Infomail
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One Year Anniversary- Happy "Zero"

"The past 19 months have been the most difficult stock market I have ever experienced in more than 50 years of investing … in bear markets, at least we knew stocks were going to go down. However, over the past 19 months the up one session, and down the next, has been extremely frustrating".

Jeff Saut, Chief Strategist at US firm Raymond James

The S&P 500 index has gone virtually nowhere in over a year. It has been a long time without breaking out to new highs and the ultimate outcome so far can be summarized by two words: frustrated and fatigue. It hasn't been a bull market that's been characterized by euphoria or broad based speculation. Lack of conviction can be added to the mix as well.

The fact that the largest tracked index in the world has not made a single new high in a year is upon itself an anomaly. In fact, the 253 trading days, puts it at only the third longest period within a long-term rally without new highs. (in 1984 we hit 272 trading days, in 1961 361 trading days). When compared to say, 2013, when the S&P 500 made 108 record highs, it seems incredible.

It also seems incredible, however, that despite the sideways grind for such a long period of time, the S&P 500 is but a few percentage points off its all-time highs last made on May 21, 2015. Unfortunately, the Federal Reserve's minutes from its April meeting released this week simply reignited the market's obsession with the pace of interest rate rises, and the chance of a rate increase at the June meeting rose from 4% at the start of the week, to 28% as measured by Bloomberg futures.

One of my favorite reads, and often CNBC guest, Jeff Saut, Chief Strategist at US firm Raymond James said it best as quoted above.

Since the current cycle bottomed in March 2009, we've had one "major" correction of 20% in 2011, and a whole bunch of 5-6% pull backs, which were all met with quick recoveries. We started 2016 with a 10-12% pullback in January/February, and it recovered most of that in March/April. Since then, sideways grinding once again.

But even though the main index itself may have gone sideways, you've had some major moves within the sectors. Small caps are down 27%, biotechs are down 40%, and energy, despite a decent bounce, still remains down big.

The S&P 500 may be "only" 4% off all-time highs, but around the globe its a different story:

- China's Shanghai is down about 40%
- German DAX is down 21%
- Britain's FTSE is down 14%
- Japan's Nikkei index is still down 25%

I would state that there are a lot more negative articles I read on a daily basis, and if this is a cycle high, it would be a first in my three decades plus that ended on so much pessimism, and not the usual euphoria.

Back to the Fed and interest rates for a moment. Here's my thoughts:

- Donald Trump already said he would replace Janet Yellen as Fed Chair if elected President
- Ms Yellen toiled her entire life to get her current position, one of the most powerful on the planet, and she is the first woman to head up the Fed
- Yellen was a Democrat appointee
- ….so were 4 of the 5 voting members of the Fed
- In spite of their supposed "independence", politics will come into play in the decision to raise rates and perhaps cause a market pull back, or even worse, create a recession going into the election, which would guarantee a Republican victory.
- So....good chance they DO NOT raise in June and maybe not until after the US Presidential election.
- If they do raise in June, most likely a "one and done" situation.

Just saying….

Stay tuned,

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