Chapel Hill Investment Analysts, Inc.

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Financial Planning Points to Ponder...

- *Estate Planning*
- *Life Insurance*
- *College Savings*
- *Retirement Planning*
- *Home Purchase*
- *Vehicle Purchase*

Have questions? Call for an appointment!

From the Desk of Joseph S. Codrick, CFP®

Hello to all! We want to first take some time to touch on a few issues that we hear from you, our clients. First, we are not seeing any signs of impending doom, so, if you are watching or reading something on the web that is suggesting a disaster, please consider the source. Say to yourself, "Self, what do they have to gain by spreading fear? Are they selling gold, or newsletters, or do they provide propaganda for the hedge fund 'short sellers'?". We're pretty sure you will be able to trace it back to a profit motive. Next, there is no magic bullet that will produce higher interest rates. If the market is flat, and the Fed and the banks are paying next to nothing, then the insurance companies and snake oil salesmen can't miraculously generate a substantially higher rate of return. So, ask us or read the fine print, and remember that there is "no such thing as a free lunch" (somebody said that for a reason)! Finally, the big question: who is going to win the election? I don't have a clue and I really don't care. We have very diversified portfolios for just that reason.

Now on to a quick market update from Ryan ~ The economic outlook remains much of the same for the first half of the year. Growth is relatively muted throughout the world, with bouts of volatility remaining persistent. The market had a nice rebound from the lows experienced in January and February (which had many fearing that a recession was imminent). This turned out to be a growth scare coupled with the massive oil shock that wreaked havoc in the high yield market, commodities, and emerging markets. With the oil market stabilizing, the market is finally able to get past this uncertainty and look forward to higher earnings and increased consumer sentiment. The drop in oil prices should have been a huge tailwind for the consumer, providing a global stimulus well over a trillion dollars. Although, it looks as though the consumer is more cautious this time around, as they are only spending on such items as housing goods, cars, and paying off debt. The market downturn in 2008 has made everyone a little more cautious with how they are spending their money these days, with many choosing to save rather than spend at will. This would be one cause for the slower growth we have been experiencing for some time.

Moving forward, a lot of the headwinds for the economy are slowly starting to turnaround as signs of optimism appear on the horizon. The oil rout looks to be over, consumer sentiment is up (Walmart blew the doors off of their most recent earnings release), investor sentiment is down (leaving room for buyers to come in to the market), and of course, the hopeful possibility that we may get some fiscal stimulus from our government (such as an infrastructure bill or some sort of tax reform). Election years are normally filled with uncertainty, leaving many corporations waiting to see who will enter

From the desk... (cont.)

the White House before they spend their capital on new initiatives. We think the summer will be bumpy, as usual, with the lack of investors in the market, but will end on a more positive note as corporate earnings continue to increase. Slow growth will be here to stay, but we feel the markets will grind higher. Remember, until the interest rates rise to a more normalized level, the equity markets still provide quite the premium over investing in bonds. And once the Fed and Janet Yellen raise rates again (could be in June/July), we should have more of a sense of normalcy in the markets which investors like.

From the staff at Chapel Hill Investment Analysts, we hope everyone has an exciting and prosperous summer.

Joe & Ryan

If you have any questions regarding these comments, contact Joe & Ryan at: jsc@chapelhillinvestment.com or rmc@chapelhillinvestment



Annual ADV & Privacy Policy Offer

Our firm's 2016 ADV and Privacy Policy are available to our clients. If you would like a copy, please email your request to:

rcs@chapelhillinvestment.com

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