"50 Day Rally"

This is the greatest 50-day rally in the history of the S&P 500. Even better if you were over weighted in Technology and Health Care like we have been. We have seen our stocks like TTD, SHOP, OKTA, TWLO, MELI, WIX, etc. all up over 100% since April 2nd and so many others up 50% or more. It was fortuitous timing being fully invested during this time frame for the most part.

https://www.cnbc.com/2020/06/03/this-is-the-greatest-50-day-rally-in-the-history-of-the-sp-500.html

The additional good news is that looking at the other largest 50-day rallies, we found that stocks were higher 100% of the time six and 12 months later. The average 6-month return was 10.2%, while the average 1-year return was 17.3%.

Now these are just trends, pretty strong ones when it happens 100% of the time but it bears repeating AGAIN as to why we are where we are at right now and where we might be headed. I've added a couple of other reasons to the list of what is fueling this fire.

-"DON'T FIGHT THE FED", the Federal Reserve has injected about $2.5 trillion into the economy and counting. This has also pushed interest to such low levels making Bonds almost un investable for the foreseeable future. This is a worldwide central bank phenomenon.

-HEDGE FUNDS AND ALGORITHM TRADING, has turned significantly positive for the following reasons: 1). the likely news that stage 2 vaccines trials will be positive. 2) Re-openings are moving along much better and faster than previously predicted (Teamwork has been saying this from day one and continues to believe in more positive outcomes are more likely than not), which also means jobs will be coming back much quicker and 3). The unlikelihood that there will be a "second wave" of the pandemic during the summer months. Common sense.

-STOCK BUYBACKS, there are simply too many dollars chasing few too stocks? Stock buybacks, like Apple, have simply taken about 20% of the physical inventory of stock you can actually buy in the marketplace.

-LESS COMPANIES, since 1996 the amount of publicly traded companies have dropped from around 8,000 down to around 4,000 today. Why? Private equity firms have alleviated the need for many companies to even go public today. Think of SpaceX currently and the recent first manned launch with its Falcon 9 rocket. What will Elon Musk do with SpaceX in the future?

-DIVIDEND YIELDS, the S&P 500 dividend yield is around 2.05% compared to around .70% on the US 10 yr treasury. We haven't done it all with just technology and health care. Think about the example of EPD, our Oil & Gas pipeline company which we started buying again in the $12-$15 range in April, for the dividend, and now its back trading up around $20 per share AND

we are still getting a 9% dividend yield. Why would I own a bond again? That's a 25% to 50% capital gain PLUS the dividend for quite a nice total return.

Dividend yield and certain "in the ditch" REIT's will be a coming focus soon.

-TAX POLICY, lower corporate and individual taxes will continue to help significantly during this period of recovery. Common sense.

-MONETARY POLICY, the massive levels of money that the government has pumped into the system via the PPP program for small businesses, unemployment benefits and direct payments to qualified families.

-VALUATION, the talking heads keep saying the "markets are overvalued", see all of the above, yet is it really? When you look at the pace of the recovery and the probability that forward-looking earnings in 2021 and 2022 will come in quite good, it appears valuation could be "fair" given all the variables at play right now.

What else have we been saying? Yes, the news and likely outcomes are POSITIVE right now and that is causing the retail public and professional investors pushing the markets higher.

What is coming down the road? Later this summer the focus will move to the political conventions and ELECTION RISK. That's the point that we might see the professional investors push the markets around and creating some volatility depending on the likely outcome of the November elections.

What does that mean for the markets? A likely Democratic outcome will be a major negative for much of the "markets" due to the prospects of more regulation, higher taxes and overall slower growth prospects.

Does it mean anything with change for Apple, Google, Amazon and most technology and health care companies? Probably not significantly. Oil & Gas, retail, travel & leisure, manufacturing, industrials and consumer discretionary? Watch out below. Thus, stay tuned.

Bottom line, it's still technology and health care leading the way with signs of life from the "in the ditch" companies and that is where we are looking to add to our portfolios. I'm going to highlight some of those ideas in the next week.