

Chart School!

We all know how to read a chart, but sometimes we underestimate how much can be gleaned from a picture. We will take a quick peek at where we are in the markets and some serious divergences that have now been brewing for a few years. It's just a matter of time before these deteriorating internals of the markets show up as externals and are plainly obvious to everyone. Now they're hidden gems, only known to those who explore the depths of the markets and take the time to dissect the details.



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High Speed Transportation

When I see this I instantly think of the Concord that is the epitome of high speed transportation like we've never seen before. Since that is now out of the question for the time being, what is the next new high speed option for transporting people from point A to B? It's not only traditional airplanes but also now ultra-high speed trains. Surprisingly we're not leading the charge here for high speed rail, Asia and Europe are the current kings of the high speed train movement for the time being. You can now travel between Chansha and Wuhan, two Chinese cities on a bullet train called the EMU Bullet train and it's rolling along at 300 K/hr. That's ripping and even for me, the ultimate speed demon, it would be fun to be on a train that goes that fast. I'm used to the Metro North train going into Manhattan that rocks along at maybe 40mph, this is a whole new level of speed on the rail.

These new trains are smooth and in some instances self-propelled so the options for moving people quickly along the rail line is serious. There is a high speed rail going from London to Paris under the English Channel and it too is fast and smooth, unlike anything we've got in America. Surprisingly, we haven't found the high speed rail as something we want to dominate. This train is 15 cars long, and is almost 1/2 of a kilometer in length and can hold just under 1000 people. This is the equivalent of 5 big airplanes and it burns a small fraction of the fuel a plane does and is a lot more efficient but of course less flexible. The airplane can fly anywhere but the train needs to stay on the rails, which take a long time to install. From 1988 to today the speed at which high speed rail can safely transport people has tripled. 60 mph was a big deal in the 80's and now the speeds are that of a funny car dragster but not just for 3 seconds, they're running for hours on end.

There are also benefits of weather with the trains as well, rain and snow will not stop the train unless there is an absolutely enormous amount of snow. The prices are also a lot less on a train and the environment footprint is a fraction of a 757 or Dreamliner flying across the globe. The big disadvantage of course is building the lines, and this isn't something that is going to serve the countryside, it's going to connect main hubs and it's going to run frequently. Many argue that America isn't set up for this type of transportation where Europe and Asia are and that is a fair argument. I don't think it'll be as big a part of our infrastructure but it certainly can link major metro areas where large numbers of people must go back and forth. Locally many people use the slow train, the Metro North to commute into and out of New York on a daily basis. This technology could open up many of our cities to this type of commuter experience. It's also convenient and easy to work on the train while you're in route to your destination.

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Chart School! (Continued from Page 1)

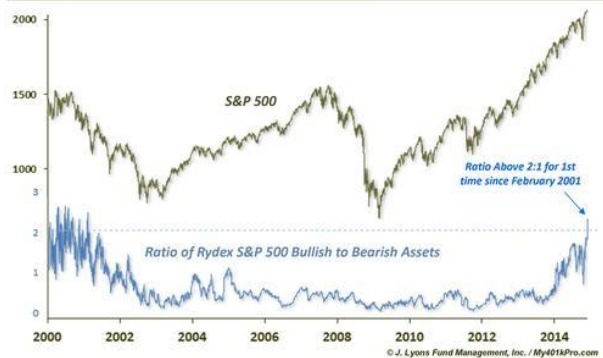
The chart above shows divergences in the market and the participation within the general market. The S&P 500 is the market in question the number of stocks going higher and running above the moving average continues to deteriorate as the markets move higher. What this means is fewer and fewer stocks are participating in the market as it goes up. This isn't healthy, a healthy market will have a majority of stocks going up as the market does and this is one example of divergences we're seeing.

2nd Worst Day Ever in the Russell 2000 w/ the NDX at 52-Week High



This chart shows us how the Nasdaq continues to march onward while the Russell 2000 (2000 small cap companies) continues to get hammered. We've got the pleasure to say this is the second worst divergence ever, only surpassed by January 3rd of 2000. On November 28th, we saw the Nasdaq hit a 52 week high and on the same day the Russell 2000 lost 1.46%. Back in 2000 the Nasdaq hit an all time high while the Russell 2000 fell by 1.65%. Breadth continues to deteriorate as the markets move higher. This is another example of fewer and fewer stocks driving the general markets higher. This lower participation rate has historically been the precursor to serious declines. This and about a dozen other of our indicators have been flashing these points now for some time so we'll see when reality sets in and this bubble pops.

