Jesse Felder Joins Inflation/Deflation Debate

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Erik: Joining me now is Jesse Felder, founder of The Felder Report and Jesse has prepared a terrific slide deck to accompany today's interview. Registered users will find the download link in your research roundup email. If you don't have a research roundup email, that means you're not yet registered at macrovoices.com. Just go to the homepage macrovoices.com, click the red button that says looking for the downloads. Jesse, it's great to have you back on the show. I know you've been listening in recent weeks to our other guests and the raging inflation-deflation debate that we've been having. What do you make of all this and where do you stand on the battle?

Jesse: Well Erik, thanks for having me back on the show. I have to first applaud you for putting together just this fantastic resource. Your last few episodes that I've listened to just provide a terrific balance of you know, regarding the inflation debate. It's been a terrific panel and I've gotten a lot out of it. But I do come down on the side of inflation in terms of that debate. And I think it's more interesting to discuss the secular inflationary forces rather than cyclical. I don't think they're, you know, after the latest readings we've seen, you know, for CPI and PPI today that anybody's debating about, you know, cyclical inflation at this point. But to me, you know, when Rosie brought up the three Ds of disinflation. That was something that was very fascinating to me, because I see those same dynamics as having shifted in the last 10 years from disinflationary forces to inflationary forces.

If you just start with demographics, I think the IMF put out a thing, a report, you know, three, four years ago pointing out that demographics in the United States actually globally, everywhere but Japan, you know, we're seeing these increasing age dependency ratios of you know, more retirees than working population, and that is an inflationary dynamic. I think something, one of the things that people don't really appreciate, is that in the wake of the financial crisis, I think we had a lot of baby boomers who were forced to stay in the workforce. They weren't able to retire because their retirement accounts took a hit and so they had to stay in the workforce longer than they otherwise would have kind of artificially increasing the supply of labor for a period of time acting as a disinflationary force. But what we saw with the pandemic was a total reversal of that, where all those folks said, hey, look, my retirement accounts now 300%, whatever front, you know, in the last decade, and I can now afford to retire, and I don't want to stay at work and get sick. So all those folks retired, and then you had, you know, even further to that degree, a bunch of people who maybe were going to retire 5-10 years from now, who thought you know, what, I've just done so well, with my retirement accounts. Why don't I retire early. And so we're seeing this dramatic decline, I think in the working population relative to the non-working and that is an inflationary force, putting pressure on wages. And I think that's one of the factors we're seeing right now that's a secular push. That's, you know, in place, but it's been exacerbated by the pandemic.

You know, when you talk about debt as another disinflationary force. I think that's true for folks like me, and you Erik, who, you know, if we get too indebted, we have to cut back on our spending and hurts demand. But that's true for everybody but the federal government who can, you know, print money to monetize the debt. I think that's another thing we've seen as part of the pandemic is this, you know, when debt-to-GDP, you know, gets to where it is, it's typically problematic for countries that can't, you know, get away with money printing. The United States government has been getting away with it for the past, you know, a couple years now. And obviously, that's not disinflationary at all to be issuing $4 or $5 trillion dollars of new debt and having the Fed you know, buy it all up is has not been disinflationary, it's been absolutely inflationary.

And I think the final thing that Rosie brought up, and I'm a big fan of his work. He talks about disruptive technology. And I think that's been true for a long time, too. But if you look at what's happened in the economy, in the last 10 years, we've seen a concentration of economic power in fewer and fewer companies. You know, who's disrupting apple today, who's disrupting Facebook today. Facebook and Google are maybe a good example of companies who have their finger on the pulse of who in social media is going to potentially disrupt Facebook? Well it's Instagram then we will just by them. And you know, same thing with Google. And so they've been able to make 1000s and 1000s of acquisitions to essentially shore up their position, their monopoly or duopoly positions that have really prevented from disruptive tech from exerting a disinflationary impact in recent years. And I would say, Amazon is probably another example of this. Who's disrupting Amazon? Nobody. In the pandemic, we saw that you know, sales already off of a huge base, go up 40% or something insane, you know, we've never really seen a company of that size, see that type of growth. And they just have such a strong position in the market that they can't be disrupted. I think we're seeing this in wages, too, with Amazon, there was a good article in the Wall Street Journal recently, that pointed out that, you know, with Amazon paying $18 starting wage in its warehouses. It's putting pressure on every other employer across the country to raise wages. And they're telling, you know, all these small towns, they were telling, you know, the Wall Street Journal, and whoever else cares to ask it, we're paying 12, 13, 14, 15 bucks an hour and we have to go to 18 just to compete with Amazon and try and get workers. And so this is actually feeding through into prices for the first time, since the creation of the internet. We're seeing internet prices increase. They've been in decline for a long period of time as as technology was a disruptive force. But it hasn't been so we're seeing, you know, inflation even in internet prices.

