



## MCP Wealth Management Pty Ltd

**February 2018**



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### Contact Us

#### Principal

Mario Cecere-Palazzo CA

**(08) 8232 8155**

[admin@mcpwealthmanagement.com.au](mailto:admin@mcpwealthmanagement.com.au)

Suite 606/147 Pirie Street  
Adelaide SA 5000

#### EDITORIAL

Another calendar year rolls through and the financial markets continue to trade at record highs.

Most of you have received your Superannuation and Investment Performance Summary and happy with the returns.

Some industry leaders who have watched markets all their lives are suggesting be very watchful of the 7 year 'itch'. Whereby markets have a tendency every 7 – 10 years, to correct themselves and head south.

So what do you do?

Come speak with a qualified advisor at MCP Wealth Management about your investment needs. We tailor an investment strategy to your particular needs!



#### INVESTMENT MARKET

Global equities continue to trade near record highs while validity in most markets is very low.

Year to date global equities have returned 21.31% (MSCI AC World), whilst US equities 20.4% (S&P 500). In Australia share have returned 13.9% (ASX 200).

However emerging markets seems to be the best performer with 33%.

For you the investor, high growth portfolios have had significant returns, whilst diversified portfolios have had healthy returns but the nature of diversifications ensures the portfolio is allocated with defence investments which do not excel and demonstrate significant returns in an equities growth market.





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accounting. financial planning. lending.



## **THE ECONOMY**

The leading International Monetary Fund (IMF) has raised its 2017 and 2018 global growth expectations to 3.6% and 3.7% respectively.

In emerging markets the IMF is forecasting growth of 4.6% in 2017 and 4.9% in 2018.

The US economy is doing particularly well with better than expected 3<sup>rd</sup> quarter GDP growth of 3.3% (annualised). Possibly the Trump effect is stimulating the economy as significant tax reform and assistance to Corporations grows the US economy.

In Australia the Consumer Price Index (CPI) increased 1.8% for the year ended September but below expectations of 2.0%.

Whilst inflation is low the job market remains relatively strong. The unemployment rate fell to 5.4% in October from 5.5% in the previous month. This was the lowest jobless rate since February 2013.

It is most likely with the US taking the lead interest rates will begin to increase, in my opinion, gradually over the next 12 to 18 months. The Australian Federal Reserve often follows its US allies, with interest rates movements and most likely we will be experiencing interest rates increases in the future.

As I always tell our clients a diversified share portfolio, together with real physical real estate will ensure your financial goals will be achieved. As your advisors we are here to help!

# Financial

