What Happens on the Other Side of This Bubble

I recorded this video on Friday because last week’s market action moved us closer to my second scenario in the greater Dark Window play, but I waited until today to send it to you because I wanted to see how markets opened this morning. Earlier, I wrote to Boom & Bust subscribers with an update, so if you haven’t read that yet, you might want to give it a look now.

But, in today’s video, I explain that, while understanding this bubble and its likely dramatic ending just ahead, equally important is knowing what happens on the other side. What will it look like when this bubble finally bursts?

Let me tell you, it’s ugly. Trillions in wealth will vanish. I’m not talking M2 or M3, as money is described in economics. I’m talking people’s financial assets, like stocks and bonds, the value of real estate and cars, you name it.

And there is one group in particular that will suffer the worst of it.

Watch to my latest video for the details. But be warned: you’ll want to be sitting down for this one.
The Historical Stock Bubble And Undervalued Gold And Silver

When the hedge fund algos inevitably turn the other way and unload stocks, a meaningful amount of the capital that leaves the stock market will likely rush into gold and silver. The record hedge fund net short position on the Comex will add fuel to the move in gold/silver.

James Anderson of Silver Doctors/SD Bullion invited me to discuss the largest stock bubble in U.S. history and why gold is extremely undervalued relative to the U.S. dollar. (Note: at the 20:44 mark I reference China’s foreign reserves to be $1.2 trillion. This is the dollar amount of China’s reserves; China’s total foreign reserve is $3 trillion).
You can learn more about Investment Research Dynamics newsletters by following these links (note: a minimum subscription period beyond the 1st month is not required):

**Short Seller’s Journal subscription information** – **Mining Stock Journal subscription information**

Investment Research Dynamics

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**Give This Stock Market Bubble A Round Of Applause – The S&P 500 And The Nasdaq Just Hit Brand New Record Highs**
closed at a brand new all-time record high, ‘Avengers: Endgame’ is coming to theaters, and a 24-year-old man from Wisconsin just won the 768 million dollar Powerball jackpot. If those are the top headlines today, then everything must be good in ‘Murica at the moment, right? Of course that is not true at all, but as far as the stock market is concerned we must give credit where credit is due. Our financial engineers have created the largest stock market bubble in all of U.S. history, and we should all be hoping that it lasts for as long as possible. Because once this financial bubble is destroyed, the aftermath is going to be truly horrible for the entire country.

Up to this point in the year, the stock market is off to the best start that we have seen since 1987.

Of course we all remember what happened toward the end of 1987.

But for now everything is rainbows and unicorns on Wall Street. The following comes from Fox Business…

The benchmark S&P 500 index is up 17%, its best start to a year since 1987, while the Nasdaq has gained 22%, its best start since 1991. The Dow Jones Industrial Average remains about half a percentage point from its record last October.

Tuesday’s move to a record high for the benchmark S&P 500 index and the Nasdaq index comes less than six months after a sharp decline in late December, which led the S&P 500 to its worst annual performance since 2008.

Last December, stocks were plunging dramatically, and it looked like a brand new financial crisis was potentially beginning.

But stocks pulled out of their nosedive, and most investors are feeling really happy for the moment.
If we could just freeze this moment in time somehow, we would be in pretty good shape. Unfortunately, time inevitably rolls on, and many believe that there is a lot of pain ahead for investors.

Of course there are other “experts” that believe the best is yet to come. For instance, Kevin Barry just told CNBC that the stock market turmoil that we witnessed late last year “actually prevented a recession”…

“These market levels are justified,” said Kevin Barry, chief investment officer at Captrust Advisors. “The fourth-quarter sell-off actually prevented a recession because policymakers responded extremely quickly. Both President Xi and President Trump cooled off the rhetoric and Fed Chairman Jerome Powell came out and reversed course.”

I have read that paragraph over and over, and I still can’t believe that someone actually had the gall to say such a thing.

According to Barry, the coming recession has been postponed indefinitely and everybody can start partying like its 1999 all over again!

If only life were so simple.

Look, the reality is that even Fox Business is admitting that stock buybacks are one of the major factors driving this latest rally…

However, the rally this year has been despite outflows from equity funds, according to Bank of America data, suggesting some of the gains have been driven by corporate buybacks of stocks.

Our largest corporations are going hundreds of billions of dollars in debt to pump up their own stock prices. It is a
Ponzi scheme of epic proportions, and when things start to go bad there is going to be a race to bankruptcy court.

