

## Weekly Market Review

**eResearch Corporation** is pleased to provide a commentary courtesy of Urban Carmel of **The Fat Pitch**.

Detailed information on **The Fat Pitch** is provided at the end of the article. However, a brief overview is provided immediately below, with the article beginning on the next page.

### WHAT IS THE FAT PITCH?

Specifically, the Fat Pitch on this site refers to two situations.

First: A Fat Pitch comes at a market turning point.

Second: The Fat Pitch is a favorable investing environment.

### Objectives

The objective of The Fat Pitch is to provide a structured, quantitative, and empirical methodology for evaluating the state of the market. At any point in time, there are a variety of factors pulling on the market. We want to determine the relative importance of each factor in order to answer two questions:

- (1) In which direction should we be investing in the market?
- (2) Are tailwinds behind this direction or are headwinds picking up?

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Director of Research

**Note:** All of the comments, views, opinions, suggestions, recommendations, etc., contained in this Article, which is distributed by eResearch Corporation, are strictly those of the Author and do not necessarily reflect those of eResearch Corporation.

# The Fat Pitch

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June 11, 2018

## Weekly Market Summary

### Time To Not Freak Out About Debt Again

Summary: Debt is a perennial worry. It is a natural human tendency to think of debt as bad, that by incurring debt we are living beyond our means. But, much of what you hear about debt in the USA is hyperbole. Here are the facts:

Household debt has fallen in the aftermath of the Great Recession: on a per capita basis, it is back to the same level as 14 years ago. Households' debt relative to their net worth is as low now as in 1985. For all the consternation about the threat posed by student loans, their default rates are actually falling.

Corporate leverage today is not materially different than it was in 1993 or 2003, i.e., early in two expansion cycles. The delinquency rate on corporate loans is lower than at any time during the prior three expansion cycles. High yield spreads are falling and default rates are well below average.

The "tax reform" bill signed in 2017 is forecast to further expand the federal debt. But examples from around the world do not show a strong correlation between federal debt and economic growth over the next 5-10 years. For all the hand-wringing about high federal debt, the interest cost of that debt is just 1.3% of GDP, as low as during the halcyon days of Eisenhower and Elvis.

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Like most people, you are probably worried about the amount of debt in the USA. We seem to be going broke.

*Enlarge any chart in this report simply by clicking on it.*



<continued>

# The Fat Pitch

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**BW:** You can read the rest of the detailed article by clicking on the <Read more> link below. Also, you can enlarge any chart by clicking on it.

[Read more »](#)

<http://fat-pitch.blogspot.ca/>

**BW:** Information on Mr. Urban Carmel and his blog, The Fat Pitch, follows on the ensuing page.

# The Fat Pitch

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## WHAT IS THE FAT PITCH?

In baseball, a fat pitch is a hittable ball. The odds are in your favor. You might miss, but it is a situation where you should take a swing of the bat. If you swing at good pitches and avoid the crappy ones, you improve your OBP. Once on base, it becomes a running game.

The stock market serves a lot of curve balls. Now and then there comes a Fat Pitch, your odds-on opportunity to swing the bat. So, get on base and then manage your base-runners.

Specifically, the Fat Pitch on this site refers to two situations.

**First: A Fat Pitch comes at a market turning point.** It is an identifiable and quantifiable capitulation point where sellers or buyers have become exhausted and panic or euphoria is at an extreme. The Fat Pitch here is measured by a combination of (in no particular order): put-call, Trin, NYMO, sentiment, fund cash balances, major accumulation or distribution, volume, price relative to Bollinger bands, volatility, and consecutive days in a row in one direction. Swinging the bat without popping up is the hardest part.

**Second: The Fat Pitch is a favorable investing environment.** Old hands talk about there being only a few good times each year to be involved in the market. The remainder are unprofitable. I think this is correct. The Weekly Market Summary is intended to help discern when it is favorable to be long (or short) and when it is best to work on improving your French.

Every day, week, and year is a learning experience. The purpose of this site is to help refine what constitutes a Fat Pitch. Like baseball, you have to continue to work on your swing.

## Our Objectives

The objective of the Fat Pitch is to provide a structured, quantitative, and empirical methodology for evaluating the state of the market. At any point in time, there are a variety of factors pulling on the market. We want to determine the relative importance of each factor in order to answer two questions:

1. In which direction should we be investing in the market?
2. Are tailwinds behind this direction or are headwinds picking up?

Every Friday we publish a Weekly Market Summary with green, yellow, and red lights on it. Green is good and red is bad. Everything on this site is in support of this market summary.

The little tabs across the top of the site (trend, breadth, etc.) mirror the different factors we follow to monitor the market. There is nothing here that does not fit with the methodology.

Anytime you want to understand why a factor is red or green, click on the tab and read the accompanying analyses. To the fullest extent possible, we quantify and use empirics to determine the state of every factor.

**The Fat Pitch** is authored by Urban Carmel, see below.

# The Fat Pitch

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## Urban Carmel



Strategy Consultant and Finance Commentator

Current	The Lewis Carmel Group
Previous	UBS Securities Indonesia, East Asia Hamon Asset Management, McKinsey & Company
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