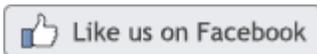




August 15, 2019

3:10 PM EST



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Boring Summer But Back in Action

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Just a quick heads up before I dive in. Over the next week or so, clients should be receiving our survey to gauge your experience and thoughts on a number of topics. The plan is to send via email several times unless you prefer a hard copy which will happily send.

It's been a long while since I did a full Street\$Marts and I have lots of articles written and contemplated so there should be several issues coming over the next three to four weeks.

Since my unfortunate, but successful bout with a 50 foot silver maple tree on May 18, most of our summer plans were thrown into a tizzy as I waited for my 35 broken bones to heal. Believe me, it sounds worse than it was. Rumors of my demise were greatly exaggerated!

I normally do not make a ton of summer plans in advance, but for some reason, I did this year, starting with a bucket list golf weekend in The Hamptons. Well, that didn't happen. Lying on the table in the trauma room, I told the nurse who was picking dirt and bark out of my hair that I needed to be on the field for Little League playoffs in three weeks. She smiled, gently patted my head and said, "Well not this year dear. You will probably be here for three weeks." "No I won't", I replied.

Regardless of whether my family, friends or medical staff visited, I kept telling everyone who would listen not to underestimate me. I told them they have never met anyone as motivated as I was.

In less than three weeks, I was back on the field, first from my wheelchair and then with crutches to coach the last five games of the season. The kids went 5-0 with an average margin of victory of 6 runs. The boys at the top of lineup hit and the boys at the bottom of the lineup hit. Nothing made me happier or more proud to call up my son to receive his championship trophy.



Without the ability to travel, my media appearances were all postponed until I was cleared last month. Since then I have slowly eased back into it and I am now ramping it up with frequent trips to New York.

Below is a segment I did for local Fox with some general commentary on the second half of 2019 and what the average investor should do with their finances.

[https://www.youtube.com/watch?v=xsTUsk\\_pe9E&feature=youtu.be](https://www.youtube.com/watch?v=xsTUsk_pe9E&feature=youtu.be)

Here is an article I was heavily quoted in regarding how interest rate cuts impact retirees.

<https://www.bankrate.com/banking/federal-reserve/how-fed-interest-rate-cut-impacts-retirees/>

And the next two links were from my Skype participation on Yahoo Finance's The First Trade. I was my usual very animated self, criticizing Jay Powell and the Fed as well as calling out Elon Musk as in way over his head running Tesla.

<https://finance.yahoo.com/video/ecb-rates-unchanged-fed-expected-141413075.html>

<https://finance.yahoo.com/news/elon-musk-future-concerns-174859209.html>

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 through early September.

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

Don't forget about our blog, [www.investfortomorrowblog.com](http://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>

## **I HATE Tariffs**

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I hate tariffs! I hate tariffs! I hate tariffs!

PHEW!

Now that I got that out of the way, I can get down to business. I really hate the idea of tariffs. The free market should be the ultimate arbiter, absolutely not the global governments trying to protect certain industries. And as I have said over and over and over, no one, not a one, wins a trade war. There are only losers.

You can only put so much lipstick on that pig. Tariffs are either borne by the consumer or the producer, but tariffs are just a fancy word for taxes. The consumer can pay more for a good which is inflationary or the producer can absorb that cost which impacts their bottom line. And anyone who thinks the U.S. is guilt free is just dead wrong. How do you think our light truck industry became so dominant for Ford and GM?

What also bothers me is the President's tactics of the on again, off again tariffs which serves no one well. Literally, on any given second, a random tweet can hit Twitter and the global markets see instant outsized moves. And let's not forget that the Chinese are masters at manipulating their currency. In this regard, they have weakened the Yuan to help offset some of the tariffs.

If I were China, I would continue to massage the Yuan and always be open to calls, meetings and negotiations, but there is no way I would make a deal with U.S. before the 2020 election. What's the motivation? The Chinese economy is already in the toilet. President Xi is basically president for life or until he decides he's done. The Chinese people won't demand anything on this front. Xi is smartly playing the waiting game and hoping he gets to negotiate with another resident of the White House. And if Trump wins, Xi already knows who he is dealing with.

Many people have asked what the U.S. should do instead of imposing tariffs. How should we combat intellectual property theft? While an excellent question, there really is no good answer. I do not think China will ever agree to help the U.S. combat IP theft. We could fight it out at the World Trade Organization, but that's a lot of time without much reward.

The long-term "hope" is that the free market would eventually move manufacturing from China to other nations and that would help level the playing field, but not solve all of the problems. Additionally, unless the Chinese allow their currency to free float, it will never, ever be considered a reserve currency that the world must use. Eventually, the Chinese know that having a reserve currency trumps everything else.

President Trump has come out with some really good economic policies, like cutting more than 400 regulations and overhauling the tax code like Presidents Reagan and Kennedy before him. I supported these because they had a direct positive impact on the economy for everyone. Trump's policies toward China are misguided from my seat and will only end up damaging our economy. Some believe that Trump knows this, but is also counting on the Fed to continue to cut rates. That's a dangerous game, especially once the economy rolls over.

