July 2019 Market Commentary

We are excited to announce that we will begin the roll out of our secure online Client Portal starting in Q3 2019. The Toth Financial Client Portal will allow for the daily viewing of updated portfolio values, secure document exchange, net worth reporting and future enhancements.

This new offering will be available online using your desktop or mobile device. The desktop experience can be accessed by visiting our web page www.tothfinancial.com while the mobile experience can be accessed by downloading the "Toth Financial Client Portal" app from your respective app store.

The rollout of the Client Portal will be scheduled to occur over the next several months. Look for future communications from us regarding access to your Client Portal. Thank you in advance for your patience.

Through the end of June, the S&P 500 is enjoying a great first half to the year with gains of 17.35%. This comes despite the fears of an earnings recession in Q1 and the continuing trade dispute with China among other countries. Still the United States economy continues to grow at a healthy pace.

We remain positive on the equity markets because of the following economic indicators and/or readings:

- The initial GDP reading for Q1 was a very healthy reading of 3.2% which came in well above estimate expectations for the quarter. Each quarter's GDP number is revised twice as additional information is received and the first revision for Q1 was just slightly down to 3.1%, again better than anticipated. The second revision for Q1 remained at a healthy 3.1%.
- Inflation remains stubbornly low which has experts confused but consumers happy with extra dollars remaining in their pockets.
- Oil prices have retreated and are expected to stay at a relatively low price despite the raised tensions with Iran which traditionally would send prices higher.
- The Federal Reserve stated on June 6th that they will "act as appropriate to sustain the expansion" which has been widely interpreted that interest rates will either remain unchanged or possibly a reduction if needed.
- By the widest margin in history, America has more job openings than there are people seeking jobs. This is both a cause for some concern as employers are having a hard time finding people with the right skillsets, however it does show that the employment market remains robust and companies are continuing to try and hire additional employees.
- US Wages and Salaries are up 1.38% in the first half of this year alone which bodes well for consumer spending.
- US Household Debt Service as a Percent of Disposable Income remains near all-time lows. Included in this ratio are mortgage payments and all other consumer debts to include student loans.
- Retail Sales have mostly beaten expectations in May. The best part of this release was the significant upward revision of all initial readings in April which were negative to flat. This change from negative to positive readings demonstrates consistent strength in consumer spending and should have a positive impact on Q2 GDP numbers.

There continues to be matters to cause investor concern, from slowing global growth to international trade tensions, but we believe that the positive US economic data outweigh these concerns. We remain constructive in projected equity market returns and believe good defensive stocks will weather market volatility and capture sustainable growth.

Tom

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