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Inside this issue

Bull Market Turns 6, But Dangerous...

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It's really amazing how TV shows have changed. With original content from HBO, Showtime and Netflix, you don't have to DVR shows to fast forward over the commercials. And look how some shows are released. Last week Netflix unveiled the entire third season of House of Cards (HoC) all at once. Facebook and Twitter were all abuzz with fans doing HoC marathons over the weekend to watch the entire season. I am only half way through season one so please don't email me back about it. I am the opposite of the marathon viewer. I like to savor each episode and stretch them out as I am doing with HBO's Entourage. Teri & I have been watching that for more a year and we are only in the middle of season three.

It's been an active few weeks in the media for me and you can view some of those segments below. I hope my message remains the same powerful one I have delivered since the end of 2011. The stock market is in a secular (long-term) bull market with more strength and higher highs to come over the
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coming months and quarters. Dow 20,000 is the next target.

Additionally, this bull market remains the most hated and disavowed in history with so many people completely missing out because of ridiculous conspiracy theories or the disbelief in the power of the Fed or scars from 2008 or aliens landing at the New York Stock Exchange. Whatever the reasons, the bears have categorically and embarrassingly wrong for years. And my advice to them hasn't changed in years either; get over it and embrace the awesomeness of the bull market while there are still profits to be had.

On Monday, the bull turns 6 years old. I vividly remember joining CNBC's The Call with Larry Kudlow questioning me about being the bear that week. It was a few days after the major low and I told Larry that I was abandoning my negative stance as I saw a bottom being formed. Larry got a big kick out of me changing my opinion live on his show. Little did I know that it was a generational bottom being formed. I didn't.

I find it so humorous how years later, everyone says they called THE bottom in 2009. I did call that a low, but I also called several others in October 2008 and November 2008 only to see stocks rally sharply and then rollover again to new lows. It wasn't until late in 2009 when I realized that stocks had seen their bear market bottom.

Anyway, this bull market is old and wrinkly, but bull markets don't die from old age. They die from mistakes and there aren't enough of them yet to kill this one. Short-term, stock market sentiment has reached dangerously optimistic levels, which usually means that any future gains will be given back until sentiment is corrected. This can happen two ways. One, stocks enter a trading range and frustrate the bulls until they give up. Or two, stocks pullback mid to upper single digits to weed out the weak handed bulls more quickly than a trading range. I don't have a strong opinion on which track the market takes other than to say that I hope investors enjoyed the excellent gains from February because it may be tougher sledding for a bit, but by no means the end of the bull market.

CNBC's Squawk Box

Dow Slingshot to 20,000

(**http://video.cnbc.com/gallery/?video=3000354174&play=1**)

Yahoo Finance

Dow 20,000 Here We Come

(**http://finance.yahoo.com/news/dow-20-000-here-we-come---this-market-is-going-higher---schatz-says-194558552.html**)

Fox Business' Making Money with Charles Payne
[**What's Wrong with this Economy?**](http://video.foxbusiness.com/v/4089438311001/cheap-gas-no-more/?playlist_id=87069#sp=show-clips)

(**http://video.foxbusiness.com/v/4089438311001/cheap-gas-no-more/?playlist_id=87069#sp=show-clips**)

Don't forget to check our blog for intra-issue updates.
www.Investfortomorrowblog.com

