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Not the Way to End the Season

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As I mentioned last week, I have started and stopped so many articles and new issues of Street\$MARTS that I have several partially done letters all serving no purpose. Making matters worse is that there were a few timely articles that have since lost their initial value and I am debating what to do with them. As I watched the [60 Minutes Story](#) on Michael Lewis' new book Flash Boys, I feverishly started to type and type and type, only to leave the piece unfinished. Maybe I will wrap it up in the next issue.

I also wrote a few paragraphs on the various happenings in the Schatz house, and as usual, there have been many! Throughout the year, we obviously do a lot with the entire family, but I try to spend alone time each of the kids separately. While my youngest still thinks I am cool and fun to do just about anything with, the others caught on to my charade.

I was lucky enough to spend a few late ski season days with my oldest son, the one we refer to as the Cerebral Assassin visiting our extended family, Pete, Susan, Karma and Sydney. All was fantastic with the minor exception of being pulled over by a very nice policeman who reminded me that I was traveling just a bit too fast on I-91. After checking my license, registration and son's well being, he sent us on our way as I promised to take it down a notch. My son couldn't wait to tell Teri!

Our ski days began like this. We flew all over the mountain having a ball.



In desperate need of sustenance, we attacked one of my favorite foods on earth, caramelized Belgian sugar waffles drizzled with chocolate sauce at the [Waffle Cabin](#). All was good with the world.



Offering my son anything for dinner and expecting the usual "pizza" answer, he shocked me by asked for a medium rare filet which I happily obliged. We laughed. We ate. We played hangman and old fashioned arcade games. We went to bed early. All was good with the world.

That's where it turned.

Deciding to spend a second day flying off jump after jump to land in the very soft spring snow, the best laid plans of father and son went awry. The Cerebral Assassin wanted to show dad who was boss and he showed me alright. Down the black diamond he went, up the steep ramp of the jump where he usually stops at the top to go slowly down the steep backside. Only my "genius" son never stopped, launching countless feet into the air, arms flailing with a full on crash and burn yard sale lurking below that I never saw from my place still way above on the hill.

The end result after collecting his skis and bent poles was a free ride to Base First Aid in the meat wagon. That was after someone called Ski Patrol and told them a boy was knocked out, which he definitely wasn't, screaming and wailing at the top of his lungs. The red coats came down the mountain faster than my friend Tiny to an all you can eat buffet!



Everything ended up fine. Some ice, some negative X-rays, some bumps, bruises, sprains and some crutches.

210 days left until ski season begins again...

Don't forget to check our blog for intra-issue updates.

[www.Investfortomorrowblog.com](http://www.Investfortomorrowblog.com)

## Major Indices Not Singing a Good Tune

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2014 may be young, but so far, it's exhibiting a very different character than 2013 with the rate of ascent completely flat lining and the high flying leaders hit very hard. In other words, the year has been digesting as I wrote about in the [2014 Fearless Forecast](#). Don't get me wrong, just because I forecast this type of action doesn't mean it has been an easy year to make money. It hasn't. And I don't think that changes just yet.

I am going to discuss the five major U.S. indices and see what we can glean from the action in 2014. Remember, the healthiest markets have all five indices in sync, meaning they should all make highs at the same time.

The Dow Jones Industrials are first and you can see highs in March and April with essentially equal lows during the same months. After today, the Dow is within striking distance of all time highs, a positive sign.



The S&P 500 is next and the chart looks very similar, to the Dow above. The S&P saw a higher high in April than March, but a lower low as well, making it stronger and weaker than the Dow.



The S&P 400 Mid Cap Index is below and while it shows similarities to the S&P 500, it is now exhibiting a series of lower lows as seen twice in March and once in April. As such, it is also farther away from all time highs than the other two indices.



The Russell 2000 is next and here you can see a very different pattern. From the last significant low in 2012, this index has led the market higher almost the entire time through early March 2014. Since that time, we see a series of lower highs and much lower lows. Not only is the Russell no longer the leading index, but it's action is anything but positive and certainly warning of something on the horizon. For full disclosure, some of our programs took a position here at the lows last week since it was overly stretched to the downside and the odds a short-term snapback.



The technology laden NASDAQ 100 is the last major index to show and looks very similar to the Russell 2000 except it has already retraced the entire February to early March rally. Neither index is anywhere near all time highs and both need to be watched closely.



If I were doing a full [Canaries in the Coal Mine](#) piece, the above comments would be collectively labeled a dead canary and certainly disconcerting for the long-term health of the bull market. However, the canary can certainly be revived if all major indices get back in gear to the upside later this quarter or over the summer. The short-term take away is one of caution as the weaker indices are now best viewed as a sale into rallies until proven otherwise.

## 10 Things That Will Disappear in our Lifetime

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[I received the following via email and although I had never seen before, I am sure the list has been making its way around the internet. It's arguable but interesting nonetheless.]

