

## **Market Patterns and McNuggets - Fourth Quarter Report 2014**

Pundits are always looking for patterns to help them predict what will happen next. Is there a connection between interest rates, the strength of the dollar, employment, oil prices, global instability and the strength of market movements?

In the past, lower interest rates and oil prices have been used as predictors of what is to come. However, these predictors are typically weak and can cause most pundits to draw conclusions that are spurious at best. This is never a good investment strategy.

The last time oil prices were as low as they are now was during the Great Recession. The price of McNuggets are also now at the lowest price in more than a decade while markets are near all-time highs. Does this mean that there is a correlation between the price of oil, the price of McNuggets and the markets? Don't laugh - this is no more or less logical than many of the other indicators used in the great search for patterns. For every pattern that seems to tell a story of where things are going, there are dozens that predict nothing. If anyone could actually predict where the market is going, they would not be sharing this information. Would you?

Lower oil prices mean more money in consumer's wallets – kind of like a national tax break. As the American economy is 70% driven by consumer spending, it seems that this would be a good thing. But since November, depending upon what happens in the markets each day, those pundits are saying that the daily rise or falls in the markets (of which there have been many) are being caused by the changing price of oil. That is as useful as blaming market changes on the price of McNuggets.

Here's what we do know:

Good companies will sell products and earn profits.

The markets will go up and down.

There will be corrections.

There will be bear markets.

The next bear market will come sometime between now and the future.

Our goal is to help you navigate the patterns, turbulence, pundits, and McNugget indicators, so that you can get where you want to go.

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