



An SEC-registered Investment Advisor

The Difference in Flat YIELD CURVE

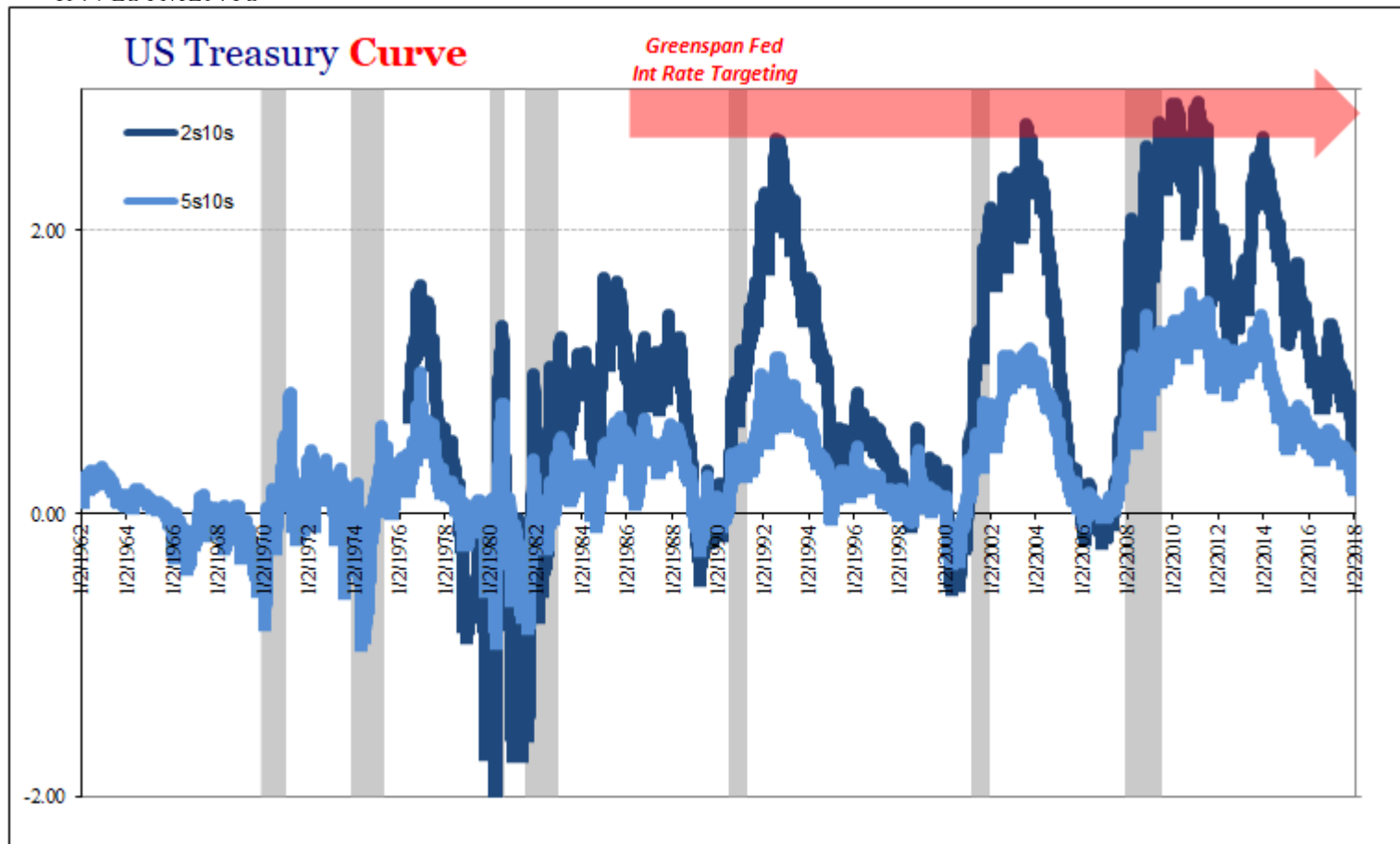
(‘dollars’ and economy)

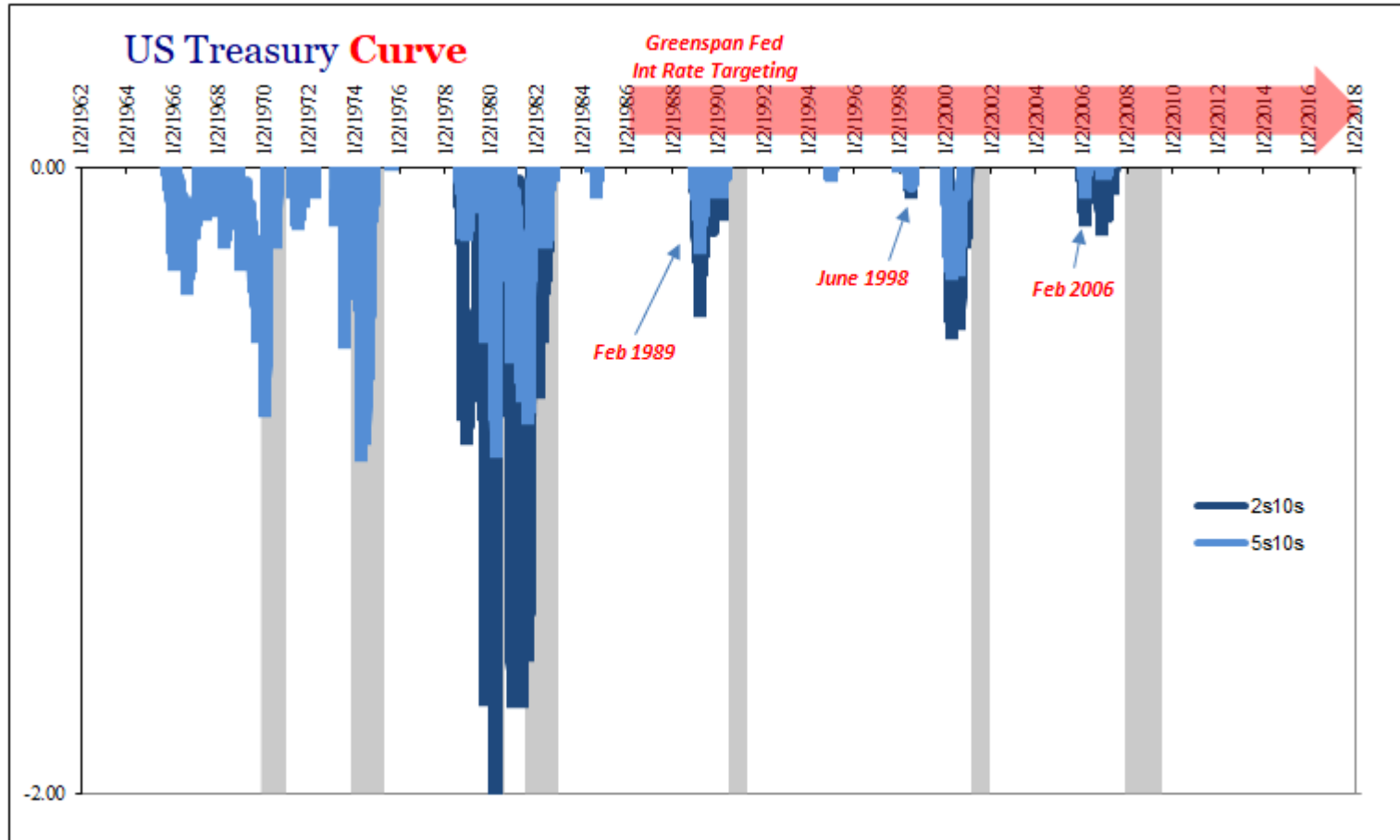


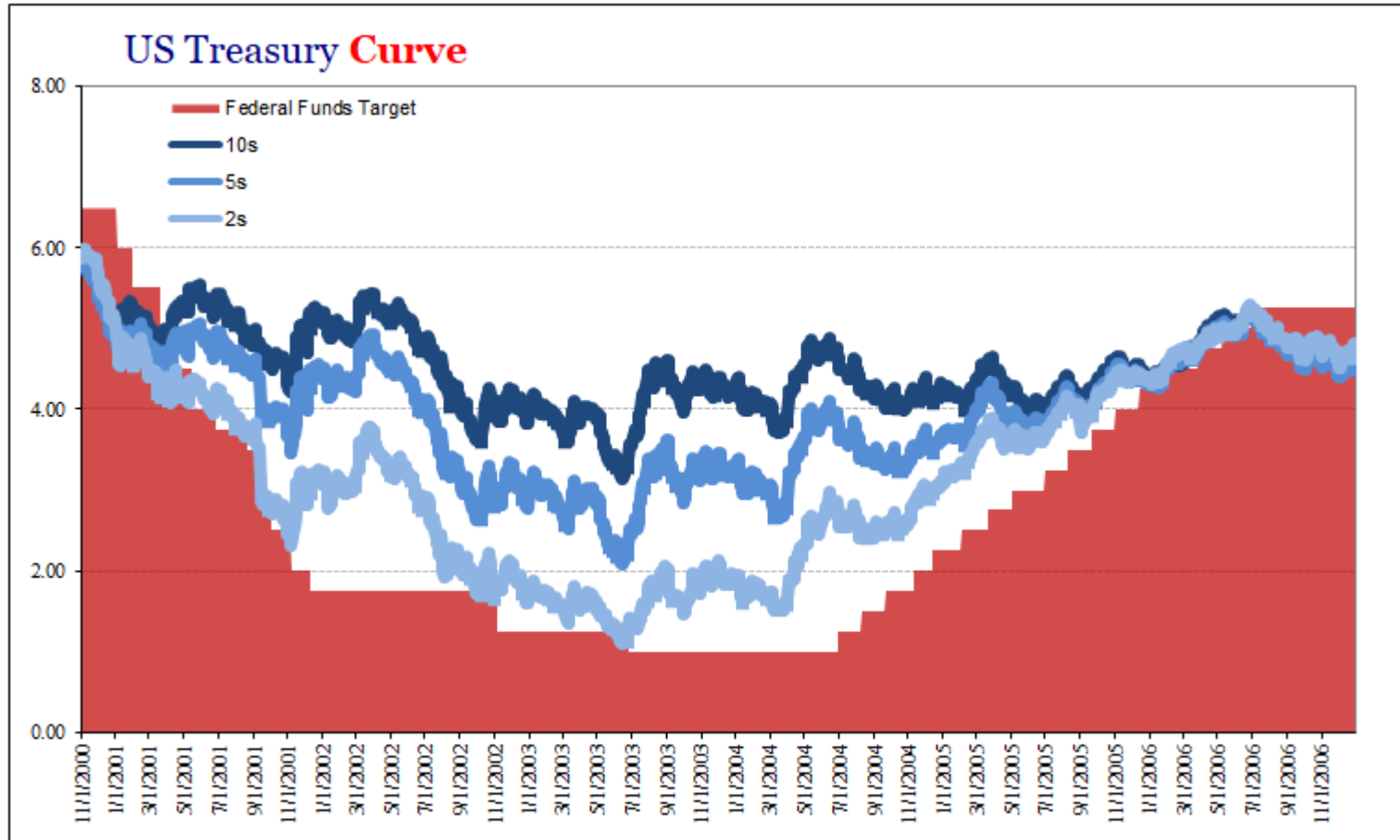


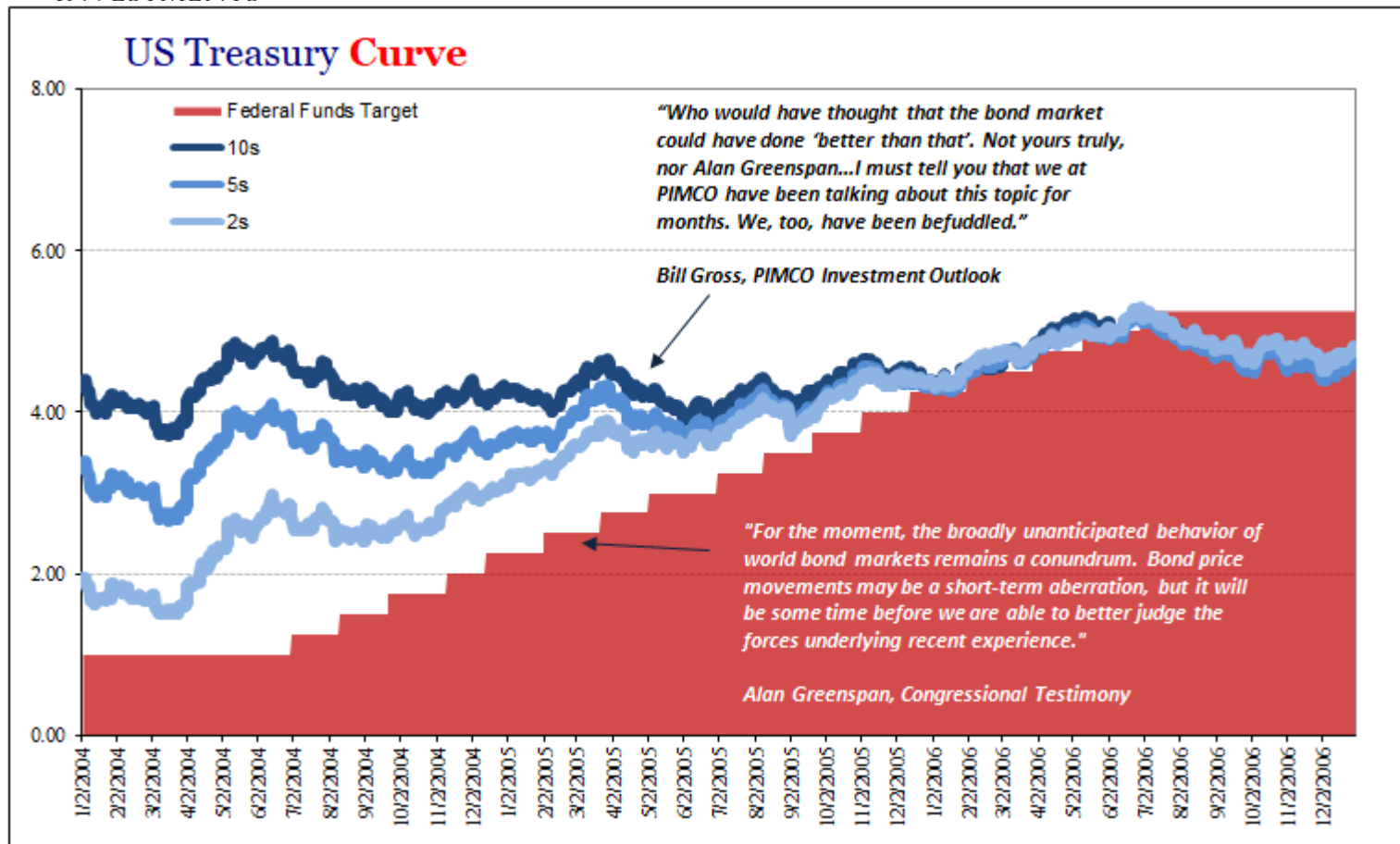
The Yield Curve Is *Supposed* to Flatten

