

Peck - Kula  
Investment Management Group

Members of D.A. Davidson & Co.

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**W**elcome to our first quarterly newsletter. We felt the time was never better to initiate a way to deliver timely information to you, our clientele. The amount of information that is presented and available to you in regards to the markets and world events, is astronomical. Our goal for this newsletter is multifaceted. One, from a high level, we want to address some of the themes in the market and world that are 'in the news' and help determine how, if at all, it affects you. We will also share with you important dates such as tax deadlines, and important financial updates and changes such as IRA contribution limits, for example. Finally, we hope to share with you some lifestyle observations and articles that will perhaps better your life. We welcome any feedback as we move forward on the new adventure.

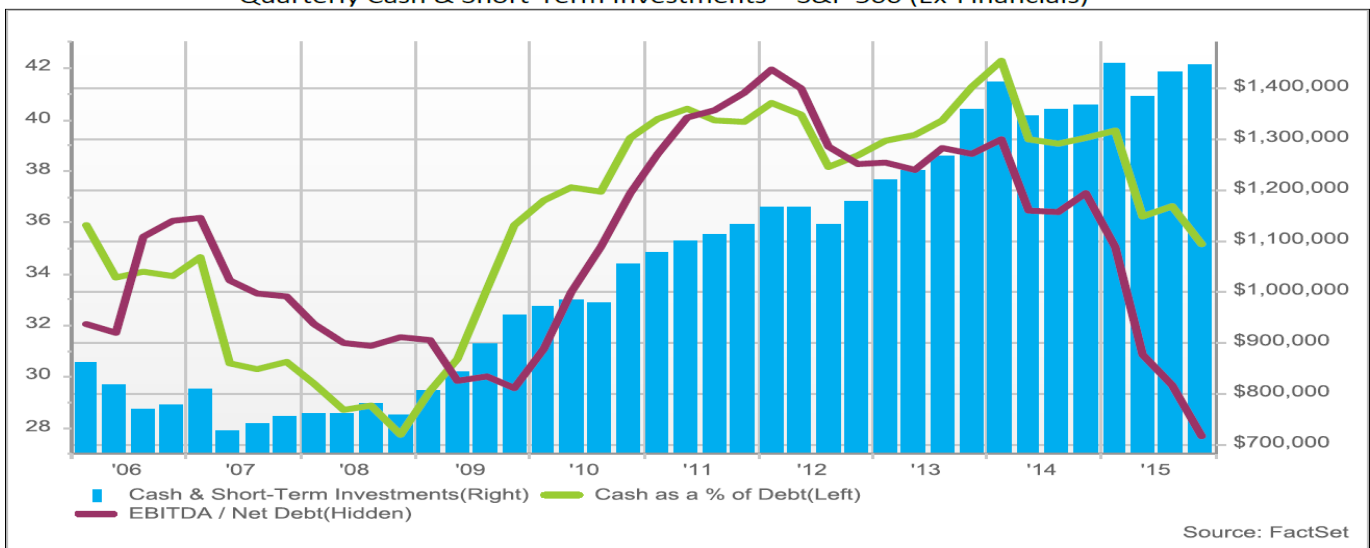
Alan Shepard said it best

**T**he Federal Reserve, almost 7 years to the day of lowering rates to 0% have finally increased rates by .25%.

This reminds us so much of Alan Shepard in 1961. As he waited for hours atop his Mercury Spacecraft "Freedom 7" while NASA engineers fiddled around, he said "Why don't you fix your little problem and light this candle?!" They finally did and he became the first American to go into space.

**What a great visual for our most recent experience in waiting for the Fed to raise rates.** It is hard to believe we've been in a 'holding pattern' for 7 years. So why do we see this as a good thing? First, the fact that the Federal Reserve has moved rates higher is an indication that the U.S. economy is healthier, in their eyes. Is it great, no, but it is moving in the right direction. Second, and maybe more importantly, the amount of cash reserves in corporate America is at drastically high levels. The increase in rates will once again be the catalyst to money market interest payments; something corporate America as well as the consumer have not seen for quite some time. Below is a chart that shows the amount of cash held by companies in the S&P 500, ex-financials. We are very optimistic the interest on this cash will be very beneficial to the growth of these companies.

Quarterly Cash & Short-Term Investments – S&P 500 (Ex-Financials)



## Texas Tea....

**A**s we say goodbye to 2015 and hello to 2016, the price of oil continues to grab headlines. We won't try to decipher why the price of oil has fallen at such a rapid rate, although we have our thoughts (The U.S. has more than ever...thank you technology and fracking); what we do try to understand is: why is this bad? No matter what part of the country this newsletter finds you, undoubtedly the price you pay at the pump to fuel your vehicle is dramatically lower from one year ago...again, is that bad? While the price decline of oil in the near term has had a negative impact on corporate earnings, we see this as a positive over the long haul to the U.S. Economy. The consumer in the United States is still the most important component of GDP. In 2014 the U.S. consumer equated for almost 70% of total GDP of the United States<sup>1</sup>. If we (the U.S. consumer), are spending less at the pump, it means we have more to spend elsewhere. This, in our opinion, will be visible in 2016 and will result in a U.S. economy that continues to improve. The 2015 holiday season has set new records once again. Data collected by Adobe found U.S. online orders on Cyber Monday totaled \$3.07 billion. The previous record was set the prior week on Black Friday, when \$2.74 billions worth of merchandise was sold. A 'new' film that debuted as well, breaking more records....Star Wars: The Force Awakens collected \$238 million in the U.S. and Canada in it's opening weekend, and \$528 million worldwide. The U.S. consumer is alive and well.

## To Infinity and...Back?

**S**peaking of space travel....During the evening of December 21st, 2015 SpaceX successfully launched and landed their Falcon 9 rocket, which carried 11 satellites to low Earth orbit. SpaceX designs, manufactures, and launches advanced rockets and spacecraft. The company was founded in 2002 to revolutionize space technology, with the ultimate goal of enabling people to live on other planets. We highlight this accomplishment for a couple of reasons. First, because it is pretty darn cool! Second, because it showcases the importance of innovation and how quickly our world is changing. The fact that this company was started only some 13 years ago and has already accomplished a feat, once thought unimaginable, says it all. It is difficult in today's world of communication through the media to see the good things happening out there. Whether it's mass communication through the likes of Facebook or Twitter, or paying with our groceries with the swipe of our phone, to 3D bio-printing of tissues and organs to the driverless car coming to a dealer near you, innovation is here and the future looks bright. Doc Brown said it best when describing the future to Marty McFly in the movie Back to the Future: *"Marty, where we're going, we don't need roads"*.

**Here's to a prosperous and healthy 2016!**

**Randy & Trevor**



<sup>1</sup>World Bank

## How We Help

- Investment Management & Monitoring
- Retirement Income Planning
- Estate Strategies
- Life Insurance and Long Term Care
- Business Succession Planning
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