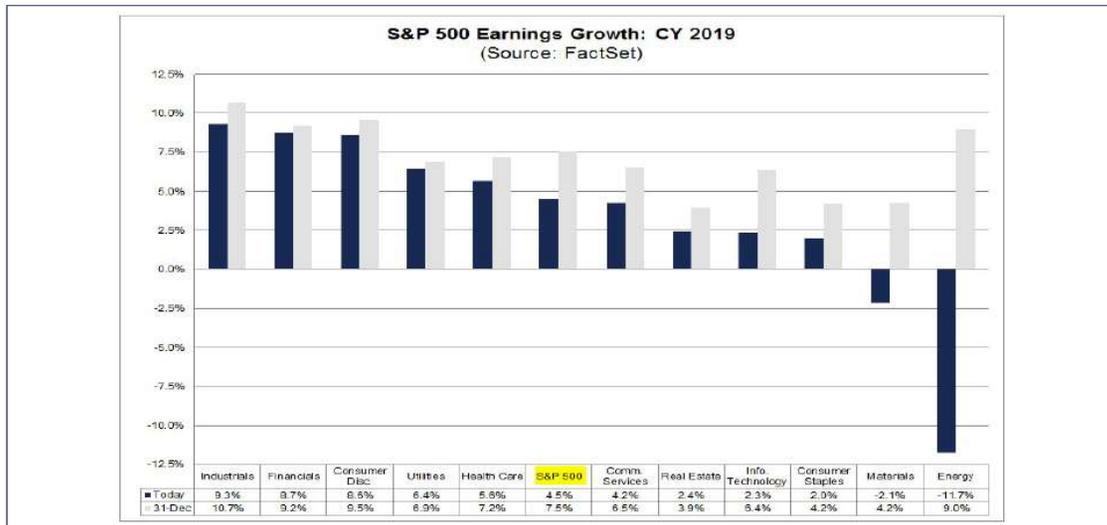


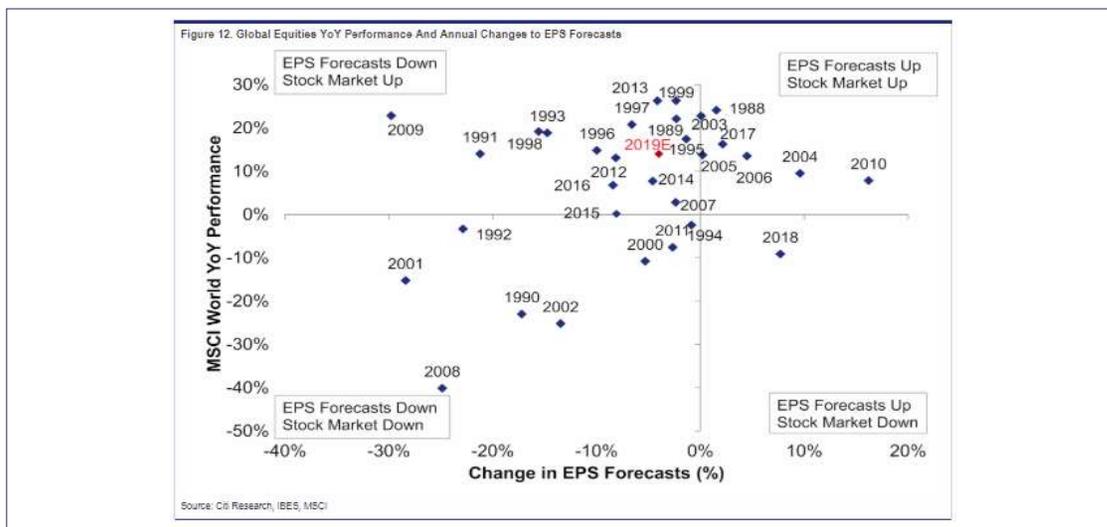
# Market Recap

## 2019 Earnings Outlook



Source: FactSet

## Downward Earnings Revisions Are the Norm



Source: Citigroup

With nearly 90% of companies in the S&P 500 reporting results for 4Q18 and providing commentary on the year ahead, analysts have begun to update their estimates to reflect changing realities. While a majority of companies beat both revenue and EPS expectations for the fourth quarter, most have provided rather tepid forward-looking guidance. As such, consensus now expects overall earnings to decline modestly (-2.7% y/y) in the first quarter before returning to low single-digit growth for the balance of the 2019. Drilling down, those sectors with outsized exposure to international markets (Technology, Materials, Staples, and Energy) have experienced some of the biggest negative earnings revisions. Although there are many factors in play, a persistently strong U.S. dollar and ongoing trade tensions are likely culprits behind increased uncertainty in the C-suite.

