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Advanced Technical Analysis



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Macro-Technical Analysis



Technical Analysis
Market Road Maps | HPTZ
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THE CHANGING FINANCIAL SYSTEM

TODAY'S FLAWED
GDP FORMULA



AGENDA

- **SAVINGS v CREDIT**

- PRODUCTIVE ASSETS v CONSUMPTION
- STANDARD OF LIVING & PRODUCTIVITY

- **THE GDP v GDI FORMULA**

- WEALTH v POWER OF TAXATION

- **ILLUSION OF GROWTH**

- THE “DEFLATOR”
- CHINESE CREDIT IMPULSE DEPENDENCY

- **CENTRAL BANK BULLION BUYING**

- **CAPITALISM v CREDITISM v COLLECTIVISM**

- CENTRAL PLANNING, CONTROL & COMPLIANCE

- **CONCLUSION**

- SOVIET/CCP SINGLE PARTY SYSTEM
- THE NEW REGULATORY STATE & REGULATORY REPRESSION



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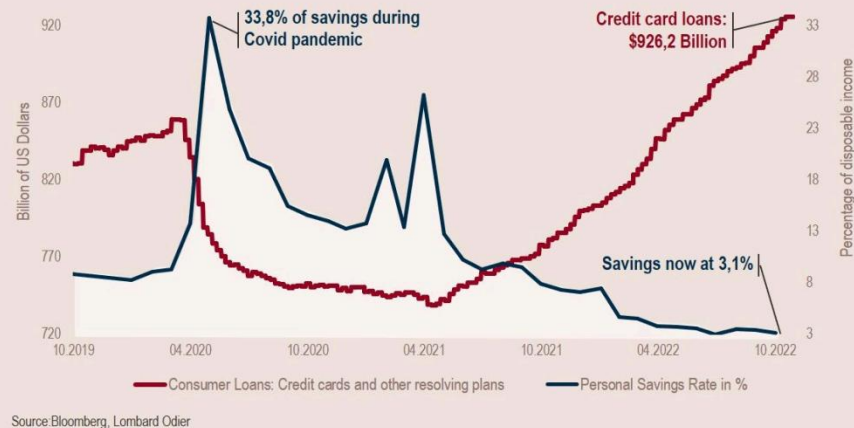
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U.S. Personal Savings near historical bottom



CAPITALISM

SAVINGS – Profits + Net Wages + Surplus + Net Exports

Corporate

Personal

>>>>>

Government

Foreigners



PRODUCTIVE ASSETS



WEALTH (You Can't Print It!)

Build It – Industrialization

Mine It – Exploration

Grow It – Agriculture

RESULTS

FINANCE = NOT WEALTH BUT “CLAIMS” ON WEALTH
= Underpinned by Collateral (The Claim)

RISING STANDARD OF LIVING = Getting More

COMPETITION = ... For Less!

CREATIVE DESTRUCTION = Economic Vitality

CAPITALISM??

CREDIT – Borrowing (Finance = Lending)



CONSUMPTION – Used or Depreciates to 0

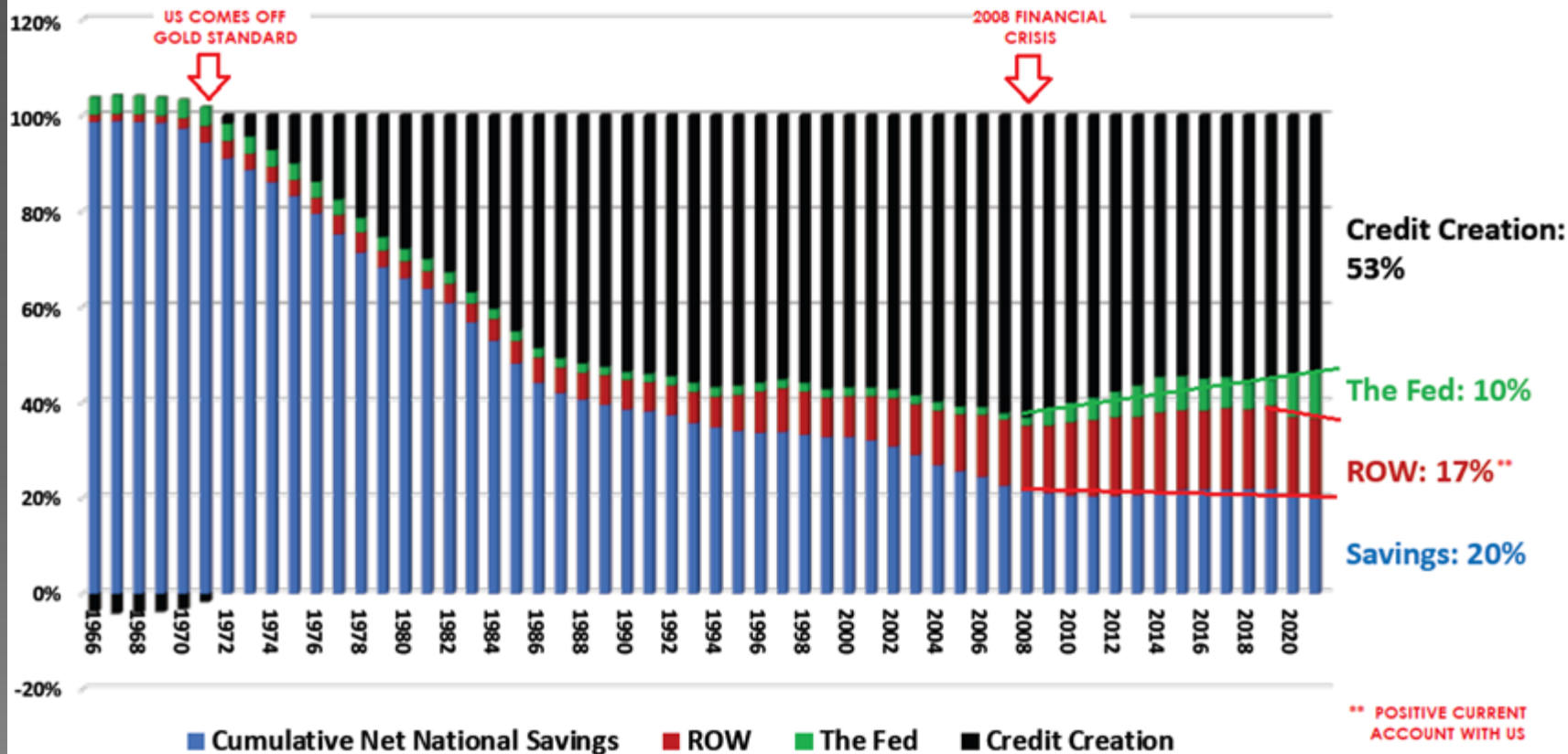


NO WEALTH

High Usage of Collateral
Increasing Dependence

Where Does The Money Come From To Fund The Debt?

Source Of Funding, % Breakdown from 1966 to 2021



Source: The Fed's Financial Accounts Of The United States; and the Bureau Of Economic Analysis

FOREIGN DEPENDENCY

DE-INDUSTRIALIZATION = 52K Manufacturing Facilities Post 2002

US HAS BECOME A “SERVICE ECONOMY”

