; a circle of growth and improvement. This is also the essence of economics.

Exchange is so fundamental to human existence that it forms the basis for all interactions between people. Greetings are met with the same in return; exchange feels even. A product performs much better than expected; exchange feels abundant. A thief steals and the exchange is criminal.

In my opinion, our choice is becoming clearer than it has been in my memory. Will we choose to create more and more through abundance of exchange or will we rob what has been created, simply because we can? So far, it seems we are headed for the latter and our lives are beginning to improve.

The stock market is up, the bond market is up, employment is up and our standing as a country has improved. All of these are good measures of improvement and a hopeful signal. Our fate is undecided, as is always the case, and only time will tell how our economy (our lives) will go. What is certain is that most want improvement for all and many believe a vibrant economy is the way to get it. I'm watching and will let you know how it is going.

In the meantime, let's review your account to see if you are properly positioned for what may be ahead.

Kindest Regards,

Bruce W. Woods
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Enclosures

THE WOODSHED

News and Commentary
From
Woods Financial and Insurance Services

June 30, 2019

Predictions of Economic Collapse Fade As Optimism Rises

According to Yahoo Finance, the **Dow Jones 30 Industrial Average** increased by 14.03% for the year to date ending June 30, 2019. Over the same period bond values, as reported by **Standards and Poor's, the Bond Index**, were positive by 5.14%. These data points are pleasing to stock and bond investors. While no predictions of future returns can be made, growing investments make for good news and a happier time for all.

Bureau of Labor Statistics - Unemployment

Unemployment, as measured by the Bureau of Labor Statistics (BLS) over 12 months ending June 30, 2019 stunned some experts as more and more people find work and leave the roles of the unemployed. The U-3 report improved from 4.0% to 3.7% so far in 2019. Likewise, the U-6 report also improved from 7.8% to 7.2% over the same period. (Lower is better.)

These numbers may seem a bit academic so let me attempt to put this data in terms we all can understand. According to BLS, the actual increase in net new jobs is 2,301,100. Almost two and a half million people are working now that did not have a job 12 months ago. That is an amazing statistic and may be an indicator companies and our economy is improving. Investment growth may reflect this improvement in the future; time will tell.

Bureau of Labor Statics – Participation Rate

The “BLS” Participation Rate measures the percentage of those who could work versus those who are working. The Participation Rate remained unchanged since December 2018 at 62.9%. For the math wizards out there, you may wonder why unemployment improvement described in the last section would not be reflected in the Participation Rate as well. The answer has not been made clear to me as of this date, but I suspect that the “labor pool” is expanding almost as fast as jobs are being created. There is much speculation as to where these new workers are coming from, but for now we will simply need to wait for more data.

How Can You Get The Most From Investment Managers?

One of the many jobs I have is to find quality money managers. Since there are tens of thousands of managers, the process to find what I consider to be best is extremely complex. Using database screening technology helps to weed out many managers, but the final selection is when my

experience is applied. Unfortunately, all the selection technology and techniques cannot predict the future, but they do assess past successes and those are the ones I want for you. Make an appointment as soon as you can to add this feature to your accounts. There is usually no additional cost and sometimes even some reduction in cost.

Politics and Social Messages That Effect Your Financial Future

There is no lack of political and social messages today. Some of those messages villainize business and industry as if economic growth was bad. The fact is that all of us wish for a better life; better life for our families, friends and of course, ourselves. We wish to have the financial ability to buy what we want and that defines much of how successful we feel. As our time on this earth goes by, we also realize there will likely come a time when we will want or need to stop our day to day work and retire. It goes without saying that our income will be dramatically affected, so most will consider their retirement as they save money. Fewer and fewer people are the beneficiaries of a company paid retirement system. These systems have been largely replaced by employee funded retirement systems and those retirement plans are almost always invested to some degree in the stock market. Quite simply, most of us are fully dependent on U.S. economic growth for our lives, now and future retirement. If the economy grows slowly or not at all, our ability to achieve financial well-being suffers. Likewise, consistent growth in the economy improves almost every aspect of our existence. As you already know, the stock market, jobs and pay all are unquestionably linked to our economy, for better or worse. So, the next time you hear about the evil of business, the stock market, or industry, remember these organizations represent all of our futures, too.

I enjoy educating my investors, so if you have questions about the market or economy, please let me know.

Economic Growth Then and Now

The history of U.S. Gross Domestic Product averages changes from year to year because of a variety of factors. "The Balance" has a website that does a good job of listing GDP averages over the years.[<https://www.thebalance.com/us-gdp-by-year-3305543>] Looking at these averages can give you the impression that growth rate of 4 to 5 percent are quite common until the 9-11 attack. After that point, our GDP tended to grow much more slowly (around 1 or 2 percent. This low growth trend seems to be changing and appears to be getting back to the norms of the pre 9-11 attack. If this improvement continues, our country may be moving into a period of economic prosperity. More directly, our lives and those of our family could be headed for better times than we have seen for nearly 20 years.

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