So to me, that also just points to the fact that disruptive technology is no longer that factor that it once was. I think there's one final D and that's deglobalization. That's also exerting an inflationary impact now. I think we saw global trade peak in 2007. It took a hit during the financial crisis and has been in decline ever since. And obviously, Trump's trade war was an important, you know, chapter in that saga of deglobalization. And the pandemic has been another one where I think a lot of countries, especially the US have noticed that this just in time manufacturing is potentially a national security issue. And that we need to go from just in time to just in case so that we don't have the shortages of really crucially important items to the economy and to our healthcare system and whatnot that we've had in recent years. So I look at these three days, and I call them the four Ds of inflation. And I think they're all pointing towards higher inflationary impulses in the years ahead.

Erik: I want to reconcile this with something you and I have talked about quite a bit over the years Jesse, which is valuations in the stock market, because as much as people say quantitative easing was not inflationary, it's certainly helped to inflate asset prices. And I guess you and I have had a conversation where we've said, boy, at some point, you know, this is unsustainable, we've got to see the asset prices correct. My question to you today is, what if they never correct what if this inflation continues to the point where the value of the currency gets diluted, but nominal prices really never have a meaningful correction? Is that possible?

Jesse: It's absolutely possible. But I do think that we would be seeing, you know, inflation in earnings and revenues and things that would be supporting valuations alongside with stock prices if it was a sustainable type of thing. And I think that's what a lot of people are looking to today is that the stock market is going to protect me from inflation. And that's one potential rationalization for valuations today. But I don't think it's valid in that one of the charts that I have in the slide deck addresses this, that if you look at the real earnings yield on the S&P 500, it's never been more deeply negative than it is today. And that just suggests to me that even inflation adjusted valuations are just off the chart ridiculous. And so I think the only way that stocks broadly are going to protect you from inflation, is if that if you see the inflation actually materialize into earnings, and I think when you're seeing wage inflation, like you're seeing today, there are a lot of good indicators, leading indicators of profit margins. And today, you know, and most of those are wage based. And currently, right now they're pointing towards a contraction in profit margins, which is would be a cyclical problem for the stock market. That's, you know, popping up and other indicators that are in the chart deck too.

Erik: Jesse, let's go ahead and dive into your chart book. starting on page one, you've got the Buffett Yardstick. What's that mean? What's this about?

Jesse: Well, Warren Buffett back in, I think 2000-2001 wrote up a pair of articles for Fortune Magazine, he introduced this indicator, and saying it's one of the best valuation metric out there. And the reason I agree with that is it has a high correlation to 10-year forward returns, which I'll get to in a second. But essentially, it is the total value of the stock market relative to the size of the economy. And if you look at this, it's absolutely amazing to me to see just how parabolic this blow off in valuations has been over the last two years. If you look back to you know 2000, we got to close to 200% of GDP on the stock market. we surpassed that level in 2018-2019. But in the wake of the pandemic, we've seen valuations scream to levels that are, you know, almost double the peak of dotcom Mania. Look back to 1968, which was another important peak in the stock market and almost triple the valuations that we saw in 1968. I also bring that up, because that was the really the last time we saw inflation become a problem for the Fed as it is today.

So, you know, if you do think we are seeing secular inflation, that the Fed is going to, you know, battle with for a period of time, an extended period of time, you know, that's probably your nearest analog. I know, you've had other guests on the show talk about the 40s. But to me this you know, the valuations are so much higher than anything we've seen before and that's an important thing to consider. I'm kind of quickly going through what I call the four legs of the trading table. Actually my friend Todd Harrison coined that term fundamentals, sentiment, technicals, and macro the four main things to kind of assess when looking at the broad stock market. Fundamentals has that Buffett yardstick. The next slide on two is what I've started to call the index of the volume of speculation, I think, John Kenneth Galbraith referred to margin debt as this, the best indicator of the volume of speculation in the market with this. I've normalized it by also comparing it to GDP very much like the Buffett yardstick. And we've seen this to just scream higher to I think Rosie mentioned and that were over 900 billion in margin debt. It's so far beyond anything we've seen. And even when you normalize, you know, this leveraged speculation to the size of the economy, we're off the charts. So speculation, you know, sentiment is his insane.

