



The Horse Is Out Of The Barn

Prince Al Waleed is out of Saudi Sleepaway camp, the President wants the [FISA memo released](#) because they won't cover it in the fake newspapers, and global yields are exploding. There are several horses out of the barn this morning. With month-end on Wednesday, this week is going to be insane.

First, Prince Al Waleed was released from Saudi Prince Sleepaway Camp at the Ritz Carlton and had nothing but nice things to say about the experience. It sounds like he gets to keep all his assets at *Kingdom Holding*, the story about him

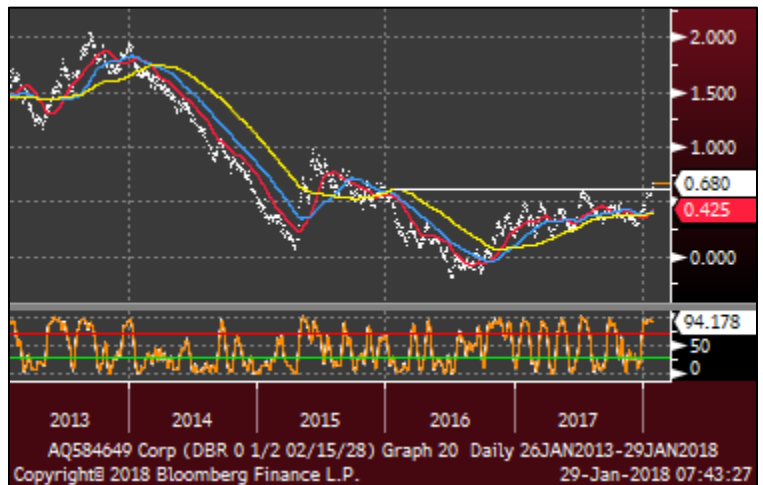
hanging upside down was fake, and he sounded pretty excited he didn't have to pledge future income, donation (extortion), or investment in Aramco in return for his freedom. He made it sound like a run of the mill 'Saudi bed-check' where the Kingdom combs through all your properties to see what might stand out as boldfaced corruption.

Prince Al Waleed admitted some members of government are involved in corruption and those will be weeded out. He fully supports MBS's effort at creating a new Saudi Arabia, and just like that – it's back to business in the Kingdom just like on Wall Street, gunning for the IPO.

“Same old story, nothing else. I'll go outside, I'll go to my office, I'll go the desert on the weekend. I'll continue being a vegetarian – a vegan, actually.”
– the Vegan Prince

Same old story in stocks, *nothing else*. It's been 5 months since the last 2% correction, 15 months since the last 3% correction and 19 months since the last 5% correction (Jones Trading) and now we're in the middle of an extreme market episode.

You should approach this extreme market episode like an extreme weather situation. We're currently in that period when market behavior gets crazy, and we don't know how long it will last. If we comb through Friday's closes, we see nothing but extreme market conditions until further notice UNLESS Friday's army of new highs turns on a dime and falls back to earth. I understand that the Goldman Sachs is expecting a correction in the coming months, so is everyone else with this type of euphoric price action. That idea does not appear to have a catalyst in the immediate future. The price action is still blinding.





A 4-sigma rally in Pfizer helped spark a 3-sigma breakaway in the healthcare sector (XLV.) Three sigma rallies in MMM and Lockheed Martin (LMT) juiced industrials (XLI) to a 2-sigma rally, and new closing high. I go through the higher-level algebra to point out that the magnitude of the rallies from current levels, are massive.

Semiconductors (SMH, 3%) are back on their market leading horse behind Intel's 10% (4-sigma) rally Friday, and the entire equity board feels like it can go berserk to the upside into MONTH END. January 2018 is on pace to be the best performing month since October 2015's 8.3% rally, which followed a summer taper-tantrum that took 7% off the S&P.

Speaking of 'taper tantrum', there's one GLARING RISK to watch out for. It feels like the inflation Jeanie has been let out of the barn, along with the other horses. As the [Wall Street Journal](#) finally admits, President Trump's new tax plan has unleashed a kraken of capex spending, and **U.S. Treasury. Yields. Are. ROOFING.**

U.S. 10Y yields (page 1) are safely above 2.60% resistance and well into my yellow "CAUTION" zone (2.60%-3.00%.) That's where we mind a dislocation lower (yields higher) in the bond market that can slow this powerful equity rally. Keep in mind, UST's are melting off your screen this morning AFTER, Friday's GDP missed expectations badly. We were hoping for 3% but the scoreboard read 2.6% GDP annualized.

