BUILDING WEALTH IN CHANGING TIMES

The Solari Report

July 27, 2017

2nd Quarter Equity Overview & Rambus Blockbuster Chartology

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C. Austin Fitts: Good evening and welcome to The Solari Report. Today is July 27th and I am Catherine Austin Fitts, and this is the fourth of our four-part rollout of the 2nd Quarter Wrap Up. This one is the Equity Overview. I refer you to two documents; the charts that are the Financial Charts in our web presentation section as well as the wonderful Blockbuster Chartology provided from Rambus. You can link to both of those in the Subscriber Links.

I want to start by giving you a round up of markets. First, I should say that I'm in New York and if you hear the city noises in the background, you can certainly tell that I'm in New York.

Let's review quickly the markets starting with fixed income. The US dollar is down for the year at 8%. It has been trading at 93, 94, and 95, and it hasn't broken that critical 92 line and one to keep an eye on.

The long treasury, after yields, started to rise at the beginning of the year. The pressure is off. Even though the Fed has been bumping rates, if you look at a variety of different factors, the market rate yields have gone down again. So the long treasury is doing reasonably well at a 4.68% return for the year. That's the 20-year ETF and the intermediate ETF is up 2.65%. The bond aggregate is up 2.65% and junk is up 5.64%. It's a very nice performance from the high yield market.

Equities have done much better than we expected. We're now 8 ½ years into the bull market coming out of the bailouts. The equity markets have certainly performed.

The S&P is up 11.6% for the year with the homebuilders outperforming the S&P at 14.96%. Real estate underperformed at 7.03%. There is real concern about hollowing out of a variety of different types of commercial real estate.

VGK, the European ETF, is up 20 and almost double the US performance. Clearly, when Macron won in France, there was a real sigh of relief for Europe and the European Union. Now the developed markets outside of North America are up 17% and Germany is up 17.66%. China is doing very well with the small caps up 20.41% and the large caps up 22.6%. Emerging markets are strongest of all, up 25.6% and India flying at 28%.

Gold and silver have backed off a bit, but they're up a respectable 9.3% for gold and 3.8% for silver.

Oil is clearly in the doghouse being down 18.6%. That's much better than it has looked recently. Again, these prices are as of the close today. If you look at the charts on the web presentation, which are exactly the 2nd Quarter at the end of June 30, so I'm talking about current today. In the last two weeks we've hit new highs on the Dow and the S&P.

The biggest returns during this period was not in the equity or fixed income markets but in crypto currencies. It's been a very wild ride with Bitcoin flying up to 3,000 and down to 2,000 and then back up to 2,500. Ethereum has also big gains and big swings. We've seen massive fraud and losses with various sites getting hacked and various serious problems in what is a very immature infrastructure.

Finally, we saw this week the SEC saying that securities laws may apply to token offerings. That's a big change, and my guess is, whether it's the SEC, other financial regulators, or the IRS coming out, the wild ride is going to continue, including the regulatory aspects of crypto currencies.

It wouldn't surprise me to see the massive gains and losses continue for the rest of 2017, but expect the government to keep stepping in a way that makes things messier.

I want to take a look at the big picture on the equity markets. This is something I've consistently come back and reviewed over the last few years. It started with our discussion of Planet Equity in both the 2013 and 2014 Annual Wrap Ups.

I believe that we are shifting to an equity model planet-wide, and equity markets are going to continue to grow. This is an integral part of both globalization and becoming a multi-planetary civilization.

If you are interested, I would suggest – particularly for new subscribers – to go back and review the Annual Wrap Ups. In 2013 and 2014 we talked about Planet Equity as part of the globalization process and then focused on space in the Annual Wrap Up 2015, which was published in January 2016. Then we did the 3rd Quarter 2015 on the Chinese stock market. In the 3rd Quarter 2016 we looked very hard at the screening industry. Then, of course, there was the Annual Wrap Up for 2016 that we did in January that included a lot on what food has meant in the equity markets and why that might be changing.