Turn to chart three technicals, the trend has been solidly higher for a long period of time. And the way to explain that is chart number four, which as you've explained through many episodes, Erik, it's a lot of this can be attributed to Central Bank largesse I think it's how you framed it. So Bank of America found that more than 50% of the moves in the stock market can be attributable to the change in the Fed's balance sheet. And this is just a visual picture of that. We saw a huge surge in the Fed's balance sheet last year, and the stock market is followed. That is now potentially flatlining with tapering. And so this is an interesting time to be looking at a lot of these other indicators. But to dig a little bit deeper into each one of these things, this is kind of what I referenced earlier, which is on chart five. This is the Buffett yardstick just flipped upside down, along with the forward 10 year returns in the stock market. And this is about a negative 90% correlation between these things. And so, to me, it's the best visual representation of the price you pay determines your rate of return. One of my favorite Buffett quotes, you pay a high price, you get a low rate of return and vice versa.

Because investors are paying the highest valuations in history, they're very likely to get the lowest returns. But this measure is not obviously that, you know, as everyone knows, fundamentals are not a great tool for short term timing. What is better is if you turn to chart six, this is what I mentioned earlier, is this real earnings yield on the S&P 500. And it's gone the deepest into negative territory that we've ever seen. It's inverted on the chart, so it kind of lines up better with the peaks and troughs in the stock market. You can see every time the real earnings yield has turned negative, it's preceded a period of trouble for the stock market. The last time it did before this recent time period was in early 2008 right before stocks went into their deep plunge before that was 2000. We saw it again in the early 80s. Before, you know a bear market in 82-83. And also in 1972-73, we saw or 73-74. We saw the earnings yield turn negative right before that very painful 73-74 bear market where the Fed was forced to raise rates from 4 to 13% in a short period of time to try and battle inflation.

So that suggests that from a fundamental standpoint, we are at a level relative to inflation that could be potentially a better short term timing tool. And when you turn to chart seven, this was an indicator that I put together after listening to Stan Druckenmiller talk about his challenges in shorting the 2000 stock market dotcom Mania. He was trying to short the market he switched to long because he became so frustrated trying to short in March of 2000. He switched to long just as the market reversed lowered and had it kind of a mini crash. And he decided to take a break from trading. But when he came back to the markets in the fall of 2000, he saw that the dollar, the oil price, and interest rates had all been rising for a period of time. And that that Trifecta was a good leading indicator of an earnings recession. And so I did some work on this. And I put together essentially a very simple metric that tracks the rate of change in those three major indicators. And you'll see, you know, it's basically just flipped upside down on this chart, when you see those things surge as they have recently. It's a pretty good tell. I mean, the magnitude is probably off on this, right? I mean, we saw interest rates in oil prices go from negative or very, almost negative on nominal interest rates to something not negative significantly so. But we've seen rates go up, we've seen oil prices go upm the dollar has been strong. This points to an earnings recession next year. So this is another potentially short term fundamental timing tool, which tells me that the earnings cycle is potentially turning down. And that's usually a time to be cautious in the market.

If you turn to chart eight, this is true, not just for the for the broad segment, it's true for the biggest most popular stocks in the market. This shows the valuation of Facebook, Apple, Amazon, Microsoft and Google. And analysts expect the incredible revenue growth we've seen for these companies to decline to its lowest levels, you know, basically to test its lowest levels of the past 10 years. So you pair these extreme valuations with rapidly falling revenue growth. And I think we have a potential problem for the FAAMG stocks here, which you know, because they become such a massive part of the broad stock market, that, you know, it has important implications for the broad, the market generally.

Chart nine here is also another kind of fundamental indicator that I got from a Druckenmiller quote, where he talked about the best economic leading economic indicator he's ever found, is the internal activity of the stock market. When you see those most cyclically sensitive sectors of the stock market roll over, it's a time to think as he said it, you know, keep your eyes wide open. And we've seen you know, a lot of these sectors rollover in terms of relative strength, retail, metals and mining, industrials, transports have all been relatively weak relative to the S&P 500, which points to fundamental warning signal for me in the way that I look at this. And so all these things point to a natural slowdown in fundamentals, which I don't think markets are pricing in with the highest valuations in history where investors aren't quite factoring these things in.

