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**Major Index YTD Performance  
(As of 9/1/2017)**

Dow Jones Indust. TR	+13.21%
S&P 500 Index TR	+12.16%
NASDAQ Comp.	+ 19.55%
MSCI World Ex US	+16.34%
Russell 2000 TR	+5.04%
Barclay US Aggregate	
Bond Index	+3.45%
Long Commodity Idx.	-6.01%

All performance data provided by Morningstar

Domestic equity indices ended August mostly flat, a contrast to the last several months of momentum. The end of the month saw geopolitical concerns arise between North Korea and Japan, and Brexit negotiations have not made notable progress. Yields on the 10-year U.S. Treasury slid, as investors sought safety in Treasuries and gold.

In better news, recent data showed property values and home prices had gained ground, in part because of a shortage of inventory, a strong job market helping to increase demand and still-low mortgage rates. Consumer confidence also rose to its second-highest level since 2000, which bodes well for gains in consumer spending going forward, the largest part of the U.S. economy.

Market observers are also watching how Washington will deal with the looming showdown over the fiscal 2018 budget and the federal debt ceiling. While lawmakers are working toward a deal by the end of September, they can easily kick the can down the road, allowing more time to reach an agreement.

The major U.S. stock indices ended August largely mixed, with the S&P 500 and Dow essentially flat from the month before, the Russell 2000 down 1.39% and the Nasdaq up slightly at 1.27%. However, all are well into positive territory year-to-date.

Economic data showed no significant increase in expansion but reflected no indication of an impending recession either. Real GDP rose at a 2.1% annual rate in the first half of 2017, roughly the same pace as in the last couple of years. As expected, consumer spending rebounded in the second quarter, but with some signs of slowing as we headed into July. Wage growth has remained moderate with average hourly earnings trending 2.5% higher than a year ago, despite the continued tightening in labor market conditions. Business optimism surged following the presidential election and has remained elevated in recent months. That enthusiasm has likely contributed to the increase in business fixed investment in the first half of the year, but the recovery in energy exploration also has played a part.

Many of the challenges affecting markets and investor sentiment center on global and domestic politics or policy and some are mentioned above. North Korea and its missile tests continue to be the most obvious of these issues. Domestically, the failure to repeal and replace the Affordable Care Act, coupled with Washington agenda topics which include tax reform, immigration, and the debt ceiling have all added to an air of uncertainty. That said, the stock markets have been at or near recent or all-time highs because companies continued to be profitable and grow their earnings. It should be pointed out that there is seldom a time when there isn't something going on in the world to catch our attention and yet businesses continue to move forward and usually find a way to succeed.

I make mention of these potentially disruptive conditions, because during the same time these issues have come about, the equity markets have been displaying a historically low level of volatility. As many of you have heard me say, a 10% or more decline, some time during a calendar year, is common and nothing to fear in the long-term. We have not had a decline of 10% or more since February 2016. This condition does not require a notable decline in the markets, but it should not surprise us when it does. In the 36 years from 1980 to 2015 a midyear decline of 10% or more occurred 18 times. In 11 of those 18 years the market still finished the year positively. 16 of those 36 years had intra-year declines between 5% and 9%. 15 of those 16 years ended positively by year end. In only 2 of those 36 years was the intra-year decline less than 5%\*. So pullbacks, even double-digit pullbacks, are in fact common and also temporary. Most importantly, they should not serve as reasons to derail us in our long-term plans and objectives. Instead, we should view these pullbacks, at their worst, as temporary pauses in progress and at their best, as opportunities.

## New Face in the Office



Raymond James Home Office  
St. Petersburg, FL.



When you call into my office, I am sure that many of you have come to recognize the voice and welcomed the assistance of my Client Service Associate, Scott Buehlmeier. Scott has been an integral part of the operation of this office for the last several years and has made numerous contributions to its success. That said, Scott has made a decision to move on to other endeavors, including a move out of state, and we wish him all the best in his new pursuits.

Replacing people is an impossible task, as we all have unique skills and talents that can lend themselves to the successful operation of every endeavor. But replacement is also a part of our changing lives. In that light, I have brought in a new Client Service Associate to take over the duties and responsibilities of the position. Her name is Moira Viola and she brings her own unique set of skills and experience to this office.

Moira is 21 years old and a Business Economics student at UC Irvine. She has an Associate's Degrees in both Business Administration and Natural Sciences. She is currently a senior and has an interest in pursuing a career in the Financial Planning arena. Her previous employment experiences include confidential patient and family interface at the USC Medical Center and customer service and problem solving.

You have often heard me mention the youth programs that I work with and the great efforts these young people put in to improve and advance themselves. Moira is one of these young people who have shown themselves to be hard-working, self-motivating, diligent and trustworthy young adults and I am pleased to have her as a part of the office team.

