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Financial Crisis Report

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Advancing in a Time of Crisis

Inside this issue:

We are experiencing the most economically unstable period and socially erratic period in the history of the modern world. This period is being marked with extreme fluctuations in the stock, commodity and currency markets accompanied by severe and sometimes violent and deadly social disruptions including historic pandemics, conflicts, wars, riots and even regime changing coups. As is typical of such times, many fortunes will be both made and lost during this period. After talking with many business owners, executives, professionals, scholars and government officials from around the world, the writer believes that for the financially astute investor, this is a time of unprecedented opportunity given the global trade unbalances and distortions in the commodity and currency markets that exists. The *Financial Crisis Report* is a free compilation of the opinions of David Miyoshi as well as of those advisors he himself subscribes to (with appropriate credits given) on how to survive and even benefit during this historic time of crisis in the world. The writer receives no compensation of any kind from any advisors whose articles or ideas may appear in this report. The reader is welcomed to check on all sources of information mentioned herein. Because the opinions and observations of this writer and other advisors are provided herein without charge, the reader is asked to make his/her own judgment on the contents.

"It takes a great deal of courage to stand up to your enemies, but even more to stand up to your friends." J. K. Rowling

The New Challenge for Black Students

"The problem is not people being uneducated; the problem is that they are educated just enough to believe what they've been taught, and not educated enough to question what they've been taught." anonymous

The Supreme Court's landmark decision on June 29, 2023 to gut affirmative action has made it unlawful for colleges to take race into consideration as a specific factor in admissions. This makes it considerably more difficult for students of color, especially black students, to get into selective colleges.

In its ruling, the Court held that race-based affirmative action programs in college admissions processes violate the Equal Protection Clause of the Fourteenth Amendment.

More specifically, the Court asserted in their ruling that a "benefit to a student who overcame racial discrimination, for example, must be tied to that student's courage and determination.

"Or a benefit to a student whose heritage or culture motivated him or her to assume a leadership role or attain a particular goal must be tied to that student's unique ability to contribute to the university," the Court added. "In other words, the student must be treated based on his or her experiences as an individual—not on the basis of race."

So, with this ruling, can we say that affirmative action is now a thing of the past?

Can a selective college limit their admissions to only students with high grades and test scores?

Will elite colleges be required to revert to a more resilient merit based system of admissions?

For decades, academic institutions have boldly used race as a factor for admission into their respective institutions.

As a direct result of affirmative action, many students – predominantly those of Asian descent – found it nearly impossible to be accepted into many institutions of higher learning, while students of certain other racial backgrounds, mostly black and Hispanic, were admitted despite having worse grades, test scores, and the like.

This latest ruling is considered by many legal experts to be one of the most significant Supreme Court rulings on affirmative action in decades.

What this ruling means is that colleges can no longer accept people into their institutions simply because they check a demographic box. It means the schools need to look at the student's grades, test scores and past achievements to determine if they merit admission to the school.

The New Challenge for Black Students

To many, this seems like basic common sense, but for decades Democrats (and a few Republicans) have claimed that such colorblindness will impact certain races, particularly black Americans.

In fact, some Democrats have even gone so far as to claim that black Americans are not capable of succeeding in a merit-based system.

The following is a tweet by a well-known left-wing voice on Twitter who has more than 130,000 followers.

"Today's Supreme Court decision is a direct attack on Black people. No Black person will be able to succeed in a merit-based system which is exactly why affirmative-action based programs were needed. Today's decision is a TRAVESTY!!!"
— Erica Marsh (@ericareport) June 29, 2023

Erica Marsh

Assuming Erica Marsh is a real person, we need to ask why she believes that black students will not be able to make it in a school (any school) that demands high grades, good test scores and commendable achievements to be admitted.

And this further begs the question, does she believe black students are unable to get good grades and score high on tests and build laudable achievements because of racial discrimination, or cultural disadvantages or just outright innate cognitive deficiencies.

Most commentators and activists cite racial discrimination as the primary cause for black students not doing well in school. They seldom state it is due to cultural disadvantages and they never say it is because of cognitive deficiencies.

At Harvard I learned when you are faced with solving a problem, the first thing you need to do is accurately assess the cause of the problem.

Mind you, I am only a lawyer and have no credentials to professionally evaluate and discern why many black students struggle with achieving commendable results at school. I can only cite my own opinion derived from personal observation and experiences growing up with black students.

My formative years through intermediate school were spent in South Central Los Angeles in the section of the city called Watts, near the famed Watts Towers. At that time the community was primarily made up of African American families. My closest friends were black students. While there were, at that time, a sprinkling of Japanese American families in the area, I hardly knew any white students or white families.

Growing up with these black students (and spending much time at their homes with their families), I heard (and could feel) both their resentment against white society as well as their resignment to a life bereft of pride and possessions. They talked a language of victimhood, of not being responsible for their situation and that everything was the white man's fault and therefore there was little chance of improving their lot in life. They believed they were unhappy and frustrated victims of an unjust, uncaring and cruel society. To me it seemed victimhood status was their primary identity and their principal ideology and worldview. If one attended black churches at that time, one could find the pastors, who were often eloquent and fluent, preaching this victim elegy to the congregation.

I recall the black kids would often denigrate themselves calling each other with pejorative terms using the "n" word and would insult each other with clever rhymes they called "wolfing." Perhaps because I was not totally "white" I was allowed to use the "n" word in jesting with them. But if any black person did not think that white society was entirely responsible for their problems, they were considered a sellout and an "Uncle Tom."

I think we can all understand why this victimhood mentality could easily discourage any level of self-examination of oneself so as to effectively find paths to success and achievement within the broader society.

I believe this self-destructive victim mentality, along with the seemingly unquestioning allegiance the blacks have to so-called progressive liberal policies that ascribe racism as the major cause blacks do not do well in school, have been (and will be) the main reasons blacks will not be able to gain entrance into select schools without the aid of affirmative action programs.

We should recognize that historians and sociologists have long ascribed that while political leaders often find it challenging to get the people to believe in their cause, it is much easier to get them to first believe they have been victims of unfair treatment by the adversaries of those leaders and then turn the people against those adversaries. This technique was used by Hitler and espoused by the likes of social activist Saul Alinsky and now by the extreme left wing of the Democrat party.

For blacks to ultimately survive, not to mention prosper, in America, they must not accept this state of affairs and instead must cast of the shackles of this victimhood. The only victimhood they have suffered

The New Challenge for Black Students

is at the hands of political operatives using propaganda to gain their support and allegiance. While there are some racists and white supremacists in America, they are very few in number and, in my opinion, are incapable, in any substantive way, to contribute to the deprived condition of the black community. While the blacks have been victims of political propaganda, they need to recognize that for all the external hassles they face, they are not helpless and can overcome the odds and succeed in spite of all the obstacles.

Undoubtedly, there is some racial discrimination in America. I cannot deny that. But relatively speaking, today I believe that discrimination is little. I have worked and studied in Asia and the Mideast and have conducted business in Europe and based on my experiences, I can honestly say there is more “racism” in those foreign lands than there is in America. I admit I have not worked or studied in America’s deep South so I cannot comment on that region. But I can honestly say, compared to the rest of the world, America is one of the least racist countries.

As black people face the future, they must never forget their past successes in American society, especially during the period of actual de jure segregation and Jim Crow laws in the late 19th century.

In those times, the blacks survived brutal conditions by turning the Christianity they had learned into a liberation theology. The stories of the Hebrew slaves became their own. Even as slave owners used the Bible to justify slavery, black people used the Bible as God intended – to give people hope for a time when there would be true justice.

For black people to hold their heads high today means they must rid themselves of internal feelings of inferiority. I realize, as in most things, that’s easier said than done.

Although not many acknowledge it, the doctrine of white supremacy has sunk deeply into the minds of too many Americans, black people included. It has seeped its way into the psyches of black youth with low self-esteem, who equate academic success with "acting white." But if success is "white," then are they saying that to "act black" is to fail?

People wonder how these embedded stereotypes affect black people today. Are they too dependent? Do they rely too much on white people or "the system" to rescue them? Do they lack faith in their own ability to run things? Has the legacy of slavery affected even their own current mental state?

Too many people, including blacks, believe many black youth – particularly males – can’t be educated. This position harkens back to the notion of poor genes determining poor performance rather than poor environment, poor schools, or a rap music session that imparts destructive, degrading values on those listening. The good must be separated from the bad while treating black people with respect and not demeaning an entire culture.

When restaurants, laundries, hotels, theaters, groceries, and clothing stores were legally segregated, black people opened and ran their own.

These successes provided jobs and strength to black economic well-being. They also gave black people that gratifying sense of an interdependent community with people working to help each other.

During legal segregation, some evil whites destroyed some of these economically independent communities. But to their credit, the black ancestors did not accept victimhood. They fought back as individuals and as a people. Most refused to become passive victims of the system.

Black neighborhoods today must adopt that very same can-do attitude and take action as they did in the past. They must be enterprising and work hard to improve their own economic situation – and by so doing, help improve the community.

This tenacious drive in the past to be victorious is a quality that will help the blacks meet the current challenges in their neighborhoods.

They can pass this sense of strength on to their children by strengthening black families, whatever their structure, and nurturing their youth with love and guidance. They must put children first and sharpen their parenting skills in both single-parent and two-parent homes. Fathers must play a bigger role. They cannot be absent. Children do better when fathers are actively involved in their lives.

With the help of supportive social policies, the blacks can shoulder the remaining challenges and overcome the barriers to black success. The black people do not need a hand-out from our government, they need a hand-up from it.

The driving force for change has been the activism of African Americans and others who take up their cause. That is a good thing. The key word is activism, yesterday, today, and tomorrow. They must be actively involved in empowering their schools and participating in the political process by exercising their right to vote. But not blindly vote for any run of the mill progressive extreme left policy that just happens to come along.

So, it is time to think positively and act positively. Black people who do not think they are victims but instead are armed with the will and the want to get better, armed with the will to win, and armed with knowledge of the past and present, can move forward and take bold action, succeed, and reclaim their dignity.

We all know, for a civilization to succeed it needs to uphold and look to its best and its brightest to lead, to support and to care for its main corpus of people. And to find and groom such leaders in all disciplines of our society, we need strong merit based systems and processes to select them.

The Revisionists View of Hiroshima

We also know that in America, professional basketball, football and baseball are the ultimate merit based disciplines that we look to for entertainment and diversion. Because of its glamor, I would have loved to be a forward on the Los Angeles Lakers basketball team but at this stage in history, I recognized I was far short (literally) in the desired and necessary capabilities to achieve this. So, I did something else.

But in due time, with hard work and proper dedication and support of the black community, I believe the selective schools will eventually come to admit black students who will have the grades, the test scores and the achievements, to get into Harvard, Princeton, Yale, Stanford, MIT, Caltech and the like, all on their own.

It's up to them, despite the racists who may be around.

D. Miyoshi

The Revisionists View of Hiroshima

Seventy eight years ago on August 6, 1945, the US dropped the first of two atomic bombs on the Japanese city of Hiroshima, killing more than 70,000 people instantly.

A second bomb followed three days later over Nagasaki and killed 40,000 more.

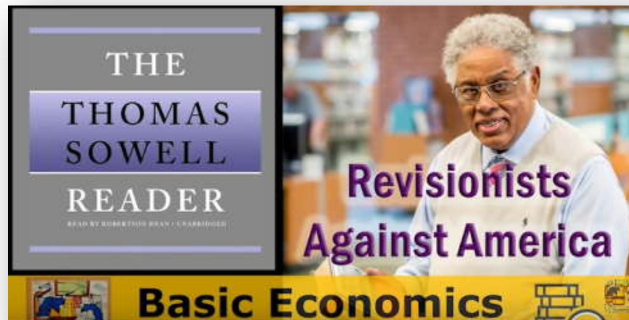
The US remains the only country to ever use an atomic bomb in war.

