

EXTRAORDINARY POPULAR DELUSIONS

c. 2014

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“EXTRAORDINARY POPULAR DELUSIONS c. 2014”

“Speculation”

*“ There is Nothing New on
Wall Street or in....Speculation.*

*What has Happened in the Past will
Happen Again, and Again, and Again.*

*This is because Human Nature does Not Change,
and it is Human Emotion Solidly Built into
Human Nature, that Always gets in the
Way of Human Intelligence. ”*

JESSE LIVERMORE

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TIME & YIELD

**YIELD IS THE BY-PRODUCT OF THE
INTERACTION OF CAPITAL AND TIME**

THE “ART” OF POSITION =

**SPREAD BETWEEN RISK AND YIELD IS WIDEST
RELATIVE TO BOTH TIME AND PRICE =**

THIS IS THE SLIDE RULE WHERE YIELD IS DETERMINED

IT IS SECULAR = DIVERSIFICATION = WORLD IS FLAT

**JUDGMENT CANNOT BE QUANTIFIED;
APPLICATION CAN**

=

JUDGMENT HAS HIGHEST UTILITY APPLIED MINIMALLY

THIS IS THE HAND WHICH TIPS THE SLIDE RULE

TIME IS THE LEVELER = FUNDAMENTALISM IS A PASSENGER

**IT IS NOT MATHEMATICAL SYMBOLS OR FORMULAS, BUT RATHER
MATH’S EXPRESSION IN MARKETS:**

WHAT MATH SAYS, NOT HOW OR WHY = WHERE THE ANSWERS LAY

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**THE DIFFERENCE BETWEEN
TALENT AND AMBITION IS WHERE GREED IS MEASURED**

**THE MARKET IS WHERE THE MOST \$ CAN BE MADE
AND DEMANDS THE HIGHEST SKILL, NOT TO GET IT, BUT TO KEEP IT**

**LACK OF VOLUME AND PAUCITY OF “SHORT SELLERS”=
BUILDING WITH MANY MISSING FLOORS**

MARKET CANNOT BE TIMED OR RUSHED, ONLY FOOLS TRY

MARKET CAN ONLY BE TRADED ON WHAT IS, NOT WHAT SHOULD BE

**YOU HAVE TO TAKE IT ALL IN, YET TUNE IT ALL OUT
THIS IS WHAT IS SO HARD THAT MANY
“NOT AT ALL IN THE SUCKER CLASS” SIMPLY CANNOT DO**

I EASE, NOT JUMP INTO POSITION

**I CAN SEE THE EFFECT OF WHAT ANYONE AND EVERYONE IS DOING
IN ANY MAJOR ISSUE, AND TRADE IT, PURELY ON PRICE AND VOLUME =
PARTIES OR MOTIVES IRRELEVANT = MANIPULATION IS A LAME EXCUSE**

**CONTROL IS EXERCISED THROUGH KNOWLEDGE, NOT POSSESSION
NOWHERE IS THIS MORE TRUE THAN IN MARKETS**

YOU CAN'T SPEED UP EXPERIENCE, BUT YOU CAN SPEED UP KNOWLEDGE

**I LOST MANY NIGHTS SLEEP IN THE “DAYS OF MY IGNORANCE”
THEY HAVE NO TIME LIMIT AND THERE IS NO IMMUNITY; ONLY CURE**

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**EXTRACTING YIELD IS A PROCESS, NOT AN EVENT
EASILY UNDERSTOOD; A DIFFERENT MATTER IN APPLICATION**

**“IDLE” CAPITAL PRODUCES MORE YIELD OVER TIME
THAN CAPITAL WRONGLY OR POORLY POSITIONED
ONCE ONE GRASPS THIS, ONLY THEN CAN THEY BEGIN TO LEARN**

**RELATIVE TO “TIME” THE BEST POSITION IS NOT ALWAYS THE
“WINNING POSITION” ON THE MOMENT – BUT RATHER BUILT OVER TIME**

**IT IS NOT WHETHER YOU “WIN” OR “LOSE” IN A POSITION,
BUT RATHER HOW YOU ARE
POSITIONED RELATIVE TO TIME WHICH DETERMINES YIELD**

**“R SQUARED” AS APPLIED TO MARKETS, IS A MIRAGE AND YET
ANOTHER CONCEPTUAL ATTEMPT TO PRODUCE A RELIABLE EQUATION
BASED ON THE INPUTS OF HUMAN NATURE AND MATHEMATICS, INFRA**

**CORRELATION IS BOTH CONTRARY TO AND MISAPPREHENDS
THE UNDERSTANDING & APPLICATION OF TIME**

**LIKE SPACE AND TIME,
AGGREGATE CAPITAL CAN ONLY OCCUPY ONE POSITION AT A TIME:
NET LONG OR NET SHORT**

**CORRELATION” AND “PAIR TRADES”, ETC., ETC.,
IN ALL SUBTLETIES AND VARIANCES IN MARKETS
ARE EQUIVALENT TO THROWING DARTS =**

**WHY CORRELATION WORKS UNTIL IT “DOESN’T”;
“DOESN’T” OVER TIME NEGATES WHEN IT DOES = WORTHLESS**

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**THE “MARKET” IS A CONFIDENCE DESTROYING MACHINE
FUELED BY DREAMS AND DELUSIONS**

**ANYONE TRADING WITH “STOPS” CAN NEVER
MASTER THE MARKET MUCH LESS THEMSELVES**

**“STOP” = POOREST FORM OF RISK CONTROL AND OVER TIME
ACTUALLY COSTS MORE YIELD THAN CAPITAL THAT WAS AT RISK**

**RISK CONTROL IS EXERCISED AT THE OUTSET OF POSITION,
NOT AT ANY TIME THEREAFTER**

**TO THINK AND ACT OTHERWISE REFLECTS A LACK OF UNDERSTANDING
OF THE FUNDAMENTAL RELATIONSHIP OF TIME AND YIELD**

**PARTICIPANTS HAVE NO CONTROL OVER TIME BUT
ABSOLUTE CONTROL OVER POSITION RELATIVE TO TIME**

THIS CONTROL IS WHERE THE POWER LIES

“WHY” IS INTERESTING, FACINATING AND TOTALLY IRRELEVANT

**PARTICIPANTS EQUATE “WHY” WITH THEIR ABILITY TO EXTRACT YIELD;
A FALSE PREMISE AND FALSE CONCLUSION**

**VIRTUALLY ALL 13-F’s REFLECT A MULTITUDE OF POSITIONS WHICH
CONTRADICT EACH OTHER RELATIVE TO TIME**

**CONTRADICTIONS RELATIVE TO TIME ARE PAID FOR THROUGH YIELD
BOTH YIELD THAT WAS GAINED, AND YIELD WHICH WAS NOT EXTRACTED
MOST CAN’T EVEN SEE THIS CALCULATIVE DICHOTOMY**

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ALL THE 13-Fs PROVE IT =

TOO MANY POSITIONS IN CONFLICT
WITH EACH OTHER RELATIVE TO TIME

=

STRUCTURAL YIELD RETARDANTS

SELF-IMPOSED BASED ON EDUCATIONAL AND DOCTRINAL BELIEFS
THE WORLD OF YIELD IS FLAT

COURAGE OF YOUR CONVICTIONS COMES FROM A FUSION OF
THE RIGHT KNOWLEDGE, EXPERIENCE & DISCIPLINE

DISCIPLINE IS SINE QUA NON
RISK V UNECESSARY RISK IS THE ART THAT DEFINES YIELD OVER TIME

“WHEN” IS UNKNOWABLE, UNCONTROLLABLE AND IRRELEVANT
RATHER THE “WHEN” THAT IS KNOWABLE AND COMPLETELY
CONTROLLABLE IS “WHEN” TO ENTER AND EXIT POSITION

THIS IS THE “WHEN” THAT MATTERS

OVERSUPPLY MANIFESTS ITSELF RELATIVE TO THE RATE OF ASCENSION
RATE OF ASCENSION IS RELATIVE TO TIME

NOT A PRECISE NUMBER, RATHER A DISCERNABLE POINT

THE “POINT” = “WHEN”

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**IT IS NOT THE OBVIOUS WHERE THE BIG YIELD IS AT, BUT RATHER WHAT
THE OBVIOUS IS SURE TO CAUSE WHICH IS NOT SO OBVIOUS**

**“INVESTOR” IS A TERM FOR PARTICIPANTS
WHO EITHER DENY OR FAIL TO UNDERSTAND
THEY ARE IN FACT “SPECULATORS”**

**THE WORST SPECULATOR IS THE ONE WHO DOESN'T KNOW HE IS,
AND EITHER THINKS SKILL DOESN'T MATTER,
OR FAILS TO APPRECIATE ITS VALUE**

