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TRIGGER$

Economic & Technical Analysis for the Active Trader
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SEPTEMBER 2013
Vol.III, Issue #9
FREE
PUBLIC Edition

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Public Edition

THE GLOBALIZATION TRAP

Gold & Silver Bulls: It Ain't Over Till it's Over

Joe Russo, *Elliot Wave Technology*

A Looming US Recession

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Public Edition

Welcome to ***TRIGGER$ Free Public Edition*** of our September 2013 publication.

While the purpose of the ***Public Edition*** is to showcase the ***Subscribers Edition***, the ***Public Edition is being built as a stand-alone produc***t. The primary difference betwen the two editions is the amount of infomation included from ***Gordon T Long, Market Research & Analytics***. Only a portion of this material is inclded in the ***Public Edition***.

One complete article from Gordon and previews of his other work can be found. A **silver char**t and a random selection of other charts and analysis from him are also included each month.

Goldenphi also includes some of his material that can be found throughout each issue. ***S&P – A Closer Look*** will always be shared and occasionally more than just a preview of the ***Traders Mento***r section. ***Media Matrix*** has been showing up with full content as well.

The ***Public Edition*** is still new and growing. We plan to continue to expand what we offer in this edition, so make sure to keep checking back each month and see what we have done!

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Welcome to ***TRIGGER$!*** **SEPTEMBER 2013** **VOL.III, ISSUE #9**

Thank-you for your interest in TRIGGER$! Each month we bring you a full report on economic and market analysis to consider for your due diligence.

Gordon's articles this month, as usual, give us some insights in to the Global economic climate and why the world is where it is today. *The Globalization Trap, A Looming U.S. Recession, and September Shocks…* look at the Global Marketplace from different perspectives and tell a story of what we can be expecting in the near future.

Joe Russo from *Elliott Wave Technology* shares his thoughts on the **Silver** market and what we should be looking out for as it unfolds.

Fibonacci Clustering and using the method to help identify High Probability Target Zones is discussed in this month Mentor.

Our Need to Know TA section this month is showing a potential topping for the market soon. Another lift is expected before it is to begin: take a look at what we are seeing for the immediate future and several years down the road.

All our regular sections are here as usual to offer you different perspectives and make your noodle cook.

Thank-you &
Good Trading!
GoldenPhi

TRIGGER$ MEDIA PUBLICATIONS Inc.

For all inquiries, comments and contact please feel free to email us at:

goldenphi@triggers.ca

Main contributor : Gordon T. Long Market Research & Analytics
Publisher & Editor : GoldenPhi
Analytical Summaries: GoldenPhi

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Featured Articles

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TECHNI-FUNDAMENTALISM

TRIGGER$ publications combine both Technical Analysis and Fundamental Analysis together offering unique (and often correct) perspectives on the Global Markets. The 'backbone' of this research is done by "Gordon T. Long, Market Research & Analytics" which is subscribed to by Professional Managers, Private Funds, Traders and Analysts worldwide. Every month "Market Research & Analytics" publishes three reports totalling more then 380 pages of detailed Technical Analysis and in depth Fundamentals. If you don't find our publication detailed enough, we recommend you consider theirs in addition to this one.

For the rest of us, TRIGGER$ offers a 'distilled' version of the 380 pages in a readable format for use in your daily due diligence. Read and understand what the professionals are reading without having to be a Professional Analyst or Technician.

Successfully navigating todays markets requires information from a broad variety of sources. Triggers examines it all. From Macro Geo Political to daily events; yearly cycles to break out points on a minute chart: we look at and analyze as much of the information as possible, pulling out the relevant and giving you what you need to know to make the right decisions on a daily basis.

An initial or 'beginning' publication occurs every month, both in a printable pdf as well as online. From there, the online version is updated daily with current events, charts, news and any relevant information pertaining to trading. The completed version of the publication isn't actually done until the last day of updates – which occurs right up until the publication of the next issue.

As well as the Traditional Methods commonly used, "Market Research & Analytics" has developed "proprietary analytics" for both Technical and Fundamental Analysis and has designed a methodology to combine the two whereby the synthesis delivers a truly unique and forward thinking analysis that gives cutting edge insight.

"Techni-Fundamentalism"

THE GLOBALIZATION TRAP

Gordon T Long

I think anyone who spends any time reading and watching today's global economic events, senses that something is terribly wrong!

No one seems to have a clear vision of what is to be done to get things back to the way they were or at least into a fashion we could all feel were stable and sustainable.

Unrest, uncertainty and fear seem to be in the air.

The fact is we are tinkering with something that is structurally flawed.

So What Is Wrong?

Globalization and the pursuit of economic growth has lead to BOTH Global Imbalances and Global Distortions.

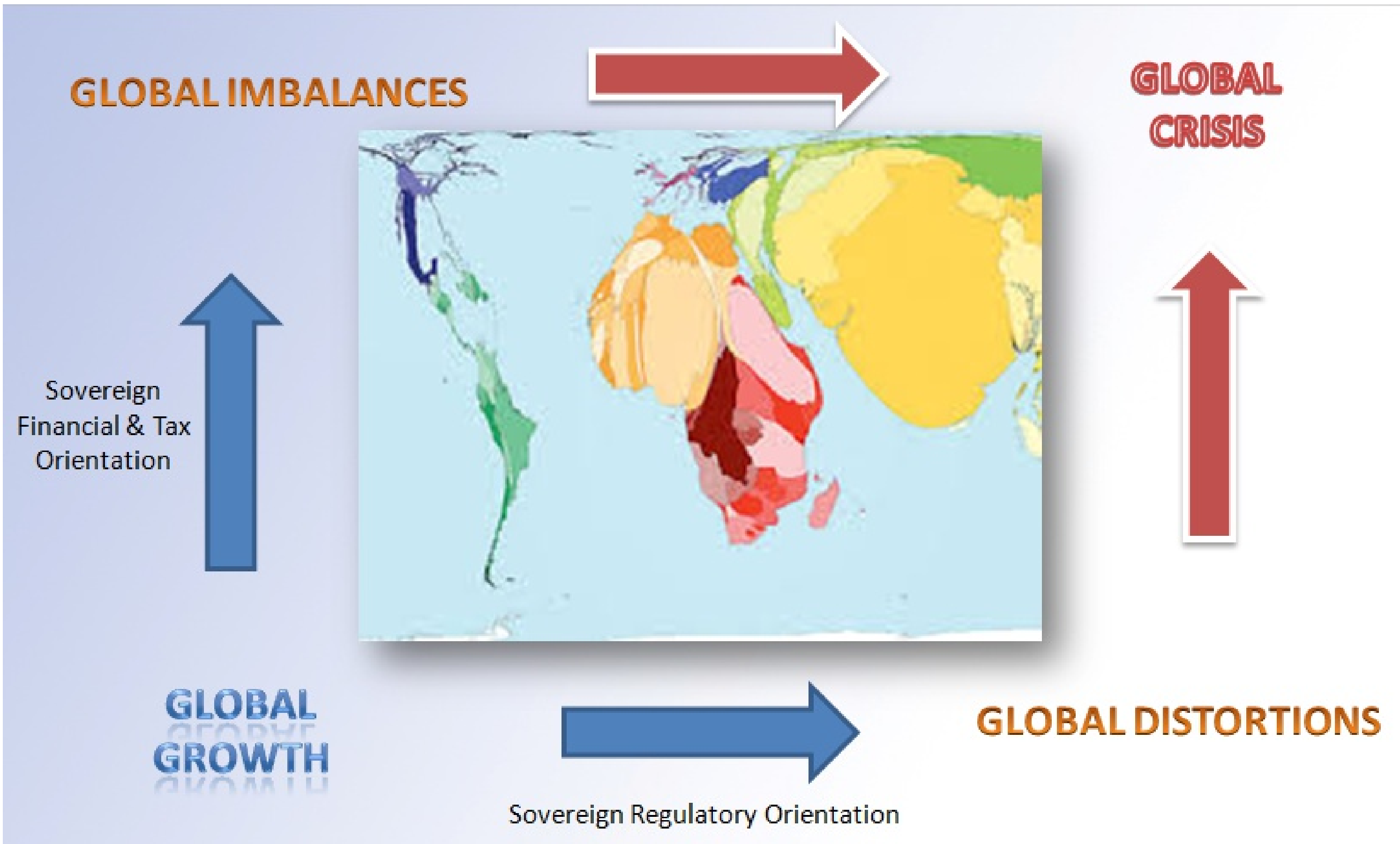
• IMBALANCES in trade, current accounts, balance of payments, currency reserves.
• DISTORTIONS in interest rates, currencies, pricing, standard of livings.

All have lead to what must now be clearly seen as a looming global crisis - witness the EU & the peripherals, Japan, the US and now China, the BRIICS and Emerging markets.

It seems the list of serious problems is endless for those who follow these developments closely.

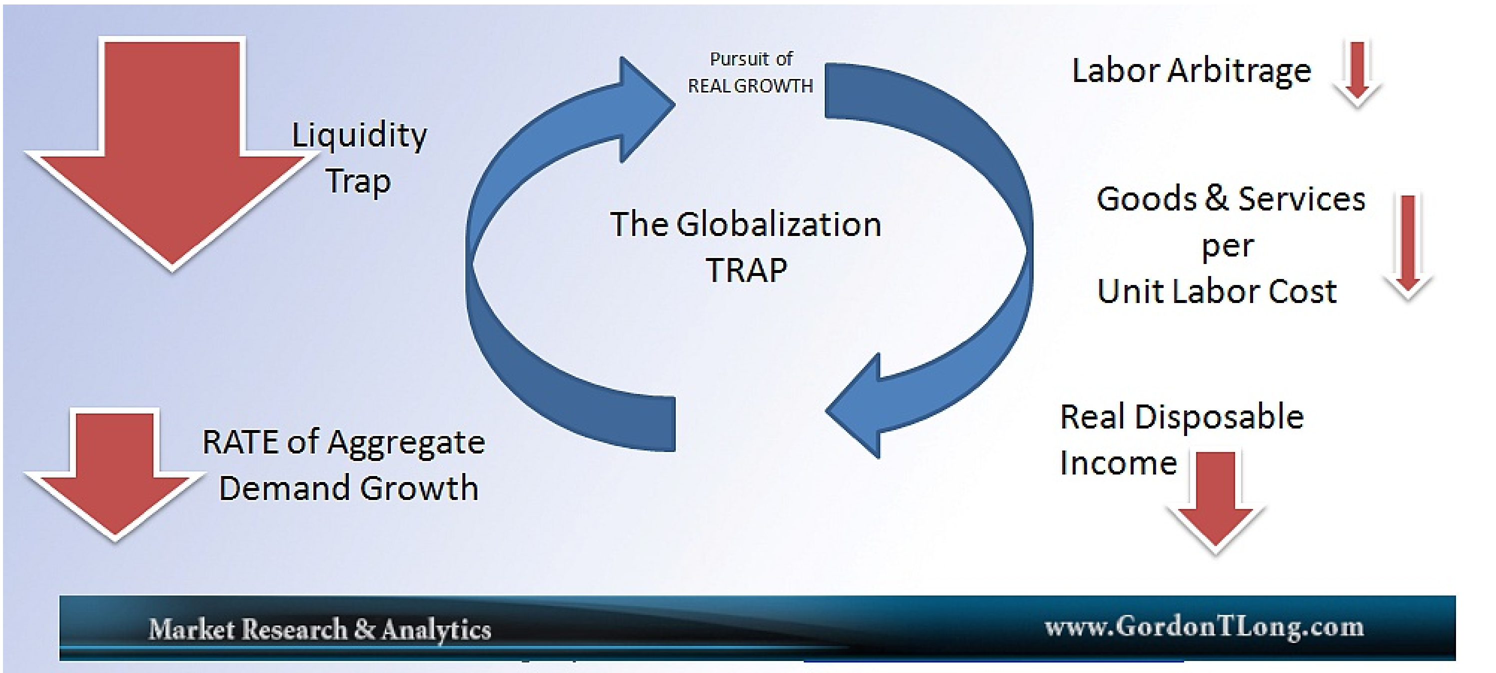
(cont pg.5)

The Globalization Trap (cont.)



