FINANCIAL PLAYGROUNDS: THE MONEY GAMES
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"The Great Game: The Story of Wall Street…An original two-hour documentary event that spans the 200-year history of American capitalism." (New York Times; 5/28/00, p13; regarding a CNBC television program)

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PLAYING FIELDS: THE US DOLLAR, ECONOMICS, AND POLITICS

"US Dollar and Other Marketplace Adventures" (2/5/23) stated: "Based upon the Federal Reserve Board's real and nominal Broad Dollar Indices, the United States dollar probably established a major top in autumn 2022." "US Dollar Voyages: Adventures in Wonderland" (12/3/23) concluded "This remains the case", adding that "The US dollar also probably made an important interim top during October 2023."

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What factors indicate the likelihood of United States dollar weakness over the misty "long run"? America's share of global GDP probably will continue to decline. Moreover, as the world has become increasingly multipolar, economic and political interests competitive with American ones no longer as easily (or at least as extensively) accept or require American leadership (hegemony) in the economic (including the dollar) and political spheres. It is a good ("reasonable") bet that the United States dollar probably will remain for a long time the most significant international reserve asset and the critical benchmark for conducting world trade, but on the margin (gradually) the dollar probably will become less important.

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The long run United States national fiscal situation is dangerous. In addition, arguably many political and marketplace players still underestimate and are relatively complacent regarding both near term and long run problems in the US budget and fiscal situation and process. But won't things work themselves out, as eventually has happened in the past? Perhaps not easily.

Of course the US federal government does not constitute the entire American economy. And currently people inside and outside America see the country and its assets such as US Treasury and many other interest rate instruments, stocks, and real estate (and thus the US dollar) as a worthy location to place money. Yet ongoing imprudent federal fiscal management tends to undermine confidence in the nation's ability to run itself well and thus makes its currency (all else equal) and its assets relatively (marginally) less attractive. This situation also, all else equal, tends to push US interest rate yields higher over the long run.

According to the Congressional Budget Office, the fiscal year 2023 budget deficit totaled a massive amount, about $1.7 trillion, equaling 6.3 percent of Gross Domestic Product ("Monthly Budget Review"; 11/8/23). The average deficit from 1974 through 2023 was 3.7pc of GDP. Federal debt rose to 97.3 percent of GDP. According to the CBO, when debt held by the public as a percentage of GDP reaches 107 percent in 2029 , it will exceed its prior historical high (106pc in 1946, right after World War Two). It ascends to a colossal 181 percent of GDP by 2053 ("The 2023 Long-Term Budget Outlook; 6/28/23).

The bipartisan budget deal reached several months ago accomplished little of substance. Moreover, despite the November 2023 Congressional agreement stitched together to avoid a government shutdown, this theatrical performance merely postponed the 2024 fiscal appropriations process until first quarter 2024. The Congressional turmoil and government shutdown risk probably places downward pressure not only on the US dollar, but also on the S+P 500 and other stock marketplaces. An actual fairly lengthy shutdown probably will exacerbate equity weakness.

Noteworthy, heated quarrels exist within Republican ranks in the narrowly Republican-controlled House of Representatives despite the selection of a new Speaker. Sharp disagreements on spending and taxation exist between Republicans and Democrats, and the Democrats hold the Senate majority and the Presidency. The threat of an American government shutdown remains. The failure to pass appropriation bills persists. Will credit agencies lower the US government's credit rating in 2024?

In America, enthusiastic partisans and factions trumpet the wisdom of contending viewpoints. Wide-ranging, deep-seated, and intense culture wars exist across (and often between) various economic, political, and social dimensions. They likely will remain so for quite some time.

To what extent are Americans playing on the same team? How strong is the spirit of compromise?

America's culture wars arguably make the nation less able to solve its significant problems (not only the sizeable and growing federal debt one). Given the nation's election year 2024 politics, these cultural battles probably will persist for quite some time. Thus the nation and its assets (including the dollar) have become marginally less appealing to some investors.

Ideological splits and battles of course do not confine themselves to the United States. However, the severity of those in America, as well as substantially diminished faith in many American institutions, help to encourage dollar weakness.

Is politics a game? Are business, finance, investment, speculation, or trading games? Some guides say that "love is a game." What about war? Experts on war speak of "war games".

In any case, economics (finance, commerce, business), politics, and the social field are not separate domains. For example, uncertainty and agitation in the political arena interrelates with and flows into the economic ballpark, and vice versa. This situation strongly suggests that American politicians (and citizens in general) will find it extremely challenging to adequately resolve their differences and solve important problems (including, but not limited to, issues relating to government debt and spending). This is particularly true as the nation's 2024 election approaches. Although America will remain an enormous economic force and marketplace, its widespread and persistent civil divisions tend to diminish its relative appeal (and thus of its currency). These violent cultural conflicts thereby significantly influence foreign exchange, interest rate, stock, and other financial marketplaces.

And unease (dismay; anger) in the United States is widespread. To what extent do Americans trust and have confidence in their political leaders and institutions (and in their ability to ensure satisfactory economic outcomes for the majority of people)? A substantial majority of the nation is displeased with the direction of the country. According to polling summarized in RealClearPolitics, only 24.4 percent believe America is moving in the right direction, with 66.7pc

claiming the nation is moving on the wrong track (net wrong track 42.3pc; date range for polls 11/26-12/29/23).

If substantial percentages of Americans believe the country is heading the wrong way, why should foreigners feel differently from them about the US? Major foreign holdings of US Treasury securities have grown little over the past several months, despite the very large supply of securities available via the US budget deficit. In October 2023, foreigners possessed about $7.6 trillion, about unchanged from March 2023's total.

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"In the day we sweat it out in the streets of a runaway American dream", sings Bruce Springsteen in "Born to Run"

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All else equal, the highly uncertain overall outcome in America's upcoming 11/5/24 national election (especially in regard to the Presidency, but also for control of the Senate and House of Representatives) probably makes ownership of the dollar and (dollar-denominated assets) appear particularly and increasingly risky. Keep in mind that the nation's fierce culture wars and its near term and long run federal fiscal irresponsibility intertwine with this political uncertainty, and probably will continue to do for a long time. Is owning long term US Treasury notes and bonds around their late December 2023 yield levels (UST 10 year note yield low 3.78 percent on 12/27/23) a reasonable ("good") wager for the long run?

