

# Uncommon Sense

Providing Clarity, Promoting Intelligence

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**Dear David,**

If you need something to read, this latest issue of *Uncommon Sense* should meet that need.

The **Self-Development** column explores the literature you might wish to consider to understand the subject of leadership.

In the **Elephant in the Room** column I decided to postpone Part 3 of Fin McCool's 4-Part article on Mitt Romney's vote with the Trump impeachment for the simple reason that I spotted something he recently wrote that is even more time-sensitive, and so I hurriedly got permission to reproduce the latest thing he has written which concerns market volatility and when the hemorrhaging will end. It is on the lengthy side, but read it. It may make a huge difference in your life. (And we will resume with Part 3 of his Romney article in the next issue of *Uncommon Sense*.)

In the **From Ara's Journal** column I ruminate about a very vexing question on the subject of death.

Not to be outdone, the **World of Words** column provides with another gem from our ever-expanding English language.

OK, let's get started.

Ara Norwood



## **Self-Development**

### Great Books on Leadership

For reasons that elude me, a certain segment of the population likes to write and speak about the subject of leadership. Some are obsessed with the topic, and each year a new trove of books is published on the subject.

Let me do two things:

- 1) I will share with you a small handful of the finest books on leadership I have read.
- 2) I will give you a quick tip on how to better read up on the topic.

The best books I have read on leadership include the following:

- [Leadership and Self-Deception](#) by The Arbinger Institute
- [Leadership is an Art](#) by Max DePree
- [Gardner on Leadership](#) by John Gardner
- [Leadership](#) by Rudolph Giuliani

I've read quite a few books on the topic, but those four stand out.



Now, if you want to really understand leadership, I recommend you either supplement your reading the above books (or perhaps even supplant them) by reading actual biographies of people who turned out to be world-class leaders.

Here are some of the titles that have been useful to me in this regard:

- [Heroes](#) by Paul Johnson
- [Power Ambition Glory](#) by Steve Forbes and John Prevas
- [The Seekers](#) by Daniel J. Boorstin
- [Lombardi](#) edited by John Wiebusch
- [The Last Lion](#) by William Manchester
- [Churchill: A Biography](#) by Roy Jenkins
- [Churchill: A Life](#) by Martin Gilbert

In addition to the above, almost anything written by [Walter Isaacson](#) (especially Isaacson's bios on Ben Franklin, Steve Jobs, Albert Einstein, or Leonardo Da Vinci) or [Ron Chernow](#) (especially Chernow's bios of George Washington and Alexander Hamilton).

If you want to understand leadership, devour the above and you will have taken a first step.

## **The Elephant in the Room**

Guest Editorial: [Is This The Beginning of the End?: Donald Trump, COVID-19, and the Markets](#) by Fin McCool

I hope that all of you are surviving during this troubling time. Hang in there, this will pass.

I started writing this on March 24th, 2020 and lament that I didn't get this out sooner. At the time of this writing, the DOW is down 477 points at approximately 23,177, roughly 7K off the highs, and

pleasantly, about 5K off the lows.

From my vantage point, the likelihood of a bottom in the markets via the S&P, DOW and the NASDAQ has been put in place, meaning I don't see it getting worse. The bottom in place appears to be in the form of the recently talked about "V" formation. But I don't think we have the particular type of "V" formation that the experts are discussing. I'll demonstrate below with charts and descriptions why I am confident this is the case.

### **Why am I writing this?**

Like you, I too am concerned. As a professional trader who has had the good fortune of working alongside some of the most legendary traders in the business, I am looking in earnest for an end to this blood bath. But before I get into the meat of my message, allow me to say a word about methodology and the particular analytical tools I use to understand markets. Let me tell you briefly about something called Technical Analysis.

Technical Analysis is one of the clearest ways that markets speak to us. It is considered both art and science and requires interpretation. Once this tool is mastered, it is at the same time both an objective and subjective skill set and still subject to the analyzer's interpretation. What Technical Analysis attempts to do is look at past chart patterns where, after some time, those patterns behaved in a particular way. These chart patterns eventually have outcomes, (e.g., the markets went up, down, or sideways). In short, it points to the fact that history repeats itself.

