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Market Musings

Wednesday November 11, 2009

Equity Indices • Treasuries • Forex • Precious Metals • Energy

VETERANS DAY NOVEMBER 11TH 2009.
12:00 AM South Florida Beach time

Lets all pay homage to the Vets .. Without them we would not have our Freedom.

"Observation. Experience, memory and mathematics--These are what a successful trader must depend on. He must not only observe accurately but also remember at all times what he has observed. He cannot bet on the unreasonable or on the unexpected, however strong his personal convictions maybe about man's unreasonableness or however certain he may feel that the unexpected happens very frequently. He must bet always on probabilities--that is try to anticipate them. Years of practice at the game, of constant study, of always remembering, enables the trader to act when the unexpected happens as well as when the expected Happens. A man can have great mathematical ability and unusual power of accurate observation and yet Fail in speculation unless he also possesses the experience and memory . --Reminiscences of a Stock Operator- 1923

MARKET MUSINGS

Crude, Heating Oil Unleaded Gas , Natural Gas and Copper are showing signs of breaking down. Seasonally the end of November and early December these markets tend to make lows. The Canadian Dollar can also suffer during this period.. Especially since its all time highs were made in November of 2007.. In the Forex Markets .. The whole world wants to be long Euro and the whole world also wants to sell against 15300 to 15500. At 15700 the Euro is over valued against the Dollar as the dollar was over valued against the rest of the world in the mid 1980's when the Plaza Accord was struck...its no bargain here.. Furthermore those who blindly follow the IMF , (referring to the report over the weekend that caused an uproar and suggested the dollar is still over valued by 10 %) may in fact lambs being led to the slaughter. Buying the euro is not a trade we want to participate in over the long term for any reason what so ever at these levels.. Traders can 'putz' around and trade, but long term

we will find better things to do. ..The Yen can rally a tad from here. However, can the Japanese handle the destruction of their export led economy ? The strong Yen inflicted massive damage to its Economy in the mid 1990's..Bottom line the Dollar bear appears long in the tooth.

We remain bullish Equity indexes and want to buy dips and prefer to exit the longs on rallies especially at current levels that have been our targets since the summer when we were the one of the few 'last men Standing' and Bullish in the throes of the Foolish Bear attack in July.. Our index program remains long.. However that said we see very little pro growth policy from anyone in gov't , which appear to want to increase taxation to levels that are harmful to private enterprise and diminishes the chances of sustained employment growth. That is likely an issue that will be dealt with in 2010 and does not change the outlook for a normal rally into the early part next year.. Long term has not changed.

-A Ship in Harbor is Safe...But that is not what ships are built for --

Happy Trading!

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