



I received an email this morning that is symptomatic of the current psychology prevailing in the market currently:

*"It seems to me like much of the market movement these days due by the huge increase in algo-driven trading and also by direct or indirect CB intervention. **Every time you see the market dip, even just a little, you get what seemingly used to be a rare, V-shape rally.** It's like a shot of liquidity hits the market at just the right time or right technical level, the algos hit it, and the market just shoots higher. **We don't even get a 5% drop anymore.**"*

It certainly does seem that way. As I posted just last week, the reinvestment of the Fed's balance sheet has certainly been very well timed. Each time the market has stumbled, the Fed has been there to provide the "safety net."



But it hasn't been just stocks **"on a run"** as of late, but bonds as well. Interestingly, despite the current exuberance of earnings growth, expectations of **"Trumponomics,"** and a **"hawkish"** Fed hiking rates, the bond market continues to reflect weak economics, sliding inflation and concern about legislative progress.



Economic data is not buying it either. Headline after headline, as of late, has continued to disappoint from new and existing home sales, to autos, to inventories and now employment. This also put the Fed at risk of further rate hikes this year [as noted on Thursday](#):

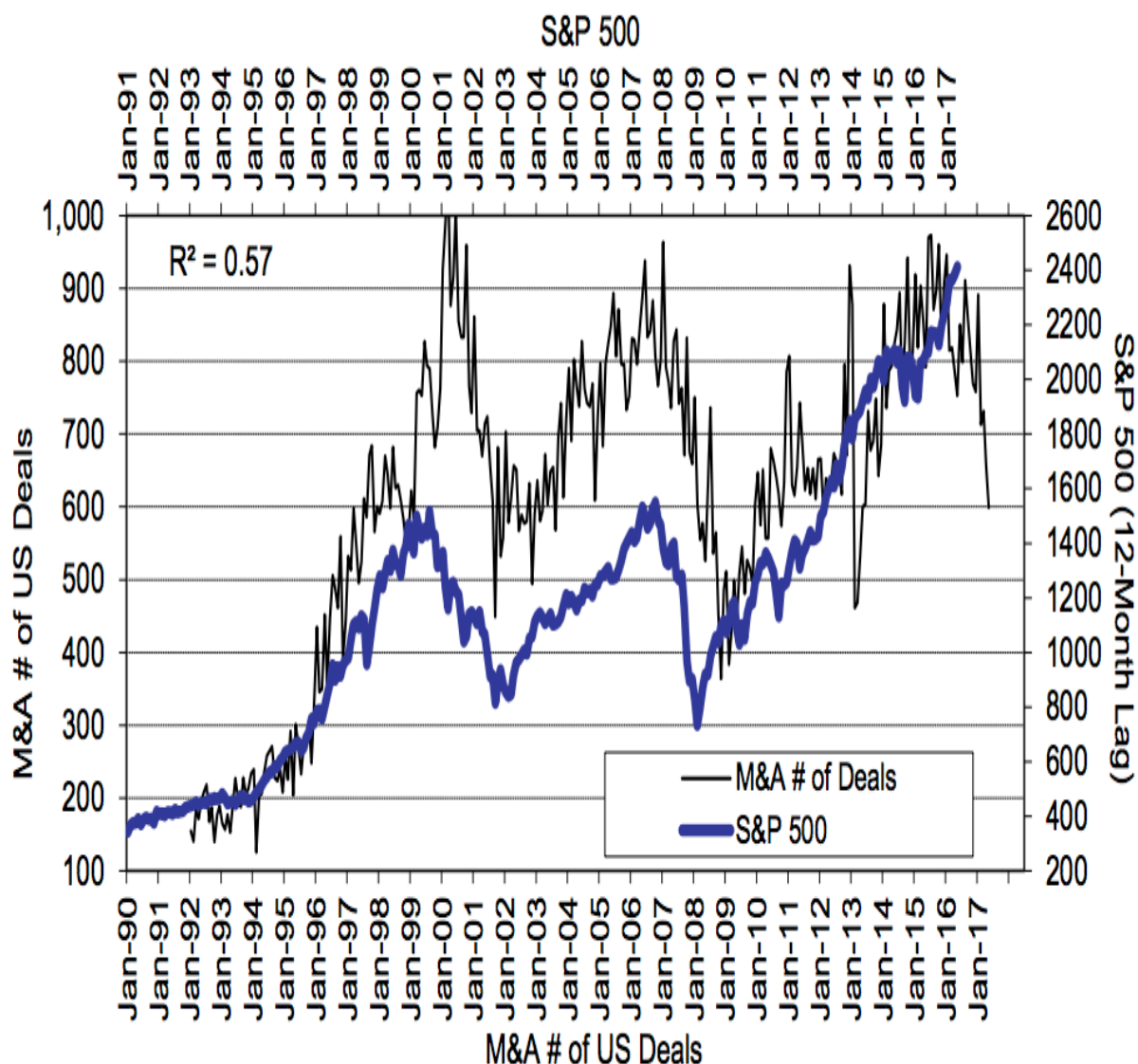
*"It appears traders are losing faith in the rest of the year as the **odds of a hike occurring in December is now above that of September** (as both drop to around 25%) •As economic data has crashed since The Fed hiked rates in March, so the*



Of course,

while the mainstream media continues to espouse the **"just buy everything"** mantra, it certainly seems that CEO's are paying more attention to the collapse in the economic data. •

Figure 1. M&A # of US Deals vs S&P 500 (12-mth lag)



Source: FactSet and Citi Research – US Equity Strategy

Just something to think about because *"the everything bump"* typically doesn't last long. In the meantime, here is what I am reading this weekend.