Using Technical Analysis is akin to looking at past human behavior but reflected in a chart's price activity. Based on how those past chart patterns eventually acted out, we can, with some confidence, look to current chart patterns that are similar to those past ones and make reasonable, educated predictions on what direction the markets will go (again, up, down, or sideways).

The basic premise is that people, generally, don't change. If that premise is correct, then one can count on current technical chart patterns to behave as past patterns have behaved. After all, the market is made of people. The stock market is simply an analog for human behavior.

With that view in mind, the equities markets have routinely offered clues to when bad news is ending and has signaled when markets have hit bottom and are not likely to go any lower.

I titled this article "Is this the beginning of the end?" What I'm asking is, *Are the equities markets delivering a message that the worst is over, that we're finally at the beginning of the end of this economic pandemic?*

Admittedly, no one knows with absolute certainty, but I'm taking a position on it. Here is my thinking:

On March 23rd, and confirmed on March 24th, a "The hemorrhaging may be over now" message was sent by the markets. Is this a guarantee? No. But Technical Analysis offers compelling clues as to what seems to be unfolding.

Let's cover the so-called "V" bottom. A "V" bottom is a technical name for a chart formation that has the appearance of the letter "V" (as the shape of the letter "V" starts at the top left, plummets downward to its bottom point, then moves back upward again.) And indeed, "V" patterns appear to have taken place on all major indices, potentially confirming a bottom, or end, of the drop in the market

Think of it this way: When you fall down, you fall fast. But you don't get up as fast as you fell. You usually get up slowly. The same is true with markets: they fall much faster than they recover. The chief reason for this is fear. Where there's fear in the markets, the race to the bottom is on and in the minds of the fearful, it's a sprint event, not a long, drawn out marathon.

For illustrative purposes, here is a chart showing a "V" bottom. In this chart, note points A, B and C. Point A is the start of the left side of a "V" pattern; B is the bottom of the "V," and "C" completes the right side of the "V" pattern. In this case, it took 3 times longer to recover than to fall; 4 days down, 12 days back to point A, and eventually higher. This is a bullish "V" pattern.



What makes this pattern a superior bullish pattern is it can offer a relatively speedy recovery, that is, when things are normal.

### **Validating the "V" pattern**

Only when the C side of the pattern is proximate in price to Point A - and higher - will this particular type of pattern be validated, signaling a rally. In this case, you can see that the markets continued to run past Point C, fully validating the strength of a "V" pattern.

We do appear to be forming a "V" in the current market. But I do not believe we'll race back to the top with a "fast V," which is what President Trump is hopeful for, for several reasons:

1. We've fallen too far to simply race back to the top with speed. It's a long climb under the best of circumstances back to the top.
2. The economy needs to be soundly in place for any sustained rally back to the top. That will take some time.
3. Because we'll likely move slowly back to growth, the right side of the "V" pattern will move temperamentally, with some uncomfortable corrections. But I believe ultimately we'll move inexorably back to normal.
4. And, it may be another technical pattern, a "U" or rounded bottom pattern that later follows a "V" pattern that may take us back to the top. But it does look like a version of the "V" pattern is at least getting us liftoff.

These 4 points above rely on 2 critical caveats I'll mention later and without which, none of this will occur.

### **Potential market bottom?**

Take a look at this June Dow Futures chart.



What we see here are 3 days, points 1, 2 & 3 on the chart, of a type of bottoming behavior. These are 3 heavy trading days with each day's bottom proximate to one another. The fact that the lows of March 18th, 2020 could not be penetrated by the trading days on March 19th and 20th, is an indicator of the strength of the March 18th low. But.....

### **The Shake out**

On March 23rd, I got a phone call from a naturally frightened 401K/IRA investor asking where the "F" (as opposed to a "V") the bottom was going to be. I'd been watching the previous 3 days, but was not watching the day's action on March 23rd. I was well aware of the 3 daily lows prior to the 23rd that had been put in place that looked to me like a promising technical bottom.

