

Your Personal Money Manager

Pearson

INVESTMENT LETTER

Published Monthly Since 1982
www.pearsoncapitalinc.com

FEATURED STOCKS - JANUARY/FEBRUARY 2015

GROWTH STOCKS:

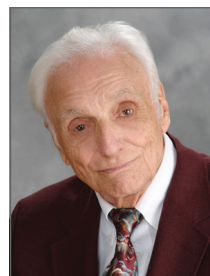
Apple, Inc
Michael Kors Holdings, Ltd

VALUE STOCKS:

AmTrust Financial Services, Inc
Cytex Industries, Inc

FEATURED CORE INVESTMENTS

Featured Stock - Baidu, Inc
Featured ETF - SPDR® S&P Dividend



Walter D. Pearson
Chairman



Donald E. Pearson
President



Ann Hathaway
Account Manager

HERE WE GO AGAIN *By Donald Pearson*

In our January letter we consistently do two things every year without change. I try to give my directional assessment for the coming year, and we feature our area's Toys for Tots event, where our community comes together and collects toys for needy children. See Ann's article inside featuring comments and photos showcasing the success achieved again this year. This is the ninth year our family has sponsored the event. With that said, I cannot believe another year is closing and you will be reading this in 2015. But that's the way it is, and as we continue to age, they will continue to go by as quickly if not quicker.

I can say for my father and me the year had a great deal of good things occurring both within our families and with our investments. Our prediction for 2014 was we would see the indexes averaging in the neighborhood of plus 12 to 14%, and it appears we will be on the money again. That makes four consecutive years that our prediction has either been on the spot or a bit low with the market even higher. But with that said it's a history lesson. What's more important is how will it perform in 2015? That's the question to ponder today. Although our assessment is purely speculation, I will give you my 2015 forecast now.

I believe we will have more volatility with many dips during the year. A pullback of 10 to 15% would not surprise me, and interest rates will probably start inching higher in the month of June or shortly

after. Perhaps two or more rate increases before the close of 2015, but less than 1% in total. With all of that said I also believe the indexes will close 8 to 10% higher as US companies continue to produce solid earnings. As I always write, this is predicated on no surprises that are out of our control.

We are planning two changes within our newsletter starting with this one. On page 4 you will find two new sections we believe will better explain some of our selections, their past performance, current position, and future probability. We will feature stocks that are in most portfolios, have been there years, and are still bought today.

We are also creating an Exchange Traded Fund section, and will showcase ones that follow the same criteria. They are within portfolios now, continue to look exceptional, and are being added to new client accounts. It's our hope this will help to show our readers and clients what sets us apart and helps us to continue to outperform the indexes.

Help Yourself

I write this every year, hoping that when you read it, if you're guilty, you'll do something about it. Everyone, especially small business owners, should PAY THEMSELVES FIRST! What that says is, open a Roth IRA and fund it weekly or monthly when you pay yourself. As we continue to get older, time is taking from us the opportunity to retire at the

age we'd like and to live the way we'd prefer in retirement, not having to work part time to supplement our social security. Once a Roth is opened one can purchase investments like Apple Computer and others that continue to grow and appreciate over time. This year AAPL will increase in value over 30%. Another reason we try to get everyone to do this is because of inflation. If this is growing between 3 to 6%, your money continues to buy less every year, so investment growth should be your vehicle of choice. In the last 20 years salary increases have gone up in the neighborhood of 20%, while college tuitions have gone up over 200%.

We can open a Roth account for you, or you can open one yourself. If you are under 50 years of age you can place up to \$5500 annually in it. Those 50 years or older can fund it with \$6500. The money can be added at any time or all at once, and it's after tax dollars being used. Once you're ready to retire, and past fifty-nine and a half, you can dig in at will and no tax is taken from your holdings.

So again this year I am reminding you if you are guilty to get started on the road to prosperity.

