<u>ADVENTURES IN STOCK LAND: THE S+P 500 AND OTHER DOMAINS</u>

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"For, you see, so many out-of-the way things had happened lately, that Alice had begun to think that very few things indeed were really impossible." Lewis Carroll, "Alice's Adventures in Wonderland" (Chapter I)

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<u>CONCLUSION</u>

The S+P 500 probably started a bear trend following its summer 2019 highs at 3028 (7/26/19)/3022 (9/19/19). A survey of the S+P 500 over the past several years alongside trends for other key advanced nation stocks, travels of emerging marketplace equities, and patterns in several other financial marketplaces underscores this.

This United States equity benchmark thus finally links more closely with the extensive bear trend in emerging marketplace stocks "in general" which embarked after first quarter 2018. The essay "Running for Cover: Marketplace Exits" (8/9/19) stated: "The S+P 500's decline since its late July 2019 high probably is the start of price convergence between it and emerging marketplace stocks." And: "the S+P 500 probably is in, or soon will begin, a bear trend."

The S+P 500's price divergence relative to leading equity signposts in other developed nations over roughly the past year and a half was significantly less than that relative to emerging marketplaces. However, nowadays it appears likely that prices for notable American, European, Japanese, and Canadian stock playgrounds will continue to retreat together.

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An ardent hunt for "yield" ("return") in various financial marketplaces (not just stocks) began around end-year 2018. Recall the S+P 500's 12/26/18 valley at 2347 and the Federal Reserve promulgation of its monetary policy principles of "patience". In addition to buying the S+P 500, yield pilgrims searched for reasonable (sufficient) return in domains such as other advanced nation stocks, emerging marketplace stocks, lower-grade United States corporate debt, emerging marketplace sovereign debt securities denominated in US dollars, and the commodities sector (witness the petroleum complex).

That frantic quest for adequate yield (return) likewise probably is finished, even though yield-seeking (especially in a low or even negative interest rate environment) of course has not disappeared entirely. As "Running for Cover" (8/9/19) stated, players who raced to identify and achieve "good" returns (by purchasing asset classes such as stocks and commodities) at the end of calendar 2018 and for several months thereafter in these sectors probably have started running for cover (begun to liquidate their long positions). Many other investors/owners in these marketplaces probably are running for the exits too.

The US Treasury 10 year note's yield decline began in autumn 2018 at around 3.25 percent. Marketplace coaches may attribute interest rate drops in early 2019 to factors such as central bank easy money wordplay and schemes. However, the UST's yield fall from 5/28/19's height near 2.30pc also represents a "flight to quality" stage for UST yields. That yield withering, especially its dive beneath two percent, is a bearish signal for American and other stocks.

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Other bearish signs for the S+P 500 and related stock marketplaces include recent mediocre United States corporate earnings, the inversion of the US Treasury yield curve, ongoing international trade wars, substantial global indebtedness, the waning power of the Federal Reserve and its central banking friends to maneuver stock prices higher, and populist pressures in America and abroad.

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For further economic and political analysis, see “Running for Cover: Marketplace Exits” (8/9/19); “US Dollar Travels: Crosstown Traffic” (7/2/19); “Petroleum: Rolling and Tumbling” (6/10/19); “Wall Street Talking, Yield Hunting, and Running for Cover” (5/14/19); “Economic Growth Fears: Stock and Interest Rate Adventures” (4/2/19); “American Economic Growth: Cycles, Yield Spreads, and Stocks” (3/4/19); “Facing a Wall: Emerging US Dollar Weakness” (1/15/19); “American Housing: a Marketplace Weathervane” (12/4/18); “Twists, Turns, and Turmoil: US and Other Government Note Trends” (11/12/18), and other essays.

TABLE TALK: THE S+P 500 AND OTHER GLOBAL STOCK ARENAS

American and other important stock indices inspire an assortment of competing stories regarding them, including reasons for their past, present, and future levels and trends. Narratives and explanations regarding a broad “national” stock marketplace indicator such as the S+P 500 often involve those of equity weathervanes elsewhere. Discussions of interest rates, currencies, commodities, and other financial variables may intertwine with stock marketplace analysis. These tales frequently express opinions regarding the extent to which and reasons why given marketplace domains converge and diverge (lead or lag) with each other.

