2025-04-18 - News Research - Youtube

Status	In progress

Expect an Explosive Breakout … S&P Pressure Building! | Elliott Wave S&P500 VIX Technical Analysis

https://www.youtube.com/watch?v=sgTO7cWd0xE

hi everyone this is Rob Roy and welcome to the LA Wave Options US market update as we do each and every week we show you on your screen the stocks that'll be featured in this recording and if there's a particular stock you're interested in you can go directly to it using the chapters feature in this recording all right let's get to the charts before we do happy Good Friday to everybody hope you enjoy a great holiday weekend as we take a look at the uh charts uh we are recording this on Friday the markets are closed today for Good Friday so we ended the week on Thursday which happened to be an options expiration week as well so a rare uh expiration on Thursday but you can see that what I've drawn here on the chart of the S&P uh is we are going through some consolidation and that's because the bond market calmed down this week remember last week the bond market got real squirly and real uh unling uh for the big bond traders we'll talk a little bit more about that towards the end but uh we do seem to be consolidating here which you would expect following this big volatile move uh completion of this zigzag we're going into a corrective phase here and I wouldn't be surprised if we have a little bit more of this sideways churn next week but the size of this triangle is rather large so when we get a breakout uh it's going to be pretty significant and tell you what direction it's going to be but it'll be fun to watch um as a volatility will return uh next week I believe or the following week after that uh let's go ahead and take a look at the bond market because that was the issue last week so when we take a look at TNX uh we can see that uh remember this is rates on the 10-year uh I know you guys like to look at this one uh and rates coming back down which was key this was that move up in rates the following the previous week excuse me uh that caused all the unsettling unwind that uh rate swap trade where you were uh comparing uh trading against floating rate instruments and fixed rate instruments it's kind of like a arbitrage type trade that the big bond markets and investment houses um finance companies use uh and that was creating a real problem that did calm down uh which I thought we might see this week so rates coming back down is constructive but how long will it stay there we're just going to have to wait and see uh the news came out on Friday uh with President Trump uh making a comment that some people interpreted was that he was looking to fire chairman pal he's just saying that his termination can't come soon enough president does not have the power to fire the chairman of the Federal Reserve just want to be clear on that there's people speculating can he do it no he can't uh the only way that happens remember the Federal Reserve is a completely independent group is if Congress has a little bit of of say and if Congress uh puts some pressure on the Fed then there may be some negotiations there but the president doesn't have the power to do it uh I think really it was misunderstood i think he's just talking about his term ending uh after next year can't come soon enough because as you know or you should know if you've been watching the markets uh he's angry that uh chairman Pal hasn't started cutting rates sooner the ECB has been very aggressive they cut rates again this past week so he's upset about that all right so let's go back to the charts and we'll go to TLT this time and we'll take a look at the 20-year uh now this one is prices so prices and yields move inversely so just the exact opposite that you saw on the TNX chart and you can see this big move down here so that was a big move down in prices and therefore that was the move up in rates uh and then we also have this uh triangle here pretty interesting chart i've talked about this TLT chart a lot uh with this potential uh ending of a wave five the correction back up towards the wave four uh worked exactly how things are supposed to work in Elliot wave land we had these uh two corrective triangles you don't always get one but you usually move into a corrective phase after the wave five a flat zigzag or a triangle so we had the backto-back triangles then we got the upside breakout we retrace that you know how all this works and if you want to know more about this I've talked about this hub software numerous times where you go to hubb.com and get a free copy of the software with all these Elliot wave charts and there's also an opportunity to get the AI signals from the data scientists uh that are employed by the hub organization and they've just released the uh AI wave five signals so the founders members have gotten them um they're using them now uh and if you have some interest in it you can sign up here uh get on the registry i've mentioned this before not everyone on the planet is going to be able to access these signals the data scientists have a limited number of people in mind so if you have any interest in it free doesn't cost you anything basically just gives you a little more information about what they are so go ahead and sign up for that all right so let's go back to the chart of the TLT because this is the kind of stuff you'll see in those wave five signals is looking for opportunities just like this but back down here the thing that concerns me a little bit uh in the bond market is these triangles which way are we going to go which way are we going to break out we've already come back and tested the wave five bottom from January and then gone through this consolidation uh we are going to make a move in the bond market maybe next week maybe we need a little bit more consolidation here as well um but uh if we break back down uh in prices and back up in rates that's going to create uh some real volatility back in the markets i think uh the most ideal scenario for the markets for the equities markets I should say to be specific would be for uh upward breakouts um with prices and then downward moves in yields uh also with the Federal Reserve looking towards cutting rates may's pretty much off the table now they're still pricing in potential for June uh but that could be quite helpful and constructive moving forward uh if that happens um so we dodged that u rate swap issue the bond markets calmed down gave us a more calm week in the equities markets back to the SPY chart uh and you can see we have the triangle here so I've talked about this numerous times is you should have a working knowledge of the bond market if you want to be a good equities trader don't have to be a bond expert but you should have a good working knowledge uh the two tie together the bond market is massive and so many things are tied to it as we found out the previous week uh so uh it's going to help and you can see that in this triangle um you know a lot of times people talk about where you draw your trend lines and I honestly don't really care about being too exact on where I draw the triangle uh trend lines i'm just looking for a general pattern are we showing consolidation because it doesn't matter what triangle it is they all can break either direction uh so you can make a case that it's a tighter uh more vertical triangle with where we are right now uh it just feels to me that maybe we're going to have a larger triangle so maybe some more uh consolidation uh going through uh over the next week but uh I was wondering how the uh equities traders were going to trade moving into this 3-day weekend cuz you have no idea what kind of uh commentary is going to come out and we already had uh a comment this morning on Friday morning that President Trump's going to put fees on goods uh from China that are already in port it had kind of been agreed upon that the tariffs would start after any ship that was already loaded and in the water those were okay uh and it was going to be from there uh and now he's saying nope even the ones that are in port waiting to be unloaded are going to face additional fees so already had a u a comment that could have been market moving um perhaps uh if we had had u a live market uh in today's trade uh let's take a look at the VIX real quick so we'll go ahead and uh look there and you can see uh in looking at the chart of the VIX uh we have come back down we're back down towards 30 uh here's the uh summary of the VIX from recent times if you remember it was just kind of going nowhere uh in this real tight trading range between 12 and 17 we did that starting uh end of last year all the way through March then we broke up a little bit we had this one spike in December where we got up towards 30 but came right back down uh and then we held the 17 1.5 level uh and then 22 1/2 became support we broke through 30 uh and this is kind of interesting normally when you get these big spikes in the VIX you come right back down immediately you can see other examples this wasn't even a big spike and we came right back down but as we move back usually when you see these big spikes up towards 60 immediately you get a retracement in the VIX and the market rallies following the big wash out uh selling we didn't have that this time there's still uh additional volatility priced into the market which makes things interesting but it is unusual that's one of the great things about trading no matter how long you've been around I've been doing this for a very long time you always see things that uh are a little bit different than what we've seen in the past so keeping this big intraday volatility while it's that elevated uh was quite interesting to watch over the last couple of weeks so is 30 going to act as support and we're going back up in the VIX would imply downward breakouts um in the bond market and the uh equities market or is this just a stopping point uh as support and we are going to break back down towards 17 and a half obviously that would be more constructive for a move up in the equities market we'll just have to wait and see how that all plays out um talking about the bond market the VIX I'm going to jump right to the chart of the IWM uh and the IWM uh is the one uh chart that has been acting exactly in concert with the bond market the other ones are a little bit different uh but this is the chart that's acted exactly as you would think it's the more susceptible uh market to bond movements bond prices uh and um small caps love it when rates go down uh so it was having a hard time when we had that spike up in rates we had this big wave three move down where we went to the second extension level off the zigzag pattern remember a B-wave correction in a zigzag yields a 100% extension and then if you go to the next level uh the first extended level is 161.8 and that's where we've consolidated here right at that level on the IWM and by the way the IWM was the case study consideration uh for this week's Tradefinder and if you haven't signed up for Tradefinder before you can do it using the link on your screen you go to our website at ewortrader.com we do it every Tuesday at 1 p.m eastern time it's live during the market day uh we look for case study ideas uh we check the markets and we have a live Q&A great community i love doing the Tradefinders if you haven't signed up sign up and join us um it's a it's a great show love love doing it and love getting the questions from our intelligent viewers and then you guys can share comments back and forth so as a community aspect as well so let's go back to the chart of the IWM uh what we gave out as the case study consideration was an upward move in the IWM now I put a caveat in there that's an assumption that the bond market continues to stay calm and then perhaps even have uh an upside breakout in prices and therefore downward move in yields but as you know or you should know by now with triangles you don't pick a direction so it's more based on my viewpoint of what's going to happen in the bond market this week than it is the fact that I'm saying "Oh because we're at this fib level and we've got this triangle here we're probably going to get a bounce back to the upside." That's that's not it so we have to be on our toes uh knowing that any triangle can break either direction so if this starts to break to the downside we would close that idea rather quickly uh so um you'll find out all about that how it works the social media aspect and the software learn trade finder etc everyone can go in and post their own trade ideas and hear what other people think it's it's great um so I wanted to uh to bring that up but um this seems ripe we also have pretty good separation here between the 10 and the 50-day moving average so it does seem ripe for an upward move uh and that goes the same rule as no security in any time frame gets too far from the 10-day moving average at least not for long you can see how especially the IWM just really kind of moving along here uh with the 10day moving average and then we got a little bit below it and so right back up to it that's what happens well same thing occurs when there's good separation between the 10 and the 50-day moving average you can see the 10day starting to curl a little bit because of this consolidation those two should come back together a bit so it may just be more consolidation allowing the two to get together or we could get a little bit of an upside bounce we'll see how that plays out but just wanted to go ahead and share that with you as well let's go look at the cues uh and then we'll move over to the DIA uh it's Triangle City here in the markets they all look pretty similar as far as their consolidation some at different places but uh they're all going through consolidation which means you know fashion your seat belts something's going to happen if not next week if we have another week of consolidation next week the following week should be wild uh I would think so it's going to be fun trading uh within the next week or two but the cues here's the triangle there forming in the Q same type of thing here we had a 38.2% Bwave correction that means 61.8 is the first fib extension and 100% is the uh further extension so just like the uh IWM went to its extended level so did the Q's and we're consolidating right here uh around this 61.8% level not quite as much separation between the 10 and the 50 uh on the Q's as there is on the IWM uh but again all markets looking like they're getting ready to do something let's see what the DIA shows uh the Dow um oftentimes slightly different than um what's going on with the S&P or at least recently it has been uh and you can see not quite the same kind of triangle formation i kind of hesitate to draw one uh you could draw uh a couple opportunities here you can make a crude um symmetrical triangle here uh there's too many gaps is why I don't like it uh I like when you have multiple touches on the trend line i trust those triangles more so you've got this open space here you've got open space here again you could make a case for it i just don't think it's that clear of one and then some may say well um I like the idea of this being an ascending triangle more than a symmetrical triangle because we had some support there around 410 and then we've had a series of higher lows after that so I think it looks like more of an ascending triangle and this is where I say don't get too picky on what kind of triangle it is or exactly where the trend lines are because any triangle can break either direction doesn't matter what the formation of the triangle is it just in gives you the indication of consolidation uh and a movement could uh come from there so uh one other thing that I wanted to show you going back to the S&P real quick is I do want to show you the weekly chart again update that uh but I also wanted to show you one of my favorite indicators here um which this is why I think we could have a little bit more consolidation uh one of the the triggers that I like when I'm looking at putting on a strangle on a triangle for a breakout and we have a unique way of doing them that takes advantage of the delta gamma accelerations different than what you would read about out on the internet on doing strangles uh but one of the indicators that I like to use is the ADX the ADX inside the DMI uh is the indication of strength of a trend so if the ADX is moving up then that means that trend whether it's up or down so doesn't matter what the direction is this is just telling you strength of the current move so people get confused that if the ADX is going up it means the market's likely to go up and if it's going down market's going to go down that's not what it means the ADX means that there's strength gaining in whatever direction that trend may be so even if it's a downward trend uh and the downward trends gaining strength the ADX will go up anyway the that giving you a strength indication when you get a very low reading on the ADX that tells you that you're trendless uh and that's consolidation so I like to see a low ADX correspond uh with the triangles now I want to be very clear here that a triangle can break out without a low ADX no doubt about that it doesn't have to have a low ADX to break out and these triangles are forming as you've seen however um one of the things that can occur when the ADX is higher and the warning is that we could need more time for consolidation to bring that ADX down uh and if you're putting on a strangle you're buying a call you're buying a put you got time decay working on both sides uh and the longer it takes for the breakout uh the more it affects you from theta decay in the option trade uh and then you need a bigger breakout or a more volatile breakout uh if you have to sit in the trade for a while so when the ADX is really low and I like it below 15 um then that's telling you that the breakout is more imminent and coming and you likely won't have to worry about as much time decay before the breakout occurs so just something I thought I would throw in there and I did say I would look at the weekly chart let's take a look at that real quick so as we bring up the chart uh on the week uh here I use 377 data points for the algorithm uh in the software to kick in as you can see so it tells you you haven't gotten that many yet and then when that line goes away boom now the LA wave pattern is labeled so um if you're new to the software and you found that uh that's what's occurring there uh and so you can kind of see this triangle here uh obviously a little steeper on the weekly chart uh but notice where the wave four has come down to right around this 50% corrective level so it's a 50% correction from the highs it just makes sense that that could be a reasonable point to bounce but we also have a little bit of support down here which would probably bring that wave four down to 61.8 i wouldn't be upset with that either but that would imply uh that we're going to test the lows a lot of people think we still need to test the lows in the market and I'm not against that uh point of view either um with that kind of a big move to the downside we could easily test the lows before bouncing back to the uh upside or um starting another corrective phase following that so let's go and take a look at the dollar uh and that's been uh a little bit nerve-wracking uh this week we have this line here i've been talking about the Goldilocks scenario where I think the dollar would be great if it stayed between 100 and 104 we don't want the dollar to be too high hurts companies with the exchange rate etc but we don't want it to get too low either we can't lose the dollar because we have so much debt out there and we don't need countries uh dumping their debt i talked in last week's recording about how China and Japan had sold some of their treasuries but again they don't want to crash the US economy we are the consumption engine of the world they want to sell all their stuff here so this is just the job owning going back and forth with the tariffs and everything else uh but the dollar is a little bit more worrisome if we break below this 100 level uh then we're probably coming down uh a little bit lower in the dollar uh you can see going back uh how that 100 level look at this going all the way back into 2024 uh summer of 2024 um or 2023 uh I should say back in early so yeah you can see uh how long that level has been support and that's why I was saying I don't want to see the dollar break below that uh because it can all feed on itself um just like um what was going on in the bond market with the unwinding of that uh uh rate swap trade interest rate swap trade so um got to watch the dollar next week this this could be an ominous sign uh if we can't uh continue to consolidate here and I don't feel too buoyed too positive about this little consolidation that's nice that we didn't continue this big move down uh but we got oversold there's where we were against the 10day moving average and you know how it works uh you either go sideways and let the 10day moving average catch up or you back up towards it or some sort of combination of the two uh but for now um all we're doing is letting the 10day moving average catch up but we need to see that dollar back above 100 in my opinion uh to feel a little bit more comfortable about the stability of the financial markets uh moving forward so we'll be keeping an eye on uh on that dollar uh as well uh so if we go to uh the metals we'll take a look here at UNNG or excuse me energy we'll look at UNNG first uh and we've been opining about the potential for a wave five impulse here out of the pattern we did kind of break below that level of 61.8 but just barely that's a strong fib level and it was sitting right here on support at 17.5 uh and we're kind of sneaking below that uh if this breaks down then UNNG comes all the way back down here to 15 and you know the story uh about um the bid that it got from uh the realization that these data centers that were going to be built are going to be using natural gas so that put a bid under it and now it's uh companies saying that they're going to hold off a little bit on building the data centers maybe not as many are going to get built and there's still the unknown of how much natural gas will they use so that put an end to that uh wave three impulse to the upside but can we hold here can we hold here and the market calm down and if the bond market and the equities markets calm down then perhaps that would set the stage for people to start talking about this again and maybe we could get another bid uh under UNNG but we have to wait you wouldn't want to jump into that early uh I would submit that um not only would you want to see UNG back above the 10day moving average you'd want it back above the 50-day moving average as well uh before you start thinking about a potential wave five to the upside uh taking a look at oil more tariff talk yesterday on oil put a bid under USO uh and so again the news that keeps occurring uh and some of you posted comments last week that I thought was great uh after the uh US market update I was talking about how oil has come down that should be helpful uh at the gas pumps for the summer driving season airlines have been reporting that there's travel has dropped off quite a bit in the airlines maybe people are thinking that we'll just drive on our vacations instead of fly this year and a lot of you were saying "Yeah well I haven't seen the price in my gas pumps go down yet." Uh and that's one of the things that always stuck in my craw um is that when oil goes up in price it seems to be reflected at the gas pumps the very next day when it comes down it seems to take weeks before it starts to show up uh but we will eventually see this uh back when President Obama was president uh he even made a joke about that and uh I was kind of aggravated like if you know that why don't you go fix it but oil is big lobbies we we know all that so um just kind of made a joke about it and let it go but it is how it works so that's what put the bid back in oil here but we also had come down to the lower end of the trading range we broke a little higher here so we went extreme to the upside here so we got to offset that what goes extreme one way often time comes extreme the other way uh and so we've done that i think we go back into this leveling off period here uh with USO but it should at least make consumers feel a little bit better once the summer driving season does get here now let's take a look at the metals we'll look at GLD uh and and as this is just the trade that keeps on going uh and it does make you wonder uh yes with the rates coming back down that put a further bid i thought we'd stop right here i believe I talked about that last week uh again the zigzag pattern we had a 38.2% B-wave correction that leads to the 61.8% extension the first extended level is 100% notice that not only did GLD go to the second extension which is rare the going to one extension happens a lot but going to the second one doesn't happen very often i haven't seen it that many times in my 28 plus years of of trading so that was unusual and it didn't even stop there it went higher uh which would lead you to think maybe we even go to the 261.8% extension uh so the fact that we had hit that uh second extension here we bounced back a day i thought maybe we would do a little more backing and filling but no right back to the upside uh and if rates do break down I think gold continues uh those triangles that we showed you in the TX and TLT if rates break down I think that keeps a bit under gold uh which would be wild uh to see it continue but it is a little bit overbought we're a little separated from the 10day moving average we've gotten a little vertical what goes vertically up often time comes vertically back down so maybe gold does finally take a rest and maybe in that rest we can get SLV to play catchup i do think that uh at some point in time I don't know when it's going to be maybe it needs to be down the road because silver has just been tied into manufacturing and the tech sector because so much silver is used in it now uh and it has been moving up uh with rates going down but not to the degree gold has it's nowhere near where GLD is as you can see uh but they usually uh after being my word discombobulated for a while uh they get back in line so I think there's a trade here if you had some patience maybe going out in time uh on SLV I feel like several months down the road you might be happy with that uh if u things do stay calm uh and rates do continue to come back down i think silver has some catch-up to do uh and it could outperform GLD at some point again I don't know when that's going to be but um if you give the trade plenty of time I do think several months from now you'd be happy with that but we have this dogee here that occurred at Thursday's close we'll see what that means for SLV next week does it catch a bid does it reverse back down we'll have to wait and see it's got some resistance here at 30 but if it can get above 30 it'll go to 31 rather quickly uh because that was a gap down move there uh but it bumped its head on Wednesday at 30 and came back down dogee on Thursday now let's see if we can break above 30 and head to 31 but that that's a trade that I find really interesting uh at this point in time so I think we want to uh kind of keep an eye uh on that u taking a look at Micro Strategy as far as our proxy for the crypto world uh as you know they pretty much leverage the company against Bitcoin and to the the surprise of some uh I know that there's a lot of crypto experts that say that cryptos don't have any ties to the equities markets but it sure has seemed like when the equities markets go hard into risk on or hard into risk off it does affect cryptos some but with this uh consolidation here it's allowed Micro Strategy and Bitcoin to uh recover a bit and and come back up so cryptos have been acting pretty well uh is my point uh and being above 300 is key on Micro Strategy we'll see if it can continue to stay there uh you can see the importance going all the way back to November of last year of that 300 level so we had this little trading range here uh it failed in this first attempt in March to break above it now let's see if we can do it again um so um a lot of people wondering if the dollar does continue to go down and by the way if the dollar continues down that's going to keep a bit under gold as well now they're very well tied together not just rates but the dollar so the weaker dollar stronger gold uh and if we start to continue losing I put a bid back in the cryptos as you'll start to hear the chatter of do we need to get away from the dollar and go to a digital currency all that'll play out so gosh there's lots to look at uh over the next couple of weeks uh so now let's go to the stocks of interest stocks that you ask about you ask about uh SMCI so I wanted to show you that one and as a quick reminder uh in looking at this chart um each month uh this year we're giving away one of our free level three subscriptions it's our three primary portfolios at evotrader.com our uh time strategy which is sideways we're looking for stocks that are going to stay in a trading range following a big drop the volatility strategy which I think is really going to be interesting with all those triangles that you saw those are the triangle breakouts and the unique way we do it we'll teach you how we do it that way and why it makes more sense uh to put the strangles on the way we do them rather than the way you'll read about it on the internet and the AI based impulse strategy uh which is looking primarily for zigzags within wave 3es and the AI giving us a score on top of the LA wave patterns and confirming indicators etc uh all three of those worth thousands of dollars and all you have to do to register for the giveaway is leave a comment under this video just leave a comment and you're in the drawing uh make sure you're a subscriber though cuz you need to be a subscriber so you haven't hit that subscribe button yet and you want to be part of the giveaway hit subscribe we are making a push towards 50,000 love for you to help us hit that number if you know anyone that you think might uh enjoy these videos very much appreciate it if you would steer them our way but uh that's the goal and if we look at SMCI back to the chart here you can see that we're sitting on a pretty good area of support i think this is starting to get interesting we know all the wildness that occurred in the past i don't need to rehash that so let's just talk about what's going on with it right now u it got into a range here roughly between 30 and 50 uh I just kind of drew that line there as a round number because it's a little bit above the peak there in December and below the peak here in February uh but note what's going on here um there this is a really big triangle here so I think that this one um being down at 30 there's been a lot of volatility in the options of SMCI but that's calmed down a bit uh and you can see here now whether or not you want to draw the line all the way up there um I like the triangles to be a bit more symmetrical with those touches of the line as I mentioned so I wouldn't go that high i would draw the upper trend line here so you can see it's a pretty significant descending triangle here in SMCI with the lower highs and the same lows there at 30 i think we're going to see a pretty significant breakout in SMCI maybe in the next earnings report uh but it seems to be setting up uh and when we look at the uh DMI I was talking to you about the ADX earlier that's what I like to see on the ADX with these triangles see how low it is down there it got below 15 kind of hanging around in that lower area that's about as low as the ADX goes when the VIX is hanging around above 20 uh and with the VIX uh much higher than that u that's a pretty low ADX so I really like this setup for a breakout uh probably in the next week we'll likely send that out to uh our subscribers uh at the beginning of next week as a potential uh trade uh stocks that have been in the the news uh Google uh goodness they just the regulators will not let them go they seem determined uh to break them up um perhaps that happens uh you could call this a crude descending triangle here uh as well uh and I I say crude because there is a really nice pathway here of lower highs uh but the support is just uh brief here uh and if we go back a ways uh we can see that it did hold as support back in September of 2024 um but you like to see more touches of that support line rather than having to go back that far uh perhaps there's a breakout in Google maybe some sort of a deal is reached but I think Google uh looks more like this potential wave five cell um moving down uh towards this uh tap box here the time and price projection uh on Google rather than uh any sort of an upside move and as long as it seems like every week some sort of a new regulatory issue I was reading about how much money it's costing Google to fight this and that's what they're doing is they're draining them of their resources they know they have deep pockets so they just keep coming after them with regulatory things but they want to break up Google uh they think they have a monopoly uh on search etc uh but um until that's worked out it's really tough when you get in to stocks that are embroiled in this much news news events seem to tend to be shortlived they affect things over the short term but the market discounts things six to nine months ahead so everything else is taken into account but this is the kind of stuff that you never know what headline could come out uh and unless something changes uh I think we could start to move down here in Google but we got to break below 150 first so be careful on that you don't want to uh go short this until we break down below 150 because it could hold here and bounce you saw where the other support was but it's key to see if we break below 150 and if so then um you hold your nose and jump in the water because of all the news that's out there about it uh could be uh key uh as far as uh uh any sort of continued move uh talking about another stock that people are talking about a lot is Alibaba uh a lot of people are saying this is one of their best case scenarios uh for this year a little bit surprising about that one of the big banks I forget which one um said that this was their um number one idea whatever they classify it as their best idea etc but notice the triangle here i find this one really interesting too uh again we've got a little bit of open room here not my favorite but it's not bad either so I call this just kind of a soo so in between triangle but it does look like something's getting ready to happen on Alibaba and this wave four is hanging on by the tip of his fingernails at the 78.6% fib level but this could be interesting here if there is a deal worked out between the US and China and President Trump put out uh that he felt like um over the next three to four weeks seems awfully ambitious that a lot of this trading deal stuff i think he was trying to put a bid under the market but it didn't work uh a lot of these deals will be worked out i don't know how they can get 70 plus uh agreements done that fast again I think it was just trying to talk the market up uh the market didn't buy it but if they work out something with China you could see a big breakout to the upside and Alibaba if it breaks below where it is on the wave four though because it also is hovering right around that 100 level you have to be ready for Alibaba to break down all the way down here probably uh towards this 80 mark here uh we had that descending triangle there uh and broke out uh and then we had the support line here down around this 80 level you could make an argument that well there's some support up here i wouldn't argue with that around 85 so somewhere in the 8085 range uh if we break below 100 but I think you can take a shot at going long here on Alibaba uh if um it stays above 100 and I know I say you don't want to pick a direction when you have a triangle but the risk-to-reward is good here because your stop is right there it breaks below 100 you're out so that's the kind of scenario where perhaps you could uh look to pick a little bit of a direction uh Netflix reported uh great numbers after hours they don't give their subscriber numbers anymore and there was a report that came out ahead of time saying that Netflix felt like it was going to double its revenue in the next five years that sounded pretty ambitious and in their conference call uh last night they were like "Yeah no we didn't really say that." That some speculation somewhere but no doubt they reported good numbers that price will be reflected on Monday so it's trading back above uh a thousand here uh not a significant move but it was a significant uh report it was a very good earnings report so that could uh break it above 1,00 next week but remember you need a follow-through or confirmation day so even if we open above that level and are able to close there Monday you want to see Tuesday as well if you can get the break of a thousand and a follow-through day I think Netflix is poised to go higher everybody was calling it the recession proof tariff proof and all that kind of stuff they are firing on all cylinders the content is good um they've raised their rates a dollar or two here and there it hasn't affected them but again they don't give out the number of subscribers anymore so that's the one negative that people are worried about but the numbers were great so that's one to keep an eye on uh and if we can break above a thousand if we could somehow break above a,50 then we're off and running that clean air scenario that I use in racing if you're running out front no resistance in the way you don't have the heat from the other engines the little rubber pieces coming in car operates a lot better in uh clean air so um that would be a scenario if Netflix could break above a,50 who knows where that could go and look where that wave four is right at the 61.8% fib level and then you can also make an argument here uh and by the way the 61.8 is the strongest of all fib levels in my opinion uh you could make a case that we've got a pretty decent ascending triangle here uh and this is kind of what I was talking about um if it is a upside breakout and remember any triangle can break either direction this doesn't necessarily mean it's going to break to the upside looks like it's going to try on Monday morning we'll see if we can hold it but look at the size of it it's 150 points wide that would get us above a,50 if it does break to the upside so Netflix something to keep a a close eye on uh Apple um you know just all the regulatory stuff going on with Apple as well uh same type of scenario as uh what's going on with Google um but it seems to calm down but they they got to get past their regulatory issues the stuff they're dealing with in China etc uh they got a little bit of a bounce when President Trump announced that um for at least a period of time um anything that was in the smartphone or computer area was going to be exempt from the u reciprocal tariffs not the regular ones still subject to those but not the reciprocal ones so got a little bit of a bounce out of Apple and then kind of came right back down towards the end of the week um not you could look at a triangle there but it's just more to me backing and filling sideways consolidation following this big move once again a Bwave at 38.2 61.8 is the first level the next extension is 100% we almost made it down to the second extension at 161.8 there so I I think Apple is more of a wait and see right now don't really have too much of a take on where that goes i think we have to wait and see what uh uh moves out from there tesla uh and um this one's one that could be really interesting because look at these backto back triangles uh Tesla is getting ready to do something and it's labeled a wave five so we could move back up to the wave four but that's only at 300 although from 250 to 300 is a nice 50 point move on this wave three down we went into a triangle then we had the wave four correction we came back down the wave five and we've gone into another corrective triangle so all these wave fives that are ending uh you would wonder is that going to be in one of those wave five impulse signals from the AI as well and that would make you feel confident uh of a potential breakout but I don't know what's going to happen with Tesla here because the wave five tap box is still in play here that hasn't disappeared so even though it's labeled the wave five it may not be done it's trying to sneak out of the bottom side here but you could certainly make a case for I just move this line over a little bit that's why I don't get so picky on the exactly where the lines are drawn but it's consolidating uh and it's got a uh nearly 100 point mouth of the triangle here just under about 80 points uh so a pretty significant move coming out of Tesla here very soon and last night in our insiders meeting for alert subscribers uh at EO Trader they were asking could it break to the upside is there a scenario where it could break to the upside well yeah there is um you know Tesla's into so many different things and they've been hit pretty hard with all the news it's really tried hard to base there at 200 so could you see a bounce back up to at least 300 or maybe even 350 i think you could but with this good of a formation on a triangle and the fact that the wave five only extended 31% you have to respect the downward move here so either you'd put on a very expensive strangle or you just wait see what direction we break from this triangle and then trade it directionally from there i think that would be a good trade as well so even though we're kind of in triangle consolidation mode here in the markets in general there are some opportunities to take a look at out there uh uh to move forward uh with any sort of trades uh and then Nvidia um you know the interesting thing the one show that I watch uh you've all heard my story about breaking a TV by throwing a shoe at it so I keep it on um mute most of the time but I do like to watch the show Fast Money on CNBC uh and in last night's show every single person on the panel was bearish on Nvidia all of them so again a well-formed triangle i like this triangle too so that's why I was saying that volatility portfolio is where you want to be in the next couple of weeks i think we're going to see a lot of opportunities there uh on all these triangle breakouts and Nvidia's got a big one too look the low's down at 90 uh the high up here around 120 so that's a 30 point move out of Nvidia their argument was it overshot to the upside like I was showing you in the chart of USO so it's going to overshoot to the downside and they feel like coming down into this tap box uh is possible uh if it breaks 90 it's probably coming to 80 that's where the next support level is um but if it breaks to the upside uh I think the the biggest argument here is everybody's bearish on it and you know how the markets work when everybody views the markets one way it goes the opposite way because that's the path of least resistance so the only thing that makes me think oh maybe we could get an upside breakout is too many people are bearish on it now it may still break to the downside we could easily have a downside break out of the triangle and come down here into the tap box that would really make sense because from 110 down to 80 is a 30point move and that's what we're expecting so that's possible as well i just thought I'd throw that caveat in there that so many people are bearish at least I have to have you respect the possibility of an upward move here and some of the commentary was you know their biggest buyers are only a few companies and if they scale back on their purchase of chips that could hurt them and that was part of their argument as well um but what if the market calms down these deals get done and we get back to business um Nvidia has come down a bit so you can make an argument either way which is why you do a strangle and you just let the market break out and you don't care which direction it goes we'll finish things off uh in this recording uh with BABA i thought you might want to or excuse me the Nifty we already showed Baba we show the Nifty uh and this is for India uh guys ask about uh looking at the charts of India as well and note what happened here again very classic wave five stuff this goes into that uh wave five signal that I was talking to you about earlier as well so again go register for that uh you're not committing to anything you're just saying I want to hear more about this and what the AI is going to do on these wave five signals so we had the wave five down here at 124% in Elliot wave rules that means you don't necessarily look for a move back to the previous four your first target is a 61.8% correction and this shadowing is the fib retracement level and I like what the software does you can see it shades it slightly different color because that tells you where every one of the fib levels are so you expect it to go back to 61.8 it did that mid-March ran right to it look at that as soon as it hit it boom right back down if you're not watching LA and Fibonacci numbers I really think you're missing out i feel like people that don't have good success with it uh just need to spend more time uh it's intricate uh nothing worth having comes easy but if you spend the time and you really learn the rules of LA wave I think you'll find uh at least if nothing else it's a good indicator to add to your trading toolbox uh so we did come down uh following the 61.8% test we came down we did make a higher low here that's what that trend line represents and look we're right back at the 61.8% level uh we're a tiny bit above the 10day moving average but if we can get a little follow through here then we should come all the way back up to this 100% level so maybe a little backing and fill in to start the week uh here because it gapped up and the 10day moving average separation uh but the fact that we're trying this 61.8% level again uh could mean that we get another renewed bid in the nifty but wait for the follow-through day uh don't jump in um because we get a lot of head fakes in the market the market likes to do that all the time it's a trick that the traders do um they make it look like you're going to break support resistance major moving averages etc get everybody to jump in and then you reverse and go the other way it's a classic ploy to take advantage of retail traders so don't fall into those traps hope you enjoyed this recording and that you enjoy your holiday weekend look forward to talking again soon take care everybody if you like these recordings I'd like to invite you to join our new TradeFinder live where each and every week we do a live webinar where we talk about the market but we also go a little more in depth into the technical analysis system that we utilize to forecast where the market's likely going to go and also to identify trading opportunities get your free subscription today take care everybody

