



HERITAGE CAPITAL LLC

Invest for Tomorrow. Live for Today.™

I am going to be on CNBC's Closing Bell today, March 26, at 3pm discussing the S&P 500's continued assault on all time highs as well as the latest nonsense out of Cyprus, a country with the economic output of Vermont!

As you know, we have been very bullish on stocks since mid November, especially through the overhyped fiscal cliff and sequester embarrassments. Sadly, looking at Washington's fiscal calendar, we have many more "urgent" deadlines in 2013. Yippee! That means the media will force feed us with congressmen from both sides who just keep talking but say nothing, not to mention what comes out of the administration!!

In any case, we have greatly tempered our enthusiasm for the stock market since last week and believe it's now appropriate to protect and/or hedge the nice profits. That certainly does not mean that stocks must go down right here or at all, but we do see the risk/reward ratio as no longer in our favor.

Looking at the Dow, 15,100 seems like a good ceiling while 13,700 looks like a floor. I am concerned that Wall Street strategists are literally falling over themselves to be the most bullish, raising their price targets every week. The emerging markets complex (think China, Russia, Brazil, etc.) is down on the year and behaving poorly. The semiconductors, leaders in the tech sector, act heavy and want to drop more. High yield bonds have gone from leader to laggard.

On the flip side, I still see some bright spots like the Fed printing \$85B a month, banks trading very well and the number of stocks going up and down on the New York Stock Exchange continuing to hit all time highs. And that's why I am not becoming more negative over the intermediate and long-term, at least not yet.

Stocks are due for a rest between here, 14,600, and 15,100. Should it come, I will assess the pullback for any damage done and report back. This should not be the final nail in the bull market's coffin.

Happy Passover and Easter to those celebrating!

Thank you Mother Nature for delivering another 2 feet of snow to Vermont last week! Some of us appreciate your fine work!!

Over the next two weeks, I will be visiting the Boston area as well as the east coast of Florida. Please let me know if you would like to grab coffee or an adult beverage!

To Your Financial Success,



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