THOSE WHO LIVE BY THE TWEET, DIE BY THE TWEET

Last week's stock market action was an excellent example of **the folly of knee-jerk reactions** instead of using proven investment processes.

Monday's early trading began on a firm note following the rally from the week before. Then, out of the blue, President Trump tweeted that perhaps he may delay signing the US-China trade agreement until after the presidential elections. ***WITHIN MINUTES,*** equity markets were in freefall as computerized program trading, many using artificial intelligence algorithms, clicked into place. By early Tuesday, the **Dow Jones** Index had **dropped over 650 points**, or some 2.3%, and virtually all other major stock indices had joined in the decline.

As the focus continued to be on the trade war situation and speculation by the endless panel of TV experts of what it all could mean for the shares and the economy - stocks continued to fall. Note, nothing else on the economic front had really changed - *just that one tweet.*

Friday: The US employment numbers were reported and were *way better* than any forecast. New jobs were added at the fastest pace since January; the result, yes, you guessed it: **one of the strongest market rallies in months**, virtually wiping out the losses of the previous days. **Bottom line** – there must be some embarrassed fund managers who joined in the panic. As for computerized trading systems, well, I don't think they are capable of blushing!

Overall, the price gains were not quite enough to fully reverse the losses, and most major indices and sectors ended slightly in the red. What was noteworthy was the big up-move in oil and energy shares. While US TV channels last week focused on the impeachment process, mostly unreported was the growing civil unrest in the middle-east, including major oil producers. Add an OPEC meeting signaling some unity on sticking to their announced production cuts and the result was crude oil gaining some 7%. Should there be a drone strike or two in Saudi Arabia and the big story in 2020 could well be the price of oil.

Talking of oil, **last week witnessed a major milestone**, a report showing that September marked the first time since **the U.S**. government began keeping records (1949) **the country exported more crude and refined petroleum products in a single month than it imported**. While the U.S. continues to import large quantities of heavy crude to feed its refineries, September's data is a harbinger of things to come. This was unthinkable just a decade ago when the Energy Information Administration (EIA) was projecting foreign oil would have to meet 44% of U.S. demand in 2020.