2025-04-18 Michael Howell: The Fed "Isn't Monitoring the Fire"

https://www.youtube.com/watch?v=mxbCLUvokBM

you know the ultimate thing is that if you if you look at this I mean the US may well win the trade war Um that's entirely possible but it isn't necessarily going to win the capital war and the capital war ultimately is more important So the Fed you know should be acting Uh but it should be putting financial stability way ahead of anything else Uh and it should be adding liquidity to try and stabilize markets And that's just not a temporary phenomenon something that's got to under be underway I think permanently because the whole financial system is fragile as we know and we learned that lesson to our great cost in 20089 and it hasn't gone away I'm afraid you've still got this shadow banking system which is very highly leveraged you know maybe 50 100 times uh to one in terms of leverage and you know things can spiral out of control really really quickly in that so if debt is going to double in the next 10 years then you're going to be seeing a doubling of the gold price so it's going to you know nearer uh $7,000 an ounce uh in 10 years time um rather than where we are now Hi everyone I'm Maggie Lake and today I'm talking macro with Michael Howell managing director at Crossborder Capital Hi Michael how are you I'm good

Maggie good to be here Awful lot going on in markets right now again I Oh my gosh there certainly is So h how are you feeling about the state of the world right now Well I must say I've always thought that this year was likely to be uh a year of volatility but you know having said that I mean nothing like we've seen Uh it was always going to be tough because liquidity conditions were basically topping out Uh that was our anticipation but you know the Trump trade bomb has basically uh you know created disarray everywhere and I think uh you know we're just sort of recalling from that basically But uh you know ultimately I mean markets will stabilize but we've just got to try and assess the direction from the short term I think Yeah So I think the one of the things that's making that really hard is right right before I jumped on with you I listened to someone say that they saw good buying opportunities here uh in US stocks based on the declines we've seen And another person saying this year feels like the dotcom bubble and great financial crisis all wrapped into one and and they're expecting uh declines of 35 to 40% from from peak to trough It's like you can understand why investors are confused It's like which one is it I mean it's it's sort of head spinning Um based on what you're seeing how are you thinking about this I mean do you fall into either one of those camps or is the truth somewhere in the middle Well well the answer is actually I probably fall into both I think if you look at if you look at the way that US investors have shifted portfolios in the last uh even 3 or 4 weeks I mean they've basically gone hugely risk off uh in a a way that we haven't seen really since the COVID crisis back in 2020 So there's been a real a real shift out of risk assets Now if you can if you calibrate that and we've got data on asset allocation going all the way back to 1978 So you know a long time here uh there's only been about eight or nine% of periods when asset allocation has been actually more conservative or more riskoff than we are now So on the basis of is this a great buying opportunity Are you buying when others are fearful to use the sort of the Warren Buffett adage the answer is yes you are Um will you make money in the short term That's difficult to say and I think that you know that rule normally applies with a time frame of about 18 months So if you buy blindly during these panics you can make money pretty much guaranteed in an 18-month view But you know on an 18week or 18-day view then the jury's out It may may or may not transpire And that really comes down to the other dimensions So the way that we think about markets is really in two ways One is how are risk assets basically being dep deployed or how are portfolios being deployed in risk assets and the other thing is what is the flow of new money or liquidity into uh markets or into investor portfolios and if the first one of those uh factors is let's say positive in terms of people have already gone hugely risk off so you know the old saying if you're lying on your back things are looking up and that is is pretty much correct I suppose the other thing is what is the flow of liquid liquidity and that's very problematic Now as we speak right now it's not bad and I think that you know had we seen um you know less liquidity markets would have been off a lot lot more given the reaction to investors but they've held up actually I think surprisingly well and a good benchmark of that is to look at what's happened to Bitcoin I mean I think it's a great surprise in many ways that Bitcoin has been robust during this period or pretty robust Okay it's off from its highs but it could have been a lot lot lower given the uh the swing sentiment So I think that's a fairly good bell weather The liquidity conditions are not that bad And in fact they've gone up for liquidity is expanded for three reasons One is that the dollar has weakened and that's normally a very good heads up to say that liquidity is likely to expand Uh people tend to borrow more money in dollars during that period The second thing is that the People's Bank of China has been injecting quite a lot of funds Now this is not really an overnight phenomenon but this is something that's been uh underway pretty much over the last 3 months and they've injected something like 4.5 trillion yuan uh back into their market So you you know you're talking about sizable you know you're talking about what $600 billion or so which has gone in So these are you know important flows of money And then the third thing is really to look at the at the Fed itself Now the Fed has not not necessarily been uh sitting on its hands in terms of its actions It's been sitting on its hands in terms of its words but in terms of what's been happening u money has been flowing into the US market And if you look at the data there's been something like 750 odd billion which has been going in through the Fed balance sheet since the end of last year And about half of that 370 billion has actually gone in since the end of last month In other words through the month of April Now those are sizable amounts of cash and they come really for temporary or probably technical reasons um and largely associated with the fact that we've got a debt ceiling in the US So the Treasury general account has been drawn down uh that's an account on the Fed balance sheet and effectively money has been drawn out of that account and gone into the money markets So it's helped to support things So the money markets although they've seen strain uh you know v the repo spreads blew out last week they've actually come down to more normal levels recently So I think we've got you know we've got stability as we speak and it's not surprising that the markets are trying to bounce from here The big question is what happens to that liquidity picture as the year unfolds and that's where I think there's huge uncertainty There's uncertainty about what China's going to do Although I would suspect that the Chinese are going to continue plowing this course of trying to stimulate their domestic economy and they'll be adding more liquidity and I think that's something they have to do but you know hey we'll see The other thing is what is the Fed doing here and that's why I get really I mean I think it's really puzzling and the trouble with the Fed is it's really trying to operate two levers at once Uh one is an interest rate lever and the other is a balance sheet lever Now the balance sheet lever is all about financial stability and the trouble is it gets muddled up with the other lever So the Fed is sort of circumspect about whether it should be cutting interest rates or not And you just listen to the number of different noises or voices that have come out of the FOMC in the last week or so about saying you know will they cut will they not cut will they support will they not support It's all kind of confused in a way So you've got that backdrop and with inflation uncertain I mean is infl Are we in an inflation or a deflationary uh you know market after the tariff hike Um you know I would suspect it's going to be deflationary because it normally is but you can't rule out the fact that prices will go up in the short term So to use JPAL's wonderful expression it's transitory Uh but then you've also got the economy which is likely taking a big hit from this So the Fed you know should be acting uh but it should be putting financial stability way ahead of anything else Uh and it should be adding liquidity to try and stabilize markets and that's just not a temporary phenomenon That's something that's got to under be underway I think permanently because the whole financial system is fragile as we know and we learned that lesson to our great cost in 20089 and it hasn't gone away I'm afraid You've still got this shadow banking system which is very highly leveraged You've got hedge funds which are engaged in uh you know basis trade uh to use that expression which is a highly leveraged trade you know maybe 50und times uh to one in terms of leverage and you know things can spiral out of control really really quickly in that so the Fed needs to be alert and needs to be able to expand its balance sheet if necessary uh and that's the way that I see it so you know I would say that there's that uncertainty hanging over markets what they what they will do and the problem is and the reason I'm so hesitant about this is that we know from experience that the Fed is always late uh and as a result it makes a mistake and that's what we can't afford to happen this time particularly if there's a conflict against China is there uh do you think that what do you think is feeding into the Fed being so reluctant Is it because they got so burned on the inflation front before Is it because there's so much political uncertainty Uh is it because there's political pressure term I mean it doesn't seem like there's a lot of um you know in the past we had the Treasury Secretaries right there in the White House with the uh Fed officials and everyone working off the same page We know from all of the you know account personal accounts of the great financial crisis There was no space between everyone when there was that danger There seems like there's an awful lot of daylight between the Fed and and White House officials right now What's contributing to the Fed being so reluctant in this They surely must see what you're seeing Yeah I I think all of the above actually I mean all these things are sort of creating confusional chaos and I think it's very difficult for the Fed to steer a true course But I think on top of that I mean I think there's also an in institutional um you know sort of uh problem here an inertia because you know the the Federal Reserve has come up with you know or invented new fire tenders uh after the the GFC but they're not really manning the watchtowwer as far as I can see it If you sort of draw that analogy uh they're not really monitoring the fire as it's or as it's smoldering Um they're saying "Okay we've got the fire ts we've got the standing repo facility around you know we've got a discount window that banks can come to if they're in distress." But then SVD SVB didn't go to the discount window So you know accidents can happen And I think that the end of the day what they need to be monitoring pretty closely uh a lot of the tensions in financial markets and looking at things like why the move index of bond volatility you know is is so high so elevated that's got to be brought down um and also you know why thing why the repo spread blows out Now we've been flagging the fact well if you go back uh you know over the last um what 15 months um you you've seen a series of blowouts in the repo markets of the repo spread and something like 90% of those blowouts have actually occurred since last August So you can see that there's a concentration near-term But if you drill into the data and you look more closely you'll find that actually 90% of those of that 90% has occurred pretty much since the end of January So you're looking at a big concentration of repo blowouts suggesting that liquidity conditions even before the trade bomb was was lit or exploded uh there was a problem and that's why I think the Fed needs to get get you know to expand its balance sheet and start thinking about let's not call it a QE because there's there's so much uh you know uh oh I'm sure they'll think of another acronym nobody wants let's think of a better acronym yeah let's call it QS quantitive support but ultimately in a debt driven world which we're in you know rightly or wrongly we're in a debt driven world we've got to accept it you need balance sheet capacity to roll over the debt and the whole liquidity cycle that we look at and we emphasize is really a debt refinancing cycle and it fluctuates with the maturity of uh the average maturity of debt and that's what we got to accept So the Federal Reserve needs to nurture this because it's really the Federal Reserve that controls uh that debt refinancing refinancing process Uh I can imagine why are we having what is causing those blowups that so frequently now It sounds like it's kind of you know a heart attack warning and you're getting all these palpitations and you should really be paying attention to them Why is it speeding up What's happening behind the scenes Because and I'm asking because I I can imagine that if the narrative is oh it's hedge funds levered You hear that and it reminds me of what we heard leading up to the great financial crisis was like let them fail Let those greedy sobs who are you know gambling let them let them let them flame out Who cares this is you know we should be focused on the working person I can hear echoes of that again Uh why is it happening And is it because of hedge funds that might not well in Washington right now Absolutely Well I mean the hedge funds are a symptom of the instability in the system and the hedge funds are basically leveraging u mainly in the in the treasury market Now the problem that you've got I mean all all these all these words are you know I mean what I I I would endorse I mean what we should be doing is bailing out Main Street not Wall Street uh every time but the reality is that Wall Street has to be bailed out and the end of the day what really matters to the Federal Reserve and of course the Treasury is the integrity of the US bond markets I mean this is the the sovereign bond market is really what these financial institutions are there to preserve and they've got to be preserved So when push comes to shove uh it's all you know all hands to the deck and making sure that the bond markets are stable Just look for an example of uh with the British sovereign debt market the guilt market during the time of the Liz trust moment Uh the bank of England turned from QT policies to QE policies overnight with elacrity uh without sort of even an acknowledgement But that that's what they had to do And when it comes to these crises central banks have to act And you you know you could hear the you know the head of the Boston Fed on Friday saying well okay if markets do become illquid we're going to act Well okay that's fine But why wait until the till the event Why not actually smooth the situation or provide liquidity Because that's really the issue that is is in front of us Now why is liquidity or lack of liquidity a problem It comes back to this whole debt problem And like it or not as I say we're in a debt debt driven world Um you know long gone of this sort of textbook model where you know capital spending attenuated by interest rates drive the business cycle That's that's not the world anymore We're in a world where financial markets are geared up to debt refinancing We've got huge uh you know pool of debt overhanging us but debt has to be repaid or more particularly more correctly it has to be rolled over and it's that roll over which always creates tensions So if you're talking about you know a stock of debt of 350 trillion worldwide and you said for example there's a 5-year average maturity on that debt you're talking about 70 trillion of debt being rolled over every year So this is a huge amount of of debt uh or capacity for the financial system to cope with and if they don't cope with it you get a refinancing crisis Now the issue that we face which is in front of us is that number one the liquidity bubble if you like which was elevated after the GFC was elevated hugely after COVID uh basically was there to support debt refinancing and it did on top of that a lot of debt was turned out during the COVID crisis when interest rates were virtually zero So in other words uh debt has been shifted back into 2026 27,28 and it will come back into the system to be refinanced then at a time when liquidity conditions are a lot less generous and those days of abundant liquidity that we saw uh you know in the wake of uh co etc are starting to dissipate and slow down now and they're going to start to meet this debt refinancing wall in the next year or so I mean it may be even be coming through now at the margins Uh and that's what's causing the problem the the system to seize up So you always need this liquidity injection particularly when there's a huge amount of debt uh coming forward Now to crystallize that let's look at Scott Bessant Scott Bessant has an uh you know an eyewateringly uh you know huge challenge to face this year because he's got to refinance something like nine or he's got to refinance about 9 trillion of US debt treasury debt and he's also got to somehow finance another two trillion from the deficit So these are big big amounts to to think about and it's a problem if you're losing control of your debt market And this is the outcome I think the conclusion that the world is basically taking away from the Trump the Trump tariff bomb That's the reality You know the dollar is sold off Okay for sure Uh I don't think that's so necessarily I mean it's clearly material but I don't think that's that's uh uh people giving up on America per se as a lot of the commentators say What I think is the more worrying thing is the loss of control of the Treasury yield And what you're looking at is a situation you know as we know the yield on the 10-year uh is pushing up again Uh it's pushing up It's trading above its 200 day moving average where everybody is now saying we're about to hit recession in the US Well the Treasury yield should be falling during that period not rising It should be well below its trend Uh and it should be signaling the fact that investors are moving into safe assets But that's not the case And if you look at term premier which is I know a wonkish concept but it's a it's the critical one to un understand bonds Uh term premium which is the risk premier for holding interest rate risk in a on a sovereign bond Um term premier are rising and they've been rising pretty consistently over the last 6 months or so And that's a worrying dimension for Scott Besson He you know he he can't he can't afford that because the cost of debt goes up And you know the issue is that if you're refinancing so much debt uh this year uh that debt a lot of that debt was taken out at much lower interest rates So if you're refinancing at a higher interest rate you're embedding a higher interest cost uh into the budget So your debt burden is compounding the whole time and that means the debt GDP ratio just starts to run away and that's clearly not an attractive situation Um because the only way out of that is you've just got to monetize and that may be the ultimate solution It probably is the only solution I I want I want you to explain that for people who may not understand that But but are are are they losing control of the bond market Are yields going up because people are not interested in owning treasuries or there's not the dollars in the international system There's not enough liquidity for them to be able to buy them or both No I I don't think it's the latter I don't think I don't think it's a question of the of the dollar being of there being a shortage of dollars I mean you you would see that in terms of the currency as well but you but you're not you're seeing the opposite People are shedding dollars uh at the margins anyway And as I say I don't want to over egg that because I don't think I don't think it's a big structural pull away from the from the US dollar Uh I think it's a much more much more cyclical move Now if you come back to the Treasury market that's a more worrying dimension And if you look at uh what I said they're losing control they're losing control in terms of looking at a term premier And what you don't want to see is term premier during a market u let's say a bond selloff starting to push up because it's saying that investors demand are demanding a bigger and bigger premium um on yields or on bonds to hold them Now if you drill into that and you say well okay what could be happening here you actually look at it globally and you find well actually term premier globally tend to be moving up It's not just the US But the worrying part about that is that if you look at the transmission mechanisms the US is no longer a price maker in international bond markets It's much more a price taker And I say that by looking at the data over the period since 2020 And during the period from 2020 onwards it's been very clear that term premier in other sovereign bond markets in the bund market in the JGB market even perhaps in the British guilt market also in the Chinese uh government bond market have been leading the move in US Treasury term premier And that is that's the worrying thing Now if you've got the term premier in other markets pushing up and after all we've got Germany's debt break being released We've got Japanese inflation which is well above people's expectations So term premier in the JGB markets going up And then you've got China which is likely to embark on a major fiscal splurge Then you've got pressures pushing up term premier and yields in the US So this is not a great background for Scott Besson to operate Now I've thrown another spanner into the uh into the works or I think as you say a wrench into the machine or whatever But if you if you look at that uh that is China mischievously selling uh treasuries to maybe try and worsen the situation for the US And you know let's not say they won't because they will This is a war situation China understands that and China will make it as difficult as possible And what you what you're seeing you know right now is a situation where China is sitting on $760 billion worth of US treasuries They're unlikely to add to that They're only going to take those treasuries down presumably and they're going to be opportunistically selling Now what better than to try and sell through a year where um you can do it as I say mischievously and cause the US yield uh on the on the on the Treasury market to spike upwards And maybe that's what they're doing and seemingly uh at the same time they're switching those treasuries into gold bullion So the gold bullion price is going up So they're basically telling the world look the new safe asset is no longer the US Treasury bond Uh it's the it's gold bullion a bar of gold Uh and so far that's working pretty well Uh which is a very different scenario than we've been in in a long time uh and one that hard to imagine they uh they accounted for Maybe they did uh in Washington but it seems unlikely that that a trade war they'd start a trade war while while that was you know with that as a likely outcome Um is there a risk that the US would actually default Because that's how that you know if if you have an unsustainably rising yield that that's what normally you would worry about Is that anything that seems remotely possible No there's there's no way that the US would default There's no way that any major uh major economy would default on their debt because they basically can always monetize They can always print money So there's always a way you can sell debt The question is what what price what price you can can you sell it at So we're not really debating about the US defaulting We're really saying what what is the yield base that they're they're able to sell their debt at And that that really is the issue So you know the ultimate thing is that if you if you look at this I mean the US may well win the trade war Um that's entirely possible but it isn't necessarily going to win the capital war And the capital war ultimately is more important And if you've lost control of your sovereign debt market in this way uh you're not really you know starting out very well in terms of winning that capital war Uh it's clearly a challenge And that's what Scott Bessant needs to get to grips with And it may well be that as we saw last week you know the threat of 4 1.5% yields on the 10-year Treasury the benchmark Treasury was enough to draw a line in the sand and you know Trump backed off Uh maybe that was the catalyst I don't know but it would make sense What they don't want is a disruptive Treasury market Um and that's Is there a scenario where the trade war cools down but the capital war doesn't now that there's everyone's spotted weakness Yeah Well I I think it's all about a capital war and I you know I wrote a book with that name Uh and your suspect is called that Exactly Uh and because this is what it's about It's not really about trade wars It's about capital wars It's about making sure that American capital is is still dominant And you know that makes tremendous sense Uh that's what the administration should be doing and that's ultimately what they're trying to do Uh they're trying to get control of capital They're trying to encourage more FDI foreign direct investment uh to open up on on shore or US That makes tremendous sense to me And they're trying to make sure that the dollar is preeminent as a as a major currency Uh and I think they'll I think they'll win out on that But it's going to be a hard struggle in the near term if you've got a lot of debt to refinance which is the reality What is the the downside or the fallout or the price you pay of winning that capital war What do they need to do And what happens I mean is there any casualty to that It it seems like there has to be Well I think the I mean the the ability to win is really the ability to have uh to have a stable sovereign bond market And that really you know that's in many ways the most important thing And if you look back through history and I'm talking about sort of millennia of history go back to the Romans or whatever we can always say that the you know the the most important price in every financial market is the price of the of the dominant economy sovereign debt And that's a factor of the yield on the 10-year Treasury So that's critical But if they lose control of that that's indicative of if you like a loss of US power Now how do they get out of this mess I think in the short term the only route that Scott Bessence's probably got is to monetize um the deficit Now they can do that sort of indirectly Uh they can do that by issuing a lot more tr a lot more bills Uh he said he was never going to do that because that was the policy he criticized for Janet Yellen But the trouble is he's been painted into a corner So he may well be doing that And if you got the Chinese mischievously selling sovereign debt uh at longer maturities uh and he's lost control of the long end of the market then it makes more sense to try and go for the shorter end uh finance there and he will get or presumably there'll be pressure put on JP to try and cut interest rates But that's you know opens up another debate about you know how independent is the Fed and should the Fed be independent in this environment Um we know during crisis times that the Fed and the Treasury do come together and work closely and maybe this is the time when they should be doing that but ultimately what you've got is a situation where you're you're moving towards greater monetization but in many cases I mean that's the only way out anyway Um you know it's very difficult if you've got a whopping budget deficit uh where you've got spending which is running away and we know you know from what Scott Besson's already told us there's nothing wrong with the revenue side of the US economy you're still collecting 18% of GDP and taxation It's the spending which is gone out of control because Medicare Social Security defense are just skyrocketing uh in terms of their outlays and it's very difficult to control So the only way you can uh you can do that is either cut them back renegle those promises or try and find innovative ways of funding Now it may well be that they can square the circle They may say as part of a deal with the so-called 75 countries that have approached the White House but part of this deal that you're going to do with us is in return for a security guarantee you use the dollar and you buy US treasuries Now you know 75 the 75 may not be big economies but you add them together and this is you know clearly a big start and it may be an approach Um you know the other thing they can do is to encourage the banks to buy more Treasury debt uh that's a possibility Getting rid of the supplementary leverage ratio is is a start in that regard But you know ultimately the Federal Reserve has got to come back and help stabilize the market in my view Uh the problem is is that these things are or ultimately lead to monetization and I think we come back on this path time and time again which is why the gold price is going up uh in many cases because monetization is the flavor in many economies worldwide It's not just the US that's doing it Uh I mentioned China earlier on China is monetizing China has to monetize a lot lot more We're in a debt driven world and the only way out of a debt driven world is to monetize debt So this is what we face And I think if you look at the dynamics of the gold market there's a very interesting you know sea change going on there that maybe many people would have noticed not just the rising uh gold bullion price but it seems like the price is being set more and more uh in China And you know traditionally it was the London gold market which was really king and it set the gold price I mean that's been a feature since uh like many things of Britain since the 19th century Uh but now it looks like the Shanghai uh gold exchange is really the marginal pricer And you can say that because you know for a long long time now there's been a premium uh on the Shanghai exchange relative to London which is telling you there's always an Asian bid in the market Uh and we know that in March and in February and in January before that uh the PBOC the People's Bank of China were net buyers of gold They're buying bullion Uh but it may be part of a strategy and this is what we've added as well that what China is trying to do is to get out of its debt problem by devaluing against gold And that makes perfect sense to me They're not devaluing against the US dollar They're devaluing against gold And that's a way of digging out of your debt trap uh because you're devaluing against real assets Uh we wrote a piece about a year ago which said look if China is going to get out of debt it's debt trap it needs to devalue the yuan significantly against gold It needs