How Much Time Can You Afford To Spare?

Well one thing is certain summer is definitely upon us! With summer in full effect and especially coming off of a midweek 4th of July where it seems those that can, take the entire week off, we wouldn't expect anything less than subpar volume trading. Heck, can we blame them? Sometimes and even if by sheer luck even the shortest hiatus from trading and the market in general can clear ones head and perhaps shed some light on the ever increasing data deluge which we are seemingly inundated with each and every day.

We feel weeks like this are better served being an active observer as opposed to being a wishful participant. We tend to do more research and reading than trading and being patient as the saying goes does have its virtues. We read some interesting stuff this week, Lance Roberts over at Realinvestmentadvice.com penned a piece on the SP market and showing potential correction levels. For all you technical guys out there it's worth a look. We especially enjoyed his comparison of loss not in terms of just capital or percents, but rather in **TIME**. Something we have discussed readily in the past and its certainly eye opening to say the least considering most people look at value in terms of dollars as opposed to let's say DURATION. Basically, Lance is saying that if indeed we do have a correction and we get a garden variety type, investors are looking at a loss of not only let's just say 27% but rather **a loss of 9 years of gains**. We like to view return in relation to time spent investing because it quantifies something other than dollar values. We often think people are lulled to sleep by passiveness and forget that the most important thing to compounding returns isn't necessarily time spent in the market, but rather it's in the timing of **when you actually start to invest**. Now let's not confuse this concept of time, with trying to market time a given asset class and pick high and lows, let's instead focus upon investing when things make sense, both fundamentally and technically and staying in as long as certain requirements are met. In no way, shape or form are we advocating a move to 100% cash and then buy and sell off of some given levels. We are instead saying there are absolute times where some things move far and away from their perceived fundamental and technical mechanics, by historical measure, by asset class comparison or whatever other metric you want to choose. We all know where the equity markets stand now and what Lance is trying to say or should we say, what we think he is trying to say is that there is nothing wrong with taking a few chips off of the table and waiting for another day to play. That's pretty much it in a nut shell, so to recap let's not confuse market timing with the question of **"What is your time worth and how much of it could you spare?"** Also out last week was the anticipated FED minutes from their June meeting. It seemed like the panel was mixed and frankly somewhat confused upon their rationale, because it seemed like a lot of double speak was going on. They talked about low market volatility leading to a buildup of risks to financial stability. We're sorry but isn't low volatility good for stability? Some of the highlights of their texts were:

*IN THE ASSESSMENT OF A FEW PARTICIPANTS, EQUITY PRICES WERE HIGH WHEN JUDGED AGAINST STANDARD VALUATION MEASURES."

* ACCORDING TO SOME MEASURES, FINANCIAL CONDITIONS HAD EASED EVEN AS THE COMMITTEE REDUCED POLICY ACCOMMODATION AND MARKET PARTICIPANTS CONTINUED TO EXPECT FURTHER STEPS TO TIGHTEN MONETARY POLICY.

*FED OFFICIALS DIVIDED OVER WHEN TO START BALANCE-SHEET RUNOFF

Hah and we have to laugh or choke depending on one's tolerance for this blasphemy:

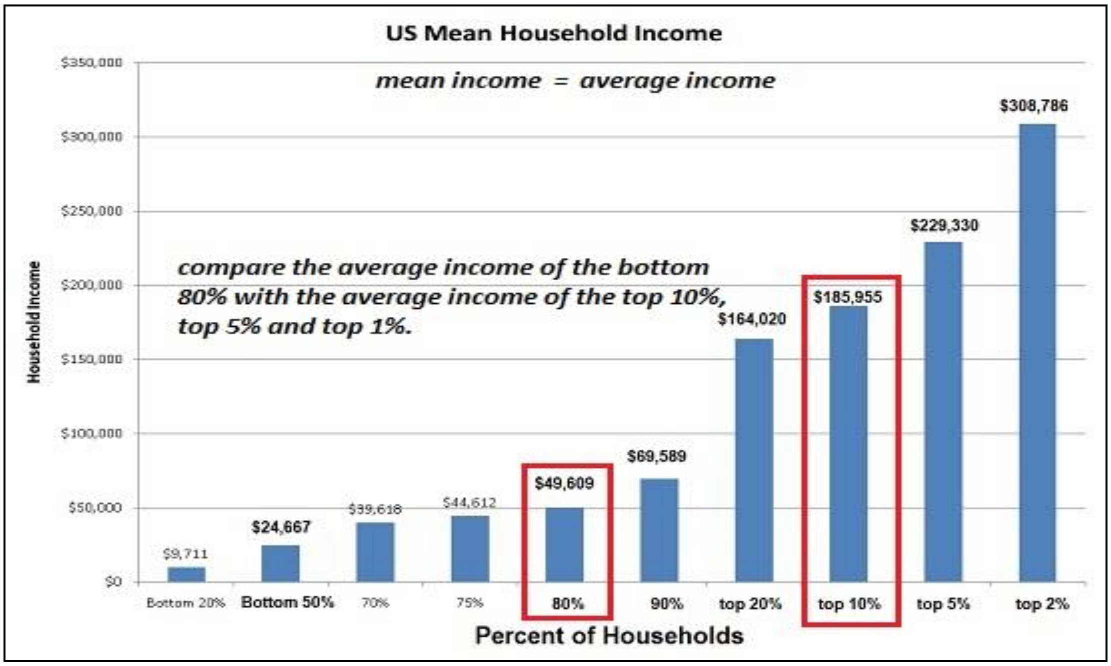
* CONSEQUENTLY, THE EFFECT ON FINANCIAL MARKET CONDITIONS OF THE EVENTUAL ANNOUNCEMENT OF THE BEGINNING OF THE FEDERAL RESERVE’S BALANCE SHEET NORMALIZATION **"*WAS EXPECTED TO BE LIMITED*."**

Really, expected to be limited? Do they honestly think that they can reduce their balance sheet and expect the financial markets who have ridden this debt wave of false prosperity all the way out and now back in aren't going to hit the shallow rocks beneath the water? What funny stuff are they smoking?

See this is the complete and udder nonsense doublespeak this FED has been known to sling. It's garbage and it’s completely disingenuous. Are they that stupid or do they just think the investing public is that stupid? In either case, rest assure the financial markets will be completely disrupted and damaged if and when the FED does decide to reduce its purchases in any way shape of form. Remember its nothing more than a giant Ponzi and when you keep raising the debt levels and the asset production can no longer produce on its own, well where do you suppose the money to service the debt will come from? There isn't some magical GDP wizard to make it all more affordable, that we are certain of. So don't be fooled by their double speak, they are wrong, they know they are wrong and perhaps they need to be held more accountable. We do know the FED has a lot of debt rolling over in the next few years and we also know they probably need a higher rate in order to make purchasing that debt just a bit more lucrative.

