

THE WORM CONTINUES TO TURN

WEB BUZZ 2008.09.08

We have mentioned this in previous writings, but it has become more and more evident that the message is finally becoming heard: the only safe place to be over the ensuing period of distress is government bonds. For the last several years, traders would always sell government bonds when the economic news was good. No longer is that the case. Friday, August 29th was the only day in the last several weeks that the long government bond declined at the opening because of good news, and then failed to recover and move up. *The worm has turned.* The consensus of economic growth and inflation is eroding.

A word of caution, however—nothing goes up or down in a straight line. Also, please note the following chart depicting the long bull market in the 30-year government bond. This chart tells us that the date is getting late. We are at the most rewarding—as well as the most dangerous—part of the trend. We are watching your account like a hawk, and a move to the sidelines is in our future. When the time comes, we have a well-researched, almost risk-free way to go forward that should reward us handsomely. We will keep you informed.

\$USB (30-Year US Treasury Bond Price (EOD)) INDX © StockCharts.com
27-Aug-2008 **Open** 115.88 **High** 119.00 **Low** 114.31 **Close** 118.80 **Chg** +3.30 (+2.85%) ▲
\$USB (Monthly) 118.80



Chart adapted from www.ContraryInvestor.com