



September 29, 2017

11:03 AM EST



Inside this issue

[What We Did on Summer Vacation](#)

[Debunking the Strength of October](#)

[Beware October in Years Ending in 7](#)

[The Number One Source of Identity Theft is Your Wallet](#)

[Upcoming TV Appearances](#)

[Investment Quotes To Live By](#)

What We Did on Summer Vacation

~~~~~

It was hard to believe that August began and I hadn't taken a vacation yet this year. I had taken lots of trips, especially for business, but none with the whole family for more than a weekend. Don't get me wrong; I take my share of half and full days off for golf and skiing, but I was long overdue for a more extended period away from the office.

Teri & I asked the kids if they wanted to to visit the Grand Canyon, Bryce Canyon, Arches National Park and Lake Powell this summer. They have never been there and they are all really amazing places. "Nope", they answered in unison. They wanted the same vacation as in previous years.

As we typically do almost every summer, the Schatz family rented a house in this wonderful community called New Seabury in Mashpee, MA on Cape Cod. Sometimes, Teri's crazy extended family, the Schwurtzelbergs (name made up of four families), comes along, but not this year. Other years like this one, families we know from skiing or CT were also in New Seabury with us.

I often call this vacation a "minimalistic" one as the houses we rent are anything but luxurious. While we are steps from the beach, none have A/C and the quarters are somewhat cramped. Almost no cell service. And we don't come with any exotic plans. The kids just want to hang out, see old friends they met over the years, make new friends, play old fashioned games at night outside, like manhunt, capture the flag, etc. During the day, we hit the beach, go for walks, play wiffle ball, eat, drink and relax. It really is a great vacation unless Mother Nature screws with us like she did a few days this year.

A few nights, I grill and make enough to feed my breakfast habits for a few days. And then, of course, we buy extra lobsters so I can make hot, buttered lobster rolls for lunch and snacks.



Then, there is the annual trip to the Clam Shack in Falmouth, arguably the greatest fried seafood place on earth! Shrimp, clam strips and bellies with fries and onion rings, sitting on the dock overlooking Nantucket Sound. Usually, the kids are all happy but sometimes one just happens to be in a mood.



On our last night as has become tradition, we go bowling. This is definitely not your typical bowling alley from yesteryear. It's 100% electronic and filled with young people out for the evening. They serve gourmet food and exotic drinks and have an outdoor patio with bocci, corn hole and shuffleboard with heaters for chilly evenings. Every year, the family thinks it's their year to beat me, but that just never pans out. Their dear old dad had a high score of 205 this year and that's without bumpers!



Another successful summer vacation ends. A few family arguments, a few fights, but no one bled and everyone came home speaking. I asked the kids if they wanted to go to Europe or some of the national parks in the U.S. next summer. "UGH. Too long a flight. Let's go back to the Cape."

Don't forget to check our blog for intra-issue updates. [www.investfortomorrowblog.com](http://www.investfortomorrowblog.com)

## Debunking the Strength of October

---

A month ago, I wrote an article debunking the theory that September was always a poor month for the stock market. You can re-read it [HERE](#). Essentially, September's ire was very much dependent on how price came into the month. While the average return since 1928 has been -1.1%, coming into September 2017, price action suggested an up month with an average price of +0.50%. As I write this, the S&P 500 is ahead by 1.5% on the final day of September.

October, on the other hand has a different reputation, one of volatility and the beginning of the most favorable time of year to invest. Most people remember the stock market crashes of 1929, 1987 and 1997. Bear markets died in 2002, 1998, 1990 and 1974. Overall, the month averages +0.50% since 1950 in good times and bad. Similar to September, that average return does not tell the whole story.

