

Starboard Weekly Report Ending April 1, 2016
Charts of the Week



The above StockChart.Com charts highlight the relative strength relationship between Goldman Sachs (GS) and the S&P 500 (SPX) and Gold versus GS. They are both monthly charts so they represent the long term relationships between GS versus the market and Gold.

TECHNICAL

The right side numbers of these charts represent the division of GS priced at 157 and the S&P at 2060. The Gold number is GS 157 divided by 1332. Charting this calculation shows the strength or weakness of the two compared entities versus one other. Because these are monthly contrasts, we get a solid picture of structural trends. The supporting graphs confirm the main chart adding additional credence to which way the long term buy sell decisions are leaning. There are a lot of arrows and narrative on these charts and supporting graphs all are solidly in the bear camp regarding GS. When Gold as a store of value and the market show the same trend it is worth paying attention. The significance of this information is the power GS has on our economy and within the FED. They have been referred to as Government Sachs and for the many reasons outlined below. We can conclude that a short on GS is a short on the FED.

FUNDAMENTAL

The following quote appeared in March 25th's Wall Street Journal in an article written by Jon Hilsenrath: *“Four of the 12 regional bank presidents were affiliated with Goldman before joining the FED, feeding public perceptions that the Central Bank is too close to the big banks bailed out during the financial crisis.”* To have 33% from one institution holding sway over a supposedly independent government body is totally crazy. Since all 12 Governors of the FED were appointed by the current administration, I'm quite sure that several other members are from the “to big to fail banks”. To go back in GS influence history, Clinton's Secretary of Treasury was Robert Rubin. He resided over the repeal of Glass Steagall and the tech bubble collapse. Then there is Henry Paulson who was George W's Secretary of Treasury and another GS alum who presided over the 2008 financial collapse. The current administration has chosen to hide the GS influence within the FED thus shorting GS is a good way to short the FED for their errant polices. It does appear that we have started down that bearish road.

ASIDE

“Banks are run by executives, and executives protect themselves, and that does not always mean that banks are going to behave rationally.” Daniel Kahneman

Mr. Kahneman is an Israeli-American Nobel prize winning psychologist specializing in decision making. Financial crises are caused by people protecting themselves and when losses start to mount, as we have seen recently in our bubble economy, bank executives will protect themselves by panicking.

Nothing on this Weekly Report should be interpreted to state or imply that past results are an indication of future performance. There are no warranties, expressed or implied, as to accuracy, completeness or results obtained from any information posted on this or any “linked” website. Any reference to specific securities is not to be considered a recommendation. Every investment strategy has the potential for profit or loss.

Please note: It is the client's responsibility to notify Starboard of any changes that would in any way influence their financial requirements.