



## GORDON T LONG

### Advanced Technical Analysis



**Gordon T Long**  
Global Macro Research |  
Macro-Technical Analysis



**Technical Analysis**  
Market Road Maps | HPTZ  
Methodology



**SII**  
Global Macro Research |  
Market Road Maps

## **NOTE**

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An American flag is shown waving against a clear blue sky. The flag is positioned on the left side of the frame, with its top edge near the top of the image. The stars and stripes are clearly visible, and the flag appears to be in motion, creating a sense of dynamic energy. The background is a solid, vibrant blue, which makes the red, white, and blue of the flag stand out prominently.

# An America You Might Not Recognize - Nor Like?

*“Expect the best. Prepare for the worst. Capitalize on what comes!”*

# AGENDA

## An America You Might Not Recognize - Nor Like!

### REDUCING THE STANDARD OF LIVING

REAL DISPOSABLE INCOME

DISINFLATION DOES NOT MEAN NO INFLATION

### INFLATION IN FRONT OF US – NOT BEHIND!

“DEMAND SIDE” INFLATION

“DOLLAR DECLINE” INFLATION

### BEHAVIORAL REACTIONS

IDEOLOGY & PUBLIC POLICY

POOR ECONOMIC CHOICES

CONSUMERS

TRAPPED, SQUEEZED & FORCED TO STRIKE

CORPORATION

REGULATORY ARBITRAGE

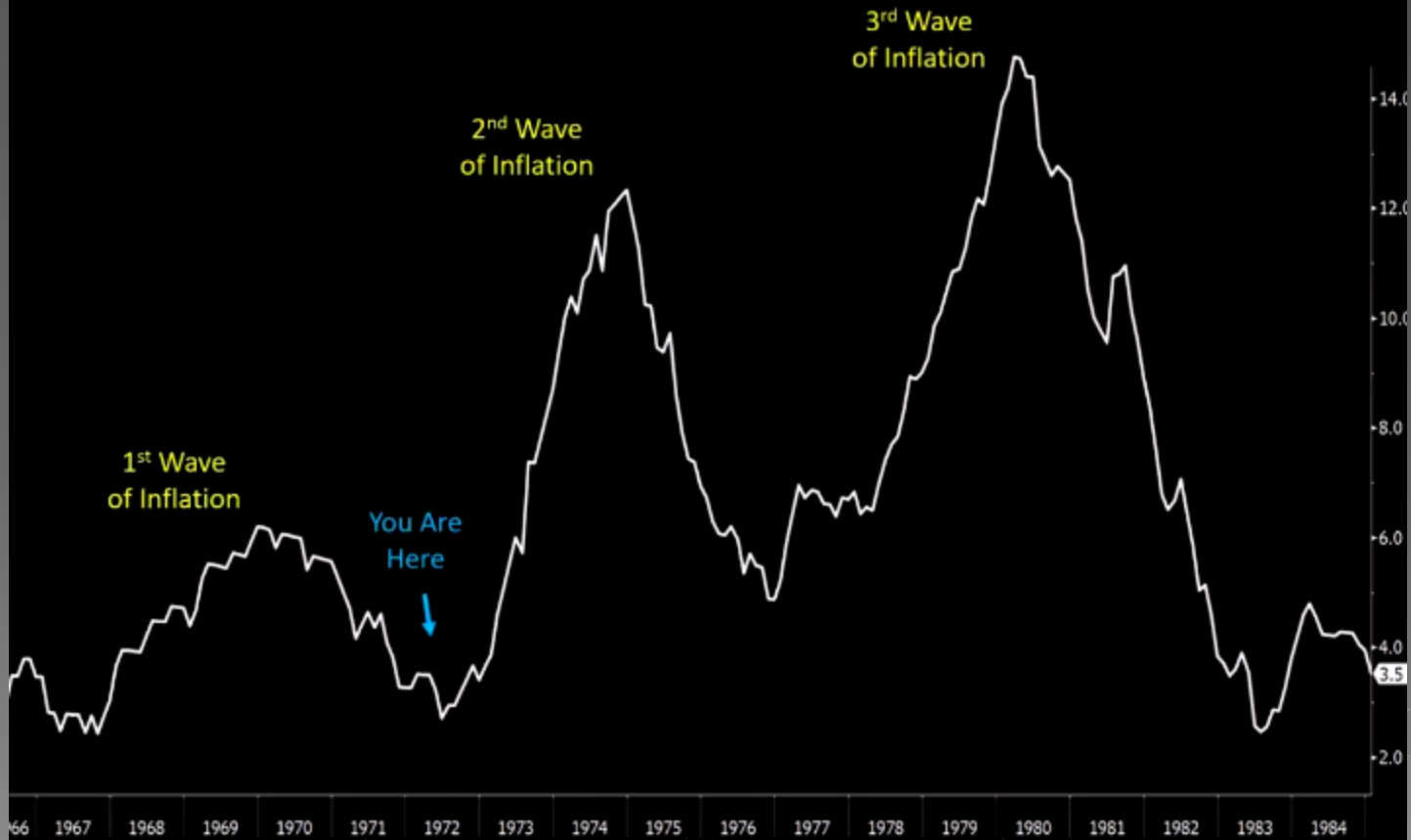
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YES: ADVANCED FINANCIAL REPRESSION

MAYBE: FASCISM > CORPORATOCRACY > TOTALITARIANISM??