Since November 2024's national election is about a year away, it is a truism that much can and will happen between now and then. Political roads will have numerous twists and turns. Which party, Republican or Democrat, will win the Presidency? Polls involving Trump and Biden suggest a close race. A great percentage of voters wish there were competent electable alternatives to these two leaders. There remains an outside chance that their given party may fail to nominate Trump or Biden to lead the respective tickets. Political pros currently predict a close electoral vote count, with victory depending on the outcomes in a handful of swing states. Also, the existence of declared or potential third party Presidential candidates makes the 2024 electoral vote outcome even more unclear.

Will Trump and a large section of his cheerleaders admit defeat if he loses the Electoral College vote, or will they claim the game was rigged and the election stolen?

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In "Street Fighting Man", the Rolling Stones sing:
"Everywhere I hear the sound of marching, charging feet, boy
'Cause summer's here and the time is right for fighting in the street, boy".

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Legal (even Constitutional) fights also might generate turmoil in interest rate, stock, foreign exchange, and commodities fields (particularly if this warfare also involves notable civil unrest). Might Trump be kept off the ballot in certain states based on an interpretation of the Constitution's 14th Amendment? Courts in Colorado and Maine decided to bar him from their ballots. What will the US Supreme Court decide? Or suppose Trump captures the Republican Presidential nomination and is victorious in the overall Electoral College vote, but also that a court convicts him of one or more of the crimes for which he has been indicted. Will US laws block him from taking office, whether directly, or in some roundabout fashion involving his quest to be pardoned? Yet federal pardons issued by the President apply only to federal offenses, not to

state crimes; Trump confronts state criminal penalties (in Georgia), not just federal ones. If Trump receives a federal or state criminal conviction (which obviously might involve a jail sentence) prior to the election, will he be able to serve as President while his appeal is pending? Will the US Supreme Court hear appeals on an expedited basis, and how will it rule?

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Since existing public debt as a percentage of GDP is very substantial, and as clairvoyants expect this probably will rise over time under current policies, United States interest rates consequently over the murky long run may need to increase quite a bit (even if US Treasury yields happen to dip in the short term) to attract investment buying. In that case, unless Treasury yields offer a decent real return relative to inflation, the dollar (and many dollar-denominated assets) may become less desirable.

Sometimes America's national leaders and other global politicians have enlisted monumental deficit spending schemes to bolster the economy as well as stock and housing prices. However, at present, given the substantial federal national debt, US managers probably have relatively little room to maneuver. To some extent, if the country's real GDP grows less than that of its competition, the dollar will tend to be less desirable than many other currencies.

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Competitive depreciation (currency wars) tends to limit currency depreciation and appreciation to some extent. In any case, Americans are not fans of a "too weak" dollar. Not only does a "too weak" dollar suggest pitiful economic and political feebleness (reduced power), but also (all else equal) a depreciating dollar can have inflationary consequences. However, the real Broad Dollar Index currently is far from feeble from the long run historical perspective. Besides, perhaps a somewhat weaker dollar will assist American economic growth for a while. With the 2024 election campaign season underway, the current US Administration probably does not want the dollar to be "too high".

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The International Monetary Fund's "World Economic Outlook" asserts that the US current account deficit will fall to -3.0 percent in 2023 from 2022's 3.8pc (Table A.10; 10/10/23). It forecasts the current account deficit will slide slightly further, reaching -2.8 percent in 2024, with 2028's at -2.4pc. Though numerous variables influence current account levels, this outlook is consistent with some dollar weakness.

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After US and international consumer price inflation leaped in 2022, the Federal Reserve has been a leader in the quest to reduce that excessive inflation to tolerable levels. Its monetary policy tightening strategy (including rapid boosts to the Federal Funds rate, cutting the size of its enormous balance sheet, and hawkish rhetoric) played a key role in creating dollar appreciation and maintaining a very strong dollar. To the extent the Fed changes its program to a less restrictive stance (or hints that it probably will do so in the relatively near future), its leadership role probably will tend to depreciate the dollar. Thus if US increasing interest rates helped the US dollar to rally (and remain strong), yield declines probably will weaken the dollar.

The US consumer price index (CPI-U; all items) ascended only 3.1 percent year-on-year in November 2023. Compare June 2022's towering year-on-year peak of 9.1 percent. Declines in the inflation rate for guideposts such as the US consumer price index have generated marketplace optimism that inflation probably will attain the Fed's two percent inflation target relatively soon.

In addition, in recent weeks, talk from the Federal Reserve coach has hinted that factors such as progress in slowing inflation may enable the Fed to announce an end to its Federal Funds rate rising program in the near future. Many marketplace participants have interpreted such easing wordplay as a signal that a policy rate reduction (assuming further inflation progress) is on the horizon for first half calendar 2024.

As part of its oratory relating to its goal of stable prices, the Fed wants inflation to be well-anchored. The St. Louis Fed publishes a daily "5-year, 5-year forward inflation expectation rate". Its website states: "This series is a measure of expected inflation (on average) over the five year period that begins five years from today." Long run history back to 2004 shows that around three percent is high for this measure.

The St. Louis Fed's forward inflation expectation rate bottomed during the early stage of the coronavirus at .86 percent on 3/19/20 (alongside the major low in the S+P 500 at 2192 on 3/23/20). However, its high remains 4/21/22's 2.67pc. The inflation expectation rate tumbled to 2.08pc (6/30 and 7/11/22). Though the high attained thereafter is 2.53 percent, reached on 8/7/23 and 10/18/23, it slid to 2.18pc on 12/27/23. Since this yardstick has remained fairly close to two percent since spring 2022, optimism that the Fed will quit raising the Fed Funds rate and ease policy sometime in the next few months has grown.

The Fed meets 1/30-31/24 and 3/19-20/24.

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The formidable Fed probably will tolerate a brief recession to defeat inflation, but it (and of course Wall Street and Main Street and politicians) likely would hate a severe one. In today's international and intertwined economy, renewed substantial price falls (near to or under October 2022 lows) in the stock and corporate debt arenas (and other search for yield interest rate territories), and greater weakness than has thus far appeared in home prices, plus a "too strong" US dollar, are a recipe for a fairly severe recession.

The real Broad Dollar Index (Federal Reserve, H.10; monthly average) peaked in October 2022 at 121.1. Although it endured a moderate decline from that "too strong" elevation, the dollar generally remained strong. October 2023's 117.4 level (the recent high) stands only about 3.1 percent from October 2022's resistance. Since nowadays the Fed probably does not want a too-robust US dollar, not raising the Federal Funds rate from current levels (and of course lowering it) probably will tend to stop a notable further dollar rally.

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A major appreciation over a very long time span for a given currency of course does not preclude further climbs. The same is true of depreciation and potential retreats.

