

MARKET STRATEGIES AND INSIGHTS

...for Sophisticated Institutional Investors

December 8, 2010

I'M GOING TO RETIRE ON JANUARY 1ST. (WELL, NOT QUITE COMPLETELY...)

What I turned 65 a few years ago I was asked "Are you going to retire now?" "Why should I?" I replied, "I'm having too much fun doing what I'm doing".

Well, it's not as much fun as it used to be. The market's staging erratic, increasingly-violent short-term price swings, and many of the old metrics aren't working any more. (Exhibit A: Leuthold's Major Trend Index, August 2008.) The combination is making the market do things I've never seen it do before - and I've been analyzing it every day for almost 50 years now. Also, more recently, the stress created by having to try to make sense of what's going on in the financial markets every single day - without hedging, which as you well know I refuse to do -- has begun to take a physical toll on me. I've therefore decided to retire at the end of the year.

But not quite entirely; the stock market is too much in my blood for me to completely let go. So although I'm going to eliminate the stress of the daily updates and weekly memos I'll be continuing my intensive daily study of the markets and publishing comments and observations whenever I have something to say. (Heck; I'll be an addict of the markets until I go to the Great Chart Room In The Sky.) My comments in the future, though, will be intermittent; no one says life follows the even divisions we see on the X-axis of a chart, so the timing will depend on when I have something to say rather than when the calendar says something is due.

If you're interested in being added to the distribution list for these post-retirement comments (which will probably turn out to be a larger number of relatively brief notes rather than a fewer number of long ones) please contact me; I'll add your name to the list and let you know what my post-January first business plan is.

"You're still going to publish? It doesn't exactly seem like you're retiring, Walter..."

Oh yes I am! No more daily updates or weekly memos that have to try to make sense of the market every single day or just because it's Friday -- just ruminating about

things with no deadlines looming, no marketing to do, etc. Sounds pretty darn good to me...

One last thing: It looks like I'm going to either help write or be the subject of a book; I'm already working with a published author and we have a very interested publisher. Stay tuned...

Winding Things Up

1. If we have been billing you on a January-April-July-October quarterly cycle you're all set; you're paid up through the end of the year and we won't be invoicing you (or anyone else, for that matter) again after January first.

2. If you are on some other billing cycle, you're paid up beyond the end of the year. You have two alternatives: 1) Let us credit the unused balance towards the "voluntary contribution" for our post-retirement comments and observations or 2) Request a refund for the amount covering your already paid-for period beyond January 1st. If you choose the latter, we just need to know whom to make the check out to and where to send it. (I'll assume you've chosen the first alternative unless I hear otherwise.)

3. Daily Updates And Weekly Memos For The Rest Of The Year. As you know, we suspend publication of our daily updates and weekly memos during the Christmas holiday season since activity dries up during that time and tax considerations and portfolio adjustments dominate trading. We will therefore issue a daily update through Friday, December 17, then suspend their publication until Tuesday, December 28. In addition, we will publish a weekly memo this coming Friday and another one on Friday, December 17, then publish our final memo, which will take a very comprehensive look at the longer-term position of the stock market, on Friday, December 31.

A Final Note. I couldn't have flourished as an independent analyst for more than 30 years without your support. You are very, very special people; most of my clients are also friends, and I've been working with some of you for decades now. You have meant more to me than any words could ever convey. Please know that I am very, very appreciative.