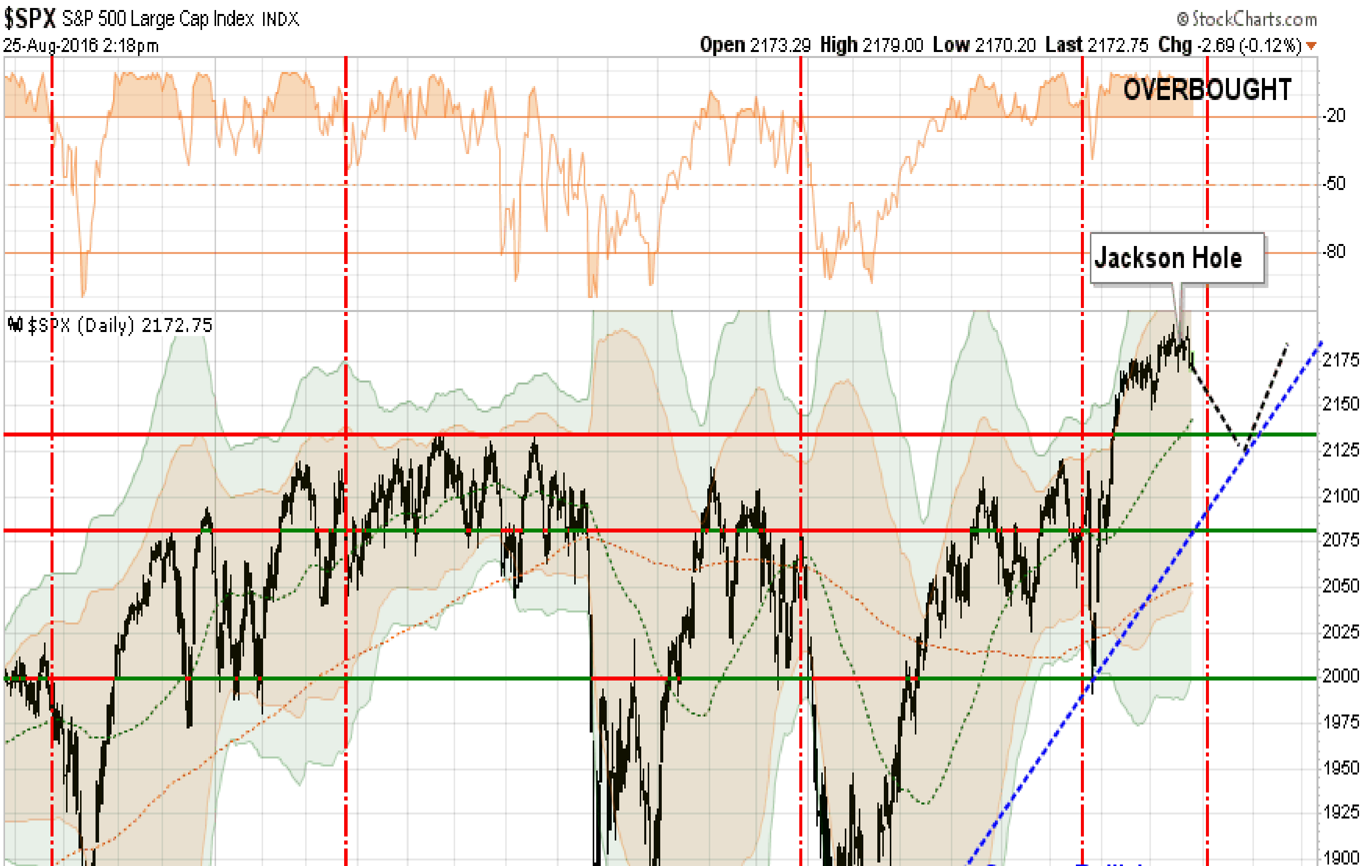
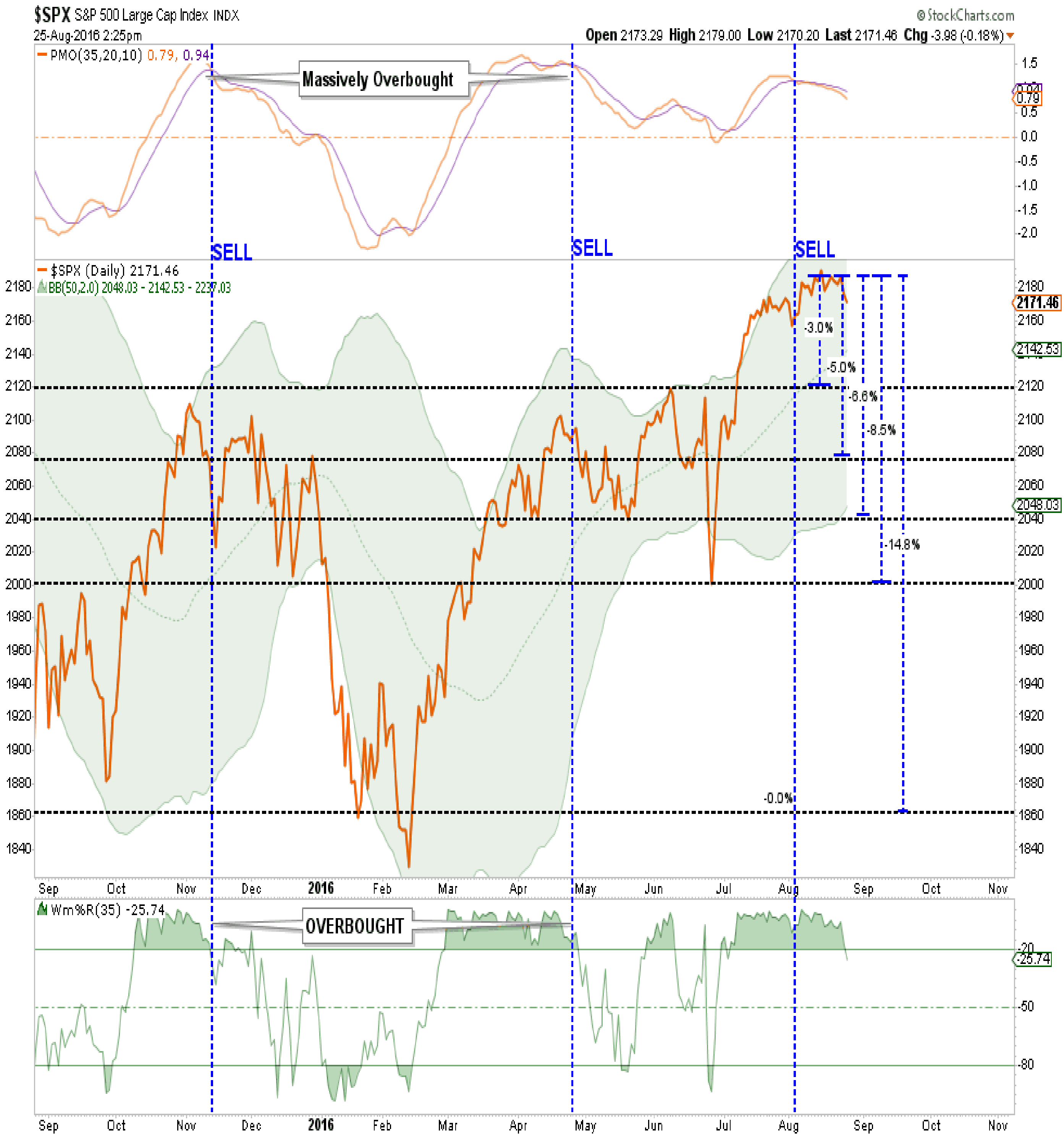
As summer begins to fade, and kids return to school, the focus once again turns to the annual event of Central Bankers in Jackson Hole, Wyoming. However,•if you only looked at the market as a gauge as to the excitement of the event, well it must have been one pretty boring after-party.



