



## Dear Valued Clients

We've come into a calm period for the year, not just in the market but in our lives. Tax season dominated Spring along with volatility within the market. The Summer allowed for us to take a pause and recharge, fueling ourselves up for what remains of the year. Labor Day approaches, marking the nearing end of the season, and, hopefully, a little less rain. As you continue to plan out the rest of your year, please don't forget to mark your calendars for our Holiday party; your "Save the Date" will be arriving soon.

We hope you enjoy this newsletter we've prepared for you. Should you have any questions about anything you read, or anything else, please know we are always here for you.

## PLANNING ISSUES

Rising rates are an indication that the economy is growing and the Federal Reserve will most likely raise their benchmark rates one to two times more before the end of the year. With an improving economy and rising rates, the returns for short to intermediate-term CD rates have doubled compared to this time last year, providing an excellent vehicle for near-term goals. We would encourage you to keep us in mind if you need to discuss such savings plans for a particular goal, and know that our planning resources are here for you. While we do check in at our reviews, we are always glad to hear how things are going in your life and how we may be of service to you.

Planning does not solely apply to investing, but also to other goals you have set for yourself. We have previously mentioned protecting your identity and making that a habit. Please remember to stay vigilant in monitoring your bank and credit card accounts, do not click on suspicious links in e-mails, or provide any personal information, of any kind, on the phone to anyone who claims to be from the IRS or other agency. Scammers have become increasingly stealthy in acquiring your information, and we would like to advocate that protecting your information be a priority to you. We have outlined in the past companies that offer paid-for services including monitoring activity on your Social Security number, credit scores, or other layers of personal information. If you feel these companies offer you peace of mind, we encourage you to explore the options for protection available to you.

## ECONOMIC UPDATE

As the summer winds to a close, the US economy has clawed its way back up from the depths of the correction in Spring. The S&P 500 is back to its pre-correction high and some more specialized asset classes like Technology and Small Capitalization Stocks are up 10% and 8% from their January highs, respectively. Unemployment is down to 3.9%, which economists are labeling “Full Employment”, while GDP spiked to 4.1% in the second quarter. Unfortunately, this recovery does not extend outside the United States. The major European Stock index is still down 4% from January and China has been hit hardest, down nearly 18% since the end of January.

We believe the reason for this lack of recovery is that Europe and China are more dependent on trade than the USA, meaning that trade tensions scare investors away from those markets as long as there is uncertainty. Until the tensions are resolved, we predict the recovery in foreign markets will continue to be stunted.

This does not hold true for the US where smaller companies are less affected by trade tensions and tax reform has injected massive amounts of cash back into larger US companies who are using that money to fuel growth and offset increased costs. This is reflected in the market with earnings growth beating expectations at record rates. Nearly 80% of companies beat their earnings expectations this quarter, a good sign for growth of the economy. Furthermore, earnings are expected to grow by 13% over the next year, which is positive news.



In recent news, we’ve welcomed a new addition to our Calvert Wealth family. Jenni’s second son, Gabriel, was born at the end of June weighing in at 9 lbs, 9 oz. He is now 2 months old and is full of smiles and coos. Jenni’s oldest son, Luke, is incredibly excited to be a big brother and is very eager to “help” any way he can.

Jenni returned from her maternity leave a couple of weeks ago, and we are delighted to have her back in the office! Please feel free to reach out to her anytime with any scheduling or service needs, or with any general questions.

### Market Data for 2018 (Year to Date)

S&P 500 (Large Cap)	8.87%
Russell 2000 (Small Cap)	13.24%
Total Bond Market Index	-0.84%
Foreign Equity Index	-2.55%
Emerging Markets Index	-7.32%

### Interest Rates (As of August 27, 2018)

30 Year Bond Yield	2.97%
10 Year Bond Yield	2.82%
5 Year Bond Yield	2.72%
2 Year Bond Yield	2.63%
6 Month “T” Bill	2.25%
3 Month “T” Bill	2.09%

*Data Received from Morningstar*

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