



Majerko Investment Management

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2016 3rd Quarter Market Commentary For the Clients of Majerko Investment Management

It was a decent quarter (7/1/16 – 9/30/16) for the market with the S&P500 up + 3.3% on a price basis. For the year, the S&P500 is up + 6.1% on a price basis and + 7.8% on a total return basis (includes reinvested dividends).

A quick Google search for the definition of the word **SANGUINE**, meaning optimistic/ positive, especially in an apparently bad/ difficult situation, seems to sum up my feelings about the market right now.

It seems like anytime there is fear of the Federal Reserve raising interest rates, the market sells off. Rising interest rates may seem like a bad thing from the stock market's perspective in the short-run, but in the long-run, I feel like it can actually be good. If the dovish Federal Reserve decides to start raising interest rates, I think it would mean that they feel the economy is strong enough to withstand it. That would be a good sign for growth and in turn, corporate profits, which my long-term clients know is what I believe really influences the market to move up in the long-term. Not only that, maybe some interest can be earned on the trillions of dollars out there sitting in savings accounts/ money markets/ CDs. This money can be used to stimulate growth.

Of course, in the short-run, emotions will dictate the stock market as usual, be it interest rates rising or the upcoming presidential election, but long-term investors should not fear gradually rising interest rates, or even the upcoming presidential election, as it appears continued political gridlock is in our future. So go ahead and call me **SANGUINE** about the market.

As always, we will be diligently watching the markets and will be contacting our clients should changes be made. As always, we appreciate your loyalty and trust

Your referrals are appreciated!

Stock investing involves risk including loss of principal

*The opinions voiced in this material are for general information only and are not intended to provide specific advice for any individual.

*S-P 500 is an unmanaged index which cannot be invested into directly. Past performance is not a guarantee of future results. Market data sources: Factset