The Blacklist:

10 “Safe” Stocks to DUMP NOW!
RECESSIONS are, by one admittedly strained measure, like pregnancy: Both are an either/or proposition. Your belly, or your economy, is either growing or it’s not. There are no gradations.

For a while, too, you can hide both from view. Slip on a muumuu, or hedonically adjust the bejeezus out of the economic data you release to the masses, and all seems normal to everyone. Until suddenly it’s not. Suddenly you’re showing. And when you’re showing, everyone knows the truth — someone’s been fooling around.

Well, let me tell you, soon enough headline numbers will show the Federal Reserve has been fooling around.

The fact is that the economy is in trouble despite the blathering of the various talking heads on Wall Street. Here is a recent spate of numbers I want to share with you:

• The Institute for Supply Management (ISM) posted in February the latest in a line of weak readings for its ISM Manufacturing Index. The last five months have seen back-to-back readings below 50, a sign of contraction and routinely indicative of a coming recession.

• Same for the ISM’s Purchasing Managers Index, another recession marker.

• The Producer Price Index has been heading south since the summer of 2015 — recessionary in its direction.

• The Empire State Manufacturing Index, a key gauge of manufacturing in the important and manufacturing-heavy New York region, plunged into negative territory, yet another worrisome sign of recession in the wind.

• And rail-freight traffic volumes have been declining at a pace seen only five times previously. Four of those lead into a recession, the fifth was a function of horrendous weather — and so far winter has caused no transportation snafus. Read into that what you will…

The Fed told us all that the economic data supported the rate hike. Seems implausible, given that less than a month later all these recessionary numbers are flooding forth. But maybe the Fed really hasn’t a clue that the economy is weakening.

Maybe the Fed knew but wanted to shut a whiny Wall Street up by dishing up a rate hike the Fed knew would ultimately collapse stock prices.

Maybe the Fed knew and, before recession hits, wanted a future rate cut in its quiver before having to move to negative interest rates in America.

Or, maybe the Fed didn’t know, and the economy is suddenly falling apart that fast.

The data that seemed to move the Fed to act were the October and November employment reports that
showed a bunch of jobs — though, upon further research, lots of those jobs were sort of made up through the extrapolation function the Bureau of Labor Statistics uses to gauge employment data, and many of the real and hypothetical jobs were in crummy-pay careers that do not support a middle-class economy.

Now, Wall Street is beating the drum for the Fed to beat a retreat from its December decision.

**The Fed Can’t Hide Anymore**

When it raised rates, the Fed told us that the future was looking so peachy that it could see raising rates as many as four times this year.

Not so probable anymore.

We are rapidly approaching a new paradigm — a point where money means nothing. It will simply be free.

Negative interest rates now cover almost a quarter of the global economy. And the Federal Reserve is telling U.S. banks to stress-test the possibility of negative rates at home. Given that quantitative easing failed and that near-zero interest rates failed, why should anyone think negative rates are the magic elixir?

Of course they’re not. They’re perverted finance that turns everything we know about saving and borrowing upside down.

And while many of the traditional “safe havens” like Treasurys, municipal bonds and corporate bonds are all financial death-traps…

Our team is sounding the alarm bells on the most popular investment among retirees.

More specifically, supposedly “safe” stocks trading on the New York Stock Exchange (NYSE) and Nasdaq.

We’ve compiled a list of the top 10 “at-risk” stocks so you can shield your portfolio from the coming devastation.

**Times Are Changing: 10 Stocks That Can’t Keep Up**

While the U.S. economy is struggling, there are still pockets of explosive growth taking place around the globe with the rise of the new middle class. This new wealth is creating astounding opportunities for companies positioned to take advantage of the demand for new household items, better quality food, more advanced technology and more.

Just as we saw within the U.S. following World II, this newfound wealth increased demand for refrigerators, cars, vacations and meals away from home. And we are seeing the same thing in places like China, Poland, Colombia and Myanmar.

But while some companies are placed to profit from this new demand, others are sitting at the top of the curve. Their growth has plateaued. These companies are frequently behind on technological advances and/or have reached maximum market saturation.

A good example of this kind of plateauing is Eastman Kodak. Founded in 1888, the American company held a dominant position within the photographic film industry with its name becoming synonymous with high-quality print images. In July 1930, the company was added to the Dow Jones Industrial Average and by the late 1970s, Kodak held 90% of film sales and 85% of camera sales within the U.S.

Everything changed when the world started going digital.

By the 1990s, consumers were shifting to the ease of digital cameras, which allowed them to take seemingly
unlimited pictures without the need for costly film and developing. Eastman Kodak, rather than quickly adapting to the changing market, first attempted to woo consumers back to film with aggressive marketing.

