January 17, 2019

Dear Fellow Investors,

First and foremost, I write to wish you and your family a happy and healthy 2019!

While I hope that you have had a good start to the new year, I know the same can't be said for the stock market. It's been all over the place, with some news articles citing it as the "worst start to a year since 2000" (source: MarketWatch). This can be frustrating and confusing – sentiments I've heard echoed by many of my clients.

It is important to know that the stock market and economy don't reflect each other. Considering the economic strength, the stock market dips might be an opportunity.

So, what can an investor do when their stock investments are up one day and down the next?

Often the answer is to do nothing.

My father, John Woods (who turned 100 years old last year and continues to be a source of inspiration) often related the market's ups-and-downs to the handle of an old-fashioned water pump. You need the handle to move up and down to make the water come out. What is true of the old pump is also true of the stock market. The most successful investors of our time are ones that have figured out how to ride the highs as well as the lows.

This is most likely why you chose to invest in a mutual fund or managed investment. These are strategic collections of stocks and bonds managed by thoughtful portfolio managers who look for opportunities in every down-turn.

Turbulent markets make us feel unsettled. The truth is that there's never been a time when the stock market was free of worries. Yes, uncertainty is what causes the rollercoaster ride, but it also creates opportunity for greater profit.

My role as your financial advisor is to find good portfolio managers who work for good investment companies. Then I watch to see that their quality reputation is maintained.

If you too are feeling concerned over the market, please give me a call. I'm eager to discuss how to keep you on track toward your financial goals despite the current turbulence.

Kindest Regards,

Bruce W. Woods
President, Woods Financial & Insurance Services
Registered Representative, LPL Financial

THE WOODSHED

News and Commentary
From
Woods Financial and Insurance Services

January 1, 2019

Stocks Rise And Fall As investors Reassess Investments

According to Yahoo Finance, the **Dow Jones 30 Industrial Average** decreased by 5.63**%** amongst extreme volatility for the year to date ending December 31, 2018. Over the same period bond values, as reported by **Standards and Poor's, the Bond Index,** were positive by a tiny 0.15**%**. Fear apparently instilled by a variety of news events distracted investors from a generally positive economic picture. Stock market drops due to news events are not new and can be a buying opportunity for long term investors

Bureau of Labor Statistics - Unemployment

Unemployment, as measured by the Bureau of Labor Statistics (BLS) U-3 report, improved from 4.1% to 3.9% in the last 12 months ending December 31, 2018. U-6 report also improved from 8.1% to 7.6% over the same period.

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 continued to slowly improve from 62.7% to 63.1%.

The Legacy of The 2018 Economic Collapse Has Not Disappeared Yet

Most investors have been involved in the stock market long enough to remember the dramatic stock market decline that occurred in 2008 (parts of 2007 and 2009 too). Blame for the decline has been pointed in so many directions that it has become a battleground of opinion. The cure for the market crash is much less controversial. Of the multifaceted efforts to stop the economic bleeding, the "Quantitative Easing" program is most relevant to current times. Simply put, the Federal Reserve printed money, which was given to banks. The banks, in turn, purchase U.S. Government debt. I'll spare you the details, but this program may have been critical to our recovery. However, like a powerful drug, Quantitative Easing has a down side since the excess cash must be removed from our economy. If the removal process goes too fast, we could repeat disruptions of our economy with terrible results. The removal process just started and about 4.5 trillion dollars must be removed. I estimate that at least 5 or 6 years will be needed to do the work. So, why would you care about this? Because the potential for higher interest rates means bond values could drop. Sometimes in history the potential for lower bond values has made stocks more appealing, but No one knows what will happen this time around. You need to be aware of the potential profit as well as the risks. With this information you can make appropriate decisions and I will help. Investing is always done within an environment of uncertainty, common to all endeavors.

The opinions voiced in this material are for general information only and are not intended to provide specific advice or recommendations for any individual. All performance referenced is historical and is no guarantee of future results. All indices are unmanaged and may not be invested into directly. All investing involves risk including loss of principal.