

Investment Prospects for 2005

The “doom and gloom” news of 2004 had little overall effect on the ‘04 investment markets.

Oil prices were sky high and the dollar fell into the basement. Basic commodities prices rose in reaction to the industrial rise of China. The war in Iraq turned into a bloody mess.

In spite of it all, the stock market held its ground, and the bond markets stayed strong.

The lesson? What “should” happen and what does happen are two different things.

From a supply and demand point of view, the stock market made an 8-month sideways correction in reaction to the big run-up of 2003.

2005 could be a very strong year for stocks, particularly the stocks of strong, self-reliant young companies on the leading edge of their industry.

The key to the new year is market leadership: groups of companies who lead the market higher by hitting new highs of their own.

New Issues: A Big Plus for 2005

One of the big secrets of investing is to own great companies before they are discovered and brought up by the “big boys.”

One of the best ways to do that is to invest in the shares of recent new issues.

Recent new issues are usually owned by a few institutions. As the company grows and the

As 2004 ends, many groups are stepping up to the plate to be new market leaders:

Technology	Healthcare	Banking
Retailing	Education	Restaurants
Gaming	Industrial	Domestic security

These groups are poised for leadership roles.

Other groups, including airlines and domestic drugs, are starting to show signs of life.

Caution: It will not be the old comfortable names that will be the leading stocks again. They may come for the ride, but that is about it.

Another key ingredient is you! Because we never know when a stock will make its move, you need patience and a realistic time frame. Impatience is the biggest killer of success.

Disclaimer: You could lose a lot of money investing, so think carefully about what you do and perform your “due diligence.”

stock develops a healthy price chart, more institutional money begins to accumulate shares.

In the 90s, many new issues were little more than excuses to go public. These need to be avoided. There are recent new issues of companies that are substantial, profitable, and growing.

As always, you need to do your homework to avoid losses and make this arena work for you.