But for the moment the Ponzi scheme continues, and a lot of people are becoming exceedingly wealthy as a result.

For average Americans, it is absolutely imperative to remember that the stock market is not the economy. Yes, the stock market has been soaring, but the U.S. economy has not had a full year of 3 percent growth since the middle of the Bush administration. This has been the longest stretch of sub-three percent economic growth in our history by a very wide margin, and now all of the numbers are telling us that economic activity is slowing down once again.

Instead of partying, most people should be using this time to prepare for what is ahead, but we know that is simply not going to happen.

And when the end of this bubble finally comes, it is likely to come very quickly. As I always stress to my regular readers, markets tend to go down a whole lot faster than they go up, and that is especially true during times of crisis.

In 2008, enormous amounts of money were lost in the blink of an eye. The following comes from an outstanding article by Bob Henderson entitled “What I Learned From Losing $ 200 Million”...

The day after Lehman fell I lost $ 20 million, and the day after that $ 30 million—enough in two days to wipe out all the profits I’d made the previous year. (And that had been a pretty good year.)

But worse was that I felt trapped. My models showed I was destined to lose far more money in the coming weeks, no matter what I did. All roads seemed to lead to an unavoidable abyss. I could practically feel that hot hole breathing under my desk. I actually got dizzy, and lost my ability to think.
When my boss stopped by to warn me that Goldman Sachs and Morgan Stanley looked likely to fall next, he seemed almost amused when he told me that I looked green.

I stumbled home early that day, mentally incapacitated for the first time in my career.

Someday we will see similar things happen again, but we should all want that day to be put off for as long as possible.

For the moment, happy times are here again on Wall Street, and we should enjoy them while we still can.

About the author: Michael Snyder is a nationally-syndicated writer, media personality and political activist. He is the author of four books including Get Prepared Now, The Beginning Of The End and Living A Life That Really Matters. His articles are originally published on The Economic Collapse Blog, End Of The American Dream and The Most Important News. From there, his articles are republished on dozens of other prominent websites. If you would like to republish his articles, please feel free to do so. The more people that see this information the better, and we need to wake more people up while there is still time.

The post Give This Stock Market Bubble A Round Of Applause – The S&P 500 And The Nasdaq Just Hit Brand New Record Highs appeared first on The Economic Collapse.

The Economic Collapse
After watching Federal Reserve chairman Jerome Powell change his tone in regards to Fed tightening over the last few months, the financial markets are largely expecting no action out of the central bank on Wednesday.

Although one potential wild-card has emerged, that could possibly make this week’s meetings one of the more memorable ones in recent times.

Certainly after watching the way the stock market started to really run into trouble last fall as interest rates were rising, it was hardly surprising to see the reversal by Powell and the Fed.

President Donald Trump even joined the action by criticizing the Fed for raising rates too quickly. Even though we’re a decade after the last crisis, and the Fed funds rate is still only at 2.5%.

Which is in direct contradiction to the notion that both Trump and the Fed have attempted to promote of the economy being strong and healthy. Because if that’s the case, why isn’t it time to normalize the rates and balance sheet yet?

However we live in a world where bankers and politicians don’t always do as they say, and don’t always say what they truly mean. During Trump’s election campaign he was talking about a gold standard, auditing the Fed, and how the stock market was a bubble. Now he’s done a 180 since then, and it’s a bit of a mystery what many of the key players might actually be thinking and planning.
Which is even more interesting now with the growing attention centered around the internet voice known as Q (or Q anon). Who many believe is a source of intelligence coming from within the White House.

To be clear, I am happy to admit that while I have been following the story, I am still discerning how much confidence I feel in the veracity of the posts. Yet with that said, I continue to hear from intelligent analysts who I trust and respect who have been completely won over and believe the messages are legitimate.

Which makes Q post 2575 rather intriguing. Especially ahead of this week’s Federal Reserve meeting.

![Q post 2575](image courtesy of qanon.pub)

Whether this will manifest on Wednesday will be darn fascinating to watch. I have one reader who suggested to me that a 50-basis point hike may be coming this week. Which if that were to occur, especially given the context, would represent one of the more stunning events I can remember in financial history.

As not only would it serve as a confirmation of the messages Q has been sending, but also of the battle going on behind the scenes that many analysts and commentators have been talking about since before Trump took office.

