



COPPERWYND
FINANCIAL

MARCH 2017

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“At this time, we feel the market is standing on three distinct legs: politics, sentiment and economic fundamentals.”

Market Commentary

We are only half-way through the First 100 Days of the Trump presidency, and the stock markets are continuing to move higher and break records. The last time we had such a long string of consecutive up-days was 1987 and this rally marks the fastest 1,000 point gain (DOW) since 1999 and could be the strongest rally for a president from election to 100 days in office since Hoover. So what’s driving this?

At this time, we feel the market is standing on three distinct legs: politics, sentiment and economic fundamentals.

The first leg is political. Trump-On, Trump Rally, Trump-o-Nomics, there appears to be no shortage of clever phrases to describe the impact of President Trump’s first 100 days in office. He has stated repeatedly that he is just carrying out his campaign promises and, indeed, the pot has been stirred in all the key areas – trade, taxes, infrastructure and regulation – with the result that the markets have rallied off of the perception of progress. Much has yet to be done and only time will tell whether any of the policies are actually implemented and have the desired outcome, but in the meantime it has influenced that second force, sentiment.

Sentiment can drive markets higher in spite of all reason and often serves as a “contrary indicator” of the markets. This means that sentiment can tend to mark the “sugar high” of the markets when we need to be more cautious. That being said, the “high” can last awhile. Alan Greenspan is famous for having expressed his concern about the “irrational exuberance” of the technology markets back in the dot-com boom. What most people don’t realize is that he said this in 1996 and the NASDAQ proceeded to have three of the best years of returns before correcting. Sentiment can be a powerful driving force and it can endure longer than we think rational.

Of the three, politics and sentiment can be the most challenging to predict both in timing and impact. So let’s look at economic fundamentals, the most reliable (over the long run) of the three legs. Is the economy healthy? There are far too many statistics measured to enumerate here, so let’s just focus on a few of the key points: employment, housing, retail sales, and wage growth. Can we find a job that pays a decent wage so we can buy/sell a home and live comfortably? The year 2010 represents the bottom, or worst, of these indicators.



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	2010	2016	2017
Unemployment	9.8%	4.9%	4.7%
Housing (all)	636K	1,183K	1,293K
<i>Includes single and multi-family permits for new construction</i>			
Retail Sales	\$289,369	\$355,532	\$374,207
<i>Includes all retail and food services, excludes transportation; in millions</i>			
Wage Growth	1.95%	2.46%	2.48%
<i>Year-over-year inflation adjusted wage growth</i>			

**Source: US Bureau of Statistics*

And what we see is that there has been improvement in all of these categories, although of the four, wage growth has been the least impressive. We all appreciate that this has not been a typical recovery and the progress slow and less than equal as not all economic classes have participated to the same degree. But what the fundamentals tell us is that there is a good foundation for the US economy at this point.

And is this then true for the stocks and bonds in your portfolio? The question we get the most right now is, when is it time to leave this party? Emotion has clearly been a large driving force here and you know what we always say: emotion is the enemy to good investing. That goes the same for euphoria as well as fear and this is why we harp on the use of quantitative models in our approach to your asset allocations! Our long-term models still say "risk on" but with a hint of caution, and so we have taken profits on our small cap position and moved this to cash for the moment, and the bond portfolio remains fully invested. For the most part, optimism still trumps skepticism!

Market Metrics

	Feb. 28	Jan. 31	1 Year Ago
Dow Jones Ind. Avg.	20,812	20,093	16,517
S&P 500	23,064	2,294	1,932
Nasdaq	5,825	5,660	4,558
The Russell 2000	1,378	1,370	1,027
Developed International Markets	60.34	59.97	53.63
MSCI Emerging Markets	380	373	303
Bond Index	108.8	108.08	110.09
10 Year US Treasury Yield	2.36%	2.45%	1.74%
Gold (\$/oz)	\$1,253	\$1,198	\$1,149



