

Benchmark Financial Design Newsletter



What to Watch For

One of the things I want to do for those who get this newsletter is to be a resource.

We are all looking for deals, and would like to find ways to work with those we trust and if we are in business be able to tell others about what we do. In the coming issues I will be spotlighting either a member of Benchmark Financial Design who has a business that can help others, or providing details of others business' that work or have worked with that offer a product or service you may

The Lead

Gasoline prices are soaring past \$4 a gallon in many places around the country and financial forecasters say that driving will continue to only get more expensive. Most economists I talk with have lead me to believe that this will have the effect of slowing discretionary purchases as consumers are trying to avoid a return to piling up credit card debt.

Yet, in spite of this many advisors are, to steal a word from CLS, "Uber-bullish" on the stock market and the economy. If you look at the information from futures traders they appear to be bullish on everything except U.S. Treasuries.

However, at some point we have to reach a tipping point. Crude at \$113 per barrel has to have some impact on the global economy. Cost of not only the use of crude that we see (gasoline) but maybe more important that we don't see (the use of crude in everything from medicine to cosmetics to packaging and clothing) will have a dampening effect as these higher costs are ultimately passed on to the consumer.

Finally, as of this writing, I have made a slight change in my portfolio to bring it closer in line with my overall portfolio. I have sold off a portion of holding I have in bond funds and have purchased 2 additional UIT's from First Trust. These include an energy UIT and a blue chip stock UIT slightly increasing my allocation to equities. I still see no reason at this point to make a broad change in allocations but will continue to monitor my indicators and contact you if I see any changes.

Sincerely,
Bernard Bowhuis, CFP

Inflation Vs. Investment Types

product or service you may want to use. Therefore, if you would like to be spotlighted in this newsletter, or know someone who should appear in this section please let me know. I will be happy to give you some recognition.

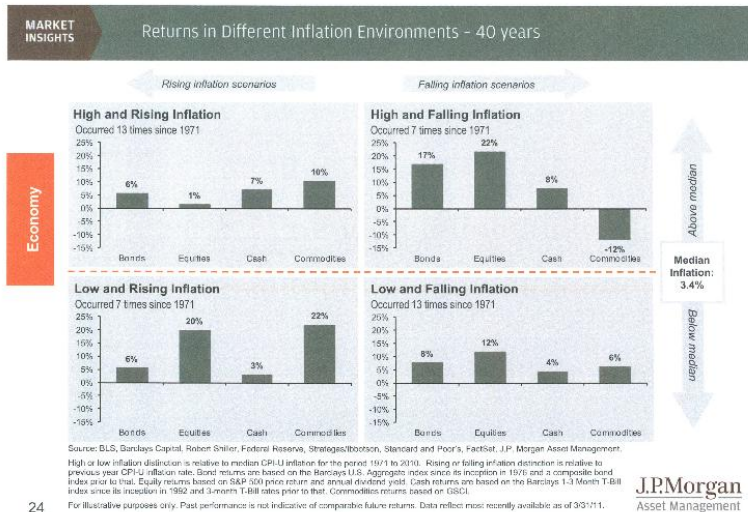
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What Quaderent Are We In?

The above chart produced by JPMorgan shows some very interesting characteristics cornering inflation and investing since 1971. As you can see, during periods of falling inflation bonds and equities have performed the best. In periods of rising inflation commodities have performed the best with cash or equities following behind, depending on a prior period of high or low inflation.

As of this writing, I believe we are in a period of low and rising inflation (lower left box). While we have not seen a significant increase inflation, prices in food, raw materials, manufacturing goods and most notable fuel have been costing more. Many of you who I have worked with hold UIT's from First Trust. In this area we have purchased an Inflation Hedge Trust which hold energy, commodity and manufacturing materials.

As we move forward throughout the year i will continue to monitor this area and make suggestions from time to time.

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