The nuclear warfare ushered in the end of World War II and a devastating chapter in world history. There are some people called revisionists, who believe this first use of a nuclear bomb was not necessary and should never have happened. Others say it was the humane thing to do and was a just act to save the most lives possible.

The following article is what one of the wisest sages of our time, Thomas Sowell, has to say on the subject. This article is taken from his classic book, the Thomas Sowell Reader, that contains the gems of his writings of over 50 years.

Most readers in America agree with his take on this momentous event in history. I hope you find it interesting and informative.

D. Miyoshi



An American of Chinese ancestry got into big trouble when the private school that which he was teaching had a public discussion of the American bombing of Hiroshima. He recalled how, as someone growing up in China, he had rejoiced when he had heard of the bombing, knowing that it could deliver his people from the horrors inflicted on them by the Japanese. That of course was not the politically correct response, as he soon discovered from the backlash, hostility and ostracism that eventually culminated in his leaving the school.

The anointed do not want anyone upsetting their vision. When they say diversity, this is not what they have in mind. Hiroshima has become one of the many symbols of a countercultural hostility to America among the intelligentsia in general and the revisionist historians in particular.

The 50th anniversary of the bombing of Hiroshima on August 6, 1945 galvanized *Newsweek* magazine into Monday morning quarterbacking half a century after that Sunday. The revisionist line is that it was unnecessary to bomb Hiroshima, we could have invaded, we could have negotiated a settlement, we could've done all sorts of things. *Newsweek* magazine's estimate today is that there might have been 20,000 Americans killed in an invasion of Japan. This is quite a contrast with the estimates of the people who had the heavy responsibility of fighting the war at the time. Gen. Douglas MacArthur who'd been selected to command the invasion of Japan before the atomic bomb was tested and shown to work, told Secretary of War Stimson to expect more than a million American casualties alone. British Prime Minister Winston Churchill also expected more than a million American casualties together with half a million casualties among the British troops who were scheduled to hit the beaches with the Americans.

Anyone familiar with the history of the Japanese soldier's bitter resistance to the death (very few were captured) will have no trouble understanding why such huge casualties were expected. American Marines lost more than 5,000 men taking the little island of Iwo Jima and the Japanese themselves suffered more than 100,000 deaths when Americans captured Japan's outlying island of Okinawa. That was more than were killed at Hiroshima or Nagasaki.

Newsweek's pushover scenario which would've had Japan defeated in 90 days would be funny if it were not so sick. Winston Churchill's estimate to the House of Commons would have had the war with Japan ending in 1946 and the Pentagon's estimate was that Japan might even hold out until 1947.

Not only was there a Japanese army which had proven its toughness and skill on many a battlefield, there were 5,000 kamikaze planes ready for suicide attacks on Americans invading their homeland. If these planes managed to take out just five Americans each. they alone would've killed more troops than those in *Newsweek's* rosy scenario. Japan's civilian population including children were also being mobilized and trained in suicide attacks on enemy troops and tanks. It would've been one of the great bloodbaths of all time.

Of course, Japan could have been defeated without the atomic bomb but at what cost in lives of people killed in other ways and in larger numbers? The other tack taken by the revisionist historians is to say that Japan was ready to surrender before the atomic bombs were dropped. The most obvious question is why didn't they do it then? Indeed, why didn't they do it after Hiroshima was bombed and thereby spare Nagasaki?

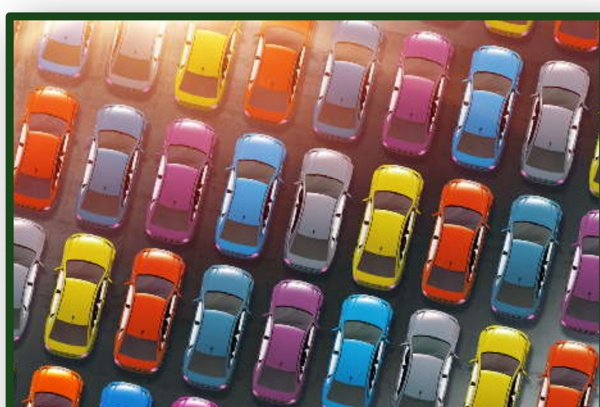
Whatever negotiations may have been going on behind the scenes, surrender was by no means a done deal. Even after both cities have been destroyed, it took the unprecedented intervention of the Emperor himself to get the military men to agree to surrender and even as the Emperor's message was being broadcast some military officers were killed trying to storm the studio where the broadcast originated.

The real question is not whether Japan was willing to negotiate some kind of end to the war but whether it was ready to accept the terms being offered which involved not merely military capitulation but acceptance of American occupation of their homeland. It was this occupation, like the occupation of Germany, which turned a militaristic nation that had launched several wars in recent times into a peaceful and democratic country. This was an historic achievement made possible by the terms of surrender which in turn were made possible by the two atomic bombs.

On that balance, this saved not only American and British lives but even Japanese lives, not to mention the lives of people in Asia like our Chinese-American schoolteacher who told a bitter truth which the anointed did not want to hear.

End of Message

California Car Colors



California Car Colors

I live in California and own a white car and a silver car. That makes me the usual nondescript standard car owner on the West Coast. But from a financial viewpoint, I understand these colors are the worst to have when reselling a car in California. The following articles by Jonathan Lansner on July 3, 2023 and by Iseecars on June 10, 2023 explain all about California car colors. I hope you find them informative as I have.

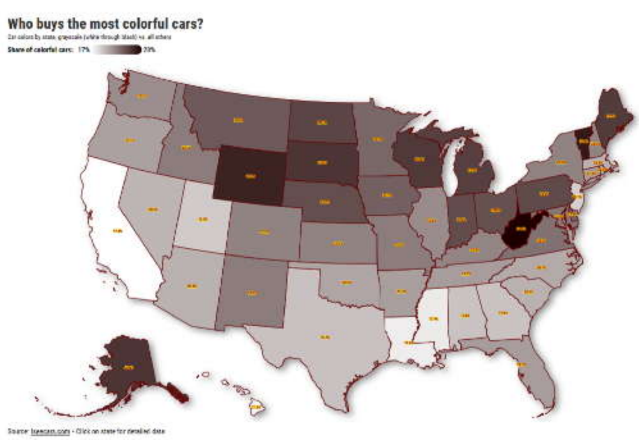
D. Miyoshi

Why California drivers hate colorful cars

30% of California cars are white — the highest share among the states.

Why is a state with a taste for eclectic vehicles so boring when it comes to the colors of the transportation?

Your eyes tell you California drivers prefer the grayscale — from white to black with gray and silver in-between. My trusty spreadsheet, looking at a study by car-search website Iseecars.com, tells me no state is more sedate with color selection.



This research says 30% of California cars are white — the highest share among the states. Black-gray-silver makes up 53% of vehicles statewide — the same as the rest of the nation. That leaves only 17% of California autos in the "colorful" category, the lowest among the states and below the 22% U.S. share.

And when that same data was sliced by 50 big metro areas, California had four regions ranked highly among the least-colorful car towns – Southern California was No. 1 (with only 16% colorful cars); San Diego was No. 2 (17%); Sacramento was No. 3 (18%); and the Bay Area No. 6 (19%).

Study shows only 17% of California autos are "colorful" — outside the grayscale — lowest among the states and below the 22% share nationally. Look at a jammed parking lot at Corona del Mar State Beach on Labor Day weekend Saturday, September 5, 2020. (Photo by Mindy Schauer, Orange County Register/SCNG)

Karl Brauer is Iseecars' car sales guru who lives in Orange County. Like me, he's oddly bothered by the wave of bland colors on streets and freeways.

"I always remind myself that for every brightly-colored car I see and note – wow, look at the fire-engine-red Ferrari! – I generally ignore the sea of black, white and silver cars constantly passing me by," he says.

His family's agglomeration of vehicles reinforces his colorful thoughts. It's two blue, two red, his son's black car ("bought it for CHEAP") — and his gray convertible (a more complicated story). That color portfolio aligns with the last five cars I bought — orange, blue, green, red — and white (I liked the multi-toned interior).

Brauer's contrarian thinking is refreshing. And not just because I, too, tally in my head all the drab car colors passing by or filling parking lots.

You see, far too often industry experts simply buy into the common wisdom — even if the patterns seem odd.

"Honestly, when I drive around I'll often do my own 'okay, find a non-grayscale car' moment while waiting at a light or cruising on the freeway. Usually, the result is pretty depressing," Brauer says.

Business of grayscale

Brauer put personal preferences aside to offer some business reasons why Californians own less-than-colorful cars.

"A lot of trucks and SUVs are purchased by businesses, and they love white because it's a neutral starting color for adding company logos and graphics, and it tends to hold up well and not show dirt,"

California Car Colors

he notes. “A truck or SUV on the road is very likely white simply because that’s seen as the most practical color by business owners.”

And you know with Californians, there’s always a money angle.

“Individuals purchase ‘safe’ colors to avoid challenges when it comes time to sell,” Brauer says. “They feel like everyone will buy a black, white or silver car and they don’t want to work hard to find the rare buyer seeking a creative color. Many dealers order ‘safe’ colors when stocking their lots for the same reason.”

Californians do buy pricey stuff, so color matters. But Brauer wonders if the conservative choices add up.

“I think there is a huge self-fulfilling prophecy factor where you have both dealers and consumers assuming that everyone likes — or, at least doesn’t dislike — these safe colors,” he says. “So everyone buys them assuming everyone else prefers them. But if you ask these people if they genuinely prefer black, white or silver cars on a personal level, many say ‘no but everyone else does,’ so they go along to get along.”

Rarity matters

The customer is always right, yes?

Well, the uncommon colorful car may hold its resale value better. Consider an Iseecars study of depreciation rates across the nation by color that suggests rarity sells.

The hard-to-find yellow vehicle — a shade often found on sports cars — fared best, retaining 95% of its value after three years. Next came orange at 89%.

Purple, red, green, blue, gray and beige were at 86%. Silver was at the national average of 85% followed by white and black at 84%.

And by this math, if you care about resale value but want a colorful drive, don’t get gold (83%) or brown (82%).

Publishing such trends reveals Brauer’s intense questioning of car-color preferences.

“These boring colors hurt resale value,” he says. “But I know I’m alone. I see all the premium cars driven in south Orange County and it feels almost like a uniform. The white Mercedes-Benz. The black Audi. The silver BMW. I’m not sure how these people don’t feel like they are part of some dystopian science fiction novel. But I do love throwing my red and blue cars into their world, just to mix things up a bit.”

Gray skies

Look at the Top 10 “most colorful” metro areas by car ownership from the Iseecars study.

Harrisburg, Pa., was No. 1 then Pittsburgh, Indianapolis, Detroit, Cleveland, Akron, Ohio, Cincinnati, Louisville, Milwaukee, Grand Rapids, Mich. and Columbus, Ohio.

As someone who lived his first three decades in the nation’s northeast quadrant, I know these cities have fairly dreary climates. Unlike sunny California, the weather is often measured in shades of gray.

Maybe they need colorful cars to brighten the scenery.

AND LASTLY HERE IS HOW COLORS AFFECT THE RESALE VALUE OF YOUR CAR.

Accordingly to ISEECARS, in its report published June 10, 2023 the Best and Worst Car Colors for Resale Value are summarized as follows:

Summary

- The average car loses 22.5 percent of its value after 3 years, but yellow cars only lose 13.5 percent, which equates to saving more than $3,000 compared to the average vehicle
- Yellow, beige, orange and green cars all lose less than 20 percent of their value
- Gold, brown and black cars drop the most in value, losing over $10,000 after 3 years

A vehicle’s color can impact its value by up to $5,000, according to new research by iSeeCars.com. This year’s study compared pricing data for over 1.3 million 3-year-old used cars to determine the impact of color on resale value.