The following three tables for the S+P 500 and other stock marketplaces display several important price bottoms and pinnacles in their enthralling journeys over the past few years. The statistics reveal that even if at times noteworthy price divergence between important stock indices for America, other advanced nations, and emerging marketplaces emerged or persisted, significant shifts in price (in the same direction) frequently occurred around the same time.

In the current context, underscore the similar timing in various stock marketplace tops “around” mid-September for the S+P 500 (summit was 7/26/19; subsequent neighboring highs 9/12 and 9/19/19), advanced nation stocks, and emerging marketplace equities.

Bold print indicates several of the critical highs for the assorted stock marketplaces.

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US STOCKS: A WOUNDED BULL

The movie “They Shoot Horses, Don’t They?” (Sydney Pollack, director) depicts a Depression Era dance contest marathon with a noteworthy monetary prize for the winning couple left standing. The master of ceremonies declares: “And believe me, these wonderful kids [the “kids” are all adults] deserve your cheers, because each one of them is fighting down pain, exhaustion, weariness, struggling to keep going, battling to win. And isn’t that the American Way?”

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URTH is an iShares (BlackRock) MSCI World ETF covering “a broad range of developed market companies around the world”. As of 6/30/19 (iShares website), the US comprised 62.4 percent of the index, with Japan holding 8.0pc and the United Kingdom 5.6pc.

	S+P 500	**URTH**
1Q16 Bottom	1812 (1/20/16) 1810 (2/11/16)	60.81 (1/20/16) 60.52 (2/11/16)
Mid-Year 2016 Low	1992 (6/27/16) [S+P 500 high 8/25/16 at 2194]	65.57 (6/27/16)
2016 Election Period Low	2084 (11/4/16)	69.67 (11/4/16)
High During 1Q18	2873 (1/26/18)	**94.23** (1/26/18)

[Marvel at not only the massive bull rally in the S+P 500 since first quarter 2016, but also the magnificent march upward following Trump's 11/8/16 election victory up to 1Q18's top. Despite the 11.8 percent "correction" to February 2018's interim low, the S+P 500 kept on ascending up until July 2019!

However, the URTH's 1Q18 peak has not been broken, a bearish sign. Look at European and other stock benchmarks in the next table in this regard.]

Next Low After 1Q18 High	2533 (2/9/18)	83.58 (2/9/18)

[The S+P 500 rapidly plummeted 11.8pc to its February 2018 trough.]

Autumn 2018 High	2941 (9/21/18); 2940 (10/3/18)	92.84 (9/26/18)

[On the timing front, note the high yield in the United States Treasury 10 year note on 10/9/18 at 3.26 percent. Underline the major high in ICE Brent/North Sea crude oil (nearest futures continuation) on 10/3/18 at $86.74.]

End 2018 Low	2347 (12/26/18)	74.72 (12/26/18)

[The S+P 500 cratered 20.2 percent from its autumn 2018 peak and pierced its February 2018 trough. For stocks, a conventional definition of a bear trend is a tumble of twenty percent or more from the prior peak. Note the Federal Reserve's "patience" rhetoric as the drop accelerated; the Fed thus abandoned plans for further policy normalization/tightening.]

	S+P 500	**URTH**
Spring 2019 High	2954 (5/1/19)	92.25 (5/1/19)

[Brent/North Sea crude oil, after establishing its 12/26/18 trough (alongside the S+P 500) at $49.93, tumbled from 4/25/19's $75.60.]

Next Low	2729 (6/3/19)	86.31 (6/3/19)

[A 7.6 percent fall in the S+P 500.]

High Since Spring 2019	**3028** (7/26/19) 3021 (9/12/19); 3022 (9/19/19)	93.15 (on both 7/26/19 and 9/19/19)

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[The S+P 500 slipped to 2822 on 8/5/19, and the URTH fell to 86.99 on 8/15/19. The S+P 500's 3028 floated over its autumn 2018 highs around 2940 by merely three percent, and beyond May 2019's 2954 elevation by only 2.5pc. Therefore the S+P 500's rally to its July 2019/September 2019 peak did not represent a significant breakout above those prior highs. Even the summer 2019 tops exceeded 1Q18's interim summit by a modest 5.4pc.

Brent/North Sea crude oil's spike high was 9/16/19's $71.95.

