

#### Popular Bond Scanners

Corporate High Yield

Corporate US 2-3%

Top Munis

Munis Investment Grade

US CDs High Yield

2030 US Treasuries

Bond Scanner

Corporate Bonds

US CDs

US Treasuries

US Muni Bonds

Non-US Sovereign Bonds

#### Maturity Date

From

To

MM/DD/YYYY

MM/DD/YYYY

Yield

Worst

Maximum

12

%

#### Industries

- ☒ Energy
- ☒ Basic Materials
- ☒ Industrial
- ☒ Consumer Cyclical
- ☒ Consumer Non-Cyclical
- ☒ Financial
- ☒ Technology
- ☒ Telecommunications Services
- ☐ Utilities

+ All

## Take the Bond Challenge!

Use the IBKR **Bond Scanner** to compare  
available yields against those of your broker.



Interactive Brokers **Rated #1**  
**Best Online Broker 2019** by Barron's\*

Start Trading Today!

[ibkr.com/comparechallenge](https://ibkr.com/comparechallenge)

Member - NYSE, FINRA, SIPC - Supporting documentation for any claims and statistical information will be provided upon request. \*Interactive Brokers rated #1, Best Online Broker according to Barron's Best Online Brokers Survey of 2019: February 25, 2019. For more information see, [ibkr.com/info](https://ibkr.com/info)  
Barron's is a registered trademark of Dow Jones & Co. Inc.

03-IB20-1280CH1278



Traders take many paths to reach their destination.

**Can your platform get you there?**



Search apps and services to personalize the  
NinjaTrader platform to meet your requirements.  
Indicators, automated strategies, free tools & more.

Explore now at [ninjatraderecosystem.com](https://ninjatraderecosystem.com)

Futures, foreign currency and options trading contains substantial risk and is not for every investor. Only risk capital should be used for trading and only those with sufficient risk capital should consider trading.



## Growing Your Money

# A Minute With Michele “Mish” Schneider

*Michele “Mish” Schneider is the director of education & trading research for MarketGauge.com, where she is a market analyst, writer, and producer of daily market analysis in “Mish’s Daily.” She also serves as a developer and trading mentor in several of MarketGauge’s trading services. To these roles, she brings her background in trading and her experience as a professional educator.*

*With more than 30 years of commodity trading experience, she is a former member of the Coffee, Sugar and Cocoa Exchange, NYMEX, and FINEX in New York City. While on the trading floor she also served as a market analyst for two of the largest commodity trading firms at the time, Conti-Commodities and Prudential Bache. She also has been an independent trader for her own account. She coauthored MarketGauge’s Complete Swing Trading System and served as a trader/partner in Halcyon Trading LP, a hedge fund. She is currently a partner in MarketGauge Asset Management Company, LLC, and a partner in Wizard IP, a software development company working to develop trading technologies. Her new book is Plant Your Money Tree: A Guide to Growing Your Wealth, which seeks to present investing, trading, and analysis concepts in a way that is understandable and usable by anyone.*

*S&C Contributing Writer Karl Montevirgen spoke with Mish Schneider on December 13, 2019.*



***Mish, your last interview with S&C was in 2012, in which, among other things, you shared your experience in making a transition from education to becoming a floor broker and trader, which is a remarkable feat for anyone. You now have a new book out, Plant Your Money Tree. Did your background in education lead you to want to write the book?***

Since my role at MarketGauge is research and education and since I’ve been involved with training and consulting with traders over the years, as well as having had a career in education, writing a book like this was a natural fit for me. I was a special education teacher before I was a floor trader, and much later I returned to consulting in special ed. What prompted my return to education was that in the 1990s, the law changed and kids with disabilities were required to be included in regular education 80% of the time. The school district hired me to work with everyone—

students, parents, teachers, all the various stakeholders—to help make that inclusion happen.

After that I returned to the financial field and joined MarketGauge. I realized I could use that experience I had in education and consulting to help people navigate their finances. I was trained to help people who feel confused or even baffled about something, and I knew how to break things down to make it accessible.

***I can see that skill on display in Plant Your Money Tree. The way you approach the information, presenting the five phases of any market, puts it on a human scale. After all, the markets—whether someone approaches them from a technical side or the fundamental side—can be overwhelming, especially to newer traders. Anyone who tries to look at the entire field at once can easily feel overwhelmed, but your understanding of this field allows you to break it down for people and give them***



**These “phases” serve as a compass for the markets. They’re a navigation tool, and it’s a really easy system to use.**

***a way to look at the markets.***

My book is different from many other personal finance books that tend to instruct people to passively invest, save their money, live below their means, diversify their assets, and so on. But most people already know that stuff and it doesn’t really give them any *actionable* information. But I also didn’t want to write a highly technical book that could be intimidating. I wanted to use my skill in making subjects understandable to write a book that is not condescending in the least. And I myself don’t have a lot of patience for very dense material—I’m a typical commodities floor trader, which means I have attention deficit disorder! So unless I’m doing a research project and can hyperfocus on something, a book isn’t going to grab me if it doesn’t get me in the first couple of pages.

