



MARKET PULSE

WILL A JANUARY BOOM BRING A FEBRUARY BUST?

Did You Know? Valentines Day

Esther Howland is the "Mother of the American Valentine." Her inspiration came from the thoughtful cards that were circulating in England. She decided to sell similar designs in the U.S. and they took off. During the 1850's she made \$100,000 annually, which is about \$3 million today.

The chocolate box has been around for over 150 years. In addition to creating some of the best chocolate, Richard Cadbury also introduced the first box of Valentine's Day chocolates in 1868.

Millions of greeting cards are purchased for V-Day every year. We're talking *144 million* pieces of folded paper are exchanged in the U.S. alone.

Cupid's bow and arrow aren't just for show. In Roman mythology, Cupid is the son of Venus, the goddess of love and beauty. He's often depicted with a bow and arrows to pierce hearts and cast a love spell.

Some Americans skip the day of love. Whether it's because they're single or think the holiday is cheesy, 3 in 10 adults report that they're not celebrating it this year.

Source: History.com, CNN, Time

We came into the New Year worried about a host of things: The Fed hiking interest rates too fast, trade issues with China, a government shutdown, concerns about global growth, and deteriorating corporate earnings. While some of these issues persist, the major indices didn't pay much attention to the headlines, as they turned in their best January in 30 years.

The S&P 500 jumped 7.87% last month, its best performance since 1987, and its biggest monthly gain since October 2015. The Dow rose 7.17% as well, its largest one-month rise since 2015 and largest January gain since 1989.

It's a remarkable turnaround considering that December was the worst month for the main equity gauges since the 2008 financial crisis. In fact, on an intra-day basis, the S&P 500 briefly dipped into bear-market territory, as the Christmas holiday approached.

Some aspects of the reversal include the result of the Fed saying it will be patient with raising rates, a temporary end to the government shutdown, and better than expected corporate earnings. So far, of the 180 companies that have released quarterly results, 67% have beat estimates by a median increase of 4%.

If that wasn't enough, job growth in January shattered expectations, surging by 304,000 new jobs. Suggesting that employers are still hiring at a strong pace, which is good news for the consumer sector, and for the overall economy.

Many of you may have heard of something called the January Effect. It's an old

Wall Street indicator that suggests "As January goes, so does the rest of the year." Dating back to 1950, a gain in January has foretold an annual gain 87% of the time with only 9 major errors according to the Stock Trader's Almanac.

While this sounds like a positive trend for 2019, the reality is, it didn't work last year when markets were full of optimism. The S&P 500 ended the month of January 2018 up 5.6% with a sense that markets couldn't lose money. However, it ended the year down 6.6%. A gentle reminder that markets don't always follow history.

With this in mind, we believe markets may slow down in February as investors digest Fed policy, China trade talks, and the looming threat of another government shutdown mid-month. However, opportunities persist in terms of rotating out of areas where economic conditions have changed. For example, inflation remains low, gold is up, and oil seems stuck near \$55 a barrel.

That means we can reduce exposure to holdings such as TIPS (Treasury Inflation Protected Securities) and reposition them in areas like tech and telecom which provides room for growth and higher income. Additionally, with gold at its highest point since last April, moving some gains into underperforming areas like oil and energy, offers long-term growth opportunities for when it climbs back to the \$70-\$80 a barrel range. Overall, these aren't major market or portfolio changes, but rather our focused effort to continue to align client portfolios based on current market conditions and long-term opportunities.

Robert Laura & Drummond Osborn

Test Your Knowledge



- 1) What is the stage name for Perry Mason's opponent who never won a case?
- 2) What is the first and last name of Wally Cleaver's best friend?
- 3) Which food product claimed to build strong bodies in 12 ways?
- 4) Who said "Don't trust anyone over 30."



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TIDYING UP YOUR RETIREMENT PLAN

Best-selling author, Netflix star, and professional organizer Marie Kondo has sparked a movement to declutter your home with a powerful style and simple approach. All of which, centers around one basic question: "Does this bring you joy?"

This got me to thinking, can that same question be applied to retirement? It's interesting to consider the possibilities it could offer in key areas such as work, relationships, and life in retirement.

So, let me start by asking you, "What brings you joy about work?" Obviously, you can't take all of your work-related items, through them in a pile, and hold each one as you ask this question. However, what you can do, is make a list of the things that give you satisfaction.

This is important because too often people make work the enemy of retirement. Like they are on opposite sides of the coin and competing for your time and energy. But work isn't a bad thing. You may really enjoy co-workers, appreciate deadlines, or like to mentor others.

Therefore, by writing down what you love about work, you can develop a plan to replace those things once you're gone. People who don't find replacements can regret their decision. They end up with a bunch of thoughts and feelings that they can't sort through and wonder why retirement doesn't feel right.

Along the same line, asking yourself, "Who brings me joy?" can also be a powerful way to approach this next

phase of life. Now I'm not suggesting that you rely on others for happiness but rather to think about your relationships. To begin to categorize them in such a way that you can evaluate your social network.

The people you surround yourself with in retirement can be one of the most important factors that dictates how well you transition. Research and study after study highlight that people with strong, supportive networks tend to be healthier and live longer.

Therefore, be sure to take concrete steps to spend more time and energy with those who bring you joy before you retire.

Another key area to find ways to spark joy is in how you will use your time. There are a number of options such as volunteering, working part-time, watching the grand kids, or going back to school.

One challenge is people can feel trapped or guilty about the situation they end up in. They may want to volunteer but don't find the work rewarding. Or they planned to spend time with the grand kids, but don't want to be a full-time nanny. They thought this situation would help them replace the things they lost at work or that it would provide a new sense of pride and joy, but it hasn't... and they feel stuck.

While applying some aspects of the KonMari method to your retirement can be a great place to start, be aware that some of the personal or emotional things that people hold onto may go much deeper than these initial questions and may require additional support. In any event, I hope this article sparks some joy for you in retirement!

Trivia Answers

- 1) Hamilton Burger
- 2) Eddie Haskell
- 3) Wonder Bread
- 4) Bob Dylan

Source: BestYears.com

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