



PERSPECTIVES AND POSITIONS

By James F. Dykstal, CFA, Portfolio Manager, October 2019

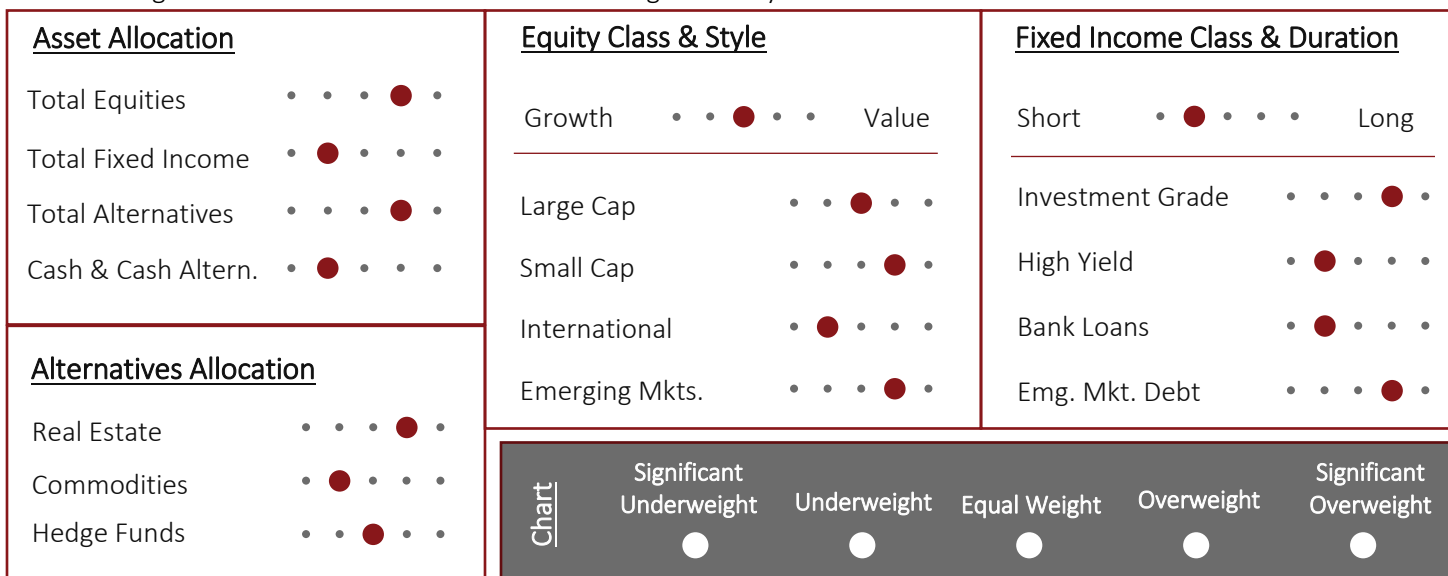
This is a summary of our views on the economy and markets as shared with discretionary clients.¹

ECONOMIC AND MARKET OUTLOOK

- U.S. GDP Growth – continue to expect steady GDP growth of close to 2% through 2019 and into 2020.
- Inflation – headline inflation (including food and energy) remains below 2% due to energy prices remaining low.
- Employment/Wages – unemployment steadily decreased since last recession and is now at its lowest point in 50 years, with wage growth picking up in September.
- Consumer Spending/Confidence – strong labor market continues to support consumer spending growth.
- Interest Rates – Fed poised to lower interest rates for third time this year. Rates fell further as the Fed cut rates twice.
- Global Growth/Trade – developed economies slowing and uncertainty leads to more volatility. Emerging markets most attractive on relative basis. China and tariffs continue to be headwind.
- Fixed Income – yield curve signals further drop in Fed rates. Credit spreads will remain tight.
- Equities – expect small cap stocks and emerging market stocks to rebound due to valuations in the coming year.
- Alternatives – real estate and hedge funds add value to portfolios in 3rd quarter.

TACTICAL POSITIONS

The following is our current Model Portfolio Positioning Summary:



If you would like to receive more detailed information on our discretionary consulting services, please contact Tom Woolwine, President, DMS, LLC, a DeMarche Affiliate, at twoolwine@demarche.com or 913.384.4994.

¹ Provided by our affiliate, Discretionary Management Services, LLC