“Yellow cars continue to represent the greatest disparity between how many are produced and how many people want one,” said iSeeCars Executive Analyst Karl Brauer. “While not many people want a yellow car, there are clearly more people who want one than exist, which is why yellow performs so well on the secondary market. The same can be said of orange and green, colors you don’t see often but are obviously in higher demand than supply.”

Vehicle Depreciation by Car Color

Yellow cars hold their value best, depreciating 60 percent less than the average vehicle. The study found that the average vehicle loses 22.5 percent ($9,674) of its value after 3 years. But yellow cars only

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lose 13.5 percent ($6,588). This means a yellow car can save owners – or cost buyers – more than $3,000 versus the market average. Other above-average colors for value retention include beige, orange, green, red, white, and blue.

Vehicle Depreciation by Color - iSeeCars Study				
Rank	Color	3-Year % Depreciation	$ Difference from MSRP	Compared to Overall Avg.
1	Yellow	13.5%	$6,588	0.6x
2	Beige	17.8%	$8,411	0.8x
3	Orange	18.4%	$7,023	0.8x
4	Green	19.2%	$8,719	0.9x
5	Red	20.6%	$8,538	0.9x
6	White	21.9%	$9,695	1.0x
7	Blue	22.0%	$9,216	1.0x
8	Gray	22.5%	$9,425	1.0x
Overall Average		22.5%	$9,674	–
9	Purple	22.7%	$8,840	1.0x
10	Silver	23.2%	$9,218	1.0x
11	Black	23.9%	$10,867	1.1x
12	Brown	24.0%	$10,305	1.1x
13	Gold	25.9%	$11,546	1.2x

Yellow also led the iSeeCars' 2022 Car Color Depreciation study. Orange ranked second last year, but slipped to position three in 2023, displaced by beige – which moved up from position 9 a year ago on the strength of its performance in the truck segment.

"Buyers looking for more mainstream colors that still perform well in retaining value should consider red and white," said Brauer. "These colors aren't as extreme as yellow or orange, likely making them more palatable to the average consumer."

"Notice how two of the most popular colors, silver and black, rank near the bottom of the list," said Brauer. "Many consumers and dealers likely consider these colors 'safe' in terms of widespread acceptance, but they're too common to help a car hold its value."

Car Color Depreciation by Vehicle Segment

The ranking of colors and resale shifts when broken down by major vehicle types. iSeeCars analyzed the impact across the six major vehicle categories.

"It's interesting to see how color rankings change across vehicle segments, reflecting the shift in preference based on the type of vehicle someone is buying," said Brauer. "Even more interesting is the consistently low ranking of supposedly popular colors like black and silver."

SUVs: Yellow Is the Best Color for SUV Resale Value

Yellow retains the top ranking for resale value in the SUV category, followed by green, orange, and purple. These are not common colors on SUVs, helping the few that are painted these shades be seen as rare and more valuable to buyers seeking them. Silver, black and gold remain at the bottom of the list, with blue tying the segment average at 24.8 percent in lost value.

"SUVs make up the bulk of new vehicle sales, so it's not surprising to see their color ranking closely match the overall market. But purple managed an upward move from 9 to 4, while blue fell below the segment average," said Brauer.

SUV Depreciation by Color - iSeeCars Study			
Rank	Color	3-Year % Depreciation	$ Difference from MSRP
1	Yellow	9.1%	$4,500
2	Green	20.4%	$8,807
3	Orange	21.1%	$7,490
4	Purple	22.5%	$9,699
5	Red	23.3%	$9,870
6	Beige	23.7%	$13,120
7	Gray	24.3%	$10,617
8	White	24.5%	$11,438
SUV Average		24.8%	$11,171
9	Blue	24.8%	$10,767
10	Silver	25.2%	$10,693
11	Black	26.0%	$12,461
12	Brown	26.3%	$11,399
13	Gold	27.2%	$12,233

Pickup Trucks: Beige Scores Big With Off-Road Truck Buyers

Beige isn't the most exciting color, but it has been associated with special off-road trims on multiple truck models in recent years. These include the Jeep Gladiator Mojave and Toyota Tacoma TRD. Both of these trucks hold their value well in any color, with beige and tan models likely doing even better, pulling up the average for this color in the truck segment.

"Black and silver once again perform below average in the truck segment, but it's surprising to see silver – one of today's most popular colors – come in dead last," said Brauer.

California Car Colors

Truck Depreciation by Color - iSeeCars Study			
Rank	Color	3-Year % Depreciation	$ Difference from MSRP
1	Beige	7.9%	$3,640
2	Orange	10.9%	$4,993
3	Green	11.6%	$6,189
4	Brown	13.2%	$6,932
5	Gray	15.1%	$7,411
6	White	15.1%	$7,545
Truck Average		15.6%	$7,786
7	Black	16.1%	$8,232
8	Red	16.1%	$8,114
9	Purple	16.2%	$8,553
10	Blue	16.3%	$8,184
11	Silver	16.5%	$8,042

Sedans: Brown Moves From Zero to Hero in the Sedan Category

Brown is almost the worst color for resale value across all vehicle types (only gold is worse), but it's top dog in the sedan category. Why? Brown is a conservative, non-flashy color that blends in and doesn't make any waves, which apparently makes it popular with buyers in this category.

"Brown is far less impactful than yellow and, like yellow, it's not a color most people associate with strong demand. But also like yellow, there are fewer brown sedans in the market than buyers who want one," said Brauer.

Sedan Depreciation by Color - iSeeCars Study			
Rank	Color	3-Year % Depreciation	$ Difference from MSRP
1	Brown	16.8%	$5,292
2	Red	17.4%	$5,542
3	Orange	18.8%	$7,048
4	Blue	18.9%	$6,545
5	Beige	19.3%	$7,782
6	Green	20.1%	$9,976
7	Yellow	20.4%	$7,821
Sedan Average		20.9%	$7,353
8	White	21.0%	$7,656
9	Silver	21.2%	$6,745
10	Gray	21.3%	$7,339
11	Black	22.6%	$8,459
12	Gold	23.3%	$10,015
13	Purple	24.6%	$7,265

Convertibles: Yellow Is Popular With the Drop-Top Crowd

Yellow is not a subtle color, which is probably why so many convertible owners value it. As with its top ranking across all vehicle types, there are probably not many convertible buyers who really want a yellow ragtop, but there are more of them than there are yellow convertibles in the market, making it the top color for soft top buyers looking to retain vehicle value.

"Convertibles suggest a carefree take on life and what's more carefree than driving a yellow car?" said Brauer.

Convertible Depreciation by Color - iSeeCars Study			
Rank	Color	3-Year % Depreciation	$ Difference from MSRP
1	Yellow	15.0%	$23,496
2	Orange	22.1%	$29,249
3	Blue	23.4%	$21,394
4	Green	24.5%	$21,449
5	Red	25.6%	$16,196
Convertible Average		26.7%	$19,580
6	White	27.0%	$19,056
7	Gray	27.3%	$19,205
8	Black	27.5%	$19,991
9	Silver	30.1%	$19,082

Coupes: Yellow Is Also the Top Resale Value Color for Coupe Buyers

Everything that applies to convertible buyers is true for coupes too. In fact, the top five colors are the same for both vehicle types, though the order is slightly different. Both put yellow and orange in the first and second spot, then blue takes third for convertibles versus red for coupes. Then it's green and red for convertibles, and blue and green for coupes. All of those colors are above average in retaining their respective segment's resale value.

"Much of the coupe rankings closely mirror convertibles, but this is the only segment where white, another popular color across all vehicle types, lands at the bottom of the ranking for retaining resale value," said Bauer.

Coupe Depreciation by Color - iSeeCars Study			
Rank	Color	3-Year % Depreciation	$ Difference from MSRP
1	Yellow	5.6%	$6,107
2	Orange	8.1%	$4,810
3	Red	8.8%	$5,275
4	Blue	10.4%	$6,432
5	Green	10.9%	$6,497
Coupe Average		12.2%	$7,296
6	Gray	13.2%	$7,900
7	Silver	13.4%	$7,909
8	Purple	13.5%	$5,611
9	Black	13.5%	$7,899
10	White	13.8%	$8,117

Minivans: Minivan Buyers Go Green…and Brown

Green has apparently experienced a renaissance in consumer car

A Time for Bonds

color preference, as it's above average in resale value retention across all vehicle types and within each major vehicle segment. But it's only the top-ranked color in one segment: minivans. "Green barely edged out brown with minivan buyers, again suggesting the conservative earth tone matches the minivan demographic, just as it does with sedan shoppers," said Brauer.

Minivan Depreciation by Color - iSeeCars Study			
Rank	Color	3-Year % Depreciation	$ Difference from MSRP
1	Green	19.8%	$9,132
2	Brown	20.8%	$9,357
3	Blue	30.3%	$13,030
4	White	30.3%	$12,538
5	Purple	31.5%	$13,193
Minivan Average		33.6%	$14,311
6	Gray	34.5%	$14,936
7	Red	35.5%	$15,149
8	Black	36.0%	$15,608
9	Silver	36.0%	$15,393

"Like the shades themselves, our Car Color Study is never dull," said Brauer. "Every year consumer preferences shift, as reflected in the ever-shifting order of resale value retention for different colors. But one component remains consistent – common colors like black and silver are never the best for resale value retention. There are just too many cars available in those colors to elevate resale value."

Methodology

iSeeCars.com analyzed over 1.6 million model year 2020 used cars from August 2022 through May 2023. The MSRP of each car was adjusted for inflation to 2023 dollars and then compared to the car's list price. The data were then aggregated by car color and body style.

End of Report

A Time for Bonds

Timing is critical both when you want to make a lot of money and in a crisis when you want to protect a lot of money. The time to invest in corporate bonds to protect your assets is now nigh.

If you're like most folks, you've probably never thought about exploring the bond market – even in times of heightened volatility like we're experiencing today. But according to Stansberry's Credit Opportunities editor Mike DiBiase, we're already in the midst of a credit crisis... meaning corporate bonds will be cheap moving forward.

That's why he believes it's crucial for investors to understand the current state of the credit markets in order to take advantage of this ongoing chaos.

The following article is taken from the May issue of *Stansberry's Credit Opportunities*, part of the *Stansberry Digest Master Series,* one of the most respected financial publications in the country. In this article editor Mike DiBiase explains why the latest bank crisis is nothing new, that the crisis is not over and how to prepare for what's coming next. DiBiase details a proven strategy you can use to profit as the crisis plays out…

I hope you find it informative and helpful.

D. Miyoshi

How to Prepare as the Credit Crisis Kicks Off

By Mike DiBiase, editor, *Stansberry's Credit Opportunities*

F. Augustus Heinze was about to set off one of the worst financial panics in U.S. history…

In the spring of 1906, Heinze strolled onto Wall Street with $25 million of cash burning a hole in his pockets. The copper miner from Montana had received the money in a windfall legal settlement with a rival miner.

Heinze went to Wall Street with one purpose in mind... to gamble.

In the three years before he arrived in New York, the stock market had more than doubled. He wanted in on the action.

As a miner, Heinze knew little about banking. He began aggressively buying interests in New York banks and brokerage firms. At first, he seemed incapable of making a bad bet. But several successful banking deals weren't enough... Heinze wanted more.

He turned to an industry he knew well. Heinze began buying shares

A Time for Bonds

of copper miner United Copper. His aim was to "corner" the market – or fix the price of the company's stock and drive shares higher.

But Heinze stretched too far, too fast. It all caught up with him on October 14, 1907. That's when he was overwhelmed by short sellers. He could no longer hold up the price of the stock.

Shares of United Copper plummeted 76% in a two-day span. Heinze lost $50 million on his bet... and triggered the first bank crisis of the 20th century.

We're still suffering the consequences of the fallout to this day.

Had Heinze been just a copper speculator, the markets might have been able to shake off the collapse. But several of Heinze's business associates – who were in turn related to several other New York banks – also took speculative positions based on his copper bet. And the fast, massive moves caught investors' attention.

