Nov 1, 2024

F3 ADVISORS
(614) 698-0333

Dear Investor,

If you were not previously convinced that you live in a world of fiction, an illusion all sustained by money printed out of thin air, this last quarter should do it for you.

The ‘game’ that has become the financial ‘markets’ has reached new levels of stupidity and soulessness … all funded by fiat.

Wondering why stock markets climb no matter what happens? Look no further than the activities of ***your*** Treasury Secretary, Janet Yellen:

Sources and Uses Reconciliation Table

Quarter	Announcement Date	Financing Need (1)	Financing: Marketable Borrowing (2)	Financing: All Other Sources (3)	Financing: Total (4) = (2) + (3)	Change in Cash Balance (5) = (4) - (1)	End-Of-Quarter Cash Balance (6)	Memo: SOMA Redemptions (7)
Oct - Dec	[illegible]							
[illegible] 024	Actual	483	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Apr - Jun 2024	Actual	(9)	234	(241)	(7)	3	778	(168)
Jul - Sep 2024	July 29, 2024	501	740	(167)	574	72	850	(91)
	Actual	502	762	(152)	610	108	886	(91)
	Forecast Revisions	1	22	15	37	36	36	0
Oct - Dec 2024	July 29, 2024	553	565	(162)	403	(150)	700	(75)
	October 28, 2024	580	546	(152)	394	(186)	700	(75)
	Forecast Revisions	27	(19)	10	(9)	(36)	0	0
Jan - Mar 2025	October 28, 2024	511	823	(162)	661	150	850	(75)

Source: FRB

The ‘Quarterly Refunding’ schedule published by the US Treasury reveals that Yellen will continue borrowing (issuing Treasury bonds and bills) an extra $800B or so every quarter. $3+ Trillion every year is not sustainable. What is more, it is a con, a simple fraud dressed in deliberately complex terms, and destined for failure. When people wake up, it will fail.

This week’s many key events include:

1. An election (that will almost surely not be resolved without unrest)
2. A Fed meeting
3. The wind-down to Yellen’s BTFP (Bank Term Facility Program)

Last week, Yellen announced she is concerned about fraud in the banking sector. The Bank of Lindsay Oklahoma failed, FDIC is making only 50% of ‘uninsured’ funds available.[i]

THAT IS ENOUGH.

It is time to recognize, then end the relentless stream of lies, fraud, propaganda, and graft. Yellen and the Fed fund ***all of it***. The grifters in power, not collected through simple fiat get collected by P Diddy and Jeffrey Epstein. Collected grifters have the same goal: fool (and exploit) the public. When the public connects the dots, hunker down. It may arrive this week.

Best Regards,

Mike Sullivan

Color

Let's precede the market performance detail with a look at Yellen's role in 'markets' over this last administration:

Source: TC2000

In March of 2023, Yellen bailed out the banks with nearly a Trillion dollar 'backstop'. There was rampant fraud in the banks ***then***. She rewarded it by bailing them out, on the taxpayers' back, rather then ending corruption and Fed folly by holding people accountable.

Yellen could not hold people accountable, of course, because the primary culprit was the Federal Reserve, which she previously led, so she fixed it at Treasury. She relentlessly printed fiat-money, rewarding fraud, stoked asset bubbles, and hid it in March of 2023.

At Halloween of 2023, she embarked on a mission to finance the kind of rampant debt-based spending that destroys countries. The $1T in debt the U.S. adds onto its back every 100 days has accelerated. October alone saw U.S. debt climb by $453 billion.

Yellen's actions seem to reveal her to be a total fool, a fraud, or combination of both, but her role is beyond that. It is a clear betrayal of the U.S. people. Vast sums of money go overseas to finance foreign wars. Vast sums of money go to finance what is an essentially an invasion of the United States. As guardian to the value of U.S. money, she is out of control.

Yellen at the Treasury and her cronies at the Fed financed the COVID shut-down, by simply funding the COVID bail-out that ensued. They funded the SPAC bubble, and the inflation. Their rate-hikes response to inflation collapsed the banking sector, so Yellen funded its bail-out, too.

Congress cannot spend what the Treasury and the Fed do not provide. They finance the government, thus the CDC, FDA, NIH, and Main Stream propagandists that lock you down, shame you, tell you to ostracize relatives, let grandma die alone in a nursing home, reward hospital administrators for stuffing people in Remdisvyr and intubation protocols, and then fund the relentless push for (not) 'safe and effective' vaccine mandates and even passports.

