

## Monthly Commentary September 2019

September 3, 2019

### **The Market Volatility Continues**

August proved to be the most volatile month for the stock market so far in 2019. Even with a strong finish the last week of the month, the market still finished down 2%. Although the sparring between Washington and Beijing continues to dominate the headlines and influence short term moves in the market, consumer spending which comprises 70% of the economy is still strong. The economic tide from personal consumption seems to be still coming in.

Even though corporate earnings growth has slowed this year, with the yields on Treasury Securities falling to record low levels, investors seeking income need to look to dividend paying stocks, leaving US stocks still looking relatively attractive.

We continue to advise our clients to stick to their long term asset allocation.

In our view, there are only two situations where investors should change their long term mix between stocks and bonds. One is if their time horizon for needing to withdraw from their portfolios has changed. The other is if the markets appears to have moved to more extreme levels, either on the upside or downside. For example, if the stock market were to rise say another 25% quickly, which is not something we expect, we would be advising our clients to dial down their exposure to stocks. Absent these two scenarios, investors should pretty much just set it and forget it.

I think it is just human nature for people to overthink the investment process and feel a need to adjust their portfolios to the daily headlines. Over my long career,

I have found this strategy to be counterproductive. I recently heard a great analogy that kind of sums it up - *a portfolio is like a bar of soap, every time you touch it gets a little smaller.*

Best regards,

*James Onorato*  
President  
Summit Capital Inc.

Phone (216) 539-8444  
Email [jim@summit-capital.com](mailto:jim@summit-capital.com)  
[www.summit-capital.com](http://www.summit-capital.com)