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On the Road Again

As daylight savings time comes to an end this weekend and ski season draws closer, it's also the time when my own travels increase significantly. For the most part, I spend June through October in the northeast with frequent day trip to NY, MA and RI. That changes in November with a trip to Dallas and Houston mid month. If you are in either area and want to grab a meal or adult beverage, let me know.

Speaking of traveling, here is a great article on [The Best Day to Buy Airline Tickets](#).

I just got back from teaching a class at the [Second Half](#) in Fall River MA which I usually do every May and October at the invitation of my colleague Doug Harvey. It's such a great educational program from empty nesters and the topics cover the full spectrum. This particular group today was very energetic and enthusiastic and as usual, the time just flew by. Teaching these classes is something I really enjoy and I should probably find similar adult programs in CT.

Last weekend was the first time our entire family has attended a life cycle event together; in this case it was a close friend's son's Bar Mitzvah. Very surprisingly, all three kids were not only well behaved, but the life of the party on the dance floor. My daughter has been dancing at a studio for years, so we expected her to be good, but the boys were hysterical, never stopping or leaving the dance floor until Teri and I dragged everyone home well after 11pm.



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

Dow Theory Trend Change or Not

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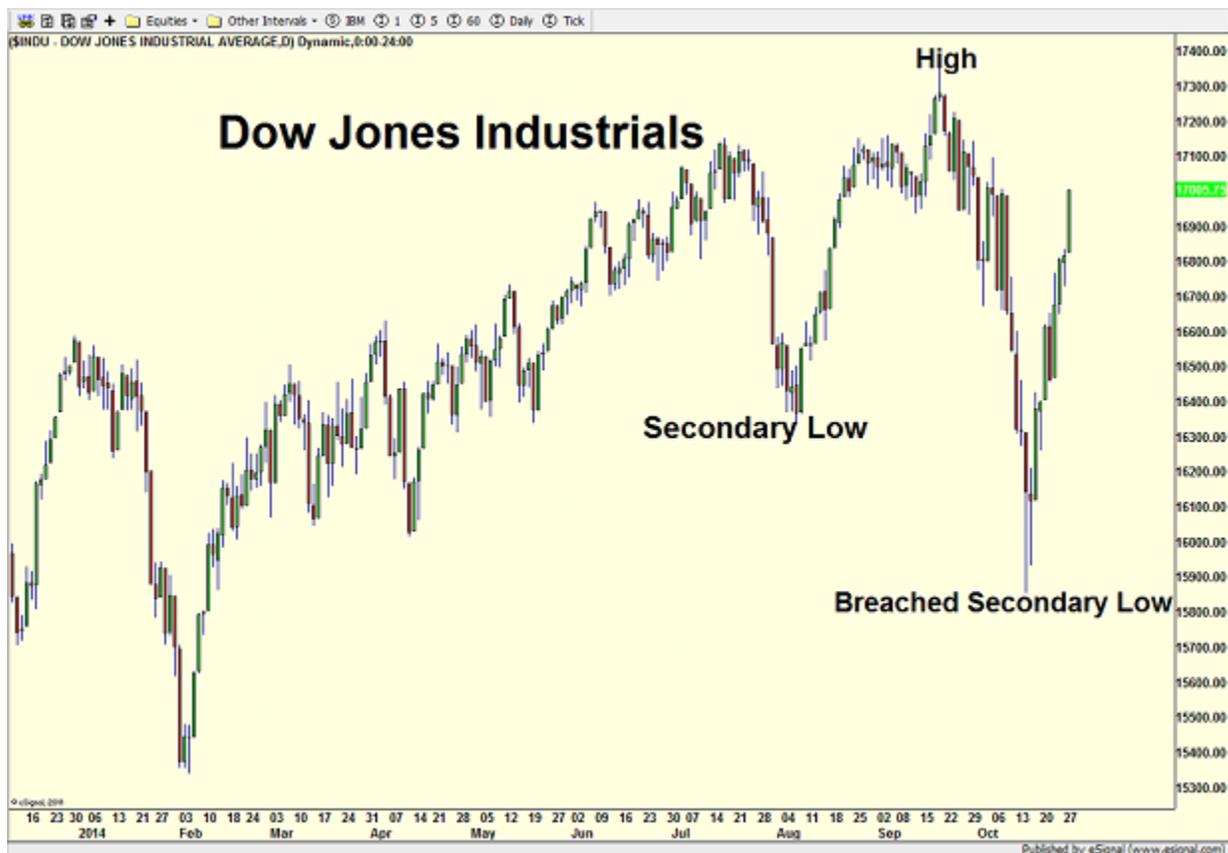
Dow Theory has been around for decades and it's not something I discuss very often. You can Google it to find newsletters and blogs and opinions on its value. As the stock market gets closer and closer to the final bull market peak, I think it's something we should watch.