The next chart 10 is more of a sentiment indicator but it can be an economic indicator. This depicts the sell to buy ratio of insiders. These are corporate executives and directors at you know, the top companies in the S&P 500 and beyond. And the sell to buy ratios just screamed higher in recent months to record highs for as far back as I have data. And Nejat Seyhun who's done the most in depth research on this that I've seen, I think he's at the University of Michigan, has found that this measure is very highly correlated with not just future 12 month returns in the stock market, the 12 month economic activity year out. So this is the insiders, the top managers at corporate America telling you, the economy is probably going to be weaker than most expect next year. And that stock market returns are also probably at risk over the next 12 months too. So from a sentiment standpoint, I think that's important because when you contrast it with what's going on in margin debt, you know, you have insiders. I wrote a recent blog post on my site. Insiders are basically saying sold to you to retail. And so we see margin debt at record highs relative to GDP. But in terms of turning that into kind of more of a short term timing mechanism, you can look at the 12 month rate of change in margin debt and every time it's gone over 50% like it has recently it's represented a speculative blow off top in the stock market. The last time it did before this recent episode was 2007 top and 2000 before that. We saw it again in that early 80s prior to you know bear market recession episode then and again in 72-73 before that painful bear market in 73-74.

So you know, sentiment is potentially rolling over after we saw the speculative blow off. The final sentiment chart here I'll share with you is on chart 12. An indicator that I put together after I visited with Jim Stack over the summer, who runs InvestTech. And he said he's watching a lot of these speculative, most popular speculative stocks in the market as a sort of canary in the coal mine for the speculative bubble in general that when the performance of these things rolls over, it's going to be a potential indicator for broader risk appetite. And so I put together my own indicator. This index, I call it the speculation index, or stonks index is made up of things like GameStop, and AMC, RobinHood, MicroStrategy, which was a popular kind of Bitcoin play, but essentially that some of the highest beta, most beta, most popular meme stocks over the past couple of years, and this thing has absolutely collapsed in the past couple of months. I put out a chart book to my subscribers just last night, with the title that the canary just croaked, because I think this canary in the coal mine is now saying that, you know, the, the risk appetite and the stock market is rolling over in a serious way something to pay attention to. But Jim Stack mentioned something else to me when I was talking to him and that fundamentals and sentiment are really good to pay attention to but it's really technicals and macro that he learned from Marty Zweig, the great Marty Zweig that are the most important in terms of market timing. So I have a couple of charts there.

So chart 13 just basically displays the breadth in the NASDAQ over the past basically since the start of the year. And with a lot of these economically sensitive stocks rolling over, and some of the speculative favorites rolling over, we've seen breath deteriorate significantly, especially in the NASDAQ. Back in February, March, we had 80-90% of stocks on the NASDAQ Composite trading above their 200-day moving averages. Recently, when the NASDAQ hit new highs, we were only at 40%. So breath has deteriorated and cut in half. And a healthy stock markets, not one in which most the majority of stocks are in technical downtrends. Healthy stock market is one the vast majority have that 80-90% in technical uptrends. And one way that I track this, if you look at chart 14, is I track the number of Hindenburg omens that are triggered over a certain lookback period. Obviously, the Hindenburg Omen itself was developed as a crash indicator.

And it's not very good at that, it's developed a bad reputation for that. But the Hindenburg Omen essentially constructed very simple. It's when you have more than 2.8% of the stocks on an index, or an exchange trade above. So I had a new 52 week high and also a 52 week low. And the 50 day rate of change is positive. So you have an uptrend. And you're well within new highs, typically. And it's normal to see new highs of the components within that index. It's not normal, it's not healthy to have a lot of new lows, triggering. So when you have a lot of these indicators trigger over a 12 month period. In this case on the chart, we've seen 18 Hindenburg, omens triggered on the NASDAQ over the last 12 months. And every time we've seen this type of breath deterioration to this degree, it's resulted in either a serious correction or a bear market decline.