**MANY INDIVIDUALS PROCLAIM HOW THEY BOUGHT CITIBANK AT \$ 1.00 A
SHARE – AS THOUGH THEY WERE MARKET MAVENS**

**ONE OF THE MOST IMPORTANT THINGS TO EVER LEARN IN MARKETS IS
THAT THE “BIG MONEY” IS NEVER MADE AND KEPT ON THE “OBVIOUS”;
RATHER, THE “OBVIOUS” IS THE LURE THAT BRINGS THE SUCKERS IN**

**THEY MAY HAVE INDEED “WON” ON CITIBANK – BUT THAT VERY
“WIN” WILL INSTILL IN THEM A FALSE SENSE OF CONFIDENCE IN THEIR
OWN “ABILITIES” AND THE “EASE” IN WHICH MONEY CAN BE MADE**

MIXED WITH A LITTLE GREED AND HUBRIS = “CLASSIC SUCKERS”

**THEY REMAIN BLISSFULLY IN THE “DAYS OF THEIR IGNORANCE”
AS JESSE WOULD SAY**

**THEY NEVER STOP TO THINK THAT THE VERY BEST COLLEGES
CAN AND DO TEACH “BRAIN SURGERY” –
BUT CAN'T SUCCESSFULLY TEACH HOW TO OUTPERFORM MARKETS**

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THIS IS NOT OPINION, BUT RATHER FACT:

**99 % OF “MONEY MANAGERS” AND
INDIVIDUALS CANNOT OUTPERFORM
AN INDEXED POSITION OVER LONG PERIODS OF TIME**

BUT THERE IS A 1 % THAT CAN AND DOES =

**THE ULTIMATE PROOF
THAT MARKETS ARE A GAME OF SKILL, NOT LUCK**

**THE “OBVIOUS” MONEY MADE IS ALWAYS PAID BACK, WITH
SUBSTANTIAL INTEREST**

**THIS IS THE TRUE NATURE OF MARKETS AND
THE SUCKERS WHO KEEP COMING**

**WEALTH AND KNOWLEDGE ARE NOT SYNONOMOUS IN MARKETS
FREQUENTLY QUITE THE CONTRARY:**

ISAAC NEWTON PROVED THIS TO EQUAL VALUE OF GRAVITY

WHY “MONEY MANAGERS” WILL ALWAYS BE THERE

=

TALENTED, AMBITIOUS & CHARLATANS DRAWN AS MOTHESES TO FLAME

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“99/1”

**IDEOLOGIES ARE PSYCHOLOGICAL AND INTELLECTUAL CONSTRUCTS
AS “WINDOWS” ARE TO “DOS”**

**THE TRUE “SYSTEM” OF THE WORLD IS THE TRANSFER OF WEALTH
FROM THE HANDS OF THE MANY TO THE HANDS OF THE FEW**

**THAT “SYSTEM” HAS ALWAYS BEEN IN PLACE, AND ALWAYS WILL BE
INDOCTRINATION, NOT EDUCATION, PERPETUATES IT**

**IT IS THE NATURAL MANIFESTATION OF
HUMAN NATURE AND HUMAN AMBITION**

**A MISTRESS CANNOT SERVE TWO MASTERS:
THE MARKET IS FULL TIME =**

**WHY “MASTERS OF ENTERPRISE” CANNOT SERVE BOTH =
“POTENT DIRECTOR” ILLUSION IN MARKETS**

**WHAT WE’VE SEEN 2008 2014 + IS PRICE INFLATION
PAID FOR BY WAGES, NOT CAPITAL**

**ASSET VALUES REFLECT THIS TRANSFER FROM WAGES TO CAPITAL
THAT CAPITAL CAN ONLY CREATE ENTRIES, NOT VELOCITY**

**DIMINISHING “REAL” WAGES = DEMAND DESTRUCTION
THIS IS THE “INVISIBLE HAND” OF SUPPLY & DEMAND**

NO FORCE CAN OVERPOWER IT

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OVER THE LONG INFLATION THIS IS ACTUALLY CREATING A TRUE WEALTH TRANSFER BECAUSE IT IS FROM PRESENT WAGES CONTEMPORANEOUSLY, RATHER THAN CLAIMS ON FUTURE WAGES IN EXCESS OF ABILITY

THE WEALTH IS CONCENTRATED MORE AND MORE TO THE “1 %”

WE ARE AT THE FINAL STAGE OF THAT = YIELD COMPRESSION

**EVENTUALLY MATHEMATICS,
EXPRESSED MOST PROMINENTLY THROUGH RATE OF CHANGE
PREVENTS ANY FURTHER INFLATION**

THERE IS NO MORE WEALTH TO EXTRACT TO THE 1 %

**DEFLATION IS THUS “REGRESSION TO MEAN”,
THE EXPRESSION OF MATHEMATICAL IMPERATIVES IN
CONFLUENCE WITH HUMAN NATURE**

IT IS THE PROCESS BY WHICH 99 % OF THE 1 % LOSE

**ARROGANCE AND IGNORANCE ARE UNIQUELY HUMAN AND
PREVENT MANY FROM SEEING AND GRASPING THIS**

**IMMUNITY THEREFROM DOES NOT NECESSARILY IMPART FROM
SOCIAL, POLITICAL OR FINANCIAL STATUS**

**WISDOM AND VISION PAY NO ALLEGIANCE
TO CAPITAL OR POWER**

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**MANY “STARS” NOW UNDERPERFORMING
IN VARYING LEVELS REFLECTING THIS REALITY**

**MANY HAVE SEEN THEIR WEALTH ACCUMULATION STOPPED
DEAD IN ITS TRACKS AND REVERSING**

**SOME HAVE ACTUALLY HIT GROUND (BAUTISTA, DE NICHOLAS, etc.)
OTHERS ARE WELL ON THEIR WAY (SALINAS-PLIEGO, BILL GROSS, etc.)
MANY MORE TO FOLLOW**

**“FINANCIALIZATION” =
TAKING CAPITAL TO THE LEAST PRODUCTIVITY:
AT INCREASING LEVELS TO PRODUCE DECREASING YIELD =**

**TRULY IN CONTROL = MATHEMATICS
MOST VISIBLY MANIFESTED IN VELOCITY AND RATE OF CHANGE
THE “YIELD CURVE” IS MERELY A CONCOMITANT OF THIS**

**THE ONLY “HIGH YIELD” NOW IS IN POSITIONS
IN WHICH THE PARTICIPANTS WILL PAY BACK THAT YIELD, WITH INTEREST,
NO MATTER HOW HIGH IN THE SHORT RUN**

**MARKETS ALWAYS EXTRACT
PRINCIPAL AND INTEREST ON AVARICE**

**THE MARKET IS THE FINAL AND MOST POWERFUL ENFORCER OF ALL
“THE MARKET DOESN’T BEAT PARTICIPANTS, THEY BEAT THEMSELVES”**

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MARTIN SCORESE DELIVERS ALA JESSE THE
MOST PROFOUND AND ENDURING EXPLANATION OF ‘MANIPULATION’:

“THEY WANT SOMETHING FOR NOTHING”

=

CAVEAT EMPTOR = NO FOUL IN MARKETS =

MANIPULATION IS AN EXCUSE:

TIME AND PRICE ARE ABSOLUTE =

INCLUSIVE OF ALL, ERGO “MANIPULATION” THUS IRRELEVANT
ALL BEHAVIOR IRRESPECTIVE OF ACTOR IS REFLECTED IN TIME AND PRICE

THE ONLY TRUE ABSOLUTES IN MARKETS,
AND THE ONLY ONES THAT MATTER

PROPERLY APPLIED, “TIME” NEUTRALIZES ANY MANIPULATION

LIMIT ORDER = PUREST FORM OF CONTROL
SERVES UP RESPONSIBILITY AND DISCIPLINE

FUNDAMENTALS ARE TOTALLY IRRELEVANT

PARTICIPANTS MANIPULATE THEMSELVES
INTO BELIEVING THEY ARE

BUILT ON THE FOUNDATION OF EDUCATION AND INDOCTRINATION THAT
THE WORLD OF YIELD IS FLAT

HELD IN PLACE BY PSYCHOLOGICAL GRAVITY

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THE FALSE PROPHETS

TECHNICAL ANALYSIS, DOW THEORY, ELLIOT WAVE, FIBONACCI,
HUYGENS, ARMSTRONG, INTER ALIA, ETC, ETC., ETC.,
AD INIFINTUM, PAST AND HENC FORTH,
ALL REPRESENT CYCLICAL APPLICATION OF MATHEMATICS THAT
PURPORT TO BE ABLE TO ASCERTAIN IN ADVANCE HOW TO
REPETITIVELY EXTRACT YIELD FROM MARKETS

ALL THESE SYSTEMS FAIL –
BECAUSE EACH INSTRUMENT OPERATES ON ITS OWN TIME LINE

=

“DIVERSIFICATION”

PROVING THIS RIGHT HERE AND RIGHT NOW

FALSE PROPHET OF CYCLICALITY IS ALL THEY HAVE EVER KNOWN
EVERYTHING THEY HAVE BEEN TAUGHT OR HAVE LEARNED
WORSHIPS THIS FALSE PROPHET IN SOME WAY