On this call, I explained that it was possible that the bottom was put in because:

1. We had those 3 lows at the same price levels. This is potentially technical strength, not weakness and indeed the markets have rallied off those lows.
2. We've had such a horrendous, hard and extended fast crash that's just plain blown the paint of the car. Thus, I believe we're thoroughly exhausted to the downside.
3. And I believed at that time (still do) that this complete markets washout included a necessary correction, but also added, a) a recessionary-like correction and, b) depression-like market behavior - all this in one crushing swoop.

All bad news contained in one Master tsunami. At this time, it's like the wrestler has been taken to the mat after rounds and rounds of taking a beating, and there's just nowhere lower to go. We're finally on the mat. Following this brutal beating, we'll slowly begin standing again.

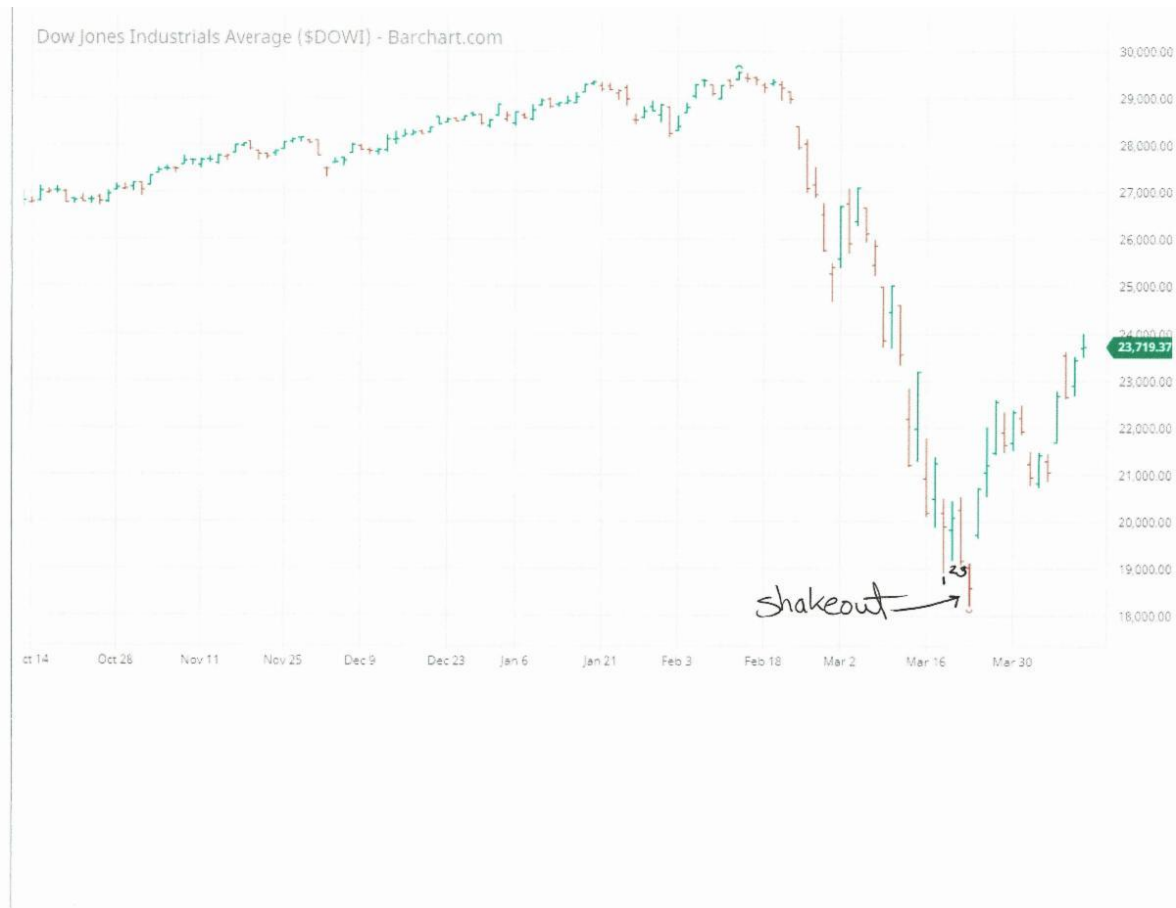
But, on this call, I added one caveat so if it happened, his pain might be cushioned a bit: I explained that there was possibly - *possibly* - one more day of pain in store before a bottom was potentially put in. This type of trading day is called a "shakeout."

