IceCap
Asset Management Ltd.

Our view on global investment markets:

October 2017 – "Should I Stay or Should I Go?"

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Darlin' you got to let me know

During the 1970s, The Clash pushed rock and roll to the edge.

Their hard charging, explosive, and anger-filled style, inspired spiked hair, rocked generations and forced people to question conventional thinking.

Along the way, they rocked the casbah. They called London. They got lost in a super market and then they went straight to hell.

For many – The Clash was the only band that mattered.

For investors, they are more – much more.

Today, as investors around the world become increasingly anxious, one of the greatest Clash songs of all time is making a comeback.

In board rooms, on trade desks, in living rooms and around kitchen tables – investors everywhere are nervously singing *"Should I Stay or Should I go."*

Stock market investors are nervous.

Housing market investors are nervous.

Gold and oil investors are nervous.

US Dollar and Euro investors are nervous too.

After all, avoiding near-certain losses should be the most important goal for every investor.

Yet, the confusion today is that practically every talking and writing head has declared everything to be at extreme risk levels.

In reality, everything cannot decline at once – money and capital just doesn't move that way.

Yet, as chaos continues to engulf our world, traditional investment metrics seemingly make less and less sense.

And once you understand this all important fact – then and only then, will you be able to ignore the hyperbole, tune out the 24-7 talking heads, and dismiss the irrelevant quarterly commentaries from the big bank mutual funds.

For investors, these are exciting times. Markets are on the cusp of some of the most dramatic movements we've never seen.

In this latest IceCap Global Outlook, we examine where and why you should be nervous, what to do, and along the way – sing and enjoy the show.

Should I stay or should I go?

The Stock Market

What can we say – there's an awful lot of people out there saying an awful lot of awful things about the stock market.

The central theme or reason for these negative views is entirely based upon stock market valuation.

This view is of course wrong.

And to understand why, first you must understand the background supporting these awful claims.

For starters, many who proclaim stock investors are living on the edge, have actually been living on the edge themselves.

Many of these bearish investors have shockingly been out of the stock market since the 2008 crash, with others selling out just a few years later.

Investors must know that despite the marketing machines, the Hollywood movies, and the internets – many investment managers are simple humans; full of emotion, full of pride, and perhaps worst of all – more stubborn than a goat.

Yes, many managers today are not insensitive, objective androids possessing the gift, the ability, the process and the flexibility to change their investment mind.

Instead – investment managers can be slotted into 3 groups:

Group 1 – this manager works for a mega-big investment firm, that is typically a part of an even bigger firm – a bank.

These firms are devoid of dynamic thinking. All peripheral visions have been checked at the door. Client money comes in through the same door and then it is always invested the same way, with no consideration of any significant and obvious events on the horizon.

These managers have no market view, and if for some strange reason they possessed a market view, the compliance and enterprise risk management departments would sniff it out and exterminate it faster than a speeding macchiato.

These firms did not see the tech bubble breaking until it was too late.

These same firms did not see the housing bubble breaking until it was too late.

And, today these same firms continue to whistle, Disney-themed tunes as the world passes them bye.

Group 2 – these managers were burnt badly by the last crisis and therefore continue to fight the last war. In many ways - these managers are to be commended.

They understand risk. They understand how the loss of capital can be devastating for their clients.

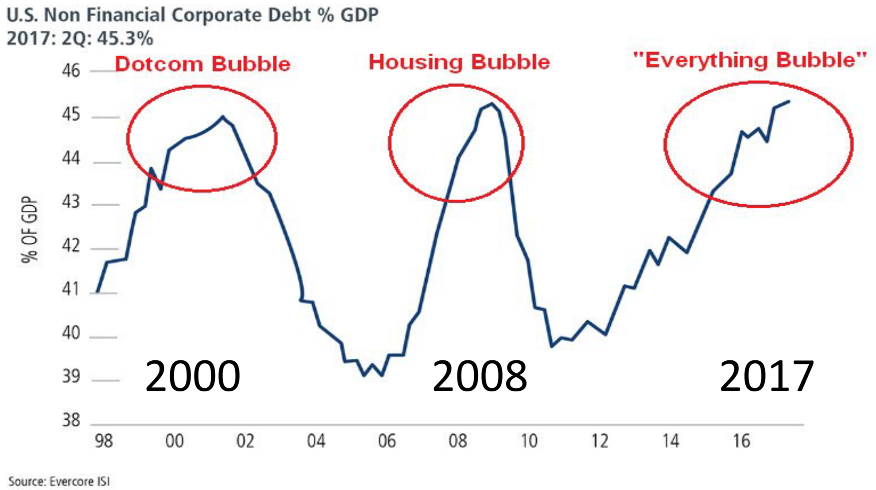
If you say that you are mine

These managers have really nice intentions. Yet their deepest concerns about another stock market crash has kept them out of stocks during one of the largest rallies in stock market history.

These managers are so geared towards another market crash that they epitomize confirmation bias.

Every single waking hour, day and week – which have turned into months and now years are spent agonizing over how markets are not correctly priced.

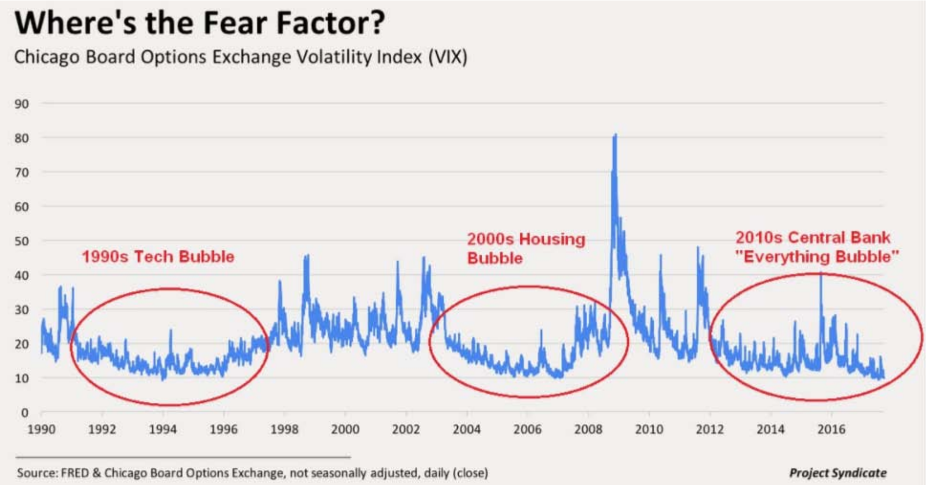
The confirmation bias first begins with showing how stocks are more expensive today than they were immediately before the 2008 crash and immediately before the 2000 crash.



