

# Vacation Head

*Weekend Reading*



Ah...yes. It is FINALLY that time of the year when I take a week off with the family for our summer vacation. Don't worry, I have been fiendishly writing for the past two weeks and have blog posts all ready to go for next week. You won't be left hanging. However, let me just leave you today with one parting thought. The chart below is the S&P 500 on a WEEKLY basis going back to 1992. While it is clear the bullish trend is currently intact, which suggests the markets could indeed rise further, the deviation from the 1-year moving average is pushing more historical extremes.

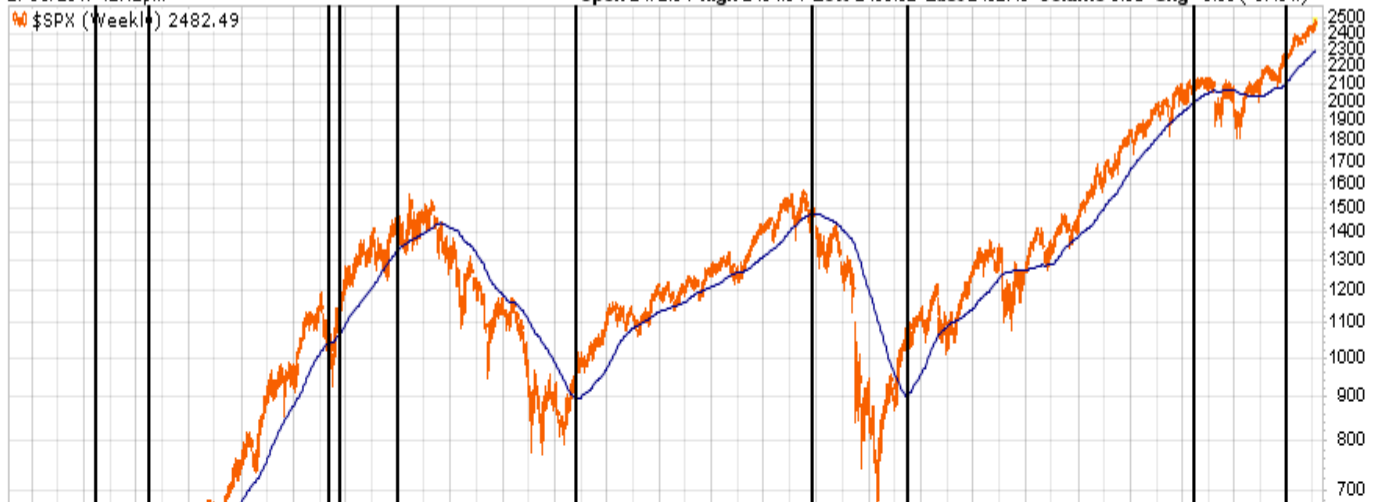
\$SPX S&P 500 Large Cap Index INDX

27-Jul-2017 12:12pm

\$SPX (Weekly) 2482.49

Open 2472.04 High 2484.04 Low 2466.32 Last 2482.49 Volume 6.5B Chg +9.95 (+0.40%) ▲

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Furthermore, the two circles on the lower part of the chart show the longer-term "buy/sell" signals which have been historically accurate in adjusting risk in portfolios. As you will notice, just like in late 1998 and early 1999, there was a sell signal which was reversed WITHOUT the market dropping into a bear market. The subsequent rally pushed asset prices and valuations to extremes in early 2000. **I don't need to remind you what happened next.**•Currently, we see the same build up in exuberance, leverage, and speculation. The sell signal in 2015/2016 has been reversed following the Trump election. More importantly, just like in 1999, the indicators are running at historically very high levels. **I probably don't need to remind you what will happen next.**•It is just a function of time. In the meantime, the bullish trend remains intact. So, we participate for now but we do so with a high level of caution and very tight stop losses. So, with that said, this is what I will be reading on vacation.

