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Forecast Pullback Continues as Expected

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All month I have been writing about a short-term pullback for stocks. Nothing huge. Just your garden variety 3-5% bout of weakness which could overshoot. This coming from someone who has been bullish all year on stocks. I won't reanalyze what I have already written several times, but here are a few reasons. The Dow Industrials were off on their own island of strength while the mid and small caps were in decline. Dow Transports were even weaker. Sentiment surveys and option data had become too greedy, too complacent and too positive. The list of stocks making new 52 week lows expanded and then surpassed those making 52 week highs, all while the major indices were so close to all-time highs. Key sector leadership fell off.

The stock market was just looking for a catalyst or an excuse to pull back. First it was North Korea and then it was Charlottesville and now it's Barcelona and Gary Cohn. The common thread in each case is President Trump. Since the post-election rally, dubbed the "Trump Rally", "Trump Jump" and "Trump Bump", I have remained firm that while the president always gets credit and blame, the rally was really based on the GOP's election sweep and perceived ability to govern and pass legislation as they saw fit. That agenda is now being questioned and you will likely start hearing the media and pundits refer to the pullback as the "Trump Slump" or "Trump Dump".

You don't read this blog to hear my social views so I am not going to rant about what's going on in the country today. Suffice it to say that for as long as I can remember back to my childhood, I have always fought and stood against racism, bigotry, intolerance, discrimination, hatred and evil. They have no place in this country or on earth. There are no exceptions to this. At the same time, free speech is one of those inalienable rights which we often take for granted. However, it's not really 100% free speech as
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you can't scream "fire" in a crowded theater. There are limitations. Those a lot smarter than me will likely be struggling with this over the coming years if the 9-year escalation of racism, bigotry, hatred, white supremacy & neo-nazism continues.

That was more than I wanted to write, but it wasn't quite a rant. Anyway, back to the markets and what's at hand. The pullback is continuing as planned with Thursday being the first across the board rout where basically everything went down. For those looking for a silver lining, the defensive groups like staples, utilities and REITs were hit along with the others. That typically confirms the decline and indicates more downside before a low, but it's getting there. It's a necessary piece towards an eventual market bottom.

On the positive side, while high yield bonds have declined, their weakness has been small although I sense more downside is coming. The semis which I wrote negatively about [here]()have been the quiet winners during the pullback and are the lone holdout from making new lows. It will be very interesting and telling to see if they can hold up.

With all of the major indices in gear to the downside, it's unlikely that the current action is just a re-test of the North Korea decline from last year. Momentum is making a fresh low now so we are likely to see at least a low, a rally and a new low before the whole decline wraps up. I had written about a rocky period into mid-September and I am not ready to change that opinion just yet. Let's see what shakes here. Don't forget that the Fed has their annual retreat next week in Jackson Hole WY. With Janet Yellen and Mario Draghi (ECB) both in attendance, we should expect to hear more about their respective balance sheets.

Stock Market's Similarities to 1987

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With Thursday being a downside rout that closed near the low for the day, stocks normally see two way action during the next morning before the opportunity for a stronger move comes after lunch. When markets are in the throes of a decline and I would hesitate to call this a decline of significance at this point, many of us turn to history for price analogs. The crash of 1987 really began to unravel the week before which was options expiration week.

Downside momentum kept building from Wednesday's open and Friday was a disaster. Stocks crashed on Monday as a confluence of events unfolded not limited to newly appointed Fed Chair,Alan Greenspan, raising rates too quickly, Treasury Secretary James Baker announcing that the U.S. would not defend the dollar and this new, cutting edge institutional risk management program called portfolio insurance which essentially sold more S&P 500 futures the lower stock prices went. And the lower stock prices went, the more contracts that were sold. It was a snowball or pile on effect, much like the Flash Crashes of 2010 and 2015.

Anyway, I bring this up not because I think stocks are going to crash 20% on Monday. I don't. It's just an interesting tidbit which you may hear about in the media, especially from the gloom and doom crowd.


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6 Ways to a Happier Retirement

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Picture this-it's Friday afternoon, your work is done, and you have the weekend ahead of you. But what makes this weekend different than any other weekend is a two-week vacation following it. You wish your colleagues well, they express similar thoughts, and you head towards freedom.

Of course, you're excited! Travel, new experiences, time away from the mundane, and time to recharge.

In the back of your mind, you know it's temporary and you'll be back at your desk before you know it. Maybe that's part of the reason why the time away is special. It's short-lived.

Now, let's take this another step.

