

# Weekly Market Insights

December 24, 2019

## Happy Holidays!

Equity markets appear to be closing the year on a positive note. The Dow was up 1.14%, the S&P 500 increased 1.68% and the NASDAQ gained 2.19%.

I have just returned from two weeks in South Africa where I had plenty of time to think about the economy and financial markets. It really has been remarkable, and a testament to the power and adaptability of markets and a relatively open economy. It has always been my view that markets are social creatures and reflect hopes and fears of society. On the first of January 2019, there were plenty of problems to worry about: Brexit, trade wars, an exceptionally long recovery and bull market, and political mayhem. We still face each of these problems but U.S. investors and business leaders somehow looked past these impediments. The United States is closing 2019 with a reasonably strong economy and a remarkably

powerful equity market. The system works, markets clear and the economy adjusts.

Since the great recession of 2008, the U.S. economy and financial markets have led the world. We believe there are at least two reasons for this. First, the rapid intervention of the Federal Reserve, backed by the Treasury, injected plenty of liquidity, confidence, and the relative freedom for markets to adjust on their own. The European Central Bank did not act quickly and was torn by intra EU fighting, which prevented the ECB from acting quickly and strongly enough. China, when the slowdown struck, did not allow markets nor businesses to adjust on their own. This made the process of adjustment slow and inefficient.

To repeat, the system worked.

This is just one of the many things to be thankful for in a year filled with confusion.

All of us at 1919 Investment Counsel wish all of you very happy holidays and a great New Year.



moclark@1919ic.com

Please click [here](#) for the **Economic Release Calendar – December 2019**.

*The views expressed are subject to change. Any data cited have been obtained from sources believed to be reliable. The accuracy and completeness of data cannot be guaranteed. Past performance is no guarantee of future results.*