December Looks a Little Different This Year

Despite a shortened holiday week and some selling on Friday, markets finished out November with another weekly gain. I mentioned in my last commentary that November's market performance has been impressive without exception. All major indices broke out to all-time highs after multiple failed attempts to clear resistance. Higher beta sectors took the lead in performance as we saw rotation into cyclical assets. Some of this is likely due to ongoing promises of a trade resolutions with China and part is due to relatively strong earnings by domestic corporations. While the manufacturing sector is in contraction, the remainder of the corporate world is still growing. So long as corporate earnings grow, the bull market can continue.

Today, we saw the first pronounced selling in several weeks. The S&P 500 dropped almost 1% by this afternoon's close. Experts blamed weak manufacturing numbers and President Trump's tweet that tariffs would be placed on Brazil and Argentina's steel industries. Regardless of the reason, a pullback is overdue as markets have reached overbought conditions. Support now rests at 3003 on the S&P 500, which is 3.5% below the current price. If we stay above that line in the sand, the uptrend remains intact and we can close the year higher.

We come into December 2019 in much better shape than December 2018.

Last week's commentary can be found here.

FA RIA SURVEY & RANKING 2019
Cabana Asset Management
Ranked #2 Fastest-Growing Firm in the U.S. in *Financial Advisor* magazine's 2019 ranking and survey.

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