



Lindisfarne Investments, LLC

An island of safety in a sea of risk

Market Update

December 13, 2013

First of all, I would like to wish everyone a Merry Christmas and a Happy New Year. The time is short and I hope you have your shopping all done and are planning to spend some quality time with family and friends.

It's hard to believe that 2013 is almost over. It has been a long year but there are still some important announcements that can move the market, one way or the other. Thankfully, the House of Representatives has finally passed a budget for the next two years. The bill will go before the Senate this week. But we still have the Federal Reserve meeting this coming week.

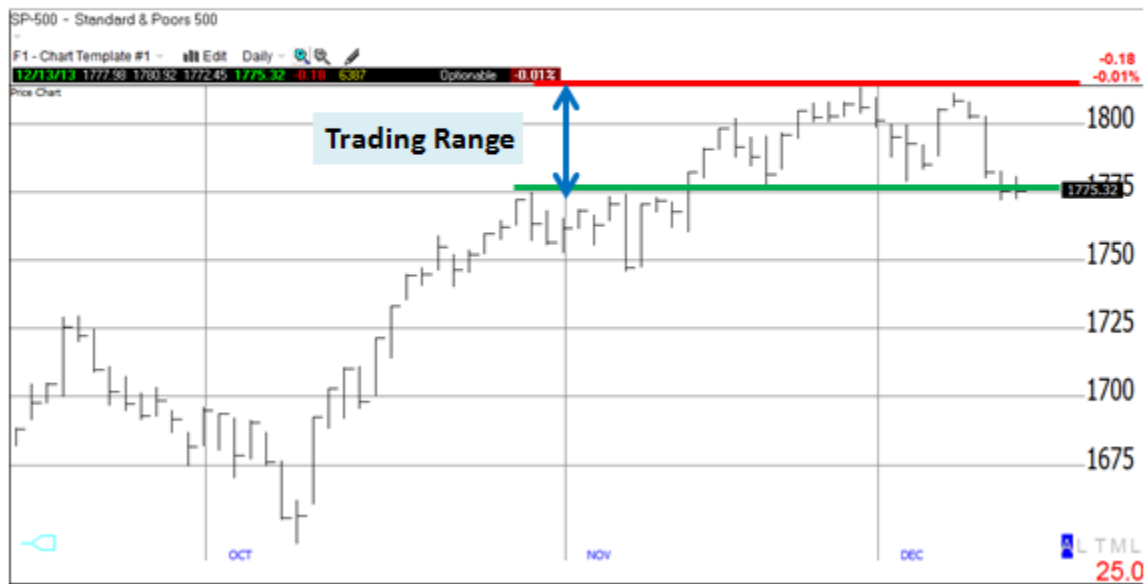
Once again, speculation runs rampant. Will they taper or will they push tapering out into the future. You can find arguments on each side of the issue with their respective pluses and minuses for the market.

If you recall, the government shutdown and the debt ceiling argument was the event of the day during most of October. Then, things settled down, government wise. How has the market reacted? Let's look at the major market areas and see where we stand today and what are the important levels that we need to watch.

Large Caps (S&P-500)

As you can see, we have been in a trading range since the beginning of November. Watch for a breakout **above 1814** for further upside potential and a breakdown **below 1772** for further downside action. The Fed's announcement on Wednesday could provide the impetus for the market to break out of the trading range.

