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2018 Economic Recap - Looking back

- **The US stock market looked to be having another strong year when it took a big nose dive in the fourth quarter.** The major US indices had double digit negative returns for the fourth quarter undoing all of the gains for the year.
- **Trade negotiation fatigue, particularly with the US and China - caused international markets to falter, and the dollar to remain strong.**
 - With so many different negotiations with so many different countries, the overall long-term impact won't be understood for quite some time.
 - The China vs. US after volleying back and forth came to a 90 day truce on December 22nd. We're hoping that when the truce ends, both sides will be able to come up with a face-saving solution to bring this chapter to a close.
- **The Border Wall showdown that caused a government shutdown three days before Christmas.** (Which we now know ended up being the longest government shutdown in US history.)
- **Interest Rates: The yield curve inverted just a little, but enough to make the markets freak out.** What does this mean? For a brief moment, the interest rates on the 5 year U.S. Treasury bonds dropped just below that of the 3 year and then the 2 year. It wasn't by a lot, and it didn't last long. However, it was definitely noticed.
- **Bitcoin and Blockchain.** Bitcoin spent most of 2018 trickling down in value. However, **blockchain**, the technology that sparked this cryptocurrency and all the copycat cryptos isn't going away anytime soon.

2018 will likely be remembered most for the 4th quarter plummet. Despite ending on a downbeat, the year saw increased wages, solid GDP growth around 3%, and continued low unemployment. - Anita

	Current Month	Prior Quarter	4th Quarter	Prior Year	1 Year	52 Week	
	Dec-2018	Sep-2018*	% Change	Dec-2017*	% Change	High	Low
Dow	23,327.46	26,458.31	-12%	24,719.22	-6%	26,951.81	21,712.53
S&P 500	2,506.85	2,913.98	-14%	2,673.61	-6%	2,940.91	2,346.58
NASDAQ	6,635.28	8,046.35	-18%	6,903.39	-4%	8,133.30	6,190.17
<i>Commodity Prices</i>							
gold	1,281.30	1,196.20	7%	1,309.30	-2%	1,398.20	1,173.20
silver	15.54	14.71	6%	17.03	-9%	18.10	13.99
oil	45.41	73.25	-38%	60.60	-25%	76.40	42.36
<i>Yield</i>							
2 Year Treasury	2.50%	2.81%	-11%	1.89%	33%	2.99%	1.93%
10 Year Treasury	2.68%	3.06%	-12%	2.41%	11%	3.26%	2.43%
30 Year Treasury	3.02%	3.21%	-6%	2.74%	10%	3.47%	2.78%
<i>Currencies</i>							
USD/Euro	1.15	1.16	-1%	1.20	-4%	1.26	1.12
Yen/USD	109.59	113.69	-4%	112.72	-3%	114.55	104.64
<i>Interest Rates</i>							
Prime	5.50%	5.25%	5%	4.50%	22%	5.50%	4.50%
30 Yr Mortgage	4.37%	4.78%	-9%	3.92%	11%	4.99%	3.92%

*Reflects the last business day of that month

Data source: www.WSJ.com

Indices mentioned are unmanaged and cannot be invested into directly. Past performance is not a guarantee of future results. These are the opinions of the author and not necessarily those of Cambridge. Information is believed to be from reliable sources, however, its accuracy or completeness cannot be guaranteed.

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