Canaries in the Major Indices Singing Loudly

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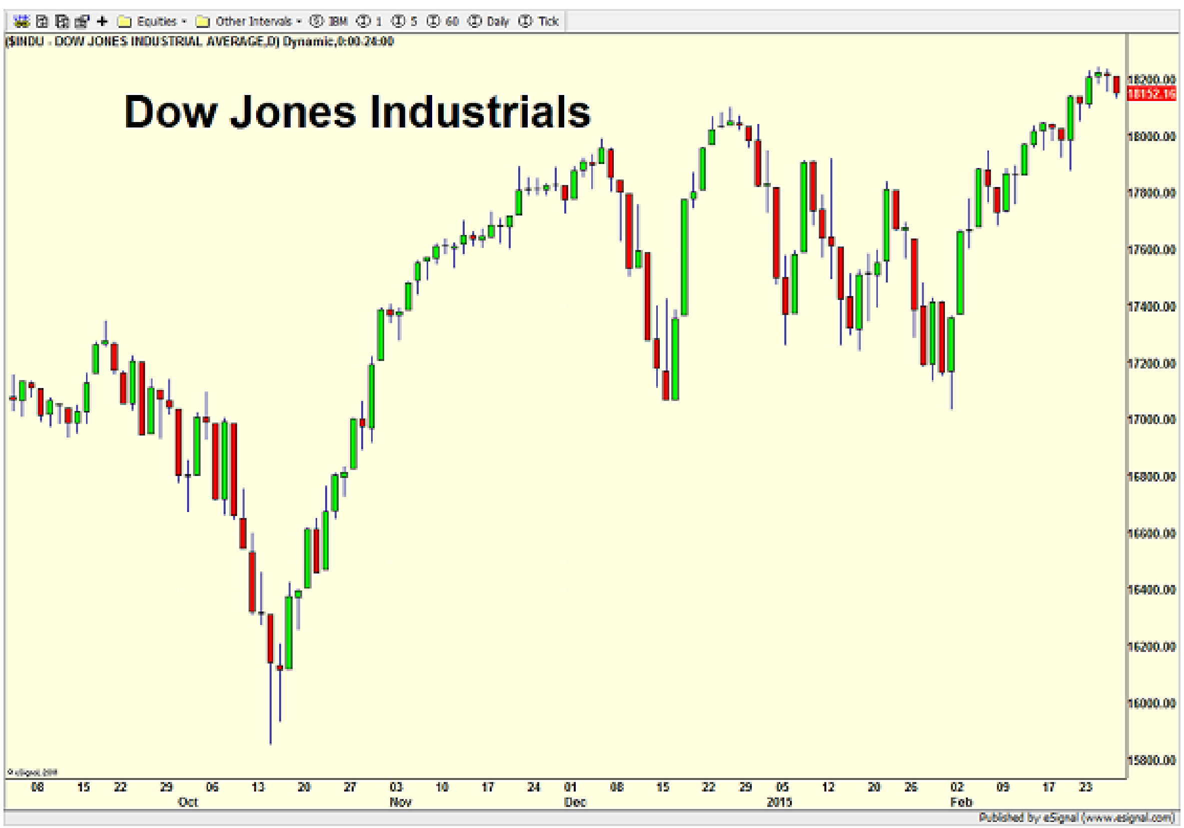
With stocks scoring new highs lately, it's a good time to pay a visit to the canaries and see if we have any dead ones. For newer readers, Canaries in the Coal Mine is a semi-regular piece when stocks are near fresh highs or lows to signal a potential major trend change or warning sign. This analysis is not good at identifying routine and regular corrections or intermediate-term rallies.

