Martin Armstrong: Stocks could DOUBLE from here! April 27, 2017

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Erik: Joining me next on the program is Martin Armstrong from Armstrong Economics and Martin thanks so much for coming on the program, I'm particularly interested to get your views on equities because we've had so many bearish guests, we've been looking for someone with a well-considered and intelligent bull view to counter that.

But before we go there why don't we start with the U.S. dollar because I think that some of the international capital interactions are going to play into your equity view. So, what do you see in the U.S. dollar? Some people are saying it's rolling over, the rally is done, other people are saying it's just taking a pause.

Martin: Now it's just basically in a temporary pause right now because of the French elections, actually you have people that are just diehard pessimists and you have other people that are optimists and. In the case of the euro the optimists, it's more like-- I used to have an old professor who explained the difference between the two, he says they're on top of the World Trade Center and a good wind blows them off, he says pessimist immediately starts praying, the optimist says he's passing the four fourth floors well so far so good.

And that's pretty much what it is with the euro, these people they are OK fine Le Pen loses the euro what will come back why is the euro down to begin with? It is basically a structural flaw, you have [inaudible] now actually arguing that the euro zone should be separate and distinct from the E.U and it's effectively the problem is when the euro was being founded they actually came to us first and it took our conference in London, they took the whole back row and met with them and explained to them, I said look, the only way you're going to be able to compete against the dollar would be just consolidate all the debts and then you would have a federal debt. That's how an institution is going to pick up the phone and say OK fine yeah buy me two billion whatever. I mean they need a place to park the money.

And I was told right up front that basically they just wanted to get the currency through first, the debts they didn't think that they would get the Europeans to vote for it because it would look like a bailout for Southern Europe and I said well if you don't do it, you're going to bail them out anyhow, well that would be phase two, they never got to phase two.

Now think of the Euro this way, I mean if the United States didn't have a federal debt and the banks used the debt of all fifty states as the reserve and Mississippi goes down, everybody would be scrambling, oh well who has most of Mississippi bonds, short that bank you know, this is what Europe it is, the ECB has 40% of all the government debts within Europe. Banks had to be politically correct and have a piece of everybody, they couldn't just have one that would be not fair.

So, the problem is Greece starts getting into trouble, Italy, Spain now you're chopping away the bank reserves. This is why the European banking system honestly a good stiff wind is going to blow it over and this is part of the entire strength behind the dollar.

The euro idea came from the Plaza Accord, that's when the dollar went up and the pound went to 103 and Jim Baker saying listen we have to have something else to compete against the dollar, why don't you people all join together and create a single currency for Europe. They took the idea and they ran. But they didn't do it properly and this is the whole problem.

So, you have the ECB and everybody jumping on Italy right now and Italy has got to raise taxes to meet this criteria that they've established in Brussels and you have a disparity between all the different economies it just does not work. So, Le Pen losing is really the death blow to the euro because these people are going to that's great buy the euro but there's nothing there. It will turn around and collapse, the euro is going down below par there's no question about it, there's no way to sustain this thing.

You have unemployment in the south among the youth at 60%, the Great Depression here was 25, it's a total disaster and these people in the newspapers keep trying to support the press, what they're doing they're trying to support the politicians here by constantly cheering and putting out this fake news stuff and it's just not, you can talk it up all you want but that's it is not staying there.

Erik: So, it sounds like you share a view that we've heard from a lot of people which is that the European Union is probably in pretty serious trouble here and probably Brexit was the beginning of the end is that the way you see this playing out or am I putting too many words in your mouth?

Martin: Oh, yeah I mean I was there for the Greek elections, I was there in Barcelona I've been basically talking to a number of different governments around and behind the curtain I'm telling you they're all just being pushed to their limits and even Schwab has now finally come out and said Greece should withdraw from the euro and I posted on our blog, we took the government's own GDP statistics the peak in GDP from Great Britain was 1973 it's been nothing but a downhill move ever since then once they joined it is the EU.

You have a tremendous amount of regulations and they regulate everything beyond belief and it's really pretty bad because you have a lot of bureaucrats there in Brussels that are totally disconnected from everything, the structure of the of Brussels is basically an anti-democratic organization, we hear about the-- OK fine that's the head the IMF she doesn't stand for any election. You have Mario Draghi, head of the ECB he's never elected, then you have the head of the E.U who is basically appointed by other people.

