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Newsletter author scored on '87 stock market crash

The whiz kids of Wall Street were numerous during the six-year run of the recent bull market, when the Dow Jones Industrial Average rocketed from 700 points to over 2,700. But when the financial rollercoaster came to a crashing halt in October 1987, those short-term wizards quickly became unemployed has-beens in its aftermath.

It underlined the point that success in the financial markets takes more than college degrees and pinstriped suits. Not many analysts can point to success during that market blight, including those with the Ivy League breeding.

Not Peter Grandich, however. The New Jersey-based author of his own newsletter has the Aug. 14, 1987, edition as proof that he called the crash, not just warning but begging his clients to take their profits and turn to cash. And when Oct. 19 came and its subsequent 500-plus point nosedive, Grandich scoured for investing opportunities and turned bullish on the bear.

Not bad for a high school dropout.

Today Grandich is one of the most sought-after market analysts in the country, widely quoted in financial publications and a frequent guest on stock market television programs. His style is not to hint of a market trend or stock tip, but to DECLARE them.

"There are two type of analysts, those who say what they think and those who say what they think you want to hear," Grandich said during a recent telephone interview while on a speaking tour through Florida. "I don't get paid to hedge."

What Grandich does get paid for is writing four newsletters plus work as chief market strategist for Affiliated Financial Management Inc. of New Jersey. His current market line calls for "another explosion to the upside."

"There's a great deal of money in financial assets on the sidelines," Grandich said. "The ingredients are all there: 2,700 could be attainable in a very short time; 2,900 is not an unreasonable scenario."

The stock market in the past 14 months has been plagued with uncertainty, but those who hesitated have lost, Grandich asserted.

"We got back in the market when it was under 2,000. Others said that the market would be confined by a 1,900 to 2,200 point range, but that's a 16 percent move. Historically, the market range has been 9.9 percent.

"That's not a market to be involved in? That's really, really ridiculous."

The basic problem has been the short-sightedness of investors, Grandich said.

"We've become very short-term oriented," Grandich said. "America has prided itself on long-term investment, but that has changed. Ten years ago, long-term meant three to five years. Now it's more like three to five months.

"Wall Street has lost its sense of perception. It's disregarded the long-term investment, and that's why the market is so volatile."

Grandich's interest in the market began at age 14 when his father gave him some stock, which doubled to \$200 in a matter of months. Fascinated by that gain, Grandich devoured every publication on the market he could find.

His expertise grew as did his ability to forecast. In June 1982 he has \$5,000 in stocks, which multiplied to over \$125,000 in the next nine months. Then came his biggest lesson: a broker convinced him not once, but twice to buy "can't miss" stocks and he went bust.

Poorer in the bank but richer for the experience, he got involved with the New Jersey Investors Club, a group of 37 people who discussed the stock market. Within a few months, the gathering grew to a couple hundred members, and Grandich often held the floor with his market prognostications.

He eventually quit his job with a manufacturer and became a broker. The idea of constantly selling to clients didn't interest him, so he started his own newsletter and managed portfolios for a few friends. But a strategy that worked for him in the past proved antiquated, and "I burned 70 percent of my clients," Grandich recalled.

"No matter how much I thought I knew, I didn't know enough, obviously," Grandich said. "I totally devoted myself to 16- to 19-hour days reading and researching extensively. From that I was able to come up with a technical analytical formula that works for me today."

Despite his success, both financially and in fame, Grandich continues to live and breathe market analysis.

"People ask me what I do in my spare time," Grandich said, "and I tell them one thing — I sleep."

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