to get up to gold needs to go up to $26,000 sorry 26,000 yuan um bit ahead of myself 26,000 um uh yuan per ounce and um you know where is it now It's 23,500 as we speak So it's getting up there but it's doubled since the beginning of the price has doubled more than doubled since the beginning of 2023 So the gold price is going up Now if you start to think what does this mean And if China decides that it's not going to devalue the yuan against the dollar and why should they They've still got a whopping trade surplus anyway uh you know even as we speak So uh there's no need to do that The yuan is very competitive too competitive So if it sticks where we are 7 what 35 or 730 you triangulate us 26,000 uh yuan gold price into US dollars through that cross rate you're talking about $3,600 uh dollar an ounce and that's what I think is a pretty minimum target for what the gold market could do And these are the new safe assets that people are going to be increasingly holding Is there a limit if everyone's now decided either gold is the safe h the only safe haven andor this is how I'm going to deal with my debt problem is there any limit of people's ability to do that if every can other countries look at that and is there some natural limit to the market I mean it's a finite resource right is there some some at some point does that become an unsustainable move in and of itself well it's not necessarily unsustainable I mean it it clearly is inelastic as you said It's a finite resource and what you're going to get is the price is going to keep going up the more bidders there are But we've seen you know persistently in the last what 20 years um buying from the so-called bricks uh and bricks and friends group uh those countries that are supposedly rivals to the US or the West have been progressively buying gold This has been a long-term strategy It's accelerated recently but it's accelerated really in the wake of this tariff uh or these tariff tensions uh but it's always been there So you've seen this process going on We got to remember that China's the world's biggest gold producer and they've been encouraging their citizens to hold gold for several years now And what's more the the Chinese government the administration is buying gold bullion Um and these are all I think very important signals So they're trying to say that gold is an alternative asset maybe an alternative settlement asset in time to the US dollar it really will will uh bedrock an alternative monetary system and that's the way I think we're going So uh you know think of gold but also think of Bitcoin because Bitcoin is also uh you know a finite asset and interestingly the two tend to move in the long term together Um with Bitcoin as we know in the last 10 years being an even seller performer Um so you know these are the sort of assets that people have got to hold in a monetary inflation and we are in a monetary inflation world because you know debt is there and debt debt can't be got rid of that easily It's got to be monetized away and you know if you want a sort of a a straightforward statistic look at the US debt burden or how the debt burden has increased since year 2000 The stock of treasury debt marketable debt has increased by almost tenfold 10 times uh in size since year 2000 Okay Now that's courtesy of co at al uh GFC we know those are the issues but the debt stock is out there and it's 10 times bigger What has the gold price done over that time It's gone up almost exactly 10 times So gold has matched um the the if you like the the match the increase in debt but that's basically a monetary inflation response I I know we'll get some people saying "Oh does that mean we're going back to some sort of gold standard that we dropped I mean you know what what what what does that mean if now that's the only one of the only We'll get to Bitcoin and and sort of that whole area in a minute because I think that's super important." But um and we have you know we have so many people retail people retail investors in the US who are who don't have exposure to gold Yeah Well I think they my answer is they should um and okay we're buying in a spike but then you know look around the gold uh the sort of gold universe Think about silver or platinum or other precious metals I mean those are the the whole case still applies Generally gold may be spiking uh you know wait for it to pull back and then buy it again But you got to think about the trend here The trend is important in all in all these various monetary inflation hedges and they're moving up because debt is being monetized and that's the only route out and I think as I say if China is opportunistically and mischievously selling treasuries to bid the yield up then the only thing that Scott Bessing can do is actually fund at the short end of the market and that funding at the short end of the market is almost automatically a monetization of debt So these are the issues that one has to confront Um so yeah I mean I think people people should be uh owning owning gold Now to come to your question about is this a gold standard No it's not Uh a gold standard would be very different from that A gold standard would be fixing the price of gold And so what that would mean is that if the dollar uh gold price shot up there'd be a massive tightening by the Federal Reserve That's not happening Uh you know it's very interesting that um you know back in the early 1990s um and you can actually see this you can evidence it from the gold price chart that um the Federal Reserve was almost certainly deliberately targeting the gold price In fact Alan Greenspan used to say the first thing he demanded uh of the Federal Reserve when he got there every morning was to ask what is the gold price and what is the US corporate spread And by those two indicators you know miraculously he managed to work out the tempo of the economy and what he should be doing But those were pretty important variables But if you look back at the gold market through I think it was 1994 95 that one year or 15 month period the gold price was absolutely stable And I in actual fact a former FOMC member told me that fact Well they actually were deliberately targeting the gold price at that time So Bitcoin is interesting because you're sort of saying this is um something that you think people are going to also look at as as in the category of gold So you buy this idea that it works as a hedge as a sort of form of digital gold Yes I think it does The the issue with Bitcoin and we wrote uh you know several pieces on this which are actually in our Substack but if you look at what drives Bitcoin it tends to be three things mainly One is or these are the systematic influences on Bitcoin Number one is global liquidity which is the biggest impact and that's well over 40% of the drivers Then you've got got the gold price itself Now the gold relationship with Bitcoin is complex Uh sometimes gold will have a short-term negative effect on Bitcoin Uh but ultimately in the long term it tends to be positive So what you could say is in the short term very short term gold and Bitcoin are negatively correlated but in the long term they're very positively correlated So it's a slightly complex relationship And then the third factor is investor risk appetite Now gold doesn't really have that in its uh factors or it's a very small component but bitcoin it's quite big and that really attests to the fact that if you've got a big sell off in NASDAQ bitcoin will fall as well but equally if you got a rise in NASDAQ bitcoin will go up So you've got that element to take into account So Bitcoin is not a pure uh play or alternative liquidity play like like gold is Uh but it has a big impact Liquidity has a big impact on Bitcoin Yeah There seems to be when when I hear people talk about it and it's always been interesting that um many of the people who are in the hard asset camp if you want to call it that who've believed that you know we're moving this way because of debt and and that is one of the ways to protect and hedge against it are usually anti- Bitcoin they usually see it as um you know they they just don't buy into its promise as that and they don't see it and they they see a lot of trust issues in in that entire ecosystem Are we working through that or is that still something that stands in the way of it actually working as a proper hedge Well I think it I think it is a I think it is a hedge and I think it it works pretty well but there there's clearly a lot a lot of complex issues going on there But you know ultimately this is what I mean these are these are assets that people have got to start to look to increasingly in the future if you know if not already in terms of hedging what I what I would say is a long-term debt problem the world has got and you know to come back to the point it's not just uh the US has got that problem Europe's got that problem Asia's got that problem and they're going to have to get their way out of it and China is trying to dig its way out now and you know part of the reason we were thinking that that China has to expand uh or has to devalue the yuan against gold is that China needs to expand its liquidity dramatically to get the debt liquidity ratio more or down and more stable in China And you come back to you know part of our thesis is that it's not the debt GDP ratio that matters so much Uh in otherwise you know you you can say well you know look uh you know Singapore's got a debt a debt GDP of 400% but that still seems quite stable Uh China may have 300% but it's had that for several several years if not decades Uh so why should it matter What really matters is not debt to GDP It's debt to liquidity So when you have an absence of liquidity relative to the debt you can't roll the debt over and that's when you get a financial crisis And therefore what you need to do is to expand liquidity So the fact is that you always got to start with a premise that is debt expanding or debt contracting The trouble is that the world we live in is that debt is expanding Politicians will only kick the can down the road They're not going to vote for uh you know big spending cuts because they they'd lose their they'd lose their votes lose their seats So they're always going to come uh at this with the idea of let's continue the status quo So debt's always expanding Therefore you always need liquidity and if you need liquidity then you need these monetary inflation hedges Uh and that's the reality This is a long-term view not a not a short-term one Yeah we have a debt problem We have a demographic problem as well which is contributing to to this debt We have a lot of older people that need taken care of Do you do you I've heard some interesting conversations about um sort of you know securitizing assets or tokenization of um of assets We we've heard we heard little things here and there in the administration as they've kind of embraced the whole crypto ecosystem People were talking about um revaluing gold but maybe digitizing it There's all these things being floated stable coins Do you see a way out through any of some of these new financial innovations that people are talking about Well I don't know if there a way out but I mean that they're going to be part of the architecture uh I think in the in the future I mean stable coin I think absolutely definitely you need stable coin and therefore that there's a market there uh which is beginning to open up in the US already as we know So that's definitely there for the future Um is it a solution I don't think it's necessarily a solution Um it's an alternative You know in other words if people buy a stable coin the stable coin issuers may well invest in treasuries But then you know then you got to say well okay how do you square that circle Simple being that people would rather than put money into a money market mutual fund they buy a stable coin So the stable coin issuer is buying the treasury not the mutual fund So you know it doesn't mean you're not you're not getting any more bias You're just putting it in a different form So I don't think there's there's any net gain there but it does mean that this system is more I don't maybe more liquid in the sense you've got a a an instrument which you can trade more quickly in this whole scenario We haven't talked about equities at all What happens to equities in the in the in a capital war that scenario that you just painted Well I think it's in terms of the overall market Let's look at the overall market then get down to to maybe uh what happens to sectors and I think if you look at the at the overall market um basically equities tend to hold their own or their head just about above water relative to a monetary inflation So um if you've got a monetary inflation which is going on relative to an expansion of debt So let's say that debt's expanding and let's use the US as an example Debt's likely expanding in the US at a rate of about 8% peranom Okay So then you've got to say for stability and we assume we're going to get stability because that's what the monetary authority is there to to achieve You get 8% liquidity expansion in the medium term Therefore that's your benchmark against which to gauge asset allocation Now against that 8% then you've got to say well if I hold cash instruments or I hold government debt are they going to give me an 8% return Well the answer is in you know in Scott Besson's words I hope not because otherwise he wouldn't be able to fund the deficit if it was 8% yields Uh or certainly that that easily So in actual fact what you've got to see is a situation where yields are below that 8% threshold which means that bonds and liquid assets are not going to be a great investment And it may well be that some form of yield curve control is enacted um which basically keeps yield suppressed in some way And that's quite feasible I think Therefore equity should do at least 8% Um some sectors will do better than that And then you've got monetary inflation hedges which basically will do at least 8% but things like gold may do better and Bitcoin may be better because they've got a scarcity uh factor embedded in them You know that the Chinese other governments are buying uh gold So that means that you've actually got an extra bit on top of that 8% And then you know that Bitcoin is uh a scarce asset with no more supply and you've got almost an S-shaped growth take up of people actually buying uh Bitcoin increasingly in their portfolios So that should be at a premium too So you can see that these monetary inflation hedges should do rather better But the benchmark that people have got to take is something 8% an 8% level And they've got to ask themselves which assets are going to deliver more than 8% return because if they deliver less than that I'm losing out Uh and I would say you know equities will probably do on average about 8% Things like technology should do better because they always do Um you know you've got uh financials which are basically respond to the yield curve So financials may be okay if you've got a steep yield curve Uh then you've got cyclicals and cyclicals already depend on the tempo of the economy So that's another issue But the the average must be around that monetary inflation level It sounds like bonds bonds are I we have people you know if they're still hanging on to that 6040 mix in the US We know that there were a lot of questions about that But the truth is a lot of people have been still operating that way That sounds like that bonds are not not a positive thing to be in or uninvestable as some people have said to me in this kind of environment Well I think that's right I mean I think that that they are I mean I'm I'm not going to deny the fact that if there's a recession in the US the bond market would probably respond pretty well But if you're going to play the bond market my plea would be do that in the mid-uration area uh rather than the long end because the long end uh you know I wouldn't be confident of yields dropping a lot Um I I may be wrong but because they always do of course but I may be wrong but what I'm saying is that the environment at the long end may well have changed go for the safety of the mid-uration area if you believe there's a recession so bonds will form temporarily during that period but we're talking here about the long term and the analogy that I've often drawn which is let's put it this way it's an uncomfortable analogy but it's an analogy which you know has a certain resonance to it is to go back to the 1920s and think of Germany In Germany we had a hyperinflation okay in the wake of World War I And a lot of the wealth or most of the existing wealth in Germany was held by older generations who basically invested in bonds and through that hyperinflation the value of those bonds was completely eroded as we know So uh that older generation lost out The younger generation bought equities which were a relatively new instrument at the time and they were scolded by their peers or by their uh elders who said you know why are you buying these crazy things this new technology uh you know they're just speculative you don't want to make any money you're going to lose your shirt in that the answer was they lost their shirt by owning bonds uh whereas the younger generations with you know let's say unfortunate consequences looking forward were the ones that got the wealth and they were the ones that had the political power in the system uh as the 1920s unfolded So there was a huge wealth transfer uh in Germany in the 1920s during that hyperinflation Now I'm not suggesting in any way that we're going to uh you know we're going to go through a hyperinflation in the US but we're moving into a monetary inflation of you know maybe high single figures and you got to think about that same analogy and extending it It means that you know bond holders are not going to be not want to lose their sh overnight but they're going to be sort of progressively sandpaper to death uh which is an equally uncomfortable prospect So I would be reducing exposure to bonds and I would be holding gold or even uh or you know monetary inflation hedges Uh you got to recognize that that prime residential real estate is a very good uh inflation monetary inflation hedge as well Uh bonds sadly are not uh bonds will hedge against recession uh but you know that comes those are sort of few and far between in many cases u so you got to think about the longer term and the other point which I ought to stress is the distinction between monetary inflation and high street inflation the two are not the same thing what we've had in the course of the last 30 40 years is huge monetary inflation the value of the paper dollar has been eroded evidence that by looking at the gold price I mean That's that's clear Uh you know my point is that the gold that gold itself per se doesn't change in value Uh what happens is everything else devalues against it We're just accustomed to saying that the gold price goes up But gold is like the pole star in the sky uh which navigators look at to guide them uh you know to guide them on the oceans and gold is the same thing It's a benchmark of value but it's a hedge against monetary inflation not necessarily high street inflation High street inflation is a cocktail between costs and monetary factors And if you get cheap Chinese goods or you get uh technology breakthroughs costs will change And equally that can work the other way So if Chinese cheap goods are not allowed in or tariffs spike you're going to get a lot of high streak inflation You might not necessarily get monetary inflation although I bet you probably would at the same time That's a really really important distinction because I think people only look at the sort of high street main street are my eggs up is my you know like that sort of basket of goods and and that and use that as a gauge of inflation It's very interesting that you bring up that Germany uh comparison at the time and the switch generationally from bonds to stocks Do you think that generational opportunity is in Bitcoin Well I think I draw the analogy and I've used that analogy before Maggie to say "Look okay isn't this what you know many of the older generations are saying about uh cryptocurrencies right now and you know cryptocurrency is a big universe the same way as the stock market is a big universe And I'm sure in Germany in 1922 there were companies that failed There will be cryptocurrencies that fail but generally the the stock market in Germany uh you know kept up with inflation That's how you preserved your wealth uh in Germany uh it was a nominal asset and the same with Bitcoin It's a nominal asset So what you find is that if there's a monetary inflation uh Bitcoin will go up in the in the long term Uh I'm not an expert on Bitcoin or any cryptocurrency But all I can recognize is that if you've got an asset that people believe in that's got a fixed supply it will basically give you a hedge against monetary inflation the same way that gold does Uh you know people decry gold I mean you read the Wall Street Journal and the Financial Times every day and they say you know this is a dumb asset to own Um you know Barbarous Relic or whatever they whatever the the label they put on it But you know who's laughing Uh they're more or people who have been owning gold Um you know the gold price has gone up dramatically in the last Well I mean what is it up this year been 25% or something Um which has a lot of people concerned about chasing it You know we've kind of been like oh it's it's it's moved too much I've missed the boat Well I mean you know the old adage is the market's never go in straight lines I mean that's that's for sure So you've got to think about a pullback But you know just look at the trend here And you know all I'd say is that you know let's think about the analogy I drew earlier on with US debt If US debt is growing at 8% peranom uh it's doubling every 10 years Sorry a big point If it's growing at yeah got that right Maths is correct If it's growing at 8% it's doubling about every 10 years So if you take that analogy then you've got to say that the stock of debt is going to double in the next 10 years Uh it doubled from 20 or year 2000 to 2025 Sorry it went up 10 times between year 2000 and 2025 and the gold price went up 10 times So if debt is going to double in the next 10 years then you're going to be seeing a doubling of the gold price So it's going to be you know nearer uh $7,000 an ounce uh in 10 years time um rather than where we are now And that's broadly how it works But you know silver is lagging Um gold um silver may be an interesting one to take take a look at Uh but it's equally a monetary inflation hedge You went earlier this year you were in Asia You did you did a a trip to Asia I'm curious what your thoughts were when you came back Um because I know you were talking to people and meeting people And what what were your what were you thinking about when you came back about what's going on in that part of the world that we may not be aware of sitting over here Well I think the thing is I mean um I think the first thing to say is that it is a fairly broad trip of Asia but I mean one is that there's you know every time I go there I'm always impressed by wealth levels and how uh affluent uh the the region generally is and and I think you can see that you know not just in Asia but also in if you can call them satellite countries like Australia uh you know if you I mean it's probably it's probably more obvious to to us Brits because uh Australia was an offshoot uh obviously from Britain at one stage and Australia was always thought to be a sort of a poorer country and now it's massively richer than the US you know per capita than the the UK per capita and in terms of standard of living it there's no comparison so you you've got this continual drift and I think that's all to do with the fact that Asia is generally an affluent and prosperous region so I think that's true if there was an issue about were they discussing the tariff issue at the time no they weren't this has suddenly hit us So I don't think anyone was anticipating uh you know quite the speed with which the the tariff bomb would be set off So at that stage people were kind of uncertain about uh the year but they were they were not um uh they were not wary about and they were not alert to the tariff threat so so quickly But I think you know what you're seeing from the evidence I you know the feedback I get from our clients in Asia is I think you know a lot of a lot of as a a lot of Asian investors or a Asians generally are sort of equivocal between uh China and the US generally I mean they're realistic enough to realize that they're sitting right next door to a giant here being China and they've got to count out to some extent or I think if they if the choice was there they much prefer to align with the US but the US therefore has got to be a consistent and robust um partner Is there there's been so much talk about diversification internationally Are there parts of the investing universe whether it's geographically or country or that are in a better situation with their debt Because I mean we're so focused on the US because there's so much strain here and we've seen strain in the bond market and we carry so much debt and you know the whole system the dollars are so important to the whole system but as you mentioned before a lot of countries are in this situation So is this sort of a race to the bottom for everyone or are some places better situated that could benefit as people try to look around and look for the sort of cleanest shirt and the dirty laundry Well I think there are I mean I I think you can cherrypick Uh I mean no names immediately come to mind in that regard one would say Um but the trouble is that those countries that you probably do cherrypick don't have reserve currencies So it's kind of difficult to um uh to you know to suggest them I mean one of the countries paradoxically that's in a great debt situation you know Dan mentioned it is Russia and they don't have a lot of debt Uh they have a low income tax rate I mean a lot of the statistics Russia has you know I'm sure many people would jump at in the West but that's clearly not an investable country right now Um if you look at Europe um you know Europe's debt dynamics look much worse than the US The demographic situation is awful Uh they've got no access to energy and we know they've got a whopping great defense bill to to uh to fund So you know the question I keep asking looking at the dollar going down almost every day is you know why would you be putting money into the euro I mean the euro is certainly not an alternative a robust alternative And then you've got the other alternative which is the other big component of the DXY is the Japanese yen Well why the yen Why should Japan be necessarily such a safe haven when it's a sitting right next to China uh which is you know always uh looking back at the pages of history always wants to gobble up or uh you know uh be aggressive towards Japan So the US I think in terms of those other paper units still looks pretty viable Uh I'm certainly not persuaded that there's a sea change and and a big exit of money out of the dollar Uh people just can't do that There's no there's really no alternative the alternative is in gold but then the gold market's so small that you can't really even use it as a as an alternative really Uh if you can take it but big big countries can't Uh their assets the asset pools are too big So that's so interesting because it sounds like for all the sort of doom and gloom and it sounds like not from you but just as dire as the situation is because it sounds like and correct me if I'm wrong that we are on the cusp we are in a capital war and we are on the cusp of a financial crisis if the Fed doesn't step in and get together and US officials don't do something to provide liquidity It sounds like you're saying we're on the cusp of things seizing up Well I'm not I'm not saying that there's going to be a problem tomorrow I'm saying that there are problems out there Uh and there was you know the wonderful quote by Winston Churchill who could say because he was half American He said that Americans always choose the right solution in the end after exhausting all the others So I think that ultimately you know I'm optimistic enough to know it will work out Um but you know the Federal Reserve has got to come up with some sort of uh plan about what it's going to do with its balance sheet and I think that's the critical thing uh the Federal Reserve has to play a role in the sovereign debt market in the Treasury market in the longer term Um it's it's too important to ignore and you know I think ultimately Scott Besson is a is a bright guy He knows how the world works particularly the financial work and well I'm sure he will steer a solid path uh I'm optimistic in that regard and I think that you know as I said maybe right at the beginning in terms of riskoff moves only 8 to 9% of all uh asset allocations since 1978 have been more extreme uh in terms of bearish positioning uh than we've seen right now So on an 18-month view it's got to make sense to be putting money into markets but that's an 18-month view You may not want to catch a falling knife but you know maybe if you're a trader start to put money back uh I'm that optimistic but you know what I'd like is more clarity on the balance sheet and on the liquidity story and that's what we focus on a lot and you know I I still feel unclear as we speak And so it sounds like everything is really going to be this uh the Federal Reserve and particularly the May meeting is going to be really critical I think all the meetings this year will be critical I think the May one I mean they're going to have to come out and say something And if you look at the the path of bank reserves or prospective bank reserves in the US through this year which is one of the things that we project to try and work out stresses in the system I mean I think that the money markets basically hit a point around September where they kind of ran out of money Liquidity really dries up and a lot of that is because of the fact that you've got a lot of um you know chewing and throwing in the money markets right now You know April 15th clearly this is the tax paying day there'll be a lot of money sucked out uh of uh bank accounts and out of the money markets into into uh the treasury during that time So there'll be an illquidity period Uh then we've got the rundown of that TGA as the debt ceiling uh continues So that's a you know another situation to take into account and then you've got the TGA rebuild later in the year where you know presumably the debt ceiling is resolved but the Treasury will want to rebuild its cushion in the the Federal Reserve So it'll be taking money out of markets So all these factors that make it complex but what it adds up to is a situation by later in the year September there's a risk of the money running out The Federal Reserve's got to try and have forward guidance at least towards what's happening there Michael this has been tremendous I could keep asking you questions because it's so complicated but I think you do an amazing job of trying to sort of break it down and make it translatable for sort of ordinary people who are trying really hard to figure out what to do with their money now And I think there's a lot of fear and concern out there So thank you very much as always for helping guide us through the all the liquidity indicators that you look at Great mate Great pleasure I enjoyed it Thank you Thanks so much

