



WHAT'S IN STORE FOR Q2?

Did You Know? North Korea

North Korea, officially known as the Democratic People's Republic of Korea, continues to make headlines with their ongoing missile tests. Here are some interesting facts about the rogue nation.

It is said to have the largest military in the world with 7.7 million servicemen and women. The US has an estimated 1.5 million active military personnel.

It has the world's largest stadium in its capital city, Pyongyang, that can seat an estimated 150,000 people.

During the 1990s, all teachers were required to learn the accordion.

North Korea has three television channels. Two of which are only available on weekends while the other can only be watched in the evening.

Elections take place every five years but only have one option.

Denim Blue Jeans are illegal in North Korea as denim represents capitalist America.

North Korean women have 28 sanctioned hair cut designs, men have only 10.

Source: Wikipedia & Independent.co.uk

The Dow finished 0.7% lower for the month of March, while notching a 4.6% gain for the quarter. The S&P 500 closed down less than 0.1% for the month, and up 5.5% for the quarter. The only sector to fall was energy, which was pressured by crude oil, which fell nearly 6% over the first quarter based on high levels of supply. Meanwhile, European equities turned in a nice quarter as well. They ended the quarter 5.46% higher.

While first quarter returns were at the high end of expectations, what's interesting is that stocks are coming off their least volatile quarter in decades. Both the Dow and S&P 500 averaged 0.3% change per day, the least volatile quarter since 1965 and 1967 respectively.

Much of the quarterly returns have been attributed to expectations that President Trump's administration will be able to move forward with its pro-growth strategies of tax reform, deregulation and infrastructure spending. However, the President's aggressive agenda took a hit when a Republican-led Bill that would have replaced Obamacare was defeated.

As a result, this campaign miss has fueled some skepticism about the viability of Trump's other plans and left some experts suggesting an inevitable market correction (20% drop) if other policies aren't put into place before summer. While we feel it could be months before anything significant comes out of Washington, we are much more likely to

see a 5-10% drop which isn't out of the ordinary, and would be viewed as an additional buying opportunity.

That puts the spotlight on first-quarter earnings and economic data. Regarding corporate balance sheets, estimated growth for the S&P 500 is expected to come in around 8.9%. If the actual growth rate does reach that mark, it will mark the highest (year-over-year) earnings growth for the index since Q4 2013. So far, 79 companies in the index have issued negative EPS guidance while 32 companies have issued positive EPS guidance.

In economic news, recent reports have for the most part, either been inline or slightly short of expectations. Personal income came in as expected, consumer spending fell short but in a positive trend, and the only big miss was in the March Jobs report. Only 90,000 jobs were created in March compared to an expectation of 176,000. While it is a major miss, unseasonably cold weather played a major role. Thus job growth should normalize with a warmer April.

Looking ahead, our attention will remain on the Federal Reserve and interest rates. The 10-year US Treasury Bond has continued to move lower despite the Fed raising rates by 0.25% in March. Washington's inaction as well as the addition of political tensions with Syria, Russia and North Korea, suggest yields may continue lower and may be a hindrance for economic growth for Q2.

Robert Laura & Drummond Osborn

Test Your Knowledge



- 1) What car lost 96% of its value in the 4 years following the publication of Ralph Nader's *Unsafe At Any Speed*?
- 2) Who hosted the "Mad Tea Party" in *Alice In Wonderland*?
- 3) Name the only 2 ingredients allowed in the Catholic Communion wafer?
- 4) What peace activist was the emcee at Woodstock?



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Trapped By Retirement

When was the last time you felt caught or trapped? What was going on and how badly did you want it to be over?

Most people don't think about retirement like a trap, but it can be if they hold tightly to old and outdated ideas about it. In fact, the current state of retirement reminds me of an ancient hunting ritual that was used to capture hungry monkeys. It is said that tribesmen hollowed out a coconut with a small opening that was the size of a monkey's hand. Rice was then placed inside and left along the monkey's well-worn path.

A hungry monkey would smell the rice and squeeze its hand into the coconut. But once it had a firm grip on the food inside, it could not pull its hand out of the coconut. Therefore, as long as a monkey held tightly to the rice, it was a prisoner of its own making.

Too often, I see people trapped by their own doing in retirement. They start out hungry for more and want to get the most out of retirement, but struggle to make the transition because they haven't planned for the non-financial aspects.

They assume that there is going to be some well-worn path that they can easily follow, slipping into retirement as if everything will be okay as long as they had the right amount of money saved. But people can't just slide their hands into their nest egg and pull out what they need to fix everything. As a result, some people end up regretting their decision to retire and would beg to

have their old job or routine back... but they can't. They are trapped in this new situation and don't know what to do.

One idea is to look at retirement planning like a river versus a flood. Obviously, both of these have something to do with water, yet the impact each one has can be drastically different. Floods have no boundaries and can do a lot of damage all at once. Floods overwhelm people and places and leave a lot of things to be cleaned up. Conversely, rivers go in one direction and can be used to generate power, transport things, and even be a source of fun & exercise.

The difference is focus and direction. Rivers have banks that guide and shape them whereas floods have no direction or plan. Many retirees can become overwhelmed with disappointing thoughts and feelings if retirement doesn't look and feel like they expected. Floods like this happen when someone isn't prepared to replace their work identity, fill their time, or stay active.

Therefore, it's important for retirees to have professionals, peers, and resources to help them channel their thoughts and feelings. They need to discuss their plans, learn what others have done right as well as wrong, and what to do if a flood does come.

Truth is, most people are holding onto something that is holding them back. Which makes it time to be open to new ideas and paths... and to go with the flow in order to create a retirement plan that addresses both the financial and non-financial aspects.

Trivia Answers

- 1) The Chevrolet Corvair
- 2) The March Hare
- 3) Wheat flour and water
- 4) Wavy Gravy

Source: Ken Jennings Trivia Almanac

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