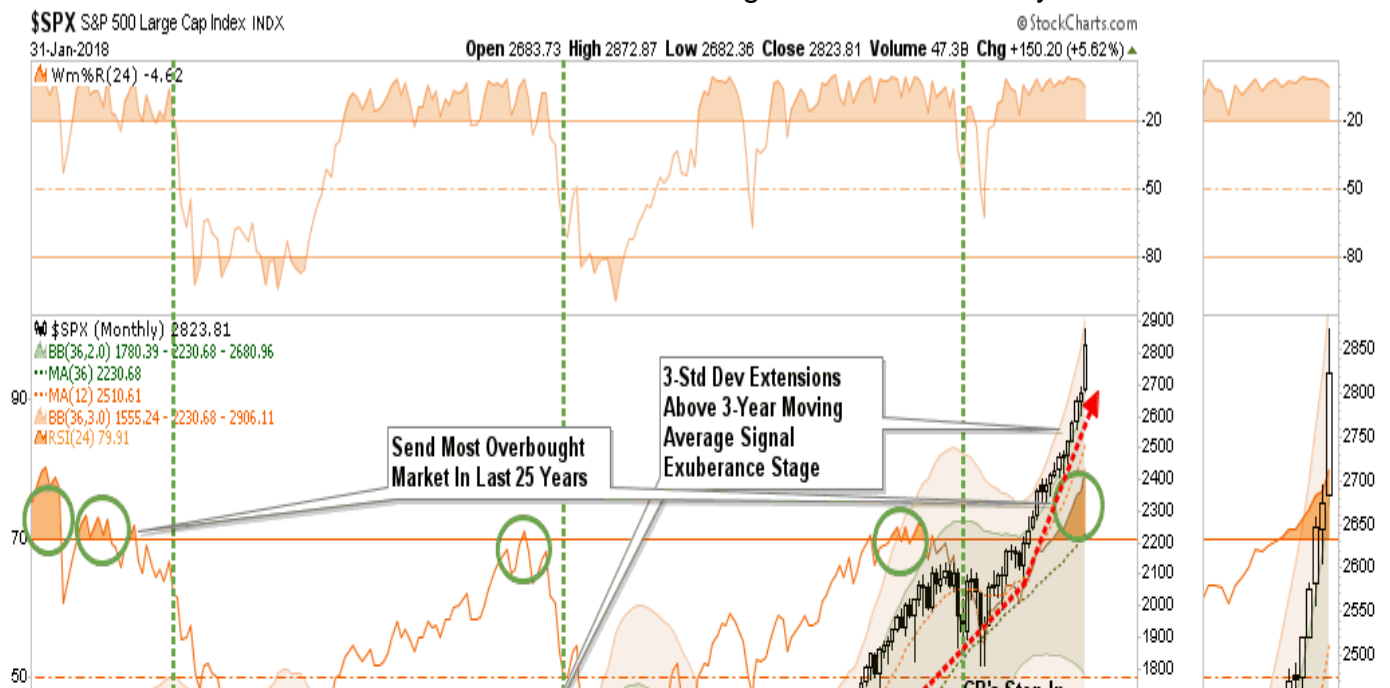


Weekend Reading:

Did The Market Just Get “Woke?”

Since the beginning of this year, we have been warning of the potential for a correction. Of course, such warnings seemed pointless as the nearly *“parabolic”* rise in the markets seemed unstoppable. The chart below shows the current acceleration through the end of January.





past week and

So, what

"woke" the markets? Was it the sudden realization that Central Banks globally are reducing Q.E. programs? Or, that economic growth may be weaker than expected given recent numbers? Or, something else? Whatever, the excuse turns out to be, the real culprit is seen in the chart below.



As I have been discussing "*ad nauseam*" over the last couple of years, interest rates are now stuck in a trading range that **will likely remain between 0-1% during the next recessionary drag with a 3% ceiling as seen in 2014**. Importantly, rates are at levels of overbought conditions only seen 3-times previously going back to 1980. I am going to discuss this in more detail in this weekend's forthcoming "[Real Investment Report](#)." However, the point here is that since interest rates drive everything from borrowing, to spending, to capital investment - higher rates negatively impact economic growth. Since stocks are ultimately a reflection of the economy, **it is hard to suggest that stocks will continue to rise in the face of higher rates**. Furthermore, higher rates are rapidly crushing the one argument used by bullish investors over the last eight years which has been "*low rates justify higher valuations*." As I have repeatedly stated in the past, it is one argument that can literally change overnight. **Is this the beginning of the next major market correction?** Probably not. There is simply too much exuberance currently in the market. It will take several failed rally attempts to begin to erode that base of bullishness. But therein lies exactly what you want to look for. Rallies that fail at previous resistance levels, rising volatility and declining rates of participation. As with every previous major market correction in history, **investors were always given multiple warnings BEFORE the crash actually occurred**.

