Market Brief

October 2017

S&P 500: Longest Streaks Without A 3% Drawdown (1928 - 2017)						
Rank	# Trading Days	Start Date	End Date	Start S&P	End S&P	% Change
1	241	1/26/1995	1/9/1996	467	609	30.4%
2	232	11/7/2016	10/9/2017	2085	2545	22.0%
3	162	7/7/1993	2/23/1994	441	471	6.6%
4	131	11/26/1963	6/3/1964	70	79	14.2%
5	120	9/2/1965	2/23/1966	87	91	4.9%
6	114	12/17/1964	6/1/1965	84	88	5.0%
7	105	1/27/1983	6/27/1983	142	168	19.0%
8	91	3/19/1985	7/26/1985	177	192	8.8%
9	87	6/29/2016	10/31/2016	2036	2126	4.4%
10	82	10/19/1992	2/12/1993	412	445	8.0%

Market Snapshot

Closing Values as of 10/16/2017

Dow	22,957
S&P 500	2,558
Nasdaq	6,624
Gold	$1,286

2017…Year of the GOAT?

You are may have heard the market referred to as being a BULL or a BEAR but have you heard about the GOAT Market? There have been several very impressive Bull Market cycles in the past but only one can be dubbed "Greatest Of All Time"…GOAT. With an S&P500 close above 2717 the current Bull Market run up will beat the 1990-1998 Bull Market gain of 302% to become the Greatest postwar cyclical Bull Of All Time. This means the S&P500 is less than 7% from making 2017 the year of the GOAT.

Not only is the S&P500 within striking distance of claiming the GOAT throne, it is only days away from another significant milestone. The S&P500 is less than 6 days from having its longest run ever without a 3% drawdown. A run from 1-26-1995 to 1-9-1996 holds the current record of 241 trading days and a 30.4% gain in value. By itself, a yearlong period without any meaningful volatility doesn't necessarily suggest trouble ahead. But when considered in relation to the age of the Bull Market cycle and the state of the political and economic climates, it might be wise to plan for more volatility ahead.

What next?

Many indicators and trends in the markets suggest the bull market is in its final stages. With earnings season just beginning and October typically being a volatile month, I wouldn't be surprised if we see a spike in volatility and a move downward before Halloween. Whether the next downturn is the beginning of a longer and deeper bear market or just a health restoring reset remains to be seen.

Predicting *exactly* when volatility will pick up or when the Bull cycle will end is not possible. Market growth so far this year seems to have been fueled by enthusiasm over tax cuts and strong economic data. A Stable (and strengthening) economy and continued growth globally *may* continue to push the markets even higher but eventually rising rates and a pick-up in inflation will impact the markets.

To prepare for the eventual downturn and the tactical opportunities it is likely to present, I am recommending a reduced allocation to equities and longer term bonds in favor of a higher cash position.

CBLwealthmanagement.com — CBLindsaywealthmanagement@gmail.com — Office: (760) 214-9146