

Profitable INVESTING Tips

Stock Market Investing Tips, Techniques, and Resources



What Is Happening to the Stock Market Rally?

The night of Trump's election the stock market tanked and then revived as investors thought about lower taxes, offshore corporate cash repatriation and infrastructure-related economic stimulus measures. An already over-priced stock market headed up. But in the last two weeks the market has started to oscillate up and down with the Dow Jones Industrial Average falling 140 points at the ending of the session end half a percent below the previous day's close. What is happening to the stock market rally? *CBS Money Watch* looks at **hot stocks that are suddenly not**.

Rising bond interest rates are sapping the popularity of high-yielding stocks.

For the first half of the year, the S&P 500 sectors most sensitive to interest rates seemingly traveled in only one direction: up, drawing both institutional and mom-and-pop investors to the stock market to buy telecom, utilities and real estate investment trusts, known as REITs. The appeal was their high dividend yields.

But in keeping with Isaac Newton and his theory on gravity, the darlings of the 2016 markets have fallen back to earth.

Rising interest rates explain the faltering of dividend stocks but what else is going on?

Is There a Trump Speed Bump Ahead?

The stock market anticipates gains and losses in stock prices. *CNN Money* writes about a potential **speed bump for the stock rally**.

Trump's victory led to an explosive rally in stocks of financial, health care and industrial companies.

Investors are betting Trump and the Republican-led Congress will roll back some Wall Street and health care reforms put in place under President Obama, cut taxes and approve \$1 trillion in stimulus for roads, bridges and other infrastructure.

But has the stock rally gone too far too fast?

It may be that the so-called Trump bump has already eaten up potential gains for 2017. For the market to maintain and move ahead next year the market needs to perform despite higher interest rates. Trump needs to deliver on his promises which will mean making congress go along. And we all need to hope that the new president does not start a trade war that extinguishes global as well as US economic growth.

A Voice of Concern from the Heartland

Mr. Trump won the election despite winning less than half the votes because he dominated in states across America's heartland. Now the same folks who voted for him are concerned about the **price of a trade war with China**. *The Delta Farm Press* discusses the issue.

The late President Dwight Eisenhower had a sign in his office on his farm in Gettysburg, Pa., that said: "Farming looks mighty easy when your plow is a pencil, and you're a thousand miles from the corn field."

The same might soon be said about trade negotiations, a subject that could play an increasingly important role in whether U.S. farmers are able to enjoy higher prices for their crops in the near future.

Trump named Peter Navarro, author of the book, "Death by China," and a frequent critic of China's economic policies, to head the newly formed White House National Trade Council, removing any doubts that he intends to take a tough stance on relations with China.

The two primary objects of retaliation by China in a trade war would be the two largest exporters, Boeing and U.S. agriculture. The agricultural states in the heartland are the ones who voted Trump into office. What is happening to the stock market rally is that investors may be waking up the concerns of farmers, Boeing and **defense contractors** who seem to be on Trump's hit list.

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