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## Where Are All My Spoons?

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Last week, one of the few times this winter the storms in the northeast have been on the small side, I opened our silverware drawer to grab a spoon for a nighttime yogurt snack. What I found was shocking; not a single spoon in the drawer. No teaspoons and no tablespoons.

After checking the sink and dishwasher and figuring the great spoon burglar hit the house, I turned to the obvious source, my wife. "Where are all our spoons?" I asked. Smiling, she said, "go check under your kids' pillows". HUH?!?!

So upstairs I went, finding more than two dozen spoons under the three

kids' pillows. Now folks, I am sure you are wondering, as was I, what the heck? Before offering an answer, my wife asked me if I noticed anything unusual about what the kids were wearing to bed. Nope.

On closer examination, all three were sleeping in pajamas turned inside out. Did my family suddenly go looney? Well, they've always been a bit crazy, but apparently, there are several snow day superstitions that you can learn more about through Google. If you put spoons (frozen, not frozen or wooden) under your pillow, turn your PJs inside out and throw all of the ice cubes in the toilet, it will guarantee the storm causes a snow day. Learn something new every day!

FYI, I will be on CNBC's Squawk on the Street this Tuesday, 2/15, at 9:35am.

There's not much new to add to the stock market's path. It continues to grind higher as more and more investors look for a pullback or correction that doesn't materialize. Sometime in the next four weeks, we should see a quick and sharp 4-8% decline that scares an awful lot of people into believing a large correction has set in.

Next week, I'll offer some more thoughts on the topic of Fed manipulation as well as updating the gold charts I sent last week.

## **Shockers 2010 Review**

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Each year, I usually release a small list of somewhat off the wall things that I think have some chance of occurring. Some shockers are repeats. Obviously, I hope that all of the less than positive ones don't happen. This is not my forecast for 2011, which I hope has a better chance of coming true!

Before I get to this year's list, let's do a quick review of what I offered last year. You'll see my comments on how each did in italics.

### **Last Year's 2010 Shockers**

1 - At least one major European country defaults on its debt

*With so many crisis that the ECB had to fight, I'll put this in the correct column.*

2 - The Euro sees a country leave, causing further strains in the union

*Very close with Greece!*

3 - A municipal bond crisis unfolds in the US

*No crisis, but that sector was certainly pounded during the final four months of the year.*

4 - Heading into its third decade of deflation and economic ruin, the graying and flat population of Japan begins to open its borders to immigration and remilitarizes, hoping to shock and stimulate their economy

Not yet

5 - Aided by a resurgent economy, the Democrats retain both houses and Congress and super majority in the Senate

Not even close!

6 - Tim Geithner resigns from the Treasury citing personal reasons to spend more time with his family and embark on a career in the private sector, payback to him for having helped Wall Street "swindle" hundreds of billions from taxpayers.

*Too bad it didn't happen.*

7 - Treasury bonds end the year as one of the top performing assets

*They were sailing ahead up more than 25% during the summer before giving back more than half the gains.*

8 - Citibank is broken up and sold off in pieces and loses its name

*Not until Uncle Sam goes totally away.*

9 - Goldman Sachs goes private since the benefit of being public, added capital and huge leverage is no longer there

*Nope*

10 - Citizens of Iran rise up against their government and begin a revolution. Iran responds by attacking Israel in an ill-conceived attempt at rallying public support behind a collapsing government.

*Thankfully no*

11 - The stock market peaks during the third quarter and a new bear market begins.

*The stock market saw a significant peak in April, followed by a 15%+ correction, but it was just in the context of an ongoing bull market.*

12 - The Jets win the Super Bowl. Hey, I can dream! (actually, it's San Diego)

*Will my Jets ever get back to the party?*

## **Top 15 Shockers For 2011**

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### **So now, let's roll out the Shockers for 2011!**

1 - After toiling in obscurity for more than two years while its energy cousins doubled and tripled, natural gas finally has its day in the sun as one the surprise investments of 2011, almost doubling!

