



*Tis the season that Wall Street slows down and takes a breath...at least theoretically. Enjoy the abbreviated versions of 'This Week in the Markets' and be ready for an irreverent look back at the year that was next Friday.*

**The Top-Down**

On Wednesday, Congress passed the largest tax overhaul in 30 years. President Trump will make it official when he signs the bill as early as today.

**President Trump Flanked by House and Senate Republicans**



Source: The Wall Street Journal

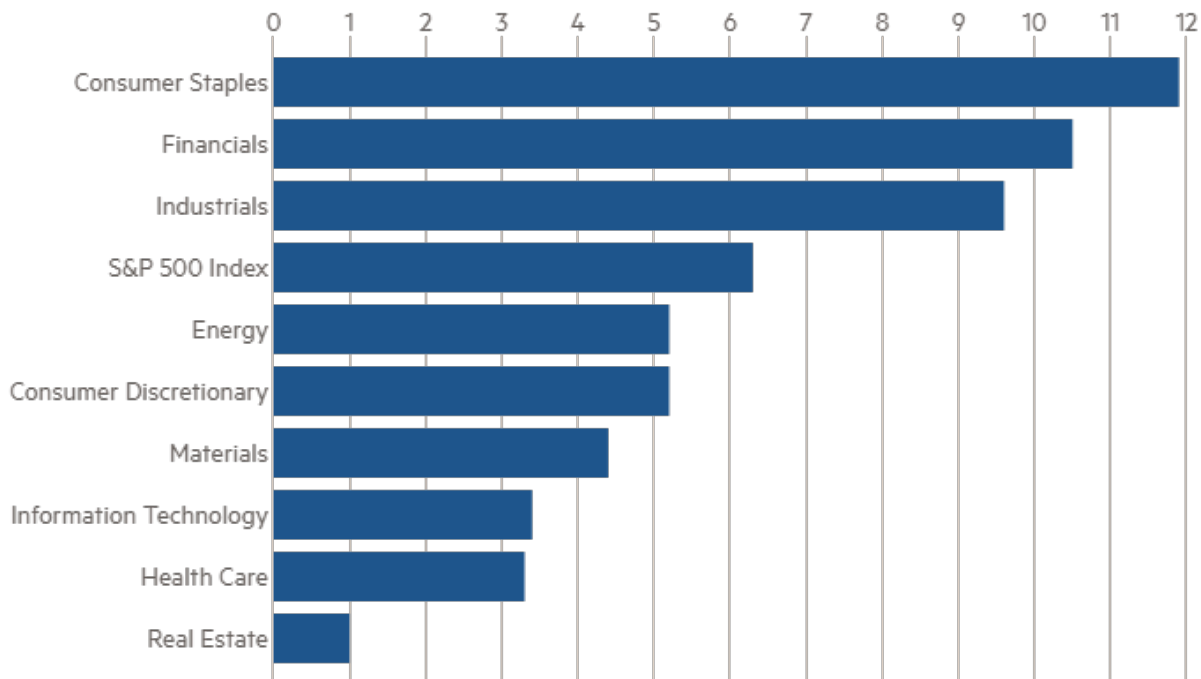
Shortly after the Senate passed the measure several Fortune 500 companies issued press releases highlighting their increases to salaries and capital expenditures. AT&T was first on the scene with Boeing, Fifth Third and Wells Fargo following suit. The Wall Street Journal, New York Times, Washington Post and Bloomberg provide their views on what the legislation means.

*Stillwater View: Let the grand, and very late cycle experiment begin. We are indeed living in interesting times.*

### **The Bottom-Up**

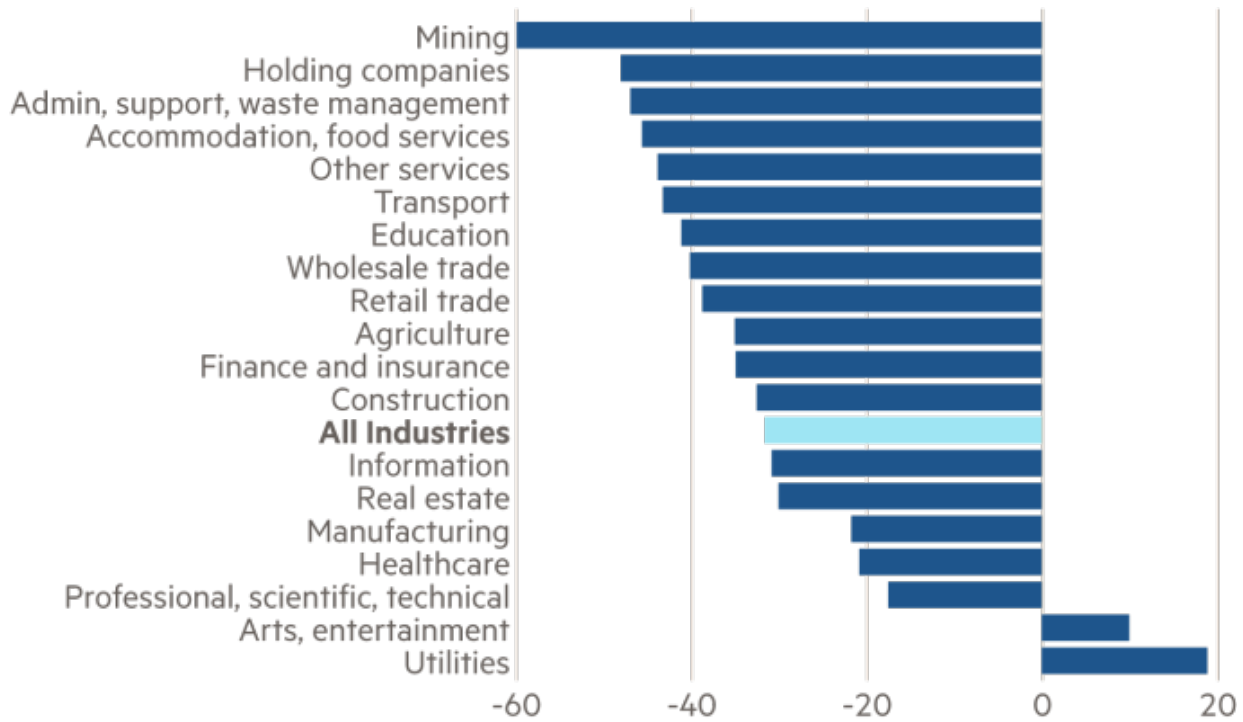
Sides are being drawn in terms of which sectors win and which shall lose as the tax overhaul is implemented. The Financial Times provides what Wall Street is expecting from the bottom up.

