Date: 11/02/2022. Current SPX : $3860

A Min -20% from here ($3200) to -50% from ATH ($2500)
Let this sink in...!!!

Disclaimer :

- All the anime characters, real people, and events in this show are entirely based on real-world life events.
- The following show contains coarse language in some instances but its intention is not to offend anyone but to be taken as a joke.
- If you feel offended about anything, anywhere, at any point do tell us about it in the comment section.
- Finally, apologies beforehand for spelling and grammar which at many times might feel like an 8yr old child. It's because I slept in all my English classes since grade 1.

What do we generally do here?
For those who are new to this show, we try to predict the stock market using SPX or Dow jones and time it with crazy strategies so it’s advisable to

“Do your own research beforehand”
“Not to take this as financial advice”
“For god's sake grow up and learn SPX technicals and not SPY " It might help you in investment banking/Hf’s interviews.

This may all feel like I'm giving you a piece of financial advice. I clearly am not. Since idk what your portfolio looks like or your risk/reward or what kind of stocks you like so you might wanna consult your financial advisor or someone on Main Street/Wallstreet you follow before you pull the trigger and rekt yourself and then come crying to me with things like

‘
You said that the market will go -20% from here but why is it up +2% today”
“What's gonna happen on Monday or Friday”
“Cpi is hot, Job report is cold, Fomc is coming. What should i do”
“Have you factored in a Nuclear war, Uk pension fund, alien invasion, meteoroid strike, Elon musk tweets in your calculation”

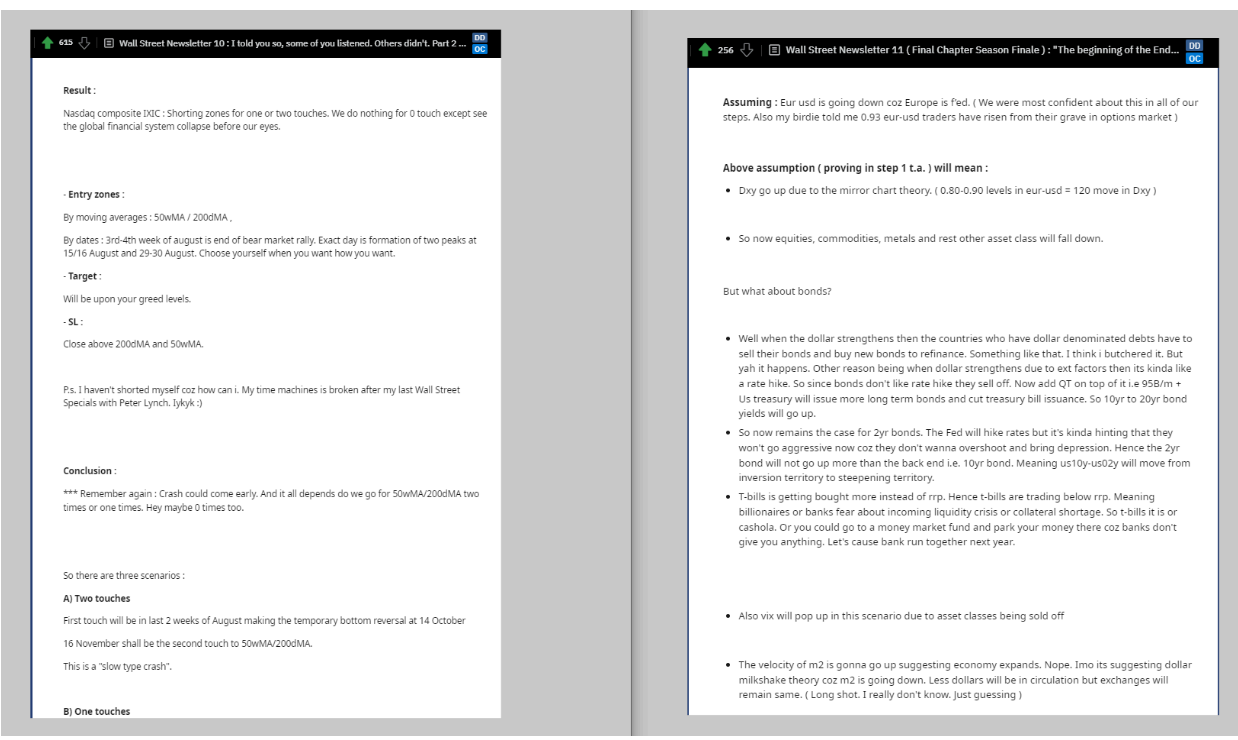
For those people who don't know, Yes these are questions I get after writing 20-30 pages of a thesis. But I make sure to address and assure people yes I have factored in everything coz I have a freakin time machine from NASA in my backyard. Lol

Contents :

Before we begin let us begin our critical assessment of what we have been doing these past 3-4 months.

1. Recap: Previously on wall street

From season 1 :



615 Wall Street Newsletter 10 : I told you so, some of you listened. Others didn't. Part 2 ... DD OC

Result :

Nasdaq composite IXIC : Shorting zones for one or two touches. We do nothing for 0 touch except see the global financial system collapse before our eyes.

- **Entry zones** :

By moving averages : 50wMA / 200dMA ,

By dates : 3rd-4th week of august is end of bear market rally. Exact day is formation of two peaks at 15/16 August and 29-30 August. Choose yourself when you want how you want.

- **Target** :

Will be upon your greed levels.

- **SL** :

Close above 200dMA and 50wMA.

P.s. I haven't shorted myself coz how can i. My time machines is broken after my last Wall Street Specials with Peter Lynch. Iykyk :)

Conclusion :

*** Remember again : Crash could come early. And it all depends do we go for 50wMA/200dMA two times or one times. Hey maybe 0 times too.

So there are three scenarios :

A) Two touches

First touch will be in last 2 weeks of August making the temporary bottom reversal at 14 October

16 November shall be the second touch to 50wMA/200dMA.

This is a "slow type crash".

B) One touches

256 Wall Street Newsletter 11 (Final Chapter Season Finale) : "The beginning of the End... DD OC

Assuming : Eur usd is going down coz Europe is f'ed. (We were most confident about this in all of our steps. Also my birdie told me 0.93 eur-usd traders have risen from their grave in options market)

Above assumption (proving in step 1 t.a.) will mean :

- Dxy go up due to the mirror chart theory. (0.80-0.90 levels in eur-usd = 120 move in Dxy)
- So now equities, commodities, metals and rest other asset class will fall down.

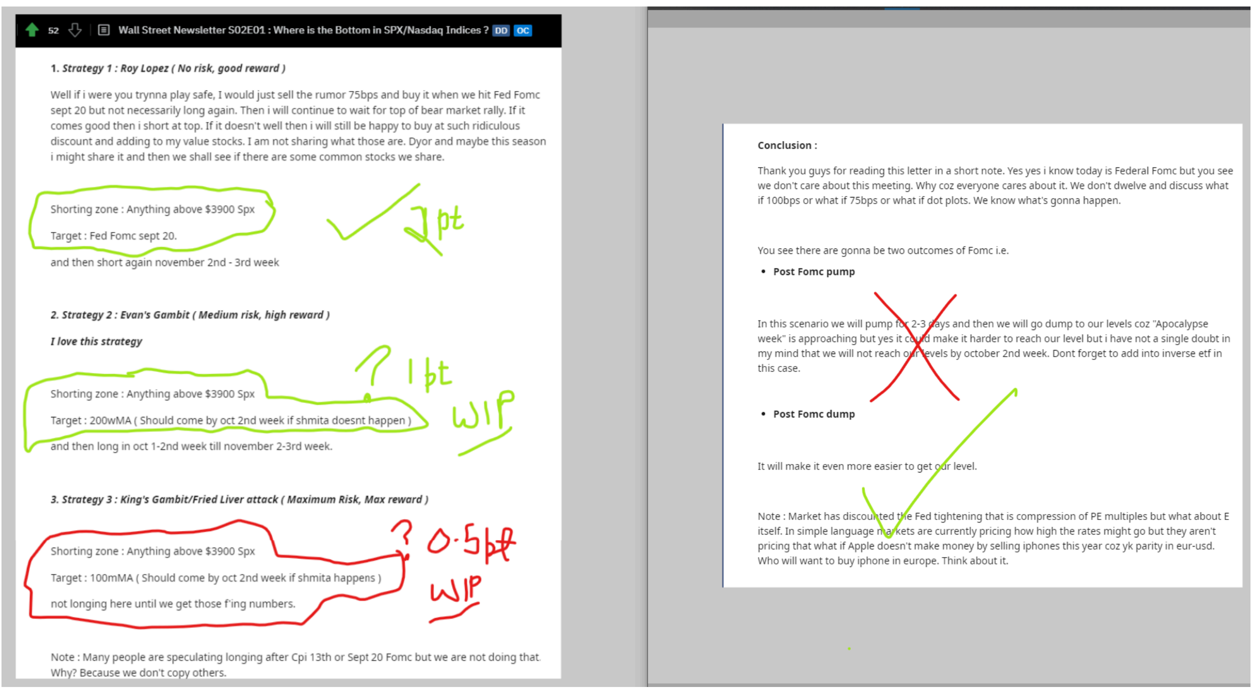
But what about bonds?