TRADE BALANCE = Deficit

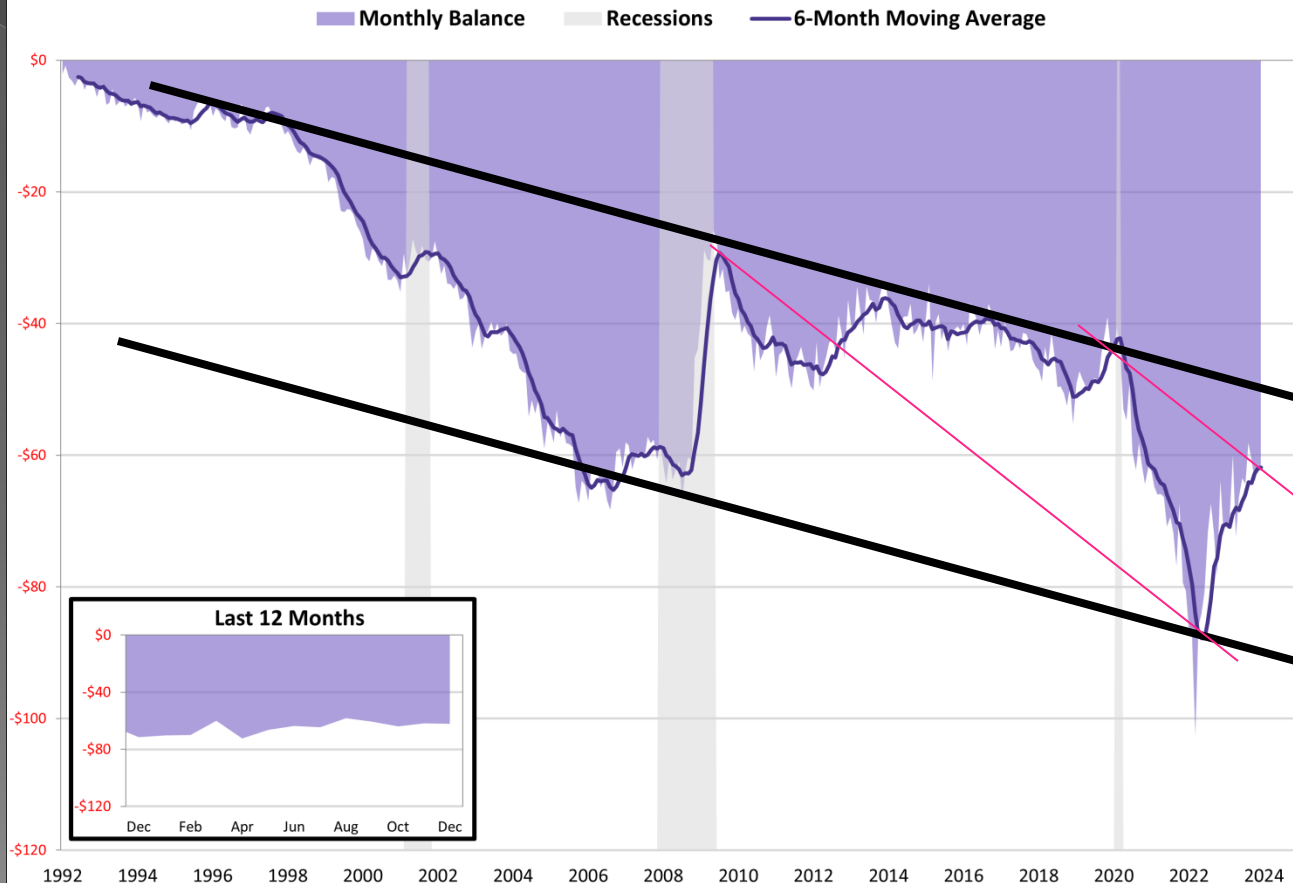
FINANCE

= NOT WEALTH BUT “CLAIMS” ON WEALTH

= Underpinned by Collateral (The Claim)

Trade Balance: Goods and Services

advisorperspectives.com
Data through December 2023



CREDIT (CREDITISM)

STANDARD OF LIVING = Getting Less For More

COMPETITION = Monopolies / Cartels – Big Tech, Big Pharma ..

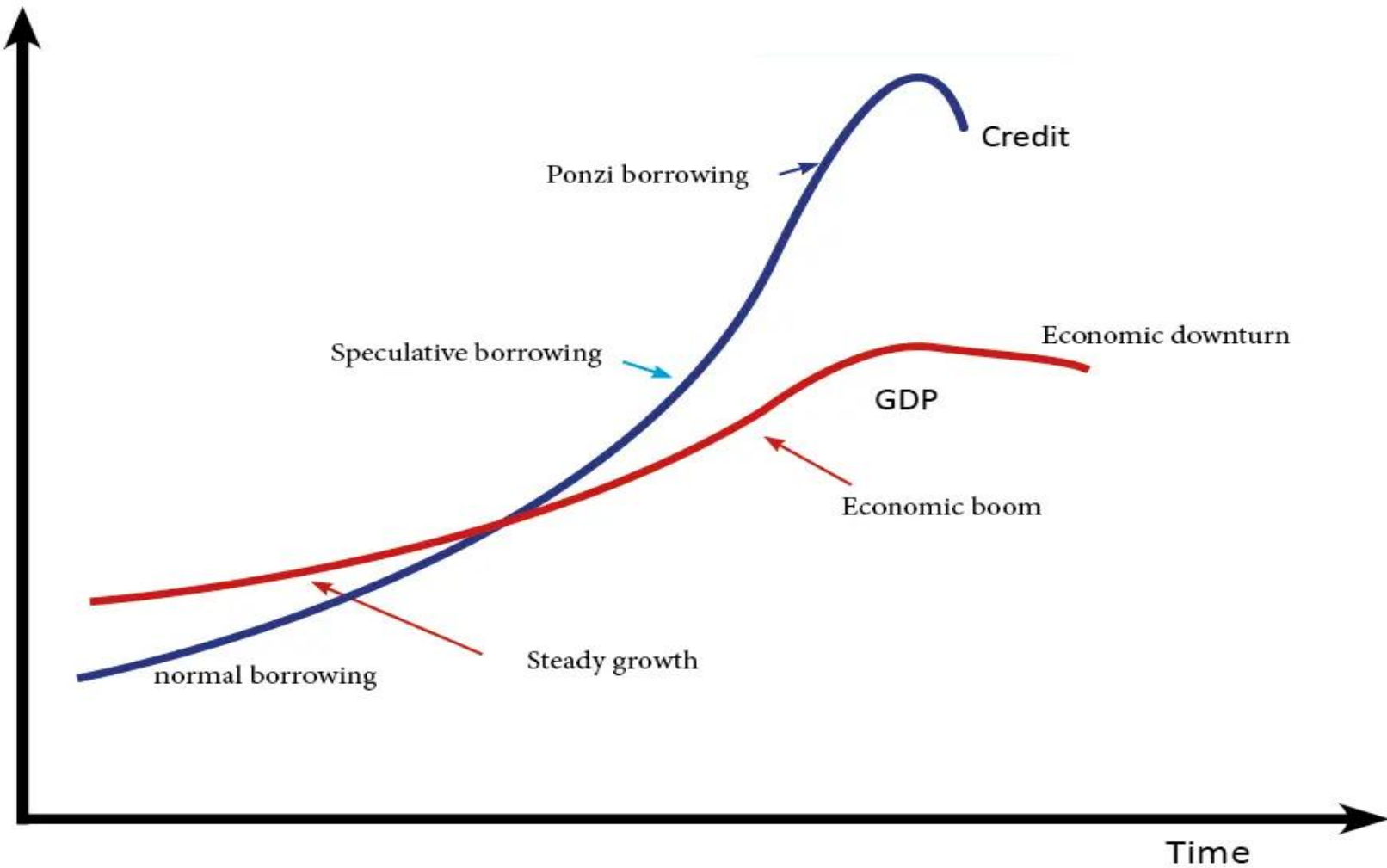
CREATIVE DESTRUCTION = Economic Stagnation (Slowing Growth)

GOVERNMENT STIMULUS = Economic Stagflation (Inflation & Slow Growth)

CREDIT GROWTH = Slowing

FINANCE = NOT WEALTH BUT “CLAIMS” ON WEALTH
= Underpinned by Collateral (The Claim)

Real GDP



Actual interest payments as % of actual tax receipts, quarterly



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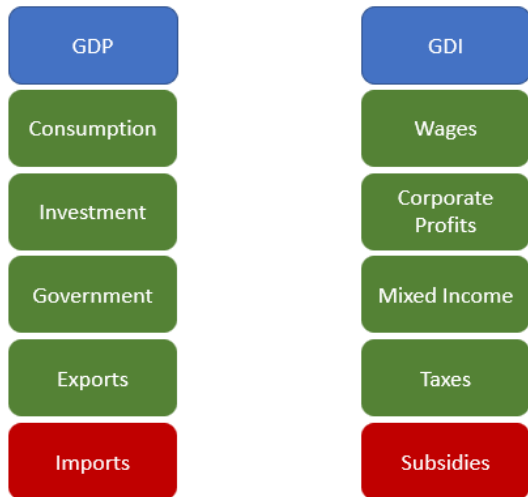
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GDP vs. GDI



GROSS DOMESTIC PRODUCT (GDP) and GROSS DOMESTIC INCOME (GDI) are two slightly different measures of a country's economic activity.

