

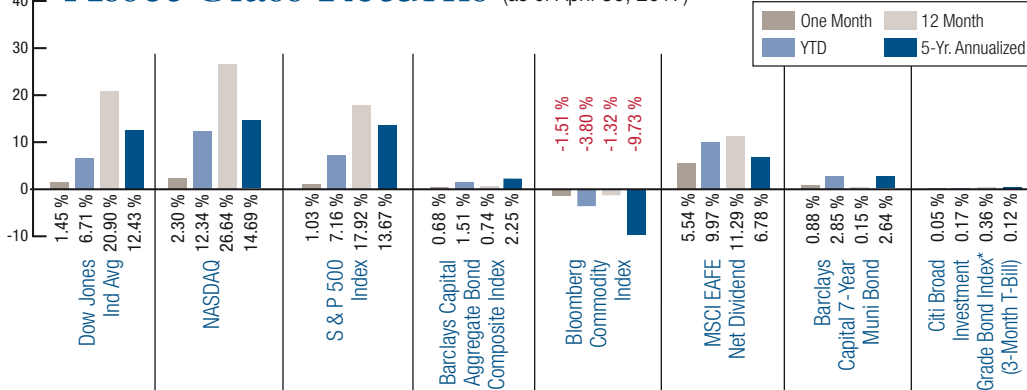
From the Office of:
Jeff Sgroi, CFP®



“The three grand essentials of happiness are: something to do, someone to love, and something to hope for.”

— A. Chalmers

Asset Class Returns (as of April 30, 2017)



Material prepared by Raymond James for use by its Financial Advisors

Market/Economic Synopsis

- As pollsters predicted, centrist Emmanuel Macron defeats Marine Le Pen in France's presidential run-off election with 2/3 of votes
- S&P 500 and NASDAQ touch all-time highs on May 15th, as overall U.S. equity trend continues upward drift
- Crude oil prices see support in mid-\$40's/barrel as major producers Russia and Saudi Arabia pledge to cut production into 2018
- After years of relative outperformance in domestic equity markets, international equities (both developed and emerging) show robust performance through first four months of 2017
- President Trump's firing of FBI Director James Comey is latest story to grip White House
- Global ransomware attack highlights new threats in cyber world

Key Takeaways from the Raymond James National Conference – April 2017

Although there were many interesting speakers and much thoughtful conversation, here are some highlights to share:

Dr. Pippa Malmgren, Global Economic Analyst

Dr. Malmgren is a well-respected Washington insider who has served on the National Economic Council and the President's Working Group on Financial Markets. Two of her key speaking points included:

1. Mexico will be the new China, for the following reasons
 - New oil refineries are being built in Mexico
 - Devaluation of the peso makes Mexico more competitive
 - Wages are 30% lower in Mexico than in China
 - Mexican quality control is superior to that of China's
 - Onshoring of manufacturing will continue to be a trend (Foxconn is moving from China to the U.S.)
 - The Chinese government has cut off access to many websites, making business more difficult there
2. Inflation is back
 - All Central Banks are pushing for it
 - Companies are using shrinkage (look at cereal box volume, toothpaste aperture size!)
 - Inflation has hit China
 - Inflation is a means of dealing with our debt problem

- Biggest problem is not a meltdown, but a melt UP (higher prices, rampant rising costs)
- Chinese are on a global buying spree (specifically building global infrastructure as a means to create access and demand for their products), referred to as One Belt, One Road
- QE4 (Quantitative Easing version 4) is already underway in the form of defense spending

Jeff Saut, Chief Investment Strategist, Raymond James

For those of you who have read my market letter for the past eight years, you have likely seen more references and credits to Jeff Saut than any other financial professional (for good reason.....). Jeff's important talking points during his keynote session are as follows:

1. October 2011 saw a valuation low in the markets (though March 2009 hit a price low) and we did not break out of our bear market trading range until April 2013
2. 6-8 years remain in this bull market
3. Active managers are likely to outperform passive managers in foreseeable future
4. China is not going to implode
5. Trump may change our frozen policymakers in D.C.
6. Right question to ask is "How fast will the Fed raise rates?"
7. Brexit was not a big deal, but if France and Italy leave the E.U. it is a big deal (however, France is unlikely to leave the E.U. any time soon due to recent presidential election)

(continued)

