Julian Brigden: Secular Bond Bear Doesn't Preclude Significant Rallies

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Erik: Joining me next on the program is MI2 founder, Julian Brigden. Julian has been one of our most prescient guests. A lot of his calls on the fixed income markets in particular have been incredibly accurate. And it's so timely to get him back on the program as everyone is wondering, okay, what's going on with 10-year Treasury yields? Are we really headed much higher from here? Or are we seeing what actually might be the beginning of a major retracement downward in yields?

Julian put a fantastic chart book together. Registered users will find the download link in your Research Roundup email. If you're not registered yet, just go to our home page at macrovoices.com. Look for the red button that says "Looking For The Download" next to Julian's picture.

Julian, before I get into specific questions, let's start with the really big picture of what drives the fixed income markets. What is the big picture driver of yields that you look at? And how does that play into your overall thesis that you've described to us in past interviews? And what are you seeing now in this market?

Julian: We have been very adamant, and we got lucky at calling the lows back in July of 2016 – as yields were around 1.35%, 1.36% – in saying that we thought the low was in in Treasury yields. And I mean the low. And one of the reasons for that, Erik, is that I think people frequently misinterpret the bigger picture.

The bigger picture is really set, to a large extent, by demographics. And I think a lot of people draw inferences to Japan and say, look, 10-year Treasury yields have to go toward 10-year JGB yields. To me, that's wrong for a couple of reasons.

Firstly, Japan is a little unusual. It eats what it kills. So it does fund its own deficit. The United States is a little different. It actually relies on overseas funding of deficits.

So, when you look at that, you have to consider a much broader demographic pattern. Because, broadly speaking, the way that demographics works in asset prices is quite simple. You're in your 20s, you start to work. And into your 30s you live it up. Okay? And we've seen that with the baby boomers in the '60s and '70s – drugs, sex, and rock 'n' roll – and don't care about the consequences.

Unfortunately, during that process you end up getting your girlfriend pregnant and you have a child. And so you go from spending, where you're not physically saving, and that means the money isn't going into Treasuries and it isn't going into the equity market. And then you start to save as you build that family. And, definitionally, this is when bond yields start to fall.

Now, when you look at the broad pattern for the United States and the people who buy US debt, we're hitting an inflection point. We hit that inflection point in about 2015–2016. And that is these people are now starting to retire. And, definitionally, when you retire, you become a dis-saver.

Maybe we could do what the Japanese have done – which is why, remarkably, the Japanese working population hasn't really peaked yet – is we can keep working people till they die. The average age of a Japanese farmer is almost in their 70s. They literally attach little exoskeletons on these poor buggers so they can reach up to the plum tree to pull the plum down.

But the point is, if we don't, as people retire they are going to become dis-savers. And they are going to start – now they spend on far less sexy things than they did in their 20s and 30s: adult Depends and health care. It's not nearly as sexy as sports cars and living it up. But, nonetheless, they dis-save. And as they dis-save, bond yields should rise.

So, big picture, I don't believe there is any structural change in the story whatsoever.

But this is relatively glacial stuff. And the reality of the situation is – and we've been saying this to our institutional clients – we said the process of higher yields and higher rates was never going to be linear. And, in fact, we borrowed the phrase "two steps forward and one step back."

We've been pushing this short in the fixed income market as a way – because we've been saying, look, we're just running this car way too hot. We've had financial conditions, basically, at 50-year lows domestically here in the United States and we need to raise those financial conditions.

And the way we've been believing it would happen, predominantly, was via a combination of higher Treasury yields and, to some extent, a stronger dollar. But the thing that worried us, Erik, is that – when we look at the world, we think that we've actually recreated some of the excesses of prior cycles.

As rates rise, they actually create quite a lot of damage. And so you can't just have this straight, rip linear up-moving rates. They move up, they do some damage, they come back.

And the two areas that particularly worried us have been housing and stocks. And as those have started to correct, we can see that the fixed income trade has become a lot more difficult.

