September 28, 2015 ***Special Update*** **Password for the Standard Newsletter Archive is: hedge**

THE BULL is SCREECHING to a HALT

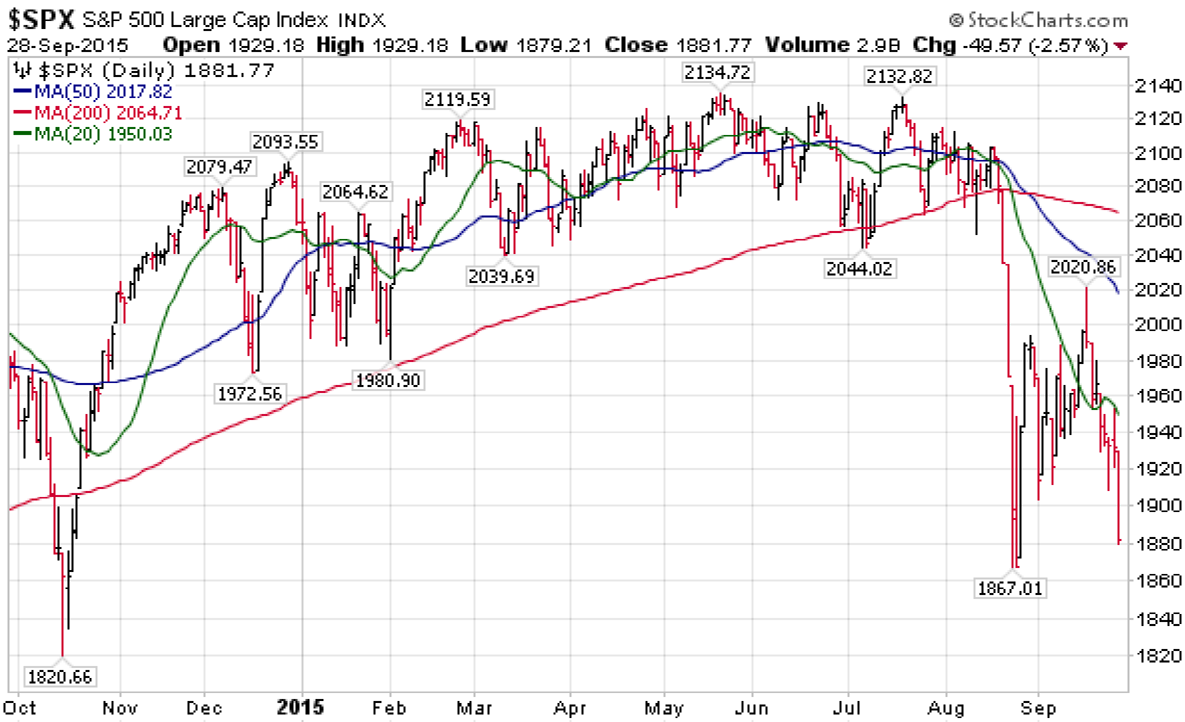
On March 23, 2009, I stated in my newsletter that a new bull market had been born. On that day, the S&P 500 closed at 822.92. The S&P 500 has been as high as 2134.82 since then. Along the way, there have been many threats to the Bull Market, but each one proved to be temporary, and the market marched on to new highs.

Since 2009, S&P 500 earnings have grown from $59.95 per share to this year's expectation of $118.00 per share. As of now, earnings are expected to grow to about $131 per share next year. During this period of time, the PE ratio of the S&P has ranged from a low of 13.2 to 18.6. Right now we are the upper end of the range.

A case for *reasonable value* can still be made for the market. I have been publishing a 2016 S&P 500 target price of 2,220. Valuation is a little less than one-half of the equation that I use for stocks and markets, however.

The other components of my equation are sentiment (relative strength) and a good, healthy one-year chart pattern. On a scale of 1-99, the S&P 500 now has a relative strength of 57 while the Dow has a relative strength of 54. These are very weak readings.

The S&P 500 is now down 11.9% since it mid-May high. I currently have a proprietary momentum grade of D. From a technical point of view, the S&P 500 is now below all of its important moving averages and sentiment continues to deteriorate.



It began with weakness in China and fear of a fed hike. Now it has been followed by a scandal at Volkswagen that threatens the German and the European economy. Germany was the strongest economy in Europe, but it is 70% dependent on its automobile manufacturing. It will take billions and billions of dollars to regulators, lawyers and claimants before this mess begins to get cleaned up at VW.

