

**BUSINESS & FINANCIAL OVERVIEW**

## If stock-market investors missed January's surge, they're out of luck, says Goldman Sachs

Missed January's stock-market rally? Well, then you likely missed the bulk of 2019's best gains, say strategists at Goldman Sachs.

The main U.S. benchmarks enjoyed a boomlet last month, after a withering stretch that took hold in October and culminated in a brutal beatdown of bullish investors on Dec. 24—marking the worst decline on the session immediately before Christmas on record.

However, from that lowpoint, the Dow Jones Industrial Average DJIA, +0.68% has climbed 16.5%, the S&P 500 index SPX, +0.47% has ascended by about 16.3%, the Nasdaq Composite COMP, +0.74% has surged by 19.3%, while the small-capitalization focused Russell 2000 RUT, +0.18% has jumped by more than 20%, according to FactSet data.

“We argued that a modest bounce at some point early in the year was likely, and if investors missed it there would be a risk of missing the bulk of the returns for the year,” wrote analysts at Goldman, including strategists Sharon Bell, and Peter Oppenheimer, in a research report dated Feb. 4.

“The rally we expected has happened swiftly, and given this we see relatively modest returns on equities from here.” Goldman said.

The strategists make the case argue that while December's nadir isn't likely to be retested soon, a period of “flat and skinny” trading ranges for equity markets is in the offing.

“So given this we see no reason to return to the December lows. But, while we saw a bounce in equity markets in 2019, we also argued that this would be followed by the resumption of a ‘flat & skinny’ trading range, with relatively low equity returns,” the strategists said.

Goldman economists believe that current environment in the U.S., marked by a Federal Reserve that may be slightly more accommodative than it presented in December, will support growth outside of the U.S. along with crude-oil prices CLH9, -0.06% that had declined sharply along with risk assets like stocks.

That backdrop should stabilize the sluggish global growth that has gripped much of the developed world and emerging markets like China, even if it doesn't result in a fresh rally for U.S. stocks.

In the flat and skinny environment, Goldman is bullish, or overweight, technology, particularly in the digital economy and business services sector, and upbeat on health-care names.