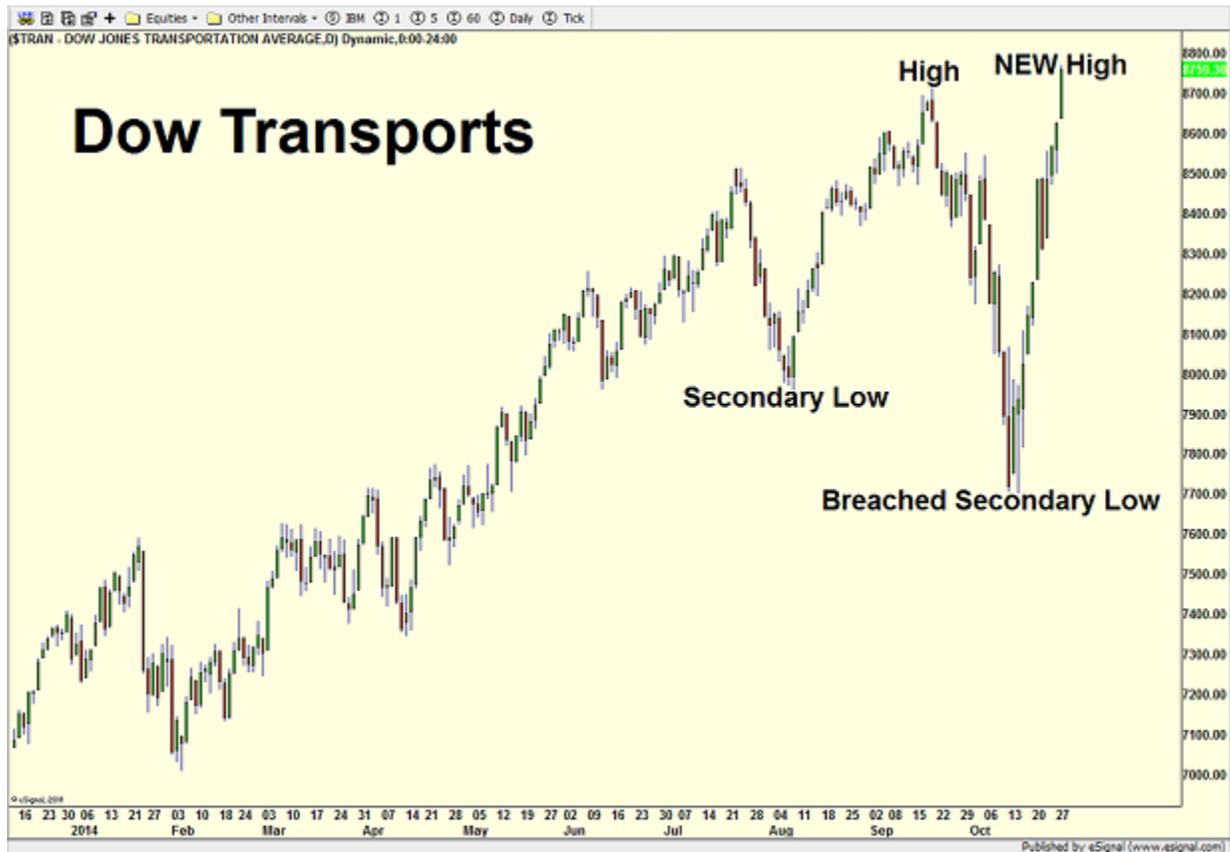
Dow Theory works in a couple of ways and I am going to focus on one piece here, primary trend change. Dow Theory Primary Trend Change occurs when BOTH the Dow Jones Industrials and Transports close above or below a previous secondary high or low. In essence, the trend of the market is said to have changed when lower lows are made during an uptrend or higher highs

during a downtrend.