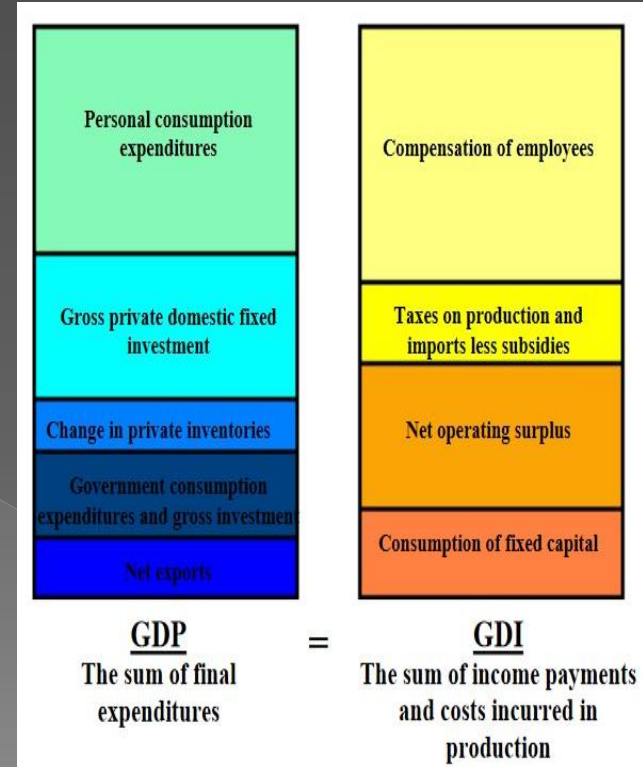
In theory, GDI should equal GDP.

GDP measures the value of what the economy produces, such as goods, services, and technology.

GDI measures what all participants in the economy "takes in", such as wages, profits, and taxes.

However:

- Different source data yield different results.
- The difference also varies over time, suggesting that the difference is made up of more than minor accounting differences?



GDP tallies all spending by businesses, consumers, overseas companies and the government by conducting a **wide-ranging survey** of retailers, car dealers, manufacturers and others.

GDI estimates all income in the form of wages and salaries, corporate profits, interest and dividends and rents.

- Pre-computers GDP was available sooner and therefore became the more used reference.

The median difference from Q1:2010 through Q4:2022 has been 0.09 percentage points. That's close enough for government work for saying real GDI and real GDP, as separately calculated, are the same.

However, in the four quarters ended Q3:2023, the median difference has been negative 1.97 percentage points. **That is now the size of the Economy**



Economic Cycle Research Institute (ECRI) @businesscycle · 20h

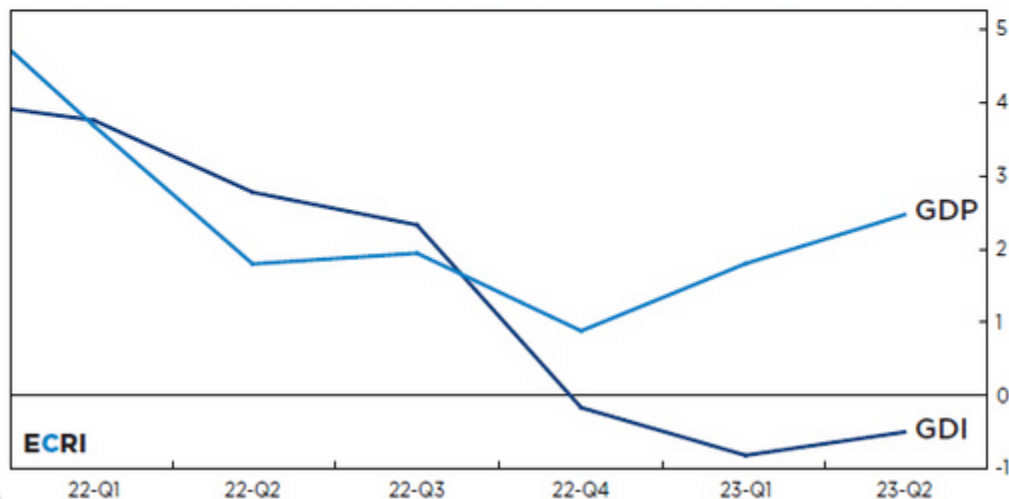
...

This is the third straight quarter of negative yoy **GDI** growth.

This has never happened away from recession.

#GDI is often overlooked because it's released one month later, but is just as valid as **#GDP**. More here: bit.ly/3XVznij

GDP and GDI, YoY Growth Rates (%)



Gross Domestic Income

Gross Domestic Income

Quarterly - Percent Change from Preceding Quarter

Q3 2023 (Revised)	1.5 %
Q2 2023	0.5 %

Annual - Percent Change from Preceding Year

2022	2.1 %
2021	6.1 %

* Gross domestic income is not available with the first (advance) estimate of GDP for each quarter.
 * For the fourth quarter only, gross domestic income is not available in the first or second estimates.

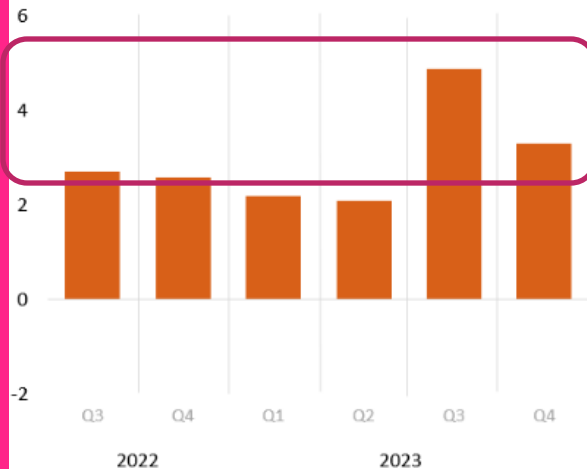
Real gross domestic income (GDI) is a measure of the incomes earned and the costs incurred in the production of gross domestic product. It's another way of measuring U.S. economic activity. BEA also publishes the average of real GDP and real GDI.

