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## Black Friday, Facebook's Flop & a Rotting Apple

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Welcome to all of the new subscribers! Whenever I spend time with my friends at Yahoo!, we usually see a surge in subscribers. So thanks for coming and enduring our stories, analysis and work.

My 30 minutes at Yahoo! was well spent, getting enough makeup applied for even Joan Rivers to actually look good as well as recording three different segments. The first one had to do with Facebook offering to sell users gifts, something I did not think would work. [Facebook's New Venture](#). (Those bold, underlined words are hyperlinks and will direct you to a story when clicked on.)

The second segment focused on my market forecast and was similar to the next article. [End of the Bull Market](#)

The third segment wasn't a new one, but was very controversial, dealing with almost as much emotion as your family. That is, of course, my continued negative long-term forecast for "beloved" Apple. [Bye Bye Apple](#) I have an updated article on Bubbles that I'll save for the next issue since this is already too long.

This is always a busy time of year for most folks although when it is really quiet for everyone? I think 2012 was the first year our family partook in the Black Friday festivities. We were very disappointed! The girls went one way and the boys went another. I took the boys to Best Buy, Target, Staples, Verizon and Lowes, all in under two hours.

Much to our surprise, none of the stores were super crowded, let alone crazy. Only Best Buy had any real high volume foot traffic, but the checkout lines were only one or two deep. When all was said and done, we ended up buying a lousy mounting bracket for another flat screen TV we hope to purchase on sale right before Super Bowl Sunday and office supplies at Staples. My wife and daughter were a whole different story!

After many, many years, I finally turned in my Blackberry for a new generation smartphone, the Samsung Galaxy III on Black Friday. Now I am completely lost and can barely answer a phone call! Someone, anyone, please help me!! Luckily, Blackberry 10 is coming out shortly so along with 14 other people, I can always go to that and give my phone to my wife.

Under the topic of "things that just make you shake your head", in my office park there are a number of medical practices. A few doors down sits a large pediatric group. The other day my daughter and I are leaving my office and see a mother and daughter walking towards us on the way to the pediatrician, something we see all the time. Except in this case, the mother was walking briskly, almost to get away from the daughter and the daughter was smoking a cigarette. Almost on cue, my daughter loudly asks, "Dad, did you see that? That girl is trying to kill herself!"

And finally, if you are looking for the gift for that special someone who has it all. [Unicorn Meat](#)

\*\*\*Side note. I am going to be in Detroit this Thursday and Friday as well as Philadelphia next Tuesday. If you would like to grab coffee or lunch, please drop me a line.

## Selling the Fiscal Cliff Resolution

In the [previous issue](#), we left off with the chart below and two possible scenarios. We can now safely eliminate the green and more bullish outcome and are left with the red path, for now. As you can see, it calls for more strength before beginning a significant decline. While it looks like I am calling for somewhat of a crash, that's more a function of the chart without the wiggles.



If the rally continues, which I would certainly like and enjoy, I believe it runs into some real trouble as there are just too many cracks in the pavement that need repair. **(Could the Fiscal Cliff agreement be the perfect selling opportunity?)** It's my old theme of the canaries in the coal mine. Right now, I am most worried about leadership and which sectors actually look healthy. There aren't many and I will go into this in more detail next week.

In the very short-term, the Fed is meeting today and tomorrow with an expected announcement on Wednesday afternoon. As long time readers know, I have been forecasting a \$5 trillion Fed balance sheet before all was said and done. When I first started predicting that, main stream analysts called me a nut job. While that may be true, Bernanke & Co. have not

disappointed and are well on their way to \$5T with the expectation of more bond buying announced this week.

Fed money printing has certainly made managing money more difficult as they not only have their thumb on the scale of financial market equilibrium, but their hand, wrist and arm! In some markets, their buying power exceeds the entire supply of paper available!!

If you haven't had a good portfolio check up in a while, or just want an unbiased eye to take a peek, please call me at 203.389.3553 or reply to this email.