- Well when the dollar strengthens then the countries who have dollar denominated debts have to sell their bonds and buy new bonds to refinance. Something like that. I think i butchered it. But yah it happens. Other reason being when dollar strengthens due to ext factors then its kinda like a rate hike. So since bonds don't like rate hike they sell off. Now add QT on top of it i.e 95B/m + Us treasury will issue more long term bonds and cut treasury bill issuance. So 10yr to 20yr bond yields will go up.
- So now remains the case for 2yr bonds. The Fed will hike rates but it's kinda hinting that they won't go aggressive now coz they don't wanna overshoot and bring depression. Hence the 2yr bond will not go up more than the back end i.e. 10yr bond. Meaning us10y-us02y will move from inversion territory to steepening territory.
- T-bills is getting bought more instead of rrp. Hence t-bills are trading below rrp. Meaning billionaires or banks fear about incoming liquidity crisis or collateral shortage. So t-bills it is or cashola. Or you could go to a money market fund and park your money there coz banks don't give you anything. Let's cause bank run together next year.
- Also vix will pop up in this scenario due to asset classes being sold off
- The velocity of m2 is gonna go up suggesting economy expands. Nope. Imo its suggesting dollar milkshake theory coz m2 is going down. Less dollars will be in circulation but exchanges will remain same. (Long shot. I really don't know. Just guessing)

- On Left: SPX collapsed after Aug 15 from 200dMA to September 24 i.e. almost June 16th bottom as mentioned by our two posts called “Stock market collapsed after 47days” the theory and “Wall Street Newsletter 10” the technicals with the perfect date and level to time.

- On Right: Foreign non-usd currencies (this letter caused Gbp collapse), bonds, and stocks prices started crashing because of Dxy going parabolically up due to the global dollar shortage as mentioned in “Wallstreet Newsletter 11”

From Season 2 :


52 Wall Street Newsletter S02E01 : Where is the Bottom in SPX/Nasdaq Indices ? DD OC

1. Strategy 1 : Roy Lopez (No risk, good reward)

Well if i were you trynna play safe, I would just sell the rumor 75bps and buy it when we hit Fed Fomc sept 20 but not necessarily long again. Then i will continue to wait for top of bear market rally. If it comes good then i short at top. If it doesn't well then i will still be happy to buy at such ridiculous discount and adding to my value stocks. I am not sharing what those are. Dyor and maybe this season i might share it and then we shall see if there are some common stocks we share.

Shorting zone : Anything above $3900 Spx

Target : Fed Fomc sept 20.

and then short again november 2nd - 3rd week

1pt

2. Strategy 2 : Evan's Gambit (Medium risk, high reward)

I love this strategy

Shorting zone : Anything above $3900 Spx

Target : 200wMA (Should come by oct 2nd week if shmita doesnt happen)

and then long in oct 1-2nd week till november 2-3rd week.

? 1pt

WIP

3. Strategy 3 : King's Gambit/Fried Liver attack (Maximum Risk, Max reward)

Shorting zone : Anything above $3900 Spx

Target : 100mMA (Should come by oct 2nd week if shmita happens)

not longing here until we get those f'ing numbers.

? 0.5pt

WIP

Note : Many people are speculating longing after Cpi 13th or Sept 20 Fomc but we are not doing that. Why? Because we don't copy others.

Conclusion :

Thank you guys for reading this letter in a short note. Yes yes i know today is Federal Fomc but you see we don't care about this meeting. Why coz everyone cares about it. We don't dwelve and discuss what if 100bps or what if 75bps or what if dot plots. We know what's gonna happen.

You see there are gonna be two outcomes of Fomc i.e.

- **Post Fomc pump**

~~In this scenario we will pump for 2-3 days and then we will go dump to our levels coz "Apocalypse week" is approaching but yes it could make it harder to reach our level but i have not a single doubt in my mind that we will not reach our levels by october 2nd week. Dont forget to add into inverse etf in this case.~~

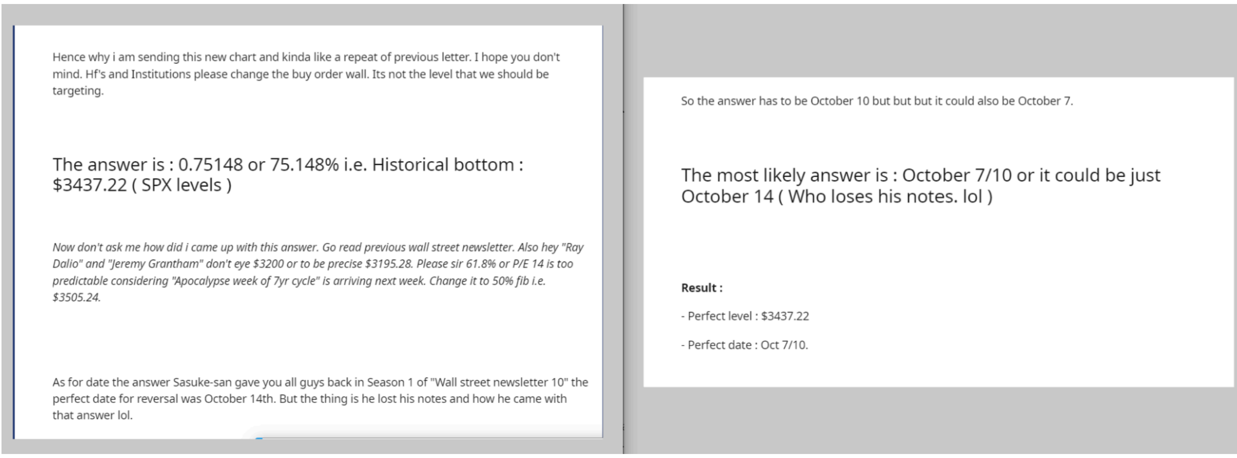
- **Post Fomc dump**

It will make it even more easier to get our level.

Note : Market has discounted the Fed tightening that is compression of PE multiples but what about E itself. In simple language markets are currently pricing how high the rates might go but they aren't pricing that what if Apple doesn't make money by selling iphones this year coz yk parity in eur-usd. Who will want to buy iphone in europe. Think about it.

So2e01: We discussed three strategies. The first strategy worked, 2nd worked as well but i deducted 1pt for writing extra confusing things “If S doesn't happen” It should be written as “If S happens or doesn't happen” and we are lucky that the third didn’t happen also the strategy was quite risky but I’m sure you might have profited from it as well.

So2e02: This post highlighted whatever the end result of Fomc was gonna be, it was always gonna be dumped after 2-3days and it did indeed happen. Also, this episode told us that Oct 7/10 will be the bottom. So as it turned it was not the bottom. It was actually Cpi on the 13th and the level was $3491.58 so all the big institutions or maybe Ray and Grantham's firms made money. Sorry retail Ayanokoji missed the day by like 3-4 trading days and by 3491.58-3437.22 = $54.XX whereas Sasuke san missed by just a single day i.e. Oct 14. His slow-type crash scenario from Ws-10 (written in May 2022) still works.


Hence why i am sending this new chart and kinda like a repeat of previous letter. I hope you don't mind. Hf's and Institutions please change the buy order wall. Its not the level that we should be targeting.

The answer is : 0.75148 or 75.148% i.e. Historical bottom : $3437.22 (SPX levels)

Now don't ask me how did i came up with this answer. Go read previous wall street newsletter. Also hey "Ray Dalio" and "Jeremy Grantham" don't eye $3200 or to be precise $3195.28. Please sir 61.8% or P/E 14 is too predictable considering "Apocalypse week of 7yr cycle" is arriving next week. Change it to 50% fib i.e. $3505.24.

As for date the answer Sasuke-san gave you all guys back in Season 1 of "Wall street newsletter 10" the perfect date for reversal was October 14th. But the thing is he lost his notes and how he came with that answer lol.

So the answer has to be October 10 but but but it could also be October 7.

The most likely answer is : October 7/10 or it could be just October 14 (Who loses his notes. lol)

Result :

- Perfect level : $3437.22

- Perfect date : Oct 7/10.

2. Important Message

So,
To our Enemies out there: if you are reading this, you have to do better than this to take us down coz i am gonna give out all your dirty lil secrets on Wall Street bets over here.
To Wsb : Sorry I got carried away. I guess I am not taking my meds.

Honest Opinion: In the end, I would say “Season 1 was A-okay”. But my god we have been found out in Season 2. We were not expecting this soon. So that’s why folks if you are gonna trade with us from now just know that we might not hit those perfect dates and levels but we would be close enough. We will try our absolute best though and if we miss by a huge margin this show and firm are going to be canceled. That is our promise to y’all.

2. Intro : (Ayanokoji will take it from here)

Respected Traders and Investors,
First, most importantly I wanna apologize to everybody about not hitting perfect levels and dates. The last time I felt like this was in my first year, the final semester in college. So if anyone has any hard feelings or you got rekt please comment down below and explain how specifically you got rekt coz I am pretty damn sure we got the weeks right but yeah not the date or the perfect level.