However, such a major bull move for the US dollar is worth spotlighting. In conjunction with other variables, it should alert investors, speculators, and other players and observers of a potential trend change in the dollar. The Federal Reserve's real Broad Dollar Index had a titanic ascent from the price and time perspective from its major bottom at 83.9 in July 2011. Over the next 11 years, the Broad Dollar Index traveled a long distance, 44.3 percent, to reach October 2022's 121.1 crest. In its critical last stage of 21 months from January 2021's 103.3 interim low, the real BDI jumped a substantial 17.2 percent to its peak. October 2023's 117.4 height is rather close to October 2022's elevation.

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“Each big leaguer is a study in human nature under high pressure” said Ty Cobb, a Hall of Fame baseball player.

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However, for the near term, the Broad Dollar Indices (“BDI”) probably will remain fairly strong. Why?

First, although in its 12/13/23 meeting the Federal Reserve hinted that the rate-raising process probably is at or near an end (“we believe that our policy rate is likely at or near its peak for this tightening cycle”), it has not explicitly ruled out rate increases or clearly indicated when it probably will reduce rates. The Fed kept the Federal Funds rate range at 5.25 to 5.50 percent. In its Press Release and Press Conference, this referee spoke of “determining the extent of any additional policy firming that may be appropriate to return inflation to 2 percent over time”, and it left the issue of “how long policy will remain restrictive” undecided. “Inflation has eased over the past year but remains elevated.” The Chairman added: “But inflation is still too high, ongoing progress in bringing it down is not assured, and the path forward is uncertain.” The Fed sheriff continues to emphasize its devotion to its monetary tightening agenda in its noble quest to return inflation to its two percent objective. This guardian continues to reduce the size of its bloated balance sheet.

As the scoreboard underlines, inflation has declined substantially, but it nevertheless still surpasses the Fed’s two percent target. The US consumer price index (CPI-U; all items) climbed only 3.1 percent year-on-year in November 2023. Compare June 2022’s year-on-year peak at 9.1 percent. However, the core CPI-U (less food and energy) advanced 4.0 percent year-on-year in November 2023 (Bureau of Labor Statistics; 12/12/23, next release 1/11/24). The personal consumption expenditures price index has neared the Fed’s two percent objective. In 3Q23, it grew at an annual rate of 2.6 percent (compare 1Q22’s 7.7pc annual rate), and the core PCE (less food and energy) increased at an annual rate of only two percent (Bureau of Economic Analysis; 12/22/23, next release 1/26/24).

Unemployment figures remain very low, further suggesting the likelihood that the Fed’s game plan will remain moderately restrictive for a while longer. Unemployment stood at 3.7 percent in November 2023 (Bureau of Labor Statistics; 12/8/23, next release 1/5/24).

The American economy has not weakened substantially. Real GDP actually increased at an annual rate of 4.9 percent in 3Q23 (Bureau of Economic Analysis; 12/21/23).

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In addition, as of December 2023, the real Broad Dollar Index at 114.0 borders the important support of April 2020’s 113.4 summit. In November 2023, the real Broad Dollar Index averaged 115.4.

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In general, a powerful nation probably requires a strong (or at least fairly/sufficiently powerful) currency, including from the rhetorical vantage point. Consider United States language about the merit of democracy relative to autocracy (authoritarianism; fascism; socialism; communism) and other undesirable alternatives. This is consistent with America’s historic vision (held by the majority of Americans) that the country should be a guiding (and leading) light and active advocate for “good” principles such as democracy (freedom, liberty; individualism; and appropriate versions of capitalism and free markets). In regard to this American exceptionalism ideology, also see the White House’s “National Security Strategy” (10/12/22). Is all such

wordplay and related American global policy actions on topics such as the Ukraine/Russia conflict and the Taiwan/China relationship a valiant effort to keep the dollar fairly strong? Related to this, American political and economic leaders want the dollar to retain its special role as the key global reserve currency. A feeble dollar diminishes its attractiveness in this regard.

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In the world's globalized economy (and the related interconnected political scene), competitive depreciation, perhaps linked to trade conflicts, can mitigate US dollar depreciation.

Also, suppose consumer price inflation in many leading advanced nations falls alongside and to a similar extent the current American trend. Central banks in those advanced countries generally have raised their policy rates roughly alongside the Fed's hikes. They probably will tend to reduce those rates at around the same time as the Fed, which will tend to keep the dollar relatively firm.

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America is not the only playground with substantial and growing indebtedness. For example, the International Monetary Fund's broad coverage viewpoint indicates that China's overall nonfinancial sector debt is massive, reaching 291 percent of GDP in 2022 (248pc of GDP in 2018). This includes not only the official version of general government debt, but also the IMF's estimate of other types of local government borrowing ("augmented" debt). See the People's Republic of China "2022 Article IV Consultation" (February 2023; Table 5: "Nonfinancial Sector Debt" and Appendix III).

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Cultural divisions and conflicts of course span the globe. Substantial culture wars exist in other leading nations, not just in America.

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Suppose the S+P 500 and other key international equity playgrounds sink very substantially (picture a devastating bear move of at least 20 percent) and raise (reflect) widespread recessionary fears. Related significant "flight to quality" purchasing of US Treasury and other "safe haven" debt securities may occur, thereby reducing UST yields and perhaps thereby rallying the dollar.

THE US DOLLAR BOX SCORE: A NUMBERS GAME

"Money is the key to end all your woes
Your ups, your downs, your highs and your lows". "It's Like That", from the rap group Run-DMC

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The Federal Reserve releases a real Broad Dollar Index (H.10; January 2006=100; monthly average; 1/2/24 is the latest) as well as a nominal Broad Dollar Index (daily data; 1/2/24 release; 12/29/23 most recent datapoint) covering both goods and services.

The real Broad Dollar Index peaked in October 2022 at 121.1. From its major bottom over 11 years before in July 2011 at 83.9, the BDI skyrocketed 44.3 percent. The real BDI jumped very signficantly, 17.2 percent, from January 2021's 103.3 low to October 2022's peak about 21

months later. Based upon the Federal Reserve Board's real and nominal Broad Dollar Indices, the United States dollar probably established a major top in autumn 2022.

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The nominal BDI (daily data) retreated almost eight percent from its autumn 2022 pinnacle, fairly close to the important ten percent "correction" distance. Although the real Broad Dollar declined since October 2022, it did not decisively break beneath critical support, April 2020's 113.4 summit.