In closing, I wish everyone a healthy and prosperous New Year, and thank you for your ongoing trust in Pearson Capital. As I write so often, what's in your portfolio is in ours too, so we really are partners on the road to prosperity together.

Up or Down?

December is now gone. I couldn't wait for Kris Kringle to come as I just knew his bag was loaded especially for me. **WHAT PUZZLES ME IS WHERE DID THESE GIFTS COME FROM?** Do you suppose they just popped up from nowhere? That didn't seem possible. Donald may have the real answer. It is his opinion that you folks have all chipped in and made my holiday a very merry one. So if that is true I want to take a moment to say a hearty thank you to each and every one of you. **AND** perhaps I should take this opportunity to remind you all that February 5 is just around the corner and that is my birthday.

Now that is taken care of, let's talk about the market. Is it going up or down during this next period? Is it time to buy right now or is this a waiting period? The strange thing about the stock market is how so many experts on the market can be so wrong on occasion. I can remember a Florida chap who had built up a tremendous following. He had accumulated thousands of subscribers to his newsletter and sent out a danger signal by publishing a warning to sell everything as the market was heading down. In no time at all the market started its next long upward swing and, needless to say, his customers lost plenty, but so did he. Many of his customers dropped out entirely. I cannot understand why some of these fellows can be so definite about the stock market. I might say I think it is going down, or I think it is going up, but I am never 100 percent sure. One exception to that would be when we had a major, major drop. Then I might tell you we were definitely headed up. Remember that the market is made up of companies that are doing business and they have a value. The marketplace just determines how much.

I will tell you what I think about the market over the next period. Is it going up or down? In my opinion we are going to have a market that will move one way or the other by the decisions of the Federal Reserve Bank. Over this next period they may raise interest rates and this may have an effect on market prices. My thinking on this matter is the same way I would suggest you start thinking. It makes little difference whether the market goes up or down. You are not buying the market. You are buying certain stocks, and the reason you are buying these is the price is right and they are growing equities. For instance, look at Green Mountain Coffee. Had you bought it when we first recommended it, you would have paid around \$40 a share about two years ago. Today it is worth about \$140 a share. When looking at this stock it is not important to think about the market, the main thing is to think about the company, its earnings, and its future earnings.

In buying stocks today it is still relatively simple to find great stocks with outstanding future prospects, but it is also necessary to figure out your approximation of the value. Sometimes you will find a company which looks very good but the price earnings ratio is twice what we think it is actually worth. Now I believe that it is time for me to give you my opinion of the market at this particular time. I believe that we are in for a drop of some figure. I don't believe that it will be large, nor do I believe that it will be overly small. Let's look back. We have just gone through a big rise. Many stocks have become overvalued. Just about every stock is up. Now, my thinking is that those stocks that went up in price, just to follow the market and for no other reason, will come down appreciably. Those stocks that went up because of good earnings reports may recede a bit, but nothing to worry about. I think we will be looking at new price earnings sales. In other words I believe that in this new market a company that used to sell for ten or twelve times earnings will probably be in the range of fifteen times. Right or wrong there are still good buys that we are finding so my advice to you all is: **Keep Sending Money!**

How about these increases in your companies' payouts: INFY, BDX, GG, BMO, MA, AMT, DIS, BEN, SYK, PRA, RY, CCU, ENB, CHRW, ECL, CM, TD, LSTR, MORN, OCR, WRB, BMY, PNR, FBHS, CME, FSRV, BNS, ABT, GE, AMGN, FLIC, ROP, BA, LLY, PFE, LGF, VET, CVS, BBD, CP, T, BCPC, COV, NRZ, SBY, AND--a few were lost on my computer.

Management Fee:

Our fee is extracted quarterly from the account at 25% of one percent by TD Ameritrade. Immediately following any quarterly management fee extraction, it is posted within your account's history information available on line. It is also posted in your TD Ameritrade monthly statement.

First Quarter January-February-March-see your January statement.

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Source Rating Key for *PCI's featured stocks*: **Pearson Investment Growth Rating** measures long-term past and future growth.

