

“I believe that many risk markets are in the condition referred to as ‘Mania’ by the late and great MIT professor Charles Kindleberger. This occurs when valuations are extremely high and in many past cases when valuations were unprecedentedly high. My friend Burt Malkiel wrote in last Friday’s NYT that stock market valuations are among the highest in the past 230 years. I know from my own research that the S&P price-to-book ratio is at the highest since 1947 and the price-to-sales ratio is at the highest since 1995. I see a major discrepancy between the S&P earnings and the corporate earnings in the national income and product accounts.

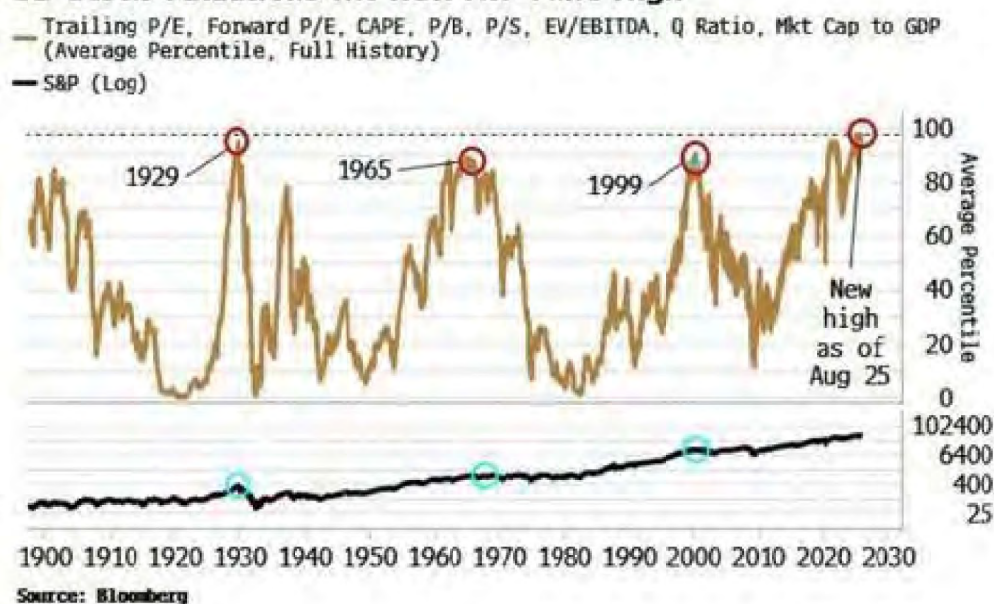
“To me this is a risk since a recent analysis conducted by the WSJ found that more than 70% of the earnings reported for Q2 have not followed GAAP.

I can list numerous other serious risks that are being completely ignored. No one including me can know timing, but I believe Kindleberger’s research shows unequivocally that ‘panics’ and ‘crashes’ follow manias.”

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Long period scale: Crash signals

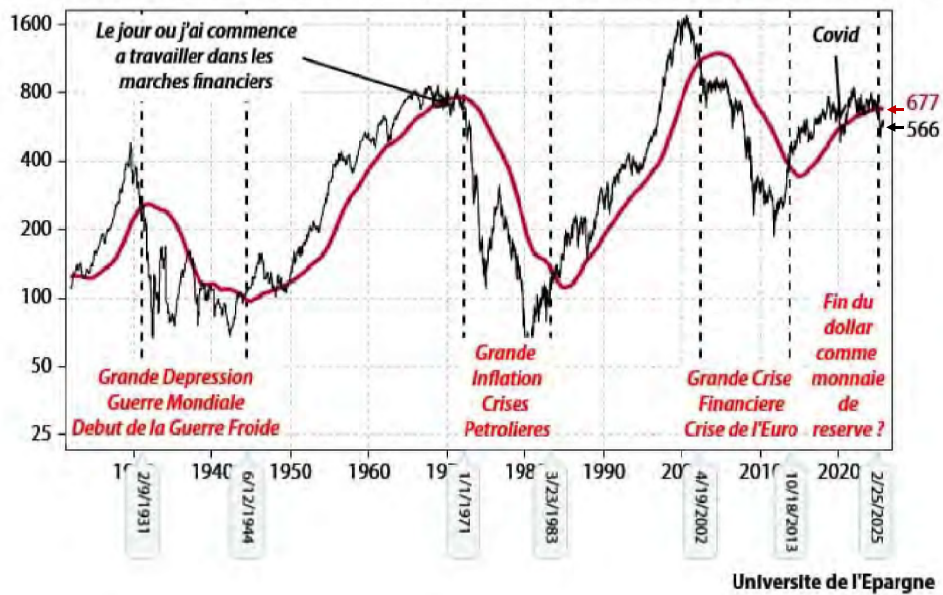
US Stock Valuations Hit New All-Time High



