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BECAUSE CHARACTER AND DEPENDABILITY MATTER

We hope that you had a wonderful Thanksgiving and that the conversations were as off the cuff as ours. We decidedly opted to listen more than opine as we ingested not only too much turkey but certainly a fair amount of economics and far too much Trump speak, especially from our millennials in attendance. What we didn't find surprising was the questions about bitcoin and crypto currencies. We didn't even hear the word bubble, but rather more inquires and questions about the technology in general. The common thesis seemed to be, which one is still a buy the SP500 or Bitcoin? Well our readers certainly know where we stand and we were reluctant to withhold such a formidable position from our willing audience. Our initial explanation stuck right with the technological advancement and its possibilities, not merely estimating future valuation, but rather predicting an exciting arms race in the industry. Maybe that's the wrong euphemism considering NK is up to their old nuke launch tests. Speaking of, we haven't quite figured out their motive, but we are certain there is more than meets the eye. Something just doesn't smell right, for what does NK have to gain in relation to what they have to lose? Ok, sorry off track a bit but anyway as of this writing Bitcoin is pushing the \$10k mark and the SP500 is well over 2600 so our best analysis is to just stick with the prevailing winds and say, we see no bubbles here, just simply more of the same fiat debasement going on.

We did handpick, or shall we say cherry pick a few charts courtesy of Zerohedge this week, which does show that the SP500 is exhibiting some true extremes, some things we haven't seen in a very long time. The first chart we have is SP500 Price to Sales, which hasn't seen such an apex since 1999 and we all know what transpired after:



The next chart displays the spread between the US 2 year to the German Bund which shows the level is also at a junction last reached in 1999:



We like to point such things out for your own intellectual assesment and we think history gives us great examples of turning points and we have to keep our weary trading eye open for any consistencies that may bring us closer to making clear and accurate assumptions. We will continue this letter with a few more charts we think stand out this week. The first chart we have is the clear breakout of the techy FAANGs we have all become to love or covet, not sure, but the 3.5yr trend channel has clearly broken:



The next chart shows the US 2s10 spread in yields. We can see the clear flattening that has taken place on the heels of the FED and their balance sheet reduction and rate hiking plans. We are beginning to think that this move has run its course and if the FED even blinks, this thing will snap steepen. Obviously 47 basis points is a huge area:



We can start to see a little bit of steepening in the US 10s30 treasury spread which has bounced out of its month long trend channel:



The final chart displays the SP500 future and we are still targeting that 2640 area for Dec 29 year end. This is not a hard prognostication but a target price we have had in mind for quite some time. Now, there is a chance some exogenous effect will derail this trajectory, but considering the BTFD mentality is firmly entrenched, we see no reason for a letdown.



So all those charts still point to that consistent theme that we have become accustomed to, but we are beginning to sense things might not go as smoothly as before. So here is a rundown of what we have been hearing:

We know that removing some of the punch bowl will have some adverse effects, but the timing of such transpiring is always elusive.

We want our readers to be fully aware that we understand the dynamics and that adaptability is always the key. With that, we must make sure you the reader know we aren't trying to steer you, but rather present the facts as we see them so that you are fully aware and cognizant of what is developing.

We have seen talk out of the ECB how they are cutting to \$30Bn a month down from \$60Bn.

We have heard a lot of frustration out of the adoption of Mifid II requirements.

We have heard the disbelief that the FED breaks tradition and promotes a non-economist to the chair.

We have heard that the potential for a no go tax reform, that a shuttered US Gov't is all potentially market damaging.