There is no way the European people have a right to vote against anything that's going on in Brussels there's no democratic process whatsoever so if you're mad and you just you can't go to the polls to get rid of these people and this is a frustration that's building up and you know it's everywhere it's I mean you go to Germany, I mean in southern Germany, they say no we're Bavarian first, German Second, in France it's the same thing, you go to Spain, Italy I'm hearing it.

I mean everywhere you go it's just like people are fed up and that you can't make it if you're going to deny a democratic process which is what Brussels has done, then what is the other thing, the other thing are elections like this and if that fails and they still can't get any kind of reform out of this you end up with revolutions and stuff I mean it's really disastrous but Brit exit should have put Brussels on notice, hey what are we doing all wrong, let's look at this, no instead they want to punish Brussels, I mean Brussels just wants to punish Britain and then what happens is that they are then threatening anybody else that dared wants to follow in their footsteps. So, I mean this is not the way to run a country really, so this is part of the strength behind the dollar.

Erik: Let's with that in mind come back to the U.S. equity market now because I remember more than a year ago hearing you interviewed and I thought that the bullish case that you made was a lot more intelligent than others that I heard not so much about everything's rosy in the economy but rather international capital flows because things are worse other places were likely you thought to drive continued strength in equities and the dollar both of those things have definitely come true so congratulations on the call but bring us up to date what's the whole thesis and where do we stand now this thing has gone an awfully long way, is it too long in the tooth or is there more to go in terms of this equity rally?

Martin: You're back in testing the highs again. People don't understand, the vast majority always has to be wrong, so most of your people out here are bearish on the stock market it's at record highs etc. Peel it back and look a little bit the Gallup polls show that retail participation in this market is at historic lows, it has not come back. So, what's happening? And when read advise internationally we're not just a domestic analyst type thing, so we actually have to deal with the corporations and institutions around the world as well as a number of governments and this is how capital moves I mean I was a hedge fund manager for a long time and this is really what happens, when Greece sell in 2010, what did the traders do on institutional dust? They immediately looked around and said, that was a good trade who's next, they're all like this, Portugal, then they draw some blood from there, then they go to Spain, Italy next, look at France.

This is the way capital moves OK this is big money. So, we are looking at here these people keep saying all the Dow is going to crash, all right fine, they're just domestic people they're just looking at charts and that's all, they don't know anything about the fundamentals behind this all right and the Dow has been leading because Dow is basically to trophies that's where a big international money goes. Next you have the S&P a lot of domestic institutions broaden it out using the S&P. Then you have the NASDAQ which is more retail oriented.

When the Dow is leading, this is the big money coming, when the Japanese came in for real estate what did they buy, they bought the trophies, Rockefeller Center, the Chinese do the same thing. They always go for the trophies.

So, what you want to be concerned about is when the NASDAQ is breaking out and making new highs ahead of everything else so now it's more retail. But in order to get a crash you have to have in excess of bullishness and that is not anywhere close to the present situation.

We've had basically the Dow take off with the French elections and Trump is still talking about you know tax cuts and big money realizes government is in trouble, and you look across the board the debts are astronomical. I mean people think oh gee U.S. has you got $20 trillion so hear about oh, buy gold all this kind of stuff. 20 trillion is nothing the global debt is 150 trillion.

Now take the emerging markets, the emerging markets splurged the dollar basically interest rates were going down so they borrowed a lot more than they should have. The emerging market debt is about half that of the United States and they don't have the economy to support it.

So, if you want a crisis that a lot of these people keep talking about, if you lower the dollar as Trump would like to see that's not going to be a crisis, they'll be cheering and they'll borrow more. The only way to get a crisis going and you're going to look at monetary reform coming out probably going to 2020 is for the dollar to go up not down.

If the dollar goes up, now you're looking at a situation of that's when the crisis really comes to a head. It was the dollar going up in the Great Depression that sparked FDR to then confiscate gold and devalue the dollar etc. It was a dollar that went up into 1985 and the pound went to par, that sparked the Plaza Accord to creation of the G5.

You don't get these things if the dollar goes down, only when the dollar goes up. So, all these people keep talking about the end of the world and all this stuff and the dollar is going to crash sorry, the dollar is got to go up first to create a crash that will put everybody else in absolute terrible position and then as the debt goes up what happens is the Fed also with the stock market going up the Fed will make the same mistake it always does, it will keep raising interest rates to try and chase the market to stop it.