The transition from one Client Service Associate to another will of course take time. But Moira is very bright and even in her brief time in the office, she has already demonstrated an ability to pick up and execute many of the procedures and inner workings of this office. I have no doubt that she will quickly integrate herself into the daily operations of the office and will be an asset to myself, this office, and you.



James N Barr, Jr.  
Financial Advisor

**Office Address**

17220 Newhope St #216  
Fountain Valley, CA 92708

(714) 708-7265

Toll Free (800) 362-0314

Fax (714) 708-7259

E-Mail

James.Barr@RaymondJames.com

Website [www.jamesnbarr.com](http://www.jamesnbarr.com)

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## What's Happening– A Personal Note

The summer travel started with a 4 day trip to Buffalo, New York, for the international conference of one of the youth programs I work with. The young men who run and operate within this organization continue to amaze me with their intelligence, insight and problem solving abilities. They are convinced there is no problem they cannot overcome and they work diligently to make that perception a reality. I have to say, I am happy to be involved with an organization that not only promotes but also allows its young membership to seek out opportunities to collaborate, discuss, and ultimately work towards the accomplishment of so many good and praiseworthy endeavors. I truly enjoy watching these young men work.

While in Buffalo, I was able to get out and take in a small amount of the local color. I did not make it to Niagara Falls, but in the name of culture I did make it to the restaurant/bar where the buffalo wing was invented, The Anchor Bar. Of course, I had to try the wings while I was there. I have to say they were very tasty, but I believe I have had better elsewhere. But it was still fun to go, especially since I was there with my good friend, John.

I also took a four day trip to central California where I was attending the statewide convention for the other youth program I work with. This program supports young ladies in the same efforts as those described above for young men. Though on the state level and not international, these young ladies are equally impressive. I know we are often put off by some of the behavior we hear about and sometimes see in the youth of our communities. But these young ladies are the exceptional people of our communities and deserve our support in their efforts to make themselves better and the world a better place. This experience was as equally rewarding as the one with the young men and I am proud of their efforts.

Speaking of the international level of the girls' organization, I also spent a few days in Valley Forge, Pennsylvania at the international gathering for the girls' program. However, the reason for attending this particular event was a little more personal. Beki was being installed into a one year appointment on the international level. She will be in charge of developing a program that will improve and enhance the membership efforts of the global program. She is very excited and I am of course very proud of her. I am certain she will do a fantastic job and the organization will be better off for having asked her to get this program off the ground.

Valley Forge itself was very interesting. The hotel we stayed at was only about 1/2 a mile from the Valley Forge park, where the training of the revolutionary troops took place and where those same troops endured the historically bad winter, during the early years of the American Revolution. The park and its historic buildings were intriguing. The headquarters used by General Washington during his time in Valley Forge were surprisingly small but obviously functional for the need and the times. All in all, I truly enjoyed the experience.

We took a side trip into Philadelphia and took a bus tour of the city. We were able to get off the bus and see several of the major sights such as Independence Hall and The Liberty Bell. Although there is a significant amount of history that has taken place in California, sometimes I forget exactly how much of our history took place on the east coast. What is even more surprising is how close these major locations are to each other; sometimes only a few miles apart.

In the midst of all of this youth program travel, I did manage to get a quick trip put together with my father to go to Prescott, Arizona. As I have mentioned in previous articles, I have a genuine affection for Prescott. It has that small town feel with all of the general amenities of more developed communities. There is a beautiful town center square with the courthouse in the middle and well-kept trees and grass surrounding it. It looks like a picture of a time that has long past.

There are multiple cultural and art events that are held throughout the year, right in the town square. There are several museums in the immediate area that chronicle the rich history of the town and the region. There is an annual rodeo, which I believe is the oldest such event in the country. The people there are friendly, the town is clean and has a deep history tied to the old west. There is even a bar/restaurant in town that has a picture in it that shows Wyatt Earp standing at its bar. I am fascinated that such a picture might exist and if it is real, it is even more impressive.

## Disclosures

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  - Past performance may not be indicative of future results.
  - Diversification and asset allocation do not ensure a profit or protect against loss.
  - **U.S. Government Bonds and Treasury Bills** are guaranteed by the U.S. Government and, if held to maturity, offer a fixed rate of return and guaranteed principal value.
  - The **S & P 500** is an unmanaged index of 500 widely held stocks that's generally considered representative of the U.S. stock market
  - The **NASDAQ Composite** is an unmanaged index of securities traded on the NASDAQ system.
  - The **MSCI** is an index of stock compiled by Morgan Stanley Capital International. The index consists of more than 1,000 companies in 21 developed markets.
  - The **Russell 2000** index is an unmanaged index of small cap securities which generally involve greater risks.
  - **Morningstar Long-Only Commodity Index**. The Long-Only Commodity Index is a fully collateralized commodity futures index that is long all eligible commodities.
  - **Barclays US Aggregate Bond Index** is a broad based index often used to represent investment grade bonds being traded in the United States
  - The **Dow Jones Industrial Average** is an index of 30 stocks that is considered a representative of the overall market.
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