BARNES-PETTEY
FINANCIAL ADVISORS, LLC
Independent Registered Investment Advisor

RECORD U.S. EXPANSION STILL HAS ROOM TO GROW

THE U.S. ECONOMY STILL HAS "MILES TO GO." - At 124 months the current economic expansion is the longest on record. Despite some recent data, such as the weak manufacturing index bolstering recessionary fears, it is still premature to declare an imminent recession. Since the consumer is the dominant force driving our economy, greater than 70%, consumer spending should maintain its momentum as confidence remains elevated, employment remains strong and wages are growing.

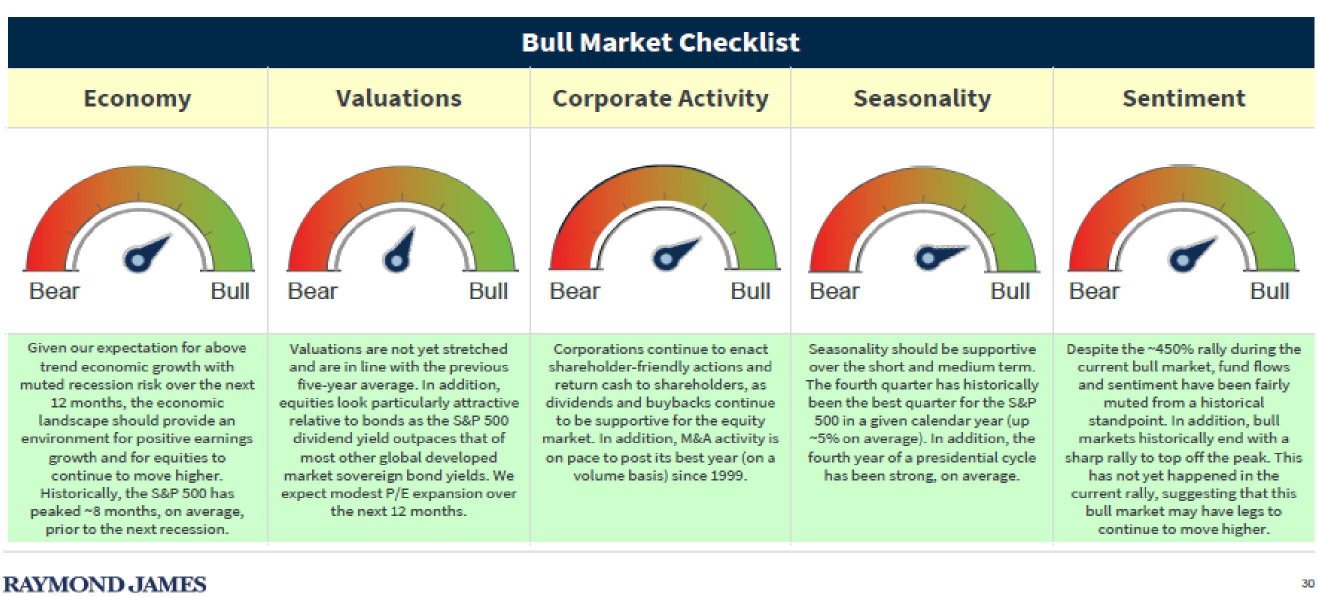
LANDMARK LOW YIELDS – As a result of the global synchronized easing cycle from central banks along with trade concerns and slowing global economic growth, interest rates are at unprecedented low levels. U.S. yields are expected to remain low because of the negative yields overseas driving investment money into U.S. bonds. We believe the equity market hasn't reached its peak. Continued U.S. economic growth over the next 12 months should provide an environment for positive U.S. earnings growth moving forward. Valuations are not yet stretched and may have the capacity for slight multiple expansions given the low interest rate and muted inflation environment.

VOLATILITY IS CLIMBING HIGHER – The financial markets have no shortage of volatility inducing headlines this year! Tariff concerns, impeachment proceedings, a final offer being made on the ongoing BREXIT regulations, North Korea's 9th missile test of 2019, and the Hong Kong protests turning violent make volatility extreme. As we enter an election year and move through the later stages of the business cycle, volatility must be expected to remain elevated and we reiterate the importance of asset allocation, active management, and risk-reducing strategies.

ENERGY UPDATE – The recent drone attacks on Saudi Arabia's oil fields caught the world's energy market off guard. The 18 drones and 7 cruise missiles took half of Saudi Arabia's production capacity, and 5% of the world's daily oil production off-line with ease! Oil prices spiked by nearly 15%, the biggest daily jump in 30 years. The price of WTI crude shot up from $55 to $62.80 per barrel in reaction to the attack. But when compared to other oil shocks, the move came from modest levels and thus didn't have the economic impact if this attack had happened late 2014 when crude was trading above $93. However another series of major attacks on oil producing assets could produce havoc in global energy markets and push the global economy into recession.

