



December 17, 2014

10:49 AM EST

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A Spoonful of Honey

As usual, I had a great time on Making Money with Charles Payne the other night on Fox Business. In the green room before the show, three of the six panelists, including myself, were sick to one degree or another. After getting sick on the Thanksgiving week cruise, I stupidly flew to CA for a meeting. But poor planning made my travels even worse and all the more stupid.

I sat in my office with 102 fever hemming and hawing whether to go. My 4:30pm flight from CT through Chicago to San Jose didn't land until 11pm local time. Then I had to make my way to Monterey where I finally saw my bed at 2am local time or 5am CT time. The whole way I kept think what an idiot I was for traveling across the country sick and then screwing up my body with the time change. And for most of the two meeting, I sat in my room resting.

They say we never stop learning and while I have always known that to be the case in business, I learned the hard way that I am not the invincible 25 year old anymore. I should have canceled the trip, stayed home and rested. Maybe then I wouldn't still be under the weather and have to visit my doc again.

Getting back to the show from Monday night, there were a bunch of really great segments. You would never have known that the three guys were all sick. I was stressing all day that I would have one of those uncontrollable coughing fits on air, embarrass myself more than I ordinarily do and ruin the show. And I came close. But at every commercial break, I swallowed a tablespoon of honey and that seemed to work, forgetting about the sugar rush it caused!

Here are a few of the segments and topics:

Is Uber giving capitalism a bad name?

<http://fxn.ws/1szdNzp>

Investing in disaster

<http://fxn.ws/1A3jTbF>

Small business slow to rebound?

<http://fxn.ws/1GLqbnr>

Manufacturing renaissance in America?

<http://fxn.ws/1A3kmus>

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

Calendar Says Bulls Should Step Up Right Here & Right Now

Long time readers know that I love the December - January period and it's not just because of ski season. There are many strong market trends that usually play out and I like to try and take advantage of those. With stocks falling over the past two weeks, the bears are coming out of the woodwork with reasons why the aging bull market is now left for dead. Just as we recently saw in October, rumors of the bull market's demise have been greatly exaggerated!

You already know that I have been a strong bull for the past few years and pounded the table to buy after each decline. As I keep saying, bull markets don't die of old age; they die because of mistakes. This has been, is and continues to be the most disavowed, hated bull market of my 26 year career. Eventually, yes, it will end and we will see a routine 12-18 month bear market that lops 25-40% off the major indices. And yes, while I wrote that so cavalierly, the bear market will not be fun to live through as it is much more difficult to make money during bear markets than bull markets.

I have heard from folks that the bull market is over and the market looks just like it did in late 2007 and early 2000. I have heard from folks who think the market acts just like 1998 when Russia defaulted on her debt. I just don't see any of those really negative periods being valid today. The market never had the warning signs near the peak like it did previously. Could this be a precedent setter? Sure, but investing that way is a ticket to the poor house over the long-term.

Today, stocks are in their strongest six month period. Stocks are in their strongest three month period and stocks are about to enter their strongest short-term period. I love the old expression, "If Santa Claus should fail to call, bears may come to Broad and Wall." That means if we don't see a year-end rally, it bodes poorly for the following year. It's been a rough few weeks for the bulls, but I am not counting Saint Nick out just yet.

In addition to the favorable calendar for stocks in general, this is also the time of year when small and micro cap stocks typically outperform their large cap brethren. It's been a very challenging year for the Russell 2000 index of small caps, but there is suppose to be at least a temporary respite from underperformance over the next month or so.

Yes, there are cross currents abound. In an ongoing bullish scenario, stocks are stretched about as far as they typically get at this time of year. With more than 80% of fund managers trailing their benchmark, if and when we see some stability, that should get some sideline cash into stocks at a time when significant sell offs are not very likely.

Fed & Yellen on Hot Seat Today

The Federal Open Market Committee (Fed or FOMC) concludes their two day and final meeting of 2014 on Wednesday with their announcement at 2pm and subsequent press conference with Janet Yellen. Interest rates will not be raised. Market watchers will parse the statement to see if Yellen & Co. remove the "considerable time" phrase for low interest rates from the release, signaling that rates may increase sooner than later. Should those words continue in the

statement, I would expect stocks to move sharply higher. As an aside, there is a strong trend in play today indicating that stocks should close solidly in the green.

I have ranted enough over the past 18 months that QE should not have ended and rates should not even be close to rising. The Fed will rue that decision if it's made in 2015. However, with energy prices collapsing and inflation with it, the Fed could easily use this as cover not to change course anytime soon. It would be the best decision right now without even mentioning how bad Europe and China are presently.

The problem is that we have a divided Fed with the usually wrong Charles Plosser and Richard Fisher having voting power and loud voices. Add Jeff Lacker into the group and you have a triumvirate of policy makers who could not have been any more wrong in 2007 and 2008. Talk about asleep at the switch; these guys actually wanted to raise rates and reduce liquidity as the markets and economy were in collapse. It has been a profitable trade to take the opposite side of these "tenured" bankers.

Do You Need Life Insurance?

Over the past few months several clients have asked me to review their current life insurance policies and also address the need to have life insurance in the first place. Personally, I view life insurance as protection against an unlikely event not as an investment vehicle. I own two term life insurance policies to cover my home, kids' education and ability for my wife to be financially secure, at least until husband #2 comes along (insert smiley face).

U.S. life insurance coverage is at a 50-year low according to the latest Trends in Life Insurance Ownership, a study conducted every six years by Limra, the investment research company. 30% of U.S. households have no life insurance coverage. Which raises the question, do you need life insurance? The answer is...it depends.

Life insurance does little good for the insured. After all, when the money arrives, that individual's left the scene and can only watch from above. The need for life insurance depends on your dependents. Insurance is meant to cover a risk. With life insurance you're usually covering the risk that you'll die but your dependents will still need your income. If your investments and net worth will assure your dependents of financial security, then you may not need life insurance.

Some good reasons to carry life insurance are if:

- You have a special needs child.
- You have a spouse, children or other heirs who will need income to cover living expenses, an education or outstanding debts should you die.
- Your estate exceeds the estate tax exemption and is illiquid, such as real estate, a

family business or other property. Life insurance can be purchased to cover estate tax costs and keep your heirs from having to sell family assets.

- To allow business partners to buy out a partner after death.
- If you want to make a gift to charity at your death.

For more information on life insurance, including the difference between whole life and term, visit <http://www.lifehappens.org/>, a non-profit educational site on insurance. As always, please feel free to contact me directly to discuss. We don't sell insurance and that gives me an unbiased view to help.

Upcoming Appearances

Fox Business' Making Money with Charles Payne - January 12th 6:00 - 7:00 PM

Fox Business' Making Money with Charles Payne - January 21st 6:00 - 7:00 PM

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

"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.

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## To Your Financial Success,



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