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7 Januari 2015

Siap Hadapi Tahun 2015?

"Both war and financial collapse occur in cycles and are subject to the overwhelming laws of nature. Those inherent characteristics of the natural order are permanent. They cannot be altered. What the Fed and the rest of the central banks have done in trying to rewrite the natural laws of finance and human behavior is likely to lead either to war or to a collapse of the financial system – or both. At this point, the exact outcome is undecided, but the options have narrowed considerably. Over the past six years, those at the helm have pulled every lever and pushed every button available to them in a desperate attempt to stave off an inevitable and natural cleansing of the business cycle, because all those years of economic peace have resulted in an unprecedented credit inflation. And, as my friend Dylan Grice recently said, "If you've had…an unprecedented credit INflation, you WILL have an unprecedented credit DEflation." All that the central banks of the world have ended up doing as they have desperately tried to maintain the economic peace these past several decades is to make that credit inflation larger and therefore infinitely more dangerous than anything that has gone before it. The consequences WILL be dire."

-- Grant Williams

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Most investors go about their job trying to identify 'winners'. But more often than not, investing is about avoiding losers. Like successful gamblers at the racing track, an investor's starting point should be to eliminate the assets that do not stand a chance, and then spread the rest of one's capital amongst the remainder."
-- Louis-Vincent Gave, Gavekal Dragonomics

It would be dangerous if global market Bubbles were inflating in the face of deteriorating fundamentals. If a deteriorating backdrop was specifically intensifying Bubble excesses, then I would argue strongly that such dynamics were fomenting catastrophe. Indeed, I see the recent rapidly widening gulf between inflating Bubbles and fundamental deterioration as creating the most precarious global backdrop in decades (going back to the late-twenties). And the situation now turns more alarming by the week."
-- Doug Noland at www.prudentbear.com

"My generation gave former tenured economics professors discretionary authority to fabricate money and to fix interest rates. We put the cart of asset prices before the horse of enterprise. We entertained the fantasy that high asset prices made for prosperity, rather than the other way around. We actually worked to foster inflation, which we called 'price stability' (this was on the eve of the hyperinflation of 2017). We seem to have miscalculated."
-- Excerpt from Jim Grant's November 2014 speech at the Cato Institute

"Most people will be caught completely off guard as this bubble begins to pop. They'll be left looking in the rearview mirror, wondering why their retirement accounts have been cut in half. They'll be angry when they lose their jobs. They'll wonder why their money no longer buys things at reasonable prices… Governments around the world will be called into question. Certain currencies will die. A lot of people will lose a lot of money. Social unrest will occur – maybe outside your front door."
-- Addison Wiggin, the executive publisher of Agora Financial, LLC

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"People ask me all the time, "What could trigger the next crisis? What could be the snowflake that triggers the avalanche?" My answer is always the same: "It doesn't matter." Based on the "avalanche theory, what matters is the instability of the system. You don't worry about the snowflakes… you worry about the snow… and that it's unstable and just waiting to collapse. The next big crisis is not going to happen because someone will make a big mistake. The mistakes have already been made. The system is already unstable. We're just waiting for the snowflake to trigger the avalanche."
-- Jim Rickards

"I think that certain things are starting to concern investors and maybe it is all tied around speculation on the Federal Reserve raising interest rates. As prospects for a Fed tightening have increased over the year, the Dollar has strengthened and the treasury bond market has been declining in yields. It is almost as if the treasury market and the junk bond market are projecting that the Fed raising interest rates will cause a recession. I am not going to predict that myself. I am just reading what the market's message is. How could you explain all these markets acting this way? Well, it seems like as if it had something to do with a policy mistake. That raises memories of 1937. At that time, the Fed prematurely tightened monetary policy and the economy fell back into a recession. Why would the Fed risk repeating the blunder of 1937?"
-- Jeffrey Gundlach, CEO of the investment firm DoubleLine

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Tiba kembali di waktu saat orang-orang mulai memikirkan resolusi dan rencana investasi di tahun yang akan berjalan ini.

Ini juga waktu saat para analis mulai menawarkan perkiraan dan proyeksi mereka.

Di tahun 2014, kita sudah alami situasi *"the calm before the storm"*, dan tahun 2015 pun menjanjikan hal yang akan sangat 'menarik'.

Segala sesuatu mengindikasikan bahwa badai ekonomi besar sedang mendekat, dan kita sebaiknya gunakan waktu tenang sekarang ini untuk bersiap sedapat mungkin menghadapinya.

Mari lihat hal-hal buruk yang terjadi tahun 2008 lalu, tanyakan diri Anda sendiri jika ada hal-hal yang membaik… atau malah memburuk…?

Crisis Levels of 2008	Today's "What, Me Worry?" Levels
Government debt in 2008: $10 trillion.	Today: $17.5 trillion.
The Fed's balance sheet in 2008: $2.2 trillion	Today: $4.5 trillion.
The federal funds rate in 2008: 0.1%	Today: ...still 0.1%

Source: The 5 Minute Forecast

Singkatnya, saya yakin bahwa kita harus mengencangkan sabuk pengaman karena 2015 bisa menjadi perjalanan yang liar dan berbahaya dari perspektif investasi maupun geopolitik.

Hari ini, saya akan sampaikan kepada Anda sejumlah prediksi umum untuk pasar finansial, dan minggu depan kita akan masuk lebih dalam dan spesifik ke sejumlah kelas aset.

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Yang pertama, saya akan lampirkan sebuah artikel menarik dari Jim Rickards, dari *Strategic Intelligence*, yang jelaskan mengenai fiksi *dystopia* pada *Brave New World* or *1984*.

Ini bukanlah prediksi ataupun perkiraan/ramalan seperti pada analisa-analisa umumnya.

Namun, ini dimaksudkan sebagai peringatan dan membuat orang waspada terhadap bahaya, yang beberapa di antaranya sudah menghampiri.

Ini masuk dalam kategori tulisan yang **WAJIB DIBACA**:

In the Year 2024

Jim Rickards writing from the future
on Sunday, Oct. 13, 2014

As I awoke this morning, Sunday, Oct. 13, 2024, from restless dreams, I found the insect-sized sensor implanted in my arm was already awake. We call it a "bug." U.S. citizens have been required to have them since 2022 to access government health care.

