

September 14, 2018

Dear Investors,

This was an extraordinary week on Wall Street. Last week, the Blue Chip indicators generated sell signals and remained there this week despite the market moving higher. The markets generated nine consecutive Hindenburg Omen observations since Labor Day. If you recall, Hindenburg Omen observations are a series of daily technical indicators in a precarious pattern that have been present before every market crash of 14% or more. As far as I can tell, we have never experienced nine consecutive observations. The warning signs are mounting as the Dow Jones Industrial Average continues toward its all-time high like the other major indices. Last week, it looked as though the Dow might have peaked later in the year. However, the Dow and other indices may peak earlier near the October 2nd Fibonacci phi mate date

The Dow Jones Industrial Average gained 238.13 points, or 0.9%, this week to close at 26,154.67 and is up 5.8% this year. The S&P 500 Index recovered last week's losses by adding 33.30 points, or 1.2%, this week to close at 2,904.98, and is up 8.6% this year. The NASDAQ Composite recovered about half of last week's losses by gaining 107.50 points, or 1.4%, to close this week at 8,010.04, and is up 16.0% this year. The Russell 2000 added 7.92 points, or 0.5%, to close this week at 1,721.72, and is up 12.1% this year. Gold slipped \$3.50 this week to close at 1,198.30, and is down 8.1% this year.

This week, Yale professor and Nobel Prize winning economist Robert Schiller said he "sees bad times in the stock market." The markets are over-bought after a prolonged wave 5 higher. The question being asked is what will trigger the sell-off. The Federal Reserve will be increasing its aggressive buy-back by another \$10 billion a month in October and it expects to raise interest rates in the very near future. It is interesting to note how the S&P 500, NASDAQ Composite, and Russell 2000 are just marking time below their all-time highs waiting for the Dow to "catch up."

This is a great time to review your portfolio and learn how you may benefit from the new tax law. Despite what you may be reading in the media, more than 90% of our clients are projected to pay less in federal income taxes this year. The new tax law presents significant tax savings for self-employed individuals that were previously paying more than 50% in federal taxes. Please call our office or email info@summitasset.com to set up an appointment to see how you may benefit from the new tax law.

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You cannot invest directly in a market index, market indices are for benchmark purposes. The information in this market commentary is obtained from various news sources, Stockcharts.com and technicalindicatorindex.com.

Fibonacci Phi Date (also known as Fibonacci Time Extensions) is a technical indicator used to seek to identify the timing of significant price movement in the market, and is based on the Fibonacci Number Sequence.

The Hindenburg Omen is a combination of technical factors that attempt to measure the health of the NYSE, and by extension, the stock market as a whole. The goal of the indicator is to signal increased probability of a stock market crash.

The McClellan Oscillator is a market breadth indicator used in technical analysis by financial analysts of the New York Stock Exchange to evaluate the balance between the advancing and declining stocks.

The opinions voiced in this material are for general information only and are not intended to provide specific advice or recommendations for any individual. To determine which investment(s) may be appropriate for you consult your financial advisor prior to investing.

The economic forecasts set forth in the presentation may not develop as predicted and there can be no guarantee that strategies promoted will be successful. All performance referenced is historical and is no guarantee of future results.

The Standard & Poor's 500 Index is a capitalization weighted index of 500 stocks designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries.

The Dow Jones Industrial Average is comprised of 30 stocks that are major factors in their industries and widely held by individuals and institutional investors.

The NASDAQ Composite Index measures all NASDAQ domestic and non-U.S. based common stocks listed on The NASDAQ Stock Market.

The Russell 2000 Index is an unmanaged index generally representative of the 2,000 smallest companies in the Russell 3000 index, which represents approximately 10% of the total market capitalization of the Russell 3000 Index.

The Blue Chip Index is a stock index that tracks the shares of the top-performing publicly traded companies. These indices are unmanaged, which cannot be invested into directly.

Precious metal investing involves greater fluctuation and potential for losses.

Past performance is no guarantee of future result.