# The Three Inflationary Waves of the 1970s



## Stocks Were Spurned Through the Inflationary 1970s

— US Household Equity Holdings as % of Financial Assets

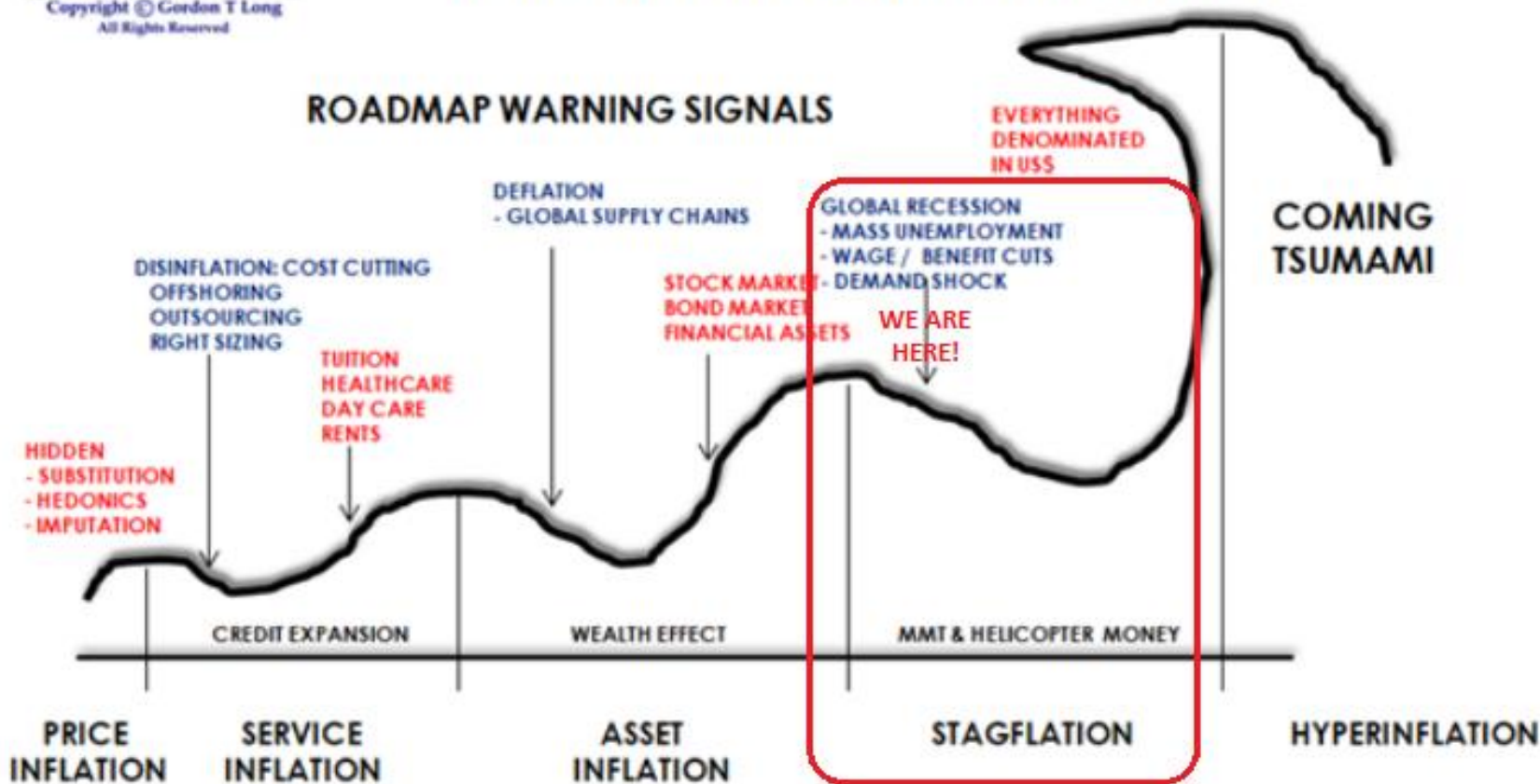


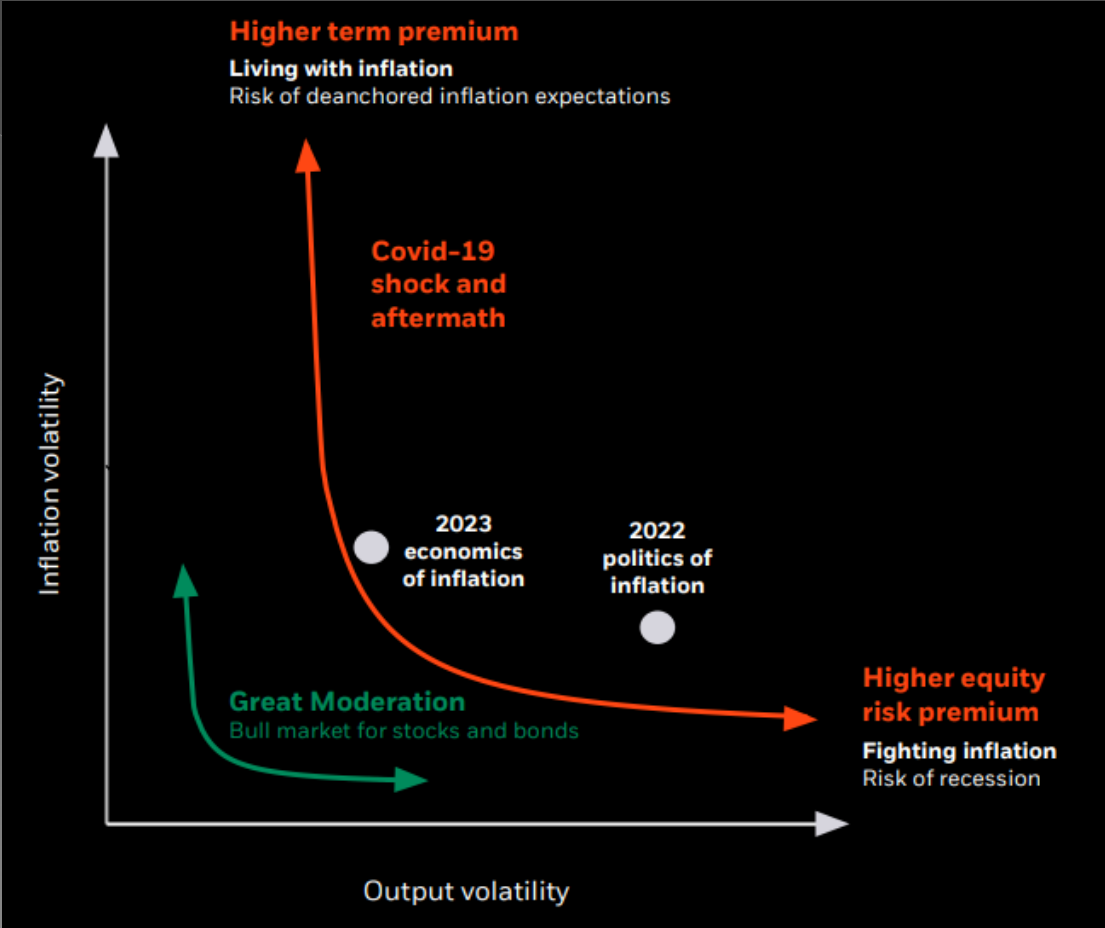
Source: Bloomberg; Macrobond



# INFLATION IS COMING IN WAVES!

## ROADMAP WARNING SIGNALS







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## US REAL DISPOSABLE INCOME

**US Real Disposable Personal Income fell over \$1 trillion in 2022, the second-largest percentage drop in real disposable income ever, behind only 1932, the worst year of the Great Depression**



# 3% INFLATION TARGETING

Three percent annual inflation for ten years is a loss of purchasing power of the currency of 34%

.... after what is already a disastrous inflationary environment!

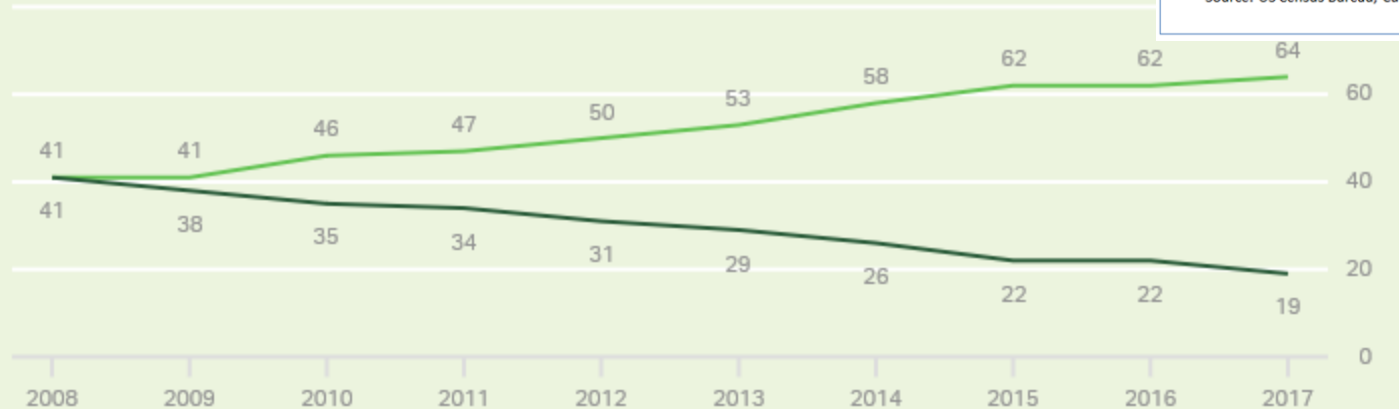


***There is nothing positive about rising long-term inflation expectations.** It is not just the confirmation of a terrible destruction of real wages and deposit savings, but a huge incentive to maintaining the least efficient and unproductive parts of the economy. Inflation is not just a hidden tax created by bloated government spending financed with artificially created currency, it is also a hidden subsidy to obsolescence and a huge disincentive to innovation and technological transformation.*

## Americans' Expectations for Their Standard of Living

Right now, do you feel your standard of living is getting better or getting worse?

