

## **The Ides of March (here we go again)**

Sid Caesar was invited to the Roman Senate Bar and Grill one day to meet with his best friend Bob Brutus. They were there to do lunch, or so Sid thought. Bob had other ideas. And thus was born the Ides of March.

So to, the market seems to have other plans. Since making new 4 ½ year highs in almost all of the indexes, the past several weeks have seen the market go nowhere, simply spinning its wheels. It is always a difficult time when you're building cash and people want to be invested. The usual question is "How much am I making on my cash?" 1 – 2% maybe, depending on if it is in a money market account, savings account or under the mattress. The real response is not what you are making but what you are not losing. Cash is important for two reasons. First, when markets drop you don't lose and second when markets bottom you have cash to be able to buy. The typical Wall Street crowd would have you ride the market down because they say "It will always come back." Fortunately, they are right (in most instances), but they miss the point that when it comes back and we have ridden it down, the comeback is only recovery dollars. If we are able to buy near the bottom then the recovery dollars are profit dollars and, after all, you hired me to get you profits, not recovery.

Will the market decline from here? I believe the answer is yes. How much? My work, based upon S&P earnings, market multiples and historic performance say the drop could be anywhere from 7 to 14 percent from the top. Does this spell fear and trepidation? Well, if my name was Sid Caesar and I just received an invitation to the Roman Senate Bar and Grill from my best friend Bob Brutus, I might have some reason for concern.

But in this instance a pullback in the market is exactly what we are looking for. As you are well aware, there are strategies to profit from a declining market. We want to be able to put all that cash to work, but at much lower prices. Will it be straight down? No. Markets neither go straight up or straight down, and that's the tricky part. But that's why I earn the big bucks.

I just received an email to attend a surprise party for Mr. Dow, given by Mr. Jones at the Wall Street Bar and Grill on March 15<sup>th</sup>. MMMHMMMMMMMM, I wonder what the surprise is.

Till next time,

Bill

P.S. Next time, how to find the bottom, possible or impossible?

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