



HERITAGE CAPITAL LLC

Invest for Tomorrow. Live for Today.™

Welcome to 2019!

I hope you had an enjoyable and safe New Year's. We had an absolutely wild and crazy one. It was one for the ages! I think my wife and I were fast asleep by 11pm although I am told that the kids were up until 1am. It's good to be young. We were in Vermont and had some folks over for a very low key evening as yet another non snow producing winter storm came through as sleet, ice, freezing rain and then rain. It was the third such storm in 11 days. Frankly, Vermont has had enough rain lately to last a year. It's time for some snow!

Before I dive in to the update, I am scheduled to join Fox Business' Making Money at 2:50 pm on Wednesday with my old friend Charles Payne where it will be all about the stock market.

Stocks finished the year in very strong fashion with the major indices up between 6% and 7 % since the Christmas Eve low. Most people are surprised at the magnitude since few feel really good after December's drubbing. The last 5 trading days produced outsized returns for the bulls, however nothing that hasn't been seen a number of times since 1990. 2008, 2000, 1997 and 1994 all saw similar outcomes to close the year. Anytime you invoke 2008 or 2000, investors begin to sweat and shake although 1994 and 1997 does not bring back fear and panic attacks.

Furthermore, while stocks did add to those gains to begin 2009, they did end up give back all of those gains and another 15% by the time a generational bottom was hammered in by early March. 2001 saw the year begin on a sour note and that continued right through to the low point of the year on September 21. 1998 started on the weak side, but the bulls quickly recovered from New Year's Eve and saw soaring prices into July. 1995 began without much fanfare and that turned out to be the single greatest year in modern investing history.

So what does all this tell us for 2019? Not much. In this specific case, history isn't much of a guide. One area where history is a good guide concerns which market segment is supposed to lead over the first 5 trading days of the year. For 2019, that's the S&P 400 Midcap Index.

Circling back to how stocks closed 2018, in very unusual fashion, the major indices fell roughly .75% 10 minutes before the close and then rallied 1% into the close. Such wild gyrations usually lead to a giveback of the last move early the next day which would be first thing Wednesday morning.



I will have more on where I think stocks head in January as well as Q1 soon. With the first day of the month, quarter and year here, this is always the single busiest time of the year. In short, the odds favor January being a down month and the first quarter a little sloppy and messy as the bottoming process continues.

Finally, if you're keeping score at home, the Santa Claus Rally has two days left.

As many of you know, I have gone to a quasi online calendar so you can book an appointment when you want to and not just when we're in the office or respond to your email. For now, I do not include evening meetings nor early morning ones, but I will try and accommodate as best I can.

If you would like to schedule a meeting, Skype, FaceTime or call, please click on the link below and give it a try. My calendar is now open into January.

<https://schedulewithpaul.as.me/>

Don't forget about our blog, www.investfortomorrowblog.com for shorter-term analysis.

You can sign up to receive notifications when a new blog has been posted here.

<http://www.investfortomorrow.com/BlogAlerts.asp>

Once again, I want to wish you and your family all the best for a happy, healthy, safe, peaceful and prosperous 2019!

To Your Financial Success,



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