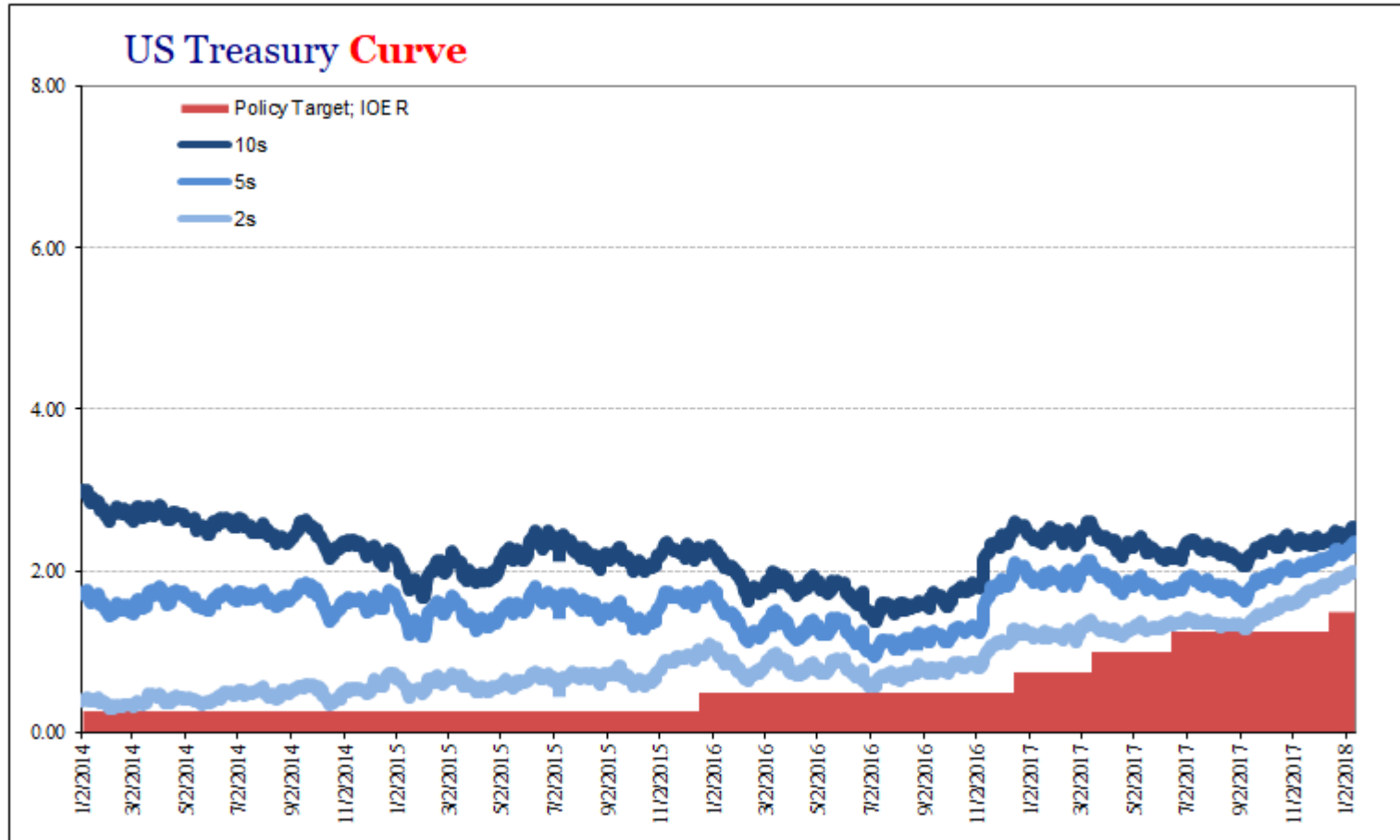


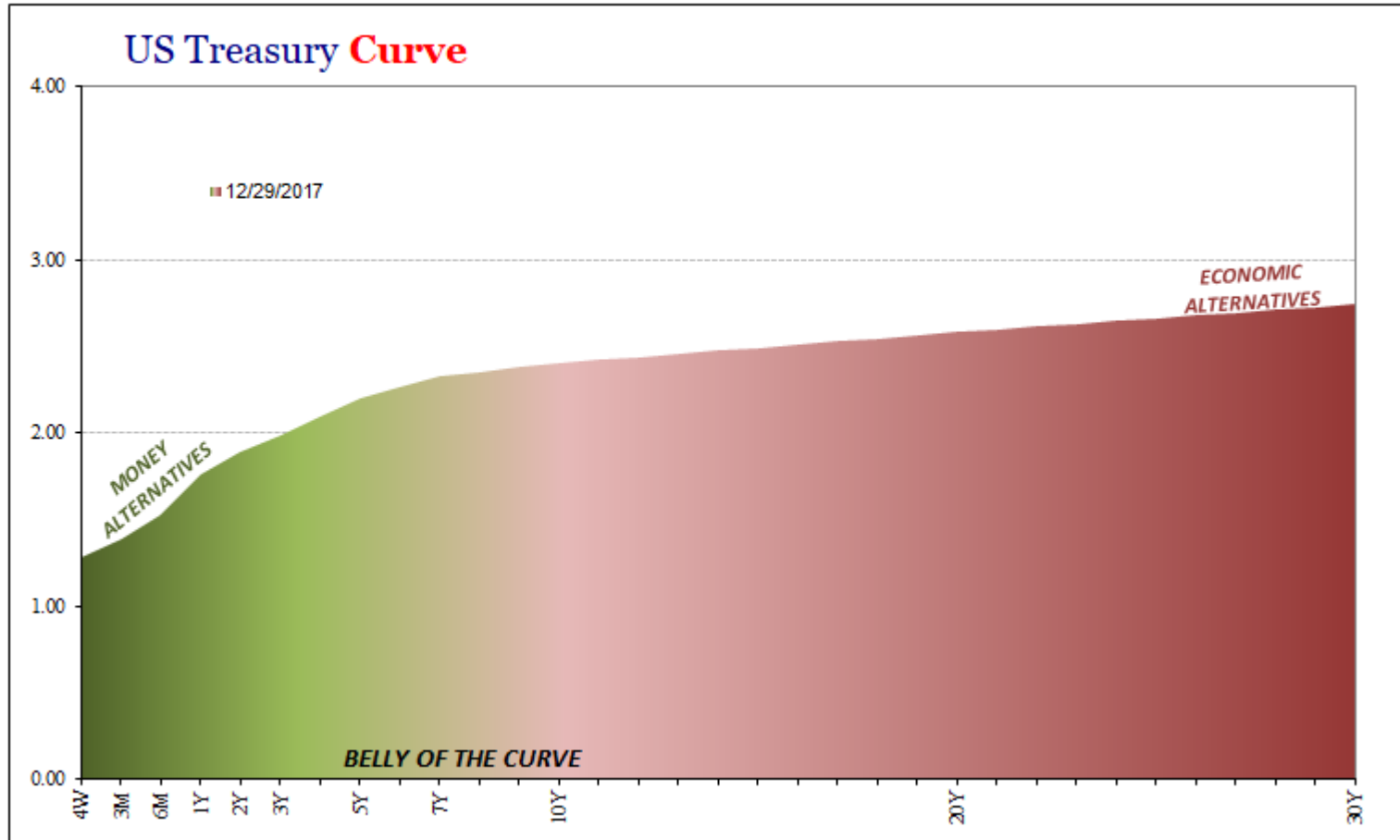


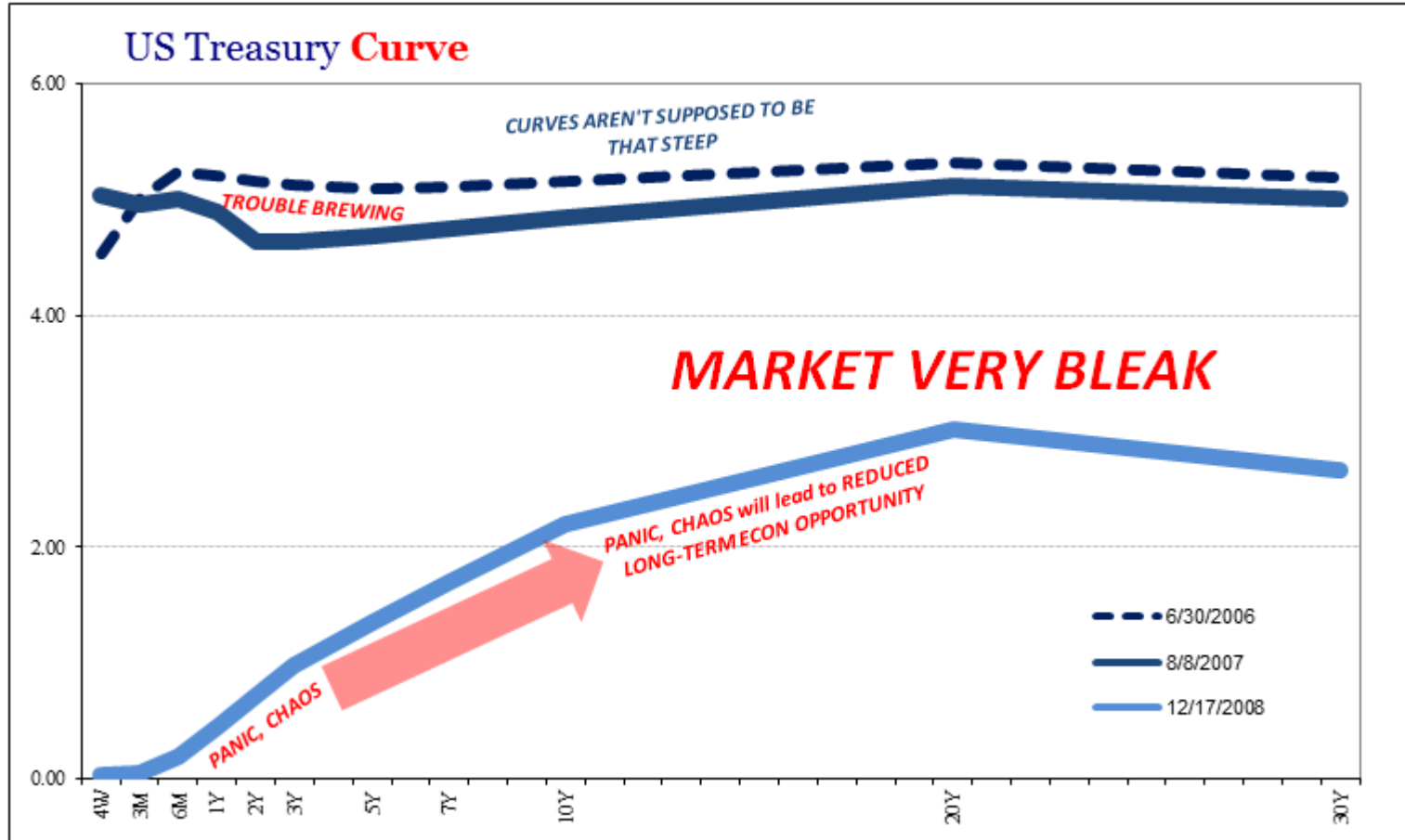


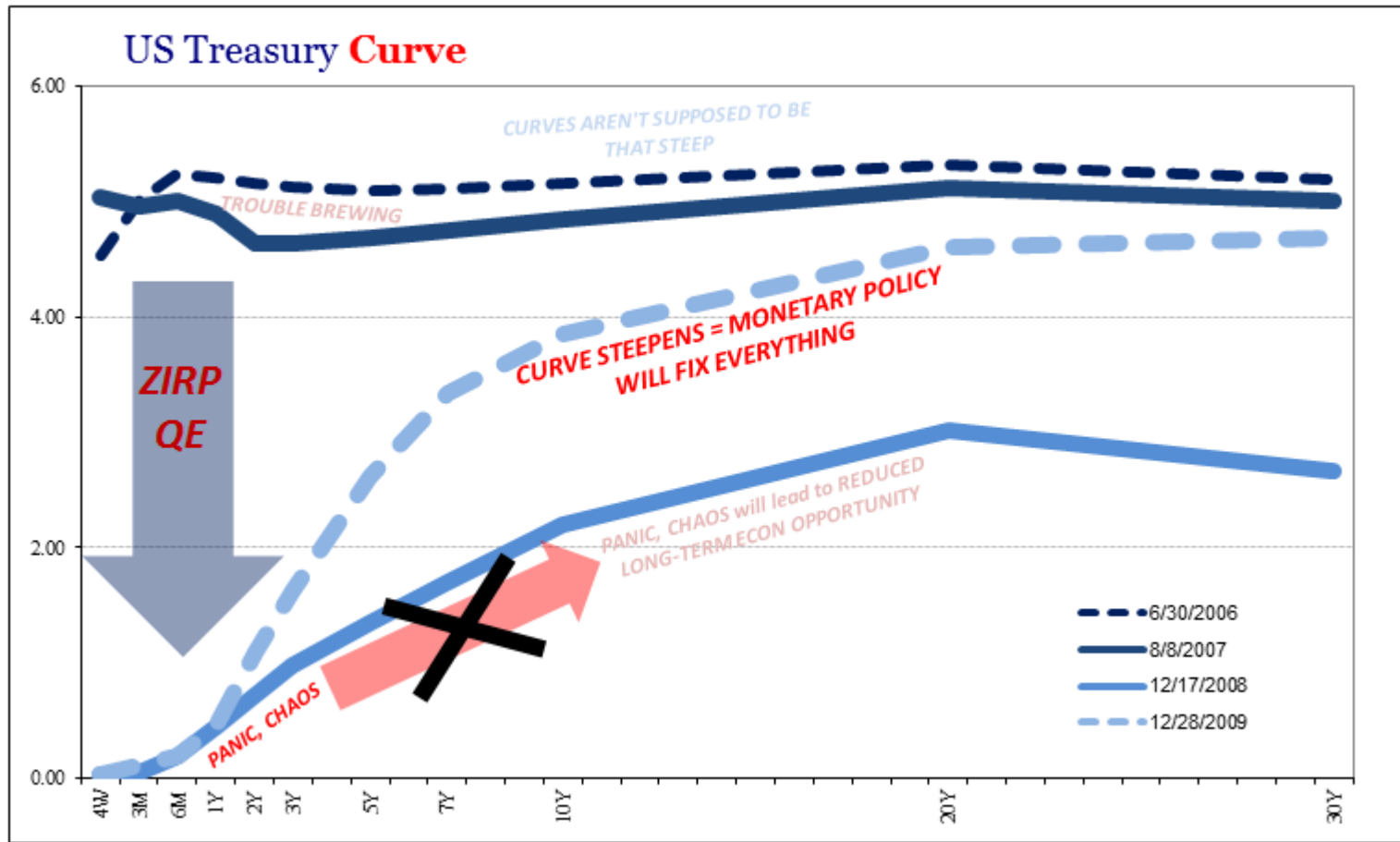


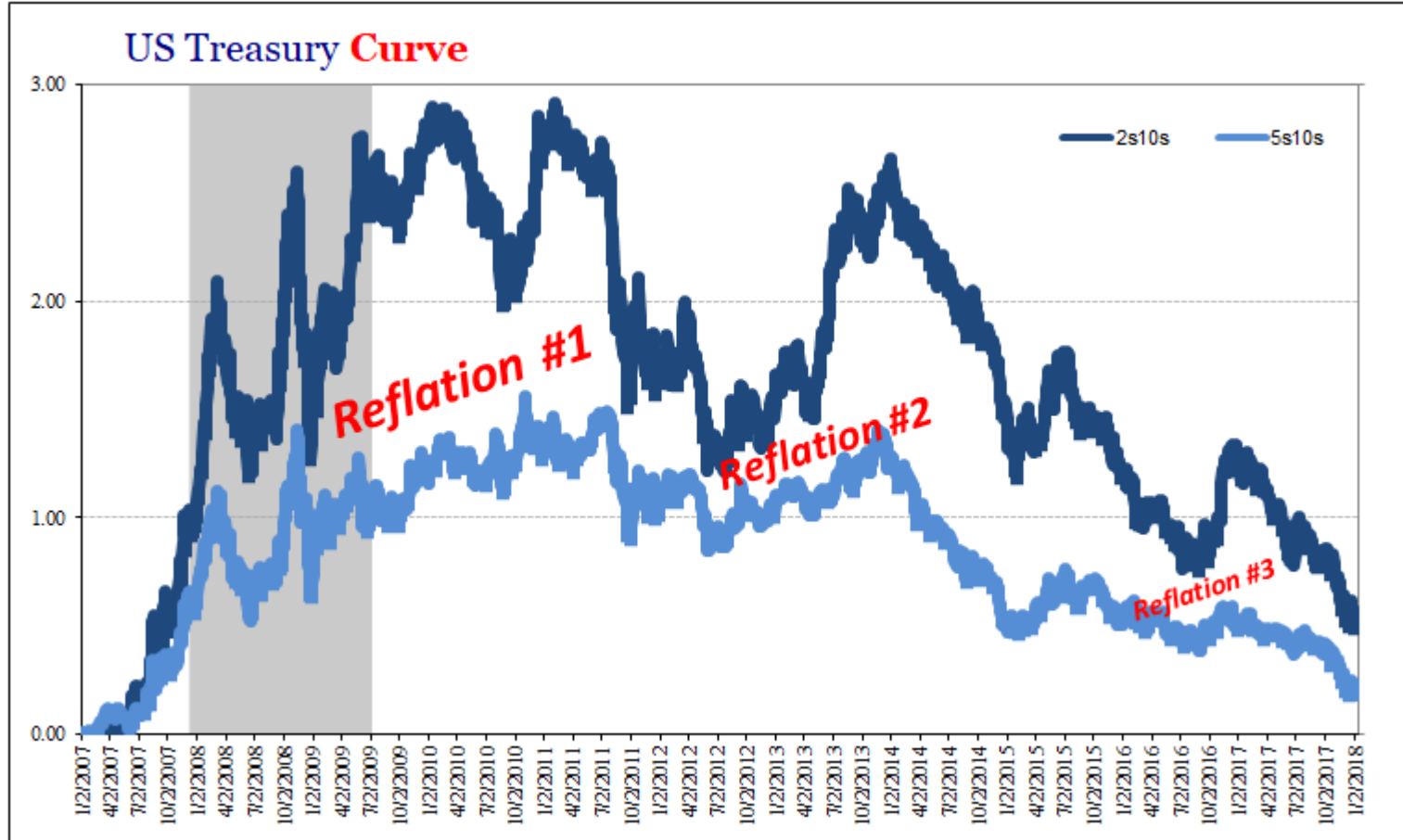