Andy Friedman, Political Analyst

According to CNBC, Andy Friedman is “one of the nation’s most sought-after speakers on all things political.” In real terms, he expertly translates the tangled confusion within Washington and deftly explains how it relates to our financial markets. He does so in an apolitical manner that is particularly difficult to do in our current climate. Andy touched on a number of important points that I found worthy of sharing:

1. President Trump’s agenda - domestic growth via lower taxes, less regulation and fiscal stimulus
2. Tax reform - simplified tax code, lower tax rates making some winners and some losers. Tax reform may or may not happen – likely to at least see tax cuts, and maybe total reform
3. Obamacare – no simple or easy solution
4. Federal debt/deficit – 70% of spending is mandatory (Social Security, Medicare, interest) and Trump will spend freely, growing the debt and deficit
5. Four caveats to good markets – Congress curtails Trump’s spending (i.e. \$1T infrastructure bill), trade/tariff discussions cause concern, inflation and higher interest rates, Trump’s unpredictability

One interesting theme throughout the conference was how regulation, politics, and policy have a real impact on our financial markets. It seemed to be more of a thread in discussions and expectations now, more so than in the past. Time will tell how policy directs markets, if at all. We are making best efforts to be mindful of what we can control (asset allocation, risk management strategies, solid investment selection), knowing full well that politics and other forces are well beyond our control.

From the Officefront

This spring has been an exciting one for our office. I attended the Raymond James National Conference in Orlando the fourth week of April. As has been the case in conferences past, it was a busy schedule over four days, meeting with asset managers, investment strategists, political analysts and colleagues. The greatest takeaway this year was the generally upbeat expectations by the investment professionals I met with. Although there is recognition of equities sitting at the high end of historical valuation ranges, opportunity remains in owning U.S. companies. Furthermore, there is renewed optimism in foreign equities, given years of stagnant growth and turmoil within their banking systems.

Locally, we are excited to add a new Registered Service Associate, Aubrey Kofoed. She has been with Raymond James for three years, and will be joining Denise Odde in our office at 302 South David Street in Casper the end of June. Welcome aboard, Aubrey! We are excited to have you join our team. We will soon be distributing contact information for clients working with Aubrey and updating email “signatures” so all clients are familiar with whom to contact for service needs.

From the Homefront

Since a trip to Orlando wouldn’t be complete without a visit to Disney, Tracy flew out with our three girls at the tail end of my conference so that we could spend a couple of extra days at the Magic Kingdom and Epcot. My parents also joined us, as it was all hands on deck trying to corral the girls between rides, meetings with Mickey & Minnie, and lunch with the Disney princesses.



Having not been to Disney since grade school, it was great to see it through a new lens and appreciate the unique and amazing atmosphere. The cleanliness, friendliness of staff, ongoing events and positive buzz throughout the property was contagious. Although we’re not quite ready to head right back, our next trip will certainly be something to look forward to in a few years.

Index performance is shown for illustrative purposes only and does not reflect the deductions of fees, trading costs or other expenses, which will affect actual investment performance. You cannot invest directly in any index. Individual results may vary. Past performance is not a guarantee of future results. There is no assurance any of the forecasts mentioned will occur.

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The DJIA index covers 30 major NYSE industrial companies. The NASDAQ represents 4500 stocks traded over the counter. The S&P 500 is a broad based measurement of performance of 500 widely held common stocks. The Barclays Aggregate Bond Index is diversified index measuring approximately 6,000 investment grade, fixed rate taxable securities. The Bloomberg Commodity Index is a diversified benchmark for the commodity futures market. The MSCI EAFE index is designed to measure the equity market performance of developed markets excluding the US & Canada. The Barclays Municipal Bond Index is a measure of the long-term tax-exempt bond market with securities of investment grade. The Citigroup Broad Investment Grade Bond Index is market capitalization weighted and designed to track the performance of U.S. dollar-denominated bonds issued in the U.S. investment-grade bond market. VIX is the Chicago Board Options Exchange (CBOE)

Volatility Index, which shows the market’s expectation of 30-day volatility. It is constructed using the implied volatilities of a wide range of S&P 500 index options. It is a widely used measure of market risk.

International investing involves additional risks such as currency fluctuations, differing financial and accounting standards, and possible political and economic instability. Also, investing in emerging markets can be riskier than investing in well-established foreign markets. There is no assurance any of the trends mentioned will continue in the future. Investing involves risk and investors may incur a profit or a loss, including the loss of all principal. Investing in the energy sector involves special risks, including the potential adverse effects of state and federal regulation and may not be suitable for all investors.

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