

>: From the Editor: When the Ground Falls Out from Under You

Monday, July 2, 2007 / Ben Schott

I want to tell you today about what's been going on in my life during the past month or so that I've been absent from *The Tycoon Report* ... and what I've learned that could help make your life a little easier during difficult times.

Last summer, my mom started wheezing a lot. No big deal. She went to her primary care doctor and tried a couple different types of inhalers and steroids, thinking that perhaps there was some late-developing asthma or allergy problem at work.

When the wheezing continued to worsen, her doctor sent her in for X-rays.

I remember the day she went into the pulmonologist's office to get the results. I went with her because my mom's always been one of those people who fears the worst. Still no big deal in our minds, mind you, but it was still important to her to have some support.

But neither of us expected what came next.

I'm not a tough guy by any means, but I fought so, so hard to hold it together for my mom when the doctor said that she had Stage IV lung cancer, and that ? in his words ? it was time to start getting her affairs in

With those words, life turned on a dime.

The exam room melted away, and the rest of that meeting is a complete blur. I remember moving around to stand behind my mom so she wouldn't see the look on my face. If there ever was a time for me to be her "rock," as she's always called me, this was it.

But as soon as we left the office, it all fell apart. The next thing I knew, we were standing in front of the main hospital entrance, with people coming and going all around us, holding each other and crying.

When we got to the car, I asked her if there was somewhere she'd always wanted to go but never had. She said Hawaii.

A few weeks later my mom, my wife and daughter, and my younger brother and sister arrived on the island of Kauai where I'd rented a magnificent house on acres of land, right in the middle of local taro plantations.

To give you an idea of how magical the place was, here's the view from the back lanai (that's a deck for you mainlanders):



It was an amazing two weeks. It was easy to pretend that everything was OK. Best of all, it was great to see my mother forget ? for hours and maybe even days at a time ? what was going on inside her body.

When we did get back home, we quickly fell into a routine. One of the promises I made to mom early on was that I would be there with her for every doctor?s appointment and every treatment session.

So in not very much time at all, the drive to the hospital became our ?commute,? and we were on a first-name basis with all the oncology nurses and case workers.

Even my daughter ? who was just a year old when this whole thing started ? adjusted to the new routine as if she?d been doing it forever. She started saying ?fish, fish? constantly, because she was enthralled by the fish tank that they have in the chemotherapy infusion center.

Here?s one of my mom and daughter at a chemo session:



Looking at that picture, I can't help but get frustrated. You see, I can't even remember my mom with a full head of hair. I look forward to a day when the memories start coming back of the better (i.e. normal) days, and of when my mother was still healthy and vibrant.

Fast Forward to May and June

In the past couple of months, things changed for the worse.

Mom went through her first round of treatment (what they called the "mondo" chemo because it included two of the harshest drugs used today) without any major side effects, and so was still able to drive herself around,

go shopping, water her garden, and do all the things that we healthy people take for granted.

The last few months were very different. Driving was out of the question because of worsening fatigue and the effects of the high-grade pain killers she'd had to start taking. In fact, it got to the point lately that we set up a "care calendar," and there was always one of us staying at her house overnight to take care of her.

Anyway, to make this long story shorter, mom started going downhill very quickly in May. It got to the point where her oncologist called me at home and argued his case for stopping chemo and focusing on managing pain and striving for comfort, as opposed to trying to continue attacking the cancer.

I hated that this was the case, but I agreed.

It had become clear that the treatment was not working, and that the poisons were actually weakening her to the point that there was no question: Continuing treatment had a far greater chance of shortening her life by sapping the strength her body needed to fight the cancer than it did of helping her live longer. That's to say nothing of the effect it was having on her quality of life.

Once she stopped chemotherapy, we decided to bring in Hospice. This was just about a month ago.

The day Hospice came to the house for their initial visit, a funny thing happened: Mom started feeling better. In fact, that week was the best week she'd had in a very long time. The pain was just about nonexistent, her energy level came up a notch, and she was actually sleeping through the night.

I'm so happy that she had that week. But it didn't last.

Before we knew it, mom was a million times worse. She couldn't stay awake, was coughing horribly, and when she spoke it was as if she'd lost her mind.

On the morning of Saturday, June 9th, my mom passed away.

When I say this, it might sound strange if you've never dealt with something like this, but it's the truth: it was a gut wrenching tragedy, a beautiful ending, and a relief, all wrapped up in one.

When she went, her house - the house I grew up in and the house that she'd made her own since us kids left the nest years ago - was full of close family and friends, and you could literally feel the love coming through the walls. I got to spend the last 48 hours next to her on her bed, and was blessed to be able to hold her when she took her last breath.

