



## How This Trump Rally Could Evolve into a Bull Market

### Description

Stocks are off to new 52-week highs, as oil prices rally near the \$50 level, and the phenomenon of the “Trump Rally” continues to remain strong. While it’s easy for investors to get excited and start loading up on all kinds of different securities, the individual investor must remain focused. It’s much easier to buy stocks when the markets are at a 52-week high than it is to buy stocks when markets have pulled back significantly and there’s nothing but bad news in the media.

The S&P 500 is set to break past its 2,200-level ceiling of resistance, and this is a very bullish sign for stocks as this new resistance level will become a level of support. The TSX has also hit 52-week highs, soaring past the 15,000 mark.

Where do we go from here?

I believe that this “Trump Rally” that we’re experiencing right now is a relief rally, and those fearful before the election are missing out on some huge returns right now. If you overexposed yourself to bonds before the election, then there’s no question that you’re hurting right now as bonds continue to fall by the day.

Going into 2017, I believe the “Trump Rally” will turn into a sustained bull market, and we could start seeing great returns. Donald Trump was thought to be bad for stocks, but the contrary may be true; investors were mostly fearful of a Trump presidency because of the huge unknowns involved with him compared to Hillary Clinton.

Trump wants to kickstart America’s economy, and he’ll do this by cutting corporate taxes to encourage U.S. companies to keep their holdings in America, instead of hiding cash offshore. In the case of **Apple Inc.** ([NASDAQ:AAPL](#)), the company holds about \$181 billion offshore, and, thanks to Trump’s new tax deal for corporations, we may finally see firms like Apple bring home the bacon.

This tax break could bring back as much as \$2.6 trillion into the U.S., and this could trigger a massive amount of hiring and reinvestment in America. Analysts at **Goldman Sachs** estimated that companies in the S&P 500 will spend a record amount of money on stock buybacks, and that will put money right into the pockets of shareholders.

Trump plans to lower the corporate tax rate from 35% to 15%, and the amount of buybacks, reinvestment, and hiring will skyrocket. I believe 2017 will be a terrific year for the markets as corporate America becomes rich again.

### **What is the lesson learned after the election?**

Speculating will hurt long-term investment returns.

According to many pundits, a correction in the markets was supposed to happen, but the contrary may be true as we see American companies get a huge kickstart from Trump with the lowered corporate tax rate. This will do wonders for the U.S. economy, and we can expect the Federal Reserve to follow through with their rate hikes next year. But don't worry, the earnings growth of stocks will be enough to offset fears of a rate hike.

Buy and hold undervalued American stocks with huge amounts of offshore cash, such as Apple, or Canadian stocks with a very large U.S. footprint to profit from the Trump corporate tax cut.

### **CATEGORY**

1. Investing

### **TICKERS GLOBAL**

1. NASDAQ:AAPL (Apple Inc.)

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