The bug knew from its biometric monitoring of my brain wave frequencies and rapid eye movement that I would awake momentarily. It was already at work launching systems, including the coffee maker. I could smell the coffee brewing in the kitchen. The information screens on the inside of my panopticon goggles were already flashing before my eyes.

Images of world leaders were on the screen. They were issuing proclamations about the fine health of their economies and the advent of world peace. Citizens, they explained, needed to work in accordance with the New World Order Growth Plan to maximize wealth for all. I knew this was propaganda, but I couldn't ignore it. Removing your panopticon goggles is viewed with suspicion by the neighborhood watch committees. Your "bug" controls all the channels.

I'm mostly interested in economics and finance, as I have been for decades. I've told the central authorities that I'm an economic historian, so they've given me access to archives and information denied to most citizens in the name of national economic security.

My work now is only historical, because markets were abolished after the Panic of 2018. That was not the original intent of the authorities. They meant to close markets "temporarily" to stop the panic, but once the markets were shut, there was no way to reopen them without the panic starting again.

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Today, trust in markets is completely gone. All investors want is their money back. Authorities started printing money after the Panic of 2008, but that solution stopped working by 2018. Probably because so much had been printed in 2017 under QE7. When the panic hit, money was viewed as worthless. So markets were simply closed.

Between 2018–20, the Group of 20 major powers, the G-20, abolished all currencies except for the dollar, the euro and the ruasia. The dollar became the local currency in North and South America. Europe, Africa and Australia used the euro. The ruasia was the only new currency — a combination of the old Russian ruble, Chinese yuan and Japanese yen — and was adopted as the local currency in Asia.

There is also new world money called special drawing rights, or SDRs for short. They're used only for settlements between countries, however. Everyday citizens use the dollar, euro or ruasia for daily transactions. The SDR is also used to set energy prices and as a benchmark for the value of the three local currencies. The World Central Bank, formerly the IMF, administers the SDR system under the direction of the G-20. As a result of the fixed exchange rates, there's no currency trading.

All of the gold in the world was confiscated in 2020 and placed in a nuclear bomb-proof vault dug into the Swiss Alps. The mountain vault had been vacated by the Swiss army and made available to the World Central Bank for this purpose. All G-20 nations contributed their national gold to the vault. All private gold was forcibly confiscated and added to the Swiss vault as well. All gold mining had been nationalized and suspended on environmental grounds.

The purpose of the Swiss vault was not to have gold backing for currencies, but rather to remove gold from the financial system entirely so it could never be used as money again. Thus, gold trading ceased because its production, use and possession were banned. By these means, the G-20 and the World Central Bank control the only forms of money.

Some lucky ones had purchased gold in 2014 and sold it when it reached $40,000 per ounce in 2019. By then, inflation was out of control and the power elites knew that all confidence in paper currencies had been lost. The only way to re-establish control of money was to confiscate gold. But those who sold near the top were able to purchase land or art, which the authorities did not confiscate.

Those who never owned gold in the first place saw their savings, retirement incomes, pensions and insurance policies turn to dust once the hyperinflation began. Now it seems so obvious. The only way to preserve wealth through the Panic of 2018 was to have gold, land and fine art. But investors not only needed to have the foresight to buy it… they also had to be nimble enough to sell the gold before the confiscation in 2020, and then buy more land and art and hang onto it. For that reason, many lost everything.

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Land and personal property were not confiscated, because much of it was needed for living arrangements and agriculture. Personal property was too difficult to confiscate and of little use to the state. Fine art was lumped in with cheap art and mundane personal property and ignored.

Stock and bond trading were halted when the markets closed. During the panic selling after the crash of 2018, stocks were wiped out.

Too, the value of all bonds was wiped out in the hyperinflation of 2019. Governments closed stock and bond markets, nationalized all corporations and declared a moratorium on all debts. World leaders initially explained it as an effort to "buy time" to come up with a plan to unfreeze the markets, but over time, they realized that trust and confidence had been permanently destroyed, and there was no point in trying.

Wiped-out savers broke out in money riots soon after but were quickly suppressed by militarized police who used drones, night vision technology, body armor and electronic surveillance. Highway tollbooth digital scanners were used to spot and interdict those who tried to flee by car. By 2017, the U.S. government required sensors on all cars. It was all too easy for officials to turn off the engines of those who were government targets, spot their locations and arrest them on the side of the road.

In compensation for citizens' wealth destroyed by inflation and confiscation, governments distributed digital Social Units called Social Shares and Social Donations. These were based on a person's previous wealth. Americans below a certain level of wealth got Social Shares that entitled them to a guaranteed income.

Those above a certain level of wealth got Social Donation units that required them to give their wealth to the state. Over time, the result was a redistribution of wealth so that everyone had about the same net worth and the same standard of living. The French economist Thomas Piketty was the principal consultant to the G-20 and World Central Bank on this project.

To facilitate the gradual freezing of markets, confiscation of wealth and creation of Social Units, world governments coordinated the elimination of cash in 2016. The "cashless society" was sold to citizens as a convenience. No more dirty, grubby coins and bills to carry around!

Instead, you could pay with smart cards and mobile phones and could transfer funds online. Only when the elimination of cash was complete did citizens realize that digital money meant total control by government. This made it easy to adopt former Treasury Secretary Larry Summers' idea of negative interest rates. Governments simply deducted amounts from its citizens' bank accounts every month.

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Without cash, there was no way to prevent the digital deductions.

The government could also monitor all of your transactions and digitally freeze your account if you disagreed with their tax or monetary policy. In fact, a new category of hate crime for "thoughts against monetary policy" was enacted by executive order. The penalty was digital elimination of the wealth of those guilty of dissent.

The entire process unfolded in small stages so that investors and citizens barely noticed before it was too late. Gold had been the best way to preserve wealth from 2014–18, but in the end, it was confiscated because the power elites knew it could not be allowed. First, they eliminated cash in 2016. Then they eliminated diverse currencies and stocks in 2018. Finally came the hyperinflation of 2019, which wiped out most wealth, followed by gold confiscation and the digital socialism of 2020.

