

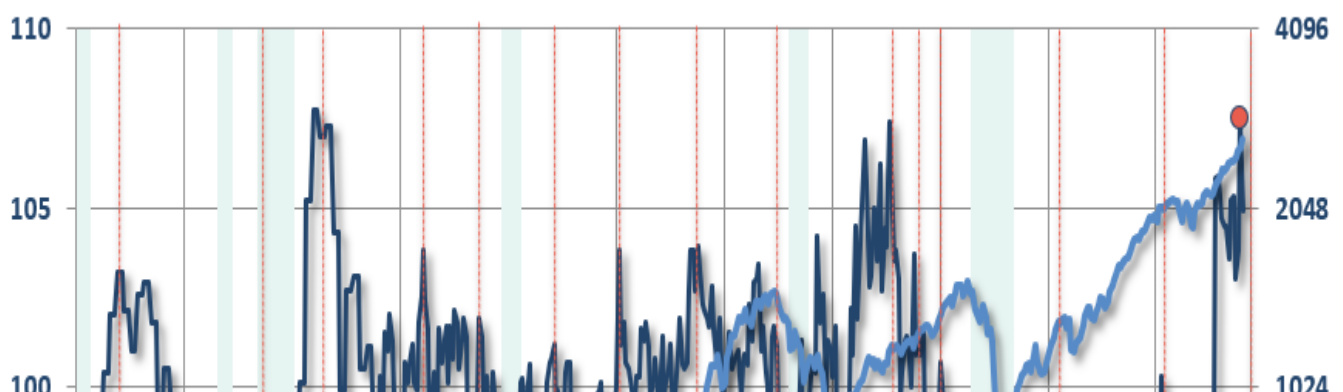
Weekend Reading

What You DO Matters Most

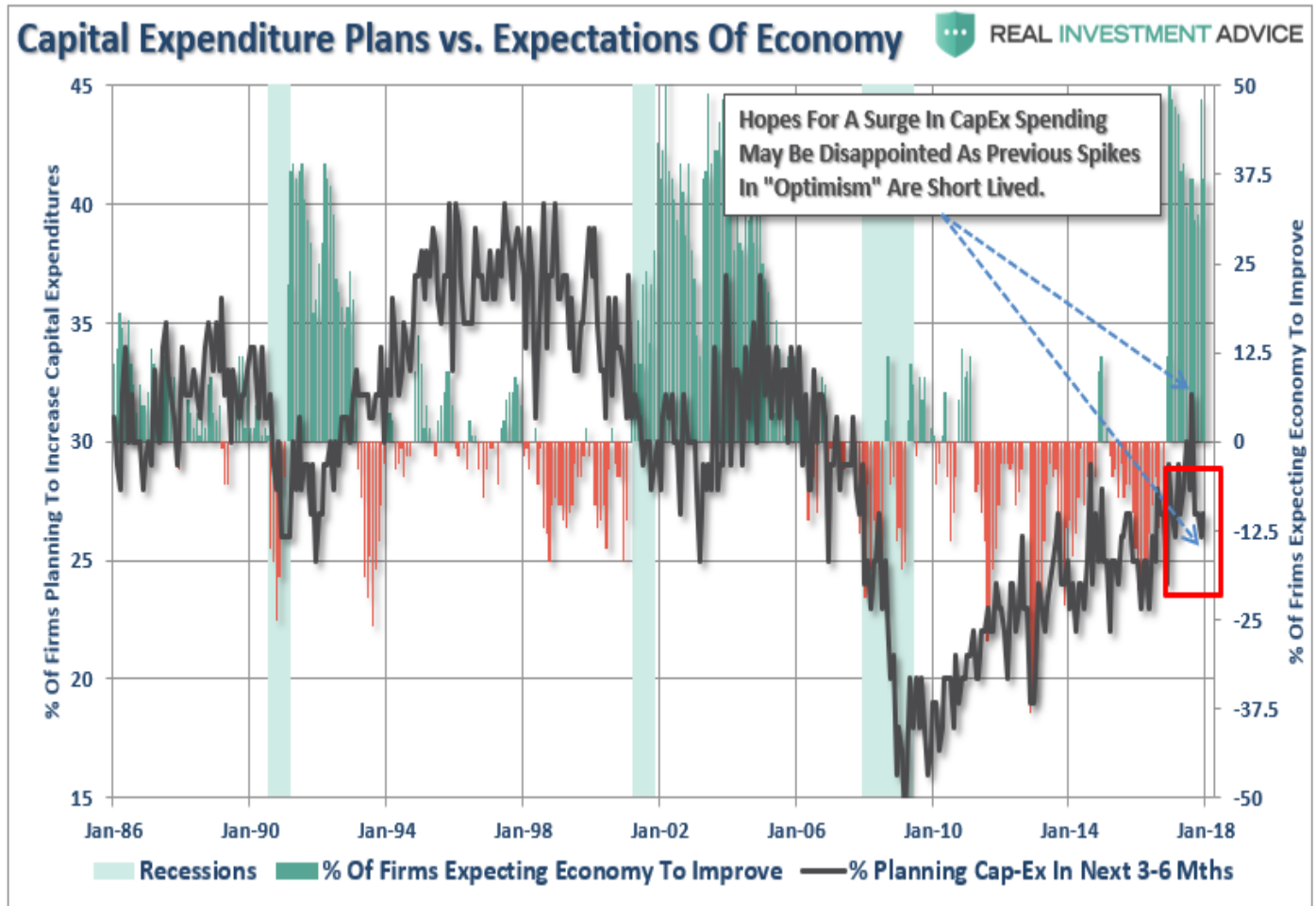
Confidence is soaring...everywhere. In [last weekend's newsletter](#), we showed multiple charts of surging investor confidence all at, or near, record levels. But while investors are indeed confident about the markets over the coming year, business and manufacturing surveys (*sentiment*) have also surged to near record levels. The National Federation Of Independent Businesses (NFIB) just released their December survey which showed a near record level of confidence for business owners.