Lessons Learned

Here are some of the lessons I've learned. Not all of them apply to our core mission of helping you become a better investor, but I'll begin with one that might serve you and your family well financially when confronted with a loss.

1. Have Your Affairs In Order

On that day last year when the pulmonologist uttered those words about "getting your affairs in order," my first instinct "I admit it" was to break his nose.

But in retrospect, if there's a silver lining to the way things happened with my mom, it's that we had TIME.

While I've said to many people throughout this experience that I'd rather be "hit by a bus" when my time comes, that's not really the truth. Every single day, even the really hard ones, that we had with mom was a gift.

And having time to attend to certain details was also a real positive. Getting her finances in order and acquainting myself with all her assets and all her bills seemed almost sacreligious at the time, but today in the aftermath, I can't tell you how much added stress is being avoided simply by knowing where everything stands.

So here's the lesson: Make sure you have a will that's current, and that reflects your wishes as of today. We'd all like to believe that we'll live forever. It sucks (for lack of a better word) to remind yourself otherwise, but preparing for not being around anymore is something that I've come to believe is part of being an adult.

Make sure your wishes are passed along to avoid contentious battles that could tear apart families and lifetime friends.

If you don't have life insurance, consider it, especially if you have children. If you haven't spoken with an estate attorney, consider it. If you feel strongly about how you'd like to be treated if no longer able to make decisions for yourself, consider making that known to your family and loved ones too.

2. Fight for Your Medical Interests

According to the doctors, my mom had been living with the cancer for as many as 10 years by the time she was diagnosed.

I'm not an expert on cancer, and so I can't say for sure if early detection would have saved her. Heck, I can't say that early detection wouldn't have led to a fate worse than what ended up happening. For instance, what if they'd found the cancer, treated it into remission, but then living with the fear of it returning made my mom's life a living hell for all those years?

Who knows? But I tend to think that she would have had a chance to live longer if the cancer had been detected before spreading to other parts of her body (i.e. the "Stage IV" diagnosis).

So what's the real lesson here?

While no single one of us has the influence to fundamentally change our medical system, it would behoove each of us to approach our own medical care with the KNOWLEDGE that it is flawed.

Do not blindly trust your doctors or their advice. (Don't get me wrong here ... I have the highest respect and appreciation, for example, for the doctors who looked after my mom for years and years, and for the entire medical team that helped her fight the cancer.)

The problem is systemic. Insurance companies don't want to pay for expensive tests that they consider 'unnecessary.' So if my mom had walked into her doctor 10 years ago and asked for X-Rays and an MRI to make sure nothing was amiss, it would have been a battle to even have the tests performed.

So I urge you to take a certain measure of control in your own medical care. Fight for your own interests. Press your doctors. You might even decide that at some point a full-body scan might be worth paying for out of your own pocket. I certainly would pay it 1,000 times for my mom if we could go back in time.

3. Redefine Your Idea of Success

I've said it many times in private, but it's important to me that I say so publicly:

Thank you so much, everyone at Tycoon.

All of my partners in this business have been unbelievably supportive throughout the past year. Sometimes that support took the form of someone to talk to, sometimes it took the form of people who were willing to give me the space I needed to care for my mom and the rest of my family as we all worked through this.

Throughout it all, I owe everyone a lot as well for stepping up to take care of the workload that I left behind while attending to the situation at home. It's a testament not only to how much they care for me, but also to how much everyone here cares about our customers and their experience with Tycoon.

I can't imagine the sense of loss I'd be feeling now if I hadn't had the LUXURY to spend as much time with my mom as I was afforded thanks to the good hearts of the people I work with.

Success in your career can come in many forms. For me, I'm lucky on a multitude of levels ... not the least of which is that everybody I work with has proven to me that we're more than co-workers. We're family.

And I wish the same for all of you.

To your continued success,

Ben Schott
Editor In Chief
[*The Tycoon Report*](#)

Ben Schott

Ben Schott
Chief Investment Officer

>

Monday, July 2

10:00 - ISM Index (for June): Consensus 55.0

Big Picture: The Institute for Supply Management's monthly Report on Business is probably the most widely watched economic indicator produced by the private sector. There are two key reasons for the ISM's prominence. First, its longevity -- the report was first produced in 1931, and after a break during World War II, it has produced continuously since 1948. Second, its leading quality -- the ISM has been one of the better predictors of the business cycle over the years.

Implications: The ISM report is a national survey of purchasing managers which covers such indicators as new orders, production, employment, inventories, delivery times, prices, export orders, and import orders. Diffusion indexes are produced for each of these categories, with a reading over 50% indicating expansion relative to the prior month, and a sub-50% reading indicating contraction. The total index is calculated based on a weighted average of the following five sub-indexes, with weights in parentheses: new orders (30%), production (25%), employment (20%), deliveries (15%), and inventories (10%).

