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Proud Dad

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Today's issue is a bit of a hodgepodge with some personal, financial market, general and fun topics as I wrap up early to head to the wedding of some close friends' daughter in northern MA. Teri and I wake up tomorrow morning and race back home for two bat mitzvahs, a baseball practice and softball game. If you have kids, I am sure you remember those days!

On Sunday, my daughter is hosting a charity kickball game with the proceeds going to benefit the Child Life Department at Yale's Children's Hospital. A portion of the email to her friends is below and of course, I am a proud dad.

*My mom has a friend who has a sweet little girl (Caroline) that was diagnosed with brain cancer - specifically Primitive Neuroectodermal Tumors (PNET). She spent many months in the children's hospital in isolation undergoing chemotherapy and bone marrow transplants/stem*

cell transplants.

*When she was undergoing treatments, she wasn't able to receive real flowers and sometimes had to play alone, not with her brother and sister or other kids because she could get really sick. While she was in isolation at the hospital, she received paper flowers that kids had made and arts and crafts and Rainbow Loom. It was tough to think about what that would be like and how horrible it could be to be alone. Each time she got fake flowers or an activity, it made her so happy.*

*I felt bad and wanted to do something for other kids like Caroline in our community. My bat mitzvah centerpieces are going to have big bouquets of artificial flowers that I can donate to the Yale Children's Hospital. We're going to bring them down to Yale so they can distribute them to kids in isolation and the children's ward.*

*In addition, I'm going to raise money for their Child Life Department that provides crafts and games for kids undergoing treatment, as well as their family members.*

*We're hosting a fun kickball tournament for kids of all ages on Sunday with food and drink included!...*

Finally, I am closing this section with an interesting article about traveling across the country. Two of my clients recently returned from their first of many trips around the country by vehicle. It seems like so few of us really get to explore the entire U.S. and all the amazing things it has to offer.

[http://www.wimp.com/best-road-trip-ever-united-states/?utm\\_source=facebook.com&utm\\_medium=social&utm\\_campaign=story/](http://www.wimp.com/best-road-trip-ever-united-states/?utm_source=facebook.com&utm_medium=social&utm_campaign=story/)

As I mention from time to time, in between Street\$mart's issues I am often very active on [www.investfortomorrow.com](http://www.investfortomorrow.com), especially when market are volatile like now. If you would like to be notified when a new posting has been made, please see this link. <http://www.investfortomorrow.com/BlogAlerts.asp>

## **Still Some Negativity in the Short-Term but Getting Closer**

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As you know from the suddenly negative piece below, I temporarily abandoned my bullish stance on April 21. At that time, we significantly raised cash, hedged and/or purchased securities that don't perform with the stock market.

[http://www.investfortomorrow.com/newsletter/CurrentStreet\\$mart's20160501.pdf](http://www.investfortomorrow.com/newsletter/CurrentStreet$mart's20160501.pdf)

At that time and every week since on www.investfortomorrow.com, I did not believe that stocks were on the verge of collapse or that a new bear market was unfolding. It just looked like a normal, healthy and much needed pullback that should end up as the largest

bout of weakness since this latest rally began on February 11.

On the positive side, selling has been very orderly over the past month and stocks are still not that far from new highs. The chart below is the New York Stock Exchange Advance/Decline line which really just shows participation in the market. A rising line means more and more stocks are going up. This is best used over the intermediate and long-term. As you can see, since mid-February, it has showed a very broad-based and powerful rally without much giveback during the pullback.



My favorite intermediate and long-term canary in the coalmine, high yield bonds shown below, have also been behaving very well and exhibiting the type of behavior normally seen before large declines or bear markets.



What's impacted our models is the major stock market indices were acting very tired from two months of going straight up, coupled with sentiment looking frothy. By "frothy", I mean that the masses went from despondency in February to comfort at the end of March to ebullient by April 20. That combination has a high degree of accuracy in stopping the advance and seeing stocks pullback.

Looking at the Dow, another few percent decline would make the market more attractive from a risk/reward level, assuming high yield and the NYSE A/D line didn't weaken substantially. I also want to see good behavior from at least three of the key sectors, semis, banks, consumer discretionary and transports.

Over the intermediate-term, stocks don't seem to be poised to blast off to 19,000 should they poke through all-time highs this quarter. In other words, for now, I think that the market's trading range will continue with strength to be sold into and weakness to be bought. Eventually, later this year, stocks should begin an assault in 19,000 and 20,000 and possibly even much higher.

Concluding the Very Bullish Analysis from Q1

Boy is it amazing what a few months will do. Just four months ago after the over reported "worst start ever to a year", the vast majority of chatter was calling for a repeat of 2008, or worse, an economy heading into recession and European markets imploding. How are those forecasts working out now? While the bears screamed about further collapse and bought more bottled water and canned goods, I explained that the evidence did not support such a claim.

<http://investfortomorrowblog.com/archives/2123>

A month later at the February bottom, I offered some upside price targets and lines in the sand based on some fairly simple technical measures along with comments that while the bull market may be wounded, it wasn't over just yet.