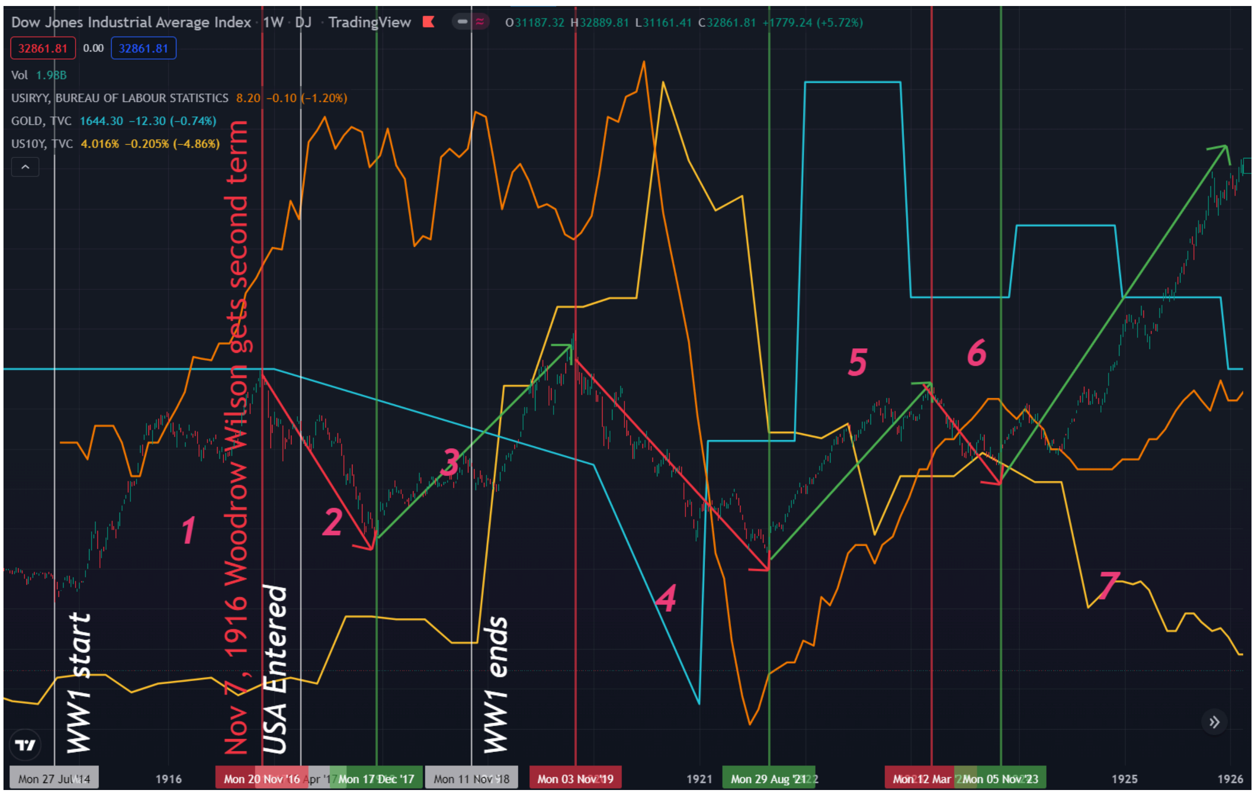
So let's finally learn something new today which might help you give a different idea and perspective going forward into the period b/w November - March 2023.

3. Analysis
So our analysis as you all know will be composed of three parts. The first part will be understanding our history and drawing conclusions. In the second part we will follow up with a current understanding of our markets and how I see them and at last, we will be doing a low-level technical analysis. After doing this we will be doing a final result and conclusion.

So Let's begin
Chapter 1: Understanding our History

So as you all remember from my Wall Street Newsletter - 10 (from June) Sasuke-san gave a lil homework to all of us to figure things out on our own. Many top global macroeconomists really opened their eyes and started digging more into these three high-inflation worlds. Since I'm not really at anybody's level and I mostly spend my time in the anime world, I decided to do just a basic analysis of the past three high-inflation worlds. So here's my analysis :

- The 1910-20's Inflation World : (On December 23, 1913: President Wilson signed the agreement creating Federal Reserve)



Explaining the chart : (This graph is composed of several charts on diff scales)

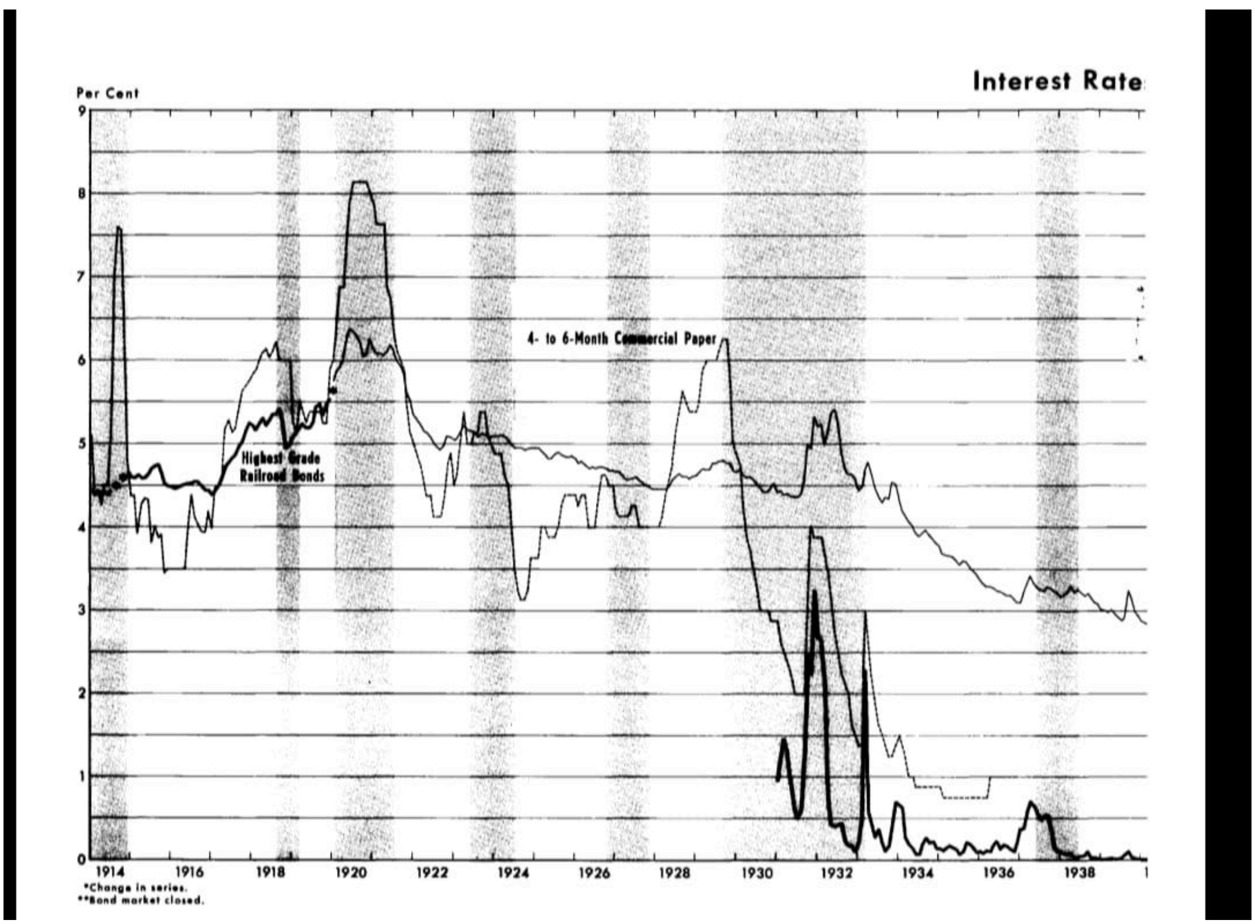
This graph is composed of candles of the Dow Jones Industrial Average Index. The orange line graph represents the US inflation rate year on year, the yellow line represents the 10yr bond yields and the blue line represents the price of gold.

As you can see from the graph I have first divided the whole period into three different color vertical lines :

- Red line: Represents the top of the markets in this period where our ancestors must have sold their assets.
- Green line: Represents the bottom where our ancestors must have bought their assets.
- White line: Refers to the period of war beginning (1st white line), when America entered the war (2nd white line) and when the war ended. (3rd white line)

Finally, I have assigned no's b/w Red and Green lines. The white line will be excluded from the number system.

Observation :
1. As you all know world war 1 started on 28 July 1914 so that was the bottom of the market. We call it “ Buy at the first sound of cannons rally “ So it's kinda like when Russia first attacked Ukraine and then markets fell. And that was the day to buy. So now think of this situation as a covid era where the Fed printer has turned on. Therefore markets go up with inflation initially at the beginning and 10yr bond yields are low meaning the Fed is still doing some sort of QE because the market crashed in 1914. (look at the crash in yields below) So your July 1914 = March 2020.



2. Now what happened was at the initial phases President Wilson had run an election for peace in November 1916 on the slogan “He kept us out of war” Then he won the election and became president for a second term on Nov 7, 1916. After this on April 2, 1917, he flipped and said “ Pack your bags, we are going to the war boys'. And the reason he gave was the sinking of Lusitana 2 yrs ago which killed 124 Americans with arms and guns that were being transported. (Some of you might argue that it was the UK intercepting the message that the Germans promised Mexico they would help them get back California from the USA) But we all know it was those loans we gave to Uk. So red vertical lines are the period where our ancestors sold equities because of the fear, uncertainty, and doubt that our President might flip-flop (A impulse wave down) then when he actually did send us to the war so the ancestors sold their assets again. (C wave down) This completed ABC bear wave. Also, you can see 10yr bond yields have started moving up i.e. bond prices have started coming down coz the Federal reserve must have started raising rates due to 20% inflation. So you're kinda getting that 2022 vibes where bond and stock values are falling together with interest rates going up and high inflation. As for gold prices, don't get confused. It was fixed at $20.67 although the chart looks descending. Who knows, maybe something fishy was going over here as well.