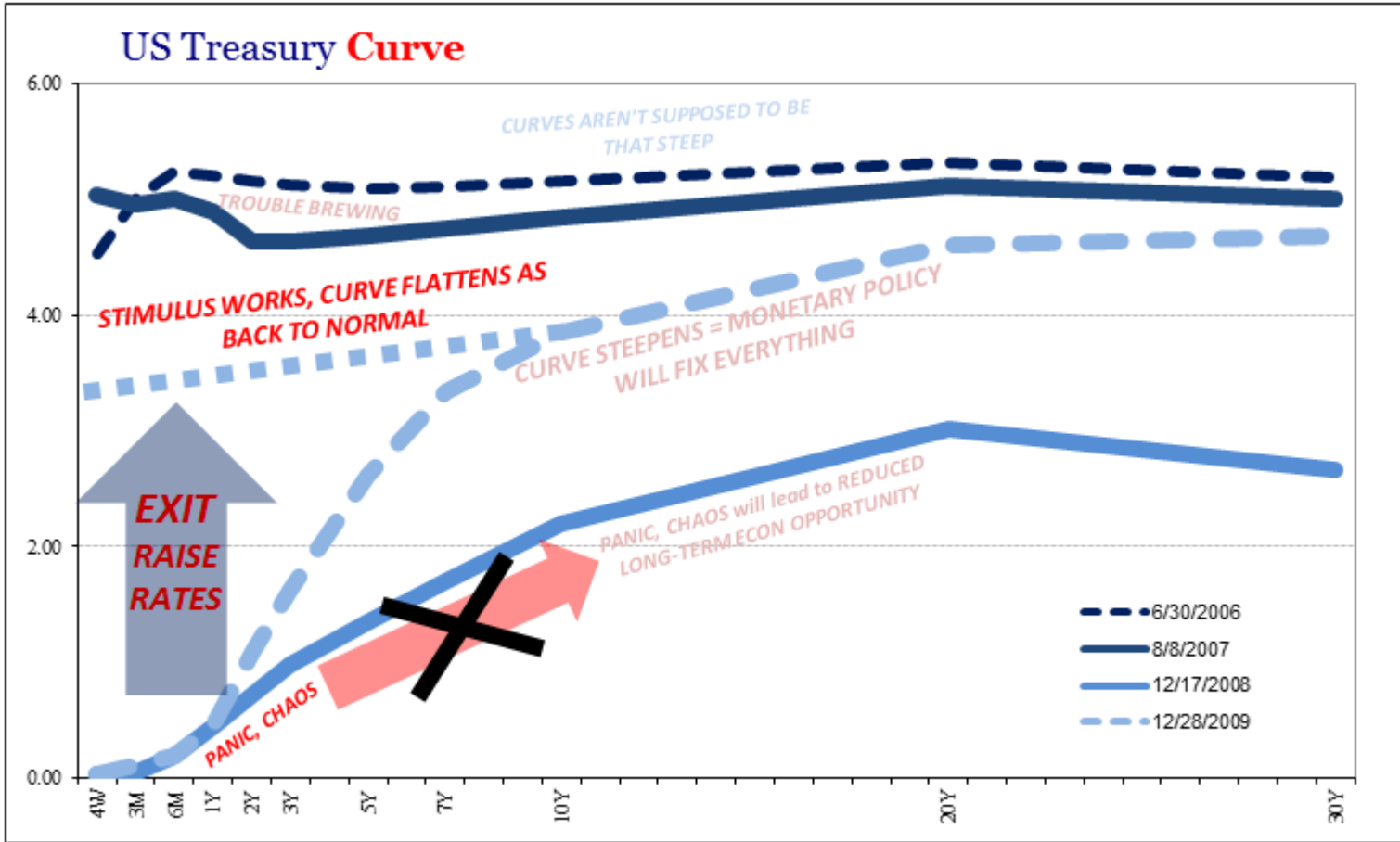


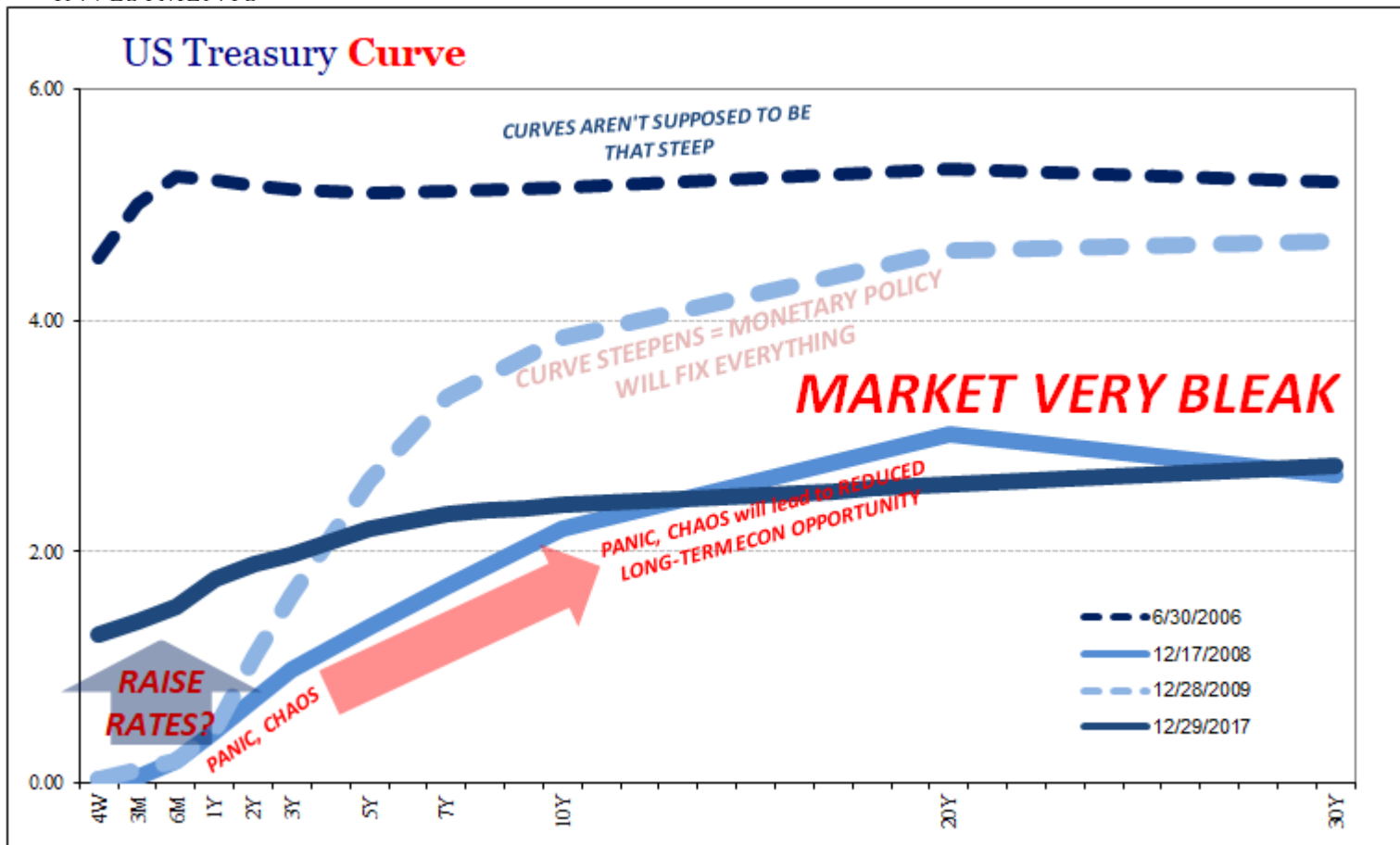












Deconstructing Rates

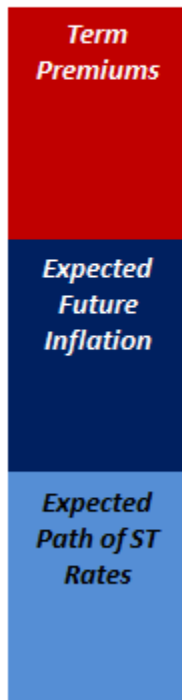
The **Official**/Mainstream Story of the Long End