Pearson Value Rating measures current value in terms of potential for the dollar. **Investors Business Daily** measures growth and relative price strength.

S&P measures financial quality and growth potential. **Value Line** measures timeliness, value and safety.

Information & data obtained from other sources is believed to be reliable, but its accuracy and completeness can not be guaranteed.

Walter Pearson is the former President of First New England Securities, Co., Inc. and at that time, also managed the Statistical Department.

He is the author of the book, Investing for the Millions and Publisher Emeritus for the Pearson Investment Letter.

At this time, Mr. Pearson is Chairman of the Board of Pearson Capital, Inc.

He is a contributing columnist for various publications and is listed in Who's Who in America.

"Remember the Lord your God, for it is He who gives you the ability to produce wealth." (Deut. 8:18)

PEARSON CAPITAL'S RECOMMENDED STOCKS JANUARY/FEBRUARY 2015

www.pearsoncapitalinc.com

APPLE, INC. (AAPL) NASDAQ PRICE \$110.38

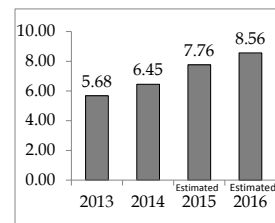
Apple Inc. (Apple) designs, manufactures and markets mobile communication and media devices, personal computers, and portable digital music players, and sells a variety of related software, services, peripherals, networking solutions, and third-party digital content and applications. The Company's products and services include iPhone, iPad, Mac, iPod, Apple TV, a portfolio of consumer and professional software applications, the iOS and OS X operating systems, iCloud, and a variety of accessory, service and support offerings. In February 2014, Apple Inc acquired Burstly Inc. Effective April 3, 2014, Apple Inc acquired Novauris Technologies Ltd. Effective August 1, 2014, Apple acquired Beats Electronics LLC (Beats).

Type: Growth
Sector: Information Technology

Institutional Holdings: 5286
Industry: Technology Hardware, Storage & Peripherals

Ratings & Recommendations Earnings per share

Current P/E Ratio: **17.2**
Annual Yield: **1.7%**
Annual Dividend: **1.84**
Investor's Bus. Daily: **A**
Pearson Growth & Value: **A+**
Morningstar Rating: **C**
Stand & Poor Rating: **C**
The Street (analyst avg.): **A+**



MICHAEL KORS HOLDINGS LTD (KORS) NYSE PRICE \$75.10

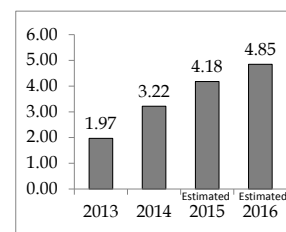
Michael Kors Holdings Limited is a global lifestyle brand . The Company designs, materials and craftsmanship with a jet-set aesthetic that combines stylish elegance and a sporty attitude. The Company is an American sportswear house to a global accessories, footwear and apparel company with a presence in over 85 countries. Its segments include retail, wholesale and licensing. It is focused on retail stores, department stores, specialty stores and select licensing partners. As of March 30, 2013, its retail segment included 231 North American retail stores, including concessions, and 73 international retail stores, including concessions, in Europe and Japan. As of March 30, 2013, its wholesale segment included wholesale sales through approximately 2,215 department store and specialty store doors in North America and wholesale sales through approximately 1,034 department store and specialty store doors internationally.

