



2017 in Retrospect - Market Review

by Mark Niederhelman

A better than expected 2017 appears to be transitioning into an optimistic start for 2018. 2017 will be remembered for continually reaching new highs, but may go down in the record book for its lack of volatility.

The Dow ended the year at 24,719.22 -- pushed to these levels by optimism of a tax reform plan and foreign investors pouring money into the market. Since the 2016 presidential election, the Dow has set 84 new record closing highs, leaving the Dow up 25.08% for the year, and the S&P 500 up 19.42%.

In 2016, few people expected returns of these levels against a backdrop of political infighting in Washington, geopolitical tensions, and a tighter monetary policy. Stack on top of those issues the possibility that 2017 could also set a record for the number of natural disasters totaling \$1B (tornados, floods, hurricanes, and wildfires) -- and the gains and level of stability are surprising.

The lack of volatility will set 2017 apart. We are in the longest period in S&P 500 history without a 3%+ correction, with no move of that size since November 4, 2016.

Our domestic markets are not alone. Global markets have also turned in a great year of performance.

Trying to predict where the market will end 2018 is like throwing darts. While gains of the magnitudes seen in 2017 are unlikely to be repeated, conditions look good for further market growth.

Growth in the U.S. economy increased in 2017 with back-to-back quarters of greater than 3% GDP growth. Employment also improved, with claims near record lows, unemployment at 4.1% and solid job growth according to the Department of Labor. Consumer confidence is on the rise and the Index of Leading Economic Indicators continues to rise. Housing, both with housing starts and existing home sales, in on the rise according to U.S. Census Bureau and the U.S. Department of Housing and Urban Development and the National Association of Realtors.

We see nothing on the horizon which should disrupt the bull market, short of some significant external factor. That being said, now is not the time to become complacent. A lack of volatility in 2017 could precede the kind of volatility we have become accustomed to in the past ten to fifteen years. Discipline is important looking ahead.



Mark Niederhelman

LFG UPDATES

PLEASE NOTE OUR NEW HOURS:

Monday - Thursday: 8:00 a.m. – 4:30 p.m.

Friday: 8:00 a.m. – 12:00 p.m.

FIND US ON:



For weekly updates and more information, check out our blog!

You can find it at lineweaver.net/blog

INSIDE THIS ISSUE

**2017 in Retrospect
- Market Review** page 1

Letter From The President page 2

**Lineweaver Staff and
Their Ugly Sweaters** page 2

Economic Commentary page 3



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LETTER FROM THE PRESIDENT

by Jim Lineweaver, CFP®, President and Founder



New Year's Resolutions that are Easy to Keep

Every year, we torture ourselves with New Year's resolutions – losing weight, eating better, getting more exercise – we've all been there before. And do we keep them? Many of us do. But there's always at least a few that you feel bad about not keeping. So this year, we decided to change things up. We present to you a list of New Year's Resolutions that anyone can keep!

1. Reject models when they ask you out
2. Eat more pizza
3. Don't let your naturally good looks make you insecure
4. Confiscate at least one selfie stick
5. Don't drink alcohol at the gym
6. Exercise your right to eat more tacos
7. Stay in more
8. Spend less time with people, and more time on your phone
9. Don't go to the gym on days that end in "y"
10. Rather than lose weight, buy bigger clothes

11. Use your fitness equipment to hang up those clothes
12. Take the time to procrastinate more
13. Replace the gas nozzle before driving away from the pump
14. Interrupt people more often
15. Do less laundry, and use more deodorant

There – don't say we never did anything for you! I know these resolutions will be a great source of pride and personal achievement in the coming year. May all your troubles last as long as your New Year's resolutions. Happy New Year!

"The new year stands before us, like a chapter in a book, waiting to be written. We can help write that story by setting goals."

- Melody Beattie

HAPPY NEW YEAR FROM THE LINEWEAVER STAFF AND THEIR UGLY SWEATERS!



To Celebrate the Holidays, the Lineweaver staff wanted to show off their ugliest sweaters. We hope you enjoy them as much as we did! Happy New Year from us all!

HARVEST FOR HUNGER UPDATE



Thanks to our clients, staff, and those who attended our educational programs, we were able to donate more than 1,500 pounds of food and \$1,251 to the Cleveland Food Bank! Combined, this will help to make more than 6,250 meals possible for families in need in the Cleveland area and suburbs. We are grateful for your support!

