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## Hurricane's Damage to Mayor Bloomberg

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With each passing day, the northeast ever so slightly continues to get back to some sense of normalcy. But for the hardest hit areas of New York, Long Island and New Jersey, it is going to be a very tough and long haul, months, quarters and even years. While the waters will recede and tunnels pumped out, it's hard to restore when some areas have nothing left to restore.

In CT, except for a few towns right on the shoreline, most of the damage has been from wind. For the most part, schools have been out all week with parents begging the power companies to work faster and get those kids out of the house; I mean back to school.

As we do every time there is a major storm warning, our office is prepped for flooding, loss and inaccessibility. Luckily, since we are in a lower area, we

escaped unscathed again. Although I live in the same town as my office, we are at a much higher elevation littered with very large and old trees. Similar to Hurricane Irene and the October Nor'easter in 2011, the tree damage looks like a tornado came through with 50' to 80' trees totally uprooted, smashing into houses, power lines and across main roads.

While our power came back on Wednesday night, many in the area are still in the dark. In the grand scheme of things this is just a big inconvenience compared to the devastation elsewhere. We will all survive without power for a few days or week, but it's hard to fathom watching your house and neighborhood literally washed away or burnt to the ground.

My kids now think these superstorms are all fun and games with no school, no homework and becoming nomads who eat out all the time. Aunt Barbara housed the five of us plus the dog one night in her two bedroom apartment. The kids thought it was like a cool trip, building forts and sleeping on the floor while I am sure Barbara breathed a sigh of relief when the Schatz tornado walked out the door.

New York City Mayor Michael Bloomberg created a tornado of his own this week. For many years, I thought Mayor Bloomberg would be the perfect third party presidential candidate with deep enough pockets to recreate the two party landscape. He is basically a moderate, sitting right in the middle of the left and right where most of the country also resides.

And until two days ago, I thought he was very Guilliani'esque in his response to Sandy. But just when I thought he was perfect, he literally falls flat on his face. First and foremost, he is going ahead with the New York Marathon. Although Manhattan is drying off, water remains, streets, highways and tunnels are still closed and mass transit and the train system are barely working. There aren't enough police as is and traffic is crawling at all hours. Now the Mayor is going to pull police from important jobs to close more streets? How about the large generators they are using in Central Park at the finish? You have runners who need to fly in and can't. Except for the almighty buck, why on earth would you have the marathon? Shouldn't the city focus its resources on clean up, restoration and helping its citizens?

To rub salt in the wounds, Mayor Bloomberg somehow found time during the disaster to make an endorsement in the presidential race as if that is what's really needed in New York City. Way to go Mike! You took 10 years of hard work benefiting your constituents and turned into a jerk overnight. You may not like New Jersey Governor Christie, but I give him a lot of credit for not only the way he is handling the disaster in his state, but also for putting politics aside and supporting President Obama during his visit. At the end of the day we are all human beings first...

## Bulls Supporting Obama But Margin Tight

Let me start out by saying that an Obama victory remains priced into the stock market as it has for almost two years, but that "certainty" has fallen of late. I don't have much faith in opinion polls as I believe many people don't make their final decision until they are in the election booth. I have found (and researched) that the stock market does a much better job of predicting the outcome of the presidential election with 75% accuracy.

As I type this now, the election is going to be very, very close so instead of trying to call the winner, I will send another update Monday night or Tuesday morning with some thoughts.

For the past few issues and starting [here](#), I wrote about the expectation for a stock market low before the election that would catch the masses by surprise and make it difficult to get onboard before we knew the outcome of November 6. Nothing huge, just your garden variety 2-8% pullback.

In October, "we should see stocks decline once again below the levels seen last week into what would be a good bottom and trading opportunity before the election". Below is a chart of what I discussed.



And so far, the market has cooperated nicely with that roadmap as you can see below with the Dow declining 4.77%, S&P 500 5.08%, S&P 400 6.51%, Russell 2000 7.59% and NASDAQ 100 9.16% from absolute high to low. The question now is, have we seen THE bottom for the rest of 2012 or just a temporary stopping point. I think we will know that answer next week, but the bulls have the ball and need to run with it!



One of my colleagues, Parker Binion, offered that another scenario could see stocks decline again next week or the week after below the recent price levels and then begin the traditional year-end rally. That is certainly a possible path, but in that case, I would argue that the ensuing rally would be even better and longer than what I had originally thought. We will see shortly and President Obama definitely wants higher prices into Tuesday!

