

Economic Commentary

Our core purpose, our passion, is to make a positive and profound difference in the lives of our clients and in the communities we serve.
~Hudock Capital

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Market Update: Last week the two largest central banks acknowledged the deceleration in global growth and moved closer to intervening. First up was the European Central Bank (ECB) who on Tuesday said if conditions remained as they are (i.e. weak growth and weak inflation) then "additional stimulus will be required." Next came the US Federal Reserve rate announcement on Wednesday. While the Fed ultimately kept rates unchanged, they used specific dovish language to make it clear they were considering proactively cutting rates due to weakening growth and persistently below-target inflation. These events caused bond rates to fall, stocks to rally and the USD to weaken. US 10 Year Treasury yields now stands at their lowest level since 2016 (the last time global growth slowed all at once). Bond market pricing now implies the Fed will cut rates approximately 1.0% over the next six months and will need to keep them at secular low levels for a decade to produce tolerable conditions.

In the short term, we would expect this broad-based easy policy to push money into risky assets. The question for the remainder of the year is whether these heavily anticipated future rate cuts and stimulus will be enough to continue to propel markets sustainably higher. That will depend on whether the US earnings recession we expect over the coming quarters is digested with sufficient optimism that a quick rebound is possible. History would suggest that risks continue to be skewed to the downside, since markets tend to despise earnings recessions. While unusual, we think this incremental dovish move by the Fed is sensible given the asymmetric risks. All of this makes the short-term outcome of the US-China trade war evermore relevant to market stability.

Reference: Economic Commentary with permission from Almanack, June 22, 2019.
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Quarterly Tax Tip: Tax-Loss Harvesting

I'm sure you may have heard the term tax-loss harvesting before but what role does it play within the management of your portfolios? Tax-loss harvesting is selling an asset that has a loss (value of the asset is now worth less than when it was purchased*) to offset other realized gains or income as a strategy to help reduce taxes. Throughout the year, if your portfolio has realized gains, we will evaluate whether it makes sense to realize losses to offset these gains. Because we do not always know of potential realized gains outside of our management, if you sell or expect to sell an investment, property or other asset held outside of Hudock Capital Group, please let your relationship manager know. That way, we can evaluate your investment portfolio for possible tax-loss harvesting opportunities to potentially lower your tax bill.

*Purchase price is not always an indication of the cost basis. You should consult with a tax accountant or your account statement to determine the cost basis.
Reference: <https://www.fidelity.com/viewpoints/personal-finance/tax-loss-harvesting>

What You Need to Know About Credit Scores

- 1. What's in a number?** A credit score is a three-digit number used by lenders to evaluate your ability to repay your debt on time.
- 2. Information such as your age, income, and employment status don't count toward your score.** Some lenders may consider whether or not to use personal information such as salary and employment history when deciding to approve you for a loan, but these aren't used to calculate your credit score.
- 3. Higher is better.** You have a few different credit scores because there are several companies that provide them, each with their own calculations. A score of around 750 or higher means you're more likely to get approved.
- 4. Always pay on time.** This is the biggest component of your credit score (35% of it according to FICO).
- 5. Leave yourself some wiggle room.** The second largest contributor (30%) is your credit usage. Keeping usage low and consistent, below 30% of your credit limit, can help reduce negative impacts on your score.
- 6. Give it some time.** The third largest factor of your credit score (about 15%) is the age of your various accounts and how long it's been since you used an account.
- 7. There's such a thing as too new.** Opening too many new accounts in a short amount of time can raise a red flag (10% of your score).
- 8. Variety is the spice of life.** For the last 10% of your score, lenders like to see that you can responsibly manage different credit types, such as revolving (credit cards), retail accounts and installment loans.
- 9. Stay in the know.** You can check your credit score for free through services such as Credit Karma, Credit Sesame and various credit card companies. Checking your own score doesn't lower it – this is a common myth!
- 10. If you need help, don't be afraid to ask for it.** A financial advisor can help you come up with a strategy to pay off your debt and improve your credit score over time.