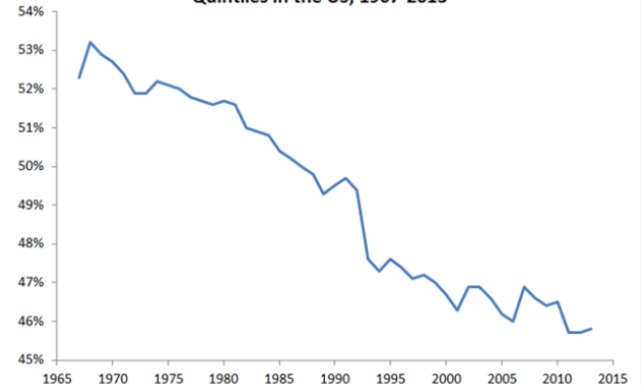
■ % Getting better ■ % Getting worse



2017 data based on January-August polling

GALLUP DAILY

Figure 1: Percentage of Income Going to the 3 Middle Quintiles in the US, 1967-2013



Source: US Census Bureau, *Current Population Surveys*, various years





# EXPLODING RV "HOMELESS" ENCAMPMENTS



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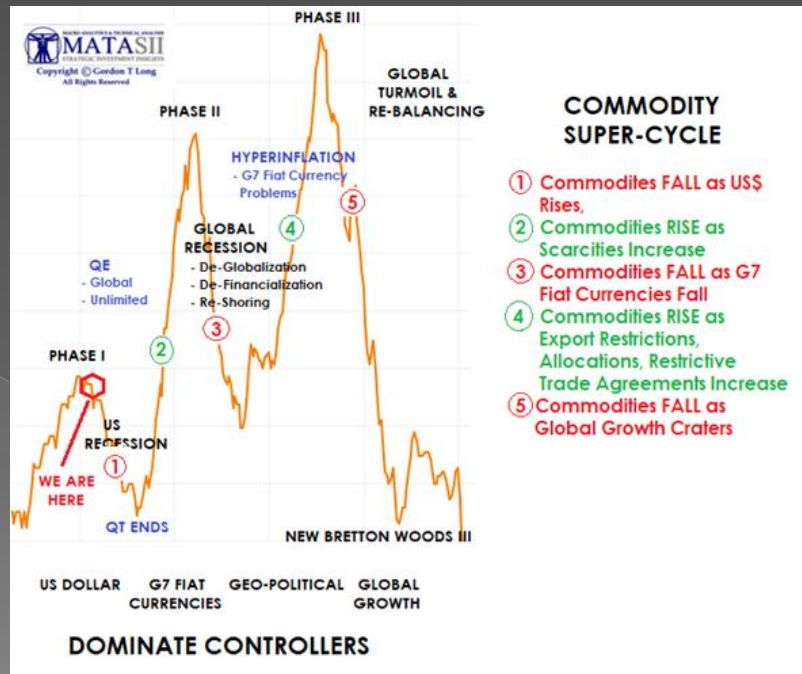
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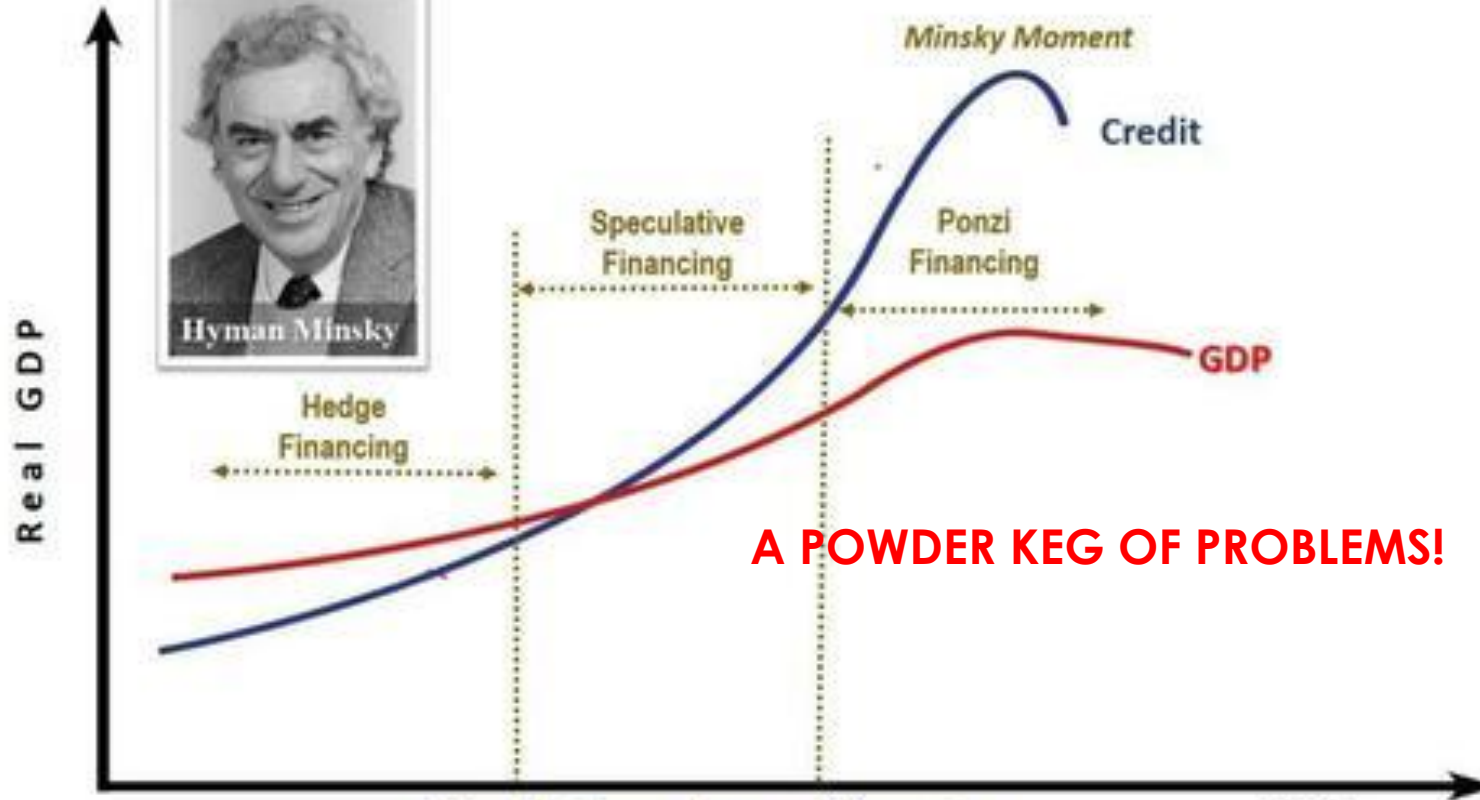
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UnderTheLens - 06 23 21 - JULY - The Great Stagflation: 70's v 20's Styles