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## Politics/Fed/Economy

- **The Greater Moderation**[by Danielle DiMartino-Booth via Money Strong](#)
  - **Partisan Conflict Is High**[by Jeff Sommer via NYT](#)
  - **Fed To Start Unwinding Balance Sheet Soon**[by Akin Oyedele via BI](#)
  - **Democrats Try To Rebrand Themselves As Populists**[by Caroline Baum via MarketWatch](#)
  - **New Math Fetish Has Turned Economics Into Astrology**[by Alan Jay Levinovitz via Aeon](#)
  - **Gary Cohn Is The Wrong Choice For The Fed**[by John Tamny via Forbes](#)
  - **Is The Economy Really Different This Time**[by Joe Calhoun via Alhambra Partners](#)
  - **4-Signs The Economy Is Stalling**[by Stephen McBride via Mauldin Economics](#)
  - **The False Premise Of GOP Tax Cuts**[by Editorial via New York Times](#)
  - **Draghi Did Not Keep His Promise**[by Jeffrey Snider via Alhambra Partners](#)
  - **Fed Won't Raise Rates Until Christmas**[by Pedro Da Costa via BI](#)
  - **All Signs Point To Slowdown In Inflation**[by Lakshman Achuthan via Bloomberg](#)
  - **The Quiet Demise Of Austerity**[by James McCormack via Project Syndicate](#)
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## Markets

- **What You Should Be Worried About**[by Mark Hulbert via MarketWatch](#)
  - **Howard Mark's Bubble Checklist**[by Tyler Durden via ZeroHedge](#)
  - **How To Survive The Coming Market Storm**[by Richard Harris via South China Morning Post](#)
  - **ETF's Are The Biggest Danger To Markets**[by The Heisenberg via Seeking Alpha](#)
  - **Byron Wein Says Market In Uncharted Territory**[by Joe Ciolli via BI](#)
  - **Will Perma-Bears Ever Learn**[by Taylor Dart via Seeking Alpha](#)
  - **USD Breakdown, What Next?**[by Erik Swarts via Market Anthropology](#)
  - **USD Close To The Edge Of The Cliff**[by Michael Kahn via Barron's](#)
  - **Wall Street Is Bracing For A Significant Correction**[by Steve Liesman via CNBC](#)
  - **Stunning Lack Of Declines Highlights Surreal New Normal**[by Wolf Richter via Wolf Street](#)
  - **Earnings Outlooks Falling Rapidly**[by Anora Mahmudova via MarketWatch](#)
  - **Why Financials Can't Lead The Market Higher**[by Bryce Coward via Knowledge Leaders](#)
  - **Over-valuation•Not Due To Passive Investing**[by David Merkel via The Aleph Blog](#)
  - **Stock Market Bulls Are Wrong, It Will End Badly**[by Doug Kass via The Street](#)
  - **This Is Why It's So Hard To Be A Contrarian**[by Stefan Cheplick via Medium](#)
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## Research•/ Interesting•Reads

- Risk Has Been Abolished [by Wolf Richter via Wolf Street](#)
- There They Go Again [by Howard Marks via OakTree Capital](#)
- Perceived Vs. Real Risk Tolerance [by David Merkel via The Aleph Blog](#)
- Dividend Cuts Accelerate In Q3 [by Political Calculations](#)
- 3-Examples To Consider In Retirement Planning [by Paul Brown via NYT](#)
- The Next Housing Bubble Is Here [by Mark Hanson via Zero Hedge](#)
- FLASH CRASH: Seth Klarman Weighs In On HFT [by Jody Chudley via Daily Reckoning](#)
- 7-Habits To Help Your Kids Be Successful [by Vanessa McGrady via Forbes](#)
- The Reason Everyone Resents Millennials [by Bill Murphy Jr via Inc.](#)
- Student Borrowers Face Relentless Debt Collector [by Michelle Conlin via Reuters](#)
- Taking Money Off The Table Is The Best Investment [by Michael Douglas via Motley Fool](#)
- Maybe We Are Thinking About Productivity All Wrong [by Neil Irwin via NYT](#)
- If The Stock Market Makes You Rich, Why Are So Many Poor? [by Me via Market Watch](#)
- Singer: "I'm Very Concerned About The Global Economy" [by Tyler Durden via ZeroHedge](#)
- The Salient Features Of Past Bull Market Peaks [by John Hussman via Hussman Funds](#)
- Breakout Barrage - Is It Really Bullish? [by Dana Lyons via Tumblr](#)
- Podcast: William White On Experimental Monetary Policy [by Jesse Felder via The Felder Report](#)

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**•"Sometimes buying early on the way down looks like being wrong, but it isn't." - Seth Klarman**

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