ANFIELD WEALTH MANAGEMENT

April 2019 Newsletter

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What Happened?

- Equity markets around the world continued their strong run this year with the S&P 500 now up over 17% for the year already!

- Many analysts had been revising earnings expectations sharply lower over the last few months, but the beginning of earnings season proved them wrong. Most companies reported strong earnings growth and sufficiently blew away estimates leading to big daily pops in price of many big-name firms which helped to drive markets higher.

Index	April	YTD 2019
S&P 500	3.9%	17.5%
Dow Jones	2.6%	14.0%
NASDAQ	4.7%	22.0%
Russell 2000	3.3%	18.0%
EAFE	3.0%	13.0%
Emerging Markets	1.3%	11.8%
Aggregate Bonds	0.0%	3.0%

Data from Morningstar as of 4/30/2019

- The economic situation in the US has continued to be strong despite some fears that came from the very low February employment report. March's report (which came out in April) was very strong and showed the unemployment rate staying steady down in the 3.8% range which has helped stave off near term recession fears.

- Economic data out of China also picked up which has helped ease fears that the world's second largest economy was slowing dangerously. This coupled with some hope that a trade deal may be reached by the summer helped propel equity markets in both the US and China higher.

- The Fed was at first a positive for the markets as the market began to price in an interest rate cut rather than further increases or even keeping rates flat. However, at the press conference on May 1st (technically not April I know) Jerome Powell, the Fed Chairman, did not indicate that cutting interest rates was on the table yet and that they would continue with no increases or cuts for the time being which caused the market to sell off a bit over the last few days.

What Did We Do?

- For many of our clients we have been able to continue with the tactical overweight equities and underweight fixed allocations we've held for some months now as they have proved to be profitable instead of additive could you say profitable or something else? Additive sounds weird to me as the market continues to push higher.

- With most US equity markets now up 15%+ we are watching developments very closely. Specifically we are watching some of the spaces that had lagged so far this year such as value stocks and emerging markets.

What's Next?

- At the beginning of the year the concerns we had for the market were: 1. China trade war, 2. a non-accommodative Fed, and 3. a slowdown in earnings. As of the end of April most of the worries have abated:

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1. China's economy seems to be recovering and trade talks, while fragile, continue. Some in the US administration claim that a deal will be reached soon, and others have indicated that no deal is close, but the fact that talks continue offers hope to many US firms.

2. The Fed has again reiterated that they have no intention of raising rates, rather they will keep them flat and may even consider a decrease in the future if inflation remains low.

3. Earnings reports were very strong although some of that may have been due to analysts decreasing their expectations.

- We continue to be cautiously optimistic on equity markets going forward. Although the S&P 500 is up over 17% this year, it is only up 0.8% from October 1st of last year, and with many of the headwinds somewhat clear we do think this market could continue somewhat higher.

- Another factor for the markets is that typically as elections approach the US stock market tends to do quite well. This year and next seem to be no different mainly because President Trump seems to want to make the strength of the economy one of his main running platforms and his favorite metric for that is the stock market performance. We expect him to do everything in his power to keep the markets running. We've already seen this with his insistence that the Fed should lower rates, and I would expect to hear more of this in the rest of 2019 and into 2020.

- Some areas of the market are becoming a bit stretched so we are not buying in with both hands at this point, but also do not believe we are at a spot where we need to be pulling back aggressively either.