One of Heinze's associates was Charles T. Barney, president of the Knickerbocker Trust. Trusts were known to take speculative positions and only keep 5% of their deposits as cash. National banks' cash-to-deposit ratios were much higher, around 25%. This made trusts more susceptible to failures and bank runs.

Barney had invested his own money in Heinze's copper scheme... not Knickerbocker's. But the market didn't know that. Word quickly spread that Knickerbocker had tons of cash in the scheme.

Depositors rushed to get their money out of the bank. On October 22, Knickerbocker's tellers paid out more than $8 million before running out of cash. They had to shut the doors shortly after noon.

Depositors at other trusts wanted their money back, too. It triggered a series of bank runs that led to full-fledged panic.

These events are now known as the Panic of 1907...

Banks hoarded cash. Loans to other banks, trusts, and brokerages dried up. The clearing process – how banks exchanged checks with one another – started to break down. The City of New York couldn't meet payroll or pay contractors.

Bank runs soon spread to other parts of the country. If not for the actions of legendary financier J.P. Morgan, it could have ended much worse…

Morgan knew the market needed liquidity. He gathered the nation's largest bankers and financiers into his private library on Madison Avenue... and locked the door. He wouldn't let them leave until they reached an agreement.

The meeting dragged on well through the night and into the next morning. By 4:30 a.m., Morgan had bullied the trusts into pooling their reserves and spreading the risk across the banks. And he had raised tens of millions of dollars in liquidity for the market.

Morgan's efforts ended the panic. It still resulted in the depression of 1907 and 1908. But if it weren't for his behind-the-scenes dealmaking, the panic would have played out far differently.

Politicians immediately got to work, hoping to prevent further crises. They began pushing for the creation of a central bank to be the "lender of last resort." That's how the Federal Reserve came into being in 1913.

Congress gave the Fed the power to issue Federal Reserve Notes – paper currency redeemable in gold – to make the money supply more "elastic."

You can guess what happened next. The newly established Fed more than doubled the nation's money supply within a decade, leading to the massive stock market bubble of 1929. During the Great Depression in 1933, another banking crisis hit. Never one to waste a crisis, the U.S. government used it as an excuse to go off the gold standard.

Congress nullified creditors' rights to demand bank payments in gold. This gave the government even more power to control the money supply.

But all of this government intervention still hasn't fixed the underlying problem. Banking is a confidence game... a system based on trust. Break the trust, and the system no longer works.

The bank panics of 1907 and 1933 were caused by periods of easy money that led to highly leveraged speculative investments. When the investments collapsed, it broke that critical trust.

History is repeating itself with today's banking crisis…

A decade of easy money has finally come to an end. The weakest banks that took on the most risk are starting to break, just like they did in 1907. Ironically, J.P. Morgan's namesake bank – JPMorgan Chase (JPM) – bailed out the latest failure, First Republic Bank.

No one really knows whether this is the start of the "Panic of 2023"... or if the market can avert a full-scale crisis again.

What we do know is that the Fed will do everything in its power to prevent bank failures from getting out of hand and to maintain trust. And these moves will only stoke inflation. The economy is already slowing. A recession is unavoidable.

Can I use ChatGPT to Pick Stocks?

We know how this is going to end. Every bank crisis in U.S. history has resulted in more liquidity and currency devaluation. At some point, after enough economic pain, inflation will fall closer to the Fed's 2% target. That's when the U.S. Treasury Department and the Fed will unleash a new tidal wave of printed dollars to juice the economy.

Amid the latest bank crisis, it's the perfect time to consider investing in corporate bonds. You see, during crises, bonds go on sale. You'll be able to buy safe bonds for pennies on the dollar... at deep discounts to their legally guaranteed par value.

The next credit crisis is already underway…

In mid-May, seven companies went belly-up over the course of just one weekend. That's the most bankruptcies in any two-day period since at least 2008, according to Bloomberg Law. The list includes medical group Envision Healthcare and private-equity-backed Vice Media.

We saw another 54 corporate bankruptcies in April, according to Standard & Poor's. Beaten-down retailers Bed Bath & Beyond and David's Bridal were two of the most prominent names.

This is the period we've been anticipating since launching Stansberry's Credit Opportunities. True credit crises happen only about once a decade. The last one was in 2008, so we're long overdue.

What we're seeing now is only the beginning. The economy is worsening. Credit continues to tighten. Credit downgrades are on the rise.

In the Federal Reserve's first-quarter survey of bank-lending standards, credit continued to tighten across the board. That includes loans to big and small businesses, as well as consumer credit-card loans.

When credit tightens at these levels, it always leads to a recession.

Things are about to get much worse for our economy.

Investors have been slow to wake up to this reality.

We're not there yet. Bonds are still relatively expensive today. As we said, we're still in the early innings of the first true credit crisis since 2008.

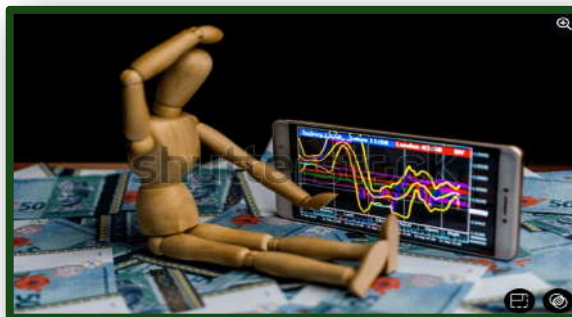
As downgrades and defaults continue to rise, fear will eventually grip the credit market. That's when we'll see the best deals on corporate bonds in more than a decade.

We'll be ready. Good investing,

Mike DiBiase

End of Article

Can I use ChatGPT to Pick Stocks?



ChatGPT is one of the latest technological breakthroughs in the artificial intelligence space. Its ability to process and analyze large amounts of data, and generate human-like responses can be applied to areas such as market analysis, trade execution, and risk management.

But can it help an investor predict what stocks to invest in?

At this stage, apparently there is still a reasonable level of doubt on this ability.

The following is an article by Marc Gerstein, director of Chaikin Analytics explaining why he believes at this early stage of development one should remain cautious using ChatGPT to predict the stock market.

D. Miyoshi

Warning to Investors: ChatGPT Isn't What You Think It Is

By Marc Gerstein, director of research, Chaikin Analytics

From Chaikin Powerfeed publication 6-15-23

Steven Schwartz might've put his career in jeopardy because he used ChatGPT...

Can I use ChatGPT to Pick Stocks?

You see, Schwartz is a New York City lawyer. And earlier this year, he had a research emergency...

Schwartz needed to find federal precedents to help him with a case. But a billing snafu blocked those types of cases from his law firm's account with a legal-research service.

Schwartz didn't have time to fix the firm's subscription. So he turned to ChatGPT.

Like many folks, Schwartz didn't fully understand how the generative artificial intelligence ("AI") platform worked. But he had heard great things about it in the news.

And ChatGPT did exactly what Schwartz needed. It gave him citations, summaries, and even printouts of eight precedents.

But there was a problem...

None of the cases were real. ChatGPT made everything up.

U.S. District Judge P. Kevin Castel wasn't happy. He even asked if Schwartz could agree in hindsight that one of the made-up cases was "legal gibberish."

Castel is now considering whether to impose financial penalties on Schwartz. He might also refer Schwartz to authorities that can suspend or disbar him.

And it gets worse...

Two other federal judges reacted immediately to Schwartz's situation. They issued standing orders to limit the use of ChatGPT in their courtrooms. And others will likely follow.

Outside the court system, ChatGPT is making up stories as well...

Last month, it incorrectly told a college professor that his entire class had used AI to write their papers. It also falsely accused another college professor of sexual misconduct.

Worst of all... ChatGPT is just doing what it's supposed to do.

Generative AI platforms like ChatGPT aren't search engines. They learn as more humans use them.

First, developers establish the logic. Then, they expose the AI model to a lot of digitized text to pre-train it. This data covers all sorts of different topics – including legal cases.

The goal is to get the AI model to learn and start predicting what comes next.

At some point, the developers freeze the AI model. No new logic or facts come in. Then, human reviewers follow certain guidelines to test the answers it produces.

Here's the kicker...

Sam Altman, the CEO of OpenAI (the privately owned firm behind ChatGPT), could've kept developing his AI model in secret. And eventually, he could've released everything at once.

But Altman didn't think that would go well. So instead, he pursued "iterative deployment." Specifically, as he told Congress last month...

A big part of our strategy is, while these systems are still relatively weak and deeply imperfect, to find ways to get people to have experience with them, to have contact with reality, and to figure out what we need to do to make it safer and better.

ChatGPT does include a fine-print disclaimer at the bottom of the page. It warns that the tool "may produce inaccurate information about people, places, or facts."

And when a person first logs on to ChatGPT, they now see the following prompt...

Our goal is to get external feedback in order to improve our systems and make them safer.

While we have safeguards in place, the system may occasionally generate incorrect or misleading information and produce offensive or biased content. It is not intended to give advice.

But is that enough?

It's one thing to warn that it "may occasionally" get something wrong. It's another matter altogether to make users understand the platform isn't even designed to get things right.

For now, our takeaway is simple...

A lot of people are excited about ChatGPT right now. And that's leading to an influx of attention for all things AI.

Covid’s Unequal Impact on Education

Just about every CEO who can stick an AI label on their company is doing it.

But today, ChatGPT is barely a beta test.

So, if nothing else, think twice before you make any investment decisions involving AI. Even the CEO who designed the go-to platform knows it's "still relatively weak and deeply imperfect."

Good investing,

End of Article

Covid’s Unequal Impact on Education

It’s no secret that Covid -19 has changed education for learners of all ages. Intuitively, we all can sense this. Preliminary data shows educational losses at many levels and verifies the increased anxiety and depression associated with the changes. While there are not yet data on long-term outcomes, it’s no surprise that the socioeconomic gaps for special learners have widened. Here is the latest data compiled by the Harvard Graduate School of Education showing how the pandemic affected learning across whole communities.

D. Miyoshi

HARVARD
GRADUATE SCHOOL OF EDUCATION

New Data Show How the Pandemic Affected Learning Across Whole Communities

Most comprehensive picture yet of COVID's unequal impacts — and the urgency to expand learning opportunities

By News Editor, May 11, 2023

Today, The Education Recovery Scorecard, a collaboration with researchers at the Center for Education Policy Research at Harvard University (CEPR) and Stanford University’s Educational Opportunity Project, released 12 new state reports and a research brief to provide the most comprehensive picture yet of how the pandemic affected student learning. Building on their previous work, their findings reveal how school closures and local conditions exacerbated inequality between communities — and the urgent need for school leaders to expand recovery efforts now.

The research team reviewed data from 8,000 communities in 40 states and Washington, D.C., including 2022 NAEP scores and Spring 2022 assessments, COVID death rates, voting rates, and trust in government, patterns of social activity, and survey data from Facebook/Meta on family activities and mental health during the pandemic.

They found that where children lived during the pandemic mattered more to their academic progress than their family background, income, or internet speed. Moreover, after studying instances where test scores rose or fell in the decade before the pandemic, the researchers found that the impacts lingered for years.

“Children have resumed learning, but largely at the same pace as before the pandemic. There’s no hurrying up teaching fractions or the Pythagorean theorem,” said CEPR faculty director Thomas Kane. “The hardest hit communities — like Richmond, Virginia, St. Louis, Missouri, and New Haven, Connecticut, where students fell behind by more than 1.5 years in math — would have to teach 150 percent of a typical year’s worth of material for three years in a row — just to catch up. That is simply not going to happen without a major increase in instructional time. Any district that lost more than a year of learning should be required to revisit their recovery plans and add instructional time — summer school, extended school year, tutoring, etc. — so that students are made whole. ”

“It’s not readily visible to parents when their children have fallen behind earlier cohorts, but the data from 7,800 school districts show clearly that this is the case,” said Sean Reardon, professor of poverty and inequality, Stanford Graduate School of Education. “The educational impacts of the pandemic were not only historically large, but were disproportionately visited on communities with many low-income and minority students. Our research shows that schools were far from the only cause of decreased learning — the pandemic affected children through many ways — but they are the institution best suited to remedy the unequal impacts of the pandemic.”