And since stocks are more expensive today than compared to immediately before the 2000 and 2008 bubbles, then stocks must therefore be on the verge of crashing yet again.

But they haven't.

Another commonly trolled chart shows the VIX or market fear index:



And since this data point shows current markets are also at the exact same level as they were prior to the 2000 and 2008 bubbles, then stocks therefore must also be on the verge of cracking again.

But they haven't.

Next, the stock bears whip out charts showing the deterioration in Consumer Credit, the effect of Stock Buy Backs on Earnings per Share,

I'll be here 'til the end of time

record high profit margins, lower trending GDP, Donald Trump, Brexit, Marine Le Penn, North Korea, Russia, and the beat goes on.

Yet, stocks continue to defy gravity.

Then there's the money printing, zero interest rates, negative interest rates, financial oppression, and the socialized bad debt.

And yet, stock markets just won't go down. In fact, not only will stocks not go down, but they continue to go up.

Yes – it's confusing.

But it's only confusing for those using linear thinking, one-dimensional perspectives, and the refusal to consider that maybe there's something else a foot.

Here at IceCap, we completely agree with this negative assessment of all the above factors. Yes, on a stand alone and consolidated basis, a stock market specific focus concludes nothing good is about to happen.

Yet – this is the very point that is completely missed by managers in Group 2. They absolutely refuse to even consider for a moment that their analysis of risk is correct BUT maybe the risk will not be reflected in the stock market.

Throughout all of these negative reports and analysis, one major point is missing – the consideration that all of the risk in the world today certainly does exist, yet this risk lies within a market completely different than the stock market.

And since, none of these managers in Group 2 believe a major risk can ever occur outside of the stock market – then it is completely missed and dismissed.

Whereas the managers in Group 2 are singularly focused on the stock market, other managers have assessed the exact same global macro dynamics but came to a different conclusion as to where the risk really lies.

Which naturally brings us to investment managers in Group 3.

Group 3 – in many ways, these managers are similar to those in Group 2. They also have terrific intentions, possess a laser-like attention to avoiding capital losses, and a strongly held belief that markets can be pushed and pulled into extreme positions.

Yet, the difference between the two groups lies in the ability to remain asset class agnostic.

Whereas the managers in Group 2 are solely focused on the stock market as being the center of all evil.

Managers in Group 3 believe that at different times, any market can be either good or evil.

So you got to let me know

What we mean by this, is that these managers in Group 3 never fall in or out of love with any investment market.

Just as there are times to embrace and avoid stocks, the same is true for bonds, gold, currencies and different commodities.

When market conditions change, so too will the investment view of these managers.

But the key point to understanding this seemingly obvious expectation – and is completely missed by those managers in Group 2; all markets are interconnected.

In other words, stock markets cannot move in isolation without impacting other markets.

And of the utmost importance – other markets cannot move in isolation without impacting the stock market.

And, perhaps the single, biggest revelation of all and commonly missed by many – the financial world does not revolve around the stock market.

Yes, the global stock market is big. But it is dwarfed by bond markets, interest rate markets and currency markets.

Walk onto the trading floor of any major bank and you'll see that over 75% of the floor is dedicated to bond, interest rate & currency trading.

The remaining sliver is for the stock market.

Believing the stock market is the king of the hill, is akin to believing the tail wags the dog.

Understanding this all important point, will help you see the why the conclusion of the managers in Group 2 has been wrong.

Whether they realise it or not, all of their analysis has assumed that everything is fine in the bond, interest rate and currency world.

The reason for this is quite obvious.

For many, the stumbling block today is the fact that during the past 35 years – every market crisis has eventually manifested itself in the stock market.

And since few in the industry today have worked beyond the last 35 years, then they inherently believe that every crisis is eventually reflected in the stock market.

Here at IceCap, we clearly see that today's global financial world contains risk unlike anything we've seen before in our lifetime.

After all, 35 years of accumulated effects of central bank policies, bailouts, fiscal deficits, and excessive borrowings have culminated in today's rather awkward financial position.

Should I stay or should I go?

Yet, the culmination of these awkward moments, lies in the fact that central banks and their craft have finally hit rock bottom.

And in the confusing world of bonds, interest rates, debt and currencies – hitting rock bottom is really the opposite of what you'd expect.

It is bad.

The reason it is bad, is because when interest rates are falling – the bond market zooms higher and higher.

Reality is also true. When interest rates begin to zoom higher – the bond market drops like a stone.

And because this stone is multiple times bigger than the stock market, the ripples turn into waves that will gush investors out of the bond market seeking safety.

And contrary to every manager in Group 2 – this safety zone will be the USD, gold and yes, the stock market.

So, to answer the classic question from The Clash about the stock market – absolutely stay. The ride will be a bit rough, but it will be nothing compared to what is about to happen in the bond market.

The Bond Market

It's coming. And when it hits, it is going to be a doozy.

The global bond market is on the verge of doing something never before seen in our lifetime.

Of course, the trick to seeing and understanding this certain risk is simply acknowledging the length of your current investment experience.

Just because something hasn't occurred over the last 35 years, doesn't mean it can never happen.

The near-complete lack of acceptance of a bond bubble is partly due in course to the fact that over the past 35 years, the investing world has only ever seen crises in the stock market.