Earlier this month as you can see below, both the Industrials and Transports closed below their previous secondary lows from August. At that point, Dow Theory says the trend changed from up to down. Of course, that was also the stock market bottom I called in real time to contradict Dow Theory. Anyway, today, Dow Theory is still in a downtrend until both the Industrials and Transport make new highs which the latter did today. With my own upside target still 18,000, I would be surprised if the Industrials do not see all time highs and another Dow Theory Trend Change and whipsaw.

What would cause me much greater concern is if the Transports saw new highs, but the Industrials do not. That is called a Dow Theory divergence or non confirmation and often warns of a larger decline possibly unfolding.





## Goldman Sachs' Forecasting Prowess

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Goldman Sachs is a firm often in the limelight for hiring the best talent on Wall Street, winning the high profile deals, having close ties to the government and paying enormous compensation. It's also a firm under intense scrutiny and often in the cross hairs.

The last time I wrote specifically about one of their market calls was when they "curiously" downgraded the biotech sector in January 2014. You can read that piece here. <http://investfortomorrowblog.com/archives/941>

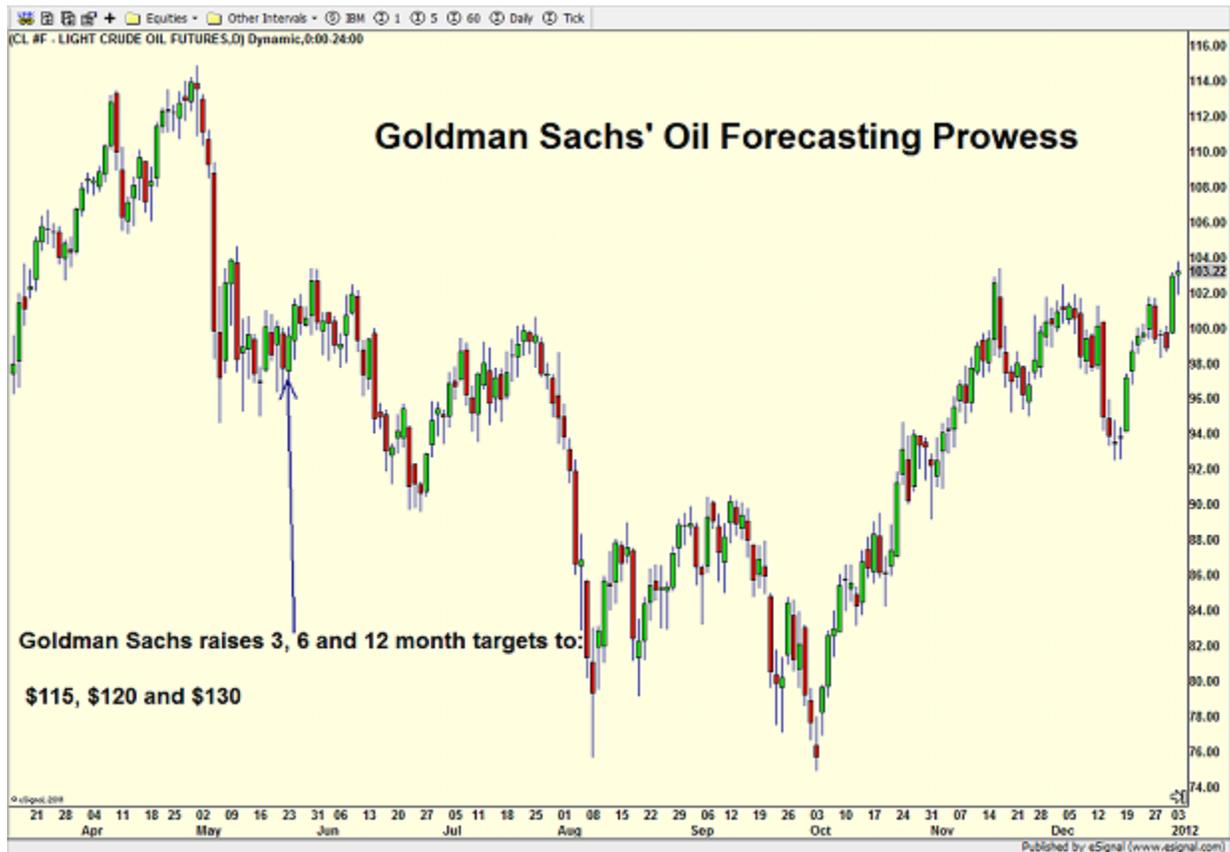
This week, Goldman cut their crude oil forecast by \$15, which on the surface, should not get much attention. But it did get me thinking. I vividly recall spring 2008 when oil was soaring and the country was worried about it never ending. At that time, Goldman called for \$200 oil when oil was \$125 and had already rallied \$40 in under six months. To me, it seemed like the venerable firm was caught up in the hype and hysteria, and was only inflating the bubble even more.