Ominous signs on the timing front indicate the probability that the S+P 500 has established a very important top. The September 2019 highs in the S+P 500 are about a one year anniversary from the 9/21/18 (2941)10/3/18 (2940) top. The major high in the S+P 500 as the Goldilocks Era faded was 10/11/07's 1576, close in calendar month timing to September 2019's tops. Also, the record high to date in the S+P 500, 7/26/19's 3028, occurred in the same calendar month (7/16/07 at 1556) as the interim high preceding the October 2007 pinnacle. On the mid-summer/September timing topic, also that the S+P 500 collapsed after 8/11/08 (at 1313) and 9/19/08 (1265).

The S+P 500 obviously has skyrocketed relative to the ancient major low at 667 on 3/6/09. Moreover, 7/26/19's 3028 nearly doubles October 2017's top (and 3/24/00's S+P 500 high at 1553 as well). Such exploits are substantial enough from the distance parameter to warn of a top in the context of other financial marketplace and political considerations.

A five percent slip from 3028 equals 2877 (1/26/18 high 2873), a 10pc tumble is 2725 (see 6/3/19's 2729 low), a 20pc retreat 2422. A 25 percent erosion from July 2019's high gives 2271, a 33pc crash 2017.

Significant (even if gradual) volatility shifts for a given marketplace, particularly from historically "low" or "high" levels, sometimes can warn of or roughly coincide with important trend changes in that marketplace. The CBOE's VIX volatility index for the S+P 500 stock index is an example of this. Timing linkages between the S+P 500 and VIX volatility levels are not always precise, so scorekeepers must be cautious in evaluating the relationship and its implications. And marketplace history is not marketplace destiny.

The VIX volatility index bottomed with 11/24/17's 8.56. On 1/26/18, at the time of the S+P 500's important interim peak (and at the time of notable highs in other international stock benchmarks), it was only modestly higher, at 11.08. However, as the S+P 500 and other stock indices crashed and the hearts of many stock investment cheerleaders froze, the VIX viciously spiked to 50.30 on 2/6/18 (2/9/18 was 41.06). The explosion in VIX volatility connected to (confirmed) the S+P 500's important top on 1/26/18. The VIX valley since 2/6/18 is 8/9/18's rather low 10.17.

The subsequent maximum since then is 12/26/18's 36.20 (recall the timing of bottoms in the S+P 500 and other equity domains). The VIX dipped to 4/17/19's 11.03 (interim S+P 500 high 5/1/19 at 2954). Its 7/25/19 low at 11.69 was only one day before the 7/26/19's 3028 high in the S+P 500). Although it advanced to 24.81 on (8/5/19; S+P 500 minor low that day at 2822), it dropped to 13.31 on 9/19/19. Note this mid-September 2019 VIX low relative to the S+P 500's mid-September highs around 3020. A sustained and substantial climb from 9/19/19's level probably will indicate (confirm) that a noteworthy S+P 500 top has occurred. The VIX closed at 20.56 on 10/2/19.]

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OTHER ADVANCED NATION STOCKS: THE BEAR EMERGES

In recent years, European and Japanese equity benchmarks often have made important price turns around the same time as those in the S+P 500. The same often has been true for Canadian ones. Note the mid-September 2019 (or 10/1/19) highs in these foreign jurisdictions.

The failure of the European and Japanese stock realms to achieve new highs during calendar 2019 above their 2018 pinnacles, when interpreted alongside the ongoing meltdown in emerging marketplace stocks, warns that American stock benchmarks probably established price peaks in July/September 2019. Canada's SPTSX top crawls only 3.2pc beyond its January 2018 top, so it does not represent an exception, particularly given its coincidence with the S+P 500's high at 3022 on 9/19/19.

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The STOXX Europe 600 European Stocks Index ("SXXP"), German DAX, UK FTSE, Canada's SPTSX (S+P/Toronto Stock Exchange Composite Index), and Japan's Nikkei are eminent members in the temple of advanced nation stock marketplaces.

Despite their diverse geographic locations, survey the maneuvers and the timing of noteworthy turning points of these stock yardsticks over the past few years in the context of America's stock marketplace voyages.

	Europe 600 SXXP	**German DAX**	**UK FTSE**	**Canada SPTSX**	**Japan Nikkei**
2015 High	**415.2** (4/15/15)	12391 (4/10/15)	7123 (4/27/15)	15685 (9/3/14)	20953 (6/24/15)

[Recall the S+P 500's important interim peak on 5/20/15 at 2135.]