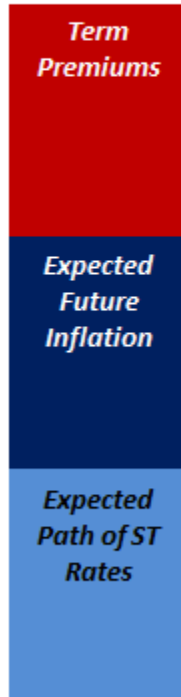
FISHERIAN DECONSTRUCTION

Long-term Bond Yield



FISHERIAN DECONSTRUCTION

Long-term Bond Yield

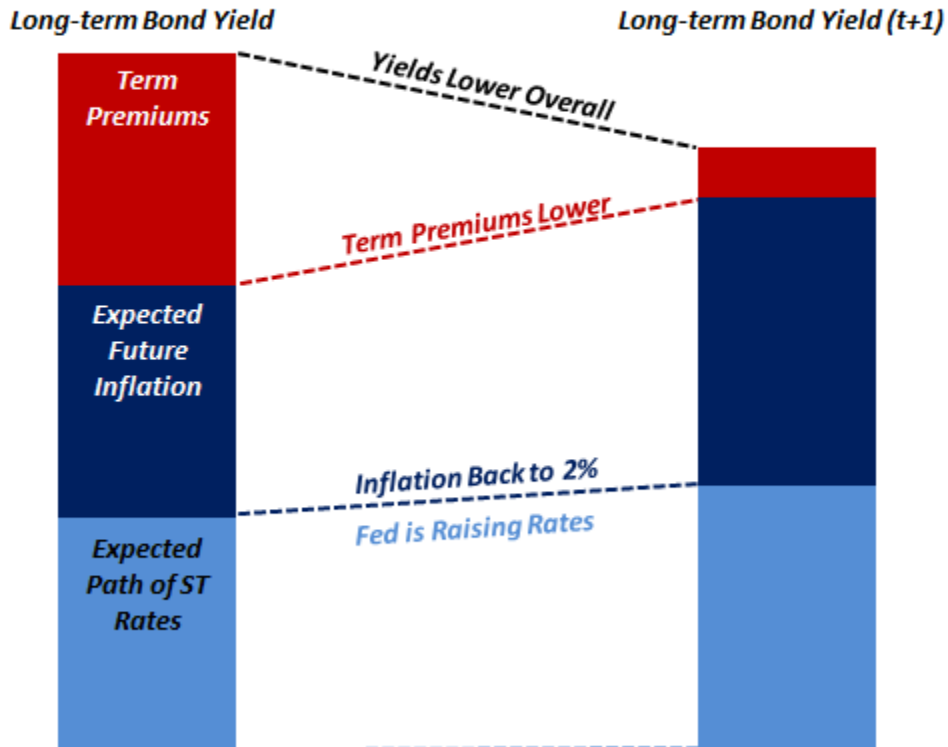


"Briefly, a *term premium* is the extra return that lenders demand to hold a longer-term bond instead of investing in a series of short-term securities (a new one-year security each year, for example). Typically, long-term yields are higher than short-term yields, implying that term premiums are usually positive (investors require extra compensation to hold longer-term bonds instead of short-term securities)."

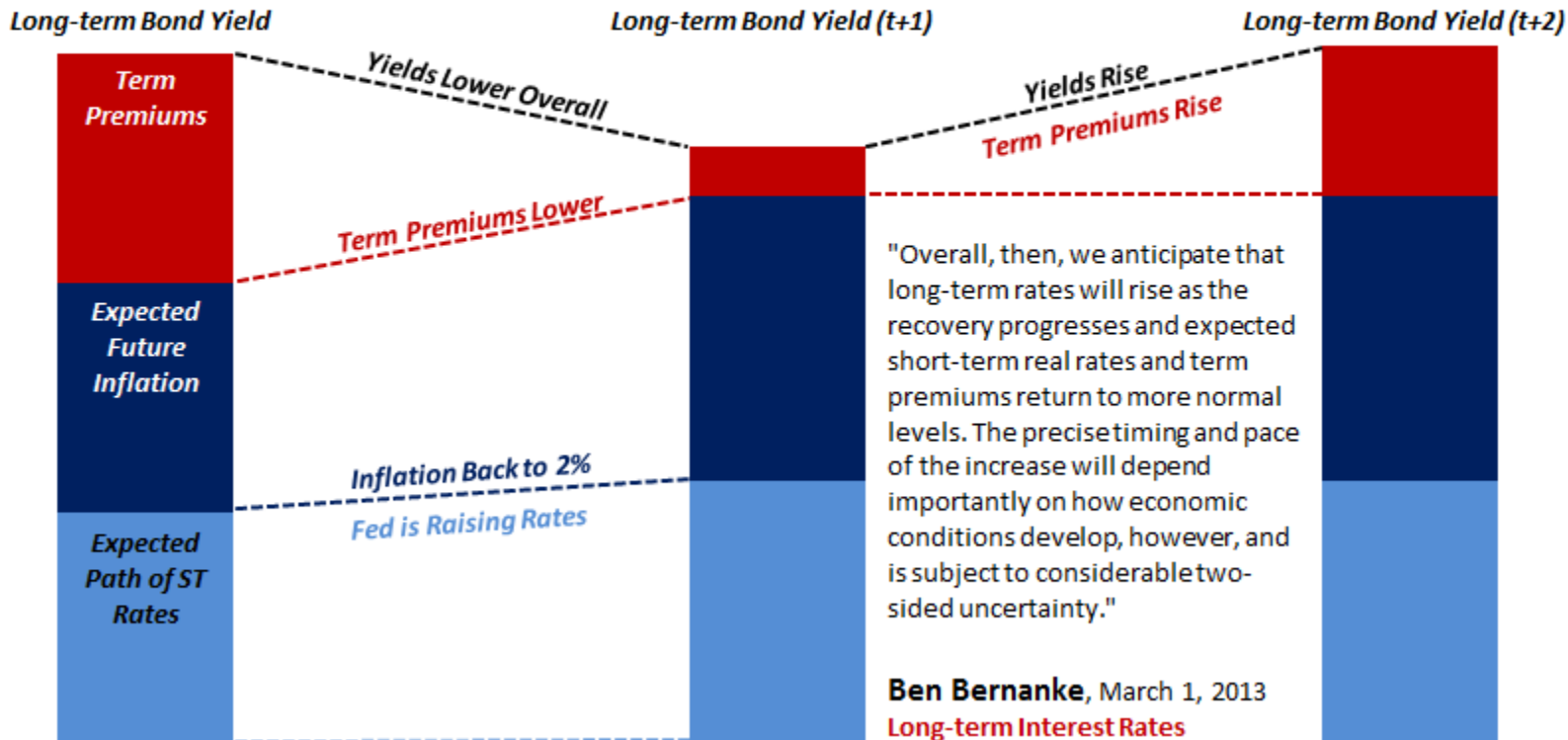
Ben Bernanke, April 13, 2015
Why Are Interest Rates So Low?



FISHERIAN DECONSTRUCTION



FISHERIAN DECONSTRUCTION





Term Premiums Negative?

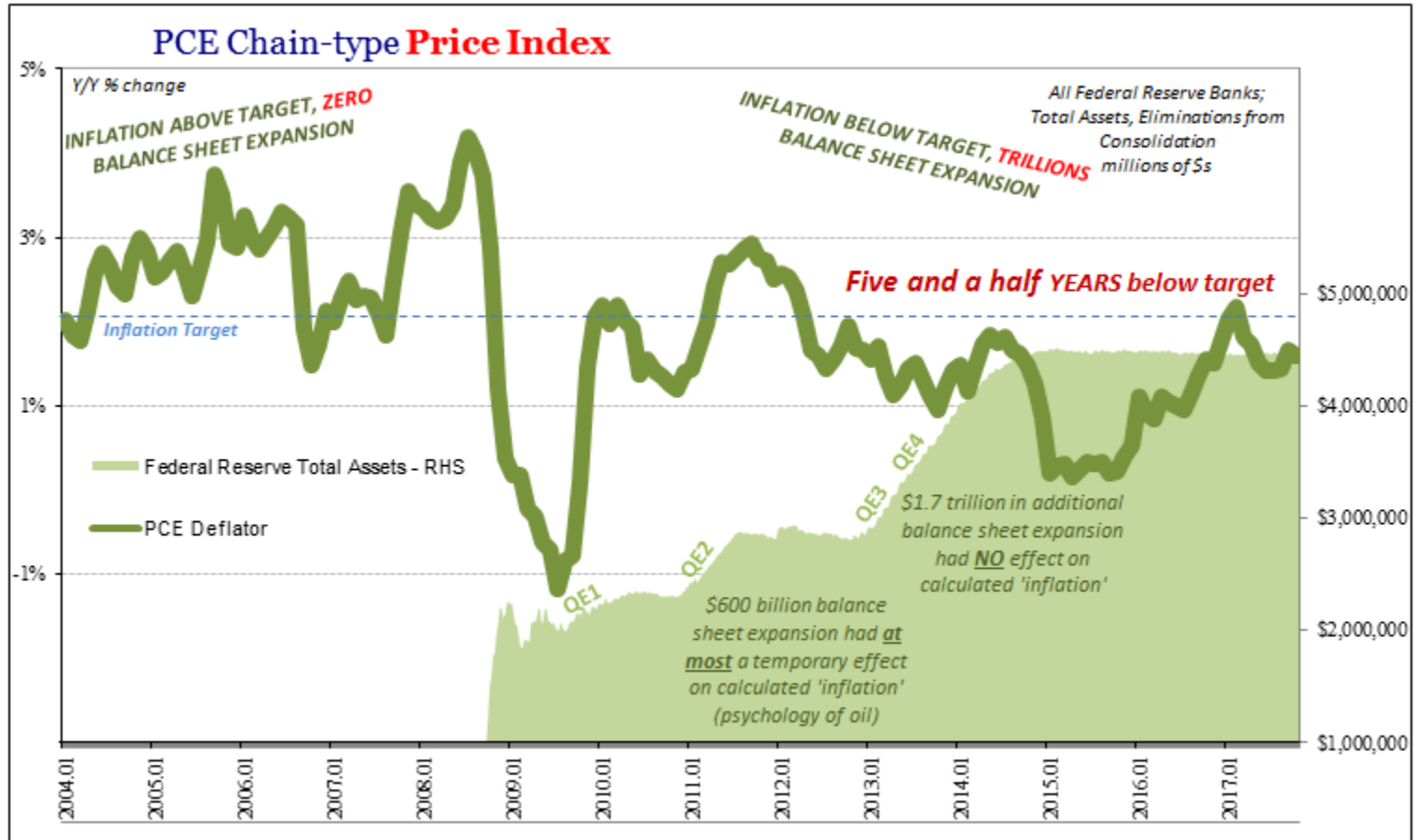
**Or is the bond market
trying tell us something
else?**

