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STOCK MARKET

Dow hits 20,000 for the first time; Market is 'Giddy'

By **Russell Grantham**

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The stock market is giving us a lesson in crowd psychology, whether we want it or not.

Since the election of Donald Trump as president in early November, the market is up about 10 percent. The Dow Jones Industrial Average breached the 20,000 mark for the first time today.

Atlanta-area money managers say the milestone is the result of investors' mass optimism that Trump will be able to make good on campaign promises to rev up the economy with higher infrastructure spending, lower taxes and fewer regulations.

But like most things tied to Trump, that's where agreement ends.

Aradhana Kejriwal, chief investment officer at JOYN Advisors, a Sandy Springs firm with \$1.2 billion under management, believes investors have gotten too optimistic at a time when stocks are already pricey.

"I think the market is emotional and very giddy," said Kejriwal, whose firm bills itself as the first behavioral wealth management firm in the nation. Trump's policies "are not even clear and we don't even know if they're going to be implemented, or when," she said. Kejriwal doesn't make predictions

about where markets are headed next. But to weather the unexpected, she counsels a well-diversified portfolio that includes stocks, bonds, commodities and real estate. She also believes many overseas stocks are now better bargains than U.S. stocks. She also favors value stocks — those with beaten-down values compared to their profit levels and other fundamental measures.

On the other hand, Willis Investment Counsel President Robert Willis thinks the post-election surge could be a sign of better days ahead.

"I believe there is a growing belief that a more pro-business White House could stimulate more economic activity," said Willis, whose Gainesville firm manages about \$2 billion for pensions, endowments and wealthy families and individuals.

He said he's not talking about

Trump's policies having an immediate impact. But he said Trump's election has fostered more optimism among businesses that could



Robert Willis

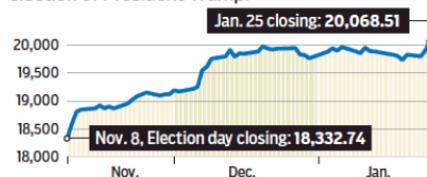
prompt them to take on more risk and take advantage of low interest rates to borrow and expand.

The famous economist John Maynard Keynes referred to such spontaneous mass optimism as "animal spirits," Willis noted. "Perception and psychology can be very powerful," he said.

From that viewpoint, Willis added, the recent run-up in stock prices is logical because expanding companies could be worth more, resulting in a longer bull market and economic recovery, even if they are almost eight years old. "I don't think that the (rising) market knows how old it is," he said. "Bull markets don't die just because they have been going on for X years."

Dow Jones historical day

The Dow Jones broke past 20,000 on Wednesday for the first time, led by a rally that began on the election of President Trump.



Source: Yahoo! Finance

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WILLIS INVESTMENT COUNSEL