2025-04-18 Meta Whistleblower's SHOCKING Testimony Rocks U.S. Senate | Ex Executive: Meta Worked With China

https://www.youtube.com/watch?v=i9T2RKmWg80

now let me introduce our witness sarah Win Williams is the former director of global public policy at Facebook she's a former New Zealand diplomat and international lawyer who first joined Facebook after pitching her own job after leaving the company she's continued to work on tech policy including artificial intelligence now all of that you can learn from reading the back of her book but there's more to it than that she worked at Facebook from 2011 through 2017 she witnessed Facebook's rise from a niche tech company to a global superpower capable of bullying nation states and she wasn't just some mid-level functionary she worked closely with Mark Zuckerberg and Cheryl Sandberg she arranged their meetings with world leaders across the globe she heard their plans for China she's no ordinary whistleblower and she comes to tell us not merely about what has happened but also what is coming now it is our practice Misswin Williams and the judiciary committee and its subcommittees to swear in our witnesses before they testify so if you would let me invite you to rise raise your right hand and we'll get started do you swear that the testimony you're about to give is the truth the whole truth and nothing but the truth so help you God thank you very much we'd love to hear your opening statement take as long as you need chairman Hol Ranking Member Durban and distinguished members of the committee thank you for the opportunity to speak with you today my name is Sarah Win Williams and I served as the director of global public policy at Facebook now Meta for nearly seven years starting in 2011 throughout those seven years I saw Meta executives repeatedly undermine US national security and betray American values they did these things in secret to win favor with Beijing and build an $18 billion business in China we are engaged in a highstakes AI right arms race against China and during my time at matter company executives lied about what they were doing with the Chinese Communist Party to employees shareholders Congress and the American public i sit before this committee today to set the record straight about these illegal and dangerous activities meta's dishonesty started with a betrayal of core American values mark Zuckerberg pledged himself a free speech champion yet I witnessed Meta work handin glove with the Chinese Communist Party to construct and test custombuilt censorship tools that silenced and censored their critics when Beijing demanded that Facebook delete the account of a prominent Chinese dissident living on American soil they did it and then lied to Congress when asked about the incident in a Senate hearing the willingness to censor was not the only troubling thing I witnessed i watched as executives decided to provide the Chinese Communist Party with access to meta-user data including that of Americans meta does not dispute these facts they can't i have the documents as recently as this Monday they claim that they do not operate their services in China another lie in fact they began offering products and services in China as early as 2014 that hasn't stopped their own SEC filings from last year show that China is now Meta's second biggest market meanwhile Meta's AI model Llama has contributed significantly to Chinese advances in AI technologies like DeepSk facebook's secret mission to get into China was called Project Uldren and was restricted to need to know staff there was no bridge too far meta built a physical pipeline connecting the United States and China meta executives ignored warnings that this would provide backdoor access to the Chinese Communist Party allowing them to intercept the personal data and private messages of American citizens the only reason China does not currently have access to US user data through this pipeline is because Congress stepped in meta started briefing the Chinese Communist Party as early as 2015 these briefings focused on critical emerging technologies including artificial intelligence the explicit goal being to help China out out compete American companies there's a straight line you can draw from these briefings to the recent revelations that China is developing AI models for military use relying on Meta's Lama model meta's internal documents describe their sales pitch for why China should allow them into the market by quote helping China increase global influence and promote the China dream the truth about what has gone on in China matters i filed a shareholder resolution asking Meta's board to investigate its activity in China and I filed whistleblower complaints with the SEC and the DOJ the measure of how important these truths are is directly proportionate to the ferocity of META's efforts to censor and intimidate me i relied on their commitment given in 2018 that they would wave their rights to pursue forced arbitration despite that public commitment they have brought a case against me for hundreds of millions of dollars now they have a legal gag order that silences me even as Meta and their proxies spread lies about me this order is so expansive that it prohibits me from speaking with members of Congress the gag order was sought by a company whose CEO claims to be a champion of free speech the American people deserve to know the truth meta has been willing to compromise its values sacrifice the security of its users and undermine American interests to build its China business it's been happening for years covered up by lies and continues to this day i am here at considerable personal risk because you have the power and the authority to hold them accountable thank you thank you MissWin Williams we're going to have eight minute rounds of questioning and I will start let me just start with something that you referenced MissW Williams a moment ago facebook Meta issued a statement again last night saying that they don't do business in China now is that true facebook Meta is not doing business in China is that accurate that is not accurate Chairman Holy um Facebook has a $18.3 billion business in China and to give just one example in 2014 it uh launched Oculus in China with a strategy of playing dumb and uh Oculus has continued to grow as a significant part of their business in fact they have since 2014 2015 they have launched multiple apps in China often without well always without seeking authorization from from this government not informing their shareholders not informing Congress not informing the public and now they have employees in China is that accurate they have a partnership with Tencent in China is that accurate their Oculus VR business is in China is that accurate so tell me this why why has Facebook Meta been so obsessed if I can use that word with breaking into the Chinese market what is this all about it is incredibly valuable for Meta monetarily absolutely so we're really we're talking about profit at the end of the day we are absolutely talking about profit profit and power let's talk about what Meta has been willing to do for profit and power you said just a moment ago that Meta's dishonesty started with the betrayal of core American values and you mentioned that Mark Zuckerberg has pledged himself as a free speech champion i noticed he talks a lot now in the American media about free speech i notice he talks a lot when he goes to the White House about free speech and how Facebook won't censor and Facebook is will protect the rights of all have you ever known Mark Zuckerberg to censor on behalf of China yes Chairman Holley let let's talk about a few specific instances in 2017 the Chinese dissident Guingi suddenly had his Facebook profile shut down now Facebook at first said that this was a temporary glitch was that true to your knowledge uh no central in fact Facebook shut down this dissident's page this dissident as you pointed out a moment ago was living on American soil at the time facebook shut down that page based on pressure from the Chinese Communist Party is that accurate that's accurate let's just take a look here at at the documents here's some meeting notes taken shortly after a conversation with the Mr chow who's a Communist Chinese party member a government official here Mr chow asks Facebook it says to Facebook that they want Mr gu's Facebook page dealt with the notes say that child wants Facebook in China but there are others who don't so we we Facebook need to take measures and do more in such situations to demonstrate we can address mutual interests and then they go on to list here's what we could do we could do nothing we could say we can do something or we can do even more than expected but we need to provide a response to the Chinese Communist Party on what we can do so here we have evidence of highlevel contacts between Chinese Communist Party officials and Facebook asking for this dissident page to be taken down facebook acknowledging this pressure saying we need to do something if we want to get the party's cooperation the government's cooperation and what happened next well Senator Holly one thing the Chinese Communist Party and Mark Zuckerberg share is that they want to silence their critics i can say that from a personal experience uh so I think they came to the right man uh this led to a series of events where eventually this man on American soil was kicked off the platform so in April of 2017 following these conversations Facebook takes down the profile bans it of Mr gua then in September they make that ban permanent now here's the really interesting thing when Facebook's general counsel was asked about this directly under oath in a Senate Intelligence Committee hearing he sang a different tune senator Rubio asked him directly "Was there any pressure from the Chinese government to block his account?" "Was there any pressure to block his account?" The general counsel Mr stretch no Senator we reviewed a report on that account and analyzed it through regular channels using regular procedures was this truthful testimony Elizabeth Williams no Senator it's in fact an outright lie is it not it is Senator we just saw the documentation facebook received not just a request facebook received direct pressure from the Chinese Communist Party and bowed to it and discussed it internally and planned it and then lied about it to Congress let's talk about what else they've been able to do been willing to do in order to get this access to the Chinese market let's look at some more meeting notes here's a a reading here's a readout of a group of Facebook engineers offering to create a censorship regime that will allow Facebook to block all traffic the Chinese Communist Party doesn't want phase zero this is an internal chat phase zero we identify all traffic that are currently blocked in China and we Facebook block them this is a test for us to see whether we can actually identify all traffic from China and then the chat continues "Yes good way to build trust." And another conversant says "Great stuff guys let's do it." What What are they Give us some context here MissW Williams what are they talking about doing here when they say "Block all content that China wants we Facebook do it for them." them what are they talking about they're talking about activating their censorship tools on behalf of the Chinese Communist Party so Facebook creates censorship tools that will allow them to assume the burden if you like of censorship where they will do all of the censoring that the Chinese government was doing facebook would do it on their behalf is that right that's my understanding sir and here you have Facebook employees celebrating it good way to build trust they mean build trust with the Communist Chinese Party right correct Senator and great stuff guys let's do it meaning they green lit this and and went forward to see if they could make it happen is that accurate that's my understanding Senator all of this let's be clear for a murderous regime in China the most barbaric most evil regime on the face of the planet and our free speech champion Mark Zuckerberg is here with his team of engineers actively working to make Facebook censor on their behalf let me ask you this what about user data misswin Williams facebook has said publicly many times we would never compromise user data it's a red line in the sand we'd never do that never never never was Facebook ever willing to share user data with the Chinese Communist Party yes Senator in fact they they had a plan for that didn't they here's some more documents internal documents update i spoke with the China team yesterday they flagged a potential complication arising from our negotiations with the Chinese government i emphasize this is a Facebook document now these are Facebook executives in exchange for the ability to do operations in China Facebook will agree to grant the Chinese government access to Chinese user data there it is in black and white facebook will agree to grant the Chinese government access to Chinese user data including Hong Kong user data and then they talk about they're going to have to get the the Hong their Hong Kong citizens to reagree to terms of service so they can slide this right by them this is extraordinary can I just ask you Miss Win Williams was Americans user data ever compromised do they ever plan to compromise American user data in any way do you know one of the challenges with the um servicing a market as big as China was the internet infrastructure that would underpin that so I mentioned the cable that uh they joined between the US and China uh and that would be very helpful but they in in in re in servicing this market but it would still still mean that the service would be slow so they contemplated um using pop servers and pop servers is a technical data server that brings the data closer to the end user uh the challenge with pop servers is that you you can't segregate data it's it would have American data it would have Chinese user data and it would be on Chinese soil so I want to just be clear about this here in this document facebook is talking about making Chinese user data available to the Chinese government because they're going to store that data in China is that correct correct but when you store that data in China Americans who exchange messages or other information with Chinese Facebook users that would mean the Chinese government could get access to the American data as well is that correct through the POP servers potentially yes and Facebook was willing to take that risk yes there was a lot of discussion about this and and ultimately Yes i mean this is this is extraordinary this is exactly contrary to what Facebook has represented for you willing to build data centers store data in China they are willing explicitly to give the Chinese government access to it and if that means that American user data is also compromised they're willing to do that too all for profits in China there was virtually nothing they weren't willing to do chairman Grassley and I'm only sitting over here because of your chart uh I take very seriously adversaries having access to critical technology such as artificial intelligence and I noted in my opening statement you made allegations about Meta's efforts to help China's government in that field uh in your opening statement you said that Meta's goal was to help China out compete American companies uh can you explain why they would want to do this and is there any documentation on that point thank you Senator they saw I guess part of the value proposition that they could provide the Chinese Communist Party was their expertise in in helping Chinese officials so they explicitly and I would be happy to provide you with the documentation called out ex you know US firms they said you know we can help uh so we can help you China not have to rely on firms like Cisco or IBM because we can help you with the the technical expertise so they were offering on you know things like how to build more efficient data centers or um how how to ensure uh that engineers could could better understand technology like photo tagging okay and then uh and by the way that documentation would be appreciated what was Meta's ultimate goal when they brief Chinese government on artificial intelligence technology and what information and technology did they provide so I think it it links to this value proposition meta has some of the best minds of a generation they've employed the smartest graduates working on cutting edge technologies like artificial intelligence so who better if you're the Chinese Communist Party to teach you about these technologies that matter um in terms of uh understanding the extent of this I think this is a a really great area for your investigation uh now that Facebook has changed its name to MATA is uh MATA currently providing the Chinese government with access to artificial intelligence technology so it's been well reported uh that uh Chinese researchers have used the llama model uh both for AI weapons uh and also that llama is part of what powers uh deep sea um please describe for the committee how Meta planned to share data from American citizens with the Chinese government and for example did Meta have any agreements with the communist Chinese government to provide them with the data and if so do they still have those agreements as far as you can tell that you've been gone from the company um so part part of the challenge as I mentioned was was building like the internet infrastructure to support their uh China ambitions and it was through that internet infrastructure that they would gain access to uh potentially American citizens data i think again this is another very good area to investigate and get further information directly from the company uh who at Meta facilitated these conversations and what officials in the Chinese government did Meta staff meet with so there were uh many meetings between the Chinese Communist Party and Meta so so right from the top you know Mark Zuckerberg met with uh Loui um the most uh there were lots of visits back and forth between Beijing and Menllo Park um there were lots of visit um lots of meetings with senior polip bureau senior CCP members and I'd be happy to provide more documentation on this to the committee okay then my last question follows on where chairman Holly left off uh if there's anything that you can add to this uh you don't have to repeat what you told him but describe to the committee how meta plan to share data from American citizens with the Chinese government and for uh I don't think I'm going to ask that question i think you covered it well thank you Senator thank you very much thank you Mr chairman thank you Chairman Grassley thank you for being here thank you for these questions miss Williams can I just go back to something you said a moment ago in response to to Senator Grassley and and let maybe let's just start at the beginning so is it is it your testimony that Facebook executives and employees cultivated relationships with members of the Chinese Communist Party absolutely Senator and this happened over a period of years this happened over many years and did members of the Facebook executive team or other employees at Facebook Meta uh ever brief members of the Chinese Communist Party yes Senator regularly exchanged information with them yes Senator what are some of the topics that they covered in these briefings i mean it's incredibly broad so you you had meetings at the top executive level so Mark and Cheryl and you had meetings you know all the way down to you know regular engineers who would be providing briefings on cutting edge technology like um facial recognition which is obviously very helpful to the Chinese Communist Party um you know Facebook live um as I mentioned photo tagging um internet infrastructure sorry like so how to build effective data centers you know Facebook has a pro a project called the open compute project um which has five Chinese companies as a member of it um so it was at every at every level on every aspect of the many different technology that Facebook has you you testified a moment ago that one of the things that face part of their value proposition to China was that they would help them Facebook that is would help China out compete other American businesses can can you just say more about that i mean that seems like an extraordinary thing to me here you have an American company going to our chief foreign adversary on whom we currently have tariffs of like 10 billion% and saying "Uh hey we'd love to help you we would love to help you beat all of these other American companies that's extraordinary i mean what what can you tell us about that i I mean I'd be happy to provide the documentation i mean literally the documents in in which they were writing this were called our value proposition uh to be put before the CCP so was information related to artificial intelligence part of these briefings i know you said that there were some sort of informal discussions but did did Facebook actually brief members of the CCP on artificial intelligence to your knowledge yes Senator and again did that was that a a once-off or was this a a regular thing senator I think this is a great area of investigation for your committee so why why would you were at Facebook a long time why would Facebook want to help China with artificial intelligence i mean what's what would what's the strategy there do you think what what do you define the intent to have been i think there are lots of so I think we've talked about the general uh focus of the company of wanting to help China you know this is over a period of time where China was rapidly trying to increase its own technological expertise and trying to grow had to grow its own homegrown technology company so it's incredibly valuable to have the brightest minds in the world show you how that technology works if that was and then I think there's a at the moment as you're aware there's a debate in the AI community around whether open-source models or closed models uh are more appropriate and one of the considerations around that is is national security uh but it's not clear at this moment whether open source models or or closed models will ultimately prevail and there's a lot of money on the line uh in some ways you could say it's helpful uh if you want open source to prevail to have a strong threat from a Chinese model uh so that you can say it's really important that America wins uh this and and we're the American open-source uh option and I think you can see this the way that strategically plays out so what you're saying is Facebook's AI model Llama I think it's called that's an open-source model is that right correct and I think they just released Llama 4 or something just just recently the last few days so that's an open-source model many of the other American competitors San Altman's company for instance for example OpenAI is a closed sourced model closed source code so Facebook has a a fundamentally different take an open source model they're briefing the Chinese government including CCP officials on this model on their information and then we get the revelation of deepseek just a few months ago china's sort of breakthrough on on ll do you do you think that Llama had something to do with deepseek do you think that that information sharing helped lead to deepseek i think it's been widely reported that the deepseek model is in part based on llama and so just playing this out if China's deepseek model another open-source model I think right becomes the chief competitor to these other models in the United States what you're saying is is that it stands to reason and this is something for us to look into certainly but it stands to reason that in a way Facebook would benefit from that because you've got this this threat in deepseat facebook is the only other really major American open-source model out there the others aren't built on that platform so you know Facebook's their profile is raised the significance of their model is raised and maybe they become more important than ever i mean does that stand to reason i think it's a winner takes all situation and I think that that would set up Meta uh in a very strong position and as as usual with Mark Zuckerberg and Meta they intend to win and take all senator Blumenthal if you're ready I'll turn it over to you thanks very much uh Mr chairman um in order to operate in China uh the Communist Party requires American companies to register with authorities and host servers inside the country and um I think it's pretty well known that Chinese law requires that security services are allowed access to any data hosted within the country did um any of Facebook's security team or its engineers raise concerns to management about Americans private information being exposed to Chinese spying yes Senator they did how did they do that uh they they documented their concern uh in a number of ways they they noted that uh this would happen that the Chinese would get access to the data uh and they also noted this their concern in in in other discussions and other documentation saying you know my red line as a security engineer is to not be comfortable with this but my red line is not Mark Zuckerberg's red line maybe you can explain what you mean by that the engineer was saying that they were not comfortable with the way the the China project was structured that would allow the Chinese Communist Party to potentially access American citizens data and but in saying that they noted that you know that that's a red line for me as a security engineer that's not Mark Zuckerberg's red line did you sense he had any red line i did not if he did you don't know what it was i don't um if you have more information uh related to these spying risks would you be willing to share it with a committee i would Senator and um Mark Zuckerberg was knowledgeable about the planning and do you know whether he was knowledgeable about the risks as well my understanding is that the the risk is the hardest part of the plan uh so it's unthinkable that he was not aware of the risk nothing happened here without his approval and knowledge this was a project unlike any other project I worked on during my time at Meta in that it was so centrally led by Mark Zuckerberg and he was so personally invested in this project he learned Mandarin he traveled to China more than any other country he had weekly um Mandarin sessions with employees um this was it's it's hard to overstate how different this project was to any other project I experienced in my many years at the company so there would be no credibility to his denying that he knew about the risks he knew about the concerns raised by his engineers and his China team and he was intimately involved in not only the planning and the engineering but also in taking those risks senator he he was traveling to Beijing in the documents submitted to uh the subcommittee Facebook appears to have been willing to provide the data of users in Hong Kong to the Chinese government at a time when pro-democracy protesters were opposing Beijing's crackdown um is that impression correct and how did Facebook treat Taiwan or Hong Kong so that impression is correct um one of the more surprising things is that as part of the censorship tool that was developed there were um verality counters so anytime a piece of content got over 10,000 views that would automatically trigger it being reviewed by what they called the chief editor um what was particularly surprising is that the verality counters were not just installed but activated in Hong Kong and also in Taiwan uh let me ask you um I raised in my remarks uh and I know that a number of other colleagues did as well the uh record of misrepresentation and deceit um one of our former colleagues Senator Ley asked Mark Zuckerberg in 2018 whether Facebook would comply with Chinese censorship and surveillance demand even asked if Facebook had built censorship tools to enter the Chinese market and Zuckerberg responded I'm quoting "Because Facebook has been blocked in China since 2009 we are not in a position to know exactly how the government would seek to apply its laws and regulations on content were we permitted to offer our service to Chinese users." Miss Win Williams was that accurate that is not accurate you know hundreds of decisions had been made and by 2018 they'd been in dialogue directly with the Chinese Communist Party for 4 years the fact is by 2018 Facebook built it even turned on censorship and surveillance tools that it developed it developed for Chinese security officials correct it developed and those Chinese Communist Party officials tested the censorship tool and would give feedback and say this needs to change or we need this or we need confidence that you can capture images and and filter images we don't want seen you know we talk a lot about 1984 facebook developed a verility counter tool that directed any posts of over 10,000 views to be reviewed by an Orwellian named quote unquote chief editor is that correct that's correct and was the chief editor's geographic reach limited to mainland China or did they plan to cover other other locations they plan to cover Hong Kong and Taiwan is my understanding so their surveillance operation was directed at Taiwan that's my understanding Senator and Hong Kong that's my understanding was the editor-in chief's or the chief editor's power limited to reviewing viral posts oh no it's extensive power um the chief editor would be able to turn off um the the entire service in specific regions for example Shing Jang or would also be able to turn off or or manage the service on significant anniversaries like the anniversary of Townamman Square so the chief editor a creation of Facebook was an Orwellian sensor that applied to locations outside mainland China to Taiwan and Hong Kong to people not within the legal jurisdiction of China but also obviously to the Chinese themselves and it was designed and implemented by Meta and Mark Zuckerberg correct Senator even though its very existence was denied before this committee in 2018 that's correct Senator silicon Valley companies are famous as you know for their moonshot programs such as Google X in recent years Mark Zuckerberg spent billions of dollars on the metaverse and AI he even named or renamed the company as part of a pivot to focus on that technology did Facebook engage in any moonshot efforts in China and were these efforts walled off or protected from the Communist Party um they did Senator and I I'd be happy to follow up with the committee on this point you'd prefer to follow up privately um just one last question i'm interested in how much of a national champion Meta actually is for the United States did Facebook share information about its facial recognition artificial intelligence models and other sensitive technologies to Chinese security officials in other words did it share that significant technology regarding facial recognition and other surveillance methods look the the greatest trick Mark Zuckerberg ever pulled was wrapping the American flag around himself and calling himself a patriot and saying he didn't offer services in China while he spent the last decade building an $18 billion business there and he wrapped the flag around himself even as he disclosed sensitive technologies that enabled the Chinese to gain the upper hand on surveilling its citizens but also Oh yeah okay the upper hand in engaging with us and he continues to wrap the flag around himself as we move into the next era of artificial intelligence thank you Mr chairman thank you Senator senator Blackburn thank you Mr chairman i am delighted that we are having this hearing today i thank you for this and Miss Wyn Williams I want to thank you for stepping forward and for speaking senator Blumenthal and I last year uh brought forward the Kids Online Safety Act and this is a piece of legislation we have worked on for years it came through the Senate on a 91 to3 vote it failed in the House as you would imagine Meta spent millions of dollars lobbying against us and against the legislation while at the same time they were claiming how much they cared for children and how they wanted to take care of children and of course one of the problems as we have heard these heartbreaking stories from parents of trying to reach out to Meta no response of the cyber bullying that was taking place the pleas from principles and child psychiatrist to do something and yet they would not do it and I noted in your book that you talked about meta targeting children with ads based on their emotional state and if you want to talk about something that is cruel I'm a mom and a grandmom and to kick a kid when they're down that in essence is what it is is kicking them while they're down that is completely disgusting and I find it so interesting that Mark Zuckerberg has said he's turned over a new leaf my response to that was leaves change color with the seasons of the year and I am curious as to whether this is a season for him or if it is something that is truly going to be making a difference i think he should explain to us he's been before this committee before uh where he truly truly is now one of the things we found out from other whistleblowers and you mentioned in your lie in your book that Meta's statement denying it engaged in targeting children was a flatout lie and uh the company had refused to audit these activities we've heard that from other whistleblowers that they were doing research and they knew what was happening but they were so given to the dollar and having children as the product that uh they themselves children were addicted but also Facebook and their leadership team had become addicted to the power that they held and to the money that they that they were making but talk to me a little bit about your experience with Meta and how they would choose to cover up or deny that they were harming kids thank you Senator um one example is that Facebook was targeting 13 to 17 year olds uh it could identify when they were feeling worthless or helpless uh or like a failure uh and they would take that information and share it with advertisers one of the things about advertising is advertisers understand that when people don't feel good about themselves it's often a good time that to pitch a product you know people are more likely to to buy something uh and so what the company was doing was letting these advertisers know that these 13 to 17 year olds were feeling depressed and saying "Now's a really good time to serve them an advertisement." or if a 13-year-old girl um would delete a selfie that's a really good time to try and sell her a beauty product or if a if a 13-year-old girl is So let me interrupt right there if she deleted a a selfie then um Facebook was in essence or meta Instagram they were in essence tracking her activity online absolutely that that was taken as a signal and then shared with advertisers so they didn't stay given specifically to their app they traveled uh in the child's phone absolutely okay excellent thank you thank you for that i think it points up some of um the the harm that is there one of the things I wanted you we've talked about China and their launch of apps um Facebook's apps in China i wanted to see if you could elaborate on the type data that would be found on Facebook servers located in China and the broader implications of allowing the CCP to have access to that data senator I mean we've just spoken in in your last question about you know just one example of the the amount of information that this company has it is unfathomable it for it's very very hard to wrap your mind around the amount of data that this company has on each person who logs on to its service it's of you know private messages for but so much data and all of that would channel through a pop server so then it is not just limited the data Facebook holds or meta holes is not just limited to the meta applications not at all senator so basically Meta has the ability to build what I call a virtual U of an individual where they go the transactions they have uh the different apps that they rotate from one to another is that accurate absolutely Senator okay thank you um I've got one other question I want to come to you on and we have heard not only from you but from others that uh Mark Zuckerberg would veto recommendations from his team when it came to improving practices that would protect children or would protect uh data and he would do this because he would say it was too costly and I just find that astounding in the physical world we have uh laws that protect an individual's privacy we have laws that protect children and uh protect them from being exposed to certain harms like alcohol tobacco sales meeting predators pedophiles uh so I wanted to know if you had witnessed that he or the other seauite were actually vetoing recommendations that would have provided consumer protection and protection of children in the virtual space yes Senator and as a mother of three children that's one of the more difficult aspects to reconcile with this company that it it is not a company that looks after users particularly those 13 to 17 which they regard as a vulnerable yet very valuable and then how long were you employed at Facebook and when was your last day uh I was employed from 2011 and uh my I mean it's slightly complicated but I I finished in the end of 2017 2017 okay thank you very much thank you Mr chairman senator German thanks for being here that uh reference that I opened up with that you made in your book to a strategy a message strategy for meta and someone suggested tobacco as kind of the guideline that you might want to follow some dangerous product that was lessened in intensity to the public by misrepresentations uh as I mentioned at the outset I was part of the effort to bring them down didn't realize I'd reached a tipping point with smoking on airplanes but it turned out to be one uh and things changed you make a reference uh as well in the book that a lot of the executives at Facebook protected their own children from what might have been an exploitation what you've described here the algorithm that analyzes your activity on on the board and says "Well just deleted a selfie good time for an ad somebody had put that together." So these executives at Facebook protected their own kids from that kind of exploitation correct Senator that that was one of the things that shocked me when I moved to Silicon Valley is that it's a place full of you know wooden Montasauri to toys and you know executives would always speak about how they have screens in the house or you know they I would say you know oh has your teen use the new product we're allow about to launch and they're like I my teenager is not allowed on Facebook I don't have my teenager on Instagram like the these executives they know they know the harm that this product does they don't allow their own teenagers to use the products that Meta develops i mean it it's the hypocrisy is at every level so I wanted to just tell you a followup to that story eventually the children of tobacco executives became my greatest fans and supporters and they would basically shame their parents by saying that you know the kids at school are saying this or I just heard something or I read something dad tell me that you aren't part of that tobacco conspiracy to keep the truth from the American people they became a force a a moral force in the conversation uh I it just be speculation but I hope that uh that is the case here as well i hope you're right i read these things and so I want to ask you a question that is more generic but I'm just curious as to the decision process at the highest levels when there is a decision being made about what you're going to turn over what Facebook Meta is going to turn over to the Chinese all their demands that you said the company denied to so many other countries but for China they made an exception when the decision is being made about exposing American privacy material and data so that the Chinese would have access to it americans not knowing that the security questions that that you raised the AI information is given to the Chinese that makes them quote more competitive but also means that they have sources of information that could compromise the security of the United States i mean when you consider each one of these they kind of grow in gravity and magnitude are these decisions being made strictly by Zuckerberg himself or by boards or by open discussion how much sensitivity was there to the fact that the decisions were historic in nature and maybe even criminal it's a really interesting question um I mean you asked me in part about China uh you know to to give you just one example um the at the governance level which is what you're asking me uh the lead independent director on Meta's board uh was also on the payroll for the China project so that they had dual loyalty I think the question around accountability and governance of this company and of tech companies more generally there needs to be a lot more accountability i don't think the current governance structures are anywhere close to being sufficient tell me that there were people at that company that you worked with that didn't sell out absolutely absolutely there are you know there were amazing amazing people and there were people who were horrified and had very strong moral conscience um and there are there are many of these people who've been in touch who since the books since these revelations have come out who said you know I was in those meetings i remember this you know there were people who spoke up there were people um I regret to say that many of the people who spoke up are no longer at the company but there there are good people there and there are people who have moral beliefs and and there certainly were but that wasn't happening at the top of the company that wasn't happening at the executive level and what was striking was the absence of those types of discussions at the top of the company compared to what was happening with your average people who are working at the company and you say Mr zuckerberg himself prides himself on being a loyal American i think Mr zuckerberg would say he does yes but I don't want to speak for him no of course not but I think the evidence that you've given us points in the other direction lying to Congress may be in the realm of a mortal sin depending on your faith conviction but uh certainly selling out the security and privacy of the United States is about as low as they go when it comes to big tech have you been any conversations uh involving section 230 no no Senator all right well that's that's certainly a law that we're taking a close look at here which shields companies like this from personal civil liability many of us believe the committee has voted accordingly that if they would could be held accountable for their decisions in a court of law and find damages money to money that this would have more impact than some of the best speeches we could put together as members of Congress so we're going to work on that mr chairman I thank you for this hearing but I particularly thank you because you've referred to in your testimony what you call in the book three pistols which I think is your reference to your three children you've done a great thing for them and for kids all across the the world thank you for testifying today thank you Senator miss Williams let me let me ask you a little bit more about the censorship tools that you've you've been asked about today you've testified about that were actually deployed in Hong Kong and Taiwan and let's just if we can let's just look again at the privacy team email and not that one that one yeah so this is and just just so members of the press understand uh the committees in possession of this document we we have blacked out as you can see we've blacked out the names of individuals here but in the documents we we have those names of course we'll we'll follow all appropriate legal procedures but just so the press understands the committee is committed to doing a full investigation we do understand and know who the the people are on this chain we can see who they are and we can see the the the full course of the discussion but I just want to emphasize something here the update is they spoke with the China team they flagged a potential course of of of uh potential complication of course of negotiations with the Chinese government let's just stop there for a second someone pointed out to you that Mark Zuckerberg testified under oath that he didn't know what the Chinese government's terms would be to operate Facebook and China because they're they were banned quote unquote in China so he just had no idea he was saying this as late as 2017 2018 he just had no idea what the terms would be that's just categorically false isn't it absolutely Sam and this email shows that it is false correct correct they in fact what this email shows is Facebook is in very regularly close contact with members of the Chinese government down to specifying how they want the censorship tools to work they're giving feedback on it back and forth and back and forth and here they've agreed on a set of censorship tools to deploy in Hong Kong down to the fact that they say we're going to have to actually reto does that mean ter terms of service correct so in other words they're going to have to push out to Hong Kong users a new click thing for them to click on which they won't of course really understand or know because it's almost impossible to decipher but in fact what they're doing is it's allowing Facebook to stand up new censorship tools on behalf of the Chinese government is that correct that's correct now here's another interesting point back in 2012 the FTC here in this country the FTC entered a consent decree with Facebook about privacy do you remember Miss Win Williams this would have been early on in your time at the company but do you remember roughly any of the terms of that FTC consent decree because they are relevant here i do Senator they were intended to prevent Meta from deceiving people about the extent to which they collect and share their data yes so the the part of the order is let me just quote "Facebook shall quote shall not misrepresent in any manner expressly or by implication the extent to which it maintains the privacy or security of covered information end quote which is user data." Now Facebook is under a consent decree with the FTC on this basis and yet they are deliberately misrepresenting across the world the security of user data they are they are negotiating with the Chinese government to turn over user data give grant the Chinese government access to Chinese user data including the Hong Kong including Taiwan and yet they're representing to American government officials no no no we don't do that we we we don't do that in fact they testified they testified under oath we don't we don't make user data available all of that was just lies is that fair to say Miss Win Williams senator many many decisions have been made and they were all premised on the basis that Meta would hand over Chinese user data to the Chinese Communist Party so in addition to to lying to Congress on what seems like a fairly regular basis lying about suppressing dissident lying about setting up censorship tools they've also arguably violated FTC consent decrees and and we have the documentation this isn't just MissW Williams opinion this isn't just her recollection we have the documentation with the Facebook employees who I might add are highlevel executive level employees who are planning this and doing this it's it's really it's quite extraordinary this was a a a pattern of operations at Facebook over and over and over we'll come back to that Miss Williams but if you're ready Senator Clashar of course I am i'll turn over to you thank you uh thank you very much and um I just again appreciate that you have come forward um in uh your book you wrote that Facebook remade American news media by inserting Facebook at the center of it driving down ad rates for newspapers and distributing their stories using their content to boost time spent on Facebook um Senator Kennedy and I as a side have a bill uh to push negotiations for the price of content uh which I think is really important but could you explain how Meta uses news content to boost time spent on Facebook and how that allows Facebook to sell more advertising without paying publishers their fair share i mean the key thing that Meta is obsessed with is engagement it's keeping people's attention on the services that Meta owns for as long as possible using whatever tools it can it can so um definitely the work of publishers and and the work of of many dedicated journalists and uh also increasingly they're utilizing AI to keep engagement uh often AI based on the work of journalists and authors mhm exactly and when discussing ways to promote a healthy news market you quoted Mr zuckerberg as saying quote "You're compromising with the dying industry rather than dominating it crushing it." Uh what do you see with your experience as a consequence if Facebook is allowed to dominate and crush an independent news media i think every citizen has seen the consequences of these actions and I think we're all the poorer for it thank you um when discussing the role that political ads play in Facebook's business you observed that pedalling outrage and stretching the truth were just part of the game and that outrage is a lucrative business for Facebook i care about this a lot just being in this business of politics and how we know how negativity is uh awarded online not just Facebook um in all of the algorithms and these companies and it's actually completely changed the ecosystem that we work in uh can you elaborate more on how spaking how um stoking political outrage is profitable for Facebook and ramifications for democracy i think we're all living with the consequences of this every day as I said before what this company wants is to dominate as much time and attention as it can of every you know not just in this country as many billions as they can and what they've learned is that outrage is a really good way to do that but it doesn't whatever it takes whatever it takes to have people glued to these services in their power in their thr um um the major focus of this hearing of course on China and I have to say uh that I found that whole piece of this ironic because when uh Senator Grassly and I uh were trying to uh pass our bill about the self-preferencing uh which uh was also of course that got the eye of of uh Google and Amazon these other companies i remember you remember that day well when we had the hearing Senator Holly the markup on this bill well one of the things that keep kept being thrown in my face and in those of others that work on this is China you're you're actually going to uh destroy us and then China will dominate and at one point another senator actually said that that was what national security officials said and anticipating that I'd actually gone around to the then head of the FBI the head of the CIA i'd called them all or seen them at things and while they were getting in the business of endorsing they said no this idea of doing something about putting consumer protections in and saying you can't put your own product all the time at the top of the search engine that did not hurt our national security visa v uh

