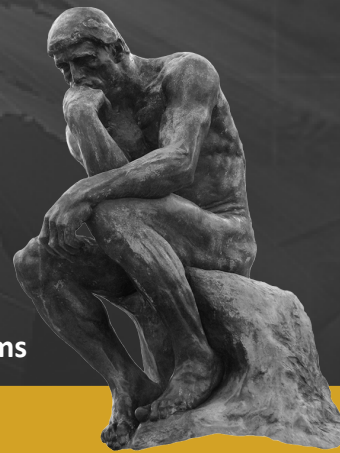


THINGS THAT MAKE YOU GO
Hmmm...

A walk around the fringes of finance

By Grant Williams



To learn more about Grant's new investment newsletter,
Bull's Eye Investor, [Click here »](#)

23 OCTOBER 2012

The Price Is... Wrong

Investor: in·ves·tor (noun) someone who allocates capital with the expectation of a financial return.

“Compound interest is the eighth wonder of the world. He who understands it, earns it... he who doesn't... pays it.”

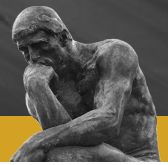
— Albert Einstein (attributed)

“Price is what you pay. Value is what you get.”

— Warren Buffett

“Every once in a while, the market does something so stupid it takes your breath away.”

— Jim Cramer



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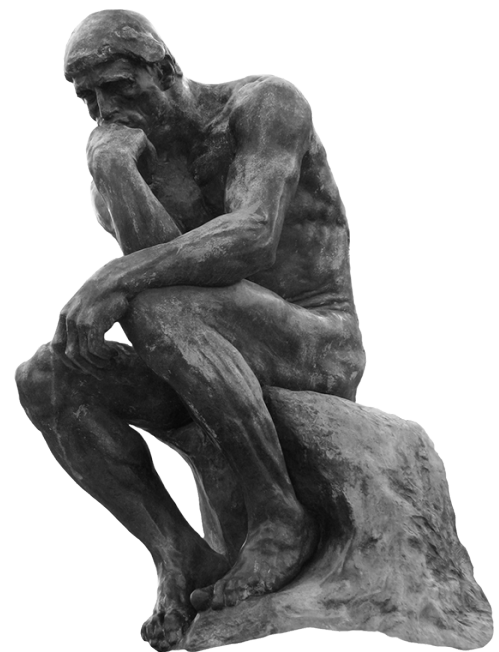
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Things That Make You Go *Hmmm...*

In a recent edition of *Things That Make You Go Hmmm.....*, I wrote about the real-life game of *Jeopardy* that the world is—or rather, the political leaders of the world are—playing, and during my trip this past week to Sydney, during which I gave a speech at the Mines & Money conference, I got to thinking about another gameshow of my youth that seems to have made something of a comeback.

As a kid, my Saturday nights used to echo to the cry of "Come On Dowwwwn!" squawked by Britain's answer to Bob Barker—an ageing former child star named Leslie Crowther—to eager Brits crammed into fold-down seats in a sparkly TV studio near the banks of the River Thames in a place called Teddington, which was just far enough west of London to not be considered "West London."



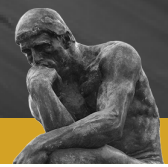
Crowther at this time was past his sell-by date, I am afraid (a fact evidenced by the thick black-rimmed glasses he used to place on his nose in order to read the questions and answers from the cards he held in one hand and his impossibly black hair that simply never moved).

The show had been imported into Britain—as were most gameshows at the time—from the United States but there was always something just a little bit... well, "British" about it.

For a start, the excitement always seemed just a little forced. Nobody does unbridled enthusiasm like the audience of an American gameshow, and nowhere will one find stiff upper-lipped reservation like one finds amongst a group of Brits. When the need for the former was made the responsibility of the latter, the result was guaranteed to be somewhere in the vicinity of "embarrassing." And so it proved to be.

Now, for those of you out there who somehow haven't been lucky enough to be exposed to *The Price Is Right* at some point in time, I will briefly explain the rules.

A series of contestants were plucked from the crowd when Crowther shouted their name—an event that sent them careening down the stairs as the audience went "wild" as only Brits can—and were then made to estimate the value of an item (or group of items) described to them in breathless terms by an unseen voiceover man as attractive ladies clad in attire that, whilst designed to scream "elegance," in actual fact placed them just the right side of "stripper," waved and pointed at the items being described in case the audience were unable to pick the toaster oven out of a line-up that also included a spin dryer and a lawn mower.



Whoever got closest to the value of the items up for grabs **WITHOUT GOING OVER** won the goodies and moved on to an individual round wherein they played a game of some description that gave them a chance to win some random white goods, which were, once again, elegantly displayed by those attractive ladies. These games had names like "3-in-a-Row," "Safecracker," "The Penny Drops," and "Switcheroo." Win that game and you moved on to what was dramatically called the "Showcase Showdown."

This was the show's grand finish and where the big prizes were to be won. In the USA, this meant a speedboat, a car, and a holiday in a far-flung, sun-kissed exotic destination. In the UK, however, there were laws restricting the size of prizes awarded by game shows (how very British) and so the "lucky" winners invariably ended up spending a week on a narrowboat in the Norfolk Broads and returned home to some new double-glazing.

Once again, the two remaining contestants were asked to estimate the correct value of their particular "Showcase" **WITHOUT GOING OVER**, and the contestant closest to the true value won all the goodies on display. Cue broad beam from Crowther, a perfunctory hug and a forced smile from the attractive lady, and roll credits.

My speech this past week (which was, incidentally, the same speech I gave in Newfoundland a fortnight ago) dealt with twin bubbles in government bonds and gold, highlighting the current dramatic mispricing of one as well as the likely dramatic *future* mispricing of the other, and it was that speech—along with a chance encounter with a Sydney Airport valet parking sign—that inspired this week's missive.

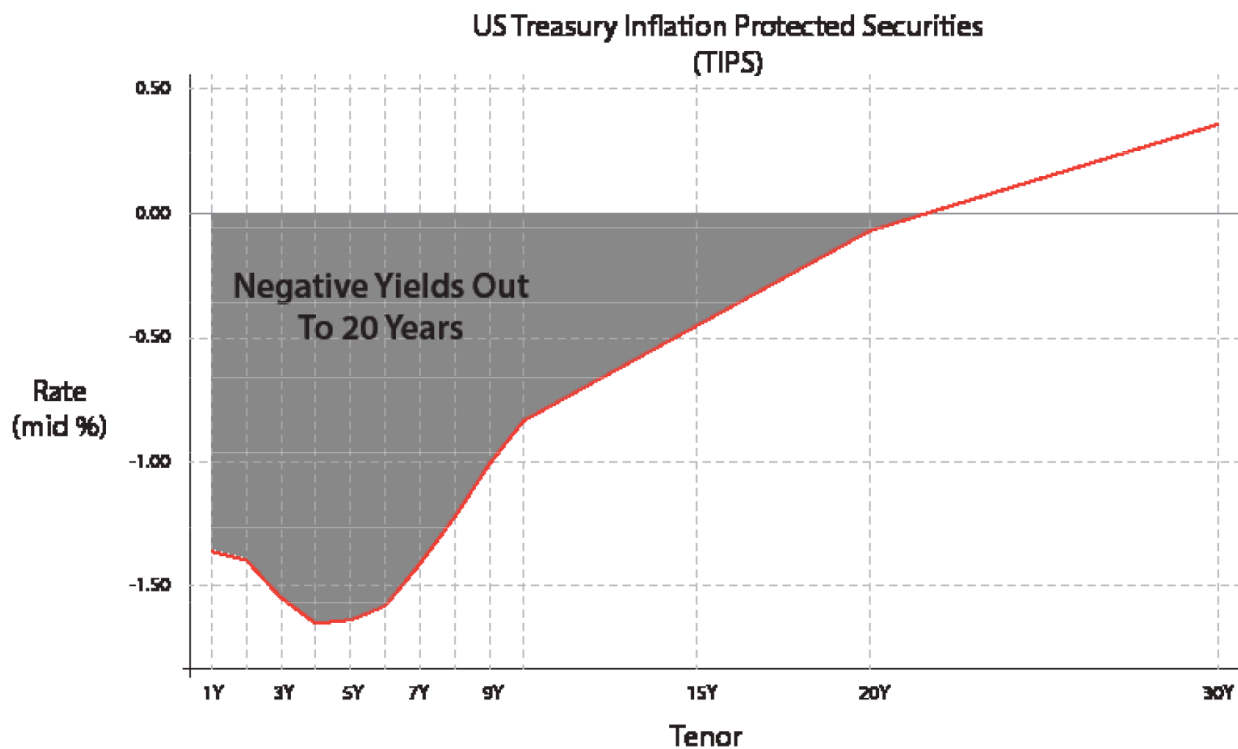
(For any amongst you just dying to find out which bubble is which, I have included a link to a recording of my presentation on the videos page (32) at the end of this week's Things That Make You Go Hmmm...)

During the presentation, I pointed out a few prices that are a long way from being "right," but that the investing public seems willfully blind to; one of them was the US TIPS (Treasury Inflation Protected Securities) curve and the returns that it offers to investors looking to avoid having their savings confiscated through inflation.

As you can see from the chart below, the United States TIPS curve is negative out to 20 years, and yet "investors" are still piling money into an asset that is clearly way overvalued. They are guaranteeing themselves a negative return for the best part of a generation because they are worried about generating *any* kind of return. That is most definitely the aim of the Federal Reserve's ZIRP—drive savers farther out along the risk curve than they would ordinarily dare to edge in search of some kind of a return—but their policy ensures that, were this just one big game of *The Price Is Right*, contestants would have no chance of being able to correctly guess many of the prices in the world around them today.



Prices everywhere have been completely skewed by government intervention the world over. So much so that there is frequently no way to ascertain the correct price of many everyday commodities (and in that, I include financial commodities such as stocks and bonds).

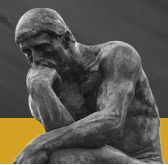


Source: Bloomberg/TTMYGH

I sat on a panel at Mines & Money in Sydney, and a gentleman in the audience asked me a very pertinent question that highlighted the major problem facing savers and investors. I shall paraphrase him here as the question was a little longer, but essentially he was asking this:

"How do I, as an investor, correctly assess the risk of a given investment in the current market environment? How do I invest my money when traditional valuation metrics no longer seem to be effective?"