Of course, each Wrap Up has a review of the financial charts for that quarter or year-to-date. Remember, I also post charts that I track every Sunday on the website. You have to log in to see them, but if you review the Wrap Ups, there should be an extraordinary amount of information to help you track what we're saying about Planet Equity and the big picture on the equity markets.

To give you an overview statistically, in 1990 the global equity markets were about $11 trillion. China was zero dollars. In fact, the Chinese markets reopened in 1990, so they were zero percent of that $11 trillion. Today the global equity markets are approximately $70-80 trillion, the US being about $27 trillion of that, and China now $8 trillion, which is about ten percent of the global float.

If you look at China's growth since 1990, that is quite remarkable. If you want to include Hong Kong, you're talking about all of China representing $11 - $12 trillion. If you look at the growth rate in Asia, both the companies going public in the subcontinent in East Asia, that is where much of the growth is coming from.

It's important when you step back and look at the global equity markets to realize that Asia is converging with the G7 in terms of per capita income, but the emerging markets are not. So there are two stories in the emerging markets – one in Asia where per capita incomes are growing and are expected to converge with G7, and the rest of the emerging markets where they're not.

That is one of the reasons the rising Asian consumer is such a powerful primary trend. If you haven't spent any time in Asia, I constantly try to encourage people in my network to get up and go because you have to see it to understand how dynamic it is.

Since the WTO in 1995 kicked off this amazing round of globalization that we've experienced over the last 20+ years we have had some very significant massive money movements, many of which are not part of the official reality. I want to go through them again because it's very important, when you look at the equity markets, that you understand some of the money flows that have probably or certainly impacted them.

One, which I talk a lot about, including in the 2nd Quarter Wrap Up, is the financial coup d'état. There has been a massive transfer of money out of governments and central banks that has been engineering money or assets into stocks and corporations. Of course, it's very hard to get accurate information. We can only guess and estimate, but from everything I've been able to see and document, we're talking about very significant shifts.

Much of that money, in my opinion, is poured into corporate securities or government securities that have been used to bubble corporate profits. So let me give you an idea of some of these things. Of course, we have the US bailouts – over $20 trillion plus of gifts or loans and the accounting is very murky.

We've had massive Fed Central Bank and European Central Bank and Bank of Japan quantitative easing bond purchases, and central bank stock purchases around the globe.

In the United States, there is the missing money. I recently put up a new commentary documenting the undocumentable adjustments in DOD and HUD up to $11 trillion. Tomorrow or this weekend we'll be putting up a second commentary thanks to Dr. Mark Skidmore and his team at Michigan State University. They have found, as well, several trillion more at various parts of DOD. It appears that we're up to approximately $14 trillion. The question, of course, is how much is that in terms of cash or hard assets and where did it go?

I happen to believe that it is very significant, and I think that much of it went to places that ultimately ended up impacting corporate earnings, if not corporate stocks.

Next, there is the Iraq war and wars in the Middle East. We've had tremendous reports of padded contracts and pallets of money –$6 million on the Iraqi war alone. Much of it is going to corporate contracts and corporate purchases.

We covered this in the past Wrap Ups, but we have sovereign wealth funds, pension funds, and the Exchange Stabilization Fund buying significant amounts of equity. We're talking about many different governmental entities that manage pools of assets around the world, showing a very strong preference for investing in equities during the last five to ten years.

If you haven't listened to the Exchange Stabilization Fund interview with Rob Kirby- we did that this year in the hopes that would help us better understand some of the hidden system of finance that Dr. Farrell and I talk about.

You can add to these pools of money, derivatives. We did an interview with Rob Kirby on interest rate swaps and the extent to which interest rate swaps have been used to bring down interest rates. What that has done is made it easier to issue far more sovereign government bonds flowing into corporate purchases and contracts.

Then, of course, we have corporate bonds, financing stock buybacks, and other re-engineering's into the equity markets. Add to this the explosion of sovereign bonds – both in the G7 world as well as in the emerging markets –financing government contracts and purchases and pumping corporate earnings.

