



THE DANA VIEWPOINT

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America First

Sounds selfish, doesn't it? But it's not when you think about it. We have all heard the phrases, "charity begins at home" and "you can't help others unless you help yourself first." Even flight attendants admonish us that if there is a drop in oxygen levels in the cabin to "place the oxygen mask on yourself first so that you can help others that may need assistance." That applies to the economy also. We are the world's largest economy and as we grow we pull the rest of the world with us, so it behooves us to grow our economy first.

America is first in many ways. Whenever there is a man-made or natural disaster, America is one of the first with financial and human support. But that is expected of a leader. "America First" goes back to the beginning of our republic. During the late 18th and early 19th centuries there were terrorist groups (called pirates at the time) based in Tripoli, North Africa that would capture commercial and pleasure ships in the Mediterranean and demand ransom from the country of origin. This included Americans. President Jefferson became tired of paying these ransoms, so he sent an elite group of soldiers to Tripoli and destroyed many of their ships. He further intoned that if these raids continued, he would send more of these troops and put an end to this chicanery once and for all. The raids stopped. This elite group of soldiers are the United States Marines. Hence the line from the Marine hymn - "From the Halls of Montezuma to the shores of Tripoli." America has been first ever since. The world needs leadership and will not get it from Russia or China. It is time for "America First" again.

Being first requires making some unpopular decisions. How many people realized that over half the members of NATO were not paying or were behind in their dues? It took our President to point this out, which of course raised the ire of those countries and many others including many people in America. However, for any organization to function, everyone must take responsibility for their share.

As a nation, we have made great strides, heavily driven by geographic clusters of innovation. Stanford University and private technology enterprises in Silicon Valley and Pacific Northwest as well as biotech innovations in Cambridge, Massachusetts are just a few examples. The strides we have seen over the past 50 years could be dwarfed by what we realize over the next 50 years if our basic democratic principles and entrepreneurial spirit and incentive systems are preserved. America can lead in these innovations and job-producing ventures if we encourage innovation. Ultimately these advances will be adopted and implemented in other countries around the world.

(CONTINUED ON REVERSE SIDE)

The government reported that the private sector created 138,000 new jobs in May. Not a good number no matter how you spin it. This is down from 174,000 in April and only 50,000 in March. That's an average of 121,000 for the last three months. This may be partly because we do not have a tax reform act in place yet. Employers may want to see what taxes will look like in 2018 before they make decisions to increase hiring. Consumers confidence remains high, and the stock market continues its advance. Some of this consumer confidence may be the result of a housing market that continues to strengthen – we all feel better when the value of our homes is increasing. Declining energy prices also help contain costs for businesses and households. This may be the last rate increase we see for a few meetings as the Fed now turns its attention to beginning to shrink its enormous balance sheet.

The stock market continues to shrug off any bad news. Except for the tech stocks, the market advance has been orderly and has more legs. Many of our equity strategies have been outperforming this year, and our holdings have been experiencing positive earnings surprises at a rate higher than the overall indexes. Some investors may be holding some dry powder in the hopes of a tax bill. If we get one, we could see a continued move to the upside, but that is difficult to predict with any certainty. In the meantime, stocks should continue their advance on a rotational basis as tech stocks take a breather.

Next month we celebrate America's 241st anniversary. It's a great time to be a proud American again.

Random Thought for June 2017: “My fellow Americans, ask not what your country can do for you, ask what you can do for your country.”

-John Kennedy

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