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Inside this issue

Making Strides in 2015

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With the turn of the calendar I am definitely busier than normal with reconciling the month, quarter and annual performance along with media requests. As soon as I hit send on this issue, I will be working on my quarter and year-end client report which I hope to have out towards the end of the week.

This coming week I will be on CNBC's Closing Bell live from the New York Stock Exchange on Monday at 3:50 PM as well as my regular appearance on Fox Business' Making Money with Charles Payne from 6 PM - 7 PM. For folks in CT, on Wednesday in the 9 AM hour, I will be on Fox61's morning show discussing my Top 7 Tips for Financial Health and Well Being in 2015.

While I am not one for making a big list of resolutions, probably because it would just get lost in one of my stacks of paper in the office, I do try and come
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up with one thing, business, financial or personal, I want to change or accomplish by this time next year. I remember a few years ago that my big goal was to get our office paperless. Not exactly sexy or exciting but something I procrastinated on for years. Another year, I vowed to spend more time with my kids outside of the house. And that ended up resulting in coaching one baseball team, one tee ball team, two softball teams, becoming a swimming official and a few boys weekends in Vermont.

Over the holidays I thought long and hard about what that one thing was going to be for 2015. While one of my first thoughts was to deliver my clients a huge year of returns, I know that a lot of that falls outside of my direct control. Some years are big across the board; some years are challenged across the board and some years are mixed. It's also not a "fair" goal because strong returns are a goal every single year.

For 2015, I am going to strive to spend more time in the evenings at home... as long as the family is there. The real question becomes, will they want me there!

Don't forget to check our blog for intra-issue updates. When there is more than a week between these issues I tend to post a lot on the blog and we can also notify you by email when something new is posted there. **www.Investfortomorrowblog.com**

Early Warning System & January Barometer

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With the first five days of January officially in the books, the Early Warning System (EWS) pioneered by Yale Hirsch is flashing a positive sign for the rest of January as well as 2015. The theory says that as go the first five trading days of the new year, so goes January. And as goes January, so goes the year.

With help from my friend Carter Worth of Stern Agee (Carter did the heavy lifting and I peppered him with questions), he examined both the first five days as well as January since 1927. If the EWS was positive, there is a 76% chance that the whole year will be positive. If the EWS was negative, then the year was a 50/50 toss up. Any random year has a 67% chance of being up. So right now, history says there is a 76% chance of 2015 being an up year.

Those stats alone seem valuable, but they left a big question unanswered for me. If the EWS was positive and then January was positive, how much did January's return borrow or steal from the full year? Remember, we really don't know the full results until January 31 and by that time, the stock market could already be substantially higher and potentially cannibalize the full year results.
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After continuing to annoy my old friend Carter, we learned that when January is negative, the rest of the year is actually positive by an average of a paltry 1.6%. However, when January is positive, the rest of the year is also positive by an impressive 8.6%.

Although stocks began the year on a sour note, the bulls rose to life over the third, fourth and fifth days of the year to close the first five days marginally higher. As I type this, January is currently down less than 1%. The next three weeks are obviously key for this historical study in determining the outcome of 2015. After watching the Dow reach my longstanding 18,000 target, I am now patiently waiting for five consecutive closes above 18,000 to set the stage for a run to at least 20,000.

My own 2015 Fearless Forecast is being edited now and one thing is for sure, I do not see a repeat of 2014 in any asset class!

December Trends Fail to Reward Bulls

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As we closed 2014, my repeated messages were that the markets were in the most favorable six months of the year, three months of the year and strongest days and weeks of the year. Any and all weakness should be viewed as a buying opportunity. Stocks rallied strongly from their typical little December swoon although they closed the year and began the new year on the defensive.

There are many crosscurrents in December and January with one of the most prominent being the Santa Claus Rally. People measure it different ways and I look for a mid to late low in December with a rally into January. The more traditional method takes the last five trading days of the year plus the first two of the new year. The latter method was certainly not successful.

Another crosscurrent is the outperformance of small caps versus large caps in January. So far, this has not happened and next week is key for this trend to assert itself. Making a list of the biggest losers for 2014, there is a trend that says they typically rally early in the new year as tax loss selling is gone and portfolio managers are willing to give them a shot again. This trend has not shown any strong signs just yet and next week is key. Many times very early in the new year, currency markets tend to show major reversals. Although the dollar is declining against many of its counterparts as I type this, it's the first sign of any reversal and not confirmed.

All in all, it has not been a successful period for many historical tendencies and we will have to watch the rest of January closely for signs that something more ominous may lurk beneath the surface.
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Safeguarding your Credit and Money

It seems like there is a new announcement every other day from a retailer, bank, employer or data company saying their databases have been hacked and consumer information may have been stolen. There may be no way to know whether or not your information was among the lost data, but there are some steps you can take to protect yourself.

(1) Check your monthly statements!

Don't just throw them in a drawer or set them aside. Review your credit card, bank, and investment statements as soon as they come in and look for any transactions you do not recognize. Check bill amounts to make certain the amounts are reasonable. Small transactions matter. "Pinging" an account for a few cents is one way hackers verify that the account is active.

(2) If you believe the security of an account has been compromised, close it and open a new account.

There is no reason to leave your funds or credit rating at risk if you suspect your account has been hacked.

(3) Set electronic alerts.

Go into your account settings at your credit card company, bank, investment firm, etc. and set email, text or phone alerts that let you know if any unusual transactions take place, such as large charge amounts you don't recognize, or withdrawals. Make certain you receive notification of any changes in your account, such as changes in address and contact information.

(4) Reduce your credit limits or available balances.

If you are unlikely to need to make $50,000 in purchases on your credit card, request that your credit limit be reduced. Don't have excessive funds in debit card accounts. Make it more difficult for a thief to take advantage of your good credit standing or available cash.

(5) Change your PINs and passwords on a regular basis.

There are good guidelines available on what makes a better password. Reference those guidelines when you set PINs and passwords. And make certain written records of your account access codes are protected.

(6) Use a fraud monitoring service if free.

Often companies will offer one-year of free credit monitoring following the loss of data. If you opt to take advantage of the offer, make certain it comes from the company and is not fraudulent (adding insult to injury). Remember, the monitoring companies often offer these one-year deals at no cost to the companies that lost your data, anticipating that you will renew for years to come.

The caution is that you cannot entrust your security to others. In today's world, you have to take an active role in safeguarding yourself and your information.

Upcoming Appearances

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CNBC's Closing Bell - January 12th at 3:50 PM

Fox Business' Making Money with Charles Payne - January 12th 6:00 - 7:00 PM

FOX61 in CT - January 14th between 9 AM and 9:30 AM

Fox Business' Making Money with Charles Payne - January 21st 6:00 - 7:00 PM

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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"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

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
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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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