*(We have a special report coming out next week to our **newsletter subscribers only** discussing these warning signs.)*

Of course, few investors heeded those warnings because they had been lulled into the belief "*this time is different*." **It wasn't then. It won't be next time either**. Here is your weekend reading list.

Economy & Fed

- **Trumps Trade & Investment Goals Don't Add Up** [by Caroline Baum via MarketWatch](#)
 - **What Really Worries Wall Street Analysts** by Simon Constable via US News
 - **Will The Fed Start Q.T.?** by Kevin Muir via The Macro Tourist
 - **Ugly Politics & The U.S. Stock Market** [by Macromon via Global Macro Monitor](#)
 - **Countering The Bond Bear Narrative** by Edward Harrison via Credit Writedowns
 - **Why Don't Republicans Fret About The Debt Anymore?** [by Annie Lowrey via The Atlantic](#)
 - **\$AMZN Should Not Be In Charge Of Fixing Our Healthcare** [by Eric Levitz via New York Magazine](#)
 - **Trump Dreams Of A 1950's Era Economy** [by Noah Smith via Bloomberg](#)
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Markets

- **Edwards: It Feels Similar To 1987** [by Tyler Durden via ZeroHedge](#)
- **What You Need To Do Now BEFORE The Tumble** [by Michael Sincere via MarketWatch](#)
- **These 4-Indicators Say Buy The Dip** [by Bryce Coward via Knowledge Leaders](#)
- **Momentum Isn't Magic** [by Sanjurjo & Miller via The Conversation](#)
- **Why Won't The Market Correct? Greed!** [by Howard Gold via MarketWatch](#)
- **Are You Ready For The Next Market Melt-DOWN** [by Michael Kahn via Barron's](#)
- **The 401k Brag** [by Sally French via MarketWatch](#)
- **The Reasons Why I'm Not Bailing On Bonds** [by Michael Cannivet via RCM](#)
- **Is U.S. Economy Hostage To The Stock Market** [by Robert Samuelson via RCM](#)
- **Bull Market Piles Up Some Urgent Questions** [by Nir Kaissar via Bloomberg Gadfly](#)
- **Key U.S. Stock Levels To Watch For The Week Ended 02/02/18** [by Jesse Colombo via RIA](#)

- **The Next Maestro** [by Michael Lebowitz via RIA](#)
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<https://realinvestmentadvice.com/you-should-never-time-the-market/>

Cryptocurrency Mania

- **Bitcoin Crashes To Lowest Level Since Thanksgiving** [by Tyler Durden via ZeroHedge](#)
 - **Bitcoin Versus The IRS** [by Shawn Langlois via MarketWatch](#)
 - **Bitcoin And Taxes** [by Jeff Roberts via Fortune](#)
 - **Stocks & The Bitcoin Crash** [by Bryce Coward via Knowledge Leaders](#)
 - **Bitcoin: "Beanie Babies" Of The Moment** by Vitaliy Katsenelson
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Research / Interesting Reads

- **Why The Next Downturn Won't Be Like 2008** [by Wolf Richter via Wolf Street](#)
 - **Alan Greenspan On The Twin Bubbles** [by Macromon via Global Macro Monitor](#)
 - **The Possibilities Are Frightening** by Kevin Muir via The Macro Tourist
 - **5-Mega Trends & How To Invest In Them** [by Jeff Reeves via MarketWatch](#)
 - **Biggest Mistake Americans Make Saving For Retirement** [by Emmie Martin via CNBC](#)
 - **Will Anyone Care About The GOP Tax Cut?** [by Bess Levin via Vanity Fair](#)
 - **Your Expected Tax Refund & The Psychology Of A Windfall** [by Elizabeth Harris via Forbes](#)
 - **It's Getting Lowly At The Top** [by Dana Lyons via The Lyons Share](#)
 - **Amazon Adds A McDonalds In Market Cap In Month** [by Jesse Felder via The Felder Report](#)
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*?Speculation is an effort, probably unsuccessful, to turn a little money into a lot.
Investment is an effort, which should be successful, to prevent a lot of money
from becoming a little.? ? Fred Schwed Jr.*

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