HERITAGE CAPITAL LLC

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Good Monday Morning! Huge weekend if you are a sports fan although the decision making of my Yankees' and Cowboys' manager and coach likely just ended their seasons. At that level, the margin for blunders is razor thin and both Girardi (4 stupid decisions in 40 min) and Garrett (one giant brain freeze) cost their teams. While I have never been in their shoes, it's the same thing I face each and every market day. Over the past 29 years, I have probably made every bad decision one can make, but hopefully, I learn from those as I move forward.

I am scheduled to join my friend, Trish Regan, on FOX Business' The Intel Report today at 2:15 PM, discussing what is being being called a global market & economic melt up.

Thanks to Adam Shell of USA Today for quoting my newsletter twice last week.

https://www.usatoday.com/story/money/2017/10/05/why-dow-wont-haunted-october-market-crash-year/726543001/

Also, here is the link from my visit with the good folks at Yahoo Finance. It gives a pretty good idea of my short, intermediate and long-term view. I am always appreciative of the extra time they give me to articulate my position.

https://finance.yahoo.com/video/schatz-bull-market-far-over-164310432.html

Turning to the markets, stocks begin the week with all five major stock market indices at fresh new highs along with high yield bonds and the NYSE A/D Line. So are the banks, semis and transports among key sectors. As I have said over and over and over again since 2010, bull markets do not end with this type of behavior. Sorry to all of the bull markets haters and disavowers; you have been wrong, are wrong and will be wrong until the evidence changes. And when they are finally right, I am sure they will crow about how they knew it all along. Reality over rhetoric.

With all that said, the very short-term has an opportunity to change right here and now. If there is going to be the mild, modest pullback in October which I have written about lately, stocks should peak this week for three reasons.

1 - September ended at its highest close of the month for the S&P 500. That leads to another week of strength, roughly 1%, and then a give back of more than 1%.

2 - When October begins the month in an uptrend, the first five days tends to be higher. However, the next five and the five days after that and the final five days of the month all show mildly negative returns of roughly -0.25% each period.

3 - Stocks rallied hard into the beginning of Q3 earnings season, using up a lot of fuel. That usually means earnings are priced for perfection and rarely exceed expectations.

BONUS - The Economist and Barrons have run very bullish headlines this month about how the global markets and economies are hitting on all cylinders. Additionally, the term "melt up" is all over the place on blogs and Twitter. While this is nowhere even close to the true irrational exuberance of 1999 and early 2000, it does give bulls a little cause for short-term concern.

Finally, I am not going to rehash the piece I wrote about the negativity of Octobers in years ending in "7", but you can reread it HERE.

Don't forget to check our blog for more info www.InvestForTomorrowBlog.com

Posts are typically made three times per week and you can sign up here to be notified by email when a new one is up.

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

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