Workshop Brochure

Spring 2024
Economics & Investment Workshop

The Convergence

Indianapolis/Carmel, IN
April 27-28 2024

Presented by Daniel R. Amerman, CFA

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Spring 2024 Workshop Overview

The Spring 2024 workshop will be all new - and it will also build on the set of tools that have been assembled over the last several workshops in particular.

Ten major areas of discussion are listed below. This is not intended to be a comprehensive list, we will be covering a number of other subjects as well. There may also be changes depending on the situation at the time. The world is in a volatile place at the moment and if there are material changes between now and late April, they will be included in the workshop.

As always, on “Solutions Sunday” there will be solutions to go with problems, as highlighted in sections 8, 9 & 10 below.

1**. The Rational Bubble & The Fatal Flaw.** It has now been ten years since I began writing about rational bubbles - the relationship between artificially low interest rates, how they will on a predictable basis produce very high asset prices, and how those inflated asset prices would as a matter of mathematical necessity be vulnerable to huge losses if something closer to normal market interest rates later returned. This relationship that I described in advance would indeed become arguably the number one driver of investment prices over the following ten years - there was the creation of what would later be called the “Everything Bubble” where historically low interest rates created record stock, bond and real estate prices, and those prices were then severely threatened when interest rates rose sharply.

What would cause the increase in interest rates was a return of inflation - something the Federal Reserve assumed would never happen, because the Fed mistakenly thought that through academic “advances” it now had an unprecedented ability to control inflation. The Fed was disastrously wrong, and that brought into play the “Fatal Flaw” that had always been there, once the decision was made to create a Rational Bubble. If inflation kicks in and becomes established, then raising the interest rates to the level needed to control the inflation brings the danger that the Rational Bubble could collapse. But, if the interest rates are not increased sufficiently and held there - then there is no proven way to extinguish the inflationary spiral. No way out, except for not having the hubris to create a Rational Bubble, and it is too late for that.

Now, the headlines that we see have had a steady drumbeat of sorts over the last few months in particular. Economic growth is allegedly booming (more in #4 below), and inflation is nearly defeated. The Fatal Flaw has been extinguished.

However, that is only true if the official inflation rate is accepted as being absolutely accurate (more in #6 below). One of the odder aspects of the strange times in which we live is the emergence of would-be economic “influencers”, prominent economists whose words are spread widely by the media as they effectively lecture the public and businesses about making bad decisions based on a misunderstanding of the rate of inflation. The evidence that we see in terms of the price changes we are personally seeing is wrong, it is a form of disinformation, as in the government knows better than us. This is both bizarre and upside down.

Businesses and individuals experience real prices in terms of what is coming in versus what is going out, reducing inflation to a single national number is quite an abstraction in comparison. Price setting by businesses in particular is done on a very granular, reality-driven basis. Companies look at their actual costs for materials, their costs for labor and contractors, and the actual prices they are receiving. Labor also looks at their actual standards of living, and changes in that standard of living. So, when we look at the persistent form of inflation, the wage/price spiral, both sides are making price change decisions based upon actual prices rather than national government statistics (the exception being workers receiving inflation-indexed wages).

This difference between economists lecturing about almost non-existent inflation, and what is happening in the real world with small businesses in particular can bring about some odd juxtapositions. For instance, a recent newspaper I read insisted that inflation is nearly beaten in an economics article, yet it also carried a long article about how large numbers of small restaurants are going out of business because of extraordinary ongoing increases in the cost of labor, so that they can’t make money even when selling burgers for $13 to $17 each. In reality, multiple states rapidly increasing minimum wages strongly feeds an inflation cycle that on the granular level of money coming in versus money going out is still very much there - meaning the Fatal Flaw is still in play.

2. The Fatal Flaw & The Banks. Some may say - what Fatal Flaw? Inflation went up, interest rates went up, and we still have red-hot stock markets being driven by optimism about Artificial Intelligence.

The Fatal Flaw happened, it is the current dominant event in our markets, and it may yet lead to the dominant financial events of our lifetimes - even if it is being studiously ignored by the Federal Reserve and the financial media. To see the Fatal Flaw we need to examine the balance sheets of the Federal Reserve and the consolidated commercial banking system, as we’ve been doing for some time now at each of the workshops. On a combined basis, the Fed and the banks bought over $13 trillion in Treasuries and agency mortgage-backed securities, at some of the lowest interest rates in history - this kept interest rates very low, and supported the national debt and housing markets. This meant the Fed and banks paid some of the highest prices in history for $13 trillion of bonds and MBSs, creating a Rational Bubble.

Rephrased: as a matter of policy, the Federal Reserve gambled the entire equity of the commercial banking system on its belief that higher interest rates would not return - and it lost that bet.

When the real world increase in inflation led to an increase in interest rates, the value of those $13 trillion in securities plunged - exactly as one would expect would happen to bubble prices when rates go up. As we explored at the Spring 2023 workshop, on a market value basis this wiped out the entire equity for the combined Federal Reserve and commercial banking system.

For the most part, these losses have not been recognized, with a few exceptions such as Silicon Valley Bank. The US banking system is effectively bankrupt, this has been true for over a year, and this is before even taking into account the devastating problems with commercial real estate lending. The US financial system - the center of the West - has failed, if the same criteria were applied to it that would be applied to normal corporations or individuals. These are simply the facts, even if there is effectively a news blackout on the subject, and everyone pretends that it isn’t true.

