

The Gleason Report

www.gleasonreport.com

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Why No Newsletters?

People have emailed asking why I'm not writing a newsletter every month. In July, Yahoo was sold to Verizon. That day they turned off the free Yahoo financial data download service. This allowed independent quants like me to write software to process large volumes of financial data. Without this data I can't automate running my dividend and index timing models. I'd have to do manual data downloads – too time consuming for all those stocks and indexes. What's the point of writing a financial newsletter if I can't deliver what people want. I've looked at other data sources but none is complete enough. This might be my last newsletter unless I can find a data provider.

Ten years ago, my rants against endless war and financial criminality startled people. My subscriber list boomed. People liked my insulting reports calling out criminal fools in government. It was fun to write plus I provided a financial service that people valued. Some used my timing recommendations and others liked getting a different opinion. I've met some wonderful people over email.

I wish I could say the economy has improved for most people. It has not though house prices have gone up. The political situation has become worse. The universities and major media are propaganda outlets.

How Corporations Control the Media and Bribe Politicians

Legal bribery of politicians by corporations is common in America. So is bribing the media to lie or just make things up. In Europe nearly all the major media people are on the CIA payroll per a prominent German journalist.

<http://www.washingtonsblog.com/2014/10/leading-german-journalist-admits-cia-bribed-leaders-western-press.html>

The media has created an artificial reality with the hoax of global warming. They ignore the obvious lies of 9/11, and so much more. The October 1st Las Vegas shooting is unraveling. When was the last time an old, rich, white guy gunned down a bunch of people? Such a person might hire someone to do it but act as the trigger man? Paddock doesn't fit any profile of a mass murderer. He didn't kill anyone. Want to know what really happened? I mean, after all, we haven't heard a peep about LV for six weeks.

The alternative media broke the news. The Las Vegas massacre was a distraction from the true target – an assassination attempt on the crown prince of Saudi Arabia. He was in LV at the Tropicana. There was a shootout there too. The Mandalay Bay's top four floors are the Four Seasons' hotel with a separate entrance on the strip. It's owned by Prince Alwaleed bin Talal and Bill Gates. The killers came down from above. They shot Paddock who was an arms dealer. They escaped via helicopter from the roof. Another source says the FBI killed two of them at the hotel. The attempted assassination was why all those Saudis were rounded up.

The propaganda news media pronounced Paddock as the killer the next day. According to the linked interview, it appears US intelligence agencies were in on the coup and opposed by the FBI. This all sounds crazy and bizarre but remember, the Saudis are the lynchpin of the PetroDollar. The crown prince is shifting to the East so a lot is at stake.

<http://americandigitalnews.com/index.php/2017/11/07/las-vegas-saudi-crown-prince-salman-assassination-attempt/>

Or <https://www.davejanda.com/audio/RobKirby111217.mp3>

Is American media more honest than Europe's or the old Soviet Union? Not really. Have you ever wondered how near bankrupt newspapers stay in business? I strongly suspect that the NY Times receives huge advertising revenues from CIA connected corporations. And, then there's foundations owned by the very rich running expensive ads showing the good they do. Like an African kid who receives a mosquito net from Bill Gates or a village has a well dug by some oil company.

This country is totally owned by the super-rich with people conditioned by media repetition to believe any garbage they choose to make up. I read the NY Times every morning just to compare their spin to reality. They have no shame.

Media companies receive millions in ad revenue from corporations. More if they editorialize in favor of a corporate agenda. After Trump was elected, the NY Times immediately decided to lease out some floors of their NY building. Anticipating reduced CIA cash flow?

Individual politicians are bribed ex post facto by corporations with big jobs or huge speech fees.

Obama got a \$60m book advance. He'll never sell enough books to make that up and the publisher knows it. He'd have to sell more books than Harper Lee's 30 million copies of To Kill a Mockingbird or Margaret Mitchell's Gone with The Wind. Do you think that is likely? To me, this looks like a bribe after the fact.

<https://www.ranker.com/list/best-selling-books-of-all-time/jeff419>

His White House advisor, Susan Rice, got much richer while in office buying and selling Canadian oil stocks prior to the pipeline announcement. Use of inside information is legal for Congress and WH officials.