Current release: December 21, 2023

Next release: March 28, 2024

Gross Domestic Product

Real GDP: Percent change from preceding quarter



U.S. Bureau of Economic Analysis

Seasonally adjusted annual rates

GDP

Q3 2023 5.0%

Q2 2023 3.0%

2022 9.2%

2021 10.1%

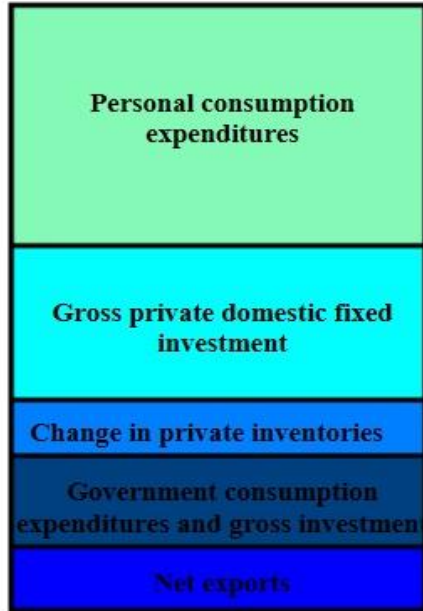
THE ILLUSION OF GROWTH BY DEBT

INCREASING AS
CREDIT CARD USAGE
EXPLODES

HOUSING & CAR
COSTS INCREASING

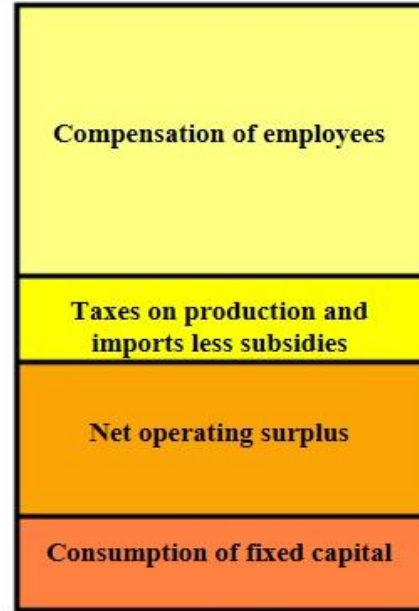
EXPLODING
GOVERNMENT
SPENDING

EXPANDING TRADE
DEFICITS



GDP
The sum of final
expenditures

=



GDI
The sum of income payments
and costs incurred in
production

FALLING ON A REAL
BASIS

FALLING TAX
REVENUES

ZOMBIE
CORPORATIONS

FALLING CAPEX

MATASII MACRO MAPS



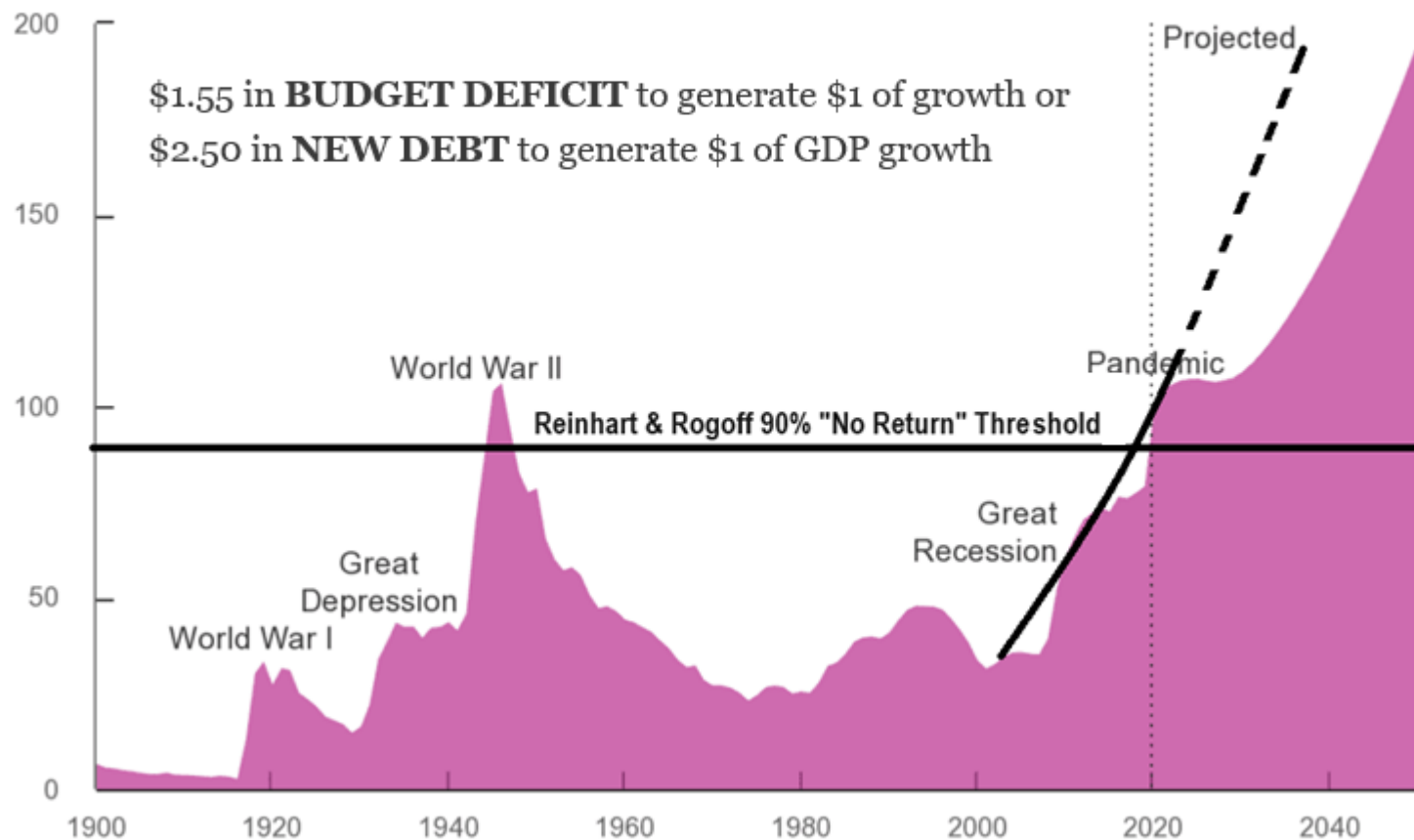
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STRATEGIC INVESTMENT INSIGHTS

US DEBT GROWTH



Federal Debt Held by the Public, 1900 to 2050

Percentage of Gross Domestic Product





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ILLUSION OF GROWTH



WHEN LEVERAGE FAILS!

FULL REPORT

THESIS 2017 – ILLUSION OF GROWTH
1/16/2017

<https://matasii.com/wp-content/uploads/2017/01/Thesis-2017.pdf>

2017 MATASII THESIS PAPER: ILLUSION OF GROWTH



ILLUSION OF GROWTH

CAPITALISM BECOMES CREDITISM

1. Novation enters Lexicon
2. Rehypothecation enters Lexicon
3. Repos become Money
4. QE, ZIRP, NIRP become Core Monetary Foundations
5. Governments and Central Bankers begin participating in Financial Markets

SECURITIZATION EXPLOSION

Derivatives & SWAPS Exceed \$1.5 Quadrillion

SOVEREIGN DEBT BECOMES UNPAYABLE & INEXTINGUISHABLE

CHANGES IN REGULATIONS & FIDUCIARIES

1. Money Markets Require Zero Reserves
2. Overturn of Glass-Steagall
3. Overturn of Market-to-Market
4. Debt becomes an Asset Class

BALANCE OF PAYMENTS

Credit vs. Asset Transfer Settlement



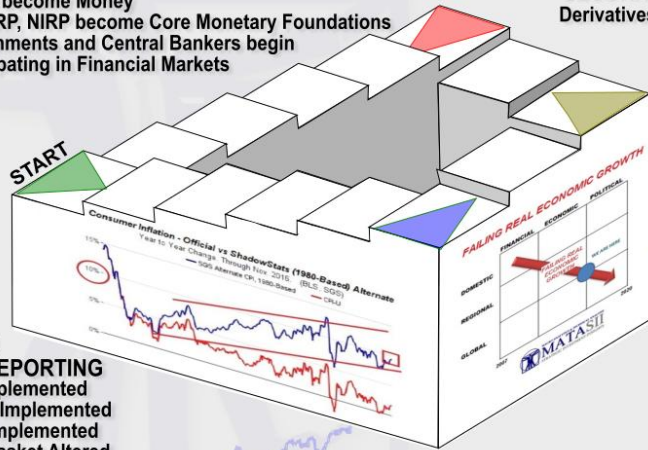
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START

1971 Removal of Gold Standard (FIAT Currency Era Begins)

CHANGES IN INFLATION REPORTING

1. Hedonics Implemented
2. Substitution Implemented
3. Imputation Implemented
4. Consumer Basket Altered
5. Rent Equivalent Implemented



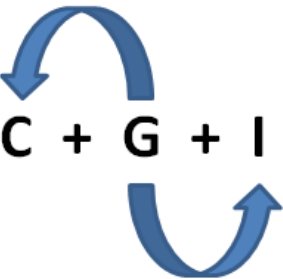
111 Pages

MATASII MACRO MAPS



A FLAWED & OBSOLETE GDP FORMULA

Government Transfer Payments (Costs) &
Government Guaranteed Consumer Credit
Are both additive to BOTH "G" and "C"


$$\text{GDP} = \text{C} + \text{G} + \text{I} + (\text{Exp} - \text{Imp})$$

Government is increasingly
classifying expenses as Investment

All Elements above: C, G, I and Trade Deficits are now nearly completely DEBT SUPPORTED

GDP isn't measuring wealth, it's measuring spending -- production which is sold.

- GDP **counts** the dollar value of our output, but not the actual improvement in our lives, or even in our economic condition.
- Example: If you dig holes and fill them, it's GDP. In fact, you could build a missile, blow up the Golden Gate bridge and every house within 5 miles of it, and it shows up as GDP. The missile cost money and the government paid for it.

Essentially, GDP is measuring the pace at which we're replacing private wealth with government waste.

We are actually destroying wealth at the fastest rate since 2008.

\$1.55 in **BUDGET DEFICIT** to generate \$1 of Growth or
\$2.50 in **NEW DEBT** to generate \$1 of GDP Growth

Mainstream economics talk as though GDP is identical to wealth.

Even the Fed own writings says ***“When assessing the amount of a government’s debt held by the public, it is customary to measure it relative to GDP. GDP serves as a rough proxy for the economy’s tax base—that is, its capacity to pay back the debt (i.e. default risk).*”**

That's close enough when it's private firms or individuals producing more to sell more — in that case, rising GDP means the country is getting richer. Because more stuff is being produced.

But it's actually the opposite when it's government spending.

