

**Market Outlook:**

**Numbers, smoke, and mirrors**

No doubt that we are in the middle of a fantastic bull market-style recovery as evidenced by last week's continuation of price surges in equities. But historically the most potent bull markets have been underpinned not by fantastical price spikes alone, but also by significant participation and overwhelming consumer optimism, neither of which unfortunately abounds today because of concerns about health and politics. It seems that the unsavory memories of the last two great recessions have taken much of the enthusiasm out of the current bull rally.

So much so that the decline in households that actually participate in financial investing has collapsed to its lowest point in generations. Without jobs, without income, without health safety protocols a large majority those who previously identified themselves as actively sophisticated investors have abandoned the exercise altogether. Yesterday's long term objectives have morphed into today's day-to-day survival.

However, the dissipation in participation has not crippled the markets. To the contrary, bourses have become the playground for professional traders, hopeful gamblers whose goal is to "shoot the moon", electronic trading platforms owned by major financial institutions, and the one-off "newbie's" who simply feel that they missed the train and need now to jump on board.

While all this is happening the financial services firms are blanketing the airwaves with "*trust me, believe me*" commercials and solicitations for your currency. After all, making money in the market is as easy as baking a pie, isn't it? They rapture you with sunset walks on the beach, family dinner gatherings, ocean journeys, and direct face-on pitches telling you that their fiduciary services are better than the next guy. But just like the airlines, cruise companies, casinos, restaurants, and hotels they are hungry for you to come back and spend with them.

What they, and others, must realize is that we have mostly a crisis on Main Street, not Wall Street. The previously mentioned volatility, while providing opportunity for some, is actually the perfect villain to the average citizen. Confusion, fear, and uncertainty are horrible elements for smooth investing. So, when a Regional Vice President looks at you through the camera lens, consider whose objectives first he/she is trying to fulfill.

Sour grapes by me because these firms have garnered the spotlight? Hardly. It's more a matter of looking out for your best interests when the siren call of seduction comes your way.

**Dig in**

We *do* have control of our investment outcomes using prudent processes of asset allocation and risk mitigation. The proliferation of options is vast, in fact. But our love affair with making money must also be tempered by a healthy respect for fear of losing it, too.

No doubt the dot.com crash in the 90's, the housing/fiscal crisis of 2008, and today's pandemic outbreak have left a bitter taste in our mouths, particularly those scarred and sullied by capital losses that changed the trajectory of their goals and aspirations. It takes discipline not to be tempted by hyperbole and greed. It is obvious to me that the markets are a soulful, dangerous place for the uninitiated.

Not that we, too, aren't participating. In fact, valuation expansion since the mini-crash in March has been a boon to our performance. But it has become a race to chase what was once yesterday's opportunity...and that kind of chase never ends well. There will always be a top. That is the nature of cyclical phase methodology. One can never fill a vessel fuller than "full".

The brand name stocks have already run, the laggards continue to lag. Whereas there is no indication yet that the markets are meeting resistance or are doomed to fail, there should always be that element of caution, that voice in your head gleaned from past experience, that cannot be coerced by any "Honest Abe" television commercial.

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