You can look between 1927 and 1929 the same thing happened, the capital flows came here, the dollar basically started taking off what did the Fed do? They doubled interest rates, the Dow doubled. The more they raise the interest rates more people who are necessary buying the stock market from overseas are going to look at it and say, gee I can earn a lot more money in the dollar, I'll go over there. So, the higher you raise the interest rates, the more capital you'll attract.

Even this issue with excessive reserves, I mean we've heard so much of we're going to hyperinflation the Fed's got a four trillion-dollar balance sheet very nice OK But that said also created excess reserve because the banks basically complained they didn't have any money and place to put the money. How much went into excess reserves? Almost three trillion dollars. The money never went out OK It's nice to think of just look at the quantity of money and that should be inflationary, no that's not the way it works you got to spend it, if you're not spending it, you're not lending it, then you're not going to create the inflation.

That's the same thing that's happening in Europe, its deflation they've increased the money supply they don't understand, if you're increasing the money supply in theory but you're raising taxes. The net bottom line is how much do you have at the end of the day in your in your pocket. I mean they're not actually increasing the net disposable income.

Now if Trump lowers the taxes as he's now saying and that goes through you're going to have a lot more money coming in from overseas, any American corporation that doesn't bring back their money at this point in time, you know should be assured.

E-Bay wanted to take over a company domestically, they would have to bring back cash from overseas, they looked at the tax being 40% on top of everything else and they backed out of the deal it was too expensive, lower that to 10% bring that money back and it's basically you're going to see a lot more boom in the in the economy and despite what the politicians always want to say, oh raising taxes helps the rich or whatever, the biggest holders in the stock market are basically pension funds so it doesn't really help the rich it helps everybody but they basically like to put out an agenda.

The first person to lower taxes it was JFK that created a big boom in to 66. When Reagan came in, lowered taxes that basically took the stock market off from 85 all the way out and broke new highs all right.

People don't understand but it's always the net. We've done studies on interest rates etc. in the stock market and its total nonsense that raising interest rates is bearish for the stock market. The stock market is never peaked with the same level of interest rates twice and what it is, it's the net differential.

If you think the stock market's going to double, you'll be willing to pay 25% interest, if you think it's only going to go up 1% you won't pay one. So, it's what you think, its expectations. If you think you're going to make 5% you'll pay one but you're not going to pay five, six, seven or ten.

So, it's the tail end when they finally raise interest rates high enough that exceeds expectations of the future that's when everything backs off but there's no particular level that's ever reached twice that causes a decline so, stock market is still going to go up.

Erik: So, you think that where we've gotten to already has been driven mostly by international capital flows for basically because the rest of the world is hurting worse than we are, you think that we're not set up to see a big crash as some people have suggested because of a lack of retail participation. So, do you therefore expect that that retail participation is coming they just haven't piled in yet, or do you think that people are so burned from 2008, that they're still afraid of the market?

Martin: Well it is a combination, they're not in because they were burned from 2007, secondly if the tax cuts do go through you're going to see a lot more people--and I would say honestly the Dow is in solid territory so long as it continues to hold above 20 thousand on a monthly closing basis I mean if you just look at the chart, compare it to 29 or 66 or any of the major highs, there's an old rule we have from basically trading and that is markets are very unforgiving, they give you one opportunity and that's it.

OK, 1929, 1989 Japan, whatever gives you one shot to sell the high, not 20 to

30 times. If it's going to give you that many times it's not the high sorry you look at this the Dow we're back you know basically at nearly the high again, we're in the 21 zone but the market is going sideways. It's building a base still at higher level so we're not close to this and the retail participation our models are showing will start to come in when the Dow exceeds about 23 thousand.

When it does that now you're in a position where you can get into what we call a staged transition that's where the market will double very very rapidly and it tends to be short lived and this is the way things trade in everything, for example gold going into 1980, it went from $100 in 1976 it's finally reached 400 all right by mid December 1979. What everybody remembers is gold going to you know to 800 it did that in the last six weeks, it doubled the last six weeks, that's what you're looking for that's what we call stage transition.

The same thing with the Nikkei, the same thing with the Dow and there's almost you know at least just third to a doubling of fact in the shortest amount of time now you're talking about that's the high. It's an exhaustive move and we're not anywhere close to that yet once we exceed 23 now you're going to start getting people in and involved and then you have a shot at one of those phase transitions and it can go up into the mid 30's zone to even 40 thousand before you then get a crack but that would then force the Fed to come in and constantly try and stop, they’re going to be calling it asset bubble but what is the downside of this, as the Fed raises interest rates to try and stop an asset bubble it damn blows out the budgets of all of the government, they’re like a heroin junky or something.

