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Greetings,

Many people like to sit around and chew the fat talking about their “investment” portfolios. Even those with standard retirement plans through their employers like to shift things around in order to catch the “next big move” upwards.

There’s a little known fact that is actually pretty well known, if people would be honest about it. Today’s “investments” in the various markets are really no different than spending a weekend at the blackjack table in Las Vegas.

We hear folks talking about Price/Earnings ratios, bond yields, Mergers and Acquisitions, etc. – but the reality is that all of these are based around partial truths, half-truths, and outright lies.

What is a “real” investment these days? I’m often asked that question. The answer is really very simple. Here, in my opinion, are the top three investments for those looking at where to place their money:

- 1) Invest in your own family economy. Get a vision. Build a business. Reap the rewards (or losses) or your own business enterprise. You will know exactly where all of the money is going and won’t get lied to.
- 2) Invest in a business run by a member in your church community. Get all of the details and see if it makes true business sense. Pray about it and seek wise counsel. You will then be able to see exactly how your money is being used.
- 3) Invest in a business run by a Christian within your local community. The same principles apply as for #2. If you decide to “play the bigger markets” then you’re placing your resources at the whim of many dishonest people, no matter which markets you’re talking about. Need an example?

Let’s look at the bond market today.

Remember how I have been harping on the ever-widening spreads with 2-yr vs. 10-yr and 2-yr vs. 30-yr bonds? You can see the latest data on them below. We saw a situation yesterday where the 2-yr vs. 10-yr spread reached 291 basis points. Likewise, the 2-yr vs. 30-yr spread was at 386 basis points. Those spreads weren’t just bad – they were astronomically HORRIBLE!!!

Now look at today – after the bankers went in and manipulated the bond market. We see where the 3 month Treasury bill leaped from a yield of 0.08% yesterday to one of 0.11% today! What does a higher yield mean? It means that “investors” are demanding a higher return on their Treasury bill purchase. It means that there aren’t enough buyers, so the sellers of 3 month Treasury bills needed to increase the yield (interest paid) in order to attract “investors”.

There’s a slight problem with this. There was a \$31 billion 4-week Treasury bill auction held today where buyers were willing to accept 0% interest! Just for having a “safe” place to put their money. You can see the auction results here: [3-month Treasury Auction](#).

See the dilemma? We’re being told that buyers of 4-week Treasury bills will gladly take 0% in return, while buyers of 3-month Treasury bills are now demanding 0.11% instead of 0.08% in the space of a day! In other words: $2 + 2 = 5$.

Now let’s look at the 2-year Treasury notes between yesterday and today. There was absolutely no move whatsoever! The yield stayed at 0.88%.

This brings us to the 10-year Treasury note. It dropped from a yield of 3.79% yesterday to 3.68% today! This is HUGE! What’s it mean? It supposedly means that “investors” were tripping all over themselves to buy 10-year Treasury notes today and couldn’t get enough of them. In fact, they were willing to take a whole 9

basis points less in interest just for the pleasure of buying.

Now let's get serious. Does anyone REALLY believe that there were that many people anxious to tie up their money for ten years!??? In US dollar-denominated assets!???

The answer is no. It was complete manipulation by those with vast resources to shrink the 2-yr vs. 10-yr spread....nothing else. They were playing games that had nothing to do with real "investment".

This leaves us looking at the 30-yr Treasury yield from today. It shrank from 473 to 463 basis points! This helped to reign in the 2-yr vs. 30-yr spread, but does ANYBODY really believe that "investors" were clamoring to buy up 30-year Treasuries? No way. No way at all.

Folks, I've been watching the various numbers in the various financial markets for a long time now. I have never seen the amount of blatant manipulation and propaganda that is now being put forward.

Does this make me a pessimist? I don't believe so. Actually, I just really like working with numbers and analyzing their directions. I call them as I see them. My faith is in the Lord Jesus Christ – so I am actually an optimist. I can't wait to see the challenges, trials, and ultimate victories ahead of us through Christ Jesus.

Watch for these indexes to drop:

Chinese Shanghai Composite Index: 2,982.57 (change of **8.70%** from July 20, 2009 base value of 3,266.92)

Shenzhen Stock Exchange Component Stock Index (SSE): 12,069.21 (change of **9.80%** from July 20, 2009 base value of 13,381.22)

Here are today's numbers for the economic indicator:

1) Gold = \$1,103.50

2) Silver = \$15.85

3) Dollar Index = 80.92

4) Oil = \$78.86

5) S&P 500 Index = 1,094.60

6) 3-month Treasury Bill yield = 0.11

7) 3-month OIS = 0.16

HEI = 35.55

(A value of under 100 indicates deflation, while over 100 indicates inflation – as referenced to Sept. 12, 2008...the day before Lehman Brothers collapsed)

Here are the numbers for the day:

Dollar Index adjusted indexes:

Dow = (10,282.41) x (0.8092) = 8,320.53

S&P 500 = (1,094.60) x (0.8092) = 885.75

Nasdaq = (2,213.44) x (0.8092) = 1,791.12

3-month Treasury: 0.11

2-year Treasury: 0.88

10-year Treasury: 3.68

30-year Treasury: 4.63

2-yr vs. 10-yr Spread (Target > 273): 281 basis points – (Danger Zone)

2-yr vs. 30-yr Spread (Target > 369): 375 basis points – (Danger Zone)

3-month LIBOR: 0.25

3-month EURIBOR: 0.66

3-month OIS: 0.16

TED Spread: 14 basis points

LIBOR/OIS Spread: 9 basis points

Dollar Index: 80.92

Volatility Index: 21.37

JPY-EUR Exchange Rate (Target < 115): 121.9504

JPY-GBP Exchange Rate (Target < 145): 139.2925– (Danger Zone)

JPY-USD Exchange Rate (Target < 90): 90.22

USD-EUR Exchange Rate (Target < 1.25): 1.3517

USD-CNY Exchange Rate (Target > 7.0): 6.8265

Warmly,

Brad

Comments or questions? brhamill@hamill.com

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