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## **Early Season Skiing in Full Swing...**

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**I hope you had a very enjoyable Thanksgiving! We certainly did. As I mentioned last week, it's my favorite holiday of the year. My parents go all out making dinner for the family. It's actually all my mother, but we let my father think he does something so he contributes to the clean up!**

**It's a lot of fun to get together with my brother and watch football, especially when my Cowboys are enjoying one of their greatest seasons. But there's really nothing better than watching our kids play together since they are so close. And after dinner, it has become tradition to go home without being able to button my pants and pack up the car for Vermont the next morning.**

**As many of you know, besides my family, there are few things I love as much as skiing. I'll ski just about anywhere and anytime, no matter what the conditions. I've skied in the rain, fog, wind and even on a tiny patch of snow surrounded by grass where we had to ride the chairlift down to the bottom!**

**Early season skiing is always touch and go in the northeast. Years ago, the cold nights began as far back as late September and the resorts could begin their snowmaking assault and basebuilding. Lately, whether you subscribe to global warming or not, the cold temps have come later and later, wreaking**

**havoc on November skiing.**

**I remember in the early 90s watching Killington open in late September with a freak October storm dumping a foot of natural snow. But lately, November has been pretty much a bust in Vermont, until this year, which has been as good as any early season since the late 90s.**

**For those of you not interested in skiing, but read this far out of curiosity, there is a reason for this line. Stay with me a bit longer!**

**I always wondered why resorts opened so early in the year when the weather was the most uncooperative and customers were not yet focused on the winter activities. Mountains could spend thousands and thousands of dollars blowing snow, only to see a rainstorm wash it all away in a day. Or they could finally get a trail open when Indian summer hits and everyone hits the golf course for a late season round instead of skiing.**

**Why bother opening early with all that risk?**

**To begin with, marketing studies have shown that people form their seasonal habits early on. Get them interested in skiing as early as you can and it sticks in their minds. Make sure those hard core patrons (like me) get on the hill as soon as possible and we'll be back over and over with friends and family to spend more money.**

**And from a snow quality point of view, it's all about building a base. Blow snow, groom it. Blow snow, let people ski it. Blow snow, let it thaw and freeze, and thaw and freeze. Then blow more snow on top of that. Pretty soon with fits and starts from the weather and skier traffic, a very solid snowpack builds up that lasts a season with more snow adding to it all the time.**

**The larger the base, the more immune the trail becomes to the weather, which leads to a longer and better season on that trail.**

**Does that sound similar to anything else?**

## **Is the World Coming to an End?**

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**Whether you have been reading my ramblings for a week or a month or a quarter, the theme has generally been the same since the August stock market bottom. I have been targeting late November as the period when this**

**whole mess finally gets cleaned up in stocks.**

**And the past few editions and the October press release on the website have generally said the same thing in different ways. I have been looking for and wanting to see that one final "flush" to the downside to create a little bit of panic so stocks can bottom.**

**So far, all we have seen is a lot of price damage, but no sense of urgency from the sellers. It's been too orderly! It's like having a constant drizzle on the ski slopes, but no downpour to wring out the storm.**

**That should be changing right now as it's finally time to build our base for a better and more long lasting rally. The season has arrived.**

**Last Wednesday, the day before Thanksgiving, was a really bad for the bulls with stocks opening lower, trying to rally and then collapsing into the close, just like blowing all that new snow, grooming it, only to see the rains come in and wash it away. We were oh so close to the end, had Friday not happened with that meaningless big rally.**

**Thankfully today, Monday, early strength was short-lived and the bears returned from their holiday still hungry. Unless the stock market surges higher on the Citi news and rallies to the close, which would be a bad thing, the selling should continue to the final bottom in the next few trading sessions, adding to the little base we already have.**

**It could get really ugly intra day, but we are very, very close to a significant bottom and major rally in December! But we need to keep building our base in case some unexpected rains hit or skier traffic is higher than planned!**

**I put the call out several times to add money to your account or open a new account in a new strategy. This is the bell ringing folks. I know we are close because even I am getting a bit anxious!**

**Almost every model and indicator I have is at or close to historic extremes, only seen near good bottoms. I am not going to list them all here since it would take up too much space, but feel free to call me if you want to discuss.**

**What I find incredibly fascinating right now is that for the first time in many, many years, my phone is actually ringing with worried people on the other end. A few months ago, I heard almost the exact opposite comments from people who were swimming in their stock market profits.**

**This time, I am hearing how keenly aware people are about the impending**

**recession. Heck, the New York Times told us so on Sunday! Almost everyone has concerns about sub prime and the credit crunch. Oil at almost \$100 is really bad.**

**Every day there is another terrible headline from another financial company with billions and billions being written off. The media is all over this!**

**And even the politicians are getting in the act. Is Chuck Schumer trying to become the next Elliott Spitzer and save the world? The base is getting stronger.**

**Folks, this is the stuff that stock market bottoms are made of! When fear and awareness are at the highest, we are not far from the low.**

**I've got my buy list all made and it's been tough to sit on my hands and not pounce as prices moved lower and lower. Unlike the summer when many of our strategies made good money during the decline, we do have some money invested on the long side now, although we are carrying an awful lot of cash still.**

**The base is almost solid enough to support a good ski season.**

## **1994 Offers a Good Comparison**

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**November stock market declines are pretty rare. You can count them on one hand over the past few decades. And none of them look as bad as the one we are in the midst of right now.**

**Comparing price action and the news front, the most similar period I can find is November/December 1994. If you recall, 1994 was the worst bond market year in decades, similar to the credit market right now.**

**During the fourth quarter of 1994, stocks began another correction that seemingly wrapped up during Thanksgiving week. That was until a crisis unfolded in Orange County California where the municipality was teetering on bankruptcy that would certainly spill over to other locales, roiling the muni bond market.**

**It was the Orange County mess that finally was able to cause a mini panic in stocks and the December 9 stock market bottom, a level that has never been**

**The key point to takeaway is that markets rhyme; they don't repeat. While I expect very similar behavior at this market low, it will not be exactly the same.**

**I can't stress enough that now is the time to add money to your accounts or open a new account in a different strategy. Some of you have responded, while others will wait until I report a blockbuster quarter before taking action.**

**It's time to cut it off here. I just saw the news Citigroup received a \$7.5 billion cash infusion from the government of Abu Dhabi. In my opinion, a smart move on their part! The stock market may react positively to this at the open, but it still has the smell of more selling ahead this week.**

**If you're watching this awful Monday Night Football game with a scoreless first half, I feel for you. I am going to turn it off and head to bed.**

**Get ready to act and start ignoring the headlines!**

## **Important Year-End IRA Information**

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**If you are over the age of 70 1/2, and have an IRA or qualified plan, you may be required to make mandatory retirement distributions. Alternatively, if you inherited an IRA, you may be required to make mandatory retirement distributions as well.**

**Failure to make the proper distributions can result in penalties from the IRA.**

**Please check with your tax advisor if you fall in this category.**

**If you need to make a required distribution, please contact the office at your earliest convenience to make certain it is completed by year-end.**

## To Your Financial Success,



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