.	**1Q20 High (date)**	**Key Low Level (date)**	**Percent Decline from 1Q20 High**	**Next Highs (date)**	**PC Rally from 2021 Low to Fall 2022 High**
Nominal Broad Dollar Index	126.1 (3/23/20)	110.9 (1/6/21)	12.4pc	124.1 (7/14/22)	16.2pc
		110.5 (6/1/21)		123.6 (8/22/22)	**Recent Nominal BDI Highs**
				128.4 (9/27/22)	124.2 (10/5/23)
				128.4 (10/19/22)	124.3 (10/26/23)

The real Broad Dollar Index established a crucial initial top in April 2020 at 113.4. It dropped 8.9 percent to 103.3 in January 2021. With May 2022's 114.2, it surpassed April 2020's key resistance barrier. The real Broad Dollar Index ("BDI") was triumphantly strong (arguably "too strong") in the several months running up to and including its October 20222 pinnacle. From August 2022's lofty 116.6, it appreciated to 119.5 in September 2022 and 121.1 in October 2022, smashing 6.8 percent over April 2020's 113.4 summit. The nominal BDI in mid-July and late August 2022 approached its late March 2020 high, eventually accelerating above it to reach 9/27/22's and 10/19/22's 128.4 zenith.

Following late September/October 2022's highs, the US dollar in general depreciated moderately. The real Broad Dollar Index staggered downhill to 114.1 in January 2023. However, the real BDI has held around April 2020's 113.4 top. It increased slightly to 114.9 in March 2023. Though the real BDI slipped to 112.3 in July 2023 (a 7.3 percent decline from autumn 2022's high), it steadied at 114.0 in August 2023.

"Marketplace Crossroads" (9/4/23) concluded: "Suppose the real BDI stays beneath October 2022's 121.2 high. If it nevertheless continues to rest above or even 'around' April 2020's 113.4 prior top, it still will be quite powerful from the long run historic perspective." The real BDI rallied to 115.8 in September 2023 and 117.4 in October 2023. The US dollar therefore remained powerful. Though the US dollar in October 2023 was modestly beneath its autumn 2022 pinnacle, its rally from July 2023's low arguably had made it "too strong" from the long run historical perspective. The real BDI slipped to 115.4 in November 2023, but that height still manifested a "strong" dollar, as does December 2023's 114.0 average.

The nominal BDI likewise declined from its October 2023 summit; it closed at 118.8 on 12/28/23. The fall from 10/26/23's 124.3 to 118.8 is 4.4 percent.

In addition, highlight the timing of the nominal BDI's low following its September/October 2022 highs around 128.4, 7/14/23's 117.4, an 8.6 percent slide. Compare the timing of July 2023's high in the S+P 500 (7/27/23 at 4607) with the 7/14/23 low in the nominal BDI. Note the nominal BDI's subsequent rally and the S+P 500's fall. The high in the nominal BDI since then is

10/26/23’s 124.3; the S+P 500’s low since its July 2023 peak is 10/27/23’s 4104. The nominal BDI was 124.2 on 10/5/23, the eve of Hamas’ attack on Israel.

Recall that the nominal BDI appreciated 3.2 percent from a previous interim trough on 2/2/23 at 118.3 to 122.1 on 3/15/23. The ascent from 7/14/23’s 117.4 trough to 9/7/23’s 122.3 height tested 3/15/23’s interim high, and 9/27/23’s 123.3 broke above it. The rally from 7/14/23’s low to 9/27/23 was 5.0 percent, a significant distance. In this context, note the UST 10 year note’s increasing yield following 9/1/23’s 4.05 percent low. Its yield closed at 4.41 percent on 9/20/23, above 8/22/23’s minor top at 4.37pc (recall 8/22/23’s key interim high at 4.34pc), flying upward thereafter.

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For the short term, based on recent history, continuing dollar weakness for the real and nominal Broad Dollar Indices probably will link to falling UST 10 year note yields and upward moves in the S+P 500 and emerging marketplace stocks. And that recent chronicle indicates that for the near term, renewed US dollar appreciation manifested via the Broad Dollar Indices probably will connect with rising UST 10 year yields and falls in the S+P 500 and emerging marketplace equities.

However, investors and other traders know that marketplace history does not necessarily repeat itself, either entirely or even partly. Trends and relationships can change, sometimes dramatically. For example, the worsening of currently severe US fiscal (debt) problems, perhaps associated with (assisted by) increasing American political (and other cultural) divisions and conflict, might link to a jump in UST yields, a weaker dollar, and a decline in the S+P 500.

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To some extent, the dollar is a safe haven in troubled global economic (and political) epochs. Watch the currency trends of emerging marketplaces for signs of crisis.

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The Gold and Bitcoin Rollercoasters

In relation to the US dollar’s autumn 2022 high, compare the timing of gold’s 11/3/22 bottom at 1615 (nearest futures continuation; 9/28/22 low at 1620). Gold thereafter rallied up to 2/2/23’s 1959. After falling to 1808 on 2/28/23, it advanced, but ran into crucial resistance around 2070 with 5/4/23’s 2072 summit. Players should remember prior exuberant highs at 2072 on 3/8/22 and 8/6/20 at 2063. Following May 2023’s pinnacle, gold made a second and lower top with 7/18/23’s 1978. This top was close in time to 7/14/23’s interim low in the nominal Broad Dollar Index (July 2023 trough in the real BDI); compare as well the late July 2023 highs in the S+P 500 and emerging marketplace securities.

Gold’s recent trough is 10/6/23’s 1809, right near 2/28/23’s low. On the timing pattern front, compare the 10/6/23 gold low with the nominal Broad Dollar Inde high on 10/5/23 at 124.2 (just prior to the 10/7/23 attack by Hamas on Israel) and 10/26/23’s 124.3. Gold’s high to date is 12/4/23’s 2130, about 2.8 percent above the prior high at 2072. A sustained move in gold above that previous resistance around 2072 probably will intertwine with (confirm) dollar depreciation.

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Although Bitcoin and other cryptocurrencies absorb the label “currency”, many marketplace gamblers also assert that cryptocurrencies also belong to the alluring “search for yield” (“financial asset”) category. Since first quarter 2020, Bitcoin and the S+P 500 sometimes have

displayed roughly similar price and time shifts (trend changes). For example, as the coronavirus pandemic emerged, the S+P 500 made a major high on 2/19/20 at 3394; Bitcoin attained an important interim top shortly before then, on 2/13/20 at 10769. Bitcoin's major bottom on 3/13/20 at 3926 slightly preceded the S+P 500's major low on 3/23/20 at 2192. Bitcoin's record peak occurred on 11/10/21 at 69000, a few weeks before the S+P 500's major high at 4819 on 1/4/22. Bitcoin attained an important second top on 12/27/21 at 52100, very close in time to the S+P 500's January 2022 summit.

