

September 26, 2018

Good Afternoon,

As we approach the end of Q3 2018, year-to-date investment market returns can be summed up fairly easily. Domestic stock indices are up, international stocks and the bond market are down. As diversified portfolios will hold a mix of these broad categories, most investors have experienced modestly positive gains in 2018. This compares less favorably to 2017, when both domestic and international stocks rose and bonds were flat.

Today, the meeting of the Federal Open Market Committee (the FOMC or Fed) concluded with an announcement of a one-quarter of a percent rate increase. This raise was fully priced into the market, which also expects an increase in December. So far, so good. These increases reflect continued economic growth and the rise in inflation to a more normal level, closer to Fed targets. In fact, the Fed raising rates is a sign of success, and failure to raise rates would cause much more concern than the expected increase.

Initial market reaction to the Fed move was decidedly negative as a stock rally evaporated into a selloff. Fed watchers are parsing the statement released with the announcement. A change of one or two words from the last statement can create an overreaction – like the selloff we've seen this afternoon. We anticipate elevated volatility for markets through the end of the week.

It's Ryder Cup weekend (for golf fans), baseball playoffs are coming and the Bills won last weekend. The first week of fall sports helps us fans forget summer is gone till next year!

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 week,

Wade

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