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# January rally led by institutional investors: TrimTabs

By Editor Test *Tue, Jan 24, 2012*

*Much of the year-to-date gain in U.S. stocks has occurred in overnight futures trading, said Trim Tabs executive vice president David Santschi.*

“Giddy” institutional investors, many of whom believe the Fed could announce another round of money printing as early as this month, are driving the January rally, according to TrimTabs.

Much of the year-to-date gain in U.S. stocks has occurred in overnight futures trading—a sign that demand is coming from institutions, said Trim Tabs executive vice president David Santschi. “It’s not the retail crowd that’s pumping up stock futures,” he said

Retail investors remain pessimistic, judging by fund flows. TrimTabs estimates that U.S. equity funds have received only $3.3 billion in fresh cash so far in January, which historically see strong inflows.

For all of 2011, $932 billion flowed into checking and savings accounts—almost eight times the $117 billion that TrimTabs estimates flowed into stock and bond mutual funds and exchange-traded funds during the year.

TrimTabs sees a political factor at work. “The Fed will be pulling out all the stops to ensure President Obama’s re-election,” said Santschi. “If the Fed doesn’t hint at or announce plans to print more money, equity investors could be badly disappointed.”

Other possible signs that institutions are bullish:

- Short interest at New York Stock Exchange member firms fell 10.5% in December to the second-lowest level in the past two years.
- The put/call ratio averaged only 0.81 on the past five trading days, the lowest five-day average since July 2011.
- The VIX fell to 20.5 on January 12, its lowest level since July 2011.
- 42% of the hedge funds surveyed by TrimTabs and BarclayHedge in December bullish on the S&P 500, while 30% were bearish. It was the highest level of optimism since last July.
- 51.1% of newsletter writers are bullish, according to Investors Intelligence. That was the highest level of optimism since the market peak of April 2011.
- Bank of America’s survey of global fund managers found that asset allocators are more bullish on U.S. stocks than at any time since April 2010.