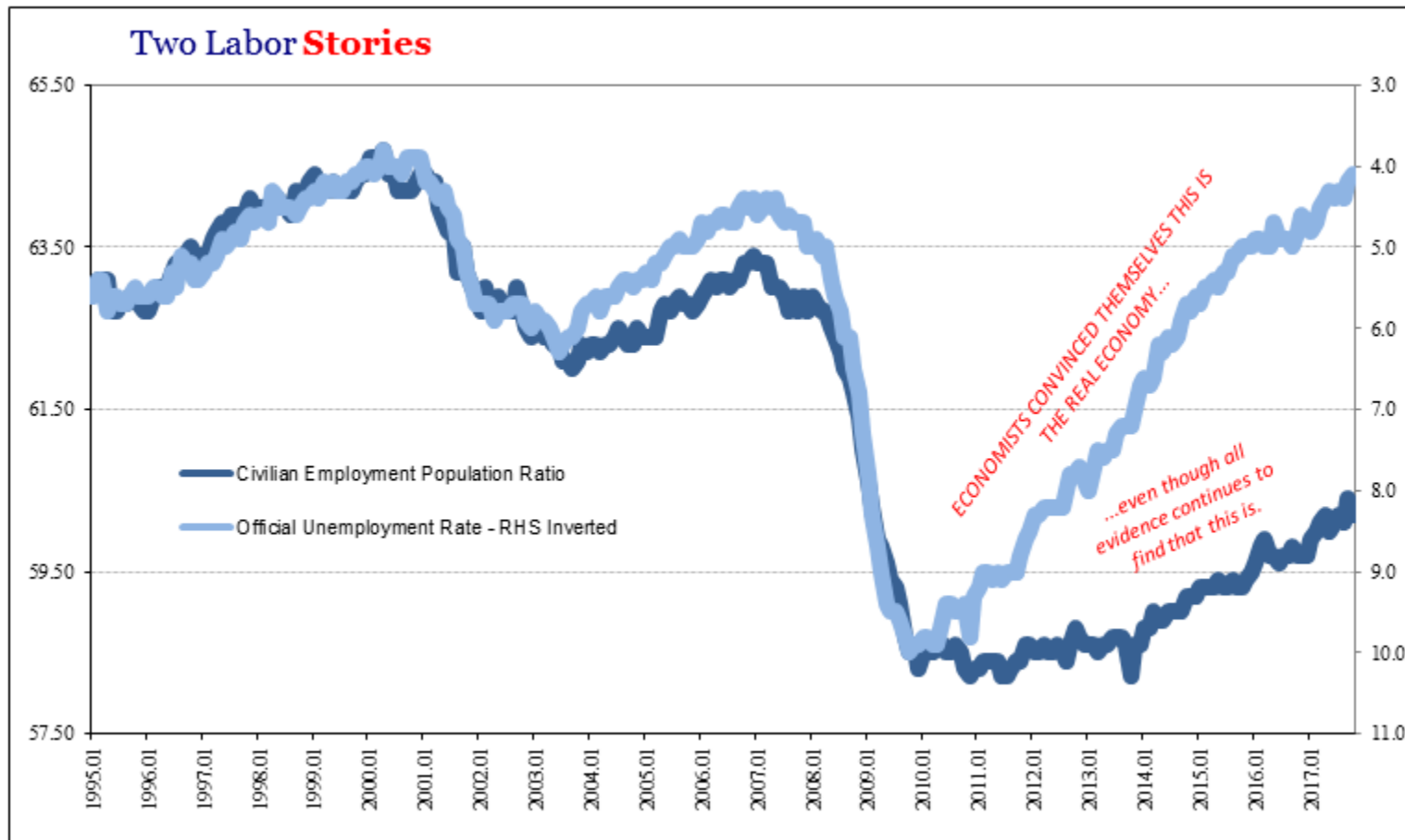


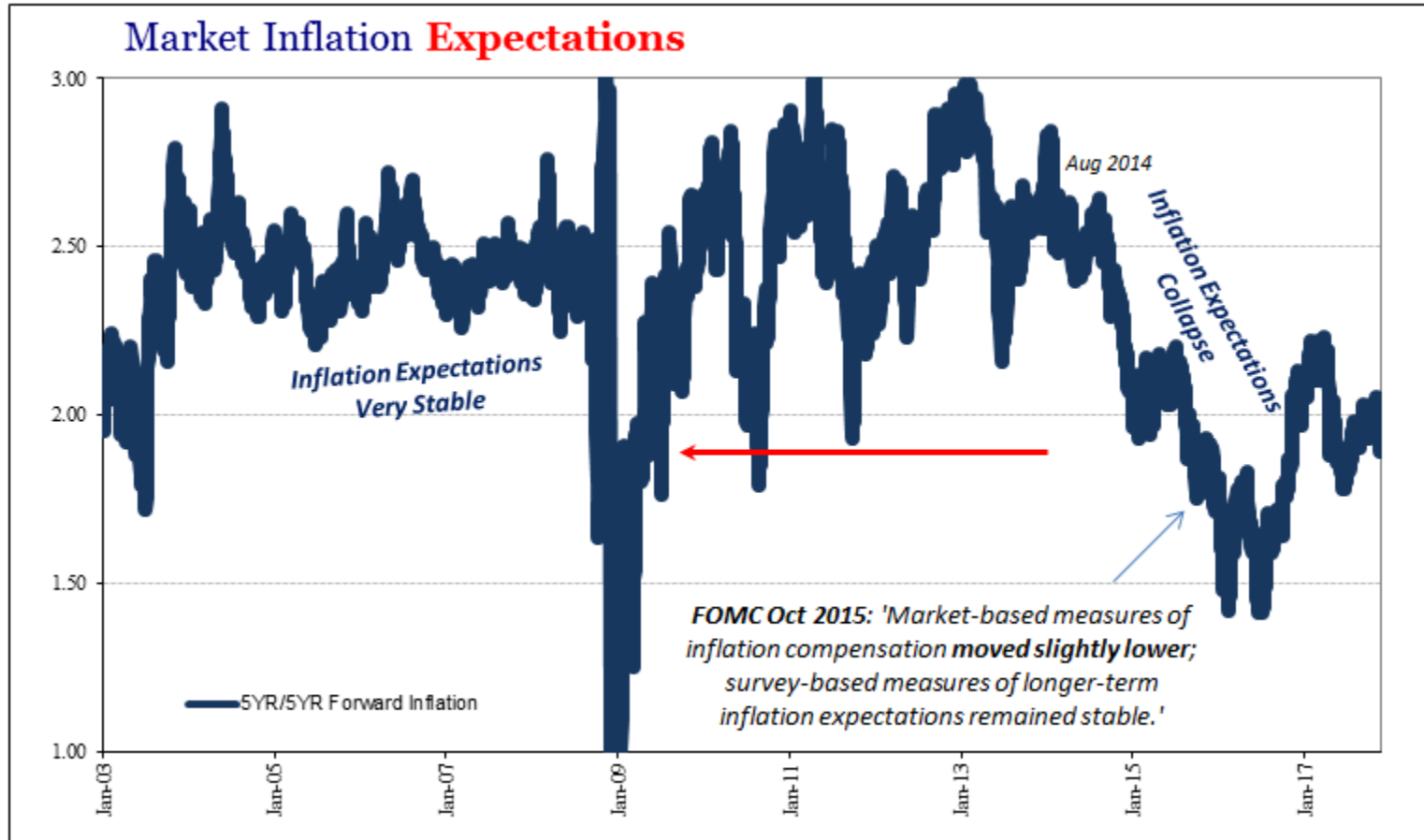
Deconstructing Rates

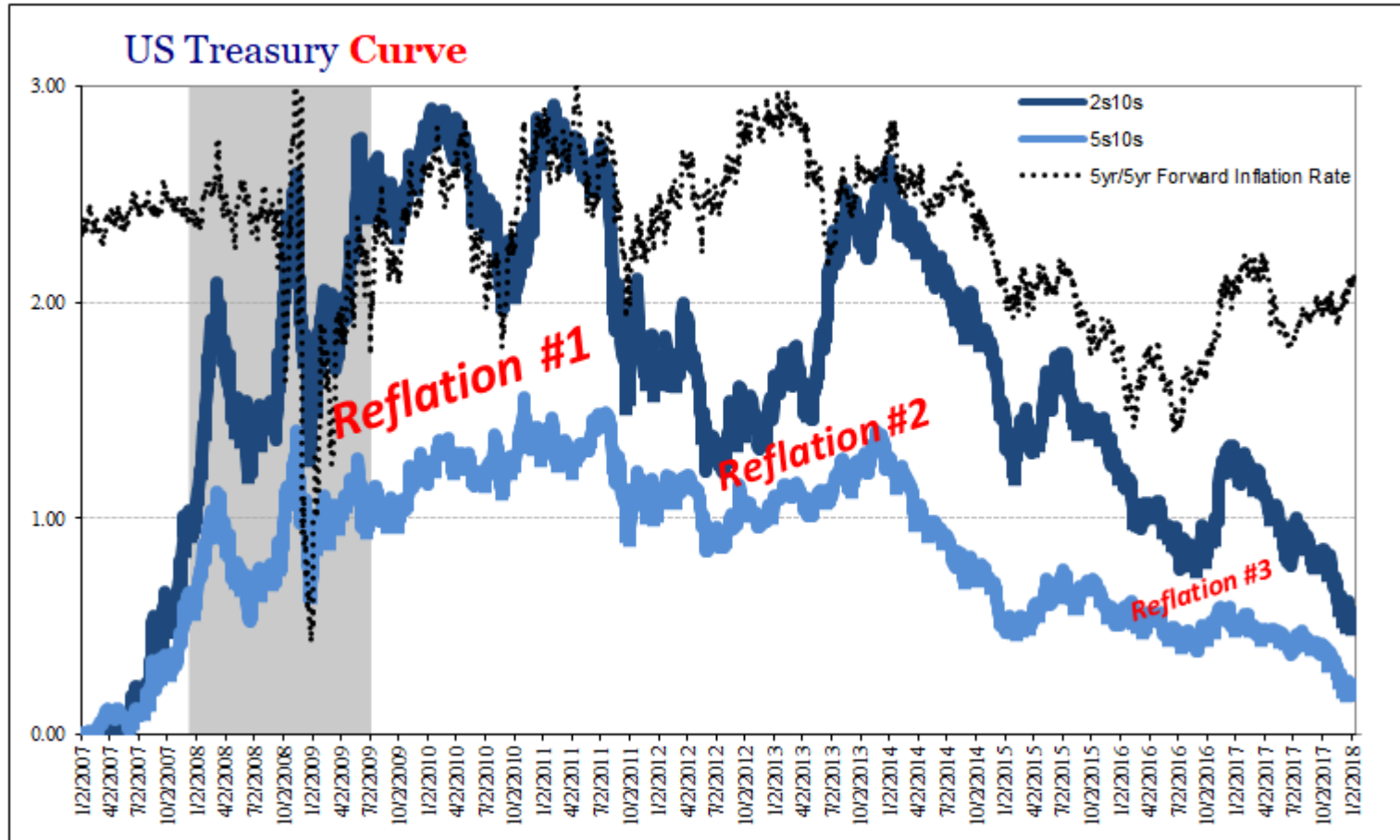
The Long End Begs to Differ About This **'Recovery'**