In this first piece, we are going to look at the major stock market indices with the Dow Jones Industrials being first. As you can see below, after a multi-month period of digestion with more than a few pundits calling for the end of the bull market, the Dow gathered itself and saw all-time highs this week.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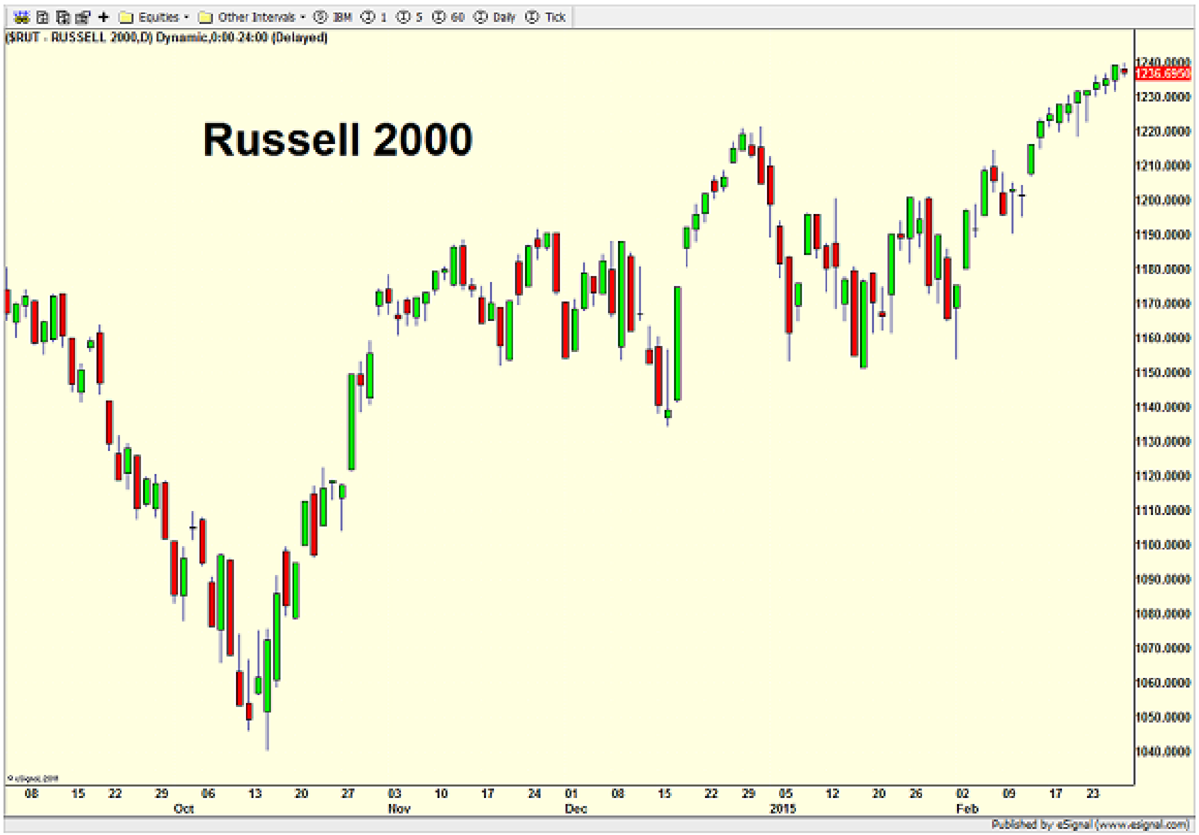
Almost the exact same comments can be made regarding the S&P 500 which is also sitting at an all-time high. Hard to argue with that!

The S&P 400 mid cap index is below and like the previous ones, it sits at yet another all-time high. Do you smell a trend developing here???

Just like with the others, but even more impressive, the Russell 2000 small cap index is next and sitting at all-time highs. This is probably the biggest "stick in the eye" to the bears because they were hanging their hats on the fact that the small caps performed so horribly last year, which would portend problems for the rest of the market in 2015. That scenario, which I totally discounted in my 2015 Fearless Forecast, was not to be had and the bears will have to find fault somewhere else.



Finally, the NASDAQ 100 is below and while it is not YET at the all-time level last seen in March 2000 which I forecast it will in the 2015 Fearless Forecast, it is, nonetheless, at fresh highs 14 year highs and still a bullish sign.

The takeaway from this section is that all canaries are happily signing loudly from a long-term perspective. We can and should see pullbacks and corrections along the way, but those should lead to more all-time highs down the road.

Sector Canaries Singing But Quietly

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With the major stock market indices all in good shape, let's take a look at the key sectors and two other important canaries.