And so it continues. If you go back and examine all of these sources – whether it's the bailouts, the Fed and central banking, quantitative easing, stock purchases, the missing money, the war and hidden subsidies through war, the investment policies of government entities, including the sovereign wealth funds, the pension funds, the covert funds like the ESF, and the contribution of derivatives in both the fixed income market and equities markets – and how all of this rolled into money which supported both the income statements and revenues of corporations or the PEs by purchases of equities, we are talking about massive shifts of money that have ballooned the corporate world and have expanded the equity markets.

Let me give you two other examples that we see in front of us now in the market: One is healthcare. I think the reason the Republicans can't repeal Obamacare, among other things, is because it would hit the healthcare stocks too hard. Healthcare has been a big component of leading the US stock market up, and healthcare – which was down on the election last year – has recovered nicely this year. I'm thinking that a great deal of pressure is being brought to bear by existing institutions that don't want to see those healthcare stocks drop.

The other is, of course, defense. We talked often coming into the election about the dependency of the markets on the military-industrial machine. Since 9/11, which clearly was a false flag, we've seen a bogus war on terrorism being used to justify massive, massive government contracts into corporations and big purchases from things that facilitate central control and create an endless flow of pork.

They are unnecessary, and the ultimate example of this is the latest to-do over the defense budget with Trump, suggesting that we increase the defense budget by $50 billion and McCain responding with an increase of $109 billion, and no one proposing a reinvention of our role in the world or of the military.

It's exactly what Colonel Wilkerson had warned if you read my article, *Productivity Backlash*. I end with a great quote from Wilkerson who talks about whether any candidate can stop this machinery because it's run away with the US budget.

It would surprise me if it were the defense establishment now pushing for sanctions on the Russians and Iran, most likely starting World War III. I'm afraid that one of the reasons we are seeing such a terrible fight over the budget is because you actually have a very serious win/lose relationship between the basic needs of the general population and using the Federal budget instead to keep the stock market up.

Remember that capital gains from equity in real estate is a primary source of political campaign contributions, and that is part of the vicious cycle that we are seeing.

Let me talk about some of the charts that I find most interesting to help understand the current equity markets. I think that if there is one chart that captures the dynamics that I'm discussing, it's one that was published by *Fortune Magazine* on June 15th. It's not available online but I'm going to write to *Fortune* and request permission to republish it.

It shows the Fortune 500 revenues compared to the US GDP from 1955 to 2017, and if you examine from 1955 to 1995 – those 40 years – the GDP tracks almost perfectly with the GDP. Interestingly enough, the Fortune 500 revenues get a bit of a bump during the 1980's when the Iran Contra and S&L frauds are hot and heavy. It was a little fraud bump.

Then in 1995, exactly when the WTO is implemented and the financial coup begins in fiscal 1988, we see the Fortune 500 revenues grow and really increase. Sure enough, during the period of 1955-2017, the Fortune 500 revenues, as a result of that, had tremendous growth from 1995 on. They have grown 8,713%, whereas, the GDP has simply grown 648%. So suddenly, thanks to all the growth from 1995 to 2017, the Fortune 500 revenues are growing twice as fast.

What that shows you is a tremendous centralization of economic flows into the Fortune 500. Some of that, of course, is globalization, but some of that is all the different centralization we've been discussing. I believe that a great deal of this has been facilitated by the financial coup d'état and the financial flows that I just listed.

Let me read to you what *Fortune* says about this:

> "For its first four decades, the Fortune 500 grew at about the same pace as US GDP. That changed abruptly around 1995 when the list expanded beyond the industrial sector and the 500 rocketed ahead. The breakneck growth of tech companies such as Apple and Amazon help explain the acceleration. So does globalization.

> America's largest companies are simply better positioned than mom & pops who expand their businesses abroad. As a result, the Fortune 500 slice of the overall economy has grown fatter. The $12.1 trillion in total sales for this year's list equals 65% of US GDP up from 59% in 1995.
> This will certainly be on the can of our forbearers who put the debut of the list on the cover of the July 1955 issue right almost as an afterthought. But even as it changes, the 500 remains – as we put it back then – a 'unique and distinguished roster'."