**A POWDER KEG OF PROBLEMS!**

Chart 1: Three stages of financing

### Chart 4: June CPI print likely the last for favorable YoY effect

Projected paths for US headline CPI YoY

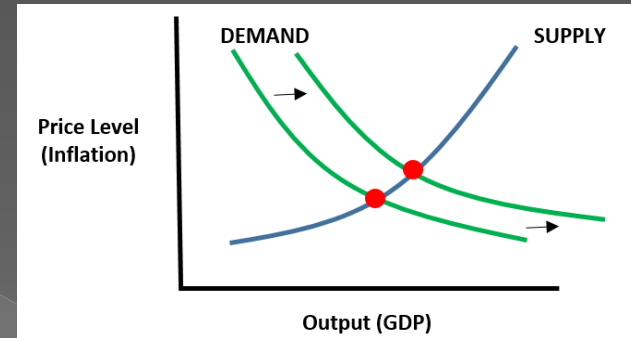


Source: BofA Global Investment Strategy, Bloomberg

BofA GLOBAL RESEARCH

# DEMAND SIDE INFLATION

- The flaw in the models is the failure to understand the process by which inflation can shift from the supply side to the demand side if inflation persists long enough.
- This is a change in the psychology of consumers and plays out in behavioral responses.
- Neither the psychology nor the behavior is accounted for by standard models.
- If inflationary psychology takes hold in the general public, it can feed on itself despite recession and declining real wages.
- The models don't show this but history does. This is exactly what happened in the 1970s.
- Inflation Can Be a Stubborn Thing
- Despite three recessions in nine years, double-digit unemployment and two stock market crashes, the mid-to-late 1970s and early 1980s witnessed the highest inflation since the end of World War II. By 1981, inflation had reached 15% and interest rates were raised to 20% to combat the inflation.



## STAGNATION

### INFLATION

Crushes Consumer Disposable Income  
Reversing Wealth Effect

### DEFLATION

### THE GREAT STAGFLATION

Insufficient Real  
Economic  
Growth

### SURGING UNEMPLOYMENT



# 2020's

THE BETA DROUGHT DECADE

## DEBT CRISIS

### DEBT CRISIS

Collateral Failure  
Leverage Failures

### DE-DOLLARIZATION

### HYPERINFLATION

Fiat  
Currency  
Failure

### BRETTON WOODS II

**DEBT  
CRISIS**



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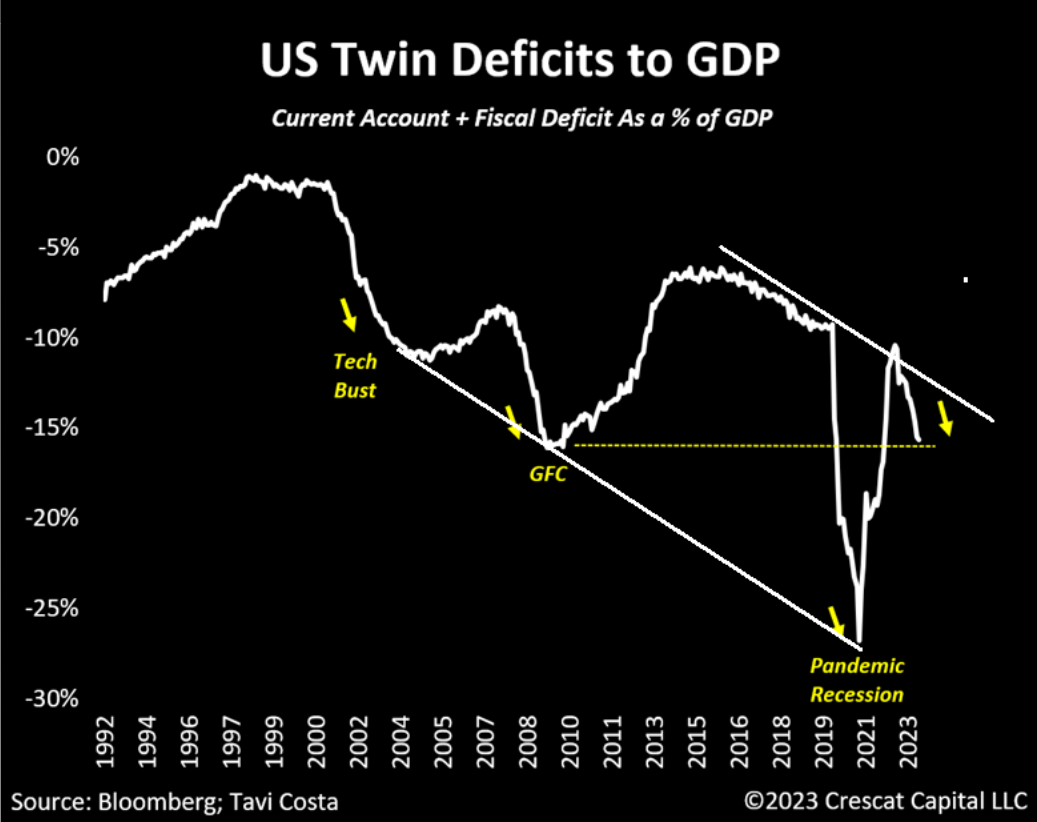
## 2020s...Era of fiscal excess

US federal government spending, 12-month rolling sum (\$tn)