So this morning, I did some research and found other occurrences of Goldman changing their forecast on energy. To be fair, it is certainly possible I may have missed some, but below is what I could find.

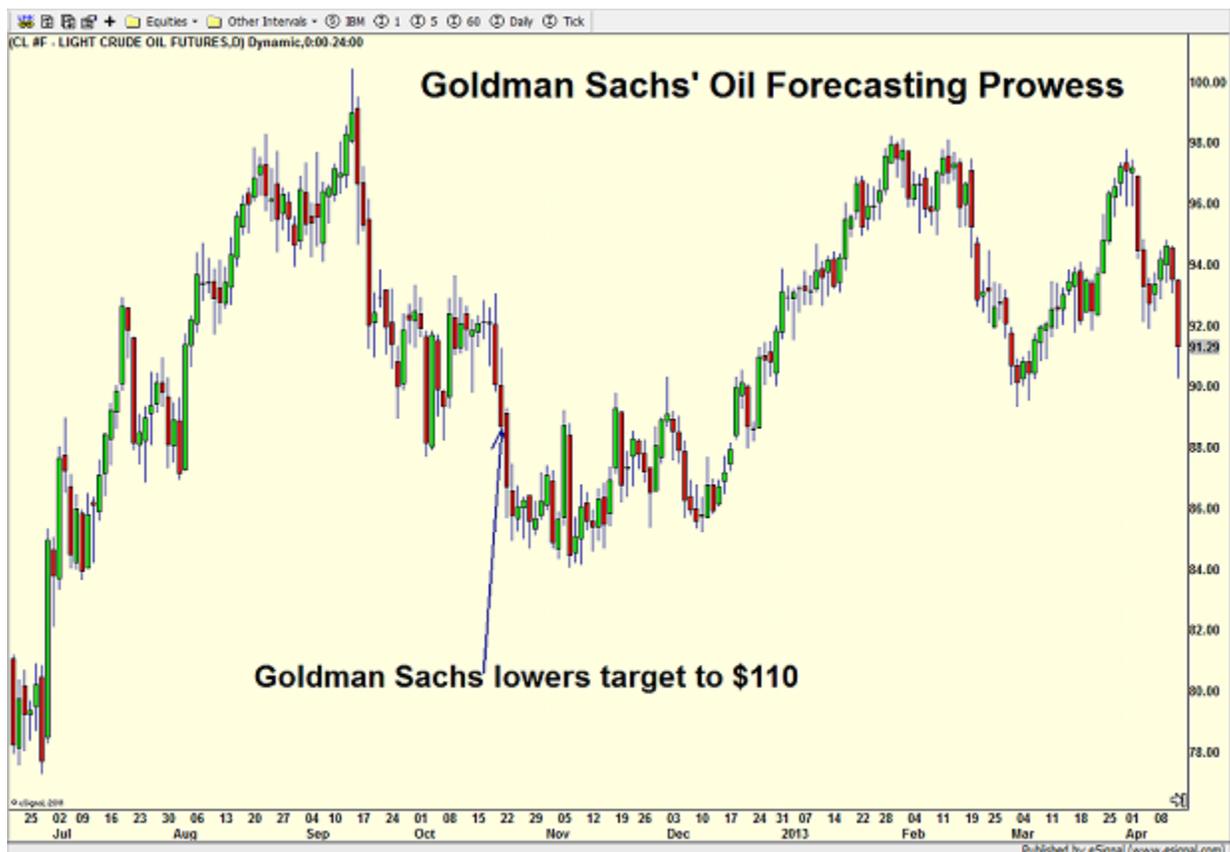
As you can see below, in June 2008 with oil at \$125, Goldman raised their target to \$200. Oil did rally for another month before utterly collapsing to \$35 in less than a year.



