



Starboard Weekly Report Ending August 19, 2016 Chart of the Week

\$TYX CBOE 30-Year US Treasury Yield INDX

18-Aug-2016, 15:00 ET, daily, O: 22.61, H: 22.83, L: 22.46, C: 22.59, Chg: -0.14 (-0.62%)

P&F Pattern Double Bottom Breakdown on 08-Feb-2016

Scaling: Traditional [Reversal: 3]

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We have only one chart this week and it tells a story similar to Trump’s “lying Ted” (Cruz) according to both this week’s chart and narrative, we have a lying FED. The StockChart.Com Point and Figure above shows no sign of pending higher interest rates.

TECHNICAL

The value of Point and Figure charting is to view a supply and demand position over a long period of time. In this chart we go back to 2008, the beginning of the current recovery, and clearly since then the trend on this interest rate chart is down. Rates spiked in 2009 at 5% and have been declining since then due to a very accommodating FED. It will take a lot more confusing PR from the FED to turn around this long-term image. The trend of lower and now negative interest rates is worldwide and the amazing aspect of these ultra-low rates is that they have not been able to create economic growth. Over the eight year period depicted on this chart, we have only two up ticks where demand exceeded supply. One took place in 2011 when US debt was downgraded to AA and the other one in 2013 was a higher rate fluke orchestrated by the FED. To change this amount of overhead supply we are going to need structural change in economic policy. I am afraid that this will not come based on the way the 2016 election is shaking out. Thus, short of a financial mishap, we should expect lower rates for many years to come.

FUNDAMENTAL

This week we had half of the FED championing higher rates, which is a joke. According to this week's chart, they are sending a false signal to the markets. The big question is when will the markets wake up to the FED's fallacious PR campaign about raising rates. One serious problem with a turnaround to higher rates would be a rising dollar. I do not believe the world bankers want to see that happen because it will further impede the emerging markets growth. Emerging markets, and some commodities like coal, are starting to signal the dollar turning down and that will only happen in a steady to lower US rate environment. Before I am ready to jump on that bandwagon though, I want to see a technical analysis breakdown for the dollar. The level discussed in a recent Starboard Weekly Report is 91 and it is currently at 94.13 down from 97. Watching the dollar is very important to what happens to rates because as mentioned, it is the key to commodities as well as emerging markets. Lower rates and a declining dollar are very bullish for our gold holdings.

ASIDE

"I did not have sexual relations with that woman". Bill Clinton

"I apologize for lying to you. I promise I won't deceive you except in matters of this sort."
Spiro T. Agnew.

Has the FED been lying to us like the famous politicians above? We may never know how much the FED has been lying as they do not have to answer to any overseer. But like Agnew, we can expect that they will continue to deceive.

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