## **Y2K Deja Vu... The "Dreaded" Fiscal Cliff**

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If you told me there is a topic I would be more sick and tired of than the election, I would have called you insane. But it's true. The dreaded cliff is just around the corner and people are lining up all over America buying their bottled water, canned goods and guns. Hopefully, you can feel my sarcasm as I don't recall any certain event with as much hype as this since Y2K!

From my seat, there is no "cliff". On January 1, 2013, the country is not going to fall irreparably into a depression, no matter good of a story it creates. My sense is that the power grid will work and banks will function and transporters will deliver goods. And of course, our elected officials in Washington will still be playing the blame game and trying to spin the story one way or the other.

I couldn't believe it then and I still can't believe it now that the Secretary of the Treasury of the United States of America, Tim Geithner, had the outright arrogance to state that unless taxes are increased on those earning \$250,000 or more, the administration will not make any deal. So let me get this straight, the Secretary of the Treasury is willing to forgo every single deal to end this nonsense over only enough money to fund the government for 8 days. That's all the tax increase on the \$250,000 and over crowd amounts to, 8 days of government spending. Shame on him! Maybe I am being naive, but I expect that kind of rhetoric from President Obama and John Boehner and Harry Reid and Mitch McConnell, but certainly not from an unelected cabinet member. In my opinion, that's just plain wrong.

Getting back to the issue, rather than a cliff we fall off, I believe it's a mountain we begin climbing. It will be easy at first and progressively become more and more difficult until we stop climbing and begin to move backwards, into recession. But that won't likely come until later in 2013. My plan is to write more in detail about this pathetic excuse to take the focus

away from real deficit reduction, tax and entitlement reform and spending cuts as we get closer to the deadline.

From a financial market standpoint, so far, the Fiscal Cliff has been one giant YAWN! Stocks continue to behave fine and are up sharply from the November low. I do not believe we will see anything like the reaction to the TARP (bank bailout) negotiations from 2008 where the market literally collapsed. A deal will get done either by Christmas or inauguration, but it will get done. And the party of tax and spend and the party of low tax and spend will still... SPEND! Both have proven a complete and utter inability to reign in government spending, no matter what rhetoric they float.

## **Economy Quietly Weakening**

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The chart below is certainly not a new one, but it's one of my favorite off the beaten path economic indicators. It essentially measures how restaurants are doing based on their trade association's monthly survey. You can learn more [here](#).

While it can be volatile from month to month, it's pretty easy to see when the index is above or below the neutral 100 level and whether it is rising or falling. After peaking earlier in 2012, the index has declined sharply and is now below 100, certainly an economic warning sign. If we see further weakness towards the 99 level, I would become much more concerned and look for other indicators, like the [Architecture Billings Index](#) for confirmation of another soft patch.



Regardless of what the economic indicators say right now, I still believe that the U.S. is headed for a mild recession in 2013 or 2014. I say "mild" because we know that Bernanke & Co. will literally stop at nothing to achieve their desired outcome and they can print far longer than anyone can stay solvent opposing them. Additionally, corporations are lean and mean using any metric, but this far into "recovery", their cash on hand will serve as a very good cushion if the economy falters, not even mentioning how well positioned the banks are now.

## Upcoming Appearances

Real Life Survival Guide - [Family Finances](#)

Fox Business' Markets Now - December 17th at 1:30pm

I hope to appear on December 22nd after the world ends on December 21st

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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"The only easy day was yesterday."

- The U.S. Marines

"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

"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](#)**

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## To Your Financial Success,



**Paul Schatz  
President  
Heritage Capital LLC**

**1 Bradley Road Suite 202  
Woodbridge CT 06525**

**203.389.3553 Phone  
203.389.3550 Fax**

**[www.InvestForTomorrow.com](http://www.InvestForTomorrow.com)**

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1 Bradley Road, Suite 202 Woodbridge CT 06525 Phone (203) 389-3553 Fax (203) 389-3550 - [www.InvestForTomorrow.com](http://www.InvestForTomorrow.com)  
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