But yet, the US financial system may nonetheless seem very healthy indeed. People can spend the money in their bank accounts with no problem. The banks and the Fed do have vast sums of money available to lend. What is keeping an insolvent system afloat?

There are two main factors that are keeping an insolvent system going, on a basis that (to date) seems to be working fine. The first is regulatory fiat - the system is solvent because the regulator says it is. The Fed defines the rules - particularly for itself. That is the Fed quite literally creates a unique accounting treatment, that allows it to treat losses as assets. The system is not insolvent, because the Fed can change the very definitions of words to suit itself.

The much more important factor is what is developed in Chapter Nine of “*The Stealthy Raid On Our Bank Accounts*”. Neither the federal government, the Federal Reserve, nor the commercial banks can come up with the money from assets to pay their debts - so they all continuously borrow to stay solvent. So long as they can continue to borrow, then the system stays solvent, and the real banking equity being non-existent or negative can be ignored, thanks to regulatory fiat.

What holds the banking system together is the ability to borrow, and we were seeing some high drama borrowing in the Spring of 2023. At that workshop, by comparing Federal Reserve and consolidated commercial bank balance sheets over time, we were able to track fifteen different flows of funds between the Fed, banks, Federal Home Loan Banks, FDIC and others that were in aggregate not quite enough for the banks overcome their trillion dollar loss of deposits - until the Fed used a sixteenth source, the straight up literal creation of money to the tune of about $300 billion. This was an entirely different and much more dangerous form of money creation than the reserves-based creation that the Fed had been using to fund quantitative easing and the like, and it was the first time that power had been used to that extent since the last severe banking crisis in the fall of 2008.

There are many ironies here. The US banking system was right on the brink in early 2023. The problems have not gone away, and they are arguably worse than ever when commercial real estate lending is taken into account. We're one medium-sized bank run away from being right back in a high risk banking crisis situation, with an unknown outcome - but yet, the financial media and the markets seem to have moved on entirely. We're in a situation with the stock and bond markets where they are arguably being priced for perfection, while the current effective insolvency of the banking system is simply being ignored.

3. The Fed Put & The Source Of Money. The rationalization that holds things together is the "Fed Put", the "magical thinking" belief as encouraged by Powell and others that the Fed can simply create as many trillions as it needs, whether to rescue the banking system, rescue the markets, fund more stimulus checks for the next recession, or to indefinitely fund the growth of the US national debt at very low interest rates.

Powell was bluffing, and to understand why that is the case, we need to understand the Source of Money. Relatively few people understand where money really comes from, and in ordinary times that is just fine, people don't need to know. Unfortunately, we are not in ordinary times.

Money is created on the balance sheets of the Federal Reserve and the commercial banking system, as explored in much more detail in "*The Stealthy Raid On Our Bank Accounts*". I know, this isn't the memes where Powell is cranking on a money printer, but fun as they are, these memes are very deceiving. Reality is about limits, not the lack of limits that would come from literal money printing.

It may look like we have two separate issues: the problem with the balance sheets of the commercial banks, and the ability of the Fed to create trillions of dollars for a rescue, whether it be of the banks or something else. If that were true, then the Fed could come in from off stage (so to speak), snap its fingers, and create trillions of dollars in new money to bail out the banks. However, when we understand that money is created from the borrowings of the Fed and the banks, then we can see a single big problem. The balance sheets of the Federal Reserve and the banking system are in a lot of trouble - and that means the source of money for the Fed Put is in trouble.

Again, this is another problem with the Fed and the government creating a complex and fragile system for funding enormous government debts at very low interest rates, without thinking through the second and third order effects if there were problems - as there are. They took a high degree of price risk with the balance sheets of the Federal Reserve and banking system, based on the assumption they would have interest rates under control forever. When they were wrong, they created severe problems with the balance sheets, which created severe problems with the "magic money" creation machine that the public and markets think they can depend upon.

This doesn't mean that the Fed has lost the ability to create money. Instead, as we will explore at the Spring 2024 workshop, what it does mean is that the limits to what the Fed can do are much more constrained than they used to be. If the Fed exceeds those limits, then we are right back to the normal state of affairs, where excessive money creation leads to almost immediate increases in the rate of inflation (which would then further destroy the banking industry).

At the Spring 2024 workshop, we will do something very unusual and look Reality straight in the eye when it comes to the banking system, as well as the existence and size of a potential Fed put. This is such an odd situation - the banking system is effectively insolvent, the "magic money" that has been holding the markets together is very much at risk, and yet - crickets when it comes to discussion in the financial media or being included in financial and retirement planning. We will take a very close look at how things have been changing in the last few months, and put dollar amounts on what is happening.

4. The National Debt & The Compound Deficit Cancer. As of late February 2024, the total US national debt was about $34.4 trillion, which was an increase of about $3 trillion in a single year, and an increase of about $11.2 trillion compared to where it was before the pandemic shutdowns and stimulus just under four years ago. We have an acceleration in progress - with no economic emergency and no (stated) war. As of March 1, 2024, CNBC estimated the national debt would be continuing to climb at a rate of roughly $1 trillion every 100 days - meaning a new normal that goes far beyond anything we have ever seen before.