Luckily, I have no need to paraphrase my answer:



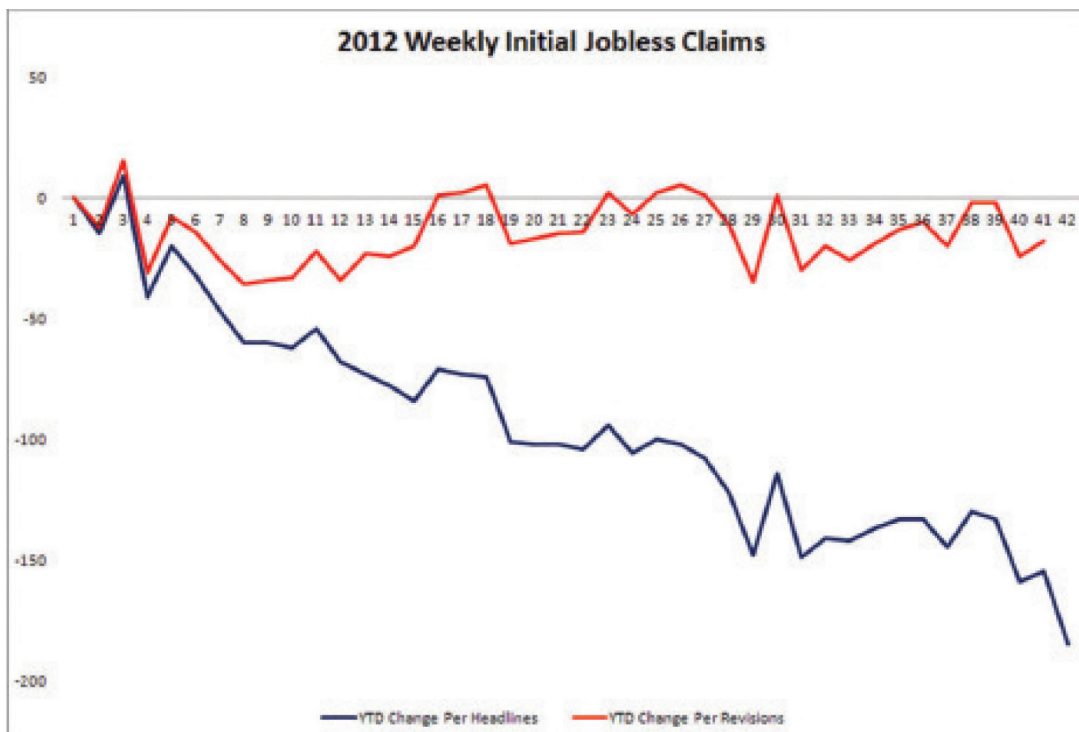
You can't, because the market is broken. Every day, we sit in the boardroom at Vulpes in Singapore and try to figure out where and how to invest the partners' capital, and every day it gets harder and harder to do. Equity markets have thinned out to the point of emaciation. There is no volume going through in which to trade, and the interference in all markets (particularly those of sovereign debt) is so heinous as to hinder any form of price discovery. The trickle-down effect of this intervention on commodities and real assets is only just beginning as investors are finally coming to understand that what they must do is protect their wealth from confiscation by governments.

What are equally unpalatable are the clearly manipulated figures that are released by government agencies.

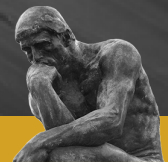
Case in point, the weekly initial US jobless claims—the latest of which showed a drop to 339,000 to, conveniently enough 30-odd days before an election and the very day of a presidential debate, its lowest level for four years.

The delightfully named "Political Woman" takes up the story:

The weekly initial jobless claims dropped to 339,000, the lowest in four years. ZeroHedge reports that, "ironically, not even the Labor Department is defending it: it said that 'one large state didn't report some quarterly figures.'"



Source: Zerohedge



Last week, we had 25 broad-based economists who avidly follow the U-3 Unemployment Rate, predicting the U-3 coming in at 8% lowest. Instead, we were given a pre-election rate of 7.8%, while the U-6 rate, which counts everyone unemployed, under-employed, discouraged/stopped looking, remained at 14.7%. Jack Welch, roundly criticized for his viral tweet about the numbers, said in a recent Wall Street Journal article,

But I'm not sorry for the heated debate that ensued. I'm not the first person to question government numbers, and hopefully I won't be the last. Take, for example, one of my chief critics in this go-round, Austan Goolsbee, former chairman of the Obama administration's Council of Economic Advisers. Back in 2003, Mr. Goolsbee himself, commenting on a Bush-era unemployment figure, wrote in a New York Times op-ed: "the government has cooked the books."

I worked and lived abroad for three years in Moscow, Russia, during the early '90s, just as the former Soviet Union was wrenching itself out of the 70+ year quagmire of Communism. Through my experience, I worked with govt. representatives, bankers, other expats, Russian business people trying out capitalism, everyday shop owners, etc. And what was the one prevalent underlying theme: no one trusted their government. The statistics merited laughter, the pronouncements met with shrugs, their newspapers, Pravda and Tass, were good for coffee grounds. People were living and seeing the truth through their own daily lives.

So America, any of this starting to sound familiar?

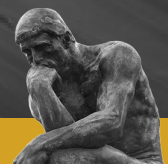
The post-revision number clearly demonstrates just how **false** unreliable the initial numbers (which grab ALL the headlines) are while the quiet revisions in subsequent months come and go with little fanfare.

The mispricing of assets as a result of the misrepresentation of data and the misdirection of political leaders that results from a misunderstanding of the severity of the problems facing them have all combined to make it nigh-on impossible to work out what the "right" price is for anything.

Take, for example, Swiss government bonds.

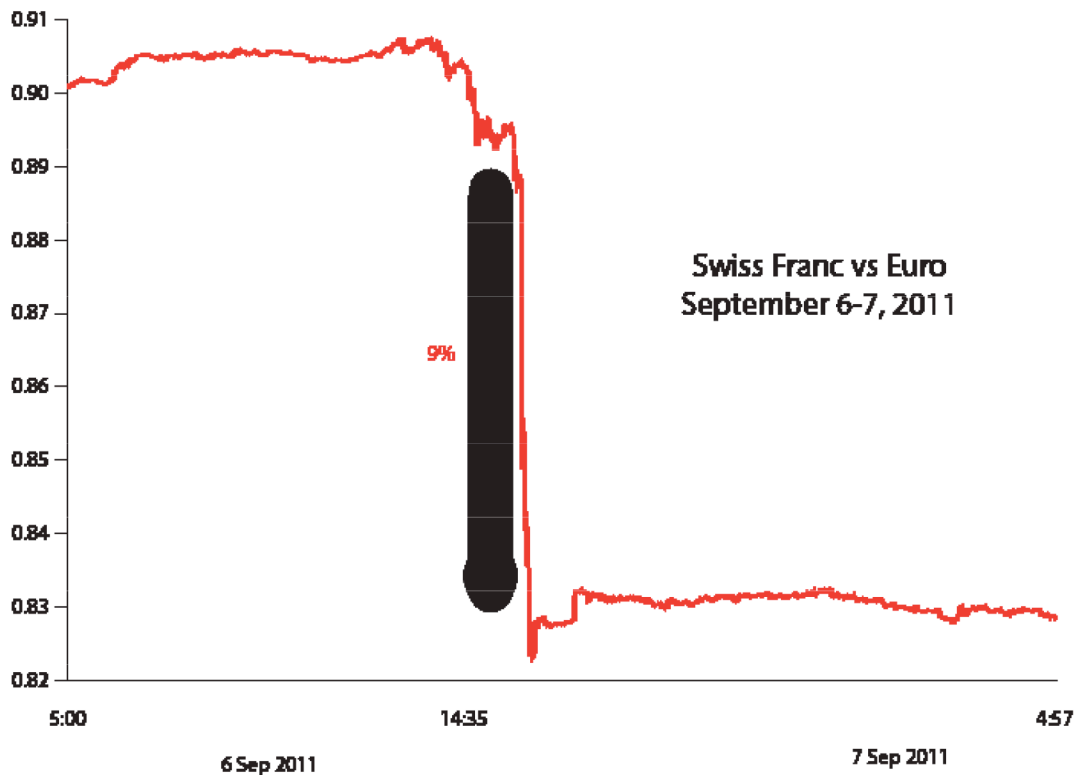
On September 6, 2011, the Swiss National Bank announced that it was pegging the Swiss franc to the euro in an attempt to ~~devalue their currency~~ "protect its economy from the European debt crisis." The SNB pledged to print "unlimited" amounts of currency in order to achieve that aim. No obfuscation. No flowery language. Just a simple, unequivocal statement.

In one of the largest intraday currency moves of all time (certainly amongst major currencies), the franc fell over 9% in about 15 minutes (an annualized move of roughly 352,000%, in case you care).

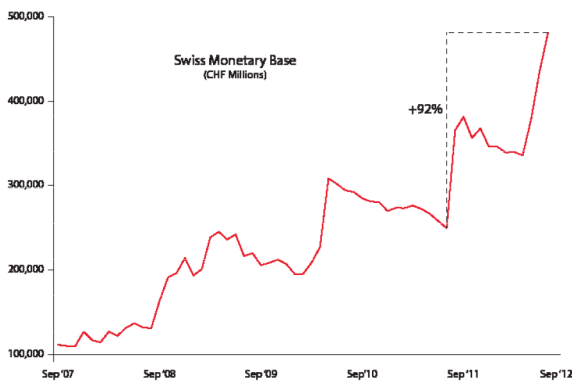


(UK Guardian): The SNB pledged to enforce a "substantial and sustained weakening of the Swiss franc," adding that it might move to an even lower exchange rate against the euro if needed.

"The current massive overvaluation of the Swiss franc poses an acute threat to the Swiss economy and carries the risk of a deflationary development," said Switzerland's central bank.



Source: Bloomberg



The resultant increase in the Swiss monetary base (92% in 12 months) shows just how unlimited "unlimited" can be. Those interventions, in a very short time frame, equate to roughly 30% of GDP—a staggering amount. At some point, the SNB's balance sheet will be vulnerable enough to be attacked by the markets. For now, though, the Swiss' fiscal abandon "prudence" enables them to borrow from the markets at negative rates out to FIVE YEARS.

The price is wrong.



Marcus Ashworth of Execution Noble summed this up perfectly in his most recent "Musings" (which, in my humble opinion, are absolutely required reading each and every day):

(Marcus Ashworth): Without a shadow of doubt, the Swiss National Bank's lunacy on defending the CHF at literally any cost has resulted in those excess euros (€80bln+) having to be invested—not just into bunds but into proxies such as France and Belgium, which by no logic should have close-to-zero yields. This summer will prove to be one long short squeeze... it is a bubble, and it is right in front of you if you want to see it.

Amen, Marcus. Amen!

But it's not just the Swiss.

