

## **The Engine Pulling The Train**

Years ago a wonderful speaker, author and trainer by the name of Zig Ziglar made the observation that it is a very good thing that people purchase not just what they need, but also what they want. In fact, a majority of the goods and services available are designed and created to satisfy human wants, even more so than needs. As if that were not enough, advertisers bombard us from every angle with powerful suggestions about all the things we should want.

Is it any wonder then that virtually every published and quoted estimate suggests that the US consumer is at the heart of 70% of our economy? If we as Americans spend money, our economy does well. When we pull back our purse strings, the economy tends to sag. We have all become a little more savvy since the financial crisis in 2008 in how we borrow and how we spend our money. Still, the American consumer is alive and well.

### **“You Can’t Keep a Good Man (Woman) Down”**

There are many factors that people look at when assessing the economic health of the nation. Two that you will hear many people point to are homes and autos. After all, what could be more fitting than two of the most important aspects of the American dream being used to measure our economy?

A quick Google search for charts on auto sales and (new and existing) home sales will show you that things have gotten better since the depths of 2009 and 2010. The consumer is doing her and his part to help our economy along.

### **The Market Likes It**

It has been good seeing people make money in stocks again. Just yesterday a client asked what losses we might have to offset a gain that she has this year and I had to admit that the “pickings were slim”. Money that was put to work in 2009 or 2010 in almost any way (stocks, bonds, real estate or commodities) has a good chance of having grown in value. There are exceptions, especially for individual investments, however as a whole most things are up from where they were just a couple of years ago.

Those of you who watch the news cannot have missed that the market is hitting new highs. It has taken almost 6 years since the highs in 2007. “How much higher will this go?” is a very good question.

### **Greater Heights**

As an old helicopter pilot I tend to do fine with heights. Still, there is one more confirmation I am looking to see, before encouraging people to commit more money to stocks. On May 19<sup>th</sup> the US Government will again be operating under a debt ceiling. The last time we had a serious discussion on this subject was in the summer of 2011, the last time the stock market had a truly meaningful correction.

Make no mistake, the resurgence in manufacturing, shale oil and gas offering energy independence and low energy cost are trends that bode very well for us in the decades to come. These are also developments that will lift the wings of the consumer and therefore the economy. So, there are very good things going on. Still, government policy wrangling by itself can upset the markets, even in the face of this positive news.

### **“Don’t Mess It Up”**

Most of the people I know have concerns about the amount of borrowing that has been needed in the past several years to keep the government afloat. If the Congressional Budget Office projections are right, the “spending problem” of our government is headed for a Greek like destination and only Japan, Italy, Greece and Portugal currently have a higher ratio of government debt to the size of their economy among developed nations. The conversations in Washington may be very lively for the next few months. Stay tuned,.....the markets are certain to do so.

### **Bottom Line**

The consumer is doing all that she or he can to help our economy along. The year has been a very positive one thus far for stock returns and it is great seeing people gain ground on their financial objectives. Longer term there are some positive things happening that will help consumers and our economy. However in the short run, it may be time to hold on a bit. The road immediately ahead could get a little bumpy.

### **Your Feedback**

I would love feedback on this newsletter. Future issues may include a host of good ideas, insights, specific steps to take financially, life insights and of course "Wit and Wisdom". Most importantly, I'd like it to be of value to you and to encourage an exchange of great ideas and insights. Please send your feedback to:

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