People have been worrying about the national debt for decades, but, we are in a very different place right now. The federal government is not a household or a corporation. There will be no default on the debt, like a household might do on a credit card, and there will be no long term pay-down of the debt using higher explicit tax rates, like a household might do with a credit card.

What will be happening instead is that the government will be doing what governments that have borrowed in their own currencies have always done, and it will use its monetary powers to try to hold the debt under control. The primary means of control will be inflation. This is why the new chapters that I've been gradually releasing in the new book have all been about the national debt and inflation - these factors are likely to dominate all of our lives in the coming years and decades to an extent that they have not done in the past.

As covered in Chapters 1 & 4 in particular, the government uses compound inflation to destroy the value of money, and most particularly the value of the money lent to it, whether this is in the form of people holding cash, people putting money in bank accounts, or people investing money in money market and bond funds. There is an enormous “funneling” with people being highly encouraged to put their savings in very “safe” places that act to the direct financial benefit of the government.

As covered in Chapters 2 & 5, the government uses a literal exponential formula, the power of the compound interest formula, to create exponentially compounded phantom taxes that consume much of the value of almost all assets that rise in value with inflation. So, yes, there is a tax component, but it isn’t what most people think and it is very powerful indeed. What each of those macroeconomic tools have in common, inflation and taxes on inflation, is that over time they create a systemic environment of massive wealth redistribution from the citizens to the heavily indebted government, which relatively few people are aware of, and with even fewer having the knowledge needed to defend themselves, or to even take advantage of the situation.

There is another element that is currently emerging, it will be new for the Spring 2024 workshop, and that has to do with acceleration and exponential compounding. The $3 trillion increase in the national debt over the last year is an acceleration, and it is fundamental. We already have an economy that is dependent on the government running major deficits in an amount equal to a little more than 10% of the size of the economy. Of this, about $2 trillion is in actual deficit spending - or it is straight into a recession. So much of this is vocabulary, where the media insists the economy is booming, while it is in fact dependent on stimulus spending - that is not called stimulus spending - which is unequaled for peacetime except for the worst single years of the Financial Crisis of 2008 and the pandemic. The problem is those were extreme emergencies, and this is being presented as a normal or even healthy economy.

Rephrased: the healthy economy does not exist (particularly when we adjust for a more accurate rate of inflation, as in #6 below). To maintain the appearance of a healthy economy requires endless stimulus spending at unprecedented levels outside of financial emergencies. By itself, this endless stimulus spending will ratchet up the national debt at a historically unprecedented rate.

Unfortunately, there is a second major problem that may become bigger than the unending stimulus spending, and that is the current source of the other $1+ trillion in deficits. Remember, inflation was never supposed to happen again, so in the hubris of the powers that be, this allowed them to run the national debt up to fantastic levels, as they had built into the assumptions of their academic modeling that they would always be able to control the interest rates on the national debt. We are living in a time of pervasive model failure, inflation did return, interest rates did go up, and a compound interest spiral has been set off, where annual interest costs are in excess of $1 trillion per year, and now exceed defense spending.

As long-time readers will recall, for more than ten years now I've also had chapters and analyses pointing out that one real world price of the much higher national net debt was that savers could never get market interest rates again without setting off a Compound Interest Spiral that would create an existential crisis with the national debt. This is a second fundamental fatal flaw that was created by the deliberate decisions of the Federal Reserve and US government to send the national debt soaring upwards. In the current book chapters, we've been reviewing two separate major dangers - inflation and inflation taxes - that together are much worse than either by itself. Similarly, the Fatal Flaw and the Compound Interest Spiral are two separate risks that are the downstream consequences of creating a very high national debt using artificially low interest rates, and on a combined basis they are much worse than either by itself.

The Compound Interest Spiral is no longer a theory but our current reality, and it wraps around in a quite toxic way with the Fatal Flaw. If interest rates stay high in order to control inflation, then an exponential compounding of the national debt is set off, and if interest rates are forced down to prevent a compound interest spiral, then an inflationary spiral can be set off instead. Solutions for the government? There aren't any, other than to not get into this situation in the first place - but there was far too much money to be made in making the short-term choices and taking the risks that over the years that got us into this current situation.

As we will be reviewing in detail at the workshop, we currently have what are effectively two runaway horses pulling the deficits and national debt higher in terms of an economy addicted to stimulus spending (even if that term isn't used), and interest rate levels that are needed to attempt to control inflation, but that are setting off a compound interest spiral. This is before the scheduled third runaway horse arrives, which is the necessary cashing out of the Social Security Trust Funds, another long term very bad idea (looting the assets of Social Security decades ago) which gets a day closer with every day that the Boomers age.

5. Bank Balance Sheets, Money Creation & Soaring Deficits. The next level is new for the Spring 2024 workshop, and it could be a defining element for the remainder of the 2020s - indeed, it is not a hypothetical problem for the future, but a ticking clock that is underway right now.

For the last 16 years, we've been living in a place where the normal financial order was turned upside down. Before then, the markets determined medium and long term interest rates, and rising interest rates would generally keep nations from getting too deeply in debt. As part of the Financial Crisis of 2008, the relationship between the balance sheets of the Fed and the banks was radically changed, and this gave the Fed new monetary creation powers as it gained access to the spending power in our bank accounts, that it used to partially fund the growth in the national debt, and to take full charge of medium and long term interest rates. It was this use of the banking system balance sheets - our deposits - that gave the Fed the ability to keep rates so low, and that allowed the national debt to grow so high.

