

There are Many Unknowns, but the Market Continues to March On

The S&P 500 and the Dow continue their respective attempts to break through the all-time highs established in February. Both major indices have been trading in a tight range just below those levels for the better part of the last two weeks. The tech-focused Nasdaq has already done so and has set numerous records over the summer. Small- and mid-caps have lagged shares of larger companies throughout the bounce off market lows, which began on March 23. The same can be said of energy, financials, and industrials. Real estate has faced significant headwinds due to expected foreclosures, despite favorable interest rates. If your tenants can't pay their rent it doesn't matter how great a deal you have on the financing side of your business. Not surprisingly, healthcare, consumer goods and technology remain sector leaders within the S&P 500.

Last week saw some profit taking in bonds, gold, and dividend payers. These assets have outperformed during the COVID-19 pandemic and the current retracement back to pre-COVID highs is a good place to reassess. The longer we can hold here without a pronounced sell off, the more likely we are for another leg up in stocks.

Make no mistake, there are many, many unknowns that investors seem to be discounting to the upside. Any number of things could occur that would result in a swift reality check and concurrent drop in prices. To me, it feels like we are in a holding pattern. Look for an end-of-week close above 3400 on the S&P and some leadership in financials for evidence that the next move up has begun. On the downside, we have room all the way down to 3200 before the current uptrend would be in jeopardy.

Last week's market commentary can be found [here](#).



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