Such a hike would also be significant in that it would be an indication towards the Fed really being prepared to let the bubbles pop. Which I was not sure they would ever really do,
although if there is a 25-basis point hike, let alone a 50-basis point increase, the stock market conditions witnessed back in September and October could well end up looking like an appetizer compared to what would come next.

If nothing else, you can never argue that what’s going on is not more interesting than your average TV show. As Trump has essentially created the most fascinating reality show ever out of the Oval Office of the White House. And perhaps even regardless of what the Fed does this week, seeing how these bubbles are ultimately deflated will be some of the most stunning financial history the world has ever witnessed.

On Wednesday we get the next clue on how that path ultimately unfolds.

The post Federal Reserve Fireworks This Wednesday According to Q? appeared first on Arcadia Economics.

As The Fed Reflates The Stock Bubble The Economy Crumbles

I get a kick out of these billionaires and centimillionaires, like Kyle Bass yesterday, who appear on financial television to look the viewer in the eye and tell them that economy is
booming. Kyle Bass doesn’t expect a mild recession until mid-2020. Hmmm – explain that rationale to the 78%+ households who are living paycheck to paycheck, bloated with a record level of debt and barely enough savings to cover a small emergency.

After dining on a lunch fit for Elizabethan royalty with Trump, Jerome Powell decided it was a good idea to make an attempt at reflating the stock bubble. After going vertical starting December 26th, the Dow had been moving sideways since January 18th, possibly getting ready to tip over. The FOMC took care of that with its policy directive on January 30th, two hours before the stock market closed. Notwithstanding the Fed’s efforts to reflate the stock bubble – or at least an attempt to prevent the stock market from succumbing to the gravity of deteriorating fundamentals – at some point the stock market is going to head south abruptly again. That might be the move that precipitates the renewal of money printing.

Contrary to the official propaganda the economy must be in far worse shape than can be gleaned from the publicly available data if the Fed is willing to stop nudging rates higher a quarter of a point at a time and hint at the possibility of more money printing “if needed.” Remember, the Fed has access to much more detailed and accurate data than is made available to the public, including Wall Street. The Fed sees something in the numbers that sent them retreating abruptly and quickly from any attempt to tighten monetary policy.

For me, this graphic conveys the economic reality as well as any economic report:
The chart above shows the Wall Street analyst consensus earnings growth rate for each quarter in 2019. Over the last three months, the analyst consensus EPS forecast has been reduced 8% to almost no earnings growth expected in Q1 2019. Keep in mind that analyst forecasts are based on management “guidance.” The nearest next quarter always has the sharpest pencil applied to projections because corporate CFO’s have most of the numbers that go into “guidance.” As you can see, earnings growth rate projections have deteriorated precipitously for all four quarters. The little “U” turn in Q4 is the obligatory “hockey stick” of optimism forecast.

Perhaps one of the best “grass roots” fundamental indicators is the mood of small businesses, considered the back-bone of the U.S. economy. After hitting a peak reading of 120 in 2018, the Small Business Confidence Index fell of a cliff in January to 95. The index is compiled by Vistage Worldwide, which compiles a monthly survey of 765 small businesses. Just 14% expect the economy to improve this year and 36% expect it to get worse. For the first time since the 2016 election, small businesses were more pessimistic about their own financial prospects than they were a year earlier, including plans for hiring and investment.

The Vistage measure of small business “confidence” was reinforced by the National Federation of Independent
Businesses confidence index which plunged to its lowest level since Trump elected. It seems the “hope” that was infused into the American psyche and which drove the stock market to nosebleed valuation levels starting in November 2016 has leaked out of the bubble. The Fed will not be able to replace that hot air with money printing.

I would argue that small businesses are a reflection of the sentiment and financial condition of the average household, as these businesses are typically locally-based service and retail businesses. The sharp drop in confidence in small businesses correlates with the sharp drop in the Conference Board’s consumer confidence numbers.

The negative economic data flowing from the private sector thus reflects a much different reality than is represented by the sharp rally in the stock market since Christmas and the general level of the stock market. At some point, the stock market will “catch down” to reality. This move will likely occur just as abruptly and quickly as the rally of the last 6 weeks.

