



Churchill Management Group

Monthly Market Update

January 7, 2020

TACTICAL STRATEGIES

PREMIER WEALTH TACTICAL & PREMIER WEALTH TACTICAL CORE

Geo-politics has again moved to the forefront with the recent U.S. tensions with Iran, but as of now, the market outlook remains positive.

Unlike December a year ago, where markets dropped harshly, the latest holiday season was quite friendly. Stocks closed out the year with a strong month, as the major indexes were all up for December. The Dow Jones Industrial Average lagged the broader market with a return of under 2%, while the Nasdaq and S&P 500 put up impressive gains of 3.54% and 2.86%, respectively.

While on paper it was an exceptional year in 2019 for stocks, however upon reflection it was anything but easy. Along the way, markets were confronted with a barrage of issues and fears hitting the headlines. Hiccups in the trade negotiations rattled the indices throughout the year, and worries of potential contagion in the U.S. from what appeared to be a global economic downturn plagued investor sentiment.

At the end of the day, the world's central banks came to the rescue once again with the largest amount of easing since the financial crisis. Overall, 60 central banks cut rates last year, with the majority of those reductions coming in the second half of the year. The U.S. Federal Reserve made a 180 degree pivot, from raising rates in 2018 to lowering them three times in 2019.

Add to the massive liquidity increase a morale boost, amid hopes of progress in the trade deal when a phase one deal was reportedly agreed upon, and markets continued to rally.

At present, investors appear to have some concerns over the news of a U.S. air strike that killed a top Iranian military commander in Iraq. While escalation is certainly possible, for now our views remain intact. Typically, geo-political news does not alone change the market direction. The headlines do

create turbulence, but unless they help trigger an economic recession, markets tend to retreat for a couple of weeks, then re-coup, and go about their business as before.

While positive, markets are expensive and sentiment is hitting extremes on the bullish side. Those are concerns. However, the technical action in the market remains bullish. The breadth on the NYSE has been consistently making new highs and all of the major indices have followed through on the recent breakout of the two-year base in November.

As always, we will continue to monitor our indicators and let them dictate our actions.

Have a Happy New Year!

TACTICAL OPPORTUNITY

In December, we saw a big month from some big names including Apple, Alphabet, and Amazon, as well as Microsoft and Applied Materials. A recent buy in Eli Lilly also continues to rally.

There were a few laggards in Disney and Oracle, but the strength across the board more than offset their slight declines. It has been a fun ride for the holdings.

FULLY INVESTED

ETF SECTOR ROTATION

The solid month in December was led by the most consistent leaders in Tech, Large-Caps and Growth.

Tech shined, jumping over 6% since the start of December, having outperformed the general market in each of the past four weeks. Communications and Consumer Discretionary were the only other outperformers of the 11 sectors, although all sectors were up for the month.

The model remains Tech heavy, but does hold a wide variety of holdings, which includes overweight positions in Health, Financials, and Communications. In the broad markets, all were about the same – Small-, Mid- and Large-Caps, Growth, and Value. The exception was the clear leader, Large-Cap Growth.

Emerging markets performed well and Europe came along for the ride, although our model still prefers the U.S. Why not, with the strength it has shown.

EQUITY GROWTH AND VALUE

December rang in a strong showing from stocks across the board. Apple, the leader, was up some 13% since December 1. Google parent Alphabet and Amazon were also strong as the big names dominated the action.

We also found strength in semiconductor stocks, with light activity, but nice gains.

EQUITY DIVIDEND INCOME

Dividend stocks have not been as exciting as their growth counterparts have, but they were still mostly positive for the holdings. The best month came from old-school names – AT&T and Archer Daniels Midland. In addition, Lockheed Martin got a pop from worries in the Middle East. Light activity continued here as well.

For a full description of each strategy, please [click here](#).

Best regards,

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** This report is meant to inform the reader of our current market opinion, which we, as professional money managers, use in our decision-making. It should be noted that stock market and bond market data are subject to varying interpretations and any one interpretation will not necessarily guarantee investment success. The information obtained from the sources specified herein and used as basis for our current market opinion is believed reliable, but we do not guarantee the accuracy of such information.