NFIB Small Business Confidence Index

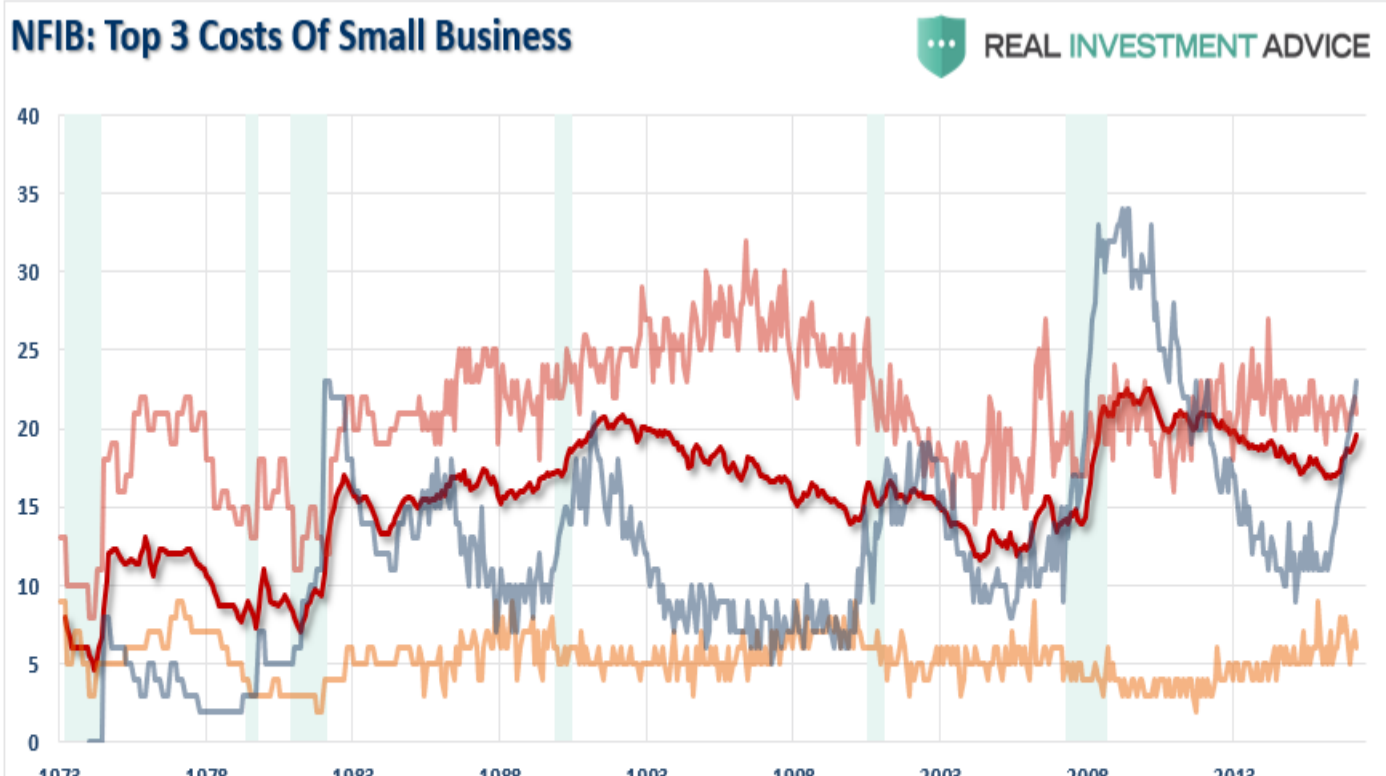
 REAL INVESTMENT ADVICE



One thing to notice is that spikes in optimism have generally occurred near peaks in the market. Why should that be the case? **The reason is simple, exuberance tends to be disappointed by reality.** When you dig down into the NFIB survey what small business owners are "saying," and "doing," are two different things. **For example, while business owners "SAY" they are optimistic about the economy