

# PHASES & CYCLES®

## THOUGHT FOR THE DAY

### **New York Market is at a four-year high!**

Just like reporters – who believe that only bad news sell newspapers – financial columnists, market letter writers and TV “evangelists” have been concentrating on bad news. Here we are, four years into this bull market, the S&P/TSX is at an all time high, the S&P Index is at a four year high and yet did you hear about this in the papers?

No. What you heard was Oil going from \$18 to \$78; Natural Gas collapsing; seventeen Fed increases; house prices soaring; deaths in London and Spain; US and Canadian soldiers getting killed everyday; Hamas and Hezbollah and Israel; Iran’s sable rattling – the list is endless. And yet the bull market that started in 2002 lives on. Talk about climbing a wall of worry.

For those of us who remember Churchill’s remark “Some chicken, some neck” in reply to a French general’s claim in late December 1941 that “In three weeks England will have her neck wrung like a chicken”; we offer the same rebuttal to those who maintain that bad news will wring this bull markets neck.

Of course not everyone has enjoyed this bull market during the last four years. Some, who have tenaciously clung on to their \$140 Nortel and \$24 Bombardier, are still hoping for a break-even. But those who listened and benefited from a totally different list of stocks (and we hope that we were somewhat responsible for the selection) we say: keep enjoying the ride, because it is still not over!

What about the current weakness in commodities, you ask? The two previous times we were in the same position in the 40-year cycle as today (1924 and 1964), the strength in commodities lasted over eighteen years and over eleven years respectively. The current strength started in 2004. Do the math!

So you’re not likely to hear positive news until the DJI will surpass the 2002 high of 11,750 – which, by the way, is a mere \$150 points away. Such news just might get everyone excited, which will then lead to euphoria and greed. And that should bring about the end of the current bull Market, but not until then. Wait for it!!

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Look for (or request) our upcoming Market Comment for more details.

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