The banks are first and they remain mired in a trading range for the past year. Before the last bear market, banks peaked a good nine months before the major indices did. In the Dotcom bear market, banks topped a full 18 months before the overall market did. As a bull, it would be very positive to see the banks exceed the level last seen at the end of 2014, roughly 5% higher.
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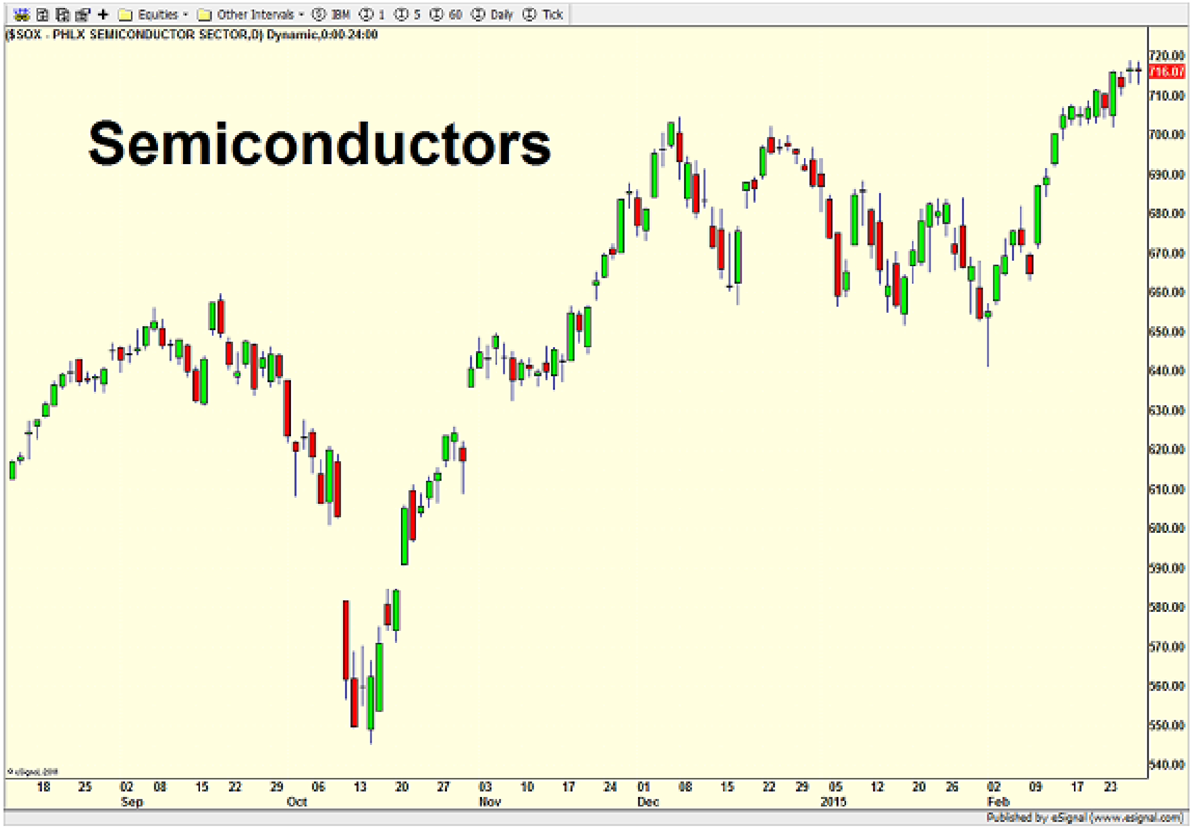
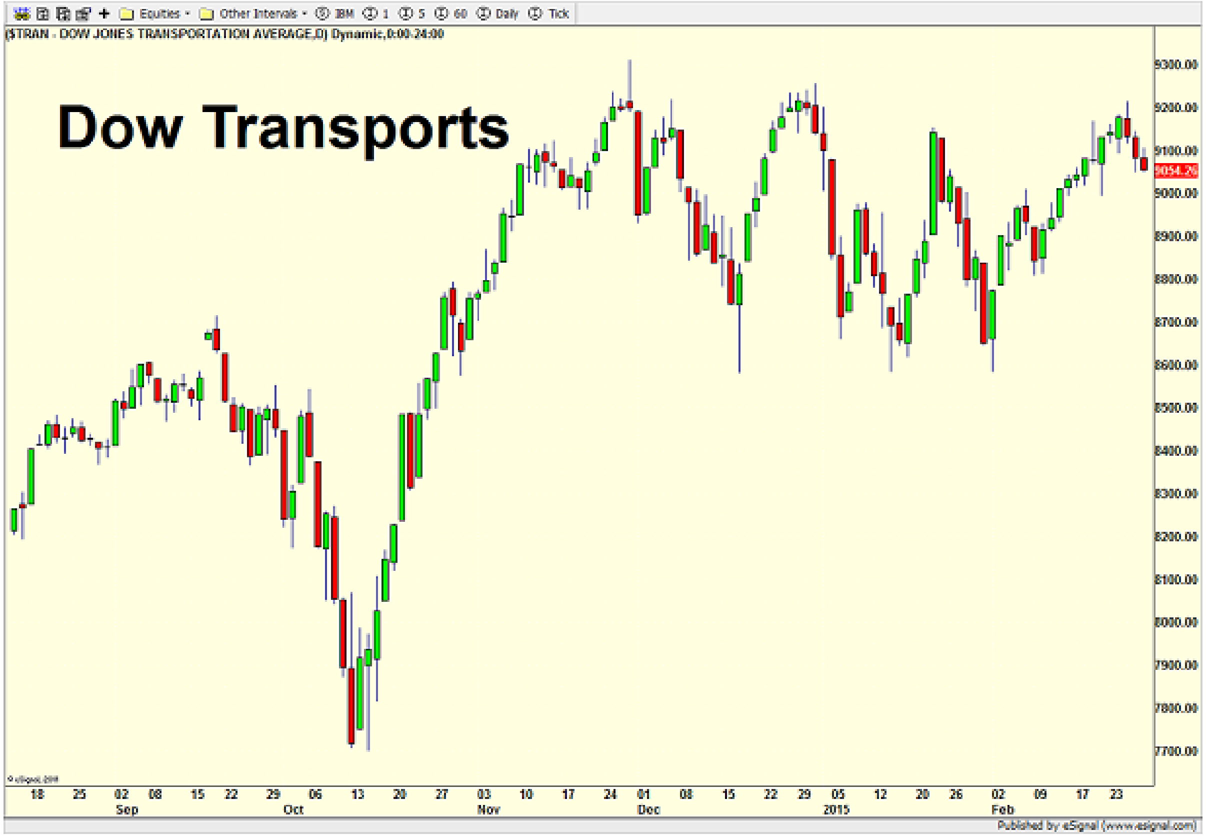
Semiconductors are below and happily sitting at fresh 14 year highs. They are a vital sector because so much technology starts with a semi chip. As go the semis, so goes tech. And as goes tech, so goes the rest of the market. As I mentioned in my 2015 Fearless Forecast, I believe semis finally see all-time highs this year, exceeding the Dotcom bubble peak from 2000.



