

January 24, 2014

Dear Investors,

In last week's letter, I described a five wave technical pattern that has been unfolding since last October. It looked as though we may have been coming to the end of the fourth wave (d) down as we approached the January 23rd Fibonacci phi mate turning point. Fibonacci phi mate dates can occur plus or minus two to three trading days of the ideal date. It will be interesting to see if Friday's close was the actual bottom of this wave down or if the markets will continue down on Monday to retest their December 13th lows. If the markets trade down to, and hold their December lows, then the markets should start their final wave higher that could carry the S&P 500 Index back up to 1,875 or higher. If the markets trade below their December lows, then it is unlikely that the markets will surpass their 2014 highs and something other than the five wave pattern is unfolding.

The holiday-shortened week saw the Dow Jones Industrial Average plunge 579.45 points, or -3.5%, to finish the week at 15,879.11, and is now down 4.2% this year. The S&P 500 Index lost 48.41 points, or -2.6%, for the week to close at 1,790.29, and is down 3.1% this year. The NASDAQ Composite dropped 69.41 points, or -1.65%, to finish the week at 4,128.17, and is now down 1.2% for the year. The Russell 2000 fell 24.30 points, or -2.1%, this week to finish the week at 1,144.13, which is down 1.7% in 2014.

Last week, I also discussed the five wave technical pattern in gold and precious metals that happens to be the inverse of the one in the stock market. This week, precious metals surged to new five month highs and it looks like it is the end of wave (d) up which could be followed by one final wave (e) down that could see gold drop below \$1,150 an ounce. It appears that wave (e) for the stock market could surge to new highs and wave (e) for gold could retest its bottom. Once these final waves are complete, the overall stock market trend should become bearish and precious metals should be bullish following an oversold condition.

Although technical analyses can identify under and over sold conditions, no one knows for certain which market segment or asset class will be the best performer. This highlights the importance of diversification. Many aggressive investors shy away from bonds or fixed income and conservative investors want to avoid the stock market. However, a mix of both is often the best alternative. Building a solid portfolio is like putting together a Super Bowl team: you need a strong offense as well as a solid defense and special teams

I encourage you to make an appointment to review your asset allocation for the coming year. Visit our updated website, www.summitasset.com and click on our Facebook and Twitter links to receive helpful messages during the week. I have been selected as a 2013 "Five Star Professional" by New Jersey Monthly Magazine. This is independent confirmation of the highest standards of integrity and service that I strive to provide to my clients every day. Please go to <https://www.youtube.com/watch?v=gosMFAMRdxU>

for details. This is a great way to introduce family, friends and colleagues to our B.E.L.I.E.V.E. Wealth Management process.

If you want to discuss your financial plan, asset allocation, tax strategies or would like a brochure on our B.E.L.I.E.V.E. Wealth Management process, please call my office.

Best Regards,

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