

Market Commentary

For the week of April 8, 2019

The Markets

Wall Street stocks rose on Friday amid a strong jobs report and renewed hopes of an end to the U.S. – China trade dispute. According to the Labor Department, 196,000 nonfarm jobs were added in March. On Thursday, President Trump indicated Beijing and Washington were close to a trade deal. For the week, the Dow rose 2.79 percent to finish at 26,424.99. The S&P gained 2.78 percent to finish at 2,892.74, and the NASDAQ climbed 3.51 percent to end the week at 7,938.69.

Returns Through 4/05/19	1 Week	YTD	1 Year	3 Year	5 Year
Dow Jones Industrials (TR)	2.79	14.00	10.36	17.31	12.70
NASDAQ Composite (PR)	3.51	19.64	12.18	17.91	13.98
S&P 500 (TR)	2.78	16.02	10.83	14.57	11.45
Barclays US Agg Bond (TR)	-0.39	2.64	4.53	1.83	2.66
MSCI EAFE (TR)	2.56	12.17	-2.24	9.23	2.55

Source: Morningstar.com. *Past performance is no guarantee of future results. Indexes are unmanaged and cannot be invested into directly. Three- and five-year returns are annualized. The Dow Jones Industrials, MSCI EAFE, Barclays US Agg Bond and S&P, excluding "1 Week" returns, are based on total return, which is a reflection of return to an investor by reinvesting dividends after the deduction of withholding tax. The NASDAQ is based on price return, which is the capital appreciation of the portfolio, excluding income generated by the assets in the portfolio in the form of interest and dividends. (TR) indicates total return. (PR) indicates price return. MSCI EAFE returns stated in U.S. dollars.

Increased Buying Power — The average interest rate nationwide on a 30-year fixed rate mortgage was 4.06 percent last week, its lowest level of 2019. As recently as Nov. 15, 2018, the 30-year fixed rate mortgage had an average interest rate of 4.94 percent (source: Freddie Mac, BTN Research).

Future Plans — Forty-eight percent of households in America headed by individuals at least age 55 have no retirement savings; 26 percent have a defined contribution (DC) plan (e.g., 401(k) or IRA) but no defined benefit (DB) pension plan, and the remaining 26 percent have both a DC and a DB plan (source: Government Accountability Office, BTN Research).

A Gain This Year — As of the close of business on Friday, March 29, 2019, 88 percent of the stocks in the S&P 500 were trading at a price that was higher than where they ended in 2018 (source: BTN Research).

529 College Road, Suite A • Greensboro, NC 27410
(336) 854-4458 • (800) 280-4458 • LoNano.com

WEEKLY FOCUS – Preserving a Legacy Through Education

Over the next several decades, roughly \$30 trillion in assets will pass from the baby boomers to their Gen X and Y offspring. In all too many cases, younger generations are not adequately prepared to acquire this wealth. Seventy percent of wealthy families lose their wealth by the second generation, and 90 percent lose it by the third, according to the Williams Group wealth consultancy.

Although parents teach their children to buckle their seatbelts and be cautious on the internet, they're not doing as well teaching them about the dangers of excessive debt and the blessings of compound interest. And only a third of states require a personal finance course in high school. As a result, Standard and Poor's Global Financial Literacy Survey ranks the U.S. 14th for financial literacy, with just 57 percent of adults meeting the standard.¹

There are countless ways parents and grandparents can prepare children and young people for financial well-being, including:

- Teaching them to earn their own money by paying a commission for chores – rather than an unearned allowance.
- Showing opportunity costs with either/or choices. “If you buy this video game, you won't be able to buy the shoes you want.”
- Teaching them to avoid impulse buying by waiting at least a day before buying anything over \$15.
- Explaining the benefits of time and compounding. For instance, assuming a 6 percent annual return, a 20-year-old only needs to invest \$319 a month to accumulate a \$1,000,000 retirement fund at age 67. But if the same person waits until they turn 30, they'll need to save \$613 a month.²
- Helping them set savings goals, create a budget and track their spending.
- Personally demonstrating what financial discipline and contentment look like.
- Having ongoing discussions on topics like wants versus needs, the value of long-term investing, market volatility, giving, and career choices and preparation.

This Friday is Teach Children to Save Day, a good time to find ways to share the important financial lessons you've learned with younger generations. For help educating your loved ones, contact our office.

¹ <https://www.investmentnews.com/article/20190302/FEATURE/190229936/financial-literacy-an-epic-fail-in-america>

² <https://www.cnn.com/2018/09/28/how-much-you-have-to-save-every-month-to-retire-with-1-million.html>

* The Standard & Poor's 500 (S&P 500) is an unmanaged group of securities considered to be representative of the stock market in general. The Dow Jones Industrial Average is a price-weighted index of 30 actively traded blue-chip stocks. NASDAQ Composite Index is an unmanaged, market-weighted index of all over-the-counter common stocks traded on the National Association of Securities Dealers Automated Quotation System. The Morgan Stanley Capital International Europe, Australia and Far East Index (MSCI EAFE Index) is a widely recognized benchmark of non-U.S. stock markets. It is an unmanaged index composed of a sample of companies representative of the market structure of 20 European and Pacific Basin countries and includes reinvestment of all dividends. Barclays Capital Aggregate Bond Index is an unmanaged index comprised of U.S. investment-grade, fixed-rate bond market securities, including government, government agency, corporate and mortgage-backed securities between one and 10 years. Written by Securities America, Copyright April 2019. All rights reserved. Securities offered through Securities America, Inc., Member FINRA/SIPC. SAI# 2493648.1