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I had three very different CNBC interviews this week on gold, the banking sector and my response to well respected hedge fund manager **David Tepper's** (http://www.cnbc.com/id/39322211) comments that the only path for stock prices is UP. I offered a very different tune (read: I totally disagree with him!) in a **CNBC interview** (http://www.investfortomorrow.com/InMedia.asp) on September 27. I would be very interested in your take, so please hit REPLY and let me know what you think!

As I occasionally do thanks to you forwarding along interesting stories, here is a link to a CBS story on how much money the government (republicans and democrats) wasted, I mean spent, on their vacation, I mean business trip, to Denmark for the Copenhagen Climate Summit.

I don't care of you are left, right, male, female, white, black, there is no way this is tolerable in any economy, let alone where we are today. And politicians wonder why there is such an anti-incumbent wave?!?!
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[What's Wrong With Government](http://www.cbsnews.com/stories/2010/01/25/cbsnews_investigates/main6140406.shtml)(http://www.cbsnews.com/stories/2010/01/25/cbsnews_investigates/main6140406.shtml)

Bull-Bear Tug-of-War Set for October

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As I finish this issue, it's just about the end of the month and quarter. What a fantastic month September has been. And the third quarter hasn't been too shabby either! A little luck is always appreciated in the markets, but luck IS the residue of effort, isn't it? Having been fortunate enough to commit your cash on July 1, the day of THE market low, it set you up nicely for the the quarter, although there was that tenuous period in August where I swallowed hard a few times!

I continue to find it very interesting that so many people disavowed the rally in July, reinforced their bearishness in August, ignored the next rally for most of September, but finally became confident and bought in after the S&P 500 exceeded its June and August peaks. In order to make that trade, you would have to believe the 10%+ rally has much further to go before faltering. That's a tough position for me to take.

On the positive side, the number of stocks going up and down on a daily basis continues to make new highs, indicating there is still a torrent of liquidity (money) available in the system. The high yield bond sector has been making new highs day after day and week after week for some time, another tick for the bulls.

I've said before that I believe REITS and Consumer Staples would make new 2010 highs during this move and that's happened along with Software, Telecom and Utilities. The more sectors that play catch up and make new 2010 highs, the more likely it is for the stock market to move higher after the next pullback.

Negatively, my two favorite and most important leadership sectors, Semis and Banks are lagging woefully behind their peers with no sign of change. That's a problem! Volume, long considered the horsepower of the market, remains at depressed and becoming more so each week. Stocks don't need volume to decline. They can do that under their own weight, but they do need volume to build on the way up to support the advance.

Sentiment, which was incredibly supportive of higher prices for most of the quarter, has been downgraded to neutral at best as many bears have thrown in the towel.

And now that the market has closed, I do not like how it behaved today. Early strength was sold and lots of warning signs crept up by the close. Unless Mr. Market is going to completely fool the masses right here, similar to late April, it looks like there should be a short-term pullback either to begin the new month and quarter or right after the seasonally positive period ends next week. From there, if a larger decline lies
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ahead, there should be another rally, which is very underwhelming, to the final peak.

Where YOU Think Real Estate Is Headed

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For several weeks, I asked you to offer your thoughts on where the residential real estate market is headed. With primary homes being the greatest asset many people own, I thought it would be a good topic for the newsletter as well as the **blog**.

As I think I mentioned, my wife and I sold our house in August. She had been wanting more space and I have been concerned about another significant leg down in real estate. So although our reasons were about as far apart as possible, we both agreed to sell. By doing that, according to our real estate super agent, Judy Cooper, we also would have maximum flexibility when it came time to buy and be viewed very positively by sellers as we wouldn't have a house that needed to sell first.

When my wife first mentioned the idea of selling, like I unfortunately do with almost everything in life, I created a financial model that compares properties on an apples to apples basis using several different metrics and formulas so we could rationally and unemotionally determine what our house should sell for along with how much to pay another house. Over the past two years, this has prevented us from leaping into what ended up being some very overpriced properties.

As an aside, when we were first house looking in 2000 and 2001, my wife had a habit of loudly telling me in front of the seller's agent "I want it. I want it. I want it. Let's pay asking price!" Little did she realize so early in our marriage that her husband (me) wasn't known for parting with a buck so easily! But after all this time, as she just emailed me a new listing with the word "perfect" in it, she now knows that unless the house is able to be bought within the parameters of the model I created, it's unlikely to happen. And before you open an email to tell me, yes I know, I am a pain in the rear end when it comes to money! My wife deserves an award for putting up with me!!

Getting back to the topic, I found it interesting that unlike the survey I did regarding what our government's top priority should be along with where you sit politically, the real estate results were almost the same from blog readers as they were for you, my Street$marts newsletter readers. Here are the results:

Over the next year real estate prices will:

Rise 41%
Fall 59%

Over the next 5 years real estate prices will:

Rise 65%
Fall 35%

Over the next 10 years real estate prices will:

Rise 94%
Fall 6%

Over the next 20 years real estate prices will:
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Rise 100%
Fall 0%

Generally speaking, as you would expect, the longer the time horizon, the more favorable you view an investment in real estate. I was shocked to see that every single person participating believes that real estate will rise over the next 20 years. Usually, as my blog supports, there is a semi-permanent bearish camp, whether it be stock prices, interest rates, the economy or real estate. Just like there is usually a semi-permanent bullish camp.

I assume that you used the past 30 years of real estate pricing as a guide for the next 10 and 20 years. We've seen several busts during that time, but prices always seemed to have come back over a period of years. Coincidentally, the last 30 years have seen the greatest bull market in bonds (read: lower interest rates) in history. With the conventional 30 year fixed rate mortgage at or near all time lows around 4.25%, you have to ask yourself what the likelihood is of continuing this bond bull market for another 10 or 20 years.

I am going to end this piece here and pick up again in the next issue with some analysis and charts.

I would be interested to learn your feelings about stock prices, so if you have a chance, please **CLICK HERE** and take a 30 second survey for a future contribution.

Upcoming TV Appearances

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CNBC's Squawk on the Street - September 27 at 10:00am

CNBC's Worldwide Exchange - September 28 at 5:30am

CNBC's The Call - October 13 at 11:05am

CNBC's Worldwide Exchange - October 29 at 5:30am

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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"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, 1931

"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 via Tim Woods

"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 via Casey Research

"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.

Sign Up Here

You can also forward this email to family and friends by hitting the "forward email" hotlink at the bottom of this email.
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