Exceptional Bear Market Letter™

October 24, 2012

Crowded Trades are usually losers

Intelligent investing results in the transfer of investment losses of the many into the concentrated profit of an informed few. In essence, bullish sentiment and the resulting investments are currently a tremendously ***"crowded trade"*** – as you well know, ***the herd is usually wrong.*** The bullish consensus of long-time top timers on Timer Digest is astounding – similar to that of 2000 & 2008, just prior to major plunges resulting in excruciating losses for the average *professional* investor... Only three other timers of any substance are currently bearish on stocks.

Start of the Great Bear Market ending 1932

I previously dated the start of the ***Supercycle Bear Market*** ending in 1932, in 1908-1909. Research has narrowed it down to the Panic of October 1907, when JP Morgan the ***defacto*** US Central Banker stepped in to restore confidence. His syndicate of banks and "saved" a slew of NY trust companies from "runs" after the Knickerbocker Trust collapsed. Next under his persuasion broker call loans at 25-50% annualized were funded, when they had skyrocketed 150%. It was Pierpont's reputation and persuasion, which brought back the gold from Europe. New York City was lent $30m to pay salaries and current obligations, to keep city government going and restore confidence.

Eduardo Mirahyes

Exceptional Bear

"Opportunistically timed investments that maximize wealth"