That's their official explanation of what happened but I think that what happened is very different than they do.

Anyway, when you look at this chart, the big question is: How can this possibly be sustained? The reality is: It can't. This kind of divergence cannot possibly be sustained, although certainly moving to a totalitarian society will keep it going for some period of time, or engaging in World War III may keep it going for some period of time.

If you look at the games that are will have to be played to continue this, that is simply not something that I want to see happen.

What is interesting is, if you review the 2016-2017 period, you see the Fortune 500 revenues drop, which very much fits with the *Economist* story about multinationals in retreat and multinational Fortune 500 companies taking on much more local competition around the world.

So I think this is a very important chart, and it is one of the charts that most impacts my thinking on fundamentals.

Another chart that is very useful is the Fed balance sheet. If you search on the internet for 'Fed balance sheet versus the S&P' what you will see is, as the Fed's balance sheet is expanded – and I would include the ECB in that – and the Fed and the ECB are buying bonds, it's pumping money that flows into the equity markets, ultimately. There is a clear correlation between ballooning the Fed balance sheet and pumping up the S&P or the equity markets.

There is no way to chart the missing money versus the S&P, but I think, if you look at the amount of undocumentable adjustments that are happening at DOD and HUD, you can see the current commentary of the supporting documentation for the undocumentable adjustments. I would encourage you to also look at the one we will post tomorrow or this weekend.

That is $14 trillion flowing out between October 1997 and today. I happen to believe that has had a tremendous impact on the equity markets. Part of my thinking is affected by the fact that when it started to flow out, you suddenly saw a series of insider investment firms – including LBO firms and companies like Enron – experiencing this huge flow of investment capital or profits that was inexplicable; no one could quite come up with an intelligent description of where it was coming from. So I think the connection is much tighter than most people dream.

Finally, you've heard me talk plenty this year about the end of the debt growth model.

One of the reasons I believe this is not sustainable is because you are seeing the sovereign debt which, as governments have borrowed more and more money and have used that to basically put money into corporations in a variety of ways, that sovereign debt growth is hitting a ceiling.

Let me share with you some numbers. If you examine the debt to GDP ratio in the United States when I first went into government under Bush, Sr., it was 53.1% at the beginning of Bush I, and it was 66% when Bush left office. It was 66% when Clinton came in, and 65% when Clinton ended his first term. It was 56% after the second term, but that required a profusion of phony-baloney bookkeeping on the budget.

Then Bush II came in at 56%, increases it in two terms to 84% (which was war in the Middle East), and then Obama presides from 2009 to 2013 and runs it up to 102%. I don't have the statistic on what it is today after the second term of Obama, but I would bet that it is higher.

You are talking about going from a debt to GDP ratio of 50% to over 100%. It's one of the reasons you're seeing so much tension around the budget. We see Trump presenting an agenda to 'Make America Great Again' and the message from Congress consistently has been, "We will not spend a dime on the general population; we need all of that money to support the stock market and keeping the game going."

Let's step back and look at some fundamental analysis. I say that the current trajectory is not sustainable for a couple of reasons. First of all, we have peak 'everything'.

I talked about this after I went to the mining conference in Canada in the 1st Quarter. When you look at the mining companies, they are taking on more and more political risk and spending more and more money to mine for an ounce of gold or whatever they are searching for. Their margins are clearly being squeezed by the fact that we have more and more people and we are using up the natural resources on this planet.

It's not surprising that we see more stress on recycling and more stress on going into space and mining asteroids. That's because the peak 'everything' is squeezing the margins and that means there is much more work to get the same amount of juice.

The debt growth model is over, so we've tried to avoid the economics that peak everything by floating a great deal of debt. We have an exhaustion of the sovereign debt game and the many tricks being used to keep it going.

You add the debt growth model being over to peak 'everything', and then seeing a much harder environment.

Add to that, we are years overdue for a major correction. We have used the central bank like methadone to keep the steady rise of the stock market during the last 8 ½ years. Maybe we have, at most, a 10-12% correction. It's quite remarkable to see a market go without those kinds of consolidations which are very, very healthy.

