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## Happy Passover & Easter!

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I will lead off today's edition with three things. First, I want to wish those who celebrate, a very Happy Passover and Happy Easter! Second, I am going to be on CNBC's Squawk Box on Monday, April 9 at 6:10am. And third, we have been accepted on Vestorly.com's platform where we will begin to communicate with you in a consolidated fashion. If you haven't already received a welcome email from us through Vestorly, you can expect one shortly.

Today also begins my favorite golf tournament of the year, The Masters, which is a great follow up to the men's and women's NCAA basketball tournaments that ended a few days ago. When I was single I would hunker down to watch every single televised game and hole of the events, usually

alone, but sometimes out with friends. Now with three kids, each year just gets better and better as they like to plop next to me on the couch to watch, cheer (or scream as the case may be) and ask questions. And boy, do they ask questions!

I also thought that now is a good time for a 15 second [survey](#) on StreetSmarts with one hot topic question thrown in for good measure. PLEASE, click on the link and help us help you!

<http://www.surveymonkey.com/s/YPK7VS3>

Your anonymous participation is greatly appreciated!!

## Scenario for a Market Pullback

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Unlike most of the issues this year, I am going to keep the number of charts to a minimum and focus on some random opinions and forecasts, something I haven't done in a while as was pointed out in an email. Let's start with the stock market.

So far in 2012, the market has done nothing wrong. By that, I mean price has behaved bullishly and has not violated any key areas. Each very brief bout of selling has been met with a huge surge of buying, propelling the major indices to higher highs. In this kind of rare momentum driven environment, which is always viewed in hindsight, the major indices usually trounce their sector components as well as the vast majority of active strategies. I believe that the S&P 500 beat every single sector in the first quarter except for financials and technology.

So everything is hunky dory and we should prepare for Dow 20,000? Not quite. While I think all time highs may be in store for the Dow this year, it won't be a straight shot. Stocks have come a long way in very short order without much time to pause and digest. Since the beginning of the year, all 2-3 days pullbacks have been met with buying and the market is just about at that crossroad again. Until the Dow closes below 13,000 and the S&P 500 under 1385, the bulls are in control.

Now, if you ask me what keeps me up at night in the markets, I always have concerns. In the short-term, I am worried that the Fed's latest liquidity program, Operation Twist (selling short-term treasuries and buying long-term ones), is ending in June and long-term bond yields have already started rising. Why should you care?

With bond yields rising, which I am sure is being cheered by seniors, mortgage rates rise as well. In turn, that makes buying a house more expensive to finance and it reduces the number of refinances. I think

refinances have been down something like 6 out of the last 7 weeks. All that means less money in the pockets of consumers to spend and stimulate the economy.

Another thing that concerns me is that the high yield (junk) bond market has not really participated in the party since mid February. Now, it hasn't declined either so it's not flashing red danger signs, but it does show that some liquidity is drying up. For newer readers, junk bonds trade more in line with the stock market than the bond market. They are at the bottom of the corporate food chain and represent the riskier companies that are forced to pay higher interest rates to entice investors to buy those bonds. The high yield sector is usually one of the places we see liquidity flow first after bear markets and usually one of the places that liquidity leaves at the end of bull runs.

Similar to junk bonds, the Russell 2000 is an index of small companies where an absence of liquidity hits first. Leaders during the early and mid phases of bull moves, the Russell 2000 has lagged its large company cousins for the past month. Again, just like with the high yield sector, the small companies haven't declined, but they stopped leading and that's a yellow caution sign.

Tomorrow, both the Russell 2000 and junk bonds could scream higher and fix the glaring weaknesses, but that's not the likely scenario. The healthiest thing for the bull market would be either the stock market going sideways for a period of weeks or months, or price declining 4-8% as you can see below to recharge the bulls' batteries for another move higher.



## Dow Jones Industrials Corrective Price Action

I am sure we can both come up with many more "things" that keep us up at night regarding the markets. But most of those are probably more macro, geopolitically based and will be with us for a long time. What I mentioned above are just some short-term concerns that can be easily corrected.

If you have a 401K or other investment accounts and want to discuss how to best position, please don't hesitate to call me directly at 203.389.3553 or hit "reply" to this email.

## Debt Can Limit Retirement

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When the paychecks stop coming in, you want the flexibility to control your expenses. The more debt you have, the less your flexibility.

Which is why it is so important in planning for retirement to minimize debt.

One way to minimize debt is to take advantage of today's essentially record low interest rates to refinance. Remember, interest and mortgage rates have been coming down for 31 years. At some point, rates will reverse for more than a week, month or quarter and head higher for years, if not

decades. And once that train leaves the station, it is going to be difficult for those wishing to refinance existing mortgages.

In the week ending March 30, the average rate on the 30-year fixed-rate mortgage was 3.99%. The average rate on the 15-year fixed-rate mortgage was 3.23%, and 2.90% on the 5-year Treasury-indexed adjustable-rate mortgage.

To make sense, refinancing should save you money over the remaining term of your loan INCLUDING your costs to refinance. This is where it really makes sense to shop around. And we would be happy to help you select the best lender. Closing costs and points vary between lenders. Tell your prospective lender your goal is the lowest out of pocket and the greatest savings over the life of the loan.

Avoid extending the term of your loan. If you have 18 years remaining, refinance into a 15-year loan or a 10-year loan if you can afford the payments. If your payments are less after the refinance, continue making your prior mortgage payments to shorten the term of your loan.

Taking advantage of today's low interest rates to refinance existing loans and pay off high interest rate loans saves money over the life of the loan and better positions you for retirement. You might be able to cut back on vacations, eating out and other expenses to afford retirement, but debt payments are typically non-negotiable. And please remember that we are here to help you!

## **Upcoming Appearances**

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ET NOW's Trading Calls - March 29 at 10:30pm

CNBC's Squawk Box - April 9 at 6:10am

Yahoo! Finance's Breakout - April 12

You can view most of the past segments by clicking below.

## **Media Appearances**

(<http://www.investfortomorrow.com/InMedia.asp>)

## **Investment Quotes/Adages To Live By**

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"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."

"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, 1931

"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 via Tim Woods

"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

## **Friends And Family Plan**

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Finally, as you know, our firm and this newsletter continues to grow mostly from your referrals. If you know anyone who is interested in securing their retirement, planning for it or just plain worried about it, please send them here. As always, thanks for thinking of us with your circle of family and friends.

**[Sign Up Here](#)**

You can also forward this email to family and friends by hitting the "forward email" hotlink at the bottom of this email.

## To Your Financial Success,



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