By last year, 2023, free markets, private property and entrepreneurship were things of the past. All that remains of wealth is land, fine art and some (illegal) gold. The only other valuable assets are individual talents, provided you can deploy them outside the system of state-approved jobs. ***[Emphasis mine]***

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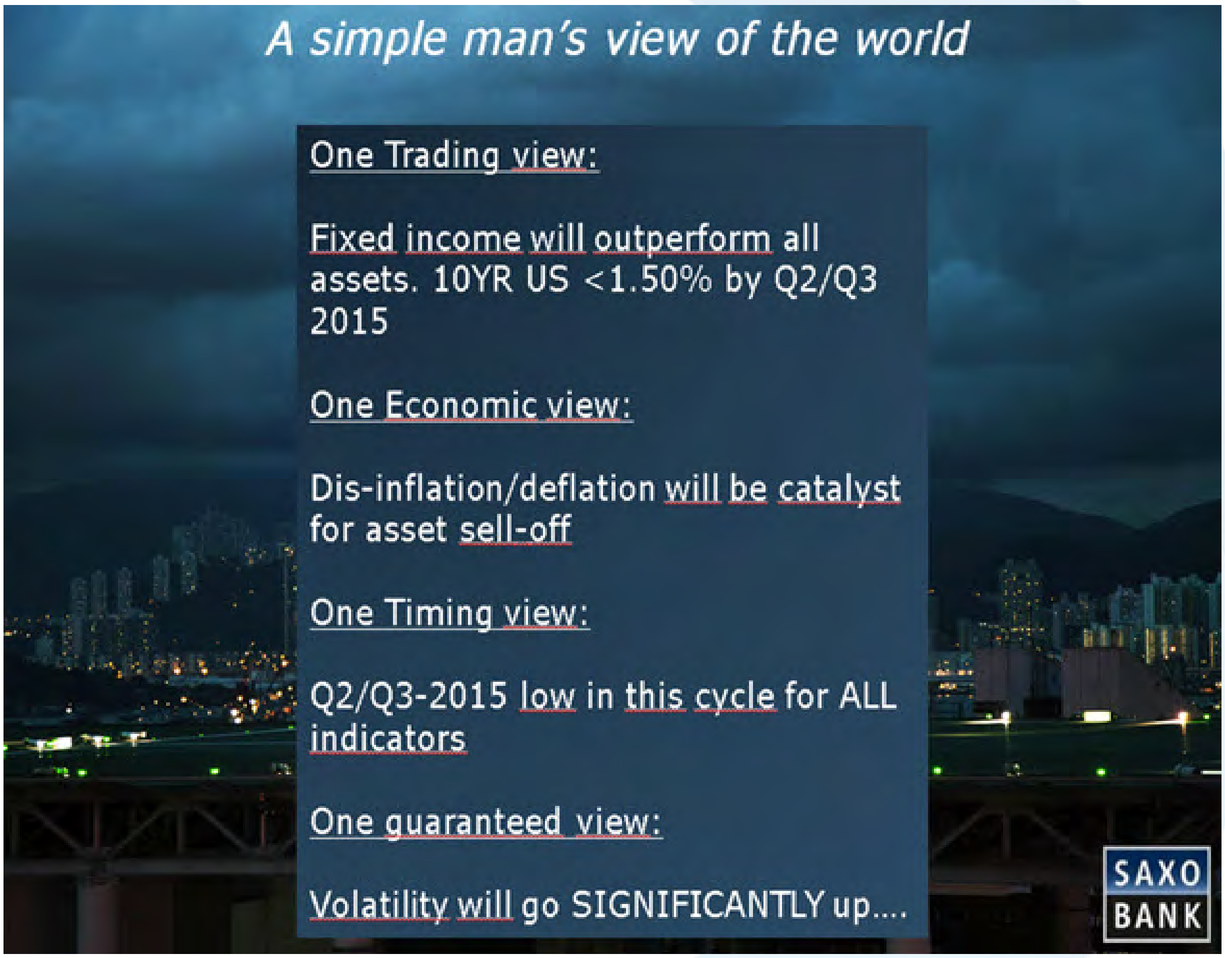
Berikutnya adalah CIO dari *Saxobank*, Steen Jakobsen, yang memiliki sudut pandang sederhana dan taktis:



"A great deal of intelligence can be invested in ignorance when the need for illusion is deep" — Saul Bellow

Just back from four cruel weeks of travelling: Bucharest, London, Sydney, Melbourne, Lisbon, Porto, Madrid, and Zürich. Housing bubbles everywhere to be seen, and all denied by local policymakers and economists.

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The big selloff in 2015 will come from housing and housing-related investments as the marginal cost of capital rises through regulation and through "margin calls" on banks as their profit-to-GDP ratios grow too high for the economy to function properly. The dividend society is here and the true manifestation of Japanisation is not a future event but a thing we are living in right now…

Core trading view

Ten-year bond yields (US) will continue lower into the second quarter of 2015. I see acceleration to the downside, mainly in the US where 10-year yields could hit 2.00% and bottom out at 1.5% by Q2 as GDP comes off (relative to "lift off" consensus).

- European factors: Lower than anticipated growth in Germany (China rebalancing, lower US current account deficit and EZ overall); the impact of the Russian crisis is only beginning to impact the real economy, and of course there is the deflation (which the European Central Bank promised us would never happen...).

- US factors: Energy sector moving towards default and closing down capacity, subtracting 0.3-0.5% from GDP, plus a lackluster housing market (despite record low mortgage rates), plus contraction in monetary aggregate...

- Chinese factors: Despite reserve requirement ratio cuts, the economy is already at 5.0% in real terms and without reform in health care(why people save money), competition (anti-corruption) and deeper capital markets (sort of happening), the marginal change will continue to be negative.

- Emerging markets factors: A strong US dollar is the last thing emerging markets need. It's a *de facto* tightening of monetary policy at a time when "export markets" continue to weaken.

The world is barely surviving at an average yield of 1.5-2.0%. Markets forget that we have two drivers of growth: the US and emerging markets. EM are under pressure as we end 2014, forced into the defensive by a lack of reforms but also a much stronger US Dollar. This means the "mean-reversion" trade is for 2015 is for a *weaker* US dollar to rebalance towards EM growth as the path of least resistance.

I have no doubt that EM will become a major buy sometimes in Q2 when world is off the concept of an ever-stronger US dollar based on a growth lift-off that is never coming. [Emphasis mine]

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EEM (iShares MSCI EMG) vs. S&P 500 — S&P leads by 11%+ (reversal in 2015?)

