

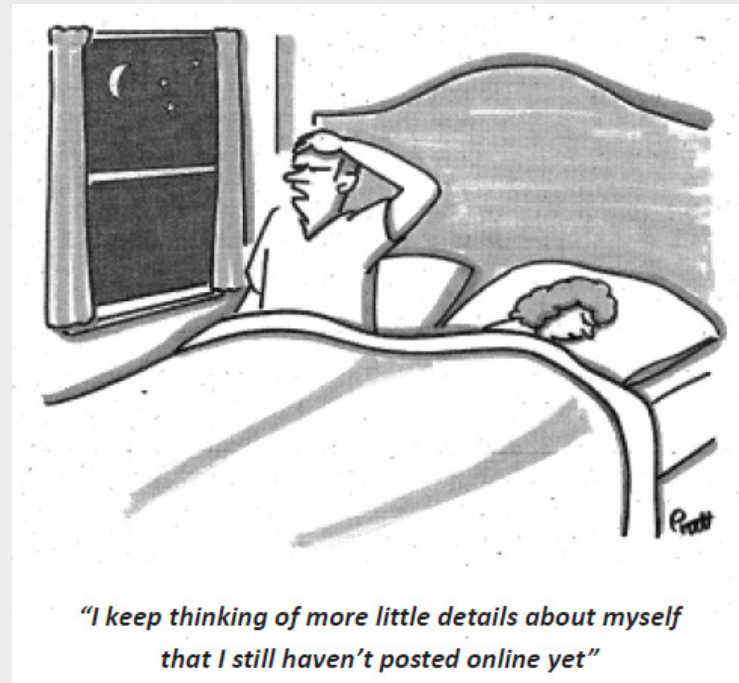
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Slavery Social Media, and Facebook

Slaves always and eventually revolt

Walter J. Zimmermann Jr.

ICAP Technical Analysis



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Slave Based Economies and Social Media

- This report is a follow up to an Observations piece from 1st April 2018, “Economic Engines: the first 9,000 years”
- That piece outlined the evolution of economic engines from the hunter-gatherer system, to agrarian economies, to slave based economies, to wage based economies, and then on to a social media based economy.
- But of course things are not quite that simple.
- There are still agrarian economies, and the social media phenomena is not the evolved economic engine it might appear to be at first glance.
- This report digs a bit deeper into my contention that the great wealth being generated by social media firms actually arises from a new iteration of the slave based economy.
- From Facebook to Snapchat, to Google, users are given a suite of free toys to play with.
- In exchange for the ability to play with these toys, the social media firms collect vast amounts of information on their users.
- That information is then sold, generating fantastic profits.
- None of those profits accrue to the users. Zero.
- The users are the product that is being traded and sold.
- The users have no rights and no privacy.
- Their time spent on social media generates no income.
- The ‘free’ toys of social media come at a great cost.

The Roman Empire as Case Study

- I was hit by a major epiphany on a visit to the ancient Roman ruins of Ephesus - now Kusadasi in Turkey.
- What is being excavated at Kusadasi is one of the premier ‘Beverly Hills’ of the Roman world. There is a hillside there where the 1% of Ancient Rome lived.
- Touring those ruins opened my eyes to the fantastic concentration of wealth at the top that can be produced by a slave based economy.
- To call the residences palatial does not do them justice.
- But where is glory of ancient Rome now?
- The size, power, and wealth of the Roman Empire was stupendous, unprecedented.
- Now we have Italy. Tiny, deeply indebted, and ungovernable.
- One must dig several meters down to find the ruins of a once proud and mighty empire.
- What happened?
- The slave based economy concentrated all the wealth at the very top. So naturally everyone wanted to be the Caesar.
- Hence the constant civil wars that hollowed out the Roman empire over the final few hundred years.
- These never ending and very bloody civil wars rendered Rome vulnerable to epidemics, invasion, and inflation.
- Slave based economies are not sustainable. Thank God.



KUPER

“Look—we’ll whistle when it’s fifteen dollars an hour.”

Slavery, to Wage Slaves, to Social Media Slaves

- How do you motivate people to work for you without the constant and expensive repression of slavery.
- A new system was invented from the ashes of the old.
- Pay a tiny wage and people will voluntarily and enthusiastically work much harder than any slave ever did.
- Slaves had to be hunted at great expense. Now people stand in lines for work that pays a wage.
- The term ‘wage slave’ is an apt description of the fuel that still powers the world’s engine of economic activity.
- The only drawback to this wage based system is the fact that wages must be paid - however small.
- The social media engines solved that problem.
- The users of Google and Facebook, these users that are the product that is being traded and sold, these users are paid nothing.
- It is a brilliant and devious system.
- But slaves eventually and inevitably revolt.

