



Know when to hold-em!
Know when to fold-em!
Know where to set stops!
Know when to run!
Never count your portfolio
Until the sells are done..

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This is your *'tell it as it is analyst'*, at least that does not sound so pessimistic. Why are markets so crazy, gold down when it should be up, safer dividend stocks being crucified?

One reason is because structured investments are blowing up. Those safe Bank funds for example. that guaranteed 1% or so plus upside if markets went up. Well investors in those and many other structured products are taking it on the chin. I am talking **Canadian Banks too**. A friend sent me [this redemption notice from Scotia Bank](#) and I am sure it is happening at all the banks. In this case, the structured product was actually invested in the Canadian bank stocks, see under basket of shares.

Also note - ***"The original principal amount invested is not protected"*** . This will shock conservative Canadian investors who believed these were conservative and safe investments at the banks. Scotiabank stock (BNS) is down -35% and headed a lot lower. Royal Bank (RY) down -27% and the same with the rest of them. **A run on the banks could be coming next.**

Central Banks emptying their guns and now about completely useless.

Last Thursday the Fed announced plans to inject up to \$1.5 trillion in the financial system by the end of the week and begin buying a wide range of Treasury bonds, this was meant to ease the strained liquidity. I noticed, like gold. 10 year treasury notes were also being sold down. As stocks headed for their [worst day since 1987's Black Monday Crash](#), the Fed action was little help as stocks responded immediately, cutting losses in half on the announcement, before dropping back down 8%.

- The Fed said it will ramp up its overnight funding operations—buying “repos,” or repurchase agreements—by \$1.5 trillion over the next two days.
- These changes are being made to address highly unusual disruptions in Treasury financing markets associated with the coronavirus outbreak,” the New York Fed said in a [statement](#) on Thursday afternoon.
-

The bears simply stampeded the market and Fed, so the Fed emptied their gun, just 3 days later on Sunday evening. They announced on Sunday a drop with interest rates to zero and buy **at least** \$700 billion in government and mortgage-related bonds as part of a wide-ranging emergency action to **TRY** and protect the economy from the impact of the [coronavirus](#) outbreak.. Soon they will ban short selling on their friends companies.

The moves, the most dramatic by the U.S. central bank since the 2008 financial crisis, are aimed at keeping financial markets stable and making borrowing costs as low as possible as businesses around the country close and the U.S. economy hurtles into recession.

The Fed, effectively cut its benchmark by a **full percentage point to zero**. The benchmark U.S. interest rate is now in a range of 0 to 0.25 percent, down from a range of 1 to 1.25 percent.

Gold is proving to be the safe haven as always and helping investors who hedged with it. Comex gold has dropped to \$1470 from the peak at \$1685 or about – 13%, far less than other markets. In fact gold has only retraced it's gain of the last 2 months and back where it was in December.

I expect it could go lower. In my chart last week, I suggested a potential bottom around \$1350, but it could be lower. Between intervention by the Central Banks to try and mask market problems and encourage money to flow into paper assets, investors along with funds having to sell to raise cash, it is creating a short term correction in gold.

All this money coming out of gold will flow back in as soon as possible. These investors learned, if they did not already know that their gold investment helped save their ass. It will be similar to 2008, once the Fed pumps enough into the market, and we are not there yet, liquidity will stabilize and gold will start to run up.

The current correction is a great buying opportunity with gold and gold stocks, **but just wait. I will send an update when I think the bottom is near.**

Based on my chart last week, I had a correction down to **between about \$1350 and \$1550 before a reversal.** This is more detailed. We are at the mid point of that prediction and at a possible reversal area. I will send updates as things progress with a buy alert at my best guess.



I warned about a recession and a peak or exhaustion to the equity bull market in early November 2019.

“The crash is already under way but few dig down to the places they need to look, even though it is right in front of them.”

I indicated 7 bullet points of trouble. I called the S&P 500, **“a chart of the illusion”**.

“The Fed is always too little, too late and this will be proven again. To me this looks like an exhausted bull market. “

“risk is too high to have much of your funds there now. Markets are not pricing in reality.”

I suggested a number of short plays, **but I was 2 months too early**. The S&P went from 3100 in November to over 3300 in January/February. I am a strong believer in market and economic cycles. It is not important to pick exact tops and bottoms, but just be close. I would bet anything that anyone who sold and raised cash last November is very happy with missing the last 6% of the historic bull run.

I have been very close to picking all the major tops and bottoms and I believe my success is that **I do not listen to the main stream financial media**. I very seldom watch the financial TV channels, it just pollutes your mind. When I do watch, maybe once or twice a month, it is to get an idea what the masses are thinking or likely an interview with a company I follow.

Today the S&P hit my next down side target around 2400 and we are surely going to my next downward target around 2100. After that the market will head down to the 1200 area and could be the potential bottom. Yes a -60% to -70% decline. **This will be the worst bear market in history.**



Not only the worst bear market but the worst recession. Actually it will be more like a depression and could be 10 years or more before a recovery. In fact the world will never be the same and when we evolve from this down turn most every thing will be different than we imagined. This could be the big reset that dooms day Sayers have been talking about.

I will end by saying that with change and big market shifts there is also opportunities.

Gold stocks will soon be an awesome buy. Their correction is almost over. We might drop to 150 area on the HUI, but getting close to a buy alert.

Market Summary > HUI Gold Index

INDEXNYSEGIS: HUI

+ Follow

157.77 -5.92 (3.62%) ↓

Mar. 16, 10:39 a.m. EDT · Disclaimer

1 day

5 days

1 month

6 months

YTD

1 year

5 years

Max



Farther down the road, the oil pipelines like Pembina and Inter Pipeline. These stocks have plunged -50% and as dividend stocks were probably part of structured financial products mentioned at the top of this letter that are blowing up. With oil prices way down, the oil still has to be shipped, even if it is a little lesser amount with a recession.

As far as the Covid19, it is probably worse than what you hear in the media. Their job is to try and calm the masses and inform of the official's initiatives. I have been commenting to everyone I know that we will not have much of a **handle on this outbreak until around the June time frame**, when more data and numbers are in.

Just ask yourself, why are things being shut down everywhere? Casinos in Vegas, all the sports leagues, schools etc., you have heard it all. It is because this is a lot more serious than currently portrayed.

Many people wonder why the run in grocery stores on staples? Toilet paper shortage has made headlines. It is because of uncertainty, nobody knows what will be closed down next and when you may be restricted to your home. The media showed a toilet paper factory going double time, fine and dandy but what happens when a worker tests positive for COVID19, that factory like everything else will be shut down for at least 14 days. Eventually we might see the military in every city to ensure order and curfews. Drones could be used for curfew surveillance and broadcasting like in China. A drone company like Draganfly, CSE:DFLY stands to benefit from this.

A friend sent me this pic on the weekend of a near empty grocery store in the Toronto area.



I went out Sunday to get a few things and stores were very empty, I mean few shoppers, but so were many of the shelves. More supply will come in and that might be a better chance to stock up a few items in a less frenzied environment. What ever the case, focus on your health and needs and that of your friends and family, 'your tell it as it is analyst'.

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