The Germans—who everybody prays will stand behind the rest of Europe and write the kind of cheque that only they can—are also able to borrow money at all-time lows when, should they actually go ahead and **DO** the very thing that people are hoping for, their balance sheet will be in tatters and their bonds ~~worthless~~ worth less. Such is the circular logic in Europe these days.

It doesn't stop there, though. In addition to the core of Europe, peripheral European debt is also grossly mispriced thanks entirely to Mario Draghi's not-so-Invisible Hand.

Think about that for a second.

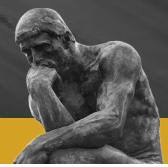
The government bond markets of every country in the EU are ALL trading at artificial prices—a long way from their fair value—due **exclusively** to the interventions of the ECB and the pressure being exerted by a group of inept and, in many cases (step forward, Messrs. van Rompuy and Barroso), unelected officials.

We have crossed the Rubicon and reached the point where the single biggest consideration when trying to invest money to provide a future return is to try and work out how the outcome **will** be affected by policy decisions designed purely to prevent true price discovery.

And so it is that, with so many prices that are just plain wrong surrounding us, we are forced to try and focus on ways to mitigate the interference of governments and, potentially, find ways to invest in areas where we can make their ineptitude work in our favour.

One of those areas is a space we at Vulpes have been doing a lot of work on in recent months: agricultural land.

But before we turn to cows and sheep, we'll take a look at things that beep—specifically valet-parked cars at Sydney Airport.



Anyone who has either lived in Sydney and owned a car, or rented one and parked it whilst on holiday in that beautiful city, will be acutely aware of the extortionate cost of doing so. It really is astounding. But last Wednesday, as I went to check in for my flight home to Singapore, a sign caught my eye through the terminal window. The sign (below, left) read:



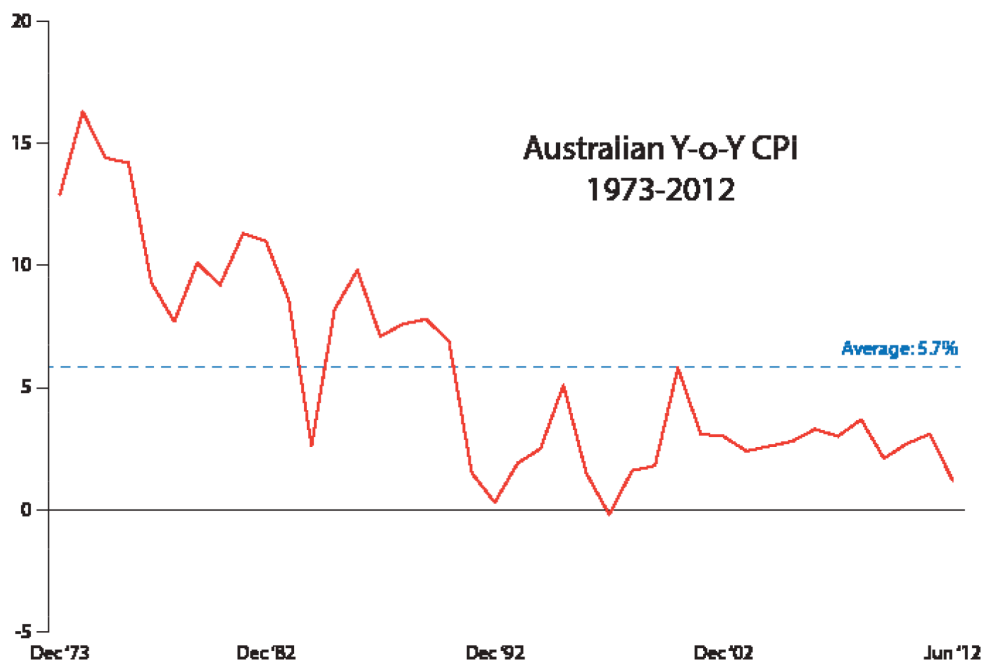
"VALET PARKING JUST \$30 FOR 2 HOURS"

Just.

I know *why* the word is there, but honestly, does inserting it really make *anybody* feel as though \$30 for two hours' parking is actually cheap?

Thought not.

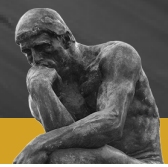
A quick look at the handy-dandy inflation calculator provided by the Reserve Bank of Australia on their website demonstrates that, in 1966, the equivalent cost of this would have been \$2.61. The site also points out, helpfully, that this equates to a rise of 1,049.4% over 45 years at an average annual inflation rate of 5.6%...



Source: Bloomberg

Actually, Bloomberg has it at 5.7%, so I'm going to take their number over that of the lower RBA number. These people just can't help themselves.

As can be clearly seen from the chart (above), the CPI in Australia fell consistently for around twenty years before it bottomed out in the mid-'90s, and it has gone largely sideways in a range for the last twenty years.

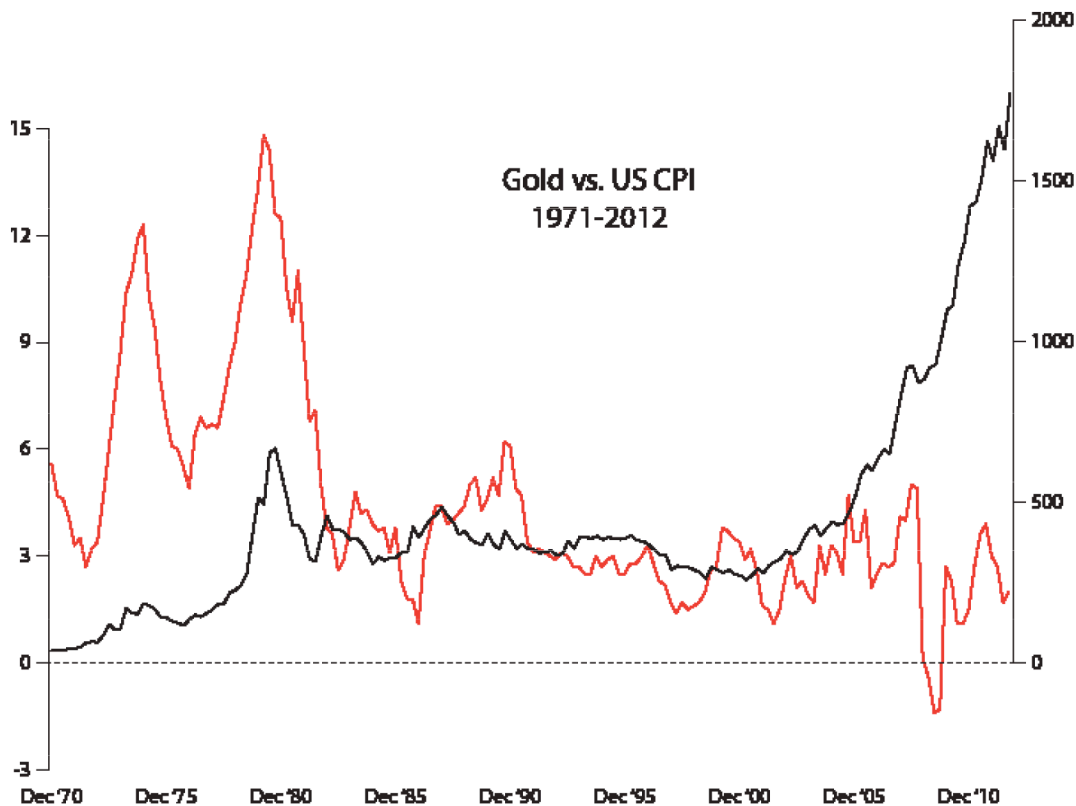


Currently, at 1.4%, it stands near the very bottom of that forty-year range... and, boy, had it better stay there.

Some cynics might argue that the global trend in government-reported inflation data suggests that the agencies that publish them are running out of cute ways by which to manipulate them to achieve their desired result. The US CPI, for example, shows a similar pattern, currently standing at 2% with an average over the same time frame of 4.4%. It, too, has been trending sideways in a range now for those same two decades.

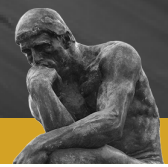
During the bulk of that time period, gold (that great bellwether of inflationary pressure) has been quietly moving sideways until, as can be seen from the chart below, it has violently decoupled and shot higher.

The last time we saw anything similar was back in the 1970s when gold forged a similar path as inflation (and this is pre-hedonics/pre-substitution CPI, remember) hit 15%.



Source: Bloomberg

Just because inflation currently remains subdued does not mean it will remain so forever. The weight of moneyprinting currently being undertaken would seem to suggest that at some point, the odds are heavily stacked towards inflation rising significantly once again. Gold certainly seems to think that is the likely outcome—as does Gluskin Sheff's David Rosenberg:



(ZeroHedge): We have on our hands today, not just the Fed but many major central banks manipulating interest rates and relative asset values. It is imperative to recognize that as the Fed and ECB act in a manner today that has investors convinced that "tail risks" are being reduced, the cost of these unconventional policy measures are both unknown but very likely far-reaching, and have thereby introduced "tail risks" of their own, even if not realized for years down the road.

Anyone who does not recognize the extent of the Fed's manipulation in order to generate a positive wealth effect on spending should not be in the wealth management business. Because managing wealth means managing risks... and the Fed and other central banks have merely papered over the debt overhang by printing vast amounts of paper money.

Once the inflation does come back, believe me, all hell will break loose, and the law of unintended consequences will rear its head. At that point, the Fed will have no choice but to do some very heavy backtracking, and the game will be over. This again is being very forward-looking, to a fault perhaps, but the Fed, once it gets the inflation it so desperately wants, will be slow to respond at first but will end up having to unwind its pregnant balance sheet.

Which brings us to other hard assets that will provide some kind of protection against confiscation through inflation, and one in particular that I have spent a lot of time investigating in recent months: agricultural land.

As I mentioned several paragraphs ago, we at Vulpes have spent the last year putting together a globally diversified agricultural land company. It will be "seeded" with three farms worth roughly US\$33 million and expanded by a further \$150 million, which we hope to raise in the coming weeks.

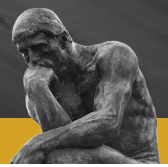
The company is the brainchild of the founder of Vulpes, Steve Diggle, and, for him, it is not only a great passion but an attempt to break free of the shackles of financial repression in which we have been bound by the ZIRP of central banks, in order to provide his family with steady long-term returns through owning and operating farms around the world. The idea is to protect capital in the same way gold does, but also collect a "coupon" in the form of agricultural yields each year.

This idea has attracted a lot of attention, and the recent speech Steve gave to the Global Aginvesting Conference here in Singapore demonstrates perfectly why.

(I have included a link to Steve's presentation in the videos section on page 32.)

The price of agricultural land is another that is just wrong.