Investment Research Dynamics

The Deflating Stock Bubble Will Fuel A Bull Move Mining Stocks

“The economic and financial condition of the U.S. and global economy is similar to that of 2008, although I think now it’s a lot worse than it was back then…the ‘gravity’ of true fundamentals has finally gotten ahold of stocks...”
Fundamentals ultimately drive value. In terms of the fundamentals, financial assets – stocks, bonds, real estate – are extremely overvalued. The precious metals sector right now is extremely cheap relative to fundamentals.

Don’t be fooled into thinking that the stock market bounce that started the day after Christmas was the end of the “bear market,” as Jim Cramer is asserting. Bear markets last a lot longer than four weeks. A bear market in financial assets is just getting started. At the same time, the bull market cycle in gold, silver and mining stocks that began in late 2015 with a 250% run-up in GDX over the next 8 months is ready to resume after using just over 2 years to effect a 38% pullback from the sharp in 2016.

Elijah Johnson invited me to discuss the economy, stock market and precious metals sector on his Silver Doctor’s podcast:

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If you are interested in ideas for taking advantage of the inevitable systemic reset that will hit the U.S. financial and economic system, check out either of these newsletters: Short Seller’s Journal information and more about the Mining Stock Journal here: Mining Stock Journal information.

Investment Research Dynamics

Peering Over the Abyss

From Bill Holter “Crash Alert.”

“For the last 6 months we have responded ‘it is happening right before your very eyes!’”
“The coming crash is a mathematical certainty and one that historians will ask in the future, ‘what were they thinking.’ While CNBC parades clown after clown to tell you this is a buying opportunity, I would simply advise DON’T BE STUPID and use your own common sense! We lived through the biggest super cycle of credit the world has ever seen… how do you think this ends?”

Bill Holter understands the financial dangers confronting the world, particularly in Europe and the U.S. As for timing he said, “it is happening right before your eyes.”

The global economies must service about $250 trillion in debt, which is too much debt! The multi-decade central bank and government response to crises has been throwing dollars at the crisis and “fixing” excess debt problems with more debt. Like ten pounds of hamburger sitting in hot sun, the debt problem may not be rotten yet, but it will spoil soon.

The markets agree—they breached multiple danger zones. Nonsense touted by Wall Street cheerleaders and politicians will help as much as treating stage four pancreatic cancer with aspirin.

WHAT DO CHARTS AND DATA TELL US?

Global central banks “printed” about $20 trillion in “funny money” that bailed out banks, levitated stock and bond markets, lowered interest rates to near zero or below, and allowed politicians to spend, spend and spend. But the flow of created dollars, euros, yen and francs is slowing, and projected to go negative in early 2019.

Central bank printed “funny money” and fractional reserve banking boosted stock and bond markets and increased debt to unsustainable levels. Withdrawing that “funny money” will weaken bond and stock markets. The process is accelerating.
The NASDAQ 100 Index includes the FAANG stocks and other high-flying tech stocks:
The uptrends broke following the 2000 bubble and the 2007 market peak. The NASDAQ 100 Index peaked in September of this year and turned down. Prices have fallen below the uptrend line, the danger zone. Perhaps tech stocks will rally again and make new highs. Perhaps Santa will deliver gifts from an anti-gravity powered sleigh to every boy, girl, politician and fund manager in the world... but don’t bet on those possibilities. The risk is high.

**The NASDAQ 100 to S&P 500 Index Ratio:**

This ratio is one measure of excessive valuation in tech stocks. Note the bubble highs for the ratio in 2000, and the excessive highs in 2018. The ratio rolled over in August of this year before the peak in the NASDAQ 100 Index.
Amazon P/E: 87 (Yahoo – Dec. 17 – has been much higher.)

Netflix P/E: 96 (Yahoo – Dec. 17 – has been much higher.)

Bubble anyone?

**The Russell 2000 Index to DOW ratio:**

This ratio shows the broader market peaked earlier this decade and has recorded progressively lower ratios. The most recent rollover in the ratio was July 2018. Expect lower prices for the Russell 2000, broader market, DOW and NASDAQ.
Apple stock has rewarded investors. The ratio of Apple to the S&P 500 Index shows the rapid rise of Apple stock prices. The ratio rolled over in October of this year, about when the NASDAQ 100 peaked.
Another high-flyer is Netflix stock. It peaked at $423 in June 2018 and has fallen 37% as of December 14th. It’s P/E is still high, the company puts out good products, carries huge debt, and burns cash like there will be no tomorrow. Hmmmmm.
The Netflix to NASDAQ ratio rolled over in June 2018. Netflix and Facebook stocks gave early warnings of a stock market peak and correction.

