Quarterly Newsletter

April 2019

DELTA
FINANCIAL ADVISORS
Investment Counsel

IN THIS ISSUE

Market Comments

Giving substance to our long-held belief that timing the markets is, at best, very difficult, the investors that ended 2018 in a frantic selling mode began 2019 in a frenzied buying mood. By the time the stock market closed on the last trading day of March, the S & P 500 index was up over 13.6% for the 1st quarter. This was the best quarterly gain in almost 10 years and the best 1st quarter in over 20 years, an impressive three months to say the least. Hopefully, some of last year's sellers did not sit out the entire quarter and miss the rally. This is not to say that the path was straight up. There were some volatile trading days during the quarter. The beginning of March saw days of heavy profit taking, but by the end of the month, the overall trend was, and, for the moment, remains upward.

From a technical view of the market, it is not surprising that there was such a strong recovery from what many believe was an oversold market at the end of December. A sell-off like the one experienced in December is often followed by a bounce. This quarter was no exception but was more than the typical bounce. From a fundamental perspective, there are several positive factors that influenced the market this quarter. Some of these included: record year-end corporate revenues and profits, most of which exceeded expectations; continued company stock buybacks; a more dovish (neutral) Federal Reserve; improving trade talks with China; lower interest rates; a weakening U.S. dollar (which helps exports) and improving employment numbers. Being reportedly more data dependent, the Fed has now stated that the interest rate increases could be over for the year, with some whispering that the next move may be downward. Manufacturing activity during March improved in both the U.S. and in China, and some are stating that on-going trade negotiations are going well.

	Close	Month	YTD	1 Year
DJIA	25,928.70	0.17%	11.81%	10.08%
S & P 500	2,834.40	1.94%	13.65%	9.50%
NASDAQ Comp.	7,729.32	2.61%	16.49%	9.43%

	Quarter end yield	Prior Year end yield	Yield 1 year ago
10 yr. U.S. Treasury	2.41%	2.69%	2.74%

Looking Ahead

With the economies of most European countries struggling and the continuing, as well as confusing, Brexit saga not nearing a resolution, some worry that our economy will be negatively affected. While Europe may be more likely headed toward recession, the U.S. economy has slowed but is still growing. The GDP numbers for the first quarter, near 1.5%, were indeed lower than expected. This was partly influenced by bad weather and the Federal government shutdown, but the first quarter does have a record for starting slowly. The tax cuts for 2018 should start to become more apparent as tax returns are filed. Spring time also has a history of showing improving economic activity. Still, there has lately been more discussion, and risk, of a possible forthcoming U.S. recession. While recessions are normal parts of a business cycle and this current economic expansion has been remarkably long lived at 10+ years and counting, the current expectation is that this positive economic trend has more life to live. The recently more accommodative Fed, hopefully improving trade talks with China, lower interest rates for both corporate and individual borrowers, and improving consumer confidence should all keep the U.S. economy on a slower but still positive trajectory.

With the stock market increasing as much as it did in Q1, it would not surprise us if Wall Street ended up closing the year in the same range in which it is currently trading. We do see increased volatility but feel that the trend remains positive. With that said, we continue to advocate maintaining a proper asset allocation and portfolio diversification. We have been busy rebalancing portfolios, i.e. selling down some positions to a more equal weighting and selling some stocks that we feel are fully valued. We will continue to take profits where needed and use buying opportunities when available.

701 Poydras Street
Suite 350
New Orleans, LA 70139

www.deltafinad.com

Office 504-522-9019
Fax 504-522-9676
Toll Free 888-522-9019