As we will be reviewing in detail at the Spring 2024 workshop, when we look at #2 above, the balance sheets of the banking system, and we compare it to #4 above, the explosive growth in deficits - then we have a fundamental divergence. To keep $1 trillion in new debt funded every 100 days, and to do so at what are from a historical perspective still quite low interest rates, may require pulling a lot of new money from the balance sheets of the Fed and banks every 100 days. The problem is - that money isn't there, the banking system is in trouble.

Someone has to fund that new $1 trillion every 100 days. The less that the Fed and the banks can fund, the more that other market participants have to fund. What this meant before 2008, is that large increases in government debt required increases in interest rates to pull in more money. If this happens, it basically shatters the foundational premise of most markets today, which is that the Fed is in control of medium and long term interest rates.

This is another example of a model failure that is still in the early stages, and could get much worse at any time. The Fed in its hubris assumed that there would never be higher inflation, and therefore, there would never be higher interest rates. When the Fed's mistakes set off the inflation, and the Fed increased interest rates to try to contain the inflation, it simultaneously set off an interest payment spiral in the national debt, even while the same increase in interest rates created massive losses on the balance sheets of the Fed and banking system, which now limits the ability to fund the deficits. This then creates another potential point of failure for #1 above, which is the market damage resulting from the Fed potentially losing control of interest rates due to its inability to fund the fantastic rate of growth in the national debt.

What we have underway right now is a ticking clock. Unless there is A) a radical reduction in deficits; or B) a radical change in monetary creation that separates it from the balance sheets of the banking system; then at some point as a result of what is already underway, we will likely get C) a return to the historic norm of the interest rates for medium and long term government debt being set by the markets; which will likely lead to D) extraordinary losses in inflation-adjusted terms for many securities and most retirement accounts, as the last of Rational Bubble is popped with a return to long term average valuations.

To say that the current system will necessarily break may seem a bit hyperbolic - but, this is a good place to step back and look at history. For all of US financial history prior to 2008, we did not have an activist Federal Reserve using the deposits of the banking system (via banking reserves) to control medium and long term interest rates, while funding the national debt as it grew to unprecedented levels, while promising unlimited monetary creation to bail out markets as needed. We've been living inside an unprecedented aberration - a bizarrely different financial environment - that is showing multiple signs of breaking under strain. The "doomsday scenario" discussed is simply market forces bringing a return to the normal market environment that existed before 2008, something that most financial and economic authorities in the 20th century would have treated as not only possible but necessary and even inevitable.

To have a better idea of the specifics, we need to have a better idea of each of the pieces, and the financial mechanics of the process. This will be one of our key goals for the Spring 2024 workshop, and it will be new for this workshop.

As we will be connecting, this is a complex and highly interrelated system that is still in the process of failing. For instance, a potential Fed Put as discussed in #3 above, is in direct competition for funds with #4 above, funding the rapid growth of the national debt, with each of those being dependent on #2 above, the current and future states of the balance sheets of the banks and the Fed, which are in turn dependent on #1 above, the Fatal Flaw.

None of these issues can be understood in isolation, numbers 1- 5 above have all merged together. Beginning with our usual foundational analysis of the current state of the Fed and the banking system in #2 above, and with the additions of #4 and #5 that are new for this workshop, we will examine in detail what the combination is, and what it may mean for investments over the near and long term.

6. Inflation & Economic Reality. At the Fall 2023 workshop, we took an in-depth look at inflation, tracking it back to 1975, and found three distinct places where changes in inflation calculation methodologies could be identified, that would produce anomalies versus what could be observed with other behavioral and economic measures. The federal government does freely admit that it changes inflation calculation methodologies over time, and using different inflation series from the Bureau of Labor Statistics, we were able to confirm that the dating of the three methodology changes.

While each of the individual changes would likely be considered minor by most people, on a cumulative basis we've seen a moderate change in how inflation rates are calculated - that has, in fact, been exponentially compounding with time, given that compound inflation is an exponential series much like compound interest.

This divergence has critically important financial and economic information value. The easy part is that everything that we see reported on a monthly or quarterly basis is not quite accurate. Inflation, economic growth, productivity, real (inflation-adjusted) wages, real incomes for inflation-indexed Social Security recipients - as a mathematical necessity, nothing is quite what it appears.

The bigger picture is that while the annual differences are quite a bit smaller than what some inflation skeptics believe - the cumulative picture is that the United States economy is not what we think it is. That changes everything when it comes to economic growth, security market valuations, retirement planning, immigration policies and housing valuations. This is a mathematical necessity if we accept that the inflation rate is at least modestly higher than the official rate, and if this has been true for some time.

Looking at triumphant government statistics, the economy has never been stronger, real incomes have never been higher, and the average standard of living has never been greater. Simultaneously - people are cutting the quality of their groceries to make ends meet, credit card balances and delinquencies are rising nationally, and many average workers can increasingly no longer afford homes, automobiles or children. That discrepancy between what we see with statistics and the real is a mathematical indicator that the official rate of inflation is wrong for most people. It is the necessary byproduct of using a misleading inflation rate.

