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Inside this issue

Husky Time is Here

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Hopefully, you had a great Thanksgiving. For most of my adult life, my routine included a trip to the gym, working around the house, a nap, lots of football, food and adult beverages with my family, usually at my parents' house. That all changed last year as we embarked on a cruise to the Bahamas which long time readers may remember, did not go so well!

Thanksgiving 2015 was a lot more subdued. No cruise. No trips. No nap. No gym although I desperately need to work out and drop 15. After the requisite preparing the house for winter, I watched the first football at the hospital visiting a very sick friend as well as my dad who was recovering from surgery. My dad was so well behaved or maybe so poorly behaved that the doctors discharged him several days ahead of schedule.
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For only the second time, we hosted Thanksgiving dinner at our house where my wife and mother cooked an incredible spread. I did my part as well, uncorking a few bottles from the wine cellar which were being saved for the right time. I also did help clean up! Unfortunately, my Dallas Cowboys could not build on their victory from the previous week and stunk up the joint, ending their season for all intents and purposes.

On the other hand, UCONN basketball season is here and the Lady Huskies look as dominant as ever with another shot at a perfect season although they will have to get by their arch rival, Notre Dame, tomorrow.

Last weekend, the family took up the Nebraska game in Hartford. Midway through the first quarter (NCAA women's games now play four 10 minute quarters) the score was tied at 10-10 and there was a timeout. Coach Geno was lambasting the girls. I stood up and yelled to my kids that the game was over and they should watch the onslaught that was about to take place. From that point, UCONN outscored Nebraska 78-36.

As I mention from time to time, in between Street$marts issues I am often very active on **www.Investfortomorrowblog.com**. If you would like to be notified when a new posting has been made, please see this link.**http://www.investfortomorrow.com/BlogAlerts.asp**

Bulls Remain Large and in Charge

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After a strong run up in October, the major indices took a break in November to tread water. While December hasn't yielded anything on the upside just yet, it has seen its share of big moves. Nothing has changed in my view that while this bull market remains old and wrinkly with a few health issues, it is still very much alive.

It seems like every time I offer my forecast, more and more people scoff and continue to disavow this six and half year old bull market. Whenever the bears can get even a few percent pullback, they come out of the woodwork screaming about a new bear market. One day they will be right, but for days, weeks, months, quarters and years, they have been dead wrong.
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Since the mini-crash in late August, I have pounded an old theme of buying weakness until proven otherwise. I still believe that makes sense. If you read my blog,**[www.investfortomorrowblog.com,]()** you will see that while I often open the door to mild pullbacks, I conclude that they will be brief and lead to more new highs ahead. Although stocks are rallying very hard as I type this, it still seems a little early to launch the rally into 2016, if in fact Santa Claus does appear as he usually does.

As I have discussed many times, sector leadership has rotated viciously this year. The move out of healthcare and biotech caught me on my heels and that hurt in September. Of my four key sectors to watch, three are behaving very well, semis, banks and the perennially hated consumer discretionary. Only the transports have not joined the bull parade, but I think it's only a matter of time. While the dollar had been on fire until yesterday, the industrials have also fared very well, contradicting so many pundits who turn their speculation and lack of research into fact. YES, the industrial sector with so much overseas exposure can rally with a strong dollar!

Do I have any concerns?

Of course! It looks like high yield (junk) bonds have seen their peak for this bull market and they are one of my favorite canaries in the coal mine for the economy and stock market. Energy, metals and mining junk bonds are in real trouble with a potentially huge refinance crisis next year. Outside those groups, better "quality" junk bonds had been bid up in price for perfection, something that's unlikely to happen.

Additionally, the overall stock market rally is seeing less participation. While that's a characteristic of a late stage bull market, it remains a concern.

All-time highs in the major indices are still on tap for late December or early 2016 with Dow 20,000 in the cross hairs by Labor Day. As always, please don't hesitate to call or email with any questions or comments.

Currency Impact is Here to Stay

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Day to day volatility has been the story of late even though it is well within the realm of normalcy over the long-term as you will see below in another article. Currency moves have been one of the main ingredients over the past few weeks. I remember turning long-term bullish on the U.S. dollar way back in early 2008. As I am used to, people dismissed the call.

As the Fed lowered interest rates and began to print money, the masses all concluded and forecast that it would decimate the dollar and cause rampant inflation. Trillions of dollars were effectively printed, but the U.S. dollar NEVER
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came close to the low levels it hit in early 2008 and inflation turned in to deflation. You wouldn't have known that from watching the financial media as the pundits were all turning their speculation into fact.

In every single annual Fearless Forecast since then, I have been very bullish on the dollar over the long-term and I still am. In 2008 and ever since, I forecast the dollar index would eventually trade to par (100) from its then sub 80 level. It just hit that target. Next stop is 120. The Euro would eventually go back to parity against the dollar and to all-time lows below 80 by 2017. The Yen would decline by 50-75 by 2017.

Currency have become much more important over the past 10 years than ever before and that's only going to increase. China's Yuan was recently added to the global reserve currency basket. Its use will only increase going forward if and when they allow market forces to determine its value and not the Chinese government. While most investors do not have direct exposure to currencies nor really care about them unless they are traveling, it's an asset class that everyone should learn about.