The whole problem with the system to why we're really going to head to a major monetary crisis is since World War two these governments just borrow and borrow year after year they never pay anything back. The premise of the Fed is OK fine and central banks we're going to raise interest rates to stop people from borrowing, does it ever stop governments? Never, they just keep chugging along. Lowering these interest rates to try and stimulate the economy, stimulated the government.

You look at it, I mean you know everybody was beside themselves in 1980 in the Regan era when national debt hit one trillion dollars. Since 2007 basically the budgets have increased by at least a third and we're looking at over a trillion dollars annually now. So, how is this going to stop I mean it reaches a point where it just simply goes bust and historically that point comes when it’s just a Ponzi scheme in that the government issues new debt to pay off the last debt and it keeps rolling it this way when it crashes what happens? They come out with a new debt and there's no bid. When there's no bid that's when there's the problem, that's what we're heading to but we have major institutions that have figured this out one very very major pension fund, they actually did what we told them to do, get rid of all government debt because effectively government debt is not secured and when it goes bust it just goes bust.

If you own corporate debt, IBM or Google or whatever you want and what happens is if they go bankrupt you at least get something back. They sell off assets etc. with the government what can you do nothing, you can't go down to the National Gallery and start lifting Picassos. So that's the difference between government and private debt.

So, there's one pension fund really advised they sold all their government debt and they moved to corporate debt S&P came in and said you're taking on more risk. They showed him our study and they said that they went and conducted their own study and verify what I'm saying is absolutely correct there has been no major default of a triple A corporate ever really and you have a government debt routinely defaults all the time, it's never ever been paid off. Governments go broke all the time this is how it happened so they said where are we taking on more risk because we're holding the cream of the crop of corporate that's actually backed. So, government debt is not backed by anything just by politicians and their promises and a lot of hot air.

So, you have people shifting and you see the bonds are going down the equities of been holding up the smart money is beginning to move out of the bond markets and into the equity side. The ECB owns forty percent of all the government debt in Europe. And Europe basically starts to break up the ECB is really in a desperate position here. What do they have? They have nothing, all they can do is just rant and rave, they can't ever sell that debt again, so all they can do is sit there and hope that it pays off to reduce their balance sheet that's it, the same thing with the Fed.

The Fed has come out and bluntly stated that they're not going to reinvest what's on their balance sheet as it matures they're going to let it mature and take back the cash reduce the balance sheet. They can't sell that debt.

Erik: Some people have argued that we're really stuck in a pickle now because with so much debt – 20 trillion dollars of Treasury debt now – they can't materially raise interest rates back towards historical norms because the government wouldn't be able to afford to service the debt that's already on the books.

How do you feel about that view and how do you see this playing out to eventually get to a crisis in the treasury market when there's no bid or do they just keep printing more money what happens next?

Martin: That view is kind of very childish I would say in the sense that one it assumes government is of one mind and one direction. It is more like a tribe FCC has its own lobbyist so does the CFTC. They all lobby against each other, the Fed has to raise interest rates, the stock market goes up you're going to have the Fed has to now go before Congress and testify. The Democrats are going to be churning it I mean they're absolutely frying them and saying see you're making the rich get richer blah blah blah they have no concept of what they're doing with the national debt.

I mean people give way too much credit to these institutions in government. I mean 07 when the crash came in, I got a call from the banking committee, house banking committee and they just wanted me to explain why did Lehman crash in twenty-four hours? I said repo. I am not joking, they said what's that? I said what you regulate, oh we do? They don't know.

These are politicians, they’re lawyers, they’re career people they have no experience in markets whatsoever they have no experience in economics and all they do is vote for whatever it is that the next election is about.

I've worked with governments not just U.S. with China all around the world and for 40 years this is the bottom line. You can go into a government and say listen it’s very nice which you've just said you know of our interest rates go up at those in yeah OK fine. They're not going to ever act they will say you know government advisors they take, they don't do what you tell them to do they won't do it.

This is my essence of it if I was going to run for president and I said to you vote for me because I saved your job. You're going to look at me and say well how did I know I was going to lose it. You could just be saying that. It's better for you to lose your job then I say OK fine vote for me I will get the guy that did.

