

Rocky Road Ahead?

These days, it has become increasingly difficult to disconnect and turn aside from the nonstop barrage of news, some of which is exceedingly unpleasant. What's more, the level of business uncertainty has risen, a happenstance that never sits well with Wall Street. That's not a good sign for what lies ahead.

As summer arrives, folks tend to turn away from the accelerating deluge of these developments, preferring to relax and enjoy more peaceful pursuits. Whether that's possible anymore remains to be seen.

The good news is that corporate profits continue to climb and the overall economic picture is encouraging. How long this expansion will continue is another story. Indeed, the economy has been on a steady upswing since the scary days of late 2008/early 2009, one that is among the lengthiest on record. Even so, there has never been a period of nonstop growth and this most certainly won't be the first.

The latest addition to the mounting pile of problems is Washington's effort to add substantial tariffs to foreign imports, ostensibly in response to unfair trading practices of our major international partners. Who knows if government threats to enact these levies will come to pass? But history tells us that trade wars, if indeed that's what develops, do not lead to good results. Quite the contrary.

For investors, the concern is what is always most troubling: uncertainty. The unknown is never a good thing and people tend to think in terms of the worst possible outcome, even if that is unlikely. For that reason, recent daily market action has been largely a matter of knee-jerk reactions to latest breaking news on the media.

Other key concerns include the Fed's efforts to raise interest rates to more normal levels as well as the probability that economic gains will moderate substantially in 2019. Wall Street likes acceleration, not deceleration, so we could be in for some bumpy times.