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Stocks could surge by 17 percent — if tax reform passes

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He entered the year  Wall Street's biggest bull.

And now, Canaccord Genuity's Tony Dwyer could claim that distinction again in 2018.

It all hinges on the  tax reform package.

If Washington can  pass it, the firm's chief market strategist predicts the **S&P 500** could surge 17 percent from current levels.

"You're looking at over 3100 on the S&P 500," Dwyer said Wednesday on CNBC's **"Trading Nation."**

His potential year-end target is based on a study conducted for his firm by Thomson Reuters.

Dwyer said a lowered corporate tax rate to 20 percent from 35 percent would add 10.5 percent to his current S&P 500 earnings per share estimate. In turn, it would drive stocks further into record territory.

He acknowledges his current S&P 2018 price target of 2,800, which reflects strong fundamentals and a synchronized growing global economy, is conservative right now. That figure would be about a 6 percent gain from Wednesday's close.

"It's not whether you have another leg higher. Corporate taxes may give you an extra boost to that leg," Dwyer said.

Yet he's not discounting the risk of a stock market pullback along the way.

"We're in for that kind of correction where it's just small, but because of the lack of **volatility**, it feels really big," he said. "The market is kind of ripe for one of those 3 percenters that feels like 30 percent."

Dwyer said it's vital for investors not to get spooked by a sell-off — reiterating that stocks are far from a peak in the cycle.

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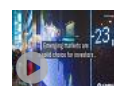
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"Ultimately, it is to be bought. I want to be crystal clear on this," Dwyer said.

Could the S&P 500 exceed 3000 next year?

- Yes
- No
- Maybe
- Undecided

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The bull market's fate hinges on one thing, says Canaccord's Tony Dwyer

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