

August 9, 2018

Good Morning,

August is traditionally the quietest month for markets. In addition, it is historically the worst month for stocks as far as overall performance of the major indices. The first week of this month showed slight gains as we close out a very strong corporate earnings quarterly reporting season. The strong earnings were tempered by a much lower than expected July employment report on Friday. June's employment numbers were adjusted higher, essentially offsetting the disappointing July numbers.

The potential trade war between the US and China continues to ramp up as the White House confirmed it is considering raising the \$200 billion tariff on Chinese goods to 25% from the previously planned 10%. The concern for markets and the economy is the potential for tariffs to put upward pressure on inflation and interest rates and reduce demand for US goods due to retaliatory tariffs by the Chinese. Today's release of the July Producer Price Index showed a flat reading. This is one indicator of inflation and was likely softened by lower energy prices. Tomorrow we get the July Consumer Price Index (CPI), a more closely watched inflation indicator. Tariffs have not yet worked their way into economic data.

In the November 2010 elections, Democrats lost 63 House seats and 6 Senate seats. That was the first mid-term election during the Obama administration. The first mid-terms during the Trump administration will take place on November 6th, just 3 months from now. We will see if Democrats are able to mount a charge based on the many concerns expressed over the Trump Administration policies. Our local congressman, Chris Collins, appears to have gotten himself into quite the legal pickle. He was the first to support Trump early in the 2016 campaign. Will he be the first to go?

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.

Have a great weekend,

Wade

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

Securities and Advisory Services offered through Commonwealth Financial Network, Member FINRA, SIPC, a Registered Investment Adviser
Note: Trade orders cannot be accepted via email or voicemail.