

Monthly Market Commentary

In the third quarter of 2018 we are expecting the ninth consecutive quarter of accelerating growth in the US economy. This marks one of the longest streaks of consecutive economic growth in a long time. In sync with robust economic growth, earnings have been positive for companies over the same period, fueled by easy compares and tailwinds from tax reform. As we come to the end of third quarter 2018, we expect to see a peak in both economic and earnings growth as base effects become tougher from here on. Peaks are processes and never points in time and usually happen over several months. We believe the US economy and earnings cycle will peak somewhere around the third quarter. Various parts of Europe continue to slow, and markets reflect this via divergence in performance relative to US markets. Emerging markets have also been pained by dollar strength as capital shifts away from these depreciating currencies into safer havens. We remain conservative in our outlook with a slightly positive bias on domestic markets and feel comfortable with having a defensive posture for the next few quarters. Accordingly, we are maintaining an adequate amount of cash to take advantage of opportunities that might arise in the coming months.