Source: Yahoo! Finance

<u>The never-ending illusion of "lift off" for the US economy</u>

Again, the revised data for US GDP shows Real Personal Consumption expenditures increased 2.2% in the third quarter — a much better (the only reliable) indicator of growth as inventories, investment and trade generally add up to zero over a full year. In other words, where RPCE goes, so does the US economy. Too see why this is, please see the composition of GDP in the US here:

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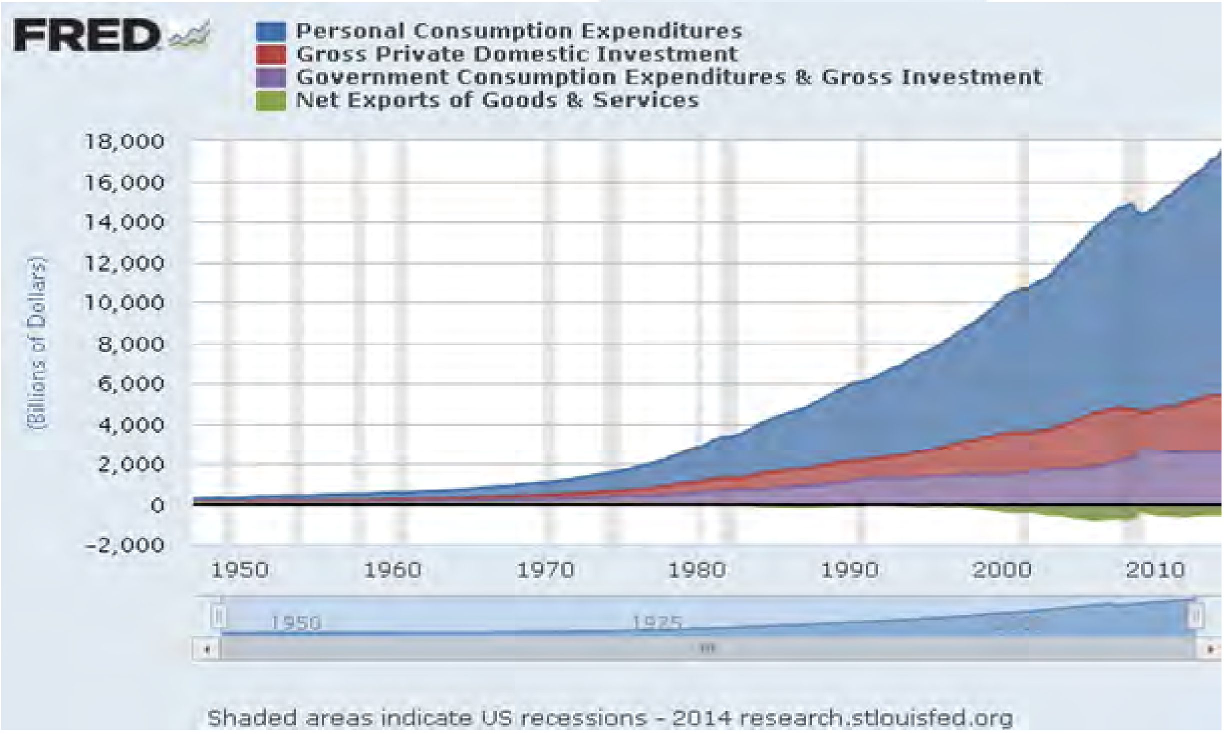

Source: Federal Reserve Economic Data

US growth has been 2% (plus or minus) since the financial crisis started, this year it will be 2%... and next year? Two percent is nowhere close to the 3-4% expected by the markets building on "surveys" and feel-good factors. Trust me, as someone who spent too much time travelling this year, the world is worse off, not better.

I meet frustration, lack of access to credit and near-desperation when the question concerns asset allocation, but… 2015 looks like a year of change. The Federal Open Market Committee will definitely continue to sell the "pipe dream" of normalization, while the Bank of Japan is done and toast.

Why anyone believes printing money will leave Japan better off is a mystery to me. Compare the FX policies of Switzerland and Japan: One has an ever-rising currency (Switzerland) which forces its "Mittelstand" (small and medium-sized enterprises) to be flexible, productive and acquisitive; the other (Japan) has tried to intervene in its currency in order to avoid changes and reforms.

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On offer from Tokyo: smoke, mirrors and currency intervention. Photo: iStock

No, if there is any reality left in the world the market will realize — by its mistaken support for long USDJPY positions — that productivity gains and competitive edges are driven by the “need” to change... not from isolation but from cause and effect (but that’s also a 2015 story).

In closing I have very little positions — the stock market is on a mission to kill the shorts (which will probably succeed), the FX market believes in Santa Japan and the ECB continues to do nothing but talk... but for now it’s enough to sell the product, which is risk-on at all costs.

The correction will be deeper and deeper as the market is dislocated through zero interest rates and an investing crowd that is rewarded for throwing all conservative risk rules overboard in a year where we again have double digit gains on… low interest rates.

Let’s hope the ECB plays ball for the market to buy some more time; for now we are playing musical chairs, and when the music stops, more than one chair will be missing...