China but that is what they claim and that's what's so interesting about um your experience and your testimony and your book actually reveals the extent to which Facebook was willing to put growth over the US national interest to gain favor with the Chinese Communist Party as you point out in your testimony today um in fact and I know Senator Grassly asked you about this you wrote "Meta started briefing the Communist Party as early as 2015 you talked about this today um the explicit goal being to help China out compete American companies." Could you elaborate on that i think to pick up on your point Senator uh Meta is very quick to say "Don't do anything that can hurt us because you'll let China win." You know you you'll let China win on AI you'll let China win and gain the technological advantage and the whole time the company that's done the most to help China gain a technological advantage is Meta mhm so do you believe Facebook is an honest broker this is called a softball uh when it claims competition reforms would harm the US ability to compete with China because I'm telling you we hear this all the time so every time we try to bring up any of these bills I hope what we've discussed today Senator helps you push back very firmly and gives you something to create some real accountability um and then finally uh Senator Cruz and I mentioned we have this uh bill take it down that's passed the Senate um and um just your view that if uh if META puts its considerable engineering expertise toward the problem of removing uh non-consential intimate images that are the power to ruin lives or even the selling of fentanyl or some of these other things um do you think they could do it Senator they've uh shown to the Chinese Communist Party that when they're motivated to get something to remove something they can be absolutely expert in it very fast all right thank you very much thank you Senator Senator Blumenthal thank you uh thank you Mr chairman um I would be interested in knowing this when will Williams when Meta first tried to silence you when they first contacted you what was said to you and I assume it was in the nature of a threat and a warning of some kind uh yes Senator i've I have had some very I'm trying to find the right word um aggressive threats from this company um and the last four weeks have been very difficult apart from the threats in a judicial setting have there been others um there have been a number of things Senator yes um yeah would you prefer to tell us about that in private no it's it's okay i can I can Sorry i It's hard but I can talk about it yeah um so uh well so Meta has said um so even the choice to come to speak to Congress was incredibly difficult um maybe it's helpful if I read what they told me please do um they said the purpose of sorry they said if the respondent well if me if I were permitted to communicate with legislators that's you uh s such actions would create an exception to non-disparagement that it would eat the rule in such circumstance nothing would limit or prevent those legislators or their aids from paring to the public any disparaging statements and and I just want to pause here because a disparaging statement is a true statement so it it's telling you the truth respondent is barred from disclosing so they were very clear that even um coming to speak to you about the truth and about the concerns of national security and protecting our children and and sharing these truths with you uh that would have not only $50,000 for each truth or statement actual damages for breach of confidentiality actual and punitive damages for fraud and other claims so let me just be clear uh in effect they are warning you against what we might say publicly based on your comments to us even though they might not hold you or bar you from coming here they have said that is a potential consequence that is that is the order they have secured that in effect you'd be held responsible for what we might say as a result of your truthful testimony not just you senators something your aid might say i mean they they they frame it as something your aid might parrot in other words what what these folks in back of us might say as well as what we might say even though it's factual and true even though it's factually true in effect I mean now that you mention it it creates pressure on us not to tell the truth to the American public is the way I view it it's in a sense threatening you and thereby putting pressure on us cuz we could have to worry about harming you as a result please don't worry about harming me um and when did when did they first contact you when I guess when they became aware of your book or that Well that's right they put out public statements when they first became aware of the book um but they also effectively tried to I mean I don't know very I'm I'm learning very fast about the system of arbitration which seems incredibly unjust uh but they they sought to game that they they said that they had notified me of an arbitration they uh they didn't they they have my they have my email on file they have my they have so many ways to contact me i I worked for them for a long time most of the senior executive have emailed me uh but they chose not to notify me through that email address so I was they issued a public statement so they first went public and then contacted you well they didn't contact me but yes and what did they do to start the arbitration process they just they they started it without me they secured the order without me without any representation that's correct because I was not aware of it they'd sent they'd sent it to an email address from 2007 and my understanding is that you were regularly communicating with Meta but they still used a defunct email address to serve the notice of the emergency arbitration you were provided no notice of the proceeding the appointment of an emergency arbitrator without your legal team knowing or having opportunity to object and the initial hearing took place without anybody from your legal team participating yeah i I didn't know about it so I couldn't participate in it and once they had an emergency gag order in hand they knew how to reach you correct um Senator I I was well honestly I I was um trying to get my toddler to eat some oatmeal and um the the door went the doorbell went and it's a little embarrassing but if it was just after the book had published so I thought it might have been someone delivering flowers no it was a gag order so Meta's flowers were a gag order and they knew where you were they had no trouble reaching you with the emergency gag order they didn't bother letting you know about the arbitration process or anything before they got what they wanted they obviously knew where my home was the entire time well uh Mr chairman uh I think that this experience is kind of a textbook example of the kind of problems that we hear from our constituents relating to forced arbitration uh I happen to be the lead sponsor in the Senate of the Forced Arbitration Injustice Repeal Act known as the Fair Act which would end these kinds of abusive clauses that enabled them to do what they did with you Miss Win Williams um and um just so we're absolutely clear they're trying to force you to pay them this $50,000 in liquidated damages for each so-called disparaging comment true comments which they regard as unfavorable to them even when you tell the truth about their misconduct correct that's correct Senator thank you thank you Mr chairman thank you Senator before we let you go Miss Win Williams just one other line of of questions if I could just one other subject you actually touched on it with Senator Blackburn she was talking to you about the kind of research that Facebook has done and the kind of advertising that they're willing to sell and to me what's so interesting about this is we've seen frankly the moral bankruptcy of this company and its leadership when it comes to China and we've seen them be willing to lie to Congress lie to the American public we've got the documents in black and white we've seen them be willing to give away American user data but they were also trying to find out a way to make a buck on Americans teenagers children in times of distress right here in the United States and I just want to give you an opportunity to comment on this here's an internal Facebook chat where a policy a Facebook policy director asks is it is it really accurate that Facebook is doing research into young mothers and their emotional state is it your understanding if there's other research related to young mothers answer yes i looked at one list of research topics and saw one about young mothers and their emotional state coming down the person says "I'm wondering about asking my apparently morally bankrupt colleagues if they are aware of any more." This is about Facebook's program to target ads to people when they are in emotional distress is that right is that what we're seeing here that's correct Senator and that included teenage girls as you were discussing with Senator Blackburn those who had maybe recently deleted a selfie maybe not feeling very good about themselves and Facebook said "Oh oh fantastic opportunity we can sell this to advertisers." It apparently also included young mothers who are in moments of distress i mean who knows what that might include everything from the spilled oatmeal you were trying to to put into your toddler's mouth i have three children I understand uh or who knows what much much worse things so Facebook is is constantly looking for opportunities to sell to advertisers to make a buck even on their own users and they're doing it by tracking their users all over the place tracking their emotional state i mean have I got that accurate you've got that accurate and and beyond that it's things like um things that often do concern teen girls like body confidence you know that that's something else that they use to target you know weight loss or um other things on on you know children really 13 to 17 year olds so did to your knowledge did did Facebook after this this email exchange you know where another user says I think it's a slippery slope here and then there's the admission there is a level of behavioral targeting I mean just to be clear I want everybody to see this there is a level of behavioral targeting I mean these are Facebook executives again this is a policy director in this chat acknowledging that this is what Facebook is doing it stop did Facebook stop doing this not to my knowledge senator yeah in fact we know they because other whistleblowers came forward to show that at Instagram owned by Facebook there was explicit targeting that goes on there was explicit knowledge that the Instagram product was causing in some cases severe emotional distress particularly to young girls facebook kept right on doing it anyway is that just because it made him a bunch of money senator you know as as a mother of three children it's very hard to say this but yes the the you know one of the discussions I had with one of the business leaders was like we just don't need to do this like as a company you know it Meta is now a trillion dollar company it is not short of money it doesn't need to do this uh and what he explained to me is like you know we've got the most valuable segment of the population you know advertisers really want to reach 13 to 17 year olds and we have them we should be trumpeting it from the rooftops it's really just extraordinary uh I I think what we've seen here is the evidence that you presented the evidence that we have in in black and white as a as a company and leadership that is willing to do anything anything work with America's chief competitor work with our chief adversaries sell out other American businesses sell out American user data lie to Congress lie to the public anything in order to amass more power and make a buck can Can I just ask you you know Mark Zuckerberg very well you spent a lot of time with him he's recently tried a a reinvention in which he is now a great advocate of free speech after being an advocate of censorship in China and in this country for years after suppressing the Hunter Biden laptop story after talking about after working handin glove with the Biden administration to suppress content on COVID to suppress content on masks to suppress content on election questions on vaccines all of that now that's all wiped away now he's on Joe Rogan and says that he is he is Mr free Speech he is Mr maga he is a he's a whole new man and his company is it's a whole they're they're a whole new company do you buy this latest reinvention of Mark Zuckerberg senator there are two things if he is such a fan of freedom of speech why is he trying to silence me and the other thing is that this is a man who wears many different costumes when I was there he you know wanted the president of China to name his first child he was learning Mandarin that was you know he was censoring to his heart's content now his new costume is um MMA fighting or c whatever you know free speech we don't know what the next costume's going to be but it'll be something different it's whatever gets him closest to power if he were here is there anything you'd like to say to him senator I I have a lot of questions for Mark Zuckerberg but he has proven time and time again that you cannot believe his answers he's lied to members of Congress he's lied to employees and he's lied to Americans and that's why I'm asking this committee to hold him accountable well we're going to do that and I just have to say I don't trust his latest reinvention at all he sat where you have sat in front of this committee multiple times in my short time in the Senate every time it's a it's a different answer every time it's a different facade but every time the one consistent through line is every time it's something misleading every time it's something other than the truth every time it's about Mark Zuckerberg not the American people it's about Mark Zuckerberg not what's good for this country not what good what's good for his users not what is the truth and I for one am very tired of it so I have a message to Mark Zuckerberg as well which is that it's time for you to tell the truth you should come to this committee and take an oath and sit where Miss Win Williams is sitting now and answer this evidence stop trying to silence her stop stop trying to gag her stop trying to hide behind your lawyers and millions of dollars in legal fees you're trying to impose on her stop threatening other whistleblowers come to this committee take the oath sit there let us question you and give the American people the truth we will be waiting for you senator anything further well well said Mr chairman i associate myself with your remarks and what I would say to him is stop silencing Miss Win Williams for starters and I go along with you that he ought to come here and tell the truth i just want to clarify that the statement on uh speaking to Congress was from the arbitrator is that right the arbitrator that Meta saw the arbitrator that Meta obtained and the gag order is still in effect that's right Senator this may be the last time I'm allowed to speak well it's not going to be the last time you're allowed to speak if we have anything to do with it uh what I would say to Mark Zuckerberg is stop gagging Miss Win Williams let her speak the truth and you come here and tell us your version of the truth if you have the guts to do it thanks i can promise you Miss Win Williams that this will not be the end this is just the beginning we are going to get the truth and you have done a great service to the American people by telling the truth here today thank you for being willing to do it with that this committee is ajourned [Applause] [Music]

2025-04-18 🚨 Philadelphia's COLLAPSE Sparks PANIC—This Is Just the BEGINNING!

https://www.youtube.com/watch?v=S3URydqM0ZA

philly's manufacturing sector just collapsed i'm Steve Van Meter manufacturing's crumbling paychecks are shrinking which is screaming stagflation even worse it's threatening a broader bust of the national housing market stay tuned because you won't believe how the Fed is making this chaos even worse now let's head over to Philly where we find out what started in New York is spreading across the country and fast as we take a look at the manufacturing business outlook survey and what we saw in the region is a broad-based decline where you can see current and future activity just nose dive and this is a major problem because what it's suggesting is the US economy is facing stagflation even worse for a lot of workers it means their paychecks are about to shrink but let's look back to the pandemic you can see this is the last time we saw the data crash at a similar rate and we have to go back to post global financial crisis to see something even similar but let's take a detailed look at what's going on here because the general activity index dropped 39 points to minus 26.4 in April now it's lowest reading since April of 2023 and based on what you're about to see it suggests that this is just the beginning of what is going to be a very deep contraction of the US manufacturing sector a whopping 39% of firms reported a decrease in general activity this month the index for new orders also fell sharply from 8.7 in March to minus 34.2 this month its lowest reading since April of 2020 and when new orders go down this is a lifeblood of the manufacturing sector because without new orders that means workers are forced to work on backlogs and once those are gone well that leads to massive job cuts but right now employers aren't laying off as firms reported mostly steady employment overall as the employment index fell 20 points to 0.2 in April and what this means is manufacturers didn't hire or fire in April and this is great news for the US economy given all the uncertainty of the trade war and the tariffs but there's a problem and I've warned this won't happen because before jobs are lost the first thing that happens is hours get cut and paychecks shrink the average work week fell sharply from 8.7 to minus 12.7 indicating that paychecks for production and non-supervisory employees in the Philly manufacturing sector have shrunk and in a big way let's take a look at the relationship between manufacturers new orders of durable goods and average weekly hours of production and non-supervisor employees in red because this is important to understand as demand goes down that means demand for labor falls and the problem is this leads to shrinking paychecks it pushes us right into stagflation and it's going to spill over into the housing market very soon let's take a look going back to the mid 90s what do we see a slowdown in new orders leads to an immediate cut of hours you see it happen again in 98 it starts again in late 1999 you notice that new orders slow down they contract and in response manufacturers cut hours you see it happen going into the global financial crisis you see it happen right around 2012 again going into the pandemic in 2018 and look where we're at now you can see going back to 2021 there was a big slowdown in new orders and look what happened hours work that we're upwards of 34.4 that shrunk and has now dropped down to 33.8 and we noted that that recent increase had everything to do with front running the tariffs and what we're hearing from New York and now Philadelphia are getting cut jobs aren't but I'll show you why that's coming soon the prices paid index edged up from 48.3 to 51 its highest reading since July 2022 and what this indicates is that inflation is set to surge higher this is the same time we're seeing broad-based declines in general activity in the manufacturing sector we're seeing new orders crashing we're seeing hours work plunge and what this means again as prices go higher and workers see their paycheck shrink it means they can't afford it and what it's telling us again we're headed right into stagflation 31% of the firms reported increase in the prices of their own goods and none reported decreases and 64% reporting no change and so let's talk about how average weekly hours and shrinking paychecks with rising inflation put us right into a recession let's go back to the late 1980s what's happens we see a slowdown in new orders that leads to hours getting cut paychecks are shrinking at the same time inflation is rising right into the 91 recession let's move forward to the.com bubble and what do we see inflation is rising at the same time demand not just for labor but for goods and that leads to hours getting cut right into the 91 recession the same thing happens going the global financial crisis this time energy prices are driving up inflation at the same time workers do not see more hours to afford it they have to cut their spending and next thing you know right into the global financial crisis and let's move forward to where we're at today where we see hours work continue a downtrend and we know this recent bump last month is likely to get reversed at the same time what we can see from manufacturers in both in New York and Philadelphia are saying "Look prices are going up." And we already know that paychecks are shrinking meaning there's going to be a big drop in demand particularly on the discretionary side of the economy so what you can see is we're headed right into recession and it looks exactly like stagflation 41% of firms indicated they plan to increase wages and compensation while 6% indicate they plan to decrease them so this is good news for workers are going to see their average hourly rate increase the problem is it's going to be offset by declining hours meaning their net paychecks are going to shrink so while the good news is workers are still going to have a job the question is for how much longer firms expect mostly steady employment over the next six months the future employment index fell 18 points to minus0.6 6 the lowest reading since February of 2016 so what we're hearing from employers is look we want to keep the people we have we just don't have the work for them to keep them busy and this is a problem because if we see a further decrease in demand what it's going to mean is hours are going to get cut even more and then jobs are going to get cut but just because the Philly manufacturing index is plunging doesn't mean your trading account has to go down check out this trade back on the 10th of April we told our subscribers buy GDXJ it's Junior Miners at open 4 days later after the weekend we told them to raise their stop-loss levels and they were stopped out for a cool 7.9% gain and we're already on to our next trades because when it comes to momentum if you just buy oversold conditions you could find yourself losing money we pair it with the trend and that's why our trades are so successful join us grab the links in the description below use a coupon code for your free 30-