But it was too late. By the time the company realized that digital was here to stay, Kodak was already behind the curve and losing to its competitors.

In 2004, the stock was delisted from the Dow Jones Industrial Average, after 74 years as a constituent. In 2012, Kodak filed for bankruptcy protection and sold millions of dollars’ worth of patents to companies such as Google, Amazon, Facebook, Microsoft, Adobe and Apple.

While I’m not expecting the companies on this list to go bankrupt like Eastman Kodak, this list does represent mature companies that are facing limited growth opportunities in a quickly changing environment:

**Missing the Tech Wave**

Technology is advancing by leaps and bounds with every passing second it seems. Each year, we're expected to upgrade our smartphones to the latest model with the newest abilities and time-saving applications. Regardless of whether you're trying to even keep up any longer, companies have no choice but to keep up with this breakneck speed or risk becoming obsolete and irrelevant.

That's exactly what's happened with **BlackBerry Limited (Nasdaq: BBRY)** and **Seagate Technology (Nasdaq: STX)**.

Just a decade ago, everyone who wanted to keep up with emails and texting had a BlackBerry phone — often referred to as a CrackBerry because of the user’s addiction to their phone. Now the BlackBerry is an antique, failing to keep up with the changes in the cellphone market starting when Apple released its first iPhone. BlackBerry has made attempts to release phones that could compete with the likes of Apple and Samsung, but it’s too late. BlackBerry Limited isn’t going to catch up, and it’s best to avoid this stock.

Seagate Technology is a victim of the digital revolution. Specializing in electronic data storage, Seagate makes hard disk drives and portable data storage. Unfortunately, with the creation of cloud data storage, customers aren’t buying gigabytes and terabytes of physical storage any longer. Seagate now finds itself behind the technology curve much like Eastman Kodak.

While a retailer, **GameStop (NYSE: GME)** is a somewhat unexpected victim of the digital revolution. The video game retailer has made profits on gamers buying physical copies of games for their PlayStation or Xbox. But the latest two generations of gaming systems have allowed customers to purchase the games directly from Sony or Microsoft, bypassing the physical copies and saving on a trip to the store. As a result, GameStop has seen a decline in sales that is unlikely to recover as gamers show a growing preference for digital over physical game copies.

**Print Is Dead**

The Internet has been slowly killing the newspaper industry as people are looking for faster, easier and cheaper ways to get their news. As a result, newspapers have struggled and lagged. **Tribune Publishing Company (NYSE: TPUB)** operates 11 daily newspapers and 160 weekly or monthly community/niche publications, including the *Los Angeles Times, Chicago Tribune* and *The Baltimore Sun*. While the company has diversified to include online platforms, fewer people are getting their information from traditional outlets, resulting in fewer subscriptions and more importantly, fewer dollars from advertising revenue.
A Bad Business Solution

It’s hard to believe that a company name that at one time was also actively used as a verb could fall out of favor, but Xerox (NYSE: XRX) has managed it. Or rather mismanaged their business. The digital wave that has lifted so many companies, from Google to Facebook to Apple, has sunk companies that specialize in paper, such as Xerox. The company provides document-management solutions such as print services. But the fact is, companies are printing far less now, preferring to rely on digital solutions such as emails, instant messaging and PowerPoint presentations to relay critical information through their companies and to customers.

A Fashion Don’t

Millennials have been slow to make their presence known in the economy as they have battled their way through the Great Recession and mountains of school loans. However, there are more millennials (92 million) than baby boomers (77 million), and while boomers begin to spend less, millennials are starting to spend more.

As a result, they are picking who will survive the retail world. While Generation X kicked Kmart and Gap to the curb, it looks like Sears (Nasdaq: SHLD), JCPenney (NYSE: JCP) and American Apparel (NYSE: APPCQ) aren’t going to make the cut for millennials. All three retailers have suffered shrinking sales and have managed little to stem the tide.

More Housing Woes

Millennials are also making their presence known within the housing sector as well. Manufactured homes are on the way out with this generation, as a higher percentage prefer to live within the city, remaining close to work and various entertainment options that allow them to avoid an investment in a car. Skyline Corp (NYSE: SKY) — which designs, produces and markets manufactured housing, modular housing and park models — is struggling and will continue to struggle in the current environment.

Think Green

The coal industry has taken a beating due to increased legislation requiring the reduction of toxic emissions across the country. As a result, there has been a sharp decline in demand for coal as energy companies switch to greener sources of energy such as natural gas. With coal falling out of favor, CONSUL Energy (NYSE: CNX) has taken a beating. The company does operate some natural gas exploration and production endeavors, but a large chunk of its operations are engaged in the mining, preparation and marketing of coal. With demands for cleaner energy on the rise, coal is on the way out and that spells trouble for CONSUL Energy.
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