This then wraps around with #4 above. Because the rate of inflation is higher than we are told it is, then the inflation-adjusted rate of economic growth has to be lower than what we are told it is. That lower rate of growth is then itself dependent on some of the highest rates of deficit spending that we have seen in US history. Putting those two together we go from a strong economy to a precarious economy being held together by stimulus spending. This is all intertwined, and we have to put the different parts together to get an accurate picture - keeping in mind that it is real economic growth rates that will determine real stock returns over the medium to long term.

The next stage goes back to the recent book chapters - compound inflation is a cumulative process, that becomes extraordinarily powerful over time. Therefore, even mildly misstating inflation rates is a cumulative process, that becomes extraordinarily powerful over time. So, when a better inflation rate is used a better fit with reality is created, that goes back over time, with the biggest changes being in the present.

Without that fit - it’s all GIGO: Garbage In, Garbage Out. Business and investment decisions get made off of bad data - overly optimistic economic data. For your consideration, at the workshop we will begin the weekend with a parallel set of data, that is a better fit with reality. We won't repeat the Fall presentation - there will be a brief review that should be helpful for both those who were and those who were not there, and then we will move on to the current implications.

7. The Convergence. The brochure for the previous workshop talked about the Convergence, and that is indeed where we still are and are likely to be for many years to come - unless there is a high drama breakout of some sort.

Each of the problems described above is not a theoretical danger for the future - like they were for many years - but are here right now, in the present tense in the mid 2020s. There were a whole series of very bad ideas, that people paying attention knew were bad ideas that would eventually be very painful, but the can was kicked down the road, and we now have a Rational Bubble that could yet devastate the asset markets, a major inflation problem, a fantastically large national debt, an economy that that is addicted to deficit spending, a Compound Interest Spiral that is exceeding a trillion dollars a year, an effectively bankrupt national banking system even as a commercial lending crisis brews, a Fed Put that no longer exists on the scale needed, an inability of the Fed and the banks to continue to fund the growth of the national debt at scale with low interest rates, and the fairly imminent need to pay Social Security promises with assets that were spent a long time ago. That's before the current international issues.

Most importantly: they are all here together as a group, and they are tightly intertwined (hence, the "Convergence"). The real rate of inflation ties in with interest rates that tie in with the Fatal Flaw that ties in with the viability of the banking industry that ties in the real rate of economic growth that ties in with the ability to service the national debt that ties in with the ability to pay Social Security. And then we have the second order effects - and the third order effects.

What could this mess look like? Pick up a financial newspaper any day, and one can see exactly what it looks like in real time. The problem is what I have been writing about for years as the "false dichotomy", where one is either a permabull, or a bear perpetually expecting financial collapse in the next few months.

Reality is what is in the middle, and it is a long process, rather than a high drama imminent collapse scenario. Just because things don't dramatically fall apart with numerous headlines telling us things are falling apart, doesn't mean that everything is wonderful and good. Indeed, in a broad sense, we have a multiplication of fundamental and intertwined issues, even as the rate of change increases. Other than the peak, high drama years of 2008-2009 and 2020-2021, the current rate of financial dysfunction has accelerated dramatically compared to any time before the 2020s.

Again, this may sound hyperbolic - but the reality is that what is holding our system together at this point is the government borrowing $1 trillion about every 100 days. Our current reality is that $1 trillion goes up a bit every 100 days, to pay for the interest on the $1 trillion borrowed in the previous 100 days, and the 100 days before that.

We don’t have the easily understood flashpoint of a crisis that is in the headlines - but, nonetheless, one of the most important financial and economic changes of our lifetime is well underway.

The problem is that this situation is not priced into the markets, it is not taken into account with traditional financial planning, and indeed, it’s very existence contradicts the fundamental assumptions that most long-term investing is based upon. It is also important to note that the impact is likely to be highly uneven, with some investment categories doing far worse than others, even while others can do quite well.

Solutions Sunday. The usual workshop breakout is that we spend Saturday exploring and integrating what is happening in the world, and most of Sunday going through investment implications and potential solutions. This will continue at the Spring 2024 workshop, and we will be adding some major developments to the other reviews and explorations.

The solutions are not separate from the Convergence that is primarily developed on Saturday. Rather, they are extensions that evaluate the investment implications of issues 1-7 above, in terms of both the dangers presented and opportunities that may also be found.

8. Reversing Inflation & Inflation Taxes. For those with a knowledge of national debts and inflation, there is a very well understood relationship between very high national debts and inflation - inflation is how the debts are controlled. The higher the national debt relative to the economy, then the higher the required inflation and/or the greater the number of years that higher inflation will be required.

The mechanics of how inflation is used to control national debts has been the subject of the first five chapters of the new book. There is a double taking, a double redistribution of wealth from all of society and from across the entire nation, where the greater the debt is to be managed, then the more of the assets of the public will be taken in a highly reliable process, whether it be by inflation and/or inflation taxes. We reviewed the historical record for 1963 to 2023 when the national debt was on average far lower. With a national debt of $34+ trillion and accelerating deficits, the math requires much larger redistributions of wealth from the public this time around. The financial viability of the government requires this - so unless the government loses all control, it will happen. There is a case to be made that this redistribution via inflation and inflation taxes could be the single most reliable financial feature of the coming decades, we may have a much better idea of this than we do things such as future stock or bond prices.

It is particularly worth noting that a Compound Interest Spiral when a government controls the value of its own currency, will likely create a Compound Inflation Spiral. The exponential mathematics of the national debt spiraling out of control will likely create a parallel exponential process in terms of inflation and inflation taxes.