Tuesday, July 3

10:00 - Factory Orders (for May): Consensus -1.0%

Big Picture/ Implications: Factory orders consist of the earlier announced durable goods report plus non-durable goods orders. The report is very predictable with nondurables the only new component. Nondurables consist of such items as food and tobacco products which grow at a fairly consistent monthly rate, so that market forecasts for this report are far more accurate than for the durable orders report. In addition to seeing nondurables for the first time, the market also watches for revisions to the durable orders data, which can be significant. At present, durable goods orders sum to about 54% of total orders. The final piece of new information in this report is factory inventories -- the first glimpse at the inventory picture each month (wholesales inventories are typically released a week later, with retail inventories released a few days after wholesale inventories). Though the inventory figure is not a market-mover, economists use this number to help forecast inventories in the quarterly GDP report.

17:00 - Auto Sales (for June): Consensus NA, Truck Sales (for June): Consensus NA

Big Picture: Auto and Truck Sales measure the monthly sales of all domestically produced vehicles. They are considered an important indicator of consumer demand, accounting for roughly 25% of total retail sales. Demand for big ticket items such as autos and trucks tends to be interest rate sensitive, making the motor vehicle sector a leading indicator of business cycles. Each auto maker reports sales individually. The reports are typically released over the course of the first three business days of the month. Using the individual reports, a total annual sales pace can be calculated after applying Commerce Department seasonal factors. It is this annual sales pace that the market refers to when discussing auto and truck sales for the month.

Implications: Vehicle sales figures rarely grab the attention of the market, probably for two reasons. First, though the specifics of the data are not terribly difficult to understand, their implications are a little hard to trace. Second, unlike many economic releases, vehicle sales are not released all at once and at the same time every month. This makes it difficult for the market to quickly interpret what the numbers mean for the overall consumption picture and to react accordingly.

Thursday, July 5

8:30 - Initial Claims (for 6/30): Consensus 315K

Big Picture:

- * 4-week average edged higher to a tame 316K from lower levels the prior six weeks.
- * Shows increased hesitancy to lay off workers given the lean available supply and expectations for stronger growth ahead.
- * 4-week average in continued claims held at 2.50 mln from a four month low in late May.
- * A very tight labor market as the labor force supply (employed and unemployed) has contracted since year end.

Implications: Initial jobless claims measure the number of filings for state jobless benefits. This report provides a timely, but often misleading, indicator of the direction of the economy, with increases (decreases) in claims potential signaling slowing (accelerating) job growth. On a week-to-week basis, claims are quite volatile, and many analysts therefore track a four week moving average to get a better sense of the underlying trend. It typically takes a sustained move of at least 30K in claims to signal a meaningful change in job growth.

10:00 - ISM Services (for June): Consensus 58.0

Big Picture: The non-manufacturing ISM report is a national survey of purchasing managers which covers new orders, employment, inventories, supplier delivery times, prices, backlog orders, export orders, and import orders. Diffusion indexes are produced for each of these categories, with a reading over 50% indicating expansion relative to the prior month, and a sub-50% reading indicating contraction.

Implications: The index should be far more indicative of the broader economy given its inclusion of service-producing as well as good-producing sectors outside of manufacturing. However, the short history of the index dates to only July 1997 and doesn't provide the insight of a longer period inclusive of varied economic

climates. The seasonal adjustment of the index didn't begin until January 2001 with only 3 of the 9 components seasonally adjusted as of April 2001. The lack of historical data and lack of a tight correlation to the non-manufacturing economy leaves the relatively poor "B-" rating compared to the "A-" rating of the well-respected manufacturing ISM index.

Friday, July 6

8:30 - (All for June) Nonfarm Payrolls: Consensus 120K, Unemployment Rate: Consensus 4.5%, Hourly Earnings: Consensus 0.3%, Average Workweek: Consensus 33.9

Big Picture: The employment report is actually two separate reports which are the results of two separate surveys. The household survey is a survey of roughly 60,000 households. This survey produces the unemployment rate. The establishment survey is a survey of 375,000 businesses. This survey produces the nonfarm payrolls, average workweek, and average hourly earnings figures, to name a few. Both surveys cover the payroll period which includes the 12th of each month.

Implications: Given the wealth of data contained in the employment report, it is important to take all of these indicators into account when passing judgment on the report. Looking at payrolls alone is often misleading, as the workweek, earnings, and household employment measures may be telling a different story. Taken together, however, and taken with the caveats concerning monthly volatility and revisions, the employment report offers the best monthly glimpse of the economy.

Source: www.Briefing.com