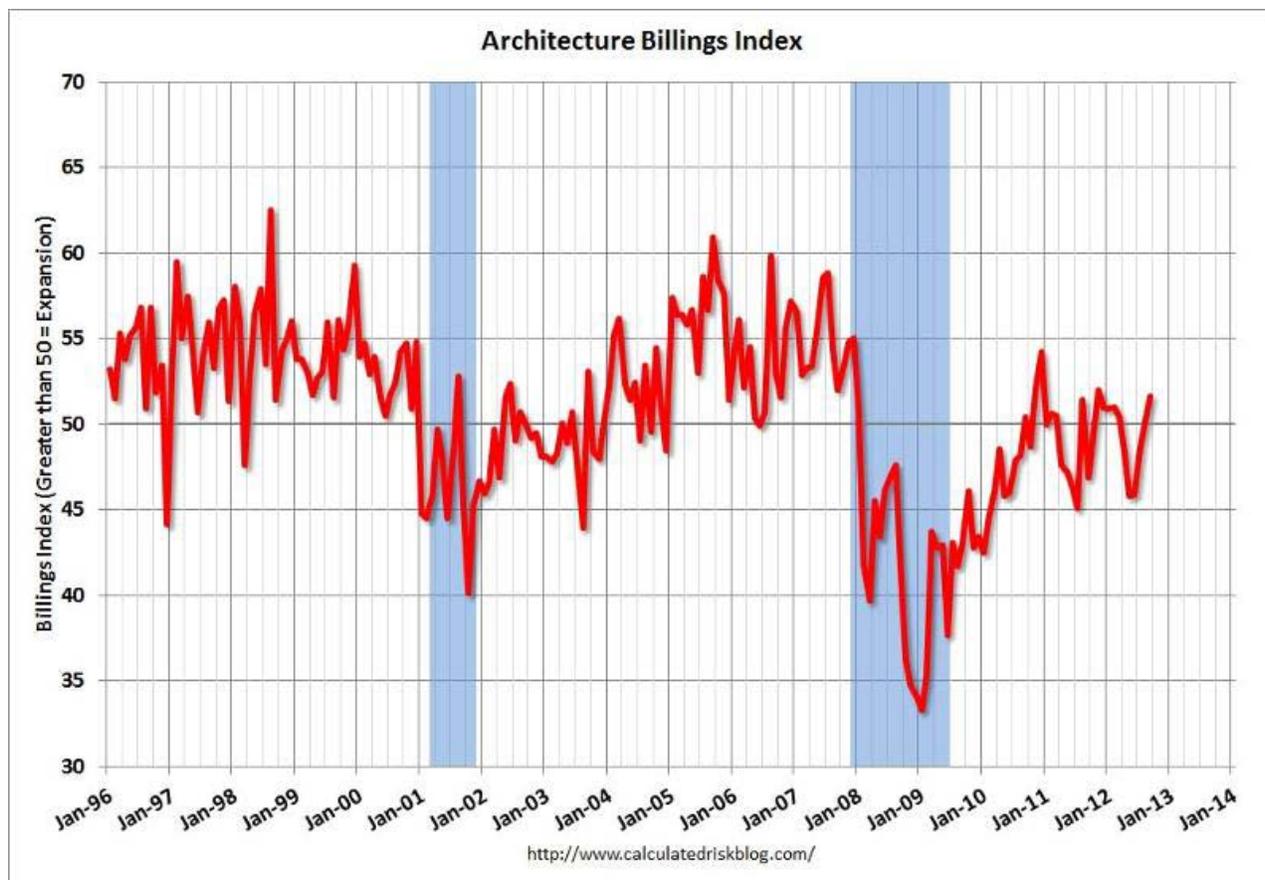
If you haven't had a good portfolio check up in a while, now is an excellent time! Please call me at 203.389.3553 or reply to this email.

## Economy Plodding Along As Expected

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In the previous issue, [Separating Election Nonsense from Reality](#), I shared another off the beaten path economic indicator showing hotel occupancy rates and how they are basically on a similar path to pre-2008. Below is another non-

mainstream indicator that I have show many times before.



This indicator shows activity from architects and typically lags the actual construction projects by 6-9 months. It continues to confirm our own economic thesis that what we are living through is a very typical and normal post financial crisis recovery with long-term deleveraging, high unemployment and frustrating sub par growth. I imagine that this indicator will oscillate between 45 and 55 for some time, but will eventually break out to the upside over the coming years as construction finally gets back to helping the economy.

This morning, the government released the final employment report before Tuesday's election and as with the ABI above, the report falls in the "as expected" range of 0 to 200,000 for a post financial crisis recovery. The 170,000 new jobs created in October will likely be spun as positive by the administration because it showed improvement over last month. But 170,000 still does not keep pace with population growth and that is a huge problem.

The Romney camp will likely spin this report as weak and unacceptable as some 23 million Americans remain out of work and the total number of net new jobs created since February 2009 is just about 0 according to CNBC's Rick Santelli. I did not do the math myself.

My own take is that this remains your typical post financial crisis recovery with

long-term structural employment issues. I do not believe that many of the jobs we lost will ever come back in the former form. We are going to have to create new jobs from new sectors and industries as our economy evolves. And I believe that will happen on the other side of the next recession which could hit in 2013 or 2014 and be on the mild side.

## Upcoming Appearances

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Real Life Survival Guide - November 7 at 4:30pm WNPR Radio

Global Market Summit - November 28 in New York

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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"The only easy day was yesterday."

- The U.S. Marines

"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.

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## To Your Financial Success,



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