This is USA oriented, but Canada & the rest will not be far behind. Whether these changes are good or bad depends in part on how we adapt to them. But, ready or not, here they come.

1. The Post Office

Get ready to imagine a world without the post office. They are so deeply in financial trouble that there is probably no way to sustain it long term. Email, Fed Ex, and UPS have just about wiped out the minimum revenue needed to keep

the post office alive. Most of your mail every day is junk mail and bills.

2. The Check

Britain is already laying the groundwork to do away with their cheques by 2018. It costs the financial system billions of dollars a year to process checks. Plastic cards and online transactions will lead to the eventual demise of the checks. This plays right into the death of the post office. If you never paid your bills by mail and never received them by mail, the post office would absolutely go out of business.

3. The Newspaper

The younger generation simply doesn't read the newspaper. They certainly don't subscribe to a daily delivered print edition. That may go the way of the milkman and the laundry man. As for reading the paper online, get ready to pay for it. The rise in mobile Internet devices and e-readers has caused all the newspaper and magazine publishers to form an alliance. They have met with Apple, Amazon, and the major cell phone companies to develop a model for paid subscription services.

4. The Book

You say you will never give up the physical book that you hold in your hand and turn the literal pages. I said the same thing about downloading music from iTunes. I wanted my hard copy CD. But I quickly changed my mind when I discovered that I could get albums for half the price without ever leaving home to get the latest music. The same thing will happen with books.

You can browse a bookstore online and even read a preview chapter before you buy. And the price is less than half that of a real book. And think of the convenience!

Once you start flicking your fingers on the screen instead of the book, you find that you are lost in the story, can't wait to see what happens next, and you forget that you're holding a gadget instead of a book.

5. The Land Line Telephone

Unless you have a large family and make a lot of local calls, you don't need it anymore. Most people keep it simply because they've always had it. But you are paying double charges for that extra service. All the cell phone companies will let you call customers using the same cell provider for no charge against your minutes.

6. Music

This is one of the saddest parts of the change story. The music industry is dying

a slow death. Not just because of illegal downloading. It's the lack of innovative new music being given a chance to get to the people who would like to hear it. Greed and corruption is the problem.

The record labels and the radio conglomerates are simply self-destructing. Over 40% of the music purchased today is "catalogue items," meaning traditional music that the public is familiar with. Older established artists. This is also true on the live concert circuit. To explore this fascinating and disturbing topic further, check out the book, "Appetite for Self-Destruction" by Steve Knopper, and the video documentary, "Before the Music Dies."

7. Television

Revenues to the networks are down dramatically. Not just because of the economy. People are watching TV and movies streamed from their computers. And they're playing games and doing lots of other things that take up the time that used to be spent watching TV. Prime time shows have degenerated down to lower than the lowest common denominator. Cable rates are skyrocketing and commercials run about every 4 minutes and 30 seconds. I say good riddance to most of it. It's time for the cable companies to be put out of our misery. Let the people choose what they want to watch online and through Netflix.

8. The "Things" That You Own

Many of the very possessions that we used to own are still in our lives, but we may not actually own them in the future. They may simply reside in "the cloud." Today your computer has a hard drive and you store your pictures, music, movies, and documents. Your software is on a CD or DVD, and you can always re-install it if need be. But all of that is changing. Apple, Microsoft, and Google are all finishing up their latest "cloud services." That means that when you turn on a computer, the Internet will be built into the operating system. So, Windows, Google, and the Mac OS will be tied straight into the Internet. If you click an icon, it will open something in the Internet cloud. If you save something, it will be saved to the cloud. And you may pay a monthly subscription fee to the cloud provider. In this virtual world, you can access your music or your books, or your whatever from any laptop or handheld device. That's the good news. But, will you actually own any of this "stuff" or will it all be able to disappear at any moment in a big "Poof?" Will most of the things in our lives be disposable and whimsical? It makes you want to run to the closet and pull out that photo album, grab a book from the shelf, or open up a CD case and pull out the insert.

9. Joined Handwriting (Many schools no longer teaches cursive)

Already gone in some schools who no longer teach "joined handwriting" because nearly everything is done now on computers or keyboards of some type (pun not intended).

10. Privacy

If there ever was a concept that we can look back on nostalgically, it would be privacy. That's gone. It's been gone for a long time anyway.. There are cameras on the street, in most of the buildings, and even built into your computer and cell phone. But you can be sure that 24/7, "They" know who you are and where you are, right down to the GPS coordinates, and the Google Street View. If you buy something, your habit is put into countless profiles, and your ads will change to reflect those habits.. "They" will try to get you to buy something else. Again and again.

All we will have left that can't be changed are "memories".

Upcoming Appearances

The Second Half - May 15 9:30am - 11:30am (live class. contact me for details)

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

"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, 1984

"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

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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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,



**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

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