IRA Required Minimum Distributions

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This is the time of year when IRA investors who have reached at least the age of 70 1/2 must take IRS mandated required minimum distributions (RMDs) so that Uncle Sam can increase their tax revenue. If you inherited an IRA, this may also apply to that account.

While almost all of you have chosen automatic calculations and distributions to be sent from our custodians, this is a subtle reminder to make sure it has been taken care of. If you have any doubts, please call the office and speak with Renee. The IRS penalty for non-compliance is severe!

Settle Back for an Interesting Ride

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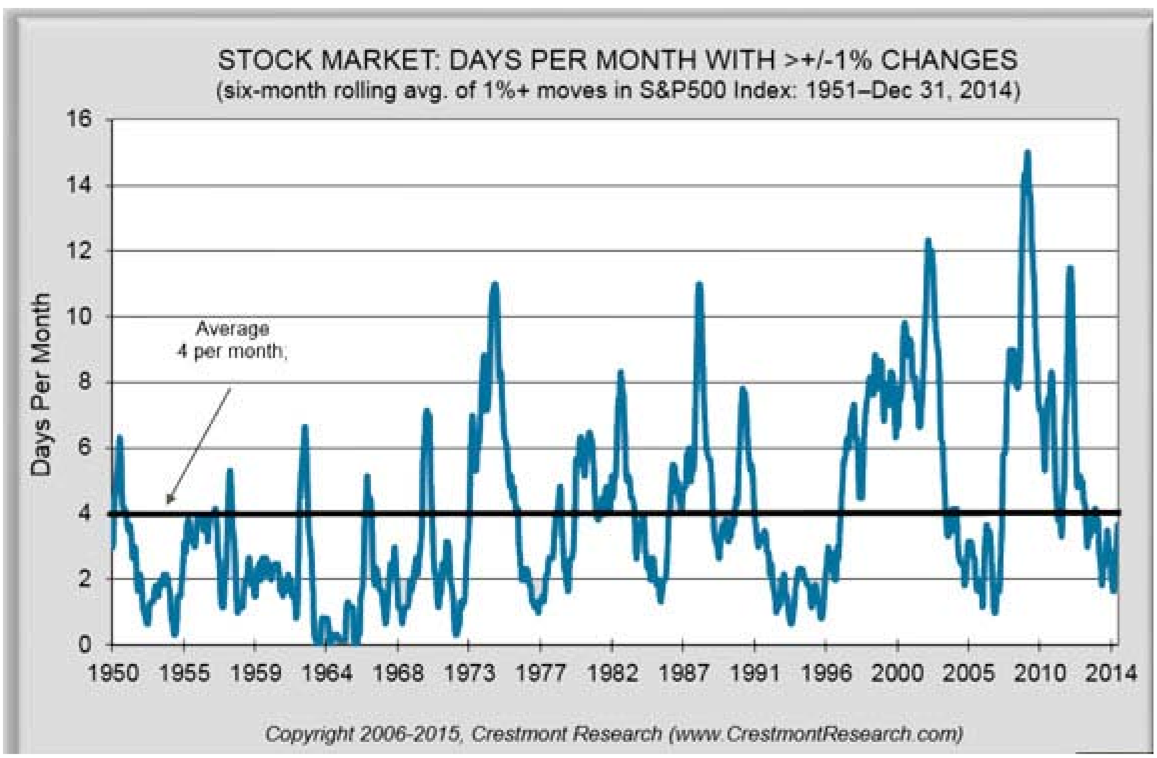
"Volatility is not the enemy of the long-term investor. That investor's response to volatility is."

- Josh Brown

If financial markets were truly efficient or truly random, there might be more rationale to a buy-and-hold approach. But every time investors begin to get complacent and venture a little further out on the risk curve, moving away from the concept of managing risk, the market provides a sharp reminder that risk matters. Late summer of 2015 was one of those reminders, but was it really a surprise? In January 2015, Ed Easterling of Crestmont Research maintained that "If history is again a guide, a surge to high volatility may not be far away."

Easterling's work, along with that of a number of mathematicians and technical analysts, have found in the market, patterns that rhyme. They are never an exact repeat of the past, but the similarity is there. "Markets have memories," said mathematician Benoit Mandelbrot. But the news seems to come as a surprise to the financial media each time market volatility takes off.

Volatility is the up-and-down movement of the market. As this chart from Crestmont Research shows, the S&P 500 (and other market indices as well) has historically moved from periods of low volatility to periods of high volatility. High volatility periods tend to be times of greater risk in the market. These are times when investors are more prone to emotional decisions, when hair-trigger computer programs can launch market moves and when negative news tends to carry more clout than the positive.



The chart above from Crestmont Research shows the pattern of low volatility periods followed by high volatility years.

When volatility falls below the historical average of four 1% moves in a year, high volatility may well be on the horizon. It's just a question of how soon, how much and how long.... 2015 is right on trend.

Upcoming Appearances

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Yahoo Finance - Live Show - December 14th Noon

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

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

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