So the last time we saw this was in the late summer of 2018, just prior to that fourth quarter sell off, which was you know a 20% decline. We saw it again in the summer of 2015 before that flash crash in August, and the steep decline into the early months of 2016 excuse me. We saw it again in 2007. You know, all these breath warnings pick up we actually got 20 Hindenburg omens then, and at the peak of the 2000 dotcom Mania. In March of 2000, we saw I think it was just 14 Hindenburg omens trigger, but over the over a 12 month period. So, we're at a point where the breath has deteriorated so significantly that I think we're having the sort of technical warnings that suggest it's time to pay attention to a lot of these other fundamental and sentiment things. And then finally, if we turn to macro, this is a chart that I can't remember where I got it from, but I think it might have been from the Nordea guys who do fantastic work, but it's an indicator for excess liquidity. And it's very another very simple kind of indicator that shows when M2 is growing faster than GDP. That represents growth and excess liquidity that's benefits stock prices. When M2 growth slows down below the level of GDP growth that represents a counteraction of excess liquidity and is not great for stock prices.

There's a darn good correlation here between these things. And you can see when excess liquidity M2 is growing faster than the economy, stock prices do well, and vice versa. This indicator has already gone pretty deeply into negative territory in recent months, even before the Fed has lifted a finger to start tapering. So to me, from a macro standpoint, we have liquidity, already evaporating for the stock market, which is a potential problem paired with all these other things I'm discussing. And the Fed is now being pressured by today's PPI readings, CPI readings, political pressure from the Democratic Party. It's hard to imagine more pressure on the Fed then they're seeing today to ramp up its tightening. And so the Fed is potentially what I'm worried about now is that the feds potentially waited so long that they're going to start tapering into already an economic downturn, when excess liquidity is already being sucked out of the system. And they're going to be pushed into another classic Fed mistake.

Erik: Jesse, let's touch on a subject which is near and dear to many of our listeners hearts. That's precious metals, you know, I kind of feel like the predictions that we made came true. They really did debase the currency, just like we thought they would. We thought that was going to mean gold prices would go through the roof, and they haven't. What's going on?

Jesse: Well, I think there's two things going on right now. One is with risk appetites potentially, you know, over the past couple of years, just screaming higher. People are looking for high beta, they're not looking for safe havens. And I think Ola did a good job of talking about this a few weeks ago with you. That it's probably going to take a risk off period to see people turn back to gold at this point. The way I figure it, though, with real rates, so deeply negative. Gold prices are deeply undervalued. And I look back to the previous bull market in gold prices, there's actually a really tight price analogue between the bottom and gold prices in 2015-16 to today, and the bottom in gold prices in 2000 to 2001. And in that period, there was you know, about a two year from the 2000 bottom and gold prices to the 2011 top. There was a two years sideways period in gold prices that lines up perfectly with today. And you know, this is an analogue I've been tracking for three, four years now. I've been astounded at how closely it has mirrored our recent experience.

So what I think is going to change this, if we see juicy risk off, it's going to potentially be investors will be looking toward a safe haven again. But I think what also markets are pricing in right now is I think markets believe the Fed is going to do enough to rein in inflation. And I think the reason to buy gold is that you believe that that's just not the case. That the Fed is not going... I mean you look at things like the Taylor rule, right, the Taylor rule suggests the Fed funds rate should be almost 8% today at zero, right, and they're printing more money on a monthly basis than ever before. And so, to taper to zero, and then raise rates to eight, it's not going to happen. Even to raise rates to you know, let's imagine, you know, Core CPI falls back next year to 3%. I think it was, you know, Dudley, former New York Fed had said, the neutral rate that would put the neutral rate at, you know, 3 to 4%. So the Fed funds rate would have to go to 3, 4, or 5% to rein in inflation, even with you know, core at 3%. I don't think the Fed can even do that much. Here's where I do agree with David Rosenberg is I think that the Fed is probably going to be tapering and tightening policy dramatically into a downturn. And they might have to actually create a recession to rein in inflation. So but at some point, they're going to the Fed is going to be pressured again to protect the stock market. So I think they really have a dilemma here. And I've framed this dilemma as the Fed has to choose between the devil and the deep blue sea. The devil is raised interest rates enough to create another crash in the stock market, like we saw in 2008 and 2001-02 before that, that's the devil you know. That's what they've seen happen in the past.