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ECONOMIC COMMENTARY

Global financial markets continued to move higher, supported by an improving outlook for global economic growth. Volatility remained near record low levels despite persistent geopolitical tensions, tightening U.S. monetary policy and particularly destructive natural disasters. We present a few highlights from 4Q17 below:

- U.S. equity markets continued their bull market run during the fourth quarter as the Trump Administration's tax reform proposal took a step closer to approval, offering a boost to overall investor sentiment. The S&P 500, the Dow Jones Industrial Average and the technology-heavy Nasdaq Composite each hit all-time highs during the quarter. On the economic front, preliminary estimates indicate third quarter GDP grew at the fastest pace in three years amid strong business investment.
 - Developed international equity markets were also positive during the fourth quarter, driven by improving earnings growth and general economic expansion. Strong gains came out of the Pacific region, while Europe lagged. On the political front, British Prime Minister Theresa May suffered a major setback as parliament voted to give lawmakers a final say on any Brexit agreement. In the emerging markets, returns were propelled higher by solid performances from China, India and South Korea. Year-to-date, emerging markets equities are the best performing asset class.
 - Within fixed income, results were mixed during the fourth quarter as the Federal Reserve raised interest rates by 25 basis points to a range of 1.25% to 1.50%, the third rate hike in 2017. Investment grade core U.S. fixed income ended the quarter nearly flat, while high yield credit fared marginally better. Municipal bonds edge lower amid a spike of new issuance at year end, while municipal high yield ended the quarter higher. Emerging markets debt was the largest laggard, yet remains the best performer year-to-date.
 - Real estate, both in the U.S. and abroad, advanced in the fourth quarter. Similar to the prior quarter, international real estate broadly outpaced U.S. real estate. Commodities returned to negative territory during the quarter and ended 2017 in the red. Weakness among natural gas and several agriculture components, including sugar, wheat and coffee, have weighed on year-to-date results. MLPs were pressured on concerns over distribution growth and tax reform.
- An important lesson from 4Q17:
- The fourth quarter and all of 2017 was a good reminder that financial markets and the business cycle often evolve outside the realm of politics. Both in the U.S. and Europe, politics was front and center leading many to wonder if select policy decisions, legislation or elections were enough to derail financial markets. So far, so good, and if tax reform passes it could be positive for the markets. But that passage remains uncertain and that uncertainty could create volatility. As a result, it is more important than ever to remain properly diversified. It is our continued belief that adhering to a well-constructed and diversified investment portfolio anchored to your time horizon and goals remains the prudent course of action.

HAPPY NEW YEAR
2018
from all of us at
Lineweaver Financial Group!

HEALTHWATCH

To Lose Weight, Eat More

With the holidays over, many of us make New Year's resolutions – and chief among them is often losing weight. There's no lack of advice – and it all seems to focus on calories in vs. calories out. Which is important, but this year you may want to try eating more now to eat less later.

It sounds counterintuitive at first, but it makes sense when you think about it. You're hungry, and grab a 100-calorie snack pack of cookies or pretzels. It's only 100 calories, so how bad can it be for you? But as you know, it's more likely to make you hungrier than if you ate something more substantial. According to Amy Goodson, RD, dietitian for Texas Health Ben Hogan Sports Medicine, "eating small amounts of carbohydrates does nothing but spike your blood sugar and leave you wanting more carbs." She goes on to recommend a protein such as peanut butter or string cheese with an apple. "They are higher in calories per serving, but the protein and fat helps you get full faster and stay full longer—and you end up eating fewer calories overall," she says.

Source: Time.com. Strange but True Health Tips.

GOLDEN OPPORTUNITIES SHOW

Tune in to WKYC Channel 3 at 11:30am every other Sunday to see a member of our team on the Golden Opportunities show with Laurie Steiner, where we discuss current financial topics in an easy to understand format.

Upcoming shows and topics:

Sunday, January 14th, 2018

Top Financial Strategies of Millionaires

Sunday, January 28th, 2018

Avoiding Costly Mistakes with Your IRA Distributions

Sunday, February 11th, 2018

Maximizing Your Social Security Benefits





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TRIVIA

In Finland, each new year family and friends gather to burn metal in a pan for a ritual called “molybdomancy”. The Finns inspect the shadows the metal casts by candlelight, as those shapes are supposed to predict the future. And while that may seem unusual to us, it’s not the only strange new year’s custom out there. Ecuadorians burn paper-filled scarecrows, the Swiss drop ice cream on the floor, and people in Siberia plunge into frozen lakes while carrying a tree trunk to ring in the new year.

Source: Thrillist

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“For fast relief from stress, depression and anxiety, four out of five doctors recommend money!”

EMPLOYEE SPOTLIGHT

Nikki Allen, Receptionist



Nikki is our new office receptionist, joining the firm this past fall. You’ll have a chance to meet her as she greets clients and guests to the office! She also ensures that calls are received, and directed to the appropriate person. She also provides office support in order to ensure efficiency and effectiveness within the office.

Nikki graduated from Kent State University with a Bachelor’s Degree in Middle Childhood Education. Previously, she spent time working as a middle school teacher for the public school system and as a homework mentor for the local library. She lives with her husband in Parma and in her spare time enjoys reading, camping, snowboarding, and spending time with family. She also loves to travel and attends Comic Con events all over the country with friends.



If you would like to receive our newsletter through email, please email Annika at Annika@lineweaver.net