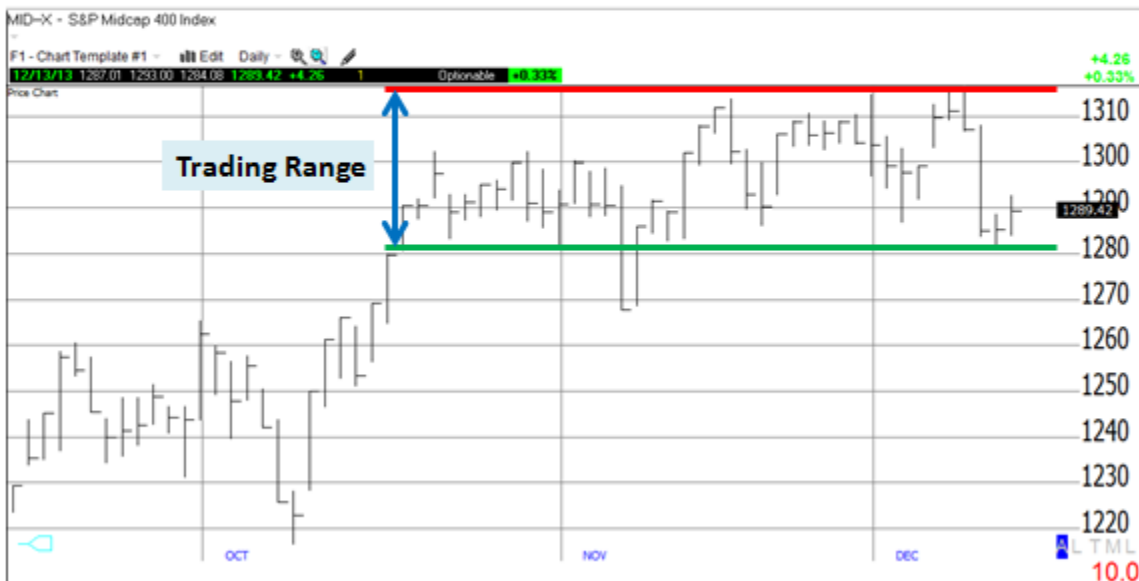
S&P 500 (Large Caps)– 3 Months



Mid Caps (S&P-400)

Here we have been a trading range since mid October. Watch for a breakout **above 1316** for further upside potential and a breakdown **below 1280** for further downside action. Again, the Fed's announcement on Wednesday could provide the impetus for leaving the trading range. And I would expect the Mid Caps' action to parallel action what happens with the large caps.

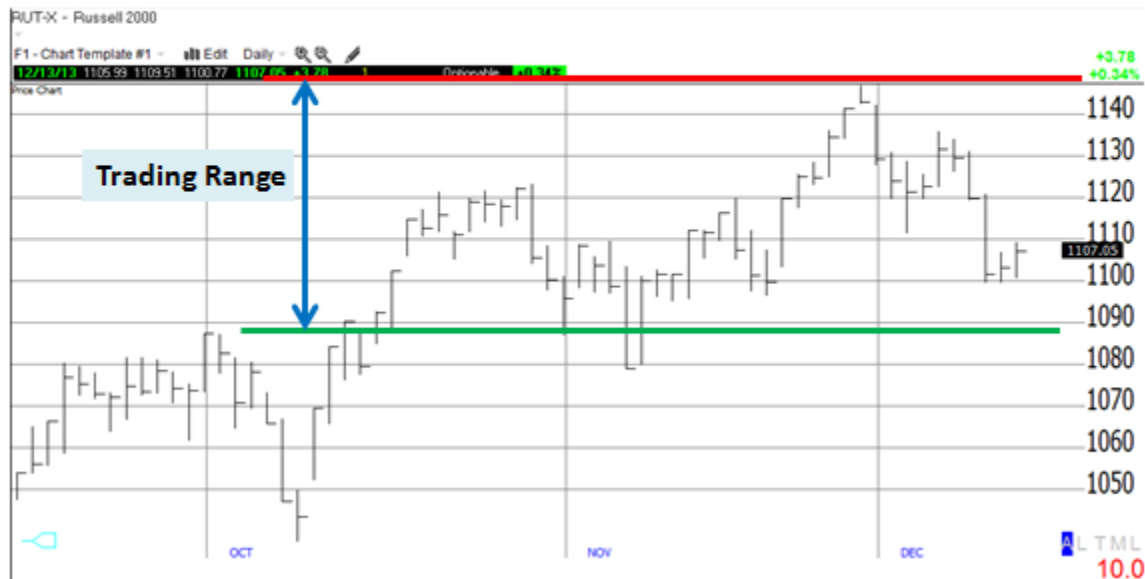
S&P 400 (Mid Caps)– 3 Months



Small Caps (Russell 2000)

Once again, we have been in a trading range since mid October. Watch for a breakout **above 1150** for further upside potential and a breakdown **below 1080 to 1085** for further downside action. Again, the Fed's announcement on Wednesday could provide the impetus for leaving the trading range. Again, the action of the Small Caps should parallel what happens with the large caps.

Russell 2000 (Small Caps)– 3 Months



We remain fully invested and all of our holdings are in uptrends. As long as our models remain on a buy, we will continue to hold them through the trading range. As they say, stay tuned.

Please feel free to pass this update on to anyone that you think might be interested in it. If they wish to be on the mailing list or would like more information about the services of Lindisfarne Investments, we can be contacted by phone at (440) 623-0775 or by email at bill@lindisfarneinvestments.com.

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