Source: BofA Global Investment Strategy, Bloomberg

# DOLLAR DECLINE INFLATION



# DOLLAR DECLINE INFLATION

Historically  
follows  
longer term  
trends

MoneyGame



Chart of the Day

As A Consequence, We Expect The USD To Embark On A Multi-Year Uptrend



## U.S. Nominal And Real Effective Exchange Rate: Dollar Follows Long-Term Cycles Lasting 6-10 Years

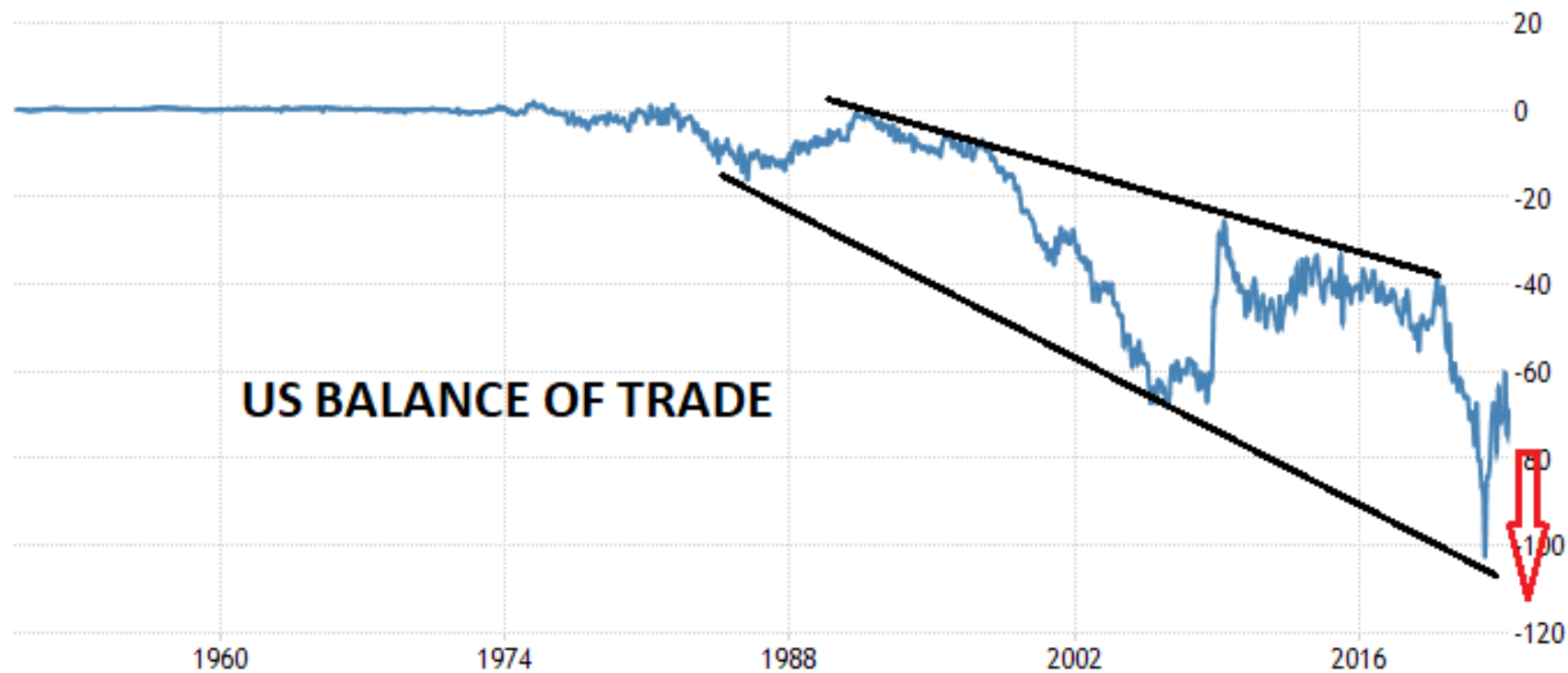


Source: Bloomberg Finance LP, Deutsche Bank Research

- The USD tends to follow long-term cycles lasting 6-10 years, e.g., the most recent clearly identifiable trend was the 9-year downtrend that began in 2002 and ended in 2011
- We expect the USD has now entered a sustained multi year uptrend driven by:
  - Superior US growth which should also support the rotation from bonds to equities
  - Economic and monetary policy experimentation in Japan (Abenomics), highlights the scope that central banks outside of the US have to weaken their currencies against the dollar
  - China rebalancing away from investment provides downside risks for China-linked currencies (AUD, CAD)
- By 2015, we expect EUR/USD to reach 1.10, USD/JPY 115 and AUD/USD 0.85. Most EM FX will weaken



