

skv  three things



“**US Stocks Surge Back Towards Bubble Territory,**” reported Business News. In January. 2010! And as you know, we’ve endured many similar bubble predictions and financial media fearmongering ever since. Almost daily. I can’t help but wonder if this is why cash in money market funds set all-time record highs this year—approaching nearly \$5 trillion. I’ve read reports that bank savings accounts might be double that—nearly \$10 trillion. Add the interest \$15 trillion is earning in savings accounts/money markets and you get to....\$15 trillion and 50 cents! ☺. But seriously, all those funds languishing...earning next to nothing is...sad. As mama told me, “Scared money don’t make none.” By the way, the Dow Jones Industrial average was around 10K in January 2010—over 3 times that today.

The end of the Bund rally?

German 10-year yield (%)



Source: Refinitiv
© FT



Last week a financial story caught my attention, “...is the rally in German interest rates over?” , asked the TV guy. This caught my attention because Germany has infamously had negative interest rates for some time now. Yes, negative. Deposit money today, come back at maturity and get less than principle back.?! “Guaranteed”! Total mind blow. I was not aware rates had gone



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up?! Anyway, did I miss the rally? Turns out “the rally” did not push rates above zero...they were/are just a little less negative than a few months ago. Rally?! Kind of like a 400 lbs. man losing 3 pounds! The trend is in the right direction, but... While anyone with an adult memory appreciates that U.S. rates at less than 2% is historically very low—but compared to other developed countries, our rates are relatively attractive. France, Italy, Japan, and Switzerland also have negative government bond rates, according to Bloomberg. And this becomes one reason our rates *may* remain low for some time.



America lost a great warrior and statesman last week when former Army 4-star, and Secretary of State, Colin Powell passed. He reported to live by “13 Rules” that are spelled out in his memoir, “It Worked For Me: In Life and Leadership.” My five favorite: “**Get mad, then get over it...Share credit...Remain calm. Be kind...Perpetual optimism is a force multiplier...Don’t take counsel of your fears or naysayers.**” He writes, “*Fear is a normal human emotion. It is not in itself a killer. We can learn to be aware when fear grips us, and can train to operate though and in spite of our fear.*” He was 84, and it has been reported he died of complications from Covid-19.



“*Although SARS-CoV-2 has proved unpredictable, no virus in history has ever continued to evolve to higher pathogenicity. As we learned from HIV, mutations usually incur costs to viral fitness or render the virus weaker. No vaccine-preventable or immunity-inducing infection has ever raged on as a pandemic indefinitely. An endemic virus doesn’t require continuing isolation and other restrictions; defanging SARS-CoV-2 by stripping it of its ability to cause severe disease through immunity will relegate it to the fate of the other four circulating cold-causing coronaviruses. The key to this normalcy is immunity. With a highly transmissible variant driving up immunity in the unvaccinated and bolstering it in the vaccinated, Covid-19 will inevitably make the transition from epidemic to endemic.*” Dr. Gandhi is an infectious-disease physician and professor of medicine at the University of California, San Francisco.

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