



## Market Movement

May 11, 2016

In February, the market dipped. This was a natural correction (not anything worse), and by the end of April, we were near all-time highs. The U.S. economy, in general, seems to be sending mixed messages; the unemployment rate is down, while the number of new jobs created in the private sector last month was less than expected. Overall, GDP (Gross Domestic Product) indicated that the U.S. economy grew only 0.1% for the first quarter 2016. Our manufacturing sectors are giving us weak signals, while the service sectors are relatively strong. The manufacturing sector represents 12% of the economy and the service sector the remaining 88%.

Many companies are now reporting quarterly corporate earnings. Even with the lower expectations this quarter, many are coming in below or at expectations. Many analysts believe this, along with other U.S. economic indicators, will cause the Fed to put any future interest rates on hold for the time being.

Auto sales, after a disappointing number last month, have also picked up to near all-time highs. Oil prices have increased recently, as the excess amount of oil is beginning to dwindle. This stabilization in oil prices has been a big driver in the upward movement of the U.S. stock market.

As we mention in each of our letters, it is important to remember that we are not traders, but investors. During a recent update from Schwab, Chief Economist, Liz Ann Sonders, remarked that the best attitude at the current time is, "Don't just do something, sit there!" (February 2016). We still believe the market will be positive during the second half of the year. We feel that corporate earnings for the last two quarters of 2016 should increase, which in turn, should raise the market. As we look forward to 2016 and review client portfolios, we may begin to make adjustments, which may include increasing the fixed income allocation.

We are available to discuss any questions or concerns about the market or your portfolio. Please do not hesitate to contact us. We are here to help.

Regards,

Henry M. Ford, Jr.  
Principal / Senior Advisor

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