## US BALANCE OF TRADE

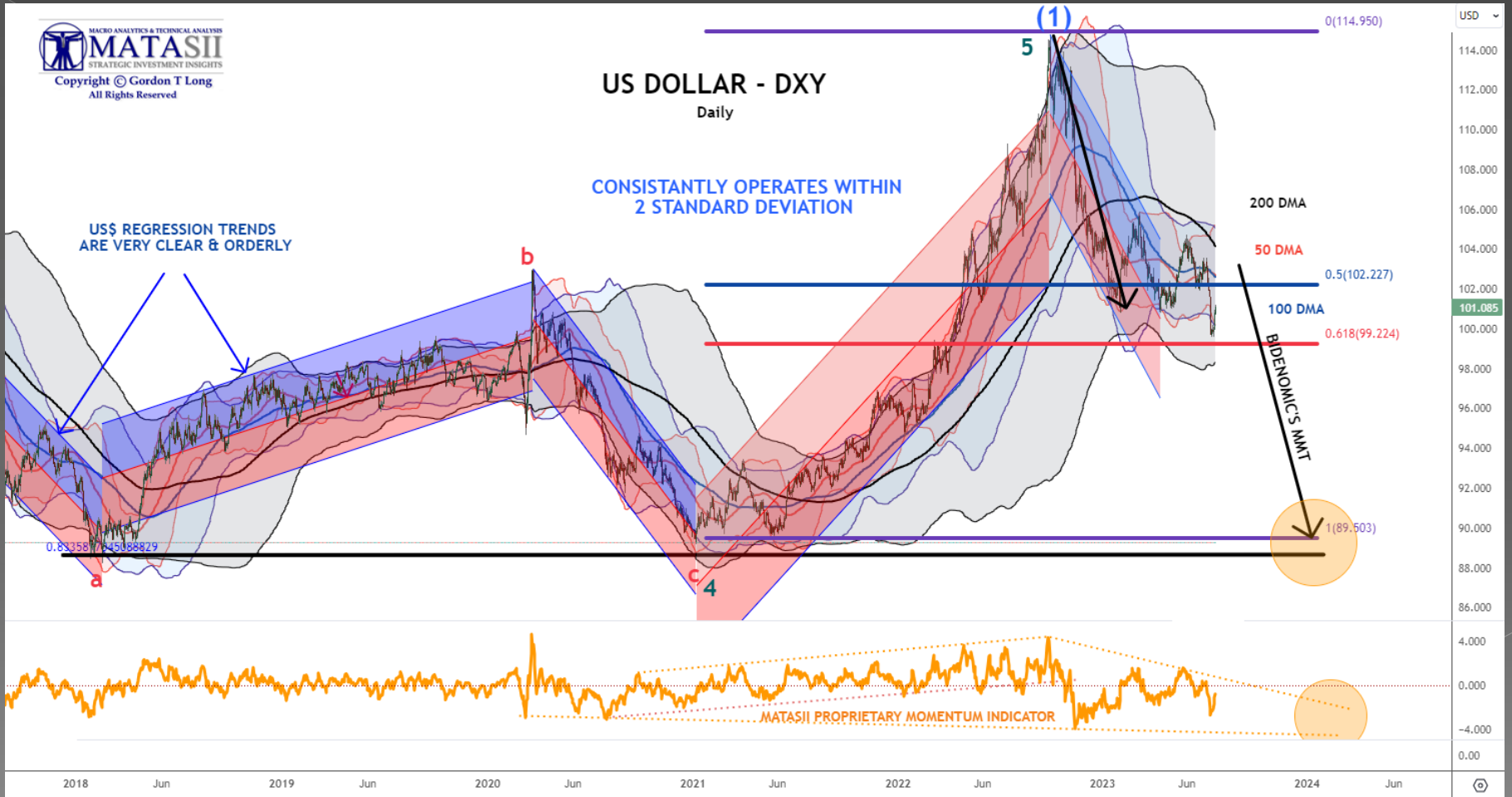


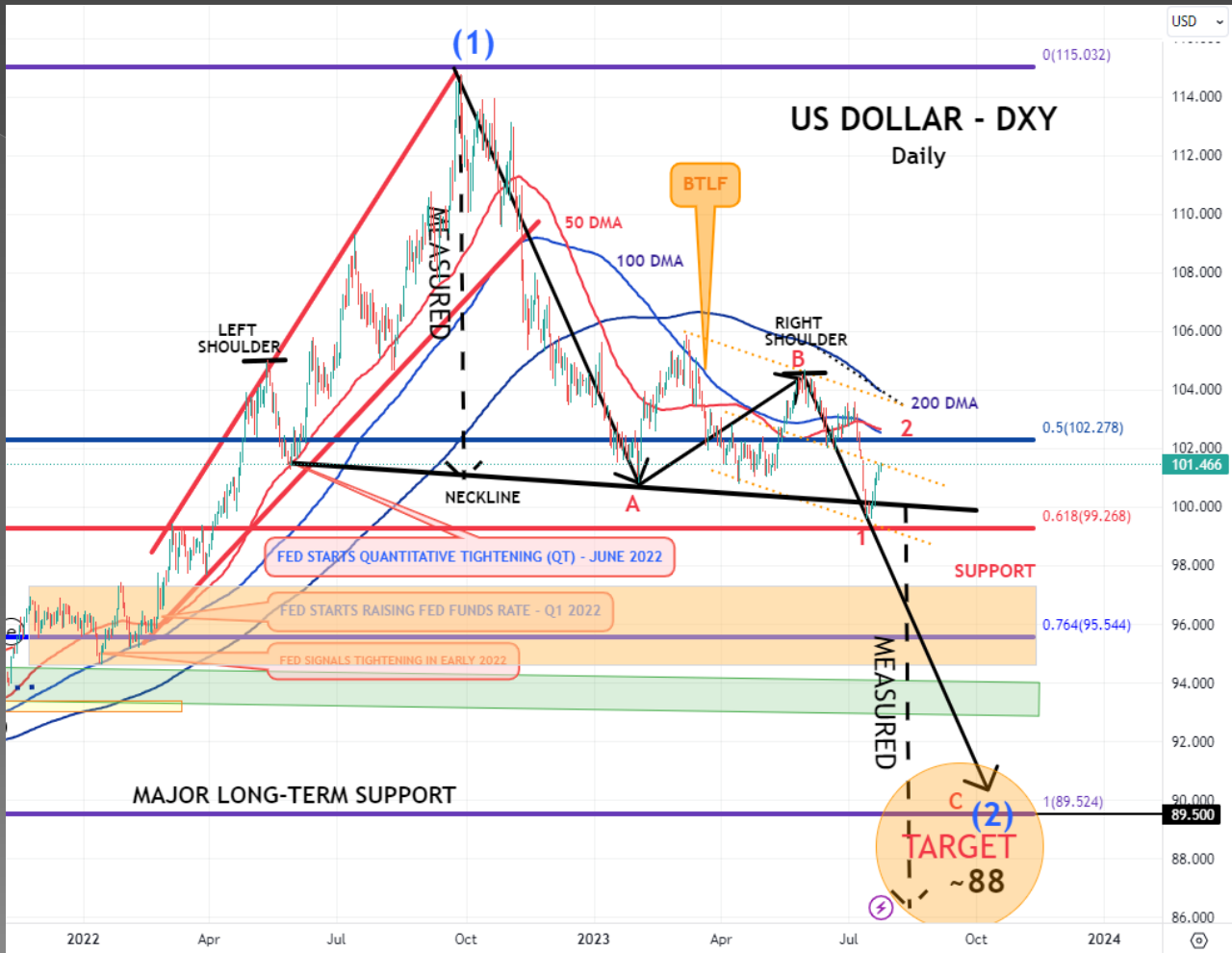
# US DOLLAR - DXY

Daily

CONSTANTLY OPERATES WITHIN  
 2 STANDARD DEVIATION

US\$ REGRESSION TRENDS  
 ARE VERY CLEAR & ORDERLY





July 26th, 2023

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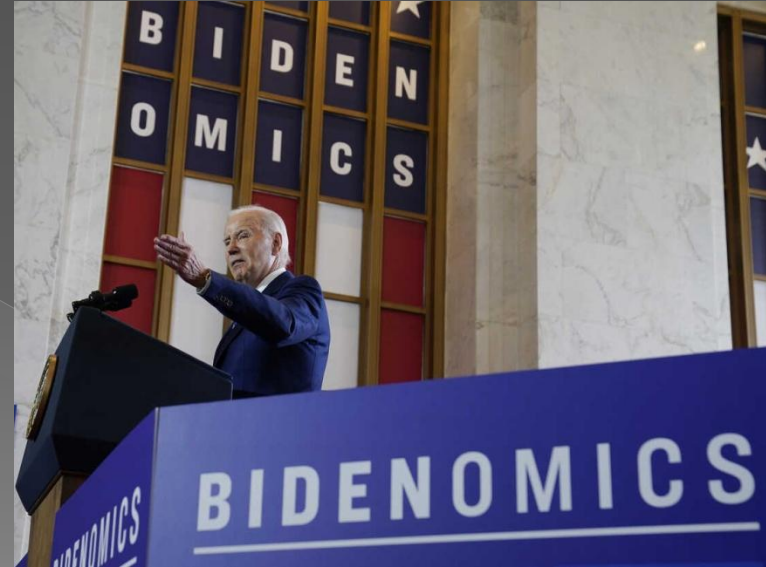
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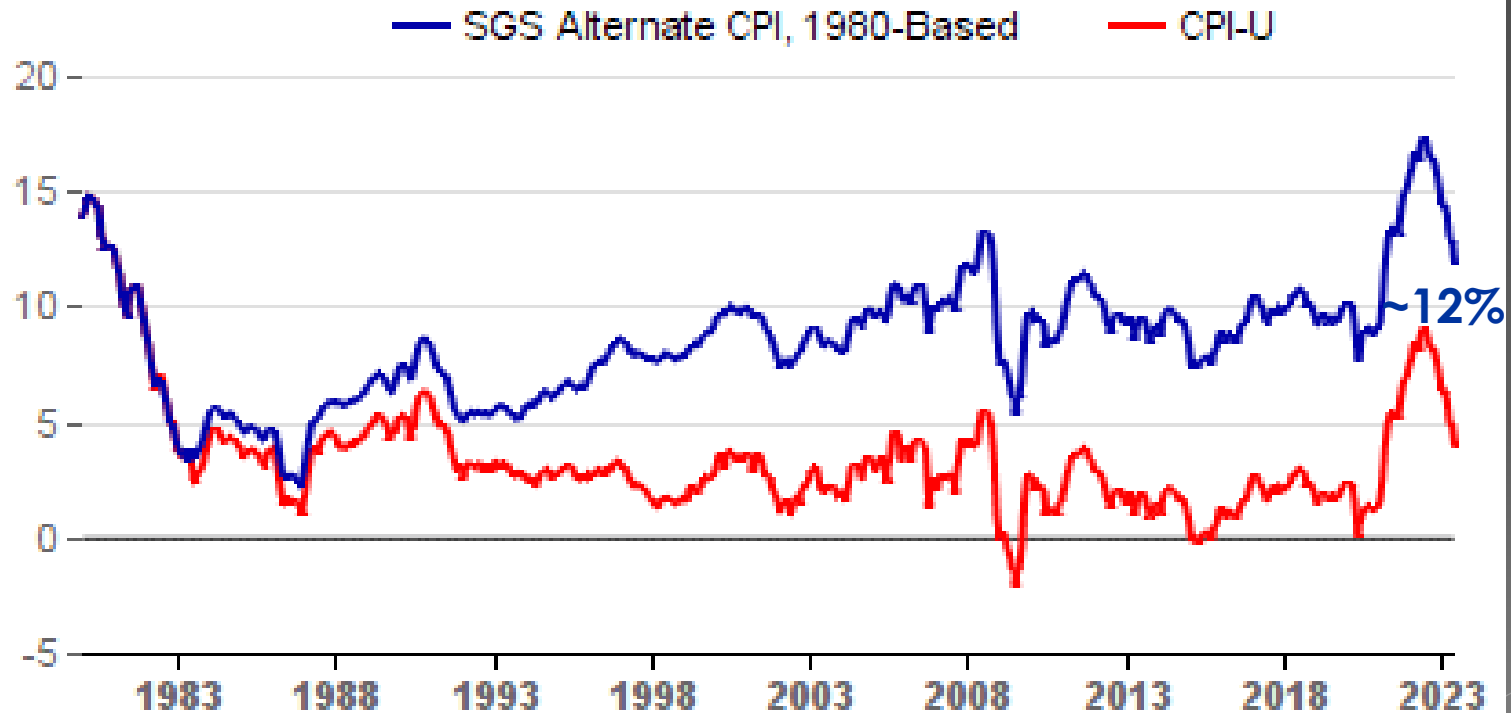
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# Consumer Inflation - Official vs ShadowStats (1980-Based) Alternate Year to Year Change. Through May 2023



