

Profitable INVESTING Tips

Stock Market Investing Tips, Techniques, and Resources



Nothing Seems to Scare Investors These Days

The market has been going up and many stocks seem overpriced. Then back to back hurricanes hit Texas and Florida as the crazy dictator in North Korea develops nuclear weapons and threatens his neighbors. One might expect one of more of these issues to be the straw that breaks the camel's back and sends the market into correction. But nothing seems to scare investors these days. *The Guardian* notes that **markets hit record highs** after short lived concern about hurricanes and nukes. All of the details of damage from storms and potential war on the Korean peninsula do not seem to stack up to continued earnings progress. *Business Insider* writes that Goldman Sacks offers two reasons why the **market is safe from a correction**.

Goldman says fear not, for a couple of key factors are still working in favor of a prolonged stock market expansion.

The first is a lack of investor euphoria – the type of unabashed confidence that has historically left bull markets vulnerable to sharp downturns. Goldman cites cash positions of 3.2% for mutual funds, which is in line with the historical average. If there were an overabundance of confidence, this measure would be far lower, with more capital in play.

A second factor that should keep the stock market afloat is persistent US economic expansion, Goldman says. The firm specifically cites strong monthly job growth, rising wages, confidence at its highest level since 2001, and household balance sheets that are their strongest since 1980.

In addition earnings are expected to go up again next year and companies themselves don't see their stocks as overvalued as they are busy repurchasing shares.

How about Offshore?

CNBC reports that there are **buying opportunities in European stocks** after a 10% rise in the value of the euro.

A recent correction in European stocks due to the strength of the euro is a buying opportunity for investors, according to a new report from Barclays.

The research states that the 5 percent decline in European stocks driven by the 10 percent appreciation in the euro may appear justified. The pan-European Stoxx 600 hit a two-year high in May but saw losses as risk sentiment turned sour on geopolitical tensions. The index is down nearly 5 percent over the last three months.

So, if you still have doubts about the strength of the US market you may want to gaze across the pond and take advantage of stocks in Europe that have fallen 5% or more due to a stronger euro.

Asian markets are closer to the threat of North Korea and respond more strongly to threats from the crazy dictator than markets in North America or Europe. Nevertheless Southeast Asian stocks were mostly higher as North Korea was quiet according to Reuters.

Most Southeast Asian stock markets ended higher on Monday on relief that North Korea did not conduct further missile tests when it celebrated its founding anniversary on Saturday.

The United States and its allies had been bracing for another long-range missile launch following multiple such launches in recent weeks that heightened tensions globally.

“With North Korea seemingly holding back on its ICBM test for now, there is a small degree of risk relief in the market, resulting in the paring of long positions in safe havens,” Mizuho Bank said in a note.

Despite various threats to the markets stocks are still going up as the economy moves forward and earnings support valuations.

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