It's a familiar old saw that the world is not making any new farmland (with the exception, perhaps, of urban, vertical farming ventures, which hardly make up for the wider erosion of productive farmland to urban development), and a presentation I saw recently by a potash manufacturer here in Singapore made that abundantly clear with the simple inclusion of three pictures.



The pictures in question (below) are aerial shots of Indonesia's capital, Jakarta, taken in 1975, 1990, and 2010, and as a sequence, they show just how devastating the spread of urban centres has been for productive arable land as Jakarta spreads out, consuming everything in its path.

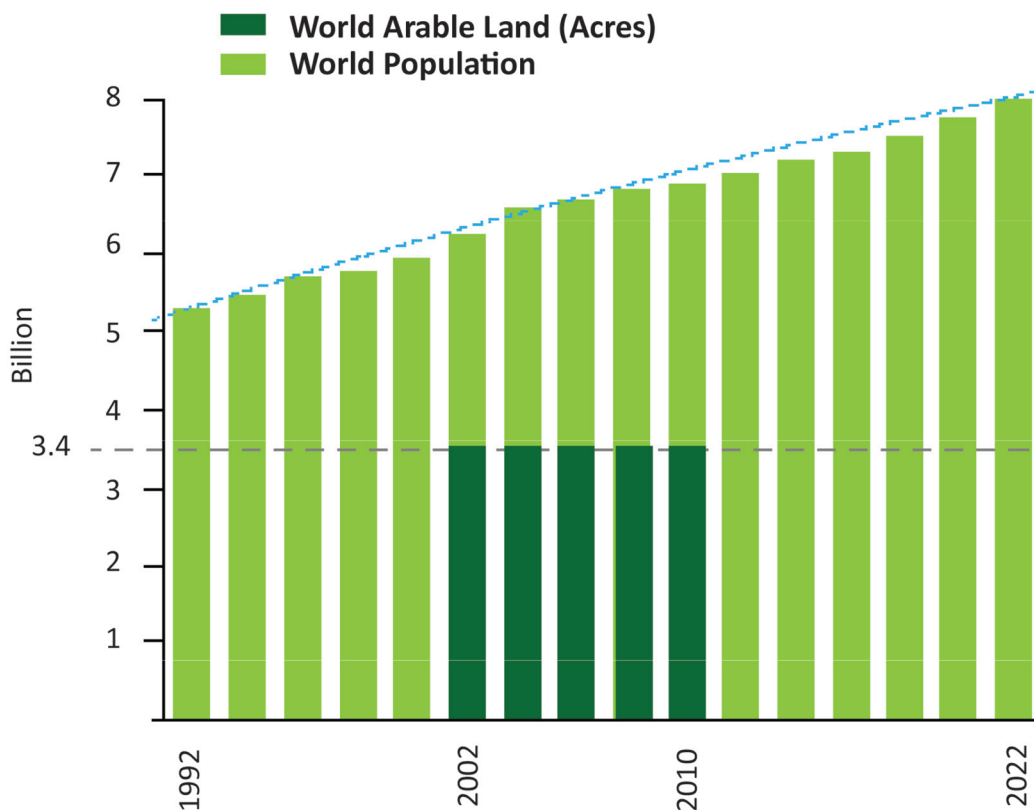
In 1985, agriculture as a share of Indonesian GDP stood at 23.2%, but by 2000, that share had fallen to just 16.9%. By 2010, according to the OECD, it had fallen further, to 14%. Whilst this is normal in developing economies, in the wider context it is a problem that the world will one day be forced to reckon with.



Source: K+S Aktiengesellschaft



Another way to look at the same potential problem is by examining the amount of arable land available to the world versus its ever-increasing population. Once again, the picture painted is not a pretty one. The world supply of arable land has been basically capped at around 3.4 billion acres for a decade whilst the population has increased by about 600,000,000 people.



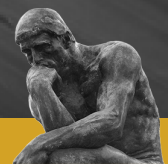
Source: World Bank/UN/Census Data 2012

The great Jeremy Grantham of GMO has written extensively about this problem, and his most recent look at the potential problems facing the world, ["Welcome to Dystopia"](#), summarized things beautifully:

We are five years into a severe global food crisis that is very unlikely to go away. It will threaten poor countries with increased malnutrition and starvation and even collapse. Resource squabbles and waves of food-induced migration will threaten global stability and global growth. This threat is badly underestimated by almost everybody and all institutions with the possible exception of some military establishments.

Last year we reported the data that showed that we are 10 years into a paradigm shift or phase change from falling resource prices into quite rapidly rising real prices.

It now appears that we are also about five years into a chronic global food crisis that is unlikely to fade for many decades, at least until the global population has considerably declined from its likely peak of over nine billion in 2050.

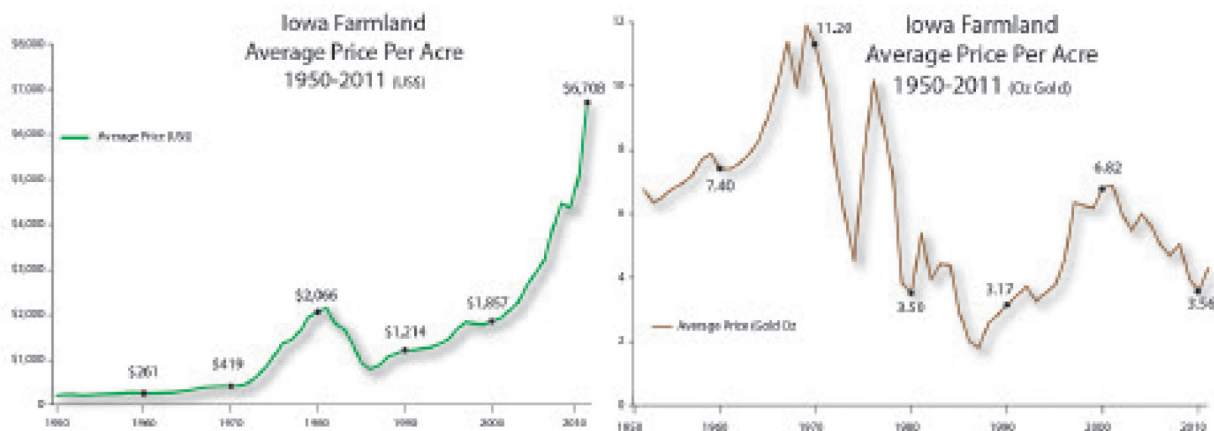


The general assumption is that we need to increase food production by 60% to 100% by 2050 to feed at least a modest sufficiency of calories to all 9 billion+ people plus to deliver much more meat to the rapidly increasing middle classes of the developing world...

Even if we could produce enough food globally to feed everyone satisfactorily, the continued steady rise in the cost of inputs will mean increasing numbers will not be able to afford the food we produce. This is a key point that is often missed.

The general public, the media, the financial markets, and governments badly underestimate these risks. Only the military of some countries, including the U.S. and the U.K., seem to appreciate them appropriately.

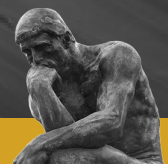
There is plenty more in Jeremy's essay, and, combined with Steve's recent presentation, the case for agricultural land being wrongly priced is made pretty clear—despite the nominal run-up in price that it has experienced in recent years. In nominal terms, those who claim farmland's rise is over look like they have a valid point, but, when the same land is measured in real terms—gold oz—a very different picture emerges.



Source: Iowa State University

Those two gentlemen make their point far better than I could, and so I would urge you to read/watch them both in order to familiarize yourself with what is going to become a more important story with each passing year.

Inflation is here to stay, and whether we get some kind of continued deflationary pressure or not in the short term (I happen to think that Mario Draghi's and Ben Bernanke's actions over the course of September have pretty much removed the spectre of deflation once and for all, though it may take markets a little while to catch up. It's OK. We can wait), the longer-term trend of prices is only headed in one direction. Higher.



It will start out as a mild increase and be welcomed by central banks desperate to stave off inflation but, in the same way they have had no control over the deflationary pressures they have been fighting for four straight years, they will ultimately have no control over the inflationary pressures that they themselves have already unleashed through massive moneyprinting. They just don't seem to realize it yet.

By the time they do, gold, farmland, and many other tangible assets will be an awful lot higher when measured in fiat currency. Count on it.

Having finally managed to sleep in my own bed for almost an entire week, I will again be climbing onto a plane and taking off next week for the United States to talk to people about the very subject we've been discussing this week: farmland.

Consequently, it is probable that I won't darken your inboxes next week unless I find myself in the tender embrace of the jetlag monster and start thumping my keyboard at all kinds of odd hours in an attempt to help me sleep. If I do, then I apologize in advance if the content of said edition is affected adversely by my physical state.

In the meantime, I leave you in the very good hands of, amongst others, Mike Shedlock (Mish), David Hay of Evergreen Capital, and Bill Fleckenstein.

As you peruse the pages of this week's *Things That Make You Go Hmmm...*, you will discover that the US Navy is getting under China's skin, that Wolfie has another cunning plan to fix everything, that Francois Hollande is a buffoon (but you already knew that, I'm sure) and that having the best "app" doesn't always mean having the most successful "app."

We discover that the Irish don't like being kissed by Angela Merkel (no comment), that there are a lot of hidden billionaires in Europe's trouble spots, and that there are, strangely enough, some questions surrounding China's investment position.

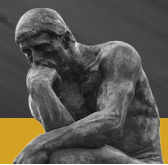
There are links to the two speeches referenced above, a look at just how bad an investment US Treasuries are, and, surprise, surprise, we learn that the CBO's latest forecasts are borderline delusional.

But we begin today with the heartwarming story of how an exit from the euro by Greece, Spain, Portugal, and Italy would cut global GDP by €17 trillion.

That's "trillion"... you know, with a "t."

Until next time...