How Do You Make Some Sense Out Of It?

Let's walk around this cycle which I have called the **GLOBALIZATION TRAP**.



(cont pg.6)

The Globalization Trap (cont.)

It all starts with the world's insatiable pursuit of growth.

• PURSUIT OF REAL GROWTH

Every country & corporation is faced with the persistent challenge of increasing economic growth. There is never enough and any reduction in the rate of growth causes economic and financial hardship. Even China, the poster child of growth, is now feeling the fallout and pressures of slowing growth rates.

• LABOR ARBITRAGE

I think it is safe to say that the US has experienced a Paradigm Shift since the late 90's as over 46,000 US manufacturers have left the country looking for cost advantage through global labor arbitrage.

Overlay this with the advent of the Internet and its incredible creative destruction of the nature of work and labor utilization, and you have a recipe for a shock. A shock that we don't fully understand nor grasp.

• GOODS & SERVICES per UNIT LABOR COST

I am certainly no communist, but I read Karl Marx as a young man and completely rejected it. However, his research did point out potential flaws in the capitalist system. They sounded academic at the time, but now appear to not be so academic after all.

My co-host at Macro Analytics, Charles Hugh Smith recently reminded me of this.

> *Marx expected capitalism to experience a series of ever-larger boom-bust cycles that would eventually precipitate revolution and overthrow of the existing financial-political order. His theses was based on one of the drivers of these cycles was the interplay of* ***increasing production and declining labor costs.***
>
> *Simplifying greatly, Marx recognized that industrial capital (as opposed to finance capital) could only increase profits and accumulate more capital by raising production (and/or establishing a price-fixing cartel or monopoly or what I often call Crony Capitalism).*
>
> *Mechanization characterized industrial capitalism in the late 19th century, and Marx observed that as mechanization increased productivity,* ***the marginal value of labor decreased on a per unit basis.***

• REAL DISPOSABLE INCOME

The bottom line of this is that real disposable income eventually contracts. The middle class engine of your society is slowly and steadily gutted.
Any of this sound familiar?

• RATE OF AGGREGATE DEMAND GROWTH

What happens is the RATE (and let me stress the 2nd derivative here) of Aggregate Demand Growth falls.

(cont pg.7)

CREDIBILITY

CREDIBILTY IS DRIVEN BY CHARACTER & COMPETENCE. THESE PRINCIPLES ARE AT THE CORE OF WHO WE ARE. WE BELIEVE EVERY INTERACTION IS AN OPPORTUNITY FOR US TO DEMONSTRATE OUR CREDIBILITY TO OUR CLIENTS.

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Past performance is not necessarily indicative of future performance. The risk of loss in trading futures contracts or commodity options can be substantial, and therefore investors should understand the risks involved in taking leveraged positions and must assume responsibility for the risks associated with such investments and for their results. You should carefully consider whether such trading is suitable for you in light of your circumstances and financial resources.

The Globalization Trap (cont.)

To stimulate Growth we then expand money and credit since this is the accepted solution to cyclical adjustments. (Forget for a moment the whole notion of the marginal propensity of that expansion to achieve anything).

• GLOBAL LIQUIDITY TRAP
Consider the definition of a Liquidity Trap.

> *"A liquidity trap is a situation described in Keynesian economics in which injections of cash into the private banking system by a central bank fail to lower interest rates and hence fail to stimulate economic growth. A liquidity trap is caused when*
>
> *1.People hoard cash because they expect an adverse event such as deflation,*
> *2.Insufficient aggregate demand, or*
> *3.War.*
>
> *Signature characteristics of a liquidity trap are short-term interest rates that are near zero (YES) and fluctuations in the monetary base that fail to translate into fluctuations in general price levels (YES)."*

Look at any Velocity of Money chart , Fed Excess Reserves, CAPEX and you can see we have fear and hoarding. We may not have War, but the BOND bubble has been a fear trade where people after 2008 wanted 'the return of their capital, versus a return on their capital'

But the bigger issue is aggregate demand. It simply isn't there at a sufficient RATE. And it is NOT going to come by increasing money and credit - it just isn't!!

I can put a tooth under my pillow and wish all I want, but the tooth fairy is just not going to show up!! This is not a fairytale but reality. A reality our society is unwilling and unable to accept.

The Global Engine Of Aggregate Demand Has Been 'Crippled'

Working Wage

The primary issue running through the economy today is that most Americans lack a sufficient wage capable of boosting spending and getting the economy operating at a desirable pace.

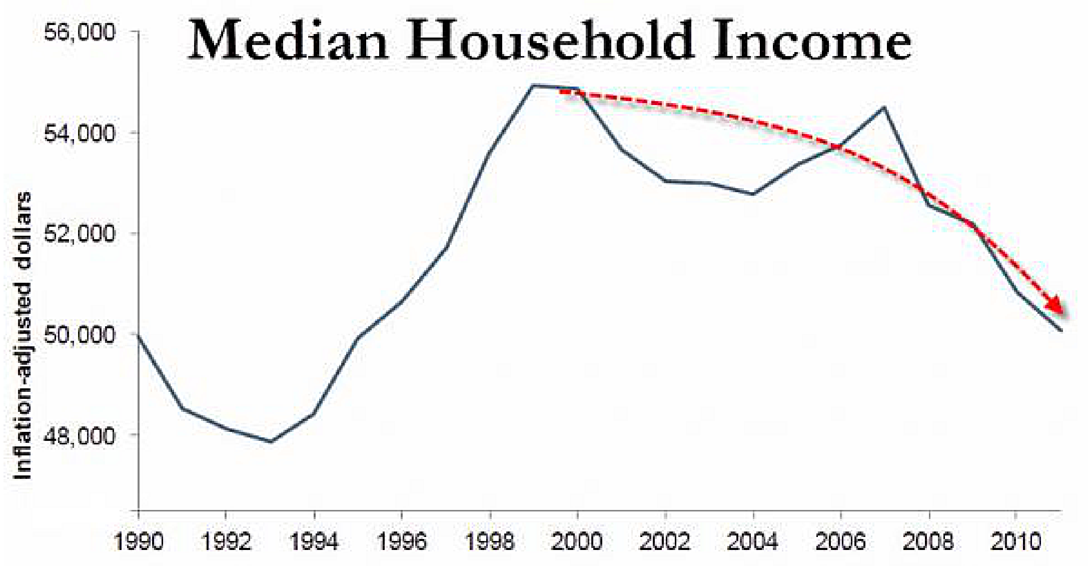
Real consumer spending is clinging to the critical 2 percent pace over the last 12 months. A sub-2 percent pace is typically associated with recession

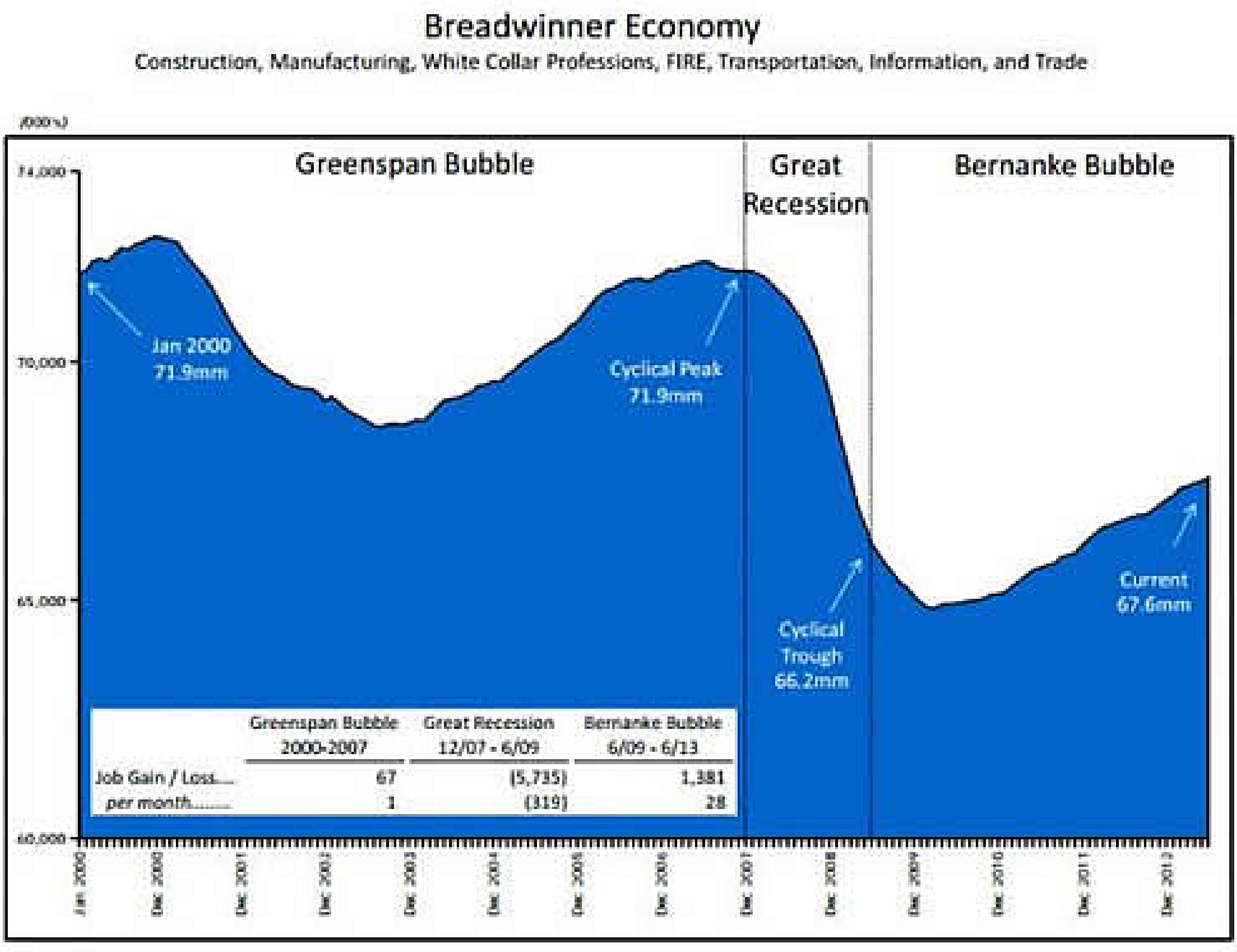
(cont pg.8)

The Globalization Trap (cont.)

