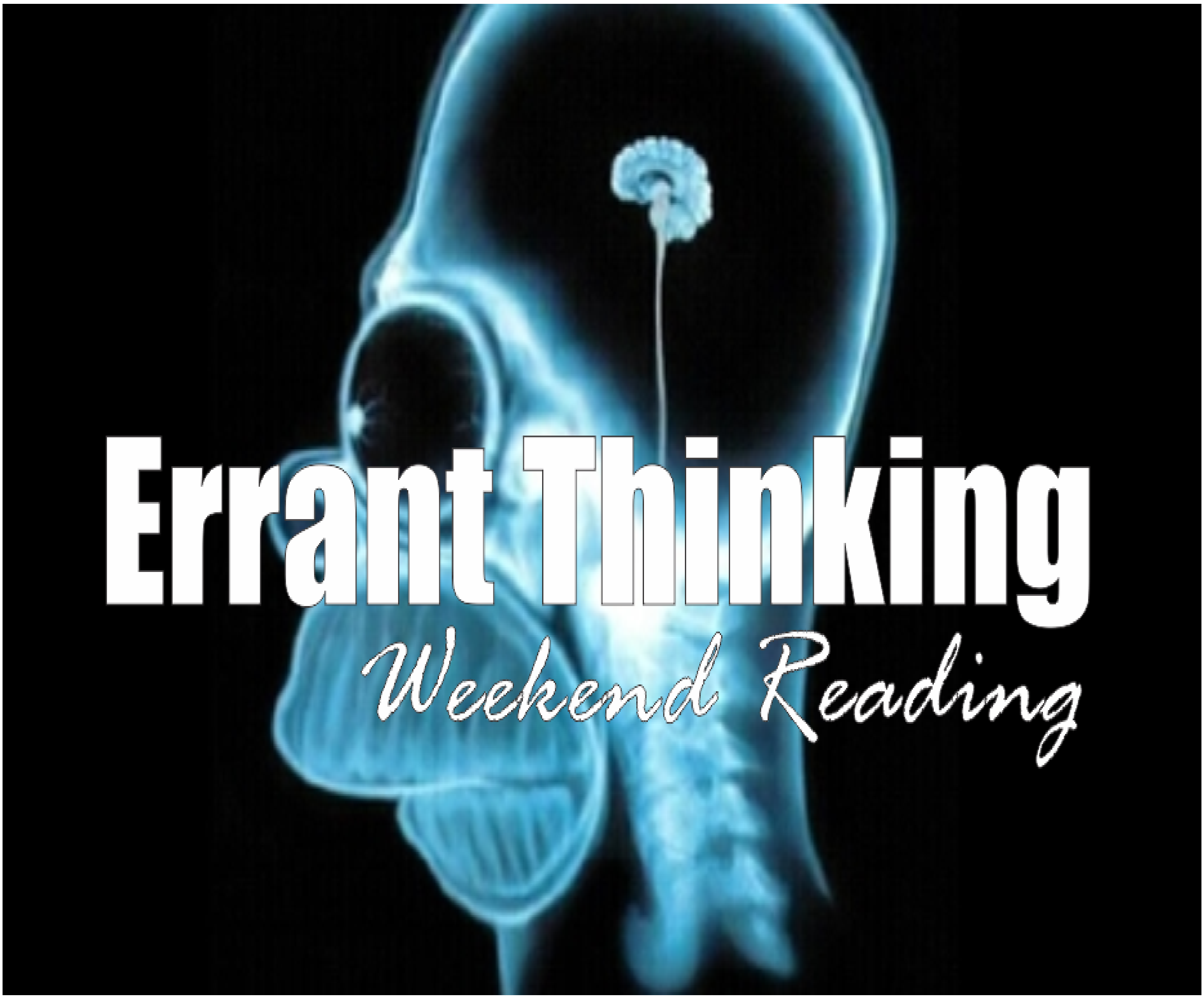
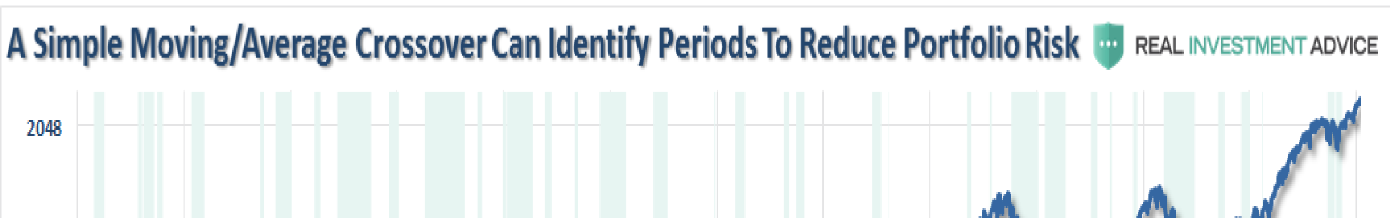
RIA Advice



Last week, I penned a post entitled *"You Can't Time The Market?"* which was subsequently picked up on the Seeking Alpha website. It is always interesting for me to read the comments on the articles as it gives me a lot of insight as to the psychology of individuals currently investing in the markets. **Specifically, it also tells me much about individuals who have never been through a *"reversion"* in the markets.** The article was addressing an individual's ability to capture the upside in the market while missing a bulk of the downside by employing even a simple moving average strategy. To wit:

> *"While there are many sophisticated methods of handling risk within a portfolio, even using a basic method of price analysis, such as a moving average crossover, can be a valuable tool over the long term holding periods.* ***Will such a method ALWAYS be right? Absolutely not. However, will such a method keep you from losing large amounts of capital? Absolutely."***



"By using some measures, fundamental or technical, to reduce portfolio risk by taking profits as prices/valuations rise, or vice versa, the long-term results of avoiding periods of severe capital loss will outweigh missed short term gains. ***Small adjustments can have a significant impact over the long run."***

Of course, this is where, despite seeing the chart posted above, this comment was left.

