

*Dear present and future clients:*

*As you ring in the New Year, it's a great time to pause and take a fresh look at your financial picture. Are your legal documents -- health care directive, power of attorney, will and trust -- up to date? Likewise, are your beneficiary designations correct? Have you recently reviewed your life-insurance and long-term-care insurance? Has anything changed in your life (or for someone in your family) that might require an adjustment to your financial strategies? Given unstable markets, is the level of income you're taking likely to last over your lifetime? We don't mean to overwhelm you, but it is our job to help you stay on-track. Please reach out to us to discuss any or all of these things. We're more than happy to help.*

*This month's letter focuses on something that's likely to be on everyone's mind -- the state of the stock market. While we don't have a crystal ball and can't possibly give you every piece of relevant information on this or any subject in an email, we hope it will provide you food for thought. If this sparks your interest, please pick up the phone and call one of us on the PM Group team. We're here to help you with your planning. Also, let us know if there is someone you care about that might want to receive these monthly emails and we will add them to the list.*

***“Success comes not from having certainty,  
but being able to live with uncertainty.”***

***— Jeffrey Fry***

## **Uncertainty forces market correction**

The conclusion of the midterm elections failed to soothe concerns through much of November and December. Anxieties include higher interest rates, a moderation in economic growth and possible large-scale trade wars.

Until recently, a string of 0.25 percentage-point rate hikes by the Fed did little to discourage investors since late 2015. While rates remain low by historical standards, concerns have cropped up that the Fed might crimp growth by overdoing rate increases in 2019.

Maybe it's temporary or just statistical noise. But we saw signs that U.S. growth slowed in Q4. Global growth has moderated, which will likely create a headwind for U.S. exports. And trade tensions are creating uncertainty, which may be impacting business investment.

Housing sales have turned lower, and housing starts have slipped. In addition, first-time claims for unemployment insurance, a good leading indicator, have inched off September lows, according to the Department of Labor.

Given the heightened uncertainty, analysts have been trimming profit forecasts for 2019 and the sell-off since the late September peak seems severe in comparison to the steady market increases we've experienced over the past seven or so years.

As the year concluded, Fed Chief Jerome Powell appeared to take a slightly more dovish tone regarding rate hikes. A continued series of increases over the next year seem less certain.

Because of discussions we've had with our clients over the last year or two, they were prepared for this increased stock market volatility. Where appropriate, we've moved them into lower volatility strategies. Recognize, however, that these sharp ups and downs are likely to continue for some time and if you are concerned about your investments and want to talk, we're simply a phone call away. We would love to hear from you.

Our firm's 2019 economic and stock market outlook can be found on the "News & Insights" page of this website. While it's not all sunshine and rainbows, we think you'll find several reasons to be optimistic over the long term.

Let me emphasize that it is our job to assist you! If you have any questions or would like to discuss any matters, please feel free to give me or any of my team members a call. As always, we're honored and humbled that you have given us the opportunity to serve as your financial advisors.

We appreciate your business and are always here for you.

All our best,

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