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October 2, 2015 Dow Jones Industrial Average: 16,472

Everybody's Talking, but No One is Listening

The Age of the "24 Hour News Coverage" can be a good thing: take the Olympics, certain sports would not be seen in its entirety were it not for a 3:00 AM broadcast on CNBC or MSNBC. So, next time you have insomnia, and the Curling event comes on (at the Winter Olympics), and you see those "highly trained" athletes that know how to push a broom over ice at high speeds- you can think of me. How is that even a sport??? Shuffle board on ice…

Back to my point…Non-Stop News can also do nothing but just kill time and give a voice to people that are looking benefit from voicing their opinion. I have CNBC on in my office every day, and it amazes me how many "traders" come on the network and discuss their outlook for the market- and lately the majority of them will say that they think the market will go lower, mainly because they have investments that are positioned to make money if the market falls. It is hardly a neutral opinion if the commentator is trying talk up his own book…one that is probably leveraged. I remember one time within the last 12 months, Carl Icahn, who owns a huge number of Apple shares, sent out a tweet that he really thought Apple was going to up over the next few months…the next day the stock went up 20%. Now, if I did that- I would be accused of "front-running", and would probably go to jail. But the stock market likes Carl Icahn. But, wouldn't you think that if you have the ability to move the market (and you own a large position in a stock that you just commented about) - it would be illegal?

The last 3 months has not been kind to the stock market investor. The summer sell-off came in right on time. This year's sell-off was a little more ferocious than 2014. Last year, the Dow sold off roughly 5.9% versus the 14.4% sell-off this year (based on the August 25th low of 15,666). The "bears" finally got their 10% correction, and the news media seemingly is acting like the sky is falling.

The hardest thing about being an advisor / investment manager is trying to sift through the white noise of the news for any particular day, and try to figure out if any news changes the outlook for the investment accounts. Sometimes, news can effect a particular company but may not affect any other companies. **In summary, I have (and continue to) read and attend market strategists outlook for the coming 6 months, and their take on the previous 3 months- and the consensus is that this correction has been a TECHNICAL correction, but not a FUNDAMENTAL correction. Meaning, stock traders sold off the market due to thin volume, seasonal weakness, and international weakness ….The stock market did not get sold-off due to concerns about the US economy. The overall outlook is that the US economy is still strong and healthy.** And going into 3rd Quarter earnings season, analysts are looking for a strong rebound in the market.

In an effort, not to make this a 10 page commentary…I have attached some selected bullet points from some of the market strategists that I follow that gives me confidence that staying the course in the equity investments that should prove profitable over the long-term:

- October 1, 2015: Automakers reported that cars and light trucks sold at an 18.2 million annual rate in September, up 9.9% from a year ago and the fastest pace since 2005 [(1)]

- September 28, 2015: Personal income increased 0.3% in August and rose 0.4% including revisions to prior months. The consensus expected a gain of 0.4%. Personal consumption increased 0.4% in August (0.7% including revisions to prior months), beating consensus expectations of 0.3%. Personal income is up 4.2% in the past year, while spending is up 3.5%. (2)

- September 25, 2015: GDP was revised higher to 3.9% for Q2 and, more importantly for the markets, corporate cash flows continue to climb. (3)

- Thursday (September 24, 2015), the Census Bureau announced that new home sales rose 21.4% to an annual pace of 552,000 in August compared to the same month a year ago. This was the strongest annual pace for new home sales since February of 2008. (4)

- Nike recently reported earnings that beat expectations, with sales from China growing at a 30% growth rate. Additionally, Apple reported sales being very strong in China. So, the negative "hot spot" in the equity market might be overstated…and the consumer discretionary companies may do poised to see a good end of the year. (5)

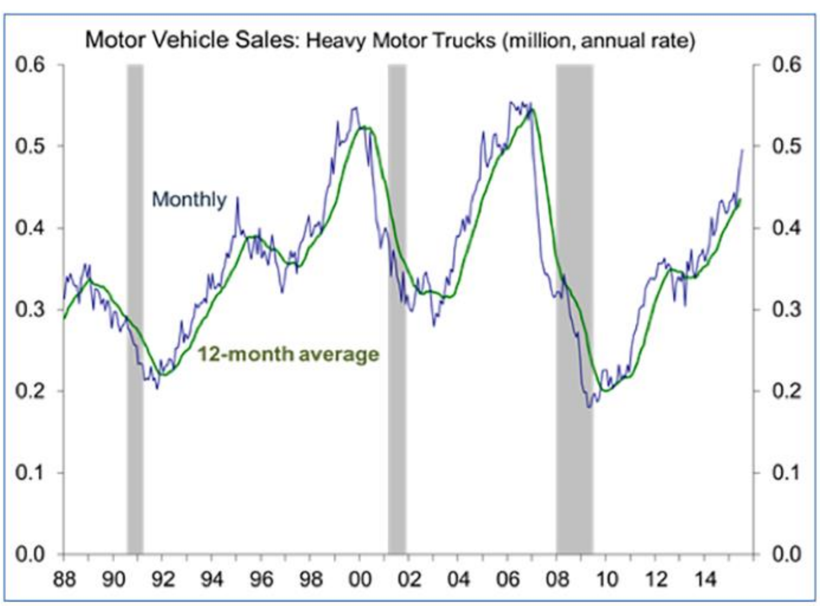
- Dr. Ed Yardeni, market strategist and economist, stated in his September 17th Morning Briefing that the Bull / Bear ratio was 1.00. In the past, reading of 1.00 or less were strong buy signals. (6)

I met with one of the Market Strategists with Guggenheim Investments this past week, and through his research they tend to see 3 main signals prior to a Bear Market or Recession. The three signals point back to the original thought that this summer sell-off was not fundamental:

#1 Bearish Signal	Spike in Energy Prices
#2 Bearish Signal	Tighter Monetary Policy…The Fed has never been so dovish
#3 Bearish Signal	Inverted Yield Curve

- Heavy Truck Sales were up +4.2% in July. July's heavy truck sales report was the strongest selling pace since December 2006. The following chart is very telling…the chart illustrates how heavy truck sales tend to fall prior to recessions. As you follow the timeline on the horizontal axis of the chart, the grey lines indicate periods of recessions. The chart attempts to illustrate that a recession is not in the near future, as some "economists" / doomsayers are calling for. (7)

Chart 3



Source: Raymond James research

Again, I hate watching the market fall over the last several months. But, I do think the market will be higher through the end of the year. Please call my office, if I can do anything for you, your family, or friends.

Enjoy the fall season.

Go Cards!!!

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4. **Navellier and Associates: September 29, 2015. Market Mail: The Market Rallied after Two More Sinking Spells Last Week.**
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5. **Guggenheim Investments: September 25, 2015. Weekly Viewpoint: The "Buyer's Strike" Continues.**

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