



Stock Traders Daily

Natural Liquidity

Vs Stimulus and Fake Money

Protect and Profit from liquidity changes.

By Thomas H. Kee Jr.

President and CEO, Stock Traders Daily



Where? Up
or...
Down?

BONDS



Stock Traders Daily

Crisis in Liquidity

= Greater Volatility

**Liquidity - the
Greatest Threat
We Face Ahead**

You cannot see it easily yet,
But it is Real, and it Matters

We the People of the United States
insure domestic Tranquility, provide for the common defence, promote
and our Posterity, do ordain and establish this Constitution for the United States of America.

Sources of Liquidity

2





Peter Schrank



Stimulus since 2012

2012



ECB cuts stimulus in Half - 2018

ECB Starts to Taper	April 2017
ECB Buys Corp Bonds	June 2016
Brexit	June 2016
ECB Announces Corp Bonds	Mar 2016
ECB Starts Stimulus	Mar 2015
FOMC Ends Stimulus	Oct 2014
 Announces Stimulus	Sept 2012



3 Major Bubbles



None of them have popped...

SPX +99% Since QE3 – Sep. 2012



Stock Traders Daily

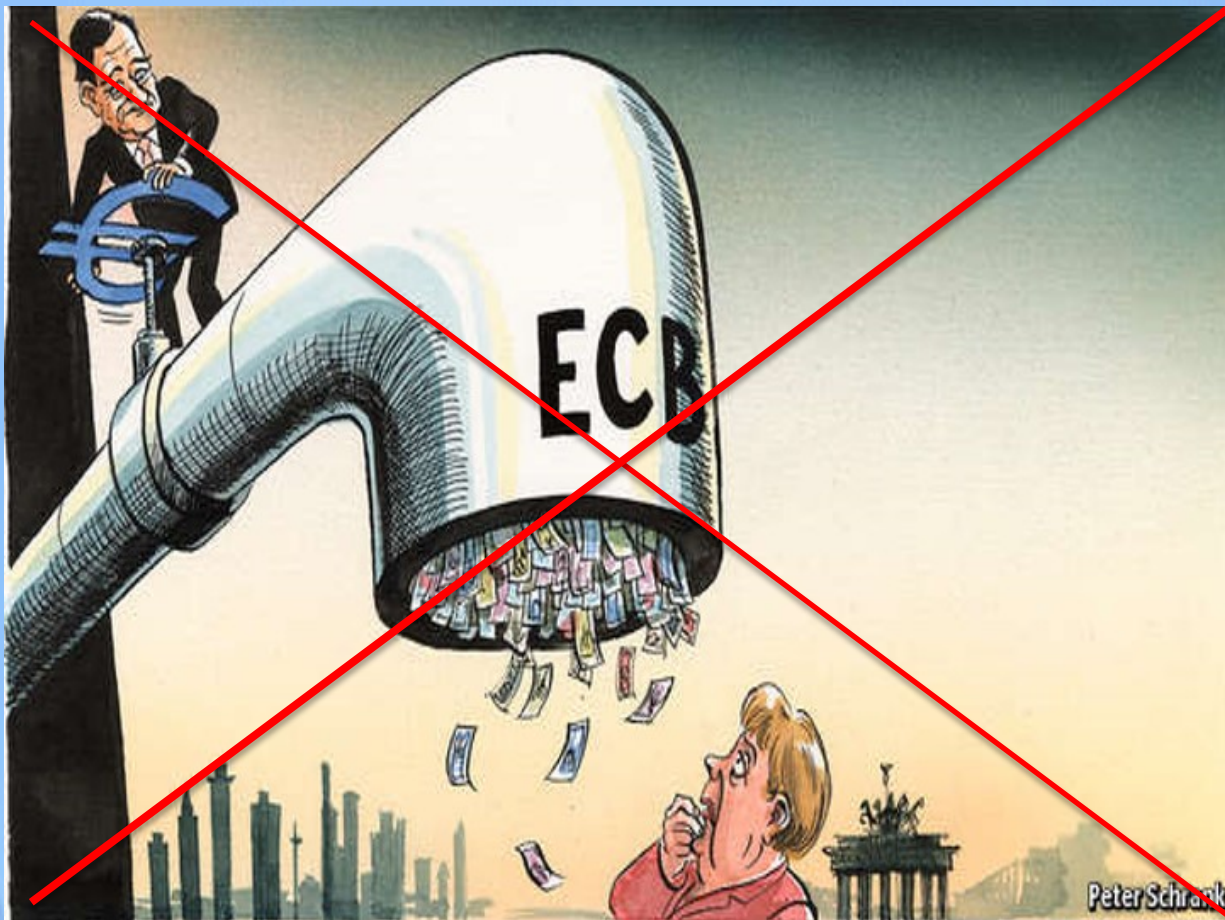
FOMC

ECB

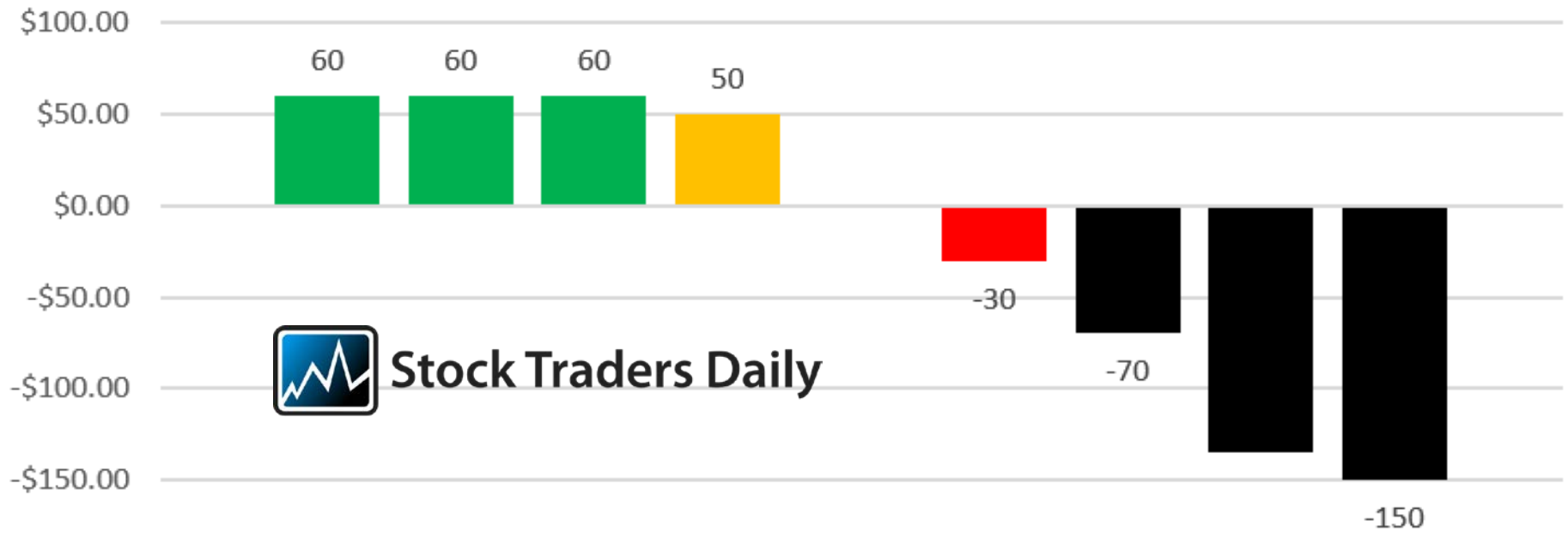
S&P 500 PE = 25x Earnings



No Mas! - 2019

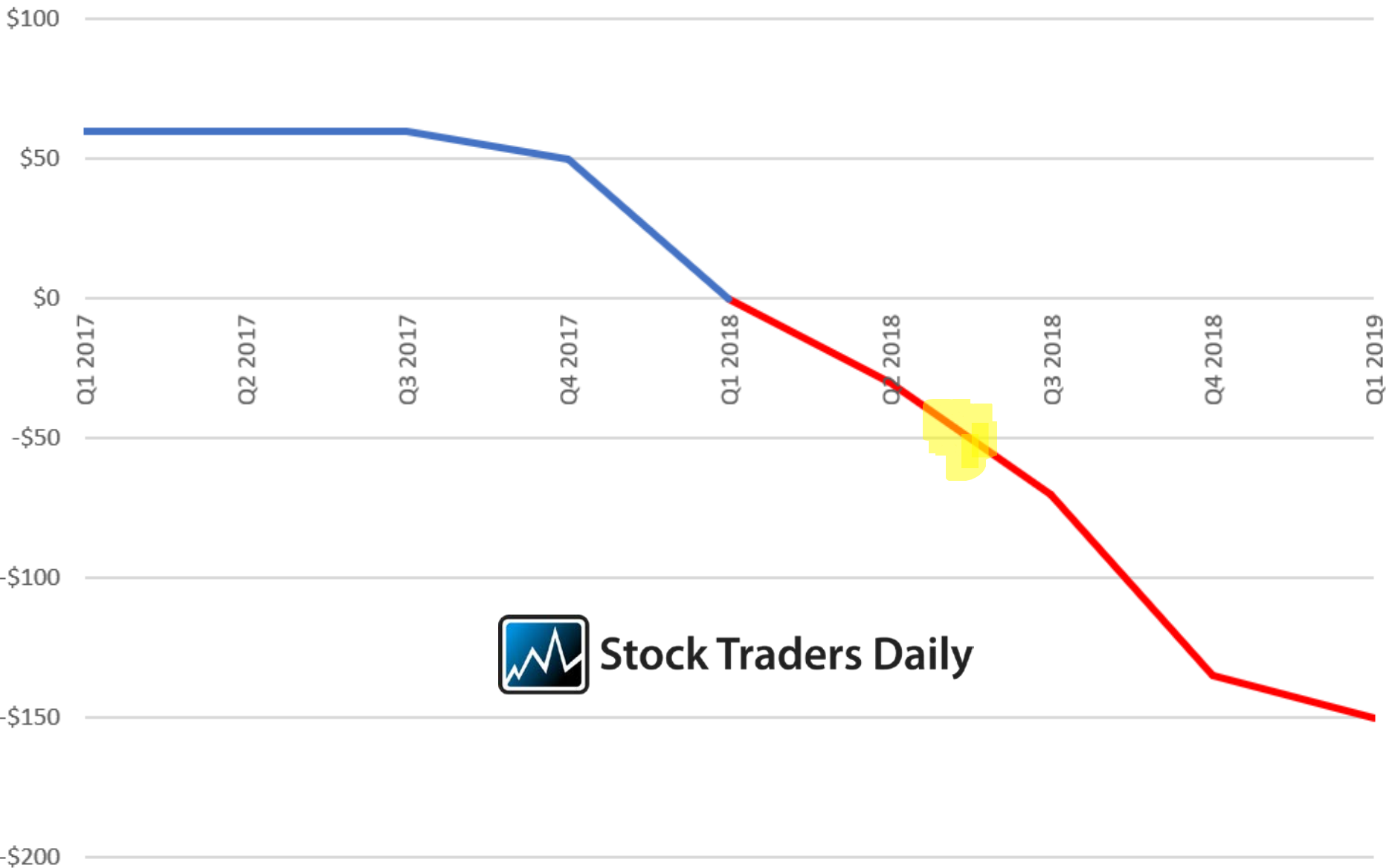


Monthly Central Bank Liquidity - Billions



	Stimulus
■ Q1 2017	60
■ Q2 2017	60
■ Q3 2017	60
■ Q4 2017	50
■ Q1 2018	0
■ Q2 2018	-30
■ Q3 2018	-70
■ Q4 2018	-135
■ Q1 2019	-150

Monthly Stimulus in Billions \$\$



Stock Traders Daily

ECB vs FOMC

Liquidity	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019
FOMC	0	0	0	-10	-30	-60	-100	-150	-150
ECB	60	60	60	60	30	30	30	15	0
Stimulus	60	60	60	50	0	-30	-70	-135	-150

The ECB is Still pumping.

