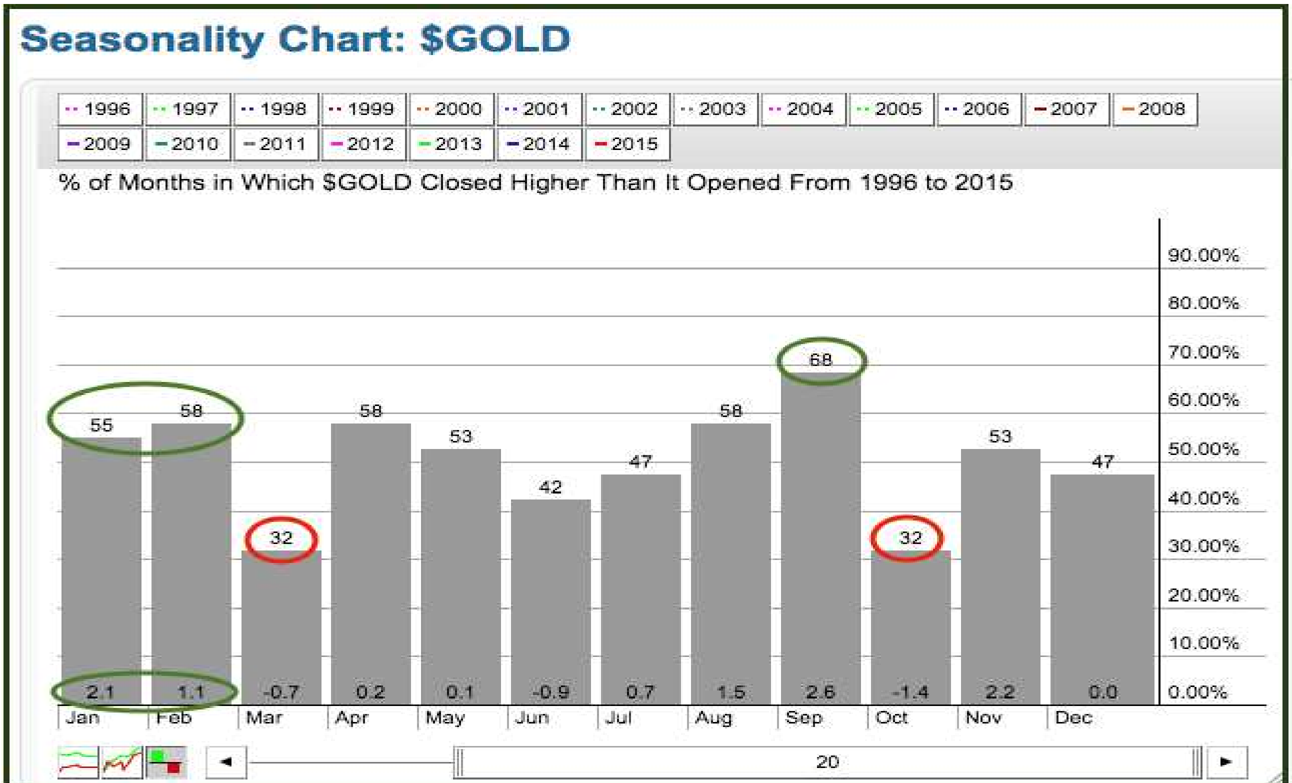
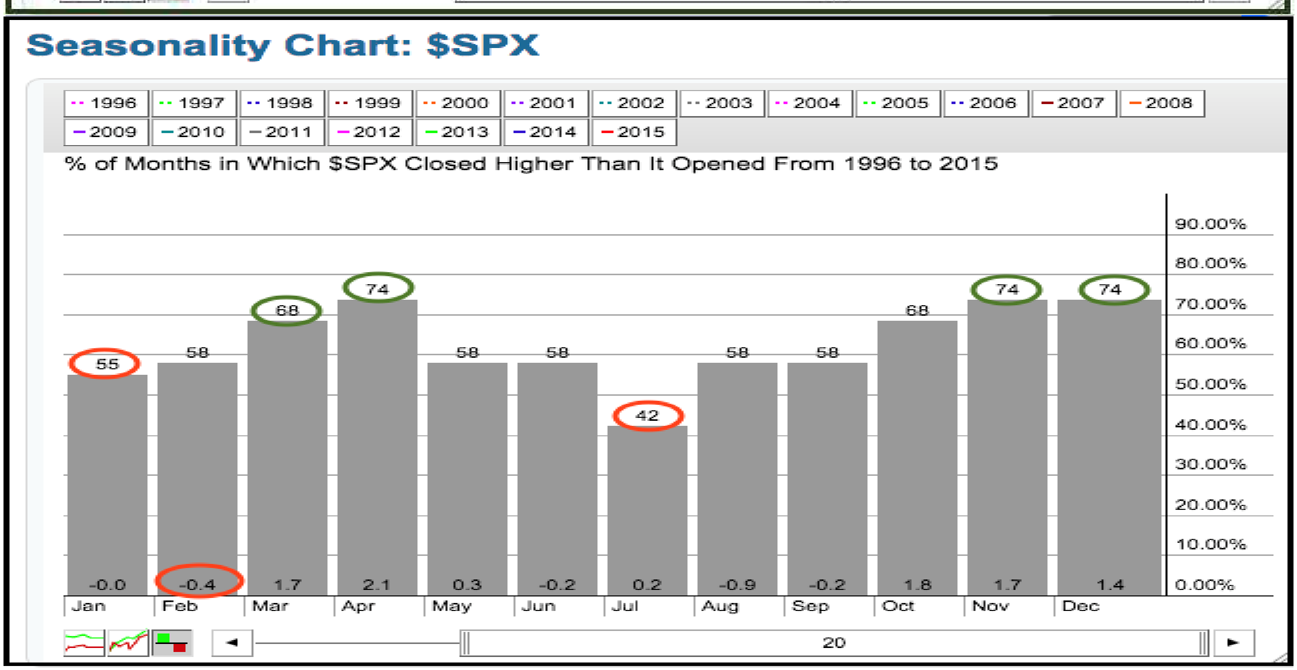
STARBOARD
ASSET MANAGEMENT

