

What's Up with the Market?



May 2017 Newsletter

Market News (<https://dreamwork.financial/category/market-news/>)

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Welcome to the first edition of our Newsletter.

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Here we are 6 months from the election and the markets are approaching fresh highs. Has the market run too far too fast or are we just getting started?

From day one, all signs pointed to Trump attempting to fulfill his campaign promises. Politics aside, some of these proposals could be very positive for the markets. Throughout his campaign he reiterated low corporate taxes, deregulation, and stimulus which are things that stock investors love to hear.

However, governing isn't as easy as Trump thought it would be, haha. As we all already knew, we are dealing with the U.S. Government here, an entity that was designed to ensure that major changes are difficult and must be agreed upon by a large majority, prior to implementation. So with the market up over 12% since Nov 1, a rally built on Trump's hopeful policies, one has to be a tad skeptical at this point considering the lack of progress in moving these legislative goals forward.



S&P 500 Since November 2016 – courtesy of Ycharts

What's Next with the Markets?

I mean we are 8 years into a bull market that seemed to be all but over until Trump shocked the world winning the presidency (A typical bull market lasts only 7 years).

In my opinion, we are at a clear crossroads. The bear in me believes that much of this run has been built on folks who were caught off guard by the election. They were shocked either by short sellers covering or by folks chasing the market who feel like they missed the boat, neither of which are what real rallies are built on. But, the bull in me believes this could be the beginning of a paradigm shift where large publicly traded corporations are getting some relief due to a pro-business, pro-growth environment, which should lead to strong fundamentals and increase in earnings.

What about the Fed? Will a rate hike derail this rally?

Obviously there are many other factors to consider such as the Fed hoping to raise rates between 2-3 times this year which normally leads to a stronger dollar and that typically isn't good for stocks. In addition to that we have the French election runoff and North Korea too so there are plenty of reasons for concern.

While we may be poised for more volatility, you can see a few reasons to be optimistic from the technicals, as we have recently retested the 50-day SMA and held twice (seen below) showing major strength.



S&P 500 Price vs 50 day moving average vs 200 day moving average – courtesy of Ycharts

If nothing else, it should be setting up for a very exciting summer in the market (at least to investment nerds like me).

Stay tuned...

To learn more about DreamWork Financial Group and our Fee-Only Wealth Management model, visit our website and schedule a meeting (<https://dreamwork.financial/contact/>) with our Chief Financial Strategist, Clint Kirby

and be sure to sign up for our free monthly newsletter (<https://dreamwork.financial/what-is-spector/#newsletter-opt>). Also, be sure to check out our archived newsletters (<https://dreamwork.financial/category/market-news/>), bold predictions (<https://dreamwork.financial/category/bold-predictions/>) and other articles in our knowledge base (<https://dreamwork.financial/educate-yourself-market-analysis-trading-strategies-and-401k-education/>).

Warm Regards,

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