HUMAN NATURE MANIFESTS ITSELF IN MANY DIFFERENT FORMS IN
MARKETS; BUT ALWAYS WITH THE SAME RESULTS

AND THAT IS A CERTAIN EQUATION – BUT RELATIVE ONE

THUS HUMAN NATURE IS NOT THE REFERENCE POINT
BUT RATHER THE RESULTS ARE

“CRONY CAPITALISM” IS NOT BASED ON TALENT, BUT RATHER GREED

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**GREED IS THE CERTAIN HUMAN NATURE THAT LEADS TO EXTREMES
AND MATH IS THE CERTAIN EQUATION THAT REVERSES THE EXTREME**

THIS IS “THE GREED EQUILIBRIUM”

**THE PARTICIPANTS OWN ACTIONS, IRRESPECTIVE OF STATURE OR CAPITAL,
BRING ABOUT THE VERY RESULT THEY SOUGHT TO AVOID**

**THUS THE TWO PRIMARY INPUTS TO ANY CYCLICALITY,
IN ANY FORM MUST HAVE MATHEMATICS AND HUMAN NATURE**

**HUMAN NATURE IS RELATIVE:
EXPRESSED BOTH BY PERCEPTION AND JUDGMENT,
CONCOMITANT YET VARIABLE
THE MATHEMATICS ARE ABSOLUTE**

**THIS IS WHY ALL FORMS OF CYCLICALITY ARE FALLACIOUS –
BECAUSE YOU NEED A CONSTANT/FIXED INPUT**

THIS IS WHY THEY ALL FAIL AND ALWAYS WILL

**MATH IS A FIXED INPUT
HUMAN NATURE IS A RELATIVE ONE**

**= FORMULAS AND MODELS ARE INHERENTLY FALSE
FACTUALLY AND LOGICALLY**

**THE OUTCOME IS THE RESULT OF THE
CONFLUENCE OF HUMAN NATURE AND MATHEMATICS**

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**ABSENT FIXED INPUTS ANY EQUATION WHICH PURPORTS TO
DELIVER A RELIABLE METRIC IS PURE FALLACY**

**THIS IS WHY ALL “CYCLICAL” DOCTRINE IN ALL ITS
VARIOUS MANIFESTATIONS FAIL**

**NO MATTER HOW THEY ARE APPLIED IN PRACTICE
NO MATTER THE “SOURCE” OR “DOCTRINE”**

**ALL “CYCLICAL” USES MATH AS AN INPUT;
= REPRESENTS DIFFERING ATTEMPTS TO MIX A FIXED EQUATION (MATH)
WITH A RELATIVE ONE (HUMAN NATURE)**

**THE FATAL FLAW OF ALL CYCLICAL IS THAT THEY PURPORT TO
“QUANTIFY TIME” IN A RELIABLE FORMULA – THIS INTRODUCES
TIME INTO THE EQUATION, BUT THE WRONG WAY**

**TIME IS LINEAR, AND YIELD IS CIRCULAR = YIELD INTERSECTS WITH TIME
TIME IS A FIXED INPUT, AND YIELD IS A FLUCTUATING ONE:
BUT ITS FLUCUATION MANIFESTS CIRCULARLY RELATIVE TO TIME**

**ONE BY ONE THEY ARE ALL FAILING = WHY “DIVERSIFICATION” IS NOT
WORKING AND WILL UTTERLY FAIL TO PROTECT ANY ADHERENT**

**LOGIC IS THE LENS BY WHICH
MATH IS RELIABLY APPLIED TO HUMAN NATURE**

**TAKING CYCLICALITY IN ALL ITS MANIFESTATIONS TO
THE ALTER OF MATHEMATICS, AND IMPALING IT WITH THE SPEAR OF LOGIC**

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TIME, PRICE & VOLUME

**JESSE HAD A FEW CRITICAL THINGS TRANSPOSED, NOT WRONG.
HE UNDERSTOOD “HOW” AND MASTERED “WHY” – BUT NOT “WHAT”**

LIKELIKE AS TO “WD” GANN

**TECH ANALYSIS PURPORTS TO TAKE
MATH AND SUBJECTIVITY (HUMAN NATURE) =**

**QUANTIFY VOLUME BY COLLECTIVIZING SUBJECTIVITY
INTO A RELIABLE METRIC**

**TA IS A FINE POINT ON THIS:
DEFINED FRAMES: 200, 10, 100, GOLDEN RATIO, ETC.**

**AGAIN IT FAILS:
A RELIABLE METRIC WORKS CONSISTENTLY**

**MEASURE YIELD EXTRACTED THROUGH PURELY “TA”, OVER A LONG
PERIOD OF TIME = NET YIELD DOESN’T EXCEED AN INDEXED POSITION**

**THIS IS ABOUT TO BE PROVEN DECISIVELY
AS DEFLATION UNFOLDS
VOLUME REPRESENTS SUBJECTIVITY = RELATIVE ELEMENTS**

**TA TAKES THIS RELATIVITY
AND APPLIES IT TO THE FIXED ELEMENT OF TIME**

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THIS IS WHY IT WORKS SOMETIMES, BUT NOT ALWAYS

THIS IS WHY YOU SEE ONE INSTRUMENT “RISE”

WHEN IT IS “SUPPOSED” TO FALL

“BAD NEWS” = UP

“GOOD NEWS” = DOWN

OR, “RIGHT” – BUT FOR THE WRONG REASONS =

THIS IS SUBJECTIVITY – THE MANIFESTATION OF HUMAN NATURE

VOLUME IS ITS EXPRESSION = THIS IS RELATIVE

SUBJECTIVITY IS DRIVEN BY PERCEPTION

PERCEPTION CANNOT BE QUANTIFIED

THERE IS NO FORMULA OR MODEL THAT CAN PERCEIVE

NOR CAN “JUDGMENT” BE QUANTIFIED =

TA AND ALL CYCLICAL/MODELS ARE IN REALITY THE CLAIM THAT

PERCEPTION AND/OR JUDGMENT CAN BE

RELIABLY QUANTIFIED

THIS IS WHY THEY ALL FAIL, RIGHT HERE

RELATIVITY WITH FIXED = IRREGULAR OUTCOMES

IRREGULAR OUTCOMES V. REGULAR LONGER TERM OUTCOME,

= INDEX POSITION OUTPERFORMS

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TA IS ANOTHER FALLACY OF THE FALSE PROPHET OF CYCLICALITY
THIS IS WHY ALL “MODELS” EVENTUALLY FAIL

MANY WANT TO BELIEVE THE ANSWERS ARE IN MATH
SO THEY CAN SIMPLY PUSH THAT
MAGIC BUTTON AND OUT COMES MONEY

THIS IS THE TIMELESS LURE

THE “BLACK BOX” AND EVERY “MODEL”, “FORMULA”, ETC.,
IS MERELY A MANIFESTATION OF HUMAN NATURE RESPONDING TO THAT
THE PROPONENT AND BELIEVER ARE ONE IN THE SAME

THE “HOLY GRAIL” IS NOT IN MATH, AND NOT IN A NUMBER:
IT IS IN “THE GRAVITY OF CAPITAL”

CUE FUNDAMENTALISM:

FUNDAMENTALISM PURPORTS TO
ELIMINATE THE NEED FOR QUANTIFICATION BY NEUTRALIZING SUCH
“SUBJECTIVITY” THROUGH THE USE OF TIME

ONCE AGAIN, TIME IS APPLIED THE WRONG WAY

THE CORE TENENT OF “FUNDMENTALISM” IS “VALUE”
= “VALUE” IS THE BASIS FOR “GAIN”

“GAIN” DEFINED AS ANYTHING WHICH ONE VALUES

GAIN/TIME = LIFE NET
GAIN DEFINED AS WHAT ANY INDIVIDUAL VALUES

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**THIS IS THE ESSENCE OF WHY “VALUE” IS IN REALITY
PERCEPTIVE RATHER THAN NUMERICAL =**

**WHY ALL “VALUE” MODELS ARE FALLACIOUS
AND INVARIABLY LEAD TO FAILURE =**

**THE DEFINITIVE EXPLANATION OF PRICING
WHICH CANNOT BE LOGICALLY EXPLAINED IN MARKETS**

**THIS IS THE ANSWER TO THE PERENNIAL QUESTION =
PE’s RELATIVE = ALL MODELS BASED THERETO INHERENTLY FLAWED:**

**APPLE V AMAZON = RES IPSA LOQUITUR
PARENTHETICALLY, AN EXCELLENT ILLUSTRATION OF ALLAIS PARADOX**

**NUMERICAL AS APPLIED IS ACTUALLY A
MANIFESTATION OF PERCEPTION**

**ONCE AGAIN A RELATIVE ELEMENT PURPORTING TO
DELIVER A RELIABLE FIXED NUMBER**

**FUNDAMENTALISM’ PATENT ARROGANCE IS THAT IT
PURPORTS JUDGMENT IS SUPERIOR TO TIME**

=

FUNDAMENTALISM CANNOT OUTPERFORM INDEXING OVER TIME:

**IF YOU MEASURE YIELD EXTRACTED THROUGH A PURELY FUNDAMENTAL
APPROACH, OVER A LONG PERIOD OF TIME, YOU WILL SEE NET YIELD
EITHER DOESN’T EXCEED AN INDEXED POSITION OR AT BEST, IS ON PAR**

WARREN BUFFETT HAS ALREADY BEGUN PROVING THIS

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**FUNDAMENTALISM GOES ALONG FOR THE RIDE THEN
CLAIMS TO HAVE PAVED THE WAY**

**ALL OF THE QUANTIFICATIONS IN VARYING ITERATIONS OF THE SAME
PRINCIPLE, ARE FLAWED MATHEMATICALLY AND LOGICALLY**

**HARVARD, YALE, ET. AL. = HUMAN NATURE
MIT, PRINCETON, ET AL. = MATH**

**ALL ADDING MORE PIECES
TO THE PUZZLE THAN IT IS ACTUALLY COMPRISED OF**

**THE ONLY REASON THAT THIS IS NOT SEEN CLEARLY NOW,
IS BECAUSE WE ARE IN THE SINGULARITY BEFORE THE PURGE =**

THE BIG YIELD RECORDS WILL BE EXPUNGED

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“RANDOMNESS”

**THIS IS YET ANOTHER FALSE PROPHET, MOST EASILY DISPENSED WITH BY
“THE BLACKJACK ANALOGY”**

**IMAGINE YOU COULD CHOOSE THE CARDS,
RATHER THAN HAVING THEM DEALT TO YOU**

**IF YOU KNEW THE WINNING CARDS,
YOU PICK THEM AS THEY APPEAR RELATIVE TO TIME**

**IF YOU DON'T KNOW THEM YOU MIGHT PICK THEM ANYWAY;
THIS EXPLAINS WHY SOME PEOPLE CAN AND DO GET “LUCKY”**

**THE LEAP FROM LOGIC TO WHOLE CLOTH BY BOTH PROPONENTS AND
BELIEVERS IN “RANDOMNESS” IS THAT THE
PERIODIC RESULT OF GETTING “LUCKY” VALIDATES**

**THEY CONFUSE THE MOST
FUNDAMENTAL PRINCIPLES OF CAUSE AND EFFECT**

**“RANDOM” EXPERIENCED BY THE PARTICIPANT WHO GETS LUCKY =
EFFECT, NOT CAUSE**

**THE ABILITY TO PICK
ESTABLISHES BY FORCE OF FACT AND LOGIC
THAT “RANDOMNESS” IS A FALLACY**

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**PARENTHETICALLY, THIS RENDERS ALL CLAIMS OF
MANIPULATION FRIVOLOUS AND MOOT**

“SMITH” HAS NO FIDUCIARY DUTIES

IF YOU DON'T KNOW WHAT POSITION TO TAKE, DON'T PLAY

**LIKE “BLACKJACK” THERE ARE ALWAYS WINNING CARDS IN THE DECK
FROM THE VERY OUTSET OF THE PARTICIPANT'S ENTRY**

**IN MARKETS THIS IS AD INFINITUM BECAUSE OF
BI-DIRECTIONALITY**

WHAT IS IN FACT “RANDOM” IS THE SKILLS OF THE PARTICIPANTS

**THE DIFFERENCE IN MARKETS IS THE
WINNING CARDS ARE NOT WIDELY KNOWN, AND VARY =
REQUIRING SKILL TO SEE AND PICK CONSISTENTLY**

JESSE'S PRIME LESSON:

**IF YOU DON'T HAVE THE “COURAGE OF YOUR CONVICTIONS” AND THE
“INTELLIGENT PATIENCE TO SIT TIGHT”
KNOWING THE “WINNING CARDS” IS STILL NOT ENOUGH**

THIS IS WHERE DISCIPLINE PLAYS A CRITICAL ROLE

DISCIPLINE REQUIRES PSYCHOLOGICAL AND EMOTIONAL SKILL

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**THERE ARE THOSE WHO ARGUE “RANDOMNESS”
AND YET MANAGE CAPITAL**

**IF WHAT THEY PURPORT WERE TRUE,
BY FORCE OF LOGIC, IT NECESSARILY IMPARTS A
LACK OF UTILITY OF TIME, KNOWLEDGE & SKILL =**

**EMBRACING “RANDOMNESS” IS TO BELIEVE THAT
TIME, KNOWLEDGE & SKILL HAVE NO UTILITY**

EVEN IF TRUE, THIS FACT IS DISPOSITIVE:

**ANY POSITIVE OUTCOME ACHIEVED BY SUCH
“MANAGERS” WOULD BE RANDOM =**

WHAT DO YOU NEED THEM FOR ?

CAVEAT EMPTOR

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THE INVISIBLE HAND

**CAPITAL PRODUCES OPTIMAL YIELD WHEN
LEFT TO ITS OWN DEVICES**

ADAM SMITH ILLUMINATED AND HISTORY VALIDATES

**TRUE ECONOMIC GROWTH, BASED ON SUSTAINABLE
SOURCES AND METRICS LIFTS ALL BOATS**

RELYING MORE AND MORE ON UNSUSTAINABLE SOURCES AND METRICS =

LOTS OF RESOURCES FOR LITTLE PURPOSE AND UTILITY

THAT’S WHAT “QE” IN ALL ITS PLACES AND ITERATIONS REPRESENTS:

**ATTEMPTING TO BRIDGE AGGREGATE DEMAND AND PRODUCTION
THROUGH FURTHER LIABILITES DRAWN AGAINST THE FUTURE =**

THIS IS A LOSING PROPOSITION THAT WILL END BADLY

**“SAY’S LAW” AND ALL ITS ADHERENTS,
“AUSTRIAN” AND OTHERWISE, THAT “DEMAND” IS A
FUNCTION OF PRODUCTION, PART & PARCEL IS AKIN TO THOSE WHO
ADHERED TO THE BELIEF THAT THE SUN REVOLVED AROUND THE EARTH:**

**DEMAND IS A FUNCTION OF WAGES
ALWAYS HAS BEEN, ALWAYS WILL BE**

“EXTRAORDINARY POPULAR DELUSIONS c. 2014”

THIS IS THE PUREST REFLECTION OF THE “INVISIBLE HAND”

**NEITHER GOVERNMENT NOR ANY QUASI-GOVERNMENT INSTITUTIONS
CAN CREATE NET ABILITY TO PAY – ALL THEY CAN DO IS REDISTRIBUTE
WEALTH AND CREATE LIABILITIES =**

A POINT EXISTS WHERE THE % OF GDP BECOMES NET NEGATIVE

**ECCLES EXPLAINED ED WHY FRIEDMAN WAS WRONG AB INITIO =
ALL THAT FLOWS FROM IT IS “FRUIT OF THE POISONOUS TREE”**

VELOCITY IS EINSTEIN’S “ETHER” TO MODERN ECONOMICS

**“THE INVISIBLE HAND” OF ECONOMIC ACTIVITY
DRIVEN BY HUMAN AMBITION IS WHAT
CREATES TRUE WEALTH: “ABILITY TO PAY”**

**THIS IS WHY “THE CORPORATION” IS AND
ALWAYS WILL BE SO POWERFUL:**

**IT IS THE ORGANIZED LEGAL STRUCTURE OF HUMAN AMBITION
WHICH HAS THE POWER TO CREATE NET ABILITY TO PAY**

**AMBITION IS WHAT PRODUCES NET RESULTS FOR HUMANITY
RESULTS DEFINED AS “TANGIBLE” AND “INTANGIBLE” GAIN**

“GAIN” AS HERETOFORE DEFINED

“EXTRAORDINARY POPULAR DELUSIONS c. 2014”

**HAYEK, Menger, Mises and Rothbard et al., =
SOCIALISM DOESN'T WORK BECAUSE OF MATH
AND FAILS IN MATHEMATICAL AND SOCIAL CONFLUENCE**

= COLLAPSE BY CHOICE, OR BY CONSEQUENCE

**SOCIALISM IS THE FALSE PANACEA THAT IS OFFERED UP
WHEN THE POLITICAL AND ECONOMIC ELITE FAIL IN THE
SOLE OBLIGATION OF THEIR SUCCESS:**

**NOT TO GIVE AWAY THE FRUITS OF AMBITION, BUT RATHER
KEEPING SOCIETY FERTILE THRU SOCIAL BALANCE =**

FAILURE MUST HAVE CONSEQUENCES

THE DRIVER OF MATH IS AMBITION =

WE FAIL TO GRASP THE EXPONENTIAL FUNCTION, YET WE DRIVE IT

SOCIALISM DIMINISHES THE INDIVIDUAL AND THUS DIMINISHES AMBITION

**THE DIMINUTION OF AMBITION GRADUALLY REDUCES THE
NET INPUT TO THE ECONOMY**

**EVENTUALLY THAT REACHES A POINT WHERE
MATH IN CONFLUENCE WITH HUMAN NATURE BRINGS IT DOWN**

THIS IS THE QUINTESSENCE OF AYN RAND

“EXTRAORDINARY POPULAR DELUSIONS c. 2014”