"Completely disagree since the market can trade at or near a record top for months or years. Yes, much of the time. Check a monthly chart of SPX. "

Okay,•we can do that. As shown, while markets during the FIRST HALF of the market cycle can certainly elevate to extremely overvalued levels as exuberance displaces underlying fundamentals, **the SECOND HALF takes generally wipes out all of the gains from previous break-even levels.**

Unfortunately, given the fact that investors don't live forever, unless they have contracted vampirism along the way, the issue of time horizons are a major problem of the recovery process. **It is this errant thinking that continually leads investors to believe that somehow this time is different.** While exuberance in the markets currently reigns as prices continue to reflect economic and fundamental perfection, this time is likely no different than the last. **The only difference will be that those with experience will leave the markets with the money from those whom will ultimately gain the experience.** In the meantime, here is what I am reading this weekend.

Fed/Economy

- **Culture Shock** by Danielle DiMartino-Booth via Money Strong
- **Trump Putting Off One Of His Biggest Promises Till 2018** by Bob Bryan via BI
- **Trump Is In The Wrong Place At The Wrong Time** by Frank Chaparro via BI
- **Regulations Are Stifling Businesses** by Stephen Moore via The Washington Times
- **Trump Needs To Build On Market Gains** by Jonathon Trugman via NY Post
- **Trump Is Wrong, Banks ARE Lending** by Gretchen Morgenson via NYT
- **The Inherent Asymmetry In The Fed's Policy** by Caroline Baum via MarketWatch
- **The Great Disruptor Strikes Again** by David Stockman via Daily Reckoning
- **Job Creation Has Nothing To Do With Trump** by Isabel Sawhill via Real Clear Markets
- **GDP: Can Trump Deliver 4%** by Anu Bararia via The Fiscal Times
- **Why Do Republicans Think They Can Deliver GDP Growth?** by Paul Krugman via NYT
- **1986 - The Last Tax Overhaul** by Albert Hunt via Bloomberg
- **The Contradiction At The Heart Of Trump's Policies** by Ana Swanson via WonkBlog

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Markets

- **Warning Signs Are Piling Up** by Frank Chaparro via BI
- **Bull Market For Junk Bonds** by James Picerno via Capital Spectator
- **The Rally In Stocks Is Doomed** by Wolf Richter via Wolf Street
- **The Case For Dow 30,000 Has Strengthened** by Nigam Arora via MarketWatch
- **This Contradiction Has Everyone At Odds** by Sam Ro via Yahoo Finance
- **Market Timing Out Of Favor? Might Be A Sign.** by Mark Hulbert via MarketWatch
- **Stocks: High Risk Of Disappointment** by Buttonwood via The Economist
- **Oil Going To $70 Or $30** by Nick Cunningham via OilPrice.com
- **Yellen To WallStreet: Slow It Down** by Mark DeCambre via MarketWatch
- **This Bull Market May Soon Hit Resistance** by Michael Kahn via Barron's
- **Is The Trump Stock Bubble Ready To Bust?** by Bress Levin via Vanity Fair
- **Only Blind Faith Could Have Me Long This Market** by Doug Kass via Real Clear Markets
- **Dow 21,000 Masks Stocks Being Left Behind** by Anthony Mirhaydari via Fiscal Times
- **Why Investors Shouldn't Just "Buy Everything"** by Joseph Adinolfi via MarketWatch
- **Too Far Too Fast?** by Paul La Monica via CNN Money

Research / Interesting Reads

- **Chicago Fed: Economy Has Been Stalling** by Jeff Seymour via HVST.com
- **The Flip Side Of Interest Rates** by Matthew Klein via FT Alphaville
- **Millennials Becoming More Socialist** by Joel Kotkin via The Daily Beast
- **How The Fed Is Gaslighting You** by Mike aka Gubbmintcheese

- **Lies, Damn Lies & Taxes** by Marc Chandler via Real Clear Markets
- **You Should Be Afraid Of FaceBook** by Leonid Bershidsky via Bloomberg
- **Debunking Myths Of IRA's** by Maurie Backman via USA Today
- **Cash-Out Refinancing Signs Of Trouble** by Keith Jurow via Advisor Perspectives
- **The Fed's Credibility Problem** by Jeffrey Snider via Alhambra Partners
- **Recession Concerns Grow As Gas Slides By Most In 16 Years** by Tyler Durden via ZeroHedge
- **Financial Engineering Has Masked Economic Health** by Satyajit Das via MarketWatch
- **When Speculator Prosper Through Ignorance** by John Hussman via Hussman Funds
- **Stocks Boast Record Run Of Buoyant Behavior** by Dana Lyons via Tumblr
- **What's A Prudent Investor To Do?** by Jesse Felder via The Felder Report

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> ***"Stock market bubbles don't grow out of thin air. They have a solid basis in reality, but reality as distorted by a misconception."*** *- George Soros*

Questions, comments, suggestions ? please email me.