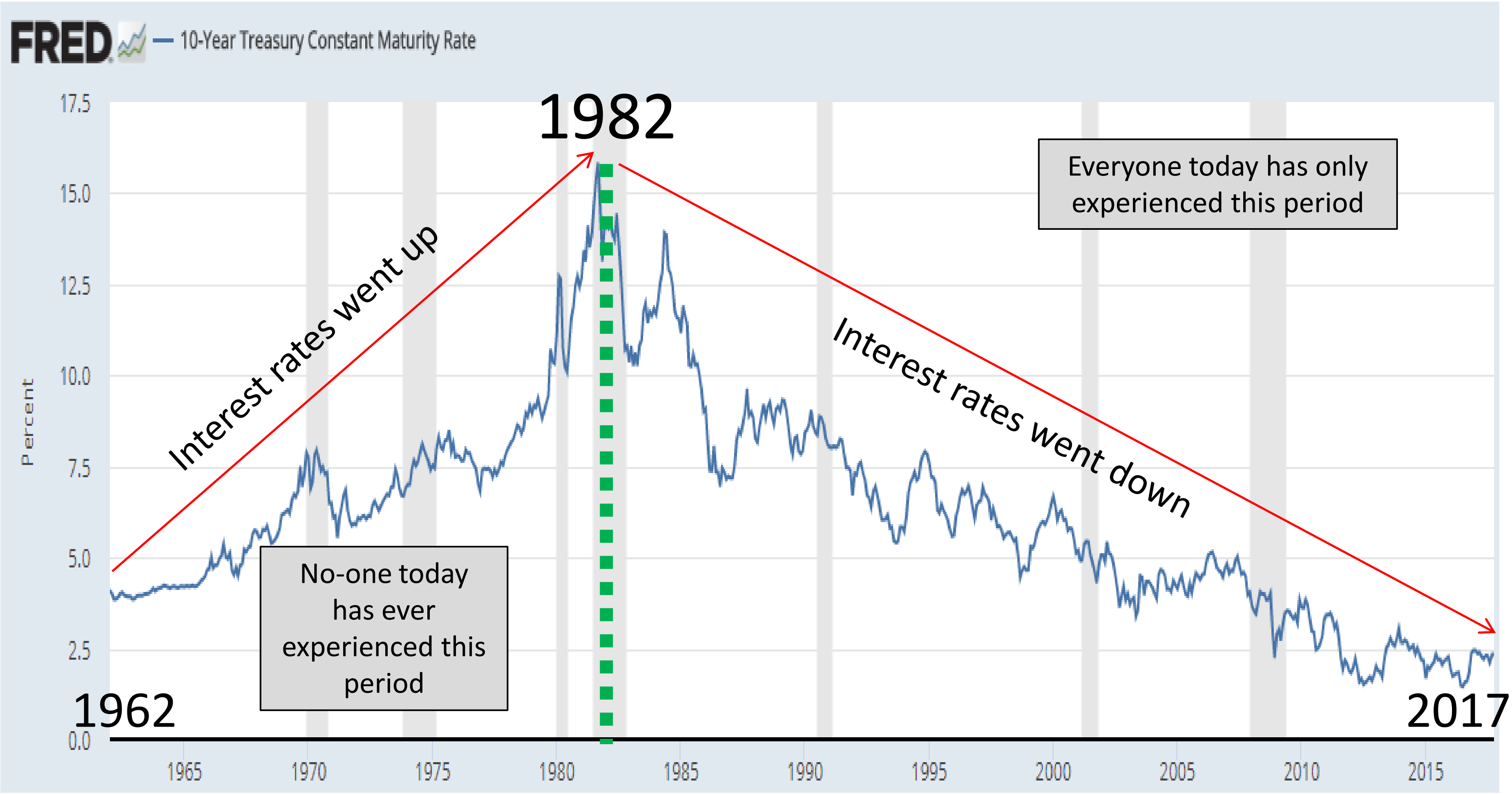
To understand why investors see it this way, see **Chart 1** on the next page.

The chart shows the history of long-term interest rates in the United States from 1962 to 2017.

Note how from 1962 to 1982, long-term interest rates increased from 3% all the way up to 16%.

During this 20 year period of rising long-term rates, financial markets were a disaster. No one made money. Stock investors lost money. And bond investors lost a lot of money.

Chart 1: Historical US 10-year Treasury Yield



Source: US Federal Reserve

If I go, there will be trouble

Life was so bad – especially for bond investors, that by the time 1982 rolled around you couldn't give a bond away.

If you were an investor or working in the investment industry at the time – you were painfully aware of the bond market and you were schooled to never, ever buy a bond again.

Of course, 1982 was actually the best time ever to buy a bond. With long-term rates dropping like a stone over the next 35 years, bond investors and bond managers became known as the smartest people in the room.

But, that was then and this is now.

There are 2 points to remember forever here:

1) What goes down, must come up

2) There's no one around today to remind us of what life was like for bond investors when long-term rates marched relentlessly higher

Interest rates are secular. And with interest rates today already hitting the theoretical 0% level – they have started to rise.

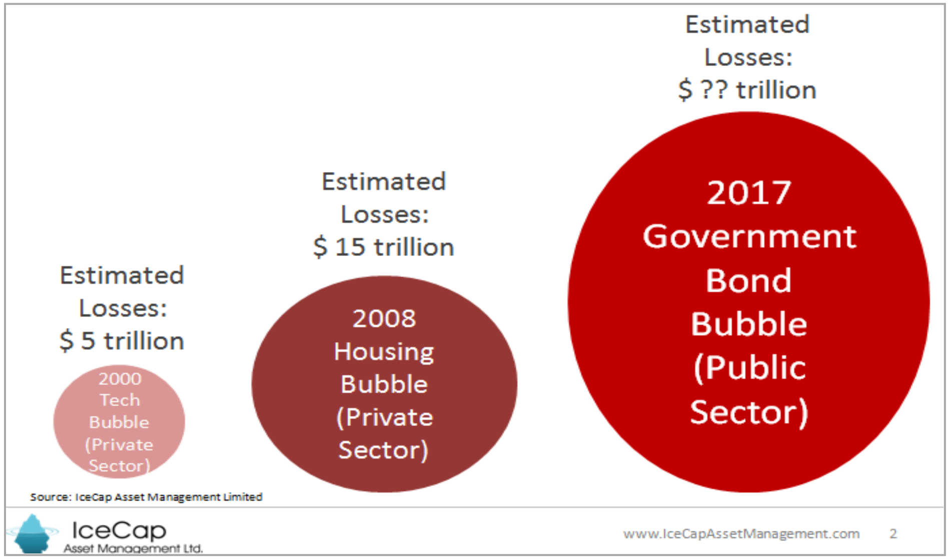
And when long-term rates begin to rise, (unlike short-term rates) it happens in a snapping, violent manner. Neither of which is good for bond investors.