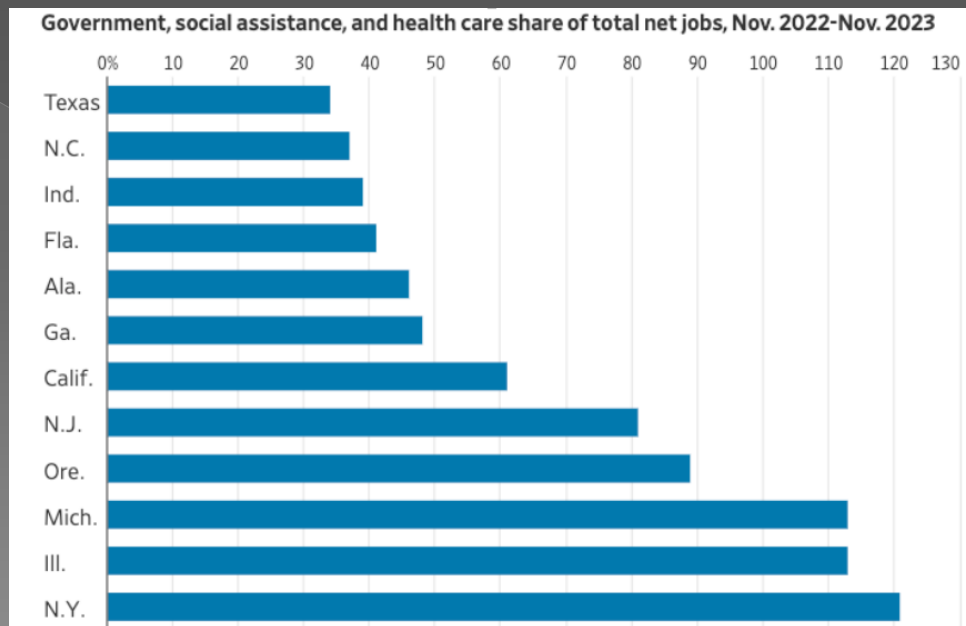
- Because government's job is taking wealth and lighting it on fire.
- That means when GDP is growing from government spending it's not measuring wealth.
- It's measuring dissipation of wealth at best, destruction of wealth at worst.

So translating that brave and stunning GDP into the real world, we're destroying wealth at rates not seen since 2008.

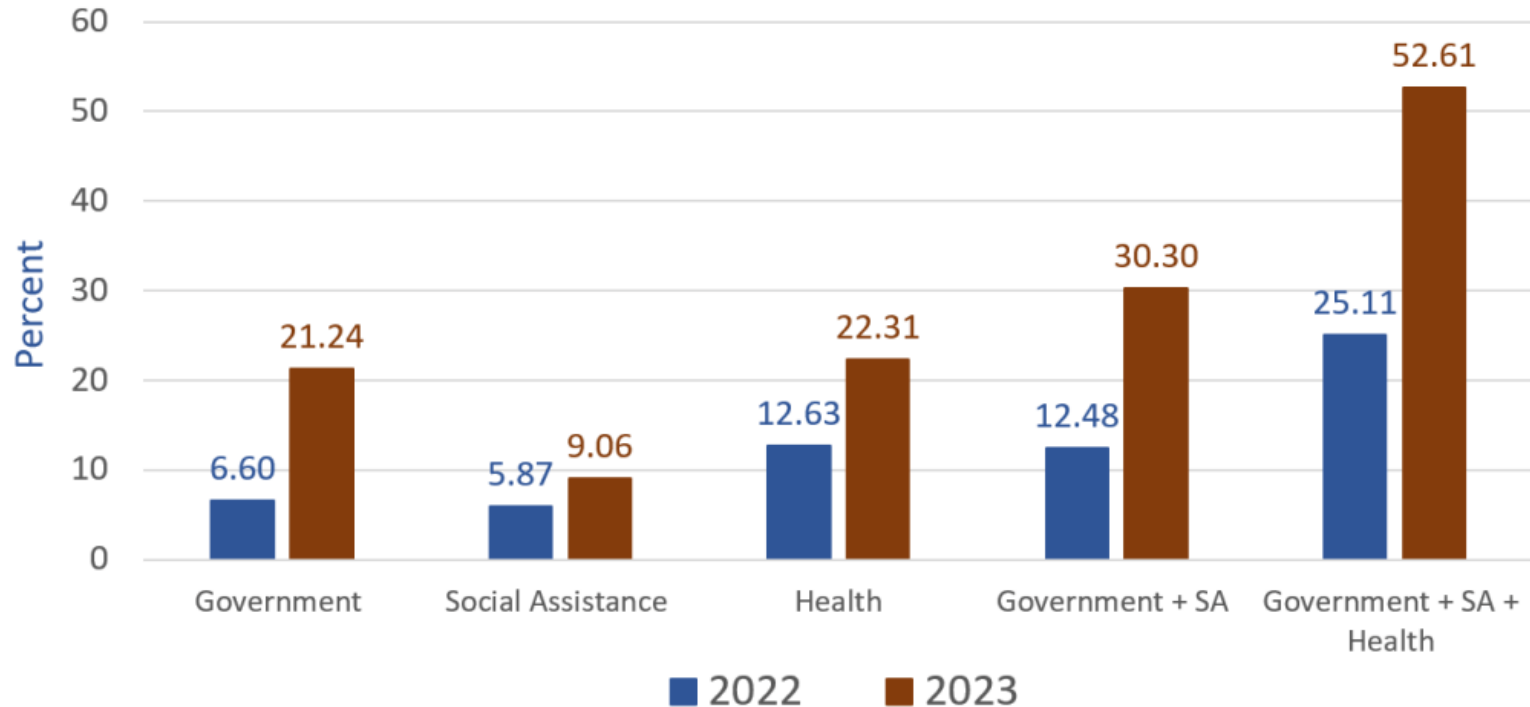
This actually lines up with what we've seen in jobs. Over half the jobs last year were actually government and government related social service jobs.

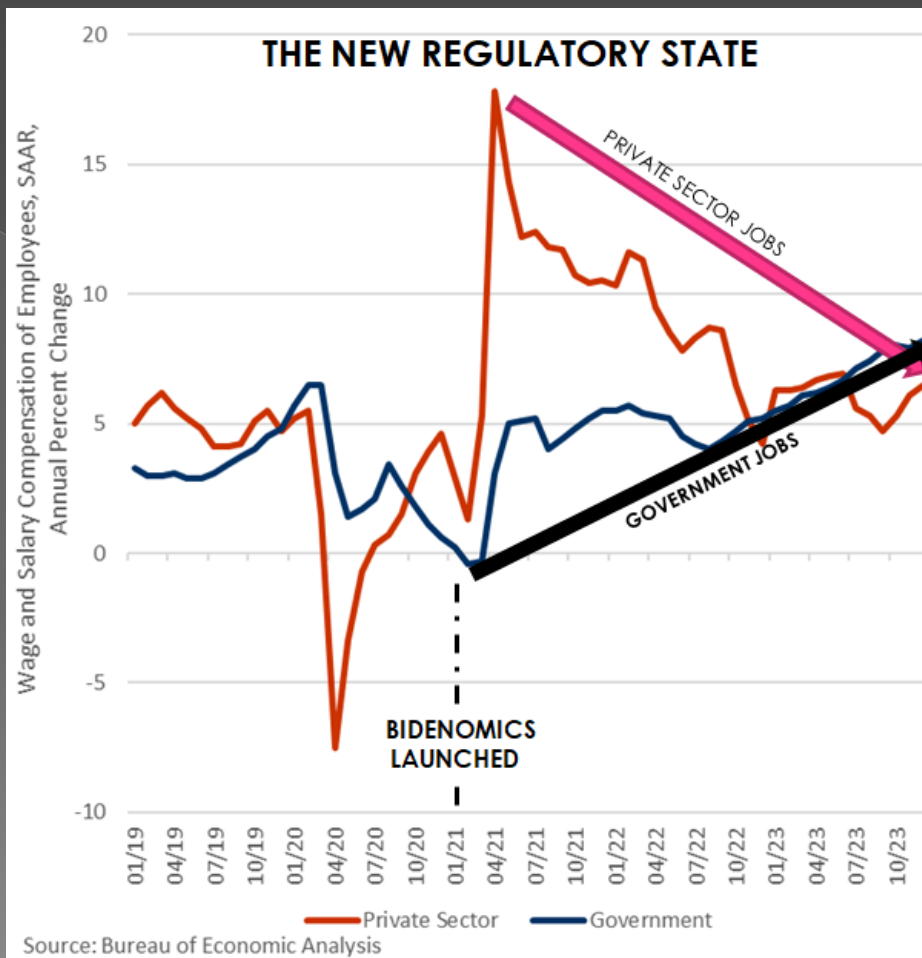
In some states it was literally more than all the jobs created -- in other words, the private sector is shrinking.

All these government jobs, of course, are unproductive -- they're not making us more prosperous as a society.