I think another reason that has happened is because technology is increasingly deflationary. Clearly, the oil and gas sector has been hit hard by the oil prices and gas prices coming down. Now that has been very helpful for the manufacturing/industrial part of the sector, and it has certainly helped the consumers.

If it weren't for lower gas prices, the consumer would be hurting more than they are. But a perfect way of looking at the deflationary effect of technology can be seen with the Whole Foods-Amazon deal. Immediately after the deal was announced, Amazon rose by approximately $13 billion and the competitors went down by $40 billion. You saw a net loss of market cap of about $25 billion. That's Amazon basically squeezing margins across the whole industry. I expect, if anything, that technology could be very deflationary.

One of the symptoms that tell me that the current trajectory is not sustainable is that I'm seeing all sorts of quiet reports of high-end real estate soft or stalled around the country. If that's the case, it's reflective of the cash flows being much tighter – including in the upper end – than they seem to be from simply watching the stock market.

So you take all of those different factors, and what it says and what the fundamental analysis indicates is, this is not sustainable. I say that, but there are some important variables to consider coming up in 2017.

First of all, 90% of US gains in the stock market happens between November and June. So if anything, I think the market is performing quite remarkably given that we're in that 'Sell in May and go away' period of the summer.

But it's clear that the Trump Administration is putting enormous stress on getting tax reform. If they do, it could have a dramatic impact on cash flows into this country. If you get corporate repatriation, that money could flow back and do a variety of things that would be good for both the stock market and the country.

In addition, if the Trump Administration is successful in getting the estate tax cancelled, you are going to see a major shift up in the US becoming the premier safe haven location and significant money flowing in from around the world, particularly from Asia.

I think both of those could have a dramatic impact on capital flows coming into the United States. So that could be very, very positive for continuing strength in the equity markets.

A very big one is the balance sheet of the Fed correlates dramatically with the improvement in the equity markets over the last 8 ½ years. So a big question is: The Fed is now saying that they're going to start shrinking their balance sheets beginning in September. The ECB continues to buy, but at some point they will end their purchases and may even follow along with the Fed. Will that be the end of what money managers refer to as the 'Fed put' where essentially the Fed makes the stock market right and has continually since the bailouts?

This is a very Fed-driven market. So the question is: If the Fed starts to shrink the market, what could happen?

The other question, of course, if you look at what has been happening and what we've talked about with what is causing the effort to preserve the unipolar world and the 'seven countries in five years plan' and war in the Middle East, is: Does maintaining the 'Fed put' in fact require World War III?

I continue to believe that the most dangerous aspect here – not just to the stock market, but also to our lives – is that the continued push for war and for a unipolar world is killing a large amount of global wealth. Needless to say, the Russian and Iran sanctions have killed an abundance of global wealth and continues to. I think that the game with migrants in Europe is ditto.

If the US pushes this too far, if anything, I think that we could lose World War III. So if you look at the things that leadership will do to keep the Fortune 500 revenues climbing at double the rate, they're going to become progressively more human.

We saw, as an example, Erik Prince and Steve Feinberg running the venture capital company that owns Stein Corp making a proposal. This is so insane that you don't even know what to think about it. They made a proposal that Afghanistan be turned over to essentially a group of corporate mercenaries. Trump allowed them to make a presentation to Mattis about the proposal instead of sending in additional US troops. The idea is that you take a country that you've broken and now turn it over to a group of corporations – but actually mercenaries – to manage; the theory being that it was the old East India model.

It's a perfect example of how ineffective the US establishment has become. It's a reminder of Colin Powell's warning, "You break it, you own it."

If you look at what it takes to keep this model going, my problem is not only that it's terribly destructive, but also I don't believe that it will work. That is to say that if you review all the different issues on fundamental analysis, we have tax reform being proposed, which could be very bullish for the markets. I would say that if you take all of them together, you're looking at an increasing amount of risk to keep the game going.

