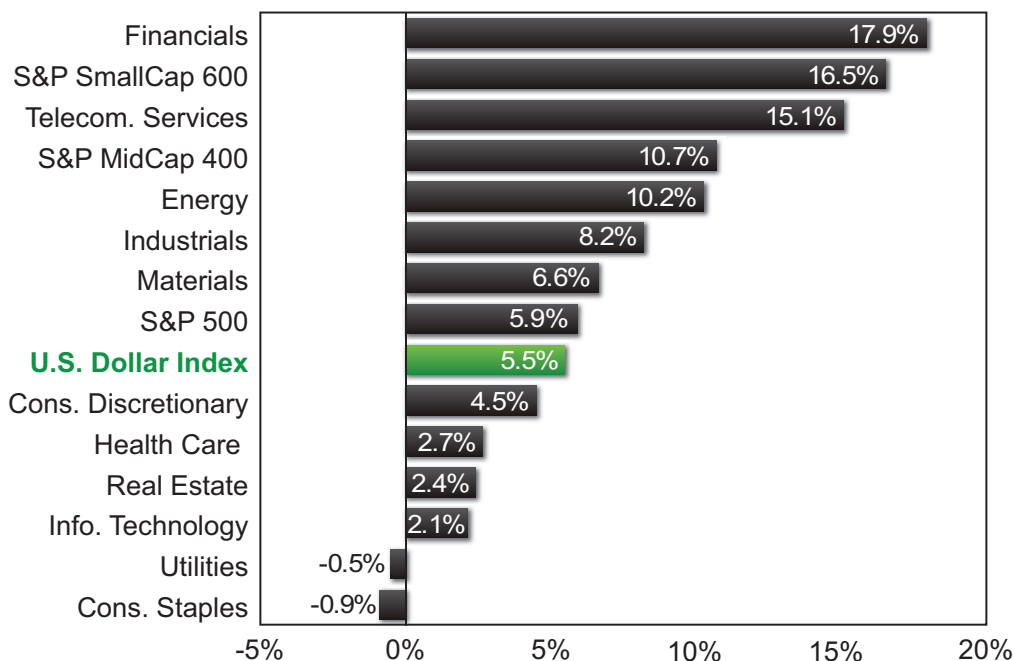


The So-Called “Trump Rally”

How The U.S. Dollar & Various S&P Stock Indices Have Fared Since The Election

Index total returns & change in the U.S. Dollar Index (DXY)



Source: Bloomberg, from 11/8/16 thru 1/3/17. Past performance is no guarantee of future results.

View from the Observation Deck

1. The equity markets and the U.S. dollar have posted some impressive gains since the presidential election on 11/8/16. Some in the financial media have dubbed this period the “Trump Rally.”
2. For comparative purposes, from 1926 through 2015 (90 years), the average annual total return on the S&P 500 Index was 10.02%, according to Ibbotson Associates/Morningstar. It was 11.98% for small company stocks.
3. Donald J. Trump’s victory on 11/8/16 appears to have injected some optimism into the equity markets via his pro-growth, pro-U.S. policy ideas, in our opinion.
4. President-Elect Trump’s agenda includes such initiatives as corporate and individual tax cuts, the repealing/reduction of excessive government regulations on businesses and increased infrastructure spending.
5. The first 100 days of the Trump Administration are going to be watched closely by investors to see if he can lay the groundwork to put these initiatives in play.
6. We do not believe that all of the gains shown in the chart are due to Trump’s victory. Financials are likely benefitting from rising interest rates and Energy has likely received a boost from the recently announced crude oil production cuts by OPEC (Organization of Petroleum Exporting Countries), in our opinion.
7. Some on Wall Street think the rally could end come inauguration day on 1/20/17. Morgan Stanley is one of those firms, according to Bloomberg. Stay tuned.

This chart is for illustrative purposes only and not indicative of any actual investment. The illustration excludes the effects of taxes and brokerage commissions and other expenses incurred when investing. Investors cannot invest directly in an index. The S&P 500 Index is a capitalization-weighted index comprised of 500 stocks used to measure large-cap U.S. stock market performance, while the 11 major S&P 500 Sector Indices are capitalization-weighted and comprised of S&P 500 constituents representing a specific sector. The S&P MidCap 400 Index is a capitalization-weighted index that tracks the mid-range sector of the U.S. stock market. The S&P Small Cap 600 Index is a capitalization-weighted index that tracks U.S. stocks with a small market capitalization. The U.S. Dollar Index (DXY) indicates the general international value of the dollar relative to a basket of major world currencies.