Crippled Middle Class

We have a 'crippled' middle class





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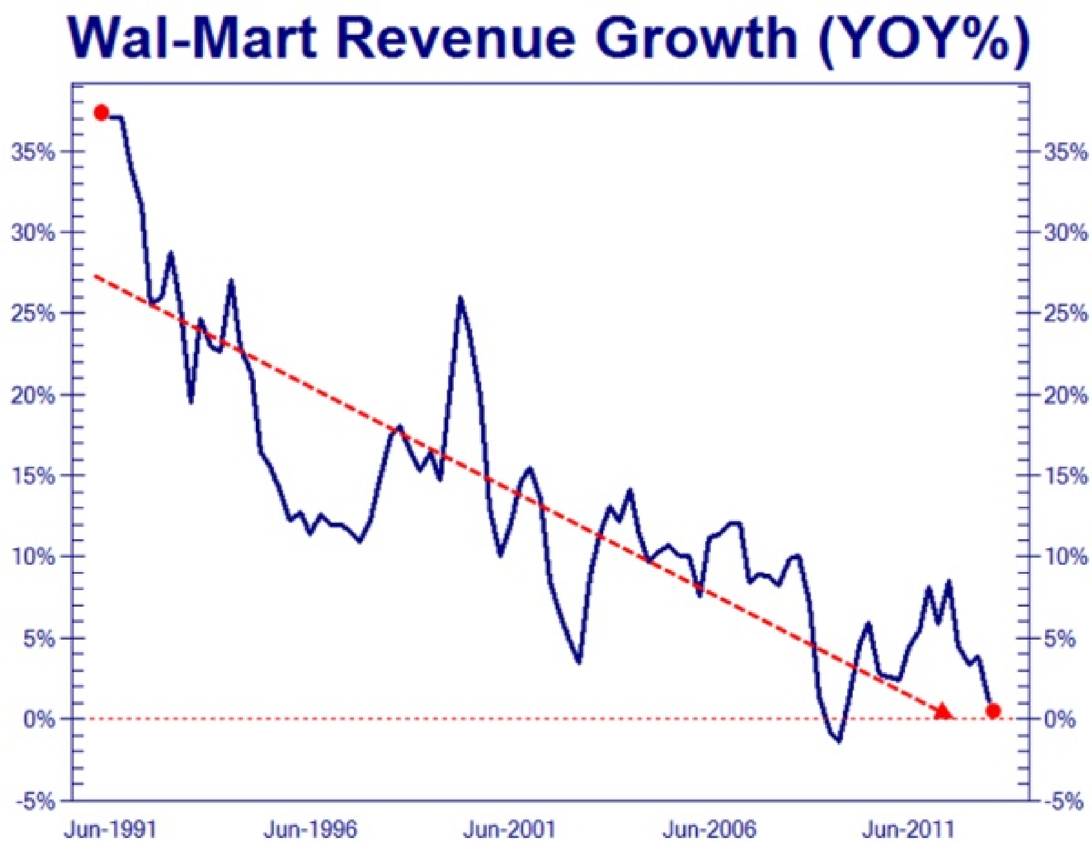
The Globalization Trap (cont.)



It will take a crisis and market clearing event to reset the mechanism and restore growth. We must correct the mispricing and malinvestment before investment will return

• There are **116 million Americans with full-time jobs** according to the BLS (source), which includes 21.9 million government workers (source).
• Americans are now reliant on the USDA's Food and Nutrition Services program or on Disability payments, i.e., food assistance in some form:
  oThere are **47.5 million** Americans on Food stamps
  oThere are **30.4 million** Americans participating in the National School Lunch Program
  oThere are **13.2 million** Americans participating in the School Breakfast Program
  oThere are **8.6 million** Americans participating in the Special Supplemental Nutrition - Women, Infants and Children program Participants
  oThere are **3.4 million** Americans participating in the Child and Adult Care Food Program and the Food Donation Program
  oThere are **0.6 million** Americans participating in the Commodity Supplemental Food Program
  oThere are **0.1 million** Americans participating in the Food Donation Program
  oThere are **8.6 million** Americans on Disability
  oFor a grand total of **112.5 million** Americans on Food assistance (*sources here and here*).

(cont pg.10)

The Globalization Trap (cont.)

• End result: there are **3.5 million** more Americans with full-time jobs than there are Americans who are reliant on the government for their daily bread: a tiny 3% delta.

In a 70% US consumption economy this is a disaster

A Slowing US Consumer is a death knell for Global Growth Rates

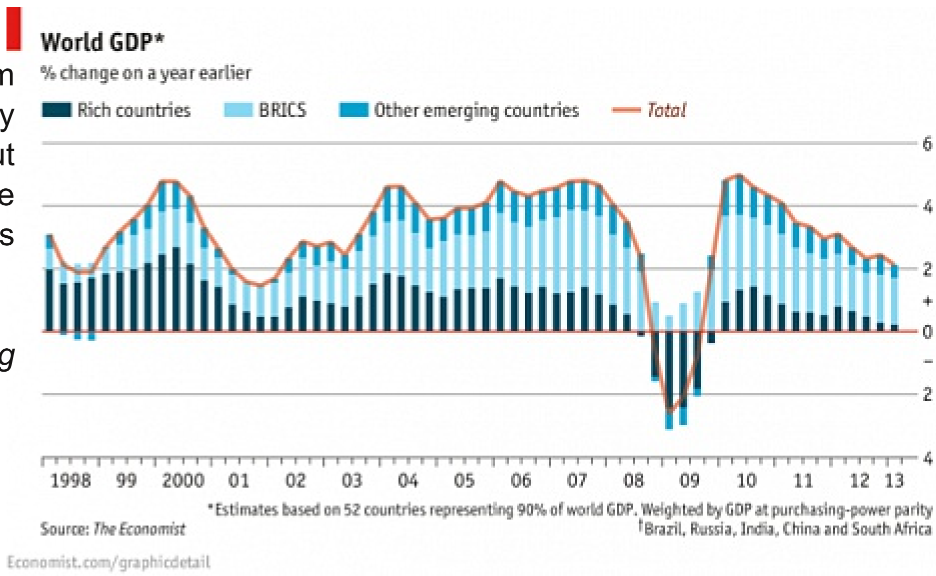
This is a long term chart of Retail Sales. Growth is not showing negative here, but I have noticed in my area the closing of Borders bookstores and near empty parking lots at a lot of the big box stores and malls compared to how they used to be. We are overstored and sales growth doesn't support it.

The RATE of growth of Aggregate Demand is decelerating.

Global Growth

The chart to the right is from the Economist. It severely understates the problem but even then still indicates there is one. Global Growth is steadily falling.

(Note: that it is almost nothing if you take out the BRICS).



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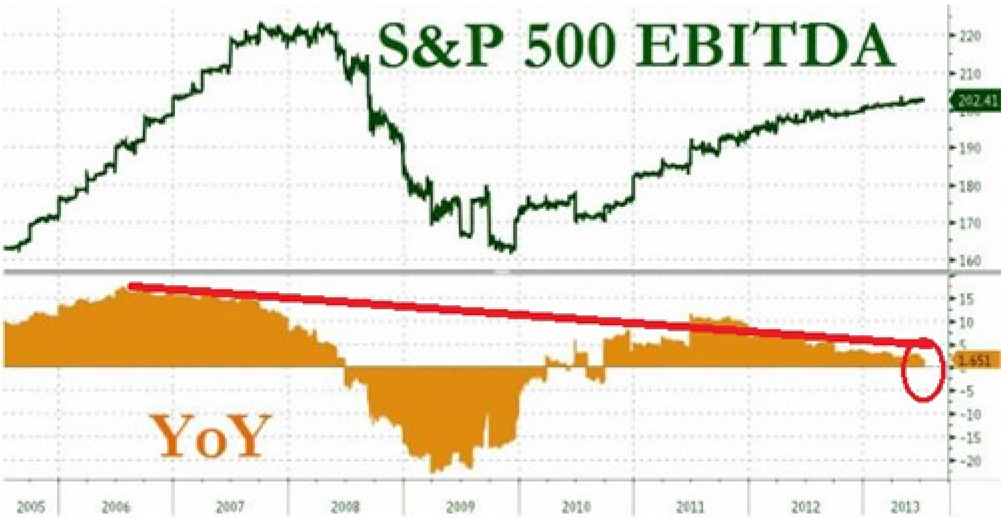
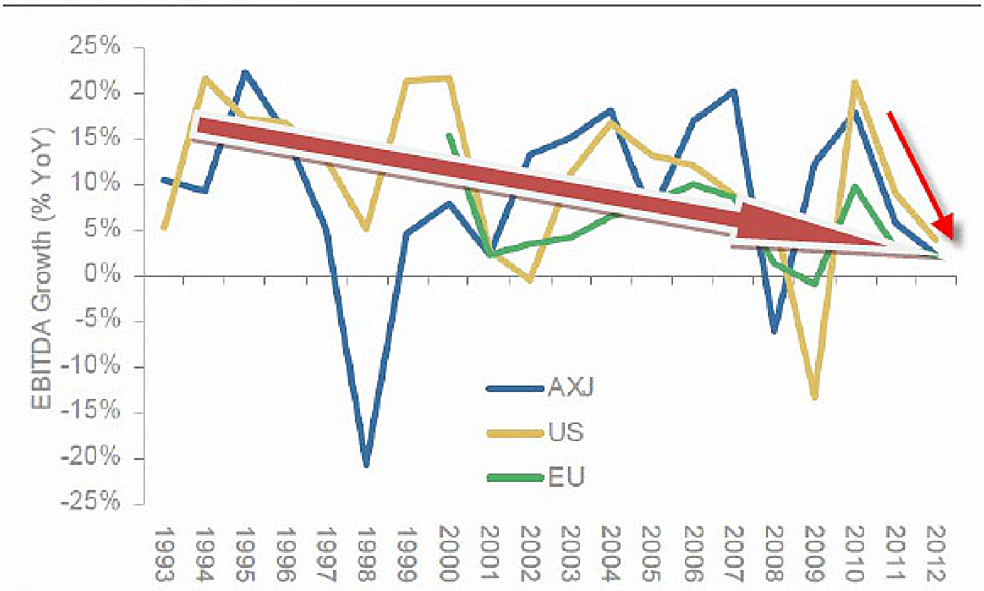
The Globalization Trap (cont.)



