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THE DANA VIEWPOINT

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*May 16, 2017*

*Dow: 20,980*

## **And The Winner Is....**

No one. The Republicans and Democrats are both claiming victory over the recent federal budget bill that avoided a government shutdown. In reality, it was probably a tie. The old joke used to be that if a personality contest were held between two former great football coaches – Tom Landry of the Cowboys and Bud Grant of the Vikings – no one would win. Well, that’s politics today. There is a loser in all of this fighting: it’s us, the American taxpayers. While 535 members of Congress fight to spend our money, they trade favors, which results in much wasteful spending. Differences of opinion and debate are good, but should result in legislation that is good for all Americans. Politics will probably never change. It’s like that line in the old Pogo comic strip: “We have met the enemy and it is us.” In any event, another government shutdown has been averted and Congress will make sausage with the spending bills that were passed.

The House finally passed a health care bill meant to be the framework for replacing Obamacare. Once again, the fate of America’s healthcare system is in the hands of legislators. Only now we have it reduced to 100 senators deciding our fate. The lines have been drawn and all the rest of us can do is watch while the combatants fight it out. Donald Trump was elected President partly on his promise to repeal and replace the Affordable Care Act with something that provides lower premiums, lower deductibles and more flexibility as to individual coverage needs. The plan as it now stands before the Senate supposedly provides that. This will be open to negotiation. Let’s hope both parties can do so in good faith and do what is best for the American public. The problem is that when you put a plan before a committee to design a horse, you usually end up with a camel. Let’s hope the Senate can roll up their sleeves and get something positive accomplished. A good healthcare plan is one part of the Trump program for economic growth and job creation. Tax reform and reduction of onerous regulation are others. It all starts with creating an environment that is friendly to business, yet protects our environment and the rights of our workers.

Speaking of jobs, the government reported that the private sector created 211,000 new jobs in April. That’s up from a disappointing number of 79,000 in March. The unemployment number dropped to 4.4% and the employee participation rate dropped to 62.9%. These are good numbers, but we need to see a continued positive trend going forward. All measures of consumer confidence are positive and if we get some good news on healthcare and tax reform, we should see a continuation of strong job growth. In addition, analysts are seeing corporate money flow to capital investments rather than stock repurchases. This means more job opportunities. The problem, according to many businesses, is that they cannot find enough qualified people to

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fill the job openings. Some companies are even willing to train new employees in a skilled job. Education is a problem here. Not all young people are suited for college and it is a waste of time and money for students to get degrees that do not prepare them for current employment needs. Students need more guidance from teachers and parents regarding proper career choices to better prepare them to take a productive role in society. Some students should be directed to a trade school and learn welding, electrical work or hundreds of other skills that are still in high demand in the workplace. This is a long-term objective that should receive attention now.

The Economy: First quarter GDP growth of only 0.7% was disappointing. It's not unusual for first quarter economic growth to be slow coming off the holiday season. Confidence has been building and so have growth projections for the second quarter. Many economists are looking for 4% growth in the second quarter. The Atlanta Federal Reserve Bank's GDPNow model is projecting 4.1% second quarter growth. Even the NY Fed is optimistic and is talking like a hike in short term interest rates is a given at their June meeting.

The Stock Market: Fundamentally it may be fully valued in some analyst estimations, but it is not overvalued based on low interest rates and current growth expectations. Tech stocks may carry high P/E ratios, but many exceeded their earnings estimates in the first quarter. They could use a rest. The market has been trading in a tight range for the last three months with very low volatility. Volatility could increase if some of the recent accusations regarding Trump's conduct stick and the pro-growth agenda stalls.

**Random Thought for May 2017:** Is today the tomorrow you worried about yesterday?

- Anonymous

***Dana Investment Advisors open house reminder:***

*Thursday, June 1, 2017  
3:30pm-7:00pm*

*20700 Swenson Drive, Suite 400  
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