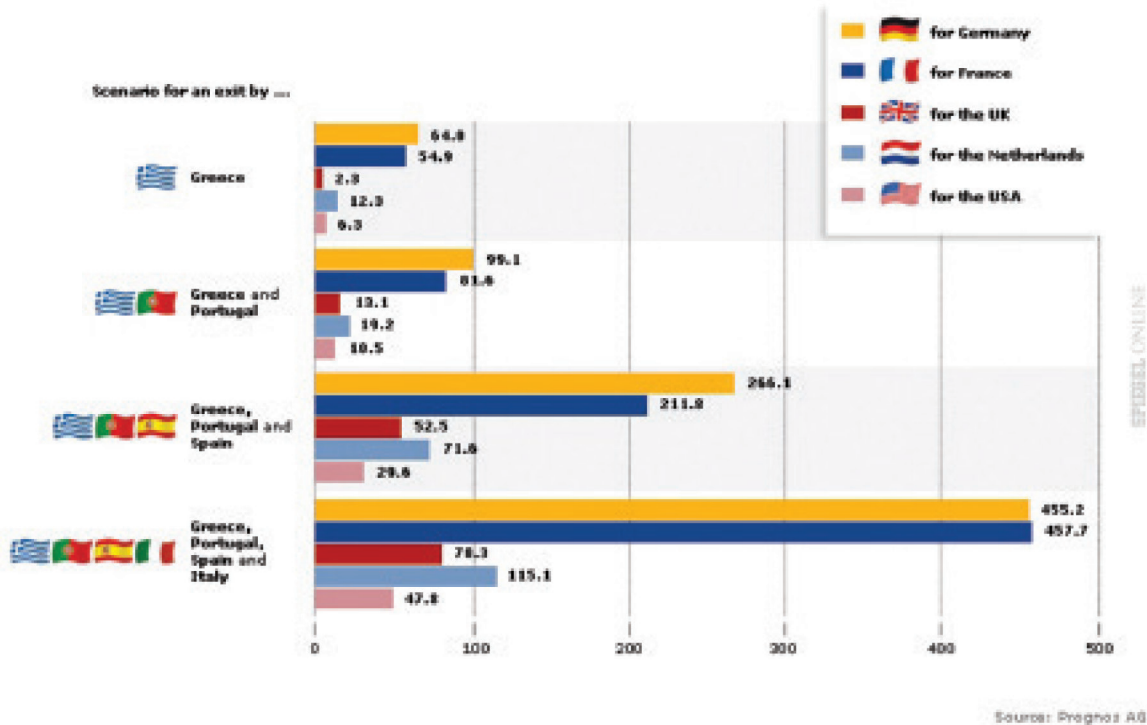
A new study by a German think tank warns that a euro exit by Greece, Spain, Portugal and Italy would cut global GDP by 17 trillion euros and plunge the world into recession, with France suffering the biggest loss. A Greek exit alone would be manageable, but must be avoided to forestall a domino effect, it says.



A Greek euro exit on its own would have a relatively minor impact on the world economy, but if it causes a chain reaction leading to the departure of other Southern European nations from the single currency, the economic impact on the world would be devastating, a German study warned on Wednesday.

An Expensive Haircut

Public and private losses with defaults on 60 percent of loans (in billions of euros)

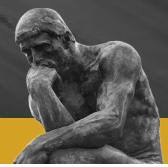


Source: Der Spiegel

Economic research group Prognos, in a study commissioned by the Bertelsmann Stiftung, estimated that euro exits by Greece, Portugal, Spain and Italy would wipe a total of €17.2 trillion (\$22.3 trillion) off worldwide growth by 2020.

The researchers arrived at a particularly bleak assessment because they didn't just calculate the losses of creditors who had lent money to the crisis-hit nations. They also analyzed the possible impact of a euro collapse on economic growth in the 42 most important industrial and emerging economies that make up more than 90 percent of the world economy.

Using an econometric model, Prognos first calculated the effect of a Greek euro exit, and then simulated the step-by-step fallout from Portugal, Spain and Italy abandoning the currency as well.



"In their overall assessment, the authors of the study come to the conclusion that an isolated exit of Greece and an insolvency of this euro-zone country might well be something that the EU could cope with from a merely economic point of view," the Bertelsmann Stiftung said in a statement.

"At the same time, however, it is extremely difficult to assess if and to what extent this might trigger a wave of further euro-zone exits in Europe's south. If so, the implications for the global economy could be devastating."

A Greek exit on its own would lead to a loss of gross domestic product (GDP) totalling €164 billion, or €14,300 per capita, by 2020 through devaluation of the new currency, unemployment and a sharp fall in domestic demand, the researchers calculated.

It would cost Germany €64 billion in lost credit and €73 billion in lost economic growth between 2013 and 2020, the study said. But that only amounts to 2.9 percent of German GDP.

The impact of other countries leaving the currency union would be more dramatic:

If Portugal went, Germany would lose €225 billion by 2020 and would have to write off credit amounting to €99 billion. Global losses in growth would add up to €2.4 trillion, with the US having to bear €365 billion and China €275 billion, respectively.

If Spain were to go as well, Germany would lose €850 billion in GDP by 2020 and would have to waive €266 billion of credit. The US would lose €1.2 trillion in GDP, and the 42 countries under review would lose €7.9 trillion.

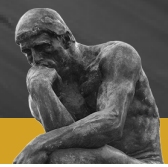
If Italy, the euro zone's third largest economy, were to leave, "the situation would run totally out of control," the study said. It estimated that Germany would lose €1.7 trillion in GDP and would have to write off €455 billion in credit. German unemployment would increase by more than one million by 2015. There would be a "severe international recession and global economic crisis," the Bertelsmann Stiftung writes. The biggest losers would be France, followed by the US, China and Germany.

"In the current situation we have to make sure that the crisis in Europe does not turn into a wildfire," warned Aart De Geus, chairman of the Bertelsmann Stiftung's executive board..

*** DER SPIEGEL / [LINK](#)

How do you think this would go over in the United States? French President François Hollande has said he will end homework as part of a series of reforms to overhaul the country's education system.

And the reason he wants to ban homework?



He doesn't think it is fair that some kids get help from their parents at home while children who come from disadvantaged families don't. It's an issue that goes well beyond France, and has been part of the reason that some Americans oppose homework too.

Hollande's reform plans include increasing the number of teachers, moving the school week from four days to 4 1/2 days, overhauling the curriculum and taking steps to cut down on absenteeism.

"Education is priority," Hollande was quoted as saying by France24.com at Paris's Sorbonne University last week. "An education program is, by definition, a societal program. Work should be done at school, rather than at home," as a way to ensure that students who have no help at home are not disadvantaged.

Despite the four-day school week, elementary school children in France spend more hours a year in school than many other developed countries because students are there all day, starting at 8:30 a.m. and ending at 4:30 p.m., with some kids staying even later.

It's not clear where the money to hire thousands more teachers will come from, but, the Associated Press reported, Education Minister Vincent Peillon will have to figure out how to implement the reforms. One option is to shorten summer vacation, though, such a move isn't likely to be popular because it is practically sacrosanct in France.

*** WASHINGTON POST / [LINK](#)

There is nothing like inside information, provided you are on the inside. But heaven forbid should you be on the outside and act on a tip as did Martha Stewart.

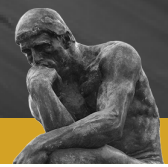
Insider Monkey reports Google Inc. (GOOG): Insiders Sold \$280M Prior to Crash

PRICE	AMOUNT	REMAINING HOLDINGS	DATE
\$757.45	10,900	45,286	2012-10-02
\$756.52	16,454	56,185	2012-10-02
\$755.57	15,868	72,640	2012-10-02
\$754.60	8,525	88,508	2012-10-02
682.38	6,633	32,289	2012-09-04
\$681.47	18,954	38,922	2012-09-04

Google Inc. (NASDAQ:GOOG) chairman Eric Schmidt was very active in late September, as he executed 226 transactions in just three days from Sept. 24 to 26, selling off more than 211,000 shares at per-share prices between \$742 and \$764 per share. He came away with about \$158 million.

Other noteworthy insiders are Google Inc. (NASDAQ:GOOG) CEO Larry Page and co-founder Sergey Brin, who had conducted several insider sales in the first half of this month, totaling about \$120 million in value, and the pair spared themselves

about \$12 million in combined losses. Brin conducted a series of transactions Tuesday, October 2, selling 83,334 shares at between \$750 and \$765 a share, with a combined value of at least \$62.5 million.



Page had been selling shares regularly over several days. Starting October 8, he sold 20,833 shares at \$754-\$762 a share for a value of \$15.7 million; 20833 shares at \$744-\$760 October 9, for a value of \$15.5 million; 20,833 shares at prices between \$741 and \$746 per share October 10, for a value of \$15.4 million; and 20,835 shares at prices between \$752 and \$758 October 11, a value of \$15.7 million.

Also in October, Google Inc. (NASDAQ:GOOG) board member John Doerr sold his 6,000-share holding at between \$759 and \$762 per share, for a total value of about \$4.5 million, and senior vice president David Drummond pared off 568 shares at \$759 each for a value of about \$430,000.

It's one thing to sell a few shares routinely, it's another thing to dump a load right before the plunge.

Here [above] is an edited screen shot of some Google transactions of co-founder Sergey Brin.

*** MIKE SHEDLOCK / [LINK](#)

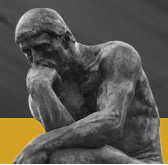
Surging demand for \$100 Zara dresses and \$3,000 Prada handbags in emerging markets has created three new billionaires who hail from countries at the center of the European debt crisis.

Sandra Ortega Mera, the 44-year-old daughter of Amancio Ortega, Europe's richest man, is worth \$1.1 billion, according to the Bloomberg Billionaires Index. She owns 1 percent of Arteixo, Spain-based Inditex SA (ITX), the world's largest clothing retailer and owner of the Zara clothing chain, whose shares have gained 58 percent this year as unemployment in its home country hovers above 20 percent.

Marina Prada and her brother Alberto Prada Bianchi—two grandchildren of Prada SpA (1913) founder Mario Prada—are worth \$2.6 billion each. Shares of the Italian luxury-goods maker are up 75 percent year-to-date in Hong Kong trading. The Italian government said in September the country's gross domestic product will probably fall 2.4 percent this year.

"You can't really get more of a difficult home market than Italy and Spain right now," said Rahul Sharma, managing director at Neev Capital, a London-based retail advisory firm. "For both companies, the ability to deliver a sense of freshness to their customers has been a big part of their success in Europe. When customers feel like they are seeing something different, they are a lot less price sensitive. That becomes aspirational when you go to Asia where the product seems more exotic."

None of the three billionaires has appeared on an international wealth ranking. Jose Leyte, a spokesman for Sandra Ortega, said she declined to comment on her net worth. A spokesman for Prada in Milan said the siblings also declined to comment.



Defying Spain's and Italy's ravaging debt loads and the threat of impending fiscal austerity measures, shares of Inditex and Prada are rising on the demand for their products in countries such as China and Brazil.

Zara's pricing is an enticement for cost-conscious shoppers searching for affordable fashion. The chain offers items such as \$17 scarves and \$60 skirts. Inditex, which operates eight retail lines, opened 166 stores in about 100 cities during the first half, including 32 locations in China, the world's second-largest economy. Zara's first online store in China opened in September.

Inditex said last month that earnings rose 32 percent to 944 million euros (\$1.2 billion) in the first half. Revenue increased 17 percent to more than 7 billion euros on the strength of its global market expansion, the company said.