The Economist estimates that world growth slowed to a 2.1% pace in Q1 13, down a full percentage point from Q1 12. The high incomes countries are barely growing net-net. Europe is largely in recession. US growth in Q1 has been revised lower. The prospects for Q2 look poor. US growth has not improved, though the euro zone contraction may have eased, it is still appears to be contracting. Japanese growth is likely to lead again, with both exports and domestic consumption continuing to recover.

Emerging market often grow faster than the high income countries, though it does not always lead to superior asset returns. The BRICS have slowed, as have other emerging markets. The sharp rise in global interest rates starting in late-May will not help matters. The increase in interest rates is not a reflection of greater demand for capital due to increased activity. Rather the rise in rates reflects portfolio adjustments in response to the tapering talk the US (less stimulus is not the same thing as no stimulus), continued selling of foreign assets by Japanese investors, and the liquidity squeeze in China.

EBITDA growth



Note: Analysis carried out on the MSCI Asia ex-Japan universe for AXJ
Source: FactSet, Bloomberg, Morgan Stanley Research

(cont pg.12)

The Globalization Trap (cont.)

Cash Flow

Consider Cash Flow or EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization). This is the basis for value investing and determining Enterprise Value. This is a growth rate about to go negative.

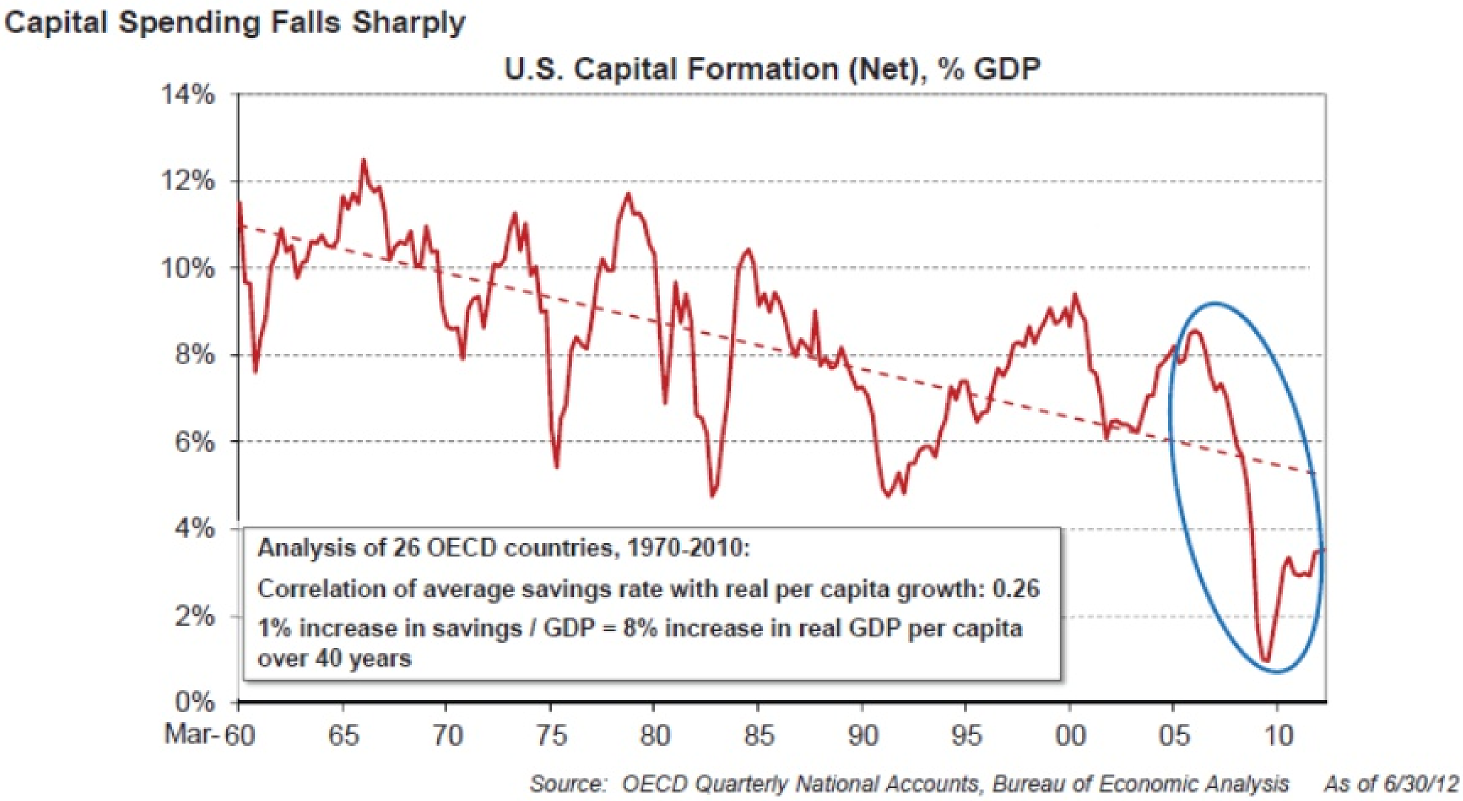
It's clearly global across all sectors. Corporations are hoarding capital. How?

CAPEX

To the right is Capital Expenditure. This is a long term trend which is only getting worse.

Corporations overall ,simply can't find sufficient high quality (or for that matter low quality) growth investments

When Corporate Capital Investment Slows, Bad Things EVENTUALLY Happen!



WE HAVE DEBT SATURATION THAT CAN NOT BE SUSTAINED VIA PRESENT GLOBAL GROWTH AND AGGREGRATED DEMAND GROWTH.

Money and Credit creation is not the medicine for this problem. It acts as a poison!

END **Gordon T Long**

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Methodology

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METHODOLOGY

TRIGGER$, in collaboration with "Gordon T. Long - Market Research & Analytics", have thier own unique approach to Techni-Fundamental Analysis. The material found in TRIGGER$ are the conclusions of a multi-perspective methodology boiled down to its final essence. This methodology includes the following analytical approach:

Time Frame	Duration	Approach	Key Tools
short - term	less than 90 days	Technical Analysis	Elliott Wave Principal, WD Gann, JD Hurst, Bradley Model, Proprietary Mandelbrot Fractal Gen.
intermediate	12 months	Risk Analysis	Global-Macro Analysis Tipping Ponts - Pivots
longer term	18 months +	Fundamental Analysis	Financial Metrics

The Global-Macro Analysis which is so prevalent in our articles and on our Tipping Points site, plays the critical role of bridging our highly analytic Technical Analysis with our detailed Fundamental Analysis.

We have found that in the short term the markets are driven by emotion and sentiment. In the longer term, they are driven by financial fundamentals. As Warren Buffett is often quoted as saying: “In the short term the market is a slot machine but in the long term it is a weighing machine.” We have found that the transition shows a lagging correlation between changes in the Global Macro, followed by Corporate Earnings, then followed by the sell side analyst community estimates.

If you are looking for more detail than is provided in TRIGGER$, consider looking at our primary inspiration: "Gordon T. Long Research & Analytics". We do our best to summarize this information and deliver it in an easy to read format. This by its very nature doesn't allow us to include all the very detailed analysis that takes place in order to deliver us its conclusions.

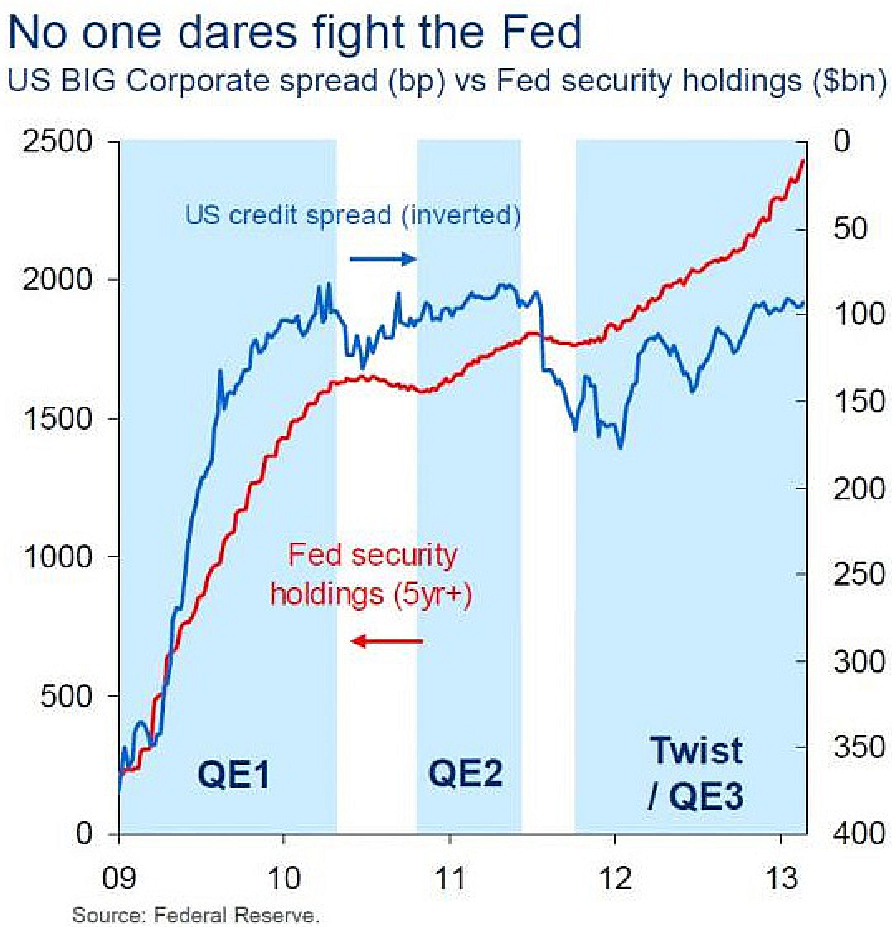
All information and conclusions delivered in TRIGGER$ articles are a product of the methodology outlined above.

U.S. Treasury: "It's ALL POMO"

US Treasury Finally Admits The Truth: It's All POMO *08-13-13 Zero Hedge*

Back in 2010, when few still dared to question that the entire move in the market is predicated on the Fed's daily POMO (then still on QE2), we laid out, in a way so easy even a caveman could grasp it, how every tiny move in the stock market is nothing but a function of the Fed's daily POMO on those days in which Bernanke would be directly injecting liquidity into the capital markets using his Primary Dealer front men. Since then nearly three years have passed, and thousands of POMO days. All of which brings us to this quarter's Treasury refunding presentation, and specifically the section "***Effects of policy and market structure***" from the Presentation to the Treasury Borrowing Advisory Committee, in which we learn that we had in fact been right all along, and that perhaps for the first time ever, the Treasury admitted that not only "**no one dares fight the Fed**" but that, as expected, it is "***all* POMO**."

There, hidden on page 26, or slide 76 of 100, where the Treasury discusses "The Impact Of Monetary Policy", the biggest "conspiracy theory" of all becomes merely the latest conspiracy fact. **First, for corporate bonds**...



(cont pg.16)

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U.S. Treasury (cont)

But just as importantly, for stocks.

It also works in equities

S&P 500 vs Fed security holdings ($bn)

Source: Haver Analytics.