With this book I tried to hit right in the middle—between the personal finance books that may not be all that useful, and the more technical books that are over most people’s heads.

My experience in working with students who have learning disabilities makes me able to explain things more clearly. I also understand the emotional impediments around dealing with money issues, and I understand that women can feel less able to reach their financial goals. I wanted to reach those who aren’t usually reached.

When it comes to money and Wall Street, people have many emotional fears and can have a defeatist attitude—“I know nothing about money.” So I wanted to put together a curriculum on finance and investing in a way so that those who feel left out can also access it.

***It’s a fun book to read and the way you use stories to humanize data is effective. Today’s culture is itself very “ADD,” where everything is very fragmented, everything is fast. In the book, you’re able to get the reader moving through the information in a way that’s friendly and comprehensible.***

If nothing else, I want the reader to realize they can think more independently, and if after they read the book they gain awareness of things they weren’t aware of before (and didn’t know they could be), then I will have had success. It’s a starting point for many. It offers a foundation.

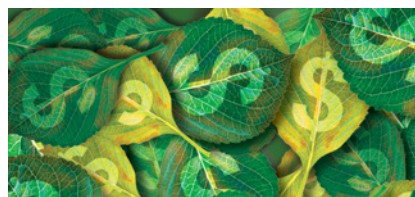
***In your book, you address how important it is for the trader to think on their own versus falling prey to “headline risk.” You emphasize being able to take what we may be seeing in the media and knowing how to interpret it by using charts and data to compare the facts. Yet it’s hard for newer traders to pull this off. Also, the news can change fast. What can people do to cut through it all? How can they not lose their heads over all the news and opinion these days?***

Yes, certainly, this idea of headline-type trading, or using what’s coming out in the news on a daily basis or listening to all the talking heads—whether you

listen throughout the day or just in the morning or end of day (depending on how obsessed you are with it!)—is a bad thing for trading. I do believe that you need to have some notion of what’s going on, even more so these days than ever before, since we are all so connected, and the information—including tweets from the president, which is something that’s unprecedented—moves fast.

But I think of it this way: “If I lived under a rock and couldn’t listen to the news, what would I use?” and that takes me back to my floor days, where we weren’t exposed to headlines every minute. I spent 13 years on the commodities exchanges in New York in the days when there was no visible newsfeed or smart phones to look at. So we weren’t consuming news and opinions all day. We didn’t have ticker tapes coming through with news, although somewhere on the floor you could get a Reuters feed, but we didn’t often use that. So I learned right from the get-go to follow price. We stood in the pit and heard, felt, and in a way “tasted” order flow and momentum. By the time the news hit, you wanted to be positioned ahead of it so you could take a profit into the reaction.

Certainly, you would have some idea of what’s going on and you would know what you needed to know that day. For example, if you were an oil trader, you would know if OPEC was going to have a meeting (at that time, OPEC was far more powerful than it is now; its actions moved the oil market), but you gleaned most of your information by watching the price, which reflected all the order flows coming in by phone. You could see when momentum was coming in; you could see the volume surge; you could see the range expansion; you could see all of that just by following the noise and the price movement. I don’t think it should be any different today. Since the news comes at us now fast and furiously, it can drive people kind of nuts, and as



a result, they can miss what they should be focusing on, which is price.

I used headlines as an example so people will understand they are not always accurate and are often well behind the curve in terms how you make money in trading.

These days, I do look at Twitter throughout the day, and I will refer to the news or headlines, but I don’t trade on that unless there is also a technical reason.

***Talk a little bit about the five sectors. How do you assess changes that may occur in some during the course of a cycle, and how might you reconcile that with your larger technical outlook?***


The “Economic Modern Family”—or one index and five sectors—represent the cyclical and noncyclical of the US economy. I use the Russell 2000 IWM as the index because it’s a very good measure of the US economy since it includes 2,000 small-cap stocks. I call it the supply side. Some of the small caps are cyclical in nature, meaning they do well in a strong economy, as they are considered nonessentials for living. Other small-cap stocks are value stocks, meaning they are trading at a lower price relative to their fundamentals like dividends, sales, earnings, and so on. Still other small caps are growth stocks that do well in a strong economy. So if you want the best idea of what’s really going on in the economy, watch “Granddad Russell.” In 2019, while the S&P went to new all-time highs, the Russell has not even gotten close to its 2018 high. That tells me a lot.

