A BULL-CASE SCENARIO

WAR, INFLATION, AND THE FINAL RISE BEFORE THE FALL
A Bull-Case Scenario: War, Inflation, and the Final Rise Before the Fall

Dear Subscriber,

In this report, we look at the ironic implications of global war, global debt, and inflationary conditions as being a potentially, near-term *bullish* case for U.S. stocks.

As regular readers of *Critical Signals Report* already know, we ultimately see trouble ahead for U.S. markets. *Historically big trouble*.

That said, there are very real and short-term bull scenarios to recognize, and we are obligated to point those out as well.

In the following pages, I am making a theoretical case (as I learned in law school) for this alternative argument – i.e. a “bull case” for a rising market in the backdrop of what is otherwise a fundamentally broken U.S. (and global) stock and bond market in a world awash in debt.

In short, I am postulating a real scenario where these current market tops and bubbles in the U.S. *could* go higher, even much higher.

To make this case, I am looking at history, and not sovereign or corporate balance sheets. The themes touched upon herein speak directly to geopolitics, war cycles, and markets.

Regardless of whether you agree or disagree, it’s worth a read and an open as well as critical mind.

Meanwhile, we at the *Critical Signals Report* continue to look at flows and signals more than just macro views – even the outlier views addressed below. If nothing else, the paragraphs that follow will give you more to consider in these interesting times…
Splendid Isolation: How “Permanent War” Helps U.S. Markets

The mainstream media keeps us abreast now and then of horrific images of terrorism and violence, but for the most part, Americans without military ties or relatives and friends fighting overseas live isolated from the war-torn realities facing many parts of the world.

Our media is often nothing more than a combination of infotainment and updates on political squabbles between the left and right or the scandal du jour in Hollywood or Washington.

This isolation from current realities, as well as a new generation of Americans who know more about downloading apps than uploading history, can lead to a kind of comfortable ignorance of just how strangely history repeats itself, or at least, as Twain remarked, “rhymes.”

Global War

In this isolation, we may not feel like we are in a world war, but as even Pope Francis remarked as far back as 2014, we are in fact already in such a war, even if it doesn’t feel like the days of Eisenhower, MacArthur, or Westmoreland.

As we briefly canvas the map of the world below, however, the evidence is fairly clear that financial as well as military hot and cold wars are in full swing today.

We will look at the evidence of this and consider what that could mean as a disturbingly bullish sign for the financial markets.

The Middle East

Of course, no discussion of a global war can begin without a look at the Middle East…

Israel’s struggles against Hezbollah in Lebanon (to its north) and Hamas in Gaza (to its south) are part of a broader Arab–Israeli conflict from which so many of today’s wars, or near-wars (as could be Iran’s “next-step”) are sourced, whether it’s Iraq and Afghanistan or a global
jihad spanning from Africa and the Caucasus to Southeast Asia – or even downtown Manhattan.

As these wars create more victims on both sides, the struggle between West and East, as well as their religious and cultural divides, increases.

In simple terms, conflict breeds more recruitment for more conflict. Every side has a story, anger, and a reason to fight.

It’s hard to deny that the Middle East is the Balkans of the 21st century. In 2009, the wars in Iraq and Afghanistan were in full swing, and Obama was elected in part to bring us out of both.

At that time Lebanon, Egypt, Libya, Syria, and the entire Arabian Peninsula were relatively stable.

Of course, today, war, as well as conditions, in the Middle East has worsened, not improved. Libya is effectively dust, Lebanon has been one big mess, and Syria was devastated by the time we moved to reduce troops.

**Arab–Israeli Quagmire**

Of course, before, during, and after these wars, the Palestinian–Israeli conflict was raging as it always has and always will. (Perhaps that is why **Dean Acheson** warned as early as the 1940s that the U.S. should not involve itself in Israel’s/Palestine’s wars, as they spread further in the Middle East.)

In light of the growing symmetry between U.S. and Israeli foreign policy, some see such statements (rightly or wrongly) as anti-Semitic; others see it simply as *realpolitik* and fact.

Regardless, there is no doubt that the perception of Western support as well as intervention in the affairs of the Middle East is a quagmire driven by financial, political, and moral issues lost in a blender of confusion and genuine, post-9/11 rage.