day free trial stay tuned to the end of the show because let's talk about how the slowdown in hours is going to lead to job cuts as we now overlay the unemployment rate in blue let's go back to again the late 1980s and what happens at first hours are getting cut and that means paychecks are shrinking less money spent on the discretionary side of the economy but what happens as it gets to around 34.3 to 34.4 hours it's just enough for employers to start sending people to the unemployment line and next thing you know you see the two spiral out of control let's move forward to the dot bubble what happens this time hours work drops to down to about 34 employers say it's time to lay off and next thing you know right into the dot bubble now going to the global financial crisis it didn't take hardly much because hours work dropped just a little bit and that was enough for employers to say "Look we need to give the ones we want to keep more hours." That put people on the unemployment line and next thing you know right into the global financial crisis right now we're hovering somewhere around 33.6 to 33.7 hours that's set to decline again paychecks are going to shrink that means demand's going to go down and as demand falls hours are going to get cut the question is where's the inflection point well it looks like right around 33.5 hours could be the magic number that if we breach that we could see a lot of people hitting the unemployment line but for the moment the good news is the stability in the labor market as US initial jobless claims declined to the lowest since early February and what we're hearing from the manufacturing sector as we look at this data is they're saying "Look we know things are going to get worse but we don't want to lay people off because we actually believe that if the trade war comes to an end and the tariffs go down the production will go back up and we want to try to hold on to employees the question is as we move forward and we look at the payback period from the pandemic and we pair it with the payback period from front running the tariffs well what it's telling us is if we get to that payback period and demand doesn't hit well means there's going to be mass layoffs initial claims decrease by 9,000 to 215,000 in the week ending April 12th that's a very low number can meanwhile continuing claims are proxy for the number of people receiving benefits rose to 1.89 89 million over the week of April 5th recurring claims are elevated compared with a year ago but remaining very steady as hiring by companies has slowed down is now more difficult for out of work people to find a new job but those claims have stayed within a fairly narrow range we can see right here those that get on unemployment eventually do find a job the problem is it's a sacrifice of someone else but for the moment what we're hearing at least from the manufacturing sector are jobs are going to stay put which is great news but it doesn't mean paychecks won't shrink and that's the problem because if paychecks continue to shrink and less spending hits the economy well that means eventually demand's going to plunge alongside with demand for labor so we need to see a turnaround in the US economy and quick now what I want to know from you do you think this trade war is going to last a long time or do you think it's going to be over very quick and lead to a major turnaround in our economy weigh in the comments below how long do you think this mess lasts because the threat now is it's going to spill right into the housing market as housing starts to climb by the most in a year on one family homes and even though manufacturers are saying they're going to hold on to workers the problem is the housing market which employs a large number of people well when builders stop building it means a lot of people are out of work new residential construction decreased 11.4% to an annualized rate of 1.32 million last month restrained largely by a huge plunge in single family homes the figure was weaker than the 1.42 million estimate and this is a problem because right now we're seeing a lot of estimates that are way too high and there's a lot of pessimism in the housing market and for good reason if people are worried about losing their job if they're seeing their paycheck shrink and they'd like to move well they're not going to because they're afraid if they do buy a bigger or more expensive home they may not be able to afford it but let's talk about what this means for the labor market while we're seeing hours getting cut in the manufacturing sector what we're finding out is housing starts are plunging and for the US economy and labor market this is a dangerous sign one not even manufacturers will be able to ignore let's go back to the late 1980s and what happens new privately owned housing starts well they're headed down in a big way and at first it doesn't impact the labor market until it reaches an inflection point next thing you know it spirals right out of control as we move forward into the dotcom bubble what do we find out a little bit of a slowdown in housing starts again doesn't have an immediate impact on the labor market but at one point it does and next thing you know right into recession but the global financial crisis has a much different view of what happens when housing starts plunge again at first it didn't hit the labor market and then next thing you know it spread like wildfire into the financial crisis we see housing starts plunge and put an end to the decline in the unemployment rate so far you see housing starts have trended sideways slightly down and that means the unemployment rate not budging and based on the trends in the economy housing starts are likely to plunge sending more people to the unemployment line and home prices have come off their peak somewhat as builders deploy incentives to try to clear excess inventory which still stands at the highest since 2007 so this is a huge problem because there are people that want to sell their home and one of the issues I've said is builders have the ability to cut their prices and when they start to do that it's going to backflow right into the resale market where people don't have the margin and sure enough what we're facing now is the largest inventory hang since 2007 and this is dangerous is leading to builders slowing down their projects with the number of single family homes under construction falling to the lowest level in four years continuing steady climb back to mid 2022 and as they build less that means they need less workers and as people's paychecks go away means they spend less into the economy and now let's take a look at this because one thing we've seen is home builder confidence has remained high they've been very optimistic that if you build it people will come and right now they're sitting on a massive amount of inventory at the same time the home buyer confidence is at the lowest level since the mid1 1980s suggesting that at some point due to the relationship between home buyers and home builders that home builder confidence is going to plunge that means they're going to look to liquidate their inventory and cut prices in a major way meanwhile consumers have been downbeat on the economy and their financial prospects which is also weighing on demand its first quarter earnings call last month the head of home building giant Lonar said consumers increasingly are struggling with high levels of personal debt which is hurting their ability to get mortgages so what they're suggesting is look if there wasn't so much debt people would buy a house but the real issue here is not about debt it's not about interest rates it's about the labor market because if workers were getting payraises that they needed and enough hours they'd see their paychecks expanding that means they could pay their debt they could afford higher interest rates and they could buy that new house but what are we seeing from the manufacturing sectors in both Philly and New York is that hours worked are shrinking and while people are getting an increase in pay the problem is it's leading to a net decrease in their take-home pay less money discretionary side of the economy less money to spend on debt and that means people aren't buying homes and that's going to lead to a lot of unemployment and here's the other risk that we're facing as we now look at average weekly hours of production of non-supervisory employees this time in blue against a delinquency rate in credit cards and we go back to the mid 90s what happens a little slowdown in hours worked at a time when consumers were already under stressed at the limit it led to a rise in the delinquency rate of course when that happens banks don't want to lend you see that happening again going in the.com bubble right here going into the global financial crisis as well a slight decline in hours against rising inflation meant people were delinquent and then it spiraled out of control today we're seeing the same thing and it's just a matter of fact that there's enough hours that are keeping the delinquency rate from spiraling out of control but if hours continue to get cut and paychecks shrink against rising inflation well not only are we going to be in stagflation but we're going to be in an allout financial crisis where builders with the largest inventory overhang since 2007 will be forced to slash prices to liquidate at the same time a lot of people are going to be out of work but not to worry the Fed's going to run to the rescue well not quite because Fed's pal says strong labor market depends on price stability and sometimes I wonder what they're thinking about because the labor market and prices are not connected let's take a look at the consumer price index against real retail sales that's inflation adjusted in red because as we know the cure for higher prices is shrinking paychecks and higher prices and sure enough we can go back to the dot bubble we can see in the late 1990s prices are rising out of control we know that paychecks are shrinking and that means retail sales roll over and come down and enter a contraction and when we think back to the manufacturing sector this is where you get the decline in new orders because as sales go down and inventory starts to build up well they don't need to order more and then again it backloss right across the supply chain up to manufacturers the Fed chief acknowledged that a weakened economy and elevated inflation could eventually bring the central bank's two goals into conflict we may find ourselves in a challenging scenario which are dual mandate goals or intention if that were to occur we consider how far the economy is from each goal and potentially different time horizons over which those respective gaps could be anticipated to close well there's a problem here because if the labor market goes inflation is going to follow because when people can't afford to buy things well that means again the solution for higher prices is higher prices and that means businesses will be forced to cut even if it means taking a hit at the margin they will have to do that and even if the Fed cuts it won't make a difference at all because people that don't have a job they don't get loans let's take a look at what happens when inflation goes up as weekly hours goes down you can see going back to the late 1980s put you right into stagflation here you see rising prices paychecks shrinking as workers can't afford it again right into the recession we see that going into the.com bubble the global financial crisis and you can see the setup now as both Philly and New York manufacturing sectors are saying "Look we're going to cut hours at the same time we're going to be forced to raise prices." But yet when we hear from President Donald Trump well this is what he had to say as Fed Chair Jerome Pal's termination from his position can't come quickly enough arguing that the US central bank should have lowered interest rates already this year and in any case should do so now trump decisively nicknamed Fed chairman he nominated his first term is quote too late writing a post on True Social that palace termination can't come fast enough well it won't matter Mr president because if we go into stagflation rate cuts aren't going to make a difference but if we do you can still make money trading this market let's talk about our momentum timer pro you've seen our trade on GDXJ now how do we do it because when people trade momentum indicators they look for when things like the RSI or the MACD are oversold territory and start to move out of it and they buy but one of the problems is if the trend is down you can go from oversold to oversold and oversold some more meaning price continues to fall so what we've done is we paired those indicators with the trend line we call that momentum timer pro which gives our subscribers the edge when the trend's rising and the momentum indicators are rising well it triggers a buy signal on a report we run momentum across a one day one three and six month windows and all that reports out into the daily report that you get you get tradable signals and here's the best part i go through all the signals on the report and tell you which ones I think are the best we give you risk control levels a full tracking of all our open trades and return a weekly update and here's the best part you don't even have to put a dime in to try our report out because we're so confident that you can make money trading our signals we want your first 30 days to be on me that's right grab the links in the description below use that coupon code for your free 30-day free trial and with that I'm Steve Admeter thanks for watching thanks for being fans bye now

2025-04-18 Every Major Crisis Started JUST Like This… And It's Happening Again

https://www.youtube.com/watch?v=0wEQ61Nhz6w

there is another key financial indication that just today is jumping to an extreme level we are still getting way too many of these while on the surface it appears to be calmer this week compared to last week it doesn't take much to find out that's not the case in fact when you look around you see way too many indications that are similar territory to say 2008 or 2020 one of those I always bring up copper and gold because of what putting those two commodities together gives us a sense of financial fear balanced against real economy demand the copper to gold ratio has utterly plunged already surpassing 2008 and very nearly cutting under 2020 the most extreme days of 2020 but that's not the one I want to point out here there's another one similar to copper to gold though even more telling in situations like these gold to silver most of the time this ratio is used as a trading signal for when to buy silver but in these extreme cases it's about a whole lot more than that we're talking about deflationary money liquidations exceptional degrees of distress and these are only two of too many interest rate swap spreads that had plunged to their own obscene lows last week they're right back to very nearly revisiting them right now today so what is the significance of all these extreme measures what does it really mean when gold to silver hasn't acted like this other than March of 2020 and October of 2008 and when gold to silver is backed up by copper and most of all interest rate swaps what does that really tell us gold to silver at 102 and climbing doesn't necessarily say that you need to buy silver what it does say is that we need to pay close attention to the fallout from everything and now that silver has entered the chat let's see what the white hot warning from the white metal has to say about all the rest of this stuff silver like copper part precious metal part industrial but silver is more precious metal than copper is and most often as I just said the gold to silver ratio is used as a trading guide gold is rising more in price than silver then precious metal buyers and hedges might choose silver as a cheaper alternative that's what the gold to silver ratio tells us but gold to silver does have macro applications for example you go back to the early 2010s in the aftermath of the 2008 crisis the silent depression that developed in the 2010s meant that industrial activity has lagged it never really recovered despite everyone saying that it did that there was a full recovery by 2018 and 2019 and all the rest that central bankers and economists have claimed but silver for industrial uses has lagged behind gold therefore holding silver demand lower therefore silver prices lower compared to gold so structurally the gold to silver ratio has moved higher because there's more demand for gold as the silent depression has worn on and less relative demand for silver from the industrial side so much so that the any demand for silver for precious metal alternative uses hasn't really made up the difference and then the ratio stayed above 80 pretty much throughout the 2020s so far again an acknowledgement that the economy never really recovered from the pandemic phase and the industrial uses for silver haven't made up the difference with gold continuing to soar ahead but notice the big spikes here that's what we're really drawing our attention we see these huge spikes in the gold to silver ratio in 2020 and especially the worst part of 2008 the summer of 2008 heading into September and October lehman Brothers AIG Wakovia all of that the gold to silver ratio is absolutely surging and the reason is because gold is gold demand is the error hedge not inflation hedge as the error hedge so it's it's acting as the ultimate precious metal use in the modern store value sense silver however while even though it is an alternative precious metal in these periods it is being liquidated as industrial leverage holdings are reacting to falling levels of demand as well as liquidations driven by the lack of monetary circulation and flow deflationary circumstances so when the gold to silver ratio spikes it's a crisis level warning huge demand for the error hedge combined with industrialcale liquidations that's exactly what happened in the worst part of 2008 as well as February into March of 2020 silver was liquidated even though it's an alternate precious metal while everyone piled into gold for what are now very obvious reasons and so we've seen the gold to silver ratio absolutely sore again over the last week even since the announcement that the Trump administration was going to delay implementation of the tariffs this is another signal that has gone in the wrong direction even following that what should have been a positive signal for the marketplace when you look at gold and silver the two precious metals or the two metals have been generally aligned over the past couple years going back to 2023 2022 2023 so the ratio was relatively stable back and forth around 85 or so if again as I mentioned structurally higher than where it had been before the 2010 silent depression but after March 24th this year silver was liquidated i mean massively liquidated just like copper and other financial assets gold got a little bit of a hit a collateral hit but a much smaller one and only on the two worst days April 7th and April 8th so since March 24th silver went down a lot farther and hasn't come back it's still 6% below its price from March 24th gold on the other hand is almost 10% above its March 24th price so the gold to silver ratio has absolutely soared and between March 24th and now what have we seen significant monetary problems develop in all of these places as well as the Treasury market the basis trade foreign reserve manager selling selling in stocks all of these signals have been downplayed by pretty much everyone but now it's all out in the open the behavior of the gold to silver ratio here in the middle of April suggests that conditions have deteriorated substantially and continue to be deteriorating such that it's compared to only 2020 and 2008 now this doesn't necessarily mean that we're we're expecting or experiencing something like 2008 or even

March of 2020 and I'll get to what all of these signals mean in just a moment but what it does show is that here's another critical indicator saying all is not well that what we just went through was indeed a very serious deflationary outbreak and that most important of all there are going to be further consequences further consequences now before we get back to sponsorship and now back to the rest of this video we've already got that message already in a lot of different ways so here we have gold to silver that ratio really corroborating in its own way in its own important way what we already been seeing from all these other places i mentioned copper to gold that's a big one copper prices had been soaring on a supply squeeze up until recently and gold had managed to keep up with it because of the demand for the error hedge in fact when copper peaked on March 26 at what was a record price gold was relatively right there so the copper to gold ratio was only up a little bit off of its multi-year low set earlier but since March 26 again that's when all these liquidations when the really crisis level proportions showed up copper was liquidated it was down 21% between March 26th and April 8th and during that time gold went higher relatively speaking only a small decline in those two days that I mentioned earlier so the copper to gold ratio plunged to 0.00862% which was one of the lowest ratios in the last 40 years there were only a handful of days in 2020 that were lower that rate is lower than every every single ratio in every single day during 2008 and 2009 and all the years in between now since April 8th copper has retraced and rebounded by a impressive 13.5% but gold has been keeping up during that time as well so the copper to gold ratio this morning before I started recording was still 0.00882% even with gold today down more than copper that's an incredibly low low ratio signaling once more same territory as two as 2020 and 2008 2009 same types of consequences and and same types of perceptions about the degree of seriousness of seriousness that we're going through right now and copper to gold at these levels is a deflationary signal it's not about you know tariffs becoming inflationary as all these central bankers say that they're worried about it's a solid dependable historically validated deflationary signal in the same way that the gold to silver ratio spiking to this degree and this quickly is the same thing driven by liquidations and the fear hedge or the the demand for the fear hedge the error hedge that gold provides but it's not just these goldbased ratios it's not just precious metals or commodities as I pointed out many times before there is such a compelling story in the copper to gold ratio therefore the gold to silver ratio too because of how they're corroborated by the interest rate swap spreads looking at the world from very different angles from very different perceptions and very different uses and needs and coming to very similar conclusions including right now i mentioned that swap spreads I did an entire video on swap spreads that absolutely plunged to record lows not just record lows record lows that obliterated all their prior record lows just last week but rather than come back off those lows which they have done they're actually not all that far from the bottom the recent swap spreads in fact the swap spread yesterday and some of the spreads this morning they would be their own record lows if not for the events of the past past week or so so that puts interest rate swap spreads into the same territory the same conditions as the worst cases like March 2020 as well as October 2008 but we're not necessarily saying that there's a repeat of 2008 that the market is pricing it's all about probabilities so when these signals are similar to those worst case levels like 2020 and 2008 what that says is the probability of something happening is way too high it's not a done deal it's not necessarily 100% but it's enough of a chance that significant chunks of the most important parts of the monetary and financial world aren't willing to sit there and do nothing about it the chances have gotten to be too high and those concerns shared by a wide enough coverage of people and participants in the marketplace that these spreads and these move and these prices all move in that same direction and what everyone is doing is buying increasingly expensive hedges that's the key here the price of protection has soared because more and more people see the same thing more and more participants in the marketplace are on that side of the transaction yet they keep buying and buying even more intensely that's what pushes these spreads and these ratios to such extreme levels now it's not an infallible signal by any means but when we're talking about gold silver copper tips treasuries forward rates and most of all interest rate swaps that's pretty much the entire ball game when I say that there's more and more people on that side of the trade we're talking about a massive coverage all across the real economy the financial economy as well as the monetary system itself more and more people are seeing the same things more and more people are doing the same things and by the doing that they're driving the prices of these hedges up and that's not dissuading people to take the other side of the transaction in fact everyone still piles into the same side it's a powerful powerful set of signals and you look at just where swap spreads have been over the last several years they were already pretty negative in 2022 then took a tumble right at that critical September to October period and what that said was the market was preparing for the chances that higher for longer were going to get smaller and smaller that higher for longer wasn't going to be a thing for the long run why because the entire financial world was betting for interest rates to go lower over time not go higher and stay there and technically what they're betting on when it comes to interest rate swaps are the is the forward money curve or in this case the forward sulfur curve and with the sofur curve already being inverted the interest rate swap spread behavior said the market these market participants were saying the sofur futures curve as inverted as it was wasn't inverted enough and by the way this is I I covered all of this in Euro University's basic series there's four basic videos on interest rate swaps and interest rate swap spreads what they are why they're so important and what those signal what their signals actually tell us so we've got all the information about the basics behind interest rate swap spreads and a whole lot more monetary signals the curves and everything else for Euro dollar university members in fact that's what Euro University memberships are all about to fill in these gaps left behind by economics which does a poor pitiful horrible job of telling people and educating the public about how the world actually works so back in October 2022 that was the marketplace betting the world was too imbalanced after the supply shock and that the monetary system was too fragile and that there was it was only going to get more fragile not less the economy wasn't recovering it was forgetting how to grow and so while J Pile kept screaming strong and resilient these indications these creeks and cracks and groans have kept popping up and getting more and more serious all the time not just an interest rate swaps that's a big one but like I said copper to gold that's been moving lower all this time so we have to ask what are the scenarios that would lead to lower for longer in interest rates or the deflationary signal that we get from copper to gold and now gold to silver scenarios that two years ago seemed almost impossible to everyone but the market said the danger was there and it was still rising it didn't even appear likely to most people last year but now you start to see it almost everyone can now see it and what is it it's the probability that something is going to go wrong and then keep going wrong that something happens that leads to something bigger happening and then so on and so on the cascading effect in markets but also the real economy the soft landing for example the chances were never great according to the marketplace and have only gotten worse while everyone outside of the marketplace says it's only gotten higher so the swap spreads and copper to gold ratio said told you this entire time forget higher for longer forget the soft landing fragility is rising and therefore the growing probability of consequences of that fragility of that lack of recovery it was the entire system with everything riding on the outcome disagreeing with J Powell and the mainstream so what they were saying is the probability for something like deflationary money was already too high entering this year and now that we've seen these liquidations and all these extreme levels and all of these important measures what they're saying is the chances have gone up for even more of the same including even more fallout and more consequences across the financial system in terms of volatility potential liquidations but also real economic damage up beside all of that and these probabilities you'll notice they go mainly in one direction not in a straight line but an unmistakably singular progression in the wrong direction going back to 2022 when everything changed when the world transitioned from the price illusion illusion of recovery to forgot how to grow and what these probabilities are really saying is that forgot how to grow the chances are it's not going to stay forgetting how to grow that it's going to complete the cycle in full and complete fashion and all the consequences that go along with it so when the gold to silver ratio was soaring in the summer of 2008 right on through October 2008 what was the outcome of that not only do we get a crisis and a massive global contraction more importantly the silent depression which followed from it that was the probability hedged into that ratio the copper to gold ratio interest rate swaps and all the rest of them what were the consequences from 2020 when again the ratio soared or copper to gold ratio plunged and swap spreads plunged along with them everyone said the recovery afterwards was robust it was too hot there was a labor shortage the markets told you that was all an illusion the forgot how to grow economy and the increasingly fragile monetary system that went along with it these probabilities are about how the 2020 pandemic era ultimately plays out and at these exceptional levels crisis levels already what that tells you is the probabilities are indeed very high in the wrong direction because if they had managed to hit the soft landing it would have validated the technocratic approach that governments could just turn off economies then turn them back on and everything would be good and if it wasn't good they could easily cover the damage with all their transfer payments and government borrowing so you can see why politicians and central bankers keep sticking to strong and resilient soft landing they're entirely invested in the outcome but not hitting the soft landing completing the cycle fully that would mean they did screw us all over in 2020 there was and still will be massive damage that everyone has to pay for and that none of their genius plans worked as advertised instead all they had been were harmful distortions that created the illusion of recovery and economic health all the while the foundation was cracking and rotting away that's all the forgot how to grow economy really was telling you the foundation was cracking and getting more and more unstable more fragile that's what these markets have been betting the entire time that instability and fragility was going to lead us back to the consequences for 2020 now that they're all betting at these extreme levels that we've only seen in 2008 and 2020 what are the chances of a soft landing and that Goldilocks scenario that's what these numbers and comparisons really are a place to start answering that question another one of these key financial warnings comes to us from Japan don't necessarily mean the yen though that's part of it i went over the details of what this was and what it says in the video link below as always thank you very much for joining me huge thank you URL University members and URL University subscribers and until next time take care

2025-04-18 What Happens Next... Has Already Happened Before

https://www.youtube.com/watch?v=jzIZbpaYx9c

coming up today stocks trade mix to finish the shortened trading week big tech in the firing line will Chinese stocks get delisted is JPAL going to get fired a look at Netflix's latest numbers and are we right on the cusp of the first blockbuster trade deal this long weekend you don't want to miss this one guys let's go and welcome back guys and even though the Dow Jones Industrial fell quite a bit to finish this shortened trading week thanks to a huge fall in United Health along with some falls in other blue chips and big tech stocks it was mostly a bullish day especially for some of the defensives and energy stocks but we've now got the S&P 500 coiling up once again into a really tight range low volume day this is actually what's known as an inside day as today's total range was inside the previous candle on a small little spinning dogee and that can often precede a move in either direction as volatility naturally expands and contracts before it expands once again and so that's what we're going to be looking at in today's video are we right on the cusp of potentially some big blockbuster trade deals this weekend or early next week in which case we could get another fat green candle here or are we going to hear of potentially some countries more closely aligning with China and maybe they can announce a new trade deal in which case I think we would get another fat red candle as it's still very much a headline driven market here and why I think the current price action lends itself more towards reversal trades instead of trend trade as I think regardless of headlines we could still chop around for some time before the market finds clear direction and gets past this significant period of indigestion over the back and forth tariff headlines and just looking at the spread of the S&P 500 versus the rest of the world it's actually come off a lot this week seen a bit of a V-shaped recovery in global stock markets in fact they just reclaimed and finished above the 50-day VWAP for the week so once again American stocks are underperforming here and we'll come back and look at the VIX chart and I'll give you my thoughts on volatility and stick with me today because later on in this video I've actually got a special announcement to make which anybody interested in trading options will want to stick around for as this is something that's never been done before so more on that later on but first let me show you some of the latest data research and headlines that I've curated from across the financial community for you today fear and greed index can't seem to budge we seem stuck down here along with the market's pricing of the odds that we get a recession this year 61% with a lot of people saying we're already in a recession right now and that will be lucky for the US economy to grow even 1% this year and bearish sentiment reading continue to remain elevated the latest investor sentiment survey almost 57% of investors still think the market will be lower in six months time from now and that is actually a brand new all-time record eight consecutive weeks of this bearish reading above 50% we'd have to go back 34 years for a similar reading in the depths of the savings and loans crisis from the early '90s we didn't even get that many consecutive bearish readings in the depths of the GFC fear is at an all-time high and it's not hard to see why we're currently tracking at the fifth worst start for the year looking back over the last 72 trading days however looking back at other similar really bad returns year to date except for 2001 which is pretty much a scratch other years did finish higher however it does get a little murky a bit below this level as well and given this is all happening within a different context the biggest global trade war any of us have ever seen again it's not surprising to see high levels of fear and many investors scratching their head as to what to make of all this but generally speaking when we get elevated levels of fear and bearish sentiment typically that bodess well for forward return just looking at this cool chart here combining the average percent rank relative to history of the VIX investor sentiment and investors intelligence survey combining those three indicators into a composite score we've actually got the highest bearish reading ever and anytime we've been at this level over 80% and this composite score all bar once every other time the next one-year returns for the S&P have been exceptional and this could very well play out again i know that sounds crazy in the heat of the moment and indices are still technically in a downtrend but I'd say if we do get big new global trade deals done and done quickly inflation's come down corporate profits can hold up the Fed can cut rates well that's right back to a soft landing scenario but for the here and now the market is still soft for sure in fact we no longer have any companies with a market cap above 3 trillion apple just lost it so is Microsoft nvidia's given back a lot this year and these companies are still very much in the firing line as we're still in the midst of a nasty trade war between the world's two largest economies the States and China but the current price action of the market does have a close analog with that of 1998 dramatically similar ever since we've peaked and come off almost in lock step and so I wouldn't be surprised if this price action happens as well on the S&P 500 we kind of mess around here for a few weeks maybe come down and retest and form a double bottom bullish divergence and then if we have global trade deal at least with a majority of the state's major trading partners that could potentially set up for a V-shaped recovery but for the here and now we're still very much in the chop zone up and down headlines fear gaps you name it we're getting everything in this market along with the worst year-to- date performance for the US dollar which is typically bullish for stocks over a third of the S&P 500's earnings comes from offshore so a weaker dollar naturally translates into higher earnings from offshore but like I just showed you on the spread chart between the S&P and the rest of the world this also represents a lot of the world given up on US stocks with a big consensus out there us exceptionalism has seen its best days and unfortunately some of the biggest stocks are getting caught up in the middle of all this nvidia being the latest this week just after we got that blockbuster headline of a new half a trillion dollar investment the White House also has placed strict export control on high-end Nvidia AI chips they already made a dedicated chip for the Chinese market the H20 as the previous admin required them to do that a lot of people forget the previous admin actually retained the initial tariff put on China from back in 2017 and 2018 and so it had been a bit of an important market over 10% of Nvidia's revenue along with the potential to China to do something back with a tower risk of potentially a Taiwan blockade which would no doubt send the market down at least another 10% if we got that potentially sending the VIX to 80 but I don't think the Chinese will do that well not at this stage at least anyway but of course everything's on the table here and not just Nvidia Apple plenty of other chip companies relying on Taiwan along with big American brands active in the Chinese market we've already seen them come after Boeing not only caning orders but actually returning some 737 MaxJets so they are biting back tit for tat with what I'd say one of the most if not the most significant measure of not just tariffing rare earths but actually completely stopping them from being exported not just to the US but to the entire world these are critical materials for a lot of very important industries and they've heavily invested in this over the last 10 20 years as a key strategy to get a grapple on these materials with the rest of the world now pretty much coming to that realization that yes indeed it has been weaponized the fears did play out something we've talked about for a while actually and of course this has to be responded to the White House now mentioning there's going to be 245% tariffs on select Chinese goods on top of the previous tariffs from the president's prior term in tandem with an announcement of a probe into critical mineral and this is in addition to widespread and promoted videos of Chinese factories exposing a premium Western brand actively teaching people how to knock them off as well as skirt tariff once again this is stuff we don't do in the West our governments don't condone counterfeiting of any company's products yet let alone encouraging the counterfeiting to be promoted and it appears to be working we got Chinese e-commerce apps hitting the top of the US app store these videos across social media are reaching millions of consumers who have been encouraged to shop direct with Chinese companies here so once again just looking at what people do versus what they say they're very actively fighting back in a hard way big propaganda campaigns within our social media tik Tok just a classic move from their playbook whilst putting out headlines that they are open to negotiation on economic trade area i would say there is a small chance the states and China can do a deal but China's going to have to bow down to the states which at this stage doesn't look like they're going to do but just keep in mind the United States represents over a third of global consumption just think about that for a minute one in every $3 spent in the world on consumption comes from the United States consumer and not only that up until these tariffs it was not only the biggest market in the world but the most accessible easiest to do business compared to other countries with a lot of regulations blocks taxes and so China might be thinking they can ride out the next 3 and 1/2 years with this White House but I'm not so sure about that we've already seen protests within China and of course those organizing those protests have already been disappeared as that's how they treat freedom of speech so as I've been saying for a few weeks I wouldn't be surprised if the White House's next move is to delist Chinese stocks from American stock exchanges which is almost a trillion dollars worth of capital that would be a huge deal but it would make sense for this White House's strategy they want to cut China off from US markets unless they play fair and why should American investors finance Chinese companies when they don't return the favor american companies aren't allowed to list on Chinese exchanges you want to do business over there you have to find a Chinese partner and give them 51% of your business along with transfer all your technology and IP to them so their industry can learn from you and they'll keep a close eye on you and raid your company offices without notice if they suspect you're doing anything that they don't like it's not a level playing field and I know I was really bullish on China ever since Xi Jinping flew over to San Francisco in late 23 as it appeared they were coming to the table wanting to do business open up their markets again i thought it was a good trade which it was i closed my Chinese positions for a good profit they were coming off rock bottom valuations but I simply can't hold them throughout all this there's a lot nastier trade war than many of us had forecast and so things change and we must change with them in fact Warren Buffett once held a position in Taiwan semi but he bailed on that as well as he didn't like the building risks of its location he said and so investing it's okay to change your mind if the facts change so should your view should never get married to any opinion or position and be willing to be flexible and so my regular viewers will remember that before Xi Jinping came over to San Francisco in late 23 I had been bearish on China for a while and as it stands right now I think it's just too risky to invest in China in this current environment so what this market's really looking for is big blockbuster trade deals which I think we could be on the cusp of getting have no question about it we will get trade deals we just saw Italian Prime Minister Giorgio Maloney have a pretty good meeting with the US President indicating good progress in fact she actually came out and said "The goal for me is to make the West great again." And I think we can do it together pretty constructive language there and apart from the EU as a whole the next big one and maybe even more important is the world's third largest economy Japan we could be on the cusp of a big trade deal between the states and Japan which I think the market could get very excited about because it then makes it more likely other countries will come to the table and we'll get deals done and Japan's the biggest and closest neighbor to China and they have a bit of a muddy history and so this would be very much symbolic as it would be material for their respective economies and markets and in fact we even saw the president himself enter the negotiating room deal directly with Japanese trade negotiators and the Japanese prime minister actually described this situation as a national crisis the US is very important for them not only for exports selling their cars and other key industries but also the military relationship between the two allies as well needs to be retained so we'll be watching for any new developments on a US Japan trade deal going into next week in addition with other large trading partners United Kingdom Germany Italy South Korea India these are all key economies the market will be looking for deals and hopefully we get that in the coming weeks if this drags on longer than a month the market is going to remain messy now moving on from tariffs to interest rates and inflation we just heard from Jay Pal yesterday in which he pretty much told us straight down the line the Fed put is not there or at least he didn't want to indicate that said he won't intervene this time if the stock market plummets it seems to have a very different tune compared to the past and that's upsetting the White House who are putting pressure on them to cut rates and there is some data to back that up and that's why they're calling for JPAL's termination however Pal's term ends in May next year there's actually legal barriers to protect Pal he said he's not going to go even if he's asked as the Fed's a separate entity from the federal government they just have oversight of them but not their actual decisions so I'm not sure whether Pal can be forcefully removed here but it is a little contradictory that J Pal suddenly leaning on forward-looking speculation because the last couple of years pretty much his whole time in the Fed he's been reactive to data not proactive something he's been criticized over he waited 2 years to hike rates after panic printing 10 trillion and apparently got surprised when inflation wasn't transitory was really late to jack rates and is now saying well maybe we do get inflation we just saw the ECB cut rates because we do have a huge risk to growth now in addition to inflation still down trending and in fact we just got the lowest print in over four years we have to go back to February 21 to see the same year-over-year growth with inflation looking at real-time prices in the economy still being disinflating with the current annual run rate 1.36% in addition to interest rate traders strongly suggesting the Fed should start cutting in June and so if we do get global trade deals that should take away the risks of a sharp spike in inflation i don't think these extreme tariffs are going to stick i've said that from day one we're always going to get trade deals this is just one big long negotiation of course things with China are different but the rest of the world we should expect trade deals done soon and with inflation already downtrending why can't JPL react to that data like he always has in the past but this is really no surprise my regular viewers will recall before the election last year I said it's highly likely JPAL will get more hawkish and start focusing on inflation should this president win regardless of the data and that appears to be what we're continuing to get here even though the data and the market is showing he should start cutting especially the 2-year government bond yield which often leads the Fed currently sitting at 380 that's about a 50 basis point half a percent gap from where the Fed currently is right now so the data in the market is telling Jay to cut but he's pushing back and he actually sounded a bit hawkish to me yesterday so I'll be interested to hear how his tune changes once we do get trade deals because if he continues to stay on pause the market's not going to like that okay just moving on to earnings as we gear up into Q1 earning season just heard Dow Jones Blue Chip United Health getting absolutely bushwacked in today's trading only missed earnings per share expectations by not even a dime but slashed their fullear outlook and the market is punishing companies that are missing here along with outlooks look at that monster fall for the otherwise stable blue chip down over 22% today that is huge but the biggest one was Netflix coming in with a healthy beat they're kind of a recession proof business really they're in the cloud have great economies of scale and because it's a cheap price even in a recession the vast majority of people won't cancel if anything they're stuck at home and they want to watch some good content earnings per share came in 661 versus 571 expected slight beat on revenue and they said there's no material change to their overall business outlook there's a look at the daily going into earnings after close here just on the 5-minute chart nice little bump up but somewhat restrained only 2.6% just trading under a,000 bucks per share and I continue to believe it's one of the most exceptional businesses in the world in fact I'm waiting for a decent pullback so I could potentially start a position in it just looking at their numbers here 13% year-over-year growth with really good growth coming outside North America especially in Asia Pacific in addition to improving margin looking at their gross margin and operating margin really nice uptrend there and that's thanks to their huge scalability largely fixed costs but revenue can keep dialing up on top of that and just looking at fact set for an overall bird's eye view of earnings we're still only 12% of the way through but thus far 71% have reported earnings per share above estimates a bit below the 5-year average of 77 and so far we're tracking a blended earnings growth rate for the first quarter of 7.2% which is not really bad considering there was a strong narrative that the consumer really pulled back in Q1 so we'll see whether that holds up i think anything above 5% for Q1 is pretty good of course Q2 is likely to be a lot more softer messy at least but overall corporate revenues and earnings are still growing and it's just interesting isn't it because consumer sentiment has absolutely fallen off a cliff these last couple of months getting down super low here as a lot of people are very worried about what's around the corner a barrage of negative headlines but it's just not showing up in the data that matters well not yet anyway jobless claims this week came in really low in fact one of the lowest prints we've seen over the last year only 215,000 Americans filing for jobless claim benefits and one stat that I'm sure would surprise many is we just got the highest print for retail sales year-over-year growth trounced expectations 4.6% year-over-year it's almost double inflation and that's because by far and large consumers are still employed they're still earning money and of course they're still spending it even though as worried as they might be and economists were actually predicting it would come in at 2.6% somewhere around here so that's definitely some good data for the here and now moving on we just heard hedge fund manager Bill Aman announc his position and car rental company Hertz got almost 20% of the company he believes a combination of improving industry structure more rational competitive behavior the resolution of the company's overexposure to Teslas a successful operational turnaround plan and a new management team with a track record of success and the company's leveraged capital structure will enable shareholders to generate a highly attractive return and there's a look at the daily on her monster rip pretty tiny company still only market cap around 2 and a.5 billion coming off those lows and just going out to a monthly chart one of the messiest charts you'll see two lost decades but it's just one of those companies that although it's not super exciting it's kind of just like a staple anytime you fly somewhere you do have to hire a car so they're always kind of going to be there and I guess Aman's probably right on the valuation and just him announcing it is enough to unlock value anyway but I'd say all the alpha on this deal is probably already gone it's already been marked in by the market the last two days okay just taking a look at volatility before I share some news with you guys did come off a bit today and gave up that 30 handle for the first time since liberation day we've closed just below 30 here but the term structure still in backidation and we can see that in my market risk onoff indicator which looks at fixedterm structure as well shaded the whole chart red and so technically the market is still on a downtrend here we had that big push up last Wednesday bit of short covering is kind of drawing a bit of a line in the sand around 5,000 on the S&P but here we are coiling up on low realized volatility whilst implied volatility is still quite elevated in other words still got to be careful here market's still in the dicey zone and remember a VIX at almost 30 is implying almost average daily movement up and down for the S&P of almost 2% but of course to get some fat green candles we're going to need some good global trade deal japan is going to be a key one we can get that next week i don't see why the market wouldn't rally off that unless that coincides with some bad news with China maybe the White House could use a good rally in the stock market to announce the delisting of Chinese shares in which case the market will likely roll over again or at least for one day there'll be a huge fear spike and the so-called golden dragons Chinese stocks listed in America could get obliterated i think that is definitely a real risk and why I have zero Chinese exposure and won't be getting back in anytime soon either but for the here and now the market is coiling up getting ready to make its next move and with that as I mentioned earlier I'm excited to announce that I've been working on something new coming soon it's never been done before and this will give you the ability to trade options like a market maker instead of just gambling on them like most people do and I've done this by making it easy for you to spot trades with a real statistical edge along with my own custom tool to help keep an option portfolio delta neutral I've made the complex simple so you can profit from volatility instead of just trying to guess where the market will go next like most option traders so make sure you stay tuned in for that and if you want to be amongst the first notified then make sure you're on my private email list which if you haven't already just click the link below this video or head directly on over to my website click capital.io/volatility enter your email and Trading View username and not only will you be notified when this new option service comes out along with a special discount but you'll also get free access to my new volatility heat map indicator and this indicator gives a great visual into the natural volatility contraction and expansion cycles present in every asset can help us option traders identify when markets are getting quiet maybe a good time to tilt the portfolio long volatility and then when markets light up when to short volatility like we can see here on Tesla it's been relatively quiet for a few weeks could be ready to make a big move as well also make sure you're subscribed to this channel here on YouTube to get more details about this new service over the coming week as I'm very excited to share this with you guys soon as volatility has been made great again it's a great year to trade options not only is the bull market under a lot of pressure that makes for great diversification we've got record option volumes especially in weekly options which is a focus of mine and so instead of buying lottery tickets like most retail option traders I'm going to show you how you can sell those lottery tickets and be a net seller of options for regular income and how you can do that by trading very similar to a market maker i've been fortunate enough to learn from one personally how they operate and basically market comes down to three things edge risk and execution and so stay tuned if you're interested in hearing more about this over the coming week otherwise just to wrap it up here guys markets actually traded in really low range every day this week volatility is contracting and maybe it can uncoil on the upside if we do get that blockbuster deal with Japan that'll be a key one and will likely incentivize the EU to come to the table as well of course still plenty of headline risk especially with China so anything could happen at this stage and hence why I'm keeping my options portfolio delta neutral so the market's closed for Good Friday tomorrow i wish you all a great weekend and I look forward to making another video for you guys come Monday night cheers