Type: Growth
Sector: Consumer Discretionary

Institutional Holdings: 1381
Industry: Textiles, Apparel & Luxury Goods

Ratings & Recommendations Earnings per share

Current P/E Ratio: **19.8**
Annual Yield: **0%**
Annual Dividend: **0**
Investor's Bus. Daily: **C**
Pearson Growth & Value: **A**
Morningstar Rating: **N/A**
Stand & Poor Rating: **A**
The Street (analyst avg.): **B**



AMTRUST FINANCIAL SERVICES, INC (AFSI) NASDAQ PRICE \$56.25

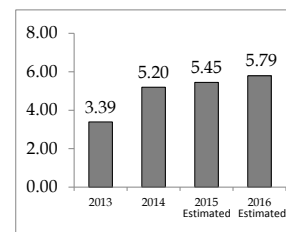
AmTrust Financial Services, Inc. (AmTrust) underwrites and provides property and casualty insurance. The Company operates in three business segments: Small Commercial Business, Specialty Risk and Extended Warranty and Specialty Program. Small Commercial Business segment provides workers' compensation to small businesses that operate in low and medium hazard classes, such as restaurants, retail stores, physicians and other professional offices, and commercial package and other property and casualty insurance products to small businesses. The Company's Specialty Risk and Extended Warranty segment provides coverage for consumer and commercial goods and custom designed coverages, such as accidental damage plans and payment protection plans. The Company's Specialty Program segment provides workers' compensation, package products, general liability, commercial auto liability, excess and surplus lines programs and other specialty commercial property and casualty insurance

Type: Value
Sector: Financials

Institutional Holdings: 444
Industry: Insurance

Ratings & Recommendations Earnings per share

Current P/E Ratio: **10.4**
Annual Yield: **1.8%**
Annual Dividend: **1.00**
Investor's Bus. Daily: **A**
Pearson Growth & Value: **A**
Morningstar Rating: **N/A**
Stand & Poor Rating: **N/A**
The Street (analyst avg.): **A+**



CYTEC INDUSTRIES, INC (CYT) NYSE PRICE \$46.17

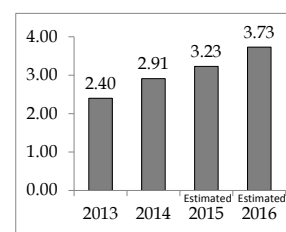
Cytec Industries Inc. is a global specialty materials and Chemicals Company focused on developing, manufacturing and selling value-added products. The Company's products serve a diverse range of end markets, including aerospace and industrial materials, mining and plastics. The Company operates in four segments: Aerospace Materials, Industrial Materials, In Process Separation and Additive Technologies. Its Aerospace Materials segment is a global provider of technologically advanced materials for aerospace markets. Its Industrial Materials product line includes Structural materials and Process materials. The Company's In Process Separation segment product line includes Mining chemicals and Phosphines. Its Additive Technologies include Polymer additives, Specialty additives and Formulated resins.

Type: Value
Sector: Materials

Institutional Holdings: 527
Industry: Chemicals

Ratings & Recommendations Earnings per share

Current P/E Ratio: **14**
Annual Yield: **1.1%**
Annual Dividend: **0.50**
Investor's Bus. Daily: **C**
Pearson Growth & Value: **A-**
Morningstar Rating: **N/A**
Stand & Poor Rating: **B**
The Street (analyst avg.): **B+**



CORE STOCK BAIDU, INC (BIDU) NASDAQ PRICE \$227.97

A new feature in our newsletter will be an article in which we review a current portfolio holding that many customers own, and the reasons why we are keeping it. Our goal is to purchase a stock and hold it until the reason why we purchased it has changed.

At this time we are revisiting the company Baidu (BIDU). Baidu is the clear leader in Chinese Internet services. We started purchasing the company in August 2005 at \$95.00. In several years it reached a high of \$700 and split 10 for 1. Today this stock is over \$230, thus profiting since inception a percentage amount of over 2700%.

According to Standard and Poor's, they estimate that revenues will rise 53% in 2014 and 43% in 2015, reflecting growth in the Chinese Internet

search as well as benefitting from new technologies. For example, in the last quarter, mobile and video mobile traffic surpassed PC traffic, with mobile accounting for 36% of revenues. With the company dominating market share, we believe that BIDU will continue to be the leader in this space for the Chinese market.

Many times we have stated that we believe that this company is a value, but not in the traditional sense, such as a low P/E ratio. We believe that its leadership position will continue to produce profits and therefore translate to a higher price for shareholders.