But most importantly, and tying it all together, **POMO**. Only this time, finally, t***he US Treasury finally admits it.***

So, thanks to the US Treasury, we know that **between January 2009 and April 2013, on days in which the Fed POMO was more than $5 billion, the stock market rose a total of 570 points, on days in which the POMO was less than $5 billion, the cumulative stock market gain was "only" 141 points, and when there was no POMO, the S&P gained... -51 points.**

It even works week by week

Weekly Fed purchases vs associated market move in credit and equities, Jan09-Apr13

Fed buying ($bn)	S&P Chg pts	Chg %	US BIG Chg bp	# Weeks Count
>5bn	570	54%	-401	159
<5bn	141	15%	55	62
<0	-51	-2%	36	29

Source: Bloomberg, Haver Analytics.

And like that, another conspiracy theory bites the dust. Are any left? Oh yes, Gold isn't manipulated because alleging "gold manipulation" is unfit for polite, dignified society and is best left to the realms of the conspiracy theorists.

***Source:* [US Treasury]**

Retail Investors

Even Retail Investors Don't Believe This Rally

Equity Fund Flows

7 Charts

Feature Article

Gold & Silver Bulls: It Ain't Over Till it's Over

Joe Russo, *Elliot Wave Technology*

Fully aware of the stark difference between government imposed currency and honest money, corrupt corporate-paper market prices and the real world physical value of monetary metals, it is my intent nonetheless to provide an ongoing record of progress relating to the paper-price of silver in Elliott Wave terms.

Due to the severe decline in the paper market price of silver over the past two years, a significant revision to long-term wave structure was necessary. Despite the many tears shed by silver bulls amid the current primary bear cycle, the revised wave count reveals a stunningly bullish silver lining for those with true resolve.

Although up more than 27% from its recent print low at $18.53, a new long-term bull market cycle in silver has yet to affirm itself. The revision from an Elliott Wave perspective surrounds the labeling and degree of trend inferred from the 2011 peak at $48.58, and the recent bear market print low of $18.53 occurring in June of 2013.

To provide the larger historical context beyond the scope of the long-term chart below, I am viewing the 1980 print high at $50.36 as a cycle-degree A-wave terminal. Going back even further, the 1980 crest marked a 9-year 3,834% advance from a $1.28 print low in 1971, the year Nixon "temporarily" closed the gold window. Another such advance from the recent low could skyrocket silver to $690 per paper ounce.

(cont pg.24)

Gold & Silver Bulls... (cont)

From its 13-year cycle-degree B-wave terminal at $3.51 in 1993, I am now reading the 18-year advance to the $48.58 high in 2011 as a primary first-wave bull market within the cycle degree C-wave, which if correct, will eclipse the 2011 high by several orders of magnitude.

The long-term weekly chart above picks up the price action from the $8.53 low in 2008. I have labeled this low as a (4) wave terminal at intermediate degree. Thereafter, five-waves of minor degree advance unfold, tracing out a 469% 3-year run-up to the $48.58 level, which terminates the intermediate (5), while marking the first wave up at primary degree.

Despite the rather substantial bear-market decline in excess of 62%, the move down from the high in 2011 is corrective thus far. Though lower lows remain plausible, I am reading the corrective move down as containing three waves at intermediate degree, the last of which I have labeled as (c), which could mark terminal to a most bullish 2-wave base at primary degree. As the headline conveys however, it ain't over till it's over, the bear market that is. Before we wrap up, let's take a closer look at the daily bars.

Is the Bottom in at $18.18?

First and foremost, unless it is a complex (a,b,c,x,a,b,c,d,e) sideways correction to a subdividing minute degree 2-wave down to the recent $19.10 print low, the move up from $18.18 is corrective, which suggests that lower lows remain plausible, despite today's impressive breakout above the dashed upper trend channel boundary.

(cont pg.25)

Gold & Silver Bulls... (cont)

So how do we now whether or not such a bullish sideways correction ended at the $19.10 print low?

Simple, we watch the $20.06 level like a hawk upon the next downward consolidation. Once the current mini-rocket launch ends, any consolidation thereafter must remain north of $20.06 and then recover to a fresh high beyond that which the current mini-rocket launch ultimately produces.

Bear in mind stiff horizontal resistance overhead at the 26-handle, this line in the sand defends a downside price target of $15.00 per paper ounce. The next turn-date on tap (+/- one bar) arrives on Friday, August 30. Though it can quickly reverse polarity to mark a pivot low, as of today, it appears that this turn date is working its way toward marking some sort of pivot high.

In closing, no matter what unfolds, when or how, we should all realize there is an abundance of shocks waiting in destiny's queue that will affect everyone's immediate and longer-term future.

As such, if you have yet to do so, there is no time like the present to take essential precautions.

Joe Russo, *Elliot Wave Technology*

Joe Russo, Publisher and Chief Market analyst for Elliott Wave Technology has been practicing Elliott Wave Theory and Technical Analysis of Financial Markets since 1991.

Since the dot.com bubble, 911, and the 2002 market crash, Elliott Wave Technology's mission remains the delivery of valuable solutions-based services that empower clients to execute successful trading and investment decisions in all market environments.

Joe Russo is an entrepreneurial publisher and market analyst providing digital online media solutions designed to assist traders and investors in prudently and profitably navigating their exposure to the financial markets.

S&P Long-Term View

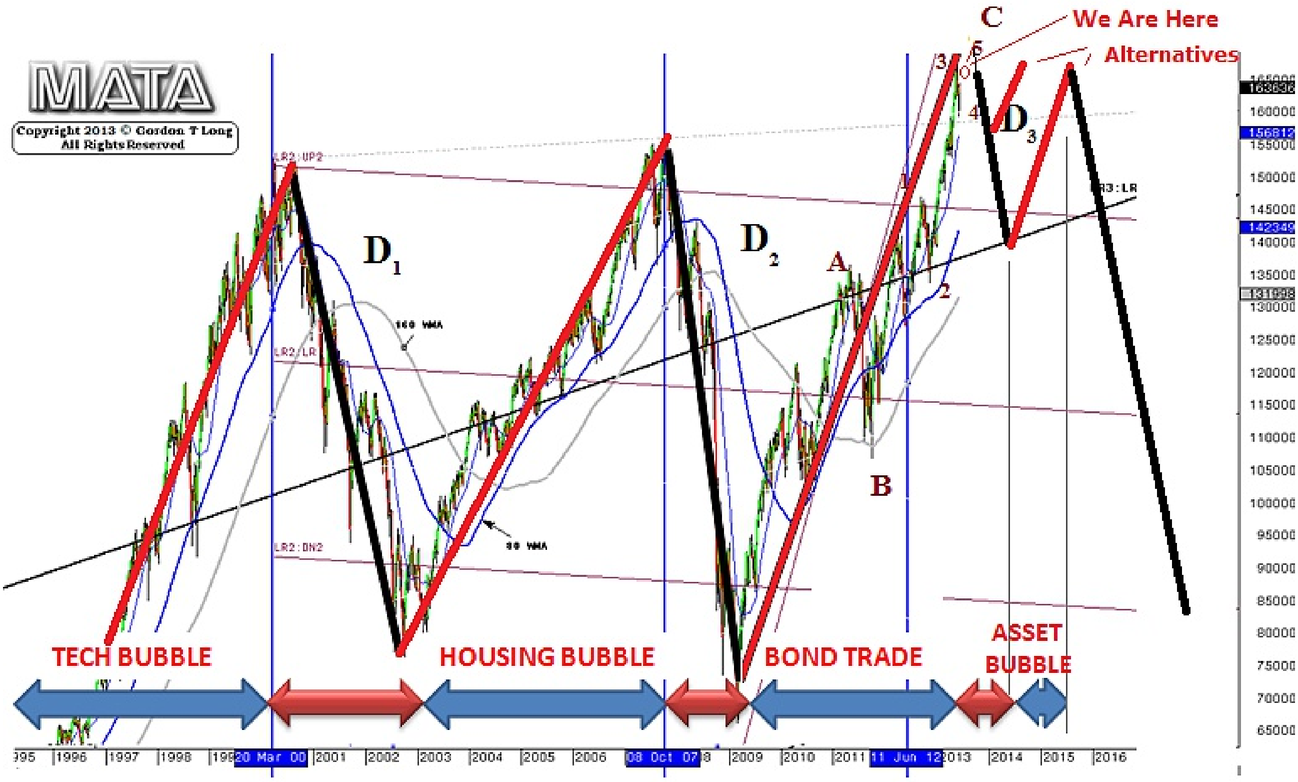
THE LIKELY ROAD MAP IN THE LONGER TERM

IT IS TIME TO [redacted]
(Possible further movement [redacted]
INTERMEDIATE HIGH: COULD ACHIEVE [redacted]
A [redacted] PATTERN IS LIKELY NOW IN PLAY

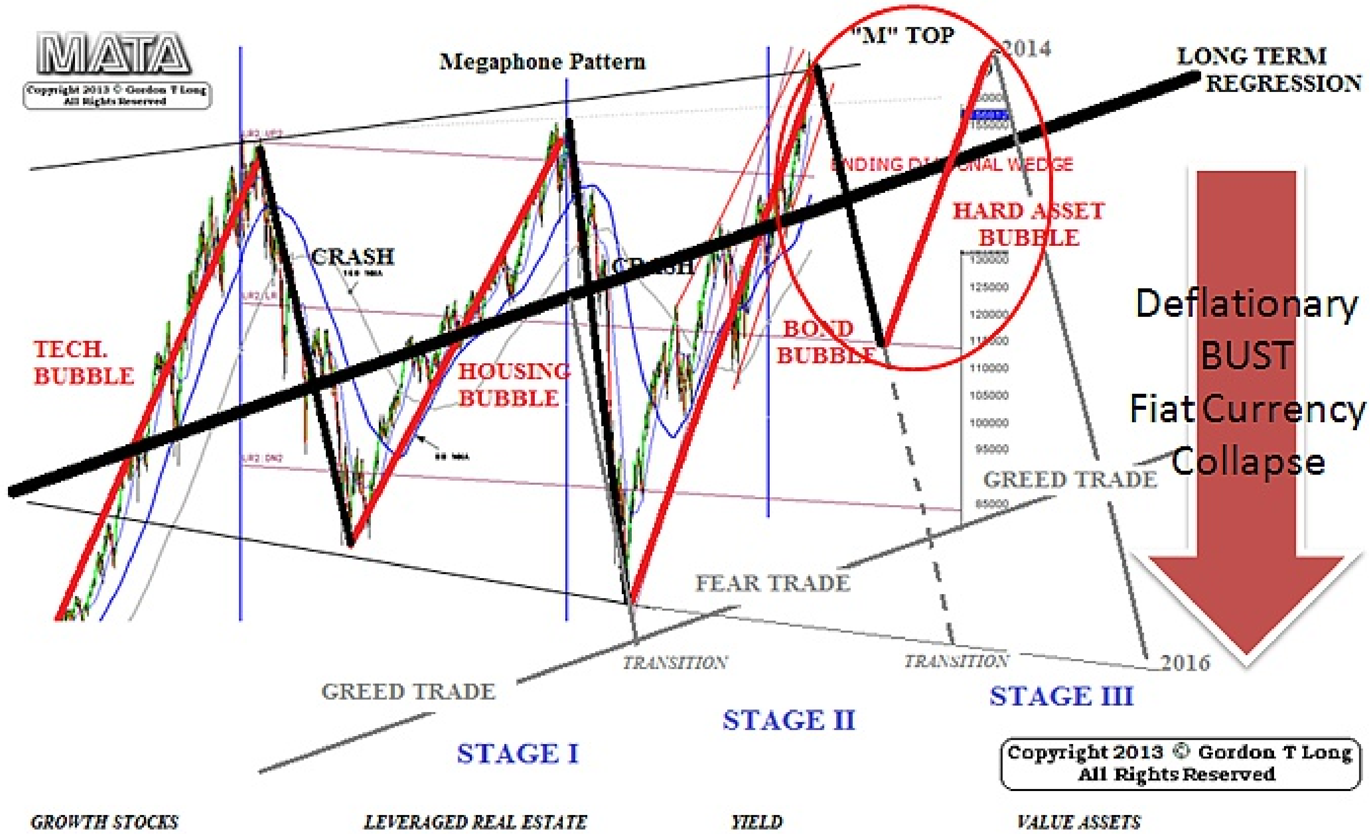
****LONG TERM : ~ Looking for [redacted] in Early Q2 2014**
Marginally higher than [redacted]

