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# It Feels Like Groundhog Day
# (Bill Murray movie)

**Rita** (Andie MacDowell): Do you every have déjà vu?
**Phil** (Bill Murray): Didn't you just ask me that?

With the all 3 major averages (Dow Jones Industrial 30, the S&P 500 Index, and the NASDAQ) trading at all-time highs, many people are asking are we in a bubble? And where do we go from here?

Jeff Patterson's personal opinion: I do not feel like we are in another bubble. I think values are obviously up, but the market doesn't seem frothy like it was in 2000. There are two main statistics that keep coming into my mind:

- Last year, the S&P 500 was up 13.7%, but if you missed the 5 best days of the year- your return would have been 3.2%. So, it was a very choppy market. *

- ***Apple accounted for just over 51% of the $5.0 billion increase in earnings for the S&P 500 Index. ****

  As of February 10, Apple's fourth-quarter profit growth exceeded those of all the S&P 500 companies that have reported, combined. In aggregate, 347 companies reported a 3% contraction in earnings. ***

  Which means that even with the markets at all-time highs, the index averages might be over magnifying the valuations of all stocks. Or put another way, when you take out Apple, the market would not be at record territory- and we probably would not be asking the bubble question.

Another factoid for you: we frequently hear that the market has not had a 10% correction, and that we HAVE TO BE DUE FOR ONE. The factoid that I would bring to that argument is that since March 9, 2009, we have had a dozen small corrections which have averaged 8.5%.**** So, we may not have had one big sell-off, but we have certainly had enough small corrections to shake off any froth coming from a market build-up.

So, where do we go from here? And, why did I make you view a picture of a groundhog driving a truck?…Best line in the whole movie is when Bill Murray is talking to the groundhog: "Don't Drive Angry / Don't Drive Angry".

I am thinking that 2015 will be a lot like 2014, very choppy. Probably two or three 5% corrections before the year is over, but overall a positive return for the market in the 8-10% return level. What do I base this on?

- Interest rates are probably not going to be raised this year. Janet Yellen, the Federal Reserve Chairwoman, just gave testimony that showed that as much as the Fed would like to raise rates they really are lacking the evidence that the economy is heating up. And if they do raise rates, it will strictly be for theatrics, it may be a "One and Done" rate hike. *And given, the research on Apple- the economy in the 4th quarter would have only had a gain of 0.2% were in not for the blow-out earnings delivered by Apple, which brought up the gain to 2.1%.***

- Many multinational companies have issued profit warnings due to the currency exchange between the Euro and the Dollar. Last July, it would cost $1.39 U.S. dollar to equal $1 Euro dollar. The exchange rate now is closer to $1.13 US dollar to $1 Euro dollar. So, the US dollar appreciated roughly 18.7% versus the Euro. My point is the following: the US dollar probably has very little more room to appreciate further. If the Euro recovers from such a low position, it may be a sign that Multinational companies may have better earnings going forward.

- The European Central bank is going to start their version of Quantative Easing…very similar to what the Federal Reserve had utilized for the last several years, which helped to propel our economy / stock markets. I have heard many strategists say that the Eurozone is roughly 18 months behind the US economy. This may be buying opportunity for European companies. There is an index of the top 50 companies in Europe- called the EURO STOXX 50. I would not be afraid to own this index over the next 2 years. Here is the link: www.eurostoxx50.com

- One final reason for growth prospects may come from the Mid-Cap sector. Historically, when energy prices have fallen dramatically, and the international companies have also been volatile- money often will go into the Mid-Cap Sector. This is because those smaller companies often have little to no international business, and their overhead costs typically decrease due to the drop in oil. So, I would recommend evaluating a Mid-Cap Growth fund—unfortunately, the lawyers will not allow me to provide you with the symbol that I would recommend. Just call my office.

Like I had mentioned earlier, from the beginning of the year, I really was thinking that 2015 would be like 2014- choppy but at the end of the year, the market averages would be higher. In fact, the decline in January 2015, and the rebound in February 2015 is exactly what happened in 2014. But, to write a commentary that simply says "Deja Vu" or "Status Quo" would be pretty boring. It took 45 days into 2015 for me to get motivated to write down my thoughts, and (ideally) give the reader something of value, and something actionable.

**I hope this brief outlook is of value.**

There were at least 2 actionable ideas to work: EuroStoxx investments and Mid-Size Companies. The other idea would be buy a basket of Multi-National Companies, often called Mega Cap companies.

I truly appreciate your time in reading my commentaries (I am always afraid they will be boring). If I can be of any service to you, your family, or your friends- please do not hesitate to contact my office.

PS- Less than 50 days until the Cardinals Opening Day! Focus on that, as it snows…

***Sources***

*	BTN Research:   January 8, 2015,  REPEMAIL

**	Apple Earnings Report:  January 31, 2015,  http://www.zerohedge.com/news/2015-01-31/aapl-effect-q4-earnings-growth-without-apple-0-apple-21

***	Barron's:  February 23, 2015. http://online.barrons.com/articles/SB51367578116875004693704580480002170829016

****	BTN Research:  October 21, 2014.  REPEMAIL