<https://newstarget.com/2017-07-29-how-did-susan-rice-acquire-50-million-in-assets-while-serving-the-people-as-a-government-worker.html>

Hillary shook down foreign governments for Bill's \$500k speeches while she was Secretary of State. They had to pay Bill before a trade deal would be approved.

Politicians used to be careful for the sake of public appearance. Today, they just steal what they can get away with. Crimes by officials of the prior administration are never prosecuted. Rules of the road in DC. This is how your country is run. You don't notice how bad it is because the media never calls attention to it. Propaganda is very effective on an unsuspecting population.

Financial Policy Going Forward

Here we need to digress a bit. In the public mind, America is capitalist, Russia is a corrupt oligarchy, and China is quasi communist. In reality all three are high functioning fascist governments. Fascism is the union of government and powerful private interests. Corporations like Google, AT&T, Facebook, Microsoft all provide data to the government. Vast Big Data repositories are used to profile people for advertising. Corporations fund the preferred political candidates. They provide lucrative jobs for former politicians and generals. It's similar in Russia and China. America is an economy managed for a corporatocracy and has been for many decades.

The politicians have a huge problem; an endless ocean of debt that's getting bigger. People aren't naïve about inflation like in the 60s. Many are aware of the debt problems.

The Fed has \$4 trillion in debt on its balance sheet and has publicly started a plan to reduce its holdings and "normalize" interest rates. That means they're going to sell the bonds. When a central bank sells bonds, it drains liquidity from the system. Investors buy the bonds and that's less cash to go into stocks. Less liquidity is bad for stocks and especially bad when they're high priced. Therefore, the government will now use fiscal policy to support the markets.

The proposed Goldman Sachs tax plan lowers the formal tax rate on corporations. The Dow 30 companies today have an effective average tax rate of about 14% - much lower than the official rate. That's due to loopholes and offshoring of sales etc. Smaller corporations don't have that advantage and many small businesses pay 45% of their net income out in taxes – triple the tax rate of GE, Apple, and many other S&P500 firms. This is by design so they can't ever grow and compete with Wall Street.

The Goldman Sachs' White House team has a tax plan that may close some loopholes and offshore advantages but will lower the tax rate for the behemoths. Super-rich individuals will get a tax cut and their heirs will inherit fortunes with no tax due. The middle class will get "chained CPI". That's a way to raise taxes by understating inflation to push people into higher tax brackets over time and it will cut effective Social Security inflation adjustments. The plan is in limbo but will come back once they decide on how best to deceive people.

Normally, to fund spending, the government needs to tax the broad population but that won't fly because people are over-taxed already. That's why the Goldman boys are trying to enact the chained CPI. They can't tax the rich more because that's who funds the Republican and Democrat elections and that cash keeps the miserable DC cretins in power. DC wants to eliminate the "death tax" meaning the mega-rich class could pass their wealth without taxes to their silver spooned spawn thus creating an American aristocracy.

In a nation with massive debt and no ability to raise new taxes or incite economic growth, the only option that remains is money printing.

Japan is doing it successfully per author Richard Duncan. In a fiat money system, most anything is possible because the money isn't real. There are no hard and fast rules. It is, however, absolutely necessary to manage public perception. People have to believe there's no big problem because DC needs a lot of years to readjust things.

<https://www.richardduncaneconomics.com/japans-extraordinary-experiment/>

The Fed keeps telling us they can't get inflation to rise and that's a serious problem. The paid-off media repeats it over and over. Nonsense. According to John Williams at ShadowStats, real inflation (growth of the money supply) is running over 4%. In Alan Greenspan's 2008 book *Age of Turbulence*, he said the Fed would have to raise inflation above 4% to whittle down the debt and that's what has happened.

Remember, the Fed will "normalize" rates. What does that mean? It means long term interest rates are going to rise along with inflation. You should expect this as bond yields are at 5000-year lows. Rates have to go up. The baby boomer generation will get their Social Security checks but their savings and real benefits will be gradually depleted by taxes and rising inflation. They'll die broke but won't complain if the check is deposited each month.

The inflation rate must exceed the rate of debt growth for a long time to whittle debt down. That's bad for productivity and stagflation always results. Meanwhile, Asia grows. To get the US system stabilized requires the standard of living goes down. It's been declining for decades but there's a long way to go.

