

Market Commentary: June 2013

“In every bull market there are always lots of ways to lose money, in spite of rising stock prices. Being whipsawed in and out of the market on corrections is one of them – as many have learned over the last few years.” (InvesTech Research, May 3, 2013)

I found this quote interesting in light of my own recent comments to individual clients as well as my comments in the last newsletter. I expect a correction in the market sometime in the next few months. The correction will no doubt be interpreted by many investors, large and small, as the start of a new bear market.

The next correction could indeed turn out to be the start of a bear market, but record high prices alone are NOT evidence enough to make that call. In the early 1980's, with the Dow Jones Industrial Average (DJIA)¹ rallying from 800 to a new record of over 1,000, the majority of investors thought the market was “too high”. The subsequent five-year bull market which took the Dow to 2,700 surprised a lot of people, and of course hit many new highs along the way. Bull markets defy prediction.

The current bull market is also one few people expected, and many advisors and pundits to this day have missed out on much of the increase. Last month I outlined three reasons to believe that today's bull has a ways to go; and three things we are watching for that might signal the end of the current bullish run. I can't add much to those comments today.

This may seem like a boring time to invest. “Greed is good” said Gordon Gekko in the hit movie “Wall Street”. To me, boring is best. I feel a lot more confident about my clients' financial future when things are boring.

Remember, as always, we prefer to hear from you with your “*Here's what I'm thinking about*” questions, rather than your “*Guess what I just did*” comments. And, as always, we are here to answer your questions and discuss your concerns. Please do not hesitate to contact us.

The statements above are the opinion of Kevin N. Tucker, CFP, as of May 27, 2013, and are subject to change at any time without notice. The above statements are not a recommendation of any investment product nor a solicitation to buy or sell any security. Past performance is not an indication of future results.

¹ *The Dow Jones Industrial Average (DJIA) is an index of 30 stocks traded in the US that represent a cross section of industries.*

Dates for your Calendar:

TFS offices will be closed July 4th and 5th to celebrate the 4th of July Independence Day Holiday.