	Europe 600 SXXP	**German DAX**	**UK FTSE**	**Canada SPTSX**	**Japan Nikkei**
1Q16 Bottom	302.6 (2/11/16)	8699 (2/11/16)	5500 (2/11/16)	11531 (1/20/16)	14866 (2/12/16)

	Europe 600 **SXXP**	**German** **DAX**	**UK** **FTSE**	**Canada** **SPTSX**	**Japan** **Nikkei**
Mid-Year 2016 Low	307.8 (6/27/16)	9214 (6/27/16)	5789 (6/24/16)	13536 (5/9/16)	14864 (6/24/16)
2016 Election Period Low	327.0 (11/9/16)	10175 (11/9/16)	6677 (11/4/16)	14498 (11/4/16)	16112 (11/9/16)
High During 1Q18	**403.7** (1/23/18)	**13597** (1/23/18)	7793 (1/12/18)	16421 (1/4/18)	24129 (1/23/18)

[Not only does the SXXP's 1Q18's peak remain unpierced, but also that summit did not attain 4/15/15's lofty pinnacle.]

Next Low After 1Q18 High	366.2 (3/5/18)	11831 (3/5/18)	7063 (3/2/18)	14786 (2/9/18)	
	362.0 (3/26/18)	11727 (3/26/18)	6867 (3/26/18)	14991 (4/4/18)	20347 (3/26/18)

[The late March 2018 lows in the European and Japanese stock marketplaces occurred fairly near in time to the S+P 500's February 2019 elevation. The S+P 500 established an early April 2018 low slightly above its 1Q18 trough, 4/2/18's 2554. The SXXP's on 2/9/18 low at 367.5 bordered its March 2018 ones.]

Mid-Year 2018 High	397.9 (5/22/18)	13204 (5/22/18)	**7904** (5/22/18)	16586 (7/13/18)	23050 (5/21/18)

[The FTSE's May 2018 ceiling remains unbroken. That level inches only 1.4 percent above its 1Q18 top.]

Next Low	371.9 (9/7/18)	11865 (9/11/18)	7221 (9/11/18)	15976 (9/11/18)	21463 (7/5/18)
Autumn 2018 High	386.6 (9/27/18)	12458 (9/21/18)	7552 (9/27/18)	16301 (9/25/18)	**24448** (10/2/18)

[Japan's stock measure edged merely 1.3 percent over its January 2018 high.]

End 2018 Low	327.3 (12/27/18)	10279 (12/27/18)	6537 (12/27/18)	13777 (12/24/18)	18949 (12/26/18)
Mid-2019 High	395.1 (7/25/19)	12656 (7/4/19)	7727 (7/30/19)	16672 (4/23/19)	22363 (4/24/19)

[Compare the timing of July 2019's interim highs in the SXXP, DAX, and FTSE with 7/26/19's record high at 3028 in the S+P 500. Although the Canadian and Japanese late April 2019 interim highs preceded European tops, they occurred close in time to the S+P 500's 5/1/19 high.]

Next Low	361.1 (8/15/19)	11266 (8/15/19)	7020 (8/15/19)	15961 (6/3/19)	20111 (8/6/19)

				15964 (8/15/19)	
	Europe 600 **<u>SXXP</u>**	**German** **<u>DAX</u>**	**UK** **<u>FTSE</u>**	**Canada** **<u>SPTSX</u>**	**Japan** **<u>Nikkei</u>**
Next **High** **(to Date)**	393.7 (9/20/19) 394.7 (10/1/19)	12494 (9/13/19) 12497 (10/1/19)	7441 (9/27/19)	**16947** (9/20/19)	22256 (9/19/19)

[Thus European and Japanese marketplaces began their bear campaigns at various points during calendar 2018 (arguably the SXXP takes European feebleness back to spring 2015). Canada's September 2019 summit climbs only 3.2pc beyond its January 2018 top, so it does not represent a breakout. Note the SPTSX's timing coincidence with the S+P 500's high at 3022.]

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EMERGING STOCK MARKETPLACES: BEARS ON THE PROWL

As a guide to emerging marketplace stocks "in general", enlist the MSCI Emerging Stock Markets Index (from Morgan Stanley; "MXEF"). MXEF price trends in recent years often have tended to move similarly to those of the United States and other key developed countries.

However, this has not always been the case. Divergence has emerged at times. For example, even though the S+P 500 kept making higher highs after its spring 2011 summit (5/2/11 at 1371) up until spring 2015 (5/20/15 at 2135), the MXEF did not. The MXEF's 4/27/11 high at 1212 was not exceeded for several more years, until 1/29/18's 1279 pinnacle (which did not surpass 11/1/07's 1345 peak; compare the S+P 500 peak on 10/11/07 at 1576).