DEBT

DEBT = ENCUMBRANCE ON NET FUTURE PRODUCTIVITY

A FIXED NUMBER DOESN'T EXIST

WHAT DOES EXIST IS A “FLUX POINT” BETWEEN
GROSS DEBT AND NET GDP

CAPITAL AS WATER, REACHES SATURATION

=

NATURAL PROGRESSION OF MATHEMATICS AND HUMAN NATURE

THE “FLUX POINT” HERE AND NOW IS
MANIFESTED IN INTEREST RATES

PEOPLE CITE MANY INTEREST RATES,
BUT THE VARYING RATES IN THE WORLD ARE REALLY ONLY ONE RATE

THAT RATE IS IN REALITY A POINT, NOT A NUMBER:

THE POINT =

NO MORE NET BENEFIT CAN BE EXTRACTED FROM
LOWER INTEREST RATES

THIS IS THE CRITICAL INFLECTION OR “FLUX POINT”

WE HAVE REACHED IT =

“EXTRAORDINARY POPULAR DELUSIONS c. 2014”

**EVERY \$ IN CREDIT & TAXATION IS NET NEGATIVE TO GDP,
GOING FORWARD = DOWNWARD PRESSURE ON DEMAND**

RATE OF CHANGE AND VELOCITY ARE MATH SAYING THIS IS SO

EVERYTHING ELSE IS IRRELEVANT

**“NEGATIVE RATES” ARE AN ILLUSION, FOR IN
REALITY THEY CONSTITUTE MORE LEVERAGE ON “ZERO RATES”**

THE PRICE OF CAPITAL IS THE FOUNTAIN OF WEALTH:

USURY + SUCCESS = REAL WEALTH CREATION =

“SAVINGS” FLOW THEREFROM =

THE PRICE OF CAPITAL AT “ZERO” = ENDGAME

**DEBT, IN ALL ITS ITERATIONS, PAST, PRESENT AND FUTURE,
KNOWN BY EPHEMERAL MONIKERS, ARE MERELY
THE MEANS BY WHICH “DEMAND” IS INFLATED;
MATH + HUMAN NATURE ARE THE VEHICLES BY
WHICH IT IS SUBSEQUENTLY DEFLATED**

**THAT “DEFLATION” IN EFFECT REPRESENTS
THE REBALANCING BETWEEN “DEMAND” AND “PRODUCTION”**

THIS CAN BE ELONGATED, BUT NOT ALTERED

“EXTRAORDINARY POPULAR DELUSIONS c. 2014”

**THE CONSEQUENCES IN EITHER DIRECTION ALWAYS BEING THE SAME:
WEALTH INFLATION = DAY FOLLOWED BY NIGHT = WEALTH DESTRUCTION**

**THE “CONSEQUENCES” ARE THE SOURCE OF MOST OF THE CONFUSION
AND MISAPPREHENSION AS TO “CAUSATION”**

**VON MISES AND ALL THE AUSTRIAN PROGENY ET AL.,
HAVE THE KEY ASPECT CRITICALLY WRONG:**

THE “MASSES” CANNOT “WAKE UP”:

**WAGES VIS-À-VIS PRODUCTION CAN, DO AND HAVE REACHED THEIR
“MAXIMUM DIFFERENTIAL”**

**THIS WAS THE NATURAL AND LOGICAL PROGRESSION OF
“GLOBALIZATION” AND WAGE ARBITRAGE**

BUILT ON A WORLDWIDE DEBT BUBBLE =

BOND BULL WORLDWIDE LEAD BY USA

PRODUCTION NOW EXCEEDS “BUYING POWER”

“BUYING POWER” AS MEASURED IN “ABILITY TO PAY” IS IN SECULAR DECLINE

**LEVERAGE IS THE FORCE, BUT THE PROVERBIAL “STRING” =
WORLDWIDE UNPAYABLE DEBTS + STRUCTURAL UNEMPLOYMENT =
ECONOMICALLY AND POLITICALLY TOXIC**

THIS IS THE VELOCITY DRIVEN BY “QE”

**THUS THERE CAN BE NO INFLATIONARY “AWAKENING” OF THE MASSES
ONLY THE AWAKENING OF THE PARTICIPANTS TO REALITY**

“EXTRAORDINARY POPULAR DELUSIONS c. 2014”

**“NEW NEUTRAL” =
“PERMANENTLY HIGH PLATEAU” WITH SAME ENDING**

PURE AND UTTER DELUSION, NOW AS THEN

CAVEAT EMPTOR:

**NO GIMMICKS, MANIPULATION OR PROPAGANDA
CAN CREATE REAL WAGES =**

WAGES ARE THE ULTIMATE LIQUIDATOR OF PRODUCTION

“EXTRAORDINARY POPULAR DELUSIONS c. 2014”

OIL

OIL IS THE FOUNDATION UPON WHICH MODERN CIVILIZATION IS BUILT

=

**GEOLOGY AND MATHEMATICS GOVERN THE WORLD
NOT OPINION, RHETORIC OR INDIVIDUALS**

**EVEN IF INDEED OIL IS ABIOTIC THE FACT
REMAINS WE HAVE EXHAUSTED THE EASIEST PART**

EROEI, ENERGETICALLY AND FINANCIALLY PROVE THIS

STOP THE FLOW = BILLIONS, NOT MILLIONS, DEAD

THE US HAS AND WILL PUT ORDER TO THE WORLD OIL SUPPLY

TO ITS ADVANTAGE, BUT NO LESS TO THE WORLD'S =

PETRODOLLAR IS NEEDED AS MUCH BY THE WORLD AS THE US

NOT INDIVIDUALLY, BUT COLLECTIVELY

RUSSIA + CHINA WILL NOT CHANGE THIS

THE “PETRODOLLAR” IS NOT THE PROBLEM:

EROEI AT MERE STAGNATION, MUCH LESS SECULAR DECLINE, IS

“EXTRAORDINARY POPULAR DELUSIONS c. 2014”

DEPTH, NOT VOLUME

WHAT ECONOMISTS NOW AND IN HISTORY HAVE CHRONICLED =
HUMAN INTERACTION REVOLVING AROUND THE PRIME EQUATIONS:

PRODUCTION: GOODS AND SERVICES/WAGES = ABILITY TO LIQUIDATE

GROSS DEBT/NET GDP

DEBT IS GROSS/ABILITY TO PAY NET

AGAIN THE FALSE PROPHET OF GREED AND ARROGANCE TELLS US
THE PROPER EQUATION IS GROSS DEBT TO GROSS GDP

PROPONENT OR BELIEVER = HUMAN NATURE

REINHART AND ROGOFF GOT THE PRINCIPAL,
YET ENDORSE THE FALSE PROPHET, AND LIKE THE CYCLICAL FOLLOWERS,
PURPORT TO USE FIXED MATH TO VALIDATE

IT IS A POINT, NOT A NUMBER

VELOCITY AND RATE OF CHANGE ARE POINTS

PARTIALLY RIGHT, BUT FOR THE WRONG REASONS

ECONOMIC HISTORY IS THE CHRONICLE OF
HUMAN NATURE & MATHEMATICS

HISTORY AND KNOWLEDGE = LINTBALL, NOT SNOWBALL
HUMAN NATURE IS THE SURFACE, MATH THE CORE

“EXTRAORDINARY POPULAR DELUSIONS c. 2014”

“MASSIVE, NOT PASSIVE”

**REAL ESTATE IS A PASSIVE ASSET
PASSIVE BECAUSE IT CANNOT SUSTAIN EXPONENTIAL YIELD,
AS ITS PRIMARY INPUT IS WAGES**

**WAGES CANNOT GROW EXPONENTIALLY
WITH GLOBALIZED WAGE ARBITRAGE**

=

**THERE IS A
MAXIMUM DIFFERENTIAL BETWEEN WAGES AND PRICES**

**ARTIFICIALLY EXTENDING THIS DIFFERENTIAL THROUGH MYRIAD
FINANCIAL CONSTRUCTS WILL NOT ALTER THE
MATHEMATICAL DRIVERS**

**THUS WHAT IS ANECDOTALLY VIEWED AS A “BUBBLE”
IS IN REALITY MATHEMATICAL MAXIMUM DIFFERENTIAL**

**JAPAN HAS ALREADY PROVEN THIS IPSO FACTO
AMERICA IS DOING SO CONTEMPORANEOUSLY**

SOME ARE ALREADY FOLLOWING, ALL WILL

**REAL ESTATE HAS RISEN IN MASSIVE NOT PASSIVE YIELD
WITHOUT REGARD TO ABILITY TO PAY WHICH IS REFLECTED IN
ACTUAL PRICES PAID =**

“EXTRAORDINARY POPULAR DELUSIONS c. 2014”

THE BELIEF THAT ABILITY TO PAY IS IRRELEVANT TO PRICING OF REAL ESTATE

IGNORANCE, OR EXTRAORDINARY POPULAR DELUSION ?