Prada, which sells \$3,000 handbags and \$950 shoes, has benefited from Chinese consumers' hunger for luxury goods. The company reported last month that first-half profit surged almost 60 percent to 289 million euros on a 19 percent revenue gain. Revenue of more than 1.5 billion euros was fueled by a 45 percent sales increase in the Asia Pacific region.

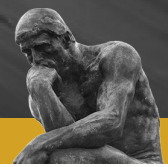
"We understand consumers from all over the world," said Patrizio Bertelli, the company's 66-year-old billionaire CEO, on the company's earnings call Sept. 24. "For instance, Chinese consumers are much more fashion-conscious and aware of what they wear than they were a few years ago. Consumers globally need to be enticed to buy."

Mario Prada opened his first luxury goods store in Milan in 1912. The store sold traveling trunks, leather handbags, beauty cases and leather accessories. In 1919, it became an official supplier to the Italian royal family. Prada emerged as an international brand in the 1970s, when his granddaughter Miuccia Prada led the company's design strategy while Bertelli ran sales and distribution. Miuccia Prada, 64, is the company's chairwoman. Bertelli is her husband.

*** BLOOMBERG / [LINK](#)

German Finance Minister Wolfgang Schäuble is determined to end the euro crisis once and for all. On Sunday he effectively ruled out a Greek bankruptcy, and is now proposing far-reaching reforms to stabilize the currency union. Under his plan, Brussels would be granted far greater powers over national budgets.

Wolfgang Schäuble knows that the quiet on the markets over the past few weeks has been deceptive and that the euro crisis could erupt again soon. After all, doubts remain about whether Greece can remain in the currency union in the long term. If it triggers a chain reaction, the entire euro project could collapse. In addition, the willingness of many euro-zone member states to eliminate the design defects of the common currency appears to be diminishing.



Cash-strapped Greeks, fatigued Europeans—Germany now wants to solve both problems for the long term. "There will be no state bankruptcy in Greece," Schäuble said in a speech in Singapore on Sunday. He also wants to give a new boost to the reform impetus for restructuring the euro zone. "We now need to go a major step in the direction of a fiscal union that will go beyond the proposals made so far," Schäuble said on Monday night during his flight back to Berlin.

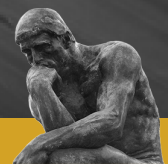
The finance minister, a passionate advocate of deeper European integration, has said he wants to concentrate on a small number of far-reaching reforms:

The European commissioner for economic and currency affairs is to become equally powerful as the commissioner for competition. The competition commissioner is entitled to make decisions independently and does not require the agreement of the other commissioners in making those decisions. If the currency affairs commissioner were truly independent when it came to decision-making, it would depoliticize that office holder's position. That would enable the commissioner to make decisions based on content rather than interests.

In order to strengthen the position of the currency affairs commissioner, individual member states would have to hand over part of their budget sovereignty to Brussels. Under Schäuble's proposal, the currency affairs commissioner, by now one of the most powerful positions in the EU, would be equipped with veto power over national budgets. The procedure might look like this: If a euro-zone member state sent its budget proposal to Brussels and the commissioner felt the deficit in the draft was too high, then the country's parliament would be asked to prepare a new draft. Member states would retain the power to decide which revenues to increase and which spending to cut. But the proposed change still represents an improvement over the status quo. Under current rules, the European Commission's power is limited to making recommendations to member states on improvements to budgets.

Schäuble also wants to create more democratic legitimation for European policies by including the participation of the European Parliament at a fundamentally earlier stage in all important processes. The representative body of the people would also be changed so that votes would only include members of the European Parliament from the countries that would be directly impacted by proposals considered. For decisions relating to the euro-zone, for example, only members of parliament from the 17 nations in the common currency area would meet to vote—and not MEPs from all 27 EU countries. Although critics will note that this ultimately cements the idea of a two-speed Europe, the advantage of the proposal is that it would enhance democracy without making decision-making processes that are already very difficult to understand any more complicated.

*** DER SPIEGEL / [LINK](#)



A US aircraft carrier group cruised through the disputed South China Sea on Saturday in a show of American power in waters that are fast becoming a focal point of Washington's strategic rivalry with Beijing.

Vietnamese security and government officials were flown onto the nuclear-powered USS George Washington ship, underlining the burgeoning military relationship between the former enemies.

A small number of journalists were also invited to witness the display of maritime might in the oil-rich waters, which are home to islands disputed between China and the other smaller Asian nations facing the sea.

The visit will likely reassure Vietnam and the Philippines of American support but could annoy China, whose growing economic and naval strength is leading to a greater assertiveness in pressing its claims there.

The United States is building closer economic and military alliances with Vietnam and other nations in the region as part of a "pivot" away from the Middle East to Asia, a shift in large part meant to counter rising Chinese influence. The Vietnamese officials took photos of F-16 fighter jets taking off and landing on the ship's 1,000-foot-long flight deck, met the captain and toured the hulking ship, which has more than 5,000 sailors on board.

The mission came a day after Beijing staged military exercises near islands in the nearby East China Sea it disputes with US ally Japan. Those tensions have flared in recent days.

China claims nearly all of the South China Sea, where the US says it has a national interest in ensuring freedom of navigation in an area crossed by vital shipping lanes.

Vietnam, the Philippines and several other Asian nations also claim parts of the sea.

The disputes attracted little international interest until the late 1990s, when surveys indicated possible large oil reserves.

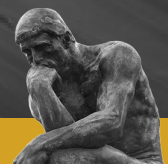
American rivalry with China has given the disputes an extra dimension in recent years.

The US Navy regularly patrols the Asia-Pacific region, conducting joint exercises with its allies and training in the strategic region.

The trip by the George Washington off the coast of Vietnam is its third in as many years.

A second aircraft carrier, the USS John C Stennis, has also conducting operations in the western Pacific region recently, according to the US Pacific Fleet.

Captain Gregory Fenton said the mission was aimed in part at improving relations with Vietnam and ensuring the US had free passage in the South China Sea.



China's military buildup, including the launch of its own carrier last year and rapid development of ballistic missiles and cyber warfare capabilities, could potentially crimp the US forces' freedom to operate in the waters.

The United States doesn't publicly take sides in the territorial disputes among China and its neighbors.

"It is our goal to see the region's nations figure out these tensions ... on their own, our role of that to date is to conduct freedom of navigation exercises within international waters," Fenton said in an interview on the bridge.

Although claimant countries have pledged to settle the territorial rifts peacefully, the disputes have erupted in violence in the past, including in 1988 when China and Vietnam clashed in the Spratly Islands in a confrontation that killed 64 Vietnamese soldiers.

Many fear the disputes could become Asia's next flash point for armed conflict.

*** UK GUARDIAN / [LINK](#)

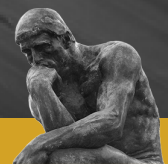
Some in the Irish opposition are already calling it the "Judas Kiss." Angela Merkel, the German chancellor, greeted the Irish prime minister, Enda Kenny, with a kiss at the start of the European summit that ended today. But then she betrayed his hope that the euro zone would lift at least some of the burden of saving Ireland's banks from the shoulders of the Irish sovereign.

At the end of the summit, the French and European officials had claimed a points victory over the Germans by getting them to agree more firmly to a target date of January 1st next year to entrust the European Central Bank (ECB) with the ultimate authority to supervise the euro zone's 6,000-odd banks.

The importance of this "Single Supervisory Mechanism" (SSM) is that, once up and running, and deemed "effective" in the course of 2013, the euro zone's rescue funds could start directly recapitalising troubled banks. When the deal was first agreed in June, Spain hoped this would save it from taking on more debt to salvage its banks, and Ireland had been led to believe it could benefit retroactively.

The Taoiseach, or prime minister, Enda Kenny, left Brussels in upbeat mood, insisting that EU leaders had given a clear reaffirmation of the June promise. And the Spanish prime minister, Mariano Rajoy, declared himself to be "very satisfied."

But down the corridor, Mrs Merkel was quickly disabusing them. "There will not be any retroactive direct recapitalisation," she said. "If recapitalisation is possible, it will only be possible for the future." In the case of Spain, she said, the timetable is such that "when the banking supervisor is in place, we won't have any more problems with the Spanish banks, at least I hope not." The problem of Spain's banks would be dealt with by euro-zone loans already approved earlier this year. By implication, Ireland would also have to lump it.



Her comments inverted the familiar cycle of European summits: leaders arrive in a climate of crisis, and leave after having decided action that, they hope, will control the fire. This time they gathered in Brussels with markets relative calm, but left in disarray.

One senior eurozone source claimed, improbably, that the issue of recapitalising Spanish and Irish banks had, in fact, not been discussed directly. Instead the leaders debated the preliminary steps needed to get to the stage of direct recapitalisation. Many issues remain open and were left for finance ministers to settle in the coming months, not least how to deal with "legacy assets." But the source added: "Mrs Merkel's declaration is a surprise for me. She is prejudging decisions that ministers of finance will take."

Germany often worries that easing market pressure on troubled countries will dent their zeal for budgetary and economic reforms. But this week the feeling is that the reduction in bond yields in recent weeks had blunted Mrs Merkel's readiness to fix the flaws of the euro zone—not least because she is entering her campaign for re-election in autumn next year.

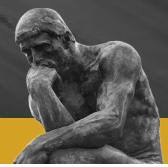
Some diplomatic sources think Germany's stance is a negotiating position, and that direct recapitalisation of Spanish and Irish banks will eventually take place—though perhaps not before the German election. If such measures did not apply to Spain and Ireland, say Eurocrats, to whom are leaders referring in their communiqué restating that "it is imperative to break the vicious circle between banks and sovereigns"?

The Spanish prime minister at least had the foresight to sense the obstacle: he said that having to take on another €40 billion worth of bank recapitalisation on to its books, or about 4% of GDP, was "not the biggest worry." Instead he welcomed the evidence that the euro zone was moving towards banking union.

*** ECONOMIST / [LINK](#)

Hipstamatic was one of the first startups to crack the photo formula in the mobile space—then it watched similar services gain ground and eventually blaze by. The company's experience proves that no startup can rest on its laurels in the age of the iPhone, when the time between innovation and disruption is ever shortening, and when IPOs and fast exits are valued over establishing long-term viable businesses. And perhaps most significantly, Hipstamatic proves that no modern startup can ignore the siren call of social, even if at its own peril.

In October 2010, Hipstamatic was booming. Its business model of selling in-app digital lenses and films, which effectively turned your iPhone into an old-school Polaroid camera, was attracting millions of users and millions of dollars in revenue, especially from its fast-growing community of shutterbugs in industries ranging from fashion to media. Soon, Apple would name Hipstamatic the app of the year; not long after, The New York Times' Damon Winter would win a prestigious photography award for a series of Hipstamatic photos he took on assignment in Afghanistan.



