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Holiday Week Hours

Posted on July 2, 2019 by The Weekly Commentary

In observance of the Independence Day holiday and related market closures, our offices will be closed starting at 1 p.m. on Wednesday, July 3 through July 4. We will be open and available Friday, July 5. All of us at Valley National Financial Advisors wish you a safe and happy Fourth of July!



Posted in [VNFA NEWS](#)

Valley National News

Posted on July 2, 2019 by The Weekly Commentary

VNFA Named to 2019 Financial Times 300 Top RIAs

Valley National Financial Advisors is pleased to announce it has been named to the 2019 edition of the Financial Times 300 Top Registered Investment Advisers. The list recognizes top independent RIA firms from across the U.S. [READ MORE](#)



Top
**Financial
Advisers**
2019

Message from Our CEO

Matthew Petrozelli, CEO, discusses the 2019 FT Top 300 honor and what it means for our firm.

“Our team is so proud to be recognized nationally as a top firm in our industry,” says Matt Petrozelli, CEO. “In order to best serve our clients, we know that VNFA must continue to innovate and grow while maintaining our core values and mission to help our clients make the right financial choices. This ranking is a validation for us and our clients that we are achieving the standards to be considered among the best financial services firms in the nation.” WATCH NOW

01:56



Posted in VNFA NEWS

Quarterly Commentary – Q2 2019

Posted on July 2, 2019 by The Weekly Commentary

Quarterly Commentary: Q2 2019



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Equities:

Performance across individual companies and sectors was a bit choppy during the second quarter as investors wrestled with the shroud of uncertainty created by the tenuous trade relationship between the United States and China. Nevertheless, the U.S. equity market (as measured by the S&P 500) rode a strong June rally to new all-time highs, with optimism being fueled by rising confidence that central banks will provide the juice needed to stave off a global economic slowdown. That sentiment was felt worldwide, with international equities in both developed and emerging markets taking advantage of strong June rallies to end the quarter in positive territory.

At present, equity markets are painting a very positive picture of the future; one where central banks can continue to keep the current expansion on target even as it faces its stiffest competition yet in the form of slowing global trade, declining manufacturing activity, and rising geopolitical tensions. Whether that optimism will prove justified remains to be seen, but one only needs to go back to the 1990s to find an example where equity markets extended the rally for an additional five years after the final Fed rate hike.

Bonds:

With equity markets playing the role of Pollyanna, bonds are casting a far more pessimistic tone. Treasury rates continued their precipitous decline throughout the second quarter, with the yield on the 10-Year Note falling to its lowest level since 2017. The futures market is now pricing in more than 100 bps (1%) of rate cuts by the end of 2020. For reference, this would mean the complete reversal of four previous rate increases. Of course, when interest rates decline, bond prices rise, meaning that bonds joined equities in generating healthy returns for investors during the first half of the year.

Whether explicitly part of the policy agenda or not, the Federal Reserve has at the very least, shown that it is keenly aware of market expectations and sensitive to bouts of market volatility that may have been caused by its actions. There have been multiple examples over the past several months of Fed representatives providing what might be construed as strategically timed comments that seemed to help sooth markets during bouts of volatility. Thus, current market expectations may have wedged the Fed between a rock and a hard place, where it risks disappointing markets and tightening lending conditions if it keeps interest rates above what the market is calling for. While we continue to believe that the fundamentals of the economy remain strong enough that a recession is not on the near-term horizon, the Fed may ultimately conclude that with inflation still in check, a

preventative “insurance cut” (as it has come to be referred to in financial circles) may be its best course of action for keeping the economic expansion on the path of least resistance.

Outlook:

With equities and bonds seemingly at odds with one another, there are some interesting and challenging implications for portfolio construction. In the current backdrop, the only way that both the stock and bond markets can be proven right is if the bond market has correctly predicted that the Fed’s concern over economic growth will push it into an aggressive mode of monetary easing (i.e. significant rate cuts), and that this monetary easing will be impactful enough to enable equities to charge onward. There is little in the last 10 years of economic history to suggest that this isn’t a plausible scenario (central bank intervention in the United States has been quite effective since the financial crisis), but the next several months will go a long way in helping us learn whether the bull can be tamed. At this point in time, we remain cautiously optimistic and continue to recommend a balanced, neutral approach to portfolio positioning.