The Social Media Based Economy

- Give the masses a simple on-line toy to play with. A toy that records all their interactions, all their friends, all their messages, all their likes and dislikes, and all their purchases and returns.
- Offer this simple on-line toy to the masses for free.
- Then sell the personal data of these masses to anyone who is willing to pay for it.
- What an absolutely brilliant concept for an extremely low cost, low maintenance engine of economic activity.
- Just pay a few engineers to keep the on-line toys running.
- And as the users play with their 'free' toy, the media firms are making a fortune selling their users personal data.
- The users of the toys are the product that is being sold.
- And these users are having so much fun with their free toys that they never stop to think about the implications of the fact that all details of their lives are on sale to any buyer.

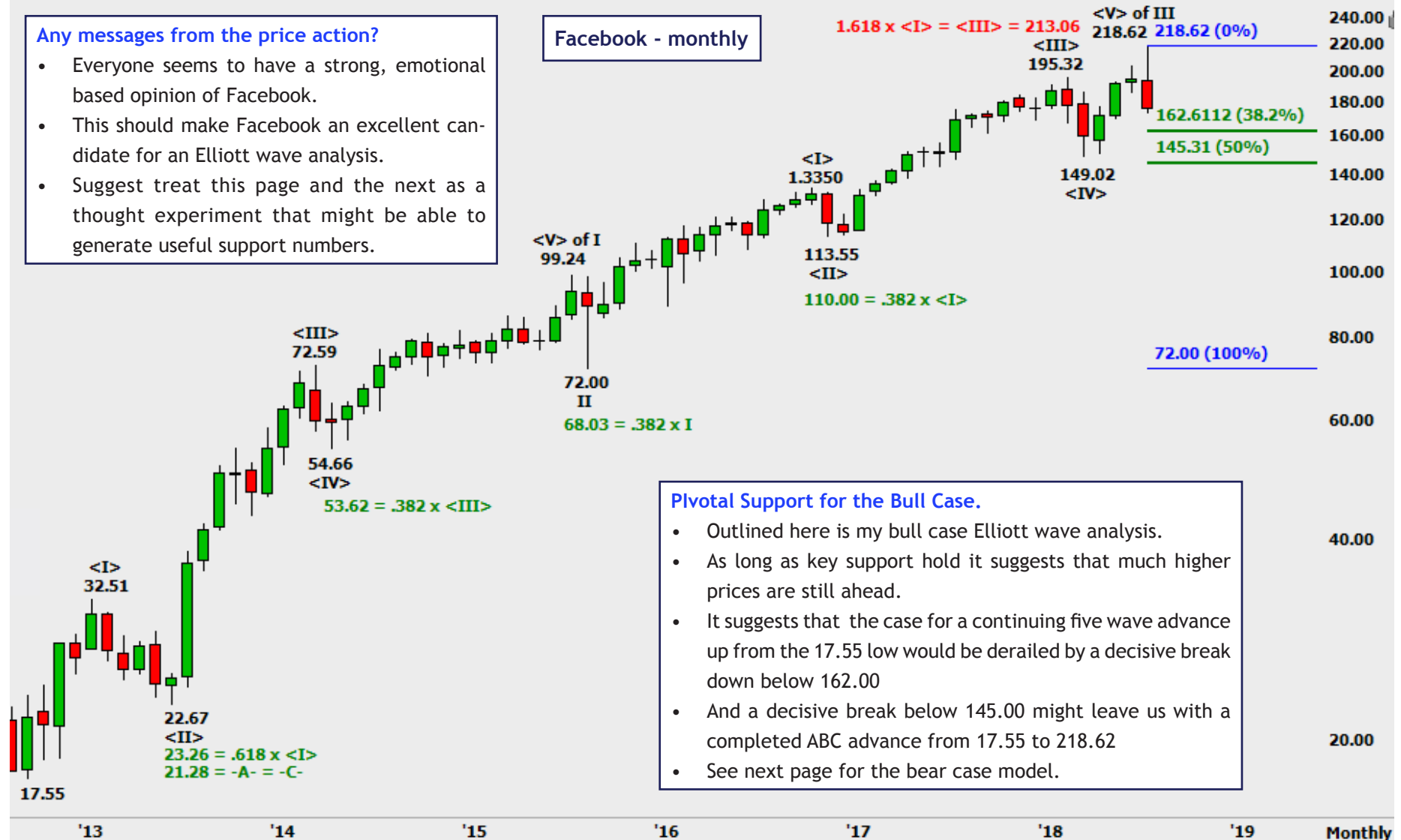
An Age Old Risk

- As a scheme, it sounds too devious to be true.
- It sounds like a hoax, like an elaborate April fools prank.
- Bamboozle the public into thinking they have a free way to connect with others when in reality they are up for sale.
- However this scheme has a big risk.
- If a brief history of economic engines teaches us anything, it is that people will eventually and deeply resent being sold.
- People definitely did not like being sold into debt slavery for a hard life of agrarian toil.
- And people certainly did like being sold into life-long slavery.
- And many people resent being trapped as wage slaves.
- If history is any guide, social media firms may one day be forced to pay users to play with their toys.
- The very idea seems absolutely ludicrous at first glance.
- But the costs of running a social media firm can only go up.