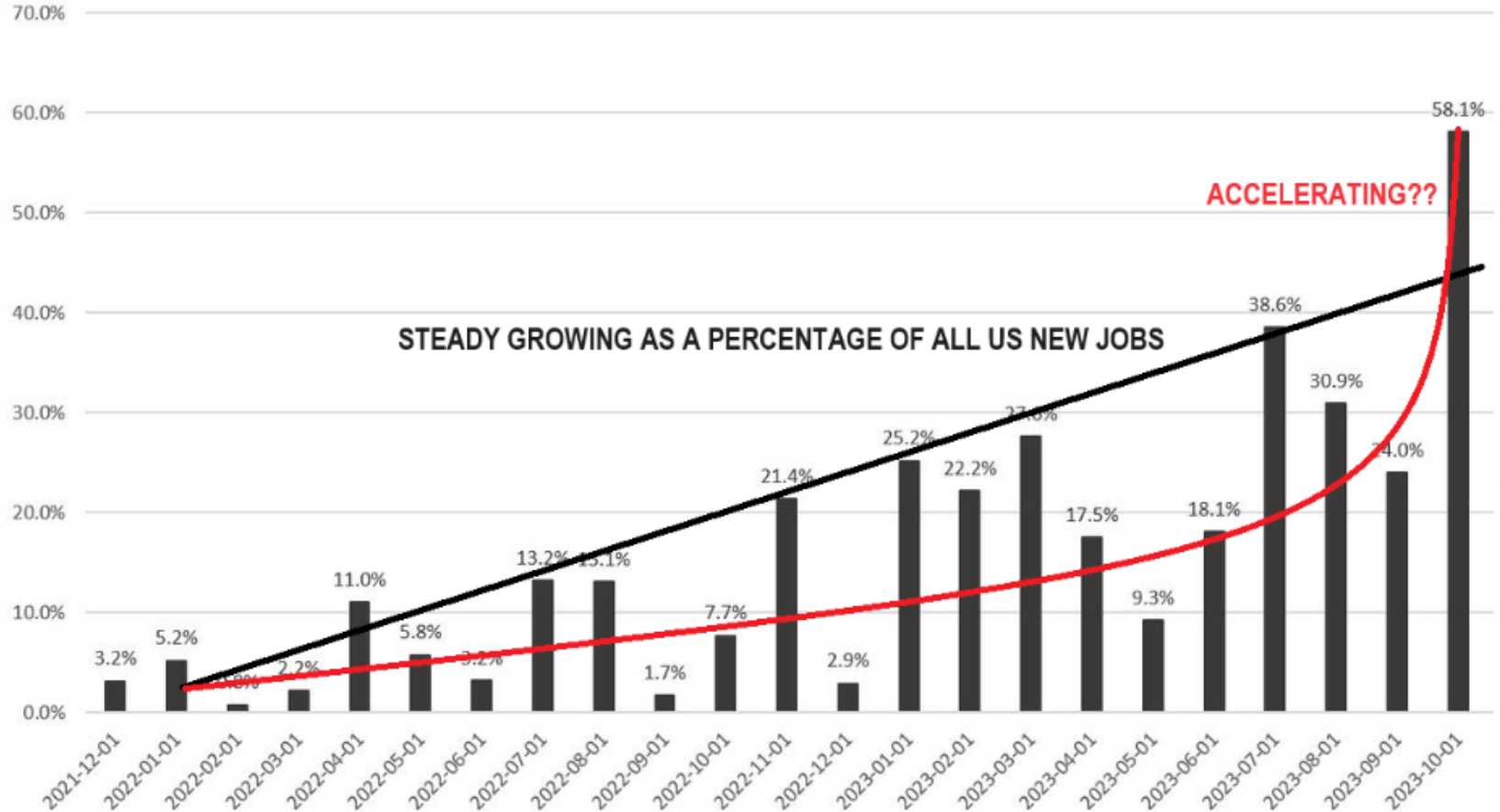


Government, Social Assistance, Health Jobs Percent of Total Job Growth





Month-to-Month: New Government Payroll Jobs as a Percentage of ALL New Payroll Jobs.



We are taking wealth earned from productive activities and squandering it on vote-buying or worse -- think of the wealth-destruction contained in a single regulatory EPA bureaucrat!

Examples:

- A recent study by the National Association of Manufacturers estimated that federal regulations alone cost large manufacturers with at least **100 employees an average of \$24,800 per worker annually**. That's roughly half the salary of the typical blue-collar employee. In other words, these onerous regulations increase the cost of hiring American workers by 50 percent.
- It's even worse for small businesses with less than **50 employees, where regulation costs a staggering \$50,100 per worker annually**. In that case, the employer's labor cost is now roughly doubled.

MATASII MACRO MAPS



CHINESE CREDIT IMPULSE – Has Saved the Global Economy Four Times Since the 2008 Financial Crisis



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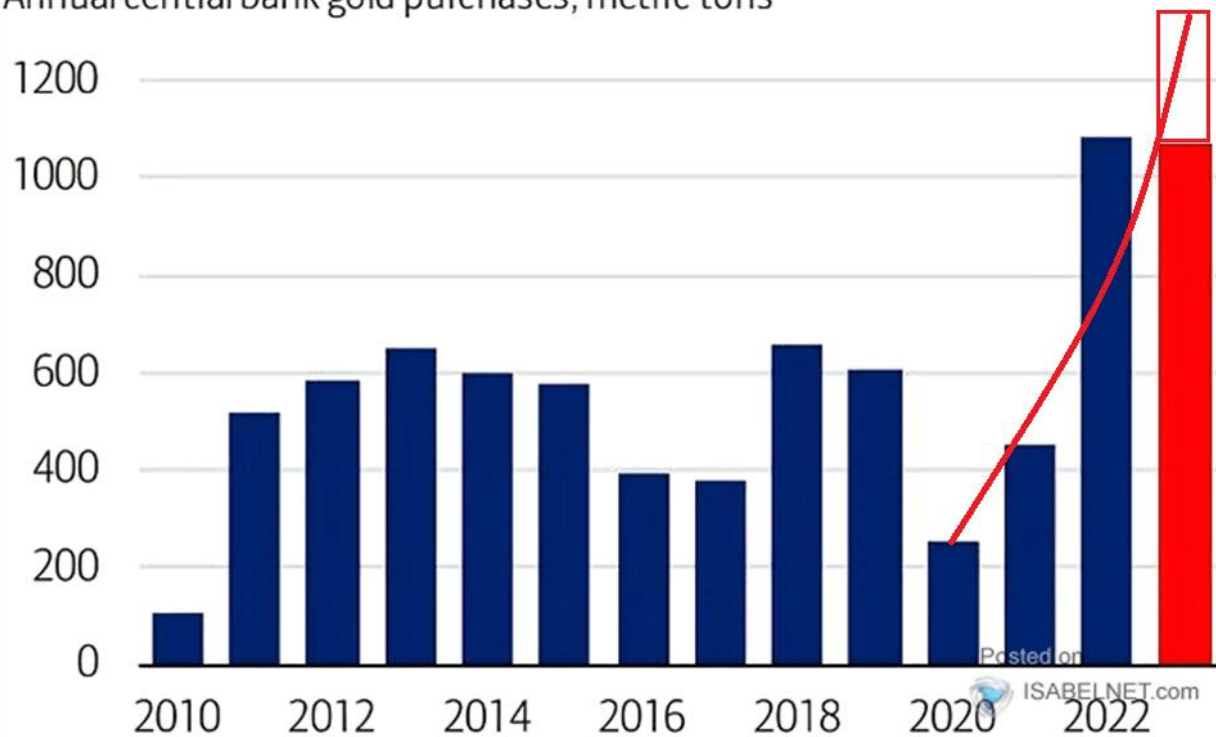
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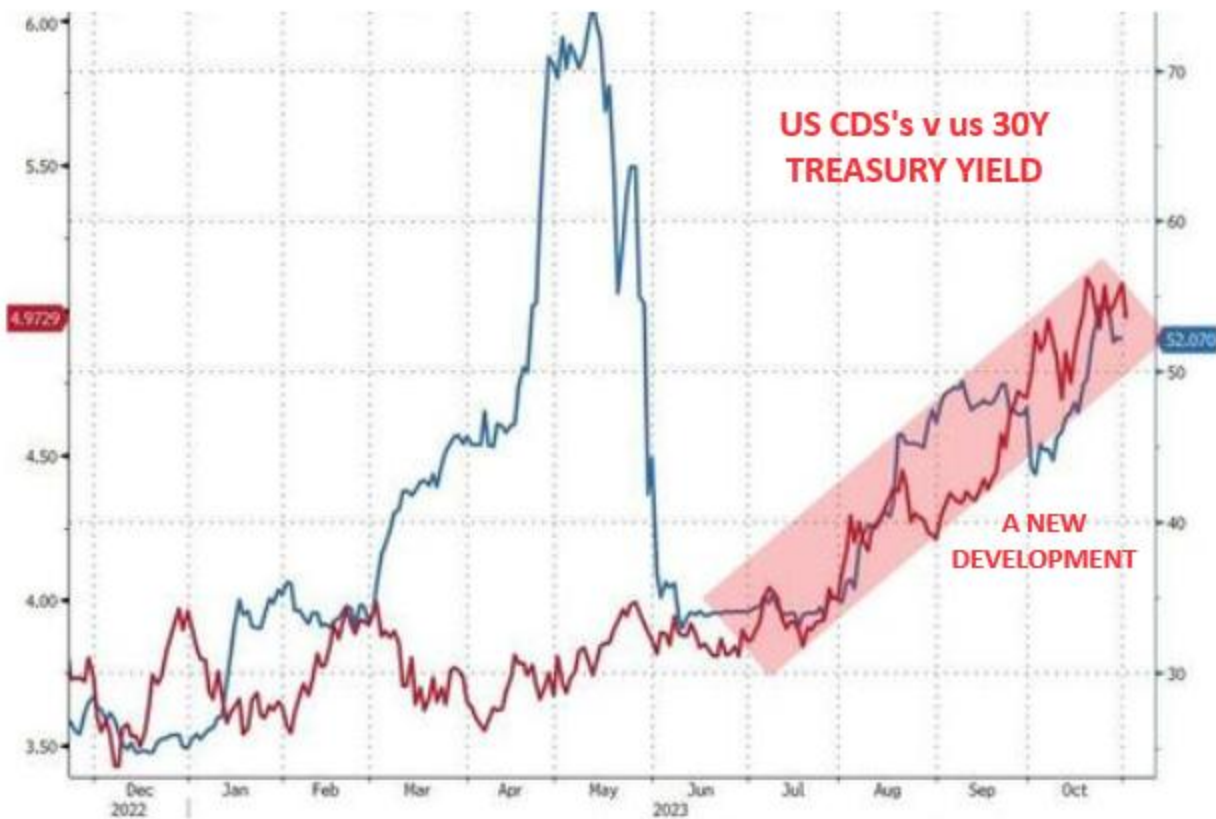