That's how politics works. They're reactionary, they do not ever prevent a crisis. Every crisis is always been created by government. You take the 07, the mortgage backed securities there were seven agencies that had to approve that. How does it work? You go to the second one, you got through the at the first one the FCC you go to the next one, did they approve it? Yeah OK fine then we will. Nobody wants to be the odd man out, they don't even know what they're approving, and they don't understand the markets. So, you're expecting these people to actually ally something good luck they all go to the FCC or CFTC to make a name for themselves, to get a high paying job in the private side that's it, to sell influence. That’s the same thing with Hillary with her foundation, oh, it's really to help people and as soon as she lost the election everybody withdrew their money.

It's all about influence this is standard operational procedure in Washington and doesn't matter who you're talking about they're all do it that way right down to the bureaucrats.

Erik: I'd like to shift gears now because I know that you do a lot of international geopolitical risk analysis and holy cow look at what's going on between North Korea, China, Russia threats of escalation of the Syria situation. Russia has actually warned the United States that they will respond with force if there is a repeat of the missile attack which they consider to be completely unjustified on Syria.

How do you see all of these situations? What's the most important to be worried about how do you think that things are going to unravel from here?

Martin: Well, I think the real wild card is Korea and that's mainly because you have somebody who's totally inexperienced who is on some power trip and he has no concept of anything rational whatsoever. So, he is the ultimate-- you know the two-year-old with a hammer and a T.V. set you know that's basically him.

Syria is a different situation in that the whole thing was always about nothing more than really a pipeline that was it. Qatar wanted to basically run a pipeline through there to compete with Russia to get gas to Europe and Syria said no. And then you have in the Golan Heights which is Syria but occupied by Israel you have discoveries of oil which are bigger than Saudi Arabia. The company that has technically the contract is Genie oil out of New Jersey and who is on the board over there? Dick Cheney.

So, if you really want to expand that what are you going to do are you going to overthrow the Syrian government so all this nonsense about chemical warfare etc. a lot of it has been done by the very rebels that we have supported and the confrontation over there is really really stupid.

I'm disappointed in Trump for even doing what he did, I think he did basically to placate the neo-cons but I mean and people like John McCain I mean he'd invade Canada if he could there's no place that on earth that he wouldn't like to invade to get back for his indignities in having to give up the United States and being one of those people reading messages and stuff on the radio back there for the Vietnamese.

But Syria is just a real quagmire and we have done nothing but nation building that's why Trump initially said there will be no more nation building and here he is, he's got is foot right in the mud over there again and unfortunately the downside of all this is the fact that it was the elections in that instead of the Democrats accepting responsibility for all the leaks that came out of that the e-mails from the DNC would are they doing, they'd rather say oh it was Russia interfering with our election.

Nobody says that Russia faked any of those e-mails, altered any of them or put out any news that was not correct, you know what they're saying is that they were lying to everybody, their e-mails got hacked and the truth came out and that's somehow not fair and so they want to blame Russia for that.

So, you have this oh we have to investigate Russia, interfere with our elections and that's why Trump won it's not true but it then creates the dynamics in Washington where you have these Democrats that are have demonized Putin and it's ironic but they were the ones that are actually trying to push for war for retribution for Hillary losing the election, so it's really a crazy situation and the Democrats are doing more harm I think to the nation than anybody realizes. This is not the old world, I mean China and Russia have no interest in invading the United States and occupying this country, communism is gone OK they're not trying to put you know we're going to conquer the world and make everybody communists or whatever that philosophy is dead all right.

So, what are we into, we're in to a world of just basically pushing buttons, buttons and retribution that's it. So, it's more like you know divorced and throwing dishes at each other or something but it's not the old model of conquests, that's kind of gone, so we really should reassess everything. I've been in Washington, I've asked why is Russia our enemy? And I said if they're no longer a communist and nobody knows they just say well they're Russians, OK so all right the Russians. Why is China our enemy? Well they always used to be.

Nobody articulates any particular philosophy anymore. I mean before it was communism and they're going to dominate the world etc. that's all gone. So I would be more concerned about Korea because there it's not an issue of economics it's not an issue of anything but a young kid with basically a hammer and a T.V. and hopefully somebody will try to assassinate him within his own government but as long as he's still the high ranking on the power side a lot of people be afraid to do that because they don't know if the other ones will gang up on them and so you have to reach a level of tension where the second tier begins to question whether or not they really want to go to war because this guy will send everybody into war there's no question about it, that's more dangerous.