The other five sectors are brick & mortar retail (XRT), transportation (IYT), regional banks (KRE), biotechnology (IBB) and semiconductors (SMH).

Retail (brick & mortar) is 70% of the GDP, so that makes it really important. Although there is a small component of e-commerce to it, brick & mortar retail has grossly underperformed the SPY. What does that mean? Consumer sentiment may be good, but it is not translating into the GDP, which is meager to date.

The next sector, transportation (IYT), comes from Dow theory. In order to ascertain how well goods are moving, you





**In 2019, while the S&P went to new all-time highs, the Russell has not even gotten close to its 2018 high. That tells me a lot.**

look at trains, planes, ships, and trucks. This, too, is not near the all-time highs that we've had previously.

Stanley Druckenmiller calls the small caps, retail, and transportation the “inside” of the market. If we look at those three instruments, we see why the economy cannot really brag about growth. We also see why some economists think we could be heading for a recession. But more importantly, if these three are not where they need to be, investors can better determine how much long-term risk they are willing to take. Or, if they start to move up in tangent with the SPY and QQQs, investors may be willing to increase risk.

The other sectors are also great measures. Clearly, semiconductors have led the way. Chip technology has grown, but mainly, these large corporations have taken advantage of the low interest and tax rates and they keep buying back their own stocks. SMH has been a great investment, but without IYT, XRT or IWM going along, it's a sector that could be ready to sputter if the GDP does not grow in the coming quarters.

Biotechnology is both a cyclical and a noncyclical. It's cyclical in that the more companies grow in the pharma space (employment particularly), then the more R&D they do. But it is also a noncyclical in that no matter what the economy does, pharma will create drugs and folks will still need them. What I find most interesting about this sector is how much it is speculated in. One FDA approval can spawn a huge move. If investors are feeling good about the market, they will often buy this sector. Interestingly, IBB peaked in price in 2015.

Finally, there is the regional banks sector. I watch this sector, which is different than big banks, because it helps us see what the rural communities are doing as

far as borrowing and saving money, starting businesses, buying homes.

Sector rotation is extremely valuable to watch and trade. For example, while XRT lags, once SMH changed to a better phase in May–June 2019, it was a great buy.

Further, the Economic Modern Family also has so-called “relatives”—“uncles” and “aunts” that help round out the market picture.

I am writing a second book that will go into more detail on cycles and the Economic Modern Family.

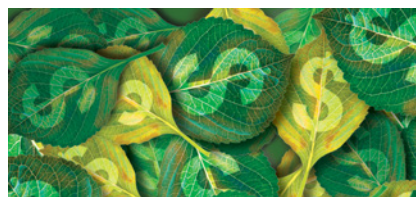
***Tell us more about the concept of “phases” and why you chose to make them a main focus of your book.***

Looking at the market as phases helps investors and traders to understand where the smart money is going, so that they don't buy the top and sell the low. Phase changes are often the most explosive time to enter a trade with the least amount of risk.

I am hardly the first to write about the concept of market phases; in fact, Charles Dow talked about phases back in the 1800s. But what I've done is simplified it into a type of “compass” or navigation system for the markets.

Here's a little story. In my days working in special ed, I had a student with Down Syndrome. The goal of full inclusion means that she was enrolled in the general education biology class. People said no, it couldn't work, but I said yes, the point was allowing the student to participate and get something out of it. While some students in the biology class could tell you what every single part of a cell is and every part's function, with this student, the goal was for her to be able to look at the parts of a cell like a pie chart to get an overall picture.

That's what I've tried to do with my



book. If someone is just starting out in trading or even if someone is experienced but not yet successful, it's always helpful to start by saying, what is the one important kernel to pull out? What is important here? Getting an overall picture provides a foundation.

That's where the idea of using *phases* came about for my book. These phases can serve as a compass for the markets. They're a navigation tool, and it's a really easy system to use.

Trading in the direction of the phase even helps in daytrading—and when you have that perspective, the headlines can actually be fun.

***It seems to me that market phases are a common-sense model for the market. A lot of investment and research firms use it. But a lot of people fall into the trap of panicking at market bottoms and feeling complete euphoria at market tops. This leads them to completely miss out on the end of the bull market or the beginning of a new one. But if investors can focus on these models with the help of a few simple rules of thumb, they may be able to negotiate the market's turns more efficiently and accurately.***

Right, it gives investors a way to focus and keep some perspective. You can't be in everything and you can't trade everything. So I've tried to give the reader a navigation system to not only be able to understand what phase anything is in at any given time, but also to determine how deep or shallow in that phase something is. That helps you determine the risk. For example, getting involved in the market up here at the current levels is riskier than if you had bought the S&P 500 when it first entered a bullish phase. In August, after a correction, the phase turned bearish. But, if you had waited until September–October when it came back up and the slope on the 50 MA turned back up, you would have gotten in with lower risk.

