



Prometheus Capital Management Corp.
A Registered Investment Advisor
30 South Main Street
Yardley, PA 19067
tel 215 321 9312
fax 215 321 9352
www.procap.net

It has been a whirlwind of a year so far! The economy is growing rapidly and unemployment and inflation are historically low. Companies are complaining they cannot hire enough workers. Sounds good, huh? Then, why are some people so uneasy?

Perhaps it is a combination of the problems that might occur. The US may get into a worldwide trade war (rather than achieve some modest relief from trade imbalances). Interest rates are rising and there is uncertainty about what the Federal Reserve Bank will do in the future. There is currently an antagonistic political environment in Washington as no one there seems happy. There could be the potential crowding out in the economy due to deficit and entitlement spending. All of this sounds bad, but the economy seems to be growing at a historically higher than average rate.

The stock market is not increasing in a straight line. Why not? Well, it rarely does. Indeed, it often goes up and down in fits and spurts. The S&P 500 grew year to date but declined during the first quarter despite a growing GNP. The Dow squeaked by with a slight increase for the quarter but declined slightly for the year to date. This shows the divergence in just two of the major indices. This is despite above average economic growth in the US; and below average unemployment and inflation.

Currently, the sectors that appear to be outperforming the overall market are energy, tech, and some growth areas. Bond results are mixed as many are waiting to see how fast the Fed raises interest rates. We watch this closely but there are no conclusive indications of the future bond market performance. Money markets and CD rates are finally rising with Fed increases and continued improvement and lending in the overall banking sector.

While it seems tax cuts have had a short term positive influence on the economy, corporate tax cuts will need several years to have their anticipated long term positive impact. As I tend to watch the economy as an economist by training rather than from a political point of view, my opinion is...we will have to wait and see. If tax cuts lead to increased economic growth and tax revenues, due to a more competitive US economy, this should outweigh the deficit spending and trade wars that have started. If the tax cuts do not achieve these goals then government spending and higher deficits may hurt the economy. Unfortunately, that takes many years and most of us expect our politicians to have an immediate impact on our lives in Washington. At least with the economy, immediate changes do not occur so I watch longer term trends and data to see if things are working.

Things are moving ahead at Prometheus Capital Management Corp. Dave Hoyer retired at the end of 2017. He is enjoying retirement and riding his bike a lot. I cannot keep up with him anymore but have the whole summer to train! Julie Hawk*, David Novick, Tom Schneberger* and Steve Wetzal are here to help you with your Financial Planning, Investment Management and Insurance needs. Always feel free to call or send an email if we can assist you or just call to say hello as well. Due to our growth over the years we have changed to SEC registration from being a state Registered Investment Advisor this past March. Bill Hubbard continues to support us in protecting the safety of your data and all of our cybersecurity and technology needs. We are so fortunate to have him and continue to incorporate new technology and office practices working with your investment custodians to protect you in these days of data breaches and hackers. Sometimes it makes our job tougher but we are glad we can continue to modernize as new methods and efficiencies are available. We have completed the refit of our corporate offices and hope you can visit.

Have a great summer and hang in with all the uncertainty in the markets and the world. Continue to maintain or build an adequate emergency fund. Only invest in the stock market for the long term and with appropriate goals and risk tolerance. Please cover your risks though risk management techniques (including insurance when appropriate). These strategies will help you navigate through the ups and downs in the economy and the markets. Also, as best as possible, take care of your health because without your health, everything else is less important.

Sincerely Yours,

Steve Wetzal and Prometheus Capital Management Corp.

*Julie Hawk and Tom Schneberger are not a registered representatives of The Investment Center, Inc. Tom Schneberger is not affiliated with The Investment Center, Inc.

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