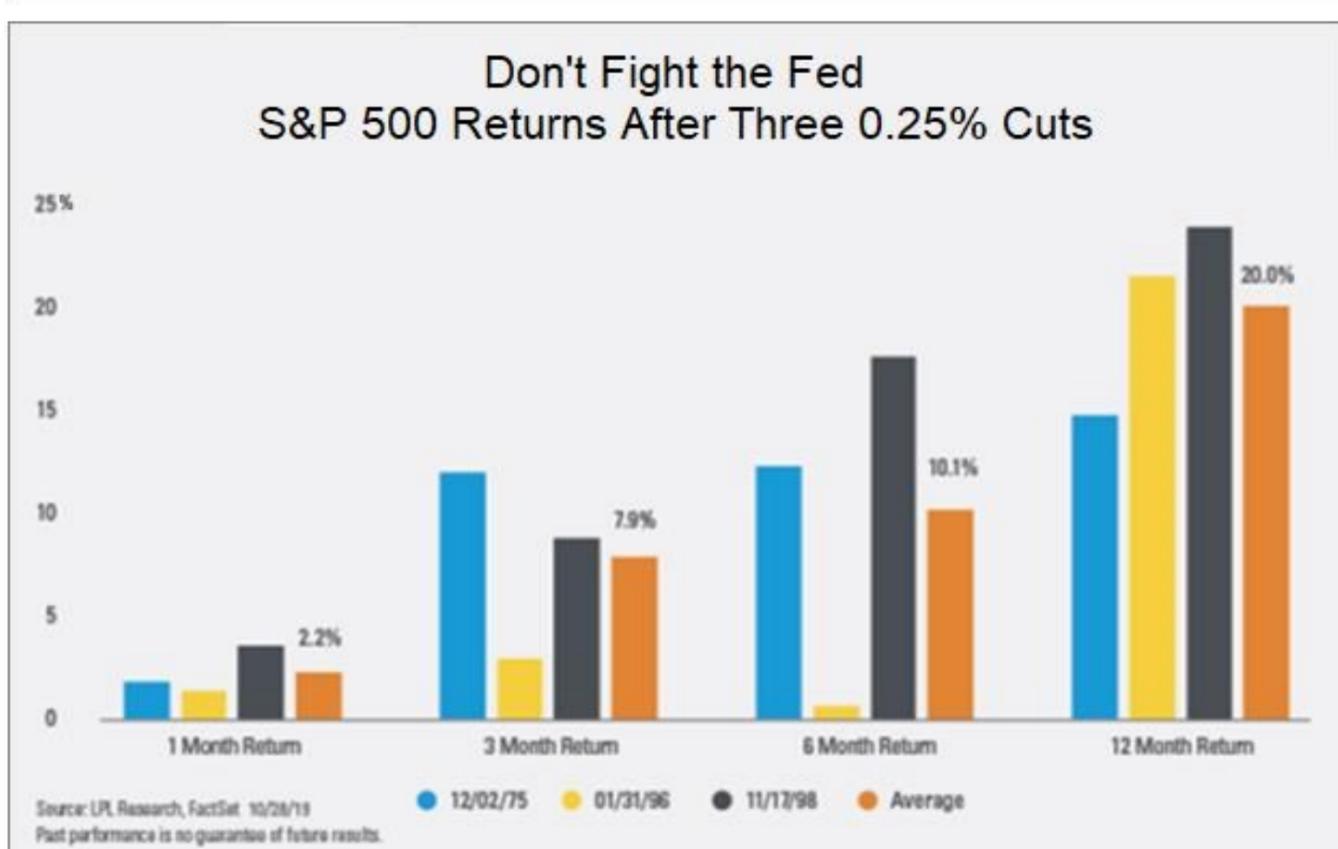
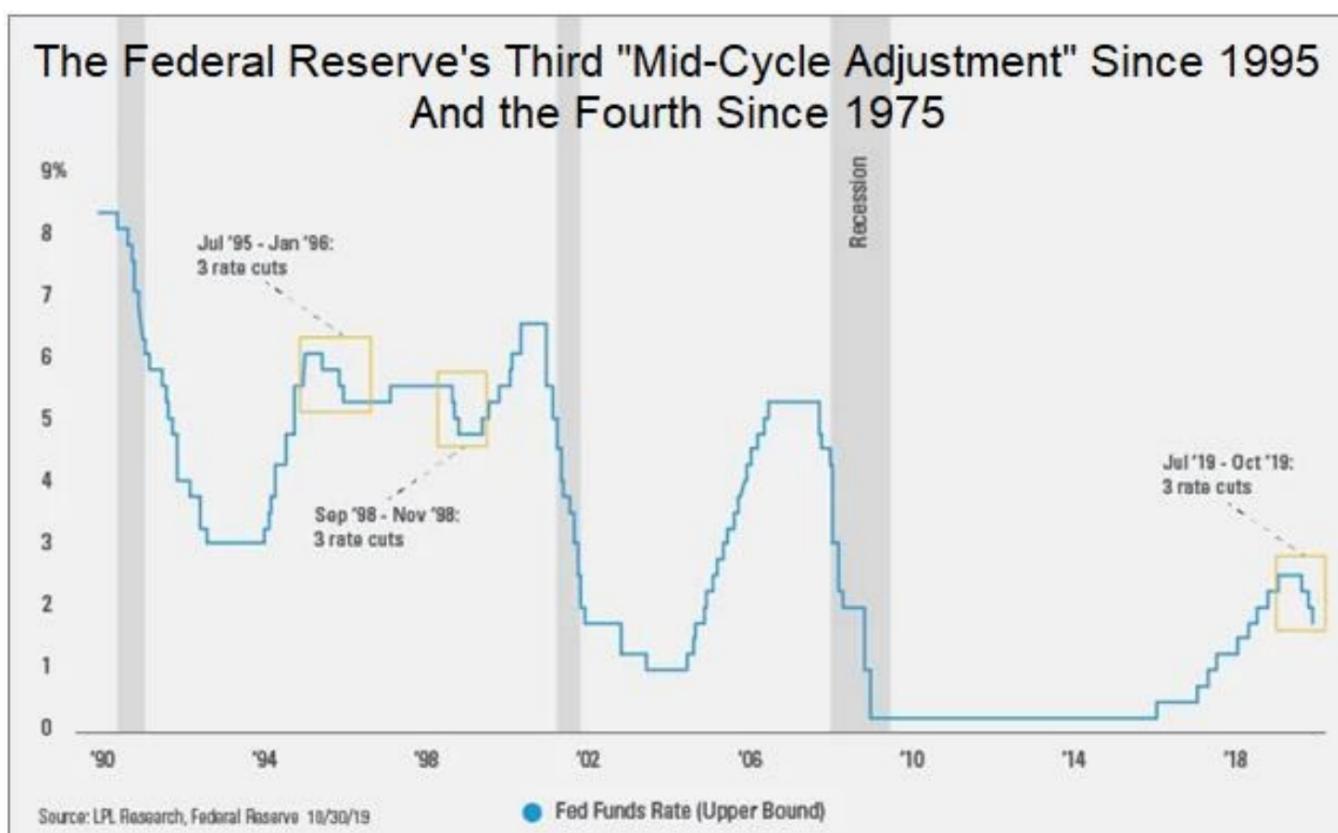


