



Starboard Weekly Report Ending March 27, 2015
Charts of the Week



The above monthly charts of Apple Corp (AAPL) and Goldman Sachs (GS) are from StockCharts.com.

TECHNICAL

Recently some Wall Street pundits jokingly remarked that the Dow Jones Averages should be changed to the Apple Goldman Averages. AAPL and GS are two of the top five companies from a price standpoint. The Dow is a price weighted index; therefore, higher priced securities have a large bearing on the price movement of the entire average. Due to their influence on the popular average and leadership in their sectors, it is important to follow the price action of these key companies. They both look vulnerable. AAPL is at the end of a six year run and GS is looking very tired over the past five months. Both are volatile and will carry the average in the direction that they go. The charts are indicating that this path will be a downward one.

FUNDAMENTAL

Not only are AAPL and GS important stocks, but they also are the leaders of their sectors: Technology and Financials. These portions represent 38.3% of the Dow as categories, with Tech at 14.4% and Financials at 23.9%. Our economy has become enslaved by these two growth engines for the past thirty -five years. Slow worldwide growth, a higher dollar and low to negative interest rates will adversely affect these two leading segments of the US economy. And that in turn will have a bearing on our markets. The last two bear markets were caused by Tech in 2000 and Financial in 2008. However, this time around it looks like both will be causing the pain together.

ASIDE

“Men have become tools of their tools.” Henry David Thoreau

The tool of finance is credit and technology has largely replaced humanity; which makes these both very dangerous tools.

Please note: There will be no weekly on Friday, April 3rd due to the market being closed for the Easter Holiday.

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Please note: It is the client’s responsibility to notify us of any changes that would influence their financial needs.