3. Now as you can see in the initial phases bond yields have started flattening and going down. That means the Federal Reserve must have flip-flopped on its plans to crush the economy and let it ease a bit. A slightly dovish stance perhaps. Hence why the stock market started rallying again. And then as we approached our white vertical line there was huge optimism that “Yuppa. World war I finally ended on 11 November 1918” Stock market loved this so much that even though bond yields started going up again i.e. The Federal reserve must have been hawkish again; the market didn't care. Add to the fact the inflation i.e orange lines started coming down. Everyone thought yes it's a double top i.e. inflation must fall down.

4. Now since the war was over in 1918 so exactly one year after in November 1919 President Wilson proclaimed Nov 11 as the first commemoration of Armistice Day. So now in my world, we call this “Sell at the trumpets rally”. Add to the fact that inflation was starting to trend higher, everyone thought it would break that 20% mark so our ancestors sold their assets again. The reason for inflation going up again was that our men were returning home from the war. So as there was a limited supply of food and the demand was going up hence prices were going up causing inflation to go up. You can think of this current period when our men in China and Hong Kong are coming back to the USA and there are still supply chain issues. So now the Federal Reserve wasted no time to raise the rates to over 6% when inflation was flying around 23%. Now a time traveler from the future could question and say “Hey Federal reserve of 1919 raise the rates to 20% coz by Taylor rule you have to raise rates there” But the Fed of 1919 was smart they knew the supply chain will resolve so they didn't go crazy with rates over here. Hence inflation eventually came crashing down to -15%. Yes my friends they were so smart that they brought not disinflation but a fuckin depression by raising rates to just 6% when inflation was running at 23%. Kinda crazy if you think about it. By the way, if there is a macroeconomist who

knows stuff I might be missing, please tell us a better explanation of how it went from 23% to -15% inflation other than my theory that the Fed overtightened. I would love to know your opinions. So friends as you can see we were in a freakin bad situation. That's why the federal reserve started easing fast and cutting rates. Hence bond yields were falling off the cliff and cpi started to trend up slowly as well. And by 29 August 1921, our US economy had completed its very first “Forgotten Depression” Hmm I wonder if our current situation is exactly the same as that of people in this type of depression.

5. This period is called the roaring twenties. The market just went up 60% by August 1922. And then the Fed decided to raise the rate slightly up again. But then the market fell like -10%. They were like cmon Fed we wanna party. So the Fed decided okay we will keep rates flat. So everyone was happy again and we went up another 14% by March 1923.

6. But now the market was like okay we are done partying gonna crash -20% from here now coz the business cycle is over. Or maybe the market knew Stalin was about to rise in power. Gotta dump for the future Tsar Emperor. To be honest I couldn't find any good explanation.

7. So as usual, the Federal Reserve one last time decided to cut rates again and crash bond yields too. Meaning either they were back to QE again and buy bonds or some rich bank bought too many bonds. Also, inflation was rolling over so Fed had no problem and went to sleep for 6 years. Was it pre-planned or accidental? Anna Schwartz might have the answer in her book but I’m not gonna read her books coz I hate books especially if it’s something my brother read. I like to read manga like for ex chainsaw man but now I am like how am I gonna watch the anime? I know tears will start flowing from my eyes. Ohh god where was I again? Oh yes after Fed sleeping on the wheels the rest is history. We had the biggest bull run in the stock market where every folk in town knew how to invest in the stock market, housing, cars, etc. Wonder if they knew yolo scalp, swing, and position trading at that time. This would lay the foundation for the “Greatest stock market bubble in human history” Remember this day boi Oct 29, 1923, said a powerful banker to a group of his friends who longed the market here with crazy leverage. These people took a solemn oath that “They will sell exactly 6yrs after at the exact time” And this created our very first shmita cycle. These fellows put the first brick on the wall of the “Old world order” and later turned out to be the most powerful men who ever existed in USA stock market history. And their families still rule the USA market from the shadows. It’s just normal people don’t know these things which have been lost in history and they shouldn’t. I mean why should anyone care about each other's wealth? Just live a life true to yourself and not in comparison to others.

So moving on

- The 1930-50’s : From Great Depressionary to Inflationary World with high debt/ gdp ratio

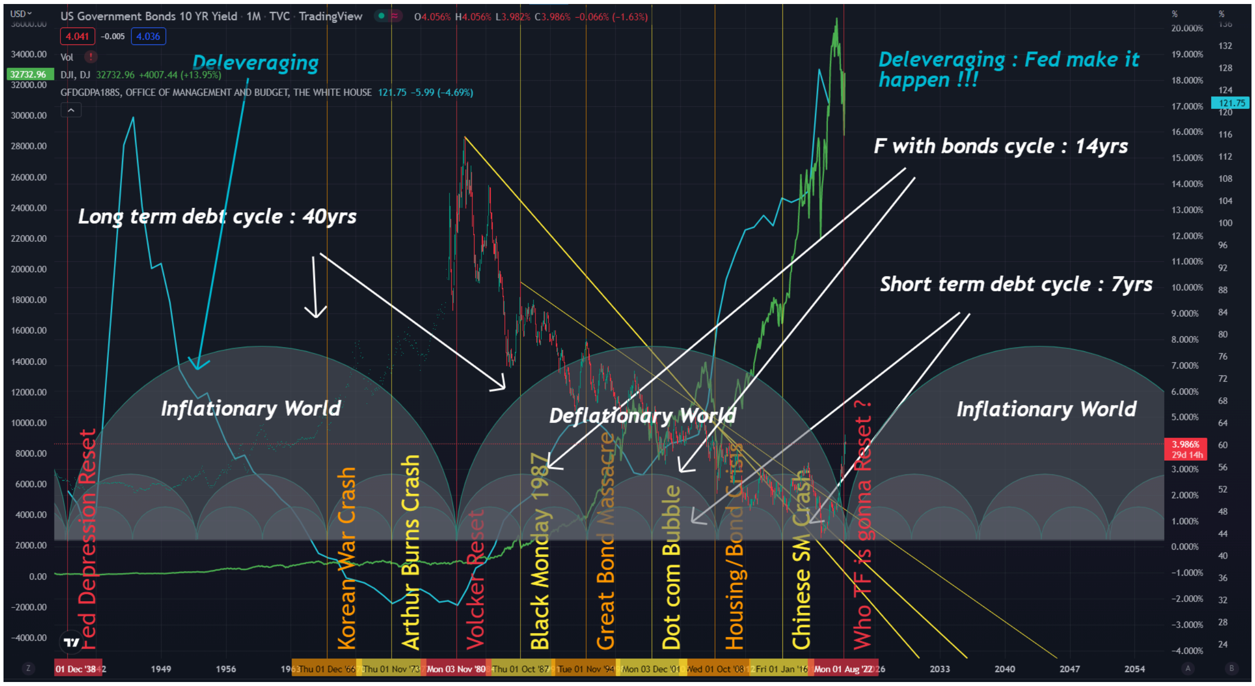


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Chart: US 10 yr bond yields
Blue line: Federal Debt/ US Gdp
Green line: Dow Jones Industrial Average

Now before we do this go back to your youtube and type “How the economy works” by Ray Dalio. It’s a 30 min video that will give you a basic understanding of how debt works in the system. So there’s this thing called short-term debt cycle which usually lasts 3-10yrs business cycle. We also call it an expansion phase or in our case the long expansion coz it was fuckin 14yr when the interest rates were so down that bond lovers like us had to pay extra term premiums which prompt great legends like Michael Burry that hey stock market is about to crash -50% min in 2014, 2018 and finally I think he may be right about 2022. I hope he is right coz I am shorting this time with him and my investors want returns otherwise I'm gonna get axed from this firm. God off the loop again where was I? Oh yes, then there is this other debt cycle called the long-term debt cycle which lasts 40yrs coz because not all leverage is wiped out in the deleveraging phase of the short-term debt cycle. Think of it like garbage debt that has accumulated for the last 40yr and now it has gotta be dumped somewhere else i.e. deleverage. So it happens in 40yrs. Since we all know the modern monetary theory is officially dead and if anybody over here still believes that sh9t and adds arguments like aging demographic or technology is deflationary I'm gonna smash him as Khabib did to his opponents. Seriously I had enough of this BS theory for the last 14yrs. Now I want a high inflationary world. Period.