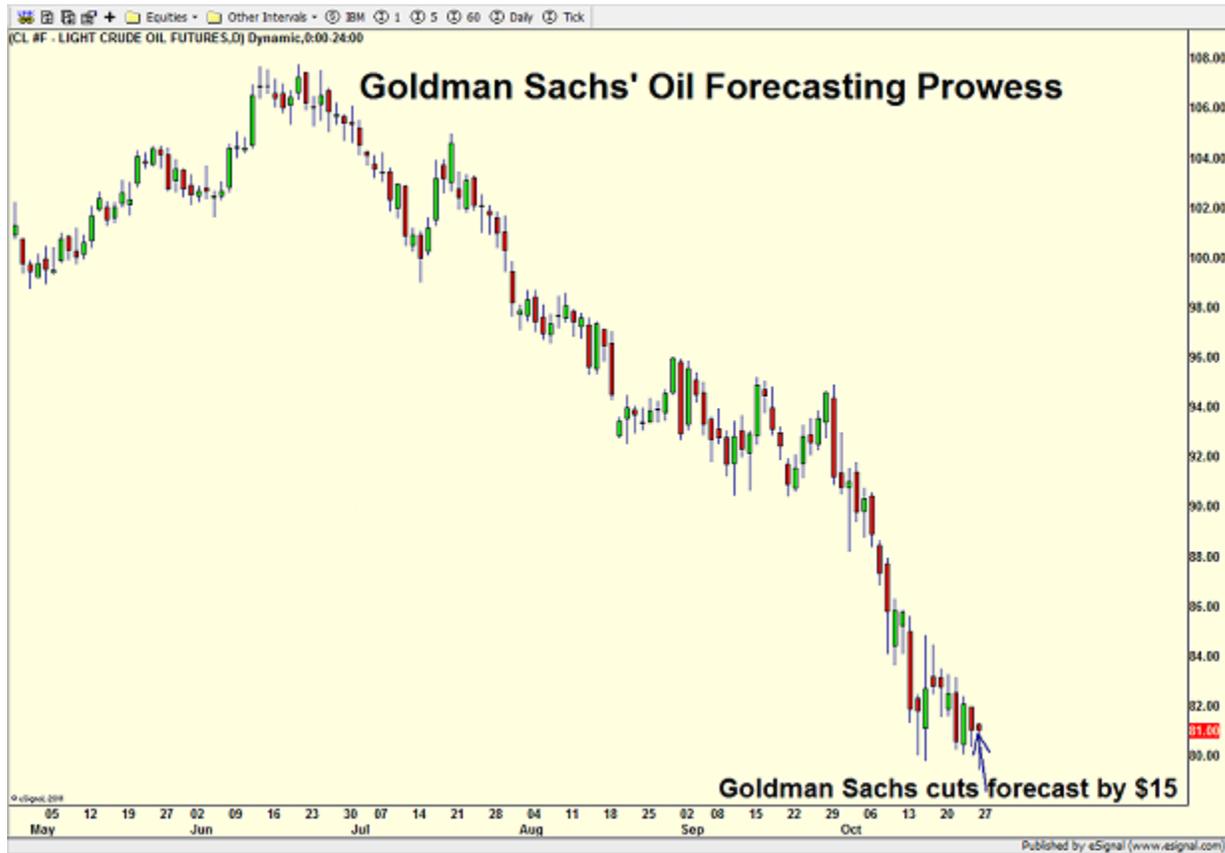
In May 2011 (below), Goldman raised their forecast on oil, only to see it plummet almost immediately by 20%+.



In October 2012 (below), the firm lowered their target on oil, but within a few weeks, oil began a major rally.



Today, as you can see below, after oil was taken to the woodshed, Goldman cut their forecast by \$15. If history is any guide and I believe it is, the next significant move in oil should be a major rally.



My takeaway from this is that just because Goldman Sachs is cheered, revered or sometimes jeered, doesn't mean they have a good crystal ball or make accurate forecasts.

Upcoming Appearances

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Fox Business' Making Money with Charles Payne - November 3rd 6:00pm - 7:00pm

Fox Business' Making Money with Charles Payne - November 5th 6:00pm - 7:00pm

Fox Business' Making Money with Charles Payne - November 18th 6:00pm - 7:00pm

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, 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**

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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,



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