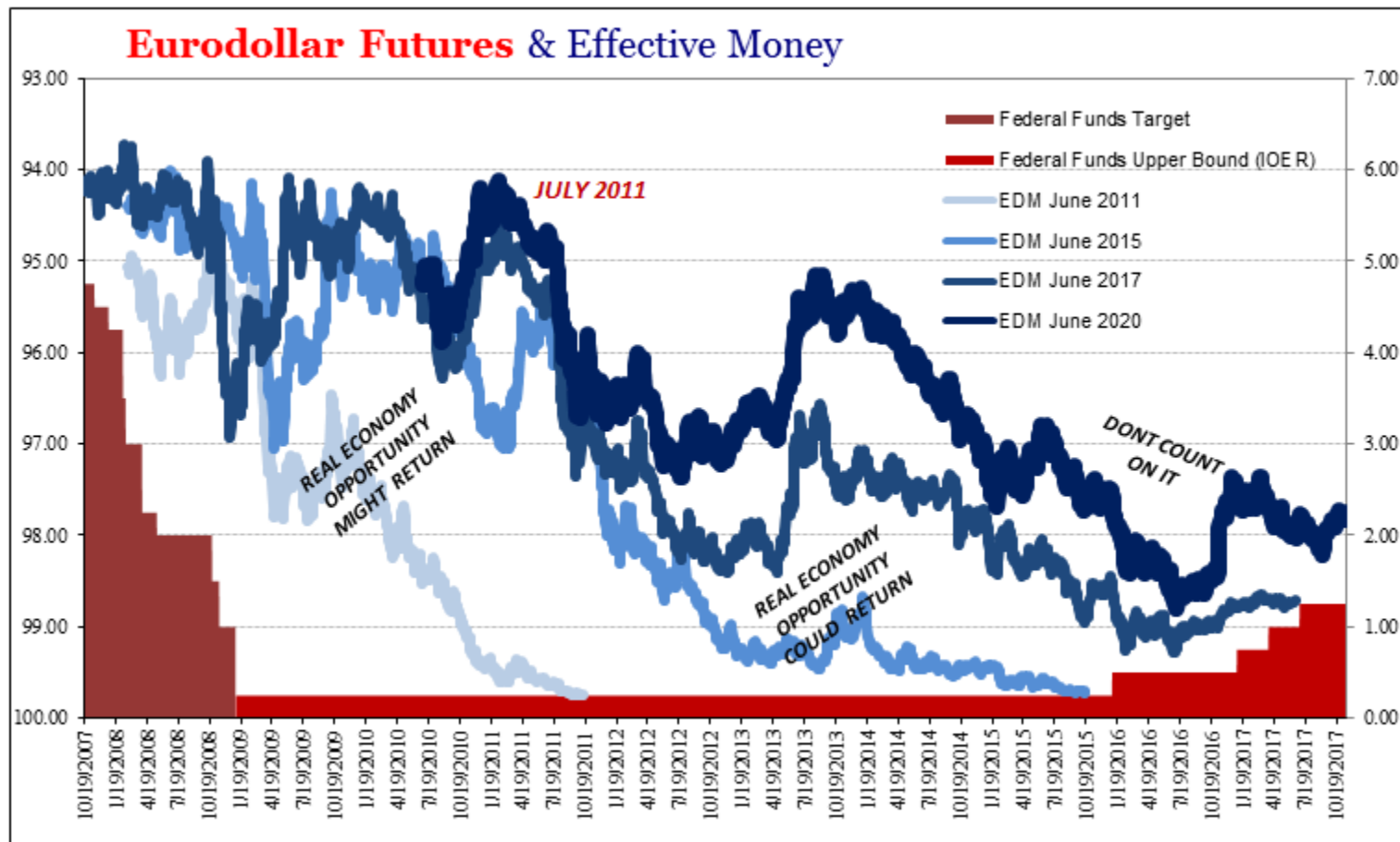


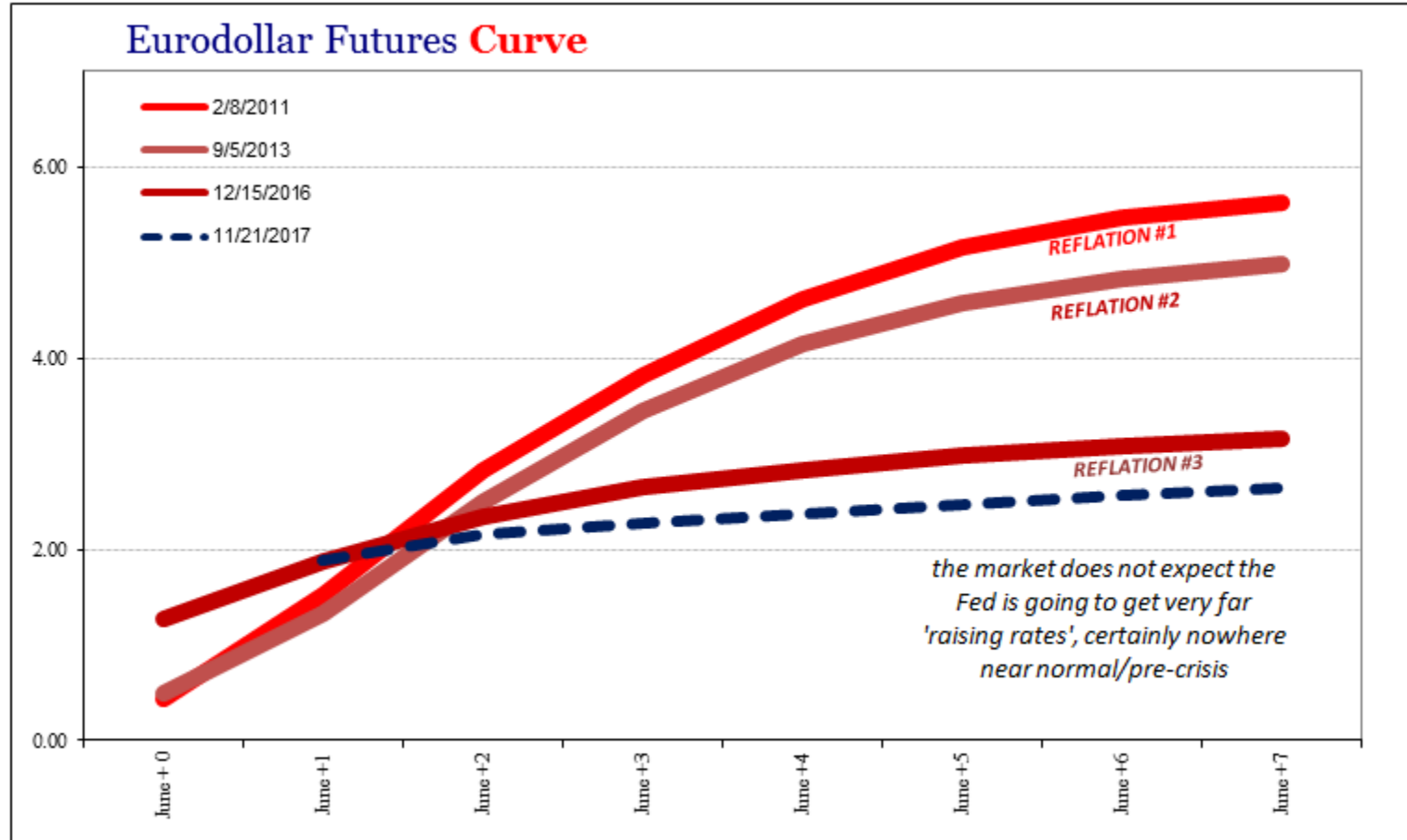




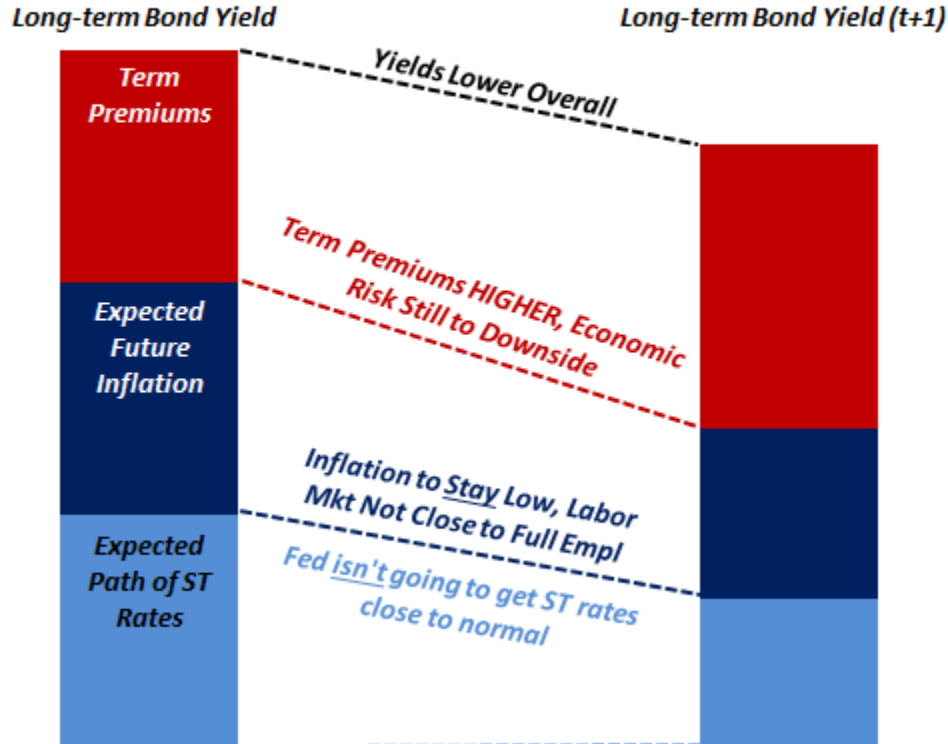








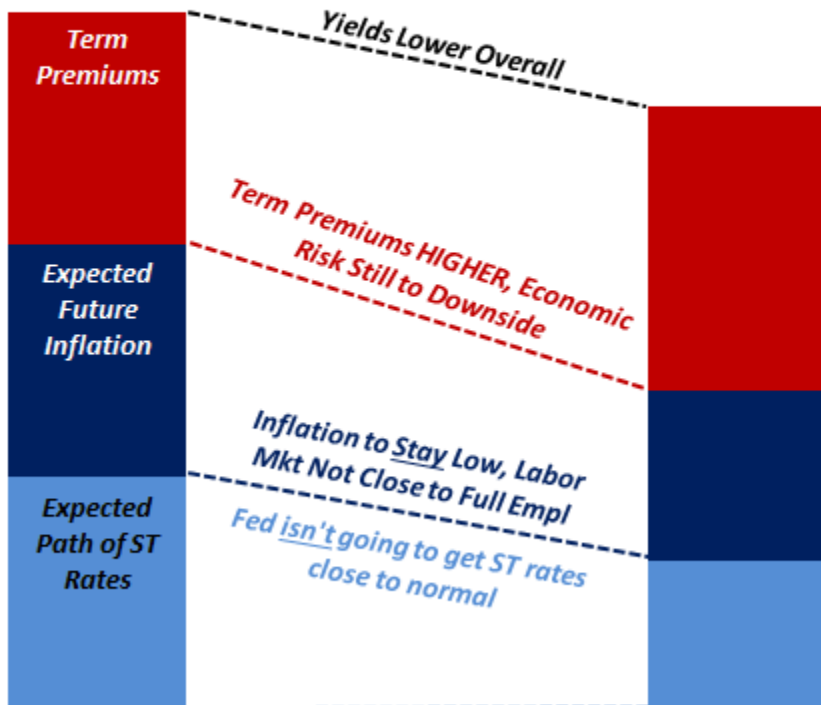
FISHERIAN DECONSTRUCTION



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Long-term Bond Yield

Long-term Bond Yield (t+1)

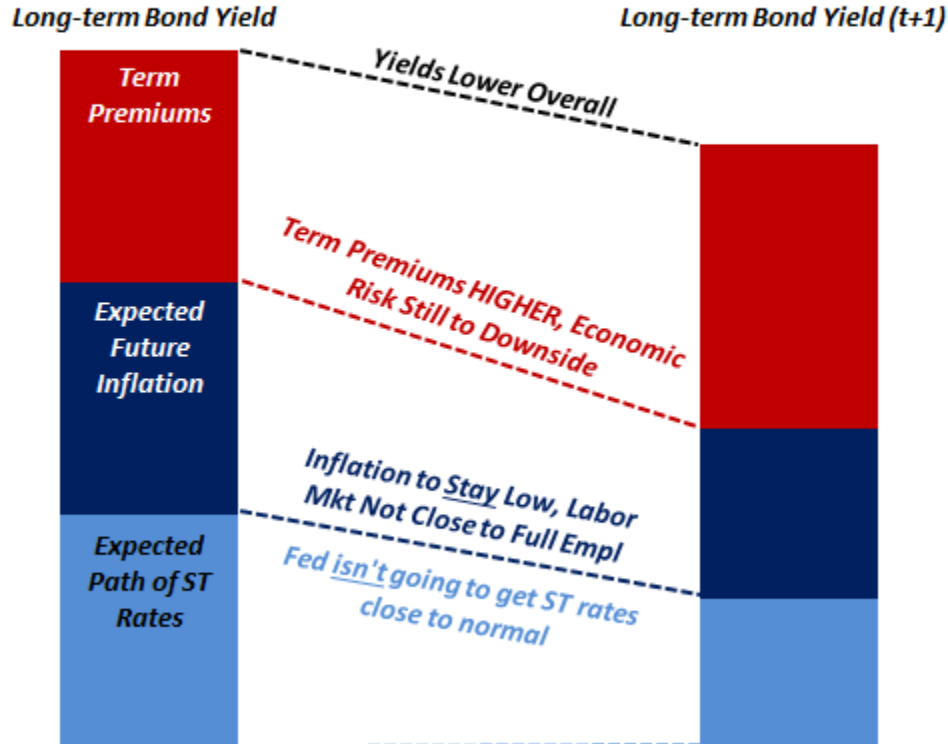


The bond market is **not** wrong, the (global) economy is not close to good, healed, or normal.

The Fed is 'raising rates' based on several crucial monetary and economic misconceptions.

They really don't know what they are doing!!