The Fed much regretted not managing the gold price in the 70's but didn't make the same mistake after 2010 and won't in the future. This is good news for gold owners though few recognize it.

Gold

My research shows that long rates and gold prices move in the same direction because both go up with inflation.

Gold was \$120 in the 70's and is near \$1300 today. Will it reach \$10,000 in ten years as some predict? Not likely unless there's hyperinflation. Here's some advice. Be careful with people who sell gold or related newsletters pushing mining stocks. Most of these people believe what they say but their views aren't realistic. Gold will rise with inflation. If it goes up faster than inflation, it will fall back. If gold was officially remonetized that would be different but I don't think it will happen.

Is gold manipulated? Of course. The price is prevented from running away and thereby undermining confidence in the dollar. They do this by managing inflation perceptions (statistical lies) and through direct market manipulation. They keep gold about 15% over the cost of production so the mining companies make a modest rate of return. I believe gold investors will make about 7-10% per year on gold for the next 10-20 years as living standards erode. Could you make more in stocks if they keep goosing the markets and PE ratios become irrelevant? Maybe.

After 50 years of stupidity, violence, and monetary debasement do you believe the rigging trend is going to reverse? I think not. More likely is at least ten to twenty more years of negative real returns on cash – if they can keep the system running. They'll inflate at over 4%. If the Fed Funds rate is 1.25% you can assume real inflation is running at around 4-5%. The inflation is now in asset prices.

The S&P500 PE is approaching 20 – that's high. Wall Street doesn't worry about the dollar because there's no competing currency broad enough to provide serious competition. Then Bitcoin pops to the surface and takes them all by surprise. Then China starts talking about gold backed oil contracts. I doubt this inflation game will be safe sailing so expect shocks.

Gold is the only asset class they haven't rigged upward. The only market that isn't government rigged is Bitcoin but they'll get to that soon enough. I'm encouraged that many former gold enthusiasts are now saying that Bitcoin will knock off the dollar and how it's the money of the future. Gold coin sales have plummeted. This despondency cheers me immensely.

Bitcoin

My September 2017 white paper on Bitcoin received the most hits of anything I've ever written

on TGR.

<http://gleasonreport.com/emails/2017-05b-tgr.pdf>

I concluded that Bitcoin would end in disappointment but would be a good speculation nonetheless. Bitcoin is up \$4000 since my September review. Now that's a great speculation. Doug Casey wrote an excellent piece on why he was buying Bitcoin and I agree with some of his reasoning.

<http://www.zerohedge.com/news/2017-10-29/doug-casey-how-i-learned-love-bitcoin-part-1>

With the gold priced rigged and prevented from exposing the true debasement of the dollar, money is going into cryptos as a dollar alternative. As I explain below, Bitcoin is not money but neither is the dollar. Money is defined as having three qualities. 1) It's a store of value, 2) a medium of exchange, and 3) a unit of account. Bitcoin is a poor medium of exchange.

You lose money holding dollars because the rate of inflation is higher than the interest rate on money market accounts. If inflation is 3% and you get 1% on your savings then the dollar is officially debased by 2% annually. The US has over \$20 trillion in interest bearing debt. Each 1% rise in rates means \$200 billion more in annual interest. That's money that can't go to the military or for social programs. The government is stuck. They have to print dollars and inflate and they will.

Because of this negative real yield on cash, the dollar is not a store of value. Therefore, the dollar is no longer money. Few have caught on to that fact. This is what happens to all currencies as they die. It may sound like a philosophical argument but it's important.

The early adopters of Bitcoin, I suspect, were avid video gamers who accumulated credits, tokens, prizes for winning a game. For them, a digital currency was an extension of their preferred reality and a natural progression. Cryptos are indeed an innovation.

Though current cryptocurrencies have some excellent attributes they have two major flaws aside from having no intrinsic value. The first is the terrible transaction confirmation time. They're all slow but Bitcoin is really bad. If I use Bitcoin to buy something, the seller has to wait 20 minutes to an hour or longer for that transaction to confirm. Thus, it is not an effective medium of exchange. You won't be using Bitcoin to buy a generator at Harbor Freight unless you're willing to use (and pay) a bank intermediary to speed up the transaction. You'll lose your anonymity doing that.