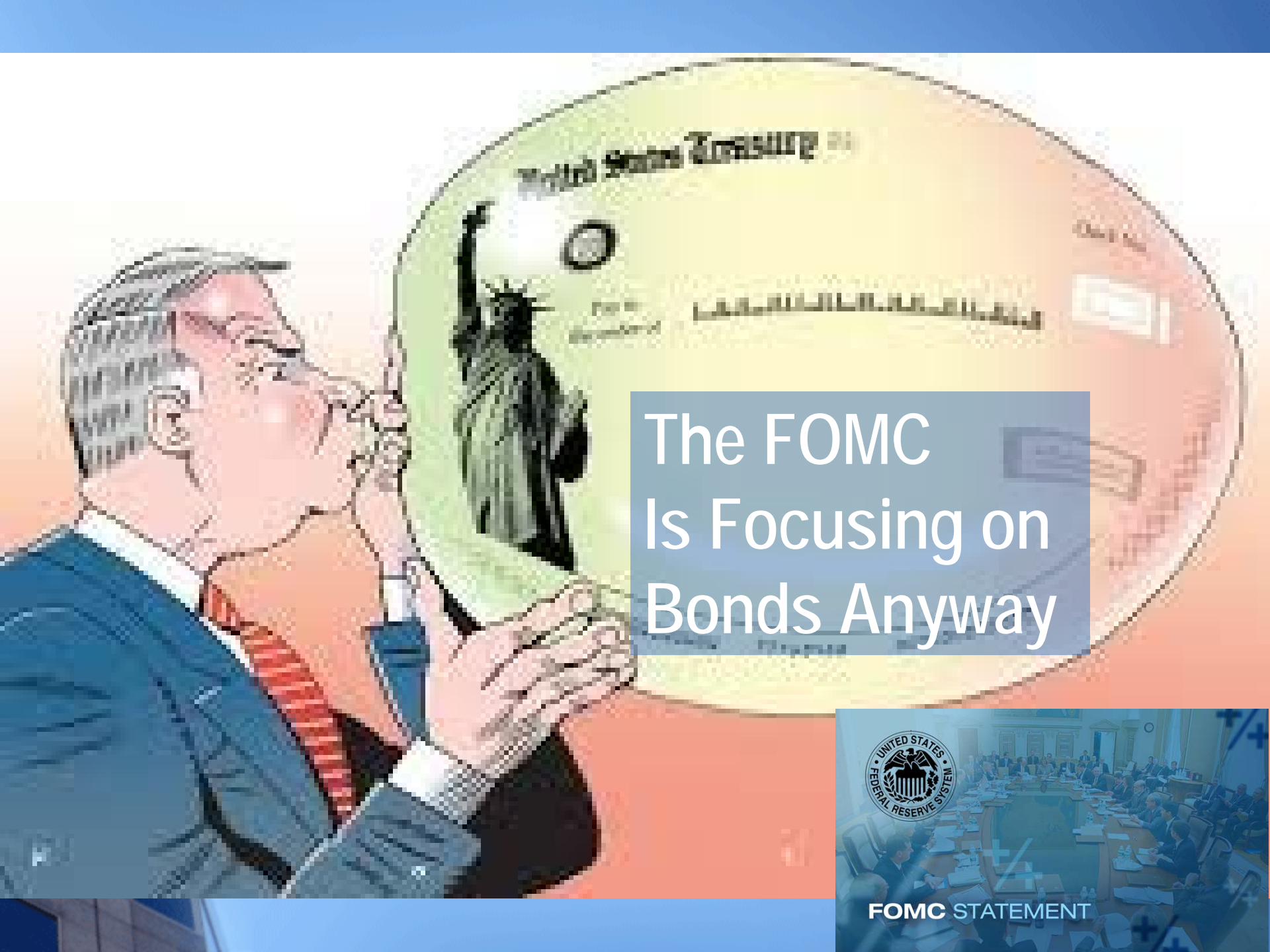


Stock Traders Daily

It is slower, but buying still exists.
That's why there's not more impact.

RECORD LEVEL STOCK BUYBACKS





The FOMC Is Focusing on Bonds Anyway

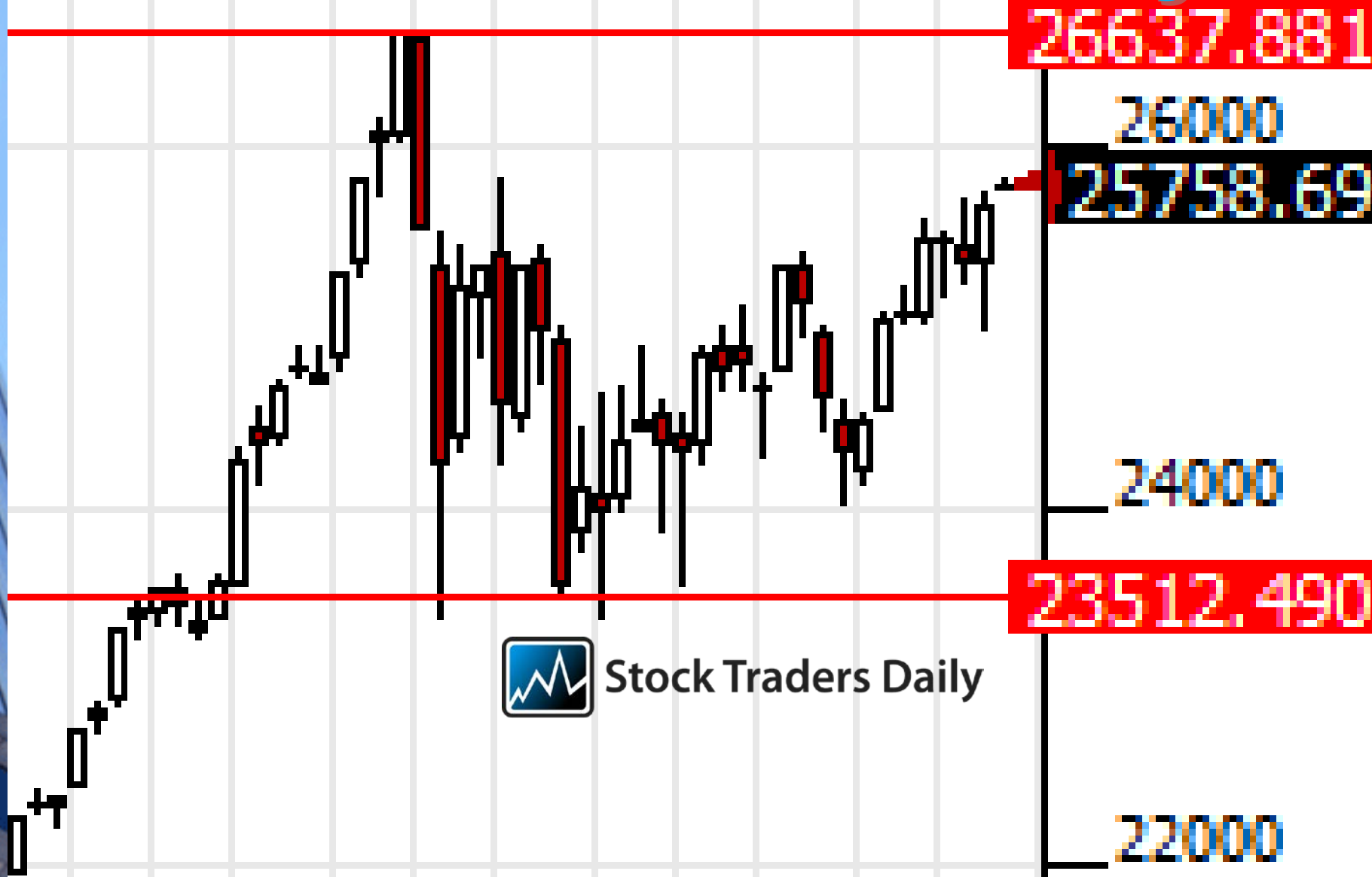


FOMC STATEMENT

TLT – 20 Year Treasury YTD 2018
Down about 4%, was down about 7%.
The Bond Market already feels it.