VIDEO: Q2 2019 Market Commentary – Connor Darrell CFA, Head of Investments, shares Valley National Financial Advisors’ review of the second quarter, and an outlook into the second half of 2019. [WATCH NOW](#)

02:28 |



The Numbers & “Heat Map”

Posted on July 2, 2019 by The Weekly Commentary

THE NUMBERS

Week Ending 6/28/19	1 Week	MTD	YTD	1 Yr	3 Yr	5Yr	10 Yr
BONDS							
BloombergBarclays US Aggregate Bond	0.43	1.26	6.11	7.87	2.31	2.95	3.90
STOCKS							
S&P 500 (United States)	-0.27	7.05	18.54	10.42	14.19	10.71	14.7
MSCI EAFE (International Developed Markets)	0.65	5.93	14.03	1.08	9.11	2.25	6.90
MSCI EM (Emerging Markets)	0.39	6.24	10.58	1.21	10.66	2.49	5.81
INTEREST RATES							
	Wk End						
3-Month US T-Bills, Annual Rate	2.12%						
1-Year US Treasuries	1.92%						
2-Year US Treasuries	1.75%						
5-Year US Treasuries	1.76%						
10-Year US Treasuries	2.00%						
30-Year US Treasuries	2.52%						
30-Year Fixed Rate Mortgage	4.06%						

Sources: Index Returns: Morningstar Workstation. Past performance is no guarantee of future results. Indices are unmanaged and cannot be invested into directly. Three, five and ten year returns are annualized excluding dividends. Interest Rates: Federal Reserve, Freddie Mac

US ECONOMIC HEAT MAP

The health of the US economy is a key driver of long-term returns in the stock market. Below, we grade 5 key economic conditions that we believe are of particular importance to investors.

CONSUMER SPENDING	A	Our consumer spending grade remains an A. Surveys of US consumers continue to indicate that the consumer is in a strong position.
FED POLICIES	B+	We have increased our Fed Policies grade to a B+ after Jerome Powell commented that “a number” of Fed decision makers believe that the case for a rate cut in the near future has strengthened.
BUSINESS PROFITABILITY	B-	As was anticipated, first quarter earnings revealed a tapering of growth. According to Facset, the blended earnings decline for Q1 2019 is -0.4% (with 98% of S&P 500

		companies having reported). However, more than 75% of these companies have reported earnings that were higher than consensus estimates.
EMPLOYMENT	A	The US economy added just 75,000 new jobs in May, well below the consensus estimates as well as recent trends. However, monthly jobs data tends to be volatile, and it is certainly possible that there is a significant rebound in June (as there was between February and March). We continue to view the jobs market as very healthy.
INFLATION	B	Inflation is often a sign of “tightening” in the economy, and can be a signal that growth is peaking. The inflation rate remains benign at this time, but as the economic cycle continues to mature, this metric will deserve our ongoing attention.
OTHER CONCERNS		
INTERNATIONAL RISKS	7	We have raised our international risks rating to a 7 as a result of rising tensions between the US and Iran, as well as the recent decision by the Trump administration to impose a sales ban on Chinese tech company Huawei. The ban is representative of the risks associated with the growing technology rivalry between the US and China.

The “Heat Map” is a subjective analysis based upon metrics that VNFA’s investment committee believes are important to financial markets and the

economy. The “Heat Map” is designed for informational purposes only and is not intended for use as a basis for investment decisions.

Posted in The "Heat Map", the numbers

FROM THE PROS... VIDEO

Posted on July 2, 2019 by The Weekly Commentary

Executive Compensation Series – Restricted Stock

Our ExecutiveEdge financial advisors, Rod Young and Jackie Cornelius, discuss Restricted Stock awards – what they are, how they vest and an overview of the tax consequences when they are granted and at the time they are vested.

WATCH NOW

03:56



RELATED CONTENT: Executive Compensation Series – Introduction

Posted in From The Pros... VIDEO

Quote of the Week

Posted on July 2, 2019 by The Weekly Commentary

“We must be free not because we claim freedom, but because we practice it.” – William Faulkner

The Markets This Week

Posted on July 2, 2019 by The Weekly Commentary

by Connor Darrell CFA, Assistant Vice President – Head of Investments

A quarter where trade tensions and geopolitics led to choppy returns ended on an optimistic note as the U.S. and China agreed (once again) to hold off on implementing additional tariffs in an effort to resurrect the ongoing trade negotiations. U.S. equities finished the week largely unchanged, but capped off a strong month of June which saw stock prices rise by over 7%.

As the second half of the year kicks off, investors will begin turning their attention toward Q2 earnings. Analysts are forecasting a second straight quarter of declining S&P 500 earnings, with the weakest growth expected among companies with large, complex global supply chains; another by-product of the ongoing uncertainty surrounding the future of global trade.