The European stock market continues to dive.

If this is not enough, we now have a war on the pharmaceutical sector to deal with. Since Ms. Clinton rattled her saber at the sector last week, it has gone into a nosedive.

The same thing happened in the this sector when congressman Henry Waxman wagged his finger at how much Gilead Sciences (GILD) was charging for their cure for Hepatitis-C in February of 2014.

Capital Markets and stocks, like a sailboat, need the wind at their backs, not in their face. The odds are enormous of starting up a company with an idea, raising money, starting up a lab, testing new formulas, and coming up with a blockbuster drug, or any successful product for that matter.

The vast majority of companies fail. If we begin to punish successful companies, the incentive to take such big risk diminishes.

Even with all of this wind in its face, the market has managed to hang in there.

But this last week was not a good week for capitalism and free markets. While we were hard at work and everything seemed fine on the surface, there were major plans being drawn up and approved to change the face of the world we live in.

If the United Nations get its way, all countries will have equal wealth, healthcare, weapons, technology, education, and political power by the year 2030. If you don't believe me, [read](#) the resolution that was passed on Sunday.

In the past, the U.N has not really had the teeth to enforce such an ambitious agenda. This time they mean business however, and it has the backing of Pope Francis. You can read the text of the Pope's speech here. I think that the Pope means well, but I think he is a bit naïve about how the global economy works. I am not a Catholic, but I am a Christian. I believe in taking care of the poor also, but it should be done by freedom of choice, not by force.

Without successful nations, economies, businesses, and individuals, who would there be to give to the poor? The more successful we are, the more we have to give. But agenda 2030 does not see it that way.

This has now become the **BIGGEST THREAT** to the continued growth of our economy. Agenda 2030 also calls or a global, non-oppressive lending system.

Remember no money down, no documentation, sign here, and the home is yours? That almost brought down the entire financial system of the United States and the world. Agenda 2030 now wants to implement easy lending standards globally. *This would bring down the global financial system and ravage your portfolio.*

I have now become extremely cautious on the market. I sold many stocks today that are starting to roll over. I kept those that are still "hanging in there," but I have a tight leash on those that I still own.

I have started to buy inverse ETF's on various indexes and sectors of the market. These inverse ETF's can be wildly profitable if the market continues to turn for the worse. During the bear market of 2009, SKF, an ETF that is inverse the financial sector went to $4,861 per share. It is now back to $54.43 per share. I established a small position in it today.

As I mentioned previously, the pharmaceutical and biotech sectors are now under siege. BIS is the inverse ETF on the sector. I also established a small position in it today.

DOG is the inverse Dow Jones Industrial Average. It goes up when the Dow goes down.

I also established a position in it.

SH is the inverse of the S&P 500. It goes up when the S&P 500 goes down. We now have a position in it at Gunderson Capital Mgt.

PSQ is the inverse Nasdaq. The Nasdaq in now under attack. I have added a position in PSQ as a hedge for now in my aggressive and moderate risk accounts.

In addition to this I have about 45% in cash. If the market were to turn around and start heading back up the hedges can be sold, and stocks can be bought back, but I really don't see that happening. I hope that I am wrong.

If this turns into a full-fledged BEAR market, it can be a very profitable opportunity. If the world moves toward Global Communism (Bernie Sanders now polls at 35%), this can be a very profitable opportunity.

The mantra in my industry is **"stay the course."** This is the absolute worst advice that can be given. Most brokers and advisors have no clue of what to do in a bear market. I fear that the vast majority of financial planners have not factored in all of the "what-ifs" into the hard-working folk's financial blueprints.

DO NOT BE AFRAID TO QUESTION YOUR BROKER OR ADVISOR, EVEN IF IT IS US. We are available any time to discuss these issues.

In summary:

After a 6-year, 25 month run-the Bull Market appears to be over. I have been a bull during this entire period of time. *I am not any more*

I have raised a pile of cash that amounts to about a 45% cash hoard. It varies by account.

I have bought five different inverse exchange traded funds that go up when the market goes down.

If the market does transition into a full-on bear market, it can be a very profitable opportunity.

Make sure that your Financial Plan has taken into account **ALL** of the what-ifs! We can be reached at (855)611-BEST or at www.pwstree.com

I WILL KEEP YOU UPDATED THROUGHOUT THE WEEK

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