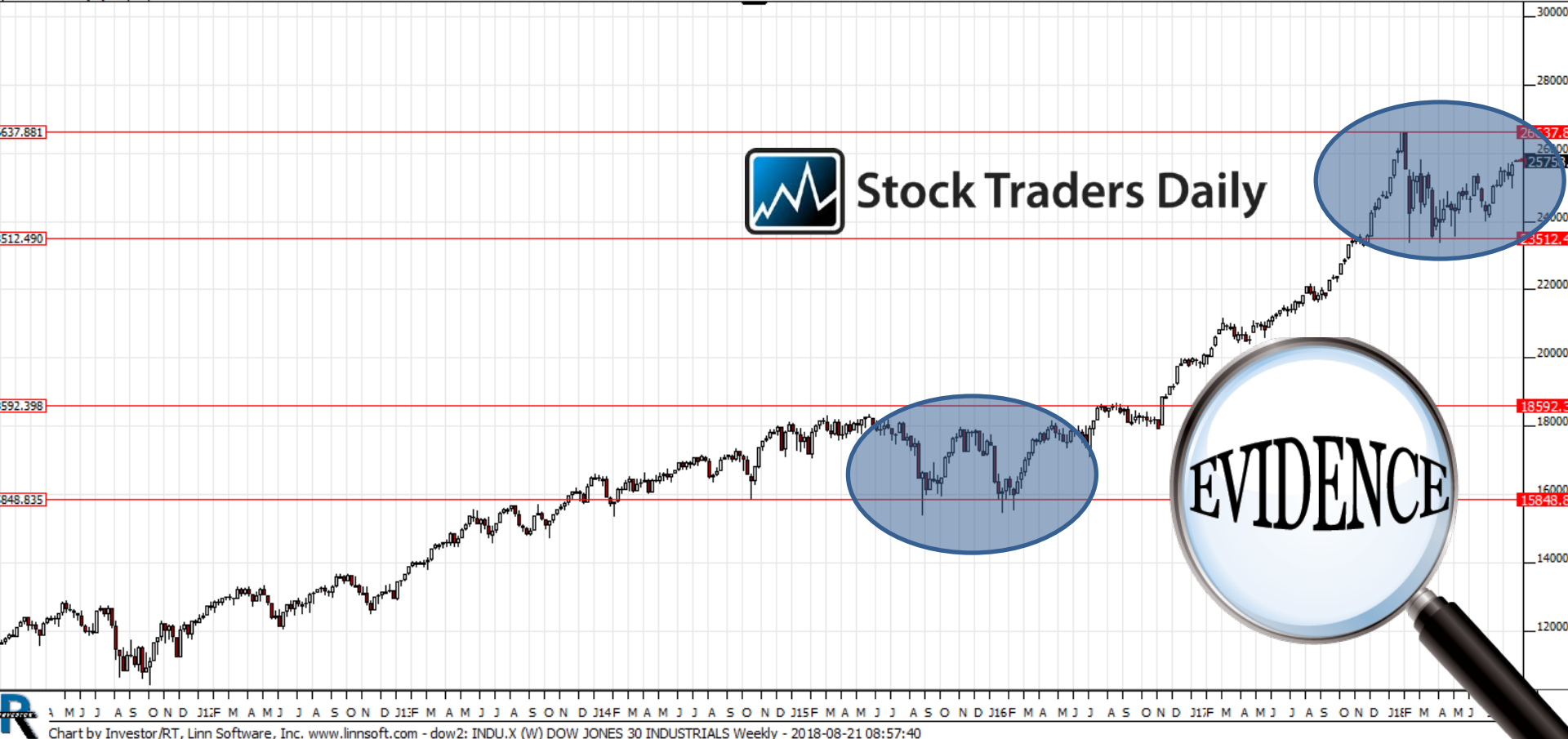
2018 has had Volatility



Stock Traders Daily

In 2018 the Volatility was Worse than 2015:
...when there was no asset purchases
2015 = no Stimulus for a few months.
ECB took over from FOMC in 2015

INDU.X (W)-07/20/12 CL=12822.57 OP=12776.33 Hi=12977.57 Lo=12645.10 REF=15848.83 REF=18592.40 REF=26637.88 REF=23512.49





The Global Liquidity Drain:

- -\$150 Billion per month starting in 2019
- New asset purchase will be \$0 (like 2015).
- Central Banks will be OLD Money
- Central Bank Liquidity is already declining.
- This is already hitting the Bond Market.
- Volatility has been evident in stocks.
- The ECB is still buying corp. bonds for now.
- The ECB will stop asset purchases 1.1.2019

Liquidity?



A rising tide lifts all the boats.

(John F. Kennedy)

izquotes.com

- If Excess Liquidity pushed assets up...
- Will this liquidity Drain push assets down?