Baidu, Inc. (Baidu) is a Chinese-language Internet search provider. Baidu serves three types of online participants, which include users, customers and Baidu union members. The Company offers a Chinese-language search platform on its Website Baidu.com. It provides Chinese-language Internet search services to enable users to find relevant information online, including Web pages, news, images, documents and multimedia files, through links provided on its Websites. It designs and delivers its online marketing services primarily on its Baidu.com Website to its online marketing customers. During the year ended December 31, 2011, it had approximately 488,000 active online marketing customers. Its online marketing customers consist of small and medium enterprises (SMEs) throughout China, large domestic companies and Chinese divisions or subsidiaries of large, multinational companies. In May 2013, Baidu Inc announced the acquisition of the online video business of Internet video provider PPS.

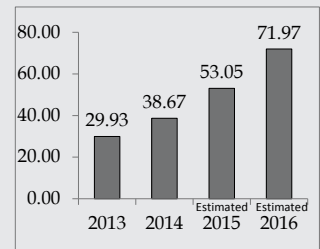
Type: Growth
Sector: Information Technology

Institutional Holdings: 1493
Industry: Internet Software & Services

Ratings & Recommendations

Current P/E Ratio: **39.1**
Annual Yield: **0%**
Annual Dividend: **0**
Investor's Bus. Daily: **A+**
Pearson Growth & Value: **A+**
Morningstar Rating: **C**
Stand & Poor Rating: **C**
The Street (analyst avg.): **B+**

Earnings per share



CORE ETF (EXCHANGE TRADED FUND) SPDR® S&P DIVIDEND (SDY) NYSE ARCA PRICE \$78.80

SPDR® S&P Dividend ETF NYSE (SDY \$78.80) is an ETF trading on the New York Exchange under the Symbol SDY. This particular ETF is one we add to all portfolios predicated upon the performance coupled with the low risk we feel attached to it. Many times an ETF can be purchased and added to help diversify the entire portfolio. This is one that fits all portfolios regardless of the age or risk of the applicant. This ETF is diversified with almost 40% of the holdings selected as cyclical, 36% defensive, and 26% as sensitive. Cyclical is made up of basic materials, consumer, financial, and real estate. The defensive sector is made up of consumer, healthcare, and utilities. Sensitive is made up of energy and industrials. All holdings within this ETF have 2.6% or less of portfolio share. HCP Inc. is the largest holding with 2.6% portfolio

share followed by AT&T Inc. with 2.4%, and Consolidated Edison 2.14%. All other holdings have less than 2%. The other seven rounding out the top ten are National Retail Properties, Target Corp., People's United Financial, McDonald's Corp., Abbvie Inc., Leggett & Platt Inc., and Kimberly-Clark Corp. The return on investment has been one year @15.3%, three year @ 18.5% and five year @ 16.1%. This ETF has a four star rating with Morningstar and yields over 2% with an expense of 0.35% making it exceptionally inexpensive compared to mutual funds averaging several percentage points higher. We continue adding this, thus better diversifying all portfolios.

The investment seeks to provide investment results that, before fees and expenses, correspond generally to the total return performance of an index. The fund employs a sampling strategy to track the performance of the S&P High Yield Dividend Aristocrats Index. It generally invests substantially all, but at least 80%, of its total assets in the securities comprising the index. The index is designed to measure the performance of the highest dividend yielding S&P Composite 1500® Index constituents that have followed a managed-dividends policy of consistently increasing dividends every year for at least 20 consecutive years.

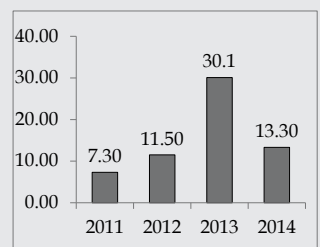
Location: USA
Type: 100% Stocks

Category: Dividend Value
Industry: Diversified

Ratings & Recommendations

Current P/E Ratio: **N/A**
Annual Yield: **2.1%**
Annual Dividend: **1.68**
Investor's Bus. Daily: **N/A**
Pearson Growth & Value: **A+**
Morningstar Rating: **B+**
Stand & Poor Rating: **N/A**
The Street (analyst avg.): **N/A**

Performance by%



JUST ASK ANN

Happy New Year!

