

# **October 28<sup>th</sup> is The Single Best Day for Stocks Again – Is This a Head Fake or Something More?**

**By Bob Deitrick, CEO  
Monday October 28<sup>th</sup>, 2019**

***On Monday, October 28<sup>th</sup>, the S&P 500 closed at an all-time high, something we predicted would occur some time ago; albeit has taken time to get here. The question is - will this stick? The answer lies with the President and his tariff war with China. We should know something more in November.***

***Historically speaking, October 28<sup>th</sup> is the single best day for the stock market each year. This date kicks off the best six months of the year (November to April) and says goodbye to the worst six. Let's hope this trend continues moving forward. This time of the year is also the time when investors following the "sell-in-May-and-go-away strategy" return to the market. This explains why the best months of the year are November through January. The last week of October and first week of November are typically the best ten days of the year, again, historically speaking.***



***In fact, October the 28<sup>th</sup> has been the single best day of the year for stocks going back to 1950 with an average return of 0.54% for the S&P 500, on that day. Yesterday, October 28<sup>th</sup>, the S&P hit a new all-time high lifted by solid earnings and potential progress on U.S.-China trade policy. Yesterday, the S&P bellwether closed just under 3,040 and the DOW closed over 27,000. Keep in mind that a few short months ago on Christmas Eve in the middle of the correction - the DOW stood at 21,792 and the S&P 500 was at 2,351. What a difference ten months makes. We predicted that what we were experiencing then was a significant correction and the market would come back. It has.***

***The market staged a nice rally last week after the U.S. and China said they were "close to finalizing" Part A of the Trump trade agreement. Surprisingly, a strong earnings season has also supported the rally in October. Of the 202 domestic companies that have reported so far, a whopping 79% have topped expectations (per FactSet). Not too shabby and well above expectations set earlier.***

***The other facts we are watching closely for you are consumer fundamentals. Unemployment claims last week, a leading economic indicator, pointed to a stable jobs market. Even as hiring and economic***

*growth have slowed, initial claims for state unemployment benefits declined to 212K last week. The credit markets are also very stable. Consumer confidence, down from earlier this spring, remains strong. The Conference Board's index decreased in September to a three-month low of 125.1 from a downwardly revised 134.2 a month earlier but that is a strong number. The only thing holding the market back is the tariff war. The tariff war, which was supposed to take three months and was going to be "good and easy to win", is going on two years. Enough is enough. This needs to get done. The opportunity cost here, which we will discuss at our November seminars, has been considerable.*

*What is the second-best day of the year for stocks? The second-best day of the year has been the day after Christmas, December 26<sup>th</sup> with the S&P 500 posting a 0.5% gain. That was the case last year as well when the market jumped 1.04% the day following Christmas.*

*What is the worst day of the year for stocks – historically speaking? No surprise, it is October 19<sup>th</sup> which was "Black Monday" back in 1987. I remember this day quite well. I was only 25 at the time and was asked by my friend, Jim Schroeder of WCMH-TV4, to appear on his Sunday show, News Conference 4, for a taping which would air that Sunday morning. With great trepidation, I agreed and took the invite. I told clients of his show, taped live that Wednesday, the best thing investors could do was to remain calm, the market was and had been oversold, we had had a great year up to that point and the market would come back. It did. In fact, we were up by 5.47% by the end of that year...*

*October 19<sup>th</sup> has traditionally been the single worst day for the S&P with a 0.51% loss on average that day. "Black Monday" occurred when an unexpected systemic shock impaired the functioning of the global markets creating a market crash. The DOW fell that day by 508 points to 1,738.74 (22.61%). The single worst percentage drop in history... However, 32 years later, the DOW is over 27,000! Not too shabby as our friend and client Bill Spiker might say.*

*As for the balance of 2019... in our view, the market is dependent upon this trade deal getting closed by year end. If it does, we are looking at a nice bump in the market going into the 4<sup>th</sup> quarter. If not, things will remain about even. In our view, President Trump needs this win if he has any chance at re-election next year, so we suspect his staff will strive to get this accomplished. Time will tell.*

***Our events and seminars coming up this fall and winter include:***

- Our November Market Seminars will be held at Eddie Merlot's on November 14<sup>th</sup> and 15<sup>th</sup>.***
- November 14<sup>th</sup> is a dinner event at 6:15 and the 15<sup>th</sup> is a luncheon starting at 12:15 p.m.***
- Our Beat Michigan Party Brunch and Pig Roast will be at Eddie's on November 30<sup>th</sup>.***
- Our Annual Christmas Party will be Sunday, December 15<sup>th</sup> at Eddie Merlot's beginning at 4:30 p.m. Santa and Mrs. Claus will be returning, and we will have an improv group coming to entertain you this year from Savannah, Georgia.***

***Have a great week! Please feel free to call with any questions at any time.***