Nevertheless, many changes in price direction in the MXEF and S+P 500 benchmarks have happened around the same time, including during times of notable price divergence. For example, although the MXEF's 4/27/15 top at 1069 rested underneath its September 2014 plateau, it occurred rather close in time to the S+P 500's important interim peak on 5/20/15 at 2135.

In any case, after mid-year 2015, price trends for the S+P 500 and the MXEF converged, culminating in the similar first quarter 2016 major bottoms. And after first quarter 2016's dismal depths, and especially after around America's November 2016 Presidential election, emerging stock marketplaces generally rallied majestically alongside the S+P 500 and its domestic comrades such as the Dow Jones Industrial Average. The close relationship between the S+P 500 and MXEF continued up until their 1Q18 pinnacles (note the highs in other advanced/developed nation stock marketplaces during 1Q18) and for a few weeks thereafter.

Various advanced nation and emerging marketplace stock indices achieved very important highs "together" early in first quarter 2018. However, probably beginning around the end of first quarter 2018, the generally bullish trend of the S+P 500 diverged substantially from the bearish trend of emerging marketplace stocks. Whereas the S+P 500 generally remained robust, the MXEF (and China's Shanghai Composite Index) retreated dramatically.

This divergence since late 1Q18 between the S+P 500 and emerging stock marketplaces was much greater than any divergence between the S+P 500 and other advanced nation stock dominions over that time span.

The bottom line is that since 1Q18, bears in emerging marketplace stock landscapes have not been hibernating. Note also the timing alignment of the MXEF and Shanghai Composite highs in mid-September 2019 with the tops in the S+P 500 and other advanced country stocks.

	Emerging Market Stocks (MXEF)	**China Shanghai Composite Index**
2015 High	1069 (4/27/15)	**5178** (6/12/15)

[MXEF's April 2015 top was preceded by 9/4/14's 1104. The Shanghai Composite's June 2015 major high materialized close in time to key peaks in other international stock benchmarks. It stands beneath 10/16/07's awe-inspiring Goldilocks Era high at 6124.]

1Q16 Bottom	687 (1/21/16) 708 (2/12/16)	2638 (1/27/16) 2639 (2/29/16)
Mid-Year 2016 Low	788 (5/20/16)	2781 (5/26/16) 2808 (6/24/16)
2016 Election Period Low	837 (11/14/16) 840 (12/23/16)	[NA; no notable interim lows around the time of US 11/8/16 election; 11/8/16 close 3148]
High to Date Since 1Q16	**1279** (1/29/18)	**3587** (1/29/18)

[Significantly, and despite its gigantic leap from its major bottom in 1Q16, the MXEF's 1Q18 summit did not surpass the 11/1/07 Goldilocks Era peak at 1345. The URTH also has not broken over its January 2018 barrier.]

Initial Low After 1Q18 High	1136 (2/9/18)	3063 (2/9/18)

[On the timing front, compare the S+P 500's 2/9/18 low at 2533. The MXEF's high after 2/9/18 was 1229 (2/27/18)/1228 (3/13/18); recall the S+P 500's minor top on 3/13/18 at 2802.]

Notable High After 1Q18: Autumn 2018	Within its bear drop, the MXEF had a minor rally from 9/12/18's 999 to 9/28/18's 1053. Compare timing that Sept high with those in S+P 500/URTH	Minor rally within prior large decline: 9/18/18 at 2644 9/26/18 at 2827

[The MXEF and Shanghai Composite had a series of minor rallies during their crash from first quarter 2018 peaks. The table includes the ones coinciding with the September/October 2018 peaks in the S+P 500.]

	Emerging Market Stocks (MXEF)	**China Shanghai Composite Index**
End 2018 Low	930 (10/30/18) 945 (12/26/18) 946 (1/4/19)	2449 (10/19/18) 2441 (1/4/19)
Spring 2019 High	1099 (4/17/19) 1085 (5/3/19)	3288 (4/8/19)
Next Low	957 (8/26/19)	2734 (8/6/19)
Next High (to Date)	1029 (9/13/19)	3043 (9/16/19)

[The ongoing price descent in emerging stock marketplaces represent a bearish warning sign to bulls ("investors") within the S+P 500 and other advanced nation stock playgrounds.