Analysts tend to be overly optimistic when initially penciling in EPS estimates for a given year, which is typically followed by downward earnings revisions as the year unfolds. This type of environment has been seen in 2019 thus far, with analysts revising profit estimates by -4%. Even though this may sound bearish, markets tend to rise on an annual basis even when there are downward earnings adjustments. Since 1989, global stock markets have finished the year higher than they started 15 times in this type of environment, with a +7% average annual move in the market, despite average annual downward revisions of -7%. It's also worth noting that upward revisions to 2018 profit forecasts, largely attributable to the one-time benefit from corporate tax cuts, didn't lead to outsized market returns.

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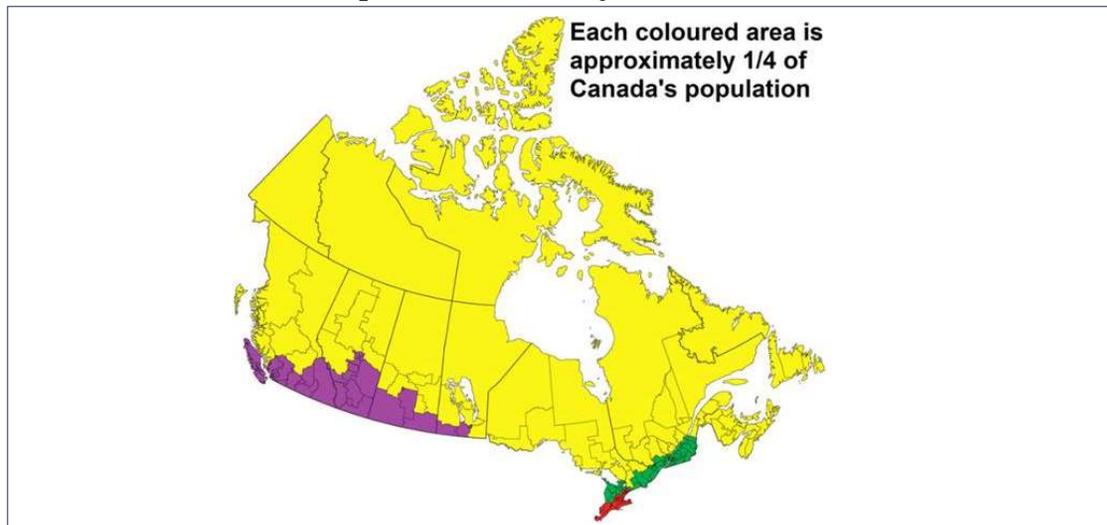
## Retirement Planning Milestones



Source: PNC

As individuals approach retirement, there are a several milestones that provide an opportunity to optimize assets and help ease the transition into retirement. Some allow you to ramp up contributions, while others can help smooth the transition from an income replacement standpoint (e.g., Social Security and Medicare benefits). There are no one-size-fits all answers, but planning ahead for these milestones can help make for an easier transition (both financially and emotionally) as retirees become more dependent on their portfolios to fund their golden years.

## Population Density in Canada



Source: Visual Capitalist

While Canada's surface area is larger than the United States, Canada's population is merely 36 million people, or 11% of the U.S. population. Additionally, approximately 75% of Canadians live within 65 miles of the U.S. border. This is due to multiple factors including harsh weather, significant trade with the U.S., and the Canadian Shield. For these reasons, Canada's biggest cities are located near the southern border including Toronto, Montreal, and Ottawa in the southeastern corner and Vancouver in the southwestern corner. These areas are easily accessible to the U.S. and are unaffected by the Canadian Shield—land composed of a great deal of rock and only a thin layer of soil, making industrial development challenging. It seems likely that Canadians will continue to crowd around the border, as that is where much of the economic opportunities exist.

**Contact:** If you have any questions or comments, please do not hesitate to contact us at 703.992.6164. For more information about Harbour Capital Advisors, please visit our website at [www.harbourcapitaladvisors.com](http://www.harbourcapitaladvisors.com).

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