

# *A Record Setting Year for The Market and for PFP*

By Bob Deitrick  
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*Wall Street and Polaris Financial wrapped up a banner year in 2019 where we saw equities surge to record highs, overcoming concerns about the economy and the trade fight with China. We have said time and time again - strong markets have a propensity to climb walls of worry and this market continues to show great strength. The S&P 500 closed 2019 at a record of 3,230 and the Nasdaq Composite ended the year at 8,972. The Dow Industrial Average closed at a record as well.*

*Apple and Microsoft led the way higher for stocks in 2019, rallying 86.2% and 55.3%, respectively. Those two stocks were best-performing stocks last year accounting for 15% of the S&P 500's overall gains in 2019.*

*Steven and I are also excited to report that Polaris Financial Partners reached a lifetime milestone last month, having surpassed the \$100 million mark of assets under management for the first time in our firm's history. This has been a lifetime goal of mine – one that we could not have accomplished without each one of you! Steven and I want you to know how much we appreciate you and your business!*

*New Year's Eve capped off a strong year for stocks last year. The S&P 500 was up 28.9% - its best showing since 2013 - rallying up 29.6%. The Nasdaq had its best performance in 6 years appreciating 35.2% in 2019. The Dow rose 22.3% - its best annual performance in two years.*

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## Stock market performance in 2019

Annual return for the S&P 500, Dow Jones, and NASDAQ



SOURCE: FactSet. Data as of market close on 12/31/2019.



*We climbed numerous walls of worry in 2019 including a growth slowdown, flat profits, an inverted yield curve, trade concerns, endless impeachment hearings, and high valuations which pestered investors also. Notwithstanding all of that, stocks surged last year as the Fed cut rates three times and consumer sentiment remained high. Trade tensions declined finally in late December after China and the U.S. agreed to sign a "so-called phase-one" trade deal. President Trump has said he will sign*

***this agreement with China tomorrow, January 15<sup>th</sup>, at the White House. Time will tell and the market will respond accordingly. Let's hope this time it is indeed for real.***

### S&P 500's annual performance since 1975



Source: FactSet, Data through midday Tuesday



***A year ago, the whizzes on Wall Street portended a recession was eminent; however, we at Polaris Financial disagreed with that notion. We believed then, as we do today, that the U.S. economy remains the strongest in the world. Months after everyone on Wall Street worried of recession - we believe a downturn may not happen now for several years. We are optimistic about the new year of 2020. This will NOT be a repeat of 2019, but a respectable year for equities in 2020 is our prediction.***

***We understand that you may be a bit nervous given where we are in this bull cycle. However, we believe that our economy is less recession prone today than a year ago. While new risks may emerge, none of the primary sources of recent recessions - oil shocks, wage-push inflation and financial imbalances are a concern today. The prospects of a soft-landing are better than previously thought.***

***The market was extraordinary in 2019. Worries surged, and rightfully so, over the trade war, global economic weakness, and geopolitical risks from Brexit. The yield curve inversion was our real concern last year; however, those fears have ebbed as the tariff rhetoric cooled and the yield curve reverted. We do not dismiss the risk of a recession; however, many of the major headwinds have dissipated.***

***We are watching these geopolitical and national events for you closely. At the end of the day, this market continues to demonstrate resilience. Seeing how strong the market performed over the past week, as the threat of a war with Iran became almost imminent, shows how strong this market is - 11 years after the crash of 2008. We will be having several market seminars this Spring and we will keep you apprised of any changes we see this quarter. We are watching the results of January very closely as they tend to portend where the market may be headed for the year. We wish you and yours a Happy and Prosperous 2020 and Steven and I look forward to seeing you again soon.***

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