The FTSE All-World Stock Index contains both advanced (developed) and emerging marketplace nations. Its first quarter 2018 summit remains intact, 364.04 on 1/29/18. The low thereafter was 12/26/18's 287.64. The index rallied to 351.15 (7/25/19)/348.93 (9/13/19).]

BEARISH THREATS TO AMERICAN (AND OTHER) STOCKS

Alice asked the Cheshire-Cat: "'Would you tell me, please, which way I ought to go from here?'" The Cat responded: "'That depends a good deal on where you want to get to'". "Alice's Adventures in Wonderland" (Chapter VI)

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America's tax "reform" legislation enacted in December 2017 was a critical factor in creating the price divergence beginning around late first quarter 2018 between American stock price benchmarks and those elsewhere. The US corporate tax cut translated into higher reported earnings for American companies and thereby encouraged the bull trend in US stocks. Other leading countries around the globe did not enact a similar generous gift for their corporations. Moreover, America's tax reform further inspired share buybacks by US corporations.

However, from the standpoint of its enhancement to US real GDP and related boosts to corporate earnings, that tax reform probably has done much of its work ("is old news"; "is built into the market"). The dramatic year-on-year earnings increases during calendar 2018 for S+P 500 have disappeared. According to FactSet ("Earnings Insight"; 9/27/19), the forecast earnings decline for 3Q19 is 3.7 percent year-on-year. If that occurs, it will represent the first time since 4Q15 through 2Q16 that the index has reported three consecutive quarters of year-on-year earnings declines. Although Refinitiv ("S&P 500 Earnings Scorecard"; 10/2/19) shows slight year-on year growth for 1Q19 (1.6pc; compare 26.6pc year-on-year in 1Q18) and 2Q19 (3.2pc; compare 24.9pc in 2Q18), the 3Q19 estimate is a 2.3pc year-on-year decline (recall 3Q18's soared 28.4pc). As for 4Q19, both FactSet (up 2.9pc) and Refinitiv (up 4.0pc) show mediocre growth.

Yet for calendar 2020, both FactSet and Refinitiv predict fairly strong earnings climbs (FactSet's estimate for the calendar 2020 rise is 10.6percent). Given the corporate earnings levels for the first three quarters of 2019, as well as hints of a slowing global economy, their estimates for calendar 2020 (and perhaps even 4Q19) arguably are overly optimistic.

The Financial Times (website, 8/23/19; citing S&P Global) American (S+P 500) companies spent less on their own shares in 2Q19, marking declines for two consecutive declines. The Federal Reserve Board's "Flow of Funds" statistics (Z.1, Table F.223; 9/20/19), which is a broader measure of share buyback (net issue) trends, shows an even more dramatic fall in net issues from 1Q19 to 2Q19. The nonfinancial corporate business sector had net buybacks of about $744 billion in 4Q18. The net buybacks fell to $695bb in 1Q19 and descended to $170bb in 2Q19.

What if the US 2020 election returns the Democrats to power in the Presidency (and perhaps the Senate as well)? The tax reform cuts which benefited corporations and the wealthy probably will not stay in place.

The Financial Times headlined "Collapse of high-profile listings casts harsh light on tech unicorns' hopes", and pointed to "fears of a broader reset in valuations after the long tech sector boom" (9/28-29/19, p1).

Today's epoch of a dreamy financial (stock marketplace) world of unicorns evokes the fantasy of the preceding beloved Goldilocks Era (yet the bears finally came home), as well as the heavenly dot-com period (that "bubble" burst around first quarter 2000).

There are signs of notable insider selling of stocks {"at the fastest pace in two decades') by top managers in US companies (Financial Times, 9/25/19, p21; citing Smart Insider)

According to the National Bureau of Economic Research, America current business cycle expansion has achieved a new record. But have US recessions been abolished?

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The US Treasury yield curve has become inverted. This probably heralds a recession and thus lower S+P 500 prices. See the Federal Reserve Bank of New York website.

Recent yield trends in the UST 10 year note also indicate that the S+P 500 probably established a noteworthy top on 7/26/19 (at 3028)/9/19/09 (at 3022), and that a bear move in American stocks has commenced. The yield fall from 5/28/19's 2.32 percent height and 6/11/19's 2.18pc level displayed a "flight to quality" stage for the UST yield trend. That "search for a safe haven" accelerated with the plunge under two percent (9/3/19's 1.43pc is the subsequent low to date, not far from 7/6/16's 1.32pc and 7/25/12's 1.38pc).

