



November 1, 2011

5:02 PM EDT

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Family Fun

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A couple of housekeeping items to start off with. You will notice that your monthly statement from Ceros will look a bit different when it comes next week. NFS (Fidelity) has spent months and months soliciting feedback from advisors and clients on the look, feel and how information is presented. Many of your comments have been incorporated into the new statement and I hope you find it easier to read and understand. Please don't hesitate to call or email with your questions and comments.

I am going to be on CNBC's Worldwide Exchange on Wednesday at 5:50am. Some of you have commented that there isn't as much notice as there used to be. That's correct. CNBC restructured their lineup, eliminating one of my regular shows, The Call, and use less guests on Squawk on the Street than they used to.

Now to the family and then to the market.

There used to be a television show called Kids Say The Darndest Things. It was pretty funny and I always got a kick out of the little ones who acted so seriously. With three kids under 9, we get our fair share of humor, but this week, they hit the trifecta as each one had a head shaker.

First, the whole family was watching the World Series when my 9 year old daughter who plays softball on a travel team asked why the coach wasn't running in to pitch. So I asked her, "why would the coach come in to pitch?"

And she answered, "in our league, after you get four balls, the coach runs in to take over for the pitcher". I can only imagine Tony LaRussa sprinting to the pitcher's mound after his pitcher throws four balls!

Over the weekend, my 6 year old son came running into our bedroom and woke us up. He said, "Dad, I have really bad news. It's terrible!" So I sat up, figuring something had happened in the world and he saw it on tv. "What's up", I asked. He looked at me and said "The connection for the Nintendo Wii through Netflix was erased and it won't work!"

And finally, last night, my three year old son was home sick on Halloween. He fell asleep at 4:30pm and woke up at 10:30pm. After taking a bath, he came downstairs looking for food. With all sorts of kids choices for him, he walked passed the table and opened the fridge. Shaking his head from side to side, he said, "Mom, I just want some hearts of palm with black olives please".

## Is The Rally Dead?

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What a strong October we saw in the major stock market indices! It was certainly one for the ages. It's very rare to see a 10%+ month, but similar rallies were seen in the four weeks following the post crash scenario that has been discussed since mid August.

A few of you sent emails during the rally asking, "what now?" If you look at the all too familiar chart below, I forecasted that 1300 on the S&P 500 would be hit much later during the fourth quarter, certainly not just four week into the move.



And as you can also see from the chart and in the media, the last two days have been dramatic on the downside. But remember, after such an enormous upside move, some pullback and digestion has to be expected. Interestingly, the stock market went further on the upside than most people thought in such a short period of time.

Looking at the very busy chart below, stocks exceeded three areas where the bears were confident the market would fail. First, back in the summer, traders and investors were fixated on the 1250-1255 area on the S&P 500. Once that was breached, a trap door opened for heavy selling. Many believed that 1250-1255 would certainly halt the rally last month.

Next, from a chart I showed in August, explaining the technical pattern called a Head and Shoulder. The "neckline" was breached hard on the way down in August and many thought it would prove difficult to exceed on the way back up.

And finally, the average price of the last 200 days is a popular measure that investors use to determine a bull and bear trend. All three areas were closed above by the bulls last week, which certainly forced many bears to throw in the towel, precisely at the wrong time and right before the market was about to experience its largest pullback since the bull run began on October 3.



Where do we go from here? Is the rally over and dead?

With the intermediate-term trend now being up, I don't believe the rally is over. Worst case, there should be one more move to the upside, but I think there is still even more to come this quarter. The market continues to be held hostage by headlines from the Eurozone with Greece coming back to center stage. Italy isn't far behind.

On our own shores, earnings season is winding down and the results were pretty good. Even the latest GDP report showed 2.5% growth, although I am a bit skeptical and that number may be revised lower. But that's a far cry from the economists calling for the economy to fall off the cliff just two months ago. I remain of the opinion that the deleveraging process will continue to hinder growth. GDP should be stuck in the -.50% to plus 2% or 2.50% for some time as we work through our problems and get our financial houses in order. Many corporations have already done this as evidenced by their record levels of balance sheet cash exceeding \$2 trillion.

If any of this does not make sense, please don't hesitate to hit REPLY or call me directly in the office to discuss.

### Last Letter of Instruction

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The following article was borrowed with permission from my friend and

fellow adviser, Will Hepburn, who runs an eponymous firm in northern Arizona.

Such a letter can be a tremendous help to those who must administer your affairs if you become incapacitated or die. This can be an informal letter, list or ledger, separate from your will.

Keep one copy at home with your records. Give copies to your attorney, the executor or personal representative of your estate, and perhaps a close friend who can pass it along to your beneficiaries at the appropriate time.

The Letter of Last Instruction should be signed and dated, but no notary stamp is necessary. It should include:

1. Location of the original will, trust documents, living wills, powers of attorney, organ donor statements, military discharge papers, birth certificates, and other important documents.
2. Funeral and burial instructions. (Your will may not be read until after the funeral.)
3. Statements that you might not want made public. Wills become a matter of public record available to anyone who asks, so instructions which might be misconstrued or sound inconsiderate but might prove useful to a personal representative or trustee can be conveyed this way.
4. Suggestions as to the continuance of a business interest, if one exists. (As public documents, wills are inappropriate forums for certain business intentions.)
5. An explanation of unusual bequests or actions requested in the will. For instance "I left my house to Mrs. Smith who was so nice to me . . . I left only \$1 to Aunt Tilley because . . ."
6. A list of professionals who render service to you, including your lawyer, investment advisor, doctor, accountant, minister and veterinarian, if you have pets.
7. Names and locations of all banks and brokerage firms at which you have accounts.
8. Location of retirement plan statements.
9. Location of safes and safe deposit boxes and their keys or combinations.
10. Locations of savings bonds, stock and bond certificates if not held in an account.
11. Names of insurance carriers and location of policies for insurance and

annuities.

12. Locations of previous year's tax returns, bill files, mortgage documents, etc.

13. How they can find computer passwords, usernames, etc.

14. List of persons who should be notified of your death. (Name, address, phone numbers and email addresses)

15. List of persons who have a copy of this letter (who will need to be notified of future changes).

16. Any other information which you feel would prove useful to your personal representative or to your successor trustee.

Update this letter as often as your circumstances change. Keeping it on a computer will make future changes very simple, especially if you can also email the changed document to those who should get updated copies.

Note: Do not make bequests or appoint an executor in your Letter of Last Instruction, since this document is for information purposes only and will not have legal standing.

Upcoming Appearances

CNBC's Worldwide Exchange - November 2 at 5:50am

ET NOW's Trading Calls - November 2 at 10:30pm

World Cup of Trading ETFs - November 15 - 16, West Palm Beach FL

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

"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

"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](#)

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## To Your Financial Success,



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