US Treasuries are ignoring the miss and plunging. Yields around the globe – from Germany to Japan, are spiking to key technical levels. As the 2nd chart on page 1 illustrates 10Y Bund yields are breaking through .65% and there's plenty of room to run. The German 5Y, suddenly has positive yield for the first time since September 2015, and that's why gold is getting pounded. Keep in mind that even 10Y JGB yields are approaching their range top at 10 basis points. Can you see the horses walking out of the barn?

The dollar weakness goes on unabated, and as a technician I expect more. The dollar index (DXY) should meet its objective of 85.00 which will lend a further bid to commodities, which will REALLY seal the deal on some headline inflation. This morning Zinc is up 2% to a new high for the move. WTI is off a few cents but within striking distance of that spooky \$66.66 high print. It all seems too obvious that the stage is set for this to AT LEAST go on through month-end on Wednesday, and then we'll see.

Speaking of horses out of the barn, how about that [NYTimes Twitter](#) story? As much as I adore the platform as a 'law of the jungle' mental sparring facility, does social media get any creepier than banning some users while others purchase influence?





Definitely.

STUDY BREAK



“The last thing the world needs today is a currency war. We live in a world where exchange rates are not and should not be targeted for competitive purposes.”
- Benoit Coeure, World Economic Forum, Davos

“Did you or anyone else at Hillary for America receive copies of any of the memoranda comprising Mr. Steele’s dossier prior to its publication by *Buzzfeed* in January of 2017? If so, how and when?”
- [Chuck Grassley](#) and Lindsey Graham to John Podesta

“It has nothing to do with politics, nothing to do with economics, nothing to do with corruption.”
- Prince Al Waleed, lying his f*cking beard off. They’re putting an IPO on the tape and that’s ALL it’s about.

“Clearly because I am involved in so many projects nationally, regionally, internationally, so many interests, so I told them: ‘Please, take your time. Look at everything. I have nothing to hide. Everything’s pure and clean. So look at everything, and then when you are done, we’re done.’”
- Prince Al Waleed

“Seriously though, buying Twitter followers is the 21st Century equivalent of stuffing a potato in your Speedo.” @loawahawkblog

The guy that wrote the lyrics to [Big Pimpin’](#) is offended Trump said “sh*thole.” With a bad haircut, no Grammy, and some industry handout award, Jay-Z is no longer an effective propaganda actor.



“I have always loved the Grammys but to have artists read the *Fire and Fury* book killed it. Don’t ruin great music with trash. Some of us love music without the politics thrown in it.”
@nikkihaley, and me



“Big Ag” Mail Bag:

“Great article Tony. Wish American public could/would read it. We (farmers) don't do a very good job telling our story. You did and thanks.” – “Big Ag” Mailbag

“Half our fam from Nebraska, corn & cattle....Go Big Red!! – “Big Ag” Mailbag (btw Big Red means Cornell, not Nebraska)

“Loved today’s M.N. Wheat harvest in Kansas (and everywhere else) with a \$300k JD combine is completely hands off. GPS drives the combine, monitors moisture content, bushels per acre, etc. the driver is just a redundancy. Planting, fertilizing, harvest are all automated. Not only are farmers the best risk managers, they are much more technically savvy than anyone would expect.” – “Big Ag” Mailbag

“I heard the modern farmer has 3 million dollars of machinery 10 million dollars of land and 150 dollars in his checking account. Every year he borrows 900k to earn 900k and calls that a profit.” – “Big Ag” Mailbag

“Thank you very much for continuing to be interested in Ag markets & for the positive & supportive message you convey.” – “Big Ag” Mailbag

"Are we going to take the hands of the federal government completely off any effort to adjust the growing of national crops, and go right straight back to the old principle that every farmer is a lord of his own farm and can do anything he wants, raise anything, any old time, in any quantity, and sell any time he wants?"

- Franklin D. Roosevelt, why not?

Egregious farm rooster concert poster





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