

Lord Of The Flies: Dystopia Is Arriving

0 0 0 0

[September 14, 2015](#)



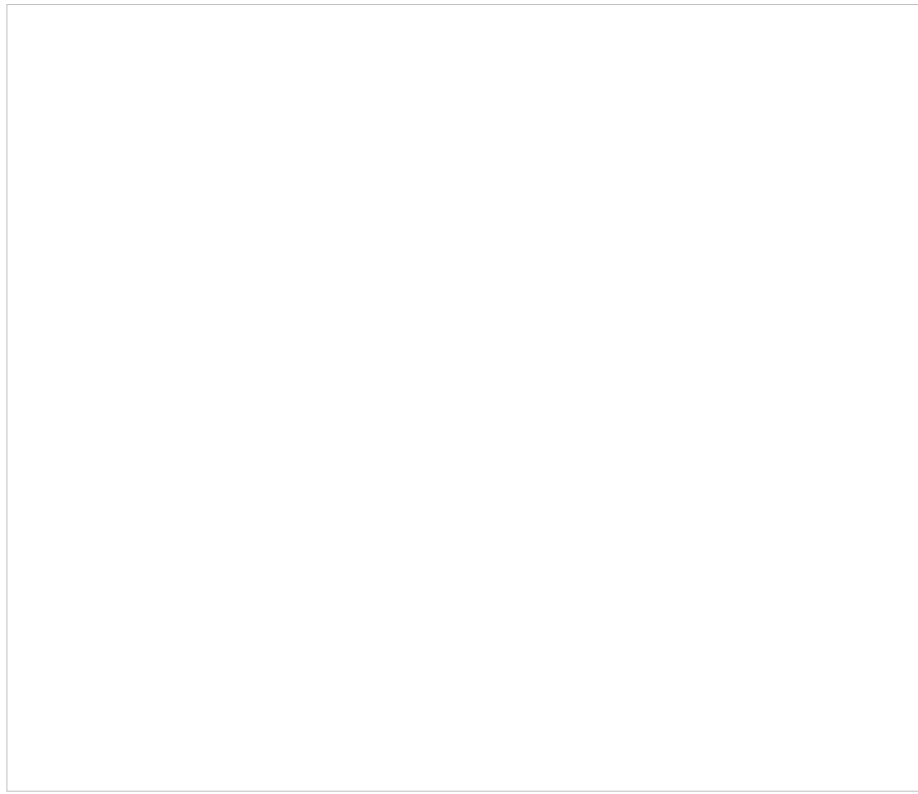
This article was written by Dave Kranzler and originally published at [Investment Research Dynamics](#)

I was driving around Denver yesterday doing my “boots on the ground” due diligence scouting of the local housing market. I continue to see some “sold” and “under contract” signs but I’m seeing a pile-up forming in new “for sale,” “price reduced,” and “for rent” signs. The traffic update on the sports radio reported a back-up at an intersection in Denver caused by a fist-fight that had broken out between two drivers. This country is sliding back into neanderthal times.

The U.S. economic system is slipping into dystopia and the Government/Fed is doing everything it can to try and prevent the process. The two most obvious signs of this are the perpetual market interventions by the PPT to prevent a stock market dump and the relentless propaganda flowing through the mainstream media which originates from the policy-implementing elitists (business and political). *Both* efforts are insidious attempts to force control over our system

Overnight the S&P 500 e-mini futures were halted twice. The SPX mini is the Fed’s choice intervention tool because it can direct the market with minimal capital requirements. The e-mini is hyper-sensitive to big orders and tends to lead the big SPX directionally because of this. The emini trading was halted after a sudden plunge in the futures at 5:51 a.m. EST, after which a massive buy order (the PPT) hit the tape and spiked the eminis straight up. The market was halted again after the spike up stalled and the emini was about to plunge again. You can see the action here: [E-mini Market Halt](#)

The graphic linked above was provided by Nanex’s Eric Hunsader. Prior to the market’s first market halt, Hunsader tweeted: “emini getting tossed around like a rag doll:”



I found Hunsader's allusion to "Lord of the Flies" to be quite haunting. For me it encapsulates the societal, political and economic direction in which the United States is headed. Rule of Law has been completely eroded by corrupt Presidents and citizen nonchalance. Many beside me have alluded to the fact that the U.S. political system now resembles that of a Central American Banana Republic. That's no secret to anyone who cares to peek at reality.

But where this whole process starts to get scary is when that needle heads toward "Lord of the Flies." That is the point at which we will see and experience the truly dark side of humanity. Too me the outbreak of fistfights at traffic intersections and the herds of panhandlers standing on busy urban and suburban corners reflects the movement of that needle past Banana Republic to the left...

I'm not an e-wave theory advocate but there's merit to some of the analysis. Robert McHugh is probably the most skilled practitioner of it these days and he's run 5 different "wave" scenarios – all of them suggest a high probability of serious market crash coming soon – he specifically references the August sell-off as "gentle" in comparison.

If this stock market does what we all know it will do eventually, which is seek a level that reflects its true underlying intrinsic value, all hell will break loose in this country and we'll start hearing reports of much worse occurrences than fist-fights at traffic intersections.

What is the "intrinsic value" of the S&P 500? Based studying the earnings of enough S&P 500 companies using the GAAP accounting standards that were in place 20-30 years ago – vs. non-GAAP, adjusted-GAAP, and new GAAP accounting applications used today – I would suggest that S&P 500 has "fair value" around the 500-600 level. A large portion of reported net income/EPS is income that is non-cash and is manufactured by new accounting gimmicks. I detail this extensively in all of my (non-mining) stock reports.

The S&P 500 hit 666.79, which is in my "fair value" range, intra-day on March 6, 2009 (no, I don't read any significance into "666"). We saw how the Fed and the Treasury responded: they began dumping trillions of printed dollars into the banking system and drastically altered some of the GAAP accounting rules – i.e. they changed the rules of the game. This was in response to the S&P 500 seeking fair value.

What is frightening to contemplate, in the context of Eric Hunsader's haunting Tweet, is what the Government's response will look like this time around when the PPT loses control – which I believe is occurring now – and the S&P plummets again in an attempt to seek it's proper level. Remember: just like

water, the stock market eventually always finds its own level.

Categories: [All](#), [Economy](#), [Featured](#)