**What's wrong with this picture?**

If our only focus is on Wall Street and a stock market that seems to know only one direction, one might think that once again we're in a Goldilocks era. Not too hot. Not too cold. Just right.

The hitch is that there's a lot more going on than what takes place during the midday trading hours of each weekday. North Korea has just fired an intermediate range missile. The Russians have deployed another cruise missile installation. An important California dam is collapsing, forcing at least temporary evacuation of some 100,000 nearby residents. And in the midst of this, the National Security Adviser has been forced to resign after less than a month on the job. Who knows where all of this will lead?

Back in 1849, Alphonse Karr, editor of *Le Figaro*, said "the more things change, the more they stay the same". Over time, people tend to repeat long-term behavior patterns, which is why history is an essential part of educational curricula. So much of what we are seeing now has already been done in perhaps a different fashion in the past. The point is that there are developments and there are results of those developments.

All of which suggests that continuing market enthusiasm appears to be overdone. Although the traditional seasonal pattern in the stock market indicates that about two-thirds of annual gains are usually registered between October and March, we're getting near the end of the annual upswing. Add that to the relative richness of stock valuations and it would be prudent to begin moving toward more safety in most portfolios.

Given the post-election gains of the U.S. market, investors would be well advised to dial down the risk in their holdings on this side of the pond. Though some might argue that higher valuations would be justified by the prospect of reduced tax rates, there are good reasons to think otherwise. For one thing, the timing of such changes is anything but certain. More important, however, is the fact that even if lower taxes increase net income, there's no impact at all on gross revenues or pretax earnings. Indeed, it would be a stretch even to think that higher earnings might accelerate growth.

Better to be safe than sorry.