Although Bitcoin and other cryptocurrencies can be priced (quoted) in dollars (and other currencies), some view it as a worthy alternative to the dollar. In recent years, cryptocurrency marketplaces have become an exciting venue for some search for yield players (especially Main Street fortune-hunters, but also numerous institutions).

Bitcoin's 11/10/22's bottom at 15518 occurred not long after the peak in the nominal BDI (128.4 on 9/27/22 and 10/19/22).

Bitcoin achieved an interim high at 31791 on 7/13/23 (see the various cross rate highs against the dollar in mid-July 2023). It dropped to 24925 on 9/11/23. However, it thereafter raced up from the lows on 10/16/23 at 26781 and 10/24/23 at 31642 to 1/2/24's 45913. Will a decline in Bitcoin lead to (confirm) a fall in the S+P 500?

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To what extent do the recent rallies in gold and Bitcoin reflect not only US dollar depreciation and safe haven/political unrest (war; violence), and search for yield considerations, but also reduced faith in many quarters that important countries and global institutions can manage economic and political outcomes satisfactorily?

OTHER MARKETPLACE MONEY GAMES

"'At this level [in high-stakes poker], gambling is a business,' Jack Binion told me one day. 'These guys are trying to beat each other in the subtlest possible ways, but if they wanted to rationalize it they could say it is a high-risk, high-return investment that is also fun to do.'" "The Biggest Game in Town" (chapter 3), by A. Alvarez

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United States dollar levels and trends of course will continue to intertwine in complex and sometimes changing fashions with interest rate, stock, and commodities marketplaces.

All else equal, a weaker US dollar tends to boost the nominal prices of dollar-denominated financial instruments such as commodities and the S+P 500. However, marketplace history is not marketplace destiny. A depreciating or feeble dollar does not always in practice mandate (parallel; confirm) higher prices for dollar-denominated "assets". Neither does a stronger dollar necessarily coincide with or inevitably lead to a slump in the prices of commodities "in general" or US stocks.

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Commodities "in General" and the S+P 500: Convergence and Divergence

In the movie "Gentlemen Prefer Blondes" (Howard Hawks, director), Dorothy Shaw asks: "Honey, did it ever occur to you that some people just don't care about money?" Lorelei Lee replies: "Please, we're talking serious here."

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Enlist the broad S+P GSCI as a yardstick for the overall commodities domain. The thrilling petroleum complex constitutes the largest share weight of the broad S&P GSCI, roughly 55 percent for calendar 2024 (almost 57 percent in 2023).

Russia's invasion of Ukraine 2/24/22 ignited a massive bull move in commodities in general and the petroleum complex in particular. The broad GSCI peaked relatively shortly thereafter, on 3/8/22 at 853.3, making a significant further summit on 6/8/22 at 825.4. Commodities thereafter crashed, breaking down a bloody 38.9 percent from 3/8/22's 853.3 to 5/31/23's 521.6 (528.0 on 6/28/23). This late May 2023 GSCI interim trough level bordered important prior lows at 522.3 (12/20/21; pre-Ukraine invasion) and 509.2 (12/2/21). Brent/North Sea crude oil (nearest futures continuation), following 3/7/22's 13913 pinnacle, crashed to 7012 on 3/20/23, making another important low at 7157 on 6/28/23.

The GSCI domain advanced a noteworthy 19.6 percent from May 2023's trough to its following high at 623.6 (9/15/23; 623.4 on 9/28/23). Brent/North Sea crude oil soared 39.3 percent from its 3/20/23 low at 7012 to 9/28/23's 9769. However, The GSCI fell to 570.4 on 10/6/23, and Brent/North Sea crude oil plummeted to 8344 that day. Despite the start of the Israel versus Hamas war on 10/7/23 and the passage of almost three months, and despite the nominal and real Broad Dollar Indices having made highs in calendar October 2023, both the GSCI and Brent/North Sea crude oil remain well beneath their September 2023 highs. The GSCI high following 10/7/23 is 10/20/23's 607.7, but it fell to 516.4 on 12/13/23 (around prior troughs; a 39.5 percent dive from 3/8/22's summit). Although Brent/North Sea crude motored up to 10/20/23's 9379, it backed down to 12/13/23's 7229 (close to 3/20/23's and 6/28/23's depths). Despite OPEC+'s crude oil production cuts, beginning with its 10/5/22 production cut agreement and continuing with 11/30/23's OPEC+ program), Brent/North Sea crude oil currently floats under 8000.

The US dollar, as represented by the BDI, despite its having declined some since October 2023, was strong before then and still remains so. The real BDI in recent months has remained above April 2020's key low at 113.4. This currency consideration probably has played a key role in the GSCI and petroleum arena weakness since September 2023.

If the US dollar depreciates on a sustained basis beneath the real BDI's April 2020's important low, and if global economic growth prospects also look fairly satisfactory, that combination probably will help to push up commodities "in general", including the petroleum complex. A significant fall in US interest rates (widespread faith in Fed easing) in the absence of a recession probably would assist a commodities rally.

Will the Brent/North Sea crude oil price exceed $100 per barrel again? The Israel/Hamas war, which began 10/7/23, might help to accomplish this. Will that conflict spread around the Middle East, or even further? Will many petroleum producing nations impose an oil embargo to help reverse the humanitarian crisis in Gaza or for other policy reasons? The World Bank warned of a potential surge in crude oil prices over $100, or even to around $150/barrel ("Commodity Markets Outlook"; October 2023).

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American stocks and commodities in general (and individual commodities) obviously have different supply/demand situations. But history indicates that over the long run, the S+P 500 playground and commodities in general tend to travel together (in the same direction, around the

same time). Often major highs (major bottoms) for commodities in general and the S+P 500 occur around the same time. Over the long run, prices of commodities in general tend to converge with the S+P 500.

However, price and time trends for the overall commodities field sometimes have diverged from that of the S+P 500 (and other international equity realms) for extended periods. Revisit the ending of the Goldilocks Era, in which the S+P 500 peaked over nine months before commodities. The S+P 500 pinnacle occurred 10/11/07 at 1576, the GSCI summit on 7/3/08 at 894.

Divergence between the S+P 500 and the broad GSCI developed beginning around autumn 2022. The S+P 500 made a floor on 10/13/22 at 3492 and rallied up to 7/27/23's 4607. In contrast, the bear trend in the broad GSCI retained momentum after autumn 2022, making an interim low in end May 2023. Some convergence followed. The S+P 500, following its 7/27/23 high, began a collapse from 9/14/23's 4512. This mid-September 2023 collapse point occurred alongside the GSCI's 9/15/23 high and only two weeks prior to Brent/North Sea crude oil's 9/28/23 high.

