

I could be an idiot. But I think now is the time. I put 8 pct of my net worth in DIAMond puts at 11000, as a hedge, and just sold them at a very nice gain. Very nice. Now Im short puts that I sold in not near as big a position, but nice.

Im going long.

Im not going to give you some historical perspective. The SEC killed any historical relevance when they stopped shorts on 900 stocks. Im buying because the only real uncertainty I see remaining is from the economy. So **when you hear the talking heads giving you historical facts, stand up, yell at the screen “You are full of BS”**

One thing I know is that starting tomorrow the shorts can get back in the market. **I love shorts. Short create a foundation of demand for their positions.** If a good company gets shorted, whether as a hedge, or because someone thinks the company will underperform, that short will need to be covered at some point. If the company outperforms, or the demand for the stock exceeds the supply, the price of the stock, like any baseball card, iwill go up. Which will provide incentive for the shorts to cover sooner than later. When that happens, the stocks go up. Shorts are good for the market. They make good companies go up in price.

When I look at the credit markets. The Fed and Treasury and even international agencies are signalling that they will be the lender of the first and last resort. We see short term treasuries trading as if traders are starting to get comfortable with credit and liquidity. I think that although banks dont fully trust lending to each other yet, they are working to put together the scenarios under which they will trade. They are gearing up.

I have no idea what the economy will do other than the fact that it wont be good. How bad it will get, I dont know. But I can look at a company, discount what the projections are, then discount them some more, and come up with what I think is a fair price.

What is a fair price to me ? Well I start with the Dividend first. No dividend, no buy. Wasn't that a song ? No Dividend, no buy...oooh Or was it No Woman No Cry.. Any way I digress.

My first stomping grounds are MLPs. They have been getting killed. KILLED. They build pipelines, ships, whatever, and they do contracts to provide service via those assets. The assets are very long term, and the cash flows are very consistent. I am putting together a big portfolio that will pay me more than 10pct yield. The nice thing about 10pct yield, is that its 10pct yield. As long as I watch them and make sure nothing changes in their business to impact that yield (and hopefully it improves and they increase the payout), then I dont have to mark to market on a daily basis. I just get paid.

Im also short DIAMond puts (which track the dow jones). Why sell puts ? With market volatility (VIX) at an all time high, I wanted to take in some of the volatility premium in this bullish move. This is not a move for the faint of heart. I will have to watch this like a hawk. I have my parameters for covering them and If things zig or zag, I will cover, hopefully at a lower price than what I sold them for.

I'm also looking at stocks in industries that I know very well that yield 6pct or more. Dividends that I think are safe in companies that I think are very strong. This wont be a big part of my portfolio. Just a tasting.

Why ? Because there are some good companies, in good businesses where I think the dividend is safe, and 6pct , plust hopefully future dividend increases is a good thing. Notice I didnt say a word about the price going up. It doesnt matter if the price goes up. It matters if the dividend goes up. **The best stock to buy is the one you never have to sell. It just pays you forever. The concept that you own your share of the discounted cash flow of a company is the biggest lie ever sold by brokers in the history of financial markets. You dont own shit. The CEOs, you know the ones that pay themselves, but dont manage to pay dividends, they control and effectively own those future cash flows. So dont kid yourself. Buy stocks that pay dividends and get paid. Even then there is the risk they can go to zero. So always be ware.**

All that said. The stock market can humble me or anyone in a nano second. It could go a lot lower. I DO NOT SEE IT GOING DRAMATICALLY HIGHER. NO CHANCE IT GETS BACK TO 11k anytime soon.

But, Do not take advice from me. In fact, do not take advice from anyone. If your advisor was so smart, they wouldnt be giving you advice on what to buy. They would be sitting on their yacht, being taken to port to hop on their helicopter to go to the airport to jump on their GV to go to their house on an island you have never heard of. Not sitting in an office, on the phone talking to your about to go nuclear over the market ass..

Unless you know a company and industry as well as anyone, PUT YOUR MONEY IN A CD. Buying and holding a CD that you renew every 6 months or so, and letting interest compound lets you sleep at night AND lets your money go up.

If you put your money in a CD, you have outperformed 99pct of fund and hedge fund managers around the world over the last 3 months and probably longer. Thats how smart you are. If you put your money in a CD, YOU MAKE MONEY EVERY SINGLE DAY OF YOUR LIFE. You never lose money. EVER. The NASDAQ is below where it was about 10 years ago. It is 65pct below its all time high. You are smarter than the market when you put your money in a CD.

But if you are willing to do the work, and willing to approach the stock market like a trip to Las Vegas, with the knowledge of how much you can afford to lose. If you are willing to approach the stock market like your baseball card or stamp collection, where you realize value is about supply and demand. Then I think it might be the time to dip your toes in the water. If you do decide to take the GAMBLE, at least GAMBLE on a stock that you believe has a safe dividend.

Good Gambling and Good Luck