

Leigh Baldwin & Co.

Investment Brokerage

As 2017 has now rolled into 2018, stock enthusiasts are enjoying more of the same, which is strong markets across the board and getting stronger. For the record, 2017 turned into an outstanding year, so outstanding that there was not a day where the market was negative for the year. Nasdaq issues led the way, up 31%, followed closely by the thirty Dow stocks which were up about 28%, and the S&P easily topping 20%. An interesting side note is that even with the historic move in US stocks, our markets ranked about 33rd across the world in terms of returns...in other words we are in a full-fledged synchronized global rally. Going forward, we are zeroing in on three major themes or variables...1) Will interest rates continue in earnest their late year rally and eventually be a drag for fixed income investors and ultimately stocks? 2) Will the tax law changes, which essentially put over 20% more money in corporate coffers, combined with less regulation cause an explosion in economic growth and corporate earnings beginning a new leg to this bull market? 3) Based on valuations, will international stocks continue to out-perform and attract US investors at a tremendous pace? The answers to these questions all remain to be seen but the obvious position, and what the markets are telling us, is that stocks will continue to have the green light for at least the first quarter of the year, even though a correction (possibly more severe than expected) becomes more and more a mathematical certainty. "The more things change, the more they stay the same." Jean-Baptiste Alphonse Karr

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