Opinion: Liquidity Impacts all Assets

- Stocks
- Bonds
- Real Estate
- Private Equity

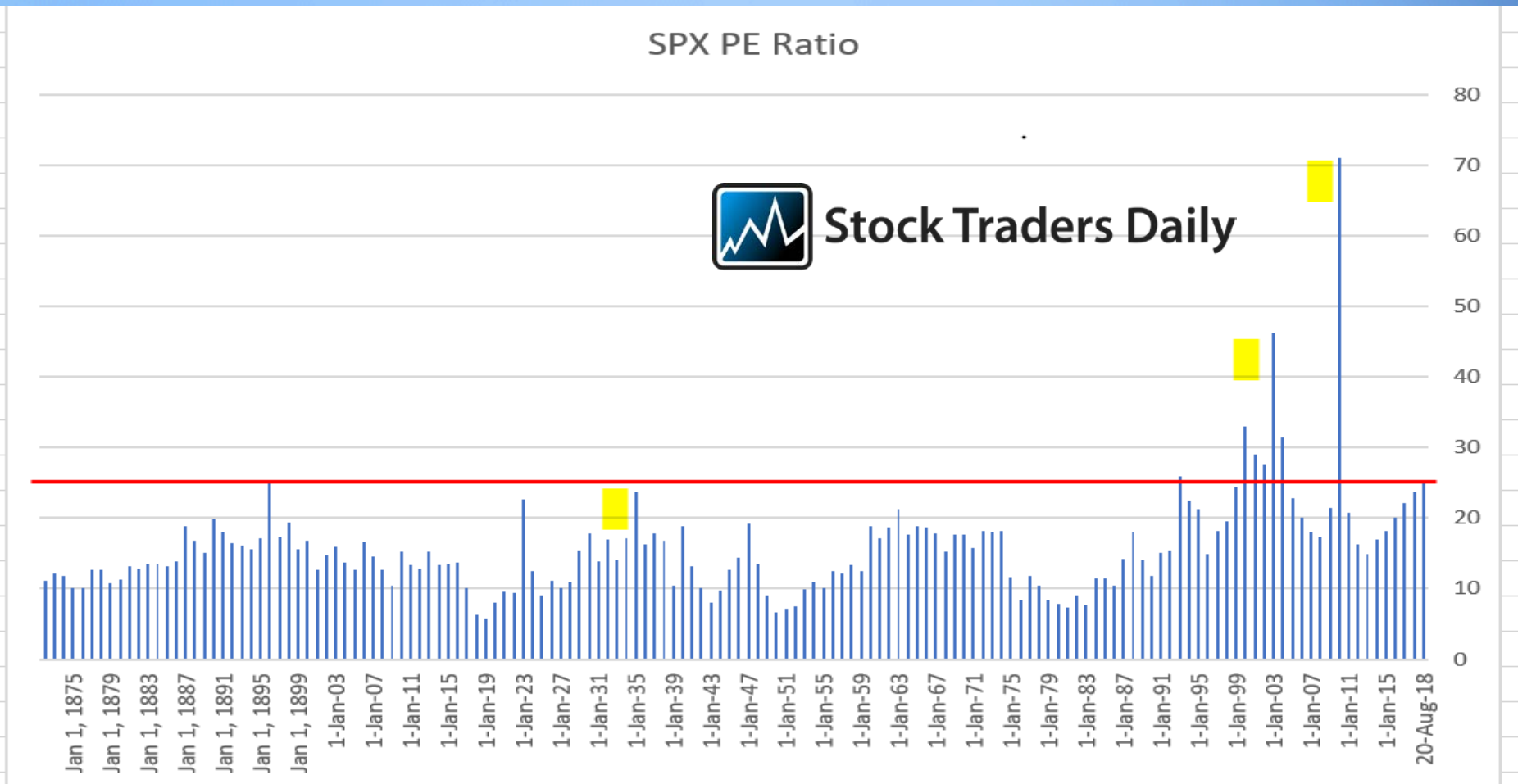


Stock Traders Daily



Most Expensive Bull Market EVER???

The only times PE has been higher than today has been the Credit Crisis and Internet Debacle, and those were Market Crashes. This is a Bull Market. The Most Expensive one ever...

