

Bubble 3.0, Chapter 2, The Worst Kind Of Bubble

Greetings, EVA and “Bubble 3.0” readers!

Thank you for your continuing interest in this project. Based on the flood of new impressions that have been generated, it does seem like the subject matter is of interest to a broad audience. That has certainly been my hope but I’m gratified to see momentum building behind this effort to shine a deservedly harsh light on America’s central bank.

With this chapter, we are returning to our normal sequence after pulling forward Chapter 10, “The Insanity Bubble”, due to increasingly chaotic market conditions. Based on the extreme stress suddenly erupting in bond markets around the world late last week, there is a reasonable chance the turbulence is set to increase.

Chapter 2 explores the linkage between the collapse of the late ’90 tech mania, Bubble 1.0, and the follow-on, almost purposeful, inflation of Bubble 2.0--the great housing boom of 2002 to 2007. As you will read, one of America’s most prominent economists and journalists (a Nobel Prize winner, at that) repeatedly urged the Fed to create another bubble to offset the tech bust deflation risks. He needn’t have been so vehement; one thing the Fed excels at is blowing asset price bubbles.

This one is a bit longer than our normal chapter posts but we obviously feel the content is worth the length.

David Hay

Bubble 3.0

This is Bubble 3.0, the Fed’s latest Twilight Zone:
As vast as space and as timeless as infinity.
Consequently, could financial markets be headed
into the third black hole of the last 25 years?

By David Hay · Launched 6 days ago

Subscribe

https://twitter.com/hay_bubble3

DISCLOSURE: This material has been distributed solely for informational purposes only and is not a solicitation or an offer to buy any security or to participate in any trading strategy. Any opinions, recommendations, and assumptions included in this presentation are based upon current market conditions, are subject to change, and reflect the personal opinions of David Hay

(an employee of Evergreen Gavekal) as of the date of this publication. This publication does not necessarily reflect the views of Evergreen's Investment Committee as a whole. All investment decisions for Evergreen clients are made by the Evergreen Investment Committee. All material presented is compiled from sources believed to be reliable, but accuracy cannot be guaranteed, and Evergreen makes no representation as to its accuracy or completeness. Securities highlighted or discussed in this letter have been selected to illustrate the author's investment approach and/or market outlook and are not intended to represent Evergreen's performance or be an indicator for how Evergreen or its clients have performed or may perform in the future. Each security discussed in this letter has been selected solely for this purpose and has not been selected on the basis of performance or any performance-related criteria. The securities discussed herein do not represent an entire portfolio and, in the aggregate, may only represent a small percentage of a Evergreen's client holdings. Evergreen actively manages client portfolios and securities discussed in this communication may or may not be held in such portfolios at any given time. Before making an investment decision, the reader should do their own research and/or consult with their financial advisor. Past performance is no guarantee of future results. All investments involve risk, including the loss of principal.