

# Profitable INVESTING Tips

Stock Market Investing Tips, Techniques, and Resources



## How Long Will the Economic Sweet Spot Last?

The stock market seems to be overpriced but every time earnings come in they are positive and stocks keep going up. So long as the economy keeps chugging along it supports earnings but how long will the economic sweet spot last? *CNBC* writes that the **economy may soon lose its power to boost stocks**. Then what?

*Closely followed strategist Jim Paulsen told *CNBC* on Monday he's worried that economic data could stop supporting the stock market's bull run.*

*"The economy has been doing so good for so long now that even if it continues to do well, it won't any longer be a surprise," said Paulsen, chief investment strategist at Leuthold Group.*

*"Economic surprises I think are going to get as high as they're going to get," Paulsen told "Squawk Box." "We may see toward year end and the first quarter next year a pause in this market."*

Paulson says there is a wall of worry about the market being overpriced. The economy does not really need to falter to take stocks down. It could simply stop providing surprises. And if something in the economy happens to concern investors there are probably a lot of them ready to pull the plug on their portfolios after making nice profits on the years-long run up.

### Where Is the Economy Going?

How long will the current level of economic growth last? Is Trump's plan to stimulate the economy going to happen and if it happens is it going to work? What does the Fed say and are they going to raise interest rates or not? *Bloomberg* quotes Janet Yellen who says **inflation is the biggest surprise in the economy** this year.

*Federal Reserve Chair Janet Yellen said that the U.S. central bank expects to continue to raise interest rates gradually as solid growth, a strong labor market and a healthy global economy lift prices even as she recognized that inflation has been surprisingly low.*

*"My best guess is that these soft readings will not persist, and with the ongoing strengthening of labor markets, I expect inflation to move higher next year," Yellen said Sunday at the Group of Thirty's Annual International Banking Seminar in Washington.*

Thus the current Fed chairperson expects the economic sweet spot to last awhile. She notes that asset valuations like stock prices are supported by low interest rates and that could be a new norm so long as relatively low rates persist.

### **Hands On or Hands Off, Which Best?**

In regard to Trump's tax cut plans we wrote about whether Republicans or economists are right.

*As congressional action progresses so will the belief that tax cuts are in the wings. And thus the market may reignite and continue to go up. But eventually, what drives stock prices is the strength of the economy and one of the factors that drives or impedes the US economy is the cost of the nearly \$18 Trillion US debt. In the end the issue comes down to who is right about tax cuts, the Republicans or the economists.*

An argument can be made that things are going pretty well right now and trying to make changes could result in damage to the economic sweet spot that we are in. In the meantime watch the earnings reports and what congress is doing.

# **Educational Resources**

**Click the links below to get your  
FREE training materials.**

## **Free Weekly Investing Webinars**

**Don't miss these free training events!**

<http://www.profitableinvestingtips.com/free-webinar>

## **Forex Conspiracy Report**

**Read every word of this report!**

<http://www.forexconspiracyreport.com>

## **Get 12 Free Japanese Candlestick Videos**

**Includes training for all 12 major candlestick signals.**

<http://www.candlestickforums.com>

**Disclaimer:** Trading and investing involves significant financial risk and is not suitable for everyone. No content on this document should be considered as financial, trading, or investing advice. All information is intended for educational purposes only.