Q2 Commentary Now Available – valleynationalgroup.com/Q22019

Equities and bonds have both started the year at a torrid pace, but returns have been driven by very different underlying tones. We explore the conflicting signals that returns in the stock and bond markets are sending in our latest quarterly commentary.

Posted in The Markets

“Your Financial Choices”

Posted on July 2, 2019 by The Weekly Commentary

The show airs on WDIY Wednesday evenings, from 6-7 p.m. The show is hosted by Valley National’s Laurie Siebert CPA, CFP®, AEP®.

This week, Laurie will not be live on the air. Tune in at the same time for a recorded YFC show.

Questions submitted online at yourfinancialchoices.com/contact-laurie will be addressed during the next live broadcast.

Recordings of past shows are available to listen or download at both yourfinancialchoices.com and wdiy.org.

Posted in [your financial choices](#)

Valley National News

Posted on June 25, 2019 by The Weekly Commentary

On Tuesday, June 18 PBS39 News Tonight featured a Community Corner segment on Estate Planning with our own Laurie Siebert and Attorney Charles Stopp. The segment starts at 18:41 in the recording available online at wlvj.org.



Posted in [VNFA NEWS](#)

Did You Know...?

Posted on June 25, 2019 by The Weekly Commentary

You can access the latest from our VNFA video collection online at valleynationalgroup.com/video.

You can also watch and follow us on our Valley National Financial Advisors YouTube and VNFAsince1985 Vimeo channels. Click the links here to visit those video websites.

If you know someone who might find the insights valuable, please feel free to share the links.

A promotional graphic for Valley National Financial Advisors' video library. It features the company logo at the top, followed by the text 'FREE VIDEO LIBRARY FROM THE PROS... VIDEO' and 'Insights and ideas you can use from a professional team of financial advisors.' Below this is a red button that says 'ACCESS THE VIDEOS'. A list of topics includes: Investments, 529 College Savings, Charitable Donations, 401k & Roth 401k, Tax Planning, Estate Planning, Executive Benefits, and Quarterly Market Commentary. A photo shows two people in business attire in a studio setting. At the bottom, it says 'Learn about topics that matter to you from our experienced team!' and 'ACCESS THE VIDEOS valleynationalgroup.com/video'. Small text at the very bottom provides a disclaimer: 'Valley National Financial Advisors, Inc. is a registered investment advisor with the U.S. Securities and Exchange Commission. Video content provided subject to applicable laws in the U.S. and 50 states.'

CALL TO ACTION: Reply to this e-mail with topics or questions that you would like to see our PROS address!

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About Us

Valley National Financial Advisors, and its family of companies, has been in the Lehigh Valley since 1985. The

company is independent and locally owned. As a respected and trusted organization, our relationships with many clients and their families transcend generations. We have the expertise to provide clients with financial strategies to effectively manage their existing assets and to provide for the eventual transfer of their wealth.

Our one-stop service model includes: Financial Planning – Investment Management – Estate Planning – Retirement Planning – Education Planning – Tax Planning & Preparation – Insurance Planning – Trust Services, offered as a Trust Representative Office of National Advisors Trust Company, FSB – ExecutiveEdge™, Personal Financial Planning for Corporate Leaders. Our services are provided by a team of objective professionals and managed by one contact person – your personal financial advisor.

Valley National Financial Advisors is proud home of the Lehigh Valley's most CFP® – Certified Financial Planner Professionals™. Among other honors, Valley National has been voted Best Financial Planner in the Lehigh Valley seven times by the readers of Lehigh Valley Magazine, and ranked among FA Magazine's Top RIAs and AdvisorOne's Top Wealth Managers.

For more than years, our firm has been devoted to helping

our clients to achieve their hopes, dreams and aspirations. This requires a delicate balance between the science of financial planning and the art of understanding the feelings and emotions of our clients and their families.

Meet Our Team of
Experienced, Highly Educated
Professionals

Disclosures

Securities offered through Valley National Investments, Inc. Member FINRA SIPC. The Standard & Poor's 500 (S&P 500), Morgan Stanley EAFE Developed Countries, and the Lehman Brothers Aggregate Bond Index are an unmanaged group of securities considered to be representative, in general, of the US stock market, the foreign stock market, and the US bond market, respectively. Opinions expressed are subject to change without notice and are not intended to be investment advice or to predict future performance. Consult your financial professional before making any investment decision. Past performance does not guarantee future results. Valley National does not purchase content for its newsletter from outside supplier/vendors. Valley National is in compliance with the current registration and/or notice-filing requirements imposed upon SEC registered investment advisers by those states in which Valley National maintains clients. Advisors of

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