



Dawn J. Bennett, Host of Financial Myth Busting, Writes Article, "An Era of Black Swans"

Posted on Tuesday, November 15, 2016

<http://www.releasewire.com/press-releases/dawn-j-bennett-host-of-financial-myth-busting-writes-article-an-era-of-black-swans-742197.htm>

Washington, DC -- (ReleaseWire) -- 11/15/2016 -- On Tuesday, to the shock of pundits and prophets alike, Main Street once again voted its pocketbook and swept a black swan Donald Trump presidency into the White House. Not only did he win, but he brought in many of the Reagan Democrats and nearly half of the union voters, and against all odds, he even seemed to have coat-tails. Even among supporters of Trump, though, there is an undercurrent of unease. Can he make the transition from what former New York governor Mario Cuomo called the "poetry of campaigning" to the hard work of the "prose of governing?" Will the Trump of previous years, the one who in 2012 called Mitt Romney's policies on deportation of illegal immigrants "maniacal" and "mean-spirited," return once the dust has settled, or will he maintain the course he set during the campaign? Can President Trump, could any president accomplish what really needs to be done to heal the economy and security of this nation and its people?

At its best, Trumponomics could be Reaganomics 2.0, rebuilding the economy through reduced regulation, sensible and needed tax cuts, and spending on infrastructure. But between us and that outcome lies a wide period of volatility and risk. Our massive public and private debt, years of quantitative easing and near-zero interest rates, policies and public statements that have not only ignored but obfuscated the basic fundamentals of the economy—these factors still exist. With Trump elected to the nation's highest office, Janet Yellen and the Fed no longer have the personal or political incentives to keep the economy and markets in suspended animation, and I strongly suspect we will see interest rate hikes in the near future, with dire consequences for the short-term market.

Some of the stated policies of Donald Trump won't be without their own sort of pain, either. His stated intent to force American companies to repatriate manufacturing jobs would be an effective tax on corporations like Apple, IBM, even Nabisco. Until the consequences of such policies become normalized, written into the markets, we could see a 10 to 20 percent drop on the basis of that alone.

The market ran up last week, I believe primarily letting off steam in relief that this poisonous election season is finally over. This rally has already begun to fizzle in the face of a new uncertainty in what the future will actually hold. Already, the lack of correlation between markets and fundamentals has driven many individual investors to highly conservative positions. On Wall Street you hear story after story about how money managers and hedge fund managers and financial advisers are just leaving the business because the central banks control the market and it makes it impossible to make money in any rational way.

Conventional wisdom has held that high frequency traders will still profit even if the average investor doesn't, but one of the high frequency legends, Teza Technologies, is closing down. In their last regulated filing, they provided some interesting insight into why, saying, "Assumptions regarding the existence of relationships that appeared to hold true about the market or in fact held true in the past in the market may not exist or hold true in the future." Fundamentals don't matter, research doesn't matter, technical charting doesn't work anymore. It's a topsy-turvy market, and it's not as if this is just the last six months we're talking about, but rather the last eight years.

Another point Teza raises speaks to volatility and predictability in the markets. Teza says that six-sigma events are becoming nearly as likely as one- and two-sigma events previously were. What? Sigma is the Greek symbol used in statistics to indicate the "standard deviation," a measure of the variability of a set of data. A data set where the values cluster near the top of the bell curve, the "average" of all values, is said to have a low standard deviation, where a data set with a flatter curve and more variance in values is said to have a higher standard deviation.

And so, back to Teza pointing out the increasing frequency of six-sigma events in the markets. What they mean by that is that data values form clusters six standard deviations outside of expectations. This should be exceedingly rare, and the fact

that it is becoming less so indicates wider volatility. This seems to be yet another sign of our markets becoming decoupled from the underlying economy, and it presents huge risk to investors. Interestingly, a six-sigma event could also be termed a "black swan," much like the election of a casino-owning reality television star to the White House.

I hope that President Donald Trump will be truly great. He has the potential, and America truly needs great leadership in a moment that presents a once-in-a-lifetime opportunity for a paradigm shift, the kind of leadership that was promised eight years ago but never materialized. Yes, I hope that our next president will find a way to work with his own party and those across the aisle. I hope that his agenda will materialize in a thoughtful and straightforward way. But, in the meantime, there's a bumpy ride coming. Protect your savings, diversify not just in terms of asset classes but in terms of geography. Look into assets that preserve wealth in the face of increasing volatility and risk. And God Bless America.

For over a quarter century, Dawn Bennett has been successfully guiding clients through the complexities of wealth management. Her unique vision and insight into market trends makes Bennett a much sought after expert resource with regular appearances on Fox News Channel, CNBC, Bloomberg TV, and MSNBC as well as being featured in Business Week, Fortune, The NY Times, The NY Sun, Washington Business Journal in addition to her highly regarded weekly talk radio program - Financial Mythbusting. Through prudent and thoughtful advice, Dawn Bennett has strived to consistently provide the highest quality of guidance.

About Dawn Bennett

Dawn Bennett is CEO and Founder of Bennett Group Financial Services. She hosts a national radio program called Financial Myth Busting <http://www.financialmythbusting.com>.

She discusses educational topics and events in the financial news, along with her thoughts on the economy, financial markets, investments, and more with her live guests, who have included rock legend Ted Nugent, as well as Steve Forbes and Grover Norquist. Listeners can call 855-884-DAWN as well as take podcasts on the road and forums for interaction.

She can be reached on Twitter @DawnBennettFMB or on Facebook Financial Myth Busting with Dawn Bennett.

Media Relations Contact

Dawn Bennett

<http://bennettgroupfinancial.com/>

Contact Us

☎ 855-593-5640 | US

☎ 920-593-5640 | Int

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