currently, when it comes to committing their capital they are not nearly as brash.** In fact, their level of planned capital expenditures continues to run at levels more normally associated with weak, or recessionary, environments.



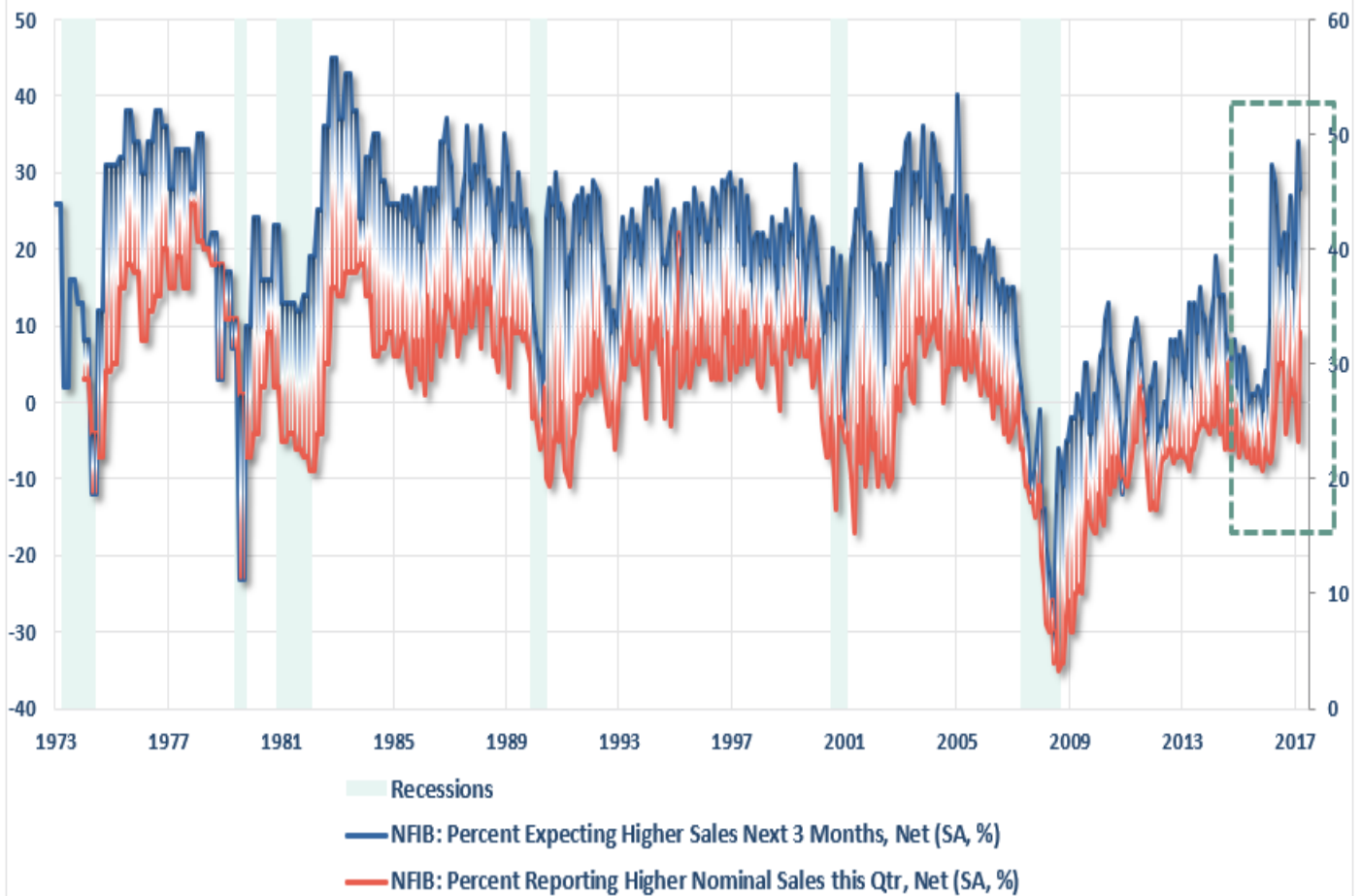
What about consumers? They are optimistic as well. Well, maybe not as much as you think. The survey shows that while business owners "SAY" sales should be improving, **their biggest concern, which is spiking higher, is "poor sales."**