Exhibit 10: Central banks on pace to buy >1,000 tons of gold, again

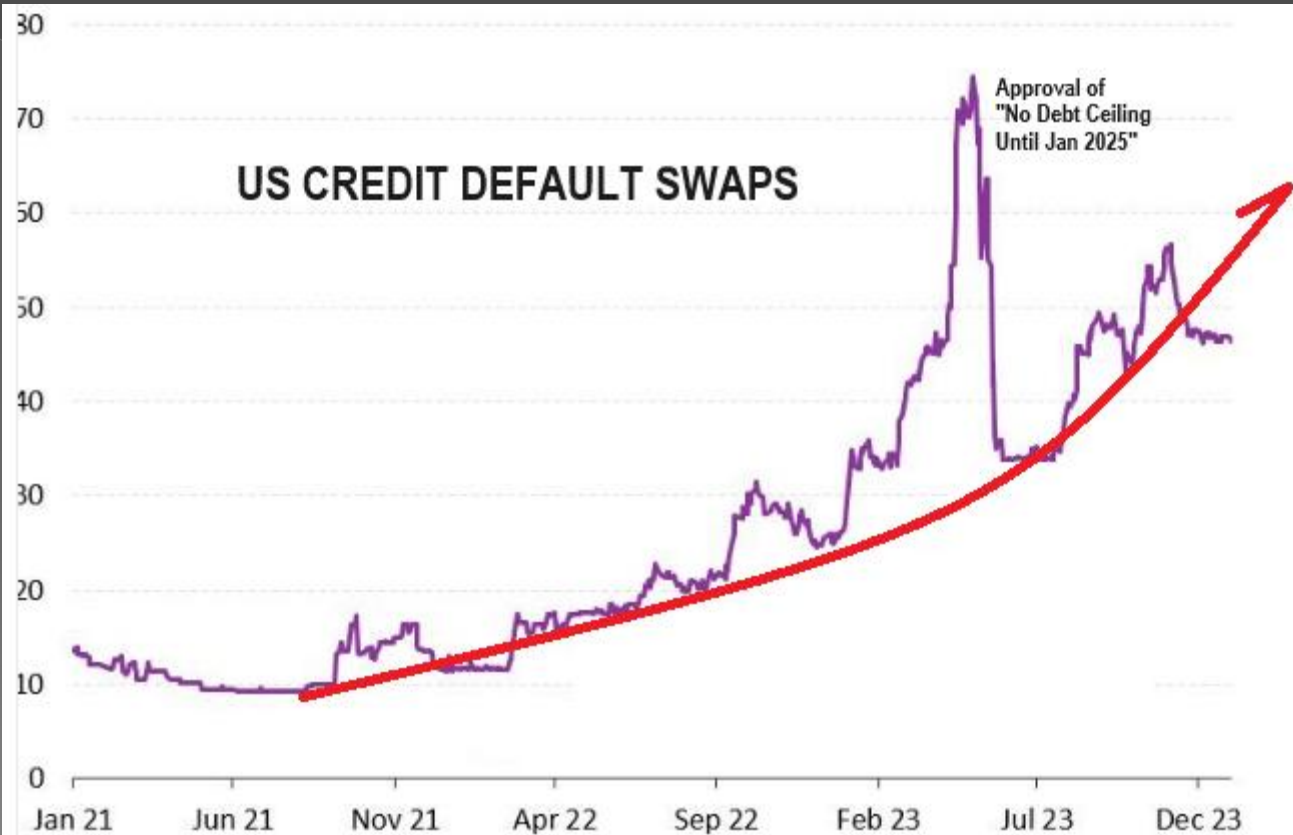
Annual central bank gold purchases, metric tons



Source: BofA Research Investment Committee, Bloomberg, Metal Focus Data Ltd. Note: 2023 data (red bar) is annualized



US CREDIT DEFAULT SWAPS



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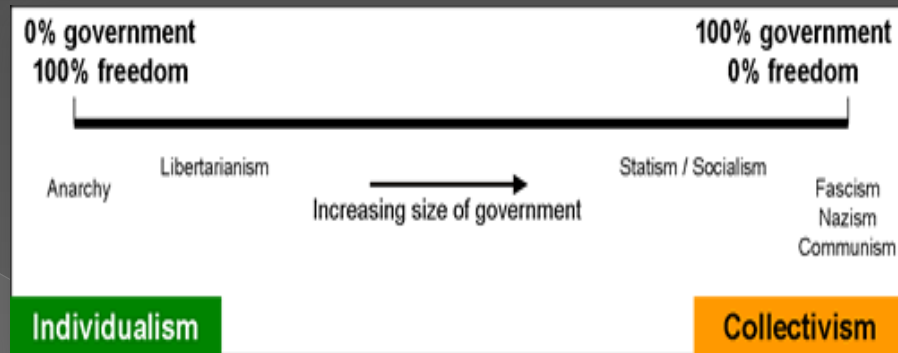
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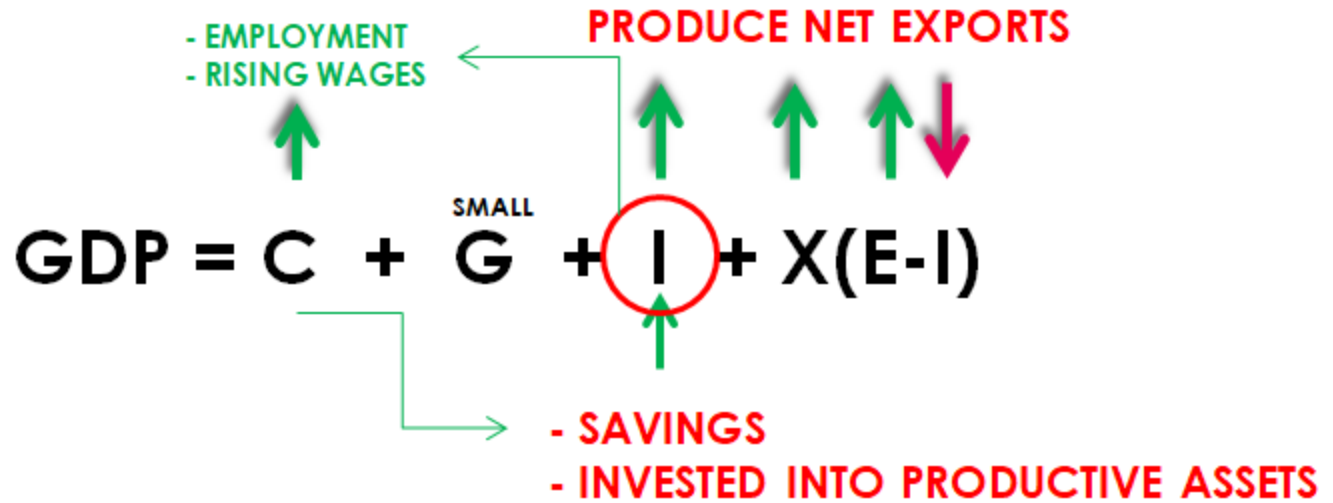
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CAPITALISM



- Consumers Get More for Less,
- Standards of Living Rise

CREDITISM

$$\text{GDP} = \text{C} + \text{G} + \text{I} + \text{X}(\text{E}-\text{I})$$

Diagram illustrating the components of GDP and their relationships:

- C** (Consumption) is circled in red. A green arrow points up from **C** to **CONSUMPTION ECONOMY**.
- G** (Government Spending) is circled in red. A green arrow points up from **G** to **DEFICIT SPENDING**. A red arrow points from **TRANSFER PAYMENTS** to **G**.
- I** (Investment) is circled in red. A green arrow points up from **I** to **DEFICIT TRADE**. A red arrow points from **FOREIGN D.I.** to **I**.
- X(E-I)** (Net Exports) is circled in red. A green arrow points up from **X(E-I)** to **DEFICIT TRADE**. Two red arrows point down from **DEFICIT TRADE** to **X(E-I)**.