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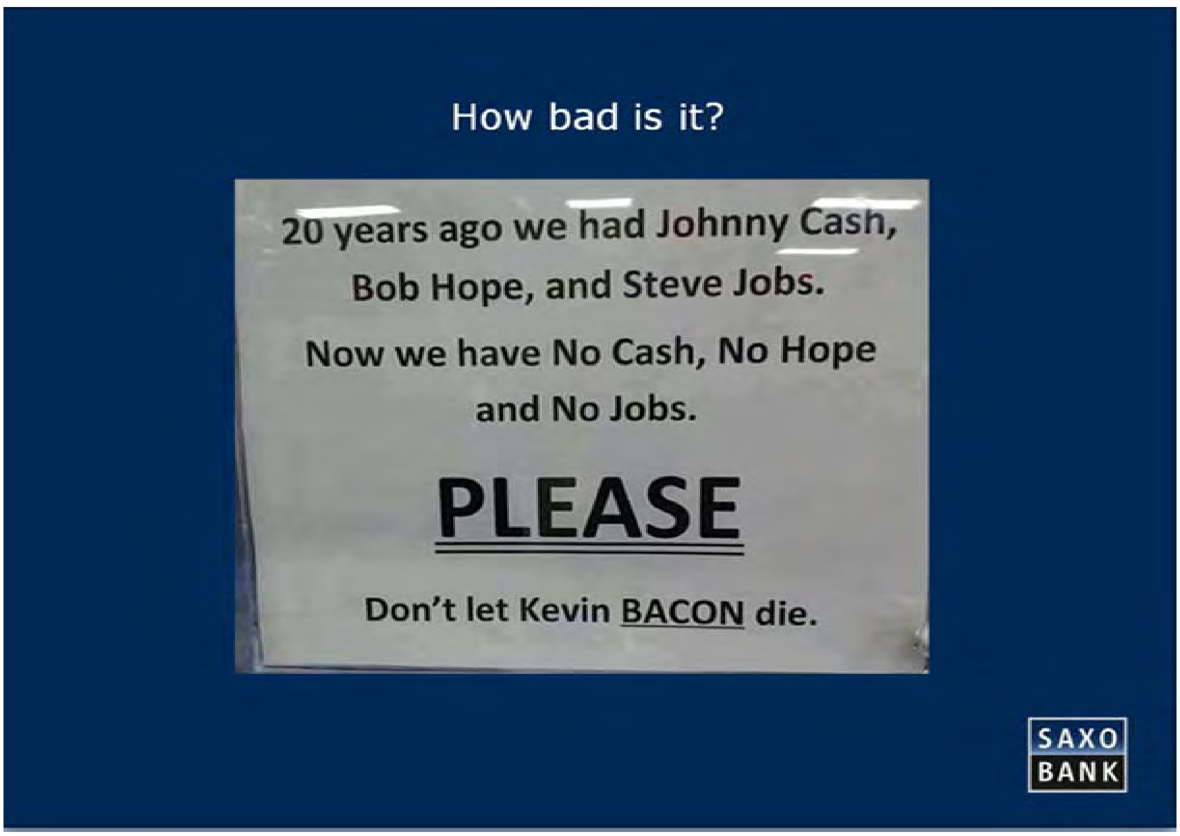
Positions

- 75% of risk is long fixed income (mainly US FI).
- 10% risk in equities, mainly mining plays (Alcoa & Fortescue); looking to add VALE and others in sector on inflation expectations hitting rock bottom in Q1.
- 5% long silver, bought on sell-off.
- 5% natural gas, preparing for a long and cold winter.
- 5% upside optionality in EUR c USD p.

How bad are things? Well, let me give you my starting slide from a presentation done in November:



Source: Saxo Bank

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Kemudian Doug Kass, presiden *Seabreeze Partners Management Inc.* dan penerbit tulisan regulernya di RealMoneyPro pada theStreet.com, yang menjelaskan ada 15 kejutan untuk tahun 2015.

Namun kali ini, saya hanya sampaikan beberapa kejutannya saja, yang kurang-lebih saya pikir juga bisa terjadi di tahun 2015

Surprise No.1 – Faith in central bankers is tested (stocks sink and gold soars).

"Investment bubbles and high animal spirits do not materialize out of thin air. They need extremely favorable economic fundamentals together with free and easy, cheap credit and they need it for at least two or three years. Importantly, they also need serial pleasant surprises in such critical variables as global GNP growth." – Jeremy Grantham

"The highly abnormal is becoming uncomfortably normal. Central banks and markets have been pushing benchmark sovereign yields to extraordinary lows – unimaginable just a few years back. Three-year government bond yields are well below zero in Germany, around zero in Japan and below 1 per cent in the United States. Moreover, estimates of term premia are pointing south again, with some evolving firmly in negative territory. And as all this is happening, global growth – in inflation-adjusted terms – is close to historical averages. There is something vaguely troubling when the unthinkable becomes routine." – Claudio Borio

European QE Backfires: The ECB initiates a sovereign QE in January 2015, but it is modest in scale (relative to expectations) as Germany won't permit a more aggressive strategy. Markets are disappointed with the small size of the ECB's initiative and European banks choose to hold their bonds instead of selling. ECB balance sheet still can't get to 3 trillion euros and the euro actually rallies sharply. Bottom line, QE fails to work (economic growth doesn't accelerate and inflationary expectations don't lift).

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Draghi Is Exposed: Mario Draghi is exposed for what he really is: the big kid of whom everyone is scared. For some time, no one wanted to fight him (or fade sovereign debt bonds, which would be contra to his policy). But, after the meek January QE, the response changes. He is now seen as the bully who never throws a punch and who always has gotten his way. But at the time of the January QE a medium-sized kid (and a market participant) teases him and Draghi warns him again to stop it. The kid keeps teasing. Draghi the bully takes a swing, it turns out he can't fight and the medium-sized kid whips his butt. From then on, the big kid is feared no more. For some time Draghi has said he will do "whatever it takes," but he never really had to do anything. When he finally gets going and has to act rather than talk, he will expose himself as only a bully and as a weak big kid. Mario Draghi gets fed up with the Germans and returns to Italy (where he was governor of the Bank of Italy between 2006-2011) and becomes the country's president.

Shinzo Abe and Haruhiko Kuroda Resign: Kuroda, an advocate of looser monetary policy, stays on at the Bank of Japan (for most of the year), but the yen enters freefall to 140 vs. the dollar and wage growth lags badly. Japanese people have had enough and, by year end, Prime Minister Shinzo Abe and Haruhiko Kuroda are forced to resign.

The Fed Is Trapped: The Federal Reserve surprises the markets and hikes the federal funds rate in April 2015. A modest 25-basis-point rise in rates causes such global market turmoil that it is the only hike made all year. The Federal Reserve is now viewed by market participants as completely trapped, as an ah-ha-moment arrives in which there is limited policy flexibility to cope with a steepening downturn in the business cycle in late 2015/early 2016. Stated simply, the bull market in confidence in the Federal Reserve comes to an abrupt halt.

Malinvestment Becomes the It-Word in 2015: Steeped in denial of past mistakes and bathing in the buoyancy of liquidity and the elevation of stock prices in 2014, market participants come to the realization that the world's central bankers in general, and the Fed in particular, once again has taken us down an all-too-familiar and dangerous path that previously set the stage for The Great Recession of 2007-09. It becomes clear that the consequences of unprecedented monetary easing and the repression of interest rates has only invited unproductive investment and speculative carry trades. The impact of a lengthy period of depressed interest rates uncork malinvestment that has percolated and detonates among differing asset classes as the year progresses.