The transports are next and can be viewed both positively and negatively depending on your bias. They are entering their fourth month in a trading range with lower band much more defined than the upper. I downgraded them to neutral in early December (and sold them) when they stopped rallying as crude oil collapsed. That shouldn't have happened in a strongly bullish scenario. While they still look a bit sloppy, given my more long-term positive outlook, I expect them to resolve the trading range to the upside in a big way by summer. For now, you would have to rate their divergence or inability to keep pace with the Dow Industrials above as a small negative.



My two favorite canaries are next. The first one is the cumulative New York Stock Exchange Advance/Decline line, which is just a fancy name for keeping track of the numbers of stocks going up and down on a daily basis and put on a chart. Using words like "always" and "never" are not prudent in this business, but the NYSE AD line is as close to a "never" as it gets. The stock market almost never tops out with this indicator at or near all-time highs as it is today. Before a bear market begins, we usually see this indicator peak 3-20 months before the major stock market indices, which signals that fewer and fewer stocks are participating in the rally.

Finally, you can see a chart of the PIMCO High Yield Fund, which for full disclosure we own in two strategies. I use this a proxy for the junk bond market along with the exchange traded fund JNK. Junk bonds are among the lowest credit quality in the fixed income space and are acutely sensitive to ripples in the financial system's liquidity stream as well as the economy. They are the ultimate canary in the coal mine. As the economy very slowly and slightly begins to weaken, investors start to worry about these companies defaulting, long before the GDP numbers roll into recession. While high yields bonds may give too many early warnings, they typically don't miss the big one.

Overall, the sector canaries are neutral to slightly positive, but the NYSE AD Line and high yield sector are strong. The likelihood of a bear market from here is very small.

Upcoming Appearances

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Fox Business' Making Money with Charles Payne - March 24th 6:00 - 7:00 PM

You can view most of the past segments by clicking below.

Media Appearances

(http://www.investfortomorrow.com/InMedia.asp)
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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
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"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

"A little bit at a time adds up to a lot in no time"

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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