2025-04-18 The Derivates Market Is Starting To Crack (This Is Huge)

https://www.youtube.com/watch?v=c9XXKWR3vuY

hello fellow Rebel Capitals hope you're well so unfortunately the derivatives market the one probably two quadrillion dollar derivative market is starting to show some cracks so this is something we've got to be aware of what I'm referring to specifically are negative interest rate swap spreads or when swap spreads interest rate swap spreads go negative maybe that's a better way of saying it so let's go into what's happening here the BIS is starting to talk about this snider's been talking about this for a long time but the BIS just came out with a report and we're going to look at what they are saying and I'm going to show you why it's completely bogus and then I'm going to connect the dots for you and tell you why this is actually a really big problem that we need to be aware of so you guys know the systemic risk with derivatives i don't need to explain that one to you so let's start by going over to Yeah let's go over to my Twitter feed and this is the actual tweet from the BIS yesterday and they say "Negative swap spreads may signal high premium for government for holding government debt." Okay that's their first fail right there because what they're not doing is using common sense and you've just got to say look it's a spread right what do they Well I won't get too frustrated now because I don't want to go down that rabbit hole or go off on that tangent we'll come back to that in a moment but you just have to realize that they don't care about you know how much issuance is going to happen in the future that's not what an interest that's not why a dealer would get involved with an interest rate swap spread they're just looking for an arbitrage opportunity now you could argue that okay maybe it cost them a few extra basis points now because they're using the treasuries that are on their balance sheet or they're maybe buying more treasuries adding that to the balance sheet increasing that balance sheet size and therefore they have to pay a price for that due to regulations and yada yada yada and therefore they don't want to get involved with these spreads but when the spreads go further and further and further and further and further negative something's up i It's not just the fact that these dealers are constrained as far as their balance sheet capacity now let me be clear they're not constrained or they might be constrained but only because they want to be constrained it's not because regulations are the only thing that is constraining them constraining them and making the cost of getting involved and taking advantage of that free arbitrage uh increasing to the point where they don't want to get involved with the trade at all so like I always say about selling treasuries or there's a big difference between or creating liquidity in the global monetary system there's a big difference between the ability to create liquidity and the willingness to create liquidity so here there's a big difference between the ability to expand their balance sheet and the willingness to expand their balance sheet the starting point for the starting point for the BIS is that they don't have the ability to expand their balance sheet anymore because of regulations and even if they do from a financial standpoint it doesn't make sense now right off the bat let's just assume that the cost to them for adding these treasuries to their balance sheet to do the swap spread to begin with or to take advantage of that arbitrage let's just say that that costs them I don't know 15 basis points okay fine but let's go back to their own charts right here and the red line is a 10-year Treasury and this goes back to 2018 2020 and then you can see where we really start to go negative here into 2024 and where we are today which is a USD oh the floating rates there okay so we're at negative on the 10-year negative call it 30 basis points so my point is if I'm reading this chart correct so my point is why all of a sudden is there more is there a higher cost let's say now than there was in 2022 or even in 2023 because that's when the uh they argue that all this issuance came out okay so why weren't the swap spreads negative30 back then if it's all about just the additional cost of expanding the balance sheet and holding these treasuries due to SLR requirements or GIB requirements so that now if you said okay when they came out with these regulations which was uh GFC if they immediately went to negative -30 and that's what we have seen since then okay then they might have an argument you could say okay there's definitely a causal component there or there's likely a causal component there but if if we're positive all the way to so say 2016 and the regulations changed during the GF GFC and then we just go steeply negative then pop back up and then go negative again just coincidentally during the surveys sickness and then we go back up and now we're negative uh to the point where I think it's unprecedented looking at this chart just the simple fact of the regulation change and adding a cost for holding treasury to the balance sheet that doesn't make sense that there's got to be something else to it that's really my point so you can go ahead and just eliminate cross this one off the list is this high premium for holding government debt no because if there's a high premium today there was a high premium back in 2012 when they weren't even negative let alone negative 30 basis points now their rebuttal is going to be well yeah but there wasn't as much issuance back then and because there's so much issuance now and by the way it's interesting because they always say that the Treasury the lack of issuance is why we have an inverted curve it has nothing to do with a recession but here what they're saying is because of the issuance specifically in the 10-year Treasury that now all of a sudden these dealers don't have any balance sheet capacity because the cost is just way too high i mean again they're just contradicting themselves and none of it makes sense so if it none of it makes sense you've got to say "Okay well maybe their explanation is inaccurate." But instead of them just having the awareness the self-awareness and maybe the humility to say you know what maybe our model is incorrect just based on pure common sense in these charts that we're actually showing in our example so instead of having the humility to say hey maybe we should take a look at these models here maybe we're maybe we're missing something nope they just double and triple down and this is why I give them one of the reasons why I give them such a hard time because it's like come on man i mean I'm some schmuck on YouTube i almost flunked out of high school i've never taken a finance class i've never taken an econ class i've never even taken an accounting class and yet I can I can I can call BS right if I can call BS on you you know you need to go back to the drawing board i mean come on now let's keep going here and what I want to do next is go over their explanation based on a video that they attach to this from the BIS the BS and then I'm going to go over my view as to why this is happening from a standpoint not of Austrian economics not of Keynesian economics not of economic or um econometric models but just common sense maybe it's not so common right like that saying so let's go over here and switch up the screen share so you guys can see this wildly entertaining video from the BIS and if any of you out there are aspiring content creators and you're thinking about potentially doing video this is a perfect example of what not to do perfect example of what not to do oh shoot i did the wrong screen share Josh dang it there we go that's it right there okay Josh can you see this yes and how's the

You got it yeah okay great here we go normally government bond tend to yield less than private borrowing rates as government bonds are safest but recently the difference between the fixed rate of an number one mistake for all you aspiring content creators if you're the expert on the subject matter you shouldn't be having to read it from a script look at this guy's eyes they're sitting there going like this it's blatantly obvious that he is reading from a script and not only that could you be more robotic for Revan's sakes and Josh I know that you're on Tinder all the time trying to get dates so you want to hop on here let me give you a quick tip for your Tinder profile josh you gonna hop on here for the quick tip or what mia there he is okay so you see our buddy Matteo here Josh you see this you see his collar right here this is horrific male hygiene this is totally unacceptable so what he's doing here is he has a collar stay in this collar but he has no collar stay in this collar so it curves around like this and it looks like he is a 12year-old that borrowed this shirt from his father and didn't know how to put it on the worst so for you guys out there like Josh you young guys when you're setting up your Tinder profile or taking your pictures when you're wearing a collared shirt make sure make sure make sure you have collar stays on or in each collar and preferably the nice high quality metal ones or the plastic ones that come with a magnet you can clip it there so they stay perfectly in place this is totally unacceptable this this this is completely unacceptable all right getting back to it all right give us some energy here Matteo i want I want to feel your passion buddy i I'm not seeing it right now rate swap and the yield of on a government bond which is called the swap spread has been pushed into negative territory and here by the way based on this maybe I'm reading that other chart oh okay got it so I was going to say maybe I'm reading incorrectly but the pink line here they're just referencing the floating rate on the interest rate swap uh as opposed to the fixed rate side of it which would be represented by the the red line so we want to focus on the fixed rate and they're saying this is IBORE floating rate well what on earth are they we're going to get back to what they're referring to specifically i when you're looking at negative or any swap spread what you're doing is you're looking at the 10-year let's say and then you're looking at the same maturity swap spread but you're looking at the fixed rate you're not looking at a floating rate so I don't know why they're showing us floating rates but bottom line here is the the concept is still the same whether the 10-year swap spreads are negative 25 30 50 whatever they are i know they're getting a hell of a lot worse and that's all that matters okay let's get back to it in many jurisdictions this is unusual some factors are purely technical notably the shift in reference rates in swaps away from Liber to so-called risk-free rates there are other drivers though that suggest an increasing difficulty so now Andreas steps in with uh an even more magnetic personality you could just you can feel the charisma just oozing from Andreas and Andreas and Matteo i'm sorry to give you a hard time but just don't read the teleprompter buddy you're the expert just right off the cuff tell us what you think explain it don't read it to us in a way that's so unauthentic you look like a a robot from George Jetson for heaven's sakes of markets and intermediaries to absorb large supply of government debt this has also shown in relative look at his eye he's not even looking at the camera his eyes are like over here like this oh he's reading the script this is what not to do when you're creating YouTube content you got to be authentic guys you got it it's better just to roll with it make mistakes like I do all the time throw in the H and the Ms and the may and all these things people want to see the authentic version of you they they don't want to see the robotic version of you weak demand at Treasury auctions pushing up bond yields as Okay so now he's talking about pushing up bond yields because of weak demand and keep in mind this is like four months ago so if we look at the and of course of course it's a perfect contrarian indicator when the central planners talk about bond yield blowing out because once they start talking about it you know it's time to take the other side of the trade so if we look at the 10-year going back four months my guess is that's right around when it was probably 480 or so at its highs so we'll go back six months and yeah of course ah of course so this is when they're trying to explain the uh negative swap spreads including their analysis of why uh yields are blowing out and like oh well dealer don't have any balance sheet capacity therefore they don't want to buy these terrible treasuries because of all this issuance that's going to come out uh forget the fact that they're going to pocket a free 30 basis point spread and they can lever up to a trillion to one but just let's sweep that one under the rug that uses too much common sense we just have to understand that yields are blowing out and that has to be somehow related to dealers not wanting to participate in this negative uh swap or this arbitrage opportunity and it has everything to do with their inability to buy more treasuries and lack of demand and then as soon as they come out with that of course what does the interest rate do goes straight from 4.8 down to 3.9 100 basis points call it straight down now of course it has really jumped recently as you guys know from watching my videos up to 4.5 but now back down to 4.3 okay let's get a shoot and I just remembered that you guys could not see that chart because we're back here on Mr magnetic Personality himself okay sorry about that guys well hopefully you followed along with what I was saying about the chart that I thought you could see but you actually couldn't dealers have already taken a lot of government bonds on their balance sheets they require a higher bond yield and hence a lower swap spread to recoup their intermediation costs and to be willing to absorb additional supply so their intermediate okay so again these costs how have they changed since the GFC it's not like we just have these regulations that where they had to incur the cost so that that's that's a constant and they're they're making it sound like it's just something that whoa whoa ho where did that come from it all just hit us out of nowhere here and then they're talking about how these dealers have have been forced to take all of this issuance onto their balance sheet i don't know how do how do you know Matteo or Andre or how do you know that do do you have you talked to them how do you know they're not choosing to take more treasuries onto their balance sheet because they're the safest and most liquid asset you see you assume they're being forced but how do we know they're not doing it intentionally and by the way why would they not do it intentionally when they can pocket this free 30 40 50 basis points and I'll give you my explanation as to why using the school of common sense economics here in a moment negative swap spreads could be a signal that investors are demanding higher government bond yields in the face of large supply this matters for several reasons in coming years governments plan to issue a large amount of debt they need investors to buy and sovereigns may no longer enjoy the cheap funding costs as they did for a long time in the past that are okay so what he's implying there is these dealers oh my gosh we don't want to take these treasuries onto our balance sheet because they're going to issue so much in the future that's going to drive up interest rates and then that's going to drive down the prices of the treasuries that we own nonsense again you you you have to remember that they're matching up maturities they're going into a 10-year interest rate swap and they've got a 10-year Treasury they don't care about issuance it's absolutely irrelevant to them why because they're just pocketing a spread so they don't care what happens to the price of the underlying asset it's just like if I told you if you could use other people's money and buy a billion dollars worth of 10-year treasuries at 1% and then pay 0.5% to the other people and just pocket a 50 basis or half a percentage point on a billion dollars would you do it you'd say "Of course I would this is a no-brainer." In fact give me two billion give me three billion give me 10 billion now would you say "Oh well oh my gosh I I don't know about that because the value of these treasuries that uh I'm buying with other people's money they could go down in value." You don't care you don't care because you're you're going to get the principle back at the end of the 10 years regardless of what the price does in the interim so that in and of itself is a total non-starter if if you're not using econometric models and if you're using or you're coming from the school the economic school of common sense and if this is another probably the most important thing is you've got to have on caller stays guys come on come on the ladies out there It's it's there's a lot of competition and trust me if a gal sees this if I was a gal I I would just completely blow you off i would immediately ghost you on Tinder if I saw something that was that much of a fashion fauxpaw are also consequences related to market functioning government and bonds set a benchmark for pricing other assets and they also represent a safe haven in turbulent times and are a crucial collateral assets for many financial institutions any upset in these markets can have substantial effects on the real economy okay you see what he said there and they're they're very important collateral for financial institutions let's get let's rewind that can have substantial effects on the real economy it is therefore crucial collateral assets for many financial institutions they are collateral crucial collateral assets for many financial institutions all right so what do the dealers do with those treasuries that according to the BIS they're just forced to take and they're like no no more treasuries no get it away we're sick and tired of making all these billions of dollars risk-f free get we don't want these things anymore according to them that's what they're doing but what are the dealers doing in addition to this arbitrage play they are taking and they're lending those treasuries out to the financial institutions and the monetary system that need them because they are a crucial collateral asset and let's add a little bit more to the mix here when risk goes up in the global monetary system the demand for collateral as you can imagine would also go up but there's a problem you see we have a collateral multiplier so one treasury can live on let's say 10 balance sheets all right but that's when risk is low because if risk is low then these dealers and these counterparties are willing to accept and deal with all these rehypothecated treasuries but if risk goes up then the collateral multiplier goes down and instead of that one treasury being able to live on 10 balance sheets now it can only live on two balance sheets so effectively the amount of collateral in the system is shrinking regardless of what is happening with Scott descent the US deficit and issuance see so if all these dealers are seeing economic storm clouds they're seeing risk increase like we know that in some time in the very near future there is going to be a scramble for collateral from all of these counterparties or these financial institutions that Mr noaller stay is talking about and we know that when that collateral multiplier goes down we're going to be holding all the cards because we have the collateral and therefore we can lend that collateral out and we can charge a massive spread and we can make billions on top of the billions that we're making by using these treasuries in the swap spreads or the interest rate swaps to begin with so I I don't I you know I I think and I want to try to give them the benefit of the doubt i think one of the big problems here is the these accountant types that have never really had a business or never really had a real job these academics I think they look at everything through the lens of well what is the the regulation like like what does the what is the what does the central planner want me to do and whatever the central planner wants me to do then that is what I'm going to do as opposed to looking at it through the lens of an entrepreneur and saying h how can I make the most money possible how can I how can I maximize my profit and then if you're so if you're looking at it through the lens of an entrepreneur and they say "Oh well you know you obviously you're forced to take these things." That's looking at through the lens of a central planner and just some person that just takes all these rules as if you have to follow them and you even have to follow the intent of the rule if that's what comes down from the tablets on Mount Cyani I.e the Fed where the entrepreneur is like "Yeah yeah that G SIB thing whatever." You know if I'm taking all these treasuries hey it's going to be because I'm making more money and the risk makes sense so if I'm taking these treasuries it's because I want to and because there's a profit opportunity not necessarily because I'm forced to you see I I think that so for me as an entrepreneur and someone that actually lives in the real world I'm always looking at it through that lens like no this is about making profit this is about incentives that are outside this is about riskreward incentives that are outside the realm of what the central planners want you to do and if you need any proof I would give you reserve requirements you know whenever I talk about liquidity or the fact that the Fed's balance sheet really doesn't matter that much I always get people saying "Oh well George okay sure their balance sheet didn't go up from 1980 to 2007 but what about reserve requirements obviously the Fed had a 10% reserve requirement and that controls the amount of money that these banks are able to create in the lending process." Th this is someone that obviously has never done one minute of homework because you look at the 10% reserve requirements that we had okay fine in 2007 we had $40 billion $40 billion with a B reserve requirements how much did we have in M2 just in the United States that would be 7.5 trillion do the math there ain't no 10% reserve requirement there or there might have been but the the banks were just giving them the finger they're like "Yeah reserve requirements good one." Yeah

yeah all right Jerome we'll we'll see you at dinner tonight stakes are on us but but yeah bring bring more of those jokes like the reserve requirements that That's That's great that's a knee slapper my friend that's a knee slapper what did the banks do they just set up swap uh uh sweep accounts and they basically just took their deposit liabilities and just transferred them over to a money market fund and then that money market fund just gave them a loan and that's just it was basically a liability swap that got them around these reserve requirements so my you get my point it's like I don't care what type of GIB or SLR or you know Basil 3 or anything like that i I mean are you I think you're just completely naive to think that these and and let's remember that the banksters are the most greedy i think they always have been i don't think the greed has gone up exponentially i think there's just as much greed today as there was 50 100 years ago that's just human nature so to think that these on one hand these banksters are just ravenously greedy but yet at the same time well they are but you know if there's a rule they're going to follow the rule i mean it's just it's it's childish it's childish but I I get I I think it makes sense coming from these guys because these guys are the people who set the rules so they want to make it seem like they have all this power and if they set a rule then those banks are going to abide by it so they have to look at everything through that framework and that's probably where they have to they have to literally if they have a a a thought of common sense they have to extract it from their mind immediately like like they're one of those monkeys you know like this and this and this like ah common sense get it away get it away it's like Dracula in sunlight in the morning or something like that uh because that common sense defeats defeats all of their arguments and then if it defeats all of their arguments then they have to look themselves in the mirror and realize that they don't have any power and that that stupid PhD they have is useless and this this status that they have is a joke it's all it's all an illusion and the status that's in your mind is something that other people the banksters themselves are just looking at you and laughing because you think you're something that you're not let's getting back to let's get back to the interest rate swap spreads here so what is going on in my view because what we have to understand here and I'll get a a fresh piece of paper and I'll probably do a whiteboard on this next week a lot of people were requesting that so let's just say let's we're going to make the math super easy here so 10% so here's the dealer and let's say they're going into an interest rate swap where they have to pay 10% okay but then they're getting and that's the fixed leg but then they're receiving the floating and let's say they're receiving whatever uh 8% okay so then what they do is they go out to the repo market and they borrow a billion dollars and they buy a billion dollars worth of treasuries that are yielding let's say 11% and that delta between the 11% and the 10% that's your negative interest rate swap spread so they're pocketing 1% now they have no money out of pocket none because they're borrowing all the money for the Treasury to begin with in repo and you say "Well George aren't they exposed?" Because that repo rate is overnight so if the rates do go up let's say from 8% to uh 11% well now that takes away all of the spread that they're making h that's not true because if the both the uh the the repo rate and the floating rate are based on sofur so if sulfur at 8% initially if that goes up then the floating rate that they're receiving from the counterparty is going to go up the exact same amount so even if their funding costs go up because they have to roll it every single night it doesn't matter because it's all based on sofur so they have absolutely no risk as far as borrowing the money to buy the treasury to begin with and then they're sitting there pocketing the 11% from that treasury for 10 years and they're paying 10% for 10 years you you see why this is just a complete and total no-brainer nobrainer for the dealers so then you'd have to ask a question using common sense why why if it's not regulation because they look out there and they see the storm clouds and they're like we can't we have the ability to expand our balance sheet regardless of these stupid GIS and what or the SLRs and regulation we have the ability to expand but we're not going to we're going to choose not to expand our balance sheet because even at this 1% spread there's so much risk in the global economy that we don't even want to deal with it we don't even want to deal with it there's that and let's keep in mind guys I forgot to Right here we got a counterparty right so what if that counterparty blows up and doesn't pay the dealer so you have to factor in that risk so it isn't necessarily that these swap spreads are going even further negative because oh we just don't want these treasuries h yuck get them away it's most likely because the amount of risk is going up in the system including the counterparty risk that that dealer might not get paid from that guy that is supposed to give them that floating rate and then you say well why would the counterparty want to take the floating rate right or why would they want to pay the floating rate well because in their view interest rates are going down i'm not saying they're correct but that is what would motivate them they want the adjustable rate they want to pay the excuse me they want to pay the adjustable rate and they want the fixed because let's say they're receiving the fixed at 10% and they're correct that growth in inflation expectations looking out over the next 10 years are going to go down and then that floating rate goes from 8% to 5% then guess who wins that would be the counterparty because they're re they're getting the delta you see they're getting the delta now that initially they're receiving the 2% but now they're receiving an additional 3% because rates have gone down right the sofa rate let's say Fed funds so that's why they want to take that bet that rates are going to go down and they want to receive the fixed and pay the floating and that's what creates that opportunity or one of the things that creates the opportunity for the dealer so the long story short here is make sure you're wearing collar stays that is number one but secondly make secondly when you look at this stuff use common sense for heaven's sakes and don't ever get stuck in this position where you think that the banksters the greediest people on the planet Earth are somehow not going to find a way or at least try to find a way around these regulations and in using that common sense just ask yourself why are they not wanting to take advantage of that profit opportunity if they can and you know you come to your own conclusion but my conclusion is that the counterparty risk within the global monetary system itself is increasing substantially increasing substantially and you see that not only with the dealer actions but also the counterparty actions because they're seeing risk increasing meaning growth inflation expectations going down meaning higher probability the Fed drops rates and that sofa rate they have to pay is going to go down and they're going to pocket a bigger spread so getting back to the derivatives market guys ah shoot and I didn't have those charts up garn it that whole time that I was just sitting there talking to you guys i was going over the charts and I forgot that I had the screen share pulled up to where you guys were just staring at our boy Matteo here in his jacked up collar all right well Jeez oh you're just going to have to listen to the video again and pull up the original charts that you can find on my Twitter feed and uh that will make it'll make things all work out in the end so main takeaway there guys is in my view this isn't about them having to uh or not having the ability to take on the treasuries it's not it's about the willingness of them uh expanding the balance sheet isn't there because risk is going up and if risk is going up in the call it one two quadrillion derivatives market that is something that is obviously systemic that we need to pay close attention to all right guys enjoy the rest of your afternoon as always make sure you are standing up for freedom liberty free market capitalism see you in the next video