As usual, January's edition of our newsletter contains many photos of our Toys for Tots collection party from December 14. It was held at The Alley, a local destination bowling venue. Once again, it is Pearson Capital's honor to be one of the largest collection sites in Hillsborough County, Florida.

This year, through the generosity of our local businesses and families, we were able to send 105 boxes, 82 bicycles and \$5343 in cash donations to the Marines for distribution throughout our South Shore area and Hillsborough County. An amazing collection for our 9th year!

Toys for Tots is the Marine Corps premier community action program. Over the past ten years, Marines have distributed an average of over 15,000,000 toys annually, and brought the joy of Christmas to an average of more than 6,400,000 less fortunate children each year.

We at Pearson Capital are proud to be a part of this giving tradition.

* * * * *

Most of us make resolutions for the New Year. One, in particular, is getting organized! Pearson Capital is also making this resolution. Throughout the coming months we will be sending out update sheets to all our clients. We ask that you please help us by checking the information we have on file for you and your families, updating any changes, and returning the sheets to us promptly. Every so often we have mail returned, and phone numbers and email addresses that don't work, only because a client has forgotten to include us when things change. Sometimes this can interfere with getting you some much needed information, and we want to make sure that it doesn't happen to you!

Management Fee:

Our fee is extracted quarterly from the account at 25% of one percent by TD Ameritrade. Immediately following any quarterly management fee extraction, it is posted within your account's history information available on line. It is also posted in your TD Ameritrade monthly statement. First Quarter January-February-March-see your January statement.

MARKET VIEW *Continued from page 10*

The new trends continue:

- 1) Retail and restaurant stocks will do well this quarter as a reflection of lower oil prices.
- 2) The U.S. market will once again show economic growth.
- 3) January is when small stocks do well in the market.

Key Point: We are waiting for this quarter's earnings expectations to gauge the direction of the market.

Cash Flows:

As the Federal Reserve has decided to keep interest rates at all-time lows, companies are borrowing money and using their cash to buy back stock in the open market. Take for example, Apple, which in the last year has spent \$56 billion to buy back its own stock to benefit shareholders. We expect that many companies in the S&P 500 will also follow suit and continue to purchase their own stock this year as well.

At the same time, the dollar is still growing stronger, pushing down oil, commodities, and gold. Eventually, there will be a point where there will be significant buying opportunities once the dollar starts to weaken.

New trends that are happening:

- 1) Stocks are still increasing their dividend payouts.
- 2) Airline and transportation stocks are still doing well.
- 3) Biotech stocks will have lower earnings expectations.

Key Point: We expect an increase of stock buybacks this year.



Once again Pearson Capital, Inc sponsored the local Toys for Tots campaign here in our South Shore area. Needless to say, it was an amazing success!

Due to the fact that we have grown so much over the past nine years, we relocated our party to the local bowling center last year, The Alley at SouthShore, and were able to accommodate the larger crowd and expanded toy collection.

This year we amassed over 100 boxes along with 82 bicycles filling a Military transport and 2 Penske trucks with toys for the needy children in our local community and Hillsborough County. Not only was this a record for us but we also brought in over \$5,000 in cash!

Our day was filled with Marines, Santa, our local DJ Gary and hundreds of generous community members that certainly helped to create a magical Christmas morning for our less fortunate families.

A special thanks goes out to The Alley, Costco, and Apollo's Bistro for their contributions to the party and to Huth & Booth Photography who captured the following memories for us.



Bikes galore



Toys fill the room!



Randy & Nancy Sanney -Costco



More toys!