**THAT MASSIVE NOT PASSIVE YIELD IS ACTUALLY REPRESENTED ON
BALANCE SHEETS THROUGHOUT THE WORLD IN VARIOUS DERIVATIVE
FORM, HYPOTHECATED ITSELF AND THUS RE-LEVERAGED**

**IT HAS BEEN SAID BY MANY THAT THERE IS NO WAY TO
KNOW A BUBBLE UNTIL AFTER THE FACT**

**THIS IS FALSE, BASED ON INTELLECTUAL LAZINESS
DRIVEN BY THE HUMAN NATURE OF
ARROGANCE, GREED, HOPE AND DENIAL**

THERE IS A SIMPLE TIMELESS METRIC:

METERS UNIT COST + AGGREGATE INTEREST = GROSS METER

GROSS METER/NATIONAL PER CAPITA

PER CAPITA IS TRUEST ECONOMIC MEASURE OF A NATION

=

THE “PRIME EQUATION” RELATIVE TO REAL ESTATE

**APPLIED TO MEXICO AND MANY OTHER ECONOMIES, THIS EQUATION
SHOWS CLEARLY AND UNEQUIVOCALLY MASSIVE “BUBBLES”**

“EXTRAORDINARY POPULAR DELUSIONS c. 2014”

A BUBBLE GENERALLY DEFINED AS:

**PRICES WHICH ARE NOT BASED ON SUSTAINABLE METRICS =
MATHEMATICALLY DESTINED TO FAIL**

OR:

**TOO MUCH CAPITAL IN A SECTOR WHICH CANNOT GENERATE
SELF-SUSTAINING VELOCITY =**

SOLVENCY, NOT LIQUIDITY IS THE REAL ISSUE

**VALUES ARE AT OR PAST
MAXIMUM DIFFERENTIALS ACROSS ASSET CLASSES**

ONE BY ONE THEY ARE REVERSING FROM THAT POINT =

**= WHY “DIVERSIFICATION” IS NOT WORKING AND CAN’T =
WHY THE HEDGE FUNDS ARE UNDERPERFORMING =
WHAT ROC AND VELOCITY ARE TELEGRAPHING LOUD AND CLEAR**

THAT EQUATES TO TRILLIONS, NOT BILLIONS =

**TRILLIONS WILL BE LOST, NOT BILLIONS –
AND THIS TIME THOSE LOSSES WILL STICK**

MOST ARE AT, APPROACHING OR PAST “PEAK WEALTH”

“EXTRAORDINARY POPULAR DELUSIONS c. 2014”

VAST MAJORITY OF WHAT IS LOST GOING FORWARD WON'T BE RECOVERED
BY THE SAME PARTICIPANTS = LIFE WATERMARK

THE BIGGEST MOST ESPECIALLY

THE MARGINS ARE WHERE THE MOST IS AT = THE MOST TO LOSE

THE FALSE EQUATIONS PROMOTED BY THE
FALSE PROPHETS OF GREED AND ARROGANCE =

INTEREST ON THE PRICE OF REAL ESTATE IS EXCLUDED AND
“GROSS” WAGES ARE THE BASIS OF “ABILITY TO PAY”

NET WAGES/TOTAL COST = PRIME EQUATIONS

=

TOO MUCH CAPITAL IS IN REAL ESTATE/GDP

WON'T VOLUNTARILY LEAVE = WILL BE DEFLATED OUT

REAL ESTATE WILL OFFER NO REFUGE

THIS IS WHAT “BUBBLES” ARE, HOW THEY CAN BE SEEN CLEARLY,
AND HOW THEY ARE PROPOGATED:

PRICES RISE INTO “THE INVISIBLE HAND” OF OVERHEAD SUPPLY

=

COVERGENCE OF HUMAN NATURE AND MATHEMATICS

=

WHY EVERY INSTRUMENT EVENTUALLY REVERSES

“EXTRAORDINARY POPULAR DELUSIONS c. 2014”

THE TRUE “BULL”

MAXIMUM CONNECTIVITY = THE SINGULARITY

EVERYONE IS REALLY POSITIONED THE SAME:

**NO SYSTEMIC NET YIELD CAN BE DERIVED FROM
INTEREST RATES ON THE LONG SIDE**

THIS IS WHAT THE BOND BULL HAS BEEN ALL ABOUT

WE HAVE BEEN IN THE BLOW-OFF PHASE OF THAT, THE TRUE BULL

ALL OTHER MARKETS AND INSTRUMENTS ARE **i**NCLUSIVE, NOT EXCLUSIVE
INVERT THE TEN YEAR AND YOU SEE THIS GRAPHICALLY

NO FORCE CAN STOP ITS ENDING

THIS IS THE SINGULARITY

EVERYONE BENEFITED, EVERYONE WILL PAY

SHORT AND IN US BILLS, OR PAY THE PRICE

GOLD IS MERELY ANOTHER “INSTRUMENT”

THE UTILITY OF WHICH IS DEBATABLE;

BUT AN INSTRUMENT OF CAPITAL, NONETHELESS

**NO MATTER WHERE ASSETS GO IN THE SHORT RUN,
THE BOTTOM LINE IN THE NOT SO DISTANT “LONG RUN”
WILL BE LOWER THAN TODAY**

“EXTRAORDINARY POPULAR DELUSIONS c. 2014”

IT IS AKIN TO THE ROLLER COASTER:
NO MATTER THE DISTANCE VIS-À-VIS YOUR CAPITAL “TOP”
IT IS A DISTINCTION WITHOUT A DIFFERENCE IN OUTCOME

THE “VIX” AND OTHER SIMILAR CONSTRUCTS HAVE BEEN
PLUMBING GENERATIONAL LOWS

THEY HAVE YET TO MAKE GENERATIONAL HIGHS

WHEN THEY DO = ALA 1987 +

TRILLIONS, NOT BILLIONS, WILL BE PERMANENTLY LOST
BY CURRENT “RENTIERS” THERETO

THE OLD SAW “IT DOESN’T MATTER, UNTIL IT DOES”.....

“DOES” WILL SUDDENLY, NOT GRADUALLY =

WE SEE THE REAL “PANIC”

ONE WHICH GOES DOWN IN THE HISTORY BOOKS

THE FINAL ENDGAME =

ALL LIABILITIES/CLAIMS WHICH CANNOT BE LIQUIDATED AT A
“NORMALIZED” RATE WILL FAIL

THERE ARE NUMBERS, AND FOR THE RIGHT DEAL, I WILL SHARE THEM

“EXTRAORDINARY POPULAR DELUSIONS c. 2014”

SECULAR, NOT CYCLICAL

**EVENTS THAT ARE UNFOLDING VIEWED IN THE TOTALITY
ARE SECULAR, NOT CYCLICAL**

MISSAPREHENSION OF THIS IS RIFE, AND FATAL TO CAPITAL

**NOBODY HAS SEEN WHAT IS UNFOLDING
AWASH IN \$ AT THE TOP; NOT SO SANGUINE AS IT BEGINS TO MELT AWAY**

**ARROGANCE WILL YIELD TO FEAR
AS IT ALWAYS HAS, AND ALWAYS WILL**

NO MACHINATIONS, REGARDLESS OF SOURCE, WILL STOP IT

**NOR WILL ANY MODEL PROTECT AGAINST IT,
MUCH LESS PERCEIVE ITS ARRIVAL**

**IN EVERY “ZERO SUM GAME” EVENTUALLY THE MAJORITY HAVE TO LOSE
THAT CAN BE ELONGATED, BUT NOT PREVENTED**

WHEN, WHERE AND HOW ARE IRRELEVANT

“FINANCIAL REPRESSION” IS AN ILLUSION AND RED-HERRING

**IT IS IN FACT YIELD COMPRESSION,
DICTATED BY MATH & TIME**

NO INDIVIDUAL OR GROUP OF INDIVIDUALS CAN OVERCOME THIS

“EXTRAORDINARY POPULAR DELUSIONS c. 2014”

**THE CRITICAL INFLECTION POINT WE HAVE REACHED IS THAT
LOWER INTEREST RATES CANNOT GENERATE ANY FURTHER
SYSTEMIC NET YIELD**

**IT’S “EITHER” “OR” AT THIS POINT:
EITHER STAY “LONG” OR GET PROPERLY POSITIONED**

**MAJORITY ALL IN MYRIAD POSITIONS BUT
ALL EQUIVALENT OF LONG
AT THE END OF THE INFLATION OF ASSETS
THUS ALL GO BACK THE OTHER WAY TOGETHER =**

**WHY ALL MARKETS WILL REVERT TO A FRACTION OF THEIR CURRENT
VALUES, AND NO MODEL OR FORMULA WILL PROTECT
AGAINST THAT OUTCOME**