Published: June 14, 2023

ShadowStats.com

RED

GASOLINE  
GREEN

RED

	Seasonally adjusted changes from preceding month							Un-adjusted 12-mos. ended May 2023
	Nov. 2022	Dec. 2022	Jan. 2023	Feb. 2023	Mar. 2023	Apr. 2023	May 2023	
All items	0.2	0.1	0.5	0.4	0.1	0.4	0.1	4.0
Food	0.6	0.4	0.5	0.4	0.0	0.0	0.2	6.7
Food at home	0.6	0.5	0.4	0.3	-0.3	-0.2	0.1	5.8
Food away from home(1)	0.5	0.4	0.6	0.6	0.6	0.4	0.5	8.3
Energy	-1.4	-3.1	2.0	-0.6	-3.5	0.6	-3.6	-11.7
Energy commodities	-2.1	-7.2	1.9	0.5	-4.6	2.7	-5.6	-20.4
Gasoline (all types)	-2.3	-7.0	2.4	1.0	-4.6	3.0	-5.6	-19.7
Fuel oil(1)	1.7	-16.6	-1.2	-7.9	-4.0	-4.5	-7.7	-37.0
Energy services	-0.6	1.9	2.1	-1.7	-2.3	-1.7	-1.4	1.6
Electricity	0.5	1.3	0.5	0.5	-0.7	-0.7	-1.0	5.9
Utility (piped) gas service	-3.4	3.5	6.7	-8.0	-7.1	-4.9	-2.6	-11.0
All items less food and energy	0.3	0.4	0.4	0.5	0.4	0.4	0.4	5.3
Commodities less food and energy commodities	-0.2	-0.1	0.1	0.0	0.2	0.6	0.6	2.0
New vehicles	0.5	0.6	0.2	0.2	0.4	-0.2	-0.1	4.7
Used cars and trucks	-2.0	-2.0	-1.9	-2.8	-0.9	4.4	4.4	-4.2
Apparel	0.1	0.2	0.8	0.8	0.3	0.3	0.3	3.5
Medical care commodities(1)	0.2	0.1	1.1	0.1	0.6	0.5	0.6	4.4
Services less energy services	0.5	0.6	0.5	0.6	0.4	0.4	0.4	6.6
Shelter	0.6	0.8	0.7	0.8	0.6	0.4	0.6	8.0
Transportation services	0.3	0.6	0.9	1.1	1.4	-0.2	0.8	10.2
Medical care services	-0.5	0.3	-0.7	-0.7	-0.5	-0.1	-0.1	-0.1

## Footnotes

(1) Not seasonally adjusted.

## Top 5 Individual Contributors to US Headline CPI YoY%

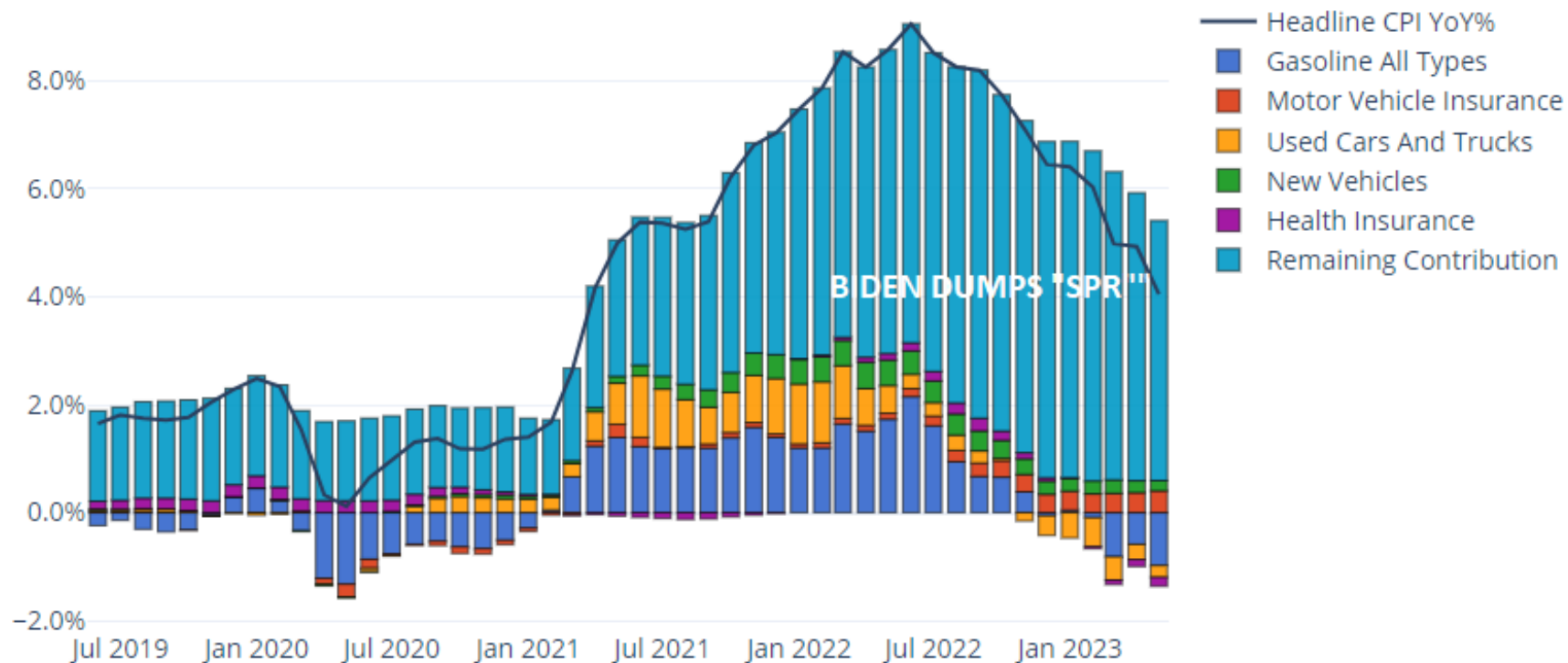
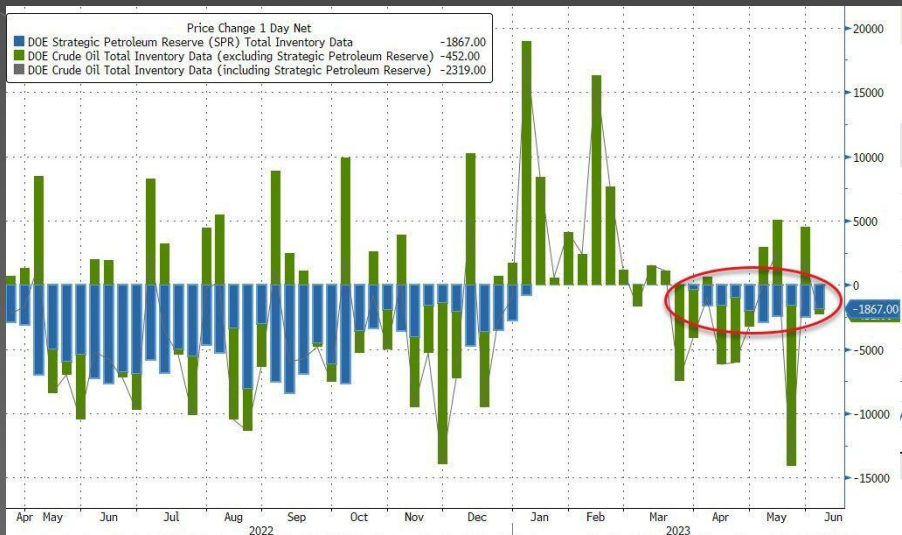


