

The "Trump Bump" Just Became the "Trump Slump."

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POITOU, FRANCE – This just in from the Bonner %26 Partners research department...

A further update on the [Doom Index](#):

Building permits – a leading housing-market indicator – for the second quarter were down about 3%. That adds another point to the Doom Point and pushes the index up to a 7 – our “extreme warning” level. The Crash Alert flag will come out if we take another more point.

One caveat: The Doom Index hit this level during the last two quarters of 2015 and then backed off. Things cooled down again. That said, things are getting more and more dicey. All it takes is for junk bond prices – an indicator of credit-market health – to start selling off... or manufacturing to take a hit... to push us into Crash Alert territory.

Doom may be coming, but the stock market went blind long ago. It doesn't see it coming. Yesterday, the Dow rose almost 100 points!

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This is an urgent public warning from Stansberry Research. One of the largest companies on the market could soon plummet to \$0. If you choose to ignore this warning, **you do so at your own peril.** [Read this warning before midnight tonight, and take action immediately.](#)

Turning Japanese

We look at the dots. How do they connect?

With all the hullabaloo in Washington, it's highly unlikely that the pols could pass a serious program of tax, regulatory, and structural reform – even if they wanted to.

That leaves the “reflation trade” – aka the “Trump bump” – orphaned 10 months after it was born. The *Financial Times*:

The IMF [International Monetary Fund] began this year forecasting that Mr. Trump's arrival in Washington would lead to a fiscal stimulus equivalent to 2 percent of gross domestic product [GDP] in the US that would help boost global growth.

A failure by the Trump administration and Republicans in Congress to advance tax reform and infrastructure plans, however, led the fund last month to downgrade its predictions for US growth this year and next to 2.1 percent from 2.3 percent and 2.5 percent for 2018.

We never had much faith in the kid.

The “reflation trade” presumed that Donald J. Trump could rally the Republicans around an aggressive combination of tax and spending increases that would require much more debt.

Already, deficits are projected to average about \$1 trillion per year over the next 10 years. This would put the U.S. more on the Japanese path: trundling along with a mountain of debt on its back and counting on the central bank to prop it up with

money.

We didn't think Republicans were ready to go along with the program. They're not that desperate. Not yet. They'll get th

But only after our Doom Index sends the old black-and-blue Crash Alert flag up the pole... stocks fall to half of current p
economy goes into a recession... and panic grips their craven little hearts.

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Jump-start your potential gains with 128 opportunities to make some serious cash starting Monday. Thanks to renowned market pioneer Chris Johnson, we're identifying massive stock eruptions 48 hours a of time. This advantage meant average 103% on 8 out of every 10 recommendations during backtesting, so it's a no-brainer. [Click here to find out how you can make bank off these three fresh trades.](#) But you must act now – we're shutting this down on Sunday at 11:59 pm.

Miracle Business

This gets us back to the real source of the stock market's gains: newly minted money from the central banks.

Although the U.S. ended its manna-from-heaven quantitative easing (QE) program two years ago, other central banks are still running the miracle business.

In the first six months of this year, the Bank of Japan, the Bank of England, the European Central Bank, and other central banks were adding to the world's cash at a combined rate of about \$250 billion a month.

That money has to go somewhere. Using their algorithms and momentum models, investors quickly found the world's largest go-go market: the U.S. And so, their easy-come money easily went to New York, where it lifted stocks higher.

Although this flow of funds is not expected to stop anytime soon, the balloon could spring a leak. Bloomberg:

Federal Reserve officials said they would begin running off their \$4.5 trillion balance sheet "relatively soon" and left the benchmark policy rate unchanged as they assess progress toward their inflation goal.

The start of balance-sheet normalization – possibly as soon as September – is another policy milestone in an economic recovery now in its ninth year. The Fed bought trillions of dollars of securities to lower long-term borrowing costs after the main interest rate to zero in December 2008.

What the Fed's "quantitative easing" giveth, its "quantitative tightening" taketh away.

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[Watch Multimillionaire Humiliate Mainstream Media on Camera](#)

Mainstream Media *refuses* to report 2017's biggest story. [So multimillionaire, who predicted Trump election victory, exposed a bombshell bigger than Benghazi.](#)

Doom Is on the March

Here's our friend Richard Duncan at *Macro Watch*:

Economic growth and wage growth are weak and Consumer Price inflation is below the Fed's 2% target. So, why would the Fed undertake such a dangerous reversal of Monetary Policy now? The explanation must be that the Fed is worried. If the Fed doesn't act now, the asset price bubble will become so large that it will set off a new systemic crisis in the financial system when it implodes. [...]

Janet Yellen and her colleagues are facing a difficult predicament. If the Fed does not tighten monetary policy, then the destabilizing asset price bubble could run out of control and wreck the banking sector again. However, if the Fed does tighten monetary policy, then credit is likely to contract, in which case the economy would enter a severe recession.

Our prediction: The Fed will not wittingly let asset prices deflate. But it may pop the bubble by accident.

Either way, doom is on the march. Either the Fed lets the air out... or central bank liquidity inflates the asset bubble further until it finds a pin on its own.

However it happens, the resulting panic will bring out the miracle workers... a plague of them.

Manna will fall from heaven, ever more abundantly. Backwoods branches will run with 100-proof whiskey. And we will need to wash our socks again...

Stay tuned!

Regards,

Bill