



In this issue

Confusion 1 & 3

The Summit Family Pictures 2

Favorite Recipe: Lemon
Brownies 4

CONFUSION

by Brett Langer

Normally when the stock market is rising, we all feel better and don't question the world we live in as much. Yet today as the stock market continues near its highs, I continue to hear about our problems and concerns over the possibility of a crash coming. The news today gravitates towards Trump's Tweet of the day. Personally, I've stopped watching the news. It isn't sharing anything new or enlightening me. Russia has been a problem for a long time. Remember when then Secretary, Hillary Clinton, gave Russia a red reset button? There is no question that Russia has been a problem, will be a problem, and that probably won't change. Oil prices are very low, which is cutting into Putin's revenues. Not only is that a problem, but for the first time we are actually exporting oil and competing with the Middle East and the likes of Russia.

I certainly don't want to make light of Trump's tweets or Russia. My point is this: Did you know that in the United States, we have six million job openings right now? Did you know that personal income, consumer spending, household assets, and net worth are all at record highs? It's also amazing that corporate profits are almost at all-time highs. How about this fact, Federal tax receipts are also at record highs. It's important that we know this because this is also why stocks are at their highs too.

For me, I'm always going to be confused about our government and who is running it. For me, I have no faith that any of our elected officials are doing anything to really make our lives better. I've watched my family's healthcare premiums go from \$950 per month back in 2008 to over \$2,100 per month this year. I would like to think my deductible is lower, but it's gone from \$1,000 per person to \$3,500 which is the lowest deductible I am allowed to buy now. Do I think the republicans can offer up something better? I really don't have faith in that either.

So where does my confidence reside from? Besides my faith in God, I have confidence in you and our children. I hear stories everyday how student debt is the next ticking time bomb. It's a problem and I hate the fact that young adults have that burden so early on. However, I do like seeing this generation think outside of the box. I see many of my client's kids taking advantage of this sharing economy that is being created. I see Portland Oregon as a true example. More and more, younger adults are living close to down town or on mass transit lines. In many cases, they don't own cars. It's beautiful, no car payment, insurance, maintenance, or filling up every week. It's either jump on light rail, or order up Uber from their phones. Neighborhoods are changing. We are seeing that walking to the grocery store, pub, and restaurant is fun and preferable. Also, who needs to drive to the mall, just order something on Amazon and you'll see

continued on page 3

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THE SUMMIT FAMILY PICTURES

Lisa Mesquit in NY



Bandetinnis



Fiona and Kate Bandetinni



Mesquit Dog
Happy 4th



Langers and Lacrosse in Bend



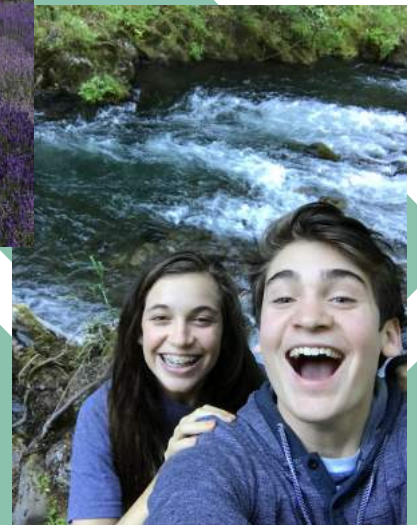
Biking Bend



Shelby and Courtney
Lavender Fields



Kate Bandettini Driving



Mesquit Camping



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CONFUSION

continued from page 1

it tomorrow on you door step. Even though I am still old fashioned and enjoy driving my car, I find it exciting that we as a people are finding ways to cover student debt or maybe even higher healthcare bills. I have a client who rents a room out on Airbnb to help offset her costs.

We live in a very negative world that's always pushing more and more commentary with hidden agendas. Most of us are very simple, common minded folks, who just want some facts thrown our way. Instead, we get a lot of negative "what if's" that no one can really disprove until it doesn't happen. Look at Brexit. We were told that the election was going to cause financial chaos in the EU if they actually voted to leave. Stock markets across the globe went down 10% or more right after they voted to exit the EU. Turn on the news back then and the prognosis was financial destruction. As we all know now, it's been a fairly orderly event for the banking system since the vote. The actual economic numbers are higher for the UK and all of the EU in general.

