

October 11, 2018

Good Morning,

The stock market pullback we have been expecting has arrived. As of this morning, the S&P 500 has fallen nearly 6% from its recent high. The tech-driven NASDAQ has fallen closer to 9%, and nearly half of that decline occurred just yesterday! While market corrections are part of a normal and healthy investment process, they are never fun to experience and days like yesterday drum up memories of 2008.

While it is clear that many stocks (especially technology companies) were overpriced, we see no correlation between today's markets and those of a decade ago. Ten years ago, we were concerned about a collapse of the banking system and were about to enter the deepest recession since the Great Depression. Today we have a strong economy, strong employment, high consumer confidence, relatively low interest rates and modest inflation. Most stock indices made new highs within the past month and not much has changed since then – other than some profit taking. Some blame the selloff on higher interest rates and tariff concerns, but that is old news.

It's easy to forget that stocks dropped nearly 11% early this year only to recover and eventually make new highs. We can't predict when this selloff may end and reverse course, but we do know that staying calm and avoiding emotional investment decisions is always a good idea.

Please visit our website at www.canfg.com or the link below for the last Market Update from Commonwealth Financial Network® – the broker/dealer that supports us in helping you manage your financial life.

http://www.commonwealth.com/RepSiteContent/weekly_comm/commentary_redirect.htm

As always, if you would like to discuss this or anything regarding current market conditions or your portfolio, feel free to contact me at any time.

Enjoy your weekend,

Wade

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