



## Wall Street's Songs of the Summer

May 23, 2016  
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With Memorial Day quickly approaching, it's about time to break out the boom box and cue up the songs of summer. As a 50-year-old economist, I'm not exactly on the cutting edge of pop culture, so I consulted my younger and (much) hipper friends and colleagues, along with several websites.

Surprisingly, some recent Top 40 hits have a lot to say (intentionally or not) about the economy and the stock market.

Bull market hits "7 Years"

As the bull run in equities celebrates its seventh birthday, Lukas Graham's tone of melancholy reflection in "7 Years" seems appropriate. With lines like "It was a big big world, but we thought we were bigger," Mr. Graham is clearly worried about whether the ride can continue. On the other hand, he also sounds a strong note of optimism about the future: "I only see my goals, I don't believe in failure."

I suspect his cautious yet confident approach is right on the money. With the downturn of the first quarter behind us, fund managers holding lots of cash, and even the Fed turning positive on the economy, signs of risk for both the economy and the market appear to be receding.

Some still "Stressed Out," but more consumers "Can't Stop the Feeling"

That's not to say the mood is totally positive. Twenty One Pilots, the group behind "Stressed Out," doesn't see much improvement. In fact, they "wish we could turn back time / To the good old days." The encouraging news about the job market doesn't seem to have reached them. (Note the song's refrain about the world "laughing at our face, saying 'Wake up, you need to make money.'")

Justin Timberlake offers a much more upbeat take with his new tune "Can't Stop the Feeling." Consider the lyric "We're flying up, no ceiling, when we in our zone"—an obvious reference to the economy's upward trajectory. Followed by "I got that sunshine in my pocket," this has to be a good omen for consumer spending. Consumers with sunshine in their pockets are just what we need to jazz up the economy, as we saw with the most recent wage growth numbers and retail sales report.

Are we in for a summer of "Cake by the Ocean"?

Pop rockers DNCE also have a pretty optimistic view. The first verse of "Cake by the Ocean" really says it all: "Oh no / See you walking 'round like it's a funeral / Not so serious, girl; why those feet cold? / We just getting started; don't you tiptoe." This is undoubtedly a call for the economy to resume faster growth (and take the stock market along for the ride).

Overall, the sentiment in the realm of pop culture seems considerably more upbeat than what you might find in the financial press. Though I'm not entirely sure I trust this run of positive feeling, recent economic news, plus the Fed's surprising endorsement of the strength of the U.S. recovery, suggests that the kids might well be onto something here.

There's no telling whether the summer will, in fact, turn out to be positive for the economy and the markets. But with wages growing and consumers willing to spend again, it seems far more likely than it did a couple of weeks ago.

Come July, let's hope we're feeling cool by the ocean rather than stressed out.

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