October is set to begin with all of the major stock market indices at or close to all-time highs, however volatility is close to all-time lows. Unlike most months when stocks start the month above their long-term trend (200 day moving average), October actually bucks the trend and shows some negativity with the second half of the month the real culprit.

When the S&P begins October in an uptrend:

- First 5 days average return +0.66%
- First 10 days average return +0.35%
- Full month average return -0.28%
- Final 10 days return -0.91%

The main takeaway is that October is very much front loaded for returns and caution is warranted as the month proceeds when it begins in an uptrend. With volatility almost non-existent right now, it's unlikely that it will suddenly conform to historic norms and surge several hundred percent although a modest second half decline with higher volatility is the most likely path.

## **Beware October in Years Ending in 7**

---

While I often write about seasonality, in the grand scheme of things, it's really only a slight head or tailwind. For those who do not know what seasonality is, it is using a period of time in history to see what trends have occurred the majority of the time. For instance, Sell in May and Go Away, is a seasonal trend for stocks to be weaker from May through October and stronger the rest of the year. The day before an exchange holiday is typically a seasonally strong day. Until 2015, years ending in 5, but especially every other decade (2015, 1995, 1975, 1955) produced outsized large returns.

The stock market is about to enter a seasonally volatile period. This one only occurs once per decade. It's basically the month of October in years ending in "7", but it's not that cut and dried, exactly. Let's take a look below and see if today's price action looks similar to the past.

2007 was the last bull market peak. Stocks rallied hard into the October high but the underpinnings looked awful. Participation was pathetic and leadership was very weak. We saw a very unusual Q4 decline unfold starting in October. Whereas Octobers have been called the bear market killer, in 2007, October killed the bull.



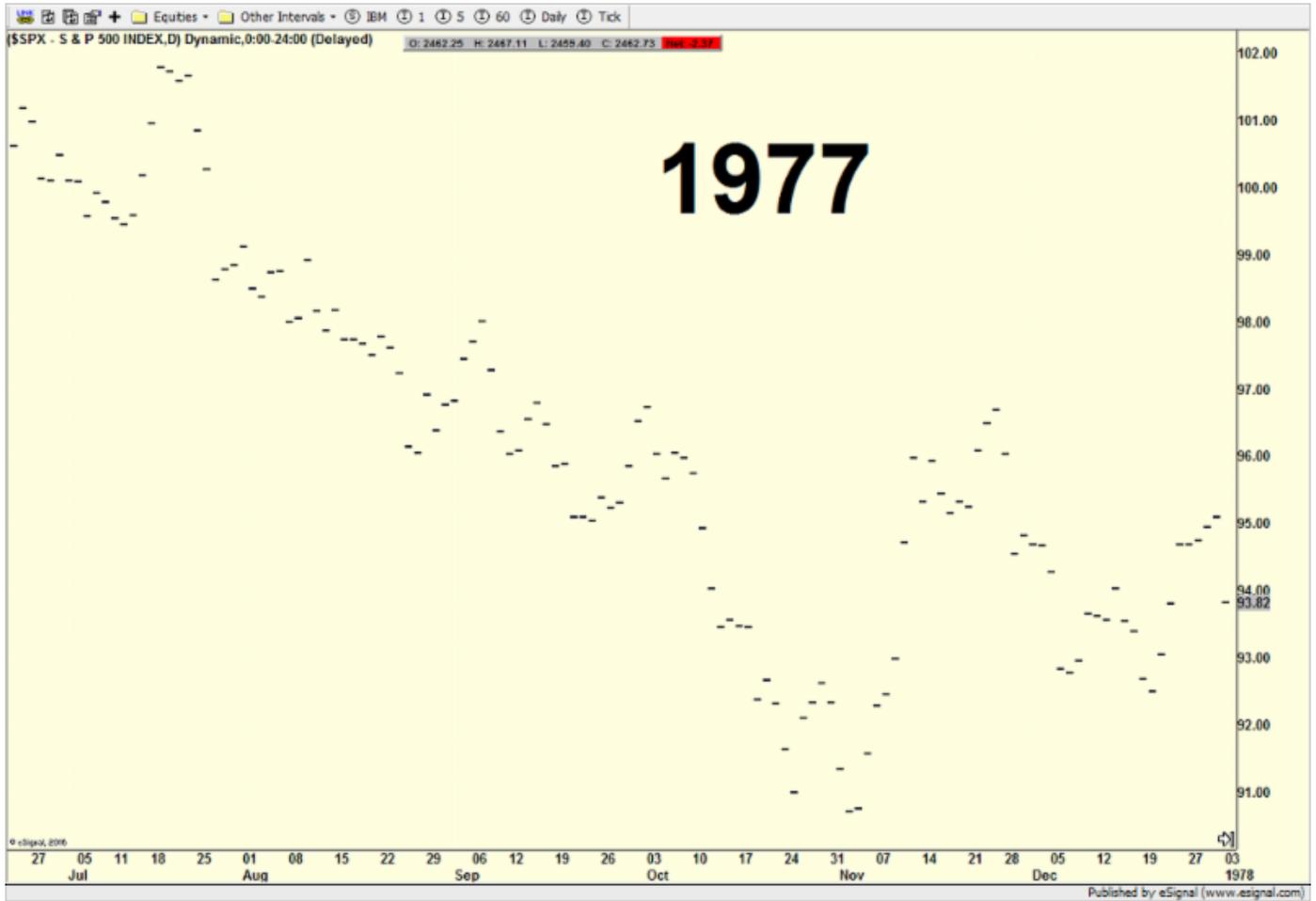
1997 is next and stocks were making fresh all-time highs right into the beginning of October. Then the emerging markets currency crisis hit and stocks saw the single largest one day point decline in history. From there, the bull market reasserted itself and new highs were quickly seen. This does have similarities to today.



1987 is below and I don't have to tell anyone what happened in October of that year! Stocks had already peaked in August, followed by a 10% correction into September. After a feeble bounce into early October, the bottom literally fell out. Calls of a new Great Depression were everywhere after the single largest one day percentage decline in history.



1977 is next. The one year bear market was getting long in the tooth. October saw a downside acceleration straight to the ultimate bottom. A bear market killer.



Here is 1967 and you can see that stocks peaked in early October and promptly lost more than 10%. This also has similarities to today.

1/ 3/ 1967 - 12/ 29/ 1967 Close= \$905.11



Finally, 1957 is below and like 1977, stocks were already in decline. They accelerated lower in October to the bottom later that month. Another bear market killer.

1/ 2/ 1957 - 12/ 31/ 1957 Close= \$435.70



Adding 1947, 1937, 1927, 1917 and 1907 wouldn't change any of the results. '47 was somewhat muted. '37 saw the continuation and acceleration of the decline to a bottom. '27 had a modest decline in an ongoing bull market. Both '17 and '07 looked very similar, seeing the continuation and acceleration of ongoing declines.

Octobers in years ending in 7 have had unique behavioral patterns to the downside. It seems like markets that are already in decline see the worst selling in October while stronger markets, like today, see more muted declines. It's something we definitely need to be aware of with North Korea percolating.

# The Number One Source of Identity Theft is Your Wallet

---

When it comes to identity fraud, the biggest source of information isn't online, although Equifax is trying hard to disprove that. It's in your wallet, warns crime prevention officers. Purse snatchings, pickpocketing, theft of purses from locked vehicles and robbery are the biggest sources of identity theft. These thefts don't require much know-how, and because they rarely involve weapons, typically have lower penalties if the individual is caught.