Rydex S&P 500 Assets Most Skewed Toward Bulls Since 2001



This one is somewhat self-explanatory and a counter indicator. When the crowd is feeling happy, it's usually over and this is as happy as the crowd has been since 2001. Sheep and slaughter anyone?

Electrical Rates Spiking!

The cost of your electricity is most likely about to skyrocket. In CT the utilities have asked the state and been granted sizable electricity rate hikes. Some rate hikes can be 25%, it's time to educate yourself and get on the ball with this or you'll be paying dearly. The sticker shock of the rate change may be enough to get you to look once it hits, but we're hoping you'll be proactive and get to it before the rates go vertical.

The way the energy game is now played after deregulation is that you pay supplier charges and generator charges. The generation company you can choose and there are a plethora of supplier options to buy the juice from. You can choose to have regular (some consider it dirty juice) or green juice (solar, wind, etc. powered) and the green is more expensive but saves the planet. There is a great site to use to compare all of the suppliers, here is the link:

<http://www.energizect.com/compare-energy-suppliers/compare-supplier-options>

If you're not seeing this online or via email you can search "energize Connecticut compare supplier options", choose the 4th option down, which is the first non-ad search result, and it'll bring you to the same place. Here you'll see all of the companies providing juice in the area. You cannot change the delivery company as that is the firm who owns the poles, wires, etc. There is a tremendous savings to go with the better valued generation company but note, many of these rates are not fixed for long so do your homework.

There are floating rates too and you don't want them. When people change to a new firm they think the prices are forever, but they're not. You typically get a great price while the initial fixed term is unfolding, but immediately thereafter prices will go to the floater rate if you don't pay attention to your mail. The better option is to choose a new fixed term when you get the letter but some people miss it and the companies are hoping you'll be sloppy and miss the letter so they can make your rate float to the highest rate.

At this point the best rates I'm seeing are 7.78C/Kwhr as a promotional term for 3 months. We're currently at 7.7% now and just renewed to 7.6%, but that is only available to existing customers of course. If you do nothing, the NU rate will jump up substantially so please do not ignore this it's important and will cost you if you blow it off.

Each geography of the country will have a similar portal and array of options. We're big fans of being smart consumers and also being proactive so look into this and share your story with us so we can see what others are living through. We went with a different electricity supplier as soon as they became legal and our bill went down by about 10% at the time. The energy business has changed drastically after deregulation and rather than have no choices we now have many. This same thing is happening to other industries and eventually it'll be good for the consumer but the transition is painful indeed! Call if you need help in working this out we'll be happy to run the numbers and point you in the right direction.

Noteworthy News!!!

- Congratulations to Albanese family on the birth of baby Bryce William. He joins big brothers Dylan & Tyler to make three. There will be very little free time in that household! ☺
- Our condolences to the Geddes/Kolakoski/Corbett families on the passing of John, a wonderful man, son, father, grandfather, brother, husband, uncle and friend.
- Our condolences to the Lemieux families on the passing of Mary Jane, a wonderful woman, mother, wife, sister, aunt, daughter and friend.

Question & Answer

Ask any financial question you have and we'll address it here.

Q: Why are oil prices plummeting?

This is a great question and one we do not have a perfect answer to but a few solid hypothesis. Many see this big price drop as an attack by the Middle Eastern countries to lower the price of oil so that the American fracking industry isn't any longer viable and they retain the control of the supply globally. This is a reasonable theory as we've now become a big energy producing nation but the reality is the Middle Eastern OPEC countries do not have the direct controls to manipulate prices of oil on global markets. They do in the sense that if they really cut their production prices would likely rise. They recently met and decided to leave production alone so prices fell harder than they have over the past few months. Over the past few years there has been a tension and whenever anything threatened a pipeline or an area of oil production, prices would spike on the news. Now we have prices falling over 35% in a few months and simultaneously there are tensions in oil producing nations in the Middle East. The lesson here is not that the news is grossly different, but the reaction to the news is.