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Already seen in the deterioration and heightened volatility in commodities (the price of crude, copper, etc.), in widening spreads in the energy high yield (with yields up to 10% today, compared with only 5% a few months ago) and with the average yield on the **SPDR Barclays High Yield Bond ETF** (JNK) up to 7% (from a low of 5% earlier in 2014), the consequences of financial engineering (zero-interest-rate policy and quantitative easing) and lack of attention to burgeoning country debt loads and central bankers' balance sheets, in addition to inertia on the fiscal front result in rising volatility in the currency markets. Malinvestment in countries like Brazil (where consumer debt has risen by 8x and export accounts have quintupled over the last eight years on the strength of a peaking export boom, in oil and iron ore, so dependent on the China infrastructure story that has now ended) translate in to a deepening economic crisis in Latin America and in other emerging markets.

Then, EU sovereign debt yields, suppressed so long by Draghi's jawboning, begin to rise. Slowly at first and then more rapidly, EU bond prices fall, putting intense pressure on the entire European banking system. (In his greatest score, George Soros makes $2.5 billion shorting German Bunds). The contagion spreads to other region's financial institutions. Shortly after, social media and high valuation stocks get routed and, ultimately, so does the world's stock markets.

As a result of the influences above, the VIX rises above 30. The price of gold soars to $1,800-$2000 and the precious metal is the best-performing asset class for all of 2015.

Strategy: Buy GLD and VIX, Short SPY/QQQ and German Bunds

Surprise No. 2 – The U.S. stock market falters in 2015.

"In a theater, it happened that a fire started offstage. The clown came out to tell the audience. They thought it was a joke and applauded. He told them again and they became more hilarious. This is the way, I suppose, that the world will be destroyed – amid the universal hilarity of wits and wags who think it is all a joke." – Soren Kierkegaard.

Market High Seen in January, Low Seen in December (at Year End): The U.S. stock market experiences a 10%+ loss for the full year. (Note: Not one single strategist in Barron's Survey is calling for a lower stock market in 2015. Projected gains by the sell side are between +6-16%, with a median market gain forecast at +11%). The S&P Index makes its yearly high in the first quarter and closes 2015 at its yearly low as signs of a deepening global economic slowdown intensify in the June-December period.

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While earnings expectations disappoint, the real source of the market decline in 2015 is a contraction in valuations (price-earnings multiples) after several years of robust gains. Investors begin to recognize that low interest rates, massive corporate buybacks, the suppression of wages, phony stock option accounting and other factors artificially goosed reported earnings and that earnings power and organic earnings are less than previously thought. So, 2015 is a year in which the relevant ways of measuring overvaluation (market cap/GDP currently at 1.25 vs. 0.70 mean) and the Shiller CAPE ratio (currently at 27x vs. 17x mean) become, well, relevant.

With few having the intestinal fortitude to maintain skepticism and short positions into the unrelenting bull market of 2013-14, there is none of the customary support of short sellers to cover positions and soften the market decline, when it occurs.

Stocks begin to drop in the first half, well before the real economy tapers, underscoring the notion (often forgotten) that the stock market is not the economy.

But by mid-year it becomes clear that U.S. economic growth is unable to thrive without the Fed's support.

Year-over-year profits for the S&P decline modestly in the second half of 2015. Domestic Real GDP growth falls to under +1.5% in the third and fourth quarters.

By year end the market begins to focus on The Recession of 2016-17, which looms ahead in the not so distant future.

Strategy: Short SPY

Surprise No. 9 – Energy goes from the worst-performing group in 2014 to the best-performing group in the first half of 2015 and then falls back later in the year.

"Oil vey!" – Kass Daily Diary term

Energy stocks are on a roller coaster in 2015.

As the price of crude oil rises steadily (towards $65 a barrel) in early 2015, the energy sector (which was among the worst in 2014) becomes the best market group in the first half of the year. Slowing global economic growth during the last half of the year leads to profit-taking in the energy sector as the price of crude oil closes the year at under $50 and at its lowest price in 2015.

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In a surprise move, the president signs approval for the Keystone Pipeline in the second half of the year.

Strategy: Buy oil stocks in first six months of the year, sell/short mid-year.

Surprise No. 11 – Food inflation accelerates after Russia halts wheat exports.

"As life's pleasures go, food is second only to sex. Except for salami and eggs. Now that's better than sex, but only if the salami is thickly sliced." – Alan King

Russian turmoil continues and Putin decides to halt exports of wheat again to keep as much homeland as possible, resulting in a price spike in wheat, but also corn and soybeans. This price rise, on top of U.S. food inflation that is already running higher, offsets the consumer benefit of still-relatively-low gasoline and heating oil prices.

Strategy: None

Surprise No. 12 – Home prices fall in the second half of 2015.

"I told my mother-in-law that my house was her house and she said, 'Get the hell off my property.'" – Joan Rivers

Under the weight of reduced home affordability, still-low household formation gains and continued pressure on real incomes, home prices fall in 2015.

Builders lose pricing power.

Strategy: Short homebuilders.

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Surprise No. 13 – Individual and sector market surprises.

"Those who are easily shocked should be shocked more often." – Mae West

- Bank Stocks Fall – Though bank stocks have been recent market leaders, the weight of a flattening yield curve, still-tepid loan demand and an implosion in the European banking system make the sector among the worst market performers. Moreover, a major cyber attack against **Bank of America** (BAC) that actually destroys a percentage of customer records further diminishes enthusiasm for the group.

- Twitter Feeding – Carl Icahn, calling it his "new Netflix," discloses a 9.9% position in Twitter. This stimulates a bidding war between **Google** (GOOGL) and **Facebook** (FB) to acquire the company. Google wins the battle and pays $60 a share for Twitter.

- Volatility Rising – The VIX rises to over 30 in the second half of the year.

- Google Institutes a Share Buyback and Shaves Capital Spending – After a lackluster performance in 2014, Google's management reverses course on its previously outsized capital spending program on non-core businesses and becomes more shareholder friendly. The company dials back spending and institutes a stock buyback program.

