



2015 Outlook by Mike Frazier

In 2015, the Bull Market enters its 7th year near 18,000 on the Dow. With so many dangerous issues overseas, demand for US stocks and bonds remains strong. We don't see that changing much in 2015. The US economy is not only growing but its rate of growth has accelerated. Lower energy prices are acting like tax-cuts for American consumers; providing positive stimulus for economic activity. As a result, we see another profitable year for investors.

Investing For Income

Demand is high for income-producing assets. The Federal Reserve Bank has kept interest rates near zero in order to create jobs while monitoring inflation. The Fed has been the biggest story throughout this Bull Run. It has discontinued quantitative easing which leads to interest rate hikes. We still see interest rates staying low for the foreseeable future, which supports both stocks and bonds. We intend to keep harvesting capital gains before bond prices get too high. Naturally, lower bond prices will draw us back into a bond-buying mode to capture fatter coupons and reasonable maturity. [Click here to learn more](#)

It's Still All About Tech

Technology will continue to be the cornerstone of our investment strategy in 2015. Smart phones and tablets are getting smarter and so are its users. Online holiday sales increased over 15%. 60% of the purchases were made from a mobile device, a trend that will no doubt grow along with Social Media. Advertisers are spending more money to capture online consumers. As transactions increase over the web, so will crime. Hackers have become very sophisticated. Cyber security software is critical, and demand has taken off. We are invested there.

Health Care Is Essential To An Aging Population

The Health Care industry continues to evolve. Advancements in technology and medicines are improving the quality and extending lives. Biotechnology has been a focus for our investment strategies for years and will continue. We are also finding opportunities in medical devices and gene sequencing for more targeted treatments. It is simply miraculous what is happening in the medical arena, and we continue to invest in the growth.

Financials & Industrials Are Back

Financials have been a tough place to invest in since the crisis. There's been a lasting debate of too big to fail vs. too big to exist. The fact remains that Banks and Brokers have the cleanest balance sheets in years and stand to benefit from a strong economy with potentially higher interest rates. We have had limited exposure in Financials in recent years, but see compelling opportunities ahead for new investments. Similar to Financials, Industrial companies appear poised for a return to favor. Housing has recovered, and the growing US economy has new developments on the rise for commercial and residential projects. Sorely needed infrastructure improvements are breaking ground as well.



*Judith Bedell and Michael Frazier
Are pleased to announce*

*The naming of two new partners to the
firm*

*Meredith Rosen
and*

*Michael Harris
January 1, 2015*





Welcome Our New Portfolio Manager

by Jude Bedell, Founder

It is an honor to announce that Noroian Capital has joined our business. The founder, Steve Noroian, has been a professional friend of mine for over 40 years. His investment advisory business shares the same high quality of service and performance as ours. The best thing about this event is our pleasure introducing Debbie Mitchell, CFA into our corporate family from the Noroian professional staff. Debbie has over 17 years experience in the investment industry as a portfolio manager and research analyst. She has a Masters degree as well as the professional designations of Chartered Financial Analyst and Certified Financial Planner. [Click here to learn more](#)



Charting The Markets

by Mike Harris, CMT, Partner

Technical Analysis is all about probabilities. The inputs are current price, patterns, volume, cycles and wave counts: which all come together to project future prices.

The old saying from Sir Issac Newton holds a lot of weight in technical analysis “An Object in motion will stay in motion unless acted upon by a equal or stronger force.” The stock market has certainly been trending up since 2009. Breadth across multiple sectors in the economy has been strong. The longer term upside price pattern in the major indexes at this time is incomplete.

The Structure and measuring implications from a variety of waves and patterns off of the 2009 bottom still project higher price targets yet to be seen. The only issue is the shorter term is a bit murky. We’ve seen increased volatility which began this fall and has lent itself to becoming what we define as consolidation on the charts. Consolidation moves are notorious for starts and stops which catch the masses flat-footed and often times positioned in the wrong direction. The good news is these moves are exactly as the term infers: consolidation will resume in the same direction that price came from. When this corrective consolidation completes our expectation is to see prices resume their multi-year bull trend.



Chasing The Consumer

by Meredith Rosen, Partner

2015 brings a New Year for consumers spend, spend, spend! What happened last year? In the retail world there was a lack of a distinct fashion cycle, which meant no “must have item.” This allowed accessories, athletic apparel and electronics to shine for the fall and through the holiday season. Apple gadgets were the hottest, accounting for with 51% of holiday new device activations.

This year, consumer dollars will be spent: online, on food and on travel. We continue to see consumers increasing their propensity to shop online for value and convenience. Amazon.com reported more than 10 million new members worldwide tried its Prime subscription service for the first time this holiday season. Online is the preferred venue of modern shoppers and will continue to gain share from traditional brick and mortar stores. Food service sales should be robust since consumers will have extra cash in their pockets due to bigger paychecks and lower prices at the pump. The trend to trade-up from “quick-service” (fast-food) to “fast casual” (food made fresh while you wait or watch) dining will continue because it meets the demands of consumers who want “fresh” food and instant gratification. The US Dollar has strengthened making international travel a bit more affordable – expect consumers to take to the sky in 2015!

In Conclusion: Lower Oil Means Good Things For Americans

The price of oil was cut in half in 2014. The world still runs on crude, and the price dive will have a lasting impact around the globe. Large energy producing nations like Russia, Saudi Arabia and Iran are still hurting. However, importers like India, Japan and Europeans will benefit greatly. For the US, it’s a major positive. As the largest energy producer around the world now, Americans have substantial, stable supplies of energy at lower costs, and are no longer dependent on foreign sources. We have restructured our investment strategy to account for lower energy prices lasting a while.

As the Bull Market matures, we anticipate more volatile price action. Global issues can’t be ignored. 2015 is a year preceding a Presidential election, which has historically been strong for stocks. The Market is still not expensive. It’s certainly not cheap, but it is definitely not expensive. Interest rates remain low and gas prices are the cheapest they’ve been in five years. We still see more running room for this Bull. [To learn more about all the topics above please click here.](#)