Bitcoin will never get faster. This slowness is a fatal flaw. That's why it has already forked twice in recent months creating two new derived crypto currencies. People say, "I have a Bitcoin credit card to solve the latency problem". No, you have a bank credit card linked to your Bitcoin wallet and it tracks everything you do.

Transaction speed alone means that in practical reality Bitcoin isn't good money for point-of-sale activities. It can be used to transact where timeliness isn't a concern. An eBay seller may in the future accept your Bitcoin but won't ship the product until the transaction confirms. In that situation, maybe it's good enough. As I see it, Bitcoin is not money but could become a store of value independent of governments. That's important in a world where fiat money is failing.

The second flaw with Bitcoin is its inherent extreme risk. You're dealing with an unregulated electronic transfer system that is hard to use. It resides on devices open to government hackers who have back door access into everything. To make it easier to use, phone apps store your encrypted password. Coin wallet operators handle your account. That's two more vectors of attack for hackers and governments. We can't trust governments to run an honest monetary system and, without vigorous privacy laws, Bitcoin is a sitting duck for abuse.

I believe the crypto world is loaded with fraud of various kinds from price manipulation to coin theft from insecure devices. I have no doubt that governments have forced wallet operators to give them all transaction data and have imposed a secrecy order on them. The DEA, IRS, FBI, CIA ... they're all watching you. Engage in illegal activities with Bitcoin at your own risk. It's more secure to use cash in a dark alley. Spying may not be a concern in less regulated areas of the world but it sure is in the West.

Many prominent gold bugs have thrown in the towel and announced that Bitcoin is a valid competitor to gold. They say it's "money". It is not money though it does have value. Bitcoin could be the first step in a monetary revolution or a dead-end that didn't provide enough convenience, privacy, and safety. It's a rising asset feeding off the death of fiat central banking.

Is Bitcoin a diversion to draw speculative money into a new asset class rather than gold? That's possible. It's origins are suspiciously murky.

Let's look at the problem from a central banker's view.

The Banking Ponzi Requires Perception Management

The dollar has value because it's a debt obligation of a central bank. The bank is required to pay interest on that debt via a bank account. This cash flow to savers gives the dollar value.

America, Japan, and Europe have all issued too much debt and can't afford to pay a fair rate of interest on debts. The central banks have suppressed interest rates and have stopped paying an interest rate above the rate of inflation. This has gone on for nine years. They cap the price of gold by naked short selling of bullion so people think there's no negative market reaction.

Effectively, the currencies have lost their value because the Fed has defaulted on its obligation to pay interest. To keep the system together, the bankers manage public perception by always

talking about raising interest rates. They say inflation is too low and “it’s a mystery” why it won’t go higher.

The Fed Funds rate today is 1.25% and they say rates will rise again in December 2017. Will they raise rates. Only as inflation goes up.

Holders of the currency have to assess if the currency situation is temporary or permanent. If permanent, then holders should get out of the currency because a loss of confidence is inevitable. That’s why money flows into stocks, art, collectibles, Bitcoin, or any other asset that dollar owners think might retain value. The result is bubbles in many asset classes.

The US dollar died in 2009. That’s when interest rates went to zero. The rate of interest paid to savers is now less than the inflation rate. The central bank situation is so dire that they charge the debt holder interest on his own money via inflation. This is a sure sign of complete currency failure. It’s a non-recoverable situation. When the crowd realizes (admits) it’s a hopeless Ponzi, then it ends.

