Written by **Bob Adelmann** on January 11, 2019

Bull Market Could Run for 10 More Years; Tariffs Are Helping

Jeffrey Vinik, one of America's most successful hedge-fund operators, told CNBC's "Squawk Box" on Thursday that he thinks the current bull market in stocks will run another 10 years. Furthermore, Vinik sees such opportunity in stocks that reflects the thriving U.S. economy that he's reopening the hedge fund that he closed in 2013.

Vinik managed Fidelity's Magellan Fund from 1992 to 1996, during which time the fund made its investors rich, averaging 17-percent returns annually. Upon leaving Fidelity, he opened his own hedge fund, Vinik Asset Management, where he improved on his performance at Fidelity, almost doubling his investors' funds in less than a year, and making them 50 percent annually for the next three years. When he closed the fund in 2013, he returned $9 billion to his happy investors.

Now he sees such opportunity in stocks that he's reopening his hedge fund, telling CNBC that he now sees "plenty of opportunities" and adding that "technology is in the middle of a 20-year run, just like the market is."

He explained: "My belief is that we're in a secular bull market. In retrospect — I didn't know it at the time — [the bull market in stocks] started in 2009 and, if I had to guess, we're halfway through it, driven by good economic growth and low inflation."

One segment of the market doing surprisingly well is the steel industry, particularly United States Steel. This is partly because of tariffs that were imposed by President Trump on foreign aluminum and steel imports from China and elsewhere, and partly because of the planned border wall. Said the president last Friday: "I'll have it [the wall] done by the United States Steel Corporation, by companies in our country that are now powerful, great companies again. And they've become powerful over the last two years because of me and because of our trade policies."

This flies against the common meme promoted by many that tariffs are taxes and tend to slow the economy. The meme continues that by favoring one industry, one hurts others in the process.

Half of that meme is true: U.S. steel and aluminum companies are doing very well indeed. According to the Economic Policy Institute, "We have found absolutely no evidence of broad, negative impacts on the economy [because of] steel and aluminum tariffs to date." In fact, three aluminum smelters are being restarted, with another one undergoing an expansion of its capacity. The Institute said that the initial impact was the addition of 300 jobs in aluminum smelting alone, but collateral aluminum companies involved in finishing aluminum products for consumers are generating some $3.3 billion in investments "that could employ 2,000 more workers" overall.

As Scott Paul, president of the Alliance for American Manufacturing, noted, "Orders are up. Shipments are up. Hiring is up. Wages are up. No matter what metric you look at, the steel industry is unquestionably doing better than it has been for the past couple of years."

The Institute also pointed out the lack of any evidence of a slowdown elsewhere in the economy, noting that since the tariffs were imposed last May, U.S. manufacturing has added more than 200,000 jobs.

The steel industry is looking to be doing very well over the next several years. In fact, President Trump's planned border wall might even be made of steel. Said Trump on Monday: "We have to build a wall. We have to build a barrier. The barrier, or the wall, can be made of steel instead of concrete, in case that helps people."

At any rate, the economy appears to be doing so well that Vinik has decided to sell his minority interest in the Boston Red Sox and put the proceeds to work on Wall Street. He said that the fourth quarter volatility in stocks "was just a correction," and that stocks of American companies enjoying the Trump economy are now so attractive to cause him to refocus his attention on making money for his clients once more.

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