Politics/Fed/Economy

- U.K. Election, Outsider Looking In [by Danielle Dimartino-Booth via MoneyStrong](#)
- In Washington, Glass-Steagall Is "Half Full" [by Nomi Prins via The Daily Reckoning](#)
- What You Should Know About QT [by Craig Wilson via Daily Reckoning](#)
- No Workers = No Growth [by Scott Sumner via The Money Illusion](#)
- Confirmation Bias Gives Fed Answer It Wants [by Caroline Baum via MarketWatch](#)
- Is The Unemployment Rate Real [by Derek Thompson via The Atlantic](#)
- 93% Of Employment Gains Are "B.S." [by Morninghill Capital via RIA](#)
- Why Aren't Teenagers Working Anymore? [by Ben Steverman via Bloomberg](#)

- **If Jobless Rate So Low, Why Do Americans Feel Bad** by Alia Dastagir via [USA Today](#)
 - **Global Recovery's Downside Risk** by Nouriel Roubini via [Project Syndicate](#)
 - **Signs Of Something, Just Not Wages** by Jeffrey Snider via [Alhambra Partners](#)
 - **Economic Forecasting Very Much Broken** by Narayana Kocherlakota via [Bloomberg View](#)
 - **Indestructible Notion Of Basic Income** by Jesse Walker via [Reason](#)
 - **Economic Policies That Lead To Dispirited Class** by Jeff Harding via [An Independent Mind](#)
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Markets

- **The Greatest Bubble Ever** by Akin Oyedele via [BI](#)
 - **If Bonds Are Right, Stocks Could Drop By 20%** by Tyler Durden via [ZeroHedge](#)
 - **The S&P Has Only Done This 8-Times** by The Heisenberg via [Talk Markets](#)
 - **The Bubble That Could Break The World** by James Rickards via [Daily Reckoning](#)
 - **Bull Market Will Top Out In 2018** by Michael Sincere via [MarketWatch](#)
 - **Massive Oil Price Problem In Middle East** by Ishac Diwan via [Project Syndicate](#)
 - **There's Danger At Door When Markets Lose Focus** by Tad Rivelle via [TCW](#)
 - **Small Caps Have Key To Market** by Michael Kahn via [Barron's](#)
 - **The \$100 Trillion Question** by Enda Curran via [Bloomberg](#)
 - **What NOT To Buy In Today's Market** by Vitaliy Katsenelson via [Contrarian Edge](#)
 - **Bulls Tightening Grip On Market** by Avi Gilbert via [MarketWatch](#)
 - **How Companies Fib About Earnings** by John Crudele via [NY Post](#)
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Research•/ Interesting•Reads

- **"Largest Arms Deal In History" = #FakeNews** by Wolf Richter via [Wolf Street](#)
 - **Draghi Won't Stop Until 2%** by Peter Boockvar via [The Boock Report](#)
 - **The Economy Looks Grim** by Ray Dalio via [Savvy Investor](#)
 - **Albert Edwards: The Coming Ice Age** by Tyler Durden via [ZeroHedge](#)
 - **Public Policy, Profits, & Populism** by Chris Brightman via [Research Affiliates](#)
 - **"Medicare For All?" - Glad You Asked** by Megan McArdle via [Bloomberg](#)
 - **Understanding Today's Secular Stagnation** by Robert J Shiller via [Project Syndicate](#)
 - **This Is How Many Jobs Will Be Lost To Robots** by Sue Chang via [MarketWatch](#)
 - **68% Of Young Expect Inheritance** by Ester Bloom via [CNBC](#)
 - **Debt Limit Nightmares Coming True?** by Brian Beutler via [The New Republic](#)
 - **American's Face \$13 Trillion Debt Hangover** by Matt Scully via [Bloomberg](#)
 - **Unhealthy Habits Could Destroy Your Retirement** by Kelli Grant via [CNBC](#)
 - **Facebook Is Broken** by Jon Evans via [Tech Crunch](#)
 - **Three Factors About The Market** by John Hussman via [Hussman Funds](#)
 - **Should You "Bank" On This Divergence?** by Dana Lyons via [Tumblr](#)
 - **Learn How To Avoid Annihilation** by Jesse Felder via [The Felder Report](#)
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?The difference between•playing the stock market•and the horses is•that one of the horses must win..? -Joseph Abramowitz

Questions, comments, suggestions ? please [email me](#).