

Market Update

The market continues to behave in a highly unpredictable manner and after a higher-than-normal loss ratio we have been waiting to accurately predict a Tigers trade and unfortunately that has taken us deep into September and the December SPI contract.

Market Brief

We are currently in an accelerated global interest rate climb that is unprecedented in history. The World Bank stated before Covid that all major economies would have a zero-interest rate by 2025 as many economies were expected to be in surplus.

This all changed with Covid as world economies went into heavy deficit. In their all-seeing wisdom, as debt increased dramatically, the World Bank declared a huge inflationary trend and said we must raise interest rates to counter the inflationary effect.

RB Australia has stated that interest rates will need to approach 3% before any downturn can be expected.

However, the US federal reserve has stated that to gain any leverage on economic stimulus by cutting rates – the rates must reach above 5% in 2023.

This makes the RBA target very low indeed and unlikely to pause for long at 3%.

Interest Rate Effect

An aggressively rising interest rate should see a strengthening of the underlying currency. When we have all our commodities measured in \$USD, and the \$USD is rising with the climbing interest rate – we see the commodity prices weaken.

The resultant of the current US interest rate rise to 2.5% is:

Gold has fallen 15% to \$1700

Oil has fallen 30% to \$85.

Further interest rate rises to 5% will see:

Gold to Fall below \$1600

Oil to fall below \$70.

This all seems counter-intuitive to the war in the Ukraine and severe energy shortages in Europe. This also puts our crash table in conflict with Oil falling BUT Gold expected to rise in economic turmoil.

Another interesting component for us is that despite the RBA raising our interest rates – it has not reflected in the strength of the \$AUD which is in a strong downward trend, and it did NOT respond to the last RBA rate increase.



Gold Price plotted against \$AUD-\$USD. \$AUD weakens against a rising \$USD and the movement in Gold replicates the relative shift in currency value.

Market Quirks

Another quirk in the US market has been that until 2022, the US market has been predisposed to not move more than 1% on a Friday night either up or down. This has been the basic rule since 2008. However, this year we have seen five falls of greater than 2% (crash down) on a Friday night and two 2% moves up (crash up). This is indicative of institutional movement to displace the market.

In other words:

“The market will do whatever it has to do to fool the majority of participants”

Hence, we have seen the US market rally on the last interest rate rise as did Australia the rise before last. Fundamentals are NOT working for traders and investors currently.

Any significant news in the UK about the Royal family has historically seen a fall in the UK market. The recent demise of the Queen saw the FTSE 100 rally 2% and like everything else at present – seems to have had an opposite reaction.

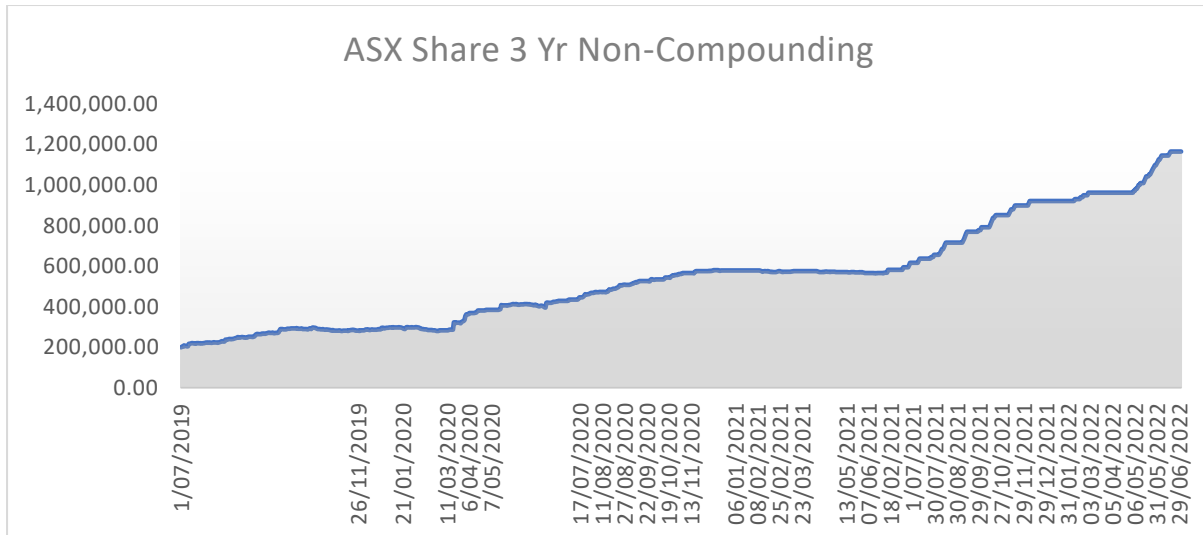
Indices

All indexes except for CHINA are facing down and expected to slump into October. In saying that, China is having a temporary lull in a long-term downtrend. These are expected to continue into October – a traditional crash month – especially in the 7-year cycles.

Investor Centre – IC Hot Stocks

IC Hotstocks has been a product since 2015 and has been included daily in your data software download. IC Hotstocks is also available as a separate product at a cost of \$44 per month.

IC Hot Stocks Performance



A \$50,000 portfolio of all recommendations – trading \$1,000 per recommendation, would have returned over \$250,000 in the last 3 years.

Now with CMC we can use CFD's for effective shorting in a rising interest rate environment. When you go short on a CFD – you get PAID the INTEREST over time to be in the position. As of July, IC Hot Stocks has incorporated both short and long CFD's into its daily recommendations.

If you are interested in IC Hot Stocks, please contact Investor Centre on 1300 132 999. If you don't have a CMC trading account contact Trish on the above number.

CMC vs City Index

I still use City index for Index trading. However, you may not be aware that they have changed their minimum spread to 7.5 pts. This does not seem to be in force for Tigers currently, but we can expect it sooner rather than later.

CMC has a much better offering for CFD's and is highly effective for shorting and dividend stripping that are now being pursued in IC Hot Stocks. CMC is also more effective for night-market trading Indexes which Tigers will be returning to after we abandoned it with the variable City index spreads.

Investor Centre – Investment Opportunity 50% ROI

Investor Centre is being incorporated into an ASX listed public company and as such has a once only opportunity for Investor Centre clients.

Investor Centre is offering a 50% return on funds to be paid by 30Th June 2023. Investor Centre is taking control of a percentage of ownership of the underlying company through its wholesale division AMRAM www.AMRAM.com.au . Investment from \$1,000.00 is available for a short time while we complete the transition.

Investor Centre – Ongoing Investment Opportunity 24%

If you don't have time for following the IC Hot stocks recommendation every day then you can participate in our AMRAM share portfolio that trades for wholesale institutions. This offers a return of 24% per annum pro rata and funds can be withdrawn after 13 months (90 days on call). Your investment is secured by AMRAM bonds.

If you are interested, please contact Trish at Investor Centre for further information.

September/October

We are looking at some aggressive shorting coming up and with another interest rate rise we will look at long-term strategies using CMC. It is recommended that you at least go through the process of opening an Investor Centre account to be able to participate in some of the upcoming strategies.

All the best

Jody Elliss