



**PENINSULA
WEALTH, LLC**

Earn. Grow. Protect.

Market Recap

2019 has been quite a year for the markets so far. As the year started, U.S. stocks staged a sharp recovery from the dramatic decline that brought 2018 to a close by posting their best January in 30 years. Investors were feeling assured seeing strong US job and wage growth as well as some encouraging signs that the trade conflict between the U.S. and China may end in a positive manner. For the first quarter of 2019, the US economy grew by an annualized rate of 3.2%, easily beating market expectations of 2%.

However, as we have made our way through Quarter 2, most particularly since the beginning of May, uncertainty has made its way back into the mind of many investors and this has been evident in the markets. Quite a bit of focus continues to be on trade, as talks between US and China ended abruptly several weeks ago, with both sides imposing tariffs on additional imports (\$200 billion in Chinese goods, China retaliated with tariffs on \$60 more in US goods). Also, there are several other geopolitical risks that have developed including chances increasing for a military conflict with Iran chances increasing that the US may need to increase actions in Venezuela, and the one that may have the greatest influence on the market, which is the upcoming parliamentary elections in Europe that happen at the end of the month, being the results may add to the already uncertain future of the region.

One thing we know is that the market does not like uncertainty, and the previously mentioned events, could be a headwind for the market in the month of May. However, as we get past these events, the fact that our economy continues to be strong, could be what pulls the market through the second half of the year, and we feel that the chances of the economy slipping into recession between now and the end of 2019 remains low.

At Peninsula Wealth, we encourage our clients to stay engaged in the quarterly planning process and use times of market volatility as an opportunity to assess the level of risk in your portfolio. Also, having a mix of U.S. and international stocks has historically helped reduce portfolio volatility in times where geopolitical risk has been persistent, emphasizing the importance of portfolio diversification.

The chart on the right summarizes the performance of the major market asset classes YTD.

Planning Reminder

The contribution limits for IRAs and 401(k)s have increased for 2019

The annual contribution limit for an IRA and Roth IRAs is now \$6,000 or \$7,000 if you are 50 or older.

For SEP-IRAs the limit has increased from \$55,000 to \$56,000.

The amount you can contribute to your 401(k) has gone up to \$19,000.

Make sure you are taking advantage of these increases to save more for retirement!

Index	2019 YTD as of 05/22/2019
S&P 500	14.17%
Nasdaq	17.13%
Russell 2000	13.80%
MSCI EAFE	13.58%
MSCI Emerging Markets	3.40%
Dow Jones US Real Estate	16.68%
Fed Funds Rate	2.50%