**THERE IS ONLY ONE PROTECTION, AND THAT IS IN US BILLS
US BILLS = FIRST IN LINE TO THE LARGEST YIELDING FISC, BAR NONE**

**AS POINT OF FACT, US BILLS =
NO ENCUMBRANCE, NO HYPOTHECATION AND NO MALFESANCE POSSIBLE =**

RETURN “ON” OR RETURN “OF” YOUR CAPITAL, BY CHOICE

**TRILLIONS IN “CLAIMS” IN THE US AND THE WORLD WILL FAIL –
BUT THE USA WILL NOT =**

ALL US BILLS WILL BE MADE GOOD

“EXTRAORDINARY POPULAR DELUSIONS c. 2014”

**THE ONLY WAY TO PROFIT AND KEEP IT IS TO BE SHORT
IF YOU DON'T KNOW HOW TO SHORT,
LEAVE YOUR CAPITAL IN US BILLS**

COURAGE OF YOUR CONVICTIONS CANNOT BE DIVIDED OR DELEGATED

**MOST OF THE BIGGEST PLAYERS HAVE BEEN “IN THE RIGHT PLACE AT THE
RIGHT TIME” TO THE UPSIDE BUT DON'T KNOW HOW TO SHORT =
THEY ARE DESTINED TO LOSE ON THE DOWNSIDE AND THOSE WITH THEM**

**YOU MAY HAVE A ROLLS ROYCE, BUT CAN YOU
SAFELY NAVIGATE IT IN THE INDY 500 ?**

THIS IS WHAT A LARGE SHORT POSITION IN THE MARKET IS

YOU SEE, SIZE OR POWER DOESN'T MATTER

AS HENRY WALLACE FAMOUSLY SAID:

**MANY OF THE “PRINCES OF THE FINANCIAL WORLD”, WILL BE
“STRIPPED NAKED” ONCE AGAIN, AS PAST IS INDEED, PROLOGUE.**

**“THE MAN IN THE MIRROR”
BILL GROSS SEES IS CAPTAIN SMITH**

**FOR THOSE MANY PRINCES WHO ARE SO BIG THEY
CAN'T ACKNOWLEDGE THIS, I WELCOME AN ALLIANCE:**

YOU DO HAVE A CHOICE

“EXTRAORDINARY POPULAR DELUSIONS c. 2014”

POPULAR DELUSIONS:

**EITHER IT “WON’T” OR “CAN’T” HAPPEN
IF IT DOES, I’LL EXIT BEFORE IT CAN HURT ME**

I’M POSITIONED SO I “CAN’T” BE HURT

“THEY” WON’T LET IT HAPPEN

“2008 = 1929”

“2009 = 1932”

**“CONSEQUENCES AND MATHEMATICS ARE
SUBJECT TO HUMAN VETO”**

“THAT WHICH CANNOT BE PAID DOES NOT MATTER”

**“AMERICA WILL DESTROY THE DOLLAR OR
ALLOW IT TO BE DESTROYED IN ORDER TO PREVENT DEFLATION”**

**“THE FEDERAL RESERVE COULD OR WOULD DESTROY
THE VERY THING THAT GIVES THEM THEIR POWER”**

**THAT THERE EXISTS ANY INSTRUMENT WITH GREATER
ECONOMIC, LEGAL AND MILITARY POWER BEHIND IT THAN US BILLS**

**“THE FEDERAL RESERVE IS INSOLVENT”
WITH SINGLE DIGIT TRILLIONS BUT SPECULATORS WITH
TENS OF TRILLIONS ON THEIR BALANCE SHEETS ?**

“EXTRAORDINARY POPULAR DELUSIONS c. 2014”

**2000/2008 LOGIC = “THEY” EITHER ARE NOT IN CONTROL;
OR IF INDEED IN “CONTROL”, “THEY” CAUSED IT = CUI BONO =**

**EITHER WAY THE PRESUMPTIVE BELIEF “THEY”
WON’T “ALLOW” IT IS UTTERLY DELUSIONAL**

**A MASTERFULLY IMPLIED PROMISE NEVER ACTUALLY MADE,
NEITHER INTENDED NOR ABLE TO BE FUFILLED =**

CREDO QUIA ABSURDUM

**THE “BARON” HAD IT WRONG, IT IS NOT ENOUGH:
.....“GIVE ME CONTROL OF HUMAN NATURE...”**

**ARE THERE PEOPLE WITH POWER AND ELEMENTS OF CONTROL
WHO MANIPULATE INDIVIDUALLY OR COLLECTIVELY ?**

YES, ALWAYS HAVE BEEN AND ALWAYS WILL BE =

WHY MACHIAVELLI IS TIMELESS THROUGH THE AGES

**IGNORANCE IS A CONDITION/CHOICE CURABLE BY
APPLICATION AND DISCIPLINE**

VON MISES SEMINAL POINT:

THE INDIVIDUAL DOES CHOOSE

**JUST AS INDIVIDUALS CHOOSE TO BE EITHER A
“PRESIDENT” OR “ADMINISTRATOR”**

**IT IS A DISTINCTION WITH THE GREATEST DIFFERENCE:
THE CHOICE DEFINES NATIONS AND THEIR HISTORY**

“EXTRAORDINARY POPULAR DELUSIONS c. 2014”

THE “INTERNET” = MOST IMPORTANT ADVENT SINCE “PRINTING PRESS”
IT PERMITS INDIVIDUALS/HUMANITY AS A WHOLE TO GROW KNOWLEDGE
EXPONENTIALLY, WHEREAS PROPAGANDA AND MANIPULATION
ARE AND ALWAYS WILL BE LIMITED BY HUMAN NATURE

MARKETS ARE NOT MANIPULATED, PARTICIPANTS ARE:

HUMAN NATURE CANNOT BE CONTROLLED,
ONLY DIRECTED/MANIPULATED

NOBODY IS FORCED TO TAKE ANY POSITION IN MARKETS

=

THERE IS NO “THEY”

ONLY “YOU” THE PARTICIPANT

“THEY” IS A PSYCHOLOGICAL CONSTRUCT USED FOR PROJECTION,
BOTH POSITIVE AND NEGATIVE

THIS CAN BE AND IS MANIPULATED

“THEY” ARE US:

ALL PARTICIPANTS, AT ALL LEVELS = “MARKETS”

MOST WITH NO POWER AND A FEW WITH TREMENDOUS POWER

ALL SUBJECT EQUALLY TO THE PRIMARY FORCES:

MATHEMATICS AND HUMAN NATURE

“EXTRAORDINARY POPULAR DELUSIONS c. 2014”

**SELF-INTEREST IS THE
STRONGEST DRIVING FORCE IN HUMAN NATURE**

REAL GAIN REQUIRES TRUE RISK

MANIFESTED THROUGH MATHEMATICS AND HUMAN NATURE

NO POWER CAN ALTER THAT:

**FROM 2012 2014 APPLE FELL SOME 45 %
THEN RALLIED SOME 70 % =**

**WELL OVER 100 % YIELD IN 2 YEARS
AT EVEN $\frac{1}{2}$ = 25 ANNUALIZED YIELD**

**BOTH INFLECTION POINTS, ON THE DOWNSIDE AND UPSIDE
WERE ANNUNCIATED CONTEMPORANEOUSLY BY**

“THE TAPE”

**THE “ART OF TAPE READING” IS ALIVE, WELL AND HIGHLY REFINED
WHEN THE ELEMENT OF TIME IS PROPERLY APPLIED**

**THIS PROVES THAT THE FEDERAL RESERVE AND VOLATILITY
ARE TOTALLY IRRELEVANT AND MEANINGLESS TO
THE ONLY FACTOR THAT MATTERS IN MARKETS:**

YIELD

“EXTRAORDINARY POPULAR DELUSIONS c. 2014”

THIS RENDERS DISINGENUOUS ALL CLAIMS THAT THERE IS NOT SUFFICIENT “PRICE MOVEMENT” TO EXTRACT YIELD

THERE IS PLENTY OF YIELD, UP AND DOWN IN MARKETS

THE “FED” HASN’T CHANGED THAT, NOR EVER COULD

THE DEFICIENCIES ARE IN SKILL, NOT PRICE MOVEMENT OR ANY ACT AND/OR NON-ACTION BY THE FEDERAL RESERVE

THE ‘MEME’ “DON’T FIGHT THE FED”
SPRINGS FROM IGNORANCE, ARROGANCE AND INCOMPTENCE:

“BOOM” AND “BUST” PREDATE AND WILL OUTDATE

ANYONE TRADING BASED ON THE FEDERAL RESERVE
WILL “OWN” THE LOSSES THAT ARE SURE TO COME, NOT THE “FED”

ONCE AGAIN: “SMITH” HAS NO FIDUCIARY DUTIES

BELIEF IN THE ABILITY TO “CONTROL” MARKETS AS A WHOLE IS
IGNORANCE BY THOSE WHO BELIEVE IT;
ARROGANCE BY THOSE WHO THINK IT

SELF-INTEREST CANNOT BE COLLECTIVIZED

NOR CAN LIQUIDITY CURE INSOLVENCY

TO BELIEVE THIS IS TO BELIEVE THAT
MAN CONTROLS MATHEMATICS

ARROGANCE OR IGNORANCE ?
OR EXTRAORDINARY POPULAR DELUSION_S?

