



Using Google To Discredit A Fear Monger

SYNOPSIS

- Marc Faber is one of the most well-known fear mongers, and his annual predictions catch headlines during times of heightened market volatility.
- A simple Google search is all it takes to discredit Mr. Faber's predictive capabilities.
- Fear mongers are only interested in selling newsletters, books, t-shirts, or anything else that makes them money.

THE ANNUAL '87 CRASH

The advent of the internet gave rise to a particular breed of financial predator. These are the market pundits referred to as "fear mongers," because their goal is to manipulate the emotions of those who have lost big in years past for the sole purpose of making money.

This cohort roams Wall Street free from government oversight and risk of prosecution as they prey on unsuspecting victims. Their actions are truly deplorable, and I try to dedicate time each quarter to disproving and discrediting many of the stories that threaten investors.

A close friend who shares my disdain for fear mongers sent me an email earlier this week, which instructed me to do the following:

"Google 'Marc Faber 1987 crash' and then analyze the dates for the top 10 results. See a pattern here?"

Before we go any further, let's put some context around my friend's request. Marc Faber is the author of the widely read Gloom, Boom, and Doom Report, which is a newsletter that regularly predicts market crashes and other financial mayhem.

...the best time to sell more newsletters is when emotions are running high.

Mr. Faber became famous by getting his clients out of the market before the 1987 crash, but really all he ever does is say the market will crash, so it's tough to conclude if he has real insight or if it's just statistically impossible to be wrong all the time.

For example, he predicted a 100% chance of a recession in 2012 and 2013 (neither happened) and a market crash in 2014 (the same year the S&P 500 ended 14% higher).

Without question, he is one of the most egregious of all fear mongers, and his world-ending views make him a big hit for most of the major media outlets (especially during times of heightened volatility).

Now back to my story. My friend's email immediately caught my attention, so I did as I was told and googled "Marc Faber 1987 crash." The results are below:



Google

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About 206,000 results (0.20 seconds)

Marc Faber: Look out! A 1987-style crash is coming
www.cnbc.com/id/100950234 ▾ CNBC ▾
Aug 8, 2013 - When Marc Faber looks at the market, he sees some very troubling trends. That's why he expects to see a 20 percent decline between now and ...

2014 crash will be worse than 1987's: Marc Faber
www.cnbc.com/.../2014-crash-will-be-worse-than-1987s-marc-fab... ▾ CNBC ▾
Apr 10, 2014 - Marc Faber says the stock market is setting up for a decline more painful than the sudden crash of 1987. "I think it's very likely that we're seeing, ...

Marc Faber On The 1987 Stock Market Crash vs Today And ...
kingworldnews.com/marc-faber-on-the-1987-stock-m... ▾ King World News ▾
 Sep 3, 2015 - Faber also discussed why there is more downside action ahead and compared the 1987 stock market crash to today's action. Eric King: "Marc, I ...

Marc Faber: Markets Are Oversold; Day Before Crash in 1987
www.realclearpolitics.com/.../marc_faber_markets_are_... ▾ RealClearPolitics ▾
 Aug 24, 2015 - Marc Faber of the "Gloom, Boom & Doom Report" joins Maria Bartiromo on Mornings with Maria to discuss the causes of today's massive selloff ...

Marc Faber: Market Crash Will Rival 1987's Massive Drop
www.newsmax.com/.../Marc-Faber...crash.../id/710942/ ▾ Newsmax Media ▾
Jan 26, 2016 - Marc Faber, publisher of the Gloom, Boom & Doom Report, said markets could see a sudden crash similar the one in 1987, when the Dow ...

Marc Faber: We Have Colossal Asset Inflation - Newsmax.com
www.newsmax.com/.../Marc-Faber...Crash.../694944/ ▾ Newsmax Media ▾
 Oct 7, 2015 - Marc Faber, publisher of the Gloom, Boom & Doom Report, comments on the outlook for ... Image: Marc Faber: Markets Could Crash Like 1987 ...

Marc Faber Fears Sudden 1987-Like Crash Or Longer-Term ...
www.zerohedge.com/.../marc-faber-fears-sudden-1987-crash... ▾ Zero Hedge ▾
 Oct 7, 2015 - Sometimes less is more (less good data is moar good for stocks) and in the case of Marc Faber's recent appearance on Bloomberg's "What'd ...

Marc Faber: Markets Could Crash Like 1987 - Bloomberg ...
www.bloomberg.com/.../marc-faber-markets-could-crash... ▾ Bloomberg L.P. ▾
Oct 5, 2015 - Marc Faber, publisher of the Gloom, Boom & Doom Report, comments on the outlook for stocks during an interview with Bloomberg's Joe ...

Marc Faber: We Could See A 1987-Style Crash This Year ...
www.businessinsider.com/marc-faber-1987-crash-2012-5 ▾ Business Insider ▾
May 10, 2012 - Marc Faber, the Swiss economist behind the Gloom Boom and Doom Report, had some strong words in an interview with Bloomberg TV earlier ...

Upon first glance, I was not surprised to see over 200,000 results, given Mr. Faber's never-ending thirst for publicity. I then took a closer look and uncovered exactly what my friend had hoped I would see, which I boxed in red.

The table below lists each headline and the date published in chronological order, which will help in the analysis below.

Headline	Date
<i>"We Could See A 1987-Style Crash This Year..."</i>	May 10, 2012
<i>"Look Out! A 1987-style crash is coming"</i>	August 8, 2013
<i>"2014 crash will be worse than 1987's"</i>	April 10, 2014
<i>"Markets Could Crash like 1987"</i>	October 5, 2015
<i>"Market Crash Will Rival 1987's Massive Drop"</i>	January 26, 2016

Two conclusions are worth noting:

1. **Same Story Every Year:** Every year since 2012, Marc Faber has predicted the exact same outcome that just so happen to be the one thing that made him famous. He has been wrong for five years straight, yet he continues to put himself out there with these bold predictions. Why would someone do such a thing?
2. **Interesting Timing:** His predictions grab headlines during heightened volatility. August 2013 was quite volatile due to the Fed, October 2015 and January 2016 were extremely volatile thanks to China and oil, and April 2014 was when technology and biotech stocks sold off violently and without warning. Coincidence?

Let's first explain why he would release the same story every year. One detail that I failed to mention earlier about Mr. Faber's newsletter is that he charges \$300 for an annual subscription.

Marc Faber's primary financial motivation is to do nothing more than to sell newsletters. A story that involves an "imminent stock market collapse" sells well and is evergreen.

The second question regarding coincidence or not is no question at all. The most frustrating element of a fear monger is that they are actually smart. They know the best time to sell more newsletters is when emotions are running high.

They wait for the market to drop for any reason whatsoever and then take their requisite "victory lap" around the media circuit to tell you why they were right (even if the market decline occurred for reasons independent of their thesis).

IMPLICATIONS FOR INVESTORS

I am the first to admit that there are times when the bears are correct and when prudence is warranted in

an investment strategy. Recessions happen, stocks lose investors' money, and economies collapse under too much debt.

But they don't happen that often, and those who predict the end of the world carry no weight with me unless they can show me a time in the past where they made a bullish call and was ultimately correct. Only then can I consider them to be impartial.

Unfortunately, Mr. Faber has yet to indicate a single period of time when he has been either bullish on the U.S. economy or its stock market. In fact, it's hard to find anything that he has considered to be attractive over the past decade, with the notable exception of gold.

The bottom line is that Marc Faber is a very gifted salesman with a large following of loyal readers, but his antics are intended to grow only one thing, and that is his wallet.

Sincerely,



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