The broader market turns lower before the high-fliers, which attract considerable attention plus extra dollars from investors and central banks. (The Swiss Central Bank invested in FAANG stocks.)

One measure of broader market internals is weekly NYSE new highs minus NYSE new lows. An excess of new highs shows strength while many new lows should worry the bulls. The graph of new highs minus new lows shows weakness during most of 2018. The rollover occurred in January at the momentum peak in the stock markets. New lows exceeded new highs since September of this year.
SUMMARY:

1. Bill Holter says the crash is happening now. Ignore at your own risk.
2. Global debt is about $250 trillion. Markets might crash, but the debt remains. Expect defaults and hyper-inflation within several years.
3. Global central banks are withdrawing liquidity from economies. The stock markets know and respond by falling.
4. The NASDAQ 100 and FAANG stocks—the strongest—have rolled over and broken long-term upward trend lines. This parallels what happened in 2000 and 2007. Oops!
5. The ratio of the NASDAQ 100 to the S&P 500 Index has rolled over.
6. P/E ratios for FAANG stocks are high and have been much higher. Their stocks are correcting. More downside lies ahead.
7. The ratio of the broader Russell 2000 to the DOW rolled over.
over long ago. Most stocks are weaker than the indices suggest.

8. NYSE new highs minus new lows peaked in January and have been negative since September.

CONCLUSIONS:

- **The risk of a crash or extended correction is large.** The potential reward from additional stock market gains looks tiny or long gone.
- Prices, charts, P/E ratios and other ratios support this analysis. Most stocks, indices and ratios have rolled over.
- **One of the best markets to buy NOW is silver.** It has been weak since 2011 and is due for a rally. Cost of production is near current prices. Investor demand could rocket higher. Consider this chart showing the (weekly data) ratio of silver prices to the NASDAQ 100 Index.

![1000 Silver to NASDAQ 100 Index](image)

Silver prices are too low compared to the NASDAQ. Now (several
months ago) is the time to recycle dollars out of over-priced stocks and into silver.

**Silver prices are too low by most measures.** Stock prices are too high. Housing and auto sales are weak. It is late in the credit cycle—think 2000 and 2008 again. Assess risk versus reward and buy silver with currency units recycled from other assets.

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**Michael Pento Explains Why The Stock Bubble Is Popping**

With many surprised by the recent selloff in the stock market, we were fortunate to have Michael Pento of *Pento Portfolio Strategies* on the show. Who forecasted what’s happening now, years in advance.

Michael talked about the key distinction in Federal Reserve policy that Wall Street is missing. What the Fed is going to do in 2019. And how investors can use the volatility in the stock market to their advantage.

Michael’s one of the sharpest portfolio managers out there today. So click to watch the interview now!
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The post Michael Pento Explains Why The Stock Bubble Is Popping appeared first on Arcadia Economics.

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The Psychological Bubble That Has Been Propping Up The U.S. Economy Is Starting To
Optimism can be a very powerful thing. For a long time Americans believed that things would get better, and that caused them to take action to make things better, and that actually resulted in things moving in a positive direction. But now things have abruptly shifted. In late 2018, an increasing number of Americans believe that an economic downturn is coming, and they are taking actions consistent with that belief. As a result, they are actually helping to produce the result that they fear. And without a doubt, any rational person should be able to see that signs that the U.S. economy is slowing down are all around us. So it isn’t as if those that are preparing for the worst are being irrational. It is just that when large numbers of people all start to move in the same direction, it has a very powerful effect. We witnessed this in the stock market in recent years when people just kept buying stocks even though they were massively overvalued. The collective belief that there was money to be made in the stock market became a self-fulfilling prophecy which pushed stock prices up to absurd heights. But now that process is
beginning to reverse as well, and ultimately the unwinding of that bubble will be quite painful.

Over the past couple of years the dominant economic narrative that the mainstream media was pushing was that the U.S. economy was “booming”, and this encouraged businesses to expand and consumers to go out and spend money.

But now the dominant economic narrative has changed, and businesses are starting to take actions that are consistent with the new narrative. In the retail industry, if executives truly believed we would see an economic boom in the years ahead they would be expanding, but instead stores are being closed at a record pace...