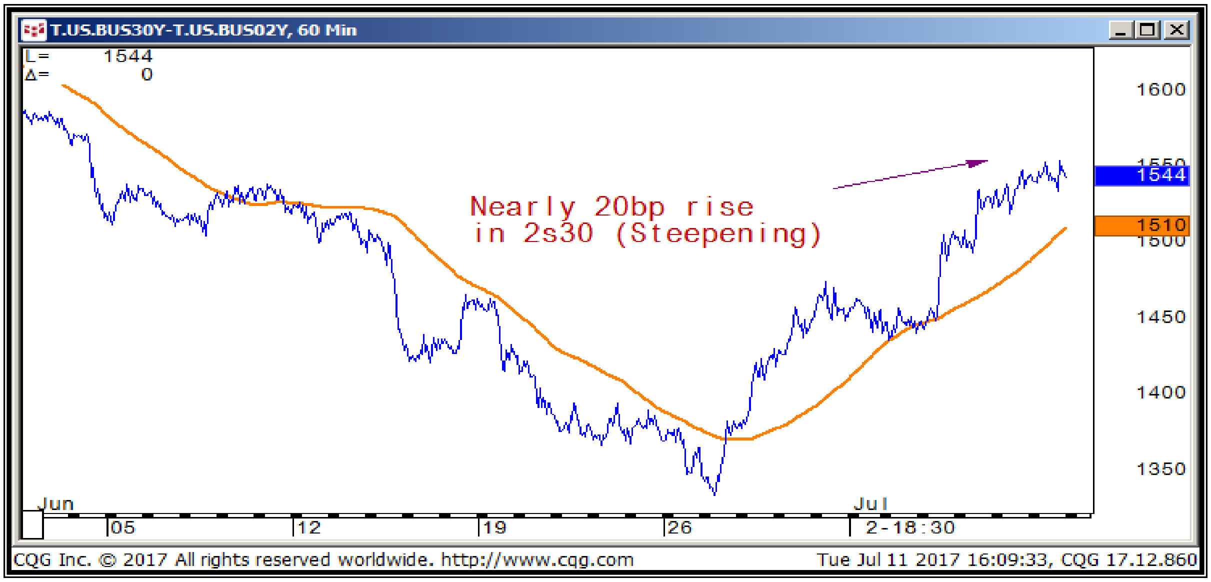
So there you have it, right there, one of the real reasons why the FED is raising rates. We know the first reason that is to give the banks more free money in the form of higher IOER. The second is because the new debt they will be buying from the treasury needs to be at a higher rate for a greater premium intake. What a game right? Don't you wish you could print, buy bonds and earn risk free interest for as much as your nearest junkie government wants to pay? Where do we sign up, hell where does Illinois sign up? God knows they need it, in fact we are surprised Michael Madigan hasn't gone to the FED window just yet, or got one of his cronies to lobby for incorporated states rights to go to the window like any other dysfunctional debt laden bank or Insurer. Once again we hate to think of it but George Carlin was right, **"it's one big Fu$#ing club and you ain't in it."**

Also out last week was a piece from Charles Hugh Smith (www.oftwominds.com), he presented this disgusting chart which is nothing more than a system designed entirely for disparity and delusion. If you want to know why the velocity of money and GDP cannot go anywhere than this chart can easily answer it for you, when 80% of the people see their wages stagnate and the top 2% have a greater than 6 fold gap over the rest, well it doesn't take a genius to figure things out. This is a chart displaying many in need and very few wanting to give:



We love reading both those guys as they provide clear, concise and well thought out ideas presented in an informative way. They are just two of the guys we like to follow on a regular basis. We feel that collectively if we can forge alternative ideas to main stream thinking than we can all benefit from the collective research. As we feel compelled to bring you only the finest of alternative financial analysis.