Krewe of the SouthShore Mauraders



C21 elves, Emily Anderson, Jessica Decker, Alexandria Cain



Eileen Eletto & a generous Century 21 Beggins



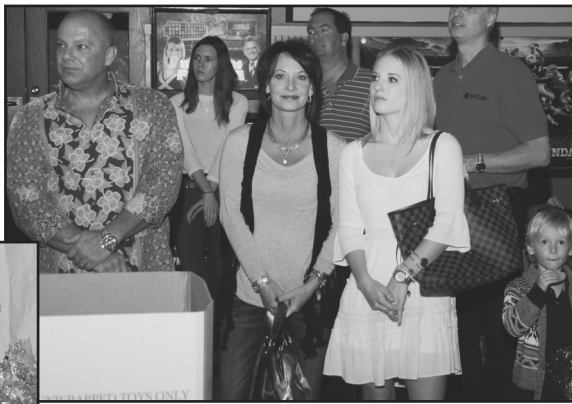
Melissa Hartman, Whitney & Gabriel



Sgt Wojtusiak & son



Happy New Year



Attendees



Santa visiting with the Hartman's



Marcie Todd, Paula Zellinger & Grace



Attendees



Job well done!



PCI, The Alley & The Marines



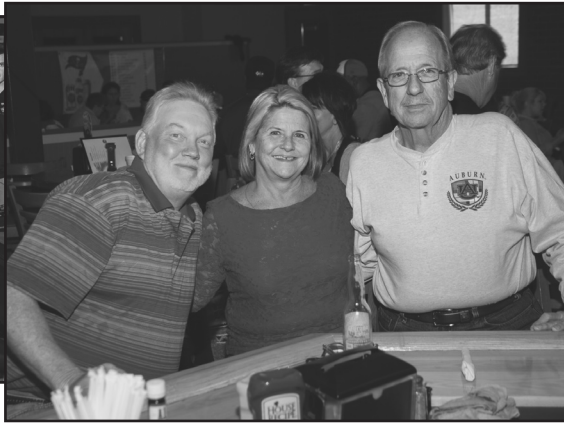
Presentation of plaque to Pearson Capital