I say that, and I would encourage you to take a look at the magnificent job Rambus has done of showing the charts. What it shows is something commensurate with a market that has been very richly subsidized by all the different factors that we've talked about, including massive money shifting in. It shows charts that very much argue, and Rambus makes a very good case for an equity bull market – one that can last much longer. That fits with a fundamental move away from government and towards the corporate sector. It also is supported by the notion that we're going to need central bank inflation to keep the debt managed.

If you see what the central banks have done with interest rates and with the growth of sovereign debt, they need continued inflation to keep the capital structure of global governments simply functioning. That kind of inflation can keep the bull market and the equity markets going for quite a while. In fact, what you're basically seeing is hyperinflation through the balance sheets.

Of course, finally I believe that globalization will continue, and it will continue in Asia where tremendous growth in the number of companies accessing the equity markets and the long-term rise of the Asian consumer can also very much drive an equity bull.

If you look at the technical analysis, there is a very strong case to be made for an equity bull market. The challenge for all of us is the big question mark that hangs over it.

The charts reflect massive shifts from 1995 of government money and nonsustainable flows. Of course, if they stop or come off and it corrects back to the mean--if Fortune 500 revenues come back in line with the GDP, given the amount of subsidy that has flown in – we're talking about a major correction. Of course, anybody who lived through 2008 is not interested in another 35 or 50% down. So, what do you do?

You're sitting here looking at something where every technical signal says 'long-term bull market' but we all know that if you peer beneath the rug, you have some major risk issues happening. In fact, if you look at what the leadership is doing to keep it going, you almost wish it would fail. The human thing is to let it consolidate back where we can return to some kind of fundamental economics.

So let me talk about what this means to what I'm doing and what you may want to consider. The best returns I'm seeing across the board – whether through clients or subscribers or people who have their own companies – is when they've found a niche and they're good at doing it and they are doing something useful. Of course, if you can do that as an entrepreneur, it's the best thing possible.

When it comes to liquid investments, the focus is clearly on equities and hard assets staying in actual materials because the pressure to inflate is very, very real. Of course, technology is important. New technology is going to have a very important impact. I'm always looking for companies that are good at handling that shift from, what I call, Global 2.0 to Global 3.0.

I'm interested in solid companies with good dividends. This is an environment where dividends matter. Even though we're in very low yields, you want to get paid for the use of your capital. I'm much more interested in companies with dividends and companies that can pay those dividends in good times and bad. It's one of the reasons I wanted to look at food. Food, relatively, has an elastic demand. I would encourage you to go back and read the Annual Wrap Up that we published in January on the global harvest.

I always like to hold cash back, and I think the chances of a major down or a major correction – either this year or in 2018 – are very real, particularly given the politics. I want to make sure that I have cash for that. I don't mind giving up yield to do that.

I'm using managers in my practice who either use hedged equity, which means that they are writing puts and putting a hedge on so that if we get a major drop in the market, there is a real floor underneath their positions. That means that you give up a percentage on the up side. So if you are in hedged equity this year, you've underperformed the folks who didn't have any hedges who were only along because the market has gone up, up, up.

I would rather give up a percentage on the up side and avoid a major down because that means that in a major down you can sell those hedges and buy stocks cheap. It's a way to have cash at the most propitious time to have it.

The other managers I use are ones who are prepared to pull out quickly when things turn, and they know how to do it.

The other thing that I'm doing is steadily reducing my investment advisory practice so that I can focus on The Solari Report, and focus on doing a screen. If you read the 3rd Quarter Report last year, we talked about 'Can we screen for productive companies?' I've launched a Solari World screening working with a money manager. We've launched it, but we haven't announced it yet. I'll announce the screen sometime this fall or winter after Solari has launched our new website. We're also doing a new website for Solari Advisors.

