



# PEBBLE VALLEY

## WEALTH MANAGEMENT

### MAKING SENSE OF THE MARKETS - JANUARY 2019

Here is the latest issue of the PVWM Newsletter covering the markets and relevant articles to help guide your financial choices. Give me a call or send an email if you have any questions. Enjoy!

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### Morningstar Quarterly Market Commentary: 2018 in 12 Charts

“Global financial markets closed out 2018 by inflicting some of the heaviest losses on investors since the financial crisis, as a decade’s worth of easy money began to be reversed, trade wars threw sand in the gears of the global economy, and political uncertainty in the United States and Europe further darkened the outlook.” For you bond geeks out there, be sure to check out the last graph on page 6.

S&P 500 2018 Performance



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### 11 Tax Deductions You Can Still Take

The new tax law impacted many things including which items are deductible, substantially increased the standard deduction and took away exemptions. While some activity needed to be completed before year-end, there are a few deductions you can still act upon for the 2018 tax return – Traditional IRA if qualify and Health Savings Accounts being two. There are also some ‘above-the-line’ deductions (page 1 of tax return before itemized deductions) that may apply.

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## What's the Difference Between Marginal and Effective Tax Rates?

**Question:** What is the difference between marginal and effective tax rates, and which is more important?

**Answer:** To explain the difference between "marginal" and "effective" tax rates, I'll first dispel a common misconception: All of the income you make is not taxed at one rate."



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## Robust Jobs Report: A look at 3 Key Measures

One key barometer for the health of the economy is the jobs report. If jobs are being created and wages are rising, more money is in consumers' hands which fuels economic activity as they spend. The latest jobs report (typically released the first Friday of the month) showed a very solid jobs picture. Here are the headline numbers followed by graphs and further explanation of the key measures.

- Unemployment rate rose to 3.9% but participation rate rose to 63.1%
- 312,000 new jobs in December + 58,000 from previous months' revisions
- Average hourly earnings rose 3.2% over past year

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## Market Barometer

The Morningstar Market Barometer provides a visualization of the performance of the US equities market broken down by size and style for the past calendar month. For details on other asset class returns see [Kirk's Blog!](#)

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	Value	Core	Growth
US Stocks	-6.47%	-9.78%	-8.71%
Large Cap	-6.23%	-8.95%	-8.28%
Mid Cap	-9.90%	-10.46%	-8.81%
Small Cap	-11.80%	-12.22%	-11.24%

Data as of 12-31-18

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