However, divergence arguably has reappeared. Whereas the S+P 500 has rallied substantially since 10/27/23's 4104 depth (high thereafter is 12/1/23's 4599, bordering July 2023's high), the GSCI and petroleum have stayed well under their September 2023 (and late October 2023) highs.

Are petroleum and many other commodity marketplaces oversupplied? If so, is this a sign that global economic growth is slowing? Despite the S+P 500's recent strength, does this comparative weakness in the GSCI and petroleum (new GSCI low in its bear move on 12/13/23 at 516.4), if it persists, warn of recession and thus eventual falls in stock prices?

<u>The Emerging Marketplace Spectacle: Is That Entertainment?</u>

"Show me the money!" shout the lead characters in the film "Jerry McGuire" (Cameron Crowe, director).

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The United States dollar level and trends play an important role for the securities trends of emerging marketplaces. For example, all else equal, a stronger dollar (and especially a "too strong" dollar) alongside high and rising American US Treasury yields presses down on US dollar-denominated (and other) emerging marketplace debt prices (increases yields), and thereby tends to weaken emerging marketplace stocks.

Often commodities in general move in the same direction around the same time as prices for emerging marketplace securities (and other search for yield assets such as US corporate bonds).

A mighty dollar and price slumps in emerging marketplace securities helped to undermine the S+P 500 and create its 1/4/22 pinnacle at 4819. The too strong United States dollar intertwined with ongoing price declines in both emerging marketplace equities and US dollar-denominated sovereign debt securities (both emerging marketplace stock and debt prices peaked in first quarter 2021). A very strong US dollar encouraged the relationships of higher US Treasury yields, descending stock prices, and nosediving prices for commodities in general.

"EEM" is the iShares MSCI (BlackRock) emerging stock markets ETF. This weathervane covers over 800 large and mid-size companies. Despite Mainland China's global economic power, most analysts classify it as an emerging market nation from the economic perspective. It possesses a

30.0 percent portion of the EEM (BlackRock's iShares website, 9/30/23). China's Shanghai Composite Index's price and time picture generally resembles that of the EEM.

The "EMB" ETF, from iShares (BlackRock)/J.P. Morgan, gives investors and other enterprising gameplayers an opportunity to deal in United States dollar-denominated government bonds issued by emerging market countries. The EMB includes over 30 countries and has a weighted average maturity of about 11.8 years (9/30/23). The EMB is quoted in price terms, so falling prices reflect rising yields. Keep price trends for the S+P 500 and other stock marketplaces in view, as well as an eye on price trends for commodities in general.

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Let's survey recent price patterns of emerging marketplace securities. The EEM's 10/24/22 low at 33.49 (S+P 500 bottom 10/13/22 at 3492) was followed by a high on 1/26/23 at 42.53 and a second and lower top on 7/31/23 at 42.00. Compare the EMB's 76.35 trough on 10/21/22 and interim tops on 2/2/23 at 8997 and 7/31/23 at 87.79.

The EEM's recent low is 10/23/23's 36.38, The EMB rallied from its 10/19/23 trough at 79.70. Thus the EEM and EMB reached their troughs around the time of the highs in the US dollar (nominal BDI tops on 124.2 on 10/5/23 and 10/26/23 at 124.3; compare timing of US dollar's cross rate highs relative to key trading partners). These emerging marketplace securities lows thus tend to confirm the high in the US dollar. Note the similar timing of the US Treasury 10 year note's yield high to date, 10/23/23's 5.02 percent, as well as the S+P 500's 10/27/23 bottom at 4104.

The EEM's 12/28/23 high at 40.44 is still beneath 7/31/23's and 1/26/23's resistance level (42.00/42.53). The EMB rallied from 10/19/23 depth to 89.73 on 12/27/23, edging above its 7/31/23 elevation.

As the battle by the all-star Federal Reserve (and many of its central banking teammates) to defeat runaway inflation has involved a sharp boost in interest rates (and a reduction in the Fed's enormous balance sheet), it has risked recession (or very slow growth) in America and around the world. Looking forward, the recent fall in the UST 10 year yield, as it has been accompanied by the sharp rally in the S+P 500 and the modest prices gains of emerging marketplace stock and debt securities, indicates developing faith that the Fed and its comrades will achieve their inflation objectives and that GDP expansion will be adequate (recession/very sluggish growth avoided).

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China's Shanghai Composite Index's pinnacle during the coronavirus pandemic following its 3/19/20 low at 2647 occurred 2/18/21 at 3732 (note double top linked to 9/14/21's 3724 high). The Shanghai Composite attained a crucial trough on 10/31/22 at 2885 (near 4/27/22's 2864; creating a double bottom).

The Shanghai Composite Index's summit since its October 2022 valley occurred with 5/9/23's 3419. That May 2023 interim top did not break over 7/5/22's 3424 (a 19.6pc jump from 4/27/22's 2864). Note the Shanghai Composite's lower high at 3322 on 7/31/23, close in time to the S+P 500's top on 7/27/23 at 4607.

Many marketplace veterans associate a bullish copper marketplace with a strong (or recovering) Chinese economy, with sustained copper bearishness connected to (reflecting) Chinese economic weakness. The Shanghai Composite cut under 8/25/23's 3053 low, reaching 2924 on 10/23/23

(bordering from the time parameter the S+P 500’s key 10/27/23 low at 4104). Compare the timing of COMEX copper’s interim low (nearest futures continuation) on 10/23/23 at 3.530 (close to 5/24/23’s 3.540).

Attacks by the Shanghai Composite on 10/31/22’s 2885, and especially on 3/19/20’s coronavirus pandemic era bottom at 2647, probably will agitate global marketplaces. Although the Shanghai Composite rallied to 3090 on 11/21/23, it slumped to 2882 on 12/21/23. It bounced to 2975 on 12/29/23 (copper walked up to 3.949 on 12/28/23).

The US Treasury 10 Year Note and the S+P 500

“The best things in life are free
So give them to the birds and bees
I need money (that’s what I want)”. “Money (That’s What I Want)” (Gordy and Bradford, lyrics)

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Let’s focus on the history of and relationship between the US Treasury 10 year note and the S+P 500.

