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Subject: FW: Warning: The smart money is fleeing U.S. stocks

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 Diary

May 18, 2016

Warning: The Smart Money Is Fleeing U.S. Stocks

BY BILL BONNER, CHAIRMAN, BONNER & PARTNERS

 bill bonner

DUBLIN – The Dow dropped 180 points yesterday – or about 1%.

And another clever billionaire says he is looking elsewhere for profits. Reuters:

Activist investor Carl Icahn on Monday said there was a chance the stock market could suffer a big decline, saying valuations are rich and earnings at many companies are fueled more by low borrowing costs than management's efforts to boost results.

"I am very cautious on equities today. This market could easily have a big drop," Icahn said.

Yes, dear reader, the smart money is getting out of U.S. stocks. And here's our old friend Rob Marstrand explaining why:

Right now, every measure that analyzes the S&P 500 says it's expensive. Prices are high relative to earnings, net assets, sales, and cash flow.

What's more, there's plenty of evidence that the main thing propping up the stock prices is heavy buying by the companies themselves [via share repurchases].

And now, that prop is getting kicked out from under the stock market. Bloomberg:

After snapping up trillions of dollars of their own stock in a five-year shopping binge that dwarfed every other buyer, U.S. companies from Apple Inc. to IBM Corp. just put on the brakes.

Announced repurchases dropped 38% to \$244 billion in the last four months, the biggest decline since 2009...

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[Rickards: "Warning, I've Changed My Thesis On Gold"](#)

I firmly believe we're at the beginning of the BIGGEST move the world has ever seen in gold. "Simple math" says \$10,000 gold is all but certain. But, you're not going to believe what I have to say next... **BEFORE you buy a single ounce of gold, [read this important message](#).**



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Casey fears a severe crisis is brewing. Not a currency collapse or stock market crash. A specific threat that could wreak more havoc than the Great Depression. That's why tomorrow, in an urgent broadcast event, Doug's pulling back the curtain on his shocking warning. And revealing how to profit from it in the months ahead, in a big way. Last chance to get VIP access ends tonight. [Click here now for full details](#).

Pareto's "Foxes"

Although the bull market in U.S. stocks is probably near its end, the bull market in the Deep State shows no sign of weakening.

Year after year, the power of the “foxes” grows.

It was the great Italian economist Vilfredo Pareto who noticed – among other things – that no matter what kind of government you think you have, there are always some crafty insiders, the “foxes,” who take control of it.

Policies are set, programs are started... decisions are made... with no consent of the people or their elected officials; the foxes work the angles.

Over time, the forces of law and order become more and more corrupt... as the foxes bend the entire system to do their bidding.

Wars are started with no plan or intention to win them. Money is handed out for no better reason than this: They can get away with it.

And best of all, most people are none the wiser; they believe the myths... and attack anyone who challenges them.

Rip-Off

Perhaps the biggest rip-off of all time has taken place over the last eight years – and in plain sight of everybody.

Via the magic of ultra-low rates, the Fed – a nest for the wildest and most cunning of the foxes – took roughly \$8 trillion out of the pockets of savers and retirees and handed it to borrowers.

Who is the world’s biggest borrower?

Yes... it’s the Deep State itself.

The Fed claimed to be helping to “stimulate” the economy. But you can’t really stimulate an economy by stealing from the people who produce wealth and provide it with capital.

Not surprisingly, growth has stalled. Wages have fallen.
Productivity has stagnated.

For 95% of the male population, real earnings are lower today than they were in 1973.

Is there any wonder many of these men vote for Donald Trump – a “strong man” who promises to do something about it?

But the top 5% – where the foxes are – gained income. Their wages are up more than 50% over the same time.

Why?

Because they take more and more money from the rest of us.

More tomorrow... on a new Rebellion in Gualfin... and a measure of how big the Deep State has become...

Regards,

 Signature

Bill

Further Reading: The Deep State already controls just about every aspect of American life. From health care to education to the food on our tables to the never-ending war on terror, this cadre of cronies is pulling the strings.

In his latest online presentation, Bill exposes how the Deep State has now pushed the world to the brink of an irreversible disaster. [Learn more here](#) as he reveals how it will all unfold... and, more importantly, how it'll change your life forever.

Market Insight

 bill bonner

George Soros is betting big on gold.

