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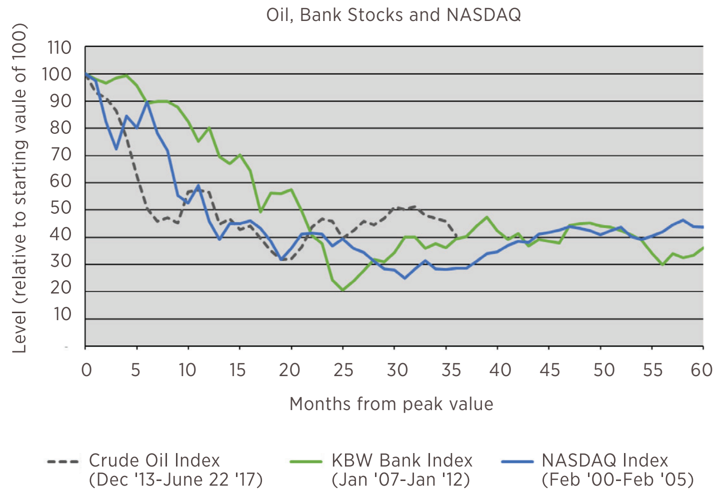
## *Viewpoint* / July

## Chart of the Month

In the past 20 years there have been three major investment boom/bust events: dot-com firms, the housing market and oil & gas. These booms led to a significant rally in asset prices followed by a multi-year correction. To consider where the price of oil might be going from here we looked at the post-peak performance of the NASDAQ index, the KBW Bank index, and the price of oil. The symmetry of the price collapses is remarkable. In the first 2 ½ years of each bust prices fell to 20-30% of their peak value (a decline of 70-80%). The next 2 ½ years saw prices range-bound between 30% and 50% of peak value, suggesting that the current price of oil ($45 / barrel or 43% of the peak price) is in-line with the price action from previous investment boom/busts. If history repeats, the price of oil is likely to be range-bound between $30 and $55 / barrel for the next several years.




## The Advisor Survey:

**Pam Smith, CRPC®, ChFC®, Senior Vice President, Wealth Advisor**

*As oil prices continue to struggle, is there a place in my portfolio to capitalize on the oil market?*

The asset allocation of a client's portfolio is based on goals, time, and the amount of risk the client is comfortable assuming with their investments. We create this strategy by allocating funds into 'buckets'. The first bucket holds cash and other safe investments to reassure clients that regardless of market performance, a portion of their money will be available to cover their basic expenses. The other buckets hold assets that should appreciate over time, but come with a higher level of risk. The last bucket would be for more tactical investment opportunities such as trying to capitalize on the lower price of oil or any other investment that has had a rapid decline in price. Most of these investments do not recover overnight. It's important to set the expectation that it could take three years or longer for the investment to show positive returns and that trying to "time" the market has proven to be an ineffective short-term strategy.

| | Source: FactSet 2017 | June | YTD | 2016 | Benchmark |
|---|---|---|---|---|---|
| *Stocks* | United States | 0.6% | 9.3% | 12.0% | S&P 500 |
| | Intl Developed | -0.1% | 14.2% | 1.5% | MSCI EAFE |
| | Emerging Markets | 1.1% | 18.6% | 11.6% | MSCI Emerging Markets |
| *Bonds* | US Investment Grade | -0.1% | 2.3% | 2.6% | Barclays US Aggregate |
| | Intl Investment Grade | -0.1% | 6.1% | 1.5% | Barclays Global Aggregate xUSD |
| | Global High Yield | 0.2% | 6.5% | 14.3% | Barclays Global High Yield |
| | Emerging Markets $ | -0.2% | 5.1% | 9.9% | Barclays Emerging Markets USD Aggregate |
| *Other* | Commodities | -0.2% | -5.3% | 11.8% | Bloomberg Commodity |
| | Gold | -2.2% | 7.8% | 8.5% | Gold New York Spot ($/oz) |
| | Oil | -4.7% | -14.4% | 44.8% | Crude Oil WTI/Global Spot NYMEX |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