So that's another way to deal with the news. If you're already in a position and news comes out, then you're in a position of being able to take a profit and get out. But if you're just getting in on the basis of that news, and the phase

is already mature, if anything happens news-wise or if selling comes into the market, you now have a tremendous amount of risk.

So you can use phases to help assess risk, and by the same token, you can use them to help know when you should take profit. When that euphoria hits, you should be thinking, ah, the public's finally getting in and we must be nearing the top of the market. Whether it is or it isn't, if you take a partial profit, you can now relax a little and know that whatever shape the news takes, you're okay.

***The media loves to report fundamental data. How can people counter mainstream interpretation of the data? How do you weigh that fundamental data against what you're seeing on the chart, as you indicated you do?***

I like to use fundamental analysis in several ways. One is to look for megatrends and also to tell how young or mature that trend is. For example, cloud technology is a megatrend but the companies that specialize in it are extended at this point, so I will wait for a better entry or for a correction to buy and in order to better control risk. On the other hand, a megatrend that is in its infancy is cannabis. In that case, I will wait for a good chart pattern to enter a trade, or wait for a phase change that confirms.

Second, I use what Peter Lynch called “consumer instinct.” If I like a product, store, or hear about something that someone else likes, I will check out the fundamentals of the product or the company. For example, when Chipotle had issues with possible food-borne illness, I saw lines out the door for lunch in New York City. I knew the chain was good but the chart looked messy. So I waited until the phase changed. At the time, the stock was trading at \$300. It now trades over \$800.

Third, I use earnings information. I will wait for the EPS to come out and then if it fits either a megatrend or a consumer instinct, I will again wait for the chart to set up, either on a new breakout phase or a correction to the breakout.

***How do the 50- and the 200-week moving averages come into play with***

***the phases?***

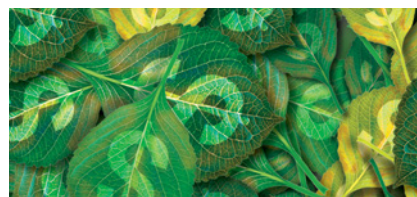
The 50 and 200 weekly moving averages are standard averages that institutional investors use. One measures about a year of price, and the other, close to four years, which is a minimum time for a business cycle.

I like to look at the weekly MAs for perspective. We look at three things: where the two MAs are in relation to one another, the slope of the MAs, and where the price is relative to each. This is how we determine the phase of the market.

***We all know that moving averages are lagging. Say you're invested in a stock getting a lot of media, such as was the case with Mylan Labs (MYL) and news about the Epipen. The stock sinks into what you call a “caution” phase. But what if the stock is not in the media spotlight? How might you distinguish between something that's really negative in the caution phase versus a “value” buy?***

It's important to also look at other things. You have to have some idea of what the macro picture is for the whole market. That's where the Economic Modern Family really comes into play, because that's showing you what the internals of the market are. That way, traders can know when they have the correction they are looking for, and then they therefore have the value they want to buy.

When SPY went into a caution phase and then started dumping in 2018, the market internals and everything turned negative. But if you had looked at it when it started to fail in August and September 2019, there really wasn't anything tangible going on in terms of the rest of the market internals for you to get really panicked about it—cautious, yes, but not panicked—because if you looked at the rest of the Economic Modern Family at that time in September–October, the



laggards were still lagging but some of them were holding up well. The semi-conductors were holding up well, the regional banks were holding up well, and transportation was still holding up okay during that time. All of those were holding their longer-term moving averages. So you could see that it was probably just a normal correction.

You won't always know if something's just a correction or if all hell is going to break loose, but you can ascertain a lot by looking at the other sectors.

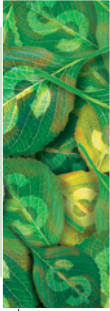
When Mylan Labs had the big scandal of price gorging in 2015, the market was going straight up while MYL was tanking. The initial crash was due to the bad fundamentals. And from the technical side, the stock broke under the 50 and 200 WMA and into a bearish phase. Five years later, it's still in a bear phase. The slopes on the MAs turned negative as the move lower gained in momentum. At this point, it's possible that the worst is over and the price is basing. So we can begin to see it as a value stock. And we can wait for a confirmation, or a move over the 50 WMA with a neutralizing or positive slope. Looking at the daily chart, the stock has already improved in phase.

***That's an individual stock. What about a weighted index?***

We can look at phases there, too. The SPY has gone into many caution phases and even distribution phases. For a brief time at the end of 2018 into the beginning of 2019 it went into a bearish phase. (That is why I love looking at phases—they are very fluid.) The slope of the 50 MA is always going to change faster than the slope of the 200; that's pure physics—a train conductor pulling 50 cars will be able to start and stop faster than a conductor pulling 200 cars. Institutional investors will often wait for a retracement to the 200-week or 200-day average, depending on what the timeframe of the trade is.

