

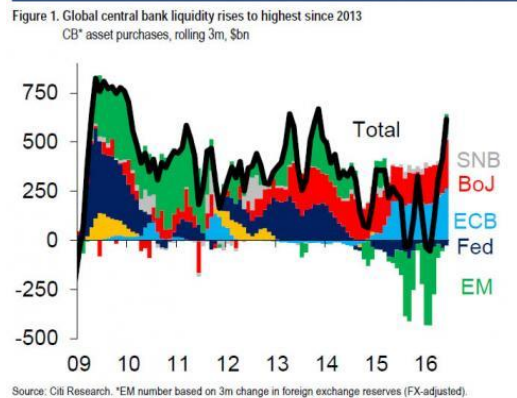
# Market Update

**From:** Mike Sullivan  
**Date:** July 14, 2016  
**Subject:** The Holiday Party that NEVER ENDS?!

---

The party did not end on the 4<sup>th</sup> of July!! The Central Banks have saved the day!! The Central Bank driven holiday stock ramp we have come to expect has no apparent need for even the usual pullback this time, the party is still on! (See our last [Update](#) if you missed the holiday ramp pattern.)

Instead, the 'Brexit' event that saw the United Kingdom vote to leave the European Union in June, ironically saved the day by thankfully threatening the entire European banking system. How is that helpful? Well we all know by now that the cure for *any* threat to the banking system is unprecedented money printing and market manipulation by central banks. And, since 'Brexit' was a real threat (and still is), in came the manipulators as Citigroup's star analyst Matt King shows us in the chart.



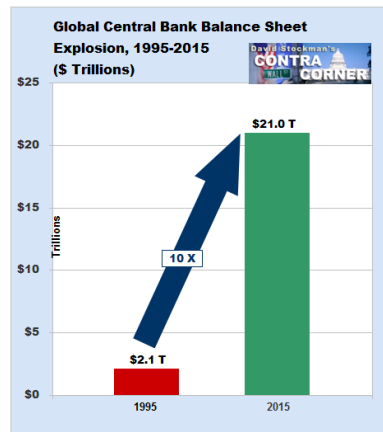
The collusion of Central Banks (CBs) continues, with Japan, Europe, the Swiss and the Fed going full tilt. So, since the CBs can just print money out of thin air, and use it to buy stocks whenever they feel like it logically, stocks should never go down again, right?! And then, there is no real need for stock prices to depend on real demand, nor for them to reward companies that are productive, innovative, or thrifty. They should just always go up because ... they need to, otherwise the whole financial scheme falls apart!

In other words, we can now add the equity market to the list of other markets they have been utterly destroyed by removing freedom of choice and any semblance of real risk. CBs have destroyed interest rates (sorry savers), destroyed real estate (sorry renters), and destroyed bonds (all-time low yields, sorry grandma). So, now they have destroyed stock markets. It is now all up to 'the suits' to determine what prices are for everything from your groceries to your house. Will this fantasy land continue to work?

Unfortunately, while the sham indeed makes the rich even richer via the complete fakery in the asset markets, it is powerless at hiding the unrest being caused by these very same asset-pumping tricks. Worse, the farce is becoming increasingly visible to everyone, right alongside the utterly corrupt political system. We see it in the uprisings not only in London England, Berlin Germany, 200 cities in Brazil, and all over Venezuela, but now in U.S. cities like Dallas Texas, Duluth Minnesota, Lafayette Louisiana, and many other cities. We can see the possibility that corruption and fakery are reaching the limit. The Arab

Spring that erupted several years ago was caused by Central Banker generated food inflation. Now, the financial repression has simply gone global, but the masks are off of the bankers and their cronies.

David Stockman's recent chart shown below suggests there may be limits, as it complements Matt King's data on central bank manipulations. It not only answers the question about why stock markets are completely detached from reality now as they are manipulated to new highs, it also shows rather clearly the **massive** mortgage the bankers have placed on our future to goose today's asset prices upward:



Source:  
David Stockman's  
Contra Corner

So, when the British declared 'enough' in 'the Brexit' vote, that threat was simply much too big to be tolerated for even a day. The result was instantaneous: wild actions by the Bank of England, European Central Bank, and Bank of Japan all simply jammed the 'markets' right back upward. And, just to make sure the rally would be sufficient, former U.S. Money-Printer-in-Chief Ben Bernanke flew to Japan to advise their Prime Minister and Central Bank Chief that they had better conjure up another \$100 Billion for good measure and start tossing it around Japan. They gladly complied of course. These completely unaccountable bankers have thumbed their noses at monetary history to enrich the powers that be.

YES, these games also goose your 401k accounts, so what does it matter? If you reflect on the tremendous cost illustrated above, and consider it could fail at any moment, it will help you define your choice. In our June 22<sup>nd</sup> Update, we indicated a big move was likely coming. In fact, we also showed a graph of the S&P 500 along with the 2-year range in which it has been trapped, then indicated the Brexit might be just the catalyst needed for Wall Street to breach the top of that range to the upside before a major market roll-over. So ... that is exactly where we find ourselves now, albeit we would have thought a positive vote to remain in the EU would have been the more likely scenario to break out to the upside as everyone celebrated. Instead, the Brits voted to leave and it has been manipulation causing the rally.

So, the questions for every investor to answer now is: 1) are things really great as the markets suggest? 2) Do all of the broken historical correlations even matter anymore? And 3), are cheating central bankers really smarter and/or their manipulations unlimited? Our [pre-Brexit Update](#) says Up/Down)

We suspect that there is a rude-awakening for the central bankers not too far ahead. What will they blame it on this time? The artificially inflated London real estate market that has begun to collapse? Political unrest at the upcoming political conventions in the U.S.? Other unressts assigned any other reason other than 'financial repression'? We await with interest what the bogeyman will be.

In the meantime, we still see no reason for investors to be all-in with equity allocations. We think the CBs will be unmasked and their hubris punished ... just like every other time in history. Call us at (614) 734-WLTH (9584) if we can help you try to make sense of this fiasco of a market and how to adjust allocations that best fit your view, whether that be to be 'defensive' or 'ride the CB money-fest'!