

# The CAC is Stalling - Will It Lead to a Freefall?

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We are currently in Courtoimer ... we are meeting to meet various people from our group spread around the world ...

Gathered in a castle from the end of the 18th century ... we are French, Americans, Germans, Brazilians, Spaniards ...

What are we trying to do ...?

We start with a simple conversation ... about the value of ideas.

We try to give ideas to our readers, not just pure data, or information they can find in the newspapers. You do not have anything there that has great value: All this information is available free on the internet.

Why then offer them to our readers?

Instead, we want to offer something that is unique ... that our readers can not find elsewhere.

In other words, we need to find things to say that you do not find in the media or in the newspapers ...

You understand why this daily message sometimes seems "out of the ordinary." You may think that we may be going offbeat ... or you think we do not follow the news like everyone else ...

We could repeat the same opinions that you read in the newspapers ... or that you listen on the newspaper ...

We could explain how Macron plans to "strengthen" Europe ... or "support" industry ... or "fight" terrorism.

As you know, you will find such interventions in almost all newspapers and magazines that are interested in politics ...

Here, in this daily letter, we do something different ...

We try to tell you what we really think ... we try first to understand what we really think ... we will not run as quickly as possible towards the conclusion that seems to us the most "correct" or the most "political."

Maybe the end of the rally in the shares ...

According to an indicator revealed by *MarketWatch*, the rise of the French stock market since the election of Trump could well be finished ...

As a reminder, the CAC 40 has climbed 22.4% since November 2016 ... taking advantage of the upward movement on Wall Street ...

However, this rise has been stalled since the beginning of May ... As we explained last week, the markets have already digested the results published by companies in the first quarter, as well as the election of Macron ... Hence Would come then the next news to push them up?

According to one particular indicator, this bull market really has reached its peak ... and could be ready to drop in the weeks to come.

*MarketWatch* publishes the following graph from the Federal Reserve:

What you see is the difference between rates on US bonds maturing in 10 years and rates at maturity in 2 years.

In other words, short-term rates go up. Long-term rates decline, relatively.

This can signal that investors are afraid, because they prefer less short-term bonds ...

In other words, markets are above all looking for security, not easy access to funds.

This may even signal an anticipated economic contraction ...

We will be watching this trend ... We explained in our last e-mail last week that we were rather reserved on stocks at the moment ... because we thought that equities could easily fall lower, especially in the short term.

We also talked about buying, or having gold to protect ourselves ...

Next steps...

We have said before that Marcon will not be able to restart the French economy ... nor to facilitate the industry ...

In fact, we believe that our country could stand near a period of destabilization ... with more demonstrations ... more political actions ... more laws of last resort ...

Why...?

Because our system is built on easy and unlimited access to debt ... backed by rising stocks ...

But our economy is beginning to show signs of unrest ... and our actions are not climbing anymore ...

More to survive ...

Truly,

Henri Bonner