Risk Management for nagivating your future.

Starboard Weekly Report Ending January 23, 2015

Charts of the Week





This week's charts on Gold and the S&P Index come from StockCharts.com and depict an aspect of the market that is usually not considered: seasonal patterns.

TECHNICAL
Starboard receives Art Huprich's periodic market reports   He is a technical analyst with Day Hagen and he has an expression which is appropriate for this Report: "charts are not a crystal ball but are a windsock". Another way of expressing the same idea is that they give you a way to access your risk odds to help being correct on an investment decision. If price history occurs frequently enough, it is likely to re-occur in your favor. As this year progresses, our concern regarding seasonality would be *will it be different this time*. Gold is now in a historically positive time period with January and February being the third then second most favorable monthly time slots. If it can defy the March pullback this year, it would indicate something more positive from a long term prospective. Gold, reflected through the ETF GLD, made its yearly high last year in early March. Then it proceeded to trade down until early November, which coincides with the seasonality percentages of our chart. The S&P, as depicted by the SPX Spider, has had a somewhat opposite periodic history. It is weak in January and February and then strong in March and April. The same applies to the SPX Spider as to Gold. If it is different this time, we are correctly positioned with our inverse holding. I strongly believe that we will see a different seasonality this year. But if the windsock blows it in a different direction, then we would be compelled to follow.

FUNDAMENTAL
Why it may be different this year is because of the recent market volatility surrounding bonds, stocks, currencies and gold. My quarterly report next week will address the end of the debt super-cycle, which will be an economic game changer. Markets and economies have been motivated by excessive debt and easy money, especially in times of crisis where it has ultimately led us to today's situation where interest rates have been driven to near zero. Recent debt expansion and quantitative easing on a worldwide basis has not had the same economic effect as previous increases. It has created paper growth; i.e. stock and bond inflation, instead of real economic growth into plants and equipment. Businesses are buying their stock instead of reinvesting in assets and jobs because low interest rates are affecting their return on investment decisions. When the paper assets decline, they will be left with no new assets upon which to rebuild. Furthermore, there will be no help from the FED as they can't drive rates down because they are already at bottom levels.

ASIDE
As comedian Oliver Hardy would say to his sidekick Stan Laurel: "another fine mess you got me into".   Well, sorry Oliver, this fine economic mess we got into won't create many laughs.