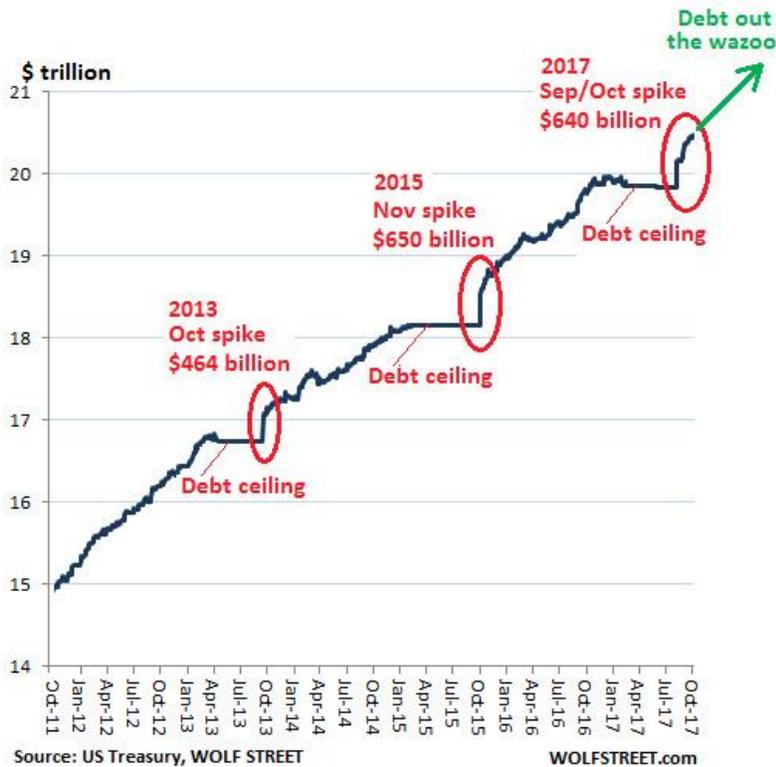
Owning dollars, yen, or euros means you lose purchasing power. Because of this, older people who hold most of the wealth in America are fearful of outliving their cash and won’t spend money. This decreases the velocity of money (how often it changes hands) and makes Fed policy ineffectual. Simple cause and effect. This problem could be resolved if growth returns but that won’t happen because consumers are getting poorer and haven’t got money to spend. China is the world’s low-cost manufacturer and that’s where the jobs went. Those jobs aren’t coming back until we hit wage parity with Asia. Parity includes a lot of things like taxes, labor, pensions, payoffs, etc.

The rich have done well in the stock market because they were told directly in 2009 by Fed officials that the Fed’s actions are intended to boost asset prices. They didn’t tell that to America’s savers. They only told the banks, hedge funds, and Wall Street money people who hold the public’s cash.

Asset prices are sky high and growth is low so investors now worry about bubbles and crashes. The inevitable outcome is a panic and a rush out of assets into the dollar and back and forth. It might be possible to play these rolling tides of asset flows but in the end the currency will fail, people will go broke, and asset prices will plummet. The government knows this.

Central banks have two options. The traditional option is inflation but it has to be gradual to maintain confidence. They hope that over time they can erase their bond debts through currency debasement.

US Gross National Debt Spikes \$640 bn 8 Weeks Oct 2011 - Oct 2017



There's now talk of letting failing pension funds borrow their cash flow needs from the Treasury. This will be funded by the Treasury selling bonds to the banks. Pension funds will not be allowed to fail.

This won't work but it will buy time. Next will be Universal Basic Income; a giveaway so people have money to spend. That will buy more time.

<http://www.pionline.com/article/20171107/ONLINE/171109874/sen-sherrod-brown-to-unveil-multiemployer-loan-program-legislation>

Another option is for the central bank to buy up all the public debt. In a confidence game it's critical to manage public perceptions. Japan today buys up all the public debt and all the equity ETFs and holds it on their central bank balance sheet. Prices go up and so does public confidence. Europe is buying corporate bonds in addition to Euro debt. America is a bit behind Europe.

The public debt everywhere in the West grows and grows. They figure maybe later they can cancel the debts and restart the system. Meanwhile, since cash receives negative interest. The bankers invest into stocks pushing up prices further. What else can they do?

Corporations have few growth options so they buy their own stock to reduce the shares outstanding rather than hold currency. Fewer shares outstanding means earnings per share appear to go up while total earnings are flat to down. The business media cheers the rising earnings per share and the public thinks things are getting better – somewhere. The government plays the same game with rigged unemployment numbers of 4% when the real rate is over 20%. It's all perception management but nobody will call it that.

Universal Basic Income

America's world share of the car market is in decline and China's is rising. This fact parallels America's domestic social problems. There are fewer good jobs for young people. A large and mostly young economic underclass is not happy hence the progressive movement. Ironically, ObamaCare caused employers to hire part-timers because it only applied to full-time workers. Meanwhile, the homeless pile up on the streets of San Diego, San Francisco, and the warmer climates. This is not good. And the demographic trend favors those of "progressive" age. They will overtake the aging and benefit-enjoying baby boomers.

