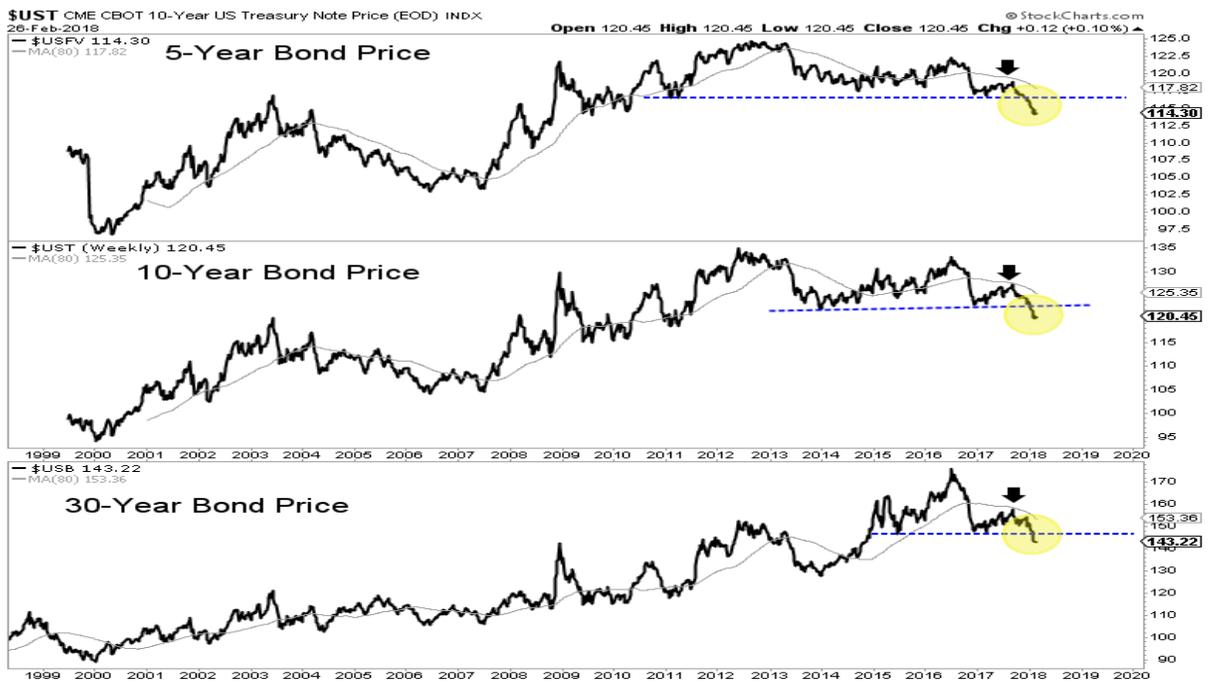


Starboard Weekly Report Ending March 9, 2018 Charts of the Week



Above we are looking at the stock market's recent resistance and the breakdown of support in all three yield categories of US Treasury Bonds. KimbleChartingSolutions.com prepared the top chart while Jordon Byrne of Daily Gold is responsible for the bond market charting on the bottom. All charts are monthly pricing.

TECHNICAL

We have a serious directional delay in market price activity since the recent February 9th stock market low. Since then we have had both stock and bond markets in transition. We are waiting for further breakdown as shown in the bottom bond market charts or a breakout above the wall as depicted in the top Kimble study chart. There is a bounce happening from the recent 10% stock decline while bonds appear to be treading water before a renewed price decline. If the bounce is strong enough to climb the wall and bond prices rally, then the bull market will prove to have additional strength. Attached to your email are complete commentaries on these charts and neither author is optimistic about continued stock or bond market strength.

FUNDAMENTAL

The economy is also in transition from almost 10 years of serious fiscal deficit and central bank interest rate control and quantitative easing activity. As the FED increases quantitative tightening and the tax bill creates additional stimulus, we will go from a government controlled economy to normal cyclical environment. And that new situation will let the suppressed inflation genie out of the box. This is what the markets are trying to tell us but before additional reaction we need further indications of inflation. We got some inflation news today with wages increasing 2.9% which was the same news that caused the market to tank on last month's report! However, today the Dow rallied over 400 points; go figure? As the consequences of that news sinks in then we can likely expect further downside for stocks and bonds.

ASIDE

"Life is one big transition." Willy Stargell

When you delay the inevitability of transition then it just makes the adjustment that much more difficult. Unless the market can climb the wall in this week's top chart, we are about to find out how challenging economic life can be.

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