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CURRENT NEWS

by Brett Langer

All week I've been watching financial analysts, from all media stations, talk about tariffs. The word on the street is that our economy will suffer greatly as prices sky rocket while trade wars are created with US partners overseas. Additionally, there is a lot of concern that these trade wars will possibly slow our economy down, bringing an end to the current recovery that everyone has been waiting for.

Once again, we have to look past all the commentary. Why? Because, these so-called experts are trying to tell us what's going to happen. The hard part is, we can't prove them wrong until after they are wrong. What bothers me is we are not hearing factual data to back up their talking points. I think we can all agree that we've entered into trade concerns since the first of this year. As soon as it looks like it's improving we wake up to a new tweet, being lobbed into the playing field, first thing in the morning. Since we've been in this trade war environment, shouldn't we be seeing negative signs in the economy? The data for last month actually tells a different story. Seventeen of the eighteen manufacturing industries have all expanded. The best leading indicators, new orders and production, are showing higher levels. In fact, the new orders index has the most consecutive readings above 60 since the 1970's (www.ftportfolios.com). So the actual manufacturing data all show more growth, hiring, and investment than we've seen in decades. The new tariffs and discussions of more tariffs have not slowed the economy down. While prices have had small increases, they have not been to the high levels that were predicted.

It seems that today's focus is in trying to predict the end of the current recovery. Several people have told me they are waiting to buy a home until prices crash. Suddenly, it seems like many people have learned how to forecast what's going to happen and how it's going to happen. There are several reasons I think this is tricky to do. First, history shows that economists as a whole failed to predict 148 out of the past 150 recessions (www.theguardian.com/money). Second, the environment we are in today has no track record. While we have been conditioned for bubbles, I don't think this has to predict that one is imminent.

My son and I were reviewing how growth in this country is measured. It's called Gross Domestic Product, or GDP. It's comprised of, consumer spending @ 69%,

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THE SUMMIT FAMILY PICTURES



Mesquits at
Timberline
Lodge



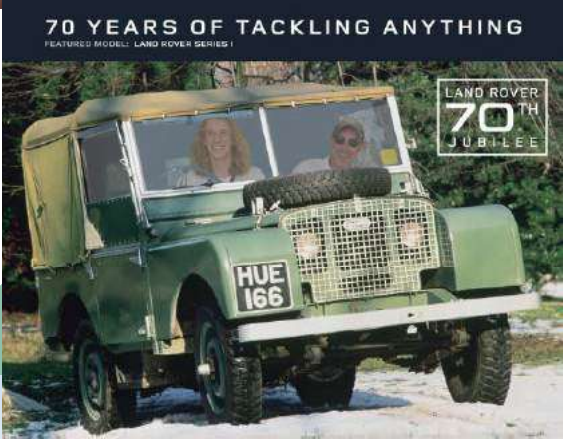
Bodens at
Chateau De Cheverny



Bodens at
Mt Jefferson



Bandettini Girls - Summer 2018



Land Rover with
Harrison and Brett



Harrison Langer
Intern 2018



Kate Bandettini and
Courtney Boden



Mesquits at
Moran State Park



Kim and Harrison
Summer 2018



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CURRENT NEWS

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government spending @17%, Business investment @17%, and yes import and export has been @minus 3%. Since 2008, much of this recovery has seen growth at less than 2%, which is the most anemic in US history. This means, something has been missing, keeping us from the sweet spot of 3% to 3.5%. We think there are two areas that have been keeping a lid on growth. One, business investment, and two, exports.

Something very fundamental has happened within the last year or two that has changed both areas. First, company's capital expenditures have been increasing rapidly. This is the primary factor indicating that growth now is trending back to the normal of 3% plus. In the past sixteen years, companies have been under a barrage of rules and regulations that has directly affected their bottom lines. Companies learned to be lean and play defense because they didn't know when it was going to stop. About a year or two ago we saw a large shift in this dynamic. When it was announced that the era of more rules and regulations was ending, business confidence shot up to 20 year highs. Small business confidence alone, shot up to the highest level ever recorded, going back 50 years. This not only has a direct correlation with the increase in corporate capital expenditures, but also with the rise of hiring and investment in employees.

Lastly, my son Harrison showed me a chart of net exports of goods and services. Around the mid 90's, our trade deficit plunged to deficits unseen before. It's helpful to have cheaper goods come into our country, but as you can see in GDP, it subtracts from our growth rate as well. For the first time in two decades, we are seeing this trend reverse. Early signs show that the trade conversation today isn't harming the US, but almost looks as though it's helping with our trade imbalance. We will certainly pay close attention to this in the coming months.

As investors, we often feel helpless with what the news says, what economic policy is, how our President negotiates, etcetera. Our firm stays close to factual data and looks at leading indicators to help us point our allocations in the right direction. I know, when I go home tonight, if I turn on the news, it will cause me to not want to invest any more or possibly even move to a different country. However, looking at actual economic data and trends, there is much to be positive about with the direction of our economy. Incomes are rising at the fastest pace seen in fifteen years, manufacturing is on a pace to be the best it's been since the 1970's, business's seem to be making up for lost time by making large capital investments, and the list goes on. Amazingly, lower income folks are seeing the largest increase in their wages in a long time. Yes, eventually this expansionary period will end. When it does end, it doesn't mean it has to be a large recession, it could be shallow. These are all indicators we are watching for.



**Parker and Brezlyn
in Texas**



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FAVORITE RECIPES

Turmeric Coconut Rice

by Kim Langer



Ingredients

- 2 c. brown rice (Jasmine or Basmati) washed and drained
- 1 tablespoon of coconut oil
- 1 small onion, finely chopped
- 2 cloves of garlic, minced
- 1 teaspoon ground turmeric
- 2 green onions, chopped
- 2 sprigs of thyme
- 1 carrot, diced
- 1 15 oz. can of coconut milk
- 2 cups of vegetable broth
- 1/4 teaspoon Cayenne pepper (optional)
- Sea salt to taste
- 1/4 cup of chopped cilantro, and lime juice, for garnish

Instructions

Heat oil in a large pot on medium high and cook onion and garlic until soft. Stir in turmeric, green onions, thyme, carrots and cook for a minute stirring constantly.

Add rice and stir until rice is fully coated yellow. Add coconut milk, vegetable broth, cayenne pepper, and salt to taste.

Bring to boil, cover and reduce to simmer on low for 50 minutes or until rice is tender. Remove from heat and keep covered for about 10 minutes. Fluff with fork, stir in cilantro leaves and a squeeze of lime juice.

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