

Peak View September 2017

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When will the Bull Market be Over?

The current bull market which began 8 1/2 years ago is now the second longest on record. Severe hurricanes and other natural disasters, threats out of North Korea and tumultuous behavior in Washington cannot seem to derail the market from inching higher. Some of the more traditional signs of a market top such as leading indicators of a recession and extreme overvaluation of stocks just don't seem to be present; at least for now. Although the market is long overdue for a 5-10% correction, which we haven't had for a few years, if the economy continues to grind ahead slowly as it has been, and corporate earnings continue to beat expectations, the market could very well follow, at least for a while longer.

The Big Apple

Back in 2001, Apple was a struggling computer company; that is until it came out with its new device - The Ipad. Had you invested, \$10,000 in Apple stock when the Ipad was first introduced in 2001, your \$10,000 investment would now be worth about \$1.2 million. Throw in the 2% cash dividend that Apple pays out annually and not only would your \$10K investment have made you a millionaire but you would also be receiving dividend checks totaling \$24k per year!

Today Apple, at it's current stock price of \$160 per share, is the most valuable company in the world. If Apple stock were to rise to \$194 share, which will probably happen at some point, the total market value of Apple would be the first company in history to reach \$1 trillion!

One criticism of Apple has been that it is essentially a one product company with 2/3 of its sales being derived from the I Phone. But the company is also sitting on a stockpile of over \$225 billion in cash which could be used to increase dividends, purchase other companies etc.

The Rich Keep Getting Richer

In 1982, Forbes magazine published its first list of the 400 wealthiest people in America. That year the combined net worth of all 400 members was \$92 Billion. Although it is a changing list, this year the combined net worth of the 400 richest people in America was \$2.4 Trillion! that is 25 times the net worth of the 400 wealthiest people in 1982! I am sure we all have done pretty well in our careers and businesses over the years but I don't know too many people that are 25 times richer than they were in 1982.

It is a very exciting time to be a Cleveland baseball fan. Dare to dream but I really believe this may finally be our year!

Best Regards,
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