For society as a whole and most investors - that will be a financially painful process. However, there is another way of looking at this. The more reliable a financial process may be, then 1) the greater the reasons to learn how to financially defend oneself; and 2) the greater the incentives to find ways of aligning oneself with the process, so that one profits from it rather than losing.

The Spring 2024 workshop will include the most in-depth treatment of inflation taxes *and their reversal* that I've ever included in any work. Part of this is new work for the workshop, part of this is pulling together pieces from (as yet) unpublished books, and part of this is pulling together different research items from the last fifteen years into one piece.

9. Housing Special With Real Inflation & Inflation Taxes. One of the best ways of profiting from inflation is using income properties. This has been the focus of a number of my previous books, videos and workshops. As developed in the books "*The Homeowner Wealth Formula*" and "*The Eight Levels Of Homeowner Wealth Multiplication*", the overwhelming majority of historical wealth creation for income property investors has come from inflation, and the multiplication of inflation.

At the Spring 2024 workshop, we will take a detailed look at the current real estate market. There will be a number of aspects to this presentation that will be new for this workshop.

As a starting point, we will take a look at the current state of the housing market using a more accurate rate of inflation. Because housing returns have historically been primarily driven by inflation, this will give us a quite different view of current prices, current risks, and the current relative risk/return tradeoff compared to historic norms. Keeping in mind that real estate is always local, when we look on a national basis - just how "rich" is the current market?

The future is not the past, and this is particularly true with inflation. As developed in #1-#7 above, we are coming into what is likely to be a quite different inflationary environment over the coming years. Buying an income property with a mortgage is a somewhat unique inflation investment, quite different from the alternatives. With a better idea of current price levels, and considering the still rapidly developing situation with the Convergence and the Compound Interest Spiral in particular - how does that combination look? We'll run some scenarios, and try to understand how both risk and return are changing.

Something else that will be new for the Spring 2024 workshop will be the explicit integration of the new materials on reversing inflation taxes from #8 above, with the use of real estate asset/liability management strategies. Essentially, individuals typically use asset-only strategies that are highly vulnerable to inflation taxes, while institutional investors can use asset/liability strategies that can give them the ability to not only withstand, but to actively profit from reversing both inflation and inflation taxes. Indeed, through a mechanism that we will explore, banks and corporations using A/L strategies can actually pass their inflation tax losses off to individual investors (funny how the tax code turns out to work that way).

Most institutional investment strategies are not available to individual investors. There is an exception, and that is that mortgages are one of the few forms of "high quality debt" that are available to investors, which opens up the use of A/L strategies. Turning inflation into wealth using A/L strategies is one aspect of this. However, there is another level entirely, which is the use of A/L strategies to manage inflation taxes, as we will be reviewing at the Spring 2024 workshop.

10. General Investment Implications. A one sentence summary of much of investment theory could be that so long as the past continues to repeat itself indefinitely, then what are the investment category allocations that should be used to maximize returns while minimizing risks? This very common investment paradigm has a built-in flaw - it is incapable of handling a future that is very different from the past.

Yet, as we will develop on Saturday, the past cannot be relied upon, and based upon what is currently in process, we have overwhelming reasons to believe that the future over the next 5-10 years is likely to be very different than the new kind of markets that we have seen since 2008. These markets - and stock, bond, and housing performance - were based upon the Fed using its new access to the balance sheets of the commercial banking industry to established unparalleled control over medium and long term interest rates, while funding the growth in the national debt, while convincing the markets that there was a "Fed put" that would rescue them as in 2008, if there were to be another crisis.

The natural human thing to do is to take what we have experienced, the patterns we have seen, and then extrapolate those into the future. Yet, from a historical perspective, virtually everything we have seen since 2008 has been artificial, historically atypical, created using a "magic trick" that is in the process of expiring. The Rational Bubble of the last 16 years is unlikely to endure, when we consider the combination of #s 1-7 above.

If we look at a lower growth economy (#6 above) with materially higher inflation, as the national debt compounds upwards at potentially higher interest rates, even as the credibility of the Fed Put disappears - then everything changes, in every investment category.

As a framework for analysis, we will again use the Red/Black Matrix for cycles of crisis and cycles of the containment of crisis - as well as the transitions between each cycle - to examine potential investment implications for cash, stocks, bonds, real estate and precious metals, including the relative opportunities and dangers for each asset category at each stage in the cycles. This brainstorming session has been a very successful way of closing out previous workshops, and with the developments in 1-9 above, we will have some new places to go on Sunday.

More Information

The workshop is a highly valuable resource for investors who are financially preparing for a future that - realistically - will include some major challenges. There are some crucially important implications for retirement investing in particular. That said, financial professionals, as well as younger individual investors, may receive the greatest benefits of all in terms of how to benefit from a potential generational change in money and the markets.

Workshop participants will receive a manual for the presentation. This will include a detailed outline, supporting graphs, and financial exhibits, as well as supporting articles & analyses with much more detail on some of the subjects covered in the workshop.

The two day workshop presentation will have a classroom atmosphere. The focus is on communication, and attendance will be limited so that participants can easily ask questions and engage in back and forth discussions about what is being covered.

