



# FINANCIAL SERVICES

Located at  
Clackamas County Bank

Semi Annual  
January, 2019  
Vol. 11, Issue 2

## The Economy is Great! So what's the problem?

By Bob Rockwell, CFP®, MS (503) 668-2530 [www.ccbfinancialservices.com](http://www.ccbfinancialservices.com) 38975 Proctor Blvd, Sandy OR 97055

Happy New Year! Or is it? If you were invested in large US stocks you probably saw your portfolio go up 10% then down 20% to end the year with a 6% loss. If this (hopefully) temporary loss disturbs you then you may consider investing in FDIC insured Bank CD's that currently yield about 3%. Everyone's situation is different, so, you need to call me and we can evaluate your situation and goals to find the best mix of risk and return. Keep in mind that I am a salaried employee and don't have a conflict of interest.

The economy is great! We have low inflation, low unemployment, consumer debt is the lowest since 1985 with record high net worth, real estate equity at 60% (the highest since 2002), increasing take home pay, personal savings rate over 10% average the last three years, GDP at 3%, record corporate profits, interest rates finally paying savers something meaningful, etc. So what's the problem? It's mostly the government and not just ours but all the world's governments. Fretting about trade wars, Brexit, the Fed, military conflicts, climate change, immigration, and government shutdown appear to be why stocks have dropped.

I don't invest in stocks; I buy excellent companies and expect to own them forever. The only time stock prices matter to me is when I want to buy or sell. I buy companies when their stock price is low enough that my share of their profits is far greater than the interest rates I could earn elsewhere. I sell when there is a big change in the company that I don't like or understand, or, maybe to pay for a vacation. Today 85% of the buys and sells in the stock market are computer driven. These are not investment's, they are speculations about the momentum of rises and falls of stocks, oil, currencies, commodities, interest rates and every asset. The media loves this and creates stories about what will happen the next day, week or quarter.

This is all noise; I own really great companies and could care less what their stock price is because I don't intend to sell them. It's like owning a milk cow that you need for your milk so why would you obsess over the price of beef. So, someday you may have to sell your investments and, if you bought great companies or Real Estate at least five years ago, odds are you could sell for a profit. As an Investment Advisor, I try to be realistic about the future and the

following quote from American Institute of Economic Research (AIER) is somewhat disturbing: "Those likely to gain from government intervention of various sorts have strong incentives to be informed and willing to incur costs to obtain the regulatory restraints on competitors or the financial redistributions that government actions can bring their way. Those who direct or who are employed in the government departments, bureaus, and agencies have strong incentives to always see their own personal interest improve through greater regulatory and redistributing authority and larger budgets paid through taxpayer dollars. At the same time, politicians have the motive to promise more and more government "free stuff" and entitlements to gain the support of coalitions of interest groups in exchange for campaign contributions and votes on election day." Can Capitalism survive? Will all the companies I own become non-profits?

Time will tell so we just have to make the best decisions with the choices we have available to us.

Your friend, *Bob*

This newsletter is for informational purposes only and should not be construed as individualized investment advice.

**Securities** products offered are: **NOT FDIC INSURED \* MAY LOSE VALUE \* NO BANK GUARANTEE**

Securities offered through Cambridge Investment Research, Inc. Member FINRA/SIPC, Advisory Services offered through Cambridge Investment Research Advisors Inc, a Registered Investment Advisor. Cambridge is not affiliated with CCB Financial Services or Clackamas County Bank.