As Bill reported yesterday, the billionaire speculator [cut his firm's investments in U.S. stocks by more than one-third](#).

Soros has also disclosed a new stake in the world's biggest gold miner, Barrick Gold (ABX).

Soros Fund Management, his investment vehicle, bought a 1.7% of Barrick. This makes it Soros' biggest listed holding.

As today's chart shows, Barrick has skyrocketed so far in 2016.



The company's stock is up a jaw-dropping 156% year to date.

Recommended Links



[Read this BEFORE you buy gold or gold stocks](#)

Dr. Steve Sjuggerud Reports: Most investors don't know this, but there's a "Magic Number" that appears before EVERY big move in gold and EVERY big move in gold stocks. What is it and is now the time to buy? [Details here...](#)

Featured Reads

[Gold Price to Soar More Than 650%?](#)

One currencies expert says a "super spike" in gold prices is headed our way. Here, he explains what will cause it and, more importantly, how you can position yourself to profit.

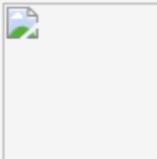
[Share Buybacks Fall Most Since 2009](#)

U.S. share buybacks have fallen back to levels last seen in 2009. The news comes amid the worst profit slump since the financial crisis... and when valuations sit near 14-year highs.

[Why “Money Helicopters” Are Not the Answer](#)

Although “helicopter money” – code for handing out free money – is now being seriously discussed... what’s really needed to boost growth are major structural reforms. The fate of the world depends on it.

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Mailbag

Readers continue to weigh in on the state of U.S. politics. Here are more responses to Monday’s issue, “[Trump’s Biggest Deal.](#)”

Sarah Palin will be the V.P. with Trump, and you may be surprised that they will have a balance budget within three years. And with Obamacare repealed, job killing regulations eliminated, and corporate tax rates cut, it will make the U.S. more business friendly.

— **Christopher F.**

Good God! Anything is better than just giving it to Hilary and her despicable husband.

— **Judy P.**

Thanks for including Jefferson and von Mises, my favorite Galician, in the list of good guys. Our economy cannot be repaired without dismantling the Fed. As you often point out, our monetary system is rotten at the core, as it is based on credit.

I read in one of these letters from a libertarian source that Jefferson wrote, already in 1810 or so, that he had failed to set up a free country as he envisioned... and that was still more than 100 years before the Federal Reserve Act.

On the other hand, even today, I strongly believe that if we just followed the Constitution, we would be okay – especially the 10th amendment. I think that is the most important of all.

— **Chaim K.**

In the words of Warren Zevon, “Send lawyers, guns, and money; the s--- has hit the fan.”

The Democratic Party is electing a known criminal, and they don't care, as long as it's their criminal. They just assume all politicians are criminal, and the really good ones get their districts what they need. Would anyone let Harry Reid babysit their children? The Republican Party is electing anybody who is not a politician. Donald Trump just happens to be the best known, “anybody” who is running.

— **Wayde L.**

All I can say about [Bill's message on Monday](#) is: "Amen, brother! Amen!" He hit every nail right on the head.

To those self-deluding worthies who think that a Donald Trump presidency will solve all of America's problems I say, "Get your heads out of your collective a***s, because it ain't gonna happen."

Trump will continue the policies (if we can laughably call them such) of the Deep State... with a dash of Adolph Hitler thrown in for good measure. Clinton will be no better, if not worse.

I'm with Bill – a vote for the lesser of two evils is still voting for evil. However, unlike him, I will vote, but for a third-party candidate who doesn't have a snowball's chance of winning. A "wasted" vote is better than a vote for Trump or Hillary.

— Dale A.

I think you are correct in your assessment of the Deep State. I disagree in how to deal with it.

It seems easy for the rich or the poor to walk away and state it doesn't matter. The poor because they do not have a choice; the rich because they do. For those of us in the middle we need to deal with it, lest we end up in the poor camp. For me, a decision that includes a less bad scenario is still a decision worth pursuing.

— Rudy R.

In Case You Missed It...

The third part of Doug Casey's "virtual workshop" on how to turn crises into wildly profitable investments goes live today.

In it, Doug pulls back the curtain on his shocking forecast for America in 2016. And how he believes you could set yourself up to profit from it in a big way... with just one decisive move.

[Go here to reserve your spot.](#)



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