

**as we  see it**

Holiday 2019

THOUGHTS FROM OUR CHAIRMAN

The holiday season for all of us generates many different emotions. There is joy, and at times, anxiety, pertaining to family and possibly finances. There are also the expectations for the new year.

Given the cross currents of politics and economics, both here and abroad, we wouldn't be surprised to see more volatility, and some unexpected results in the equity and bond markets.

We believe a recession is not imminent. Consumers will continue to be the mainstay for economic growth as manufacturers face more uncertainty. In this time of lower expectations, management of the companies in which we invest on behalf of our customers will need to adjust to the business environment in order to maintain attractive growth and profitability targets. We are concerned but optimistic about 2020.

In this holiday issue of As We See It, my associate Sam Hallowell reviews three different paths that the economy may follow in 2020. Two, of which, could be very rewarding for investors.

Alfred B. Van Liew

Gazing into the Future

Samuel H. Hallowell, Jr.

November is the time we try to tighten our focus on the long-term outlook for US stocks and bonds in the coming year. There are several things we know: the tariff war is the major issue and impediment to strong economic expansion; the Federal Reserve, by its own admission, has made its last rate cut for the foreseeable future; year-to-date equity and bond investment performances were far better than expected; the rate of US GDP growth has slowed to slightly below a target of 2%; employment and unemployment numbers are very good and consumer confidence is strong. In addition, the rate of inflation remains low and salaries are growing at a pace higher than inflation. All in all, it seems the country is in a good place economically for the start of the New Year. These are pretty remarkable outcomes when cast against a world economic environment that exhibited slowing growth roiled



by tariff wars, Brexit woes and geopolitical volatility. We spend hours in our weekly investment meeting discussing economic data and comments from several analytical sources. This being Halloween season, we have also brought out a crystal ball to help look into the future.

When we wave our hands over the ball it presents three possible outcomes which waft around like swirls of smoke. The first path shows a future in which existing tariff confrontation escalates and trade disruption becomes more widespread, US economic growth slows more dramatically causing

Investment Management and Trust Services

One Regency Plaza, Suite One, Providence, Rhode Island 02903 401.272.2510

Nine Memorial Boulevard, Newport, Rhode Island 02840 401.846.5550

www.vanliewtrust.com