	1Q20 Yield Bottom	**1Q21 Yield High**	**Aug 2021 Yield Low**	**Following Yield Highs**	**Next Yield Lows**	**Recent Yield High**
UST 10	.31pc	1.77pc	1.13pc	3.50pc	3.32pc	5.02pc
Year	(3/9/20)	(3/30/21)	(8/4/21)	(6/14/22)	(1/19/23)	(10/23/23)
Note				4.01	3.33	
			Aug 2022	(9/28/22)	(2/2/23)	
	Mid-2020		**Yield Low**	4.34	3.28	
	Yield Lows		2.51	(10/21/22)	(3/24/23)	
	.54pc		(8/2/22)	4.09	3.25	
	(4/21/20)			(3/2/23)	(4/6/23)	
	.50				3.29	
	(8/6/20)				(5/4/23)	

Many times over the past century, significantly increasing United States interest rates have preceded a major peak, or at least a noteworthy top, in key stock marketplace benchmarks such as the Dow Jones Industrial Average and S+P 500. The yield climb sometimes has occurred over a rather extended time span. The arithmetical (basis point) change has not always been large. Sometimes the yield advance has extended past the time of the stock pinnacle. See “Long Run Historical Entanglement: US Interest Rate and Stock Trends” (7/6/23).

For example, the UST 10 year note yield increased since 3/9/20’s major bottom at .31 percent, accelerating upward from 8/4/21’s 1.13pc to 6/14/22’s 3.50 pc. The S+P 500 peaked during this climbing yield trend, on 1/4/22 at 4819. The pattern of rising UST yields leading to (encouraging) a fall in the S+P 500 continued. The UST 10 year note yield, after sliding down to 8/2/22’s 2.51 percent, resumed its yield ascent. Recall the UST 10 year note’s interim yield high at 4.01 percent (9/28/22) and the yield peak at 4.34pc on 10/21/22. Facing this rising yield period, the S+P 500 suffered a dreadful 27.5 percent decline from January 2022’s glorious summit, reaching its major bottom on 10/13/22 at 3492 (close in time to the UST’s 10/21/22 yield high).

The dollar’s modest depreciation following its autumn 2022 peak probably assisted the S+P 500’s rally from its dismal 10/13/22 bottom at 3492. What about emerging marketplace stock and debt battlefields? As for the EEM, the EMB’s price rally since autumn 2022 and subsequent sideways

move intertwined with an initial decline in and then sideways pattern in the real (and nominal) Broad Dollar Index.

Thereafter, the UST 10 year made another important interim yield low with 4/6/23's 3.25 percent. With 8/22/23's 4.37 percent, the UST 10 year pierced 10/21/22's 4.34 percent barrier. As the UST yield climbed, the S+P 500 established an important interim top on 7/27/23 at 4607 (a magnificent 31.9 percent rally from October 2022's 3492 valley). Remember the real Broad Dollar Index's interim low in July 2023 at 112.7 (just under April 2020's 113.4 top) around the time of the S+P 500's July 2023 high. The UST 10 year yield kept rising, reaching 5.02 percent on 10/23/23, one year from October 2022's interim high. Compare that interest rate level to 6/13/07's 5.32 percent Goldilocks Era summit. The S+P 500's 10/27/23 low at 4104 occurred only a few days after the UST 10 year's 10/23/23 high.

Moreover, in both calendar October 2022 and October 2023, the UST 10 year note yield attained an important top. Around the time of those peaks, the S+P 500 established an important low. In this context, underline the role of the very strong dollar and the timing of its summit. The real Broad Dollar Index peaked in October 2022 (nominal BDI pinnacle touched around then as well). The recent highs in the real and nominal Broad Dollar Indices occurred in calendar October 2023.

Many stock marketplace experts and their followers proclaim that a bear move in stocks equals a slump of twenty percent or more from a peak. They define a ten percent fall in a stock benchmark such as the S+P 500 from an important high as a "correction". Often, downhill price moves from an important top find support (even if that floor is temporary) after "around" a ten or twenty percent decline. A ten percent correction in the S+P 500 since July 2023's high equals 4146; the low since July 2023's pinnacle is 10/27/23's 4104, a vicious 10.9 percent slide in three months.

The S+P 500's high since 10/27/23's low is 12/28/23's 4793, a fast 16.8 percent upward march, exceeding its 7/27/23 top and bordering 1/4/22's major high at 4819. The impressive 37.3 percent S+P 500 rally from 10/13/22's 3492 to 12/28/23's elevation undoubtedly pleased the US stock investment (ownership) communities and their enthusiastic Wall Street and media allies. The UST 10 year's rapid yield drop from 10/23/23's 5.02 percent down to 12/27/23's 3.78pc carried beneath 10/21/22's important high of 4.34 percent. In conjunction with the falling yield in the UST 10 year and the rising price of the S+P 500, underscore that the US dollar's recent decline commenced during October 2023 (October 2023 real BDI 117.7, November 2023's 115.8).

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Suppose the Federal Funds rate over the next couple of years moves as the Fed's 12/13/23 "Economic Projections" indicate. For year-end 2024, the midpoint of the "central tendency" is 4.65 percent, with that for end 2025 3.50 percent. The cloudy "Longer run" midpoint for the Fed Funds rate is 2.75pc. Thus based on these estimates, the Fed Funds rate gradually will decline from current levels; therefore the yields of short term US Treasury securities likewise would fall.

However, if one assumes (wagers on) the Fed viewpoint regarding its policy rates (and all else equal), marketplace players should ask whether over the next few years the US Treasury 10 year note will slump much below 12/27/23's 3.78 depth for any very significant length of time. Suppose the Fed Funds rate equals the inflation rate (CPI-U, PCE, or however else defined) and that marketplace pilgrims generally can receive a real return of 50 basis points over the Fed Funds rate via the long term UST instruments they own. Thus, for the "Longer run" rate of 2.75 percent, that points to a UST 10 year note yield of 3.25 percent. The year-end 2024 Fed Funds midpoint of 4.65pc, even without adding a 50 basis point yield premium, exceeds the 12/27/23 UST 10 year yield. The year-end 2025 Fed Funds midpoint of 3.50 percent rests just below the late December

2023 UST 10 year note level; 3.50pc plus a 50 basis point real return gives 4.00pc. The US Congressional Budget Office gives its anticipated scorecard for the quarterly average yield in the UST 10 year note ("CBO's Current View of the Economy From 2023 to 2025"; 12/15/23). According to the CBO, in 1Q24 the UST 10 year yield probably will average 4.20 percent, with 2Q24 at 4.60pc; in both 3Q and 4Q24, it yield averages 4.80pc. Further out on the time horizon, the CBO believes the UST's 4Q25 yield will average 3.70 percent.

Marketplace history reveals support in the 3.00 to 3.50 percent range for the UST 10 year note yield. Recall 6/14/22's 3.50 percent yield high; scan the five yield lows between 3.25 and 3.33 percent during first half 2023. Compare the prior yield highs on 10/9/18 (and 11/7/18) at 3.25 percent as well as the top 10 years ago on 1/2/14 at 3.06pc.