If we move on to Slide 4 in the slide deck, just to illustrate some of our concerns about these excesses that have been created in the system, the first one we want to highlight is in the US

equity market.

If you look at this slide here, what it shows is the relative performance of the US equity market, USMSCI versus the rest of the world ex the US. And the first thing I would note is we have never seen relative performance of this extreme a level. This is beyond anything we've seen since the early 70s.

And the second thing is it's highly unusual to see any US outperformance in any environment where the Fed has been tightening. The only time in history – and I've highlighted it in purple here – where we've seen the US equity market outperform at all, was in that very brief period in the '90s.

What we have now is really, really incredible. Really incredible outperformance of US equities. And I would say it's almost – the danger is this has become a reflexive bubble. In other words, we've had this situation where – courtesy of the Trump stimulus and a very, very lax gradually raising Fed, whose financial conditions were made ridiculously easy despite the fact that they've been hiking Fed funds – this has created this growth adrenaline rush which has allowed, along with dollar strength, this outperformance of the US equity market as dollar strength has helped to suck in money from the rest of the world.

So it's almost arguable that it's a reflexive bubble.

When you look at the next slide, Slide 5, there is no question where that risk is concentrated. It is definitively concentrated in the Nasdaq. Most global equity markets – you can see here – have sort of come back to where they were in March of '09.

If you look at Slide 5, you'll see that the excesses have definitely concentrated in the US and most acutely in the Nasdaq. If you look up most markets, most markets have made about 100% returns since March of '09. The S&P and the Dow have made about 300%. But the Nasdaq has done 500%. A fivefold outperformance versus the rest of the world. This is definitively excessive.

Now, as we've just seen today, and we're talking – I'm sure Erik will remind everyone – just after Powell's recent speech, it's not difficult to engender a bounce in the equity market. And maybe we'll get more of a one this weekend if we manage to pull off some sort of cease-fire with the Chinese over trade. But it's going to be a lot more difficult in the next area of the economy, and that's on Slide 6.

Erik: Let me just ask you a question on Slide 5 before you move on, Julian. As we look at this outperformance of the Nasdaq, it seems to me you could make an argument, hey, something is extraordinary there. Or you could say, well, wait a minute, tech stocks tend to be more volatile anyway. And so I wonder, if we were to look at other periods of performance going back in the '90s, I would guess the Nasdaq when things were all going up dramatically outperformed.

To what extent is it just a more volatile index versus to what extent is it a unique phenomenon to this period?

Julian: I think it definitively is a more volatile index. But there are some – you would think something like the KOSPI, which is career, it's highly export-orientated – should also do well. I haven't put it in here, Erik, but there's actually a chart – if you take the S&P growth index against the S&P value index, within the S&P identically calculated indexes, what you'll find is the ratio of those two indexes actually, to the tick, topped where we were in March of 2000, back in September.

So, within the growth value space, within the US markets, which is really what the Nasdaq is all about, we push that ratio right back to the dot com bubble high. I'm pretty clear – and I'll show you in a chart in a second – that I think, within that space – and if you follow me on Twitter you'll have seen this – there are definitive what I would call classic bubbles in a whole slew of names in the US equity market. So I do think this is very excessive.

The risk with an excessive market like this is when you create excesses in the system, as you try and normalize policy, things can become quite unstable. And I think, unfortunately, that's where we're finding ourselves.

Now, as I just said, I think it's quite easy to reverse or at least boost a highly volatile equity market. The biggest excess that I think we've reflated, actually, you'll see on Slide 6. And that's in housing.

This one really worries me. Now the first thing I will say is, when you look at new median house prices, you have to be a little bit careful. I'm not saying that we've pushed them so far below '06–'07 highs.

What we've done, though, is we've changed the mix of housing that we build. So there are no more two-bedroom affordable apartments that have been built in the last few years. Everything is luxury two-bedroom with all the bells and whistles. So the underlying median cost is definitionally higher. But the point is, even if you take existing homes, we have pushed prices back up above '06–'07 or at least to '06–'07 highs.

