

MARKET COMMENT

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The article is entitled, **Stocks May Be Stuck in Volatile Trading Range for 2019**

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Bob Weir, CFA
Contributing Analyst

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Stocks May Be Stuck in Volatile Trading Range for 2019

January 10, 2019

Craig “Bullseye” Johnson of Piper Jaffray (who earned such a moniker for his spot-on calls) recently spoke on [Financial Sense Newshour](#) to give an update on his outlook.

When we last talked with him [in October he predicted](#) that the market decline was not over and expected a further decline to finish off the year around 2500 on the S&P 500. With a year-end close of 2506, Johnson proved once again that he is quite adept at forecasting the market months in advance, and even during the midst of major volatility.

When we caught up with him last week, Johnson gave his outlook for the U.S. stock market for 2019 and how he is assessing this current rally.

Let’s Get Technical

“As we look at the market heading into 2019, we titled our outlook for the year, ‘Corralling the Bull Market.’” Johnson believes the market is going to be stuck in a trading range of 2500 on the lower end and 2900 on the upper end. His present target is to close out the year somewhere around 2725 on the S&P 500.

“Looking at the shorter-term price action for the past several weeks,” Johnson said, “we are getting some sort of relief rally.” With Friday January 11th's close at 2596, the S&P 500 has now exceeded the initial upside range of 2530 - 2580, which was an important area of resistance.

“Over the next month or so, we will probably have to see this market [sell off again](#) back down toward that 2300 - 2350 range”, at which point he believes we will put in a double bottom low in similar fashion to 2011 and 2016.

What Are the Investment Implications of a Relief Rally?

In this relief rally, Johnson advises to start putting money back to work on pull-backs. “We need to be buying equities for the move back in the other direction.” When will we want to put that money back to work? Johnson posits in the next few weeks to a month we will probably get a double bottom.

What sectors or areas of the market does Craig think are the most attractive? “I would think some of these energy names might actually do fairly well coming out from any downturn.” He is also interested in consumer cyclicals and added that he continues to see “interesting looking charts in tech despite the [current] weakness in Apple.”

Is Apple Dead Money?

Johnson feels tech is where all the growth and innovation is happening. While Apple is well off its previous highs, he said, “I have got to step back and remind people Apple still has a 1.9 percent dividend yield...it is trading at about six times next year’s numbers.”

Johnson explained he understands that the [iPhone numbers are disappointing](#), and that we have had a reset of expectations, but he warned, “I would not get too carried away thinking that Apple is now becoming the next Dell computer.” He feels that there is still more innovation ahead for the company; recent events are only a temporary set-back. “I still think it is a great company, buying back a lot of stock, [with] very good earnings.”

To listen to Johnson’s full interview [click here](#). To hear more shows like this, [click here](#). For more information about Financial Sense® Wealth Management and our current investment strategies, [click here](#).

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Financial Sense: **Primary Tel:** 858.487.3939

fswebmaster@financialsense.com

<https://www.financialsense.com/>

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