Only The Media Knows?

It would not be far-fetched to forecast a continued stock market rally from our new President's proposed fiscal stimulus package – earmarking funds to revitalize our country's infrastructure and military. Coupled with imposing regulatory and corporate tax reform, the resulting inflationary pressure is likely to be curtailed by the Federal Reserve in the form of cautious interest rate hikes over time.

The DJIA was 18,333 the day before he won the election – versus almost 20,000 today. It increased by 257 points or 1.4% to 18,590 on the day of his win. *The media predicted* the markets would plummet with a Trump victory. *The very opposite happened*.

10-Year Treasuries (the benchmark generally used to predict mortgage rates) were 1.88% the day before Trump won – versus almost 2.50% today. It increased to 2.07% on the day he won (a significant one-day change). *The media predicted* there would be a flight to quality investments with a Trump victory – in other words, investors would convert their stock holdings into more safe-haven bonds (thus, driving bond prices up and interest rates down). *The very opposite happened*.

Media sources now attribute the recent market rally to the long term policies put in place by the Obama Administration. Given their prediction pattern, shall we continue to consult with the media on interest rate projections?!

A temporary stock market rally is commonplace after an election. The focus now should be on whether Trump's policies will add inflationary pressure – which, if so, will continue to put upward pressure on rates.

Here's the Point: *At your next dinner party, think twice before confidently sharing what you think you learned from the almighty media.*