
INAUGURATION DAY MARKET DISCUSSION

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One common theme of discussions these days—whether it is with respect to your market outlook or the Twitter buzz—starts with Trump.

Our “Behind the Markets” podcast is taped live every Friday at 1:00 p.m. ET, and in our latest episode, we had the distinction of being live on SiriusXM 111 within an hour of the inauguration speech. This was before the new @Potus released his first tweet from his new account.

We had a great market discussion with Wharton Professor Jeremy Siegel, Cumberland Advisors Portfolio Manager Matthew McAleer and Greg Valliere, the Chief Global Strategist at Horizon Investments. Here are the highlights and a link to the full podcast:

Professor Siegel believes if Trump plays his cards right on the growth agenda—tax reform and regulation reduction—we could see additional 15%–20% gains in the market. But there is also a high degree of risk in protectionist rhetoric, which was apparent in his inauguration speech. Veering even further in this protectionist direction instead of tax reform could be bad for equity markets and risk markets generally. We also discussed with Professor Siegel the ramifications for political risk in Europe, and he gave his outlook for the international markets.

McAleer discussed Cumberland’s positioning within equities and bonds: why they are over-weight in small caps in the U.S. portfolio along with cash, positioning both defensively and offensively simultaneously. We also discussed their positive views for many of the international and emerging markets and why they took the opportunity to add to some [duration](#) in municipal portfolios, where they found value.

Valliere discussed his take on Trump’s inauguration speech: summarizing Trump as a tough populist, a trade protectionist and a hardliner on immigration. He thought the speech was “astonishingly un-conciliatory” and showed that Trump will not back down on these battles. How Trump broadens his support base for legislation will be the most important question for the market over the short term. Valliere was worried Trump didn’t mention anything about tax reform or tax cuts in the speech, and he didn’t think this speech was good for the markets.

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