Hello Everyone,

*"**No one ever rings a bell at the top of the market**."* Old Wall Street Adage

I believe if you listen closely, you may hear some bells in the distance.

Today's missive has a different format. Because of my run for governor, KKOB must be very careful about putting me on the radio without offering equal time to all other candidates. I get that.

Thus, we will be experimenting with different formats over the coming weeks. David Adkins (my new business partner) wants to try a video format. The goal would be to get a point across in 90 seconds or less because we appreciate how busy everyone is.

But no experiments today.

Today, I want to give you a glimpse into how "big money" investors like Ray Dalio, Kyle Bass, and Jeremy Grantham are talking. Or, maybe better said, questions they are asking.

Unfortunately, they use industry jargon to try to express their concerns. Thus, I have tried to paraphrase what they are asking (and added some clarifying notes) so you can understand what some of the biggest investors are Wall Street are thinking.

Here goes:

- Why is the S & P 500's Cyclically Adjusted Price Earnings Ratio (CAPE Ratio) at 37.84…more than double its long term mean of 16.82? (***Greg note: The CAPE has proven to be a very accurate predictor of whether a market is historically high or low. And almost 38 is a nose-bleed level high.)***

- Why are collateralized loan obligations (CDO's) projected to grow to $850 billion outstanding by year end? (***Greg note: CDO's are arcane. The parallel would be banks loaning all that money for "house flipping" 15 years ago----except now the CDO market is massively bigger and crosses far more sectors than just mortgages***.)

- Why is margin debt at all-time highs? By a lot! ***(Greg note: margin debt allows investors to buy stocks with borrowed money. When margin debt must be repaid, it reinforces "selling spirals" down.)***

- Why did the Federal Reserve's reverse repurchase operation hit a record $813.573 billion last Wednesday…up from $791.6 billion on Tuesday? What is happening? (***Greg note: Again arcane, but the "repo" market activity suggests the "financial plumbing" between the banks and the Federal Reserve is clogging. If nearly a trillion dollars is needed to keep the system operating on an <u>overnight basis</u>(!), something is off.)***

- Why is the U.S. national debt now nearing $30 trillion and no one seems to care?

- Why are 10-Year Treasury Notes paying only 1.5% when "official" consumer price inflation is reported at 5%? And we all know the "official" rate is artificially low.

- Why is Tesla trading at over 200 times earnings?

- How is it almost half of the new income generated since the global financial crisis of 2008 has gone to the wealthiest 1%?

- And how is it the three richest Americans (Bezos, Gates, Zuckerberg) have more wealth than the bottom 160 million Americans?

I could go on, but I think you can see why some heavy hitters believe the bells are tolling.

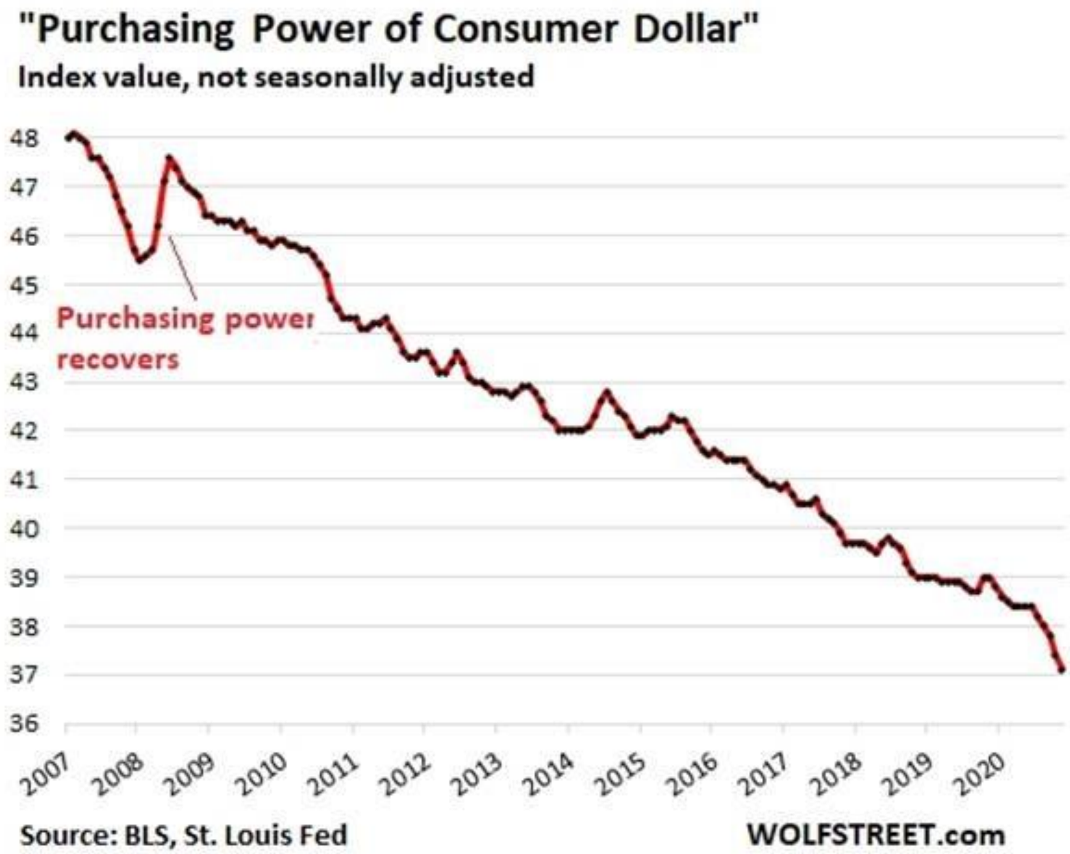
Conversely, the dominate theme for the bulls is "*the Fed will not allow the markets to fall.*" So far, that thought has been correct. But every Fed intervention distorts the markets a little more.

Meanwhile, on the other side of the stock trade…

Later this week, the Basel III accords that reclassify "unallocated gold" go into effect. Basel III rule changes are very good for gold long-term. In the recent short-term, however, many "short traders" have had to exit their gold positions. Thus, the painful "push down" in gold prices over the past three weeks. Again arcane. But the "big guys" are using this as a time to buy.

The below chart should make you feel better about owning gold

Signed, Your No-One-Rings-A-Bell-At-The-Bottom-Either-But-There-Will-Be-Signs Financial Advisor, Greg



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