Chart Powered by Bloomberg BQNT using Bureau of Labor Statistics Data





# CLIMATE CHANGE AND GREEN ENERGY

## We are effectively institutionalizing INFLATION

The solution is not to make current energy more expensive to justify sustainable energy solutions but to make sustainable solutions less expensive with broader application!



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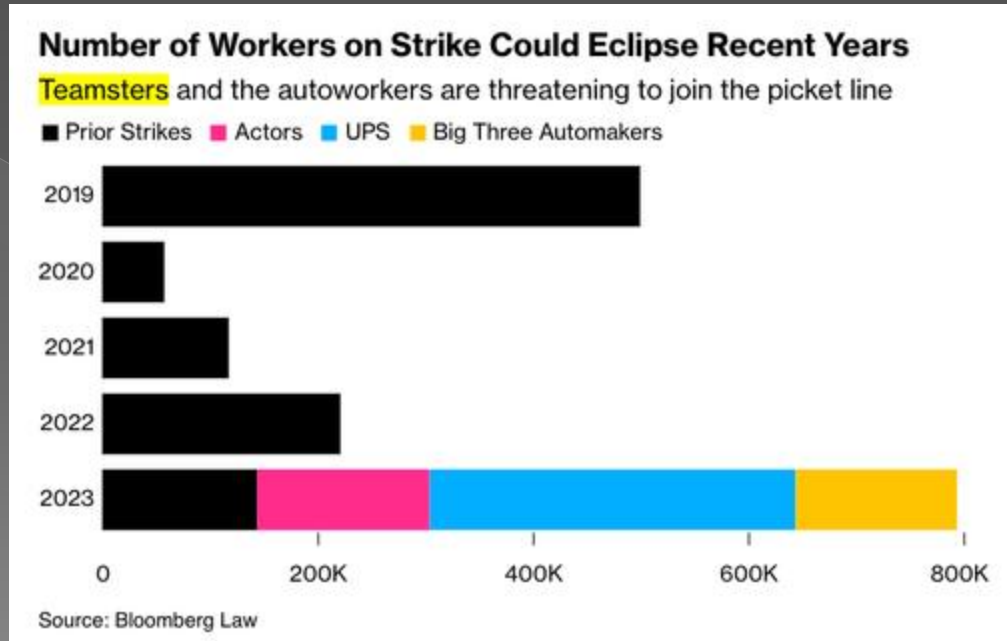
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# STRIKES!

## "Summer Of Strikes": 650,000 American Workers Threaten To Walk Off Job

Labor historian Nelson Lichtenstein, who leads the University of California, Santa Barbara's Center for the Study of Work, Labor, and Democracy, said this summer could "be the biggest moment of striking, really, since the 1970s."



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# CORPORATOCRACY

1. The adoption of AI to control rising wage pressures and margin squeeze,
2. Rethinking ESG regarding how it might impacting EPS growth.
3. In many cases they are seeing more growth opportunities in governments contracts as the size of government grows and the private sector is squeezed.
4. Higher focus on Government relations because of increasing Regulatory requirements, reporting and restrictions impacting costs.

# CORPORATOCRACY

1. It can interfere with highly important “Creative Destruction” element of Capitalism because of political pressures,
2. Reduce pressures to reduce costs because government contracts often come with political pressures if met gets the contract versus solely “best price”,
3. Focus senior management on Regulatory Arbitrage and Lobbying to gain competitive regulatory advantage, create barriers to entry against competitors or influence political policy decisions. This used to be called Crony Capitalism but is now increasingly an important element of Corporate Strategy.



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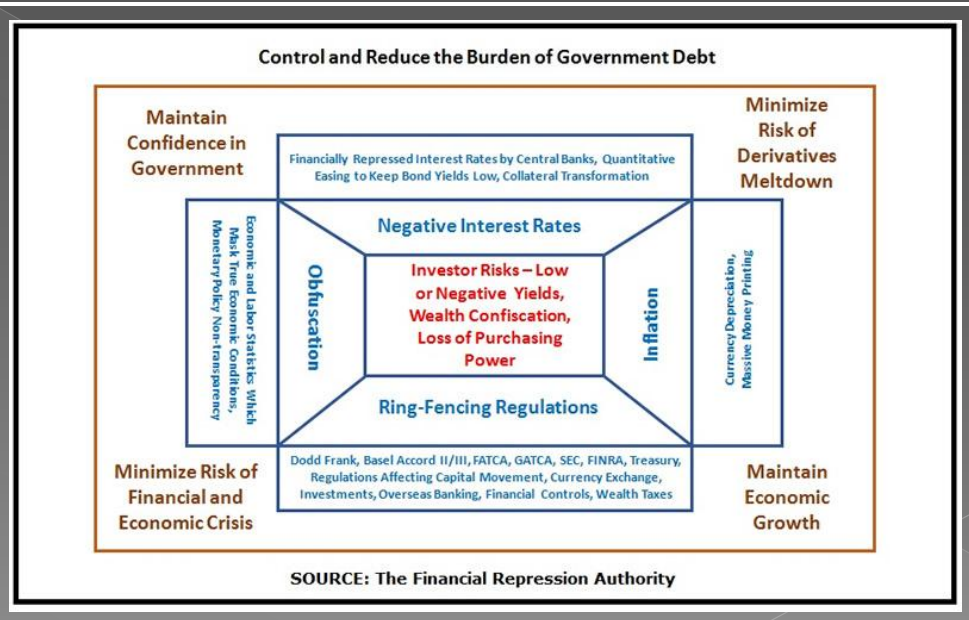
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## FINANCIAL REPRESSION



# **YES: ADVANCED FINANCIAL REPRESSION**

## ADVANCED FINANCIAL REPRESSION

- 1- OUTRIGHT INFLATION (Versus Negative Real Rates)
- 2- Contingent Liabilities for GDP Growth

# OPEN QUESTION: REGULATORY STATE

1- ADVANCE CRONY CAPITALISM



2- FASCISM,



3- CORPORATOCRACY,



4- TOTALITARIANISM

**ADMINISTRATIONS CHANGE – BUT THE PRINTING NEVER DOES ...**

**DON'T WORRY, THEY WILL PRINT THE MONEY!**

**EVERYONE IS NOW IN PLACE & READY!!**



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FEEDBACK THAT WILL IMPROVE OUR  
RESEARCH ANALYSIS



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CHANNEL & WE VALUE HEARING  
FROM YOU!

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FOR POSTING THIS FREE YOUTUBE  
CONTENT