In the sense of Syria, it's more of the Democrats trying to get retribution against Russia so hopefully would like to think that Trump is going at least see what's going on and back off a little bit over there but the Middle East is just a real quagmire, we've created a mess after the fall of the Ottoman Empire carving everything up we created that these kingdoms and this has all been you know the downside of nation building.

Erik: While we're on mentioning China I want to touch on the explosive debt there that's occurred since 2008 Kyle Bass obviously had a very outspoken view that it would be a Chinese debt crisis that could force a revaluation of the you won and potentially send a wave of deflation around the globe do you agree with that view do you think he's on to something how do you see the situation in China resolving?

Martin: China went down the road of-- basically the private sector want a little bit too far into debt side and I've been to both Russia and China and the difference between the two forms of communism was Russia was more Stalinist in the sense that if he thought you even had the potential to be a revolutionary he chose you how, he worried about what you thought.

I had friends in East Germany then when the wall came down they found microphones hidden in the walls of their house.

And over in China basically it was a different type of communism it was they didn't seek to destroy humanity in that sense it was more of it's called the tall poppy syndrome. The poppy that grows taller than the rest gets its head cut off. If you kept your mouth shut in your opinions to yourself they didn't care whereas in Russia it was like if your parents speak badly against the government turn them in because the government is really your real parent.

So, it's a completely different philosophy that's why Russia has not boomed like China boomed. Once China was free, they just went crazy so the debt problems in China are quite extensive but this is part of the whole issue of like a bit coin etc. the bulk of the transactions were all in China and it was basically just being used as a means to get the money out and Chinese have been buying real estate in equities and everything else getting out, getting the money out of China, you know they're quite extensive in the U.S. stock market.

So, they're not interested basically in selling the stocks and going back to China or buying U.S. debt so I do see a problem with China in the sense of a short-term deflation but deflation is already in place globally. We're holding up the world economy right now so people you know keep harping about the U.S. and the 20 trillion we are the only thing holding everything up it is so bad outside the country people just have blinders on.

So, our economic growth is a fraction of what it was 20 years ago and we're cheering, this is great, the Fed's target is 2% for inflation, I remember when we were looking at 20% inflation so I would say that it's more of this is the final phase transition for the equity side it's what people are looking at the problem is in government debt, where do you put your money?

This is why India cancelled currencies they're trying to eliminate the hundred dollar bill, and that's marginally here in the States, in Europe everywhere the battle cry is eliminate cash because it does two things one it prevents people from doing a bank run, I mean how do you go down to the bank and take your money out, so put it on a CD ROM and the other side of this coin is basically that they think by eliminating the currency they're going to be able to get every penny of tax that they're entitled to and this is why I say government is pretty pathetic in the sense I've met with these people and their view is very distorted but they never see themselves as a problem, there are no mirrors in Washington, they only see you, never themselves.

So, their view is if they eliminate currency then you can't hoard and so therefore they get every penny of tax and this is the philosophy that was put out at the G20 meeting and this is what India is trying to bring India up to that standard eliminating cash so where do you put your money you can put in cash if you're afraid of government you don't want to buy government bonds, state and municipal bonds I'm telling you right now you better get rid of them because honestly once one municipal starts going you're going to see that as a contagion other Municipal are going-- even if you have an initial bond that is rock solid it will still be discounted because all the rest of them are so you don't want to be in that sort of stuff.

The only place left is activities that's it I mean sure you can buy some gold for the individual but institutions they can necessarily buy go bars and stick them in the basement, institutions they're buying equities.

Erik: Well I'd love to continue this conversation Martin but unfortunately, we are out of time before we go you operate a blog at armstrongeconomics.com please tell our listeners what they can expect to find there and also about the conferences that you produce.

Martin: Well basically we cover the world economy etc. on the blog it's free we do it more as a public service that's armstrongeconomics.com and our conferences are mainly really for professionals every once in a while, we do one for a retail audience but more on the professional side so those seats can go for like 2500 hours up our next one of those are in actually in Hong Kong by the end of the month and then around November we do one in Orlando.

We, also have a computer which you can access that's like $20 a month and it's the only fully functioning artificial intelligence system. The computer writes the actual reports so that's covering right now we have about five hundred securities that it analyzes and it writes a report on every individual security around the world. We're getting ready to expand that to about five thousand probably by the end of the summer.

Erik: OK Well thanks so much for your time today Patrick Ceresna and I will be back as Macro Voices continues right here at macrovoices.com