

THE PAUSE THAT REFRESHES

WEB BUZZ 2008.03.24

Our long-held position that the 30-year government bond would reach a 3% yield or lower is being held up temporarily by margin calls. Please note the following chart and comment of Anthony Cherniawski. As the old saying goes, “When the sheriff raids the house, he takes all the girls”. If you will note, the long bond index has been roughly \$118 since November 2007. It has had five selling sprees during this time. Anthony believes—and we agree—that such time hedge funds as the Carlyle Group managed which are leveraged 32:1, are having to sell their good bonds to reduce their loans and/or to make up for other market losses.

What a grand buying opportunity this presents. We are not talking junk here—this is the world-accepted highest quality asset in the market place.



Adapted from FinancialSense.com