A recent commentary referred to the probability that we would experience a correction in the short term and most of the month of April has been about that short term correction. The following Vance Howard commentary is from last week but is still relevant.

Short-Term Turmoil – Can the market keep pushing?

The S&P 500 has pulled back and closed below its 50-day moving average… We remain bullish, but a short-term correction is likely underway. Investors are de-risking and moving money to cash and/or short-term bonds. Does this change our view of the S&P 500 closing above 5500 this year? No, we still anticipate stocks moving higher.

Geopolitical risks are clearly at play, but looking at the upward move of the S&P 500 a pullback was warranted, and a period of consolidation was needed. With the market breaking below the 50-day moving average, some short-term damage has been done and will need to be repaired for the market to continue its climb.

So far earnings are looking good. 42 companies are reporting this week, and of the 34 companies that have reported so far (7% of the S&P 500): Overall, 85% are beating estimates, and those that "beat" are beating by a median of 9%. Of the 15% missing, those are missing by a median of -4%. On the top line, overall results are beating estimates by a median of 3% and missing by a median of -2%, and 56% of those reporting are beating estimates.

Retail sales increased 0.7% in March, more than double the consensus estimate of 0.3%. Additionally, the previous month was revised up to 0.9% from 0.6%, fully erasing the weather-related drop at the start of the year. It confirms the economy has ended Q1 with strong consumer demand, which partly explains elevated inflation. Strong growth and relatively high inflation have pushed off market expectations for Fed rate cuts until later this year.

https://howardcm.com/index.php/2024/04/16/short-term-turmoil-can-the-market-keep-pushing/

Scott

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There's no bigger compliment than a referral from a valued client. Please keep me in mind when you have friends, family or acquaintances that may benefit from my advice and services.

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