



December 11, 2007

11:01 AM EST

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The Road's about to Fork... Take It!

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**I am going to spare you the warm up chat since time is of the essence today. Although I do have to say that it's been an epic early season of skiing in Vermont. I'll have more on that with some stock market details later this week.**

**In a few short hours, the Federal Reserve is going to cut interest rates again. That is all but guaranteed! 1/2% was pretty much expected a few weeks ago, but now sentiment has shifted and we are split 50/50 on 1/2% versus 1/4%.**

**Perhaps more important is the statement that is released with the rate cut today at 2:15 PM EST. Here is the link to read it. Just click on the word "Statement" under December 11 on this page after 2:15PM today.**

<http://www.federalreserve.gov/monetarypolicy/fomc.htm#calendars>

**As far as reaction goes, I see two possible paths.**

**One is that the market interprets the cut negatively, probably due to only 1/4% and a not very accommodative statement. Stocks would sell off hard into the close today and maybe even open lower tomorrow. Should this unfold, I would be a buyer at the close today or tomorrow morning.**

**On the other hand, the market interprets the rate cut positively, most likely due to 1/2% cut without being hawkish if that even makes sense. Stocks should rally strongly into the close, just like they did on October 31 after the last rate cut. From there, I believe we would see a short-term peak, followed by a multi session decline into early next week.**

**In both cases, I remain firm that the last two weeks of 2007 should see a continuation of the rally that could reach the old highs by the time the first champagne cork is popped.**

**There you have my thoughts on the next few sessions right to early 2008. I will send some more details later this week after I gauge reaction and sentiment.**

**If you are more of short-term trader, the next three weeks should offer a number of opportunities. HOWEVER, if you are not, this is certainly not the time to try something new!**

**Following up from my last email, I continue to believe that there will be a significant stock market correction during the first half of 2008. By "significant", I am looking for more than 10%, but it's way too early to start positioning now as I do believe we have one rally left.**

**Additionally, as with the summer collapse, I am hopeful that our army of indicators and models will provide ample warning.**

**As always, please contact me directly by replying to this email or calling 203.389.3553 with any questions or comments.**

**Also, if you are interested in how our forecasts did previously, we post them on our site right here.**

**<http://www.investfortomorrow.com/news.asp>**

**Finally, this letter (and our client base) continues to grow from your referrals. If you know of folks who are either interested in the financial markets or are planning for retirement and just changed jobs, please have them sign up here:**

**<http://www.investfortomorrow.com/newsletter.asp>**

## **FINAL Call for 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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Important Disclosure Information

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