TARIFF –It doesn't appear that an all-out trade war will materialize but rather short-term skirmishes could lead to longer term gains for the countries involved. The U.S. has already completed trade deals with Mexico, Canada and Japan. Total trade from these three is far bigger than with China, yet that's what the media obsesses over. China is hurting and further tariffs ratchet up the pressure to get a deal done. So far this year, U.S. imports from China are down 13.2% from the same period in 2018, while up 31.5% from Vietnam, 14% from Taiwan, 7.6% from India, and 6.8% from South Korea. Companies are shifting production out of China. The longer this drags on, the worse the outcome will be for China. The list of companies leaving China continues to grow, and at some point the damage will become too much.

GAUGING THE HEALTH OF THE BULL MARKET



ON A PERSONAL NOTE – The financial planning industry is as old as Woodstock. No, I did not attend Woodstock, but I was an early entry into the Financial Planning profession. In December 1969, 13 financial advisors met near O'Hare International in Chicago and talked about a new financial industry. What that meeting spawned has certainly revolutionized the way Americans approach saving, investment, and retirement. It transformed the businesses that provided investment and financial services.

That meeting spawned the creation of the College for Financial Planning, which was intended to provide the intellectual heft necessary to underpin a new profession and a new approach to financial products. Instead of selling insurance policies and investment securities, the new advice professionals would help clients manage the wide scope of their finances, tackling everything from obtaining the right mortgage to saving for a child's education and saving for retirement. Graduates of the College for Financial Planning program went on to create the Institute of Certified Financial Planning and the International Association for Financial Planning. My entry into the Financial Planning profession occurred in 1971 when I joined Gainey and Associates in Jackson, MS. I am very fortunate to have entered this industry in its infancy.

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In September, I was honored by being named to the top 2019 Best-In-State Forbes Wealth Advisors for Mississippi.

*The Forbes ranking of Best-In-State Wealth Advisors, developed by SHOOK Research is based on an algorithm of qualitative criteria and quantitative data. Those advisors that are considered have a minimum of 7 years of experience, and the algorithm weighs factors like revenue trends. AUM, compliance records, industry experience and those that encompass best practices in their practices and approach to working with clients. Portfolio performance is not a criteria due to varying client objectives and lack of audited data. Out of 29,334 advisors nominated by their firms, 3,477 received the award. This ranking is not indicative of advisor's future performance, is not an endorsement, and may not be representative of individual clients experience. Neither Raymond James nor any of its Financial Advisors or RIA firms pay a fee in exchange for this award/rating. Raymond James is not affiliated with Forbes or Shook Research, LLC.

A PLAN FOR ALL SEASONS: After a successful year, it's great to relax a bit and enjoy the holiday season. But you also want to finish strong. It's a good idea to consult with us to identify opportunities for tax-deferred growth, as well as tax-advantaged investment and charitable giving options, as the year comes to a close.

FALL 2019 | MARKET CLOSURES

Thursday, November 28: Thanksgiving Day

Wednesday, December 25: Christmas Day

MARK YOUR CALENDAR

☐ **Tuesday, December 31**: New Year's Eve is the year-end charitable gift deadline for check and wire transfers.
☐ **Tuesday, December 31**: Last day to take 2019 required minimum distributions for those who turned 70½ in or before 2018

PLANNING TO-DO'S

☐ **Size up your portfolio**: If you're invested in mutual funds, don't forget about capital gains distributions dates that typically fall in December. Consider balancing your realized capital gains with losses where appropriate.
☐ **Give wisely**: Remember deadlines for year-end gift and charitable contributions if you itemize. Allow enough time to complete donations, keeping tax limitations in mind. Consult with us if you're interested in opening a donor advised fund as a way to optimize the ability to itemize and deduct your charitable gifts.
☐ **Prepare to tax-loss harvest**: Consult with us on year-end tax planning decisions and rebalancing for tax efficiency.
☐ **Visualize financial goals for 2020**: Reassess retirement savings and work with us to make adjustments, if needed.

A TIMELESS TRADITION – CHARITABLE GIVING

Philanthropy, derived from the Greek word for "love of humanity", is as old as time! As 2019 wanes, consider ways charitable giving can brighten the holiday season.
Write a check
Donate appreciated securities – doing so generates an immediate tax deduction and helps avoid payment of capital gains on the appreciated portion.
Give the IRA Required Distribution – For those over 70 ½, the required minimum distribution can be given to charity, up to $100,000 avoiding taxation to the owner of the IRA.
Donor Advised Funds – create your own foundation but avoid the cost and upkeep of a private foundation. You still have the ability to make grants and investment decisions. Cash or appreciated securities can be gifted and receive an immediate tax deduction.

Cliff Camp, David Holt, and Freddy Rayner joined Dudley for golf at the Kent Hull Foundation Golf Event. Kent, former Mississippi State and Buffalo Bills center, and now deceased, is still being honored and his Foundation continues to benefit the Batson Children's Hospital in Jackson.

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