Congressional puppets removed the Debt Ceiling in 2023. Now Yellen is funding the transport of migrants across the U.S. border, into U.S. cities, and into housing and financial arrangements that U.S. citizens cannot receive themselves. Immigrants get transportation, housing and funds. Devastated residents of North Carolina and Tennesse can apply for $750 each. Those same migrants are unvetted, unvaccinated, and unaccounted for … whereas you were to be locked down, tracked, penalized and punished for non-compliance.

Some label her actions treasonous. If we want a poster child for someone in power who has damaged the country while pretending to help, look no further than the Treasury Secretary.

The sequence above, an act of God perhaps, was the real time reaction when Yellen, asked by a reporter about the future status of the US Dollar as the world's Reserve Currency, was startled by the Seal of the US Treasury instantly dropping to the floor with a loud thud. Quite symbolic, no?

Yellen's role has been played many times in history. She seems to be a collectible, a useful idiot, one who comes with a very bad ending. The only question may be when it arrives.

The END may begin this week.

The upcoming election offers Americans a chance to:

- Gut the bloated and corrupt government bureaucracies
- End the Federal Reserve and perhaps the consider the same for the IRS
- Restore the duty of 'government' to favor law-abiding, tax-paying American citizens
- Hold people who knowingly accepted bribes or extortion accountable for their deeds.

All of this sounds harsh, does it not?

Let's soften it a bit by pointing out the obvious. Bubbled to the surface, the dots that can be connected, are our weaponized justice department and courts, our Hollywood puppets, our worthless journalists and 'news' commentators, and yes, even *some* corrupt members of the military. We can soften these harsh observations by acknowledging that very many of the the people in these institutions are *not* criminal or evil at all. They're just part of a system.

People of course all tend to act in their self-interest, ourselves included. Many people in those many institutions rightfully, innocently, and with good intent just seek to earn a living while serving others. That is precisely what most are doing, these many good people. They're our neighbors, our friends and our family: *good* in their very essence.

But many, particularly at the top, have collected power and profit while ***knowingly*** doing so at the expense to or harm of others. And there are simply too many of *those* people. The quantity of money it takes to motivate them and hide their crimes is simply too large now.

That is precisely why so many charts we have published appear so insane … because they are! We have reached 'ludicrous stage'.

Welcome to your Fourth Turning.

Detail

The pump continued, unabated.

INDEX	TYPE	Q3	YTD 10/31
Standard & Poor's 500	US Based Large Stocks (500)	**5.9%**	**19.6.%**
Dow Jones Industrials	US Based Large Stocks (30)	**8.7%**	**10.8.%**
Nasdaq 100	US Based Large Stocks	**2.6%**	**18.2%**
Standard & Poor's 400	US Based Mid-Cap Stocks (400)	**6.9%**	**11.4%**
Russell 2000	US Based Small-Cap Stocks (2000)	**9.3%**	**8.4%**
Dow Jones Transports	US Based Transportation Stocks	**6.1%**	**2.2%**
Dow Jones Utilities	US Based Utility Stocks	**17.9%**	**17.6%**
EAFE International Index	International Large Cap	**7.3%**	**5.1%**
MSCI Emerging Markets	Diversified Emerging Markets	**8.7%**	**10.5%**
Commodities	Bloomberg Commodity Index	**0.7%**	**-0.6%**
10Y US Treasury Bonds	10 Y Us Treasury Bond	**5.8%**	**-2.2%**

Sources: *Bloomberg, vanguard.com, yahoo.com*

The past two quarters we asked and answered: can markets keep going higher? YES.

The economic data being released has become a running joke in the investment community, regardless of the ideological preferences of the investment manager or firm. Data releases for jobs, inflation and GDP are subject to revisions in the months following, almost exclusively revealing that the original data was not nearly as good as reported. A lot of key economic data is just full-fledged Banana Republic reporting now.