Bear Clowns Wrong, AGAIN - Dow 28,000 on the Way

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The news backdrop certainly isn't good. Trump adds tariffs. China threatens retaliation. Hong Kong protests. China readying to "invade". Germany and Italy in recession. Yield curve inverts in U.S. Recession fears explode higher. All of this sounds so bad. Like there is no hope, just darkness.

Yet stocks are merely 6.5% from an all-time high. 6.5%!

I will go one step further. News like I mentioned more often occurs as the stock market gropes for a bottom than puts in a meaningful peak. News like this creates fear, not greed and fear is the emotion that happens during market lows, not near highs.

The S&P 500 has pulled back 6% on a closing basis since its last all-time high on July 26, just like it has done more than 30 times since 1950 (5-9.9% pullback). Yet, the vast majority of what I am watching, hearing and reading is making people feel a whole lot worse and believe that stocks are down more than 10%. As usual, the data do not support the conclusions of the masses.

Additionally, short, sharp declines from all-time highs are not how bear markets usually begin and that's not what we saw in 2007 and 2000. Short, sharp declines from all-time highs are typically recovered from in less than two months.

With all that said, as I type this, I do not believe the final low is in just yet for stocks. Most or much of the price damage has already been seen, but the decline does not look perfectly complete right now. While that could change very quickly, Dow 25,000 or even 24,500 wouldn't not be a shock as I have written about for the past few weeks on the [www.investfortomorrowblog.com](http://www.investfortomorrowblog.com)

Lots and lots of people watch the average price of the last 200 days as a gauge of the market's overall trend. Some say it's a self-fulfilling prophecy when price gets close as humans and the computers push it to the finish line. Below you can see the Dow and S&P 500 with the pink line representing the 200 day moving average.

Over the past 19 months we have seen a number of times, especially on the left side of each chart where price came down to kiss the pink line and then rally. However, we also saw last fall where that long-term gauge of trend did not hold. On the right side of each chart, you can see the Dow on the left saying hello to the pink line right now, while the S&P 500 on the right chart remains a bit above it.

The bottom line is that in the strongest markets, price normally holds at or around the pink line. Conversely, in the weakest markets, rallies are capped at or near the pink line on the way back up.



When looking for opportunities today, a barbell approach, usually reserved for bonds, is one that makes sense to me. By barbell, I am looking for some less volatile sectors on the left side and some more volatile sectors on the right side. Staples, REITs and utilities would fill the left while semiconductors would fill the right. Right now, I am not all that interested in things like industrials, materials, energy (although it should see a big bounce soon), biotech, retail and banks (although diversified financials look much better).

Finally, and the answer to the question everyone keeps asking over and over again, the bull market remains intact and will need to see at least another fresh, all-time high before the possibility of a bear market enters my thinking. There are too many positives and not enough serious warning signs in the financial markets to build the foundation for a bear market, no matter how many people are hoping and praying for one for some moronic reason.

The bear clowns are alive and well in the media and on Twitter, still beating their chests for the 10th straight year. Their wildly negative, gloom and doom forecasts sell well during interviews and scare the masses, but have done nothing to help investors make money. This bull market remains the most hated and disavowed in history and until the retail public returns to invest, stocks will move higher on balance.

## Scam, Frauds and Thefts - Not Just the Elderly Who Fall

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With full attribution and permission, I am sending this article written by Charles McSherry in Horsesmouth because it is so important and timely right now.

You've saved money all your life. Or, maybe you sold your business after investing years of hard work. You've chosen the smart path and have a comfortable nest egg as you set sail into retirement.

But always be on guard! Criminals seek to trick you into willingly handing over your hard-earning savings.

I hope I have your attention.

Elder financial exploitation quadrupled from 2013 to 2017, according to the [\[\https://files.consumerfinance.gov/f/documents/cfpb_suspicious-activity-reports-elder-financial-exploitation_report.pdf

Consumer Financial Protection Bureau]].

Specifically, these activities originated from unknown scammers, family members, caregivers, or someone in a nursing home. They involved more than \$6 billion, with an average loss of \$34,200. But in 7% of these instances, losses exceeded \$100,000.

In 2017, elder financial exploitation reports totaled 63,500. Sadly, these reports probably represent just a small fraction of actual incidents.

According to the [<https://www.fbi.gov/news/stories/results-of-elder-fraud-sweep-announced-030719> FBI]], more than 2 million seniors were victimized in the past year.

Even [<https://www.fbi.gov/news/stories/former-fbi-director-william-webster-helps-foil-fraudster-030719>

former FBI Director William Webster]], 95, was targeted in 2014.

Webster was promised \$72 million and a new car...if he paid several thousand dollars to cover shipping. Ultimately, the caller was arrested. But not before his relatives in Jamaica had successfully scammed other U.S. citizens out of hundreds of thousands of dollars.

It won't happen to me

If you're thinking, "This can't happen to me," think again. The best and brightest can fall victim to a seasoned swindler.

While scams are only limited by the criminal imagination, the U.S. Senate's Committee on Aging highlighted some of the more common scams in a report entitled, [<https://www.aging.senate.gov/imo/media/doc/2018%20Fraud%20Book.pdf> Protecting Older Americans Against Fraud]].