Furthermore, notice that while there has been an immense amount of *"chatter"* about how the recent tax reform has lowered the burden on business which will lead to a surge in economic growth, etc., **the level of concern over the amount of taxes being paid has budged from post-recessionary levels.** While taxes were recently lowered, **the "cost" of labor is rising which will absorb, for small business owners, much of the impact of any tax cut received.** There is also a big difference between what the *"hope"* sales will be and what *"actually"* occurs. With such high levels of expectations currently, the risk of disappointment in future sales volumes is elevated.

NFIB: Real Sales Always Less Than Expectations

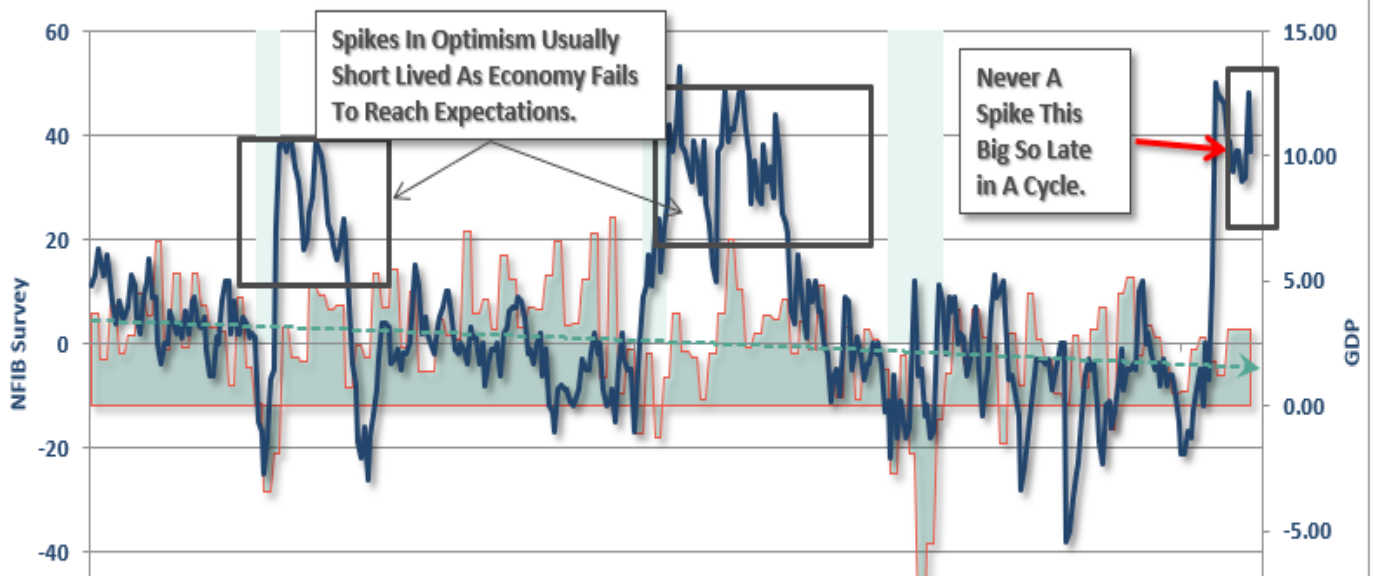
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While there is much *"hope"* that economic growth will boom this coming year due to regulatory and tax changes, **history suggests the current levels of "economic optimism" are also likely to be disappointed.**

NFIB Survey: % Firms Expecting Economic Improvement In The Next 6 Months

REAL INVESTMENT ADVICE



Ultimately, for the markets and for investors, **it is what you DO that matters the most.** Investors are currently set up for disappointment on many fronts over the next 12-24 months. While "**exuberance**" currently reigns, and investors are **piling into risk equity with reckless abandon**, the markets will continue to push higher. Just be aware that "**reality**" will eventually set in. Here is your weekend reading list.

