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Fourth Quarter 2019 Update and Commentary

Generating safe, solid client returns is our goal at Eliot Finkel Investment Counsel. The following table of annual returns shows the superior results we achieved using patient, value-oriented investing to avoid overheated markets like those of 2000 and 2007. *

	Mar 2000 to date	Sep 2007 to date
EF Invest	8%	8%
S&P 500	4%	6%

The end of 2018 was a tough time for investors. Fears of slowing global growth and a trade war with China led many to think a recession was imminent. Those fears proved overblown and 2019 turned out to be the best year for stocks since 2009. The year-end trade deal with China helped as the U.S. cancelled planned new tariffs and cut some existing tariffs while China agreed to buy more American goods.

But what of 2020? Economic growth slowed a bit during 2019. Economists expect the slowdown to continue. A slowdown, however, is not a recession which entails two consecutive quarters of negative economic growth. If we thought a recession was imminent we would reduce our clients' market exposure.

The economic uncertainty caused by trade disputes, conflict in the Middle East and an unpredictable White House is hurting business investment and impacting consumer confidence. The 2017 tax cuts created \$1 trillion deficits but have not increased growth. Unfortunately, until the government invests more in infrastructure (roads, bridges, airports, etc.) and workforce training slow growth will continue.

Meanwhile, stock prices are at record highs supported by low interest rates, low inflation, consumer spending and record low unemployment. As long as our economy continues to grow and the companies in our portfolios remain healthy, which they are, we will stay the course. Successful investing requires patience and a long-term horizon.

Forty-six years of experience and in-house research help us select established companies with excellent prospects paying substantial dividends. Focusing on economics and company fundamentals has generated superior long-term results for our clients. This, plus the personal service we provide, explain why our average client has been with us over 16 years. For more information please call 310-271-2521 or visit our website at efinvest.com. Thank you for your interest.

* Past performance is no guarantee of future results and does not preclude the possibility of loss.