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All You Can Do Is Scratch Your Head

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FYI, I am going to be on Good Morning Connecticut this Saturday (July 17th) at 7:35am on WTNH (ABC in CT) discussing what investors should do in the second half of 2010.

In the age of the 24/7 media circus, camera phones, Youtube, Facebook, etc., anyone in the public eye has to be prepared for disaster. You have to expect your remarks to be streamed around the world in a matter of seconds. It's not fair, but unfortunately, it's become reality.

The third most powerful politician in our country is the Speak of the House, Nancy Pelosi. I've seen all the polls that say she has the lowest approval rating in the history of polls, something that may not be just. But I would imagine that almost all politicians have pretty bad approval ratings right now on absolute basis. I would think that even the worst politicians did ok during the blissful 1990s.

With that said, I absolutely could not believe what I watched and heard from the third most powerful person in our country. Click on this link to listen to [Nancy Pelosi discuss unemployment benefits](#).

(<http://www.breitbart.tv/pelosi-unemployment-checks-fastest-way-to-create-jobs/>)

Unemployment benefits are a "job creator" and "one of the biggest stimuluses to the economy"?!?! There's just too much to comment on that I don't even know where to begin.

But it gets better. [Nancy Pelosi on healthcare benefits to artists](#)

(<http://www.cnsnews.com/news/article/65950>)

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Thanks to the good folks at [Casey Research](#), "Here are some random stories that speak volumes about the times we live in.

- The U.S. government is spending 2.6 million tax dollars to study the drinking habits of Chinese prostitutes and another \$400,000 to study gay sexual behavior in Argentine bars (yes, bars in Argentina). [Link here](#).
- U.S. officials say that more than \$3 billion in cash (much of it aid money paid for by U.S. taxpayers) has been stolen by corrupt officials in Afghanistan and flown out of Kabul International Airport in recent years. [Link here](#).
- Researchers at the State University of New York at Buffalo received \$389,000 from the U.S. government to pay 100 residents of Buffalo \$45 each to record how much malt liquor they drink and how much pot they smoke each day. [Link here](#).
- It's reported that a 6-year-old girl from Ohio is on the "no fly" list maintained by U.S. Homeland Security. [Link here](#).

Oh yeah, and the average federal worker now earns about twice as much as the average worker in the private sector."

When I wrote my [Top 9 Tips for the Successful Investor in 2010](#) ([http://www.investfortomorrow.com/2010media\\_WTNH.asp](http://www.investfortomorrow.com/2010media_WTNH.asp)),

I think I underestimated #6, Politicians Run Amuck. I firmly believe they pose the biggest threat to our economy and financial system. And that's saying something! To quote a famous commercial, we have "fallen and can't get up"! If the two parties do not begin to work together in some fashion, it's going to be a very, very long time before our system gets back to some semblance of normalcy.

## **My Old Friend Danny Pite**

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Two weeks ago, I attended the Bar Mitzvah of the son of one of my closest friends growing up. I hadn't seen Danny Pite since the 1980s, but when he saw me standing in the crowd, he rushed over for an old fashioned shoulder bump and then bear hug. After a few minutes, it was as if we always remained close and weren't separated by

2500 miles and polar opposite lifestyles.

Although we were very good friends as kids, Danny and I were mortal combatants in every single sport imaginable. He would say black; I would say white. "It's sunny". "No, it's cloudy." All we cared about was beating the other on swim team, little league, golf, kick ball and the [Camp Laurelwood](http://www.laurelwood.org) Olympics. As much as I detest losing, it was just a bit more palatable if I still beat Danny.

Somewhere in high school, our paths diverged and the only updates I got were from his siblings. Danny moved to Bend, Oregon, got married and had two wonderful kids, Eli and Hannah. Several years ago, Danny and his family were handed the single worst defeat any parent has ever known, the tragic loss of a child. Hannah lost her battle with Leukemia.

I simply cannot imagine what that family went through and still goes through on a daily basis. And I pray that I never do. But in true Danny Pite competitive spirit, he established a foundation to help other families cope with their children stricken with cancer. If you have a moment, please give their website a look. [Bpositiv Foundation](http://www.bpositiv.org/foundation.html)

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Time to Step Up Mr. Market

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It's been a tough first half of 2010 for many of the markets. After a strong close to 2009, investors came back from the holidays in a giddy mood, which as you know, doesn't usually lead to good market performance. In mid January, stocks peaked and promptly corrected 8-10%.