**A Mess**

Today, Libya and Yemen are essentially collapsed states, “Operation Freedom” in Iraq essentially midwifed ISIS, al-Nusra, et al., as the
millennial Islamic split between Shia and Sunni, dating back to 632, is not something the U.S. can simply solve by military force or the democratic rhetoric of “freedom operations.”

I have two good friends buried at Arlington who fought those wars, and they didn’t see a lot of “freedom” for their losses nor any weapons of mass destruction in Iraq.

Tensions in the Middle East have been fueled by an increasing (rather than decreasing) hatred and distrust of all things Western. Meanwhile, there’s a horrific chess game between Iran on one side and Israel, Saudi Arabia, Qatar, and Turkey on the other.

Net result, the Middle East has become balkanized as all five permanent members of the UN Security Council debate policy, commit troops, and absorb refugees of mixed intentions, from jihadists whose only aim is violence to broken families whose only aim is safety.

Meanwhile, Europe absorbs refugees from these wars that it cannot afford, pushing it closer and closer to recession…

Where and how things will go between the U.S., Saudi Arabia, and Israel on one side and China, Russia, and Iran on the other remains to be seen, as does the potential for internal socio-political strife within EU countries who are losing the economic and moral capital to absorb the masses of refugees streaming in from war-torn Middle Eastern cultures, regions, and religions that are not “gelling” in Europe.

I know this firsthand, as I spend half my time and life between the U.S. and the EU. Trust me, things aren’t going so well in Europe…

**The World Has Changed**

Whatever one thinks of the war on terror, of the civil liberties (privacy, due process, search and seizure, etc.) sacrificed in the U.S. and Europe (nod to the NSA, GSHQ) in the name of security/safety, the world (including our world) has forever changed in what appears to be a never-ending conflict.
Today, alliances reminiscent of “The Guns of August” in 1914 are being formed by the nations now intertwined in a Middle East whose borders since 1918 were drafted by Western Powers, and whose wars thereafter were the direct and indirect results of the 1948 birth of our ally, Israel, which all Arab States unilaterally rejected, placing the Israelis in a horrific state of permanent war.

The depth of ethnic hatred and religious conflicts in this region have been severely underestimated for over a century by U.S. and other Western policymakers, who actually and naively believed the “Arab Spring” a few years ago would bring “democracy” and solve the region’s ancient divides in the way an antibiotic magically cures an infection.

As of the time of this writing, Iran’s mullahs are filled with fears of Israel and anti-Western venom. Iran is poised to be another potential battleground in a region which is effectively one great Gettysburg – an internal civil war among Muslim sects and a larger war against Israeli and Western dominance.

Such a war is increasingly splitting public opinion in Europe and America, whose debt-ridden populations are growing increasingly tired of wars – and the cost of wars – in their own countries.

Expensive Wars – Debated Motives

According to a recent Brown University study, the U.S. has already spent over $6 trillion in its efforts to bring stability to the Middle East, a figure that is 60 times what we projected when we first put boots on the ground in Iraq.

In 2003, as M1 tanks and Bradley Fighting Vehicles closed in on Baghdad, Texas-based oil engineers from KBR Inc. were mingled among the Army Corps of Engineers in the Basra oil fields and its 115 billion barrels of oil reserves, which are shipped out of the strategically “vital” port of Umm Qasr…

In the Golan Heights near Syria, former CIA directors have invested in oil companies…
One wonders if the war was moral, financial, political, or all of the above. I am not here to enter or answer that debate.

Regardless of one’s views or political ideals, the world is at war even if nothing feels like the beaches of Normandy in the news reels. In the Middle East today, there are now eight countries officially at war, involving over 160 different militias and separatist and anarchist groups.

Other Global Conflicts

In Africa, amongst the Congo, Mali, Nigeria, Somalia, and Sudan, there are 24 countries and 141 groups involved in wars. In Europe, eight countries are at war with upwards of 65 separatist groups, guerrillas, etc.

Even in the Americas we are seeing drug wars escalate in Mexico (prompting a politically debated “wall”), Venezuela is totally on its knees, and more than 25 separatist groups are currently clamoring for revolution south of our borders.

All in all, today 61 countries are actively engaged in war, with 540 anarchist, separatist, and rebel groups falling beneath this sad, statistical umbrella.

In Pakistan, we’ve seen small victories to the north while Sunni extremists expand throughout the rest of the country. The U.S. is still there fighting the Taliban with drones and AR-15s.

