STARBOARD
ASSET MANAGEMENT

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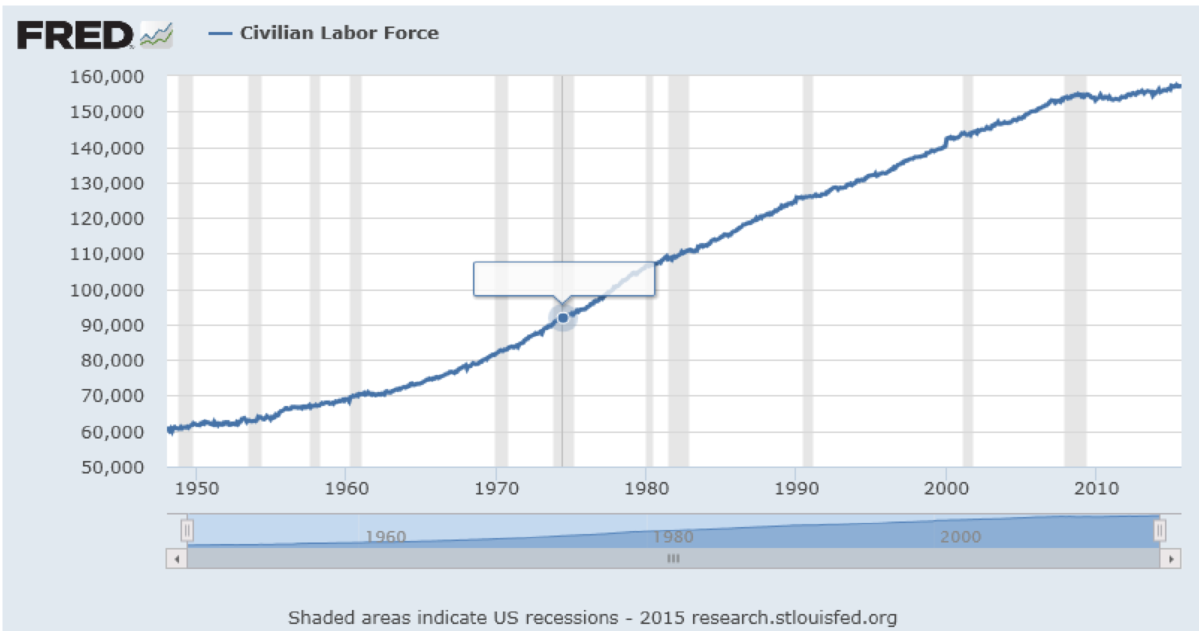
Starboard Weekly Report Ending October 2, 2015
Charts of the Week



The top chart is on the Civilian Labor Force and it is produced by the St Louis Fed. The bottom chart, also from the St Louis Fed, is on the Civilian Labor Force Participation Rate. Both of the above charts begin with the year 1950.

TECHNICAL
Both of the above charts are a great deal related in content. The top depiction is of the total Civilian Labor Force and shows a level growth line since the last recession. The bottom chart is an indication of the tremendous drop in labor participation since 2000. Prior to then, we enjoyed consistently advancing labor participation. The media should be conversing about this problem instead of creating a monthly frenzy regarding changes in the unemployment rate. The increases of employment are very meaningless since the overall job pool is much smaller than previous recessions. The total employment, as depicted in the top chart, is what creates economic activity; not the monthly changes. The monthly unemployment statistics are just another fake public relations gimmick of the government that is similar to the FED's expected rate hikes. They create narrative to take attention away from real events; such as the upcoming debt limit and declining U.S. corporate earnings. These two near-term events will truly affect the economy and stock market, unlike the worn out yarn on interest rate speculation.

FUNDAMENTAL
Concerning oneself with FED activity can be likened to the quote: *"Worrying is like a rocking chair. It gives you something to do, but never gets you anywhere".* We have a whole host of serious economic issues that the Fedspeak does not come close to addressing. The American investment community has become obsessed with what the FED is going to do about unemployment and inflation - their duel mandates. This week's charts clearly show that they are perhaps working on the wrong mandates because they clearly have not had any real positive effect on overall employment. They have also failed miserably on inflation. In fact, it could be argued that their forever zero interest rates have caused deflation. Instead of working to contain the dollar's advance that are the root of American corporate earnings problems or making sure that Congress increases the debt ceiling, they would rather create more speculation about a rate increase in December. At some point in the near future, when the world realizes *that the emperor has no clothes,* then the FED's credibility may well suffer. And, if that occurs, they will finally be doing something useful since the dollar will likely decline.

ASIDE
"It is always better to have no ideas than false ones; to believe nothing, than to believe what is wrong". Thomas Jefferson
This quote is another example of Jefferson's genius to look into the future. He is describing today's FED with incredible accuracy. Their duel mandate is wrong and we are all going suffer serious financial consequences because of the FED's beliefs.