Stirling Bridge
Wealth Partners, LLC

MARKET COMMENTARY – FEBRUARY 1, 2018

Much Ado About Nothing.

The above-referenced farce was penned by Bill Shakespeare and contains all the necessary elements to be considered a truly zany comedy were it adapted for screen using modern elements and speech. Once the characters are introduced by the great bard, nearly all the action begins with and is propelled forward by… nothing – but lies, innuendo, eavesdropping, spying, rumor, or gossip.

Claudio leaves his betrothed, Hero, at the altar because he believes her unfaithful. But she is devoted and is a victim of a contrived plot set in motion by the "bastard prince." Heretofore enemies, Beatrice and Benedick, end up professing their devotion to one another and living happily-ever-after. But their love blossoms only after each of them has been duped separately by lies conjured for a complex match-making scheme. There is a masquerade ball at which warring factions dance together unawares. Hero's faked death reveals the truth about the evil prince's misdeeds. Eventually Claudio marries "a copy" of his first bride, only to be overjoyed to discover it is truly Hero in the flesh.

If that brief summary confused you, fear not, we expect it would. For even the entire affair, read or watched from beginning to end can be befuddling with its quick zigs and zags. To this reader, the play seems to say that in the end, truth may win out. But along the way, we are prone to falling prey to snares of our own and others making. We believe things swiftly when we should be wary. We act upon information that is nothing more than rampant speculation or downright fibs.

We've previously written about the painful markets in the fourth quarter of 2018. Strangely, January proved to be rather delightful for stock and bond prices. The light switch suddenly flicked off in October. It flipped back on in 2019. Throughout the carnage and rebound, though, the news on fundamentals (revenues, earnings, economic numbers, etc.) was steady. The only manias that were as erratic as the markets were our emotions as we interpreted or even fabricated tales.

Before you quit reading in protest, allow us to acknowledge prices can and should go up and down <u>a lot</u> as new information is brought to light and assimilated.

Stirling Bridge
Wealth Partners, LLC

However, we must recognize that in the midst of fairly benign fundamental news, such enormous market swoons say more about the extent to which massive computer algorithms and human frailties are embedded in our system then they expose any truly pending doom.

Growth in revenues marches on. The current earnings season confirms this fact. The rate has slowed from the initial and unsustainable pop that followed the corporate tax cut. However, it remains solid. Bottom line numbers are also good and growing. The pace of interest rate increases seems destined to slow.

Apple is fine. Unit shipments are slowing, but service revenue is expanding at a rapid clip. Facebook is fine. Revenues and usage are growing. Alibaba is fine. Growth remains robust. The trade détente may be sustainable. The government shutdown was difficult for workers, but not large enough to affect our entire economy in such a brief time. In short, almost the entire negative narrative from December has been PROVEN to be false in the numbers.

There are issues of concern – growing fiscal inflexibility, wavering corporate debt quality, and the age of the expansion, to name a few. But we must take them in context and proportion.

What to do? Let us not make much ado about nothing. Let us instead carefully consider fundamentals and make rational decisions. Sometimes it is rational to trim back risk. Other times it is rational to layer in a little extra risk. The real decision depends not on what Internet commentators say. Instead, it depends upon your specific situation in light of the economic and market backdrop.

Stirling Bridge Wealth Partners, LLC is fortunate to count many of you as clients. In the good times and bad, we remain committed to providing customized investment solutions and robust financial planning wrapped in a package of exceptional service. We thank each of you for your dedication to us and for your trust.

Sincerely

Jason Born, CFA
President

1246 County Road Q, McClure, OH 43534 P: 419-832-1111
www.stirlingbridgewealthpartners.com F: 419-932-1211