### **What's a "shakeout?"**

In this case, a shakeout is the final move in market behavior when the last hands are finally "shaken

out." These last holdouts are finally giving up the ghost, finally selling off their remaining positions as they exhaustedly race one another to the sidelines thus causing one more big and painful day of selling. This is what appeared to happen on March 23rd.

When shakeouts occur it's usually the last gasp before markets start moving up again. It looks exactly like the chart does here, e.g., a hard punch through the lows, in this case, the previous 3 day's lows, and then the markets close off the lows for the day.



The implications were made clear on the next trading day, March 24th, 2020, when a massive rally took off, held very strong through the day, and did indeed close on the highs of that day. Given the previous 4 days this too can be called technical strength suggesting the possibility of a recovery.

The markets rallied for 2 more strong days, corrected a bit, then gave us another technically bullish pattern called a continuation triangle, another technical pattern that suggests more upward momentum, which in this case happened. More potential technical strength here.

### **The "Bernie Rally"**

On April 6th, 2020, a US senator and "Social Democrat" Bernie Sanders announced that he was leaving the presidential race. How did the markets react to that? Take a look here:

Dow Jones Industrials Average (\$DOWI) - Barchart.com



Markets love certainty, or the closest thing to it. The markets are made of conservatives, socialists, communists, liberals, democrats, progressives. Collectively they do not like losing their hard earned dollars. There's a bit of hypocrisy built into this, but I'll leave you to do the digging on that. Now you see how the markets reacted to Uncle Bernie's departure.

So when Uncle Bernie said he was out of the race, the markets were bid up very hard. We had another great upside rally, all because Communist Uncle Bernie said he was out.

Finally, Bernie had an intentional positive impact on capitalism, which he deplores, even though he's become an "immoral" millionaire based solely on the Capitalist system. And for us to get that strong market rally all he had to do was leave the room. I just loved this!

But ironic as it is, Sanders likely made a lot of money on the "Bernie Rally" that he himself imposed on the markets. The Capitalist system benefited him twice here; the Capitalist-hating Communist becomes a millionaire via his book as a result of a system he's trying to crush for you and me. And when he departed from the Presidential race, a super strong "Bernie Rally" ensued significantly boosting his stock holdings, if he has any - which, interestingly, most Communists and Socialists do have.

### **Three Critical Caveats:**

First, whatever you or I may feel or believe regarding President Trump, love him or hate him, the markets firmly agree with his economic policies. You may not, but overwhelming and across the board, the markets do. With the markets as arbiter - not you and I - they are saying ***to get the economy back on order, we need two things: Trump's economic policies must be firmly in place, and the pandemic must end.***

Liking or loathing Trump is irrelevant to economic recovery. It is his policies, not his personality, that has given us this unprecedented economic run.

Second, regarding the charts, if the 3 lows and the Shakeout lows are penetrated, that is, if newer lows are put in below those lows, all bets are off. We could see more selloffs and a longer road to recovery.



Third, even with the "end" of COVID-19, there is likely not enough time in 2020 to get economically fully afoot. This means that in **order to fully recover and continue the bull run, and to the pain of a great many, Trump must be reelected.** Biden simply cannot do this as his policies are much more aligned with Sanders', just presented slightly differently. Moreover, to fully balance this notion, at this time, no Presidential candidate, be they Democrat or Republican, can do it. That's simply an indisputable fact.

### **Closing Out**

For the current probable bull conditions to continue, we need the DOW to trade, and hold, above the 24,000 level and of course continue up to the highs at 29K+. Trading below the shakeout is bad news.

While there are other ways to analyze the possible directions of the markets, Technical Analysis is how one method works. Since a crystal ball does not exist, it is the next best forecaster, a superior tool in experienced hands.

I hope I've shed some light on the current situation, as I see it.