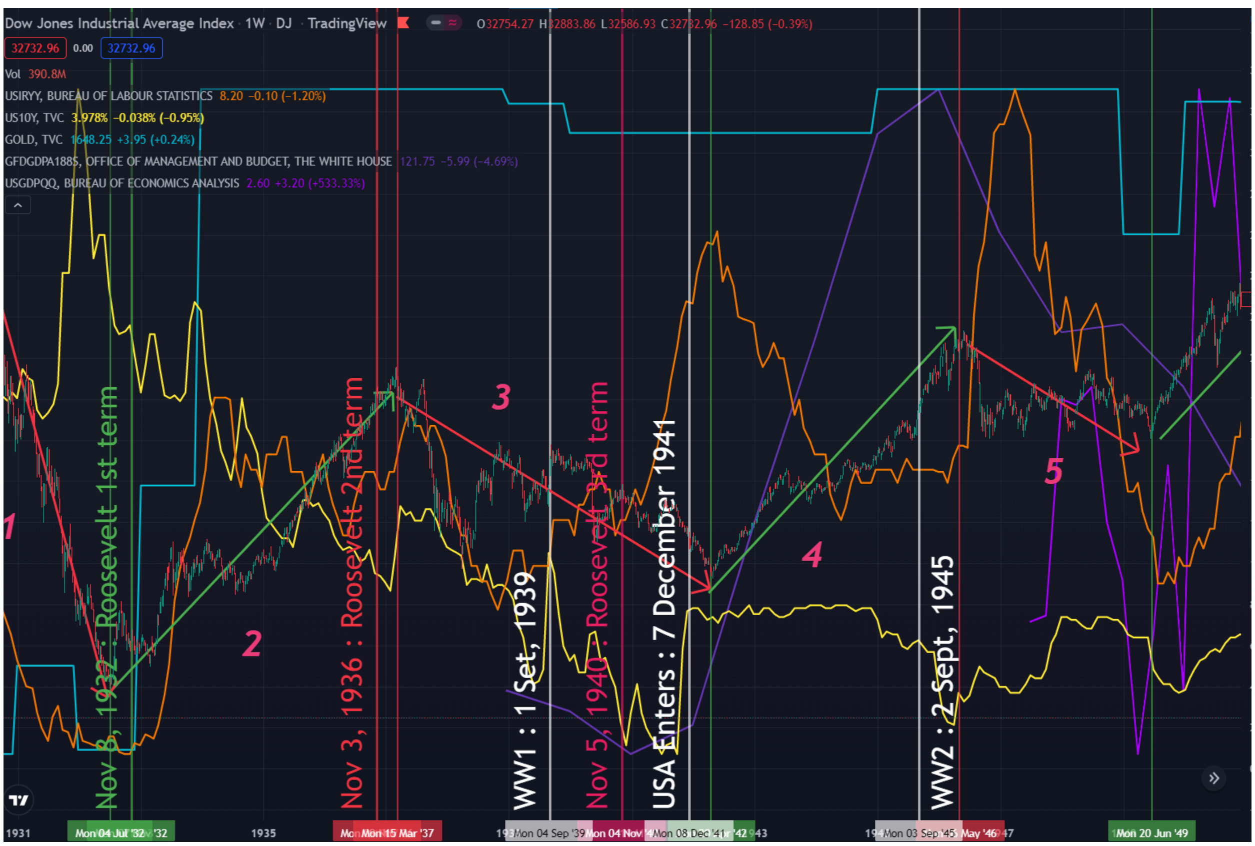
So a friend of mine on Twitter, Kurt Danko sent me a link about the Napier interview. This old geezer Napier is like me and believes in a higher inflationary world. I was like damn so this is how it will all work. Tbh I knew we were gonna go to this world (Go read my previous newsletters from 5-6m ago) but never knew how.

Russell Napier Interview :
https://themarket.ch/interview/russell-napier-the-world-will-experience-a-capex-boom-ld.7606

This is another guy I like called Roubini who predicted 2008. ApeHunterClub sent me this although I watched it live on Bloomberg.

https://www.zerohedge.com/markets/roubini-warns-imminent-dollar-crash-fed-going-wimp-out-inflation-fight

So now you have some idea about this coming let's dig into our history.



Your reaction: "Wtf is this crayon" "Wth bruh? Am i supposed to read it?" "I am not reading further I had enough"

Me : Guys, guys, guys. Calm down. I am gonna explain the chart. Don't worry. Alright!

This graph is composed of candles of the Dow Jones Industrial Average Index. The orange line graph represents the US inflation rate year on year, the yellow line represents the 10yr bond yields, the blue line represents the price of gold, the violet line represents debt/usgdp, purple line represents GDP qoq. Btw I might be wrong about the last two colors so the heart rate pulse thing is qoq gdp and that straight up and down is debt to gdp ratio.
As you can see from the graph I have divided the whole period into four different colored vertical lines :

- Red line: Represents the top of the markets in this period where our ancestors must have sold their assets. Also, one red line represents Roosevelt's second term (Nov 1936: $185) which is close to the peak of the stock market. (March 1937: $195)
- Green line: Represents the bottom where our ancestors must have bought their assets. One of those green lines is Roosevelt's first term (Nov 1932: $61) which looks like it is close to the bottom of the stock market in the Great depression but it's not. (4th July 1932 week candle: $40)
- White line: Refers to the period of war beginning (1st white line), when America entered the war (2nd white line) and when the war ended. (3rd white line)

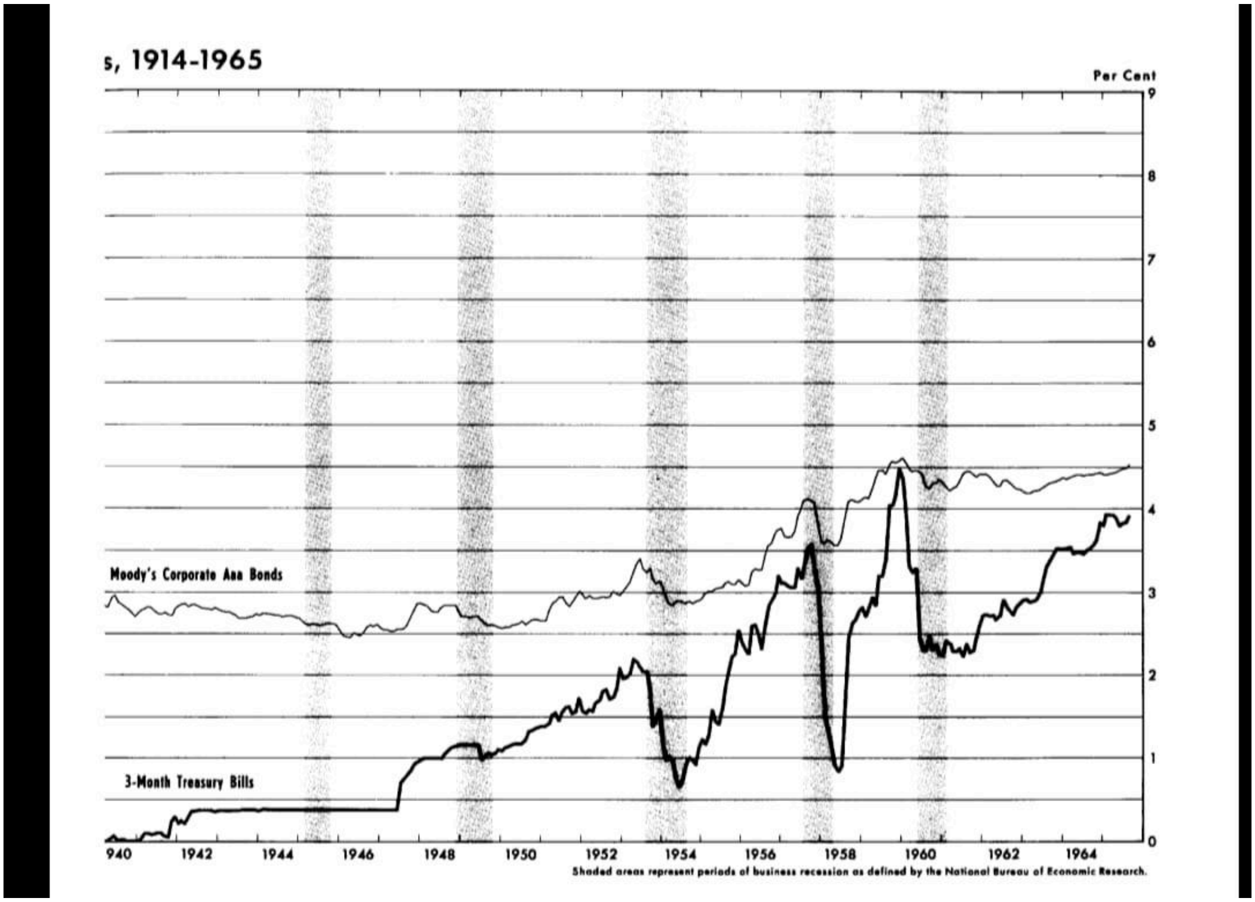
Finally, I have assigned no's b/w Red and Green lines. Distance b/w them is with red arrows (market went down) and green arrows (market went up) White line and all other lines will be excluded from the number system.

Observation :
1. Wtf. God Young. What the hell were you doing? Hiking rates when the stock market was crashing to -60%. Jesus christ if that were to happen right now people everywhere around the globe would go absolutely nuts. So guys, why was Young hiking rates? You see he was a man of principles. Gold prices went up from $20 to $22 so he decided hey why not just hike rates. And boi he managed to bring gold down to $20 again and let the stock market crash -70% this time after an initial -60% drop from the all-time high. Now some investors born out of the pandemic bubble will be like "How is this possible? How can the market drop -130%" Guys quit investing and trading. This is not the field for you if you don't know about this common error. So finally on the 4th of July 1932 stock market bottomed but you see a google search might show you the downturn hit bottom in March 1933 when the commercial banking system collapsed and President Roosevelt declared a national banking holiday. But guys we know who were at work here. This was all pre planned by those groups of men.

