

Quarter 1 of 2019 calls for cautious optimism

Economic reports that were delayed due to the government shutdown have trickled in to reveal the economy slowed a bit more than expected in early 2019, reports Raymond James Chief Economist Scott Brown. However, the recent conclusion of the Mueller investigation with no pending indictments should serve as a market positive, according to Ed Mills, Raymond James managing director and Washington policy analyst.

In addition, it seems the Trump administration is prepared to continue negotiating with Beijing on trade, and the S&P 500 index had its best quarter since 2009, according to Bloomberg. This may be supported by a healthy labor market, as suggested by a two-month low in filings for U.S. unemployment benefits in the week ended March 23.

While most Federal Reserve policymakers expect to leave short-term interest rates unchanged over the course of the year, the federal funds futures market is pricing in about a 65% chance that the Fed will cut rates by the end of the year, explains Brown. He thinks the economy will continue to advance in 2019, but at a slower pace than last year with risks to that outlook tilted to the downside. Much has been made of a flattening yield curve, and it bears watching if the pattern sustains itself over an extended period of time.

The quarter ended positively, as did the month, for the Dow Jones Industrial Average, NASDAQ and S&P 500. The Russell 2000 Index also ended positively for the quarter, but negative for the month.

	12/31/18 Close	3/29/19 Close	Change Year to Date	% Gain/Loss Year to Date
DJIA	23,327.46	25,928.68	+2,601.22	+11.15%
NASDAQ	6,635.28	7,729.32	+1,094.04	+16.49%
S&P 500	2,506.85	2,834.40	+327.55	+13.07%
MSCI EAFE	1,719.94	1,875.43	+155.49	+9.04%
Russell 2000	1,348.56	1,539.74	+191.18	+14.18%
Bloomberg Barclays Aggregate Bond	2,046.60	2,106.83	+60.23	+2.94%

Performance reflects price returns as of 4:30 ET on March 29, 2019

Should anything change, I'll be sure to keep you updated on anything that could affect your long-term financial plan. Thank you for your trust in me.

Amy Smith, CFP®
Financial Advisor, RJFS

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