So on Oct. 6, when an ex-Googler named Kevin Systrom launched a photo-sharing service called Instagram, there was no way of knowing that it would mark the beginning of the end of Hipstamatic's honeymoon.



Like Hipstamatic, the iPhone app enabled users to add vintage-era filters to photographs, but there were two key differences: Instagram was free and inherently social; Hipstamatic was not. If Hipstamatic was the camera utility used to enhance your photos, then Instagram was the network where you'd share those photos.

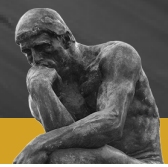
By March of 2011, when Hipstamatic hired its new designer, Laura Polkus, Instagram had already rocketed to 2.2 million users, and was growing by 130,000 users per week. But Polkus says the team largely ignored Instagram. "There wasn't a whole lot of attention paid there," says Polkus, who was later let go. "The conversation internally was, 'Well, we're completely different. They are a social network, and

we are not. Who cares what's going on with them? We'll just continue to do what we do.' But from the public's perspective, that's obviously not the way things were seen."

"As Instagram started to build, everyone was like, 'You guys should do this or that,'" recalls Buick, who was hesitant to enter the social game at first. "That's not what we wanted to build."

It was impossible for Buick to ignore the temptation of social, however. Despite Buick's resistance toward changing Hipstamatic's direction, the company embarked on a series of toe-in-the-water attempts at social. The first was Family Album, which launched in the summer of 2011, a product that enabled users to create and co-curate photo albums together. The other, D Series, was an app that aimed to capture a retro, disposable camera experience on the iPhone. Friends could purchase various packs of digital cameras together for 99 cents, and take and share up to 24 shots per roll—before having to buy another pack of cameras. "It was definitely a reaction to the social photography wave," Polkus says. "The products were in response to people saying, 'Okay, well, we can take pictures, but how do other people see them without using Instagram?'"

"It was more or less a veiled attempt to take on Instagram, without being blatant about it," says Stuart Norrie, then a UI designer at Hipstamatic.



Both products flopped. Family Album was incredibly confusing, especially compared to the simplicity of sharing on Instagram or Facebook. (Wrote one reviewer, "One of the biggest problems for Hipstamatic's Family Album is understanding what it is.") When D Series went live in December of 2011, after months of work, the team was excited to introduce a new product before the Christmas break. "But on the day of the launch, we were there until midnight because there were so many complaints and tweaks needed," recalls Polkus, who was monitoring the social feeds for the company at that time. "The thing I remember is all the people who were so enraged, so angry that they had to pay for these disposable cameras but were only getting a limited amount of pictures. They just kept calling us greedy. Everyone had this pit in their stomachs." (Thanks, SB.)

*** FAST COMPANY / [LINK](#)

China's net international investment position was positive, at nearly US\$1.75 trillion, by the end of June, data recently released by the State Administration of Foreign Exchange (SAFE) shows.

This represents an annual increase of 37 percent on average since 2004's record of a positive US\$276.4 billion, SAFE's data shows.

The net international investment position refers to the value of external assets minus debts.

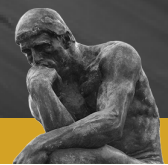
However, economists are concerned about the structural imbalance in the position's makeup.

Foreign exchange reserves, which stood at US\$3.3 trillion on June 30, accounted for 67 percent of China's external assets. Most external debts came in the form of foreign direct investment, which was US\$1.9 trillion at the end of the first half, equivalent to 60 percent of total debt.

This is a result of a phenomenon described by Nobel prize-winning economist Joseph Stiglitz, one that some economists say captures China's situation.

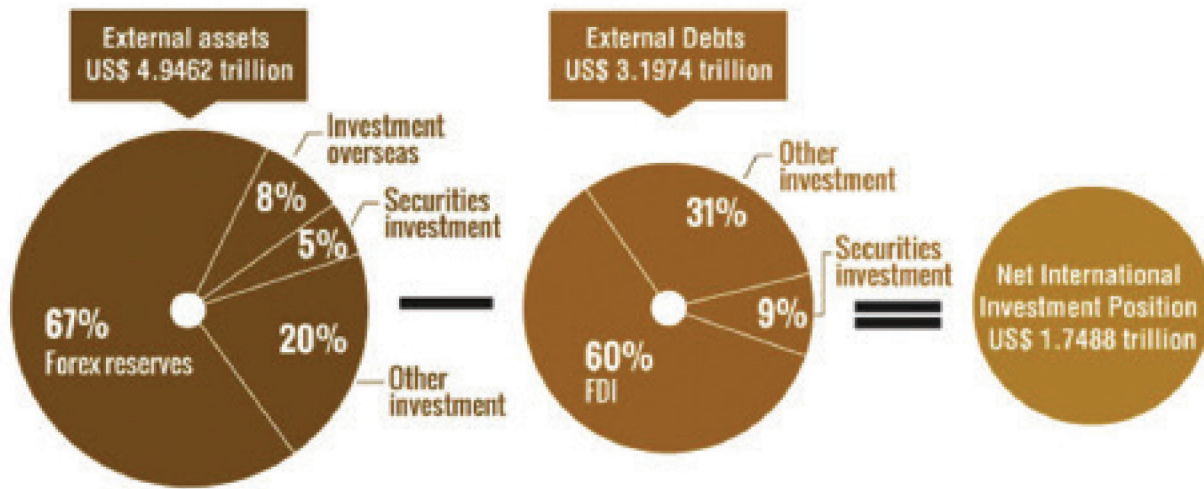
Some emerging economies, the theory goes, accumulate a large amount of foreign exchange as a result of trade surplus. They invest the forex in low-yielding U.S. Treasury bonds, while borrowing at high costs from developed countries in the form of foreign investments.

One way to break this cycle would be to increase the global use of the yuan. At present, because it is not commonly accepted yet, China is bound to have huge forex storage and forced to invest heavily in the U.S. government debt.



Balancing Act

Most of the country's external debts are in the form of high-cost foreign direct investments, but its external assets are concentrated in low-yielding forex reserves



Note: Data as of June 30

Source: National Statistics Bureau

Source: National Statistics Bureau

This has "led to a currency mismatch and significant risk exposure to the forex reserve's depreciation," said Zhang Monan, research fellow at the State Information Center, a policy think tank under the nation's top economic planner, the National Development and Reform Commission.

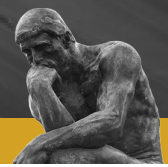
By contrast, he said, Germany does not face similar pressure even though it is also a trade surplus country. This is because it does not need to keep a large forex reserve since the euro is a reserve currency.

Encouraging companies and individuals to hold more forex and invest the money themselves can also help end the cycle Stiglitz described, Zhang said, as is the case with Japan, which holds only 17.6 percent of forex assets in its national reserve.

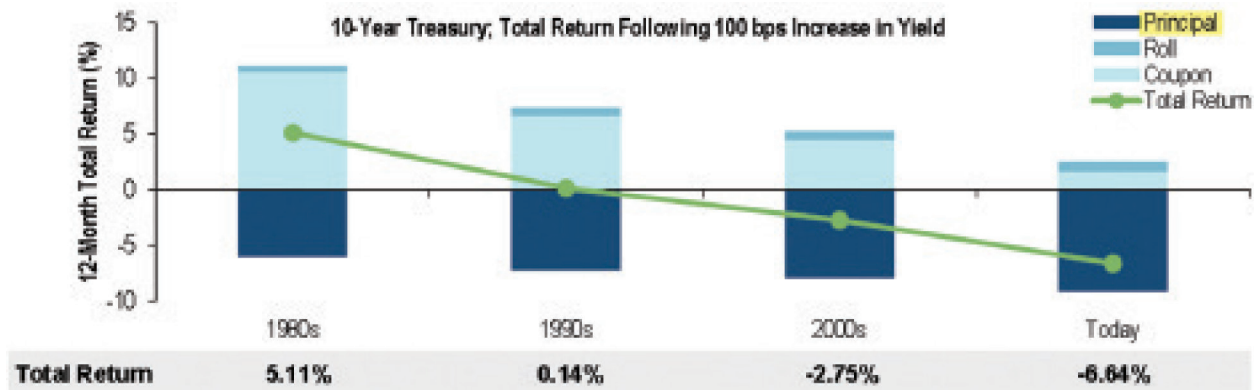
Since the second half of last year, China's forex reserves have shown a month-on-month decline several times. Some experts believe that this is partly because domestic companies and individuals have started keeping more U.S. dollars in their accounts. There have been signs of stronger capital flows out of China, which many economists and regulators believe is the result of heavier Chinese investments overseas.

Chinese nationals and companies have been the main force driving recent capital outflows, a SAFE official said. In fact, "our analysis has found that the amount of withdrawal of foreign investors' investment principals has fallen compared to one year before."

*** CAIXIN / LINK



Charts That Make You Go *Hmmm...*

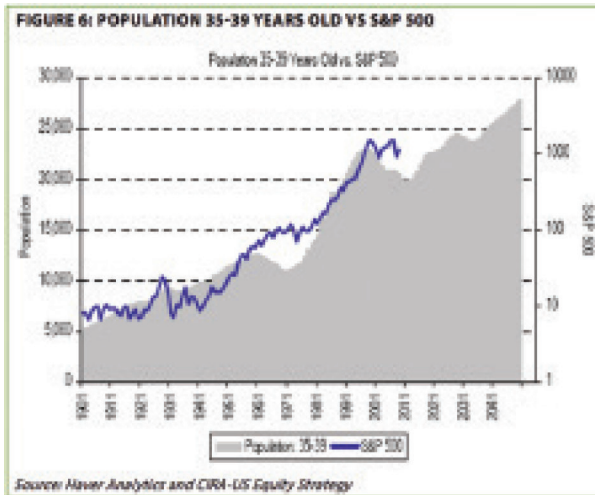
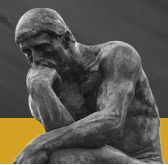


Source: Soberlook

[Above] is an excellent chart from Goldman Asset Management. It shows the risk/return profile of holding the 10y Treasury during different periods of time. "Principal" is the mark-to-market impact of the bond yield increasing by 100bp (1%). "Roll" is the impact of time passage. In one year, the 10y bond becomes the 9y bond, and if the yield curve is positively sloping, the 9y bond should have a lower yield, offsetting slightly the 100bp yield increase. "Coupon" is just the income collected in one year, and "Total Return" is a combination of the three.