In Korea, we have 30,000 U.S. troops in demilitarized zones waiting to see what Kim Jong Un will do or will not do. In eastern Europe, the West-leaning Ukraine is fighting Russian-supported rebels as Western sanctions are crushing Russian energy, banking, and defense budgets. Hence, we now see Russia pivoting toward China.

Russia

In 2014, Russian troops came into the Crimea and eastern Ukraine, ostensibly to “protect ethnic Russians.” (Interestingly enough, Hitler used similar language to “protect ethnic Germans” when annexing the Sudetenland prior to World War II.)
Some see Putin as protecting Russia, others see his moves as a grab for resources – as that contested area contains essential energy transport corridors linking the oil and natural gas reserves of the Caspian basin to Europe and Asia.

If this is the case, one might realistically see that a key reason Russia is fighting in Syria today is to prevent Saudi Arabia from building a pipeline through Syria to Europe, fundamentally cutting Russia out of a key piece of the energy financial pie.

In short, money, survival, and commodities can drive war just as much as cultural grievances, moral support, or “freedom” operations.

**Western Europe: More Than Just a Vacation Spot**

Not everything in Europe is going as peacefully as our travel brochures suggest. Many weaker countries in the EU have unpayable debts and growing internal problems. At a fiscal level, the EU has not recovered from the debt crisis of 2009.

By 2013, as government bonds were tanking, the ECB had to step in and “engineer” a recovery by simply printing money and increasing debts.

This “whatever it takes” solution is fodder for short-term recovery and long-term bust. *Von Mises* warned of this long before the central banks bought our confidences.

His blunt warning comes down to this: Problems solved by debt simply become bigger problems down the road.

In short, debt is not only the four-letter word for the U.S., but even more so for Europe.

The debts there are staggering: Greece, $360 billion; Spain, $1.2 trillion; Italy, $2.4 trillion; France, $2.3 trillion; Germany, $2.5 trillion … relatively, the numbers are equally painful in Belgium, Finland, and Portugal.
It’s the same sad story: huge debt, no revenue. Total EU debt is well over $13 trillion and all in the background of increasing and inevitable cutbacks and austerity measures.

As borrowing costs there rise, EU banks teeter on different levels of insolvency and are seeing net outflows to the U.S.

Germany is the keystone – yet it too is worried about a recession, as its debt crisis (like our own) is just pushed down the road. Could the EU see social unrest or even violence? Many who visit its capitals, hotels, and famous sites can’t imagine this. I don’t like to imagine it either. But I’m seeing it everywhere I go.

This is because those who have lived through or studied European history know how things can turn from bad to worse quite quickly.

And more recently, events in the periphery of the EU’s tourist sites remind us that things can go from the sublime to the ridiculous in seconds – think of: the Croatian War (1991–1995); the Bosnian War (1992–1995), the first Chechen War (1994–1996), Kosovo (1998–1999); Georgia and Dagestan (1999), the second Chechen War (2009).

Even in the more known/visited countries of Europe, the ice is thinning, financially, socially, and politically as Muslim populations expand in countries like Denmark, Sweden, Italy, and France, slowly testing their liberal/humanitarian ideals.

As Spain’s jobless rate hits 26%, its youth unemployment reached 50%, what economists are now calling a “lost generation” teetering toward violence.

Such conditions – debt, immigration tensions, and increasing violence – could escalate into internal military conflicts at worst or growing populist outbursts and recessions at best.

**China: Economic Wars**

China makes headlines for a lot of reasons, most notably for its growing market risks and opportunities. But equally worthy of note is its
military expansion. China is flexing its growing muscle in the East China Sea and Senkaku Islands administered by Japan.

Why?

Because… there’s enough offshore oil in these regions to supply China for 45 years, and China needs oil.

Some wars, however, don’t involve battleships and destroyers, but dollars and yuan.

Whether most Americans know this or not, China has slowly gained greater control over the U.S. economy, having effectively replaced our manufacturing plants with their own, cheaper equivalents. Our own U.S. CEOs (nod to Apple, Nike, et al.) are equally to blame. They get paid more by using cheaper, Asian labor…

According to the World Trade Organization (WTO), the U.S. lost over 5.6 million jobs to Chinese labor markets. Meanwhile, China is taking controlling interests in the States’ new energy technologies, alternative energy, and equipment manufacturing while imposing lopsided tariffs on U.S. steel, automobiles, and digital products (from video games to audio recorders).

