



Once in a while, I get an email from someone who takes issue with either my headline or one of my bold statements. They call me a few names, but continue to be on my email list. It's ok; I have thick skin. Having been in the business almost 19 years now, I, too, have received my fair share of newsletters. I still enjoy reading other people's research and conclusions, but made a promise to myself that my work would never "blend in" with everyone else's. I am not interested in taking the middle ground or speaking out of both sides of my mouth. There are literally thousands of people who do that every day and when I become one of them, someone please tell me so I can change careers!

I love my job! I love trading and managing money. I love watching clients live a comfortable retirement because of the job I have done. Or watch their children graduate college and know I helped. I make provocative statements and bold forecasts. That's who I am. That's who I will continue to be. Am I always right? Absolutely not, but you always know where I stand. And the proof lies in performance. One thing about this business, numbers do not lie!

So here is today's missive:

It's been a good month! A really good month!! Following the February 27 mini market earthquake led by the Chinese 9% drop, we have seen a variety of aftershocks, all falling in the context of the roadmap I laid out in early March. Our work indicated an initial bottom around March 5 or 6 followed by a brief rally and subsequent retest of that low. After seeing that occur, I wrote about a better rally developing for a few weeks and then a final drop that would definitely be news driven. Only a guess, I thought it could be another sub prime mortgage issue or a geopolitical event.

My timetable, as you may recall, was the last week of March or first week of April. I forecasted that period based on two similar stock market events in April 1987 and October 1997, where our models behaved exactly like today. If you do not have that email handy, here is the link to view it on our website.

[http://www.investfortomorrow.com/newsletter/CurrentStreet\\$mart20070315.pdf](http://www.investfortomorrow.com/newsletter/CurrentStreet$mart20070315.pdf) After this final expected bout of weakness, I see new highs in all major indexes during the second quarter! I want to repeat this comment as it's been in every email since early March. Our analysis is forecasting a very powerful rally during the second quarter. Our strategies, especially the flagship sector program, have performed very well in March and even

though they will give some back if we see another move lower in the very short-term, they are positioned perfectly to take full advantage of a potentially large move by June.

I expect the stock market to have a bad day on Wednesday. Yes, it is only one day, but it could be a scary one and bleed into the end of the week or even next week. This should be a decline to buy with both hands when the signals flash shortly. Watch for the news backdrop to worsen, leading to a final mini capitulation type day or days on high volume. As I mentioned a few times recently, most declines typically see an external news event at the final low. Here is a short list:

May 2006 Middle East conflict

March 2003 Iraq War

October 2002 Corporate Malfeasance (WorldCom, Martha Stewart, Enron)

September 2001 9-11

March 2001 Dotcoms going bust

October 1998 Long Term Capital

July 1996 Elaine Garzarelli turned bearish (if you can believe that!)

December 1994 Orange County municipal mess

When most people are busy reading the headlines and panicking, smart money is standing there accumulating stock for a lower risk trade. I believe the same thing is going to happen this time.

If you have any questions or comments about anything I write or simply want an independent third party to take a look at your portfolio, please hit reply and let's schedule a meeting or call. As my good friend Larry Bogner once said, "the meeting is free... but the information is priceless!"

All Good Trades,

All Good Trades,

Paul Schatz

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If you are a **private investor** with \$250,000 or more of investable assets and would like to take advantage of a complimentary 20-minute telephone consultation with Mr. Schatz to discuss the best financial strategy in the current market climate, please call Heather Mills at **203.389.3553** or email Info@InvestForTomorrow.com to schedule an appointment.

If you are a **financial advisor** managing client portfolios with \$250,000 or more and would like to take advantage of a complimentary 20-minute telephone consultation with Mr. Schatz to discuss the best financial strategy in the current market climate for your clients as well as our fee sharing arrangement, please call Heather Mills at **203.389.3553** or email Info@InvestForTomorrow.com to schedule an appointment.

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