



## PERSPECTIVES AND POSITIONS

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This is a summary of our views on the economy and markets as shared with discretionary clients.\*

### ECONOMIC OUTLOOK

- Our expectation is that growth in 2018 will be steady, continuing between 2.5% to 3.0%. Tax cuts and tight labor markets will provide a tailwind to consumer confidence.
- The Federal Reserve increased the Fed Funds rate again in March, the first increase for 2018. The Fed set the target range to be 1.50% to 1.75%, raising it by 25 basis points. We expect the Fed to be vigilant and poised for at least two more rate hikes in 2018.
- Headline inflation continues at about 2.0%, which is the Federal Reserve's target for removing monetary stimulus. However, we believe the inflation trend will increase to above 2.0% for 2018 due to improvement in wage growth. A growing economy will continue to put upward pressure on prices.
- The U.S. dollar traded slightly lower versus other currencies during 2018. We expect the dollar to consolidate into a new stable trading range in 2018.

### TACTICAL POSITIONS

The following is our current Model Portfolio Positioning Summary:

<b>Asset Allocation</b>	<b>Positioning</b>	<b>Fixed Income Class &amp; Style</b>	<b>Positioning</b>
Total Equities	<i>Overweight</i>	Intermediate vs. Short Term	<i>Short Term</i>
Total Fixed Income	<i>Underweight</i>	Domestic vs. International	<i>Domestic</i>
Total Alternatives	<i>Overweight</i>	High Yield vs. Inv Grade	<i>High Yield</i>
Cash and Cash Alternatives	<i>Underweight</i>	Cash vs. Ultra Short	<i>Ultra Short</i>

  

<b>Equity Class &amp; Style</b>	<b>Positioning</b>	<b>Alternatives Allocation</b>	<b>Positioning</b>
Domestic vs. International	<i>International</i>	Real Estate	<i>Overweight</i>
US Large vs. Small	<i>Small Cap</i>		
US Growth vs. Value	<i>Equal</i>	Commodities	<i>Equal Weight</i>
Int'l Developed vs. Emerging	<i>Emerging</i>	Hedge Funds	<i>Equal Weight</i>
Int'l Europe vs. Asia	<i>Asia</i>		

\* provided by our affiliate, Discretionary Management Services