CHART OF THE MONTH

NOVEMBER 2019



Buoyed by a stronger-than-expected employment report, the S&P 500 surged approximately 1% on Friday to close at an all-time high of 3,067. The index has advanced for four consecutive weeks with an overall gain of 6.2% since the low on October 2. Through November 1, the S&P is now up 24.4% for the calendar year.

Of note, the Nasdaq also made a new high on Friday and the Dow Jones Industrial Average, which has lagged its fellow benchmarks this year, closed at a record level on Monday. All three indexes have increased over 40% the past three years and risen more than four-fold since the bottom in March 2009 (excluding dividends in both cases). The current bull market is the second longest and second strongest ever.

Is the market about to run out of gas soon? Well, if the past is prologue, stocks should be able to extend their rally over the next six-to-twelve months.

The Federal Reserve lowered the fed funds rate last week, its third quarter-point reduction since July. It was the fourth "mid-cycle adjustment" since 1975. In the previous three instances, the S&P 500, as shown above, rose an average of 10.1% over the following six months and 20.0% over the ensuing year.

Stocks may also get a seasonal boost as the market just entered what has historically been its best six-month period. Since 1950, the S&P 500, as displayed in the table below, has produced an average return of 7.0% from November to April. In the past ten years, the market has made progress nine times during this time with a mean return of 8.8%.

In addition, going back to 1950, when the S&P 500 has climbed at least 20% through October 31 (as it did this year), the index has generated an average gain of 6.2% in November and December.

Based on the strong fundamentals, a supportive Fed, and powerful seasonal patterns, we believe the market is more likely to "melt up" than "melt down" over the next year.

As Mark Twain observed, "History doesn't repeat itself, but it often rhymes."

S&P 500 6-Month Returns (1950 - Current)		
6-Month Period	Average Return %	% Higher
Nov-Apr	7.0%	78.3%
Oct-Mar	6.5%	69.6%
Dec-May	5.5%	72.5%
Sept-Feb	4.7%	68.1%
Aug-Jan	4.5%	69.6%
July-Dec	4.4%	69.6%
Jan-June	4.4%	69.6%
Feb-July	4.0%	71.0%
Mar-Aug	4.0%	71.0%
June-Nov	2.9%	66.7%
Apr-Sept	2.5%	63.8%
May-Oct	1.5%	63.8%