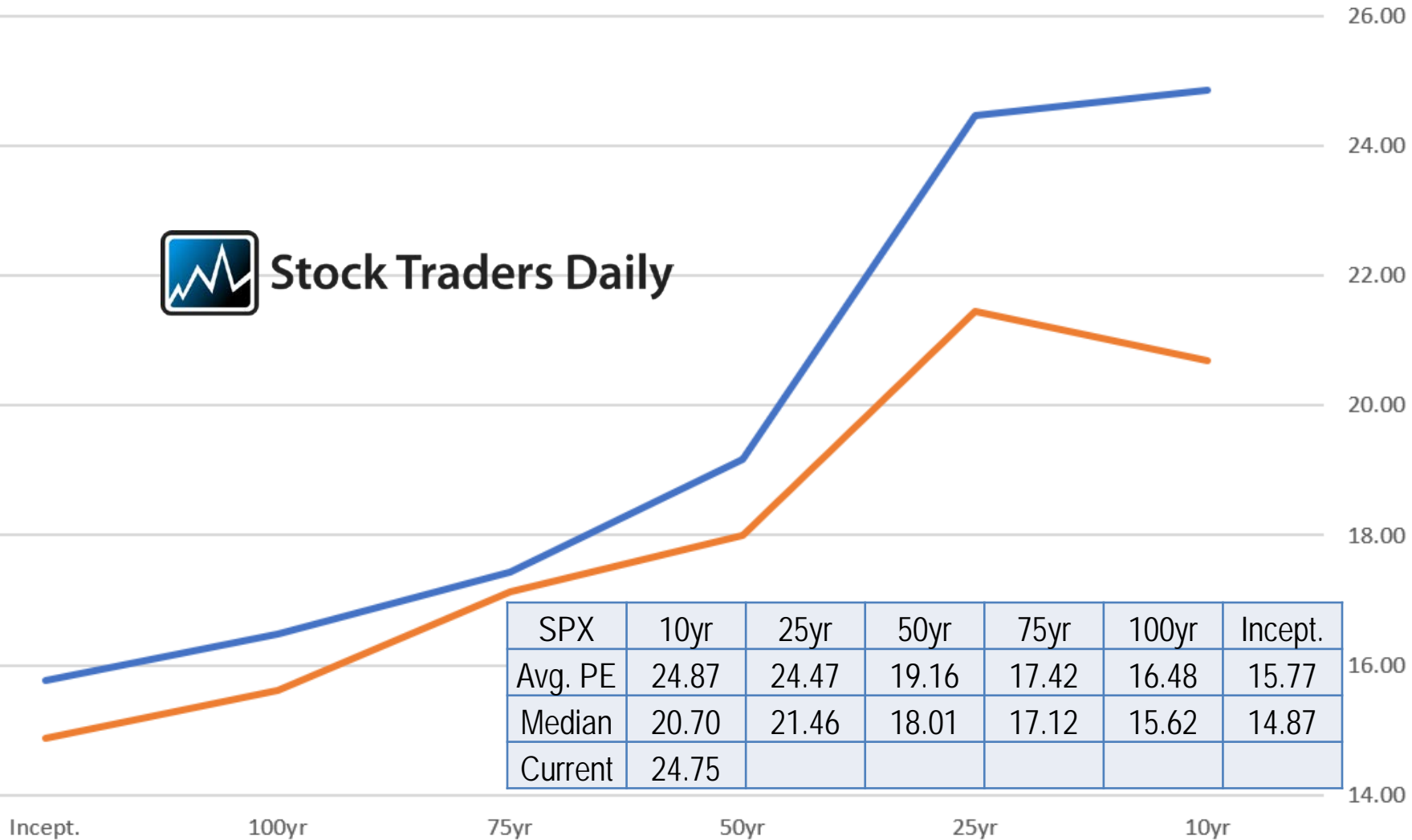


Avg. vs. Median P/E S&P 500



Stock Traders Daily

Avg. PE Median

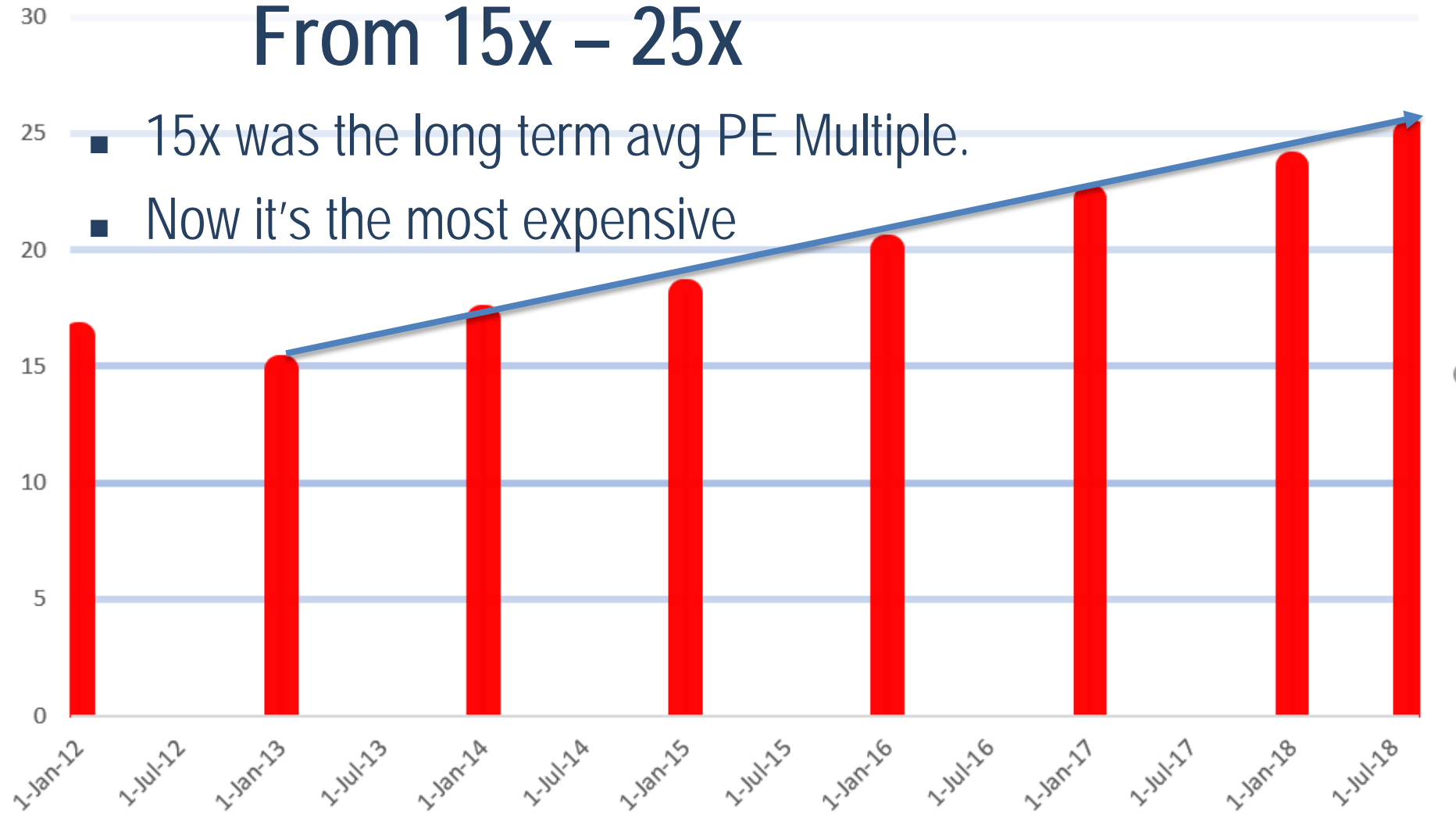




SPX PE Ratio

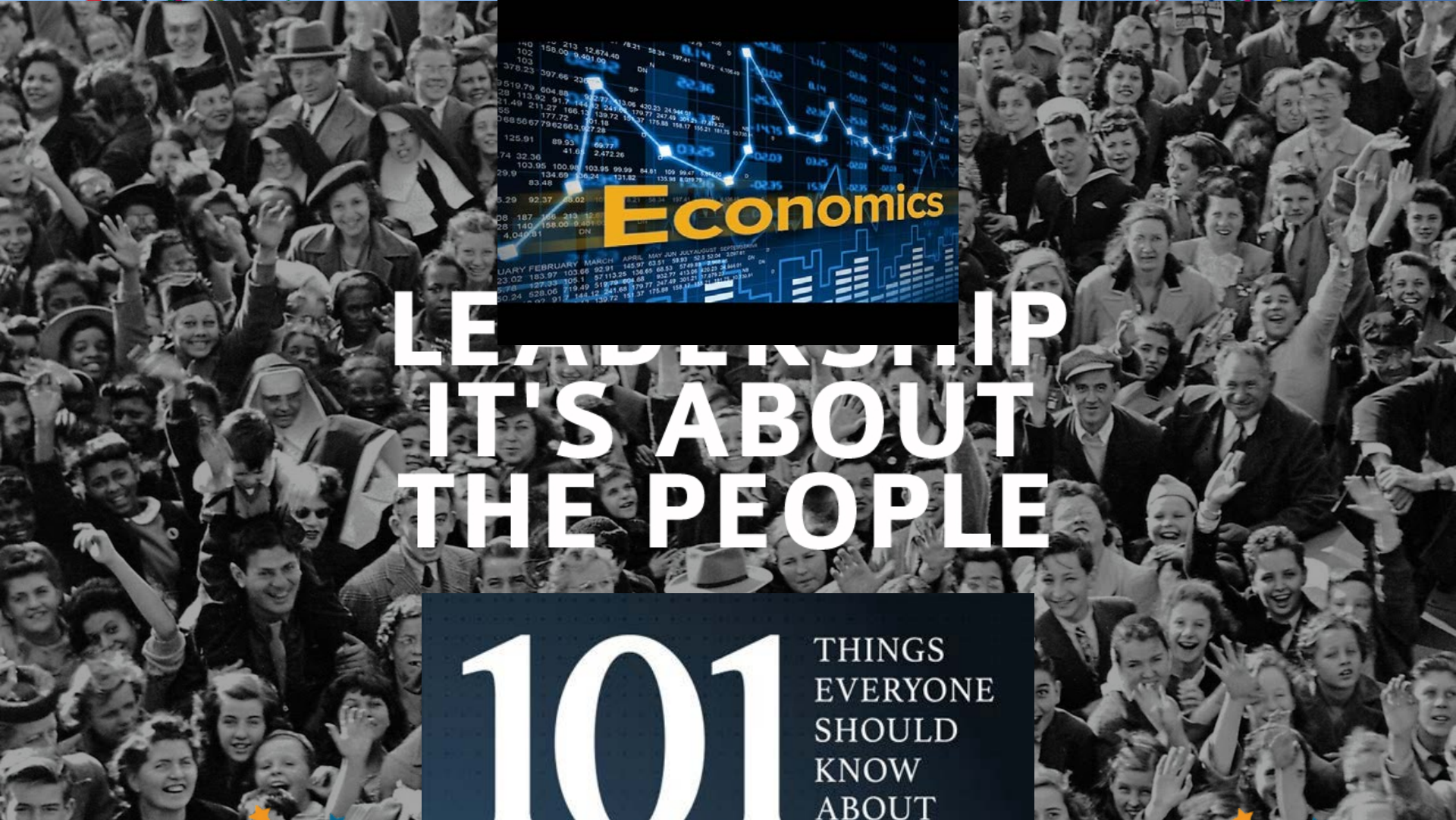
From 15x – 25x

- 15x was the long term avg PE Multiple.
- Now it's the most expensive



Stimulus vs the IR (2007-2014)





LEADERSHIP IT'S ABOUT THE PEOPLE

101 THINGS
EVERYONE
SHOULD
KNOW
ABOUT

ECONOMICS





New Money Matters Most

- Already invested money is old money. Stimulus money is now OLD MONEY, for example.
- We cannot churn old money to make prices increase. We need New Money for that.
- Asset-price increases are based on new demand.
