

Sell in May?

Spring seems to give a boost to financial assets. S&P index, the most important index, has gained 2,7% in April, and Nasdaq 3,4%. In Europe, Eurostoxx increased by 3,8%, SMI by 2,9%, whereas Chinese indexes decreased because of the initial increase in the first quarter, as a matter of fact the Shanghai Composite (SSEC) lost 2,7%. Oil rose between 4 and 5%, while gold did not anticipate any signs of inflation, copper remained stable, likewise the main foreign exchange rates. This positive trend has been fostered by central banks monetary policies. Federal Reserve has found an equilibrium, between the American economy slowdown and the recovery of the stock market, which had an influence on those economies based on consumption (the more internal investments grow, the more people are willing to buy). A partial solution to the US and China trade deal is expected. Brexit postponement and

the first quarter positive results have contributed to sustain growth. In the United States there is a convergence between two ideological ideas based on growth: the leftist Modern Monetary Theory (public expenditure without limits), and the Trump pressure policy on the Federal Reserve to reduce interest rates, due to low inflation. There is also the sign that a low unemployment rate and the rise in oil prices could have consequences as confirmed by a GDP of 3,2%. Jerome Powell has now understood that he must also deal with fiscal and monetary policies worldwide (not only focusing on the United States), specifically on ones regarding China. This should lead to a greater stability of the world financial system. Awareness is important to the extreme short bets on volatility: we know it could change quickly! At this point the question is: is it wise to “*sell in May?*”