Of course, there's another important point to consider, the rise in long-rates from 1962 to 1982 occurred when there wasn't a debt crisis in the developed world.

And since 99% of the industry has only worked since 1982 to today, then 99% of the industry has never experienced, lived or even dreamt of a crisis in the bond market.

This of course is the primary reason why all the negative stories about the stock market are alive and well played out in the media – they simply don't know any better.

And this is wrong. Very wrong. After all, the bond bubble dwarfs the tech bubble and the housing bubble. Think about it.



And if I stay it will be double

To grasp why the bond market is on the verge of crisis, and why trillions of Dollars, Euros, Yen and Pounds are about to panic and run away, we ask you to understand how free-markets really work.

For starters, all free markets have two sides competing and participating.

There are natural buyers and there are natural sellers. The point at which they meet in the middle is the selling/purchase price and the entire process is called price discovery.

Price discovery is a wonderful thing. It always results in the determination of a true price for a product or service.

However, a big problem arises when there is an imbalance between the buyers and sellers, and when one of the sides isn't a natural buyer or seller.

This is what has happened in the bond market. And this is why bond prices (or yields) have become so distorted; the true price of a bond hasn't existed now for almost 9 years.

When the 2008-09 housing crisis crippled the world, central banks decided they would help the world recover by providing stimulus.

The stimulus to be provided was in the form of Quantitative Easing, or money printing.

What happened next has long been forgotten by the majority of the market, and is the prime reason why so few today understand and appreciate the magnitude of the stress that has been created in the bond market.

When the central banks printed money, they actually used this printed money to buy government bonds.

And with central banks suddenly becoming "buyers" of government bonds, the number of "buyers" in the bond market had instantly increased.

And with the number of buyers increasing, the price of bonds increased – which caused long-term interest rates to come down.

[note that in the bond world, when prices go up, interest rates go down, and vice-versa].

In effect, the global adoption of Quantitative Easing/Money Printing meant the entire price discovery process would become suspended.

And with a suspended price discovery process, the real or true price for bonds, has not been seen for 9 years.

The big point here, and it's especially big in Europe – the elimination of the price discovery process has resulted in all countries paying lower rates of interest when they borrow.

So come on and let me know

Which, to the average person may seem good. After all, paying lower rates of interest has to be a good thing.

But it isn't.

Instead, the manipulation of the global yield curve has created an interest rate environment that has become so stretched, shredded and tattered – that even the slightest hint of an end to this financial nirvana is enough to send investors off the deep end.

Case in point - over the last year, we've seen the most significant market reaction in the history of the bond world, not once but twice.

Yet, the talking heads, the big banks and their mutual fund commentaries, and the stock market focused world have completely missed it.

Almost a year ago in November immediately after the American Election, over a span of 54 hours – the bond market blew up.

To put things into perspective, **Chart 2** next page shows what happened during those fateful days.

Ignoring the why's, the how's and the who's – the fact remains that this tiny, miniscule increase in long-term interest rates caused the bond market to vomit over itself.

Yes, a +0.7% increase in the US 10-Year Treasury market yield created chaos, havoc and over $1.7 Trillion in losses around the world.

We've spoken before how we had meetings the day after with the world's largest bond manager and they described the previous few days as registering an 8 out of 10 on the holy smokes scale.

Let that sink in. This +0.7% increase in long-term rates caused this bond behemoth to go down for an 8-count.

Folks – this is not reassuring.

Next up to hit the bond market was perhaps the most astonishing reaction by a central bank since the discovery of fire.

On July 5th, 2017, after 5,952 days of printing money to buy Japanese Government Bonds – the unthinkable happened.

Long-term interest rates in Japan increased from +0.10% to +0.125%, and all hell broke loose.

The Bank of Japan officials quickly cranked up the printing press and announced that they would buy every single Government of Japan bond on the market at a price of 0.10% or better.

In other words, whereas a +0.70% move was enough to cause complete panic in the USA, it only took a +0.025% increase in long-term rates to cause the Bank of Japan to freeze the market.

