



The market has been reacting to the level of government support for the economy and putting money to work in durable cash flow companies that are least affected by Covid-19. These sectors include Staples, Technology, and Healthcare. As a result, the market advance has been very narrow and concentrated in the top companies in the S&P 500 in terms of market capitalization, Amazon, Alphabet, Netflix, Google. Narrow leadership is not sustainable in the long run. Broader participation is required for a healthy market. Now, we do not have a crystal ball, but we believe we may see this market pull back in the future because of disappointing progress in, and expectations about, reopening the economy. At 2800 on the S&P 500 there is very little upside in our opinion. We continue to adjust portfolios as needed to achieve your financial objectives based on your risk tolerance, time horizon, and specific goals. We are prepared to be patient.

The following market activity by decade reminds us to be very careful before acting on what is currently the general consensus; it will be right for a while and then it won't, and what was hated will become hot again.

By Mark Arbeter, chief technician for S&P Global for 20 years.

Back in the late 70's, early 80's, inflation soared, and many thought it would continue forever. Basically, inflation has been falling ever since.

In the mid '80's, the stock market was the place to be.
Then it crashed, and no one wanted stocks.
Then we had the great '90's and stocks were loved again.

In the late '90's, technology (dot coms) were all the rage and a no-lose proposition.
Then technology crashed.
Since 2009, technology has led and is THE leadership group once again.

In the 2000's, housing was the place to be, and we all know what happened - the financial crisis.
No one wanted stocks once again.
Since 2009, it's been a pretty good market.

The consensus opinion can be correct during the big part of an advance or decline,
but is always wrong at major turning points

Remember:

“Buy when there is blood in the streets, even if it’s your blood.”

Baron Rothchild

“Be fearful when others are greedy, and greedy only when others are fearful.”

Warren Buffet