- Corporate Inefficiency in Large-Cap Technology Targets Activist Investors –- Two hedge funds establish a filing position in **Cisco** (CSCO) and force Chairman John Chambers out. The new CEO announces a large special dividend and a massive stock buyback and a cutback to the employees' too-generous stock option plan. More than 10% of the workforce is laid off and Cisco's shares soar. Several other tech companies are targeted.

Strategy: Long AAPL TWTR, CSCO, VIX, GOOGL and short banks

Surprise No. 14 – Berkshire Hathaway (BRK.A) makes its largest acquisition in history.

"When I was 15 years old, I read an article about Ivan Boesky, the well-known takeover trader – turned out years later it was all on inside information! But before that came to light, he was very successful, very flamboyant. And I thought, 'This is what I want to do.' So I'm 15 years old, I decide I'm going to Wall Street." – Karen Finerman

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During the depths of the market's swoon in the later part of the year, Warren Buffett scoops up his largest acquisition ever. The $55+ billion acquisition is not in his customary comfort zone (a consumer goods company), but rather the deal is for a company in the energy, retail or construction/equipment areas.

Strategy: None

Surprise No. 15 – A derivative blowup precipitates an abrupt market drop.

"I view derivatives as time bombs, both for the parties that deal in them and the economic system."
– Warren Buffett

The $300 trillion holdings of derivatives by the U.S. banking industry has been all but forgotten.

The four-largest U.S. banks account for $240 trillion of that total, dwarfing their combined $750 billion in statutory capital! This sort of exposure in which notional derivatives are more than 300x the banks' net worth, is, as my friend The Credit Strategist's Mike Lewitt has written, "would be laughable if the consequences of a financial accident were not so potentially catastrophic."

To make matters worse, the passage of the $1.1 trillion spending bill passed this month (written by lobbyists and voted on by bought-and-paid-for legislators who probably neither read nor understood the complex spending bill) has kept taxpayers on the hook –through the FDIC – for those derivatives (what Warren Buffett previously called "financial weapons of mass destruction.")

On any measure, the sheer size of these derivative portfolios pose potential risk to the world's financial stability. What we have learned from the past cycle is how opaque the exposure really is and how stupid and avaricious our bankers really are when allowed to venture into territories of leverage.

Whether it is energy derivatives or some other asset class, a derivative blowup in 2015 will serve to preserve the wise words of Benjamin Disraeli (who served twice as Great Britain's Prime Minister) that "what we have learned from history is that we haven't learned from history."

It will also harm our markets, once again.

Strategy: Short SPY

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Terakhir adalah Grant Williams, seorang *Portfolio and Strategy Advisor* untuk *Vulpes Investment Management* dan penulis *blog* investasi terkemuka *'Things That Make You Go Hmmm...'*, belakangan ini mengamati dampak kredit murah dalam beberapa dekade terakhir dan berusaha menarik garis waktu pararel ke masa lalu saat dunia mengalami hal yang sangat mirip dengan kondisi terkini.

Williams menggambarkan bahwa saat ini sedang menanti tingkat hutang murah yang dibangun selama masa *fiat money* roboh karena tidak kuasa menahan bebannya, seperti gelombang raksasa dalam ***The Perfect Storm***:

Authored by Grant Williams via Mauldin Economics,

...

In 1920, a year AFTER the Treaty of Versailles, a Russian economist called Nikolai Kondratieff founded something he named The Institute of Conjuncture, at which he and a team of fellow economists studied, yes, conjuncture — or business cycles, with a particular focus on the long waves they identified within those cycles.

Over the years since Kondratieff first laid out his theory on long-wave cycles, a tremendous debate has ensued as to the usefulness of such long-term prognostication; but there is one very good reason why I (and many others) believe there to be a significant advantage gained through the study of long-wave cycles...

- (Wikipedia): Long-wave theory is not accepted by most academic economists.

...

Kondratieff, being a Russian, of course took the long view.

He took Schumpeter's four stages (expansion, crisis, recession, and recovery) and equated them to the four seasons in a year. Once he had identified what he felt to be the length of each "Spring," "Summer," "Autumn," and "Winter," Kondratieff had his "Wave;" and, as it turned out, that Wave ran for approximately 53 years.

In 1925, when he published his book The Major Economic Cycles, using existing data, Kondratieff overlaid his wave on world history and projected it forward — meaning that everything for the 89 years that followed was conjecture on his part...

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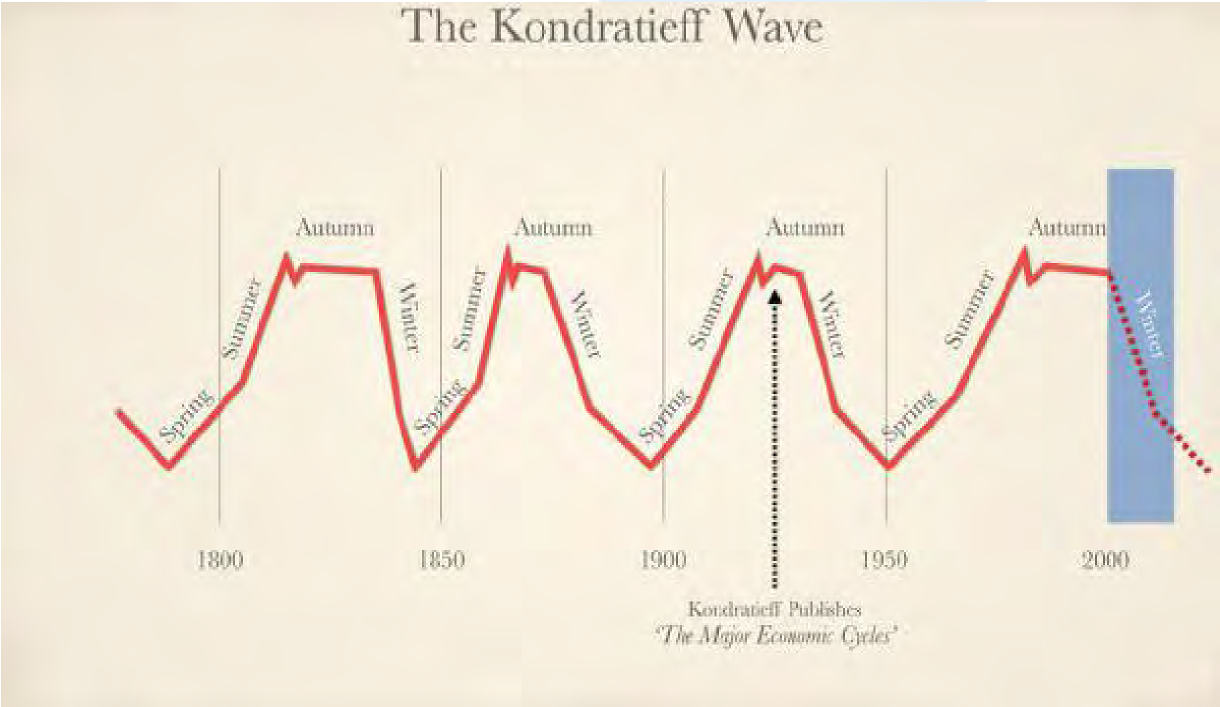