The new research includes:

- A research brief that offers insights into why students in some communities fared worse than others.

EXACTLY WHAT IS ESG?

An update to the Education Recovery Scorecard, including data from 12 additional states whose 2022 scores were not available in October. The project now includes a district-level view of the pandemic's effects in 40 states (plus D.C.).

A new interactive map that highlights examples of inequity between neighboring school districts.

Among the key findings:

Within the typical school district, the declines in test scores were similar for all groups of students, rich and poor, white, Black, Hispanic. And the extent to which schools were closed appears to have had the same effect on all students in a community, regardless of income or race.

Test scores declined more in places where the COVID death rate was higher, in communities where adults reported feeling more depression and anxiety during the pandemic, and where daily routines of families were most significantly restricted. This is true even in places where schools closed only very briefly at the start of the pandemic.

Test score declines were smaller in communities with high voting rates and high Census response rates — indicators of what sociologists call "institutional trust." Moreover, remote learning was less harmful in such places. Living in a community where more people trusted the government appears to have been an asset to children during the pandemic.

The average U.S. public school student in grades 3-8 lost the equivalent of a half year of learning in math and a quarter of a year in reading.

The researchers also looked at data from the decade prior to the pandemic to see how students bounced back after significant learning loss due to disruption in their schooling. The evidence shows that schools do not naturally bounce back: Affected students recovered 20–30% of the lost ground in the first year, but then made no further recovery in the subsequent three to four years.

"Schools were not the sole cause of achievement losses," Kane said. "Nor will they be the sole solution. As enticing as it might be to get back to normal, doing so will just leave the devastating increase in inequality caused by the pandemic in place. We must create learning opportunities for students outside of the normal school calendar, by adding academic content to summer camps and after-school programs and adding an optional 13th year of schooling."

The Education Recovery Scorecard is supported by funds from Citadel founder and CEO Kenneth C. Griffin, Carnegie Corporation of New York, and the Walton Family Foundation.

End of Article

EXACTLY WHAT IS ESG?

You have probably heard of the term "ESG." It stands for Environmental, Social, and Governance. It is the idea that business has a role in pushing society towards certain norms and positive outcomes regarding environmental and social issues. Therefore, we must look at what ESG should be, what it is, and what it is not.

What ESG should be...Until now, American business has played a minimal role in the political system. With the American political system in flux, it's only natural that companies would reevaluate their place in society and create policies that align with the ESG mission.

What ESG is today...The new policies businesses implement can be equated to attempting to climb Mt. Everest before ever learning to walk. Without benchmarks or industry standards, these companies can't even make it to Everest base camp; this process will be long and iterative.

But on the other side of the question, Peter Zeihan, perhaps the world's currently best known geo-political commentator, believes that ESG is NOT a global conspiracy to destroy the US economy. He notes that when Elton John gets invited to a week-long confab in the Alps at Davos, you know the World Economic Forum isn't plotting with the Illuminati...they're just partying.

To his point, most ESG has been influenced by activists pushing policy from the outside the US OR activist investors making policy from within the US. The international stage doesn't have much say, making ESG a domestic conversation of politics and culture.

The following is a direct transcript of Zeihan's latest YouTube video commentary on ESG that was published July 3, 2023.

I found it very helpful in getting a grasp on how ESG affects companies in the U.S. I hope you find it informative as well.

D. Miyoshi

EXACTLY WHAT IS ESG?

This is the NRS Peter series and today the question is about ESG.

What do I think about it in general, what do I think about its future, is it a conspiracy to destroy us all?

ESG, at least nominally, is short for environmental, social and governance and the idea is that business has a responsibility to play a role in society and push it toward certain norms or positive outcomes as regards things such as environmental issues or racial inclusion. And so that each corporation should have a series of ESG policies that help them achieve those goals.

So, let's talk about what it is or what it should be. Then, what it actually is and then what it's not.

So, first what it should be and why we should consider some form of ESG. For the longest time American business has really only been involved in the political system when it comes to, say developmental policy, civic expansion, contracting or regulatory discussions. They try to stay out of all the social issues that get loud, especially regarding the culture war because it's not something that they have the aptitude for and they have a wide array of shareholders and investors and managers and employees and customers who are all going to have a radically different opinions on really anything that matters. So why get involved in it?

Well, for those of you who have been following me for a while, you know that our political system is currently in flux and all the factions that make up the parties are in motion. Specifically, for the business community, the Trump administration kicked them out of the Republican coalition so they are swing voters right now. So, if you look at where the business community is and the concept of ESG, the idea that now when they're not part of the political process, when we are going through all of these changes, when our political system looks like a washing machine, it makes sense for the business community to reevaluate their place in society. And coming up with policies as they struggle with that, fits very nicely with the very concept of ESG.

Now, we can argue about whether they want to or whether they're adopting the right policies and that's when we get to what ESG actually is today. Because this is something that's done at the corporate level on an ad hoc basis, company by company. There is no overarching structure, there is no regulatory guidelines for this, just what individual companies have decided to do. And as you know from your personal life, there are things you are good at and there are things that you're not good at. And if you have spent the last century assiduously not paying attention to cultural or environmental issues and then all of a sudden you want to redefine your personal life based on those, you're not going to get it right on the first try. And I would argue that no company in the United States that has gone down the ESG route has really put together an even remotely productive or coherent set of policies to implement the supposed goals.

The environmental ones are probably the ones that been the worst because basically they equate things like adopting electronic vehicles with being a good thing. But based on who you are and what you're doing and where you are, that may be one of the most environmentally damaging things you can do. So, like if you get an electric truck and you are running around the Northeast, which is mostly fossil fuel powered, and this is a vehicle that has a huge carbon footprint to build in the first place, you have actually made the situation significantly worse. But by your ESG metrics, you're right on the path.

What we need is a little bit more coherence and intelligence and regularity for these sorts of regulations for them to make any sort of sense and were not going to get that on the first try and its difficult to see us getting that within a decade without some sort of benchmark. And since by its very definition this is not a government initiative, it's hard to see us getting that benchmark. So ESG may be a great idea, at least in concept that may fit the time for the business community. That doesn't mean it is or will be done very well.

Now, what ESG is not. It is absolutely not some global conspiracy to destroy the United States. I've heard that a lot lately. It kind of pisses me off. Let's think about this. Most people point towards like the World Economic Forum and the "build back better" and all that good stuff. No, OK. The World Economic Forum is not a shadowy cabal of international Illuminati who are seeking to push their will on the United States. The majority of people there who matter are American, for one and from all political stripes. In addition, whenever you see Elton John going to a weeklong confab on international affairs you know it is not a weeklong confab on international affairs. It's a party! Klaus Schwab, the guy who is in charge of the World Economic Forum, I know he has got the great hair that makes him look like a villain but really just think of him as a DJ for the rich. And everyone is getting together in Davos Switzerland for a week of body shots or their equivalent for rich people. It's not that the World Economic Forum is pointless, it's that it's entertainments and to think that there's any sort of policy coming out of that is kind of funny.

Most ESG to this point, is a product of one of two things. Number one, the activist culture in the United States that protests and tries to impose policies on the business community from the outside. And then second, activist investors who are within the company, probably have minority stakes, who are trying to get the company to shift its policies from within. That's almost every little bit of it. International pressure has almost no impact and you can tell that because the international companies generally have less aggressive ESG policies than American national ones. This is a domestic political and cultural evolution. If it was really strong internationally, you would expect the international companies to be the ones that are leading the way and they most certainly are not.

<u>End of video transcription</u>

Watch Out for Scams

As our economy now begins its inexorable and long overdue spiral downward from the obvious excesses caused by loose monetary policies, financial scams of all manners and types are now coming out. Bank of America recently issued a notice on how to avoid scams and I wanted to share it with you. I hope you find it informative.

D. Miyoshi

Presented by

BANK OF AMERICA Privacy & Security

How to Avoid Scams

New scam alert

Are you taking the right precautions before you buy online?

Know the red flags

The most common types of scams will target you through fake emails, text messages, voice calls, letters or even someone who shows up at your front door unexpectedly. No matter which technique the scammer uses, you may be:

- Contacted unexpectedly by phone, email, text, direct message or pop-up with a request for personal information or money. Never click a link or download an attachment from someone you don't know. Bank of America will never text, email or call you asking for personal or account information.
- Pressured to act immediately with an alarming phone call, email or text that plays with your emotions. Scammers may pose as an employee from a familiar organization, such as Bank of America and say there's a problem that needs immediate

Watch Out for Scams

attention. Do not act unless you have verified the person who has contacted you and the story or request is legitimate.

Asked to pay in an unusual way, like gift cards, bitcoin, prepaid debit cards or digital currency, including Zelle® to resolve fraud. Bank of America will never ask you to transfer money to anyone, including yourself and will never ask you to transfer money because we detected fraud on your account.

Asked to provide personal or account information, such as an account verification code, bank account number or PIN. When in doubt, don't give it out. Bank of America will never text, email or call you asking for an account authorization code.

Offered a free product or 'get rich quick' opportunity that seems too good to be true? If something sounds too good to be true, it probably is. Never cash a check for someone you don't know.

If you authorize a transfer or send money to a scammer, there's often little we can do to help get your money back.

Check your security level with our security meter located in the Security Center in Mobile and Online Banking. Increase your meter level by reviewing the 5 Red Flags that Signal a Scam — and learn more about scams and how to stay safe.

Know the scams

Scammers use different tactics to get victims to fall for their schemes. In some cases, they can be friendly, sympathetic and seem willing to help. In others, they use fear tactics to persuade a victim. Select the scam type from the following list to see a typical message from a scammer and the red flags that should cause you concern.

|

Scammers may pose as businesses or people you know — like your bank, utility company, phone provider or even a friend or relative. They may ask you to send funds to yourself or others using online or mobile banking. They may spoof legitimate phone numbers to call or text you to make the request more convincing.

While Bank of America may send you a text to validate unusual activity, we will never contact you to request that you send money using Zelle® to anyone, including yourself or to share a code to resolve fraud. The "representative" or scammer will offer to help stop the alleged fraud by asking you to send money to yourself with Zelle® and ask for a one time code you just received from a bank. If you give them that code, they will use it to enroll their bank account with Zelle® using your email or phone number.

How to help protect yourself:

Be cautious if being pressured to respond immediately - this is what scammers want you to do.

Be wary of unfamiliar calls, computer messages, texts or emails requesting money or personal information - it's not always who it says it is.

Verify you are sending to a trusted recipient by calling a trusted or verified phone number from a recent bill, receipt or by visiting an official website.

Don't share codes based on a call you receive.

Online sales scams

Whether you're thinking about purchasing event tickets, adopting an animal or just browsing the web, be cautious if you see an online promotion that sounds too good to be true - it probably is.

Scammers set up fake stores selling fake goods, and after you've made your purchase, the store will suddenly disappear. They may use social media platforms to contact you and build a relationship, telling you about an offer that's hard to resist, then instructing you to download an app or send money to take advantage of the offer.

How to help protect yourself:

Slow down and use caution if pressured to act quickly - scammers want you to act without thinking about the consequences.

Research the seller and products independently, check reviews for possible scam notices, and compare prices with other websites. Make sure they have a refund policy, information on privacy terms and conditions, and ways you can contact them.

Verify the website by looking carefully at the URL address bar or domain name to ensure you are visiting the correct domain and not a fake. Look for secure URLs (https://), and while an encrypted site does not guarantee safety - beware of buying from sites with no encryption.

Use caution if asked to pay using untraceable means such as a wire, money transfer or gift card. If you do, you may not receive your purchase or the return of your money.