***Let's talk about that space between the bearish and recuperation phases—when most investors are either panicking (if they are still holding positions) or too afraid to get in (if they are on***





## Phase changes are often the most explosive time to enter a trade with the least amount of risk.

*the sidelines).*

This is most definitely my favorite phase, for a few reasons. First, it's when hope returns to the market. It's also when institutional investors start buying. Second, while the public and many financial planners are still experiencing PTSD from the losses they took (At MarketGauge, we didn't because we follow the rule of thumb to exit at the caution phase if it gains in strength), the smart money gets in with the least amount of risk at this point; if they are wrong, they exit when or if it returns back to a bearish phase, or in other words, it's a “probe.” Third, once the hope turns back to optimism, you can add to your position and/or take profits on the way up. We have been spoiled in the US with bear markets that have ended quickly. Not so in countries like Japan. So waiting for a recuperation phase is an intelligent strategy, but still needs to be managed with sound trading principles.

***You had mentioned the stocks-to-commodities ratio. I understand it's emerging from a 100-year low? Can you explain what this ratio is?***

Since over the past several years we've had a situation where we've seen a global growth slowdown, and because we have much more efficient production in terms of raw materials, and until recently the Fed was trying to reduce their balance sheet—they stopped doing that after the December crash—and because the dollar was strong and has been very strong, all of these reasons were why you had the stock market outperforming the raw materials and commodities market.

If you look at this ratio, meaning if you look at the price of where the CRB (Commodities Research Bureau index) is versus the price of the S&P 500, which

is generally the measure or the barometer used, you will see that this ratio went to a 100-year low. To me, that sounds unsustainable.

Since then, you've had not only the tariffs situation but you've also seen the dollar ease from the highs. Furthermore, interest rates around the world have gone to zero and in some cases negative. In December 2018, you had the “Powell flip”

where he went from raising interest rates to lowering interest rates, and though right now the Fed has declared keeping the status quo, if they felt they had to reduce even more they would. And on top of that you are starting to see a little pickup in global growth in some of the emerging markets, so you're starting to see some of those commodities bought. Also, wages are rising a little. All of these things are the start of where that ratio is narrowing.

There have been some production issues, for example, coffee prices have taken off in the past couple of months due to bad drought that affected the coffee bean. Sugar beets have been impacted lately, so sugar has rallied a little. Gold and silver have also rallied in reaction to the lowering of interest rates and the lower dollar and also as somewhat of a hedge of concern about something blowing up at any time, such as the tariffs situation or any other geopolitical situation, considering that this country is very divided right now, the Middle East is still a factor, and so on. And even climate change is another factor that even the Federal Reserve has talked about as a potential reason why people will start to hoard more materials, which is what people naturally do whenever conditions are bad.

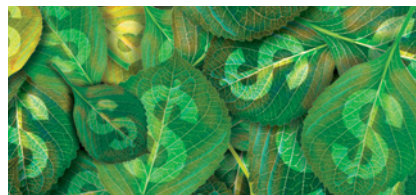
The commodities markets love it when things are bad. It's a perverse thing to make money off of things like war, famine, or drought, but that's what we're in the business to do. I always

say, if you want to wrestle with your socially conscious thinking, then just do something good with the money that you make. Otherwise, if there weren't a market around situations causing shortages and pressures on supply & demand, there'd be no such thing as commodities trading, which of course started out as an important hedge market for farmers.

***You brought up megatrends, which could be brought about by, say, geopolitics, quantitative easing, central banks, tariffs, climate change, or large developments in markets such as alternative currencies, cannabis, and 3D printing, among others. But these are huge areas to try to monitor and interpret. How can people assess these trends, and what do they focus on? After all your years in the industry, you seem to be able to categorize things in your mind.***

Because of my vast experience in the markets, I can assimilate large amounts of information quickly. For most people, I always suggest picking a few favorite trends that you'd like to follow. We all have at least a sense of what's going on in the world. Most people know there's a situation going on with China; that bitcoin exists; you know there's a lot of discussion around climate change whether you believe it or not; you know that cannabis is becoming more and more legal; you may not think very much about 3D printing! You can just pick one of those trends and start thinking in terms of the phases. Turn on the news and out of everything going on, pick one thing that intrigues you. Let's take climate change for example, since that can be a concern for a lot of young people. What could you look at to get the best assessment of climate change? You could look at solar energy and some of the representative stocks like First Solar or Canadian Solar or others, or you could look at an ETF of alternative energy stocks such as TAN (appropriately named!). You don't have to look at all the trends at once. You may look at the market in general and consider whether you really want to be long in anything, and/or think about whether one sector or trend could outperform.

