

Weekly Market Summary

December 01st, 2017

Could The World Soon Come to an End?! Depends on Whom You Ask!!

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The world - as we know it - was supposed to have already ended some time back, had we listened to - and believed - the various prophecies made over the past years (decades & centuries). To list but a few recent warnings below:

1975: From 1966 on, Jehovah's Witnesses published articles which stated that the fall of 1975 would be 6000 years since man's creation, and suggested that Armageddon could be finished by then.

1980: Leland Jensen – founder of a Bahá'í sect - predicted that there would be a nuclear disaster in 1980, followed by two decades of conflict, culminating in God's Kingdom being established on Earth.

1982: Full-page ads in many newspapers April 24–25, 1982, stated that "*The Christ is Now Here!*" and that he would make himself known "*within the next two months*".

1991: The leader of the Nation of Islam – Louis Farrakhan - declared that the Gulf War would be the "*War of Armageddon which is the final war.*"

December 17th, 1996: Californian psychic Sheldan Nidle predicted that the world would end on this date, with the arrival of 16 million space ships and a host of angels (*By far my preferred prediction! The year I met my wife .. makes you wonder!*!).

July 1999: A quatrain by Nostradamus which stated the "*King of Terror*" would come from the sky in "*1999 and seven months*" was frequently interpreted as a prediction of doomsday in July 1999.

2000: Tim LaHaye & Jerry Jenkis stated that the Y2K bug would trigger global economic chaos, which the Antichrist would use to rise to power. As the date approached, however, they changed their minds.

2003: Aum Sinrikyo - a Japanese cult - predicted the world would be destroyed by a nuclear war between October 30th and November 29th, 2003.

August 23rd, 2013: Rasputin prophesied a storm would take place on this day where fire would destroy most life on land and Jesus Christ would come back to Earth to comfort those in distress.

September 23rd, 2017: Author, scientist, and conspiracy theorist David Meade predicted that an unseen planet, Nibiru (or sometimes Planet X), would become visible in the Earth's sky and that said planet would then "*soon*" destroy the Earth and Armageddon would take place during this date.

And yet, we are all still alive and kicking ☺!

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However, on a more serious note, there are surely anecdotal evidences/proofs that financial markets are in the midst of experiencing substantial anomalies and irrational behaviours, which should - sooner or later - translate into severe market corrections. Disregarding - or worst dismissing - today's concerning signals/statistics will only aggravate the situation in future years (possibly as early as 2018, when the steady and broadening growth - that has improved business and consumer sentiment and fostered subdued market volatility – could start faltering later that year).

Anyone questioning my “*half empty glass*” proclamation should seriously consider the following 2017 developments:

- **A Leonardo da Vinci painting (which may be fake!) sold for US\$ 450 million.**
- **Bitcoin (which may be worthless) soared nearly 1097% from US\$ 952 to ~\$ 11,400.**
- **The Bank of Japan and the European Central Bank have bought US\$ 2 trillion of assets.**
- **Global debt rose above US\$ 225 trillion to more than 324% of global GDP.**
- **US corporations sold a record US\$1.75 trillion in bonds.**
- **European high-yield bonds traded at a yield under 2%.**
- **Argentina, a serial defaulter, sold 100-year bonds in an oversubscribed offer.**
- **Illinois, hopelessly insolvent, sold 3.75% bonds to bondholders fighting for allocations.**
- **Global stock market capitalization skyrocketed by US\$15 trillion to over US\$ 85 trillion and a record 113% of global GDP.**
- **S&P 500 volatility dropped to 50-year lows and Treasury volatility to 30-year lows.**
- **Money-losing Tesla Inc. sold 5% bonds with no covenants as it burned \$4+ billion in cash and produced very few cars.**

And if those statistics weren't enough to convince investors that financial markets are in an unstable/bubbly position, hear what billionaire hedge-fund manager David Tepper - founder of Appaloosa Management LP - had to say (with regards to depressed Treasury yields and U.S. corporate credit spreads) when asked to express his views directly to New York Fed President William Dudley last Tuesday, during a panel at a conference on the Treasury market's evolution. Asked about central banks' involvement in credit markets, the hedge-fund president had only harsh words. “*Central banks have screwed up that risk curve,*” he said. Investors need a return “*to an efficient market. Isn't that what we want to have happen at some point? There will be a challenge in my mind for the Fed to lay off when that happens. To let the market adjust.*”

Last, but not least, oil has extended gains this morning – last trading at US\$ 57.75 for January 18th WTI (West Texas Intermediate, on the New York Mercantile Exchange) - after a third monthly advance as OPEC agreed yesterday in Vienna to prolong production cuts through to the end of 2018 in an effort to drain a global glut. The nine-month extension was beefed up through the inclusion of Nigeria and Libya, two OPEC members originally exempted from the curbs. By keeping the 1.8 million barrels a day of cuts in place, the group aims to return stockpiles to their five-year average without overheating the market. Oil had already climbed a stunning 21% since the start of September on tightening supplies and expectations the Organization of Petroleum Exporting Countries (“OPEC”) and its allies would prolong cuts past the end of March. Elsewhere, in the US, the Senate tax bill is headed for a round of marathon votes later today, with the goal of holding a final vote before the weekend break. “*We're trying to get to a point where nobody is going to get exactly what they want but enough to get the bill passed,*” Senator Thom Tillis of North Carolina said. An analysis released Thursday by the Joint Committee on Taxation (“JCT”), Congress's official scorekeeper, concluded that the Senate bill would boost gross domestic product by about 0.8 percent on average over the next 10 years. But that still would not cover the loss of government revenue, leaving a shortfall of roughly \$1 trillion over the decade, the JCT said!

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