I've said this many times, the recovery we've been in over the last eight years is the most hated one on record. We not only had the hurdle of mentally getting over the stock market loss in 2008, but we've had a lot of events that were supposed to cause major economic hard times. Here is a quick list: Healthcare debate and bill, US debt downgraded, Ebola outbreak, Flash Crash, Japanese earthquake, Chinese Stock market crash, 50% collapse in oil prices, H1N1 Pandemic, fast rise in ISIS, just to list a few.

We are eight years into this recovery. How long does the average bull market last? The answer is 9 years on average. For every 9 years of bull markets we see 1.4 years of bear markets. When you think of it in those terms, we all spend most of our time thinking about the 1.4 years opposed to the great 9 years that we normally benefit from. What's the worst market we've ever gone through? Possibly the Great Depression. In 2.8 years the stock market went down 83.4%. I have clients who saw parents live through that time in history. To this day, they have trouble investing. However, really interesting to see what happened after the Great Depression. We had 13.9 years where the stock market went up by 815.3%. This was followed by 6 months where the market went down by 21.8%. Those six months back then would have made you feel like you

were in 1929 all over again. Those six months were followed by the market going up 935% over 15.1 years. I mention this because we are coming up to the average bull market run of 9 years. In the end, the stock market is a mechanism of corporate profits. I'm encouraged today to see significant changes with how we do business. This innovation leads to opportunity for all of us. We are seeing new types of jobs opening up, the way we live, consume, vacation, amongst many other examples. I wish there was more news surrounding much of what I've written here, but it's exciting to see new innovation and creativity that's currently happening.

The main area of concern I see this year is the continued Legislation break down. When you look back over the past 20 years, our legislation process has really broken down. It really doesn't matter if it's Republican or Democratic controlled, they've all struggled. This year business confidence was at a 13 year high. They were hoping for quick action on tax reform, regulatory reform, and to stop accelerating healthcare costs. Since nothing is getting done, I think this enthusiasm is starting to wear thin. It's important for companies to be confident. We want them creating, developing and reinvesting in themselves to grow more. Starting in 2014, companies became really cautious and defensive. They've been wanting to grow and reinvest in themselves but haven't trusted the environment we've been in to do so. If we go back into that direction, I would expect equities to pull back some and for growth to slow. My other concern is the alarming shape many State finances are in. Illinois is all but bankrupt. The state will be rising income tax by a whopping 32% just to have a budget this year. That doesn't even help the \$250 billion pension problem they have to fund. States such as NY, NJ, and California are trending the same direction. If we don't get enough wage growth, then our purchasing power could be hurt by higher State taxes. Here in Oregon it looks like we will be adding a .5% payroll tax along with an increase in gas tax too. Oregon does not have sales tax but has decided to put tariffs on cars and bicycles. Keep in mind this is all happening with all time high tax revenues coming into State and Federal coffers. During high tax revenue periods, we shouldn't have to raise taxes to make a budget. We should be saving some for reserves for a year or two when revenues go down.

My prognosis for the economy at this point looks to be on solid footing. I was hoping to see more acceleration going into the fall, but that'll depend upon corporate and individual enthusiasm and confidence. I think there is a strong case to be made that we will continue to grow around 1.5% to 2% unless we can get the confidence level going again. If we are stuck with growth under 2%, that will suggest that returns will start to become softer and the stock market more volatile. Time will tell how this really plays out. I continue to be impressed by how resilient we are in the face of a horrible news cycle and how discouraging politics has become to most of us.



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FAVORITE RECIPES

Lemon Brownies

by Kim Langer

Ingredients

for the brownies...

- 1/2 cup salted butter, softened
- 3/4 cup sugar
- Zest of 1/2 lemon
- 2 large eggs
- 1 tablespoon fresh lemon juice
- 3/4 cup flour
- 1/2 teaspoon baking powder

for the glaze...

- 3/4 cup powdered sugar
- 1 1/2 tablespoon fresh lemon juice
- Zest of 1/2 lemon

Directions

Preheat the oven to 350.

Prepare an 8 x 8 pan by spraying with cooking spray or lining with foil, and set aside.



In a large bowl or the bowl of a stand mixer, beat together the butter, sugar, and lemon zest until light and fluffy. Add the eggs one at a time, mixing well after each addition, then add the lemon juice. Add the flour and salt, and mix until just combined.

Scoop the batter into the prepared pan and smooth into an even layer. Bake 20-25 minutes, or until a toothpick inserted into the brownies comes out clean. Let cool 10-15 minutes.

To make the glaze, whisk together the powdered sugar, lemon juice, and lemon zest, then pour over the brownies, spreading evenly to coat. Let cool completely before slicing and serving.

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