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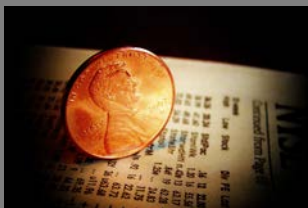
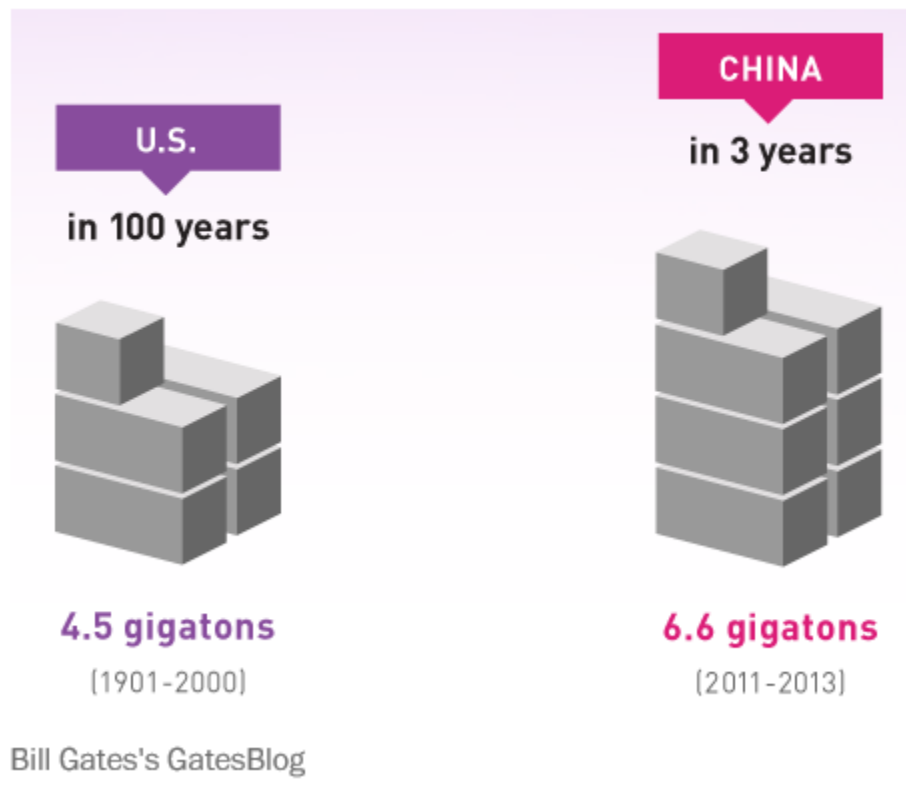
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Graphic of the Month

In case we haven't been paying attention to the scope of the urbanization of China, this graphic tells us a great deal. The question on our minds, is just how much of this concrete was used for places that are inhabited by people and businesses and how much of their future demand have they pulled forward? And ultimately, what will be the consequences of this massive build-up?





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Financial Planning Tip of the Month

It may come as no surprise – but it's tax season! Don't forget that you can make contributions to a ROTH or an IRA up until you file your taxes, or April 15th, whichever comes first. Even if you participate in a 401K plan or exceed the income allowed to make a deductible contribution, you can still make a non-deductible contribution and we can help you determine if that is a wise choice for your financial plan. Please let us know if we can help you find tax documents relevant to your accounts here, or if your tax-preparer needs any information from us and we will be happy to help!

<http://www.copperwyndfinancial.com/FAQand39s.12.htm>

Your 401k Allocation

Markets continue their march higher, but we have seen a shift in the leadership. Where small and mid- sized companies led the rally since the election, we have now seen those market segments cool, while the DOW and S&P have picked up the pace. Developed international markets continue to lag everything, but emerging markets continue to be the current leader this year. Emerging markets drift sideways this month. This market may be taking a breather, so we are going to pocket our profits on small cap in reducing that position and moving those funds to our Cash position for the time being. It's a small move and we will be watching to see if the "Trump On" trade is merely taking a breather or starting to unwind.

March 2017					
		Agg. Growth	Growth	Moderate	Conservative
Bonds / Cash		10%	15%	35%	70%
	Stable Asset - OR - Short Term Bond	10%	15%	35%	70%
	Total Return	0%	0%	0%	0%
	World Bond	0%	0%	0%	0%
	Inflation Protected Bond	0%	0%	0%	0%
Large Cap:		42%	43%	40%	17%
	Large Cap Growth	25%	24%	22%	9%
	Large Cap Value	17%	19%	18%	8%
Mid Cap:		28%	25%	15%	10%
	Mid Cap Growth	14%	10%	6%	3%
	Mid Cap Value	14%	15%	9%	7%
Small Cap:		10%	7%	5%	0%
	Small Cap Growth	10%	7%	5%	0%
	Small Cap Value	0%	0%	0%	0%
International:		10%	10%	5%	3%
	Developed International	0%	0%	0%	0%
	Emerging Markets	10%	10%	5%	3%



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New and Noteworthy

There are a few upcoming events that Copperwynd will be hosting!

- Copperwynd is excited to announce the Client Appreciation Spring Training games that we will be hosting this year in Scottsdale, Arizona!
 - **March 15th, 2017 – Cubs vs Diamondbacks @ 7:10 PM at Sloan Park**
 - **March 20th, 2017 – Diamondbacks vs Cubs @ 1:05 at Talking Stick**

Some recent cancellations have freed up tickets to the day game and there are still a few tickets left for the evening game so if you thought you were too late, this could be your chance!

If you would like to attend one of these games with us, give us a call at 480-348-2100, and we will get you on the reservation list!

- Coming to Utah **March 18th** – CollegeCON, where families and their junior high and high school students can begin to sift through the complicated process of college planning! Speaking at three sessions during this full-day event, Lynda Elley will be presenting ideas on how to finance a college education without mortgaging your retirement. The event is FREE to families and students and you can get more information or register at this link: <http://utahcollegecon.com/>

1099 information:

If you are looking for your 2016 TD Ameritrade 1099's for the 2016 tax season please click the following link to see information on when they will be mailed out.

<http://www.copperwyndfinancial.com/FAQand39s.12.htm>

