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MARKET MATTERS: The May market ride — jitters or joy?

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For investors with a close eye on the market, it has been an exciting few weeks. Comparable to a carnival ride, the markets have been full of highs and lows that are making investors react with utter joy or outright panic. While some may never want to go on the ride again, others are ready to get right back in line.

The fact is, there are myriad factors causing uneasiness in the markets right now. For one, we are in the midst of a presidential election season. Though data has shown that market performance is determined by the business cycle rather than which party occupies the White House, the uncertainty associated with elections may be giving investors either the jitters or a sense of stability depending on their personal political beliefs.

Meanwhile, non-stop, global market data has been issuing very mixed results including domestic sales that came in below expectations. The market was over 18,000 a few weeks back; but despite occasional up days, it now seems to be in what I think is a temporary downward slump.

Also among the factors weighing on the minds of investors was a dip in April jobs numbers that showed the economy only added 160,000 new jobs in April — a sign that the U.S. economy is still recovering after a volatile start to the year. The number also did not meet Wall Street expectations, which projected 203,000 jobs gained in April.

To add to the uncertainty, the hiring increase in April was the smallest since September and job creation has slowed to an average of 200,000 in the past three months — down from a five-year high of 282,000 per month in the fourth quarter of 2015. Meanwhile, the Labor Department's official unemployment rate remained steady at 5 percent, but the participation rate fell for the first time in seven months.

While many saw additional data released in early May that showed the biggest jump in retail sales in a year as good news and a resurgence of consumer confidence, many analysts also saw it as a sign that they should reconsider their predictions for when the Federal Reserve will next act on interest rates. Nonetheless, sales in stores were actually off by 1.7 percent, while online and catalog sales increased.

With such varied reports, many investors are maintaining a steady focus on economic data for further indications on the possible trajectory of interest rates this year.

On the global economy, I expect China to muddle through its recent instability and finally even out, which could add a sense of security to worldwide markets. I also believe that global trade will begin to improve across the board on a sound foundation, which should be good news for global equity markets.

Domestic investors are also aware by now of the increase in gasoline prices, a direct result of the increase in the price of a barrel of oil — leading many investors to believe that oil has bottomed out and is heading toward a slow but steady upturn.

Investors should take heed not to underestimate the impact that oil has on portfolios and other market factors, what with its correlation to capital spending, bond issuance, trade flows, inventories and inflation. Should oil stabilize in the current range, there are significant implications for both economic drivers and market-level asset correlations.

Overall, the bumpy ride probably isn't over. With good research and due diligence, there are opportunities in the current market, and despite the jitters, an overall sense that the economy is improving, albeit incrementally.

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