

Tom Mullooly: In 2016 the stock market is in time out.

Welcome to the Mullooly asset show. I'm your host, Tom Mullooly and this is episode number 23. Now usually we find a Met who wore that uniform number and that's kind of our little Met tribute. Who wore 23? The only one I can think right now is Michael K. Dyer. His short visit with the Mets last year didn't go so well, but also Casey reminded me before we turned the cameras on Jason Phillip. Remember him? With those crazy goggles that he used to wear. All right, we'll move on to 23. Let's not give it all away, 24 is going to be a pretty easy one when we get to that in our next episode.

The way the format works with these videos is we get questions from you. We get questions from our clients, we get questions from our viewers. They're asking questions about the market. They're asking questions about managing money, about personal finance, about financial planning. They get in touch with us, we try and pick the best ones and put them on a video for you so Casey, what do we have today?

Casey: What are some of the reasons why the markets been behaving the way it has been?

Tom Mullooly: There's an old saying in the market that the market climbs up the stairs but it comes down in the elevator and that is so true. I found over 30 years that the market in an almost boring kind of way will slowly, steadily grind higher and then bam, 5% down in a couple of days or 10% down in a week. It happens. Maybe you've seen the same thing too if you follow the markets on a regular basis. That the market tends to move up like it's climbing a staircase. Up a little, down a little, up a little, down a little, but then when it wants to go down, boy it comes right down on the elevator. It's important not to get wrapped up in the news or noise of the day. I think that's really important. We've got a lot of different opinions right now and the market is really in time out.

There's times where the market has a quick pull back. Maybe 5%. Maybe 10% and they turned out to be really good buying opportunities. That doesn't feel like this is really that time. It also doesn't feel like we're moving from a growth period to a recession period. I mean we haven't had any growth, so how can we have a recession? It just doesn't make sense, but the time out period that we're kind of going through right now is where the market just seems to be really choppy. No kind of direction at all. It reminds me a lot ... We haven't had something like this in a long time. I'm thinking like 2004, 2005 is probably the last market I can remember where we were just kind of drifting. Where we hit a couple of low points the last few months. We rallied back, but the rallies have always been kind of losing steam. Never seem to make new highs. That's kind of where we're in right now.

What are the things that people are talking about that have people really considered? We have just as many people calling us to talk about deflation as we

have people calling to talk about inflation. The jury's split. It's interesting in the last year the rate of inflation in the United States has gone from .7 to 1.3. It's almost been a perfect double, but is that the answer? Is that the reason why the market's going down? I don't know.

There's just as many people we find talking about whether the Feds should raise rates. They're way behind the curtain. They need to act. There's just as many people out there saying that the Fed needs to take some really crazy action and go to negative interest rates. Boy, if you think the market took it hard when we raised rates in December back from 0 to a quarter point. Just wait till you go negative. How are you going to raise rates from there? Think about the pain people are going to endure at that point.

For just as many people out there who are flipping out about a Trump administration, there's just as many worried about Bernie Sanders or Hillary Clinton or Marco Rubio or Ted Cruz or any of these guys and that's going to be around ... I mean we're recording this on March 1st, Super Tuesday. That discussion's going to be around for 7 months, maybe longer. I don't think these are things that are going to go away and I don't think these are also the reasons why people say. Look, you may need money for taxes, to pay your tax bill. That's the reason you're selling today. You may be buying a house today. That's why you're selling in the market. There's lots of reasons why people are selling.

It just cracks me up when you see these media folk get on TV or on different news channels and they'll say the market was down today because of this or because of that. What they interview everybody who dropped a sell ticket today? It doesn't work that way. It's really hard though to just channel out, just filter out all of that noise and just focus on what's happening. That's why instead of ripping our hair we used the indicators that we follow and the great thing about them is there's nothing on those charts that say here's where the Fed raised rates. Here's where the economy went back. Here's where something else happened. It's nothing like that. It's just buying and selling. We're just seeing supply versus demand. There's no noise at all in there to filter things out. That's what's been able to keep us on track. It's a very hard thing to do to filter out all that noise.

If you've got questions about that or if you want to talk about that some more, get in touch with us. We'd love to talk about it with you and maybe it'll wind up being another topic that we'll cover in another video. We appreciate you watching this one. This has been episode 23 and we'll see you on the next one.