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## **2016 First Quarter Market Commentary** **for the Clients of Majerko Investment Management**

It has certainly been an interesting quarter. The market (S&P 500) started off the year on a major downturn only to come back and end the quarter basically flat. For the quarter, the S&P 500 is up +0.77% on a price basis and up +1.35% on a total return basis (includes re-invested dividends).

### **So where do we go from here?**

As I have mentioned in previous commentaries, I think the market was pricing in a recession early in the year. With the recent rally, this appears less likely. It is always dangerous to make predictions as no one has a crystal ball, but I continue to remain optimistic for long-term investors. The short run, however, may include more volatility throughout the year because of cloudy economic conditions and an upcoming presidential election.

As I have also commented, corporate earnings are what drives the stock market in the long run. I think we will need to get faster growth to see them rise substantially. We seem to be stuck in the 2% GDP (Gross Domestic Product) growth range. If we can just move closer to our long-term average of around 3% growth that would make a huge difference. Frankly, if we can get more business-friendly policies as well as continued relatively low oil prices, which acts as a built-in tax cut for consumers, I think it's possible to get there over time. I see no reason to doubt that as we have done it in the past. As you know, one of my favorite quotes by Mark Twain is, "**History doesn't repeat itself, but often rhymes.**"

As always, we will be diligently watching the markets and will be contacting our clients should changes need to 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.

\*The 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, US Bureau of Economic Analysis

\*The economic forecasts set forth may not develop as predicted and there can be no guarantee that strategies promoted will be successful.