Reference: <https://www.hartfordfunds.com/practice-management/client-conversations/10-things-you-should-know-about-credit-scores.html>

Upcoming Events

Save the Date for our 2019 State of the Market

Presenters: Mark Peterson from BlackRock, Inc. & Kevin Harper from Almanack Investment Partners, LLC
Date: Wednesday, September 25, 2019 at 5:30 pm
Where: The Community Arts Center, Capitol Lounge

2019 Holiday Events

<u>The Club at Shepard Hills</u> Tuesday, December 10th (11:00 am – 2:00 pm)	<u>Williamsport Country Club</u> Friday, December 13th (11:00 am – 2:00 pm)
<u>Williamsport Country Club</u> Saturday, December 14th (11:00 am – 2:00 pm)	

In the News: Barbara Named to 2019 *Forbes* Top Women Wealth Advisors



On April 29, 2019, Barbara was named by *Forbes* as one of this year's Top Women Wealth Advisors across the country. She was ranked #7 in Pennsylvania.¹ *Forbes* rankings are developed by SHOOK Research and chosen based upon an in-person interview, industry experience, compliance records, revenue produced and assets under management. Barbara said, "I'm deeply humbled to be recognized in this manner. It is a testament to the hard work our dedicated team of professionals devote in the service of our incredible clientele. And inspires us to double down, with purpose, to help our clients realize their dreams and live the lives they've imagined. That's the true reward. After all, it's why we do what we do."

1. *Forbes* Top Women Wealth Advisors, April 29, 2019, <https://www.forbes.com/top-women-advisors/#4ff7124051f4>
Reference: <https://www.forbes.com/sites/rjshook/2019/04/30/the-2019-forbes-ranking-of-americas-top-women-wealth-advisors-methodology/#2adf9d45449d>

Protect Yourself From Fraud

Keep an eye out for "fishy" texts and emails.

Make sure the sender matches the previous messages, look out for threatening messages and don't open the attachment unless you requested it.

Never give out personal information to unknown sources.

Scammers may pretend to be your bank asking you for personal information. Don't provide them your Social Security Number, debit card PIN or password.

Review your password strength and account.

Try to use different usernames and passwords for each bank in case one of your accounts is hacked.

Reference: CapitalOne, *Help Defend Yourself Against Fraud With These Simple Tips*, May 14, 2019.

"One Ring" Robocalls

The Federal Communications Commission (FCC) issued an alert to individuals after countless "One Ring" robocalls (widespread overnight calling) occurred in New York and Arizona. Whatever you do, do NOT call these numbers back! Robocallers want consumers to call them back, resulting in being charged as if you called a 900 number. The callers often call particular area codes repeatedly, most recently using the "222" area code. If you receive a robocall, you can file a complaint with the FCC at <https://consumercomplaints.fcc.gov/hc/en-us>.

Reference: <https://www.usatoday.com/story/tech/talkingtech/2019/05/03/one-ring-robocalls-fcc-warns-users-not-call-them-back/3661967002/>

Hudock Happenings



Welcome Corinne Valdez!! Corinne started her career with HCG in January 2019 as the Compliance Administrative Associate. She holds a Bachelor of Arts degree in English Literature from Lycoming College in 2012. She also earned an Associates in Pastry Arts at The Restaurant School in Philadelphia. In her spare

time, she enjoys practicing yoga and traveling as much as she can.

Menges Family Expecting!

Kristen Menges and her husband, Pat, are expecting their third child! She is due in early November.

**Congratulations,
Kristen and Pat!**





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Dream. Plan. Live.

If you have any suggested topics or feedback about the Hudock Capital Newsletter, please feel free to call us and share!

After the Closing Bell

At Hudock Capital, we take a long-term view of our firm, just as we help you to take a long-term view of your investment portfolio. In a highly competitive, ever-evolving industry, we know that it is important to do all we can to strengthen our local roots and best position our firm to maintain its independence for years and years to come. Toward this end, we are pleased to announce that Hudock Capital has decided to establish an Employee Stock Ownership Plan (ESOP). This kind of plan will afford qualified employees, over time, an opportunity to acquire an ownership interest in our firm.

Although establishing an ESOP is rarely done in the world of independent wealth management firms, we are making this unusual (and we believe innovative) choice in order to reward and incentivize our team of dedicated professionals to continue to excel in delivering our unique brand of a client-driven experience. By giving plan participants an opportunity to participate in the ownership of the company, we believe that we are aligning incentives in new and meaningful ways to continue to not only do what is in the best interests of our clients but also ensure the long-term success of Hudock Capital.

We are excited about this opportunity for our employees and what it ultimately means for Hudock Capital and those whom we are privileged to serve. We are certain that this decision is the right one for our firm, our employees and most important, our clients. And we wanted to share this exciting news with you as soon as possible. We look forward to continuing to do all we can to make a positive and profound difference in the lives of our clients and the communities we serve.

Barbara



Visit our website for up to date news & events at: www.hudockcapital.com

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