The S&P 500 Turns Positive for the Year

The benchmark S&P 500 index has officially broken out above 3200 and, in doing so, broken out of its two -month trading range. We have been watching this unfold for several weeks now. It appeared that the likelihood of a move to higher prices was greater than a pullback after equity markets survived several serious attempts by sellers to drive prices below 3000 and the all-important 200 day moving average.

If the current rally holds, look for money to come in from money market accounts and for a rotation into underperforming sectors. Those may include energy, mid and small cap stocks, and even dividend payers. I am certainly not counting out technology, which appears to be the path forward in many ways. I read an interesting article over the weekend that noted almost all the remarkable gains achieved by the S&P 500 since the March 23 bottom have occurred due to post and pre-market activity in the futures market. Price during regular hours has been flat. This is another indicator that many retail investors have sat the rally out and missed a huge move up in asset prices. If that is in fact the case, expect the pain of this predicament to cause prices to rise further as these sidelined bearish investors capitulate.

Just thinking about the difficulty faced by people trying to “time” the market over the past few months makes me shudder. As I have said many times before, when it gets tough, you better have a system to fall back on.

Last week’s market commentary can be found here.

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CEO, The Cabana Group

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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