How'd he do? Well, as it turns out, surprisingly well. **Kondratieff nailed far too many major turns to have his work simply dismissed, and his most recent turn into Winter occurred in 2000 or, for those of you who measure the passing of time by such things, precisely at the bursting of the tech bubble.**

The blue shaded area shows how far into the current Kondratieff downwave we are and — far more importantly — how much farther we have to go before things are supposed to turn around.

But what do the inner workings of a Kondratieff Winter look like? And are we in the middle of one, as a nearly 90-year-old forecast would have us believe?

Like Schumpeter's cycles, the four seasons in a Kondratieff Wave are broken down and characterized by the phenomena usually seen during each specific phase of the full cycle.

I won't go through all four seasons now, as we don't have time, but rather we'll focus on the longest phase — Winter — as it's the one we find ourselves mired in.

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Winter

Deflation

Equities in Bear Markets

Repudiation of Debt

Bankruptcies

Banking Crisis

Credit Crunch

Rising Interest Rates

Int'l Currency Crises

Rising Gold Price

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And as Grant Williams goes on to describe, Kondratieff is still doing particularly well to this day...

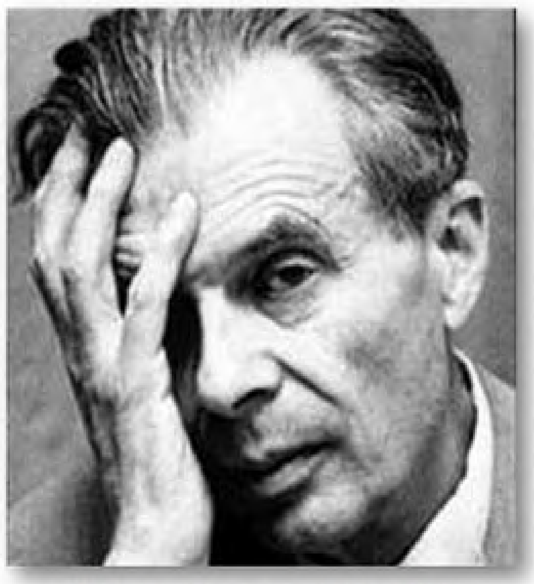
Read the full presentation below (or via HTML here)

TTMYGH - The Consequences of the Economic Peace

Why Does History Repeat?

It's never different this time...

> That men do not learn very much from the lessons of history is the most important of all the lessons that history has to teach.



Aldous Leonard Huxley
(1894–1963)

Source: Armstrong Economics

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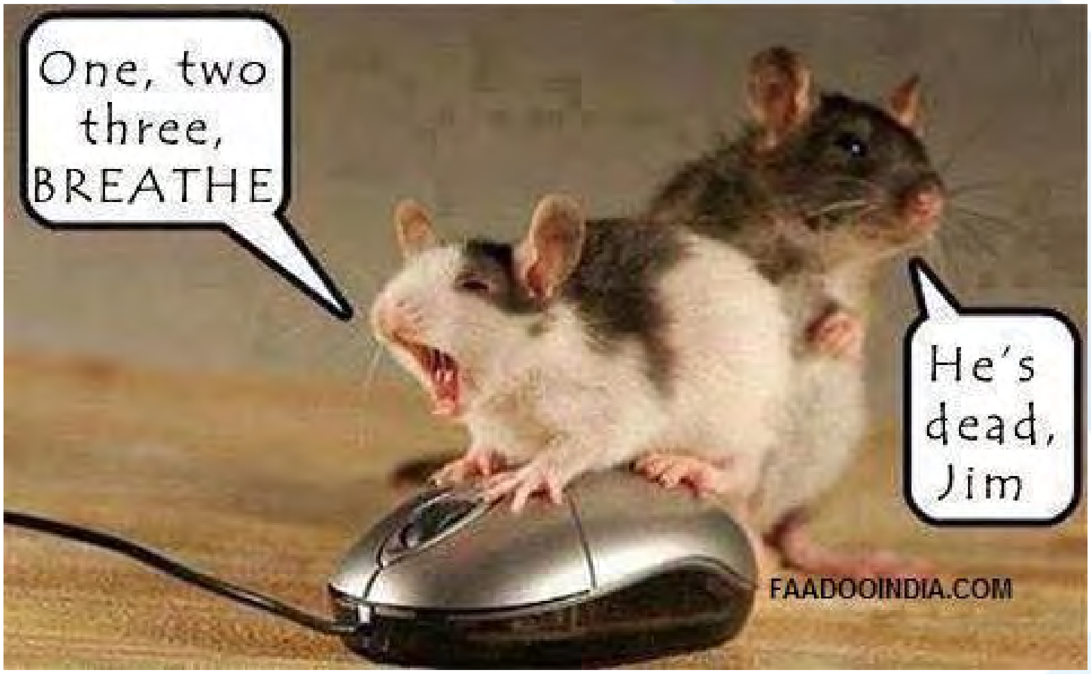
Terakhir saya lampirkan sebuah gambar lucu agar Anda tetap ceria:



Semoga Tahun Baru ini memberikan Anda kemakmuran dan kekayaan, dan semoga saya bisa membantu Anda untuk itu …

Terima kasih sudah membaca dan semoga beruntung!

Regards,
Nico Omer Jonckheere
VP Research and Analysis
PT. Valbury Asia Futures