Christian Money Manager: What You Need to Know About America's Economy Right Now

The Issachar Fund (LIONX), is about 80% invested in 34 growth stocks as of May 10, 2020.

I have been trimming my slow runners and trying to trade up to faster horses as the stock market melts higher on light volume. The market seemed ready for a pullback on Wednesday of last week, but the market made history on Thursday as the Fed Funds Futures moved into negative interest rate territory.

The Fed futures began to predict negative interest rates in the coming months, and that "spooked" the market a bit. It seemed like the QE "algos" (computer-driven trades) were swamping the market with buys orders on Thursday as the indexes closed above 1%.

Friday's brutal jobs number saw 20.5 million jobs disappear, but buyers overwhelmed sellers and pushed prices higher again on Friday albeit on low volume. In the old days, price discovery was determined by a limited number of buyers and sellers. However, I believe this "QE to infinity and beyond" experiment is distorting the way the markets operate due to its ability to create unlimited amounts of "free money" seemingly at will.

Two weeks ago, we saw an unprecedented move in the oil futures as it traded below zero. We have now just seen a negative future interest rate scare here in the U.S., and I pray we never see that again. Germany's economy has been stagnated thanks to negative rates, but I believe Trump sees the problem and he will get us back on track shortly. Negative rates make no sense to me, but here we are, and my job is to manage risk-seeking opportunities wherever I can find them. Even a nonsensical rally is still a rally indeed. I am excited about the opportunities I am currently finding in the stock market. (There is no guarantee that any investment will achieve its objectives, generate positive returns or avoid losses.)

This appears to be the new normal, so it may be time to adjust our sails!

The stock market has historically been a forward-looking discounting mechanism pointing us to where the “puck is going” instead of where it is. With the Fed’s massive QE interference program, they may be distorting the market’s historical ability to discount the future. One thing is clear: the flood of “free money” (QE) has done a great job at reflating stock prices. I believe this may be the new normal until we get another “black swan” (unpredictable) event, so it may be time to adjust your sails if you have not already done so.

There appears to be a ton of money that may be invested in growth.

Many growth investors, including me, seek companies with increasing sales and earnings, expecting their stock prices to rise as buyers overtake sellers. I believe the market is telling us that cloud and work-from-home (WFH) companies have adjusted their sails, and they may likely have the ability to profit from this new normal. I believe QE acts like a wind at our backs, keeping our sails flying high and pushing us forward. Some may say the PE ratios are too high, but I believe there is a potential for them to go even higher if demand outstrips supply.

The economy is looking like it will have a U-shaped recovery!

However, the stock market has already had a V-shaped recovery. The large-cap index has bounced over 31% since the March 23, 2020 low and is only about 13% from its all-time high reached on Feb. 19, 2020. V-shaped recoveries in the stock market are becoming a common feature in this New Age of QE. I may have opinions on where I think the market is headed, but I pay close attention to price and volume. Currently, price is telling me that the trend is up and possibly headed higher, so I remain bullish and optimistic.

Hot off the Press!

If you want to listen to my podcasts on Charisma Podcast Network, iTunes or Spotify please click these links and Subscribe at no cost.

Bottom Line

Technology stocks have led the rally off the lows and the work-from-home theme has continued to drive the “cloud” names higher. The Fed continues to increase its balance sheet by printing more money ($65 billion last week) and I believe this “free money” has a way of trickling through the stock market. I plan to stay focused on the bottom line and “tweak” positions as needed. I do not believe there will ever be a model or computer than can predict market outcomes consistently given “black swan” events like the Covid-19. However, the Wisdom that God freely gives us is capable of adapting to “black swans”. I wish you well and may God Bless You More Abundantly.

Quick Links to my story, strategy, blogs, interview, fact sheet and press release

“Grace and peace be multiplied to you through the knowledge of God and of Jesus our Lord” (2 Pet. 1:2). {eoa}

Note: Investors should carefully consider the investment objectives, risks, charges and expenses of the Issachar Fund. This and other important information about the Fund are contained in the prospectus, which can be obtained by calling 1-866-787-8355 or visiting . The prospectus should be read carefully before investing. The Issachar Fund is distributed by Northern Lights Distributors, LLC., member FINRA/SIPC.

Horizon Capital Management Inc., (HCM) is not affiliated with Northern Lights Distributors, LLC. Important Risk Information: Mutual Funds involve risks including the possible loss of principal. An investment in the Fund may not be appropriate for all investors. The Fund may hold cash positions when the Adviser feels that the market is not producing returns greater than the short-term cash investments in which the Fund may invest. There is a risk that the sections of the market in which the Fund invests will begin to rise or fall rapidly and the Fund will not be able to sell stocks quickly enough to avoid losses or reinvest its cash positions into areas of the advancing market quickly enough to capture the initial returns of changing market conditions. The Adviser's judgment about the attractiveness, value and potential appreciation of particular asset classes and securities in which the Fund invests may prove to be incorrect and may not produce the desired results. Past performance is no guarantee of future results. For more information on LIONX, please visit . NLD Review Code: 3564-NLD-5/11/2020