We have to realize supplies are growing across the globe as America ramps up production and the other piece of the equation is energy efficiency has come a long way and as we replace and build with newer, more efficient technologies we're going to use less energy on a per person basis. The other side of this equation is the demand side, which just isn't there. We'd think that the global economy is on fire by looking at how stock markets across the world are jumping, but something is missing. The underlying economy isn't on fire, in fact many countries are back in recession, and have double digit unemployment and other structural issues while markets are at or near all-time highs. This disconnect between economic reality and the demand for fossil fuels cannot be hidden as the disconnect between economic reality and stock markets have over the past few years.

Let's hope the prices stay low, as they're basically a tax cut for most of us and allows us to divert that money to savings, investing or other areas of our lives. Past large drops in oil prices have been followed by severe economic weakness as this is a forward looking indicator.

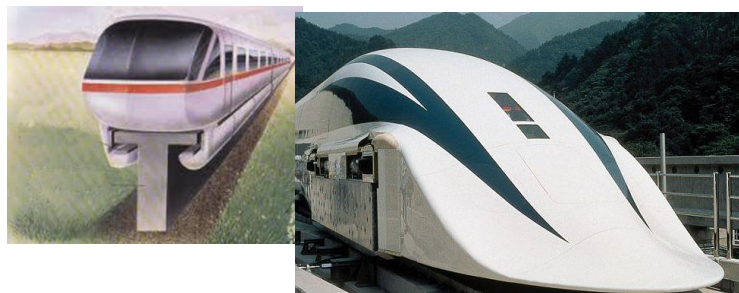
High Speed Rail (Continued)

For now the mother of all high speed rail resides in Japan. In October of this year the Japanese Government approved a new train called the Maglev, which stands for magnetic levitation. This new design will allow the train to be powered by magnetic propulsion technology, levitate just above the rails and go 500kph. This is smoking fast, over 300 mph and something I'd like to ride on. This is no small project, the government is pouring \$50 B into this project and it's going to allow commuters to go between Tokyo & Osaka in 67 minutes. The current Bullet train does the job in 153 minutes so this is a serious increase in the commute. There are other Japanese cities running these bullet trains and this technology will continue. The long term plan is to have these maglev trains operating in a vacuum, yes that is the theory, to have them operating in a vacuum and getting rid of that pesky thing known as air resistance and this is supposedly going to allow for speeds of up to 2900 kmh, which is 1800mph and something I cannot fathom. The Concorde flew at a top speed of 1350mph so trying to conceptualize a train going faster than a fighter jet is not in the cards now.

These new trains come with all of the amenities you'd find on the best airlines. They have first class, business class and sardine class as in most airlines. They offer food, wifi and bathrooms as well as luxurious suites and private cars. The experience you can have in these trains seems limitless just as we have in the air today.

From an engineering perspective the challenges are huge, the rails need to have very slow and gentle curves due to the high speeds and some of the curves will be slightly banked as in race tracks to use the inertia to keep the train on the rails. With this condition, the engineers will need to use a lot of tunnels and some of them quite deep, up to 50 meters in some spots. This is going to be one monster construction project that'll take decades and employ thousands of people.

The maglev technology doesn't rely on wheels, axles or traditional steel rails. The magnets provide levitation of the train off the rails and the juice is electric motors to make it go, and go fast. The magnets provide the lift (levitation) as well as a component of the propulsion and there are a lot less moving parts and friction in the system so this type of train can move a lot faster, slow a lot faster, ride far more quietly and operate on a platform most of us have never seen or experienced. Here is a quick peek at the floating design of the train as well as the slick and slightly aerodynamic design.



Money Quiz



This month's challenge is on imported oil. In 1976 88% of our oil came from OPEC countries, how much comes from them today? The answer is exciting! Last month's quiz was won by Kathy Romain, the Federal Government has run a surplus only 5 times in the past 50 years, in 1969 and 1998 - 2001! ☹ That is so pathetic, we allowing a bunch of fiscal dolts to run the country. Winner goes to Ruby Tuesday on us! 12/1/14:06

Energy Efficiency

With winter here and temperatures plummeting we all are thinking about heat and with that we may want to consider thinking efficiency as well. We need heat of course but we could use a lot less of it if we are smart about usage, equipment, insulation and shopping. As the cold dawns upon us, we should make sure our home is well insulated. The old fiberglass batts are the least efficient thing out there today, look into spray foam and other modern technologies for a far more efficient seal. The important areas are your entire home envelope, the ceiling, windows, doors, power outlets, etc. Anywhere there is a puncture in your homes skin think about insulating it but also think simultaneously about circulation. The house needs to breathe just like we do and if it's too tight that may not be good. Some of the new homes are designed to be tight but they are engineered that way. A very important area of the home for insulation is the rim joist area in your basement. This is hard to explain so here is a picture of a rim joist area. Done this way you'll see substantial savings in your energy bill every month.