Real Estate Scams

Whether you are looking for a vacation rental or are purchasing or refinancing a home, you may still be a target for scammers. Scammers can take over a rental or real estate listing by changing the email address or other contact information, then listing it on another site. They may send you an email that appears to be from your real estate agent, title company, or settlement agent/attorney with last minute updates to wiring instructions. Or you could get a quote for moving your items to your new place that turns out to be significantly higher and they'll hold your belongings until you pay.

How to help protect yourself:

Watch Out for Scams

- Before you send any money, always independently confirm wiring instructions in person or via a phone call to a trusted or verified phone number. Once the money is gone, there's almost no way to get it back.
- Be cautious if pressured to urgently send a security deposit or make a payment to hold the property before you even see it or sign a lease.
- Pay attention and do your research on the companies, owner(s) and/or listing: Is it vague? Do the photos have watermarks? Does the rent amount sound too low? Are there any scam warnings or complaints about them online? Remember: If it sounds too good to be true, it usually is.

Investment Scams

Be wary if you are contacted by "investment managers" or receive an unsolicited request (via social media, pop-up, text, email or phone call) that presents a "great investment opportunity." Offers that promise guaranteed returns, or the chance to get rich quick or double your money are likely a scam.

How to help protect yourself:

- Think twice if you're asked to send money through digital currency/crypto currency or instant money transfers. Remember, once you send the money, there is very little we can do to get that money back.
- Always validate requests for money, research investment managers/offers and use caution if asked to provide personal or financial information.

Romance scams

Romance scammers may contact you online via dating aps or social media and try to establish a trusting, caring, and believable relationship — as quickly as possible. Then, scammers make an emotional plea, telling you a story that ends with a request to transfer money through untraceable means like a wire transfer or gift cards. Be vigilant — if it sounds too good to be true, it probably is.

How to help protect yourself:

- Be careful when posting personally identifiable information on social media. Enable security settings on your social media profiles to limit what you share publicly.
- Never send money, provide financial information or other sensitive information to anyone whose identify you cannot independently verify.
- Research who you are talking to. See if their images, name and details have been used elsewhere.

Technology scams

If you get an unsolicited request to remotely access your computer or mobile device, it's probably a scam - and you could lose money. Scammers often pose as employees of familiar companies and ask you to provide remote access or download an app. They may call, use pop-up screens or email to convince you that your device has a virus or that you're owed money.

How to help protect yourself:

- No matter what reason you're given, never grant device access or download any app at the request of unknown companies or individuals.
- Always confirm the identity of someone requesting access by calling a trusted and verified phone number (the one they provide could be part of the scam).

Compromise scams

Scammers may try to target you through a fake business, social media or email account. The cyber criminal may use a hacked or fake account that looks legitimate to trick you into sending funds.

How to help protect yourself:

- Never trust unknown individuals. Verify everything they claim and do not send sensitive information to anyone whose identity you can't confirm.
- Give all requests for funds a second look. If an email looks strange, look up the sender and email or call them (don't use the number they provide).
- Invest in antivirus software and other cyber security software that can flag suspicious emails and websites.

Natural disaster scams

Know the scams that may follow a natural disaster

Watch out for fake contractors:

Following a disaster, unlicensed contractors will canvas the impacted areas promising to get clean up or repairs done quickly. They may ask for payment up front and not show up to do the work, or have you sign a contract that redirects insurance payouts to them and not you.

Managing “WOKE”

How to help protect yourself:

- Do your research; get multiple quotes for comparison, and make sure the contractors are licensed.
- Use caution if you're pressured to pay up front for the job or sign over the insurance claim. Contractors may try to offer special deals that seem too good to be true.

Avoid being taken advantage of when donating:

Make sure you know where the money is going and that you're giving it to the right person or organization.

How to help protect yourself:

- Do your research and make sure the organization is legitimate. Look it up on the internet and check for complaints or scams.
- Be careful if giving through social media and other online fundraising platforms. It's safest to give to people you know and trust.
- Be cautious of how you pay when donating and use caution if asked to pay in unusual ways. Keep a record of your donation.

Know how to spot imposters:

No matter where they say they're from or who they're representing, imposters have the same goal - to get you to pay them money or give them your personal or financial information.

How to help protect yourself:

- Stay vigilant about being pressured to act quickly and don't act unless you've verified the person who has contacted you and that the story or request is legitimate.
- Know that disaster relief organizations typically do not charge fees to apply for assistance.
- Ask for proof of ID and remember: if you're asked for financial information, it could be a scam.

If you feel you may have been a victim of a scam, contact the authorities immediately

End of Article

Managing “WOKE” (i.e. With Out Knowledge/Expertise)

The regional bank responsible for the regulation of the failed SVB is the Federal Reserve Bank of San Francisco. The president of the San Francisco Fed is Mary Daly. Daly has no expertise in banking or risk management. She truly is WOKE (With Out Knowledge and Expertise)

But she does have “expertise” in climate change, BLM, LGBTQ+ rights and other woke social justice issues. She proclaims she’s the first openly gay president of a Federal Reserve bank, as if that had anything to do with banking.

Does anyone really care what the president of the San Francisco Fed does in her personal life or who she sleeps with? People just want a competent person who can do his or her job.

Unfortunately, in today’s world competence isn’t the primary consideration. It’s about so-called diversity, equity and inclusion (DEI). Wokeism ultimately means the death of capitalism unless it’s stopped.

Here is an article about how Wokeism had censored the proper financial oversight of a bank. The article was written by Paul Sperry, former Washington Bureau Chief for *Investor’s Business Daily* and was released on Reuters March 17, 2023. I present it for your reading consideration.

D. Miyoshi

Why woke ‘Frisco Fed chief missed Silicon Valley Bank’s warning signs

Managing "WOKE"

Mary Daly was responsible for making sure that Silicon Valley Bank remained stable. REUTERS

Wokeness has replaced competence and merit across the banking sector, and San Francisco Fed Chief Mary Daly is the poster child of this pernicious trend.

A protege of Treasury Secretary Janet Yellen and short-list candidate for Federal Reserve vice chair, Daly was supposed to be supervising Silicon Valley Bank but apparently was too busy playing politics and pushing woke agendas to regulate rogue banks like SVB, the second-biggest bank failure on record.

Daly had other priorities, including climate change, George Floyd and Black Lives Matter, inequities between blacks and whites, LGBTQ+ rights and a host of other woke social-justice issues that had nothing to do with banking and finance.

Daly's Fed bio gushes she's committed to "understanding the economic and financial risks of climate change and inequities." Never mind the more existential threat of banks in her jurisdiction amassing mortgage bonds with longer maturities that exposed investors to greater interest-rate risk.

Silicon Valley Bank collapsed rapidly within 48 hours.

REUTERS

In a recent LinkedIn post, Daly appeared sidetracked by racial justice, writing: "What Black voices have I lifted up? Equity & inclusion begins with me. #GeorgeFloyd." She also posted selfies with local Black Lives Matter activists.

Meanwhile, Daly missed all the warning signs of runaway inflation, which led to the steep interest-rate hikes that made SVB's investments worthless.

In 2021, she said, "I am not thinking that we have unwanted inflation around the corner. I don't think that's a risk."

Early last year, moreover, Daly denied the economy was suffering from painful inflation: "That's not what I see." She also didn't see the need for hiking interest rates.

Then in August, she said inflation didn't affect her personally, so what's the big deal? "I don't feel the pain of inflation anymore," Daly told Reuters.

"I'm not immune to gas prices rising, food prices rising," she added. "But I don't find myself in a space where I have to make trade-offs, because I have enough, and many, many Americans have enough."

Easy for her to say: She pulls down more than $422,000 a year.

Silicon Valley Bank's collapse has been blamed by its emphasis on woke programs.

REUTERS

From her policy papers, speeches and interviews, it's clear that Daly thinks the Fed's core mission isn't controlling inflation but achieving full employment — and raising interest rates just hurts that goal. Her agenda is more jobs and higher wages for minorities, so sound money is not a priority for her — even though inflation is a huge tax on the working class and especially minorities.

Company Bankruptcies Coming

Until recently, Daly was opposed to the Fed's hawkish shift to tightening credit to fight inflation. Her bank examiners no doubt shared her dovish mindset and didn't anticipate rates increasing, which may also explain why alarms weren't raised at SVB.

Daly has no background in banking or managing risk. After dropping out of high school, she worked in a donut shop before eventually getting her GED and entering college, where she became enamored with a socialist professor.

She said she was inspired by Marxian economist Gene Wagner, who "has mentored me my whole life."

Several years later, after earning a PhD from Syracuse University, Daly landed a job as a labor inequality researcher at the San Francisco Fed, where she ingratiated herself with then-SF Fed President Janet Yellen, who helped her fail upward.

Daly called Yellen an "important mentor in my life . . . [S]he made my career kind of explode." Daly quickly rose up the ranks, and in 2018, she was named president and CEO of the SF Fed — but more important to the wokesters, she was the "first openly gay" regional Fed bank chief.

Another Daly cheerleader was Greg Becker, the chief executive who presided over collapsed SVB. Until his Friday ouster, he conveniently also sat on SF Fed's board. It was one big happy woke family.

SVB's board is packed with Trump-hating Hillary, Biden and Obama donors obsessed with "equity and diversity." One director, Elizabeth "Busy" Burr, argued for hiring underrepresented "people of color" in banking to counter "four years of a president who unleashed a tide of racism and white supremacy."

"It's not enough to just report the numbers," she said. "Instead, we need to demand a deep look at company culture."

While they were busy looking at company culture, the equally woke SF Fed failed to notice SVB making risky bets on long-term mortgage bonds, even as Federal Reserve Chair Jerome Powell was telegraphing his intent to jack up interest rates in 75-basis-point increments.

Is Daly being blamed for not seeing the warning signs? Of course not. Daly has made President Biden's short list to fill the open vice chair seat on the Federal Reserve Board.

Biden, as usual, blames his predecessor Donald Trump for the collapse of SVB. But he should look no further than Daly, the social activist posing as a bank regulator. Who's regulating the regulators?

End of Article

Wave of Company Bankruptcies Coming

A huge crash is approaching... But you can avoid the pain if you're prepared.

Many companies are struggling to pay back the cash they borrowed before we entered this high-interest-rate environment. These heavily indebted companies are in danger of going bankrupt as the Federal Reserve maintains its rate-hike policy... which will result in a wave of bankruptcies that could wipe out investors who aren't prepared.

That's why Joel Litman – founder of Altimetry – says you must understand the current debt situation in order to know how to identify vulnerable companies before this collapse hits.

The following article is taken from the May 2, 2023 issue of the *Altimetry Daily Authority* e-letter published by Stansberry Research. In it, Litman explains why today's market turmoil will eventually lead to a wave of bankruptcies... details how the pandemic set the stage for these "zombie companies"... and reveals how investors can protect their portfolios throughout this ongoing chaos...

I think you will find it informative as I had.

D. Miyoshi

How to Stay Safe When the Bankruptcy Wave Finally Crashes

By Joel Litman, chief investment strategist, Altimetry

It's a terrible time to be a cash-poor business – and lots of companies are finding out the hard way...

You see, in its ongoing battle against high inflation, the Federal Reserve increased rates in March by another quarter percent. That brought the federal-funds rate to 5%... and marked its highest level

Company Bankruptcies Coming

since the Great Recession.

However, despite the Fed's aggressive rate hikes, inflation remains stubborn...

First-quarter core personal consumption expenditures – the central bank's preferred inflation gauge – came in at 4.9%, up from the previous quarter's 4.4%. And with the news that inflation hasn't slowed, the Fed approved a 25-basis-point boost earlier this week – marking the central bank's 10th consecutive rate hike.

As we discussed recently, U.S. companies are starting to pay back the cash they borrowed before rates started rising.

Beginning next year, they'll need more cash to cover obligations and pay down debt. And they may struggle to access that capital...