Hang in there. We're close.

\* \* \* \* \*

And that, my friends, is the latest elephant in the room.

Check out [my website](#) for tools to help you with your career, your presentations, and other matters.

## **Shameless Plug** **Is Your Résumé Overdue For an Overhaul?**

You may be gainfully employed, you may be unemployed, or you may (knowingly or unknowingly) be heading for a layoff. Having an impressive résumé can set you apart from the competition and position you for your next job.

Don't wait for the crisis. Get ahead of the game by whipping your résumé into shape now!

If you are in need of a quantum improvement of your résumé, you will benefit from my eBook, *Crafting a Winning Résumé*, which you can order by [clicking here](#).



Your résumé is your marketing brochure, and you do not get a second chance to make a first impression. Make an investment in yourself!

\* \* \* \* \*

"I purchased Norwood's résumé guide last month and it's amazing! He goes through the processes step-by-step and you end up with not only a résumé that will get you that interview, but the skills necessary to be confident so you succeed in your interviews resulting in you receiving job offers (yes, offers)." -- D Smith, Santa Clarita, California

"I could not have gotten my first job without your expertise. Thank you so much! I learned that I had to reword and improve my résumé in order to be taken seriously in the workforce. I had been given tips from my professors in Health Science and other professionals but your advice was just what I needed. It took weeks of frustration waiting for interview calls when I happened to stumble across your website and discovered that I needed help. Your publication enlightened me with your knowledge on the wording and format needed to attract an employer. Furthermore, your booklet helped me recognize certain skills and work experience that I would have never considered important until you got me thinking about it. Thanks for a great product!" -- R. Espana, Valencia, California

## **From Ara's Journal**

### **The Secret of Death**

A month or so ago I was an observer (eavesdropper) of a deeply philosophical conversation among some young college students. I was not a part of the conversation, but I listened intently.

They were discussing the deep things of life: video games; dating; parking problems; the cost of textbooks. . . I was smiling inside.



But truth be told, the conversation did evolve to truly deep topics -- human suffering; why are there so many different religions and are they the same or not; whether there is a God and an afterlife; the nature of death. As I listened, someone in the group asked the others if they would rather know their future date of death or not.

I find that question quite interesting, and it gave me pause.

Of course, the question assumes that there is a predestined day for our death. That may or may not be true. But let's assume it is true.

For the sake of discussion, if it were possible for God or an angel to reveal to me the precise day of my future passing, would I want to receive such information?

It sure is tempting. It certainly would enable one to plan accordingly.

But my instincts tell me it would probably be a net-negative to know such information. I say this because of the mindset I would be in as that day moved ever closer. There would likely be much anxiety as I inch closer to D-Day, and the amount of mental and emotional energy being spent focused on that singular event might crowd out myriad opportunities for productivity.

Furthermore, knowing one's death date might cause one to be more self-centered and perhaps even narcissistic. Let's say your secretary is crying because her boyfriend left her the previous night. She needs consoling. But your own view is, *"You think that's bad? Well, I'm going to be dead next month. . ."*

I trust God's judgment. And He has not deemed it expedient for our mortal sojourn to include advance knowledge of our death-date. Evidently, it is meant to remain unknown to us who experience it.

And I am at peace with that.

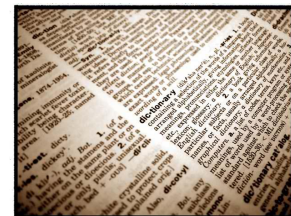
## The World of Words

### Bona fides

#### Building Your Power of Expression

**Bona fides** n.

**Pronunciation:** bōnə fidēz



**Meaning:** This word, originating from the Latin where it means (good faith) can actually refer to any evidence showing a person's legitimacy or their credentials. It can also refer to one's qualifications or achievements.

#### Usage:

- *Are you satisfied with my bona fides?*
- *He went to great lengths to establish his liberal bona fides.*

Leadership Development Systems, P. O. Box 801681, Santa Clarita, CA 91380-1681

- *Unlike Joe Biden, Booker offer moderate bona fides in a lucid, presentable package.*

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