Here is a taste:

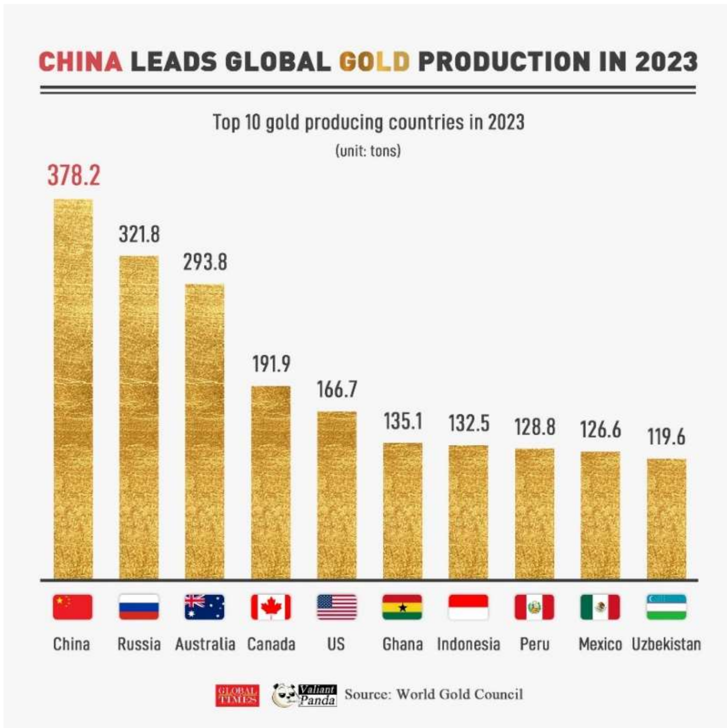
- The latest Price/Earnings ratio for the S&P 500 is at **24.2**, it ROSE from 23.5 in Q2.
    - The revenues flying into companies is real. Companies don't care whether the dollars are 'sound' or whether they were borrowed into existence at an egregious pace by Yellen.
    - The earnings are real too. They don't care if the money is debt either.
    - A reasonable historical P/E would be 18. On $241 of earnings, the S&P would be priced at 4,338, not today's 5,729 … or **-24.7%** lower. *That is our risk.*
- Commerical Real Estate continues to struggle across the country. Regional banks hold nearly 70% of CRE loans. The damage Yellen hid in the banks remains huge.
- Residential Real Estate continues to cool in more regions now, particularly Florida and Texas. The northeast continues to hold up well.
- The Fed 'cut' rates by 0.50% in September
    - Laughably, they cut rates with stocks and real estate near all-time highs
    - … while praising the strength of the economy (who can believe them?)
    - Bond yields immediately ***rose*** nearly 0.75%. The bond market appears to be telling the Fed it made yet another mistake, bonds do not believe them.
    - The Fed is trapped, and they're lying: what is driving their decisions and propaganda is simply we have too much debt with rates too high
- The ratio of the largest tech overlord companies to broad indexes is historically high.
- Business bankruptcies are surging
- Consumer debt remains high particularly underneath the Top 10% of wealth owners.
    - Delinquencies are surging as savings and stimulus has dried up.

Everything gets papered over in fiat world … you certainly can feel it.

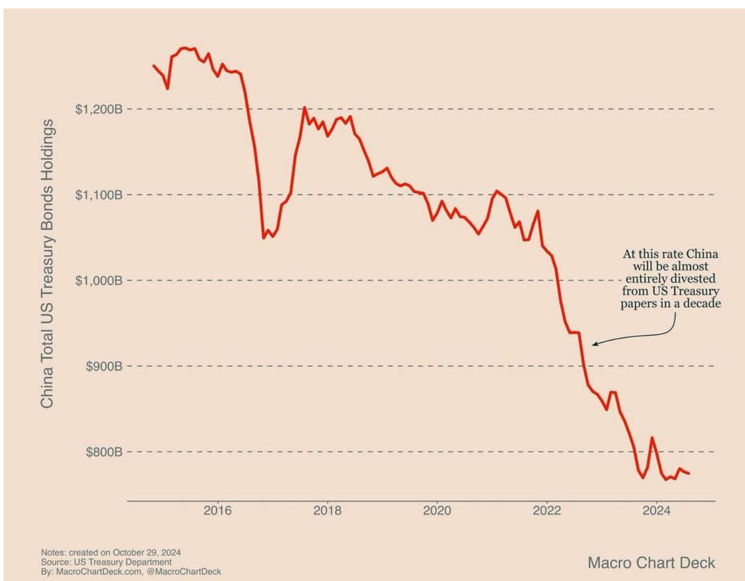
BRICS countries wrapped up meetings on October 24th, making substantial progress on their efforts to vastly reduce use of the US Dollar. That is happening. Refer back to Yellen's podium comedy where the US Treasury seal dropped to the floor at the mention of 'Reserve'.

Biden's sanctions on Russia (restricting them from using the SWIFT system to move money to conduct trade) weaponized the US Dollar, prodding its demise as the Reserve Currency of the world. BRICS is demonstrating that fact.