That's atrocious. So, not only have we arguably created some of the excesses of the dot com space, we've actually arguably created some of the price excesses and also credit excesses of the pre-GFC housing bubble.

Now, this is a lot harder to solve, Erik. As I said, you can tweak 5% on the Nasdaq. But how do you solve for this? How do you solve for affordability in housing?

Well, one of the ways that you solve is that you see a collapse in activity. Back in the spring, we wrote to our clients and said – we actually wrote this piece on housing one step back. We said, as rates rise, they are going to prick what is arguably a price bubble in US housing, and the end

result is going to be a collapse in activity. We showed them this particular model. And, obviously, since the spring it's become front page headlines in the United States.

But this is definitively a big, big deal. This model is showing absolutely no signs whatsoever of basing at this point. And it is, arguably, below '06–'07 levels of activity. I'm not saying that the credit excesses are there. We don't have Ninja loans and all those sort of things. But solving for housing affordability, outside seeing a massive rise in incomes or a huge drop in bond yields and hence mortgage rates, is going to be very, very hard outside seeing a drop in house prices and a drop in housing activity. And both of those will have consequences.

Now, the other area that we think is – and this brings us back to that Treasury market – is we think a lot of the soft data has been highly exaggerated.

If you look at Slide 8, you'll see ISM here against 10-year Treasury yields. Now, we've been sitting around 60 in ISM. That's an incredible number. That is an absolutely stonkingly incredible number. 60 is actually about as high as that ever gets.

And it's historically – if you go back and look at periods where we've been printing 60, we'd been printing 4% year-over-year GDP growth. Not the odd little quarter. Sustained 4% GDP growth year over year.

We aren't printing that. Today we had a revision to the growth numbers and it was 3%. So how come ISM is at 60 and yet – which really should be commensurate, let's say 52 on ISM – and we've been sitting at 60. How is that possible?

Well, really, we think it's to do with the equity market. We think a lot of the reason why there is this fluff in some of this soft data is because, when these executives fill out these surveys, they're really reflecting their confidence is partly to do with how well their stock options are doing. And they've been doing bloody well.

And, as this thing naturally starts to roll over – because it doesn't sit here, generally speaking. As you can see, it's a big, broad sine wave. That would say that it's tough in that environment to be short Treasuries.

Now, I have quite a lot of sympathy with that yellow box period. If you look at 2004–2005, typically we've seen Treasury yields fall. And I'm not dismissing that. But, basically, at this point, if you're making that bet, you're betting on a very, very weak equity market. And my suggestion would be, if you want to do that, just short the equity market rather than try to buy the Treasury market.

The point is, it's not a great environment, I don't think, to be particularly short Treasuries anymore. And, actually, to our professional clients, we've recommended to get out.

So, ladies and gents, if we're saying now that it's tough to be short Treasuries, it raises the

natural question: Should you be buying Treasuries? Now, I've still got some reservations about the broad market. And let me explain.

If you look on Slide 10, let me show you the slide that you've seen before, which is this chart of 30-year Treasuries going all the way back into the '80s. What you can see here is that, despite the weakness that we've been seeing in equities, 30-year Treasuries have really not performed at all. We are still sitting well above that 100-month moving average. And we're even still sitting above the neckline of the inverse head and shoulders.

So, if you do want to buy, certainly you wouldn't be proposing to buy in the 30-year sector. Not yet, at least.

Now it could be a false break. But, as I said, if you really want to bet on Treasury – a lot lower Treasury yields at this point – you're making a bet on the equity market. And my suggestion is you just go and make that bet on the equity market. You're really betting that that thing is going to drop hard. So go and buy some puts. Don't start doing a proxy in the Treasury market, certainly not at the long end.

Another reason why I'm actually very nervous is Slide 11. I'm sure, if you're on Twitter or you read some publications from brokers, you'll have seen – and this was back when yields were around 3% on 10-years – a lot of people sent around this chart saying, oh my God, look at the shorts in the futures market in the Treasury pit. And they were extreme. What no one showed you was this chart. And this chart tracks positioning of Treasury primary dealers.

