

## An Average Year?

Now that triple-digit daily changes in the major leading market averages are more common than not, one has to wonder if this apparent volatility is a significant change in the overall scenario or whether this is nothing more than evidence of "the more things change, the more they stay the same."

Although it may be hard to believe, the reality appears to be the latter. The correct way to view daily changes is to evaluate them on the basis of the percentage movement, up or down. On that basis, today's variations are not much different from those of years past. The major difference is movement of the decimal point.

Equally interesting is the fact that the current level of the Dow Jones Industrial Average is a near identity with the average price of that index over the course of the current year. Once again, despite the apparent jumpiness, it's more a matter of much ado about nothing.

The latest excitement seems to have stemmed from the last week's U.S.-Chinese dinner in Buenos Aires at which there appeared to be some indication of a relaxation of the ongoing trade war. Investors were quick to react to the initial signs of less likely increased tariffs in January, but then did an about-face when it turned out that there was no confirmed agreement to move toward a negotiated settlement of the key differences.

So for the moment, knee-jerk reactions seem to be ruling the day. Where this situation goes remains to be seen, but meaningful discussions leading to a less hostile trade environment would go far toward calming nerves on Wall Street.

At this juncture, investors' primary concerns about the year ahead include rising interest rates, slowing economic growth, and prospects for resolution of trade issues between the U.S. and China. Interest rates may rise again in the first quarter, but may well flatten out thereafter. A slowing pace of business gains is a given. The trade matter is the biggest potential problem and if not resolved could well lead to a significant business pullback.