- Old money can only hurt prices if it is removed.



Stock Traders Daily

This is Happening Soon

Crisis in Liquidity
= *Greater Volatility*

Liquidity - the
Greatest Threat
We Face Ahead

FACT



Natural Demand For Assets

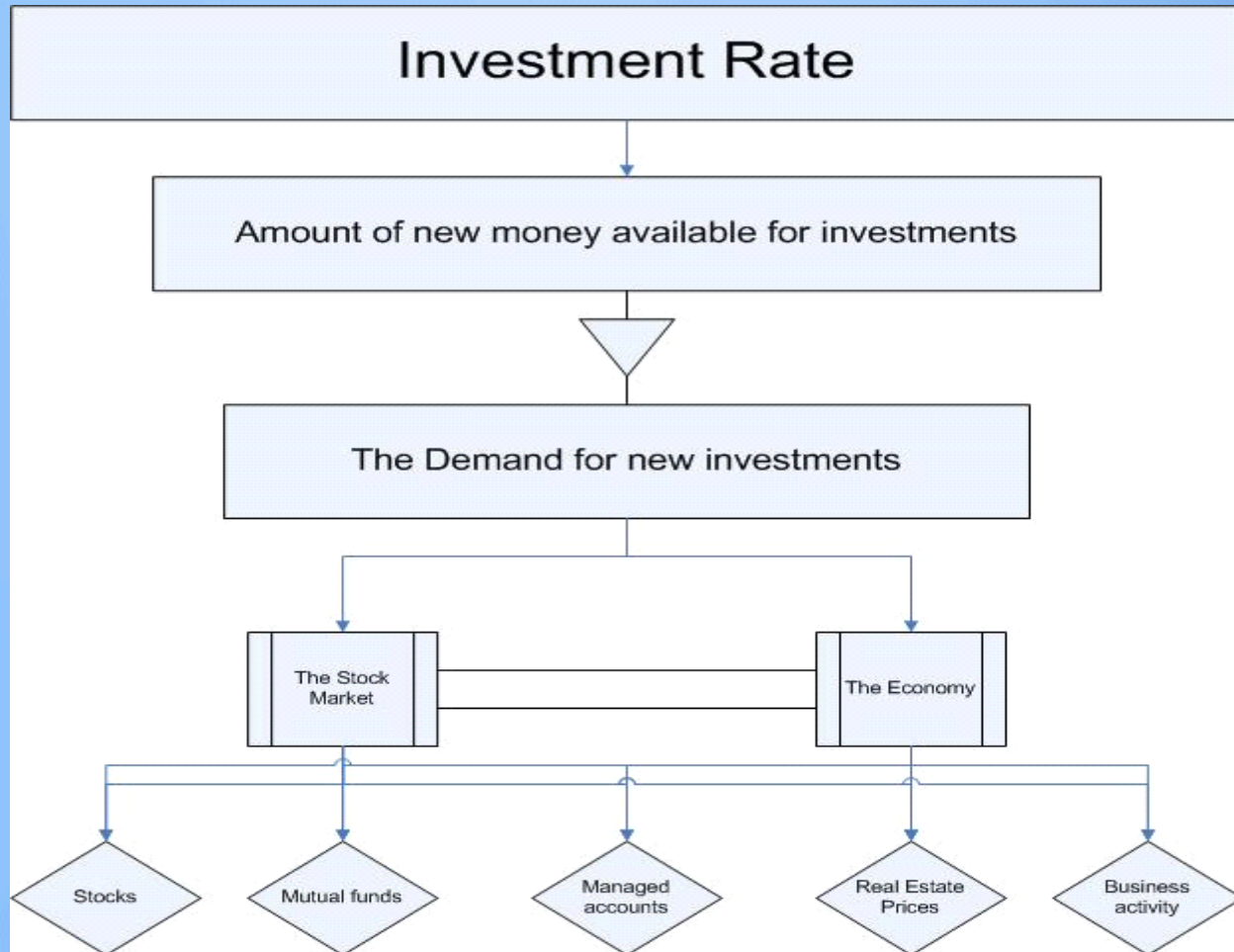
- Defined by The Investment Rate (IR)
 - The Amount of new money annually
 - From the rot of all economies, people.
 - The IR measures Ingrained societal norms based on lifetime investment cycles.
 - It dates back to 1900 and looks out to 2062.
 - It is a leading indicator of natural demand.
 - The IR has predicted every major economic cycles in US History, in advance.
 - Lets look...