Our tariffs were minimal in comparison. Hence, the current “cold war” or tariff war with China, in which no one is winning.

Furthermore, given that most American goods are “made in China”, a tariff on China is effectively a tariff on American consumers. The ironies do abound…

The WTO has also measured at least $48 billion in pirated software by Chinese entities over U.S. technologies. Meanwhile, the U.S. trade imbalance favors China by greater than $300 billion a year. In this economic “cold war,” the U.S. is losing…

But today, no one really “wins” such a war, as both the U.S. and China are over their skis in unsustainable debt.

Meanwhile, China is also stepping up to monopolize the world’s natural resources, buying up exploration and production in Kazakhstan, Venezuela, Sudan, West Africa, Iran, Saudi Arabia, Canada, and Brazil.
At the same time, they are expanding/hoarding food stocks, grains, precious metals, and base metals, while still only using 1/9 as much energy per capita as the U.S.

Once that number climbs to 1/2, then 60% of world oil would have to go to China, which may explain why China is buying up oil, gold, and other resource assets faster than any nation in the world and slowly cornering the market on natural resources.

Another tactic in this international/financial cold war is the subtle move to have the yuan slowly replace the USD as the global reserve currency – a topic of hot debate with many good arguments on both sides of the issue.

Regardless of the reality, speed, or possibility of such a seismic currency shift, there is no doubt China is increasingly curtailing USD purchases while buying gold, silver, and other commodities (above) and making yuan-denominated deals with Russia, Brazil, Australia, India, France, Germany, Japan, Taiwan, and South Korea.

Is China a real threat? It certainly has its problems/risks, as we’ve written elsewhere.

China has massive credit issues, a housing bubble, and deep fears of meltdown within its own markets. Nevertheless, it’s growing faster than any other major power. In this international musical chair game of war, debt, and social divisions, the key question is which part of the world will be standing when the music stops?

How Did We Get Here?

Why is there so much military and economic strife? Why are so many governments around the world broke or at war, and what is potentially awaiting us around the corner?

How does one make sense of all these admittedly depressing observations regarding global war and global debt?

Perhaps, and just perhaps, some of the answers can be found in the past.
Economists and historians from Ludwig von Mises to Edward R. Dewey have objectively shown that as a nation’s debts rise (sovereign, corporate, and private), they look first toward their own private banks; when that money dries up, they look toward central banks (i.e. money printing and engineered low rates).

We’ve seen the history of this cycle play out in the central bank of the U.S., as well, of course, in Japan, which is technically bankrupt, and within the central banks of the EU and China.

In each of these places, central banks have engineered short-term “stability” at the cost of long-term debt and thus increasing populist disorder – from Brexit votes and yellow vests to increasing unrest in Italy.

What’s next? Normally, when an individual country reaches peak debt, its last hope is a bailout from another, stronger country or countries – historically Japan, Germany, and the U.S.A.

But all those countries, today, are broke – saddled in debt. Can you imagine the EU “bailing out” the U.S. today, or vice versa? Can Japan “bail out” any major nation?

When that “hail Mary” solution is not available, then the last stage for broke, overly indebted nations is default, as we saw in Argentina in 2001; Russia in 1998; and potentially in Greece, Spain, Portugal, and Italy going forward.

The most desperate stage is when governments turn on their own, which we saw in Cyprus in 2013 (confiscating depositor accounts) as well as indirectly in the form of abusive tax regimes and other confiscatory measures in countries like Poland, France, Argentina, etc.

Some might contend that even in the U.S., we are seeing the first signs of this – not necessarily in terms of tax measures, but in the loss of civil liberties accepted as a “security need” in the war on terror.

But then again, Ben Franklin warned us long before the birth of the National Security Agency (NSA) that “a country who gives up liberties in the name of security is unworthy of both.”
Today, the NSA’s spying network (our Turmoil, Dishfire, and Dropoutjeep programs) represent a total breach of the 4th Amendment and closely resembles a Stasi-Eastern Germany.

All our metadata is not private, but subject to aggregation and review.

Meanwhile, many are arguing that the FATCA’s tax pit bulls and programs like Obamacare, whether you favor them or not, were/are just forms of confiscation masquerading as tax laws.

In 1933, FDR confiscated private gold holdings.

