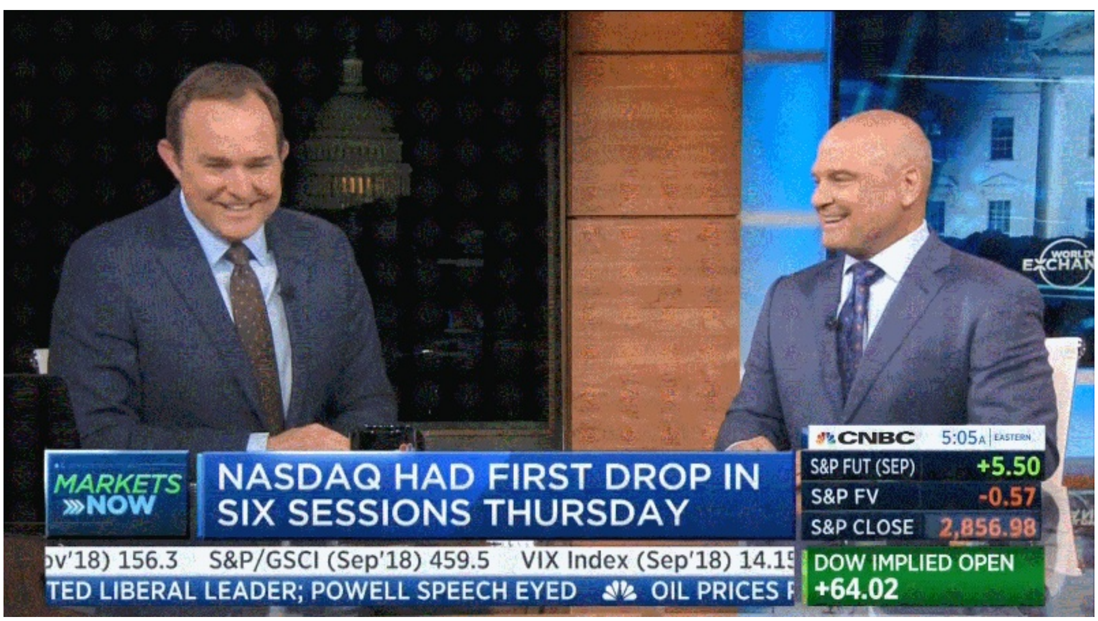
Here's To Your Wealth

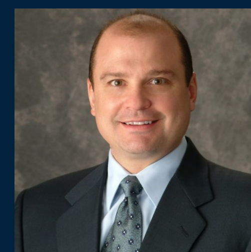
Fall 2018 Market Outlook

The stock market continued to surprise many pundits and investors in the third quarter of 2018. While the headlines screamed of trade wars, rising interest rates, and turmoil in Argentina, Turkey, and other emerging economies, U.S. stocks followed corporate earnings and continued their near 10-year march even higher.

According to savvy market watchers, corporate earnings are considered to be the biggest reason for the market's strength. And, as long as earnings-growth is strong year over year, fears of a recession may be overblown. [Click the video below for my recent discussion on CNBC.]



The strength in the economy is evidenced by a strong job market. Ask any employer looking to add to their team, and they may very well tell you it's hard to find good workers; if you do find them, you may have to pay them more than in prior years. The data backs up this anecdotal evidence of a strengthening labor market.



Look for your invitation to our upcoming round-table discussions on the impact of the 2018 Mid-term Elections and our 2019 Economic Outlook.

FBN Mornings with Maria - Oct 8

CNBC Worldwide Exchange - Oct 17

FBN AM - Oct 23

Recent Forbes articles:

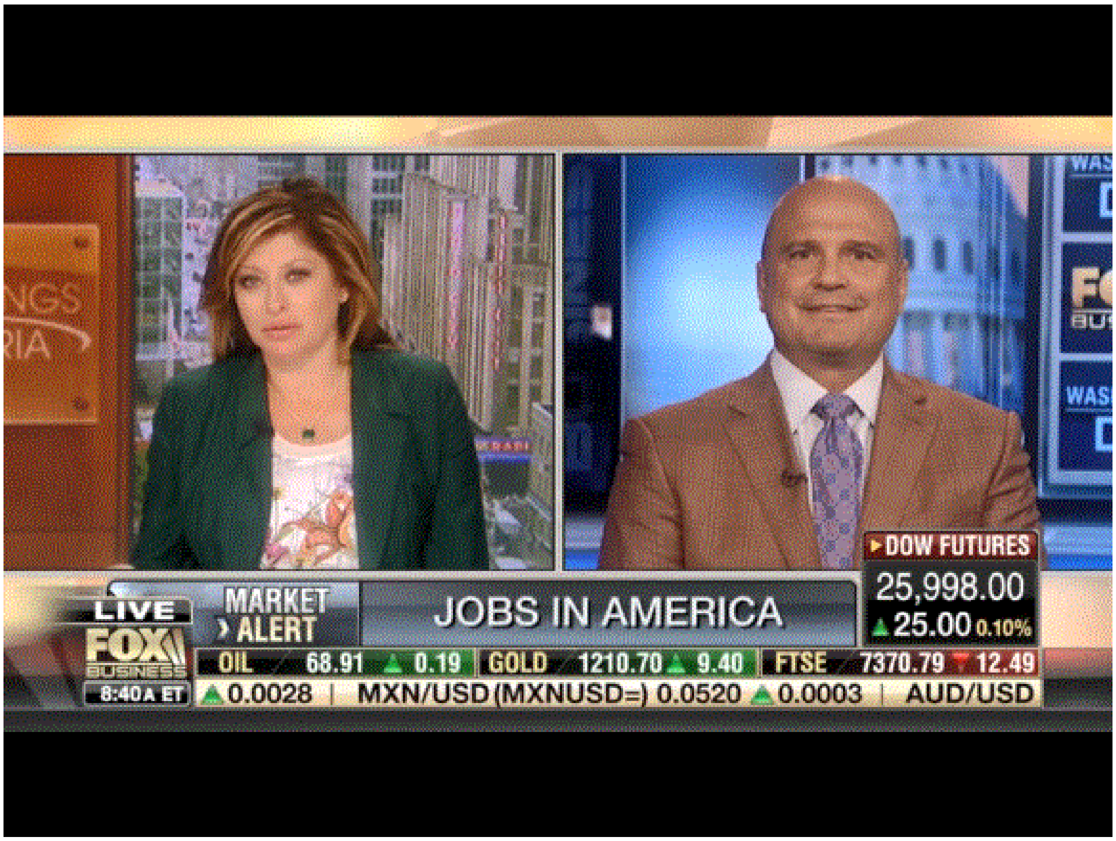
[It's Not Too Soon For Taxes: 4 Moves You Can Make Now]

