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2016 Year End Market Commentary **For the Clients of Majerko Investment Management**

When all was said and done, it turned out to be a good year for the stock market (S&P 500). For the year, the S&P 500 was up 9.54% on a price basis and 11.96% on a total return basis (includes reinvested dividends).

What happens now?

From 1950 – 2000, we grew GDP (Gross Domestic Product) at around 3 ½ percent annually on average. What has changed since then? In my opinion, we had two bubbles, the first being the internet bubble, with the other being the real estate bubble, in the course of a 15 year period. These are events that we have rarely experienced in modern times, short of the Great Depression. What can get us back to trend growth of at least 3 percent? Pro-business policies and allowing the free market to work would go a long way to helping us work towards that. If my premise is correct, simple numbers state that the difference between 2 and 3 percent growth is a 50 percent increase. If we can do that consistently, that would be huge for our economy and in turn, corporate earnings, which my long term readers know fuels the stock market to move higher in the long run. I encourage you to take a look at my blog post at majerkoblog.com posted on November 20th, 2012, entitled, “The Case for Optimism” where I postulated that we could see an energy boom in this country to help ignite growth. Well, I think that is happening. So do I sound optimistic about the future of the stock market? That would be a yes.

That being said, we all need to stick to our investment plans as no one has a crystal ball. We will be contacting our clients should changes need to be made. 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, Bureau of Economic Analysis (BEA)