“EXTRAORDINARY POPULAR DELUSIONS c. 2014”

THE REAL BOTTOM

**MAJOR LOSERS AND LIQUIDATIONS + RUINED LIVES AND REPUTATIONS
GIANTS WILL FALL; MANY LESSER CRUSHED UNDER THEIR WEIGHT**

DEFLATED IN CAPITAL AND REPUTATION

**ALL APPROACHES HAVE FAILED:
BEARS DISCREDITED ON THE INCESSANT RISE
BULLS ON THE DEVASTATING DECLINE**

=

CONFIDENCE IS THE CASUALTY

**MOST UNABLE TO BUY
WHEN IT TRULY IS A “GENERATIONAL LOW”**

=

BELOW “BOOK VALUE”, MARKED TO MARKET

“CONFIDENCE” DEAD AND HUBRIS LONG GONE

=

BOTTOM HAS ARRIVED

**HISTORY AND MATHEMATICS HAVE NO MASTER
AT THE REAL BOTTOM THIS WILL BE CRYSTAL CLEAR**

AS JESSE SAYS,

“NOWHERE DOES HISTORY REPEAT MORE THAN ON WALL STREET”

“EXTRAORDINARY POPULAR DELUSIONS c. 2014”

DEFINING GENIUS

WHAT IS “GENIUS” ?

**EINSTEIN AND NEWTON, ET AL., ONLY OBSERVED
“WHAT” WAS HAPPENING AND/OR “WHY”
(NEWTON = “WHAT” EINSTEIN = “WHY”)**

**THE REAL GENIUS IS THUS THE ABILITY TO SEE, UNDERSTAND AND
EXPLAIN THE FORCES AT WORK**

**OR WHEN ONE TAKES THE
ACCUMULATED KNOWLEDGE AND REFINES IT IN A MATERIAL WAY**

**THE GRAVITY OF CAPITAL IS THE FORCES AT
WORK RELATIVE TO CAPITAL**

TIME, PRICE, CAPITAL, POSITION AND JUDGMENT:

THE PRIME ELEMENTS

**EINSTEIN’S “RELATIVITY” AND EUCLID’S “ELEMENTS”
APPLIED TO CAPITAL**

THAT IS THE “WHAT”

**JESSE LIVERMORE EXPLAINS THE “WHY”
APPLYING “WHAT” REQUIRES UNDERSTANDING “WHY”**

“EXTRAORDINARY POPULAR DELUSIONS c. 2014”

**JESSE LIVERMORE, KNOWN AS THE “GREAT BEAR OF WALL STREET”
WAS THE MASTER SHORT SELLER**

CT IS THE STUDENT WHO EXCEEDED THE MASTER

THE BEST “CREDENTIALLED BEAR” OF ALL

**ALL DOCTRINE WHICH WOULD HOLD THAT 2 OR MORE GIVEN POSITIONS
ARE TOTALLY DIFFERENT, ZERO CORRELATION, ETC.,
I CAN PROVE THAT THEY ARE REALLY ONLY 1 POSITION**

**I CAN REDUCE THE LARGEST 13-F TO A HANDFUL OF POSITIONS
AND OUT YIELD ANY OTHER APPROACH OVER 4 YEARS,
HANDS DOWN**

WITH NO LEVERAGE WHATSOEVER

**I CAN ALSO TAKE 4 COMPLETELY DIFFERENT POSITIONS IN DIFFERENT
INSTRUMENTS AND EXTRACT APPROXIMATE YIELD IN EACH,
SIMULTANEOUSLY OVER A GIVEN PERIOD OF TIME =**

PROVING THAT POSITION IS RELATIVE TO TIME, NOT INSTRUMENT

=

PROVING THAT

“FUNDAMENTALISM” AND “DIVERSIFICATION” ARE FALSE

TIME IS THE SOLE PAYOR OF YIELD

“EXTRAORDINARY POPULAR DELUSIONS c. 2014”

LEADERSHIP & OPPORTUNITY

WHAT I OFFER:

I CAN GET ALL OF THE UPSIDE YIELD LEFT FROM THIS POINT FORWARD AND MOST OF THE YIELD TO THE BOTTOM,
51 % SHORT AND 49 % IN US BILLS

I HAVE THE INTELLIGENT PATIENCE TO SIT TIGHT

ON ANY AMOUNT OF CAPITAL

PARTIES CONTROL THEIR OWN CAPITAL

PERFORMANCE IS THE FOUNDATION
AMBITION THE GUARANTEE



TO THE MASTER’S ADMONISHMENT:

“BUT CAN YOU SHOOT THE CORK OFF WHEN IT IS SHOOTING BACK”

THE ANSWER IS, YES I CAN

THAT IS THE COURAGE OF MY CONVICTIONS, NOT ARROGANCE

“EXTRAORDINARY POPULAR DELUSIONS c. 2014”

The 1/10 Principle:

To Many \$ 1 Dollar is the Same as \$ 10.
But to Some, \$ 10 Million is the Same as \$ 100 Million.

In an Average Day in APPLE 100 Million Changes Hands 50-100 Times.

**There are Trillions in The Financial World, Not “Chasing Yield” as the ‘meme’ goes,
but Rather Leadership –
For it is only through *The Right Leadership* that Yield Which Can Be Kept Will Follow.**



**“Extraordinary Popular Delusions c. 2014” is a Work in Progress,
Not For Sale, but Rather Illumination and Advancement.**

It represents a *Contemporaneous Commentary, A Treatise on Markets*, and the follow-on to the
Greatest Book on Markets ever written: *“Reminiscences of a Stock Operator”*:
The “Why” – This is the “What”

Reminiscences like *Machiavelli* and *Sun Tzu* will Rightfully Live on through The Ages.



Mark Twain is Rumored to Have Said:

**“The Two Most Important Days in Your Life, are
The Day you are Born, and The Day You Find Out Why”:**

Good Will Hunting Met The Legendary Jesse Livermore.....

This Work is to Demonstrate That to
Those Who Recognize and Embrace This Opportunity.

www.talentseekscapital.com

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References of Note:

Reminiscences of a Stock Operator

How to Trade in Stocks

Speculation as a Fine Art

Extraordinary Popular Delusions and the Madness of Crowds

The Devil Take the Hindmost

45 Years in Wall Street

Wyckoff Method of Trading and Investing in Stocks

Trading for a Living

The Theories of Special and General Relativity

Euclid’s “Elements”

Liber Abaci

De Divina Proportione

The Intelligent Investor

Security Analysis

Dow Theory

Technical Analysis of Stock Trends

Market Wizards

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The Harvard Classics aka “The Five Foot Shelf”

A Dynamic Theory of the Electromagnetic Field

On The Relative Motion of the Earth and Luminiferous Ether

Ether and The Theory of Relativity

The Ether and The Universe

Allais Paradox

The Pareto Principle

The Fables of Æsop

The Meditations of Marcus Aurelius Antoninus

The Lives of the Twelve Caesars

Thinking as a Science

The Wisdom of the Stoics

The Way to Will Power

Human Action

The Road to Serfdom

The Fatal Conceit

A Tiger By The Tail

Man, Economy and State

America’s Great Depression

The Case Against the Fed

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The Theory of the Leisure Class

Philosophiæ Naturalis Principia Mathematica

Arithmetic, Population and Energy

The Limits to Growth

Atlas Shrugged

Wealth of Nations

Economics in One Lesson

Principles of Political Economy & Taxation

A Treatise on Political Economy

A Monetary History of the United States 1867 1960

A History of Money and Banking in the United States

Hume Essays

Money, Bank Credit and Economic Cycles

A Theory of Debt Deflation

When Money Dies

Lessons of History

The Story of Civilization

Essays on the Principles of Population

Collapse of Complex Societies

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The Breakdown of Nations

The Prince

Art of War

On War

War is a Racket

Propaganda

Public Opinion

Republic

The Law

Democracy in America

Constitution of the United States of America

Constitution of the United Mexican States

The Extraordinary Writs

The Federalist Papers

Supreme Court Reports

Blackstone Commentaries

Letters of Marque and Reprisal

Federal Rules of Civil Procedure

Federal Rules of Criminal Procedure

Title 26 United States Code

And Countless Works Flowing Therefrom = Inclusive, Not Exclusive

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“Psychological Gravity”

*“The more a Man is imbued with the
Ordered Regularity of all Events the
Firmer becomes his Conviction
That there is No Room left by the
Side of this Ordered Regularity for
Causes of a Different Nature.”*

ALBERT EINSTEIN