Now, these are the guys who get all sorts of benefits for standing up and, if necessary, taking down auctions and helping to support the Treasuries' issuance. What I think you can see here pretty clearly is that, since QT, those positions have risen to historic highs. The holding of the inventory of those primary dealers is sitting at absolute highs.

Here's the thing: In the old days, it didn't used to cost a primary dealer – which is mostly a bank – any money to hold those Treasuries on the books. Zero risk weighting. They could be netted down to zero. It cost you nothing.

Since the Global Financial Crisis and all the reforms around Dodd-Frank and the Basel III legislation, it's become exceedingly expensive to hold Treasuries on the books. So I can assure you that primary dealers don't want to be holding this degree of inventory. This is involuntary inventory build. And, as any one of you who studies economics will know, that's bad.

What seems to have happened is, since QT, no one has shown up to replace the Fed's purchases. And what it's left is the primary dealers holding those positions. This is not a bullish sign for the long end of the market.

Now, this makes it quite complicated. So we've got macro, which is arguing for you to potentially be long Treasuries. But we've got structural and inventory issues and technical issues

which suggest that now is not a great time to be long. So the way that we've combined it, at least to our professional accounts, is we've suggested that they switch to curve steepeners.

Now, this is basically where you'd look for an outperformance of the short end – in this case, 2-years versus 10-years – so you'd expect two-year yields to outperform on the way down, relative to 10-year yields.

That can happen in one of two ways. You can get what they call a bull steepener, where you get 2-year yields drop very, very sharply. Let's say the equity market implodes. That's what you'd expect to get as those rate hikes that are priced into the front end of the curve just get priced out. That gets you bull steepener.

Or you can get a bear steepener. Let's say that, potentially, inflation breaks out and the Fed decides not to do anything about it. And the long end, together with its lack of demand, just gets eviscerated.

Now, that is quite complicated. Particularly the one at the top here, which is a forward steepener. But I just want you to potentially keep an eye on this. Even if it's hard for you to trade, I would watch this. So this is 2-year swaps, 2- 10- swaps, two years forward.

Really, it's a bit like playing 4-year or 5-year bonds. The reason why it's interesting is this has already started to turn up. And if you look below at the cash curve, you'll see that generally – and we call it the curve's canary – generally this swaps curve starts to turn up first. This is important because, once that curve starts to turn up, you're already potentially moving into bear market, and the equity market – a recessionary type economy.

This is definitively a bit of a warning sign. And this is how we, at the moment, have switched our stance in the Treasury market.

Erik: Julian, before you move on, I see your next slide is labeled Timing. We are recording on Wednesday, the 28th and, just in the last couple of hours before we recorded this interview, the big news that everybody is freaking out over – and I stress freaking out – really is a fairly small piece of news.

Jay Powell changed the word "long way from neutral" to "just below neutral." That's the full extent of the actual news. The reaction to that news seems to be that the entire world has changed dramatically in an instant. Everything is completely different. Throw out the previous understanding.

So my first question is: Is the market overreacting just a wee bit here? And, irrespective of that, I'm guessing that your Timing slide was prepared before this news came out. Does that change any of what we're about to get into with respect to timing of these markets?

Julian: The first thing, I think your interpretation is exactly right, Erik. It would appear that

we've just moved from night to day and the clouds are lifting and everything is glorious again. I do think – look, I've spent years of mentally parsing the exact nuances of what the central bank has said. And I think, to a certain extent I think Powell is trying to achieve something that's very, very hard to do.

And he's trying to control and steer a very unstable ship which he inherited courtesy of Janet Yellen's excessively easy policies. So he's had to deal with it.

Remember back in September, we had those comments that you just mentioned – a "long way from neutral." I think, in part, that was a reaction to FMC minutes which the equity market took as incredibly dovish. Now, if you remember, back then there were people saying, well, that's it, you know, deck and then they're done. And that means we could rally stocks back to new highs.

