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The following is part of *Pivotal Events* that was published for our subscribers July 27, 2017.

**“Is the stock market up when it should be?”**

**Signs of The Times**

***“Yellen: I’m Strongly Opposed To Audit The Fed”***

– Bloomberg, July 12.

***“The European Union is:***

***7.2% of the world’s population.***

***23.8% of the world’s GDP.***

***58% of the world’s welfare spending.”***

– Mises Institute, July 15.

***“Much of recent global warming has been fabricated by climate scientists to make it look more frightening.”***

– James Delingpole, July 9.

***“Greenland set a new all-time record July cold record, where the mercury plummeted to -33 C.”***

– No Tricks Zone, July 9.

***“Record Cold Sweeps Southern Hemisphere—Huge Crop Losses”***

– SOT.net, July 21.

***“Tesla’s Honk Kong Sales Collapse After Tax Incentives Cancelled”***

– Motor 1, July 11.

***“The risk of deflation has been removed from the Eurozone, according to ECB.”***

– Seeking Alpha, July 19.

***“Summer Takes A Vacation With Near-Record Chill”***

– CBS Boston, July 24.

## **Perspective**

The political numbers for Europe are startling. With 23% of the world's GDP, it foots the bill for 58% of the world's welfare spending. Clearly not a system designed for sound economic calculation. In 1848, Bastiat observed: "The state is the great fictitious entity by which everyone seeks to live at the expense of everyone else." Politically motivated bullies seem compelled to keep trying to justify the distortions. Why?

And then there are continuing reports of record cold weather and snowfalls in both hemispheres in the same month. Quite likely this is unusual and the combination could be part of a trend change in climate. Weather reports of highs in both hemispheres would suggest that the old warming trend is still on.

On the nearer-term, it strongly suggests that the 2016 El Nino warming weather event is over. The Solar Minimum continues. None of this is being reported by the MSM, which suggests there could be some cold-weather surprises when the Northern Hemisphere tilts into winter.

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## **Stock Markets**

Is the market up when it should be? Yes. On the last Springboard Buy in April we had a target for speculative excesses to be reached at "around June".

Are there signs of speculation? Technical indicators have reached excesses only seen near major stock market peaks.

How sound is the fundamental story? The Trump "reformation" will significantly improve the economy. Which while "in the market" is not yet in place. But it brought the public in. Ironically, central bankers continue to add equities to their reserves.

As the ChartWorks noted a couple of weeks ago, the slide in the dollar is materially helping on the recent advance. In turn, this has been exciting London and European stock markets.

Along with the probability of a speculative thrust into early summer, was that the NY market would also make a thrust into September.

Other support has been likely from industrial commodities being firm into August. It adds up to new highs for the senior indexes as well as confirmation of the bull market with the Transports making new highs a week ago. This was also the case in July 2007.

This is similar to the patterns in 2007. In which case, the action in the credit markets is critical. In this regard, there is no need to limit the examples. Bull markets become

overdone and become vulnerable to changes in the curve and spreads. And at extremes, there is no evidence of the senior central bank preventing the reversal.

**Link to July 28, 2017 Bob Hoye interview on TalkDigitalNetwork.com:**

**<http://www.howestreet.com/2017/07/28/gold-silver-ratio-volatility/>**

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*Note the failure of the Nikkei and STOXX to confirm the new highs in the S&P*