This vacation is permanent. You are saying your final goodbyes. When you awake on Monday, you will wake up when you want to wake up. No more alarm clocks. You'll never head back to the office again.

For some, you've already experienced your last day at work. For others, it is a goal, but it's not reality. At least not yet. I'm talking about, of course, retirement.

One of my goals as your financial advisor is to help put you on a path to reaching your financial dreams. We take a holistic approach that encompasses many aspects of financial planning.

But what happens when you've reached those goals and you have the resources to retire comfortably? Just because you're financially well-off doesn't mean you are ready to embrace what can be a drastic new lifestyle.

In this month's newsletter, let's explore the nonfinancial aspects of your transition.

A recent story featured on CNBC.com

(http://www.cnbc.com/2017/05/08/happiness-in-retirement-is-about-more-than-account-balances.html) stated, "Happiness in retirement is about more than account balances." Sure, money is part of the equation. It reduces stress that can be brought on by inadequate finances.

But those whose identity is wrapped up in their work, especially for those who have built their company from the ground up, retirement can be an uncertain transition. Many of you delay retirement, opting to work well into your 70s or even 80s.

A 2013 British study cited in the aforementioned CNBC article showed that retirement may actually increase the risk of depression by 40%. Think about it-your routine has been interrupted, and the bonds you've formed with your co-workers will forever be changed.

All of this can have substantial implications for your health. So, please, don't overlook the psychological implications that may inevitably be a part of retirement.
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Be proactive

Many of you are taking steps to ensure your financial well-being long after you retire. But retirement is much more than just finances.

1. **If possible, transition into retirement.** Recall the scenario above. You've worked a full week, it's Friday, but you'll never go back to work. It sounds enticing, especially if your job is just that...a job.

However, a recent Transamerica study found that 61% of American workers hope to transition into retirement by shifting from full-time to part-time. Yet, only 25% said their employers offer such options.

A study last year by Merrill Lynch noted that 47% of retirees have either worked or plan to work in retirement, and 72% of pre-retirees say they want to work in retirement. Simply put, if you want to work or feel you need to supplement your retirement income, you aren't alone.

If your firm offers a flexible schedule, seriously consider it. If not, could you contract on a project-by-project basis, consult, or find part-time employment elsewhere. It will not only keep you busy, it will keep your mind sharp and supplement your retirement income.

2. **Talk to your spouse or partner**. This is critically important. What do both of you want to get out of retirement? How can you get on the same page? How much time will you be spending together?

In the past, you've been apart during your weekdays. But that will change. Find ways to integrate each other into your daily lives through activities that you both enjoy. But you may also want to spend time with your own friends and family. Consider mixing things up. Variety really can be the spice of life.

3. **Set new goals**. You are embarking on a new venture. But unlike decades of work, your new life won't have the structure it had before. That can be disorienting for many, creating drift, depression, and possibly magnifying health issues.

Consider coming up with an outline or schedule of activities. Having a daily or weekly plan can help prevent loneliness.

Keeping active via part-time work is one option. Another-volunteer. What are your passions? Who or what cause would you like to assist? Your church or a familiar community organization can benefit from someone that has years of experience in the business world and decades of accumulated wisdom.

In addition, volunteer work helps expand your social network, a network that can quickly fray when you no longer have the comradery that your current job offers.

4. **"Eat well, sleep soundly, and play often."** That's the advice from veteran career coach Bill Ellermeyer.

Bill says, "Happily retired people treat themselves like a good friend. They keep themselves well-fed, exercise at least three times a week, get proper rest, and maintain strong social connections."

He's right. Don't isolate yourself. Stay active.

5. **Exercise**. This is a subset of number four. Keeping busy enhances your mental capacity. If you can, incorporate some type of physical activity into your weekly regimen. If walking on a treadmill bores you, take short hikes or walks in the park. If it's something you enjoy, you're more likely to engage in that activity.

6. **Play with your grandchildren**. If you have grandchildren, time with them is time well spent. That is something you intuitively know, but it's also backed by research from the Institute on Aging at Boston College.

"The greater emotional support grandparents and adult grandchildren received from one another, the better their psychological health," said Sara M. Moorman, an assistant profession at Boston College.

Finally, retirement isn't a time to slow down. It's a time to redirect your path and embrace new experiences. Take charge and don't let circumstances dictate your future. It's the key to a happy and fruitful retirement.

Don't forget to check our blog for intra-issue updates. While I haven't been as regular with these issues as usual, I have been very active on the blog and you can sign up to be notified whenever there is a new post made.

http://www.investfortomorrow.com/BlogAlerts.asp

www.Investfortomorrowblog.com

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."
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"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

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