Refinancing is going to be expensive, and banks are already tightening lending standards.

Today, we'll explain why those who didn't already figure out their financing might soon be facing issues. And as investors, it's critical to watch for the signs of vulnerable "zombie companies" now so we're safely out of the way when the looming wave of bankruptcies starts to crash…

The numbers don't lie...

According to the Senior Loan Officer Opinion Survey, roughly 45% of banks tightened their lending standards for commercial and industrial (C&I) loans in the first quarter.

Remember, banks give out C&I loans to companies so they can invest and grow their businesses. These loans are vital to the overall economy.

C&I loan balances grew steadily through most of last year. Recently, though, C&I lending began to contract... and it's reaching a critical level. Now, companies are looking for different ways to raise capital.

One option is a fire sale... This is when companies sell assets as fast as they can – and sometimes at steep discounts.

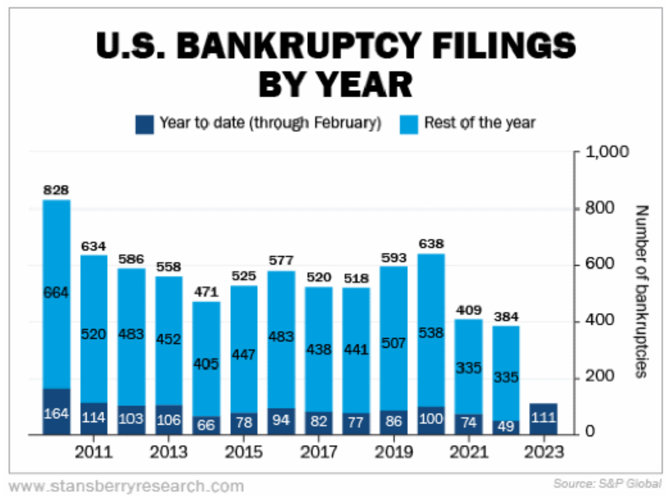
Some companies, like pharmaceutical giant Eli Lilly (LLY), paint manufacturer Sherwin-Williams (SHW), and industrial-technology company Vontier (VNT), have started to pursue this strategy of divesting.

That can help pay the bills for a while... though it's clearly a sign of desperation.

Plus, not all companies can afford to sell their assets at fire-sale prices. And for those that can't, things are getting ugly...

According to data from S&P Global Market Intelligence, U.S. corporate bankruptcy filings hit a 12-year high in the first two months of 2023.

Take a look...



As you can see, that's the worst start to a year since we were coming out of the Great Recession. And it even tops the number of bankruptcies we saw during the pandemic.

It's clear that many companies are struggling to survive in this era of tight credit standards.

However, some sectors are feeling the pressure more than others...

For example, the number of bankruptcy filings for consumer discretionary companies far outpaced every other sector.

In February alone, 11 consumer discretionary companies went bankrupt. That's more than double the number of bankruptcies in any other sector. Three sectors – health care, industrials, and financials – came in second, at five bankruptcies.

A few of these unfortunate companies include pet-food supplier Independent Pet Partners, home-décor company NBGHome, and retailer Tuesday Morning.

Many of the companies facing bankruptcy today failed to adapt to the changing economic landscape brought about by the pandemic. They took on debt while it was cheap regardless of their ability to

Why Big Corporations go WOKE

pay it back.

These "zombie companies" – as we've dubbed them – did it to get by in the short term. But they never did the hard work to adjust their business to the ways the pandemic has permanently changed society.

For example, we've talked about the "at-home revolution" many times before. People are never going back to the mall the way they used to. During the pandemic, folks discovered they liked buying stuff online and having it magically appear on their doorsteps a few days later.

Even a behemoth like Walmart (WMT) had to adjust to the new reality, making major investments in e-commerce and its ability to sell via its website. (Walmart is facing its own headwinds in the current interest-rate climate, but it's no zombie.)

Zombies like Tuesday Morning didn't adapt, and they're about to pay the price.

Cheap debt let them delay the inevitable. They were able to keep their heads above water thanks to the remnants of a strong business cycle. Now, the debt they took on is starting to weigh on them. And if they can't refinance, bankruptcy may be the only way out.

Pay attention to companies who have debt coming due... and who don't have the cash to handle that debt.

Companies that start divesting assets at fire-sale valuations might just be delaying what's ahead. They may not be able to refinance.

And that means those companies could soon be added to the list of corporate bankruptcies...

Regards,

Joel Litman

End of Article

Why Big Corporations go WOKE

I have covered the topic of wokeness in a previous newsletter but because the boycotts of some large well known corporations have been so pervasive and effective, I thought I should continue to report on the issue of why big corporations are woke.

The backlash boycotts against Disney, Bud Light and now Target have been massive and effective. While Bud Light attempted to rectify their misaligned marketing campaign, Target has taken the ideology to extreme levels in promoting trans conversions for ‘children’. The Target marketing strategy was NOT in the adult section of the store – it was pushing an agenda on children’s clothing. These are Public Companies with fiduciary responsibilities and duties to their shareholders – that could result in lawsuits for gross mismanagement.

In 2023, Disney has lost 6.4 million subscribers as a direct result of their internal policies. Since March 2021 when the boycott began the share price of Disney has tanked from $197 per share to just $88. Target’s share price has dropped a full 13% since the boycott began just ten days ago translating to a $10 billion loss. Unlike Bud Light, Target doubled down; adding satanic clothing for children.

The bottom line of marketing strategy is to increase sales thru an understanding of who your market audience is. Less than half of 1% of people in the US identify as trans. I remember when BLM began its racial based canvassing campaign – Jesse Waters started the college campus crusade equipped with a microphone and some basic questions. His comedy revealed that the uneducated college grads thought the US population demographic were comprised of over 50% black vs 13%. Why? Because the media pushed that belief.

Today the media push is to create the impression that the trans community is representative of 10%-20% of the US population and they ALL are pedophiles looking to convert your children. In actuality – the source of this version of wokeness is born primarily in schools. Schools funded by tax dollars thru Department of Education and Property Taxes. Property Taxes are supposed to fund based on “enrollment”.

Why Big Corporations go WOKE

In that revelation – the best means of boycotting trans indoctrination of children would be to pull your children from public education.

As schools face reduced enrollment, they have a choice in reducing trans aligned woke teaching or conservative teachers dedicated to helping children achieve! Like public companies – that choice is a bottom line decision. Homeschooling being the most viable option it has evolved into an enterprise of its own!

In a true capitalist society, the executives of corporations are paid based on performance. They are rewarded based on performance. A negative performance would typically result in their dismissal or the forfeiture of a large portion of their salary. Target executives and the Board apparently don't care – and that is concerningly odd.

When boycotts are rabid – Target's CEO, Brian Cornell, made the corporate decision to suffer losses on behalf of their shareholders. Knowingly. In defense, Cornell is claiming his policies have been the 'driver of growth' via diversity, equity and inclusion. That declaration is false – Target's Leadership team has one black. Cornell has been Target's CEO since 2014. When he came onboard the stock was trading at roughly $60 per share. By July 2021, Target shares had risen to $260. Today the stock has dropped nearly 50%, Net Income is at its lowest level since 2017 and EPS have dropped nearly 60% year over year.

So, who is really driving the Corporate Wokeness?

The answer is pretty unanimous. It is the Hedge Funds: BlackRock, Vanguard, and State Street who are among the largest investors of all major corporations. They make the rules, initiate the Credit Scoring system that all corporations must abide by or have their business literally destroyed. These Funds force the incorporation of ESG. In the case of BlackRock, Larry Fink is the progenitor of all things Liberal Agenda compliance.

BlackRock is now the largest Hedge Fund in the world holding over $10 TRILLION in assets. Fink sits on the board of the World Economic Forum. BlackRock's fame began in 2008 when the Bush administration contracted with them to help 'cleanup the contrived financial meltdown'. This move cemented BlackRock's power within the CIA/Obama alliance. Over the following 13 years, BlackRock's portfolio increased 1000% and its share price tripled.

In 2019, Fink declared he would divest BlackRock of fossil fuel companies. Despite that declaration, the Fund owns 92m shares of ConocoPhillips, 39m shares of Marathon Petroleum, 47m shares of EOG Resources, 33m shares of Valero Energy and 134m shares of Chevron. What the portfolio lacks is solar and wind farms. There is no ESG. It died because it wasn't profitable.

BlackRock owns 7.5%% of State Street, with a total of $8 trillion under management. They own nearly 14% of Vanguard which has assets under management stated to be $7.2 trillion. Vanguard owns 8.4% of BlackRock, and State Street owns 4.2% of BlackRock.

These three Institutions hold roughly 18.5% of Disney. It is a circular CLUB.

When conservatives initiate boycotts the losses sustained by the individual companies also hit these Monster Hedge Funds! That equates to losses for these Institutional Holders when conservatives Boycott. That is Power.

These three hedge funds control $25 trillion in assets – ¼ of Global GDP. This is why they continue to believe that they are the Global Chosen Ones. By comparison, the BRICs control 31.5% of global GDP having surpassed the G7 at 30%. Bloomberg estimates this skew will grow exponentially by 2030 when the BRIC's will control 50% of global GDP. China is the largest BRIC member. While demonizing the China narrative, in reality all US intelligence agencies concur that wooing China is imperative.

Decoupling China assures the rise of BRIC's – and the fall of the G7. While our esteemed government demands a decoupling based on the false premise that China has aspirations of heading the New World Order via organizations such as WHO, they wholly ignore the Bill Gates and Clinton control… A damaging view that will allow the true Cabal in Power.

A different assessment might simply couple trade with China via an alliance that is based on a 'package'. The package would limit deficit trade to zero. Assure the dollar as the means. And create a more broad based alliance to include greater trade with India, Mexico and South America.

But this does not seem to be the direction our current administration wants to go it.

This does not bode well for the U.S. and its businesses, either woke or not.

I hope we can turn it around, but I have been told I should not hold my breath.

D. Miyoshi

Can Trump Win the Presidency in 2024?

Most pundits believe Donald Trump has little chance of winning the presidency in 2024. But here is a compelling article by a leading political commentator Niall Ferguson that appeared in the May issue of T*he Spectator* magazine that details why Trump could win the election in 2024 despite the smug assurance of Biden's victory shared by Democrat strategists and TV pundits. It presents a long list of leaders around the world who faced worse legal problems than Trump, yet went on to political victories despite imprisonment, impeachment, and investigation.

Trump's frontrunner status on the Republican side is clear. But Biden's mental impairment and record of blunders and failed policies are equally clear. All it will take is a recession in 2023 (which is already on the way) to bury Biden's chances.

The article takes a close look at these and other issues. It offers the standard disclaimer that a week is a lifetime in politics, and much can change. True enough, but anyone ruling out a Trump comeback may be in for a surprise. We shall see.

D. Miyoshi

Niall Ferguson

Trump's second act: he can still win, in spite of everything

Everyone knows F. Scott Fitzgerald's famous line from the end of his unfinished novel *The Last Tycoon*: 'There are no second acts in American lives.' But Fitzgerald wasn't talking about second chances. He meant that, unlike in a traditional play – where Act I presents a problem, Act II reveals the complications and Act III resolves it all – Americans want to skip Act II and go straight to the resolution.

The more I think about it, the more I think the Joe Biden presidency is Act II – and Donald Trump is not the last tycoon. He's Act III. He's the next president.

Democratic strategists think otherwise. First, they believe that Biden will always beat Trump, even if they somehow face each other in every presidential election from now until hell freezes over. Second, they believe that Trump's sea of legal troubles will ultimately drown him as a candidate. Both these views betray a failure of imagination.