[5 Things To Do With Your Raise Or Bonus]

[College Costs And The Myth Of A 'Free' Athletic Scholarship]

Learn more about how

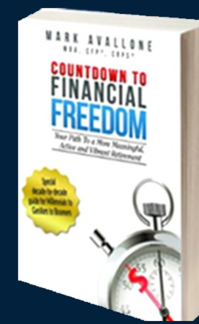
Year-over-year wage growth in August was 2.9%, which followed three consecutive months of 2.7% growth. That rate is higher than we saw in prior years. This wage growth, as well as our generational low unemployment rates, are major factors driving the strength of the consumer-which in turn is a big driver of economic activity. I had the opportunity to review the jobs report with Maria Bartiromo on FBN. We discussed how the growth in wages is stimulating the economy and providing a strong underpinning to the market.



To be sure, there is legitimate speculation that the Federal Reserve may raise interest rates. Rapid interest-rate hikes could slow down economic growth, raise the cost of capital, and lead to an inevitable recession. But at this point, with the U.S. 10-year Treasury Note in the 3% range, interest rates are still relatively low. In fact, historically, when the 10-year Treasury Note is below 4.5%, we have typically seen stock-market increases. Of course, this time could be different, but generally speaking, interest rates are rising because the economy is strong, and that can be good for stocks.

Tariffs are another concern. There is a risk that the current trade skirmish between the U.S. and countries like China eventually could turn into a trade war; this risk and the potential for rising interest rates are two of the biggest (known) challenges to the stock market. This is evidenced by how the market tends to strengthen on days where the trade sentiment is favorable and tends to decline when the news is adversarial.

to avoid Million Dollar Poverty in Mark Avallone's Countdown To Financial Freedom



Potomac Wealth Advisors has been Recognized by:

The Washington Post
as a Greater Washington DC Region Five Star Wealth Manager (2012, 2015, 2016, 2017, 2018)

The Financial Times
as one of the country's Top 401 Retirement Plan Advisors (2015, 2016)

Private Wealth Magazine
as a member of their Inaugural All-Star Research Team (2012)

Washington Business Journal
as one of Washington's Premier Wealth Advisors (2012, 2013, 2014)

NABCAP
as one of the Top Wealth Managers in the Washington, DC Metropolitan Region (2012, 2013, 2014)

SmartCEO Magazine
Money Manager Award Recipient Finalist, Washington, D.C. Metropolitan Region (2015)

Yes, China is indeed an unfair trading partner and corrective action is needed-especially regarding technology transfer and other barriers. But the pain involved in getting to get to a solution may slow down the global economy. Thus far the Chinese economy and the U.S. stock market have been weakened by our trade policy actions. The risk is that these weaknesses could result in rising prices in the U.S. and other nations.

Investors are left to decide which story they want to listen to. In one corner is a robust U.S. economy, a strong consumer, and increasing corporate earnings; there are also moderate, but rising oil prices, interest rates that are far from high, and strong consumer confidence. In the other corner is the specter of an aggressive Federal Reserve Bank, tough talk on trade and higher tariffs, rising (but reasonable) stock valuations, and the never-ending political uncertainty out of Washington D.C. Thus far it's been smart to stand on the side of strong and growing corporate earnings. But barring an unforeseen event or until earnings slow, perhaps in 2019, I don't expect that story to change much.

Thank You From The Entire Potomac Wealth Advisors, LLC Team

Feel free to forward this commentary to family, friends, or colleagues. If you would like us to add them to the list, please reply to this e-mail with their e-mail address and we will ask for their permission to be added.

Potomac Wealth Advisors, LLC
15245 Shady Grove Road, Suite 410
Rockville, MD 20850
Phone: 301.279.2221
Fax: 301.279.2230
Email: Support@PotomacWealth.com

The Dow Jones Industrial Average (DJIA) is a price-weighted average of 30 significant stocks traded on the New York Stock Exchange and the NASDAQ. The average is comprised of 30 stocks that represent leading companies in major industries. The Standard & Poor's 500 (S&P 500) is an unmanaged group of securities considered to be representative of the stock market in general.

Consumers' Research Council of America
as one of America's Top Financial Planners (2012, 2013, 2014)

DC Magazine
as a Five Star Wealth Manager, Washington, D.C. Metropolitan Region (2012)

SmartCEO Magazine
Top Wealth Manager, Washington, D.C. Metropolitan Region (2012)

Financial Advisor Magazine
as an All-Star Research Manager (2012)