

The Gleason Report  
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### **Exit Stocks**

My S&P500 timing model has indicated that investors should exit stocks. This sell signal first occurred a few months ago but was followed by a weak buy and now again a sell. This chatter is unusual but it looks like the market is wavering at a top. This is confirmed by my model also indicating a sell in the XLI industrial etf. Vanguard's VFINX 500 index fund is only one point from a sell. There's a broad deterioration in the stock market. Only the huge tech stocks are propping up the index. Many tickers have experienced a significant price decline already. The market weakened soon after QE3 ended in late 2014 because liquidity was drained from the system. You could wait another month for more confirmation but I think the political and credit cycles are working against investors.

A recession is imminent per author Richard Duncan (The New Depression).

*Between 1952 and 2008, every time US credit growth (adjusted for inflation) fell below 2%, the United States went into recession. In other words, credit growth drove economic growth; and when credit did not grow, neither did the economy. During the third quarter, credit growth slowed again (for the fourth straight quarter). Credit growth looks likely to fall back below the 2% recession threshold next year (2016). If the Fed's inflation forecasts are correct, then credit growth (adjusted for inflation) could fall to 1.6% ... and to only 1.0% in 2017.*

*Since 2008, credit growth has been too weak to drive economic growth – despite a 130% increase in Government debt. Instead, the Fed has made the economy grow by printing money and pushing up asset prices. Now, however, that valuations are stretched and interest rates are on the rise, asset prices are unlikely to rise further. In fact, they appear vulnerable to a sharp correction.*

*With credit growth below 2% and with further asset price inflation unlikely, the risk of a recession in 2016 is high.*

<https://www.richardduncaneconomics.com/weak-credit-growth-signals-recession-ahead/>

This is why commentators like Peter Schiff state that QE4 and helicopter drops of money directly to citizens are likely. They'll have to do something to juice asset price for the next president.

The government tends to choreograph market weakness at turns in the election cycle by adding or withdrawing liquidity. In 2001 a crash commenced soon after George Bush was elected. There

was a 40% S&P500 decline from 2001-02. In 2007 they caused a 45% drop at the end of Bush's lamentable reign to clean the slate for the inept Obama. They'll get the bad news out of the way in 2016 for the next president. I believe there's a good probability of a significant market decline before the election.

### **Rigged Numbers and Bad Management**

How bad is the US economy? The employment numbers are the most obviously rigged. The feds tell us we're at near full employment with only 5% out of work. That's what we hear on the business news channels and the network mockingbird media. That laughable figure persists because they don't count the 95 million working age Americans who've dropped out of the labor force - 30% of the population. The real unemployment rate is over 20%. There are no manufacturing jobs. Young people are getting part-time and menial jobs which pay little. There's good salaries in tech and healthcare but overall it's bleak. Why won't they be honest? Look at the elections. The establishment is frightened of Donald Trump. Can you imagine who might get elected if Joe Average heard the real numbers?

Have you heard any candidate, R or D, even talk about jobs? At the last Republican debate they said they'd address jobs once they got the borders under control which means never. They've given up and it's now just a dance of deception while their cronies clean out the coffers. Look at Hillary. While Secretary of State the shameless grifter was shaking down governments for donations to her Clinton Foundation in exchange for armament deals; one of America's few remaining exports. If she isn't indicted (later pardoned?) over the 1200 classified emails on her unsecured server you'll know with certainty that the rules are different for the politically connected.

Bill Clinton gave away the store when he signed GATT in the late 90s. The jobs were exported offshore to China and won't be coming back. China's rise has Washington frightened. Their Silk Road plan will exclude the USA while China grabs the world's largest population markets. America has responded with violence hence the wars of chaos in the Middle East, Ukraine and threats in the oil rich South China Sea. Pepe Escobar explains the geopolitical situation perfectly. It's fitting that we have to get our truth from RT.  
[https://lewrockwell.com/2016/01/no\\_author/empire-chaos/](https://lewrockwell.com/2016/01/no_author/empire-chaos/)

The companies in the S&P500 will survive regardless of what happens to jobs in America. These firms are mostly transnational. Many good companies will prosper within America by providing essential services. Energy distribution like utilities, propane delivery and retail services aren't going away. There will certainly be consolidation as incomes stagnate. We're in that part of the cycle where rapid change tosses out the old ways. New powers and ideas emerge as the old fade. So don't give up on investing and think you can hide forever in cash - though that appears to be a good idea for the next year. The corporations have taken control of the US government and are setting policy to benefit themselves. The bought-off congress offers no resistance. They'll eat the marrow and leave us dry bones. Paul Craig Roberts explains it in one of his best interviews.  
<https://www.youtube.com/watch?v=QuOIUjIxBOc>

### **Middle East Follies**

I read the NY Times each morning to get the latest propaganda from DC. In between transgender

and gun control stories they pump out editorials filled with make-believe victims and endlessly tout the military agenda. What a come-down from when they used to do investigative journalism and corruption exposes. But they'd be bankrupt if they didn't curry favor with DC. Obama created and funded ISIS as a proxy to attack Syria/Russia but you wouldn't know that reading the Times. Yesterday, in Mississippi, Donald Trump dropped the dime and outed Hillary and Obama as the creators of ISIS. <https://www.youtube.com/watch?v=QcEMH5YuI6E>

America's totally worthless mainstream propaganda news won't report the ISIS story but you can read the original investigation by Judicial Watch here. <http://www.zerohedge.com/news/2015-05-23/secret-pentagon-report-reveals-us-created-isis-tool-overthrow-syrias-president-assad>

The CIA and the US military are facing humiliation in the Middle East for following Obama's foolish war plan. Acclaimed journalist Seymour Hersch states that the US military has been giving intelligence on ISIS to Syria and Russia thereby undermining the President. Even the CIA is distancing itself from Obama. Hersch had to publish his investigation in the London Review of Books because the US media won't touch the story. It would appear that the American government is on the verge of a coup.