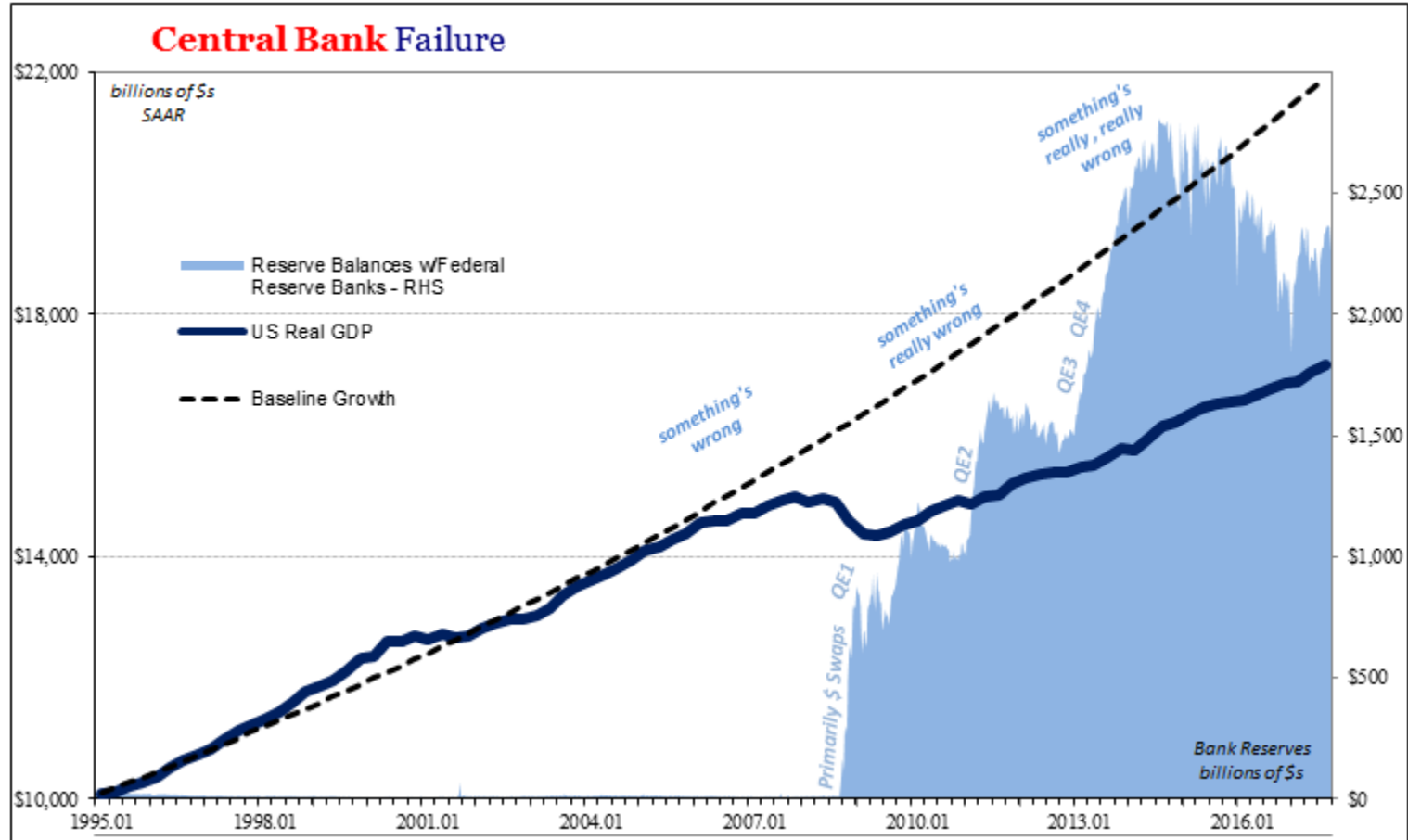
FISHERIAN DECONSTRUCTION

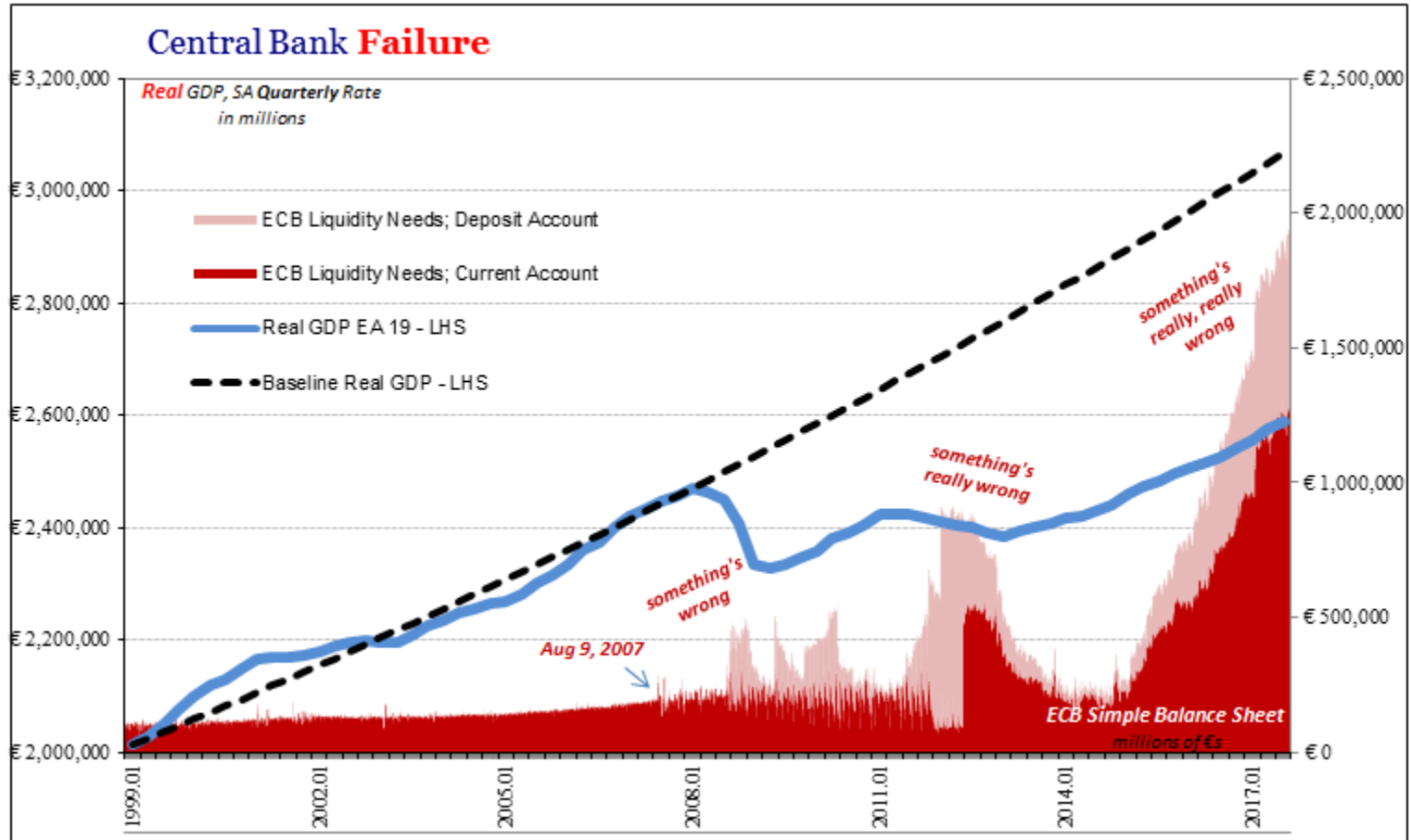


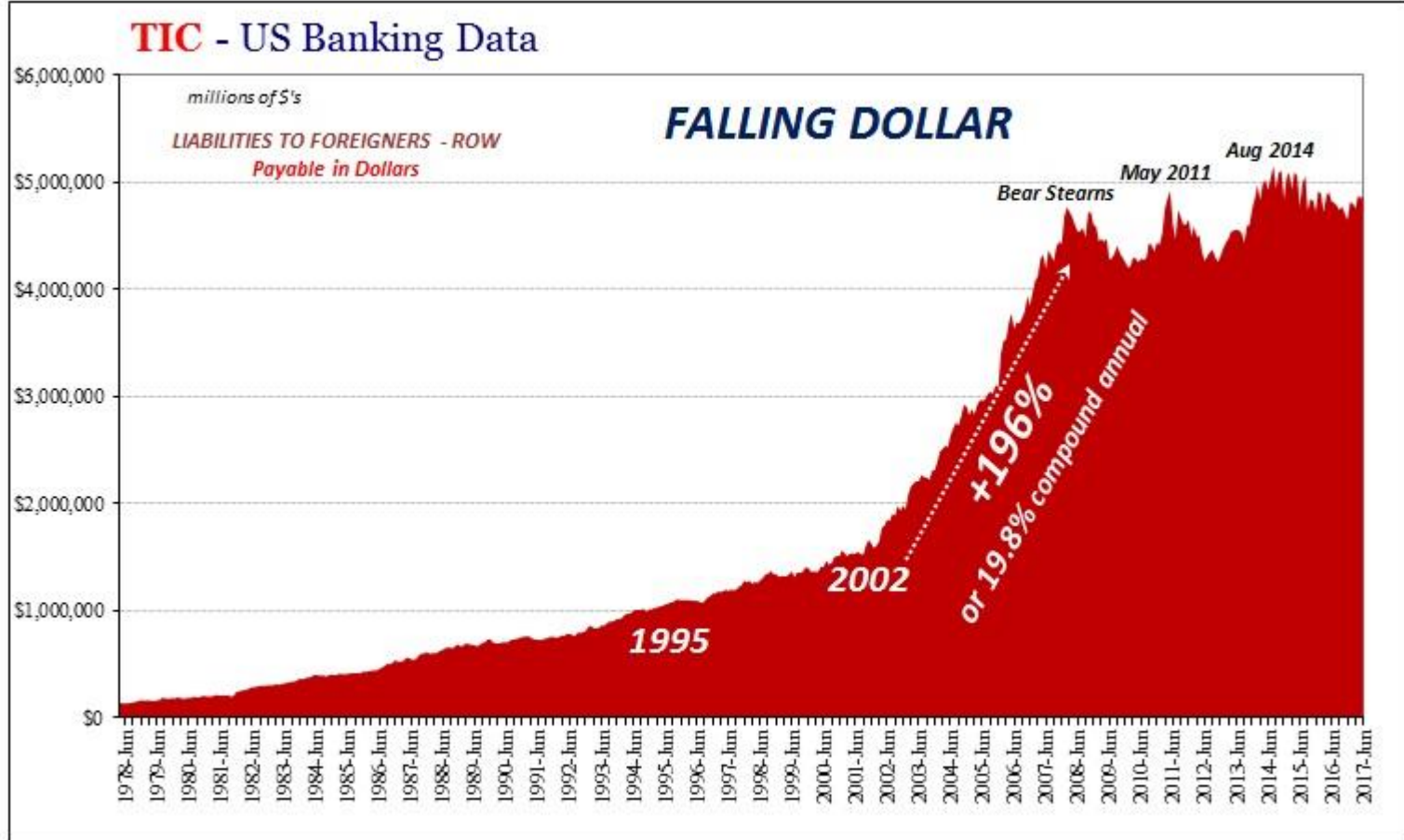
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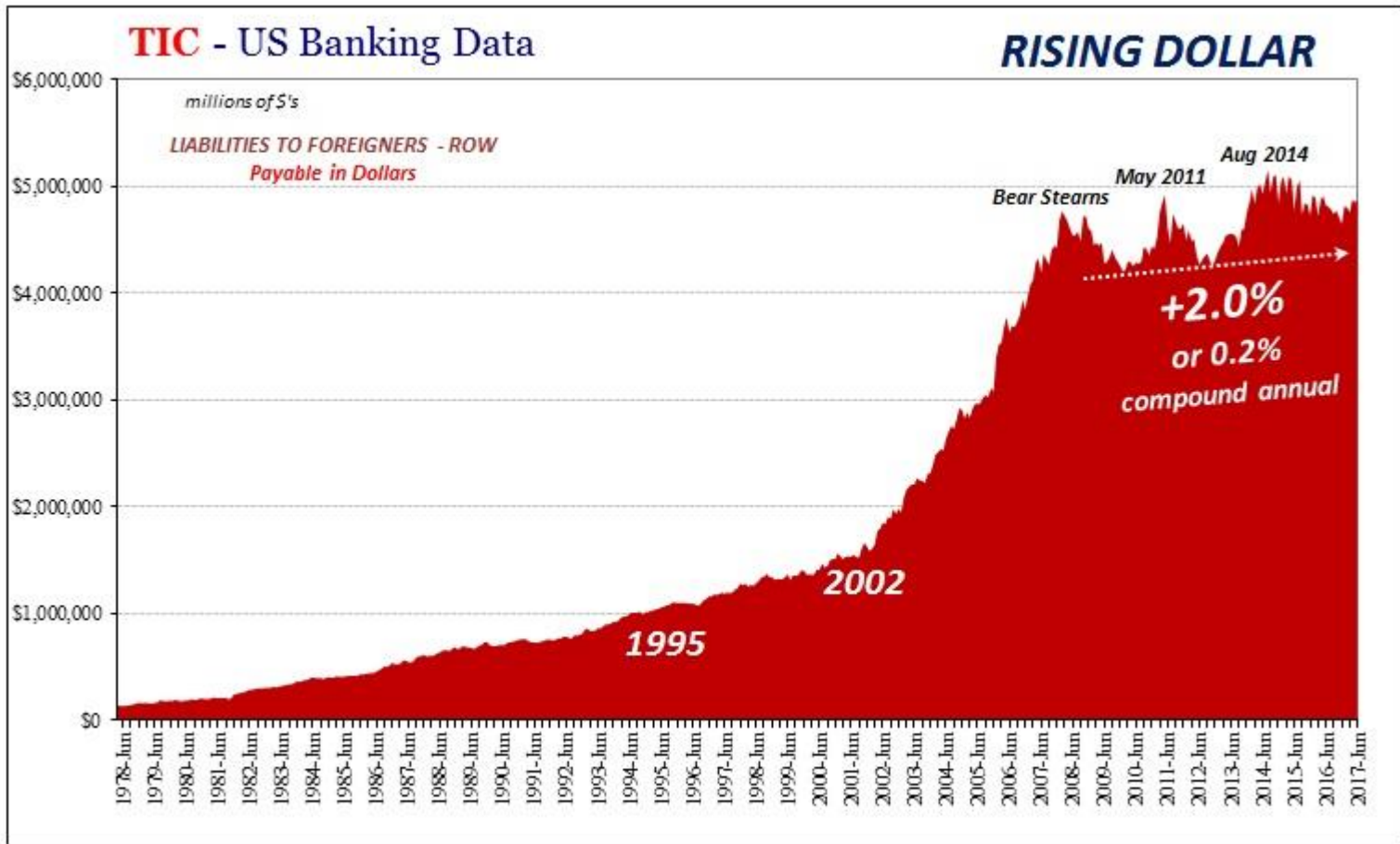
Why?