I think, in part, his what appeared to be very hawkish comment was an attempt to back the market back to a more realistic stance. Because part of the problem is slowing the economy down entails not just hiking Fed funds. I mean, they don't just hike Fed funds in isolation. They're trying to achieve a broad tightening of financial conditions within the broader economy.

And that means affecting credit. That means affecting bond markets. That means affecting equity markets.

So if the equity market just runs all the way straight back – and this is part of the problem that we've had in this tightening cycle, that the equity and credit markets have utterly ignored what the Fed does. For the first time in modern history, we've actually seen the equity markets rally and credit tighten as the Fed has been hiking. And that's unprecedented. It really leaves you in a very difficult situation.

So I think in September he was trying to be overly hawkish. I think this time he was trying to be a little dovish. I do think they'll have things that have quite dramatically changed in the last few weeks. I've just highlighted some of the excesses that appear to be unwinding. And they have to be very, very cognizant of that.

But I do think it's interesting that you've got an equity market that is naturally - to some extent - has latched onto the most dovish interpretation of his language. Because he said we are just below the broad estimates.

So what does that mean? Well, I think, firstly it means 2.5 could be the bottom of those broad estimates. So maybe we're just going to go in deck, but that would be the most dovish interpretation of that. Because the broad estimate, when I talk to friends of mine who are still in that policy space, they would put the broad estimate on the FOMC of where neutral Fed funds are. It's probably somewhere between 2.5 and 3.5.

So who's to say that we stop at 2.5? Maybe we go to 3.5. Maybe we just go to 3. I don't really think he's actually changed much. But I do think he sets us up timing-wise to actually a really

interesting setup.

And that is, if you look at Slide 14, I've got a slide which I'm sure is going to upset a number of people. Because this is a slide of Amazon. Now, as I have said in the past – I think we have discussed what we call a classic bubble on your show before. But a classic bubble is a chart pack.

And it's really nothing to do with fundamentals. Not interested in fundamentals. It is about psychology. It's about liquidity driving excesses. And ultimately, it's about greed and fear.

Because in the mania period, what we've seen is excesses. Within a year, we doubled the market cap of Amazon. The thing went from 1,000 bucks a share to 2,000 bucks a share. And we're not talking a small market cap. This is billions and billions of dollars. And that had to be fueled, I think, by mania, because nothing materially changed.

So now we think we're busting. But the interesting part of any bust, in the beginning of the bust phase, is that the stock has to actually rebound. You have to have – just as you had back in Amazon's case in 2014 and 2015 a bear trap – you have to have a bull trap. And a bull trap can be a very, very rapid, rapid move up. And it can be a really extensive (in percentage terms) move up.

So, if this is a classic bubble, you could have a move back all the way up to $1,925 which is the net climb from which we broke down from. In percentage terms, huge. It's going to be greeted, I think, by the broad equity market exceedingly well. This, I think, is the sort of move that would get you back maybe the S&P up to 2,850.

But if it fails there, this is one of the clearest signs, I think, of when you potentially, if you're looking to buy fixed income – as I said, I'm not looking to buy the long end of the curve. For retail investors, I'd be looking at the shorter end – 2- and 3-year, maybe out to 5-year. That's when you'd expect to see stuff like that. Maybe you can trade Eurodollars. You could start to look at 2022 or 2021, so blues and golds.

But this is a timing thing to me. If what Powell has done – and if we get a positive outcome of trade over the weekend – if what he has done is initiated that bull trap bounce, great timing opportunities.

Now, one of the reasons why I'm a little reticent as well is about buying the long end – and timing, I think, is important – is our own work suggests that there is another bounce in inflation coming in Q1.

Erik: Julian, before you move on from Slide 14, I just want to ask a question here. Because as I look at this I can't help but think, wait a minute. Looks like what you're predicting, at least in Amazon, is if this is the classic bubble form then we get this bounce in the summer of 2019 to a final high and a big move down from there.

I wonder, is there a broader opportunity coming up to short the rest of the FAANG stocks sometime in the spring or summer of 2019? And what would the things be to look at as we get into that timeframe to confirm whether or not that still is the right trade to consider?

