PREMIER
WEALTH MANAGEMENT, LLC
Caring for you and your future

CRAIG PULLIAM CFP®, AIF®, CLU®, REBC | MICHAEL R. COMSTOCK CFP®, AIF®
WWW.PREMIERCARES.NET

"Washington Politics? The Markets Shrug"

Recently, many of you have expressed concerns that your investments might not be ok. We're hearing things like "You know, with all the craziness in Washington." Well, we'd have to have our heads under a rock to not understand your concern. Things in our nation's capital are different than we've ever seen them, and to ask if we should be doing something different with your investments is a fair question.

- **Every Day's an Adventure:** While there's a whole lot percolating in D.C., and the pace seems more frenetic than ever, we *have* seen tariffs in our lifetime, we have lived through scandals, we've watched investigations before, regulations have come and regulations have gone, and we've witnessed the partisanship shut down the government. But, none of it . . . none of it . . . had a profound long term effect on the markets.
- **What we're *not* Saying:** Washington politics are not "the same old thing." The level of rancor, the abusiveness of language, and the daily drama are not the norm. Anyone who claims things are just like they've always been is not a very good student of history. And yet, the markets don't seem to pay too much attention to all the explosive news.
- **It Felt Great for a While:** The markets in 2017 were buoyed by expectations that tax reform would result in even greater consumer and corporate spending and an uptick in our overall economic growth. And rolling back numerous regulations in business was also thought be a boon to expansion and profitability. In 2018, though, much of that optimism has been muted by fear of a trade war that will make many products more expensive for U.S. consumers, and many of our exports more expensive overseas. How this plays out remains to be seen.
- **About that Trade War:** If things escalate with China, Canada, Mexico and the European Union, we *could* see a loss of jobs in some sectors as overseas demand diminishes and countries buy things elsewhere. Some goods will be more costly for American consumers, but, where is the tipping point? A 25% tariff on $500 billion in goods/materials for a $19 trillion economy won't shut things down. The whole point of this tariff-talk is to make things fairer for U.S. companies doing business overseas. Maybe it'll work, it's just too early to tell. It's not time to start messing with your investment mix in anticipation.
- **If the Political Winds Shift:** Mid-term elections usually result in a net loss of Congressional seats for the majority party. 2018 will probably follow form. If so,

it will not prove a salve to the current divisiveness, and will probably lead to even more gridlock. But markets don't mind gridlock so much. When major economic policy shifts are hard to agree upon, the status quo is the norm. Markets are just fine with "status quo." Markets appreciate predictability.

- **What Does Make a Difference:** The stock market is largely driven by corporate earnings growth, and corporate earnings are driven by people working, and people spending. The U.S. is nearly at full employment, and people feel comfortable enough to leave their jobs to find an even better one. This speaks of consumer confidence. Low unemployment, wages ticking higher, and people feeling ok about their future, means people will spend more on products and services. Earnings go up, and keep in mind, people will spend their money regardless of their feelings about the President or Congress.
- **So What Happens Next?** The trade face-off is more a conflict between a few parties, rather than a global trade war. It is more likely to be resolved within 6-9 months, than not. Democrats may well pick up seats in Congress and the markets will yawn at this. Whether immigration reform is resolved or not will not have an economic impact (not for some time anyway). It's probable there will be further disclosures from some of the investigations in Washington, but so far these haven't rattled the markets. The smart move is to keep an eye on things like wage growth (if it overheats), inflation, the deficit, and what the Fed does.

We deal more with probabilities than possibilities when managing client assets. As soap-operatic, dispiriting, and explosive as some of the news from our nation's capital is . . . we look to the health of the economy, and market/economic fundamentals for our cues on what to do.

There are certainly times when the headlines cry for you to take action with your investments, and we understand the tendency to want to do something. These are the times when it pays to know your history, and maybe turn off the TV and take a walk in the park.

Craig Pulliam and Michael Comstock are CERTIFIED FINANCIAL PLANNER™ professionals practicing at 112 Westwood Place, Suite 310, Brentwood, TN. They own Premier Wealth Management, LLC. Advisory services offered through Commonwealth Financial Network, a Registered Investment Adviser.
We can be reached at 615-777-2125.
Back issues of our Commentary may be found at www.premiercares.net