In the last few months, notable businessmen like Richard Branson, Mark Zuckerberg, and Elon Musk have proposed the government give monthly free money to everyone. They say automation and off-shore production will create a big unemployment social problem and we need to deal with it. In reality, low economic growth and swaths of unemployable immigrants is the cause of low wages by which to quibble. Obama brought 50,000 Somalis into the Twin Cities. Federal aid recipients for life.

The disheartening foolishness of endless war has already raised our official debt from \$4T in 2001 to \$20T today and \$22T by 2018. It has destroyed respect for brand America. Yet 75% of Americans have a very positive view of George W. Bush. What does that level of ignorance portend? Here's the truth. We can't continue to threaten Russia and China while they offer a better deal to the rest of the world in the form of cheaper energy and manufactured goods. America will have to get along with these very different political systems or go broke.

UBI is precisely the sort of give-away program you'd expect from a society that is getting poorer. Is it a good idea? It may help forestall a revolution at the voting booth and will protect incumbents. It will divert money away from the Pentagon's wars. Therefore, in the absence of economic and general job growth, it's probably inevitable.

I've said that Trump is a transitional figure and I don't think sensible people will be happy with what comes after him. The corrupt major media like the NY Times are part of the corporate Deep State and won't allow a fair discussion of reality at this critical juncture in American politics. Instead they blabber endlessly about race, Russia, and bad-Trump.

Trump's First Year

Trump has ended the war in Syria, he exposed the mainstream media as biased, scheming, propagandists, he abandoned the global warming hoax, ended the swarm of illegal immigrants into America, and has destabilized the old boys network in DC. All their troughs are threatened hence the nonstop media attacks repeated on every network. Much more change and blowback ahead. Not bad for a year in office. The media is squealing because their deep state paymasters are in panic mode. Is Trump effective? I have no idea but it's fun to watch.

Who will be the winners and losers? Trump has intruded on the social engineering psychosis of the east coast elites. The oil industry is in trouble. It costs too much to get oil. Russia's gas pipeline business is a low-cost producer. Saudi Arabia will collapse. Africa could flourish but won't. The debt grows and grows. All I know is something big is going to happen and it won't be good for you.

Cold Weather Ahead?

In my March 2017 report I reviewed John Casey's book Upheaval. He says we are facing 30 years of intense cold, severe earthquakes, and volcanoes. We're in a deep solar minimum of reduced solar output.

<http://www.gleasonreport.com/emails/2017-03-tgr.pdf>

The earth contracts as it cools and the surface then ripples. In 2014 Casey predicted ocean levels would fall as the poles gained ice. NASA has now confirmed that ocean levels have fallen for two years proving Casey correct again. He says the cold starts in 2017 and by 2019 it will be obvious. A cooling ocean precedes colder air.

<http://www.climatedepot.com/2017/07/26/sea-levels-are-falling-nasa-data-sea-levels-fell-in-2016-from-jan-2016-to-march-2017/>

Al Gore will tell you that the ice of Antarctica is melting and we're going to drown. The ice shelves are breaking away but not because of global warming. Scientists have discovered 91 active volcanoes gaining strength around the edge of the continent. It's magma heat.

<https://www.theguardian.com/world/2017/aug/12/scientists-discover-91-volcanos-antarctica>

Casey's book is co-authored by three geology professors from Japan, Norway, and Australia. I'll paraphrase his warning. If the winters get a lot colder in 2017 and then 2018, it's time to move. Get below at least latitude 35 degrees. The US Southwest is not a big earthquake zone and it's warm in the valleys. Expect severe earthquakes and much increased volcanic activity. The cold will come suddenly. Very fast. Within five to ten years the earth will experience mass starvation from crop failures.

And all those billionaires buying hidey-holes in New Zealand? Sorry, guys, you're on an earthquake hotspot.

You can find interviews with John L. Casey on YouTube.

Off into the Sunset

It's a good time for me to step away. Many other competent analysts are active in the alternative media. I'll keep my website up for one more year just in case.

Given time, I think America's fiscal situation could improve but not without a lot of pain. Unfortunately, it's quite clear that the Congress intends to tax rape the middle class and provide even more riches to the mega-rich. Does this look to you like a government that cares about the people? Does the major media appear even remotely honest?

Friends, it's cheap to prepare ahead of time and impossible later. Give it some thought.

Best Regards and Thank You,

Tom Gleason