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With the sell off of the U.S. stock market over the past week, investors are beginning to wonder when the market will find a floor. The simple answer is nobody really knows. However, the more complex answer is that stock prices relative to sales (as measured by the S&P 500) would still have to fall another 30% just to get back to 30 year average pricing. In other words, share prices relative to the underlying revenues of the economy still have the potential to fall much further if the past 30 years of history is any guide.



(Price to sales of the S&P 500 from 1990 to 2018)

As I have mentioned in prior messages – beware of current valuations. In my view, the risks of buying U.S. stocks are generally quite poor and better value can be found elsewhere. I will send further updates as conditions warrant.

Best regards,

Mervin Miller