



*Growing Wealth Responsibly*

## **Rosso Financial Group**

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## **MARKET COMMENTARY**

Market corrections come and go, and here's another one. They provide opportunities for long-term investors, and we intend to take advantage of it. The near-term outlook for the stock market is not very encouraging, with the Federal Reserve looking to raise interest rates, fiscal stimulus of last year's tax cuts fading into history and the trade & political disputes with China taking center stage. The market P/E is 16.2x, down from almost 20x this past January, but still above the long-term average of 15x, so there is the potential for more downside as the market adjusts to a slower earnings growth outlook and higher interest rates.

In addition, while we would like to see a trade agreement with China, based on recent comments from White House officials, it appears that it will be a difficult discussion. Thus, we are expecting to see interesting investment opportunities. We are long-term investors, and long-term bullish on the US economy, productivity and growth potential of the US stock market. With the larger cash positions that we've raised recently, we will be looking to reinvest in companies with strong cash flows and good earnings outlooks at reasonable valuations.

**Brad Daniels, CFA**

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