While the victim may not be able to prevent the theft - and the officers urge individuals NOT to fight back or resist - they can avoid handing the thief all of their information.

A simple purse snatching can provide a thief with cash, credits cards, checks, bank account numbers, car keys and registration information on the car (making it easy to identify and steal), address and access to the victim's home, and more.

From Cary Johnson of the 1<sup>st</sup> Judicial District Office in Colorado come the following tips:

1. Go through your wallet or purse and reduce the amount of financial information you carry with you. If you don't need to have personal information with you, leave it home in a secure place.
2. Carry only what you will need for the day. Take one credit card, one debit card or check, not a whole book of checks. Never have debit card pin numbers with your card.
3. Carry your identification and credit card in a card-size wallet that you can hang around your neck under your clothes, put in an inner coat pocket, a deep pants pocket, or, if need be, "the bra."
4. If you need vehicle registration or insurance cards with you, carry ones without your home address. Have as little information as possible on you with home information.
5. Lock your phone. Many phone companies have "self-destruct" or lockdown routines that prevent access to programs and data after a certain number of false login attempts.
6. Do take a purse or carry bag with you for personal belongings you might need, just don't have your identification and credit card in it. This is an easy decoy if someone wants to rob you.
7. Never leave identification and credit cards in your car when exercising. Thieves are often watching parking areas at rec centers, gyms and popular running spots for potential car thefts.

If your information is stolen, act quickly to prevent its use. The thieves know they will have limited time to use the information and will be moving quickly.

- Stop payments from bank accounts immediately - particularly if you had a debit card in your purse with pin numbers. Most banks have 24-hour numbers.
- Notify credit card companies.
  - MASTERCARD: 1-800-627-8372 (US) or 1-636-722-7111 (Global)
  - VISA: 1-800-VISA-911 (1-800-8472-911) or 1-303-967-1096 (Global, call collect)
  - AMEX: 1-800-528-4800
  - DISCOVER: 1-800-347-2683
- Have the big three credit bureaus place fraud alerts on your accounts. With Equifax's recent hack and subsequent embarrassing response and interminable wait times,

patience is a virtue!

- o Experian: 1-888-EXPERIAN (1-888-397-3742)
- o Equifax: 1-800-525-6285
- o Trans Union: 1-800-680-7289
- File a report with the police.
  - o They may not be able to do anything, but this provides evidence in your favor should you become a victim of identity theft or fraud.
- If your keys were stolen, arrange to have locks changed on your vehicle and home.
- Notify the driver's license bureau if your license has been stolen or contact other sources of identification - including student IDs, to alert them to the theft.
- If your Social Security card was in your wallet
  - o Call the IRS Identity Protection Unit at 1-800-908-4490
  - o File the loss with the Federal Trade Commission at 1-877-ID-THEFT
  - o Report the loss to the Internet Crime Complaint Center
- Try to list everything else that was in the wallet
  - o Other items in your wallet may seem insignificant but could come back to haunt you. These include memberships to movie rental stores, work ID cards and access badges, medical insurance cards, computer passwords, and padlock keys.
- Order Credit Reports
  - o Every year, you are entitled to a free credit report from each of the three major credit bureaus, without any strings attached. The easiest way to obtain these is to visit the Annual Credit Report site. Then, take a close look at them to spot any possible fraudulent spending.

## Upcoming Appearances

---

FOX Business' The Intel Report - September 26th at 2:30 pm

FOX Business' The Intel Report - October 3rd at 2:30 pm

Yahoo Finance Live Show - October 4th at Noon

FOX Business' The Intel Report - October 9th at 2:30 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

---

"In God we trust, all others bring data."  
- The Elements of Statistical Learning

"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

