



JANUARY 2018

CASUAL OBSERVANCES

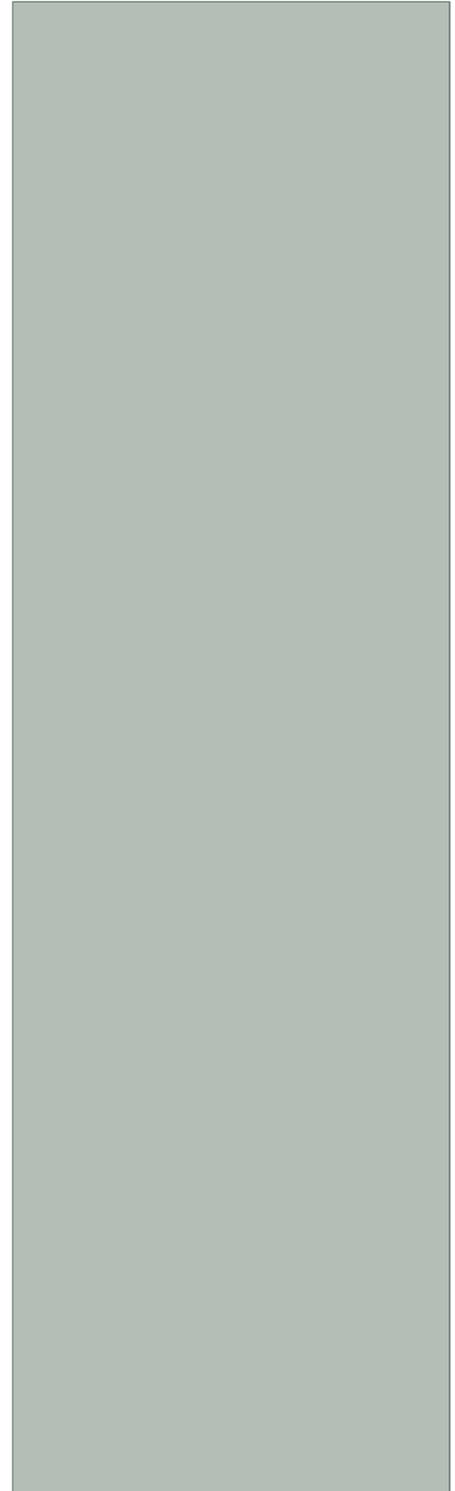
Written by David Ferrucci

The end-of-the-year stretch, culminating with New Year's Eve, is a hectic time for most. With regard to personal finances, December 31st often looms as a deadline for many important decisions, sometimes adding an element of anxiety to an already heightened period. However, as 2018 gets under way, January offers a good time for reflection and an opportunity for a fresh perspective.

Two months ago, we closed our monthly feature, *On A Mission*, with a question – *What makes you tick?* – and we followed it with a call to action: *Go on a mission to share your one necessity with the world, helping to make it just a little better... a little at a time.* Of course, answering big questions – such as *What makes you tick?* – and embarking on a purpose-driven mission require genuine, and sometimes considerable, reflection.

While the message of our November article focused on *inward* reflection, [How To Be Bored](#), a book written by Eva Hoffman, proposes we take time for *outward* reflection as well. In contrast to many how-to books that serve as manuals for *doing* things, Ms. Hoffman implores us to regularly push pause from our daily busy-ness and focus on simply *being*; being aware of our surroundings. Such outward-looking thought involves observing what often goes unnoticed – the seemingly trivial details of the world close at hand. She suggests, "Allowing ourselves to notice, to be open to our surroundings, is a way of awakening our curiosity in the world outside ourselves."

A while back, a friend formed the daily habit of taking random pictures with her phone of things she ordinarily passes by without taking notice; a flower or leaf, a sunrise or sunset, the ornate tiles of New York City's subway stations, and the list goes on. Such casual



observances, Eva Hoffman says, “are a state not so much of passive inaction as of alert receptivity.”

Pausing every now and then to casually observe the world outside ourselves – whether through random photography or simply stopping to smell the roses – may alert us to how, more precisely, we fit in the world. And with such awareness, our personal missions may meet greater opportunities.

Ms. Hoffman closes her work with the following: *“If we rush through our days and months in ceaseless activity, and without taking stock of what we’re doing, we can soon lose track of what we are doing it for, or why it matters to us.”*

Happy New Year!

MARKETLIGHT

Presented by Paul Ferrucci

Solid December caps strong year for markets

U.S. financial markets were strong throughout 2017 and capped off the year with even more gains in December. Like U.S. markets, international markets closed the year with strong technical support, trading well above their trend lines. The positive performance was driven largely by improving earnings growth.

With regard to fixed income, the Federal Reserve (Fed) increased the federal funds rate three times in 2017. These rate hikes are indicative of the Fed's confidence in the ongoing economic expansion, and we currently anticipate two to three more increases in the federal funds rate in 2018.

Consumers drive economic growth

Economic news in December was good pretty much across the board, but the best news came from the ever-important consumer. The Conference Board's consumer comfort survey hit a 17-year high in November. Although

confidence pulled back a bit in December, it remains at very high levels historically.

Strong job growth also supports confidence and spending. In November, 228,000 jobs were added against expectations for a more modest increase of 200,000. The underlying data was also strong. The unemployment rate remained unchanged at 4.1 percent, and the average hours worked per week increased, indicating strong demand for labor.

Finally, the strength of the housing market points to healthy consumer sentiment. Both existing and new home sales beat expectations last month, with existing sales growing 5.6 percent and new home sales rocketing up 17.5 percent. Some of this growth is still likely due to the effects of the hurricanes in the third quarter, but the overall strength of the housing market should not be dismissed.

2018 starts with lots of momentum

With high confidence, continued job growth, and

likely increase in wage growth, consumers enter 2018 in good shape. Similarly, with high confidence, increasing spending, and improving economic fundamentals, the business sector looks likely to keep growing. Combine all that with reduced regulation and the possible positive impact of tax reform, and we could see even faster growth in 2018. At a minimum, we certainly enter the year with a great deal of momentum.

Although politics will likely continue to dominate the news cycle, strong fundamentals should keep driving the economy and markets forward. Volatility is always quite likely, and we need to remember that markets can fluctuate downward as well. As always, a well-diversified portfolio that matches investor goals and time horizons and takes advantage of long-term growth opportunities remains the best path forward.

The Ferrucci Company is a wealth management boutique to which families turn for financial guidance and leadership, freeing them to pursue their most important goals and values.

David Ferrucci: Over twenty-five years ago, David began helping individuals, couples, and families make balanced – and smart! – financial decisions. Earning Bachelor's and Master's degrees from Trinity College, he focused his studies within the field of behavioral finance; an academic discipline that factors human elements into traditional economic assumptions. David also earned a Master's degree from Columbia University, where he examined the complex relationship between personal finance and family dynamics. Currently, he is pursuing a Master of Philosophy degree through Wesleyan University, deepening his understanding of personal, family, community, and global matters as they relate to finances. Today, David's expertise lies in the macro-economic realm of coordinating, synchronizing, and advancing individual and family goals.

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balance is a monthly feature written by Paul and David Ferrucci,
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