2 - The Euro currency's quiet bear market reinvigorates itself and heads to new five year lows and towards the ultimate shocker of parity (100).

3 - Under tremendous pressure from both within and the financial markets, Bernanke & Co. do not launch QE3 when it ends in June. Initially cheered by all, this leads to major asset peaks in stocks, commodities and high yield bonds.

4 - Joe Biden suddenly resigns the vice presidency and is replaced by Hillary Clinton, virtually assuring Barack Obama of reelection in 2012.

5 - Riding a renewed wave of cooperation with John Boehner and Congress, Barack Obama's popularity soars to heights forcing quality republican candidates to withdraw.

6 - Powerhouse countries China and India lead the emerging sector to strongly choke off inflation by raising interest rates and draining liquidity. In turn, the bull market in emerging markets comes to a grinding halt.

7 - Generation bubbles in cotton, sugar and coffee burst, sending these highflying commodities in a tailspin.

8 - Driven by the wildest global weather on record, wheat, corn and soybeans soar to record highs, eclipsing the bubble prices of 2008.

9 - Contrary to widespread, depression like prognostications from Meredith Whitney, the municipal bond market does not collapse in crisis.

10 - The public's love affair with investment grade and high yield

corporate bonds ends.

11 - After two years and almost 100% rally, the public finally plows back into stocks, just like they did with tech in 1999, housing in 2006 and energy in 2008, precisely at the wrong time, leading to yet another case of getting caught holding the bag.

12 - While the economy chugs along during the first half of the year and the unemployment rate slowly declines, the trend sharply reverses during the second half as GDP slows and the ranks of the unemployed rises.

13 - The security no one wants to own, long-term U.S. treasury bonds, sees a dramatic resurgence during the second half of 2011.

14 - Investors infatuation with Apple and Netflix turns to sobs, tears and saturation as the outperformance grinds to a halt and turns rotten to the core as it's streamed through our living room.

15 - The once storied New York Mets are the doormat of the National League East, unable to win even 70 games as the Red Sox and Phillies dominate Major League baseball.

A little longer than planned, but I hope you enjoy it anyway!

PLEASE don't hesitate to hit REPLY and offer comments or your own shockers. It's much more fun that way.

## **The Truth**

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I came across an interesting example of how much cutting \$100mm from the federal budget actually means. The video pokes fun at Obama, which in this case, is not my intent. It could have easily targeted almost anyone in government the past 10 years.

### **Budget Cuts**

It does underscore how serious and almost dire our situation is at the current pace. \$100mm is almost nothing. Sad but true. The U.S. has reached the point of only painful outcomes. Trying to grow our way out of the fiscal crisis won't cut it anymore.

And as Bernanke has said many, many times, we have to be very careful not to cut too hard initially and bury the nascent recovery. In reality, the government must agree on a plan to cut a MINIMUM of \$100 billion a year for the next 10 years, with increasing amounts as the

years go on.

And before you assume I am going to slam Obama for this, think again. While his deficit reduction plans have been seriously underwhelming, all I hear is rhetoric from the other side. Although I am a fan of Congressmen Eric Cantor and Paul Ryan, I have yet to hear any substantive and specific cuts their side would endorse.

I think both parties should cease with the nonsense and garbage and offer the American people details. It's laughably pathetic that the vast majority of politicians want to protect social security, medicare and defense. It's not going to happen! Throw in the amount we pay to service the national debt and there's really not much left to cut.

If you recall the movie A Few Good Men, at the end, when Tom Cruise is questioning Jack Nicholson on the stand. Cruise yells, "I want the truth!", to which Jack replies, "you can't handle the truth". That's where I think we are with Washington. Americans deserve the truth. We have earned it!

## **Upcoming Appearances**

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CNBC's The Call - February 1 at 11:05am

CNBC's Squawk on the Street - February 8 at 9:35am

CNBC's Worldwide Exchange - February 23 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.

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## To Your Financial Success,



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