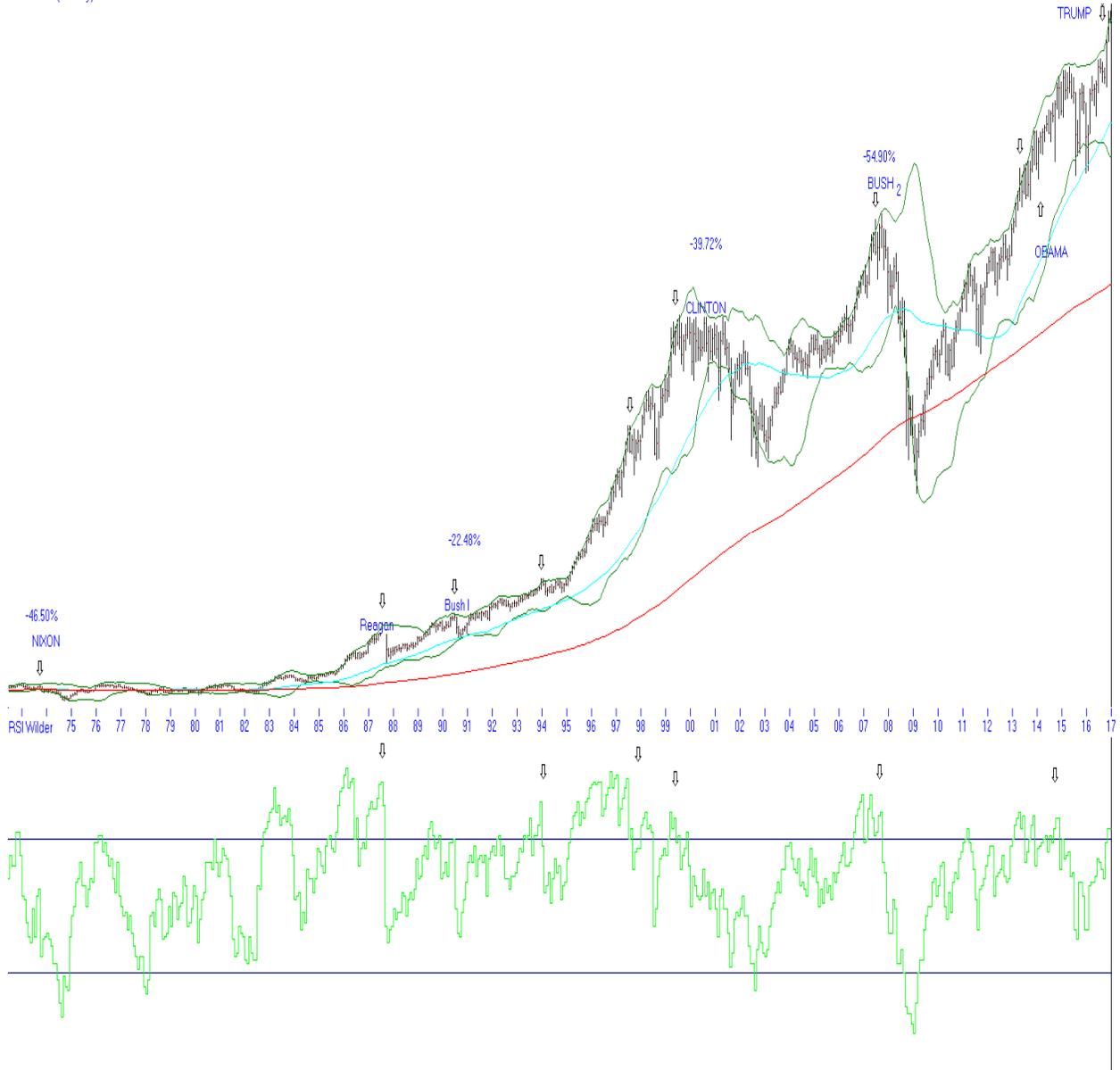


Starboard Weekly Report Ending January 20, 2017 Charts of the Week

Dow Jones (Monthly)



This week we show a monthly chart created from AIQ artificial intelligence software and it could be a presidential guide for the future direction of the DOW JONES Industrial Average.

TECHNICAL

As this week's chart indicates, presidential philosophies and policies have great long-term influence on the markets. Note the cyclical changes in the republican administrations of Reagan, and both Bush's, while Clinton and Obama had straight market upside during the years that they served. The arrows on the chart indicate points where the monthly Bollinger Bands high was exceeded. That is an indication of a very much overstretched market and in most cases it preceded serious declines. The supporting monthly Relative Strength review (marked with arrows) that shows a market declining after the indicator breaks below the blue top baseline. Technical analysis is all about price and volume history repeating itself. Today's change in government is occurring alongside an historic high in stock and bond prices that represents a serious long-term risk. The unprecedented Obama bull market of the past 8 years has created a euphoric *this time it is different* attitude that can be very dangerous. It can be argued that this long term up move was created by the government through fiscal and monetary policies. It is likely that there will be much less government in our lives as the new administration policies change; therefore, government created liquidity will not be available to move stock prices. Demand is like a rubber band; the more you stretch it then the harder the sting when it breaks. We are invested to avoid the sting.

FUNDAMENTAL

Today's Wall Street Journal has an opinion article titled "The Promise of President Trump" and it is comprised of several letters from modern thinkers. One of the letters from Charles Kessler, professor of government at Claremont McKenna College, states "*Mr. Obama found all the power he needed in unelected agencies and the courts*". This WSJ article is one of the featured news roundups on your email (below the Weekly Report). The FED was his favorite unelected agency and they may have delivered what could be his greatest legacy: the Obama Bull Market. Today's swearing ceremony could be the beginning of a better social and economic environment long term, but governmental adjustments will cause angst over the intermediate term. An idealistic pro-government era ends today putting the markets on new footing. They will now be grounded on a new power base of a populous business man rather than a social engineer.

ASIDE

"Idealism is like a castle in the air if it is not based on a solid foundation of social and political realism." Jamaican writer Claude McKay

We have crossed the air castle moat and are looking at a new castle on the ground based on people instead of an idealist government.

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