CBL WEALTH MANAGEMENT
REGISTERED INVESTMENT ADVISOR LIC. # 289564

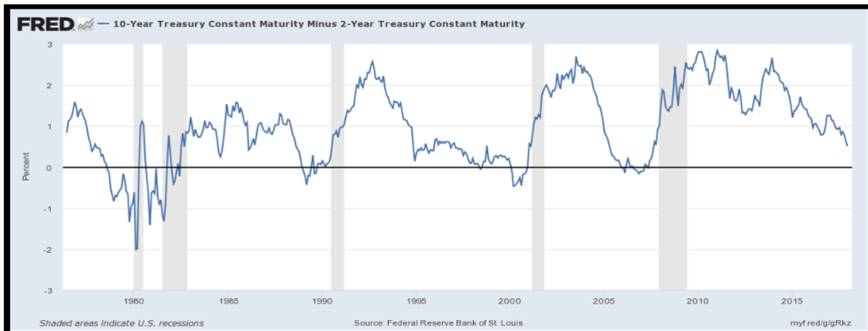
Market Brief

January 31, 2018

Market Snapshot

Closing Values as of 01/31/2018

Dow	26,149
S&P 500	2,824
Nasdaq	7,411
Gold	$1,343



Off to a good start ….will it continue?

With major US market indices up nearly 6% year to date, there is no doubt, the stock market is off to a good start. The strong start is likely attributable to a combination of business friendly tax reforms, strong economic and earnings data and increasingly more positive investor sentiment pushing previously side-lined cash back into stocks. New tax incentives making it possible for large companies like Apple to repatriate funds at a significant discount will likely be one of the bigger drivers of market (and economic) growth this year. Repatriation of offshore assets is expected to bring more than $70B of additional tax revenue, spur investment in R&D, infrastructure and the work-force, while also having a positive impact on the stock market and the strength of the dollar. Regardless of the reasons the market *should* continue higher, having gone more than a year without so much as a normal 3% pullback, the market just 'feels' ready for a pullback

With a seemingly unstoppable stock market, it may be that the point of greatest pain this year will come from the fixed income markets. Whether spurred on by the Fed or "bond vigilante's", rising interest rates will push existing bond values lower. Depending on the speed and amount of change across the yield curve, the impact on the markets and individual portfolios could be significant. An additional concern is the apparent flattening of the yield curve as indicated by the 10yr-2yr treasury spread. History has shown when this spread narrows to, or below 0.0 a recession is near. It is far too early to suggest a recession is near but if the downward trend continues it could be another story.

Just how high the markets will go? What will the next correction look like? Will the 10yr-2yr treasury spread continue to narrow or will it start to widen? It is difficult to know right now. What we DO know is, bear markets begin at market peaks and recessions follow periods of economic expansion. Wherever we are in the cycle it is safe to say we are nearer the end than the beginning, eventually the tide will turn. I believe there is room for the stock market to grow and conditions are ripe for continued economic expansion, but I also believe it is prudent to proceed with caution. Maintain a portfolio of quality lower duration bonds and don't own any equities you wouldn't want to own in the next bear market.

More exciting news...

I am pleased to announce the opening of our new office location in Apple Valley. CBL Wealth Management is now located at 16000 Apple Valley Road, Building C-5 #8 in the beautiful Spirit River Center Executive Offices, directly across from the Apple Valley Chamber of Commerce.

With the New Year comes new technology. Our primary custodian, TD Ameritrade Institutional, has made major improvements to their research, portfolio management and trading platforms, allowing me to monitor and adjust portfolios with greater ease and less expense. We have also added *MoneyGidePro®*, a powerful financial planning tool, to our platform. For years, I have done all of my planning calculations using a hand held calculator, this new tool will allow me to do much more and to do it all in a shorter amount of time. The added depth and efficiency means I will be able to focus on what is most important to my clients and tailor investment strategies to specific goals.