Follow something that interests you.



Pull it up on a weekly chart and see what phase it is in. If you are looking at an ETF, you'll at least know what the market trend is and can know whether you'll be in sync with the market trend as a whole. After that you have to consider how far is it from the weekly moving average. Based on the 50-week moving average, where would I be *wrong*? And you risk to under that 50-week moving average.

That's all you really need to get started. I'm oversimplifying because you can't learn additional things until you start with a simple premise. So pick something you like (or fear), or find something that's trending (and things like climate change, cannabis, and alt currencies certainly are trending), then see what instruments trade in that space or if there's an ETF, and then look at the phase. And then even if you decide not to make an investment right now, at least you've looked into it and you're aware of the phase it's in and can keep it in mind. If you're going to trade it for yourself it behooves you to learn more, but at least to start, you know where to look, how to compass it, and where you're wrong if the phase changes.

Here's an example. With the Chinese tariffs issue, you might look to see if there are any ETFs that measure the China large-cap market or small-cap market. Using weekly phases, you can step back and get perspective. This week, as we speak, the ETF for large caps in China, FXI, actually cleared back over the 50-week and 200-week MAs, and the slopes on both are positive. That gives you an opportunity to get in, even without knowing anything more, other than the price is trading less than \$2 over the 200-week MA—so that's where I would consider that I would be wrong, that's where I would put my stop. I'll buy x number of shares and see if I'm right. If the China deal really happens, then I know I have a lot of upside potential.

#### ***As a strategy developer, how do you approach sector rotation?***

We have a product called Sector Rotation. It's a quant model based on our proprietary algos that measure momentum and relative strength. Risk

control is an overlay. We also have a market timing model called Alpha Rotation that looks at key intermarket relationships using the SPY, QQQs, gold, high-yield debt, lumber, and bonds.

Both of these are pure quant models. Mish's Market Minute Advantage Premium service is a discretionary trading service that uses phases to determine sector rotation by watching all the factors that are discussed in my book. That can apply to the overall market breadth, or to countries, or individual stocks and commodities.

Mish's Market Minute Advantage Premium gives you ETF scanners that tell you when something is changing phases, and you get real-time text and email alerts from me letting you know when we get in or out of a position. So if someone wants to work with me, we offer both this premium service as well as the Mish's Market Minute Advantage service.

#### ***Finally, as far as 2020 goes, what will you be expecting in terms of the market phases?***

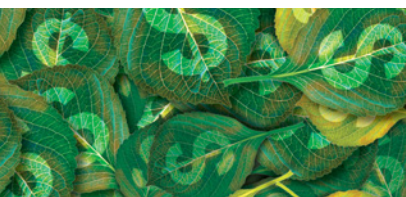
I'll be focused on the stocks-to-commodities ratio. People are calling for a recession at the end of 2020, but I'm looking more for a stagflation situation. There are a few interesting peripheries, things that have happened, that have made me even more convinced of this. First, it was 1979 when the classic bull run happened in gold and silver and a lot of the soft commodities, after Fed chair Paul Volcker, who died this week as we speak, raised rates to combat hyperinflation, so it's the 40-year anniversary of that. (And on a personal note, that was also the year I started trading commodities.) Before Volcker died, he warned us against stagflation.

**When it comes to money and Wall Street, people have many emotional fears and can have a defeatist attitude. So I wanted to put together a curriculum on finance and investing in a way so that those who feel left out can access it.**

Second, we already have negative rates or low rates around the world, and they can put pressure on the Fed to go in that direction if they need to, which can spur some inflation. Of course, the metrics they use for inflation have nothing to do with reality. These are economists who crunch numbers. Now, central bankers are declaring that inflation does not exist and that they want to let it run hotter than the 2% target. But they can't really control that; when it starts to get out of control, forget it!

Then you have some production factors and some overproduction making prices cheap for some commodities, and also, weather has been a factor, and on top of that, you have China, Russia, and India getting together in a sidebar conversation away from the US talking about potentially not using the US dollar as the world's reserve currency. If that came to be, that would not be good for the US. And finally, if any catastrophic event happens—geopolitical or weather-related or otherwise—since it's an election year and there's already a lot of volatility throughout the world, this is the kind of environment that's ripe for inflation. If we experience numbers on the economy that aren't positive—such as we've had recently with retail sales being down, manufacturing shrinking, jobless claims up—that's when stagflation could come in.