In short, it’s fair to ask this: Are debt-driven nations slowly eating themselves from the inside?

What Does Such Woe Mean for a Bull Case?

These are inflammatory questions/issues, and, again, I am not here to take a side, but merely, and as argued above, to present a “case” – that is, a possible interpretation.

But I also said that part of this “case” was a bull-case scenario for investors.

Huh?

How does any of the foregoing gloom and evidence of global war and global debt suggest a bull case for U.S. investors?

The Historically Undeniable War Dividend

Some have argued that the bull case in the backdrop of international strife all comes down to this: “the war dividend.” Namely, it is based upon a conviction (supported in part by math and history) that war and destabilization feed U.S. markets.

How?

Because conflicts overseas often lead to massive capital flows into the relative safety of U.S. markets.
This may seem too simple, but market evidence supports the broader claim. This is exactly what happened, for example, during the Iraq War, as hundreds of billions in Middle Eastern assets rushed into U.S. markets as NATO bombs landed in Iraq. Between 2003 and 2008, the Dow rose steadily upwards.

During the Vietnam War (which killed 58,000 Americans and 1.2 million Vietnamese), the Dow gained 53%. When the war ended, the markets promptly fell, and fell hard. In the 1970’s unemployment, inflation, and market risks skyrocketed.

During the Great War of 1914–1918, the Dow nearly doubled.

And as for WWII, the Dow rose by 164% between Pearl Harbor in 1941 and V-J day in 1945.

If one were to follow such simplified history and correlations, one might defy logic and be bullish rather than bearish in times of war – especially our modern version of permanent war.

The “War Portfolio”

The bull case would suggest one buy stocks during pullbacks (as Getty did in the 30s), invest in precious metals and even miners, and stick to blue-chip, large-cap stocks that rise high in global bad times of conflict, despite their debt-soaked balance sheets.

According to this interpretation of debt and military history, the flow of nervous capital matters more than common sense. Rather than fear the economic destruction of war and global debt, some investors could realistically be bullish in this otherwise crazy backdrop.

Currency Warnings?

Do other metrics support such a temporarily bullish stance? Currencies are one such consideration.

Sovereign currencies today are no longer backed by gold, and as they lose value in purchasing power, stock prices tend to rise as
currencies weaken – which is a bull case for what are otherwise bearish fundamentals.

How does this work? Well, countries overstretched by debt, welfare state budgets, and global war expenses deflate their currencies via money printing, which is what we have seen across the globe.

Today, be one bear or bull, we can’t deny the evidence of a global currency war and hence crisis, as each sovereign tries to undervalue its currencies to pay down debts and win export advantages.

**Bond Warnings?**

As currencies weaken and debt rises, a kind of perfect storm blows toward the bond market.

If or when sovereign bonds crash and rates rise, currencies fall in value due to the excessive debt of their sovereigns. In simple terms: Collapsing bond markets go hand in hand with collapsing currency markets.

This can happen fast and furiously. In 2010, for example, the euro lost 8% in three weeks, and did the same and worse in 2012 and 2014.

We all know that sovereign bonds across the globe are supported by central banks, not natural demand. Faith in government paper is eroding, slowly. We could see flows out of such bonds into stocks.

Right now, however, the flow isn’t fully apparent. Many investors are sitting on cash, including many cash-rich companies like Apple, Microsoft, Google, Verizon, Pfizer, and Johnson & Johnson – corporations who have more cash than the GDPs of major countries.

**Flows into U.S. Stocks**

If such a flow out of credit markets occurred, where will it go? Again: Some say it goes into U.S. stocks. Why? Because there is no place else to go…
If nervous money flows into U.S. stocks, the Dow will climb to new highs. But the same flows could go to India and China, markets hitherto (and perhaps rightfully) avoided due to regulatory concerns.

But for the contrarian investor, buying such markets on pullbacks might feel appealing. As investors lose faith in governments, they also flow toward companies and commodities like gold, silver, and copper.

As bearish as we are at the Critical Signals Report over the long term, we are nevertheless tracking the possibility of near-term signals pushing stocks up in the U.S. to high levels – just before they fall to tragic and historic lows.

There’s much to be tracking. Additionally, the price of oil and oil stocks (Exxon, Chevron, and ConocoPhillips) could literally give a whole new meaning to the term “volatility.” Imagine what a war in Iran could do to oil. As the facts change, our investing outlooks have to change as well. Critical Signals Report is dynamic, not fixed.