We also suggest you call your power company and ask for their energy efficiency program. They'll come out to your home and for around \$100.00 they will help you insulate, spray foam and change many of your light bulbs to efficient models. This is money well spent and it just keeps on giving in the form of reduced energy prices moving forward.

Unsolicited Emails

This is a real big deal today and likely the largest security threat to your computers, phones, tablets, etc.! I get so many emails detecting spam (garbage email) has become pretty easy for me. If you don't have that type of comfort its' a good habit not to open any attachments on any emails or click on anything within an email as it could unleash a nasty virus on your machine and for all practical purposes turn it into a brick or a paperweight. They call this new trend attachment spam and it's the biggest threat to your computer or device today.

Lately the big idea is to send emails saying any of the following as a headline to hopefully grab your attention and get you to click on something within the email:

UPS/FedEx deliver or confirmation number

Home Depot/Walmart/Target receipt

USPS Package delivery

With the holidays here these are easy pickings as most of us are expecting a delivery or have shopped at some of the monster retailers lately. This isn't it, there are more and watch out for them, especially if there is an attachment or link within the body of the email trying to get you to click on a link or attachment.

Here are a few more popular tactics to get you to click on a link or attachment:

IRS ETF failed payment notice (IRS never emails you, ever, you'll get a letter from them not an email

Credit Card Failed Payment

Insufficient Funds Notice similarly the bank will not send you anything important via email, it's always going to come via phone call, letter etc. We've seen these with many local and national banks having been claimed as authors such as Webster, Peoples, First Niagara, Trustco, Chase, Citi, Wells, Bank of America, etc.

Wireless phone notice – this too is nonsense the cell phone company will normally write you a letter, call or text you with any messages they need to get to you.

These emails will have an attachment that is popular such as a PDF, Excel book, Word Document or other popular format and if you click that attachment, BAM, you're instantly infected so please do not click anything in an email that isn't something you are absolutely sure was sent to you by someone you know and trust.

It's also come to the body of emails via a link and even on certain websites. When I'm on the web I completely ignore the first few search results which are all paid ads as well as anything on either side of the page, just focus on the main body of the page primarily in the middle of the page.

Inspirational Quotes

- "No man should bring children into the world who is unwilling to persevere to the end in their nature and education." – Plato
- Don't count the days, make the days count, Muhammad Ali
- Intellectual growth should commence at birth and cease only at death, Albert Einstein
- The way you think, the way you behave, the way you eat can impact your life by 30 – 50 years. Deepok Chopra
- The more we give love, the greater our capacity to do so, David Hawkins
- You can't have the fruits without the roots, Stephen Covey
- A goal should scare you a little and excite you a lot, Dr. Joe Vitale
- I have had dreams and I have had nightmares but I've conquered my nightmares because of my dreams, Dr. Jonas Silk
- Certain people think they will feel good if certain things happen. The trick is to feel good for no reason, Richard Bandler



**We can piece the puzzle together and
make your money work for you!**

Kids Korner

Kids know electronics very well as they've grown up with these gadgets and we didn't. They were introduced to us as adults and this generation has had them since they were born so on a certain level they can manipulate them as a natural extension of their body. It's a great way to give your child some responsibility to keep the household electronics in order and up to date and functioning. This is a double edge sword as if they have control of the electronics, you will not have the ability to limit what they're doing. If you can trust what they do and they have this talent, they really are capable of handling a lot of tech issues that I'm blown away they can do. I've seen teenagers build serious websites, home networks and even business systems so maybe it makes sense to give them a chance if they're so inclined and maybe you'll be starting a little business in the process. What once was delivering newspapers for kids is now building websites or fixing networks!

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