Julian: I think that's a very valid question, Erik. And the answer is yes. Though I think there are plenty of opportunities. I mean, we reflect to some of our clients we got lucky. We caught Netflix almost at the highs, within a few bucks. We caught Nuvidia – I put that one on Twitter. And we actually caught Amazon pretty well as well.

They all have a very similar pattern, Erik. They've all been fueled, I think, by excessively easy policy. You can see on Slide 14 I've highlighted when Amazon started to really outperform is when the ECB came in and launched QE together with negative interest rate policy. We discussed this back on your show, I think, earlier in the year where we talked about what it did to term risk premium, how it crushed the risk or the rates associated with any sort of risk profile in the Treasury market. And, essentially, pushed US yields down to insanely low levels.

And these stocks, all of them, rely on – it's so laughable, this term "growth stocks" – they rely on churning through lots of incredibly, incredibly cheap capital – whether it's from equity holders or bond investors – to be able to generate that growth and that forward momentum which investors are so interested in owning.

And, as that starts to turn around, or is turning around – certainly already in the United States – it's a lot more difficult. I think Abelson in Barron's said – and I think, perfect, he's exceptionally good at this sort of thing – he summed it up as *debt becomes less salubrious*. Big problem for all of these stocks.

So the answer is yes. I'd be watching all of these, and those three names in particular. Netflix, which I think is already really busted, it may not bounce all that much – but Nuvidia, and particularly Amazon, for a broader sign to get out of growth.

But, as I said, when you look at growth versus value, you have got – back in September of this year, you were at March of 2000. In other words, the high of the dot com bubble extreme. So, definitively, yes.

Erik: I've already made a note, Julian, to make sure that we get you back on the program toward spring-summer of 2019 to make sure that we revisit this topic. And, please continue. I think I interrupted you as you were moving on to inflation on Slide 15.

Julian: If you move on to Slide 15, one other thing that we're a little reticent about, and I think you've got to be careful in where and how you buy, if you want to buy Treasuries. As I said, my inclination is to buy what the professionals refer to as the belly of the curve. So around 4-, 5-year sort of sector is inflation.

Now, our own work suggests that there is another leg up in inflation coming. It might be the last

one, but I think it makes the job of the Fed quite hard. On this slide I'm showing you actually their own metrics. So in green here, you've got the New York Fed's underlying inflation gauge, UIG. And you can see that it perfectly caught and it dipped in the middle of this year. And it leads and now is really accelerating.

That's actually what we fear. We still fear that there is another leg higher in inflation. And, if you look on Slide 16, continued wage pressure. So if you're looking – even if you think some of the data is really turning and we are beginning to roll over, I think you need to be quite careful about when and where you position.

As I said, my preference would be if you really think, oh, I've got to own Treasuries because I'm bearish on the equity market and this thing is all going to roll over, then just go and bloody sell the equity market.

And I think we have to remember that – it's been a long time but we have to remember – that the Fed isn't always your friend. It's been a decade since '08 where the central banks have consistently had your back. And they've always been able to ease as risk assets wobbled. Because they were worried about deflation.

Now if we move into a world where increasingly – and we think this is the case – we're going to be worried about inflation structurally, the Fed cannot be your friend. And maybe we can go back to a situation that we had in 2000 when, with the Nasdaq down 35%, we get a burst of higher average hourly earnings, and the Fed hikes 50 basis points. Not just 25. Fifty.

Now I don't think the Fed is going to go 50. But the point is, if you're sitting here and you're saying, well, I think the Fed is done, the equity market is down 5% so they've got to be done, you're delusional. Particularly if you think that the inflation and other data is going to continue as we do, at least into that first quarter, with wages and core inflation pushing higher.

It makes this Treasury trade, I think, a lot more complicated now. As I said, equity markets go straight down, fine. Bonds are going to rally. But, even then, my preference would be to be focused on the front end of the curve and not to take that risk in the long end.

Because there is something that stinks out there. And it's not good with the deficits that we are running and this lack of demand. It's a big problem.