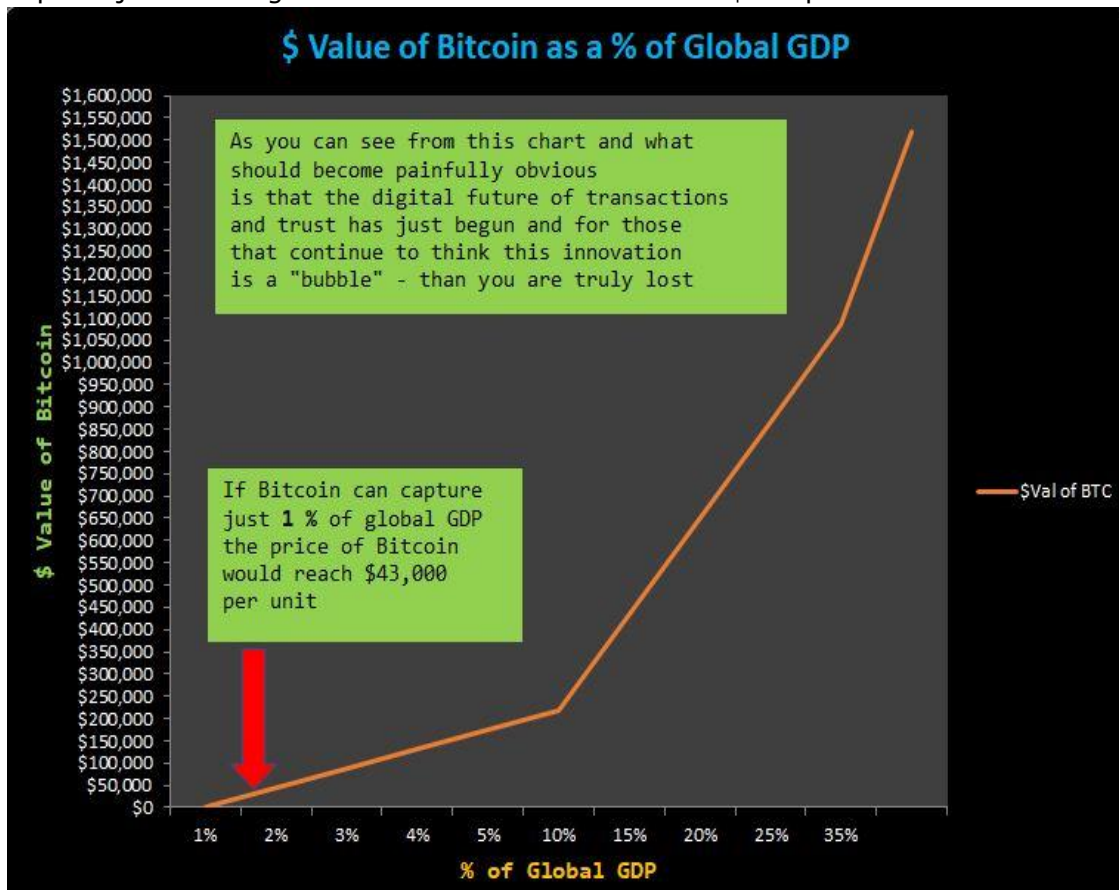
We have heard that nothing seems to matter and that the equity markets sing to their own tune.

We have heard that Bitcoin is a bubble; it's a fraud (Dimon) it's worthless it will end in tears (Griffin)

With all this chatter it seems as if the dull quietness of linearity is somehow ready to explode, we don't know why, but complacency certainly comes to mind. We will keep you abreast of any situation that will change the status quo, for now, be mindful, be quick and adapt your investing and trading accordingly. Ok let's get to the next section:

{CryptoCorner}

- ❖ Bitcoin pushes on to 5 digits and is defying all naysayers
- ❖ Coinbase added 100k accounts on Thanksgiving (13.1m users)
- ❖ According to our proprietary data set the largest Bitcoin wallet **sold 38877** BTC last week to drop their wallet holdings to 124841 BTC with a current valuation of \$1.17 Billion -all this selling and the market continued higher
- ❖ According to our proprietary data set the 2nd largest Bitcoin wallet **added 10000** BTC last week to increase their wallet holdings to 119203 valued at \$1.12 Billion
- ❖ The number of wallets holding at least 1 BTC rose 6630 on the week to 602196
- ❖ The number of wallets holding at least 10 BTC rose by 87 addresses to 143051
- ❖ The number of wallets holding at least 100 BTC rose by 59 addresses to 14348
- ❖ Total Bitcoins outstanding 16,692,463
- ❖ Bcash trades \$1700
- ❖ Ethereum breaks above \$450
- ❖ Litecoin nears \$80
- ❖ Goldman Sachs of all people put a nice info video on blockchain which you can view using this [Link](#)
- ❖ We are going to include Bcash, Ethereum and Litecoin in our weekly settles
- ❖ We present this chart which tracks the price of BTC as a % of global GDP. What you need to take from this chart is the fact that eventually all transactions will become digital whether bitcoin, or some other form, but what is truly exciting is looking at Bitcoin in this manner and then decide if you think it's a bubble or not. If Bitcoin can capture just 1% of global GDP its valuation moves to \$43k per unit:



The explosion of Blockchain and Bitcoin and crypto in general **has not** reached euphoric heights, despite all the people saying otherwise. We feel that the sheer complicated nature of the technology will keep many people under informed and certainly intimidated. We feel that the classical exhibits of bubble type euphoria are over emphasized by many that have

missed the boat and are clearly upset. This behavior seems to resemble a classic ass-covering and embarrassment by many of the main stream players. They feel that the only thing they can do is call it out and question it, in order to justify their missing the boat. We believe nobody knows the potential, nobody knows the true value and that the only thing that does seem to make sense is that its POTENTIAL is great. Whether all of the expectations come to fruition is another story for another day, but time will ultimately give us the answer. We are certainly excited by the space and we feel it's a major disruptor but once again, we also know that the learning curve is steep and with this type of complicated technology, probably more esoteric than most care to ponder.

Ok that's it, we leave you with the weekly settles below where you can see the massive jump in Crypto's. Crude oil had a decent week and the Naz continues to perform. Cheers!

24-Nov		Weekly	Weekly	YTD
Instrument	Price/Yield	Net Change	% Change	Change
US 30yr Govt	2.76	-3.2	1.1%	0.0%
US 10yr Govt	2.34	-1.4	0.6%	3.8%
US 5yr Govt	2.06	0.1	0.0%	-7.2%
DEC Bond	154-08	0'15	0.3%	2.3%
DEC Ten Yr	124-31	0'02	0.1%	0.6%
DEC Five Yr	116-287	-0'012	0.0%	-0.6%
DEC SP500	2601.00	24.75	1.0%	16.9%
DEC DOW	23517	201.00	0.9%	20.0%
DEC Nasdaq	6413.50	100.25	1.6%	31.8%
DEC Nikkei	22655	310.00	1.4%	19.2%
DEC Dax	13065.0	73.00	0.6%	13.8%
Shanghai Comp	3353.82	(29.09)	-0.9%	8.1%
JAN Crude	\$58.95	2.24	3.9%	0.9%
JAN Gold	\$1,291.80	(9.10)	-0.7%	10.4%
MAR Silver	\$17.09	(0.38)	-2.2%	0.3%
DEC Dollar Index	\$92.71	(0.87)	-0.9%	-9.0%
DEC EURO	119.42	1.58	1.3%	11.8%
DEC YEN	89.700	0.41	0.5%	3.4%
Bitcoin (BTC)	\$8,344.21	\$640.31	8.3%	775.1%
BCash (BCH)	\$1,691.20	\$583.40	52.7%	204.2%
Ethereum (ETH)	\$450.81	\$117.95	35.4%	5384.3%
Litecoin (LTC)	\$78.52	\$10.77	15.9%	1688.6%

Finally, we will decidedly end our notes with our reaffirmation of the growing need for alternative strategies. We would like to think that our alternative view on markets is consistent with our preference for alternative risk and alpha driven strategies. Alternatives offer the investor a unique opportunity at non correlated returns and overall risk diversification. We believe combining traditional strategies with an alternative solution gives an investor a well-rounded approach to

managing their long term portfolio. With the growing concentration of risk involved in passive index funds, with newly created artificial intelligence led investing and overall market illiquidity in times of market stress, alternatives can offset some of these risks.

It is our goal to keep you abreast of all the growing market risks as well as keep you aligned with potential alternative strategies to combat such risks. We hope you stay the course with us, ask more questions and become accustomed to looking at the markets from the same scope we do. Feel free to point out any inconsistencies, any questions that relate to the topics we talk about or even suggest certain markets that you may want more color upon.

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We are a firm with an important distinction: It is our belief that building strong relationships require more than offering a well-rounded set of investment vehicles; a first-hand understanding of the instruments and the organization behind those instruments is needed as well.

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