The current action is aligning more closely with a normal corrective event from an extreme overbought condition. During such a *"normalized"* market correction, the market should pull back to the most recent support, hold that support level and turn higher if the current bullish trend is to remain intact. **However, with all other indicators now pushing extreme levels, a correction from current levels could be somewhat larger than currently anticipated.** As [I discussed recently](#):

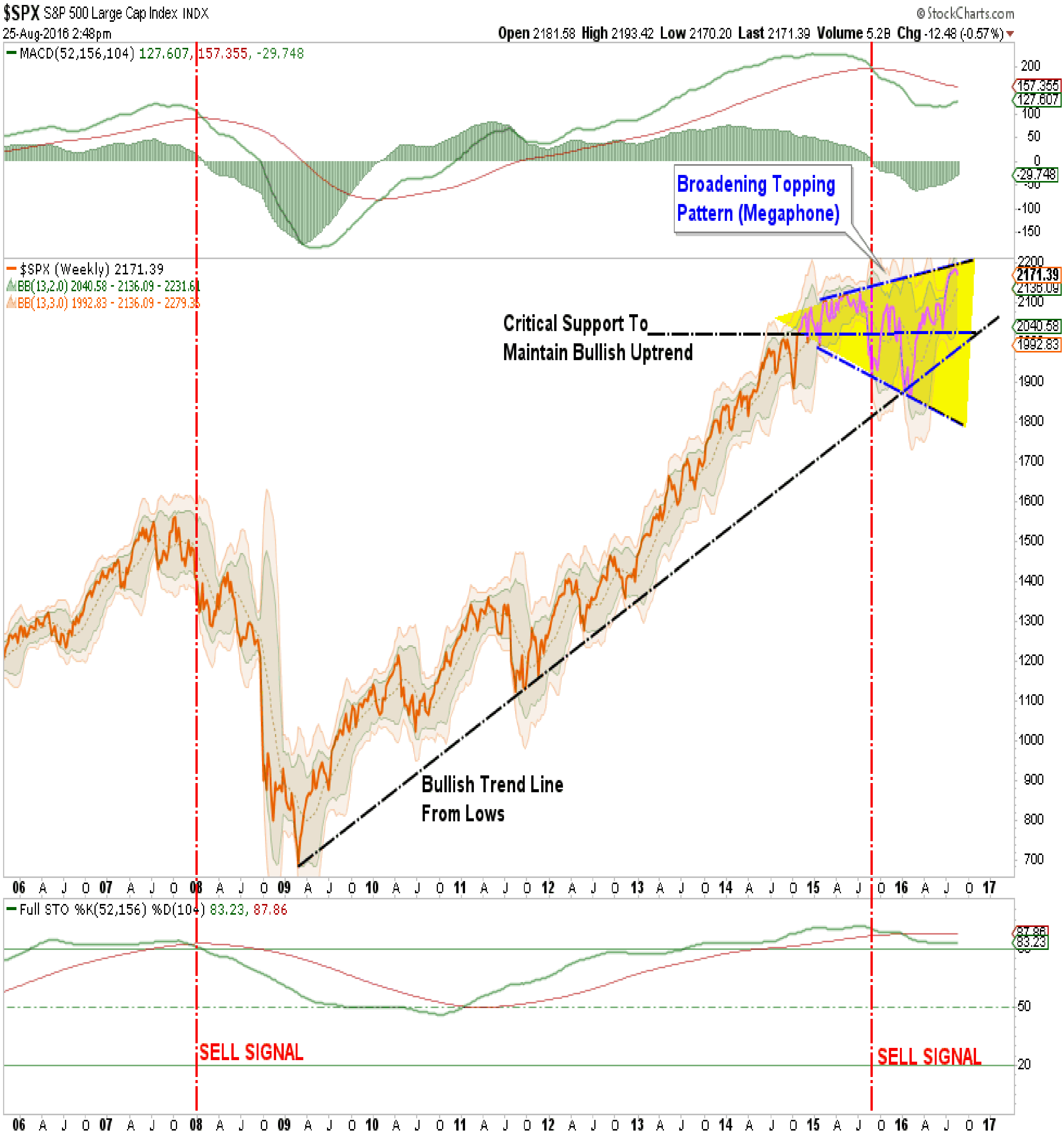
> *?However, there is a more than reasonable chance, as [I laid out at the end of July,](#)* ***for a deeper correction in the next 60-days.*** *•The chart below shows the potential drawdowns from current levels.?*



> ***?Here is the point. It would take a correction from current levels to break 2000, which is very important support for the markets currently, to even register a 10%***

> ***correction. Given the current bullish exuberance for the market, this is probably unlikely between now and the election.****Therefore, even a 'worst case' correction currently would likely be* ***an 8.5% drawdown back to major support. •Of course, for most individuals, even such a small correction would likely feel far more damaging.****?*

The problem for individual investors is the *"trap"* currently being laid between the appearance of strong market dynamics against the backdrop of weak economic and market fundamentals. There will be a collision between the fantasy of asset prices and the reality of the underlying fundamentals. **This will particularly be the case if the much anticipated rebound of economic growth and earnings fails to materialize.•**



With longer-term combined sell signals currently in place and the market still processing a broadening topping pattern, the extremely high levels of *"complacency"* are likely misplaced. As I wrote previously:

> *"Take a step back from the media, and Wall Street commentary, for a moment and make an honest assessment of the financial markets today.* ***If our job is to 'bet' when the 'odds' of winning are in our favor, then exactly how 'strong' is the fundamental hand you are currently betting on?"***

In other words, over the next few days to weeks the market is at best a "coin flip" currently. However, the longer-term outcomes are heavily stacked against those betting the markets only go up from here. Here is what I will be reading this weekend.