2. So finally Roosevelt won the election and became the guy who swore an oath to our ancestors that he will bring the USA out of the Great Depression. He said those famous words in March 1933 speech “The only thing we have to fear is fear itself”

His plan called “New Deal " was basically 3R’s relief, recovery, and reform. Basically, he wanted economic recovery by putting people back to work through federal activism. Let's focus now on what he meant by federal activism. Basically, it meant let’s just print money and let the dollar depreciate in terms of gold price. And as you can see with your own eyes that gold prices in the blue line went skyrocketing. Boi, I wonder how digital gold might have reacted to this economic recovery. So gold went from $20 to $35 causing the inflation rate to go up from -10% to a spike of 3%. This kickstarted the core engine in the US economy back again. During this phase, the bond prices started going up (yields going down meaning rates must have gone down) with the stock market going up as well. Everyone was slowly but surely recovering. In 3yrs the stock market went up 250+% till the next Presidential election. Look at those average returns per year for those people. My god. And our group of men from the roaring 20s made like 450%.

3. Finally people had something to enjoy. They thought hey the market went up and everyone was slightly happy. Maybe this guy is best for leading the country. Seriously, this kind of behavior still exists today. Stock prices go up yah the CEO of the company is better than others. Stock prices go down the CEO doesn’t know how to run a company. He should step down. I mean what is this behavior? So moving on back to elections. President Roosevelt won his second term. I don't even need to check google. Just by seeing my crayon painting above, I can see he won by a majority vote and maybe broke some records. So now after securing his 2nd term the market decided to go into its decline phase. Also, we were hitting those 5% inflation rates so the Fed decided to raise rates, and hence as you can see instead of making a lower low and lower high in bond yields for the first time we came to double top bond yields near about 2.8%. Or maybe some of our smart ancestors must have seen the war coming so that's why they must have sold their equities after those elections because they had uncertainty and doubt that just like President Wilson our current President might send us into war. So an impulse wave down A wave formed in the market. But now the stock market went up coz inflation was coming down but it came down so fast to -3% but then war was officially announced in 1939. The market was now like what I gotta do? Sell or buy. So it got stuck and we had our very first Bart pattern for around 8 months but after that, it was like yeah gotta crash -30%. This war looks bad. But then we had elections coming. So the market was like yah gotta pump for President Roosevelt before the elections. So after securing his third term (must have been very popular those days) markets were like yah okay now gotta start falling now by making a double top. So by looking at the charts it looks like everyone must have known we are going to war so the market went down -25% and so America entered world war 2 officially on 7th December 1941. Also, the inflation started to go up coz we must be sending a lot of help to our allies in Europe it was causing inflation to skyrocket to 10% and bond yields then started going up as well. Meaning bonds were being sold with stocks. But the Fed couldn’t let this happen so they decided yah we just gonna yield curve control here at 2.5% and keep up with printing money and do wartime financing. As a result from April 1942 to July 1947 yields on 3m t-bills remained at 3/8 of 1% and yields on highest grade corporate bonds drifted b/w 2.85-2.55%. So the Fed was like we are gonna do whatever we want but bond yields are going nowhere to like 6% which they let in WW1 causing the Forgotten Depression when things resolved.



4. So now as you can see initially after emerging from the Great Depression inflation went up but then due to price control and rationing checks wartime inflation was starting to roll over. The stock market was going up and the bond yields were pegged to 2.5%. But the funny thing is debt/gdp ratio was rising. Now, why is that begs the question? So my friends the answer to this question will be given after 4yrs. Hence that’s why we keep on saying “Monetary policy works with a lag”. But these Genz want everything to happen this week otherwise it's not happening. Oops, I got off-topic once again.

Markets were just loving yah CPI is coming down I must continue going higher. Also, Fed was easing (debt/gdp was going up i.e. printing for war) so the bond yields start going down as well from 2.5% to 2%. Everyone though was still fighting a war. So it kinda from a higher time frame looked like a “Buy at the sound of America entering the war and sell at America won war” rally was going on. So the war ended on Sept 1945 and the stock market topped in May 1946. Also we had now relaxed price controls. In 4yrs we went 130% which is not that bad or maybe it is bad by the standards of people living at that time. The funny thing is we topped out when debt/gdp ratio topped out which reminds me of the current situation back in early 2022 when the debt/gdp ratio topped the stock market topped as well.

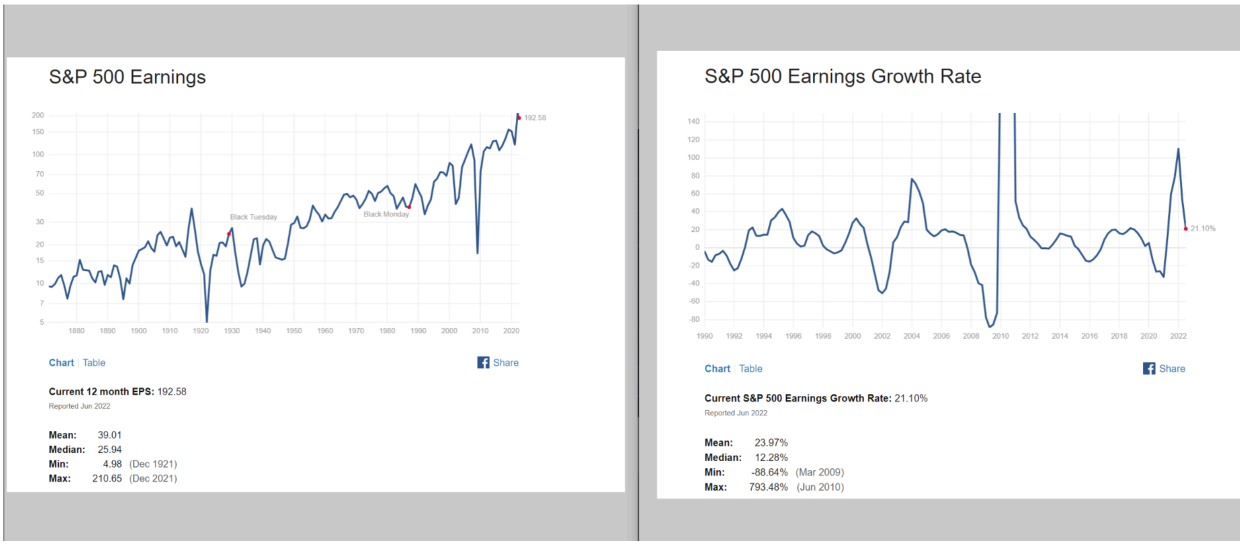
5. Now comes the inflation knocking back at the door because you relaxed price controls plus soldiers were returning home i.e demand increased and the supply chain still exists. The Federal Reserve printed so much that it raised debt/gdp ratio to the same level in the future as when the united states would in the pandemic 2020. Just think about it. Crazy right? They kept printing and printing and thinking inflation won't come back up. But boi they were wrong. Inflation came back from 3.4% in May 1946 to about 17% by Dec 1946. Let that sink in for a moment. Oh, Fed what were you thinking? But cmon let's not blame them. Let's blame the war and always strive for peace like Elon. Now stock prices went down to -25%, and bond yields jumped from 2% to only 2.23% (coz of ycc) Now, this you would assume is crazy behavior right? Why not hike rates to at least half of the inflation of 17%? No guys you can't. That Fed was smarter; they knew it would cause unnecessary depression like the 1920's. They just did policy error in 1939 where they caused the stock market to drop -49% becoz of hiking and making a double top at 2.8%. So they hoped that this time they wouldn't make the same mistakes again. But then they panicked and they increased rates from July 1947 until 1949 when rates declined. They were like this is madness inflation won't come down gotta raise rates and so 3month treasury yields climbed up sharply but corporate bonds were kinda flatish to up like 2.5%. But then inflation came down to 10% quickly. Within a few months it came to 6% when bond yields were still at 2.5%. Fed was shocked. Debt/gdp ratio was also falling thanks to Truman by raising taxes and decreasing spending. What a masterstroke that turned out to be. Joe Beans if you are reading this. Don't try to fool us with an inflation reduction act rather raise taxes specifically on your rich friends and cut the spending please. Otherwise the debt/gdp ratio won't come down. Damn me I got off topic again. Where was i yah inflation was falling so quickly that it came down to -1% and so Fed decided to cut rates again and the bonds were like down to 2.2% making stock market bottom in June 1949. Now you might be wondering hey bro how much the market fell tell us nah. But guys sad story is that the market never went below -25%. Instead it played the game of f bear , f bulls and just wyckoffed from October 1946 to June 1949. And that whosoever is reading my post should know of. You will be in this situation where the market is gonna be volatile till like 3-4yrs. It's never gonna go to Ath instead it will go up 16% then crash -12%. Keep doing this till it makes all the people poor whosoever entered in 2020 so they can kindly exit this casino and go back to work and pay taxes. But first a -20% capitulation style crash will come i.e. market goto $3000-3200 for sure in spx like 1946 but then sideways like a scenario from 1946-1949 can happen in 2023-2026.

6. After this we went back to our bull market.
So guys i have decided to not do stagflation of 70's right now. I will make a separate post about it because it deserves separate attention with a lot more deeper analysis. Spoilers can be found for that below in chapter 3. I could have done the same deeper analysis for WW1 and WW2 but the thing i didn't have enough data that could go back as far as to 1914. I did my best with whatever I had.

Chapter 2: Understanding our Current Markets and using some tactics to refute the current rally.

Experiment: Predicting the top of the Bear market rally 3.
Assumptions: A dragon king event lies in Q1 for us all. The current calculation says SC = January, DT/BT = March 2023. A Wyckoff accumulation pattern.