## 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)**

Published by Paul Schatz. Copyright (C) 2008 Heritage Capital, LLC. All rights reserved.  
StreetSmarts is produced and distributed regularly via email by Paul Schatz of Heritage Capital, LLC  
1 Bradley Road, Suite 202 Woodbridge CT 06525 Phone (203) 389-3553 Fax (203) 389-3550 - [www.InvestForTomorrow.com](http://www.InvestForTomorrow.com)  
Heritage Capital, LLC is an independent RIA not associated with any financial institution. Data used in this publication is gathered from reliable sources, although completeness and accuracy cannot be guaranteed. Performance results do not take into account any tax consequences and are not predictive of future results. This publication does not give any specific investment advice, does not provide financial planning services, or consider any individual's financial situation, needs or goals. This publication may not be reproduced or retransmitted in whole or in part without the consent of the author, Paul Schatz.

### Important Disclosure Information

Heritage Capital LLC ("Heritage") composite performance results represent time-weighted actual performance results for continuously managed Heritage accounts, which individual accounts Heritage believes to be representative of its investment management process (i.e. mutual funds and exchange traded funds) for each specific strategy during the corresponding time period. The composite performance results reflect the reinvestment of dividends and other account earnings, and are net of applicable account transaction and custodial charges, and the separate fees assessed directly by each unaffiliated mutual fund and exchange traded fund holding that comprised each account, and the maximum investment advisory fee that the accounts would have incurred (by applying the Heritage's current investment advisory fee of 2.00% as set forth in its current written disclosure statement) during the corresponding time periods.

Please Note: Past performance may not be indicative of future results. Therefore, no current or prospective client should assume that future performance will be profitable, equal the performance results reflected, or equal any corresponding historical benchmark index. The historical index performance results for all historical benchmark indices do not reflect the deduction of transaction and custodial charges, or the deduction of an investment management fee, the incurrence of which would have the effect of decreasing indicated historical performance results. The historical performance results for all indices are provided exclusively for comparison purposes only, so as to provide general comparative information to assist an individual client or prospective client in determining whether the performance of a Heritage program meets, or continues to meet, his/her investment objective(s). A corresponding description of each index is available from Heritage upon request. It should not be assumed that Heritage account holdings will correspond directly to any such comparative benchmark index. The Heritage performance results do not reflect the impact of taxes.

For reasons including variances in the investment management fee incurred, market fluctuation, the date on which a client engaged Heritage's investment management services, and any account contributions or withdrawals, the performance of a specific Heritage client's account may have varied substantially from the indicated portfolio performance results.

In the event that there has been a change in a client's investment objectives or financial situation, he/she/it is encouraged to advise Heritage immediately. Different types of investments and/or investment strategies involve varying levels of risk, and there can be no assurance that any specific investment or investment strategy (including the investments purchased and/or investment strategies devised or undertaken by Heritage) will be profitable.

Information pertaining to Heritage's advisory operations, services, and fees is set forth in Heritage's current disclosure statement, a copy of which is available from Heritage upon request. Performance results have been compiled solely by Heritage, are unaudited, and have not been independently verified. Heritage maintains all information supporting the performance results in accordance with regulatory requirements.