

Positive Returns Amidst Political Banter

August 2016

In This Letter

- Democratic and Republican National Convention Talk
- Economic Recovery from 2008 Recession

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Honestly, did anyone really listen to all of the Democratic and Republican convention talks? I did take the time to listen to a few of the speeches on both sides of the isle - each side offering contrasting realities.

As usual, the incumbent Democratic Party and the Presidential candidate, Hillary Clinton, celebrated how great everything is. The Republican challengers, desirous of Donald Trump moving into 1600 Pennsylvania Avenue, want everyone to know that Armageddon is just around the corner. Of course they feel their party is needed to fix everything. We have seen this storyline before - politics.




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The fact is, both candidates are far from perfect. We will all go into the ballot booth, plug our noses, vote our conscience, and probably come out with a bad taste in our mouth. We will support whichever candidate America chooses. After all, we are the greatest hope on earth, and historically it has shown little connection between market performance and the candidates in a presidential election year.

Our economy has worked itself back from the horrible Recession of 2008. On the brink of a possible Depression, the Federal Reserve stepped in to bring confidence back. Low interest rates and much needed stimulus helped banks, businesses, and consumers get back on their feet. Millions of new jobs were created from the brink of disaster.

Although we all should be grateful the Fed stepped to the rescue, the reality is our economy is still rather fragile. The economy grew



1.2% in the 2nd quarter. The 1st quarter we grew at 0.8%. We are easily experiencing the weakest recovery since World War II. We will hear more in the coming Presidential debates on how to make our economy grow more rapidly.

The summer of 2016 is shaping out to be a summer of political worries and market resilience. With July's great returns, everyone should be feeling good. The Dow Jones Industrial Average is now up 6.0% for the year. The tech heavy NASDAQ is up 2.0% for the year. To earn anything in this low interest rate realm is great.

August is now here. Over the past 20 years, August has seen lackluster performance. In August of 2015, stocks slid 6.3%, the biggest monthly loss in 5 years. We do feel any sell-side volatility could provide good entrance points for investors. We'll see how the end of summer plays out.

In the meantime, have a great end to your summer.