

## Lack of Market Volatility

Now that the summer has come to a close, the markets are basically at the same levels they were in June. With the election and the chance of the Federal Reserve raising rates, we do expect increased market volatility.

Technical indicators, which are the charts that many professionals use, are leaning towards more volatility as we approach the election and the end of the year. The anxiety leading up to our election could be compared to the anxiety in the markets before the Brexit vote in the United Kingdom. All global markets felt the fear from England leaving the European Union, but after the vote to leave, the markets returned to business as usual quite rapidly. We do expect this same type of volatility in the markets leading up to the presidential elections.

A second factor that may cause volatility in the market is hedge funds. Many hedge funds are under invested, and as such they will probably buy into the market as they chase returns.

The third set of factors effecting market movement are central banks. The Federal Reserve, as well as central banks around the world, have influenced the markets in the past and they will continue to do so. As time goes on, they seem to be less and less influential.

Now that we have discussed the major causes of volatility, we should also mention some positive market influences. Our economy is slowly growing, wages have started to increase, home sales are good, and corporate earnings are generally positive. We do feel it is important to look very closely at corporate revenue (growth): not just the profit (or earnings) they are reporting, but more importantly, the sales growth (are consumers actually buying more product and spending more money).

We still believe the market will be positive, especially during the last quarter of the year. Trying to time the short-term market movement can often do more harm than good to a portfolio. It is important to remember that as investors, not traders, we need to look at the long term outlook.

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,

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