Stock Traders Daily

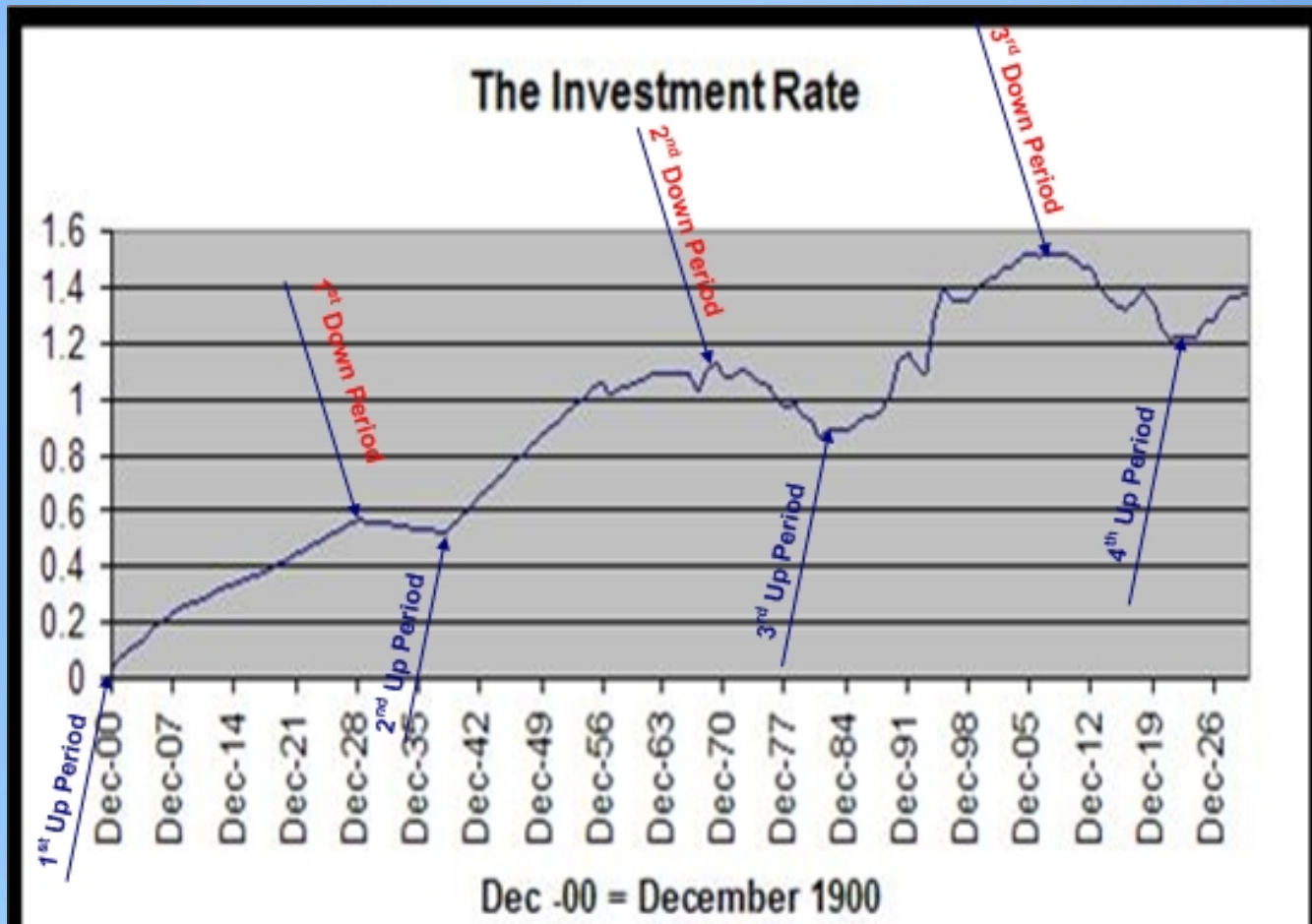
FACT

This Matters to you!!!





The Investment Rate



The Investment Rate is a long term study of consumer based investment patterns. The Investment Patterns of consumers are the determinate factors in Economic Cycles over extended durations. Simply, nothing else matters but supply and demand over long term cycles. The Investment Rate identifies past, current, and future demand for investments. This allows us to compare the cycles in the Investment Rate to Economic and Stock Market Cycles for accuracy and forecasting. The Investment Rate is a Trade Mark of Stock Traders Daily. It is not authorized for reproduction without the express written consent of Stock Traders Daily.

The IR vs FOMC Stimulus

Then the ECB kicked in



IMPORTANT





Liquidity is Changing Dramatically.

- FOMC + ECB = massive drain now.





Corporate Buybacks – Back to Normal



SECTIONS

WATCHLIST >

MarketWatch

Opinion: Tech stocks have been buoyed by buybacks, but that will soon be ending

Published: June 20, 2018 5:07 a.m. ET



Aa

Central banks that are draining liquidity from the financial system will offset companies' share-repurchase efforts





Stock Traders Daily

It's Almost Here...



IMPORTANT



**TAKE
ACTION**



401K - Free Advice

- Move your entire 401K to the money market account. Money Markets are offered in your 401K
- Remove all risk from your 401K.
- Accept the small % with no risk.
- Wait until capitulation hits.
- It will take 1-2 years.
- Keep adding to it, but put the money in the money market until the time is right to invest again.

Liquidity?



A rising tide lifts all the boats.

(John F. Kennedy)

izquotes.com

- If Excess Liquidity pushed assets up...
- Will this liquidity Drain push assets down?



Where? Up
or...
Down?

BONDS



Stock Traders Daily



Stock Traders Daily

Stock Traders Daily

- www.stocktradersdaily.com



ACTIVE TRADING			WEEKLY	LEARN MORE	PERIODIC	INFREQUENT	* START DATE
Day Trading 10.13.08 * +217.34% NEW DAY	Swing Trading 10.13.08 * +177.69% NEW DAY	Lock and Walk 1.5.09 * +131.74% NEW DAY	Stock of the Week 12.17.07 * +271.90% LVS	Invest In Strategies	Strategic Plan 1.5.09 * +281.53% CASH	Sentiment Table 1.4.15 * +67.49% SHORT	CORE 1.3.17 * +10.13% NEUTRALIZED

FINANCIAL NEWS IN ONE PLACE – CLICK LOGOS



national fuel gas \$nfg technical update

StockTradersDaily - August 27, 2018 10:45

The NATIONAL FUEL GAS (NYSE: NFG) update and the technical summary table below can help you manage r[...]

[Read More](#)



INVESTMENT RATE

The "IR" defines NATURAL demand and tells you why you need to control risk. It is a derivative demographic analysis based on integrated societal norms.

[Learn More](#)

STRATEGIES

Our Disruptive Tactical Strategies provide competitive advantages over large institutions. Our strategies can work in any environment.

[Learn More](#)

NEWSLETTER FOR AUGUST 27

Stock Ideas will come at the lower part of this commentary. First, the Market is

MARKET ANALYSIS

[DOW >](#)

[S&P >](#)