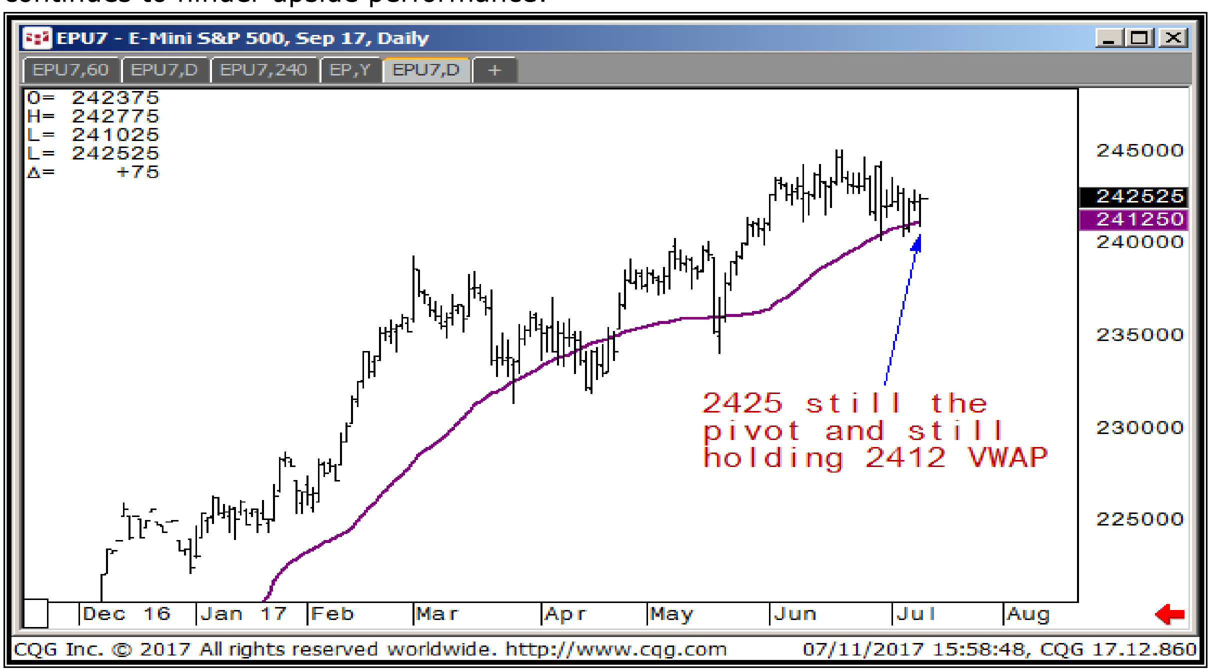
Ok let's get to some charts and we can only say, someone in the US Treasury yield curve area has decided to draw a line on all the bearish curve flattening that has been occurring lately. We will demonstrate this move with this chart of the US2s30 which in a little over a week is up some 20 basis points:



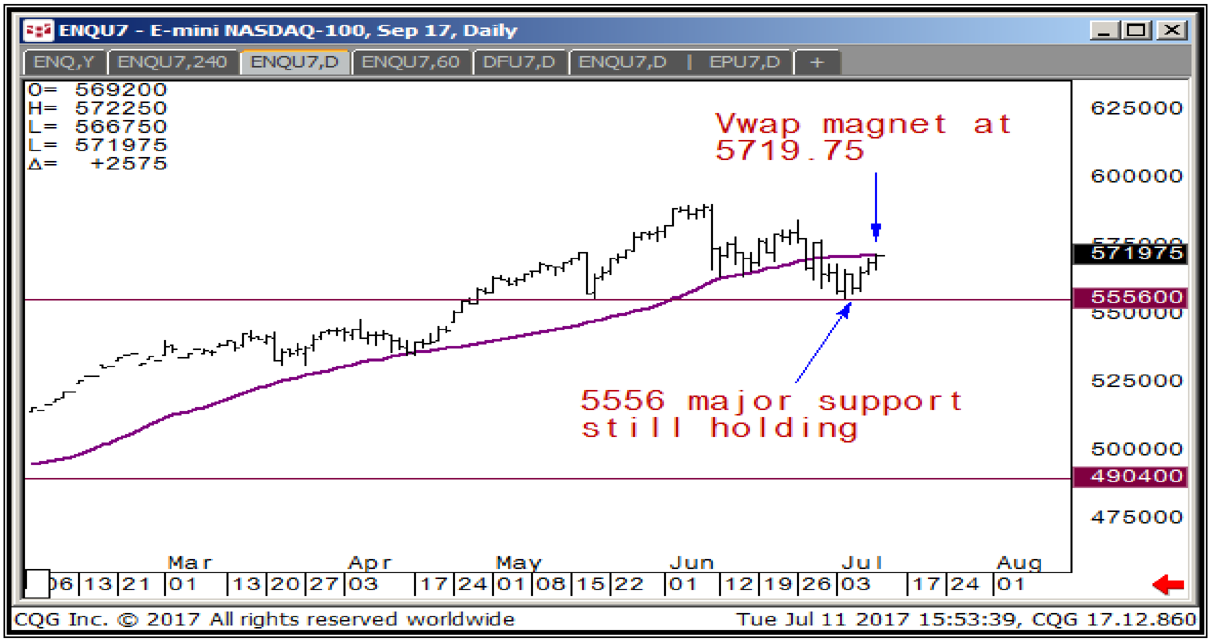
This has led to the US Ten Year Future to find some footing here amongst the barrage of endless selling. Now it's not up that much, no thanks to Mr. Gundlach and his bearish comments, but we view this 125-00 level as a nice pivot:

We tend to think that the bearish flattening was getting a bit ahead of itself and that the short trade mentality would eventually move its focus toward the longer end. Next up we have the Euro and the Yen which are diverging nicely. We aren't sure how risk parity traders are enduring this one, but we may see a wider and continued divergence here as the Euro continues to bull ahead and the Yen continues to sink:

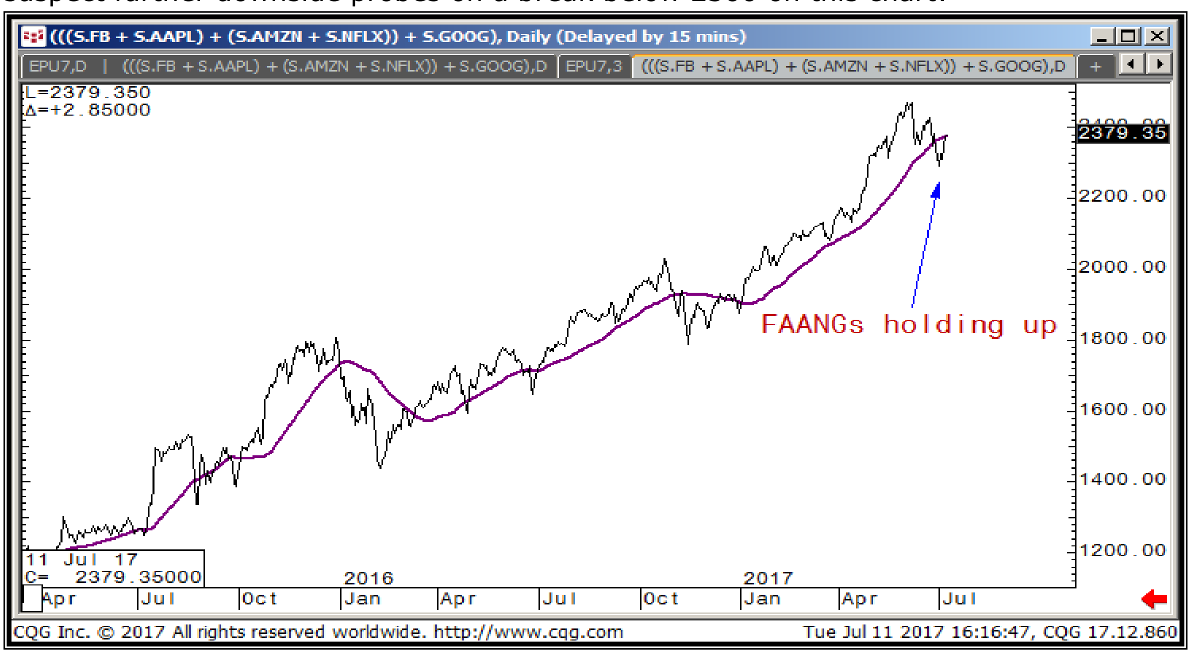
Moving over to equity land, let's look at the SP500 and Nasdaq futures markets. The SP500 has tested VWAP support down at 2412 but has seen plenty of buying interest, 2425 continues to hinder upside performance:



