



HERITAGE CAPITAL LLC

Invest for Tomorrow. Live for Today.™

Not a single person in the industry has been a more ardent bull than I have been. At the market bottoms in January and February, no one pounded the table stronger than I did that it was time to buy.

I watched in amazement as Stephen Auth from Federated cut his 2016 forecast from 2500 to 1700 right at the lows. RBS said to "sell everything". There was a constant parade of bears on CNBC, Fox Business and Bloomberg calling for a new bear market or even a repeat of 2008. My Twitter feed was more than 90% negative!

Through it all, my message was crystal clear as you can see from the blog postings below. My extensive research showed bear market ending conditions in February even though stocks were only down 15%.

<http://investfortomorrowblog.com/archives/2100>

<http://investfortomorrowblog.com/archives/2102>

<http://investfortomorrowblog.com/archives/2130>

<http://investfortomorrowblog.com/archives/2132>

<http://investfortomorrowblog.com/archives/2142>

Having ridden the powerful bull wave from the lows with maximum equity exposure, that all changed this week as our U.S. stock market model turned negative. There were multiple causes for this including short-term sentiment becoming too positive, price behavior first looking tired and then correlating with previous market pullbacks.

As such, we took fairly dramatic steps on Wednesday and Thursday to raise cash, hedge and even establish small short positions.

Looking out over the long-term, I do NOT believe the final bull market peak has been seen. If our model is correct, stocks should see the strongest bout of weakness since the rally began in February, but those price lows should not be breached.

All-time highs are coming later this year and at first glance, they should be rejected by the bears. Ultimately, my long standing target of Dow 20,000 should be seen in 2017 with an outside chance at several thousand points higher than that.

For now, the window of opportunity is here for a decline and it's time to play defense.

To Your Financial Success,



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