(ONLY If further Central Bank Liquidity Programs are enacted as expected due to a Geo-Political False Flag or a Monetary Crisis Development.)**

S&P Long-Term View II



YET ANOTHER POSSIBILITY IF COORDINATED CENTRAL BANK ACTIONS ARE DELAYED



Boundary Conditions

Channels & Regressions

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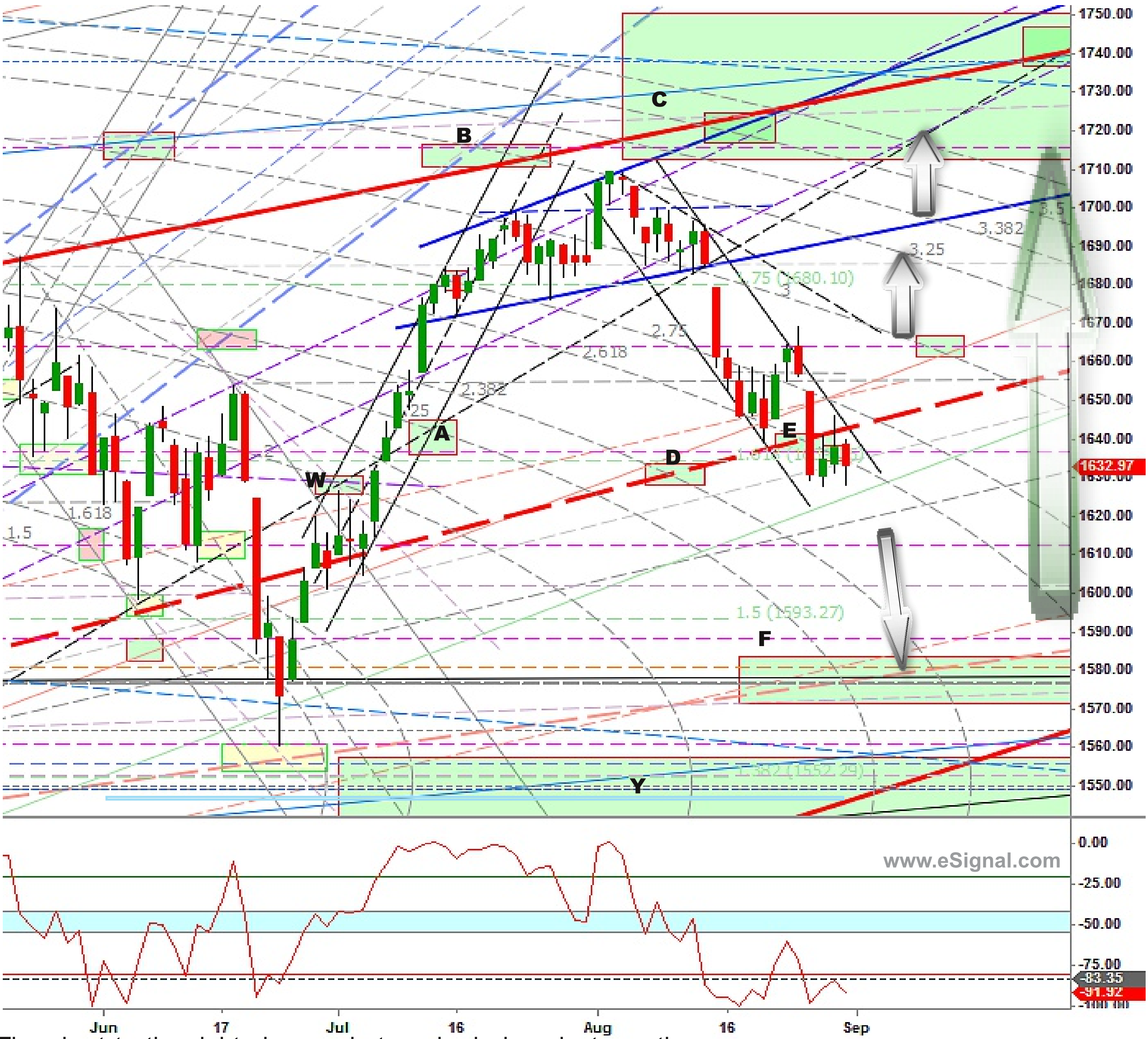
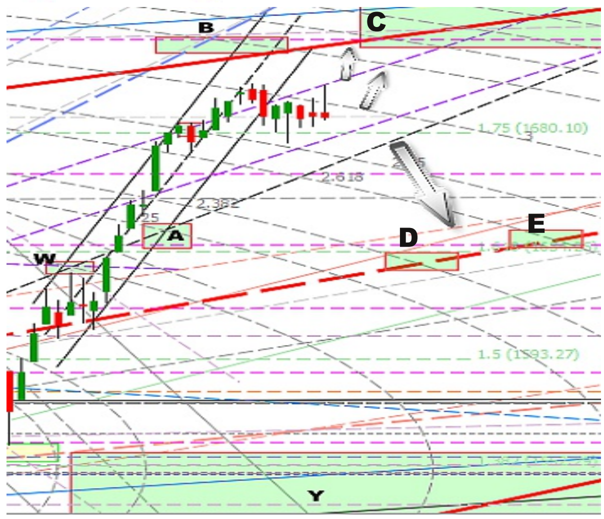
S&P - A Closer Look *Daily View* as of Friday August 30th, 2013



The chart to the right shows what we had given last month. ***HPTZ*** are labelled to help orient the chart with the larger above. Since last months update the market initially lifted, coming very close to the target at **C**. Falling off from there, the market then moved to target **E**. Sitting just under **E** now, we are watching nearby supports to see if they are going to hold or fail. Just below the current market we can see two trend supports and a Fibonacci level (pink). These offer trigger considerations if broken for a move down to **F**. *IF* these supports hold, we are then looking at a bounce to **C**. Overall we are expecting a lift to **C** again (1715-1750) once the current down wave has found support. *IF* the market does not find support at **F**, or **Y** and moves through the solid red pattern support seen in the bottom right hand corner, then it could be in for a more significant pullback. The W%R is below the -80 level indicating negative pressure on the market.



Key Dates to Watch

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Market Drivers (Macro)

The current Market Drivers are show to the right.

They are shown in order of importance, top down, and are what we believe to be currently driving market movements.

Note that the SPX is the tail on the dog. As shown on the graph, a move in the US$ will currently cause an opposite reaction in the SPX.

Please note that these relationships are not 'tick for tick' but show a general relationship between markets.

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Feature Article

Feature Article

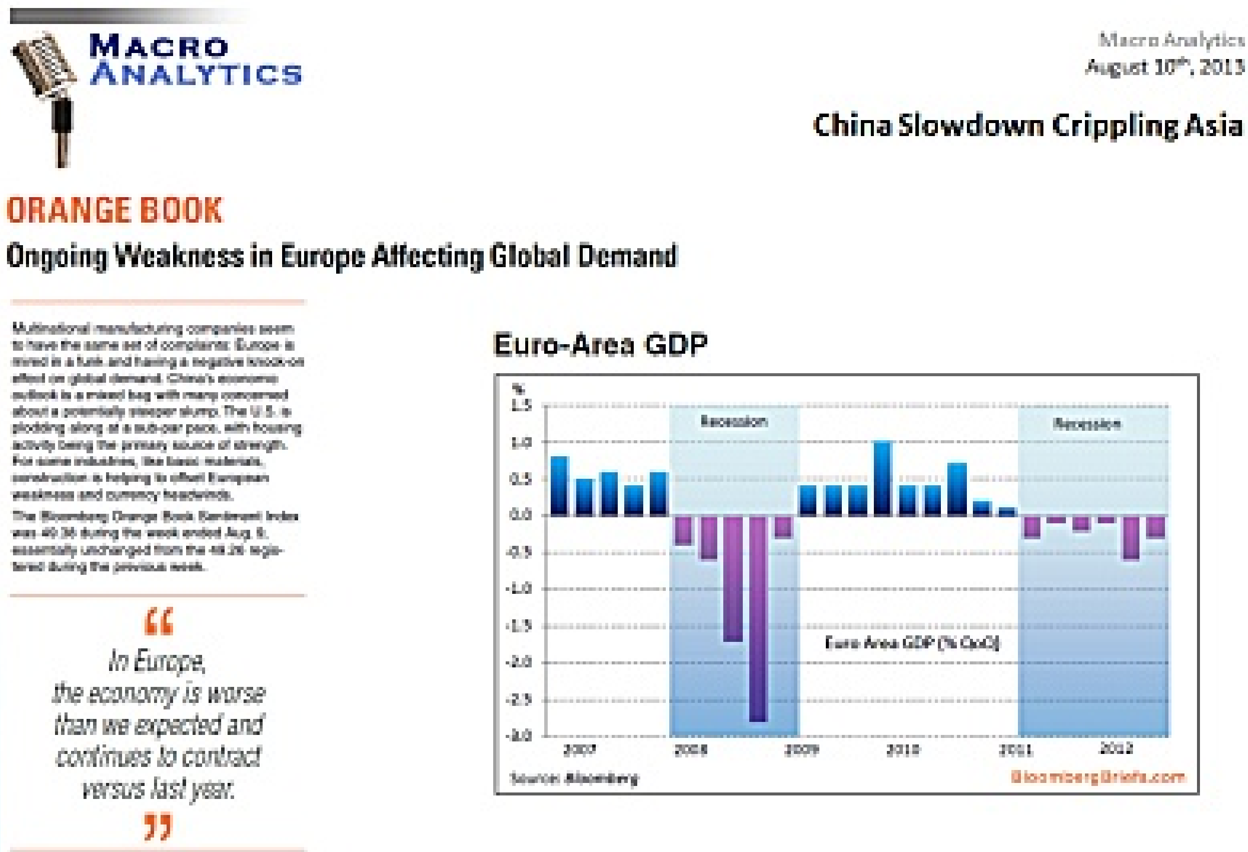
A LOOMING US RECESSION

Gordon T Long

The European recession recently completed its 7th quarter and was longer than the 2008 recession, which was 5 quarters. Since the EU is 25% of Global GDP, as might expect the protracted recession is having a tremendous impact around the world.