Don & Mia Zuzack



Walter & Don present toys to the Marines



Nancy & Randy Sanney & Larry Brooks

Toys for Tots 2014

*Happy
New Year*



Penny & John Smith - H&R Block



**Vivian & Jerry Rothstein
& James Pulkowski**



A visit with Santa



The Rebhahn Family



Santa & Mrs. Claus



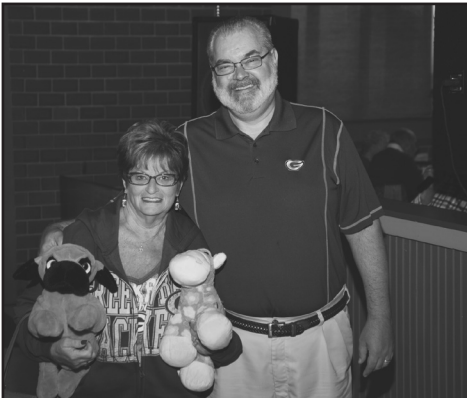
Kerrie Hoening



**Ed Zaleski, Ann Hathaway
& Eros Dahl**



**Pam Vassello, Sgt Wojtusiak
& Family**



Suzi & Tom Weisenhart

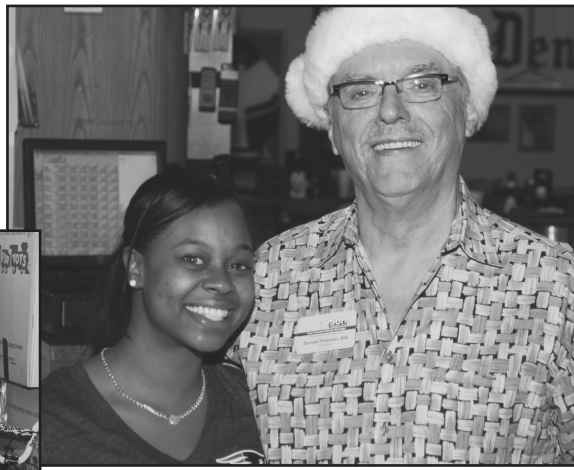


**Leslie Forrester
& Family with Don
Toys for Tots 2014**



GraMelissa & Rosalie Hemenway

*Happy
New Year*



**Don and fellow Patriots fan,
Deanna Minor**



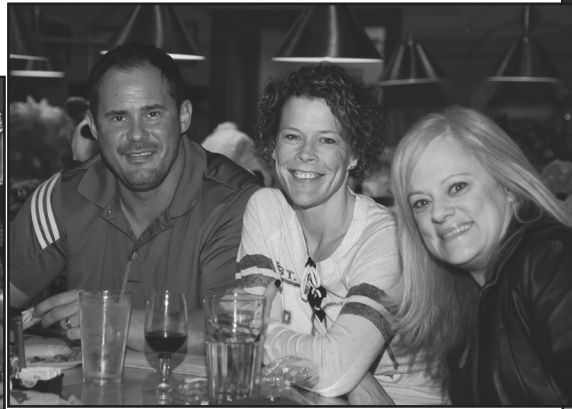
Ed Booth with Santa



Donna & Pat Fore



Ann, Don & Melissa



**Eros and Julie Dahl &
Samantha Wagner**



Chris & Don Guiley



The Pulkowski Family



A hug for Madeline!



DJ Gary



Christian Beiter & Madeline



Ann, Santa, Don & Mrs. Claus



Packing Toys to go!

Toys for Tots 2014

WALL STREET INDEXES

Indexes	2008	2009	2010	2011	2012	2013	2014
S&P 500	(40.0%)	23.5%	12.9%	EVEN	13.4%	29.6%	11.4%
Dow Jones	(33.4%)	18.8%	11.0%	5.5%	7.3%	26.5%	7.5%
Nasdaq	(42.1%)	43.9%	16.9%	(1.8%)	15.9%	38.3%	13.4%
Market Average	(38.4%)	27.9%	13.8%	1.2%	12.2%	31.5%	10.8%



MARKET VIEW

Christopher Carothers - PCI's Stock Analyst

Economic Flows:



In the last Federal Open Market Committee meeting the Federal

Reserve changed its discussion about the direction of the economy. With the price of oil sliding to five-year lows, the near term boost to the economy will overshadow an eventual economic decline in the Midwest states, due to their dependence on shale oil. At the same time, Russia's economy is quickly deleveraging, Greece is having political turmoil once again, and China's economy finally is slowing down. This is making the dollar stronger compared to other currencies. Right now the dollar is at an eight-year high. So, the Fed will keep short term interest rates the same indefinitely. At best we would have to see real wages rise first before any decision is made.

Interest rates are steady, but banks are still not lending as much as they used to. The good news is that the down payment for a home has been lowered, as the government's top housing agency recently announced that Fannie Mae and Freddie Mac may start buying loans with 3% down payments. That will allow banks to be more flexible in their future lending.

New trends we see:

- 1) We see the housing market reacting to a better loan environment.
- 2) Oil prices may go as low as \$40.00 a barrel by midyear.
- 3) Europe may improve economically by the end of the year.

Key Point: We see slowing growth worldwide.

Earnings Flows:

Earnings season is about to begin, with some companies reporting early. January starts the New Year right, by reporting last year's quarterly earnings. We expect airlines and retail to do well, due to the decline in oil prices. Analysts at the same time are reducing their expectations of other sectors with Energy leading the way. Due to these fluctuations, all eyes will fall on first quarter expectations. Low expectations and conservative earnings growth numbers normally leave room for positive surprises. Besides the energy sector, I expect that some companies, especially ones that primarily get their earnings outside the United States, may warn in the beginning of the month, especially when the dollar is at an eight-year high.

Continued to page 5

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