



# THE MCCREA - BOLLINGER GROUP

## FIRST KENTUCKY SECURITIES CORPORATION

First Kentucky Securities | 4360 Brownsboro Road, Suite 115 | Louisville, KY 40207 | 502-893-7288 | [www.firstky.com/mbg](http://www.firstky.com/mbg)

### Economics 101 Tariffs

**R**ecently in the news we've been hearing a lot about the U.S. imposing tariffs on steel, aluminum, and other products. With all of the headlines you may be wondering what exactly a tariff is and how it will affect you.

**What is a tariff?** A tariff is a tax on imported goods.

**Why would we apply a tariff?** The general idea, besides the government collecting a tax, is to increase the cost of cheaper foreign goods so we buy more products made in the U.S. Buying more local made products creates more jobs in the U.S.

In the name of fair trade the U.S. applies a 25% tariff on imported steel and aluminum, causing us to buy less foreign steel and more U.S. steel. Jobs increase in the steel industry that employs nearly 140,000. The price of steel goes up, and we buy less steel and fewer jobs than expected are created in the steel industry. Jobs decrease in the steel consuming industries, which employs 6.5 million.

Foreign countries retaliate and tax U.S. produced goods, like motorcycles, agriculture products, and the sweet nectar that is Kentucky bourbon. We sell less of our goods overseas. Jobs in these industries decrease. Foreign retaliatory tariffs lead to more retaliatory U.S. tariffs, which lead to more foreign tariffs on U.S. products and on and on.

In summary Economics 101 tells us when tariffs increase, prices increase. When consumers pay more they buy less. When consumers buy less people lose jobs. In trade war there is very few winners and a lot of losers. Donald Luskin Trend of Macrolytics LLC said it best – "It's like a drinking contest: you harm yourself and hope your opponent isn't able to withstand as much."

**A few observations:** The corporate tax cuts will have a significant long-term positive impact on the economy as businesses invest more and hire more. Any further escalation of the "trade war" may offset some of these positives.

We believe we are in the middle of the second leg of a major long-term bull market. This second leg started in the spring of 2016 and we expect continued market gains to stretch into next year. These gains, however, are likely to be limited by gradually rising interest rates and a fully valued stock market.

**Bruce McCrea**  
502-893-2752

\*The S&P 500 consists of 500 stocks chosen for market size, liquidity and industry group representation. It is a market value weighted index with each stock's weight in the index proportionate to its market value.



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## Women & Wealth

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OFFICE AT (502) 238-7740 OR  
E-MAIL [KRISSEY@FIRSTKY.COM](mailto:KRISSEY@FIRSTKY.COM)

### MARKET UPDATE

Index/Category	Returns	
	2017	Thru 06/30
S&P 500	21.8%	2.7%
Russell 2000 (Small Cap)	14.7%	7.7%
Barclays U.S. (Bonds)	3.5%	-1.6%

### MANAGING YOUR FINANCIAL FUTURE



The investment markets are constantly changing. As long-term investors, we look at these changes as opportunities for your overall investment strategy. What is your timetable? How best to balance risk and rewards based on your objectives? What are the important reasons for you to build and protect wealth? We monitor each investor's portfolio against changing market conditions to maximize performance. It is our simple approach to produce wealth for you.

Your Team (Left to Right): Bryan McCrea, Sheree Bollinger, Bruce McCrea, Chris McCrea

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## Investing in our Community

This September Green Hill Therapy will host their 10<sup>th</sup> annual Hoe down on the Hill. As proud sponsors of Green Hill Therapy, we would like to invite you to come eat, play games, listen to live music, and participate in a silent and/or live auction! Green Hill Therapy is a nonprofit organization which integrates occupational, physical, and speech therapy with hippotherapy and aquatherapy.

Hippotherapy is a therapy strategy that utilizes equine movement as part of an integrated intervention program to achieve functional outcomes, while aquatherapy is

a skilled treatment method used by occupational therapists and physical therapists to enhance a child's functional abilities. The warm, buoyant water enables children to feel free and have fun in therapy, in a natural environment. These two dynamic treatment programs address sensory-motor learning in special needs children. Green Hill Therapy helps kids reach their full potential through proven and playful intervention, regardless of their ability to pay. The funds raised at Hoe Down on the Hill will be used to help fund these important programs for special needs

children. For more information about this event visit

<https://www.wedoauctions.net/greenhill> or if you would like to attend, please call our office at (502) 238-7740 or e-mail [krissy@firstky.com](mailto:krissy@firstky.com); we have tables! If you would like to learn more about Green Hill Therapy, you can visit [greenhilltherapy.org](http://greenhilltherapy.org). We hope to see you September 22<sup>nd</sup> from 6 pm to 10 pm.



## Introducing: By the Numbers

*By the Numbers is our new electronic newsletter! Stay up to date on the economic climate and what's going on in our office! If you haven't received our newsletter and would like to, you can call our office at (502) 238-7740 or e-mail [krissy@firstky.com](mailto:krissy@firstky.com) and give us an up to date e-mail address! Below is a snippet of what you could be missing out on!*

**TRILLIONS** - The size of the US economy reached \$2.5 trillion in 1979, doubled to \$5 trillion in 1988, doubled again to \$10 trillion in 2000, and finally doubled again to \$20 trillion in 2018 (source: OMB).

**WHAT WE SPEND** - National health expenditures were \$3.34 trillion in 2016, projected to grow to \$5.70 trillion by the year 2026. 37% of the \$3.34 trillion are Medicare and Medicaid expenditures (source: Centers for Medicare & Medicaid Services).

**NOT THE USA** - There are 10 countries in the world that currently maintain the top credit rating from each of the 3 major credit rating agencies, including Canada, Germany and Sweden (source: Trading Economics).

**I'M ALL DONE WITH MY WORK** - An average American worker has increased his/her productivity by +101% in the last 40 years, i.e., an average worker can complete in 1 hour as of 12/31/17 the same amount of work that it took him/her 2 hours to finish as of 12/31/77 (source: Department of Labor).



### Please Welcome First Kentucky Securities' New Employee Kristen Daugherty!

Kristen joined The McCrea-Bollinger Group of First Kentucky Securities' Louisville office earlier this year as a marketing strategist. She studied marketing and communications at the University Louisville and has a background in digital advertising. She is a member of the Leukemia and Lymphoma Society's Team in Training and runs marathons while raising funds for patient care and cancer research. She's passionate about financial literacy and is a great asset to our team! [krissy@firstky.com](mailto:krissy@firstky.com) or (502)238-7740

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