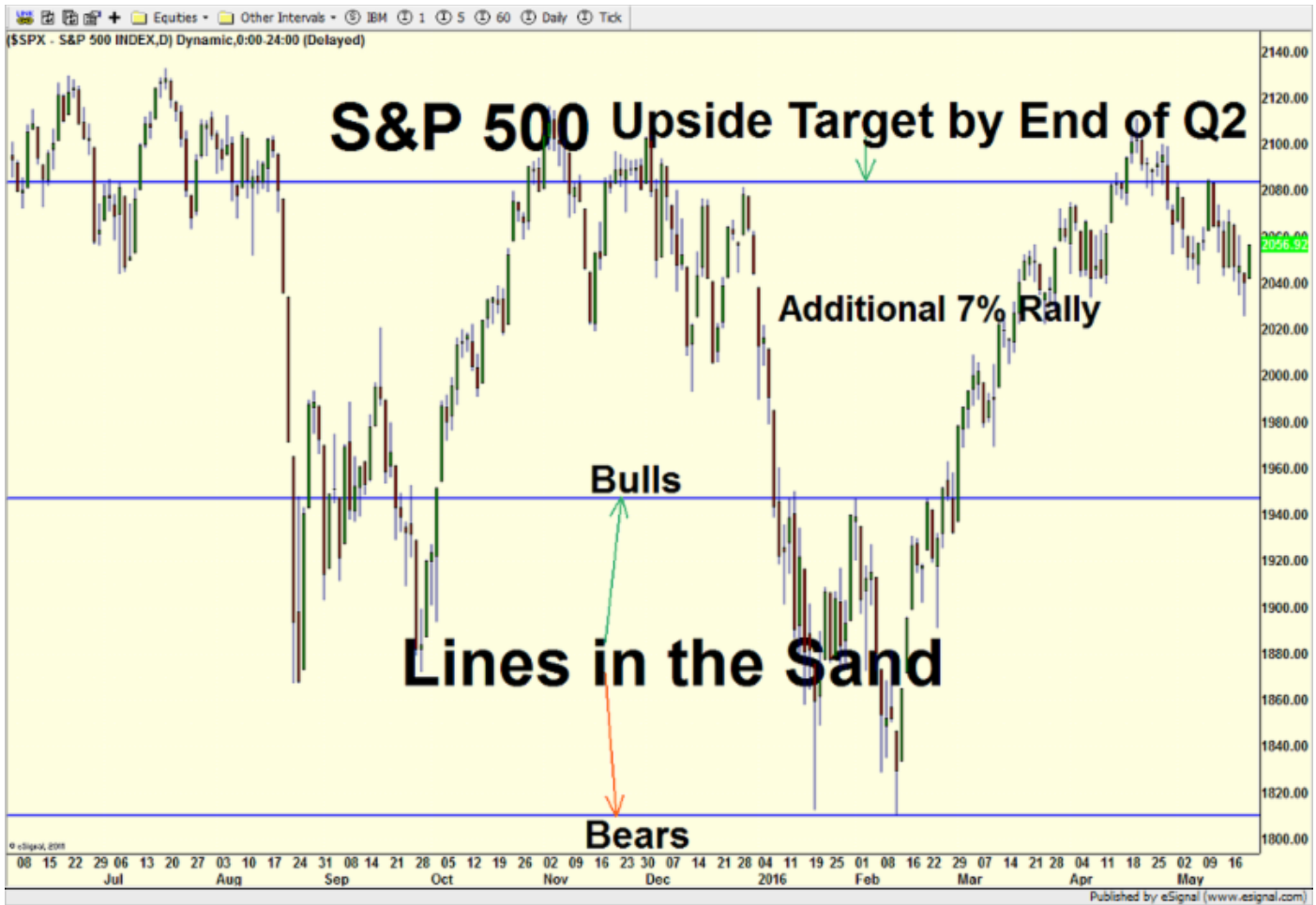
<http://investfortomorrowblog.com/archives/2136>

I am used to people scoffing at my forecasts. They almost always fly in the face of what the masses are expecting. Don't get me wrong. I have had my share of egg on my face over the years, however since the bull market launched in 2009, I have steadfastly stated before, during and after every decline that the bull market wasn't dead, a position I still hold today. The bull market is old and wrinkly, but it's not over.

One last time, I want to update the charts I first offered back in February when the global markets weren't looking so hot. Below you can see the Dow first with the blue horizontal line which represented my minimum upside target by the end of Q2. I was happy to see the bull exceed it by a significant amount in a much shorter period of time.



The S&P 500 is next and looks almost identical to the Dow except that it has been a touch weaker from a price behavior standpoint. It, too, exceeded my target in a shorter amount of time but by only by a small margin and has since receded back into the range.



The S&P 400 mid cap is next. This index was much, much weaker than the other through February, but has since rocketed higher in a leadership position and blew right past my target in very short order.



