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3- Minute Market Minder Transcript

Hello, friends, and welcome to *Big T's 3-Minute Market Minder*. Today, I want to talk to you about going behind hyperbolic headlines, where they might have part of the story right but the rest of the story wrong.

So I saw this headline today, saying “Look out: Gold and bonds are sending a signal reminiscent of the 1987 and 1973 market crashes.” And what they’re saying here is that gold prices are going up and bonds yields are going up, and that rarely happens. It generally only happens when the market is starting to believe that there will be inflation.

And this is something I’ve talked about late last year in 2016, when gold was getting absolutely hammered.

It was down here, and I said, “Look, do not sweat this selloff, okay? Because if we’re going to have the kind of economic growth in America that everyone thinks that we’re going to have because of Donald Trump’s new policies, then gold prices have to go higher to start discounting for inflation.”

And that’s exactly what has happened. You’ve seen gold go from this \$1,125–\$1,130 area—just banging up all the way up to \$1,230, getting to the 100-day moving average. Once we close above that 100-day moving average, you’re going to see gold make an assault on \$1,275. We’re going a lot higher on gold.

So the story here is half-right. Yes, gold is moving up because there are inflationary fears. But this—gold and inflation is moving up from incredibly low levels.

Normalized inflation in the United States for the last couple of centuries is 3.5%, and right now it’s running between 1.9% and 2.1%, depending upon which metric you use.

So the idea that, as we go to a normalized inflation rate the market’s going to collapse, is ludicrous. Because if you look back to ‘87 and ‘73.

Our inflation rates were much, much higher. So we were going from a high inflation rate to a much higher inflation rate, which of course had a very negative impact on the stock market.

So be careful about really falling for these headlines which are just designed, basically, to grab eyeballs. Especially headlines that have stories that are kind of half-true. So it’s really important to be able to separate the wheat from the chaff.

OK friends, that is enough out of me. I will catch up with you in the next video. And I want you to always remember: Let the Game Come to You!