In such a backdrop/thesis, the global battle over energy, politics, central-bank distortions, and national security could bring a short-term boom to U.S. markets despite all its massive structural, political, debt, and monetary distortions deeply felt in the U.S. and of which I’ve written at length.

**Short-Term Boom Before the Bust**

But booms also have busts, of course. History confirms that global civilizations don’t eventually collapse by conquest, but by debt.

The cycle is as familiar as rising and setting suns. From Rome to the Reichstag, the Greeks to the Ottomans, or even Napoleon to Queen Victoria, history confirms that even great nations fall by their own political, financial, and military overstretch. In short: debt.

We certainly agree that the U.S. is in debt up to its ears (see chart on next page).

According to the Heritage Foundation, the real cause of U.S. debt is not just military budgets, but a welfare state that is three times the size of all the military wars in U.S. history.
Today, over 50 million Americans live in poverty. The per capita adjustments for the EU are just as bad, if not worse. In short, great countries are rotting from within.

The Last to Rot

In the wars of economics and military pursuits, the winner is never the actual winner, it’s just the last to rot.

Here in the U.S., our markets continue to benefit from being the best horse in the global glue factory – i.e. we may just emerge as the “last to rot.” This could mean a large, final spike in market pricing before a historic crash.

This may seem hard to imagine, given that markets are already at astronomical highs – indeed the highest in history.

But they could in fact go higher – some see a Dow at 30,000 before the final crash.

In fact, such examples as France in the 1790s or the U.S. in 1838 and of course in the roaring 20s before the 1929 crash, markets reached sudden peaks just before tanking.
These last-gasp rises were astonishing. In 1928, just one year before the Great Depression, the Dow skyrocketed by 75%. Stocks (GE, GM, and RCA) driven by debt and group-think surged by triple digits, and in that same, single year, the number of millionaires in the U.S. went from 200 to over 25,000!

Today, a similar scenario for “irrational exuberance” in the final surge before a historic tanking could easily occur in FAANG names and other large-cap U.S. stocks.

For now, that might pose as an opportunity to be oddly optimistic, but remember folks, even the last to rot still rots…

And that’s the rub folks, for whether one looks at the markets of the 1700s or the U.S. in the 1830s or the roaring 1920s, once the party ends, it ends horrifically and stays down for years and years.

In 1929, for example, it took the U.S. markets three years to slowly lose almost 90% of its value, and then it took another 25 years for markets to recover their highs. In Japan, the Nikkei has yet to recover its 80% losses from 30 years ago.

Like any other overstretched nation, the U.S. can follow the cycle of borrowing its way to catastrophe. Since our Lehman moment in 2008, the U.S. has thrown more than $15 trillion at the crisis, including a five-time expansion of the Fed’s balance sheet.

As for current U.S. debt, the above numbers are staggering: over $70 trillion in combined government, corporate, and private debt.

That’s a lot of fiat money and debt. The rest of the world is slowly catching on that our bond market is the biggest bubble in the world.

The tides, some argue, are turning for U.S. debt. During the 2008 crisis, money poured into U.S. bonds as a source of safety, and thus yields on the 30-year Treasury bond plummeted from 5.4% to 2.4%. For most of 2018, we saw the tide shift, as money left bonds in the EU and U.S., and thus yields rose.
Then, when markets tanked in December of 2018, there was a re-flow back into bond “safety,” a Powell rate “pause” in March and hints that the Fed will end its balance sheet “tightening” in September, all of which will keep rates low for a while and thus markets rising.

That’s why some believe that the only place for money to go (as it has to go somewhere) is U.S. stocks. Again, this is a temporarily bullish scenario for stocks.

**Hyperinflation?**

Some argue that the Fed’s money printing is a powder keg for inflationary explosions. Yet others maintain that hyperinflation will not come to the U.S., but instead to the emerging market countries.

These poor countries are tied to USD-denominated debt instruments. Thus, when the Fed prints or suppresses interest rates in the U.S., it spreads this inflationary pain to poor countries while dishonestly keeping it low within its own borders.

Like other empire “bullies,” the U.S. exports its problems for as long as it can, as the rest of the world suffers first. Nevertheless, even the U.S. can’t hide from the debt time bomb ticking away, day by day, as stock markets surge.

