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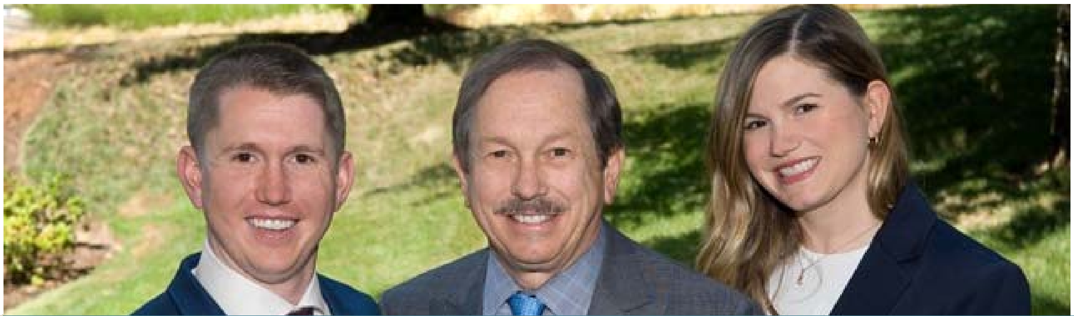

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WINTER 2019

Investment Advisory Services offered through **Raymond James Financial Services Advisors, Inc.**

Financial focus

WHAT MATTERS MOST TO YOUR FAMILY, MATTERS MOST TO OURS.

Alden Family Update

We hope that all of you have had a joyous Holiday Season.

Our holidays were spent with our families and dear friends, filled with peace, love, and laughter.

Over the New Year, Laura, Landry, and Elliott moved into their new house in West Seattle. Elliott just turned 2 in December, and is talking more than ever before.

We wish you and your families a new year filled with success, happiness and prosperity. Happy New Year!

2018 Was a Year of Mixed (Market) Signals

While the global equity markets enjoyed one of their best years in 2017, 2018 offered a different story, bookended by early- and late-year volatility. The last week in December, for example, saw stocks attempt a rebound from the edge of bear market territory. According to Bloomberg data, it was the first time since May 2010 that the S&P 500 had posted such a large reversal.

2018 told a tale of trade conflicts with China, the intensifying Mueller investigation, geopolitical tensions, government shutdowns and the possibility of slower economic growth amid higher interest rates. While we've seen some progress on trade talks with China, there are still contentious issues to be ironed out, explains Washington Policy Analyst Ed Mills.

This was the first year in nearly a decade in which most major asset classes will end in negative territory, notes Peter Greenberger, director, Mutual Fund & 529 Plan Product Management. A particularly turbulent December brought almost daily gyrations, with the three major domestic indices ping-ponging between gains and losses.

Economy
Recent economic data reports have remained consistent with relatively strong growth and contained inflation, according to Raymond James Chief Economist Scott Brown. Growth is expected to moderate in 2019, and there are some potential headwinds, including trade policy, slowing global growth, Brexit, Italy and the Mueller investigation.

Equities
Mike Gibbs, managing director of Equity Portfolio & Technical Strategy, believes economic growth, the jobs market, leading indicators and corporate profits all support non-recessionary conditions. 2018, earnings were set to grow by a very strong 22.2%, and Gibbs expects to see 5-6% growth in 2019.

Fixed Income
It's likely that the bond market will continue to react to market conditions, and investors can expect some volatility in the near future.

Bottom Line
If we were to slip into a bear market right now, Gibbs expects it to be non-recessionary. Keep in mind that non-recessionary bear markets have typically rebounded to new highs twice as quickly as recessionary bear markets. Investors should remain steadfast in the face of headlines that may cause market gyrations. Investing is a long-term endeavor and should be viewed as such, Greenberger notes. We will continue to watch for legislative updates as well as economic developments. In the meantime, please reach out to us if you have any questions.

Financial Themes for 2019

Recent data suggest that the economic expansion continued at a moderately strong pace in 4Q18, with low and stable inflation. Trade tariffs initially had a significant impact on some sectors, but only a modest impact on overall economic growth and inflation. However, the impact is broadening and there are risks of a further escalation of trade tensions in 2019. Fiscal stimulus (deficit spending) should continue to provide support in early 2019, but the impact will fade. Federal Reserve (Fed) officials expect that some further increases in short-term interest rates will be warranted, but the pace of tightening should slow.

Scott J. Brown, Ph.D.
Chief Economist

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	ECONOMIC INDICATOR	COMMENTARY
FAVORABLE	GROWTH	GDP growth is expected to remain moderately strong, although somewhat slower in 2019, reflecting job market constraints, trade disruptions, and the fading impact of fiscal stimulus.
	EMPLOYMENT	Demand for workers should remain strong and there may be some slack remaining in the labor market, but the pace of job growth is likely to slow as constraints become more binding.
	CONSUMER SPENDING	Job growth remains supportive. The drop in gasoline prices should add to purchasing power.
	INFLATION	Inflation moderated in the second half of 2018, but should pick up somewhat in early 2019, reflecting higher labor costs (minimum wage increases in some states) and tariffs.
	THE DOLLAR	Trade policy conflicts and concerns about global economic risks have led to a flight to safety into U.S. Treasuries and the dollar. However, there is some risk of a softening as the Fed nears the peak of its tightening cycle.
NEUTRAL	BUSINESS INVESTMENT	Sentiment remains strong, although there are some concerns about the negative impact of tariffs. Orders and shipments of capital goods have improved into 3Q18.
	MANUFACTURING	New orders and production have been mixed, but the pace has been generally moderate. Trade tariffs are a concern, disrupting supply chains and dampening expectations for growth in exports.
	HOUSING AND CONSTRUCTION	Builders continue to note supply constraints (a lack of skilled labor, and higher construction costs). Demand remains strong, but customers have balked at higher home prices.
	MONETARY POLICY	Fed policy is closer to neutral, but not there yet. Fed officials expect to raise rates further in 2019, but the pace of tightening should slow.
	LONG-TERM INTEREST RATES	There are a number of factors that would normally put some upward pressure on bond yields. However, investor anxiety has led to a flight to safety, pushing long-term interest rates lower (that may be transitory).
	FISCAL POLICY	Tax cuts and added spending provided support for economic growth in 2018 (a bit more than expected), but budget deficit projections have risen sharply (a long-term concern given the expected strains on Social Security and Medicare funding).
	REST OF THE WORLD	Fed rate increases have had a negative impact on emerging market economies and trade policy has disrupted supply chains. Nationalistic tendencies, Brexit, and Italy are concerns. China should do okay.

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