



“Who are you going to believe, me or your own eyes?”

February 2024

This quote from the Marx Brothers’ 1933 movie [Duck Soup](#) is a comical precursor to the current expansion and use of the term “gaslighting” in American society. Gaslighting is a colloquialism loosely defined as manipulating someone into questioning their own perception of reality. The term comes from the title of the 1944 film [Gaslight](#) starring Ingrid Bergman. Bergman’s character was psychologically abused by her spouse to make her doubt her own perception of reality so he could drive her mad, allowing him to steal her fortune and cover up a murder. Over many months he surreptitiously controlled the natural gas lighting in their Gilded Age house by making it dimmer and brighter for no apparent reason over many months, in addition to playing other mind games on her. The term gaslighting is now being bastardized in our modern dialogue to describe any ordinary disagreement in which one side controls the narrative by ignoring the historical or logical facts about said topic, in order to control the outcome of the narrative.

We are seeing a wider use of “political gaslighting” and a subsequent increase in Governmental control of the narrative with regards to the information that we consume, and this is done with the help of a complicit mainstream media. I am not going to venture into politics in this investor letter by discussing two controversial examples like the “Twitter Files” or the government’s draconian response to COVID, but rather how the government can and does manipulate statistical data to create a rosier perception of economy rather than the one that we as citizens are experiencing. This rosier economic picture confuses the equity and bond markets, thereby distorting the proper allocation of capital and therefore risk in the markets.

The Federal Reserve, lead by Jerome Powell, and the US Treasury Department, lead by Janet Yellen with help from her Bureau of Labor Statistics (BLS), have acted in concert to help manipulate the economic data that drives investment decisions. The Administration and their ability to control the narrative in the mainstream media have the US stock markets hitting all-time highs in 2024. Their script is constantly reiterated so that the general populace will eventually believe it. The narrative that “inflation is coming down at the fastest rate ever,” or “we’ve created more jobs than any administration ever” and “we’ve brought down gas prices” is getting tiresome.

Yet the Administration cannot understand why the country doesn’t believe how great things are and why Biden’s approval numbers are so low, when all they are doing is gaslighting us. To paraphrase the Marx Brothers, **“Who are you going to believe, the Government or your own eyes?”**

Yes, inflation is back down to 3.4% from 9% last year, something about which they constantly remind us. But we haven’t forgotten that their policies caused this inflation in the first place with the deficit spending and the never-ending stimulus handouts. We are also having to adjust to life with dramatically higher interest rates as a result of this inflation. Everyone knows that it costs them \$20 more per fill-up at the pump and that their grocery bills have exploded higher, yet their recent wage gains and cost of living raises have not kept their paychecks up with the rate of “real life” inflation.

The jobs data and unemployment rate announced by the BLS also look positive for the markets on the surface. We were told that 353,000 new jobs were created in January and the unemployment rate fell to 3.5%, so the media rejoices! However, monthly jobs figures are regularly “revised lower” in the months following their initial rosy releases, as well as annual “seasonal adjustments” for statistical gaslighting. Americans actually *lost* 1.4 million full-time jobs last year after these revisions despite the previous “gaslit” positive monthly releases. Another example of the gaslighting by the Administration is that they hide the fact that the majority of jobs created last year were only *part-time jobs*, which really do not help the economy grow in the long run. More information and details about these statistics can be found here→

- [Inside The Most Ridiculous Jobs Report In Recent History | ZeroHedge](#)
- [Table A-1. Employment status of the civilian population by sex and age - 2024 M01 Results \(bls.gov\)](#)

If we are to believe what the gaslighters tell us and the US economy is really happily chugging along at a great pace, then how do we explain these facts:

- Regional banks are being dragged down because of the collapsing commercial real estate loans on their books – so much so that these banks are having to tap the Fed’s emergency funding program for \$140 billion in loans to close a gap in their balance sheets.
- The Fed is talking about cutting interest rates, which is normally only done to encourage economic activity, not when things are wonderful.
- Gold is near an all-time high and “cash on the sidelines” in money market funds has hit a record \$6 trillion, both usually happen when investors are nervous need a safe harbor investment.
- Government debt (and the accompanying increased interest costs) has hit **\$34 trillion**.
- Food inflation is getting worse –
 - beef prices at all-time highs because the number of heads of cattle are at the lowest level since 1951. Yes, seventy years!
 - Cocoa prices are at a 46 year high.
 - Coffee prices are also at an all-time high.
- China’s stock market is collapsing to a five-year low and their economy is in a recession. We cannot overlook the fact that all global economies are delicately interconnected, and finally...
- Conflicts in the Middle East are disrupting international shipping the world over.

If things are so bad, then why is the US stock market hitting all-time highs? Is the gaslighting working?

My theory is that investors are starting to feel more confident about the markets because of the **certainty** of a stronger US economy in the future, not the perception of a currently healthy economy that the “gaslighters” would have us believe is taking place.

And what makes investors so certain that they want to invest in the stock markets at all-time highs and yet remain bullish?

The **certainty** is that the stage is set for a rematch of Trump versus Biden for the Presidency in November and that Trump will be our next President. There is an expectation of positive economic activity that will be unleashed under his policies as they were during his first presidency. Again, I am not making a political statement nor prediction here, just one explanation of why the market may be continuing to move higher despite all of the apparent headwinds I’ve laid out. I am just trying to navigate the markets for my clients. I’m not a political pundit, but following politics is necessary to properly allocate one’s investment capital in the markets. And not believing the gaslighters’ reasons for the market’s behavior is important to retain your sanity in these trying times.

So, we will remain cautiously optimistic with our clients' portfolios and our assumptions about the economy. We are sticking with our D.I.C.E. strategy of dividend paying stocks, international exposure, cash & commodities, and finally emerging industries. We will continue to pay attention to what our eyes see, not what we are being told we are seeing.

Finally, please feel free to share this investor letter with your friends and neighbors. Double Eagle Partners has grown almost entirely through client referrals from satisfied partners, and I hope that continues for years to come.

Regards,

A handwritten signature in black ink that reads "Jim Claire". The signature is written in a cursive, flowing style.

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