THE ROBINSON REVIEW

March 2009 left scars. The Dow dropped to 6500 (approximately) and the S&P had a panic tick down to 666 for a low.
Like a person with PTSD, that memory left deep scars.
Many people panicked and sold and never returned to "long term investing".
Those who fled to bonds for "safety' successfully boarded themselves up into a house to ride out the zombie Apocalypse.
The most popular shows on A&E were no longer about guys arguing over building choppers-- the new rage was people arguing over building "bug out shelters" and who was a better "prepper" for the coming end of days/Mad-Max vision of the world they had embraced.

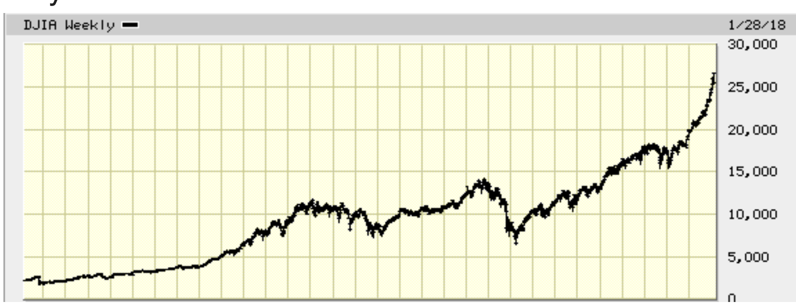

Chart Guys like to call 2009 a "v bottom". All I can remember is articles in the WSJ quoting a PHD somewhere calling for "Dow 100".

Below, is a chart of the last 5 years...

Hindsight makes it easy to see that between 2014 and 2016, we built a base with support at 16K.
There were two good dips in 2016-- Doubtful if many people bought those.

My point is this--- hindsight trading always looks so easy. Just "buy the dip" silly. However, when presented with the dip-- human nature being what it is-- the memory of 2009, where we watched the Dow dump from 14200 down to 6600---- That is some terrifying emotion to simply ignore.
That's what makes long term investing so difficult.
Everyone wants to buy the low and sell the high, but no one wants to pull the trigger when opportunities present themselves.
The Dow low on election night 2016 was 17500.
The record high just last week 26684. A bit over 9K points.
To have a correction of 5% was so over due it wasn't even funny.
As I write this Monday morning 2/5/18 at 7AM, We are down another 250, but we came down to 25093. Close enough to the "round number" effect.
So far-- 1591 points in 4.5 days...
That's is a whopping 5.9% from top tick to bottom tick.
Could we drop another 5%? Absolutely.
If you took steps to protect the recent highs buy buying out of the money puts, you probably have some pretty nice gains in those hedges.
A put you maybe paid 2k for could have doubled or tripled.
Make sure you are looking at strategies to let the put ride. It's doing its job. It's preventing you from getting caught up in the headlines and actually selling your underlying cash positions either in individual stocks or in your funds (which should

be diversified). If they are not diversified-- that's a whole other ball of wax that I'm not going to touch.
I'm about setting hedges-- protecting gains and then sitting in a position where you have choices to make moves--- instead of panicking and making emotional choices because one fears ruin.

Rule of thumb that I like to keep on my wall.
5% is noise
10% is a healthy correction.
20% is a bear market.
So far we've hit the 5% mark.
10% would be Dow at 24k--- Imagine the news headlines if that happens.
I wonder if POTUS is starting to regret taking credit for the 9K point rally?
He may have handed the DNC the sword to use against him and what's left of the GOP in the mid-terms.
Just a thought. Over time, Washington DC gives us a lot of noise and blusters but generally incremental changes. Despite the bleating of politicians promising radical change. That's the silver lining to having a republic vs. a pure democracy.

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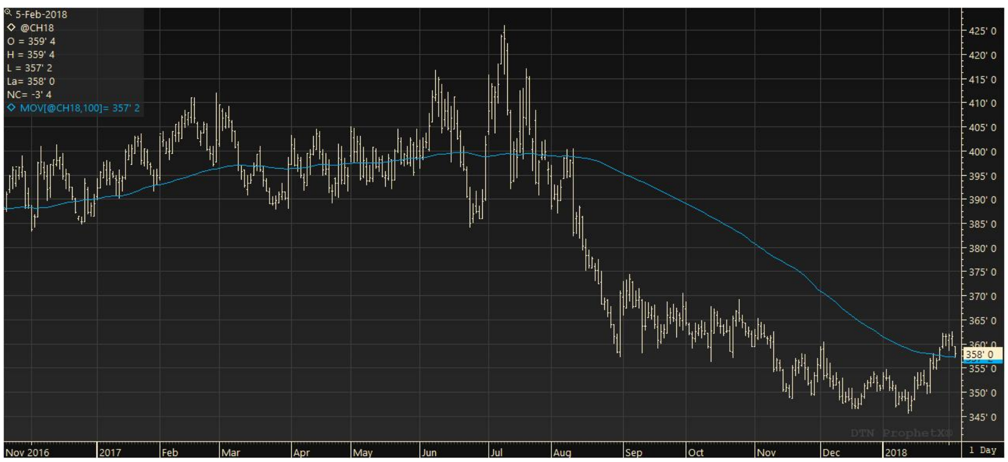
So if 10% is Dow 24K
20% which would be Dow 21,300.
Still well above the rarefied Dow 20K that we thought we'd never ever see back in 2009, much less 2016.

OK.
On to the grains.
Corn had managed a 20 cent rally and a new high for the year. We breached the

100 day moving average. The managed funds bought back a chunk of corn-- about 80K contracts. And all we could manage was a 20 cent rally?
This morning we are lower and are resting right on that 100-day moving average.
We have a USDA report coming up in a week.
My fear is we are back to trading the range until we get a real weather or demand story. If you are long here based on last week's action--- keep your sell stops tight.
We may have stepped into a bit of a bull-trap here. We need to rally through the 200-day up at $3.75 to cement a bull move.
Until then, we are back to watching each day's settlement.   We had good exports too- last week. Another case of fundamental news betraying the action on the chart.
If exports are strong, shouldn't the market be bid? If we are not bid--- what does that tell us about the strength of the market?



Soybeans: We just had a 60 cent rally, and the funds covered a chunk of their shorts-- they still sit about 40K short after being short close to 90K.
low and behold, in a few days, we've now given back 1/2 of that 60 cent rally.
Another shattered dream for the bulls?

Perhaps the pull back in the grains is just knee jerk selling in the wake of the outside markets gyrations.
In any event, the funds are still short the grains, despite having bought a chunk of corn/wheat/beans last week.

What had looked to be a promising bull beginning for February has once again morphed into pea soup.
Now more than ever, the grain markets are making catching a meaningful move--either higher or lower--- very difficult.
Mr. Market seems content to punish the longs one week, and then the shorts the next.

One finally item, i'll dig into tomorrow--why has the bond market been so slow to rally in the face of equity heat? Typically there is a "flight to quality". It looks like someone has a large bond position on between the 2, 5 and 10 years and is working their way out of it
Maybe in a week or two we'll see a story about what person or what entity bet big and bet wrong in the bond market.
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