

Bond Investors Are People Too

By [The Mogambo Guru](#)

10/12/10 Tampa, Florida – Last week, bond prices were so high that a two-year government note yielded a miniscule 0.43%. To get more than one percent interest, you have to accept the five-year Treasury note yield of 1.32%. The ten-year yield? 2.60%. The 30-year long bond? A laughable 3.78%! Hahaha! This is insane!

And, as astronomically high as bond prices are, money is still flowing out of equity funds and pouring into bond funds, which has a lot to do with the price of bonds rising so high that they produce such pathetic, less-than-inflation yields.

It all reminds me of an old cartoon I once saw, which I adapt here. A guy is strapped down on the floor of the desert, baking in the sun. Behind him is a sign that says, “Bond Investor One-Day Training Course.” The guy is looking up and says, “Wow! That sun’s so hot it will bake your brains out in less than a day!” Hahaha!

I know I should not be laughing at bond investors, and jeering at bond investors, and saying cruel things about bond investors like, “You bond investors are idiots!” but instead I should feel sorry for bond investors because of how they are going to pay a terrible price when interest rates rise in response to inflation in prices, and how I should be fearful because losses of such magnitude are so completely catastrophic to the macro-economy.

Instead, I am much more interested in me, me, me, and especially and how can I make a lot of money fast without working.

Of course, being a natural coward, I am loath to take a risk of any kind, and I want only Big Sure-Fire Winners (BSFW) in which to invest and make a lot of money, fast, without working.

And being a naturally angry and cynical guy who understands the Austrian school of economics, I am petrified of the massive inflation caused by the despicable Obama administration deficit-spending So Freaking Much Money (SFMM), making the more-despicable Federal Reserve create more new money with which to soak up all that new debt, over and over, day after day, more and more, a gigantic inflation in the money supply to cause inflation in prices, which will destroy us like a guy in a Godzilla suit stomping on toy trains and model balsawood buildings representing Tokyo! Gaaahh! I am screaming my Outraged Mogambo Guts (OMG) here!

But I imagine that bond buyers, too, wearily go home at the end of the day, and have a normal family life, not suspecting anything is wrong.

But when a Junior Mogambo Ranger (JMR) comes home after a hard day of work and you find that your family is being extra nice to you (for a welcome change!), you are, thanks to your “suspect everybody” JMR training, instantly on alert for some vile treachery at this unexpected change in the environment.

And do you remember how you told them you were suspicious of them? And do you remember how they denied it, which made you more suspicious, and you called them scheming liars, which they again denied, which only made you even more suspicious?

If you will recall, it was those times, among many, many other times, when you were right to be suspicious! Something was, indeed, going on!

For example, I remember the last time this happened to me, and it was right after I denounced them as “Lying, treacherous vipers out to kill me!” and how “If I had any guts, I’d kill the lot of you right now!” that they stopped being nice to me!

In fact, I would say that they were, as a group, behaving with the exact opposite of their previous “nice and pleasant” demeanor, and were, instead, downright hostile and distrustful! Of me! Their own beloved and loving husband and father! Imagine that!

Obviously, the lesson in all of this is the introduction of “the contrary indicator,” in that their phony façade of “making nice” was obviously a contrary indicator portending future social conditions around the house.

For the record, their usual frosty, snotty attitude became, alas, just another coincident indicator.

Anyway, the reason I bring this up is because if you are looking for a contrary indicator, I may, or may not, have one for you, courtesy of John Stepek at the *Money Morning* newsletter. But contrary or not, I think it is an indicator of some kind, perhaps significant, too, that just recently some outfit named Capital Economics, which was “formerly moderately bearish on gold,” has now “turned moderately bullish.”

I mean, I am instantly on alert when some guys missed an entire decade of gold rising over 400%, and who now, after missing the entire monster run of gold for 10 straight years, are “moderately bullish” on gold. Hmmm! I don’t know what to think!

Fortunately, I don’t have to think. The Magnificent Mogambo Portfolio (TMMP) was designed just for stupid guys like me, as it requires no thinking at all, and thus there is no chance to make another Big Freaking Mistake (BFM) like that time when you mistakenly asked, “Will you marry me?” and she said “Yes” and then ya made the mistake of actually getting married and then...well, it is too depressing to go on.

Anyway, the TMMP is simplicity itself: Buy gold, silver and oil when the Federal Reserve is creating more money! It’s that easy! And buying gold, silver and oil over the long-term with the glories of dollar-cost-averaging to maximize your profit, what can you do except greedily giggle with girlish glee, “Whee! This investing stuff is easy!”?