***One last question. Speaking of mega-trends and macroeconomics, what are your thoughts on the repo markets? It seems like the investing public isn't paying much attention to it. Billions of***





*dollars have been injected as a supposedly temporary fix to what is normally a well-oiled machine. Now it's facing a potential liquidity crisis. You hear about it occasionally in the news. It's hard for most investors to understand it, as well as what can happen when something like that goes out of control. It's also the first time something of this magnitude has happened since 2007, the year leading up to the 2008 financial crisis, so it seems like that doesn't bode well. A cause for worry for investors? Any thoughts?*

People are calling “repo” the secret buzzword for “QE,” and there are reasons to think that’s the case. They’re trying to expand liquidity. And there has been so much free cash being made by all the central banks and the Federal Reserve. Up until now, that has mainly resulted in stock buybacks by companies. But what happens when there is no one to sell those stocks to should these companies start to dump their holdings? And what if one of the potential catastrophic events we talked about earlier did start

to occur? What happens to the prices of commodities?

The Fed then would have no recourse but to start raising rates, which puts the kibosh on the markets. That’s what repo means to me—that they’re starting to lose a little bit of control. Even though Jerome Powell comes across as confident and calm, he cannot necessarily control what happens in this country or in the world if anything big did take hold. That’s why, for 2020, my eyes will be on that.

At MarketGauge we have already started buying gold miners, we’re in sugar futures, and I’m looking at getting more involved in silver. Agricultural commodities have started to go up, as has oil.

These are things people should be looking at for 2020. How much higher can stocks go? Whereas commodities

could have nowhere to go but up.

Right now, gold is still in a caution phase. If things started to look dicey next year and you wanted to know whether to buy gold in 2020, what can you do? Look at the *phases*. That’s your compass. That’s how you will know.

*Karl Montevirgen is a content writer specializing in financial markets as well as the arts. His website is [www.kontenthammer.com](http://www.kontenthammer.com).*

### FURTHER READING


Schneider, Michelle [2019]. *Plant Your Money Tree: A Guide to Growing Your Wealth*, with training video available, <https://www.marketgauge.com/plantyourmoneytree/>  
Gopalakrishnan, Jayanthi & Bruce Faber [2012]. “Michele “Mish” Schneider,” interview, *Technical Analysis of STOCKS & COMMODITIES*, Volume 30: November.



Find similar articles online at [Traders.com](http://Traders.com)







Because you  
can never have  
too many  
**PowerTools**

 **MetaStock17 is Here**  
Featuring the **NEW OptionScope™**  
and **QuoteCenter™** PowerTools

Discover the latest features at [metastock.com/whats-new](http://metastock.com/whats-new)

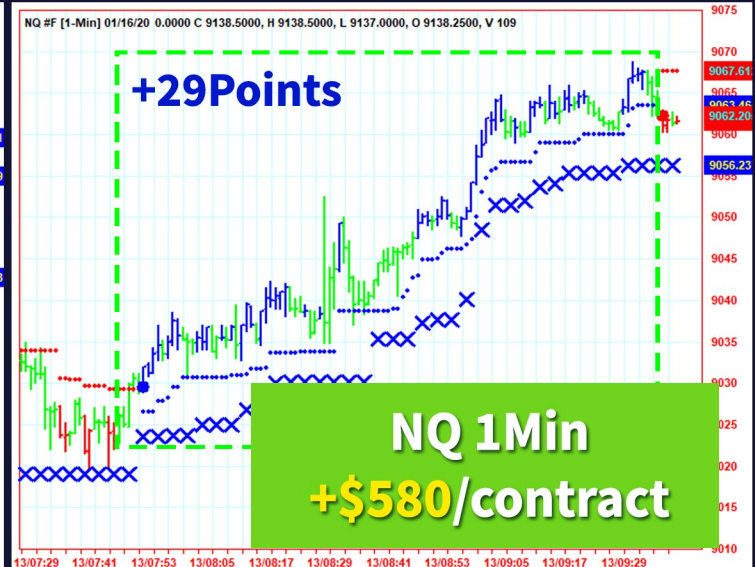
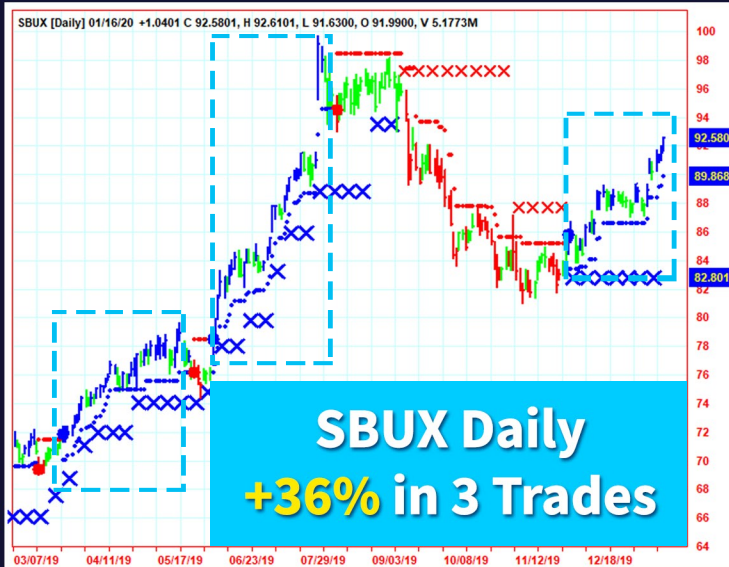