Tactics 1: Earnings Season



As you all know we hit S&P multiples at 210. Right now they are just corrected to about 192. A minor correction of -8%. Analysts still haven't lowered the earnings of S&P500 companies. That means when they do these multiples are expected to fall -20% around Q1. So that means earnings will fall and we have an earnings recession.

Result: So to position for this you gotta take previous earnings for reference. So suppose we knew Oct earnings were gonna be bad. Then that means in September analyst's expectations of earnings must be priced in. So that's why the market started falling in September. But we all know the top of the Bear market rally 2 of about 17% peaked on August 15/16 which we talked about. Meaning smart bears or early bears positioned in August month with us. So by using that example we get that the stock market will decide to fall in December when analyst's expectations get priced in and smart bears will position around November with us all again. But the bottom of this leg down aka selling climax candles aka capitulation will be January.

Tactics 2: Midterms

S&P 500 PE Ratio

Chart | Table Share

Current S&P 500 PE Ratio: 20.06 -0.08 (-0.41%)
4:00 PM EDT, Tue Nov 1

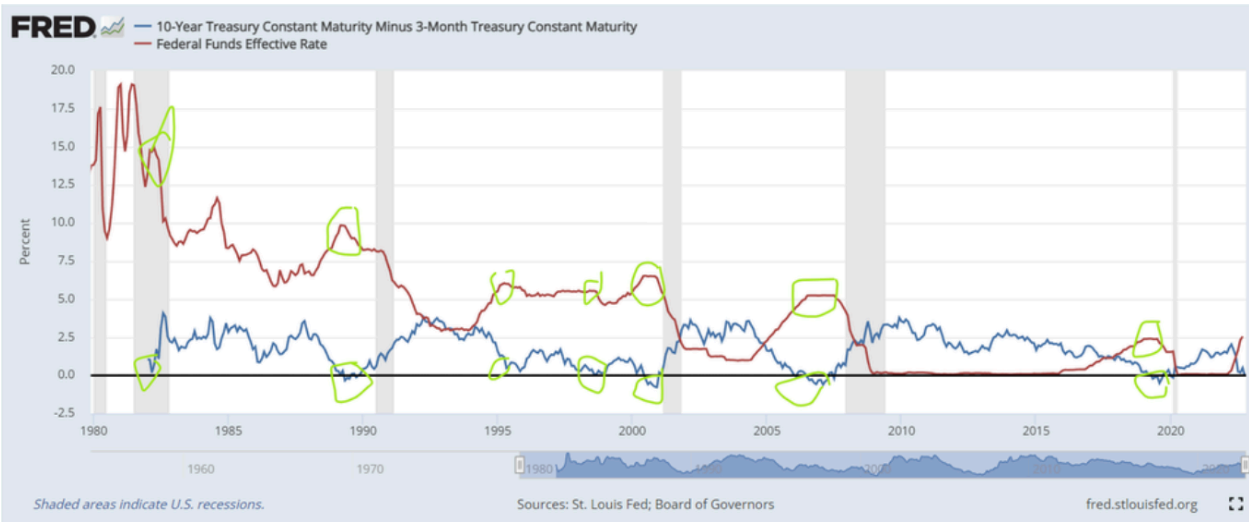
Mean: 15.98
Median: 14.91
Min: 5.31 (Dec 1917)
Max: 123.73 (May 2009)

As you saw in our above historical analysis that in a high inflation world these things matter combined with CPI. So if you believe CPI is gonna come hot and earnings are gonna fall then this strategy says you have to short around November midterms.

Result: Start shorting the market in November 2nd week around 7/8th November 2022. The target would be PE 14 i.e. SPX $3200. The current P/E is 20. That means 5% yields which is equal to the Fed target of 5% by March 2023. That means markets have further to fall considering you're paying a risk premium for stocks too. That means P/E should go further down and not up.

Tactics 3: Rate hikes
This is going to be a controversial argument. You'd say things like "You can't have it both ways dude" But guys I can have things both ways. You see Bulls in this market have changed the definition of Fed pivot from cutting rates to Fed pause to now Fed slowing the pace. Right? They desperately wanna rally. Okay, I say let's give them a rally, and let's say Powell does pivot. What's gonna happen is the market will go up, dxy will fall off a cliff, and bond yields will start heading down. But you're forgetting the most important thing that commodities and metals will shoot so much higher. Oil will go $150 easily (it's already expected to go $100 this year) and

gold will go to its ATH. Easily. This all happened in 2008 so I'm not joking here. This fake musical chairs rally has an exp of rising till 10 months on avg. But due to Powell increasing the rate of hikes quite fast has decreased this avg down to 3-6months. You might be like how tf he do that? Look at us10y-us03m, the accurate indicator of calamity within 3-6months. You see this was a bullish rate argument.



Let's go with now Powell's continues to hike rates argument. The stock market will not bottom unless the Fed stops hiking rates. It has to raise rates till march and then pause and hold. We knew all this thanks to Credit Suisse (stop trying to liq it Wsb) and Zoltan Poszar that interest rates will be somewhere around 5-6% and mortgages rates around 9-10% (we talked about this

3-4m ago when bond yields were going down to 2.6% from 3.4%) hence stock market will go down. Naturally, we all know bond yields ie. 2yr specifically has to go in the 5-6% range. It went only to 4.6% due to a summary of economic projections from sept. So either market starts crashing with bond yields and dxy climbing up or some financial disaster happens before we even reach those rate hikes. Got it. This was a bearish rate argument.

Result: Q1 is going to be a disaster with bearish as well as bullish arguments. Plus Powell will get full power to f the economy however he wants once the midterms are over.

Tactics 4: Why CPI is key not Fomc?
Let me ask you a simple question. What are the two most important events that have a lot of volatility components attached to it? Now more than 60% of you must have thought about cpi and fomc. But here's a catch this month we have midterms i.e. events happening only in 2yrs. So it is this event which takes utmost priority imo.

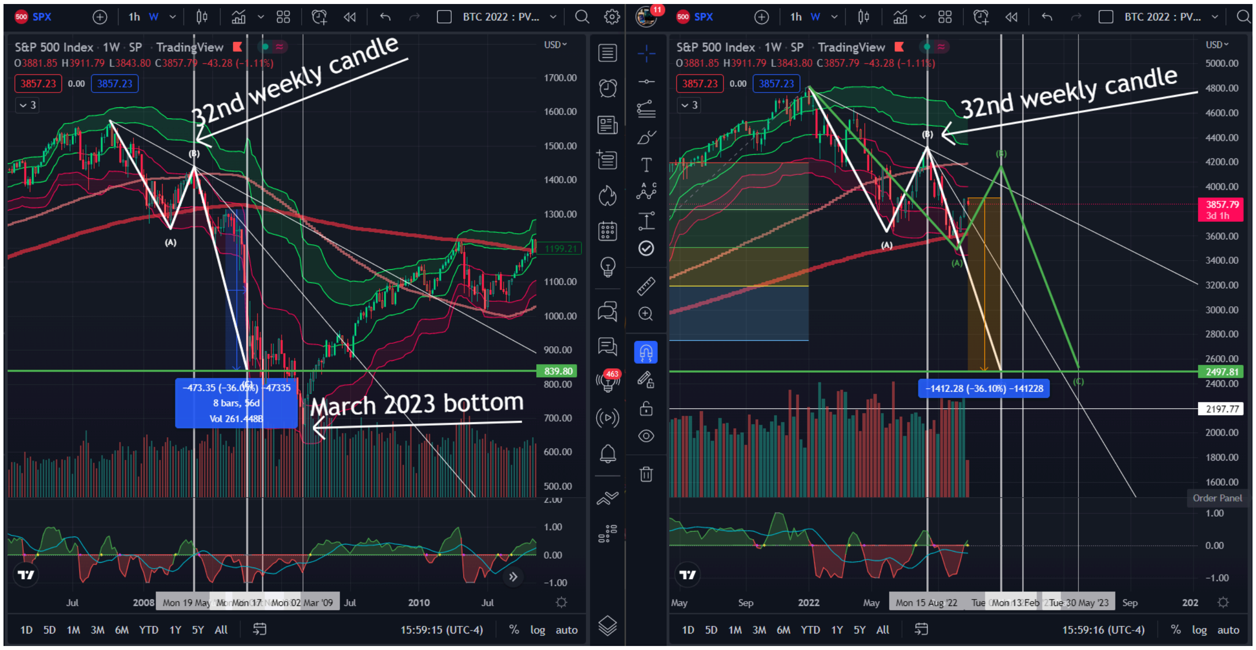
So now the std textbook on economics says that the Fed and govt have to be independent but we all know they are not. Black Rock controls most of the world and the USA government. It's they who decide what's gonna happen. Just look at their 2019 bingo book. Btw this is how I roll by factoring manipulation, idk about you guys. So Fomc being a week before midterms is irrelevant in my opinion. Powell isn't gonna say a thing that crashes the market down to like -10% before midterms. Biden needs all the votes he can get before elections so might as well please people before he secures those votes. Slightly less hawkish is my exp. Hence the most important event of the month midterms added with CPI is gonna be the utmost important event that you need to watch out for. Remember CPI is after midterms.