Fed / Economy

- **Old Faithful Meets New Normal** by Danielle DiMartino-Booth via Money Strong
- **Fed Turns Up Volume, Market Tunes Out** by Caroline Baum via MarketWatch
- **The Fed Needs A New Way Of Thinking** by Kevin Warsh via WSJ
- **The Great Unraveling** by Tyler Durden via Zero Hedge
- **Crash Coming Despite Fed** by Chris Vermeulen via TheStreet
- **Too Late For Fed To Raise Rates** by David Nelson via David Nelson, CFA
- **Politics Of Negative Rates** by Yanis Varoufakis via Project Syndicate
- **Recent Economic Data To Confuse Fed** by Robert Johnson via Morningstar
- **3-Tough Questions For Central Bankers** by Matthew Lynn via The Telegraph
- **Central Banks Have Broken The Market** by Alexandra Scaggs via FT
- **Dollar Weakness & Fed Expectations** by Marc Chandler via Real Clear Markets
- **Fed Is Hostage To Wall Street** by James Grant via Finanz Und Wirtschaft
- **Fed Rate Hike Would Be A Disaster** by Ron Insana via CNBC
- **Matt King: How CB's Got It All Wrong** by Tyler Durden via Zero Hedge

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Markets

- **The Lowest Vol In A Lifetime** by Macro Man
- **Surging Stocks But•Investors Unhappy** by Suzanne McGee via The Guardian
- **These Charts Flashing A Recession** by John Schoen via CNBC
- **Millennials - Stick All Your Money In Stocks** by Sean Williams via USA Today
- **It's Scarily Quiet In The Market** by James Mackintosh via WSJ
- **Slide In Dividend Stocks** by Michael Kahn via Barron's
- **Long Term Sell Signal For Stocks?** by Chris Ciovacco via Ciovacco Capital
- **Technical Indicators & The Markets** by Sid Verma via Bloomberg
- **You Can't Win With Active Management** by Eric Nelson via Seeking Alpha
- **Passive Investing Worse Than Marxism** by David Keohane via FT
- **Are Index Funds The Road To Serfdom** by Matt Levine via Bloomberg
- **Bad News From T.I.N.A. Land** by Pater Tenebrarum via Acting Man Blog
- **5 Things To Derail Stock Market Rally** by Adam Shell via USA Today
- **10 Charts Signal A Correction Ahead** by Sue Chang via MarketWatch

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Just Great Reads

- **The Hidden Risks In Corporate Balance Sheets** by AP via SFGate
- **Something Amiss With Home Sales** by Aaron Layman
- **23 Signs Of Pundits Or Professionals** by Charlie Bilello via Tumblr

- **5 Factors Weighing On America•**by Todd Buchholz via MarketWatch
- **Healthcare Isn't A Right•**by Megan McArdle via Bloomberg
- **Looking Ahead To A Bullish Outlook** via John Hussman via Hussman Funds
- **The Dollar & Productivity Puzzle•**by Joe Calhoun via Alhambra Partners
- **Earnings Recession Finally Bottomed?•**by IronMan via Political Calculations
- **Corporate Profits Head For Big Bounce** by Anthony Mirhaydari via Fiscal Times
- **Why Markets Obsess Over Yields•**by The Economist
- **Euphoria•Is Already Upon Us**by Eric Parnell, CFA via Seeking Alpha
- **NYT's Dire Warning About Polling•**by Michael Krieger via Liberty Blitzkrieg
- **Bubbles In Bond Land•**by David Stockman via Contra Corner
- **No Complacency?** by Dana Lyons via Tumblr
- **A Generational Peak In Corporate Profits•**by•Jesse Felder via The Felder Report

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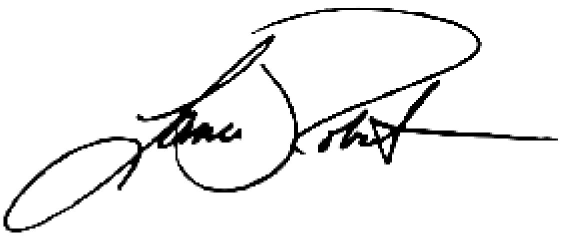
"Discipline, which is but mutual trust and confidence, is the key to all success in peace and war." *?•General George S. Patton, Jr.*



Questions, comments, suggestions ? please email me.

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