Testimonials From Prior Participants

Because the workshop is new, none of the participant testimonials below are about that particular workshop. The new workshop is the culmination of more than ten years of delivering live workshops while refining the strategies and analyses as well as how to teach the materials - and the testimonials are for earlier versions of the workshop that were part of the development process.

"Finding Daniel Amerman was one of the best things to happen to me. I have been concerned for years about preserving the purchasing power of my retirement savings, which is a challenge unto itself. When you add the additional burden of paying taxes on top of any gains, the task seems impossible to overcome. Daniel is the first person I have found that provides an answer to this challenge. He is truly a creative thinker, playing the chess game 5 moves ahead of most people. After reading his Turning Inflation Into Wealth emails, I decided to buy his course. It is one of the best things I have ever done to help me clarify what is going on and have a plan for the future that gives me confidence. It was an easy decision to attend his second course, which is an update of what has happened in the past two years. I found this seminar to equal his first course in terms of original thought and actionable content. Keep 'em coming Dan."

Bill C.

"Although I am a financial markets addict, my husband is not and he somewhat reluctantly agreed to attend the workshop with me. Halfway through the first morning, however, his attitude completely changed! Dan's presentation captivated him. Dan's precise analysis of current market trends are brought into sharp focus with very practical examples. The unprecedented world of negative interest rates is bewildering to say the least. Not only does Dan help make sense of it all, he provides the tools you need to survive and thrive!

Far from being dry or boring, Dan presents and analyzes the current trends and provides very practical applications. The workshop was packed with useful information. Dan encourages engagement during the sessions. Your questions and comments are welcomed and he incorporates them into his presentation with the skill of a seasoned expert in the field. If you want analysis of the current trends and practical, useful advice on how to navigate them, Dan is your man!"

Sue and Mike B., Ohio

"Following the 2008 financial debacle, I began frantically searching for reliable sources to understand and prepare for what appeared to be instability in the U.S. and world economies. Amazingly Dan Amerman, I discovered, had already been writing about such possible market risks. Dan's gift to take the complex and simplify into meaningful, practical terms provided me an understanding of the various dynamics at the core of the volatility. More importantly, Dan's publications (DVD's, books, and seminars) provided me with actionable insights and strategies to incorporate in my investment and retirement plans. Today I continue to benefit from Dan Amerman's educational tools and insight and highly recommend them to anyone interested in building financial wealth."

Ron K, KY

"My husband and I are both pleased to recommend Daniel Amerman as a singular and top rate financial educator. We are impressed by his ability, as well as his willingness, to provide his students with guided tours into the murky waters of economic theory in a way that is practical, factual, data-driven, and ideology-free. One comes away from each of his trainings and workshops with a little more insight into how both the American and the global economies actually work, and with a little bit of the wool of politics and "common knowledge" removed from one's eyes.

One of the most helpful things Mr. Amerman does is expose how the players at various levels in the financial industry think and act. It is incredibly useful simply to understand the mindsets of those who are in control of the game. He also integrates quantitative with qualitative data to generate insights and perspectives that other economists either miss or dismiss, to the average investor's detriment. The asset/liability management matrix he created to help students "run the numbers" and understand the financial consequences of various investing strategies under different scenarios is, in particular, of great help. That sort of practical education is difficult to come by for those not already in the financial industry.

We will continue to study and find ways to apply Mr. Amerman's work as we chart our financial future in today's very confusing and uncertain waters. We also look very forward to attending future workshops to keep up with changes in economic policy and its consequences. I am happy to say that Mr. Amerman has earned our trust, which is not an easy thing to give to anyone in an industry that is dominated and controlled principally by predators, fraudsters, clueless academics and salespeople posing as "advisors". Thank you, Mr. Amerman, for showing us that all is not lost in your industry, and for giving the rest of us a fighting chance to survive and even thrive in what is becoming an increasingly bizarre and uncertain financial world."

Jennifer CM

"Dan Amerman is a 'banker's banker' in the world of high finance. Be one of the few to see how the real game is played, especially relevant since the 2008 chaos. Study his materials. Attend his seminar to relearn how to apply these unique strategies to your personal portfolio. The seminar attendees are sophisticated and add considerable insights!"

Ron C
Wisconsin

"It was an absolute pleasure meeting you this past weekend. I want to thank you again for all your time and effort in providing such a wonderful learning experience. Your insights and analysis were well thought out and logically presented. They brought clarity to an economic picture that, for most, has been extremely fuzzy. I left the weekend with a much clearer focus on what tactics need to be employed as we move down this uncertain economic road."

Bob R

"Mr. Amerman's workshop changed my life. He brought my understanding of the global economy's impact on my personal financial life to a new level. Due to his workshop, I have made giant changes in the way I save and the structure of my financial plans for the future. I feel much more secure and look forward to a future of prosperity! I can wholeheartedly endorse the time and money spent attending his workshop - it will be returned to you many times over."

Lee Anne S

The testimonials were solicited in follow-up e-mails sent after previous workshops. No compensation was offered in exchange. They are each the full testimonial as received, and have not been edited for content. Not all workshop participants provided testimonials. From those who did provide testimonials, the most positive testimonials were those selected for inclusion in this brochure. Because those with particularly positive experiences are the most likely to provide highly positive testimonials, they are not a random sampling, and nor should they be considered as representative of the experiences of all prior workshop participants.