We're operating now, but quietly. I want to spend much more time on that because I think that there is tremendous need for real screens in, what is called, the 'ESG world' – environmental, social, and governance. There are many socially responsible screens and investment vehicles. I've never seen one that I thought used reality when it came to dealing with social responsibility. So my focus is on screening out any company who intentionally uses a model that I would describe as organized crime or highly unethical. I'm trying to get the criminals screened out, and I've rarely seen a socially responsible investment screen that screened the real criminals out. It's fundamentally based on the official reality, not on reality. It's time that we had screens that were based on reality.

One of the areas that I think is going to outperform, as you know, is space companies – companies involved in doing things in space. It's one of the reasons, in the 2nd Quarter Wrap Up, that we updated our list of space companies that we had in the 2015 Annual Wrap Up: Space, Here We Go.

I'm going to keep researching those companies and trying to see what companies are going public in that area. We've divided them among companies traded in the US, in Europe, and in the Asian markets. If you look at the size and growth of the Asian space race, I think that is going to continue to grow. Check out those lists if you're interested.

Key items to watch during the rest of 2017 is: 1) Will we get tax reform, and will that include corporate tax repatriation and taking off the estate tax? Estate tax is an issue that is very important to many retiring boomers in this country, but it's really an international issue if you look at how the politics of this are playing. So the first one is tax reform.

Number two: Will the Feds start to downsize their portfolio in September, and what will that mean to the equity markets?

Finally: Will the US dollar index break the 92 line?

Those are three things to be aware of during the rest of the year. They could have a dramatic impact on what happens to the market between now and the end of the year and next year. I'm very cautious. No matter which way they go, I would rather give some up on the upside and stay hedged.

Of course, the other thing that is very important is to screen out the criminals. I don't want to be financing the people who are killing me.

Ask Catherine: I want to take one *Ask Catherine* question because it is very much related to the markets:

> Hi, Catherine. I've been a subscriber for a few months and have been doing my best to follow along. My head is spinning, I must say. I figured out the game via the x politics studying I was doing after I became friends with an ET contactee. I know it sounds crazy, but this is my life.
>
> I'm really concerned about what to do with the RRSP portfolio. [That is the equivalent of the 401k in the United States.] Can you recommend a good Canadian advisor or one who knows the Canadian market to give specific advice for my scenario? I don't trust my bankers anymore. I had to look at my last statement and saw the "investors" were cautious as they waited for direction regarding how protected policies out of the US such as 'Buy American' would impact Canada. Another classic was France elected a pro-Europe President which he is concerned about the strength of the European Union.
>
> The US Federal Reserve increased its Federal funds rate as job gains remain solid. I don't trust the official stats out of the US, and I'm definitely not a Macron or Federal Reserve fan. It's hard to know where to go to get good blinders-off advice for Canadians. Any idea? Is there a potential career opportunity in the longer term for me by chance? There seems a huge deficit of aware investment advice in Canada.

I have to tell you that I don't know anybody in Canada, and there are very few people I know on the entire planet, who have tried to integrate full overt and covert economics and look at that in the context of what it means to smart financial planning and investment. It's definitely a career opportunity. We very much need investment advisors and financial planners who understand the real deal. I would encourage you to take a serious look at that.

That's it for the 2nd Quarter Equity Overview. In summary, we have every indication of an ongoing major bull market in the equity markets, but it has a very big question mark hanging over it because there has been such massive government and central bank support – not just on the overt side, but on the covert side. There has been massive covert support that many market participants don't really understand. Of course, it's impossible to get reliable statistics on it.

The challenge we have is, if that covert support should stop or reverse, you could get remarkably significant swings in this market. So even though every indication of volatility is very low, we know if, it turns and turns hard, it could be a very big swing. Of course, that is what we all have to understand and have a strategy to deal with.

The charts say that we are in a bull equity market and the bull is far from over, but the reality is that there is much happening under the rug, and that puts a very big question mark over the market and compels me to be someone who continues to be very conservative and cautious.

That all for the 2nd Quarter and I will be talking with you for the Equity Overview for the 3rd Quarter in October. As I always do when I talk about the markets, I wish you good luck and good hunting.

MODIFICATION

Transcripts are not always verbatim. Modifications are sometimes made to improve clarity, usefulness and readability, while staying true to the original intent.

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