

June 13, 2018

Good Afternoon,

Stocks were mixed last week with the tech-heavy NASDAQ leading other indices to the upside. Geopolitical tensions continued to grab headlines and dampen market enthusiasm. The G-7 meeting in Canada was a good example. Interest rates rose on concerns over trade policies and pushed the dollar higher, as well.

The Federal Reserve Open Market Committee concluded their two-day meeting this afternoon and, as expected, raised the Fed Funds rate another 0.25%. The Fed has stated that economic growth has been rising at a solid rate, an upgrade from “moderate” last month. More importantly, they indicated we are likely to see two additional rate hikes before year-end, bringing a total of four hikes in 2018. Stocks traded in a tight range after the announcement before selling off late in the session. We continue to believe the Fed has guided the economy from the brink of disaster (2008) to a healthy position as best they could.

In case you missed it, the Social Security trustees announced on June 5th that the trust fund backing the payment of Social Security benefits (OASI retirement benefits) would be zero in 2034. A zero “trust fund” does not mean the payment of Social Security benefits would also go to zero, but rather would drop to 77% of their originally promised levels through the year 2092. When the trustees released their report in 2008 (10 years ago), the Social Security Trust Fund was projected to be depleted in 2042 (source: Social Security Trustees 2018 Report). Social Security and Medicare reform continue to be the most politically charged – and politically avoided - fiscal concerns facing our nation.

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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.

Happy Father’s Day to all the dads out there!

Wade

Wade A. Sarkis, CFP®, AIF®
Managing Partner
Canandaigua Financial Group
45 Ontario Street
Canandaigua, NY 14424
(585) 396-2720

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