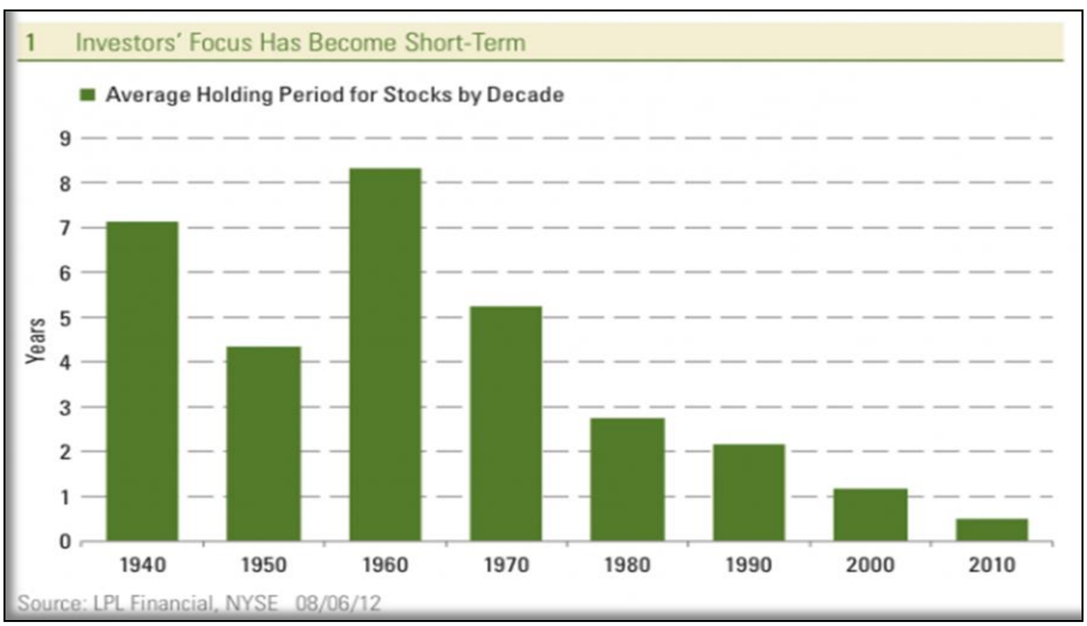
Nothing more boils our blood when we hear the old "buy and hold." We can't stand it! It bears zero relevance in today's HFT driven market place. Yet we consistently hear financial advisors and obviously TV media talking bobble heads, continually punting this idea. We cannot fathom to understand their premise or even how they can honestly believe this notion of buy and hold and invest for the long term. Yea it sounds great, yea it makes sense to the average and maybe above average intelligent investor, yet nothing could be further from the truth. We have touched on it many times in the past that investing for the long term, takes two things to be successful, great timing and great luck. There is a reason why indexes are rebalanced and under performing stocks of yore are booted out for the next high flyer. For us, timing is everything and we just want you the reader to know that those old social mores should be kept for TV theatrics and left to those advisors, merely selling something they actually don't truly understand. These are not the Benjamin Graham value and fundamental markets of old. These are AI driven, frictionless credit and capital driven programmatic market places. One chart we saw this week that solidifies the death of buy and hold is this one here, now it hasn't been updated in a few years, and we can only imagine that the trend continues:

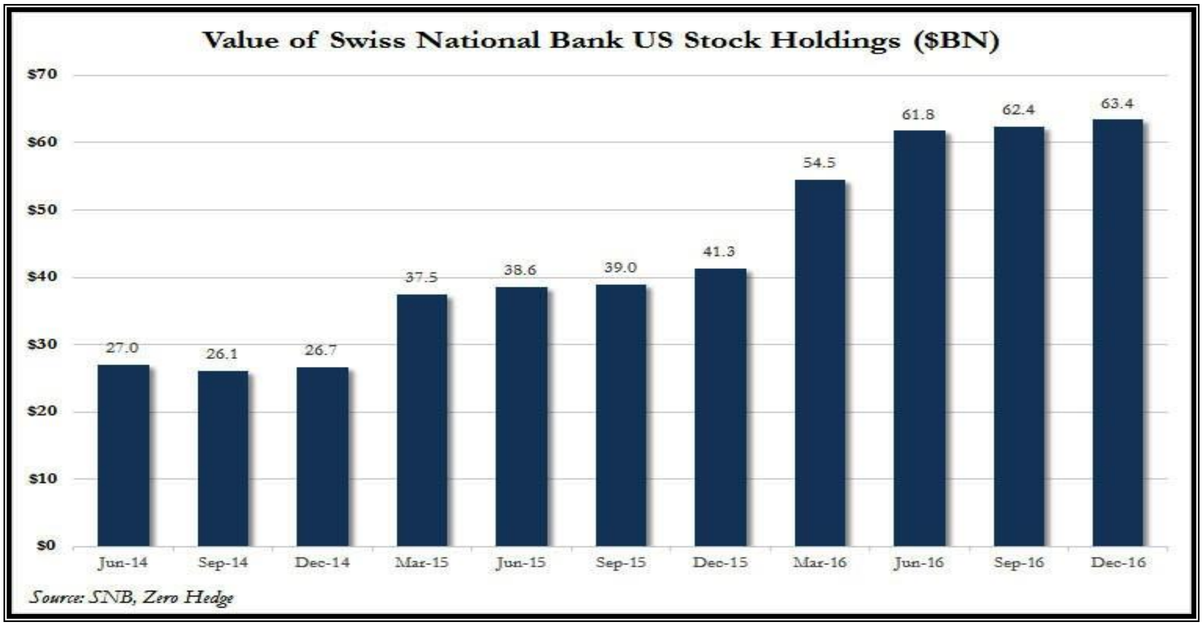


Maybe this has to do with the fact that fundamentals have been completely overridden by **central bank money printing**. We know that without the $180 billion monthly support via global central banks, all of the asset markets would be crushed. We don't ever want you to forget that INTRINSIC value, somehow always finds a way to rear its credit crushing head. As we have said many times before, real value can be fabricated and masked via the credit conduits of the Central Banks and Sovereign Wealth Funds.

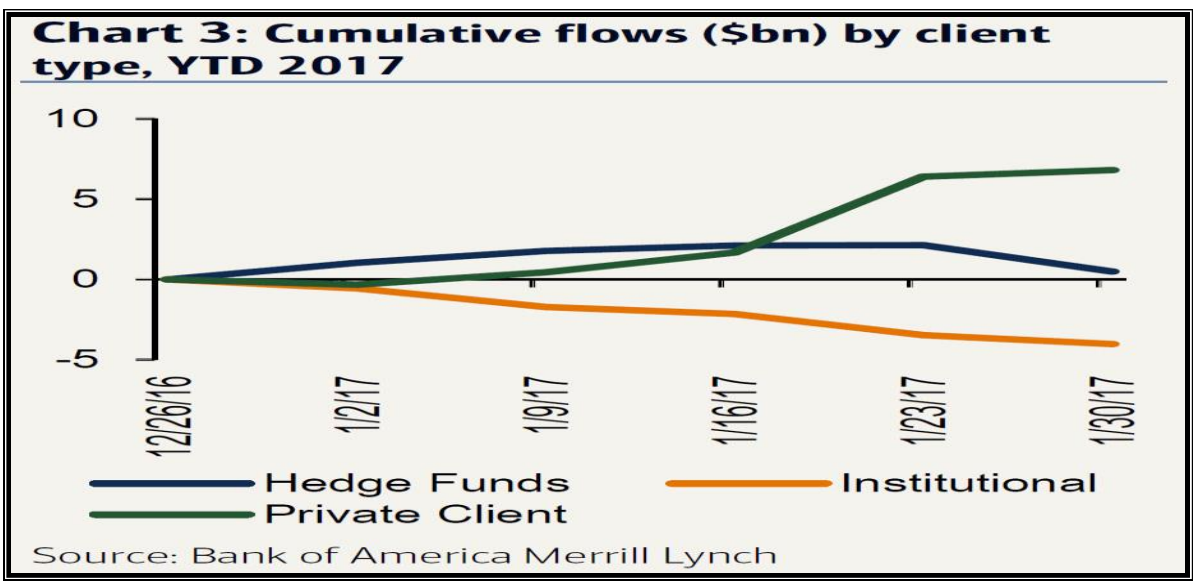
Considering these types of buyers, it's no wonder the volatility indexes are collapsing because basically there is always a willing and able buyer to soak up any forced and weak hand selling. This has surprised many, as the SP500 has had a record string of sub 1% daily range moves. It doesn't shock us, for we know the types of players that dominate this market. In fact to further solidify our idea we touched on last week that markets can go higher because those that are playing, **never have to sell,** well until they start accumulating losses on their balance sheets. We only need to look at the Central Banks balance sheets and SWF holdings around the globe, here is the balance sheet of the ECB:

chart courtesy zerohedge.com

One such SWF that has decided to go all in on equities is none other than the Swiss National Bank, as their US equity holdings reach a record $63.4 Billion:



So if you really want to know why the markets defy gravity and fundamentals, it's because the players involved are not zero sum game players, period end of story. However that doesn't mean we go up in linear fashion without bouts of sharp turns, even if they are far and few between. Some of the data is suggesting that this last leg up to new highs is indeed being driven by the general late to the party retail, who seemingly has the uncanny knack of buying at the highs and dumping at the lows. In fact BofA was out this week with this chart and if you can't spot the sucker, well you know how the saying goes:



As you can see year to date data suggests retail buyers leading the last leg higher as smart money (institutional) exits. Smart money sells to dumb money and the sheep get slaughtered, rinse, recycle and repeat.

So with non-zero sum players controlling the game, where will that lead us into the future? Basically the way we see it is that the governments are the "new risk" and that is why the rush for real goods and productive income producing assets. So we have all this capital, all tied up in chasing equities ever higher, where is the real risk hiding? Obviously the risk lies in the commoner and losing faith in the system. The casualties are many and the prosperity is limited to an extremely smaller and smaller contingency. What will eventually have to transpire is that all of this debt which has been swapped for the lack of increased GDP and consumerism, will have to give way to a new form of financial markets or system. We believe the central banks and the governments themselves sense the urgency and it’s why they are going to push and push **for the elimination of cash**. For cash possess an extreme problem, it’s anonymous and cannot be taken easily. If they can eliminate cash, the can easily take what they want with a stroke of a button, or what they call a bail in. This isn't about finding the bad actors or players, merely about control and having the ability to take assets at will.

We were disheartened by the recent GAO report about the state of affairs of the US balance sheet. The US lost $1 Trillion dollars last year and if that isn't bad enough, one of their largest assets on their balance sheet is none other than, **student loans**. What a joke right, now we know why the expansion of that program is so necessary, it provides a beacon of false hope in the asset column for our government. Sad but true. Ok that's it, no charts this week as bonds were bid and stocks hit new highs, everything is just dandy, silver was up 2.6% again this week and up 12% on the year! It's supposed to be in the 50s this week in Chicago, thank goodness for global warming! Cheers

WEEKLY SETTLES

10-Feb		Weekly	Weekly	YTD
Instrument	**Price/Yield**	**Net Change**	**% Change**	**% Change**
US 30yr Govt	3.01%	-10 bp	3.2%	1.4%
US 10yr Govt	2.41%	-8 bp	3.2%	0.9%
US 5yr Govt	1.89%	-4 bp	2.1%	1.9%
MAR Bond	151-29	1'28	1.23%	1.32%
MAR Ten Yr	124-25	0'16	0.40%	0.68%
MAR Five Yr	117-317	0'072	0.19%	0.42%
MAR SP500	2312.75	21.75	0.9%	3.4%
MAR DOW	20223	237	1.2%	2.6%
MAR Nasdaq	5226.75	71.75	1.4%	7.5%
MAR Nikkei	19340	290	1.5%	1.6%
MAR Dax	11660	-1.5	0.0%	1.7%
Shanghai Comp	3196.7	56.53	1.8%	3.0%
MAR WTI Crude	$53.86	$0.03	0.1%	-1.7%
APR Gold	$1,235.90	$15.10	1.2%	7.1%
MAR Silver	$17.93	$0.45	2.6%	12.1%
MAR Dollar Index	$100.79	$0.95	0.9%	-1.5%
MAR EURO	106.43	-1.39	-1.3%	0.6%
MAR YEN	88.255	-0.38	-0.4%	2.7%
Bitcoin (BTC)	998.84	-24.70	-2.4%	4.8%