Yes, it's true: Trump is the first former president to face criminal charges, after a grand jury voted to indict him on 30 March over hush-money payments made to the porn star Stormy Daniels. That case is just one of an estimated 17 lawsuits and investigations the 45th president currently confronts. On Tuesday, in a civil case, a Manhattan jury found him liable for sexually abusing and defaming (though not raping) the journalist E. Jean Carroll, awarding her $5 million in damages. Carroll could not recall if the

Can Trump Win Presidency in 2024?

alleged assault happened in 1995 or 1996.

E. Jean Carroll leaves a court house in New York City, 9 May 2023 (Getty Images)

Yet the campaign of lawfare against Trump has already started to backfire. This should not surprise us. Consider eight recent cases around the world when a leading presidential candidate or likely prime minister was indicted. Some – Brazil's Luiz Inácio Lula da Silva, Italy's Silvio Berlusconi and Malaysia's Anwar Ibrahim – engineered political comebacks after being barred from politics following a conviction or imprisonment. Others – South Africa's Jacob Zuma and Israel's Benjamin Netanyahu – saw continued political success despite ongoing criminal cases against them. (The law caught up with Zuma only after he'd left power.) France stands out as the exception: the indictments of three presidential frontrunners – Dominique Strauss-Kahn, former prime minister François Fillon and ex-president Nicolas Sarkozy – all ended their presidential campaigns.

Having just visited Brazil, I can say with some conviction that the case of Lula is the closest analogy, not least because the US and Brazil seem to be converging in terms of their political cultures.

If Lula can come back from one-and-a-half years in jail to win, Trump may have little to worry about, as there isn't the slightest chance of his being locked up between now and election day next year. Indeed, the perception that Democratic operatives are using the legal system for political ends will likely help him win votes. It's a much better story than his earlier claim that the 2020 election was stolen, which now bores almost everyone except Trump himself.

It may seem paradoxical that the Democrats are harassing Trump in the courts if they want to run against him. But it makes sense: the prospect of him performing the perp walk attracts media coverage, and media coverage is the free publicity on which Trump has always thrived. Every column inch or minute of airtime his legal battles earn him is an inch or a minute less for his Republican rivals for the nomination.

If it were a two-man contest, there would be a good deal more uncertainty around the outcome. Florida governor Ron DeSantis has not even declared his intention to run for the Republican nomination. Even so, he has been fundraising more successfully than Trump, not least because the donor class so clearly prefers youth and administrative competence. In head-to-head polling, DeSantis still looks to be in contention.

But this will not be a two-man contest. Former United Nations ambassador Nikki Haley is in. So, probably, is Trump's former vice president, Mike Pence. Senator Tim Scott of South Carolina and former New Jersey governor Chris Christie sound interested too – as does Glenn Youngkin, the governor of Virginia, who will say merely that he won't run 'this year'. And let's not forget the techno-libertarian livewire Vivek Ramaswamy. Only the former secretary of state Mike Pompeo has definitely dropped out.

When voters are polled about this crowded field, Trump is the clear frontrunner, leading DeSantis by an average margin of nearly 30 points, 52.1 per cent to 22.9. This is compared with a lead of just 13 points back in January. The one other candidate with support above 5 per cent is Pence.

Ron DeSantis in North Charleston, South Carolina, 19 April 2023 (Getty Images)

Can Trump Win Presidency in 2024?

It's obligatory to say at this point that it is in the very early days and a lot can happen in the next 18 months, and that is true. A year and a half before November 2020, not many people foresaw a global pandemic.

Since 1972, the candidate who led in early polling won his or her party's nomination in little more than half of competitive presidential primaries. This, however, is the Republicans we are talking about, not the Democrats. Early frontrunners have won Republican primaries in six out of eight competitive races since 1972, when the modern system of primaries was introduced. The two exceptions were John McCain in 2008 and Trump himself in 2016.

The Republican primary process favours candidates with early leads because most states award delegates on a 'winner takes all' or 'winner takes most' basis. In Democratic primaries, by contrast, delegates are generally assigned proportionally according to the results, and the early frontrunner has won in just four of 11 contests.

If Trump maintains his current average polling numbers through the first half of 2023 but doesn't become the Republicans' choice for president, he would be the highest-polling candidate ever to fail to secure the nomination. He would join Ted Kennedy, Ed Muskie, Rudy Giuliani, Hillary Clinton (in her 2008 bid) and Scott Walker in the Failed Frontrunners club. Conversely, if Ron DeSantis beats Trump to the nomination, it would be a bigger upset than Barack Obama's victory over Hillary Clinton in 2008. In short, unless the Republican party has somehow morphed into the Democratic party, the GOP nomination is now Trump's to lose.

And that brings us to the Democrats' assumption that Trump can't beat Biden, which depends heavily on Trump's underperformance not only in 2020, but also in the midterm elections of 2018 and 2022, when candidates he backed fared poorly. The readiness of Team Biden to declare their man's intention to seek re-election sooner rather than later tells me they are too confident.

Face it: Biden isn't that popular as world leaders go. In their respective countries, Narendra Modi (India), Andrés Manuel López Obrador (Mexico), Anthony Albanese (Australia), Lula (Brazil), and Giorgia Meloni (Italy) are all better liked. If you look at Biden's job approval, using the RealClearPolitics average, he is now slightly more unpopular (a net approval of minus 11.6 per cent) than Trump was at this stage in his presidency (minus 10.7 per cent).

Trump is also not that unpopular. Indeed, he is less so than at this point eight years ago. In July 2015, Trump's net unfavourable number was minus 39.3 per cent. Today, it's minus 16 per cent. Then, just 23 per cent of voters had a positive view of him. Now it's 39 per cent. The RealClear figure for Joe Biden is 41 per cent, and his net unfavourable is minus 12 per cent.

And that's the state of play at the moment. But what if there's a recession between now and next year? It's not a certainty. There is more than one smart economist who still believes there could be a 'soft landing', despite all the recent worries sparked by US (and Swiss) bank failures. In an interview with CNBC, Apollo Global Management's chief executive, Mark Rowan, even used the phrase 'non-recession recession', which we must hope doesn't catch on.

On the other hand, former treasury secretary Larry Summers has had a pretty good run ever since he called the Biden administration's inflationary fiscal mistake back in February 2021, and he said last week that there's a 70 per cent probability of a recession within the next year. He is not alone.

I'm with the bears. What we have witnessed over the past two years is an epic monetary policy failure. In June 2021, the members of the Federal Open Market Committee thought that the target federal funds rate this year would lie between zero and 1.75 per cent. By March of this year, they had to revise those figures up to between 4.75 and 6 per cent. Having been asleep at the wheel in 2021, they have cranked up short-term rates to try to bring inflation back down to 2 per cent. But they are still a long way from achieving that.

As central bankers love to intone, monetary policy acts with long and variable lags. The current lag is taking longer than people appreciate. Recessions resemble slow chain reactions. The signal from the policy interest rate to the wider economy goes through multiple channels, but the most important is the volume of bank credit.

In the 12 months through March, total bank credit in the US economy declined in real terms. That rarely occurs.

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Since 1960, it has happened only during, or in the immediate aftermath of, a recession. This is the indicator to watch, along with the surveys of borrowers and lenders.

The deceptive indicators are those that track consumer behaviour and the labour market, which still look strong. In the latest GDP print, consumption was still growing. But non-residential investment contracted. The present game of chicken over the debt ceiling makes a recession more likely.

As in 2011, the showdown will probably be resolved at the last moment, within 24 hours of the 'X-date' after which the Treasury must either slash public spending or default on some part of the federal debt. But the 2011 debt-ceiling crisis took place during the sluggish recovery from the 2008 financial crisis, when inflation and interest rates were close to the zero lower bound. The risk of a bond market accident is much higher today.

What this suggests to me is that Joe Biden is in serious danger of following Gerald Ford, Jimmy Carter and George H.W. Bush into the bin marked 'one-term presidents'. Why? For the simple reason that no president since Calvin Coolidge a century ago has secured re-election if a recession has occurred in the two years before the nation votes. It does not need to be as severe as the Great Depression that destroyed Herbert Hoover's presidency. A plain vanilla recession will suffice.

In the wake of the 1976 Republican convention, Ford was trailing his rival, Carter, by 33 points in the Gallup poll. His campaign did an extraordinary job of closing the gap, so that the result was tantalizingly close. But over the GOP, as the *New York Times* put it in its immediate post-election report, 'hung the shadow of Richard M. Nixon and a dangerously shaky economy'.

In 1980, it was Carter's turn to lose, in part because of 'last-minute rejections of [his] handling of the economy', in part because of the Iran hostage crisis. 'Inflation and unemployment had been a constant drag on Mr Carter throughout the race,' reported the New York Times. 'The issue got new prominence when Mr Reagan stressed it as he closed his argument in the debate in Cleveland by saying, "Ask yourself, are you better off than you were four years ago?"'

And in 1992, Bill Clinton ran on 'The economy, stupid', one of three points on a sign that his chief strategist James Carville hung in the campaign headquarters in Little Rock, Arkansas. (The others were 'Change vs more of the same' and 'Don't forget health care'.)

If you think the economy isn't going to be the issue in the 2024 election, I've got a Whip Inflation Now badge to sell you. Look at the Gallup poll on 'satisfaction with the way things are going in the US'. That's currently at the 1980 level, half what it was four years ago, before the pandemic. Gallup's economic confidence index is deeply in negative territory, the opposite of where it was under Trump. And this is before any recession.

One can never rule out surprises in American politics. Perhaps Peggy Noonan is right that Robert F. Kennedy Jr, who is running for the Democratic nomination, can mount a real challenge to Biden. He has the magic name, after all, even if he is an anti-vaccine crank. Perhaps the West Virginia senator Joe Manchin was hinting at a presidential run when he issued a statement last week that declared:

'Make no mistake, I will win any race I enter.' But the lesson of history is clear – the Republican frontrunner usually wins the nomination, and a post-recession incumbent usually loses the presidential election.

All of which raises the question of what it would mean to have Trump back in the White House in January 2025. Obviously, the air would be filled with the sound of liberal and progressive heads exploding – not to mention the gnashing of teeth and rending of garments of the Never-Trump Republicans. But, as in 2016, investors would quietly turn more bullish at the prospect of the return to power of policy-makers such as Kevin Hassett and Chris Liddell, assuming they were willing to serve again. Reforming the band that brought you 'deregulate and cut taxes on investment' – which delivered such good economic results – would give US stocks a boost they may badly need by then.

Meanwhile, Trump's re-election would alter the course of US foreign policy in significant ways. Though there have been some continuities in policy from his presidency to Biden's – notably the continuation of tariffs on China, despite their negligible efficacy – Trump 2.0 would more than likely deviate in significant ways from Biden's national security strategy.

This would be especially the case if, as seems probable,

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Advancing in a Time of Crisis

Financial Crisis Report

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Trump avoided encumbering himself with military men consciously seeking to exert a restraining influence. Trump favours a trade war with China, not a cold war. He is not strongly committed to the defense of Taiwan. He would almost certainly seek to impose a compromise peace on Ukraine, as he regards the Ukrainian President Volodymyr Zelensky with something less than respect, and has a notorious inclination to do business with Vladimir Putin. And Trump would ditch the failed Middle East policy of seeking to revive the defunct nuclear deal with Iran and antagonizing Saudi Arabia.

Perhaps all this is a delusion. After all, another lesson of history is that only one previous president has secured a second non-consecutive term: Grover Cleveland in 1892.

As Jim Carville understood, 'change' generally beats 'more of the same' in America. But don't let anyone quote F. Scott Fitzgerald at you. A second Trump act is not just possible. It's fast becoming my base case.

Written by

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End of Article

Trust and Estate Corner

Often my clients, friends and associates inquire about trusts, wills and estate planning. Therefore, each publication of *Financial Crisis Report* at the end will feature a simple factoid on Trusts and Estate Planning. For more information you may consult my website at www.miyoshilaw.com

Control distributions at specific ages.

A trust can be designed to hold assets while a beneficiary is a minor or a young adult, and then distribute all or a portion of the assets once the beneficiary reaches a certain age.

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