



Dawn J. Bennett, Host of Financial Myth Busting, Writes Article, "Melt-Ups and the Uncomfortable Truth"

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Washington, DC -- (ReleaseWire) -- 08/22/2016 -- We're truly in a market where the math just doesn't make sense, as if 1+1 equals 10. Last Thursday, the 11th of August, the Dow, the NASDAQ and the S&P 500 hit all time highs on the same day. Even the Wall Street Journal commented that this has the hallmarks of a melt-up, a market pattern where prices rise and rise, despite the fact that there are good and solid reasons to believe that they shouldn't. The market over-revs as everyone expects the other players to keep bidding the market up, until someone finally stops to take a breath, looks at the extraordinary height, and fear kicks in to lead to the inevitable fall.

The last time we had such a trifecta was in December of 1999, and the melt down that followed saw the NASDAQ Composite losing nearly half its value, which it took nearly 15 years to regain. The overall economic numbers in 1999 were much stronger than our are now, so what's to come when this melt-up melts down? And who's leading the buying? Central banks, and corporations performing stock buybacks. The Bank of Japan is a top-ten investor in the Nikkei 225, the ECB is buying corporate debt, and central banks are scrambling just to find enough bonds to buy. And, according to numbers from S&P Dow Jones Indices, around 25% of the S&P 500 companies boosted their EPS by at least 4% via buybacks through July of this year.

Yes, central banks are pumping more monetary morphine into the veins of the market, increasing the addiction of high-volume traders and the irrational at the macro level reactions of digital trading algorithms. What could the reasons be for this, beyond a lack of belief in investors' ability to handle a market that reacts appropriately to economic circumstances? One obvious possibility is this: Janet Yellen simply doesn't want Donald Trump to win the election. He has said, after all, that one of the first things he would do on taking office is to fire Janet Yellen. In a remarkably cogent speech at the Detroit Economic Club, he laid out all the reasons that this US economy is truly in an unhealthy state, and his ideas for fixing that situation run counter to all the academic ivory tower theories that have been driving Federal Reserve policy for eight years.

So, Trump is the enemy, and perhaps Yellen continues to find new veins into which she can inject her opiates at least in part to keep the fantasy-land strength of the markets going as some sort of proof that the current regime is doing just great, thank you very much. This leads us to an issue that, to me, causes even more trepidation than the irrational state of the markets. It's possible to take a deeper look at the numbers of our economy and markets and reach the conclusion that the economy is sick. Not so easy to prove is the fact that our very democracy seems to share that same illness.

For far too long, Americans have looked to the next election, the next President, as the solution to all our problems. This year, that vain hope exposes itself as just that: a vain hope. Never have so many been so unenthusiastic about both major party candidates. Clinton is deeply compromised and scandal plagued, and Trump seems to be a carnival barker, saying whatever comes to mind in an attempt to keep the spotlight focused on him. And yet, every issue, from ISIS to climate change to the debt ceiling to health care, is simplistically framed as a debate between Democrat and Republican. From the media (all of them, from Fox News to the New York Times), we get sound bites and reductive "analysis" that continues to play into the fallacy that the next election will "fix" things.

The sad and frightening truth is that no election under these circumstances has any chance of fixing things, because our democracy is compromised. Just as Yellen has been pumping morphine into the veins of the economy, the political system pumps its own drugs into the electorate in the form of lies and misdirection. Elections become a popularity contest with the winner being the one who can tell the most attractive lies. With so many things so deeply broken, that is no way to choose a leader. We need someone who will tell us the hard truths: to truly make the economy better, to truly make our lives better, will require some sacrifice. And yet, hard truths don't win votes.

The truth is that, as investors and as citizens, we need to question the deep, systemic issues that we're facing. We need to

stop looking for the next best handout, the next injection from the Fed or the White House, and face the truth, that our democracy is sick just as our economy is sick. Only when we stop treating the symptoms by buying in to the next election or the next monetary easing, and start addressing the actual illness, will we have a chance of seeing a real recovery, a real return to our democratic and free market roots.

For over a quarter century, Dawn Bennett has been successfully guiding clients through the complexities of wealth management. Her unique vision and insight into market trends makes Bennett a much sought after expert resource with regular appearances on Fox News Channel, CNBC, Bloomberg TV, and MSNBC as well as being featured in Business Week, Fortune, The NY Times, The NY Sun, Washington Business Journal in addition to her highly regarded weekly talk radio program - Financial Mythbusting. Through prudent and thoughtful advice, Dawn Bennett has strived to consistently provide the highest quality of guidance.

About Dawn J. Bennett

Dawn Bennett is CEO and Founder of Bennett Group Financial Services. She hosts a national radio program called Financial Myth Busting <http://www.financialmythbusting.com>.

She discusses educational topics and events in the financial news, along with her thoughts on the economy, financial markets, investments, and more with her live guests, who have included rock legend Ted Nugent, as well as Steve Forbes and Grover Norquist. Listeners can call 855-884-DAWN a as well as take podcasts on the road and forums for interaction.

She can be reached on Twitter @DawnBennettFMB or on Facebook Financial Myth Busting with Dawn Bennett.

Media Relations Contact

Dawn Bennett

<http://bennettgroupfinancial.com/>

Contact Us

☎ 855-593-5640 | US

☎ 920-593-5640 | Int



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