

“Turn! Turn! Turn! To Everything There Is A Season

**“Turn! Turn! Turn! (To Everything There is a Season)”,
Pete Seeger late 1950s & King Solomon 10th Century BC.**

I hope that wherever you are, you can feel the seasons turning. But did you feel the investment markets turning also? The Trump trade is back. In November 2016 investors were caught by surprise with the market's positive reaction to Trump's election. “Turn! Turn! Turn!” Stocks rallied, led by banks & small US companies. The US \$ was up. Bond yields increased. All predicated on the economic stimulus of campaign promises becoming reality, but politics got in the way, until recently.

In the last two weeks of September 2017, we began experiencing “Turn! Turn! Turn!” again. What brought the Trump trade back to life? This time it was the prospects of lower taxes that turned us around. To everything, there is a season. How long will it last? Is it all about tax reform? If so, and tax reform does not pass, then is there only disappointment ahead? Indicators seem to say otherwise.

Just like the trees in parts of the United States, we are still seeing green later in this season. The current bull market in US stocks entered its 9th year becoming the second-largest since WWII. The largest was 1990 – 2000 which increased +417% & lasted 113.4 months. The current U.S. bull market is up only +268% & is 101.5 months old as of September 30, 2017.

Until recently international markets have lagged the U.S. recovery that began in 2009. For the first time since 2010, economists have lifted their global outlook after two years of cutting forecasts. Markets reflected the optimism with international stock funds outperforming general stock funds in 3Q17. The W&A Global Equity model increased +3.8% & the W&A Global Fixed Income model increased +0.4%, bringing year-to-date to +10.7% & +2.3% respectively as of 9/30/17.*

Looking forward to the end of the year, watch for the following:

- When will we have a market correction? There are still almost 2 weeks left in October, which is historically known as the most volatile month for stocks.
- Will earnings growth meet expectations? At this same time, last year's corporate earnings had declined for 5 straight quarters. Since then we had 3 quarters of positive earnings growth; 3Q17 is on track for +2.1% increase, and double-digit increases are expected for the next few quarters.
- What will Congress do? Optimism for accelerating earnings growth is predicated on Congress passing lower corporate tax rates & repatriation of foreign earnings.
- What will the Federal Reserve do? As of 10/10/17, there was a 90% probability that the Fed will raise interest rates at their December meeting.
- How will world events disrupt this Goldilocks "not too hot not too cold" scenario?

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\*The performance information provided is for informational purposes only. The results are unaudited & represent composite returns, net of fees. Additional information on composite returns presented can be obtained by contacting W&A. Past performance is no indication of future results.

*Sources include The Wall St Journal, FactSet, Advisor Perspectives & The New York Times.*