

«What is good and what is bad»

It's hard and sad to realize malignance of TV and radio reviewers' reaction concerning fund or any other financial market's growth. What joyful smiles they wear! What optimistic and satisfied faces they have! What enthusiasm and energy they have in words and gestures!

Virtually, the reason of such pleasure is the same as in any sport competitions, when your district, urban or national team wins **ANOTHER** district, urban or national sport team. They've won, hurrah! Particularly when the growth is powerful and fast it's called rally, euphoria goes overboard.

Recently I've begun to think over the reasons of such attitude, aside from simple anger, when happened to be among the losers, i.e. bears. One may ask what the reason for joy is. Indeed, besides the buyer there is someone who've sold these or those securities in each deal. He is the same participant of the stock market and he feels sad. Where did this universal happiness come from? What is the reason of such officially maintained bias.

It seems there are some politics and state interests here. The first thing that comes to my mind is a decline in inflation. A Cashflow to fund and derivatives means an isolation of considerable cash amount from consumer spending or it means financing almost nothing. For example, in crisis 2009, the money supply increased two times in the USA according to Fed statistics, the main engine of inflation. In this particular time there was a growth of wide market index S&P 500 from 667 (01.03.09) up to 1136 (10.01.10), i.e. also in two times! There wasn't growth of inflation during this period. The state grants from it. But in principle, it can be profitable from it only in case when a state regulator is able to manage market processes. Otherwise a deflation process can happen instead of conquering inflation in case of price collapse.

There should be in process a liquidation of bears as class, i.e. traders who sell short, in order to control the financial flow of the markets. It can take an occupation of more than 50 % of capitalization assets, which are traded in the market. Virtually it takes even less percent, about 25-30 %, because of the fact that third part of traders wonder themselves investors and hold long positions for months and years, i.e. they don't sell purchased shares. The calculation is approximate; however, it took place due to unprecedented measures of state aid to banking structures in the end of 2008 till the beginning of 2009 in our country as well as in the rest 20 countries, the largest economies of the world.

There is a dark side of the coin: a deflation, i.e. a reduction of consumer prices. State knows how to combat inflation by means of interest rate increase and money stock reduction. Deflation is a different story: practically there are no methods how to combat it. Wouldn't you pay people for borrowing money? Even more, inflation in 1-3 % is considered a norm for economy, which has a regular development. Generally, 2 % inflation is considered reasonable for governments - members of European Monetary Union (EMU), i.e. the countries of Eurozone. So that inflation hardly was an end in itself of monetary authorities' actions during crisis years 2008-2009. So what are the reasons for all-pervading support of bull trend can be in mass media? Is it a delusion about market as a horn of plenty?

I have no doubts that war of Bulls and Bears, purchasers and sellers as any other war is a conflict of economic interests. Most of so-called private investors are purchasers. They've never learnt to earn money on falling of market prices they can't do that and they don't want to do that. Hard limits exist for most of institutional investors, i. e. licensed investment companies and funds, concerning stocks and other market tools they must to fill their briefcase.

That's a word briefcase! Two economists who worked out a Theory of diversification of set of stocks for purchasing and further rotation got a Noble Prize. In a word, market structure is oriented to attract purchasers. And the interests of most of greedy citizen who are participants of market as well as huge collectives of banks, investment banks, funds and brokers' houses are directed to buy, buy and buy again. Should be someone who sells all of them? I want to think that our (and not only our) governmental men are unprejudiced. They rigorously fulfill their duties and ran away on hills from any commercial activity as far as possible.

I want to hope that being in duty, they stay aside of any market games, knowing many of things which ordinary speculators will be informed days-weeks-months later on. Otherwise they or their closest friends and relatives would have a very big advantage in our not so easy speculators deals! I hope also that commercial secret is piously followed in companies of big players with huge financial resources and traders act strictly at their own risk without any collusion.

And recent lawsuit to J.P. Morgan and HSBC¹ is a sad misunderstanding. And they didn't hold 85% of short position of a World Silver Market in August 2008 at all, and they didn't have future markets and options to the sum of 7.9 billions dollars at all. And if I'm naive and facts will be confirmed then what technical analysis in trading to hell is possible talking about?! How to trade? And you tell me from TV that to buy?! To my shame it leads to a depressing conclusion: we're swindled. Collapses happen anyway and stocks' prices, despite all restrictions and

enthusiasm in Mass Media, often sharply – FALL. After periods of serene growth, often unexpectedly - FALL! After long stable periods, happy news and reducing of unemployment, often dramatically - FALL. That means only that stocks are being sold. Who are these mysterious sellers? Who are these harmful Bears who hinder honest and trustful purchasers to become rich? Who are these disgusting villains who, like a lamb, don't want to continue giving their money to Bulls? Address ourselves to classic: Mr. Elder in his book "Trading For A Living" writes:

"Companies which buy and sell raw materials and at the same time speculate it in stock market (for example, oil)...

In a bank, one of the heads of the Trading Department resorted to the help of former CIA staff 's reports...

Heads of companies which stocks are in stock market, share confidences with friends from gulf-club. And they in return, tell them about deals of their companies. Everyone stay safe until their self-interest grows into excessive greediness."

Wish good luck in technical analysis

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lawsuit¹ - Facts are given in Davide Benuit's article in Wall Street Journal from 27.10.2010. They are told about trader Piter Lascaris' lawsuit to above-mentioned banks. The deal was accepted by New York Court of Manhattan and being investigating by Commodity Futures Trading Commission for the purpose of recovering manipulation of Silver Market from June 2008 to June 2009. (According to FRS site information <http://federalreserve.gov>)