BRICS countries continue to produce and accumulate gold. And they trade increasing volumes on their own exchange, outside the western central bank cabal:



And they continue to dump US Treasuries, China leading the way:



Having the BRICS nations gain more power is not a good thing, despite the fact it calls out the corrupt western central bank system. China is the lead dog in tracking, monitoring, censoring and punishing people who object to loss of liberty. CBDC under BRICS is not something to cheer on.

Nonetheless, with the Debt Ceiling removed and Yellen's own visible political motives, she issues more and more Treasuries. While the Fed is no longer readily buying them up, money market funds and foreign banks like those 5% yields. Who needs China to buy her debt?!

The Fed's balance sheet was $800 Billion before they bailed out the housing bubble (that they caused along with their banks, who were not held accountable then either). The Fed books reached $9 Trillion at the end of 2021, and still resides in the $7 Trillion neighborhood.

Yellen's goosing of markets through her debt binge has created many, many distortions.

Below we note U.S. industrial companies climbing, while the price of copper (a key ingredient to any industrial activity) as measured in units of gold (real, sound money) collapses.

Source:
Mac10

Yellen has driven investor sentiment and complacency to absurd levels. The spread on high yield (junk) debt is at record lows, indicating little to no risk at all, ignoring the collapse in commercial real estate, student loan debt, auto loan debt, and credit card debt.

Source: Mac10

So …we ride into a pivotal election, one that potentially threatens (welcome, Ron Paul) the very existence of Yellen and her Fed cronies, along with the wars and government bloat she finances. We have a Fed meeting seeking more and more rate cuts … all while the bond market is telling them they already made a mistake with their 0.50% cut in September. A 'pause' in November would be the prudent thing … and it would be expected if Yellen had not already nefariously pounded the U.S. balance sheet into smithereens with her pre-election, invasion-financing, war-financing, actions. The Yellen/Fed gang is pretty close to trapped.

It is seriously hard to imagine a bigger hack of a Treasury Secretary.

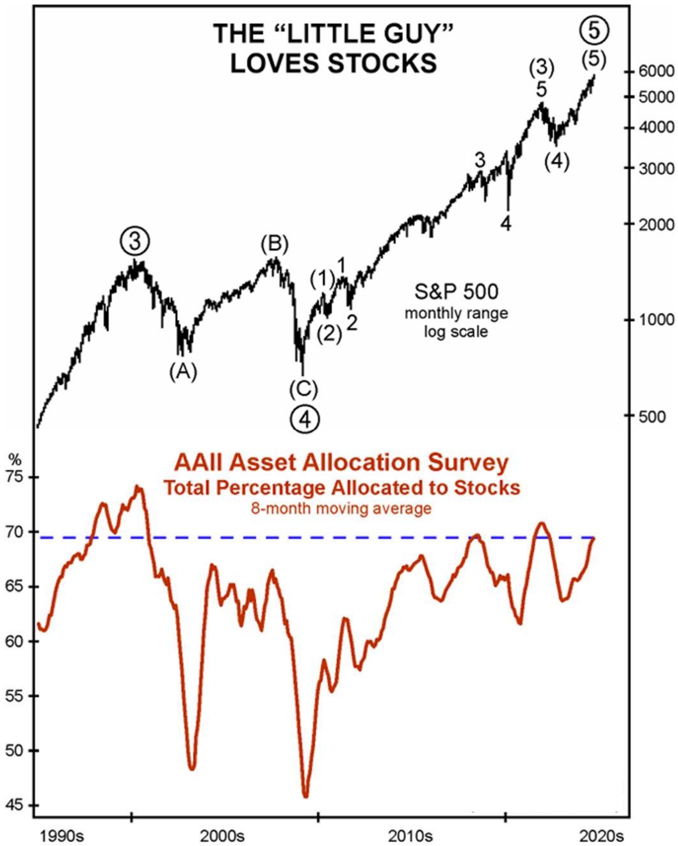
A Harris victory will almost surely leave Yellen entrenched, perpetuate the last four years of war and illegal immigrant spending, keep the false economic reporting intact, and leave inflation in a punitive position for Americans. That may happen.

A Trump victory would launch some serious contradictory forces: promises of tax cuts and removal of taxes from overtime pay, social security, tips and auto loans that would be stimulative (and also explode the deficit) offset by an Elon Musk 'government efficiency' exercise that purges 20% to 40% of the out of control Federal parasitic bureaucracies. That would reduce expenses, but a lot of paychecks and payroll taxes would disappear.