Mall and shopping center owners across the U.S. are preparing to be hit by more store closures, following a brutal year that included department store chains like Bon-Ton and Sears going bankrupt, Toys R Us liquidating and even Walmart shutting dozens of its club stores.

Now, a slew of specialty retailers like Gap and L Brands are getting serious about downsizing, which will leave more vacant storefronts within malls until landlords are able to replace tenants.

As a result of these store closings, large numbers of workers will be without jobs, vendors will not be receiving orders and mall owners will be without tenants.

In other words, economic activity will slow down.

Another sector where there has been a major psychological shift is in the real estate industry. Home prices have been falling all over the nation, and this includes markets that were once extremely hot such as San Francisco...

In San Francisco, the number of homes with a price cut in October nearly doubled, to 238 from 124 last October,
according to data from Realtor.com.

That’s nothing compared to Santa Clara County, where the number of price cuts rose to 818 last month, more than six times last year’s number. Santa Clara County had been one of the nation’s hottest markets this year, and the Bay Area’s price appreciation leader until September.

“Clearly, there is a market shift,” said Rich Bennett, a Zephyr agent in San Francisco.

If homeowners believed that this dip was just temporary and that home prices would start surging again next year as the U.S. economy thrives, it would be quite foolish of them to slash their prices like this.

In some cases, home prices are being reduced by hundreds of thousands of dollars. Why throw all of that money away if the market is going to bounce back shortly?

Over in the auto industry, there has also been a noticeable psychological shift.

If the U.S. economy was going to be doing extremely well in the years ahead, the major automakers should all be gearing up for record sales.

But instead, General Motors just shut a bunch of factories and laid off 14,000 workers, and Morgan Stanley analyst Adam Jonas is projecting that Ford will soon be laying off large numbers of employees...

“We estimate a large portion of Ford’s restructuring actions will be focused on Ford Europe, a business we currently value at negative $7 billion,” Jonas wrote. “But we also expect a significant restructuring effort in North America, involving significant numbers of both salaried and hourly UAW and CAW workers.”
Ford’s 70,000 salaried employees have been told they face unspecified job losses by the middle of next year as the automaker works through an “organizational redesign” aimed at creating a white-collar workforce “designed for speed,” according to Karen Hampton, a spokeswoman.

“These actions will come largely outside of North America,” Hampton said of Ford’s restructuring. “All of this work is ongoing and publishing a job-reduction figure at this point would be pure speculation.”

Shifting gears, let’s talk about agriculture.

If farmers believed that the trade war was just temporary and that things would soon swing back in their favor, many of them would keep trying to hold on for as long as they possibly could.

But instead, farm bankruptcies are absolutely surging...

A total of 84 farms in the upper Midwest filed for bankruptcy between July 2017 and June 2018, according to the Minneapolis Star Tribune. That’s more than double the number of Chapter 12 filings during the same period in 2013 and 2014 in Wisconsin, Minnesota, North Dakota, South Dakota, and Montana, reported Vox.

Farms that produce corn, soybeans, milk, and beef were all suffering due to low global demand and low prices before the trade war, according to economists, but president Trump’s trade war is making the problem even worse by exacerbating the weaknesses in the American economy. China has retaliated against the tariffs by slapping billions of dollars worth of tariffs on United States agriculture exports in response to Trump’s tariffs on Chinese products. Other countries, including Canada, have also added duties to US agriculture products in response to Trump’s tariffs on all imported steel and aluminum.
Most Americans want to have hope, but when they look at our economic situation all they see is a very bleak future.

And in some parts of the nation, there still hasn’t been any sort of a “recovery” from the last recession. For example, a recent Bloomberg article took a hard look at what conditions are currently like in eastern Kentucky...

Tiffany Hensley’s drive home takes her through some picturesque scenery, and an ugly economy.

“The first thing you see when you get down here is beauty,” says Hensley, midway through her shift at a diner in the rolling hills of eastern Kentucky. “But then you get to looking around. It’s real rough.”

Of course eastern Kentucky is far from alone. Yes, coastal cities such as San Francisco and New York have prospered in recent years, but rural communities all across America have been deeply suffering.

And now economic conditions are deteriorating once again nationally, and things are about to get a whole lot tougher for everyone.

About the author: Michael Snyder is a nationally syndicated writer, media personality and political activist. He is publisher of The Most Important News and the author of four books including The Beginning Of The End and Living A Life That Really Matters.