Any messages from the price action?

- Everyone seems to have a strong, emotional based opinion of Facebook.
- This should make Facebook an excellent candidate for an Elliott wave analysis.
- Suggest treat this page and the next as a thought experiment that might be able to generate useful support numbers.

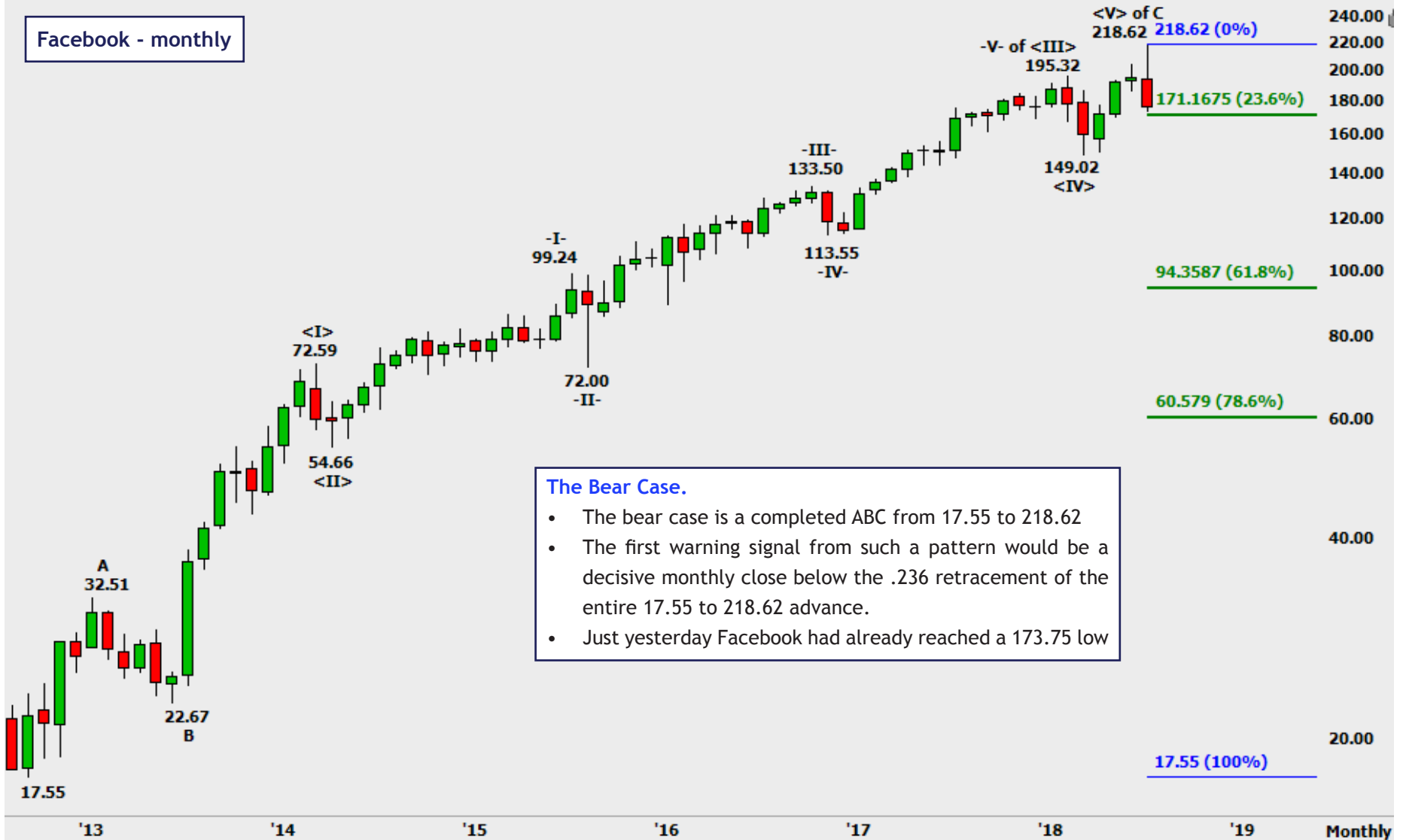
Facebook - monthly



Pivotal Support for the Bull Case.

- Outlined here is my bull case Elliott wave analysis.
- As long as key support hold it suggests that much higher prices are still ahead.
- It suggests that the case for a continuing five wave advance up from the 17.55 low would be derailed by a decisive break down below 162.00
- And a decisive break below 145.00 might leave us with a completed ABC advance from 17.55 to 218.62
- See next page for the bear case model.

Facebook - monthly



The Bear Case.

- The bear case is a completed ABC from 17.55 to 218.62
- The first warning signal from such a pattern would be a decisive monthly close below the .236 retracement of the entire 17.55 to 218.62 advance.
- Just yesterday Facebook had already reached a 173.75 low