# Powerful Signals for Stocks & Commodities

## Long Term

## &

## Short Term



Works with stocks, commodities, futures, options, FOREX, bonds for intra-day or position trading



Triple Confirmed **Buy/Sell Signals**



Built-in **Dynamic Risk Control Signals**



## Traders Rave Over AbleTrend

1997-2019 Award Winning Trading Systems for Stocks, Futures and Options



**ABLESYS** SINCE 1994

**ABLETREND 7.0**

COLLECTED BY



Trustpilot



- “I have used it for 10+ years and have tried many other trading software systems. This is by far the very best system that can adjust to any market condition.”-Joe S
- “I have been using AbleTrend for 13 years! Primarily for day trading stocks...I could not do without it!” -Ricardo DaSilva
- “I have been using Ablesys since 2009. In my humble opinion, Ablesys offers the best trend software available on the market today.”-Frank

- “I never make a trade without checking with Ablesys. The program is my important guiding light and has been for over 10 years. I highly recommend this program.” -Harvey Saff
- “Have been using Able Trend for 20 years and it is just as effective and accurate as it was in 1999.” -Dan Sayyer
- “I've used AbleTrend for many years, and I never buy a stock without checking the signals first.”-Sam

**Test-drive it to See All the Signals!**

**[www.ablesys.com/SCM](http://www.ablesys.com/SCM)**

**Risk FREE AbleTrend 30-Day Trial**  
**\$40 Discount code: SCMF20**

©2020 Ablesys Corp. • 8407 Central Ave, Ste 1882, Newark, CA, 94560



1-888-ASC-1688



[sales@ablesys.com](mailto:sales@ablesys.com)

THESE RESULTS ARE BASED ON SIMULATED OR HYPOTHETICAL PERFORMANCE RESULTS THAT HAVE CERTAIN INHERENT LIMITATIONS. UNLIKE THE RESULTS SHOWN IN AN ACTUAL PERFORMANCE RECORD, THESE RESULTS DO NOT REPRESENT ACTUAL TRADING. ALSO, BECAUSE THESE TRADES HAVE NOT ACTUALLY BEEN EXECUTED, THESE RESULTS MAY HAVE UNDER-OR OVER-COMPENSATED FOR THE IMPACT, IF ANY, OF CERTAIN MARKET FACTORS, SUCH AS LACK OF LIQUIDITY. SIMULATED OR HYPOTHETICAL TRADING PROGRAMS IN GENERAL ARE ALSO SUBJECT TO THE FACT THAT THEY ARE DESIGNED WITH THE BENEFIT OF HINDSIGHT. NO REPRESENTATION IS BEING MADE THAT ANY ACCOUNT WILL OR IS LIKELY TO ACHIEVE PROFITS OR LOSSES SIMILAR TO THESE BEING SHOWN. THE TESTIMONIAL MAY NOT BE REPRESENTATIVE OF THE EXPERIENCE OF OTHER CLIENTS AND THE TESTIMONIAL IS NO GUARANTEE OF FUTURE PERFORMANCE OR SUCCESS. TECHNICAL ANALYSIS OF STOCKS & COMMODITIES LOGO AND AWARD ARE TRADEMARKS OF TECHNICAL ANALYSIS, INC.



# SUBSCRIBE OR RENEW TODAY!

Every Stocks & Commodities subscription (regular and digital) includes:

- Full access to our Digital Edition  
The complete magazine as a PDF you can download.
- Full access to our Digital Archives  
That's 35 years' worth of content!
- Complete access to WorkingMoney.com  
The information you need to invest smartly and successfully.
- Access to Traders.com Advantage  
Insights, tips and techniques that can help you trade smarter.

1 year ..... **\$89<sup>99</sup>**

2 years ..... **\$149<sup>99</sup>**

3 years ..... **\$199<sup>99</sup>**

## PROFESSIONAL TRADERS' STARTER KIT

A 5-year subscription to S&C magazine that includes everything above PLUS a free\* book, *Charting The Stock Market: The Wyckoff Method*, all for a price that saves you \$150 off the year-by-year price! \*Shipping & handling charges apply for foreign orders.

5 years ..... **\$299<sup>99</sup>**

*That's around \$5 a month!*



Visit **www.Traders.com** to find out more!