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The following is part of *Pivotal Events* that was published for our subscribers July 27, 2017.

"Is the stock market up when it should be?"

Signs of The Times

"Yellen: I'm Strongly Opposed to Audit The Fed"

– Bloomberg, July 12.

"The European Union is:
7.2% of the world's population.
23.8% of the world's GDP.
58% of the world's welfare spending."

– Mises Institute, July 15.

"Much of recent global warming has been fabricated by climate scientists to make it look more frightening."

– James Delingpole, July 9.

"Greenland set a new all-time record July cold record, where the mercury plummeted to -33 C."

– No Tricks Zone, July 9.

"Record Cold Sweeps Southern Hemisphere—Huge Crop Losses"

– SOT.net, July 21.

"Tesla's Honk Kong Sales Collapse after Tax Incentives Cancelled"

– Motor 1, July 11.

"The risk of deflation has been removed from the Eurozone, according to ECB."

– Seeking Alpha, July 19.

"Summer Takes a Vacation with Near-Record Chill"

– CBS Boston, July 24.

Perspective

The political numbers for Europe are startling. With 23% of the world's GDP, it foots the bill for 58% of the world's welfare spending. Clearly not a system designed for sound economic calculation. In 1848, Bastiat observed: "The state is the great fictitious entity by which everyone seeks to live at the expense of everyone else." Politically motivated bullies seem compelled to keep trying to justify the distortions. Why?

And then there are continuing reports of record cold weather and snowfalls in both hemispheres in the same month. Quite likely this is unusual and the combination could be part of a trend change in climate. Weather reports of highs in both hemispheres would suggest that the old warming trend is still on.

On the nearer-term, it strongly suggests that the 2016 El Nino warming weather event is over. The Solar Minimum continues. None of this is being reported by the MSM, which suggests there could be some cold-weather surprises when the Northern Hemisphere tilts into winter.

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Stock Markets

Is the market up when it should be? Yes. On the last Springboard Buy in April we had a target for speculative excesses to be reached at "around June".

Are there signs of speculation? Technical indicators have reached excesses only seen near major stock market peaks.

How sound is the fundamental story? The Trump "reformation" will significantly improve the economy. Which while "in the market" is not yet in place. But it brought the public in. Ironically, central bankers continue to add equities to their reserves.

As the ChartWorks noted a couple of weeks ago, the slide in the dollar is materially helping on the recent advance. In turn, this has been exciting London and European stock markets.

Along with the probability of a speculative thrust into early summer, was that the NY market would also make a thrust into September.

Other support has been likely from industrial commodities being firm into August. It adds up to new highs for the senior indexes as well as confirmation of the bull market with the Transports making new highs a week ago. This was also the case in July 2007.

This is similar to the patterns in 2007. In which case, the action in the credit markets is critical. In this regard, there is no need to limit the examples. Bull markets become overdone and become vulnerable to changes in the curve and spreads. And at extremes, there is no evidence of the senior central bank preventing the reversal.

Currencies and Commodities

Our June 28th Pivot concluded that the decline in the DX could continue to the 93 to 92 level, with the Weekly RSI close to 30.

Yesterday's low was 93.1 and the RSI was down to 28, which is the most oversold on this measure since April 2011. This suggests that the worst of the decline is in the market. Yesterday's ChartWorks outlined the pattern that would conclude that the bottom is in.

Of interest, is that the dismal low of 72.70 in 2011 was accompanied by a rare signal from our Momentum Peak Forecaster. This had been calling for a speculative thrust in commodities to blow out in that fateful spring. Base and precious metals were the hottest items and we called for a cyclical bear market for both. In that bear markets for industrial commodities had accompanied recessions, we called for a recession. Which did not happen. The bear market did!

Last week, we noted that the Canadian dollar had reached resistance, which was also our target, at 80 and that the Weekly RSI was approaching the momentum reached in 2011. The high has been 80.6 yesterday and the RSI reached 72, which is the most overbought since November 2007.

Tuesday's ChartWorks noted technical excesses for the Canadian.

The combination of excesses in both currencies is setting up a reversal, which could be associated with the end of this rally in industrial commodities. Our case has been that the latter would be firm into August.

The reversal could occur by late in the month or early in September. It could be profound.

Link to July 28, 2017 Bob Hoye interview on TalkDigitalNetwork.com:

http://www.howestreet.com/2017/07/28/gold-silver-ratio-volatility/

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Listen to the Bob Hoye Podcast every Friday afternoon at TalkDigitalNetwork.com

Note the failure of the Nikkei and STOXX to confirm the new highs in the S&P