Since my last newsletter six months ago, many of the items on my watch list have now become the center of attention of the market watchers, with China being front and center.

The collapse of oil prices and commodity related items in general all have a direct correlation to the economic slowdown that is occurring in China. We already know the economic slowdown has been much worse than the market experts had expected or predicted. Now the question that will need to be answered is how long and how deep will the slow down in China be? As usual, time will give us the answers of what happens next!

While we wait, here are things I will be watching:

1) China. Now that the “cat is out of the bag”, can the Chinese government orchestrate a soft landing or will things unravel further? So far the Chinese have lowered the value of their currency to try and stimulate. In my opinion all that has done is create more disruptions. The best guess is that China will devalue their currency much further before all is said and done.

2) Japan. The Japanese governments attempt to stimulate it’s economy has been lack luster at best, and in my opinion a complete failure. They have bloated their government debt into the stratosphere. With economies of the whole Pacific rim area in slow downs, there is a very high probability that Japan will be forced to do direct monetary financing. An over simplified way to explain that is, you go to bed and your dollar is worth a dollar and when you wake up it is worth fifty cents.

3) Oil. Just a few years ago all of the guru’s predicted “peak oil”, that period of time when we would start running out of oil as a nation and in the world. Oil would never go below $100 a barrel again…well today it is about $30 a barrel. No one predicted that one! Low oil prices are a double edged sword. On one hand it is big windfall for the U.S. consumer, by putting spending money back into their pockets. The other hand, major job losses, along with bankruptcies in the energy sector. In my opinion, oil prices need to stabilize so that they don’t end up causing more harm than good for the economy.

Continued on reverse side

Craig D. Hundt Sr.
President

402-488-4477
www.prairiewealthadvisors.com
chundt@prairiewealthadvisors.com

4) The U.S. consumer. The U.S economy is one of the few bright spots in the global economy. Employment numbers are good and the housing sector remains steady. If the consumer continues to feel good and spend money, the U.S. should avoid any recession in 2016.

As I have meetings with people, they seem to wonder why the markets seem so choppy if our economy is doing okay. The market does not like uncertainty and the three things I can identify as culprits are the currency markets, oil prices collapsing, and the primary elections for President. Until there is some clarity of how these issues sort out, my opinion is that we should expect more of the same type of market activity.

Our goal at Prairie Wealth Advisors is to keep you informed of our position regarding the markets and other topics that we think might be important to you. If there are other items on your mind that you would like to discuss, please do not hesitate to call our office.

Spring is right around the corner!!

Best Regards,

Craig Hundt Sr.
President
Prairie Wealth Advisors, Inc.
chundt@prairiewealthadvisors.com
www.prairiewealthadvisors.com

Lincoln Office:
5960 Vandervoort Drive, Suite 100
Lincoln, NE 68516
402-488-4477

Omaha Office:
10250 Regency Circle, Suite 115
Omaha, NE 68114
402-505-6810