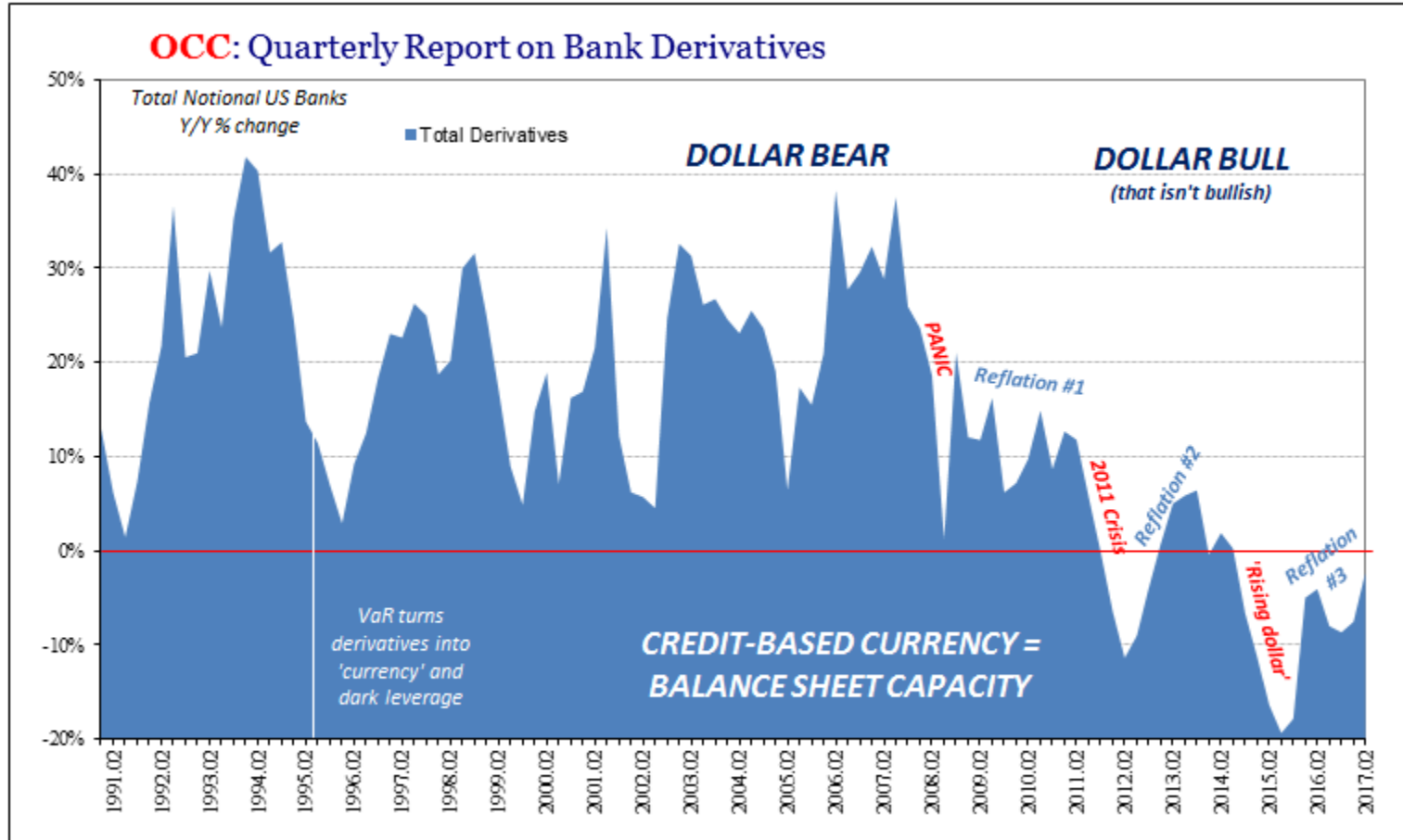
The **INTEREST RATE FALLACY**

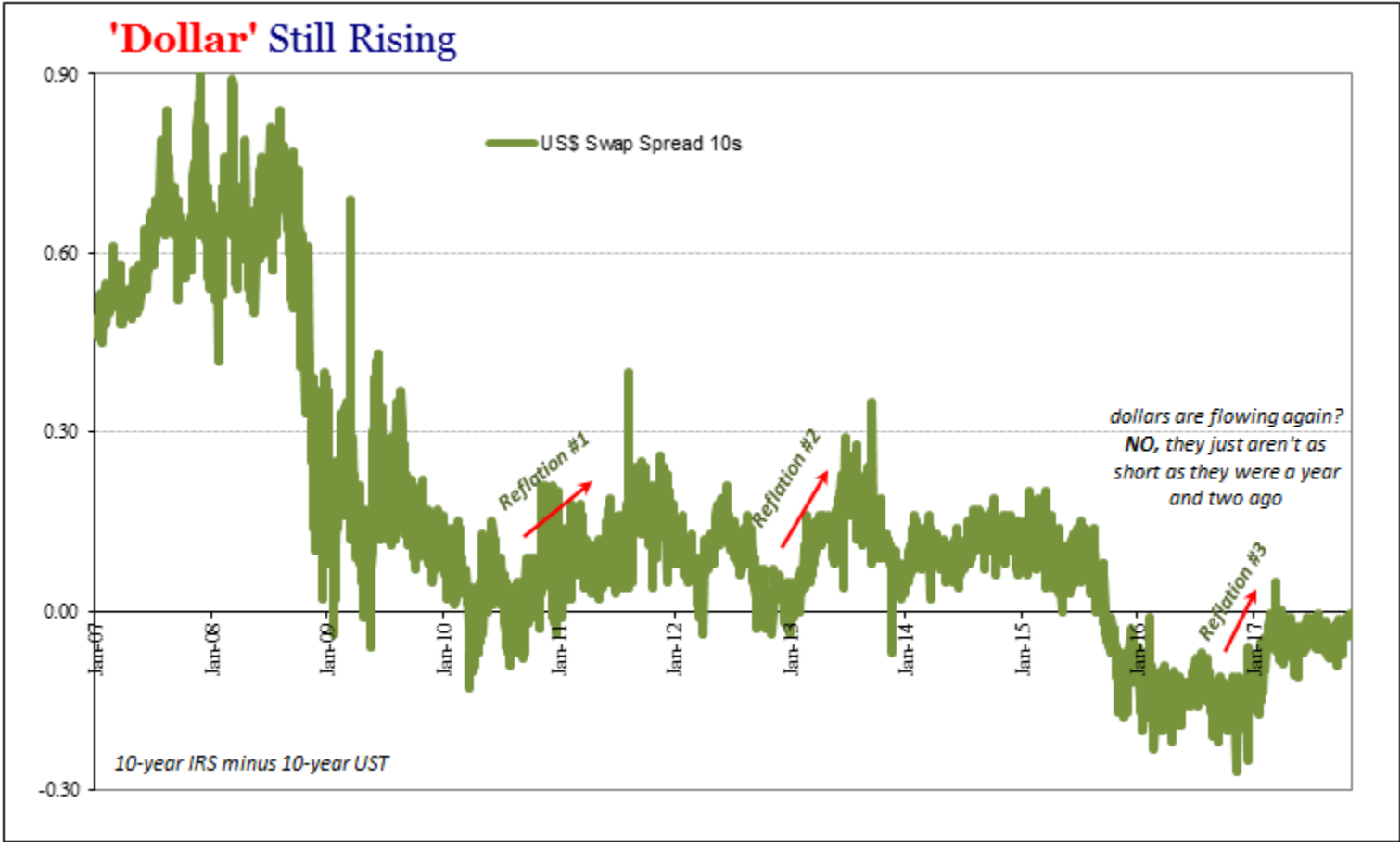


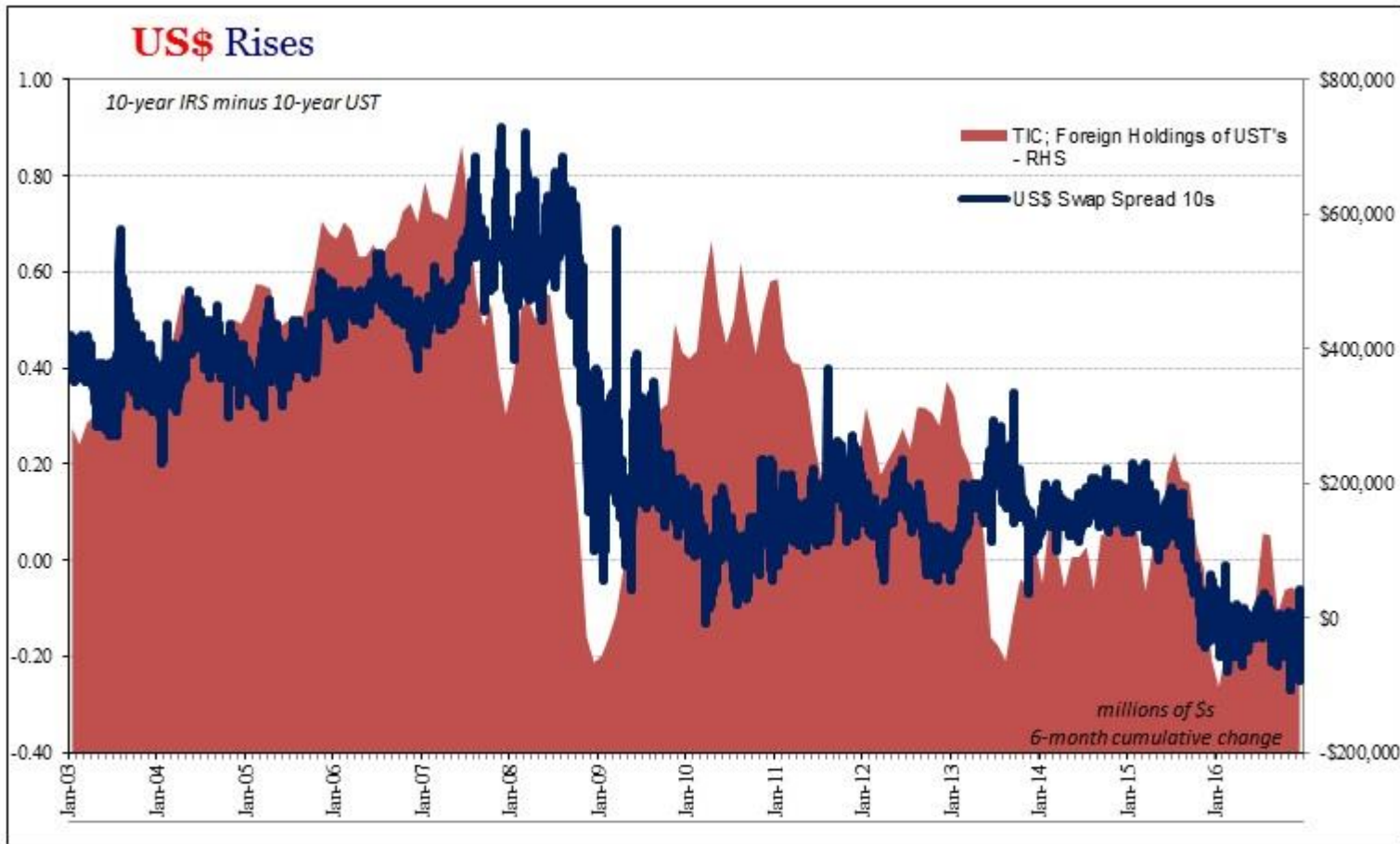


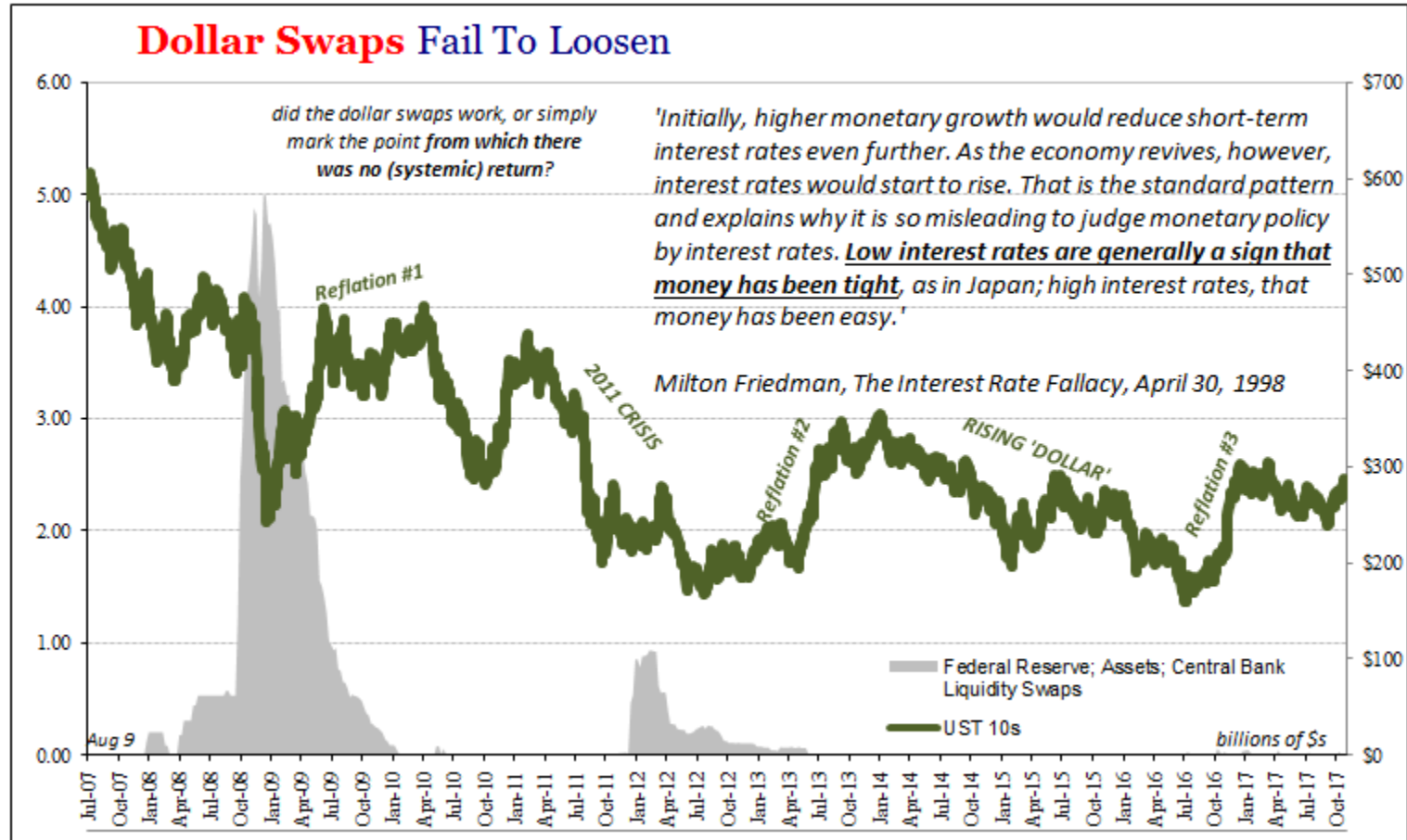


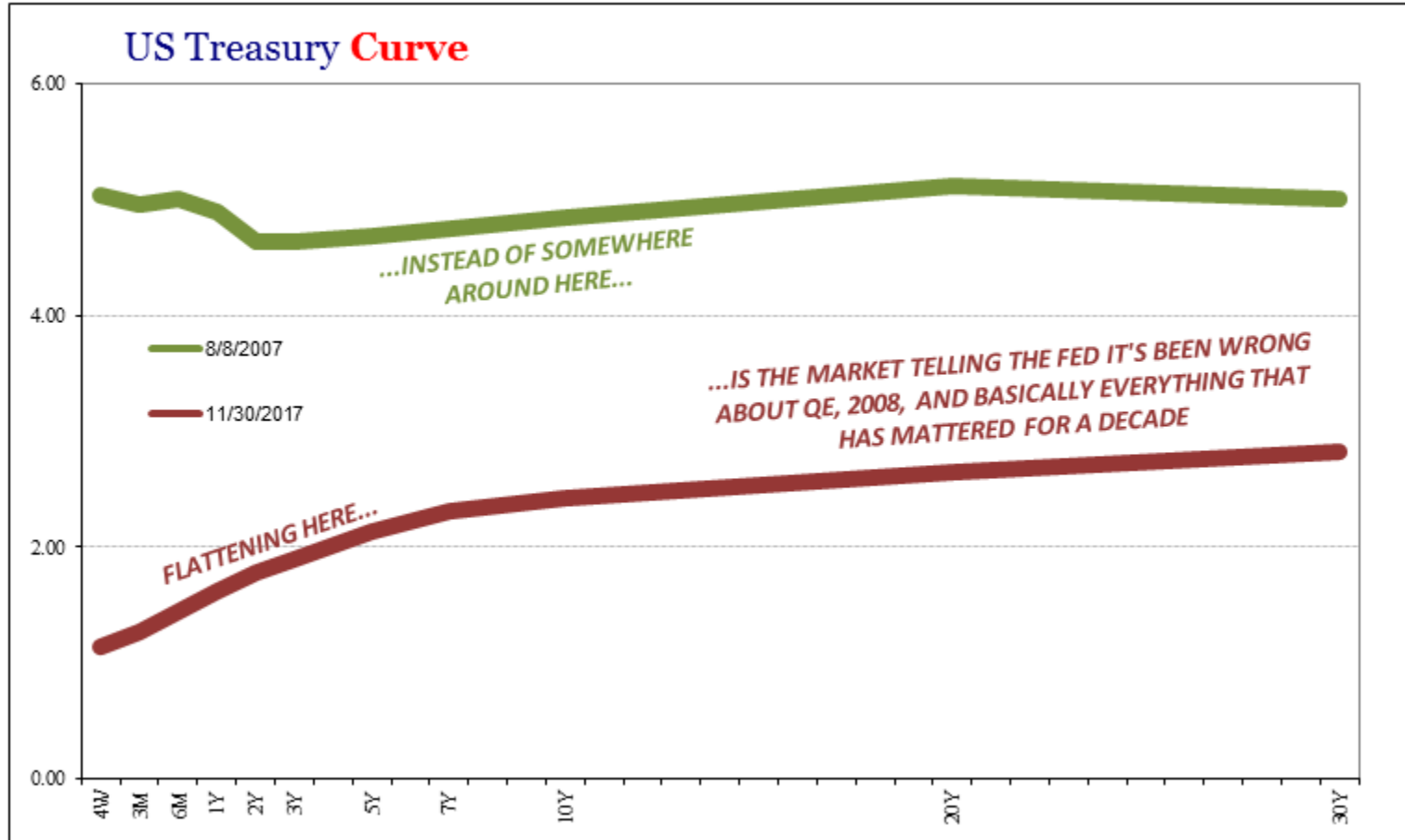












The Difference in Flat YIELD CURVE

(‘dollars’ and economy)



CONCLUDED