[http://www.democracynow.org/2015/12/22/seymour\\_hershs\\_latest\\_bombshell\\_us\\_military](http://www.democracynow.org/2015/12/22/seymour_hershs_latest_bombshell_us_military)

The US empire is crumbling under the onslaught of a failing economy, massive graft, and crazed militarism. Colonel Lawrence Wilkerson, Colin Powell's former chief of staff, lays it out for us without mincing words. He admits his own guilt in enabling the Iraq war. He wrote the "Iraq has WMD" speech that Powell gave before the UN. The flag wavers will find this video painful to watch but it's the truth. [https://www.youtube.com/watch?v=zOagQ\\_nfCes](https://www.youtube.com/watch?v=zOagQ_nfCes)

### **Don't Hold Money at a Bank**

What especially concerns me is how the government has shifted the risk of failing banks onto the American people. Again, the US media never warns the working people about the danger. Ellen Brown spells out the dire risks to your savings. Your money is not safe in a bank.

[http://www.truthdig.com/report/item/a\\_crisis\\_worse\\_than\\_isis\\_bail-ins\\_begin\\_20151229](http://www.truthdig.com/report/item/a_crisis_worse_than_isis_bail-ins_begin_20151229)

The Fed said last month it will not backstop the big banks again. If they get in financial trouble they'll have to get the money from bank depositors via bail-ins. A bail-in means the bank takes your cash and gives you shares of their worthless bank stock. Don't expect FDIC insurance to protect you. They only have enough cash to cover 2 cents on the dollar. The safest place for your cash is in a federal money market fund that holds short duration treasury notes. That's because you don't need insurance if you're a direct holder of federal notes. Vanguard announced in December that all its brokerage account money market funds will be switched over to a federal money market fund and away from funds holding repos and short term corporate debt. Vanguard is looking out for its investors. That's a bell ringing folks! Read the press release. There's nothing cryptic about it.

*Vanguard Federal Money Market Fund will be the only money market fund you can use to settle brokerage trades later in 2016. Vanguard Brokerage selected this fund for retail accounts because it's open to all investors and won't have fees and gates. Also, after considering factors such as yield, fees, investment objectives, risks, and current market conditions, Vanguard*

*Brokerage believes it's the most appropriate alternative to current money market settlement funds.*

<https://investor.vanguard.com/mutual-funds/money-market-reform/>

I'd suggest that you consider opening a Vanguard account right now and use their VMFXX for the bulk of your liquid savings. This fund had been effectively closed to new investors since 2009. You don't need to buy any stocks or make other investments. You can easily do free wire transfers between your brokerage account and a bank account if you need cash. Other firms may offer something similar.

In decades past the little guy lost everything when a currency collapsed or a devaluation occurred. The elites escaped the trauma because they had better information and got it early. Nowadays, the internet give you that same information but its sandwiched between vast amounts of garbage and nonsense that passes for news. For example, you won't ever read about bank account risks in the NY Times because the establishment fears a bank run by the public. They will, however, do stories post-crisis and will probably get another Pulitzer Prize for "in-depth reporting". Don't wait. Run Now!

## **Gold**

For years I've read stories from reputable sources like GATA about gold price suppression. In a nutshell, the bankers, by direction of the government, do naked short sales of gold future contracts. That means they sell gold they don't own in the wee hours of the morning to push the price down. The manipulation is obvious because nobody with millions of gold ounces would sell in one big block into a market with few traders. This practice amplifies the down move. They do it over and over again every time gold shows strength. This is supposed to be illegal but the SEC is captured by Wall Street. The regulators get big career paychecks from the banks once they leave the agency. Nothing subtle about that. We get inured to these scams due our brain's normalcy bias discarding older portions of the pattern.

The commodities crash of the last year has pounded the mining industries hard. The gold miners were already in a deep slump due to the suppressed gold price so the recent commodity trauma hasn't had a proportional effect on them. But look what's happening. South Africa said half it's gold mines were losing money with gold at \$1125. Now it's around \$1050.

<http://www.bloomberg.com/news/articles/2015-11-27/half-of-gold-output-may-not-be-viable-as-price-sags-randgold>

A US mining giant said it could stay solvent by mining its highest grade (lowest cost) ore at \$900/oz. These stories indicate that the average cost to mine gold is globally well over \$1000/oz. To be profitable the industry needs higher prices. I can't predict when that will happen. I do know China, Russia and other nations are selling their treasury bonds and buying gold. China is importing many tons each month in addition to retaining it's own huge production. They sell American tbonds and buy gold at its suppressed price. That's a clever strategy and one analyst says the US allows it for a reason. <http://dailyreckoning.com/u-s-helping-china-accumulate-gold/>

When I wrote my 2011 book, *How To Invest If You Can't Afford to Lose*, I could never imagine what has happened over the past four years. Hard to accept that something as basic as bank account isn't safe but the information comes from the Fed and federal legislation. I think 2016 will be a good year to be an observer rather than a participant. The world is awash in capital chasing a return. I think a lot of capital must be lost before interest rates can normalize.

Best regards,

Tom Gleason  
The Gleason Report