

The End of Dow 18,000; Bailouts No Longer Extended June 30 '15
Doug Wakefield



[Eurogroup Says Greece Bailout Program Will Not Be Extended And Will Expire on June 30](#), ABC News, June 27, 2015

[Greece Debt Crisis: Banks to Remain Shut All Week](#), BBC, June 29, 2015

[Greece Confirms It Will Default On Its IMF Payments](#), Financial Post, June 30 '15

“We have to admitted we are powerless over alcohol, that our lives are unmanageable” – First Step in Alcoholics Anonymous 12 Steps



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[The World Is Defenseless Against The Next Financial Crisis, Warns BIS](#), The Telegraph, June 28 '15

“Interest rates have never been so low for so long. They are low in nominal and real (inflation-adjusted) terms and low against any benchmark.

Between December 2014 and end-May 2015, on average around \$2 trillion in global long-term sovereign debt, much of it issued by euro area sovereigns, was trading at *negative* yields.... Such yields are unprecedented. Policy rates are even lower than at the peak of the Great Financial Crisis in both nominal and real terms. And in real terms they have now been negative for even longer than during the Great Inflation of the 1970s....

The economies hit by a balance sheet recession are still struggling to return to healthy expansion... There is something deeply troubling when the unthinkable threatens to become routine.” – [Bank of International Settlements 85th Annual Report](#), June 28, 2015, pg 5



Since the fall of 2011, the world of investors has been lead to believe that there is nothing to really be scared about regarding REAL world risks that have been rising due to the expansion of the largest amounts of debt and intervention by central banks on record.

In October 2011, we read headlines like [In the Absence of a Credible Plan we will have a Global Financial Meltdown in Two to Three Weeks, \[states\] IMF Advisor](#) (Oct 6 '11), only to watch stocks rally until we read, [S&P 500 Extends Best Month Since '74, Euro Rises on Debt Accord](#)(Oct 27 '11).

In the summer of 2012, headlines confidently attested, [Mario Draghi Pledges To Do “Whatever It Takes” To Save the Euro](#) (July 26 '12) and two months later Bernanke kicked off QE III as we read, [Fed Seeking to Create Wealth, Not Just Cut Rates](#) (Sept 12 '12). Stocks rose, continuing to convince investors that central bankers had their back. No need to worry about that nasty word, “risk”.

Now sure, there were those scary headlines like [Spain Reports Record Capital Flight](#) (July 31 '12), and [What If There's No Deal On Fiscal Cliff](#) (Dec 30 '12) that could have made you think something in the real world that could impact the “happy view” from financial markets, but as we continued to view scary headlines through the lens of rising stock prices, there was no need to fear. The “markets” had spoken, and they were not scared of anything.

Whether it was headlines like [Obama: Syria Chemical Attack to the World](#) (Aug 30 '13), or [More Than 800,000 Federal Workers Are Furloughed](#) (Oct 1 '13), or [Fed to Start Unwinding Its Stimulus Next Money](#) (Dec 18 '13), stocks continued to rebound after slight pull backs, giving the public the impression that nothing from the world of political, geopolitical, or financial risk, could ever impact the ever rising ride to higher heights.

Me worry? No chance.

So as we came into last Friday, with headlines across the financial world focused on the REAL problems in Greece, and the constant on again, off again deals between Greece and the Troika, my article last Friday, contained the chart below of the Dow.



Now I ask you, after almost 7 months at this all time high, and this coming on the heels of the Federal Reserve shutting down QE III at the end of last October, followed by US stocks moving up faster and larger than the rise into the final top of 2000 and 20007 to reach the December 5, 2014 “all time high”.... if this week was to continue the illusion of “real problems have no relationship to rising stock prices”, then this past weekend we could have been presented a headline like, “Deal to Kick the Can Down the Road Just Signed by Greece and the Troika”.

But that did not happen. At the close of markets yesterday, central planning politicians and bankers presented investors worldwide with the view of scary headlines can mean heavy losses, especially if there starting point is from mountaintops instead of valleys.







So now every investor, advisor, and money manager has a choice. Continue hoping and praying for more debt schemes, more algorithm spoofing, and more news rhetoric to kick off the next FOMO (fear of missing out), or returning one by one to the fact that REAL debt has REAL consequences when the price of assets have brought us to view things from the top of the world.

[Goldman: The Stock Market in 2015 Will Be...Meh](#), Business Insider, Nov 20 '14

“Goldman Sachs equity strategist David Kostin is out with his 2015 outlook for the S&P 500.

Kostin's price target: 2,100.”





The Dow 18,000 stall has lasted for 7 months. It has never happened before. The period we lived through between October 2011 and July 2015 which took trillions in debt to create, has left an enormous drag on the global economy with debt yields at the lowest in history.



At some point, there will be hard evidence to the public that others have been pulling out money ahead of them, and that planning an exit at the last moment is not wise. As I have stated before, history will reshape our plans, not the other way around.

[\\$140 Billion Bond Fund Goes To Cash As It “Braces For Bond-Market Collapse”](#), Zero Hedge, June 22, 2015

[Gross Says Hold Cash, “Prepare for Nightmare Selling”](#), Zero Hedge, June 30 ‘15

Being a Contrarian, Remembering History

The big shift from longs to shorts and shorts to longs continues moving toward away from previous trends, and toward future ones.

[Click here to start the next six months](#) reading the newsletters, reports, and group emails as we move into the second half of 2015.

On a Personal Note

Check out [Living2024](#). It is my personal blog, not business. I wanted to have a place to write some deeper stories about where this entire drama seems to be taking us all. Check out my latest post, [The Unlimited Mammon Master](#).

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