Erik: Well, Julian, as always, I really enjoy your chart decks and I'm particularly looking forward to getting you back on the air in the middle of next year. Because, as you say, it's very, very consistent with the view Patrick and I have had and have shared with our listeners. We think there is some kind of meaningful bounce coming in the equity market but the highs are probably in and it's not time to short yet. The question is when. So I really look forward to getting you back on the program to talk about that.

Meanwhile, you're also going to be joining us in January in Vancouver for our MacroVoices live

event. Give our listeners a little preview. What are you going to be talking to us about?

Julian: I'm really excited, not least for the skiing. I'm very excited to go and see everyone. It will be fantastic, actually.

What I really want to do in that presentation is to talk about – take some of these bigger-picture views and really extend them out. Because I think we're at a fundamental inflection point in markets.

And if we are moving to a structurally (and society, I think, we need it) phase of higher inflation – not necessarily with higher growth – I think the implications for how money has been run, particularly in the wealth management space, with these balanced portfolios and risk parity – are truly, truly profound.

I think that people miss sometimes the larger historical context of how do you transform, or how do you transfer, from a period of low inflation to one of higher inflation. And what that can truly, structurally mean for wealth? These are some of the things that I am going to try and do. And I think pick out some of the areas where I think can perform within that period.

And I really hope it will give people a great opportunity to think about how they manage their money, to really think about managing their money. Because it's been very easy for the last 20 years since Alan Greenspan came out with the put – as I said, "always assume the central bank has your back" – towards the thinking that bonds act as a hedge.

And there's very, very few periods in history where that's even been close to the truth. So those are some of the issues that I think I want to try and touch upon in my speech.

Erik: Well, we're really looking forward to seeing you in Vancouver on January 19. And, of course, information about that event is at macrovoices.com/live.

Meanwhile, Julian, I want to talk for a minute about Macro Insiders, the program that you and Raoul Pal at Real Vision put together. For anyone who's not familiar with it, it's not for everyone. It's kind of a high-end product, at least in the retail market. It's almost $4,000 a year for the regular subscription. You and Raoul go into a lot of detail on various different macro topics. And you've got a lot of great content there.

Real Vision ran a once-a-year Black Friday super-duper discount – 50% off – $1,950. And we wanted to be able to feature that. Unfortunately, the deadline, I believe, has already expired. We talked to our friends at Real Vision and they were good enough to give MacroVoices listeners only a special extension on that deadline. So they've pushed it out a week and there is a special link in the Research Roundup email just for MacroVoices listeners allowing them to get that Black Friday price even though it's well after Black Friday.

Give people a quick understanding of what the Macro Insiders product is, before we close.

Julian: What we really, really wanted to do, Raoul and I, is we wanted to try and help informed or non-professional – I mean that wholesale professional traders and investors – the opportunity to really get a view from what we hope is some of the best macro research out there.

I think that a lot of people understand how to trade equity and how to look at equity research. But they miss, frequently, the bigger picture. And the bigger picture is almost always set by macro.

But getting hold of macro research is traditionally really difficult, Erik, as you can attest to. Your program is one of the few places where people can go. But what we try to do is come up with some really investable themes, some truly structural themes, which we think people can profit from, and help them to do that.

And Raoul and I in many respects have quite similar views. But we also have quite divergent views at times. And that interplay between the two of us, certainly, clients and subscribers have found I think very useful. So it really is designed to help provide – even if you're just trading equities – that overview that helps you manage through periods where macro is the driver.

And we've just seen that in the last few months. Macro has become the driver again. We've seen years where central banks have suppressed macro volatility, and now it's back. And it's even more important, I think, in periods like that, in that transition phase, for people to understand how to use that to profit and make money. And that's what we try and help people do.

Erik: And, again, there is a link in your Research Roundup email for the 50% off discount on that product which normally would have expired already, but they have extended it for MacroVoices listeners.

On that note, we're going to need to leave it there, Julian, but I Really look forward to seeing you in January in Vancouver. Patrick Ceresna and I will be back as MacroVoices continues right here at macrovoices.com.