Economy & Fed

- The Fed Needs A Better Target [by Caroline Baum via MarketWatch](#)
 - Moody's Warns Washington Of Tax Cuts [by Tyler Durden via ZeroHedge](#)
 - Fed Pays Banks \$30 Billion On Excess Reserves [by Wolf Richter via Wolf Street](#)
 - Sequester Relief Is Too Costly [by Committee For A Responsible Federal Budget](#)
 - Households May Rue The Binge Of 2017 [by Danielle DiMartino-Booth via SeekingAlpha](#)
 - For Trump Much Rides On 2018 [by Robert Samuelson via RCM](#)
 - Humor & Facts Would Improve Discourse [by Richard Rahn via Washington Times](#)
 - Demographics Point To Lower U.S. Growth [by Edward Harrison via Credit Writedowns](#)
 - **Ready Or Not For The Next Recession** [by Barry Eichengreen via Project Syndicate](#)
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Markets

- GS: This Has Only Happened Twice In History [by Tyler Durden via ZeroHedge](#)
 - How To Survive A Market Bubble [by James Mackintosh via Streetwise](#)
 - The Dow's Fastest Milestone Leap In History [by Mark DeCambre via MarketWatch](#)
 - This Composite Index Bombed In 2016 [by Simon Maierhofer via MarketWatch](#)
 - **The Bond Market Singularity** [by Sven Henrich via Northman Trader](#)
 - When Small Companies Are Worth It [by Simon Constable via US News](#)
 - Wall Street Is Underestimating Tax Cuts [by Shawn Langlois via MarketWatch](#)
 - Invested, Emotionally In Stocks [by Gil Weinrich via Seeking Alpha](#)
 - Start Prepping For A Correction [by Michael Kahn via Barron's](#)
 - CB's Ready To Pop The "Everything Bubble" [by Brandon Smith via Alt-Market](#)
 - Risk Blind & The Great Bear Market Coming [by Danielle Park CFA via SeekingAlpha](#)
 - MYTH: Stocks Don't Peak 'Til Yield Curve Inverts [by Daniel Moore via SeekingAlpha](#)
 - **Survival Tactics For A Hypervalued Market** [by John Hussman via Hussman Funds](#)
 - The Only Benchmark Of Wealth [by Michael Lebowitz via RIA](#)
 - It's Always 20/20 In The Rear View Mirror [by Doug Kass via RIA](#)
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<https://realinvestmentadvice.com/ria-chart-book-q4-2017-most-important-charts/>

Cryptocurrency Mania

- How Bitcoin Could Change Your Life [by Hayley Tsukayama via WaPo](#)
- How Bitcoin Is Like/Unlike A Gold Standard [by Larry White via Alt-M](#)
- Why Merrill Lynch Said No To Crypto [by Jonathon Trugman via NY Post](#)
- Bitcoin's Economic Lessons [by Matt O'Brien via Washington Post](#)
- Crypto Is Strangling Innovation [by Jon Evans via Tech Crunch](#)
- SEC Warns Bitcoin Investors At Risk [by Reuters](#)
- Everything You Need To Know About Crypto [by Blockgeeks](#)

- Cryptocurrency Market Capitalizations [by CoinMarketCap](#)
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Research•/ Interesting•Reads

- The QE Party Is Over, Even For Japan [by Wolf Richter via Wolf Street](#)
 - Fed Economist Demonstrates Ignorance [by Aaron Layman via AaronLayman.com](#)
 - Bonds, Men Are Both In A Bear Market by Bill Gross via Janus Funds
 - **Everyone Is Suddenly Bearish On Bonds** by Kevin Muir via The Macro Tourist
 - Gross Exaggeration On Bond Doom [by Buttonwood via The Economist](#)
 - Gundlach: 2018 Could Be The Magic Moment [by Value Walk via Seeking Alpha](#)
 - Buffett: Full Interview On Market, Bitcoin & More [by Market Folly](#)
 - Veritas: Twitter Shadow Banning Opposing Views [by Tyler Durden via ZeroHedge](#)
 - Thaler: Investors Should Be Cautious [by Christoph Gisiger via Finanz Und Wirtschaft](#)
 - **18-Predictions To Watch Over Next 5-Years** [by Vikram Mansharamani via Linked-In](#)
 - Why CAPE Naysayers Are Wrong [by Rob Arnott via Research Affiliates](#)
 - Do Stocks Fast Start Bode Well For The Year? [by Dana Lyons via The Lyons Share](#)
 - If Everyone Knows Pensions Are Screwed... [by Jesse Felder via The Felder Report](#)
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?Risk comes from not knowing what you are doing." - Warren Buffett

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