Chart 2: Market Reaction to 0.70% change in rates

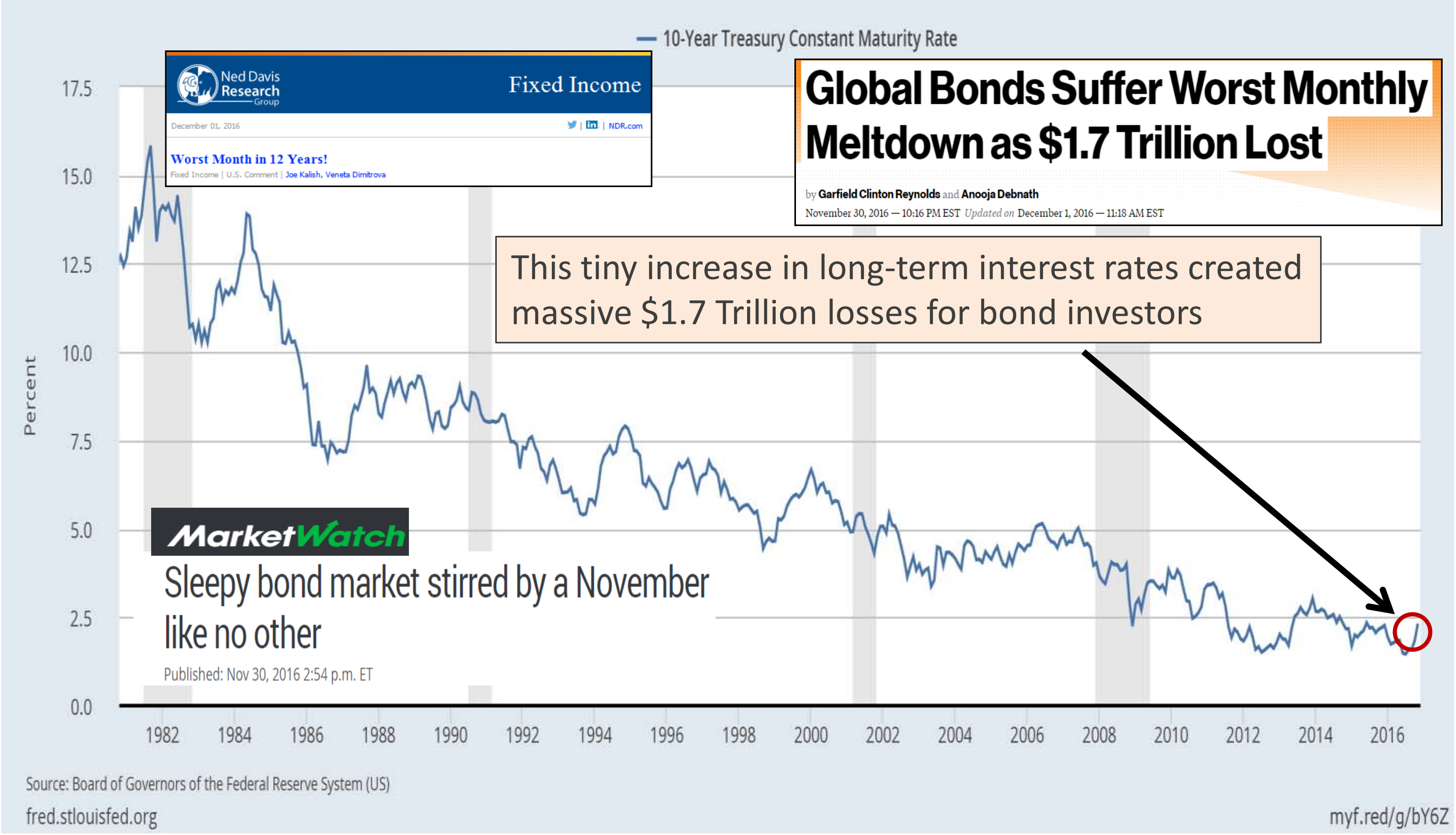
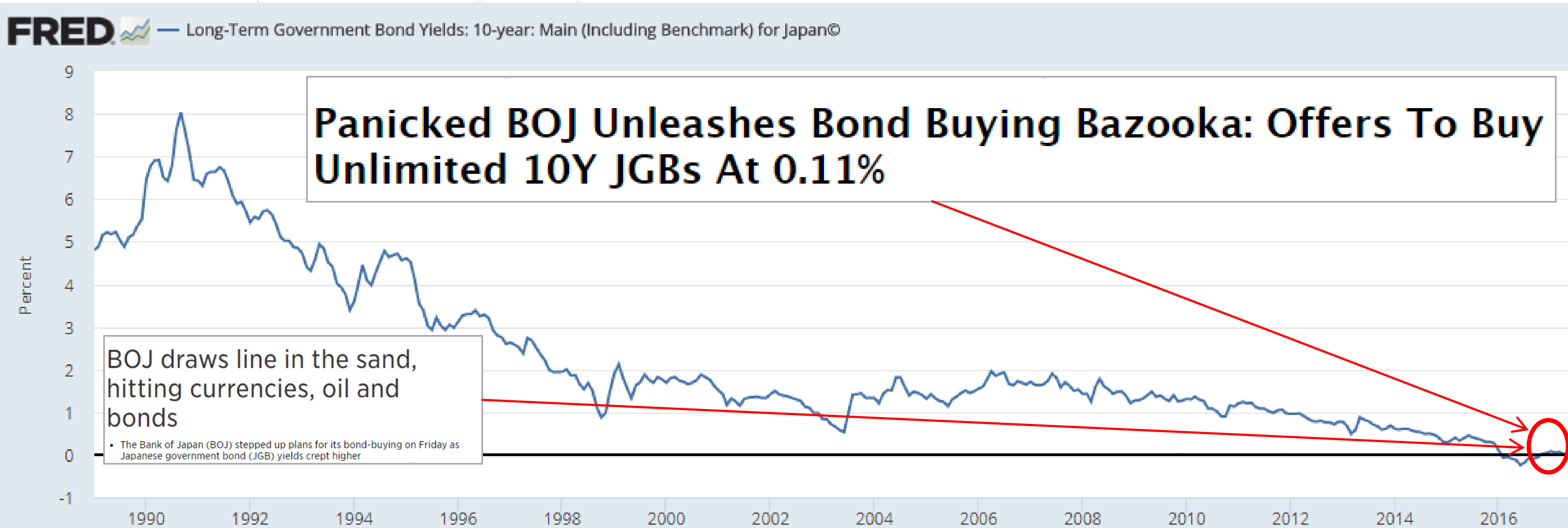


Chart 3: Market Reaction to 0.025% change in rates



To put this into perspective see our **Chart 3** above which details the history of Japan's long-term interest rate from 1988 to 2017.

This recent crisis is so small on an absolute scale that it cannot even be deciphered by the human eye.

But make no mistake – this was yet another cry for help from the bond market.

A few weeks ago, the US Federal Reserve announced that it would begin to unwind their balance sheet. This unwinding actually means they will no longer reinvest any of the maturing bonds they have purchased from the US Treasury over the last 9 years.

Together with the Americans signalling that they will continue to raise short-term rates – this is a big deal.

This means the US Treasury market is taking a step closer to returning to a genuine market of price discovery. Yet, and contrary to the cheering from all of those bearish on the USD, this is in fact bullish for the green back.

This indecision's bugging me

Yes, although the US Dollar and short-term treasuries will eventually hit the ground pretty hard – it is no where close to achieving this in the near-term.

We know the world is full of investors and pundits who are beyond bearish and negative on the United States of America.

The crux of this bearish view is based upon the continuous build of debt through deficits, unfunded liabilities, a severed political environment, and the overall decline of the American empire.

This is correct in some ways – yes, the Americans will eventually give way to someone else as the world's economic & political super power.

However, a few other things have to happen first. But, what is completely missed, misunderstood and ignored is the fact that the USD is the world's reserve currency and there is no other currency or basket of currencies or basket of commodities remotely close to knocking this horse over.

Obviously, the United States uses the USD for its domestic economy and government fiscal policies – but so do many, many others.

Numerous other countries, multi-national companies, international bodies as well as the entire commodity complex (oil, ore, natural gas etc) all use US Dollars.