Fear is Not an Effective Motivator ... Time to Rethink

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Studies proclaiming Americans are failing to save sufficiently for retirement and will find themselves living from Social Security check to disappearing Social Security check appear to be doing little to promote increased saving. Al Gore and other climate change advocates have done their utmost to impress on us the threat global warming, with the intent of changing lives and countries. But neither seems to be having much effect.

Why aren't people paying attention?

It turns out that fear is actually a poor motivator. In fact, the more catastrophic the prediction, the more skeptical people become that anything they do will make a difference. It's not that they don't believe the threat, it just seems like an insurmountable challenge.

Fear is actually a de-motivator. It's not something you can go to action on. It's draining and exhausting, and keeps one in a perpetual state of worry instead of action.

Let's Put the Fun Back into Saving!

Everyone old enough to remember green stamps and premiums for opening a savings account, give yourself a pat on the back. You grew up in the days of positive thinking, rewards and "good for you-ism." It's surprisingly hard to get rewarded these days for doing the right thing. Instead we're given what often seems like impossible goals with the threat that unless we achieve that goal - you must have at least \$5 million by retirement - abject poverty awaits. How many financial plans dwell on the unknown of medical costs and health insurance? Let's scrimp and save now so we can pay the doctor...sorry, not motivating.



What does "financially secure" mean to you? Does it have the ring of a good time? Probably not. It's actually back to the fear factor. If you are not secure, you are going to be insecure and that sounds rather stressful.

Let's face it, \$1 million really isn't much fun. \$5 million is a bigger number, but the fun isn't in the zeros, it's what you want to do with that money that is fun.

Rethinking saving means figuring out what it is you want, what you will enjoy about that goal, and then how you plan on getting there. The more enjoyable your end goal is, the more you'll do whatever it takes to get there. Forget about retiring. What is it you want to do? Do you want to sail around the world? Have your own organic garden? Buy a five-year subscription to the opera and see every opening performance? Do you want to be able to keep your home or move somewhere nicer? If retirement is going to revolve around watching every NFL game, how big do you want your television screen to be?

Now you have a goal. You have a positive reward. The next step is to work out how you get to that goal. And, it doesn't have to be an all or nothing. You can set up mini-rewards along the way. Consider planning a special celebration every time you reach an additional \$250,000 in savings. Your celebration could be as simple as the purchase of a new barbecue grill or a special weekend getaway or as elaborate as you want as long as it doesn't cut too much into your nest egg.

And don't forget to continue reinforcing the idea of your long-term goal. If your goal is to retire to Florida, deep sea fish and help save the manatee, on your next vacation, visit areas of Florida that you find most appealing, evaluate housing options, find out about recreational opportunities. If you love the experience and can't wait to move, you have even more reason to put a little more in savings.



## The 13 Coolest Things You Never Knew

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My friend the Moondog is a serial emailer of jokes, stories, articles and interesting facts. I thought this one was just cool.



You're supposed to use the soda tab to hold your straw.



You're supposed to spread the edges of your ketchup cups for easier access.



You're supposed to use staple removers to open key rings, not destroy your nails trying to do that.



You're supposed to use only a dab of toothpaste. And you're not supposed to rinse after you brush!



You're supposed to use your Chinese takeout container as a plate.



You're supposed to lay a wooden spoon over the top of a your pots to prevent spillover when things boil. The wooden spoon can take more heat than its plastic counterparts and it pops the steam bubbles.



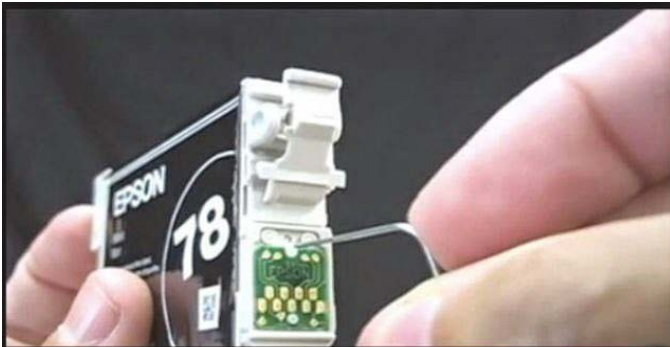
Flange Plunger

Cup Plunger

You're supposed to use a flange plunger for your toilet and a cup plunger for your sink. You just use the cup plunger for both, don't you?



You're supposed to pull the sides of the juice box out so that your kids can hold onto them and keep the juice from spilling.



You're supposed to use a paper clip to pop the reset button on the ink cartridge when the computer says you're out of ink. It's like an extra amount for emergency printing.



You're supposed to use the hole in the pot handle to hold your spoon.



You're supposed to fold the Greek yogurt container in half to pour out the topping.



You're supposed to push in the tabs on either end of the aluminum foil box to prevent the roll from coming out.



You're supposed to store peanut butter upside down so that the oils distribute evenly.

## You mean that you didn't know that 'Ink Cartridges' had a reset button?

### Investment Quotes/Adages To Live By

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"In God we trust, all others bring data."  
- The Elements of Statistical Learning

"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

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

## To Your Financial Success,



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