Recall that the UST 10 year note's major bottom in yield during the global economic disaster of 2007-09 was 12/18/08's 2.04pc.The recent yield decline also fell under 9/8/17's important interim low at 2.01pc.

The UST 10 year bounced up to 1.91 percent on 9/13/19. However, that date is almost the same as the S+P 500's highs on 9/12/19 (3021) and 9/19/19 (3022). The UST yields subsequent renewed slump (and thus sustaining its fall under the two percent threshold) probably signals lower S+P 500 prices (not merely hopes of another Federal Reserve rate cut).

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On the timing horizon, let's review two other marketplace signs in addition to the UST 10 year note yields and petroleum prices which warn of lower prices ahead for the S+P 500.

Bull marketplace trends in base metals tend to reflect (anticipate) global economic growth and have been an important reference in relation to the "China story". The London Metal Exchange's base metal index ("LMEX") made a major bottom on 1/12/16 at 2049. It peaked on 6/7/18 at 3500. In its subsequent decline, it made interim highs on 10/3/18 (compare Brent/North Sea crude oil's 10/3/18 top) at 3052 and 2/28/19 at 3058. The LMEX thereafter made lower minor highs on both 7/13/19 and 9/13/19 at 2874, close in time to the highs in the S+P 500.

Recall the vigorous hunt for yield (return) which began around end calendar 2018/early 2019 (S+P 500 low 2347 on 12/26/18). In that context, focus on the travels of the iShares (BlackRock) J.P. Morgan USD Emerging Markets Bond ETF, "EMB", an index composed of US dollar-denominated emerging market bonds issued by sovereigns. It covers over thirty countries. About 81.1 percent of the index debt belongs in the BBB/BB/B (S&P rating scale) category, with the weighted average maturity about 12.4 years (6/30/19; website). The EMB is quoted in price terms. Thus the higher the EMB's price, the lower the implicit overall yield of the instruments in the portfolio; the lower the EMB's price, the more elevated the yield.

The EMB established lows at 102.15 on 11/27/18 and 102.62 on 12/26/18. It thereafter ascended dramatically, reaching 114.50 on 7/25/19 (114.53 on 8/8/19) and 115.60 on 9/4/19. Compare the timing of these EMB highs with those in the S+P 500.

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The S+P 500 thus far has been unable to sustain its bull move despite the Federal Reserve's two 25 basis point rate cuts in the Federal Funds rate. Note the timing of those rate cuts, 7/31/19 and 9/18/19, alongside the S+P 500's recent highs. In that regard, see also the European Central Bank's generous announcement on 9/12/19 of another rate cut and the restart of its asset purchase program (renewed QE). Note the September 2019 (or 10/1/19) timing for the highs in various European stock signposts (and the September 2019 tops in Canadian, Japanese, and emerging marketplace/MXEF ones).

Nowadays, the Federal Reserve and its central banking allies therefore probably are less able than in the past to manipulate US (and "related') stock marketplace prices upward (or maintain the S+P 500 at the July/September 2019 highs) on a sustained basis. An inability of American stocks to extend their rally (especially given the long economic expansion) warns of a notable downtrend in them (and declines in other international stock benchmarks).

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The global trade war (tariff fights) continues, which is bearish for the global economy and stocks in general. The positions of key combatants such as the United States and China apparently remain entrenched. President Trump wants to appear tough with the 2020 election approaching. China's leadership does not want to display weakness, particularly given the recent disorder in Hong Kong (and it has responded with renminbi devaluation versus the US dollar).

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Another bearish factor for stocks is the massive global debt situation. The large and expanding American federal government debt total as a percentage of GDP (aided by tax "reform") is troubling. Corporate debt in various countries (China, for example) worries many observers. And China's economy appears to be slowing down. Is the still-strong broad real trade-weighted US dollar straining some overseas firms (and nations) with substantial dollar debt obligations?

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Populist pressures have not disappeared in America or elsewhere. Economic, political, and other cultural divisions in America are significant. Concerns about the quality of President Trump's leadership remain widespread, with impeachment rhetoric an additional factor undermining public confidence. In conjunction with other fundamental economic phenomena, this political situation probably helps to undermine American (and other) stock prices.

A no-deal Brexit event (end October 2019 is the current deadline for a deal) probably would help to push many stock marketplaces downhill.

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