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It seems like every single day stocks up higher, pullback and then rally into the close. It's been one of those truly historic runs since December 3 where you would be hard-pressed to find any weakness. Those heavily invested are just sitting back, enjoying the gains and smiling. Those on the outside looking in are very frustrated and anxious to buy any discernible pullback at all.

While we mark all of our strategies on a daily basis, I rarely give any analysis until month-end. In these rare melt up markets, I find myself becoming a little giddy and looking at performance more. Although I know fully well that you can't extrapolate a few weeks into a quarter or year, I find people often do and that usually comes right near a peak.

This kind of momentum is rare and typically keeps on going farther than people believe. Often without warning, they clean out the bulls in one, quick, fell swoop. Sometimes, that resets the bull while other times, it warns of a complete change in market character. Without doing any research at all, I remember late 2006 and early 2007 like this. Stocks just creeping higher and higher and higher. It went on for months, until it abruptly ended. The first pullback wiped out several months of gains. Volatility started in February 2007 and last more than two years.

I have already stated a number of times since mid-November that investors have become bullish, giddy and even greedy. This has been the most hated and disavowed bull market in history and I have often wondered if investors would even engage and accept it. And if so, what it would take.

So many people sold stocks and bought bonds or went to cash after the 2016 election. Their emotions and hatred for the incoming president got the best of them. They said they would not invest again under Trump was out of office. Whether or not that happens with the Senate's impeachment trial remains to be seen, but over the past four weeks, I have heard from a handful of people who want back in. All of a sudden, they feel like stocks are going higher and don't want to miss out. It's that kind of behavior, "get me in at any price", that causes me to worry and lose sleep.

13 months ago, the behavior was the exact opposite. Investors were screaming "get me out at any price". 2019 was definitely a great year for the bulls and it seems that one by one, the bears are finally capitulating, throwing in the towel in disbelief. I am going to pick on high profile Morgan Stanley strategist, Mike Wilson.

To his credit, Mike was negative on stocks during Q4 of 2018. He got that right to a big degree. However, after the initial bounce early in 2019, Wilson took his negativity a step further and pounded the table on a decline to 250 in the S&P 500. As stock moved steadily higher, 2500 became 2700. Interestingly, his TV appearances dwindled away, whether by the network or by Morgan Stanley. Finally, as 2019 was ending, Morgan Stanley put out a note from Wilson that now 3000 was the downside and things were no longer as bad as he feared. I haven't seen Mike in any interviews for some time.

The great John Templeton once said that "bull markets are born on pessimism, grow on skepticism, mature on optimism and die on euphoria." Whether you mark the start of this bull run in March 2009 or December 2018, it's very hard to argue that we are not seeing euphoric conditions right now. However, let's remember that markets can stay irrational a whole lot longer than anyone can stay solvent as Keynes once said.

10,000 Dow points ago, I first called for Dow 30,000 before all was said and done. I wrote it here. I said in on CNBC, Fox Business and Yahoo Finance. Most people either laughed or nodded their head as they dismissed it as nonsense. In the throes of collapse 13 months, I pounded the table that new highs would be seen in 2019 and Dow 30K would closely follow. Most of my industry friends and colleagues were convinced a new bear market had started. Today, the masses are all talking 30,000.

The stock market usually builds towards a peak. There are almost almost warning signs, sometimes for months on end and in the case of the Dotcom Bubble, it took well over a year of warnings. Over the coming few weeks, I will publish a fresh Canaries in the Coal Mine which has rarely missed a major peak in stocks.

To Your Financial Success,



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