2025-04-18 4 Best Small Cap Stocks to Buy Now‼️

https://www.youtube.com/watch?v=moUnsQAq4jc you ought to be flipping my flapjacks folks What I'm showing you in front of you right there that is a 4-year chart of the Russell 2000 small cap stocks We are down 17% The Russell 2000 is down 17% in the past 4 years Now here's what's insane If you adjust for inflation the Russell 2000 is down around 50% in the past 4 years which is an epic epic crash some would call a generational crash in the Russell the past four years First up here I want to get into the best small cap stocks to buy now The best opportunities I see out there in small cap land Okay so we'll get into that right off the bat There's a couple opportunities that are just ridiculous like in terms of long-term growth like changing uh let's call it your portfolio and things like that Okay so we'll get into that right off the bat Second subject we're going to speak about here very important subject uh today came out President Trump accuses Fed Chair Pal of quote playing politics saying interest rates should be coming down now Europe is cutting rates Uh but our guy wants to play cute Trump also said POW is terrible and Fed officials are not very smart people You know he also said if he wants to uh kick him out he can kick him out Like you know holy smokes this is no joke Okay so we'll we'll talk about how I see this playing out Um and we'll also get into a little bit conspiracy in regards to a subject as well But we'll mainly talk about how I see this whole situation playing out here and what it means for the market And Warren came out today Elizabeth Warren and said uh basically the market's going to crash if Trump uh fires uh POW Do I believe the market will crash if he does that or not okay so we'll discuss that in this video here today as well I appreciate everybody joining me as always Uh busy action-packed time folks One thing one thing only I need from you guys Okay before this long weekend is for you to smash that like button That's all I need from you I appreciate y'all for doing that It means a lot to me Additionally if you could subscribe to the channel hey you can subscribe We're around 850,000 subscribers Oh and let me be the first to wish everyone that will be celebrating this weekend a happy Easter So for everybody that will be out there celebrating this weekend happy Easter uh to everybody out there Okay All righty So right off the bat let's get into some of the best small cap stock opportunities in the entire stock market right now in my personal opinion Okay first up Elf Beauty Elf Beauty what a absolutely hated stock Now I love Elf Beauty It's a beautiful stock for me because I'm up 623% of the shares I have in the public account right uh I took massive amounts of profit over the years in E.L.F Beauty stock And so I love this stock But if you bought the stock really in the past I would say 12 months you probably hate this stock You probably think it's the worst stock in the creation of mankind right which definitely goes to show you when you enter a position when you start to buy in right when you start to dollar cost average it's pretty important especially in regards to what type of stocks growth stocks because you could be paying a very I mean there's people that probably there are people out there that bought ELF shares last year for $200 a share right and there are people that today paid $49 for those same exact shares right and then there are people like myself that bought ELF years ago for $7 a share So you have a whole range of of outcomes there Right now in regards to ELF obviously this stock has been hammered really on the back of the whole tariff situation right and the 145% tariff news was just cherries on top right because at the end of the day let's imagine ELF bringing a a product made in China into the United States It's a $3 product right and then you get that tariff Nelson it's a $7 change product right which so it's a whole situation And why is this negative for ELF well ELF might have to go up on price substantially right elf might have to take hits to their margin Their suppliers might have to take hits but people don't really care about that People care about ELF taking hits to their margin which means lower gross margins uh in the next few quarters lower net margins in the next few quarters And uh no one likes to own a stock where the margins are going down right and so that's all the the the situation If you want to know why the stock's gone from 200 to 2 to 50 the first part was probably a little overvalued a little stretched in regards to growth rates right and then the second part has been the whole tariff drama because as basically as soon as Trump got elected Eltock already started to go down And then as we got further and further into the tariff drama the stock's gone down more and more and more And uh including into the all-time lows here recently in the last week or two with 145% tariffs Right now in regards to ELF here's the deal You could either focus on the short-term stuff The short-term stuff is the tariffs The tariffs could be here today gone tomorrow Like if you heard the way Trump was talking today Trump does like 16 press conferences a day It seems like if you heard the way Trump was talking today he's talking like these these tariffs might be done sooner rather than later He's talking about they're going to make a great deal with China He sounds sounds like super optimistic in regards to working out a deal with China Like holy smokes this is no joke Okay And so that's fascinating And so everybody gets caught up in these tariffs Oh 145% tariff sounds insane a month from now three months from now This could be a whole different situation and not even close to being the the tariff rates we're talking about right now right and so I I don't care about what ELF does for numbers this quarter and next quarter and what their margins are this quarter next quarter and the tariff hits for that That's going to be what that's going to be right no different than you know if you have a rona situation or any sort of other black swan event that comes out of nowhere It is what it is At the end of the day I'm focused on the long term with ELF Where's Elf's revenue going over the next 5 years where's the net income going over the next 5 years and both of those are massively higher than where they are today And so given that Elf's revenues are going to skyrocket over the next 5 years and their net income is going to skyrocket over the next 5 years and their margins over the next 5 years will skyrocket even although they might go down over the next quarter or two right that's what I care about And so and that's going to be what where ELF stock price goes over time Now additionally I have something very important to show everybody in regards to ELF right here Okay So very important This right here is 173 page presentation ELF did back did back in February Okay Now for everybody in my private stock group I shared this presentation in the ELF chat uh just a couple hours ago I reshared it I think I shared it when they did it back in February I just reshared it because it's very important everybody looks at this Okay Okay so everybody in the private group that cares about this go check that out Okay it's a 173 page presentation the company did Now there's something very important they were talking about the international markets They're now up to a number three player in the UK number three player in Canada number nine in Germany Now why is that important it's not just like well it's obviously massive expansion for their business and going to be continued expansion right now They got retail presence in 15 countries but keep in mind because Elves getting bigger and bigger international right all this tariff drama it doesn't affect their entire business It affects a segment of their business right so that's very important for everybody to understand what I just stated right there Okay very very very important So the international business becoming a bigger and bigger component Now ELF you know over this next three to five years you'll see the stock in my opinion go back to 200 plus dollars a share again Right here today it's $52 a share right earlier in the trading day was 49 and you know some people are worried about does it round trip all the way back down to the 30 to $40 level right which is where it was you know a few years ago if it does I great like more shares to buy more shares to buy the at the end of the day when it comes to a company that I love for the next five years what happens over the next three to five weeks means nothing to me it means absolutely nothing because here's the deal If ELF you know say tariffs get removed in the next three or five weeks or you know things go really really optimistic and next thing you know you see the stock trading back at 75 bucks 95 bucks am I selling ELF then no Why would I i believe the stock's going back to 200 plus So 75 bucks for 95 bucks is still a steel deal So that that's where you got to separate the short-term crap that's going on right now and what's happening in the White House and the tariffs and the negotiations and China and blah blah blah and what is going on long term because this stuff here today gone tomorrow just like presidents are here today gone tomorrow and tariffs and you know what countries we get along well with versus not comes and goes Okay next stock up here number two of these stocks is can you guess it cheesecake Factory So Cheesecake Factory it's a stock I own in the public account and in some of my other portfolios as well So far in the public account we're up $23,000 in this position That does not include that does not include the dividends I've received in the stock And that is even with the Russell being in an epic crash for the last four years Now imagine if the Russell gets moving and grooving here Imagine what cheesecake's going to do in that environment right so when it comes to cake here's the deal We got the ATM machine which is the Cheesecake Factory restaurant concept right we all know that phenomenal worldwide famous restaurant right but additionally we have North Italian and Flowerchild that are now in USA expansion mode And you know the thing with cake is they got I like to bet on a stock that's got the next 10 years on lock right elves got the next 10 years on lock Cheesecake's got the next 10 years unlock because they have multiple big restaurant concepts that'll be expanding in mass over the next 10 years right so Cheesecake's got the next 10 years one Elk's got the next 10 years one A stock like Amazon's got the next 10 years one Right obviously we're not talking about Amazon this video I'm just giving you another example of like companies that I look at them and I look at their business model and I say this company won the next 10 years Like there's going to be massive amounts more customers for them They're going to make way more revenue over the next 10 years way more earnings per share than they make today And it's going to make today's numbers actually look small right and that's exactly a situation in regards to cake because even after North Italian Flowerchild we have other concepts like culinary dropout blanco and other concepts as well that could be next up for massive expansion right and if North Italian and Flowerchild are are successful enough in the United States over the next 5 10 years then we could be talking about international expansion at that point right so it's just a whole game to play out The company won the next 10 years okay because of that Fox Restaurant Concepts uh acquisition and how well they've integrated It's phenomenal right all righty Next up here of these stocks is Honest Company HNST So this is one I'm down on so far in the public countdown around 10 10% down about $5,000 Right In regards to

Honest here's the deal okay needs-based company diapers wipes soaps lotions all those sorts of things right like not the most exciting company in the world but at the end of the day it's a money maker You got to understand if we go back a little over two years ago Honest was a $1 stock Even after the Russells crash and all this market drama and the tariffs and all this stuff you know Honest is still a $4 something stock when a little over two years ago was $1 a share So understand like Honest has a long runway of growth ahead This is also one of the smallest market caps uh you know for an actual like interesting company to invest in You're going to find under a $500 million market cap on this one Only $478 million for Honest Now in regards to Honest the revenues are all trending back in the right way Carla Vernon the CEO that's come in uh you know a couple years ago She's done a phenomenal job turning around the whole business revenues margins profitability everything like that Right looking at thousandx.com here If you look at the the gross margins of this company it's exploded over the last couple years right no short term because of the tariff drama Who knows maybe gross margins go down in the short term At the end of the day it's very clear to me where honest's margins are going over the next several years And that's up over the next quarter or two Who knows with all the tariff drama and everything going on there I you know it's all up in the air for the next quarter or two But the next several years it's very crystal clear like Honest's margins are going to eventually pass over that 40% number and start heading toward a 50% number right um it's insane what they've been able to do there And then the net margins went from extremely negative to now around break even and they're flipping over that profitability side right free cash flow has exploded for this company Operating cash flow has exploded for this company The balance sheet is extraordinary We're talking about as of latest quarter the company had over $70 million of cash and investments and they had zero debt right shareholder equity on Honest now is $174 million That's extraordinary And how many small cap companies can you really find out there with a $500 million or less market cap that actually have banger balance sheets it almost never happens So the financials are all lining up The business model is all lining up It's perfect man So I absolutely love love Honest and uh at $4 still a steel deal Is it as steel deal as it was when it was $1 the answer is it's more of a steel deal at $4 here today than when it was $1 a little over two years ago Because when it was $1 a little over two years ago you got to understand the balance sheet was in such a bad place the income statement was in such a bad place the margins were in such a bad place it looked like maybe the company was going to go bankrupt as in out of business

You look at the company today at $4 and we got a company that's certainly not going bankrupt It's a phenomenal balance sheet margins that have accelerated massively right and revenues that have gone up quite considerably And so now you're looking at in more distribution than ever They're much more well diversified business At the end of the day now you look at Honest and you say gosh you know this is actually far safer better feeling investment than it back when it was a dollar So it's I would say it's actually cheaper today at $4 a share than when it was $1 a share a little over two years ago That's important to understand Just because a stock price goes up doesn't always mean it's more expensive now Next stock up here of this bunch is Fubo TV So Fubo TV is a stock I own a public account and some other portfolios as well Up $14,000 on this one so far up 32% And uh Fubo man when that Disney go deal goes through that's a game changer for the company Uh very very exciting This is one that also if you look at their financials they're all getting substantially better revenue margins profitability all that stuff getting so much better I mean this company was taking in if you go back two three years ago they were taking ridiculous losses They were burning money like it's nobody's business And they flipped that over in in a massive massive way And if I recall Fubo was one of 20 stocks I spoke about in this video here Not sure if you guys got to see this video from a week ago 20 stocks to buy now ASAP Emergency It's like stealing money 149,000 people have gotten to see that see that video so far If you never got to watch that one it's a mustwatch Okay Additionally this video here 16 years of stock market advice in 52 minutes Never let that video die folks That is the most valuable video I put out in 2024 So if you never got a chance to see that one type it in 16 years of stock market advice or go to my channel here and find that video Trust me that will help you out immensely folks Immensely Okay never let that video die right there We always got to keep it alive baby Keep it alive Okay Next up here number two subject Trump versus Pal All right How do I see this playing out okay And we're going to get an interesting conspiracy theory about ending the Fed and and all all sorts of things like that in just a moment But who told you guys several months ago we're going to have a big showdown between Trump and Pal told you guys that several months ago and it's exactly what we're seeing now The big showdown is here right and it's been like kind of moving in that direction Moving in that direction and I think today was like woo It's serious Now when you look at the statements that Trump was saying about POW here today it's it's yeah mhm it is quite serious right now as this gentleman points out here uh from finance lot he says uh for the record Trump has absolutely no power to remove Jerome Pow his term ends May 2026 which this individual believes will be the depths of a depression which you know we're not going to get into all that but the moral of the story is Trump can't technically remove Pal now he could ask Pal to step down if he wants before his term ends So if that's something Trump wants to do he could do that But in terms of firing Pal because you know Trump wants interest rates lower and Pal's not lowering interest rate he can't do that But he can also put a lot of pressure on Pal And we have seen Pal kind of cave in the past You know Trump at the end of 2018 put a lot of pressure on Pal And sure enough POW and the Fed they start lowering in 2019 you know and a lot of people thought that might not be the right move but they did it And so we'll see what happens here But my guess is Trump probably Trump can't remove him and I doubt Trump will ask him to leave but it's always a potential I think in order for Trump to do that the stock market have to get really really bad Really really bad bad in the economy we have to get really really bad where Trump would feel like he has to essentially put the the blame onto somebody right cuz you you know if and I'm not a believer that the economy is going to tank or something like that But if it did tank be very clear Trump's not going to assume responsibility for that He'll blame it all on Jerome Pow and say it's all the Fed's fault why the economy tanked essentially right it has nothing to do with tariffs or or me or anything like that It's it's it's Pal's fault right no This is pretty interesting Project 2025's reform uh or abolishment of the Federal Reserve isn't a coincidence Uh Jerome Pow's term ends May 2026 By creating a 1929 collapse people will be so outraged with the Fed that it will no longer exist bringing control under the Fed the Treasury That's an interesting concept right and I could actually see that playing out if you actually got into a major recession And once again Trump's not going to take the blame for that He would then blame it on the Federal Reserve and he would say "This is all the Fed's fault This is all Jerome Pal's fault They got no clue what they're doing They they're the reason you lost your job They're the reason everything's so bad right now." Right and so that would be a whole situation if that ended up playing out like that And you know could I see them abolishing the Fed like I said it would have to be a major major recession or depression for that to happen Uh so I said I was a little out out there but hey you know some of these conspiracies sometimes do come true Right now this is pretty fascinating If everyone is selling US treasuries at fire sale prices the US will simply buy up all of its own debt with a sky with the skyrocketing dollar You can't default on your own debt if you own most of it thus resetting the cycle of US debt being the most stable and valuable in the world That's that's fascinating Like maybe pause the video right here and and read through that again Really really interesting right really really interesting So here's the steps One credit downgrade So nations dump US treasuries Two or trade war So they start dumping US treasuries right something like that Two rapidly raise rates Three man if the POW and the Fed started raising rates Oh my gosh you want to talk about WW3 between Trump and Pal then and the Fed oh my gosh that'd be insane Three restrict swap lines causing dollar shortage Four stage an incident quote unquote Uh five dollar skyrockets Six panic spreads to financial system Seven nations collapse Also seven print trillions of dollars to buy your debt for cheap Eight the great reset Ah man fascinating right so I don't know you know just little fun conspiracies out there You never know how this stuff's going to play out right but um yeah I mean the Fed being independent at the end of the day I think is a is a better thing With that being said I actually agree with Trump in regards to you know Trump's sentiments Also today he was talking about you know he's always late they're always late Agreed I mean that's pretty common knowledge you know for anybody that's does anything in regards to stock market economics The Federal Reserve is very often late Uh very often So but it's also easy to play Monday morning quarterback right you know it's it's it's also easy to not be in the position of making that call and then saying "Hey you're late Why you know why didn't you see this recession coming why didn't you see this inflation coming?" Whatever the situation is right so you know hindsight's always 2020 as they say right now this also brings me to this subject which I think is important because everybody's looking at gold Gold hit another 52- week high as I told you guys What was that you know two weeks ago or whatever a week ago two weeks ago I did a video on one asset that just won't stop going up And I said you know basically it's free money Every single day this thing goes up and it's gold right it's literally like every single day it goes up Now eventually that trend is going to break but for right now it's every single day So here's where it could be going on here Okay you guys have probably noticed that 10-year has obviously spiked even though the market went down a lot right so basically what could be going on it's not for sure but it could be going on China could be dumping 10-year treasuries right which then puts them into the dollar and then they could be dumping out of the dollar and going into gold So they could be dumping their dollars for gold is a potential um because then day it is very strange that gold just seems to go up every single day right is it not so I don't know you know you put the pieces together of the puzzle and it's like that actually might kind of make a lot of sense here because gold just seems to go up every single day It's absolutely insane right no that brings us into Elizabeth Warren right and then we're going to get into what type of stocks are the best stocks to buy now and which ones will be better buys let's call it 6 months from now 12 months from now Okay So in terms of Elizabeth Warren she goes on CNBC today She says markets will crash if Trump can uh fire Fed's pal Okay Do I think the market would crash if Trump fired Pal no The market would not crash With that being said I think the market would probably go down significantly short term because of the uncertainty that would bring With that being said then people would assume that whoever Trump's bringing in is just going to massively lower rates which is actually bullish for the market or at least the market looks at that as bullish right so uh I think what she said there is a little bit more fear-mongering And I actually you know I don't like it if if I don't like when Trump's trying to get involved in trying to you know fire this person from the Fed or trying to bring in different person or threatening them and those sorts of things You know I'm not a big fan of that I would rather you know the Fed be independent and the president doesn't really comment too much on what the Fed's up to or not up to right because at the end of the day all these presidents are going to want interest rates lower for their whole term more than likely right i mean if they could get it their way they'd probably want negative interest rates I mean so you get paid to take out debt I mean honestly that's probably what these presidents would all want And you could go back through long list of them With that being said I don't love that that Trump's taken that stance but if he did I don't think the market crashes like oh you know S&P 500 goes down 30% I just don't think that happens uh because you know Trump fired Jerome Pow or something like that Okay Now that brings us into GBD If you know my investing framework I always preach to you guys GBD right as somebody that's been in the market 16 plus years been through countless crashes in the market countless major corrections in the market countless small corrections in the market and countless pullbacks in the market and always makes it out to the other side to live another day right gbd is so key in doing that So building out a portfolio of growth stocks value stocks and dividend stocks You don't want to just be adding one group because you're going to set yourself up for massive failure over time Now what are the best stocks to buy right now well in order to understand that you got to understand the type of market we've been in recently We've been in a very shaky market a market that's downtrended massively Now we've started to come back here in the past week or so right we we're off the lows you know quite a bit from the NASDAQ Russell Dow and S&P 500 But whenever the market gets shaky the best opportunities in the stock market the type of stocks you want to buy are growth stocks Those are also the scariest stocks to buy when you're you've gone through a major correction or a crash But that's where you get the best ROI That's where the best riskreward profiles are found When you're in a major correction or a crash you've got to be buying growth stocks That does not mean you're going to time it perfectly Sometimes you're going to buy into this great growth company that's going to probably go up 500% over the next five years but between that 500% gain over the next five years you might go down 20% on a short term And you have to be okay with that When you're buying a growth stock it's because you're likely going to hopefully make hundreds of percent over the next few years or thousands of percent right so you have to be okay with buying that stock seeing it and saying "This stock is a steel deal I'm going to make 400% of my money over the next four years but I might go down 30% on it over the next four weeks And you have to be okay with that If you can't be okay with that you'll never hold it to make a 400% gain because you won't even be in the right mentality in the first place that you'll probably make 10% on that stock and then sell out So in order to really be in the right mindset you have to be just willing when you're in a major correction or crash that you might go down in short term And that's okay That's fine You don't need the money tomorrow And as long as you're right about that stock over the next 5 years that's all that matters in the end So if you go down 20 or 30% on a stock short term it is what it is Like whatever Whatever Right as long as in a few years from now you say it says 200% gain you did okay for yourself You did okay for yourself Right now so growth stocks are the best opportunities right now With that being said what stocks were the best opportunity 6 months ago four months ago dividend stocks value stocks And if you look at what type of stocks was if you look at a lot of stocks I was buying you know certainly at the end of 2024 beginning of this year a lot more toward value and dividend stocks If you've been tracking my buys in the Patreon portfolio a lot of dividend and value stocks right cuz that was really the best opportunity I saw in the market at that particular time given how how high valuations were and how high a lot of growth stocks were So I looked out there and I saw value stocks and dividend stocks I said "That's an opportunity right?" And guess what a lot of those value in dividend stocks haven't been hit as hard out there right and additionally when you're in a tough market you keep getting that dividend money right just because the stock market's going down shortterm doesn't mean the dividend money stops inflowing No no no no no If you own Coca-Cola that dividend's still coming in every 3 months still coming in right and I have many dividend stocks across my portfolios that are constantly pouring me in money which then I'm able to take that money and go invest it into that same stock or other stocks that I see opportunities in And if we're in a major correction or crash in the market guess where I'm taking that dividend money i'm receiving all those dividends and likely putting in growth stocks at that particular time Right so you got to understand the game and where the best opportunities are given a given a market When valuations are very high when the market's very riskone you move more to value and dividend buys When you know there's a lot of bearishness like insane levels of bearishness like we witnessed over the past seven or eight weeks the highest levels of bearishness we've really ever seen in the history of the stock market based on the AEI investor sentiment numbers right we've never seen that level of bearishness Incredible numbers And so when you when you get there you got to understand you better be buying growth stocks That's your best opportunity And you know sometimes just 3 months later you're already realizing gosh thank you for doing that Sometimes it's three years later and you're like gosh thank thank goodness we did that man Thank goodness we did that Like and so just got to understand where the best opportunities are and then build out a great overall portfolio And how long does it take you to build a great portfolio i would say probably about three years I would say about three years If you are if you're taking investing serious and you're building out a portfolio you know month in and month out I would say about 3 years and you could build yourself a great portfolio full of growth stocks value debt stocks and dividend stocks right and once you built it out it doesn't mean you stop You continue to build and build and build right i've been building portfolios for 16 plus years It doesn't mean I stop right and I hope to build portfolios for another 16 years in the future and another 16 years after that right and so you never really stop building your portfolios It's just like from kind of the ground up I think it takes you about 3 years to really build a great portfolio cuz your first year you're just adding your first positions and kind of starting to get some nibble on this stock nibble on this stock and you're starting to just slowly build right year two you're taking new steps Year three you're taking that next level of steps And I think after that third year you should really be able to look at yourself going into the fourth year and be like "Dang you know what?" Like we've come a long way Like this is actually a legit portfolio now Like this is I'm like proud of this Like I'm proud I own 12 stocks and these 12 companies are beasts and I own some growth stocks I own some value stocks I own some dividend stocks Maybe have a speculative stock in there right and you can look at your portfolio and be like very proud of it And so that's kind of how long the process takes All right All righty guys Appreciate you joining me as always Thank you so much for being here Once again uh to everybody that'll be celebrating this weekend happy Easter to y'all If you're looking to apply join a private stock group private wealth group you're looking to take your investing game up to a much higher level than where you're at right now Get access to all my best courses like become a master stock market millionaire playbook stock options mastery dividend investing mastery financial statements mastery right if you're looking to get access to my Discord chat all that good stuff be around a much higher level community than maybe what you're around people that are actually investing six figures multi6 figures seven figures multi-se figures you know those sorts of folks right and um let's call it know what you're doing in the market right then you can click the pin comment down there fill out a form We'll see if we can get you access in the private stall group maybe next week or something like that Okay all righty guys much love and have a great