No other country or currency comes even close to matching this dominance.

The point to understand is that the global demand for US Dollars (which is really short-term US Treasury Bills) is astronomical.

This is important for 2 reasons:

1) When the US Federal Reserve begins to reduce its balance sheet, the slack isn't one for one. The overall demand for USD will remain very, very strong.

2) When the debt crisis re-escalates, money and capital will run for cover and safety – and the only game in town is the USD. Not the Euro, not the Yen, certainly not the commodity currencies (CAD/AUD/NZD), and not the British Pound.

Recently there has been announcements how the Chinese would begin to value oil in Yuan-backed by gold and that this would destroy the USD's reserve status.

This is wrong.

Simply valuing the price of oil this way does not affect US Dollars flowing through the system.

At the end of the day, if Russia sells $10 Billion of oil to China, valued in Yuan – Russia still has to park $10 Billion USD somewhere in the system.

If you don't want me, set me free

Think as you may, but Russia cannot simply put this in a Yuan bank account. The underlying bank then has $10 Billion USD and they now have to do something with.

Please understand the $10 Billion USD just does not disappear, and neither will the dominance of the world's reserve currency.

Now, to really understand why and how and where this bond market bubble breaks – look no further than Europe.

European Union and Eurozone

The Eurozone will fail and restructure.

The mathematics behind a failed common currency are quite obvious. Creating a common currency without a common debt, without a common tax policy and without a common spending policy, combined with printing money out of thin air to support it all; has created a financial bubble unlike anything we have seen in our lifetimes.

Yet, running parallel to the mathematics are the non-quantitative reasons as to why the Eurozone project will fail.

Quite simply – 30%-40% of the population despises the structure and make-up of the Eurozone, the European Union and all of its rules and regulations.

The following map details the number of sub-regions across Europe who are simply not happy with the status quo.

As you'll agree – there are quite a few.

Whereas elsewhere in the world, people see themselves as American, Japanese, Chinese, Canadian, Brazilian etc.

In Europe, it is a very different story. In fact, few people in Europe see themselves as Europeans. Instead, they first identify themselves as being Irish, French, Italian, German etc.

Regional, cultural and historical differences have been running for hundreds of years. And throughout these hundreds of years, there have been many wars, splits and lines drawn and crossed.

This is natural. Not only does it happen in Europe, but it also happens in the Americas, Asia and Africa.

Exactly whom I'm supposed to be

Yet, the developed world's ignorance in recognising this fact today, is due to no major separation or disagreement occurring during our lifetime.

And, due to linear thinking, since something hasn't happened in our lifetime, then we mistakenly believe it can never happen in our future lifetime.

This is a mistake, and it is the same view used by everyone ignoring the crisis and bubble in the bond market as well.

As we'll all see soon enough – the mathematics supporting the bond bubble combined with the growing unhappiness of certain groups will create the financial market movement of our lifetime.

Which of course brings us to **Spain**.

For those who are not aware, the Catalonia region of Spain has always been different than the rest of the country.

With Barcelona as its capital, the Catalonia region has a long and rich cultural history full of fantastic stories, traditions, football teams and above all, a very deep dislike for Spain.

For those who are unaware, Francisco Franco ruled Spain as a dictator from 1939 to his death in 1975.

Today he is remembered as a fascist dictator who ruled with an iron fist, arm, batons and guns.

Yes – he was ruthless. And especially ruthless to Catalonia and other regions which he conquered along the way (including the Basque region).

Franco banned everything associated with Catalonian nationalism including books, education, and even the language.

To further squash any hope of independence, Franco even had the head of the Catalonians, Llouis Companys executed in the town square by a firing squad.

Seconds before being killed, Companys shouted ""For Catalonia!"

During this White Terror, 10,000s were imprisoned, beaten, tortured and enslaved.

After Franco's death, Catalonia remained a part of Spain but as a separate autonomous region.

In effect – it is a part of Spain, but it isn't a part of Spain.

Which brings us to the events of October 1, 2017.

A few months earlier, the Catalonia regional government announced it would have a referendum for its people to decide for once and for all whether it wished to separate from Spain and become an independent country, all on its own.

Don't you know which clothes even fit me?

October 1 was to be the big day. And leading up to the referendum, polls routinely placed the "Leave" campaign at close to 40% - which is of course, considerably less than the 60% who wanted to "Stay" a part of Spain.

If October 1 rolled around and everyone voted as expected, maybe the "Leave" side would have picked up 42-44% at the most.

Yet, considering this is Europe, and also considering that those pulling the EU strings from Brussels know full well that the fabric holding the EU together is tattered and frayed – interference was obviously needed.

And interfere it did. The EU response will be remembered as one of the harshest political crackdowns since the Chinese rolled the tanks across Tiananmen square and killed 500-1000 political demonstrators.

Prior to the October 1 vote, Spanish President, Mariano Rajoy simply decided (with permission and guidance from Brussels and the EU) that the vote must not occur.

The first response was to have Spain's supreme court conveniently rule that the referendum was illegal.

In fact, not only was it declared illegal, the courts announced it is undemocratic to have a democratic election on an issue desired by the people. (remember, this is the EU).

Catalonia announced they would have the vote anyway.

Next up, the Spanish government announced it is illegal for any government owned or sanctioned agency to physically enable the referendum.

This of course meant all municipalities in Catalonia are forbidden to allow any government premises to provide a voting booth.

Catalonia responded by saying they would simply shift to other buildings.

With the embarrassment growing, Rajoy next made an even bigger mockery of democracy by ordering the police to enter printing shops in a desperate bid to find the actual ballots and have them destroyed.

Catalonia simply printed more.

Next up, the Rajoy government ordered Google and Facebook to take down all web pages, groups, and anything else supporting the Catalonian referendum.

Catalonia simply shifted online access to other platforms.

With the hours counting down to the vote, Rajoy became even more desperate by importing 16,000 Spanish police into Barcelona via cruise ships and ferries.

Come on and let me know

Catalonian dockyard workers refused to help them dock and unload.

Grasping for straws, Rajoy next announced that over 700 mayors in Catalonian towns would be arrested.

No luck – Catalonia would proceed.