GordonTLong.com just released a Macro Analytic video entitled "China Slowdown Crippling Asia" with China expert Bert Dohmen of the China Boom-Bust Analyst. You will see in it the seriousness of the European recession waves washing ashore across Asia.

I encourage you to listen to it. It is posted on our Macro Analytics page.



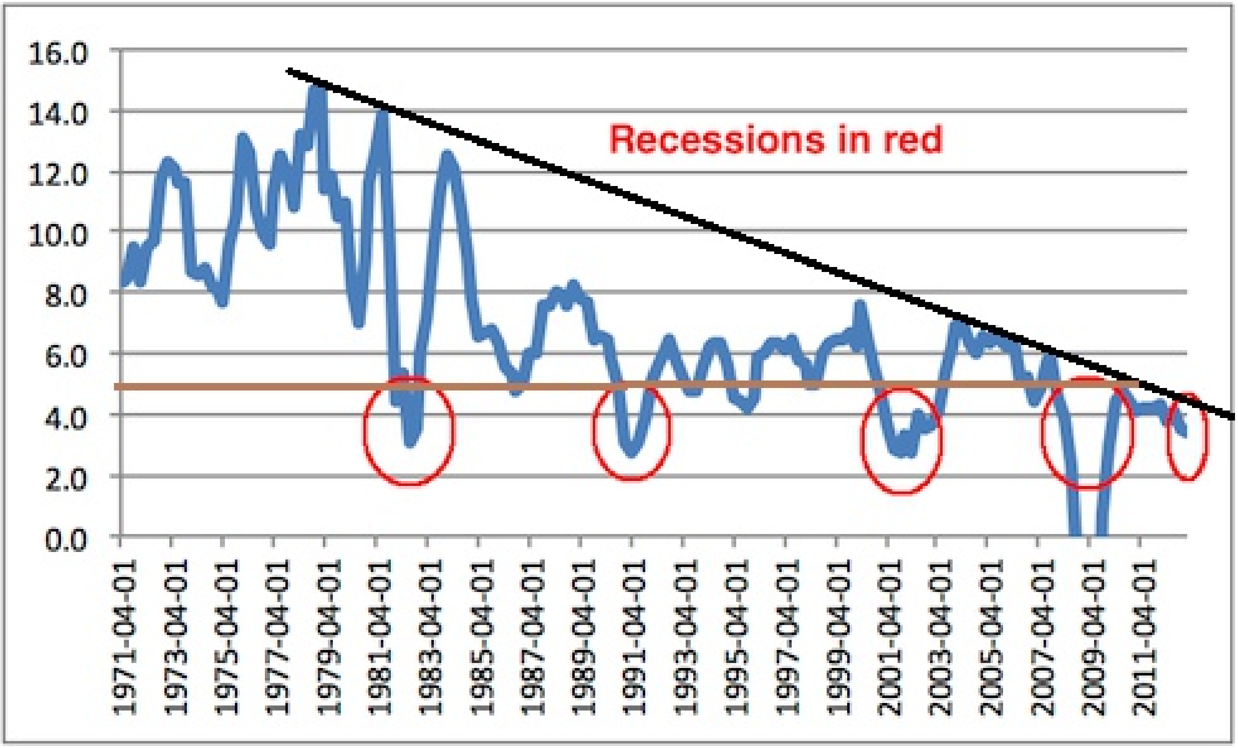
(cont. pg.34)

A Looming US Recession (cont)

> Macro concerns emerged again toward the end of the quarter and were reflected in lower activity levels and risk appetite in certain businesses.

Even the perennially positive Bloomberg Orange Book covering US earnings and conference calls is now sounding bearish about the US Economy.

To me the Nominal GDP (that is removing the manipulated 'Deflator') tells the real story



The current levels NORMALLY warn of pending Recession conditions.

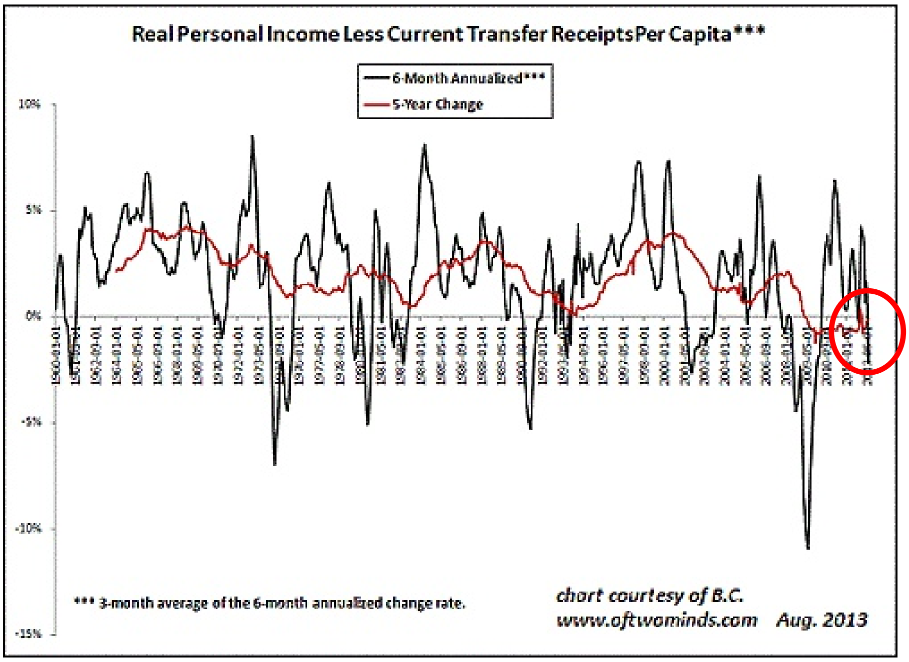
As an aside it also suggests that the politically manipulated Deflator should presently approximate 5%. Similar in distortion to John William's ShadowStats numbers suggest the true CPI is well north of 9%.

(cont. pg35)

A Looming US Recession (cont)

My Macro Analytic Co-Host, Charles Hugh-Smith of [OfTwoMinds] recently wrote that:

> *"Every time real personal income goes negative, a recession occurs. Now that personal income is falling, a recession is baked in."*



The long-term chart of real personal income he cites, highlights a strong correlation between falling real income and recession.

> *This makes sense. If real (that is, adjusted for loss of purchasing power a.k.a. inflation) income is declining, households have less income to spend and less income to leverage more debt.*
> *Note that real personal income is per capita (per person) and that government transfer payments (checks from social programs such as welfare, Social Security, etc.) are excluded.*

Charles also highlights that there are two noteworthy points in this chart.

> *One is that real personal income has been negative for the past five years, with one tax-related spike in late 2012 as those who could do so reported income in 2012 rather than 2013 to take advantage of the lower tax rates that expired in 2012.*
> *The second point is that every time the black line (the 6-month annualized rate of change) of real personal income fell below 0% (that is, went negative), a recession occurred.*

An important caveat is that the weak 6-month annualized comparison is against the spike in income at the end of '12. Still, the year-over-year and smoothed 6-month annualized rates were already falling below the historical recession threshold in late summer '12 and again in winter-spring this year.

A similar pattern and trajectory occurred after recessions had begun (as per the National Bureau of Economic Research NBER):

(cont. pg.36)

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RECE$$ION
Feature Article

A Looming US Recession (cont)

CREDIT & TERM STRUCTURES

THE FED IS IN A BOX

PAYMENT IN KIND (PIK) NOTES

DIVI RECAPS

LBO LEVERAGE

THE REQUIRED 'COVER' OR NO CHOICE?

The Vault
Currencies & Metals

Silver, Gold
EUR/JPY
US$, EUR/USD

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SILVER

Silver is completing a long term consolidation pattern in building a platform for a significant advance. WE ARE VERY NEAR SHORT TERM support.

GOLD

Long-Term View - ***Weekly***

Near-Term View - ***Daily*** **as of Friday August 30th, 2013**

EUR:JPY

Long-Term View - ***Daily***

Near-Term View - ***Daily*** **as of Friday August 30th, 2013**

US$

Long-Term View - ***Weekly***

Near-Term View - ***Daily*** **as of Friday August 30th, 2013**

EUR:US$

Long-Term View - ***Daily***

Near-Term View - ***Daily*** **as of Friday August 30th, 2013**

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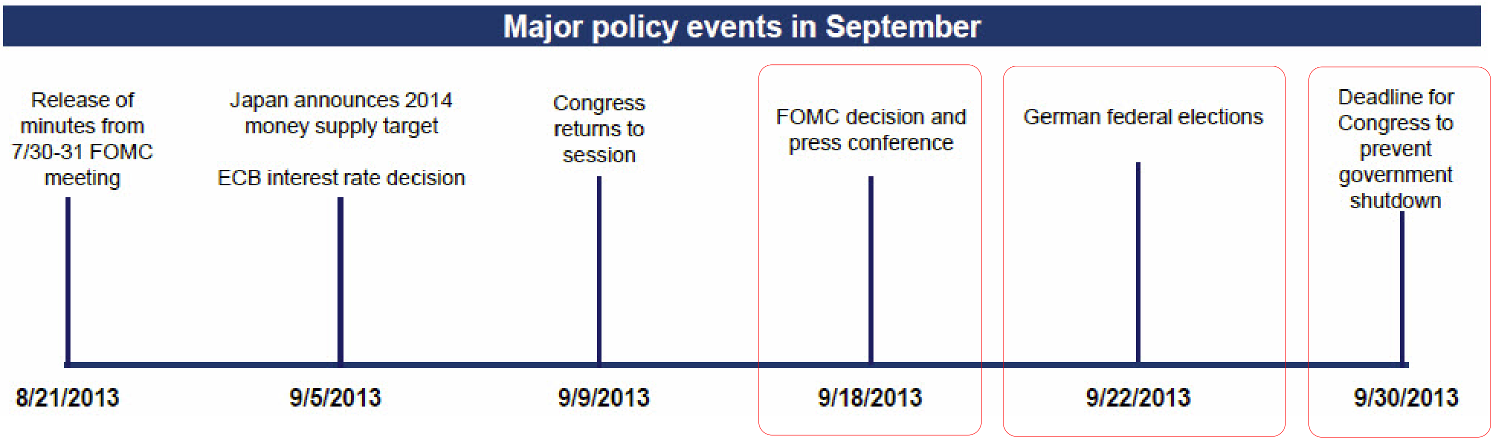
THEODORE "TY" ANDROS

Ty Andros is the author of the TedBits Newsletter, an Austrian perspective global macro- and micro-economic analysis dedicated to explaining the challenges facing investors today. He began his commodity career in the early 1980's, became a broker in 1983, a managed futures specialist beginning in 1985 and has worked his way to the creation of TraderView, a firm that specializes in creating gold & silver-backed, absolute-return, alternative investment portfolios.