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Many skilled players watch other interest rate trends alongside those in the UST marketplace. For example, the German Bund's recent yield highs occurred close in time to that of the UST 10 year note. The Bund's yield top occurred 10/4/23 at 3.02 percent, with its second lower high at 2.97pc on 10/23/23 (the day of the UST peak). The Bund yield dived to 1.89 percent on 12/28/23, adjacent to 6/16/22's summit at 1.89.

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Of course, since marketplace history indicates that ongoing relationships can shift or transform, the current patterns between the US Treasury 10 year note yield and the S+P 500 (and the US dollar) can change.

History reveals that the dollar can depreciate substantially alongside or thus help lead to notable falls in the S+P 500 and "related" stock marketplaces. For example, picture a world of rising US and international interest rates (perhaps alongside dangerous inflation), widespread belief that America's public debt situation is poorly controlled and at fearful levels, and tighter monetary policy in many other leading nations relative to the US (or signs that America will lead the global monetary easing trend). And suppose US and worldwide corporate earnings prospects change course from optimistic to gloomy. Alternatively, stock and other marketplace gamblers know the dollar can appreciate alongside a rally in the S+P 500.

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In any case, will the long run pattern of rising UST 10 year note yields resume in the near term, thus leading to eventual S+P 500 declines? The Fed Chairman's 12/13/23 comments do not explicitly rule out future Fed Funds increases. Or, even if the UST 10 year note yield does not exceed its 10/23/23 pinnacle at 5.02 percent in the near term, suppose its yield climbs toward that height.

Alternatively, suppose the UST 10 year note yield does not in the near term make a new high around or above 10/23/23's 5.02 percent, or climb fairly close to 10/23/23's yield top. Does the recent slump in UST yields portend not only future Fed easing, but also a recession (rather than a soft landing)? Monitor commodity price weakness in that regard. Therefore, from this perspective, the rise in the UST 10 year yield up to 5.02 percent on 10/23/23 has been leading to a later high in the S+P 500 than the July 2023 one. In this scenario, the S+P 500 price rivals or surpasses its January 2022 peak.

Thus will a new bear marketplace trend for the S+P 500 involving multiple tops emerge? In addition to those of January 2022 and July 2023, will another one be created near those heights? The S+P 500's record peak is 1/4/22's 4819. The S+P 500's 12/28/23 high at 4793 almost

matches this. The 7/27/23 elevation is only 4.4 percent distant from the major price resistance imposed by 1/4/22's summit (4607/4819 is 95.6pc). A five percent decline from January 2022's pinnacle equals 4578, close to 7/27/23's 4607 height. The 4578 level stands midway between important prior S+P 500 interim tops at 4639 (3/29/22) and 4513 (4/21/22) attained amidst the bear move which began in January 2022. A 33 percent rally from 10/13/22's trough equals 4655. The S+P 500 probably will not exceed its January 2022 peak by much if at all. A five percent venture over 1/4/22's 4819 equals 5060.

The Dow Jones Industrial Average's record high is 1/2/24's 37790, about 2.3 percent over 1/5/22's 36953 pinnacle.

Looking forward over the horizon, arguably "around" end-year 2023/during first quarter 2024 is a time when a key top in the S+P 500 will appear. Incremental year-end stock buying "to put stuff on the books" (or to discard losing short positions) by definition finished a few days ago. Will the US have a federal government shutdown during first quarter 2024 due to a legislative logjam? What if the inflation rate does not keep falling toward the Fed's two percent target? Will the Fed in any case keep its policy rates lofty for many more months?

History shows that the S+P 500 has achieved several important peaks and bottoms during first quarter. As for major highs, the record S+P 500 price to date of 4819 occurred 1/4/22. Recall 2/19/20's 3394 pinnacle. The S+P 500's established a major high over two decades ago on 3/24/00 at 1553. Going back 50 years, the S+P 500 peaked around 121.7 on 1/11/73 (the Dow Jones Industrial Average crown occurred on 1/11/73 at 1067.2). What about major bottoms? A peak around first quarter 2024 would be a four year diagonal bull move from the coronavirus disaster major low of first quarter 2020, 3/23/20's 2192. The 12/26/18 key bottom at 2347 neighbors the first quarter. The 2/11/16 trough at 1810 (1/20/16 at 1812) was very important. Also in regard to the calendar first quarter window, remember the aftermath of the Goldilocks Era; the worldwide economic disaster bottom for the S+P 500 was 3/6/09's 667. The final low following 3/24/00's summit was 3/12/03's 788 (10/10/02 bottom at 769).

American house price trends of course do not always dance in precise step with the S+P 500. However, whereas the S+P 500 has climbed sharply since 10/27/23's 4104 depth (and exceeded its 7/27/23 interim top at 4607, the sales price of existing single-family homes has continued to dip. November's median sales price of existing single-family homes inched down from $396,000 in October 2023 to November 2023's $392,100. November 2023's home price falls 5.7 percent beneath June 2023's $415,700 peak. Months of supply has increased from 2.8 months in June 2023 to 3.7 months in November 2023. The NAR's Housing Affordability Index trend points to lower affordability. In the low interest rate, easy money era of 2020 and 2021, the HAI stood at 169.9 and 148.2, respectively. In 2022, it eroded to 108.8. From February 2023's 109.3, it deteriorated to 91.4 in October 2023. See National Association of Realtors (12/20/23). These bearish housing statistics probably represent a danger signal for the S+P 500.

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For the twenty-two US stock marketplace "bear" trends summarized in "US Stocks Over the Long Run: Bear Marketplace History" (8/4/23), the average percentage decline from the peak to the trough is about 33.9 percent. The average duration of the descent from the summit to the bottom is approximately 14.2 months.

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"Always in motion is the future." Yoda, in "Star Wars: the Empire Strikes Back" (Irvin Kershner, director)

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For further analysis of key interest rate, stock, currency, and commodity marketplaces and their relationships, as well as the economic and political scenes, see essays such as: “US Dollar Voyages: Adventures in Wonderland” (12/3/23); “Financial Battlegrounds: an Age of Anxiety (Continued)” (11/1/23); “Financial Agitation” (10/3/23); “Marketplace Crossroads” (9/4/23); “US Stocks Over the Long Run: Bear Marketplace History” (8/4/23); “Long Run Historical Entanglement: US Interest Rate and Stock Trends” (7/6/23); “US Treasury Yields, Fed Maneuvers, and Fiscal Games” (6/5/23); “On the Road: Marketplace Traffic” (5/1/23); “Home on the Range: Financial Battlegrounds” (4/1/23); “Balancing Acts: Financial Marketplace Trends” (3/5/23).

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