Finally the day arrived – October 1, 2017 would be the day Catalonians would decide once and for all if they should remain a part of Spain or once again return to being an independent sovereign state.

Rajoy responded with this:

In the end, it wasn't an enjoyable Sunday afternoon as over 840 people had their skulls, knees, arms and fingers cracked with steel police batons.

While the rest of the world watched in horror, President Rajoy said the police response was "firm and serene."

Also in the end, 90% of voters (nearly 2 million people in total) voted a resounding yes – they want independence.

If Rajoy and the EU did not respond, the vote would have petered away, and forgotten about in a few days.

Instead, actions by the EU has created a storm which will certainly escalate further.

Spain and the EU made their message loud and clear – if you want to leave the current EU structure, you will feel the pain.

Although the level of violence dished out to voters was unprecedented, it should not have been a surprise.

After all, the EU has a long history of either preventing people from voting on specific issues, or better still – forcing them to re-vote if Brussels is unhappy with the outcome.

Yet, when asked about the heavy handed approach by the Spanish police, Margaritis Schinas, the European Commission's chief

Should I stay or should I go?

spokesman said "We call on all relevant players to now move very swiftly from confrontation to dialogue. Violence can never be an instrument in politics.“

When asked to compare the Catalonian conflict with Spain to the Kosovo conflict with Serbia, Mr. Schinas responded that they are two entirely different situations.

Now, here's a moment where the EU executive is actually stating a fact. Yes, Kosovo and Catalonia are completely different.

Different in that, Kosovo separating from Serbia would have zero effect on the Eurozone, whereas Catalonia separating from Spain would likely cause the Eurozone to break.

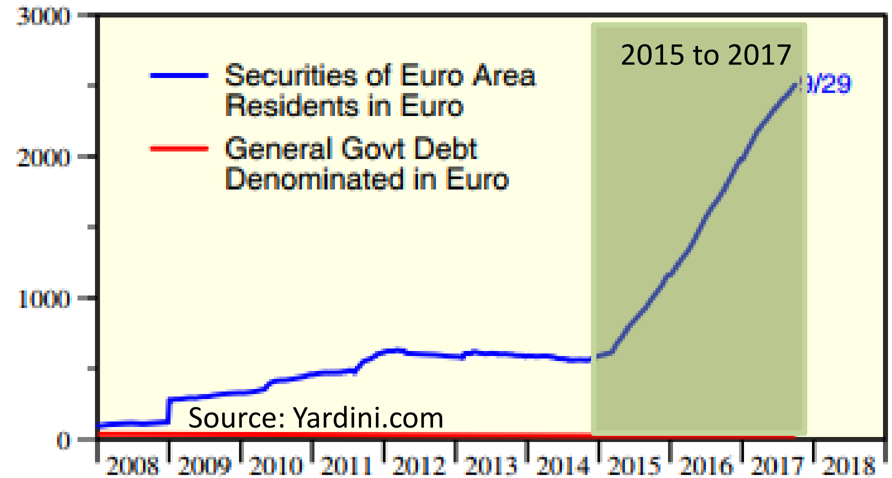
These are the qualitative reasons why the European bond market is the one to watch.

Of course, the quantitative reasons are equally as strong.

Since 2008, in an effort to stimulate the global economy, central banks in USA, Japan, and the Eurozone have printed in excess of $14 Trillion dollars.

As you are now aware, this $14 Trillion has been used to buy government bonds, which effectively suspended the price discovery process for the bond market.

To better grasp the magnitude of this deliberate attempt to suspend the price discovery process in Europe, consider the below chart which shows the dramatic increase in money printing by the European Central Bank (ECB) from 2015 to 2017.



Prior to the 2008 housing crisis, the ECB had printed exactly 0 Euros.

In fact, the mere suggestion of such a desperate, economic and monetary act was enough to ruin an even bad glass of Burgundy.

Yet, it's funny what people will do when faced with having their entire belief system torn apart.

As you can see, for the next 9 years (and especially since 2015), the Europeans have printed to their hearts desire all in the name of saving the European financial project.

Should I stay or should I go now?

Of course, the result today is an economic fantasy that can only exist in Europe, yet be completely ignored by everyone else.

The fantasy of the bond market has reached such extremes, that today **Chart 4** (next page) shows how European Junk Bonds are now priced at the exact same levels as US Treasury Bonds.

This is the same as saying the Cuban national ice hockey team is equal to the Canadian ice hockey team.

Or for our European readers, it's similar to saying the English national football team is equal to the German national football team.

You get the point.

For those with a clear and objective mind, signs that the last days of the bond bubble are near, are everywhere:

Europe's Bank Crisis Arrives In Germany: €29 Billion Bremen Landesbank On The Verge Of Failure

Royal Bank of Canada to Cut About 450 Jobs in Toronto Area

By Doug Alexander
June 21, 2017, 10:26 AM GMT-3 *Updated on* June 21, 2017, 10:45 AM GMT-3

ECB deemed Veneto Banca and Banca Popolare di Vicenza failing or likely to fail

Council of Ministers
Government grants loan of 10.19 billion euros to Social Security system to pay pensions
Moncloa Palace, Madrid, Thursday 29 June 2017