History confirms that even the Roman, Byzantine, and British Empires – all massively in debt – didn’t die of hyperinflation. Again, they rotted from within…

Is America rotting? Yes, but likely *not first*.

All the woes and debt overstretch outlined above will likely hit Europe and Japan before the U.S. – which, again, could mean temporary flows (and boom) into U.S. equities for 2019 and hence a last hurrah before the inevitable crash.

How big could this last hurrah become? A Dow at 30,000 or more? Many are actually saying this. I will not make such a specific prediction, but I’m saying we could see such a temporary needle spike before a massive and long-lasting fall.
History, again, confirms this time after time.

As Critical Signals Report consistently reports, our role is to consider such history and inflows (as well as central-bank distortions/“stimulus”/“support” with an open mind – bull case to bear case.

We are not in the business of precise date-and-time predictions, but offer fact-based signals, reporting, and preparation.

Could global war, Fed “accommodation,” and debt-driven craziness (à la the drunken investing of “roaring twenties”) can indeed be temporarily good for the stock market despite all the problems facing U.S. balance sheets – from corporate to private to sovereign?

The short answer is yes – for a short period.

By following Critical Signals Report, you’ll be in the know as to current risks and opportunities in real-time. In the end, of course, history – as well as current debt levels – confirms that a brutal end is near, a recession that can last for many years.

Thus, the key focus now is preparation for the long term, and maybe a few more swings at the stock market before it eventually strikes out in an astounding fashion.

Stay with the Critical Signals Report to keep informed, and of course, with all the foregoing forces and risks at play, be careful out there.
Please Note: From time to time, Money Map Press will recommend stocks or other investments that will not be included in our regular portfolios. There are certain situations where we feel a company may be an extraordinary value but may not necessarily fit within the selection guidelines of these existing portfolios. In these cases, the recommendations are speculative and should not be considered as part of Money Map Press philosophy.

Also, by the time you receive this report, there is a chance that we may have exited a recommendation previously included in our portfolio. Occasionally, this happens because we use a disciplined selling strategy with our investments, meaning that if a company’s share price falls below a certain price level, we immediately notify our subscribers to sell the stock.

NOTE: Money Map Press is not a broker, dealer or licensed investment advisor. No person listed here should be considered as permitted to engage in rendering personalized investment, legal or other professional advice as an agent of Money Map Press. Money Map Press does not receive any compensation for these services. Additionally, any individual services rendered to subscribers by those mentioned are considered completely separate from and outside the scope of services offered by Money Map Press. Therefore if you choose to contact anyone listed here, such contact, as well as any resulting relationship, is strictly between you and them.

Money Map Press  •  1125 North Charles Street  •  Baltimore, MD 21201  •  888.384.8339 or 443.353.4519

All rights reserved. Money Map Press provides its members with unique opportunities to build and protect wealth, globally, under all market conditions. The executive staff, research department and editors who contribute to Money Map Press recommendations are proud of our history and reputation. We believe the advice presented to our subscribers in our published resources and at our meetings and seminars is the best and most useful available to global investors today. The recommendations and analysis presented to members is for the exclusive use of members. Copying or disseminating any information published by Money Map Press, electronic or otherwise, is strictly prohibited. Members should be aware that investment markets have inherent risks and there can be no guarantee of future profits. Likewise, past performance does not assure future results. Recommendations are subject to change at any time, so members are encouraged to make regular use of the website and pay special attention to Money Map Press updates sent out via e-mail. The publishers, editors, employees or agents are not responsible for errors and/or omissions.

Privacy Notice

You and your family are entitled to review and act on any recommendations made in this document. All Money Map Press publications are protected by copyright. No part of this report may be reproduced by any means (including facsimile) or placed on any electronic medium without written permission from the publisher. Information contained herein is obtained from sources believed to be reliable, but its accuracy cannot be guaranteed. Money Map Press expressly forbids its writers from having a financial interest in any security recommended to its readers. All Money Map Press employees and agents must wait 24 hours after an Internet publication and 72 hours after a print publication is mailed prior to following an initial recommendation. Money Map Press does not act as a personal investment advisor, nor does it advocate the purchase or sale of any security or investment for any specific individual. Investments recommended in this publication should be made only after consulting with your investment advisor, and only after reviewing the prospectus or financial statements of the company.