The Deep Blue Sea is the other option, which is nope, we're going to protect the stock market at all costs, at the risk of allowing inflationary expectations to become unanchored and to create an inflation spiral and that's the deep blue sea. That's the thing we haven't seen yet. And I do think with where sentiment is in Washington, where sentiment is at the Fed in terms of their inflation framework, and the adjustments that they've made in recent years, it's pretty clear to me that they're not willing to choose another... Choose the devil, they're not really willing to choose another asset price bust that they're much more willing to allow inflation to run hot. And so when push comes to shove, we're probably going to see a stock market correction. Who knows how deep that's gonna have to go before the Fed, you know, goes back to we see another Powell pivot, just like we saw at Christmas of 2018. And so I think what's happening right now is the gold price has priced in a tightening of financial conditions, a tightening of monetary policy. I think it was BofA pointed out that the dollar has now priced in a complete tapering to zero asset purchases, and two or three rate hikes. And so I look at that as that's what's gold has priced in now top. It is a tapering to zero and two or three rate hikes, maybe four rate hikes.

So to any extent the Fed disappoints on that outcome, it's going to be bearish for the dollar, bullish for the gold price. And I think that probably the Feds gonna disappoint on that, that they, they might be able to taper to zero, maybe even do it by March, you know, end of March. But if they start hiking rates and stuff into an earnings recession into an economic slowdown into a decline in excess liquidity, the stock market is going to decline to a point where they're going to be forced to pivot again. And that's probably the catalyst I see for gold prices to not just breakout higher, but to a very meaningful degree. As I mentioned, before I track the real interest rates, essentially, that's core CPI less the 30 year, or I'm sorry, the 30 year yield less core CPI versus the gold price. And right now, it's saying that gold is significantly undervalued. That you know, we could easily break out to new highs on the gold price and go several hundred dollars above those highs we saw last year.

Erik: Jesse, I know you do a lot of work looking at the relative value of let's say commodities versus the stocks and so forth. So as we talk about precious metals, the mining stocks haven't done all that well recently, although I suppose the metal hasn't done all that well. Where's the opportunity? Is it in the mining stocks? Is it in the metal itself? Is it a combination? How do you look at this market?

Jesse: Well, you know, one of my longtime rules that I've given myself is don't let macro concerns get in the way of taking advantage of good micro opportunities. And it's kind of in that vein, I do have concerns about the broad stock market. But when you look at the value segment of the market, I think there's a really terrific opportunity in this area of value, you know, the relative P E ratio of value stocks to growth stocks, has never been more skewed in favor of value than it is today. Right. And that says a lot about growth stocks being overvalued. But then when you look to the value segment of the stock market, I'm seeing tons of value and opportunity in commodities type businesses, which if you know, to me that's maybe one of the most poignant signs that investors are still aren't buying into this inflation thesis that they're, you know, loaded to the gills with growth stocks that are obviously have benefited from disinflation for 15 years now and value stocks have been hurt by disinflation. And so you look at these, a lot of these commodities and things and, you know, for example, I like to find stocks that have large insider ownership and insider buying. And I just saw, you know, Kelsey Warren buy a ton of ET Energy Transfer Partners this week. Energy stocks are still seeing massive insider buying. Harold Hamm over the past couple months has just bought like, you know, another $30 million of Continental Resources and in the mining stocks too. The gold mining stocks, I think we're seeing, you know, good insider buying and the valuations. I mean, a lot of these stocks are trading less than five times enterprise value to EBITDA. Another area that I find terrific value. And I did a fascinating interview with my friend Todd Harrison, was the cannabis stocks. Look at the US multi state operators. And these things are so cheap, they're growing faster than the FANG stocks. And they're they trad at a fraction of the price in terms of valuation. And so I think for investors the key takeaway is probably try and reduce exposure to the biggest, most popular names in the stock market. Those would be the big growth, popular growth stocks, and take advantage of some of this, you know, unusual value in a lot of these commodities focused businesses.

Erik: Well Jesse, I can't thank you enough for a terrific interview, but before I let you go, please tell our listeners a little bit more about what you do at The Felder Report.

Jesse: Right! Well, I started blogging back in 2005. In the early days of blogs when I was living in Bend, Oregon and I saw the housing bubble developing and little old Bend became the most overvalued real estate market in the United States. So I thought I need an outlet for this. So I started blogging and 15-16 years later, I'm still putting up a weekly blog post just an observations about markets and whatnot. So at the felderreport.com I also put out a Saturday morning email, I do tons of reading and research and every Saturday morning, I send out the five you know, most valuable either articles or charts that I found during the course of that week. And that's just a free thing you can sign up there on the homepage.

Erik: And again, Jesse's website is thefelderreport.com. Patrick Ceresna and I will be back as MacroVoices continues right after this message from our sponsor.