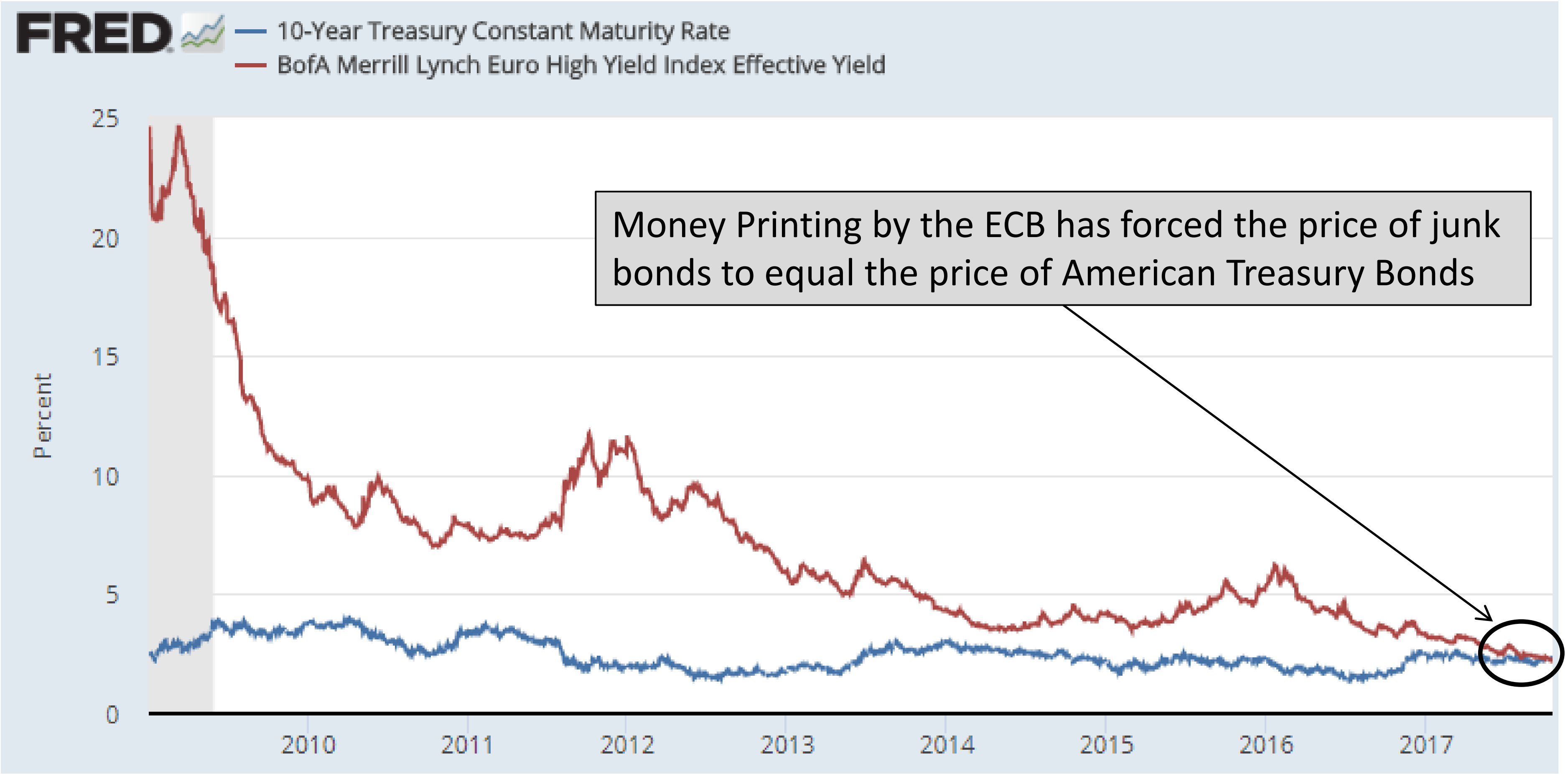
Opinion: Argentina's 100-year bond: Sure sign of market gone crazy
Published: June 20, 2017 11:49 a.m. ET

Austria Thinks Long, Announces 100-Year Bond
Vienna launches an ultra-long issue that is the first such deal in eurozone
By *Emese Bartha*
Updated Sept. 12, 2017 3:45 a.m. ET
Austria went ultralong Tuesday, when it launched new five- and 100-year government bonds—the first such deal to be sold into public markets in the eurozone.

Ireland issues first ever 100-year debt at 2.35 percent yield

Milestones in Bond Insanity: Mexico Sells 100-Year Bonds

Chart 4: European Money Printing



IceCap Asset Management Ltd.

So ya gotta let me know

Now, despite this overwhelming evidence and logic that the bond market is in a rather peculiar spot – the majority of bond investors are either not aware of the situation, or worse still, refuse to believe the risk exists.

After all, if it hasn't happen before in your lifetime – then the risk doesn't exist.

Our Strategy

Bonds

There's been no change to our long-term outlook for bonds. All of our portfolios continue to hold minimum allocations to bonds, with no high yield, no emerging market debt, and no long duration.

We continue to see bonds as the riskiest long-term investment in the market place.

Stocks

We've added further to equity holdings. Equity markets continue to have strong technical support, and unless these levels are broken, we'll remain invested.

Currencies

For non-USD investors, we added further to our USD strategies. Since these trades, USD has declined which has been negative for our portfolios. This cyclical counter-rally has now been completed and the world has returned to a strengthening US Dollar.

Commodities

There's been no change to our outlook for gold and other commodities.

We remain especially bullish on gold in the long-run. Yet, near-term weakness continues and until a breakout is confirmed we'll remain un-invested in this market.

Energy, base metals and soft commodities all remain on our radar and anticipate these groups offering strong upside. Yet it's our view, turning points for non-USD investors will not occur until after USD rally strengthens considerably.

Should I stay or should I go?

As always, we'd be pleased to speak with anyone about our investment views. We also encourage our readers to share our global market outlook with those who they think may find it of interest.

Keith Dicker, CFA founded IceCap Asset Management Limited in 2010 and is the President and Chief Investment Officer. He has over 20 years of investment experience, covering multi asset class strategies including equities, fixed income, commodities & currencies.

Keith earned the Chartered Financial Analyst (CFA) designation in 1998 and is a member of the Chartered Financial Analysts Institute. He has been recognized by the CFA Institute, Reuters, Bloomberg, BNN and the Globe & Mail for his views on global macro investment strategies. He is a frequent speaker on the challenges and opportunities facing investors today, and is available to present to groups of any size.

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We want Partners

Since 2010, IceCap Asset Management has consistently demonstrated a unique and correct understanding of the world's global macro environment.

Our ability to communicate this understanding in both our investment portfolios and through our highly successful **Global Market Outlook** is a feature we would love to leverage.

IceCap Asset Management is a growing firm, and we are completely open to discussing all opportunities, ideas and ventures with other firms, fiduciaries and individuals anywhere in the world.

Opportunities may include:

1. white labelling of funds
2. sub advisory of funds or managed platforms
3. speaking engagements for small or very large groups
4. joint ventures
5. other corporate opportunities

We want Partners

The Canadian investment industry is rapidly changing. If you are a licensed Advisor, Financial Planner or Portfolio Manager give us a call to see how you would benefit by joining our team.

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