The concept of using tariffs in place of income taxes has landed on the table. It may be viable, but not without certain turmoil. Elimination of the Federal Reserve's abuses is in our view a sound long-term move to benefit mankind, but we would expect great volatility in any such transition. The entire parasitic global central bank system would surely shiver and shake. We are a long way from that gaining any traction.

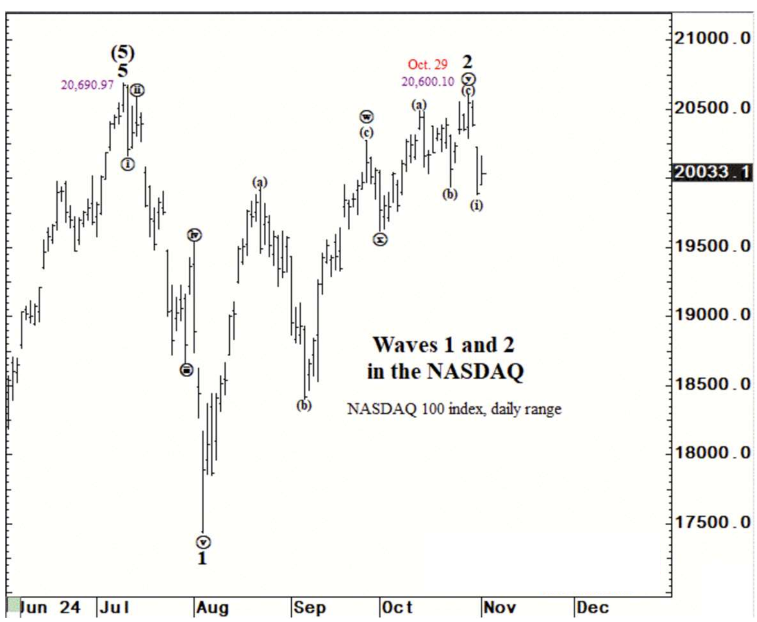
Let's have a look on the next page at some key market indices going into this wild week:

The S&P 500 is poised for a top … whether we get one here or not remains to be seen. Retail investors are poised for another 'bag-holder' episode:



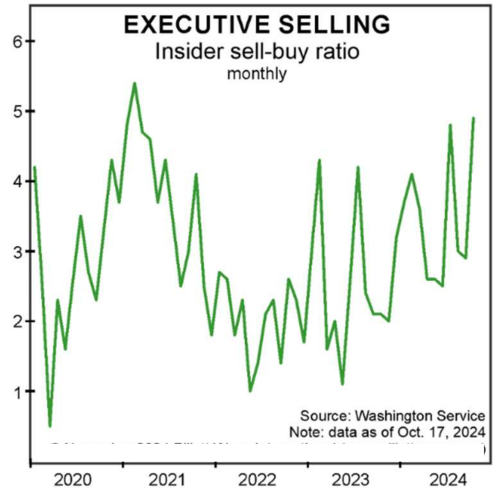
Source:
Elliott Wave

The Nasdaq is positioned similarly:



Source:
Elliott Wave

While executives are selling at levels last passed at the prior high reached in early 2021. They sold all year then, particularly into November when the Fed embarked on a reduction of its pace of money printing. We all remember how 2022 went: S&P 500 **-18%**, Bonds **-18%**



Source:
Elliott Wave

Varisty investor Warren Buffett had accumulated $325 Billion in cash, $228 Billion of which is held in US Treasuries. Notable sales include Apple and Bank of America. We wonder if he has spoken with Yellen who just recently puzzled 'there is a fraud problem with banks'.

The Insider Selling chart leaves room for further rise into 2025, which has been the trend over the past three elections. It hasn't mattered which candidate held office as long as Yellen was there to debauch our currency.

So … vote, monitor the outcome (we don't really expect it to be either clean or quick), be mindful of the positioning of the indices and the high valuation of the P/E ratio at these levels. Then … act accordingly with the approach that let's you sleep best at night.

The only question we have as investors is whether we can be nimble enough to ride any further inflationary impulse, then side-step in a well-timed manner the reckoning that inevitably awaits.

Call us at (614) 698-0333 (FFF) if we can be of assistance!

[i] https://www.bankingdive.com/news/oklahoma-first-national-bank-lindsay-fail-seize-occ-fdic-insured-deposits/730445/