In addition to the ridiculously low current coupon these days, the duration of the 10y bond is now considerably higher (precisely because of the low coupon), making the bond more vulnerable to rate shocks. That's why the 100 bp rate increase (dark blue) causes a much higher principal loss now than it did at any time in the past 40 years.

GS: – In the 1980s, the average yield and duration of the 10-Year Treasury was 10.6% and 6.1 years, respectively. When rates rose 100 bps, investors still made money. Today, the on-the-run 10-Year Treasury has a yield of 1.6% and a duration of 9.2 years, resulting in heightened rate sensitivity and significantly less coupon to offset principal losses during periods of higher rates.

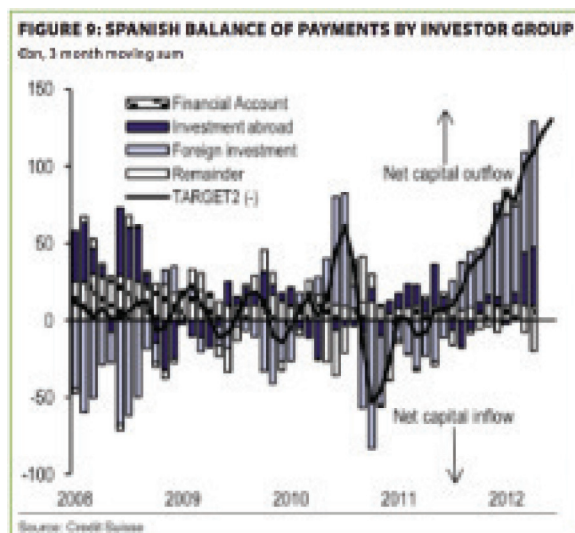


Source: Evergreen Gavekal www.evergreencapital.net

David Hay of Evergreen Capital in Seattle is one of the smartest guys I have come across, and his weekly insights piece, "The Evergreen Virtual Advisor," is another of my weekly must-reads. It contains some fantastic charts as well as David's own observations, which are always razor-sharp.

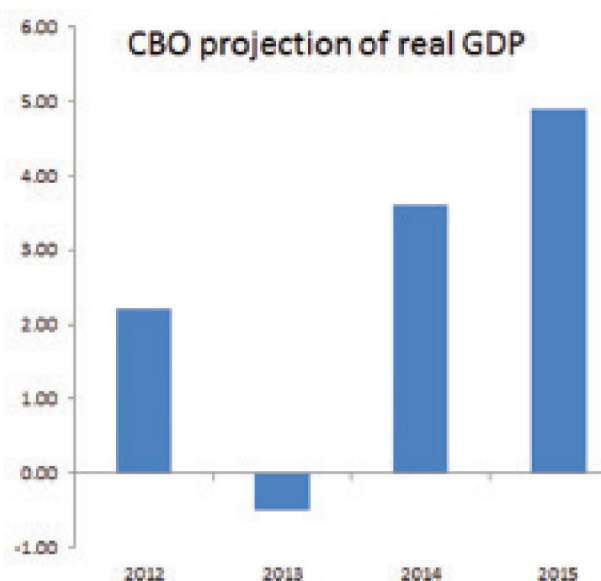
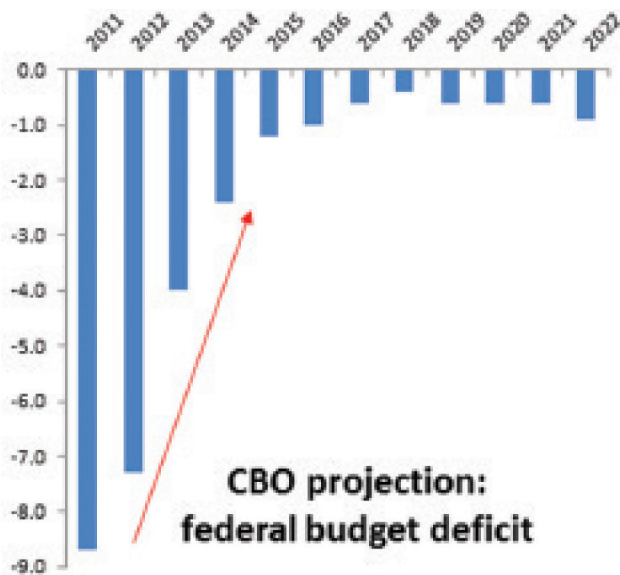
David has very kindly given me permission to include some of his observations from time to time, and I'm wasting no time in taking him up on his offer:

The September 28th EVA showcased demographic expert Harry Dent's view that the "geriatrification" of America will hamper future stock returns. However, there does appear to be a clear correlation between the trend in the 35- to 39-year-old age group as a percentage of the population and stock prices. The good news is that this age cohort is projected to begin increasing its share of the overall demographic pie in the next few years. (See chart above, left).



While the bond market is likely to be hyper-sensitive to either an inflation flare-up or economic acceleration, it's tough to produce either when the labor force is showing zero earnings improvement. (See chart above, right.)

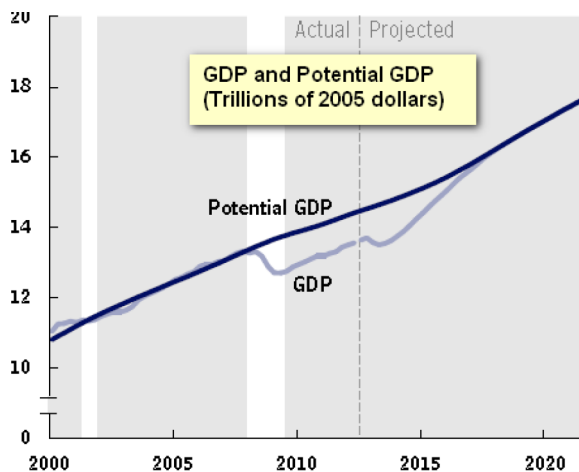
Underscoring the extreme danger of Spain's crisis of confidence, Credit Suisse estimates that capital outflows from that country are now running at a rate of almost 50% of GDP. If this were occurring in the US, it would amount to roughly \$8 trillion. (See chart, left.)



Source: Soberlook

The latest Congressional Budget Office (CBO) projection for the US economy and the agency's forecast for the trajectory of US budget deficit seem inconsistent with one another.

The CBO projects the US federal budget deficit to go from 7.3% in 2012 to 1.2% in 2015. That's an incredible rate of fiscal consolidation in just 3 years.



How is that possible? Surely such contraction in government spending and tax increases (a form of "fiscal cliff") should do some serious damage to the GDP growth. The CBO indeed projects that the US will undergo a recession in 2013 as a result of these cuts, but according to the agency, growth will accelerate from that point on. One year of pain and the problem is "solved." The projected average real growth for the 2014-2017 period is 4.3%!

In fact, the CBO's base case scenario forecasts the US rapidly closing the so-called output gap (after 2013), with the "Potential GDP" based on the aggressive extrapolation from the bubble years (chart, left).

*** SOBERLOOK / LINK



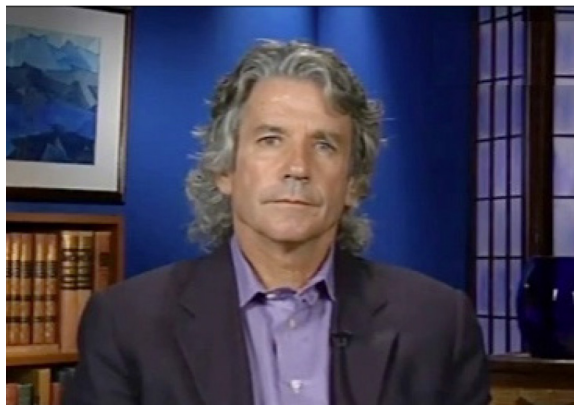
Words That Make You Go *Hmmm...*



This handsome gentleman is Steve Diggle, the Founder of Vulpes Investment Management. Recently, Steve gave an excellent presentation on the case for owning agricultural land at the Global Aginvesting Conference here in Singapore that attracted a lot of interest and dovetails perfectly with the theme of this week's *Things That Make You Go Hmmm...* so here it is in full... enjoy.

[CLICK TO WATCH](#)

I have been a huge fan of Bill Fleckenstein's thinking for many years and was fortunate enough to meet him last month whilst in Seattle. Bill is one of the smartest (and, it turns out, nicest) guys in the room, so to get the chance to hear his thoughts on Draghi's intervention, the continued use of the printing press, the absence of adults in the room, the gold and silver markets, and the reason that we don't need to follow Joe Biden's advice is just too good to pass up...



[CLICK TO LISTEN](#)

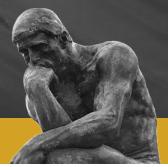


This not-so-handsome individual is, as many of you will know, yours truly.

I have had a lot of requests to post my recent presentation "*Extraordinary Popular Delusions and the Madness of Markets*" online, so I have done just that!

In it, I examine historical bubbles, the classic "Bubble Wave," and explain why government bonds are a giant bubble that is set to burst while gold is another giant bubble that hasn't even begun to inflate... yet.

[CLICK TO WATCH](#)



And finally...



[CLICK TO WATCH](#)

Meet Beniamino Jackson, the young star of the Internet's hottest new drama series, Chrios Kendallas Junior...

HD videocams, multiple angles, a soundtrack and special effects; all I had at that age was a soccer ball and a bike.

Hmmm...



Grant Williams

Grant Williams is a portfolio and strategy advisor to Vulpes Investment Management in Singapore—a hedge fund running over \$250 million of largely partners' capital across multiple strategies.

The high level of capital committed by the Vulpes partners ensures the strongest possible alignment between us and our investors.

In Q4 2012, we will be launching the Vulpes Agricultural Land Investment Company (VALIC), a globally diversified agricultural land vehicle that will provide truly diversified exposure to the agricultural sector through a global portfolio of physical farmland assets.



Grant has 26 years of experience in finance on the Asian, Australian, European, and US markets, and has held senior positions at several international investment houses.

Grant has been writing *Things That Make You Go Hmmm...* since 2009.

For more information on Vulpes, please visit www.vulpesinvest.com

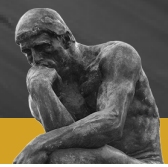
Follow me on Twitter: [@TTMYGH](https://twitter.com/TTMYGH)

YouTube Video Channel: <http://www.youtube.com/user/GWTTMYGH>

California Investment Conference 2012 Presentation: "Simplicity"; [Part I](#); [Part II](#)

As a result of my role at Vulpes Investment Management, it falls upon me to disclose that, from time to time, the views I express and/or the commentary I write in the pages of *Things That Make You Go Hmmm...* may reflect the positioning of one or all of the Vulpes funds—though I will not be making any specific recommendations in this publication.

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