New Haven Register
http://www.nhregister.com/opinion/20160716/market-matters-jobs-report-shows-markets-fickleness-and-durability

The Middletown Press
http://www.middletownpress.com/opinion/20160716/market-matters-jobs-report-shows-markets-fickleness-and-durability

THE REGISTER CITIZEN
http://www.registercitizen.com/opinion/20160716/market-matters-jobs-report-shows-markets-fickleness-and-durability

July 16 on the Internet; July 17, 2016 in print

MARKET MATTERS: Jobs report shows market's fickleness, and durability

Joseph Matthews

There has been no shortage of attention grabbing national headlines this month. While many of the events that have transpired over the past few weeks have left us with heavy hearts, there has been some positive news, particularly on the economic front.

After a fairly quick recovery from the immediate impact of the Brexit vote, our economy has emerged as a seemingly bright spot in recent days.

Highlighting the economic light at the end of the tunnel is the stock market, which has rebounded with a vigor that has been unseen in quite some time. The market went into the week approaching the Dow Jones' record high, and even briefly surpassed its all-time intraday high.

What caused such an upward spike in our economic system?

For me, one answer is in the monthly jobs report for June. After a disappointing report in May that came in significantly below expectations, the June report showed a solid increase in non-farm employment — 287,000 new jobs. The strong results, which exceeded expectations, helped to shake off not only the existing doldrums, including concerns about the Brexit and the European economy, but even seemed to start a run toward record highs.

Which means, in my opinion, that brokers, traders, portfolio managers and just about everyone else who invests in the market all have been waiting for a solid sign of good news to show renewed confidence in the future of the American economy. Despite the market volatility and uncertainty surrounding the Brexit vote, the recent jobs report and other economic factors have the market moving upward.

Of course, and it can never be said enough, past and current performance is no guarantee of future results.

If the market gains are, in fact, an indicator of the nation's economic status, then investors across the country seem to be signaling that a new level of positive economic activity may be ahead.

But we should view that exuberance with a healthy dose of caution. For instance, if we take a look at the jobs report in depth, we will find that much of the reported jobs growth was in leisure and hospitality, as well as the health care and social assistance sectors.

Also, the unemployment rate increased by 0.2 percentage point to 4.9 percent in June, while the number of unemployed individuals increased by 347,000 to 7.8 million. These increases largely offset declines in May and brought both measures back in line with levels that had prevailed from August 2015 to April of this year. While these are not necessarily unsettling numbers or even unexpected, they do support the point that we should take caution when interpreting short-range statistics.

The growth in the leisure and hospitality sector could also be a result of timing. We are in the summer months, when schools and colleges across the country are dismissed, and millions of Americans head off for summer vacations. Of course, this could account for the growth in the leisure and hospitality sector.

But will that growth be sustained or will it drop off again in September?

While it is wonderful to see the market trending upward and far more stocks in the green than the red, we also should prepare for continued volatility, especially with constantly evolving news from England regarding its government and the exit from the European Union. Investors should proceed cautiously, with careful attention to individual long term financial goals and objectives.

Volatility can be the investors' friend, and there may well be opportunities available in the near future. But watchfulness and thoroughness should temper enthusiasm.

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