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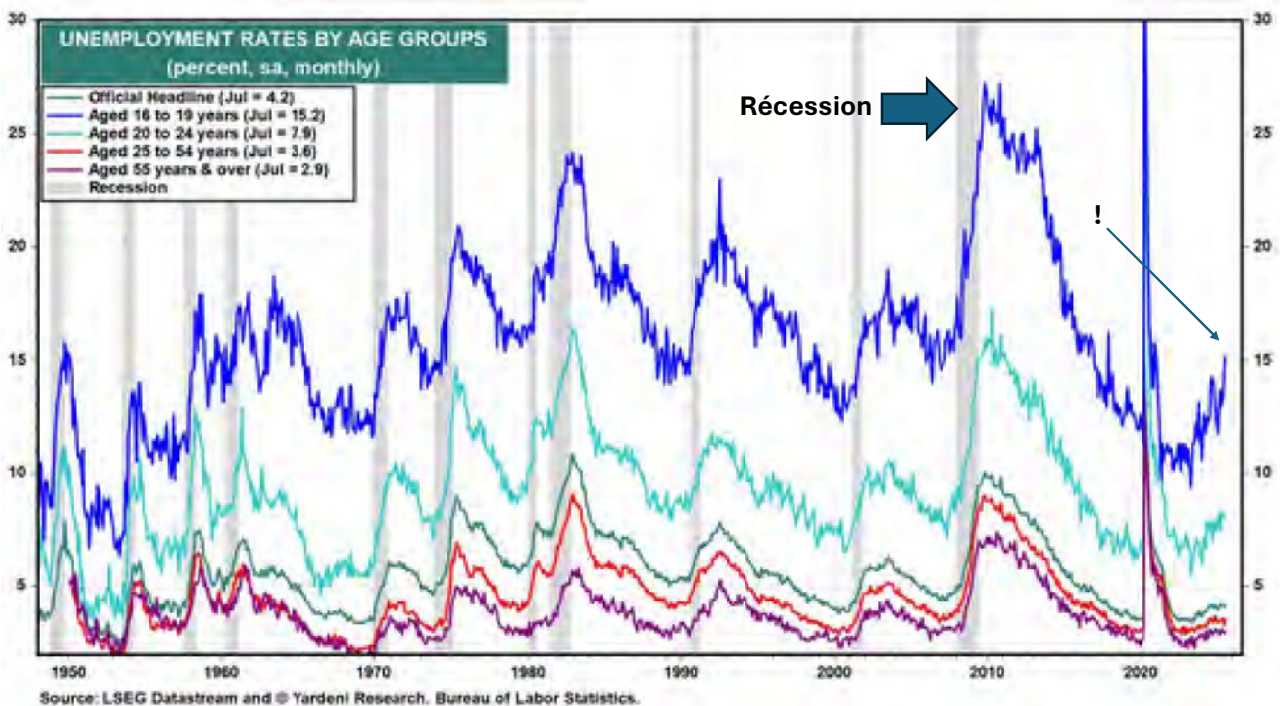
Long period scale: Crash signals

Ratio entre l'Indice du Marche des Actions S&P 500 et le cours d'une Once d'Or.



Source : <https://institutdeslibertes.org/le-marche-des-actions-americains-commence-a-minquieter/>

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