As for the Nasdaq 5556 continues to support downside since April and 5720 is a magnet:



Continuing the equity theme the FAANGs chart continues to stick near the highs we would suspect further downside probes on a break below 2300 on this chart:



Our final chart is the Silver Futures market which saw new 2017 lows this week. We don't like to catch falling knives but 1517 below should see decent tech support:

OK that's it, we hope you enjoy the letter and we hope you continue on the journey with us. We look forward to any comments or suggestions you may have. We tend to focus on global macro events that may shape our markets in particular the equity and bond markets, but we know there are many alternative assets out there to invest in, so if you think we should cover something, let us know and we can put it on our radar. The goal we have is to educate you in a mentality that is conducive to a professional money manager and trader in hopes that you yourself benefit in your own way for your own self promotion and growth, not only as an investor but as a thought provoking human being. We know you will be hearing more about blockchain, Bitcoin and Etherum in the coming months and we hope to cover the ongoing saga that is on display in those arenas. As our readers know we are bullish on the technology and we view it merely in its infancy. We don't claim to know where it will go how low or how high, but rather view it as an exciting innovation that we are sure will disrupt and invigorate new forms of applications and businesses. As always we leave you with our weekly settles below, Crude continues to be the whipping boy! Cheers!

Weekly Settlements

7-Jul		Weekly	Weekly	YTD
Instrument	Price/Yield	Net Change	% Change	Change
US 30yr Govt	2.94%	10 bp	-3.3%	3.9%
US 10yr Govt	2.39%	9 bp	-4.0%	1.6%
US 5yr Govt	1.96%	7 bp	-3.5%	-1.6%
SEP Bond	151-21	-2'01	-1.3%	2.7%
SEP Ten Yr	124-27	-0'22	-0.6%	1.2%
SEP Five Yr	117-157	-0'11	-0.3%	1.1%
SEP SP500	2422.50	1.50	0.1%	8.6%
SEP DOW	21370	70.00	0.3%	8.7%
SEP Nasdaq	5655.75	3.00	0.1%	16.3%
SEP Nikkei	20060	(45.00)	-0.2%	5.4%
SEP Dax	12367	47.00	0.4%	7.6%
Shanghai Comp	3217.96	25.53	0.8%	3.7%
AUG WTI Crude	$44.23	(1.81)	-3.9%	-22.5%
AUG Gold	$1,209.70	(32.60)	-2.6%	4.3%
SEP Silver	$15.37	(1.15)	-7.0%	-4.5%
SEP Dollar Index	$95.79	0.37	0.4%	-6.1%
SEP EURO	114.44	(0.23)	-0.2%	7.7%
SEP YEN	87.990	(1.11)	-1.2%	1.9%
Bitcoin (BTC)	$2,507.45	$33.03	1.3%	163.0%

Finally, we will decidedly end our notes with our reaffirmation of the growing need for alternative strategies. We would like to think that our alternative view on markets is consistent with our preference for alternative risk and alpha driven strategies. Alternatives offer the investor a unique opportunity at non correlated returns and overall risk diversification. We believe combining traditional strategies with an alternative solution gives an investor a well-rounded approach to managing their long term portfolio. With the growing concentration of risk involved in passive index funds, with newly created artificial intelligence led investing and overall market illiquidity in times of market stress, alternatives can offset some of these risks.

It is our goal to keep you abreast of all the growing market risks as well as keep you aligned with potential alternative strategies to combat such risks. We hope you stay the course with us, ask more questions and become accustomed to looking at the markets from the same scope we do. Feel free to point out any inconsistencies, any questions that relate to the topics we talk about or even suggest certain markets that you may want more color upon.

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We are a firm with an important distinction: It is our belief that building strong relationships require more than offering a well-rounded set of investment vehicles; a first-hand understanding of the instruments and the organization behind those instruments is needed as well.