



STOCK MARKET RETURNS?- There is only one question.

Will the US government print money (expand M2 money supply)?

OR

Will they not?

If you believe money printing is in our future, then the broad US stock market will rise in tandem.

In that case you want to be invested. Not so much because it will make you rich, but because it is a protection against central banks gone wild.

When a central bank pumps money into the economy- to prop it up, to pay interest on staggering amounts of debt, to fund unfunded obligations....and for political reasons- they inadvertently dilute the currency.

Assets, including real estate and stocks responds no different than was the case 2000 years ago when the Roman treasury began to dilute the silver content of its coin in order mint more. Initially the economy boomed, but shortly after pork, grain and real estate prices shot up as a response.

In the graph pictured, notice the correlation!

So the question is- going forward, will they print or not ?

My answer is YES

They have to, but that is based on the Congressional Budget Office saying so. Trillion dollar yearly deficits are already baked into the cake.

Notice how our politicians no longer talk about balancing the budget?
.....you got it. That train left the station.

So the lesser evil is a slow erosion. Blame it on inflation- who's fault is it...hard to pin point. It is the oldest trick in the book.

<https://fee.org/articles/rome-money-mischief-and-minted-crises/>

