

# Heritage Capital, LLC

## News Release

For Immediate Release

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### **Stock Market Correction Nearing An End, While Oil Going Even Higher Says Paul Schatz Of Heritage Capital**

WOODBRIIDGE, CT – AUGUST 25, 2004 – Within the next two to four weeks, the market will make a significant bottom, THE bottom of 2004, maintains Paul Schatz, Founder and President of Heritage Capital, LLC, an investment advisory firm based in Woodbridge, Connecticut.

“Since late January, the market has been working off the excesses of the monster, straight-up 2003 rally,” explained Schatz. “Prices have gone largely sideways and marginally down for seven months as Wall Street gradually rebuilt its ‘wall of worry.’ Now, we’re entering a spiky decline period that should position the market for a strong recovery through the remainder of the year.”

The extent that the market rallies could well determine the presidential election, Schatz said. Without a significant rally, probabilities increase that John Kerry will be the next president of the United States, he said.

Although he anticipates further downdraft before the market stabilizes and moves back up, Schatz recommends that investors who hold equities continue to hold on and keep their bow headed in the same direction. Selling now risks missing a potentially powerful snapback. Those who are in cash should have a great buying opportunity come mid-September.

“Gold is one area I would sell completely,” said Schatz. “Oil should continue rallying through the new year, but energy stocks pretty much topped out in July. Unless you are going to trade the actual commodity, the energy sector will be an underperformer. I continue to repeat my mantra which is that the market cannot move on balance without technology stocks leading. If you really think the market is going to rally, tech has to lead the way.”

Schatz recommends that more aggressive investors look to the technology sector for buying opportunities, particularly with respect to internet stocks and semiconductors, with the caveat that investors look for confirmation before jumping in. Other areas that should perform well include bank and brokerage stocks, and in the broader market, small and mid cap growth stocks.

For now, the greatest threat to the market is the price of oil, he maintains. "We definitely have the makings of a bubble. Oil is in a parabolic move with the rate of acceleration increasing. Like all bubbles, it will end in disaster. But bubbles can go on longer than anyone thinks. I would not be surprised to see oil above \$50 or much higher per barrel before year end."

"Until oil comes back down below \$35 per barrel, the economy is at serious risk," Schatz explained. "Oil is tremendously important to the economy, not just as a fuel but also in the production of chemicals. Sustained higher prices will certainly chop off economic growth. Any correction in oil prices is a general buy signal for the market."

*Heritage Capital LLC is a registered investment advisory firm that utilizes an active management approach in its investment strategies. Active management seeks to take advantage of market cycles to position portfolios in rising asset classes and avoid declining investment classes by following market trends. Schatz has been active in the financial markets for more than 15 years, including positions as chief investment officer for a regional advisory firm and equities trader with Shearson Lehman Brothers and Cowen & Company.*

*Heritage Capital offices are located at 1 Bradley Road, Suite 202 in Woodbridge, CT.*

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