HOULIHAN FINANCIAL RESOURCE GROUP, LTD.
FINANCIAL PLANNING & INVESTMENT MANAGEMENT

3rd Quarter 2019

The first half of the year has seen the unusual occurrence of both stocks and bonds appreciating in value. Broadly speaking, stocks have benefited from optimism over the economy and bonds have increased in value due to anticipated interest rate cut(s). Of course, there are many factors that impact the markets and we want to highlight a few below:

Trade:
Trade uncertainty will continue to carry risk in global markets with companies attempting to anticipate and position their business models to best capitalize on what the future may hold. Although some analysts feel this is an opportune time for these discussions because our economy is strong, a few of the longer term unknowns are intellectual property protection, the impact to domestic exporters such as farmers and the effect of potentially higher cost of goods to the US consumer.

Interest Rates:
The market is expecting at least one rate cut and possibly more during the second half of 2019. The Federal Reserve has maintained a consistent, data-dependent message and, as of now, the signaling would suggest a potentially more accommodative stance.

Economic Growth vs Slowdown:
This is the longest bull market in history, however, as you no doubt have heard many people say "bull markets do not die of old age." Investors have been cautious ever since the Great Recession. Millennials who were just entering the workforce saw the toll the collapse took on their employment prospects and parents' retirement plans. As millions of baby boomers enter retirement each year, allocations (rightfully so) become more conservative. For this reason, investment flows this year have been heavily away from equities and into bonds and cash, even as the market hits all-time highs. This is all to say that we have not yet observed the euphoria often associated with late cycle peaks. Monetary and Fiscal policy have been supportive of stock valuations and, although equity is slightly overvalued on both a current as well as cyclically adjusted price-to-earnings basis, as long as the consumer confidence remains strong, corporate earnings healthy and black swan events remain absent, this market may have more room to run.

Our objective, as always, is to match each portfolio with the unique goals of each client. Having very liquid and stable investments is a key to weathering market storms while continuing to provide the needed cash flow from portfolios. There is no better time than now to review and discuss your goals and make necessary changes to best reach them. We would love to see you!

Patti, Ryan, Carlton, & Becca

20405 EXCHANGE STREET • SUITE 371 • ASHBURN VIRGINIA 20147
TEL: (703) 796-0800 • FAX: (703) 796-0990 • TOLL FREE: (866) 796-HFRG • WEB: www.houlihanfinancial.com