Ty's expertise encompasses marketing, sales, portfolio selection & monitoring, customer relations and all aspects required in building a successful managed futures and alternative investment brokerage service. He attended the University of San Diego and the University of Miami, majoring in Marketing, Economics and Business Administration. Ty is active in Economic analysis and brings this information and analysis to his clients on a regular basis, creating investment portfolios designed to capture these unfolding opportunities as they emerge. Ty prides himself on his personal preparation for the markets as they unfold and his ability to take this information and build professionally managed portfolios, developing a loyal clientele.

SEPTEMBER SHOCKS & A "TAPER TANTRUM"

It must be that time of year when Congress returns to session, the annual budget impasse heats-up, a government shutdown is threatened and the debt ceiling rancor rattles the markets. Even though the script can be recited by most high school juniors, it might however be significantly different this time!



This year we have some new major sub-plots to overlay the normal drama:

A GERMAN ELECTION, where angry Germans get to express their dissatisfaction with being the patsy for bailing out and holding together an EU where "Austerity" has been summarily rejected but not replaced by anything other than assistance (by guess who?). The election outcome many destabilize an EU with record unemployment after six consecutive quarters of recession.

US MACRO-FUNDAMENTAL-CREDIT environment that has disconnected from the markets, reminiscent of 1987.

(charts next page)

(cont.pg.46)

September Shocks & A "Taper Tantrum" (cont.)

(cont.pg.47)

Monetary "TAPER"

The REAL Taper Risk is in Stocks, Not Bonds

Asian Crises II

September Quadruple Witch

So What Could Possibly Go Wrong with the Following in Place?

One thing you can be sure,

IT WILL BE AN INTERESTING SEPTEMBER

END **Gordon T Long**

RISK Assessment

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Hindenburg Omen

Biggest Hindenburg Omen Cluster On Record

Global Surprise Indices

Positive Global Surprise Indices Topping In Developed Economies

'Blue Sky' Index

"Blue-Sky" Index Is Flashing Red

Economic Events Confluence

A Confluence Of Risky Economic Events

Recession

US Recession an Increasing Possibility

VIX - Weekly & Daily

as of August 30th, 2013

Weekly

Daily

MEDIA MATRIX & General Reality

Gordon T Long Macro Analytics Video

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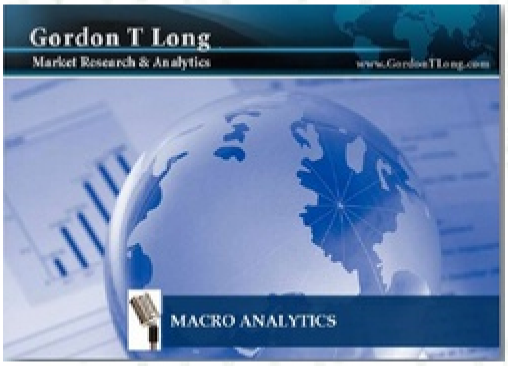

MACRO ANALYTICS

In this month's Media Matrix we take a look at the latest market videos from Gordon's Macro Analytics discussions & round-tables. If you haven't been following them yet, or missed a few, now's a good time to get caught up!

select image to go to youtube and watch/listen

Aug.21st /2013

USA Is Headed For Recession

Gordon discusses the current recession & economy on the *Financial Survival Network.*

(cont pg.59)

Gordon T Long Video (cont.)

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Secret US Geo-Economic Strategy

William Engdahl - Part 1

Aug 27th / 2013

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Secret US Geo-Economic Strategy

William Engdahl - Part 2

Aug 31st / 2013

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Is the US in a RECESSION?

Lance Roberts, Charles High Smith

Aug 20th / 2013

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China Slowdown Crippling Asia

Bert Dohmen

Aug 10th / 2013

(cont pg.60)

Gordon T Long Video (cont.)

Gordon T. Long was with us today to explain the hidden trap of Globalization. While marching into it with the best of intentions and expectations, instead we've wound up with a permanent underclass and a gutted middle class that can no longer afford to sustain itself or the economy. This has effectively put the world into an economic death spiral with increased long term unemployment and a lower standard of living.

Click Here to Listen to the Audio

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The Globalization Trap

Gordon T Long - Under The Lens

July 18th / 2013

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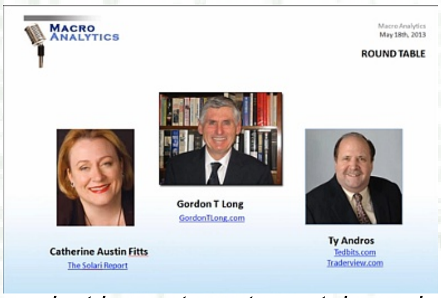
Blown Opportunity

Charles Hugh Smith

July 13th / 2013



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Mr. Global & GOLD

Catherine Austin Fitts & Ty Andros

END

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Forecasting to Trade: TIPS & TRICKS

Fibonacci Clustering

Our January issue this year has an article on Fibonacci Clusters. If you are looking for more detail and/or further explanation of the method you may want to check it out.

This month we will revisit Fibonacci Clusters with further explanation on using them in a trading strategy and identifying HPTZ. In January the S&P was used in the example, today we will be using Oil.

Method

The concept and application is very straight forward. The idea is to use multiple Fibonacci Studies across several time frames to highlight significant levels of support & resistance.

When you apply several studies to different sized waves, there will be price levels where multiple Fibonacci retracements/extension group or "cluster" together. Note that these levels have been respected in the past and they give us future target levels to look out for. While there is no guarantee, we would expect the market to have some sort of reaction the next time it reaches a Fibonacci cluster.

(cont.pg.63)

Forecasting to Trade (cont.)

Setting Up - Initial Study

The initial study encompasses all available data. On the chart to the right we can see points **X** and **Y** where the first study is established. Note significant levels; several market reversals can be seen to correspond with Fibonacci levels.

Setting Up - Continue The Process (1/2)

Continuing the process, Fibonacci studies have been added from **Y-L** (blue) and **L-M** (purple). *(Note **T & M** for reference, next chart)*

(cont.pg.64)

Forecasting to Trade (cont.)

Setting Up - Continue The Process (2/2)

chart 3

Dropping down to the Daily time frame, several more studies are added.

T-M Pink
M-U Orange
V-W Green

*(note points **T & M** from previous chart for reference)*

By capturing the significant waves from the Weekly and Daily time frames with Fibonacci studies, we can set up support & resistance levels the market clearly respects.

Trading Fibonacci Levels

Fibonacci Extensions

Review

High Probability Target Zones (HPTZ)

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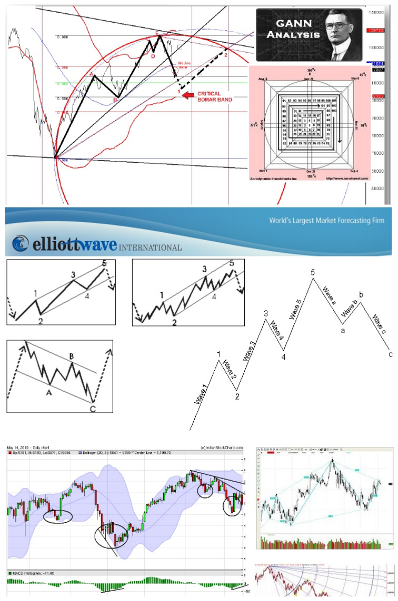

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OPEN FORUMS

Letters to the Editor
Readers Comments
Discussions

A Question

Contents Page

I posed a question in our Inter-Issue Updates this last week and didn't get any response. I will repeat the question here again for a wider audience and see if there are any takers.

Although there was a specific chart and supports in relation to the question, it works just as well as a general inquiry across all markets and traders.

When the market is completing a pattern, or consolidation, or maybe just sitting on a trend support… how do you know which way the market will break? Patters can fail and consolidations can turn in to reversals. How do you KNOW if a trend line will hold the market or not?

While there are any number of indicators and methods we can choose to use to assist us in answering the question, is there any one of the methods that is 100% reliable?

My conclusions have been that you can never be 100% certain. Given that, without a technical strategy, are you not placing your money and crossing your fingers? I suggest that following the market with technical triggers as it unfolds is the ONLY way you can trade the market, as opposed to gamble in it.

Thoughts? goldenphi@triggers.ca

(yes I'm trying to stir the pot…)

Thank-you &
Good Trading!
GP

GoldenPhi
a.k.a
Andrew Joseph

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Market interest started at an early age, and I can recall having P/E ratios explained to me at 14. Interest in Technical Analysis starting taking shape in university and for the past 15 years it has been my primary focus. My experiences vary and include working for a private fund researching and developing proprietary technical analysis methods. Researching and trying to understand the markets has been a life-long pursuit & journey.

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Gordon T. Long has been publically offering his financial and economic writing since 2010, following a career internationally in technology, senior management & investment finance. He brings a unique perspective to macroeconomic analysis because of his broad background, which is not typically found or available to the public.

Mr. Long was a senior group executive with IBM and Motorola for over 20 years. Earlier in his career he was involved in Sales, Marketing & Service of computing and network communications solutions across an extensive array of industries. He subsequently held senior positions, which included: VP & General Manager, Four Phase (Canada); Vice President Operations, Motorola (MISL - Canada); Vice President Engineering & Officer, Motorola (Codex - USA).

After a career with Fortune 500 corporations, he became a senior officer of Cambex, a highly successful high tech start-up and public company (Nasdaq: CBEX), where he spearheaded global expansion as Executive VP & General Manager.

In 1995, he founded the LCM Groupe in Paris, France to specialize in the rapidly emerging Internet Venture Capital and Private Equity industry. A focus in the technology research field of Chaos Theory and Mandelbrot Generators lead in the early 2000's to the development of advanced Technical Analysis and Market Analytics platforms. The LCM Groupe is a recognized source for the most advanced technical analysis techniques employed in market trading pattern recognition.

Mr. Long presently resides in Boston, Massachusetts, continuing the expansion of the LCM Groupe's International Private Equity opportunities in addition to their core financial market trading platforms expertise. GordonTLong.com is a wholly owned operating unit of the LCM Groupe.

Gordon T. Long is a graduate Engineer, University of Waterloo (Canada) in Thermodynamics-Fluid Mechanics (Aerodynamics). On graduation from an intensive 5 year specialized Co-operative Engineering program he pursued graduate business studies at the prestigious Ivy Business School, University of Western Ontario (Canada) on a Northern & Central Gas Corporation Scholarship. He was subsequently selected to attend advanced one year training with the IBM Corporation in New York prior to starting his career with IBM.

LONGWAVE Market Analytics & Technical Analysis

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