

Brendel Fisher

F I N A N C I A L A D V I S O R S

June 2, 2017

Greetings:

I am pleased to announce that my Hanover service team has grown. As of June 1st, Judi Hafner, Client Services Associate, will be answering phones, greeting our clients, and providing additional back office support.

Over the last few years, I have been developing the process for evaluating clients' current fiscal position, setting a baseline so we can size up and compare our success in meeting clients' investment goals over time. Knowing where we've started, together with regular reviews, means I can respond in meaningful ways to changes in clients' circumstances and goals. It's a process that will keep us focused on the same future. Adding Judi to our team is an important part of providing you with the proactive and professional support I want for all my clients.

Judi brings with her a love of dogs, a sense of humor, and extensive experience in the banking services arena. We are pleased to have Judi on board providing added support as we expand our client financial goal planning process. Now...*How about that stock market?*

H.L. Mencken wrote: "For every complex problem there is an answer that is simple, clear and wrong." I thought of his observation last week when stocks fell.

The media quickly explain the stock market's every move in a sentence or two, maybe a paragraph, and attribute it to something simple that people can understand. Never mind whether their explanation is logical. And it needn't be true, just concise. Case in point: On Wednesday of last week the Dow Industrials dropped 373 points. Even the Nasdaq darlings (Amazon, Apple, Google, etc.) fell hard. The media were fast to identify the drop's cause -- the almost daily leaks and drama from the White House. So that's it. Hmmm.

I'd like to propose a different explanation. Prior to May 17th, the S&P 500 had risen 10 percent since Election Day and the Nasdaq 100 was up 20 percent, both virtually without any backtracking. Don't you think a little profit-taking was long overdue? Few of the talking heads mention this possibility. Profit-taking is never the reason nor even a catalyst when there may be a headline that sells more papers and stock prices fall far enough to merit media attention.

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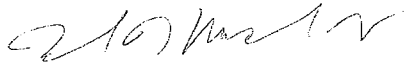
After all, bad news sells. The market sell off was about politics. A simple and clear explanation that both Mencken and I would say is wrong.

I've been down this road many times, pointing out that the financial and general media try to explain something as complex as the stock market in sound bites. That's true in both rising and falling markets. But the stock market has a life of its own, and in the short term it is entirely unpredictable and its moves unexplainable. Every day millions of people make buy and sell decisions for reasons -- right or wrong -- that they see as logical. Prices move, sometimes a lot, usually a little.

This much we do know. Investors and the public at large are optimistic about an acceleration of GDP growth and a strengthening America. The market's rally since Election Day reflects that. I remain optimistic.

By the way, little reported or totally ignored since the 373-point decline last Wednesday was the good news that the market then rallied for six days and the S&P and Nasdaq set all-time highs. It seems investors, unlike the media, are not worried about key parts of the Trump agenda to boost GDP growth and are still seeing a lot to be satisfied and positive about. A word of caution. Along the same lines, one shouldn't read too much into the market averages and indexes that are always the focus of headlines. A small number of big-cap stocks, all institutional favorites, have been the drivers. Most other stocks have lagged.

More soon.



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