



A 5% pullback could happen within weeks, here's how David Bianco of Deutsche Asset Management says you should protect yourself

Stephanie Landsman | @stephlandsman

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The 2017 rally m about to suffer a plot twist.

The stock market could be close to hitting a wall, warns David Bianco of Deutsche Asset Management.

"I do think we're going to have about a 5 percent pullback that puts the S&P at about 2,300," Bianco, who is the firm's chief investment strategist, said Wednesday on CNBC's "[Trading Nation](#)." "The markets are going to be challenged in the autumn — September and October."

It's not just a seasonal forecast, but one that is rooted in uncertainties coming out of the [Federal Reserve](#) and Washington — particularly when it comes to the future of President [Donald Trump](#)'s corporate tax cut plans.

"That would certainly get the market probably higher from here even by year-end if that's passed and all finished by the end of the year," said Bianco.

But he acknowledges there are still doubts on whether tax cuts will get passed in the coming months. He also cites the uncertainty brewing on Wall Street over whether the Fed will raise interest rates in December.

"If there are more doubts on the Fed hiking in December, people are not going to want to own banks going into year-end," added Bianco.

Despite what might feel like a painful turn, he doesn't want investors to get too bearish..

"We feel pretty comfortable that this is going to be a bull market with legs for the next year or two — and quite possibly three more years," he said.

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"Stay with growth stocks," said Bianco, who particularly likes **technology** and **health care** in this environment.

He refers to cyclical value stocks among the areas most vulnerable in the coming days and weeks.

"Be careful on cyclical value which is **energy**, **industrials** and also **financials**," he cautioned.

Bianco believes stocks will trade back around current levels by the end of the year — which would mean around 2,450 for the **S&P 500** and 21,900 for the **Dow**.

Do you believe a five percent stock market pullback will happen in September?

- Yes
- No
- Maybe

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The full interview with David Bianco of Deutsche Asset Management

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Stephanie Landsman
Producer, CNBC's "Fast Money"

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S&P 500	2643.20 ▲	3.76	0.14%



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