By the early February low, the mood dramatically shifted to fear and despair, which as you know, are the hallmarks of a good bottom in the markets. That led to a beautiful, multi month, 15% rally from low to high. Guess how everyone felt after that in late April? You bet! Investors were supremely confident, complacent and even greedy. Exactly at the wrong time!

From the April peak to the July 1 low, the S&P 500 collapsed 17% in very atypical fashion, confounding many bulls and bears. Since the bottom on July 1, the stock market has rallied smartly until today, July 16. If you read my blog posting today, one of the comments I made was that although actual earnings should be very good, positive investor reaction was far from guaranteed. To me, its much more instructive HOW the market reacts rather than WHAT the actual news is. So far, I am not impressed.

Next week should be very telling about the next 4-6 weeks. Stocks "should" attempt to gather themselves by mid week for another run higher, but that needs to be confirmed. It remains a positive sign that not only high quality corporate bonds are advancing, but junk bonds as well. That "usually" portends good things for stocks.

I am mildly bullish, dancing close to the door and waiting for the market to show me what it's got before committing more cash. As has been the case for some time, I continue to go against the masses, viewing treasury bonds as a prime investment this year, especially on pullbacks.

## Better or Worse to Die in 2010

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As you already know, I contribute to the New Haven Register's financial blog, **Fi\$cally Fit**, (<http://fiscallyfitnhr.blogspot.com/>) every Friday. The latest piece is a must read from another website.

**[Better of Worse to Die in 2010](http://fiscallyfitnhr.blogspot.com/2010/07/better-or-worse-to-die-in-2010.html)** (<http://fiscallyfitnhr.blogspot.com/2010/07/better-or-worse-to-die-in-2010.html>)

## Upcoming TV Appearances

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CNBC's The Call - July 12th at 11:10am

WTNH's (ABC in CT) Good Morning CT - July 17th at 7:35am

CNBC's Worldwide Exchange - July 27 at 5:30am

CNBC's Squawk on the Street - August 3 at 9:35am

CNBC's Worldwide Exchange - August 26 at 5:30am

You can view most of the past segments by clicking below.

## **[Media Appearances](http://www.investfortomorrow.com/InMedia.asp)**

(<http://www.investfortomorrow.com/InMedia.asp>)

## Investment Quotes/Adages To Live By

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"When in doubt, get out!"

"If it's obvious, it's obviously wrong."

-Joe Granville

"It's ok to be wrong, but it's not ok to stay wrong."

"This time is different."

"The markets require the patience of a dozen men."

-Robert Rhea

"Luck is the residue of effort."

"The most bullish thing a market can do is go up in the face of bad news."

"The most bearish thing a market can do is go down in the face of good news."

"The market can stay irrational longer than you can stay solvent."

-John Maynard Keynes

"Government is best which governs least" - Thomas Jefferson

Inflation is the one form of taxation that can be imposed without legislation.

-Milton Friedman

"You cannot legislate the poor into freedom by legislating the wealthy out of freedom. What one person receives without working for, another person must work for without receiving. The government cannot give to anybody anything that the government does not first take from somebody else. When half of the people get the idea that they do not have to work because the other half is going to take care of them, and when the other half gets the idea that it does no good to work because somebody else is going to get what they work for, that my dear friend, is about the end of any nation. You cannot multiply wealth by dividing it." - Dr. Adrian Rogers, 1931

"Bear markets seem to be divided into three phases: the first being the abandonment of hopes upon which the final uprush of the preceding bull market was predicted; the second, the reflection of decreased earnings power and reduction of dividends, and the third representing distressed liquidation of securities which must be sold to meet living expenses. Each of these phases seems to be divided by a secondary reaction which is often erroneously assumed to be the beginning of a bull market."

- Robert Rhea via Tim Woods

"Free enterprise is a rough and competitive game. Nobody too big to fail. Nobody too small to succeed. It is a hell of a lot better than government control." - Ronald Reagan via Dan Kennedy

"A government big enough to give you everything you want is big enough to take everything you have." - Gerald Ford via Dan Kennedy

"The problem with socialism is that, sooner or later, you run out of other people's money." - Margaret Thatcher via Casey Research

"Diversification alone is no longer sufficient to temper risk... You need something more to manage risk well."

- Mohamed El-Erian

## Friends And Family Plan

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Finally, as you know, our firm and this newsletter continues to grow mostly from your referrals. If you know anyone who is interested in securing their retirement, planning for it or just plain worried about it, please send them here. As always, thanks for thinking of us with your circle of family and friends.

[Sign Up Here](#)

You can also forward this email to family and friends by hitting the "forward email" hotlink at the bottom of this email.

To Your Financial Success,



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