



September 20, 2010

2:59 PM EDT

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Good Morning Officer

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Yesterday morning, the family headed to [Lyman Orchards](#), one of our favorite places in CT. I've been waiting for McCoun apple picking season since it ended last October and with the very hot weather last March and April, the harvest is running a good two weeks ahead of schedule. If you are looking for a great family place for breakfast or lunch along with the ability to pick so many kinds of fruit in season, you won't be disappointed!

Anyway, as I drove north on the Merritt Parkway at 55 mph (Okay, maybe not 55), we passed a state police trooper in a well marked SUV on the side of the road who immediately came out and followed us. As his lights and siren were on, I moved into the right lane to let him pass, which he did.

As he pulled over someone in front of us, he slowed down and forced us over as well, which I thought was odd since I wasn't really speeding. That really scared my kids as they went from nonstop chatter and playing to complete and utter silence. I wonder if

my flip comment about being arrested may have contributed?

As the officer approached, I gathered my license, registration and insurance card, took off my sunglasses and pleasantly greeter the man with "good morning officer", awaiting the reason for being pulled over. He rather gruffly answered "why the hell were you on your cell phone?"

My immediate answer was that I was not, to which he fired back, "you weren't talking on the phone?"

"Absolutely not!", I said, ready to hand the phone to show no incoming or outgoing calls, not to mention the phone wasn't even on! At that point, he turned, told me to go and walked back to his car.

I don't know if he confused my leaning to the right (physically, not politically), towards my wife or what, but that was certainly an odd/curious/bizarre exchange! I didn't even know that the police could pull you over for suspected cell phone use in a moving vehicle. That strikes me as undo search and seizure, something our constitution frowns on! But what do I know?

Did Connecticut recently move across the spectrum from left/middle to far right police state? Or is this how the government here plans to plug the billions needed to balance the budget?

## Long and Strong

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In the previous issue, I touched on the "Sell Rosh Hashanah... Buy Yom Kippur" adage that generally sees some weakness between the two Jewish holidays. This year could have been entitled, "Hold on at RH... load up at YK", as the stock market basically traded sideways but exploded higher today, the first trading day after YK.

Since the August lows, the rally in stocks has been nothing short of sensational and I am very, very pleased that we have been able to take full advantage of it while the naysayers continue to disavow and find reasons not to invest. By the time the bears finally throw in the towel, the rally may be close to over and hopefully, at least some of your capital has been protected.

Today (9/20) was breakout day for the S&P 500, meaning that it finally exceeded the 1130 level, which previously served as a brick wall for the June and August rallies. With the NASDAQ already above those levels, the odds strongly favored a bullish resolution. It was the stock market's highest close since the post Flash Crash digestion in early May.

This shouldn't come as a surprise to you since I've discussed this scenario for weeks as well as written about it on my blog and spoke about it on CNBC. But it sure does feel

good to watch it come to fruition after some tenuous moments around the August lows!

Now is where everything begins to get interesting. The easy money has been made and it's time for the market to show its intermediate-term hand. After such a powerful breakout, more times than not, we'll see a pullback to where stocks broke out from, just as the folks begin to believe and throw money in. I would become very concerned if stocks immediately dove 3-4% as the breakout would look more like a bull trap.

I also mentioned a few times that sector behavior will be very instructive if and when the market really got moving to the upside. I looked for REITS and Consumer Staples (two of our largest positions) to make new 2010 highs and that should occur by the close.

Software and telecom also followed suit, but there are now some glaring holes in the advance with continued underperformance by the banks and semiconductors. These two sectors are known for leadership and without them behaving constructively, it makes me a wee bit nervous over the intermediate-term.

I will be interested to see if investors begin to rotate out of the leaders and into the laggards, like energy, industrials and transports, along with banks and semis. From a behavioral standpoint, healthcare and transports look good and should rotate into leadership roles over the coming weeks if the rally has more legs to it.

On the bond side, nothing really has changed with the high yield (junk) sector's run continuing unabated since the Flash Crash in May. As I mentioned before, the corporate bond party is going to end VERY badly as investors just pour billion and billion after billion into this group.

We've just seen the first real cockroach in what could become a systemic muni bond crisis with Harrisburg PA. But the state of PA is taking care of them with veiled bailout. It's always good to be first when it comes to the resolve for bailouts (think Bear Stearns over Lehman).

I'll have more on the impending bond implosion as conditions dictate. For now, both stock and bond investors are long and strong.

Real Estate... Up or Down?

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Some of you know that we sold our house last month. My wife has been wanting to move for some time under the guise of needing more room for our expanding family, while my plan was always to stay put. That was until I lost confidence that the housing market was on the road to a sustainable recovery. So long story short, we put our house on the market and got lucky that a relocating couple needed to close in a matter of weeks.

5 days, 2 moving trucks, 7 movers, 15 pick up truck trips and 5 dump runs later, we moved a few miles across town to our temporary digs while we sort out our plans. This led me to an idea for a piece on real estate. What are your thoughts?

Please click on the link below to answer a few short questions, 30 seconds, to help me write the article.

### [Real Estate Questions](#)

(<http://www.surveymonkey.com/s/W3Z7LNT>)

## **Market Launching**

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The following news release was distributed early last week.

### [Market Launching](#)

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

## **Washington Needs a Wake-up Call**

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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.

### [Washington Needs a Wake Up Call](#)

(<http://fiscallyfitnhr.blogspot.com/2010/09/washington-needs-wake-up-call.html>)

## **Upcoming TV Appearances**

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CNBC's The Call - September 20 at 11:00am

CNBC's Worldwide Exchange - September 28 at 5:30am

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

# Media Appearances

(<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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