Included are the top nine scams. Please familiarize yourself with this list. If you have any questions, we would be happy to talk with you.

IRS impersonation scams

Scammers impersonating IRS officials claim you owe money and pressure you to settle immediately. If victims make an initial payment, they will often be told that new discrepancies have been found in their tax records, which must be satisfied with another payment.

Don't fall victim! The IRS will *never* call you to demand immediate payment. If there is a question about your return, you'll receive a letter, and there is a process to appeal any disputed amount.

Robocalls and unsolicited phone calls

Robo-dialers can be used to distribute prerecorded messages or connect the person who answers the call with a live person. IRS scammers may use this tactic.

Robocalls often originate overseas, and numbers are usually spoofed to hide their true identity. Have you recently received a call from someone whose phone number has your prefix? If you don't recognize the number, it's likely spoofed and not local.

The FTC has warned not to give out personal information in response to an incoming call. Identity thieves are clever. They often pose as bank representatives, credit card companies, creditors, or government agencies. They hope to convince victims to reveal their account numbers, Social Security numbers, mothers' maiden names, passwords, and other identifying information.

Unsure who you are talking too? Just hang up the phone.

Sweepstakes scams / Jamaican lottery scam

Sweepstakes scams continue to claim senior victims who believe they have won a lottery and need only take a few actions, i.e., sending cash to the con artists in order to obtain their "winnings."

Sometimes, it's best not to answer a call if you don't recognize the number. If it's a friend, they'll leave a voicemail message.

"Can you hear me?" "Are you there?" scams

The goal: get your voice print saying, "Yes." Then, the scammer charges your credit card using your "Yes."

If asked, don't respond. Just hang up. If you get a call, don't press 1 to speak to a live operator to be removed from the list. If you respond in any way, it will likely lead to more robocalls-and more scams.

Grandparent scams

"Hi Grandma/Grandpa, guess who?" When you respond, "This sounds like 'Sally'," the fraudster will say "she's" in trouble and needs money to help with an emergency, such as getting out of jail or paying a hospital bill.

If you send cash, expect "her" to call you again, asking for more cash. Victims who were duped later said they had wished they had asked some simple questions that only their true grandchild would know how to answer.

Computer tech support scam

Whether a computer pop-up screen or an alleged caller from Microsoft, scammers claim your PC is infected with a virus. Please note, Microsoft will never call you to inform you they have detected a virus.

Do not give control of your computer to a third party that calls you out of the blue. Don't give them your credit card.

Romance scams

More and more Americans are taking to the Internet to find a partner. While some find love, others find financial heartache.

Be wary of individuals who claim the romance was destiny or fate. Be cautious if an individual declares his or her love but needs money from you to fund a visit. Or claims cash is unexpectedly needed to cover an emergency. These are huge red flags.

Identity theft

This was the most common type of consumer complaint in 2016, with nearly 400,000 complaints.

Placing a freeze with the major credit bureaus helps prevent credit cards or loans from being taken out in your name. If you believe you are a victim, call the companies where the fraud occurred, place a fraud alert with the credit bureaus, and file a report with your local police department.

Government grant scams

In the most common variation of this scam, consumers receive an unsolicited phone call from a con artist claiming he or she is from the "Federal Grants Administration," or the "Federal Grants Department"-agencies that do not exist.

Always remember, grants are made for specific purposes, not because you are a good taxpayer.

Do not wire funds to cover fees for the so-called grant. Government grants never require fees of any kind. If you do, you'll likely get more requests for additional unforeseen "fees."

And, don't give out bank information or personal information to these swindlers. Scammers pressure people to divulge their bank account information so that they can steal the money in their account.

You wouldn't give bank information to a stranger at the supermarket. You don't know them. So, why give personal information to someone you don't know who unexpectedly contacted you?

Always remember, you are in control. When in doubt, hang up.

That is how you protect yourself.

If you suspect elder financial abuse, the <https://www.aba.com/consumers/pages/protectingtheelderly.aspx> American Bankers Association suggests the following steps:

- **Talk to elderly friends or loved ones.** Try to determine what may be happening to their financial situation, such as a new person "helping" them with money management, or a relative using cards or credit without their permission.
- **Report the elder financial abuse to their bank.** Enlist their banker's help to stop it and prevent its recurrence.
- **Contact Adult Protective Services in your town or state for help.** Report all instances of elder financial abuse to your local police-if fraud is involved, they should investigate.

Be alert and stay vigilant!

Upcoming Appearances

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Yahoo Finance's The First Trade - August 15th from 9:20am to 9:40am

Yahoo Finance's On The Move - August 27th from Noon to 1:00pm

Fox Business' Making Money - August 27th at 2:00pm & 2:50pm

Yahoo Finance's On The Move -September 12th from 11:00am to 12:00pm

TD Ameritrade's Network - September 12th at 1:20pm

Fox Business' Making Money - September 12th at 2:00pm & 2:50pm

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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"In God we trust, all others bring data."

- W. Edwards Deming

"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

"A little bit at a time adds up to a lot in no time"

To Your Financial Success,



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