### **Expected Increase in Earnings in 2018 From the Tax Bill**



Source: Barclays

### **Change in Expected Rate Between 2018 and 2027**



Source: Penn Wharton Budget Model

In a further sign of a world gone Bitcoin and Blockchain mad, the Long Island Iced Tea company changed its name to LongBlockchain with an accompanying press release announcing that it “is shifting its primary corporate focus towards the exploration of and investment in opportunities that leverage the benefits of blockchain technology.” On the news, the microcap stock soared 400%.

### Long Island Iced Tea



Source: Nasdaq

*Stillwater View: This mania is reminiscent of the fiber optic boom of the late 1990's. At that time, any company with the word 'fiber', 'erbium' or 'optic', in their name made a parabolic move higher as the hype surrounding the boom took over. The ride lasted a solid two years before it took the big dirt nap. Your guess is as good as anyone's in terms of the trigger this time around.*

### Up and Down Wall Street

This week *Bloomberg* asks if there are any bears left. The article quoted Craig Callahan, who runs a long/short fund for Icon Advisors. Which has ironically lacked a short position for more than two years.

### Average Equity Market Exposure Among Managers



Source: NAAIM & Bloomberg

*Stillwater View: As a practitioner of the art of short selling, Stillwater can confirm that this is indeed one of the most challenging environments to bet against individual stocks. A 'winner' in this environment might yield a profit of 10% to 20%. Meanwhile, short squeezes abound and the result can be a 30% to 40% rise in the stock bet against. Trust us on this one as the former is tough to find and the latter is abundant.*

This week and next are historically the quietest on Wall Street. So instead of faking it and pretending there is something new to talk about, let's instead take a walk down memory lane as 'The Bonfire of Vanities' turns 30 this year. Town and Country profiles how Tom Wolfe's classic became a masterwork memorializing the excesses of the 1980's.

### Tom Wolfe



Source: NPR

*Stillwater View: According to Mrs. McCoy, all Sherman did for a living was to grab little crumbs, little golden crumbs. Oh, to be a Master of the Universe circa 1987. Just watch out for that wrong turn in the Bronx.*

**Bonfire of the Vanities**

TOM  
HANKS

BRUCE  
WILLIS

MELANIE  
GRIFFITH

Take one Wall Street tycoon,  
his Fifth Avenue mistress,  
a reporter hungry for fame,  
and the wrong turn in The Bronx.

THE  
BONFIRE  
OF THE  
VANITIES

A BRIAN DE PALMA FILM

Source: Warner Brothers

### **Diversions**

This time of year brings out the best, the worst, and the bizarre in so many things. And music is certainly not exempt from the holiday experience. The pairing of David Bowie and Bing Crosby singing 'Little Drummer Boy, Peace on Earth' is certainly among the very obscure.

Recorded in 1977, the duet featured two singers on the far ends of the musical spectrum. The Washington Post provides a historical recounting of the meeting that featured a 30-year-old Bowie and a 73-year-old Crosby. The latter would pass away one month later.

### **David Bowie & Bing Crosby**

RCA  
PH-13100

# DAVID BOWIE BING CROSBY

'Peace on Earth/Little Drummer Boy



\*Originally performed on the 1977 Christmas Special: "Bing Crosby's Merry Old Christmas"  
Produced by The Kowalsberg Company

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Source: RCA

The Thomas Fire, the largest in California history, reached it's apex last Saturday morning, causing a wide area of Santa Barbara to be forced into a mandatory evacuation. Families scattered north and south to get out of harm's way. Several residents, present company included, sought out the clean air of Big Sur.

At this time of year, something very special happens at Pfeiffer State Beach. The Keyhole Arch lines up with the setting winter solstice sun and the result is something photographers describe as otherworldly.

## The Keyhole Arch Lit by the Winter Solstice



Source: The San Francisco Chronicle

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