- Consumers Get Less for More,
- Standards of Living Stagnate or Fall

TRANSITIONAL STAGE

SOCIALISM

**GOVERNMENT
IS THE ECONOMY**

$$\text{GDP} = \text{C} + \text{G} + \text{I} + \text{X}(\text{E}-\text{I})$$

DEFICIT TRADE

MONETIZATION

RATIONED CONSUMPTION (green arrow pointing to C)

ALLOCATION (red arrow pointing to C)

CENTRALLY PLANNED (red arrow pointing to G)

DEFICIT TRADE (red arrows pointing down to X, green arrow pointing up to X)

MONETIZATION (green arrow pointing up to the bottom right)

- Consumers Get What The Government Determines, Awards or Rations
- Standards of Living Is Universal Except for Government Officials

THE REGULATORY STATE



EVOLVING SPHERES OF POWER & INFLUENCE

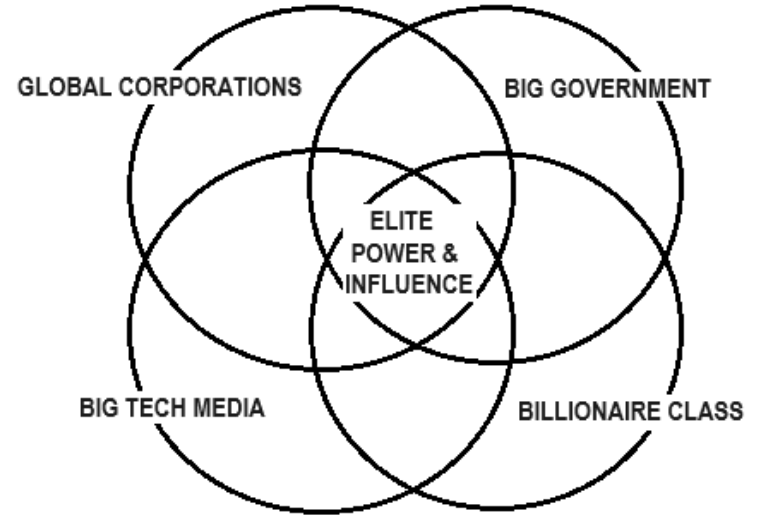
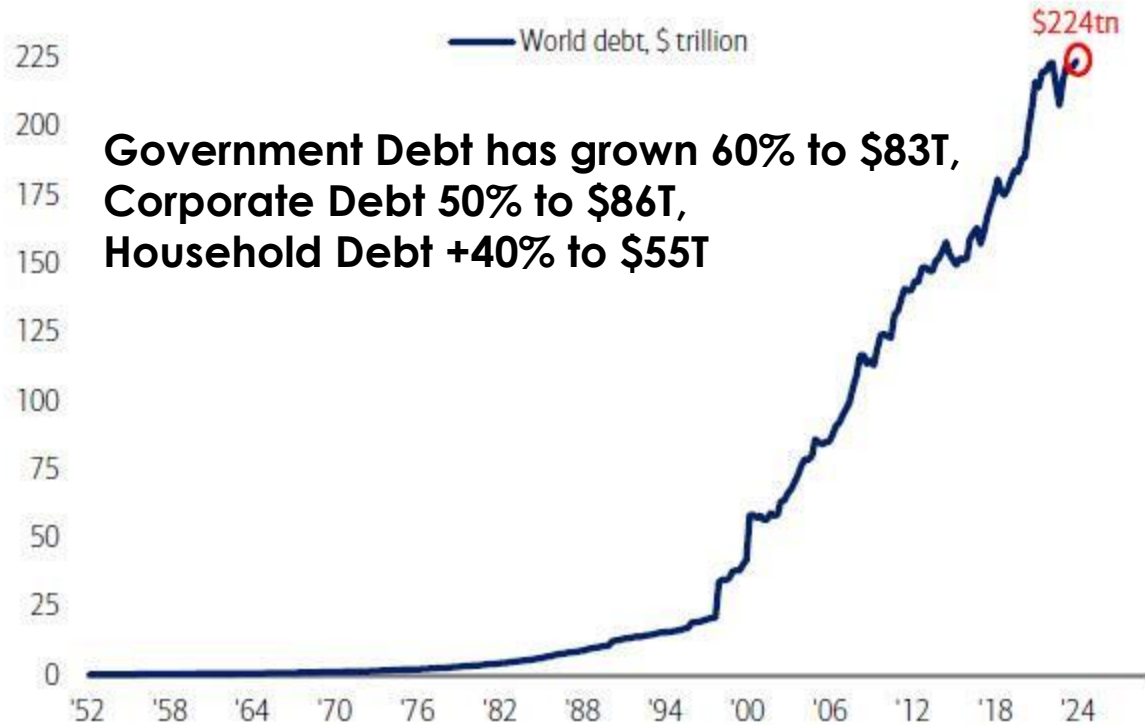


Chart 4: Global debt rose to a new record high in 2023
World debt (\$tn)



Source: BofA Global Investment Strategy, BIS. Global outstanding debt excluding financial sector.

BofA GLOBAL RESEARCH

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KEY MESSAGES

1- DEBT FINANCE CREATES PAPER CLAIMS ON WEALTH

- . Wealth is the Collateral the Claims are Supported by
Collateral Shortage & Third Party Risk, Rehypothecation & Derivatives

2- DEBT IS A DISTORTION OF REAL GROWTH

- . GDP v GDI Separation

3- DERIVATIVES EXPLOSION

- . Hiding the Expansion /Overlapping of Claims

4- US DEBT TRACKING US CDS's

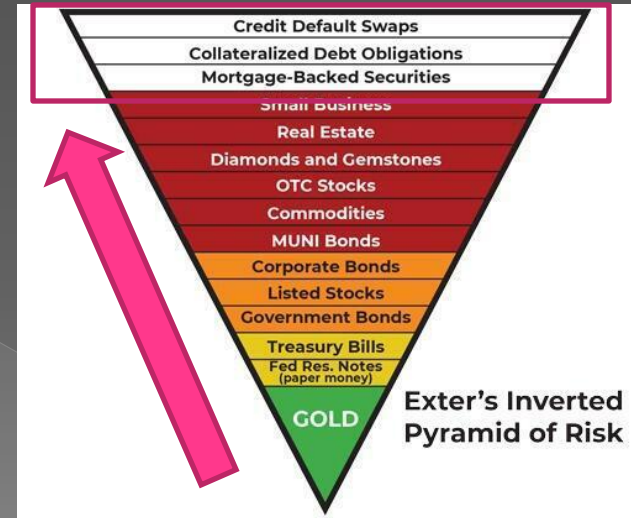
- . Risk of Accelerating Debasement of Claims

5- INCREASING RISK PREMIUMS

- . Bond Duration Premia, Equity Risk Premiums (to Come)

6- SHIFT TO CENTRAL CONTROL

- . Former Soviet/ CCP Single Party Regulatory State



BEST CHANCE OF US DEBT CONTROL

PRODUCTIVITY: New technological advances, such as artificial intelligence, could fuel a productivity-led boost to long-run economic growth.

SAFE HAVEN ASSET: Events abroad could also increase the foreign demand for US Treasury notes as a safe asset, helping to stave off projected increases in long-run US interest rates.

ENTITLEMENTS REVAMP: A complete re-evaluation of US entitlement programs - Social Security, Medicare, Disabilities and a multitude of other Social Programs.

MILITARY SPENDING: With an order of magnitude larger Military spending than any country, can the US continue to be the police force for the world?

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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