



## WEEKLY MARKET COMMENTARY

*For the Week of June 17, 2019*

### The Markets

Stocks closed lower Friday amid pressure on tech shares, continued trade issues, Middle East tensions and disappointing Chinese economic data. Improved retail sales data fueled speculation the Federal Reserve would hold off on cutting interest rates. For the week, the Dow rose 0.46 percent to close at 26,089.61. The S&P climbed 0.53 percent to finish at 2,886.98, and the NASDAQ gained 0.70 percent to end the week at 7,796.66.

**Who's Buying Now?** — Since Janet Yellen announced on Sept. 20, 2017, a plan to shrink the Fed's balance sheet by having bonds mature without reinvesting the principal into newly issued bonds, the securities held outright by the Fed have declined by \$575 billion to \$3.7 trillion (source: Federal Reserve, BTN Research).

**10 Years** — June marks the 120th consecutive month of an economic expansion for the United States, tying the record set between March 1991 and March 2001. The nation has maintained records on the country's business cycles since 1854 (source: National Bureau of Economic Research, BTN Research).

### WEEKLY FOCUS – Buying or Renting After Downsizing

Just as few empty nesters still drive the minivans that once transported their kids and their kids' teammates to soccer games, many no longer need or want their four- or five-bedroom home. But should they buy or rent when they downsize? That depends...

While ownership itself and the freedom to make a home uniquely their own remains important to many, baby boomers are one of the fastest growing groups of renters. There are a variety of reasons. Some want to break free from yard work, snow removal and maintenance chores. Others want to travel without worrying about their home while they're away.

Making a choice based on emotional preference is fairly simple. Comparing financial pros and cons is complicated. For instance, it can be hard to predict rent increases in coming years. Having a home that is paid for or has a fixed monthly mortgage payment would seem to make expenses predictable – until the furnace gives out or a pipe breaks. It's also tough to know how much property taxes and home insurance premiums will go up.

Financial commentators differ on whether buying a smaller home or renting and investing the proceeds from a home sale in stocks make more sense. There are no guarantees with either. But the value of both typically rises if held for an extended period. If the home is kept for less than 10 years, realtor fees, closing costs, moving expenses and remodeling expenses could make comparable stock investments a more attractive financial decision. Therefore, retirees moving cross-country might be wise to rent before purchasing a home to ensure they enjoy their new location. And pre-retirees and retirees should consider whether a prospective home will allow them to age in place.

Whether a home proves to be a good investment depends on multiple factors, including the original cost of the home, the national economy and the local real estate market. If it's purchased during a real estate boom, the bubble may burst in the future. Recently, an acute shortage of affordable homes nationally has driven prices up faster than inflation and wage growth.

Unsure of whether you would like to buy or rent for your golden years? We can help you identify what is most important to you and what makes the most sense for your financial situation.

\* The Standard & Poor's 500 (S&P 500) is an unmanaged group of securities considered to be representative of the stock market in general. The Dow Jones Industrial Average is a price-weighted index of 30 actively traded blue-chip stocks. NASDAQ Composite Index is an unmanaged, market-weighted index of all over-the-counter common stocks traded on the National Association of Securities Dealers Automated Quotation System. The Morgan Stanley Capital International Europe, Australia and Far East Index (MSCI EAFE Index) is a widely recognized benchmark of non-U.S. stock markets. It is an unmanaged index composed of a sample of companies representative of the market structure of 20 European and Pacific Basin countries and includes reinvestment of all dividends. Barclays Capital Aggregate Bond Index is an unmanaged index comprised of U.S. investment-grade, fixed-rate bond market securities, including government, government agency, corporate and mortgage-backed securities between one and 10 years. Written by Securities America, Copyright June 2019. All rights reserved. Securities offered through Securities America, Inc., Member FINRA/SIPC. SAI# [2598432.1](#)

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