Result: Now we all know what happened around Oct 13 CPI. The market fell hit 50% fib from covid lows and immediately bounced up. Everyone was in shock and awe bcoz of the face ripping rally. I alone in the entire world talked about the report being manipulated so I thought we would rally 2 days before. Even I didn't expect the market to rally with that bad data. But anyways we were prepared. So just like this CPI whether it comes good or bad idgf. Markets gonna drop in November 2nd week. It's just written in the stars. Everything will make so much sense later on. So just "Trust me guys" is all I can say for now.

Chapter 3 : Stock Market Analysis

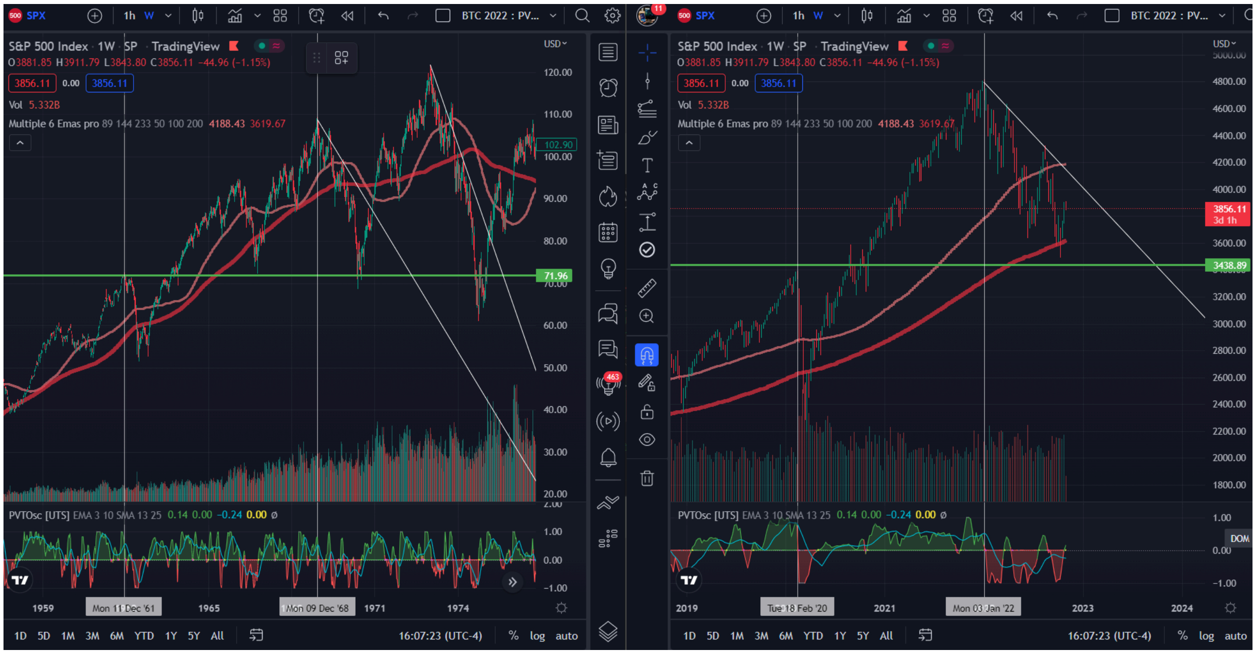
Technical Thesis :
Now, all we are gonna do here is look at past charts of the high inflation world and do the most basic technical analysis. i.e. analyzing the price movement to see the similarity b/w 1945-50, 1974, (due to the high inflation world) 2008 (due to it being the last recession with today's investors being pretty rich and lazy) with current markets.

The 2008 similarity :



“Dude you are a bad guy why is that green ABC wave doing there? Your analysis should focus on the perfect date and level” Guys chill okay I just drew that in case we go up to $4200 due to some factors idk. Also, you should be happy. Just like Warren buffet profess if your stocks go down you should be happy that you get to buy at a discount. Same way I profess when stocks or in my case indices get overpriced you should be happy you get to short at a discount. Also this $4200 is gonna happen when Powell goes with like 50bps in nov fomc or gives hints like 50bps in December as suggested by financial institutions these past days. But I don't expect my changing red (it gets green to sometimes) median Keltner channels to break. Also btw these two descending lines are 100wMA and 200wMA on the spx original chart, not your fake spx chart till only 2010 or 2019. Once these moving averages cross, that's when the market will bottom. So there I just give you my secret. Also $2500 is my and Michael burry level. We don't want anybody there. Better close at $3200 with legendary investors like Ray dalio and Grantham coz if you wanna short with us better to take money out of your bank account coz a bank or a pension fund or a money market is gonna get liq and firesale their assets once that $2500 happens.

The 1970’s similarity :



Now many people in the media refer to the stagflation period where they believe the Fed will switch b/w Volcker and Burns time to time again this decade. Btw completely stealing my lines from newsletters. So in case, I am wrong (if we make three white soldiers above white trend lines) and we do get a disinflation trade of stag causing ath and then the reinflation trade of stag making markets puke again. This is how the stock market would like. $3200 you build longs and then you start selling in ATH and building shorts. Btw I have taken this into my calculation and hence why I keep saying close at $3200 with legendary investors.

As for 1940 and 1920, I already did that. I am not doing it again.
Note: Sorry guys I was about to do a whole world analysis after this i.e. calculating a financial storm in the technical chart of top countries with the combination of the stock exchange and fx. But I guess I am out of time and this post is getting lengthy. So in my next post, I would definitely do that where I calculate that dragon king hypothesis event in Q1. Let's just call that Part 2 for now. Do watch out for that.

Final Result:

Date: November 7 or November 12
Levels: As for level, we are looking at SPX $3904 (deployed 30%) , $4005.8, and $4146.3.

Remember your shorts should be positioned by the end of November 2nd week.
Target: SPX $3200 for everyone by Jan end. If you wanna march to hell with me $2500 it is.

Conclusion:

The market is gonna puke in Q1 in every scenario I looked at. $3200 min is coming. Nobody can stop it. If the market tried going to All time high which btw has a 0.00001% chance it's then gonna go to $2500min. The higher you go the bigger you fall. Plus volatility is gonna come one way or another. So you can also play defensive like selling volatility in 30 i.e. buying stocks/deploying longs and then buying volatility in 20 i.e. selling stocks/deploying shorts. Also, there is this fact that In the inflationary period or the period when we change worlds i.e. 1940 and 1980 market crashes during the rate hike part. Investors on this planet do not know this simple fact. I mean seriously do a rate hike, rate cut analysis which I did like 6months before here on wall street.

https://www.reddit.com/r/wallstreetbets/comments/ul0nlk/wall_street_newsletter_3_pack_your_bags_and_leave/

Positions :
I have closed all long positions. It will be on Twitter. As for taking shorts, I am gonna hold till the end of November 2nd week to show overall shorts and send that to Twitter as well or I will show it in the next Part 2 newsletter.

Invalidations :
No 1: It's simple. A disinflation trade of stagflation led to ATH in no time aka the most bullish Santa Claus rally in entire US stock market history. But once we reach there it's almost a certainty we crash -49% from there. So you're gonna get $2500 min if that happens. Don't ask me how fast that is gonna happen. If we reach ATH ask me then. But personally, I do not expect this because of three main reasons.
- The debt/gdp ratio is too high.
- Earnings recession will come in stocks coz of the monetary policy lag effect.
- We all know the stock market is composed of stocks and not fantasies.

No 2: We crash after Thanksgiving dinner and not my November 2nd week. Good old boomers X millennials crash.

My thoughts :
Sorry guys, I know I know I took so much time and wrote this crap. Tbh i just started writing last week. Before that, I was reading chainsaw man manga. My heart is literally broken after what Makima did to Denji. It's so sad how I 'm gonna enjoy anime. And then there is this obsession of finding a pdf of a classroom of the elite y2v8 light novel which just got released on Oct 25. Also, this Liverpool team isn't performing that well this season so that takes out more of my energy every week. Seriously, my schedule got all messed up (also started this anime with over 150+ epi called city hunter and saw some tv shows and movies) once I went on that vacation. Btw for those who don't know, I went to Sister's wedding. And now I will be busy again in December for the first two weeks. So we are not gonna have a decent talk about markets.

So guys all I would like to say this again. I will be gone after Q1 so better start learning how to catch fish yourself instead of relying on me or any other finance YouTubers. No one can be right 100% of the time. That is a fact. If you have a job Dca is the best strategy for you and if you are doing this full time then you have to start thinking about "What next" instead of relying on backward-looking data. Also yeah i forget some people out there send those statistics like if this happens this month or this yr then this is the rally you get. I am not saying don't use it but instead go look for yourself and visualize it. Try to live every world by reading books or watching YT videos of old documentaries. Markets can go puke -30% by the end of December and then go up +30% in 2023. Will you call it a market rallied next year? No. It's stupid you missed -30% and bought stocks so much higher. So this is that. What else is there hmm?

Yeah, stay safe. Keep a shotgun and some spare cash and gold, be happy you know talk to people. Don't be on the internet all the time like me. Talk to your friends and family each day. You know, have a discussion in a bar just like people in “Friends” and “Himym” does. Also, eat healthy and try to grow some basic vegetables in your own backyard if you have one. Tough and challenging times are coming ahead, people. Financial repression perhaps. We are going for an inflationary world where the debt/gdp ratio will come down. So it's not gonna be painless when this huge deleveraging occurs. But here’s a cool thing about the inflationary world: you don't get this huge bubble-like dotcom or housing coz the interest rates will be higher for longer coz this inflation is structural not cyclical.

With lots of love
Thank you
Regards
Ayanokoji