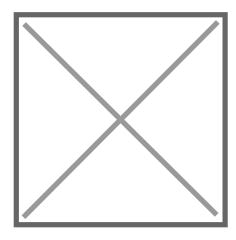
The Biggest Bubble Ever

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In this exclusive Quarterly Webinar, David Hay talks about â??the biggest bubble everâ?• (0:20), the economy (5:38), the stock market (17:40), the bond market (28:00), inflation (32:53), central banks (35:05) and energy (38:36).

Please note that this presentation was recorded on January 31st, 2018, prior to the recent stock market sell-off. We believe this correction supports Evergreenâ??s position that we are in the midst of â??the biggest bubble everâ?• and that a similar event will be much more devastating to markets in the medium-term than the turbulence seen since last week. The almost overnight implosion of popular trading vehicles that let investors bet on historically low volatility, as well the collapse of the Bitcoin bubble, both drive home how quickly big profits can turn into losses in todayâ??s financial markets. As the *Wall Street Journal* reported on Tuesday, â??the sudden return of volatility nearly wiped out the assets of some popular exchange-traded products that allowed investors to bet on continued calm.â?• The chart below shows just how dramatic this freefall proved to be, as the market cap of the VelocityShares Daily Inverse VIX shed about \$1.9B, dropping from nearly \$2B to \$82M in a matter of days.



In the video below, David Hay preemptively warns about the dangers of these popular products and their potential to escalate small corrections into big panics (26:06). At this point, after this weekâ??s brief rally followed by a resumption of the pull-back, Evergreen is watching the bond market closely for clues about the future direction of stock prices. It was the break above the 2.65% yield levelâ??which we had previously highlighted as a crucial thresholdâ??that triggered the recent shake-out. Should the equally critical 3% yield ceiling be shattered to the upside, our fears about a more severe equity downturn would escalate significantly. We find it interesting that even with the 10%+ drop in the S&P 500 from the January peak, there has not yet been a â??flight to safetyâ?• move into treasuries as yields stay close to their highs. We will be following up on this important theme in the weeks ahead.

Quarterly Webinar - February 2018 from Michael Johnston on Vimeo.

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