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Powell Says Economy in Favorable Place, Faces Significant

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Big Picture Long Term August 23rd 2019

Eoin Treacy's view

A link to this week's Big Picture Long-Term video is posted in the Subscriber's Area.

Powell Says Economy in Favorable Place, Faces Significant Risks

This article by Craig Torres and Rich Miller for Bloomberg may be of interest to subscribers. Here is a section:

"Trade policy uncertainty seems to be playing a role in the global slowdown and in weak manufacturing and capital spending in the United States," Powell said in the text of his remarks Friday to central bankers gathered at the Kansas City Fed's annual symposium in Jackson Hole, Wyoming. "We will act as appropriate to sustain the expansion, with a strong labor market and inflation near its symmetric 2% objective."

Eoin Treacy's view

It is looking like the learning curve for a newly installed Fed chair is about 18 months. Today's measured statement from Jerome Powell did an excellent job of placating investor fears while leaving open the optionality of how much to cut by. The Fed has made clear they will cut rates if they need to but will not hurry. However, the simultaneous announcement by China that they are increasing tariffs on \$75 billion of US goods is likely to be prove the catalyst for deeper cuts.

NYU professor calls WeWork 'WeWTF,' says any Wall Street analyst who believes it's worth over \$10 billion is 'lying, stupid, or both'

This article by Scott Galloway for Business Insider may be of interest to subscribers. Here is a section:

Adam Neumann has sold \$700 million in stock. As a founder, I've sold shares into a secondary offering to get some liquidity and diversify holdings. Ok, I get it. But 3/4 of a billion dollars? This is 700 million red flags that spell words on the field of a football field at halftime: "Get me the hell out of this stock, but YOU should buy some."

— Gross margins are a pretty decent proxy for how good or bad a business is. And this is a sh**ty business:

— Adam has several family members working in the business who make "less than \$200,000."

— The ownership structure chart is similar to a hieroglyphic on a cave wall about the survival of the species: Harvest the crops when the sun is high in the horizon, do not venture over the hills, hostile tribes live there, and ... don't buy this stock. The corporate governance structure of WeWTF makes Chinese firms look American, pre-big tech.

Eoin Treacy's view

There is a growing risk the "liar loans" of this cycle are in the private equity space.

Panic Stations

This report by Charles Gave for GaveKal may be of interest to subscribers. Here is a section:

Eoin Treacy's view

A link to the full report is posted in the Subscriber's Area.

The massive move we have seen in European sovereign bonds is definitely representative of a buyer's panic but the broader question is who is panicking? Pension funds and insurance companies spring to mind. What are they panicking about? There is a real prospect we are going to see the ECB announce negative short-term rates as well as a raft of additional measures which are clearly designed to boost liquidity but will come at the expense of savers. That suggests what we are seeing is potentially a buy the rumour and sell the news phenomenon.

Eoin's personal portfolio: crypto long increased July 15th 2019

Eoin Treacy's view

One of the most commonly asked questions by subscribers is how to find details of my open traders. In an effort to make it easier I will simply repost the latest summary daily until there is a change. I'll change the title to the date of publication of new details so you will know when the information was provided.

2019: The 50th year of The Chart Seminar

Eoin Treacy's view

The London Philharmonic Orchestra is holding a concert in David's memory on October 5th October at the Royal Festival Hall. There is a reception between 5.30 and 6.45 in the Foyle Pavilion, Level 3, Green Side and subscribers are well to join David's family there for light refreshments. Following the reception, we will move to the Beecham Bar, Blue Side, Level 5 for a short talk by Tim Walker, Chairman of the LPO.

If you wish to attend the concert as well, which includes a performance of Elgar's Cello Concerto by the Young Musician of the Year, it begins at 7.30 and you may book tickets (£67) by telephone on 020 7840 4242 quoting the code Fuller Concert.

Since this is the 50th year of The Chart Seminar we will be conducting the event on October 3rd and 4th to coincide with the memorial on the Saturday.

In the meantime, if you have any questions, would like to attend, or have a suggestion for another venue please feel to reach out to Sarah at sarah@fullertreacymoney.com.

The full rate for The Chart Seminar is £1799 + VAT. (Please note US, Australian and Asian delegates, as non-EU residents are not liable for VAT). Annual subscribers are offered a discounted rate of £850. Anyone booking more than one place can also avail of the £850 rate for the second and subsequent delegates.

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