

September 21, 2018

Dear Investors,

It was another extraordinary week on Wall Street as the Dow Jones Industrial Average finally surged to a new all-time high. The Blue Chip index exploded for more than 1,000 points since the S&P 500 Index, NASDAQ Composite and Russell 2000 reached new all-time highs in early August. The NASDAQ and Russell continued to surge higher from the early August highs to set new all-time highs on August 31st. This weekend, the four major indices are still not in sync. The S&P set a new high on Thursday. The markets are inside a Fibonacci phi mate cluster created by a series of prior significant tops and bottoms over the last year. The cluster ends on September 26th but there is an actual phi mate date pegged for October 2nd. Therefore, I would not be surprised to see one last surge this week where the NASDAQ and Russell catch up to the Dow and S&P.

The Dow Jones Industrial Average surged 588.83 points, or 2.25%, this week to close at 26,743.50, and is up 8.2% this year. The S&P 500 Index added 24.69 points, or 0.85%, this week to close at 2,929.67, and is up 9.6% this year. The NASDAQ Composite slipped 23.08 points, or -0.3%, to close this week at 7,986.96, and is up 15.7% this year. The Russell 2000 slipped 9.40 points, or -0.5%, to close this week at 1,712.32, and is up 11.5% this year. Gold added \$5.00 this week to close at 1,203.30, and is down 7.8% this year.

The economy is stronger than it has been in years. Some are anticipating a second consecutive quarter of 4% GDP growth. First-time unemployment claims were at their lowest level in 49 years. The markets are surging based on economic strength despite the Federal Reserve pulling billions out of the market each month. The Federal Reserve is expected to raise short-term interest rates by 0.25%. However, I would not be surprised if the Fed surprised investors with a 0.50% basis point increase rather than an increase of 0.25%.

From a technical aspect, the markets have generated 14 consecutive Hindenburg Omen observations. This technical indicator, which tracks a disproportionate number of new 52-week lows and 52-week highs, indicates market uncertainty. The Relative Strength Index for the Blue Chips is over-bought on a daily and weekly basis. The markets are poised for a correction in the short-term.

The tax cuts have clearly spurred the economy, but most of the media is not talking about it. If you are self-employed or own a small business and have not reviewed how you can benefit from the new tax law, you should contact our office as soon as possible. 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.

Vincent Pallitto, CPA, CFP®

Summit Asset Management, Inc.

www.summitasset.com

973-301-2360

973-301-2370 Fax

A branch office of, and securities offered through LPL Financial

Member FINRA SIPC

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.