phone 360.671.7891 2210 Rimland Drive, Suite 101
toll free 888.671.7891 Bellingham WA 98226
fax 360.671.4963 www.multop.com

4th Quarter Brief Market Commentary

By Phillip E. Multop, CPA, CFP® and the Multop Financial Executive Team

Ever wonder how the presidential election will affect your long-term investments or which political party is best for Wall Street? The answer: A long-term investor looks past the election years. Long-term investment success depends more on the strength of the US Economy and not as much on which party occupies the White House during a particular four year segment. Long-term investors who began investing in any election year have generally come out ahead, regardless of the winning party. Let's face it; your time horizon is likely to be much longer than a four year Presidential term.

As we draw closer to electing the President of the United States, we expect much of the same market volatility to continue until after the election. Uncertainty is the biggest cause of volatility and we are supplied with an enormous amount of it every election cycle. Generally, once a winner is declared, the market moves positively in the first year as the uncertainty has been reduced. As the saying goes, "the market can deal with good news and the market can deal with bad news, but it can't deal with no news." While it is the highest ranking elected office in our country, there are many other factors that can be attributed to the well-being of the major indexes. After the election, Coca-Cola will still be producing Coca-Cola products and Ford will still make automobiles. Brand new companies will continue to introduce new value into the market with innovative products and services aimed at solving the world's problems. The Presidential Election is an important piece of the economic puzzle, but just a piece nonetheless.

As we move into the later part of 2016, the Federal Reserve has yet to implement any of their proposed interest rate hikes. The Federal Open Market Committee released a statement saying "they expressed confidence in economic growth, but not enough to make a move this month." Most analysts now say December is the most likely time for an interest rate hike this year. The Fed last raised rates in December 2015. With US Presidential & Congressional elections quickly approaching, we are anticipating that bond markets will experience increased volatility as poll numbers shift back and forth. While the Federal Reserve would ideally like to see inflation rise closer to the 2% mark before raising rates, they have mentioned that they do not expect it to reach that level until 2018.

Beliefs about which political party is best for the markets may encourage you to vote but shouldn't discourage you from investing. There will be more to come next month with our full version Executive Economic Outlook.

If you are not yet a client and would like to get more access to our strategies please contact our team to investigate which allocation is the most appropriate for you.

You may call (360) 671-7891 to schedule a complimentary investment consultation.

• • •