HERITAGE CAPITAL LLC

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I am excited to join Yahoo Finance's On The Move from 10:20am to 10:30am discussing the Coronavirus' impact on the markets and if the worst is behind the markets.

After that, the TD Ameritrade Network is next to give a market update and offer some stock picks. I have to admit; it's been tough to find fresh ideas after such a strong rally since October. I keep waiting and waiting for the traditional energy names to set up, but that's not happening just yet.

Finally, I am looking forward to joining my old friend, Charles Payne, on Fox Business' Making Money from 2:00pm to 2:30pm discussing one of the more boring Fed meetings in years. I am sure we will spice it up with some politics and where stocks are headed.

Turning to the markets, on January 17th, I sent this piece around about how investor behavior is now very dangerous. It's definitely worth a read or two. So far, that was right at the all-time high. However, that peak should only be a temporary one as the bull market remains alive and reasonably well.

A few things I want to reiterate. First, between the extreme greedy nature of investors and the almost parabolic rise in the market since October, stocks are vulnerable. Similar set ups were seen in January 2018, January 2017, May 2011 and Q1 2000. There were others as well, but I think you get the idea.

The major difference between the other times and now is that the stock market's foundation is much more solid today than any of the other times. That's important to note as sideline cash is more apt to buy more shallow dips like we saw on Monday.

However, the only way to cure all this giddiness and greed is with at least a short, sharp pullback. Trading ranges rarely create enough of a scare. Over the next few months, stocks could take two paths to repair sentiment. First, the bounce since Monday's low could peter out sooner than later with another leg down in February to clean everything up. Or, stocks could be entering a multi-week or month trading range that ultimately breaks to the downside later in Q1.

I would be a little surprised if stocks saw the final bottom on Monday and immediately surged to new highs and beyond. That would be the most dangerous set up and likely lead to more significant selling later in Q1 and perhaps Q2.

We also have the conclusion of the Fed's two-day meeting at 2:00pm today. This is one meeting no one is talking about and rightfully so. The FOMC will stand pat for the foreseeable future. About the only thing people will focus on is any comment on the Repo crisis and the Fed's support to the tune of several hundred billion dollars.

A full Canaries in the Coalmine is on tap for next week.

To Your Financial Success,

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