About Daniel Amerman

Daniel R. Amerman is a Chartered Financial Analyst and finance MBA with over 30 years of professional financial experience. He is the creator of a number of books and video courses on finance and economics. Articles by Mr. Amerman or referencing his work have appeared in numerous publications and websites, including *Reuters, MarketWatch, U.S. News & World Report, MSN Money, Seeking Alpha, Business Insider, ValueWatch, Nasdaq.com, Morningstar.com, TalkMarkets*, and *Financial Sense*.

Since 2006, Mr. Amerman's work has focused on the financial interests of the median, the productive and hard-working person in the middle, rather than the "one percent" of the insiders who have grown fantastically wealthy even while the size and relative wealth of the American middle class have been in decline for decades. His research is devoted to finding solutions for how the middle class and upper middle class can protect themselves from Washington and Wall Street.

Mr. Amerman's work with inflation and banking began while in college and graduate school, as he learned economics and finance even as the highest rates of inflation in the modern era were raging. After graduate school, he began work with an institutional investment bank that specialized in working with and restructuring savings & loans as well as small banks. These years provided the starting knowledge for what would later become the "*Home Wealth*" series, as he worked with the impact of inflation on mortgages. As an investment banking vice president, Mr. Amerman also became an expert in working with financial institutions and their balance sheets on a national basis.

In the 1990s, Mr. Amerman worked as an independent quantitative analyst, providing expert structural, analytical, and mathematical verification services for the trust departments of major banks, investment banks, and rating agencies, mostly in real estate and mortgage-related areas. During those same years, Mr. Amerman wrote his first two books on investment and security analysis for institutional investors, which were published by McGraw-Hill (and subsidiary): *Mortgage Securitie*s, and *Collateralized Mortgage Obligations: Unlock The Secrets Of Mortgage Derivatives*.

Beginning in 2006, he moved from providing analytical services to some of the nation's largest banks to setting up a website that would later become DanielAmerman.com. This financial education website was intended to serve the needs of the public rather than the financial institutions. The financial education is provided by ongoing analyses, books, and videos, as well as periodic workshops.

As documented in detail in Mr. Amerman's work over the following eighteen years, and now in the current series, for those who understand how to use the tools, the effective control of inflation, nominal & real interest rates, money creation, regulations, and the tax code can be - and have been - used to redistribute the wealth of an entire nation. However, because what is happening is complex and it requires specialized knowledge of finance and economics to properly follow, this means that it has been able to happen in plain sight without the voters fully understanding what is happening - how the channels have been set up so that the new natural flow of the wealth is from the people to the government and major financial institutions.

To fully understand what Washington and Wall Street have been doing requires the ability to actually "follow the dollars", to be able to analytically reconstruct what is going on and who benefits. In addition to being in positions of power with access to vast sums of money, many of the people who are involved in this process do have extensive formal training in finance and economics. They can be experts using the sophisticated tools of those fields, many of which are little understood by the average person. To follow what is happening, it is helpful to have an expert on your side, who also has a sophisticated and analytical understanding of finance and economics.

Pricing, Discounts & Payment Information

Workshop Price:	$1,695
Early Registration Discount (Payment by April 18)	($200)
Workshop Price Net Of Discount	$1,495
2nd Person Discount	Save 50%

Discounts when related DVDs are purchased (these cannot be combined with Early Registration Discount): Save $500 Or $300

Save $500 on workshop registration when the "Investment Strategies For Crisis & The Containment Of Crisis" DVD set or "Gold Out Of The Box, 2020s Edition" DVD Set is purchased at the same time. See the next page for more information. Please note that the combination packages involve purchasing the DVDs, and then receiving an offsetting discount on registration.

Anyone who separately purchased those DVDs or online video courses has 12 months after delivery to receive a $300 discount on their workshop registration. Please write Mary at the address below to get your credit.

Tax Deductibility: A good question to discuss with your tax advisor

For questions, to select your choice of DVDs for discounted purchase, to receive your discount for a prior DVD or online video purchase, or for information on paying by check, please write to:
mary@danielamerman.com

Space Is Limited, Sign-Up Now:

http://www.danielamerman.com/workshop/payment.htm

Meeting Schedule & Hotel Information

Holiday Inn Indianapolis Carmel

251 Pennsylvania Parkway, Carmel, Indiana 46280

1-317-574-4600, 1 888 HOLIDAY (1-888-465-4329)

https://www.ihg.com/holidayinn/hotels/us/en/indianapolis/indml/hoteldetail#

Saturday & Sunday, April 27-28, 2024

Saturday check-in will start at 8:15 am, with the workshop presentation beginning at 8:30 am, and lasting until 5:00 pm. There is an hour break for lunch each day, and short morning and afternoon breaks as well.

The Sunday session will begin at 8:30 am, and last until 4:00 pm.

Disclaimer

Please note that the seminar / workshop will be of a strictly educational nature, rather than the rendering of professional advice. The future is uncertain, and there are no guarantees or promises of success or particular outcomes. As with any financial decisions, there is a risk that things will not work out as planned, and with hindsight, another decision would have been better.

The workshop will not include specific investment, legal or any other form of professional advice. If specific advice is needed, it should be sought from an appropriate professional. Any liability, responsibility or warranty for the specific results of the application of the general educational principles contained in the workshop and the written materials, either directly or indirectly, are expressly disclaimed by the workshop leader.