

"Past Performance is No Indication of Future Results". Its a statement attached to every financial salespitch ever offered. So why is it no one believes it ?

Turn on CNBC, Fox Business, Bloomberg, and every other comment from the "experts" mouths are "historically when the Dow ....fill in the blank...." or "for the last X years, every time the market did X, then Y has happened within Z months"

Folks, it is different this time. Until this past year, at no other time in the history of the US Markets has there been Investment Banks investing for their own accounts to the tune of 30 or more to 1 leverage.

At no other time in the history of the Markets are there 17k mutual funds and more than 10k hedge funds. All competing with each other for the right to make a ton of money off of your money.

At no other time in the history of this country did savings fall as far below zero pct of income

At no other time in the history of this country were net effective interest rates as far below zero

At no other time in the history of our markets have the words "blue chip" completely lost their meaning.

At no other time in the history of our markets has the money of consumers been so portable and movable between hedge funds and mutual funds. Which means that at no other time have mutual funds and hedge funds been so susceptible to redemption runs.

At no other time have consumers been so in the dark about what is happening with our funds. At least George Bailey could see the line at the bank and know what was happening. We as consumers have zero transparency as to whether or not there is a run on our funds, so we run to take out our money first, just in case. The result is a virtual run on the fund where we hold our money, except that no one knows about it but the fund itself, and they aren't going to say a word for fear of making it worse.

At no other times have financial engineers and investors been so in the dark about how bad the runs on funds have been, so we sit on the sidelines, dribbling in cash, not wanting hedge and mutual funds to dump their shares into our bids.

At no other time have there been 3 financial news networks and thousands of websites providing so much financial information and opinion. The sum of which has definitely lead us into a situation of "Paralysis by Bullshitalysis". Everyone is afraid to buy. Everyone is afraid to sell or short. Sales forced by de-leveraging is the catalyst for the market. However, there are so few buyers, the de-leveraging sales are taking forever.

Who knows what the new normal is. No one has any idea what is going to happen in this market. NO ONE. Personally, I am completely hedged. I bought puts, sold them. Sold Puts, bought them back, then decided to hedge every long dollar and then some with big puts on the market. This allowed me to be protected on the down side, and tip toe on the long side. As stocks go down, my hedge allows me to buy more of the stocks I like. If the market takes off on the up side, hopefully my longs will more than cover the cost of my puts. If the market does nothing. I'm stuck right where I am, with my puts losing time value every day.

Maybe it will work, maybe it won't. What I do know is this, everyone is a genius in a bullmarket. The last 5 years, that wasn't a stock market. THIS is a stockmarket. This time it is different. This may just be the new normal.