The post The Psychological Bubble That Has Been Propping Up The U.S. Economy Is Starting To Implode appeared first on The Economic Collapse.

The Economic Collapse
Have Gold and Bitcoin Seen the Worst of Their Bubble Bursts?

You know I’ve been fighting the gold bugs for a long time. Gold is an inflation hedge, not a deflation hedge. Turn to gold for safety during a deflationary period and you’ll get your ass handed to you on a golden platter!

Gold is simply another commodity and it burst in the 30-year cycle top between 2008 and 2011, just like it did after the 1980 top.

But my bubble model projected that gold would fall to at least $700 and possibly as low as $400 to $450 per ounce...

If that were going to happen, it should have happened by now.

It hasn’t.

Instead, gold has formed a strong base at $1,050, moving sideways for three years now.

Same with Bitcoin...

Bitcoin bubble burst in December 2017. My model suggested that the crypto could have dropped to $1,000 by now, but it hasn’t. It has formed an even more convincing base at around $6,000.

Look at this chart, but when you do, note that bitcoin and gold are on very different time scales.
Does this mean my model doesn’t work?

No.

There are always exceptions to the rule. And my bubble models, since I introduced them in *The Sale of a Lifetime’s Lost Chapter* and *Zero Hour*, have been working very well for almost all stock, commodity, and real estate markets.

Besides, my model is more sophisticated than the simple “orgasm” trajectory I showed on the chart above.

So, what is this potentially telling us?

It’s telling us that gold still has some perceived value as a money or crisis hedge… and bitcoin/cryptocurrencies are the
new up-and-comers in this arena, and competing with gold.

The markets haven’t sorted this out yet, but these two commodities are trading differently than the others and that’s potentially bullish.

Gold could still falter to a greater degree in the next financial crisis, when deflation rears its ugly head much more than it did last time. In that case, my new target would be more the $ 700 level rather than $ 450.

But...

I think a NEW likely scenario is that gold continues to base between $ 1,000 and $ 1,375 into 2020-22 and then begins its next long-term bull market into the next commodity cycle peak between 2038 and 2040 at a target of $ 4,000-plus (maybe even $ 5,000).

Gold has just more than doubled on every major top in the past ($ 850 to $ 1,934 to $ 4,400?).

If gold does hold more sideways for the next few years and retests that $ 1,050 support… that could be the time to buy and hold for the long-term again.

So yeah! Gold bugs will get their gold $ 5,000… when they’re dead!

When gold hits that point, it would represent a 5th wave long-term top after a 1st wave top in 1980 and a 3rd wave top in 2008-11, all peaking on the 30-Year Commodity Cycle.

I know many of our subscribers still have an affection for the illustrious metal — maybe you’re one of them — so this should be good news for long-term holders.

But to be clear: I am NOT forecasting that gold will suddenly catapult to $ 5,000-plus when the dollar collapses, and gold
becomes real money again! That will NEVER happen!

As for bitcoin...

It faces a different scenario.

It just briefly shot down to $ 5,500, about as far down as it should go in this basing and bottoming out process. It then bounced back above $ 6,000. It if continues to hold near $ 5,500, then it could see another rocket shot – like it did in mid- to late 2017 – to a new high of $ 25,000 or so by late 2019.

And that’s what my friend and cryptocurrency master mind, Michael Terpin, has set as his next target (although he’s envisioning this could happen as late as 2022, which is a possibility if cryptocurrencies do get a big boost from the next financial crisis... although this isn’t my most-favored scenario because I see it as the last extreme bubble to peak and crash).

Such a Bitcoin surge would be the 5th wave top, with the 1st wave peak in late 2013 and the 3rd in late 2017. That would complete the first “Hype Cycle,” as Louis Basenese called it at our Irrational Economic Summit this year.

Then we would see a bigger bubble burst back to $ 6,000 or so again.

After that, bitcoin and blockchain would follow the long-term scenario of the internet and see a fundamental long-term bull market into around 2035 – 2037... becoming the next” big thing” in the internet space for security, speed, cost, and currency for dealing with money and things of value.

Bitcoin could be a good buy here, near $ 6,000, and then again in 2020 if it retests this area again, assuming it does hold this level in the months ahead.
If it hits $25,000, and you don’t sell at that point... well, I’ll spare you my tirade. I think you can already hear it in your head!

The post Have Gold and Bitcoin Seen the Worst of Their Bubble Bursts? appeared first on Economy and Markets.

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