

Notes From The Rabbit Hole

eResearch Corporation is pleased to provide an article, courtesy of NFTRH.com, and written by Gary Tanashian, with a bio on the Author provided at the end of the article.

The article, starting on the next page, is entitled: **Counter-Cyclical Plans for 2019**

Biiwii.com was created in mid-2000 solely as a way to help get the message out about deeply-rooted problems about too much debt and leverage within the financial system. The concerns were confirmed and the message proved justified 3 to 4 years later as the system began to purge these distortions, resulting in a climactic washout extending from October, 2008 to March, 2009.

Along the way, a geek-like interest in technical analysis, a long-time interest in human psychology, and various unique macro market ratio indicators were added to the mix, with the result being a financial market newsletter (and dynamic interim updates), Notes From The Rabbit Hole (NFTRH) that combines these attributes to provide a service that is engaged and successful in all market environments by employing risk management first, and opportunity for speculation second.

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Counter-Cyclical Plans for 2019

By **Gary Tanashian** (bio at the end of the article)

December 8, 2018

For months now, I have been beating us over the head about what is needed for a proper fundamental backdrop in order to be bullish on the gold stock sector. Gold as well as, but especially gold stocks, because if gold is favored as a risk-off liquidity haven, when risk *does* go off, gold miners would leverage that status and provide a little thing we call profits amid the macro carnage. That is the theory of it, anyway.

The reason we have carried two different fundamental views is because both will come into play in pushing the sector over the top in the eyes of conventional market players.

- **Proper sector fundamentals** like gold/energy and gold/materials ratios will bring practical improvement to gold miner bottom line operations. As we have noted over the last several weeks, the recent quarterly reporting season could not have been worse as Q3 saw gold drubbed in relation to cost-drivers like crude oil. But, as we have also noted, Q4 (to be reported in Q1 2019) is going to see the opposite, with gold having vastly out-performed cost-drivers.
- **Proper macro fundamentals** will be the aspects of our macrocosm theme that requires gold to rise in relation to stock markets, people not to be concerned about inflation (as gold rises vs. cyclical commodities), signs of economic stress to emerge, the yield curve to stop flattening and, by extension of these conditions, confidence to decline among mainstream investors. In short, when they see one sector rising while their monthly investment account statements go south, they would become very interested.

It has been a long 6+ years since we confirmed the bear market in gold stocks when HUI broke down below 460 (a then-key support parameter) for a second time. Personally, I have not nearly performed in line with the U.S. stock market's outstanding gains over that time. That is pretty much by definition because, in 2009, when it was time to become bullish on stocks we did so, but I did not trust the underpinnings of the bull. All through the process of managing the bullish market (with a couple of bearish interruptions) I called the market well but played it relatively (and purposely) poorly, because I never was going to go anywhere near all-in on such a risk adventure.

Many took the risk *and* the gains because many are regular people with conventional financial advisers and investment managers. I have no regrets because I would do it the same way all over again. I am satisfied that NFTRH illustrated for you all along the way a bullish picture, allowing you to make decisions that were best for your situations.

But I am human and as a human I want to win. Living in a perpetual state of cash and risk management and moderate profits has been fine, but I want some *game* in my game too. If/as the stock market loses the key support (SPX) we have been managing, another important domino will have fallen, the counter-cycle will be upon us and a counter-cyclical sector will rise again. And when gold stocks rise, they can really tack on the gains as the herd starts to become aware.



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Biiwii.com is proud to be included in the **50 Blogs Every Serious Trader Should Read** from [TraderHQ.com](#).

See **ABOUT THE AUTHOR** on the following page



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ABOUT THE AUTHOR



Gary Tanashian is a financial market analyst, writer, and editor. He provides “Accurate financial market analysis and commentary focused on unbiased reality as opposed to preconceived assumptions.”

As a long-time participant in financial media (published at leading outlets like SeekingAlpha, Investing.com, and many more), Gary has learned how to communicate with people about often-complex material. He knows that it requires hard work, but he believes that there is no other way in order to provide the highest quality service to the public.

Gary is the owner of Biiwii.com (launched in 2004) and, later, NFTRH.com (launched in 2014).

Biiwii is a financial website that got it RIGHT in the run up to 2008, unlike many in the financial services industry.

He is the owner and publisher of the weekly premium financial market report Notes From The Rabbit Hole, which was launched in September, 2008.

Notes From The Rabbit Hole is a premium newsletter service (including detailed in-week updates) for people who care more about financial market realities than having their preconceived notions reinforced. <http://nftrh.com/nftrh-premium/>

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